



---

## **IIRA Reaffirms Ratings of International Company for Water & Power Projects (ACWA Power)**

---

**Manama, March 19, 2019** – Islamic International Rating Agency (IIRA) has reaffirmed the ratings of International Company for Water & Power Projects ('ACWA Power' or 'the Company') at 'BBB+/A2'(Triple B Plus / A Two) on the international scale and 'AA-(sa)/A1(sa)' (Double A Minus (sa)/ A One (sa)' on the national scale. Outlook on the ratings is 'Stable'.

ACWA Power is the largest private power developer in the Kingdom of Saudi Arabia (KSA). With its wholly-owned subsidiary, First National Operation & Maintenance Company Limited (NOMAC), which is the Operational & Maintenance (O&M) contractor for the Company's entire project portfolio, the Company has cultivated a strong market position. The Company's power generation operations span across eleven countries including KSA, Bahrain, Oman, Jordan, UAE, Turkey, Vietnam, Morocco, Egypt, South Africa and Bulgaria. Water desalination operations of the Company are limited to KSA and Oman but with projects under development in Bahrain and UAE. ACWA Power presently manages a portfolio of 52<sup>1</sup> project companies generating power and water to the tune of over 29 GWs and 4.8million m<sup>3</sup>/day respectively.

Since the initial rating assessment, there has been change in the Company's shareholding structure, as KSA's Public Investment Fund (PIF) acquired a stake of 15.2% in the Company by way of additional equity infusion. As a result, KSA's Government Related Entities now hold an effective ownership stake of 29.06% in ACWA Power (Dec'17: 16.34%). Inclusive of the shareholding of International Finance Corporation (IFC), 33.36% of the Company's ownership is held by sovereign/ supranational investors. The change in shareholding pattern has been incorporated as a credit positive.

As ACWA Power's operations are diversified across multiple jurisdictions, the Company's assigned ratings factor a weighted average country risk of all operational jurisdictions, adjusted for diversification benefits. The ratings also incorporate an element of sponsor support, given the presence of KSA Government, through its related entities, as a shareholder in the Company.

The ratings continue to factor in a 'very low' industry risk i.e. the provision of utility services. Even though the provision of O&M services through a wholly owned subsidiary exposes the Company to cost & performance risk, it also allows the Company to be operationally flexible and cost competitive. Cost & performance risk is lowered by the quality of EPC contractors, which are generally blue-chip companies with positive performance track record, and the positive historical track record of NOMAC.

IIRA has reviewed the Company's projections up till 2030 and has ascertained that the obligations of bondholders are adequately covered by expected cash flow generation. In addition, IIRA has also

---

<sup>1</sup> Inclusive of projects under Advanced Development

The information contained herein is obtained by IIRA from sources believed to be accurate and reliable. IIRA does not audit or verify the truth or accuracy of any such information. As a result, the information herein is provided "as is" without any representation or warranty of any kind. IIRA's rating is an opinion and not a warranty of a rated entity's current or future ability to meet contractual obligations, nor it is a recommendation to buy, sell or hold any security.



الوكالة الإسلامية الدولية للتصنيف  
Islamic International Rating Agency

reviewed the debt service coverage over the next five years and has concluded that the cash flows and reserves, offer adequate coverage for aggregate debt obligations and mandated equity drawdown, even after IIRA's standard stress tests are applied.

The Company's Fiduciary Score has been assessed in the range of '71-75', which represents adequate fiduciary standards, wherein the rights of various stakeholders are considered to be adequately protected. The Fiduciary Score is an amalgamation of scoring in three areas, which include 'Asset Manager Quality', 'Corporate Governance' and 'Shari'a Governance'.

For further information on this rating announcement, please contact IIRA at [iira@iirating.com](mailto:iira@iirating.com).

---

The information contained herein is obtained by IIRA from sources believed to be accurate and reliable. IIRA does not audit or verify the truth or accuracy of any such information. As a result, the information herein is provided "as is" without any representation or warranty of any kind. IIRA's rating is an opinion and not a warranty of a rated entity's current or future ability to meet contractual obligations, nor it is a recommendation to buy, sell or hold any security.