



Abu Dhabi, 25 March 2014

# Abu Dhabi National Energy Company

## TAQA FY 2013 results presentation



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# Highlights & strategy update



# Key highlights

- **Underlying revenues grew 3%**
  - Operations generating significant cashflow - EBITDA up by 1% to reach AED13.4bn
  
- **Strong operational performance**
  - Operational turnaround in North America
  - Return to production of Cormorant Alpha and integration of Central North Sea fields
  - Power and Water performance led by domestic assets
  - Good progress at organic growth projects
    - Morocco synchronised Unit 5, almost completed Unit 6, IPO completed
    - Ghana expansion more than half way
    - Bergermeer to start preliminary operations next month
  
- **Net result and dividend affected by one-off, non-cash impairment**
  - Pre-tax, non-cash impairment of AED 3.2bn
  - No dividend for 2013
  - No impact on ability to fund operations and service debt

## Non-cash impairment

- Following the annual assessment of the assumptions on which our asset base is booked on our balance sheet, we have taken a pre-tax impairment of AED 3.2 billion against our North American assets. Post-tax this is AED 2.7 billion.
- This is due to:
  - Continued industry-wide low gas price environment
  - Our understanding of assets has developed significantly over the last few years. This has led to a better view of economic recoverability driving reserve revisions and lower anticipated production - leading to a more focused future capex budget
- The impairment charge is non-cash and has no impact on TAQA's ability to meet its obligations, including the service of its ongoing debt obligations



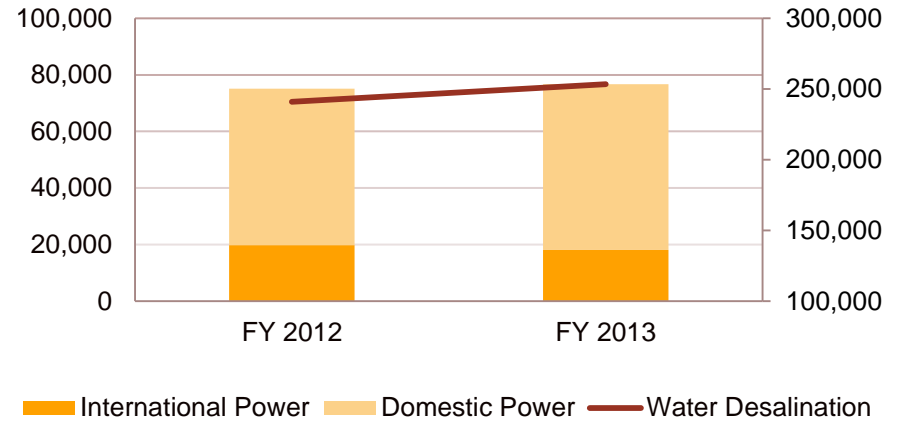
# Operational performance review



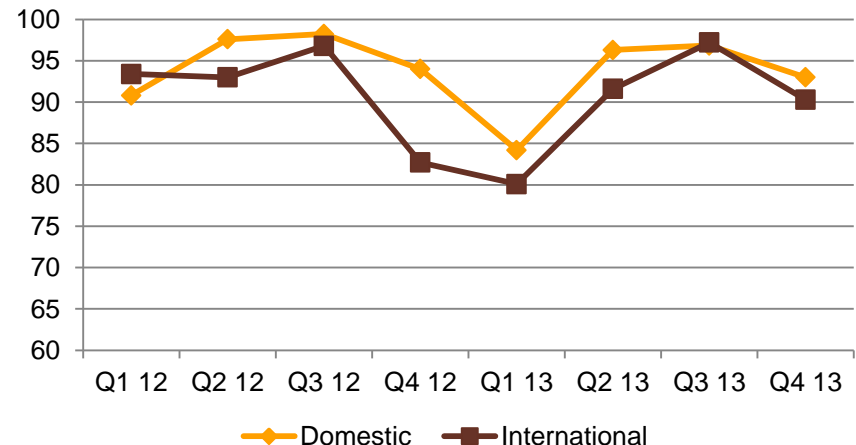
# Power & Water

- Revenue contribution of AED 9.0 billion for FY 2013 (excluding fuel and construction revenues)
- Global power generation reached 76,712 GWh
  - 6% y-o-y increase in domestic power production reflects higher generation at domestic subsidiaries
  - Decrease in International production reflects outages at Red Oak and Jorf Lasfar during H1 2013
- Levels of technical availability and production have been stabilised following maintenance downtime in H1
  - Maintenance downtime at Shuweihat 1 and Jorf Lasfar in H1 2013
  - Technical availability at Jorf Lasfar was 97% in H2
- A total of 253,419 MIG of water has been desalinated during FY 2013, an increase of 5.0% from 240,801 MIG in FY 2012.

**Power production (GWh) & water desalination (MIG)**



**Technical availability of power plants (%)**



## Oil & Gas

- FY 2013 underlying revenue of AED 12.2 billion (including gas storage and other revenues)
- United Kingdom
  - Levels of production have now been restored following unplanned shut down at Cormorant Alpha
  - Additional North Sea assets acquired during the year contributed c.15,000 boe/day in H2
- North America
  - Production has increased by 1.5%, with Net Realised Prices rising by 7.2%
  - Operational and cost efficiencies delivered, while maintaining activity and increasing production
- Netherlands
  - Strong production levels, due to ongoing higher recovery rates, led to a 6.0% increase in production
  - Construction of Bergermeer Gas Storage is progressing as planned



(average mboe/day)	FY 2012 Actual	FY 2013 Actual
North America	86.2	87.1
UK	41.8	47.0
Netherlands	7.7	8.2
<b>Total</b>	<b>135.7</b>	<b>142.2</b>



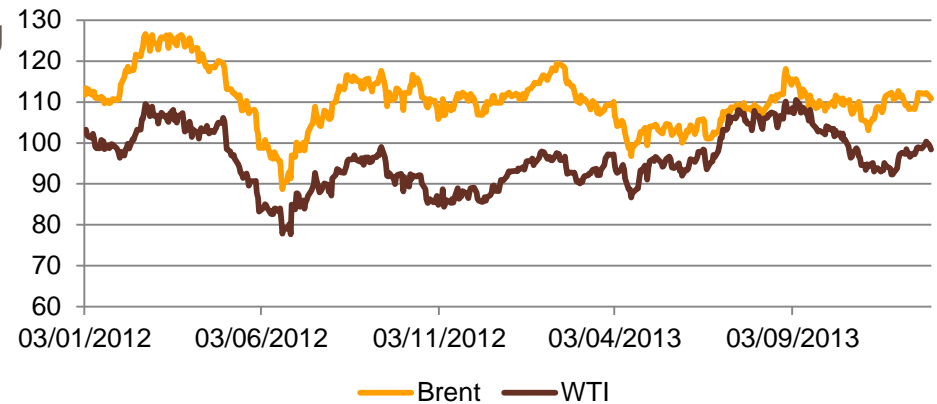
# Financial performance



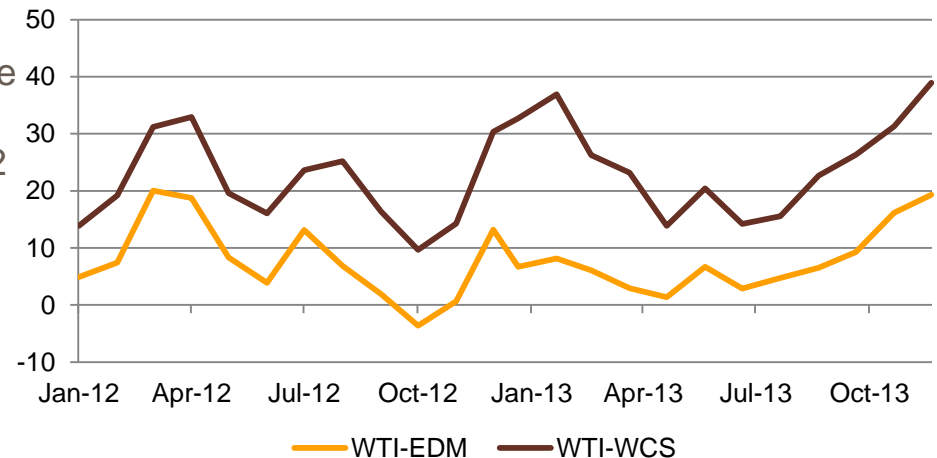
# Crude oil overview

- Global oil prices were relatively stable during the period
- Prices for Brent crude averaged \$109.35/bbl in 4Q 2013 versus \$111.62/bbl in 4Q 2012
- WTI averaged \$97.46/bbl for Q4 2013 compared with \$88.18/bbl in Q4 2012
- During Q4 2013, the price of Edmonton light averaged \$82.48/bbl in comparison to \$84.77/bbl in Q4 2012
- The differential between Western Canada Select (WCS) versus WTI widened during the period, with an average of \$32.20/bbl in Q4 2013 in comparison to \$18.11/bbl in Q4 2012

Historical crude oil prices US\$/bbl



Historical WCS and Edm Light differential vs WTI US\$/bbl



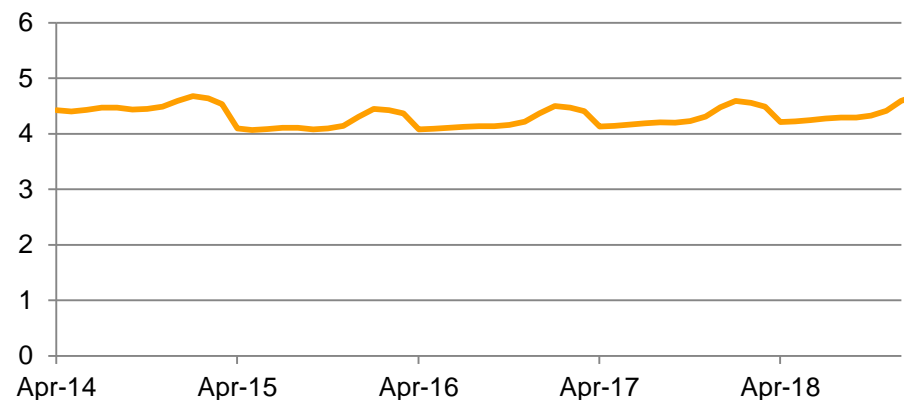
# Natural gas overview

- North American gas prices were supported by increased heating demand as cooler than average temperatures covered most of the continent
- NYMEX gas prices for Q4 2013 averaged \$3.85/mmbtu, versus \$3.54/mmbtu for the equivalent period in 2012
- The near term NYMEX Gas Futures market has strengthened considerably, due to concerns about the market's ability to refill storage in time for withdrawals in the fall

Historical Natural Gas Prices US\$/mmbtu



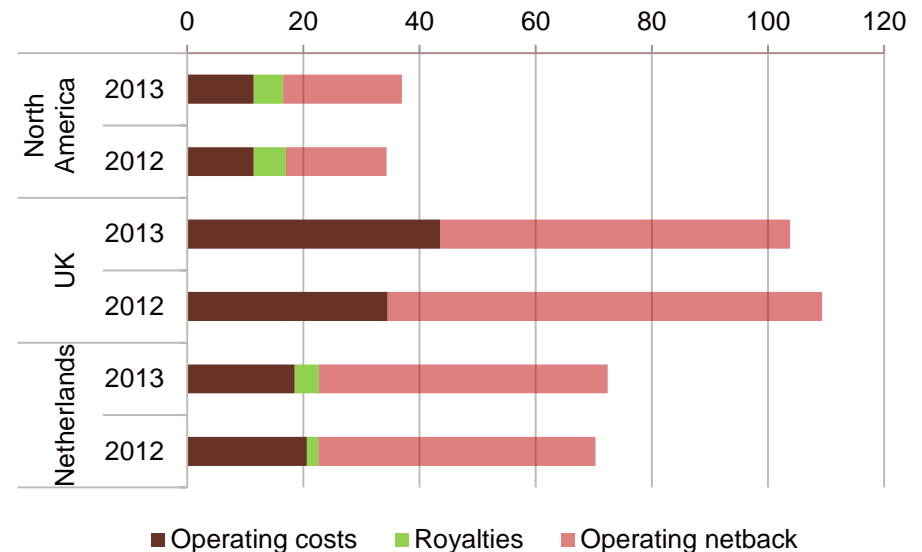
Natural Gas Futures US\$/mmbtu



# Oil & Gas performance

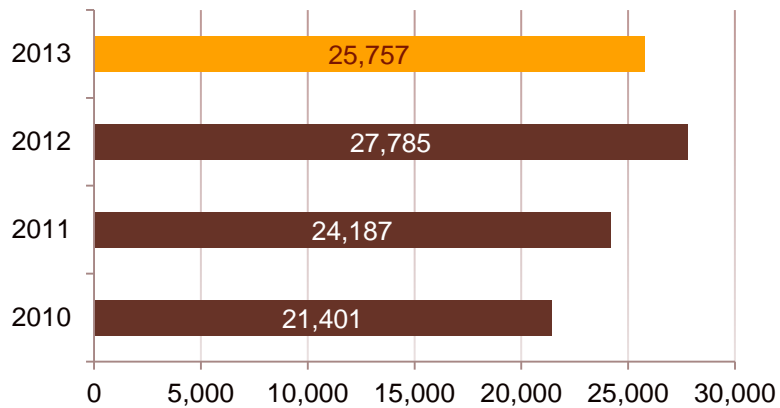
- North American pricing has strengthened, offsetting a weakening in the UK pricing environment
  - North America realised an overall price increase to \$36.97 in FY 2013 from \$34.34 in FY 2012
  - UK realised prices of \$103.82 in FY 2013 compared to \$109.28 in FY 2012
  - Netherlands recorded an average of \$72.37 in FY 2013 in contrast to \$70.31 in FY 2012
- Operating netbacks increased in North America and Netherlands, but weakened in the UK
  - North American natural gas realised prices up 27.3%, and operating netbacks 17.7% higher, due to recovery in wider pricing environment
  - UK down 19.37%, driven by higher costs, as a result of unplanned maintenance and downtime, and lower prices
  - Netherlands up 4.1%, driven by higher prices

**Net realized prices by geography (US\$ /boe)**



# Underlying revenue performance

Total sales revenue ( AED million)

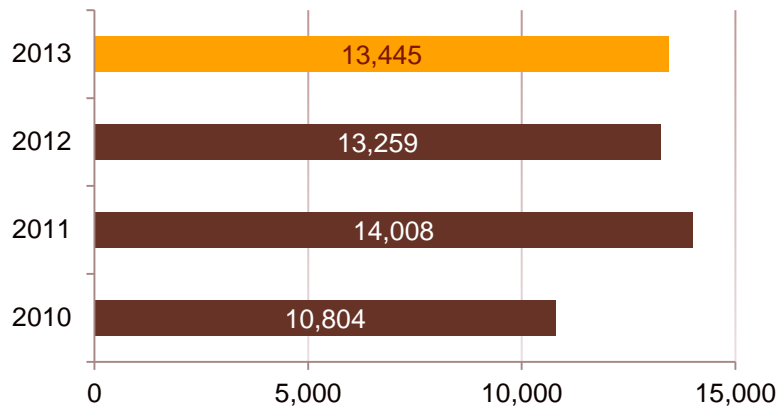


AED million	2012	2013	% +/-
<b>Total revenue per accounts</b>	<b>27,785</b>	<b>25,757</b>	<b>-7%</b>
Fuel revenue	3,645	<b>3,209</b>	
Construction revenue	3,589	<b>1,399</b>	
<b>Underlying revenues</b>	<b>20,551</b>	<b>21,149</b>	<b>3%</b>
Power & Water	8,536	<b>8,961</b>	5%
Oil & Gas	12,015	<b>12,188</b>	1%

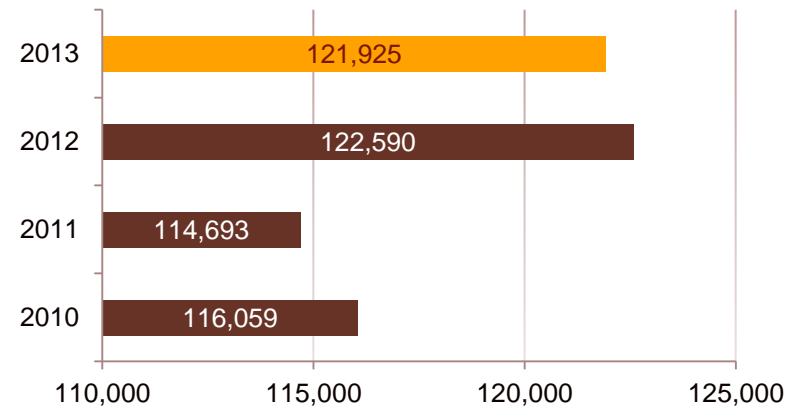


# Financial Performance

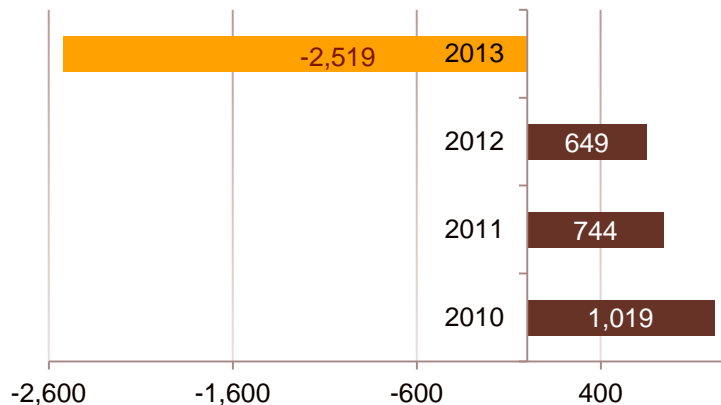
**EBITDA (AED million)**



**Total assets (AED million)**



**Net profit / loss (AED million)**



## Key ratios

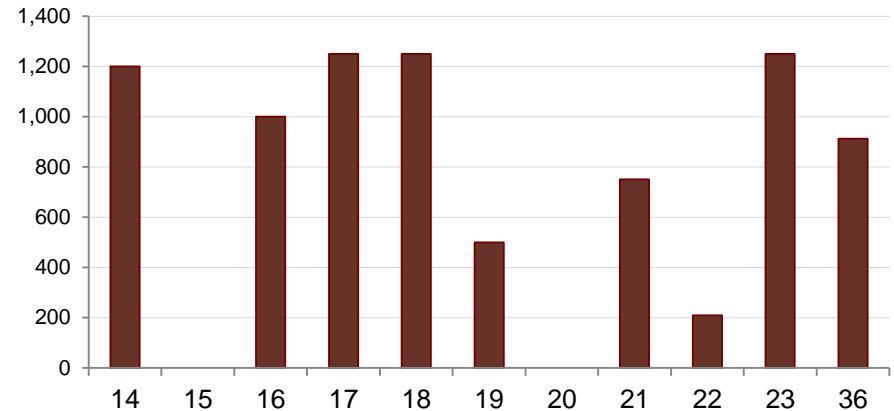
Description	FY 2012	FY 2013
Gross Margin, excluding DDA and impairment	51%	56%
Return on Equity	8%	(46%)
Net Debt/ Net Capital	78%	82%
EBITDA/Interest	2.9x	3.0x
Net Debt/EBITDA	5.8x	5.6x

# Financing Update

- Strong liquidity
  - Cash & cash equivalents of US\$1.1 billion
  - Unused portion of credit facilities of US\$3.0 billion
  - Total available liquidity of US\$4.1 billion
- Active management of maturity profile – next significant maturity in 2H 2014
- Overall total debt of US\$21.7 billion comprising of non recourse project finance debt tied to assets of US\$11.7 billion and corporate debt of US\$9.9 billion, a marginal decrease of US\$26 million from 31 December 2012.
- US\$825 million project bond issued for Shuweihat 2 with a 6% coupon and a 23 year tenor maturing in 2036 – proceeds used to refinance non-recourse project finance bank debt

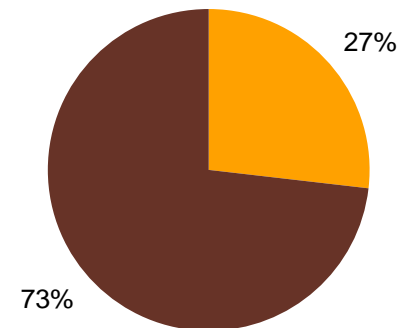
## Corporate level debt maturity profile

USD millions



Note: Shading denotes bonds already refinanced

## Available Liquidity US\$4.1 billion



■ Cash & cash equivalents ■ Corporate RCF

# Capital Expenditure

- During 2013, capex was lower than planned due to trimming of activity across the business, as well as the timing of new project milestones
- 2014 capex is expected to be lower due to more focused programmes and as major investment programmes complete
- Post period in March, we announced the acquisition of a 51% stake in two hydroelectric power projects in India

US\$ millions	FY 2013 Actuals	2014 Guidance
Oil & Gas	1,765	1,550
- North America	452	
- UK	965	
- Netherlands	294	
- Iraq	54	
Power & Water	532	450
Other	13	50
<b>Total</b>	<b>2,310</b>	<b>2,050</b>

# Concluding remarks





# Appendix



## Operational Data – Power & Water KPIs

		Three months ended December 31		Twelve months ended December 31	
		2013	2012	2013	2012
<b><u>UAE domestic plants</u></b>					
Power generation	(GWh)	13,484	12,484	58,627	55,275
Water desalination	(MIG)	66,611	60,886	253,419	240,801
Technical availability	(%)	92.99	94.00	92.20	95.17
<b><u>International plants</u></b>					
Power generation	(GWh)	3,263	2,908	16,236	19,849
Technical availability	(%)	90.29	82.70	89.30	91.44

## Operational Data – Oil & Gas Pricing

Average Realised Prices		Twelve months ended December 31	
		2013	2012
<b><u>TAQA NORTH</u></b>			
Crude oil	(US\$/bbl)	79.05	77.10
Natural gas liquids	(US\$/bbl)	58.88	61.14
Natural gas	(US\$/mcf)	3.36	2.64
Average	(US\$/boe)	36.97	34.34
<b><u>TAQA Bratani</u></b>			
Crude oil	(US\$/bbl)	110.06	111.88
Natural gas liquids	(US\$/bbl)	63.38	69.59
Natural gas	(US\$/mcf)	10.36	10.40
Average	(US\$/boe)	103.82	109.28
<b><u>TAQA Energy</u></b>			
Crude oil	(US\$/bbl)	97.10	104.26
Natural gas	(US\$/mcf)	11.26	10.63
Average	(US\$/boe)	72.37	70.31

## Operational Data – Oil & Gas Production

Average Production		Twelve months ended December 31	
		2013	2012
<b><u>North America</u></b>			
Crude oil	(mbbls/day)	16.94	17.53
Natural gas liquids	(mbbls/day)	12.07	11.45
Natural gas	(mmcf/day)	348.26	343.24
Average	(mboe/day)	87.05	86.19
<b><u>United Kingdom</u></b>			
Crude oil	(mbbls/day)	41.30	39.33
Natural gas liquids	(mbbls/day)	0.78	0.65
Natural gas	(mmcf/day)	29.27	10.84
Average	(mboe/day)	46.96	41.79
<b><u>The Netherlands</u></b>			
Crude oil	(mbbls/day)	1.14	1.18
Natural gas	(mmcf/day)	42.13	39.11
Average	(mboe/day)	8.16	7.70
<b><u>Total Production</u></b>			
Crude Oil	(mbbls/day)	59.37	58.04
Natural Gas Liquids	(mbbls/day)	12.85	12.10
Natural Gas	(mmcf/day)	419.66	393.19
Average	(mboe/day)	142.17	135.68

## Operational Data – Oil & Gas Netbacks

Operating Netbacks	Twelve months ended December 31	
	2013	2012
<b><u>North America</u></b>		
Gross price	36.97	34.34
Royalties	5.06	5.49
Net sales price	31.91	28.84
Operating costs	11.46	11.47
Operating netback	20.45	17.37
<b><u>United Kingdom</u></b>		
Gross price	103.82	109.28
Net sales	103.82	109.28
Operating costs	43.50	34.47
Operating netback	60.31	74.81
<b><u>The Netherlands</u></b>		
Gross price	72.37	70.31
Royalties	4.19	2.01
Net sales price	68.18	68.30
Operating costs	18.52	20.59
Operating netback	49.67	47.71