



ACWA Power

3Q & 9M21 Financial Results

Earnings Call Presentation

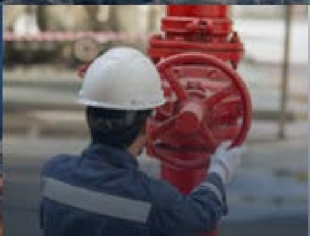
11 November 2021











Disclaimer

This document and the information contained therein (the "Information") has been prepared by International Company For Water & Power Projects (the "Company") for background purposes only and does not purport to be full, accurate or complete. No reliance may be placed for any purpose on the Information or its accuracy, fairness or completeness. The Information and opinions contained herein are provided as at the date of the presentation and are subject to change without notice. The presentation is the sole responsibility of the Company and has not been reviewed or approved by any regulatory or supervisory authority.

This presentation contains financial information regarding the businesses and assets of the Company. Such financial information may not have been audited, reviewed or verified by any independent accounting firm. The inclusion of such financial information in this presentation or any related presentation should not be regarded as a representation or warranty by the Company or its affiliates, advisors or representatives or any other person as to the accuracy or completeness of such information's portrayal of the financial condition or results of operations of the Company and its consolidated subsidiaries. Certain information contained in this presentation is based on management accounts, current financial statements and estimates of the Company and has not been audited or reviewed by the Company's auditors. Recipients should not place undue reliance on this information. This presentation includes certain non-IFRS financial measures and other metrics which have not been subject to a financial audit for any period. Certain financial and statistical information in this presentation has been subject to rounding off adjustments. Accordingly, the sum of certain data may not conform to the expressed total.

To the extent available, the industry, market and competitive position data contained in the Information come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company reasonably believes that each of these publications, studies and surveys has been prepared by a reputable party, neither the Company nor any of its directors, officers, employees, affiliates, advisors or agents have independently verified the data contained therein. In addition, certain industry, market and competitive position data contained in the Information come from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the markets in which the Company operates. While the Company reasonably believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change. Accordingly, reliance should not be placed on any of the industry, market or competitive position data contained in the Information.

The Information does not purport to be comprehensive, complete or without error or omission. To the fullest extent permitted by law, neither the Company nor any of its directors, officers, employees, agents, affiliates or advisors, accepts any responsibility or liability whatsoever for (whether in contract, tort or otherwise) or makes any representation, warranty or undertaking, express or implied, as to the truth, fullness, fairness, accuracy or completeness of the Information (or whether any information has been omitted from it) or any other information or opinion relating to the Company, its subsidiaries, affiliates or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss or liability (including in respect of direct, indirect or consequential loss or damage) howsoever arising from any use of the Information or otherwise arising in connection therewith. In giving this presentation, neither the Company nor any of its directors, officers, employees, agents, affiliates or advisors undertake any obligation to provide access to any additional information or to update the Information, or to correct any inaccuracies in the Information, including any data or forward-looking statements.

The Information may include forward-looking statements, which are based on current expectations and projections about future events. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target", "believe", "expect", "aim", "intend", "may", "anticipate", "estimate", "plan", "project", "will", "can have", "likely", "should", "would", "could" and other words and terms of similar meaning or the negative thereof. These forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its subsidiaries and its investments, including, among other things, the development of its business, financial condition, prospects, growth, strategies, as well as the trends in the industry and macroeconomic developments in Saudi Arabia and other countries in which the Company operates. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and any changes in applicable laws or government policies. In light of these risks, uncertainties and assumptions, the events in the forward-looking statements may not occur and past performance should not be taken as a guarantee of future results. No representation or warranty is made that any forward-looking statement will come to pass. No one undertakes to update, supplement, amend or revise any such forward-looking statement. Except where otherwise indicated, the Information and the opinions contained herein are provided as at the date of the presentation and are subject to change without notice. Past performance of the Company cannot be relied on as a guide to future performance. Nothing in this presentation is to be construed as a profit forecast.

We are on track to deliver on our commitments

Investment story	Key (recent) developments
1 **Market: Leader in high growth attractive markets**	• Sudair PV (1500MW) financial close (PIF pipeline) • DEWA V Phase A (300MW) ICOD • Jazan financial close and Group A asset transfer (in October) • Egypt 1100MW Wind approval to sign a PPA
2 **ESG: Energy transition enabler with a strong ESG framework**	• Restricting useful lives of two oil-fired assets to respective terms of PPAs • Agreement to sell shareholding in Shuqaiq IWPP
3 **De-risked Business Model & Strategy: Contracted, diversified, resilient and visible cash flows**	• 82%[1] of the portfolio younger than 5 years • 100%[2] contracted, >75%[3] in investment grade jurisdictions, >90% USD-indexed/pegged, 100%[4,5] mitigated against fuel supply risk (conventional)
4 **NOMAC: Accretive operational platform**	• Growth in NOMAC's contribution on account of growing operational portfolio and increasing profitability
5 **Financials: Superior returns across the lifecycle**	• SAR 1.7B operating profit[6], flat v year ago • SAR 1.0B comparable adjusted net profit[7], +4.8% • Re-affirming FY2021 adjusted net profit (ANP) guidance of flat v (ANP of) year ago • Jazan on track to deliver expected (significant) contribution in results from 2022[8] on

[1] At project cost and based on year of PCOD. [2] Excludes Kirikkale (fully written down and deconsolidated in 2018). [3] Investment grade: countries with at least one investment grade from S&P, Moody's or Fitch. [4] Of total project cost of only conventional projects and excludes Kirikkale. [5] Except Hassyan where fuel supply is the project company's responsibility. [6] Operating profit before impairment and other expenses. [7] See financial slides ahead. [8] Conditional upon on-schedule Group 2 asset transfer as planned.

Key business developments in the third quarter of 2021

Platform of **65 assets** across 13 countries, at total estimated project cost of **SAR 252 ($67) billion**

- 39 in operation, SAR 100.3 ($26.7) billion
- 13 under construction, SAR 59.1 ($15.7) billion
- 13 in advanced development, SAR 92.4 ($24.6) billion

1500 MW **Sudair PV IPP in KSA** achieved **financial close on 29 July 2021.** The project is now **under-construction.**

DEWA V Phase A achieves **ICOD** (**300 MW capacity online** out of 900 MW total capacity) **as of 24 July 2021 →** full commercial production capabilities **in under 12 months.**

Jazan IGCC's $12 billion asset acquisition and project financing agreements signed on 27 September 2021.

- ACWA Power holds 25% equity stake (21.25% economic interest)[1]
- Expected to be a significant contributor in the Group's financial results in 2022.

A **sale and purchase agreement** signed on **7 September 2021** for the **sale of one oil-fired asset in Saudi Arabia,** exemplifying our commitment **to net zero target 2050.**

[1] The Group has an effective interest of 21.25% in the returns of JIGPC.

Key reporting metrics and IR tools

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	Quarterly
Parent Operating Cash Flow (POCF)	• Distributions received from subsidiaries and associates/JVs, after non-recourse debt service, plus other cash inflows at parent level and cash generated by sell-downs or disposals of the Group's investments, less parent-level expenses (e.g. G&A costs, taxes).	Semi-annual
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	Semi-annual
Parent net leverage ratio	• Parent-level leverage ratio represents net leverage as a percentage of net tangible equity attributable to owners of the Company	Semi-annual

Operational Metrics	Description	Frequency
Plant availability, LTI(C)R, ESG	• Availability (%): Capacity available to the Offtaker • LTIR (Lost Time Incident Rate-%): # of incidents causing lost time in past 12 months • ESG: % of renewable/low-carbon capacity; CO_2 emissions; CSR	Semi-annual

IR Reporting Tools and Platforms

Tadawul regulatory reporting	Quarterly. Note that reported results lines are different than company's KfPIs • Operating profit/(loss) v company's KfPI of Operating profit before impairment and other expenses • Net profit/(loss) v company's KfPI of Net profit/(loss) attributable to equity holders of the parent
Additional company reporting	• Quarterly (1Q and 3Q): Interim Performance Report (Condensed); Business Update Presentation • Semi-annually (1H and FY): Performance Report (Comprehensive); Earnings Call and Webcast.

Source: Company information.

ACWA POWER INVESTOR RELATIONS | www.acwapower.com | ir@acwapower.com

Key factors affecting the financial results of the third quarter of 2021 in comparison to the same period in 2020

- **IPO employee incentive plan** comprising shares and cash benefits was granted on 28 September 2021, recognizing in 3Q21 a total expense of SAR 280.0 million (SAR 231.7 corresponding to 4,137,552 shares at IPO price of SAR 56 per share and SAR 48.3 million on account of equity-settled and cash-settled share-based payments, respectively).

- **Accelerated depreciation** for two oil-fired assets following the decision to restrict the useful lives to the terms of their remaining PPAs **effective 1 January 2021.** Impact on 3Q21 / 9M21 results was SAR 50 / 149 million, respectively).

- **Impairment loss** in relation to the sale of its **32% effective shareholding** in the Shuqaiq IWPP ("SQWEC") on account of the estimated lower recoverable value. Impact on 3Q21 was SAR 29 million. The sale includes the sale of **32% interest in the O&M contract** of NOMAC.

  - For the year 2021, had this sale transaction not been affected, SQWEC would have contributed a net loss. Consolidated Net Income is expected to marginally improve in 2022 versus FY2020 as a result of this transaction.

- Start of **operation (Hassyan 2nd unit)** and completion of **1,500 MW Sudair PV IPP financial close**

	Third quarter				
	SAR		USD[1]		
Consolidated, in SAR millions	2021	2020	2021	2020	Change
Operating income before impairment and other expenses	573	790	153	211	-27.5%
Net profit/(loss) attributable to equity holders of the parent	-27	524	-7	140	-105.1%
Comparable adjusted net profit/(loss) attributable to equity holders of the parent[2]	340	548	91	146	-38.0%

[Page footnote] [1] Supplementary information converted at a fixed rate of U.S. Dollar 1.00=SAR 3.75. [2] Non-IFRS KPI.

Key reconciling items from net loss to comparable adjusted net profit in the third quarter:

- **IPO incentive plan grants expense, SAR 280M**
- **Impairment loss on lower recoverable value of SQWEC, SAR 29M**
- **Accelerated depreciation and discounting impact on loan, SAR 57M**

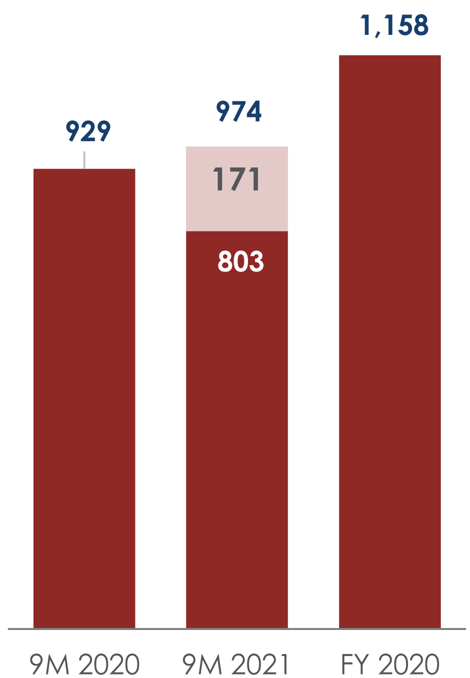
Source: Company information.

Key financial metrics for the nine months ended 30 September 2021

- **Shift of financial close of some projects to 4th quarter resulted in lower development and construction management fees, impacting operating income unfavorably in the 3rd quarter**
- **Stripped off the impact of accelerated depreciation (SAR 150M), Operating Income would be SAR 1,810M for the current period (9M21), 9% higher**

Operating income before impairment loss and other expenses (SAR M)(1)

Adjusted profit / (loss) attributable to equity holders of the parent (SAR M) (2)



Operating income (9M21)

- Higher operating income from O&M business driven by full year of operations, such as Al Dur, and start of operations, such as Hassyan; and development and construction management fees following the financial close of projects, such as Sudair, Sirdarya and Redstone.
- Offset by recognition of employee long-term incentive plan (LTIP) expense and lower share in net results of equity accounted investees, net of tax mainly because of accelerated depreciation on two oil fired assets (RABEC and SQWEC).

Adjusted profit (9M21)

- SAR 171M expense in 9M21 did not exist in the comparable period last year. Hence, comparable adjusted profit for the period was SAR 974M.
- See next slide for the adjustments

Recurring transactions that did not occur before 2021		
SAR M	3Q21	9M21
Accelerated depreciation	49.6	148.7
Discounting impact on loan from shareholder subsidiary	7.5	21.9
Total	57.1	170.7

Source: Company information. Notes: (1) Includes share in net results of equity accounted investees, net of tax. (2) Please refer to the Slide: Adjustments to ACWA Power's Profit / (Loss) attributable to equity holders of the parent

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

SAR million	9M 2020	9M 2021	Change
Profit / (Loss) attributable to equity holders of the parent	**850**	**420**	**-50.6%**
Impairments in relation to subsidiaries and equity accounted investees	-	58	
Provision for zakat and tax on prior year assessments	52	11	
Non-routine CSR contribution (Covid-19-related contribution in 2020)	39	-	
Provision for long-term incentive plan (LTIP) (LTIP belonging to 2020 was booked in 2021)	(22)	29	
IPO incentive plan grants expense	-	280	
Others	10	5	
Total adjustments and normalizations	**79**	**383**	
Adjusted Profit / (Loss) attributable to equity holders of the parent	**929**	**803**	
Accelerated depreciation on two oil-fired assets	-	149	
Discounting impact on loan from shareholder subsidiary	-	22	
Comparable adjusted Profit / (Loss) attributable to equity holders of the parent	**929**	**974**	**+4.8%**

- **Barka**: Contract expiry, SAR 60M
- **Shuqaiq (SQWEC)**: Impairment loss on sale of shareholding, SAR 29M
- **Shuaibah (SWEC)**: Reversal of impairment charge, SAR -30M

- **IPO employee incentive plan** comprising shares and cash benefits granted on 28 September 2021

- **Accelerated depreciation** for two oil-fired assets following the decision to restrict the useful lives to the terms of their remaining PPAs effective 1 January 2021.

ACWA POWER اكوا باور

Key developments in the 4th quarter

- **Jazan** equity injection completed by utilizing Sukuk proceeds following successful launch of SAR 2.8 billion Islamic bond in June 2021.

- **Jazan** achieved **financial close on 18 October 2021** and **Phase 1 asset transfer completed on 27 October 2021** and is expected to **contribute into Group's operating income** in Nov. and Dec. 2021.

- **Red Sea financial close** is expected in **December** and is expected to **generate development revenue** before the end of year.

- Management expects **FY21 adjusted profit to be par with 2020**, in line with earlier guidance.

Source: Company information.


ACWA POWER
كوا باور