

Market Data

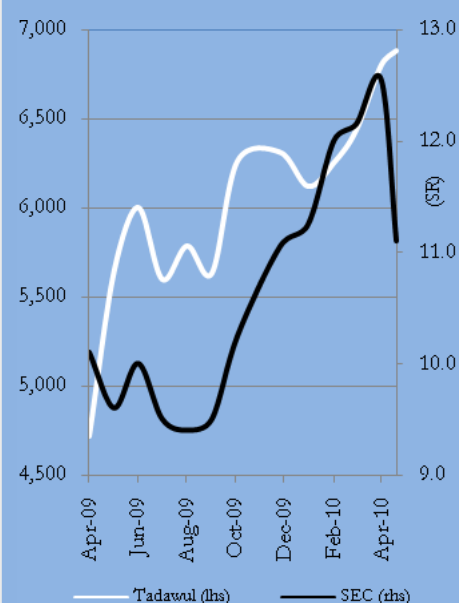
Bloomberg Code:	SECO AB
Reuters:	5110.SE
CMP (19 th April 2010):	SR11.1
O/S (mn):	4,166.6
Market Cap (SRmn):	46,249.3
Market Cap (US\$mn):	12,333.1
Price/EPS 2010e (x):	36.0
Price/BVPS 2010e (x):	0.9

Price Performance

1-Yr

High (SR):	12.6
Low (SR):	9.3
Average Volume:	2,284,280

Share Price Performance



Source: Tadawul & Zanya

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Saudi Electricity Company – 1Q2010 Review

- Saudi Electricity Company (SEC)** annual net income recorded decline by 1.4% (widening its loss from SR771mn in 1Q09 to SR782mn in 1Q10), while on quarterly basis (as compared to 4Q09) posted increase in losses by 53.3%. The increases in 1Q10 net losses are broadly attributed to overall higher operational costs (including costs related to new projects and energy purchase from independent producers).
- As we await the detailed financial results for more elaborate analysis, we expect the company to post net income growth of 9.8% in FY10.

Financial highlights

(all figs. in SR mn, unless stated)	1Q09	1Q10	YoY	4Q09	1Q10	QoQ
Gross income	(750)	(736)	-1.9%	(385)	(736)	91.2%
Operating income	(897)	(888)	-1.0%	(615)	(888)	44.4%
Net income	(771)	(782)	1.4%	(510)	(782)	53.3%
LPS (SR)	(0.19)	(0.19)	1.4%	(0.12)	(0.19)	53.3%

Source: Tadawul & Company reports

- The company's revenues are lower during the winter months so the first and last quarter financial results do not reflect the accurate picture for the full year results. However, the marginal increase in net losses signal the need for tightening of cost controls as the company continues to grow.
- Although the gross losses recorded a marginal (YoY) increase of 1.9% (from SR750mn in 1Q09 to SR736mn in 1Q10), it was significantly larger quarterly increase of 91.2% (from SR385mn in 1Q09 to SR736mn in 1Q10).
- The company's operating losses also showed a marginal rise of 1.0% (from SR897mn in 1Q09 to SR888mn in 1Q10), which was considerably better than the inflated operating loss on quarterly basis that increased by 44.4% in comparison to 4Q09. SEC's loss per share (LPS) on annual basis remained at SR0.19 in 1Q10.
- At large the company continued to go ahead with its plan for new project initiatives to fulfill the rising electricity demand in the Kingdom. The power demand besides linked to demographic growth is also driven by expansion in economic activity.

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