



September 2021

ACWA Power: Subsequent Event Update

14 September 2021



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Sale of Shuqaiq IWPP

- International Company for Power and Water Projects (“ACWA Power” or “the Company”) on 7th September 2021 entered into an agreement for the sale of its 32% effective shareholding in Shuqaiq Water and Electricity Company (“Shuqaiq IWPP”), an oil-fired asset located in the Kingdom of Saudi Arabia, with 850 MW power and 212,000 m³/day water desalination capacity. The buyer is based in Saudi Arabia and the agreement includes the sale of 32% interest in the O&M contract which is currently with ACWA Power’s wholly owned subsidiary, First National Operations and Maintenance Company (“NOMAC”).
- Shuqaiq IWPP is an equity accounted affiliate of ACWA Power that commenced commercial operations in 2011 and has a 20-year PWPA (“Offtake Agreement”) expiring in 2031. The asset contributed SAR 40.2 million to the Group’s consolidated FY2020 net income attributable to equity holders of the parent (“Net Income”) and represents less than 5% of the Company’s consolidated FY2020 Net Income, equity or total assets.
- For the year 2021, had this sale transaction not been affected, Shuqaiq IWPP would have contributed a net loss to the Company’s consolidated Net Income. Consolidated Net Income is therefore expected to marginally improve in 2022 versus FY2020 as a result of this transaction, though the Company also expects to record an initial one-time loss on sale of approximately SAR 25-30 million, with the exact amount dependent on the value of interest rate swaps on the date of transaction close. The transaction is expected to close in 2022, pursuant to required approvals from stakeholders including lenders and the offtaker.
- The sale is part of ACWA Power’s capital recycling strategy and brings the Group a step closer to its target of reducing carbon emissions by 50% by 2030 compared to 2020 levels and achieving carbon neutrality by 2050.

