

Q1 2021 Financial Results Analyst Presentation

Abu Dhabi National Energy Company (TAQA)

5 May 2021

POWERING A THRIVING **FUTURE**



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Q1 2021 results – summary

Stable utilities businesses boosted by oil price recovery

Strong operational performance amidst continuing COVID-19 circumstances

- High technical availability levels maintained for power and water businesses
- Oil and gas production stable versus prior-year period

Financial performance boosted by a recovery of commodity prices

- Revenue of AED 10.3 billion (+3% Q1 y/y)
- EBITDA of AED 4.7 billion (+12% Q1 y/y) reflecting higher revenues, lower operating expenses and higher associate income

Net income (TAQA-share) of AED 1.4 billion for Q1 2021

- Driven by higher EBITDA, lower DD&A, no impairments and lower finance costs
- Increase of c.AED 2 billion versus prior year period due to AED 1.5 billion post-tax impairment charge taken in Q1 2020 within Oil & Gas

Capex of AED 1.3 billion in Q1 2021 (+18% Q1 y/y)

- General resumption and acceleration of spend compared to last year, which saw deferral and postponement at the onset of COVID-19

Free cash flows¹ were strong at AED 3.4 billion for the quarter

Group financial highlights (AED million)

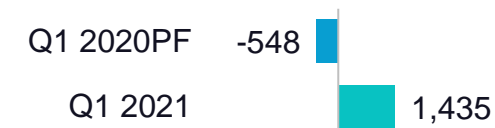
Revenues



EBITDA



Net income (TAQA-share)



CAPEX



Gross debt



Highly predictable and secure cash flow profile

90% or more of revenues and EBITDA derived from regulated and contracted businesses



Regulated and long-term contracted earnings represent over 90% of revenues and EBITDA



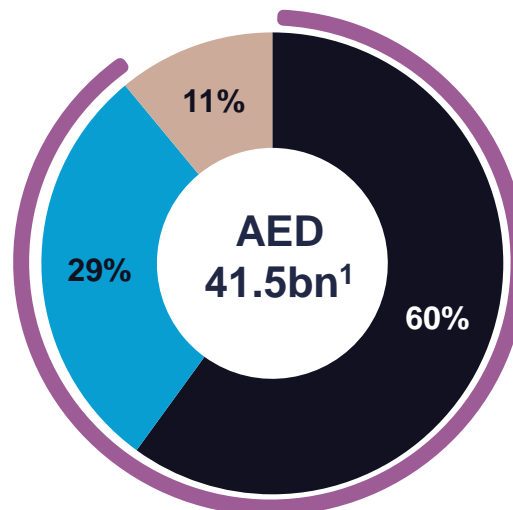
Single regulatory framework in place for 3 regulated networks (Transco, ADDC and AADC) in Abu Dhabi ensures predictable cash flows



12 years² weighted residual life of P(W)PAs excluding projects under development. The latter will have 25 or 30-year purchase agreements once completed in the next 2 years

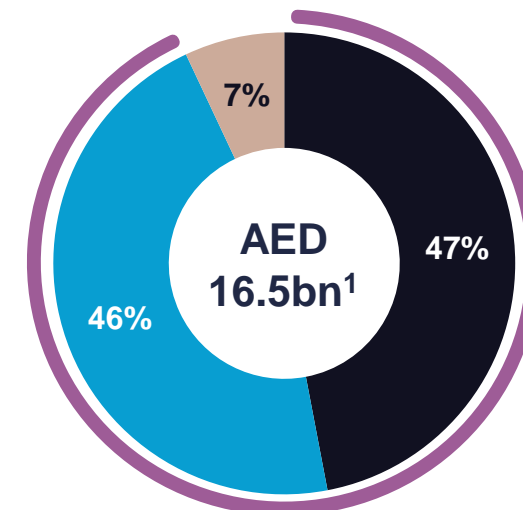
Pro forma LTM Revenue

■ Regulated ■ Contracted ■ Other



Pro forma LTM EBITDA

■ Regulated ■ Contracted ■ Other



- **Contracted:** Local and international power generation assets
- **Regulated:** Transmission and Distribution companies
- **Other:** Oil and Gas

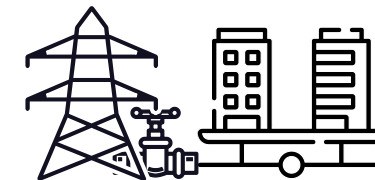
Long-term predictability and visibility of cash flow profile underpinned by 90% or more of revenues and EBITDA derived from regulated and contracted assets

1. TAQA last twelve months (LTM) pro-forma consolidated financials

2. Weighted by gross installed power capacity and excluding Red Oak tolling agreement - merchant asset

Transmission & Distribution highlights

Stable EBITDA margins and net income contribution



High network availability and security of supply during the quarter

- 97.8% for power and water transmission (98.2% Q1 2020)

Higher revenues offset by higher operating expenses

- Increased revenues (+2% Q1 y/y) on higher pass-through costs incurred related to bulk supply tariffs paid by the distribution businesses
- Fully offset by higher operating expenses (+4% Q1 y/y)
- EBITDA of AED 2.1 billion (+2% Q1 y/y) supported by lower administrative costs (-16% Q1 y/y)

Net income contribution to the Group of AED 1.1 billion (+3% Q1 y/y)

Capex significantly higher (+59% Q1 y/y) on accelerated spend in comparison to prior-year period which saw project cancellations and deferrals driven by the COVID-19 pandemic.

T&D highlights (AED million)

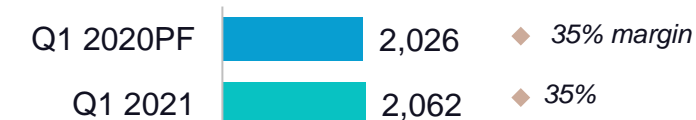
Regulated asset base (RAB)



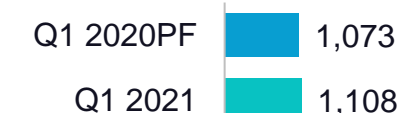
Revenues



EBITDA



Net income (consolidated)

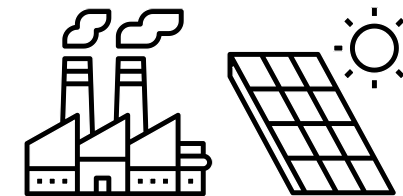


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Generation highlights

Continues to be underpinned by contracted power and water generation



Solid operational performance throughout the quarter

- Global technical availability at 88.7% (vs. 89.2% for Q1 2020)
- Reflects planned major outage within the Jorf Lasfar power complex in Morocco, offset by strong performance of the UAE fleet and Ghana

Robust profitability across the portfolio

- Overall power and water generation revenues of AED 2.8 billion (-2% Q1 y/y), reflecting lower capacity payments and reimbursement fuel revenues in Morocco due to the outage
- Lower revenues were more than offset by lower operating expenses (-17% Q1 y/y), partly reflecting lower fuel costs
- EBITDA of AED 1.9 billion (+8% Q1 y/y)

Net income contribution to the Group of AED 133 million

- Reflecting higher EBITDA and lower finance costs on amortizing project finance debt

Capex declined to AED 83 million (-59% Q1 y/y)

- Reflecting higher comparative period spend in Q1 2020 on lifetime extension projects on turbines within our Shuweihat S1 plant

Generation highlights (AED million)

Global technical availability (%)



Revenues



EBITDA



Net income (consolidated)

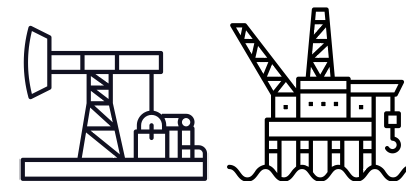


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Oil & Gas highlights

Significant increase in profitability on commodity price rebound and stable volumes



Global production slightly lower at 120.7 mboepd (-1% Q1 y/y)

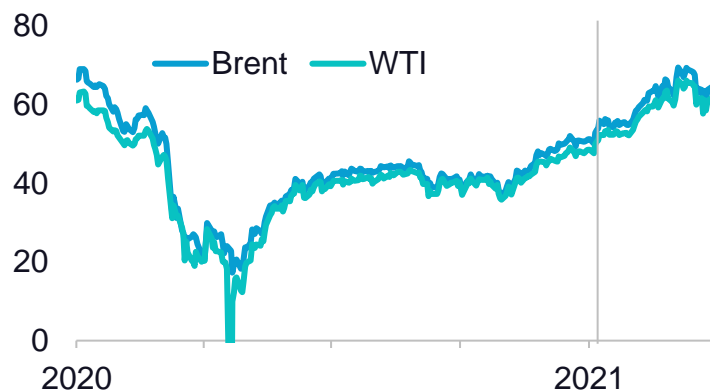
Stronger financial performance on significantly higher commodity prices

- Revenues of AED 1.7 billion (+22% Q1 y/y) reflect recovery in TAQA's realized output oil and gas prices (oil price +29% Q1 y/y to US\$ 57.4/bbl)
- EBITDA of AED 0.9 billion (+86% Q1 y/y) reflecting higher revenues and lower operating expenses

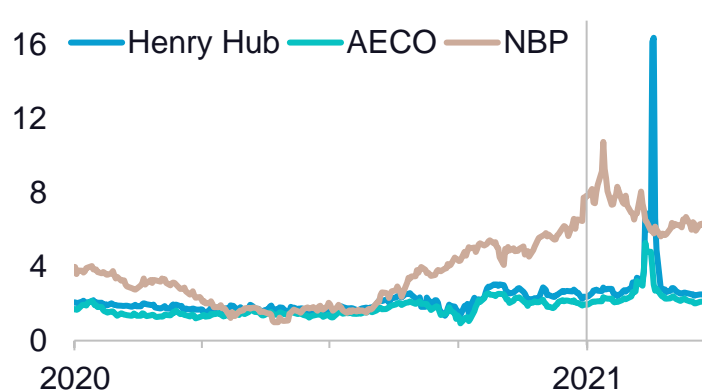
Net income to the Group of AED 0.4 billion (Q1 2020 loss: AED 1.4 billion)

- Increase in net income of c.AED 1.8 billion reflecting the post-tax impairment charge of AED 1.5 billion taken in Q1 2020

Benchmark oil prices (US\$/bbl)



Benchmark gas prices (US\$/mmBtu)



Oil & Gas highlights (AED million)

Production (mboepd)



Revenues



EBITDA



Net income (consolidated)



CAPEX



Liquidity and debt profile

Strong liquidity levels and stable debt levels

Robust liquidity position

- Total liquidity of AED 17.1 billion consisting of:
 - Cash and cash equivalents of AED 8.0 billion
 - Undrawn credit facilities of AED 9.1 billion

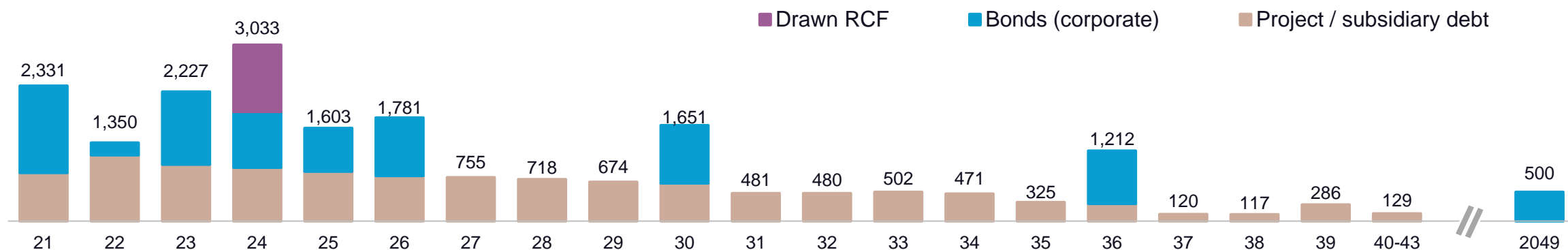
Debt levels lower on RCF repayments and project finance amortization

- Gross debt¹ of AED 74.1 billion (-3% vs. YE 2020) with RCF repayment of AED 0.9 billion during Q1 2021 and ongoing project debt amortization

Key credit metrics

	Dec-2020	Mar-2021
Net debt-to-capital ratio ¹	49%	48%
EBITDA (LTM) / net finance costs (LTM) ²	4.9x	5.3x
Net debt / EBITDA (LTM)	4.2x	4.0x

Corporate debt maturity profile³ (US\$ million as at quarter end)



1. Net capital defined as net debt plus equity (including minorities and accumulated changes in the fair value of derivatives); 2. net finance costs include ARO accretion expenses

Delivering on our quarterly dividend policy

Board approves first interim cash dividend for 2021

Board has approved first interim cash dividend for financial year 2021 of **AED 618 million (0.55 fils/share)**, in line with shareholder-approved dividend policy

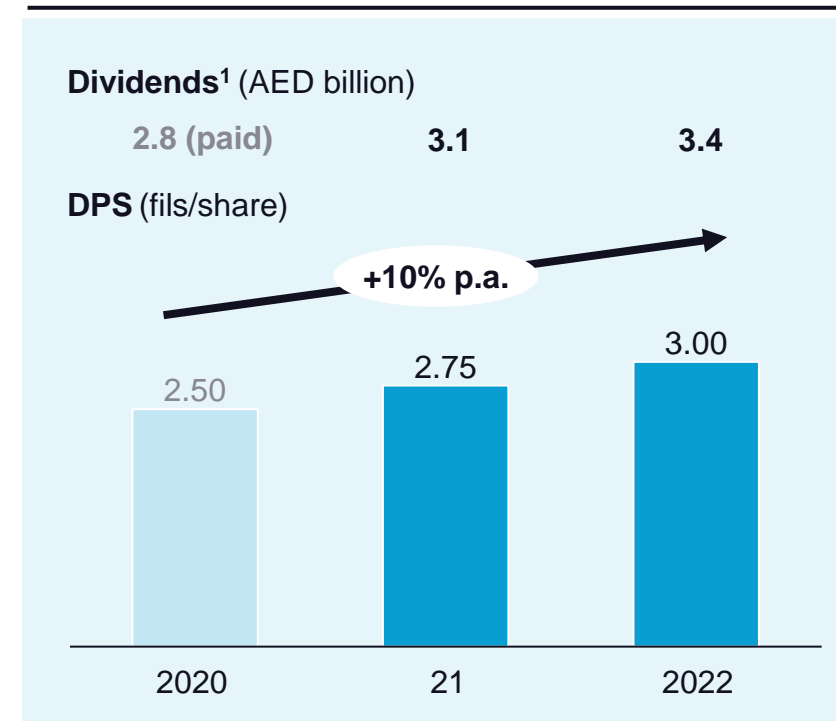
- **Last day to participate:** Sunday, 9 May 2021
- **Ex-dividend date:** Monday, 10 May 2021
- **Record date:** Sunday, 16 May 2021
- **Payment date:** Sunday, 30 May 2021

2021 dividends expected to be split across interim and final amounts as follows:

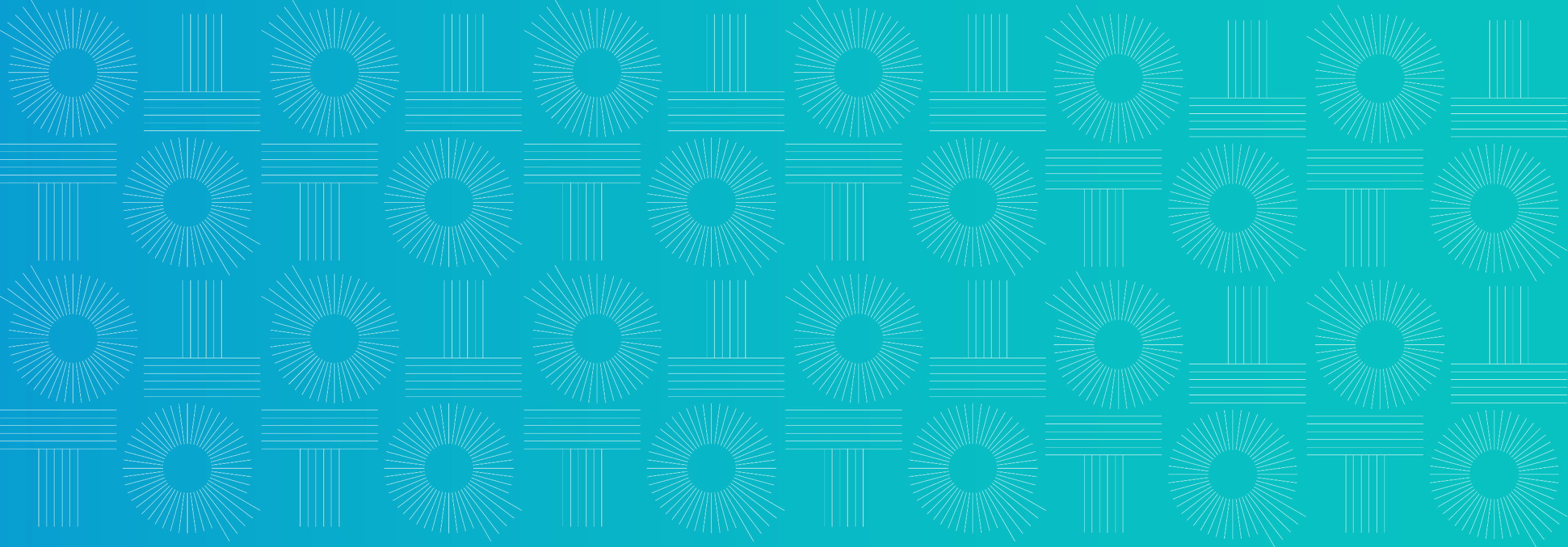
- 20% first interim dividend post Q1 results (0.55 fils/share or AED 618 million)
- 20% second interim dividend post Q2 results (0.55 fils/share or AED 618 million)
- 20% third interim dividend post Q3 results (0.55 fils/share or AED 618 million)
- 40% final dividend post-AGA (1.10 fils/share or AED 1.237 billion)

We remain committed to maintaining solid investment grade ratings on a standalone basis, as previously communicated

TAQA dividend policy



1. Proposed dividend payouts of indicated financial years



Other recent developments



TAQA's 2030 growth strategy



TAQA has introduced a **new strategy with ESG at its heart**



Strategy focused on **TAQA becoming a low carbon power and water champion for the UAE and beyond**
Focus on decoupling power and water generation, deploying **highly efficient reverse osmosis technology** for desalination⁵
TAQA also aims to **reduce its exposure to hydrocarbons**



Robust growth agenda based around renewables and expansion of UAE networks



Further pursue optimization and digitalisation to **improve efficiencies and margins**



Enhance capabilities in key areas, with a particular focus on operations & maintenance and on project development
In the Transmission & Distribution segment, intend to **improve customer service and develop ADES**



Implement growth strategy whilst maintaining **prudent financial policies**
Commitment to maintain strong investment grade credit ratings on a standalone basis

2030 TAQA targets¹

AED 40 billion (US\$ 11 billion) RAV² additions
through substantial UAE-based infrastructure and networks growth projects

30GWac UAE generation capacity
up from 18GWac as at YE 2020

add up to 15GWac int'l generation capacity
to current 4.9GWac capacity as at YE 2020

>30% renewable power and 2/3^{rds} RO³
up from 5% and 14% shares of power & water generation at YE 2020

... to support UAE National Energy Strategy 2050

Demand Side

40% energy demand reduction vs. BaU⁴ by 2050

25-50%
increase in clean energy

70%
emissions reduction from power generation

Supply Side





50% clean energy in capacity mix by 2050

40%
increase in energy efficiency

AED 700 billion
(US\$ 191 billion) savings target

Current growth projects

Significant generation capacity and network additions to meet demand and energy transition

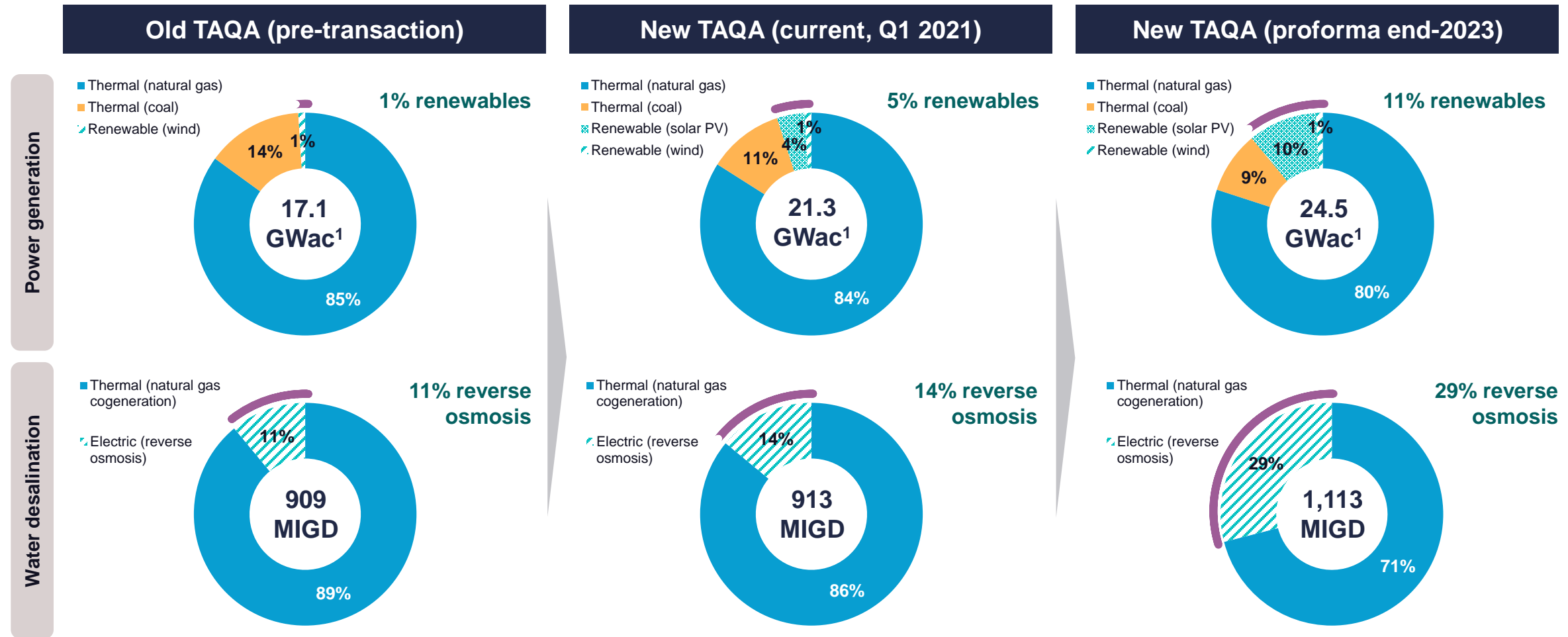
	Generation			Distribution	Group
	Taweelah RO	Al Dhafra PV	Fujairah F3	Recycled Water Distribution	
Country					
Overview	<ul style="list-style-type: none"> • World's largest sea-water reverse osmosis plant (44% larger than current largest plant) • 200 MIGD water desalination capacity • 68 MW onsite (captive) solar PV power generation capacity 	<ul style="list-style-type: none"> • World's largest solar photovoltaic plant • 2 GWdc (1.5GWac) power generation capacity • One of the most cost-competitive tariffs at US\$ 1.32 cents/kWh (levelized cost of electricity basis) 	<ul style="list-style-type: none"> • UAE's largest gas-fired (CCGT) independent power project (IPP) • 2.4 GW power generation capacity • One of the most efficient in the region 	<ul style="list-style-type: none"> • Two projects to distribute recycled water beyond municipal landscaping to include commercial and agricultural operations • Capacity to distribute 85 MIGD of recycled water • 150 km of pipelines in two phases 	<ul style="list-style-type: none"> • 3.9 GWac / 200 MIGD additional generation capacity • Substantially de-risked financial profile⁽¹⁾: <ul style="list-style-type: none"> – Long-term PWPAs with EWEC (Abu Dhabi govt. owned) – Contractual protection for cost risks (e.g. fuel, O&M) – LTSA's with OEMs for turbines
Project cost	<ul style="list-style-type: none"> • US\$ 870 million 	<ul style="list-style-type: none"> • US\$ 1.0 billion 	<ul style="list-style-type: none"> • US\$ 1.1 billion • 40% lower than average fleet cost 	<ul style="list-style-type: none"> • US\$ 245 million 	
Expected PCOD	<ul style="list-style-type: none"> • 2022 with 30-year WPA 	<ul style="list-style-type: none"> • 2022 with 30-year PPA 	<ul style="list-style-type: none"> • 2023 with 25-year PPA 	<ul style="list-style-type: none"> • Q3 2021 (30 MIGD pipeline) • Q4 2021 (55 MIGD pipeline) 	
Sponsors	<ul style="list-style-type: none"> • 20% TAQA, 40% Mubadala, 40% ACWA Power 	<ul style="list-style-type: none"> • 40% TAQA, 20% Masdar, 20% EDF, 20% JinkoSolar 	<ul style="list-style-type: none"> • 40% TAQA, 20% Mubadala, 40% Marubeni 	<ul style="list-style-type: none"> • Not applicable 	

UAE generation projects demonstrate new 40% exclusivity rights, which continue out to 2030

1. For generation projects, as for existing UAE generation fleet

Generation energy and technology mix

Clear and rapid transition to clean technologies



Targeting >30% share of renewables and 2/3rds share of reverse osmosis within total Group generation capacities by 2030²

1. Alternating current capacity and excluding TAQA's stake in Sohar Aluminium (Oman), a smelter with a 1GW captive power generation plant; 2. As per updated strategy announced 24 March 2021

TAQA US\$1.5 Billion 7 and 30-year dual-tranche bond offering

Priced inside secondaries to produce TAQA's lowest ever coupon

First refinancing exercise post ADPower transaction and resulting credit rating upgrades

Successfully priced US\$ 1.5 billion dual-tranche offering, via intraday execution

- Issuance preceded by roadshow of investor calls across Asia, Europe, GCC & USA as well as launch of buyback exercise of corporate bonds maturing in 2021 and 2023
- Total orderbooks peaked at c.US\$6.5 billion resulting in ~4x oversubscription
- 7-year tranche priced at a re-offer yield of 2.031% (coupon of 2.000%) and 30 year Formosa at 3.400%
- Represents issuance at spreads and yields inside TAQA's secondary yield curve

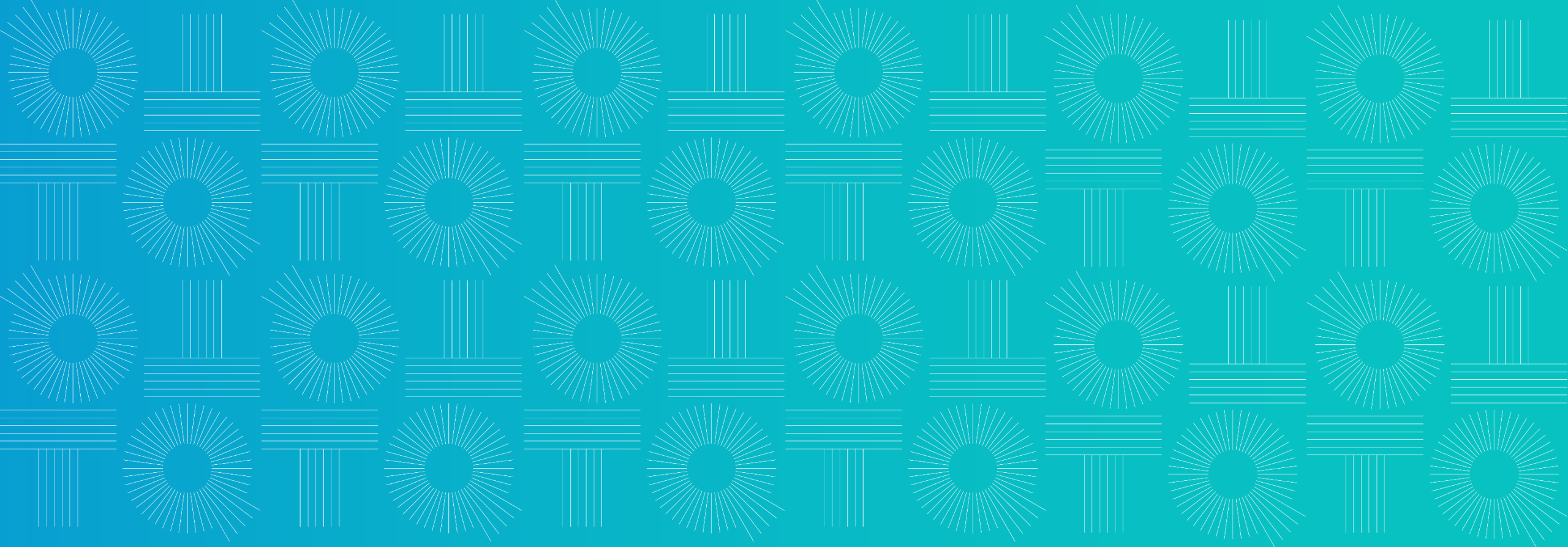
The refinancing of upcoming 2021 maturities will have the effect of lowering our cost of debt and extending maturities

- Effective interest rate is lowered by 33bps (to 3.692% from 4.017% on US\$ 9.4 billion¹ of gross corporate debt) giving estimated annual savings of over AED 100 million
- Weighted average years to maturity of corporate debt will be extended to almost 9 years (up from 6 years¹ prior to the transaction)

Summary new issue terms

Issuer	Abu Dhabi National Energy Company PJSC (TAQA)	
Format	Reg S / 144A	
Ranking	Senior unsecured	
Tenor	7 years	30 years
Maturity Date	April 29, 2028	April 29, 2051
Re-offer yield	2.031%	3.400%
Coupon	2.000%	3.400%
Size	US\$750 million	US\$750 million
Listing	London Stock Exchange (LSE)	LSE and Taipei Exchange
Issue rating	Aa3 / AA- (Moody's / Fitch)	

A strong vote of confidence in TAQA's new financial profile and business model, as well as future strategy and financial policies



Q&A session





For investor enquiries, please contact Investor Relations:

Shadi Salman, CFA (ir@taqa.com)