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15 March 2022

**First listing of a state-owned company on the Dubai Financial Market as part of a broader strategy to develop the Emirate's financial market**

## **DUBAI ELECTRICITY AND WATER AUTHORITY PJSC ANNOUNCES ITS INTENTION TO FLOAT ON THE DUBAI FINANCIAL MARKET**

**Maktoum bin Mohammed: Today represents a significant moment in the history of DEWA and is an important step towards achieving our vision for capital markets in Dubai.**

### **DETAILS OF THE OFFERING**

- 3.25 billion Shares are being made available in the Offering, representing 6.5% of DEWA's issued share capital
- The UAE Retail Offering subscription period is expected to run from 24 March 2022 to 2 April 2022
- The Qualified Investor Offering subscription period is expected to run from 24 March 2022 to 5 April 2022
- The Internal Sharia Supervision Committees of Emirates NBD PJSC and HSBC Bank Middle East Limited have issued pronouncements confirming that, in their view, the Offering is compliant with Shariah principles
- The Government of Dubai retains the right to increase the size of the Offering at any time, subject to SCA approval, before the end of the subscription period.

### **CAPITAL STRUCTURE AND DIVIDEND POLICY**

- The Company intends to pay dividends twice each fiscal year after the Offering in April and October of each year
- The Group expects to pay a minimum dividend amount of AED 6.2 billion per annum, over the next five years (October 2022- April 2027)



Dubai Electricity and Water Authority PJSC (“DEWA” or “the Company” or “the Group”), the exclusive provider of electricity and potable water in Dubai and the majority owner of Empower, the world’s largest district cooling services operator by connected capacity, announces its intention to proceed with an initial public offering (the “IPO” or the “Offering”) and to list its ordinary shares (“Shares”) for trading on the Dubai Financial Market (“DFM”) in line with new strategic directions to develop the Emirate’s financial market and as part of the Dubai Markets Supervisory Committee’s strategy.

**On this occasion, His Highness Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum, Deputy Ruler of Dubai, Deputy Prime Minister, Minister of Finance, said:**

*“Today represents a significant moment in the history of DEWA and is an important step towards achieving our vision for capital markets in Dubai. As a central component of the Dubai economy, DEWA has a critical role to play in supporting the future growth of the Emirate and its transition to a net zero economy by 2050. For DEWA’s potential new shareholders, this offering is an opportunity to be part of the future of Dubai and have a stake in an organisation that has an unparalleled track record of technological innovation and operational excellence.”*

His Highness asserted that this step comes in implementation of the directives of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, as part of the Dubai Markets Supervisory Committee’s strategy to increase the size of the Emirate’s stock market to AED3 trillion in the coming period, indicating that DEWA’s landmark listing will mark a turning point for the Emirate’s capital market and contribute to ushering in a new phase of enhancements of its strong performance.

- DEWA is a globally leading fully integrated utilities company, with generation capacity of 13.4 gigawatts of electricity as well as 490 million imperial gallons of desalinated water each day
- DEWA exclusively provides electricity and potable water to Dubai’s 3.5 million residents and the millions of people who visit every year.
- DEWA is a key enabler of Dubai’s energy transition to net zero and 100% power capacity from clean energy sources by 2050, and it is focused on enabling a clean future for its customers and communities.
- DEWA has a consistent track record of operational excellence and the highest standards of service quality
- Technological innovation is part of DEWA’s DNA, affirming its leading position as a digitalised utilities company



- DEWA has a very attractive financial profile and high visibility over cash flow generation and shareholder returns.

## OFFERING HIGHLIGHTS

- Intention to list on the DFM.
- A total of 3.25 billion shares, equivalent to 6.5% of DEWA's existing shares, will be offered, with the Selling Shareholder reserving the right to increase the size of the Offering at any time before pricing of the Offering, subject to applicable laws and approval of SCA.
- All shares to be offered represent sale of existing shares held by the Government of Dubai.
- Admission of shares to trading on the DFM is expected in April 2022.
- The Offering will be made available to individual and other investors as part of the UAE Retail Offering as well as to professional investors outside the United States of America, including the UAE, as part of the Qualified Investor Offering.
- The Internal Sharia Supervision Committees of Emirates NBD PJSC and HSBC Bank Middle East Limited have issued pronouncements confirming that, in their view, the Offering is compliant with Shariah principles.

**His Excellency Saeed Mohammed Al Tayer, Managing Director & Chief Executive Officer of DEWA, said:**

*“Dubai’s wise leadership has enabled the Emirate to grow into a thriving, diversified global economy in just a few decades. This is a historical moment for DEWA as the first government entity in Dubai to go public. It reflects the immense faith and confidence by our wise leadership and the government of Dubai. As the exclusive provider of electricity and water services to Dubai, DEWA is incredibly proud to have played a part in the success of the Emirate.*”

*“Dubai’s fast paced development has resulted in a rapid increase in the demand for electricity and water. And DEWA has grown along with Dubai’s expanding economy, population, and world-class competitive infrastructure, emphasising the Emirate’s position as a global city. DEWA is therefore both integral to, and benefits from, Dubai’s past and current economic growth. And we are playing a key role in Dubai’s green energy transition process.”*

**His Excellency Saeed Mohammed Al Tayer added,** *“DEWA has a world-class governance system and continuous record of good governance across all its operations. With the highest standards of*



*efficiency, quality, and availability, DEWA is ready to meet the increasing demand for electricity and water in the Emirate, as the population is expected to grow from around 3.5 million people today to 5.8 million people by 2040.*

*“Central to DEWA’s strategy is supporting Dubai’s energy transition to net zero by 2050 – we are focused on enabling a clean future for our customers and communities. DEWA supports the Dubai Net Zero Carbon Emissions Strategy 2050 and is well-aligned to the Dubai Clean Energy Strategy 2050, which aims to provide 100% of Dubai’s energy production capacity from clean energy sources by 2050. Looking ahead, DEWA will support the UAE’s strategic growth ambitions by providing Dubai’s millions of residents and visitors with world-class services and innovative energy solutions. And that in turn will enrich lives while ensuring the happiness and wellbeing of all our stakeholders.”*

## **DETAILS OF THE OFFERING**

3.25 billion Shares are being made available in the Offering, representing 6.5% of DEWA's issued share capital. All the Shares are existing shares being sold by the Government of Dubai (the “Selling Shareholder”) and the Company will not receive any proceeds from the Offering. The Government of Dubai retains the right to increase the size of the Offering at any time, subject to SCA approval, before the end of the subscription period.

The Offering shall be made available to the following subscribers:

- to individual and other investors and to DEWA Group Companies Employees (as defined in the UAE Prospectus) as part of the UAE Retail Offering and;
- to professional investors and other investors in a number of countries outside the United States of America, including in the UAE, as part of the Qualified Investor Offering.

Five percent of the Offering will be reserved for offer to the Emirates Investment Authority (“EIA”).

The UAE Retail Offering subscription period is expected to run from 24 March 2022 to 2 April 2022, with the Qualified Investor Offering subscription period expected to run from 24 March 2022 to 5 April 2022.

The completion of the Offering and Admission is currently expected to take place in April 2022, subject to market conditions and obtaining relevant regulatory approvals in the UAE, including approval of Admission to listing and trading on the DFM.



The Shares held by the Selling Shareholder following completion of the Offering shall be subject to a lock-up which starts on the date of Listing of the Shares and ends six months thereafter, subject to certain terms and conditions.

The Details of the Offering will be included in the UAE Prospectus and public subscription announcement (the “Public Announcement”) with respect to the UAE Retail Offering and the English-language International Offering Memorandum with respect to the Qualified Investor Offering. The UAE Prospectus and the Public Announcement will be published today and the International Offering Memorandum is expected to be published in due course. The UAE Prospectus and the International Offering Memorandum will be available at [www.dewa.gov.ae/ipo](http://www.dewa.gov.ae/ipo).

Emirates NBD Capital Limited has been appointed as the Financial Advisor while Moelis & Company UK LLP DIFC Branch has been appointed as the Independent Financial Advisor to DEWA.

Citigroup Global Markets Limited, Emirates NBD Capital Limited and HSBC Bank Middle East Limited have been appointed as Joint Global Coordinators, and Credit Suisse International, EFG-Hermes UAE Limited, First Abu Dhabi Bank PJSC and Goldman Sachs International have been appointed as Joint Bookrunners.

Emirates NBD Bank PJSC has been appointed as the Lead Receiving Bank. Abu Dhabi Commercial Bank PJSC, Abu Dhabi Islamic Bank PJSC, Ajman Bank, Al Maryah Community Bank L.L.C, Dubai Islamic Bank, Emirates Islamic Bank, First Abu Dhabi Bank, Mashreq Bank and Sharjah Islamic Bank have been appointed as Receiving Banks.

The Internal Sharia Supervision Committees of Emirates NBD Bank PJSC and HSBC Bank Middle East Limited have issued pronouncements confirming that, in their view, the Offering is compliant with Shariah principles. Investors may not rely on these pronouncements and should undertake their own due diligence to ensure that the Offering is Shariah compliant for their own purposes.

## **OVERVIEW OF DEWA**

DEWA was created in 1992 as a result of the merger of the Dubai Electricity Company and the Dubai Water Department. DEWA is the exclusive electricity and water utility provider in Dubai. The Group generates, transmits and distributes electricity and potable water to end users throughout Dubai.



DEWA owns 70% of Empower, currently the world's largest district cooling services provider by connected capacity, and owns, manages, operates and maintains district cooling plants and affiliated distribution networks across Dubai.

The Group also comprises a number of other businesses including Mai Dubai, a manufacturer and distributor of bottled water, Digital DEWA, a digital business solutions company, and Etihad ESCO, a company focused on the development and implementation of energy efficient solutions.

DEWA has grown along with Dubai's expanding economy, population and infrastructure, as Dubai's fast pace of development has resulted in a rapid increase in the demand for electricity and water. With the highest standards of efficiency, quality, and availability, DEWA is ready to meet the increasing demand for electricity and water in the Emirate, which is planning to grow from around 3.5 million people today to 5.8 million people by 2040.

DEWA is therefore both integral to, and benefits from, Dubai's past and current economic growth, while also playing a key role in Dubai's green energy transition process, which is a central pillar of the Group's strategic direction.

The Group currently has approximately 11.4% of its power capacity from clean energy sources, which is the highest proportion of energy from clean sources in the region (as compared to other regional utility companies). DEWA supports the Dubai Net Zero Carbon Emissions Strategy 2050 and is well-aligned to the Dubai Clean Energy Strategy 2050, which aims to provide 100% of Dubai's energy production capacity from clean energy sources by 2050. The Group also expects to supply 100% of water capacity from desalinated water by 2030 using clean energy and waste heat.

## **BUSINESS HIGHLIGHTS**

**DEWA is a globally leading fully integrated utilities company with total investment in gross property, plant and equipment of around AED 201 billion**

- As Dubai's exclusive provider of electricity and potable water to over 1 million customers, DEWA is a key part of Dubai's economic growth story and is at the heart of the Emirate's energy transition. It operates state-of-the-art infrastructure that is critical to Dubai, its residents, and its visitors.



- DEWA currently has 13.4 gigawatts (GW) of installed electricity capacity with a substantial pipeline of additional expected capacity.
  - By 2030, DEWA's total installed capacity from the Mohammed bin Rashid Al Maktoum Solar Park is expected to reach 5 GW.
- DEWA can currently produce 490 million imperial gallons of desalinated water each day.
- DEWA has a 70% stake in Empower, the world's largest district cooling services provider by connected capacity, with a total contracted capacity of approximately 1.6 million refrigeration tonnes.
- DEWA is the majority owner of several independent power producers (IPPs) which have a total operational capacity of 2.7 GW, increasing to 7.4 GW by 2030.
- DEWA is also the majority owner of the independent water producer (IWP) project at the Hassyan Water Complex, which will utilise sea water reverse osmosis to produce 120 million imperial gallons daily (MIGD) when production commences in 2024 and 240 MIGD when fully operational by 2030.

**DEWA exclusively provides electricity and potable water to Dubai's 3.5 million residents - and the millions of people that visit every year – as well as district cooling services in parts of Dubai through its subsidiary, Empower**

- DEWA is a key component of Dubai's economy and is expected to grow alongside the Emirate.
- Dubai is a vibrant economy that has undergone a massive, fast-tracked transformation over the last few decades. Dubai has successfully diversified its economy with limited reliance on commodities (~1% of GDP), and real GDP is expected to show resilient growth of approximately 3% over the coming year.
- DEWA provides its services to c.3.5 million Dubai residents and the Emirate's active daytime population of over 4.7 million, which are expected to reach 5.8 million and 7.8 million respectively by 2040, driven by far-reaching economic transformation programmes such as Dubai's 2040 Urban Master Plan and Dubai's Clean Energy Strategy 2050, and Dubai's Net Zero Carbon Emissions Strategy 2050.
- Dubai's economy is backed by a solid credit profile, strong credit ratings, and a competitive tax environment which, alongside the governments' continuous efforts towards improving the quality of life, will allow Dubai to remain a top destination for the millions of visitors travelling here for work and leisure each year.





**DEWA is a key enabler of Dubai's energy transition to net zero by 2050 and is focused on enabling a clean future for its customers and communities**

- DEWA supports the Dubai Net Zero Carbon Emissions Strategy 2050 and is well-aligned to the Dubai Clean Energy Strategy 2050, which aims to provide 100% of Dubai's energy production capacity from clean energy sources by 2050.
  - Around 11.4% of DEWA's energy currently comes from clean sources. This is expected to reach around 14% by the end of 2022.
  - DEWA has launched its Carbon Dioxide Emission Reduction programme and targets a reduction of Scope 1 GHG emissions of 35% by 2030 against Business As Usual.
  - DEWA's Mohammed bin Rashid Al Maktoum Solar Park is the largest single-site solar park in the world. It has an installed capacity of approximately 1.5 GW with total capacity reaching 5 GW by 2030. At full capacity, it is expected to reduce Dubai's carbon emissions by more than 6.5 million tonnes annually.
  - In addition to solar power, DEWA is building a 250 MW pumped-storage hydroelectric power station in Hatta. It is the first of its kind in the Arabian Gulf, with a storage capacity of 1,500 MWh.
  - In February 2022, it was announced that the Hassyan Power Plant, the Group's only dual fuel plant, would be converted to operate only on natural gas.
  - DEWA is looking to increase the number of its electric vehicle charging stations around Dubai from over 320 in 2021 to more than 1,000 by 2025. This has encouraged more people to buy electric vehicles in Dubai.
- DEWA aims to produce 100% of its desalinated water using a mix of clean energy and waste heat by 2030.
- In May 2021, DEWA launched a green hydrogen project, the first of its kind in the Middle East and North Africa. DEWA is conducting a detailed study to develop a strategy and roadmap for green hydrogen technologies.

**DEWA has a consistent track record of operational excellence and the highest standards of service quality**

- DEWA is a leading utilities provider, with key performance indicators around reliability and availability of power surpassing prominent European and American peers.
  - DEWA has reduced its power transmission and distribution network losses to just 3.3% in 2021, compared to 6-7% in Europe and North America.
  - DEWA has reduced its annual customer minutes lost to 1.43 minutes, compared to the 15 minutes recorded by leading utilities in Europe and North America.



- DEWA's water network losses have decreased to 5.3%, compared to the 15% benchmarked in Europe and North America.
- DEWA's continuous improvements in operational efficiency are at the level of the highest international benchmarks.

### **Technological innovation is part of DEWA's DNA, affirming its leading position as a digitalised utilities company**

- DEWA continuously invests in innovative technologies to enhance its operations and deliver robust end-to-end solutions.
  - DEWA is investing AED 7 billion in Smart Grid initiatives over the course of 2014-2035. This includes advanced metering infrastructure for power and water, big data and analytics, automation and additional technology infrastructure, advanced systems security, and further systems integration.
  - DEWA is proud to be both the first entity in the UAE to utilise artificial intelligence and the first non-telco entity to receive an Internet of Things license, with a 98.7% smart adoption of DEWA's services as of Q4 2021.
  - DEWA invests in technologies such as DAQRI virtual reality to support engineers at power stations, the HoloLens 3D real-data representation for efficient decision making and the Rammas AI Assistant to streamline customer care.
  - In January 2022, DEWA launched DEWA-SAT 1, a 3U nanosatellite, part of its Space-D Programme, becoming the world's first utilities and energy infrastructure company to use nanosatellites and space technologies such as satellite imagery to improve operations, maintenance, and the planning of energy networks.

### **DEWA has a very attractive financial profile with high visibility over cash flow generation and shareholder returns**

- Operational excellence, pioneering investments in new technologies and assets, and supportive government policies give DEWA high visibility over cash flows and shareholder returns.
- DEWA is the sole provider of electricity, water and the leading provider of district cooling in Dubai, with strong top line revenues of AED 23.8 billion in 2021, reflecting a CAGR (2019-2021) of 2.0%.
- DEWA's cost reflective and transparent tariff framework serves the interests of all stakeholders while providing strong and sustainable profits and an attractive return on investment for shareholders
  - In 2021 DEWA's Adjusted EBITDA was AED 12.1 billion (a 50.7% margin), with net income of AED 6.6 billion (a 27.5% margin).



- DEWA has a strong balance sheet with low net debt of just AED 17.6 billion (1.5x ND/EBITDA) in 2021.

## **CAPITAL STRUCTURE AND DIVIDEND POLICY**

The Company intends to pay dividends twice each fiscal year after the Offering in April and October of each year. The Group expects to pay a minimum dividend amount of AED 6.2 billion per annum, over the next five years (October 2022- April 2027). For the avoidance of doubt, the Company expects to pay a first dividend payment of AED 3.1 billion after the Global Offering, for the second half of 2022, by October 2022. This dividend policy is designed to reflect the Group's expectation of strong cash flow and expected long-term earnings potential, while allowing the Group 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 Group's business for operating expenses, interest expense and anticipated capital expenditures. In addition, the Group expects that the Board of Directors will also consider market conditions, the then current operating environment in the Group's markets, and the Board of Directors' outlook for the Group's business.

## **MEDIA ENQUIRIES**

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## **INVESTOR RELATIONS ENQUIRIES**

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## **FINANCIAL ADVISOR**

Emirates NBD Capital Limited

## **INDEPENDENT FINANCIAL ADVISOR**

Moelis & Company UK LLP DIFC Branch



### **JOINT GLOBAL COORDINATORS**

Citigroup Global Markets Limited

Emirates NBD Capital Limited

HSBC Bank Middle East Limited

### **JOINT BOOKRUNNERS**

Credit Suisse International

EFG-Hermes UAE Limited

First Abu Dhabi Bank PJSC

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### **LEAD RECEIVING BANK**

Emirates NBD Bank PJSC

- Dedicated IPO call centre number: 800-DEWA-IPO (800-3392476)



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*In the United Kingdom, this document is for distribution only to (i) persons having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”); or (ii) persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Order; (iii) persons outside of the United Kingdom or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated (all such persons together being “Relevant Persons”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.*

*This announcement has not been reviewed, verified, approved and/or licensed by the Central Bank of the UAE, the Securities and Commodities Authority of the UAE and/or any other relevant licensing authority in the UAE including any licensing authority incorporated under the laws and regulations of any of the free zones established and operating in the territory of the UAE, including the Financial Services Regulatory Authority, a regulatory authority of the Abu Dhabi Global Market (“ADGM”), and the Dubai Financial Services Authority, a regulatory authority of the Dubai International Financial Centre (“DIFC”), or any other authority in any other jurisdiction.*

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*The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this announcement nor taken steps to verify the information set out in it and has no responsibility for it. The securities to which this announcement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers and subscribers of the securities referred to herein should conduct their own due diligence on the securities. If you do not understand the contents of this announcement, you should consult an authorised financial adviser.*

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