Daily Bulletin

July 15, 2026

KEC signs SAR 78.3 mn excavation contract for development projects

Last Price: SAR 12.2 | YoY Performance: -7.8%

Knowledge Economic City (KEC) has signed a three-year framework agreement with Audhah Mubarak Al Biladi & His Sons Contracting Co. (ABASCO), covering excavation and earthworks for a number of its upcoming projects. The contract signed on 13th July, 2026 and is valued at SAR 78.3 mn, around 1.9% of KEC's 2025 average investment properties of SAR 4.1 bn. Moreover, the contract is around 12.9% of 2025 capex additions of SAR 608.1 mn. The contract scope covers bulk and rock excavation, trenching, backfilling, dewatering, and temporary shoring. ABASCO will be paid in installments tied to monthly progress and unit rates, with cash outflows spread over the three-year term.

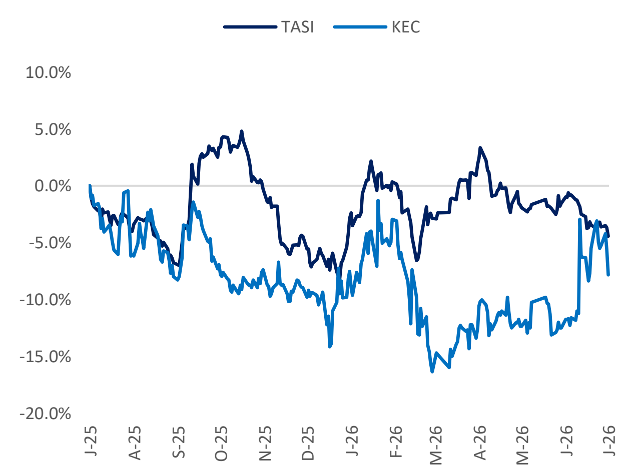
KEC recently signed another contract with Astra Construction Co., signed on 12th July, 2026. The contract term is 10-month but the contract carries a higher value of SAR 117.6 mn, which is nearly 2.9% of KEC's 2025 average investment properties and 19.3% of 2025 capex additions. Astra will handle the architectural, MEP, and external works for the Riyadh Schools Complex, built on KEC-owned land within the city, following the approved designs and specifications and the relevant authorities' requirements. Payments follow the same model as ABASCO, with monthly progress-based installments spread over the contract term.

Together, the two contracts strengthen KEC's execution pipeline. ABASCO locks in fixed unit rates for excavation over three years, letting KEC mobilize faster and run future projects more efficiently than tendering each one separately. Astra, meanwhile, is part of a broader partnership with Riyadh Schools Holding, an affiliate of the Mohammed bin Salman Foundation (Misk). KEC will build the schools and infrastructure, while Riyadh Schools Holding operates them and delivers education.

In 2025, company's revenue recorded at SAR 319.0 mn (+100.9% YoY), up from SAR 158.8 mn in 2024. Residential unit sales led the growth, rising to SAR 271.4 mn (+234.3% YoY) from SAR 81.2 mn. While, land sales added SAR 37.7 mn and a hotel business contributed SAR 4.9 mn in 2025. This momentum continued into 1Q26, with revenue up 8.7% YoY to SAR 55.4 mn. The increase is mainly attributable to hotel revenue which helped offset a 15.0% drop in residential sales to SAR 42.0 mn. 1Q26 gross margin improved to 29.8% from 19.2% in 1Q25. However, 1Q26 net loss also narrowed, to SAR 15.5 mn from SAR 17.4 mn in 1Q25.

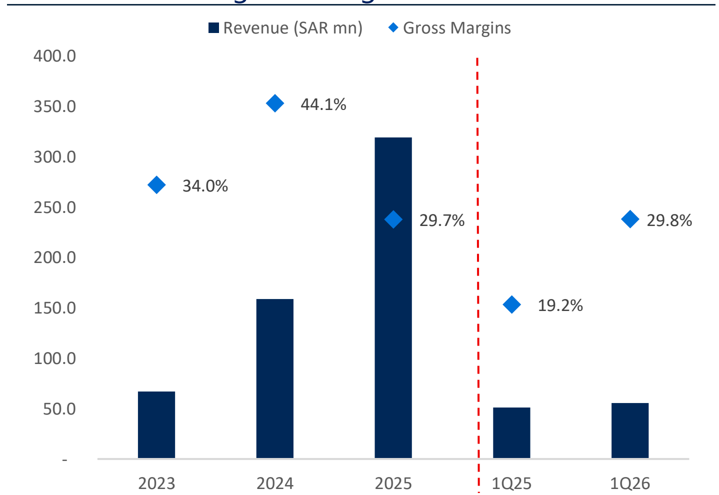
KEC's share price has declined 7.8% YoY, underperforming the TASI, which fell 4.4% over the same period.

Relative price chart



Source: Tadawul, anbc research

KEC revenue vs. gross margins



Source: Company financials, anbc research

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