National Central Cooling Company PJSC

(DFM:TABREED)

FY2018

Earnings Presentation

31 January 2019

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Agenda

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

1. Introduction and Performance Highlights

Performance Highlights

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Financial Highlights: 2018 vs. 2017

Total Revenue	Chilled Water Revenue	EBITDA	Net Income	Proposed Dividend
AED 1,447m	AED 1,361m	AED 694m	AED 428m	9.5 fils
+3.4%	+3.3%	+10.5%	+6.9%	+1.5 fils

Performance Highlights and Corporate Developments

Performance Highlights

- Chilled Water revenue growth at 3.3%; Chilled Water EBITDA up 9.9%
- Tabreed EBITDA increased by 10.5% to AED 694m and EBITDA margins increased from 45% to 48%
- Previously announced capacity guidance to add 65k RT by the end of 2019; 39k RT already added in 2018
- Revised capacity guidance to 65k RT to be added over 2019 and 2020
- Fourth plant in Oman becomes fully operational at Al Araimi Mall taking the total number of plants to 74 across GCC

2018 Developments

- Investment grade ratings from Moody's (Baa3, Stable) and Fitch (BBB, Stable)
- Successfully raised US$ 500m (AED 1.8bn) fixed rate senior unsecured RegS Sukuk with a 7 year tenor
- IDB Infrastructure Fund II acquires a significant stake of Saudi Tabreed during Q2 2018; Tabreed's holding in Saudi Tabreed decreased from 25% to 20%
- Tabreed acquired the remaining 50% stake in S&T from Aldar Properties

Committed to adding value to shareholders – Proposed dividend of 9.5 fils, up from 8.0 fils in 2017

Tabreed at a Glance

tabreed

One of the world's largest district cooling companies

74
plants in
5 countries

Over
1.1m RT
delivered to clients

Equivalent to cooling
113
towers the size of Burj Khalifa

Environmentally responsible operations reducing green house gas emissions

1.97 billion kWh
annual reduction in energy consumption in the GCC through Tabreed's DC services in 2018

=

Enough energy to power
112,000
homes in the UAE every year

986,000tons
annual elimination of CO_2 emissions

=

The equivalent of removing
214,000
cars from our streets every year

Exclusive provider of DC services to several iconic projects

Cleveland Clinic Abu Dhabi

Dubai Parks and Resorts

Dubai Metro

Sheikh Zayed Grand Mosque

Etihad Towers

World Trade Center

The Pearl

Ferrari World

Strong financials

2018 revenue:
AED1,447m

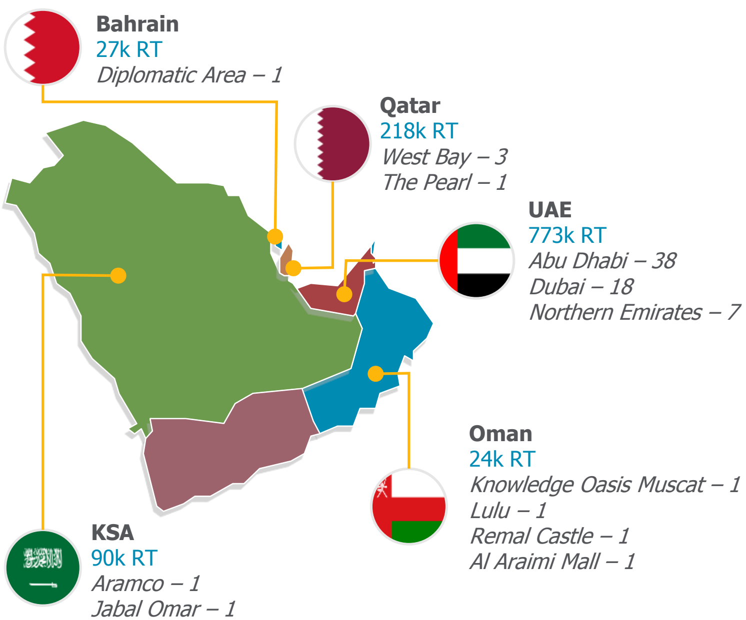
2018 EBITDA:
AED694m
48% margin

2018 net profit:
AED428m
30% margin

Regional Presence

The only publicly listed district cooling company in the world

- 5 GCC countries | 74 plants | Over 1.1m tons of cooling
- Uniform utility infrastructure model implemented across GCC
- Long term contracts underpinning stability of earnings and returns for shareholders



National Central Cooling Company and its UAE investments

- 60 consolidated plants, 3 held through associates and joint ventures
- Plants in 6 emirates of the UAE - Abu Dhabi, Dubai, Ajman, RAK, Sharjah and Fujairah
- 773k RT delivered to clients including some of UAE's most prominent landmarks

Landmark Projects: Dubai Metro, Dubai Parks and Resorts, Sheikh Zayed Grand Mosque, Yas Island, Al Maryah Island

Qatar District Cooling Company (Tabreed 44%)

- Joint Venture with United Development Company
- Owns and operates the world's largest DC plant on The Pearl with connected capacity of 116k RT
- Also owns and operates 3 DC plants and a concession in Qatar's West Bay (102k RT)

Landmark Projects: The Pearl – Qatar, West Bay

Saudi Tabreed District Cooling Company (Tabreed 20%)

- Partnership with ACWA Holding and others
- Owns and operates first significant DC plant in KSA – Saudi Aramco (32k RT)
- Also owns and operates a DC plant in the Holy City of Mecca for Jabal Omar Development Co. (58k RT)
- Operates the DC plant servicing the landmark King Abdulla Financial District (KAFD) development (50k RT)

Landmark Projects: Saudi Aramco, Jabal Omar Development

Bahrain District Cooling Company (Tabreed 99.8%)

- Owns and operates 1 DC plant (27k RT)
- Plant runs using sea water to provide cooling to the most prestigious developments in Bahrain

Landmark Projects: Reef Island, Financial Harbour, World Trade Centre

Tabreed Oman (Tabreed 60%)

- A partnership between Tabreed and prominent Omani pension funds
- Owns and operates 4 plants serving Knowledge Oasis Muscat, Oman Avenues Mall, Remal Castle and Al Araimi Mall

Landmark Projects: Knowledge Oasis Muscat and Oman Avenues Mall

Connected Capacity

- Previously announced capacity guidance of 65,000 RT to be added by 2019
- Connected 39,000 RT during 2018 across the region. Key additions during Q4 2018 were Pearl Qatar (3,259 RT) and Al Araimi Mall in Oman (6,225 RT)
- 32,800 RT for S&T recorded as consolidated capacity from Q1 2018
- Revised capacity guidance of 65,000 RT to be added in 2019 and 2020

Consolidated	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
UAE	668	702 [1]	702	702	702
Bahrain	26	26	26	26	27
Oman	17	17	18	18	24
Total Consolidated	**712**	**745**	**746**	**746**	**752**

Equity Accounted	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
UAE	103	71 [2]	71	71	71
Qatar	199	199	214	214	218
KSA	79	79	83	90	90
Total Equity Accounted	**381**	**349**	**368**	**375**	**379**

Total	**1,092**	**1,094**	**1,114**	**1,121**	**1,131**

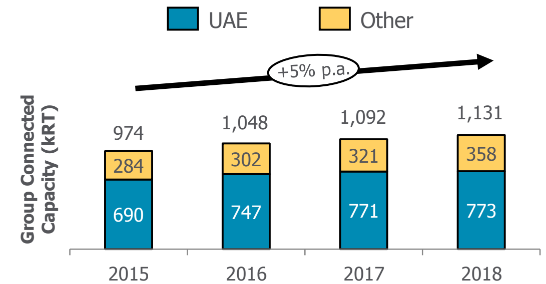
2018 and 2019 Target: 65k RT
2018 Additions: 39k RT

Notes:
1 Includes 32.8k RT for S&T which is now consolidated
2 Includes 1.5k RT added during Q1 2018 and excludes 32.8k RT of S&T which is now consolidated

Headline Performance

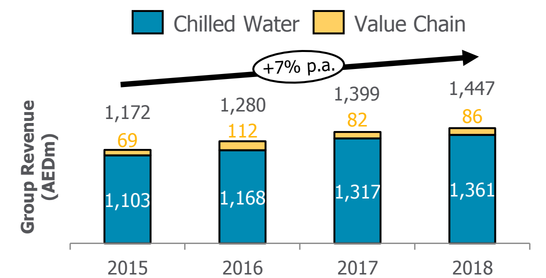
Long-term contracts with credit worthy customers

- Providing over 1.1m RT of cooling across GCC – growing 5% annually since 2015
- Long term contracts (~25 years) mean over 90% of contracted capacity locked in for at least the next 10 years
- About 70% of revenues from wholly government owned and partially government owned entities



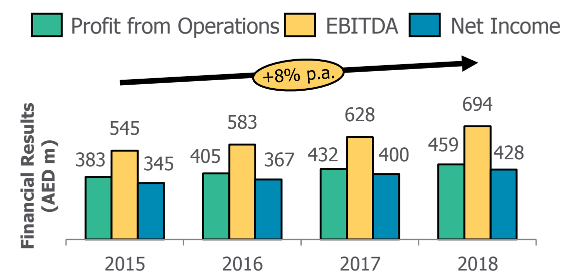
Revenue growth from existing and new business

- Group revenue growing at a 7% CAGR since 2015 driven by Chilled Water revenue growth of 7%
- Utility business model leads to steady increases in revenue and profitability from existing customers



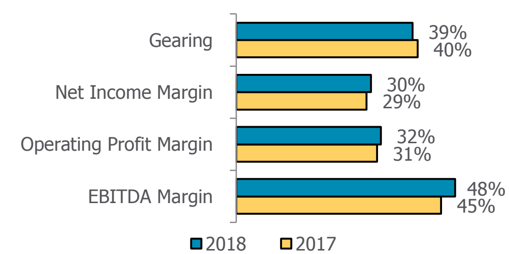
Solid financial performance

- Predictability in earnings driven by capacity charge
- Net income has grown 7% and EBITDA 8% annually since 2015



Value to shareholders

- EBITDA margin of 48%
- Strong balance sheet
- Stable cash flow generation
- Proposed dividend of 9.5 fils, up from 8.0 fils in 2018



2. Financial Results

2018 Income Statement

Consolidated Financials (AED m)	2018	2017	Variance	%
Revenue	1,447	1,399	*47*	*3%*
Chilled water revenue (94%)	1,361	1,317	*44*	*3%*
Value chain businesses (6%)	86	82	*3*	*4%*
Operating cost	(784)	(772)	*(12)*	*2%*
Gross Profit	**663**	**628**	***35***	***6%***
Gross profit margin	*46%*	*45%*		
Administrative and other expenses	(204)	(196)	*(8)*	*4%*
Profit from Operations	**459**	**432**	***27***	***6%***
Operating profit margin	*32%*	*31%*		
Net finance costs	(161)	(161)	*0*	*0%*
Other gains and losses	43	2	*41*	-
Share of results of associates and joint ventures	90	129	*(39)*	*-30%*
Income attributable to non-controlling interests	(4)	(2)	*(2)*	-
Net Income	**428**	**400**	***27***	***7%***
Net Income margin	*30%*	*29%*		
EBITDA	**694**	**628**	***66***	***10%***
EBITDA margin	*48%*	*45%*		

Key Observations

- Increase in revenue mainly driven by consolidation of S&T, capacity additions in Oman and Bahrain and chilled water CPI adjustment for 2018
- Share of results of associates and joint ventures declined compared to prior year mainly due to the impact of new accounting standard (IFRS 15), consolidation of S&T and dilution of stake in Saudi Tabreed
- Finance cost unchanged at AED 161m

Stable utility business model with EBITDA margins of ~48%

2018 Financial Position

Consolidated Financials (AED m)	Dec 31, 2018	Dec 31, 2017	*Variance*	*%*
Fixed Assets	7,026	6,874	*152*	*2%*
Associates and Joint Ventures	579	826	*(247)*	*-30%*
Accounts Receivable	568	517	*52*	*10%*
Cash and Short Term Deposits	249	418	*(169)*	*-40%*
Other Assets	61	60	*1*	*2%*
Total Assets	**8,484**	**8,696**	***(211)***	***-2%***
Equity and Reserves	4,737	4,797	*(60)*	*-1%*
Non Convertible Sukuk	1,829	-	*1,829*	-
Islamic Financing	-	1,155	*(1,155)*	*-100%*
Other Corporate Debt	1,160	2,013	*(853)*	*-42%*
Other Liabilities	758	730	*28*	*4%*
Total Liabilities and Equity	**8,484**	**8,696**	***(211)***	***-2%***

Key Observations

- Increase in fixed assets primarily reflects consolidation of S&T
- Decrease in Associates and Joint Ventures reflects dividend received, IFRS 15 adjustment for Qatar Cool, transfer of S&T to consolidated subsidiary and 5% dilution of stake in Saudi Tabreed
- Increase in accounts receivables primarily due to consolidation of S&T and impact of VAT
- Movement in debt reflects refinancing activity in Q4 2018 and strong operating cash flows enabling reduction in debt

Robust balance sheet optimally positions Tabreed to capitalize on future growth opportunities

2018 Cash Flow Statement

Consolidated Financials (AED m)	2018	2017	*Variance*	*%*
Profit from Operations	**459**	**432**	***27***	*6%*
Finance lease amortization	85	56	*30*	*53%*
Depreciation	150	140	*9*	*7%*
Working Capital and other adjustments	(32)	(73)	*41*	*56%*
Net cash flows from Operating Activities	**662**	**555**	***107***	***19%***
Capital expenditure incurred	(100)	(198)	*98*	*-50%*
Acquisition of additional share in a subsidiary	(5)	-	*(5)*	-
Dividends and interest income received	75	123	*(48)*	*-39%*
Proceeds from sale of stake in Saudi Tabreed	40	-	*40*	-
Acquisition of S&T	(252)	-	*(252)*	-
Net cash flows from Investing Activities	**(241)**	**(74)**	***(167)***	***-225%***
Loans drawn down and principal repayments (net)	(2,051)	(67)	*(1,984)*	-
Sukuk received	1,829	-	*1,829*	-
Interest payments	(130)	(144)	*14*	*-10%*
MCB cash coupon paid	-	(43)	*43*	-
Others	(238)	(199)	*(39)*	*-20%*
Net cash flows from Financing Activities	**(590)**	**(453)**	***(138)***	***-30%***
Net Movement in Cash and Cash Equivalents	**(169)**	**28**	***(198)***	-
Cash and Cash Equivalents at the start of the period	418	390	*28*	*7%*
Cash and Cash Equivalents at the end of the period	**249**	**418**	***(169)***	***-40%***

Key Observations

- Strong operating cash flows driven by higher profitability and improved working capital cycle
- Investing cash flows primarily reflect acquisition of S&T
- Financing cash flows mainly include dividend payment; scheduled debt repayment and refinancing in 4Q 2018

Strong cash flow generation from long term price certain contracts

2018 Debt Portfolio and Return Ratios

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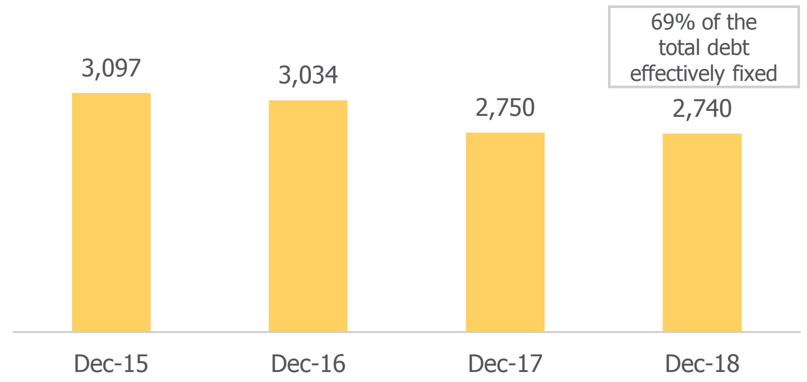
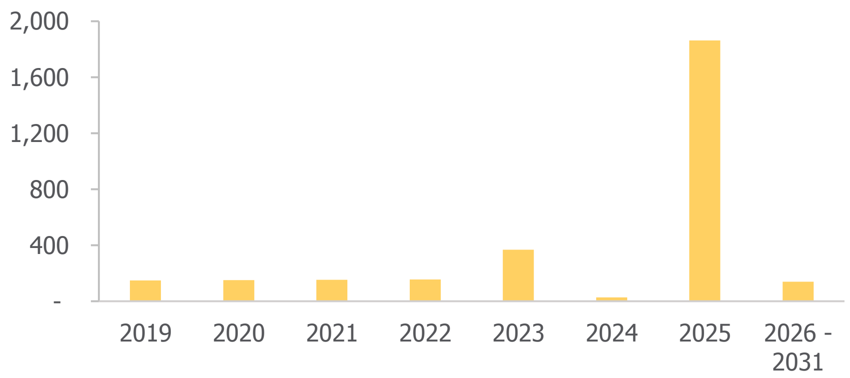
- Significantly reduction in net debt over the last 4 years with commensurate reduction in gearing to 39%. 69% of the total debt fixed rate
- No significant debt repayments until the Sukuk matures in 2025
- Strong improvement in Net Debt to EBITDA ratio as EBITDA continues to grow and debt declines
- Consistent improvement in return ratios

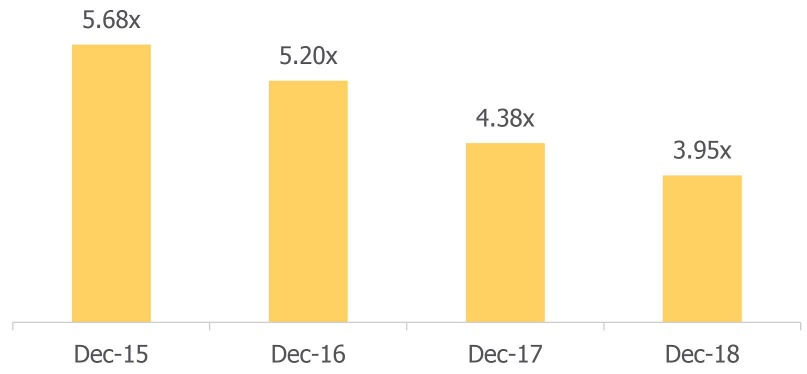
Net Debt Profile (AED m)



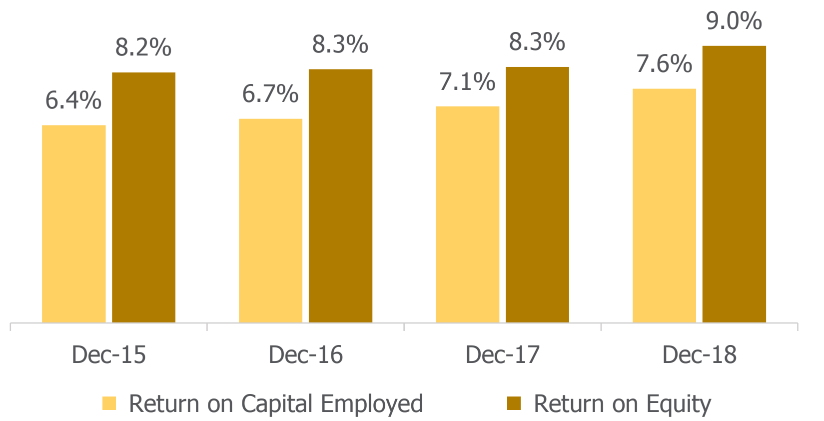
Debt Maturity Profile (AED m)



Net Debt to LTM EBITDA



Return on Capital Employed and Return on Equity



3. Conclusion

Unique GCC-wide Infrastructure Assets Company

Why District Cooling?	• District Cooling is a critical part of the growing GCC infrastructure • District Cooling is 50% more energy efficient than conventional cooling and 16% cheaper for the customer
Why Tabreed?	• One of the largest district cooling companies in the world with experienced management team • 20 years of excellent operational performance, on-time delivery of projects and expertise in financing DC assets • Relationships with Government and key real estate developers across the region • A strong shareholder base with Mubadala and ENGIE providing support to operations and growth • Investment grade credit ratings from Moody's (Baa3, Stable) and Fitch (BBB, Stable) • Sukuk issue and refinance of the current debt delivers improved balance sheet efficiency and longer term maturity
Robust Financial Results	• Sustainable, stable and predictable results, low operating risk business model with strong margins • Net income has grown 7% and EBITDA 8% annually since 2015, driven by capacity additions and CPI pass through • Stable utility infrastructure business model enables consistent YTD performance with ~48% EBITDA margins
Seeking and investing in opportunities across GCC	• Focus on stable Chilled Water leading to enhanced value from existing plants and increasing operational efficiencies • Seeking and investing in organic and inorganic projects across the GCC • De-risking projects by using "take or pay" fixed date contracts and ring-fenced project financing
Track record of delivering capacity growth	• 157k RT capacity added since 2015 • 65k RT of signed up capacity additions expected by the end of 2019, 39k RT delivered in 2018 • Regional footprint allows access to varied growth opportunities • Operational track record, customer relationships and financial strength to benefit from growth in the region

تبريد
tabreed
Sustainable Cooling

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Stable Core Business Model Delivering Consistent Performance

Business Model - Profit Statement (% of revenue)*

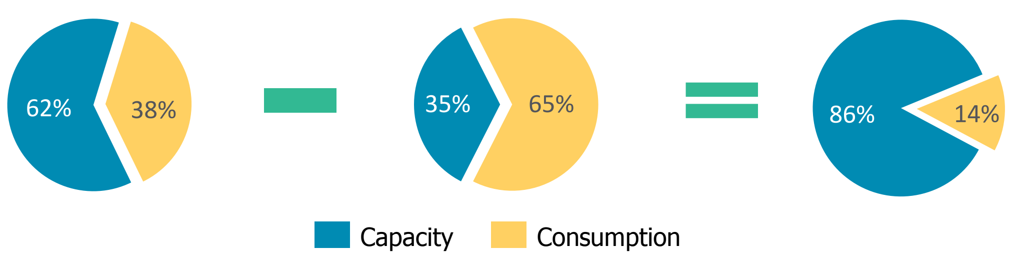
Chilled Water	Capacity (fixed)	Consumption (variable)	Total
Revenue, net of amortization	**62**	**38**	**100**
Utility Costs	-	(32)	(32)
Plant operation & maintenance	(12)	-	(12)
Depreciation	(10)	-	(10)
Gross Profit	**40**	**6**	**46**
Corporate overheads	(13)	-	(13)
Profit from Operations	**27**	**6**	**33**
Add: Depreciation & amortisation	15	-	15
EBITDA	**42**	**6**	**48**
EBITDA Margin	***68%***	***16%***	***48%***

** Based on last 3 years average*

60% of the revenue is fixed

Only 35% of the cost is against fixed revenue, rest is passed through

Hence, 86% of the EBITDA is from capacity revenue



Billing structure and profitability

- Tabreed bills customers for capacity (fixed) charges and consumption (variable) charges
- Capacity charges reflect the cooling capacity (in RT) reserved for the customer and are generally fixed, subject to escalation based on country CPI every year
- Consumption charges recover the cost of cooling consumed. Contractually, any change in variable cost is generally passed through to the customers
- Tabreed's EBITDA is driven by capacity charges allowing recovery of plant operation cost, corporate overheads and providing a strong return on capital invested