Table of Contents

1. Summary of Quarterly Results

(AED millions, except per share amounts)	31-Dec 2016	30-Sep 2016	30-Jun 2016	31-Mar 2016	31-Dec 2015
Total Assets	104,492	104,860	106,335	107,675	108,767
Shareholders' equity	8,072	5,231	5,292	5,915	7,331
Revenue	3,975	4,195	4,035	3,913	4,677
Loss for the period	(17,093)	(292)	(373)	(475)	(1,062)
Attributable to non-controlling interests	221	232	215	133	157
Attributable to equity holders of the parent	(17,314)	(524)	(588)	(608)	(1,219)
Loss per share (AED per share)	(2.854)	(0.086)	(0.097)	(0.100)	(0.201)

Closing Exchange Rate		31-Dec 2016	30-Sep 2016	30-Jun 2016	31-Mar 2016	31-Dec 2015
US $/CDN $	*US$*	0.7440	0.7618	0.7736	0.7689	0.7226
US $/British pound	*US$*	1.2340	1.2972	1.3312	1.4361	1.4738
US $/Euro	*US$*	1.0517	1.1235	1.1100	1.138	1.0865
US $/Moroccan dirham	*US$*	0.0987	0.1027	0.1021	0.1038	0.1007

2. Business Environment

Average prices		31-Dec 2016	30-Sep 2016	30-Jun 2016	31-Mar 2016	31-Dec 2015
WTI crude oil	*US$/bbl*	49.16	44.88	45.53	33.41	42.02
Brent crude oil	*US$/bbl*	50.08	45.82	46.01	34.32	43.56
NYMEX natural gas	*US$/mmbtu*	3.02	2.85	2.14	1.96	2.11
AECO natural gas	*CA$/GJ*	2.95	2.25	1.33	1.72	2.35

3. Executive Summary

Financial highlights:

- Total revenues of AED 16.1 billion, a decrease of 17% on previous year (2015: AED 19.3 billion), driven primarily by the impact of lower commodity prices and volumes.
- Cash cost savings of over AED 1 billion during 2016 driven by Transformation Programme.
- EBITDA of AED 8.5 billion (2015: AED 9.6 billion) primarily as a result of lower oil and gas revenues. EBITDA for TAQA's power and water division remained stable at AED 6.7 billion (2015: AED 6.7 billion).
- Net loss of AED 19.0 billion driven by AED 16.9 billion impairment primarily related to Oil & Gas assets in response to lower commodity prices. Recognised as a one-time non-cash charge with no impact on ability to meet obligations including ongoing debt service obligations.
- Free cash flow of AED 7.3 billion, an increase of 25% (2015: AED 5.8 billion) due to effective cost management as well as capex reductions.
- Total liquidity of AED 14.9 billion, including AED 3.8 billion in cash and cash equivalents and AED 11.1 billion of undrawn credit facilities.
- Ratings agencies reaffirm A3 (Moody's) and A (Standard and Poor's) ratings in line with continued Abu Dhabi Government support.

Transformation Programme Update:

- Cumulative savings of AED 13.2 billion in two year period (2014 to 2016).
- Cumulative capital expenditure reduction of AED 8.6 billion in two year period.

Operational Highlights: Power & Water

- Record operational performance, generating 93,246 gigawatt hours (GWh) in the year.
- Industry top quartile performance by global technical availability factor metrics.
- UAE operations produced 66,652 GWh of electricity and 257,169 million imperial gallons of desalinated water, continuing to deliver the vast majority of water and electricity requirements of Abu Dhabi.
- Expansion of the Fujairah F1 water desalination was completed in December 2015 and delivered positive net income in 2016, benefiting from the increase in capacity by 30% to 130 million imperial gallons per day.
- The Jorf Lasfar power plant in Morocco, which accounts for half of the country's power supply, produced 15,317 GWh in 2016 and achieved an availability factor of 92.5%.

Operational Highlights: Oil & Gas

- Production volumes of 137,300 barrels of oil equivalent per day (boed) in 2016, a decrease of only 5% on 2015 (145,300 boed) despite substantial 70% reduction in capital expenditure.
- North American assets produced 80,800 boed with an ongoing focus on ensuring safe operations, cost control and the efficient deployment of capital. Investments targeted core operations in Central Alberta due to its scalability and high capital efficiency.
- European assets produced 56,500 boed, negatively impacted by North Sea platform maintenance. There was a 16% reduction in European per-barrel operating costs compared to 2015, and a reduction of almost 32% when compared to 2014.
- Iraq project on track - 30,000 boed Kurdistan Atrush facility, operated by TAQA, is expected to achieve first oil expected in 2017.

4. Results of Operations

For the purpose of the MD&A the Power and Water results include the segments listed below:

- Power & Water Segment – U.A.E
- Power Segment – Others

The Oil & Gas results include:

- Oil & Gas Segment – North America
- Oil & Gas Segment – Europe
- Oil & Gas Segment – Atrush

4.1 Profit/(Losses) before taxes and non-controlling interest ("NCI") by segment

Profit/(Losses) before taxes and NCI *(AED millions)*	Year ended 31 December		Variance
	2016	2015	
Power and Water	2,274	1,965	309
Oil and Gas	(24,997)	(2,799)	(22,198)
Corporate and others	(1,619)	(1,579)	(40)
Total	**(24,342)**	**(2,413)**	**(21,929)**

Power and Water Business

Total profit before tax and NCI for the Power and Water business for year ended 31 December 2016 was AED 2,274 million compared to AED 1,965 million for the same period in 2015. The AED 309 million increase is driven by the following main factors:

- Higher revenues in UAE of AED 132 million mainly due to commencement of new RO plant in Fujairah, extension of old power plant in Umm Al Naar and lower outages compared to previous year and higher contractual indexation at Shuweihat.
- In 2015, impairment of AED 350 million was recorded in India, during 2016 impairment of AED 150 million was recorded in Ghana, which resulted in a favourable variance of AED 200 million.

Oil and Gas Business

Total losses before tax for the Oil and Gas business for the 12 month period ending December 31, 2016 was AED 24,997 million compared to AED 2,799 million for the same period in 2015. The AED 22,198 million decline in losses before tax was mainly driven by the following factors:

- Lower income of AED 2,445 million primarily due to, net impact of the following:
    - Unfavourable impact of lower commodity prices amounting to AED 1,130 million.
    - Unfavourable impact of lower volumes amounting to AED 970 million.
    - Lower processing and tariff income of AED 323 million in line with lower volumes.
    - Lower trading income of AED 95 million from Europe's midstream operations (which is offset by lower trading costs, see comments below)
    - Partially offset by lower royalties in North America of AED 44 million, primarily as a result of the lower commodity price environment, as well as higher midstream revenues of AED 29 million from our midstream operations predominantly in Europe.

- Higher pre-tax impairment taken of AED 21,385 million. Pre-tax impairment of AED 21,870 million with respect to certain assets in Europe, North America and Atrush in 2016, compared to AED 485 million on certain gas storage assets in Europe in 2015.

The above decline in revenue and the adverse impact of the impairment taken was partially offset by the following:

- Lower operating costs of AED 764 million of which AED 685 million was across Europe and AED 79 million was across North America, evidencing the impact and delivery of the transformation programme across these businesses.
- Favourable stock movements in Europe amounting to AED 450 million.
- Lower DD&A of AED 217 million in line with the lower volumes.
- Lower trading costs of AED 106 million from Europe's midstream operations.
- Lower administrative expenses of AED 70 million due to lower manpower costs and also as a result of further transformation programme initiatives being initiated and delivered.
- Higher gain on sale made in asset disposals in North America AED 37 million.

Corporate and others

Total losses before tax for corporate and others for year ended 31 December 2016 was AED 1,619 million compared to AED 1,579 million for the same period in 2015. The increase in losses of AED 40 million is due to higher finance costs of AED 67 million linked to the accelerated refinancing of the maturing bonds and lower share of results from associates amounting to AED 46 million mainly at Sohar. Partially offsetting these adverse variance is lower administrative and other expenses of AED 52 million due to the successful delivery of the cost transformation program as well as other net favourable variances amounting to AED 21 million predominantly foreign exchange gains.

4.2 Taxes and Loss for the Period

Taxes

For year ended 31 December 2016 there was a net tax credit of AED 6,109 million, comprising AED 471 million current tax expense and AED 6,580 million deferred tax credit. For the same period in 2015 there was a net tax credit of AED 1,299 million, comprising AED 357 million current tax expense and AED 1,656 million deferred tax credit.

Major events effecting taxes for the year ended 31 December 2016 in comparison to 2015 include:

- Higher deferred tax credit due to the impairment taken in 2016 as explained in the analysis above.
- Higher losses before tax in 2016 primarily as a result of the lower commodity prices across the oil and gas businesses.
- A one-off tax credit of AED 555 million was recognised in 2015 as a result of a change in the UK tax regime.
- On 16 March 2016 the UK Government announced a number of changes in the UK oil and gas taxation regime. The principal changes impacting TAQA's UK business comprised of the effective abolishment of Petroleum Revenue Tax by reducing this to 0% (a previous rate reduction from 50% to 35% was announced in March 2015) and a reduction in the rate of Supplementary Charge to Corporation Tax from 20% to 10%. The change to the rate of Supplementary Charge to Corporation Tax was substantively enacted into law during September 2016, The change to the rate of Petroleum Revenue Tax was substantively enacted into law during March 2016. The changes are expected to have minimal impact on the overall deferred tax position of the company.

Loss for the period

Loss for the period (before non-controlling interest) was AED 18,233 million in 2016 compared with a loss of AED 1,114 million in 2015, a variance of AED 17,119 million driven by the factors discussed above.

5. Capital Structure and Liquidity

Capital Structure (AED millions)	31 Dec 2016	31 Dec 2015
Total assets	104,492	108,767
Total debt	72,160	74,301
Cash and cash equivalents	3,784	3,437
Net debt	68,376	70,864
Total equity	8,072	7,331
Net debt/Net capital* %	85%	86%

*Equity has been adjusted for exclusion of losses on cumulative changes in fair value of derivatives in cash flow hedges

Liquidity (AED millions)	31 Dec 2016	31 Dec 2015
Cash and cash equivalents	3,784	3,437
Unused portion of credit facilities	11,131	9,187
Total available liquidity	**14,915**	**12,624**

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