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National Central Cooling Company PJSC
(DFM: TABREED)

H1 2023
Earnings Presentation

28 July 2023

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Agenda

01

Introduction and Business Highlights

H1 2023 Income Statement Highlights

Financial Highlights: H1 2023 vs. H1 2022

Total Revenue
AED 1,067m
+9%

Chilled Water Revenue
AED 1,026m
+8%

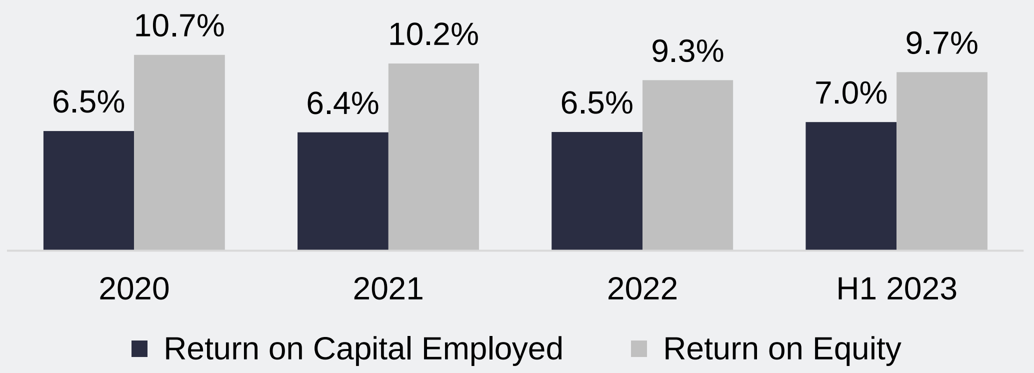
EBITDA
AED 590m

Net Income
AED 386m

EBITDA Margin
55%

Net Income Margin
36%

Return on Capital Employed and Return on Equity



Performance Highlights and Other Developments

- The company has achieved a 9% growth in total revenue, primarily attributable to the revenue generated from the core Chilled Water business. Revenue from the Chilled Water grew by 8%, driven by multiple factors, including increased connections, higher consumption volume and positive CPI
- Throughout the first half of 2023, the company maintained a sustainable EBITDA of AED 590 Million, with a margin of 55%
- H1 2023 Net Income before one-off gain increased by 16% to AED 280 Million. Including the one-off gain of AED 107 Million, our Net Income increased by 61% to AED 386 Million
- The company successfully closed the first project in Indian market through establishing a strategic alliance with TATA Realty and Infrastructure Limited (TRIL), through an investment of AED 44.3 million in TRIL's Intellion Park development in Gurugram
- We have commissioned 3 new plants in UAE and Saudi Arabia with total capacity of 17.7 KRT
- As previously announced, the company's capacity expansion plan includes the addition of 120k RT over the years 2023 and 2024. In the first half of 2023, 34k RT of this capacity has already been delivered
- We have now published our Third ESG report

Tabreed at a Glance

First and one of the world's largest publicly listed district cooling companies with a strong regional presence

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Countries: UAE, Saudi Arabia, Oman , Bahrain and India
Further expansion in new geographies (Egypt)

89

Operating plants

1.30m RT

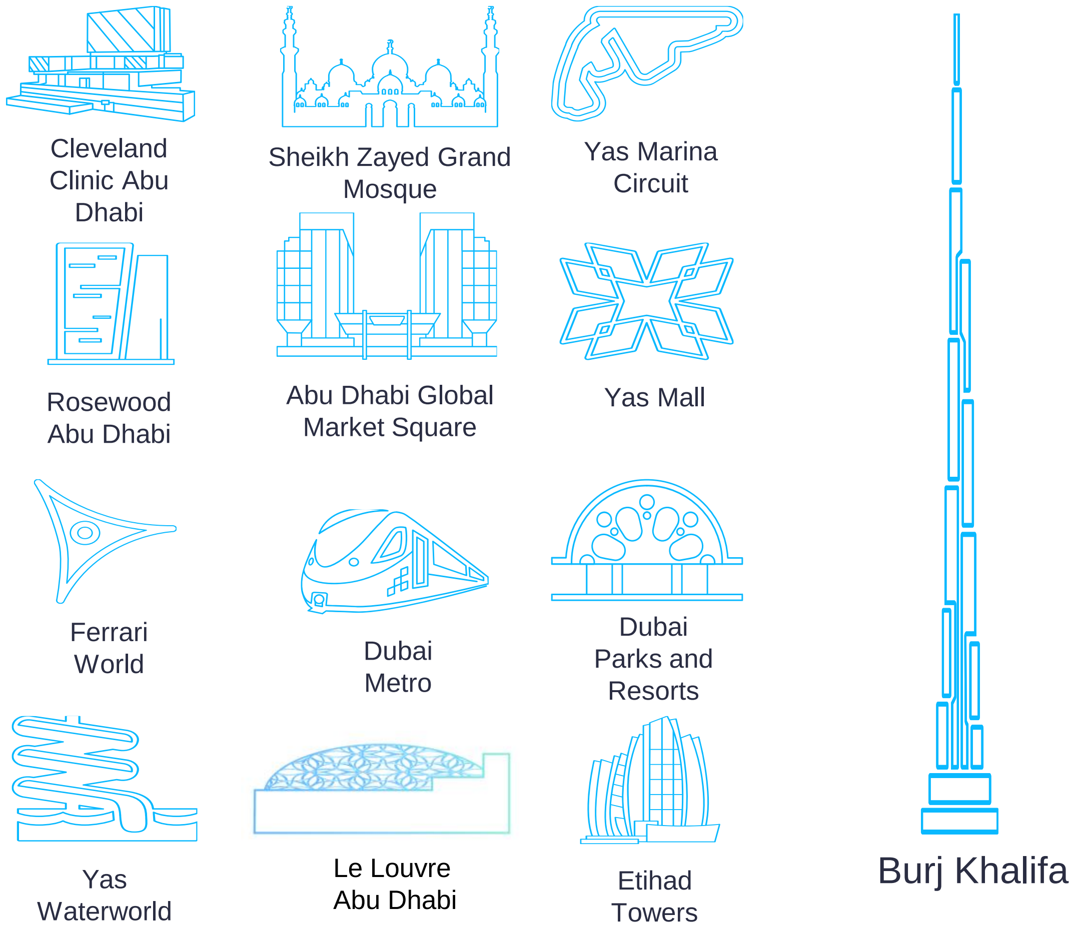
Cooling delivered to clients

Equivalent to cooling

127

towers the size of Burj Khalifa

Exclusive provider of District Cooling services to several iconic projects



Expansion of Connected Capacity (kRT) and Capital Expenditure

Consolidated	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023
UAE	1,038	1,053	1,060	1,071	1,077
Bahrain	34	34	34	34	35
Oman	51	52	52	53	53
Total Consolidated	**1,123**	**1,139**	**1,146**	**1,158**	**1,165**
Equity Accounted					
UAE	9	9	9	9	7
KSA	110	110	110	110	124
Total Equity Accounted	**119**	**119**	**119**	**119**	**131**
Total	**1,241**	**1,258**	**1,264**	**1,276**	**1,296**
Total Capex (AED '000)*	**51,881**	**58,373**	**40,844**	**16,894**	**59,556**

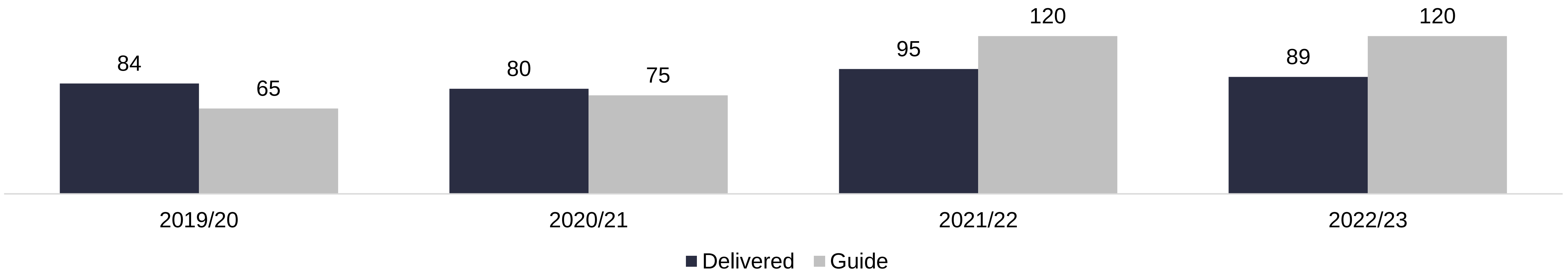
*Includes Maintenance, Replacement and Growth , RTs as 30th June

Capacity Growth Guidance

2023/24 Two years guidance	kRT
2023/24 Capacity Guidance	**120**
H1 2023 Actual Capacity delivered	**34**

2022/23 Two years guidance	kRT
2022/23 Capacity Guidance	**120**
2022/23 Actual Capacity delivered to date	**89**

- New capacity guidance for 2023 and 2024 is 120k RT
- Of the guided capacity, around 60% is expected to be contributed by consolidated entities and balance 40% by equity accounted entities
- 34k RT was added in H1 2023, which included 18k RT in UAE, 14k RT in KSA, 1k RT in Bahrain and Oman each
- 55k RT was added in 2022, which included 35.5k RT in UAE, 19k RT in Oman and balance 0.5kRT in Bahrain
- 100% of the new capacity added in 2022 from the consolidated entities
- Confident of achieving our guidance of 2022 and 2023



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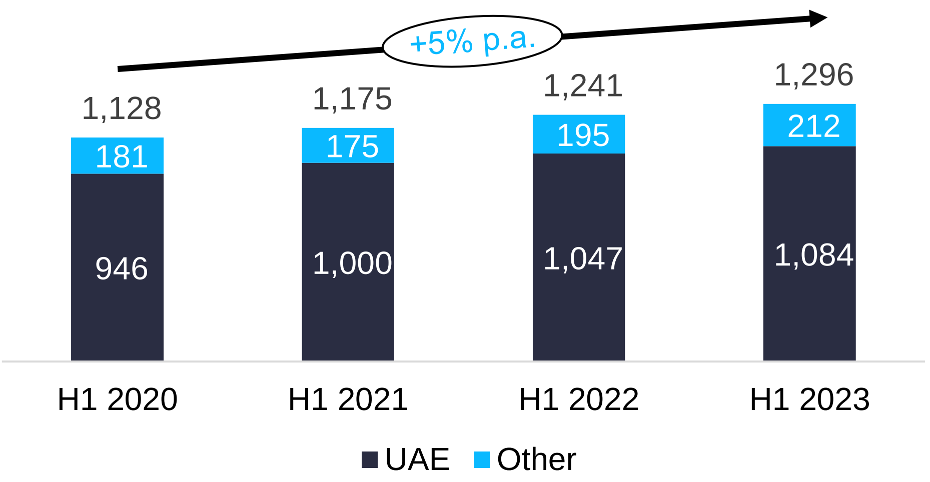
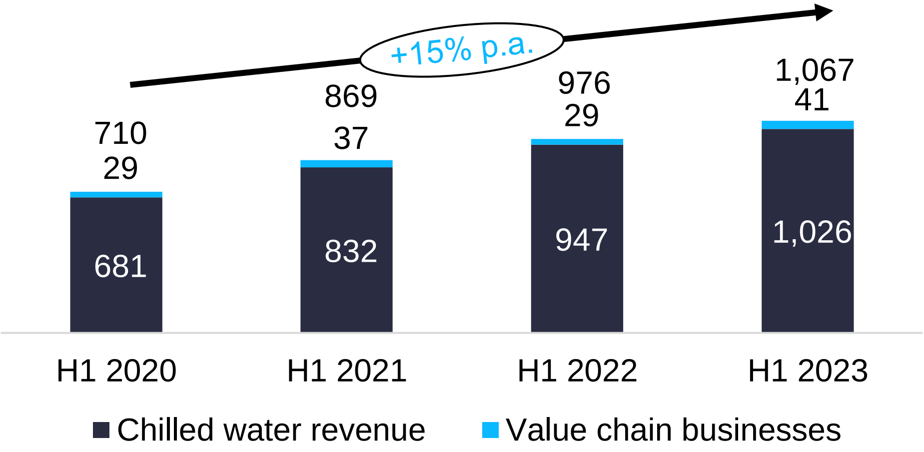
Performance Highlights

Performance Highlights (1/3)

Group Connected Capacity (kRT)



Group Revenue (AEDm)



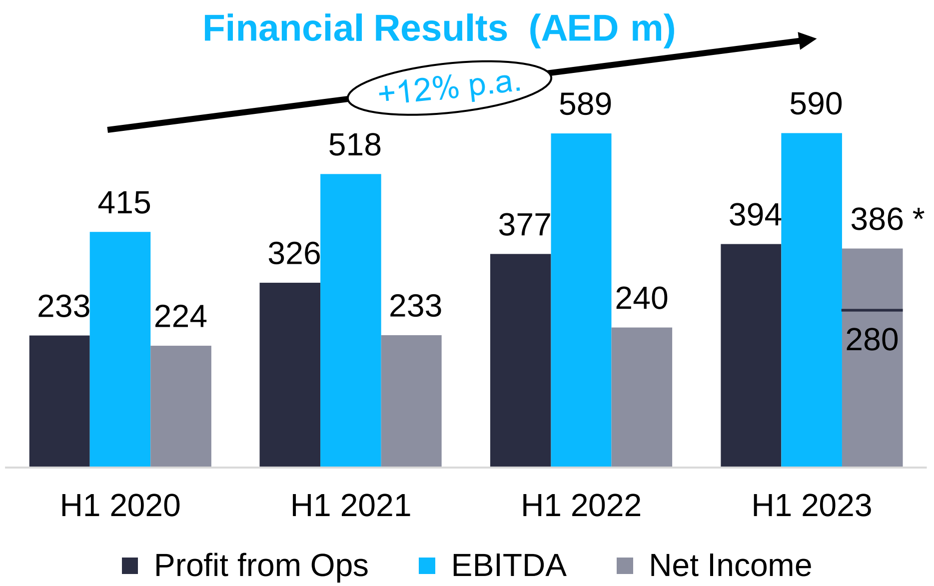
Long-term Contracts with Credit Worthy Customers

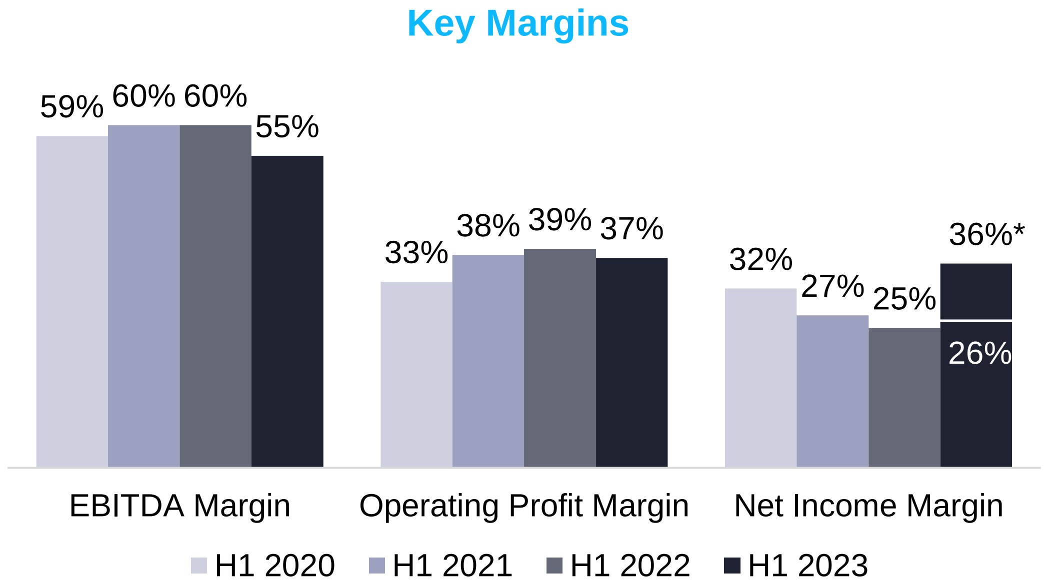
- Providing cooling services encompassing around 1.3m RT across the GCC region, recording a CAGR of 5% since 2020
- Long-term contracts (~25 years) results in over 81% of contracted capacity being locked until 2032 ensuring stability and continuity
- 80% of chilled water revenue is derived from wholly government owned and partially government owned entities

Revenue Growth from Existing and New Business

- Group Revenue, along with Chilled Water revenue, had a robust CAGR of 15% since 2020
- Utility business model promotes consistent revenue and profitability increments from existing customer base, contributing to sustained financial strength and performance

Performance Highlights (2/3)





Financial Performance

- Predictable earnings is driven by long term nature of the contracts and fixed capacity charges, ensuring a reliable revenue stream
- Profit from Operations has grown 19% annually since 2020, reflecting the company's consistent and sustainable financial performance
- EBITDA has CAGR by 12% since 2020, underscoring sustained operational efficiency and profitability
- Net Income has grown 20% annually since 2020, contributing and enhancing shareholder value

Margin Sustainability

- Demonstrating consistent profitability, the EBITDA margin remained robust at 55%, maintaining an average margin of 58% from 2020 to 2023 for the same period
- The ability to effectively generate sustainable profits is evident through the Operating Profit margin of 37%, reflecting an average margin of 36% from 2020 to 2023 for the same period
- Marking a growth in profitability, the Net Income margin achieved 36%, with an average margin of 30% from 2020 to 2023 for the same period

* Includes one-off gain is mainly on account of deemed disposal of Saudi Investment and the liability management exercise in Q1'23

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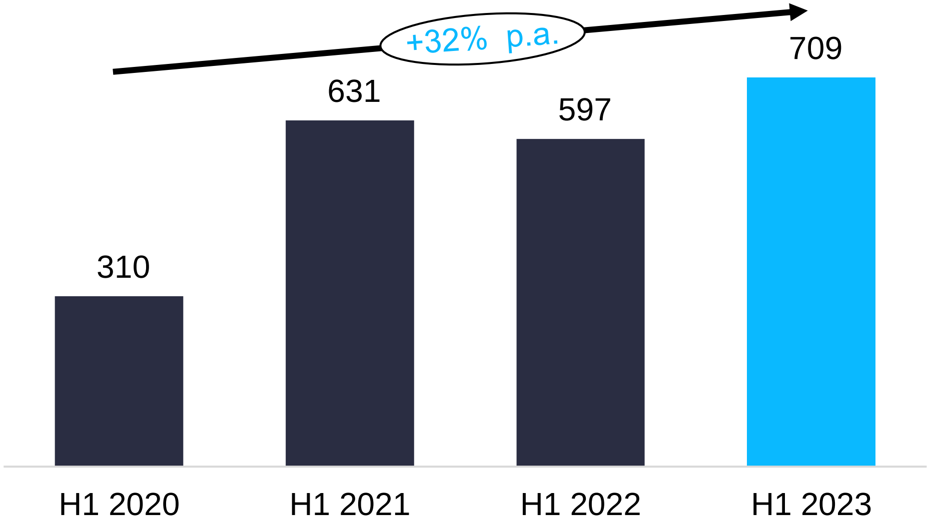
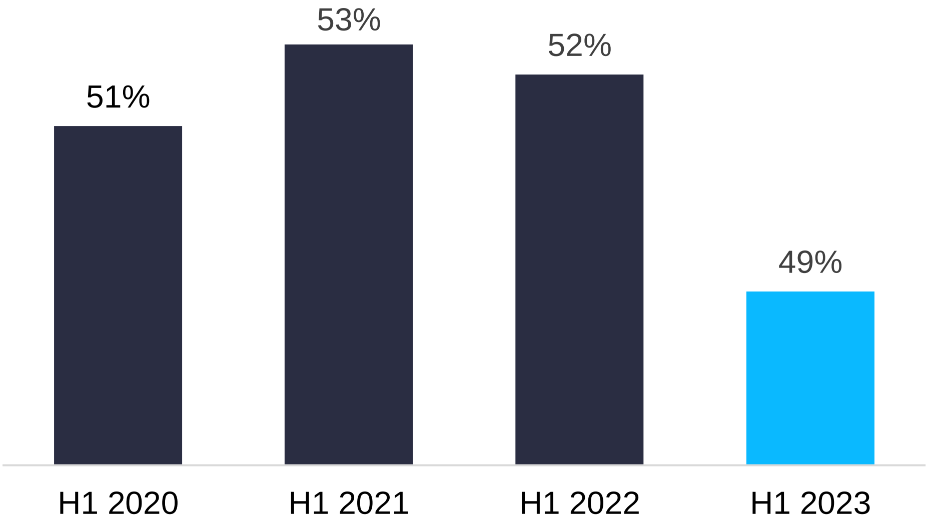
Performance Highlights (3/3)

Cashflow from operations (AED m)



Gearing*



Cashflow from Operations

- Resilient business model consistently generates sustainable cash flows, providing a strong foundation for financial stability and growth
- Maintaining Investment Grade rating for its listed debt, underscoring strong creditworthiness and prudent financial management
- Cash flow from operations has recorded remarkable annual growth of over 32% since 2020, reflecting the ability to efficiently manage its cash resources and support strategic initiatives

Gearing*

- The notable improvement in the gearing ratio is primarily attributed to the strategic payment of the subsidiary's debt facility as part of our liability management approach
- Additionally, the reduction in fair value of derivatives, resulting in a corresponding reduction in equity has further impacted the gearing ratio

* Gearing is based on Gross Debt including Finance Leases liability

03

Financial Results

Income Statement

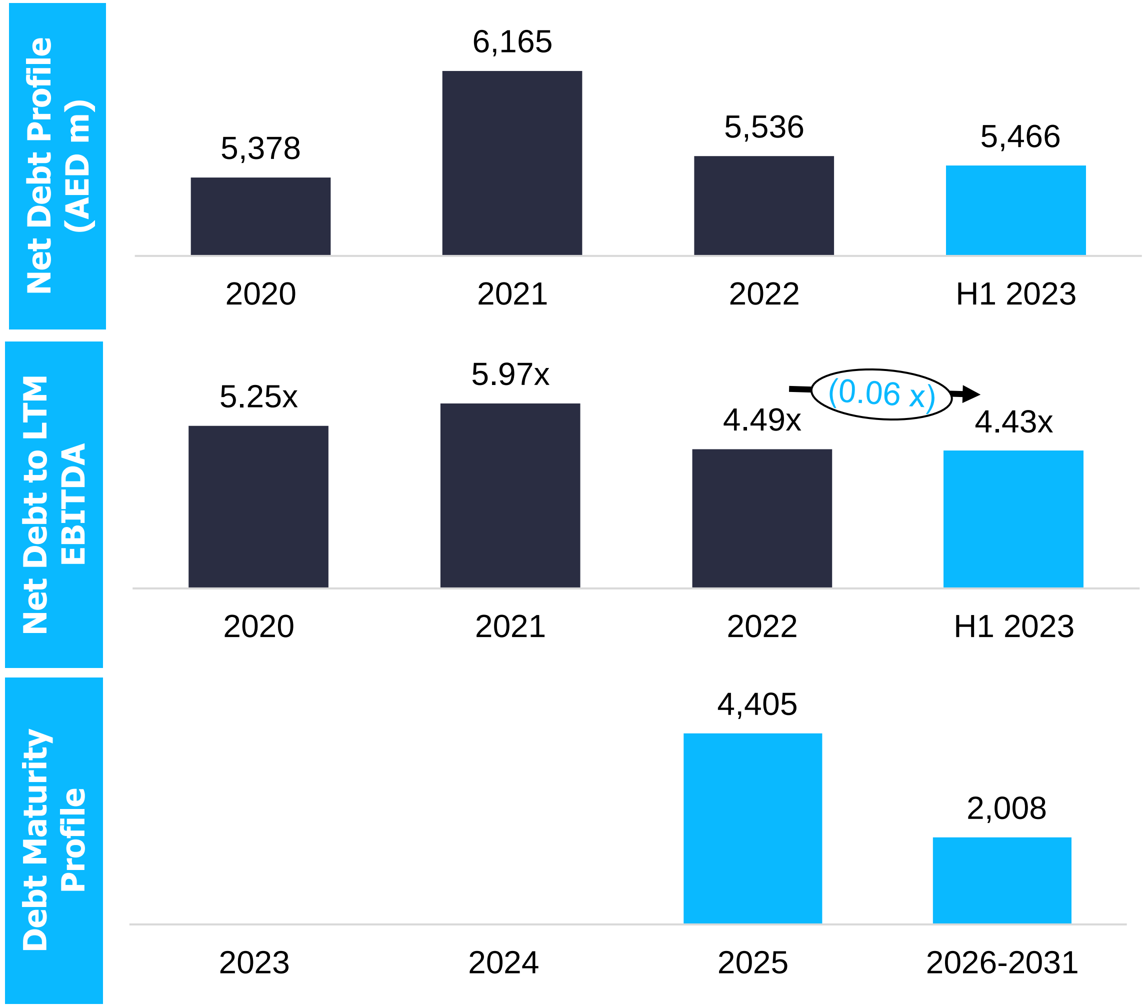
Consolidated Financials (AED m)	H1 2023	H1 2022	*Variance*	*%*
Revenue	**1,068**	976	92	9%
Chilled water revenue (96%)	1,026	947	80	8%
Value chain businesses (4%)	41	29	12	41%
Operating cost	(541)	(473)	(68)	14%
Gross Profit	**527**	**503**	**24**	**5%**
Gross profit margin	**49%**	**52%**		
Administrative and other expenses	(132)	(126)	(6)	5%
Profit from Operations	**394**	**377**	**18**	**5%**
Operating profit margin	**37%**	**39%**		
Net finance costs	(116)	(142)	26	(18)%
Share of results of associates and joint ventures	17	19	2	(9)%
Other gains and losses	107	1	106	NA
Income attributable to non-controlling interests	(16)	(14)	(1)	10%
Net Income	**386**	**241**	**146**	**61%**
Net Income margin	**36%**	**25%**		
EBITDA	**590**	**589**	**1**	**0%**
EBITDA margin	**55%**	**60%**		

Balance Sheet

Consolidated (AED m)	30 Jun 2023	31 Dec 2022
Fixed Assets and Intangibles	**12,125**	12,252
Associates and Joint Ventures	**512**	457
Receivables & Other Current Assets	**669**	705
Derivative – MTM	**198**	264
Cash and Short-Term Deposits	**1,192**	1,773
Total Assets	**14,696**	**15,451**
Equity and Reserves	**7,007**	7,154
Debt*	**6,658**	7,309
Other Liabilities	**1,031**	988
Total Liabilities and Equity	**14,696**	**15,451**

* Debt includes Finance Leases liability

Capital Structure



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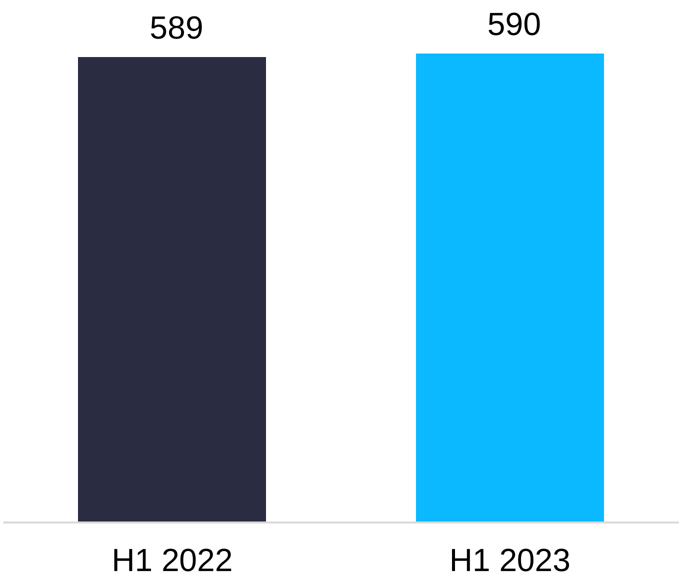
Cash Flow Statement

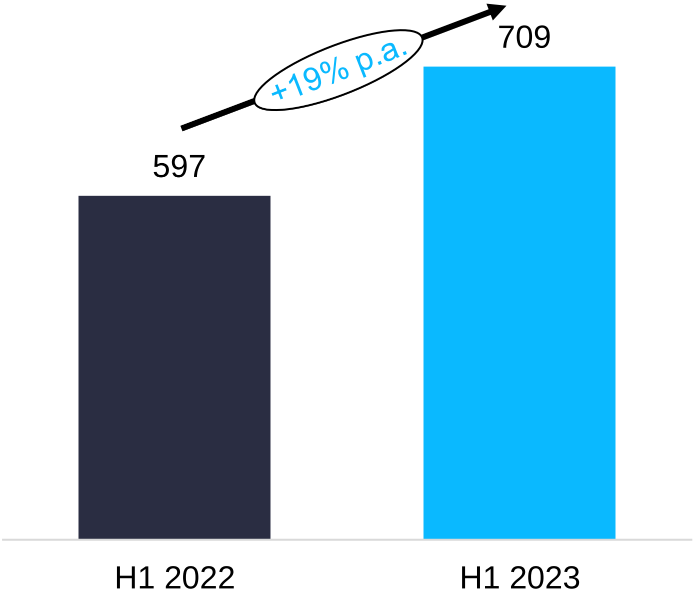
Consolidated Financials (AED m)	H1 2023	H1 2022	*Variance*	*%*
Profit from Operations	**394**	**377**	**18**	**5%**
Finance lease amortization	24	54	(30)	(55)%
Depreciation and Amortization	172	159	13	8%
Working Capital and other adjustments	119	8	111	NA
Net cash flows from Operating Activities	**709**	**597**	**112**	**19%**
Net cash flows from Investing Activities	**(58)**	**(90)**	**32**	**(36)%**
Net cash flows from Financing Activities	**(1,232)**	**(371)**	**(861)**	**232%**
Net Movement in Cash and Cash Equivalents	**(581)**	136	(717)	(528)%
Cash and Cash Equivalents at the start of the period	1,773	1,197	576	48%
Cash and Cash Equivalents at the end of the period	**1,192**	**1,333**	**(141)**	**(11)%**

Cashflow Highlights

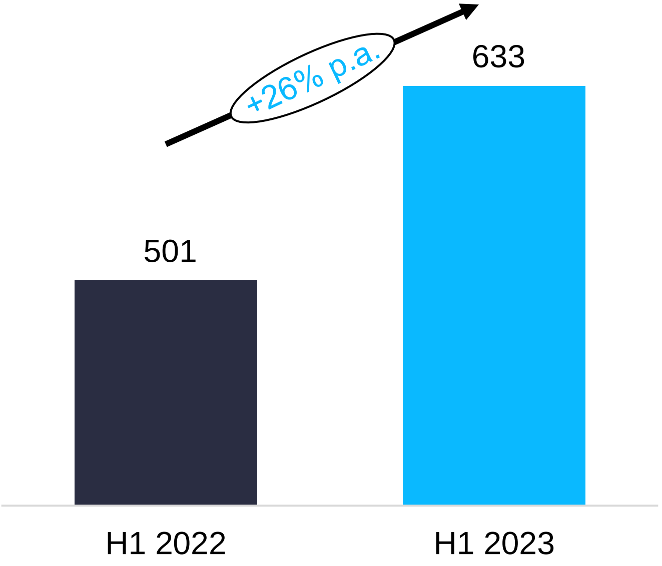
Net Cashflows from Operating Activities Pre-Working Capital (EBITDA) (AED m)



Net Cashflows from Operating Activities (AED m)



Net Cashflows from Operating Activities Post-Investing Activities (AED m)



- Net Operating Cashflow, represented by EBITDA, has remained stable at AED 590 Million. This stability can be attributed to the company's resilient business model, which has consistently generated reliable and sustainable cashflows
- The cashflow generated from operations in the first half of 2023 has increased due to positive cash conversion cycle ; mainly from improved DSO .
- During the first half of the year , the capex incurred mainly on greenfield plants and maintenance.

04

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 TSE[1] 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

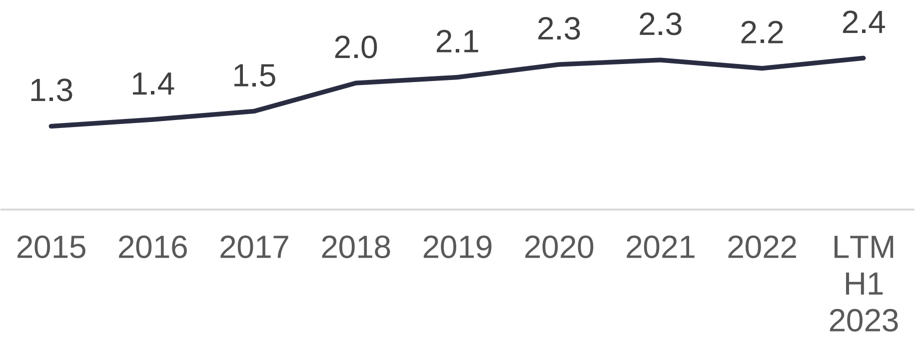
Compliance with the framework of the regulation of trade effluent

Demonstrated environmental impact LTM H1 2023

2.36bn kWh reduction in energy consumption in LTM = **134,565** Homes powered in the GCC every year (equivalent)

1.41 mn tons Annual prevention of CO_2 emissions = **307,100** Cars removed annually

Annual reduction in energy consumption (In Billions of kWh)



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

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