



ACWA Power Company  
Earnings Call Presentation  
For the three- and six-months period ending  
30 June 2022  
11 August 2022

August 2022



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## Acronyms and abbreviations

FC: Financial Close; ICOD: Initial Commercial Operation Date; IPP: Independent Power Project; IWP: Independent Water Project; IWPP: Independent Water and Power Project; KSA: Kingdom of Saudi Arabia; MW: Megawatts; Mvac: Megawatt, alternating current; O&M: Operations and Maintenance; PCOD: Project Commercial Operation Date; PIF: Public Investment Authority (of the KSA); PPA: Power Purchase Agreement; PPP: Public Private Partnership; PV: Photovoltaic; RO: Reverse Osmosis; SWRO: Seawater Reverse Osmosis;



# Agenda

- Highlights
- Financial review
- Closing remarks





# Agenda

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# Strong progress in Project Development

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- **Signed the PPAs** for the Egypt 1,100MW Wind IPP and 91MW Layla PV IPP (KSA) and the **WPA** for the Shuaibah 3 IWP (KSA)
- **Preferred bidder** for two PV projects in Indonesia
- **New competitive bids** in advanced stages of preparation or submission
  - 500 MW PV IPP in Uzbekistan and 600,000 m<sup>3</sup> per day Rabigh 4 IWP in KSA
  - Amaala Utilities PPP in KSA, the second mega-tourism project on the northwest coast of the country between Neom and the Red Sea Project
- Submitted proposal for the next **mega renewable energy projects** under the PIF strategic framework agreement
- **Final stages** for Neom Green Hydrogen FC, expected in 4Q22
- Jizan **Group 2 assets'** transfer targeted to start in Oct'22

# Projects coming online: Sources of new operating income

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- 3 projects started operations or brought **additional new capacity** into operation in the Current Quarter<sup>1</sup>
  - Taweelah IWP (Water, 1<sup>st</sup> Phase at 50% of total capacity)
  - Al Dur 2 IWPP (Water 2<sup>nd</sup> Phase and Power)
  - DEWA V PV (additional 100 MW capacity)
- **SAR 249M** contribution from new operations including O&M in the operating income before impairment loss and other expenses of 6M2022

# Major projects in development or brought online

Project	Description	Total project cost—appr. SAR Billions
<b>Egypt Wind</b>	<ul style="list-style-type: none"> <li>1,100MW Wind IPP, PPA signed</li> <li>The largest single contracted wind farm in the Middle East and one of the largest onshore wind farms in the world</li> <li>Once completed, it will mitigate the impact of 2.4 million tonnes of carbon dioxide emissions per year while providing electricity to 1,080,000 households</li> </ul>	5.6
<b>Indonesia PV projects</b>	<ul style="list-style-type: none"> <li>Singkarak Floating PV 50 MWac, located in Sumatera</li> <li>Saguling Floating PV 60 MWac, located in Java</li> <li>Announced as preferred bidder; working towards final award stage</li> </ul>	Non-public
<b>Layla and Ar Rass PV IPPs, KSA</b>	<ul style="list-style-type: none"> <li>700MW Ar Rass and 91MW Layla PV IPPs, PPAs signed</li> <li>Part of Round Three of the National Renewable Energy Program (NREP) of KSA</li> <li>Won both projects by submitting the lowest bids (Ar Rass: 5.62 Layla: 11.2 halala/KWh)</li> </ul>	Ar Rass: 1.7 Layla: 0.4
<b>Shuaibah 3 IWP, KSA</b>	<ul style="list-style-type: none"> <li>Conversion of our existing oil-fired plant (880,000 m3 per day water and 900MW power) to a 600,000 m3 per day seawater reverse osmosis desalination plant (the "RO Plant")</li> <li>The RO Plant will use 20 percent of its energy from renewable sources</li> <li>In addition to providing support to the Kingdom toward its Vision 2030, the conversion will reduce ACWA Power's Scope 1 carbon emissions by 9.5 million tons per year</li> </ul>	3.0
<b>Taweelah IWP, UAE</b>	<ul style="list-style-type: none"> <li>Located in Abu Dhabi, the world's largest with 909,000 m3 per day of RO water</li> <li>Started producing 100 million gallons of desalinated water per day (50% of capacity)</li> <li>Full capacity at 200 million gallons per day expected in 4Q2022</li> </ul>	3.3
<b>Al Dur 2 IWPP, Bahrain</b>	<ul style="list-style-type: none"> <li>With completion of 2<sup>nd</sup> phase Water at 113,000 m3/day, reached full PCOD subject to final acceptance tests by the Offtaker</li> <li>114,000 m3/day Water and 1500MW Power capacity online since Feb and May'21, respectively</li> </ul>	4.1

# Navigating our way through challenges

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Internally ...

## Plant outages: an unwelcome reality hurting our **plant availability and P&L**

- Increasingly due to **failure of equipment** supplied by world-renowned OEMs
- 6M22 power and water availability still **high but lower than our best**
  - Power 86% (6M21: 88%); Water 96% (6M21: 92%)
- **Reliability of supply** and **Digitalization** initiatives to establish stronger structural foundations in mid/long-term

## Health and safety: 2 unfortunate fatalities in six months

- Safety is our first core value
- We will ensure that it is our first core value in practice too



# Navigating our way through challenges

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Externally ...

## War and global high cost/tight supply stress

- Affecting **under construction or in advanced development assets** particularly those in the war area
- Active engagement by **all stakeholders** to bring solutions
  - Offtaker flexibility in project deadlines
  - Inter-governmental schemes to ease supply chain
- **No material delay** in targeted financial closes the rest of the year
- Additional costs are **likely**, but projects have contingencies for this type of situations

# Agenda

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# Key financial metrics

Metric	Description	Regular Reporting Frequency	Reporting Platforms
<b>Operating income before impairment loss and other expenses</b>	Consolidated Operating income before impairment loss and other expenses which also includes share in net results of equity accounted investees.	Quarterly	<ul style="list-style-type: none"> <li>Quarterly Investor Report that includes full MD&amp;A together with the audited or reviewed consolidated financial statements</li> <li>Earnings' call presentations</li> <li>Earnings press release</li> </ul>
<b>Adjusted profit / (loss) attributable to equity holders of the parent</b>	Adjusted profit / (loss) attributable to equity holders of the parent represent profit / (loss) after adjusting for non-routine & non-operational items.		
<b>Parent Operating Cash Flow (POCF)</b>	(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	
<b>Total parent net leverage</b>	(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.		
<b>Parent net leverage ratios</b>	<ul style="list-style-type: none"> <li>Parent net debt to POCF (LTM basis for interim periods)</li> <li>Parent level debt to net tangible equity attributable to owners of the Company</li> </ul>		

The Investor Report additionally consists of the CEO's address to stakeholders, MD&A of the financial performance as well as an operational performance summary including operational KPIs and ESG activities.



# Factors that did not result in adjustment in 6M2022 but affected the comparability of results

- Full/partial quarter impact by projects with partial or no contribution in 6M2021 (see below table)
- Restructuring of Shuaibah Water and Electricity Company's PWA (SWEC)
  - The project company will continue to receive the capacity payments, as adjusted for the average availability based on last 3 years' performance before decommissioning, until the expiry of the original PWA term of 1Q2030

ICOD/PCOD in the past 18 months (June 2022—Jan 2021)

ICOD	PCOD	Project	Location	Online Capacity <sup>1</sup> (Power: MW / Water: Thousand m3/day))	Accounting Type	Acwa Power's Share
	Jun'22	Al Dur 2 (Power)	Bahrain	1500 MW	EAI	60.00%
	Jun'22	Al Dur 2 (Water)	Bahrain	227 M3/day	EAI	60.00%
	Jun-22	Taweelah IWP (partial)	UAE	455 M3/day	EAI	40.00%
	May-22	DEWA V PV (partial)	UAE	400 MW	EAI	24.00%
	Dec-21	UAQ IWP (partial)	UAE	227 M3/day	EAI	40.00%
	Dec-21	Noor Energy 1 (PV-1) (partial)	UAE	217 MW	EAI	24.99%
	Dec-21	Rabigh 3 IWP	Saudi Arabia	600 M3/day	Subsidiary	70.00%
	Oct-21	Jizan IGCC (partial)	Saudi Arabia	1500 MW	EAI	21.25%
	Sep-21	Hassyan IPP (Unit 2)	UAE	600 MW	EAI	26.95%
	Aug-21	Ibri 2 PV IPP	Oman	500 MW	EAI	50.00%
	Jul-21	DEWA V PV (partial)	UAE	300 MW	EAI	24.00%
	May-21	Al Dur 2 (Power)	Bahrain	1500 MW	EAI	60.00%
	Mar-21	Salalah IWP	Oman	114 M3/day	EAI	50.10%
	Feb-21	Al Dur 2 (Water) (partial)	Bahrain	114 M3/day	EAI	60.00%

3 projects—that started operations or brought additional new capacity into operation in the Current Quarter

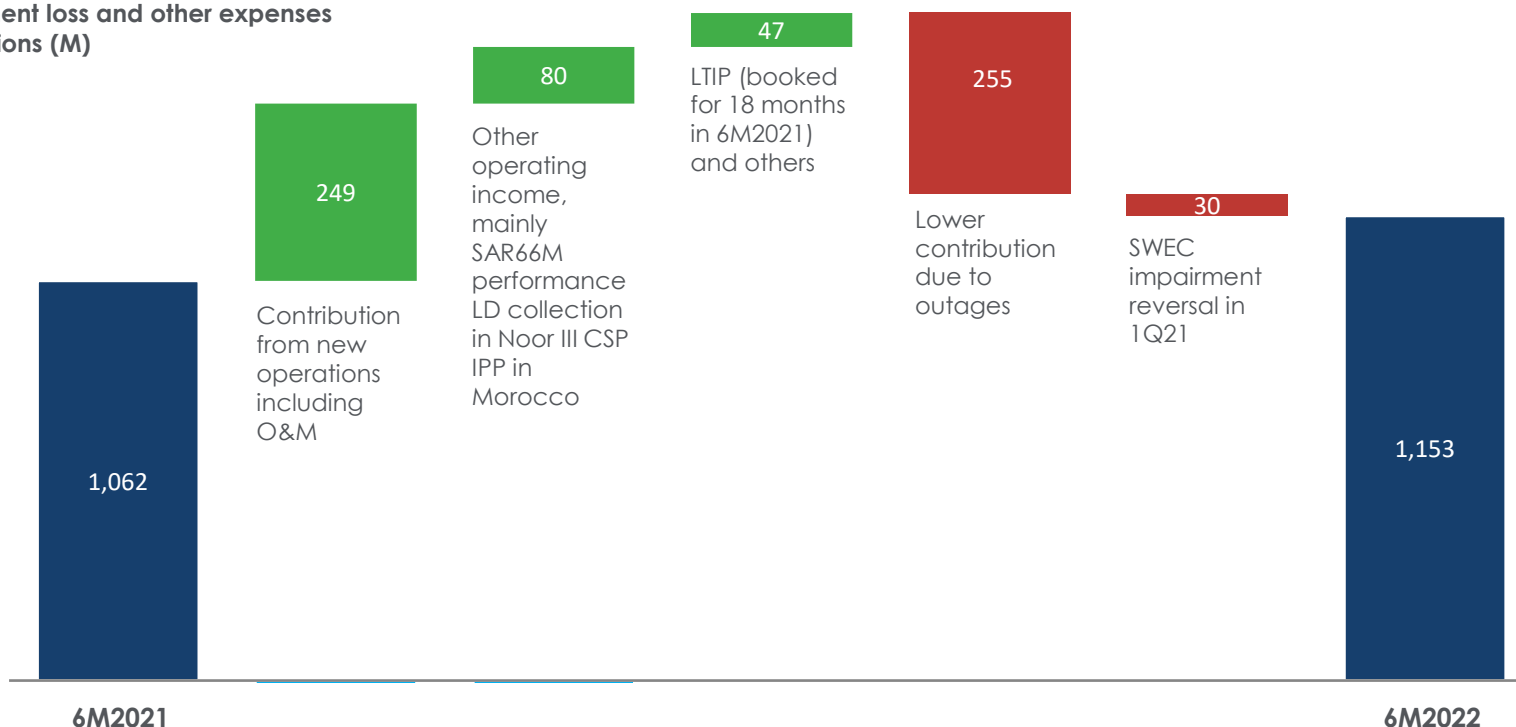
9 projects—that achieved commercial operations between January and December 2021

Source: Company information. <sup>1</sup> Online capacity that is in operation as at the stated date.

# Operating income (before impairment loss and other expenses)

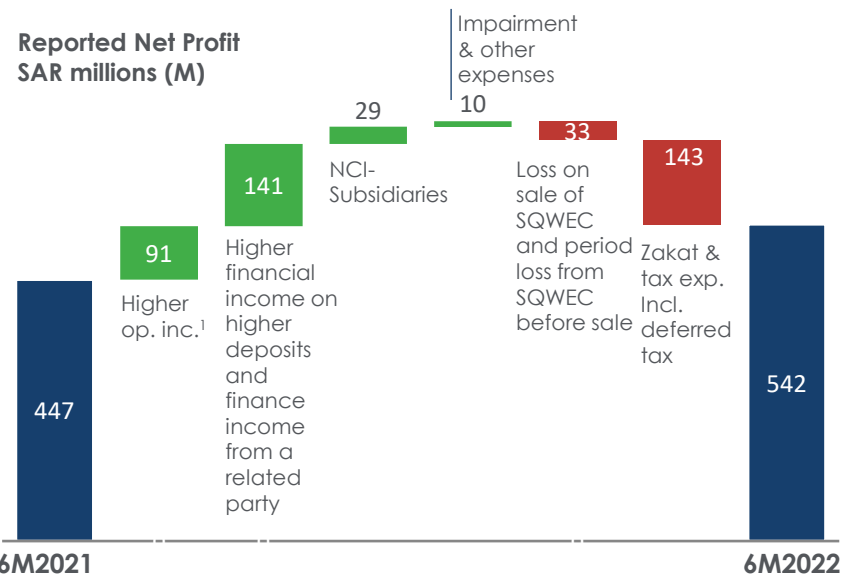
- At SAR1,153M, 8.6% yoy increase versus 6M2021
- Contribution from new operations and other operating income partially offset mainly by the impact of forced outages
  - Extended outages in Morocco Noor III CSP (molten salt tank leak)
  - Forced outages in Hajr and Mourjan in Saudi Arabia (mainly GT failure, grid disturbance)

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



# Reported and Adjusted Net Profit (attributable to equity holders of the parent)

- Reported Net Profit<sup>1</sup> at SAR542M, 21.2% increase versus 6M2021



- Main component is deferred tax expense of SAR(90M) in 6M2022 due to depreciation of the Moroccan Dirham (MAD), against a deferred tax credit of SAR35M in 6M2021, driving SAR(125M) of the variance
- Excluding above, Reported and Adjusted Net Profit would have increased by 54% and 25%, respectively

- Adjusted Net Profit<sup>2</sup> at SAR516M, fractionally lower by (0.8)% versus 6M2021

6M, SAR in millions	2022	2021	% Chg.
Reported Net Profit	542	447	21.2%
<b>Adjustments:</b>			
Impairment in relation to subsidiaries and equity accounted investees, net		30	
Provision for Zakat and tax on prior year assessments		11	
Provision/(reversal)—due from related party	(12)	4	
Provision for long-term incentive plan		29	
Reversal of Vietnam coal provision	(14)		
Total adjustments	(26)	73	
Adjusted Net Profit	516	520	-0.8%

6M2022 adjustments:

- Reversal of Kirikkale provision [SAR(12)M] – against impaired receivables in line with an earlier financial restructuring
- Reversal of Vietnam provision [SAR(14)M] – earlier recorded as project development costs, which is no more required to be paid, following the transfer of the Company's effective shareholding to a new partner



# Adjusted Net Profit by Building Block

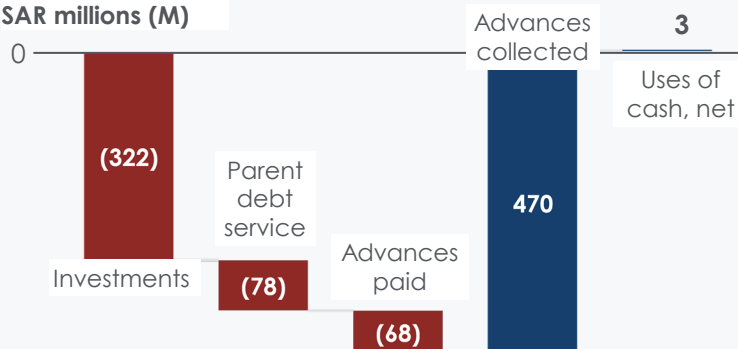
SAR Millions (M)	6M 2022	6M 2021	Change	Major drivers
<b>A</b> Development and construction management services	295	296	(1)	<ul style="list-style-type: none"> <li>Mainly driven by project development fees (financial closes) and construction management fees</li> <li>No major variance – lower development fees offset by higher construction management fees</li> </ul>
<b>B</b> Share of Net Income of Projects before Impairment	226	302	(76)	<ul style="list-style-type: none"> <li>Mainly driven by income stream from operational projects</li> <li>Negative variance is mainly because of lower income from plants in forced plant outages, higher deferred tax expense due to forex movement in Morocco</li> <li>Partially offset by incremental income from projects coming into operation</li> </ul>
<b>C</b> NOMAC profit attributable to owners of the Company	261	188	72	<ul style="list-style-type: none"> <li>Mainly driven by income stream from operational projects in addition to engineering and maintenance services during (unplanned) outages</li> <li>Major variance driver is incremental income from projects coming online, additional work on outages and cost savings</li> </ul>
<b>D</b> Other operating income and Other income	282	184	98	<ul style="list-style-type: none"> <li>Mainly higher other income on account of income earned on deposits in addition to finance income from a related party and gain on change in fair value of derivatives</li> </ul>
<b>E</b> Capital recycling gains / (loss)	(17)	-	(17)	<ul style="list-style-type: none"> <li>Loss in relation to divestment of SQWEC</li> </ul>
<b>F</b> Corporate and Holding Entities Operating and Financing Costs and FX	(531)	(450)	(81)	<ul style="list-style-type: none"> <li>Mainly because of higher Zakat expense, higher finance cost mainly on Sukuk</li> </ul>
<b>Adjusted Net Profit</b>	<b>516</b>	<b>520</b>	<b>(4)</b>	

# Parent Operating Cash Flow<sup>2</sup> and Sources and Uses of Cash

Parent Operating Cash Flow ("POCF")	SAR in millions		% change
	2022	2021	
Distributions	545	302	80.2%
Development and construction management services	260	225	15.7%
Fees and other services	133	127	4.6%
Capital recycling	1,649	0	0.0%
<b>Total cash inflow</b>	<b>2,587</b>	<b>654</b>	<b>295.5%</b>
G&A, Zakat expenses and CAPEX	(375)	(344)	9.1%
Financial expenses <sup>1</sup>	(93)	(94)	-1.5%
<b>Total cash outflow</b>	<b>(468)</b>	<b>(438)</b>	<b>6.8%</b>
<b>Total parent operating cash flow</b>	<b>2,119</b>	<b>216</b>	<b>879.6%</b>
<b>Total discretionary cash</b>	<b>7,051</b>	<b>3,324</b>	<b>112.1%</b>
<b>Total uses of cash</b>	<b>3</b>	<b>(507)</b>	<b>-100.5%</b>
<b>Period end cash balance</b>	<b>7,054</b>	<b>2,817</b>	<b>150.4%</b>

Source: Company information. <sup>1</sup> Financial expenses pertaining to the non-recourse ACWA39 bond issued by APMI One, a wholly owned subsidiary of the Company.

## Uses of cash, net SAR millions (M)



- POCF at SAR2,119M vs. SAR216M in 6M2021, mainly due to
- Higher distribution and higher development and construction management services fees from the projects in addition to a partial repayment of, and interest earned on, a shareholder loan
- Capital recycling proceeds from RAWEC following the refinancing of its then outstanding debt and from the divestment of SQWEC
- Higher POCF and higher opening cash (mainly because of the IPO proceeds) resulted in higher Total Discretionary Cash available to use

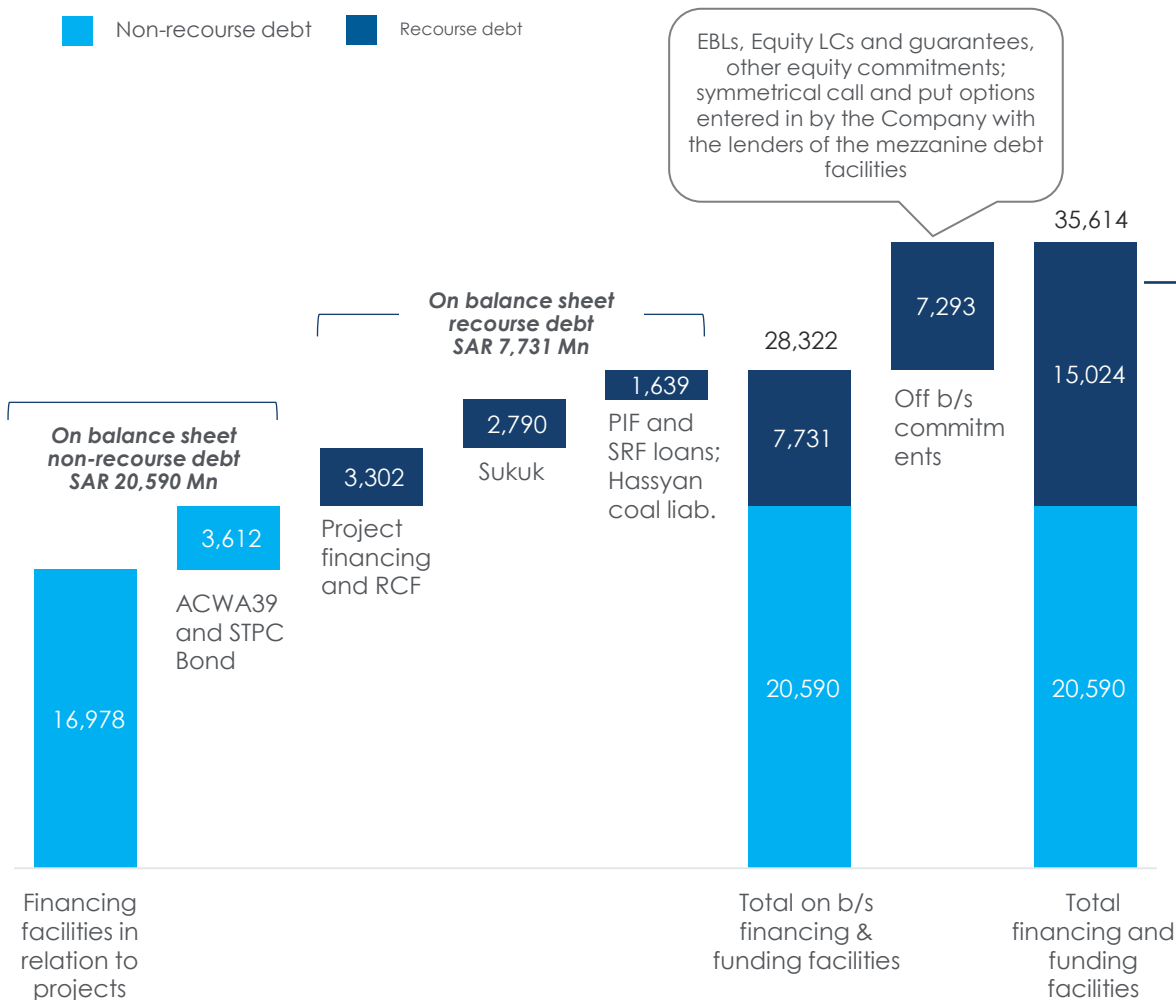
- SAR467M of available cash was used for investments, debt service and advances for project development
- Collection of an earlier advance to a project at SAR470M resulted in positive net uses of cash balance (of SAR3M)

# Consolidated<sup>1</sup> and Parent Net Debt<sup>2</sup>

## Long-term financing and funding facilities

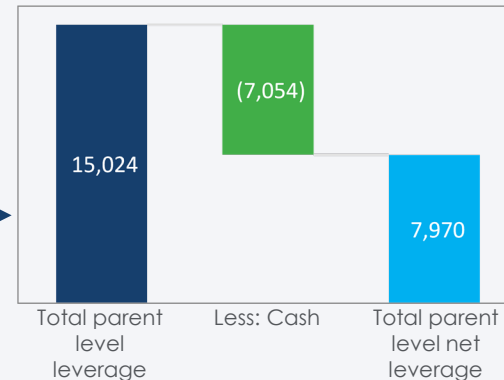
As at 30 June 2022, SAR million (M)

■ Non-recourse debt ■ Recourse debt



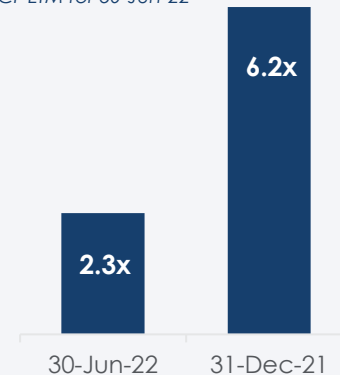
## Parent-Level Net Leverage

SAR million (M)



## Parent net debt to POCF ratio

POCF LTM for 30-Jun-22



- Excluding Capital recycling from POCF<sup>3</sup>
- Parent net debt: SAR9,652M
- Parent net debt to POCF ratio: 5.3x

Source: Company's Interim Condensed Consolidated Financial Statements and Independent Auditor's Review Report for the Three- and Six-months Periods Ended 30 June 2022 issued by Ernst & Young & Co. (Certified Public Accountants) and Company information. <sup>1</sup> As per the consolidated reported balance sheet of the Company. <sup>2</sup> Parent level net debt as defined by the Company. <sup>3</sup> 30-Jun-22 POCF LTM is SAR3.5B. POCF LTM without capital recycling is SAR1.8B. Parent net leverage without capital recycling is SAR9.7B.



# Closing remarks

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- **Strong progress** in project development including PIF pipeline
- Projects becoming **operational** ... and creating additional stable and visible **income and cash stream**
- We don't like plant outages, but they happen ... actions are in place (Reliability of Supply, Digitalization) to address our issues
- **Robust 6M2022** financial results and healthy balance sheet
- We expect several financial closes in the rest of the year ... and higher development and construction management fees
- Prevailing war and global high cost/tight supply stress are affecting us but active engagement by all stakeholders deliver solutions that mitigate additional costs ... We do not expect major adverse impact on our projects in the region

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# Q&A

