



National Central Cooling Company PJSC  
(DFM: TABREED)

H1 2023  
Earnings Presentation

28 July 2023



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# Agenda


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# 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% 

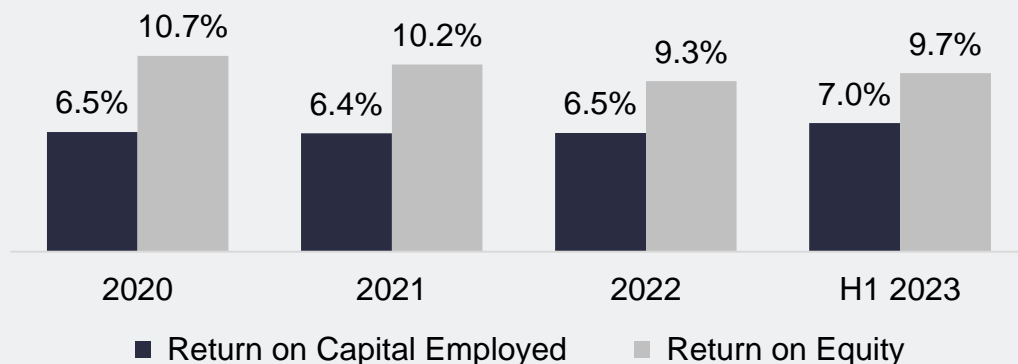
**EBITDA**  
AED 590m

**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

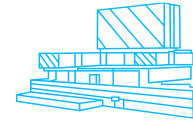
Cooling delivered to clients

Equivalent to cooling

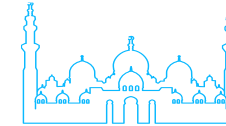
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towers the size of Burj Khalifa

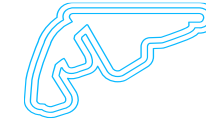
Exclusive provider of District Cooling services to several iconic projects



Cleveland Clinic Abu Dhabi



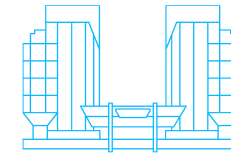
Sheikh Zayed Grand Mosque



Yas Marina Circuit



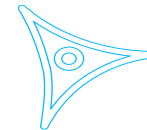
Rosewood Abu Dhabi



Abu Dhabi Global Market Square



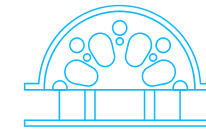
Yas Mall



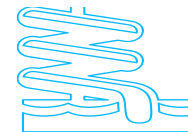
Ferrari World



Dubai Metro



Dubai Parks and Resorts



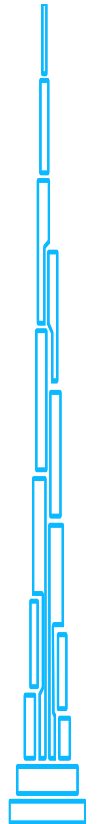
Yas Waterworld



Le Louvre Abu Dhabi



Etihad Towers



Burj Khalifa

# 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
<b>Total Consolidated</b>	<b>1,123</b>	<b>1,139</b>	<b>1,146</b>	<b>1,158</b>	<b>1,165</b>
<b>Equity Accounted</b>					
UAE	9	9	9	9	7
KSA	110	110	110	110	124
<b>Total Equity Accounted</b>	<b>119</b>	<b>119</b>	<b>119</b>	<b>119</b>	<b>131</b>
<b>Total</b>	<b>1,241</b>	<b>1,258</b>	<b>1,264</b>	<b>1,276</b>	<b>1,296</b>
<b>Total Capex (AED '000)*</b>	<b>51,881</b>	<b>58,373</b>	<b>40,844</b>	<b>16,894</b>	<b>59,556</b>

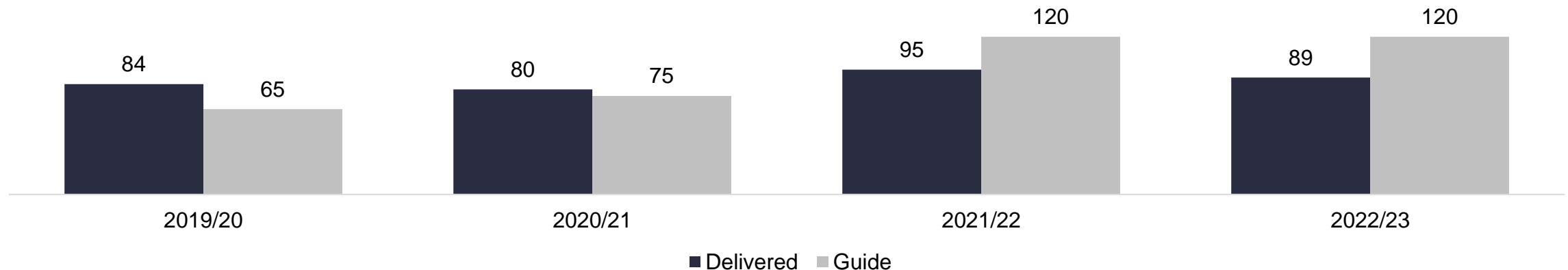
\*Includes Maintenance, Replacement and Growth , RTs as 30<sup>th</sup> June

# 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



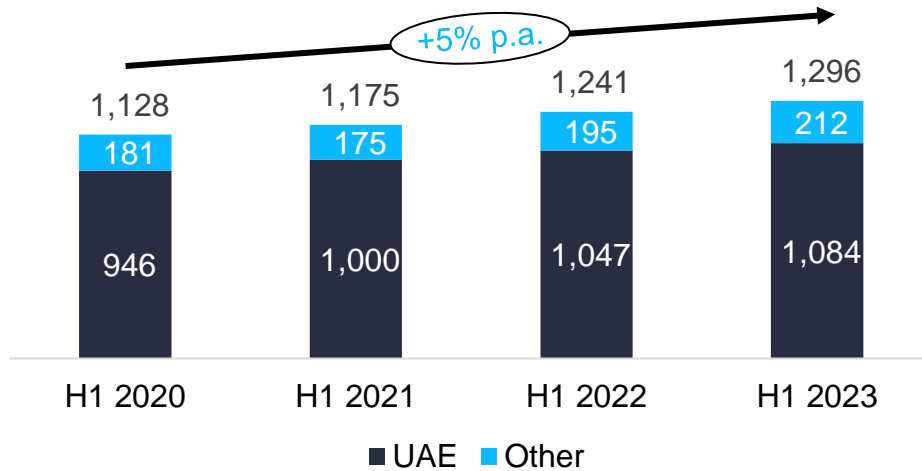


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# Performance Highlights

# Performance Highlights (1/3)

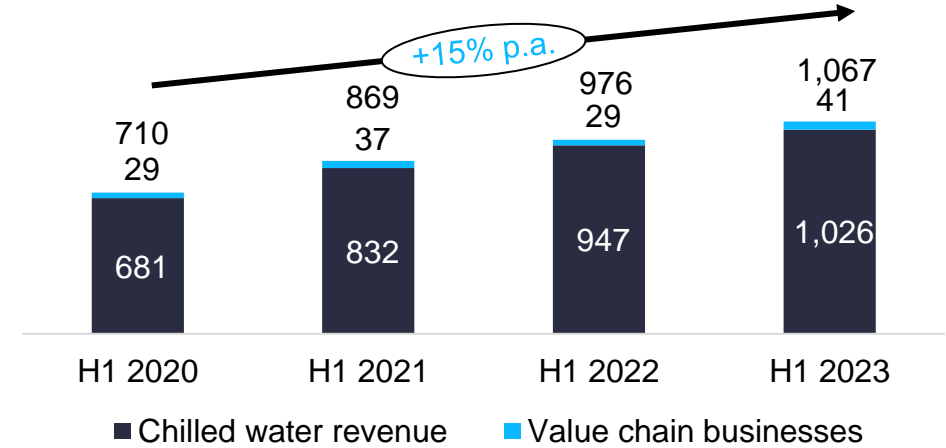
## Group Connected Capacity (kRT)



### 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

## Group Revenue (AEDm)

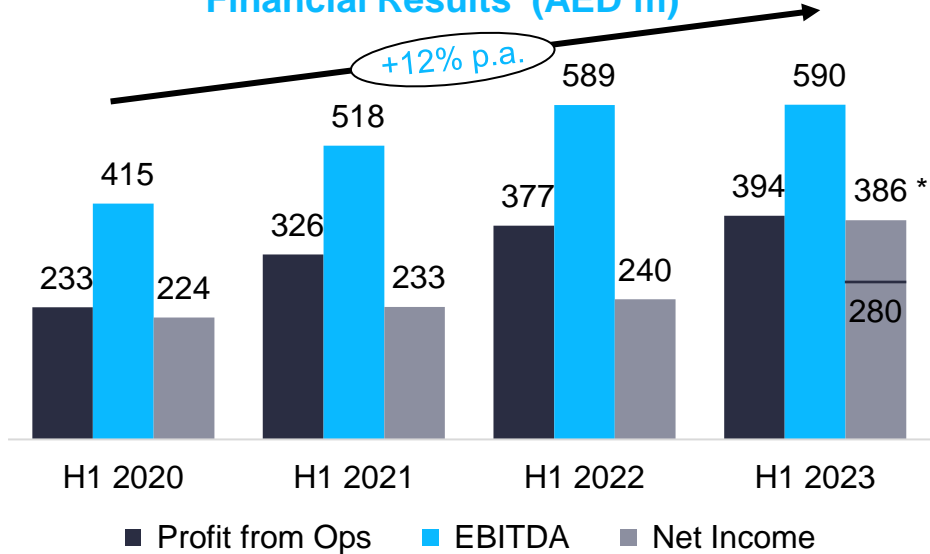


### Revenue Growth from Existing and New Business

- 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)

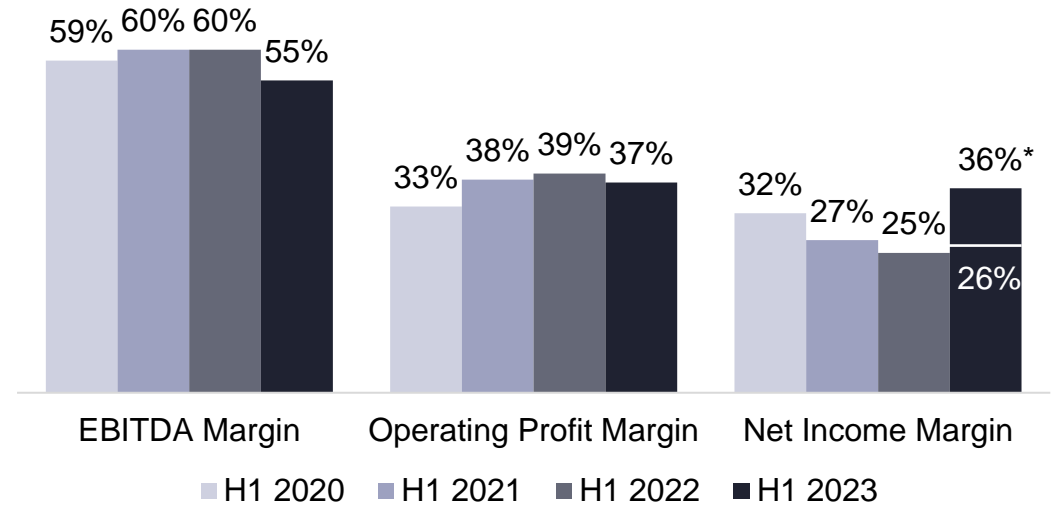
## Financial Results (AED m)



### 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

## Key Margins



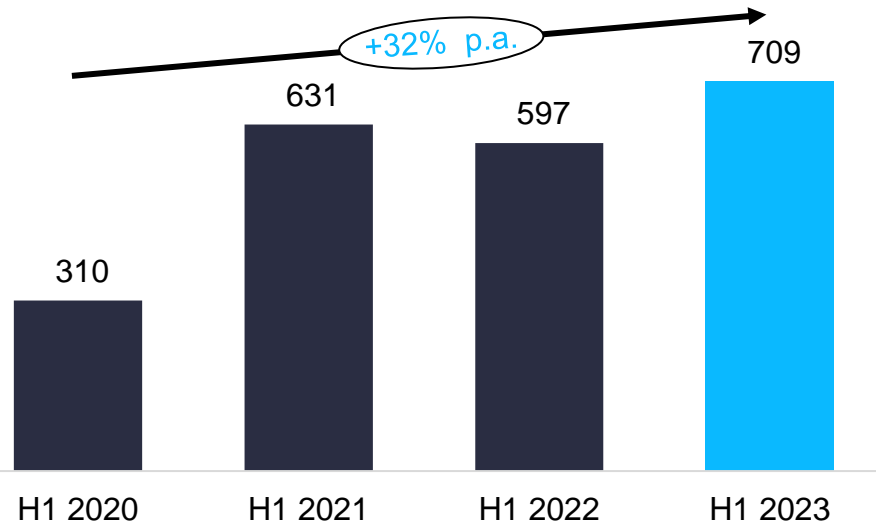
### Margin Sustainability

- 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

# Performance Highlights (3/3)

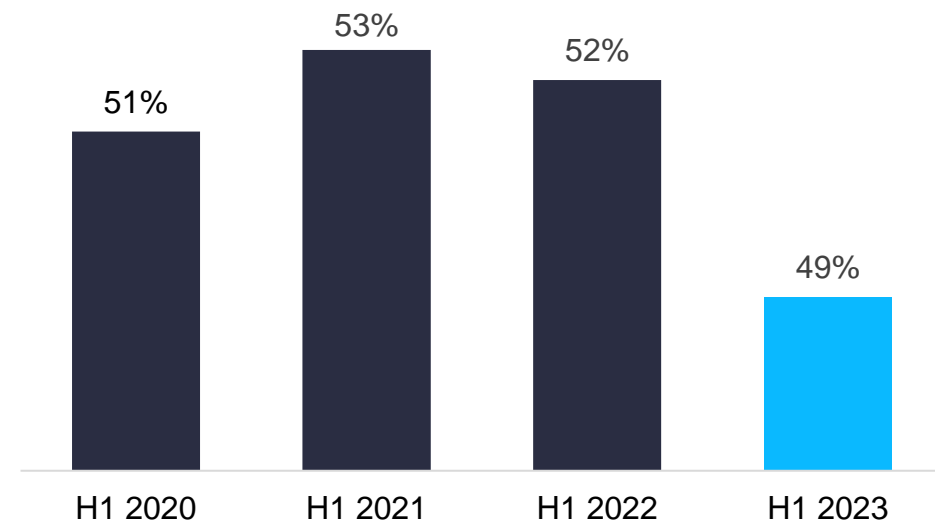
Cashflow from operations (AED m)



## 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\*



## 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

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# Financial Results

# Income Statement

Consolidated Financials (AED m)	H1 2023	H1 2022	Variance	%
Revenue	<b>1,068</b>	976	92	9%
<i>Chilled water revenue (96%)</i>	1,026	947	80	8%
<i>Value chain businesses (4%)</i>	41	29	12	41%
Operating cost	(541)	(473)	(68)	14%
<b>Gross Profit</b>	<b>527</b>	<b>503</b>	<b>24</b>	<b>5%</b>
<i>Gross profit margin</i>	<b>49%</b>	<b>52%</b>		
Administrative and other expenses	(132)	(126)	(6)	5%
<b>Profit from Operations</b>	<b>394</b>	<b>377</b>	<b>18</b>	<b>5%</b>
<i>Operating profit margin</i>	<b>37%</b>	<b>39%</b>		
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%
<b>Net Income</b>	<b>386</b>	<b>241</b>	<b>146</b>	<b>61%</b>
<i>Net Income margin</i>	<b>36%</b>	<b>25%</b>		
<b>EBITDA</b>	<b>590</b>	<b>589</b>	<b>1</b>	<b>0%</b>
<i>EBITDA margin</i>	<b>55%</b>	<b>60%</b>		

# 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
<b>Total Assets</b>	<b>14,696</b>	<b>15,451</b>
Equity and Reserves	7,007	7,154
Debt*	6,658	7,309
Other Liabilities	1,031	988
<b>Total Liabilities and Equity</b>	<b>14,696</b>	<b>15,451</b>

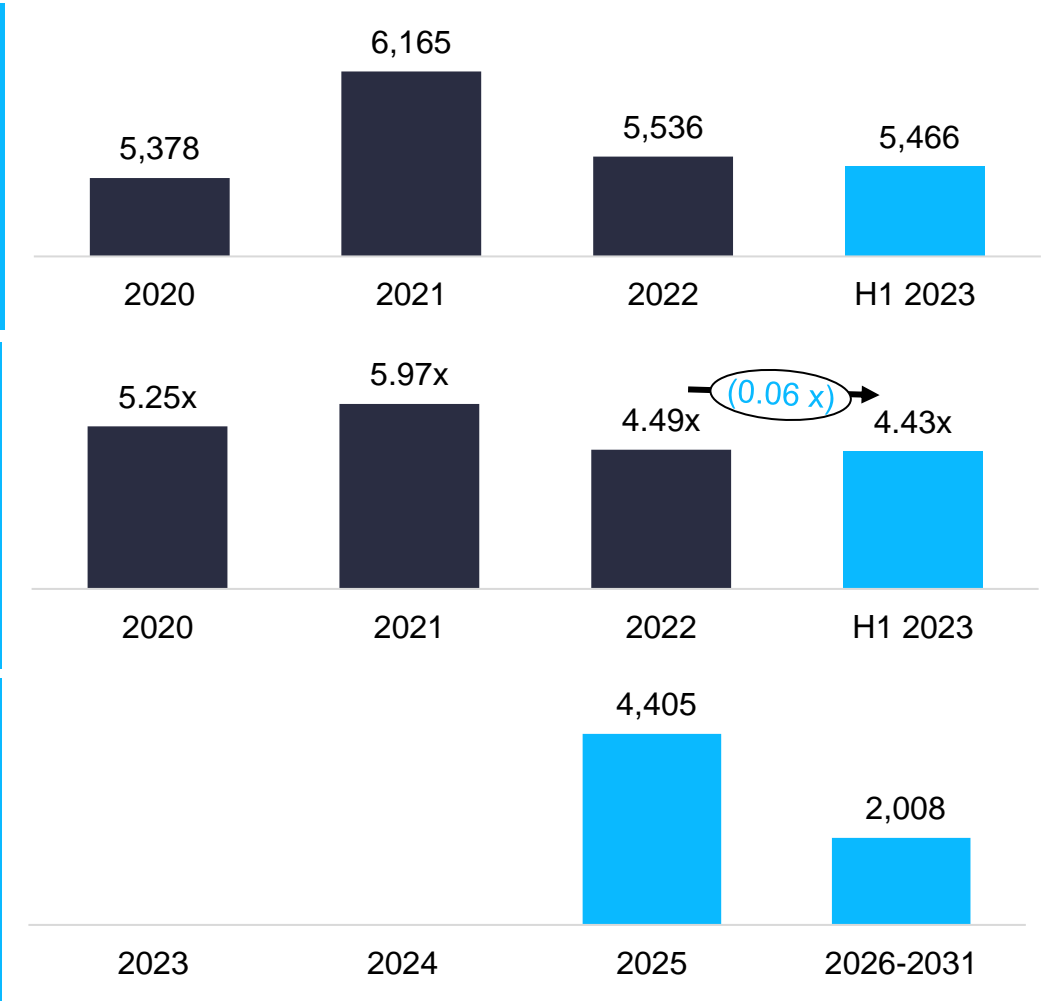
\* Debt includes Finance Leases liability

Net Debt Profile  
(AED m)

Net Debt to LTM  
EBITDA

Debt Maturity  
Profile

## Capital Structure



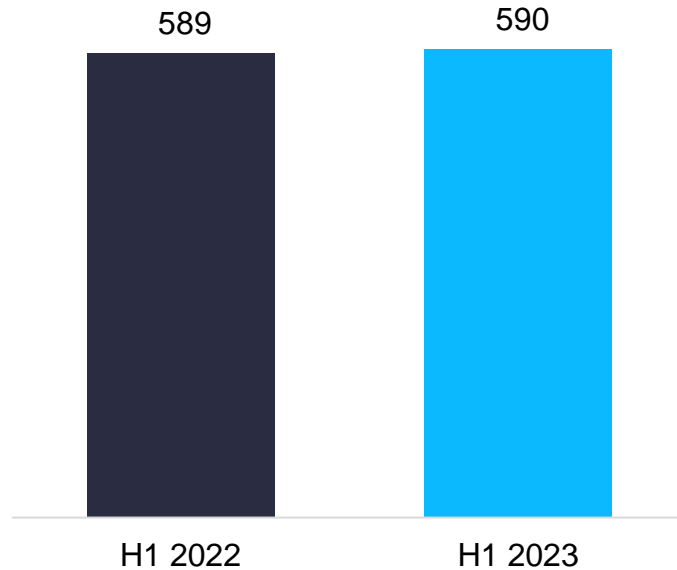
# Cash Flow Statement

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

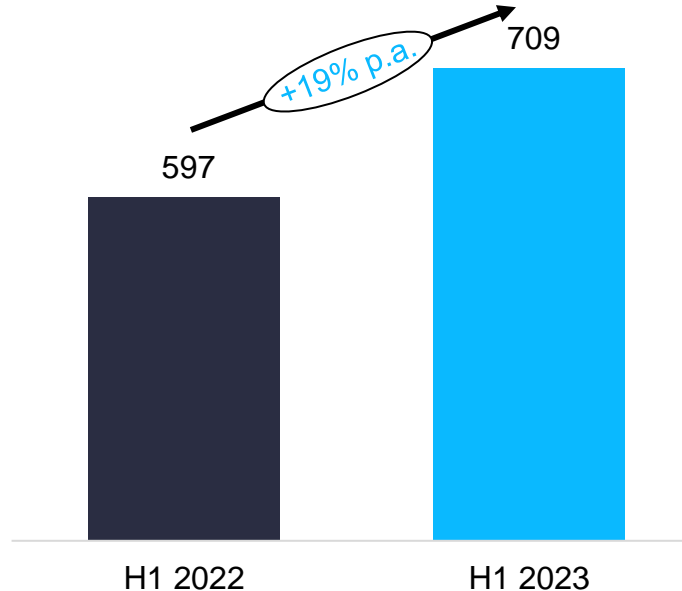


# Cashflow Highlights

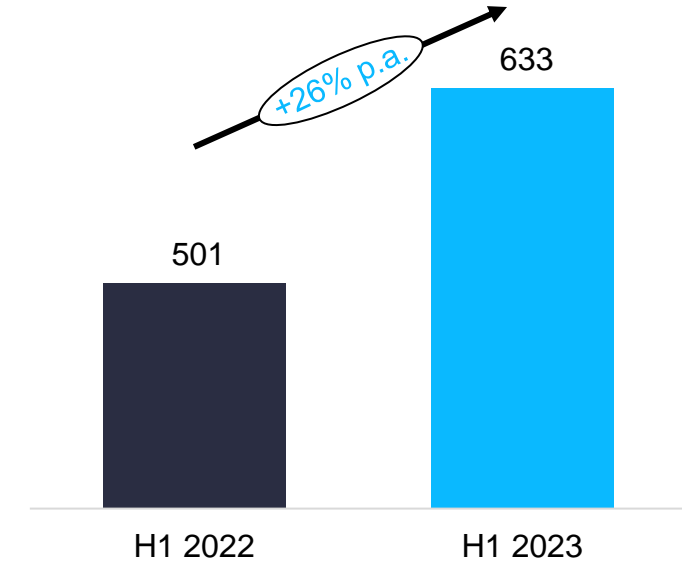
**Net Cashflows  
from Operating Activities  
Pre-Working Capital (EBITDA) (AED m)**



**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.

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# 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<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

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

## 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)

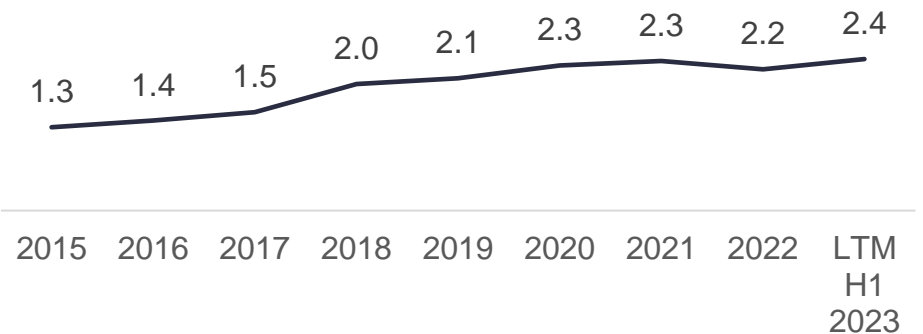


**1.41 mn tons**  
Annual prevention of  
CO<sub>2</sub> emissions



**307,100**  
Cars removed annually

## Annual reduction in energy consumption (In Billions of kWh)



# Contact Us

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