Daily Bulletin

October 23, 2025

EIC 3Q25 result: Topline growth and margin expansion fuels 33% YoY jump in net profit.

Last Price: SAR 10.9 | Consensus Target Price: SAR 13.0 | YTD Performance: 50.1%

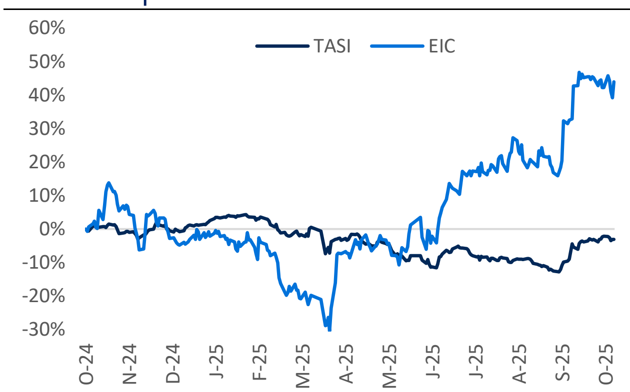
Electrical Industries Co. (EIC) reported an 11% YoY increase in revenue to SAR 560 mn and an improved gross margin of 40% in 3Q25, compared to 37% in 3Q24. The revenue growth was driven by rising demand across various sectors within the Kingdom of Saudi Arabia, supported by Vision 2030 targets of 940k distribution transformers across the Kingdom and 1.7k substations. Demand was particularly strong in high-voltage and major industrial projects, including those in the oil and gas sector, along with higher exports to regional markets (accounting for 9.4% in 2024) and European markets (accounting for 5.9% in 2024), especially Belgium.

The increase in exports to Belgium followed the announcement that one of its subsidiaries, Pauwels Transformers NV, signed a framework contract with four Belgian electricity distribution utility companies for the supply of distribution transformers. Recently, Pauwels Transformers NV (Pauwels) acquired an industrial plot along with existing buildings through a public auction for a total value of SAR 79.7 mn. The land, previously leased by Pauwels and housing its manufacturing facilities, now provides the company with full ownership of its operational site, strengthening its asset base and ensuring long-term operational stability.

Despite only an 11% YoY increase in revenue, net profit rose sharply to SAR 161 mn, up 33% YoY, exceeding the consensus[1] estimate of SAR 136 mn by 18%. The strong earnings performance was driven by higher sales of SAR 560 mn (vs. SAR 509 mn in 3Q24), supported by product diversification and an increased contribution from high-margin products. This led to a notable improvement in net margin to 29% in 3Q25 from 24% in 3Q24. Additionally, lower finance costs provided further support to profitability. However, the bottom-line growth was partially offset by higher general and administrative, as well as selling and distribution expenses.

The stock has gained 50.1% YTD, outperforming TASI, which declined by 3.7% over the same period. EIC is currently trading at a TTM P/E of 24.3x, with the latest available 12M consensus[1] target price of SAR 13.0/share, implying an upside potential of 19.3% from current levels.

Relative price chart



Source: Bloomberg, anbc research

Financials (SAR mn)

	3Q25	3Q24	YoY (%)	2Q25	QoQ (%)	Consensus	Variation (%)
Revenue	560	506	*11*	531	*5*	540	*4*
COGS	(336)	(320)	*5*	(340)	*(1)*	NA	
Gross profit	**224**	**186**	*20*	**191**	*17*	**NA**	
Gross margin (%)	40	37		36		NA	
Operating exp.	(85)	(76)	*12*	(81)	*5*	NA	
Operating profit	**173**	**135**	*28*	**150**	*15*	**NA**	
Opt. margin (%)	31	27		28		NA	
Net income	**161**	**121**	*33*	**137**	*18*	**136**	*18*
Net margin (%)	29	24		26		25	
EPS	***0.14***	***0.11***	*33*	***0.12***	*18*	***0.12***	*18*

Source: Company financials, anbc research

Source: Bloomberg ([1]Single analyst coverage)

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