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Q1 2017 Earnings Call

9 May 2017

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Agenda

A | Introduction and Performance Highlights – Jasim Thabet, CEO

B | Financial Results – Steve Ridlington, CFO

C | Conclusion – Jasim Thabet, CEO

A positive start to 2017

New Board, Chairman and Vice Chairman elected

- Shareholders elected a new Board during the Annual General Assembly in March 2017
- 4 new Board members with 5 of the previous Board retained
- Khalid Al Qubaisi has been elected by the Board as the Chairman and Ahmed Al Calily as Vice Chairman

20kRT of new capacity added in first quarter

- We announced 60kRT of capacity additions by end of 2018
- 20kRT added during the first quarter at Al Maryah Mall in Abu Dhabi, Pearl Qatar in Doha and a new connection in Dubai

Chilled water segment driving 19% increase in Net Profit

- First quarter net income increased by 19% driven by chilled water business
- Consolidated capacity increased by over 60kRT (10%) in the second half of 2016 leading to double-digit increase in first quarter profit
- EBITDA increased 13% reaching AED 141m
- 6.5% dividend announced, up 8% on previous year, and paid in April

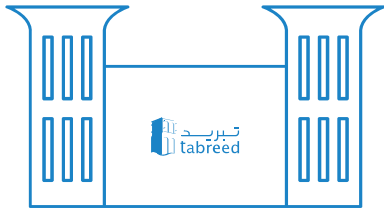
Robust performance driven by capacity additions across GCC, increase in dividends to shareholders

Tabreed at a glance

One of the world's largest district cooling companies

71

plants in
5 countries



Over

1m RT

delivered to clients



Equivalent to cooling

100 towers the size of
Burj Khalifa



Environmentally responsible operations reducing green house gas emissions



1.4 billion kWh

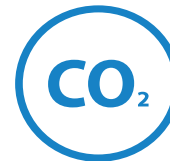
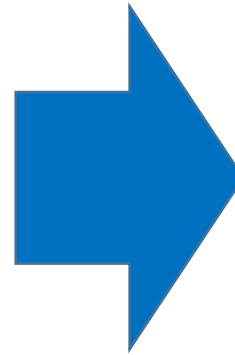
annual reduction in energy consumption in
the GCC through Tabreed's DC services in
2016



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



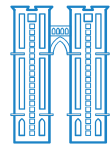
Dubai
Metro



Sheikh Zayed
Grand Mosque



The Pearl
Qatar

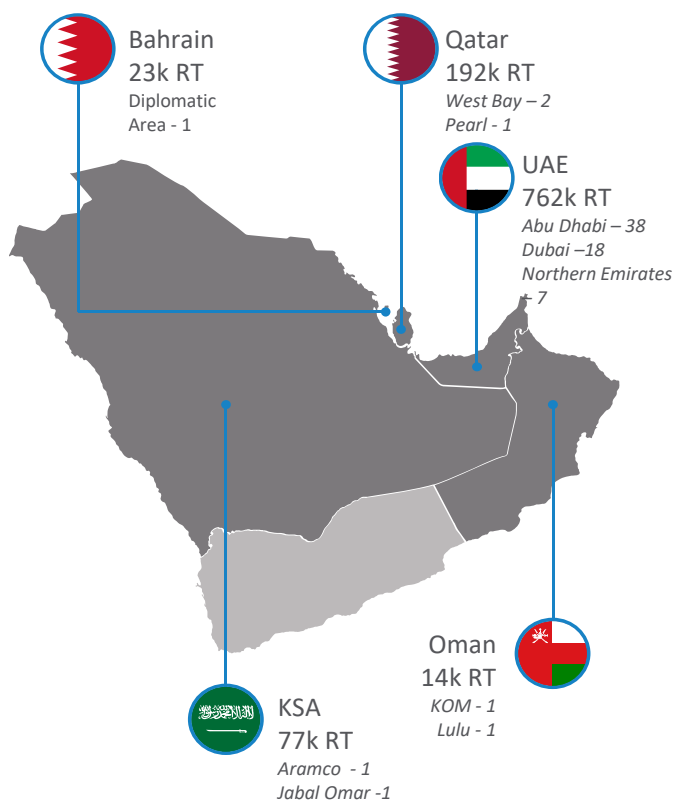


Jabal Omar
Project

The only listed DC Company and operating across the region

5 GCC Countries | 71 Plants | over 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



Capacity (kRT)	UAE	Qatar	KSA	Bahrain	Oman	Total
Consolidated	661	-	-	23	14	698
Equity Accounted	101	192	77	-	-	370
Total	762	192	77	23	14	1,068

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
- 762 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 130 kRT DC plant on The Pearl (106 kRT)
- Also owns and operates 2 DC plants and a concession in Qatar’s West Bay (86 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 KAFD development (50 kRT)

Landmark Projects: Saudi Aramco, Jabal Omar Development

Bahrain District Cooling Company (Tabreed 90%)

- Owns and operates 1 DC plant (23 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%)

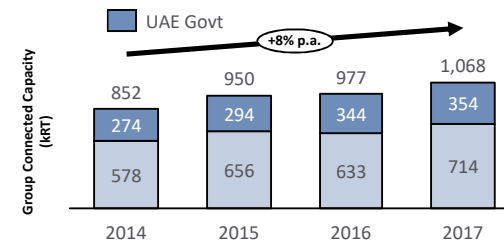
- A partnership between Tabreed and prominent Omani pension funds
- Owns and operates 2 plants serving Knowledge Oasis Muscat, Military Technical College and Lulu

Landmark Projects: Knowledge Oasis Muscat and Lulu Mall

Headline Performance

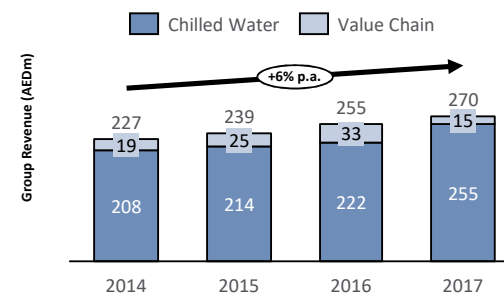
Long-term contracts with credit worthy customers

- Providing over 1m RT of cooling across GCC– growing 8% annually since 2014
- Consolidated capacity increase of 3% p.a and equity accounted capacity of 22% p.a.
- Long term price certain contracts (~25 years) ensuring stability in earnings
- ~46% of UAE capacity contracted with Government clients



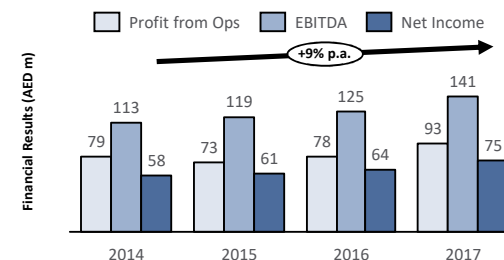
Revenue growth from existing and new business

- Utility business model leads to steady increases in revenue and profitability
- Total Group Revenue up 6%, reaching AED 270m, driven by new capacity additions
- Chilled Water revenue up 15% due to 7% increase in consolidated capacity combined with impact of utility tariff and CPI pass through



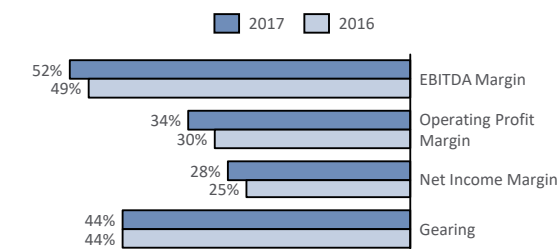
Strong operating performance and financial position

- Predictability in earnings driven by capacity charge
- Net income and EBITDA have grown at 9% and 8% annually since 2013
- Increasing profitability driven by economies of scale and cost control
- Net income and EBITDA up 19% and 13% respectively in Q1 2017



Value to shareholders

- 2016 dividend increased by 8% to 6.5 fils per share and paid out after Q1 close
- Amongst the top performers on the DFM index in terms of dividend yield



Stable utility infrastructure business with strong cash flows that continues to deliver earnings and dividend growth

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Financial Highlights

Income Statement

Consolidated Financials (AED m)	Q1 2017	Q1 2016	Variance	%
Revenue	270	256	15	+6%
<i>Chilled water revenue (96%)</i>	255	222	33	+15%
<i>Value chain businesses (4%)</i>	15	33	(18)	-55%
Operating cost	(128)	(125)	(3)	+2%
Gross Profit	143	131	12	+9%
<i>Gross profit margin</i>	53%	51%		
Administrative and other expenses	(50)	(53)	4	-7%
Profit from Operations	93	78	15	+20%
<i>Operating profit margin</i>	34%	30%		
Net finance costs	(42)	(37)	(4)	+12%
Other gains and losses	1	4	(3)	-66%
Share of results of associates and joint ventures	23	22	1	+5%
Income attributable to non-controlling interests	(0)	(3)	3	-96%
Net Profit	75	64	12	+19%
<i>Net profit margin</i>	28%	25%		
EBITDA	141	125	16	+13%
<i>EBITDA margin</i>	52%	49%		

Key Points

- 15% growth in chilled water revenues, mainly reflecting new connections, CPI of 1.6%, and pass through of AD utility price increases in the consumption tariffs
- 19% increase in net income and 13% increase in EBITDA
- Value chain businesses did less well with a sharp reduction in their share in the revenue mix
- Higher margins partly reflect change in revenue mix

Stable utility infrastructure business model enables consistent performance with ~50% EBITDA margins

Financial Highlights

Financial Position

Consolidated Financials (AED m)	2017	2016	Variance	%
Fixed Assets	6,954	6,977	(22)	-0%
Associates and Joint Ventures	836	826	10	+1%
Accounts Receivable	478	409	69	+17%
Cash and Short Term Deposits	258	390	(132)	-34%
Other Assets	62	60	2	+4%
Total Assets	8,588	8,661	(73)	-1%
Equity and Reserves	2,566	2,666	(100)	-4%
Mandatory Convertible Bonds – equity portion	1,773	1,773	-	+0%
Debt	3,383	3,424	(41)	-1%
Other Liabilities	867	799	68	+9%
Total Liabilities and Equity	8,588	8,661	(73)	-1%

Key Points

- Accounts receivables have increased due to short-term timing delays in customer collections
- Reduction in cash primarily reflects payment made to ICT to complete acquisition of Nation Towers plant
- Increase in liability balances reflect recording of 2017 dividend of 6.5 fils

Balance sheet continues to show strength and positions Tabreed to finance further growth

Financial Highlights

Cash flow Statement

Consolidated Financials (AED m)	Q1 2017	Q1 2016	Variance	%
Profit from Operations	93	78	15	+20%
Finance lease amortization	14	16	(3)	-17%
Depreciation	34	31	4	+11%
Working capital and other adjustments	(65)	(28)	(38)	+136%
Net cash flows from Operating Activities	76	97	(22)	-22%
Capital expenditure incurred	(143)	(62)	(81)	+131%
Dividend from Associates	19	-	19	+100%
Proceeds from sale of land in Oman	-	11	(11)	-100%
Net cash flows from Investing Activities	(124)	(51)	(74)	+145%
Loans drawn down	14	118	(104)	-89%
Principal and interest payments on loans	(75)	(33)	(42)	+126%
MCB cash coupon paid	(22)	(22)	-	+0%
Others	(0)	(7)	6	-94%
Net cash flows from Financing Activities	(84)	56	(140)	-249%
Net Movement in Cash and Cash Equivalents	(132)	103	(235)	-229%
Cash and Cash Equivalents at 1 Jan	390	193	197	+102%
Cash and Cash Equivalents at 31 December	258	296	(38)	-13%

Key Points

- Operating cash generation remains strong, though AED 20m lower compared to prior period due to short-term timing delays in customer collections
- Increase in capital expenditure mainly reflects AED 100m payment made to ICT to complete acquisition of Nation Towers plant
- Cash balances remain healthy

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

Debt portfolio adequately hedged against interest rate increases

- Tabreed's current gearing is 44% (debt: debt + equity), approaching global utility peers
- 95% of debt is denominated in AED, with the balance in USD and OR, in line with cash flow generation profile
- Majority of the debt is floating rate with 60% of total debt hedged into fixed rates
- Weighted average loan life is ~5 years, with ~AED 2bn of debt maturing in 2021

Debt position as at 31 March 2017 (AED in millions)

Borrower	Type	Amount (AED m)	Undrawn amount (AED m)	Currency	Interest	Hedging (%)	Maturity
Tabreed	Term loan	2,702	-	AED	EIBOR + margin	63	2021
Tabreed	Revolver	105	345	AED	EIBOR + margin	-	2021
Dubai Parks SPV	Project Finance	185	-	AED	EIBOR + margin	62	2032
ICT SPV	Project Finance	76	-	AED	EIBOR + margin	77	2028
Bahrain DC Company	Term loan	125	-	USD	LIBOR + margin	-	2019
Tabreed Oman	Term loan	63	5	OR	Fixed margin	100	2024
Total		3,255	350			60	

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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
- 18 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

Robust Financial Results

- Sustainable, stable and predictable results, low operating risk business model with strong margins
- Robust and predictable financial results underpinned by fixed revenue derived from long term 25 year contracts
- Double digit growth in EBITDA and Net Income since 2012, driven by capacity additions and CPI pass through
- Strong cash generating ability, EBITDA growing at 8% annually - sufficient to cover debt service, fund growth capex and provide dividends to shareholders

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

- Over 200kRT capacity added since 2014
 - 60kRT of signed up capacity additions for the next 2 years, 20kRT delivered in Q1 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 2017 events

DFM International Roadshow, *London*

Second quarter earnings call

EFG MENA & Frontier conference, *London*

Arqaam Investors conference, Abu Dhabi

Third quarter earnings call

BAML MENA conference, Dubai

Year end earnings call

Mid May 2017

End of July 2017

Early September

18 – 19 September 2017

End of October 2017

15 – 16 November 2017

End of January 2018