National Central Cooling Company PJSC

(DFM: TABREED)

H1 2021 Earnings Presentation

11 August 2021

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Agenda

01

Introduction and Performance Highlights

Tabreed at a Glance

Financial Highlights: H1 2021 vs. H1 2020

Total Revenue	Chilled Water Revenue	EBITDA	Net Income
AED 869m	AED 832m	AED 518m	AED 233m
+22.4%	+22.2%	+24.6%	+4.1%

Performance Highlights and Other Developments

Performance Highlights

- Total Revenue increased by 22.4%. Chilled Water revenue grew 22.2%
- EBITDA increased by 24.6% to AED 518m and EBITDA margins increased from 59% in H1 2020 to 60% in H1 2021
- Net Income increased by 4.1% to AED 233m
- Added 13,360 RT during H1 2021
- Previously announced capacity guidance to add 120,000 RT over 2021 and 2022

Other Developments

- Celebrated first anniversary of its partnership with Emaar Properties, for the exclusive provision of energy efficient district cooling services to landmark developments in Downtown Dubai
- Khalid Al Marzooqi appointed as the new Chief Executive Officer. He joins from Dolphin Energy, where he was the Chief Operating Officer, overseeing the Downstream Division in the UAE
- Unveiled its all-new branding and corporate identity, ushering in an exciting new chapter in the story of one of the country's most promising companies

Tabreed at a Glance

One of the world's largest district cooling companies

87
plants in 5 countries

1.41m RT
delivered to clients

Equivalent to cooling
141
towers the size of Burj Khalifa

Environmentally responsible operations reducing green house gas emissions

2.26 billion kWh
annual reduction in energy consumption in the GCC through Tabreed's DC services in 2020

=

Enough energy to power
128,443
homes in the GCC every year

1.35 million tons
annual elimination of CO_2 emissions

=

The equivalent of removing
293,192
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 Regional presence

- Largest publicly listed district cooling provider in the region
- Currently present in the UAE, Saudi Arabia, Qatar, Oman and Bahrain
- Significant growth achieved in 2020 with potential for further expansion in new geographies

Connected Capacity (kRT)

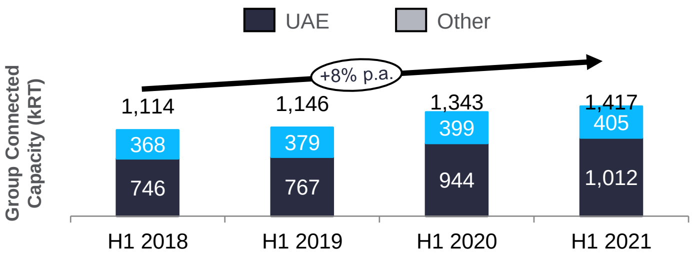
Consolidated	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
UAE	872	882	928	928	940
Bahrain	32	32	32	32	33
Oman	32	32	32	33	33
Total Consolidated	**936**	**947**	**992**	**993**	**1,006**
Equity Accounted					
UAE	71	71	71	71	71
Qatar	224	224	230	230	230
KSA	110	110	110	110	110
Total Equity Accounted	**406**	**406**	**411**	**411**	**411**
Total	**1,346**	**1,352**	**1,404**	**1,405**	**1,417**

- Capacity guided for 2020 and 2021 was 75k RT; added 40k RT in 2020 and 13k RT in H1 2021
- Announced capacity guidance of 120k RT of growth to be added over 2021 and 2022 with an expected split between consolidated level and equity accounted joint ventures to be 80:20
- Expect KSA to contribute around 15% of the guided capacity of 120k RT for 2021 and 2022

Headline Performance

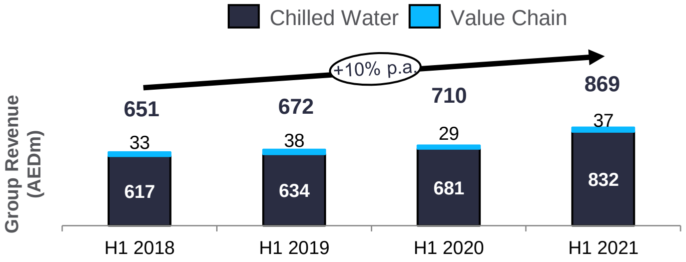
1 Long-term contracts with credit worthy customers

- Providing over 1.41m RT of cooling across GCC – grown at 8% CAGR since 2018
- 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



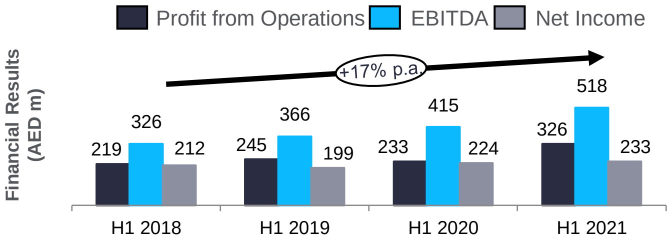
2 Revenue growth from existing and new business

- Group revenue growing at 10% CAGR since 2018 driven by Chilled Water revenue growth of 10%
- Utility business model leads to steady increases in revenue and profitability from existing customers
- Added over 190k RT of capacity through acquisitions in 2020. These acquisitions have additional concession capacity



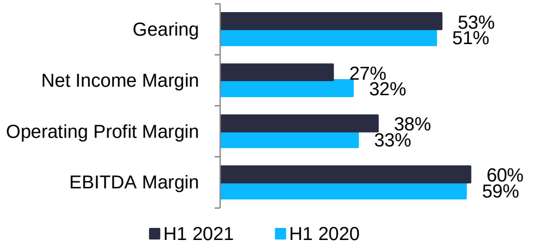
3 Solid financial performance

- Predictability in earnings driven by capacity charge
- Profit from operations growing at 14% CAGR since 2018
- EBITDA has grown 17% annually since 2018



4 Value to shareholders

- EBITDA margin of 60%
- Strong balance sheet
- Stable cash flow generation
- Dividend of 11.5 fils (cash + equity value), up from 10.5 fils in 2019



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Financial Results

Income Statement

Consolidated Financials (AED m)	H1 2021	H1 2020	*Variance*	%
Revenue	869.0	710.0	159.0	*22.4%*
Chilled water revenue (96%)	832.1	681.2	151.0	*22.2%*
Value chain businesses (4%)	36.9	28.8	8.0	*27.8%*
Operating cost	(428.8)	(345.7)	(83.1)	*24.0%*
Gross Profit	**440.2**	**364.3**	**75.9**	*20.8%*
Gross profit margin	*50.7%*	*51.3%*		
Administrative and other expenses	(114.2)	(131.5)	17.3	*-13.2%*
Profit from Operations	**326.0**	**232.8**	**93.2**	*40.0%*
Operating profit margin	*37.5%*	*32.8%*		
Net finance costs	(122.6)	(94.3)	(28.3)	*30.0%*
Share of results of associates and joint ventures	24.9	18.2	6.7	*36.7%*
Other gains and losses	(2.3)	67.8	(70.0)	
Income attributable to non-controlling interests	(12.3)	(5.4)	(7.0)	*129.9%*
Profit from discontinuing operations	19.8	5.2	14.6	*281.6%*
Net Income	**233.5**	**224.3**	**9.2**	*4.1%*
Net Income margin	*26.9%*	*31.6%*		
EBITDA	**517.7**	**415.4**	**102.2**	*24.6%*
EBITDA margin	*59.6%*	*58.5%*		

Key Observations

- Increase in revenue primarily driven by robust performance of both Chilled Water and Value Chain businesses
- Chilled Water business growth driven by consolidation of Downtown DCP, Masdar and Saadiyat Island DC assets
- Increase in Administrative and other expenses primarily on account of consolidation of acquisition in 2020
- EBITDA growth primarily driven by consolidation of acquisitions from last year
- Other gains in previous year mainly represents gain on contract amendment with an existing client
- Higher finance cost due to new loans to fund acquisitions, partly offset by hedging and lower interest rates compared to last year
- Share of associates & JV higher primarily due to better performance coupled coupled with fixed cost savings and operational efficiencies
- Profit from discontinued operations represents higher revenues for new connections signed during 2020

Financial Position

Consolidated Financials (AED m)	Jun 30, 2021	Dec 31, 2020	*Variance*	*%*
Fixed Assets	8,255.4	8,010.9	244.5	*3.1%*
Intangibles	2,966.2	2,360.1	606.0	*25.7%*
Associates and Joint Ventures	391.5	358.3	33.3	*9.3%*
Accounts Receivable	918.3	898.5	19.9	*2.2%*
Cash and Short-Term Deposits	551.3	1,312.9	(761.6)	*-58.0%*
Other Assets	52.2	42.4	9.8	*23.1%*
Assets Held for Sale	349.7	329.9	19.8	*6.0%*
Total Assets	**13,484.6**	**13,312.9**	**171.6**	*1.3%*
Equity and Reserves	6,000.2	5,875.2	125.0	*2.1%*
Debt	6,684.6	6,690.8	(6.2)	*-0.1%*
Other Liabilities	799.8	746.9	52.9	*7.1%*
Total Liabilities and Equity	**13,484.6**	**13,312.9**	**171.6**	*1.3%*

Key Observations

- Increase in Fixed assets and intangibles represent additions due to acquisition of Saadiyat Island DC assets
- Increase in other liabilities mainly represents seasonality factor and acquisition of Saadiyat entities

Cash Flow Statement

Consolidated Financials (AED m)	H1 2021	H1 2020	*Variance*	%
Profit from Operations	**326.0**	**232.8**	***93.2***	*40.0%*
Finance lease amortization	63.2	60.8	*2.5*	*4.1%*
Depreciation and Amortization	128.4	101.5	*26.8*	*26.4%*
Working Capital and other adjustments	113.3	(84.9)	*198.2*	*-233.4%*
Net cash flows from Operating Activities	**631.0**	**310.2**	***320.7***	*103.4%*
Capital expenditure incurred	(1,078.8)	(2,544.9)	*1,466.1*	
Dividends and interest income received	11.3	8.7	*2.5*	*29.1%*
Net cash flows from Investing Activities	**(1,067.5)**	**(2,536.2)**	***1,468.7***	***-58%***
Debt servicing	(119.4)	2,620.0	*(2,739.4)*	
Dividend Paid	(177.5)	(285.5)	*108.0*	*-37.8%*
Others	(28.1)	(24.9)	*(3.2)*	*12.8%*
Net cash flows from Financing Activities	**(325.0)**	**2,309.6**	***(2,634.6)***	*-114%*
Net Movement in Cash and Cash Equivalents	**(761.6)**	**83.6**	***(845.2)***	
Cash and Cash Equivalents at the start of the period	1,312.9	226.9	*1,086.0*	*478.6%*
Cash and Cash Equivalents at the end of the period	**551.3**	**310.6**	***240.8***	*77.5%*

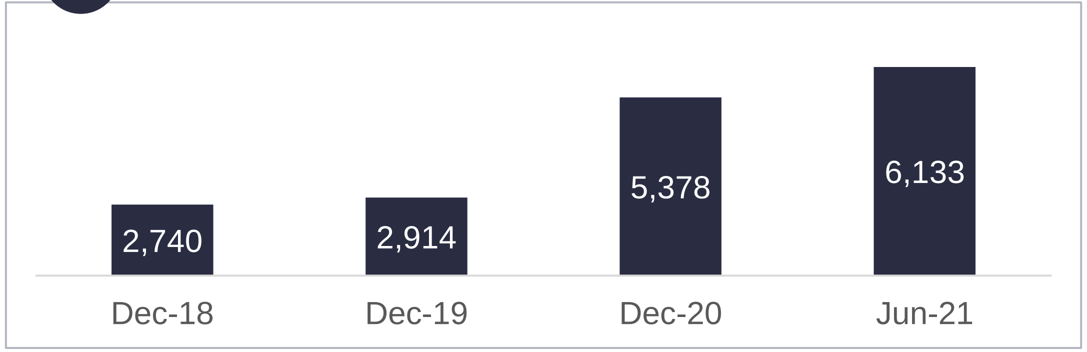
Key Observations

- Cash flow from operations stronger than last year same period which mainly represents higher collections from customers the current period
- Investing activities mainly represents payment of AED 962 million made towards acquisition of Saadiyat Island DC assets
- Financing activities mainly represents dividend payment and debt servicing for the current period

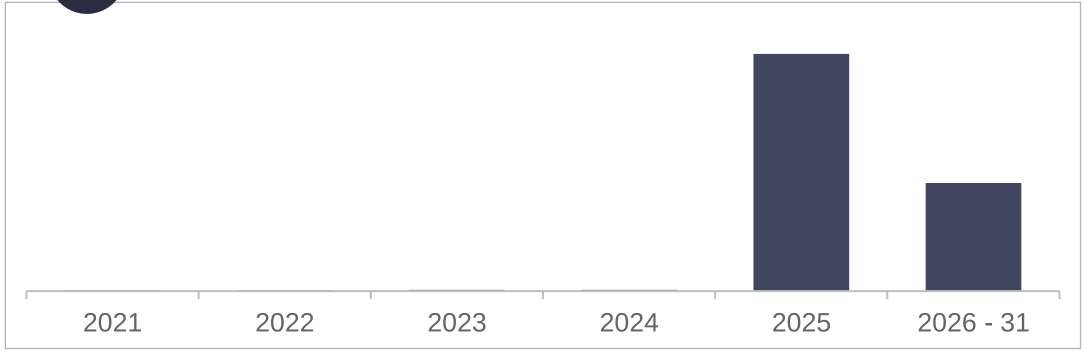
Debt Portfolio and Return Ratios

Investment grade status reaffirmed by both Fitch and Moody's

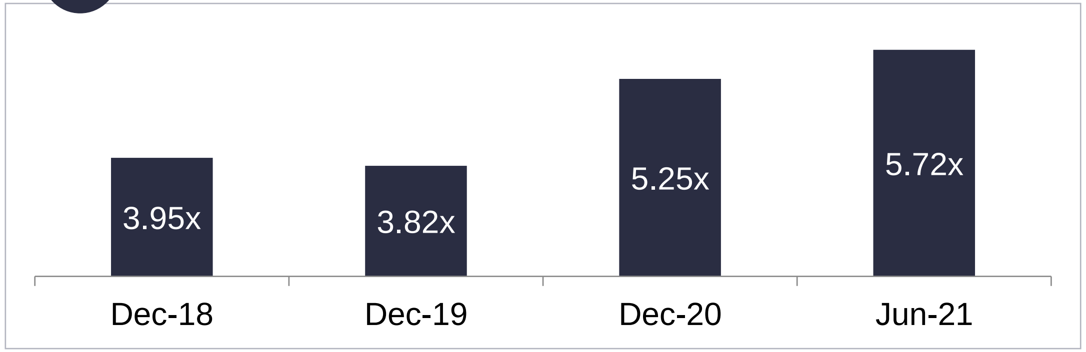
1 Net Debt Profile (AED m)



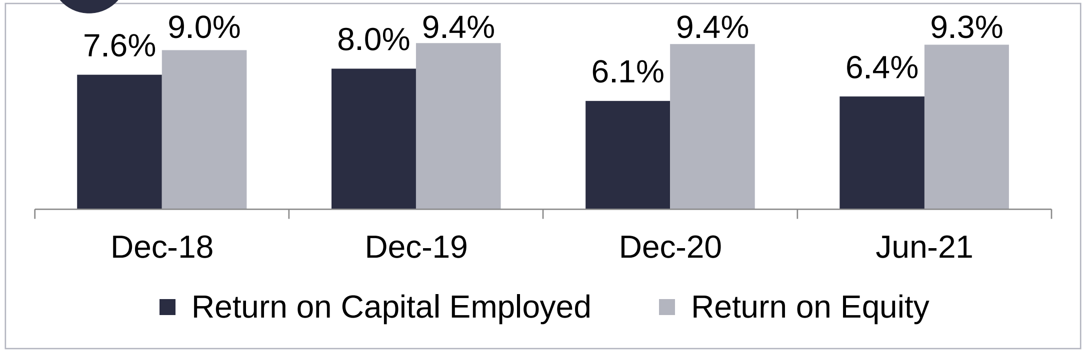
2 Debt Maturity Profile



3 Net Debt to LTM EBITDA



4 Return on Capital Employed and Return on Equity



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Conclusion

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Creating sustainable value for stakeholders

- Tabreed published its first ESG report in March 2021
- ESG is embedded in the Group's Business model , strategy and culture
- In 2020, Tabreed displaced over 1.35m metric tons of CO_2 emissions, equivalent to removing 293,192 passenger vehicles off the road
- Despite a challenging year, Tabreed continued to make considerable progress on its business objectives whilst also ensuring the health and safety of its staff across all its operational sites with over 12.5 million man-hours without time lost to injury
- As part of its commitment to encouraging Emiratis to pursue careers in the private sector and empower local talent to flourish, Tabreed's Emiratization current rate stands at 41%, one of the highest rates for a private company in the UAE
- Tabreed maintains the highest standards of corporate governance and we conduct our business with integrity, accountability, and transparency

Commitment to SDGs

ISO Certifications

Key Highlights

Partner of choice across GCC for providing environmentally friendly cooling solutions

Resilient Business Model

- Operational track record of > 20 years
- A utility-like service considering the warm climate of the Middle East
- Long-term partnerships ensures better revenue and cashflow visibility
- The pass-through clauses in most of Tabreed's contracts limit its exposure to fluctuations in the cost of utilities

Capacity Growth

- One of the world's largest district cooling companies providing over 1.4m kRT of cooling across the GCC
- Added over 180k RT in 2020 through acquisition of Downtown DCP, Masdar and Saadiyat Island DC assets,
- All acquisitions have additional concession capacity to augment future growth
- Guided 120k RT of organic growth over 2021 and 2022

Robust Financial Performance

- Revenue and EBITDA growing at a 2016-2020 CAGR of 8% and 14%, respectively
- Consistent focus on increasing efficiency has resulted in margin enhancement to 56% in 2020 compared to 46% in 2016
- Committed to returning value to shareholders, maintained dividend payout

Resilient Business Model

- Established a district energy investment platform in Singapore with IFC that will invest in district cooling in India and other South East Asian countries
- Developing and connecting Masdar and Tabreed infrastructure to help increase operating synergies
- Energy Services established strategic partnership with ADCP to Promote Energy Conservation

Strong Cash Flow Visibility

- Long-term partnerships with government-backed entities representing approximately 70% of consolidated chilled water revenue in 2020
- Focus on B2B contracts with businesses and government entities reducing counterparty credit and collection risk
- Cash flow predictability due to long term contracts

Solid Corporate Governance

- Listed on the DFM with strong corporate governance driven by Mubadala and ENGIE board members
- Highly experienced management team driving operational excellence
- Part of DFM's UAE ESG Index, aimed to measure ESG best practices followed by UAE listed companies

Contact Us

Bijay Sharma
Churchgate Partners

Email: Tabreed@churchgatepartners.com

Richard Rose
SVP, Finance

Tel: +971 2 2020400
Email: IR@tabreed.ae

Salik Malik
Head, Financial Planning & Analysis

Tel: +971 2 2020397
Email: SMalik@tabreed.ae

tabreed