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NATIONAL CENTRAL COOLING COMPANY PJSC
(DFM: TABREED)

EARNINGS CONFERENCE CALL TRANSCRIPT
FY 2025

Tabreed Participants:

Adel Salem Al Wahedi, Chief Financial Officer

Salik Malik, Vice President – Finance

Yugesh Suneja, Head of Investor Relations

Presentation

Yugesh Suneja

Good afternoon, everyone, and thank you for joining us. On behalf of Tabreed's management team, I am pleased to welcome you to our earnings call for the full year results of 2025.

My name is Yugesh Suneja, and I am Head of Investor Relations at Tabreed.

Our financial results are available on Tabreed's website, and the presentation being discussed today will also be posted shortly after the call for your reference. Before we proceed, I would like to highlight the disclaimer on this slide. Some of the information shared today includes forward-looking statements regarding future performance. These statements reflect our current expectations and are subject to risks and uncertainties. Please review the details on this slide for further information.

With that, let's move on to today's agenda. Joining me today are Adel Al Wahedi, our Chief Financial Officer, and Salik Malik, Vice President Finance.

We will start with the summary of financial and operational performance, including an update on the progress we have made on our growth plans. After that, we will take a deeper look at our financial performance for the period.

We will then wrap up with an update on our guidance and outlook, followed by a Q&A session.

With that, I will hand it over to Adel to begin the discussion on the results.

Adel Salem Al Wahedi

Good afternoon everyone. Thank you for joining us today.

Let me begin with the headline messages for the year.

First, the core business continues to perform strongly. Operational performance is stable, our margins are consistent with our guidance, and our assets continue to operate with high availability and efficiency.

Total connected capacity reached 1.57 million Refrigeration Tons, an increase of 19% year-on-year, driven by strong organic capacity expansion and M&A. Even after excluding the impact of M&A, connected capacity growth was 4.4% year-on-year, near the high end of our guidance range.

Consumption volumes reached 2.62 billion RTH, resilient and stable despite relatively colder weather conditions experienced in Q1, Q3 & Q4. Despite this, Group revenue increased to AED 2.46 billion, up 1% year-on-year, driven by capacity additions in the UAE and CPI indexation. EBITDA increased 1% to AED 1.27 billion, with stable margin at 51.6%.

Reported Net Profit for the year is AED 465 million, which included one-off transaction costs related to closing of Palm Jebel Ali concession and PAL Cooling acquisition. Excluding the one-off transaction costs, Normalized Net Profit was AED 521 million, reflecting the impact of higher finance costs following the refinancing of low-cost debt at market rates and additional debt raised to fund Tabreed's investment in PAL Cooling.

Fourth quarter of 2025 saw the first-time accounting of Pal Cooling joint venture. Our reported earnings therefore reflect the expected accounting impacts from amortization of intangibles

and project financing costs that sit within the JV structure. These are consistent with the acquisition structure and aligned with our investment case.

The increase in net debt to EBITDA to 4.6 multiples at the end of FY 2025 mainly reflects our debt funded share of equity to acquire PAL Cooling. Overall, our balance sheet remains strong, and we continue to maintain investment-grade metrics, which remains a strategic priority for our company.

moving to the next slide...

This slide demonstrates the underlying performance of our core business, which remains stable and resilient. The fundamentals of our operating assets remain robust, and the core business continues to deliver reliable value.

We added 58.2 thousand RTs of organic additions, the highest level in the past five years. This expansion was driven by commissioning 3 new greenfield plants and continued capacity expansion in existing concessions. We added another 191 thousand RTs in Q4 2025 through acquisition of PAL Cooling, executed in 50/50 partnership with CVC DIF.

UAE remains our core market, accounting for 84% of total connected capacity and is a major contributor to our growth.

As previously noted in the first and third quarters, weather in the fourth quarter also remained relatively cold, affecting chilled water volumes for the last quarter and for the full year. While this is reflected in lower revenue growth, this had relatively mild impact on our profits, since almost 75% of our EBITDA is generated from fixed capacity charges.

Moving to the next slide...

This slide highlights the strategic importance of two key transactions Palm Jebel Ali and PAL Cooling executed in 2025. These deals bring high-quality assets into our portfolio with strong long-term fundamentals. This expands our footprint, add meaningful capacity over time, and further strengthen our position in the market.

In Palm Jebel Ali Concession, Tabreed owns 51% stake with 49% stake held by Dubai Holding Investment. This is fully consolidated into Tabreed financials and on commissioning of its first plant, it will contribute to our revenue, EBITDA and profitability. Initially, we will fund the Capex for first phase of 16k RT through cash in the balance sheet. First connection and revenue from this project are expected to come by end of 2027 or early 2028. The full Capex of AED 1.5 billion will be spread over multiple phases over a development cycle. Our balance sheet is therefore well positioned to fund the organic Capex program of Palm Jebel Ali concession or other concessions we currently have.

PAL Cooling acquisition on the other hand is executed via JV structure, which is equity accounted. This means its contribution appears only in the Share of Results of Joint Ventures line and does not impact our revenue or EBITDA. We have already funded the JV with our share of equity investment amounting to AED 1.2 billion and the JV will manage its own operating, financing, and capital expenditure requirements through operating cash generation and non-recourse bank facility.

As both these projects begin to scale capacity, and as operational performance ramps up, we expect a more meaningful contribution to our profitability.

Turning to next slide...

This slide shows our capacity growth in 2025 and, importantly, the secured pipeline that will come online in the future. The recent transactions we announced are reflected here, and they further strengthen the visibility of our future growth.

This chart clearly demonstrates that Tabreed's growth is secured, committed, and backed by long-term partnerships. This gives us strong confidence in the future trajectory.

Looking forward, the UAE and the wider GCC continue to present solid opportunities. Population growth, major government investments in infrastructure, national Net Zero commitments, and ongoing real estate development all support sustained demand for efficient cooling. With a proven model and a clear pipeline, Tabreed remains well-positioned to deliver steady, sustainable growth.

With that, I will now hand over to Salik.

Salik Malik

Thank you, Adel. Good afternoon, everyone.

In 2025, our operational performance not only met expectations but underscored the strength and consistency of our business model. Margins were firmly in line with our guidance, reflecting our disciplined approach to execution. Our ongoing commitment to business expansion was fully supported by a resilient balance sheet, providing a solid foundation for sustainable growth. While leverage has increased due to our strategic decision to debt fund the future-focused investments, our financial standing remains strong and is expected to improve as operating assets continue to generate additional cash flow.

I am pleased to now guide you through our Profit and Loss statement, Balance Sheet, and Cash Flow performance, and highlight the key factors driving this positive momentum.

Turning to the next slide...

Let me now share an update on our revenue performance for the period.

In 2025, Tabreed achieved strong revenue of AED 2.46 billion, reflecting a steady 1% year-over-year growth and demonstrating the company's resilience. Our revenue remained strong and consistent throughout the fourth quarter.

Our chilled water business continues to be a key growth driver. Fixed revenue further increased, supported by a significant organic capacity addition of 38k RT at the consolidated level. This expansion contributed positively both in the fourth quarter and for the full year, underscoring our continued operational momentum.

While consumption revenue, which generally represents 45% of our total chilled water revenue, was influenced by milder weather conditions in three of the four quarters, our diversified revenue streams and proactive management ensured stable overall performance.

The Value Chain business experienced a planned reduction in revenue in 2025 following the scheduled expiration of a 3rd Party O&M contract. This segment, while non-core and lower margin, remains a flexible lever in our portfolio, allowing us to strategically focus on high-value, high-growth areas for Tabreed.

Moving on to the Next slide...

Will discuss the highlights of our profitability.

Gross profit remained resilient throughout 2025, with only a slight decrease in the fourth quarter. Our operating costs were marginally higher, reflecting strategic investments in new facilities and network expansion to connect additional loads. This forward-looking approach also resulted in increased depreciation and amortization expenses which is non-cash. Additionally, maintenance costs rose as part of our proactive asset management plan, ensuring optimal reliability and efficiency across our operations.

In 2025, EBITDA also grew to AED 1.27 billion, in line with our revenue growth. While fourth quarter EBITDA was temporarily lower compared to the previous year due to the timing of cost recognition, our full-year G&A expenses remained stable. The 2025 EBITDA margin around 52% is well within our guided range of 50–53%, showcasing our disciplined financial management and the strength of our business model.

Next slide please...

Despite maintaining stable profits from operations throughout the year, our Net Profit reflected temporary fourth quarter movements. These were driven by strategic investments, including the closing of the Palm Jebel Ali concession and the acquisition of PAL Cooling, as well as higher finance costs and a modest decrease in JV contributions, all of which position us for future growth.

Excluding these non-recurring one-off costs, our Normalized Net Profit reached AED 521 million, demonstrating the underlying strength and resilience of our business.

Let me provide further details on each of these positive drivers in the next slide.

Looking first at the increase in net finance cost – Following the successful completion of our refinancing at the end of Q1, we transitioned bank debt to a green sukuk issued at prevailing market interest rates. While this has led to an increase in net finance expenses compared to the low-rate environment in 2020, the transition positions us favorably for sustainable financing. Notably, from Q3 2024 onward, we began to realize significant finance cost savings as a result of the sukuk buyback, enhancing our financial resilience and flexibility.

At the beginning of Q4, we secured an AED 1.8 billion Islamic Financing facility, which enabled us to proactively settle outstanding sukuk due in October 2025 and strategically fund our share of equity investment in the acquisition of PAL Cooling JV. This prudent move, while increasing finance costs in last quarter of 2025, strengthens our capital structure and supports our long-term growth initiatives.

Secondly, on other income and losses – Q4 2025 included one-off transaction costs of about AED 15 million related to two new transactions closed during the year. Transaction costs associated with the PAL Cooling JV, partially recognized in other losses due to Tabreed's due diligence and advisory efforts, reflecting our commitment to comprehensive and responsible investment processes. Majority of these costs were absorbed within the JV itself. Additionally, while there were one-off costs related to asset write-offs on replacement in FY 2025, these

were partly offset by a one-off gain from the successful sale of a stake in one of our associates and other non-operating income, demonstrating the strength and diversification of our income streams.

Lastly, regarding share of results from joint ventures and associates – During the fourth quarter, the results reflect several transaction-related costs impact at the PAL JV level, including (1) one-off upfront advisory and transaction costs amounting to AED 29 million, (2) amortization of newly recognized intangible assets from the purchase price allocation, and (3) higher financing costs following successful project finance raised at the JV level of PAL Cooling. These investments and associated costs are expected to drive future value creation and reinforce our leadership in the DC sector.

Furthermore, 2024 featured a one-off gain from the divestment of our minority stake in one of our associates. Excluding these exceptional items and the PAL JV contribution, performance across all other associates and joint ventures showed year-over-year improvement, highlighting the ongoing strength and positive momentum in our core operations.

Turning to the balance sheet on the next slide...

Our financial position remains robust, demonstrating continued strength and stability consistent with our investment-grade credit profile. In 2025, both total assets and liabilities grew by 3% year-over-year, reflecting our ongoing commitment to sustainable growth.

Key positive developments in assets:

- Fixed assets and intangibles showed resilience, with periodic depreciation and amortization largely offset by strategic new capital expenditures, ensuring our ongoing asset renewal and expansion.
- Our investment in associates and joint ventures strengthened, highlighted by the addition of AED 1.2 billion for Tabreed's share in PAL acquisition. Profits from these ventures were prudently balanced with dividend payouts, optimized through the disposal of a minority stake, and enhanced fair value adjustments on derivatives and demonstrating active portfolio management
- Receivables and other assets remained healthy, with the settlement of bank debt improving our position. These effects were complemented by a higher inventory of spares and consumables, as well as a marginal increase in customer receivables, supporting operational readiness and revenue growth.

Positive movements in equity and liabilities:

- Our equity and reserves reflect proactive shareholder engagement, including the payment of the 2024 year-end and first interim dividends for the year 2025 to both shareholders and minority stakeholders. While there was a negative movement in the fair value of derivatives and a reduction of non-controlling interest in Tabreed Asia, these were effectively balanced by strong profits generated in 2025, underscoring our ability to deliver value.
- Payables and other liabilities declined, due to lower accruals for utility costs driven by soft consumption combined with timely payments to suppliers and contractors, further strengthened our financial discipline and relationships within the supply chain.

Debt profile:

We successfully secured AED 1.8 billion in dual tranche financing from local banks, reinforcing our access to capital and strategic flexibility. The proceeds of these were used to settle our

outstanding sukuk obligations and to fund the equity for PAL Cooling acquisition, positioning us for further growth. Importantly, Tabreed's balance sheet remains clear of significant near-term debt maturities, supporting our financial resilience.

Leverage and credit quality:

Net debt to EBITDA increased to 4.6x by year-end 2025, primarily due to funding Tabreed's equity investment in PAL Cooling. Despite this increase, we remain committed to maintaining strong credit fundamentals, as evidenced by our investment-grade credit rating. Our high-margin, cash-generative business model provides exceptional resilience as well. Furthermore, the PAL JV debt is ring-fenced and non-recourse to the parent, and our disciplined capital management ensures we preserve the flexibility and strength that an investment-grade rating offers.

Moving on to the next slide, which highlights our strong cash flow movements and continued financial momentum.

This year, the company achieved operating cash flows of AED 1.3 billion before working capital movement. The temporary increase in working capital was due to a timing difference in major customer payment, which was promptly settled after year end, demonstrating the reliability of our customer base and strong credit quality. Accelerated supplier payments from prior year's accruals further underscores our commitment to long-term partnerships and financial prudence.

We invested AED 193 million to complete new greenfield projects and expand capacity within our existing concessions, ensuring we are well positioned to capture future growth opportunities and reinforce our market leadership.

Following our strategic equity investment in the PAL Cooling acquisition, free cash flow for the year was temporarily negative. But most importantly, our underlying recurring free cash flow remained strong at AED 862 million, highlighting the resilience and sustainability of our core business operations.

Our capital allocation priorities are steadfast: we are committed to maintaining investment-grade credit metrics, advancing our growth agenda, delivering balanced shareholder returns, and pursuing disciplined, value-accretive investments that will drive long-term value for all stakeholders.

Moving on to next slide...

Tabreed's strong and reliable growth pipeline gives us exceptional visibility on future cashflows, reinforcing our unwavering commitment to sustained long-term value creation for our shareholders.

Aligned with this confidence, our 2025 dividend strategy continues to exemplify our longstanding principles: robust financial discipline, stability for investors, and a forward-looking approach to growth.

The Board has proposed a cash dividend of 6.5 fils per share for the second half of 2025, complementing the 6.5 fils interim dividend. This results in a total dividend of 13.0 fils per share for the year 2025, representing a payout ratio of close to 80% on reported profit and 71% on

normalized profit, demonstrating our enhanced focus on delivering compelling returns to shareholders.

Despite making significant M&A investments, we have successfully preserved a payout ratio consistent with our strong historical track record. This further underscores our commitment to providing meaningful returns today, while actively investing in top-tier, long-term opportunities that will accelerate value creation well into the future.

Our strategy remains thoughtfully balanced and prudent: we reward our shareholders and rigorously maintain a strong balance sheet, ensuring we are fully positioned to capitalize on the secured and visible growth already present in our pipeline.

With that being said, I will now pass back to Adel to take you through the rest of the proceedings.

Adel Salem Al Wahedi

Thank you, Salik.

In 2025, we delivered a robust 4.4% year-over-year increase in connected capacity, fully in line with our ambitious growth targets and guidance.

Our medium-term outlook remains strong, with annual capacity expansion projected between 3% and 5% through the year 2028, building on a significantly elevated 2025 base, which saw a remarkable 19% increase. This momentum translates to annual additions of approximately 50-80k RT of connected capacity, signaling an acceleration compared to earlier expectations. Notably, we believe that joint ventures will contribute around 20-30% of this growth, with the remainder coming from fully consolidated assets. At PAL JV, capacity expansion is progressing smoothly, and as these assets ramp up, we foresee a steady and substantial uplift in the JV's operational earnings, which will positively impact our share of results.

In 2025, we invested AED 193 million, demonstrating our commitment to growth and aligning closely with our targeted Capex range of AED 200-300 million. Looking ahead, we plan to continue fueling organic capacity growth with annual capital expenditures between AED 200 and 300 million. Our Capex guidance remains consistent, and we will proactively update the market should new projects or opportunities arise. Additionally, we are finalizing exciting plans for new greenfield plants and expanding our interconnection network, which will allow us to unlock surplus capacity across plants and better serve increasing customer demand, all while optimizing our capital allocation for maximum impact.

Our EBITDA margin improved by 0.2 percentage points in 2025, reaching a strong 51.6%. This exceptional performance is well within our guidance range of 50% to 53%, and we remain confident in our ability to sustain these robust margins moving forward.

As of December 31, 2025, our Net Debt to EBITDA ratio is 4.6x, comfortably within investment-grade thresholds. Backed by a resilient business model, a high-quality B2B customer base, and strong support from our strategic anchor shareholders, we are well positioned for continued success. Any short-term increase in leverage due to our growth-oriented investments is expected to quickly normalize as our expanding cash flow and EBITDA growth materialize. Our proven track record of disciplined financial management and balance sheet optimization underscores our confidence in delivering sustained value.

Moving to the next slide...

Let me close by repeating our confidence in the future and emphasizing our key messages.

We continue to see tremendous opportunities in the district cooling sector, driven by ongoing population growth, robust government investment in infrastructure and urban development, favorable real estate trends, and strong policy support for net zero objectives.

Our core business remains stable and dependable, with a solid foundation for future expansion already established.

Recent strategic partnerships, such as the Palm Jebel Ali concession and PAL Cooling acquisition, have further strengthened our platform for long-term growth.

We are proud of our strong financial position and remain committed to maintaining investment-grade discipline.

Looking ahead, our prospects for capacity-driven growth are as promising as ever.

With that, we conclude our presentation. Thank you for your continued trust and support. We are excited about the journey ahead and will now open the floor for Q&A.

Questions & Answers

Moderator

Thank you very much for the presentation. We will now be moving to the Q&A part of the call. If you are dialed in via the telephone, please press star 2 on your keypad. That's star 2. You may also ask a voice or a text question via the web, and we also acknowledge all the text questions that have come in already. We'll give a moment or so for questions to come through. Thank you. We have a first question from Rakan from Jadwa Investment. Please go ahead. Your line is open.

Rakan Mosa Alomran (Jadwa):

Q. I have two questions. One on Saudi Tabreed and one on the PAL Cooling JV. On Saudi Tabreed, the dividend paid by the entity seems high relative to its historical profitability and historical dividend. Is there a one-off dividend there? Is there anything you can share about that? And as a follow-up to that, are there any updates on a potential IPO exit for Saudi Tabreed?

Salik Malik:

A. Thank you, Rakan. The question is regarding the dividend that we received. So, again, the dividend distribution is determined by the growth and the optimal capital structure for better returns to the equity holders. So, based on that, Saudi Tabreed has distributed a higher dividend than their historical dividends. It does not mean that there are no further growth opportunities but the capital structure to fund this growth will be slightly changed to maximize the returns to the equity holders.

Rakan Mosa Alomran (Jadwa):

Q. Any plans for the IPO or for a potential exit from Saudi Tabreed?

Adel Al Wahedi:

A. I will take this one, Rakan. There is speculation in the market considering the PIF strategy of listing when they enter any national platform. It could be a long-term option, but as we speak now, nothing foreseeable. I believe there is still preparation work to be completed to crystallize more value but no firm decision yet.

Rakan Mosa Alomran (Jadwa):

Q. Extremely clear, sir. Thank you. On Pal Cooling JV, I have few questions. One, what is the expected normalized run rate of results going forward? And then, if you can also talk about cash generation, because I'm assuming that the amortization of intangible assets are being booked on the JV level. So, if we can also get the cash generation of JV, that would be great. And the final question on that, we saw that there is a new investor that's investing in Pal Cooling. Is this news true? If yes, who's selling? Is it CVC and at what valuation?

Salik Malik:

A. This is an asset with long-term growth prospects. Today, the connected capacity is around 190,000 tons. Full concession is around 600,000 tons. So, having said that, if you look at their cash generation, that will be close to around AED 200 million today at operating level. But again, as we said, because of the valuation and the purchase price allocation, there is a significant amount on amortization, which is non-cash and therefore does not affect cash. And on top these assets were also financed at the JV level through a project financing methodology, again, to maximize the returns to the equity stakeholders. So, in the short run, there will be some impact when it comes to the financing cost. But then, you know, our business model is generating an EBITDA close to 50 to 53 percent. Amid these strong business fundamentals, the scaling up of PAL concession in future will significantly increase. This means it will also contribute in the mid-term significant value at the consolidation level of Tabreed as well. About CVC as an investor, it is an infrastructure fund, and its first investment in the region in the district cooling sector. And it has been progressing very steadily. And because it's just one quarter that has ended now, we are looking into all the governance aspects and looking at all the things that make this joint venture to be successful in the long run.

Yugesh Suneja:

A. If you are referring to entry of some other investors in PAL Cooling, that is not at the JV level itself. That was in the fund which CVC holds or owns. In that fund itself, CVC has brought in some new investors, and it does not change the shareholding structure at PAL Cooling.

Rakan Mosa Alomran:

Q. Okay, so the CVC fund and the Azerbaijani State Oil fund basically bought into the CVC fund that owns 50% of PAL Cooling and the other 50% held by Tabreed. Is that correct?

Adel Al-Wahedi:

A. Yes.

Moderator:

We'll now be moving to the text questions. First question is from Ms. Megha from Stone Harbor.

Megha (Stone Harbour):

Q. My question is on leverage. Is there a target where the management would like to see in the medium term? And what buffer do we have within your IG ratings?

Salik Malik:

A. Thank you, Megha. It's a good question. Our leverage is around 4.6 times as we have mentioned in today's presentation. We are clear in maintaining the investment credit ratings, which gives us better capital flexibility, allocation flexibility and better returns to our equity stakeholders. Currently there's no defined leverage policy, but our aim is to maintain and

continue to follow the investment credit ratings, while pursuing the growth opportunities in a way that maximizes the return to the equity holders.

Hetvi (ABI Analytics):

Q. Tabreed added 182,000 RT of capacity through the acquisition of PAL Cooling Holding. Can you please remind us of the acquisition price paid for this transaction? Additionally, how does this valuation compare with the per RT metrics of Tabreed's previous acquisitions?

Salik Malik:

A. On total concession capacity, which is around 600,000 tons, valuation of AED 4.1 bn is around AED 8,000 per RT, that is on fully matured asset. And with regard to IRR, we always communicate and follow internally the single high digit and low double digit IRR target. That is our target when it comes to acquiring any acquisitions. Or for that matter, any new project.

Hetvi (ABI Analytics):

Q. What IRR did Tabreed generate for the projects in 2024 and 2025? Furthermore, what is the IRR of the company target for 2026, including contributions from recently completed acquisitions? And then also a question about the dividend. What level of dividend is Tabreed expected to distribute in 2026? Should we assume a similar payout ratio for 2026 and the medium term or any changes?

Salik Malik:

A. I will take this question. Regarding the IRR for 2024, 2025 or 2026, it always has been between the high single digit and low double digit. Again, depending on the customer profile and the partnership that could evolve in the future, this IRR can go up or down based on the credit worthiness of the customer and the potential to grow the business. When it comes to the dividend profile, again, we have been maintaining around close to 70% of our distribution payout ratio, which is subject to shareholders' approvals. We are expecting to maintain a similar trend to what we have given in the past.

Hetvi (ABI Analytics):

Q. Utility expenses increased in 2025 compared to 2024, despite a decline in consumption volumes during the year. Could you please elaborate on this increase? Staff costs reported on the direct costs increased, while staff expenses under administration and other expenses declined. Could you please also clarify whether this movement is attributable to the reclassification of expenses or any other factors

Salik Malik:

A. All the details we can go through a one-on-one call, but having said that, the utility cost increase is referred to the TSE i.e. using lower availability of TSE usage in one of our networks. So, the utility cost increased, causing some burden on costs. But this is on a declining trend, which means that we are able to secure more quality and more volumes in the fag end of the year. When it comes to the staff cost, between the direct and indirect, it is just related to the work orders that were converted between the operating costs versus the G&A. So, it is just a movement between direct and G&A costs.

Hetvi (ABI Analytics):

Q. It appears that the transaction costs related to the Palm Jebel Ali concession and the PAL Cooling acquisition were included under other gains losses in 2025. Could you provide a further breakdown?

Salik Malik:

A. The majority of the other income and losses reported amount is related to the transaction costs for PAL Cooling and the due diligence cost that we incurred while going through the concession agreements and other legal documentation on Palm Jebel Ali. Less than 10% or 15% of other losses is related to the typical asset wear and tear that we come across to replace and maintain the high reliability of our existing operational assets. So that sums up the answers to your question. Thank you.

Ahmed Solimain:

Q. What are the reasons for the significant decrease in profits for the fourth quarter? In note 13 of the financial statements, profit and loss statements for PAL Holding, there is an administrative expense of AED 60 million. Are these recurring expenses or one-time expenses?

Salik Malik:

A. Thank you, Ahmed. This is a one-time expense that has been recorded and mainly related to some of the transaction costs, which we had already spoken about in the presentation today.

Ahmed Solimain:

Q. Capacity growth was 19%, yet revenue grew by only 1%, whereas net profit was down by 19%. Is there any explanation for that? And finally, what is your plan to repay the AED 2.1 billion loan next year?

Salik Malik:

A. Thank you again, Ahmed. As we mentioned, organic capacity we have connected is almost 38,000 tons, which contributed more than 2% in the fixed revenue growth. However, as I mentioned in the presentation about the milder weather conditions, resulting in a top-line decline, which is having a lower impact on our EBITDA or net income. And as we also reported, our EBITDA margins are very stable at around 52%, which is again high end of our guidance. With regards to the net profit lower, it's again mainly driven by the transaction costs and the associated finance cost for the acquisition of brownfield asset Pal Cooling. And about the loan repayment, we had demonstrated our intentions in the past through exercising liability management exercise where we bought outstanding sukuk/bonds from the market through open purchases and also through settlement of project finances. So, we will continue to monitor such aspects to increase our net income profile as well as returns to our equity stakeholders based on multiple factors, which include Capex, Growth, or driven by excess cash that is lying in the company. So, our aim is always to maximize returns to the equity stakeholders.

Moderator:

Looks like there are no further questions at this point. Presentation was comprehensive. I will pass back the line to the management team for the concluding remarks.

Yugesh Suneja:

Thank you, Michael. With this, we conclude our call today. A recording of this call will be available on Tabreed's Investor Relation website. We appreciate your interest in Tabreed and thank you again for joining us today. You may now disconnect.

Note: This transcript has been edited to improve readability.

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