

# AWPT Earning and Business Presentation

Q4 and Year End 2021 Results



الخریفة لتقنية المياه والطاقة  
Alkhorayef Water & Power Technologies

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Riyadh, Kingdom of Saudi Arabia, 11<sup>th</sup> of April 2022



## CEO Message - Alkhorayef Water and Power Technologies (AWPT): Performance driven



**Mr. Rami Moussilli**

*Chief Executive Officer*

Allow me to express our excitement to meet again and share with you last year's performance and company's achievements in-light of the great investment opportunities spurred by The Kingdom's Vision 2030. At Alkhorayef Water and Power Technologies, we continuously work to improve and develop our operational framework and control systems, which has contributed to the growth of the company's revenues and profits over the years and its acquisition of the largest market share in the water and wastewater sector. The company's successful transformation into a listed company in the first quarter of 2021 serves as natural progression of our strategy to strengthen the company's leadership position in the sector and lay strong foundations for the company's continued growth and expansion.

During 2021, the company signed contracts with a total value of more than 1.3 billion riyals, and a number of these contracts were with new clients, further strengthening diversification of our client base. Prime example is the contract with Riyadh Airports Company through the project to develop wastewater systems at King Khalid International Airport in Riyadh, and Jeddah Municipality governorate through two contracts to operate, maintain and improve rainwater and storm systems and surface water reduction networks in the north, south and east of Jeddah. In addition, the company signed with the Zakat, Tax and Customs Authority a contract for the operation, maintenance of water plants, wastewater treatment plants at Saudi Arabia's land ports.

Furthermore, in partnership with the French water conglomerate Veolia, we executed a contract for "management of operation and maintenance of water and environmental treatment services" covering the entire Riyadh region. This is the first contract of its kind in the water sector in Saudi Arabia being a "management contract" and serves as one of the main pillars for improving the sector and preparing it for full privatization. This contract includes achieving 14 key performance indicators, the most significant of which are: improving and developing customer experience, raising operational efficiency to cut OPEX costs, reducing water loss, and improving network management and other objectives.

On the financial side, company revenue for 2021 grew by 9% compared to previous year, with net income of Sar 103.3 million at a margin of 18.2%. Shareholders' equity increased from SAR 294 million to SAR 356.5 million, with a return on equity at 31% and return on asset at 14%.

Moreover, we maintained good sector diversification, growth and profitability, with each of the company's sectors registering remarkable growth from 2020 to 2021. The water sector grew by 8%, and the integrated water solutions sector by 33%. The water sector recorded gross profit margin of 29%, the wastewater sector recorded gross margin of 28%, while the integrated water solutions sector recorded gross margin of 19%.

The value of remaining revenue from company's contracts to be recognized "Backlog", grew by 48% by the end of 2021 compared to the previous year 2020 reaching at the end of 2021 a value of Sar 1.64 billion, demonstrating the company's ability to maintain growth as new contract awards continue to grow from 313 million riyals in 2017, 518 million in 2018, 630 million in 2019 and 800 million riyals in 2020, to 1300 million riyals in 2021.

In addition to the continuous growth in current operation & maintenance business in which the company occupies the leading market share in the Kingdom and project services contracts in the water and wastewater sector, we are actively working to further expand our client base and win new long-term operation and maintenance contracts with contractual duration extending from 10 to 15 years for sewage treatment plants in various regions of the Kingdom. We are also actively participating in privatization proposals such as the Independent Water Transmission Pipeline and the Independent Sewage Treatment Plants projects offered by Saudi Water Partnerships Company, where we are positioned as one of the most qualified local companies to implement these projects dwelling on our long successful track record in the sector, deep experience, and leadership in the sector.

At the end, I thank and appreciate the company's team for the great work, commitment and dedication, the company's board of directors for their continued support, and shareholders for their trust in the company. We affirm our absolute commitment to further expand company's business and its profitability to provide the value that shareholders come to experience and expect from the company and to contribute to the development strategy of the Kingdom's economy in accordance with the Kingdom's vision 2030.

# **Alkhorayef Water and Power Technologies “AWPT”, a unique and exceptional market leader service provider**

- AWPT is a major player in the water and wastewater sector in **operation for over 30 years**
- AWPT today employs over **5,500 multi-disciplined workforce**, and has been consistently achieving **High-green/Platinum** Saudization ranking
- The Company operates across the full water value chain via three major business segments the **Water segment**, **Wastewater segment**, and **Integrated Water Solutions segment**; offering a variety of **O&M** and **Project services** under each segment. This makes AWPT of the unique water and waste water company’s locally and global to span it’s activities and generate revenues across the value chain.

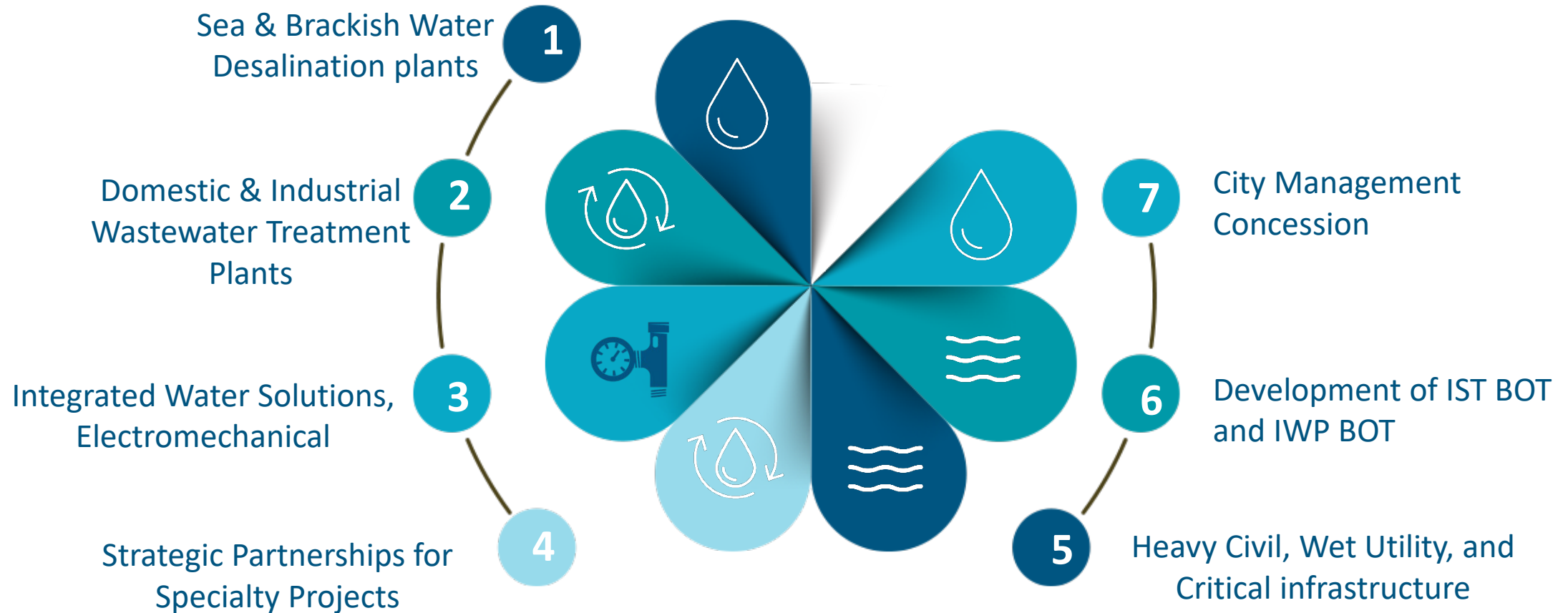
## • **Vision**

*Lead the development of water, environmental and energy solutions for the well-being of society.*

## • **Mission**

*We develop, deliver and manage water, environmental and energy solutions, focused on sustainability, innovation and excellence to exceed expectations of our stakeholders.*

# **AWPT** Integrated Services



# *AWPT Today in Numbers*



**Over 15 million**  
POPULATION SERVED



**6,950,000m**  
OF WATER NETWORKS MANAGED



**9**  
WWTPS



**30+**  
WATER TREATMENT PLANT



**1,800,000m<sup>3</sup>/day**  
OF POTABLE WATER TREATED



**964**  
DRINKING WATER WELLS



**2,150,000m<sup>3</sup>/day**  
WATER NETWORK MANAGED



**3,600,000m**  
OF WASTEWATER  
NETWORKS MANAGED



**480+**  
CITIES/TOWNS



**24**  
LABORATORIES

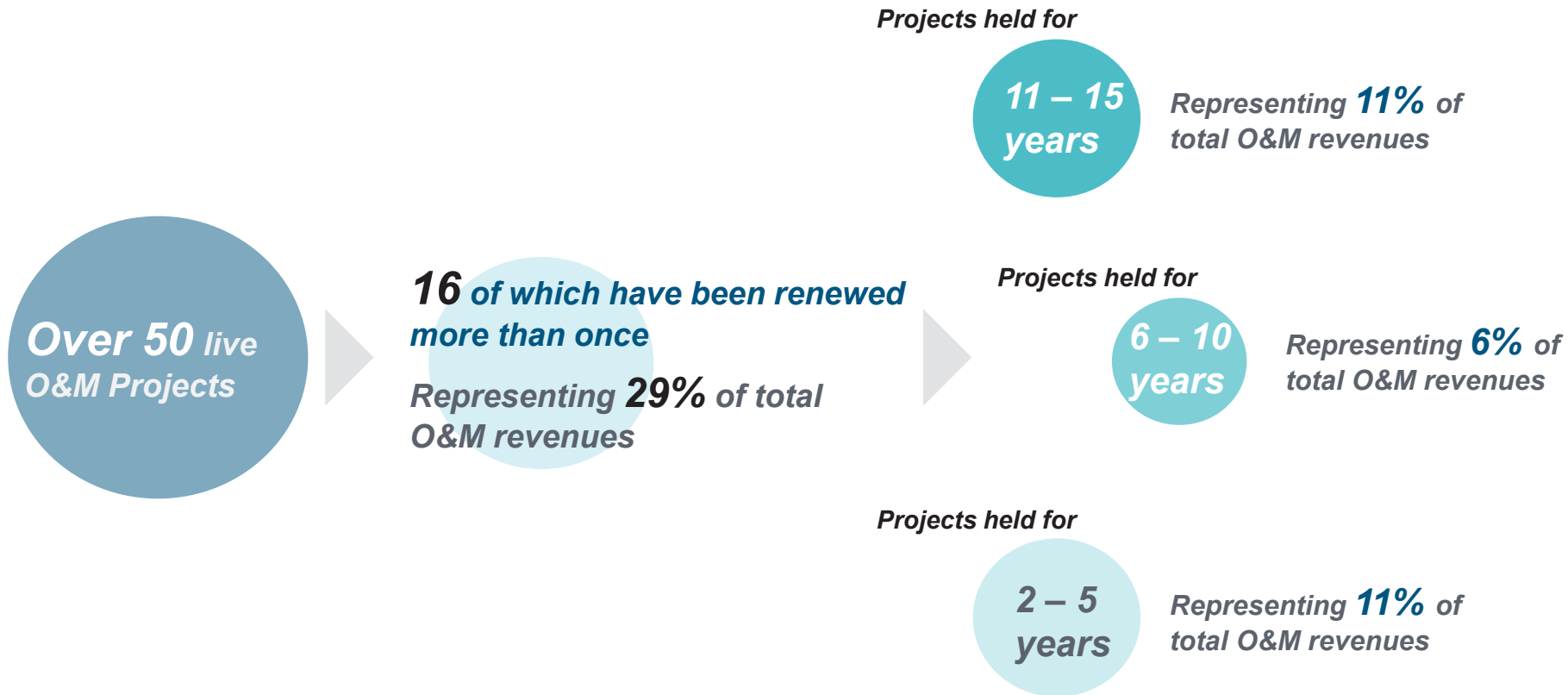


**5,500+**  
EMPLOYEES



**3**  
DESALINATION  
PLANT

## Established long-standing relationships with its clients, achieving impressive project retention



# The Water Segment

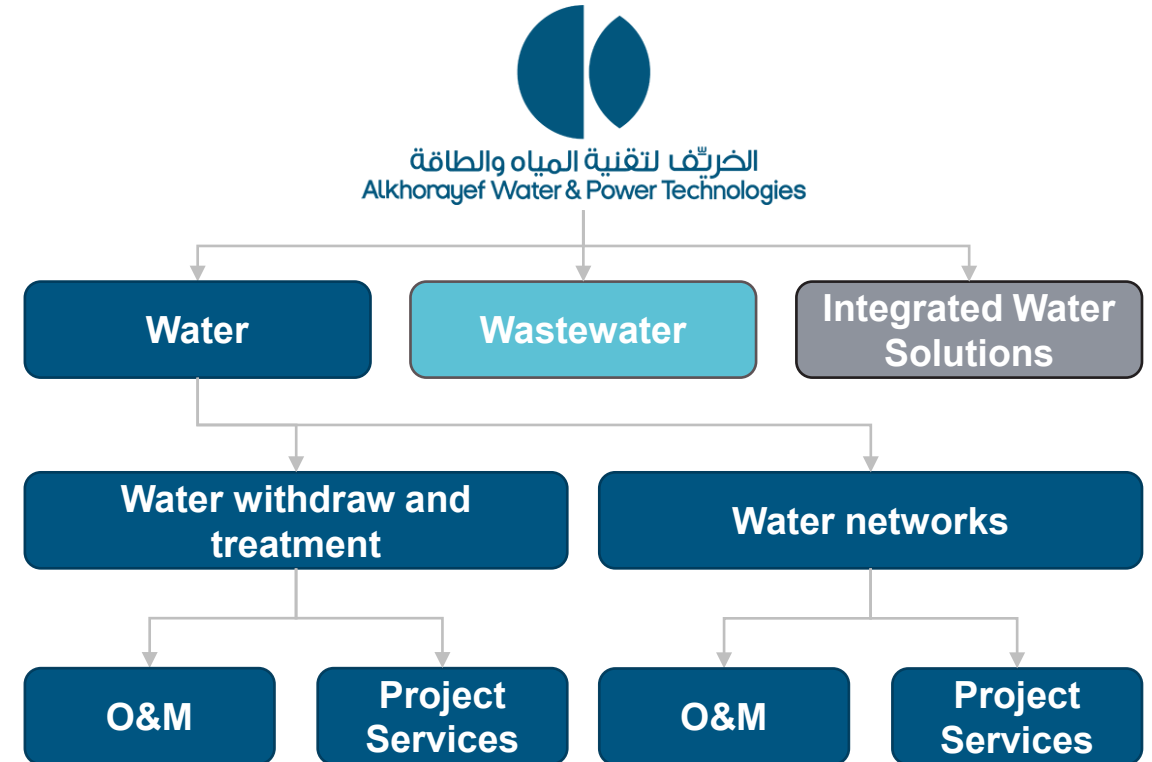
Our Water segment includes **water withdraw and treatment** services and **water networks** services

**Water withdraw and treatment** encompasses:

- **Water Treatment Plants** – Engineering, procurement, rehabilitation, construction and O&M of large capacity and centralized sea water and brackish water reverse osmosis plants
- O&M of **water treatment plants**
- **Deep Water Wells** – Design, drilling, installation, commissioning and O&M of deep-water wells (depth range between 300m to 2500 m) including probing and assessment of aquifer properties
- O&M of **deep water wells**

**Water networks** encompasses:

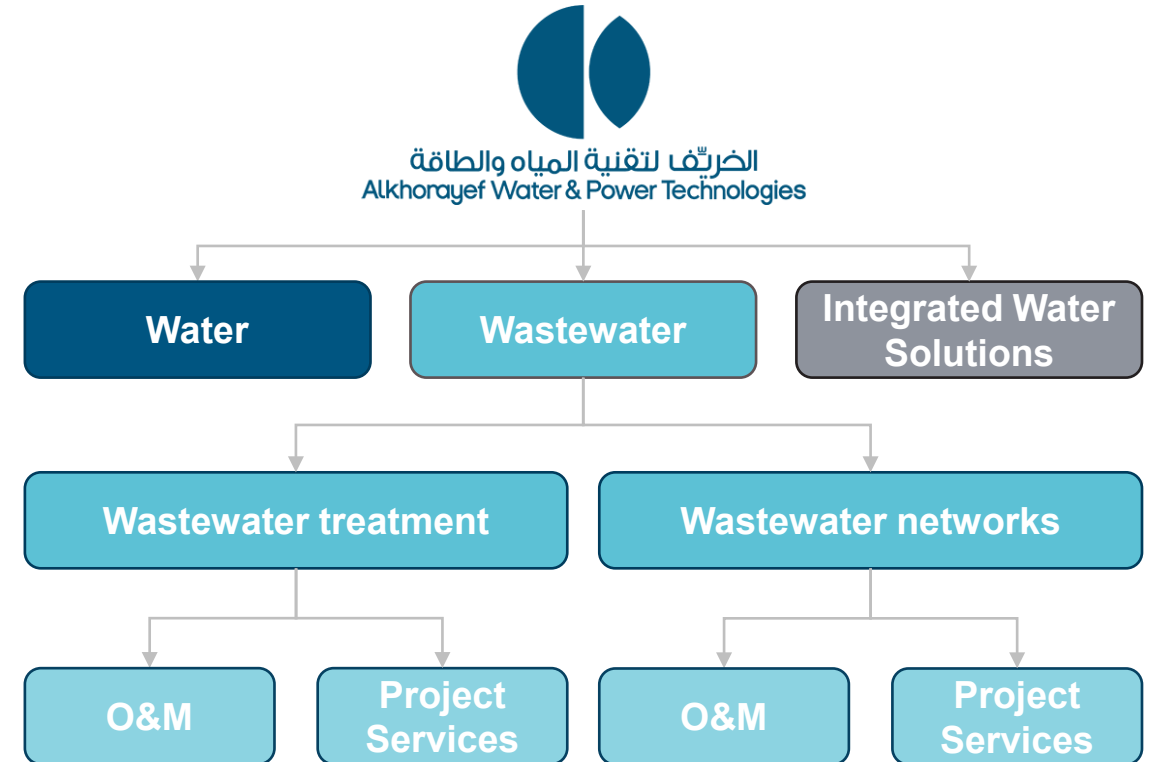
- Engineering, procurement, rehabilitating and upgrading of **potable water networks**, including pumping stations and networks lines between and within cities
- O&M of **water networks**
- Engineering, procurement, rehabilitating and upgrading of **firewater networks**, including main and auxiliary fire networks, fire pumps, fire hydrants, integrated building fire protection systems, and fire alarm systems
- O&M of **firewater networks**





# The Wastewater Segment

- Our Wastewater segment includes **wastewater treatment** services and **wastewater networks** services
- **Wastewater treatment** encompasses:
  - **Sewage Wastewater Treatment Plants** - Engineering, procurement, execution, commissioning, upgrading and rehabilitating of advanced large-scale plants, serving a critical role in municipalities objectives while complying with environmental regulations and producing compliant Treated Sewage Effluent Water
  - O&M of **sewage wastewater treatment plants**
  - **Industrial Wastewater Treatment Plants** - Engineering, procurement, execution, commissioning, upgrading and rehabilitating of large-scale industrial wastewater treatment plants with wide range of solutions extending from pre-treatment to complete nutrient-removal
  - O&M of **industrial wastewater treatment plants**
- **Wastewater networks** encompasses:
  - **Wastewater Networks** - Engineering, procurement, execution, commissioning, upgrading and rehabilitating of long-distance wastewater trunk lines, wastewater collection networks within cities, large scale lifting stations, tunneling and wastewater connections
  - O&M of **wastewater networks**
  - **Treated Sewage Effluent (TSE) Networks** - Engineering, procurement, execution, commissioning, and rehabilitating of **TSE networks** and pumping stations collecting TSE from wastewater treatment plants and distributing to irrigation, cooling and others
  - O&M of **TSE networks**



# The Integrated Water Solutions Segment

- Our Integrated Water Solutions segment includes **stormwater networks services**, **city management services** and **water management services**

- Stormwater networks encompasses:**

- Stormwater Network - Engineering, procurement, execution, commissioning, upgrading, rehabilitating and O&M of large-scale lifting stations, underground tunneling, combined sewage overflow systems, underground storm water detention system, auxiliary systems, grit removal systems, pumping solutions and emergency storm control systems

- City management encompasses:**

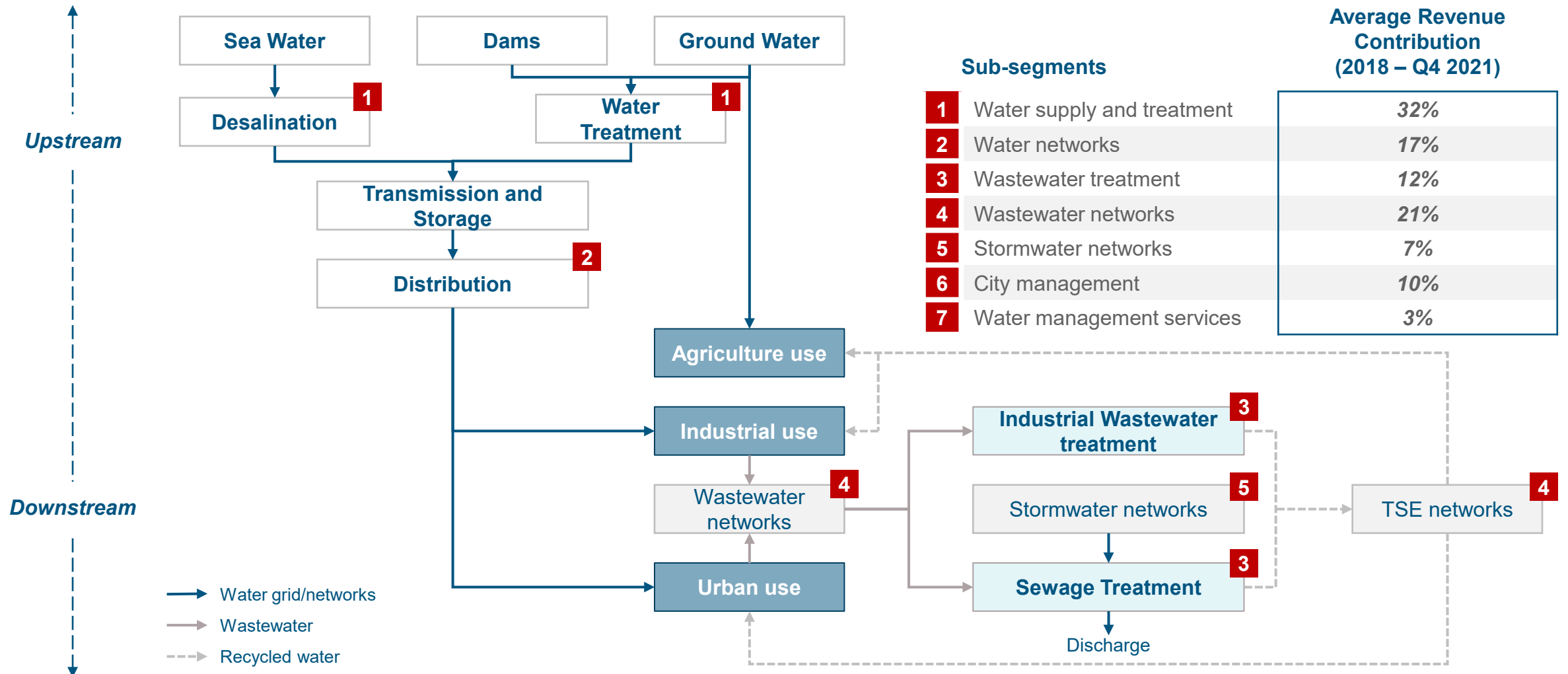
- City Water Management - encompassing the full-scale strategic planning, strategic operations and maintenance of supply chain of water starting from water wells, brackish water reverse osmosis treatment plants, sea water desalination plants, water and wastewater distributions, networks and pressure management, support service networks, metering, client service, wastewater treatment and the treated sewage effluent reuse

- Water management services encompasses:**

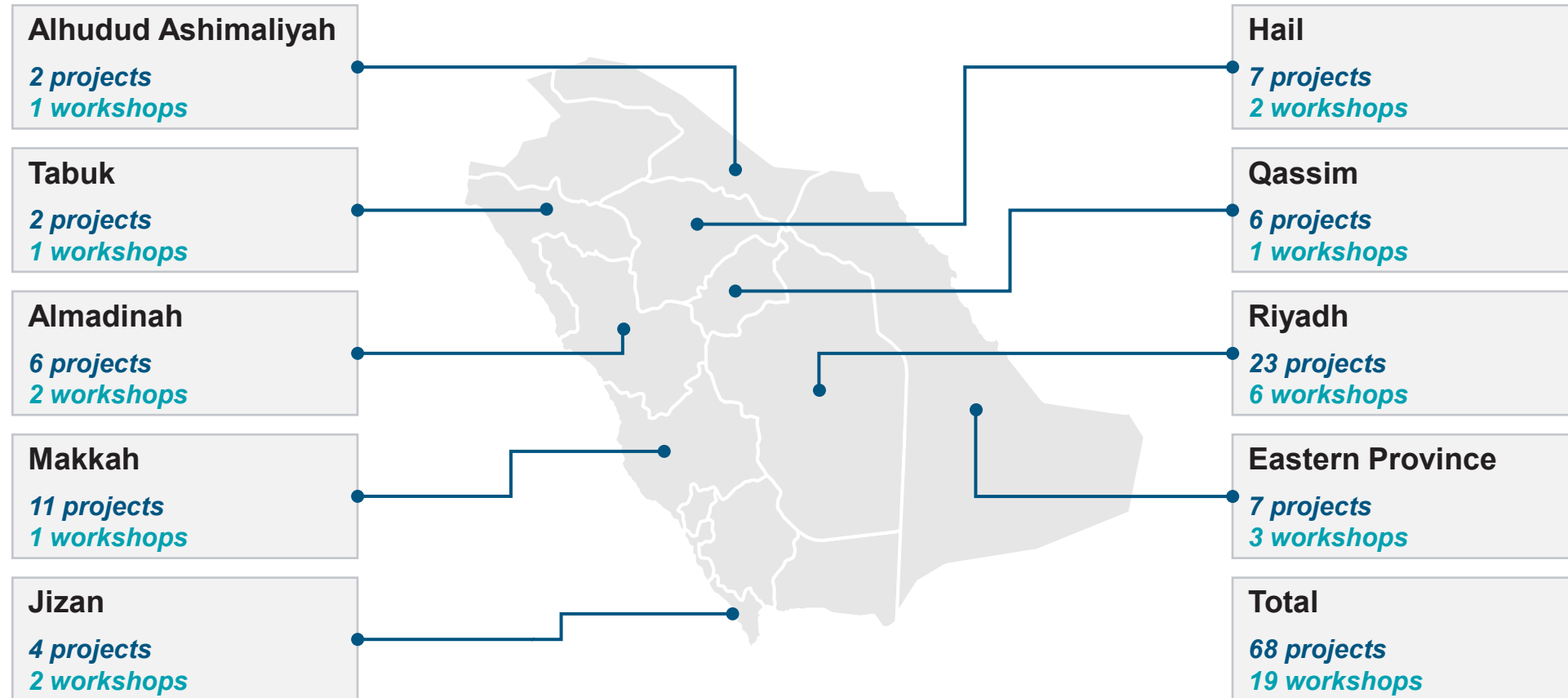
- Complementary services to the core business activities of the Company, offering a full spectrum of water and wastewater solutions to clients, including fabrication workshops, laboratories, leak detection, asset services and others



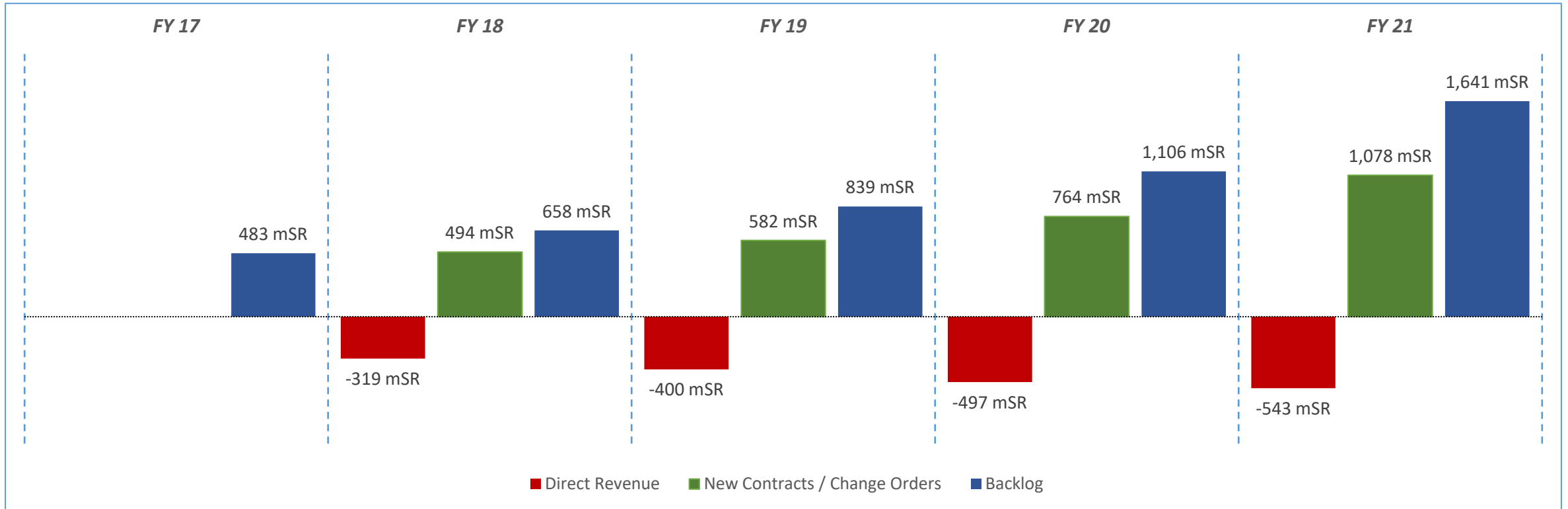
# Through its long operational history, AWPT has established strong presence across the water value chain in O&M and Project Services



## Amassed extensive local knowledge and diversified experience, enabling significant geographical footprint expansion



# Revenue Backlog

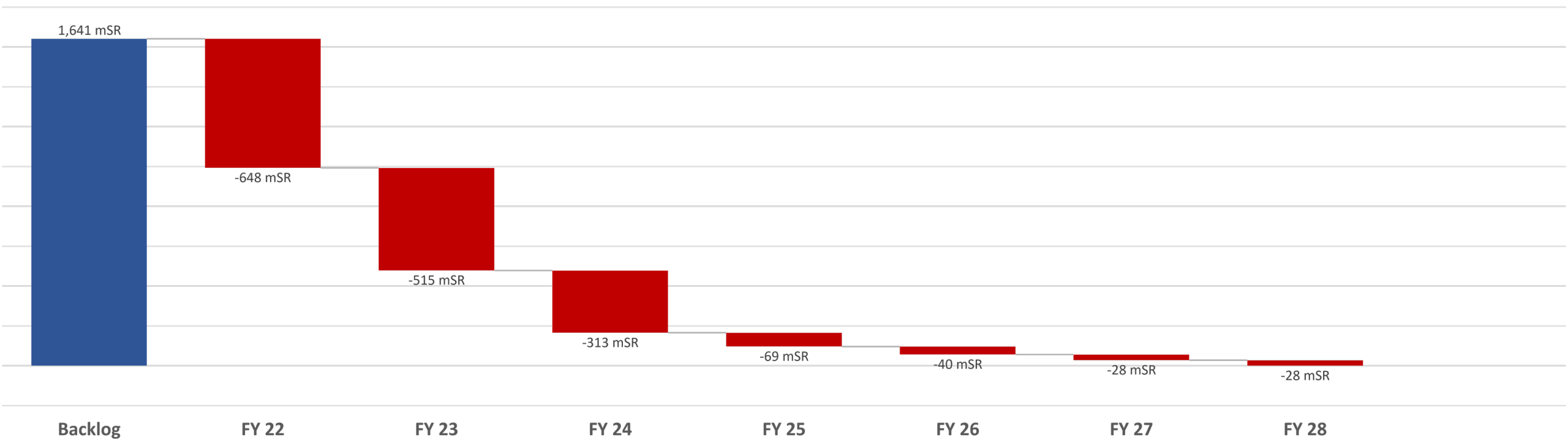


## Revenue backlog

- As at Dec19, revenue backlog increased by 27.6% due to the award of new projects worth SAR 581.8m.
- Revenue backlog further increased by 31.8% due to award of new projects worth SAR 763.6m as at Dec20.
- AWPT's closing backlog of SAR 1.64B as at Dec 21, was driven by the acquisition of new projects with a total value of SAR 1.1B during 2021



# Backlog Recognition



## Revenue Recognized

— Total backlog as at Dec 21 is SR1,641B, out of which are SR175M backlog generated from ERWAA (AWPT Subsidiary) for MOMC of Riyadh Cluster project. This amount is AWPT’s share from contract.

# Revenue and Backlog Segmentation

## Revenue and Backlog Diversification Maintaining a Versatile and Comprehensive Operations

- Maintained revenue diversification segment and subsegment wise across the full value chain of the water and wastewater sector, sustaining the differentiating factor and versatility of the company compared to competition.
- Revenue from the water segment increased by 8%, from SAR 254m YTD Dec2020 to SAR 274m YTD Dec 21 driven by the increase in revenue from water withdraw and treatment projects.
- Revenue from the wastewater treatment segment maintained compared to same period last year. However, revenue will increase 2022 substantially due to the execution of RAC project, and Taif project.
- The increased in revenue from the integrated water solutions segment by 33% YTD-Dec 21 compared to same period last year was largely influenced by the increased in revenue from Water Management Services. Revenue from the stormwater network segment will exponentially grow in 2022 during the execution of 3 projects of Jeddah Storm water O&M projects

Revenue and Backlog by Segment			
SAR'000	Dec-20	Dec-21	Backlog (Dec 21)
<b>Water segment</b>			
Water networks	87,367	82,616	146,668
Water withdraw and treatment	166,700	191,670	227,370
	<b>254,067</b>	<b>274,286</b>	<b>374,038</b>
<b>Wastewater segment</b>			
Wastewater networks	105,917	111,965	241,912
Wastewater treatment	72,177	64,793	105,401
	<b>178,094</b>	<b>176,758</b>	<b>347,313</b>
<b>Integrated water solutions</b>			
City management	51,112	63,396	304,465
Stormwater networks	26,773	17,485	232,464
Water Management Services	10,786	37,114	382,554
	<b>88,671</b>	<b>117,995</b>	<b>919,483</b>
<b>Total</b>	<b>520,832</b>	<b>569,039</b>	<b>1,640,834</b>



# Recording impressive top-line and bottom-line quarterly growth

Sustainable and adaptive company achieving continued growth and outstanding 360-degree performance

## Financial Performance

### Q4 2021 vs Q3 2021

- Top line growth of over 18%
- Net profit after zakat growth of over 45% at 32.3M at 20% net profit margin compared to 22.34M with 16% margin for previous quarter.
- Growth in operating profit over 31% from 25.3M to 33.16M
- Growth in EBTIDA over 36% from 30.05M to 40.90M.

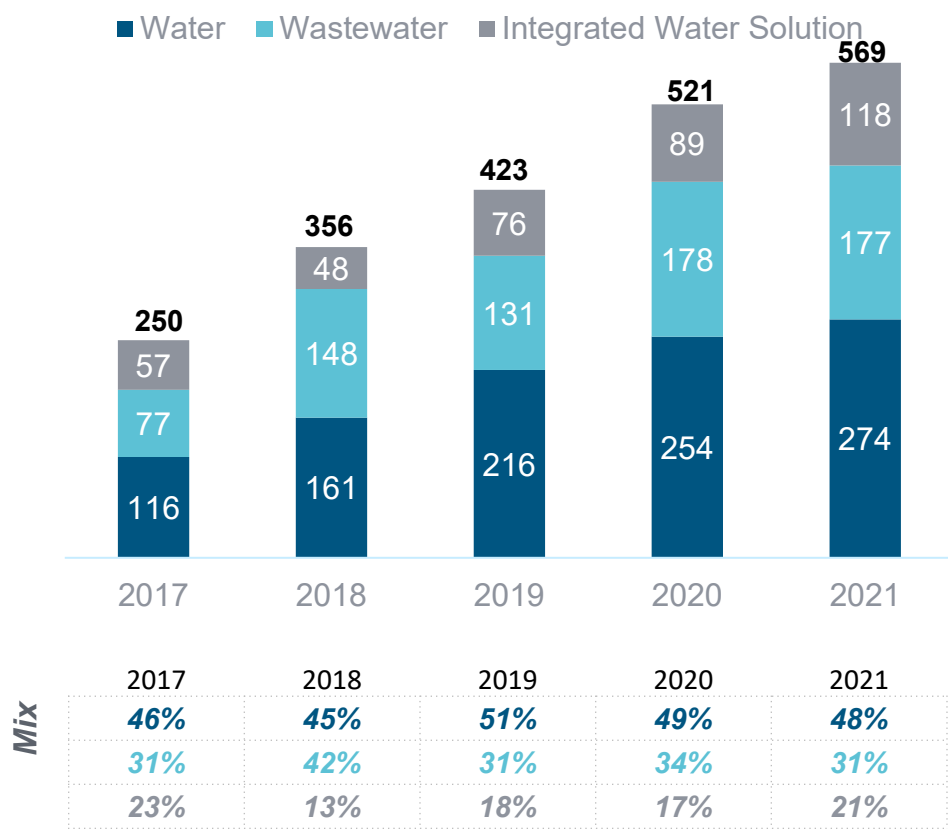
### Q4 2021 vs Q4 2020

- Top line growth of over 16%
- Net profit before zakat growth of over 5% at 33.04M with 20% net profit.
- Growth in operating profit over 4%
- Growth in EBTIDA over 11% from 36.93M to 40.9M.

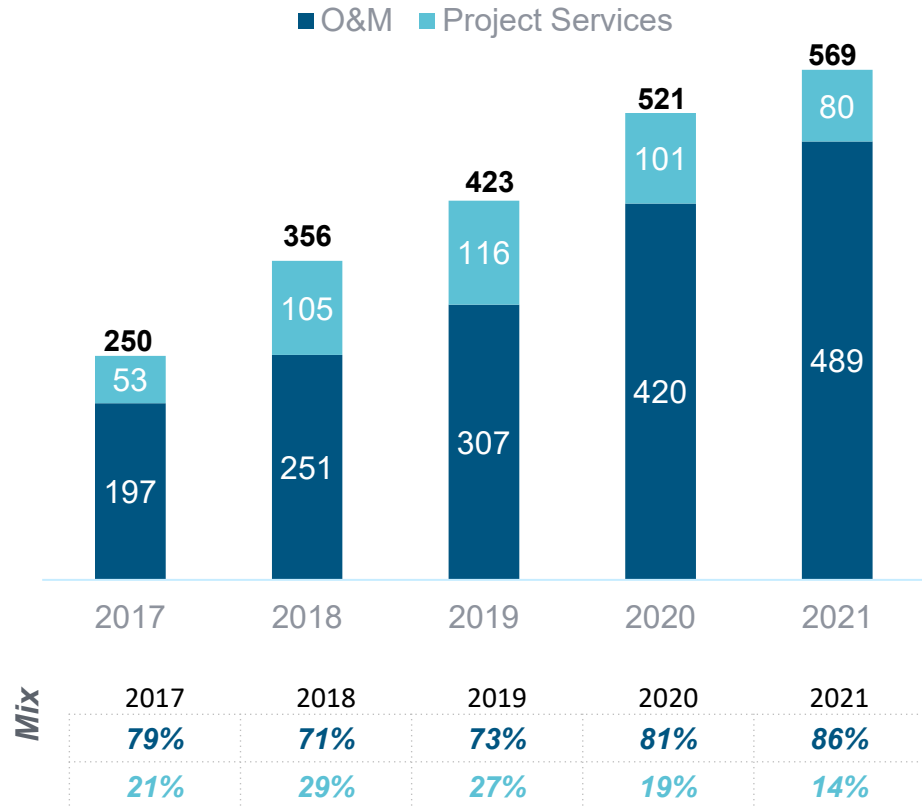
Statement of Profit or Loss	PTD Q4 2021 Actual	PTD Q4 2020 Actual	YoY % Change	PTD Q4 2021 Actual	PTD Q3 2021 Actual	YoY % Change
<b>Revenue</b>	<b>163.20</b>	<b>140.57</b>	<b>16%</b>	<b>163.20</b>	<b>137.93</b>	<b>18%</b>
Cost of revenue	(123.72)	(102.73)		(123.72)	(102.60)	
<b>Gross profit</b>	<b>39.48</b>	<b>37.84</b>	<b>4%</b>	<b>39.48</b>	<b>35.33</b>	<b>12%</b>
S&A expenses	(0.19)	(0.36)	-47%	(0.19)	0.08	
G&A expenses	(6.14)	(5.45)	13%	(6.14)	(10.10)	-39%
<b>Operating Profit (EBIT)</b>	<b>33.16</b>	<b>32.02</b>	<b>4%</b>	<b>33.16</b>	<b>25.30</b>	<b>31%</b>
Finance charges	(1.16)	(0.57)		(1.47)	(1.02)	
Other income	0.7	0.11		1.01	0.26	
Foreign exchange loss, net	0.33	(0.04)		0.33	(0.07)	
(Loss) gain on sale P&E	0.01	0.07		0.01	0.11	
<b>PROFIT BEFORE ZAKAT</b>	<b>33.04</b>	<b>31.59</b>	<b>5%</b>	<b>33.04</b>	<b>24.59</b>	<b>34%</b>
ZAKAT	(0.70)	0.00*	N/A*	(0.70)	(2.25)	
<b>Net Profit after Zakat</b>	<b>32.3</b>	<b>31.59</b>	<b>N/A*</b>	<b>32.3</b>	<b>22.34</b>	<b>45%</b>
<b>EBITDA</b>	<b>40.90</b>	<b>36.93</b>	<b>11%</b>	<b>40.90</b>	<b>30.05</b>	<b>36%</b>

# Recording impressive topline growth across different segments

Revenue by Segment (SAR MN)

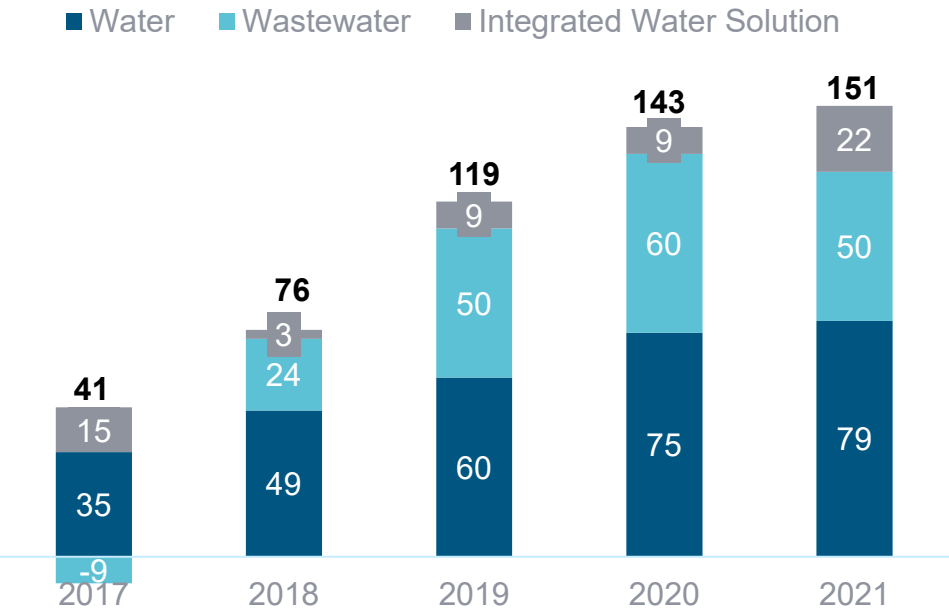


Revenue by Contract Type (SAR MN)



# Topline growth met with industry leading profitability margins

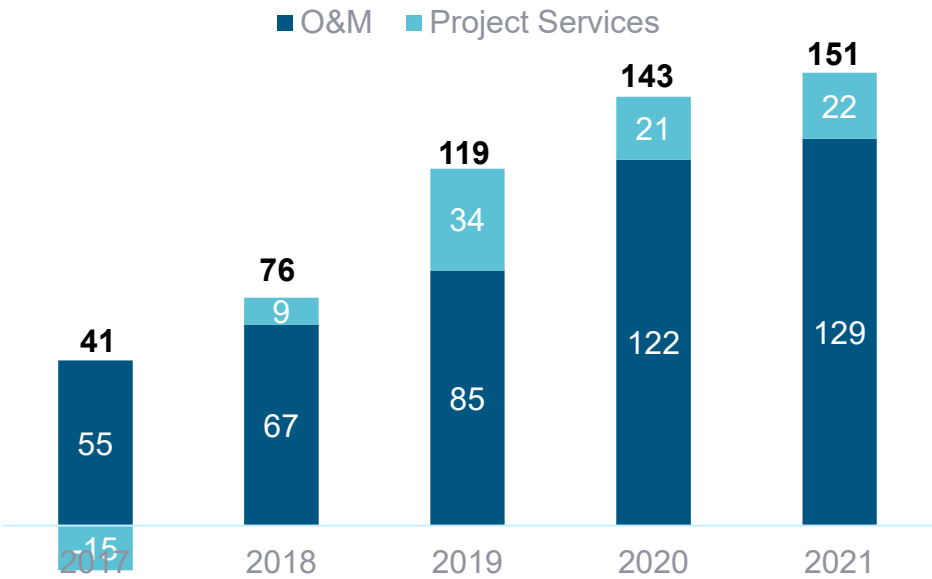
Gross Profit by Segment (SAR MN)



Margins

	2017	2018	2019	2020	2021
Water	31%	31%	28%	29%	29%
Wastewater	-12%	16%	38%	33%	28%
Integrated Water Solution	26%	6%	12%	10%	19%

Gross Profit by Contract Type (SAR MN)



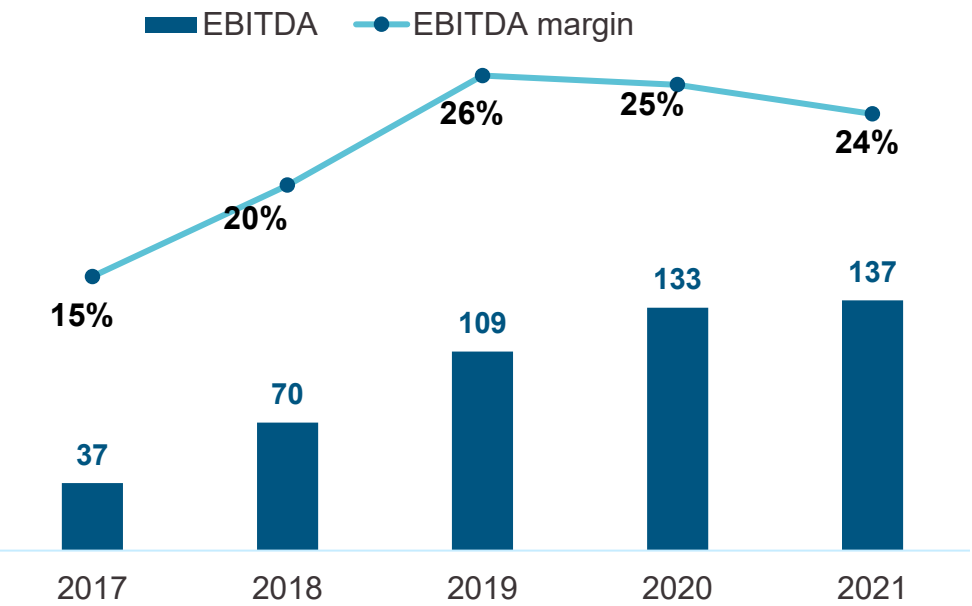
Margins

	2017	2018	2019	2020	2021
O&M	28%	26%	28%	29%	26%
Project Services	-28%	9%	29%	21%	27%

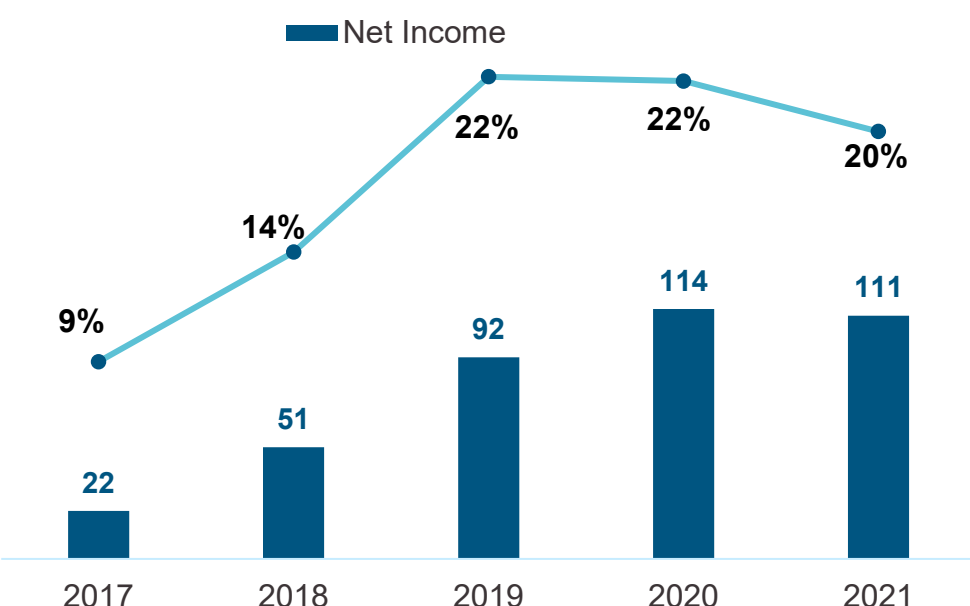


# Topline growth met with market leading profitability margins

EBITDA (SAR MN)



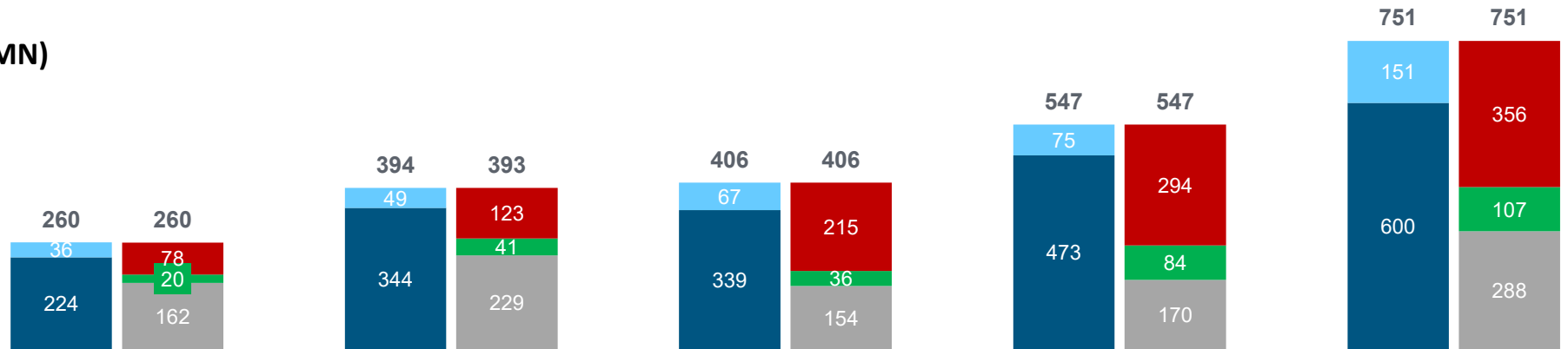
Net Income before Zakat (SAR MN)



# Efficient performance solidifying a robust financial position

Balance Sheet (SAR MN)

- Equity
- Non-Current Liabilities
- Current Liabilities
- Non-Current Assets
- Current Assets



Key Ratios	Unit	2017	2018	2019	2020	2021
RoIC	%	25%	38%	40%	32%	29%
RoE	%	28%	42%	43%	38%	31.7%
NWC-to-Sales	%	47%	63%	53%	56%	56%
Trade receivables	Days of Sales	202	211	127	115	134
Trade payables	Days of COS	98	64	70	51	56
Current Ratio	x	1.4	1.5	2.2	2.8	2.1
D/(D+E)	%	46%	56%	22%	29%	38%
Net debt-to-EBITDA	x	1.6	1.7	0.4	0.3	1.3

***As a local champion, AWPT is strategically positioned to thrive in KSA's evolving water market***

## **Strategic Objectives**



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Alkhorayef Water & Power Technologies

**Strengthen leadership position in O&M Services, with focus on newly floated long-term O&M (LTOM) projects and city management projects**

**Expand in Project Services for critical infrastructure**

**Enter the BOT market in wastewater treatment, treated sewage effluent networks, strategic storage, and Independent Water Transmission projects.**

**Grow integrated and innovative solutions that enhance water services quality and protect resources**

**Enhance operational efficiency with the adoption of digital technologies**



# AWARDED - MOM Contract for NWC Central Cluster

Agile • Impactful • Respectful

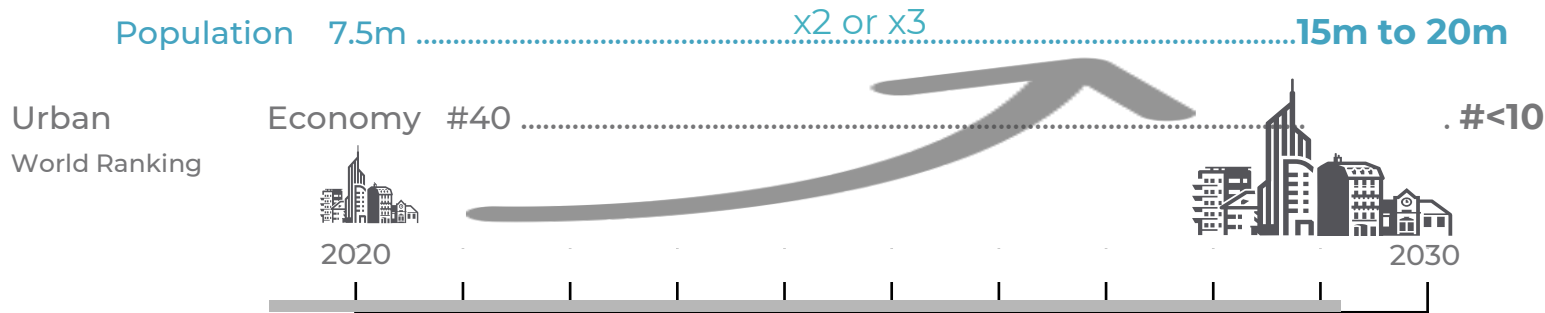




# A Booming Territory! But no Booming Costs



## Riyadh, the vibrant heart of a fast growing economy



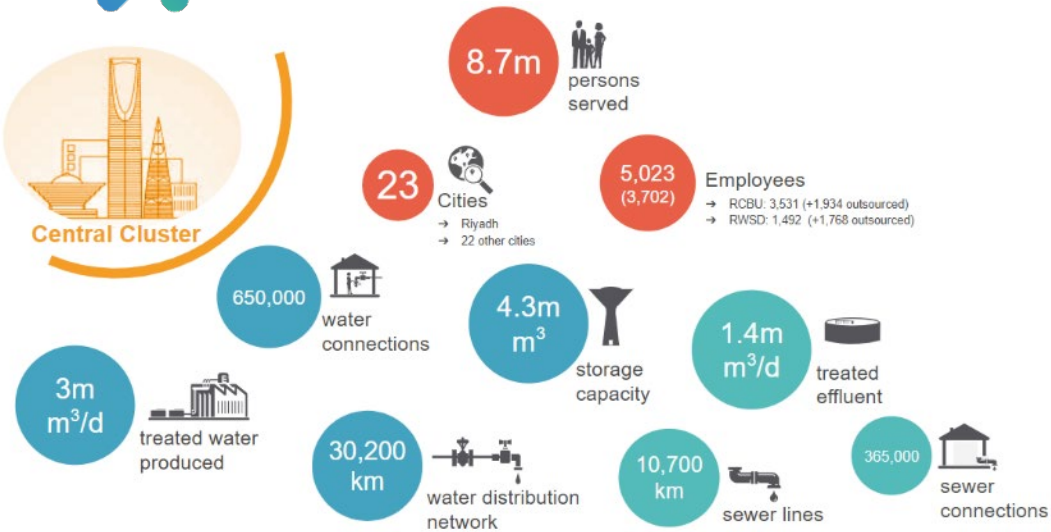
### ERWAA Plan



ERWAA must support the growth of the Central Cluster by reaching and maintaining World Class water utility service levels  
AND optimize and enhance existing assets to limit the need for new CAPEX



## A large territory with disparities in maturity and performance



ERWAA will lead the Cluster toward a successful integration of RCBU and RWSD up to a common level.

ERWAA will develop an efficiency plan consistent with NWC targets promoting synergies, revisiting all operating points of all assets and implementing the proper level of maintenance.



# Ultimate Goal: Make the Cluster Concession Ready



## Final Enabling Projects Delivered



## Improved and Mature Organisation

- Mature processes
- Performance and data driven
- Transparent decision making and clear delegation



## Institutional Turnaround

- Compliance to local regulations
- Transparency
- Safer installations
- Lower risk of liability from assets
- Trust and recognition by stakeholders



## Clear HR Policy

- Status & number of staff defined
- Conditions of transfer clear & accepted by the staff
- Willingness of employees to go ahead to the next step



## Reach Financial Sustainability

- Increased Revenues and Improved collection
- Reduced and more efficient OPEX
- Reach positive cash flow from operations
- Optimized CAPEX -> Reduce future investments flow for the concessionaire

**Make the Cluster attractive to Investors  
and bankable to Lenders**

# Bids Pending Results

## Long Term Operation and Maintenance , LTOM Projects

- Company was the only local subcontractor successfully pre-qualified solely to participate in the long-term operation and maintenance contract for 5 which might extend to 7 packages.
- the 5-7 packages of LTOM comprise the rehabilitation, upgrade, expansion and O&M for 10 to 15 years for sewage treatment plants
- 2 packages submitted in August and September and waiting for the results (LTOM-1 Jeddah and LTOM-2 Mekkha). Expected results of LTOM 1 by end of April 2022.
- 3<sup>rd</sup> LTOM package in Riyadh area under bidding

## NWC and MEWA and PIF Mega Projects Bids Awaiting Results

- Several proposals submitted valued over 3 Billion Riyals waiting for results. Expected results for major size projects by end of April 2022

## Private Sector Participation in the Water Distribution Sector – RFP 5 (Western Cluster)

- Partnership formed with Veolia at 51% Veolia and 49% sharing, for the bids of Private Sector Participation in the Water Distribution Sector (six Clusters)
- The consortium has been awarded for the Central Cluster, which is considered the biggest cluster of its kind worldwide in terms of geographical area and second worldwide in terms of length of networks – **358 Million SAR**
- Awaiting the results for the City Management for Western Region (Jeddha and Mekka Region), the JV of Veolia and Alkhorayef Water and Power are one of the final shortlisted bidders
- Evaluation criteria put 70% weight on the technical grading and 30% weight on the commercial grading.

AWPT is targeting to expand its presence in the wastewater sector and enter the new privatization projects independent sewage collection networks and treatment plants

	AWPT Business Units						
Segment	1. Water segment		2. Wastewater segment		3. Integrated Water Solutions		
Sub-segments	Water supply & treatment	Water networks	WW treatment	WW networks	Stormwater	City management	Support and asset services
	Water treatment plants	Water distribution networks	Sewage wastewater treatment plants	Wastewater collection networks	Stormwater networks	City water management	Fabrication workshop
							Laboratories
	Deep water wells	Firewater networks	Industrial wastewater treatment plants	Treated sewage effluent (TSE) networks			Leak detection
							Other complementary services
		+ Privatized Small Independent STP	+ Privatized Wastewater Networks				

- SWPC plans to start a kingdom wide program to increase the treatment coverage through partnership with private sector. This program has adopted a wider approach from the prefeasibility study, which proposed 147 Small Scale Sewage Treatment Plants and its combined collection sewage networks in six clusters in 13 different regions. This program aims to procure approximately 490,000 cubic meter per day of treated water generated from the 147 proposed ISTPs in whole Kingdom.
- Building on its current capabilities, **AWPT is targeting to expand its presence in the privatization of wastewater sector and offer its Project and O&M services in the Water Collection Pipelines and sewage treatment market through a strategic partnerships to maximize its chance of success and capture most of the upcoming opportunities in the small capacity ISTP market**
- Alkhorayef Water and Power Technologies submitted prequalification with international firm for the first package of ISSTP – Jazan Cluster**

AWPT is targeting to expand its presence in the water sector and enter the independent water transmission pipelines IWTP market via a strategic partnership

	AWPT Business Units						
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	Water treatment plants	Water distribution networks	Sewage wastewater treatment plants	Wastewater collection networks	Stormwater networks	City water management	Fabrication workshop
							Laboratories
	Deep water wells	Firewater networks	Industrial wastewater treatment plants	Treated sewage effluent (TSE) networks			Leak detection
							Other complementary services
	+ Transmission Pipelines						

- In 2020, SWPC has announced **eight** upcoming IWTP projects to be procured by 2025 with a combined length of **>3,500 km** and total capacity of **>4.3 million m³/d** Building on its current capabilities, **AWPT is targeting to expand its presence in the water sector and offer its Project and O&M services in the Water Transmission Pipelines market through a strategic partnership to maximize its chance of success and capture most of the upcoming opportunities in the IWTP market**
- **AWPT and the Spanish Company COBRA submitted prequalification for the 4 released IWTP projects, with the JV already qualified for the first project Ras-Mouhaisen Independent Water Transmission Project (IWTP) and awaiting qualification announcement for remaining 3 packages**