

Market Data	
52-week high/low	SAR 21.60/14.42
Market Cap	SAR 64, 666 mln
Shares Outstanding	4,167 mln
Free-float	18.78%
12-month ADTV	1,623,843
Bloomberg Code	SECO AB

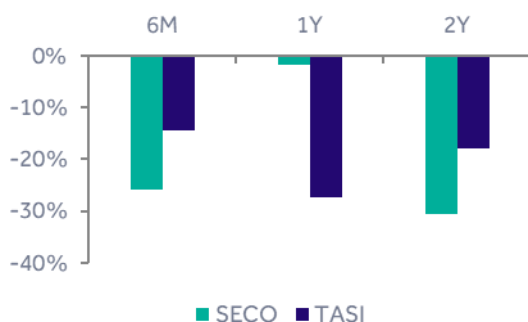
Substantial Rise In Losses

May 06, 2020

Upside to Target Price	9.5%	Rating	Neutral
Expected Dividend Yield	4.5%	Last Price	SAR 15.52
Expected Total Return	14.0%	12-mth target	SAR 17.00

SEC	1Q2020	1Q2019	Y/Y	4Q2019	Q/Q	RC Estimate
Operating Revenue	11,398	11,395	0%	16,294	(30%)	11,243
Gross Profit	(1,179)	(636)	85%	1,180	-	787
Gross Margins	(10%)	(6%)		7%		7%
Operating Profit	(1,272)	(594)	114%	1,343	-	787
Net Profit	(2,441)	(1,489)	64%	(591)	313%	(80)

(All figures are in SAR mln)



- During 1Q2020, operating revenue marginally increased primarily driven by continued growth in customer base. Although overall consumption volume declined by -1.8% Y/Y as a result of the lockdown measures, higher consumption in residential segment partially offset the decline in commercial and industrial segments.
- Cost of sales rose by +4.5% Y/Y on the back of increased purchased power cost mainly due to a marginal higher purchased power volume from non-SEC generation as well as a higher fuel costs and capacity payments. Operations and maintenance costs increased due to a one-off reversal of provisions in 1Q19 and also recognizing SAR 38 mln as end of service provisions this quarter.
- SEC reported a net loss of SAR (2.44) bln, above our expectations and market consensus of a net loss of SAR (80) mln and SAR (707) mln respectively on higher operating expenses & financial charges. We reduce target price to SAR 17.00.

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■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
For any feedback on our reports, please contact research@riyadcapital.com

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