



# **National Central Cooling Company PJSC**

(DFM:TABREED)

## **Investor Presentation**

March 2021

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- 1. Overview of Tabreed**
- 2. Robust Business and Operating Model**
- 3. Strong shareholders and solid Corporate Governance**
- 4. Financial Overview**
- 5. Conclusion**

# 1. Overview of Tabreed

# A GCC Wide Environment Friendly Company Delivering Shareholder Returns

## Tabreed is ...

- A provider of a part of GCC's critical infrastructure
- Delivering and operating district cooling solutions with high reliability
- Creating sustainable value for our shareholders
- Providing uninterrupted service to our customers and maintaining the comfort of the communities we serve

**We aim to be the partner of choice for Governments and Corporations across GCC in providing environmentally friendly cooling solutions**



### Efficient and environment friendly operations

We harness the most efficient technology and utilize our extensive experience to deliver reliable and energy efficient cooling solutions that are environmentally friendly



### Regional leader

As the region's preferred provider of cooling solutions, we focus on our customers' needs and deliver comfort, value and service to all the communities we serve



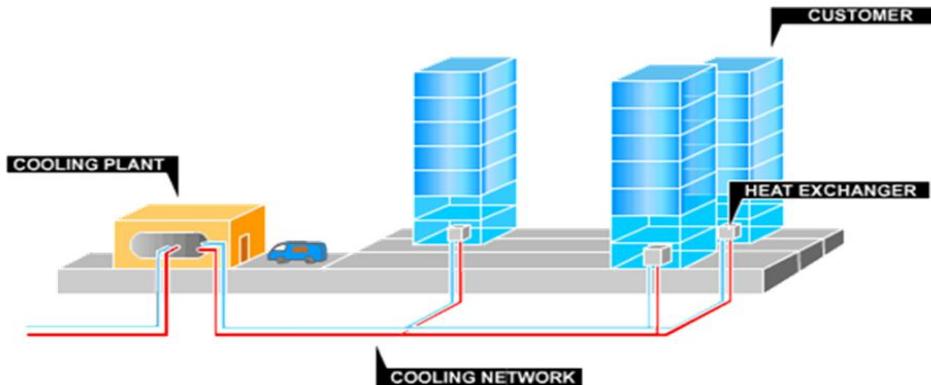
### Sustainable long-term shareholder returns

We generate sustainable long-term returns for our stakeholders on the back of the utility infrastructure business model

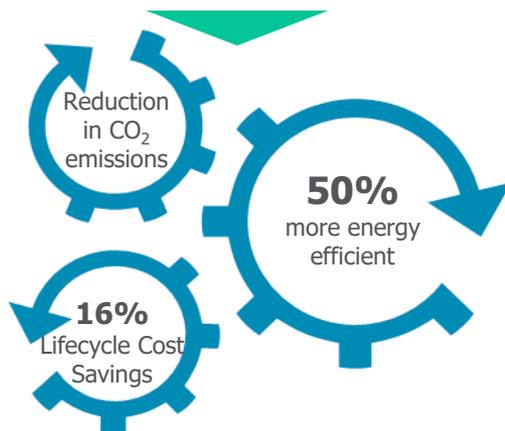
# District Cooling Benefits: The Big Picture

## How District Cooling works

A cooling plant supplies chilled water via an underground piping network to more than one building in a service area (or district)

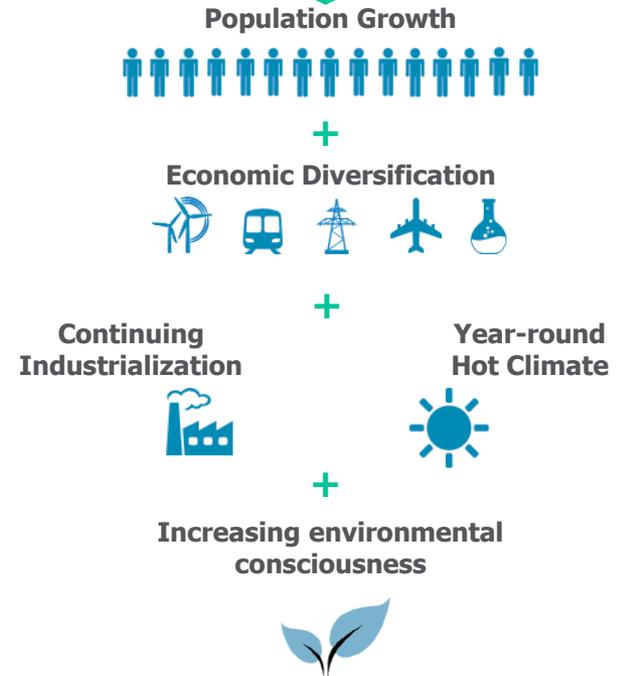


District cooling uses only half the energy of conventional cooling & has low operational risk



## The GCC's Energy Needs are Increasing

Cooling represents approximately 70% of peak energy consumption



## Supportive GCC Government Policy



Tabreed expects **Government policy to increasingly promote DC** to support their ambitious energy efficiency targets



**Decreasing energy subsidies will increase the attractiveness of DC** compared to conventional cooling as DC is more **energy efficient**

## Past

Without District Cooling



Roof Top Chillers



Window A/C

## Present

With District Cooling



Shangri-La



Rotana Hotel

# District Cooling in Action: Yas Island



Chilled water is produced at our plant on Yas Island West (adjacent to Skeikh Khalifa Highway)



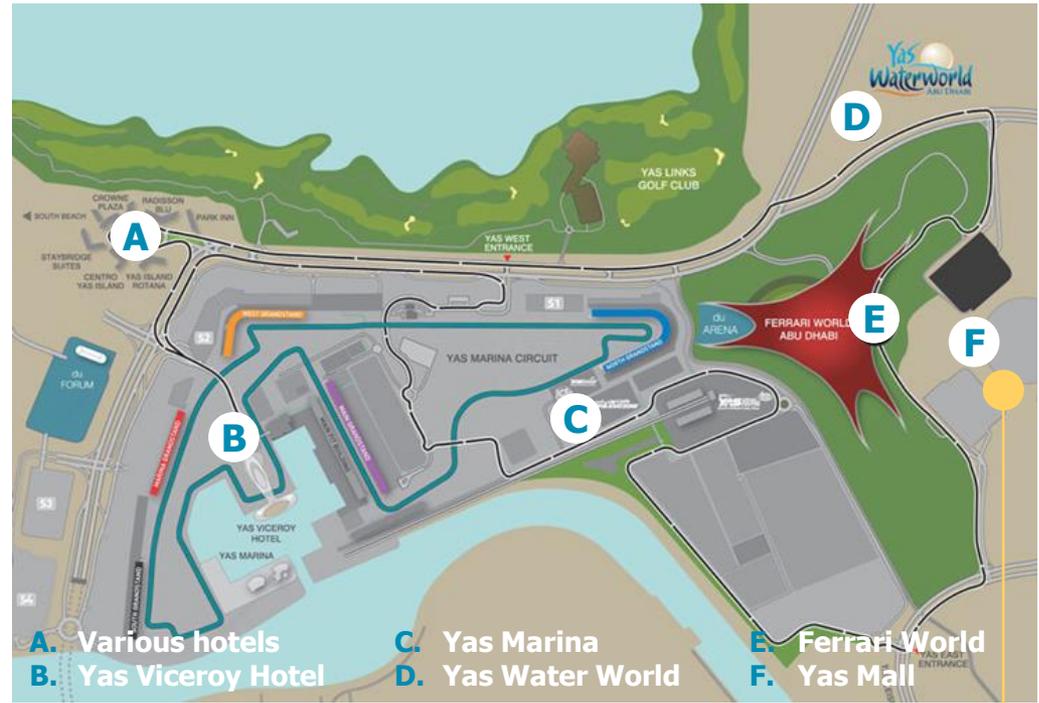
The chilled water is then distributed to projects on the Island through an insulated underground pipe network



Air is then forced past the cold water tubing inside the buildings to produce an air conditioned environment



The warm water is then returned to the plant to be re-chilled and redistributed



## One of the world's largest district cooling companies

**86**

plants in  
5 countries



**1.40m RT**

delivered to clients



Equivalent to cooling

**140**

towers the size of Burj Khalifa



## Environmentally responsible operations reducing green house gas emissions



**2.26 billion kWh**

annual reduction in energy consumption in the GCC through Tabreed's DC services in 2020



Enough energy to power

**128,443**

homes in the GCC every year



**1.35 million tons**

annual elimination  
of CO<sub>2</sub> emissions



The equivalent of removing

**293,129**

cars from our streets every year

## Exclusive provider of DC services to several iconic projects

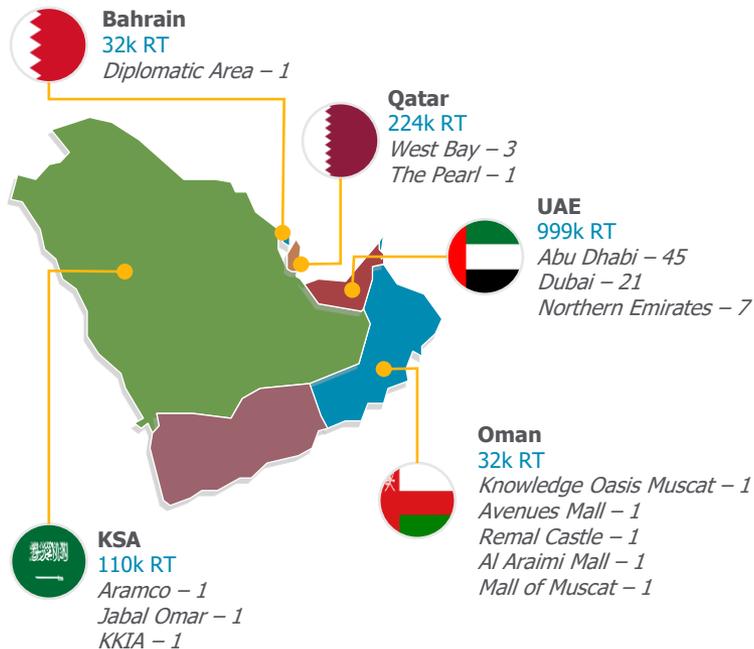


## Strong Regional presence

- Largest publicly listed district cooling provider in the region
- Currently present in the UAE, Saudi Arabia, Oman and Bahrain
- Significant growth achieved in 2020 with potential for further expansion into new geographies

## The only publicly listed and regional district cooling company in the world

- 5 GCC countries | 86 plants | 1.4m tons of cooling
- Uniform utility infrastructure model implemented across GCC
- Long term contracts underpinning stability of earnings and returns for shareholders
- Previously announced capacity guidance of 120,000 RT to be added over 2021 and 2022



### Tabreed and its UAE investments

- Plants in 6 of 7 emirates of the UAE - Abu Dhabi, Dubai, Ajman, RAK, Sharjah and Fujairah

**Landmark Projects in Abu Dhabi: Louvre Museum, Guggenheim Museum, Sheikh Zayed Grand Mosque, Yas Island, Al Maryah Island and Masdar City**

**Landmark Projects in Dubai: Dubai Metro, Burj Khalifa, The Dubai Mall, Address Hotel and Dubai Opera**

### Qatar District Cooling Company (Tabreed 44%)

- Owns and operates plant on The Pearl (capacity of 116k RT)
- Also owns and operates 3 DC plants and a concession in Qatar's West Bay (108k RT)

**Landmark Projects: The Pearl, West Bay**

### Saudi Tabreed District Cooling Company (Tabreed 28%)

- Owns and operates first significant DC plant in KSA – Saudi Aramco (32k RT)
- Owns and operates a DC plant in the Holy City of Mecca (58k RT)
- Owns and operates a DC plant at the King Khaled International Airport (20k RT)

**Landmark Projects: Saudi Aramco, Jabal Omar Development (Mecca), KKIA**

### Bahrain District Cooling Company (Tabreed 99.8%)

- Owns and operates 1 DC plant (32k 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**

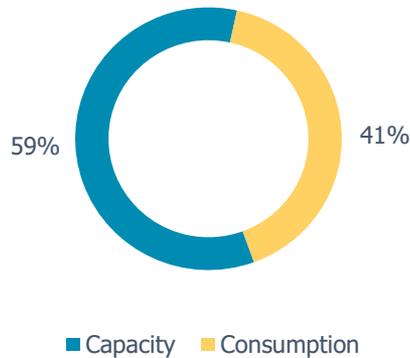
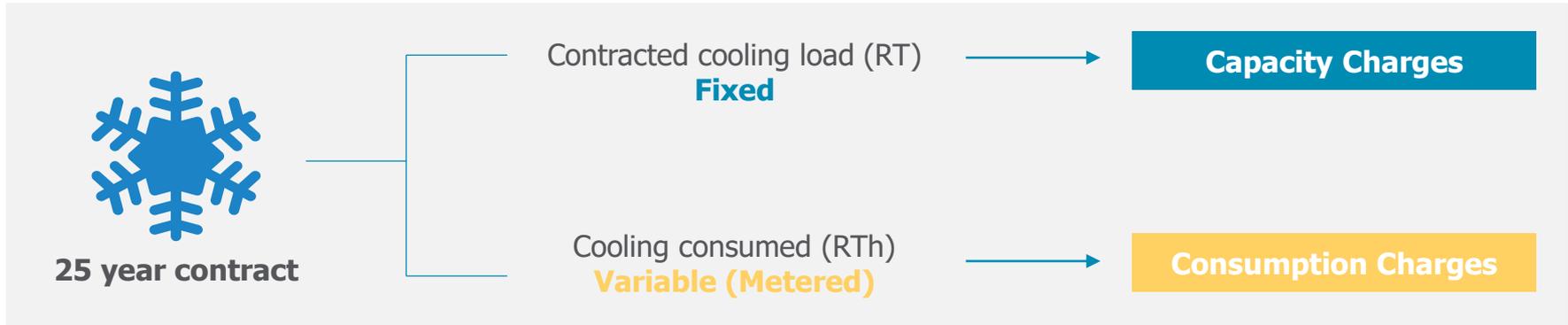
### Tabreed Oman (Tabreed 61%)

- Owns and operates 5 plants serving Knowledge Oasis Muscat, Oman Avenues Mall, Remal Castle, Al Araimi Mall and Mall of Muscat

**Landmark Projects: Knowledge Oasis Muscat, Oman Avenues Mall, Mall of Muscat**

## 2. Robust Business and Operating Model

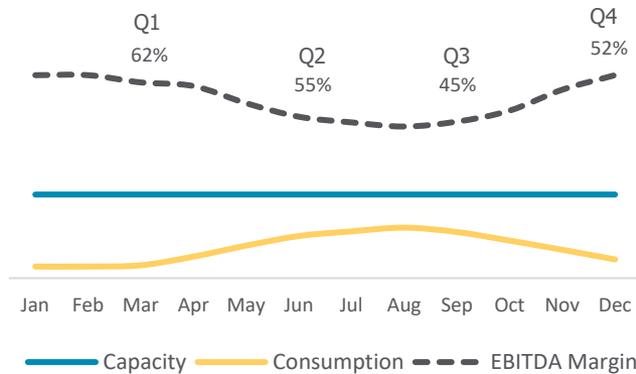
# Utility Business Model



\* Based on last 3 years average

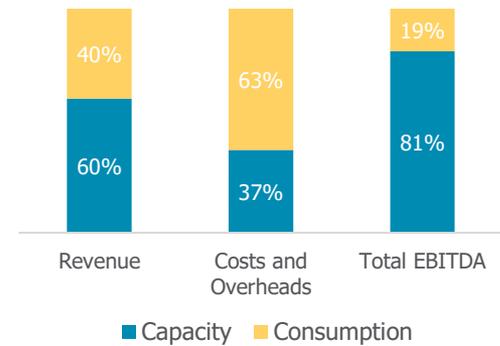
## Majority of revenue comes from capacity charges

- Capacity charges reflect the cooling capacity reserved for the customer
- Consumption charges recover the cost of cooling consumed and is billed based on metering



## Capacity revenue is fixed for the year while consumption revenue varies

- Consumption billing follows a bell curve in line with average temperatures in the region
- Capacity bills are a fixed amount every month
- Blended EBITDA margin is the highest in the winter months, average 52% for the year



\* Based on last 3 years average

## Consumption is a pass through and capacity provides returns

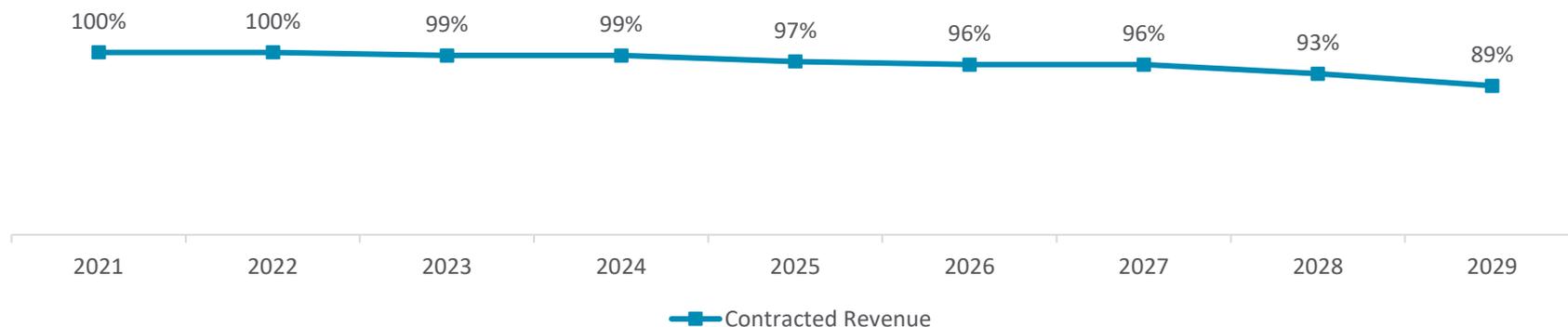
- Consumption revenue covers all variable costs of operation
- Capacity revenue covers fixed O&M, finance and corporate costs and provides return on capital

# Long term contracts and infrastructure business model generates stable and recurring revenues

## Long-term contracts underpin business model

- **Long term contracts** of typically 25+ years
- **Only construct plants on guaranteed offtake contracts** with take-or-pay structures
- **Limited contract renewal risk**
  - Less than 5% of the company's contracted capacity maturing within five years
  - Around 10% maturing within ten years
- **Low contract termination risk** – once a customer is connected to DC, it is not economical to switch to alternative cooling infrastructure
- Factors that support contract renewal at or before expiry include:
  - Useful life of plant, equipment and network is expected to exceed contract terms
  - Currently, no viable or economical alternative is available for customers whose developments have been designed for DC
  - Tabreed's network of pipes and existing infrastructure put Tabreed in a favourable position for contracts to be renewed

## 89%+ of capacity revenue is locked in over next 10 years



## Owned and Consolidated Plants



UAE Armed Forces

- UAE Armed Forces was the first customer of the Company and continues to be an important partner
- Tabreed cools multiple military and training facilities
- Cooling agreement was renewed in 2014 for another 20 years



- Roads and Transport Authority of Dubai (RTA) is responsible for transport, roads & traffic in the Emirate of Dubai
- Tabreed has been providing cooling to all metro stations of the iconic Dubai Metro project since 2010
- Long term 27 year contract



- Aldar Properties PJSC is the leading real estate developer in Abu Dhabi
- Tabreed and Aldar have been in partnership since Aldar's incorporation in 2005
- Providing cooling to Aldar's developments on Yas Island, Al Raha Beach, Reem Island and Abu Dhabi Island
- Cooling agreement was renewed in 2015 for another 30 years

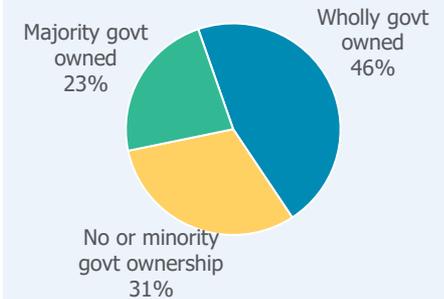
The top 3 customers in 2020 accounted approx. 47% of chilled water revenues in 2020

## Prime Assets Added in 2020

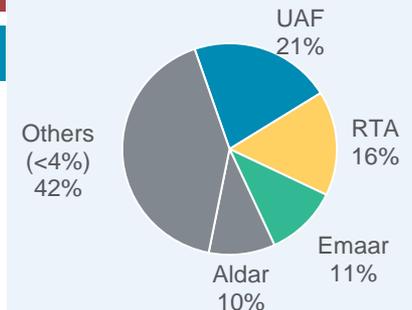


- In April 2020, Tabreed acquired 80% of Emaar's Downtown District Cooling ("DDC") assets. After the acquisition Emaar retains 20% of the ownership
- Downtown Dubai is Emaar's flagship mega-development at the heart of the city, providing cooling to prestigious developments such as Burj Khalifa
- Long term concession agreement signed with Emaar

**Major proportion of contracts with government entities and large developers: Limited counterparty risk, based on chilled water revenue in FY 2020**



**Majority exposure with B2B creditworthy customers based on chilled water revenue in FY 2020**



- Selective growth strategy to build on the existing and solid cash generating base
- Criteria for pursuing a given growth opportunity include to customer quality, strong/bankable contract structures, and IRR above hurdle rate
- COVID-19 has unlocked further M&A opportunities in UAE with prime developers which provide an opportunity to consolidate market share

## Growth avenues

## Examples

|   |  |   |
|---|--|---|
| <h3>Concessions</h3>                    | <ul style="list-style-type: none"> <li>• Tabreed has sole right to provide cooling services in a certain district</li> <li>• Any new buildings constructed in the district must connect to Tabreed</li> <li>• Long-term, high return contracts with tariffs similar to other buildings in the concession</li> <li>• Requires minimal capital outlay as infrastructure is already in place</li> </ul> | <ul style="list-style-type: none"> <li>• <b>UAE:</b> Yas Island, Maryah Island, Masdar City, Downtown Dubai ultimate capacity of 235kRT and in Saadiyat Island 88kRT</li> <li>• <b>KSA:</b> Jabal Omar development</li> <li>• <b>Bahrain:</b> Reef Island and Bahrain Financial Harbor</li> </ul> |
| <h3>Acquisitions</h3>                   | <ul style="list-style-type: none"> <li>• Acquisitions from developers who own a plant but would prefer to outsource to a 3rd party provide the cooling services</li> <li>• Acquisitions of other independent cooling companies</li> </ul>  | <ul style="list-style-type: none"> <li>• Acquisition of Saadiyat Island DC schemes from Aldar</li> <li>• Acquisition of Downtown Dubai DC assets from Emaar</li> <li>• Acquisition of DC concession from Masdar</li> </ul>  |
| <h3>New connections</h3>                | <ul style="list-style-type: none"> <li>• New customers connecting to existing infrastructure</li> <li>• Customers are not bound to use Tabreed (unlike concessions) however, using Tabreed will often be the most economic option</li> <li>• Usually requires no additional fixed cost and provides higher margins</li> </ul>  | <ul style="list-style-type: none"> <li>• Tabreed has added around 20kRT recently; ~5% incremental capacity is currently available for new connections</li> </ul>  |
| <h3>New plants and new geographies</h3> | <ul style="list-style-type: none"> <li>• When a new plant is agreed and built for a new development</li> <li>• Driven by demand in the construction and real estate market</li> <li>• Explore growth opportunities in select new geographies outside GCC (e.g. Egypt, Kuwait and India)</li> </ul>   | <ul style="list-style-type: none"> <li>• 6 new plants since 2019</li> <li>• Currently have 1 plant under construction</li> </ul>  |

Tabreed is well placed to benefit from both organic and inorganic growth opportunities in and beyond GCC region

# Connected Capacity

| Consolidated              | Q4 2019    | Q1 2020    | Q2 2020    | Q3 2020    | Q4 2020    |
|---------------------------|------------|------------|------------|------------|------------|
| UAE                       | 724        | 871        | 872        | 882        | 928        |
| Bahrain                   | 28         | 32         | 32         | 32         | 32         |
| Oman                      | 32         | 32         | 32         | 32         | 32         |
| <b>Total Consolidated</b> | <b>784</b> | <b>936</b> | <b>936</b> | <b>947</b> | <b>992</b> |

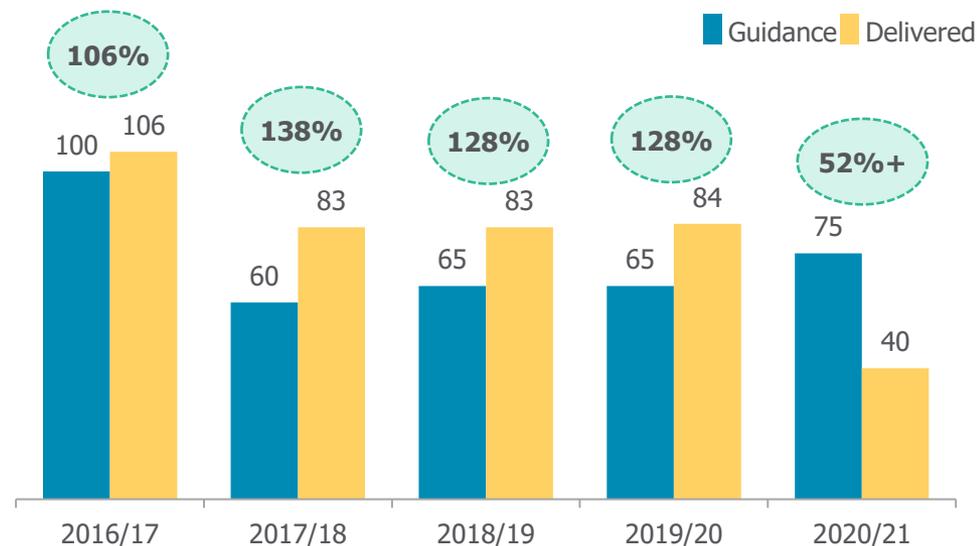
| Equity Accounted              | Q4 2019    | Q1 2020    | Q2 2020    | Q3 2020    | Q4 2020    |
|-------------------------------|------------|------------|------------|------------|------------|
| UAE                           | 71         | 71         | 71         | 71         | 71         |
| Qatar                         | 218        | 224        | 224        | 224        | 230        |
| KSA                           | 110        | 110        | 110        | 110        | 110        |
| <b>Total Equity Accounted</b> | <b>399</b> | <b>406</b> | <b>406</b> | <b>406</b> | <b>411</b> |

| Total | 1,183 | 1,342 | 1,343 | 1,352 | 1,404 |
|-------|-------|-------|-------|-------|-------|
|-------|-------|-------|-------|-------|-------|

- Previously announced capacity guidance of 75k RT to be added over 2020 and 2021
- Organic capacity addition of 40k RT across the region in 2020
- Acquisition of Dubai Downtown in April 2020 added 146k RT
- Acquisition of Saadiyat Island added 35k RT, to be closed in Q1 2021
- Revised capacity guidance of 120k RT of organic growth to be added over 2021 and 2022

## Organic Capacity Growth (kRT)



# 22 Years Experience of Building, Operating and Maintaining Plants

Tabreed's in-house team has been successful in designing, building, operating and maintaining some of the biggest District Cooling systems across the region for over 22 years

## O&M STRATEGY

Safely operate and maintain the plants and facilities to provide reliable service efficiently while preserving the value and extending the life of the assets

### Proven operations track record

- In-house operation of all plants since 1998
- Less than 0.01% scheduled and unscheduled downtime and no major outage or supply interruption in 20 years of operations
- Strong operating track record underpinned by comprehensive maintenance plans and critical equipment redundancy
- Recognized as a regional leader and contracted by 3<sup>rd</sup> parties to manage their plants and facilities

### Centralized maintenance

- Experienced in-house maintenance teams to serve all plants
- Rigorous predictive and preventive maintenance schedule with a lifecycle view
- Stand-by team on hand to address any maintenance needs
- Emergency and recovery plans in place to deal with any outages
- In house building maintenance team to support certain customer side cooling infrastructure

### 24/7 manned operations

- Operators present at plants at all times
- Regular operational and HSE training and development programs for operators
- Integrated control and monitoring of all major equipment in plants using SCADA
- Dedicated centralized performance management team monitoring plant performance and enhancing power efficiencies

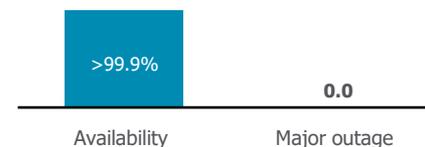
### Project design and delivery

- Joint venture with SNC Lavalin to provide EPC expertise. JV has so far constructed more than 60 plants for Tabreed and third parties
- Experienced in-house project management team to manage delivery of projects
- Designed complex systems specific to customer needs such as Dubai Metro, Yas Island, Dubai Parks and others

### Headcount



### Plant Performance



## 2020 performance is testament to Tabreed's resilient business model

**Continuity of Business**



**Capacity Growth**



**Revenue and earnings visibility**



**Margin Enhancement**

- 
- No downtime in pandemic
  - Integration of acquisitions during pandemic lockdown
  - Investment grade status reaffirmed following both acquisition funding of \$1.2 billion in 2020
  
  - Capacity growth of at 9% per annum since 2017
  - 2020 capacity grew at 19%; primarily through acquisition of Downtown Dubai and Saadiyat concessions
  - Revenue and earnings visibility provided by long term, price certain contracts
  
  - Contracts of typically 25+ years with low contract termination risk
  - Demand for cooling was maintained through the pandemic, demonstrating essential nature of our service
  - Consumption revenue grew by over 17% compared to 2019
  
  - Electrical efficiency has improved by 5% since 2017 in value terms AED 17.5m per annum
  - EBITDA margin enhancement from 50% in 2019 to 56% in 2020

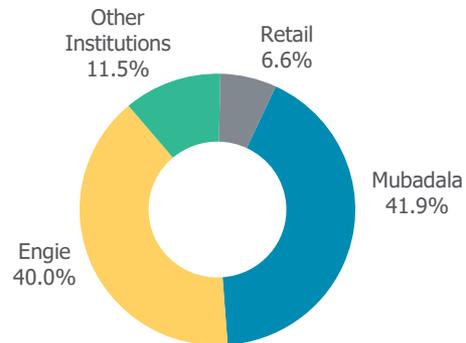
# 3. Strong shareholders and solid corporate governance

**Significant shareholder support from Mubadala, a major Abu Dhabi government entity and ENGIE, one of the world's largest international power and utility companies, that offer deep operating experience in the utilities sector and a platform for further growth**

## MOODY'S<sup>1</sup>

"Tabreed benefits from a supportive and complementary shareholder base. We view Mubadala and ENGIE as strong commercial and technical backers for Tabreed in the region. Both anchor shareholders also provide Tabreed with high standards for financial oversight and governance and in our view strengthen the commitment to the company's stated financial policies."

### Shareholder composition\*



### Strategic shareholders



- **Abu Dhabi's leading strategic investment company with US\$226bn of assets**
- **Active in 13 sectors** and more than **30 countries around the world**, creating lasting value for its shareholder, the Government of Abu Dhabi
- The Abu Dhabi Investment Council (ADIC) became a part of Mubadala Investment Company in March 2018 when the Government issued a restructuring law
- Mubadala invests in aerospace, ICT, semiconductors, metals and mining, renewable energy and utilities, and the management of diverse financial holdings
- Mubadala / Abu Dhabi government representatives **hold 4 of Tabreed's board seats**



- Global energy provider spanning **70 countries in 5 continents**
- Total group assets of **~EUR160bn (US\$185bn)**
- World leader in District Energy. First District Cooling plant in Europe in 1971 and now ~ 250K RT in Europe, US, and Asia
- ENGIE see Tabreed as their platform for District Cooling growth in the region
- ENGIE representatives hold **4 Tabreed board seats**

\*No shareholders other than ENGIE and Mubadala own more than 5%

<sup>1</sup>Moody's report number 1141584 published on October 8, 2018

*Continuity of board with four directors each appointed by Mubadala and ENGIE. Tabreed's board has recently been appointed for another three years*



**Khaled Abdulla Al Qubaisi**  
Chairman

Khaled Al Qubaisi is the Chief Executive Officer, Aerospace, Renewables and Information Communications Technology (ICT) at Mubadala.

**Other Board Positions**

Mr. Al Qubaisi is also the Chairman of the Board of Injazat Data Systems (Injazat) and Board Member of Abu Dhabi Future Energy Company (Masdar), Emirates Global Aluminium (EGA) and Global Foundries.



**Paulo Almirante**  
Vice Chairman

Paulo Almirante is currently Executive Vice President of global energy leader ENGIE.

**Other Board Positions**

Mr. Almirante is a board member of numerous ENGIE group companies. He is also a member of ENGIE's Executive Committee in charge of Brazil; Middle East, South and Central Asia and Turkey; North, South and Eastern Europe and Generation Europe.



**Frédérique Dufresnoy**

**Deputy Director of Decentralized Solutions for Cities at global energy leader ENGIE**

Prior to that, she was the Director of Finance, Risks and International Development at ENGIE and CFO of the company's European operations



**Mohammed Al Huraimel Al Shamsi**

**Director of Utilities Investments in Mubadala**

Board Member of Jiangsu Suyadi Tancai Company and SMN Power Holding in Oman



**H.E. Dr. Ahmad Belhou Al Falasi**

**Minister of State for Entrepreneurship and Small and Medium Enterprises**

Board member of Masdar



**Mohamed Jameel Al Ramahi**

**Chief Executive Officer of Abu Dhabi Future Energy Company (Masdar)**

Board Member of Dudgeon Offshore Wind Farm in the UK, the Masdar Solar Wind Cooperative, Masdar Investment Committee, and Torresol Energy



**Frédéric Claux**

**Head of Acquisitions, Investments and Financial Advisory for global energy leader ENGIE**

Mr Claux also serves as a non-executive Board member of Les Eoliennes en Mer (offshore wind)



**Sébastien Arbola**

**CEO of the Middle East, South and Central Asia and Turkey region for global energy leader ENGIE**

Prior to that, he was the CFO and Senior Vice President of the company's Asian environmental operations as M&A Group Director



**Saeed Ali Khalfan Al Dhaheri**

**Director of Investments at Ali & Sons Holding LLC**



**Bader Al Lamki**  
Chief Executive Officer

Appointed as Tabreed's Chief Executive Officer in April 2019.

Prior to joining Tabreed, he was responsible for steering the Masdar Clean Energy business growth activities and played a key role in building the company's renewable energy portfolio across 25 countries.

Prior to that, Bader worked at ADMA-OPCO successfully leading a strategic development initiative to increase the company's daily oil production reflecting on the overall revenue of the company.

Earlier in his career, he also worked for a number of renowned organizations, such as French oil major, Total, advising the company on oil and gas projects in Africa.



**Adel Salem Al Wahedi**  
Chief Financial Officer

Appointed as Tabreed's Chief Financial Officer in March 2020.

Prior to joining Tabreed, he was Group CFO of Arabtec Holding. He has also served as CFO for some of the largest entities in the UAE including Abu Dhabi Ports Company and Petrofac Emirates, in addition to holding senior positions at Emirates Telecommunications Corporation (Etisalat).

He has over 22 years of experience in the fields of corporate finance, mergers & acquisitions, statutory accounting, budgeting, planning, costing and strategic decision making in both private and public companies in KSA, Egypt, Sudan, and the region.



**Hamish Jooste**  
Chief Legal Counsel

Hamish joined Tabreed in 2012 and in addition to serving as Chief Legal Counsel, he acts as Secretary to the Board of Directors of Tabreed.

He is a lawyer with over 18 years of experience in corporate law, M&A, banking and utilities.

Prior to joining Tabreed, he has practiced law in four countries across three different continents at large international law firms including Herbert Smith LLP where he worked on many landmark deals in the region.



**Jean-Francois Chartrain**  
Chief Operating Officer

Jean-Francois has over 22 years of experience in the fields of Business Development, Engineering and Construction. He has diverse experience in different businesses such as utilities, energy and renewables, and environment industries across various geographies.

In his previous role as Technical Director with ENGIE ITALIA, he headed 3 separate departments; design, maintenance engineering, and energy efficiency. He was also responsible for leading the private development of the district heating scheme.

Previously, he also worked with GDF SUEZ Energie Services, CLIMESPACE and INGEVALOR.



**François Xavier Boul**  
Chief Development Officer

François-Xavier ("FX") has over 19 years of experience in the fields of Business Development, Acquisitions, Project and Structured Finance. He has a diverse experience in different businesses such as construction, banking, financial services, utilities, and oil and energy industries across various geographies.

His last assignment was with ENGIE Group (in UAE) as Senior Vice President – Business Development wherein, he was responsible for leading the business development, structuring and negotiation of projects, and equity investments.

Prior to this, he worked for ACWA Power (Dubai), ABC Bank (Bahrain), Ambac (London) and Natixis (Paris).



## Environment

Thermal Energy Storage

Treated Sewage Effluent

Using Seawater to Protect Scarce Resources



## Community

Nurturing Future Leaders

University Talks and Career Fairs

Student Internships & Plant Tours



## People

HSE Training and Awareness Programs

StarTrain Development Program

Emiratization



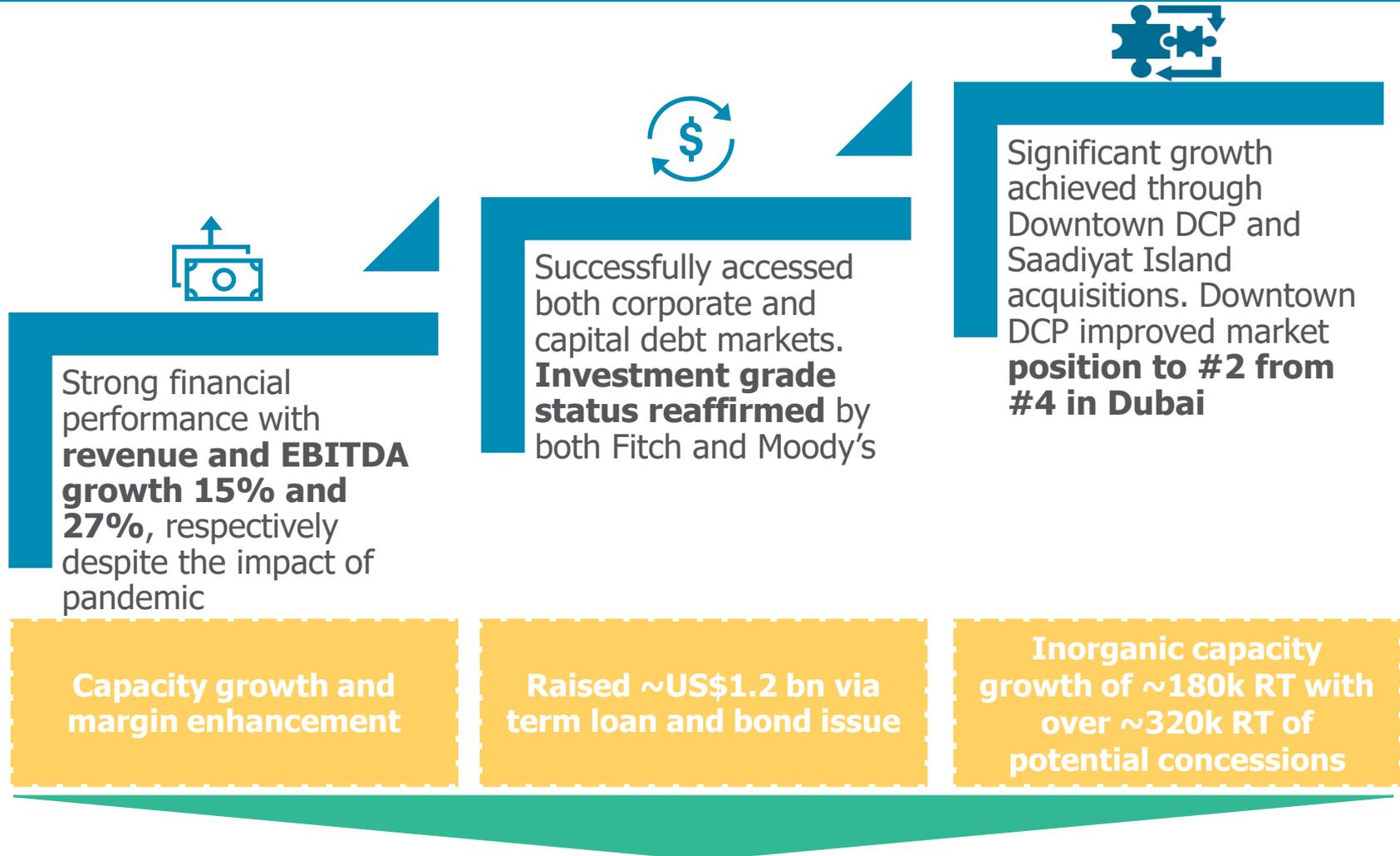
**11** Million  
Man hours without any lost time injury

**1.3** Thousand  
Employees and Contractors trained in HSEQ

Tabreed's sustainability priorities encompass three main pillars, which are aligned with our values, the national agendas and energy strategies of the region

## 4. Financial Overview

## Developed strong platform to support future growth opportunities

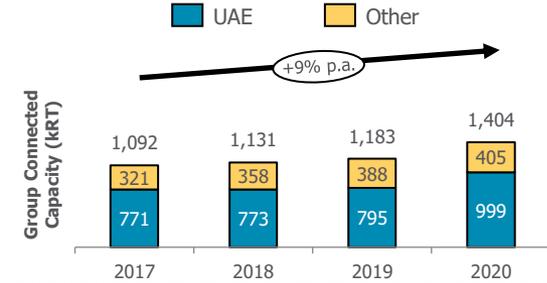


**Increasing value and long-term returns for shareholders**

# Headline Performance

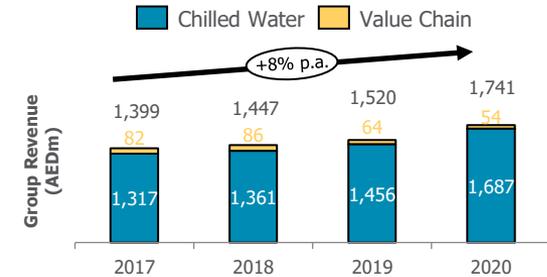
## Long-term contracts with credit worthy customers

- Providing over 1.40m RT of cooling across GCC – grown at 9% CAGR since 2017
- Long term contracts (~25 years) mean over 90% of contracted capacity locked in for at least the next 10 years
- About 80% of revenues from wholly government owned and partially government owned entities



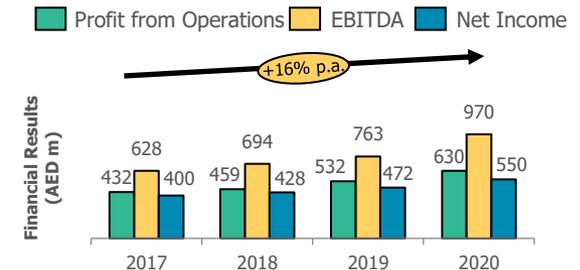
## Revenue growth from existing and new business

- Group revenue growing at 8% CAGR since 2017 driven by Chilled Water revenue growth of 9%
- Utility business model leads to steady increases in revenue and profitability from existing customers
- Acquired 80% stake in Emaar’s Dubai Downtown District Cooling business and signed a long-term concession



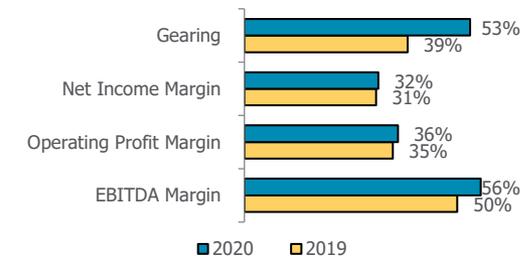
## Solid financial performance

- Predictability in earnings driven by capacity charge
- EBITDA has grown 16% annually since 2017



## Value to shareholders

- EBITDA margin of 56%
- Strong balance sheet
- Stable cash flow generation
- Dividend of 11.5 fils (cash + equity value), up from 10.5 fils in 2019



# Income Statement

| <b>Consolidated Financials (AED m)</b>            | <b>2020</b> | <b>2019</b> | <b>Variance</b> | <b>%</b>   |
|---|-------------|-------------|-----------------|------------|
| Revenue   | 1,741       | 1,520       | 221             | 15%        |
| <i>Chilled water revenue (97%)</i>                | 1,687       | 1,456       | 230             | 16%        |
| <i>Value chain businesses (3%)</i>                | 54          | 64          | (10)            | -16%       |
| Operating cost                                    | (886)       | (768)       | (119)           | 15%        |
| <b>Gross Profit</b>                               | <b>855</b>  | <b>753</b>  | <b>102</b>      | <b>14%</b> |
| <i>Gross profit margin</i>                        | <i>49%</i>  | <i>50%</i>  |                 |            |
| Administrative and other expenses                 | (225)       | (220)       | (4.3)           | 2.0%       |
| <b>Profit from Operations</b>                     | <b>630</b>  | <b>532</b>  | <b>98</b>       | <b>18%</b> |
| <i>Operating profit margin</i>                    | <i>36%</i>  | <i>35%</i>  |                 |            |
| Net finance costs                                 | (219)       | (178)       | (41)            | 23%        |
| Share of results of associates and joint ventures | 51          | 63          | (12)            | -19%       |
| Other gains and losses                            | 79          | 27          | 52              | -          |
| Income attributable to non-controlling interests  | (23)        | (8)         | (15)            |            |
| Profit from discontinuing operations              | 32          | 36          | (4)             | -10%       |
| <b>Net Income</b>                                 | <b>550</b>  | <b>472</b>  | <b>78</b>       | <b>16%</b> |
| <i>Net Income margin</i>                          | <i>32%</i>  | <i>31%</i>  |                 |            |
| <b>EBITDA</b>                                     | <b>970</b>  | <b>763</b>  | <b>207</b>      | <b>27%</b> |
| <i>EBITDA margin</i>                              | <i>56%</i>  | <i>50%</i>  |                 |            |

## Key Observations

- Increase in revenue primarily driven by Chilled Water business which is more than accounted for a small reductions in Value Chain business
- Chilled Water growth in 2020, driven by consolidation of Downtown DCP and new connections, partly offset by negative CPI including higher finance lease amortization and lower consumption on account of pandemic
- EBITDA margin enhancement driven by Downtown DCP consolidation
- Higher finance cost due to new loans, partly offset by hedging and lower interest rates compared to last year
- Other gains higher primarily due to finance lease gain on contract amendment with an existing client
- Share of results down due to 2019 one-off gain in UAE JV not repeated in 2020. Profit from discontinued operations reflects IFRS disclosure requirements in relation to Qatar Cool

# Financial Position

| Consolidated Financials (AED m)     | Dec 31, 2020  | Dec 31, 2019 | Variance     | %          |
|-------------------------------------|---------------|--------------|--------------|------------|
| Fixed Assets                        | 8,011         | 7,288        | 723          | 10%        |
| Intangibles                         | 2,360         | 29           | 2,332        | -          |
| Associates and Joint Ventures       | 358           | 732          | (374)        | -51%       |
| Accounts Receivable                 | 898           | 593          | 305          | 51%        |
| Cash and Short-Term Deposits        | 1,313         | 227          | 1,086        |            |
| Other Assets                        | 42            | 35           | 8            | 22%        |
| Assets Held for Sale                | 330           | -            | 330          |            |
| <b>Total Assets</b>                 | <b>13,313</b> | <b>8,904</b> | <b>4,409</b> | <b>50%</b> |
| Equity and Reserves                 | 5,875         | 5,016        | 860          | 17%        |
| Debt                                | 6,691         | 3,141        | 3,550        | 113%       |
| Other Liabilities                   | 747           | 747          | 0            | 0%         |
| <b>Total Liabilities and Equity</b> | <b>13,313</b> | <b>8,904</b> | <b>4,409</b> | <b>50%</b> |

## Key Observations

- Increase in balance sheet including fixed assets, accounts receivables and corporate debt has been primarily due to Downtown DCP acquisition
- Increase in receivables was primarily due to delays in collections from some customers; collections from rest of the customers remain normal
- As at 31 December 2020, investment in Qatar Cool has been classified as held for sale, as required by IFRS. As a result, investment in associates and JV has reduced
- Increase in debt balances represent financing of Downtown DCP LLC acquisition, and new 7 year bond issuance partially offset by repayment of existing term loan

# Cash Flow Statement

| <b>Consolidated Financials (AED m)</b>                     | <b>2020</b>    | <b>2019</b>  | <b>Variance</b> | <b>%</b>    |
|--|----------------|--------------|-----------------|-------------|
| <b>Profit from Operations</b>                              | <b>630</b>     | <b>532</b>   | <b>98</b>       | <b>18%</b>  |
| Finance lease amortization                                 | 118            | 61           | 57              | 93%         |
| Depreciation and Amortization                              | 222            | 170          | 52              | 31%         |
| Working Capital and other adjustments                      | (341)          | 19           | (360)           |             |
| <b>Net cash flows from Operating Activities</b>            | <b>629</b>     | <b>782</b>   | <b>(153)</b>    | <b>-20%</b> |
| Capital expenditure incurred                               | (2,686)        | (104)        | (2,582)         |             |
| Acquisition of additional share in subsidiary / associates | -              | (128)        | 128             |             |
| Dividends and interest income received                     | 91             | 47           | 44              | 93%         |
| <b>Net cash flows from Investing Activities</b>            | <b>(2,595)</b> | <b>(184)</b> | <b>(2,411)</b>  |             |
| Debt servicing   | 3,392          | (306)        | 3,698           |             |
| Dividend Paid  | (289)          | (261)        | (27)            | 10%         |
| Others   | (52)           | (52)         | 0               | -           |
| <b>Net cash flows from Financing Activities</b>            | <b>3,051</b>   | <b>(620)</b> | <b>3,671</b>    |             |
| <b>Net Movement in Cash and Cash Equivalents</b>           | <b>1,086</b>   | <b>(22)</b>  | <b>1,108</b>    |             |
| Cash and Cash Equivalents at the start of the period       | 227            | 249          | (22)            | -9%         |
| <b>Cash and Cash Equivalents at the end of the period</b>  | <b>1,313</b>   | <b>227</b>   | <b>1,086</b>    |             |

## Key Observations

- Cashflow from operations impacted by lower collections from a major government customer
- These delays are not due to any disputes, and we continue to closely work with customers to accelerate our collections
- Capex is higher due to acquisition of Downtown DCP and Masdar
- Dividend and interest income is higher due to one-off dividend from UAE JVs and associates
- Increased debt in 2020 is on account of new financing of USD 692m and issuing non convertible bond of USD 500m for funding new growth and acquisition
- Higher interest payment is due to above mentioned new financing facilities

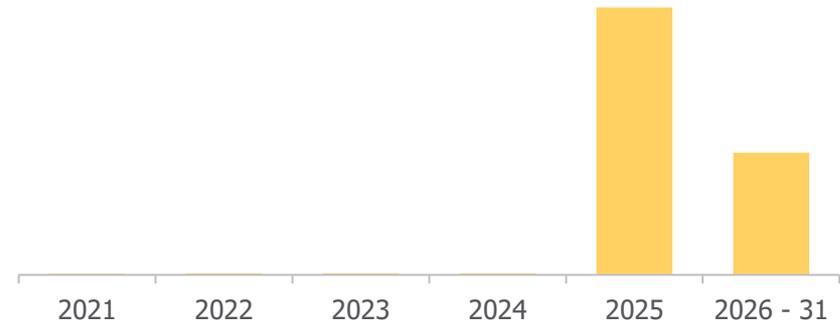
# Debt Portfolio and Return Ratios

- Consistent improvement in return ratios
- Current gearing of 53% (vs. 39% in Dec 2019); Increase in debt in 2020 due to financing of USD 692m for Downtown DCP and issuing non convertible bond of USD 500m
- No significant financing required until 2025 when Sukuk matures and Downtown DCP fall due in 2025

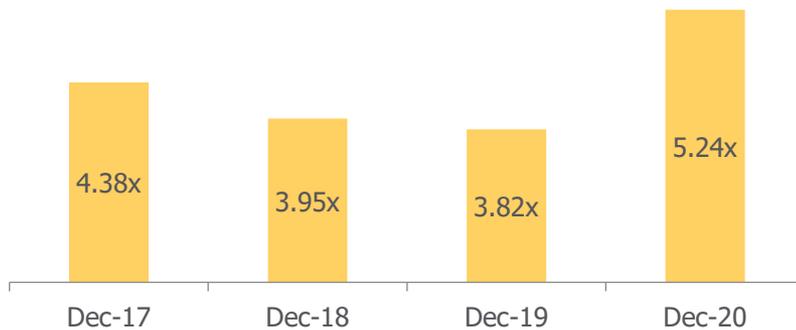
## Net Debt Profile (AED m)



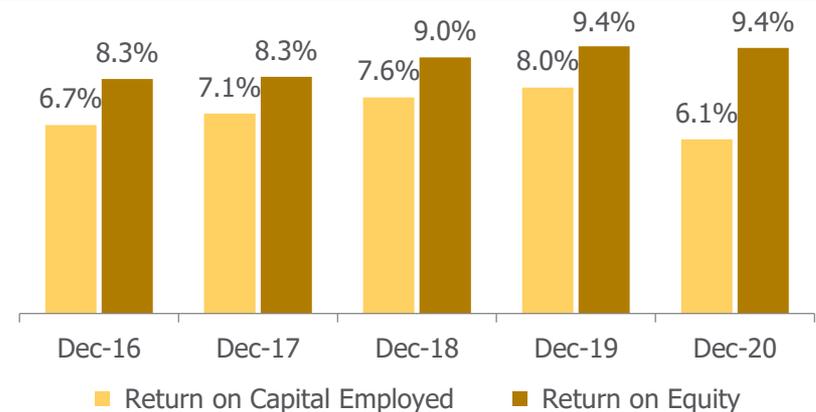
## Debt Maturity Profile



## Net Debt to LTM EBITDA\*



## Return on Capital Employed and Return on Equity



- LTM EBITDA for Dec 20 includes annualized EBITDA for Downtown DCP

## Capitalization and efficient working capital utilization to support near term growth

### Term Loan

- 5 year, US\$ 692m Senior Unsecured Term Loan
- Bullet Repayment in 2025
- To acquire Downtown DCP assets
- Initially provided and fully underwritten by HSBC
- Successfully syndicated to a group of 9 banks during May & June 2020
- The syndication was oversubscribed with international, regional and local banks participating

### Bond Issue

- US\$ 500m, 7 year 2.5% coupon maturing in 2027
- 5x oversubscribed with international investors accounting for over 90% of final allotment
- To acquire Saadiyat Island assets and refinance an existing term loan
- Balance to be utilized for potential acquisition in 2021

- Investment grade rating retained by Moody's (Baa3) and Fitch (BBB)
- Interest costs fixed at historic low levels

Tabreed's Baa3 rating remains supported by the company's

1. strong cash flow resilience because of long-term fixed charge contracts;
2. low operating risk levels, with most variable costs being passed through;
3. strong competitive positions in growing Gulf Cooperation Council (GCC) markets; and
4. complementary shareholder base...

***Moody's (April 2020)***

# 5. Conclusion

# Key Highlights



## Robust Performance

- Chilled Water revenue grew 15.8%. Total Revenue increased by 14.5%
- EBITDA increased by 27.1% to AED 970m and EBITDA margins increased from 50% to 56%
- Net Income increased by 16.5% to AED 550m
- Added 84k RT during 2019 and 2020 compared to guidance of 65k RT for the period



## Acquisition and Expansion

- Signed an agreement with Miral to provide district cooling services to SeaWorld Abu Dhabi
- Acquired Saadiyat Island District Cooling concessions
- Acquired World's largest district cooling scheme in Downtown Dubai from Emaar Properties
- Achieved financial close on acquisition of Masdar district cooling concession



## Resilient Business Model

- Operational track record of > 20 years
- A utility-like service considering the warm climate of the Middle East
- Long-term partnerships with government-backed entities representing approximately 70% of consolidated chilled water revenue in 2020
- Focus on B2B contracts with businesses and government entities reducing counterparty credit and collection risk



## Strategic Collaboration

- Developing and connecting Masdar and Tabreed infrastructure to help increase operating synergies
- Tabreed Energy Services established strategic partnership with ADCP to Promote Energy Conservation
- Partnership with Bee'ah, to jointly develop large-scale district cooling projects in the Emirate of Sharjah



## Sustainability

- Tabreed's sustainability priorities encompass three main pillars, aligned with our values, the national agendas and energy strategies of the region
- Partner of choice across GCC in providing environmentally friendly cooling solutions
- Solid corporate governance and market-leading transparency
- Creating sustainable value for stakeholders

# Appendices

# Masdar: One of the World's Most Sustainable Urban Communities

Sustainability is the key ethos of Masdar City, sharing Tabreed's vision of efficient and low-emission urban developments



- Acquired Masdar City district cooling concession
- Ultimately will provide efficient cooling services to more than 2.7 million sq.m of sustainable urban communities in Masdar City, with a total capacity of about 69k RT
- Also acquired the use of two deep geothermal wells located in Masdar City that are a part of a major R&D collaboration initiative
- Potentially enables Tabreed to leverage its sector expertise and innovative approach to create unique, reliable and sustainable cooling solutions through geothermal technology

## Iconic Sites



UAE Space Agency



Masdar City Center



IRENA Headquarters

# Downtown DCP: A Historic Achievement for Tabreed and a Transformational Transaction

Reinforcing Tabreed's position as the global district cooling industry leader and improving position to #2 from #4 in Dubai



- Acquired 80% of Emaar's Dubai Downtown District Cooling business
- Signed a long-term concession to cool iconic sites such as, the Burj Khalifa, Dubai Mall and Dubai Opera House
- Partnership with Emaar anticipated to lead to further growth opportunities
- 4 interconnected plants with an ultimate concession capacity of 235k RT and around 146k RT of connected capacity at the time of acquisition
- Significantly increased Tabreed's market share in Dubai, the largest District Cooling market in the World. Also reduced customer concentration and added high quality off-takers to the portfolio
- Successfully completed the post merger integration of all plants despite prevailing pandemic

**Connected capacity of ~150k RT and additional concession of around 85k RT for future growth**

# Saadiyat Island: Cooling Abu Dhabi's Most Prestigious Developments

## Further strengthening Tabreed's presence in Abu Dhabi



- Acquired Saadiyat Island District Cooling assets from Aldar Properties. The transaction was signed in 2020 and expected to close by Q1 2021
- The ultimate capacity of these 2 concessions are 88k RT with currently connected capacity of 35k RT
- Additional prestigious projects are expected to be developed in the coming years in this prime cultural and tourism area of Abu Dhabi
- Tabreed to provide cooling to Abu Dhabi's cultural and tourism hub, home to hospitality, museums and education sectors

### Iconic Sites



Louvre Museum



New York University



Guggenheim, Al Saadiyat

|                      |   |
|----------------------|---|
| <h2>Environment</h2> | <ol style="list-style-type: none"> <li>1. District Cooling <b>is approximately 50% more efficient</b> than other forms of cooling, resulting in significantly lower CO<sub>2</sub> emissions</li> <li>2. The <b>use of Thermal Energy Storage</b>, which involves storing chilled water in large tanks, in many of Tabreed's plants further decreases energy consumption</li> <li>3. Tabreed has been <b>one of the pioneers for use of Treated Sewage Effluent</b> in district cooling plants, which enhances the sustainability of resources by recycling sewage water to reduce the use of potable water by up to 35%</li> <li>4. The <b>use of seawater</b> in our Bahrain plant has led to an annual saving of 80 million imperial gallons of potable water</li> <li>5. <b>'Smart Controller'</b> created in partnership with Masdar Institute of Science and Technology, led to savings of 1million MWh/year and 27million gallons of water per year at one of Tabreed's plants in Mohammed bin Zayed City</li> <li>6. Continued <b>research to further reduce power and water consumption</b>, including collaboration with Masdar to explore the use of geothermal power to create sustainable cooling</li> </ol> |
| <h2>Social</h2>      | <ol style="list-style-type: none"> <li>7. Tabreed continuously focuses on <b>Health &amp; Safety</b> as evidenced by the very low incident rates discussed previously</li> <li>8. Tabreed has become the <b>first district cooling company to receive the ISO50001 certification</b> for the development &amp; implementation of an effective Energy Management System</li> <li>9. Tabreed is <b>committed to the development of its employees</b> through multiple training &amp; development initiatives</li> <li>10. In 2019 Tabreed launched its <b>Ethra'a initiative to build a highly-skilled talent pool</b> through facilitating the sharing of knowledge between industry and academia.</li> <li>11. Strong <b>focus on customer service</b> through our reliability of service, improving cost efficiency and strong customer relationship management, including a 24/7 hotline</li> </ol>   |
| <h2>Governance</h2>  | <ol style="list-style-type: none"> <li>12. Tabreed's board includes a <b>majority of Independent Board members</b> and is entirely non executive</li> <li>13. Tabreed's Board ensures the <b>interests of shareholders are protected</b> through a clear Delegation of Authority and clear mandates with regular reporting relating to the 5 year strategic plan, operating policies, the annual budget and KPI's</li> <li>14. Board Committees <b>lead by independent Board members</b> to oversee Audit, Finance, Projects and Nominations &amp; Remuneration</li> <li>15. Management Committees to <b>ensure strong internal governance</b> , including an Insider Information &amp; Share Trading Committee</li> </ol>  |

# Robust corporate governance and comprehensive HSE policy

## Experienced Board of Directors driving strategic direction

- Tabreed’s Board provides **guidance** and **direction** to its management towards achieving the **strategic objectives** of Tabreed on behalf of its shareholders
- The Board provides guidance through the following mandates that are regularly reviewed:
  - **The five-year strategic plan;**
  - **Tabreed’s policies;**
  - **The annual budget;**
  - **Key performance indicators;**
  - **Regular reporting against performance targets**
- Tabreed’s internal control function is maintained by the Board
  - **Responsible for system of internal control**
  - **Ensures internal control review is conducted each year**

## Focus on Health, Safety and Environment (HSE)

### A HSE Policy

- HSE is a key consideration in business planning and operational decisions by:
  - Comply with all regulations and industry best practices
  - Ensuring all employees are trained and motivated to adopt and develop HSE culture
  - Regular HSE training and awareness programs to enhance HSE readiness with automated incident reporting and tracking systems accessible to all Tabreed employees

### B Leadership & Commitment

- Tabreed’s senior management team is committed to HSE with a direct reporting line to the CEO
  - HSE reports are submitted to the Board on a monthly basis
  - Multiple plant and site visits performed each year by CEO and senior management

### C Certifications secured



| D Implementation record         | 2017 | 2018 | 2019 | 2020 |
|---------------------------------|------|------|------|------|
| Total Recorded Incident Rate    | 0.51 | 0    | 0    | 0    |
| Lost Time Injury Frequency Rate | 0    | 0    | 0    | 0    |

## Experienced management team driving operational excellence

- To ensure that Tabreed conducts its affairs with integrity and in line with best corporate practices, on the authority of the Board, Tabreed has various management committees, including:
  - **Investment Committee:** endorses projects, commitments and investments prior to formal proposals
  - **Insider Information and Share Dealings Committee:** monitors and controls the handling of inside information and regulates transactions and holdings
  - **Business Continuity Committee:** ensures appropriate and timely response to any business interruption threats or events

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