



# National Central Cooling Company PJSC

24 July 2014

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# Agenda

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- Our 15 Year Journey
- Headline Performance
- Operational and Financial Highlights
- Chilled Water Performance
- Summary

# Our 15 Year Journey

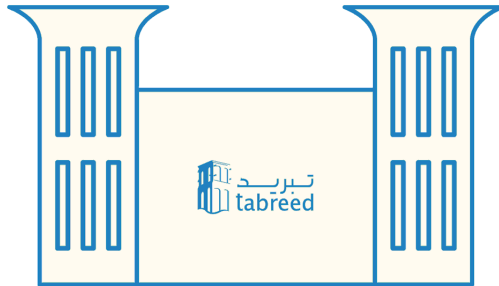
## World's Largest District Cooling Company

### Iconic Projects

67 Plants in the GCC

...delivering 926,000 RT

...equivalent to cooling  
92 Burj Khalifa towers



..of  
cooling  
to our  
clients



## High Contributor to the Environment

### Energy Efficiency

1.2 billion kWh

2013 reduction in energy consumption in the GCC by using our energy-efficient and environmentally-friendlier cooling services



40,000



Enough energy to power up to 40,000 homes in the UAE every year

### Elimination of

570,000 tons

Of CO<sub>2</sub> eliminated in 2013



110,000



The equivalent of removing 110,000 cars from our streets every year



Ferrari World



Dubai Metro



The Pearl  
Qatar



Jabal Omar Project  
The Holy City of Mecca

## Regional Growth in Qatar – May 2014

- Qatar is an important market for us and our affiliate there, Qatar Cool, has just signed a construction contract for its fourth district cooling plant in Qatar
- Upon completion in 2016, the plant will provide cooling to residential and commercial towers in West Bay, one of Doha’s most prestigious developments. The plant is designed to deliver 40,000 tons of cooling, cutting down energy consumption by approximately 50% compared to conventional cooling

## UAE Armed Forces – June 2014

- The UAE Armed Forces (UAEAF) is one of our key customers, and we recently renewed our master services agreement (MSA)
- The new agreement builds upon the MSA signed between our two entities in 2000, Tabreed will continue to supply the UAEAF’ existing and prospective facilities with district cooling services for the next 20 years.

## UAE University – June 2014

- Tabreed Signs Contract with UAE University for 17,500 Tons
- Tabreed began providing cooling to the UAEU main campus in 2009. The new agreement paves the way for UAEU to make further connections to Tabreed’s dedicated plant once its future projects are completed

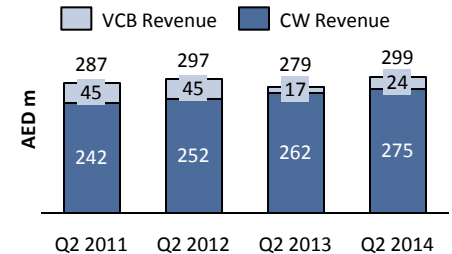
## Acquisition of Al Mayrah Island plant – July 2014

- A consortium comprised of Tabreed and “Mubadala Infrastructure Partners,” an infrastructure focused fund have acquired a 30-year concession to be the exclusive provider of district cooling services to the developments on the Southern part of Al Maryah Island
- The transaction is valued at approximately AED 1,050 million
- The plant, which utilizes state-of-the-art technology, has over 43,000 RT of connected capacity underpinned by strong contractual arrangements with high quality customers such as Cleveland Clinic Abu Dhabi, Four Seasons Hotel, Rosewood Hotel, Sowwah Square Towers and Galleria Mall

# Q2 Headline Performance

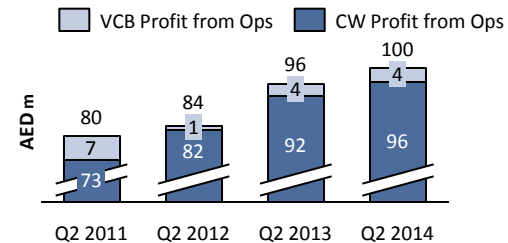
## Strong focus on Core Business

- Chilled Water Revenue up 5% to AED 274.9m
- 7% increase in Group Revenue, up to AED 299.1m
- Chilled Water business represents 92% of Group Revenue



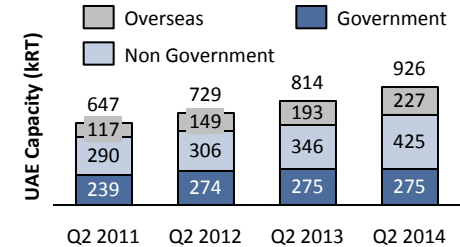
## Strong operating performance

- 4% increase in Chilled Water Profit from Operations
- Annualised growth of 10% since 2011
- Stable earnings, as expected from a utility business



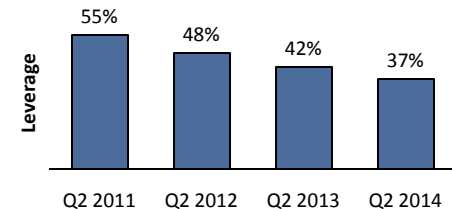
## Long-term stable customer base

- 39% of UAE capacity contracted to UAE Government clients
- 169,000 RT increase in UAE capacity contracted since 2011



## Reduction in leverage

- Meeting all debt obligations
- 18% reduction in leverage in the last two years

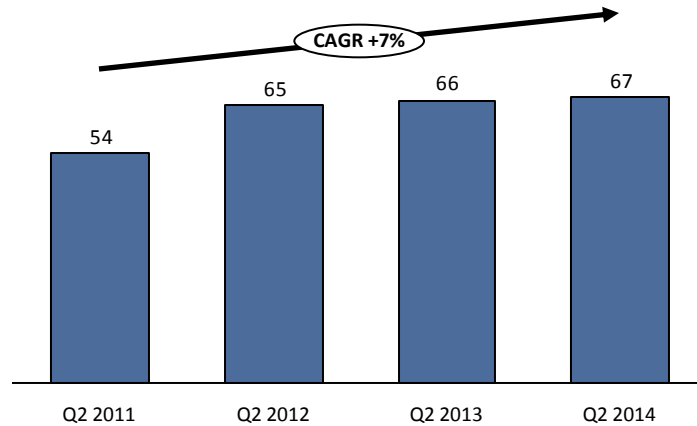


## Well Positioned for Growth

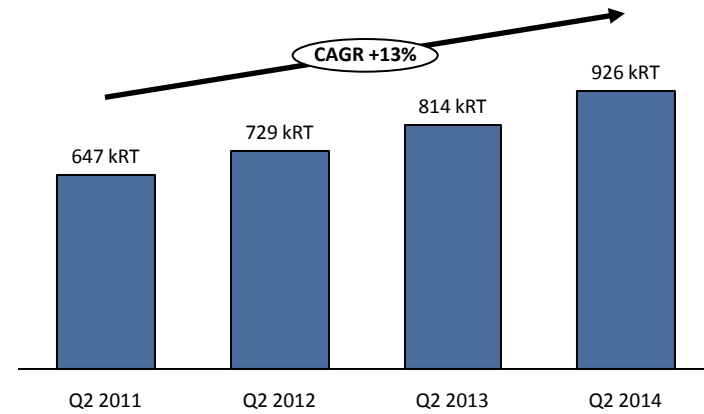
**To 2011** Build Plants      **2012** Connect Customers      **2013** Collect Cash

# Operational Highlights

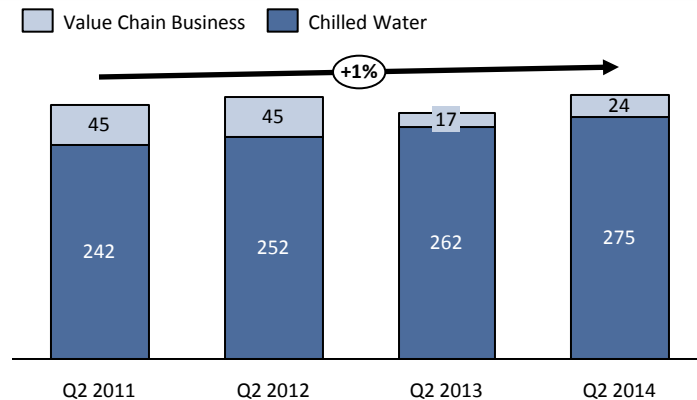
## Number of Plants



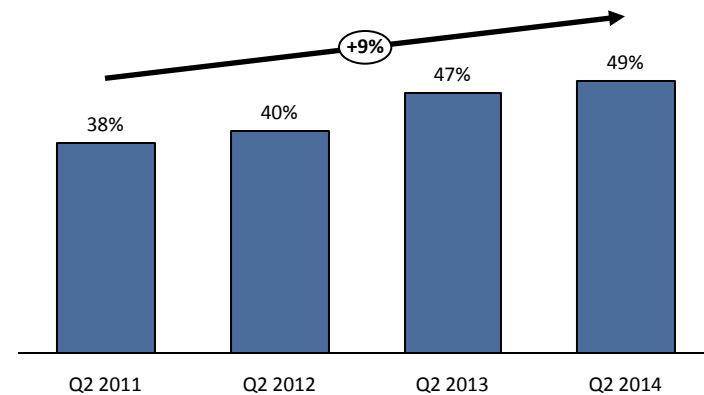
## Gross Capacity



## Group Revenue (AED m)



## Group EBITDA Margin



**Consistent and sustainable results, as expected from a utility infrastructure business**

# Financial Highlights – Income Statement

| Unaudited Consolidated Financials (AED m)     | Q2 2014      | Q2 2013      |   |
|---|--------------|--------------|---|
| Revenue                                       | 299.1        | 278.7        | 7% increase in revenue                                    |
| <i>Chilled Water (92% of revenue)</i>         | 274.9        | 262.1        | 5% increase in Chilled Water revenue                      |
| <i>Value Chain Businesses (8% of revenue)</i> | 24.2         | 16.6         |   |
| Operating Costs                               | (159.7)      | (144.6)      |   |
| <b>Gross Profit</b>                           | <b>139.4</b> | <b>134.1</b> | 4% increase due to strategy to focus on Chilled Water     |
| <i>Gross Profit Margin</i>                    | 47%          | 48%          |   |
| Admin & Other Expenses                        | (39.1)       | (38.3)       |   |
| <b>Profit from Operations</b>                 | <b>100.2</b> | <b>95.8</b>  | 5% year on year growth                                    |
| <i>Operating Profit Margin</i>                | 34%          | 34%          |   |
| Net Finance Costs                             | (32.4)       | (36.6)       | 11% reduction due to lower EIBOR rates and debt repayment |
| Other Expenses / Income                       | (2.5)        | 1.3          |   |
| Share of Results of Associates                | 24.4         | 19.2         | 27% increase driven by growth in Tabreed Saudi            |
| <b>Net Profit attributable to Parent</b>      | <b>90.4</b>  | <b>79.4</b>  | 14% year on year growth                                   |
| <b>EBITDA</b>                                 | <b>141.7</b> | <b>130.6</b> |   |
| <i>EBITDA Margin</i>                          | 47%          | 47%          |   |

**Transformation into a utility infrastructure business complete enabling stable, steady results**



# Financial Highlights – Balance Sheet

| Unaudited Consolidated Financials (AED m)    | Jun 2014       | Dec 2013       |  |
|--|----------------|----------------|--|
| Fixed Assets                                 | 6,653.9        | 6,633.0        |  |
| Associates and Joint Ventures                | 600.6          | 524.5          | 15% increase, mainly as a result of investment in new joint venture          |
| Accounts Receivable                          | 313.9          | 240.7          | Seasonality factor- results in higher usage and therefore higher receivables |
| Other Receivables & Prepayments              | 200.5          | 217.8          |  |
| Cash and Short Term Deposits                 | 439.9          | 670.4          | Tabreed debt repayments of AED 256m and AED 33m dividends                    |
| Other Assets                                 | 142.6          | 138.9          |  |
| <b>Total Assets</b>                          | <b>8,351.4</b> | <b>8,425.3</b> |  |
| Equity and Reserves                          | 2,170.5        | 2,164.1        |  |
| Mandatory Convertible Bonds – equity portion | 2,584.1        | 2,487.0        | Dividend paid in shares to bondholder (issued in May 2013 & May 2014)        |
| Debt   | 2,794.6        | 3,092.4        | Additional debt repayment made in Q2 2014                                    |
| Other Liabilities                            | 802.2          | 681.8          | Impact of investment in new joint venture, paid in July 2014                 |
| <b>Total Liabilities and Equity</b>          | <b>8,351.4</b> | <b>8,425.3</b> |  |

Balance sheet continues to show strength and positions us well for further growth

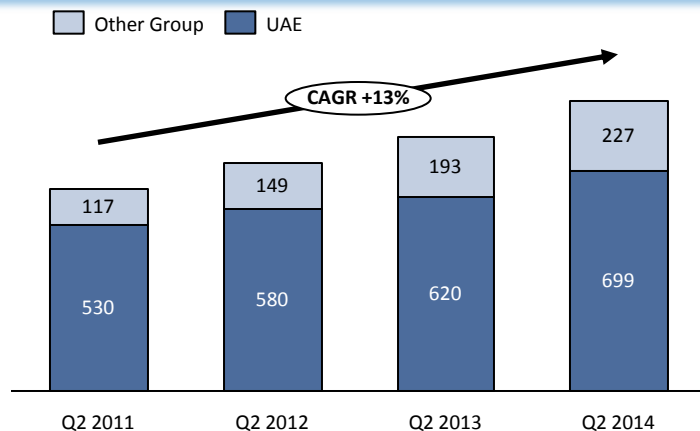
# Financial Highlights – Cashflow

| Unaudited Consolidated Financials (AED m)           | H1 2014        | H1 2013       |   |
|---|----------------|---------------|---|
| EBITDA for the period                               | 259.9          | 246.5         |   |
| Finance Income relating to Finance Lease receivable | (77.8)         | (60.8)        |   |
| Lease Rentals received                              | 93.6           | 66.8          |   |
| Working Capital Adjustments                         | (52.7)         | 14.4          | ● Increase in receivables due to seasonality factor                           |
| <b>Net Cashflows from Operating Activities</b>      | <b>223.0</b>   | <b>266.9</b>  | ● Strong stable cashflows, as expected from a utility infrastructure business |
| Investing Activities                                | (48.8)         | (42.3)        |   |
| Financing Activities                                | (404.7)        | (235.8)       | ● Driven by additional debt repayments made by Tabreed                        |
| <b>Net Movement in Cash and Cash Equivalents</b>    | <b>(230.5)</b> | <b>(11.2)</b> |   |
| Cash and Cash Equivalents at 1 January              | 670.4          | 560.4         |   |
| <b>Cash and Cash Equivalents at 30 June</b>         | <b>439.9</b>   | <b>549.2</b>  |   |

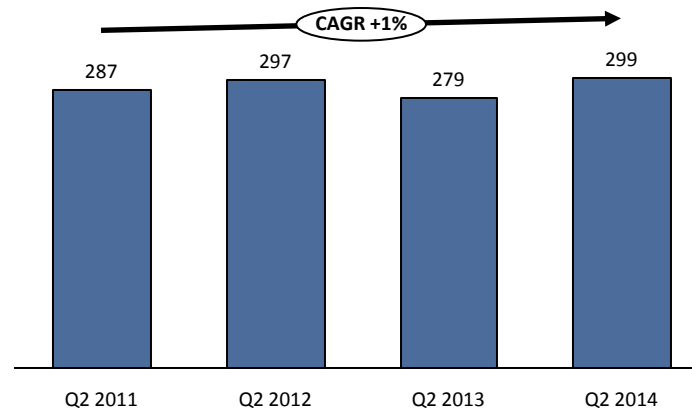
**Continued strong cashflows, as expected from stable utility infrastructure business**

# Chilled Water Performance

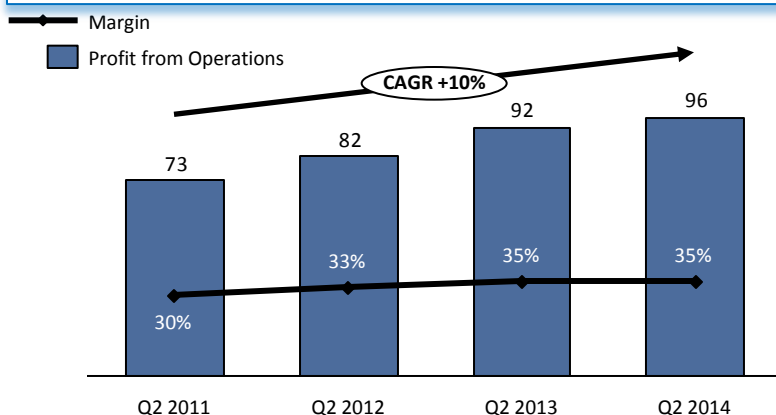
## Gross Capacity (kRT)



## Revenue (AED m)



## Profit from Operations (AED m)



| Chilled Water (AED m) | UAE | Qatar | Saudi | Other | Total |
|-----------------------|-----|-------|-------|-------|-------|
|-----------------------|-----|-------|-------|-------|-------|

|                               |              |   |   |            |              |
|-------------------------------|--------------|---|---|------------|--------------|
| Revenue                       | 265.7        | - | - | 9.2        | 274.9        |
| Operating Costs               | (134.8)      | - | - | (5.8)      | (140.6)      |
| <b>Gross Profit</b>           | <b>130.9</b> | - | - | <b>3.4</b> | <b>134.3</b> |
| <i>Gross Profit Margin</i>    | 49%          | - | - | 37%        | 49%          |
| <b>Profit from Operations</b> | <b>95.3</b>  | - | - | <b>0.9</b> | <b>96.2</b>  |

|                                       |            |             |             |   |             |
|---------------------------------------|------------|-------------|-------------|---|-------------|
| <b>Share of results of Associates</b> | <b>1.2</b> | <b>12.5</b> | <b>10.7</b> | - | <b>24.4</b> |
|---------------------------------------|------------|-------------|-------------|---|-------------|

**Core Chilled Water business continues to deliver consistent performance**

# Summary

## Why District Cooling?

- Air conditioning is an absolute necessity in the GCC
- District Cooling enables a 50% reduction in energy consumption and carbon footprint
- District Cooling is 16% cheaper than conventional cooling

## Why Tabreed?

- Tabreed is the largest utility infrastructure business offering cooling services in the Middle East
- Proven track record in its operations and the industry leading in-house O & M team
- Long-term, stable, price certain contracts with guaranteed returns
- 39% of contracts with UAE Government entities

## Robust Financial Results

- Q2 2014 Chilled Water Revenue up 5% to AED 274.9m
- Q2 2014 Net Profit attributable to Parent now at AED 90.4m, up 14%
- Q2 2014 Group EBITDA up 8% to AED 141.7m
- H1 2014 Cashflow from Operations at AED 223.0m
- Strong cash generating ability, enabling reduction in leverage to 37%

## Core Business Focus Delivering Value

- Robust financial results with strong cashflows
- Cash dividend 5 fils per share
- Delivering strategy to enhance value from existing plants while maximizing operational efficiencies
- Evolution from a business in development to a low risk utility infrastructure business

## Well positioned for growth

- GCC economies continue to grow and district cooling is a vital component of economic growth
- Tabreed is well positioned to capitalize on future growth opportunities

## Q & A

# Contact Details

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For further information please contact

Salam Kitmitto

Communications Director

[skitmitto@tabreed.ae](mailto:skitmitto@tabreed.ae)

+971 2 645 5007 ext. 692

Suzanne Holt

Snr. Corporate Finance and Investor Relations Manager

[sholt@tabreed.ae](mailto:sholt@tabreed.ae)

+971 2 645 5007 ext. 424

# Appendix

# Financial Highlights – HY Income Statement



| Unaudited Consolidated Financials (AED m)     | H1 2014      | H1 2013      |   |
|---|--------------|--------------|---|
| Revenue                                       | 526.3        | 497.2        | 6% increase in revenue  |
| <i>Chilled Water (92% of revenue)</i>         | 483.1        | 464.8        | 4% increase in Chilled Water revenue                          |
| <i>Value Chain Businesses (8% of revenue)</i> | 43.2         | 32.4         |   |
| Operating Costs                               | (267.9)      | (251.5)      |   |
| <b>Gross Profit</b>                           | <b>258.4</b> | <b>245.7</b> | 5% increase due to strategy to focus on CW                    |
| <i>Gross Profit Margin</i>                    | 49%          | 49%          |   |
| Admin & Other Expenses                        | (79.9)       | (74.5)       | 7% increase in line with growth in the business               |
| <b>Profit from Operations</b>                 | <b>178.5</b> | <b>171.3</b> |   |
| <i>Operating Profit Margin</i>                | 34%          | 34%          |   |
| Net Finance Costs                             | (65.2)       | (75.3)       | 13% reduction due to lower EIBOR rates and debt repayment     |
| Other Expenses / Income                       | (2.1)        | 1.3          |   |
| Share of Results of Associates                | 35.8         | 29.6         | 20% increase driven by growth in Qatar Cool and Tabreed Saudi |
| <b>Net Profit attributable to Parent</b>      | <b>148.6</b> | <b>127.2</b> | 17% year on year growth                                       |
| <b>EBITDA</b>                                 | <b>259.9</b> | <b>246.5</b> |   |
| <i>EBITDA Margin</i>                          | 49%          | 50%          |   |

**Transformation into a utility infrastructure business complete enabling stable, steady results**