

# AWPT Earning and Business Presentation

## Q2 2022



الخریفة لتقنية المياه والطاقة  
Alkhorayef Water & Power Technologies

# Disclaimer

This presentation has been prepared by Alkhorayef Water & Power Technologies (AWPT) and reflects the management's current expectations or strategy concerning future events and are subject to known and unknown risks and uncertainties.

Some of the statements in this presentation constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect AWPT's current intentions, plan, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside AWPT's control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks.

AWPT undertakes no obligation to revise any such forward-looking statements to reflect any changes to its expectations or any change in circumstances, events, strategy or plans. Because actual results could differ materially from AWPT's current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this presentation with due care and caution and seek independent advice when evaluating investment decisions concerning AWPT.

In addition, even if the Company's results of operations, financial condition and liquidity and the development of the industry in which the Company operates are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in future periods. The Company does not undertake any obligation to review or confirm any expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation.

This presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. This presentation and its contents are proprietary information. This presentation (or any part of it) may not be copied, reproduced or redistributed, passed on, or the contents otherwise divulged, directly or indirectly, to any person or published in whole or in part for any purpose without the prior written consent of the Company.

In accessing this presentation, you acknowledge that you will be solely responsible for your own assessment of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company.

Riyadh, Kingdom of Saudi Arabia, 23<sup>rd</sup> of August 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.

During 2021, the company signed contracts with a total value of more than 1.3 billion riyals, and first half of 2022 we were awarded with over 2.3 billion riyals worth of projects. Number of these contracts were with new clients, further strengthening diversification of our client base. Prime example is the newly awarded portfolio of Water Quality Projects in eastern region amounting to 1.6B encompassing the engineering, procurement, and construction of strategic storage, Transmission, and distribution system. Year 2021 and first half of 2022 witnessed wide diversification in client base with long term business prospects. Clients such as 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 several contracts including 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.

One of the significant projects awarded in 2022 is the O&M of all components of ZAMZAM water from the well, treatment, storage, pumping, transmission to the two holy cities, and bottling plants. Since handing over, AWPT made huge improvements by doubling the treatment and bottling capacity. Another projects is the awarding of O&M of Jeddha water sector amounting to SAR 228M.

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

On the financial side, company revenue for Q2 2022 grew by 37% compared to same period previous year, gross profit grew by 19% at a margin of 25%, with net income before zakat growth of 23% at Sar 29.3 million at a margin of 16%. Shareholders' equity reached 370 million, with a return on equity at 34% and return on asset at 13.3%.

Moreover, we maintained good sector diversification, growth and profitability, with each of the company's sectors registering remarkable growth from 2020 to 2021 leading to Q2 2022. The integrated water solutions sector which is an indicator of the company's strength in performing broad spectrum water and waster activities grew at 226% in Q2 2022 vs same period previous year. The integrated waster solutions recorded gross profit margin of 23%, the water at gross margin of 29% and wastewater sector recorded gross margin of 21%.

The value of remaining revenue from company's contracts to be recognized "Backlog", grew by 120% by the end of Q2 2022 compared to year end 2021 and a staggering 224% from year end 2020 reaching a value of Sar 3.588 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, 1300 million riyals in 2021, to over 3500 million riyals in first half of 2022.

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.

# 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 **6,000 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.

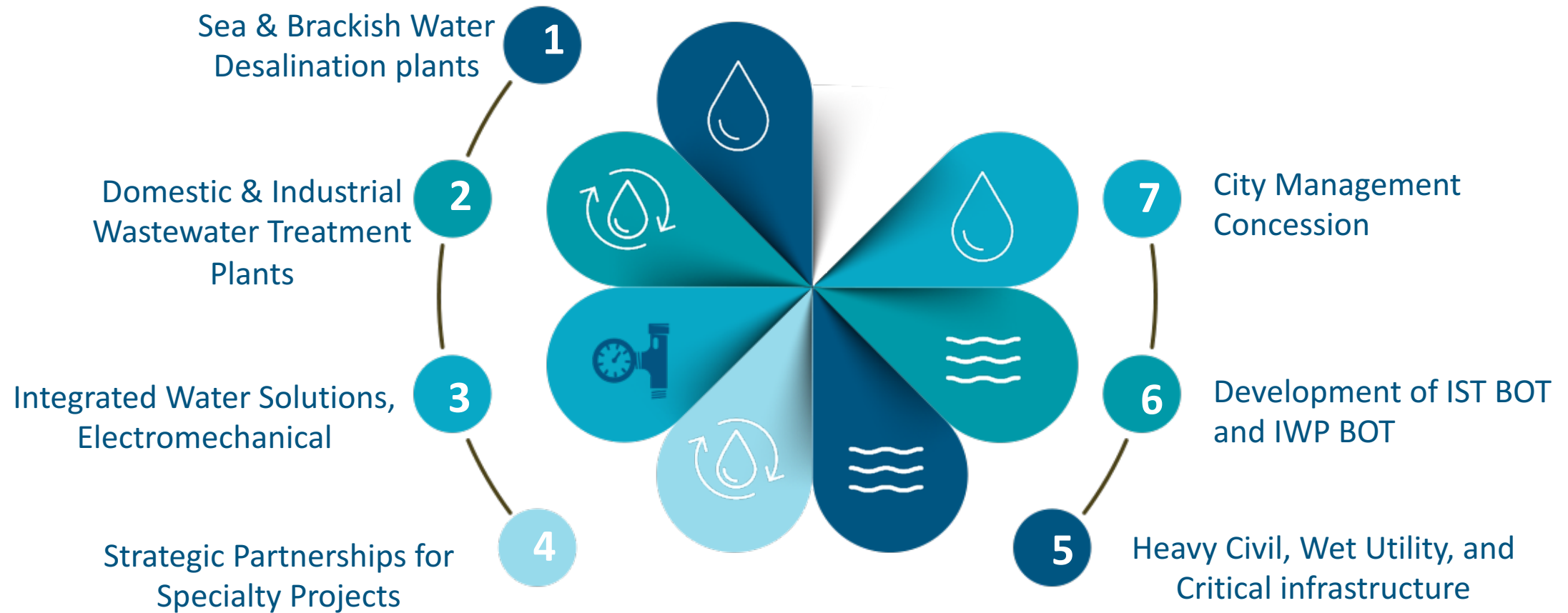
## • ***Vision***

*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  
WASTEWATER TREATMENT PLANTS



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  
WASTE WATER TREATED



3,600,000m  
OF WASTEWATER  
NETWORKS MANAGED



480+  
CITIES/TOWNS



24  
LABORATORIES

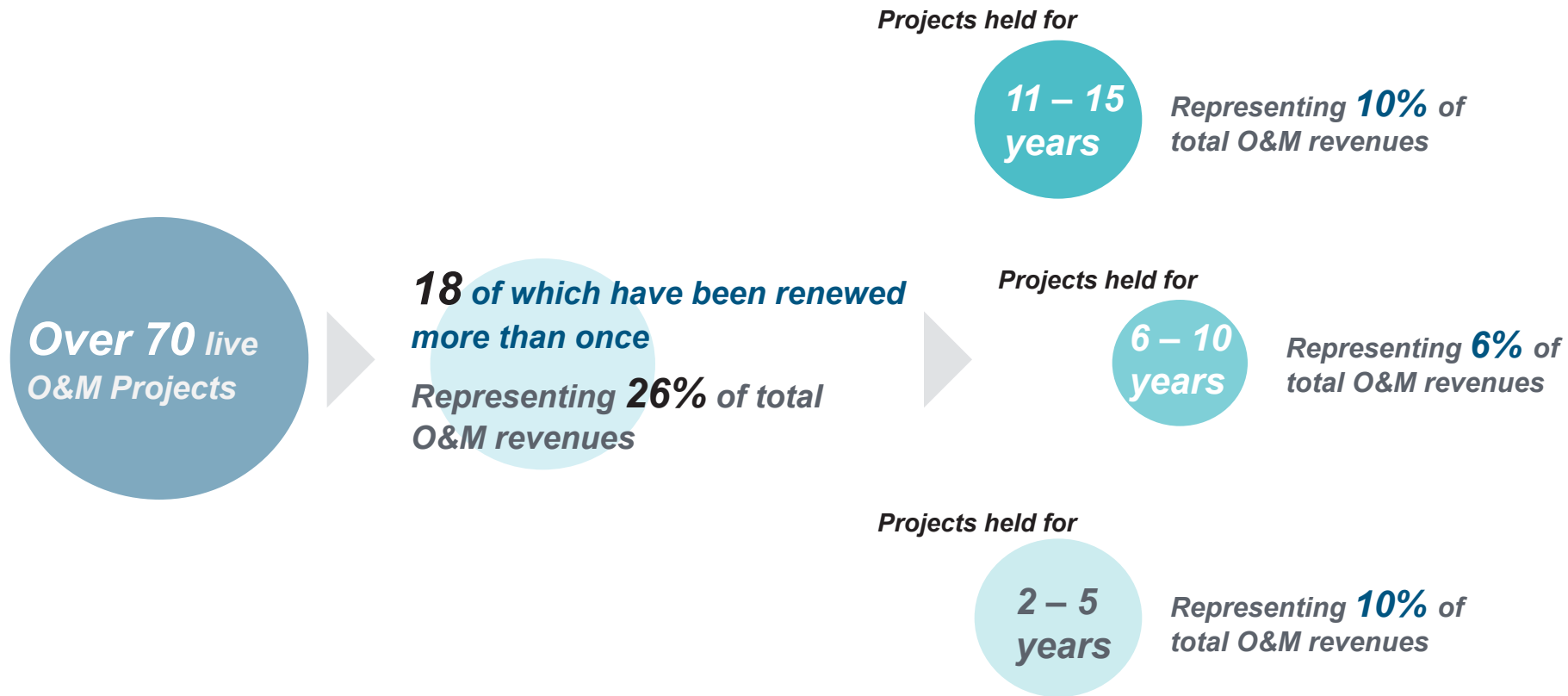


6,000+  
EMPLOYEES



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

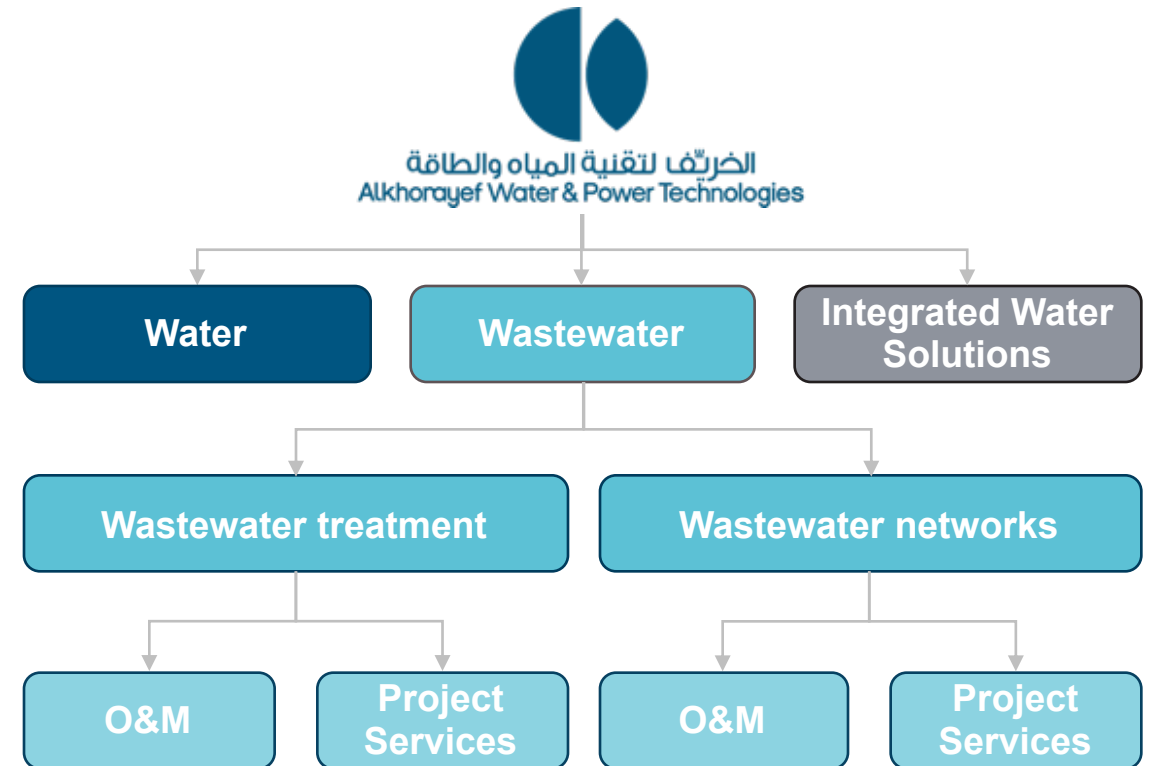
- Our Wastewater segment includes **wastewater treatment** services and **wastewater networks** services

- 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**

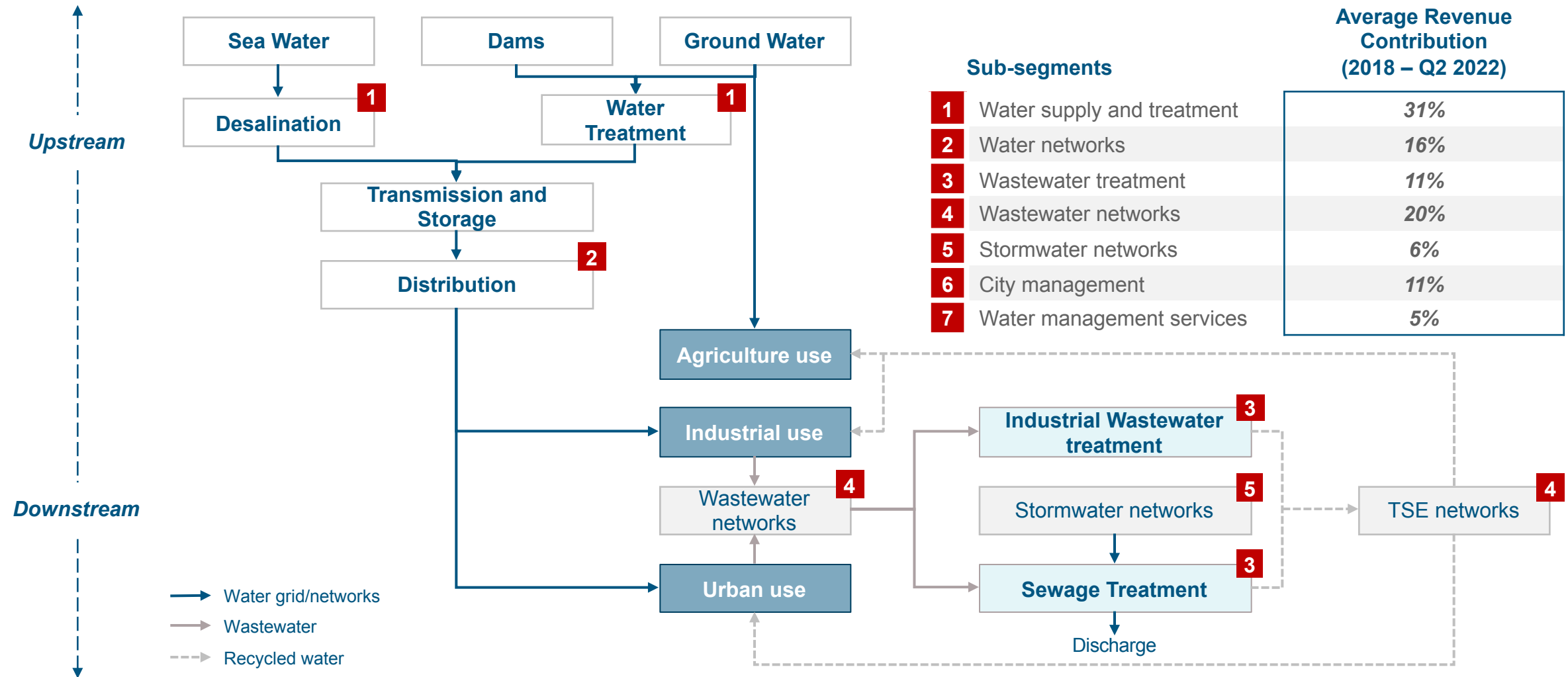


# The Integrated Water Solutions Segment

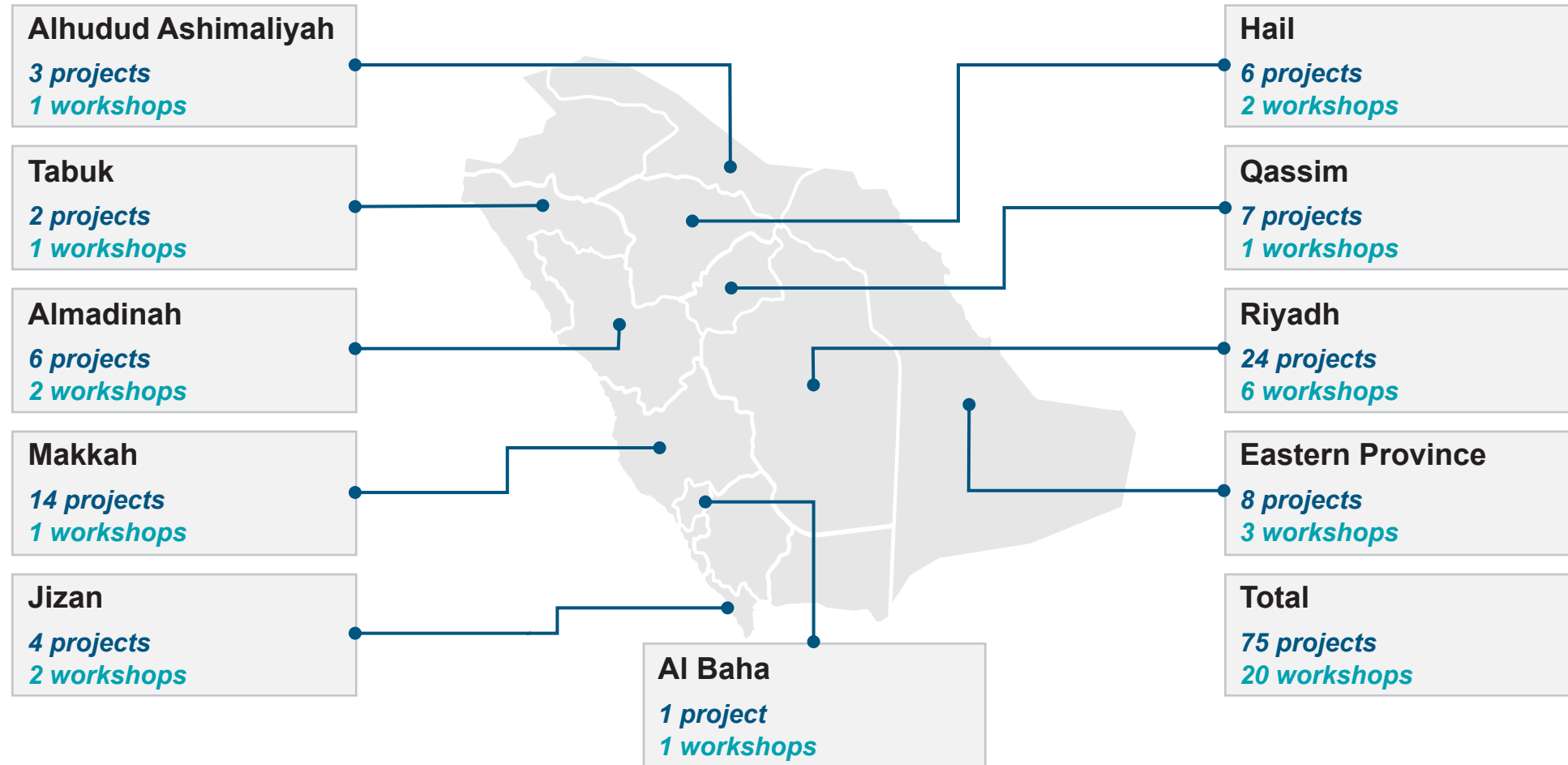
- Our Integrated Water Solutions segment includes **stormwater networks services**, **city management services** and **water management services**
- **Stormwater networks encompasses:**
  - Stormwater Network - Engineering, procurement, execution, commissioning, upgrading, rehabilitating and O&M of large-scale 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



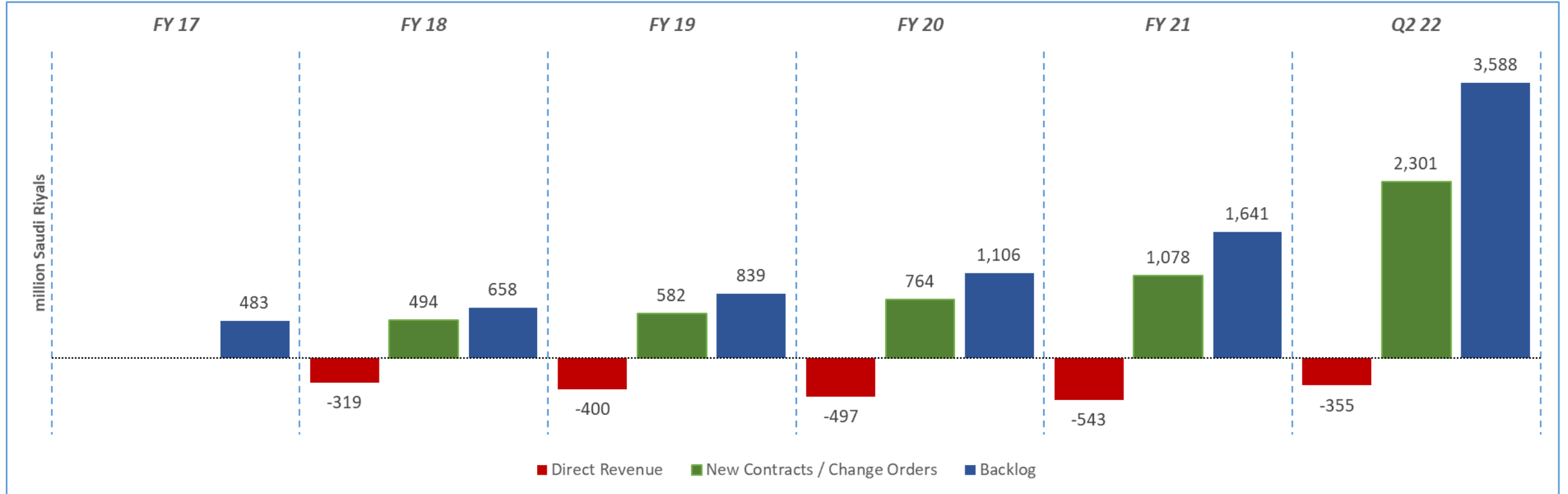
# Through its long operational history, AWPT has established strong presence across the water value chain in O&M and Project Services



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



# Revenue Backlog as of Q2 2022

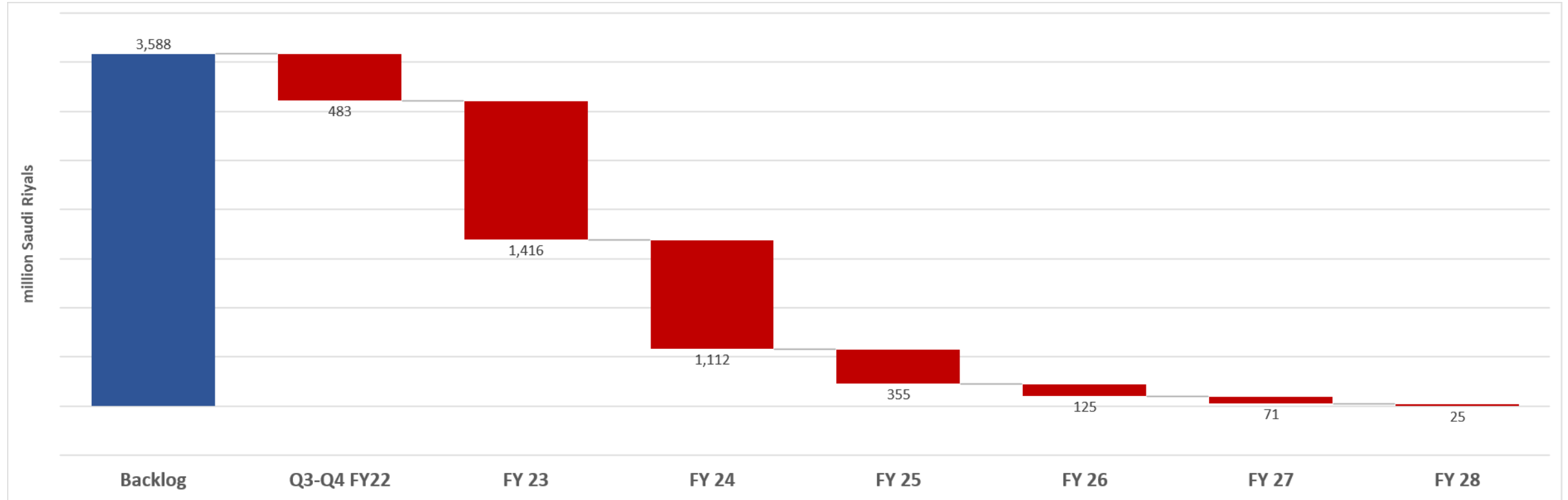


## Revenue backlog

- Backlog revenue increased from SAR 483M as at Dec 17 to SAR 3.5B as at Q2 as at June 22 with a CAGR of 49%
- 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 1.3B during 2021
- AWPT closing backlog of SAR 3.59B as at 2Q 2022, which was driven by SAR 2.3B in new projects award during first half of 2022.



# Backlog Recognition for Q3-Q4 2022, FY23 – FY28



## Revenue Recognized

— Total backlog as at 2Q 22 is SR 3.58B, out of which are SR167M 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 3%, from SAR 142.M YTD Jun 2021 to SAR 146.13M YTD Jun 22 driven by the increase in revenue from water withdraw.
- Revenue from the wastewater treatment segment maintained compared to same period last year. However, revenue will increase Q3 2022 substantially due to the execution of newly awarded Taif project.
- The increased in revenue from the integrated water solutions segment by 226% YTD-Jun 22 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 Jeddah Storm water O&M projects.

Revenue and Backlog by Segment			
SAR'000	Jun-21	Jun-22	Backlog (June 22)
<b>Water segment</b>			
Water networks	41,735	47,757	1,952,197
Water withdraw and treatment	100,292	98,375	351,175
	<b>142,027</b>	<b>146,132</b>	<b>2,303,372</b>
<b>Wastewater segment</b>			
Wastewater networks	51,596	61,446	344,911
Wastewater treatment	35,691	24,635	122,365
	<b>87,287</b>	<b>86,081</b>	<b>467,276</b>
<b>Integrated water solutions</b>			
City management	31,801	49,352	272,183
Stormwater networks	2,733	30,464	187,083
Water Management Services	3,961	45,926	357,625
	<b>38,496</b>	<b>125,742</b>	<b>816,890</b>
<b>Total</b>	<b>267,810</b>	<b>357,955</b>	<b>3,587,538</b>

# Q2 2022 Results

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

## Financial Performance

### Q2 2022 vs Q2 2021

#### Tremendous growth Q2 2022 Vs Q2 2021

- Top line growth of over 37%
- Net profit growth of over 21% at 26.32M compared to 21.71M same quarter previous year.
- Growth in operating profit over 42% from 24.39M to 34.60M
- Growth in EBTIDA over 43% from 29.34M to 42.07M.

### Q2 2022 vs Q1 2022 (current quarter vs previous quarter)

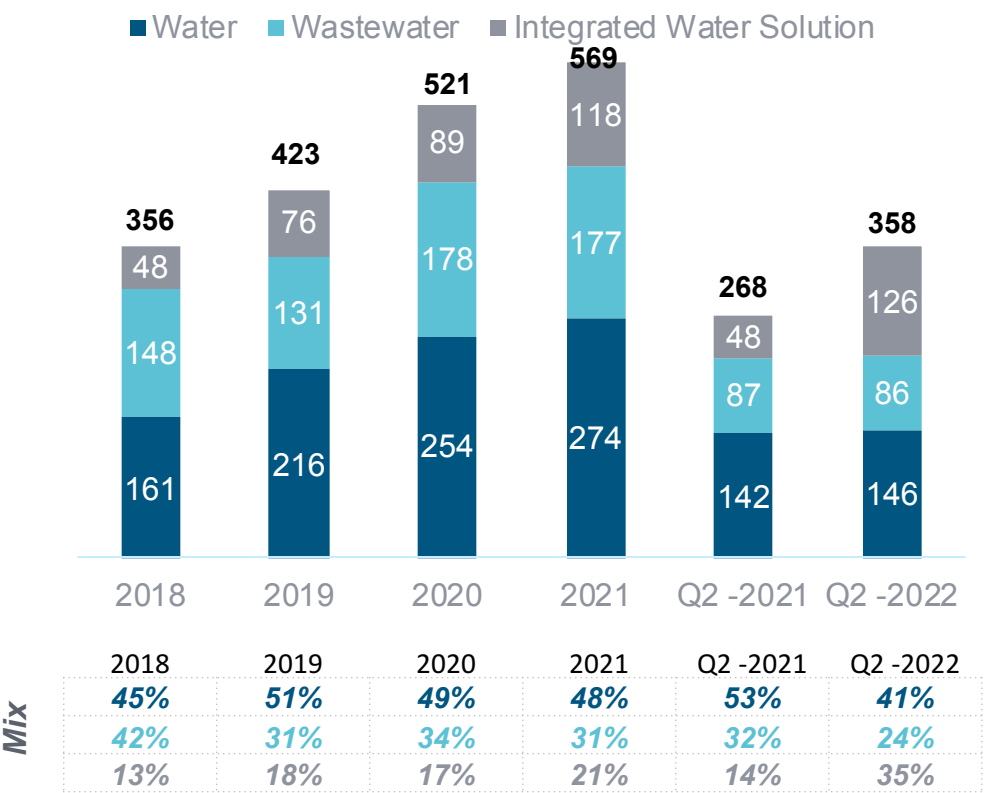
#### Tremendous growth Q2 2022 Vs Q1 2022

- Top line growth of over 6%
- Net profit after zakat growth of over 4% at 26.32M compared to 25.31M for previous quarter.
- Growth in Operating profit at 15% from 30M to 34M
- Growth in gross profit over 5 % from 43.56M to 45.72M

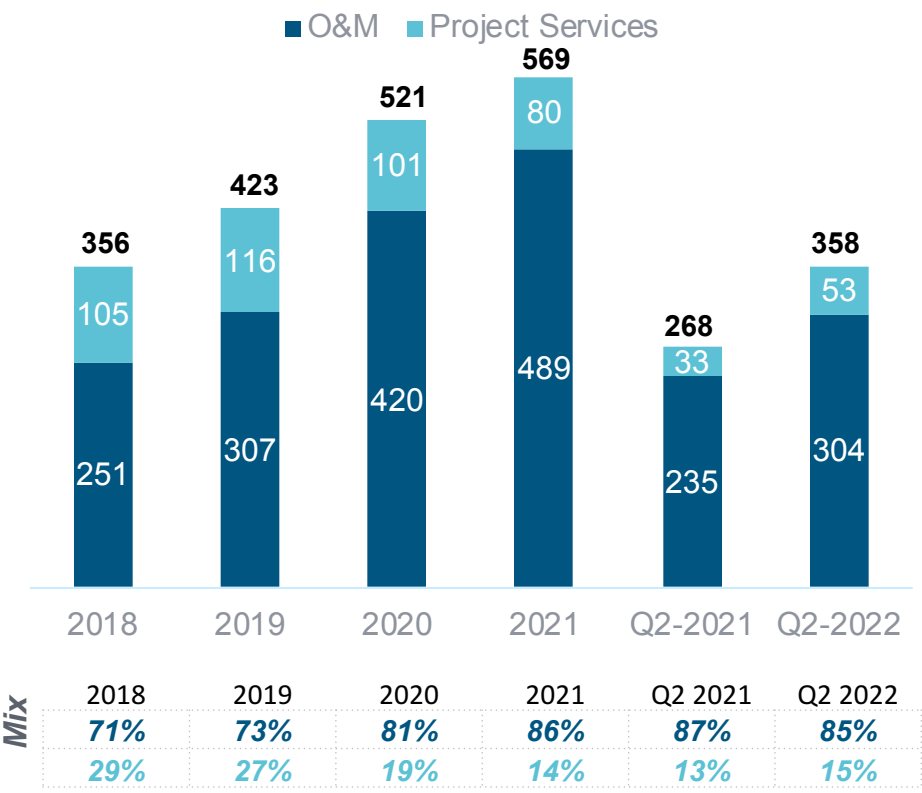
Statement of Profit or Loss	PTD Q2 2022 Actual	PTD Q2 2021 Actual	YoY % Change	PTD Q2 2022 Actual	PTD Q1 2022 Actual	YoY % Change
<b>Revenue</b>	<b>184.43</b>	<b>134.89</b>	37%	<b>184.43</b>	<b>173.53</b>	6%
Cost of revenue	(138.71)	(96.40)	44%	(138.71)	(129.96)	7%
<b>Gross profit</b>	<b>45.72</b>	<b>38.49</b>	19%	<b>45.72</b>	<b>43.56</b>	5%
S&A expenses	(0.41)	(0.96)		(0.41)	(0.37)	
G&A expenses	(10.70)	(13.14)		(10.70)	(13.17)	
<b>Operating Profit (EBIT)</b>	<b>34.60</b>	<b>24.39</b>	42%	<b>34.60</b>	<b>30.02</b>	15%
Finance charges	(4.13)	(0.82)		(4.13)	(1.52)	
Other income	0.73	0.23		0.73	0.25	
Foreign exchange loss, net	(0.01)	(0.02)		(0.01)	0.01	
(Loss) gain on sale P&E	0.06	0.01		0.06	0.07	
Profit(Loss) From the associate	(1.93)	0.00		(1.93)		
<b>PROFIT BEFORE ZAKAT</b>	<b>29.33</b>	<b>23.80</b>	23%	<b>29.33</b>	<b>28.83</b>	2%
ZAKAT	(3.00)	(2.09)	50%	(3.00)	(3.52)	-15%
<b>Net Profit after Zakat</b>	<b>26.32</b>	<b>21.71</b>	21%	<b>26.32</b>	<b>25.31</b>	4%
<b>EBITDA</b>	<b>42.07</b>	<b>29.34</b>	43%	<b>42.07</b>	<b>38.53</b>	9%
<b>EBITDA Margin</b>	<b>22.8%</b>	<b>21.8%</b>		<b>22.8%</b>	<b>22.2%</b>	

# Revenue by Segment and Contract Type

Revenue by Segment (SAR MN)

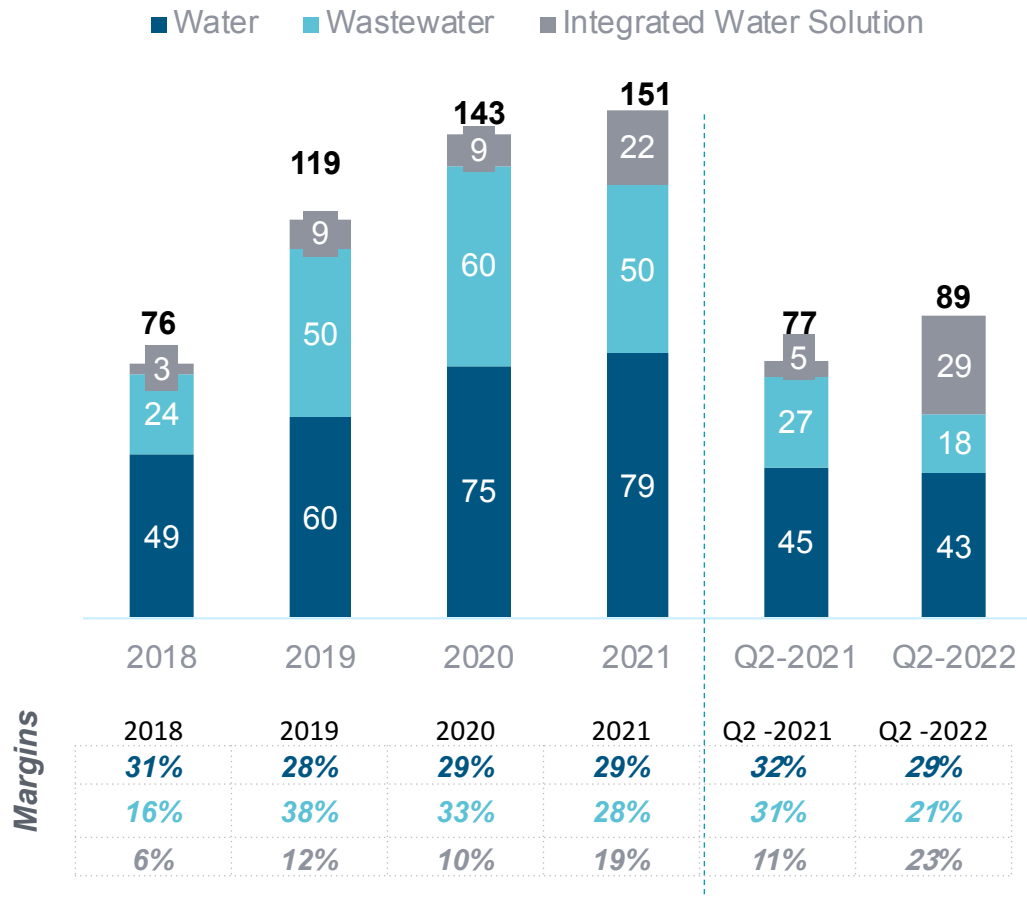


Revenue by Contract Type (SAR MN)

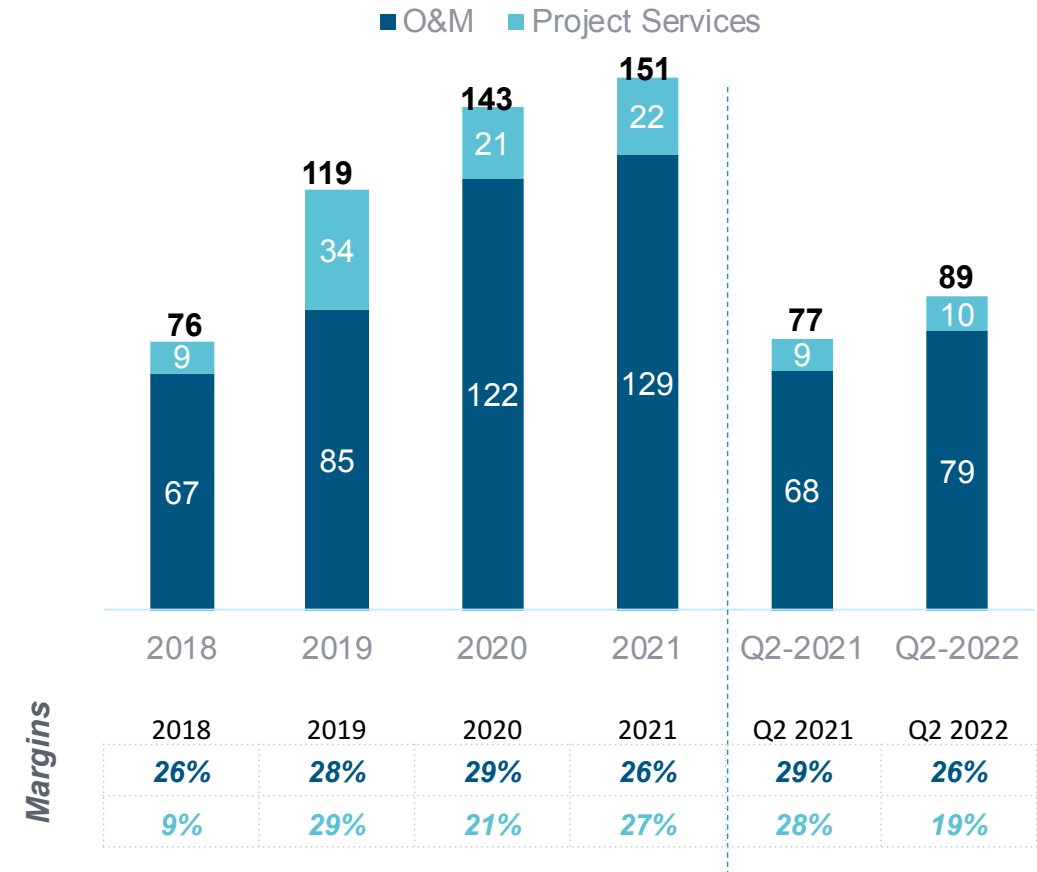


# **Topline growth met with industry leading profitability margins**

## Gross Profit by Segment (SAR MN)

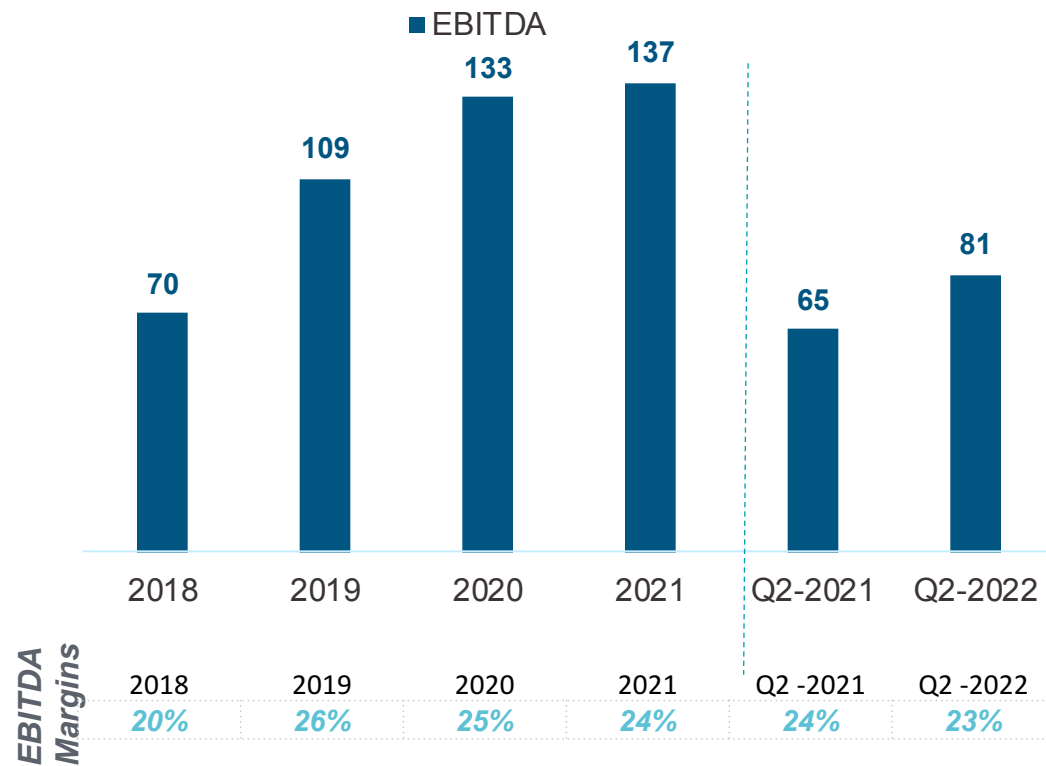


## Gross Profit by Contract Type (SAR MN)

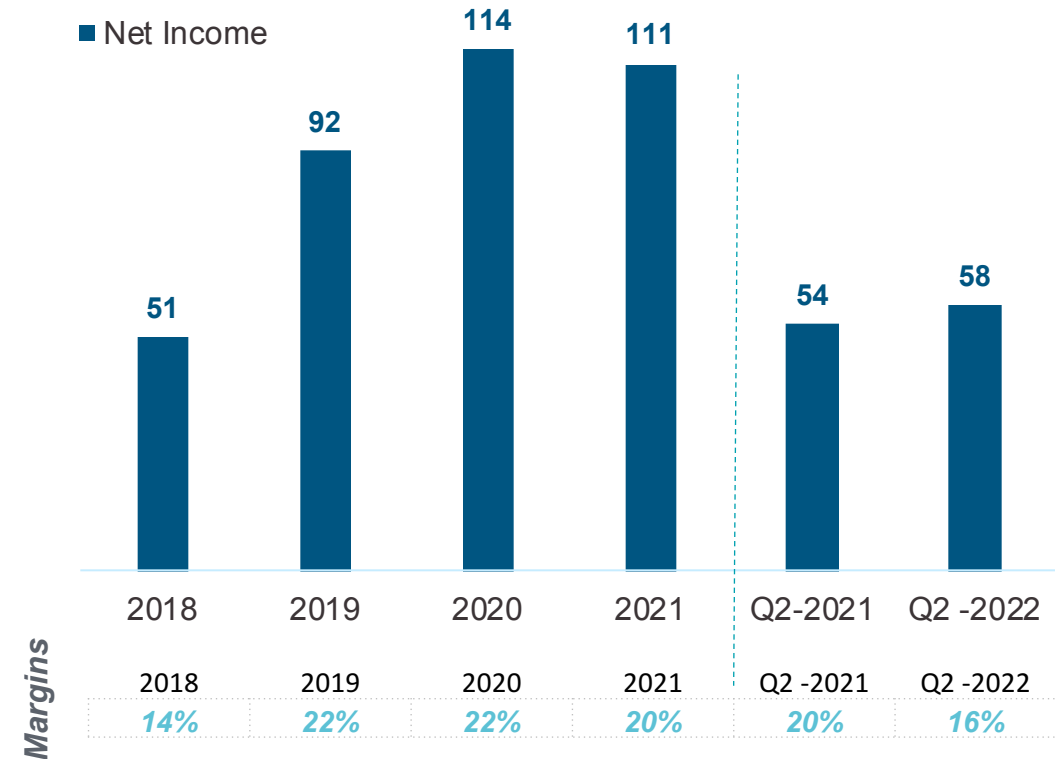


# *Topline growth met with market leading profitability margins*

EBITDA (SAR MN)



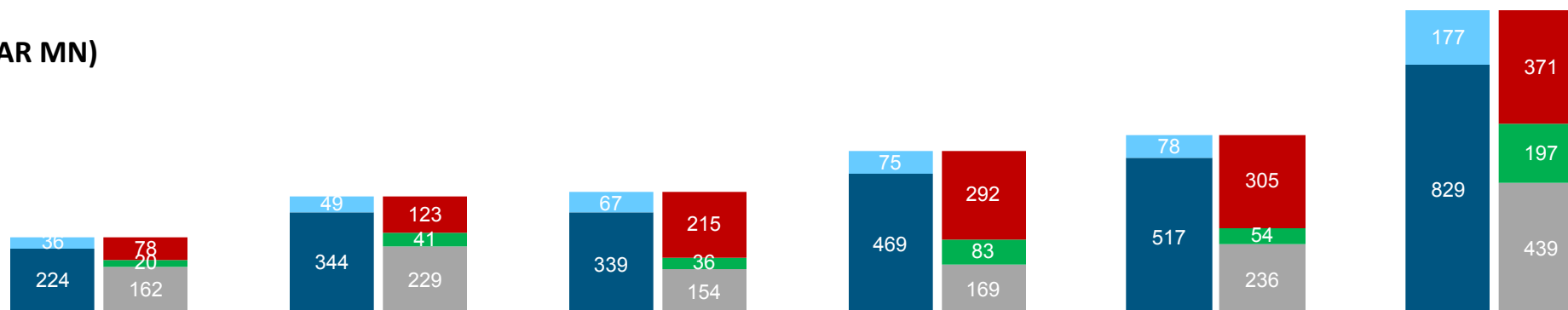
Net Income before Zakat (SAR MN)



# 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	Q2 - 2022
RoIC	%	25%	38%	40%	32%	26%	32%
RoE	%	28%	42%	43%	38%	31.7%	34%
NWC-to-Sales	%	47%	63%	53%	56%	56%	59%
Trade receivables	Days of Sales	202	211	127	115	134	139
Trade payables	Days of COS	98	64	70	51	56	44
Current Ratio	x	1.4	1.5	2.2	2.8	2.1	1.9
D/(D+E)	%	46%	56%	22%	29%	29%	56%
Net debt-to-EBITDA	x	1.6	1.7	0.4	0.3	1.3	2.5

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

## **Strategic Objectives**



الخریْف لتقنية المياه والطاقة  
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**

# Major New Bidding Opportunities

## 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 RCRC and PIF Mega Projects Bids

- Several large-scale proposals under preparation for NEOM Mega project
- AWPT is looking to compete in the newly announced portfolio of projects to be floated by NWC amounting to 108B in the next five years. mainly to expand coverage of water and sewage networks, increase the capacity of treatment plants and raise the coverage rate for inhabitants connected to sewage network and water networks as well. From the details provided from NWC, these are projects similar in nature to what AWPT is currently doing in TAIF and other areas (sewage networks) and also in the eastern region projects (water quality projects at 1.68B) which are desalinated water networks, storage, distribution and pumping. The other parts are expanding the existing wastewater treatment plants (which we have extensive knowledge in and track record) and finally increase the number of connection sewage and water (which we already do for years now). Mainly vast majority of the projects mirror our subject matter expertise and our extensive track record NWC in terms of executing such projects such desalinated water transmission, water distribution, sewage networks (collection and transmission), connections (swage and water) and waste water treatment plants.
- Participating in Green Riyadh initiative projects to execute large scale irrigation infrastructure.



# 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 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						
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
		+ 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 ALL 4 Independent Water Transmission Project (IWTP). Currently the first two IWTP bids are under preparation.**