



Tabreed

Q3 10 Results Presentation

10 November 2010

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Agenda

- Overview
- Operational Review – Sujit Parhar
- Financial Review – Steve Ridlington
- Update on Recapitalization program – Steve Ridlington
- Summary – Sujit Parhar
- Q&A

Overview

- **Strong 9M 10 results demonstrate strength of underlying business**
  - Group revenue of AED 710.9m – up 25% over 9M 09
    - Strong contribution from Chilled Water (+92%)
  - Reported net profit attributable to parent up 115% to AED 115.7m
- **Five new plants and two expansion plans came online in Q3 10**
  - T8 ZMC, Raha Beach 02, Shams 01, Fujairah Naval Base, New Souk Aldar, DB01 and RAK01 expansions on stream
- **Dubai Metro Green Line contracts being awarded**
  - To commence development of cooling for Dubai Metro Green Line
- **GCC developments progress**
  - First project in Oman (Tabreed 60%) commences production
  - Bahrain District Cooling Company (Tabreed 90%) project in commissioning
  - Consortium of Saudi Tabreed (Tabreed 25%) and SNC Lavalin – Canada to construct up to 100,000 TR of cooling for Rayadah Investment Co. on a design, build and operate basis
- **Recapitalization Update**
  - Progressing as planned
  - 5:1 capital reduction – to shortly submit documents for regulatory approval

Operational Review

Sujit Parhar

CEO

9M 10 Operational Achievements

Chilled Water

- Five new plants and two expansion plans came online during the third quarter and several new customers were connected
- Total installed cooling capacity increased to 541,525 tons across 49 plants
- Revenue and gross profit up 92% and 87% respectively

Construction

- Main contribution from Sowwah Island and Shams projects with revenues falling by 2% over 9M 09

Manufacturing

- Economic downturn and an increase in competition reduced order books at Tabreed's 60% owned manufacturing subsidiary, Emirates Pre-insulated Pipes Industries, resulting in revenues falling 50% to AED 65m. Completed projects include Sowwah Island, Doha Airport and Raha Beach

Services

- Largely due to the regional real estate slowdown the services division which includes Ian Banham & Associates, I2I and Cooltech registered a 11% decline in revenues in 9M 10 compared to 9M 09

Significant Capacity Roll-out

- 1H 10 saw eight plants come online with installed capacity of 54,525 RT
- A further five plants and two expansion plans came online in Q3 10 with installed capacity of 101,275 RT
- An additional three plants with installed capacity of 18,000 RT are under construction
- Currently awarding contracts for construction of eight plants for Dubai Metro Green Line with installed capacity totalling 20,550 RT
  — Temporary cooling to be provided from Dec 10
- Two expansion plans initiated
  — AD 09 Police Guard – 5,000 RT
  — AD 04 GHQ – 5,000 RT

AD 07 – Al Raha Gardens Plant

UAE Operational Plants

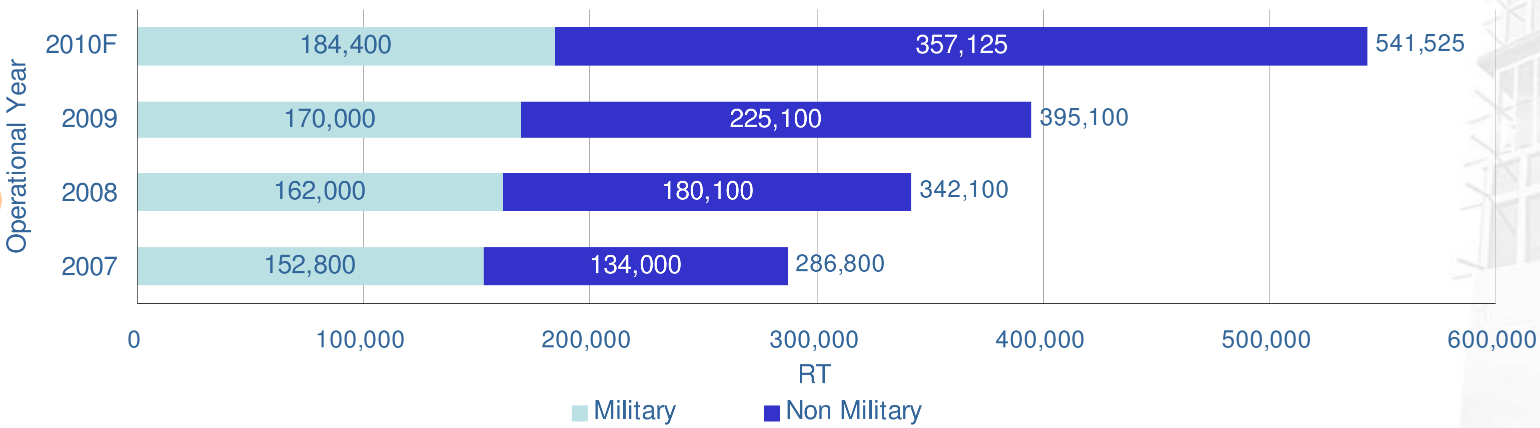
Q3 2010

- **In total 101,275 RT of gross capacity came online in Q3 10, increasing capacity to 541,525 RT* (gross) across 49 plants**
  - Total billed capacity of chilled water in Q3 10 was (gross) 451,873 and 387,717 for the Chilled Water segment
  - Average reliability of 99.99%
- **The capacity increase reflects 5 plants and 2 expansion plans completed in Q3 2010**
  - T8 ZMC – 10,000 RT, Shams 01 – 10,000 RT
  - Raha Beach 02 – 45,000 RT, Fujairah Naval Base – 4,400 RT
  - New Souk Aldar – 15,000 RT, DB01 Expansion – 9,375
  - RAK01 Expansion – 7,500 RT

2010 & 2011

- **A further 3 plants under construction**
- **Contracts to build 8 plants for Dubai Metro Green Line to be awarded and 2 expansions plans to be initiated**
- **Share of military in total capacity expected to decline from 53% in 2007 to 34% at the end of 2010**

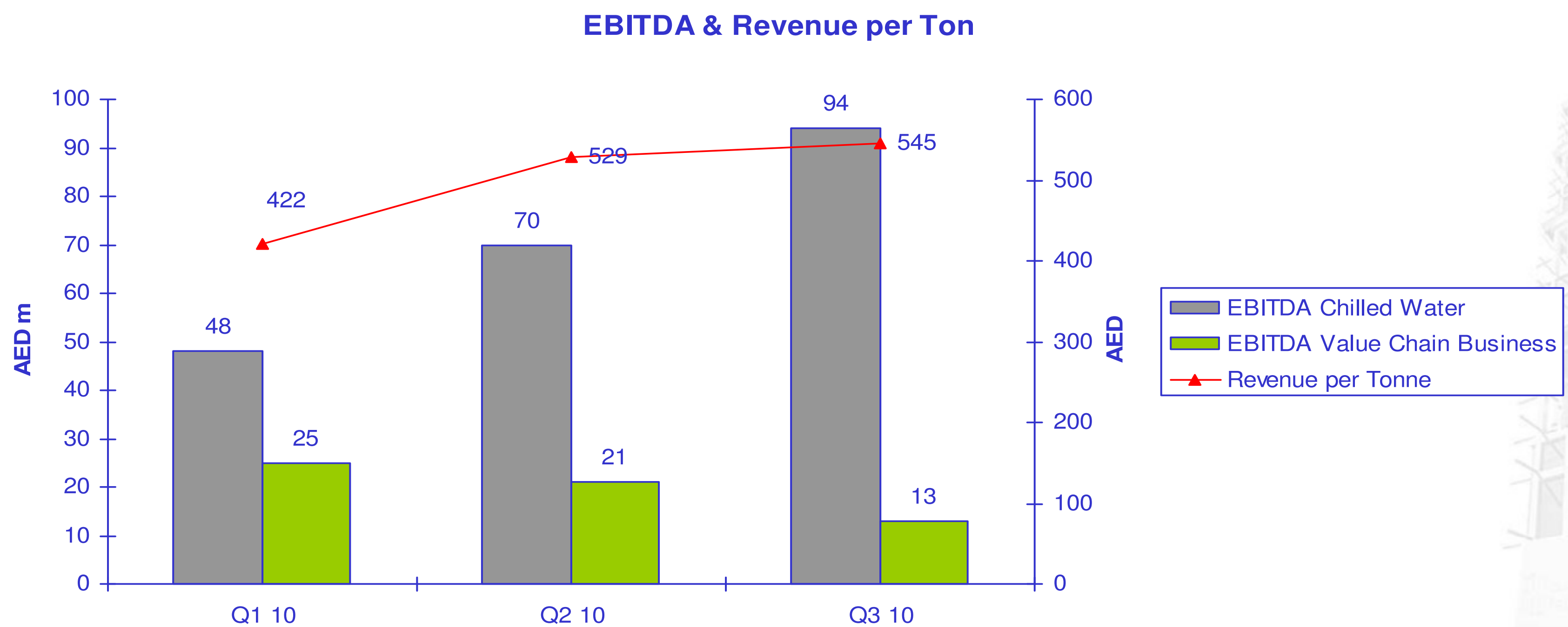
Military vs. Commercial split



* Figure is gross and includes 70,400 RT of capacity from associates and joint ventures in UAE; DB01 expansion capacity included in Q2 figure.

Chilled Water - Strategy Delivering

- **Focus on core chilled water, delivering the build out and selling capacity**
  - Strong growth in Chilled Water EBITDA – approaching 80% of total EBITDA in Q3 10
  - Chilled Water Revenue per tonne rising to AED 545 as at end September 10
  - Utility Efficiency gains – Electricity Performance YTD 0.95 KW/Ton, Water Performance 1.66 IG/Ton
  - 23,246 RT of existing spare capacity sold



Financial Review

Steve Ridlington

CFO

9M 10 Financial Highlights

Consolidated results for 9M 10

- Group revenue of AED 710.9m
  - Strong contribution from Chilled Water (+92%)
- Gross Profits of AED 332.7m up 28% on 9M 09
- Profit from Operations at AED 194.9m, up 43% on the same period last year
- Finance costs up 82% due to higher debt levels.
- Net profit attributable to parent (excluding derivative liability) of AED 94.2m, up 28% on 9M 09
- Reported net profit up 74% to AED 123.2m
- EBITDA of AED 269m
- Capex of AED 423m

Tabreed's share

- Net profit of AED 115.7m

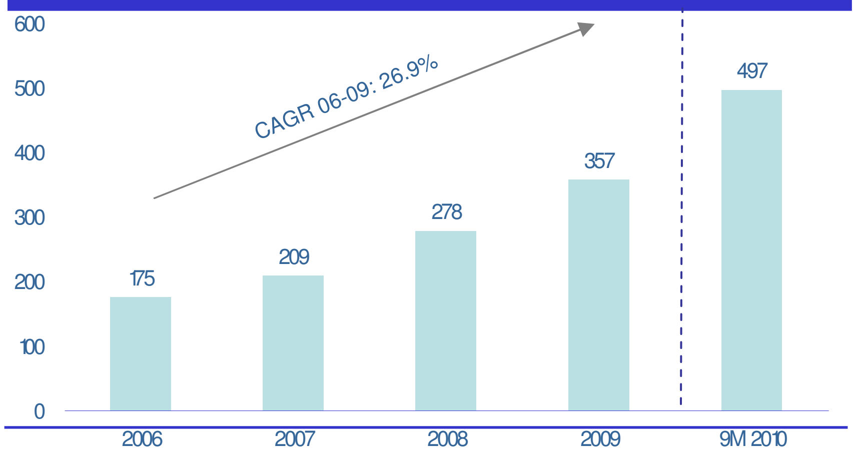
Key Figures – Un-audited Consolidated Financials		
	9-months ending 30 September	
All figures in AED m	**9M 10**	**9M 09**
Revenues	710.9	570.7
Operating costs	(378.2)	(310.6)
Gross Profit	**332.7**	**260.1**
Gross Profit Margin	*47%*	*46%*
Profit from Operations	**194.9**	**136.0**
Finance Costs	(125.8)	(69.0)
Changes in fair value of derivative liability	21.5	(20.1)
Net Profit attributable to parent before derivative liability	**94.2**	**73.8**
Net Profit	**123.2**	**70.9**
EBITDA	269.0	196.3
Capex	423	1186
Tabreed Share of:		
Net Profit	115.7	53.7

Chilled Water (70% of Revenue)

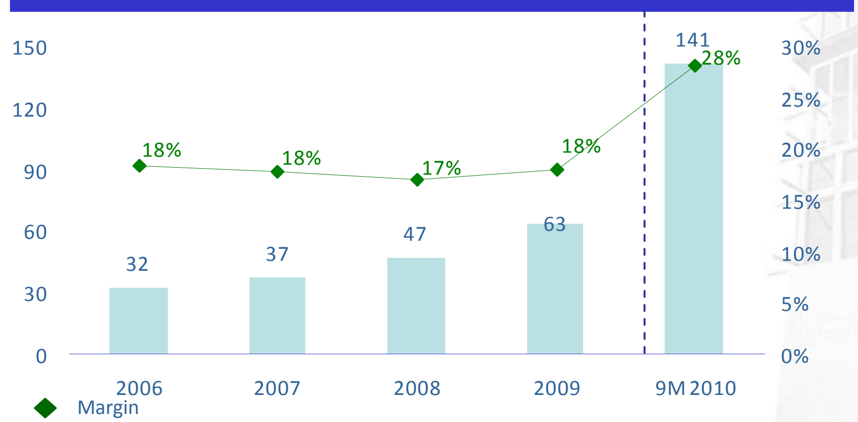
Key Metrics (AED m)	9M 10	9M 09	% Change
Revenues	497	258	92%
Cost	(260)	(132)	97%
Gross Profit	236	126	87%
GP Margin	*48%*	*49%*	
Profit from Operations	141	53	167%

- **Revenue sharply higher**
  - 13 new plants have come online since 9M 09
  - Billed capacity increased to 387,717 RT
- **Costs increased due to plant ramp up stage partly offset by utility efficiency improvements**
- **Gross profit margin of 48% recorded**
- **Profit from Operations growth of 167% over 9M 09 due to lower increase in SG&A costs**
- **EBITDA of AED 212m against AED 109m in 9M 09**

Revenue (AED m) [1]



Segment Result (AED m) [1]



Notes
1. Not adjusted for transfers between business segments

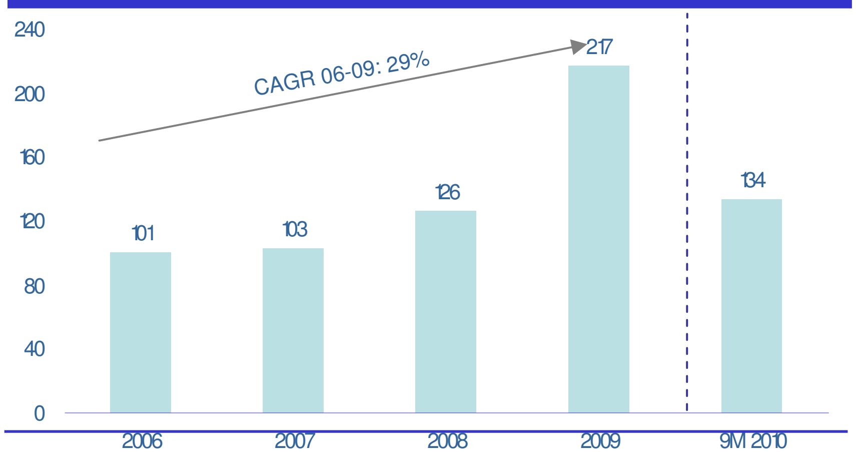
Contracting (16% of Revenue)

Key Metrics * (AED m)	9M 10	9M 09	% Change
Revenues	134	138	(2%)
Cost	(106)	(105)	1%
Gross Profit	28	33	(14%)
GP Margin	*21%*	*24%*	
Profit from Operations	24	31	(25%)

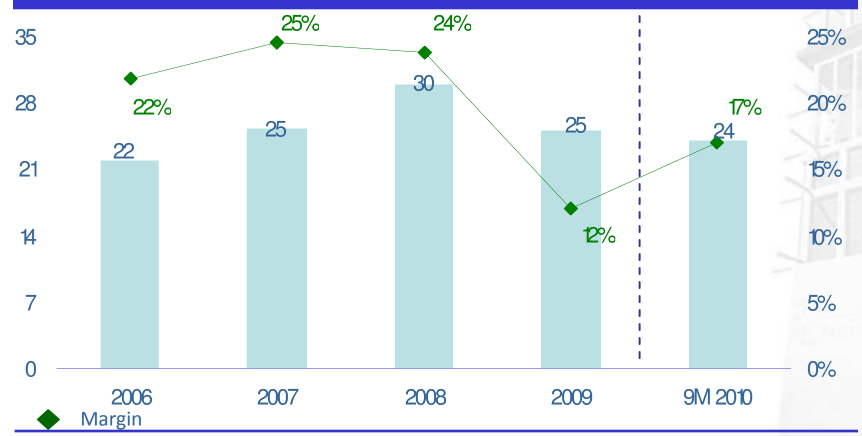
* Comparisons with 9M 09 not meaningful due to change in accounting policy – during Q1 09 revenue and profit recognition was based on invoicing rather than project milestone basis

- **Sales of AED 134m mainly due to GES projects on Sowwah Island and Shams**
- **Gross profit and GP margin in 9M 10 lower due to reduced margins on new contracts**
- **EBITDA of AED 24m against AED 31m in 9M 09**

Revenue (AED m) (1)



Segment Result (AED m) (1)



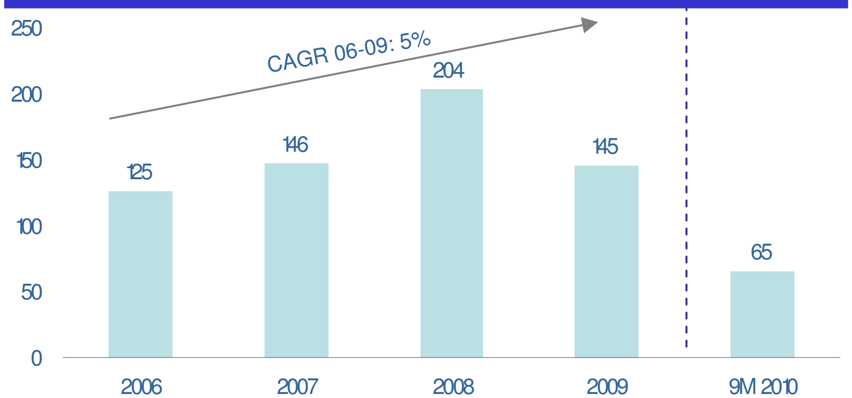
Notes
1. Not adjusted for transfers between business segments

Manufacturing (7% of Revenue)

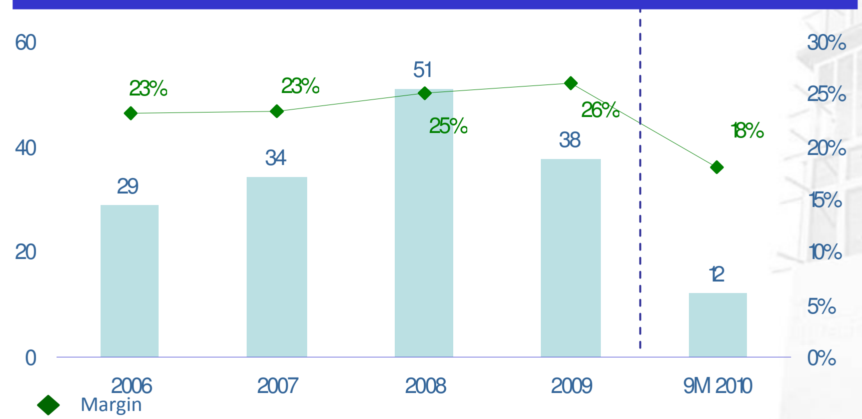
Key Metrics (AED m)	9M 10	9M 09	% Change
Revenues	65	130	(50%)
Cost	(46)	(85)	(45%)
Gross Profit	19	45	(59%)
GP Margin	*29%*	*35%*	
Profit from Operations	12	36	(67%)

- Revenues decreased by 50% over very high levels in H1 09 driven by economic downturn and resultant fall in order books. Revenues of AED 23m in Q3 10 vs. AED 13m in Q3 09
- Costs declined by 45% due to reduction in cost base
- Gross margins fell to 29% over 9M 09 reflecting reduced margins on new contracts and increased competition
- Profit from operations fell by 67% to AED 12m
- EBITDA of AED 16m against AED 40m in 9M 09

Revenue (AED m) [1]



Segment Result (AED m) [1]



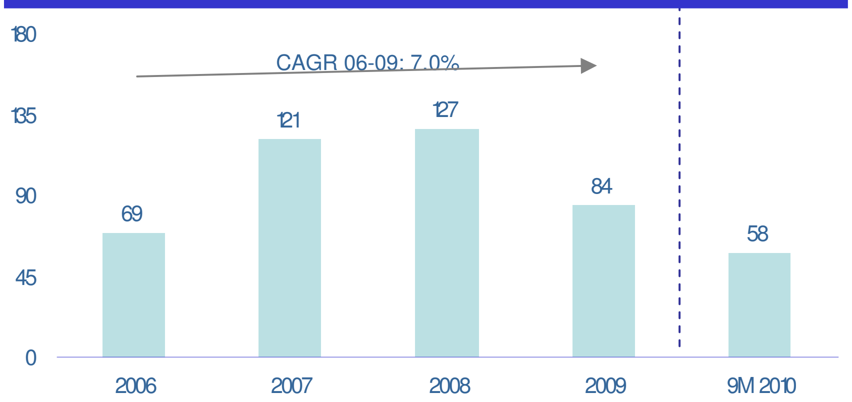
Notes
1. Not adjusted for transfers between business segments

Services (7% of Revenue)

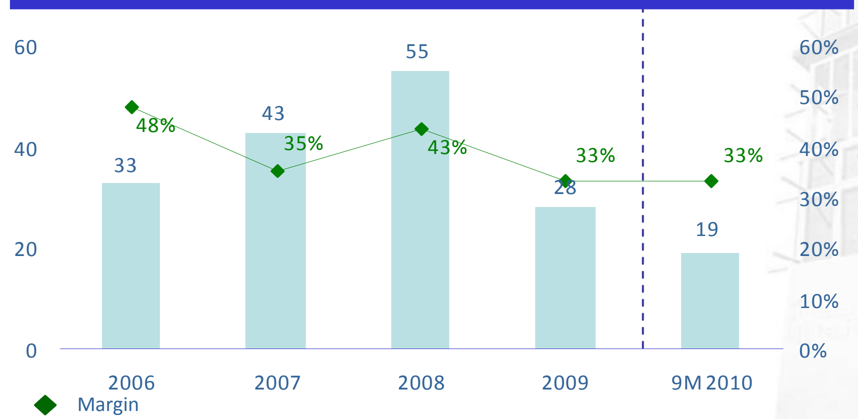
Key Metrics (AED m)	9M 10	9M 09*	% Change
Revenues	58	65	(11%)
Cost	(9)	(8)	16%
Gross Profit	49	57	(14%)
GP Margin	*85%*	*88%*	
Profit from Operations	19	21	(7%)

- Sales decreased by 11% in 2009 reflecting slowdown in the real estate sector
- Costs increased by 16% over 9M 09
- Gross margins fell to 85% from 88% in 9M 09 driven by the negative impact of fixed costs combined with sales decline
- Profit from operations fell 7% to AED 19m
- EBITDA of AED 20m against AED 21m in 9M 09

Revenue (AED m) (1)



Segment Result (AED m) (1)



Notes
1. Not adjusted for transfers between business segments
* Reclassification

Amendment to Depreciation Methodology

- **Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets**

- **Previously:**
  - Plant equipment and buildings assumed to have useful life of 30 years
  - Pipeline networks useful life of 50 years

- **Modified calculation methodology**
  - Plant buildings assessed separately with useful life of 50 years in line with pipe networks
  - Plant equipment useful life remains at 30 years

✓ The change in methodology follows technical review of useful life of buildings and is based on their recommendations. Change in methodology supported by external auditor

✓ More accurately reflects the economic use of our property, plant and equipment.

- **Impact**
  - Depreciation charge for 9M 10 is reduced by AED 8.8m to AED 74m.
  - As this is a change in estimate and not policy, there is no requirement to re-state 2009 and earlier years.

Update on Recapitalization Program

Steve Ridlington

CFO

Update on Recapitalization Process

	Recapitalisation Process Objectives	Status
Shareholders	Obtain approvals for resolutions at EGA: • Continuation of business • Authority to directors to implement recapitalisation measures 1. Capital reduction 2. Negotiation of amendments with creditors 3. Issue capital raising instruments • Amendments to Articles	• AGA and EGA held and resolutions approved • Subject to regulatory approval, Tabreed intends to reduce the Company's share capital through the cancellation of approximately 970 MM shares. – The cancellation of shares will be on a pro-rata basis at a ratio of 5:1 – Each shareholder will retain one share for every five shares it holds, and the remaining shares will be cancelled – Tabreed to shortly submit the capital reduction proposal to the Emirates Securities and Commodities Authority for approval
Banks	• Pursue a consensual long term refinancing with existing banking group – Consolidate financing arrangements – Extend maturity profile – Establish a covenant structure consistent with business plan	• Refinancing proposal currently being discussed with a Coordinating Committee of banks
Sukuk 06	• Pursue a long term refinancing – Extend maturity profile • Implement through an amendment process or exchange offer	• Preliminary organisational discussions ongoing
Mandatory Convertible Sukuk	• Renegotiation of existing terms to improve liquidity • Implement through an amendment process	• Payment of the Annual Distribution Amount due on 19 May 2010 was deferred • Over 50% of holders (currently Mubadala and ACWA) elected to support the decision to defer payment • Amendments will be proposed as part of wider recapitalisation process
New Capital	• Negotiate terms of new capital raising instruments • Close financing	• Discussions dependent upon outcome of wider recapitalization process • Ongoing discussions

Summary

Sujit Parhar

CEO

Summary

- **Robust 9M 10 results announced**
  - Sales of AED 710.9 million
  - Gross Profit of AED 332.7 million
  - Net Profit of AED 123.2 million (Tabreed's share 115.7m)

- **Strong cash generating capability**
  - EBITDA of AED 269m

- **Further progress made on recapitalization program**

- **Focus remains on delivering enhanced performance in core chilled water business - cost discipline, improving productivity, selling excess capacity and delivering pipeline of new projects**

- **Positioning for the future**
  - Grow a stable and long term business

Q&A

Contact Details

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