



Shamal Az-Zour Al-Oula KSCP

Q1 2021 Earnings Webcast

May 09, 2021



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AGENDA

- Introducing Shamal Az-Zour
- Q1 2021 Highlights
- Key Events
- Questions and Answers

BOARD & MANAGEMENT

Board of Directors



Chairman
Ahmad Othman
AlMujalham



Vice Chairman
Alex Katon



Director & CEO
Andrew Paul
Frain



Director
Ghazi
Abdulrahman
AlSanie



Director
Laurent Furred



Director
Eyad Ali AlFalah

Management Team



Director & CEO
Andrew Paul
Frain

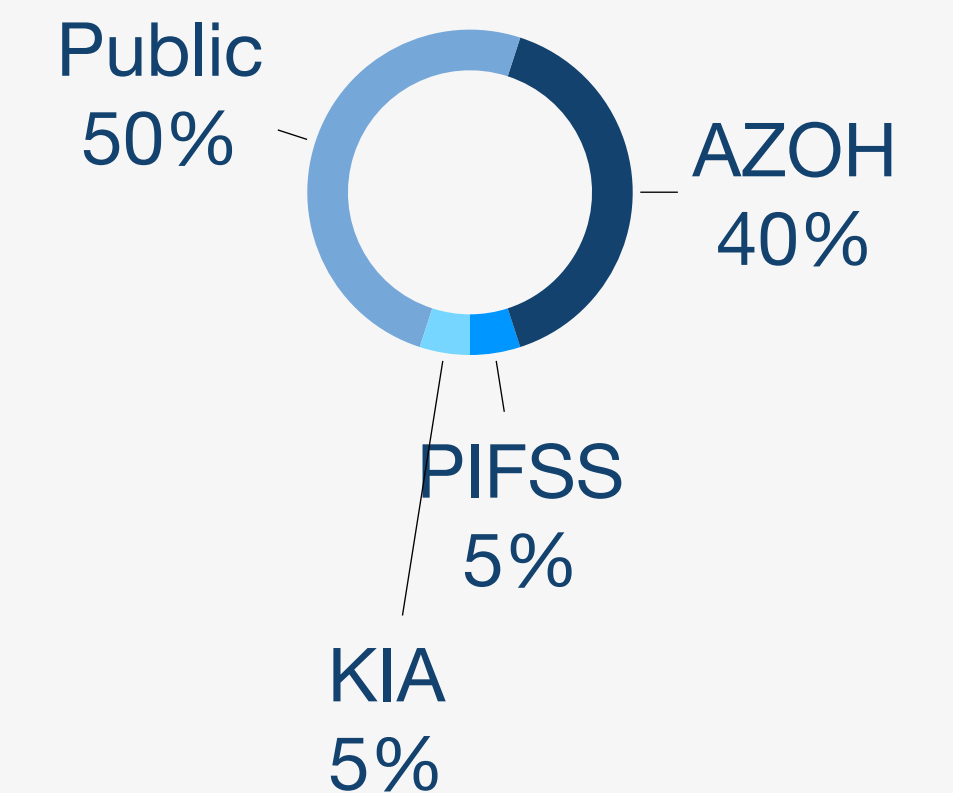


CFO
Bobby Agha



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).

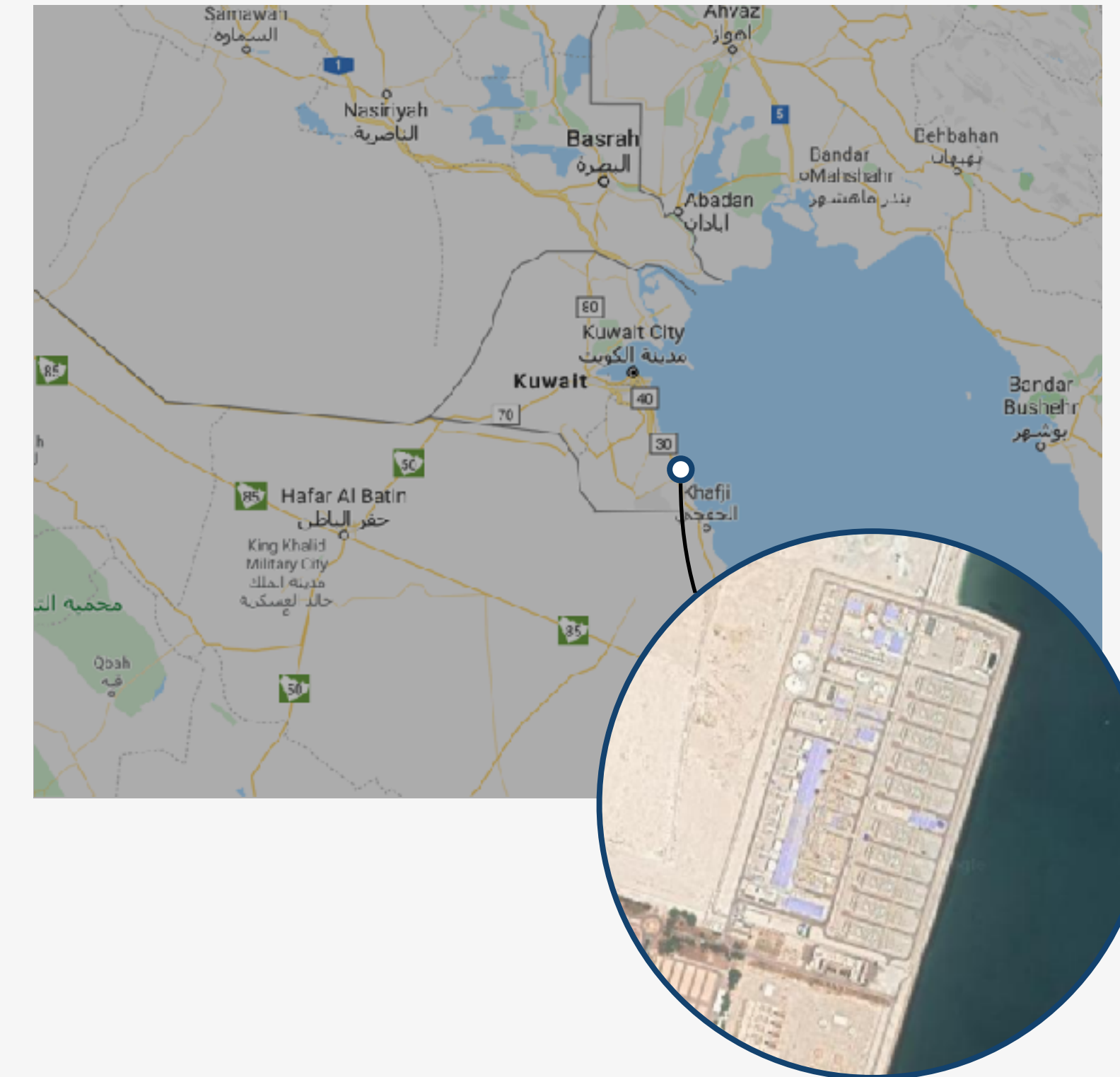


Water Plant

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.

FY2021- Q1 HIGHLIGHTS: P&L


KWD MILLIONS

	1Q21	1Q20	<i>% Diff</i>
Revenue	11.7	12.4	-5.6%
Operating Costs	3.6	3.8	-5.3%
Gross Profit	8.1	8.6	-5.8%
EBITDA	7.6	8.2	-7.3%
Net Profit	2.8	2.7	+3.7%

- Revenue was in line with management expectations and below the previous year's recorded revenue due to planned outages of the plant.
- Operating costs were slightly below than the previous year due to the incidental higher cost incurred on fire incident in the previous year.
- Despite gross profit being slightly lower than the previous year, the reduction in interest expense allowed the company to record slightly higher 1Q21 net profit which was in line with management expectations.
- Some logistical challenges have been encountered and Covid-19 has impacted the day-to-day routine operations of the plant. However, the financial results were not significantly affected.

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.
- In April 2021, Mr Hussam Al Roumi, who represented the Kuwait Investment Authority was replaced by Mr. Ahmad Al Mujalham.
- Mr. Chris Balm (CFO) was replaced by Mr Bobby Agha, who commenced his duties as the new CFO as of 1 April 2021.
- Shareholders approved the distribution of a cash dividend of 12 fils per share during the AGM on 12 April 2021 and payment of dividends was on 3 May 2021

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 structures. The foreground shows a body of water, possibly a reservoir or a bay, with a dark greenish tint. The overall scene is a detailed view of industrial infrastructure.

QUESTIONS AND ANSWERS



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SHAMAL AZZOUR

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الأولى

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