

National Central Cooling Co.

(DFM:TABREED)

Q3 2017 Earnings Presentation

8 November 2017

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Agenda

A | Introduction and Performance Highlights

B | Financial Results

C | Key Takeaways

Continued strong performance

Financial Highlights: YTD Q3 2017 vs. YTD Q3 2016

Total Revenue

AED 1,049 million

+9%



Chilled Water

AED 994 million

+14%



EBITDA

AED 465 million

+7%



Net Profit

AED 290 million

+8%



Operational Highlights and Developments

Performance Highlights

- Capacity additions in the second half of 2016, higher consumption volumes and utility pass through resulted in the strong Chilled Water revenue growth
- Announced 60kRT of capacity additions by end of 2018
- 38k RT added during the nine months of 2017

Other Developments

- Tabreed stock was certified Shari'a compliant. Should assist in broadening potential investor base and enhance liquidity
- Mubadala converted all of its Mandatory Convertible Bonds (MCBs) into equity shares
- Simultaneously, ENGIE – a multinational energy leader – acquired 40% of Tabreed
- Mubadala retained a 42% equity interest and continues to be Tabreed's largest shareholder
- Four new Board Members joined Tabreed's Board
- Two experienced ex-ENGIE executives joined Tabreed management team as Chief Operating Officer and Chief Development Officer

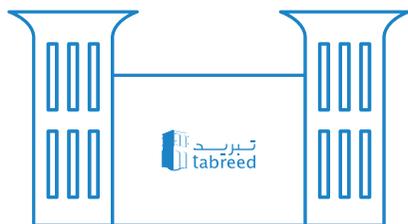
Driven by Chilled Water business segment

Tabreed at a glance

One of the world's largest district cooling companies

72

plants in
5 countries



Approaching

1.1m RT

delivered to clients



Equivalent to cooling

108 towers the size of
Burj Khalifa



Environmentally responsible operations reducing green house gas emissions



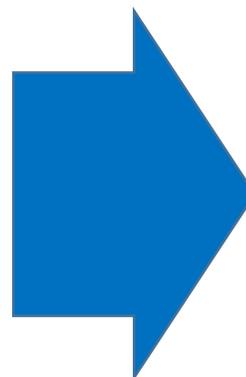
1.4 billion kWh

annual reduction in energy consumption in
the GCC through Tabreed's DC services in
2016



Enough energy to power
48,000

homes in the UAE every year



713,000 tons

annual elimination of CO₂
emissions



The equivalent of removing
143,000

cars from our streets every year

Serving iconic projects across the region



Cleveland Clinic
Abu Dhabi



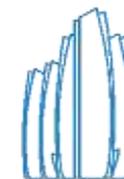
Dubai Parks
and Resorts



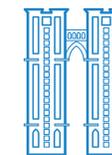
Dubai
Metro



Sheikh Zayed
Grand Mosque



Etihad Towers

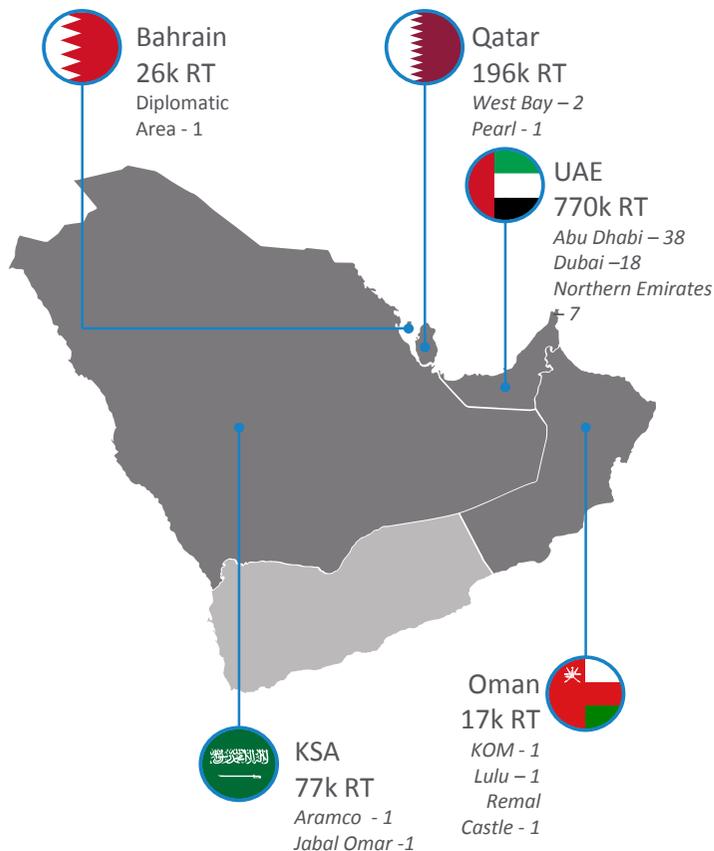


Jabal Omar
Project

The only listed DC company and operating across the region...

5 GCC Countries | 72 Plants | Approaching 1.1m tons of cooling

- Only listed DC company in GCC markets
- 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

- 59 consolidated plants, 4 held through associates and joint ventures
- Plants in 6 emirates of the UAE - Abu Dhabi, Dubai, Ajman, RAK, Sharjah and Fujairah
- 770 kRT 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 130 kRT and installed capacity of 109 kRT
- Also owns and operates 2 DC plants and a concession in Qatar’s West Bay (87 kRT)

Landmark Projects: The Pearl – Qatar, West Bay

Saudi Tabreed District Cooling Company (Tabreed 25%)

- Partnership with ACWA Holding and others
- Owns and operates first significant DC plant in KSA – Saudi Aramco (32 kRT)
- Also owns and operates a DC plant in the Holy City of Mecca for Jabal Omar Development Co. (45 kRT)
- Operates the DC plant servicing the landmark King Abdulla Financial District (KAFD) development (50 kRT)

Landmark Projects: Saudi Aramco, Jabal Omar Development

Bahrain District Cooling Company (Tabreed 90%)

- Owns and operates 1 DC plant (26 kRT)
- 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 3 plants serving Knowledge Oasis Muscat, Oman Avenues Mall and Remal Castle (added during Q2 2017)

Landmark Projects: Knowledge Oasis Muscat and Oman Avenues Mall

... With a total connected capacity of about 1.1m RT

Tabreed previously announced 60kRT of capacity additions across the GCC by end of 2018...

Consolidated	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
UAE	635.9	657.4	661.4	666.8	667.8
Bahrain	22.3	23.1	23.1	26.1	26.1
Oman	13.4	13.8	13.8	16.2	17.4
Total Consolidated	671.6	694.3	698.3	709.1	711.3

Equity Accounted	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
UAE	88.7	89.2	101.5	102.7	102.7
Qatar	185.4	188.2	192.0	196.0	196.0
KSA	65.8	76.7	76.7	76.7	76.7
Total Equity Accounted	339.9	354.1	370.2	375.3	375.3

Total	1,011.5	1,048.4	1,068.4	1,084.5	1,086.6
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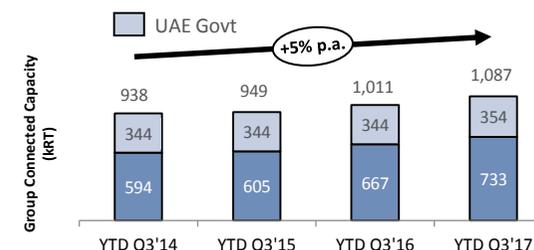
Target up to 2018: 60k RT
Added till YTD Q3 2017: 38k RT

Of this 38kRT of new capacity already added in YTD Q3 2017

Headline Performance

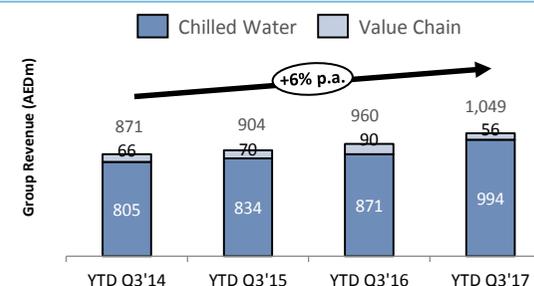
Long-term contracts with credit worthy customers

- Providing almost 1.1m RT of cooling across GCC – growing 5% annually since 2014
- Long term contracts (~25 years) mean over 95% of contracted capacity locked in for at least the next 10 years
- Approaching 50% of UAE capacity contracted with Government customers



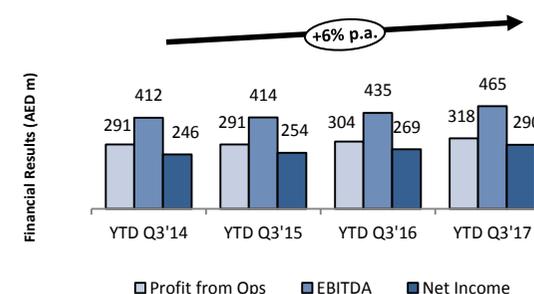
Revenue growth from existing and new business

- Total Group Revenue up 9%, reaching AED 1,049m, driven by new capacity additions, utility pass through and CPI pass through
- Revenue increase driven by capacity additions, annual CPI uplift and rising consumption volumes



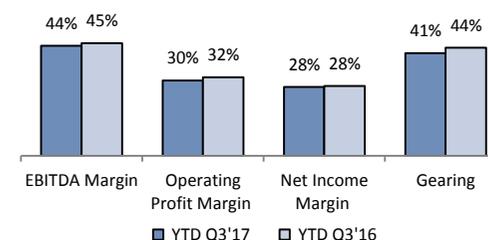
Solid financial performance

- Predictability in earnings driven by capacity charge
- Net income and EBITDA have grown at 6% and 4% annually since 2014



Value to shareholders

- EBITDA margin of 44% and sustained over recent years
- EPS up 8% in first 9 months of 2017 driven by chilled water business
- Gearing of 41%, in line with global utility benchmarks
- Rising dividend in recent years with ~ 50% payout





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Financial Highlights

Income Statement

Consolidated Financials (AED m)	YTD Q3'17	YTD Q3'16	Variance	%
Revenue	1,049	960	89	+9%
<i>Chilled water revenue (95%)</i>	994	871	123	+14%
<i>Value chain businesses (5%)</i>	56	90	(34)	-38%
Operating cost	(590)	(519)	(71)	+14%
Gross Profit	459	442	18	+4%
<i>Gross profit margin</i>	44%	46%		
Administrative and other expenses	(141)	(138)	(3)	+2%
Profit from Operations	318	304	15	+5%
<i>Operating profit margin</i>	30%	32%		
Net finance costs	(122)	(115)	(6)	+6%
Other gains and losses	1	5	(3)	-68%
Share of results of associates and joint ventures	91	80	11	+14%
Income attributable to non-controlling interests	1	(4)	5	+128%
Net Profit	290	269	21	+8%
<i>Net profit margin</i>	28%	28%		
EBITDA	465	435	30	+7%
<i>EBITDA margin</i>	44%	45%		

Key Observations

- Revenue growth of 9% driven by Chilled Water capacity additions, consumption volume growth and utility pass through
- Gross margins impacted by higher share of consumption revenues in total revenues
- Higher finance costs primarily reflect increase in EIBOR rates
- Associates and JVs continue to perform well with a 14% increase in share of results

Stable utility infrastructure business model enables consistent YTD performance with ~44% EBITDA margins

Financial Highlights

Financial Position

Consolidated Financials (AED m)	Sep 30, 2017	Dec 31, 2016	Variance	%
Fixed Assets	6,903	6,977	(73)	-1%
Investments in associates and JVs	791	826	(35)	-4%
Accounts Receivable	587	409	178	+43%
Cash and Short Term Deposits	389	390	(1)	-0%
Other Assets	61	60	1	+2%
Total Assets	8,732	8,661	70	+1%
Equity and Reserves	4,670	2,666	2,005	+75%
Convertible bonds - equity component	0	1,773	(1,773)	-100%
Debt	3,291	3,424	(133)	-4%
Other Liabilities	770	799	(29)	-4%
Total Liabilities and Equity	8,732	8,661	70	+1%

Key Observations

- Increase in accounts receivables primarily due to short term timing delays in customer collection and business seasonality
- Mandatory Convertible Bonds (MCBs) converted into equity shares
- Lower Debt primarily due to MCBs conversion and repayments

Balance sheet continues to show strength and positions Tabreed to capitalize on future growth opportunities

Financial Highlights

Cash flow Statement

Consolidated Financials (AED m)	YTD Q3'17	YTD Q3'16	Variance	%
Profit from Operations	318	304	15	+5%
Finance lease amortization	42	37	5	+14%
Depreciation	104	94	10	+11%
Working Capital and Other adjustments	(98)	(108)	10	-9%
Net cash flows from Operating Activities	366	327	39	+12%
Capital expenditure incurred	(196)	(148)	(47)	+32%
Investments in JVs	-	(92)	92	-100%
Dividends and interest income received	118	47	71	+153%
Proceeds from land sale in Oman	-	11	(11)	-100%
Net cash flows from Investing Activities	(77)	(182)	105	-58%
Loans drawn down and principal repayments (net)	58	223	(165)	-74%
Interest payments	(107)	(92)	(15)	+16%
MCB cash coupon paid	(43)	(65)	22	-33%
Others	(198)	(172)	(26)	+15%
Net cash flows from Financing Activities	(290)	(105)	(185)	+176%
Net Movement in Cash and Cash Equivalents	(1)	40	(41)	-102%
Cash and Cash Equivalents at the start of the period	390	193	197	+102%
Cash and Cash Equivalents at 30 September	389	234	156	+67%

Key Observations

- Operating cash generation remains strong due to higher profitability
- Capital expenditure included AED 100m paid to ICT for the acquisition of Nation Towers plant
- Higher interest payments due to increase in EIBOR rates
- Healthy cash balance of AED 389m at the end of Q3 2017

Strong cash flow generation from long term price certain contracts enabling investment in growth

Debt portfolio

- Tabreed's current gearing is 41% (debt: debt + equity), in line with global utility peers
- 95% of debt is denominated in AED, with the balance in USD and OMR, in line with cash flow generation profile
- Majority of the debt is floating rate with 73% of total debt hedged into fixed rates

Debt position as at 30th September 2017

Borrower	Type	Drawn Amount (AED m)	Undrawn Amount (AED m)	Currency	Interest	Hedging (%)	Maturity
Tabreed	Term loan	1,680	-	AED	EIBOR + margin	98	2021
Tabreed	Revolver	58	392	AED	EIBOR + margin	-	2021
Tabreed	Islamic Financing	1,220	293	AED	EIBOR + margin	50	2027
Dubai Parks SPV	Project Finance	183	10	AED	EIBOR + margin	61	2032
ICT SPV	Project Finance	77	-	AED	EIBOR + margin	75	2031
Bahrain DC Company	Term loan	120	-	USD	LIBOR + margin	-	2019
Tabreed Oman	Term loan	65	9	OMR	Fixed margin	100	2024
Total debt		3,403	704			73%	



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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 efficient in consuming electricity than conventional cooling reducing energy consumption, carbon footprint, and state subsidies while also being 16% cheaper for the customer

Why Tabreed?

- One of the largest district cooling companies in the world with experienced management team
- 19 year track record 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
- Shari'a compliant status to Tabreed stock could potentially enhance liquidity and shareholder base

Robust Financial Results

- Sustainable, stable and predictable results, low operating risk business model with strong margins
- Double digit growth in EBITDA and Net Income since 2012, driven by capacity additions and CPI pass through
- Stable utility infrastructure business model enables consistent YTD performance with ~44% 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

- 149RT capacity added since YTD Q3 2014
- 60kRT of signed up capacity additions expected by the end of 2018, 38kRT delivered in first 9 months of 2017
- Regional footprint allows access to varied growth opportunities
- Operational track record, customer relationships and financial strength to benefit from growth in the region

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Management looks forward to engaging with shareholders and investors at the following events

EFG MENA & Frontier Conference, London

BAML MENA Conference, Dubai

Year end earnings call

HSBC MENA, Turkey and LATAM Equity Forum 2018, Dubai

8 – 9 November 2017

16 November 2017

End of January 2018

28 February – 1 March 2018

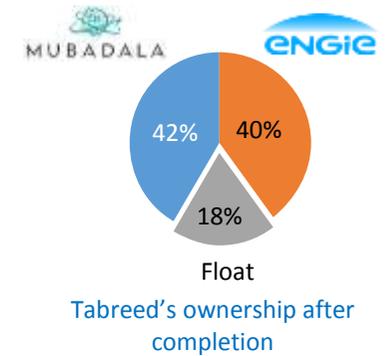


Appendices

Conversion of MCBs and strategic investment from ENGIE

The transaction

- Mubadala became the majority shareholder of Tabreed in 2011 after the recapitalization, investing AED 3.1bn in the company
- Tabreed has successfully completed its turn around into a profitable utility infrastructure business and is now well positioned for future growth
- All MCBs issued to Mubadala were converted into 1,977m shares on 16 August 2017 taking total shares outstanding to 2,715m
- ENGIE acquired 1,086m shares or 40% of Tabreed from Mubadala value of AED 2.62 per share



Who is ENGIE?

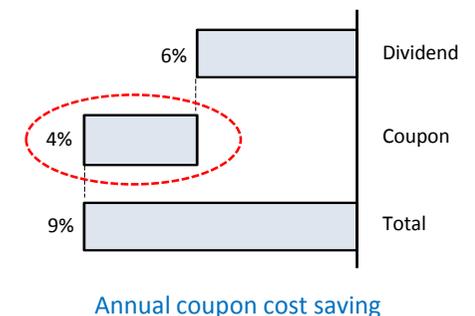
- ENGIE is a global energy leader with over \$40 billion market cap, over 155,000 employees and operations in 70 countries
- Headquartered in Paris, ENGIE key business ventures are in power, natural gas and energy services (including district cooling). They have a strong footprint in the region with over 30GW of electricity assets alone
- ENGIE is already a leader in district energy with operations in Europe and South East Asia

How it benefits Tabreed?

- Tabreed gains a global industry player as a key long term strategic shareholder
- Mubadala has reiterated its commitment to the company and remains the majority shareholder
- Conversion of MCBs leads to over AED 160m of cash flows savings by 2019 and a simplified capital structure
- Tabreed aims to leverage ENGIE's global business development and operations expertise to further accelerate growth and development

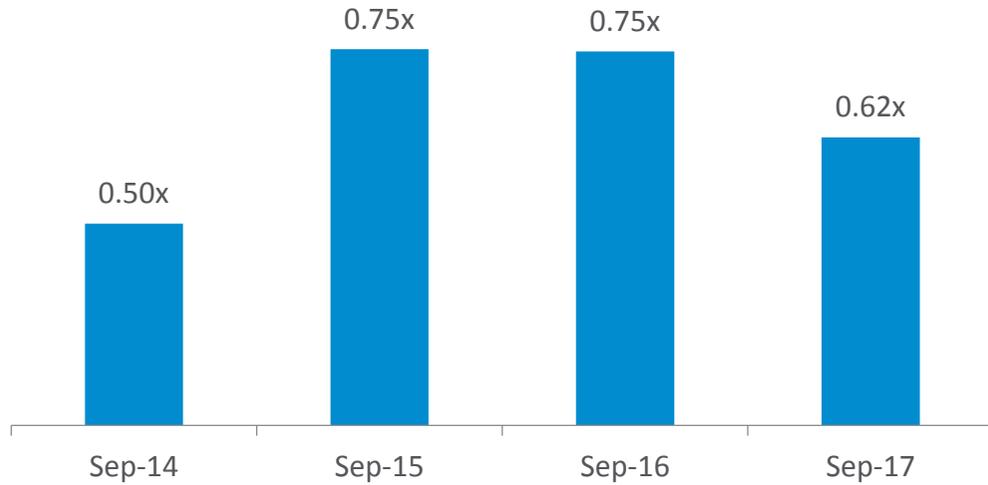
Free cash flow upside post conversion

- Tabreed has been reporting all numbers on a fully diluted basis (such as EPS) and paying dividend on the fully diluted shares
- After an early conversion, annual MCB coupon of AED 86m would not be paid post conversion and represents 3 fils per share of cash flows savings
- Last coupon was paid in July for Q2 2017

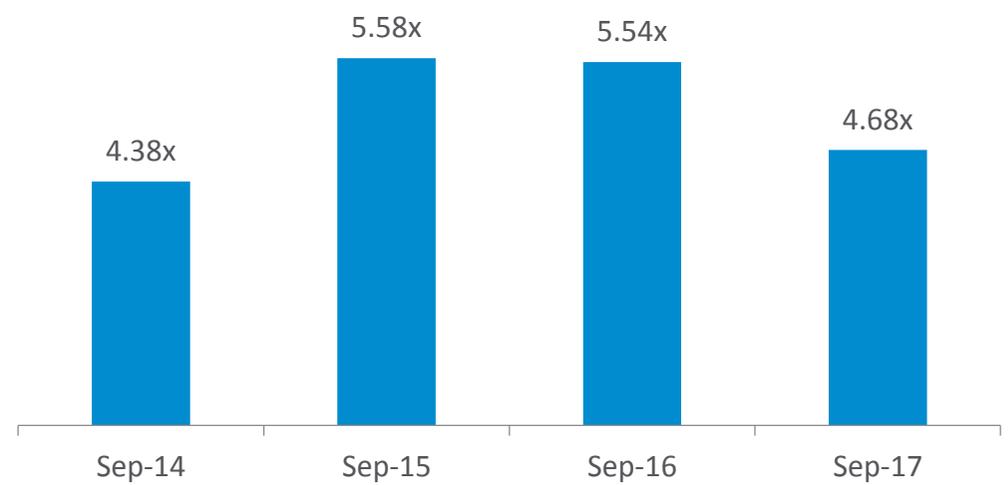


Improved leverage and return ratios

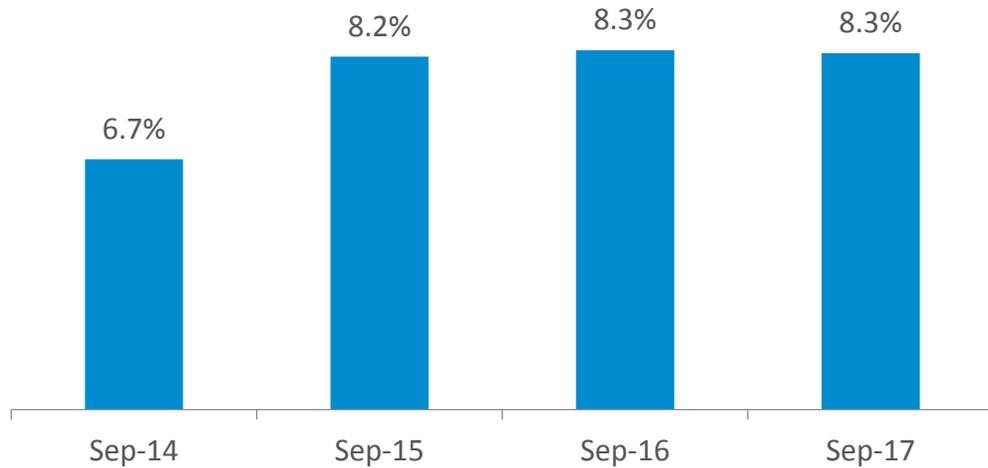
Net Debt / Equity (x)



Net Debt / EBITDA (x)



Return on Equity (%)



Return on Capital Employed (%)

