



National Central Cooling Company PJSC

(DFM: TABREED)

Q1 2022

Earnings Presentation

12 May 2022

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Agenda

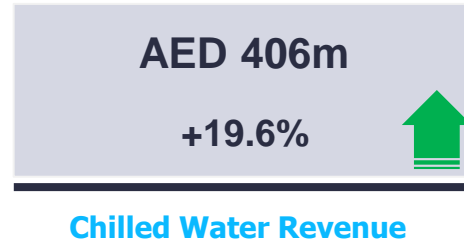
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Business Updates and Performance Highlights

Q1 2022 Highlights

Financial Highlights: 3M 2022 vs. 3M 2021



Performance Highlights and Other Developments

Key Highlights

- Total Revenue increased by 17.4%. Chilled Water revenue grew 19.6%. The increase is attributable to 2021 acquisitions
- EBITDA increased by 16.2% to AED 264m with EBITDA margins of 62.8% in Q1 2022, consistent with same period last year
- Net Income increased by 3.1% to AED 88m, reflecting strong performance and increase in Shareholders' value
- Added 26k RT in Q1 2022; including 18k RT with acquisition of Al Mouj DC assets in Oman during Q1 2022
- Previously announced capacity guidance to add 120,000 RT over 2022 and 2023 of which 26k RT has been delivered in Q1 2022
- Launched Green Financing Framework to fund projects aligned with UAE's carbon-neutral objectives
- Second ESG Report to be published in May 2022

Tabreed at a Glance

One of the world's largest district cooling companies


86
plants in 4 countries



1.24m RT
delivered to clients



Equivalent to cooling
124
towers the size of Burj Khalifa



Environmentally responsible operations reducing green house gas emissions*



2.31 billion kWh
reduction in energy consumption in the GCC through Tabreed's DC services



1.38 million tons
elimination
of CO₂ emissions



Enough energy to power
131,719
homes in the GCC every year



The equivalent of removing
300,604
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 (India and Egypt)

* Based on LTM Q1 22 figures

Connected Capacity (kRT)

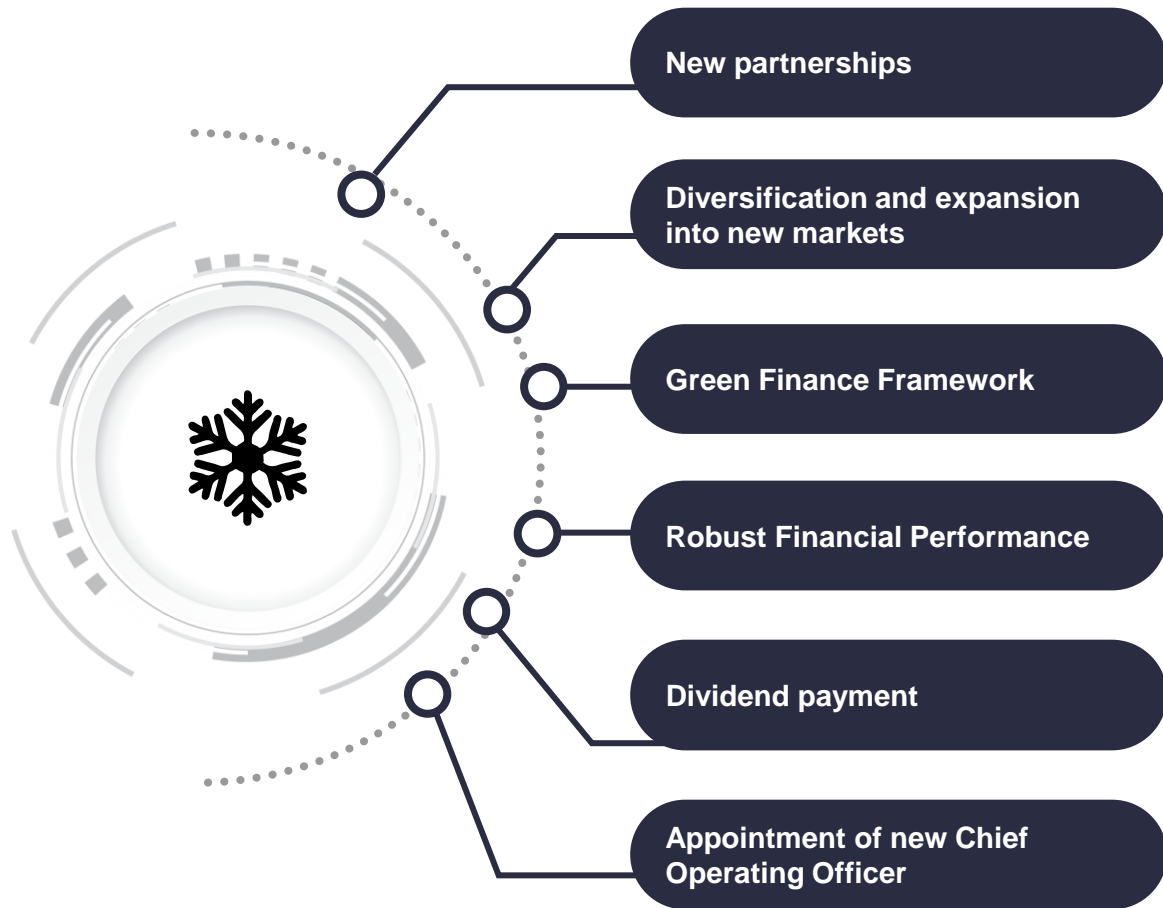
Consolidated	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
UAE	928	940	954	1,025	1,033
Bahrain	32	33	33	33	34
Oman	33	33	33	33	51
Total Consolidated	993	1,006	1,019	1,091	1,118
Equity Accounted					
UAE**	71	71	74	9	9
KSA	110	110	110	110	110
Total Equity Accounted*	181	181	184	119	119
Total	1,175	1,187	1,203	1,210	1,236

* Prior period capacity adjusted for Qatar Cool divestment

** Reduction in UAE equity accounted connection due to transfer of Al Wajeez DC capacity to consolidated capacity

Recap of Recent Corporate Developments

Past acquisitions have created strong platform for future; recent entry into Egyptian market and tie-up for expansion in India to further drive growth going forward



- **Strategic partnership** with the IFC to facilitate **expansion** in India with a mandate to **develop projects of up to US\$400mn** over the next 5 years¹
- Acquisition of Al Mouj DC assets which bolstered Tabreed's positioning as a **major DC player** in the region
- Entry into the **Egyptian market** via a **partnership agreement** with Gascool and Marakez demonstrating Tabreed's **commitment to growth** beyond the GCC²
- Publication of a **Green Finance Framework** in order to support Tabreed's **sustainability-driven vision and growth**
- Plans to convert **majority of the debt to green debt by 2027**
- **Strong financial performance** with 2019-2021 revenue and EBITDA CAGR of 12% and 16% respectively
- AED 1.3bn **cash flow from operation generated** in 2021 with CFO/EBITDA conversion of over 120%, reflecting strong Working Capital management spearheaded by improved collections
- Bonus dividends issued in Mar 2022 as part of 2021 Dividend
- The consecutive Bonus shares issuance reflects the Shareholder commitment to support the Rating Agencies credit metrics
- Board of Directors appointed Antonio Di Cecca as Tabreed's **new Chief Operating Officer**

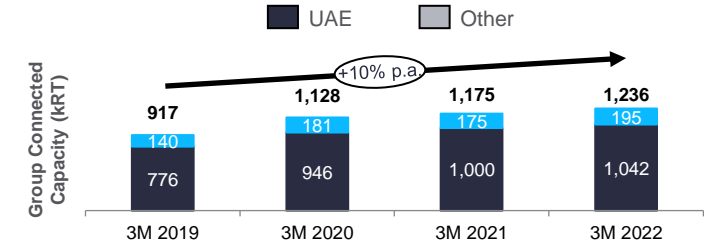
Notes:

1. Tabreed India will be jointly owned by Tabreed (75%) and IFC (25%) via the formation of a new holding company in Singapore,
2. Tabreed is the lead partner of the consortium with a 60% equity stake. Gascool holds the remaining 40%

Headline Performance

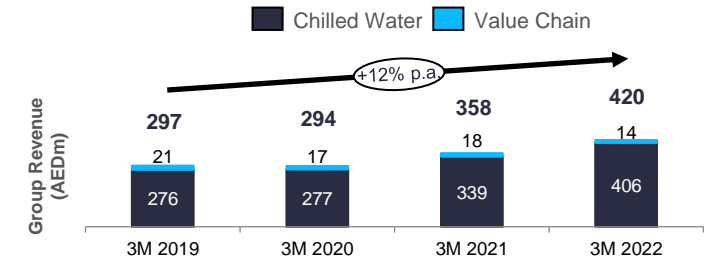
1 Long-term contracts with credit worthy customers

- Providing over 1.24m RT of cooling across GCC – grown at 10% CAGR since 2019
- Long term contracts (~25 years) mean approx. 85% of contracted capacity locked in for at least the next 10 years
- About 70% of revenues from wholly government owned and partially government owned entities, with the addition of 2021 acquisitions



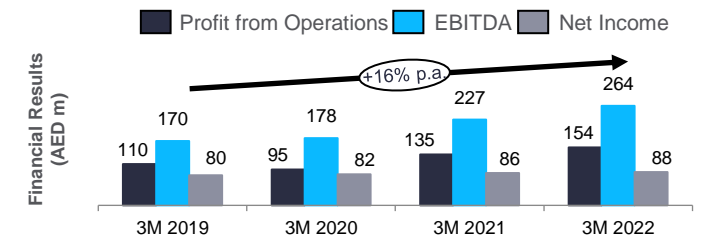
2 Revenue growth from existing and new business

- Group revenue growing at 12% CAGR since 2019 driven by Chilled Water revenue growth of 14%
- Utility business model leads to steady increases in revenue and profitability from existing customers
- Step-up acquisition of Al Maryah Island DC concession resulting in control and consolidation and Al Mouj DC assets concession in Oman during Q1 2022



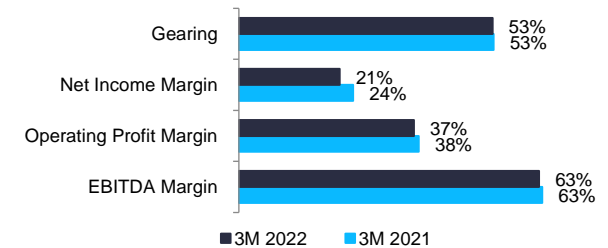
3 Solid financial performance

- Predictability in earnings driven by capacity charge
- Profit from operations growing at 12% CAGR since 2019
- EBITDA has grown 16% annually since 2019



4 Value to shareholders

- EBITDA margin of 63% (2019 – 2022 Average Margin: 61%)
- Operating Profit margin of 37% (2019 – 2022 Average Margin: 37%)
- Net Income margin of 21% (2019 – 2022 Average Margin: 25%) – due to recent debt funded acquisitions
- Strong balance sheet and Stable cash flow generation
- Dividend of 12 fils (cash + bonus shares), in line with the increase in NI



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Financial Results

Income Statement

Consolidated Financials (AED m)	Q1 2022	Q1 2021	Variance	%
Revenue	419.9	357.6	62.4	17%
<i>Chilled water revenue (97%)</i>	405.7	339.1	66.6	20%
<i>Value chain businesses (3%)</i>	14.2	18.4	(4.2)	(23)%
Operating cost	(206.2)	(169.6)	(36.6)	22%
Gross Profit	213.8	188.0	25.8	14%
<i>Gross profit margin</i>	51%	53%		
Administrative and other expenses	(60.1)	(53.4)	(6.7)	13%
Profit from Operations	153.7	134.6	19.1	14%
<i>Operating profit margin</i>	37%	38%		
Net finance costs	(71.2)	(61.3)	(9.9)	16%
Share of results of associates and joint ventures	10.5	12.4	(1.9)	(15)%
Other gains and losses	0.3	(2.4)	2.7	(113)%
Income attributable to non-controlling interests	(5.1)	(4.7)	(0.4)	9%
Profit from discontinuing operations	0.0	7.0	(7.0)	(100)%
Net Income	88.2	85.5	2.7	3%
<i>Net Income margin</i>	21%	24%		
EBITDA	263.6	226.8	36.8	16%
<i>EBITDA margin</i>	63%	63%		

Key Observations

- Overall, an increase in revenue, operating costs and Administrative and other expenses mainly driven by consolidation of full quarter impact of Saadiyat DC assets and step up acquisition of Al Wajeez
- Increase in net finance cost representing finance cost due to consolidation of Al Wajeez debt on acquisition
- Decline in share of results of associates and JVs is due to consolidation accounting of Al Wajeez results post step up acquisition

Financial Position

Consolidated Financials (AED m)	31 Mar 2022	31 Dec 2021*	Variance	%	Key Observations
Fixed Assets	8,188.8	8,237.0	(48.2)	(1)%	
Intangibles	4,257.3	4,284.5	(27.2)	(1)%	<ul style="list-style-type: none"> Decrease in trade receivables mainly represent better customer collections and catchup of last year's receivables being reflected through higher balances in cash and short term deposits
Associates and Joint Ventures	388.6	372.8	15.8	4%	
Accounts Receivable	597.3	691.0	(93.7)	(14)%	
Cash and Short-Term Deposits	1,479.0	1,197.3	281.7	24%	<ul style="list-style-type: none"> Increase in MTM of derivative due to interest rate changes
Derivative – MTM	131.6	(14.3)	145.9	-	
Other Assets	52.8	50.8	2.0	4%	<ul style="list-style-type: none"> Included in equity & reserves is the issuance of Bonus shares of 69.3 million on 31 March 2022
Total Assets	15,095.4	14,819.1	276.3	2%	
Equity and Reserves	6,499.2	6,446.4	52.8	1%	<ul style="list-style-type: none"> Increase in other liabilities mainly represents dividend payable of AED 166.3 million which was subsequently paid in April 2022
Debt	7,349.5	7,361.8	(12.3)	0%	
Other Liabilities	1,246.7	1,010.9	235.8	23%	
Total Liabilities and Equity	15,095.4	14,819.1	276.3	2%	

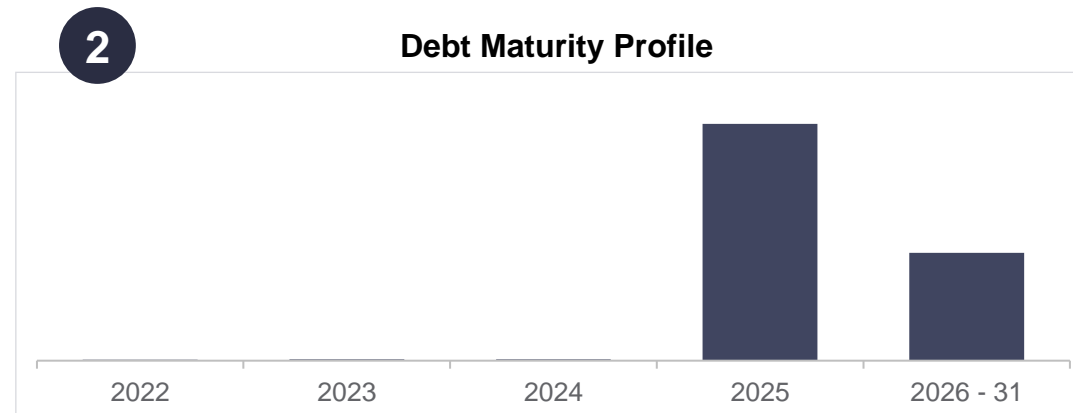
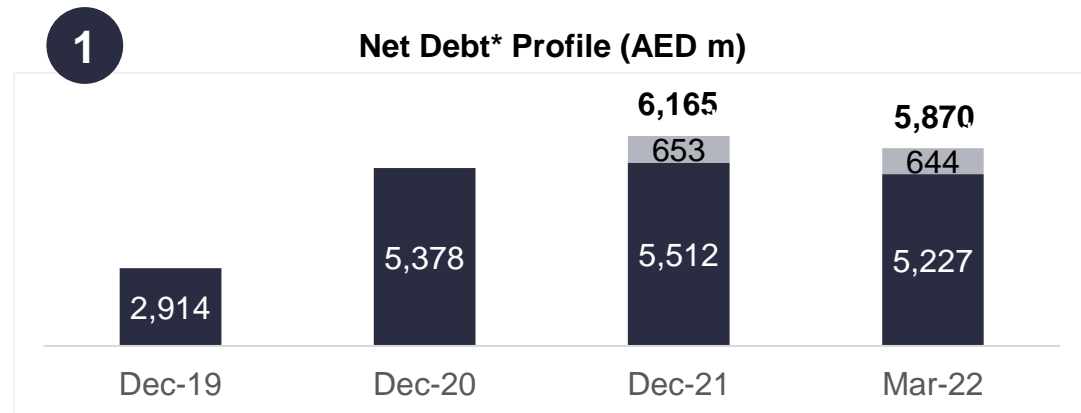
* Comparative financials restated to reflect the impact of MTM on derivatives

Cash Flow Statement

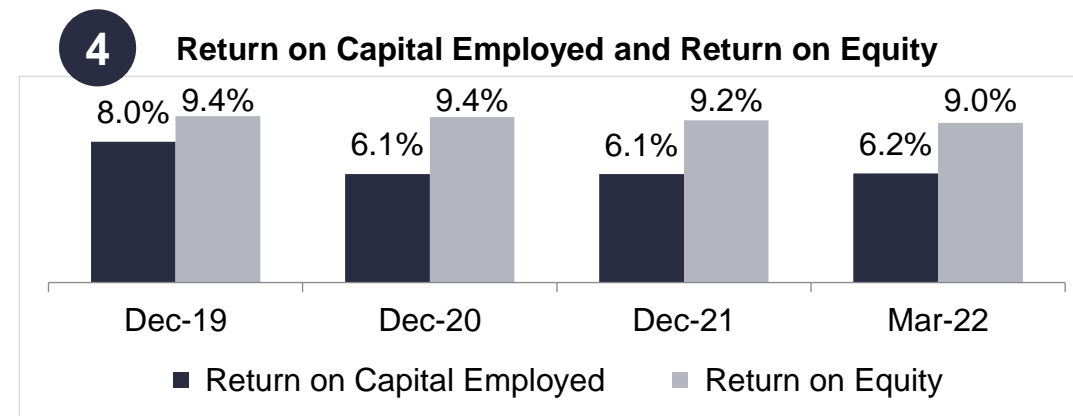
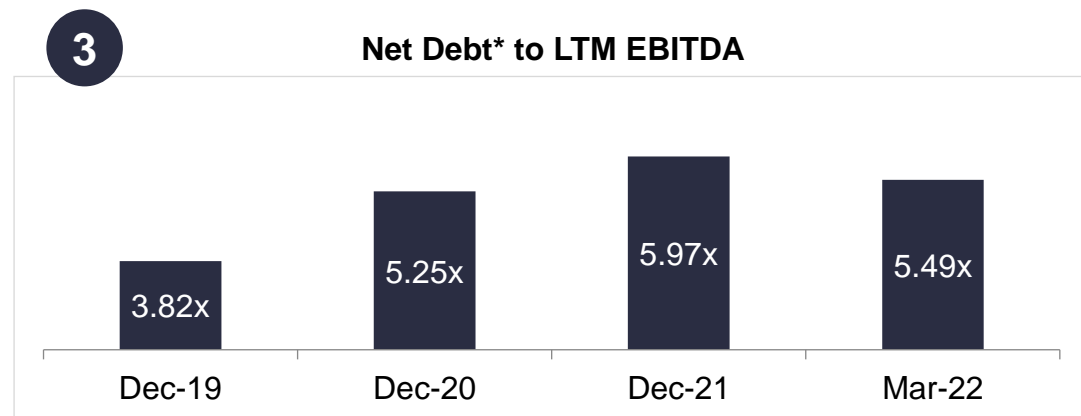
Consolidated Financials (AED m)	Q1 2022	Q1 2021	Variance	%	Key Observations
Profit from Operations	153.7	134.6	19.1	14%	<ul style="list-style-type: none"> Cash flow from operations stronger than last year which mainly represents higher collections from UAF, RTA and other customers in the 2022.
Finance lease amortization	27.6	29.4	(1.9)	(6)%	
Depreciation and Amortization	82.3	62.8	19.5	31%	
Working Capital and other adjustments	127.6	(57.5)	185.0	(322)%	
Net cash flows from Operating Activities	391.2	169.3	221.8	131%	<ul style="list-style-type: none"> Investing activities mainly represent Capex payments, comparative includes payment of AED 641 million made towards acquisition of shares in Saadiyat District cooling assets
Net cash flows from Investing Activities	(31.6)	(679.9)	648.3	(95)%	
Net cash flows from Financing Activities	(77.8)	(57.5)	(20.3)	35%	<ul style="list-style-type: none"> Financing activities mainly represents debt servicing for the period and the increase represents due to AlWajeez consolidation.
Net Movement in Cash and Cash Equivalents	281.7	(568.1)	849.8	(150)%	
Cash and Cash Equivalents at the start of the period	1,197.3	1,312.9	(115.6)	(9)%	
Cash and Cash Equivalents at the end of the period	1,479.0	744.8	734.2	99%	

Debt Portfolio and Return Ratios

Investment grade status affirmed by both Fitch and Moody's



*On account of consolidation of Al Wajeez



* Debt includes Finance Leases liability recognized as per IFRS 16 on ROU Assets (AED 239k as at 31 March 2022)

03

Conclusion

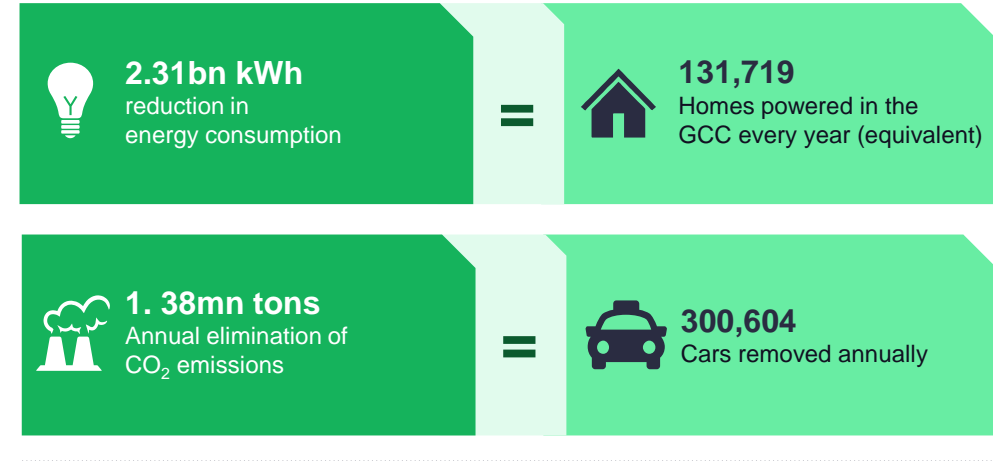
Environmental Impact

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

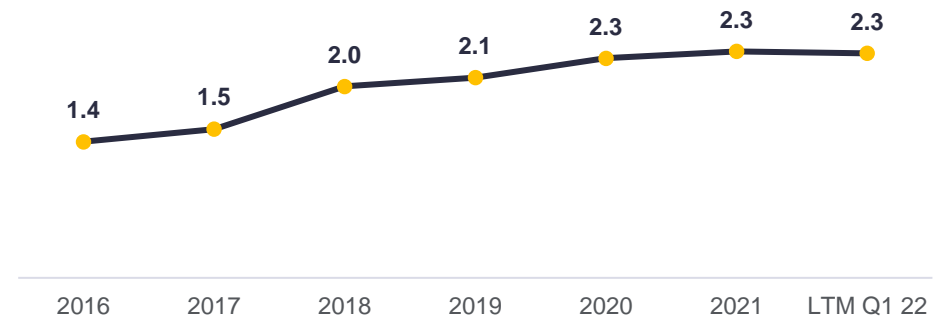
- 
Utilization of TSE¹ water
 Pioneering the use of TSE by recycling sewage water which would otherwise be discharged into the environment
- 
Consistent emission monitoring
 Commissioned Intertek to carry out annual stack emissions monitoring
- 
Thermal Energy Storage
 Enhances the ability to manage 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 (LTM Q1 2022)



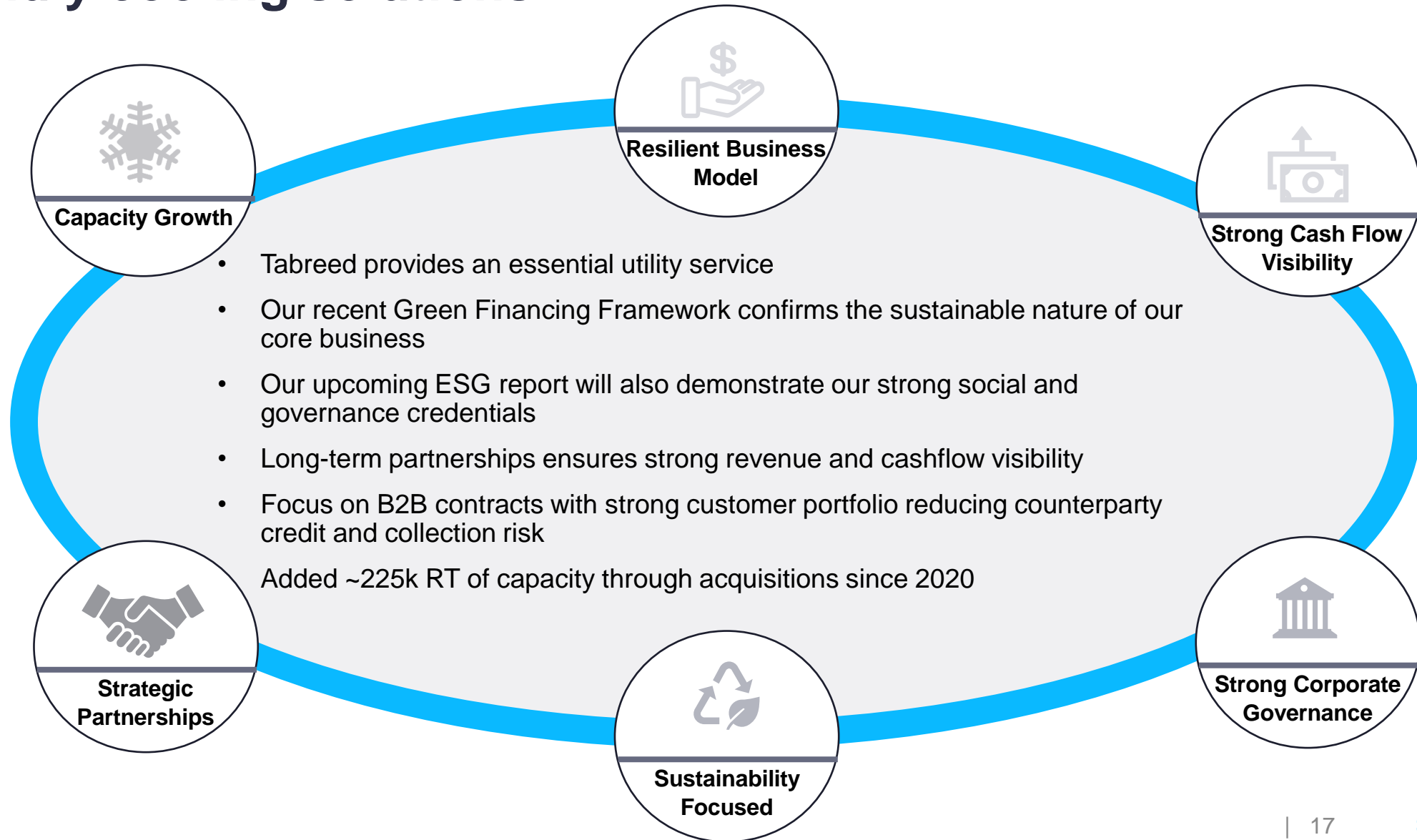
Annual reduction in energy consumption

(In Billions of kWh)



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

Partner of choice across GCC for providing environmentally friendly cooling solutions



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