



National Central Cooling Company PJSC

23 Oct 2014



Q3 2014 Results Presentation

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Agenda

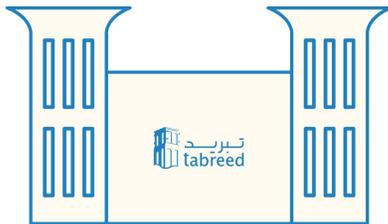
- Our Story
- Business Model
- Recent News
- Headline Performance
- Operational and Financial Highlights
- Chilled Water Performance
- Summary

Our Story

One of World's Largest District Cooling Company

Iconic Projects

67 Plants in the GCC



...delivering 939,000 RT



..of cooling to our clients

...equivalent to cooling 94 Burj Khalifa towers



250,000 RT growth in connections since 2011



-  Etihad Towers
-  Sheikh Zayed Grand Mosque
-  Yes Marina Circuit
-  Ferrari World
-  Dubai Metro
-  The Pearl Qatar
-  Jabal Omar Project
The Holy City of Mecca

High Contributor to the Environment

Energy Efficiency

1.2 billion kWh
2013 reduction in energy consumption in the GCC by using our energy-efficient and environmentally-friendlier cooling services

40,000 

=
Enough energy to power up to 40,000 homes in the UAE every year

Elimination of

570,000 tons
Of CO₂ eliminated in 2013

110,000 

=
The equivalent of removing 110,000 cars from our streets every year

Business Model – Core Business

Chilled Water – UAE Profit and Loss Account

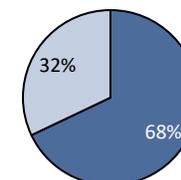
Chilled Water - UAE Profit and Loss Account			
AED m	Consumption	Capacity	Total
Revenue	32.4	67.6	100.0
Utility Costs	(29.2)	-	(29.2)
Fixed Costs	-	(7.6)	(7.6)
Total Costs	(29.2)	(7.6)	(36.8)
EBITDA	3.2	60.0	63.2
Depreciation	-	(15.1)	(15.1)
EBIT	3.2	44.9	48.1

Revenue and Costs Structure

Tabreed's revenue has two key drivers: capacity and consumption

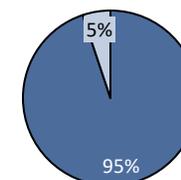
- Consumption revenue is “variable” and depends on the customers consumption / usage, and covers all variable utility costs
 - Variable costs are a pass through and are circa 80% of total costs. Any changes in tariffs charged by utilities can be passed on to customers
- Capacity revenue is a “fixed” charge to the customer that covers
 - the initial capital investment
 - the cost of capital (equity & debt returns)
 - fixed costs (such as O&M costs)

Revenue



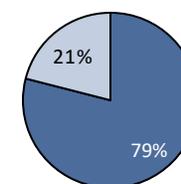
■ Capacity ■ Consumption

EBITDA



■ Capacity ■ Consumption

Breakdown of costs



■ Utility costs ■ Fixed costs

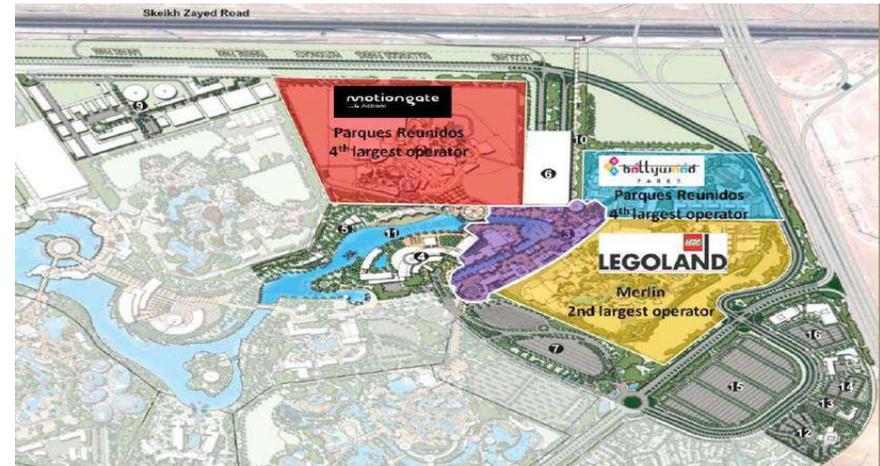
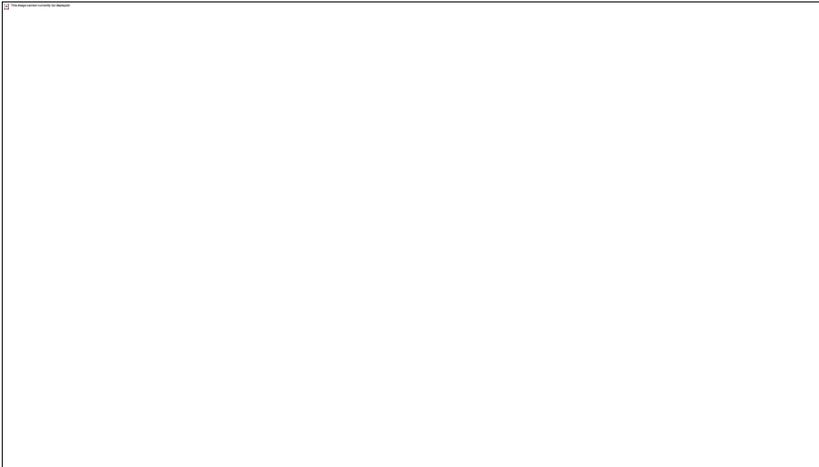
Capacity charge is the key profit driver in the Business Model

Recent News

Tabreed Signs Agreement with Meraas Leisure and Entertainment – September 2014

- We signed a long term concession with Meraas Leisure and Entertainment to provide 45,600 tons of cooling to the new Dubai Parks and Resorts development in Jebel Ali. The district cooling infrastructure being developed by Tabreed is scheduled for completion in 2016.

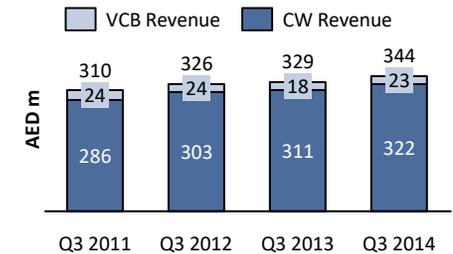
A world class leisure and entertainment complex in Dubai



Q3 Headline Performance

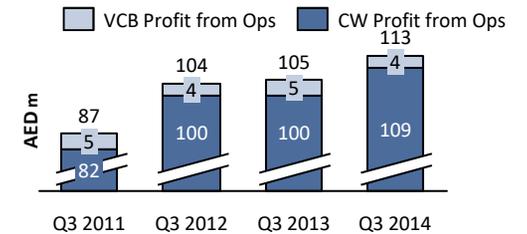
Core Business Growth

- Chilled Water Revenue up 4% to AED 322m
- 5% increase in Group Revenue, up to AED 344m
- Chilled Water business represents 93% of Group Revenue



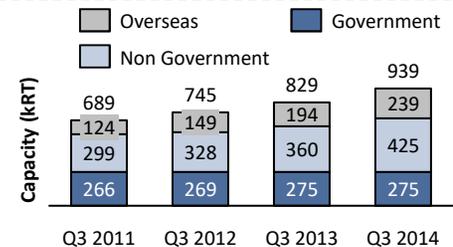
Strong operating performance

- 9% increase in Chilled Water Profit from Operations
- Annualised growth of 9% since 2011
- Stable earnings, as expected from a utility business



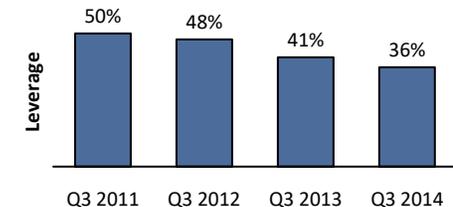
Long-term stable customer base

- 39% of UAE capacity contracted to UAE Government clients
- 135,000 RT increase in UAE capacity contracted since 2011



Reduction in leverage

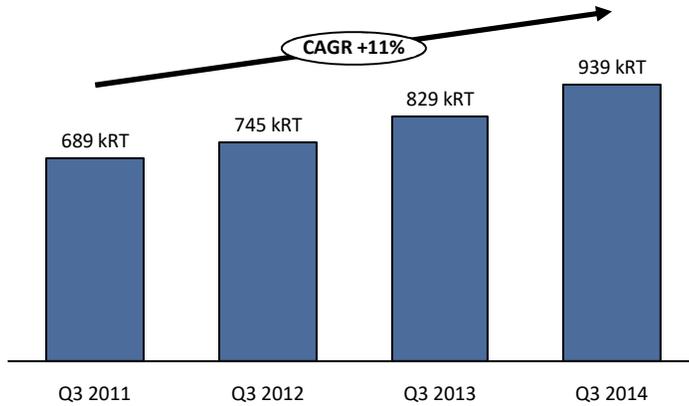
- Meeting all debt obligations
- 12% reduction in leverage in the last two years



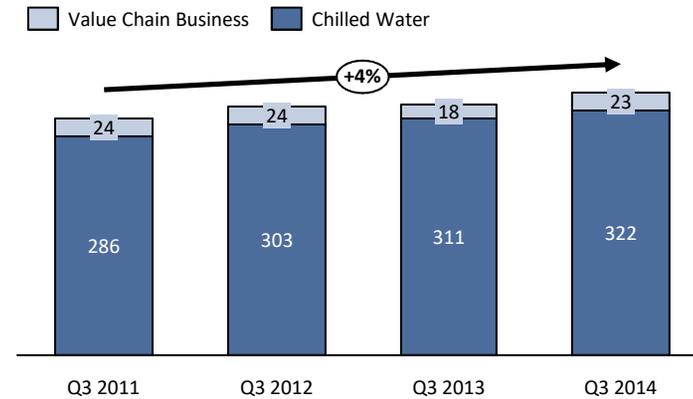
Stable utility infrastructure business with strong cash flow to continue delivering growth

Operational Highlights

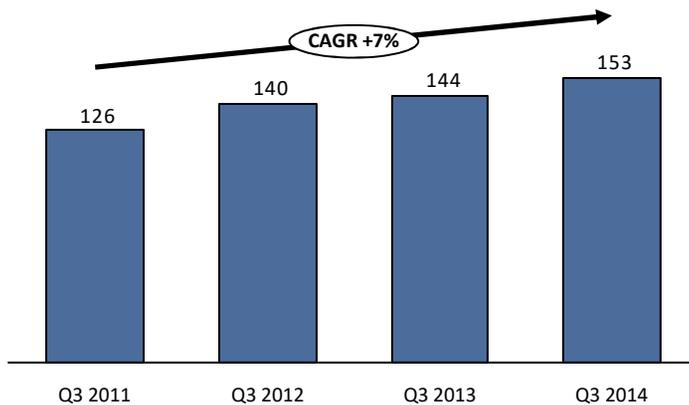
Gross Capacity



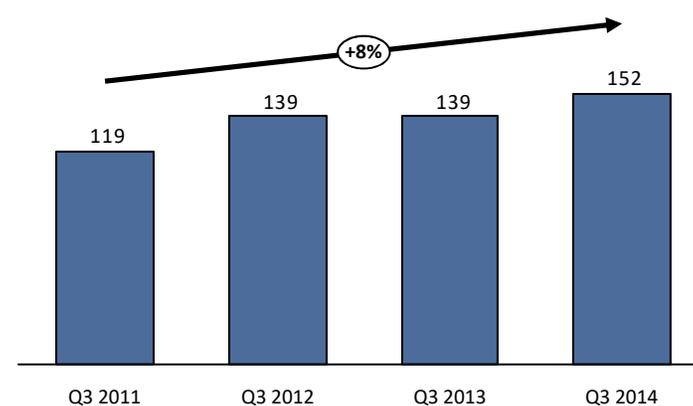
Group Revenue (AED m)



Gross Profit (AED m)



Group EBITDA (AED m)



Consistent and sustainable results, as expected from a utility infrastructure business

Financial Highlights – Income Statement

Unaudited Consolidated Financials (AED m)	Q3 2014	Q3 2013	
Revenue	344.4	329.2	5% increase in revenue
<i>Chilled Water (93% of revenue)</i>	321.8	311.1	3% increase in Chilled Water revenue
<i>Value Chain Businesses (7% of revenue)</i>	22.6	18.1	
Operating Costs	(190.9)	(185.1)	
Gross Profit	153.4	144.7	6% Chilled Water is the driver for growth
<i>Gross Profit Margin</i>	45%	44%	
Admin & Other Expenses	(40.4)	(39.5)	
Profit from Operations	113.1	104.7	8% year on year growth
<i>Operating Profit Margin</i>	33%	32%	
Net Finance Costs	(31.6)	(35.7)	12% reduction due to lower EIBOR rates and debt repayment
Share of Results of Associates	14.4	5.4	AED 9m increase driven by growth in Qatar Cool
Net Profit attributable to Parent	95.9	75.1	28% year on year growth
EBITDA	151.8	139.1	
<i>EBITDA Margin</i>	44%	42%	

Transformation into a utility infrastructure performance with stable, steady results

Financial Highlights – Balance Sheet

Unaudited Consolidated Financials (AED m)	Sep 2014	Dec 2013	
Fixed Assets	6,651.2	6,633.0	
Associates and Joint Ventures	615.9	524.5	17% increase, mainly as a result of investment in Al Maryah Island plant
Accounts Receivable	382.4	240.7	Increase in receivables due to process of registering a new contract for a major client
Other Receivables & Prepayments	239.9	217.8	
Cash and Short Term Deposits	368.1	670.4	Tabreed debt repayments of AED 256m and AED 58m equity investment in Al Maryah Island plant
Other Assets	142.7	138.9	
Total Assets	8,400.1	8,425.3	
Equity and Reserves	2,403.9	2,164.1	
Mandatory Convertible Bonds – equity portion	2,450.2	2,487.0	Bonds issued in lieu of 2014 dividend of AED 97m offset by conversion of 2013 MCB dividend Bond of AED 134m
Debt	2,770.9	3,092.4	Debt repayment made in Q2 2014
Other Liabilities	775.1	681.8	AED 102m of provision for purchase of chilled water from an associate
Total Liabilities and Equity	8,400.1	8,425.3	

Balance sheet continues to show strength and positions us well for further growth

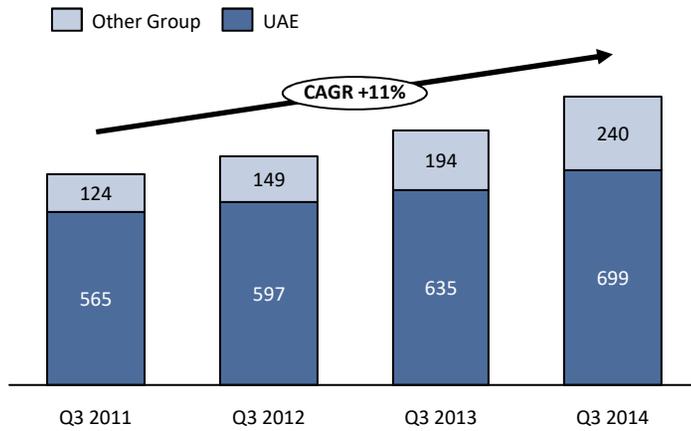
Financial Highlights – Cashflow

Unaudited Consolidated Financials (AED m)	Q3 2014	Q3 2013	
EBITDA for the period	151.8	139.1	9% year on year growth
Finance Income relating to Finance Lease receivable	(46.9)	(30.4)	
Lease Rentals received	55.5	27.7	
Working Capital Adjustments	(94.3)	22.1	Increase in receivables due to process of registering a contract for a major client
Net Cashflows from Operating Activities	66.1	158.5	
Investing Activities	(80.7)	(11.1)	Driven by investment in Al Maryah Island Plant
Financing Activities	(57.2)	(60.5)	Driven by lower EIBOR rates and debt repayment
Net Movement in Cash and Cash Equivalents	(71.8)	(86.9)	
Cash and Cash Equivalents at 1 July	439.9	549.2	
Cash and Cash Equivalents at 30 September	368.1	636.1	

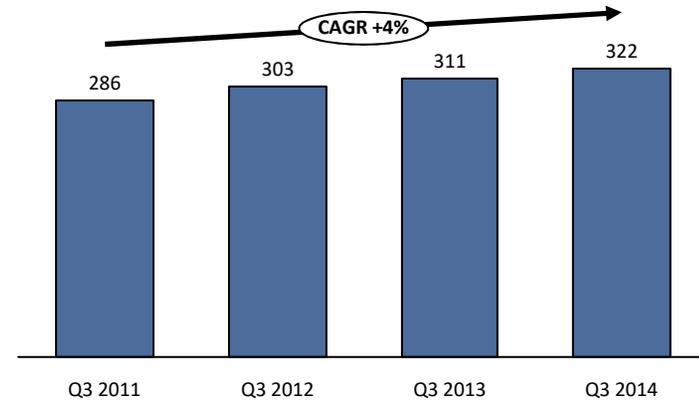
Strong cashflows temporarily impacted by a contract amendment

Q3 Chilled Water Performance

Gross Capacity (kRT)



Revenue (AED m)



Profit from Operations (AED m)



Chilled Water (AED m) quarter	UAE	Qatar	Saudi	Other	Total
Revenue	311.8	-	-	10	321.8
Operating Costs	(169.5)	-	-	(8.9)	(179.0)
Gross Profit	142.3	-	-	1.1	142.8
<i>Gross Profit Margin</i>	46%	-	-	11%	48%
Profit from Operations	108.6	-	-	0.24	112.94
Share of results of Associates	4.1	7.8	2.5	-	14.4

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

Summary

Why District Cooling?

- Air conditioning is an absolute necessity in the GCC
- District Cooling enables a 50% reduction in energy consumption and carbon footprint
- District Cooling is 16% cheaper than conventional cooling

Why Tabreed?

- Tabreed is the largest utility infrastructure business offering cooling services in the Middle East
- Proven track record in its operations and the industry leading in-house O&M team
- Long-term, stable, price certain contracts with guaranteed returns
- 39% of contracts with UAE Government entities

Robust Financial Results

- Q3 2014 Chilled Water Revenue up 4% to AED 322m
- Q3 2014 Net Profit attributable to Parent now at AED 96m, up 28%
- Q3 2014 Group EBITDA up 9% to AED 152m
- Q3 2014 Cashflow from Operations at AED 61.8m
- Strong cash generating ability, enabling reduction in leverage to 36%

Core Business Focus Delivering Value

- Robust financial results with strong cashflows
- Cash dividend 5 fils per share paid since 2012
- Delivering strategy to enhance value from existing plants while maximizing operational efficiencies
- Evolved from a business in development to a low risk utility infrastructure business

Delivering stable growth

- GCC economies continue to grow and district cooling is a vital component of economic growth
- Tabreed is well positioned to capitalize on future growth opportunities; starting with
- Investment made in Al Maryah Island plant in July 2014

Q & A

Contact Details

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Appendix

Financial Highlights – YTD Income Statement

Unaudited Consolidated Financials (AED m)	Sep 2014	Sep 2013	
Revenue	870.7	826.5	5% increase in revenue
<i>Chilled Water (92% of revenue)</i>	804.9	775.9	4% increase in Chilled Water revenue
<i>Value Chain Businesses (8% of revenue)</i>	65.8	50.6	
Operating Costs	(458.8)	(436.5)	
Gross Profit	411.9	389.9	6% increase due to strategy to focus on CW
<i>Gross Profit Margin</i>	47%	47%	
Admin & Other Expenses	(120.3)	(114.0)	6% increase in line with growth in the business
Profit from Operations	291.6	275.9	
<i>Operating Profit Margin</i>	33%	33%	
Net Finance Costs	(96.8)	(111.0)	13% reduction due to lower EIBOR rates and debt repayment
Other Expenses / Income	(2.4)	2.2	
Share of Results of Associates	50.2	35.0	44% increase driven by growth in Qatar Cool and Tabreed Saudi
Net Profit attributable to Parent	244.5	202.3	21% year on year growth
EBITDA	411.7	382.9	
<i>EBITDA Margin</i>	47%	46%	

Transformation into a utility infrastructure business complete enabling stable, steady results

Financial Highlights – YTD Cashflow

Unaudited Consolidated Financials (AED m)	Sep 2014	Sep 2013	
EBITDA for the period	411.7	379.7	
Finance Income relating to Finance Lease receivable	(124.7)	(91.3)	
Lease Rentals received	149.1	94.5	
Working Capital Adjustments	(139.5)	42.5	• Increase in receivables due to changes in billing of a major government client
Net Cashflows from Operating Activities	296.6	425.4	• Strong stable cashflows, as expected from a utility infrastructure business
Investing Activities	(137.0)	(53.4)	
Financing Activities	(461.9)	(296.3)	• Driven by additional debt repayments made by Tabreed
Net Movement in Cash and Cash Equivalents	(302.3)	75.7	
Cash and Cash Equivalents at 1 January	670.4	560.4	
Cash and Cash Equivalents at 30 September	368.1	636.1	

Continued strong cashflows, as expected from stable utility infrastructure business