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National Central Cooling Company PJSC

30 January 2017

2016 Year-end Earnings Call

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Agenda

A | Introduction and Performance Highlights – Jasim Thabet, CEO

B | Financial Results – Steve Ridlington, CFO

C | Conclusion – Jasim Thabet, CEO

2016 – delivering robust growth in earnings and dividends

Another successful year with 74kRt of new capacity

- Delivering on growth promises :
  - We announced 100kRT capacity additions by end of 2017
  - 74kRT of new capacity added in 2016 including Dubai Parks and Nation Towers
- Continuing to provide an environmentally friendly way of cooling to benefit the communities we serve, energy savings in 2016 enough to power 48,000 homes, removing over 700,000 tons of CO_2

Steady, predictable, and stable financial results

- 6% increase in Net Income, reaching AED 367m
- Strong cash generations with EBITDA reaching AED 583m, 7% higher
- Operational cash flows of AED 553m driven by continuing strong collections from customers
- 2 Long-term project financing deals for Dubai Parks and ICT acquisition

Providing increasing returns to shareholders

- Dividend proposed of 6.5 fils per share, 8% increase in line with growth in earnings
- 48% pay out ratio, in line with historic average and our desire to reward shareholders
- Working to make 2017 another successful year

Robust performance driven by capacity additions across GCC, increase in dividends to shareholders

Tabreed at a glance

One of the world's largest district cooling companies

71

plants in
5 countries

Over

1m RT

delivered to clients

Equivalent to cooling

100 towers the size of Burj Khalifa

Environmentally responsible operations reducing green house gas emissions

1.4 billion kWh

annual reduction in energy consumption in the GCC through Tabreed's DC services in 2016

=

Enough energy to power

48,000

homes in the UAE every year

CO_2

713,000 tons

annual elimination of CO_2 emissions

=

The equivalent of removing

143,000

cars from our streets every year

Serving iconic projects across the region

Cleveland Clinic Abu Dhabi

Abu Dhabi Global Market Square

Dubai Metro

Sheikh Zayed Grand Mosque

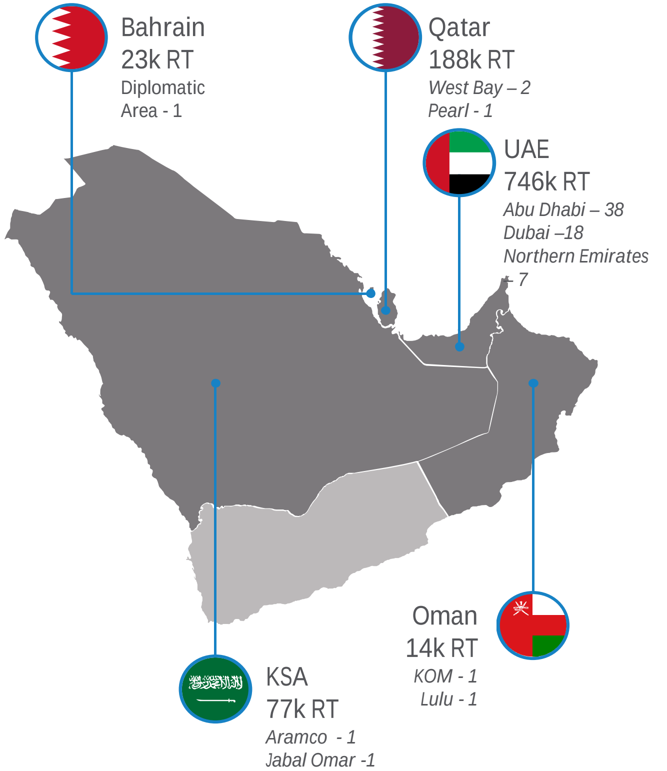
The Pearl Qatar

Jabal Omar Project The Holy City of Mecca

The only listed DC Company and operating across the region

5 GCC Countries | 71 Plants | over 1m tons of cooling

- Only listed DC company in GCC markets
- Uniform utility infrastructure model implemented across GCC
- Long term contracts underpinning stability of earnings and returns for shareholders



Capacity (kRT)	UAE	Qatar	KSA	Bahrain	Oman	Total
Consolidated	646	-	-	23	14	683
Equity Accounted	100	188	77	-	-	365

National Central Cooling Company and its UAE investments

- 53 consolidated plants, 10 held through associates and joint ventures
- Plants in 6 emirates of the UAE - Abu Dhabi, Dubai, Ajman, RAK, Sharjah and Fujairah
- 746 kRT delivered to clients including some of UAE's most prominent landmarks

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

Qatar District Cooling Company (Tabreed 44%)

- Joint Venture with United Development Company
- Owns and operates the world's largest 130 kRT DC plant on The Pearl (102 kRT)
- Also owns and operates 2 DC plants and a concession in Qatar's West Bay (86 kRT)

Landmark Projects: The Pearl – Qatar, West Bay

Saudi Tabreed District Cooling Company (Tabreed 25%)

- Partnership with ACWA Holding and others
- Owns and operates first significant DC plant in KSA – Saudi Aramco (32 kRT)
- Also owns and operates a DC plant in the Holy City of Mecca for Jabal Omar Development Co. (45 kRT)
- Operates the DC plant servicing the landmark KAFD development (50 kRT)

Landmark Projects: Saudi Aramco, Jabal Omar Development

Bahrain District Cooling Company (Tabreed 90%)

- Owns and operates 1 DC plant (23 kRT)
- 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 60%)

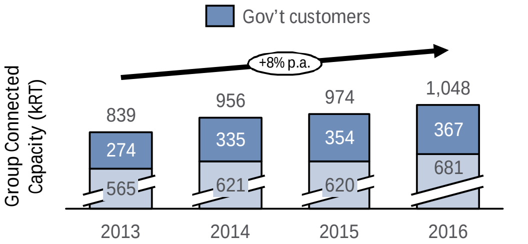
- A partnership between Tabreed and prominent Omani shareholders
- Owns and operates 2 plants serving Knowledge Oasis Muscat, Military Technical College and Lulu

Landmark Projects: Knowledge Oasis Muscat and Lulu Mall

Headline Performance

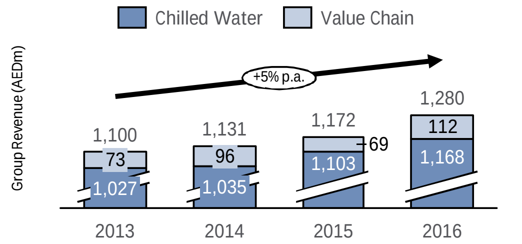
Long-term contracts with credit worthy customers

- Providing over 1m RT of cooling across GCC– growing 8% annually since 2013
- Consolidated capacity increase of 3% p.a and equity accounted capacity of 22% p.a.
- Long term price certain contracts (~25 years) ensuring stability in earnings
- 50% of UAE capacity contracted with Government clients



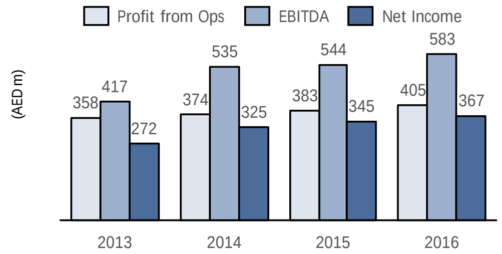
Revenue growth from existing and new business

- Total Group Revenue up 6%, reaching AED 1.3 bn
- Revenue increasing at 5% p.a. higher than growth in consolidated capacity
- Revenue increase driven by new connections, CPI pass through and higher volumes
- Utility business model leads to steady increases in revenue and profitability from existing customers



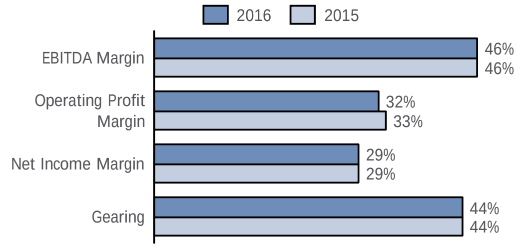
Strong operating performance and financial position

- Predictability in earnings driven by capacity charge
- Double-digit growth in net income and EBITDA over 4 years
- Increasing profitability driven by economies of scale and cost control
- Net income up 6% reaching AED 367m and EBITDA of AED 583m up 7%



Value to shareholders

- EPS up 21% in 2016 driven by share reduction from MCB buy back
- 8% increase in dividend proposed, to 6.5 fils per share, in line with growth in earnings
- Amongst the top performers on the DFM index in 2016



Stable utility infrastructure business with strong cash flows that continues to deliver earnings and dividend growth

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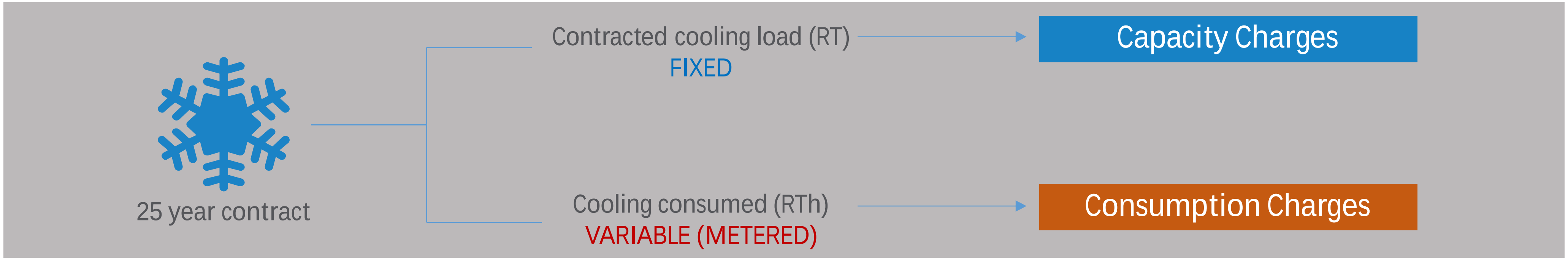
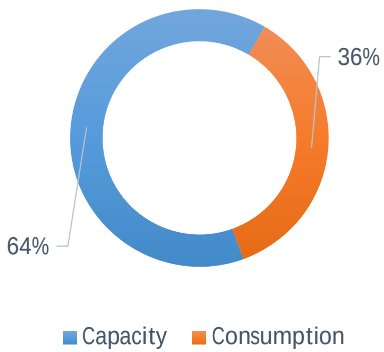
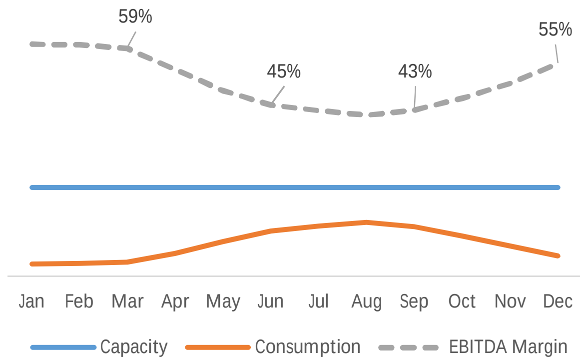
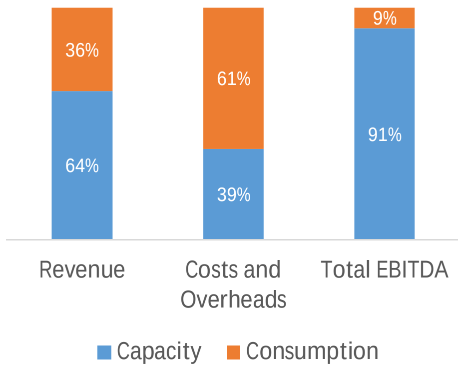
Utility business model with fixed revenue providing ~90% of returns









Majority of revenue comes from capacity charges

- Capacity charges reflect the cooling capacity reserved for the customer
- Consumption charges recover the cost of cooling consumed and is billed based on metering

Capacity revenue is fixed for the year while consumption revenue varies

- Consumption billing follows a bell curve in line with average temperatures in the region
- Capacity bills are a fixed amount every month
- Blended EBITDA margin is the highest in the winter months, average 49% for the year

Consumption is a pass through and capacity provides returns

- Consumption revenue covers all variable costs of operation
- Capacity revenue covers fixed O&M, finance and corporate costs and provides return on capital

Financial Highlights

Income Statement

Consolidated Financials (AED m)	2016	2015	Variance	%
Revenue	1,280	1,204	76	+6%
Chilled water revenue (91%)	1,168	1,103	65	+6%
Value chain businesses (9%)	112	115	(3)	-2%
Operating cost	(682)	(643)	(39)	+6%
Gross Profit	598	561	37	+7%
Gross profit margin	47%	47%		
Administrative and other expenses	(193)	(178)	(15)	+8%
Profit from Operations	405	383	23	+6%
Operating profit margin	32%	32%		
Net finance costs	(156)	(138)	(18)	+13%
Other gains and losses	5	4	1	+19%
Share of results of associates and joint ventures	117	99	18	+19%
Income attributable to non-controlling interests	(4)	(3)	(2)	+59%
Net Profit	367	345	22	+6%
Net profit margin	29%	29%		
EBITDA	583	545	39	+7%
EBITDA margin	46%	45%		

Key Points

- Dubai Parks, CPI pass through and higher consumption volumes led to a 6% increase in revenues
- Top line increase converted in to 6% increase in profit from operations
- Associates and JVs share of results increased by 19%, reflecting increased contribution from UAE JVs and continued growth in regional investments
- Finance costs increased by AED 18m, primarily reflecting additional debt raised to finance the MCB repurchase in 2015

Stable utility infrastructure business model enables consistent performance with EBITDA margins approaching 50%

Financial Highlights

Financial Position

Consolidated Financials (AED m)	2016	2015	Variance	%
Fixed Assets	6,977	6,766	210	+3%
Associates and Joint Ventures	826	714	113	+16%
Accounts Receivable	409	410	(0)	-0%
Cash and Short Term Deposits	390	177	213	+120%
Other Assets	60	167	(107)	-64%
Total Assets	8,661	8,233	429	+5%
Equity and Reserves	2,666	2,454	212	+9%
Mandatory Convertible Bonds – equity portion	1,772	1,772	-	+0%
Debt	3,424	3,274	150	+5%
Other Liabilities	799	733	66	+9%
Total Liabilities and Equity	8,661	8,233	429	+5%

Key Points

- Increase in fixed assets in part reflects completion of Dubai Parks and acquisition of ICT's plant
- Strong collections from our customers resulting in unchanged receivables
- Healthy cash position at year end, AED 100m to be paid to ICT to complete acquisition after year end
- Increase in debt mainly reflects 2 project finance debt facilities drawn down during the year to finance Dubai Parks plant construction and ICT plant acquisition

Balance sheet continues to show strength and positions Tabreed to finance further growth

Financial Highlights

Cash flow Statement

Consolidated Financials (AED m)	2016	2015	Variance	%
Profit from Operations	405	383	22	6%
Finance lease amortization	48	42	6	14%
Depreciation	129	120	9	8%
Working capital and other adjustments	(30)	60	(90)	-150%
Net cash flows from Operating Activities	553	605	(52)	-9%
Capital expenditure incurred	(195)	(290)	95	-33%
Net investment in associates & joint ventures	(16)	34	(50)	-147%
Others	12	265	(253)	-95%
Net cash flows from Investing Activities	(199)	9	(208)	-2311%
Loans drawn down	456	1,035	(580)	-56%
Principal and interest payments on loans	(360)	(324)	(36)	+11%
MCB cash coupon paid	(86)	(104)	17	-17%
Dividend paid to shareholders	(163)	(174)	11	-6%
MCB repurchase	-	(1,000)	1,000	-100%
Others	(3)	(20)	17	-84%
Net cash flows from Financing Activities	(157)	(586)	429	-73%
Net Movement in Cash and Cash Equivalents	197	28	168	+597%
Cash and Cash Equivalents at 1 Jan	193	418	(225)	-54%
Cash and Cash Equivalents at 31 December	390	446	(56)	-13%

Key Points

- Continuing positive cash flows in 2016, operating activities provided over AED 550m of cash
- Capital expenditure incurred on Dubai Parks plant & other projects and AED 91m invested in Al Maryah plant
- AED 76m of dividends received from Al Maryah, Qatar Cool, Tabreed Saudi and others
- Cash balances remain healthy

Strong cash flow generation from long term price certain contracts enabling investment in growth

Debt portfolio adequately hedged against interest rate increases

- Tabreed's current gearing is 44% (debt: debt + equity), approaching global utility peers
- 95% of debt is denominated in AED, with the balance in USD and OR, in line with cash flow generation profile
- Majority of the debt is floating rate with 49% of total debt hedged into fixed rates
- Plans to increase hedging coverage in 2017, targeting 75% hedged
- Weighted average loan life is ~7 years, with ~AED 2bn of debt maturing in 2021

Debt position as at 31 December 2016 (AED in millions)

Borrower	Type	Amount (AED m)	Undrawn amount (AED m)	Currency	Interest	Hedging (%)	Maturity
Tabreed	Term loan	2,702	-	AED	EIBOR + margin	53	2021
Tabreed	Revolver	140	310	AED	EIBOR + margin	-	2021
Dubai Parks SPV	Project Finance	188	6	AED	EIBOR + margin	61	2032
ICT SPV	Project Finance	78	-	AED	EIBOR + margin	-	2028
Bahrain DC Company	Term loan	125	-	USD	LIBOR + margin	-	2019
Tabreed Oman	Term loan	50	18	OR	Fixed margin	100	2024
Total		3,283	334			49	

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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 efficient in consuming electricity than conventional cooling reducing energy consumption, carbon footprint and state subsidies while also being 16% cheaper for the customer
Why Tabreed	• One of the largest district cooling companies in the world with experienced management team • 18 year track record of excellent operational performance, on-time delivery of projects and expertise in financing DC assets • Relationship with Government and key real estate developers across the region
Robust Financial Results	• Sustainable, stable and predictable results, low operating risk business model with strong margins • Robust and predictable financial results underpinned by fixed revenue derived from long term 25 year contracts • Double digit growth in EBITDA and Net Income since 2012, driven by capacity additions and CPI pass through • Strong cash generating ability, EBTIDA up 7% to AED 583m - sufficient to cover debt service, fund growth capex and provide dividends to shareholders
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 GCC • De-risking projects by using “take or pay” fixed date contracts and ring-fenced project financing
Track record of delivering capacity growth	• 280kRT of capacity added across GCC since 2012, 74kRT of new capacity added in 2016 • Regional footprint allows access to varied growth opportunities • Operational track record, customer relationships and financial strength to benefit from growth in the region

Questions

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Management looks forward to engaging with shareholders and investors at the following 2017 events

EFG one-on-one, *Dubai*	6 – 8 March 2017
First quarter earnings call	End of April 2017
DFM International Roadshow, *London*	Mid May 2017
CI Capital MENA investor conference, *El Gouna*	Mid May 2017
Second quarter earnings call	End of July 2017
EFG MENA & Frontier conference, *London*	Early September
Arqaam Investors conference, Abu Dhabi	18 – 19 September 2017
Third quarter earnings call	End of October 2017
BAML MENA conference, Dubai	Mid November
Year end earnings call	End of January 2018

A full recording of this call and a transcript will be available for replay on Tabreed's website

Appendices

Stable core business model delivering consistent performance

Profit Statement (% of revenue) – based on 2016 results

	Capacity (fixed)	Consumption (variable)	Total
Revenue	64	36	100
Utility Costs	-	(32)	(32)
Plant operation & maintenance	(9)	-	(9)
Depreciation & amortisation	(11)	-	(11)
Gross Profit	44	4	48
Corporate overheads	(16)	-	(16)
Profit from Operations	28	4	32
Add back: depreciation & amortisation	16	-	16
EBITDA	44	4	48
	68%	*12%*	*48%*

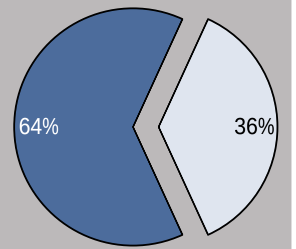
Billing structure and profitability

- 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

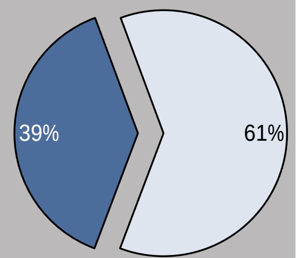
Stable and predictable earnings - 91% of EBITDA arises from capacity charges

Capacity Consumption

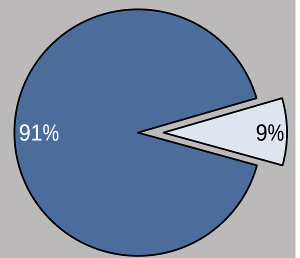
64% of the revenue is fixed



Only 39% of the cost is against fixed revenue, rest is passed through

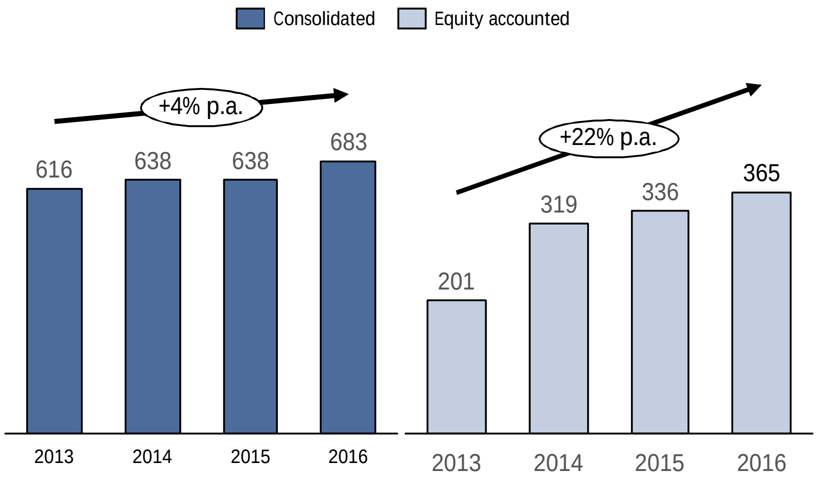


Hence, 91% of the EBITDA is from capacity revenue

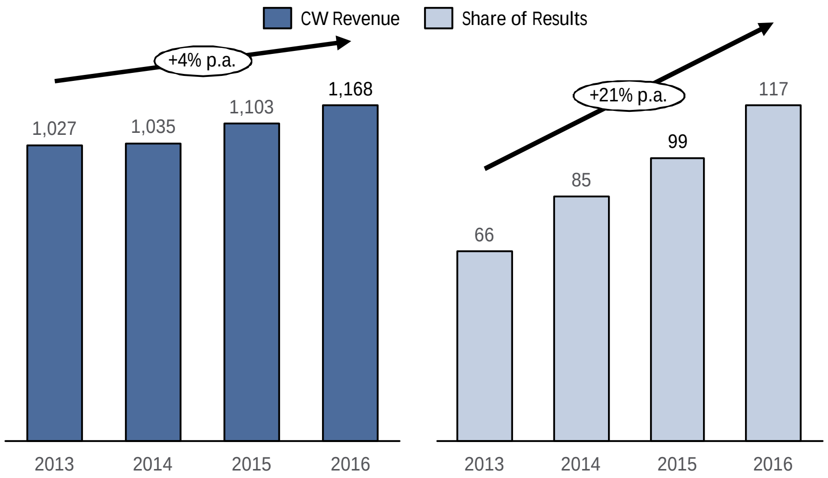


Core Chilled Water business drives performance growth

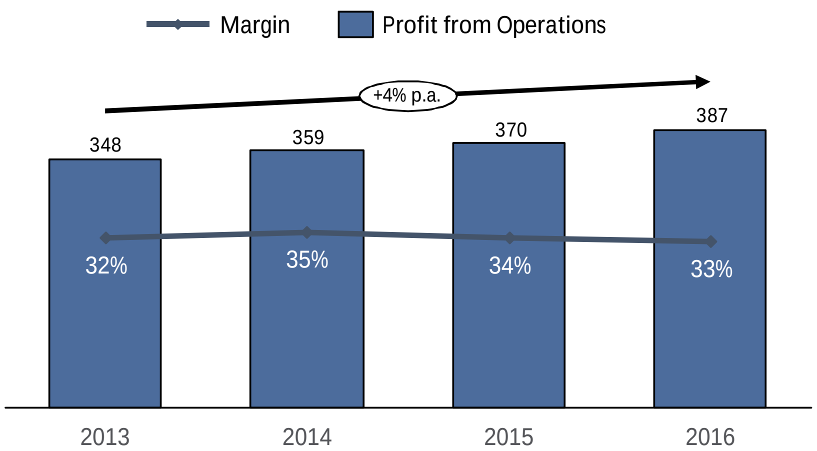
Capacity (kRT)



Chilled Water Revenue and Share of results (AED m)



Chilled Water Profit From Operations (AED m)



Chilled Water Geographical Breakdown (AED m)

	UAE	Qatar	KSA	Other GCC	Total
Revenue	1,119	-	-	49	1,168
Operating Costs	(580)	-	-	(37)	(617)
Gross Profit	540	-	-	11	551
Gross Profit Margin	*48%*	-	-	*22%*	*47%*
Profit from Operations	382	-	-	5	387
OP Margin	*34%*	-	-	*10%*	*33%*
Share of Results of Associates	37	45	35	-	116

UAE is the foundation for consistent performance with exciting opportunities in GCC beginning to materialize