



الشركة السعودية للكهرباء  
Saudi Electricity Company  
Diligently Serving You

# Powering Progress Q2 2023 Results Presentation

14 August 2023



# Today's Speakers



**Khalid Al-Gnoon**

**President & CEO**



**Manish Manchandya**

**Senior Vice President  
& Group CFO**



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**VP, Finance Operations**



**Oqab Al-Nefaie**

**ED, Control & Reporting**

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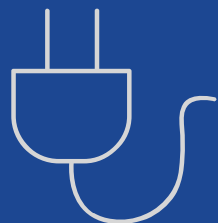


# Q2 2023: An Update on Our Progress and Plans for the Future



# SEC corporate strategy is centered around 6 Strategic Objectives with well defined goals

## STRATEGIC OBJECTIVES



Security of Supply & Reliability

Maintain **high security of supply** and **enhance system reliability**



Safety & Operational Excellence

Achieve 1st quartile in **operational and safety KPIs**



Environment, Social, Governance

Employ responsible **business practices**, **support local communities** and transition to **low carbon and circular economy**



Financial Sustainability

**Optimize OPEX & CAPEX and capitalize** on NBD opportunities to maximize shareholder value



Localization & Local Content

Increase localization of **products and services** and be a top Saudi employer



Leading Customer Experience & brand

Be the **most admired Saudi company** for customer experience

# Continued robust performance in line with our key strategic pillars while Investing in the grid resilience, automation, and efficiency

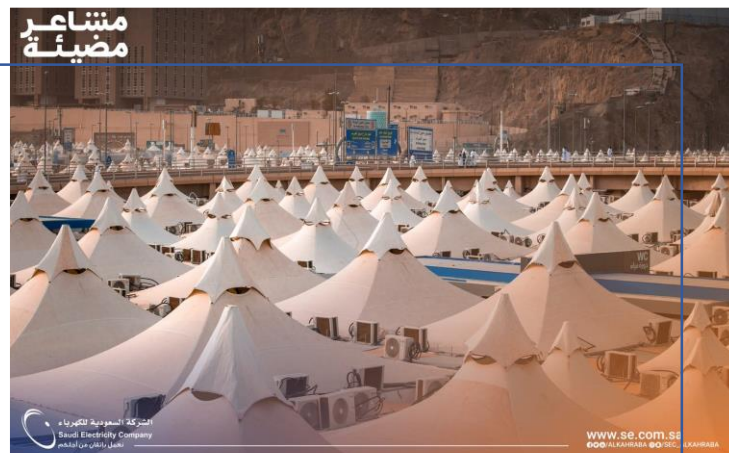


## Continued Positive Trends on Strategic Outcomes

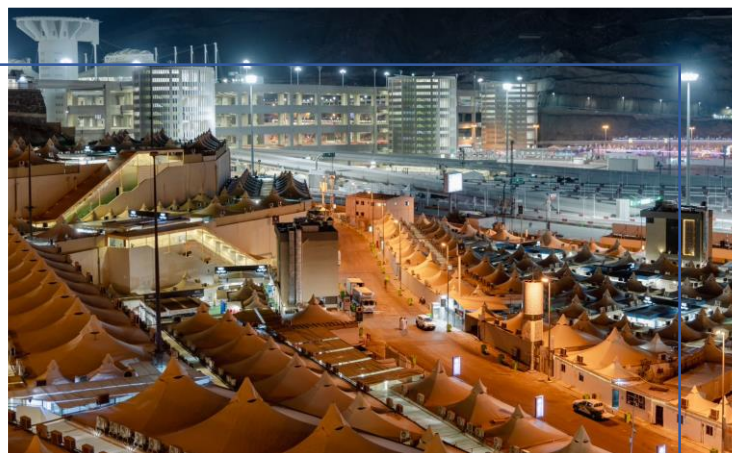
# 2023 Hajj Season: SEC's successful operating plan and endeavors



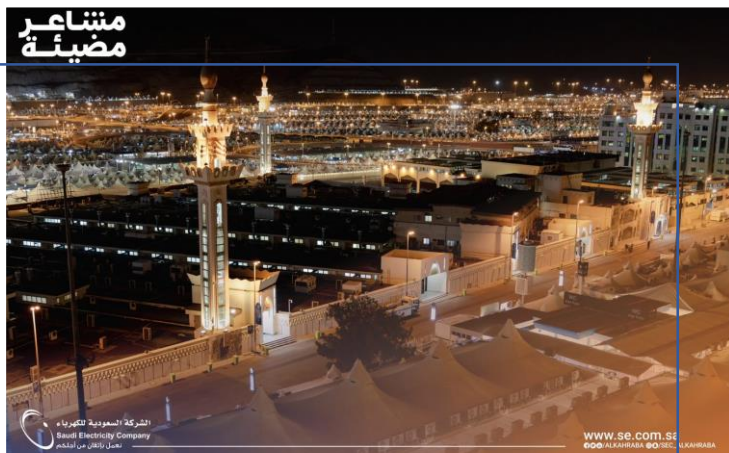
**SAR 1 Billion Invested**



**100 New Sub-stations (T&D)**



**+100 MVA Capacity Added**



**+20k MW Power Produced**



**93 Quick Service Centers**



**2,123 Technical & Specialized Personnel**



# Vertically integrated growing infrastructure covers all KSA in a robust electricity grid equipping with cutting-edge digital & automation technologies...~

## Generation



**82.8GW**  
Total Grid  
(0.7%)↓

**54.8GW**  
SEC  
+0.5% ↑

**66,534**  
Mw

Peak load

**89,885**  
Gwh

Energy produced

**40.1%**

0.4pp↑

Thermal efficiency

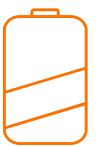
**37.6%**

0.6pp↑

## Transmission



**93k**c.km  
+0.7% ↑



**~477k**  
MVA



**86.8k**km  
+3.1% ↑



**1.2k+**  
Substations

**173,538**  
Gwh

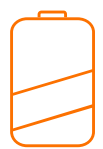
+1.8% ↑

Energy sent over the grid

## Distribution & Customer Service



**800**c.km  
+5.5% ↑



**~329k**  
MVA



**~11 M**

Customers served

**137,624**  
Gwh

(0.2%)↓

Energy sold



# ...With NBD opportunities expanding our growth horizons

Dawiyat has continued making steady progress in H1, 2023 and we continue to pursue new opportunities

1

## FTTH



2

## Commercial & Mega projects



3

## Data centers



4

## IOT and Strategic Partnerships

- IOT services have been commercially launched under the auspices of our IOT-VNO license
- Dawiyat has worked in collaboration with **MCIT** and **Shreek** program for three of its strategic projects:
  1. Data Centers
  2. International Connectivity

- The service has reached more than **720 K households** and enterprises since inception.
- More than 393 K households have been activated so far
- Signed key amendments in **Open Access Agreements** with main Service Providers to offer high-speed packages to end-users in line with the **Kingdom's 2030 Vision**
- Signed scope of work agreements with more than 400 **real estate projects** to implement telecommunications infrastructure in new residential areas, with estimated **381 K households** to be connected across the Kingdom within 20 years

- Master service agreement (**MSA**) has been signed with **GO (Etihad Atheeb Telecom)** to provide ICT services e.g.; FTTH, Data Center and IOT services.
- **MoU** has been signed with **Center 3 (STC Company)** to provide Data Center and ICT services
- **NEOM** selected Dawiyat to provide connectivity to its facilities and the implementation is in progress.
- Based on the agreement signed between Dawiyat and King Salman Energy City (**SPARK**), provision of telecommunications services (for end-users) through telecom service providers has been initiated for customers like **Google**.

- **Riyadh Data Center (DC)**
  - **Riyadh DC is envisioned to be a Tier III Certified** data center with an eventual capacity of 48 MW
  - The design phase has been completed and we are currently working to select the construction partner

## Licenses

5

## International Connectivity

- Dawiyat has been granted **Cable Landing Station License** by **CST**

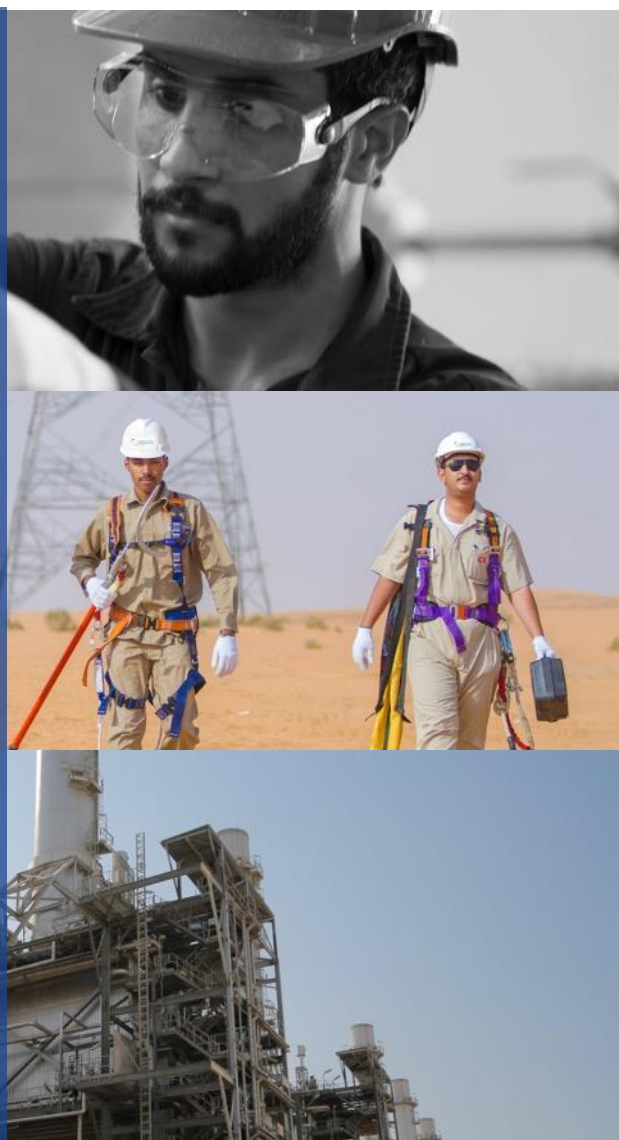


# Q2 2023: A Resilient Financial Performance



# A Resilient set of results

Stable revenues.  
Net profit impacted by rising interest rates, higher O&M reflecting fleet growth and a non-recurring item.



## Revenue

**19.7 BSAR**  
Q2'23 (+1.6% YoY)

**33.1 BSAR**  
H1'23 (+0.5% YoY)



## Gross Profit

**6.1 BSAR**  
Q2'23 (-7.5% YoY)

**7.8 BSAR**  
H1'23 (-14.9% YoY)



## Operating Profit

**5.8 BSAR**  
Q2'23 (-0.5% YoY)

**7.6 BSAR**  
H1'23 (-6.3% YoY)



## Net profit

**4.0 BSAR**  
Q2'23 (-27.0% YoY)

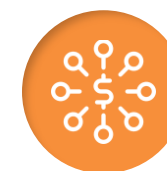
**4.5 BSAR**  
H1'23 (-35.9% YoY)



## Adj. net profit\*

**2.1 BSAR**  
Q2'23 (-41.3% YoY)

**0.7 BSAR**  
H1'23 (-78.3% YoY)



## EPS<sup>1</sup>

**0.96 SAR**  
Q2'23 (-27.0% YoY)

**1.08 SAR**  
H1'23 (-35.9% YoY)



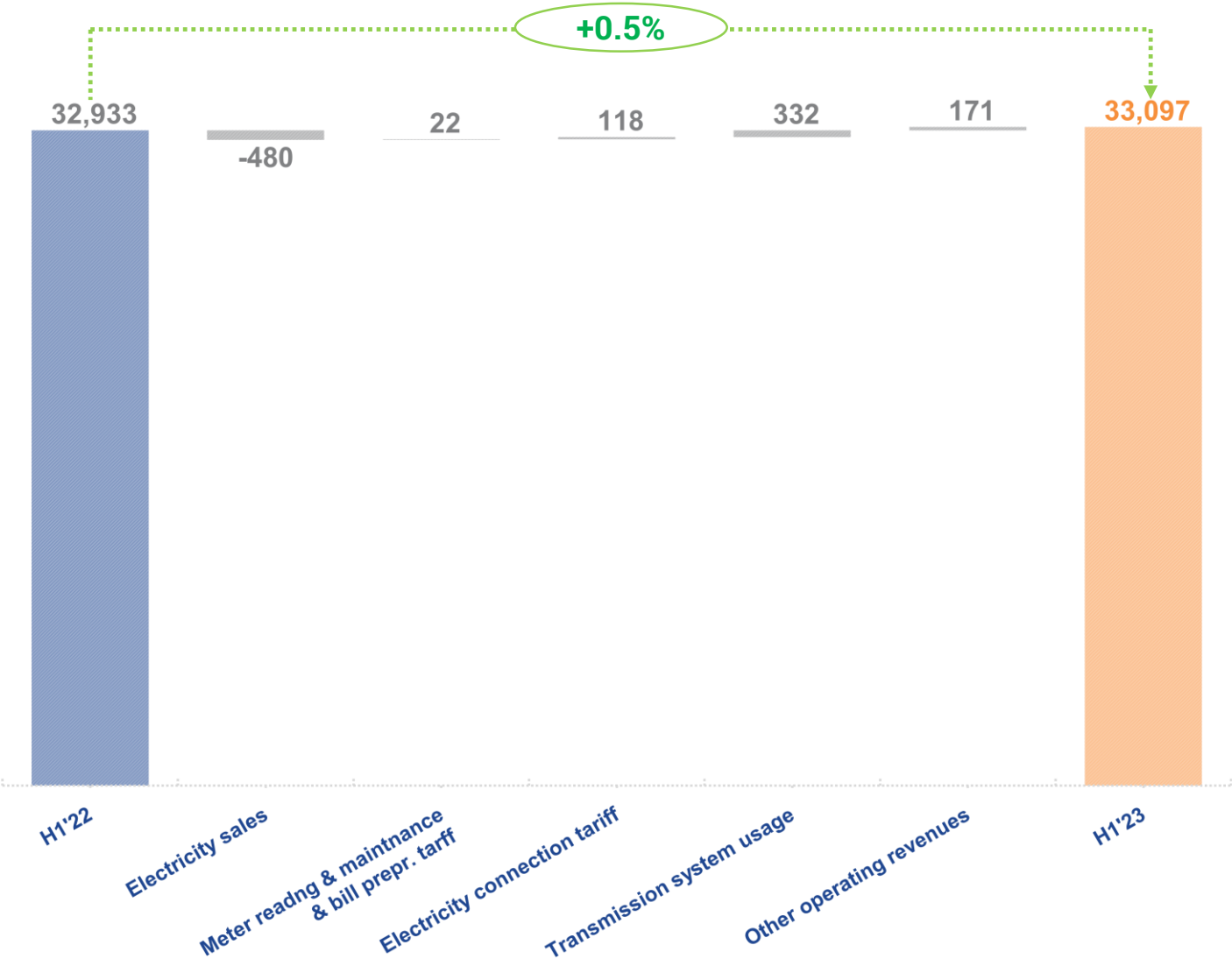
## Cash dividends<sup>2</sup>

**2.9 BSAR**  
70 halala per share

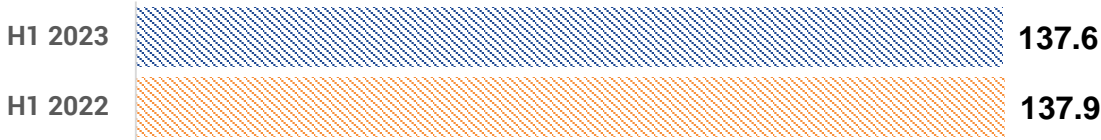


# Revenue performance

SAR Million

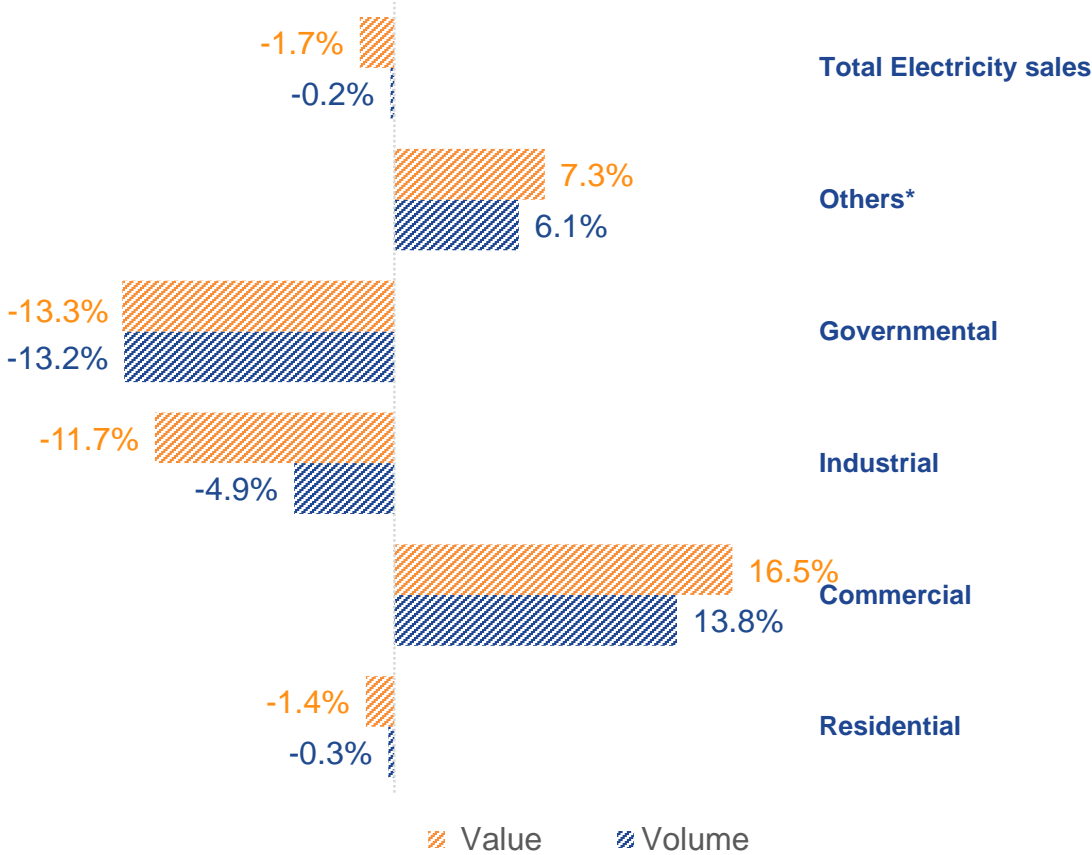


## Sold electricity volume



## Consumption mix

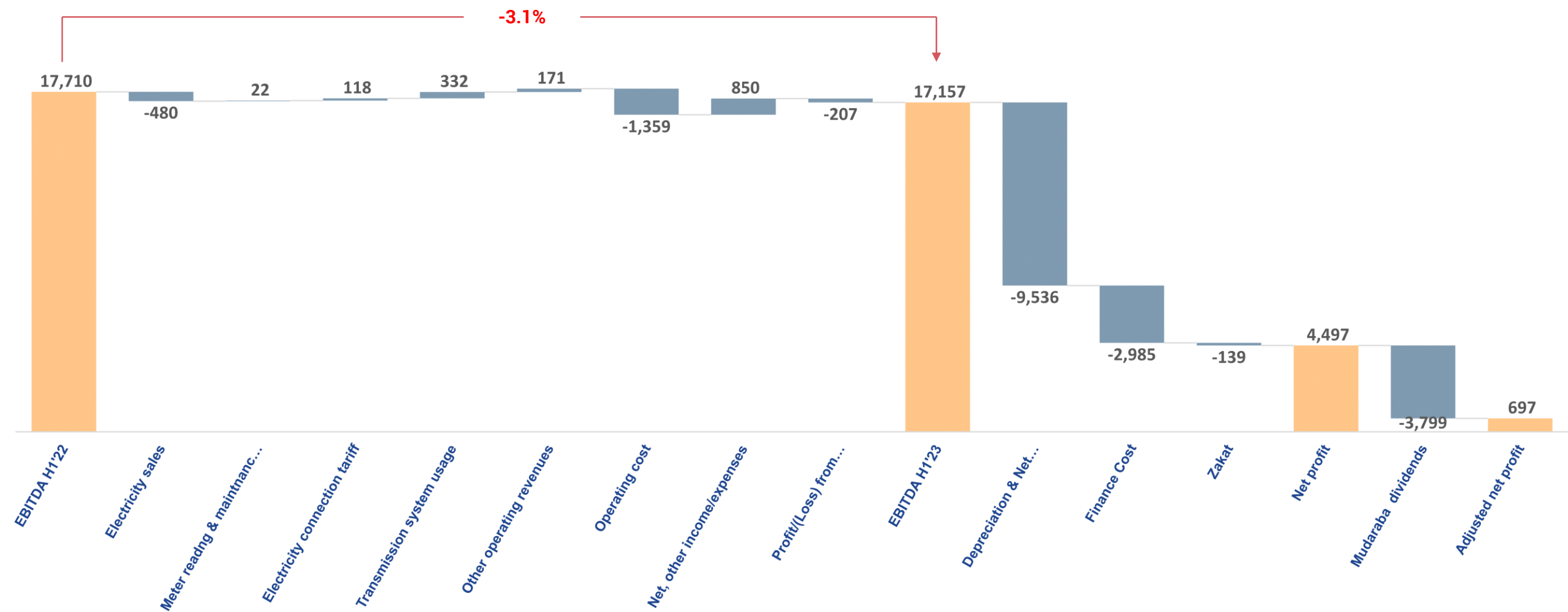
YoY change in volume and value by segment





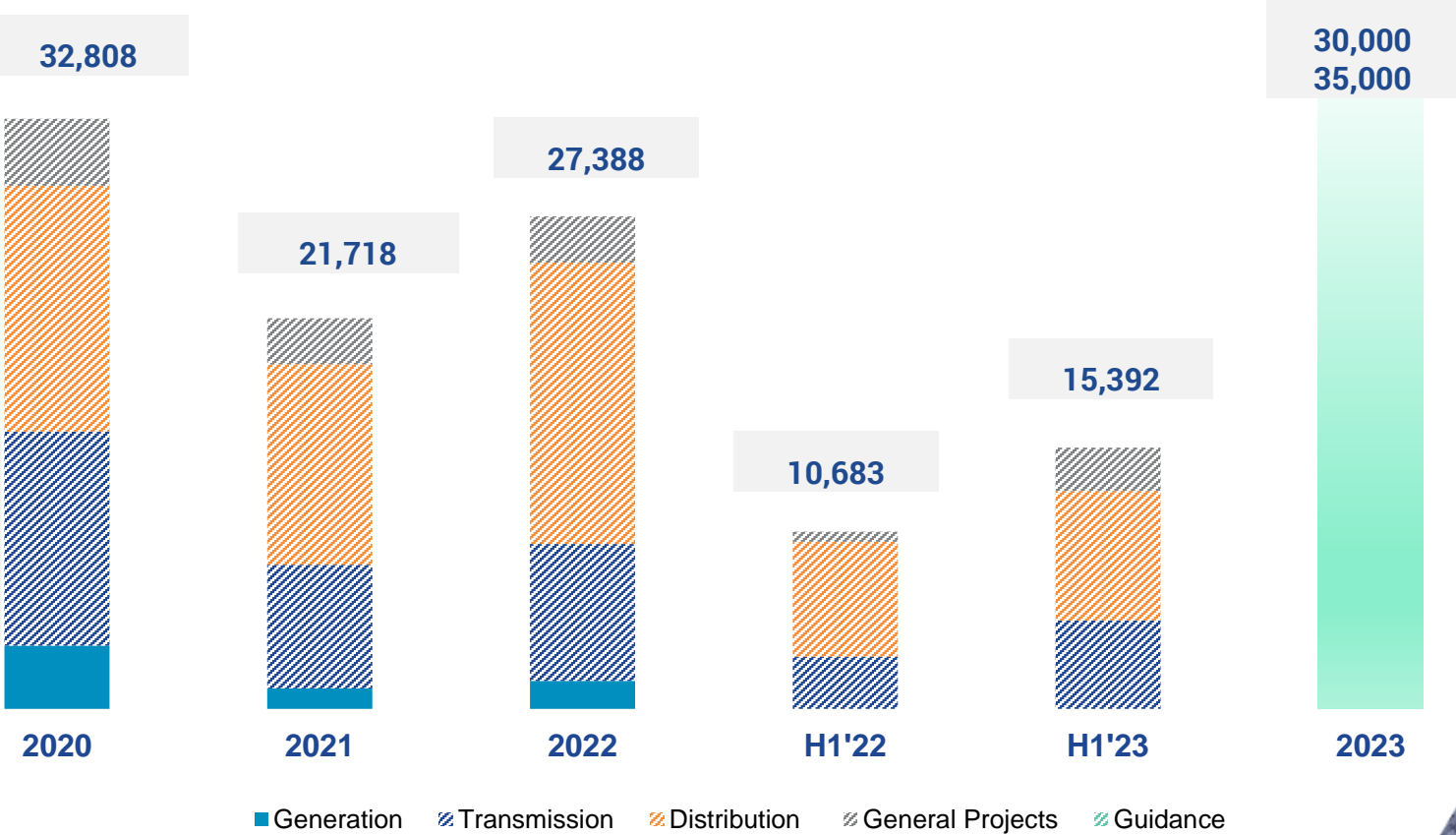
# Adjusted net profit impacted by rising interest rates

SAR Million



# Investing in our future: a look at our CapEx strategy and plan

SAR Million



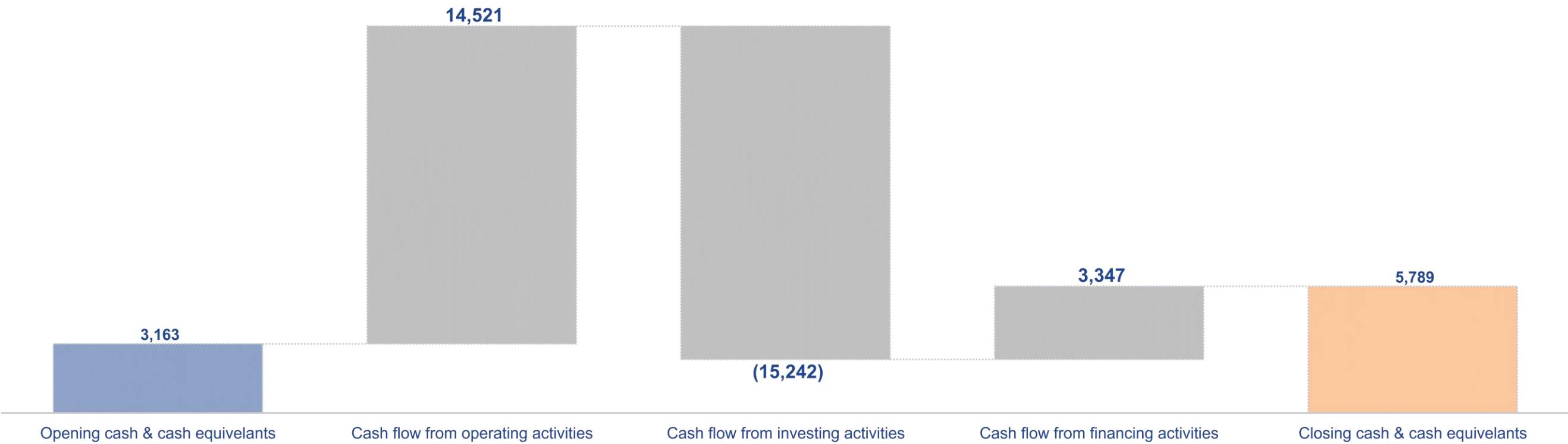
## 2023 CapEx outlook highlights

- Expected CapEx range of (30-35) BSAR in 2023 to support growing our fleet.
- 11.3 Million customer.
- 839K C.km distribution lines
- 103K C.km Transmission lines
- 23% Automation in the distribution grid



# A Deep dive into our cash flow statement

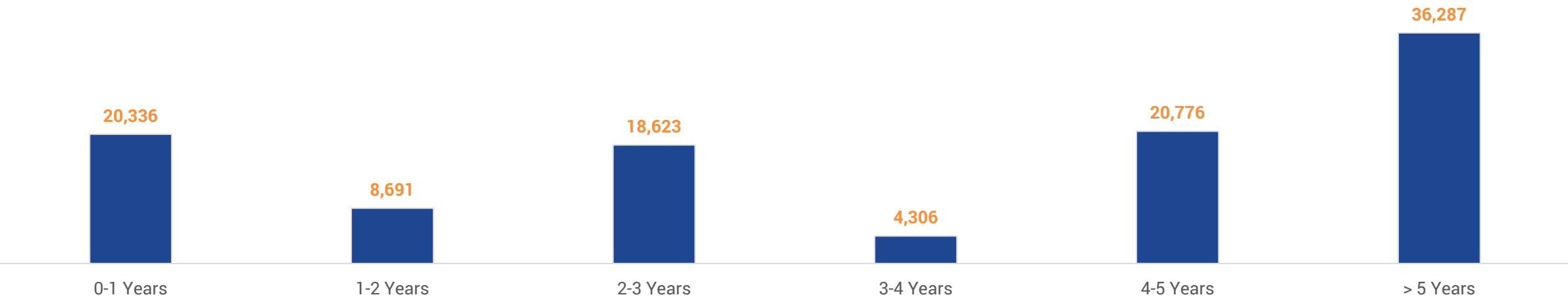
SAR Million



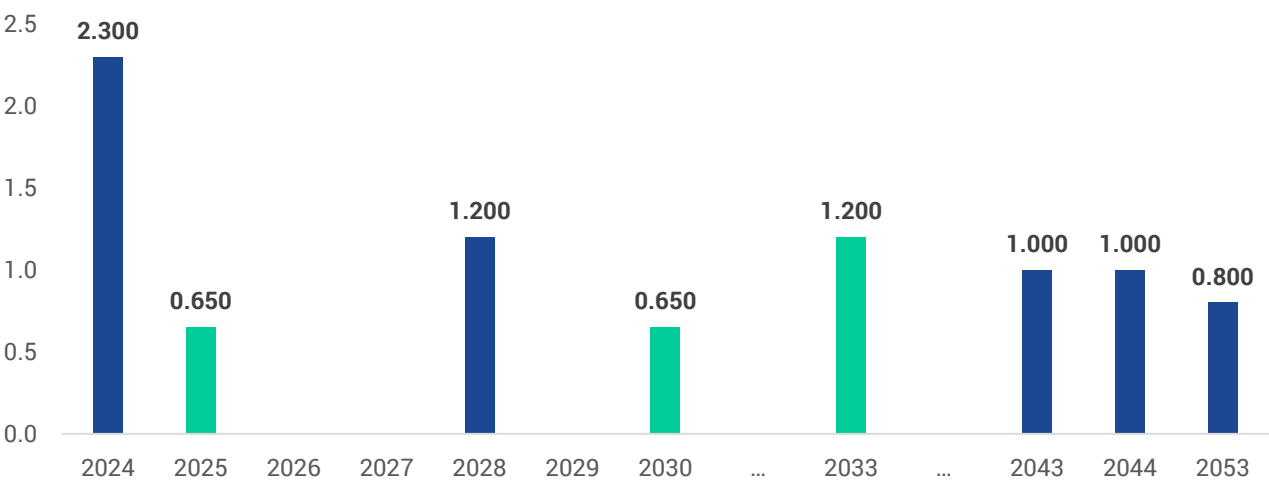
**SEC generates substantial operating cash flow enabling it to invest in new generation, transmission and distribution assets to meet growing electricity demand as well as enhancing the reliability and efficiency of the electricity system.**

# SEC's well-balanced weighted average debt maturity profile

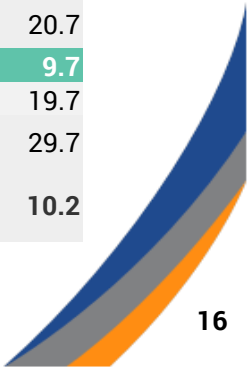
Overall debt maturity profile\*  
SAR Million



SEC USD Sukuk maturity profile  
USD Billion



Issuer	Rating	Amt MM \$	Profit rate (%)	Issue date	Maturity date	Yrs to Maturity
SEC	A1 / - / A	800	4.222	27-Sep-18	27-Jan-24	0.5
SEC	A1 / A / A	1500	4	08-Apr-14	08-Apr-24	0.7
SEC - Green	A1 / - / A	650	1.74	17-Sep-20	17-Sep-25	2.1
SEC	A1 / - / A	1200	4.723	27-Sep-18	27-Sep-28	5.1
SEC - Green	A1 / - / A	650	2.413	17-Sep-20	17-Sep-30	7.1
SEC	A1 / A / A	1000	5.5	08-Apr-14	08-Apr-44	20.7
SEC - Green	A1 / - / A	1200	4.632	03-Apr-23	11-Apr-33	9.7
SEC	A1 / A / A	1000	5.06	08-April-23	08-Apr -43	19.7
SEC	A1 / - / A	800	5.684	03-Apr-23	11-Apr-53	29.7
Total		8,800		Weighted Average		10.2

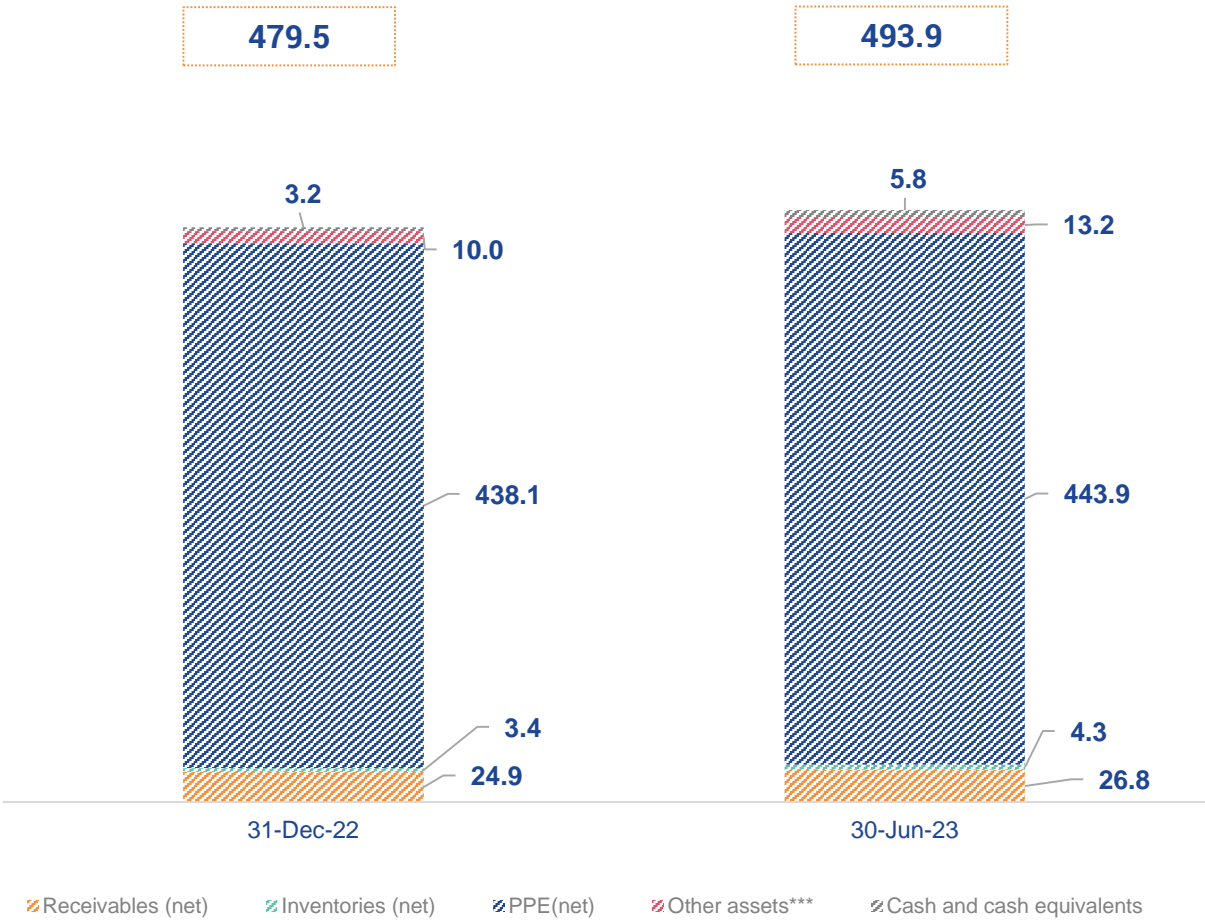




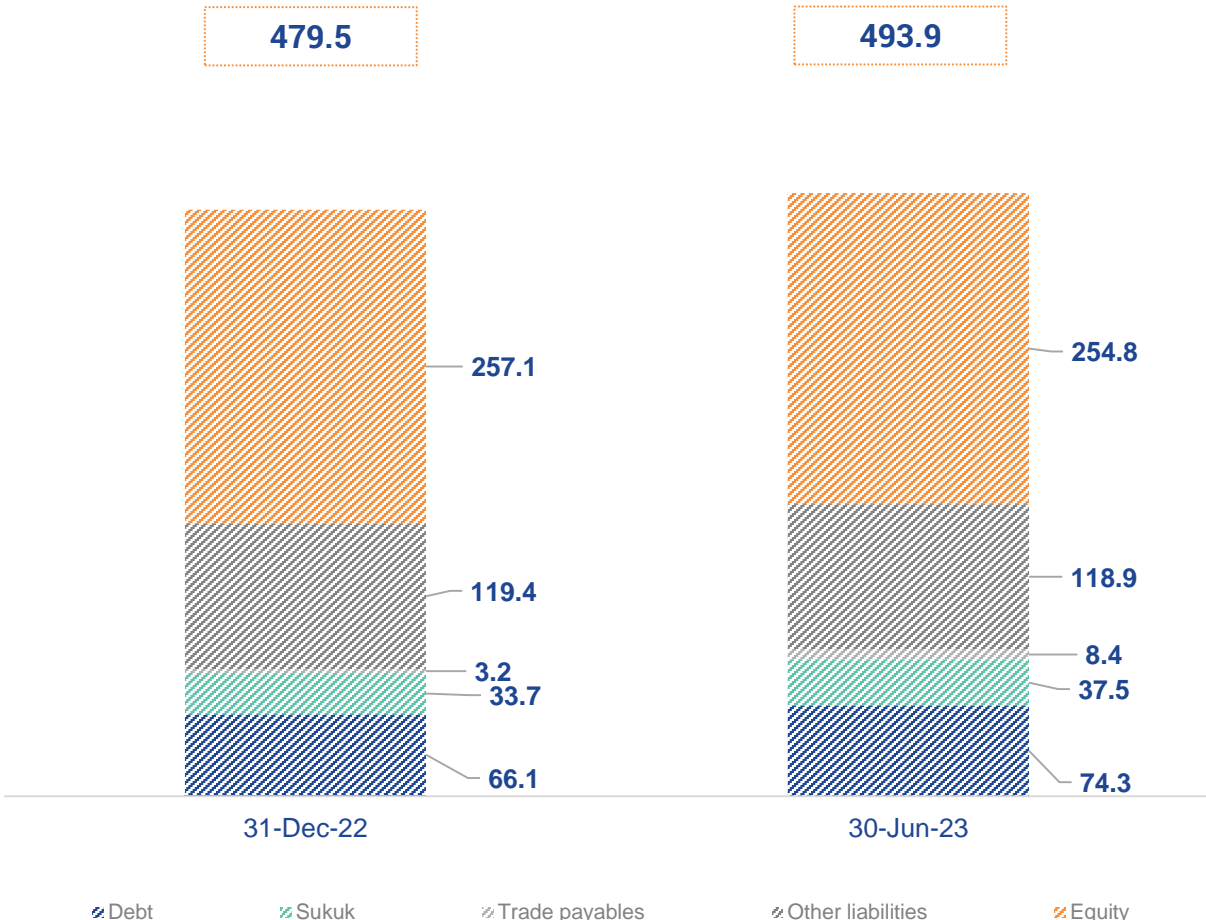
# Driving financial stability and creating value for stakeholders

SAR Billion

Assets split



Liabilities and Equity split



\*Government loans, Government payables & deferred government grants  
\*\*Other liabilities mainly includes accruals and other payables, advance from customers and employment benefits  
\*\*\*Other assets include Equity-accounted investees, Investment properties, Intangible Assets, Loans and advances, Prepayments and other receivables and others

# Empowering financial success: A recap of H1 2023

Continued growth in revenues despite impacted by electricity sales with customers moving to a lower tariff slab

01



02

Operating profit impacted by higher production costs which were partially offset by lower SG&A and provisions and higher other income.

Reformed capital structure and continued successful implementation reforms, strengthening financial position and stability

03



04

Moody's changed SEC's credit rating outlook to Positive, S&P upgraded SEC rating to A, outlook stable

Debt/equity stable at 0.4x

05



06

Highly ambitious CapEx outlook supporting our future growth

We are committed to generating commercial returns to our investors

07



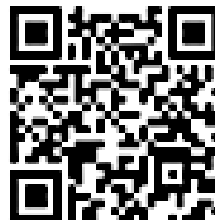
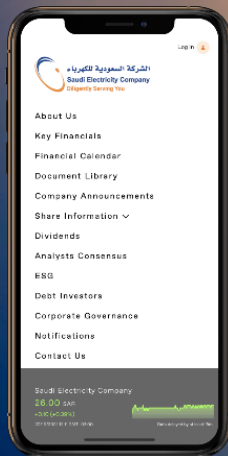


## Q&A Session



[IR@se.com.sa](mailto:IR@se.com.sa)

IR App QR Code:





# Appendix



# Consolidated financials

SAR Million

## Income Statement

	Q2'23	Q2'22	%	H1'23	H1'22	%
Revenues	19,718	19,402	1.6%	33,097	32,933	0.5%
Gross Profit	6,055	6,545	(7.5)%	7,815	9,183	(14.9) %
<b>Gross Profit Margin %</b>	<b>30.7%</b>	<b>33.7%</b>	<b>(3.0)pp</b>	<b>23.6%</b>	<b>27.9%</b>	<b>(4.3)pp</b>
Operating Profit	5,834	5,861	(0.5) %	7,558	8,070	(6.3) %
<b>Operating Profit Margin %</b>	<b>29.6%</b>	<b>30.2%</b>	<b>(0.6)pp</b>	<b>22.8%</b>	<b>24.5%</b>	<b>(1.7)pp</b>
EBITDA <sup>(2)</sup>	10,767	10,893	(1.2)%	17,157	17,710	(3.1) %
<b>EBITDA Margin %</b>	<b>54.6%</b>	<b>56.1%</b>	<b>(1.5)pp</b>	<b>51.8%</b>	<b>53.8%</b>	<b>(1.9)pp</b>
Net Profit	4,017	5,502	(27.0) %	4,497	7,020	(35.9) %
<b>Net Profit Margin %</b>	<b>20.4%</b>	<b>28.4%</b>	<b>(8.0)Pp</b>	<b>13.6%</b>	<b>21.3%</b>	<b>(7.7)pp</b>
Adjusted Net Profit <sup>(3)</sup>	2,107	3,592	(41.3) %	697	3,220	(78.3) %
Basic & Diluted Earnings per Share <sup>(4)</sup>	0.51	0.86	(40.7) %	0.17	0.77	(78.3) %
Earnings per Share without deducting Mudaraba instrument	0.96	1.32	(27.0) %	1.08	1.68	(35.9) %

## Balance Sheet

	30 June 2023	31 Dec 2022
Total assets	493,940	479,482
Total liabilities	239,152	222,431
Total equity	254,788	257,051
Cash & cash equivalents	5,789	3,163

1. pp: percentage points

2. EBITDA = net profit/loss + depreciation + net interest expense + zakat and tax expense + net amortization

3. Reflecting Net Income attributable to common shares after deducting the Mudaraba instrument's profit

4. Reflecting Net Income attributable to common shares after deducting the Mudaraba instrument profit and including loss from discontinued operations

## SEC's investor relations contact:



**Investors Relations email:**

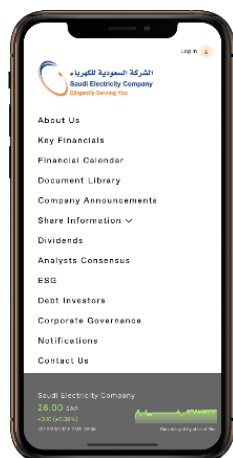
[IR@se.com.sa](mailto:IR@se.com.sa)



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Thank you