

Saudi Electricity Company FY 2023 Results Presentation

11 March 2024

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Today's Speakers



Eng. Khalid Al-Gnoon

President & CEO



Mr. Abdulaziz Al-Muhaiza

**Executive Vice President
& CFO**



Mr. Oqab Al-Nefaie

**Executive Director, Control
& Reporting**



Mr. Abdullah M. Al Ali

**Executive Director
Treasury (A)**

Continuing progress towards our strategic priorities while preserving sustainability

Continued dedication to advancing growth and channeling investments into vital infrastructure during 2023, poised to yield enduring future returns

POWER DEMAND

315 Twh, +5% YoY

PEAK LOAD

70.6 GW, +8% YoY



T&D RAB

209 BSAR

+4.5% YoY



SEC CAPEX

SAR 41.6 Billion

+52% YoY



SMART GRIDS & DIGITALIZATION



- 11mn customers on smart meter
- 24.5% distribution automation
- ~500 processes automated across SEC to improve customer experience
- ~400 technical solutions implemented
- Launched **Alkahraba App**

GENERATION



Taiba1

IPP (JV)

+1,800 MW

Qassim1

IPP (JV)

+1,800 MW

Rabigh

expansion

+1,200 MW

3,700 MW

5th phase of NREP

SEC qualified

INTERNATIONAL INTERCONNECTIONS



Saudi-Greece Interconnection (NG-IPTO)
JV formed to commence feasibility

NON-REGULATED BUSINESS

EVIQ

25%

Ownership stake acquired

PROGRESSING SUSTAINABILITY

Net-Zero by 2050

Having pivotal role as vertically integrated national electricity provider with positive growth Outlook and enabling Vision 2030 objectives



“KSA aims to add 20 (GW) of renewable energy annually to reach ~130 GW by 2030, this enables KSA to export up to 150 GW of green electricity or hydrogen”.

H.E Minister of Energy, Prince Abdulaziz bin Salman at Saudi Arabia Smart Grid Conference 2023, held in Riyadh.

Targeting to Net-Zero by 2050



Forged 8 Strategic Agreements & MoUs In Pursuit of Carbon Neutrality



Levers to Net-Zero

- ✓ Renewables integrations
- ✓ Energy mix by 2030, 50% renewable and 50% gas thermal
- ✓ Retirement of legacy capacity
- ✓ Smart grids and digitalization
- ✓ CCE framework and CCUS technology (i.e. Tiabah1 & Qassem1 PP)
- ✓ Utilize Carbon credits for un-abatable emission
- ✓ Pioneering sustainable finance opportunities

2023: Operational and Financial Performance

Expansion & prosperity, power supply security & reliability and leading customer experience while persevering sustainability



Powering Growth

SEC

+41.6 BSAR CapEx +51.8% ↑

209 BSAR RAB growth +4.5% ↑

+26.4 BSAR T&D commissioned CapEx

Generation

Combined new capacity of **4.8GW**

- Taiba 1 and Qassim 1 power plants (JV)
- Rabigh extension (directly owned)
- Qualified for 5th phase of NERP

Transmission

Saudi-Greece Interconnection (NG-IPTO) JV formed to commence feasibility

Non-regulated segments

25% Ownership in EVIQ



Reliable Quality Service

Operational Excellence

- 8% ↑ Peak load (70.6 GW) covered
- 7% ↓ SAIDI decrease (78.6 min/customer)
- 11% ↓ SAIFI reduction (1.7 Interr/customer)
- 39.9% ↑ System Efficiency
- 27% ↓ time to connect (3.31 days)
- 80% ↑ customer satisfaction

Automation and Digitalization

100% smart meters installed

24.5% distribution automation

500 processes automated across SEC to improve customer experience

+400 technical solutions implemented

Launched Alkahraba App



Sustainability

SEC

Net-zero emissions by 2050.

100% Implemented EMS ISO 14001

70.5% Localization rate

94% Saudization

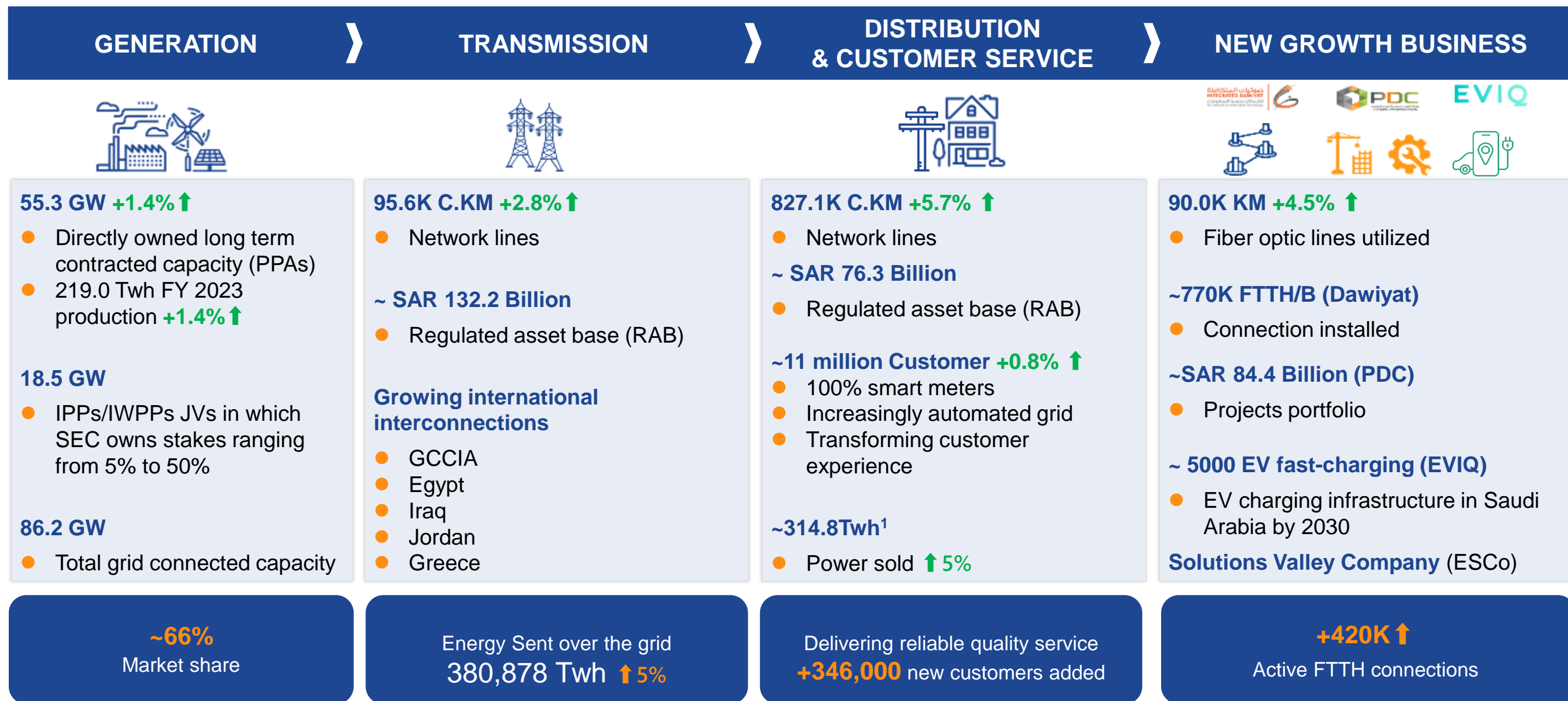
9% Improvement in Employee Engagement Score

21.6% ↑ increase in female employees

88.9% ↑ increase in female leadership positions

- Recorded Incident rate 24% ↓
- Leave injury rate down 53% ↓
- Motor vehicle accidents 48% ↓
- Traffic violations 28% ↓

Growing portfolio



We dedicate our resources to enhance pilgrim comfort at the Grand Holy Mosque and the Holy Sites

Implemented 100% smart substations in Grand Holy Mosque and the Holy Sites enabling remote monitoring and effective management of the Hajj pilgrimage season (1444H) and ensuring readiness for upcoming Umrah Season for (Ramadan 1445H).

Continued revenue growth and financial position remains strong

Continued growing investments into our infrastructure yields positive revenue performance during 2023. Financial position remains strong



REVENUE

SAR 75.3 Billion
+4.5% YoY



EBITDA¹

SAR 33.9 Billion
(9.4% YoY)



NET PROFIT

SAR 10.25 Billion
(32.3% YoY)



EPS

SAR 0.62
(65.4% YoY)



CAPEX

SAR 41.6 Billion
+51.8% YoY



CASH DIVIDEND

SAR 2.9 Billion
0.70 SAR per share



STRONG FINANCIAL POSITION

Net debt/EBITDA **3.2x**

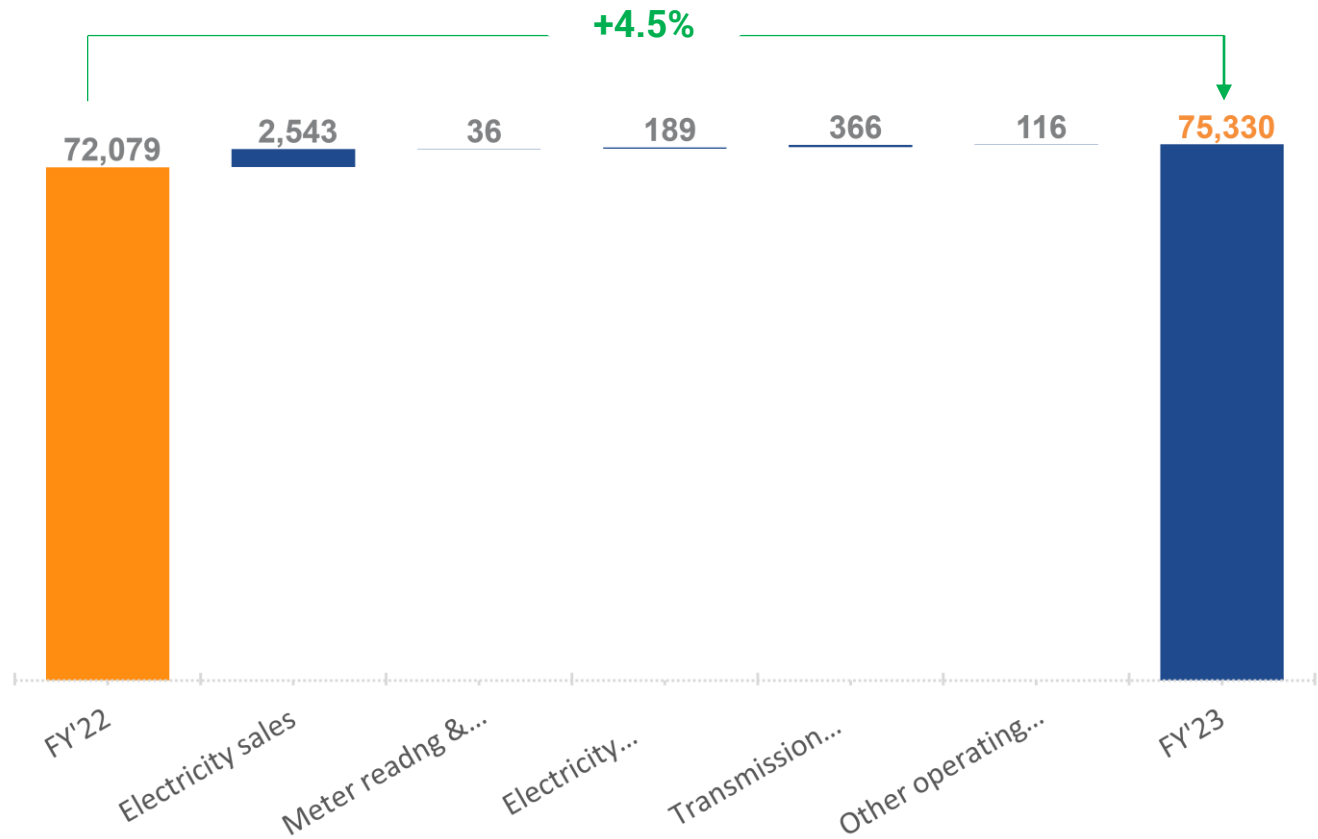
FFO/Net debt **24.7%**

Net debt/Equity **0.43x**



Revenue performance

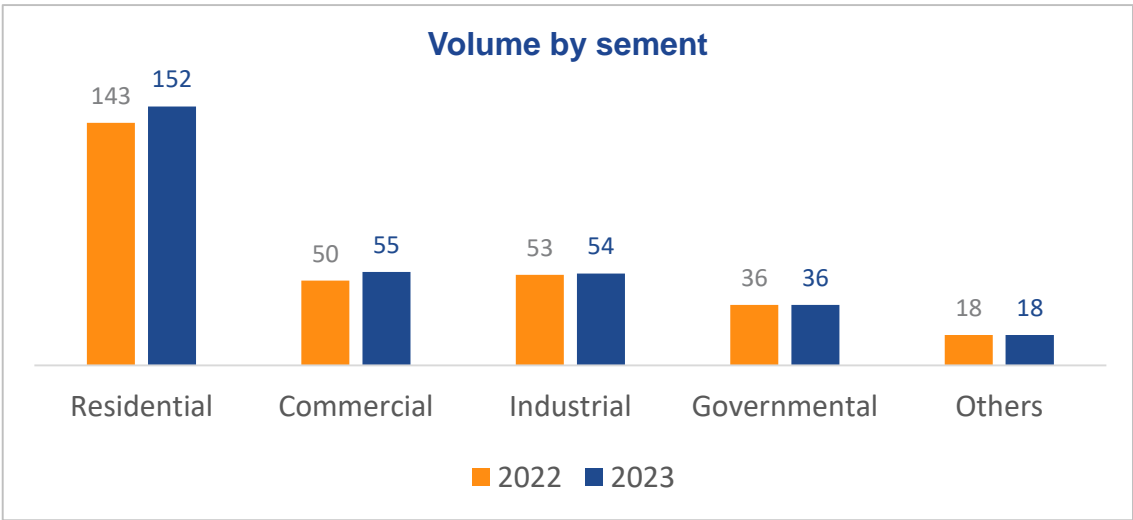
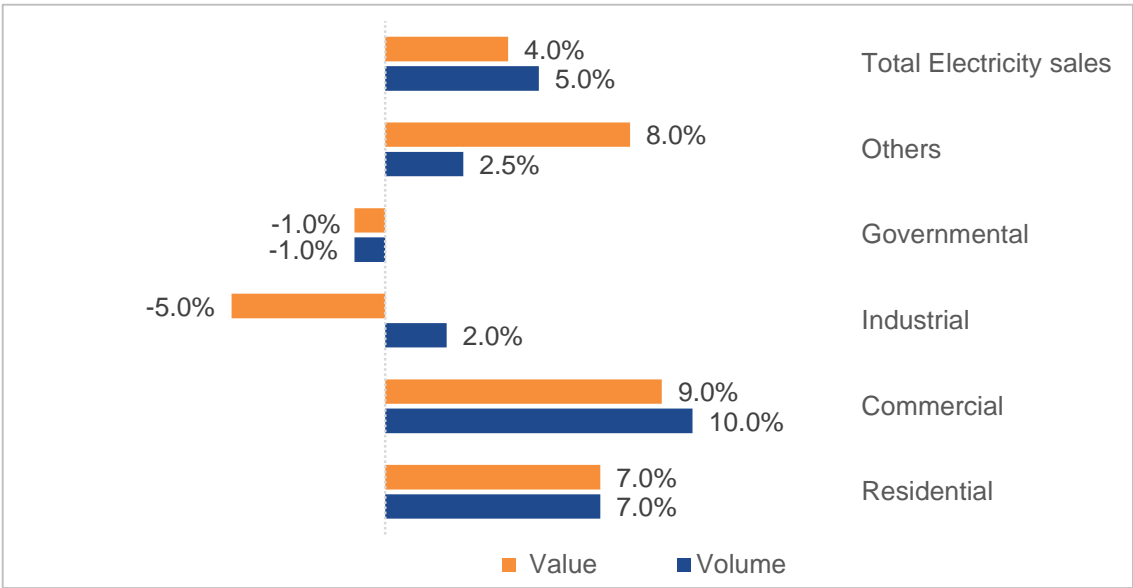
SAR Million



Commentary

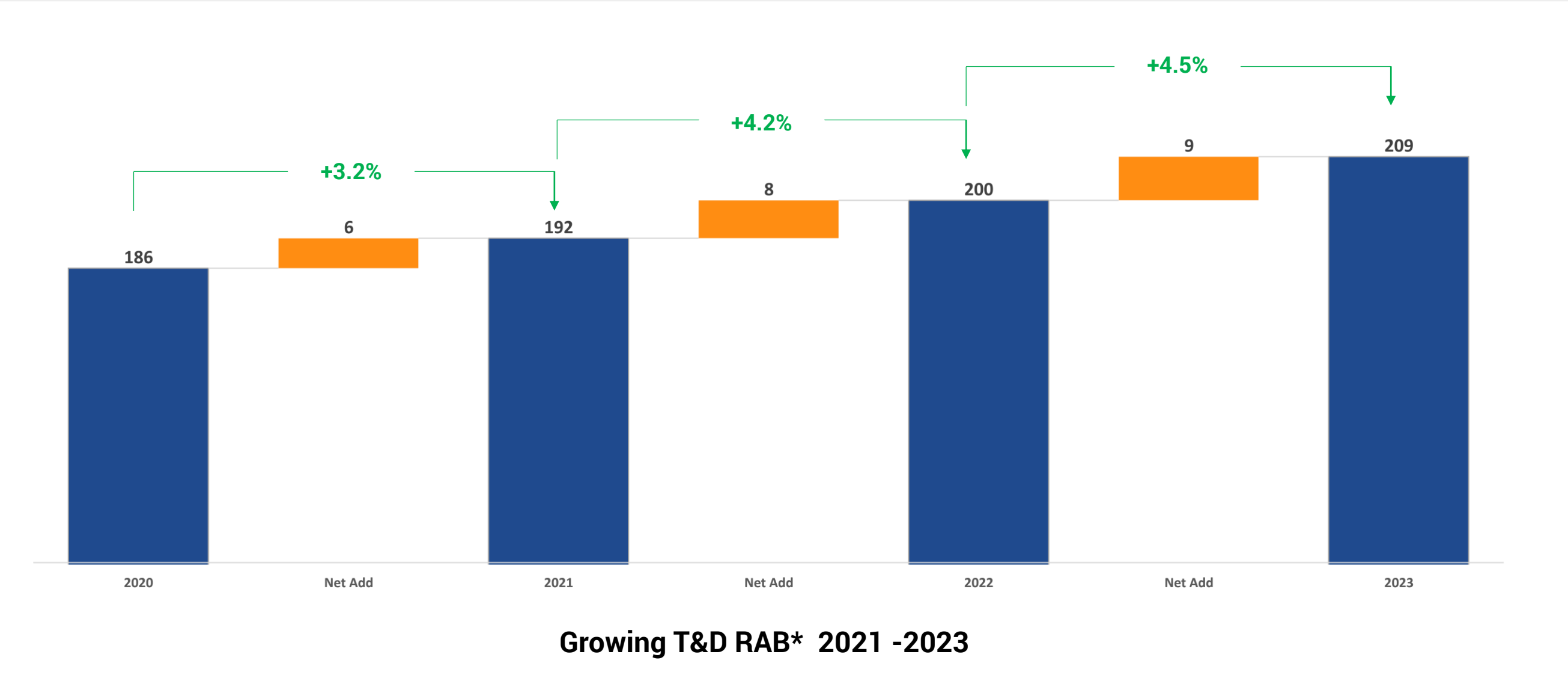
- Electricity sales up 4.1% YoY, driven by 5% increase in quantity sold
- Electricity connection tariff increase aligned with amortized connection revenues and growing customer base.
- TUOS revenue surged 26.5% YoY reflecting higher wheeled energy and increased backup capacity charge.
- Higher revenue from Dawiyat Company driven by growing subscribers' base for FTTH connection.

Consumption mix (YoY change in volume and value by segment)



T&D strategic investments supports RAB growth during 2021-2023

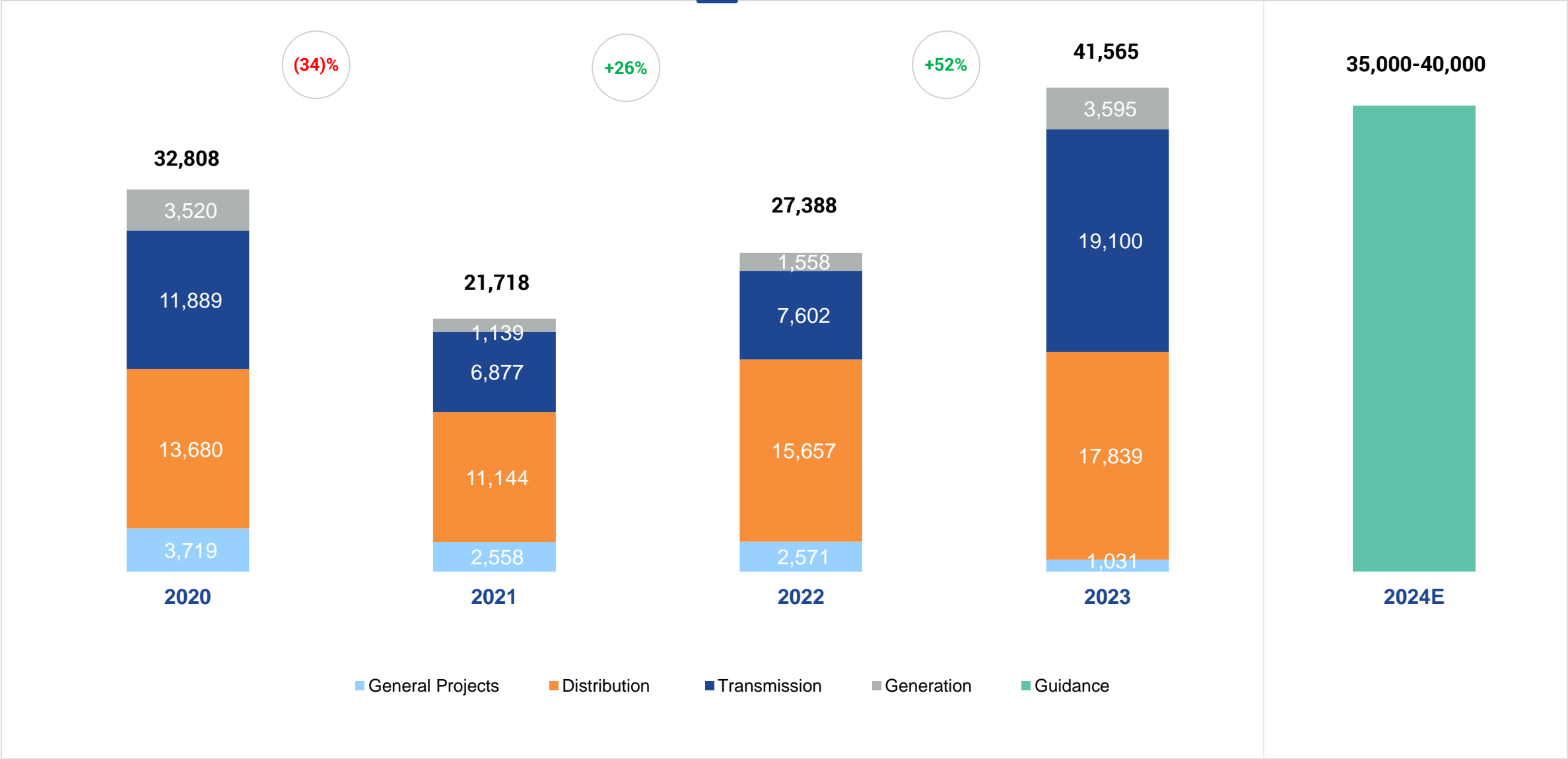
SAR Billion



* Adjusted to exclude generation asset, which its is compensated as per ECA agreements starting from H2 2022

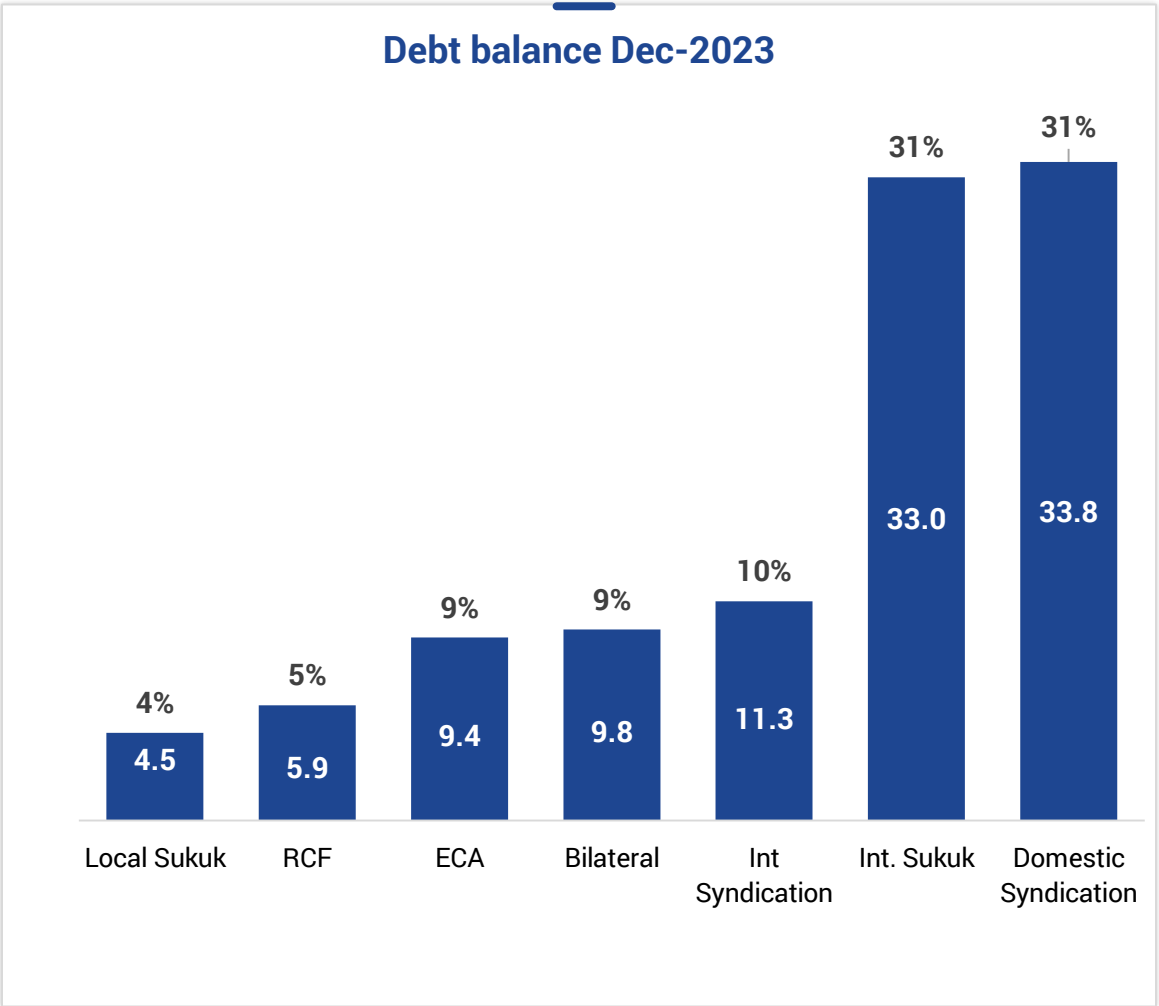
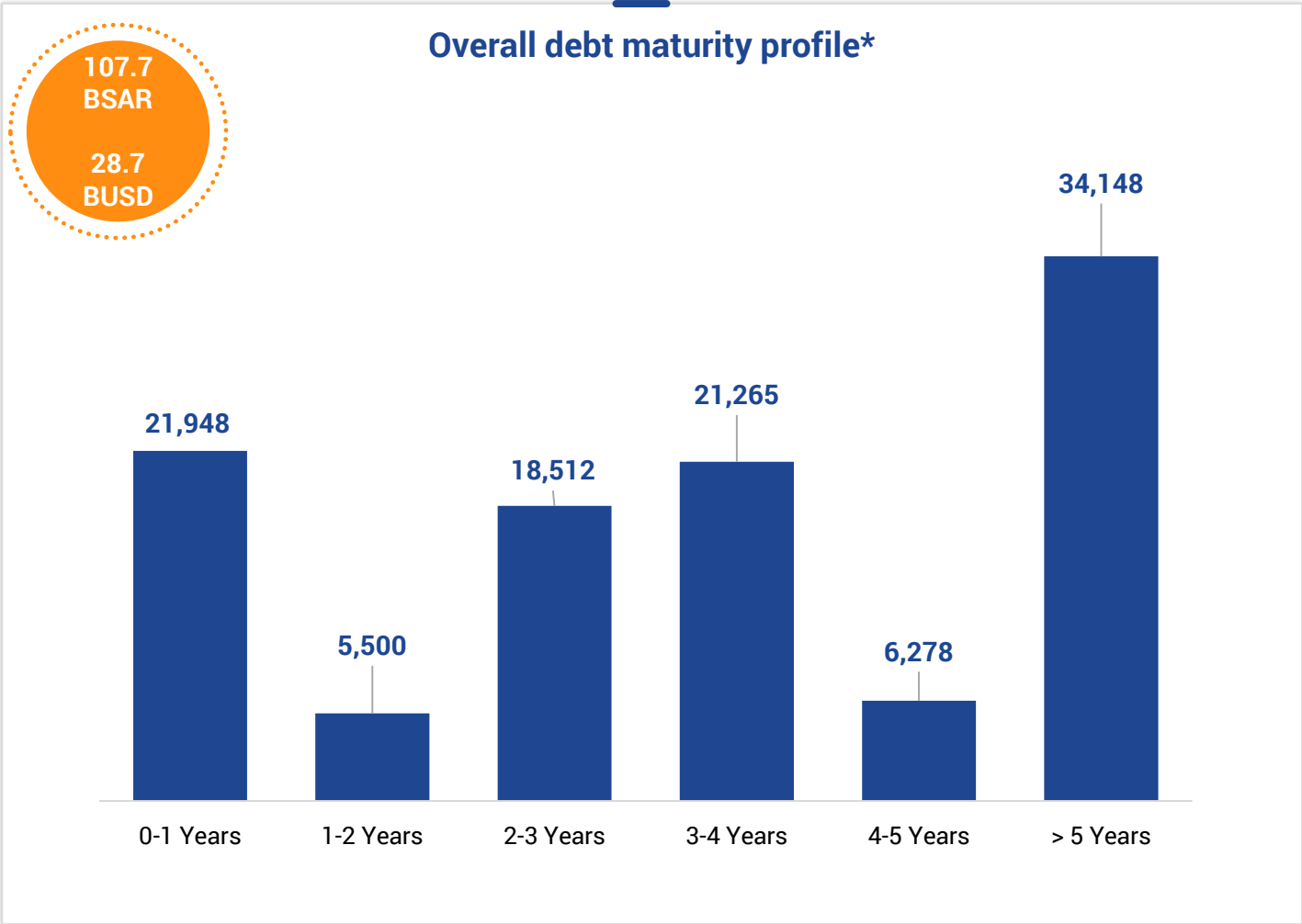
Investing for the future: CapEx deep-dive

SAR Million



SEC's debt maturity profile

SAR Million



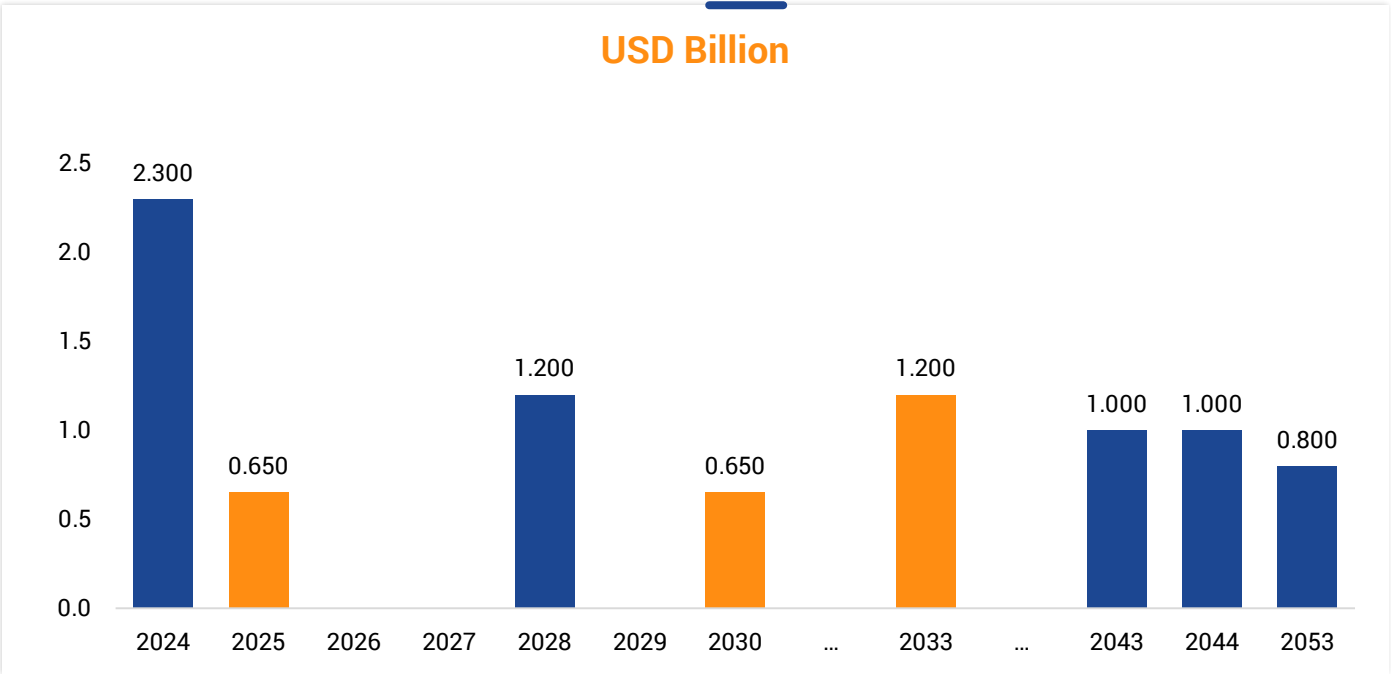
Note:
(1) Ratio evolution between
FY2019 and Q42023
annualized

Net debt / EBITDA¹
6.2x → 3.2x

FFO / net debt¹
13% → 24.7%

Net debt / Equity¹
2.1x → 0.43x

SEC's USD Sukuk maturity profile



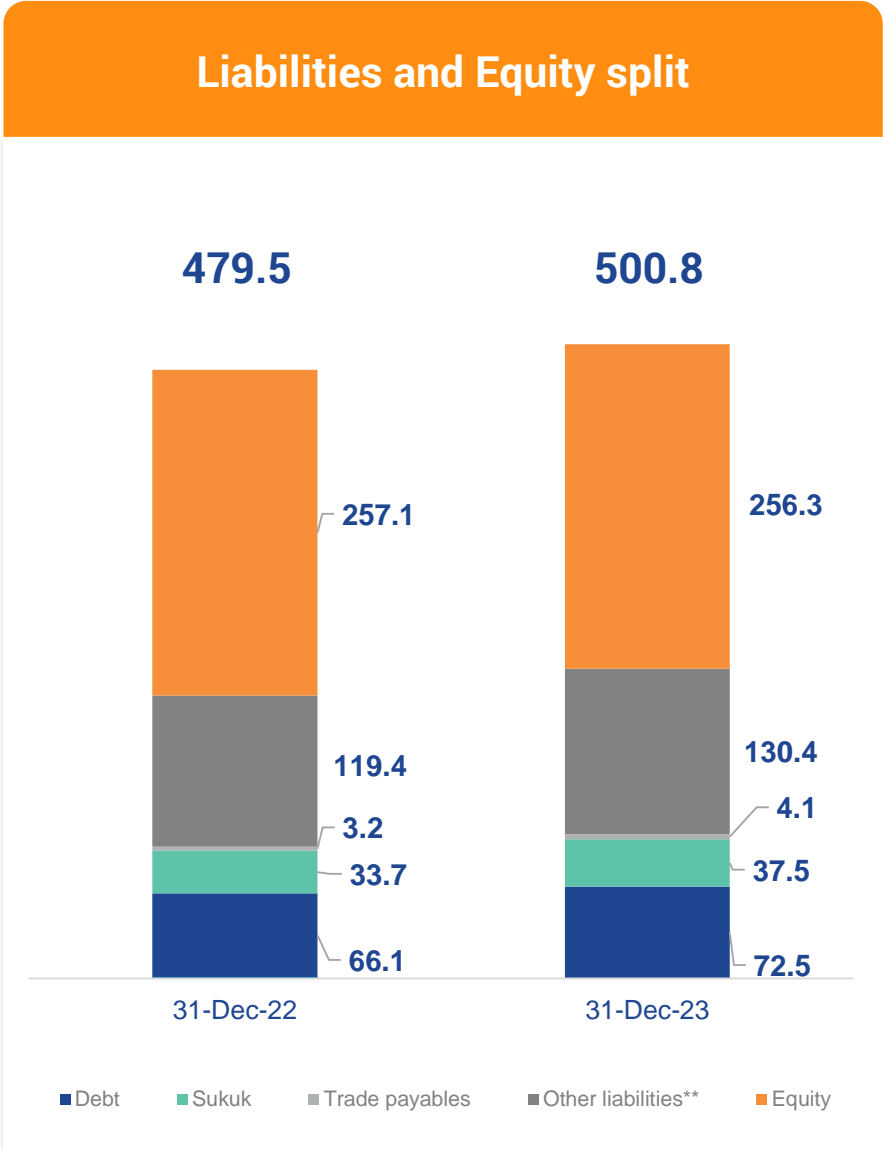
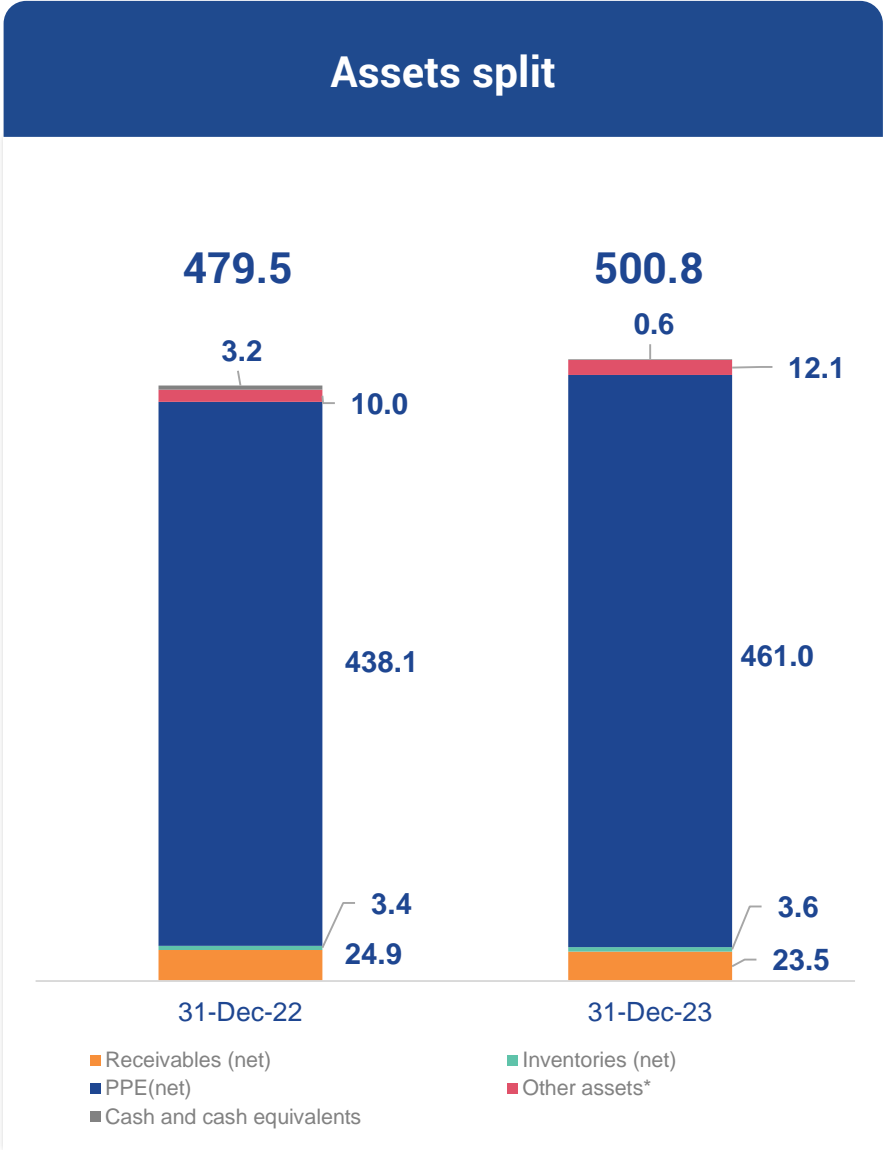
Issuer	Rating	Amt MM \$	Profit rate (%)	Issue date	Maturity date	Yrs to Maturity
SEC	A1 / - / A	800	4.222	27-Sep-18	27-Jan-24	0.1
SEC	A1 / A / A	1500	4	08-Apr-14	08-Apr-24	0.3
SEC - Green	A1 / - / A	650	1.74	17-Sep-20	17-Sep-25	1.7
SEC	A1 / - / A	1200	4.723	27-Sep-18	27-Sep-28	4.7
SEC - Green	A1 / - / A	650	2.413	17-Sep-20	17-Sep-30	6.7
SEC	A1 / A / A	1000	5.5	08-Apr-14	08-Apr-44	20.3
SEC - Green	A1 / - / A	1200	4.632	03-Apr-23	11-Apr-33	9.3
SEC	A1 / A / A	1000	5.06	08-April-23	08-Apr -43	19.3
SEC	A1 / - / A	800	5.684	03-Apr-23	11-Apr-53	29.3
Total		8,800		Weighted Average		9.7

DCM Activities

- In April 2023, SEC redeemed its International Islamic Sukuk due on 8th of April 2023 amounting to US\$ 1 billion
- USD 3.5 billion worth of Sukuks maturing in the upcoming 12 month includes :
 - Jan 2024 – 4500 MSAR Local Sukuk (successfully repaid on maturity, satisfying all obligation)
 - Jan 2024 – US\$ 800 million International Sukuk (successfully repaid on maturity, satisfying all obligation)
 - April 2024 – US\$ 1.5 billion International Sukuk (upcoming maturity)
- In October 2023, SEC announced at FII obtaining USD 3 billion International Syndicated Facility.
- In Feb 2024, SEC completed the offer of US\$ 2.2 billion dual tranche Sukuk

Strengthening SEC's asset base enabled by a sustainable capital structure

SAR Billion



Capital Structure (2023)

	SAR Billion	%
Equity	88.4	24%
SHI	167.9	46%
Debt	110.0	30%
Total	366.3	100%

Remarks

Increased revenues higher electricity sales, TUOS revenue, Contract Revenue, & Other Operating revenues

01



02

Operating profit impacted by one-off items, increased cost ore revenue and finance cost..

Capex of SAR 41.6 billion coupled with 4.5% growth in T&D RAB

03



04

Robust credit ratings (A1, Positive / A, stable / A, stable) by Moody's / Fitch / S&P respectively

Debt/equity at 0.43x

05



06

Highly ambitious CapEx outlook supporting our future growth

We are committed to generating strong returns to our investors

07



Q&A Session

We seek to be strategic partners to achieve progress and prosperity in the electricity sector in the Kingdom of Saudi Arabia

We invest in the present and future to achieve sustainable development and meet the needs of investors, customers and the communities we serve

We work to develop social and environmental projects through initiatives and partnerships to enhance the standard of living

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