

National Central Cooling Company PJSC (Tabreed)

Fitch Ratings' affirmation of National Central Cooling Company PJSC's (Tabreed) ratings reflects the company's strong position in key markets, good visibility of future earnings and cash flow, and healthy profitability. While we forecast higher capex and dividends in 2024-2026, we expect funds from operations (FFO) net leverage to average 3.9x and for it to remain commensurate with the current rating.

Key Rating Drivers

Resilient Business Model: Fitch views Tabreed's business risk as low given its utility-like features. A majority of its EBITDA comes from take-or-pay agreements, which include a fixed-capacity charge and a variable-consumption charge.

The fixed-capacity charge represented on average around 80% of EBITDA over the last three years and provides a return on its investment. It is usually payable regardless of utilisation and linked to inflation. The consumption charge represented almost 20% of EBITDA for the same period and is included in most contracts, allowing Tabreed to pass on the main variable costs including electricity and water.

High Cash Flow Visibility: Tabreed's business model provides good revenue and cash flow visibility. Its long-term agreements last typically 25 years. As of December 2023, Tabreed had more than 81% of its contracted capacity booked until 2032. We assess renewal risk as low, given generally high costs in switching to alternative cooling sources and, in some cases, Tabreed's exclusivity concession rights.

Strong Market Position: Tabreed is the market leader in Abu Dhabi (AA/Stable) and has a strong market position in Dubai. It also has a leading presence in other Gulf Cooperation Council (GCC) countries such as Bahrain (B+/Stable), Oman (BB+/Stable) and Saudi Arabia (A+/Stable; through equity participation).

However, its operations remain concentrated in the UAE region, where almost 83% of its cooling capacity is located. We estimate UAE to generate more than 92% of 2024-2026 revenues. Geographical concentration and a moderate size penalise to some extent the company's business profile, compared with other rated utilities'.

Investments in India and Egypt: Tabreed is expanding its operations in India and Egypt, funded by equity and non-recourse debt. While this could in the long term reduce the company's exposure to the UAE, it exposes Tabreed to higher market risks, including foreign-currency risks that could increase earnings volatility.

Fitch believes that Tabreed will maintain its prudent approach in selecting projects that meet its required returns while taking adequate steps to mitigate risks. The contribution of these two markets in our rating case remains limited.

High Capex, Dividends Hit FCF: Fitch expects total cumulative capex and M&A of AED2.7 billion and an average yearly dividend of AED400 million during 2024-2027, leading to neutral to negative free cash flow (FCF).

The majority of capex is related to new projects, acquisitions in GCC markets, India, Egypt and, potentially, new markets as Tabreed takes an opportunistic growth stance domestically and internationally. Most of the company's growth capex is uncommitted, giving Tabreed flexibility in managing capex timing and leverage peaks, if needed.

Ratings

Long-Term IDR	BBB
Senior Unsecured Debt - Long-Term Rating	BBB

Outlook

Long-Term Foreign-Currency IDR	Stable
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[Click here for the full list of ratings](#)

2035 Climate Vulnerability Signal: 43

Applicable Criteria

[Corporates Recovery Ratings and Instrument Ratings Criteria \(October 2023\)](#)

[Corporate Rating Criteria \(November 2023\)](#)

[Sukuk Rating Criteria \(June 2022\)](#)

[Parent and Subsidiary Linkage Rating Criteria \(June 2023\)](#)

Related Research

[Global Corporates Macro and Sector Forecasts \(January 2024\)](#)

[Gulf Cooperation Council: Corporates Outlook 2024 \(January 2024\)](#)

[EMEA Emerging Markets Integrated Utilities - Relative Credit Analysis \(September 2023\)](#)

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Moderate Leverage Headroom: Fitch forecasts FFO net leverage of 4.1x in 2024 with moderate rating headroom against its negative rating sensitivity of 4.5x. However, we expect this ratio to improve to 3.6x by 2026. Forecasted deleveraging may be slowed by larger-than-expected investments. However, we expect management to continue to pursue a financial policy that is consistent with the rating, even reducing dividends if necessary.

Regulatory Framework Updates: Independent regulatory bodies were established in 2021 and 2022 to regulate the district cooling (DC) sector in Abu Dhabi and Dubai. As of December 2023, Tabreed obtained all the licences for its plants in Dubai and submitted licence applications for all existing DC plans in Abu Dhabi. These regulations bring clarity on tariffs, establish transparency, and protect the consumer rights while ensuring fair return and revenue predictability for DC companies. However, the framework is significantly less developed than those of regulated networks, and has yet to establish a record. As such, it currently remains largely neutral for Tabreed’s business risk.

High Counterparty Concentration: Tabreed is exposed to high customer concentration, with the top four customers representing 52% of 2023 revenue. A majority of the contracts are signed directly with the master property developer and institutions with low exposure to retail customers. Around 70% of the contracts are with governments and government-related entities (41% wholly government-owned and 30% partially government-owned).

Rating on Standalone Basis: We assess the links between Tabreed and Mubadala Development Company PJSC (Mubadala), its largest shareholder (42%) under our Parent-Subsidiary Linkage Rating Criteria. While Mubadala provided the company with some financial support in the past, we assess the legal, operational, and strategic links with Mubadala as weak, leading to a standalone rating.

Financial Summary

(AED millions)	2021	2022	2023	2024F	2025F	2026F
Gross revenue	1,955	2,216	2,415	2,391	2,504	2,875
EBITDA	859	1,085	1,106	1,195	1,249	1,418
EBITDA margin (%)	43.9	49.0	45.8	50.0	49.9	49.3
FFO net leverage (x)	5.9	4.6	4.1	4.1	4.0	3.6
FFO interest coverage (x)	4.4	4.4	4.7	5.9	5.7	4.5

F – Forecast

Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

The rating of Tabreed is higher than that of Nama Electricity Distribution Company SAOC (NEDC; BB+/Stable) and Oman Electricity Distribution Company SAOC (OETC; BB+/Stable). The rating differential is explained by Tabreed’s lower FFO net leverage of 4.1x in 2023, versus 5.6x for NEDC and 6.0x for OETC. However, we assign Tabreed a slightly lower debt capacity than NEDC and OETC, which generate their revenues from fully regulated activities with minimal volume and price risks, but have no geographical diversification and are dependent on sector subsidies.

In comparison with international peers, we view Tabreed’s debt capacity as slightly higher than that of the Spanish peer FCC Aqualia S.A (BBB-/Stable). The latter’s debt capacity was recently tightened slightly following the acquisition of Georgia Global Utilities JSC (BB-/Stable). FCC Aqualia is larger in scale but Tabreed has higher profitability. The two companies have similar revenue visibility, supported by long-term contracts of up to 25 years. Both issuers operate in one main country (Spain for FCC Aqualia and UAE for Tabreed), but have some diversification across other markets. The rating differential is mainly explained by their different leverage.

Navigator Peer Comparison

	IDR/Outlook	Operating Environment	Management and Corporate Governance	Revenue Visibility	Regulatory Environment	Market Position	Asset Base and Operations	Profitability and Cash Flow	Financial Structure	Financial Flexibility
Abu Dhabi National Energy Company PJSC	AA-/Stable	a	bbb	bbb+	bbb	a-	bbb	bbb+	bbb	bbb+
National Central Cooling Company PJSC (Tabreed)	BBB/Stable	bbb	bbb	bbb	bbb-	bbb	bbb-	bbb	bbb	bbb-
Saudi Electricity Company	A/Stable	a-	bbb	bbb	bbb-	bbb	bbb-	bbb	a-	bbb

Source: Fitch Ratings.

Relative Importance of Factor: Higher (Red), Moderate (Blue), Lower (Light Blue)

Name	IDR/Outlook	Operating Environment	Management and Corporate Governance	Revenue Visibility	Regulatory Environment	Market Position	Asset Base and Operations	Profitability and Cash Flow	Financial Structure	Financial Flexibility
Abu Dhabi National Energy Company PJSC	AA-/Stable	-2	-5	-4	-5	-3	-5	-4	-5	-4
National Central Cooling Company PJSC (Tabreed)	BBB/Stable	0	0	0	-1	0	-1	0	0	-1
Saudi Electricity Company	A/Stable	-1	-3	-3	-4	-3	-4	-3	-1	-3

Source: Fitch Ratings.

Factor Score Relative to IDR: Worse positioned than IDR (Red), Within one notch of IDR (Blue), Better positioned than IDR (Light Blue)

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- FFO net leverage consistently below 3.5x
- FFO interest coverage above 4.5x

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Aggressive debt-funded acquisitions leading to FFO net leverage consistently above 4.5x
- FFO interest coverage consistently below 4.0x
- A material reduction in contracted revenue, increase in contract renewal risk and significant reduction in the term of contracts, leading to weak visibility and instability of earnings

Liquidity and Debt Structure

Strong Liquidity: Tabreed had a readily available cash balance of AED1.5billion at end-2023, and AED600 million of undrawn committed facilities. The company has no major debt maturities in 2024, and Fitch-forecast negative FCF of AED272 million.

Tabreed reduced its debt in 1Q23 by AED650 million following the early settlement of one bank facility. This allowed the company to better manage its refinancing risk. The next debt repayments are in 2025, when its AED1.7 billion sukuk and AED2.5 billion syndicated financing facility mature.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

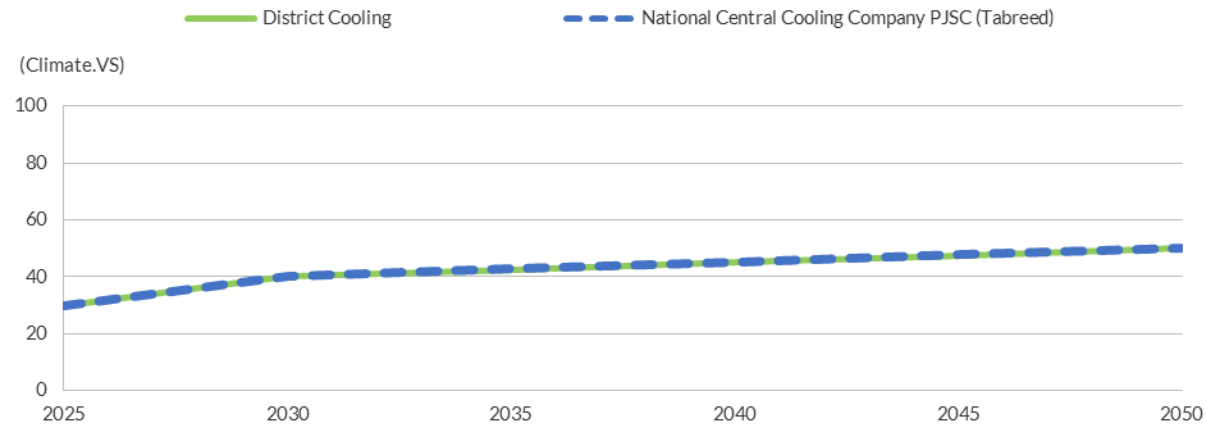
Climate Vulnerability Considerations

Fitch’s *Climate Vulnerability in Corporate Ratings Criteria* report describes how we use Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). [Click here for the criteria.](#)

The FY23 revenue-weighted Climate.VS for Tabreed for 2035 is 43 out of 100, suggesting moderate exposure to climate-related risks in that year.

Climate.VSEvolution

As of Dec. 31, 2023



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(AEDm)	2024F	2025F
Available liquidity		
Beginning cash balance	1,508	1,235
Rating case FCF after acquisitions and divestitures	-212	77
Total available liquidity (A)	1,296	1,312
Liquidity uses		
Debt maturities	-61	-4,238
Total liquidity uses (B)	-61	-4,238
Liquidity calculation		
Ending cash balance (A+B)	1,235	-2,927
Revolver availability	600	600
Ending liquidity	1,835	-2,327
Liquidity score (x)	31.1	0.5

F – Forecast.

Source: Fitch Ratings, Fitch Solutions, National Central Cooling Company PJSC (Tabreed)

Scheduled Debt Maturities

(AEDm)	31-Dec-23
2024	61
2025	4,238
2026	34
2027	1,820
Thereafter	56
Total	6,209

Source: Fitch Ratings, Fitch Solutions, National Central Cooling Company PJSC (Tabreed)

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer

- Average yearly revenue growth of about 2% in 2024-2025
- Double-digit revenue growth in 2026, driven by contributions from new markets and India
- Average EBITDA margin of 49.7% in 2024-2026, with EBITDA reaching AED1.4 billion in 2026
- Capex to average about AED685 million per year in 2024-2026
- Average dividends of AED402 million per year in 2024-2026

Financial Data

(AEDm)	2021	2022	2023	2024F	2025F	2026F
Summary income statement						
Gross revenue	1,955	2,216	2,415	2,391	2,504	2,875
Revenue growth (%)	12.3	13.4	9.0	-1.0	4.7	14.8
EBITDA before income from associates	859	1,085	1,106	1,195	1,249	1,418
EBITDA margin (%)	43.9	49.0	45.8	50.0	49.9	49.3
EBITDA after associates and minorities	838	1,046	1,069	1,172	1,224	1,419
EBITDAR	859	1,085	1,106	1,195	1,249	1,418
EBITDAR margin (%)	43.9	49.0	45.8	50.0	49.9	49.3
EBIT	609	790	793	785	791	883
EBIT margin (%)	31.2	35.6	32.8	32.8	31.6	30.7
Gross interest expense	-224	-251	-226	-239	-291	-383
Pretax income including associate income/loss	534	634	785	622	586	571
Summary balance sheet						
Readily available cash and equivalents	1,185	1,756	1,508	1,333	1,330	1,267
Debt	7,115	7,092	6,209	6,182	6,025	6,199
Lease-adjusted debt	7,115	7,092	6,209	6,182	6,025	6,199
Net debt	5,930	5,336	4,701	4,849	4,694	4,931
Summary cash flow statement						
EBITDA	859	1,085	1,106	1,195	1,249	1,418
Cash interest paid	-229	-259	-240	-200	-207	-307
Cash tax	-	-	-	-	-52	-50
Dividends received less dividends paid to minorities (inflow/outflow)	-21	-39	-37	-23	-26	2
Other items before FFO	163	103	70	-	-	-
FFO	774	909	958	972	965	1,063
FFO margin (%)	39.6	41.0	39.7	40.6	38.5	37.0
Change in working capital	257	131	107	-123	-112	-28
CFO (Fitch-defined)	1,032	1,040	1,065	849	853	1,034
Total non-operating/nonrecurring cash flow	-	-	-	-	-	-
Capex	-189	-184	-180	-	-	-
Capital intensity (capex/revenue) (%)	9.6	8.3	7.5	-	-	-
Common dividends	-156	-166	-384	-	-	-
FCF	687	689	501	-	-	-
FCF margin (%)	35.1	31.1	20.8	-	-	-
Net acquisitions and divestitures	-806	-	68	-	-	-
Other investing and financing cash flow items	-16	-61	-42	64	78	92
Net debt proceeds	19	-41	-792	-27	-158	174
Net equity proceeds	-	-	-	-	-	-
Total change in cash	-116	576	-263	-175	-3	-63
Leverage ratios (x)						
EBITDA leverage	8.5	6.8	5.8	5.3	4.9	4.4
EBITDA net leverage	7.1	5.1	4.4	4.1	3.8	3.5
EBITDAR leverage	8.5	6.8	5.8	5.3	4.9	4.4
EBITDAR net leverage	7.1	5.1	4.4	4.1	3.8	3.5
FFO adjusted leverage	7.1	6.2	5.5	5.3	5.1	4.5
FFO adjusted net leverage	5.9	4.6	4.1	4.1	4.0	3.6
FFO leverage	7.1	6.2	5.5	5.3	5.1	4.5
FFO net leverage	5.9	4.6	4.1	4.1	4.0	3.6
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-1,150	-351	-496	-1,061	-775	-1,364
FCF after acquisitions and divestitures	-119	689	569	-212	77	-329
FCF margin after net acquisitions (%)	-6.1	31.1	23.6	-8.9	3.1	-11.5

(AEDm)	2021	2022	2023	2024F	2025F	2026F
Coverage ratios (x)						
FFO interest coverage	4.4	4.4	4.7	5.9	5.7	4.5
FFO fixed-charge coverage	4.4	4.4	4.7	5.9	5.7	4.5
EBITDAR fixed-charge coverage	3.7	4.0	4.5	5.9	5.9	4.6
EBITDAR net fixed-charge coverage	3.7	4.4	5.9	5.9	5.9	4.6
EBITDA interest coverage	3.7	4.0	4.5	5.9	5.9	4.6
Additional metrics (%)						
CFO-capex/debt	11.9	12.1	14.3	2.3	8.0	0.9
CFO-capex/net debt	14.2	16.0	18.8	2.9	10.3	1.2
CFO/capex	547.0	563.7	590.7	120.0	230.8	105.9

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff

Ratings Navigator

FitchRatings

Tabreed

ESG Relevance: 

Corporates Ratings Navigator
EMEA Utilities

Factor Levels	Sector Risk Profile	Operating Environment	Business Profile				Financial Profile				Issuer Default Rating
			Management and Corporate Governance	Revenue Visibility	Regulatory Environment	Market Position	Asset Base and Operations	Profitability and Cash Flow	Financial Structure	Financial Flexibility	
aaa											AAA
aaa+											AA+
aa											AA
aa-											AA-
a+	↓										A+
a											A
a-											A-
bbb+		↓	↑	↓	↓	↑	↓	↓	↓	↓	BBB+
bbb											BBB
bbb-											BBB-
bb+											BB+
bb											BB
bb-											BB-
b+											B+
b											B
b-											B-
ccc+											CCC+
ccc											CCC
ccc-											CCC-
cc											CC
c											C
d or rd											D or RD

Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	<ul style="list-style-type: none"> ↑ Positive ↓ Negative ↕ Evolving □ Stable
<ul style="list-style-type: none"> Higher Importance Average Importance Lower Importance 	

Operating Environment			Management and Corporate Governance																				
bbb+	Economic Environment	bbb	a-	Management Strategy	bbb																		
bbb	Financial Access	bb	bbb+	Governance Structure	bbb																		
	Systemic Governance	aa	bbb	Group Structure	bbb																		
b-			bbb-	Financial Transparency	bbb																		
ccc+			bb+																				
<p>Revenue Visibility</p> <p>a- Size and Integration bbb Top-tier position in at least one market. Partially integrated (typically including generation, distribution and supply).</p> <p>bbb+ Earnings from Regulated Network Assets b Minimal EBITDA comes from high-quality regulated networks or quasi-regulated assets.</p> <p>bbb Quasi-Regulated Earnings a Over 20% of EBITDA comes from quasi-regulated assets in markets or from long-term contracted sales with creditworthy counterparties.</p> <p>bbb-</p> <p>bb+</p>			<p>Regulatory Environment</p> <p>bbb+ Regulatory Framework and Policy Risk bbb Less transparent frameworks, with emerging track record and multi-year tariffs; exposed to political risk. Medium-term predictability.</p> <p>bbb Cost Recovery and Risk Exposure bbb Tariff setting that may limit efficiently incurred cost and investment recovery, with moderate regulatory lag, price and volume risk.</p> <p>bbb-</p> <p>bb+</p> <p>bb</p>																				
<p>Market Position</p> <p>a- Fundamental Market Trends a Structurally balanced markets.</p> <p>bbb+ Generation and Supply Positioning bbb Average position in the merit order; short term hedging. Generation largely balanced with medium position in supply and services.</p> <p>bbb Customer Base and Counterparty Risk bbb Economy of area served provides structurally stable background; medium counterparty risk; fair collection rates for supply operations.</p> <p>bbb-</p> <p>bb+</p>			<p>Asset Base and Operations</p> <p>bbb+ Asset Quality bbb Mid-range asset quality not likely to affect opex and capex requirements compared with peers.</p> <p>bbb Asset Diversity bb Limited diversification by geography, generation source, supplied product.</p> <p>bbb- Carbon Exposure bbb Energy production balanced between clean and thermal sources; medium carbon exposure (< 450gCO2/kWh).</p> <p>bb+</p> <p>bb</p>																				
<p>Profitability and Cash Flow</p> <p>a- Free Cashflow bbb Structurally neutral to negative FCF across the investment cycle.</p> <p>bbb+ Volatility of Profitability bbb Stability and predictability of profits in line with utility peers.</p> <p>bbb</p> <p>bbb-</p> <p>bb+</p>			<p>Financial Structure</p> <p>a- FFO Leverage bbb 5.0x</p> <p>bbb+ FFO Net Leverage bbb 4.5x</p> <p>bbb</p> <p>bbb-</p> <p>bb+</p>																				
<p>Financial Flexibility</p> <p>bbb+ Financial Discipline bb Financial policies in place but flexibility in applying them could lead to temporarily exceeding downgrade guidelines.</p> <p>bbb Liquidity bbb One-year liquidity ratio above 1.25x. Well-spread debt maturity schedule but funding may be less diversified.</p> <p>bbb- FFO Interest Coverage bbb 4.5x</p> <p>bb+ FX Exposure bbb Some FX exposure on profitability and/or debt/cash flow match. Effective hedging.</p> <p>bb</p>			<p>Credit-Relevant ESG Derivation</p> <p>Tabreed has 12 ESG potential rating drivers</p> <ul style="list-style-type: none"> Emissions from operations Fuel use to generate energy Impact of waste from operations Plants' and networks' exposure to extreme weather Product affordability and access Quality and safety of products and services; data security <table border="1"> <thead> <tr> <th>Key driver</th> <th>Issues</th> <th>Overall ESG</th> </tr> </thead> <tbody> <tr> <td>key driver</td> <td>0 issues</td> <td>5</td> </tr> <tr> <td>driver</td> <td>0 issues</td> <td>4</td> </tr> <tr> <td>potential driver</td> <td>12 issues</td> <td>3</td> </tr> <tr> <td>not a rating driver</td> <td>2 issues</td> <td>2</td> </tr> <tr> <td></td> <td>0 issues</td> <td>1</td> </tr> </tbody> </table> <p>Showing top 6 issues</p> <p>For further details on Credit-Relevant ESG scoring, see page 3.</p>			Key driver	Issues	Overall ESG	key driver	0 issues	5	driver	0 issues	4	potential driver	12 issues	3	not a rating driver	2 issues	2		0 issues	1
Key driver	Issues	Overall ESG																					
key driver	0 issues	5																					
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How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Credit-Relevant ESG Derivation

Tabreed has 12 ESG potential rating drivers

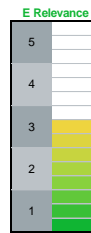
- ▶ Tabreed has exposure to emissions regulatory risk but this has very low impact on the rating.
- ▶ Tabreed has exposure to energy productivity risk but this has very low impact on the rating.
- ▶ Tabreed has exposure to waste & impact management risk but this has very low impact on the rating.
- ▶ Tabreed has exposure to extreme weather events but this has very low impact on the rating.
- ▶ Tabreed has exposure to access/affordability risk but this has very low impact on the rating.
- ▶ Tabreed has exposure to customer accountability risk but this has very low impact on the rating.

Showing top 6 issues

			ESG Relevance to Credit Rating	
key driver	0	issues	5	
driver	0	issues	4	
potential driver	12	issues	3	
not a rating driver	2	issues	2	
	0	issues	1	

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations; Profitability and Cash Flow
Energy Management	3	Fuel use to generate energy	Asset Base and Operations; Market Trends and Risks; Profitability and Cash Flow
Water & Wastewater Management	2	Water used by hydro plants or by other generation plants; effluent management	Asset Base and Operations; Market Trends and Risks; Profitability and Cash Flow
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Profitability and Cash Flow
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Profitability and Cash Flow



How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

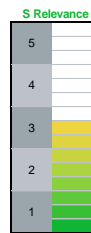
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

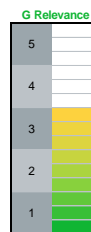
Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Profitability and Cash Flow; Regulation
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Profitability and Cash Flow
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Profitability and Cash Flow; Financial Structure; Financial Flexibility
Employee Wellbeing	2	Worker safety and accident prevention	Profitability and Cash Flow; Financial Structure; Financial Flexibility
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability and Cash Flow



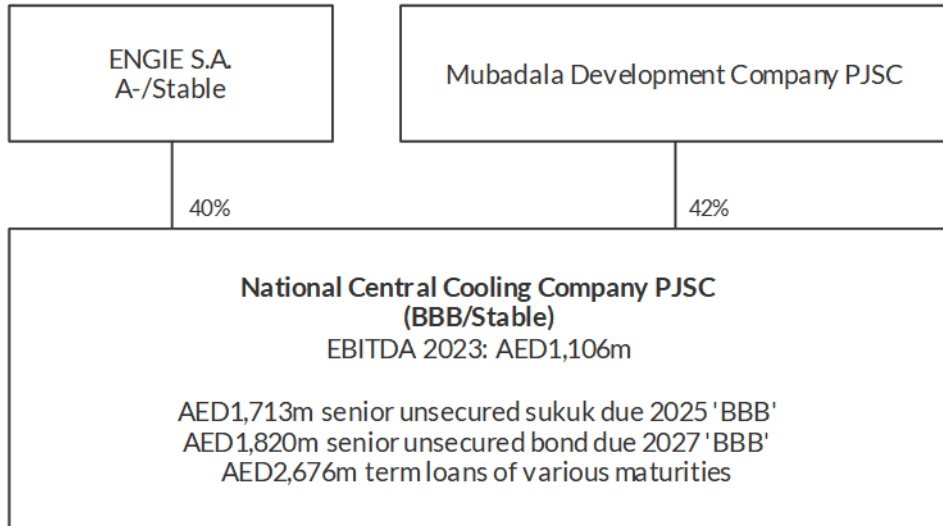
Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance



CREDIT-RELEVANT ESG SCALE	
How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



Source: Fitch Ratings, Fitch Solutions, Tabreed, as at 31 December 2023

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (USDm)	EBITDA (USDm)	EBITDA margin (%)	FFO net leverage (x)	FFO interest coverage (x)
National Central Cooling Company PJSC (Tabreed)	BBB						
	BBB	2023	658	301	45.8	4.1	4.7
	BBB	2022	603	296	49.0	4.6	4.4
	BBB	2021	532	234	43.9	5.9	4.4
Oman Electricity Transmission Company SAOC	BBB	2020	474	223	47.1	5.0	6.6
	BB+						
	BB+	2022	370	304	82.2	6.5	3.1
	BB-	2021	339	289	85.2	5.9	3.5
Nama Electricity Distribution Company SAOC	BB-	2020	331	284	85.9	5.6	4.2
	BB+						
	BB-	2022	982	214	21.8	5.7	2.9
FCC Aqualia, S.A.	BB-	2021	960	204	21.3	6.8	3.2
	BB-	2020	915	206	22.5	5.9	4.1
	BBB-						
Abu Dhabi National Energy Company PJSC	BBB-	2022	1,411	353	25.0	5.9	5.0
	BBB-	2021	1,195	246	20.6	4.8	6.9
	BB+	2020	1,286	234	18.2	5.2	7.4
Saudi Electricity Company	AA-						
	AA-	2022	13,606	5,522	40.6	2.9	6.4
	AA-	2021	12,441	5,238	42.1	3.2	5.7
Saudi Electricity Company	AA-	2020	6,531	2,688	41.2	6.9	5.8
	A						
	A	2022	19,221	9,796	51.0	2.5	10.3
Saudi Electricity Company	A-	2021	18,490	10,281	55.6	2.6	11.0
	A-	2020	18,322	7,093	38.7	4.3	5.6

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(AED millions as of 31 Dec 2023)	Notes and formulas	Standardised values	Cash adjustment	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		2,415	–	–	–	2,415
EBITDA	(a)	1,147	–	-41	-0	1,106
Depreciation and amortization		-342	–	29	-0	-313
EBIT		806	–	-13	-0	793
Balance sheet summary						
Debt	(b)	6,439	–	-230	0	6,209
Of which other off-balance-sheet debt		–	–	–	–	–
Lease-equivalent debt		–	–	–	–	–
Lease-adjusted debt		6,439	–	-230	0	6,209
Readily available cash and equivalents	(c)	1,510	-2	–	-0	1,508
Not readily available cash and equivalents		–	2	–	–	2
Cash flow summary						
EBITDA	(a)	1,147	–	-41	-0	1,106
Dividends received from associates less dividends paid to minorities	(d)	-37	–	–	–	-37
Interest paid	(e)	-253	–	13	-0	-240
Interest received	(f)	60	–	–	–	60
Preferred dividends paid	(g)	–	–	–	–	–
Cash tax paid		–	–	–	–	–
Other items before FFO		70	–	–	–	70
FFO	(h)	987	–	-29	0	958
Change in working capital		107	–	–	–	107
CFO	(i)	1,094	–	-29	0	1,065
Non-operating/nonrecurring cash flow		–	–	–	–	–
Capex	(j)	-180	–	–	–	-180
Common dividends paid		-384	–	–	–	-384
FCF		530	–	-29	0	501
Gross leverage (x)						
EBITDA leverage	b / (a+d)	5.8	–	–	–	5.8
(CFO-capex)/debt (%)	(i+j) / b	14.2	–	–	–	14.3
Net leverage (x)						
EBITDA net leverage	(b-c) / (a+d)	4.4	–	–	–	4.4
(CFO-capex)/net debt (%)	(i+j) / (b-c)	18.5	–	–	–	18.8
Coverage (x)						
EBITDA interest coverage	(a+d) / (-e)	4.4	–	–	–	4.5

CFO - Cash flow from operations

Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region.

Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.

Debt includes other off-balance-sheet debt.

Source: Fitch Ratings, Fitch Solutions, National Central Cooling Company.

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