



Next-Gen Sustainability Enabler Disrupting The Cooling World

Corporate Update

October 14, 2022



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EMPOWER's Proposed Dividend Policy

Further to DEWA's announcement on 11 August 2022 regarding it reviewing the possibility of an IPO of its majority owned subsidiary, Emirates Central Cooling Systems ("EMPOWER" or "the Company"), which timing and size continue to be under study and subject to all the necessary approvals, EMPOWER intends to adopt a dividend policy in the event it becomes a public company and completes an IPO (its "Proposed Dividend Policy").

The Proposed Dividend Policy set out below would only be implemented by EMPOWER in the event the IPO under review is completed. Furthermore, the Company's Proposed Dividend Policy and the Company's ability to pay dividends is dependent on a number of factors, including the availability of distributable reserves and its capital expenditure plans and other cash requirements in future periods, and there is no assurance that the Company will pay dividends or, if a dividend is paid, what amount such dividend will be. Any level or payment of dividends will depend on, among other things, future profits, the business plan of the Company and additional growth avenues, at the discretion of the Board of Directors and subject to the approval of the shareholders in the general assembly.

Subject to the foregoing and in the event of an IPO, the Company's Proposed Dividend Policy is to adopt a semi-annual dividend distribution policy and to pay dividends twice each fiscal year in April and October, after an IPO. The Company expects to pay a minimum dividend amount of AED 850 million per annum in the first two fiscal years following an IPO. The Company expects to distribute its first dividend payment of a minimum of AED 425 million after an IPO (which first payment is expected to provide a dividend to all shareholders for the half-year performance relating to the period in which an IPO is made). After the dividend distributions for the first two fiscal years following an IPO, the Company expects to pay a sustainable dividend in line with the growth of the business.

In addition, on 26 September 2022, the Board of Directors approved a dividend payment of AED 2.9 billion to its existing shareholders, DEWA and Emirates Power Investment LLC, which was paid on 29 September 2022.

This Proposed Dividend Policy is designed to reflect the Company's expectation of strong cash flow and expected long-term earnings potential, while allowing the Company to retain sufficient capital to fund ongoing operating requirements and continued investment for long-term growth. This dividend policy is subject to consideration of the Board of Directors of the cash management requirements of the Company's business for operating expenses, financing expense and anticipated capital expenditures. In addition, the Company expects that the Board of Directors will also consider market conditions, the then current operating environment in the Company's markets, and the Board of Directors' outlook for the Company's business.

The discussion includes forward-looking statements that reflect the current view of the Company's management and involves risks and uncertainties. As noted above, the Proposed Dividend Policy will only be implemented in the event of an IPO and there is no guarantee that an IPO will be completed. As such, given these uncertainties, investors are cautioned not to place undue reliance on such Proposed Dividend Policy.

Supplemental Guidance

2022 Targets and Mid-Term Targets

- **2022E Capital Expenditure**
 - Capital expenditure for fiscal year 2022 targeted to be in the range of AED 700 – 800m (excluding the Dubai Airports district cooling assets acquisition and AED250m for EMPOWER’s HQ building) for the settlement of Capital expenditure related payables incurred to expand the Company’s existing infrastructure network (i.e. pipe network, set-up of plant rooms etc.) which are not expected to be recurring going forward
- **Annual Depreciation and Amortization**
 - Total Depreciation and Amortization expense is targeted to be in the range of 13–14% of revenues in the medium term
- **Dubai Airport Acquisition**
 - EMPOWER will only be acquiring 85% of the Dubai Airports district cooling assets, and will as a result be recording the appropriate minority interest going forward