

National Central Cooling Company PJSC Tabreed

3 February 2013



2012 Results Presentation

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Agenda

- Introduction
- Business Overview
- Operational Review
- Financial Review
- Summary
- Q&A

Overview

District cooling is an essential utility service in the region

It has a number of benefits over traditional air conditioning:

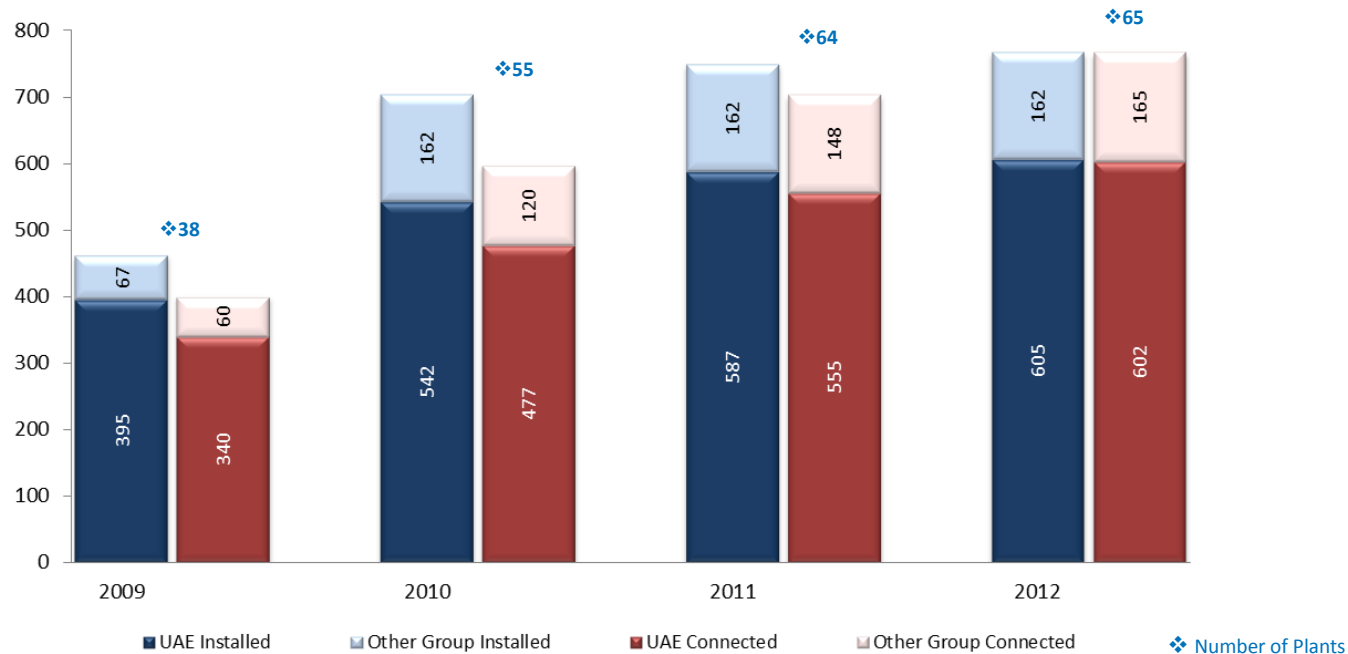
- Lower life cycle costs
- Lower operating costs
- Property owner benefits
- Energy reduction for governments
- Environmentally friendlier

Tabreed's Competitive Advantage



Operational Review

Operational Achievements



Group

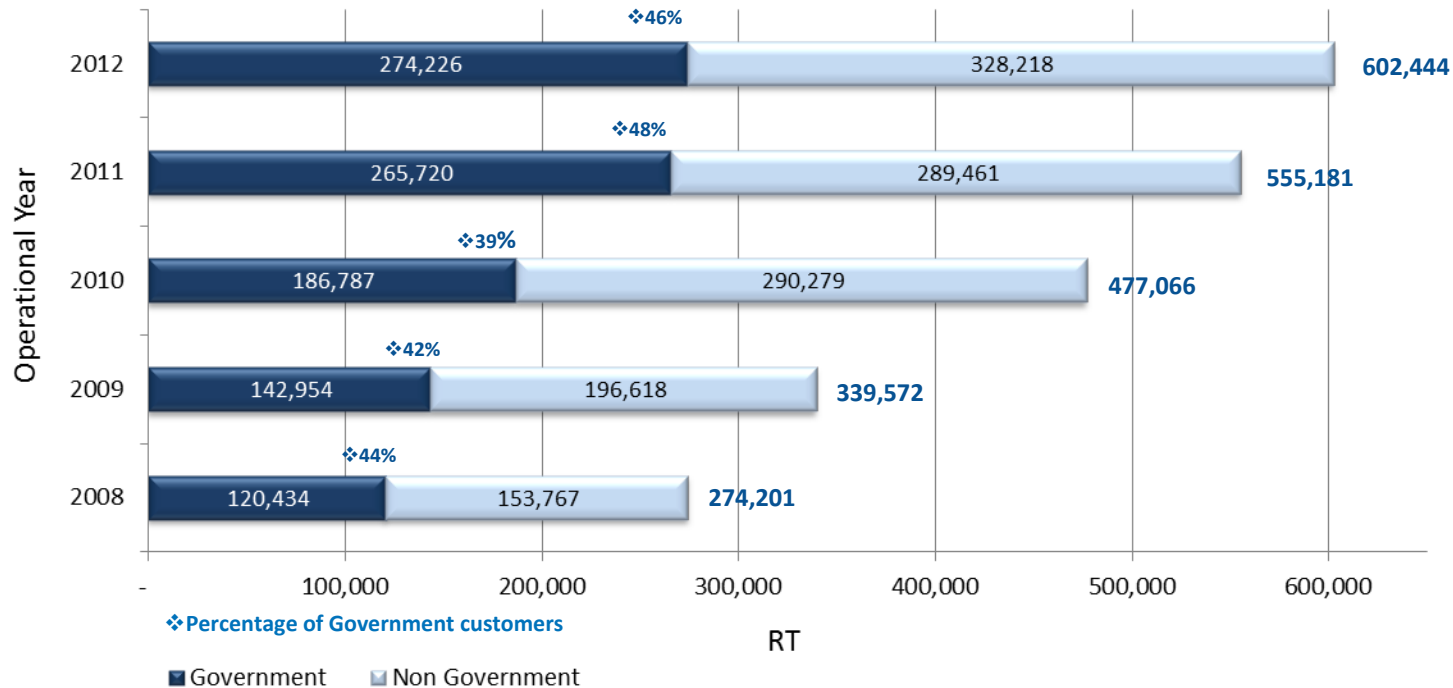
- Installed Capacity at the end of 2012 at 767,125 RT across 65 plants
- Connected Capacity for the Group 766,997 RT and 99% of Installed Capacity
- The increase in Connected Capacity outside of the UAE has been driven by Qatar, with increased connections of 13,300 RT in 2012

UAE

- UAE Installed Capacity 605,325 RT * (gross) across 59 plants
- Total Connected Capacity of Chilled Water at the end of 2012 was (gross) 602,444 RT, 99% of total Installed Capacity

* Figure is gross and includes 70,400 RT of capacity from associates and joint ventures in UAE

Long-term, Stable, Customer Base



- The graph shows the split in the UAE Connected Capacity between our government and non government customers
- At the end of 2012, 46% of our Capacity has been contracted to government clients
- These are long term stable contracts with well established government entities

2012 Results Summary

Financial Highlights

Strong 2012 results continue to demonstrate strength of our underlying business

- Core Chilled Water Revenue up 7% to over AED 1bn (2011: AED 943.8m)
- 2012 Revenue up 1% to AED 1,128.7m (2011: AED 1,114.6m)
- 2012 Operating Profit up by 18% to AED 356.3m (2011: AED 301.4m)
- 2012 Net Profit attributable to Parent up by 29% to AED 236.3m (2011: AED 182.7m)

Operational Highlights

Focus on Chilled Water

- Increased contribution from Chilled Water – Contribution to EBITDA up to 97% (2011: 92%)
- Utility efficiency gains and cost discipline continue
- One new plant came online and there was one plant expansion in Al Ain
- Additions to Connected Capacity:
 - UAE: 47,200 RT
 - Group: 64,000 RT

Value Chain Businesses

- Reduced contribution driven by completion of Tabreed's build-out program in line with expectations

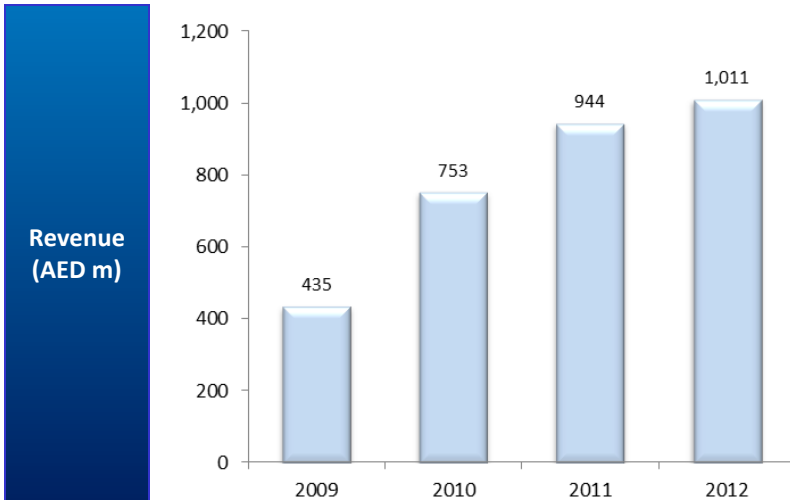
Financial & Operational Metrics - UAE

Key Metrics - UAE	2012	2011	% Change	Comment
Number of Plants	59	58	2%	One new plant in Q1 2012
Installed Capacity (RT)	605,325	587,325	3%	Increase of 18,000 RT in 2012
Connected Capacity (RT)	602,444	555,181	9%	Increase of 47,263 RT
Percentage of Installed Capacity	99%	95%		
EBITDA margin	44%	44%		
Capex Payments (AED m)	122	607	-80%	
Net Debt:EBITDA	5.5x	7.2x		
Debt to Equity ratio	43%	49%		

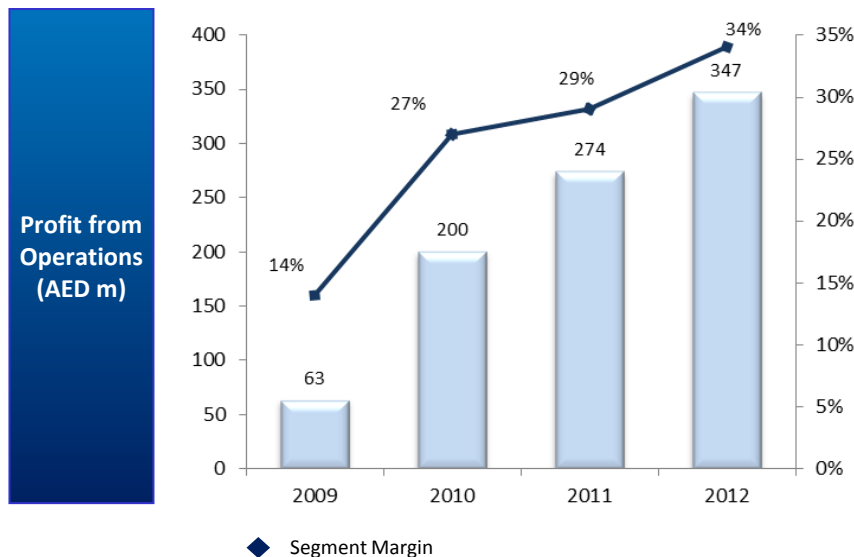
Financial Review

Chilled Water

Contribution to Revenue 90% (2011: 85%)



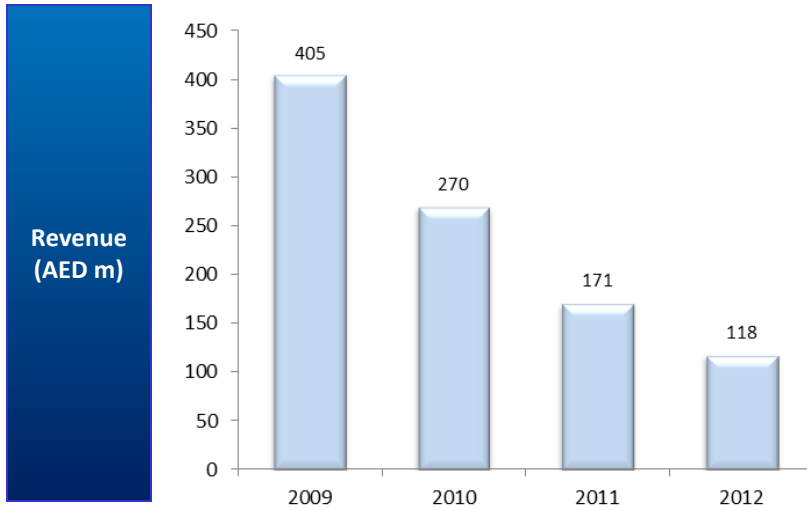
Key Metrics (AED m)	2012	2011	% Change
Revenues	1,011.0	943.8	7%
Operating Costs	(536.5)	(537.8)	-
Gross Profit	474.5	406.1	17%
Profit from Operations	347.1	274.4	27%
Operating Profit Margin	34%	29%	
EBITDA Margin	48%	43%	



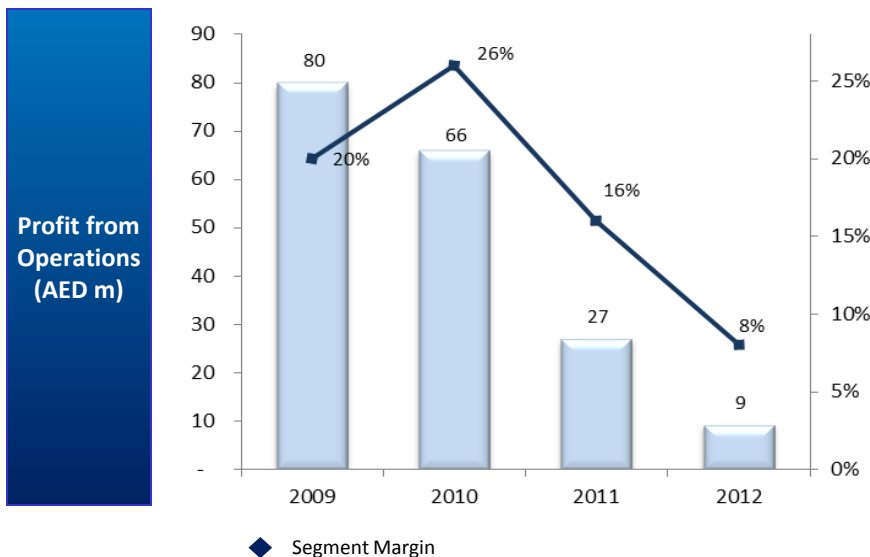
- Revenues increased 7% this year, to over AED 1bn. 11 new plants came online in Q3 2011 and we now have a full year impact
- Chilled Water contributed 97% of our Profit from Operations for 2012 (2011: 91%)
- Operating Profit Margin increased to 34% (2011: 29%), and Profit from Operations grew 27% from AED 274m to AED 347m, driven by new connections and operational efficiencies
- EBITDA of AED 486m against AED 401m in 2011. EBITDA contribution now 97%

Value Chain Businesses

Contribution to Revenue 10% (2011: 15%)



Key Metrics (AED m)	2012	2011	% Change
Revenues	117.8	170.7	-31%
Operating costs	(91.7)	(117.0)	22%
Gross Profit	26.1	53.7	-51%
Profit from Operations	9.2	27.0	-66%
Operating Profit Margin	8%	16%	
EBITDA Margin	13%	19%	



- In line with our expectations, continued and expected contraction of contribution from Value Chain Businesses, driven by the completion of Tabreed's build-out program
- Profit from Operations decreased 66% to AED 9m (2011: AED 27m)
- EBITDA of AED 15m against AED 33m in 2011, with EBITDA margin reducing from 19% to 13%. EBITDA contribution now only 3%

2012 Financial Highlights

- Whilst the core Chilled Water Revenue increased 7%, total revenue increased by 1%
- Operating Costs are down 4% as a result of continued cost control, efficiencies and economies of scale, and the expected contraction of the Value Chain Businesses
- Operating Profit is up 18% as a result of the continued improvement in the Chilled Water Business
- Operating profit margin has increased from 27% last year to 32% this year
- Net finance costs reduced by 18% as we are now paying a lower cost of debt on the syndicated loan following the recapitalisation last year
- Net Profit attributable to Parent increased by 29%
- EBITDA of AED 501.7m, a 15% increase year on year

Key Figures – Audited Consolidated Financials			
	Year ended 31 December		
<i>All figures in AED m</i>	2012	2011	% change
Revenues	1,128.7	1,114.6	1%
Operating Costs	(628.1)	(654.8)	4%
Gross Profit	500.6	459.8	9%
<i>Gross Profit Margin</i>	44%	41%	
Admin & Other Expenses	(144.3)	(158.4)	9%
Operating Profit	356.3	301.4	18%
<i>Operating Profit Margin</i>	32%	27%	
Net Finance Costs	(176.7)	(216.1)	18%
Share of Results of Associates	57.6	50.7	14%
Net Profit attributable to Parent	236.3	182.7	29%
EBITDA	501.7	434.7	15%
Capex incurred	75.7	453.0	-83%

Key Balance Sheet Movements

Asset classified as held for sale

- In our 2011 financial statements, we were showing an asset classified as 'held for sale', with a carrying value of AED 103m
- After not reaching an agreement, the Board of Directors resolved not to sell a plant and its related distribution network
- Accordingly, the asset has been reclassified to 'property, plant and equipment' in the 2012 financial statements

AED 400m advance from related party

- In 2011 we were showing an advance from a related party of AED 400m
- This represents an advance received from a customer relating to funding support for the construction of property, plant and equipment
- The advance has been partially offset during the course of 2012, and is expected to be fully repaid / settled in 2013

Mandatory Convertible Bonds

- New Mandatory Convertible Bonds were issued on 31 December 2012 as settlement of the Subordinated Loan Tranches A and B

Summary Terms and Conditions	
Instrument	AED 3.0bn subordinated Mandatory Convertible Notes <ul style="list-style-type: none"> • AED 1.9bn (including PIK of AED 183m) issued on 31 March 2011 • AED 1.1bn (including PIK of AED 30m) issued on 31 December 2012, as repayment of Subordinated Loan Facility
Maturity	March 2019
Conversion Price	AED 1.1259
Coupon	From 1 January 2013, 4% cash coupon, subject to certain restrictions (prior to 1 January 2013, PIK coupon)
Ranking	Notes rank junior to Tabreed's other financial indebtedness but pari passu with each other

Fully Diluted Shares Calculation	
Existing Shares (excluding treasury shares)	657m shares
Mandatory Convertible Notes	
• Issued 31 March 2011	1,672m shares
• Issued 31 December 2012	1,005m shares
Total Number of Shares	3,334m shares

Summary

Financial and Operational Successes

- **Strong results for Full Year 2012**
 - Core Chilled Water up 7% to over AED 1bn (2011: AED 943.8m)
 - 2012 Revenue up 1% to AED 1,128.7m (2011: AED 1,114.6m)
 - 2012 Operating Profit up 18% to AED 356.3m (2011: AED 301.4m)
 - 2012 Net Profit attributable to Parent up by 29% to AED 236.3m (2011: AED 182.7m)
- **We continue to focus on and grow our core chilled water business, and this trend is evident in our results**
 - Profit from Operations in Chilled Water continues to increase, from AED 63m for the full year 2009 to AED 274m for the full year 2011. We have achieved AED 347m for the full year 2012, an increase of 27% on 2011.
- **Management continues to focus on building the business and creating value for shareholders:**
 - Delivering on our business plan
 - Maximizing the yield from existing plants
 - Enhancing organizational and operational efficiencies
 - Achieving our full earning potential
 - Growing the Company's core chilled water business

Looking Forward

- Tabreed is well positioned to capitalize on growth opportunities by meeting demand for cooling infrastructure in the region
- GCC economies continue to grow and district cooling is a vital component of economic growth
- Our fundamental business model is strong:
 - Many of our contracts are with UAE government entities
 - Long-term, stable contracts
 - We are a utility company offering cooling services in the Middle East
 - Majority of projects are now complete



Q & A

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