



May 2022

ACWA Power Earnings Call Presentation

For the period ending 31 March 2022 (1Q22)

19 May 2022



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Robust progress in the first three months of 2022

- **Operating profit¹** at SAR 517M, SAR 85M or 19.5% ahead of 1Q21
- **Adjusted net profit²** at SAR 155M, SAR 15M or 10.6% ahead of 1Q21
- New projects such as Jazan IGCC and Rabigh 3 significantly contributed to operating income in addition to the collection of a performance LD in Morocco; however, these were largely offset by lower operating profit from ongoing operations due to unplanned (forced) outages in mainly Morocco's two CSP plants (Noor II and III)
- By signing the USD 900M Limited Notice to Proceed (LNTP), NEOM Green Hydrogen project formally began the construction phase—the largest at-scale green hydrogen project in the world moving into construction phase
- Signed the PPA for 700MW, c. SAR 1.7 billion Ar Rass Solar PV IPP in Saudi Arabia, which was awarded to us as the lowest bidder as part of Round Three of the National Renewable Energy Program (NREP) of the Ministry of Energy of the Kingdom of Saudi Arabia
- RAWEC's³ refinancing concluded with the c. SAR 1.8B (US\$ 470M) senior loan facility, supplementing the previously announced senior debt facilities
- SQWEC's⁴ sale concluded; we received the sale consideration of SAR 391.4 million in cash and transferred the shares to the buyer
 - Due to accounting requirements, a net loss on disposal of SAR 17.2 million was recognized
 - Permanently reducing the carbon footprint of our portfolio by c. 1.6 million tons of CO2 per annum⁵
- A new Board of Directors and Audit Committee for a new term were elected (that meets the independence requirements pursuant to the Corporate Governance Regulations of the Capital Market Authority of the Kingdom of Saudi Arabia)

¹ Operating profit before impairment loss and other expenses. ² Net profit attributable to equity holders of parent adjusted for items as defined in the MD&A, a non-IFRS key performance indicator for the company. ³ Rabigh Arabian Water and Electricity Company is a 99% effectively owned subsidiary of ACWA Power. ⁴ Shuqaiq Water and Electricity Company was 32% effectively owned by ACWA Power. ⁵ ACWA Power's equity share equivalent.

We begin to experience disturbance amid high-cost environment, exacerbated by the situation in Ukraine

- A persistent **higher cost environment** amid the recovery from the (Covid-19) pandemic in materials, commodities and construction activity
- **Ukraine situation:** Major disturbance in transportation routes and the ensuing broad-based sanctions are further strain on already **increasing cost and shortage of materials**, which affects our under-construction project in Uzbekistan as well as the advance development projects in Uzbekistan and Azerbaijan
- We are generally protected with our **contracted business model** as such risks are typically allocated to either the EPC contractors or the Offtakers
- In some cases, offtakers are providing relief in the form of accepting delay in commercial operation dates without penalty but this relief alone does **not address the high costs of completion** being faced by the EPC contractors
 - We are witnessing EPC contractors facing cashflow difficulties and submitting cost claims regardless of the terms and conditions of their contracts on account of the rapidly rising commodity and material prices for components such as PV modules, battery; increasing logistics costs and insurance premiums; and higher general costs to execute the projects
- It is emerging that there is a **need for a sustainable and more permanent solution** and we are working closely with our partners and stakeholders to bring about mutually workable ones
- The situation may ultimately impact our projects

Green hydrogen

- The **first and by far the largest at-scale** green hydrogen and ammonia project that has already gone into **construction** in the world
- Equally owned by **three best partners** in the world to undertake this size of a project: ACWA Power; NEOM, the zero-carbon future city; and Air Products, a global leader in technology, equipment, construction and supply of industrial gases
- When commissioned in 2025-26, it will produce more green ammonia than all the hundreds of smaller facilities cumulatively produce across the world today—**1.2 million tons per annum of green ammonia**
- **USD 900M LNTP** signed to start and support EPC scope of activities to mitigate rising cost and component shortfall environment
- ACWA Power's first endeavor with a **different** risk (additional) profile than our usual projects—a scope beyond our well-established experience of developing and operating power generation and water desalination plants
- With this **first project**, the returns may be different to what we have been used to in our portfolio
- But more importantly, it presents to us the opportunity to establish our **leadership position in green hydrogen** projects and thus in decarbonization of critical industrial activities and segments of transportation, which contributes to over 20% of carbon emissions globally today
- We will share more on risk/return profile in near future

Key reporting metrics (KPIs)

Financial Metrics	Description	Frequency
Operating income before impairment loss and other expenses	Consolidated Operating income before impairment loss and other expenses which also includes share in net results of equity accounted investees	Quarterly
Adjusted profit / (loss) attributable to equity holders of the parent	Adjusted profit / (loss) attributable to equity holders of the parent represent profit / (loss) after adjusting for non-routine & non-operational items	
Parent Operating Cash Flow (POCF)	(i) Distributions from the project companies and NOMAC; (ii) technical and other management fees and development revenues; and (iii) cash generated by sell-downs and/or disposals of the Company's investments including refinancing. These cash inflows are then reduced by parent level general, administrative and Zakat expenses as well as the financial payments relating to the non-recourse Bond.	Semi-annually unless otherwise earlier
Total parent net leverage	(i) Borrowings with recourse to the parent and (ii) Off-balance sheet guarantees in relation to Equity Bridge Loans (EBLs) and Equity LCs; equity-related commitments and guarantees on behalf of its JVs and subsidiaries; options entered with the lenders of mezzanine debt facilities taken by the Company's JVs and subsidiaries, net of cash on hand.	
Parent net leverage ratios	<ul style="list-style-type: none"> Parent level debt to net tangible equity attributable to owners of the Company Parent net debt to POCF 	
Operational Metrics	Description	
Plant availability, LTIR, ESG	<ul style="list-style-type: none"> Availability (%): Capacity available to the Offtaker LTIR (Lost Time Incident Rate-%): based on # of incidents causing lost time in a given period ESG: % of renewable/low-carbon capacity; CO2 emissions; CSR 	

- **Tadawul reporting:** Statutory consolidated financial statements and variance analysis
- **Supplementary reporting** on the Company's website: Company's KPIs, quarterly and year-end investor report, earnings' call presentation, other business updates

Key factors affecting operational and financial results for 1Q2022

Major material ordinary-course-of-business transactions that **did not result in adjustment** to the consolidated profit attributable to equity holders of the parent for the current reporting period

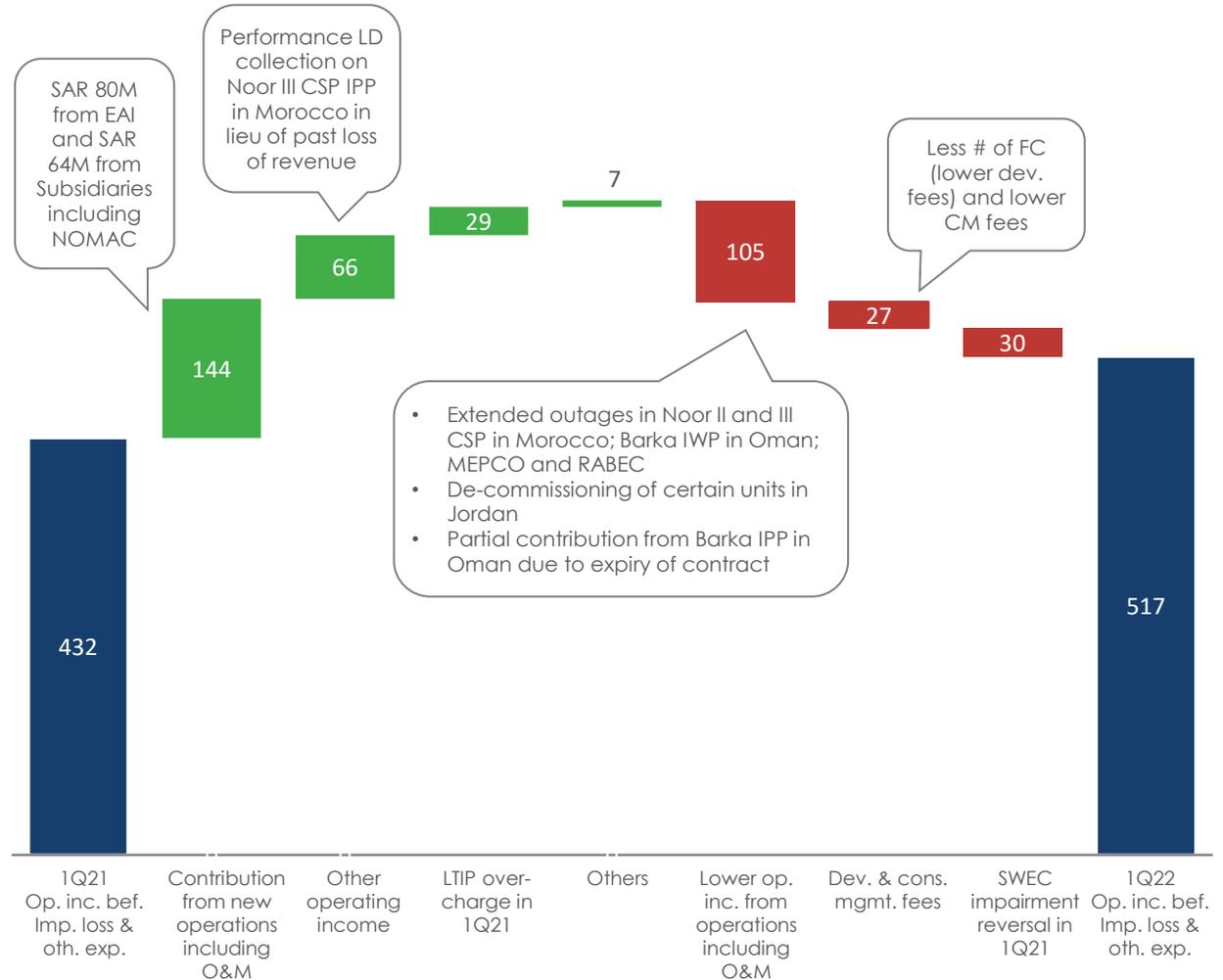
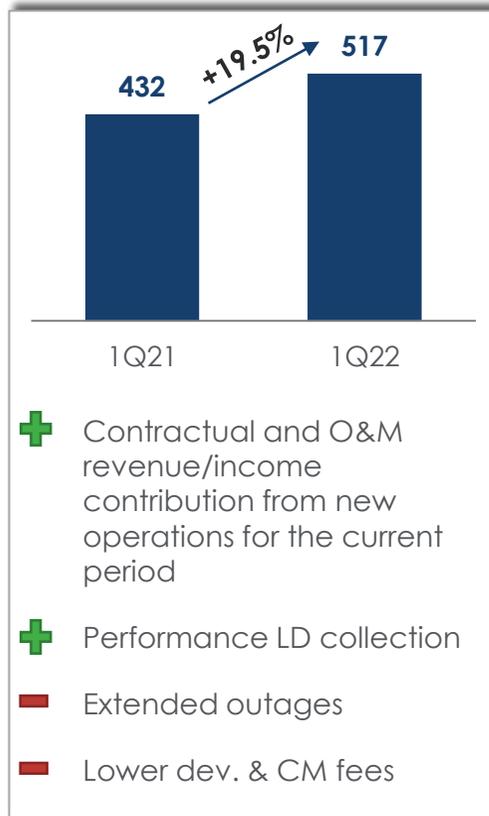
- Full quarter impact of 10 projects with partial or no contribution in 1Q21 (+)
- Unplanned extended outages (-)
- Performance LD collection (+)
- RAWEC refinancing higher interest cost (-)
- SQWEC loss on sale (-)
- Deferred tax expense due to currency fluctuation in Morocco (-)

Material transactions that **resulted in adjustment** to the consolidated profit attributable to equity holders of the parent for the current reporting period

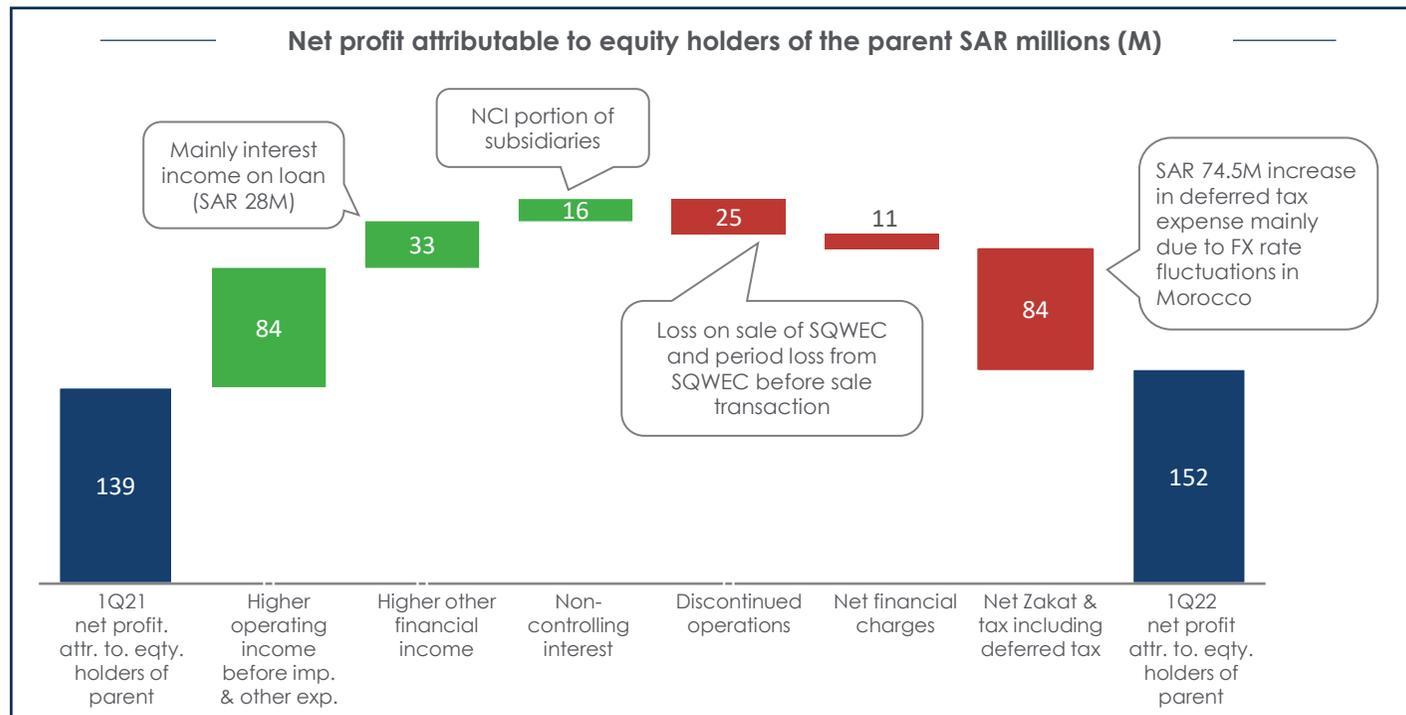
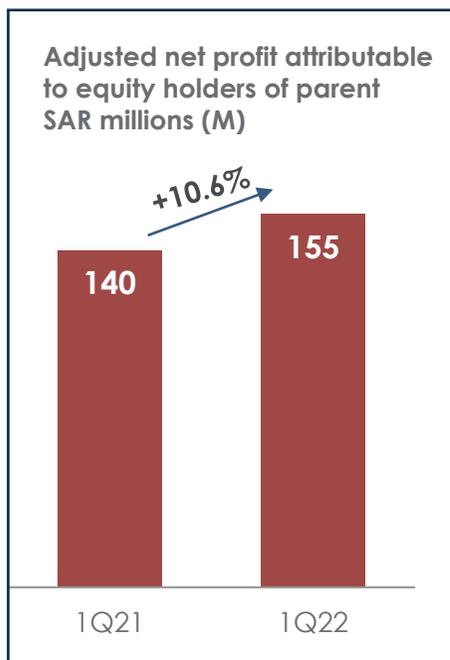
- There were no material adjustment to consolidated net profit attributable to equity holders of the parent in the current period. See Slide #9 of this material.

Operating income before impairment loss and other expenses

Operating income before impairment loss and other expenses SAR millions (M)



Net and Adjusted net profit attributable to equity holders of parent



Adjustments to net profit attributable to equity holders of the parent SAR millions (M)

	1Q 2021	1Q 2022	Change
Profit attributable to equity holders of the parent	139	152	9.2%
Reversal of impairment in equity accounted investee	(30)	-	
Provision for long-term incentive plan (LTIP)	29	-	
Other	2	3	
Total adjustments	1	3	
Adjusted profit attributable to equity holders of the parent	140	155	10.6%

Closing remarks

- Business continued to show robust overall performance in 1Q22
- It is encouraging to see the significant positive impact from the new projects that come into operation and provide stable stream of income and cash
- At the same time, we are working hard to minimize disruptions and losses on account of outages
- We are continuously assessing the evolving situation in Ukraine in coordination with the EPC contractors and the Offtakers
- For our existing projects we have fixed price turnkey EPC contracts, but we recognize that strategies will need to be developed and agreed to support our construction partners
- For the future, it would be imprudent for us to not recognize the possibility of more structural solution(s) that may impact the economics of the individual projects
- We are very excited about our progress together with our partners in the largest at-scale green hydrogen and ammonia project that has already gone into construction in the world



Q&A

