

Next-Gen Sustainability Champion Disrupting The Cooling World

Investor Presentation

August 2023



EMPOWER at a Glance – World's Largest District Cooling Services Provider

Unrivalled Scale



World's Largest
District Cooling Services
Provider



110,000+
Corporate and Individual
Customers



c.80% ⁽¹⁾
Market Share of Dubai
District Cooling



1,405k RT
Connected⁽²⁾
Capacity

1,530k RT
Contracted
Capacity



1,463+
Buildings
Served



81 ⁽³⁾
District
Cooling Plants

ESG Highlights



Carbon Neutral
Plants by 2050 ⁽⁴⁾



c.50% Electricity
Savings ⁽⁵⁾
vs. Regular Cooling



Increase TSE ⁽⁶⁾
to > 40%
by 2025



858k tonsCO2
Avoided⁽⁷⁾ per UN
Methodology in 2022



Reducing Electricity
Bills
for Customers

Superior Operational and Financial Profile



25+ Years ⁽⁸⁾
Long-term Contracted
Revenue



7.0% ⁽⁹⁾
L3Y⁽¹¹⁾ RT Capacity
CAGR



49.8% ⁽¹⁰⁾
L3Y⁽¹¹⁾ Adjusted EBITDA
Margin



30–50 years
Average Plant Life Cycle



99.99% Reliability
Around-the-clock
Availability

Sources: Company information, Government of Dubai. Notes: (1) 80% including Dubai Airport district cooling assets transaction (2) Connected capacity as of Dec 2022: capacity provided to meet cooling demands depending on load density and utilisation (excluding Dubai Airport district cooling assets). (3) Number of plants (including Dubai Airport district cooling assets) (4) By utilizing 100% renewable energy and recycled water for District Cooling. (5) Industry average. (6) Treated Sewage Effluent. (7) EMPOWER's methodology Clean Development Mechanism ("CDM"), for calculating avoided emissions, has been approved in the 92nd UN Executive Board in 2016. (8) Typical contract length. (9) Refers to connected capacity. (10) Adjusted EBITDA excluding one-off items including other income, net impairment losses on financial assets and share of profit from JV. (11) L3Y stands for Last 3 Years.

Overview of Key Projects in Dubai with Site Capacity



Meydan
382k RT



Business Bay
342k RT



Jumeirah Village South
256k RT



Palm Jumeirah
225k RT



Jumeirah Lake Towers
150k RT



Dubai Production City
125k RT



Dubailand Residential
120k RT



Dubai International Airport
110k RT



TECOM (A, B, C)
109k RT



DIFC
107k RT



Discovery Gardens
89k RT



Nakheel Projects
88k RT



Jumeirah Beach Residence
85k RT



Dubai Design District
84k RT



Dubai HealthCare City 2
77k RT



Dubai Int'l Academic City
72k RT



Dubai Studio City
70k RT



Dubai World Trade Centre
58k RT



Dubai HealthCare City 1
43k RT



Al Quoz JISA / Al Khail
35k RT



Bluewaters
25k RT



Mirdiff
22k RT



Global Village
20k RT



Deira Waterfront Ph1
15k RT

Globally Recognised World Class District Cooling Leader

Award-Winning Sustainable Cooling Champion

Strategic and Operational Advantage

- ✓ Efficient and cost-effective concept for cooling
- ✓ Strategic assets and asset creation framework as a **growth engine** of Dubai and the UAE
 - ✓ **Close relationships with key stakeholders** and developers in Dubai
- ✓ **Best-in-class** and innovative operations
 - ✓ Innovative use of **Treated Sewage Effluent (TSE)** with reverse osmosis
 - ✓ Commissioned **LEED⁽⁶⁾-certified plants**
 - ✓ **In-house technological capabilities** with automated command control centre, and mobile maintenance team

Best Cooling Solution for Customers

- ✓ **Uniform pricing policy** with flexible volume agreements
- ✓ District cooling services **provider of choice to key developers and iconic projects in Dubai**

Recent Awards & Highlights



2022

Number of Buildings Committed (IDEA)
(Also awarded in 2021 and 2019)



2022

Total Building Area Committed (IDEA)
(Also awarded in 2021 and 2019)



2020

Executive Achievement of the Year⁽¹⁾
(Globe Awards)



2020

Company of the Year⁽²⁾
(Globe Awards)



2019

Intelligent Delta T Analyser/ Detector⁽³⁾
(IDEA)

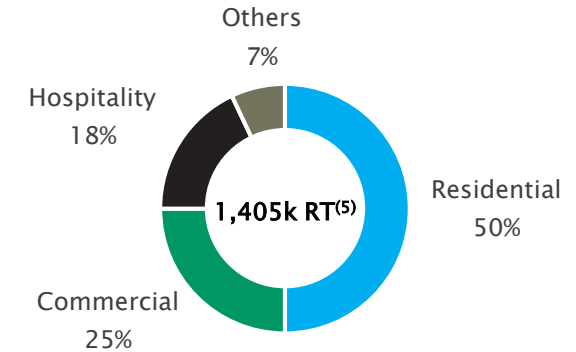


2018

AIMS 360⁽⁴⁾
(IDEA)

Diversified Customer Base

Connected Capacity by Type (2022)



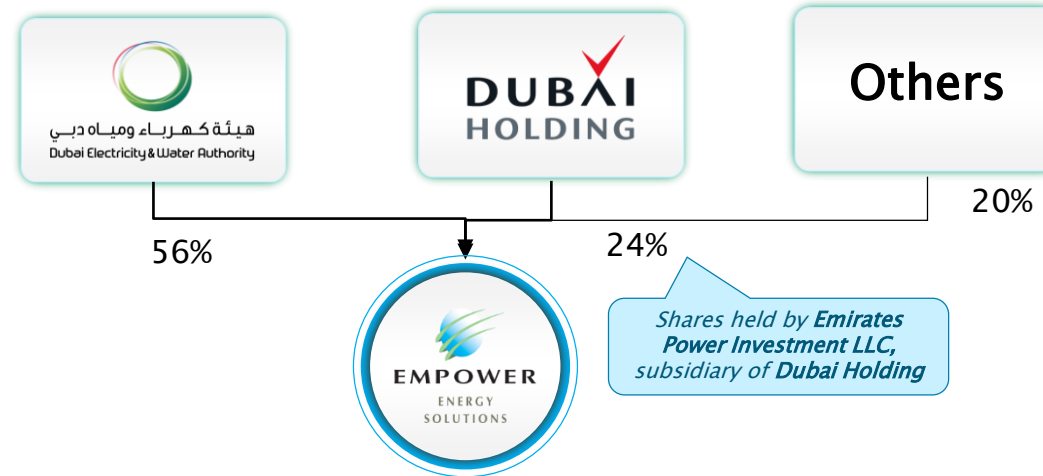
Critical to the Functioning of Dubai with Landmark Anchor Customers



EMPOWER's strong relationships with master developers ensures a **highly diversified end-user base** and reflects the **strength** of Dubai's economic growth engine

EMPOWER's Corporate Journey Backed by Leading Shareholders

- ✓ DEWA is the **exclusive provider** of **electricity** and **water** in Dubai and a secure and reliable utility provider for EMPOWER
- ✓ A key partner and parent to EMPOWER with best-in class industrial expertise, with strong utility know-how
- ✓ **Shared values** with EMPOWER's way of doing business: **efficient, innovative, digitalised and reliable**



- ✓ Dubai Holding ("DH") is **one of the Emirate's largest diversified conglomerates**
- ✓ **Portfolio companies have market-leading positions** across core sectors of real estate, hospitality, and entertainment
- ✓ Since its foundation, EMPOWER has been the **district cooling services provider of choice for Dubai Holding's projects**

2003–2005

2003: EMPOWER established by Royal Decree as a joint venture between DEWA and TECOM

2006–2012

2007: UAE's largest pre-insulated pipe manufacturing facility ELIPS is established

2011: Introduction and ramp up of recycled sewage water

2013–2015

2013: Acquisition of Palm District Cooling, the Largest DC acquisition ever

2013: Sponsored the designing and launched the *District Cooling Guide* in collaboration with ASHRAE⁽¹⁾

2016–2017

2016: Chosen as partner of UNEP's⁽²⁾ District Energy in Cities initiative

2017: 100% of EMPOWER's meters across the network upgraded to smart meters

2018–2020

2018: Dubai crowned as the "Champion City of District Cooling" by IDEA⁽³⁾

2020: Acquired Meydan district cooling assets, signed concession adding 382k RT in future potential capacity

2021–2023

2021: Acquired Nakheel's district cooling assets (19 plants), adding 88k RT in contracted capacity

2023: With effect from 5-Jul-2023 acquired Dubai Airport district cooling assets, adding 110k RT in site capacity⁽⁴⁾

Overview of District Cooling Technology

Legacy Cooling Technology

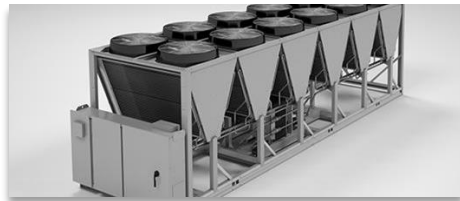
Standard Window Air Conditioning



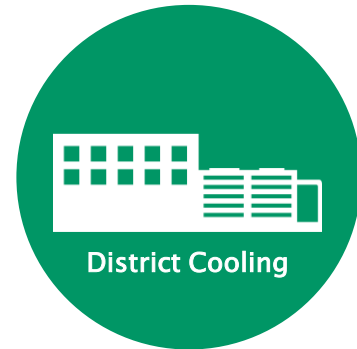
Split AC Units



Roof Top Chillers



VS



Up to 50%

reduction of cooling energy consumption through higher energy utilization with district cooling



Frees up space

on rooftops and in basements for increased aesthetics and design freedom



>50%

reduction of CO₂ emission and hazardous refrigerants can be achieved with district cooling

How District Cooling Works

1

District Cooling Plant

Produces and supplies bulk quantities of chilled water at a temperature of around 4.5+1°C

2

Thermal Energy Storage

Stores cooling to balance peak demand

3

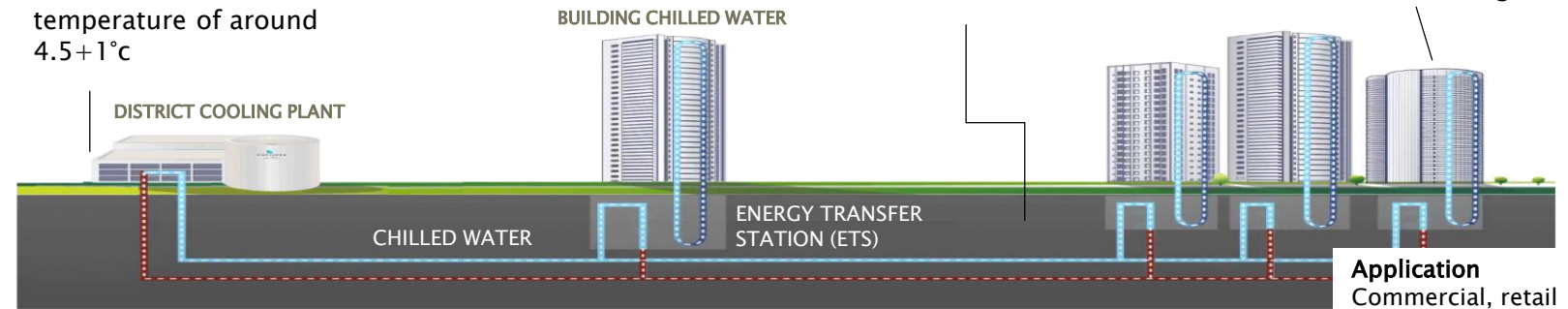
Distribution Network

Underground, insulated pipes carry the chilled water

4

Delivery

District energy substations deliver the chilled water to a network of buildings



- District cooling is a **future-proof system** that **efficiently** cools buildings through centralized distribution of chilled water
- By investing in the use of district cooling, cities will become much **more energy efficient** and significantly **reduce greenhouse gas emissions**
- District Energy represents a significant opportunity for cities to be **more climate resilient, resource efficient and low-carbon**

Notes: **A) Higher Return on Investments** – 1) Lower investment costs and operating costs, using 50% less power compared to traditional AC. 2) Lower deterioration of equipment with longer life cycle (30–50 years) vs. traditional ACs (12–15 years). **B) Best Suited for GCC Master Development** – 1) Cooling is an essential aspect of GCC real estate development given the region's hot desert climate. 2) Continued investments in infrastructure and increasing real estate density lead to a significant and growing amount of aggregated district cooling demand. **C) Sustainable Cooling Infrastructure and Social Role** – 1) Lower CO₂ and other pollutants emissions. 2) Reduction in power consumption and electricity system peak loads. 3) Reduces overall tariffs for final consumer. **D) Easy Maintenance and Superior Reliability** – 1) Outsourcing of cooling operations allow developers to focus on their core business. 2) Around-the-clock and reliable (99.99%) availability.

EMPOWER's Distinctive Operating Model within District Cooling

Fully Integrated Owner and Operator

- All of EMPOWER's plants are **fully owned⁽¹⁾** and **operated by EMPOWER**
- **In-house Operations & Maintenance team** with dedicated operators onsite 24/7

Distinctive Project Development Framework

- **Strong positioning** in top districts in Dubai (Business Bay, DIFC, JBR, etc.)
- **Exclusive rights** for upcoming developments within the signed **Master Developments**

Relationships With Tier 1 Master Developers

- **Long-term contracts (25+years)** with top institutions in Dubai











Proven Operational Expertise and Efficiency

- **100% smart metering** across all of its projects
- Leveraging **thermal energy storage systems (TES)** and **TSE⁽²⁾** to reduce water consumption

Industry Benchmark for Low-Cost Base and Efficient Investment Deployment

- **Modular asset strategy**, spreading capex over future years in line with project's requirements
- **Reduced cost base** vs. competitors and vs. other cooling alternatives

Advanced Digitalization Capabilities

- All plants are integrated with **local SCADA systems**, enabling **auto mode operation**
- Full integration via **CCC⁽³⁾** and **PWE⁽⁴⁾** enabling **remote operation** of the plants under lockdowns

EMPOWER differentiates itself from its competitors by leveraging its scale, integrated business model, in-house expertise, preferred contracts and operational capabilities to serve as the preferred district cooling provider for Tier 1 Master Developers within the Emirate of Dubai

Solid Macroeconomic Fundamentals for District Cooling in Dubai

Dubai Resilient Economic Growth

- Resilient and healthy economy with one of the fastest-growing economies in the region

Healthy Dubai Demographic Profile

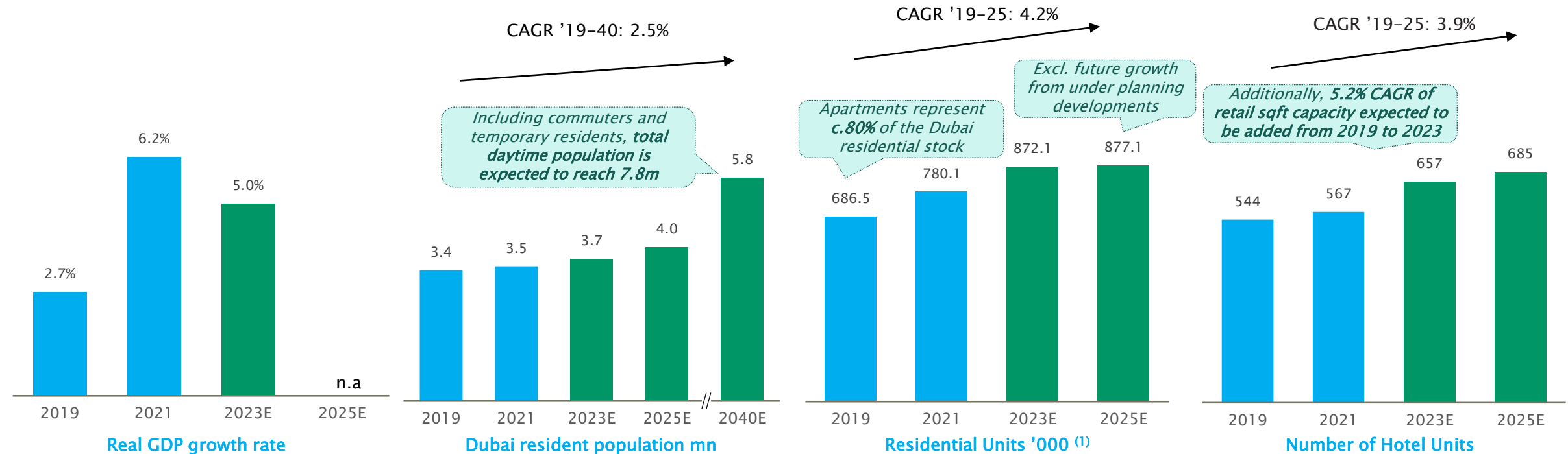
- Growing population, continuous expat inflows and increasing number of households

Strong Growth in Dubai Residential Real Estate Supply

- Expanding residential real estate economy is a key source of district cooling demand
- High density residential units (e.g apartments) in Dubai favour district cooling adoption

Booming Hotel Capacity in Dubai

- EMPOWER serves 17% of Dubai's hotel buildings
- Growing hospitality industry in Dubai, with fast-recovering occupancy rates and >25 new hotels anticipated during 2023E-2025E

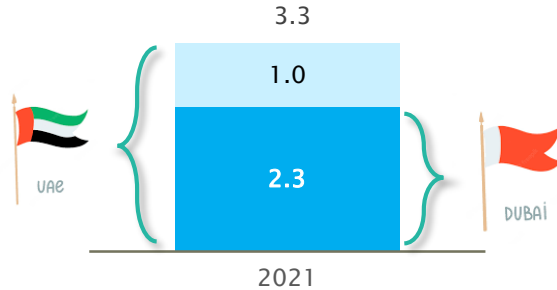


Sources: Dubai Statistics Center, FTI Market Report, EIU, World Bank – Climate Change Knowledge Portal, Jones Lang LaSalle, Value Strat and Knight Frank 2021 Dubai Real Estate Reports. Notes: (1) historical data includes rural and urban housing units based on Dubai Statistics Center report. Forecasted years include incremental additions based on units currently under construction and expected to be launched by 2025 as per Knight Frank data. Excludes any projects under planning and development

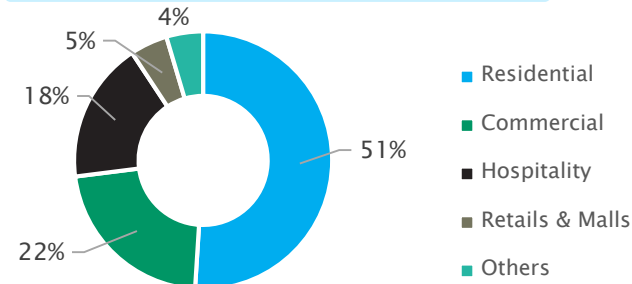
Unprecedented Growth Outlook for District Cooling in Dubai

Dubai District Cooling Sector in Numbers

Installed Capacity (RT)



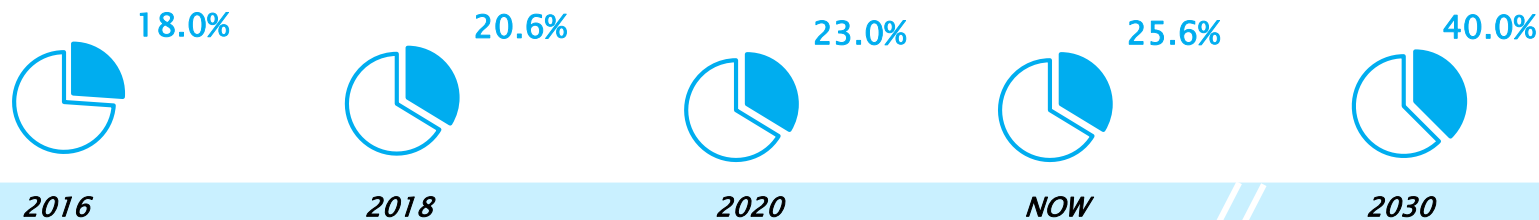
Dubai DC Market Share by Segment (%)



Estimated Cooling Demand Growth in Dubai



District Cooling Penetration rate evolution in Dubai



- ✓ Dubai: one of the **largest global markets for district cooling targeting 40% penetration by 2030**
- ✓ **A total of 844k RT** of connected capacity to come on the Dubai market over the next 6 years
- ✓ UAE district cooling demand growing at **high-single digits with major district cooling capacity increases expected**
- ✓ **Favourable technology for district cooling** supports increasing penetration rates

Despite expected growth in cooling capacity, the **market remains underpenetrated**, allowing for **further industry growth**

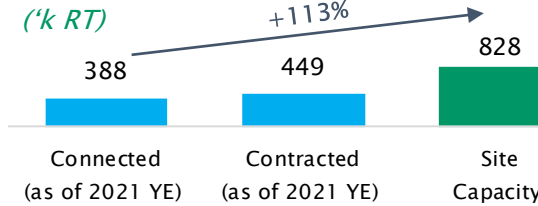
Multiple Growth Avenues

A

Secured Growth from Dubai Master Developments

Secured growth from connecting additional RT capacity in **existing master development projects**

Estimated >450k RT for 2022–2027E and c.1.5m RT currently contracted vs. 3m RT total site capacities



- **Secured growth** from Dubai master developments
- Includes Business Bay, DLRC⁽¹⁾, JVS⁽²⁾ and Dubai Int'l Airport DC Systems

B

Adjacent Expansion and Retrofitting of Existing Systems

Multiple examples of **adjacent expansions and retrofitting**:

- Retrofitting examples: Emirates Towers, Jumeirah Beach Hotels and Madinat Jumeirah
- Adjacent expansion example: Coca-Cola Arena

Optimally Positioned to Connect Adjacent New Projects to the Network

- Presence across Dubai facilitates **additional adjacent projects**
- Scale allows **efficient deployment**

C

New Projects, Master Developments and Vertical Integration

Preferred partner for Dubai Holdings, Nakheel and new joint ventures such as ELIPS



- **Leading manufacturer of pre-insulated pipes**
- JV between **EMPOWER** and Logstor Denmark

D

Inorganic Opportunities

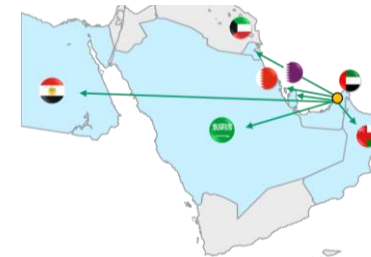
Continue to **lead market consolidation in Dubai**, with acquisitions of **assets and other platforms** (recent examples: Meydan, Nakheel district cooling assets and Dubai Airport district cooling assets)

- Continue to lead **consolidation of local district cooling market**
- Capitalise on **carve-outs** and **monetisation of large scale district cooling operations** (e.g. Palm, Nakheel and Dubai Airport district cooling assets)

E

International and Regional Expansion

Deploy **expertise in neighbouring markets** with significant **potential** (focus on GCC region)



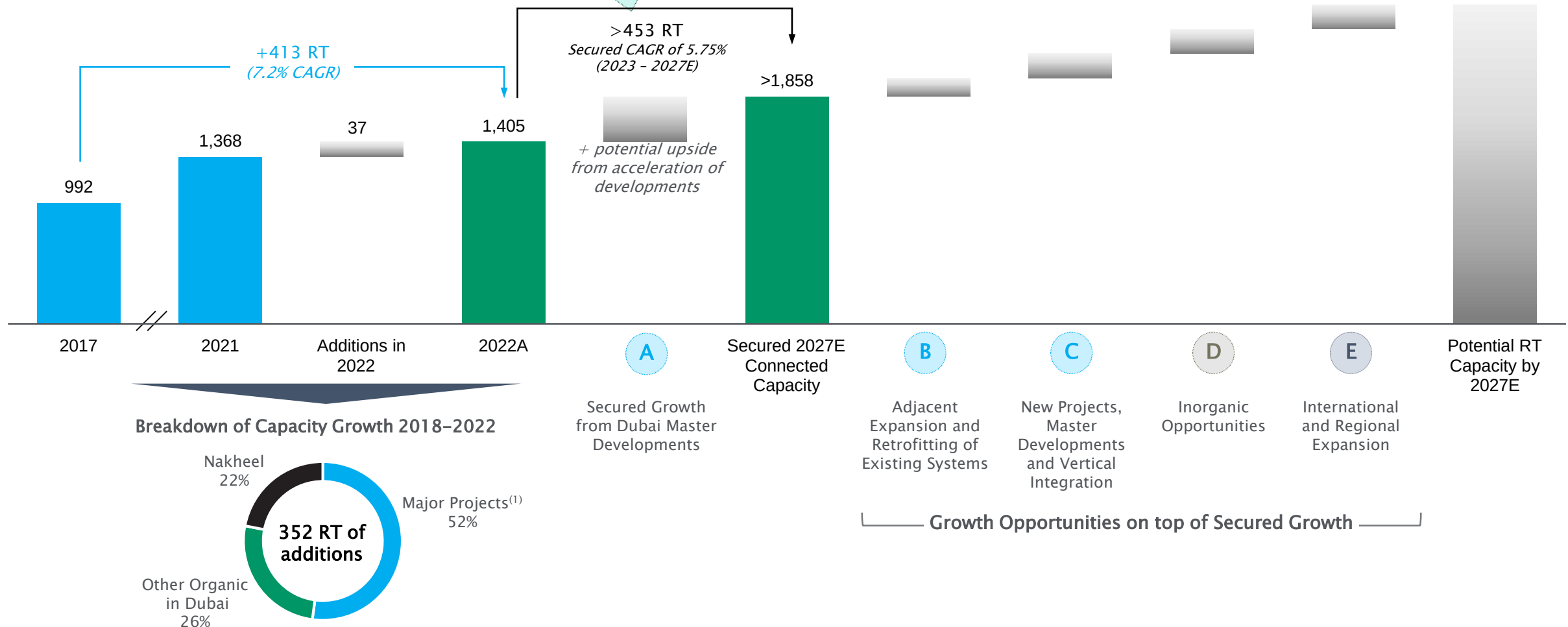
Description	UAE	Dubai	KSA
District Cooling Penetration Rate	15.0%	25.6%	3.4%
	Qatar	Kuwait	Oman
	9.1%	1.3%	2.8%

Growth Avenues and RT Capacity Outlook

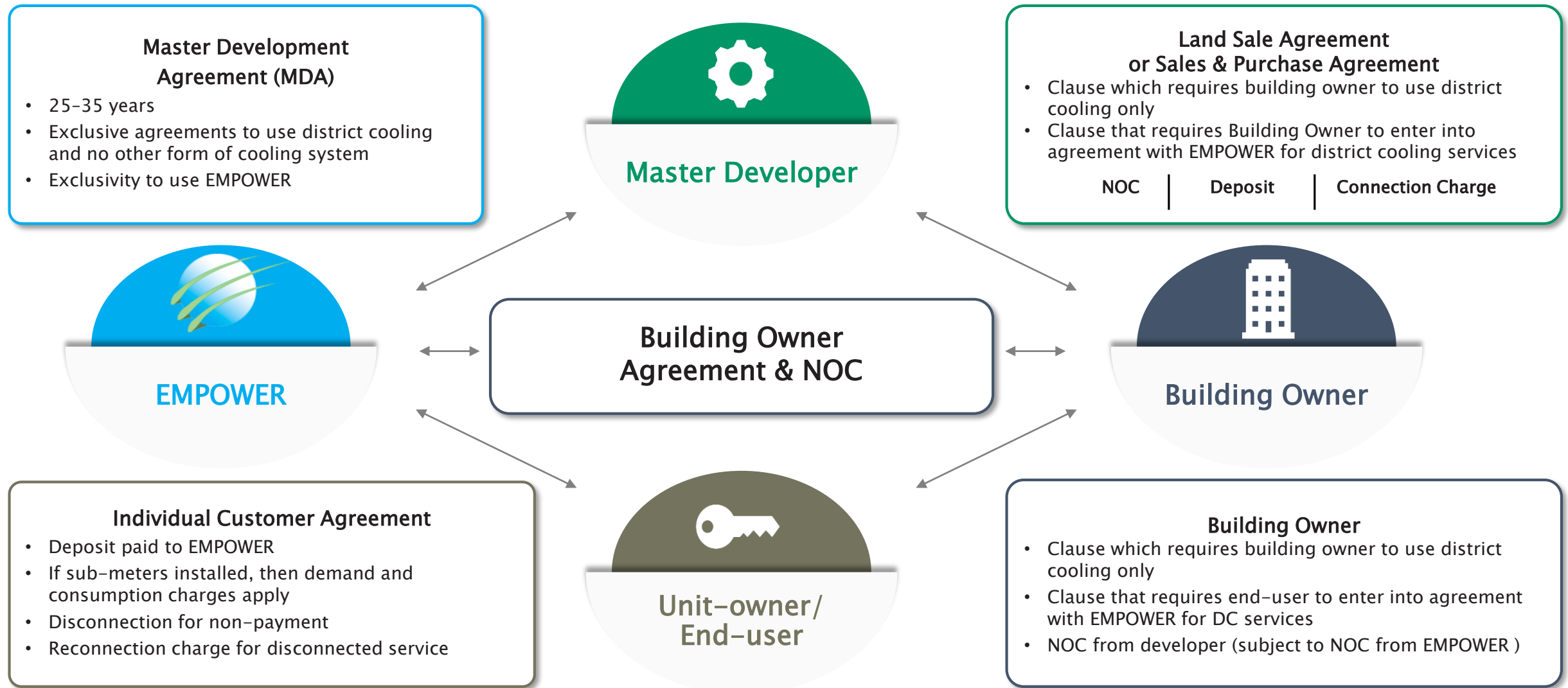
(Connected 'k RT)

Includes *Dubai International Airport district cooling assets acquisition* (70k connected RT)

Empower signed agreement to provide DCS services to following Master developments :
Feb-2023 : Dubai Maritime City – 63,000 RT
Mar-2023 : Sobha Hartland – 17,000 RT



EMPOWER Robust Contractual Framework



EMPOWER's Favorable Tariff Model



Owner and/or Developer⁽¹⁾
of a building



Owner, tenant or occupier of an
individual unit in any building

Fixed Charges

38% Demand Charge

(Fixed, AED/RT)



Covers EMPOWER's Capex
spend

Variable Charges

52% Consumption Charges

(Variable, AED / RTh)



Covers variable costs of EMPOWER
(e.g. increases in electricity & water costs)

10% Others

Others



includes connection charge, temperature
surcharge, meter maintenance and others

Other Contractual Protections

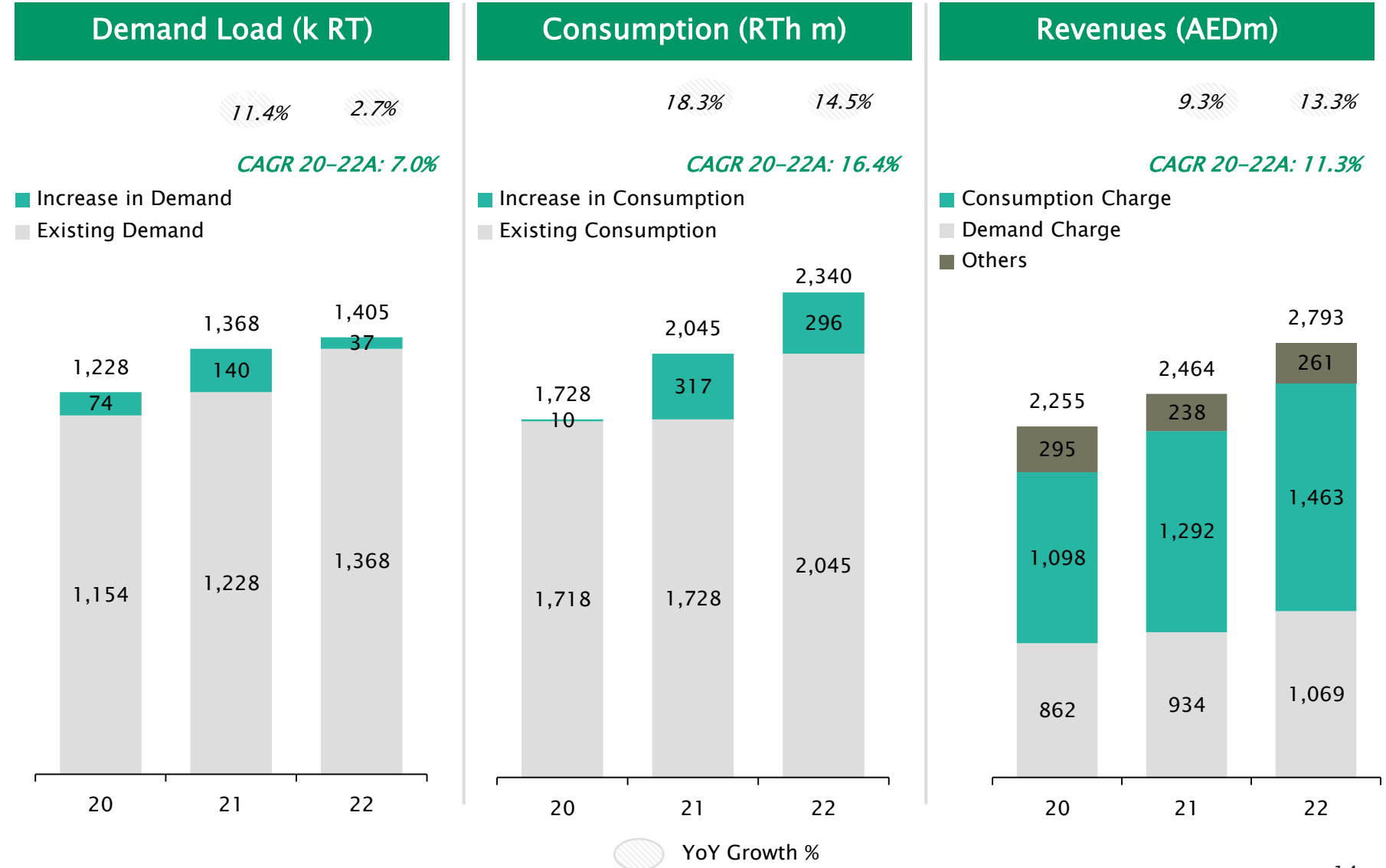
- Once the company delivers the full site demand load on the mutually agreed date, it also has the **right to charge a "shortfall" demand charge payable by the Master Developer each year** for the difference between the aggregate building demand load and the total demand load for the Site.



% of 2022 total revenue

Consistent Top Line Growth Following Capacity Additions

- Demand load growing at 7.0% CAGR over 2020–2022 adding an average of 89k RT per annum
- Consumption grew at an impressive CAGR of 16.4% with EFLH grew at an average of 118 hours per annum.
- Resiliency of revenue mix through the cycle with 11.3% CAGR in 2020–2022 despite impact on demand from Covid-19
- Demand charge represents 38% of revenue p.a.



Strong, Resilient, Predictable and Growing Financial Profile

Growing and Visible Revenues

- ✓ Fundamentally **attractive** and **fast-growing** market
- ✓ Revenue growth supported by RT capacity additions and demand growth

Growing EBITDA and Healthy Margins

- ✓ **High predictable** and **stable EBITDA and EBIT margins**
- ✓ **Proven track record of stable growth** and continuous efficiency improvements

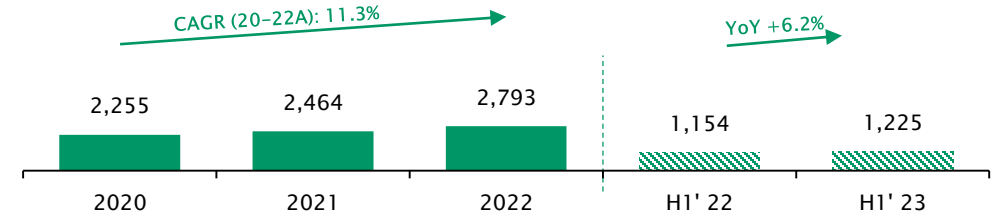
Strong Cash Flow Generation Ability

- ✓ **Resilient earnings** given tariff structure and inelasticity of demand
- ✓ **Diversified customer base** with key anchor clients
- ✓ **Long-term contracts of 25+ years** including perpetual renewal clauses

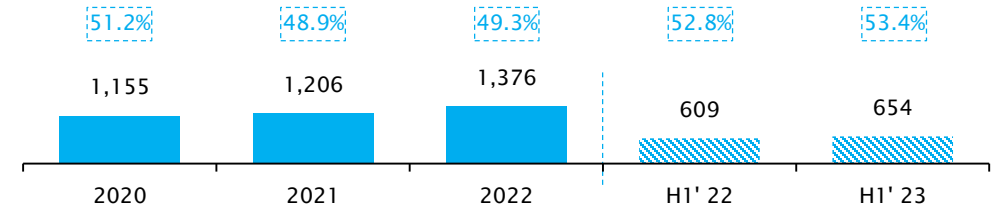
Robust Capital Structure and Strong Ability to Pay Dividends

- ✓ **Moderate leverage profile**
- ✓ **Strong financial ability** to fund growth and offer attractive total returns to shareholders

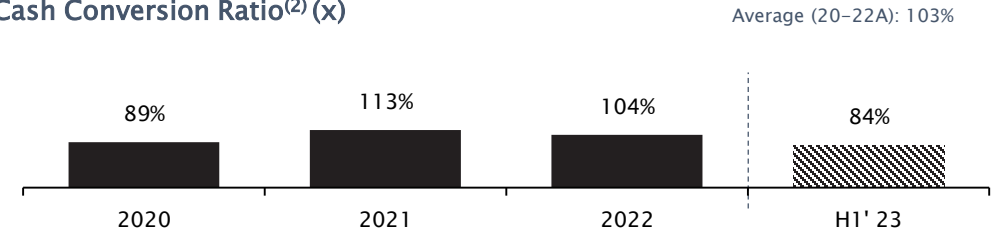
Revenues (AEDm)



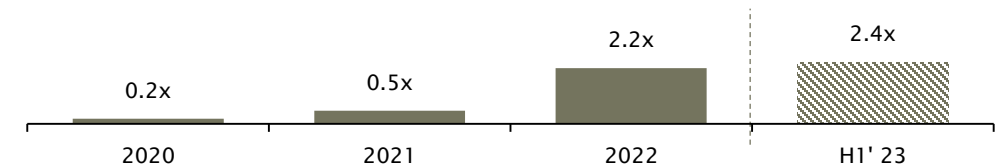
Adjusted EBITDA and Margin (AEDm, %)⁽¹⁾



Cash Conversion Ratio⁽²⁾ (x)



Net Debt / Adjusted EBITDA (x)⁽³⁾



Historical Income Statement Analysis & Mid-Term Targets

AED m	2020A	2021A	2022A	H1 22	H1 23	Mid-Term Target
<i>Connected Capacity (k RT)</i>	1,228	1,368	1,405	1,388	1,420	1,858+
<i>Consumption (RTh m)</i>	1,728	2,045	2,340	782	929	3,350+
<i>EFLH (hours) – Average Load</i>	1,451	1,575	1,688	568	658	1,800+
Revenue	2,255	2,464	2,793	1,154	1,225	CAGR 6.5–7.5%
COS⁽¹⁾	933	1,090	1,216	445	470	
G&A Expense⁽²⁾	167	168	201	100	101	
Adj. EBITDA⁽³⁾	1,155	1,206	1,376	609	654	
<i>Margin %</i>	51.2%	48.9%	49.3%	52.8%	53.4%	48–50%
EBIT	907	935	1,052	439	477	
<i>Margin %</i>	40.2%	37.9%	37.7%	38.0%	38.9%	
Net Profit	901	936	1,001	432	403	
<i>Margin %</i>	40.0%	38.0%	35.8%	37.4%	32.9%	
Capex	775	1,240	435	221	195	AED 4–6m / k RT
<i>Organic</i>	775	572	435	221	195	
<i>Inorganic</i>	–	668	–	–	–	

Source: Company information. Notes: (1) Excludes depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of intangible assets, and impairment reversal of project cost and includes; utilities cost, direct staff costs, materials cost, and others. (2) excludes depreciation of property, plant and equipment and depreciation of right-of-use assets, and includes; indirect staff costs, directors remuneration, consultancy and communication expenses, advertising & marketing expenses, rent expense, business travel expense and others. (3) Adjusted EBITDA excludes impairment reversal of project cost, and other income. (4) Includes: purchase of property, plant and equipment, net of project cost accruals, and acquisition of subsidiary.

Commentary

- **Connected Capacity:** c. 15k increase in connected capacity in H1 2023.
- **Revenue:** Comprises of capacity, consumption and other charges; grew at an impressive CAGR of 11.3% (FY 2020–22) on the back of increase in connected capacity and improvement in EFLH profile.
- **COS:** Utilities (majority provided by DEWA) accounted for 87.3% of COGS in H1 2023 against 90.7% for the corresponding period of last year.
- **G&A:** Staff costs accounted for c. 79.9% of G&A expenses in H1 2023
- **Capex⁽⁴⁾** AED 2.45bn invested between FY 2020–22 (AED 1.78bn organic and AED 0.67bn inorganic)

2023 Targets and Mid-Term Targets

- **Connected Capacity & Revenue Growth:**
 - **FY 2023:** Airport's district cooling assets acquired from Jul–23
 - **Mid-Term Target:** Connected capacity is expected to reach above 1.8m RT and revenues to grow at a CAGR of 6.5–7.5% in the mid-term driven by higher demand and consolidation of the acquisition of Dubai Airport's district cooling assets
- **Equivalent Full-Load Hour (EFLH):** expected to grow from c. 1,700 (FY 2022) to 1,800+ in the mid-term given the changing customer mix (increasing number of commercial customers – i.e. Dubai Airport with 24/7 operations)
- **EBITDA:** EBITDA margin is expected to be in the range of 48%–50% in the mid-term

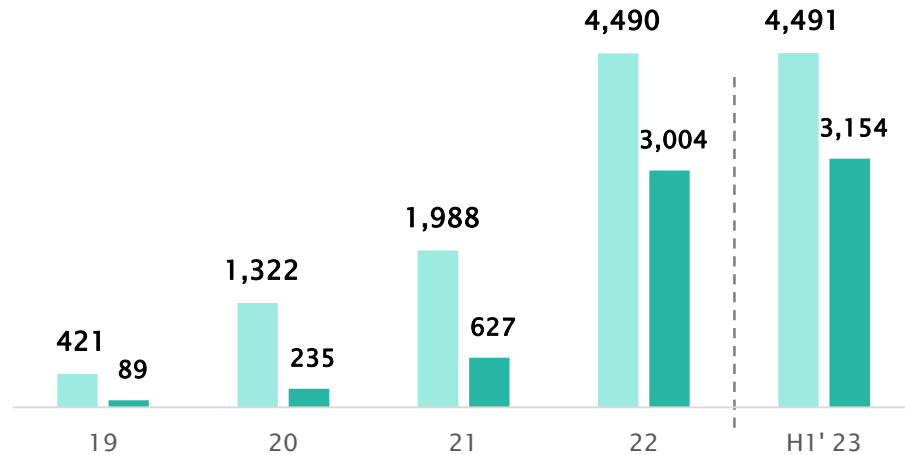
Prudent Leverage Underpinning an Attractive Dividend Proposition

Net Debt (AEDm)

Gross & Net Debt / Adjusted EBITDA⁽¹⁾

	19	20	21	22	H1' 23 ⁽²⁾
Gross Debt / EBITDA (x)	0.4x	1.1x	1.6x	3.3x	3.4x
Net Debt / EBITDA (x)	0.1x	0.2x	0.5x	2.2x	2.4x

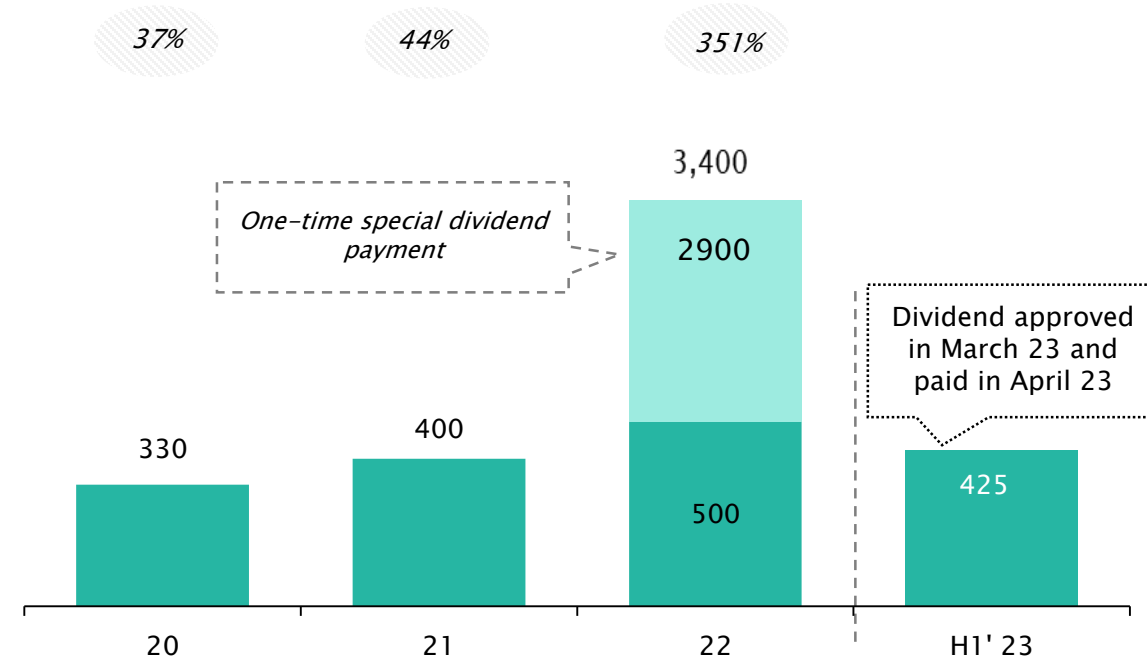
■ Gross Debt ■ Net Debt



- Robust balance sheet with moderate leverage profile well below peers; gradual de-leveraging to c.2.5x in 2025 and below 2.0x in the medium term
- Significant headroom to fund inorganic growth while maintaining a healthy leverage ratio range of 3–4x

Dividend Payments (AEDm)

Dividend Payout Ratio %⁽³⁾



- Consistent track record of dividend payment to existing shareholders of AED 400m on average in 2019–2021
- One-time special pre-IPO dividend paid in Q3 2022 which is financed via the issuance of new debt.

EMPOWER's Investment Thesis – Growing Total Return Sustainability Enabler



