

# Full Year 2015 Financial Results Analyst Presentation

Abu Dhabi National Energy Company PJSC (TAQA)  
Abu Dhabi, March 31st 2016



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# FY 2015 Summary



<b>Low commodity price environment</b>	<ul style="list-style-type: none"><li>• Realized UK &amp; North America prices down 46.2% and 52.2% respectively</li></ul>
<b>Strong liquidity</b>	<ul style="list-style-type: none"><li>• Refinanced \$3.1 billion revolving credit facilities at attractive pricing</li><li>• Cash and cash equivalents of AED 3.4 billion</li><li>• Available liquidity at AED 12.6 billion</li></ul>
<b>Cost transformation</b>	<ul style="list-style-type: none"><li>• AED 1.6 billion, 21% cash cost savings from 2014</li><li>• AED 3.3 billion reduction in 2015 capex, down 52% from 2014</li></ul>
<b>Financial performance</b>	<ul style="list-style-type: none"><li>• Drop in revenues and EBITDA</li><li>• Free cash flow drop limited to 11% to AED 5.8 billion</li><li>• AED 681 million post-tax Impairment charge</li><li>• AED 1.8 billion net income loss, compared with AED 3.0 billion loss in 2014</li></ul>
<b>Operational performance</b>	<ul style="list-style-type: none"><li>• Record Power &amp; Water production; strong cash flow</li><li>• Oil &amp; Gas production of 145,300 boed, only 8.6% decline</li><li>• Completed major projects in Netherlands, Ghana, UAE and UK</li></ul>

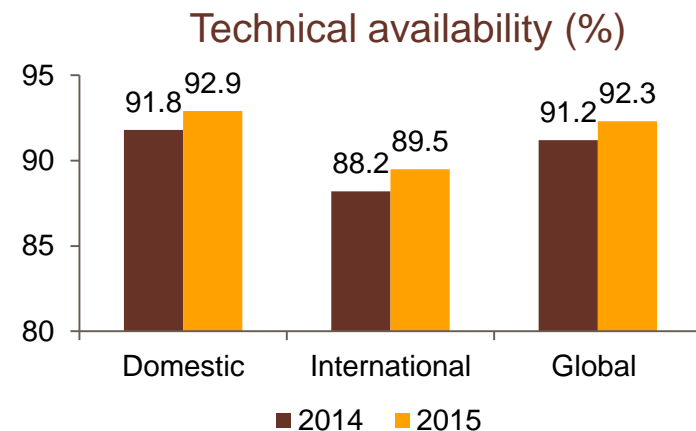
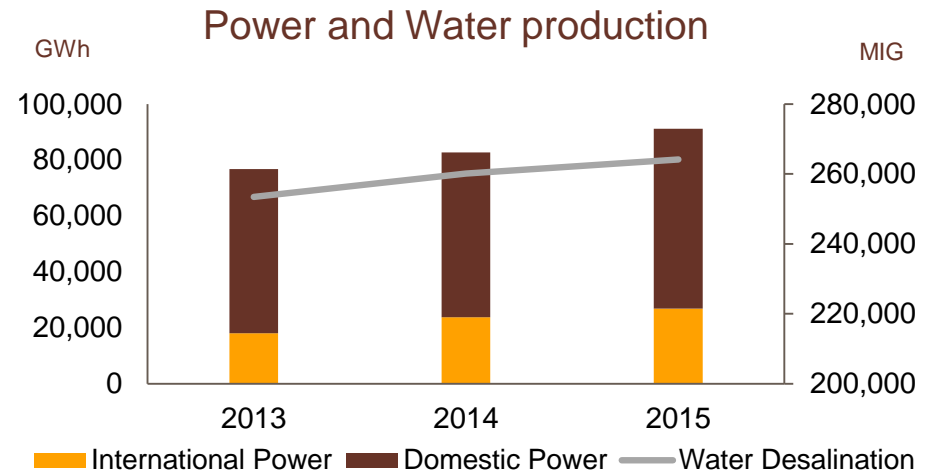


## Operational performance review

# Power & Water: High availability, record production



- Gross power production up 10% to 91,117 GWh, with particularly strong performance in H2'15
- Water desalination volumes continued to increase, reaching 264,127 MIG
- Technical availability up globally to 92.3%, with strong performance at:
  - UAE's F1 and Taweelah B plants exceeding 96%
  - Morocco's Jorf Lasfar 5&6 expansion exceeding 95%



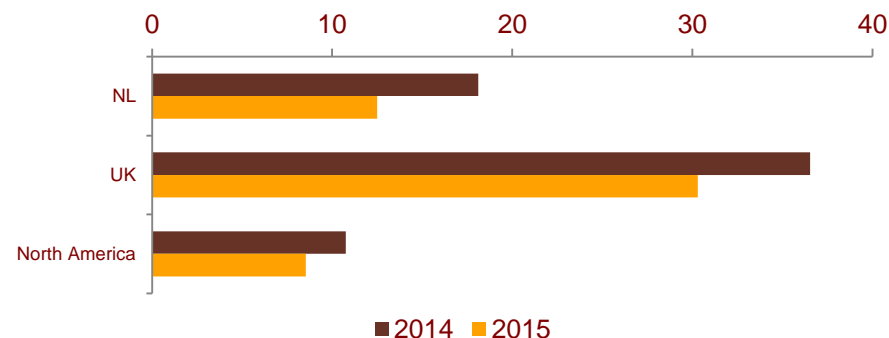
# Oil & Gas: Strong production, greater efficiency



- FY production at 145.3 mboed. Decline limited to 8.6% compared to 2014 despite 58% reduction in Oil & Gas capex relative to 2013
- Netherlands total production up 14% with Gas Storage Bergermeer fully operational
- North America production lower as a result of reduced capex, third-party pipeline restrictions, and natural decline
- UK North Sea production down mainly due to phased shut-downs and capex reduction
- Focus remains on reducing per-barrel operating costs
  - Netherlands 31%
  - UK 17%
  - North America 21%

Average production (mboed)	FY 2014	FY 2015
Netherlands	8.0	9.1
North America	89.5	79.5
UK	61.4	56.6
<b>Total</b>	<b>158.9</b>	<b>145.3</b>

## Operating costs (\$/boe)

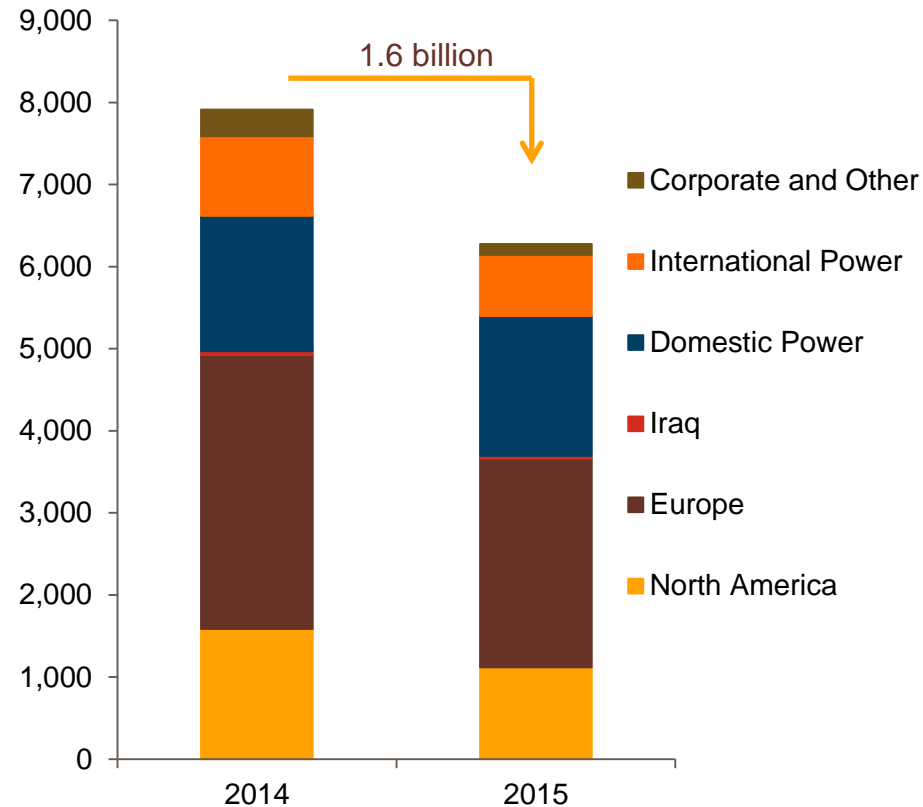


# Cost Transformation: Ahead of expectations



- AED 1.6 billion saved in FY2015, 21% reduction compared to 2014
  - Opex savings AED 1,250 million
  - G&A savings AED 380 million
- Lower operating costs including maintenance, subsea and well work and overall supply chain
- Implemented lean corporate operating model
- Significant staff reductions since 2014
  - 32% Oil & Gas headcount reduction
  - 55% HQ headcount reduction

Cost Transformation savings  
(million AED)

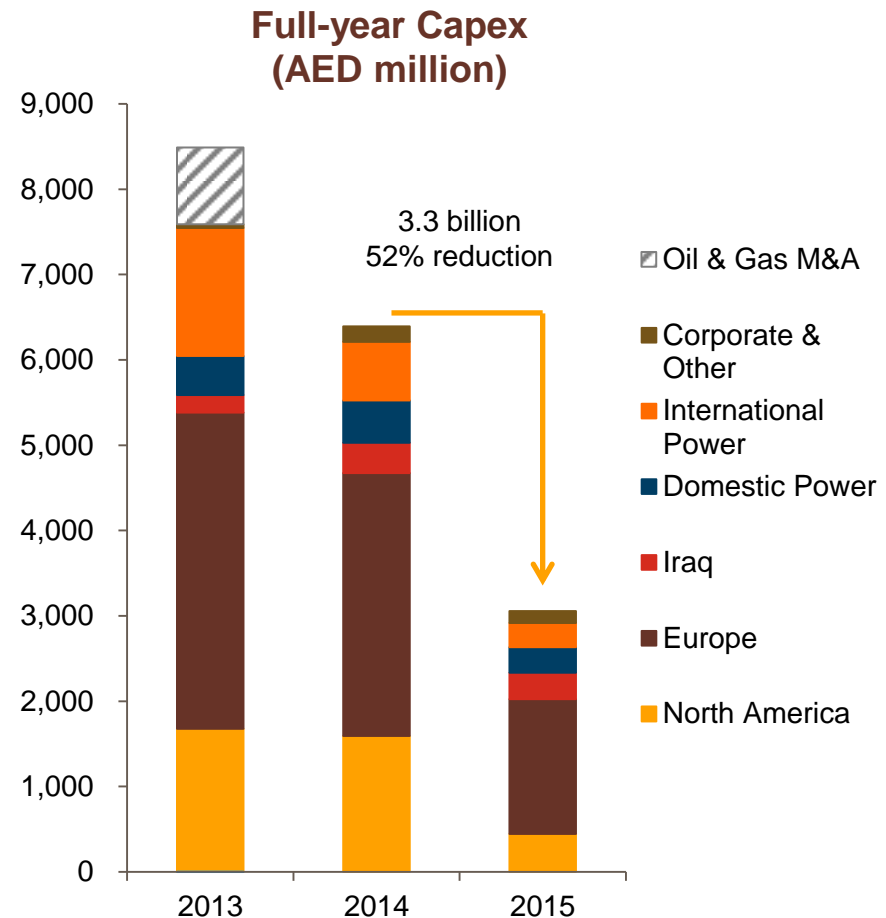


Costs included are operating costs (excluding construction and fuel costs) and net G&A

# Capital Expenditure: Significant reduction



- 2015 Capex: AED 3.0 billion
- Major capex reduction across the business:
  - 52% reduction: AED 3.3 billion vs 2014
  - Completion of major projects
  - Cutting discretionary investment
  - Aggressively unwinding commitments
- Capex will not exceed AED 1.8 billion in 2016, 42% lower than 2015.





# Atrush: The next major project



- Phase I: 30,000 barrel per day production facility >80% complete
- Production facility commissioning in Q2 2016
- First oil in H2'16
- All wells drilled to date have tested oil at commercial rates
- Costs remain within 2015 funding approval
- Commercial environment improving with IOCs receiving consistent payments in accordance with Product Sharing Contracts.



Progress at the 30,000 barrel per day Phase 1 production facility

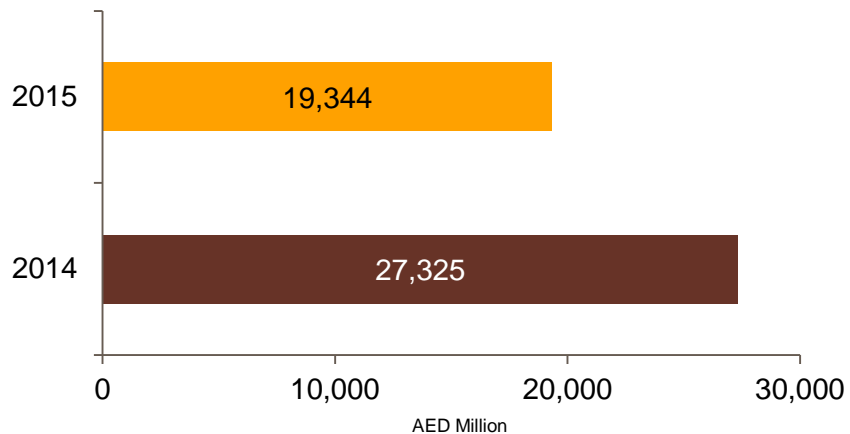


## Financial performance

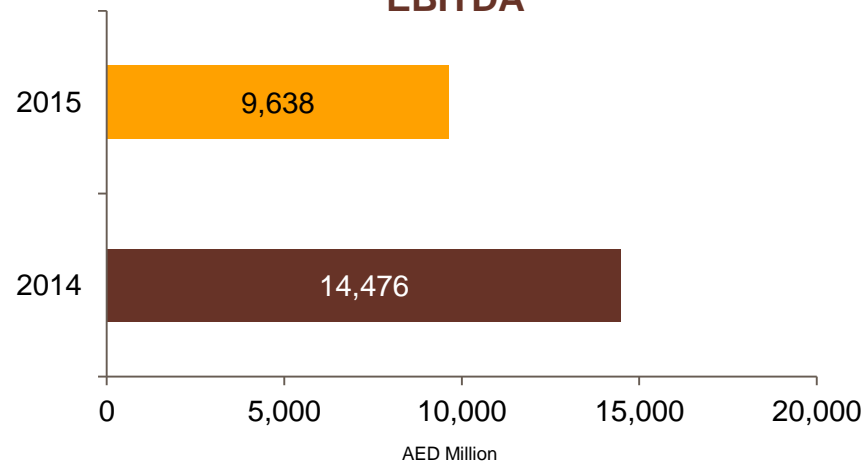
# Financial performance



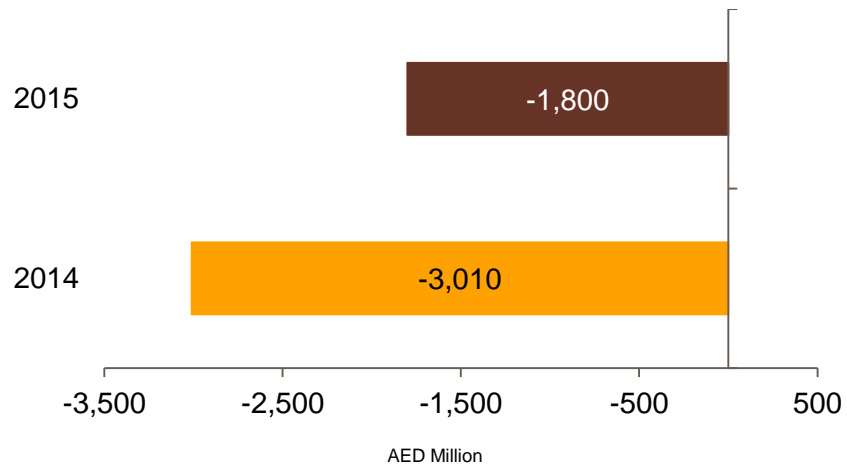
### Total sales revenue



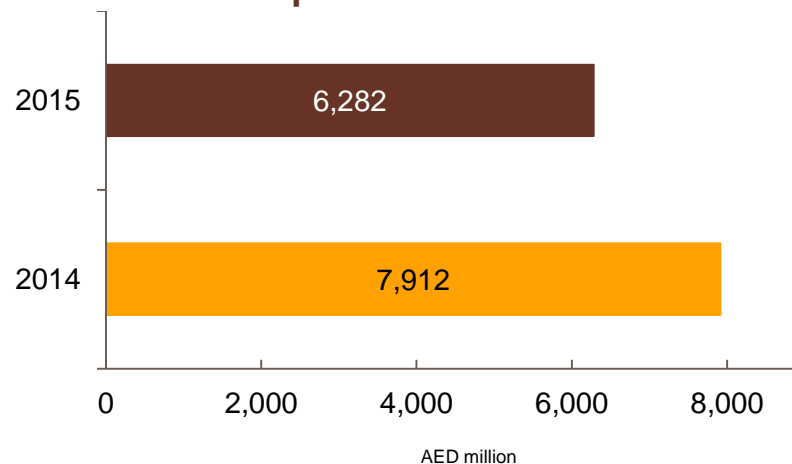
### EBITDA



### Net Income



### Opex and G&A costs\*

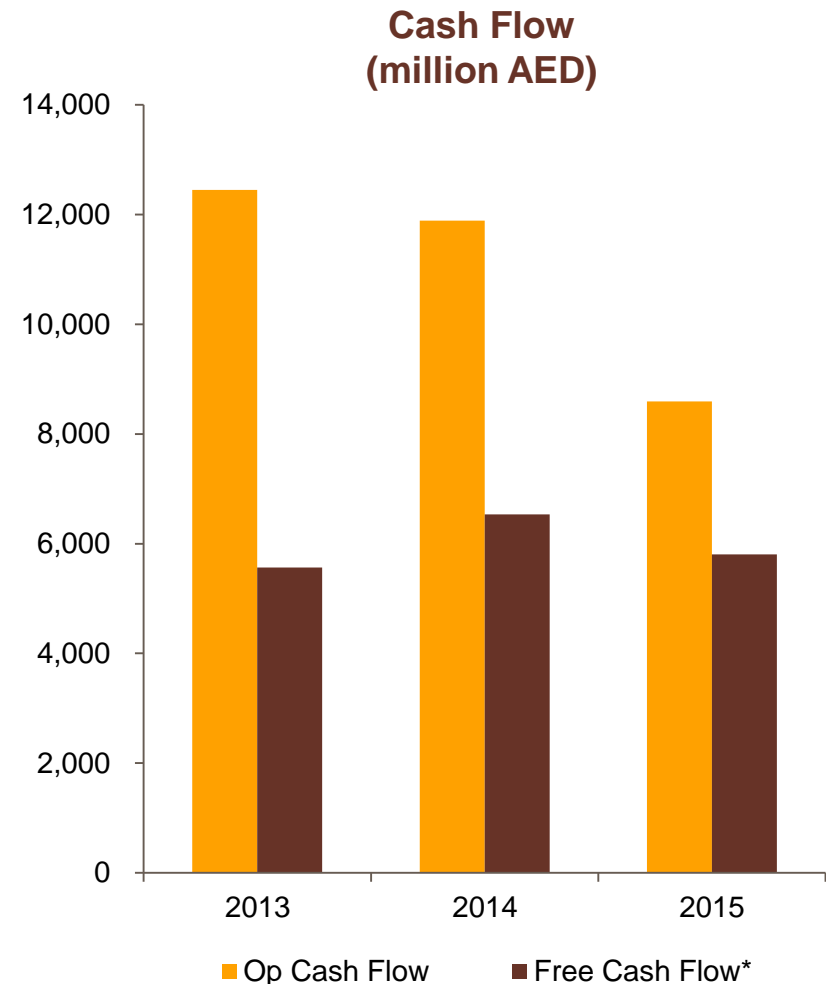


\*Opex excludes construction and fuel costs, and G&A is net after recoveries

# Cash Flow: Positive free cash flow despite lower prices



- Low commodity prices pressured 2015 cash flow
- Impact softened by reduced cash costs and capex and steady cash flows from Power & Water businesses
- AED 5.8 billion of free cash flow generated in 2015:
  - 11% reduction from 2014
  - 4% increase from 2013
- Drop in year-on-year realized prices:
  - 30% in Netherlands
  - 46% in UK
  - 52% in North America



Free Cash Flows represents Operating less Investing Cash Flows

# Liquidity and key ratios



- Refinancing US\$3.1 billion of existing revolving credit facilities maturing in Dec 2015 and Dec 2017
  - Benefiting from favorable credit market conditions
  - Offering oversubscribed
  - Five-year facility with an opening margin of 50 basis points over LIBOR, an improvement over the previous terms
- AED 12.6 billion of available liquidity
  - AED 3.4 billion of cash and cash equivalent
  - AED 9.2 billion of unutilized bank lines
- Moody's and Standard & Poor's reaffirmed rating at A3 and A respectively

AED billion	2014	2015
Cash and cash equivalent	3.5	3.4
Undrawn credit facilities	11.5	9.2
<b><u>Key ratios</u></b>		
Net debt / net capital	84%	86%
EBITDA/Interest	3.5x	2.5X
Net Debt/EBITDA	5.0x	7.4X

# Concluding remarks









## Appendix



# Operational Data – Power & Water KPIs



		12 months ended December 31	
		2014	2015
<b><u>UAE domestic plants</u></b>			
Power generation	(GWh)	58,941	64,324
Water desalination	(MIG)	260,100	264,127
Technical availability	(%)	91.8	92.0
<b><u>International plants</u></b>			
Power generation	(GWh)	23,723	26,793
Technical availability	(%)	88.2	89.5

# Operational Data – Oil & Gas Production



Average Production		12 months ended December 31	
		2014	2015
<b><u>North America</u></b>			
Crude oil	(mbbls/day)	17.28	15.17
Natural gas liquids	(mbbls/day)	11.85	10.06
Natural gas	(mmcf/day)	362.13	325.85
Average	(mboe/day)	89.48	79.54
<b><u>United Kingdom</u></b>			
Crude oil	(mbbls/day)	53.61	50.58
Natural gas liquids	(mbbls/day)	0.97	0.97
Natural gas	(mmcf/day)	40.97	30.14
Average	(mboe/day)	61.41	56.56
<b><u>The Netherlands</u></b>			
Crude oil	(mbbls/day)	2.03	2.57
Natural gas	(mmcf/day)	35.82	39.50
Average	(mboe/day)	8.00	9.15
<b><u>Total Production</u></b>			
Crude Oil	(mbbls/day)	72.92	68.31
Natural Gas Liquids	(mbbls/day)	12.82	11.02
Natural Gas	(mmcf/day)	438.92	395.49
Average	(mboe/day)	158.89	145.25

# Operational Data – Oil & Gas Pricing



Average Realised Prices		12 months ended December 31	
		2014	2015
<b><u>North America</u></b>			
Crude oil	(US\$/bbl)	77.09	37.45
Natural gas liquids	(US\$/bbl)	54.20	22.02
Natural gas	(US\$/mcf)	4.32	2.20
Average	(US\$/boe)	39.56	18.92
<b><u>United Kingdom</u></b>			
Crude oil	(US\$/bbl)	100.13	52.27
Natural gas liquids	(US\$/bbl)	70.21	31.59
Natural gas	(US\$/mcf)	8.54	6.57
Average	(US\$/boe)	94.34	50.78
<b><u>The Netherlands</u></b>			
Crude oil	(US\$/bbl)	95.67	51.01
Natural gas	(US\$/mcf)	8.61	6.88
Average	(US\$/boe)	62.92	44.17

# Operational Data – Oil & Gas Netbacks



Operating Netbacks	12 months ended December 31	
	2014	2015
<b><u>North America</u></b>		
Gross price	39.56	18.92
Royalties	6.27	2.03
Net sales price	33.29	16.89
Operating costs	10.76	8.54
Operating netback	22.53	8.36
<b><u>United Kingdom</u></b>		
Gross price	94.34	50.78
Net sales	94.34	50.78
Operating costs	36.54	30.31
Operating netback	57.80	20.46
<b><u>The Netherlands</u></b>		
Gross price	62.92	44.17
Royalties	1.64	0.03
Net sales price	61.28	44.14
Operating costs	18.12	12.50
Operating netback	43.16	31.64