National Central Cooling Company PJSC

(DFM:TABREED)

Q3 2018

Earnings Presentation

14 November 2018

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Agenda

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

1. Introduction and Performance Highlights

Performance Highlights

Financial Highlights: 9M 2018 vs. 9M 2017

Total Revenue	Chilled Water	EBITDA	Net Income
AED 1,090m	AED 1,034m	AED 506m	AED 319m
+3.9%	+4.0%	+8.9%	+10.0%

Performance Highlights and Corporate Developments

Performance Highlights

- Chilled Water revenue growth at 4.0%; Chilled Water EBITDA up 7.7%
- Tabreed EBITDA increased by 8.9% to AED 506m and EBITDA margins increased from 44% to 46%
- Previously announced capacity guidance to add 65,000 RT over 2018 and 2019
- Over 7,500 RT added in Q3 2018 across the GCC taking the connected capacity addition during the year to 29,200 RT
- Third plant at the West Bay in Qatar becomes fully operational taking the total number of plants to 73

Capital Raise

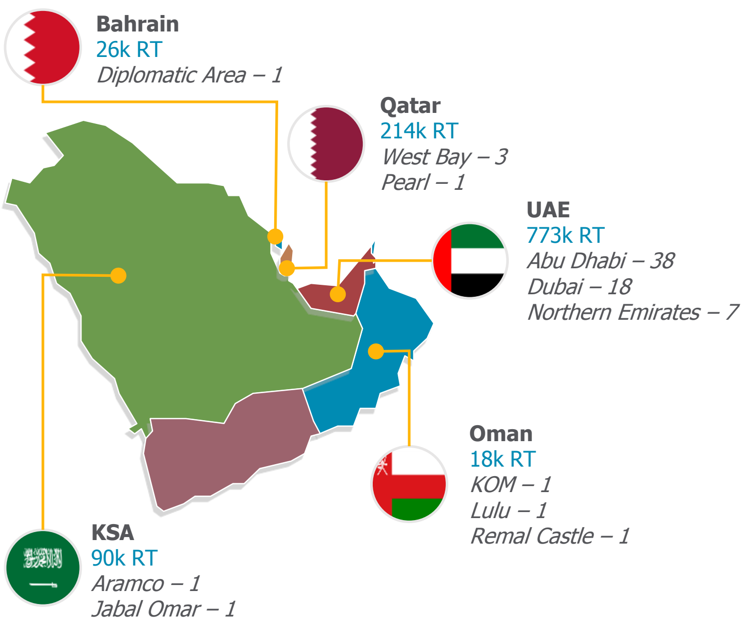
- Successfully raised US$ 500m (AED 1.8bn) fixed rate senior unsecured RegS Sukuk with a 7 year tenor
- Listed on the London Stock Exchange, the Sukuk had strong institutional demand both locally as well as Asia and Europe
- With investment grade ratings from Moody’s (Baa3, Stable) and Fitch (BBB, Stable), the Sukuk has a profit rate of 5.5%
- Tabreed has also arranged new bank facilities up to AED 1.5bn which together with the new Sukuk has been utilised for refinancing current corporate debt

Continued strong financial performance and successful refinancing

Regional Presence

The only publicly listed district cooling company in the world

- 5 GCC countries | 73 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 112k 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%)

- Owns and operates 1 DC plant (26k 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 3 plants serving Knowledge Oasis Muscat, Oman Avenues Mall and Remal Castle

Landmark Projects: Knowledge Oasis Muscat and Oman Avenues Mall

Connected Capacity

- Previously announced capacity guidance of 65,000 RT to be added in 2018 and 2019
- Key addition during Q3 2018 was Jabal Omar (7,202 RT) in Saudi Tabreed
- 32,800 RT for S&T recorded as consolidated capacity from Q1 2018

Consolidated	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
UAE	668	668	702 [1]	702	702
Bahrain	26	26	26	26	26
Oman	17	17	17	18	18
Total Consolidated	**711**	**712**	**745**	**746**	**746**

Equity Accounted	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
UAE	103	103	71 [2]	71	71
Qatar	196	199	199	214	214
KSA	77	79	79	83	90
Total Equity Accounted	**375**	**381**	**349**	**368**	**375**

Total	**1,087**	**1,092**	**1,094**	**1,114**	**1,121**

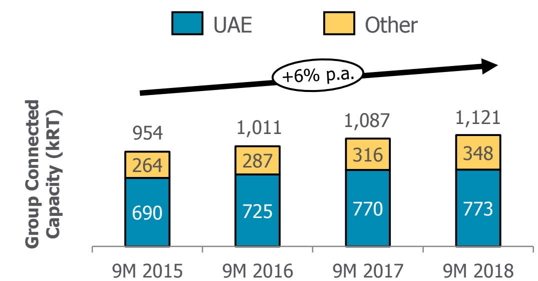
Target up to 2019: 65k RT
2018 YTD additions: 29k RT

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

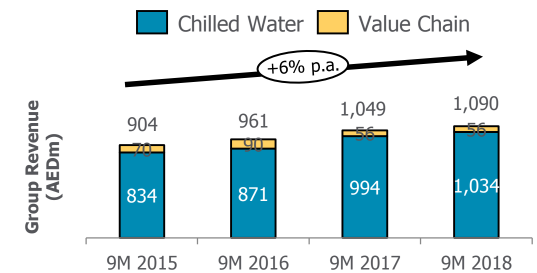
Long-term contracts with credit worthy customers

- Providing over 1.1m RT of cooling across GCC – growing 6% 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



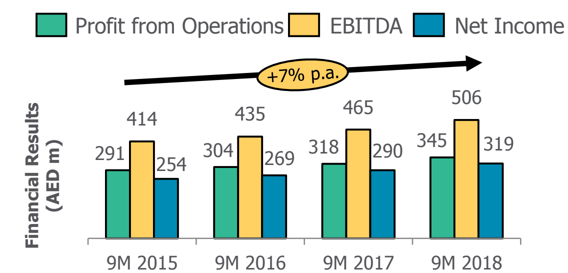
Revenue growth from existing and new business

- Group revenue growing at a 6% 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



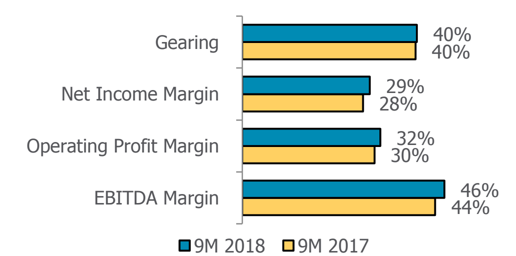
Solid financial performance

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



Value to shareholders

- EBITDA margin of 46% and sustained over recent years
- Strong balance sheet
- Stable cash flow generation



2. Financial Results

9M 2018 Income Statement

Consolidated Financials (AED m)	9M 2018	9M 2017	Variance	%
Revenue	1,090	1,049	*41*	*3.9%*
Chilled water revenue (95%)	1,034	994	*40*	*4.0%*
Value chain businesses (5%)	56	56	*0*	*1.4%*
Operating cost	(597)	(590)	*(7)*	*1.2%*
Gross Profit	**494**	**459**	***34***	*7.4%*
Gross profit margin	*45%*	*44%*		
Administrative and other expenses	(148)	(141)	*(7)*	*5.1%*
Profit from Operations	**345**	**318**	***27***	*8.5%*
Operating profit margin	*32%*	*30%*		
Net finance costs	(132)	(122)	*(10)*	*8.3%*
Other gains and losses	37	2	*35*	-
Share of results of associates and joint ventures	71	91	*(20)*	*-22.3%*
Income attributable to non-controlling interests	(2)	1	*(3)*	-
Net Income	**319**	**290**	***29***	*10.0%*
Net Income margin	*29%*	*28%*		
EBITDA	**506**	**465**	***41***	*8.9%*
EBITDA margin	*46%*	*44%*		

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
- Other gains represent AED 32.6 million on dilution of stake in Saudi Tabreed
- Higher finance cost due to higher EIBOR and drawdown of revolving credit facility to fund S&T acquisition

Stable utility business model with EBITDA margins of ~46%

9M 2018 Financial Position

Consolidated Financials (AED m)	Sept 30, 2018	Dec 31, 2017	*Variance*	*%*
Fixed Assets	7,104	6,874	*230*	*3.3%*
Associates and Joint Ventures	579	826	*(247)*	*-29.9%*
Accounts Receivable	597	517	*80*	*15.4%*
Cash and Short Term Deposits	324	418	*(94)*	*-22.5%*
Other Assets	58	60	*(2)*	*-3.3%*
Total Assets	**8,662**	**8,696**	***(34)***	*-0.4%*
Equity and Reserves	4,653	4,797	*(144)*	*-3.0%*
Debt	3,116	3,169	*(53)*	*-1.7%*
Other Liabilities	893	730	*163*	*22.4%*
Total Liabilities and Equity	**8,662**	**8,696**	***(34)***	*-0.4%*

Key Observations

- Increase in fixed assets primarily reflects consolidation of S&T
- Decrease in Associates and Joint Ventures reflects 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 seasonality compared to December 2017 and consolidation of S&T
- Reduction in Equity & Reserves due to 2017 dividend and effect of the implementation of IFRS 9 and IFRS 15
- Decrease in debt is primarily due to loan repayments

Robust Balance Sheet optimally positions Tabreed to capitalize on future growth opportunities

9M 2018 Cash Flow Statement

Consolidated Financials (AED m)	9M 2018	9M 2017	*Variance*	*%*
Profit from Operations	**345**	**318**	***27***	*8.5%*
Finance lease amortization	50	42	*8*	*19.0%*
Depreciation	111	104	*6*	*6.2%*
Working Capital and Other adjustments	26	(98)	*124*	*-126.2%*
Net cash flows from Operating Activities	**532**	**366**	***165***	*45.2%*
Capital expenditure incurred	(74)	(196)	*121*	*-62.0%*
Acquisition of additional share in a subsidiary	(5)	-	*(5)*	-
Dividends and interest income received	66	118	*(52)*	*-44.1%*
Proceeds from sale of stake in Saudi Tabreed	40	-	*40*	-
Acquisition of S&T	(252)	-	*(252)*	-
Net cash flows from Investing Activities	**(225)**	**(77)**	***(147)***	*-190.8%*
Loans drawn down and principal repayments (net)	(67)	58	*(125)*	*-214.6%*
Interest payments	(112)	(107)	*(5)*	*5.1%*
MCB cash coupon paid	-	(43)	*43*	*-100.0%*
Others	(222)	(198)	*(25)*	*12.4%*
Net cash flows from Financing Activities	**(401)**	**(290)**	***(111)***	*-38.4%*
Net Movement in Cash and Cash Equivalents	**(94)**	**(1)**	***(93)***	-
Cash and Cash Equivalents at the start of the period	418	390	*28*	*7.3%*
Cash and Cash Equivalents at 30 June	**324**	**389**	***(65)***	*-16.7%*

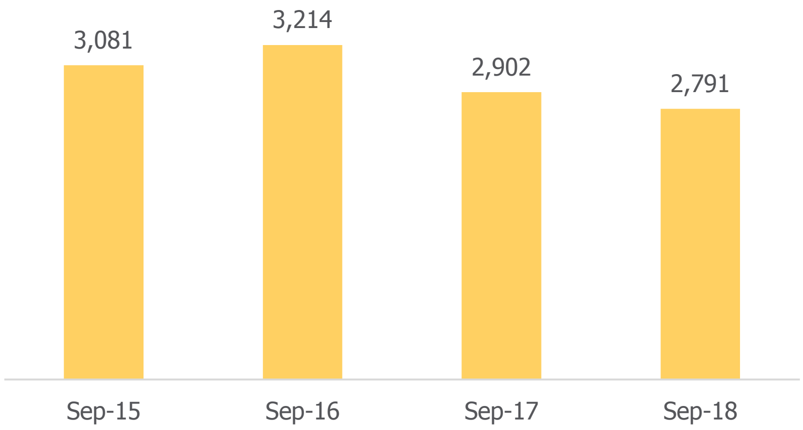
Key Observations

- Strong operating cash flows driven by higher profitability and robust receivable collections
- Investing cash flows primarily reflect acquisition of S&T
- Financing cash flows mainly include scheduled debt repayment and dividend payment partly offset by additional drawdown of revolving credit facilities

Strong cash flow generation from long term price certain contracts

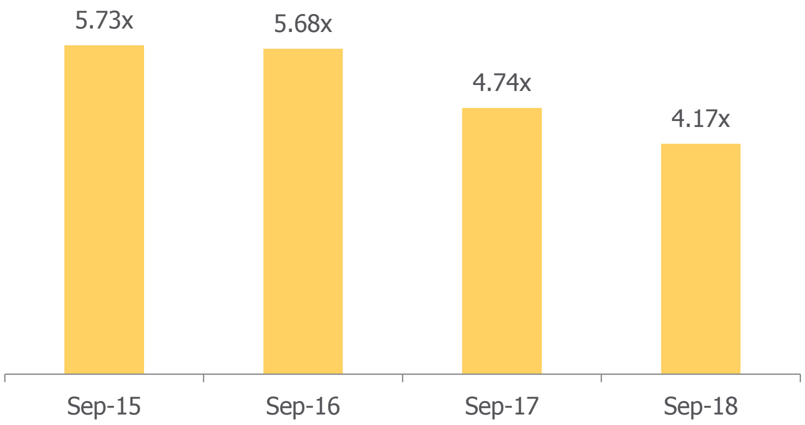
9M 2018 Debt Portfolio and Return Ratios

Net Debt Profile (AED m)

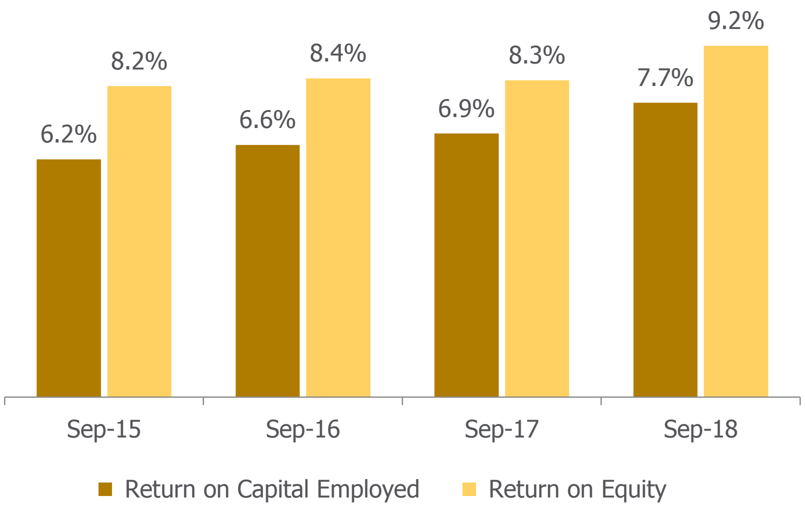


- Conservative leverage profile with Q3 2018 gearing of 40% (debt to debt + equity)
- 95% of debt is denominated in AED, with the balance in USD and OMR
- Target hedging range of 50-75%
  - 57% of the total debt is hedged into fixed rate

Net Debt to LTM EBITDA (x)



Return on Capital Employed and Return on Equity



Capital Raise and Refinancing

- Improved operating and financial performance coupled with a strong shareholders base (Mubadala and ENGIE) led to an improved credit standing
- Enabled Tabreed to implement revised financing strategy:
  - Public credit ratings – Investment grade ratings from both Moody's (Baa3, Stable) and Fitch (BBB, Stable)
  - Access to debt capital markets – Broaden investor base and extend tenor
  - Move away from secured debt structures – Permanent capital structure in line with mature utility companies

As on September 30, 2018	Pre Refinancing		Post Refinancing – Proforma	
Type of Debt / Instruments (AED m)	Term Loan	1,622	Sukuk	1,835
	Revolving Credit Facility	48	Term Loan	918
	Islamic Financing	1,125	RCF (AED 590m)	0
	Project Finance (PF)	321	Project Finance (PF)	321
	Total Debt	**3,116**	**Total Debt**	**3,074**
	Less: Cash & Short Term Deposits	(324)	Less: Cash & Short Term Deposits	(283)
	Net Debt	**2,791**	**Net Debt**	**2,791**
	Undrawn Capacity	*628*	*Undrawn Capacity*	*590*
Tenor / Weighted Average Life (years)	4 ½		6	
Cost of Debt: 2019 **Later years (forward curve)**	5 ½ % Rising to 8% by 2025		5 ½ % Rising to 6% by 2025	
Secured vs. Unsecured	Secured		Unsecured & pari passu (except PF)	

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 8% and EBITDA 7% annually since 2015, driven by capacity additions and CPI pass through • Stable utility infrastructure business model enables consistent YTD performance with ~46% 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	• 168k RT capacity added since 2015 • 65k RT of signed up capacity additions expected by the end of 2019, 29.2k RT delivered in 9M 2018 • 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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US$ 500 million, senior unsecured 7-year Sukuk

Key Transaction Terms

Issuer	Tabreed Sukuk SPC Limited
Obligor	National Central Cooling Company PJSC
Credit Rating	Moody's: Baa3 (Stable), Fitch: BBB (Stable)
Issue Size	US$ 500 million
Format	Trust Certificates (Sukuk)
Tenor	7 Years
Settlement Date	31 October 2018
Maturity Date	31 October 2025
Profit Rate	5.500%
Profit Rate Payments	Semi-annually in arrears (30 April & 30 Oct) starting from 30 April 2019
Listing	London Stock Exchange
Joint Lead Managers	ADCB, ADIB, JP Morgan, Mashreqbank

- Strong institutional demand both locally and in Asia and Europe, which enabled the issue to be oversubscribed
- Moody's and Fitch noted Tabreed's robust and sustainable business model, the long term nature of its customer contracts and the consequent strength and resilience of its cashflows in attributing their ratings
- In addition to the Sukuk, Tabreed also arranged new bank facilities up to AED 1.5 billion

Top Investors

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Ashmore
AVIVA
FRANKLIN TEMPLETON INVESTMENTS
FH 復華
LOMBARD ODIER
LOMBARD ODIER DARIER HENTSCH
LAZARD ASSET MANAGEMENT
Morgan Stanley INVESTMENT MANAGEMENT
M&G INVESTMENTS
CREDIT SUISSE
UBP
BANKINVEST
Value Partners Investing through discipline
Aberdeen