National Central Cooling Company PJSC
(DFM:TABREED)

Q1 FY2019
Earnings Presentation
2 May 2019

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Agenda

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

1. Introduction and Performance Highlights

Performance Highlights

Financial Highlights: Q1 2019 vs. Q1 2018

Total Revenue	Chilled Water Revenue	EBITDA	Net Income
AED 297m	AED 276m	AED 170m	AED 80m
+8.1%	+6.7%	+14.5%	+2.9%

Performance Highlights and Corporate Developments

Performance Highlights

- Total Revenue growth at 8.1% and Chilled Water revenue at 6.7%
- EBITDA increased by 14.5% to AED 170m and EBITDA margins increased from 54% to 57%
- Previously announced capacity guidance to add 65,000 RT over 2019 and 2020; 2,950 RT added in Q1 2019

Other Developments

- Signed first concession agreement in India to provide 20,000 RT of cooling capacity for the new capital city of Andhra Pradesh, Amaravati
- 2018 dividend of 9.5 fils, up from 8.0 fils in 2017. Paid in April 2019
- Bader Saeed Al Lamki appointed as the new Chief Executive Officer. He joins from Masdar, where he was the Executive Director of the Clean Energy Directorate

Tabreed at a Glance

One of the world's largest district cooling companies

74
plants in
5 countries

Over
1.1m RT
delivered to clients

Equivalent to cooling
113
towers the size of Burj Khalifa

Environmentally responsible operations reducing green house gas emissions

1.97 billion kWh
annual reduction in energy consumption in the GCC through Tabreed's DC services in 2018

=

Enough energy to power
112,000
homes in the UAE every year

CO_2

986,000tons
annual elimination of CO_2 emissions

=

The equivalent of removing
214,000
cars from our streets every year

Exclusive provider of DC services to several iconic projects

Cleveland Clinic Abu Dhabi

Dubai Parks and Resorts

Dubai Metro

Sheikh Zayed Grand Mosque

Etihad Towers

World Trade Center

The Pearl

Ferrari World

Strong financials

2018 revenue:
AED1,447m

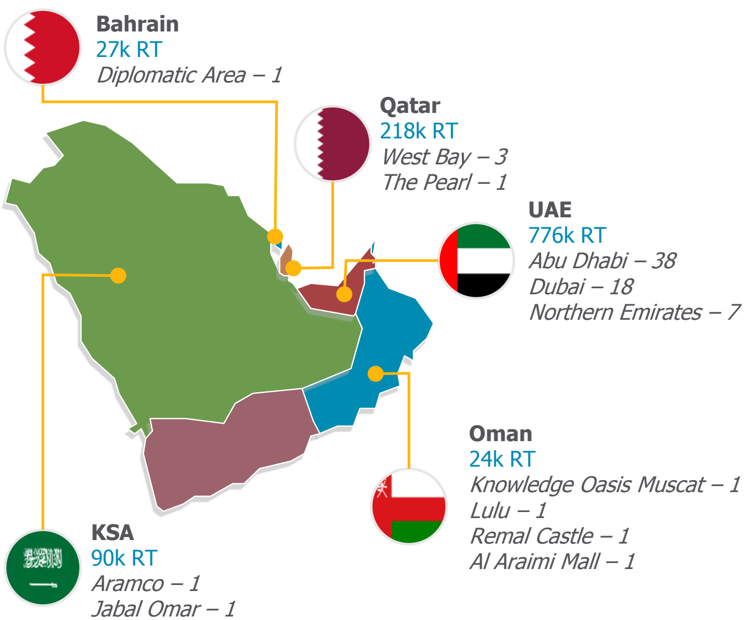
2018 EBITDA:
AED694m
48% margin

2018 net profit:
AED428m
30% margin

Regional Presence

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

- 5 GCC countries | 74 plants | Over 1.1m 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

- 55 consolidated plants, 8 held through associates and joint ventures
- Plants in 6 emirates of the UAE - Abu Dhabi, Dubai, Ajman, RAK, Sharjah and Fujairah
- 776k RT delivered to clients including some of UAE's most prominent landmarks

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

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 20%)

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

Landmark Projects: Saudi Aramco, Jabal Omar Development

Bahrain District Cooling Company (Tabreed 99.8%)

- Owns and operates 1 DC plant (27k 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 60%)

- A partnership between Tabreed and prominent Omani pension funds
- Owns and operates 4 plants serving Knowledge Oasis Muscat, Oman Avenues Mall, Remal Castle and Al Araimi Mall

Landmark Projects: Knowledge Oasis Muscat and Oman Avenues Mall

Connected Capacity

- Previously announced capacity guidance of **65,000 RT** to be added in 2019 and 2020
- Added **2,950 RT** during Q1 2019 all at the consolidated level

Consolidated	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
UAE	702	702	702	702	705
Bahrain	26	26	26	27	27
Oman	17	18	18	24	24
Total Consolidated	**745**	**746**	**746**	**752**	**755**

Equity Accounted	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
UAE	71 [2]	71	71	71	71
Qatar	199	214	214	218	218
KSA	79	83	90	90	90
Total Equity Accounted	**349**	**368**	**375**	**379**	**379**

Total	**1,094**	**1,114**	**1,121**	**1,131**	**1,134**

Headline Performance

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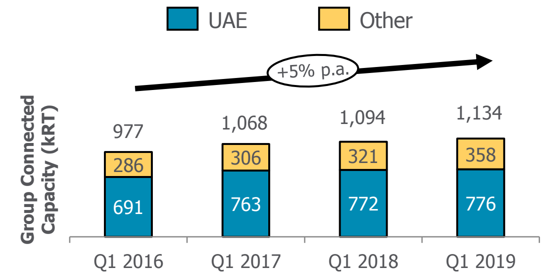
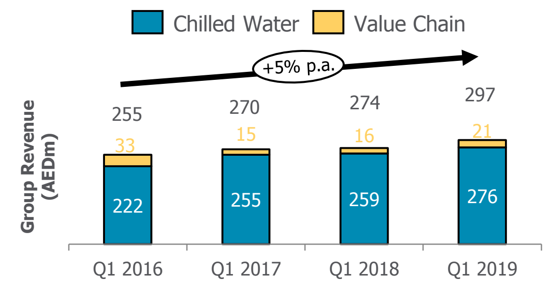
Long-term contracts with credit worthy customers

- Providing over 1.1m RT of cooling across GCC – growing 5% 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



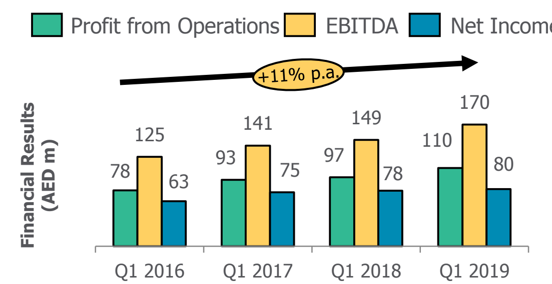
Revenue growth from existing and new business

- Group revenue growing at a 5% 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
- Signed the first concession agreement in India



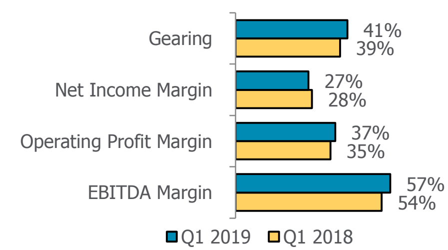
Solid financial performance

- Predictability in earnings driven by capacity charge
- Net income has grown 8% and EBITDA 11% annually since 2016



Value to shareholders

- EBITDA margin of 57%
- Strong balance sheet
- Stable cash flow generation
- Dividend of 9.5 fils, up from 8.0 fils in 2018



2. Financial Results

Q1 2019 Income Statement

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Consolidated Financials (AED m)	Q1 2019	Q1 2018	*Variance*	*%*
Revenue	297	274	*22*	*8%*
Chilled water revenue (93%)	276	259	*17*	*7%*
Value chain businesses (7%)	21	16	*5*	*31%*
Operating cost	(135)	(129)	*(6)*	*5%*
Gross Profit	**162**	**146**	***16***	***11%***
Gross profit margin	*54%*	*53%*		
Administrative and other expenses	(52)	(49)	*(3)*	*6%*
Profit from Operations	**110**	**97**	***13***	***14%***
Operating profit margin	37%	35%		
Net finance costs	(45)	(41)	*(4)*	*10%*
Other gains and losses	0	0	*(0)*	*-*
Share of results of associates and joint ventures	16	22	*(6)*	*-29%*
Income attributable to non-controlling interests	(1)	(0)	*(1)*	*87%*
Net Income	**80**	**78**	***2***	***3%***
Net Income margin	*27%*	*28%*		
EBITDA	**170**	**149**	***21***	***15%***
EBITDA margin	*57%*	*54%*		

Key Observations

- Increase in revenue mainly driven by consolidation of S&T and chilled water CPI adjustment for 2018
- Share of results of associates and joint ventures declined compared to prior year mainly due to lower contributions from Saudi Tabreed, Qatar Cool and S&T
- Finance cost higher due to IFRS 16

Q1 2019 Financial Position

Consolidated Financials (AED m)	Mar 31, 2019	Dec 31, 2018	*Variance*	*%*
Fixed Assets	7,374	7,026	*348*	*5%*
Associates and Joint Ventures	586	579	*7*	*1%*
Accounts Receivable	470	568	*(98)*	*-17%*
Cash and Short Term Deposits	434	249	*185*	*74%*
Other Assets	61	61	*(0)*	*-1%*
Total Assets	**8,924**	**8,484**	***440***	***5%***
Equity and Reserves	4,637	4,737	*(100)*	*-2%*
Non Convertible Sukuk	1,829	1,829	*0*	-
Other Corporate Debt	1,451	1,160	*291*	*25%*
Other Liabilities	1,007	758	*249*	*33%*
Total Liabilities and Equity	**8,924**	**8,484**	***440***	***5%***

Key Observations

- Increase in fixed assets primarily due to the implementation of IFRS 16
- Decrease in accounts receivables compared to December 2018 reflects better collections
- Movement in Equity & Reserves due to 2018 dividend offset by impact of IFRS 16
- Increase in Other Corporate Debt reflects the implementation of IFRS 16
- Increase in Other Liabilities on account of 2018 Dividend which was subsequently paid on 2-April-2019

Q1 2019 Cash Flow Statement

Consolidated Financials (AED m)	Q1 2019	Q1 2018	*Variance*	*%*
Profit from Operations	**110**	**97**	***13***	*14%*
Finance lease amortization	14	17	*(2)*	*-13%*
Depreciation	46	35	*11*	*30%*
Working Capital and other adjustments	68	23	*45*	*201%*
Net cash flows from Operating Activities	**238**	**171**	***67***	***39%***
Capital expenditure incurred	(17)	(25)	*9*	*-34%*
Acquisition of additional share in a subsidiary	-	(5)	*5*	-
Dividends and interest income received	1	13	*(12)*	*-94%*
Acquisition of S&T	-	15	*(15)*	-
Net cash flows from Investing Activities	**(16)**	**(3)**	***(13)***	***-***
Debt servicing	(37)	(39)	*2*	*-6%*
Others	(1)	-	*(1)*	-
Net cash flows from Financing Activities	**(38)**	**(39)**	***2***	***-4%***
Net Movement in Cash and Cash Equivalents	**185**	**129**	***56***	*43%*
Cash and Cash Equivalents at the start of the period	249	418	*(169)*	*-40%*
Cash and Cash Equivalents at the end of the period	**434**	**548**	***(114)***	***-21%***

Key Observations

- Strong operating cash flows driven by higher profitability and improved working capital cycle
- Movement in dividend received due to timing difference

IFRS 16 Leases – First Time Adoption and Impact

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Background

- IFRS 16 became effective 1 Jan 2019
- IFRS 16 impacts both Operating and Finance Lease accounting

Summary of Balance Sheet Impact

Assets	AED m
Increase in operating lease assets	223
Increase in finance lease receivables	172
	395
Liabilities	**AED m**
Increase in operating lease liabilities	308
Increase in retained earnings	87
	395

Operating Leases

- IFRS 16 requires operating leases to be recorded as right-of-use assets
- Previously the leased assets were not capitalised. IFRS 16 results in recognition of an asset and a broadly matching liability on the balance sheet
- Previously the payment related to these assets were charged as an operating expense. After IFRS 16 implementation, the asset will be depreciated on a straight line basis over the life of the lease and the liability will unwind as per the amortisation schedule (finance cost and lease repayment)
- In Q1 2019, the above resulted in reclassification of operating expenses (AED 11.8m) into Depreciation (AED 6.9m) and Finance Costs (AED 4.2m)
- Both Depreciation and Finance Costs do not form part of the EBITDA resulting in higher EBITDA in Q1 2019

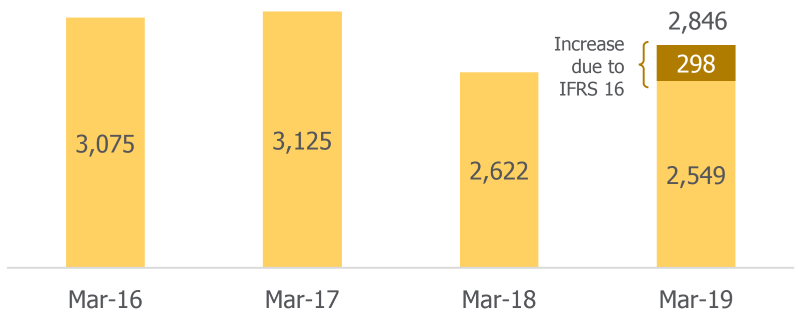
Finance Leases

- IFRS16 requires a technical change in how finance leases are calculated
- It requires inclusion of contractual CPI in the finance lease models which was previously excluded
- Finance lease models are revised annually to reflect the applicable CPI for that year

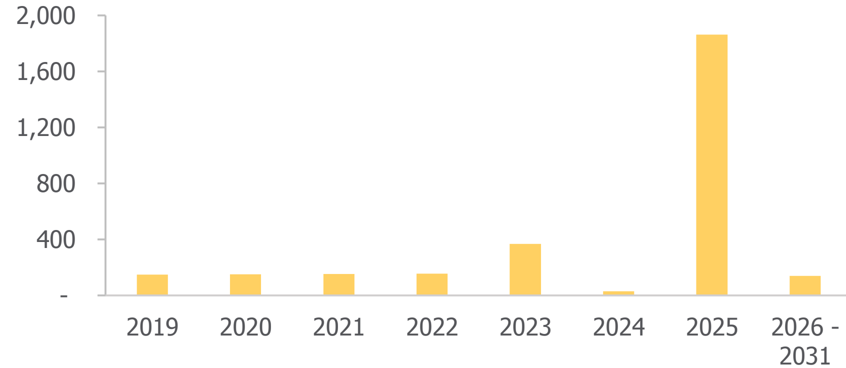
Q1 2019 Debt Portfolio and Return Ratios

- Current gearing of 41% (vs. 39% in Dec 2018 and 42% in Mar 2018); Increase in debt in Q1 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

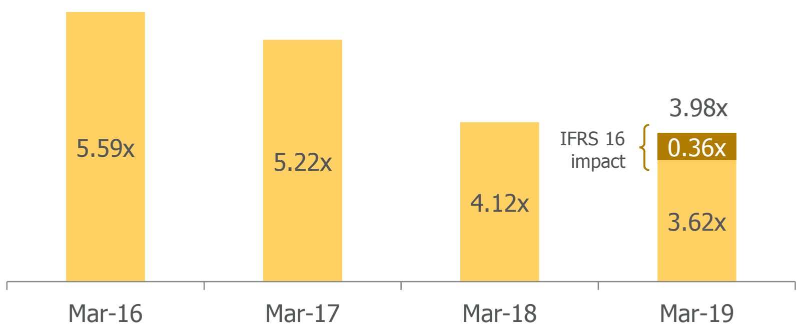
Net Debt Profile (AED m)



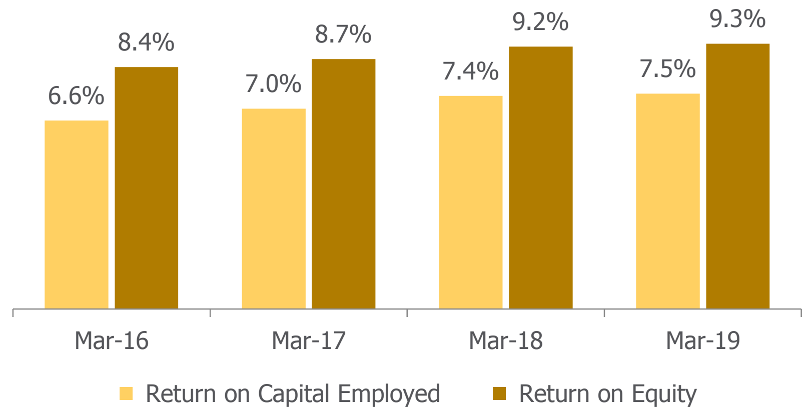
Debt Maturity Profile (AED m)



Net Debt to LTM EBITDA



Return on Capital Employed and Return on Equity



3. Conclusion

Unique GCC-wide Infrastructure Assets Company

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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 has grown 8% and EBITDA 11% 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 • Entry into India with a 30 year concession agreement to provide district cooling at the new Capital City, Amaravati
Track record of delivering capacity growth	• 157k RT capacity added since 2016 • 65k RT of signed up capacity additions expected by the end of 2020, 3k RT delivered in Q1 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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