تبريد
tabreed
Sustainable Cooling

National Central Cooling Company PJSC
(DFM:TABREED)

Q3 2020
Earnings Presentation
12 November 2020

Disclaimer

- These materials have been prepared by and are the sole responsibility of the National Central Cooling Company PJSC, 'Tabreed' (the "Company"). These materials have been prepared solely for your information and for use at the quarterly earnings call. By attending the meeting/call where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations

- These materials are confidential and may not be further distributed or passed on to any other person or published or reproduced, in whole or in part, by any medium or in any form for any purpose. The distribution of these materials in other jurisdictions may be restricted by law, and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions

- These materials are for information purposes only and do not constitute a prospectus, offering memorandum or offering circular or an offer to sell any securities and are not intended to provide the basis for any credit or any third party evaluation of any securities or any offering of them and should not be considered as a recommendation that any investor should subscribe for or purchase any securities. The information contained herein has not been verified by the Company, its advisers or any other person and is subject to change without notice and past performance is not indicative of future results. The Company is under no obligation to update or keep current the information contained herein

- No person shall have any right of action (except in case of fraud) against the Company or any other person in relation to the accuracy or completeness of the information contained herein. Whilst the Company has taken all reasonable steps to ensure the accuracy of all information, the Company cannot accept liability for any inaccuracies or omissions. All the information is provided on an "as is" basis and without warranties, representations or conditions of any kind, either express or implied, and as such warranties, representation and conditions are hereby excluded to the maximum extent permitted by law

- The merits or suitability of any securities to any investor's particular situation should be independently determined by such investor. Any such determination should involve inter alia, an assessment of the legal, tax, accounting, regulatory, financial, credit and other related aspects of any securities

- No person is authorized to give any information or to make any representation not contained in and not consistent with these materials and, if given or made, such information or representation must not be relied upon as having been authorized by or on behalf of the Company

- These materials are not intended for publication or distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. The securities discussed in this presentation have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act) and may not be offered or sold except under an exemption from, or transaction not subject to, the registration requirements of the Securities Act. In particular, these materials are not intended for publication or distribution, except to certain persons in offshore transactions outside the United States in reliance on Regulation S under the Securities Act

- These materials contain information regarding the past performance of the Company and its subsidiaries. Such performance may not be representative of the entire performance of the Company and its subsidiaries. Past performance is neither a guide to future returns nor to the future performance of the Company and its subsidiaries

- These materials contain, or may be deemed to contain, forward-looking statements. By their nature, forward- looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The future results of the Company may vary from the results expressed in, or implied by, the following forward looking statements, possibly to a material degree. Any investment in securities is subject to various risks, such risks should be carefully considered by prospective investors before they make any investment decisions. The directors disclaim any obligation to update their view of such risks and uncertainties or to publicly announce the result of any revision to the forward-looking statements made herein, except where it would be required to do so under applicable law

Agenda

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

1. Introduction and Performance Highlights

Performance Highlights

Financial Highlights: 9M 2020 vs. 9M 2019

Chilled Water Revenue	Total Revenue	EBITDA	Net Income
AED 1,219m	AED 1,258m	AED 677m	AED 370m
+13.6%	+11.5%	+20.3%	+12.6%

Performance Highlights and Corporate Developments

Performance Highlights

- Chilled Water revenue grew 13.6%. Total Revenue increased by 11.5%
- EBITDA increased by 20.3% to AED 677m and EBITDA margins increased from 50% to 54%
- Net Income increased by 12.6% to AED 370m with YoY stable margin of 29%
- On track to meet previously announced capacity guidance to add 75,000 RT over 2020 and 2021
- Total capacity addition of 170 kRT during 9M 2020, including Downtown DCP acquisition

Other Developments

- Raised USD500 million (AED 1.8 billion) with a 7-year, 2.5% coupon bond issuance.
- Investment grade ratings reaffirmed by both Moody's and Fitch; new bond issue was assigned in line with corporate rating
- Acquired 80% stake in Emaar's Dubai Downtown district cooling business and signed a long-term concession in April 2020
- Successfully syndicated landmark term-loan facility $692 million, which was utilized earlier to acquire Emaar's Dubai Downtown district cooling
- Tabreed demonstrated high business and financial resilience despite COVID-19 pandemic

Tabreed at a Glance

One of the world's largest district cooling companies

83
plants in
5 countries

1.35m 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 Regional presence

- Largest district cooling provider in the MENA region
- Currently present in the UAE, Saudi Arabia, Qatar, Oman and Bahrain
- Has expansion plans within GCC region with focus on Egypt and Kuwait

Connected Capacity

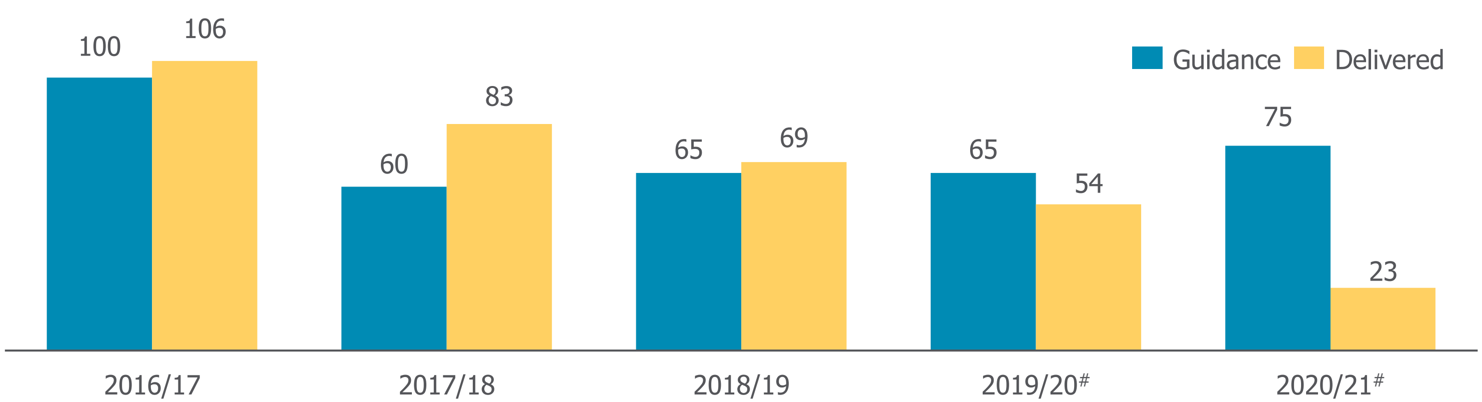
- Previously announced capacity guidance of 75,000 RT to be added over 2020 and 2021
- Organic capacity addition of over 23,087 RT during 9M 2020
- Acquisition of Dubai Downtown in April 2020 added another 146,596 RT

Consolidated	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
UAE	708	724	871*	872*	882*
Bahrain	27	28	32	32	32
Oman	32	32	32	32	32
Total Consolidated	**767**	**784**	**936**	**936**	**947**
Equity Accounted	**Q3 2019**	**Q4 2019**	**Q1 2020**	**Q2 2020**	**Q3 2020**
UAE	71	71	71	71	71
Qatar	218	218	224	224	224
KSA	105	110	110	110	110
Total Equity Accounted	**394**	**399**	**406**	**406**	**406**
Total	**1,161**	**1,183**	**1,342**	**1,343**	**1,352**

* Includes acquisition of Dubai Downtown in April 2020

2020 & 2021 Target: 75k RT

Capacity Growth

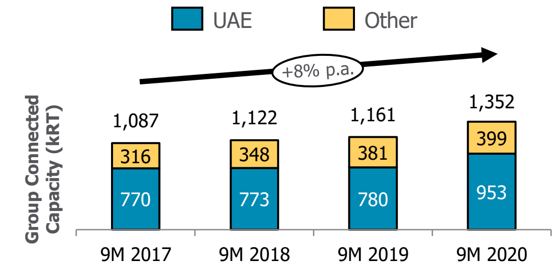


YTD 2020, excluding Dubai Downtown acquisition

Headline Performance

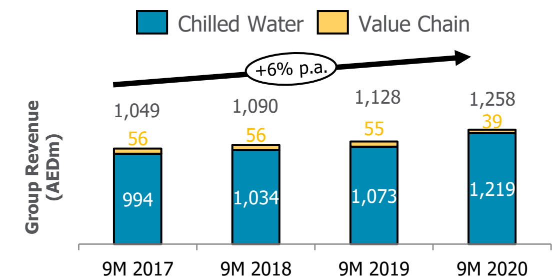
Long-term contracts with credit worthy customers

- Providing over 1.35m RT of cooling across GCC – grown at 8% 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



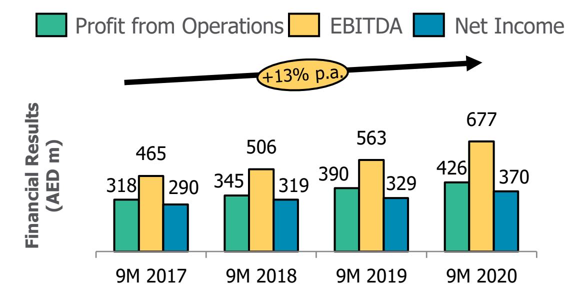
Revenue growth from existing and new business

- Group revenue growing at a 6% CAGR since 2017 driven by Chilled Water revenue growth of 7%
- 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



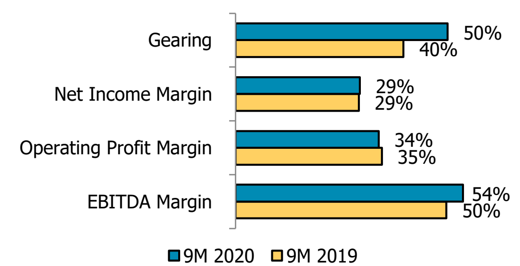
Solid financial performance

- Predictability in earnings driven by capacity charge
- EBITDA has grown 13% annually since 2017



Value to shareholders

- EBITDA margin of 54%
- 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)	9M 2020	9M 2019	*Variance*	%
Revenue	1,258	1,128	130	*11.5%*
Chilled water revenue (97%)	1,219	1,073	146.0	*13.6%*
Value chain businesses (3%)	39	55	(16)	*-29.1%*
Operating cost	(666)	(580)	(85)	*14.7%*
Gross Profit	**592**	**548**	**45**	*8.2%*
Gross profit margin	*47%*	*49%*		
Administrative and other expenses	(166)	(157)	(9.1)	*5.8%*
Profit from Operations	**426**	**390**	**36**	*9.1%*
Operating profit margin	*34%*	*35%*		
Net finance costs	(147)	(135)	(13)	*9.4%*
Other gains and losses	68	10	57	-
Impairment provision for trade receivables	(20)	0	(20)	-
Share of results of associates and joint ventures	58	70	(12)	*-17.3%*
Income attributable to non-controlling interests	(14)	(7)	(7)	*107.7%*
Net Income	**370**	**329**	**41**	*12.6%*
Net Income margin	*29%*	*29%*		
EBITDA	**677**	**563**	**114**	*20.3%*
EBITDA margin	*54%*	*50%*		

Key Observations

- Increase in revenue primarily driven by Chilled Water business, offset by a decline in Value Chain business
- Chilled Water growth in 9M 2020, driven by consolidation of Downtown DCP and new connections, was offset to a certain extent by finance lease amortization due to lower CPI and lower volumes on account of pandemic
- EBITDA margin enhancement driven by Downtown DCP consolidation, partially offset on account of higher operating cost and administrative expenses
- Higher finance cost to due to new loan for acquisition, benefited from lower interest rates compared to same period last year
- Other gains and losses higher primarily due to finance lease gain on contract amendment with an existing client
- Subdued performance of some of our equity accounted entities, particularly QatarCool, offset to certain extent due to cost saving initiatives at some of the entities

Financial Position

Consolidated Financials (AED m)	Sep 30, 2020	Dec 31, 2019	*Variance*	*%*
Fixed Assets	10,311	7,317	2,994	*41%*
Associates and Joint Ventures	736	732	4	*1%*
Accounts Receivable	873	593	280	*47%*
Cash and Short Term Deposits	322	227	95	*42%*
Other Assets	44	35	10	*28%*
Total Assets	**12,286**	**8,904**	**3,383**	*38%*
Equity and Reserves	5,666	5,016	651	*13%*
Non Convertible Sukuk	1,830	1,829	1	*0%*
Other Corporate Debt	3,873	1,312	2,561	-
Other Liabilities	917	747	170	*23%*
Total Liabilities and Equity	**12,286**	**8,904**	**3,383**	*38%*

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
- Increase in receivables was primarily due to seasonality and short-term timing delays in collections for some customers

Cash Flow Statement

Consolidated Financials (AED m)	9M 2020	9M 2019	*Variance*	%
Profit from Operations	**426**	**390**	***36***	*9%*
Finance lease amortization	89	45	*44*	*99%*
Depreciation	140	127	*12*	*10%*
Amortization	22	-	*22*	
Working Capital and other adjustments	(172)	12	*(184)*	
Net cash flows from Operating Activities	**504**	**574**	***(70)***	*-12%*
Capital expenditure incurred	(2,570)	(63)	*(2,507)*	
Acquisition of additional share in a subsidiary	-	(1)	*1*	
Dividends and interest income received	9	30	*(21)*	*-70%*
Net cash flows from Investing Activities	**(2,561)**	**(35)**	***(2,526)***	
Debt servicing	2,479	(174)	*2,653*	
Dividend Paid	(287)	(260)	*(27)*	*10%*
Others	(40)	(39)	*(0)*	
Net cash flows from Financing Activities	**2,152**	**(474)**	***2,626***	
Net Movement in Cash and Cash Equivalents	**95**	**65**	***30***	*45%*
Cash and Cash Equivalents at the start of the period	227	249	*(22)*	*-9%*
Cash and Cash Equivalents at the end of the period	**322**	**314**	***7***	*2%*

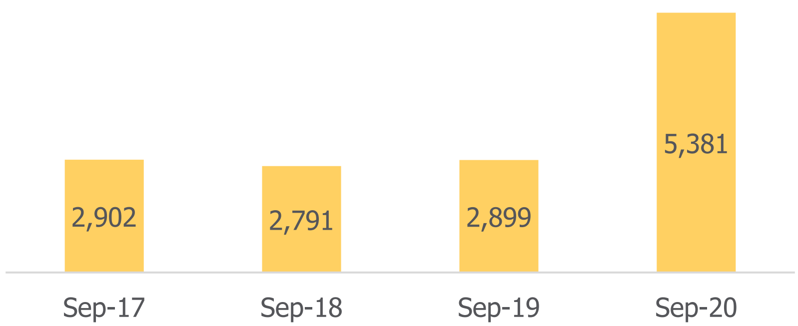
Key Observations

- Cashflow generation has been encouraging despite prevailing difficult economic scenario
- We continue to closely work with customers to accelerate our collections
- Higher interest payments due to Downtown DCP loan during the year

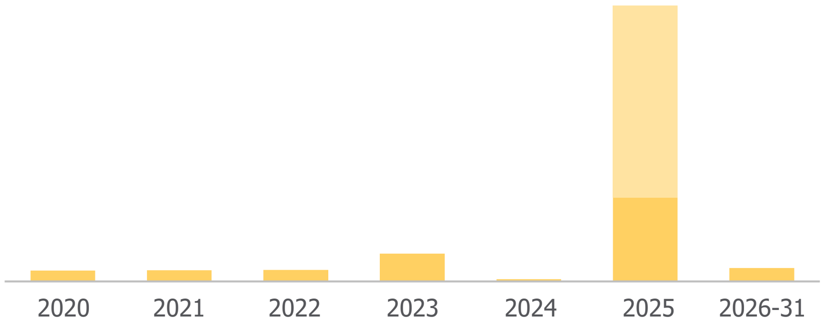
Debt Portfolio and Return Ratios

- Current gearing of 50% (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

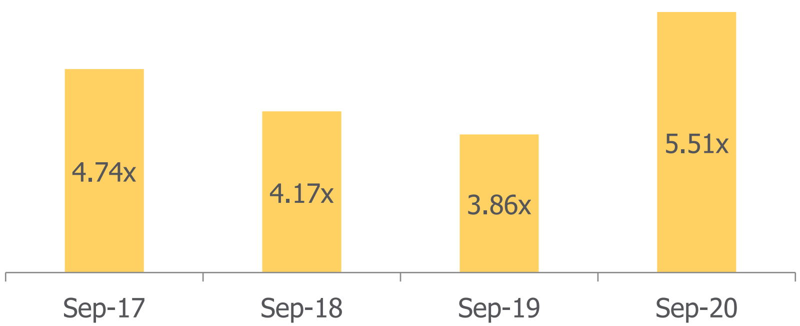
Net Debt Profile (AED m)



Debt Maturity Profile

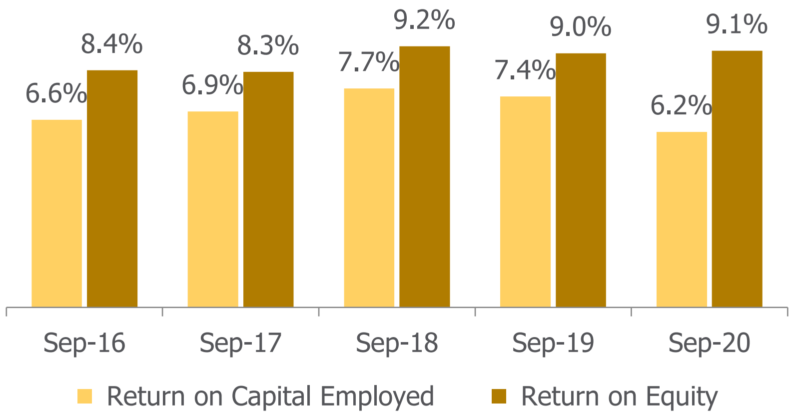


Net Debt to LTM EBITDA*



- LTM EBITDA for Sep 20 includes annualized EBITDA for Downtown DCP

Return on Capital Employed and Return on Equity



Bond Issuance

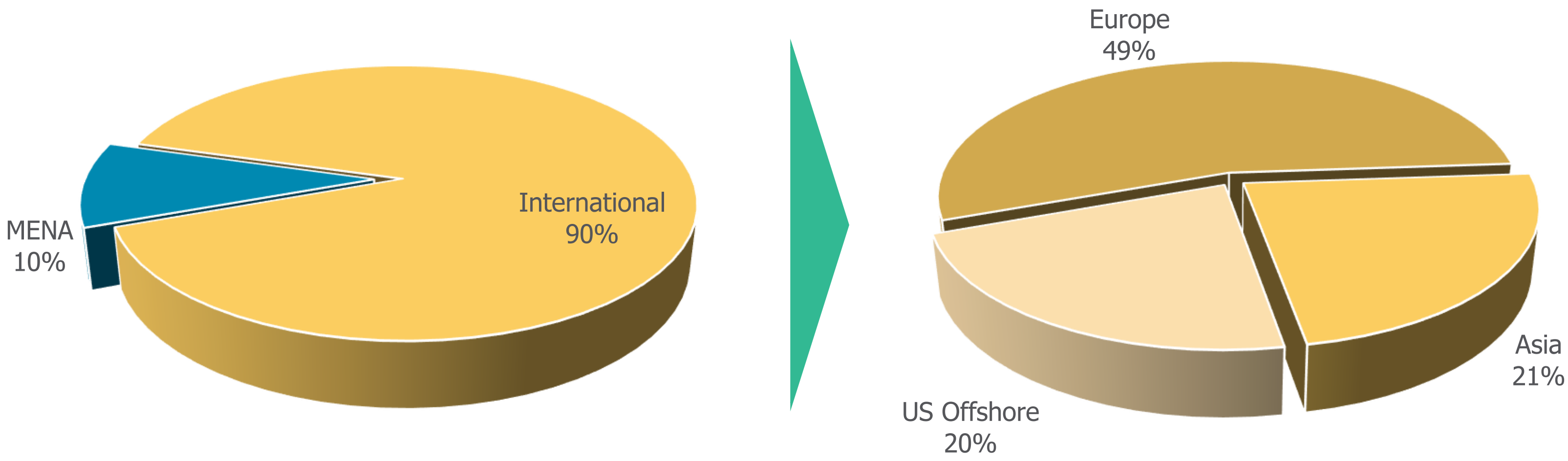
Testament to Tabreed's ability to generate sustainable cash flows and returns

Amount Raised	USD 500 mn (AED 1.8 bn)
Tenure	7 Years
Coupon Rate	2.5% p.a payable semi-annually
Exchange	London Stock Exchange
Ratings	Moody's: Baa3 Fitch: BBB
Subscription	Oversubscribed by almost 5x

Use of Proceeds

- Fund two potential acquisitions in the UAE with combined capacity of 95k RT
- Refinancing of existing term loan maturing in 2023

Investors by Geography



3. Conclusion

Key Highlights

1 Robust operating performance and business model

- Strong operational track record of over 22 years
- A utility-like service considering the warm climate of the Middle East
- The pass-through clauses in most of Tabreed's contracts limit its exposure to fluctuations in the cost of utilities

2 Solid corporate governance and market-leading transparency

- Listed on the DFM with strong corporate governance driven by Mubadala and ENGIE board members
- Highly experienced management team driving operational excellence

3 Prudent debt and liquidity management

- Healthy balance sheet with solid deleveraging capacity
- Strong liquidity profile and cash flow predictability
- Tabreed is committed to maintaining an investment grade rating

4 Market Leader in the GCC

- Tabreed is the largest regional district cooling provider and one of the largest district cooling providers worldwide
- Rising demand for cooling services and increasingly supportive government policies

5 Strong cash flow resilience from long-term fixed charge contracts

- Long-term partnerships with government-backed entities representing 57% of consolidated chilled water revenue in 2019
- Focus on B2B contracts with businesses and government entities reducing counterparty credit and collection risk

6 Strong track record for delivering capacity growth

- Strong majority shareholder base with Mubadala and ENGIE providing support to operations and growth

تبريد
tabreed
Sustainable Cooling

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