



## Abu Dhabi National Energy Company PJSC (TAQA) Board Report

20 March 2019

Abu Dhabi, United Arab Emirates

On behalf of the Board of Directors of Abu Dhabi National Energy Company PJSC (“TAQA” or “The Company”), I am pleased to present the financial statements of TAQA for the year ended 31 December 2018.

In 2018, TAQA demonstrated strong financial results both operationally and strategically as we drove our businesses towards achieving higher growth and better returns. While the shape and dynamics of the overall business is changing, TAQA’s 2018 results reflect an overall positive operational performance, which reaffirms the successful implementation of our business strategy and is testament to the commitment and hard work of our employees.

TAQA reported profit attributable to equity holders of the parent of AED 398 million, an increase of 149 percent year-on-year. Revenues also grew by 6 percent in 2018 to AED 17.7 billion and EBITDA grew by 6 percent to AED 9.7 billion, mainly driven by an increase in oil and liquid prices in 2018.

Free cash-flow generation remained strong at AED 7.1 billion despite higher capital expenditures, which increased from AED 1.3 billion in 2017 to AED 1.7 billion in 2018. TAQA’s capex was completely self-funded by cash generated from the Company’s operations and was focused on sustaining and developing its power & water and oil & gas assets, positioning the company to leverage future growth opportunities.

The Company reduced its total debt by AED 4.0 billion, and reduced interest paid by AED 163 million during 2018. The robust financial performance has resulted in improved leverage ratios where Net Debt-to-EBITDA multiple improved to 6.5 from 7.3 the year before.

### Full year 2018 financial highlights:

- **2018 profit for the year (TAQA-Share)** was AED 398 million versus AED 160 million for 2017.
- **2018 Group revenues** topped AED 17.7 billion, a 6% improvement versus 2017 revenues of AED 16.7 billion.
- **2018 EBITDA** was AED 9.7 billion, a 7% increase versus 2017 (AED 9.1 billion) mainly due to improved performances in Europe, a full year of operation in Iraq, and the recognition of Sohar’s insurance proceeds in the current year’s results
- **Total liquidity** at the year-end remains strong at AED 13.1 billion including AED 3.4 billion in cash and cash equivalents, and AED 9.7 billion of undrawn credit facilities.



- **Total debt** was reduced by AED 4 billion, while total interest paid was reduced by AED 163 million when compared to the same period in 2017.
- **Free cash-flow generation** remained strong at AED 7.1 billion despite higher capital expenditures, which increased from AED 1.3 billion in 2017 to AED 1.7 billion in 2018.

#### **Operational highlights: Power and Water**

- **Global power generation** for the year was 89,922 GWh, showing a small improvement on the 89,846 generated in 2017.
- **Global technical availability** was 93.1% for 2018, compared to 92.1% in 2017.
- **The UAE portfolio of assets** improved by 0.9% to 93.6% in 2018.
- **The UAE power generation** remained stable with 63,637 GWh produced in 2018, a slight reduction compared to 64,064 GWh produced in 2017.
- **UAE Water desalination** was 246,556 million imperial gallons (MIG) for the year, versus 249,469 MIG in 2017.

#### **Operational highlights: Oil and Gas**

- **Average production** for the year was 123,100 boe/d, which was slightly down compared to 126,188 boe/d in 2017.
- **Production in North America** remained broadly consistent compared to last year at 78,024 boepd, however, the impacts of natural decline and unplanned outages in the Group's North Sea assets has resulted in lower production from our European operations.
- **European hydrocarbon production** for 2018 was 41,221 boe/d, down from 46,504 boe/d in the prior year.
- **Atrush block in Kurdistan** entitlement production was 3,855 boe/d in 2018 versus 1,844 boe/d in 2017.
- **Increased volumes** from the Atrush block in Kurdistan, which commenced operations in July 2017, partially offset the overall decline in volumes.

**Saeed Mubarak Al Hajeri**

**Chairman of the Board**

**Abu Dhabi National Energy Company PJSC (TAQA)**