



Shamal Az-Zour Al-Oula KSCP

FY 2020 Earnings Webcast

March 15, 2021



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AGENDA

- Introducing Shamal Az-Zour
- FY2020 Highlights
- Key Events
- Questions and Answers



BOARD & MANAGEMENT

Board of Directors



Chairman



Vice Chairman
Alex Katon



Director & CEO
Andrew Paul
Frain



Director
Ghazi
Abdulrahman
AlSanie



Director
Laurent Furred

Management Team



Director & CEO
Andrew Paul
Frain

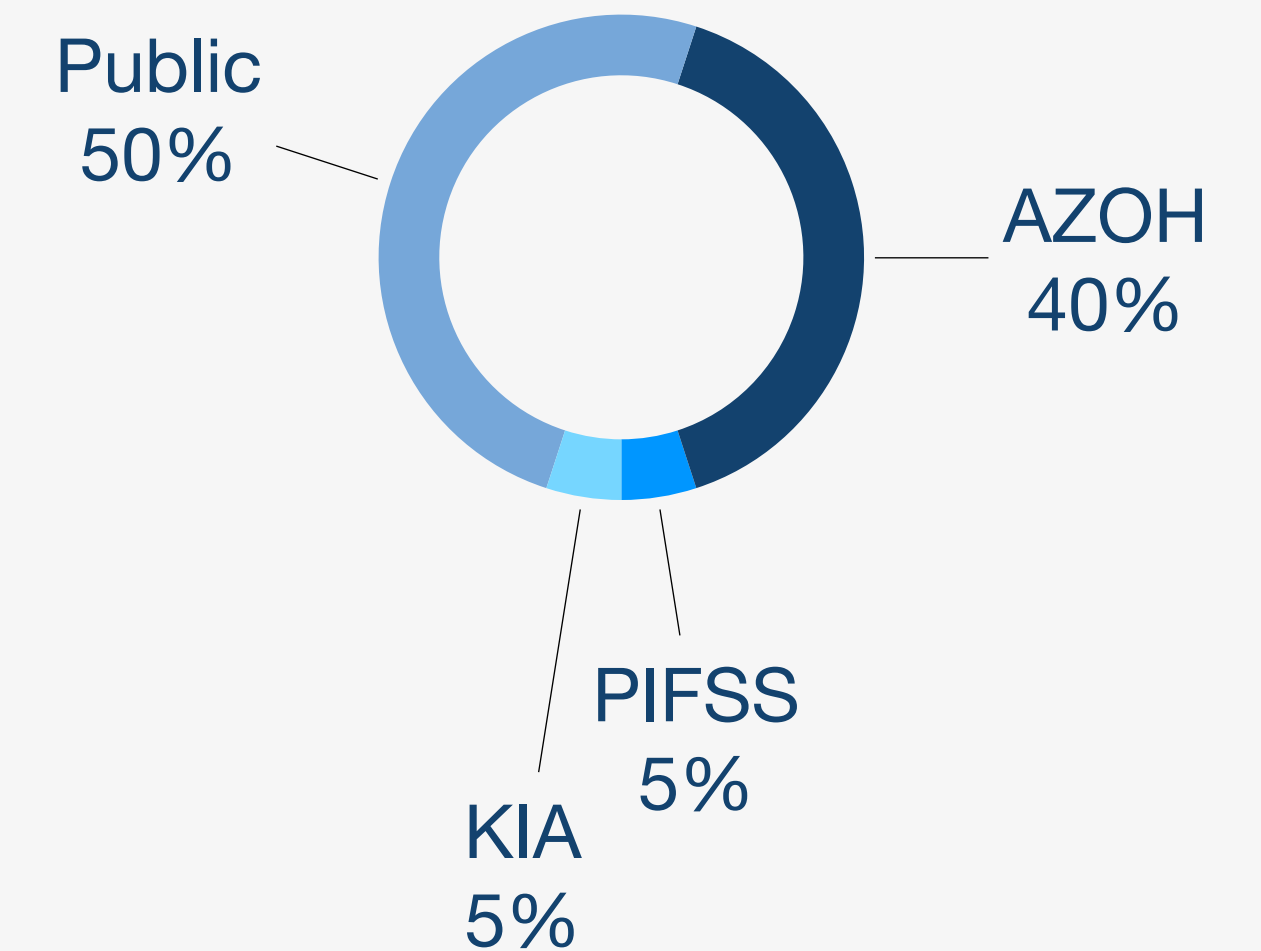


CFO
Chris Balm



CTO
Naveen Chandra
Jha

Ownership Structure



AZOH: Azour North One Holding Company is a private entity owned by a consortium comprising ENGIE, Sumitomo Corporation, and Kuwait's A.H. Al Sagar & Brothers

KIA: Kuwait Investment Authority is the State of Kuwait's Sovereign Wealth Fund.

PIFSS: The Public Institution for Social Security is Kuwait's state-run pension fund.

Public: 50% of the Company's shares were offered to the Kuwaiti citizens in a public offering that took place in October and November of 2019.

OUR BUSINESS



Shamal Az-Zour Al-Oula Power and Water Company K.S.C.P is Kuwait's first Independent Water and Power Project (IWPP). It is the first phase of the Az-Zour North Development, with the aim to increase the country's capacity to meet electrical and water demand over the coming years.

Under a 40-year long-term Energy Conversion and Water Purchase Agreement (ECWPA), power and water produced by the Company are entirely supplied to the government owned national power and water grid operated by MEW.

The Company is project-financed. This form of financing means that lenders are totally reliant on the Company to repay the borrowings: there are no guarantees from third parties. Therefore the lenders monitor the Company closely.

Timeline

- December, 2013**
Signing ceremony between the consortium and Kuwait Minister of Energy and Water, successfully concluding Kuwait's first PPP RFP process. Construction commences.
- November, 2016**
Construction completed, **started commercial operation** (on schedule and on budget).
- September, 2017**
Kuwait Authority for Partnership Projects (KAPP) appoints NBK Capital as lead advisor for the transfer of shares to the citizens (public offering).
- October-November 2019**
50% of shares offered to Kuwaiti citizens in a nation-wide public offering.
- August 16, 2020**
Listing on Boursa Kuwait, Premier Market.

OUR BUSINESS

Production Capacity



The plant supplies about 10% of Kuwait's installed power capacity.



The plant supplies about 20% of Kuwait's water desalination capacity.



Customer



Production supplied entirely to the national power and water grid operated by the Kuwait Ministry of Electricity and Water under a 40-year long-term Energy Conversion and Water Purchase Agreement (“ECWPA”).

OUR PLANT



Power Plant

Net production: 1,539.2 MW in net contracted power capacity. Generated by five General Electric GTG 9F-3 turbines generating 225.8 MW each and two General Electric STG D1 turbines generating 251 MW each.

Fuel: Natural gas is the main fuel, supplied by a blend of local gas and imported LNG (gas oil as backup fuel).

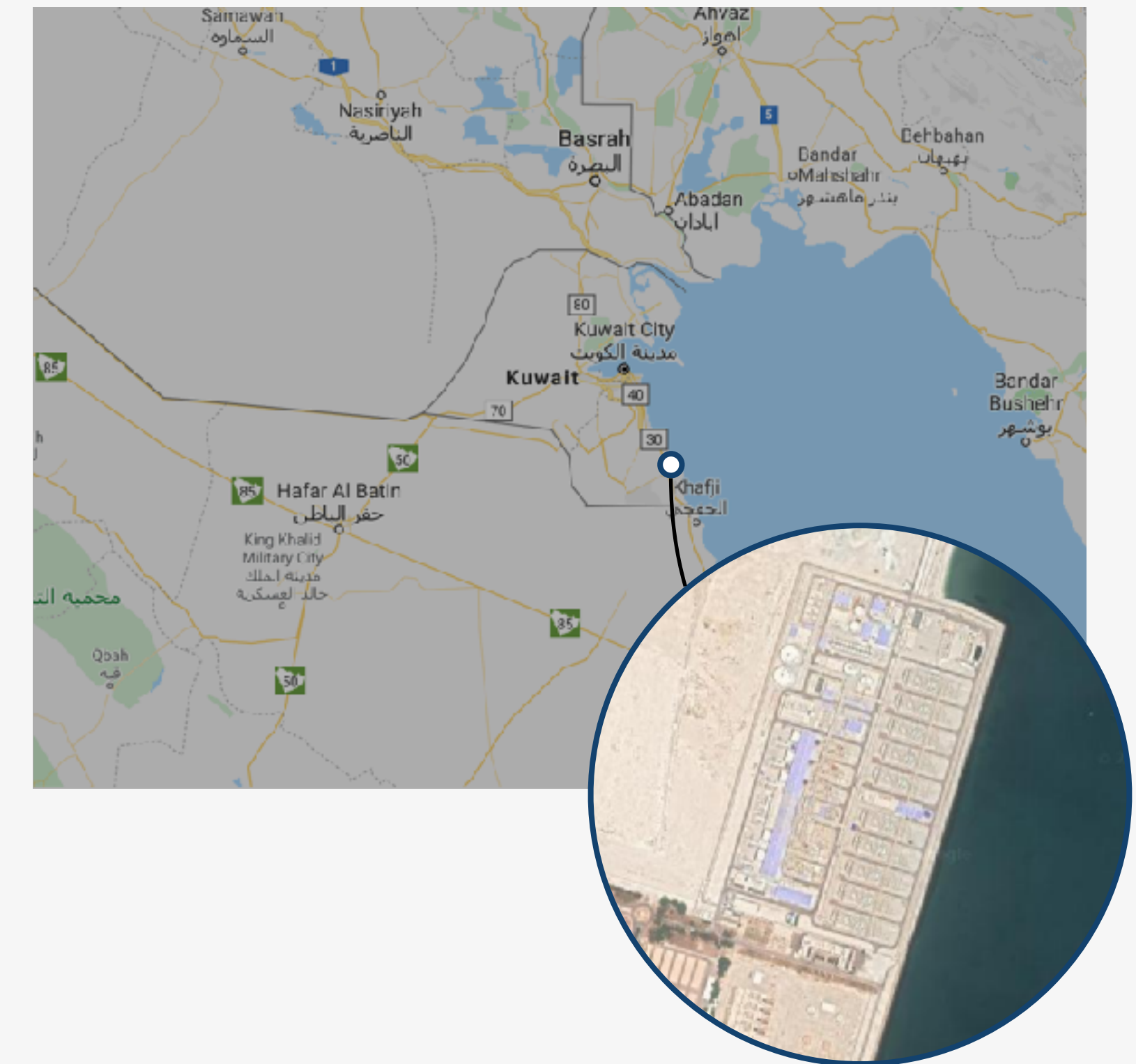


Water Plant

Net Production: 107 million imperial gallons per day (MIGD) via ten multiple-effect distillation (MED) units.

Technology: MED technology through 10 SIDEM MED units, each generating 10.84 MIGD.

Location



The Az-Zour North gas-fired combined cycle power and water plant is located at Az-Zour, approximately 100km south of Kuwait City.

FY2020 HIGHLIGHTS: P&L

KWD MILLIONS

	4Q20	4Q19	<i>% Diff</i>	FY20	FY19	<i>% Diff</i>
Revenue	12.8	12.8	0.0	51.4	51.1	0.6%
Operating Costs	4.4	3.9	12.8%	15.6	14.8	5.6%
Gross Profit	8.4	8.9	-5.6%	35.8	36.3	-1.4%
EBITDA	8.0	8.4	-4.8%	34.1	35.0	-2.7%
Net Profit	2.7	2.9	-6.9%	12.3	12.3	-0.3%

- Revenue was in line with management expectations and the previous year despite the fire incident which occurred in February 2020.
- Operating costs were slightly higher than management expectations and the previous year due to the fire incident.
- Despite gross profit being slightly lower than the previous year, the reduction in interest expense allowed Shamal to declare a FY20 net profit which was in line with management expectations and at the same level as the previous year.

SUMMARY OF Q4 RESULTS

- The results are in line with the previous year and with management expectations.
- Some logistical challenges have been encountered and Covid-19 has impacted the operations of the plant.
- However the financial results have not been significantly affected.




KEY EVENTS

- Covid-19 has had minimal impact on the Company. The pandemic has affected the operations at site and significant changes to working practices have had to be implemented. This has resulted in disruption to our employees lives and caused hardship. However we are pleased to be able to say that we have continued to provide electricity and water to Kuwait throughout all the upheavals.
- An incident occurred in April 2020 when an employee required hospital treatment. This is the first incident sustained on site since the takeover of the plant in November 2016.
- The reduction in total equity shown in the financial statements for the period to 31 December 2020 is due to:
 - The dividend of KWD 27,500,000 which was paid on 9 December 2020.
 - The increase in the mark-to-market loss on the interest rate swaps. This is purely an accounting adjustment and does not affect profit or cash.



KEY EVENTS

- There has been recent press speculation concerning the effect of Covid-19 and the low oil price on the ability of Kuwait to pay its obligations. We have a close working relationship with the Ministry of Electricity and Water (MEW) and we can confirm that they continue to settle our invoices within the timetable set out in the Energy Conversion and Water Purchase Agreement (ECWPA).
- In February 2021, Mr Quentin Des Cressonnières, who represented AZN Dutch Holdco 1 on the Board of Directors was replaced by Mr Laurent Furedi.
Chairman Mr Hossam Al Roumi, who represented the Kuwait Investment Authority on the Board of Directors has ended his relationship with KIA. KIA is in the process of electing a new representative.
- Mr Chris Balm, the current CFO, will be ending his working relationship with the company and his last day of work will be on 31 March 2021. He will be replaced by Mr Bobby Agha, who will commence his duties as the new CFO as of 1 April 2021.
- The Board of Directors has recommended the distribution of a 12 fils cash dividend which is pending approval at the AGM.

An aerial photograph of an industrial facility, likely a refinery or chemical plant, situated in a desert environment. The facility features numerous large, cylindrical storage tanks, several multi-story industrial buildings with blue roofs, and a complex network of pipes and walkways. The foreground shows a body of water, possibly a bay or a reservoir, with a dark, rocky shoreline. The overall scene is characterized by a mix of industrial structures and natural desert elements.

QUESTIONS AND ANSWERS



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