



# National Central Cooling Company

H1 2024 Earnings Presentation

9 August 2024

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# Agenda

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# Key Highlights



# H1 2024 Key Highlights



## Growth, higher profitability and sound financial discipline drive returns



- ▶ Continued Revenue and EBITDA growth
- ▶ Improved profitability with H1 EBITDA margin at 56% (vs. 55% in H1 2023)
- ▶ Normalized<sup>1</sup> profit before tax increased by 4% YoY in H1 2024
- ▶ Sound financial management with gross debt reducing by 12% YTD
- ▶ Normalized<sup>1</sup> Return on Equity improved to 9.7% in H1 2024 (vs. 9.0% in H1 2023)

## Pursuing new business opportunities in both UAE and Internationally



- ▶ Consumption volumes surged 8% YoY in H1, reflecting rising demand environment
- ▶ 1 new greenfield plant commissioned; added 4.7k RT of new customer connections in H1
- ▶ Total connected capacity reached 1.308 million RT driven by organic growth
- ▶ Confident of future business prospects and expect acceleration in the second half of 2024

## Furthering our contribution to a more sustainable and cooler planet



- ▶ Published fourth annual ESG Report, highlighting significant strides taken in advancing sustainability at Tabreed and decarbonisation of cooling
- ▶ 1.0 billion kWh of energy consumption reduced, and 604 thousand tons of CO<sub>2</sub> avoided in H1 2024 through Tabreed's energy efficient and sustainable cooling services

1) Adjusted for one-off non recurring items

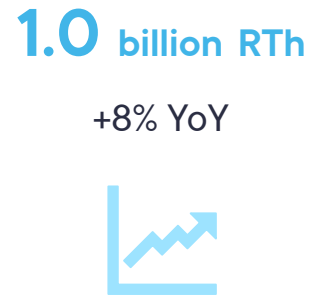
# H1 2024 consumption volumes and capacity update



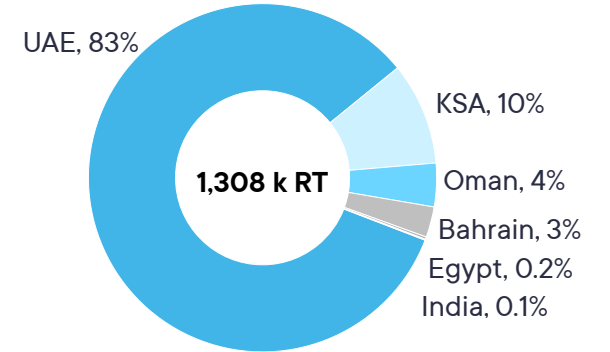
## H1 2024 Chilled Water Revenue



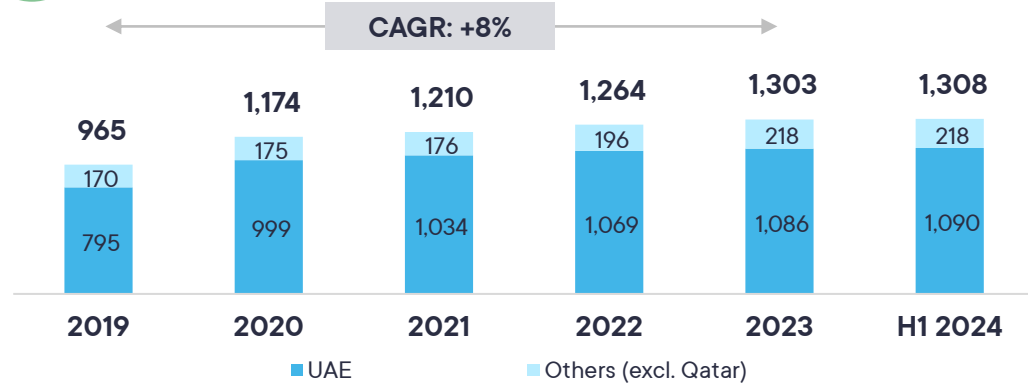
## H1 2024 Consumption Volumes



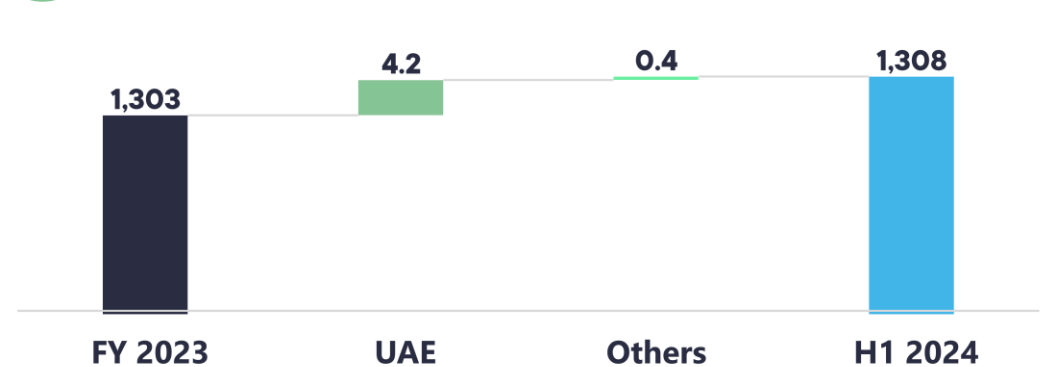
## Capacity by Country



## Historical Capacity Addition (k RT)



## H1 2024 Capacity Addition (k RT)



# Board of Directors - Update



## Nine-member board brings wealth of expertise and strengthens Tabreed's governance



**Dr. Bakheet Al Katheeri**  
Chairman

Dr. Bakheet is the Chief Executive Officer, UAE Investments platform and Investment Committee Member at Mubadala Investment Company

**Other Board Positions**

Dr. Bakheet also sits on the boards of Cepsa, Oil Search, Mubadala Energy, Emirates Global Aluminum and Abu Dhabi Future Energy Company (Masdar)

Dr. Bakheet spearheads the platform's growth and strategic direction while steering its portfolio of national champions in multiple sectors, including energy, metals, aerospace, technology, healthcare, real estate, and infrastructure



**Paulo Almirante**  
Vice Chairman

Paulo Almirante is currently Senior Executive Vice President of global energy leader ENGIE in charge of Renewable Energy

**Other Board Positions**

Mr. Almirante is a board member of numerous ENGIE group companies. He is also a member of ENGIE's Executive Committee in charge of Brazil; Middle East, South and Central Asia and Turkey; North, South and Eastern Europe and Generation Europe



**Musabbeh Al Kaabi**

**Executive Director, Low Carbon Solutions & International Growth at ADNOC Group**

In his current role, he is focused on driving investments in new energies and low carbon solutions as well as international growth in areas such as gas, liquefied natural gas (LNG) and chemicals



**Pierre Cheyron**

**Managing Director, Africa, Middle East and Asia at ENGIE Energy Solutions**

Prior to his current role, he was the CEO of ENGIE Southeast Asia leading one of the fastest growing key business clusters in the Asia Pacific organisation towards Zero-Carbon Transition



**Dr. Alyazia Ali Al Kuwaiti**

**Executive Director, Energy Portfolio at Mubadala**

Dr. Alyazia's corporate boards experience is primarily in the energy and industrial sector, with a strong record in financial and strategic value creation



**Mansoor Al Hamed**

**Chief Executive Officer and Managing Director, Mubadala Energy**

Prior to his current role, he was the Chief Growth Officer where he was responsible for all new business development and Mergers & Acquisitions activities at Mubadala Energy



**Geert Bunkens**

**Vice President Regional Hub and Finance, Africa Middle East Asia at Engie**

He previously managed corporate financing in Belgium and Australia, led regional corporate finance operations, and served as CFO Asia Pacific in Singapore from 2018 to 2021



**Saeed Ali Khalfan Al Dhaheri**

**Director Investments at Ali & Sons Holding LLC**

Prior to his current role, he was associated with Abu Dhabi Investment Authority



**Marion De Ridder Blondel**

**Chief Strategy and Business Development Officer, Energy Solutions at ENGIE**

Marion is also a Chairwoman of the Company in France responsible for Engie's distributed H2 activities. Previously, Marion was Chief Marketing, Communication & Data Officer of Engie's B2C activities

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# Sustainability Overview

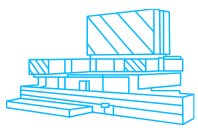




# Sustainable, efficient and cost-effective cooling services



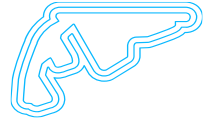
## Exclusive provider of District Cooling services to several iconic projects



Cleveland Clinic  
Abu Dhabi



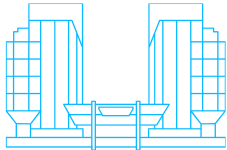
Sheikh Zayed Grand  
Mosque



Yas Marina  
Circuit



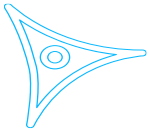
Rosewood Abu  
Dhabi



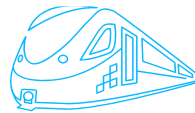
Abu Dhabi Global  
Market Square



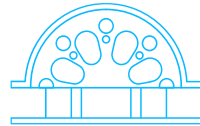
Yas Mall



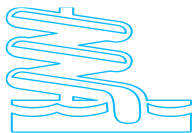
Ferrari  
World



Dubai  
Metro



Dubai Parks  
and Resorts



Yas  
Waterworld



Le Louvre  
Abu Dhabi



Etihad  
Towers



Burj Khalifa

## Sustainable district cooling solutions enabling significant energy savings and prevention of green house gas emissions



**2.59 billion kWh**  
reduction in energy  
consumption through  
Tabreed's DC services



Enough energy to power  
**~148,000** homes in GCC  
every year

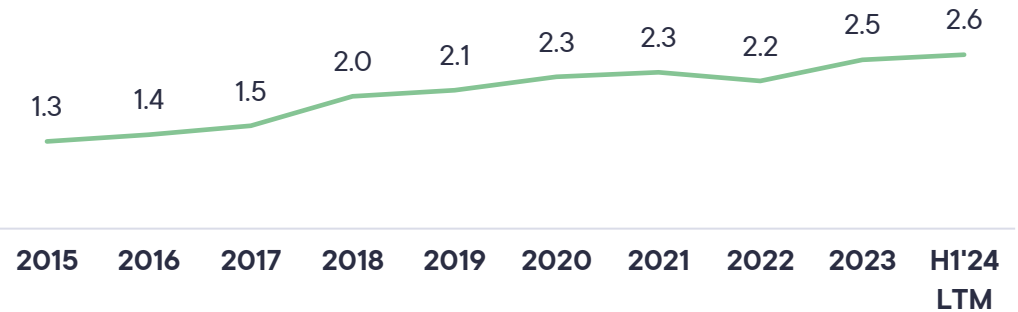


**1.55 million tons**  
prevention of CO<sub>2</sub>  
emissions



The equivalent of removing  
**~337,000** cars from our  
streets every year

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



# Decarbonizing our operations for a sustainable future



Our sustainability efforts reflect the company's commitment to energy efficiency, protecting the environment, and to the sustainable socio-economic development of the region



## Net Zero by 2050

### Demand Management

Optimizing the amount of energy required to produce the same amount of cooling, through operational excellence with data-driven approach and AI forecasting in addition to technological upgrades

### Renewable Energy

Running our operations with clean energy sources, such as solar energy and application of geothermal energy in cooling

Some of the initiatives to enable sustainable use of energy and achieve positive environmental impact



### Variable Frequency Drives (VFDs) Retrofit

Extensive retrofit of VFDs to increase energy efficiency - completed phase 3 of Tasheel programme



### Nanofluid Pilot Study

Concluded the world's first pilot project of its kind, demonstrating results with significant gains in energy efficiency



### Renewable Energy

Completed new Geothermal plant and investing in solar energy at key UAE locations

# Responsible business practices for a positive environmental impact



Our sustainability efforts reflect the company's commitment to water and waste management to reduce consumption of potable water and other natural resources whilst simultaneously ensuring no harm to marine life



## Water conservation and environmental sustainability

### Demand Management and Technology

Investing in upgrading and maintaining infrastructure and systems that increase water efficiency, reduce freshwater and resource consumption

### Waste Management

Engaging environmental services providers for the management of hazardous materials and compliance with the framework of the regulation of trade effluent

Some of the initiatives to enable sustainable use of water and reduce waste



#### Utilization of TSE<sup>1</sup>

Pioneering the use of TSE by recycling sewage water which would otherwise be discharged into the environment



#### Use of Sea Water

Utilizing sea water where possible, leading to substantial reductions in water consumption while ensuring no harm to marine ecosystems



#### Management of Waste

Promoting reduce, reuse & recycle approach and active management of hazardous materials from various plants

1) Refers to Treated Sewage Effluent ("TSE")

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# H1 2024 Financial Results



# Financial Summary



## Income Statement



	H1 2024	H1 2023	YoY (%)
Revenue	1,080	1,067	1%
Gross Profit	527	526	0%
EBITDA	603	590	2%
Operating Profit	381	394	(3)%
Normalized Profit Before Tax	307	295	4%
Normalized Net Profit	269	280	(4)%

## Balance Sheet



	H1 2024	FY 2023	YoY (%)
Non-current Assets	12,163	12,210	(0)%
Current Assets	1,697	2,604	(35)%
<b>Total Assets</b>	<b>13,860</b>	<b>14,814</b>	<b>(6)%</b>
Total Equity	6,733	6,943	(3)%
Total Liabilities	7,127	7,870	(9)%
<b>Total Equity &amp; Liabilities</b>	<b>13,860</b>	<b>14,814</b>	<b>(6)%</b>

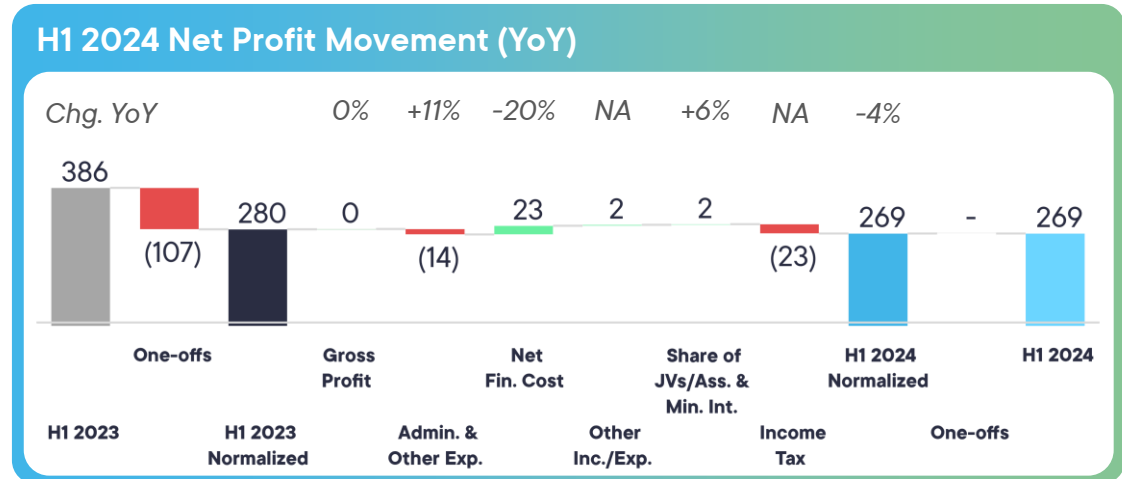
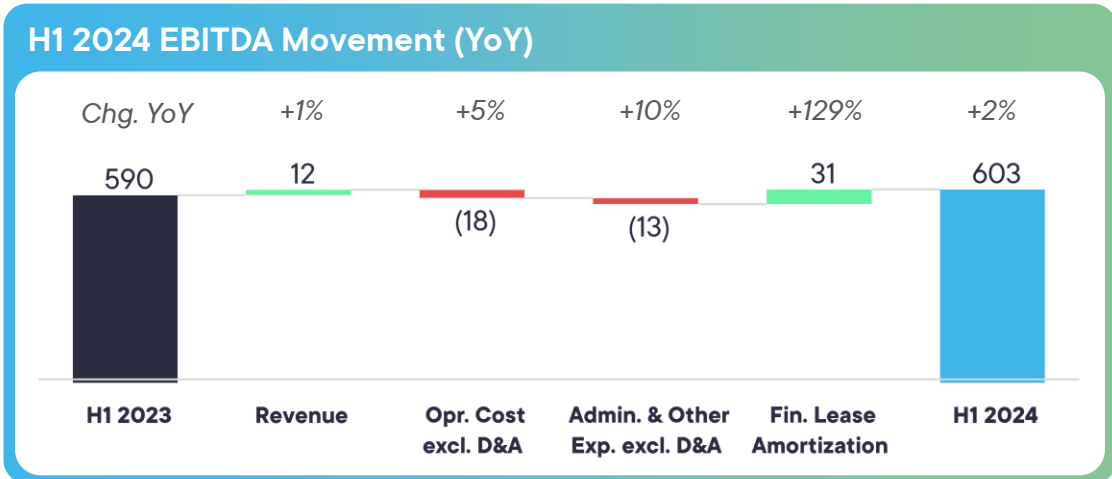
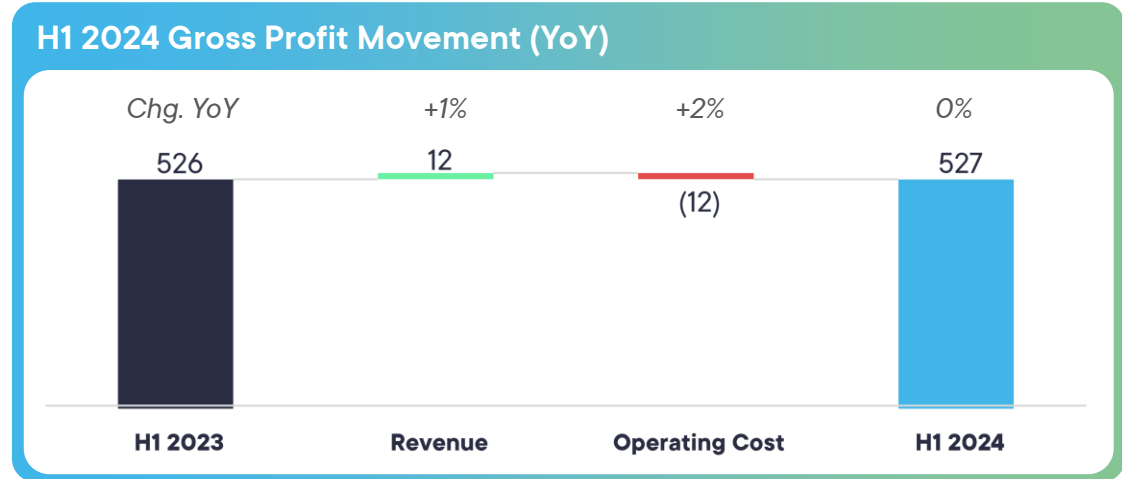
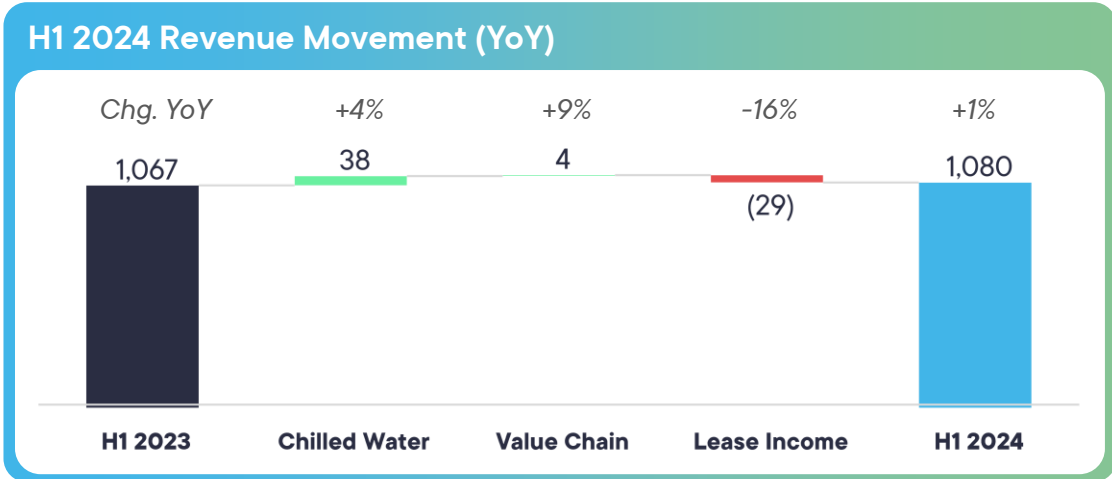
## Cash Flows



	H1 2024	H1 2023	YoY (%)
Cash flows from Oper.	608	594	2%
Changes in Working Cap.	(113)	115	NA
<b>Net Oper. Cash Flows</b>	<b>494</b>	<b>709</b>	<b>(30)%</b>
Net Inv. Cash Flows	(67)	(58)	16%
Net Fin. Cash Flows	(1,359)	(1,232)	10%
<b>Inc. / Dec. in cash</b>	<b>(932)</b>	<b>(581)</b>	<b>NA</b>

All figures in AED millions (unless stated explicitly) rounded to nearest whole number

# Income Statement Highlights



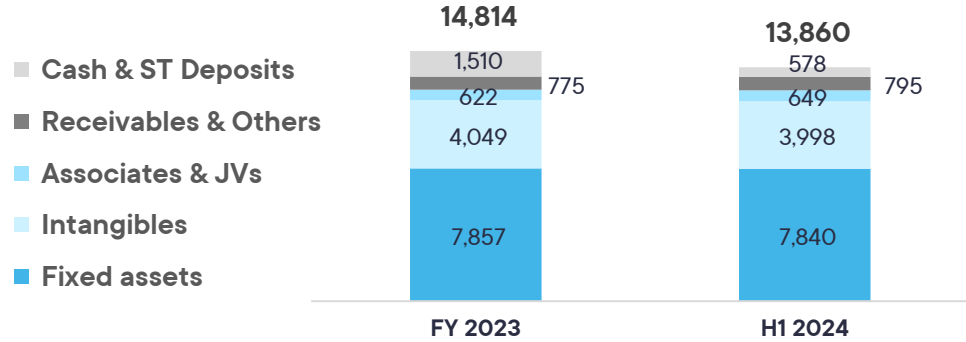
All figures in AED millions (unless stated explicitly) rounded to nearest whole number

# Balance Sheet Highlights

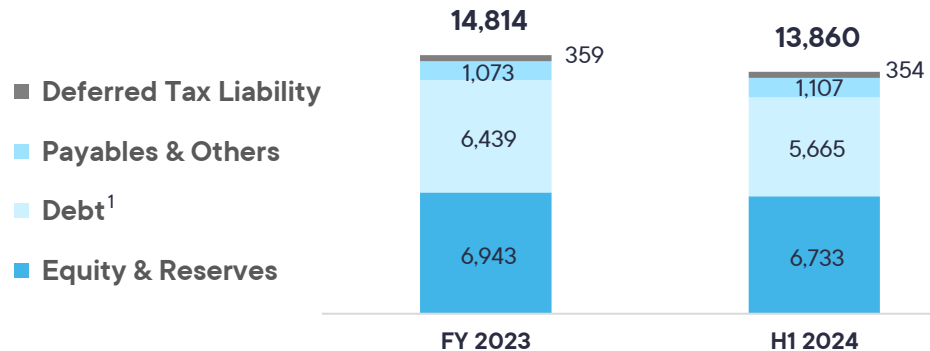


## Balance Sheet Breakdown

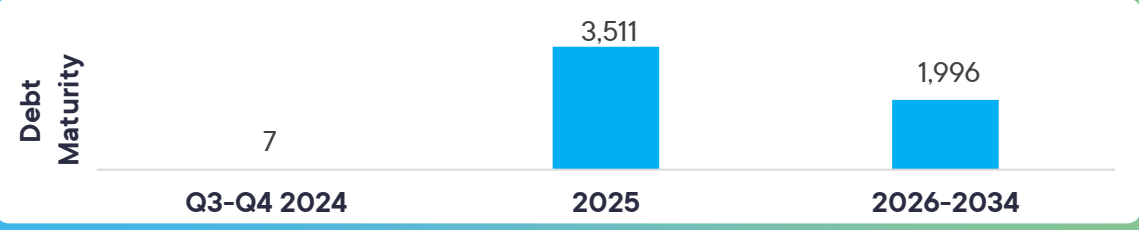
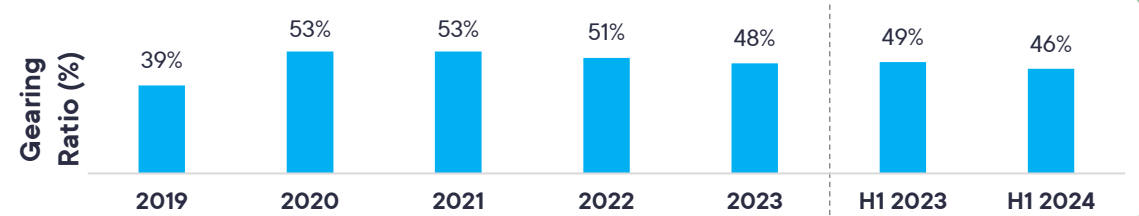
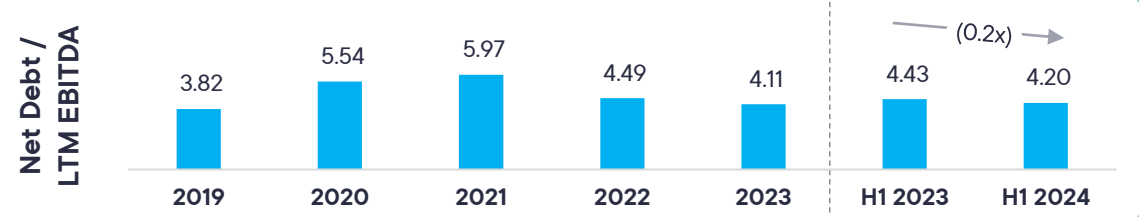
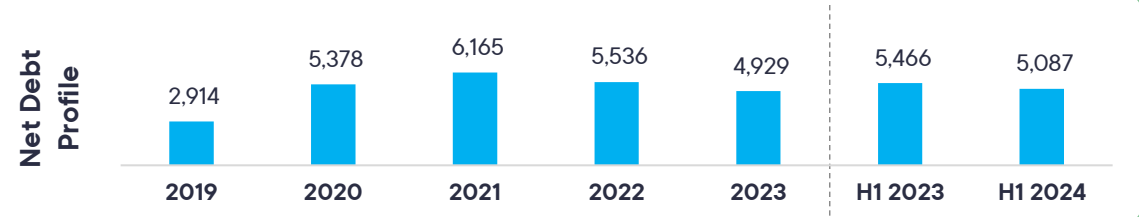
### Total Assets



### Total Liabilities



## Capital Structure



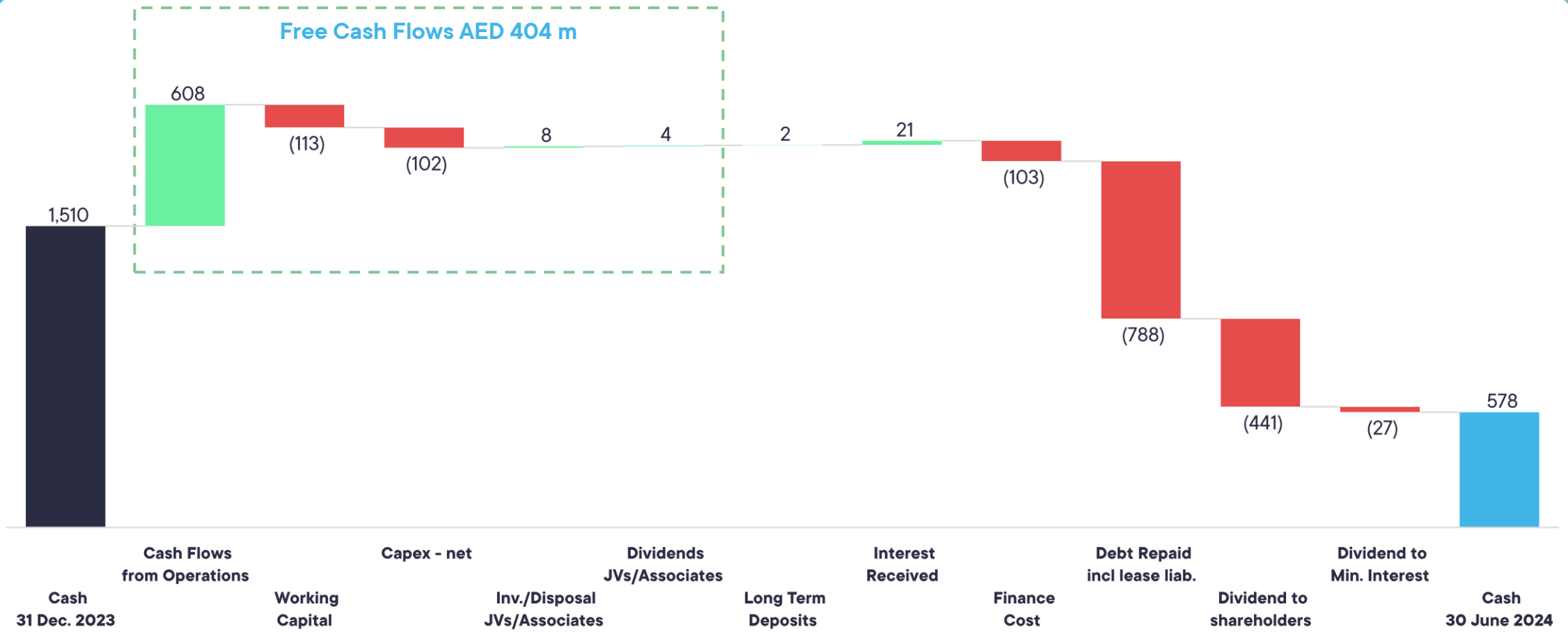
All figures in AED millions (unless stated explicitly) rounded to nearest whole number

1) Debt includes finance lease liability

# Prudent use of surplus cash to repay debt and increase dividends



## Cash Movement



All figures in AED millions (unless stated explicitly) rounded to nearest whole number



04

# Outlook & Concluding Remarks



# Capacity Growth Guidance

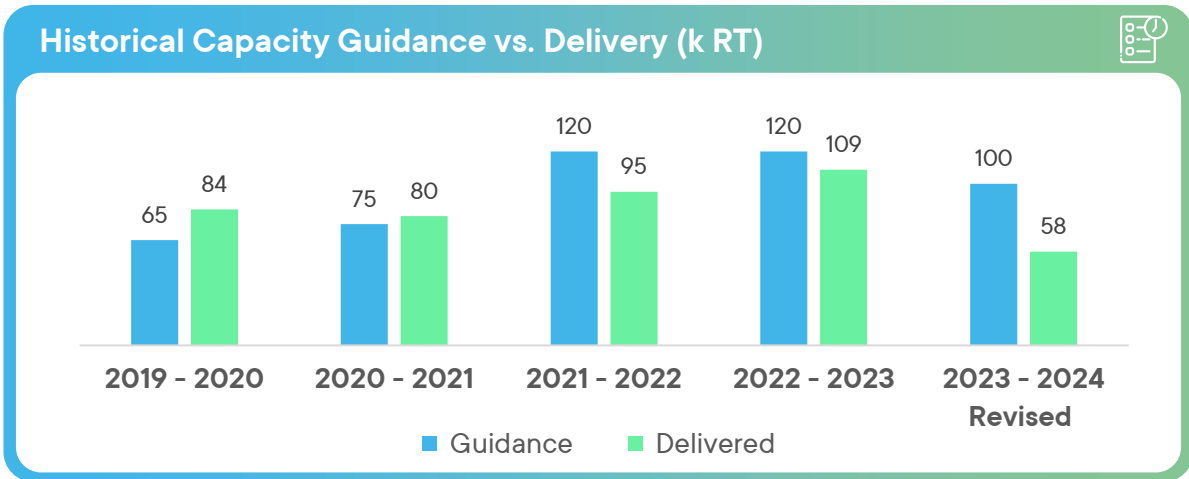


2022-2023 Two years guidance update	k RT
2022 - 2023 Capacity Guidance	120
2022 - 2023 Actual Capacity Delivered	109

- 55k RT and 53k RT was added in 2022 and 2023 resp. - 67k RT in UAE, 20k RT in Oman, 14k RT in Saudi, 3.5kRT in Bahrain, 3k RT in Egypt and 1k RT in India.
- 87% of the capacity added in 2022 and 2023 came from the consolidated entities vs. guidance of 70%.
- Marginal shortfall mainly due to equity accounted entities.

2023-2024 Two years guidance update	k RT
2023 - 2024 Previous Capacity Guidance	120
2023 - 2024 New Capacity Guidance	100
2023 - H1 2024 Actual Capacity Delivered	58

- Previous Capacity guidance for 2023 and 2024 was **120k RT**, of which around **60% was expected from consolidated entities** and balance 40% from equity accounted entities.
- New Capacity guidance for 2023 and 2024 is **100k RT**, of which around **85% is expected from consolidated entities** and balance 15% from equity accounted entities.
- **58k RT** was added in 2023 and as of H1 2024, which included 35.4k RT in UAE, 14k RT in Saudi, 3k RT in Bahrain, 3k RT in Egypt, 1.4k RT in Oman and 1k RT in India.



### New Capacity Guidance

**100 k RT**

**2023 - 2024**

### Medium-term Guidance<sup>1</sup>

**3-5 % p.a.**

**2024 - 2026**

1) Based on high visibility of projects already secured or in advanced stage of discussion with the customers, materialization of additional pipeline offers upside risk

# Rising demand for space cooling reinforces strong growth outlook



1



## Space Cooling Demand

Space Cooling accounts for ~50% of peak electricity consumption

Energy demand from space cooling to rise by ~3x by 2050

2



## District Cooling Efficiency

District cooling offers remarkable efficiency

District cooling uses 50% less energy, is highly reliable and cost effective over a life cycle

3



## Energy Resilience, Decarbonisation

Government policies to increasingly promote district cooling to support ambitious energy efficiency and 'Net Zero by 2050' targets

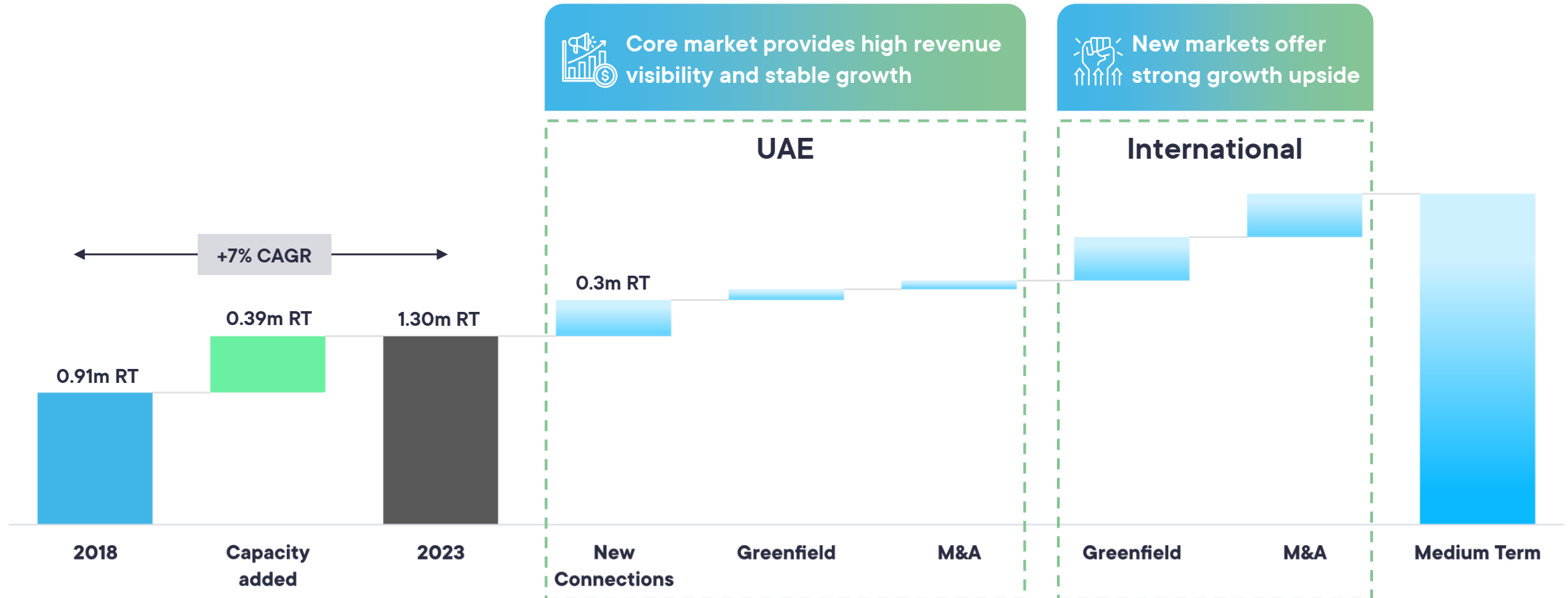
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## Rising District Cooling Adoption

Tabreed's key markets expected to see acceleration in GDP growth and increase in penetration of district cooling

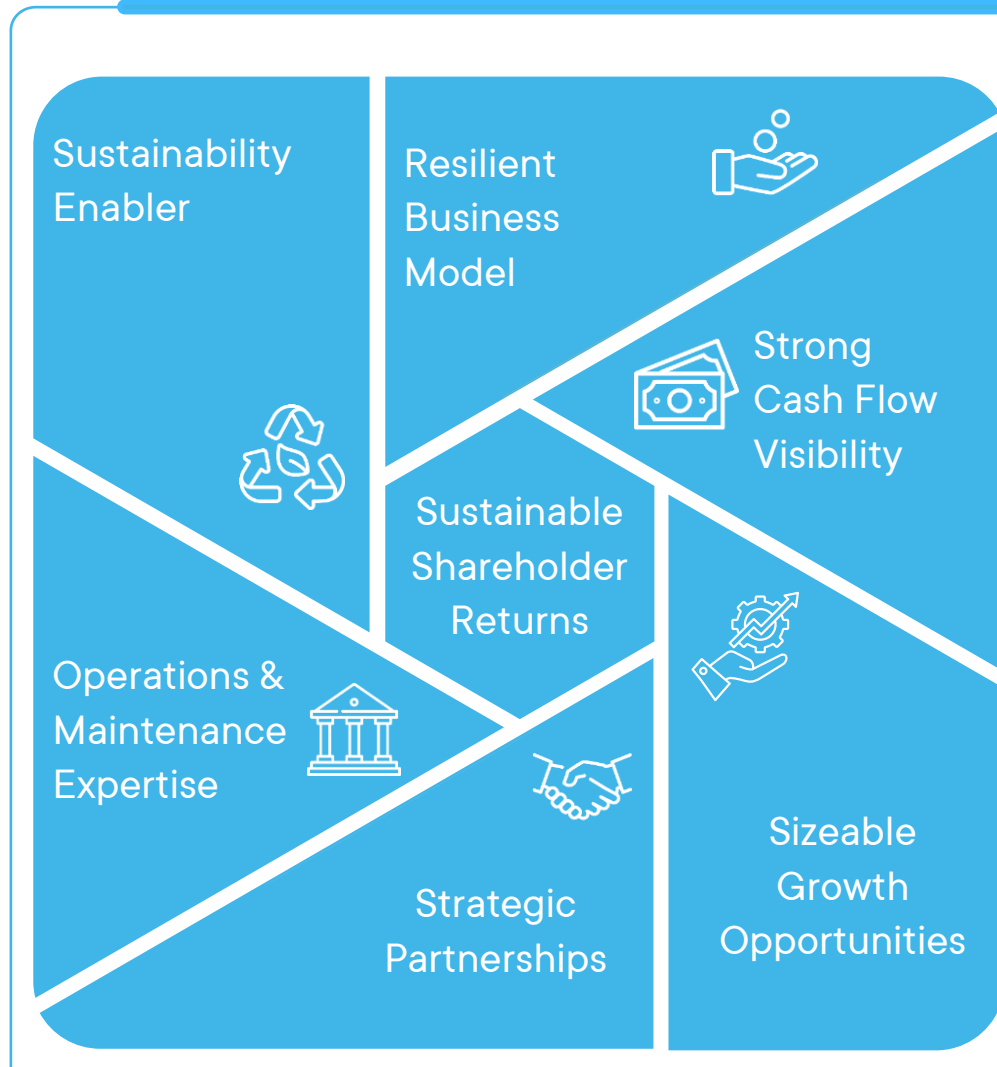
# Leveraging on expansion opportunities to sustain long-term growth



Largely driven by expansion in existing concessions areas plus new customers, green field plants and M&A

New plants, concessions & brownfield acquisitions in underpenetrated markets such as Saudi, India and wider MENA/Asia region

# Tabreed's Investment Proposition



- Resilient utility-like infrastructure model with robust tariff structure implemented across countries
- Long-term contracts with creditworthy customers underpin stability and high visibility of cashflows
- Solid track record of delivering growth with connected capacity increasing by more than 40% in the last five years
- Diversified presence in attractive markets poised to witness rising district cooling penetration, thereby sustaining growth momentum
- Leveraging partnership model to grow business and achieve operational excellence
- 25 years of operational track record to provide safe, reliable and efficient cooling
- Sustainable district cooling services enabling significant energy savings and prevention of carbon emissions

# Appendix

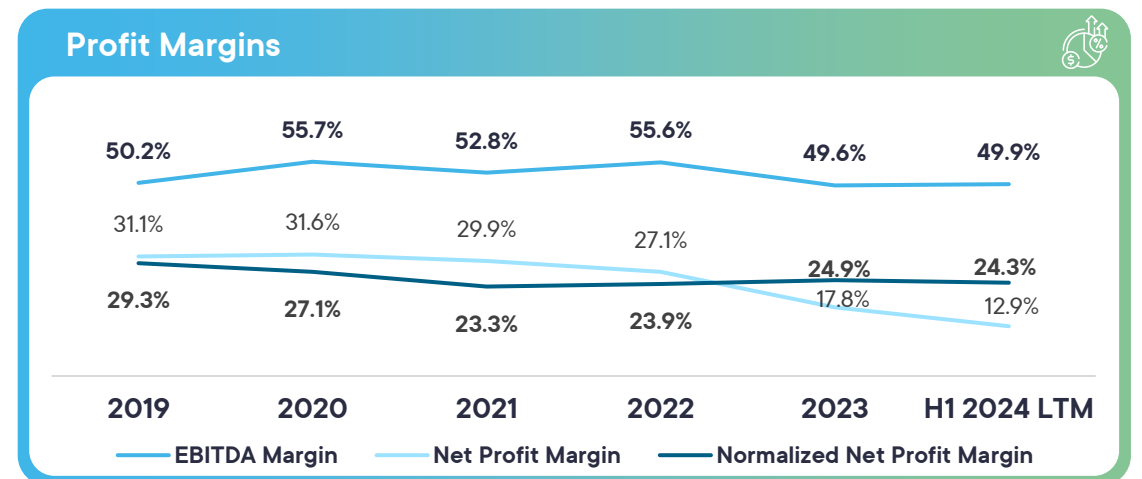
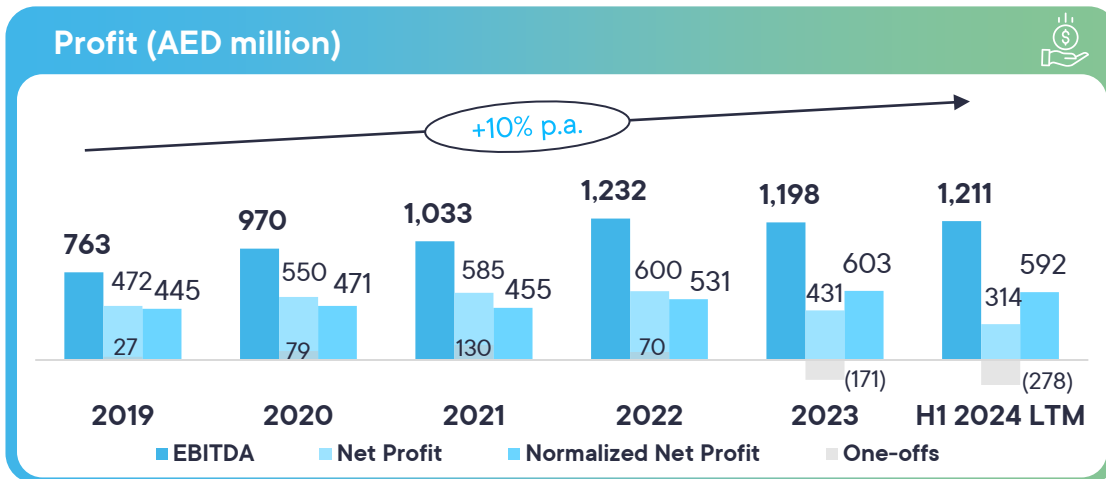
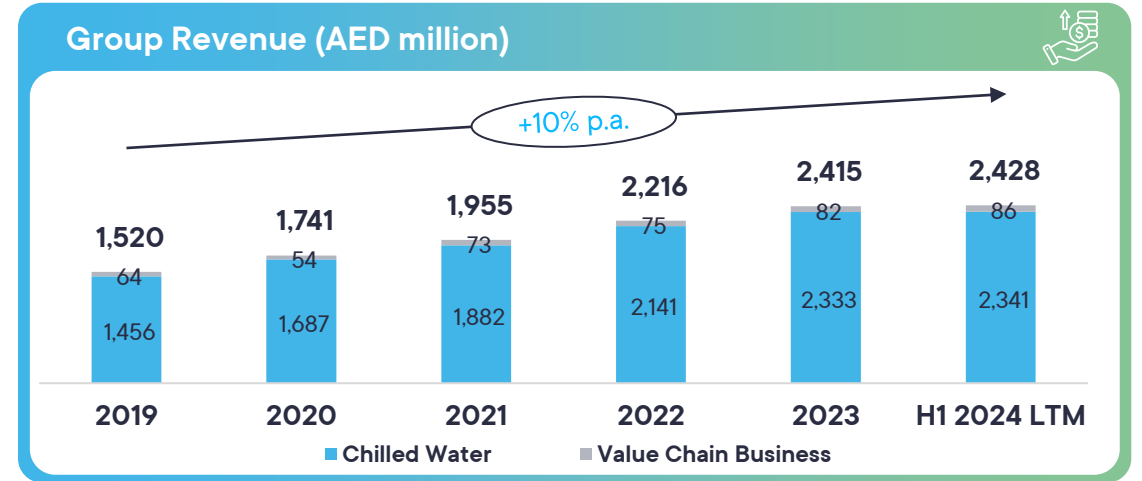
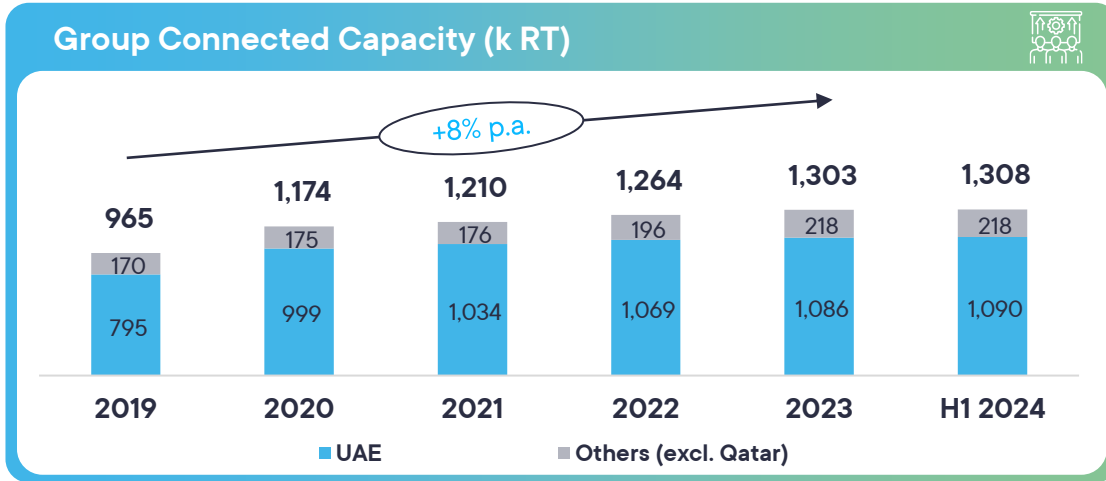
# Connected Capacity



Consolidated	2019	2020	2021	2022	2023	H1 2024
UAE	724	928	1,025	1,060	1,053 <sup>1</sup>	1,057
Bahrain	28	32	33	34	37	37
Oman	32	32	33	52	53	53
India	-	-	-	-	1	1
Egypt	-	-	-	-	3	3
<b>Total Consolidated</b>	<b>1,123</b>	<b>992</b>	<b>1,091</b>	<b>1,146</b>	<b>1,146</b>	<b>1,151</b>
<b>Equity Accounted</b>						
UAE	71	71	9	9	33 <sup>2</sup>	33
KSA	110	110	110	110	124	124
<b>Total Equity Accounted</b>	<b>181</b>	<b>181</b>	<b>119</b>	<b>119</b>	<b>157</b>	<b>157</b>
<b>Total Capacity (k RT)</b>	<b>965</b>	<b>1,174</b>	<b>1,210</b>	<b>1,264</b>	<b>1,303</b>	<b>1,308</b>

1) Reduced due to deconsolidation of Tabreed Parks Investment on 50% stake sale and subsequently recognized in equity accounted; (2) Increased due to movement of Tabreed Parks Investment from consolidated to equity accounted

# Proven track record of sustainable growth and resilient margins



Normalized Net Profit is calculated after excluding one-off gains and losses, which are non-recurring in nature



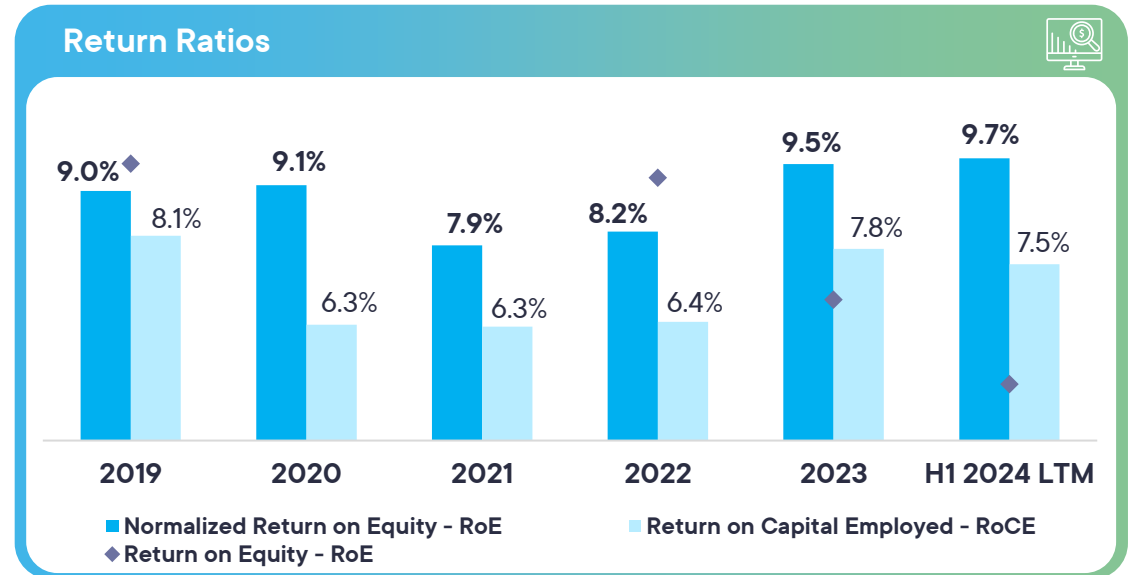
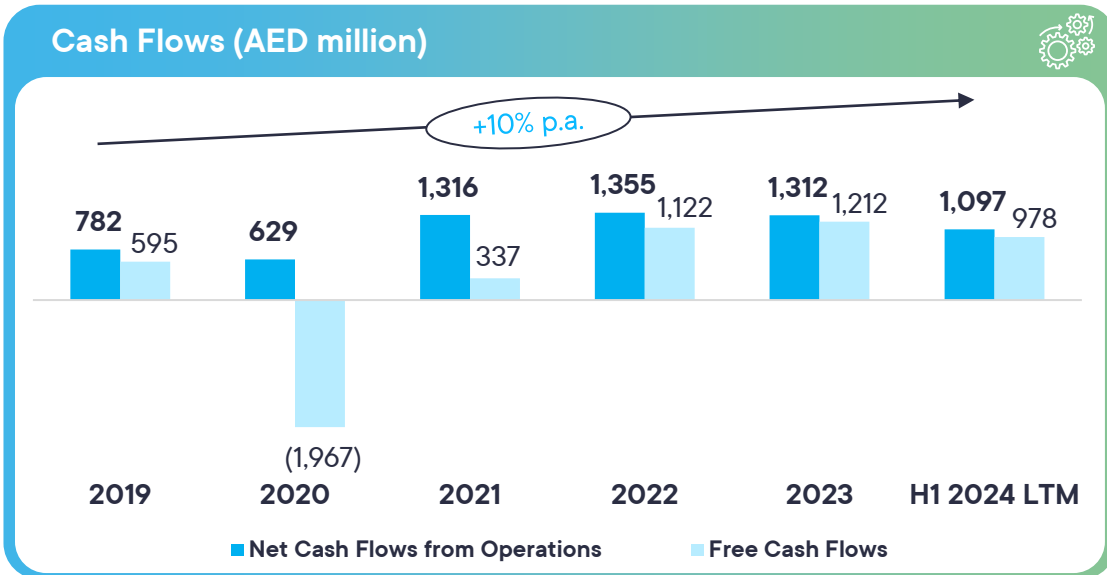
# Robust cash flows underpin ability to deliver attractive shareholder returns



Consistently growing cash flows and sufficient balance sheet capacity provide a strong foundation to deliver attractive long-term returns for shareholders through combination of growth and sustainable dividend policy.

Maintained Investment Grade credit rating, underscoring strong creditworthiness.

Return on Equity and Return on Capital Employed showing improving trends, reflecting ability to grow business and efficiently manage capital allocation.



Normalized Return on Equity is calculated after excluding one-off gains and losses from net profit



## Contact Us

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