



Shamal Az-Zour Al-Oula KSCP

FY 2020 Earnings Webcast

March 15, 2021



DISCLAIMER



This confidential document is provided for informational purposes only. THE INFORMATION SET OUT IN THIS PRESENTATION AND PROVIDED IN THE DISCUSSION SUBSEQUENT THERETO DOES NOT CONSTITUTE AN OFFER OR SOLICITATION OF AN OFFER TO BUY OR SELL SECURITIES IN ANY JURISDICTION. IT IS SOLELY FOR USE AT AN INVESTOR PRESENTATION AND IS PROVIDED AS INFORMATION ONLY. THIS PRESENTATION DOES NOT CONTAIN ALL THE INFORMATION THAT IS MATERIAL TO AN INVESTOR. THIS PRESENTATION HAS BEEN PREPARED BY AND IS THE SOLE RESPONSIBILITY OF Shamal Az-Zour Al-Oula KSCP (“THE “COMPANY”).

The information contained in this document is proprietary and confidential to Shamal Az-Zour Al-Oula KSCP. You must only use such information for the purposes of discussions with Shamal Az-Zour Al-Oula KSCP and you must hold such information in strict confidence and not reproduce it or disclose it to any person, except as may be required by law.

You must not place any reliance for any purpose whatsoever on the information contained in this document. No representation or warranty, express or implied, is given by or on behalf of Shamal Az-Zour Al-Oula KSCP or any other person as to the accuracy or completeness of the information or opinions contained in this document and no liability whatsoever is accepted by Shamal Az-Zour Al-Oula KSCP or any other person for any loss howsoever arising, directly or indirectly, from any use of such information or opinions or otherwise arising in connection therewith.

Some information contained in this document has been obtained from sources prepared by other parties and it may not have been independently verified.

The supply of this document does not imply that the information within is correct at any time subsequent to the date of this document.

The information herein may be amended and supplemented and may not as such be relied upon for the purpose of entering into any transaction. This presentation may not be reproduced in whole or in part, distributed or transmitted to any other person without the Company's prior written consent. The information in this presentation and the views reflected there in are those of the Company and are subject to change without notice. All projections, valuations and statistical analyses are provided to assist the recipient in the evaluation of matters described herein. They may be based on subjective assessments and assumption and may use one among alternative Methodologies that produce different results and to the extent that they are based on historical information, they should not be relied upon as an accurate prediction of future Performance. These Materials are not intended to provide the basis for any recommendation that any investor should subscribe for or purchase any securities. This presentation does not disclose all the risks and other significant issues related to an investment in any securities / transaction. Past Performance is not indicative of future results. The Company is under no obligation to update or keep current the information contained herein. No person shall have any right of action against the Company or any other person in relation to the accuracy or completeness of the information contained in this presentation. No person is authorized to give any information or to make any representation not contained in and not consistent with this presentation and if given or made such information or representation must not be relied upon as having been authorized by or on behalf of the Company. This presentation does not constitute an offer or an agreement, or a solicitation of an offer or an agreement, to enter into any transaction (including the provision of any services). No assurance is given that any such transaction can or will be arranged or agreed. Certain statements in this presentation may constitute forward-looking statements. These statements reflect the company's expectation and are subject to risk and uncertainties that may cause actual result to differ materially and may adversely affect the outcome and financial effects of the plan described herein. You are cautioned not to rely on such forward-looking statements. The Company does not assume any obligation to update its view of such risk and uncertainties or to publicly announce the result of any revision to any forward-looking statements made herein.

This document may contain forward-looking statements which, by their nature, involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by these statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described within this document. In particular, actual results may be adversely affected by future developments affecting inflation, interest rates, taxation, social instability or other economic, political or diplomatic or other matters. Forward-looking statements contained in this document that reference past trends or activities should not be taken as a representation that such trends or activities will continue.



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

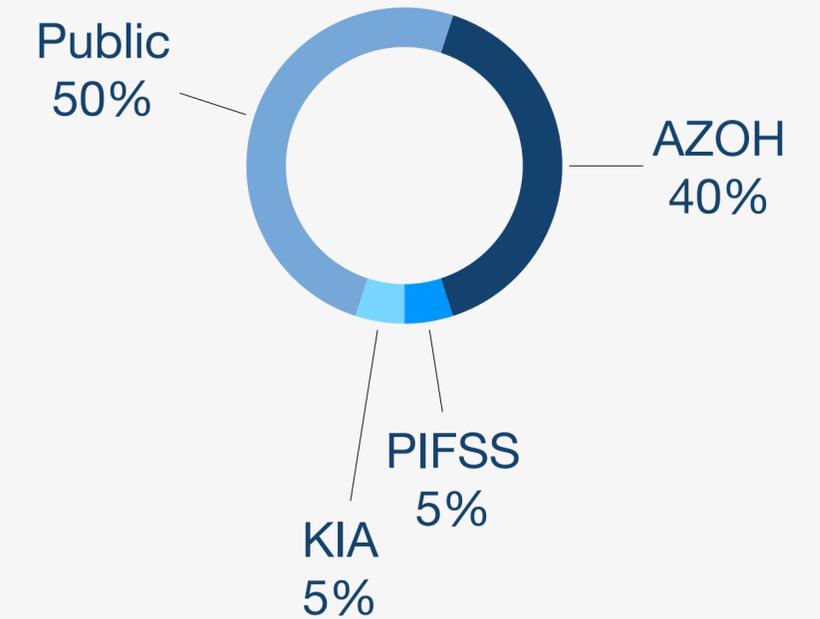


CFO
Chris Balm



CTO
Naveen Chandra
Jha

Ownership Structure



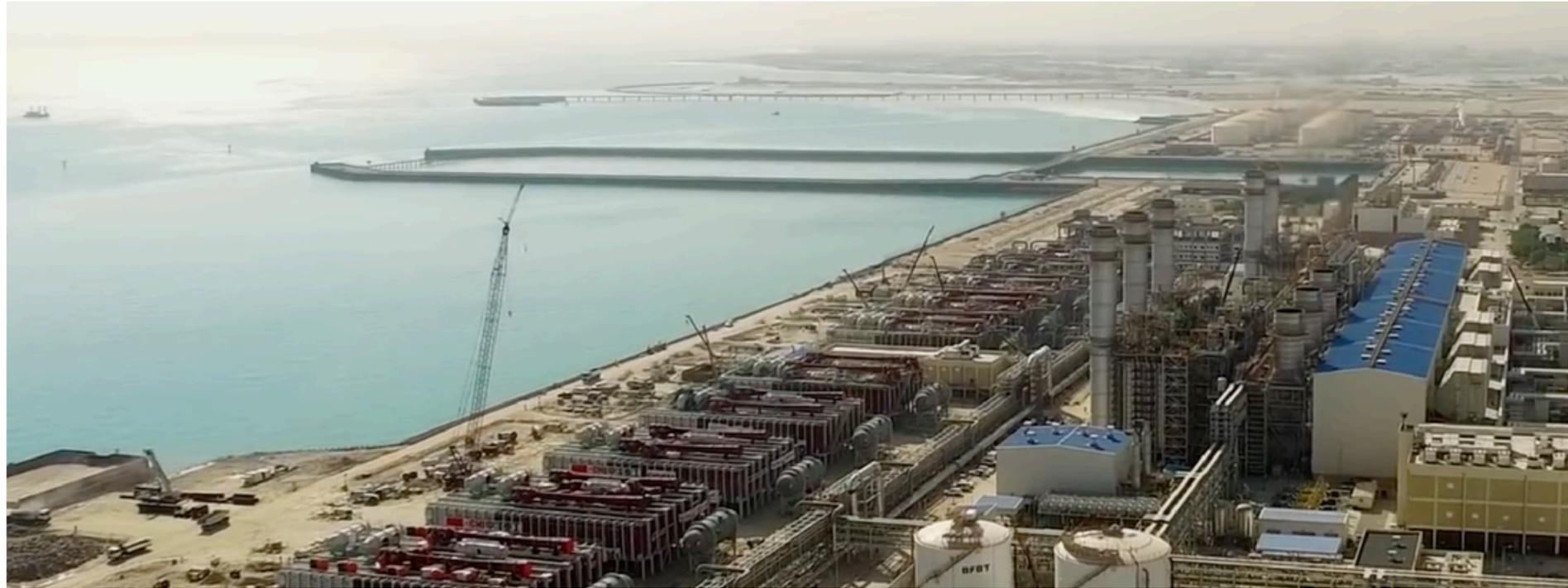
AZOH: Azour North One Holding Company is a private entity owned by a consortium comprising ENGIE, Sumitomo Corporation, and Kuwait's A.H. Al Sagar & Brothers

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).

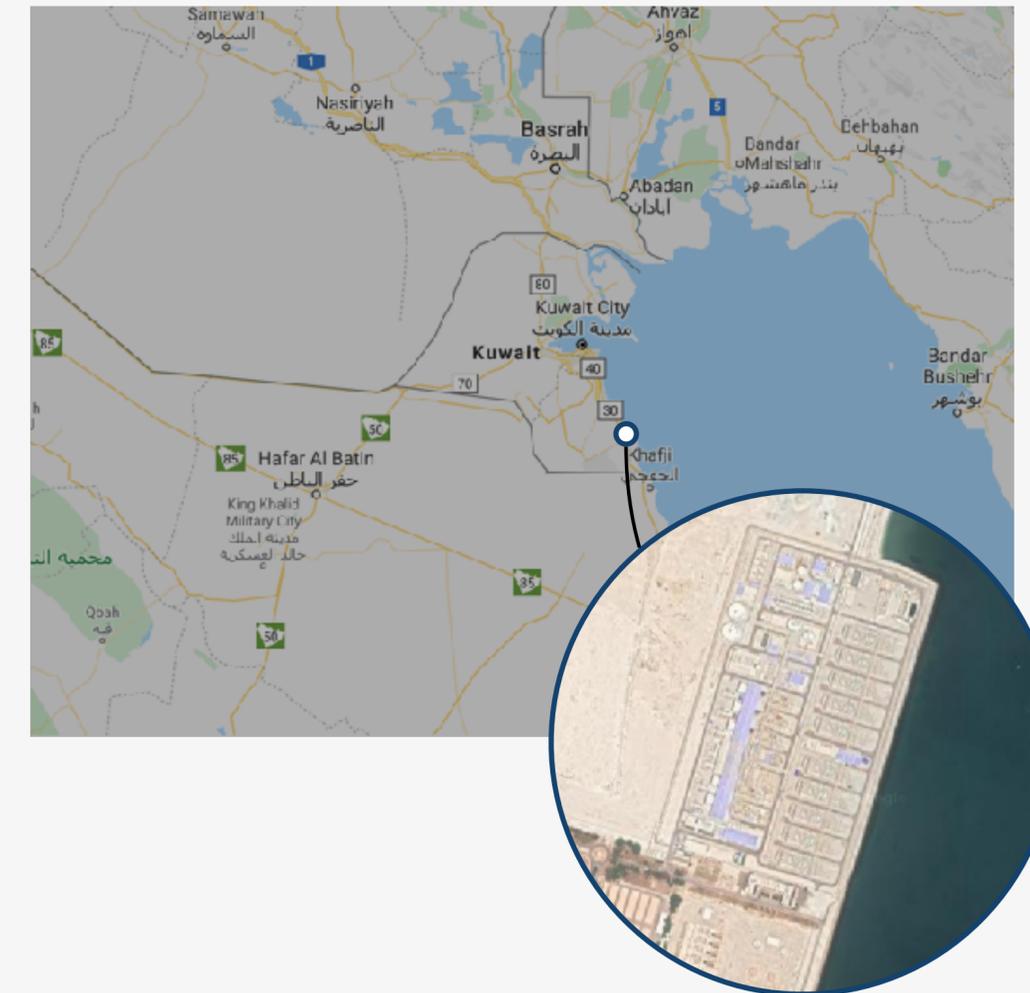


Water Plant

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.



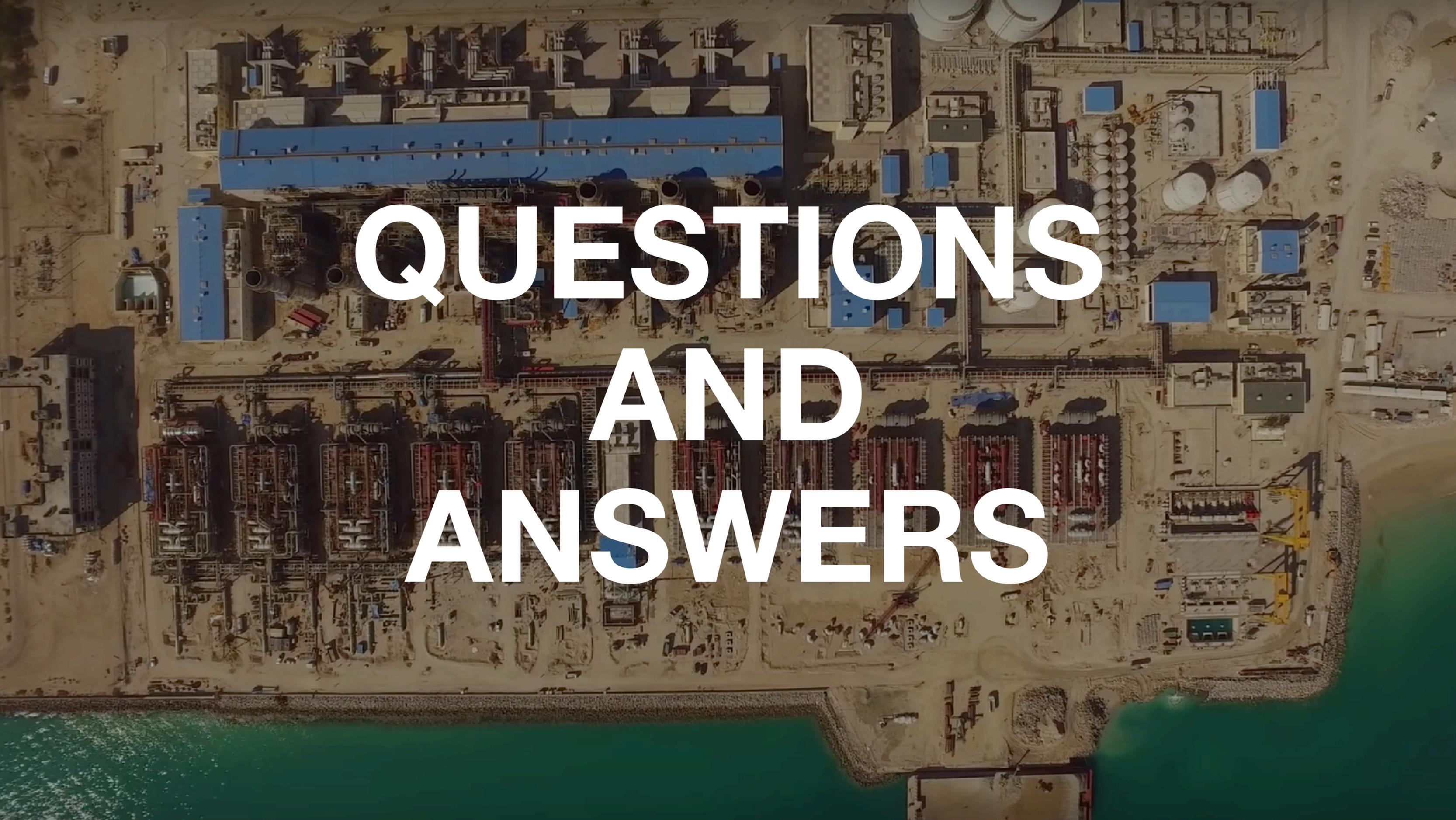
KEY EVENTS

- 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, set in a desert environment. The facility features numerous large white cylindrical storage tanks, several long buildings with blue roofs, and a complex network of pipes and walkways. The foreground shows a body of water, possibly a reservoir or cooling pond, with a dark greenish tint. The overall scene is brightly lit, suggesting a clear day.

QUESTIONS AND ANSWERS



AL-OULA
SHAMAL AZZOUR
شمال الزور
الأولى

Investor Relations Contact:

Ali Abdulsalam
Compliance Officer and Investor Relations Manager
IR@aznoula.com

aznoula.com
