14 August 2023

Q2 2023
Results Presentation

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POWERING A THRIVING FUTURE

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Agenda

Q2 2023 group highlights

Q2 2023 overview

Profitability impacted by O&G business; significant strategic developments during quarter

- Revenues higher due to pass-through items and inflation impact in T&D
- Profitability impacted by O&G performance on back of lower commodity prices and halting of production in Iraq
- Healthy performance in Utilities business: T&D EBITDA +13% YoY; Generation EBITDA +2% YoY
- Decline in FCF driven by lower O&G contribution and adjustments to related party balances from prior years
- Successful $1.5bn bond issuance, including TAQA's first Green bond
- RC2 finalized and announced. Favorable updates for TAQA in regulatory framework: real WACC up from 4.6% to 4.9%

Revenue	Adj. EBITDA[1]	Net Income[2]
AED 13.7bn	AED 5.2bn	AED 1.9bn
+5% YoY	-9% YoY	-17% YoY

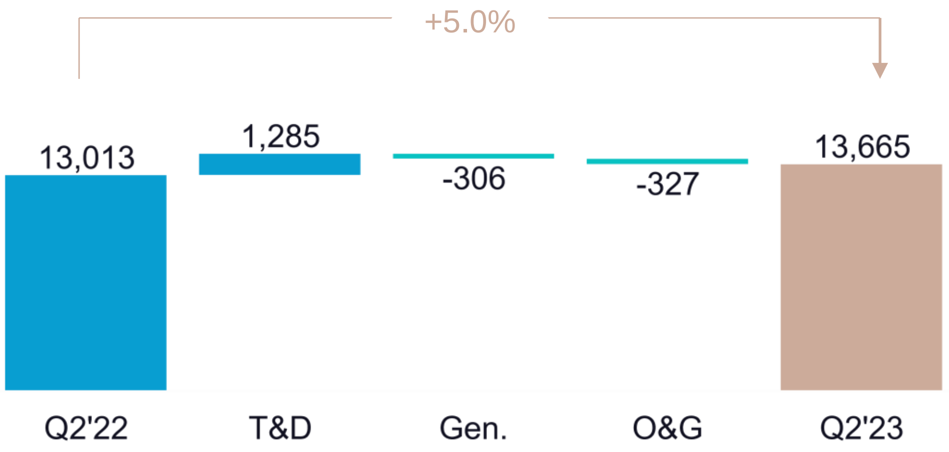
CAPEX	FCF[3]	DPS (Fils/share)
AED 1.0bn	AED 2.1bn	0.65
+8% YoY	-58% YoY	(Q2 2022: 0.60)

1. Defined throughout this presentation as IFRS earnings before finance costs, net foreign exchange gain/loss, interest income, income tax, depreciation, depletion and amortization and other income;
2. TAQA share 3. Operational cash flows before finance costs less investing cash flows

Q2 2023 Group revenue and Adj. EBITDA

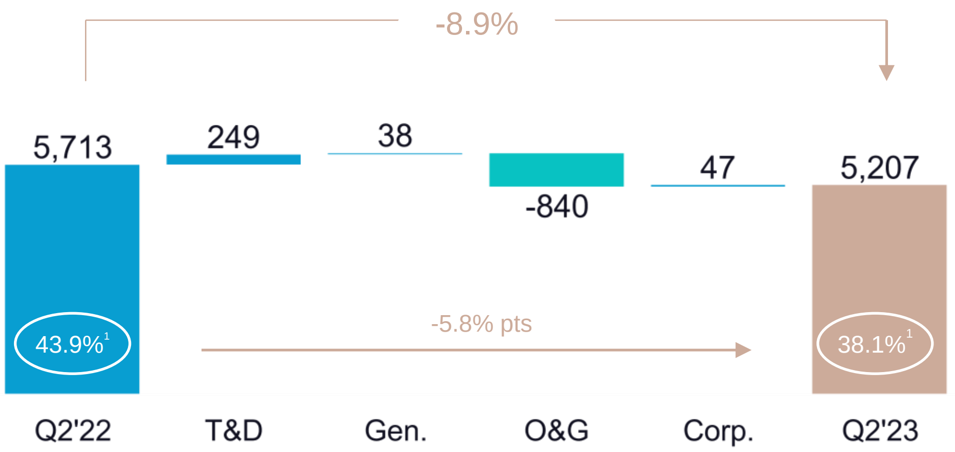
Challenging O&G operating environment offsets positive performance of utilities business

Revenue performance (AED million)



- Group revenue growth led by T&D business
- T&D revenues (+19% YoY) were uplifted by:
  - Impact of higher inflation in 2022 and
  - Increase in pass-through revenues (BST and TUOS)
- Generation revenues (-8% YoY) mainly impacted by end of Red Oak tolling agreement in Q3 2022 (Q2 2022 revenues contribution: AED 282 million)
- O&G revenues (-13% YoY) were affected by lower average realised prices and decline in production (Iraq shutdown, natural decline of late-life UK assets)

Adj. EBITDA performance (AED million)



- O&G Adj. EBITDA (-46% YoY) impacted by:
  - Lower realized prices: oil -17% YoY, gas -26% YoY
  - 6% YoY decline in production on account of shutdown in production in Iraq and natural decline in late-life UK assets
  - Other factors impacting Adj. EBITDA include one-off, non-cash charges and higher gas storage activity
- Increase in T&D Adj. EBITDA (+13% YoY) mainly driven by higher inflation and RC2 revisions (WACC & Opex allowance adjustments)
- The modest increase in Generation Adj. EBITDA (+2% YoY) was mainly driven by lower operating costs across the domestic and international fleet

1. *Margin of Adjusted EBITDA as a percentage of revenue*

Q2 2023 non-operating P&L items

Decline in EBITDA drags net profit lower

Key highlights

Deprecation & Amortization recorded limited YoY variation

Finance cost in Q2 2023 remained in line with the level seen in Q2 2022

- Average cost of debt increased from 4.56% at the end of June 2022 to 4.65% at 30 June 2023
- Gross debt declined from AED 63.1 billion as at 30 June 2022 to AED 61.7 billion as at 30 June 2023

Rise in global interest rates translated into a significant YoY increase in **interest income** in Q2 2023

Other gains include the impact of favourable foreign exchange movement, particularly related to the Generation business in Morrocco

Tax expense in Q2 2023 included an AED 40 million deferred tax charge compared to an AED 30 million deferred tax release in Q2 2022 **.** These items are primarily related to the O&G and Generation businesses

	Q2 2022	Q2 2023	Δ
Adjusted EBITDA	**5,713**	**5,207**	**-8.9%**
D&A	(2,425)	(2,335)	(3.7%)
Finance costs	(744)	(744)	0.0%
Interest income	22	120	445.5%
Other gains/(losses)	69	117	69.6%
Tax (expense)/credit	(284)	(329)	15.8%
Net profit (loss)	**2,351**	**2,036**	**-13.4%**
Attributable to			
Non-controlling interest	*(39)*	*(113)*	*189.7%*
Net profit (TAQA share)	*2,312*	*1,923*	*(16.8%)*

Key developments in Q2 2023

$1.5 billion, dual tranche bond issuance

TAQA's first Green bond issuance

Dual Tranche

- $0.5 billion 5-year note
- $1.0 billion 10-year note

Attractive Interest Rates

- 5-year note: 4.375%
- 10-year note: 4.696%

Green Issuance

- 10-year note issued as TAQA's first green bond
- Issuance completed under TAQA's Green Finance Framework
- Green Finance Framework awarded SQS2 (very good) sustainability score by Moody's

Strong Demand

- Final order book approached $15 billion
- C. 10 times oversubscribed
- Strong demand from domestic, regional and international investors

Regulatory Control 2 (RC2) comes into force for 2023-2026

Favorable changes for TAQA relative to RC1

RC2
- Approved and applicable from 1 Jan 2023 to 31 Dec 2026
- Framework applicable to TRANSCO, AADC, & ADDC

Real WACC
- Revised higher to 4.9%, compared to 4.6% for RC1

Permitted revenues*
- AED 47.5 billion over 2023-2026 in aggregate for all three companies
  - Exclusive of passthrough costs

OPEX*
- Average annual OPEX allowance of c. AED 3.5 billion/year for all three companies combined
- A healthy increase over RC1 allowance

CAPEX*
- Aggregate CAPEX allowance of c. AED 14.5 billion over 2023-2026 for all three companies combined
- RC2 final decision also allows unapproved schemes to be included in RAB subject to ex-post review by the DoE

Corporate Tax
- UAE corporate income tax to be compensated via adjustment to OPEX allowance on an ex-post basis

*: Permitted revenues, opex and capex allowances, all exclude the impact of inflation

Acquisition of Sustainable Water Solutions Holding Co. (SWS)

TAQA's RAB to increase by ~20% upon completion

- **Highly accretive transaction** demonstrates management's focus on value creation in any M&A transaction

- Entry into **wastewater networks and treatment business** through planned AED 1.7 billion acquisition of Sustainable Water Solutions Holding Company (SWS)
    - Definitive agreement signed. Working towards completion of transaction
    - 50% consideration to be paid upon completion and 50% one year after completion. An additional payment will also be made in 2024 linked to net profit generated during 2023

- Acquisition **cements TAQA's position** as Abu Dhabi's fully integrated utilities company.
    - Network of sewer pipelines extending to over 12,000 km
    - Sewage treatment capacity of approximately 1.3 million cubic meters per day

- Addition of wastewater collection, treatment, and reuse capabilities in Abu Dhabi to **further strengthen TAQA's ability** to support UAE's net zero ambitions

- **AED 16bn addition** to TAQA's existing RAB of AED 77.5bn (~20% increase)
    - Return on new assets to be regulated by RC2

Segment performance

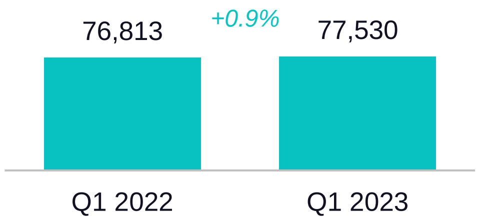
Transmission & Distribution

Higher inflation and favorable changes in RC2 benefit profitability

Operational update

CAPEX (AEDmn)

Regulated asset base (AEDmn)



Network availability remained resilient in Q2 2023 at 98.3%

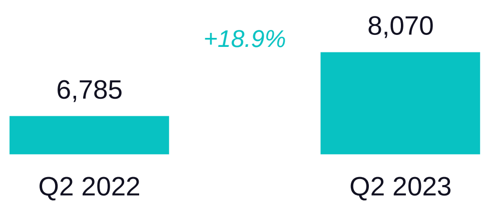
Capex increased as execution picked up pace, driven by timing and phasing of projects throughout the sector

RC2 was approved and implemented, setting regulatory visibility for 2023-2026. Notable revisions include higher WACC and increased opex allowances

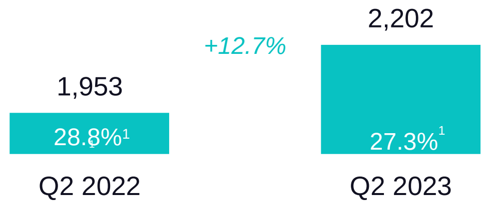
Other notable developments include AED 113 million investment in **Xlinks First Limited** and announcement of AED 8.8. billion project to provide **sustainable water for ADNOC's onshore operations**

Financial performance

Revenues (AEDmn)



Adj. EBITDA (AEDmn)



- Growth in **revenues** led by an increase in pass-through Bulk Supply Tariffs (BST) and higher Transmission Use of System (TUOS)
- The YoY improvement in **Adj. EBITDA** was driven by a combination of:
  - 1) impact of higher inflation (4.83% for Q2 2023 vs. 0.2% for Q2 2022)
  - 2) increased WACC (4.9% for Q2 2023 vs. 4.6% for Q2 2022) and
  - 3) higher opex allowance

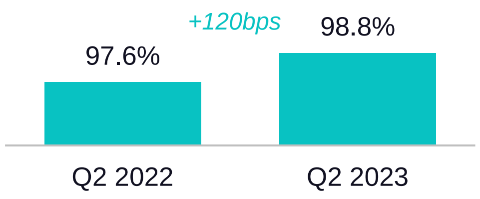
1. *Margin of Adjusted EBITDA as a percentage of revenue*

Generation highlights

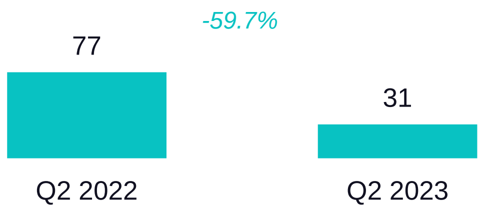
Lower operating expenses lead to EBITDA growth despite revenue decline

Operational update

Commercial availability



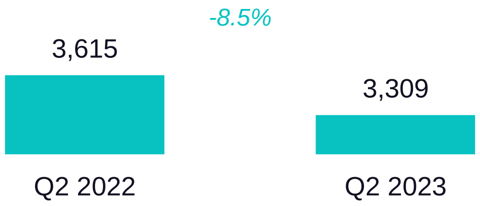
CAPEX (AEDmn)



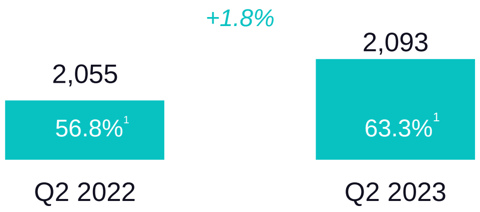
- **Commercial availability** increased by 120bps YoY. The improvement was driven by the fact that certain UAE projects faced forced outages in Q2 2022 which have been addressed through corrective maintenance activities.
- Lower maintenance **capex** of AED 31 million in Q2 2023 resulting from more stable fleet operations and phasing of certain maintenance activities to second half of the year
- TAQA's share of **equity injection into Masdar**, for funding growth projects, amounted to AED 103 million during Q2 2023, bringing total YTD investment to AED 687 million
- Financial close was achieved for the AED 2.3 billion **Mirfa 2 RO plant** (120 MIGD capacity, which will be the third largest RO plant in UAE)
- **Strategic partnership** signed with Uzbekistan government, including exploring the development of 1.5GW CCGT plant adjacent to existing Talimarjan power complex

Financial performance

Revenues (AEDmn)



Adj. EBITDA (AEDmn)



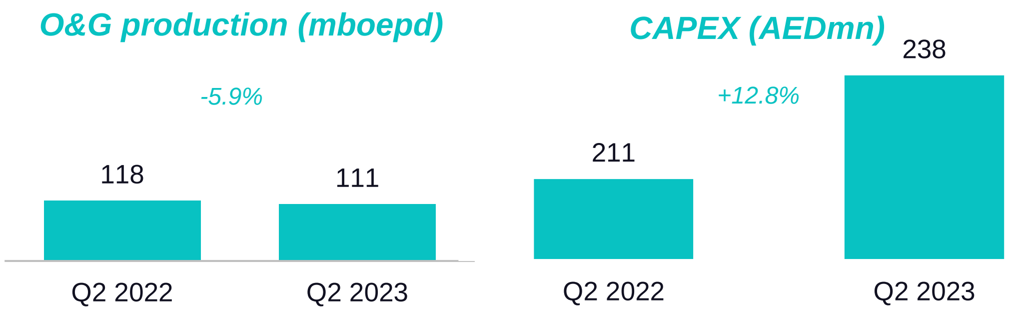
- YoY decline in **Generation revenues** was led by the ending of Red Oak tolling agreement in Q3 2022 (Q2 2022 revenues contribution: AED 282 million), as well as lower pass-through coal revenues as coal price declined
- The YoY modest **increase in Adj. EBITDA** was driven by:
  - Higher availability, especially for UAE projects
  - Lower O&M costs due to phasing of maintenance activities to H2 2023
- TAQA's **share of results of associates & JVs** declined sharply (-48% YoY) in Q2 2023, mainly due to lower returns from Sohar Aluminum on the back of lower aluminum prices
  - TAQA's **share of net income from Masdar** stood at AED 49 million for Q2 2023

1. *Margin of Adjusted EBITDA as a percentage of revenue*

Oil & Gas highlights

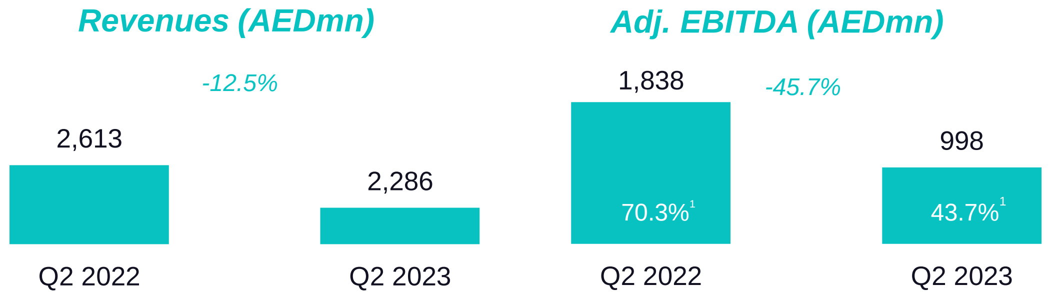
Challenging operating environment: lower commodity prices & production halt in Iraq

Operational update



- **Production** for the quarter declined 6% from 118.2 mboe/day in Q2 2022 to 111.2 mboe/day in Q2 2023. Production impacted negatively by:
  - Production shutdown in Atrush in Iraq from 25 March 2023 following arbitration ruling on the Iraq-Turkey oil pipeline dispute
  - Natural decline in late-life UK assets
- The increase in **capex** is attributable to drilling, completion and tie-in costs for TAQA's North American assets
- **Gas storage Bergermeer** filled at 80% capacity at the end of June

Financial performance



- **Revenues** fell 13% YoY in Q2 2023 as a result of lower realized oil and gas prices as well as a reduction in production
  - Average realized oil price declined 17% from $90.99/bbl in Q2 2022 to $75.36/bbl in Q2 2023
  - Average realised gas price decreased 26% to from $6.64/mmbtu in Q2 2022 to $4.89/mmbtu Q2 2023
  - The negative impact was partially offset by high spreads and settlement of profit share in gas storage activates
- The decline in **Adj. EBITDA** was exacerbated by one-off non-cash charges
  - EBITDA margin also recorded a sharp reduction from 70.3% in Q2 2023 to 43.7% in Q2 2022 on the back of lower revenues and higher operating expenses (including impact of the non-cash charges)

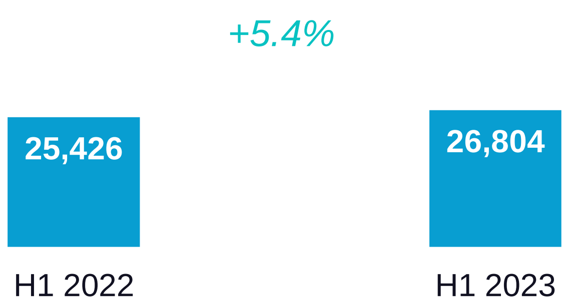
1. Margin of Adjusted EBITDA as a percentage of revenue

H1 2023 financial performance

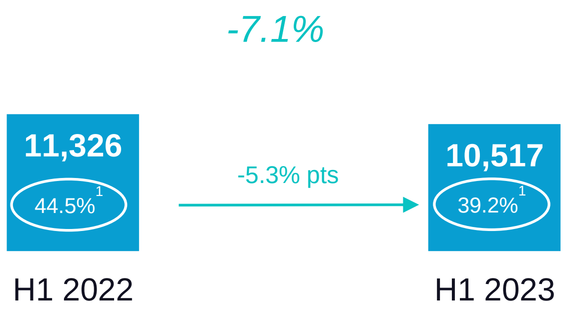
H1 2023 performance

Underlying profitability impacted by O&G segment; recognition of ADNOC Gas stake boosts net income

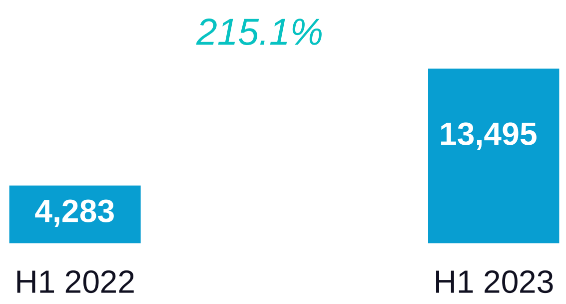
Revenue (AEDm)



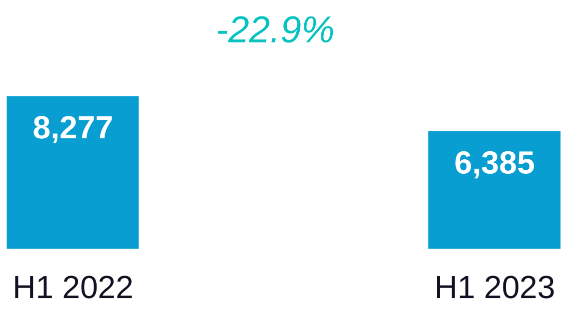
Adj. EBITDA (AEDm)



Net income (TAQA share, AEDm)



Free Cash Flow (AEDm)



- Passthrough revenues, particularly from the T&D segment boost top line
- Decline in realized oil & gas prices, combined with reduction in production in O&G business negatively impacted EBITDA and underlying net income
- Reported net income includes AED 10.8 billion gain from recognition of TAQA's stake in ADNOC Gas
- Free Cash Flow also impacted by adjustments to related party balances from prior years

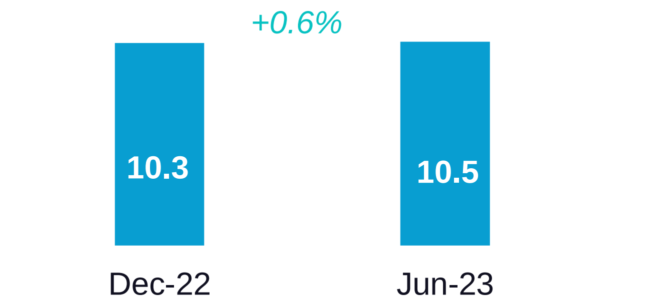
1. Margin expressed as a percentage of revenue

Liquidity and debt profile

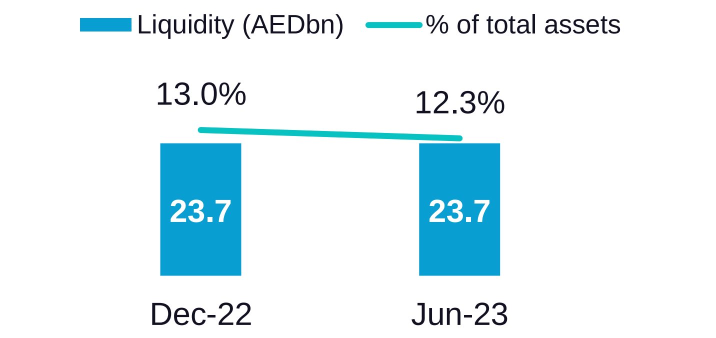
Successful $1.5 billion bond issuance in Q2 2023, including TAQA's first Green bond

Fixed rate debt (% total)

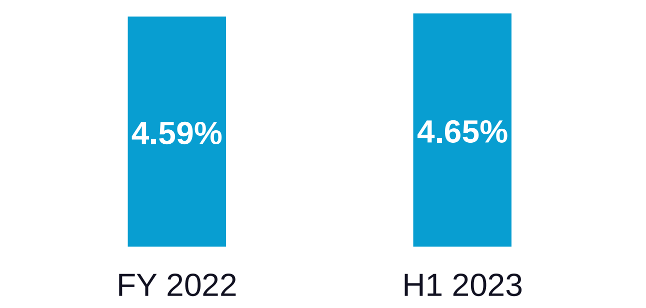
Average debt maturity (years)



Strong liquidity levels



Average interest rate

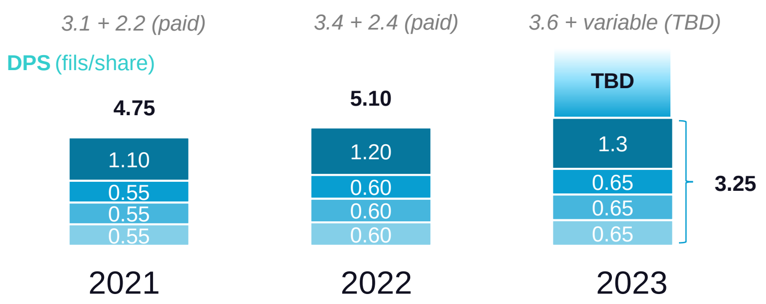


Continued reduction in net leverage

Net debt / EBITDA (LTM)

Delivering on our quarterly dividend policy

Dividends[1] (AEDbillion)



- Continued significant headroom for additional borrowing to fund future growth while maintaining standalone investment grade rating
- Interest expense slightly higher due to new borrowing and repayment/amortization of cheaper loans. However, interest expense remains fixed at attractive rates across almost entire portfolio

Outlook

Wrap-up

Strategic developments during Q2 2023 pave way for future growth

Acquisition of SWS to unlock a new vertical

Third sustainability report published, outlining key ESG-related progress made by TAQA

Favorable changes in RC2 to support future profitability

Strong demand for TAQA's $1.5 billion bond demonstrates access to capital even in challenging macro environment

Sharp focus on value creation remains cornerstone for evaluating organic and inorganic opportunities

Q&A session

For investor enquiries, please contact Investor Relations:

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