National Central Cooling Company PJSC

(DFM:TABREED)

H1 FY2019

Earnings Presentation

1 August 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: H1 2019 vs. H1 2018

Total Revenue	Chilled Water Revenue	EBITDA	Underlying Net Income*
AED 672m	AED 634m	AED 366m	AED 199m
+3.3%	+2.8%	+12.2%	+11.2%

Performance Highlights and Corporate Developments

Performance Highlights

- Total Revenue growth at 3.3% and Chilled Water revenue at 2.8%
- EBITDA increased by 12.2% to AED 366m and EBITDA margins increased from 50% to 54%
- Underlying Net Income increased by 11.2% to AED 199m
- Previously announced capacity guidance to add 65,000 RT over 2019 and 2020
- 14,500 RT of new capacity added in H1 2019

Other Developments

- Capacity additions in Q2 2019 include a new plant at the Mall of Muscat (8,400 RT)
- The new plant takes the total number of plants to 75 across GCC

* Underlying Net Income calculated by adjusting Reported Net Income for the profit of AED 32.6m from partial sale of Saudi Tabreed in H1 2018

Tabreed at a Glance

One of the world's largest district cooling companies

75
plants in
5 countries

1.15m RT
delivered to clients

Equivalent to cooling
115
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

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

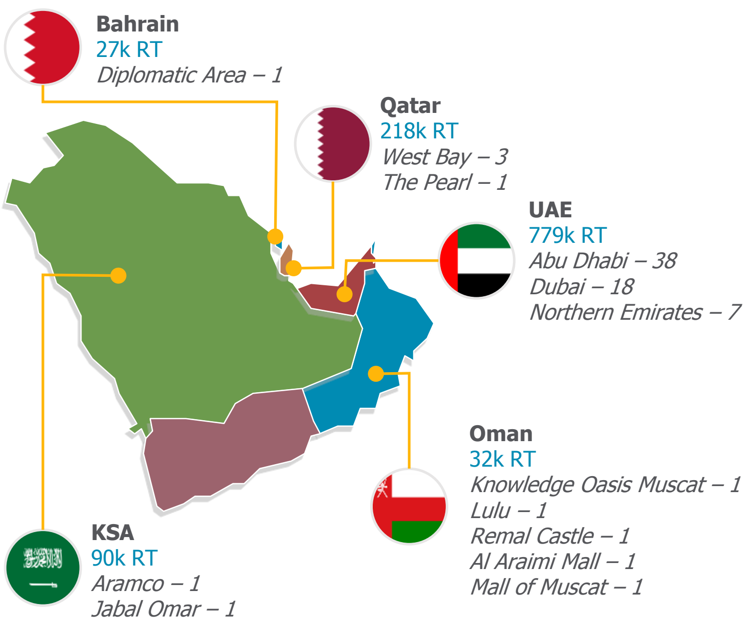
Strong financials

2018 revenue:	2018 EBITDA:	2018 net profit:
AED1,447m	**AED694m**	**AED428m**
	48% margin	*30% margin*

Regional Presence

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

- 5 GCC countries | 75 plants | 1.15m 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
- 779k 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 5 plants serving Knowledge Oasis Muscat, Oman Avenues Mall, Remal Castle, Al Araimi Mall and Mall of Muscat

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 11,518 RT during Q2 2019 including a new plant at Mall of Muscat (8,400 RT)
- YTD additions of 14,468 RT, all at the consolidated level

Consolidated	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
UAE	702	702	702	705	708
Bahrain	26	26	27	27	27
Oman	18	18	24	24	32
Total Consolidated	**746**	**746**	**752**	**755**	**767**

Equity Accounted	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
UAE	71	71	71	71	71
Qatar	214	214	218	218	218
KSA	83	90	90	90	90
Total Equity Accounted	**368**	**375**	**379**	**379**	**379**

Total	**1,114**	**1,121**	**1,131**	**1,134**	**1,146**

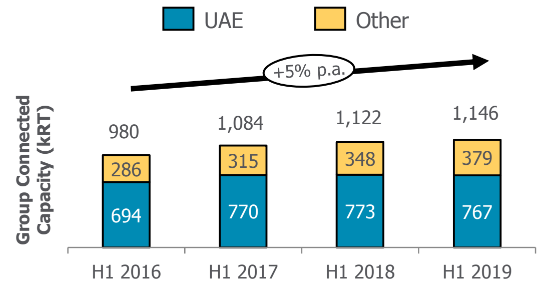
2019 & 2020 Target: 65k RT
2019 additions: 15k RT

Headline Performance

tabreed

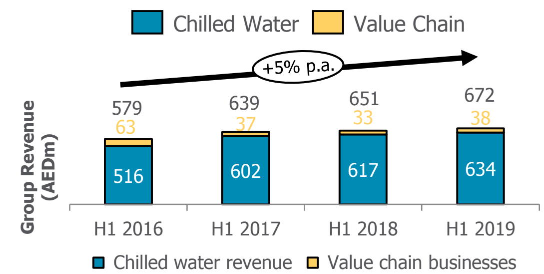
Long-term contracts with credit worthy customers

- Providing over 1.15m 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



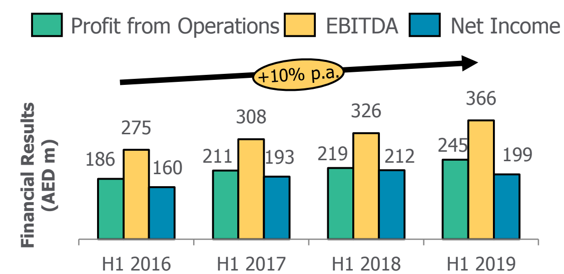
Revenue growth from existing and new business

- Group revenue growing at a 5% CAGR since 2016 driven by Chilled Water revenue growth of 7%
- Utility business model leads to steady increases in revenue and profitability from existing customers
- Signed the first concession agreement in India



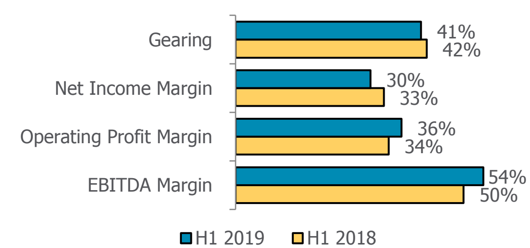
Solid financial performance

- Predictability in earnings driven by capacity charge
- Net income has grown 8% and EBITDA 10% annually since 2016



Value to shareholders

- EBITDA margin of 54%
- Strong balance sheet
- Stable cash flow generation



2. Financial Results

H1 2019 Income Statement

Consolidated Financials (AED m)	H1 2019	H1 2018	*Variance*	%
Revenue	672	651	*21*	*3%*
Chilled water revenue (93%)	634	617	*17*	*3%*
Value chain businesses (7%)	38	33	*4*	*12%*
Operating cost	(322)	(329)	*7.5*	*-2%*
Gross Profit	**350**	**321**	***29***	***9%***
Gross profit margin	*52%*	*49%*		
Administrative and other expenses	(105)	(102)	*(2.5)*	*2%*
Profit from Operations	**245**	**219**	***26***	***12%***
Operating profit margin	*36%*	*34%*		
Net finance costs	(90)	(86)	*(4)*	*4%*
Other gains and losses	10	34	*(24)*	*-72%*
Share of results of associates and joint ventures	40	46	*(6)*	*-13%*
Income attributable to non-controlling interests	(6)	(1)	*(5)*	-
Net Income	**199**	**212**	***(13)***	***7%***
Net Income margin	*30%*	*33%*		
EBITDA	**366**	**326**	***40***	***12%***
EBITDA margin	*54%*	*50%*		

Key Observations

- Increase in revenue mainly driven by chilled water CPI adjustment for 2018, new connections and consolidation of S&T
- Finance cost higher mainly due to IFRS 16
- Other gains last year included a gain of AED 32.6 on partial disposal of Saudi Tabreed
- Share of results of associates and joint ventures declined compared to prior year mainly due to lower contribution from Saudi Tabreed
- EBITDA margin expanded from 50% to 54%; IFRS 16 implementation had 3% impact on EBITDA margin

H1 2019 Financial Position

Consolidated Financials (AED m)	Jun 30, 2019	Dec 31, 2018	*Variance*	*%*
Fixed Assets	7,349	7,026	*323*	*5%*
Associates and Joint Ventures	585	579	*5*	*1%*
Accounts Receivable	609	568	*41*	*7%*
Cash and Short Term Deposits	201	249	*(48)*	*-19%*
Other Assets	62	61	*0*	*0%*
Total Assets	**8,806**	**8,484**	***322***	***4%***
Equity and Reserves	4,749	4,737	*11*	*0%*
Non Convertible Sukuk	1,829	1,829	*0*	*0%*
Other Corporate Debt	1,442	1,160	*282*	*24%*
Other Liabilities	787	758	*29*	*4%*
Total Liabilities and Equity	**8,806**	**8,484**	***322***	***4%***

Key Observations

- Increase in fixed assets primarily due to the implementation of IFRS 16
- Increase in accounts receivables mainly due to short term timing delays in customer collections
- Increase in Other Corporate Debt reflects the implementation of IFRS 16

H1 2019 Cash Flow Statement

Consolidated Financials (AED m)	H1 2019	H1 2018	*Variance*	*%*
Profit from Operations	**245**	**219**	***26***	*12%*
Finance lease amortization	29	33	*(4)*	*-11%*
Depreciation	92	74	*17*	*23%*
Working Capital and other adjustments	(16)	(45)	*28*	*-63%*
Net cash flows from Operating Activities	**349**	**281**	***68***	***24%***
Capital expenditure incurred	(38)	(41)	*3*	*-6%*
Acquisition of additional share in a subsidiary	-	(5)	*5*	-
Dividends and interest income received	15	54	*(40)*	*-73%*
Acquisition of S&T	-	(252)	*252*	-
Net cash flows from Investing Activities	**(24)**	**(203)**	***179***	***-88%***
Debt servicing	(115)	82	*(197)*	-
Others	(259)	(222)	*(37)*	*17%*
Net cash flows from Financing Activities	**(374)**	**(139)**	***(234)***	***168%***
Net Movement in Cash and Cash Equivalents	**(48)**	**(61)**	***13***	*-22%*
Cash and Cash Equivalents at the start of the period	249	418	*(169)*	*-40%*
Cash and Cash Equivalents at the end of the period	**201**	**357**	***(156)***	***-44%***

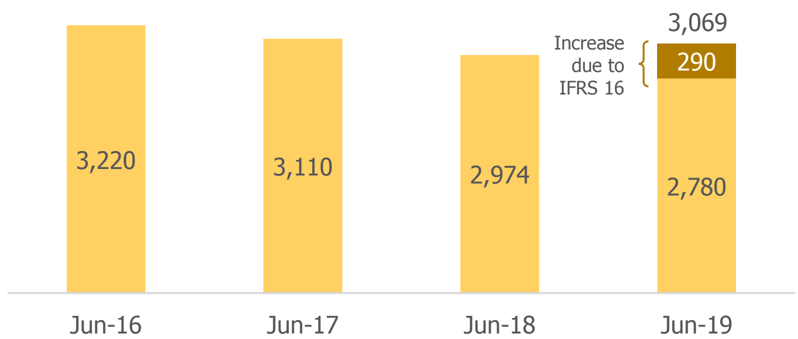
Key Observations

- Strong operating cash flows driven by higher profitability and improved working capital cycle
- Movement in dividend received due to special dividend on disposal of partial stake in Saudi Tabreed last year
- Movement in debt servicing mainly due to higher RCF drawdown last year
- Movement in Others due to higher dividend pay out this year

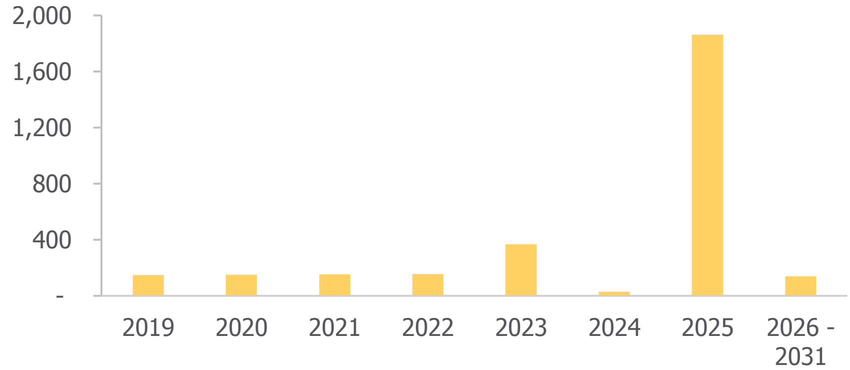
H1 2019 Debt Portfolio and Return Ratios

- Current gearing of 41% (vs. 39% in Dec 2018 and 42% in Jun 2018); Increase in debt in H1 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

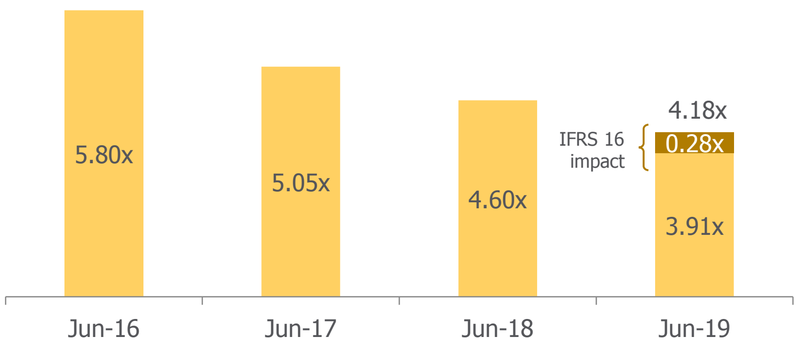
Net Debt Profile (AED m)



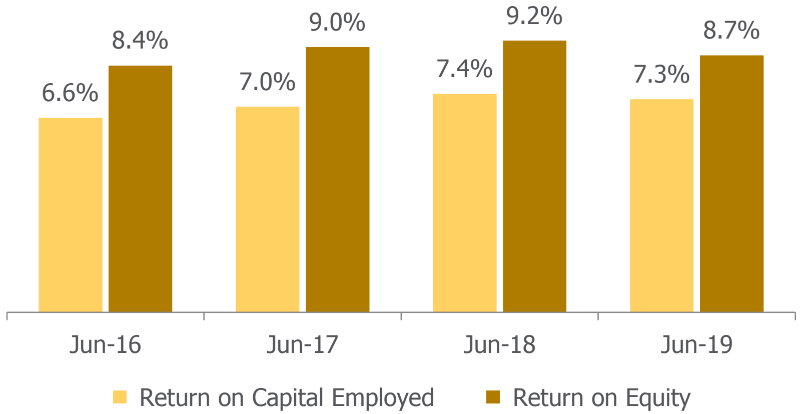
Debt Maturity Profile (AED m)



Net Debt to LTM EBITDA



Return on Capital Employed and Return on Equity



3. Conclusion

Unique GCC-wide Infrastructure Assets Company

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 10% 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	• 166k RT capacity added since 2016 • 65k RT of signed up capacity additions expected by the end of 2020; 15k RT delivered in H1 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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