



August 2021

ACWA Power – H1 2021 Results Update

(Update to Business Update of 24 August 2021)



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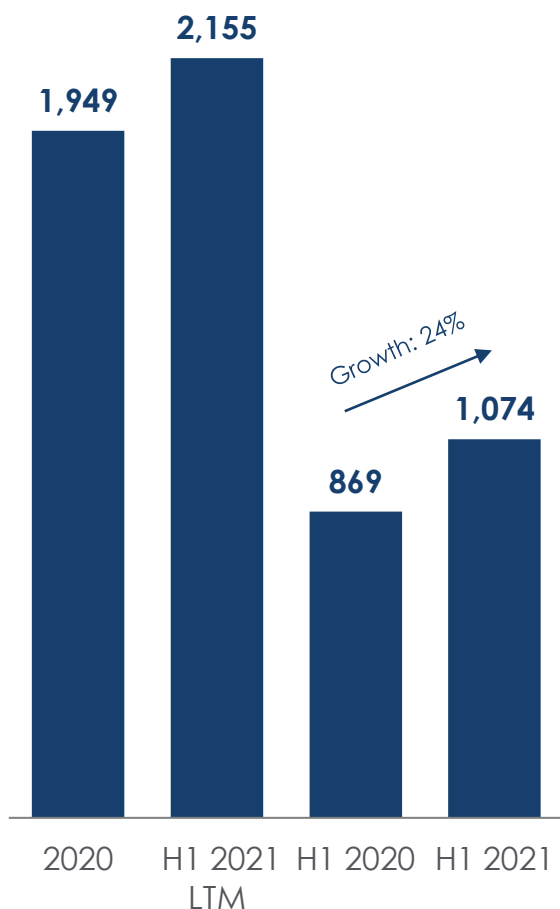
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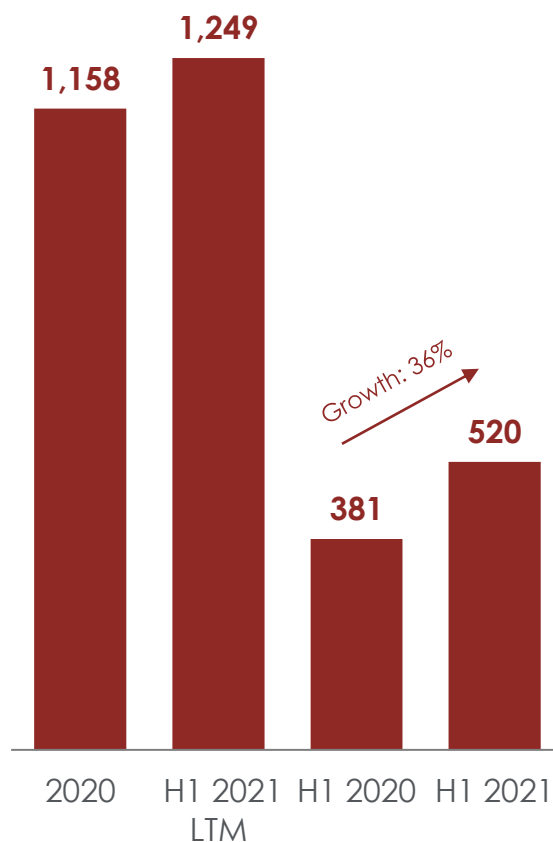
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Proven track record of growth with continued momentum from new projects coming online

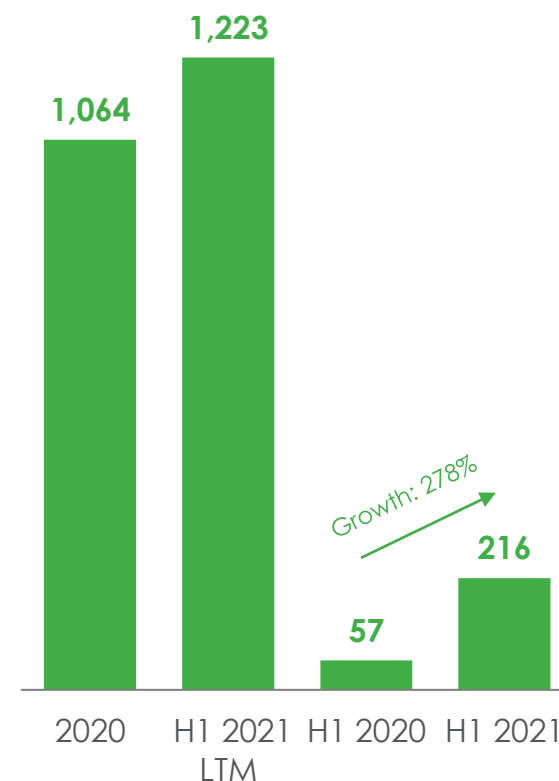
Operating income before impairment loss and other expenses (SARmm)⁽¹⁾



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



Parent operating cash flow (SARmm)



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

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

(SARmm)	2020	H1 2021 LTM	H1 2020	H1 2021	Near-term future drivers
Development and construction management services	461	608	148	296	<ul style="list-style-type: none"> 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 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
Share of Net Income of Projects before impairment⁽¹⁾	734	624	412	302	<ul style="list-style-type: none"> Driven by share of income from (i) operational projects, (ii) existing under-construction and advanced development projects coming online (including Jazan which is expected to contribute c. SAR 200mm ACWA Power share of EBITDA in 2021 and c. SAR 860mm ACWA Power share of EBITDA in 2022, provided the asset transfer is completed as expected), and (iii) new projects expected to be won by ACWA Power (once operational) Income from operational projects is expected to increase due to inflation and deleveraging Potential of > 10 GW and 1 mm m3 /day of additional projects each year
NOMAC profit attributable to owners of the Company	337	385	141	188	<ul style="list-style-type: none"> NOMAC's net income is driven by O&M payments received from projects less NOMAC operational cost NOMAC's net income is expected to grow due to (i) inflation indexation of existing contracts, (ii) O&M for under-construction and advanced development projects coming online, and (iii) O&M for new projects expected to be won by ACWA Power NOMAC margins expected to remain stable medium-term, with potential longer-term upside
Other operating income and Other income	435	433	186	184	<ul style="list-style-type: none"> Driven by long-term contracted fees (TSA, MSA, SSA) from projects and profit from ACWA Power Reinsurance 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
Capital recycling gains / (loss)⁽²⁾	20	4	17	-	<ul style="list-style-type: none"> Driven by ongoing capital recycling activities, similar to the renewables sell-down transaction to SRF in 2019
Corporate and Holding Entities Operating and Financing Costs and FX⁽³⁾	(829)	(805)	(523)	(451)	<ul style="list-style-type: none"> Includes corporate SG&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
Adjusted Profit / (Loss) attributable to equity holders of the parent	1,158	1,249	381	520	
Adjustments (net off elimination of normalization for accelerated depreciation for oil-fired assets for 2021)⁽³⁾	(275)	(245)	(55)	(73)	<ul style="list-style-type: none"> Driven by one-off and non-operational items and certain normalizations
ACWA Power's Profit / (Loss) attributable to equity holders of the parent	883	1,004	326	447	

Source: Company information. Notes: (1) Figures based on ACWA Power's effective share of underlying projects' audited net income which may differ from the audited consolidated financial statements. Further accelerated depreciation is now considered as part of share of net income of projects. (2) Include APREH, Hajr and Karad gain / (loss). (3) The Company has provided for in H1 2020 and then subsequently reversed in H2 2020 for PDC of Redstone in S. Africa as part of its normal course of business. H1 2021 LTM includes an adjustment to eliminate the impact of the timing difference caused by booking of the provision in H1 2020 and reversal of the same in H2 2020.

Major performance drivers of key financial metrics in H1 2021

(SAR mm)	H1 2021	H1 2020	Variance		
			SAR	%	
Operating income before impairment loss and other expenses¹	1,074	869	205	+24	Major variance drivers <ul style="list-style-type: none"> • Increase in development and construction management fees mainly on account of financial closes of Sirdarya, Sudair and Redstone. • Delay LD income booked in Hassyan on account of settlement with EPC contractor (SAR 52 mm) • Reversal of Impairment in SWEC (SAR 30 mm) • 1H 2020 had higher development cost write offs and other provisions such as Redstone LNTP and other projects (SAR 84 mm) partially offset by: • Higher depreciation due to change in useful life of oil-fired assets (Rabigh and Shuqaiq) (SAR 99 mm) • SAR 43 mm of LTIP, which pertains to 18 months, booked in 1H 2021 • Higher deferred tax asset on Moroccan projects in H1 2020 in relation to depreciation related losses (SAR 69 mm) • See next slide for the adjustment/normalizations for Adjusted Profit
Profit / (Loss) attributable to equity holders of the parent	447	326	121	+37	
Adjusted Profit / (Loss) attributable to equity holders of the parent²	520	381	139	+36	
POCF	216	57	159	+278	<ul style="list-style-type: none"> • Mainly on account of higher distribution in H1 2021 (SAR 171 mm) from NOMAC, RAWEC and Bokpoort
	30 June 2021	31 Dec 2020	Variance		
			SAR	%	
Net parent leverage	9,408	7,051	2,357	+33	<ul style="list-style-type: none"> • Mainly due to increase in recourse debt in line with growth such as Sirdarya, Taweelah and Redstone (SAR 1.35 bn) together with increase in off-balance sheet guarantees in relation to EBLs and Subsidiaries/Jvs including Sudair in addition to above projects (SAR 1 bn)

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

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

SAR(mm)	Nature	2020	H1 2021 LTM	H1 2020	H1 2021
Profit / (Loss) attributable to equity holders of the parent		883	1,004	326	447
Impairments in relation to subsidiaries and equity accounted investees ¹	NRA	167	198	-	30
Provision for zakat and tax on prior year assessments	NRA	101	81	30	11
Covid-19 CSR contribution	NRA	53	20	33	-
Extraordinary provision on project development cost of Nam Dinh coal project in Vietnam	NRA	81	81	-	-
Reversal of provision on project development cost of Redstone in S. Africa ²	NRA	-	(49)	-	-
Accelerated depreciation on oil-fired assets	RN	-	99	-	99
Others	NRA	3	-	7	4
Adjustment for the LTIP provision for 2020 booked in 2021 ³	RN	(29)	15	(15)	29
Adjustment for the non-controlling interest ("NCI") portion of above	NRA	(100)	(100)	-	-
Total adjustments and normalizations		275	344	55	172
Adjusted Profit / (Loss) attributable to equity holders of the parent with capital recycling gain⁴ for 2020 & 2021		1,158	1,348	381	619
Accelerated depreciation on oil-fired assets that will not be normalized in future periods	RN		(99)		(99)
Adjusted Profit / (Loss) attributable to equity holders of the parent with capital recycling gain for 2021 & onwards			1,249		520

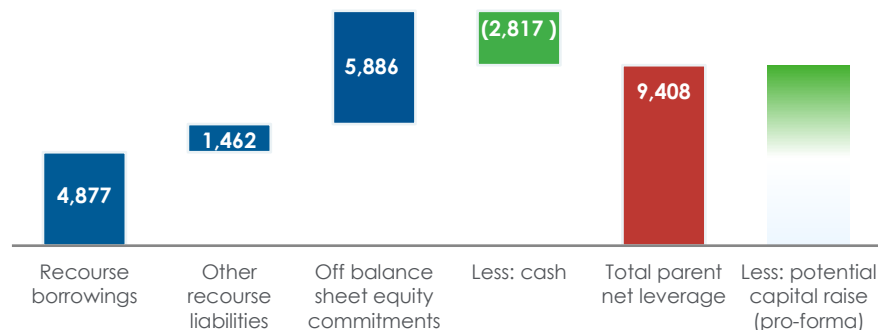
- **Non-recurring:** Unusual and is not expected to repeat in the future in the ordinary course of business. The value of these transactions are "**adjusted**" in the respective year of their realizations. Marked as non-recurring adjustment ("**NRA**") above
- **Recurring:** Not unusual and is expected to repeat in future periods. The value of these transactions are "**normalized**" in the year in which they are first-time realized for like-for-like comparison to previous and/or future years and a meaningful variance analysis. Marked as recurring normalized ("**RN**") in the table.

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 non-recourse 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 1.21 at 30 June 2021 (30 June 2021 net tangible equity of SAR 7,788mm)

H1 2021 parent net leverage build-up (SARmm)



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



Commensurate with:

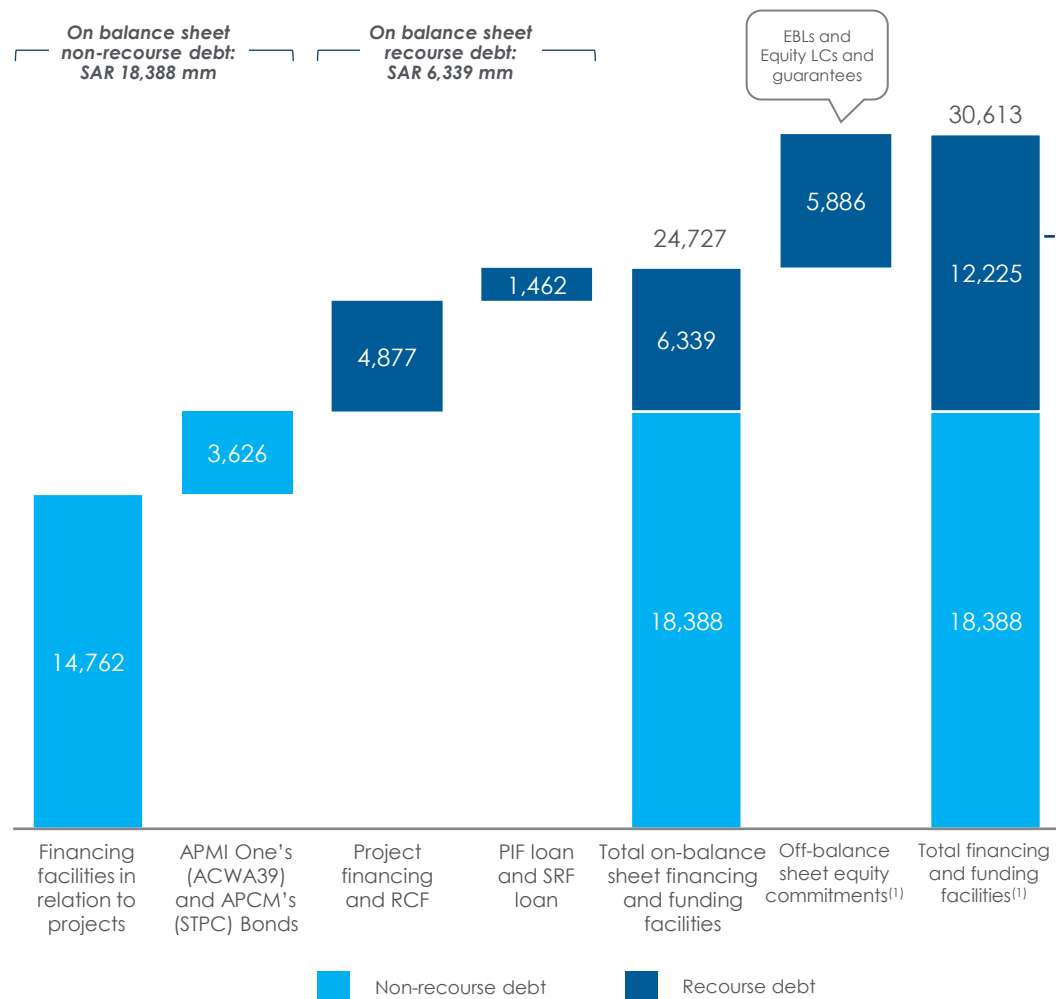
- ✓ **Young asset portfolio**
0-5 years: 80%
6-10 years: 8%
>10 years: 12%
- ✓ **Highly contracted**
c.100% contracted
- ✓ **Long-term PPAs**
22 years average remaining life⁽¹⁾
- ✓ **Strong counterparties**
Mostly investment-grade
- ✓ **Strong access to long term non-recourse capital at project level 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, 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

Breakdown of Long-term Financing and Funding Facilities

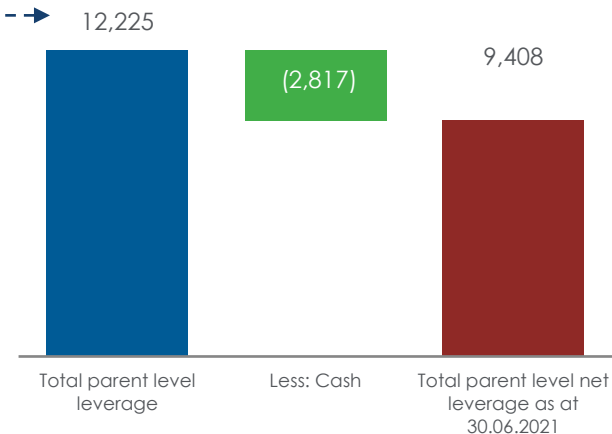
Long-term financing and funding facilities

As of 30 June 2021, all values in SAR mm



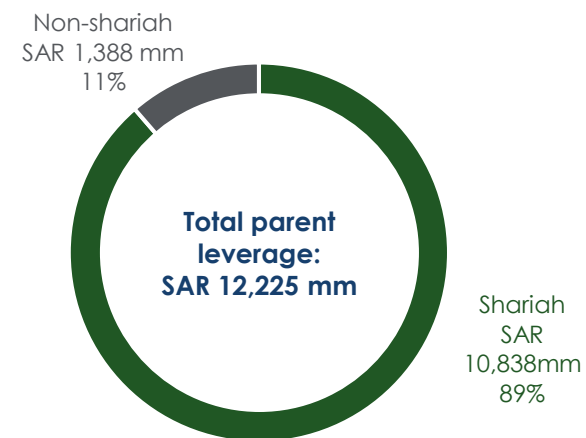
Parent-Level Net Leverage

SAR mm



Shariah Share of Total Parent Leverage

SAR mm



Significant subsequent events (post 1H2021)

✓ **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**

✓ **Ras Al Khair IWPP privatization process was cancelled in August 2021** following the decision of The Supervisory Committee for Privatization of the Environment, Water and Agriculture Sector regarding the ongoing privatization process of the water and power assets of the Saline Water Conversion Corporation ("SWCC") of the Kingdom of Saudi Arabia. A **new strategy for the privatization program** is expected to be announced in near future. **ACWA Power** had been short-listed as a **pre-qualified bidder for the Ras Al Khair IWPP privatization**

✓ **Jazan IGCC Phase 1 asset** transfer is now expected by end **October 2021** contrary to initial expectation of early July 2021 that was further revised to early September 2021 in the latest guideline estimate. As a result, the **expected FY2021 EBITDA contribution from Jazan is SAR 100 M.**

ACWA POWER
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