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July 202

ACWA Power – Business Update Presentation (July 2021)

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Information in this document was prepared as of June 2021.

### Agile high growth contracted power & water champion

#### Platform of 64<sup>(1)</sup> assets across 13 countries, 3,500 employees with strong growth pipeline and leading the energy transition

#### Key current markets





Asset portfolio of ~USD 66bn<sup>(2)</sup>



Large world class assets with ~71% of capacity in projects with at least 1 GW of capacity



Clean / low CO<sub>2</sub> power technologies<sup>(3):</sup> ~77% of total gross capacity<sup>(1)</sup>



At the forefront of energy transition: Significant visible growth in renewables



Industry leading win ratio (68% from 2005-2020), capturing disproportionate market share

**Ground-breaking** investment in the Jazan combined cycle megaproject producing industrial gases

Achieved world's lowest power tariff at DEWA V PV (at the time)





Source: Company information. Notes: Power portfolio and water portfolio shown on different scale. (1) Including under construction and advanced development projects as of June 2021. (2) Total project costs for operating, under construction, and advanced development assets. (3) Clean / Iow CO2 technologies include solar, wind and gas, but exclude coal and oil.

### Developer, investor and operator of critical power and water assets, with embedded portfolio and capital optimisation



Premium economics and attractive total returns across the asset life cycle



Source: Company information.

3

### Modern and highly diversified asset portfolio



Source: Company information as of June 2021. Note: Including operational assets, under construction and advanced development. (1) Based on year of COD. (2) Countries in the order of largest to smallest consist of: KSA, the United Arab Emirates, Uzbekistan, Oman, Morocco, South Africa, Bahrain, Jordan, Turkey, Egypt, Azerbaijan, Ethiopia and Vietnam. (3) NEOM Green Hydrogen JV includes solar & wind. (4) Low CO2 generation includes all renewable assets as well as gas fired plants.

4

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### ACWA Power has a strong and highly visible growth pipeline



Visible growth: existing under construction and advanced development projects doubling power and water capacity + additional PIF Strategic Framework Agreement and compelling bid pipelines to drive robust growth



Source: Company information. Advanced Development projects defined as projects where ACWA Power has been awarded a preferred bidder status, has signed the long-term Offtake Agreement, or for some negotiated deals has committed significant financial resources, and is working on achieving financial close. Notes: (1) Excludes 1.5GW Sudair PV Vision 2030 PIF Strategic Framework Agreement. (3) Projects that are expected to be offered for competitive bidding or are being negotiated in the next two years in markets that the Group would target. Excludes 9 projects being developed under the PIF Strategic Framework Agreement which are captured within the Vision 2030 PIF SFA portion of pipeline. (4) Considers the entirety of the active bid pipeline.

### NOMAC – Leading Scalable O&M provider 100% owned by **ACWA** Power

#### NOMAC at a glance

Established in 2005, First National Operation and Maintenance Company ("NOMAC") is a wholly owned ACWA Power subsidiary with strong on-the-ground O&M execution

2,163 employees

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- Operates most of ACWA Power assets
- Highest operational and quality standards
- Major overhaul of high-tech plant equipment
- Development of plant-specific standard O&M procedures

#### Select assets operated by NOMAC



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Water

Gas

Heavy Fuel Oil

Ensure the

#### A key source of value creation for ACWA Power

High visibility and secure

cash-flows / dividend with

low capital commitment

3 2

Tower CSP

Parabolic CSP

**Cash flow** 

from project

companies

Wind Smart grid

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Solar PV

stream

senior

### Proven track record of growth with continued momentum from new projects coming online





Source: Company information. Notes: (1) Includes share in net results of equity accounted investees, net of tax. (2) Excludes impairment loss of SAR 339mm, SAR 461mm, and SAR 67mm in FY18, FY19, and FY20 respectively, and SAR 53mm of corporate social responsibility costs in FY20. Excludes provision for zakat and tax on prior year assessments, extraordinary provision / (reversal) on project development cost, provision / discounting on due from related party (Kirikkale), gain on remeasurement of options the Group has on projects, discounting impact on loan from shareholder subsidiary (loan from PIF), accelerated depreciation on revision of PP&E useful life, restructuring costs, gain on disposal of Bowerage IWP, loss due to loss of control of Kirikkale, and results of discontinued operations of Kirikkale.

### **ACWA** Power's key pillars

Agile high growth contracted power and water champion at the forefront of the energy transition







ESG: Energy transition enabler with a strong ESG framework



De-risked Business Model & Strategy: Contracted, diversified, resilient and visible cash flows





NOMAC: Accretive operational platform



Financials: Superior returns across the lifecycle





## Sizeable growth opportunities in key target markets



• ~385 GW of total power generation pipeline<sup>(1)</sup>

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9

- 220 GW of renewable generation pipeline<sup>(1)</sup> of which
   58GW in KSA
- ACWA Power active bid pipeline of 58.4 GW<sup>(6)</sup> across 20 countries

Expected Additional Water Capacity (mm m<sup>3</sup> / day)



- Aggravating water scarcity situation, technological advances in desalination solutions and declining production cost strengthen rationale for desalination to meet the growing demand for water
- ACWA Power active bid pipeline of ~11 mm m<sup>3</sup>/day across 7 countries

Source: Company information. Notes: (1) Based on selected operating and potential expansion countries for ACWA Power where target capacity additions by 2030 are publicly available. Includes capacity additions by 2040 for Philippines, 2025 for Azerbaijan, Bahrain, Cambodia, Egypt, Indonesia, Oman. Excludes Turkey; (2) As of 2019, 0.4GW installed of 58.7GW 2030E target; (3) GCC excl. KSA includes Bahrain, Oman, and the UAE; (4) Asia countries of operations: Jordan, Uzbekistan, Vietnam. Expansion markets: Azerbaijan, Bangladesh, Cambodia, Indonesia, Pakistan and Philippines, Africa countries of operation: Egypt, Ethiopia, Morocco, and South Africa. Excluding 12GW from expansion markets in Africa: Mauritania, Ivory Coast, Kenya, and Tunisia. (5) 1.1 mm m<sup>3</sup>/day additions in Dubai by 2030, 0.8 mm m<sup>3</sup>/day in Abu Dhabi and 0.7 mm m<sup>3</sup>/day in Umm Al Quwain (UAE) by 2022. (6) Excludes 9 projects which fall under KSA renewable generation pipeline.

# Leading the KSA energy transition

#### Vision 2030: Just under 60GW KSA renewables opportunity

a 2030 target of 58.7 GW

#### KSA National Renewable Energy Programme – Renewable energy targets (GW) In 2019, KSA announced

of renewables capacity 587 2.7 Targets revised upward in 2020 from initial target 16.0 set in 2016 27.3 VISION ÄLLIÅI 7.0 40.0 9.5 مملكة العربية السعود NGDOM OF SAUDI ARABI 2.4 -1.2 20.0 5.9 2024E Initial 2024E Revised 2030E Solar PV Wind **ACWA** Power Just under Increased 60GW of new allocated 70% 5 year of renewables renewable target pipeline opportunity

- ACWA Power and the PIF entered into a strategic framework agreement for ACWA Power to, in addition to being a shareholder, lead the development of 70% of KSA's renewables target
- Awarded the first 1,500 MW PV project from the PIF pipeline and 800MW PV projects in the non-PIF pipeline
- 11.8 GW of projects identified between ACWA Power and PIF, scheduled for development subject to MoE's<sup>(1)</sup> approval

#### Diversification into the new frontiers of energy transition

#### **Carbon Neutral Giga-cities**

- Vision 2030 carbon neutral renewables powered giga-cities with fully integrated utility concept
- ACWA Power preferred bidder for the first megaproject, the Red Sea Tourism Megaproject

#### Green Hydrogen

 ~4 GW NEOM Green Hydrogen
 Project with Air Products announced in July 2020







- ACWA Power is a regional champion: Poised to capture value from the trends towards smart grids / distributed generation
- ✓ Giga cities and green hydrogen projects further strengthen ACWA Power's renewable position
- ✓ Early mover advantage also enables value creation in other geographies



### 1 Leading track record of winning bids across key target markets

Compelling winning ratios since 2005<sup>(1)</sup> with 68% overall success rate

Award-winning global greenfield developer



11

Source: Company information. Note: (1) Based on the total number of the Group's submitted bids since 2005G and ranked by winning ratios. Wins include where the Company was awarded the project or where the Company is the lowest bidder. Bids submitted but not yet decided have been excluded. (2) Includes ACWA Power markets excl. KSA, Oman, UAE, Jordan, Egypt.

# ACWA Power is a constant innovator in renewables and is able to deliver competitive tariffs across geographies and technologies



Source: Company information. Note: (1) 950MW solar hybrid project (700MW CSP and 250 MW PV).



# ACWA Power – Delivering sustainable value...

#### ...and driving the achievements of the UN SDGs<sup>(1)</sup>

- Best practice corporate governance
- Independent board members and management team
- State-of-the art ESG reporting & disclosure
- LEADING THE EMBODYING WAY TO DE-CORPORATE CARBONISATION EXCELLENCE **CREATING SHARED** LONG-TERM VALUE • Key economic enabler in the regions in which it operates Fostering local opportunities and employment is central to the company's overall mission

#### Contributing to UN Sustainable Development Goal 8





- Leading role in KSA's Vision 2030 energy transition
  - No further investments in coal: focus on cuttingedge climate-relevant technologies, e.g. green hydrogen
  - Pioneering innovative, renewable-fuelled water desalination
  - Minimising environmental impact by enhancing portfolio efficiency

**Contributing to UN Sustainable** Development Goals 6, 7 & 13



# 2 Corporate governance framework

#### ACWA Power Intends to be a Role Model in MENA

- Proactive recognition of the value brought by a robust corporate governance framework - ACWA Power adopted a Code of Corporate Governance in 2009
- The code was modelled on the best practices rather than on a minimum compliance philosophy - Saudi CMA, Companies Law, DIFC, the UK Corporate Governance Code (formerly the Combined Code) and SEBI<sup>(1)</sup>
- Based on principles of **transparency and** fair administration
- A governance structure in which:
  - Shareholders have direct influence and voice
  - Board of directors have been formally empowered through **Board Committees**
  - Board of directors **includes independent directors**
- Shareholders have forgone their operational involvement and have taken reliance in ACWA Power's management reporting and governance structures
- It is a demonstration of the benefits of an approach based on legitimate enthusiasm as opposed to mechanical compliance to a code of corporate governance and a set of best practice



High level of accountability, transparency, responsibility and fairness in all aspects of the ACWA Power's operations

Source: Company information. Note: (1) Securities and Exchange Board of India.

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# 2 Corporate Social Responsibility

ACWA Power recognises the necessity for the ultimate consumer to benefit beyond the reliable supply of electricity and desalinated water at the lowest costs

#### Corporate Social Responsibility (CSR)

• The Group aligns its **community investment and engagement strategies** with issues that are important not only to the management of its assets, but also to the benefit of the surrounding communities. These practices build a **strong**, **long-term foundation for the creation of shared value for ACWA Power and the local economies of its target geographies** 



Surpass Legal and Regulatory Compliance Requirements



Drive Socio-economic Development by Creating Shared Value



Champion a Sustainable Future for the Power and Desalination Sectors

• During 2020, ACWA Power committed SAR 52.5m to support national health efforts to contain the impact of COVID-19 in Saudi Arabia and built an integrated mobile hospital with a 100-bed capacity in cooperation with a local construction company

#### **Examples of CSR Initiatives**

#### Higher Institute for Water & Power Technologies

- Self-funding vocational training institute for the power and water sector, opened in Sep 2011 with 100 trainees
- Provides on-job-training and employment on graduation to address regional unemployment and technical skills shortage



### ACWA Power's CSR approach in Morocco

- ACWA Power's CSR approach is designed to meet the needs of local communities through participatory and decentralised activities, and is based on partnerships with official platforms
- Work with local communities to build long-term agricultural infrastructure and capacity
- Partnership with local associations to offer programmes to build children's capacity to pursue future opportunities through events, activities and exposure to new places

### Bokpoort CSP Renewables IPP programme in South Africa

- Bokpoort CSP has redefined the Renewables IPP programme in South Africa, where it is not exclusively about Power, but equally focused on the development and improvement of social wellbeing of the surrounding communities
- Partnerships with the community focusing on high-impact project in consultation with local government and constituencies, focusing on skills development, Enterprise Development, and Infrastructure Projects

## **3** Fully contracted portfolio underpinned by long-term P(W)PAs



KSA and the UAE represent 75%<sup>(1)</sup> of ACWA Power projects by project cost Top 5 countries represent 92%<sup>(1)</sup> of total project cost Predominance of large-scale strategic assets in key target markets Sovereign ratings of the top 5 countries by project cost Country S&P Moody's Fitch KSA 3010701 A1 A-А Oman B+ Ba3 BB- $UAE^{(4)}$ AA Aa2 AA-B Β2 B+

BB-

Β1

BB-

Source: Company information. Gross capacities shown. Notes: (1) Includes operating, under construction and advanced development projects. (2) Excludes Kirikkale as it is a Merchant offtake model and was fully written down and deconsolidated in 2018. Remaining term weighted by project cost. Includes term for advanced development assets. (3) Includes Taweelah IWP, UAQ IWP, Rabigh 3 IWP, Jubail 3A IWP, and KSA RO. (4) Abu Dhabi only.

### Backed by a solid investment approach

To ensure long-term success, ACWA Power aims to minimise costs that contribute to tariffs and maximise efficiency whilst keeping delivering electricity and desalinated water at an optimised cost



Source: Company information.

### 3 De-risked business model with fully contracted cash flows



- Long-term take-or-pay P(W)PAs protect against demand or price risk<sup>(2)</sup>
- P(W)PAs contractually protected against potential changes in regulation
- Offtake agreements with weighted avg. remaining life of ~22 years
- P(W)PA with predominantly investment grade and / or sovereign-linked off-takers
- Overall off-taker risk mitigated given the critical nature of the assets
- Sovereign guarantees

- Contracts predominantly indexed to USD<sup>(5)</sup>
- Embedded inflation protection
- Contracted assets financed in respective tariff currencies
- Typical full fuel pass-through mechanisms for contracted thermal assets and/or offtakers supplying their own fuel<sup>(7)</sup>
- Extensive and bankable resource studies for renewables assets mitigate resource risk, CSP technology with storage offers around the clock baseload power

19

Source: Company information. Percentages based on project cost. Notes: Figures based operating, under construction and advanced development projects. (1) Excludes Kirikkale (fully written down and deconsolidated in 2018). (2) For Hassyan, there is supply risk – pass through on the price not the supply. (3) Investment grade: countries with at least one investment grade from S&P, Moody's or Fitch. (4) Floating currency includes Khalladi, Ben Ban 1, 2, 3, Kom Ombo, Redstone, Bokpoort, Sirdarya, Bash, Dhankeldy, Azerbaijan IPP; pegged currency includes projects where tariff is indexed to USD. (5) Remaining indexation is to Euros (<1%) (Morocco tariffs are in MAD, which is pegged to a basket of Euro (60%) and USD (40%)). (6) Of total project cost of only conventional projects. Analysis based on portfolio as of June 2021 and excludes Kirikkale which was fully written down and deconsolidated in 2018. (7) Except Hassyan where fuel supply is the project company's responsibility.

# **3** Total ACWA Power solution to deliver winning tariffs

# Win / win partnering approach to EPC, off-taker, OEM, lending institutions



technologies & providing a total solution

#### Development

- Deep engagement with stakeholders to deliver the "total ACWA Power solution" to ensure sustainable cost leadership
- Highly experienced team with a track record of ingenuity and entrepreneurship

#### **EPC and Equipment**

- Extensive supply chain partner relationships to obtain most competitive pricing
- Turnkey solutions with experienced EPC/OEM providers

#### Technology

- Dedicated technical in-house team focusing on optimal tailored and innovative solutions during the bidding stage unlike conventional "off-the-shelf" solutions.
- Focus on renewables / low CO<sub>2</sub> generation

#### Financing

- Comprehensive project finance expertise and strong relationship with lenders
- Proven access to local and international capital markets backed by best-in-class operational leverage

#### O&M

- Synergies from standardized, large scale operations
- NOMAC's scope & know-how reduces cost and improves bid competitiveness

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# **3** Overview of a typical P(W)PA's main conditions

		Conventional Power and Water Assets Renewables Assets				
	Tenor	Long term, usually 15 to 35 years. ACWA Power's contracts have average remaining life of 22 years				
Resource Structure		• Variable and estimated on prudent basis				
Payments		<ul> <li>Capacity payments (remuneration per MW or MIGD of capacity) based on a set of performance parameters e.g. net heat rate/efficiency factor, availability, etc.) – ake or pay basis</li> <li>In addition, the project receives energy/output payments which are based on actual amount of electricity produced or water desalinated (pass hrough)</li> <li>Acreover, payments are made for ancillary services frequency control, black starts) when relevant ixed O&amp;M payment</li> </ul>				
mance	Construction	<ul> <li>unset date of P(W)PA by which construction has to be completed</li> <li>Sunset date of PPA by which construction has to be completed</li> <li>Asset delivered has to meet set specifications which will be tested by the offtaker</li> </ul>				
Perfor	O&M	Contracted performance parameters (e.g. availability and efficiency) have to be sustained over the life of the (W)PA • Variable and estimated on prudent basis using pass through to the O&M contractor				
Termination		rolonged non-payment of the offtaker rolonged underperformance of the asset • Prolonged non-payment of the offtaker				
Force Majeure		Events (eg. fire, floods, earthquakes, tsunami, sandstorms, explosions, acts or terrorism or other events outside of the control of the company), additional termination event or time relief provided under the P(W)PA				
Tripartite Direct Agreement		Assign the P(W)PA to lenders in order to ensure project financeability				
Govt. Guarantee with Change in Law Protection		Protection clauses in all of its offtake agreements (except one merchant market) against changes in law, such as new taxes, increase in tax rates, etc.				
	Insurance	<b>Residual risks (property damage &amp; business interruption) through insurance and reinsurance</b> , over and above potential liability amounts				

Source: Company information.

21

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# **3** A history of diversified growth primarily from development

#### Operating portfolio

Project Name	Technology Category	PCOD (Actual/ Expected)	Gross Contracted Power (MW)	Gross Contracted Water (000'm3/day)	ACWA Power Stake (%)
		Saudi Arabia			
ShuaibahIWPP	Oil	2010	900	880	30%
Shuaibah Expansion IWP	Electricity	2009		150	30%
Petro-Rabigh IWSPP	Oil	2008	360	134	99%
Petro-Rabigh (Phase 2) IWSPP	Oil	2018	160	54	99%
MarafiqIWPP	Natural Gas	2010	2,744	800	20%
ShuqaiqIWPP	Oil	2011	850	212	32%
Rabigh IPP	Oil	2013	1,204		40%
Hajr IPP	Natural Gas	2016	3,927		22%
Mourjan IPP	Natural Gas	2018	2,060		50%
Shuaibah 2 IWP	Water	2019		250	100%
Sakaka PVIPP	PV	2020	300		70%
<b>.</b>		Oman			
Barka 1IWPP	Natural Gas	2003	427	91	42%
Barka 1Expansion IWP	Water	2014		45	42%
Barka 1Phase II Expansion IWP	Water	2016		57	42%
Salalah 2 IPP - Existing	Natural Gas	2003	273		27%
Salalah 2 IPP - Greenfield	Natural Gas	2018	445		27%
Ibri IPP	Natural Gas	2019	1,509		45%
Sohar 3 IPP	Natural Gas	2019	1,710		45%
Salalah IWP	Water	2021		114	50%
-		United Arab Emira	tes		
Shuaa Energy PVIPP	PV	2017	200		25%
<u>-</u>		Jordan			
CEGCO Assets	Natural Gas	1995	692		41%
Zarqa IPP	Natural Gas	2018	485		60%
MafraqPVIPP	PV	2018	50		51%
RishaPVIPP	PV	2019	50		51%
8		Morocco			
Noor I CSP IPP	CSP - Parabolic	2016	160		73%
Khalladi Wind IPP	Wind	2018	120		26%
Noor II CSP IPP	CSP - Parabolic	2018	200		75%
Noor III CSP IPP	CSP - Tower	2018	150		75%
NOOR PV1 IPP	PV	2018	135		75%
-		Egypt			
BenBan 1	PV	2019	50		33%
Ben Ban 2	PV	2019	50		33%
Ben Ban 3	PV	2019	20		18%
	CCD Develor"	South Africa	50		20%
	CSP - Parabolic	2016	50		20%
Vinh Hoo 6 BV//BD	D)/	vietnam	44		609/
	PV	ZUIS	41		60%
Kirikkalo CCGTIRP	Natural Cas	2017	950		70%
Total Operation	Natural Gas	2017	330	0.700	1078

#### Under construction and advanced development

Project Name	Technology Category	PCOD (Actual/ Expected)	Gross Contracted Power (MW)	Gross Contracted Water (000' m3/day)	ACWA Power Stake (%)
9		Saudi Arabi	a		
Rabigh 3 IWP	Water	Q12022		600	70%
Jubail 3A IWP	Water	Q4 2022		600	40%
Sudair PVIPP	PV	Q4 2024	1,500		35%
Jazan IGCC	Oil	Q3 2021	3,800		25%
The Red Sea Project	PV, Wind, BESS	Q4 2023	210	33	35%
Neom Green Hydrogen	PV+Wind	2025	4,000		33%
Shuaibah PVIPP	PV	Q3 2023	600		50%
KSARO	Water	Q2 2024		600	40%
Qurrayyat PVIPP	PV	Q4 2022	200		50%
<b>U</b>		Oman			
Ibri 2 PVIPP	PV	2021	500		50%
		United Arab Emi	rates		
Hassyan IPP	Coal	Q12023	2,400		27%
Noor Energy 1	CSP+PV	Q4 2022	950		25%
Taweelah IWP	Water	Q4 2022		909	40%
UAQIWP	Water	Q3 2022		682	40%
DEWA VPV	PV	Q12023	900		24%
		Bahrain			
Al Dur Phase II IWPP	Natural Gas	Q2 2022	1,500	227	60%
-		Egypt			
Kom Ombo	PV	Q4 2022	200		100%
9		Azerbaijan	1		
Azerbaijan Wind IPP	Wind	Q2 2023	240		100%
<del></del>		Ethiopia			
Ethiopia PPP Phase 1	PV	Q4 2023	250		100%
		South Afric	а		
Redst one CSP IPP	CSP - Tower	Q4 2023	100		49%
		Uzbekistan			
SirdaryaCCGTIPP	Natural Gas	Q3 2023	1,500		100%
Bash Wind IPP	Wind	Q4 2023	500		100%
Dzhankeldy Wind IPP	Wind	Q4 2023	500		100%
Karakalpakstan Wind IPP	Wind	Q3 2026	1,500		100%
Total - Under Construc	tion		8,050	3,018	
Total - Advanced Deve	lopment	13,300	633		
Total - Inclusive			41,623	6,438	
			1	.,	

Part of Vision 2030 PIF Strategic Framework Agreement

### Renewables represent 66% of gross capacity when including the PIF programme

 Source: Company information. Note: ACWA Power ownership information is updated as of 1-Jun-21.

NOMAC, a key source of value creation for ACWA Power thanks to a synergetic operating model



Source: Company information. Note: (1) Long Term Service Agreements. (2) NOMAC Maintenance Energy Services

## 4 NOMAC contribution and value creation over the project lifecycle

#### NOMAC fees contribute at each stage of the project...

Development stage

- Enabler for ACWA Power to secure remarkable hit ratio in bids as it is involved at the early stage of the projects
- Engineering, operability review and plant design services

Construction & mobilisation

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- Construction supervision services
- Initial mobilisation and project commissioning

Operation and maintenance

- Technical and engineering services as well as maintenance services preserving plant availability and limiting potential outages while maintaining residual value
- Fixed or variable fees paid by the project company as well as incentives payments depending on the performance of the plant

...through a strategic value creation platform

- Standardized operational model guaranteeing superior control and understanding of operating assets through their life cycle
- Economies of scales: systematically reduces costs across the supply chain without ever compromising quality
- Monitoring and prediction digital platforms mitigating operations and maintenance risks: big data advanced pattern recognition capabilities to enhance performance
- Continuous push towards vertical integration provides an in-house platform for OEM level quality services for the generating portfolio, also enabling better pricing and premium economics for future projects

Optimise process across assets

Economies of scale and synergies from replicable and transferrable learnings

NOMAC aims to create value through a standardized operational model that seeks to ensure superior control and understanding of operating assets through the life cycle

### Additional value creation and competitive edge thanks to NOMAC Maintenance Energy Services

#### Background

- In April 2018G, NOMAC incorporated NOMAC Maintenance Energy Services ("NMES"), a whollyowned subsidiary, whose objective is to provide turn key maintenance requirements and specialised maintenance services for the entire fleet of steam turbines, combustion turbines, generators, large pumps and other rotating equipment
- Potential additional opportunities for the provision of field services through NMES include:
  - Carrying out life time extensions:
    - NMES has signed a life time extension agreement with the Barka 1 IWPP for the upgrade of two of its units
  - Initial spare parts identification and sourcing ("ISPs"):
    - Two initial spare parts agreements have been executed by NMES (Barka 1 IWPP, AI Dur Phase 2 IWPP)
  - Long-term services and parts supply ("LTSA/LTPA"):
    - NMES has entered into 13 LTSAs, two LTPAs as well as an LTPA with the Barka 1 IWPP for parts necessary in connection with the life time extension
    - NOMAC's intention is that all LTPAs (including ISPs) for relevant major equipment, to which any NOMAC company is currently a party, will be handled by NMES
  - Centralised warehousing and inventory procurement opportunities and corresponding benefits:
    - NMES has established a procurement team, which is currently focusing on organising procurement under LTPAs and procurement of materials for operational requirements
  - Provision of services to third parties as an additional income stream.

Potential additional opportunities through field services

Eliminate intermediaries in the supply chain Price advantages of economies of scale and LT business opportunities

Additional margins and value creation for NOMAC to be unlocked with the solid scalability of the platform

Increased competitive edge translating into more competitiveness in future bids









Steam turbine services







Pump services



Workshop

services



Spar erosion services

Other on-site services: machining, combustion/welding repair, compressor coating; valve overhauling & repair, on-line safety valve testing, rope access



### 4 Consistent operational excellence and culture of safety

#### Health, safety and environment performance



 GCC-based organisation to adopt this global safety maxim.

#### Operational performance<sup>(4)</sup>

#### **Availability Performance**



#### Key Highlights



Source: Company information,. Note: (1) ACWA Power overall: ratio includes both full time employees of ACWA Power and temporary contractors. (2) Data on 200,000 Man Hours. (3) OSHA benchmark. "OSHA" refers to the Occupational Safety and Health Administration agency of the United States and OSHA LTIR measures recordable lost time incident rates on the basis of labour hours so that they are comparable across any industry or group. Based on the 2019 report for days away from work case injuries and illnesses from the bureau of labor statistics. (4) ACWA Power overall; (5) Refers to the OSHA benchmark (US Utility Industry).

# 5 Attractive growth-focused total shareholder return, driven by expanding portfolio of contracted assets

De-risked contracted earnings growth across the IPP value chain (developer, investor, operator)



Efficient capital structure and sound financial profile, with opportunities for further optimisation



Capacity to continue significant investment in greenfield growth and the energy transition



Best-in-class project returns generated through the "ACWA Power Total Return"



Efficient tax structure with operations in low tax / Zakat countries



Attractive growth-focused total shareholder return

Source: Company information.

# Key financial metrics

Metric	Description	Relevance		
Operating income before impairment loss and other expenses ("Operating income")	<ul> <li>Consolidated Operating income before impairment loss and other expenses which also includes share in net results of equity accounted investees</li> </ul>	<ul> <li>Management KPI used to track the overall operating results of the business from year to year</li> </ul>		
Adjusted profit / (loss) attributable to equity holders of the parent	<ul> <li>Adjusted profit / (loss) attributable to equity holders of the parent represent profit / (loss) after adjusting for non-routine &amp; non-operational items</li> </ul>	<ul> <li>Captures all four parts of the business cycle i.e. develop, invest, operate and optimise</li> <li>Reflects ACWA Power's ownership stakes in its projects</li> </ul>		
Parent Operating Cash Flow (POCF)	• Distributions received from subsidiaries and associates / JVs, after non-recourse debt service and amortisation, plus other cash inflows at parent level and cash generated by sell-downs and / or disposals of the Group's investments, less parent-level expenses (e.g. G&A costs, taxes)	<ul> <li>Captures all relevant cash flow streams and costs of ACWA Power at parent level, before debt service of recourse borrowings</li> <li>Distributions reflect ACWA Power's ownership stakes in its projects</li> </ul>		
Total parent net leverage	• Parent level net leverage consists of borrowings with recourse to the parent, plus off-balance sheet guarantees in relation to Equity Bridge Loans (EBLs) and Equity LCs in addition to the equity-related guarantees on behalf of its JVs and subsidiaries, net of cash on hand	<ul> <li>Reflects recourse debt and debt-like items to which ACWA Power has exposure</li> <li>Excludes non-recourse project finance debt</li> </ul>		
Parent net leverage ratio	<ul> <li>Parent-level leverage ratio represents net leverage as a percentage of net tangible equity attributable to owners of the Company</li> </ul>	<ul> <li>Additional indication of the recourse leverage exposure of the parent</li> </ul>		

# **5** ACWA Power's financial building blocks



Adjusted ACWA Power's Profit / (Loss) attributable to equity holders of the parent



Notes: (1) Includes PIF renewable programme, greenfield growth, KSA M&A and other potential future development opportunities. (2) Includes project management and advisory and cost reimbursement as well, where some fees are earned and collected during construction phase. (3) Other income includes finance income and ACWA Power Reinsurance profits.

# 5 ACWA Power's Profit / (Loss) attributable to equity holders of the parent – building blocks

(	SARmm)	2018	2019	2020	Near-term future drivers
A	Development and construction management services	312	538	461	<ul> <li>Driven by (i) already contracted fees from existing projects, (ii) yet-to-be-contracted fees from existing projects, and (iii) fees from new projects expected to be won by ACWA Power</li> <li>SAR 505mm, SAR 361mm and SAR 228mm of fees currently contracted for 2021, 2022 and 2023, respectively, with upside from the additional projects to be contracted</li> </ul>
В	Share of Net Income of Projects before impairment <sup>(1)</sup>	427	523	802	<ul> <li>Driven by share of income from (i) operational projects, (ii) existing under-construction and advanced development projects coming online, and (iii) new projects expected to be won by ACWA Power (once operational)</li> <li>Income from operational projects is expected to increase due to inflation and deleveraging</li> <li>Potential of &gt; 10 GW and 1-2 mm m3 /day p.a. of additions of operational or under construction projects by 2025</li> </ul>
С	NOMAC profit attributable to owners of the Company	203	236	337	<ul> <li>NOMAC's net income is driven by fees received from projects less NOMAC operational cost</li> <li>Fees received by NOMAC are expected to grow due to (i) inflation indexation of existing contracts, (ii) O&amp;M for under-construction and advanced development projects coming online, and (iii) O&amp;M for new projects expected to be won by ACWA Power</li> <li>NOMAC margins expected to remain stable medium-term, with potential longer-term upside</li> </ul>
D	Other operating income and Other income	335	421	435	<ul> <li>Driven by long-term contracted fees (TSA, MSA, SSA) from projects and profit from ACWA Power Reinsurance</li> <li>Additional TSA fees of SAR 79mm p.a. are already contracted, and further fees are expected to be contracted from remaining advanced development projects and new projects won</li> </ul>
E	Capital recycling gains / (loss) <sup>(2)</sup>	387	765	20	<ul> <li>Driven by ongoing capital recycling activities, similar to the renewables sell-down transaction to SRF in 2019</li> </ul>
F	Corporate and Holding Entities Operating and Financing Costs and FX	(639)	(789)	(790)	<ul> <li>Includes corporate SG&amp;A costs, development costs written off, financial charges, FX costs and tax / Zakat at corporate level, and all other intermediary HoldCo related expenses and consolidated adjustments. Expected to evolve in line with the growth of the business</li> </ul>
A	djusted Profit / (Loss) attributable to quity holders of the parent	1,026	1,694	1,264	



# 5 Near-term evolution of Adjusted Profit / (Loss) attributable to equity holders of the parent

#### (SARmm)



Source: Company information.

# 5 Optimised capital structure to enhance returns



Acwa power

Source: Company information. Note: (1) A number of Saudi projects are not bound by the Saudi non-recourse project bond. (2) The Company excludes certain commitments from parent-level net leverage (SAR 6,405mm), such as guarantees in the form of DSRA LCs, performance guarantees, development security, etc., as management does not expect that the Company will reach a situation where these guarantees will be called by the counterparty and is consistent with the standard covenants of the Company's various financing facilities.

# 5 Strong parent recourse credit profile

#### Commentary

- The majority of ACWA Power's consolidated net debt consists of project finance instruments which are non-recourse to ACWA Power at the parent level
  - This includes the Saudi Project Bond, which is also a nonrecourse instrument
- Consequently, parent-level debt (including EBLs and Equity LCs, off balance sheet items) is a more representative measure of ACWA Power's leverage profile
- Company also tracks parent-level net leverage as a percentage of its net tangible equity attributable to owners of the Company, which was 0.97 at YE 2020 (YE 2020 net tangible equity of SAR 7,296mm)

#### 2020 parent net leverage build-up (SARmm)



#### ACWA Power long-term target parent net leverage profile (Parent Net Debt / POCF)



#### Commensurate with:

- ✓ Young asset portfolio
   0-5 years: 81%
   6-10 years: 8%
   >10 years: 11%
- ✓ Highly contracted
   c.100% contracted
- ✓ Long-term PPAs
   22 years average remaining life<sup>(1)</sup>
- Strong counterparties
   Mostly investment-grade
- Strong access to long term non-recourse capital at project level as well as parent-level financing
- ✓ Balanced debt maturity profile

Parent Operating Cash Flow (POCF): distributions received from subsidiaries and associates / JVs, after non-recourse debt service and amortisation, plus other cash inflows at parent level and cash generated by sell-downs and / or disposals of the Group's investments, less parent-level expenses



# 5 ACWA Power is pursuing significant opportunities for further investment

#### Commentary

- Based on its business plan, ACWA Power has significant excess capital to deploy into abundant new greenfield project opportunities over the next five years
- Due to the use of EBLs, new greenfield assets typically generate cash upfront (via development fees) while requiring equity injection only at COD
- Frequently, these equity injections are further deferred with EBLs refinancing, maximizing returns
- Including mega projects the Group plans yearly equity commitment to be between \$1.0bn and \$1.3bn for the next 5 years

#### Strong and highly visible growth pipeline

	Advanced development	Vision 2030 PIF SFA <sup>(2)</sup>	Active Bid Pipeline
Capacity (GW)	13.3(1)	70% of 58.7 GW KSA renewables pipeline <sup>(3)</sup>	58.4(4)
Capacity (mm m³/ day)	0.6	-	10.5(4)

#### PIF renewables programme

- 70% of the national renewable energy development projects set out by the KSA government, with a target of 58.7 GW by 2030, will be allocated under the umbrella of the PIF
- In 2021, ACWA Power and PIF entered into a strategic framework agreement by which the Company has exclusive rights to jointly own and develop these projects
- As a result, the proportion of operations and financial results owed to renewable projects is expected to significantly increase

#### **Megaprojects**

- ACWA Power is committed to bidding and investing in large scale, ground-breaking megaprojects
- ACWA Power is committed to one of the world's largest green hydrogen project, Neom

#### NEOM Green Hydrogen

#### Other greenfield growth projects

- ACWA Power has developed a proven track-record in greenfield development, consistently winning bids, and demonstrating strong development capabilities across technologies and fuel types
- In KSA, the Group has won twenty out of twenty-eight bids since 2005; ACWA Power holds a 68% winning percentage across countries
- The group has intentions to significantly grow its green hydrogen offering globally through sizeable greenfield growth investments

#### KSA M&A programme

- In June 2020, the National Center for Privatisation & PPP ("NCP") launched the privatisation process for the Ras Al Khair (RAK) integrated desalination and power plant. This is the first asset for privatisation as part of the larger privatisation of water production assets within Saudi Arabia
- ACWA Power is one of the shortlisted companies for the privatisation of RAK
- Preparations for the privatisation process for Yanbu and Shoaiba production plants as well as
  other under-construction plants has also begun, in order to achieve the goals of Kingdom's Vision
  2030 and in line with the state's aspirations to stimulate investments from local and foreign private
  sector companies



Source: Company information. Note: (1) Includes ~4 GW NEOM Green Hydrogen Project. (2) Strategic Framework Agreement. (3) 11.8 GW of projects identified between ACWA Power and PIF scheduled for development by 2025 subject to MoE approval. Excludes 1.5GW Sudair PV Vision 2030 PIF Strategic Framework Agreement Project as captured under advanced development. (4) Projects that are expected to be offered for competitive bidding or are being negotiated in the next two years in markets that the Group would target. Excludes 9 projects being developed under the PIF SFA and captured by the Vision 2030 PIF SFA portion of pipeline.

### 5 Robust financial capacity to fund growth



#### Commentary

- Excess capital available after investments in greenfield growth and PIF renewables programme
- Capex and debt service funded by cash flow generation at the assets, development fees, KSA Sukuk and potential capital raise proceeds
- Significant excess capital to help fund further growth investments through the period 2021-2025, further supporting KSA's energy transition goals

35

Source: Company information. Note: Potential equity conversion of the remaining portion of the SRF convertible loan can impact evolution of near term cash flows.

### **5** Breakdown of Long-term Financing and Funding Facilities

#### Long-term financing and funding facilities

As of December 2020, all values in SAR mm

### Parent-Level Net Leverage





Source: Company information. Notes: (1) The Company excludes certain commitments from parent-level net leverage (SAR 6,405mm), such as guarantees in the form of DSRA LCs, performance guarantees, development security etc., as management does not expect that the Company will reach a situation where these guarantees will be called by the counterparty and is consistent with the standard covenants of the Company's various financing facilities.

### Best-in-class project returns generated through the "ACWA Power Total Return"

#### Attractive, differentiated returns profile

- The Group has historically averaged an expected IRR above mid-teens on its bids to date (expectation at time of Financial Close) from its Develop-Invest-Operate-Optimise business model, including the impact of capital optimisation activities
- ACWA Power's return profile is comprised of three building blocks in its capacity as an investor, developer, and operator, in addition to capital optimisation – the "ACWA Power Total Return"
- As a developer, ACWA Power receives project advisory and technical support fees at various points of the project life ahead of COD
- As an investor, ACWA Power captures its return in the form of dividends and shareholder loan repayments paid by the projects
- ACWA Power continues to capture return in the form of O&M fees, from operating and maintaining the project once operational
- Further upside can be realised from refinancing of EBLs and / or project debt or a sell down of an equity stake when a project becomes operational

#### ACWA Power's equity returns from projects through the lifecycle







