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tabreed
Sustainable Cooling

National Central Cooling Company PJSC

(DFM:TABREED)

H1 2020

Earnings Presentation

26 July 2020

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Agenda

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

1. Introduction and Performance Highlights

Performance Highlights

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Financial Highlights: H1 2020 vs. H1 2019

Chilled Water Revenue	Total Revenue	EBITDA	Net Income
AED 681m	AED 710m	AED 415m	AED 224m
+7.4%	+5.7%	+13.5%	+12.5%

Performance Highlights and Corporate Developments

Performance Highlights

- Chilled Water revenue grew 7.4%. Total Revenue increased by 5.7%
- EBITDA increased by 13.5% to AED 415m and EBITDA margins increased from 54% to 59%
- Previously announced capacity guidance to add 75,000 RT over 2020 and 2021
- Total capacity addition of 160,000 RT during H1 2020 including acquisition of Downtown DCP with 150,000 RT

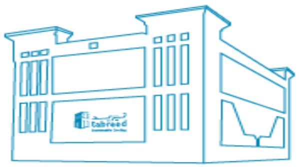
Other Developments

- Acquired 80% stake in Emaar's Dubai Downtown district cooling business and signed a long-term concession in April 2020
- Investment grade ratings reaffirmed by both Moody's and Fitch
- Integration of Downtown has been largely completed and is moving as per schedule
- Operations have been stable despite limited workforce due to preventive measure for Covid-19

Tabreed at a Glance

One of the world's largest district cooling companies

83
plants in
5 countries



1.34m RT
delivered to clients

Equivalent to cooling
135
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

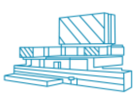
1.23 million tons
annual elimination of CO_2 emissions

=

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

Exclusive provider of DC services to several iconic projects


Burj Khalifa


Cleveland Clinic Abu Dhabi


Yas Mall

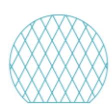

Dubai Metro


Sheikh Zayed Grand Mosque


Etihad Towers


World Trade Center


Ferrari World


Aldar HQ

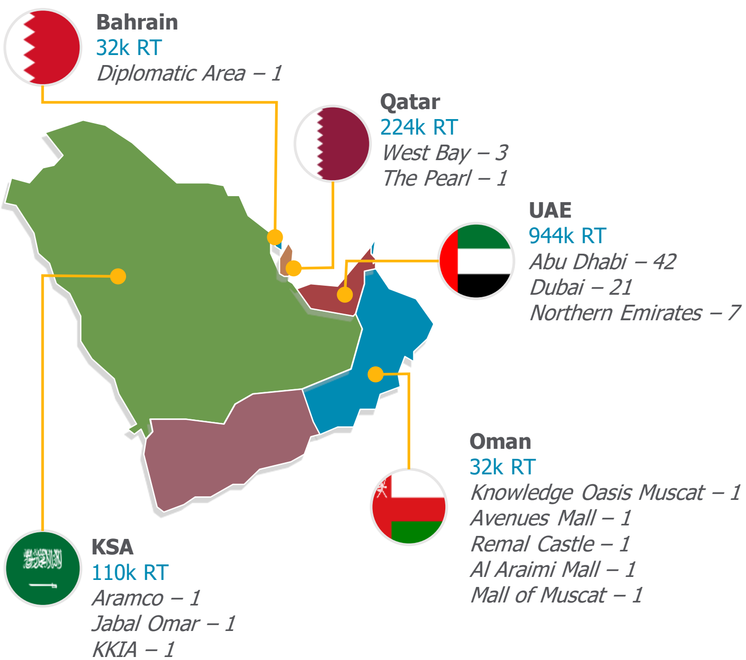
Strong financials

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 | 83 plants | 1.34m 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
- 62 consolidated plants, 8 held through associates and joint ventures
- Plants in 6 emirates of the UAE - Abu Dhabi, Dubai, Ajman, RAK, Sharjah and Fujairah
- 947k 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

Downtown DCP LLC (80%), part of National Central Cooling Company
- 3 operational plants and one under construction; current connected capacity of 150k RT and ultimate concession capacity of 235k RT
- 91% of the current capacity is contracted to Emaar Group

Landmark Projects: Burj Khalifa, The Dubai Mall, Address Hotel and Dubai Opera

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 (108k RT)

Landmark Projects: The Pearl, 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 (32k 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 75,000 RT to be added over 2020 and 2021
- Acquisition of Dubai Downtown in April 2020 added another 150,000 RT

Consolidated	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
UAE	708	708	724	871*	872*
Bahrain	27	27	28	32	32
Oman	32	32	32	32	32
Total Consolidated	**767**	**767**	**784**	**936**	**936**

Equity Accounted	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
UAE	71	71	71	71	71
Qatar	218	218	218	224	224
KSA	90	105	110	110	110
Total Equity Accounted	**379**	**394**	**399**	**405**	**405**

Total	**1,146**	**1,161**	**1,183**	**1,342**	**1,343**

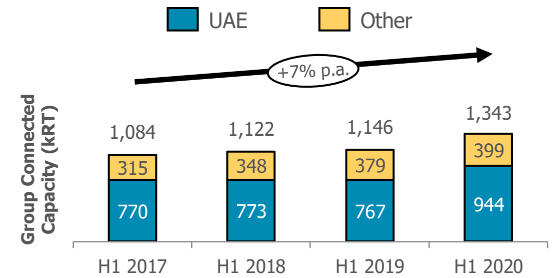
2020 & 2021 Target: 75k RT

* Includes 150k RT added on the acquisition of Dubai Downtown in April 2020

Headline Performance

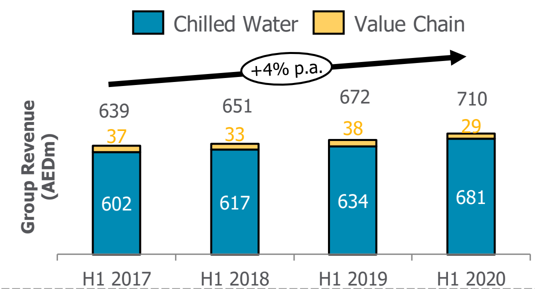
Long-term contracts with credit worthy customers

- Providing over 1.34m RT of cooling across GCC – grown at 7% CAGR since 2017
- Long term contracts (~25 years) mean over 90% of contracted capacity locked in for at least the next 10 years
- About 80% of revenues from wholly government owned and partially government owned entities



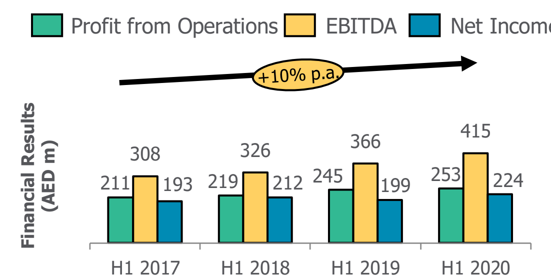
Revenue growth from existing and new business

- Group revenue growing at a 4% CAGR since 2017 driven by Chilled Water revenue growth of 4%
- Utility business model leads to steady increases in revenue and profitability from existing customers
- Acquired 80% stake in Emaar's Dubai Downtown District Cooling business and signed a long term concession



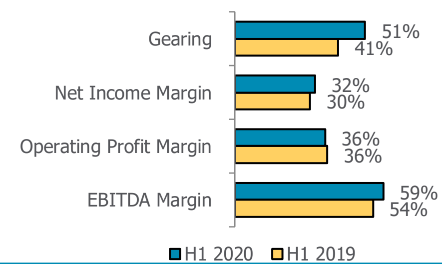
Solid financial performance

- Predictability in earnings driven by capacity charge
- EBITDA has grown 10% annually since 2017



Value to shareholders

- EBITDA margin of 59%
- Strong balance sheet
- Stable cash flow generation
- Dividend of 10.5 fils, up from 9.5 fils in 2018



2. Financial Results

Income Statement

Consolidated Financials (AED m)	H1 2020	H1 2019	*Variance*	*%*
Revenue	710	672	38	*5.7%*
Chilled water revenue (96%)	681	634	46.7	*7.4%*
Value chain businesses (4%)	29	38	(9)	*-23.1%*
Operating cost	(346)	(322)	(24)	*7.4%*
Gross Profit	**364**	**350**	**14**	***4.1%***
Gross profit margin	*51.3%*	*52.1%*		
Administrative and other expenses	(112)	(105)	(6.8)	*6.5%*
Profit from Operations	**253**	**245**	**7**	***3.0%***
Operating profit margin	*36%*	*36%*		
Net finance costs	(94)	(90)	(4)	*4.7%*
Other gains and losses	48	10	38	-
Share of results of associates and joint ventures	23	40	(17)	*-41.9%*
Income attributable to non-controlling interests	(5)	(6)	0	*-2.5%*
Net Income	**224**	**199**	**25**	***12.5%***
Net Income margin	*32%*	*30%*		
EBITDA	**415**	**366**	**49**	***13.5%***
EBITDA margin	*59%*	*54%*		

Key Observations

- Increase in revenue primarily driven by Chilled Water business, offset by a decline in Value Chain business
- Chilled Water growth in H1 2020, driven by consolidation of Downtown DCP, new connections and higher consumption, was offset to a certain extent by finance lease amortization due to negative CPI
- Higher finance cost to due to new loan for acquisition, benefited from lower interest rates compared to same period last year
- Other gains related to a one-time gain on account of contract amendment with an existing client, offset to certain extent by transaction cost for the Downton DCP acquisition
- Share of associates and JVs was impacted due to one-off gain received in H1 2019 but not repeated in H1 2020. Subdued performance of some of our equity accounted entities, particularly QatarCool and Saudi Tabreed also impacted our share in associates and JVs

Financial Position

Consolidated Financials (AED m)	Jun 30, 2020	Dec 31, 2019	*Variance*	*%*
Fixed Assets	10,369	7,317	3,052	*42%*
Associates and Joint Ventures	705	732	(27)	*-4%*
Accounts Receivable	756	593	162	*27%*
Cash and Short Term Deposits	311	227	84	*37%*
Other Assets	43	35	8	*23%*
Total Assets	**12,183**	**8,904**	**3,279**	*37%*
Equity and Reserves	5,517	5,016	501	*10%*
Non Convertible Sukuk	1,829	1,829	-	*0%*
Other Corporate Debt	4,005	1,312	2,692	*205%*
Other Liabilities	831	747	85	*11%*
Total Liabilities and Equity	**12,183**	**8,904**	**3,279**	*37%*

Key Observations

- Most of the increase in balance sheet including fixed assets, accounts receivables and corporate debt has been primarily due to Downtown DCP consolidation
- Receivables collection was better compared to Q1 2020

Cash Flow Statement

Consolidated Financials (AED m)	H1 2020	H1 2019	*Variance*	*%*
Profit from Operations	**253**	**245**	***7***	*3%*
Finance lease amortization	(21)	29	*(50)*	*-172%*
Depreciation	91	92	*(1)*	*-1%*
Amortization	11	-	-	-
Working Capital and other adjustments	(23)	(16)	*(6)*	*39%*
Net cash flows from Operating Activities	**310**	**349**	***(39)***	*-11%*
Capital expenditure incurred	(2,545)	(38)	*(2,507)*	
Dividends and interest income received	9	15	*(6)*	*-41%*
Net cash flows from Investing Activities	**(2,536)**	**(24)**	***(2,513)***	
Debt servicing	2,620	(115)	*2,735*	
Others	(310)	(259)	*(51)*	-
Net cash flows from Financing Activities	**2,310**	**(374)**	***2,683***	
Net Movement in Cash and Cash Equivalents	**84**	**(48)**	***131***	
Cash and Cash Equivalents at the start of the period	227	249	*(22)*	*-9%*
Cash and Cash Equivalents at the end of the period	**311**	**201**	***109***	*54%*

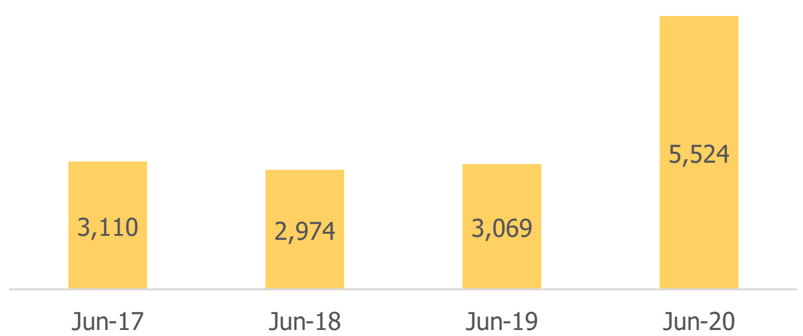
Key Observations

- Cashflow generation has been encouraging despite prevailing difficult economic scenario
- We continue to closely work with customers to accelerate our collections

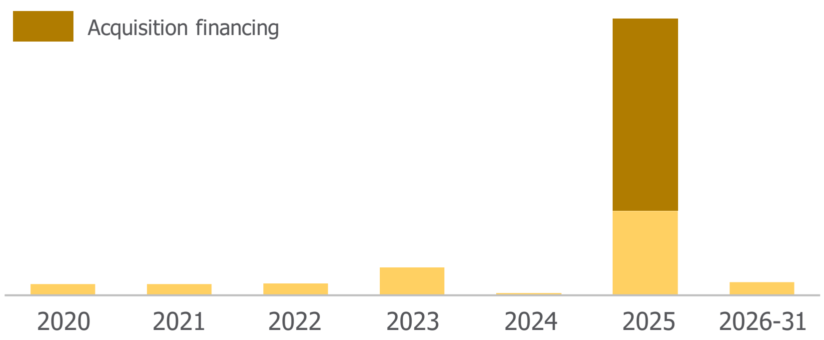
Debt Portfolio and Return Ratios

- Current gearing of 51% (vs. 39% in Dec 2019); Increase in debt in 2020 due to financing of AED 2.5bn for Downtown DCP
- No significant debt repayments until the Sukuk matures and new acquisition term loan bullet becomes due in 2025
- However, the robust cash flow profile enables Tabreed to deleverage quickly
- Consistent improvement in return ratios

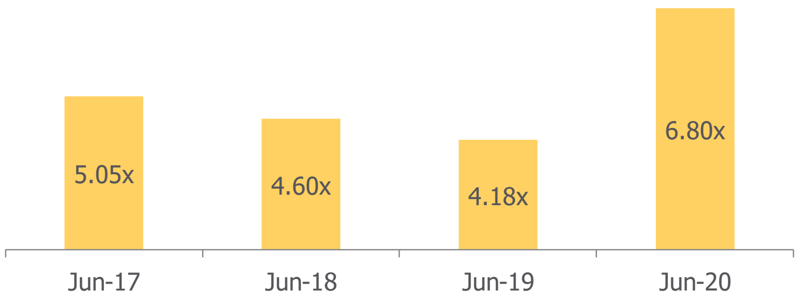
Net Debt Profile (AED m)



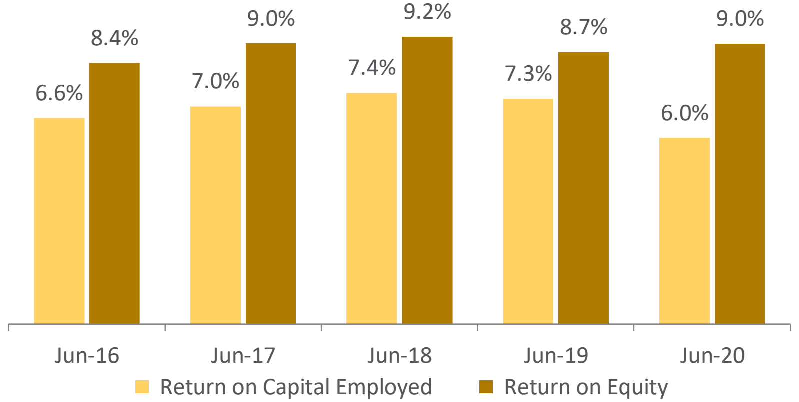
Debt Maturity Profile (AED m)



Net Debt to LTM 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 22 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 • EBITDA has grown 10% annually since 2017, 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 • Acquisition of 80% stake in Emaar's Dubai Downtown District Cooling business and signed a long term concession
Track record of delivering capacity growth	• Capacity addition of 112k RT since 2017; Further, 150k RT added on the acquisition of Dubai Downtown • 75k RT of signed up capacity additions expected by the end of 2021; 13k RT delivered in 2020 on organic basis • 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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