

# Investor presentation September 2015

Abu Dhabi National Energy Company PJSC (TAQA)





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# H1 2015 Results Summary

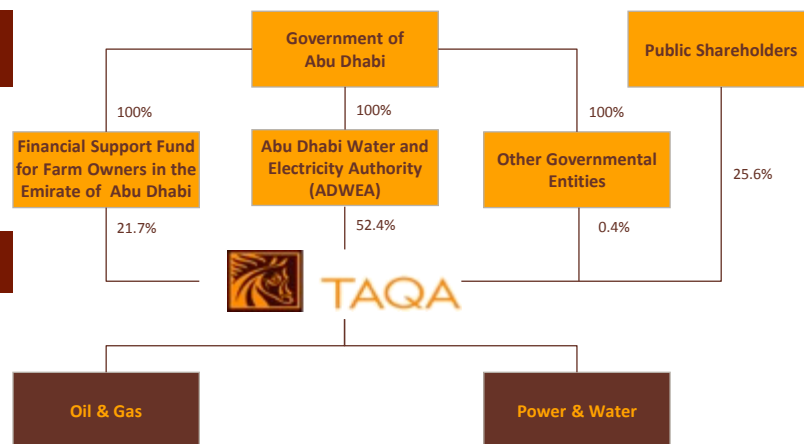
- Low commodity price environment
  - Average realized prices for our UK and North American businesses down 45% and 54%, respectively, over the same period
- Our focus
  - Aggressive cost reduction program
  - Selective capital investment and improved efficiency
  - Enhanced focus on safety and reliability
- Operational performance
  - Strong power and water production and availability
  - Mitigating oil and gas production decline
  - Completing major projects
- Financial performance
  - Revenues and EBITDA down 29% and 35%, respectively, from H1 2014
  - Net Income US\$45 million loss, compared with profit of US\$140 million H1 2014
- Strong liquidity
  - Refinanced \$3.1 billion revolving credit facilities maturing in 2015 and 2017
  - Cash and cash equivalents of US\$981 million as at 30 June 2015
  - Available liquidity stood at US\$ 3.8 billion at the end of the period

## Ownership of strategic power & water assets in Abu Dhabi

- Majority ownership of 8 IWPP that provide more than 95% of Abu Dhabi's water and electricity needs

## Active government oversight

- 74.4% indirectly owned by the Government of Abu Dhabi
- All members of the board are high-ranking government employees
- Ongoing oversight by the Debt Management Office of Abu Dhabi



## Tangible support from the Government

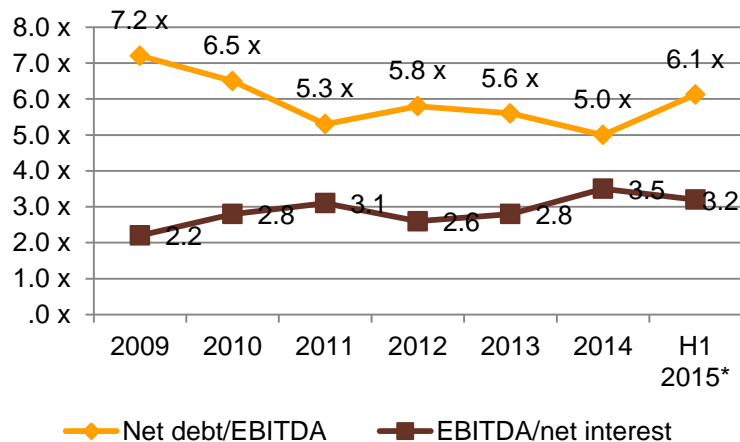
- Transfer of 54% ownership in eight power & water plants in the UAE since 2005
- Equity injection of US\$ 740 million through subscription in convertible debenture offering in 2008
- Transfer of Government stake in Sohar Aluminium smelter and a stake in Tesla motors
- Change of Control Put Option upon the government's ownership falling below 50%.

Note: Securities and loans issued by TAQA are not guaranteed by the Government of Abu Dhabi. The Department of Finance of Abu Dhabi is the most senior authority over Abu Dhabi fiscal policies and the Abu Dhabi Executive Council is the effective Government body of the Emirate of Abu Dhabi.

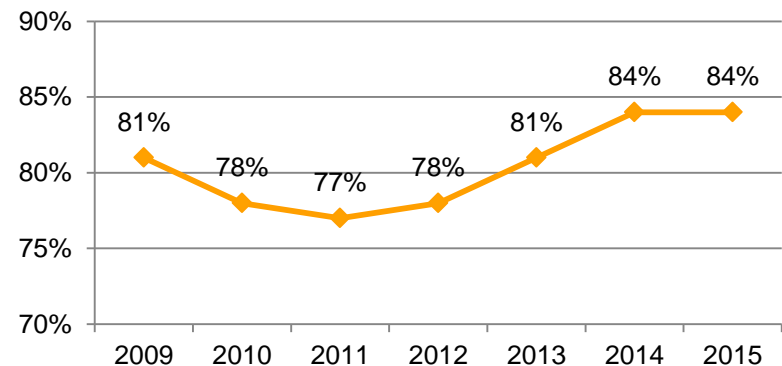
# Prudent Financial and Risk Management Policy

- Maintain strong liquidity
  - US\$3.8 billion of cash and unutilized bank lines available as of 30 June 2015
- Build strong relationship with a diversified group of banks
  - The RCF has been refinanced with support from international and regional banks
- Manage debt maturity proactively to minimize refinancing risk
- Develop diversified sources of funding to protect from market volatility
- Commit to achieve a stand-alone investment grade credit rating

### Debt Coverage Ratios



### Net Debt / Total Capital



\* Net debt/EBITDA ratio for H1 2015 is LTM

# TAQA Solid Financial Profile

## Solid corporate credit ratings benefitting from government support

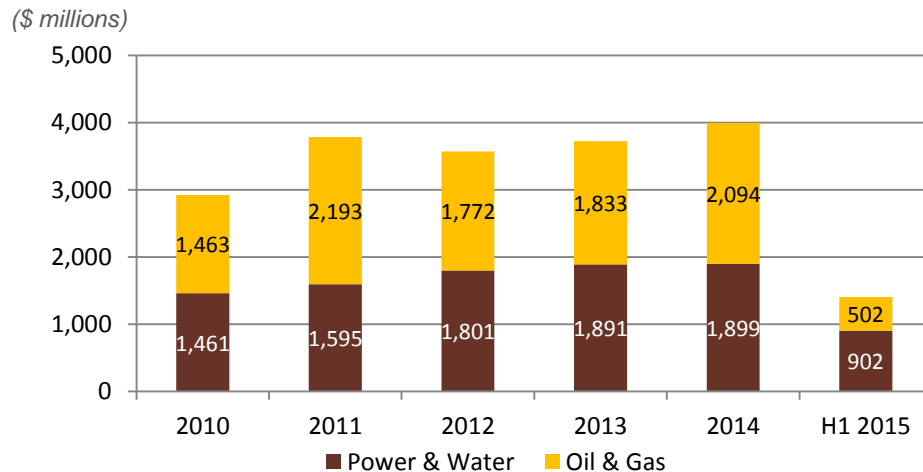
- A3 (Stable) by Moody's and A (Stable) by Standard & Poor's

## Stable and predictable Power & Water cash flows

- Take or pay off-take agreements with government agencies
- Limited exposure to cost volatility (costs/risks passed through to off-takers)
- No exposure to demand volatility
- Limited operating risk due to modern plants with high availability

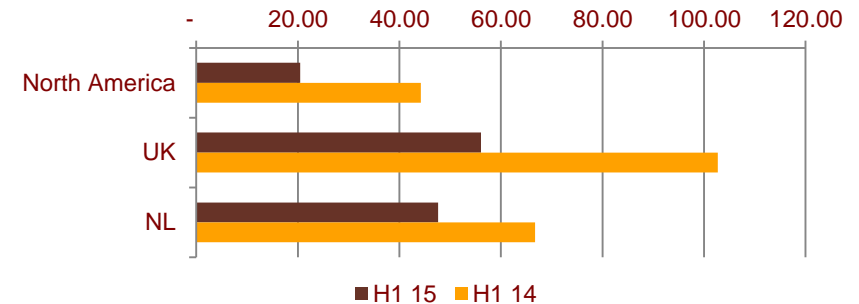
## Aggressive cost reduction in oil and gas assets to manage impact of commodity price volatility

EBITDA by business stream<sup>1</sup>

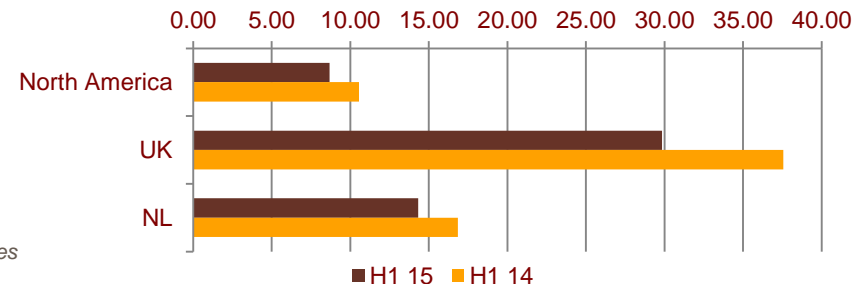


<sup>1</sup> EBITDA by business stream does not add to consolidated EBITDA due to minor corporate expenses

Realized prices (\$/boe)

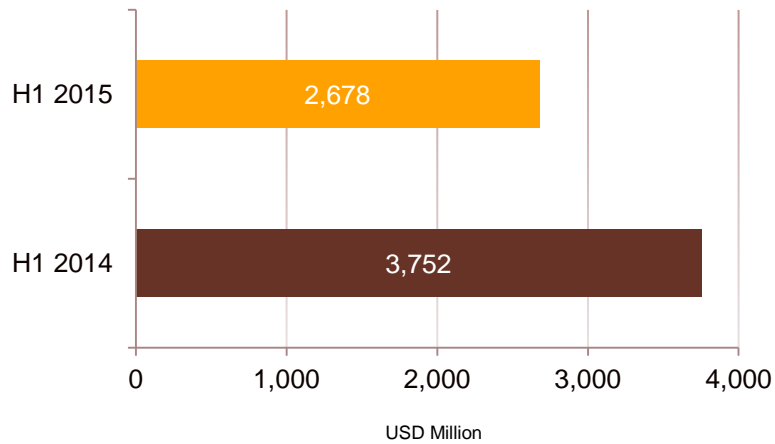


Operating costs (\$/boe)

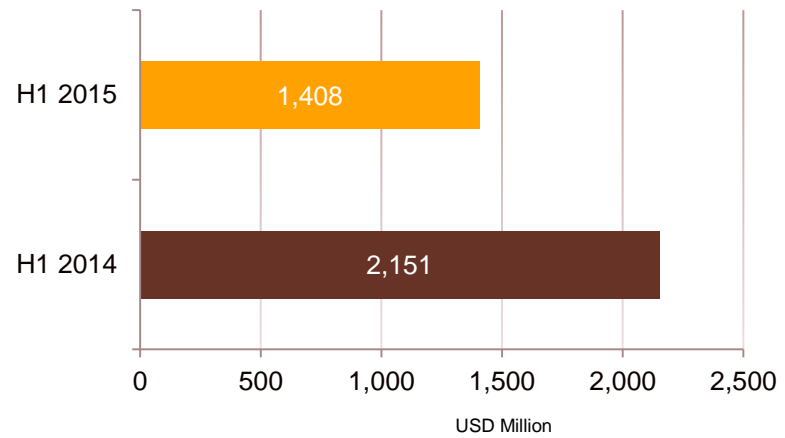


# Financial performance

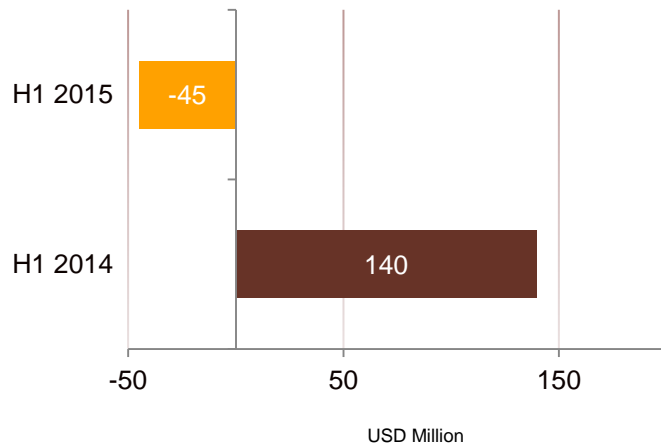
## Total sales revenue



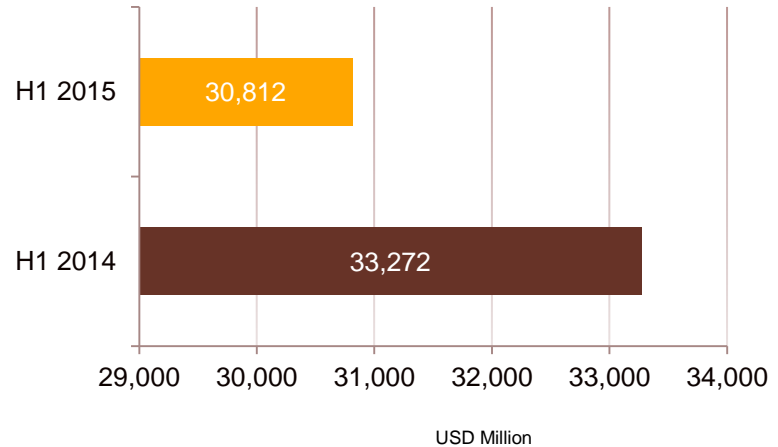
## EBITDA



## Net Income



## Total assets



# TAQA **Balanced portfolio of assets**

## Current business:

- \$30.8 billion of total assets balanced between power & water and oil & gas. As at June 2015:
  - 16,300 MW<sup>1</sup> gross power generation; 887 MIGD of water desalination
  - Average technical availability of 91.2%
  - 2P reserves of 522.3 mboe
  - Average daily production of 150.0 mboe

## Current Focus

- Focus on **safety** and **operational excellence**
- **Reshaping the portfolio** to create a leaner more operationally efficient company
- **Cost transformation** programme resetting the cost base appropriate for lower commodity price world

<sup>1</sup> Excludes Sohar Aluminium plant

<sup>2</sup> Average production for 2014

<sup>3</sup> Under construction

## Oil & Gas Assets<sup>2</sup>

### NORTH AMERICA

- Oil & gas exploration and production **89.5 mboe/d**

### UNITED KINGDOM

- Oil & gas exploration and production **61.4 mboe/d**
- Pipelines

### NETHERLANDS

- Oil and gas exploration and production **8.0 mboe/d**
- Gas Storage

### IRAQ

- 39.9% interest in the Atrush exploration block in the Kurdistan region

## Power & Water Assets

### UAE

- Power generation (12,494 MW)
- Water desalination (887 MIGD)

### MOROCCO

- Power generation (2,056 MW)

### GHANA

- Power generation (220 MW)

### SAUDI ARABIA

- Power generation (250 MW)

### INDIA

- Power generation (250 MW)
- Hydro Power Generation (100MW)<sup>3</sup>

### USA

- Power plant tolling agreement (832)
- Wind power generation (205 MW)



# Major projects update



## Gas Storage Bergermeer, the Netherlands

- Full commercial operations commenced in April. 4.1 BCM of storage capacity available



## Fujairah 1, United Arab Emirates

- 30 MIGD reverse osmosis desalination facility expansion commissioning expected Q4 2015



## Takoradi 2, Ghana

- 110 MW capacity expansion commissioning Q3 2015



## Sorang hydro, India

- Construction of 100 MW hydro power plant completed. Commissioning expected Q4 2015



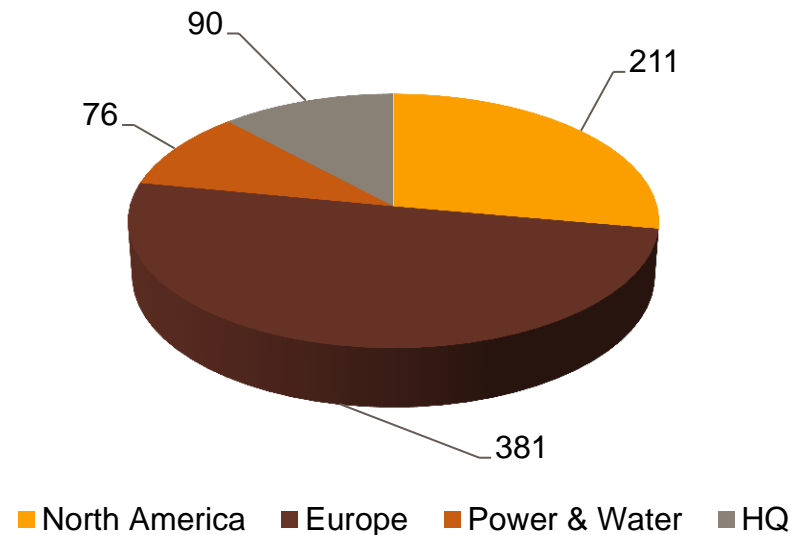
## Atrush, Kurdistan Region of Iraq

- All five first-phase wells drilled. Construction of 30,000 gross boed production systems ongoing

# Cost Transformation program – ahead of expectations

- Global transformation program launched in January 2015 targeting AED 1.5 billion in annual cost savings by the end of 2016
- Achieved AED 758 million cash cost savings, ahead of 2015 target of AED 550 million
- Significant cost savings primarily in Europe, North America, Power and Water and Abu Dhabi Headquarters

**H1 15 vs H2 14: Cash cost savings (AED Million)**



Costs included are operating costs and net G&A

# Capital Expenditure

- Annual capex program reduced by 40% of the 2014 actual expenditure ~ US\$ 0.7 billion
- Actual capex in H1'15 reduced by 36% compared to H1'14
- Oil and gas capex reduced to core and committed investments
- Power and water capex lower than prior years due to completion of major projects

US\$ millions	H1 2015	H1 2014
North America	74	178
UK	246	249
Netherlands	38	145
Iraq	39	29
Domestic Power	52	58
International Power	27	124
Corporate & Other	30	5
Total	506	789

# Corporate Debt Management

- US\$3.8 billion of liquidity available to fund contingencies
  - US\$0.9 billion of cash on hand
  - US\$2.8 billion unutilised bank lines
- Of US\$20.5 billion consolidated debt as at 30 June 2015, US\$10.8 billion is non-recourse project debt with scheduled repayment profile
- Remaining US\$9.7 billion of corporate debt is being actively managed
  - TAQA has historically pre-funded bond maturities with new issuances
  - In August 2015, TAQA successfully completed the refinancing of its corporate credit facilities with a new 5 year \$3.1 billion facility.

June 2015 Corporate debt maturity profile  
Total outstanding US\$9.7 billion

