

Daily Bulletin

July 31, 2025

- > *Extra's 2Q 25 earnings exceed consensus by 18.6%*
- > *Fed keeps interest rates unchanged for fifth-straight time*

Extra recorded a net income of SAR 124 mn in 2Q25

United Electronics Company (Extra) previously released estimated 2Q25 results; today, the final financials were officially announced. Exhibited strong financial results in 2Q25 by registering a net income of SAR 124 mn, up 18.6% compared to consensus of SAR 105 mn. Additionally, net earnings increased by 16.8% YoY in 2Q25 versus 2Q24, driven by growth in revenue.

The topline increased by 10.6% YoY to SAR 2.1 bn in 2Q25. The uptick in revenue stemmed from increase in revenue from both the retail and consumer finance segments. The retail segment recorded a 9.1% YoY increase in sales, driven by strong performance across the three sales channels: showrooms, Clix, and e-commerce. Additionally, the expansion of the subscriber base in the paid loyalty program (Jood) contributed to an increase in the average basket size. The consumer finance segment revenue increased by 28.4% YoY due to 30% YoY growth in the financing portfolio in 2Q25.

The gross profit grew by 16.5% YoY in to SAR 455 mn in 2Q25 on the back of an increase in revenue. The gross margin improved by 1.1 percentage points to 21.4% in 2Q25 compared to 2Q24. The improvement was driven by a better sales mix and growth in the consumer finance segment.

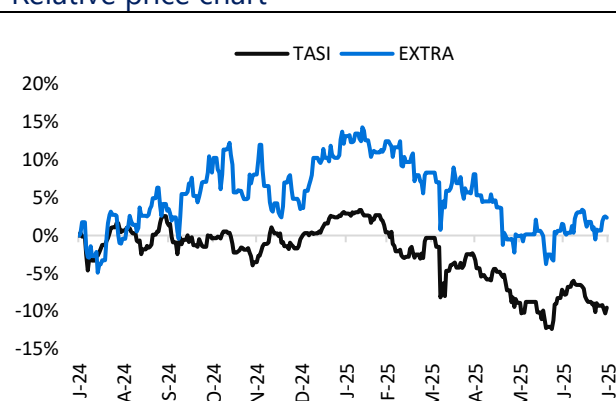
As per Bloomberg, all 11 analysts have a buy recommendation on Extra, with the consensus target price of SAR 112.33/sh, providing a potential upside of 26.2%.

Extra financials (SAR mn)

	2Q25	2Q24	YoY (%)	Consensus	Variance
Revenue	2,125	1,921	10.6	2,134	-0.4
COGS	1,670	1,531	9.1	1,681	-0.7
Gross profit	455	391	16.5	453	0.4
Gross marg. (%)	21	20	1.1	21	0.2
Operating exp.	306	263	16.2	289	5.8
Operating profit	149	128	17	164	-9
Opt. margin (%)	7.0	7.0	0.4	8.0	-0.7
Net income	124	107	16.8	105	18.6
Net margin (%)	6.0	6.0	0.3	5	0.9
EPS	1.55	1.33	16.8	-	

Source: Company financials, anbc research

Relative price chart



Source: Bloomberg, anbc research

Fed keeps interest rates unchanged for fifth-straight time

The Federal Reserve has maintained its benchmark federal funds rate at 4.25%-4.50% for the fifth consecutive meeting, reaffirming a moderately restrictive policy stance in light of still-elevated inflation and a resilient labor market. Powell emphasized that incoming data, particularly on inflation and payrolls will guide future policy, and explicitly declined to commit to a rate cut at the September meeting.

The decision saw a rare dual dissent, with Governors Waller and Bowman voting in favor of a 25bps cut, the first such instance since 1993, reflecting growing divergence within the Committee.

Markets reacted cautiously: the S&P 500 declined 0.1%, the Dow Jones fell 0.4%, and the Nasdaq edged up 0.2%. Meanwhile, the probability of a September rate cut, based on federal funds futures, declined from 65% pre-meeting to 48% post-meeting.

The Fed's post-meeting statement reiterated that economic activity has expanded at a "moderate" pace. The Committee noted no changes to its pace of quantitative tightening and emphasized that it will continue to monitor inflation trends, labor market data, and financial conditions before making any adjustments to policy.

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