



# **National Central Cooling Company PJSC**

(DFM: TABREED)

Q3 2021 Earnings Presentation

14 November 2021

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# Agenda

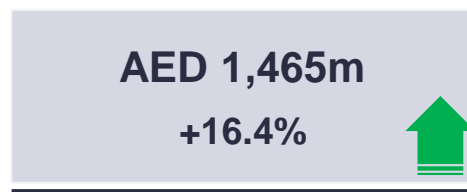
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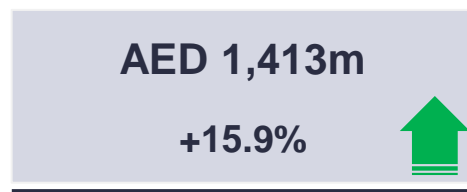
# Introduction and Performance Highlights

# Tabreed at a Glance

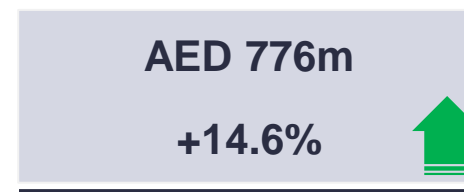
## Financial Highlights: 9M 2021 vs. 9M 2020



Total Revenue



Chilled Water Revenue



EBITDA



Net Income

## Performance Highlights and Other Developments

### Performance Highlights

- Total Revenue increased by 16.4%. Chilled Water revenue grew 15.9%
- EBITDA increased by 14.6% to AED 776m with EBITDA margins of 53.0% in 9M 2021
- Net Income increased by 4.8% to AED 388m
- Added 29,010 RT during 9M 2021; delivered 75,000 RT guided for 2020 and 2021
- Previously announced capacity guidance to add 120,000 RT over 2021 and 2022

### Other Developments

- Acquired additional 50% stake in the exclusive concession 80,000 RT district cooling concession supplying Al Maryah Island in Abu Dhabi
- Divested 44% stake in Qatar District Cooling Company (Qatar Cool) to United Development Company (UDC) for AED 417m
- Tabreed was honoured to receive the Sheikh Khalifa Excellence Award and also be awarded 'System of the Year' by the International District Energy Association for outstanding operational excellence of district energy systems

# Tabreed at a Glance

One of the world's largest district cooling companies


**84**  
plants in 4 countries



**1.20m RT**  
delivered to clients



Equivalent to cooling  
**120**  
towers the size of Burj Khalifa



## Environmentally responsible operations reducing green house gas emissions



**1.88 billion kWh**  
year to date reduction in energy consumption in the GCC through Tabreed's DC services in 2021



Enough energy to power  
**107,036**  
homes in the GCC every year



**1.12 million tons**  
elimination of CO<sub>2</sub> emissions



The equivalent of removing  
**244,274**  
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
- Continuing to grow and targeting further expansion in new geographies

## Connected Capacity (kRT)

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
<b>Consolidated</b>					
UAE	882	928	928	940	954
Bahrain	32	32	32	33	33
Oman	32	32	33	33	33
<b>Total Consolidated</b>	<b>947</b>	<b>992</b>	<b>993</b>	<b>1,006</b>	<b>1,019</b>
<b>Equity Accounted</b>					
UAE	71	71	71	71	74
KSA	110	110	110	110	110
<b>Total Equity Accounted</b>	<b>181</b>	<b>181</b>	<b>181</b>	<b>181</b>	<b>184</b>
<b>Total</b>	<b>1,128</b>	<b>1,174</b>	<b>1,175</b>	<b>1,187</b>	<b>1,203</b>

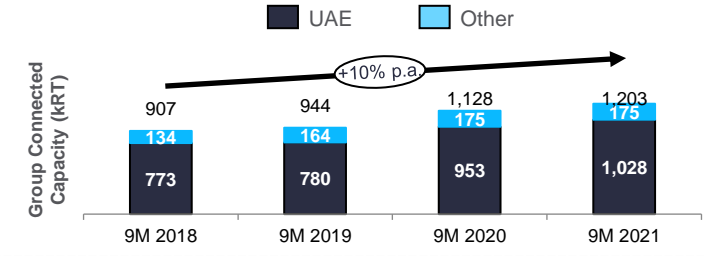
- Capacity guided for 2020 and 2021 was 75k RT; delivered through 40k RT in 2020 and 29k RT in 9M 2021
- Announced capacity guidance of 120k RT of growth to be added over 2021 and 2022 with an expected split between consolidated level and equity accounted joint ventures to be 80:20
- Attractive opportunities available in the UAE which Tabreed will continue to evaluate
- Expect KSA to contribute around 15% of the guided capacity of 120k RT for 2021 and 2022

Note: Capacity for prior period excludes Qatar Cool capacity

# Headline Performance

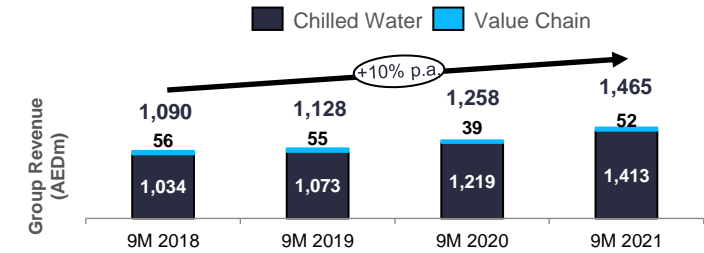
## 1 Long-term contracts with credit worthy customers

- Providing over 1.20m RT of cooling across GCC – grown at 10% CAGR since 2018
- 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



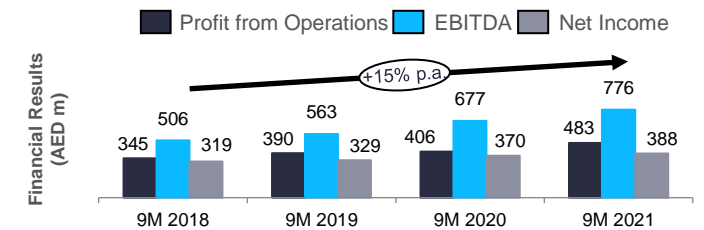
## 2 Revenue growth from existing and new business

- Group revenue growing at 10% CAGR since 2018 driven by Chilled Water revenue growth of 11%
- Utility business model leads to steady increases in revenue and profitability from existing customers
- Added over 190k RT of capacity through acquisitions since beginning of 2020. These acquisitions have additional concession capacity; Acquired balance 50% capacity for Al Maryah Island DC concession



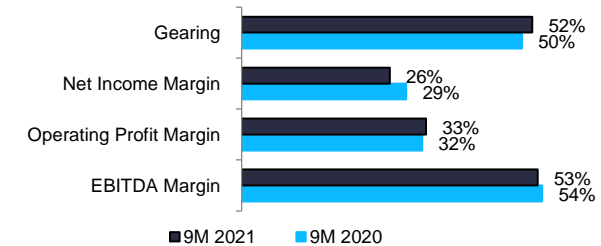
## 3 Solid financial performance

- Predictability in earnings driven by capacity charge
- Profit from operations growing at 12% CAGR since 2018
- EBITDA has grown 15% annually since 2018



## 4 Value to shareholders

- EBITDA margin of 53%
- Strong balance sheet
- Stable cash flow generation
- Dividend of 11.5 fils (cash + equity value), up from 10.5 fils in 2019



Note: Capacity for prior period excludes Qatar Cool capacity



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# Financial Results

# Income Statement

Consolidated Financials (AED m)	9M 2021	9M 2020	Variance	%
Revenue	1,464.7	1,257.9	206.8	16.4%
<i>Chilled water revenue (96%)</i>	1,412.9	1,219.1	193.8	15.9%
<i>Value chain businesses (4%)</i>	51.9	38.9	13.0	33.4%
Operating cost	(809.9)	(665.6)	(144.3)	21.7%
<b>Gross Profit</b>	<b>654.8</b>	<b>592.3</b>	<b>62.5</b>	<b>10.5%</b>
<i>Gross profit margin</i>	<i>44.7%</i>	<i>47.1%</i>		
Administrative and other expenses	(171.3)	(185.9)	14.6	(7.9)%
<b>Profit from Operations</b>	<b>483.4</b>	<b>406.4</b>	<b>77.1</b>	<b>19.0%</b>
<i>Operating profit margin</i>	<i>33.0%</i>	<i>32.3%</i>		
Net finance costs	(185.5)	(147.5)	(38.1)	25.8%
Share of results of associates and joint ventures	33.7	37.1	(3.5)	(9.4)%
Other gains and losses	(2.2)	67.7	(69.9)	(103.2)%
Income attributable to non-controlling interests	(21.6)	(13.9)	(7.7)	55.1%
Profit from discontinuing operations	80.2	20.6	59.6	288.9%
<b>Net Income</b>	<b>388.0</b>	<b>370.4</b>	<b>17.6</b>	<b>4.7%</b>
<i>Net Income margin</i>	<i>26.5%</i>	<i>29.4%</i>		
<b>EBITDA</b>	<b>775.7</b>	<b>676.6</b>	<b>99.1</b>	<b>14.6%</b>
<i>EBITDA margin</i>	<i>53.0%</i>	<i>53.8%</i>		

## Key Observations

- Robust performance of both Chilled Water and Value Chain businesses driving topline growth
- Chilled Water business growth driven by consolidation of Downtown DCP, Masdar and Saadiyat Island DC assets
- Administrative and other expenses impacted by consolidation of acquisitions. 2020 expense includes covid provision of AED 20 million
- EBITDA growth primarily driven by consolidation of acquisitions from last year
- Other gains in previous year mainly represents gain on contract amendment with an existing client
- Higher finance cost due to new facilities to fund acquisitions
- Profit from discontinued operations represents gain upon sale of our stake in Qatar Cool

# Financial Position

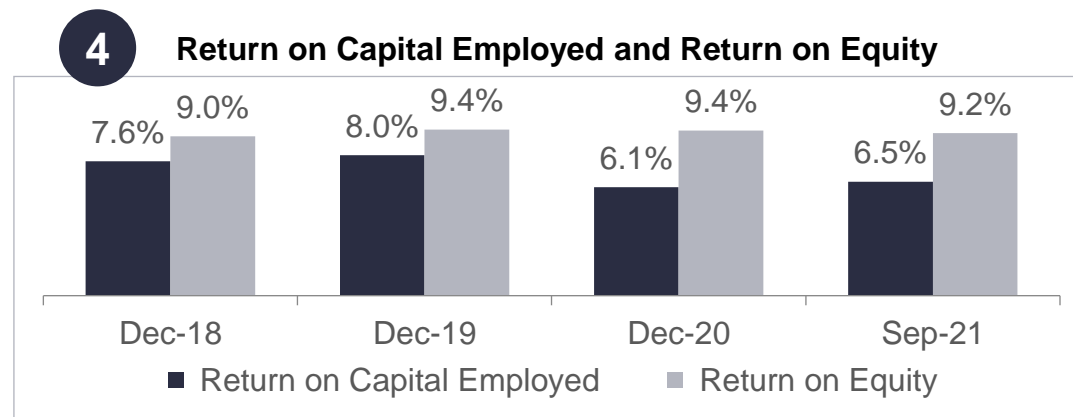
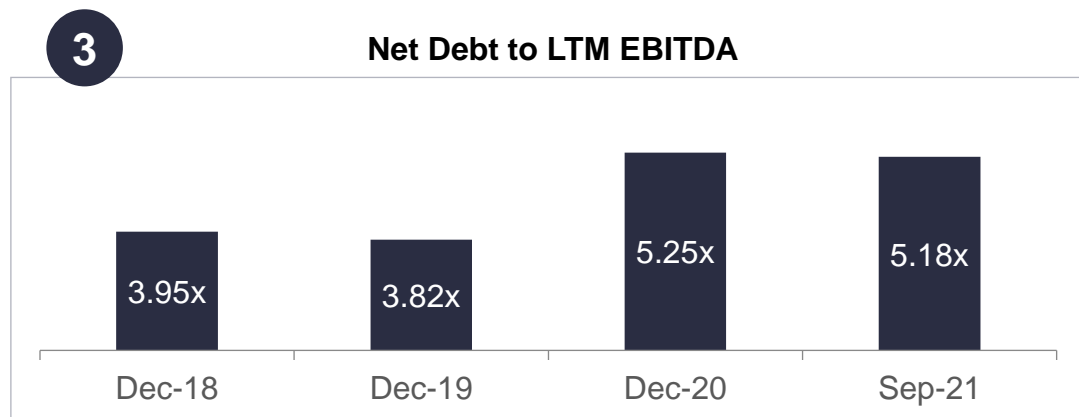
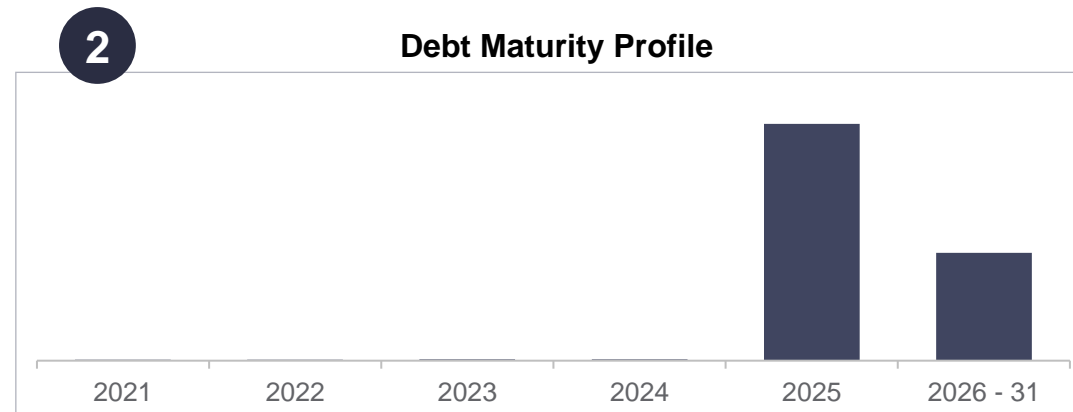
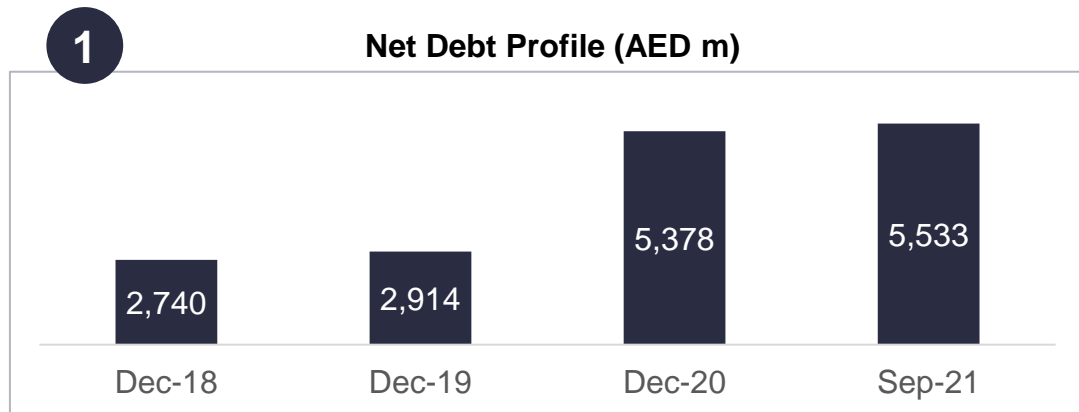
Consolidated Financials (AED m)	Sep 30, 2021	Dec 31, 2020	Variance	%	Key Observations
Fixed Assets	8,208.7	8,010.9	197.8	2.5%	<ul style="list-style-type: none"> <li>Increase in Fixed assets and intangibles represent additions due to acquisition of Saadiyat Island DC assets</li> </ul>
Intangibles	2,954.2	2,360.1	594.1	25.2%	
Associates and Joint Ventures	401.3	358.3	43.0	12.0%	<ul style="list-style-type: none"> <li>Increase in trade receivables mainly represents the impact of seasonality and the consolidation of the Saadiyat entities, offset to some extent by improved collections in 2021</li> </ul>
Accounts Receivable	923.6	898.5	25.1	2.8%	
Cash and Short-Term Deposits	1,140.1	1,312.9	(172.8)	(13.2)%	<ul style="list-style-type: none"> <li>Increase in other liabilities mainly represents seasonality factor and acquisition of Saadiyat entities</li> </ul>
Other Assets	49.2	42.4	6.8	16.0%	
Assets Held for Sale	-	329.9	(329.9)	(100.0)%	
<b>Total Assets</b>	<b>13,677.2</b>	<b>13,312.9</b>	<b>364.2</b>	<b>2.7%</b>	
Equity and Reserves	6,161.1	5,875.2	286.0	4.9%	
Debt	6,673.4	6,690.8	(17.5)	(0.3)%	
Other Liabilities	842.7	746.9	95.7	12.8%	
<b>Total Liabilities and Equity</b>	<b>13,677.2</b>	<b>13,312.9</b>	<b>364.2</b>	<b>2.7%</b>	

# Cash Flow Statement

Consolidated Financials (AED m)	9M 2021	9M 2020	Variance	%	Key Observations
<b>Profit from Operations</b>	<b>483.4</b>	<b>406.4</b>	<b>77.1</b>	<b>19.0%</b>	<ul style="list-style-type: none"> <li>Cash flow from operations stronger than last year, mainly reflecting significantly higher collections from major customers</li> </ul>
Finance lease amortization	99.6	89.0	10.6	11.9%	
Depreciation and Amortization	192.6	161.6	31.1	19.2%	
Working Capital and other adjustments	131.5	(152.7)	284.2	(186.1)%	
<b>Net cash flows from Operating Activities</b>	<b>907.2</b>	<b>504.2</b>	<b>403.0</b>	<b>79.9%</b>	<ul style="list-style-type: none"> <li>Investing activities mainly represents payment of AED 962 million made towards acquisition of Saadiyat Island DC assets and receipt of AED 417 million for Qatar Cool divestment</li> </ul>
Capital expenditure incurred	(1,126.4)	(2,570.4)	1,444.0	(56.2)%	
Dividends and interest income received	421.6	9.0	412.6		
<b>Net cash flows from Investing Activities</b>	<b>(704.8)</b>	<b>(2,561.4)</b>	<b>1,856.6</b>		<ul style="list-style-type: none"> <li>Financing activities mainly represents dividend payment and debt servicing for the current period</li> </ul>
Debt servicing	(144.1)	2,479.1	(2,623.2)		
Dividend Paid	(191.3)	(287.3)	96.0	(33.4)%	
Others	(39.8)	(39.6)	(0.1)	0.3%	
<b>Net cash flows from Financing Activities</b>	<b>(375.2)</b>	<b>2,152.1</b>	<b>(2,527.3)</b>		<ul style="list-style-type: none"> <li>Closing cash balances up over AED 800 million over last year</li> </ul>
<b>Net Movement in Cash and Cash Equivalents</b>	<b>(172.8)</b>	<b>94.9</b>	<b>(267.7)</b>		
Cash and Cash Equivalents at the start of the period	1,312.9	226.9	1,086.0	478.6%	
<b>Cash and Cash Equivalents at the end of the period</b>	<b>1,140.1</b>	<b>321.8</b>	<b>818.3</b>	<b>254.2%</b>	

# Debt Portfolio and Return Ratios

Investment grade status reaffirmed by both Fitch and Moody's



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# Conclusion

# Contribution to the Sustainable Development Goals (“SDGs”)

Sustainability is at the core of Tabreed’s operations. It reflects the company’s commitment to energy efficiency and to the environment, and to the sustainable socio-economic development of the region.

## Tabreed as a partner in progress

- Tabreed has embedded ESG principles and practices across various aspects of its operations
- Given its expanding operations, Tabreed has an important role to play in terms of achieving the SDGs
- We present a selection of the key SDGs whereby Tabreed’s contribution is notable



## Tabreed’s contribution to the SDGs



**No Poverty**  
Substantial donations to support UAE families impacted by the Covid-19 pandemic as part of the #TabreedCares campaign



**Gender Equality**  
Provides equal opportunities to women (29% of Tabreed’s employees at the corporate level are women)



**Affordable and Clean Energy**  
Provides DC services to a variety of markets in the GCC which is more energy efficient compared to traditional cooling



**Decent Work and Economic Growth**  
Significant growth achieved through Downtown DCP and Saadiyat Island acquisitions



**Industry, Innovation and Infrastructure**  
Pioneered several innovations to minimize Tabreed’s environmental footprint



**Reduced Inequalities**  
Maintains a culture of diversity and inclusion at its core with several initiatives in place to reduce inequalities



**Sustainable Cities and Communities**  
Provides DC services which facilitates the UAE’s sustainable development efforts



**Responsible Consumption and Production**  
Consistent focus on the management of hazardous waste and using sea water to protect scarce resources

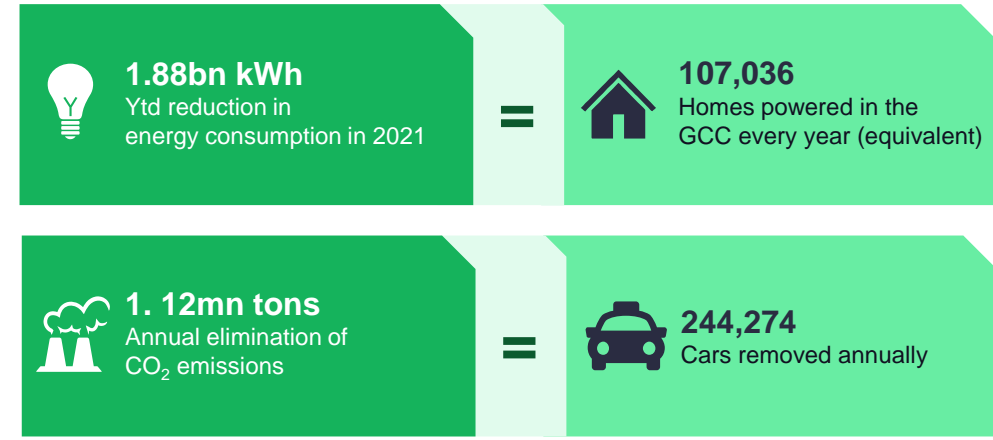
# Environmental Impact

Tabreed has set its own targets to support energy consumption reduction and emission prevention, through innovative technology solutions and environmentally-friendly practices.

## Pioneered various innovations

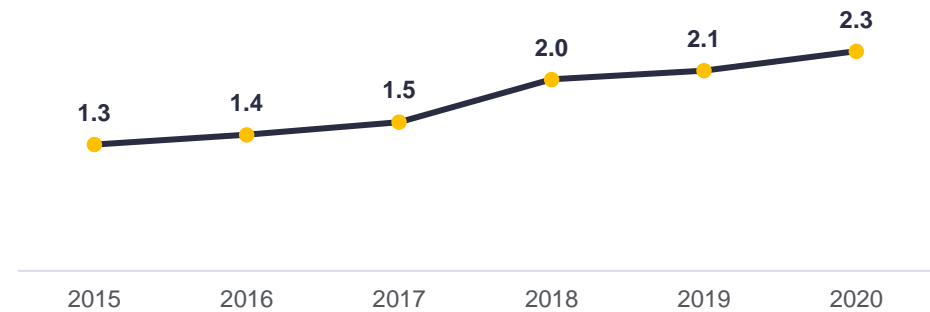
- 
**Utilization of TSE<sup>1</sup> water**  
 Pioneering the use of TSE by recycling sewage water which would otherwise be discharged into the environment
- 
**Consistent emission monitoring**  
 Commissioned Intertek to carry out annual stack emissions monitoring
- 
**Thermal Energy Storage**  
 Enhances the ability to manage peaks in DC demand and ensures no additional production is needed during times of peak demand
- 
**Use of sea water to protect scarce resources**  
 Utilizes sea water instead of potable water leading to substantial savings of potable water whilst simultaneously ensuring no harm to marine life
- 
**Management of hazardous waste**  
 Engaged Environmental Services Providers for the management of hazardous materials from various plants operated by Tabreed and its affiliates
- 
**Trade Effluent Discharge**  
 Compliance with the framework of the regulation of trade effluent

## Demonstrated environmental impact (YTD 2021)



## Annual reduction in energy consumption

(In Billions of kWh)



Notes: (1) Refers to Treated Sewage Effluent ("TSE").



# Partner of choice across GCC for providing environmentally friendly cooling solutions



Listed on the DFM with strong corporate governance driven by Mubadala and ENGIE board members



Part of DFM's UAE ESG Index, aimed to measure ESG best practices followed by UAE listed companies



Highly experienced management team driving operational excellence



4 of the total 9 board members are independent and the board is entirely non-executive



## Resilient Business Model

- A utility-like service considering the warm climate of the Middle East
- Long-term partnerships ensures better revenue and cashflow visibility
- The pass-through clauses in most of Tabreed's contracts limit its exposure to fluctuations in the cost of utilities



## Strong Cash Flow Visibility

- 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
- Cash flow predictability due to long term contracts



## Capacity Growth

- One of the world's largest district cooling companies providing over 1.2m kRT of cooling across the GCC
- Added over 190k RT of capacity through acquisitions since beginning of 2020
- These acquisitions have additional concession capacity; Acquired balance 50% capacity for Al Maryah Island DC concession

# Contact Us

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