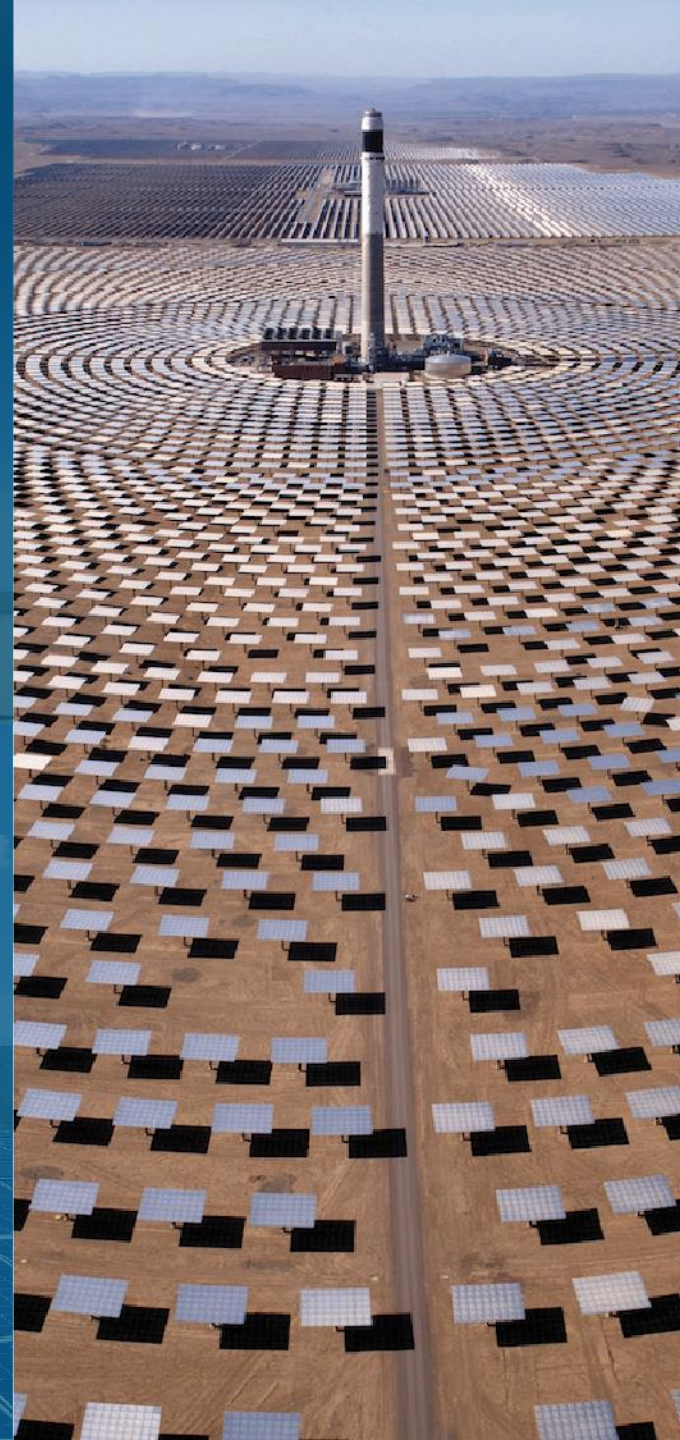


# ACWA Power Company 2Q2023 Earnings Call 14 August 2023

For the three and six months ended 30 June 2023





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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; Mwac: Megawatt, alternating current; O&M: Operations and Maintenance; PCOD: Project Commercial Operation Date; PIF: Public Investment Fund (of the KSA); PPA: Power Purchase Agreement; PPP: Public Private Partnership; PV: Photovoltaic; RO: Reverse Osmosis; SWRO: Seawater Reverse Osmosis.

# ACWA POWER'S PORTFOLIO

Committed to reduce our carbon footprint and enable global energy transition

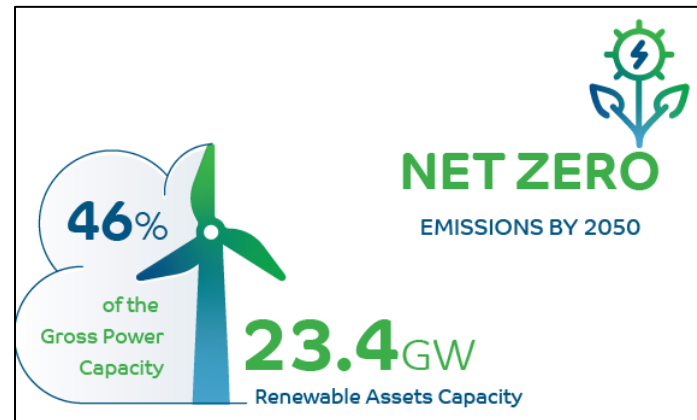
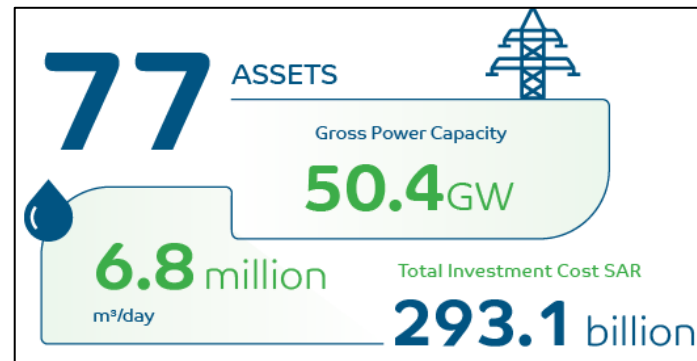


Largest private  
company in  
desalination

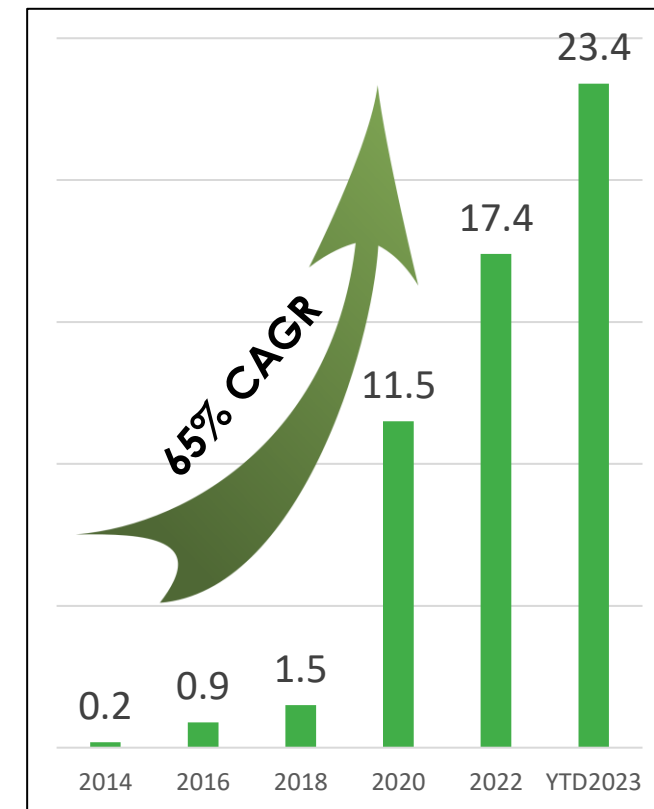
First mover in at-  
scale GH2

World's one of the  
largest renewable  
portfolio

## Portfolio Size



## Renewable Power Capacity - GW



# ENABLING THE ENERGY TRANSITION

We make energy and water more affordable and accessible



## LEADING ACTION

- Reducing solar PV cost/tariff > 80%
- Reducing desalination cost/tariff > 50%
- Conversion of high carbon emitting assets
  - Shift from Thermal to Solar SWRO Desal
  - Decommissioning/Converting HFO assets
  - Exiting coal

## BENEFIT FOR THE INDUSTRY/HOST

- Making renewable energy more accessible
- Unlocking trapped value in the economy
- Helping manage water stress
- Making water more accessible
- 87% reduction in Specific Power Consumption in water desalination → lower cost
- Expediting decarbonization by saving millions of tons of CO2




# SAFETY AND OPERATIONS

Relentless focus on Safety and Reliability of Supply bear fruit

## Safety Results

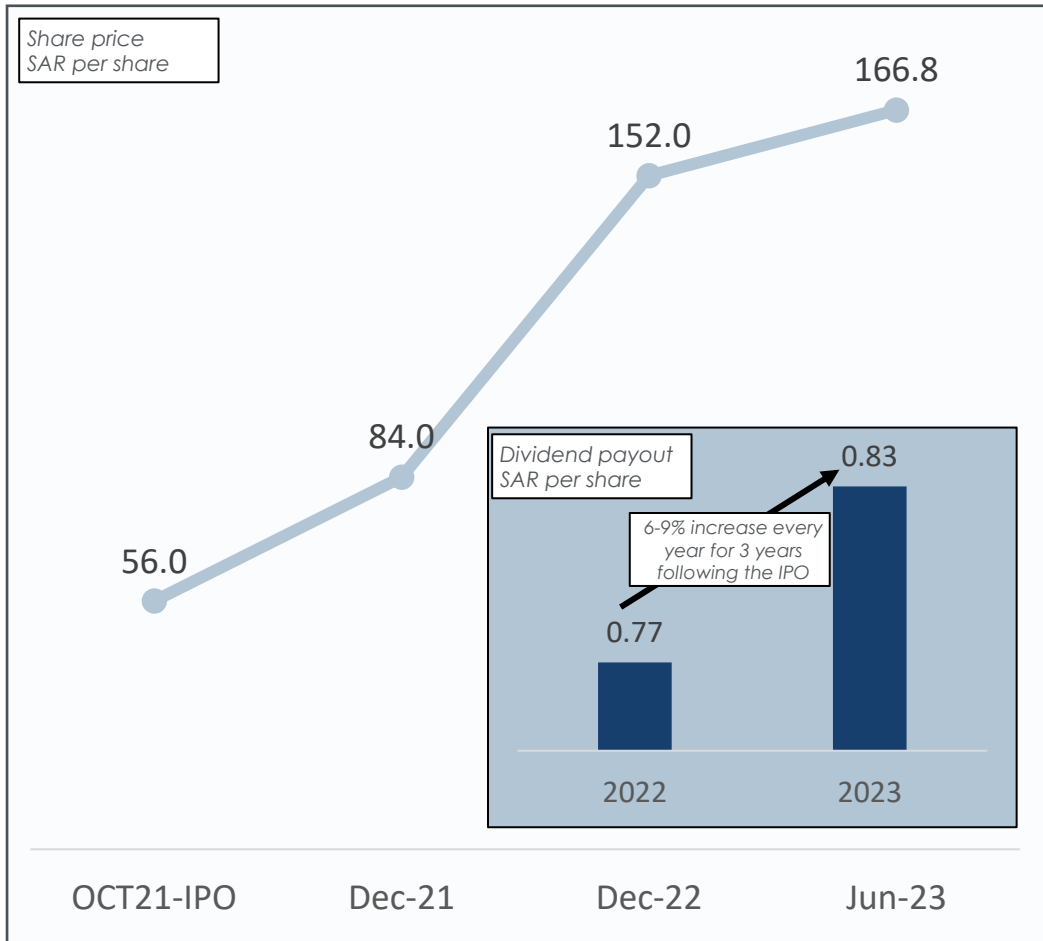
	YTD22	YTD23	YTD23 vs YTD22
Lost Time Injury Rate	0.014 <small>(rounded up to 0.01 in reporting)</small>	0.006 <small>(rounded up to 0.01 in reporting)</small>	~60% better

## Availability Results

	Power Availability	86%	91%	500bps better
	Water Availability	96%	97%	100bps better
	Renewable Power Availability	97%	98%	100bps better

# SHARE PRICE AND SHAREHOLDER RETURNS

Continuous investor confidence since the IPO; higher y-o-y dividends in line with the IPO prospectus



## Total shareholder return<sup>1</sup>

YTD23

Since the IPO

+10.3%

+200.7%

Source: Company information and Tadawul data. <sup>1</sup> Assuming reinvested dividends.

# ACWA POWER GROWTH STRATEGY (2023 – 2030)

New horizons built upon the existing strong growth strategy

## *Provide Essentials For Life*

The number 1 in water desalination

One of the largest in renewable power

Enable energy transition needs of nations

## *Lead Energy Transition*

First mover in at-scale GH2

Vision 2030

Growth in renewables

Innovation and technology

## *Create Sustainable Value*

Visible Growth

Financial returns and shareholder value

Multiplier impact

ESG and CSR



*More than triple our assets under management*



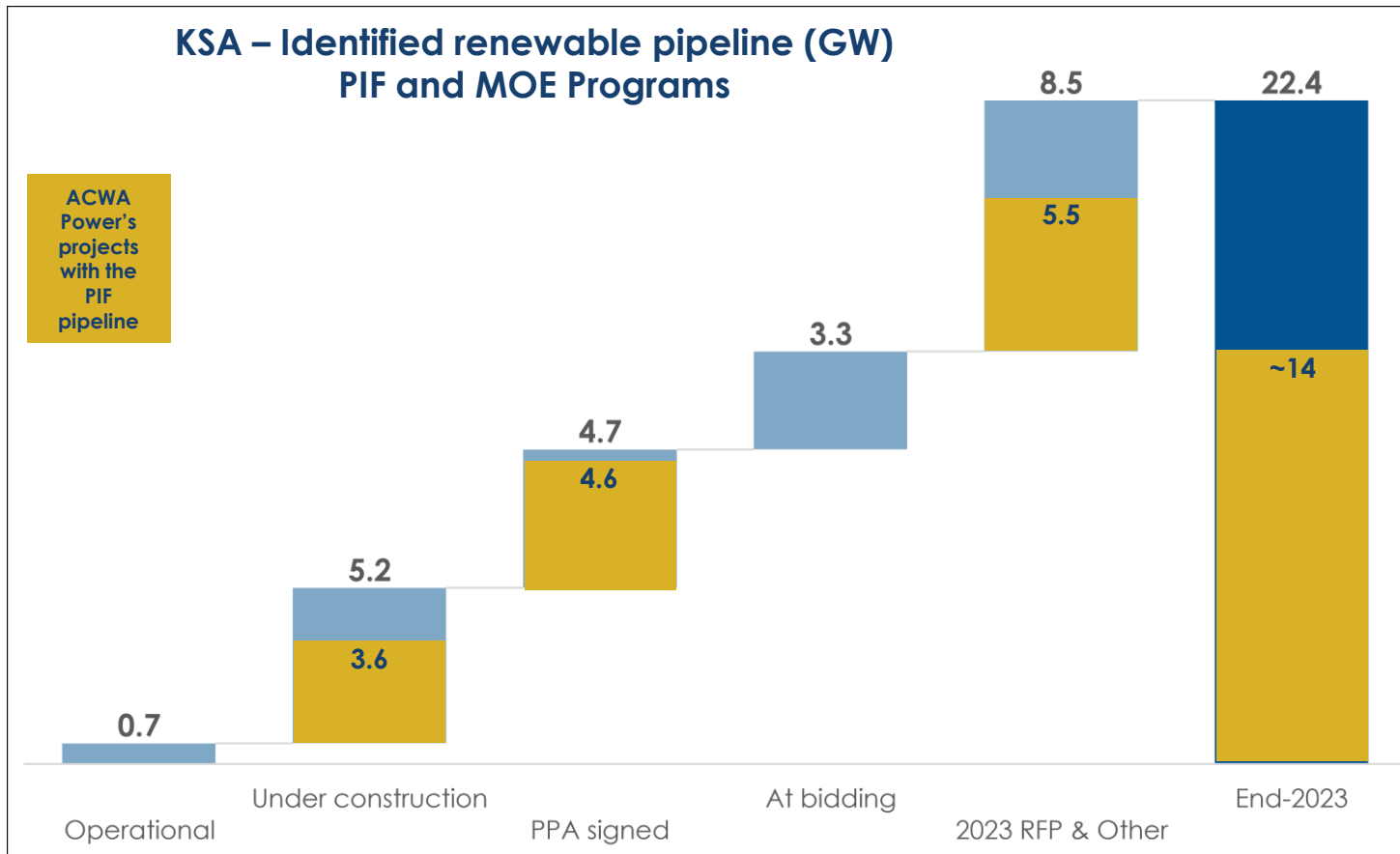
*Be one of the top 3 in Desalination, Renewables and Green fuels globally*



*Continue to reinforce our People resources*

# KSA'S ENERGY TRANSITION AND ACWA POWER'S ROLE

As national champion, ACWA Power leads the deployment of Vision 2030 renewable energy targets



- KSA targets by 2030 to reach 59GW of renewable power
- 70%, or ~42GW, to be deployed by ACWA Power under a Strategic Framework Agreement between ACWA Power and PIF; remaining 30% is thru MOE tenders
- >22GW out of the 27GW interim target for 2024 identified
- ~14GW out of PIF pipeline is in progress
- ACWA Power also won ~1.1GW of projects in MOE pipeline to date



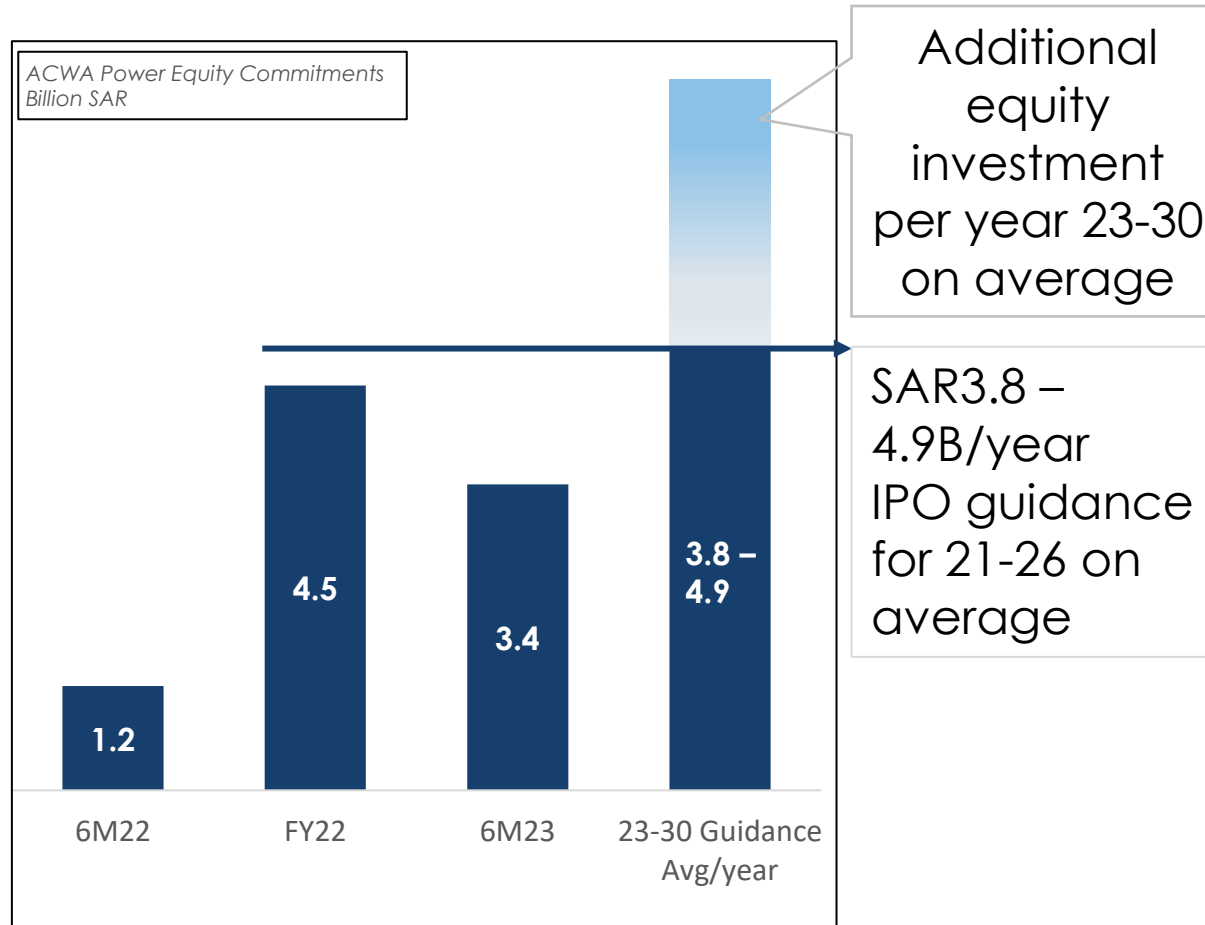
# IMMEDIATE PIPELINE

Bids and negotiated deals to be submitted or awaiting results

- >20 Active bids/deals
  - ~15GW Power, 1M m<sup>3</sup>/day Water, 12 countries
- >20 Potential bids/deals
  - ~12GW Power, 3M m<sup>3</sup>/day Water, 13 countries
- 11 Advanced development projects expecting financial close

# FUNDING THE GROWTH

Growth pipeline indicates to increased levels of equity investments



- At SAR 3.4B, equity commitments<sup>1</sup> are ~3x of 6M22 and at 75% of FY22
- We expect the growth pipeline will see us exceed the historical figures
- Our balance sheet has headroom for further parent indebtedness in the short term

Source: Company information. <sup>1</sup> The Company's equity commitments are based on successful bidder announcement, or where a bid is negotiated based on project award agreements (collectively "Advanced Development Projects") and represent ACWA Power's share of base equity and EBLs for each project, as approved by the Board Executive Committee (BEC) of the Company. The equity commitment amount does not represent the amount of equity invested but what the Company is committed to contribute. Please note that equity commitments are subject to change until underlying projects achieve their respective financial closes, which may take longer than a full financial year in some circumstances.

# FINANCIAL CLOSES (FC)

2 financial closes in the quarter

	Project	Time	Total investment cost (TIC)	Contracted capacity
	Shuaibah 3 RO	Oct'22	SAR3.1B	600K m3/day desal. Water
	Bash Wind	Dec'22	SAR2.6B	500MW power
	Dzhankeldy Wind	Dec'22	SAR2.5B	500MW power
	Ar Rass Solar PV	Feb'23	SAR1.7B	700MW power
	NGHC Green Hydrogen	Mar'23	SAR31.5B	1,250K tonnes green ammonia
<b>In 2Q2023</b>	Kom Ombo PV	Apr'23	SAR0.6B	200MW power
	Karatau (Nukus) Wind IPP	May'23	SAR0.4B	100MW power
<b>Subsequently</b>	Al Shuaibah 1 and 2 PV	Jul'23	SAR8.1B	2,660MW power

Source: Company information. NGHC, Kom Ombo and Karatau were still in the process of closing conditions precedent of their respective financial close as of reporting date of 30 June 2023.

# PROJECTS ACHIEVING COMMERCIAL OPERATIONS

Total capacity added post-2Q22 reached 2.3GW of Power and 1.4M m3/day of Water

	Project	Time	Incremental capacity	Total online capacity	Remaining to bring online <sup>1</sup>
	Shuaa Energy 3	May'22	+100MW	400MW	500MW
	Taweelah IWP	Jun'22	+455K m3/day	455K m3/day	454K m3/day
	Al Dur Water	Jun'22	+227K m3/day	227K m3/day	-
	Al Dur Power	Jun'22	+1500MW	1,500MW	-
<b>Post-2Q2022</b>	UAQ IWP	Aug'22	+456K m3/day	683K m3/day	-
	Shuaa Energy 3	Aug'22	+100MW	500MW	400MW
	Shuaa Energy 3	Oct'22	+100MW	600MW	300MW
	Noor Energy 1 Solar CSP	Jan'23	+200MW PT <sub>1</sub>	417MW	533MW
	Jizan Group 2 assets	Feb'23	+1,520MW	3,040MW	760MW
	Noor Energy 1 Solar CSP	Feb'23	+100MW CT <sub>1</sub>	517MW	433MW
	Jubail 3A IWP	Feb'23	+600K m3/day	+600K m3/day	-
<b>In 2Q2023</b>	Taweelah IWP	Apr'23	+379K m3/day	833K m3/day	76K m3/day
	Shuaa Energy 3	Jun'23	+300MW	900MW	-

Source: Company information. Jizan includes 184K Nm3/hr Hydrogen and 585 MT/hr Steam total capacity brought online.

# 2Q FINANCIAL RESULTS

Solid year-on-year and sequential quarterly financial performance



SAR Million	2Q23	Fav/(Unfav) vs.		6M23	Fav / (Unfav) vs. 6M22	LTM 6M23	Fav / (Unfav) vs. 31-Dec-22
Operating Income <sup>1</sup>	730	8.1%	30.6%	1,289	5.7%		
Net Profit <sup>2</sup>	414	6.3%	53.6%	684	26.3%		
Adjusted Net Profit <sup>3</sup>	414	14.8%	53.6%	684	32.7%		
Parent Operating Cash Flow <sup>4</sup>				439	(79.3%)	2,483	(40.3%)
(SAR million)				30-Jun 2023	Inc / (Dec) vs. 31-Dec 2022		
Parent Net Debt <sup>5</sup>				12,438	41.0%		
Net Debt to POCF <sup>6</sup>				5.01x	2.89x		

- Positive operational momentum driving higher results versus prior year and sequentially
- Favorable deferred tax movement in Morocco augments net profit and negates additional finance costs
- Lower parent operating cash due to unusually high capital recycling proceeds prior year in addition to timing differences in receiving fees and distributions
- Increase in Net debt to POCF ratio reflects accelerated growth and within guidelines

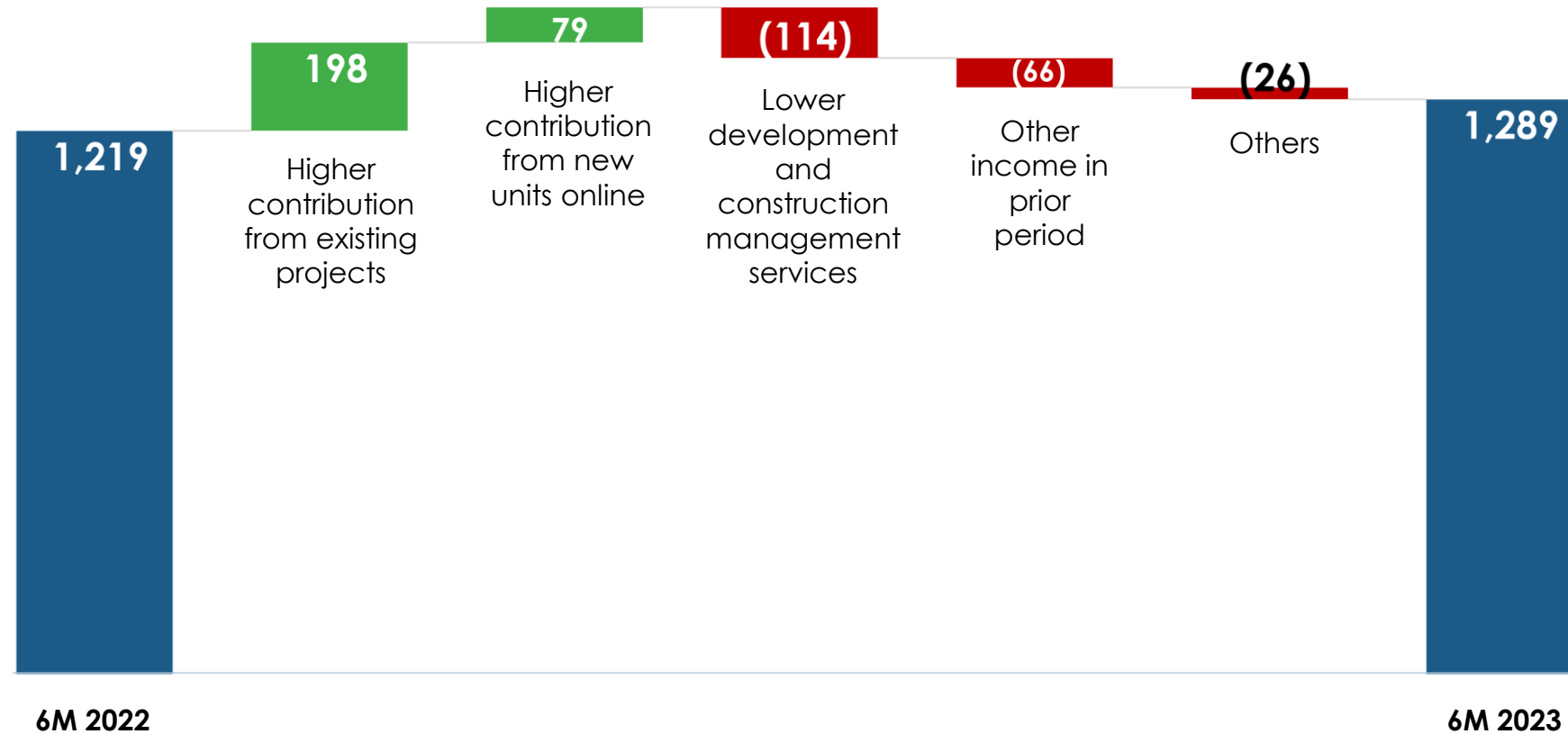
Source: Company information. <sup>1</sup> Before impairment loss and other expenses, consolidated financial statements. <sup>2</sup> Attributable to equity holders of the parent, consolidated financial statements. <sup>3</sup> Attributable to equity holders of the parent, non-IFRS management KPI. <sup>4</sup> Parent level, or corporate, operating cash, non-IFRS management KPI. <sup>5</sup> Parent level, or corporate, indebtedness, net of parent period end cash, non-IFRS management KPI. <sup>6</sup> Uses LTM 6M23 POCF in calculation.



# OPERATING INCOME<sup>1</sup>

Positive momentum with mostly stabilized operational performance

Operating income<sup>1</sup> – Variance 6M23 versus 6M22  
SAR Million

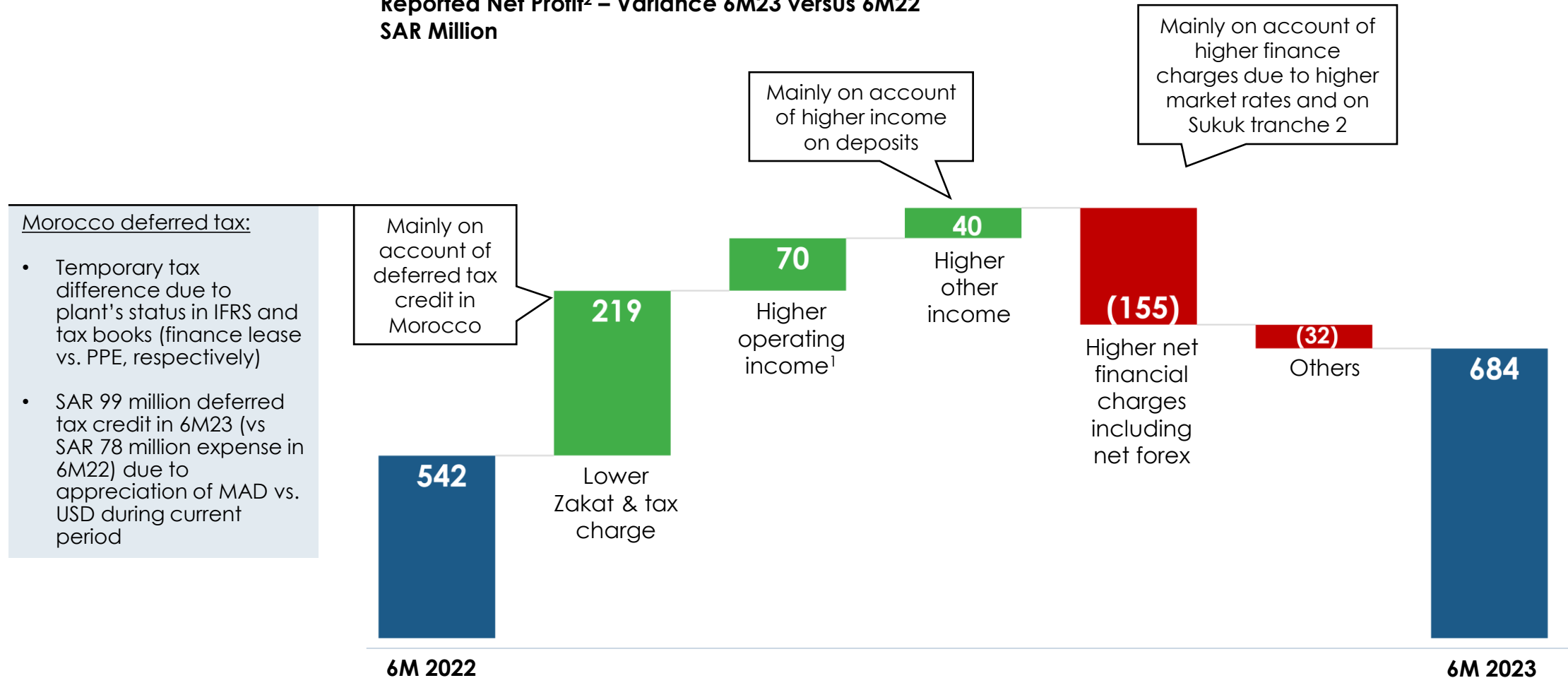


Source: Company information. <sup>1</sup> Before impairment loss and other expenses.

# REPORTED<sup>2</sup> AND ADJUSTED NET PROFIT<sup>2,3</sup>

No adjustments to Reported Net Profit in 2Q and 6M23

Reported Net Profit<sup>2</sup> – Variance 6M23 versus 6M22  
SAR Million



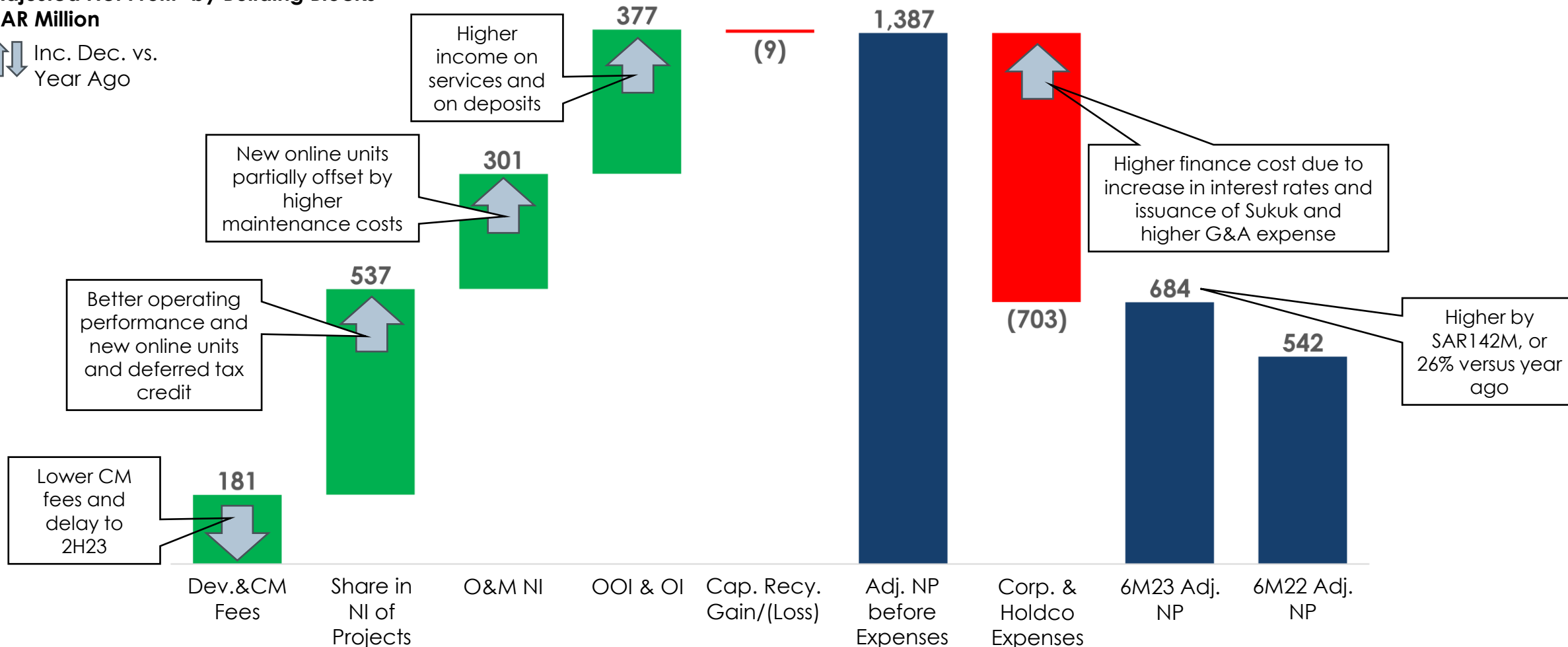
Source: Company information. <sup>1</sup> Before impairment loss and other expenses. <sup>2</sup> Attributable to equity holders of the parent. <sup>3</sup> Adjusted net profit is a non-IFRS key performance indicator to adjust the Reported Net Profit for the impact of non-routine or non-operational transactions that are one-off or non-repeating or unusual in nature.

# ADJUSTED NET PROFIT<sup>1</sup> BY BUILDING BLOCKS

Contribution from development and construction management fees and capital recycling gains are volatile by nature

## Adjusted Net Profit<sup>1</sup> by Building Blocks SAR Million

↑↓ Inc. Dec. vs.  
Year Ago



Source: Company information. <sup>1</sup> Adjusted net profit attributable to equity holders of the parent is a non-IFRS key performance indicator to adjust the Reported Net Profit for the impact of non-routine or non-operational transactions that are one-off or non-repeating or unusual in nature.

# PARENT OPERATING CASH FLOW

Unusually high capital recycling proceeds last year resulted in negative base year impact



SAR Million	6M23	Fav / (Unfav) vs. 2Q22	LTM 6M23	Fav / (Unfav) vs. 31-Dec-22
Distributions <sup>1</sup>	487	(10.5%)		
Dev., const. mgmt. & other fees	382	(2.8%)		
Capital recycling	74	(95.5%)		
<b>Total cash inflow</b>	<b>943</b>	<b>(63.5%)</b>		
G&A and Zakat & tax expense	(457)	22.0%		
Financial expenses - ACWA39 <sup>1</sup>	(47)	(49.1%)		
<b>Total cash outflow</b>	<b>(505)</b>	<b>7.9%</b>		
<b>Parent Operating Cash Flow</b>	<b>439</b>	<b>(79.3%)</b>	<b>2,483</b>	<b>(40.3%)</b>

Lower distributions mainly due to timing differences

Lower construction management fees and timing difference in development fees

Proceeds from the refinancing of RAWEC and the divestment of SQWEC in last year

Lower due lower outstanding balance following partial retirement end of last year

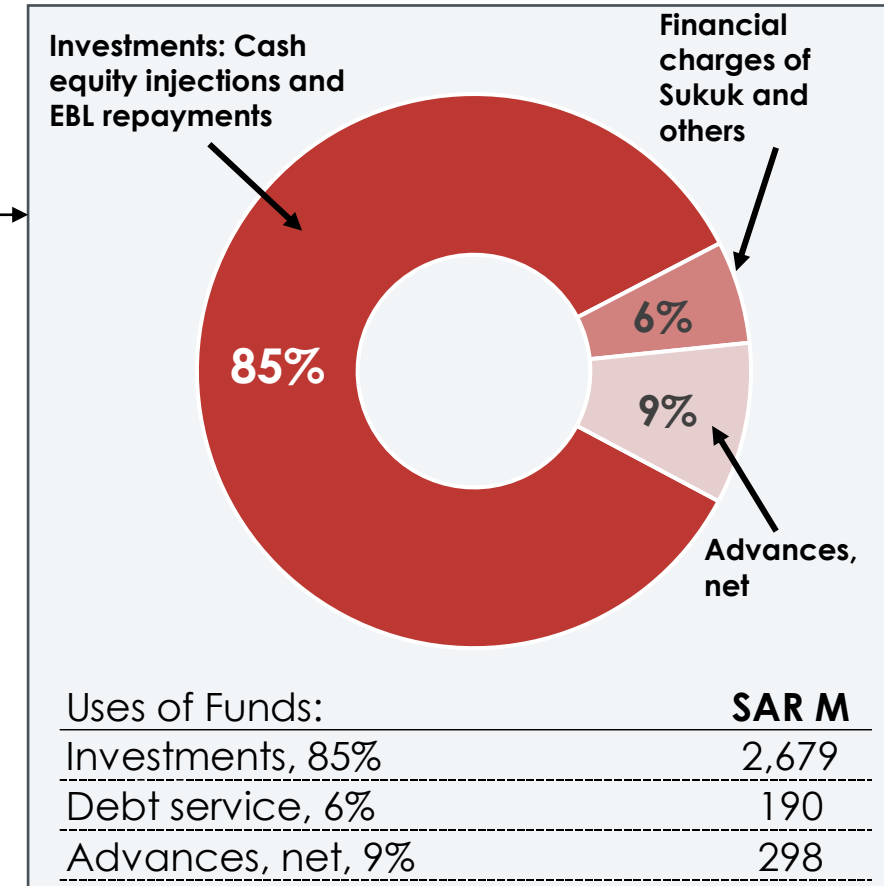
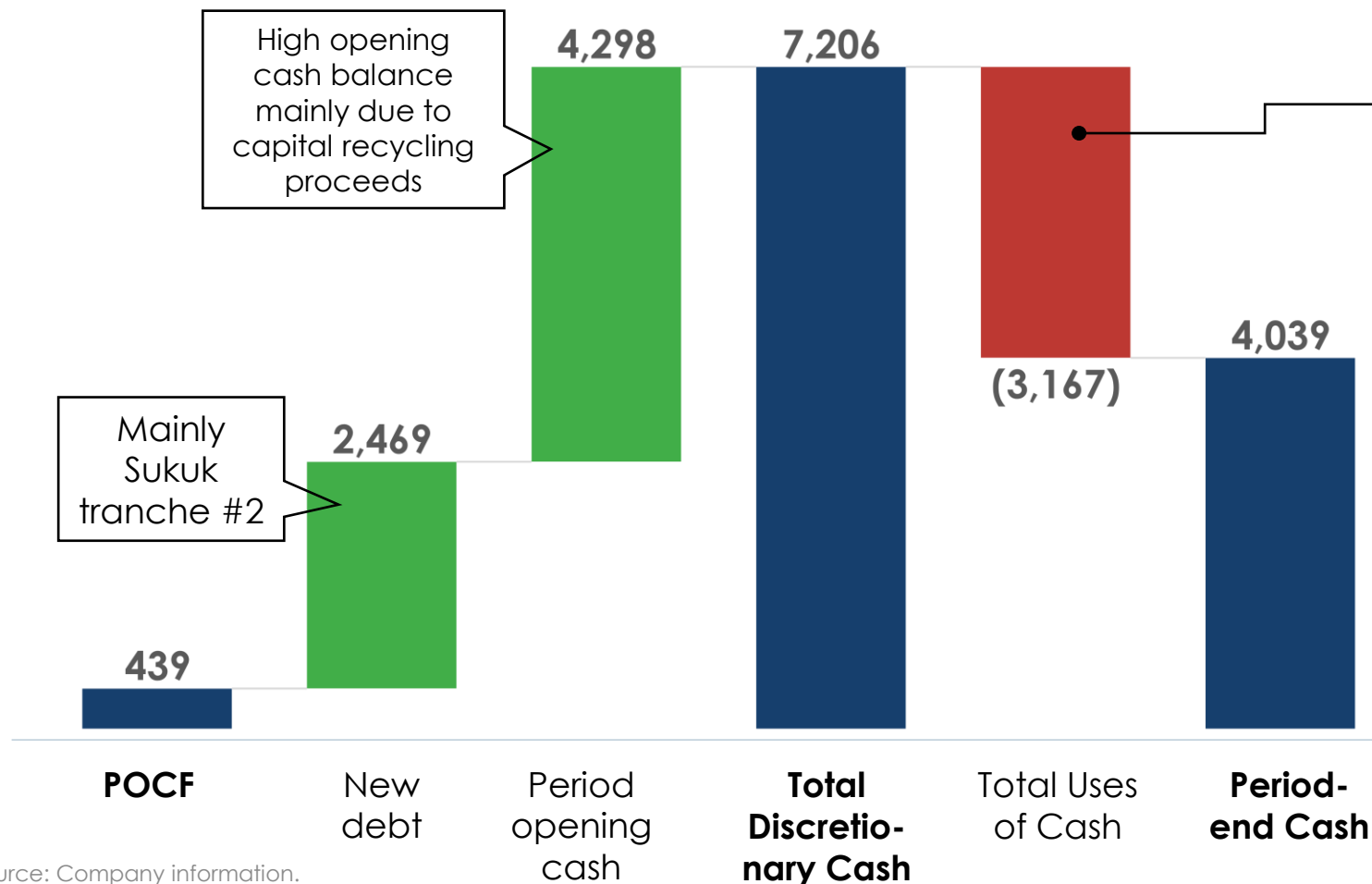
<sup>1</sup> Certain distributions include those from ACWA39 pledged entities therefore financial expenses pertaining to ACWA39 are deducted from the POCF by the Company.

# SOURCES AND USES OF PARENT CASH FLOW

85% of the period's cash is used for the Company's investments

Sources and Uses of funds, 6m ended 30 June 2023  
SAR Million

■ Cash inflows ■ Cash outflows



Source: Company information.

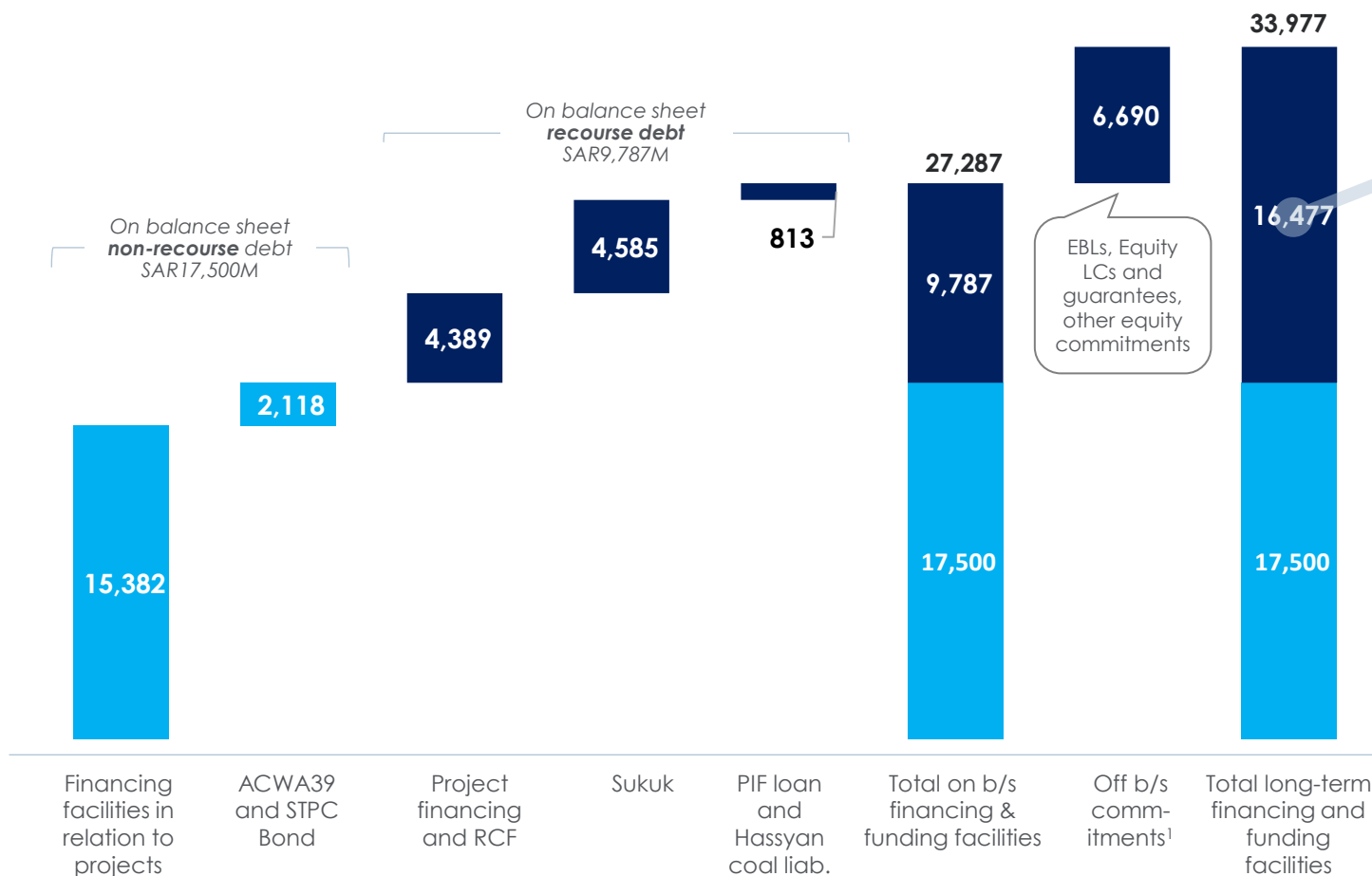


# PARENT-LEVEL DEBT

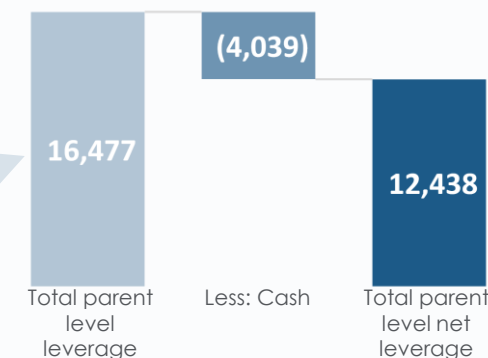
Majority of on-balance sheet debt is non-recourse to the parent

## Long-term financing and funding facilities SAR Million, as at 30 June 2023

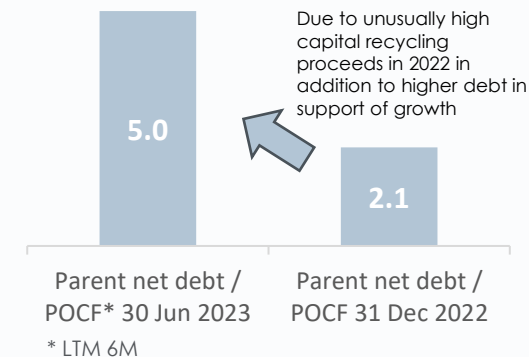
■ Non-recourse debt ■ Recourse debt



SAR million (M)



## Parent net debt to POCF ratio Times



# HOW DID WE DO ON 2023 PRIORITIES

## 2023 Priorities

- Safety first: Zero-harm environment
- Reliability of supply... keep the plants running
- Complete the lined-up FCs and achieve ICOD/PCODs
- New business
- Continue to decarbonize our portfolio and lead the energy transition globally

## Progress in 6M23

- ✓ Positive progress with ongoing commitment to excel
- ✓ Positive momentum with higher availability
- ✓ On track with 4 FCs achieved incl. NGHC; +2.1 GW of Power and +979K m3/day of Water brought online
- ✓ Signed 4 PPAs + 1 HPA in Uzbekistan and 3 PPA in KSA in PIF pipeline
- ✓
  - All added capacity so far in renewables, green fuels and highly efficient RO
  - Renewables at 46% of portfolio



# Q&A

ACWA Power Company  
2Q2023 Earnings Call  
14 August 2023

For the three and six months ended 30 June 2023

