Electrical Industries Co.

July 23, 2026

Net profit surges as margins expand on volumetric growth and better product mix

Last Price: SAR 13.5 | YoY Performance: +54%

KEY TAKEAWAYS

- Electrical Industries Co. (EIC) delivered SAR 211.5 mn in 2Q26 net profit, up 55% YoY and 11% QoQ, essentially in line with our expectations with only a 2.8% variance versus our estimates. The increase was led by strong volume growth and a richer product mix drove margin expansion.
- Revenue rose 33% YoY to SAR 708.6 mn, 6% above our estimate, driven by rising demand across sectors within Saudi Arabia, particularly high-voltage projects, new industrial projects including Oil & Gas, and higher exports; revenue also grew 7% QoQ on the same demand drivers plus continued diversification into higher-margin products.
- Gross margin expanded to 37.8% in 2Q26 from 36.0% in 2Q25 (122 bps below our estimate), on a richer mix of higher-margin products; gross profit rose 40% YoY and 7% QoQ to SAR 267.7 mn.
- Operating margin improved to 30.8% from 28.2% YoY (vs. our 32.1% estimate) as operating profit grew 45% YoY to SAR 218.0 mn, though the gain was partly offset by higher selling & distribution expenses and finance costs tied to the higher volumes.
- Net profit rose 55% YoY and 11% QoQ to SAR 211.5 mn, in line with our estimate of SAR 205.7 mn. Results exclude a SAR 26.1 mn refund from the General Authority for Competition, treated as a non-adjusting subsequent event and expected to land in 3Q26 results.
- Following the recent share price decline, we upgrade EIC to 'Overweight' rating with an unchanged target price of SAR 17.5/share (30% upside), as our fundamental view remains intact. EIC separately announced a cash dividend distribution for 1H26 of SAR 0.125/share. The stock trades at a 2026e P/E of 21.1x.

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Issuer Information

Bloomberg Code	**EIC AB**
Last Price (SAR)	**13.5**
No of Shares (mn)	**1,125**
Market Cap bn (SAR/USD)	**15.2 / 4.1**
52-week High / Low (SAR)	**19.9 / 8.5**
12-month ADTV (mn) (SAR/USD)	**53.5 / 14.3**
Free Float (%)	**68.6**
Foreign Holdings (%)	**18.9**

Last price as of July 22nd, 2026

Relative Price Performance

Source: Bloomberg, anbc research

Financials (SAR mn)	2Q26A	2Q26E*	Var (%)	2Q25A	YoY (%)	1Q26A	QoQ (%)
Revenue	708.6	671.3	5.6	531.4	33.4	661.4	7.1
Cost of Revenues (COGS)	440.8	409.5	7.7	340.1	29.6	411.6	7.1
Gross Profit	267.7	261.8	2.3	191.2	40.0	249.9	7.1
Gross Margin (%)	***38***	***39***		***36***		***38***	
Operating Expenses	49.7	46.4	7.2	41.2	20.8	47.2	5.4
Operating Profit	218.0	215.4	1.2	150.1	45.3	202.7	7.6
Operating Margin (%)	***31***	***32***		***28***		***31***	
Net Profit	211.5	205.7	2.8	136.7	54.7	190.8	10.9
Net Margin (%)	***30***	***31***		***26***		***29***	
EPS (SAR)	0.19	0.18		0.12		0.17	
DPS (SAR)	0.13	0.13		0.13		-	

**anbc estimate*
Source: Company Financials, anbc research

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