الشركة السعودية للكهرباء
Saudi Electricity Company
Diligently Serving You


H1 2022 Earnings Conference Call

Results Presentation

24th August 2022

03:30 pm (Saudi)

04:30 pm (Dubai)

01:30 pm (London)

08:30 am (New York)

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Agenda

1. **Highlights**
2. Financial performance
3. Fleet update
4. Q&A

H1 2022 Key business highlights

Meeting growing demand on the electric service while maintaining a reliable and robust operational performance.

- **2.3%, 4%, 7.1% YoY growth** in energy sold and subscribers' base and peak load to 137.9 Twh, 10.7 million subscriber and 65.3 GW respectively
- **299 MW new capacity addition** (Vs 425 MW retirement) to SEC generation capacity in H1 2021, bringing SEC total capacity to 54.6 GW.
- Transmission, fiber optic and distribution lines **grew 2.9%, 7.1% and 5.4% YoY** to 92.4 c.km, 83.3 KM and 758.2 c.km respectively.
- Completion of SPPC Crave-out and the sale of SEC's equity ownership in SPPC to KSA Government.
- Regulatory, financial and structural reforms is **yielding positive impacts for SEC**
- Fitch and S&P **upgrade SEC rating** to A, outlook Stable and A-, outlook positive respectively.
- Continue to make progress towards strategic aspirations and initiatives :
  - Creating **smart infrastructure** such as smart grid, automation of distribution networks, and smart meters
  - Upgrading our **digital transformation** and automating the services
  - **Growing** the capacity of our network, as well as enhancing the operating efficiency of power plants, improving reliability and efficiency

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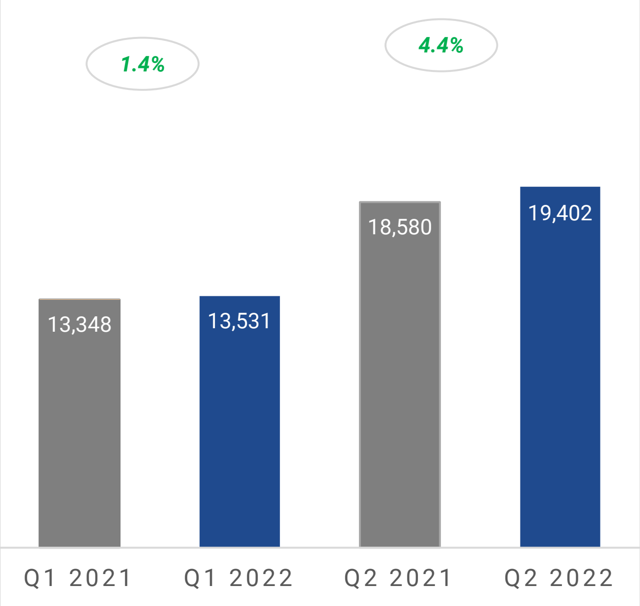
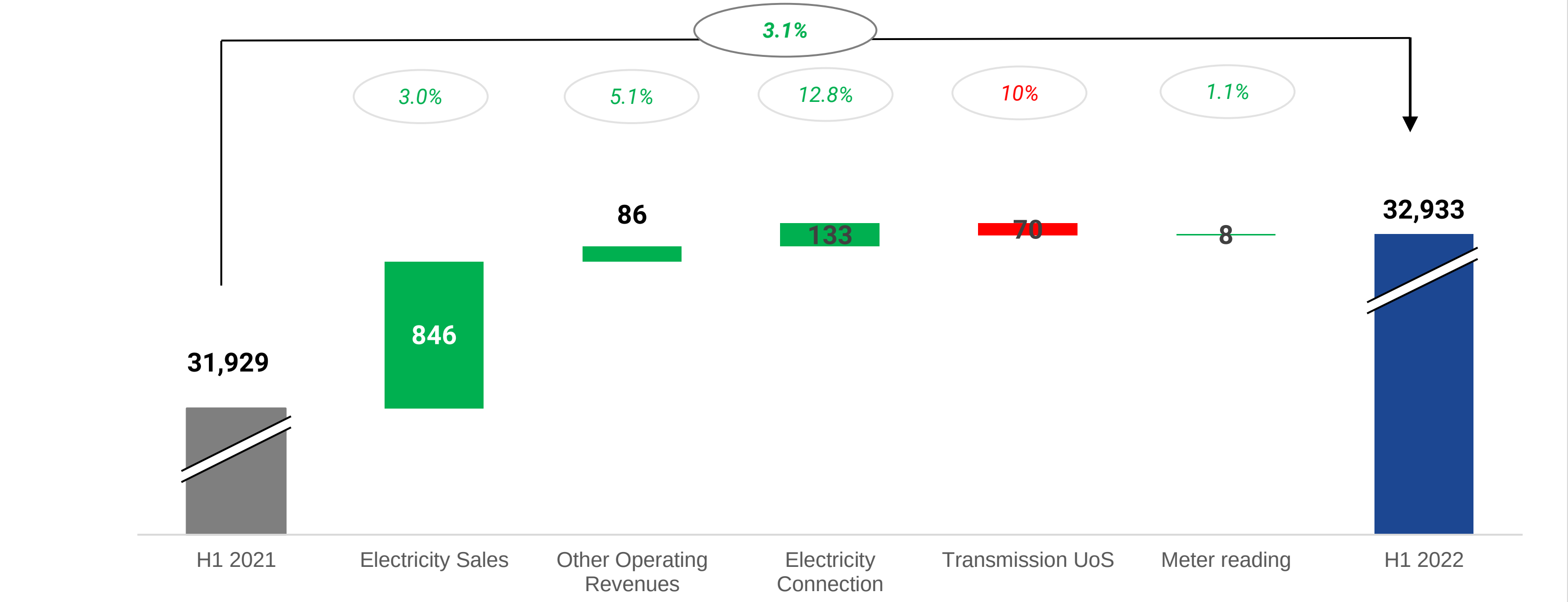
Revenue

SAR million





Mainly due to higher electric power volume sold in H1 2022 of 137.9 TWh (H1 2021: 134.8 TWh)

5.1% increase due to higher supervision fees by 127 MSAR and higher revenues from FTTH

Increase in line with the increase in deferred revenues YoY – New customers

Decline mainly due to lower back up charges for the year

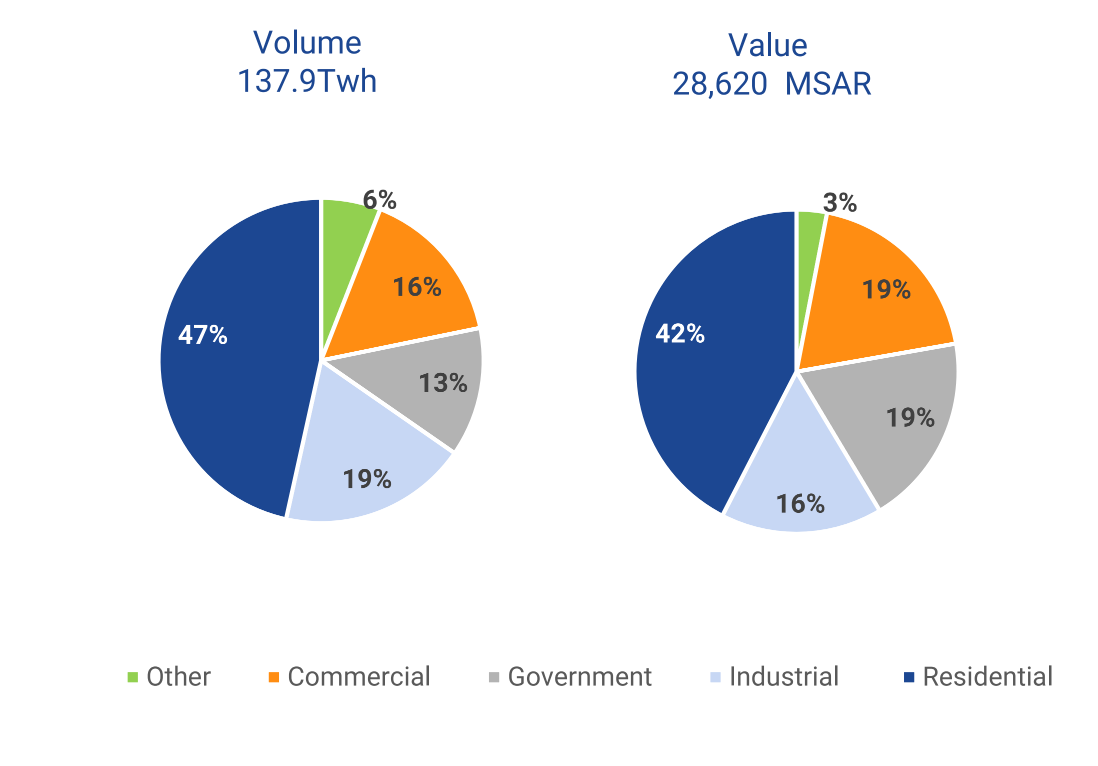
Due to continued growth in the subscriber base

H1 2022 Consumption mix

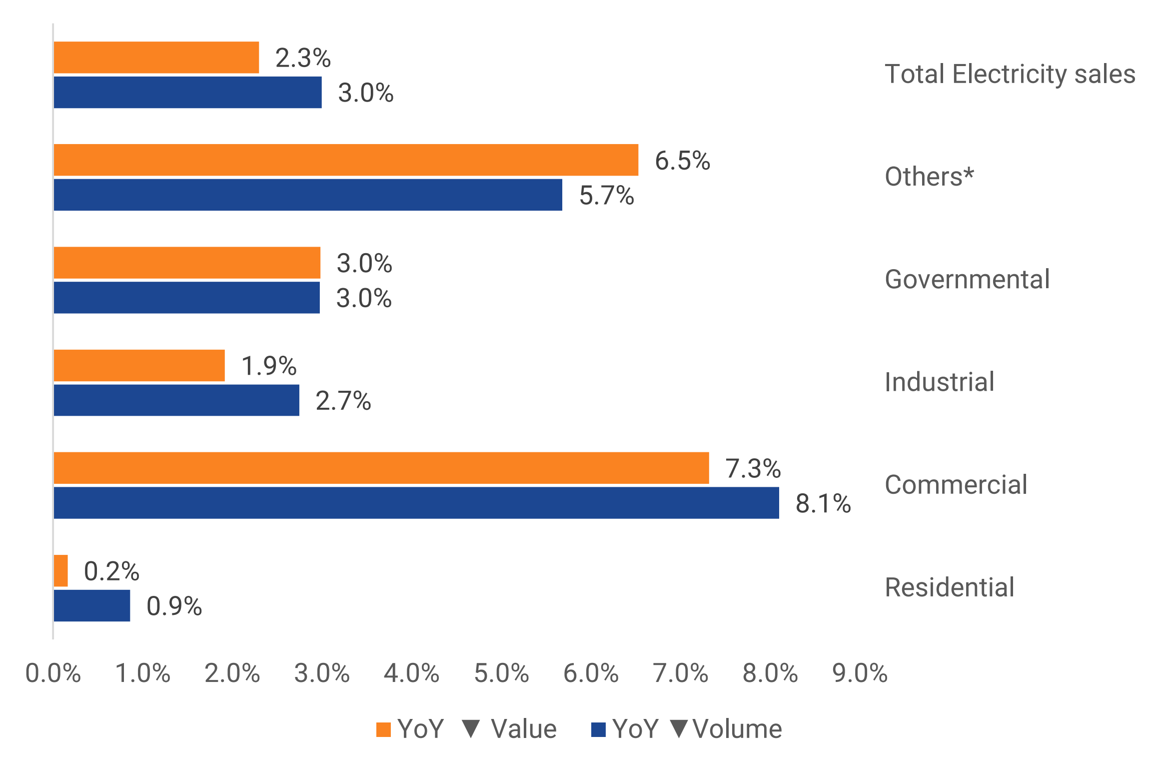
- Demand growth in commercial, government and industrial consumption drives a 2.3 % YoY growth in overall electricity consumption.
- The growth reflecting growing economic activity in KSA

Electricity consumption (Twh)

H1 2022 consumption split



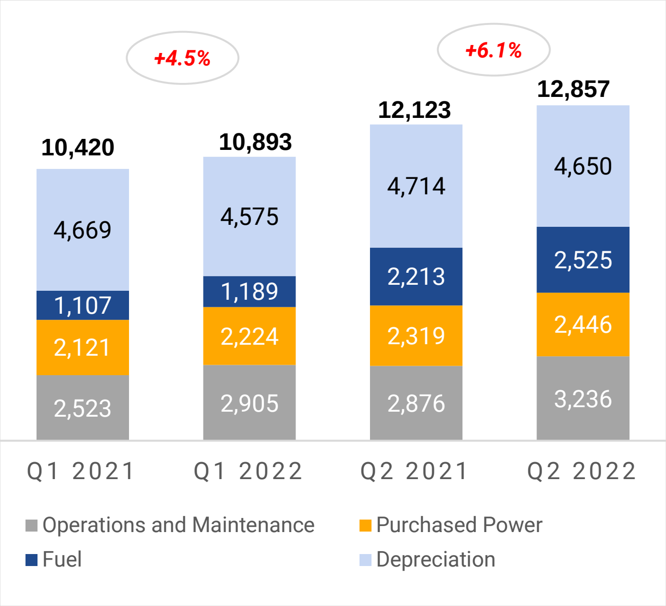
YoY change in volume and value by segment

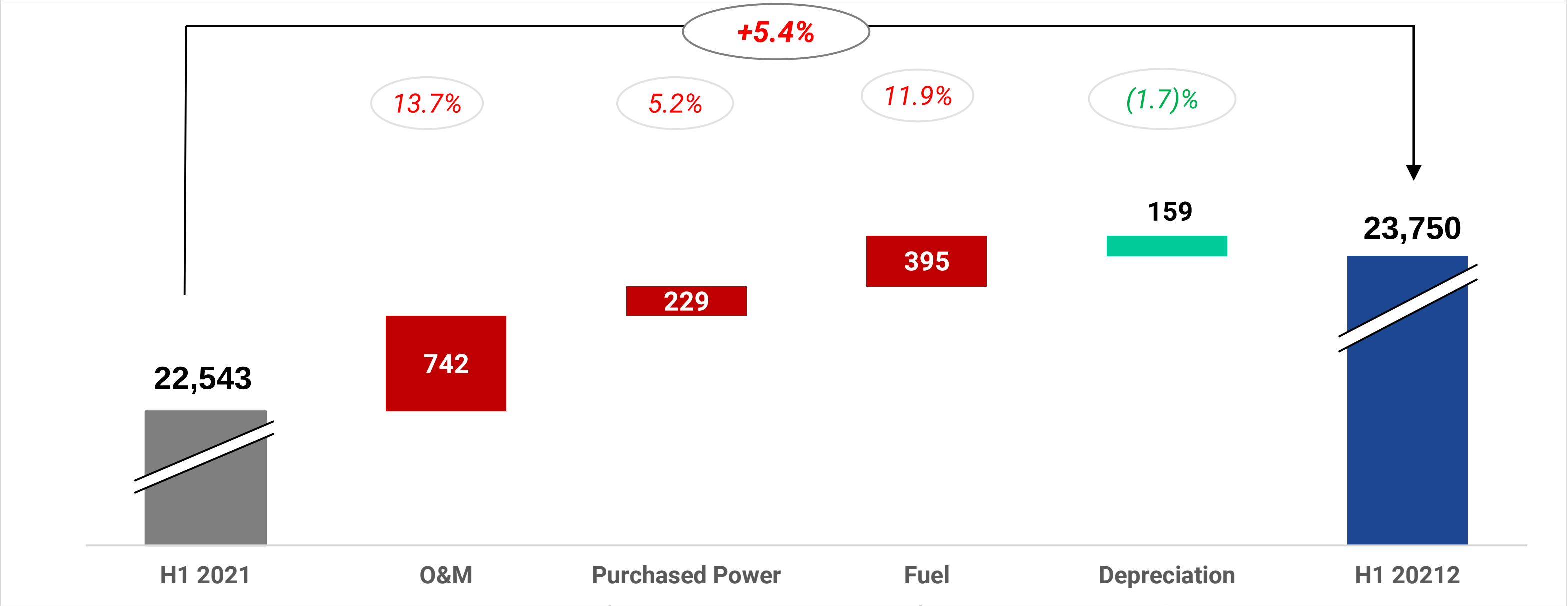


** : Others include SWCC, agriculture , health and education*

Operating costs

SAR million





O&M Costs increased due to higher insurance and other related HR cost, increase in contract maintenance cost and higher inventory provision

Purchased power increased YoY by 5.2% due to change in production plan for Shuiba and increased production in Durmah and Yanbu

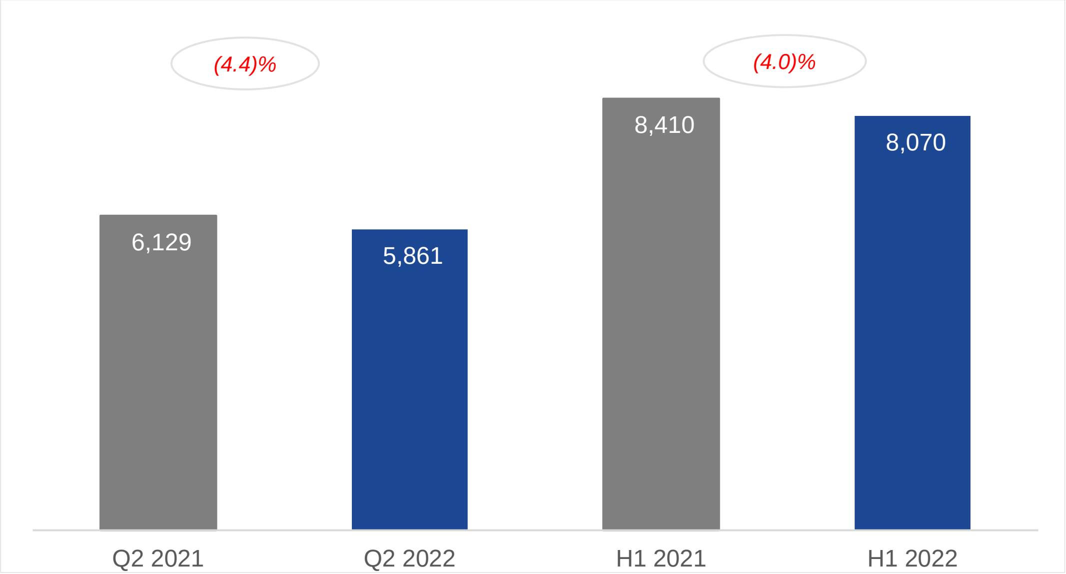
Fuel expenses increased YoY by 11.9% mainly due to higher production, change in fuel mix and Higher T&T expenses

Depreciation expense declined YoY by 1.7% mainly due to the increase in useful lives partially offset by increased asset base.

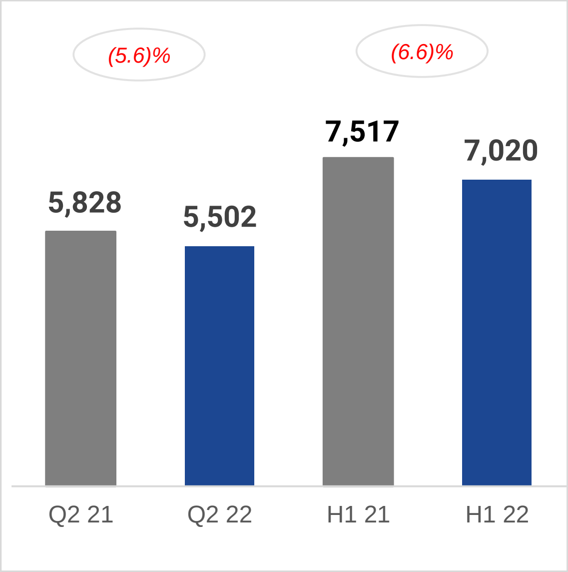
1. SEC has adopted IFRS 16, effective 1 January 2019

Operating & net profit

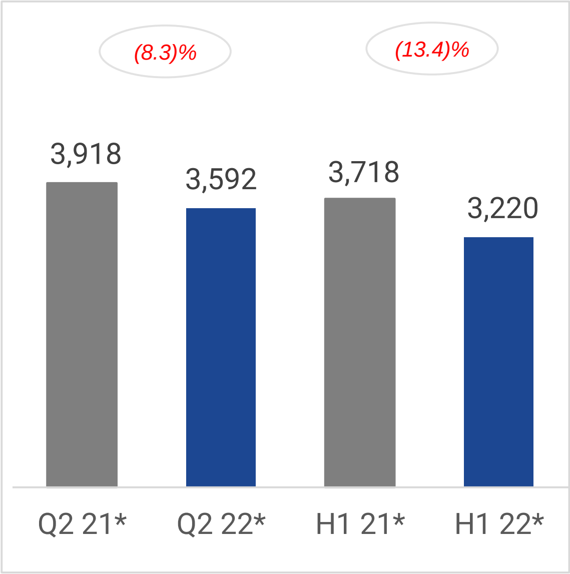
Operating profit
SAR million



Net Profit
SAR million



Adjusted Net Profit*
SAR million



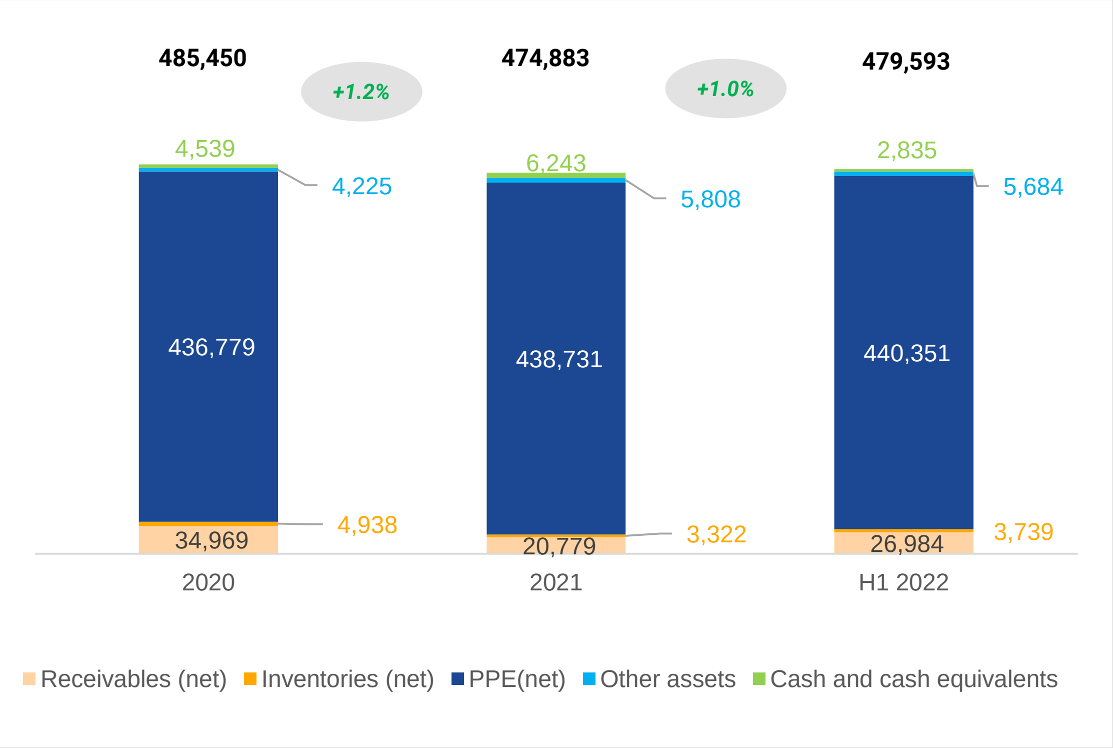
- Net profit decline is mainly attributable to :
  - higher operations and maintenance costs
  - higher receivable provisions due to increased average ageing.
  - higher other Income has completely offset increased general and administrative expenses and higher financing costs during the current period.

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

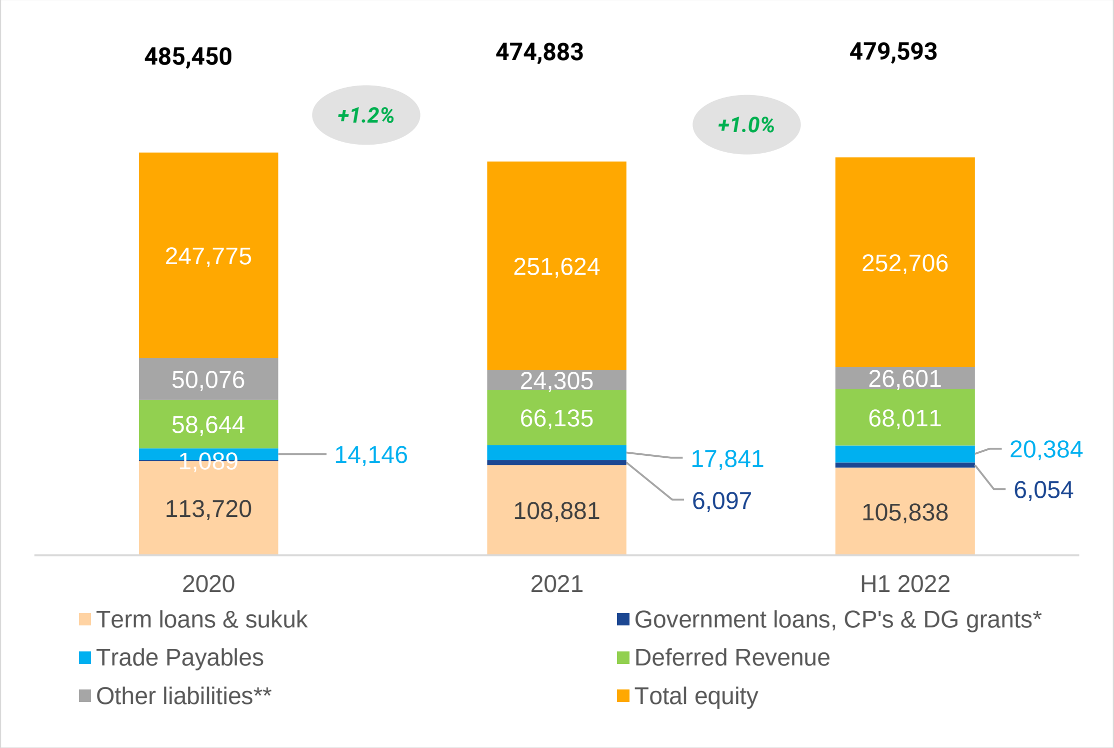
Balance sheet

SAR million

Assets split



Liabilities and Equity split



- The growth in the asset base reflects SEC’s continuing major investments into its generation, transmission and distribution capabilities
- Reflecting the net income of H1 2022, SEC’s total equity grew 0.4% to SAR 252.7 billion (2021 end: SAR 251.6 billion)
- SEC's asset base had grown 1.0% to SAR 479.6 billion (2021 end: SAR 474.9 billion).

Government loans, Government payables & deferred government grants
***Other liabilities mainly includes accruals and other payables, advance from customers and employment benefits*

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Potential implications of SPPC carve-out

- ✓ – Third Party Power purchase agreements is **no longer with SEC**, hence the SPPC carve-out removes any SEC potential exposure from IPPs PPAs obligations

- ✓ – SEC currently consolidates proportionate assets and liabilities of **IPP's JV** which is classified as **joint operations** based on IFRS Principles. The novation of IPPs contracts from SEC to SPPC is expected to discontinue the implementation of proportional consolidation **of IPPs, thereby simplifying SEC's capital structure**.

- ✓ – SEC to **sell power** to SPPC under **Energy Conversion Agreements (ECAs)** and will buy power from SPPC as per **Bulk Supply Agreement (BSA) to sell to end customers**

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Note : implementation of the referred above contracts is expected to reflect on our financials starting from Q3 2022 onwards

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SEC is vertically integrated across the value chain, and is pursuing a new and diversified non-regulated sources of revenue

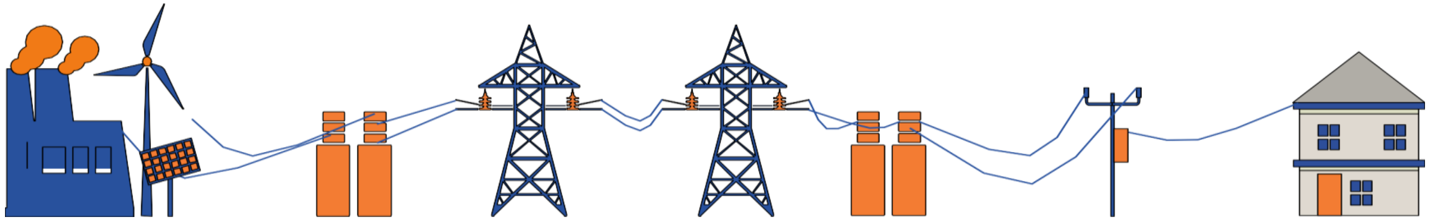
81.1
GW

92.4
000KM

758.2
000KM

10.7
Million Customers

Operate a commercially attractive Wholesale Fiber Telecom Model and Manage FTTH roll-out



Dawiyat
A neutral Open Fibre Optic Telcom & ICT Provider

Generation | **Transmission** | **Distribution & Customer Services** | **New growth businesses**

Identifying and implementing synergies between Transmission, Distribution, Customer Service and Telecom subsidiaries

71 10.1	GW SEC (16.4 JVs) GW Non-SEC	1,202 3,688	Substations No. of Transformers	614.1k 311.3K	Transformers Transformers Capacities (M.V.A)	659 K Mega projects, businesses and banks	FTTH (Bit-Stream access) Fiber connectivity and capacity, dark fiber and ICT services
		465.5K	Transformers Capacities (M.V.A)				
39.5%	Efficiency	83.3k KM	Fiber Optic	10.7 million	Smart meters	Modular T-III Certified commercial DC in KAUST	Data centers & Colocation

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Q & A

SEC’s investor relations contacts:
Email: IR@se.com.sa
Telephone: : +966 11 80 78990, +966 11 80 77161 or +966 11 80 77978
Website: www.se.com.sa