National Central Cooling Company PJSC

(DFM:TABREED)

Full Year 2019

Earnings Presentation

28 January 2020

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Agenda

1. Introduction and Performance Highlights
2. Financial Results
3. Conclusion

1. Introduction and Performance Highlights

Performance Highlights

tabreed

Financial Highlights: 2019 vs. 2018

Total Revenue	Chilled Water Revenue	EBITDA	Net Income	Proposed Dividend
AED 1,520m	AED 1,456m	AED 763m	AED 472m	10.5 fils
+5%	+7%	+10%	+11%	+1.0 fils

Financial and Operational Performance

- Total Revenue growth at 5.1% and Chilled Water revenue at 7.0%
- EBITDA increased by 9.9% to AED 763m and EBITDA margins increased from 48% to 50%
- Net Income increased by 10.5% to AED 472m
- Previously announced capacity guidance to add 65,000 RT by the end of 2020
- New connections during Q4 2019 of 21,500 RT, taking the total capacity additions during 2019 to 51,300 RT
- Acquired two plants and added another three plants during the quarter taking total number of plants across GCC to 80
- Revised capacity guidance to add 75,000 RT over 2020 and 2021

Committed to adding value to shareholders – Proposed dividend of 10.5 fils, up from 9.5 fils in 2018

Corporate Developments

Strategy delivering growth led by both organic and inorganic initiatives

New plants

- Added six plants during the year, taking total number of plants across GCC to 80
- King Khaled International Airport, Saudi Arabia
- Mall of Muscat, Oman
- Masdar acquisition (2 plants)
- Two plants for existing major UAE customers

Acquisition and investments

- Acquired two district cooling plants from Masdar City with total concession capacity of around 69,000 RT
- Increased stake in Saudi Tabreed from 20% to 28%

New partnership

- Signed a partnership agreement with Bee'ah, Sharjah's leading sustainability pioneer, to jointly explore the development of large-scale district cooling projects in the Emirate

Operational Efficiencies

- Integrated data-based operational intelligence software across its network of district cooling plants to monitor, analyze and improve overall plant performance and reliability
- Achieved meaningful water and energy efficiency during the year
- Received ISO 50001 certification which is aimed at supporting organizations who use energy more efficiently
- Delivered 10m safe hours without Lost Time Injury

Laying a strong platform for future growth opportunities

Tabreed at a Glance

One of the world's largest district cooling companies

80
plants in
5 countries

1.18m RT
delivered to clients

Equivalent to cooling
118
towers the size of Burj Khalifa

Environmentally responsible operations reducing green house gas emissions

2.06 billion kWh
annual reduction in energy consumption in the GCC through Tabreed's DC services in 2019

=

Enough energy to power
117,500
homes in the GCC every year

CO_2

1.23 million tons
annual elimination of CO_2 emissions

=

The equivalent of removing
268,000
cars from our streets every year

Exclusive provider of DC services to several iconic projects

- Cleveland Clinic Abu Dhabi
- Yas Mall
- Dubai Metro
- Sheikh Zayed Grand Mosque
- Etihad Towers
- World Trade Center
- The Pearl
- Ferrari World

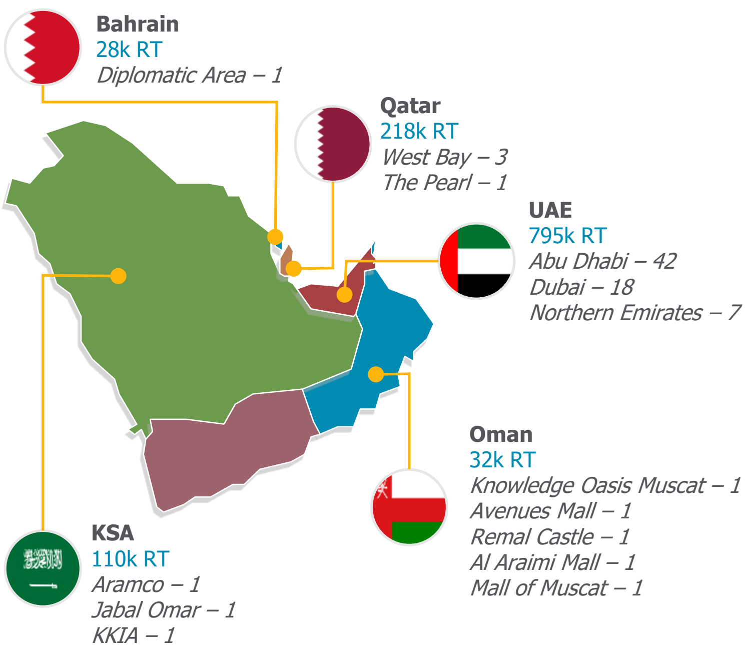
Strong financials

2019 revenue:	2019 EBITDA:	2019 net profit:
AED 1,520m	**AED 763m**	**AED 472m**
5% growth	*50% margin*	*31% margin*

Regional Presence

The only publicly listed and regional district cooling company in the world

- 5 GCC countries | 80 plants | 1.18m tons of cooling
- Uniform utility infrastructure model implemented across GCC
- Long term contracts underpinning stability of earnings and returns for shareholders



National Central Cooling Company and its UAE investments

- 59 consolidated plants, 8 held through associates and joint ventures
- Plants in 6 emirates of the UAE - Abu Dhabi, Dubai, Ajman, RAK, Sharjah and Fujairah
- 795k RT delivered to clients including some of UAE's most prominent landmarks

Landmark Projects: Dubai Metro, Sheikh Zayed Grand Mosque, Yas Island, Al Maryah Island, Masdar City

Qatar District Cooling Company (Tabreed 44%)

- Joint Venture with United Development Company
- Owns and operates the world's largest DC plant on The Pearl with connected capacity of 116k RT
- Also owns and operates 3 DC plants and a concession in Qatar's West Bay (102k RT)

Landmark Projects: The Pearl – Qatar, West Bay

Saudi Tabreed District Cooling Company (Tabreed 28%)

- Partnership with ACWA Holding and others
- Owns and operates first significant DC plant in KSA – Saudi Aramco (32k RT)
- Owns and operates a DC plant in the Holy City of Mecca for Jabal Omar Development Co. (58k RT)
- Owns and operates a DC plant at the King Khaled International Airport (20k RT)
- Operates the DC plant servicing the landmark King Abdulla Financial District (KAFD) development (50k RT)

Landmark Projects: Saudi Aramco, Jabal Omar Development, KKIA

Bahrain District Cooling Company (Tabreed 99.8%)

- Owns and operates 1 DC plant (28k RT)
- Plant runs using sea water to provide cooling to the most prestigious developments in Bahrain

Landmark Projects: Reef Island, Financial Harbour, World Trade Centre

Tabreed Oman (Tabreed 61%)

- A partnership between Tabreed and prominent Omani pension funds
- Owns and operates 5 plants serving Knowledge Oasis Muscat, Oman Avenues Mall, Remal Castle, Al Araimi Mall and Mall of Muscat

Landmark Projects: Knowledge Oasis Muscat, Oman Avenues Mall, Mall of Muscat

Connected Capacity

- Previously announced capacity guidance of 65,000 RT to be added in 2019 and 2020
- Added 51,336 RT during 2019 across the region. Connected 21,488 RT during Q4 2019 including new connections in UAE, Bahrain and Saudi Arabia
- Q4 2019 new connections also include two plants acquired from Masdar, one new plant commissioned at King Khaled International Airport, and two plants for existing major UAE customers. This takes the total number of plants to 80 currently
- Revised capacity guidance of 75,000 RT to be added in 2020 and 2021

Consolidated	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
UAE	702	705	708	708	724
Bahrain	27	27	27	27	28
Oman	24	24	32	32	32
Total Consolidated	**752**	**755**	**767**	**767**	**784**

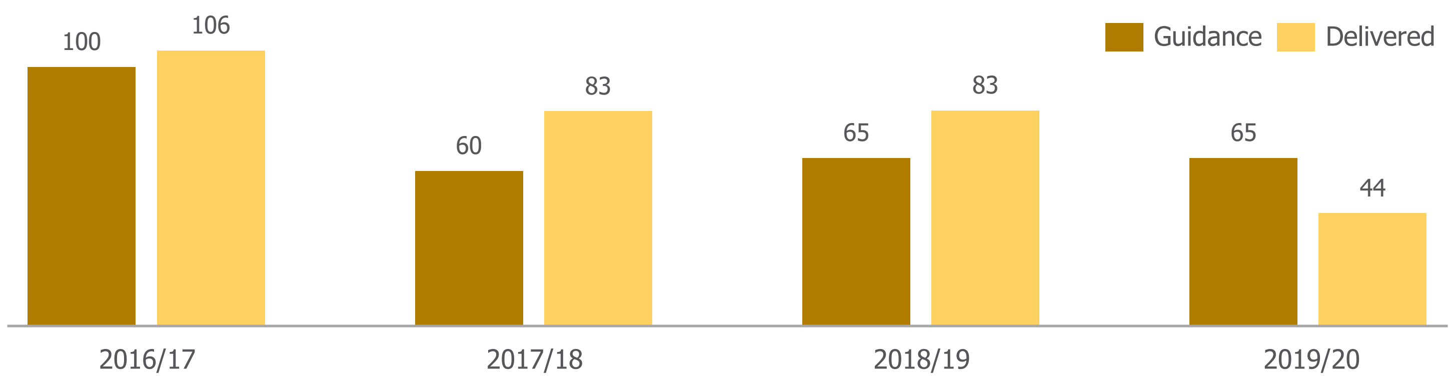
Equity Accounted	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
UAE	71	71	71	71	71
Qatar	218	218	218	218	218
KSA	90	90	90	105	110
Total Equity Accounted	**379**	**379**	**379**	**394**	**399**
Total	**1,131**	**1,134**	**1,146**	**1,161**	**1,183**

2019 & 2020 Target: 65k RT
2019 additions: 51k RT

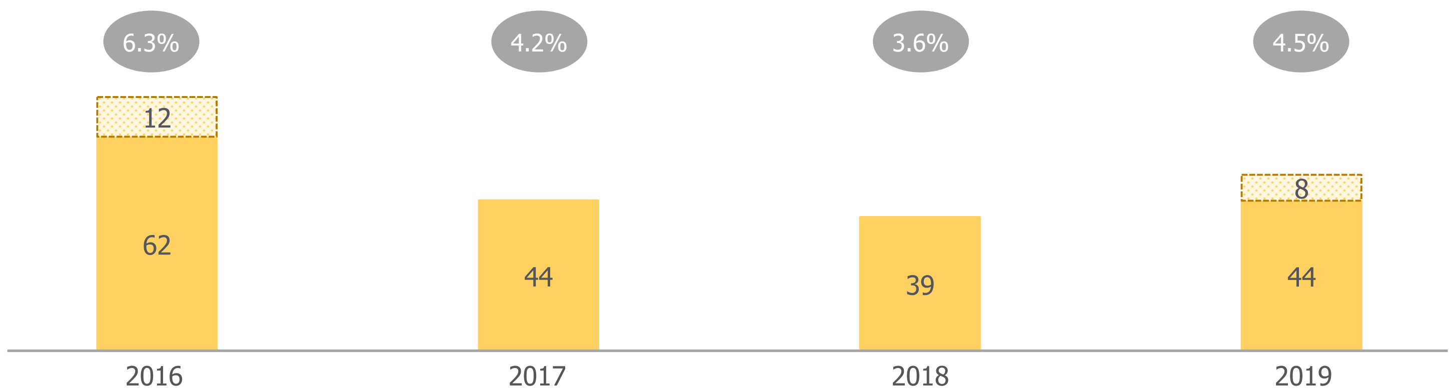
Connected Capacity Growth Trend

- At the beginning of each year Tabreed provides guidance on capacity additions over the next two years
- Tabreed has been able to deliver more than the expected growth year on year basis
- In 2019, Tabreed delivered 67% (44k RT) of the guided 2019-20 capacity (65k RT) within the first year

Organic Capacity Growth



Connected Capacity Additions*

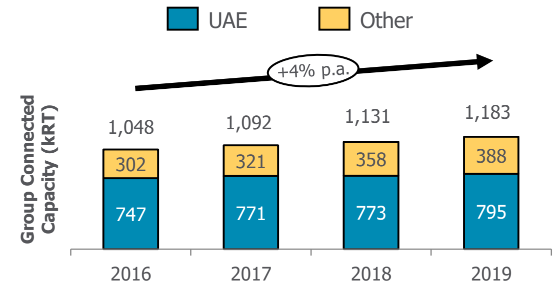


* Inorganic capacity additions represented by dotted lines: 2016 - 11.58k RT Nation Towers plant and 2019 - 7.51k RT Masdar plant acquisition
Percentage in bubble represent capacity growth over last year

Headline Performance

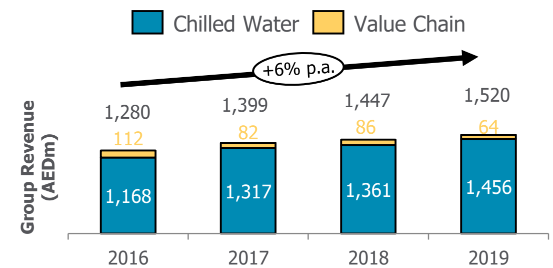
Long-term contracts with credit worthy customers

- Providing over 1.18m RT of cooling across GCC – growing 4% annually since 2016
- Long term contracts (~25 years) mean over 90% of contracted capacity locked in for at least the next 10 years
- About 70% of revenues from wholly government owned and partially government owned entities



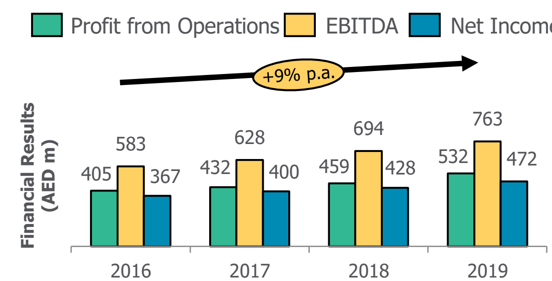
Revenue growth from existing and new business

- Group revenue growing at a 6% CAGR since 2016 driven by Chilled Water revenue growth of 8%
- Utility business model leads to steady increases in revenue and profitability from existing customers
- Acquired two plants from Masdar
- Signed the first concession agreement in India



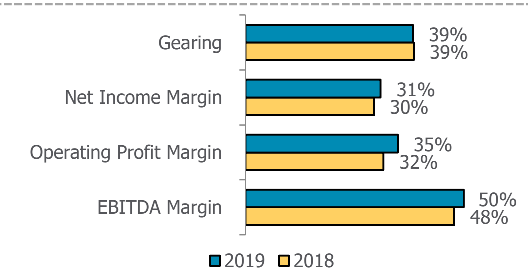
Solid financial performance

- Predictability in earnings driven by capacity charge
- Net income and EBITDA have grown 9% annually since 2016



Value to shareholders

- EBITDA margin of 50%
- Strong balance sheet
- Stable cash flow generation
- Proposed dividend of 10.5 fils, up from 9.5 fils in 2018



2. Financial Results

Income Statement

Consolidated Financials (AED m)	2019	2018	*Variance*	*%*
Revenue	1,520	1,447	*73*	*5%*
Chilled water revenue (96%)	1,456	1,361	*95*	*7%*
Value chain businesses (4%)	64	86	*(22)*	*-26%*
Operating cost	(768)	(784)	*16*	*-2%*
Gross Profit	**753**	**663**	***90***	***14%***
Gross profit margin	*50%*	*46%*		
Administrative and other expenses	(220)	(204)	*(17)*	*8%*
Profit from Operations	**532**	**459**	***73***	***16%***
Operating profit margin	*35%*	*32%*		
Net finance costs	(178)	(161)	*(16)*	*10%*
Other gains and losses	27	43	*(16)*	*-37%*
Share of results of associates and joint ventures	99	90	*9*	*10%*
Income attributable to non-controlling interests	(8)	(4)	*(5)*	*-*
Net Income	**472**	**428**	***45***	***11%***
Net Income margin	*31%*	*30%*		
EBITDA	**763**	**694**	***69***	***10%***
EBITDA margin	*50%*	*48%*		

Key Observations

- Increase in revenue mainly driven by chilled water consumption growth, CPI adjustment in 2019, consolidation of S&T, and new connections in UAE and Oman
- Operating costs lower and finance cost higher mainly due to IFRS 16; Operating cost also positively impacted by efficiency gains
- Other gains in 2019 mainly includes gain on initial recognition of new finance lease plants in UAE and Oman; last year included a gain of AED 32.6 on partial disposal of Saudi Tabreed
- Share of results of associates and joint venture up due to one-off gains
- EBITDA margin expanded from 48% to 50%; IFRS 16 implementation had 2% impact on EBITDA margin

Financial Position

Consolidated Financials (AED m)	Dec 31, 2019	Dec 31, 2018	*Variance*	*%*
Fixed Assets	7,288	7,026	*262*	*4%*
Associates and Joint Ventures	732	579	*153*	*26%*
Accounts Receivable	593	568	*25*	*4%*
Cash and Short Term Deposits	227	249	*(22)*	*-9%*
Other Assets	63	61	*2*	*3%*
Total Assets	**8,904**	**8,484**	***419***	*5%*
Equity and Reserves	5,016	4,737	*278*	*6%*
Non Convertible Sukuk	1,829	1,829	*0*	*0%*
Other Corporate Debt	1,312	1,160	*152*	*13%*
Other Liabilities	747	758	*(11)*	*-1%*
Total Liabilities and Equity	**8,904**	**8,484**	***419***	*5%*

Key Observations

- Increase in fixed assets primarily due to the implementation of IFRS 16
- Receivables compared to December 2018 have been in line with revenue growth; Down compared to September 2019 representing strong collections
- Increase in associates primarily due to purchase of additional stake in Saudi Tabreed
- Increase in Other Corporate Debt reflects the implementation of IFRS 16; Total debt reduction of AED 143m

Cash Flow Statement

Consolidated Financials (AED m)	2019	2018	*Variance*	%
Profit from Operations	**532**	**459**	***73***	*16%*
Finance lease amortization	61	85	*(25)*	*-29%*
Depreciation	170	150	*20*	*14%*
Working Capital and other adjustments	19	(32)	*51*	*-158%*
Net cash flows from Operating Activities	**782**	**662**	***120***	*18%*
Capital expenditure incurred	(104)	(100)	*(4)*	*4%*
Dividends and interest income received	47	75	*(28)*	*-37%*
(Purchase)/Sale of stake in associate and joint ventures (net)	(128)	(216)	***89***	*-41%*
Net cash flows from Investing Activities	**(184)**	**(241)**	***57***	***-24%***
Debt servicing	(306)	(352)	*46*	*-13%*
Others	(314)	(238)	*(76)*	*32%*
Net cash flows from Financing Activities	**(620)**	**(590)**	***(30)***	***5%***
Net Movement in Cash and Cash Equivalents	**(22)**	**(169)**	***147***	*-87%*
Cash and Cash Equivalents at the start of the period	249	418	*(169)*	*-40%*
Cash and Cash Equivalents at the end of the period	**227**	**249**	***(22)***	***-9%***

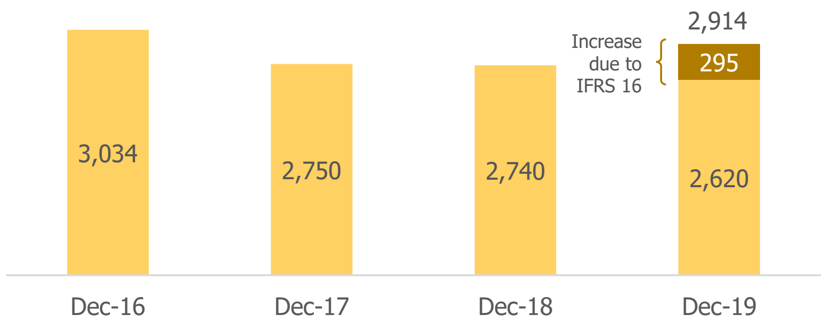
Key Observations

- Strong operating cash flows driven by higher profitability
- Movement in dividend received due to special dividend on disposal of partial stake in Saudi Tabreed last year
- Investing cash flows primarily reflect increase in stake in Saudi Tabreed this year; Previous year included acquisition of S&T and dilution of stake in Saudi Tabreed
- Movement in Others due to higher dividend pay out this year

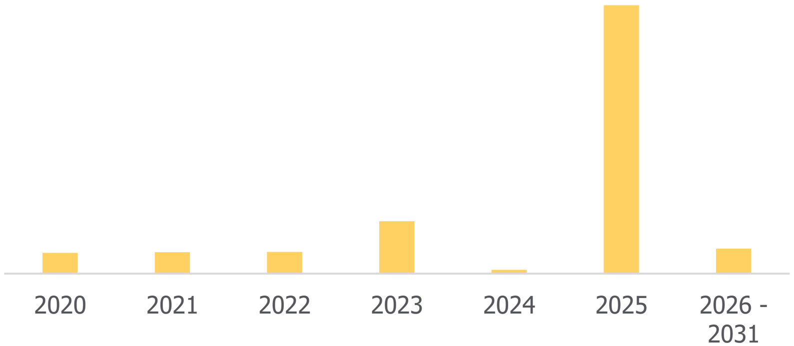
Debt Portfolio and Return Ratios

- Current gearing of 39% (vs. 39% in Dec 2018); Increase in debt in 2019 due to implementation of IFRS 16
- No significant debt repayments until the Sukuk matures in 2025
- Strong improvement in Net Debt to EBITDA ratio as EBITDA continues to grow and debt declines
- Consistent improvement in return ratios

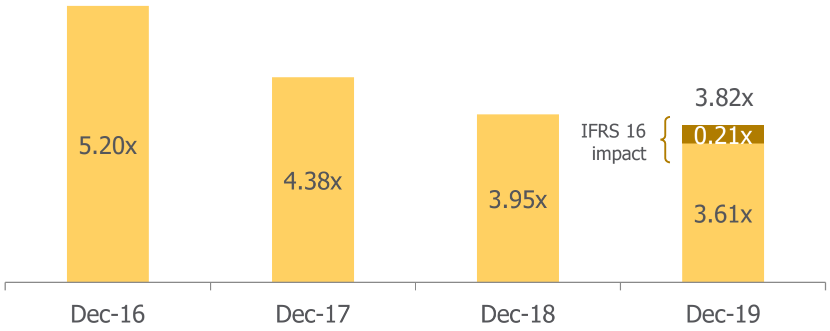
Net Debt Profile (AED m)



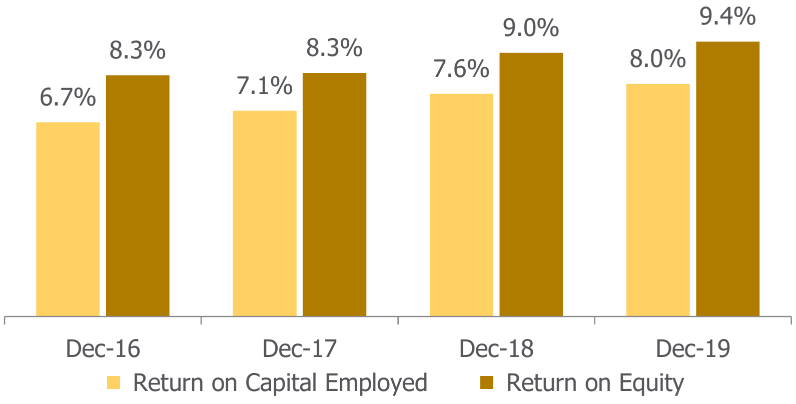
Debt Maturity Profile (AED m)



Net Debt to EBITDA



Return on Capital Employed and Return on Equity



3. Conclusion

Unique GCC-wide Infrastructure Assets Company

Why District Cooling?

- District Cooling is a critical part of the growing GCC infrastructure
- District Cooling is 50% more energy efficient than conventional cooling and 16% cheaper for the customer

Why Tabreed?

- One of the largest district cooling companies in the world with experienced management team
- Over 20 years of excellent operational performance, on-time delivery of projects and expertise in financing DC assets
- Relationships with Government and key real estate developers across the region
- A strong shareholder base with Mubadala and ENGIE providing support to operations and growth
- Investment grade credit ratings from Moody's (Baa3, Stable) and Fitch (BBB, Stable)
- Sukuk issue and refinance of the current debt delivers improved balance sheet efficiency and longer term maturity

Robust Financial Results

- Sustainable, stable and predictable results, low operating risk business model with strong margins
- Net income and EBITDA have grown 9% annually since 2016, driven by capacity additions and CPI pass through
- Stable utility infrastructure business model enables consistent performance

Seeking and investing in opportunities across GCC

- Focus on stable Chilled Water leading to enhanced value from existing plants and increasing operational efficiencies
- Seeking and investing in organic and inorganic projects across the GCC and selectively outside of GCC
- De-risking projects by using "take or pay" fixed date contracts and ring-fenced project financing
- Acquisition of two plants from Masdar with a total concession capacity of 69,000 RT

Track record of delivering capacity growth

- 134k RT capacity added since 2016
- 65k RT of signed up capacity additions expected by the end of 2020; 51k RT delivered in 2019
- Regional footprint allows access to varied growth opportunities
- Operational track record, customer relationships and financial strength to benefit from growth in the region

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Stable Core Business Model Delivering Consistent Performance

Business Model - Profit Statement (% of revenue)*

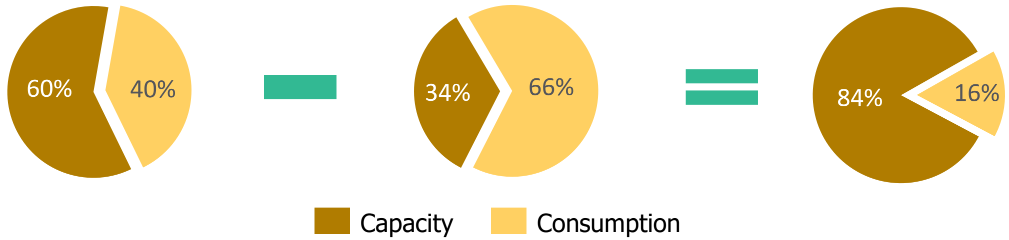
Chilled Water	Capacity (fixed)	Consumption (variable)	Total
Revenue, net of amortization	**60**	**40**	**100**
Utility Costs	-	(32)	(32)
Plant operation & maintenance	(11)	-	(11)
Depreciation	(10)	-	(10)
Gross Profit	**39**	**8**	**47**
Corporate overheads	(13)	-	(13)
Profit from Operations	**26**	**8**	**34**
Add: Depreciation & amortisation	16	-	16
EBITDA	**41**	**8**	**49**
EBITDA Margin	***69%***	***20%***	***49%***

** Based on last 3 years average*

60% of the revenue is fixed

Only 34% of the cost is against fixed revenue, rest is passed through

Hence, 84% of the EBITDA is from capacity revenue



Billing structure and profitability

- Tabreed bills customers for capacity (fixed) charges and consumption (variable) charges
- Capacity charges reflect the cooling capacity (in RT) reserved for the customer and are generally fixed, subject to escalation based on country CPI every year
- Consumption charges recover the cost of cooling consumed. Contractually, any change in variable cost is generally passed through to the customers
- Tabreed's EBITDA is driven by capacity charges allowing recovery of plant operation cost, corporate overheads and providing a strong return on capital invested