

# Saudi Electricity Company

Saudi Electricity Company's (SEC) ratings reflect its unchanged links with the government, under Fitch Ratings' *Government-Related Entities (GRE) Rating Criteria*. SEC's ratings are equalised with Saudi Arabia's (A+/Stable), driven by 'Virtually Certain' support from the state, based on GRE criteria definitions.

SEC's Standalone Credit Profile (SCP) of 'bbb' reflects its dominant position in the electricity market in Saudi Arabia, vertical integration and a high share of regulated earnings. This is offset by its short operating record under new regulation, concentration in one country, a small share of renewable generation compared with western European peers and negative expected free cash flow (FCF). We may revise the SCP down on a projected breach of its revised net leverage negative sensitivity from 2027, driven by high capex, unless SEC implements measures to protect its financial profile.

## Key Rating Drivers

**Ratings Equalised with Sovereign's:** Under our GRE criteria, we view decision-making and oversight, precedents of support and preservation of government policy role as 'Very Strong' and contagion risk as 'Strong'. This assessment results in a support score of 50, out of a maximum 60, and in SEC's ratings being equalised with Saudi Arabia's.

**Responsibility to Support:** Our 'Very Strong' assessment reflects SEC's 81% ownership by KSA (direct and indirect), the government's required approval of SEC's strategy, capex and tariffs, and specific mandates for SEC in relation to KSA's decarbonisation strategy. The government has set up a balancing account to bridge the gap between actual and allowed regulated operating revenue, ensuring financial stability for the sector.

In 2020, SEC's financial liabilities towards the government of SAR168 billion were converted, as a measure of state support, into a subordinated financial instrument, which we treat as equity. In 2024, the government converted another SAR5.6 billion of SEC's fuel settlement expense into equity.

**Lack of Substitutes:** We see no effective substitutes for SEC given its direct market share of around 60% in domestic generation capacity, and monopoly in transmission and distribution (T&D). SEC has around 30,000 employees, mostly Saudi nationals, and is among the highest-profile entities in Saudi Arabia, with a vital role in implementing the country's energy transition plans for 2030 and 2050 to achieve net zero. A default could temporarily endanger SEC's continued operations, especially given its very large assets development needs.

**Contagion Risk:** A SEC default could affect the cost of funding for the sovereign or other domestic GREs, given its large size and activity on capital markets. SEC's outstanding debt at end-1Q25 was around USD43 billion, including sukuk and international syndicated loans.

**Capex-Driven Negative FCF:** SEC has significantly ramped up its capex plans and expects to invest SAR258 billion over 2025-2029, mainly to expand T&D infrastructure and modernise the grid. We therefore forecast negative FCF of around SAR16 billion a year over the same period. A portion of capex is uncommitted, allowing some flexibility in managing leverage peaks. In addition, some of the group's investment plans are dependent on third parties and independent power producers completing their large projects and could be postponed.

**Leverage Increase Pressures SCP:** We forecast funds from operations (FFO) net leverage to gradually increase to around 5x over 2027-2029, from 3.9x in 2024, which is above the relaxed 4.7x negative sensitivity for its 'bbb' SCP. Lack of measures to protect SEC's financial profile, including moderation of capex, or an absence of shareholder support, would result in a downward revision of the SCP.

## Ratings

Long-Term Issuer Default Rating	A+
Long-Term Local-Currency Issuer Default Rating	A+
National Long-Term Rating	AAA(sau)

## Outlooks

Long-Term Foreign-Currency Issuer Default Rating	Stable
Long-Term Local-Currency Issuer Default Rating	Stable
National Long-Term Rating	Stable

[Click here for the full list of ratings](#)

## ESG and Climate

### Highest ESG Relevance Scores

Environmental	3
Social	3
Governance	3

2035 Climate Vulnerability Signal: 36

## Applicable Criteria

- [National Scale Rating Criteria \(December 2020\)](#)
- [Sector Navigators – Addendum to the Corporate Rating Criteria \(December 2024\)](#)
- [Corporate Rating Criteria \(December 2024\)](#)
- [Corporates Recovery Ratings and Instrument Ratings Criteria \(August 2024\)](#)
- [Sukuk Rating Criteria \(June 2022\)](#)
- [Government-Related Entities Rating Criteria \(July 2024\)](#)

## Related Research

[Global Corporates Macro and Sector Forecasts](#)

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**Strong Cash Flow Visibility:** We expect EBITDA for 2025–2029 to be almost fully generated from regulated (T&D) and quasi-regulated businesses (generation), providing high cash flow visibility. In the second regulatory period for T&D (2024–2026), the allowed weighted average cost of capital was increased to 6.65% from 6%, while the remaining key components of the framework remained unchanged. We have increased SEC’s debt capacity by 0.7x, with a new negative sensitivity for the ‘bbb’ SCP at 4.7x FFO net leverage, to account for the growing regulatory record and earnings visibility.

**Increasing Role of Balancing Account:** We expect the role of the balancing account to increase, due to higher fuel costs, which SEC can pass through, and higher capex while considering the low likelihood that the regulator will sharply increase tariffs for customers. Timely cash inflows from the balancing account are key to maintaining SEC’s support score under the GRE criteria and standalone credit profile. In 2024, SEC received 12% of revenue from the balancing account, versus 2%–4% in 2021–2023.

**Key Role in Energy Transition:** SEC plays a key role in achieving net zero emissions in KSA by 2050. In T&D, it prioritises the integration of renewable energy into the national grid, with plans to achieve 50% of the energy mix from renewable sources by 2030. In the generation sector, the group has been developing 23 GW of gas thermal capacities with provision for carbon capture and 22 GW of liquid-to-gas conversion projects. We forecast SEC’s share in total domestic generation to gradually decline as the share of renewables in Saudi Arabia increases from 7% at end-2024.

**Business Profile Limitations:** SEC’s business profile is constrained by its concentration on a single market in Saudi Arabia, and low diversification of generation by source (almost equally split between gas and liquid fuel). The regulatory framework has a shorter record than in most western European countries. This constrains the group’s debt capacity compared with other large EMEA integrated utilities’, although we narrowed the gap with the current revision.

## Financial Summary

(SARm)	2022	2023	2024	2025F	2026F	2027F
Gross revenue	72,079	75,330	88,666	99,894	106,158	113,472
EBITDA	36,736	32,986	36,487	38,882	42,149	45,624
FCF margin (%)	8.3	-6.8	-26.9	–	–	–
FFO leverage (x)	2.6	3.4	3.9	4.7	5.0	5.0
FFO net leverage (x)	2.5	3.4	3.9	4.6	4.9	5.0

Source: Fitch Ratings, Fitch Solutions

## Peer Analysis

SEC’s closest peer is Abu Dhabi National Energy Company PJSC (TAQA; AA/Stable, SCP: bbb+). TAQA has a monopoly in electricity and water T&D in Abu Dhabi (AA/Stable) and a strong position in electricity generation and water desalination. TAQA has better geographical diversification, with operations in more than five countries and a healthier generation mix with a higher share of renewables, especially following its stake acquisition in Abu Dhabi Future Energy Company PJSC (AA-/Stable). The regulatory framework in Abu Dhabi has a longer record. These factors are partially offset by TAQA’s operations in the oil and gas sector, which we view as more cyclical.

Both companies play an important role in achieving the energy targets of their respective governments. We expect them to have negative FCF due to large capex, focused on T&D. We expect the FFO net leverage of both companies to reach 5x in 2026–2027. TAQA’s one-notch higher SCP is driven by its higher debt capacity.

SEC can also be compared with European rated peers in the ‘BBB’ rating category, Iberdrola, S.A. (BBB+/Stable) and EDP, S.A. (BBB/Stable). Both peers have higher debt capacity for operating under a regulatory framework with longer record, a better electricity generation mix, and greater geographical diversification with operations in several countries. However, SEC has a higher share of regulated and quasi-regulated earnings.

SEC’s business profile is stronger than that of PGE Polska Grupa Energetyczna S.A. (PGE; BBB/Stable). This is due to PGE’s high exposure to electricity generation from coal and lower share of regulated earnings compared with SEC’s. The one-notch rating difference is mainly driven by the stronger financial profile of PGE with lower FFO net leverage.

## Navigator Peer Comparison

Issuer	Business profile							Financial profile		
	IDR/Outlook	Operating Environment	Management and Corporate Governance	Revenue Visibility	Regulatory Environment	Market Position	Asset Base and Operations	Profitability	Financial Structure	Financial Flexibility
Abu Dhabi National Energy Company PJSC	AA/Stable	a	bbb	bbb+	bbb	bbb+	bbb	bbb	bbb	bbb+
EDP	BBB/Stable	a-	a-	bbb	bbb	bbb	a-	bbb-	bbb	bbb+
Electricité de France (EDF)	BBB+/Negative	aa	a-	bbb	bbb	bbb	bbb-	bb	a-	bbb+
Endesa, S.A.	BBB+/Stable	a-	a-	bbb+	bbb	bbb	bbb+	bbb-	a-	a-
Enel S.p.A.	BBB+/Stable	bbb+	a-	a	bbb+	bbb	a	bbb	bbb	a-
Engie S.A.	BBB+/Stable	aa	a-	a-	a-	bbb+	a-	bbb	bbb	a
Iberdrola, S.A.	BBB+/Stable	a	a-	a	bbb	bbb	a	bbb	bbb	a-
Naturgy Energy Group, S.A.	BBB/Stable	a	bbb-	bbb+	bbb	bbb-	bbb+	bbb-	bbb-	bbb+
Saudi Electricity Company	A+/Stable	a-	bbb	bbb	bbb-	bbb	bbb	bbb	bbb	bbb
SSE plc	BBB+/Stable	aa	a	bbb+	a	bbb	bbb+	bbb-	bbb	bbb+

Source: Fitch Ratings

Relative Importance of Factor: Higher (Red), Moderate (Blue), Lower (Light Blue)

Name	IDR/Outlook	Business profile							Financial profile		
		Operating Environment	Management and Corporate Governance	Revenue Visibility	Regulatory Environment	Market Position	Asset Base and Operations	Profitability	Financial Structure	Financial Flexibility	
Abu Dhabi National Energy Company PJSC	AA/Stable	-3	-6	-5	-6	-5	-6	-6	-6	-5	
EDP	BBB/Stable	+2	+2	0	0	0	+2	-1	0	+1	
Electricité de France (EDF)	BBB+/Negative	+5	+1	-1	-1	-1	-2	-4	+1	0	
Endesa, S.A.	BBB+/Stable	+1	+1	0	-1	-1	0	-2	+1	+1	
Enel S.p.A.	BBB+/Stable	0	+1	+2	0	-1	+2	-1	-1	+1	
Engie S.A.	BBB+/Stable	+5	+1	+1	+1	0	+1	-1	-1	+2	
Iberdrola, S.A.	BBB+/Stable	+2	+1	+2	-1	-1	+2	-1	-1	+1	
Naturgy Energy Group, S.A.	BBB/Stable	+3	-1	+1	0	-1	+1	-1	-1	+1	
Saudi Electricity Company	A+/Stable	-2	-4	-4	-5	-4	-5	-4	-4	-4	
SSE plc	BBB+/Stable	+5	+2	0	+2	-1	0	-2	-1	0	

Source: Fitch Ratings

Factor Score Relative to IDR: Worse positioned than IDR (Red), Within one notch of IDR (Blue), Better positioned than IDR (Light Blue)

## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Downgrade of Saudi Arabia
- A major weakening of links with the state under the GRE criteria
- Unpredictability of the new regulatory framework, prolonged tariff deficit, high capex or dividends leading to FFO net leverage above 4.7x on a sustained basis would be negative for the SCP, but not for the Issuer Default Rating (IDR)

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Positive rating action on Saudi Arabia
- A maturing regulatory framework with predictable cash flows, while keeping FFO net leverage below 3.7x will lead to a higher SCP

Saudi Arabia Rating Sensitivities (5 February 2025): see Rating Action Commentary:

[https://pro.fitchratings.com/entity/GRP\\_81688867/article/PR\\_10260873](https://pro.fitchratings.com/entity/GRP_81688867/article/PR_10260873)

## Liquidity and Debt Structure

At end-2024, SEC had SAR1.6 billion of cash and SAR20.9 of undrawn commercial facilities from Saudi and international banks. During 1Q25, SEC raised around SAR26 billion of new debt from sukuk issuance and syndicated loans. This is insufficient to cover our 2025 forecast negative FCF of around SAR29 billion, payment under Mudaraba instrument of SAR9 billion, and short-term maturities of SAR22 billion, including around SAR17 billion of revolving credit lines.

We expect negative FCF in 2025–2029 to be financed with debt from capital markets, increasing the size of existing loans and sukuks, and new loans. SEC has an established sukuk programme and strong banking relationship domestically and abroad.

## ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

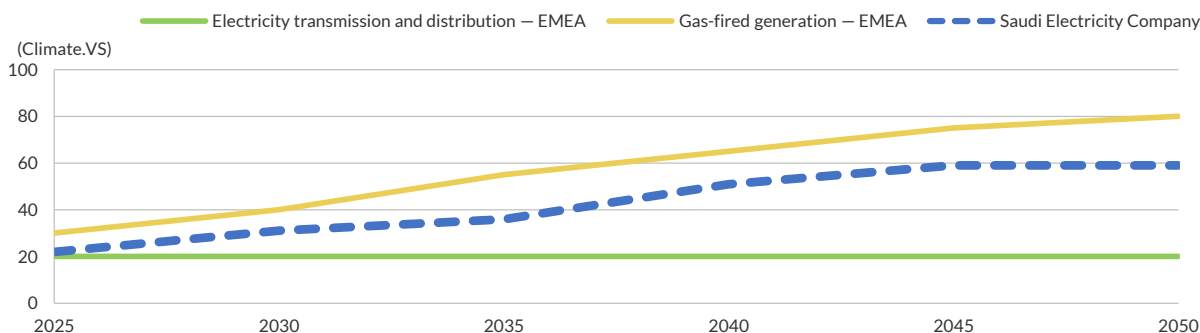
## Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's [Corporate Rating Criteria](#). For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see [Climate Vulnerability Signals for Non-Financial Corporate Sectors](#).

The 2023 revenue-weighted Climate.VS for 2035 is 36 out of 100, suggesting low exposure to climate-related risks in that year.

### Climate.VS Evolution

As of 31 December 2024



Source: Fitch Ratings

## Liquidity and Debt Maturities

### Liquidity Analysis

(SARbn)	2025F	2026F	2027F
<b>Available liquidity</b>			
Beginning cash balance	1.6	-32.9	-78.9
Rating case FCF after acquisitions and divestitures	-29.3	-18.3	-12.2
Debt raised in 1Q25	25.8		
<b>Total available liquidity (A)</b>	<b>-1.8</b>	<b>-51.2</b>	<b>-91.1</b>
<b>Liquidity uses</b>			
Debt maturities	-22.1	-18.6	-30.0
Payment under Mudaraba instrument	-9.0	-9.1	-9.1
<b>Total liquidity uses (B)</b>	<b>-31.1</b>	<b>-27.7</b>	<b>-39.1</b>
<b>Liquidity calculation</b>			
Ending cash balance (A+B)	-32.9	-78.9	-130.2
Revolver availability	20.9	6.4	6.4
<b>Ending liquidity</b>	<b>-12.0</b>	<b>-72.5</b>	<b>-123.8</b>
Liquidity score (x)	-0.3	-2.4	-2.8

Source: Fitch Ratings, Fitch Solutions, Saudi Electricity Company

### Scheduled Debt Maturities

(SARbn)	31 Dec 2024
2025	22.1
2026	18.6
2027	30.0
2028	17.7
2029	20.5
Thereafter	35.4
<b>Total</b>	<b>144.2</b>

Source: Fitch Ratings, Fitch Solutions, Saudi Electricity Company

### Key Assumptions

- Average EBITDA of SAR45 billion a year in 2025–2029
- Average capex (excluding capitalised interest) of SAR45 billion a year in 2025–2029
- Dividend payment of SAR2.9 billion a year in 2025–2029
- Payment under Mudaraba instrument in equity of around SAR9 billion a year in 2025–2029

### Summary of Financial Adjustments

Capitalised interest is reclassified to interest paid from capex.

## Financial Data

(SARm)	2022	2023	2024	2025F	2026F	2027F
<b>Summary income statement</b>						
Gross revenue	72,079	75,330	88,666	99,894	106,158	113,472
Revenue growth (%)	4.0	4.5	17.7	12.7	6.3	6.9
EBITDA before income from associates	36,736	32,986	36,487	38,882	42,149	45,624
EBITDA margin (%)	51.0	43.8	41.2	38.9	39.7	40.2
EBITDA after associates and minorities	36,736	33,062	36,569	38,882	42,149	45,624
EBIT	17,414	14,057	15,867	16,537	18,513	20,904
EBIT margin (%)	24.2	18.7	17.9	16.6	17.4	18.4
Gross interest expense	-3,413	-6,934	-8,143	-9,442	-10,176	-11,642
Pretax income including associate income/loss	15,613	10,598	7,054	12,454	14,336	15,740
<b>Summary balance sheet</b>						
Readily available cash and equivalents	3,163	622	1,632	1,499	1,530	1,740
Debt	99,854	109,953	144,246	182,370	209,770	231,270
Net debt	96,691	109,332	142,614	180,870	208,239	229,529
<b>Summary cash flow statement</b>						
EBITDA	36,736	32,986	36,487	38,882	42,149	45,624
Cash interest paid	-4,547	-5,726	-7,705	-9,442	-10,176	-11,642
Cash tax	-438	-472	-348	-406	-440	-485
Dividends received less dividends paid to minorities (inflow/outflow)	—	76	82	—	—	—
Other items before FFO	1,938	43	621	662	673	683
FFO	33,750	26,908	29,330	29,745	32,251	34,225
FFO margin (%)	46.8	35.7	33.1	29.8	30.4	30.2
Change in working capital	4,119	14	1,386	-890	2,440	2,049
CFO (Fitch-defined)	37,869	26,922	30,716	28,855	34,690	36,274
Total non-operating/nonrecurring cash flow	—	—	—	—	—	—
Capex	-28,979	-29,187	-51,664	—	—	—
Capital intensity (capex/revenue) (%)	40.2	38.7	58.3	—	—	—
Common dividends	-2,903	-2,876	-2,921	—	—	—
FCF	5,987	-5,140	-23,869	—	—	—
FCF margin (%)	8.3	-6.8	-26.9	—	—	—
Net acquisitions and divestitures	127	262	217	—	—	—
Other investing and financing cash flow items	-8,003	-7,762	-9,413	—	—	—
Net debt proceeds	-1,191	10,099	34,292	38,124	27,400	21,500
Net equity proceeds	—	—	—	—	—	—
Total change in cash	-3,080	-2,541	1,010	-133	31	210
<b>Calculations for forecast publication</b>						
Capex, dividends, acquisitions and other items before FCF	-31,755	-31,801	-54,368	-58,128	-52,994	-48,499
FCF after acquisitions and divestitures	6,114	-4,879	-23,652	-29,273	-18,304	-12,225
FCF margin after net acquisitions (%)	8.5	-6.5	-26.7	-29.3	-17.2	-10.8
<b>Gross leverage ratios (x)</b>						
FFO leverage	2.6	3.4	3.9	4.7	5.0	5.0
(CFO-capex)/debt (%)	8.9	-2.1	-14.5	-14.5	-7.3	-4.0
<b>Net leverage ratios (x)</b>						
FFO net leverage	2.5	3.4	3.9	4.6	4.9	5.0
(CFO-capex)/net debt (%)	9.2	-2.1	-14.7	-14.6	-7.4	-4.1
<b>Coverage ratios (x)</b>						
FFO interest coverage	8.4	5.7	4.8	4.1	4.2	3.9
FFO fixed-charge coverage	8.4	5.7	4.8	4.1	4.2	3.9

CFO — Cash flow from operations.  
Source: Fitch Ratings, Fitch Solutions

## How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

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## Ratings Navigator

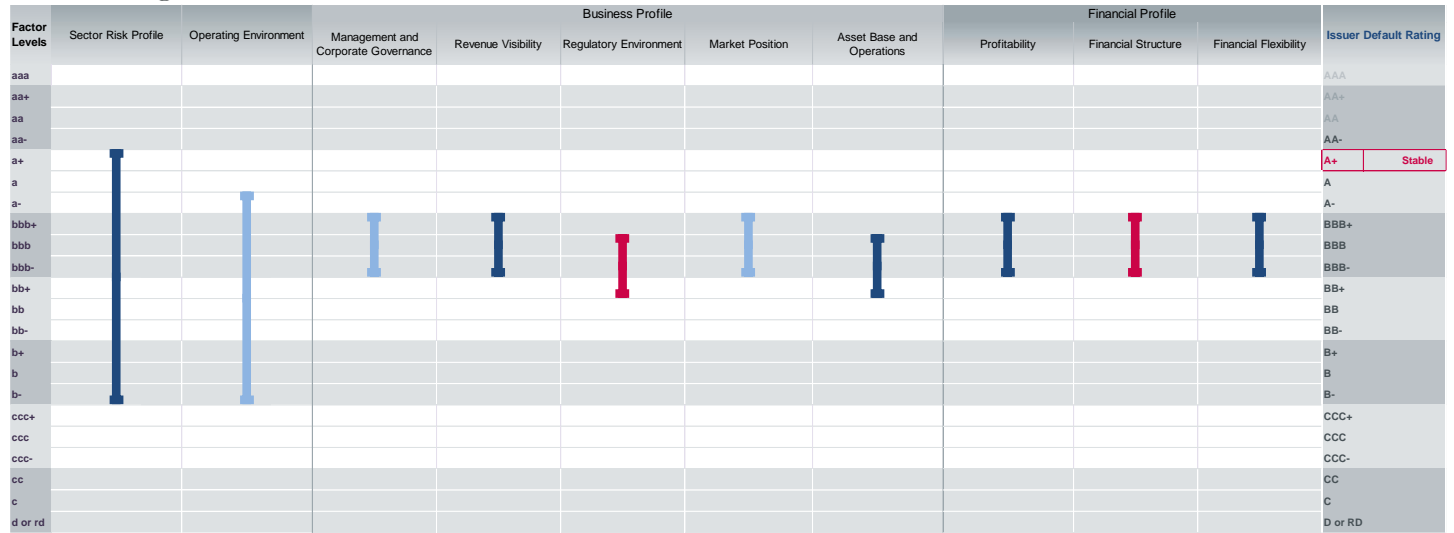
FitchRatings

Saudi Electricity Company

ESG Relevance:



Corporates Ratings Navigator  
EMEA Utilities



Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	<ul style="list-style-type: none"> <li>↑ Positive</li> <li>↓ Negative</li> <li>↕ Evolving</li> <li>□ Stable</li> </ul>
<ul style="list-style-type: none"> <li>Higher Importance</li> <li>Average Importance</li> <li>Lower Importance</li> </ul>	

Operating Environment			Management and Corporate Governance																														
a	Economic Environment	a	a	Management Strategy	bbb																												
a-	Financial Access	a	bbb+	Governance Structure	bbb																												
	Systemic Governance	bbb	bbb	Group Structure	bbb																												
b-			bbb-	Financial Transparency	bbb																												
ccc+			bb+																														
<p><b>Revenue Visibility</b></p> <p>a- Size and Integration bbb Top-tier position in at least one market. Partially integrated (typically including generation, distribution and supply).</p> <p>bbb+ Earnings from Regulated Network Assets a 40%-75% of EBITDA comes from high-quality regulated network assets.</p> <p>bbb Quasi-Regulated Earnings a Over 20% of EBITDA comes from quasi-regulated assets in markets or from long-term contracted sales with creditworthy counterparties.</p> <p>bbb-</p> <p>bb+</p>			<p><b>Regulatory Environment</b></p> <p>bbb+ Regulatory Framework and Policy Risk bbb Less transparent frameworks, with emerging track record and multi-year tariffs; exposed to political risk. Medium-term predictability.</p> <p>bbb Cost Recovery and Risk Exposure bbb Tariff setting that may limit efficiently incurred cost and investment recovery, with moderate regulatory lag, price and volume risk.</p> <p>bbb-</p> <p>bb+</p> <p>bb</p>																														
<p><b>Market Position</b></p> <p>a- Fundamental Market Trends bbb Markets with emerging structural challenges.</p> <p>bbb+ Generation and Supply Positioning bbb Average position in the merit order; short term hedging. Generation largely balanced with medium position in supply and services.</p> <p>bbb Customer Base and Counterparty Risk bbb Economy of area served provides structurally stable background; medium counterparty risk; fair collection rates for supply operations.</p> <p>bbb-</p> <p>bb+</p>			<p><b>Asset Base and Operations</b></p> <p>bbb+ Asset Quality bbb Mid-range asset quality not likely to affect opex and capex requirements compared with peers.</p> <p>bbb Asset Diversity bb Limited diversification by geography, generation source, supplied product.</p> <p>bbb- Carbon Exposure bb Energy production largely deriving from thermal sources; high carbon exposure (&lt;600gCO<sub>2</sub>/kWh).</p> <p>bb+</p> <p>bb</p>																														
<p><b>Profitability</b></p> <p>a- Free Cash Flow bbb Structurally neutral to negative FCF across the investment cycle.</p> <p>bbb+ Volatility of Profitability bbb Stability and predictability of profits in line with utility peers.</p> <p>bbb</p> <p>bbb-</p> <p>bb+</p>			<p><b>Financial Structure</b></p> <p>a- FFO Leverage bbb 5.0x</p> <p>bbb+ FFO Net Leverage bbb 4.5x</p> <p>bbb</p> <p>bbb-</p> <p>bb+</p>																														
<p><b>Financial Flexibility</b></p> <p>a- Financial Discipline bbb Financial policies less conservative than peers but generally applied consistently.</p> <p>bbb+ Liquidity bbb One-year liquidity ratio above 1.25x. Well-spread debt maturity schedule but funding may be less diversified.</p> <p>bbb FFO Interest Coverage a 5.5x</p> <p>bbb- FX Exposure aa No material FX mismatch.</p> <p>bb+</p>			<p><b>Credit-Relevant ESG Derivation</b></p> <p>Saudi Electricity Company has 13 ESG potential rating drivers</p> <table border="1"> <thead> <tr> <th>key driver</th> <th>0</th> <th>issues</th> <th>Overall ESG</th> </tr> </thead> <tbody> <tr> <td>Emissions from operations</td> <td>0</td> <td>5</td> <td></td> </tr> <tr> <td>Fuel use to generate energy</td> <td>0</td> <td>4</td> <td></td> </tr> <tr> <td>Water used by hydro plants or by other generation plants; effluent management</td> <td>13</td> <td>3</td> <td></td> </tr> <tr> <td>Impact of waste from operations</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Plants' and networks' exposure to extreme weather</td> <td>1</td> <td>2</td> <td></td> </tr> <tr> <td>Product affordability and access</td> <td>0</td> <td>1</td> <td></td> </tr> </tbody> </table> <p>Showing top 6 issues</p> <p>For further details on Credit-Relevant ESG scoring, see page 3.</p>			key driver	0	issues	Overall ESG	Emissions from operations	0	5		Fuel use to generate energy	0	4		Water used by hydro plants or by other generation plants; effluent management	13	3		Impact of waste from operations				Plants' and networks' exposure to extreme weather	1	2		Product affordability and access	0	1	
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**How to Read This Page:** The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

### Credit-Relevant ESG Derivation

Saudi Electricity Company has 13 ESG potential rating drivers

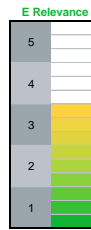
- Saudi Electricity Company has exposure to emissions regulatory risk but this has very low impact on the rating.
- Saudi Electricity Company has exposure to energy productivity risk but this has very low impact on the rating.
- Saudi Electricity Company has exposure to water management risk but this has very low impact on the rating.
- Saudi Electricity Company has exposure to waste & impact management risk but this has very low impact on the rating.
- Saudi Electricity Company has exposure to extreme weather events but this has very low impact on the rating.
- Saudi Electricity Company has exposure to access/affordability risk but this has very low impact on the rating.

Showing top 6 issues

			ESG Relevance to Credit Rating	
key driver	0	issues	5	
driver	0	issues	4	
potential driver	13	issues	3	
not a rating driver	1	issues	2	
	0	issues	1	

### Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations; Profitability
Energy Management	3	Fuel use to generate energy	Asset Base and Operations; Market Position; Profitability
Water & Wastewater Management	3	Water used by hydro plants or by other generation plants; effluent management	Asset Base and Operations; Market Position; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Profitability
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Profitability

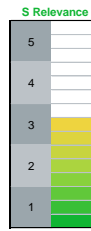


### How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant. The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance. The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact. Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

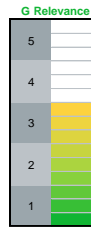
### Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Profitability; Regulatory Environment
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Profitability
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Profitability; Financial Structure; Financial Flexibility
Employee Wellbeing	2	Worker safety and accident prevention	Profitability; Financial Structure; Financial Flexibility
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability



### Governance (G) Relevance Scores

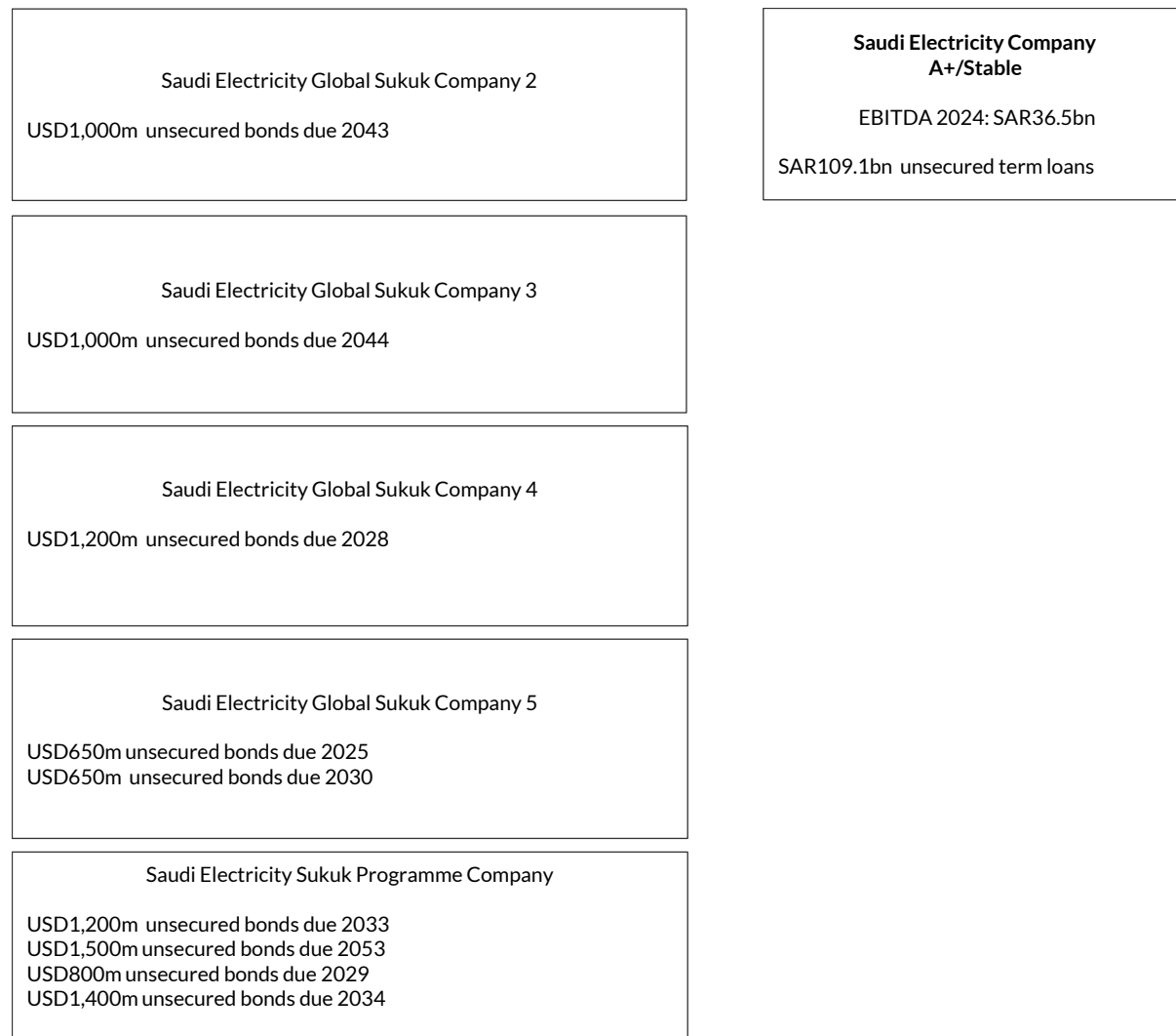
General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance



### CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Inrelevant to the entity rating but relevant to the sector.
1	Inrelevant to the entity rating and irrelevant to the sector.

## Simplified Group Structure Diagram



Source: Fitch Ratings, Fitch Solutions, Saudi Electricity Company. Outstanding debt as of end-2024

## Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (USDm)	EBITDA (USDm)	FCF margin (%)	FFO leverage (x)	FFO net leverage (x)
Saudi Electricity Company	A+						
	A+	2024	23,644	9,730	-26.9	3.9	3.9
	A	2023	20,088	8,796	-6.8	3.4	3.4
	A	2022	19,221	9,796	8.3	2.6	2.5
Abu Dhabi National Energy Company PJSC	AA						
	AA	2024	15,020	5,333	4.4	3.6	3.1
	AA-	2023	14,082	5,222	11.6	3.5	2.7
	AA-	2022	13,606	5,522	17.7	3.3	2.8
Engie S.A.	BBB+						
	A-	2023	90,459	14,610	0.7	4.0	2.5
	A-	2022	100,116	12,929	-2.4	4.0	2.4
	A-	2021	65,447	10,646	-3.0	4.8	3.1
Enel S.p.A.	BBB+						
	BBB+	2023	101,762	23,560	-3.6	4.5	4.1
	BBB+	2022	144,687	20,543	-7.3	6.5	5.7
	A-	2021	95,122	21,301	-8.9	6.1	5.4
Iberdrola, S.A.	BBB+						
	BBB+	2024	46,497	15,131	-1.5	4.7	4.4
	BBB+	2023	54,051	15,520	-4.0	4.5	4.2
	BBB+	2022	57,542	13,848	-3.5	4.6	4.1
EDP, S.A.	BBB						
	BBB	2024	15,554	4,598	-19.7	5.3	4.3
	BBB	2023	17,751	4,740	-30.3	5.9	4.8
	BBB	2022	22,026	3,948	-6.5	6.6	4.8
PGE Polska Grupa Energetyczna S.A.	BBB						
	BBB+	2023	24,387	2,671	-7.5	1.8	1.0
	BBB+	2022	16,683	1,590	6.2	1.3	-0.6
	BBB+	2021	12,877	1,951	4.5	1.3	0.4

Source: Fitch Ratings, Fitch Solutions

## Fitch Adjusted Financials

(SARm as of 31 Dec 2024)	Standardised values	Lease treatment	Other adjustments	Adjusted values
<b>Income statement summary</b>				
Revenue	88,666	–	–	88,666
EBITDA	32,535	-171	4,122	36,487
Depreciation and amortisation	-20,766	146	-0	-20,619
EBIT	11,770	-24	4,122	15,867
<b>Balance sheet summary</b>				
Debt	144,246	–	–	144,246
Of which other off-balance-sheet debt	–	–	–	–
Lease-equivalent debt	–	–	–	–
Lease-adjusted debt	144,246	–	–	144,246
Readily available cash and equivalents	1,632	–	–	1,632
Not readily available cash and equivalents	–	–	–	–
<b>Cash flow summary</b>				
EBITDA	32,535	-171	4,122	36,487
Dividends received from associates less dividends paid to minorities	82	–	–	82
Interest paid	-4,261	24	-3,469	-7,705
Interest received	–	–	193	193
Preferred dividends paid	–	–	–	–
Cash tax paid	-348	–	–	-348
Other items before FFO	-3,035	–	3,656	621
FFO	24,974	-146	4,502	29,330
Change in working capital	9,164	–	-7,778	1,386
CFO	34,138	-146	-3,276	30,716
Non-operating/nonrecurring cash flow	–	–	–	–
Capex	-55,133	–	3,469	-51,664
Common dividends paid	-2,921	–	–	-2,921
FCF	-23,916	-146	193	-23,869
<b>Gross leverage (x)</b>				
FFO leverage	4.9	–	–	3.9
(CFO-capex)/debt (%)	-14.6	–	–	-14.5
<b>Net leverage (x)</b>				
FFO net leverage	4.9	–	–	3.9
(CFO-capex)/net debt (%)	-14.7	–	–	-14.7
<b>Coverage (x)</b>				
FFO interest coverage	6.9	–	–	4.8

CFO – Cash flow from operations.

Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region. Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.

Debt includes other off-balance-sheet debt.

Debt in the standardised values column excludes lease liabilities of SAR564.5 million.

Source: Fitch Ratings, Fitch Solutions, Saudi Electricity Company

## Government Related Entity Analysis

### Saudi Electricity Company Rating Derivation Summary

GRE Key Risk Factors and Support Score	
<b>Responsibility to support</b>	20.0
Decision-making and oversight	Very Strong
Precedents of support	Very Strong
<b>Incentives to support</b>	30.0
Preservation of provision of public service or sovereignty or strategic assets	Very Strong
Contagion risk	Strong
<b>Support score</b>	50.0
<b>Summary</b>	
<b>Supporting government</b>	Saudi Arabia
<b>Government LT IDR</b>	A+
<b>GRE SCP</b>	bbb
<b>Support category</b>	Virtually Certain
<b>Notching expression</b>	0
<b>Single equalisation factor</b>	No
<b>GRE LT IDR</b>	A+

LT IDR – Long-Term Issuer Default Rating.  
GRE – Government-related entity.  
SCP – Standalone Credit Profile.  
n.a. – Not applicable.  
Source: Fitch Ratings

Government LT IDR	GRE SCP	GRE LT IDR
AAA	aaa	AAA
AA+	aa+	AA+
AA	aa	AA
AA-	aa-	AA-
<b>A+</b>	a+	<b>A+</b>
A	a	A
A-	a-	A-
BBB+	bbb+	BBB+
BBB	<b>bbb</b>	BBB
BBB-	bbb-	BBB-
BB+	bb+	BB+
BB	bb	BB
BB-	bb-	BB-
B+	b+	B+
B	b	B
B-	b-	B-
CCC+	ccc+	CCC+
CCC	ccc	CCC
CCC-	ccc-	CCC-
CC	cc	CC
C	c	C
RD	rd	RD
D	d	D

Source: Fitch Ratings

Notching Guideline

	A	B	C	D	E	F	G
GRE's SCP – Government's IDR	Equal to or more than 45.0	Between 42.5 and 35.0 <sup>a</sup>	Between 32.5 and 30.0 <sup>a</sup>	Between 25.0 and 20.0 <sup>a</sup>	15.0 <sup>a</sup>	12.5	Equal to or less than 10.0
>0	Standalone or constrained	Standalone or constrained	Standalone or constrained	Standalone or constrained	Standalone or constrained	Standalone or constrained	Standalone or constrained
0	0	0	0	Standalone	Standalone	Standalone	Standalone
-1	0	0	0	+1 <sup>b</sup>	Standalone	Standalone	Standalone
-2	0	0	0	+1	Standalone	Standalone	Standalone
-3	0	0	-1	+1	Standalone	Standalone	Standalone
-4	0	-1	-2	+1	Standalone	Standalone	Standalone
-5	0	-1	-2	+2	+1	Standalone	Standalone
-6	0	-1	-2	+3	+2	+1	Standalone
-7	0	-1	-2	+4	+2	+1	Standalone
-8	0	-1	-2	+4	+3	+1	Standalone
-9	0	-1	-2	+5	+3	+1	Standalone
-10	0	-2	-3	+5	+3	+1	Standalone
-11	-1	-2	-4	+5	+3	+1	Standalone
-12	-1	-3	-4	+5	+3	+1	Standalone
-13	-2	-3	-5	+5	+3	+1	Standalone
-14	-2	-3	-5	+5	+3	+1	Standalone
-15	-2	-3	-5	+5	+3	+1	Standalone
No SCP	0	-1	-2	-3	n.a.	n.a.	n.a.

<sup>a</sup>Including those values.

<sup>b</sup>Capped at GRE's SCP if the credit drivers of the GRE are largely similar to or interrelated with those of the government (typical for policy GREs).

Note: Columns A to C refer to notching down from the government IDR and columns D to F refer to notching up from the Standalone Credit Profile.

See Fitch's Government-Related Entities Rating Criteria for more information.

GRE – Government-related entity. SCP – Standalone Credit Profile. LT IDR – Long-Term Issuer Default Rating. n.a. – Not applicable.

Source: Fitch Ratings

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