

# Investor Presentation

Abu Dhabi National Energy Company (TAQA)  
February 2021

POWERING A THRIVING **FUTURE**



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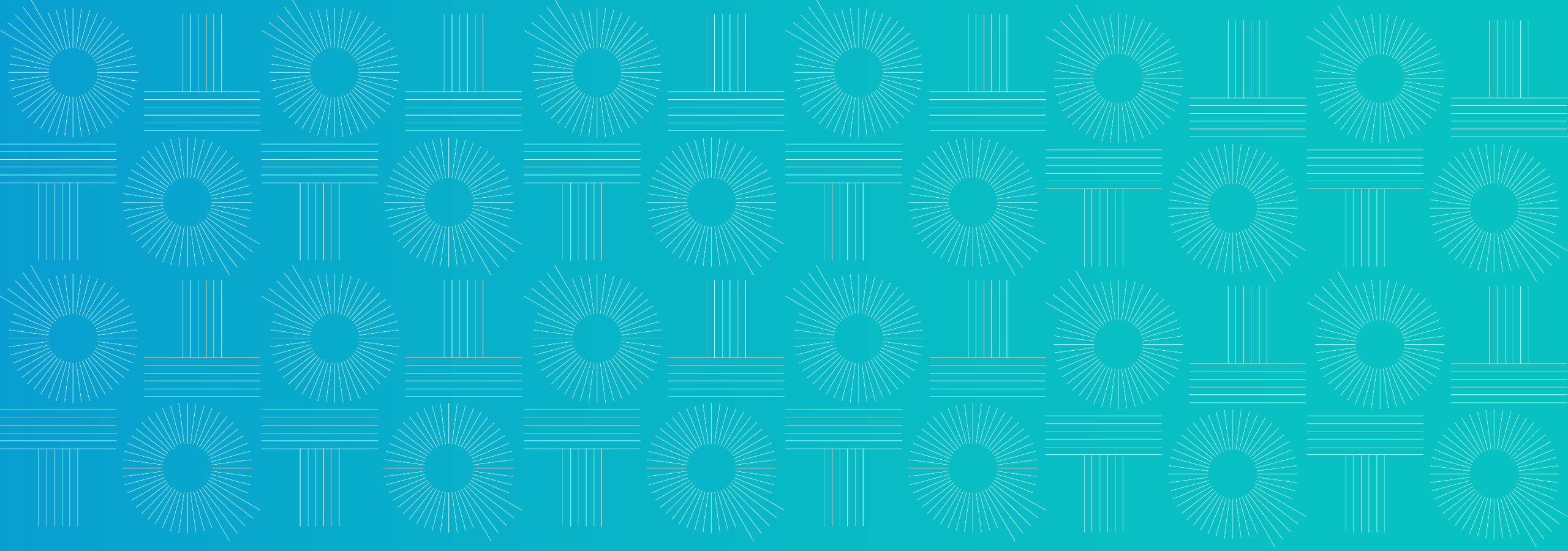
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# Table of contents

|   |                                  |    |
|---|----------------------------------|----|
| 1 | TAQA / ADPower transaction recap | 4  |
| 2 | TAQA portfolio overview          | 11 |
| 3 | Key investment highlights        | 16 |
| 4 | Corporate governance             | 24 |
| 5 | FY 2020 results                  | 28 |
| 6 | 2020 highlights                  | 32 |
| 7 | Q&A                              | 34 |
| 8 | Appendices                       | 35 |



# TAQA / ADPower transaction recap

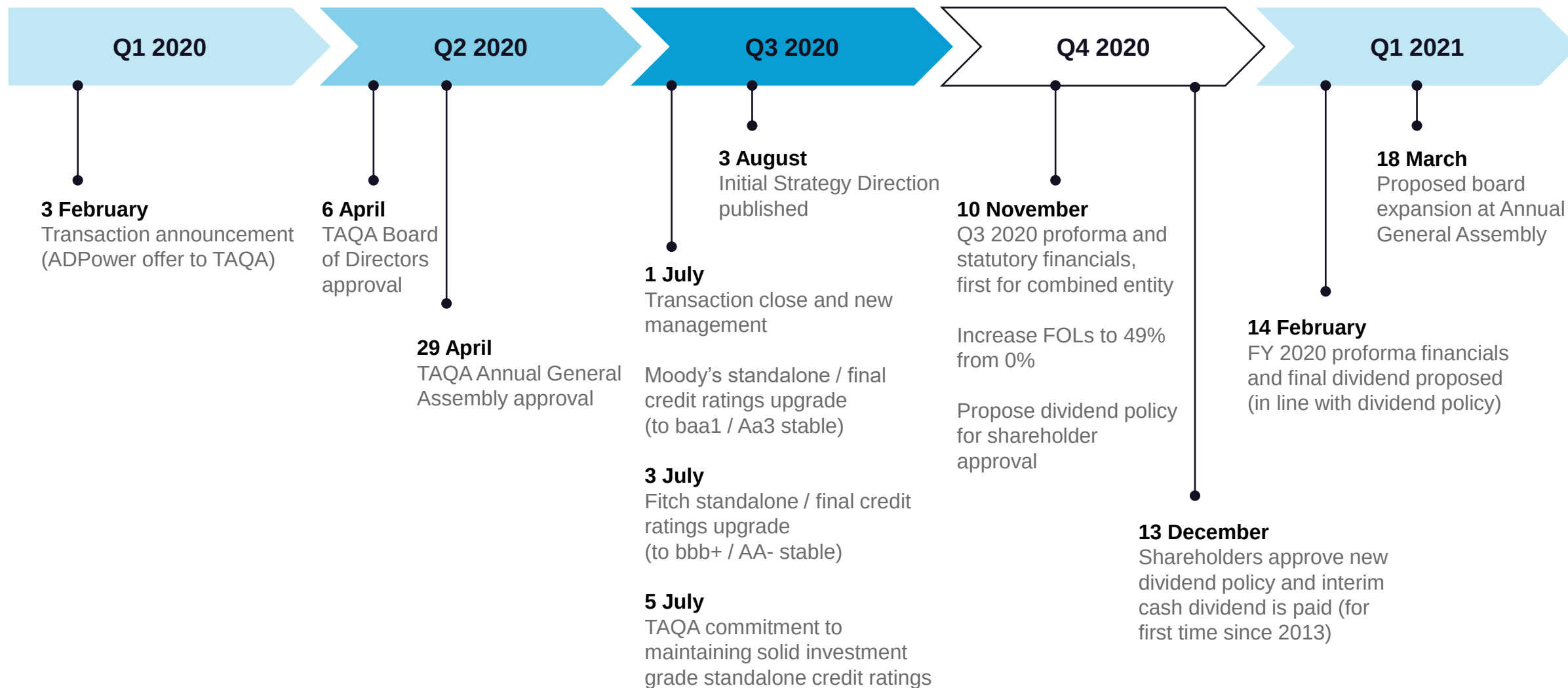


# ADPower and TAQA are writing history

Creating a regional water and electricity champion that will transform the sector



# Merger timeline and key milestones



# Key objectives achieved by TAQA – ADPower transaction

Strengthened capital structure, secure cash flow profile and strong growth prospects



Creation of a national power & energy champion to lead sector transformation

- A Formation of one of the largest listed integrated utilities in the region holding the **rights in perpetuity for the regulated power and water network concessions in Abu Dhabi**
- B Enjoys **exclusivity rights to participate in all future power and water generation projects tendered in Abu Dhabi over the next ten years with a minimum 40% stake**



Enhanced capital structure with a strong balance sheet and secure cash flow profile

- A **Highly predictable and secure cash flow profile** underpinned by a transparent regulatory framework and long term offtake contracts leading to **more than 90% of EBITDA being contracted or regulated**
- B **Robust capital structure and immediate deleveraging of TAQA**, with further performance uplift potential from integration

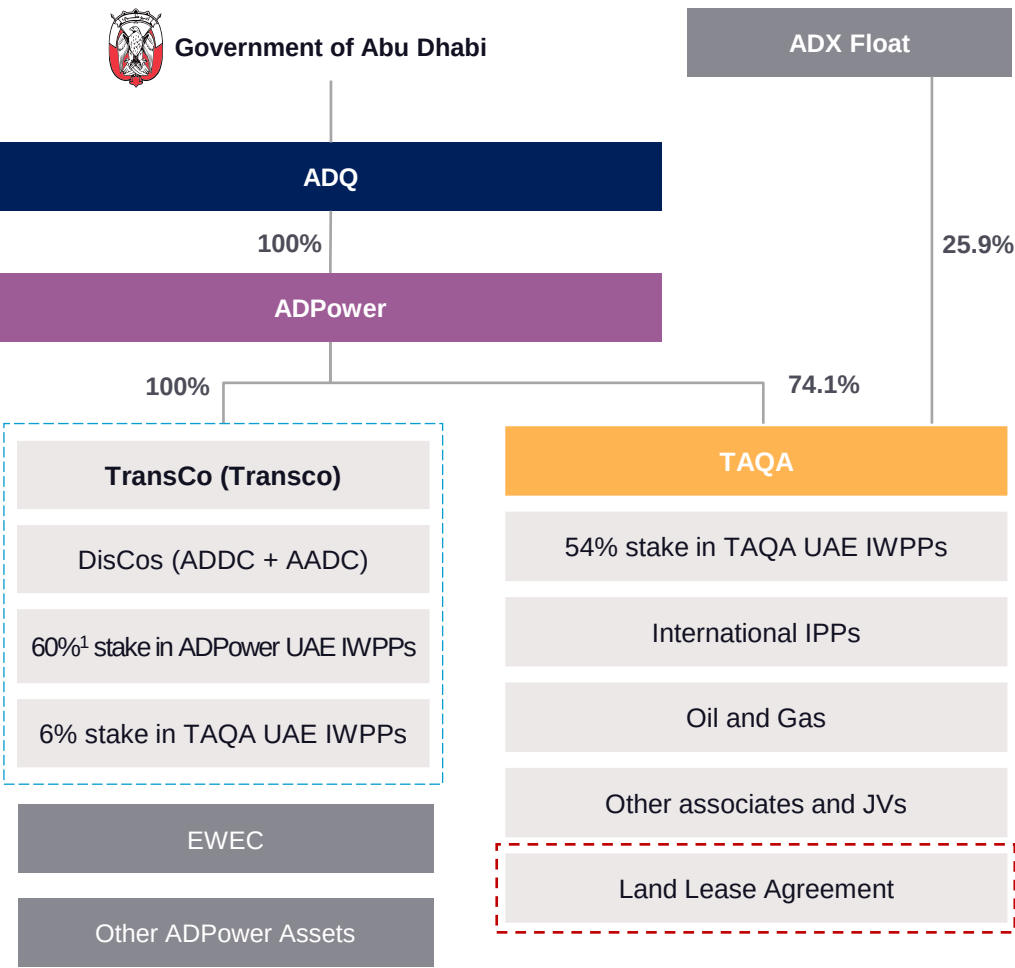


Essential infrastructure company for Abu Dhabi with strong government support

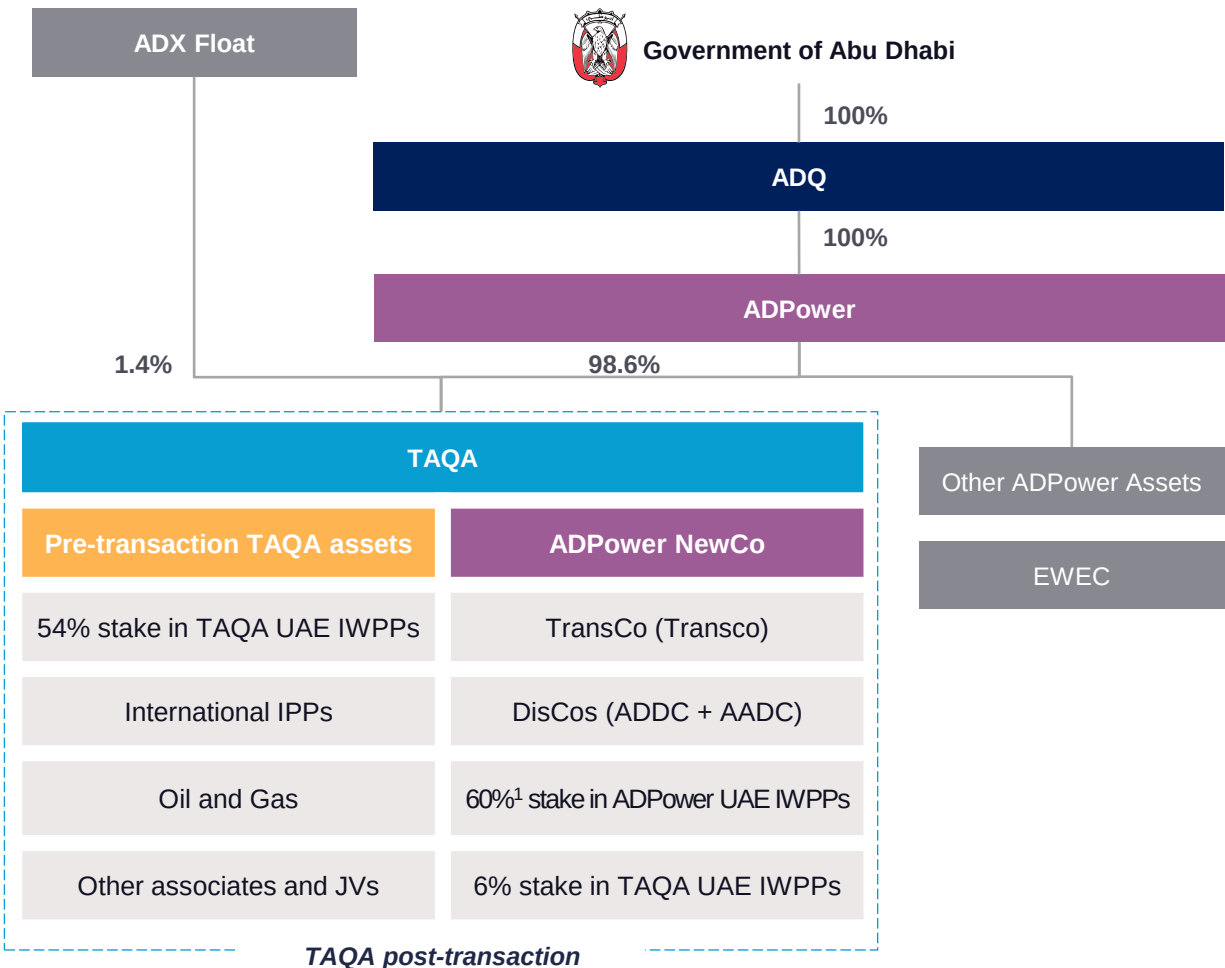
- A Strong and stable company **providing virtually all the critical power and water infrastructure for the Abu Dhabi economy and the only vehicle available to invest in this sector**
- B **Positioned to capture the infrastructure growth** expected in Abu Dhabi and selectively seeking value-added growth outside the Emirate

# Corporate structure pre and post transaction with ADPower

TAQA and ADPower structure pre-transaction



TAQA structure post-transaction



Transaction Perimeter  
 Terminated (as part of the transaction)

1. Except AMPC, which is fully owned.

# Favourable ratings outcome post-transaction

Improved business profile acknowledged through extraordinary upgrade of TAQA's standalone ratings



- Transaction significantly enhances asset portfolio by the addition of the transmission and distribution assets to its generation assets and creating a leading integrated utility in the Emirate of Abu Dhabi
- Higher ownership and strategic nature of TAQA operations strengthens importance to Abu Dhabi
- The transfer of assets significantly improves TAQA's financial profile through improved leverage metrics post transaction

*[Moody's] consider the asset transfer as a form of financial support from the government to TAQA because it will significantly improve its capitalisation .... Given the highly strategic nature of these operations in an arid and harsh desert climate, [Moody's] expect the government to continue to support TAQA's operations.*

Moody's 5 July 2020 Credit Opinion

- Asset transfers to TAQA improves its position in electricity generation and water desalination, and secures a leadership position in the water and electricity sector in Abu Dhabi
- TAQA to enjoy a pronounced importance to Abu Dhabi's electricity and water markets, UAE Energy Strategy 2050, and its role in diversifying the Emirates' generation towards renewables
- Maintains moderate level of leverage

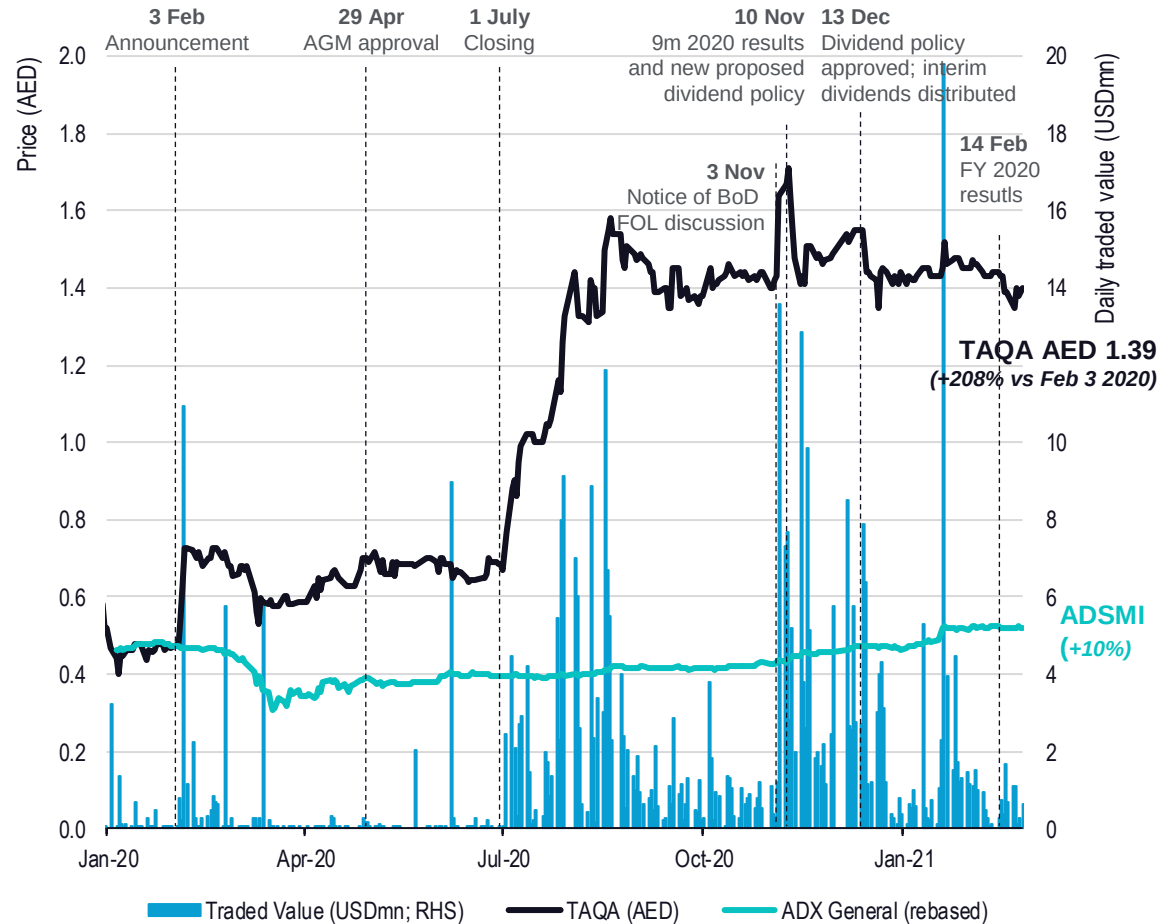
*Very Strong assessment of the support track record and expectations factor is driven by consistent, timely and large-scale tangible support provided by Abu Dhabi to TAQA .... upgrade is supported by the strengthening of the links under Fitch Government-Related Entities Rating criteria between TAQA and its majority indirect shareholder Abu Dhabi (AA/Stable).*

Fitch 3 July 2020 Rating Action Commentary

# TAQA shares and bonds have reacted positively

## Share price has rallied and daily value traded significantly increased

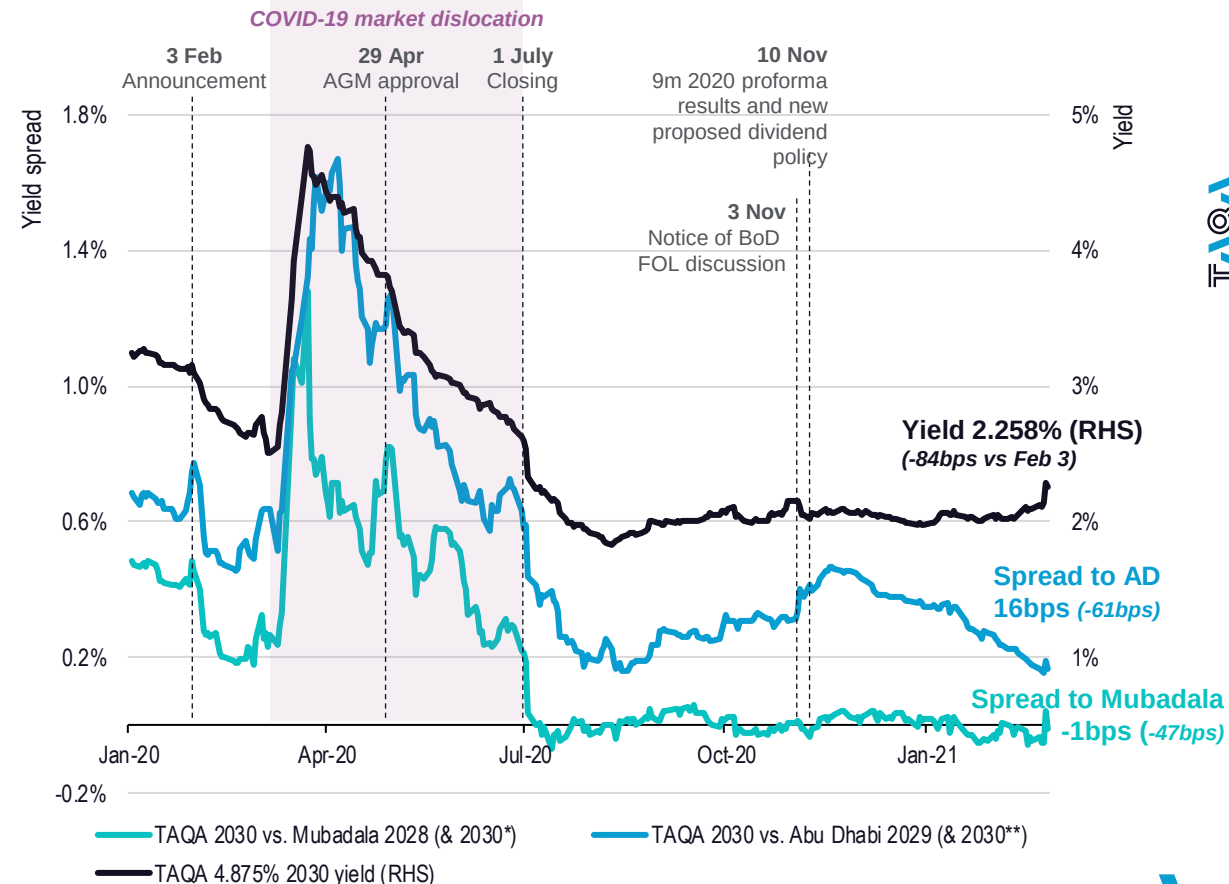
- TAQA's share price has tripled (up ~200%) since deal announcement
- ADX market index up 10% over the same period
- Average daily value traded up from US\$ 0-1mn to US\$ 2-3mn



Source: Bloomberg, as of 26 February 2021

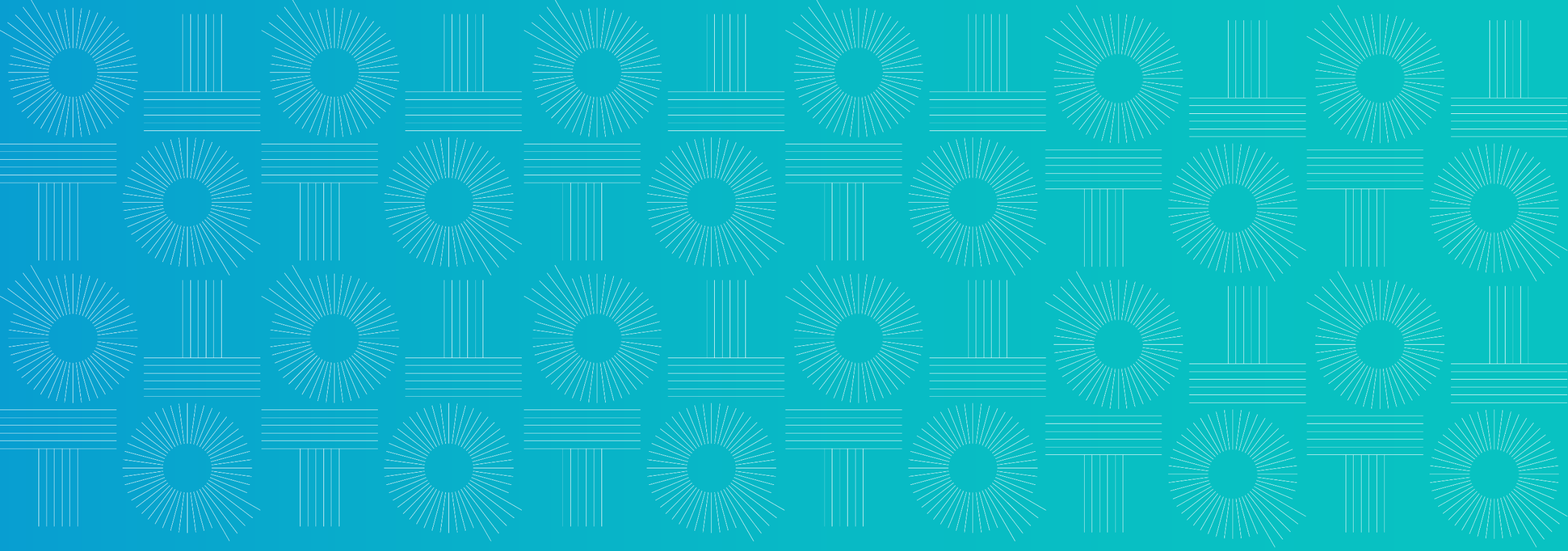
## Bond yields improved and spreads to Mubadala and Abu Dhabi tightened

- TAQA bonds now pay only 0.16% more and yield the same as the Abu Dhabi sovereign for 10 and 30-year borrowing (vs. 0.75% and 0.60% premium transaction)
- TAQA bonds are currently trading flat to Mubadala's curve, which is rated at the sovereign level but trades at a spread to it
- TAQA 10-year bonds currently yield 2.258% and 30-year bonds 3.282%



Source: Bloomberg as of 26 February 2021

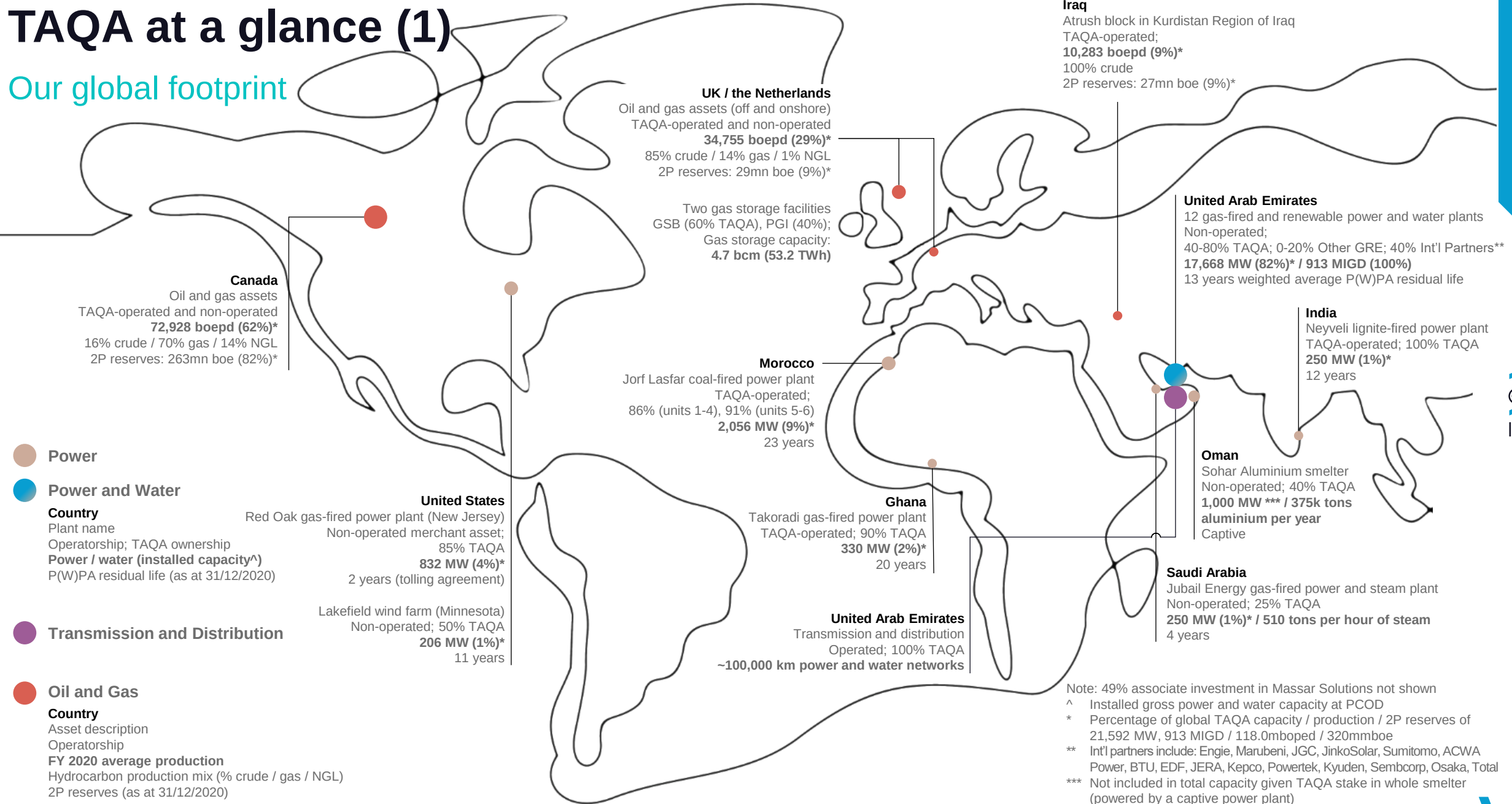
\* Starting 18 May 2020 as new on-the-run benchmark; \*\* starting 14 April 2020



## TAQA portfolio overview

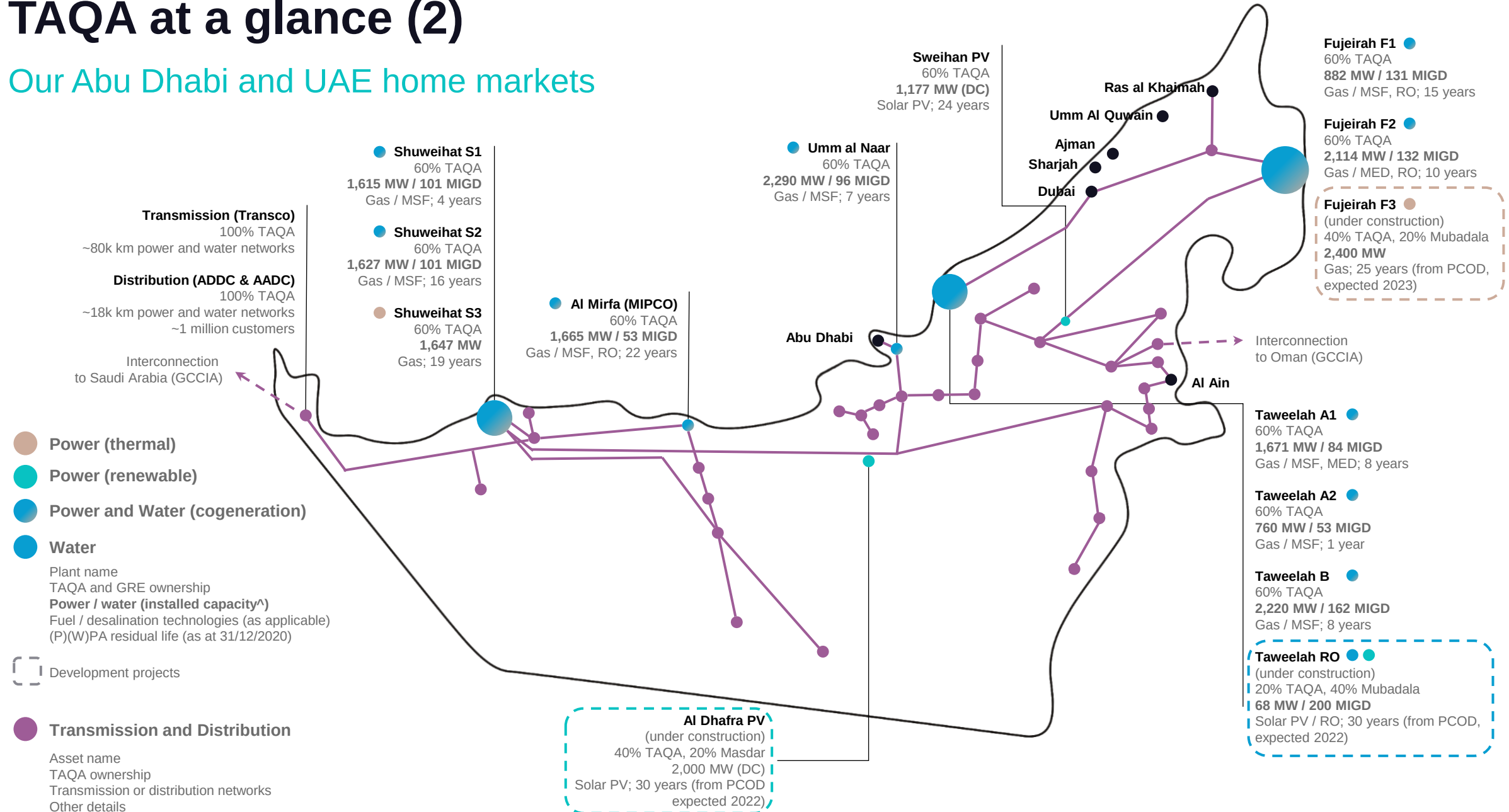
# TAQA at a glance (1)

## Our global footprint



# TAQA at a glance (2)

## Our Abu Dhabi and UAE home markets



# Current growth projects

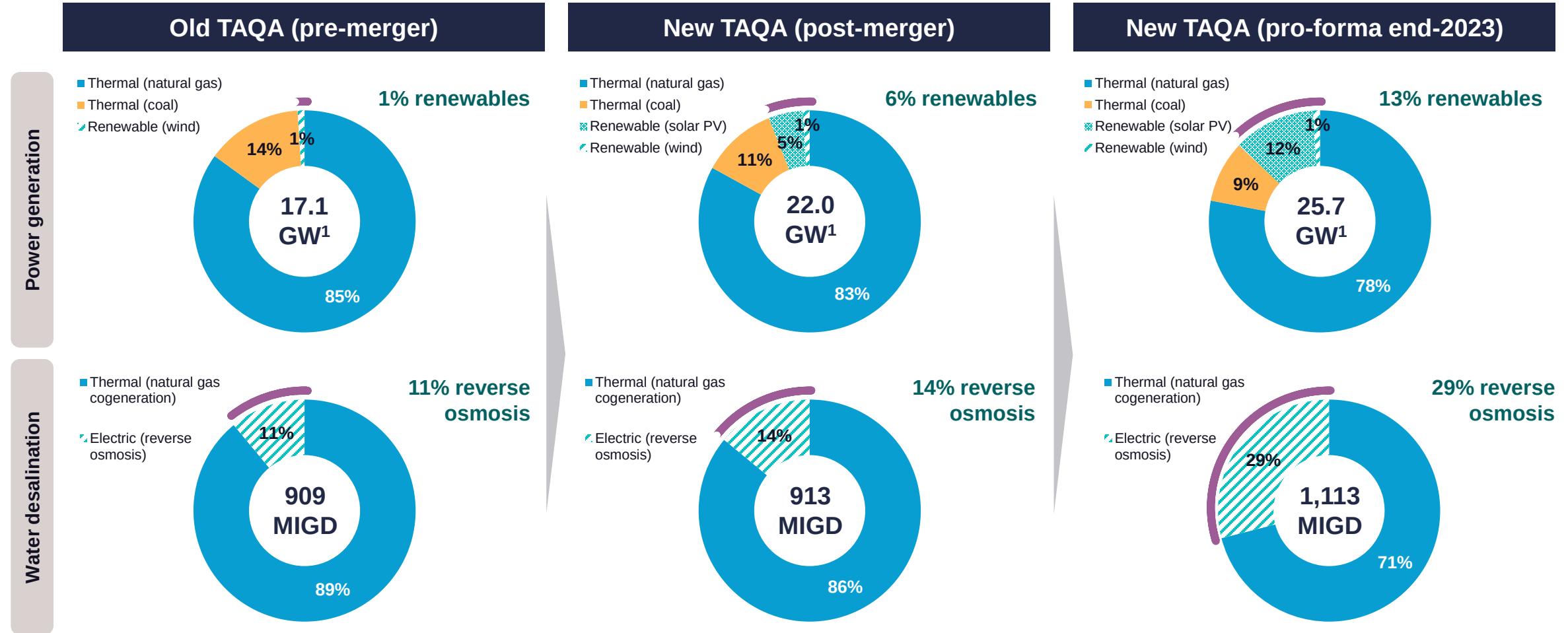
Significant generation capacity and network additions to meet demand and energy transition

|                                                                                                      | Generation                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                 | Distribution                                                                                                                                                                                                                                                                                        | Group                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                      | Taweelah RO                                                                                                                                                                                                                                                                           | Al Dhafra PV                                                                                                                                                                                                                                                               | Fujairah F3                                                                                                                                                                                                                     | Recycled Water Distribution                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                             |
| Country                                                                                              |                                                                                                                                                                                                      |                                                                                                                                                                                          |                                                                                                                                              |                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                             |
| Overview                                                                                             | <ul style="list-style-type: none"> <li>• <b>World's largest</b> sea-water reverse osmosis plant (44% larger than current largest plant)</li> <li>• <b>200 MIGD</b> water desalination capacity</li> <li>• <b>68 MW</b> onsite (captive) solar PV power generation capacity</li> </ul> | <ul style="list-style-type: none"> <li>• <b>World's largest</b> solar photovoltaic plant</li> <li>• <b>2 GW</b> (DC) power generation capacity</li> <li>• One of the most cost-competitive tariffs at US\$ 1.35 cents/kWh (levelized cost of electricity basis)</li> </ul> | <ul style="list-style-type: none"> <li>• <b>UAE's largest</b> gas-fired (CCGT) independent power project (IPP)</li> <li>• <b>2.4 GW</b> power generation capacity</li> <li>• One of the most efficient in the region</li> </ul> | <ul style="list-style-type: none"> <li>• Two projects to distribute recycled water beyond municipal landscaping to include commercial and agricultural operations</li> <li>• <b>Capacity to distribute 85 MIGD</b> of recycled water</li> <li>• <b>150 km</b> of pipelines in two phases</li> </ul> | <ul style="list-style-type: none"> <li>• <b>4.4 GW / 200 MIGD</b> additional generation capacity</li> <li>• <b>Substantially de-risked financial profile<sup>(1)</sup>:</b> <ul style="list-style-type: none"> <li>– Long-term PWPAs with EWEC (Abu Dhabi govt. owned)</li> <li>– Contractual protection for cost risks (e.g. fuel, O&amp;M)</li> <li>– LTSAs with OEMs for turbines</li> </ul> </li> </ul> |
| Project cost                                                                                         | <ul style="list-style-type: none"> <li>• US\$ 870 million</li> </ul>                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>• US\$ 1.0 billion</li> </ul>                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>• US\$ 1.1 billion</li> <li>• 40% lower than average fleet cost</li> </ul>                                                                                                               | <ul style="list-style-type: none"> <li>• US\$ 245 million</li> </ul>                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                             |
| Expected PCOD                                                                                        | <ul style="list-style-type: none"> <li>• 2022 with 30-year WPA</li> </ul>                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>• 2022 with 30-year PPA</li> </ul>                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>• 2023 with 25-year PPA</li> </ul>                                                                                                                                                       | <ul style="list-style-type: none"> <li>• Q3 2021 (30 MIGD pipeline)</li> <li>• Q4 2021 (55 MIGD pipeline)</li> </ul>                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                             |
| Sponsors                                                                                             | <ul style="list-style-type: none"> <li>• <b>20% TAQA</b>, 40% Mubadala, 40% ACWA Power</li> </ul>                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>• <b>40% TAQA</b>, 20% Masdar, 20% EDF, 20% JinkoSolar</li> </ul>                                                                                                                                                                   | <ul style="list-style-type: none"> <li>• <b>40% TAQA</b>, 20% Mubadala, 40% Marubeni</li> </ul>                                                                                                                                 | <ul style="list-style-type: none"> <li>• Not applicable</li> </ul>                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                             |
| UAE generation projects demonstrate new 40% exclusivity rights, which continue out to next ten years |                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                             |

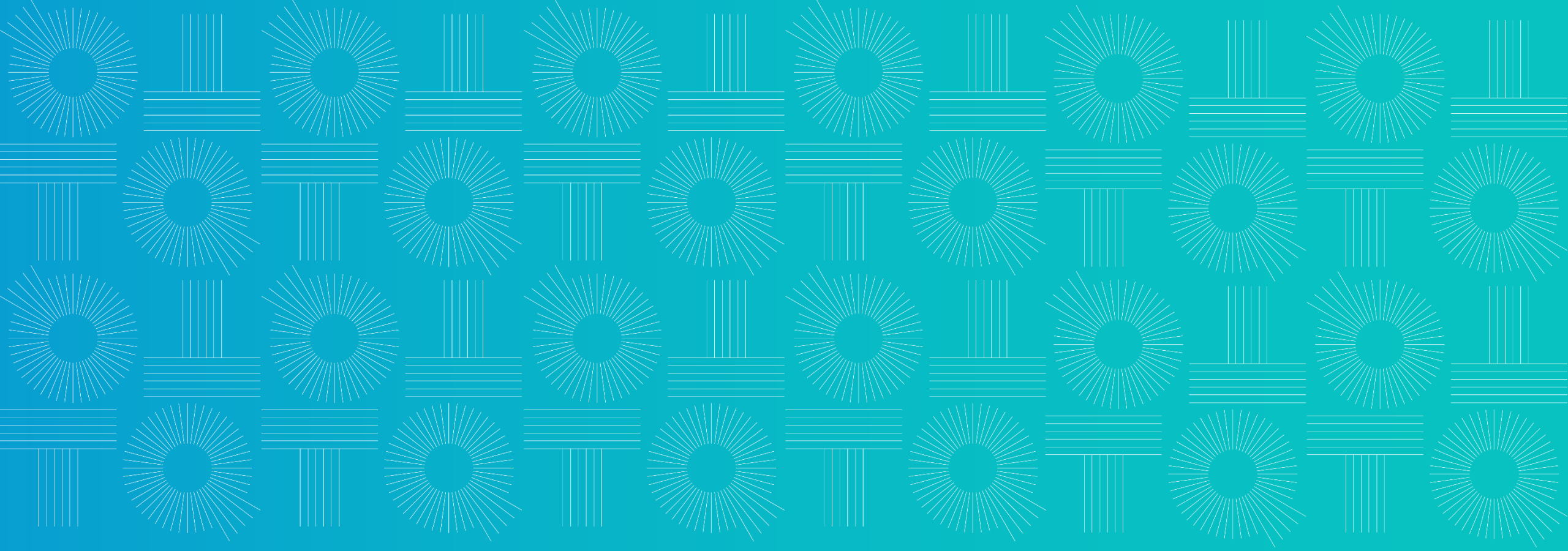
1. For generation projects, as for existing UAE generation fleet

# Generation energy and technology mix

Clear and rapid transition to clean technologies

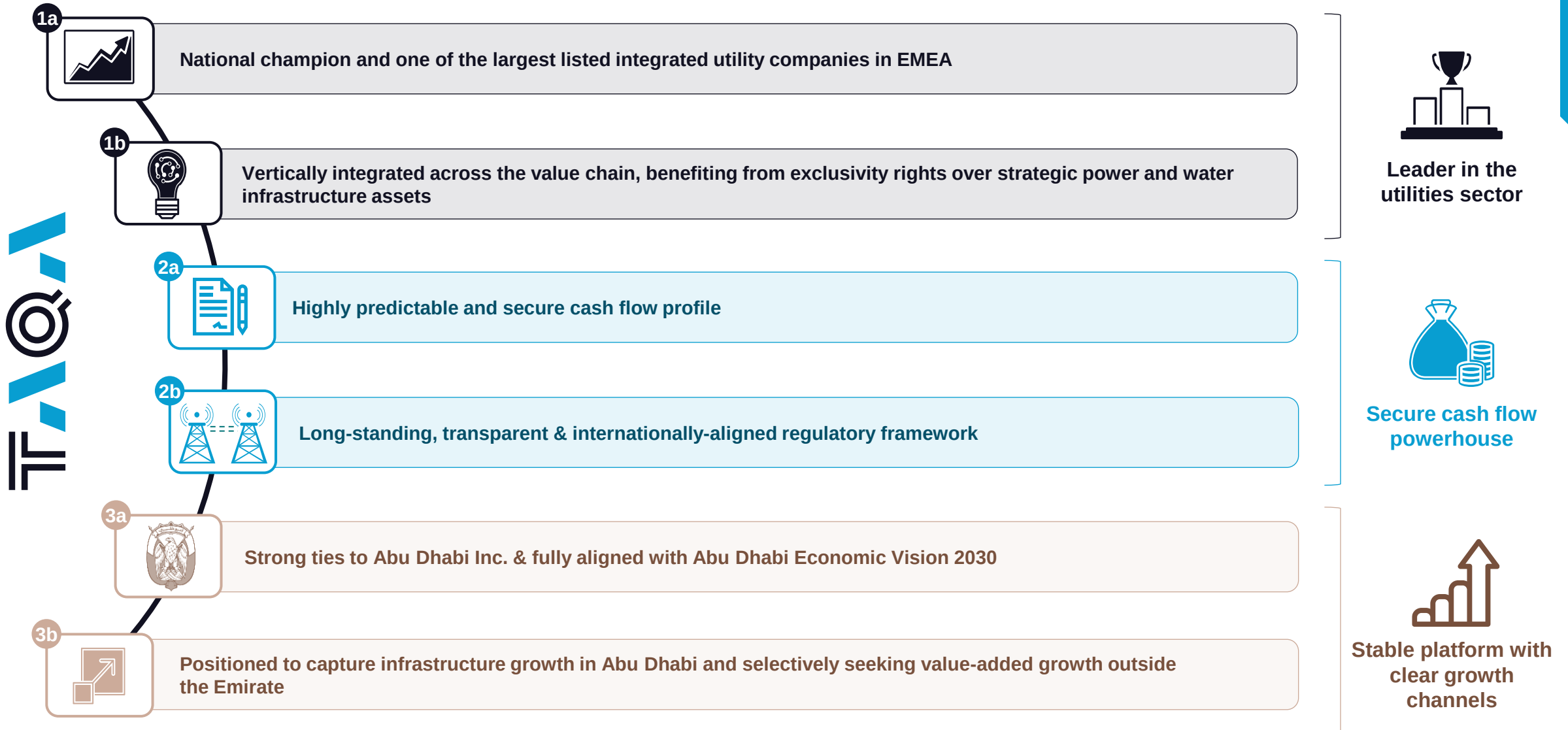


Currently targeting >20% share of solar and >50% share of reverse osmosis within TAQA's UAE generation capacities by 2030<sup>2</sup>



# Key investment highlights

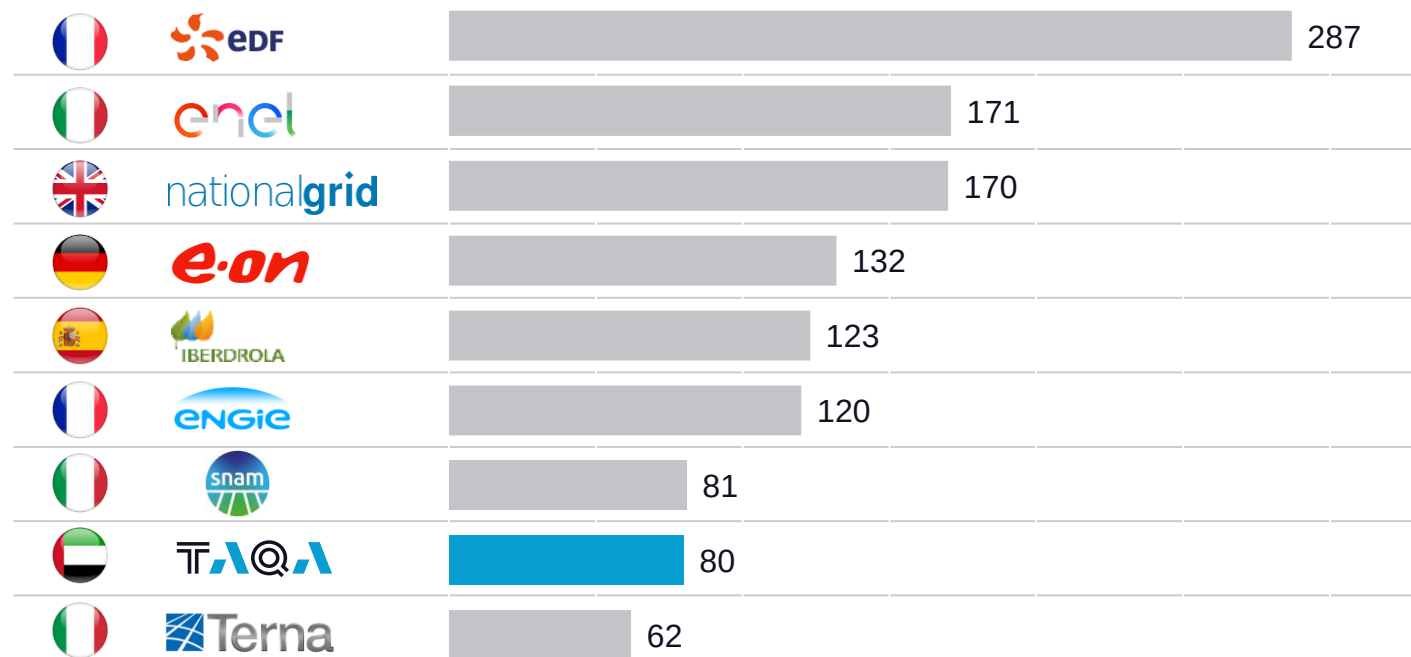
# Key investment highlights



# 1a One of the largest listed integrated utilities in EMEA

## Regulated Asset Base of Largest EMEA Utilities<sup>1</sup>

AED bn (latest available)



✓ #1 listed integrated utility player in the region<sup>3</sup>, similar to Saudi Electricity Co.

✓ #1 listed entity on ADX and in the UAE<sup>3</sup>

✓ #4 listed non-financial institution in the GCC<sup>3</sup>

✓ Top 10 Utility player in EMEA by RAB

~22 GW<sup>2</sup>

Gross power generation capacity

>900 MIGD<sup>4</sup>

Gross water desalination capacity

>AED 185bn

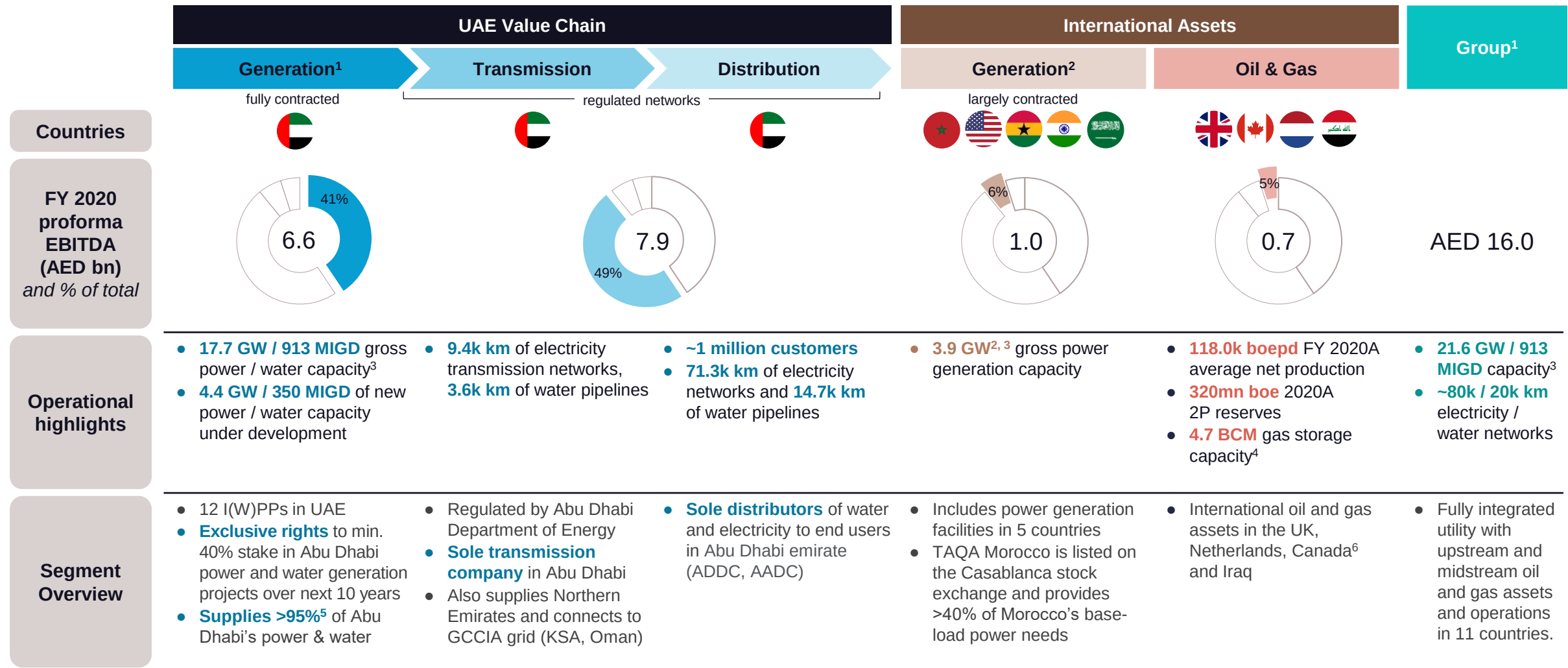
Total assets

~1 million

Customers in the UAE

# 1b Vertically integrated across the utilities value chain

## TAQA segmental overview and financial highlights



Source: TAQA FY 2020 pro-forma financials (disclosed in MD&A); figures may not show corporate segment or eliminations; percentages may not add to 100% due to rounding.

1. EBITDA figures and operational highlights exclude Taweelah RO, Fujairah F3 and Al Dhafra Solar Project; 2. EBITDA figures exclude JV investment (Lakefield) and operational highlights exclude TAQA's minority stake in Sohar Aluminium (Oman), a smelter with a 1GW captive power generation plant; 3. Installed gross capacities at PCOD. 4. Capacities at Bergermeer Gas Station & Peak Gas Installation in The Netherlands; 5. Excluding captive power generation, e.g. EGA, ADNOC; 6. In early 2020, TAQA North exited all its oil and gas activities in the United States (a non-core region with mature assets and production of less than 1,000 boepd).

## 2a Highly predictable and secure cash flow profile

Over 90% of revenues and EBITDA derived from regulated and contracted businesses



Regulated and long-term contracted earnings represent over 90% of revenues and EBITDA



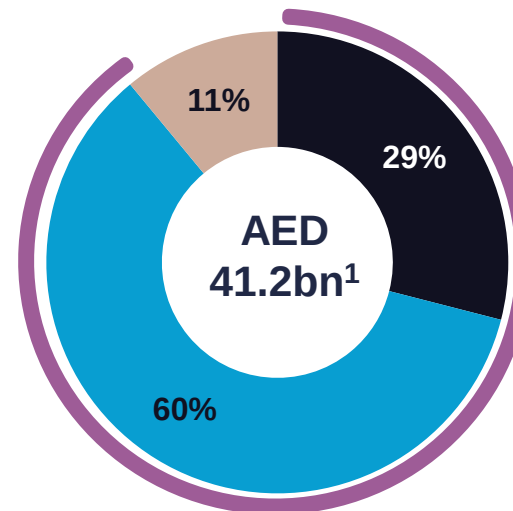
Single regulatory framework in place for 3 regulated networks (Transco, ADDC and AADC) in Abu Dhabi ensures predictable cash flows



12 years<sup>2</sup> weighted residual life of P(W)PAs excluding projects under development. The latter will have 25 or 30-year purchase agreements once completed in the next 2 years

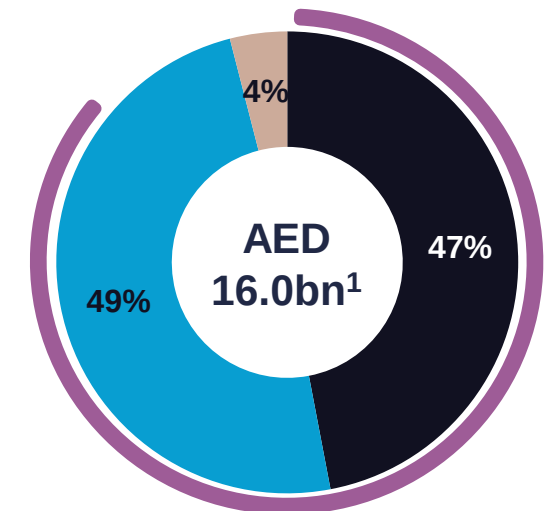
Pro forma FY 2020 Revenue

■ Contracted ■ Regulated ■ Other



Pro forma FY 2020 EBITDA

■ Contracted ■ Regulated ■ Other



- **Contracted:** Local and international power generation assets
- **Regulated:** Transmission and Distribution companies
- **Other:** Oil and Gas

Long-term predictability and visibility of cash flow profile underpinned by 90% or more of revenues and EBITDA derived from regulated and contracted assets

1. TAQA FY 2020 pro-forma consolidated financials (contained in MD&A)

2. Weighted by gross installed power capacity and excluding Red Oak tolling agreement - merchant asset

# Long-standing, transparent & internationally-aligned regulation

## Business Model for Transmission and Distribution segment in Abu Dhabi

**Abu Dhabi government objective & guidelines**



حكومة أبوظبي  
GOVERNMENT OF ABU DHABI

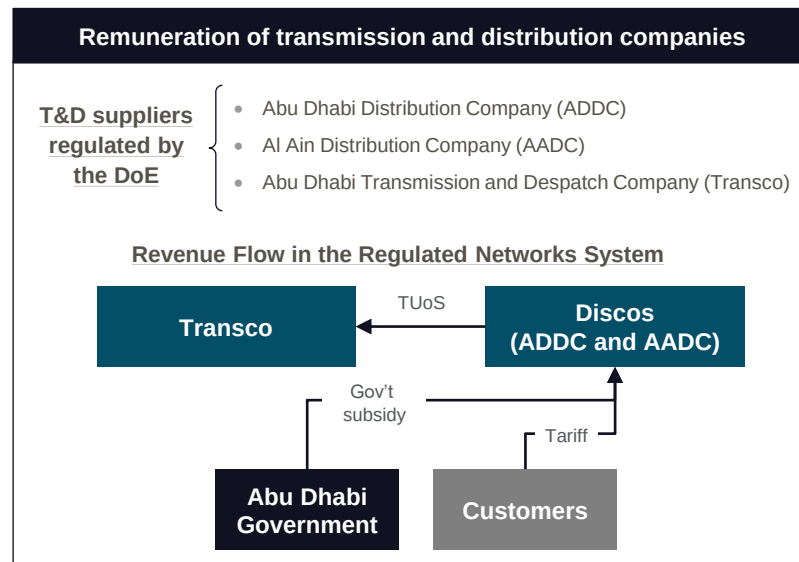
- Regulation of energy sector is fully aligned with Government of Abu Dhabi's objectives of guaranteeing supply to customers in line with global levels of service

**Local Regulator**



دائرة الطاقة  
DEPARTMENT OF ENERGY  
Abu Dhabi  
Department of Energy

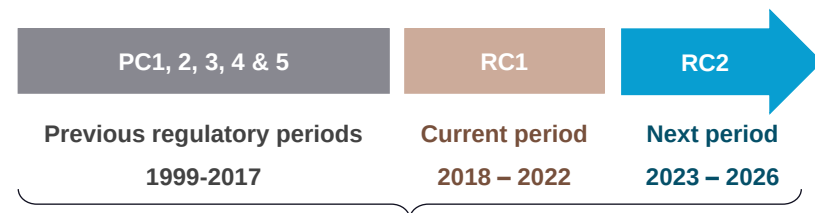
- Regulates and supervises the energy sector in Abu Dhabi
- Regulations and codes are available publicly on DoE website



## Key Elements of the T&D Regulation

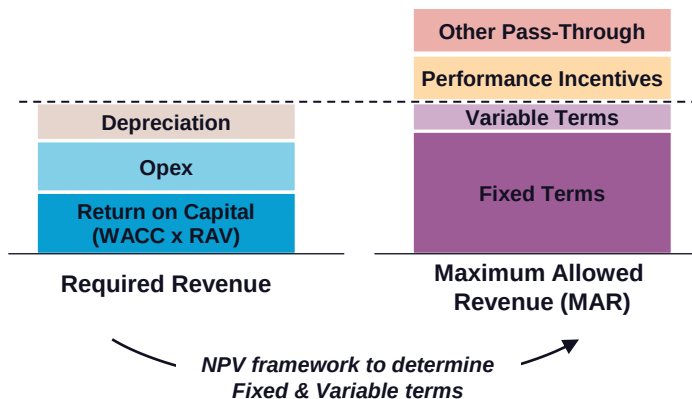
- ✓ RAB-based framework with transparent and publicly available regulatory guidelines
- ✓ Framework adjusted every 4 years, following a stable methodology and internationally-aligned regulatory WACC
- ✓ Abu Dhabi networks' regulation in place since 1999, with no major changes to regulatory principles since then
- ✓ MAR dominated by fixed component at 85% of total revenues
- ✓ MAR collected from end users and government subsidy acting as a revenue balancer
- ✓ TAQA's constant dialogue with the regulator and relationship with the DoE ensure a continuing optimal regulatory environment

## Evolution of Regulatory Periods Since 1999



- Stable regulatory framework with same principles being applied since inception of regulation in 1999
- Regulatory periods usually last for 4 years
- Current RC1 period to be extended for an extra year to ensure continuity during the Covid situation

## Revenue Building Blocks for Regulated Companies



3a

# Strong ties to Abu Dhabi Inc. & fully aligned with Abu Dhabi Economic Vision 2030

A key asset for Abu Dhabi ...

98.6% indirect ownership by the Government of Abu Dhabi (GoAD)

Board members include executives of ADQ and other GoAD entities

Strategically important, providing over 95%<sup>1</sup> of Abu Dhabi's power and water needs

Long track record of government support including equity contributions and grants

...given TAQA's essential contribution to Abu Dhabi's economy

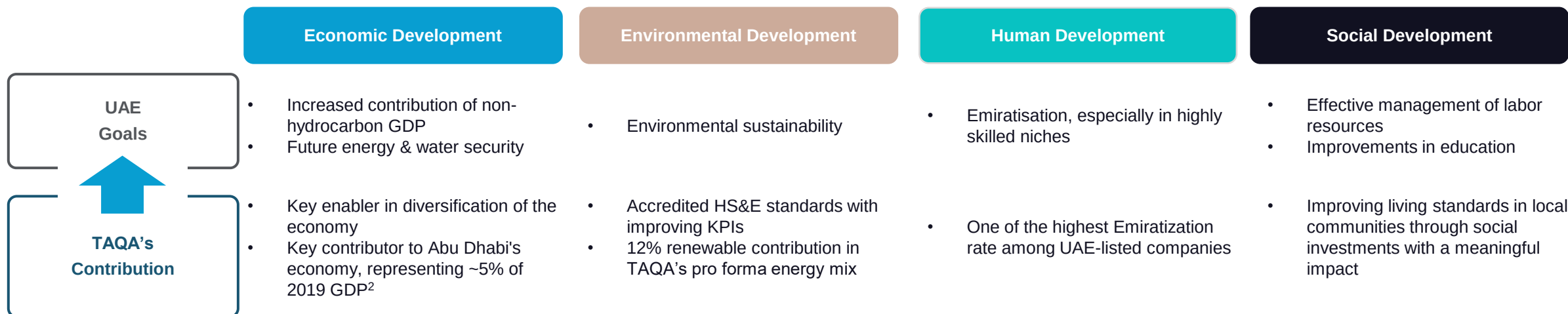


TAQA was specifically established through an Emiri decree



TAQA is the largest holding in the ADQ Portfolio

...with full alignment with Abu Dhabi Economic Vision 2030



Source: TAQA corporate disclosures, Government of Abu Dhabi bond prospectus & supplement

Notes: 1. Excluding captive power generation, e.g. EGA, ADNOC; 2. Calculated using TAQA's 2019A PF revenues in the UAE of AED 40bn and Abu Dhabi's GDP at constant prices in 2019 of AED 804bn.

# Ability to access high-value growth opportunities

## Growth across the value chain in the UAE



*Optimally placed to capture potential growth opportunities in the United Arab Emirates, including playing a key role in delivering the United Arab Emirates Energy Strategy 2050*

### Generation



Invest in new Power & Water capacity in Abu Dhabi to match demand growth and transition to renewables



Investment in RO<sup>1</sup> and solar, fulfil UAE strategy of raising renewable share of power generation to 50% by 2050

### Transmission and distribution



Upgrade of existing connections and new networks



Growth of power and water grid to accommodate new demand

## Selective approach to growth in international markets



*TAQA will selectively seek value-added growth outside of UAE*



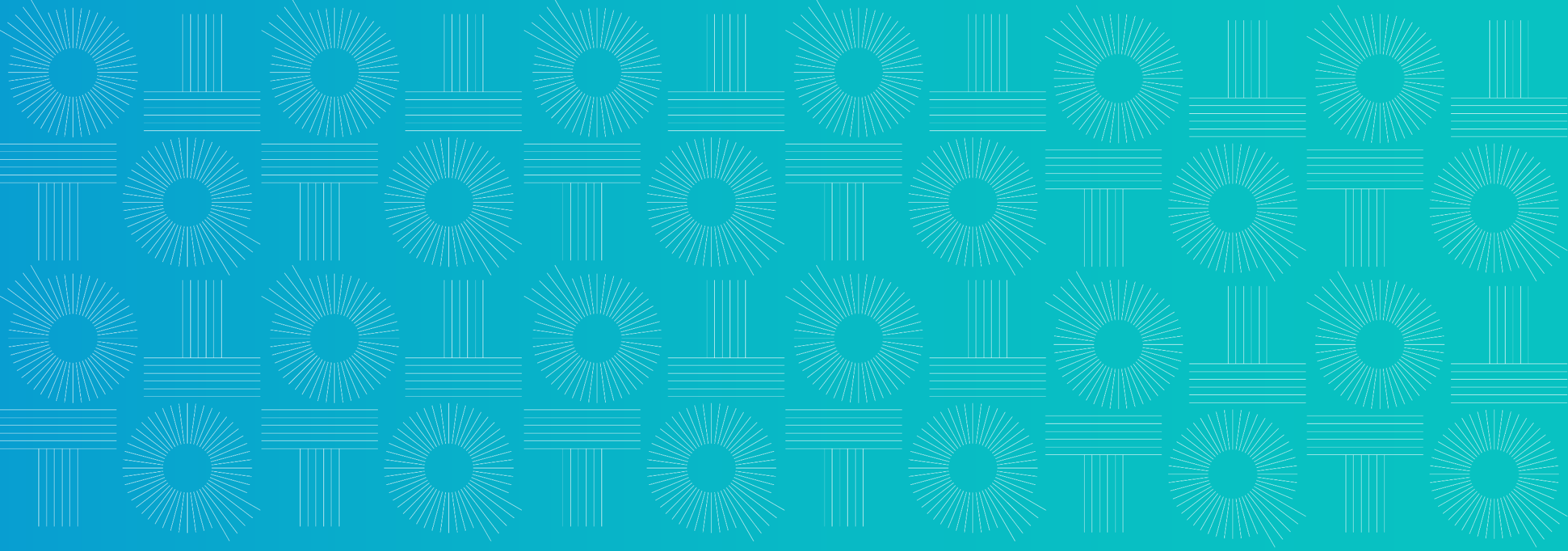
Focus on **contracted** or **regulated** power and water generation opportunities with attractive risk-adjusted returns



Focus on **markets** where we have a strong competitive advantage or an existing presence



Enter projects with **substantial size** that fit TAQA's **core competencies**



**Corporate governance**



# Board of Directors

Seven members that also hold positions on boards and committees of various GoAD organizations; two advisory members



**H.E. Mohamed Hassan Al Suwaidi**  
*Chairman*

- Board member since 2019, elected Chairman in 2020
- CEO of ADQ, the parent company of ADPower
- Also serves on the boards of ADPower, EWEC, ENEC and Abu Dhabi Pensions & Benefits Fund
- Previously a Director of Manufacturing at Mubadala
- Bachelor's in Accounting from UAE University



**H.E. Saeed Mubarak Al Hajeri**  
*Vice Chairman*

- Board member since 2011, elected Chairman in 2014 and Vice Chairman in 2020
- Executive Director at ADIA
- Vice-Chairman of Islamic Arab Insurance Company ("Salama")
- BBA from Lewis & Clark college, Executive Education from Harvard Business School, CFA charter holder

**Other TAQA roles:** NRC Chair



**H.E. Saif Mohamed Al Hajeri**  
*Board Member*

- Elected to the Board in 2020
- Chairman of ADPower
- Previously Chairman of Abu Dhabi's Dept. of Economic Development and member of the Executive Council of Abu Dhabi
- Served as CEO of Tawazun Economic Council and Tawazun Holding
- BBA and Bachelor's degree in Economics from Lewis & Clark College

**Other TAQA roles:** NRC member



**Jasim Husain Thabet**  
*Board Member and CEO*

- Board member since 2019
- Energy executive with over 18 years experience in the UAE and wider region
- Board member of EWEC, Etihad Aviation Group and Abu Dhabi Ports
- Served as the CEO of Tabreed and VP of Industry at Mubadala
- Bachelor's degree in Mechanical Engineering from St. Martin's University, Washington, USA

**Other TAQA roles:** SIC member, MD & Group CEO



**Prof. Dr. Klaus-Dieter Maubach**  
*Board Advisor*

- Board advisor since 2020
- Over 25 years experience in the energy and utilities sector, including leadership roles at E.ON, Avacon and Encavis
- Member of supervisory boards of Uniper, ABB Deutschland and Fortum amongst others.
- Ph.D. in Electrical Engineering from University of Wuppertal, Germany, and lecturer at Clausthal University of Technology



**Khalifa Sultan Al Suwaidi**  
*Board Member*

- Elected to the Board in 2020
- Chief Investment Officer for ADQ
- Chairman of SENAAT, Agthia, NPCC, Al Foah
- Board Member of ADPower and EWEC
- Previously Executive Director of Refining & Petchems at Mubadala and Acting CEO of Abu Dhabi National Chemical Company
- Bachelor's degree in Business from California State University and EMBA from Zayed University

**Other TAQA roles:** SIC Chair, AC and NRC member



**Salem Sultan Al Dhaheri**  
*Board Member*

- Board member since 2011
- Deputy Director at ADIA
- Board Member of Al Etihad Credit Bureau
- Member on the audit committees of ADNOC, EIA, Etisalat, General Pension and Social Security Authority (GPSSA) and the Abu Dhabi Retirement Pensions & Benefit Fund
- Certified Public Accountant

**Other TAQA roles:** AC Chair



**Khaled Abdulla Al Mass**  
*Board Member*

- Board Member since 2014
- Chairman of iMass Investments and of iTech Management Consultancy
- Board member of Abu Dhabi Health Services Company (SEHA), Advanced Cure Diagnostic Centers and CAPM Investing (CAPM)
- Bachelor's degree in Management from Marylhurst University, United States

**Other TAQA roles:** AC and SIC member



**Chris Finlayson**  
*Board Advisor*

- Board advisor since 2020
- Nearly 40 years of technical and commercial experience in the oil and gas industry
- Former CEO of BG Group and previously responsible for BG Advance, including exploration team, the Group's major capital projects programme, contracts and procurement and technology.
- Previously executive vice president with Shell
- Bachelor's degree in Physics and Geology from University of Manchester, UK.

# Executive management



**Jasim Husain Thabet**  
*Group CEO and MD*

- CEO and MD since July 2020
- Board member since 2019
- Over 18 years experience in the energy and utilities sector
- Board member of EWEC
- Served as CEO and MD of ADPower, CEO of Tabreed and VP of Industry at Mubadala
- Bachelor's degree in Mechanical Engineering from St. Martin's University, Washington, USA



**Stephen Ridlington**  
*CFO*

- CFO since July 2020
- Previously Chief Investment Officer at ADPower.
- Held leadership positions at BP, TNK-BP, and Tabreed, serving as CFO at the latter
- Master's degree in Economics from Oxford University, UK, bachelor's degree in Economics & Mathematics from University of Sussex, UK



**Omar Abdulla Alhashmi**  
*Transmission & Distribution*

- Executive Director Transmission & Distribution since July 2020
- Previously Executive Director Asset Management at ADPower
- Held leadership positions in Etihad Airways and Mubadala Investment Company.
- MBA from London Business School, UK and Master's degree in Mechanical Engineering from George Washington University, USA.



**Farid Al Awlaqi**  
*Generation*

- Executive Director Generation since July 2020
- Previously served as Senior Vice President in the Energy platform at Mubadala.
- Sloan Master's degree from London Business School, UK and a master's degree in Petroleum Engineering from Imperial College London, UK



**Franco Polo**  
*Oil and Gas*

- Executive Director Oil and Gas since July 2020
- More than 30 years of experience in international exploration and production
- Previously served as Executive Vice President of Upstream of the Asian Pacific region at Eni, an integrated energy company.
- Master's and bachelor's degrees in Geology from University of Bologna, Italy.



**Stephen Wackerle**  
*Chief Risk and Internal Audit Officer*

- Chief Risk and Internal Audit Officer since July 2020
- Held similar leadership roles with ADPower and BP
- Bachelor's and post-graduate degree in Accounting from the University of Cape Town, South Africa



**Mohammad Adnan Sharafi**  
*Chief Legal Officer and Board Secretary*

- Chief Legal Officer since July 2020
- Served as General Counsel at ADPower
- Holds a post-graduate diploma in legal practice (LPC) from The College of Law and a Bachelor of Laws from University of Westminster, UK.



**Noel Aoun**  
*Strategy and M&A (acting)*

- Head of Strategy and M&A (acting) since July 2020 and previously Group Strategy and Business Development Director since 2018
- Held leadership positions in Schneider Electric and Booz&Co
- MBA from INSEAD and a master's in Electrical and Computer Engineering from Ecole Supérieure des Ingénieurs de Beirut



**Gareth Wynn**  
*Chief Communications Officer*

- Appointed January 2021, overseeing external and internal communication, government advocacy and CSR activities across the Group.
- Held senior communications positions at Oil & Gas UK and management positions at EDF Energy and FTI Consulting.
- Bachelor of Science in Microbiology and Microbial Technology from University of Warwick, UK.

# Corporate governance

## Guiding Principles

- TAQA's corporate governance policy is based on the principles of **transparency, fair disclosure, financial supervision and accountability**; follows the rules laid out for all UAE-listed entities<sup>1</sup>
- These principles are essential to establish a successful governance framework and laying down the foundations and methodologies to achieve TAQA's goals in line with the interests of its **clients, shareholders and employees**

## Relevant Policies and Priorities

Code of Business Ethics

Delegation of Authority

HSSE Management

Business Continuity

Information Security

Whistleblowing

## Responsibilities of the Board of Directors

- Setting the Group's strategy and business principles
- Supervising the Group's executive management
- Supervising the adequacy of the human resources required to implement the Group's strategies
- Supervising the adequacy and effectiveness of internal controls and corporate governance
- Approving investments, business plans, budgets and financial statements of the Group
- Ensuring that shareholders receive accurate, timely and appropriate information

## Dealing in Company Shares

- No Board Members or their direct family members traded in TAQA's shares during 2019

## External Auditors

- Deloitte became the independent auditor for TAQA from 1 July 2020, replacing Ernst & Young Middle East; this appointment was confirmed during the Group's AGM on 29 April 2020

## TAQA Current Board & Management Committees

Board

Audit Committee

Nomination & Remunerations Committee

Strategy & Investment Committee

Executive Management

Executive Management Committee

Investment Committee

Risk & HSE Committee

Internal Audit Department

Compliance Department

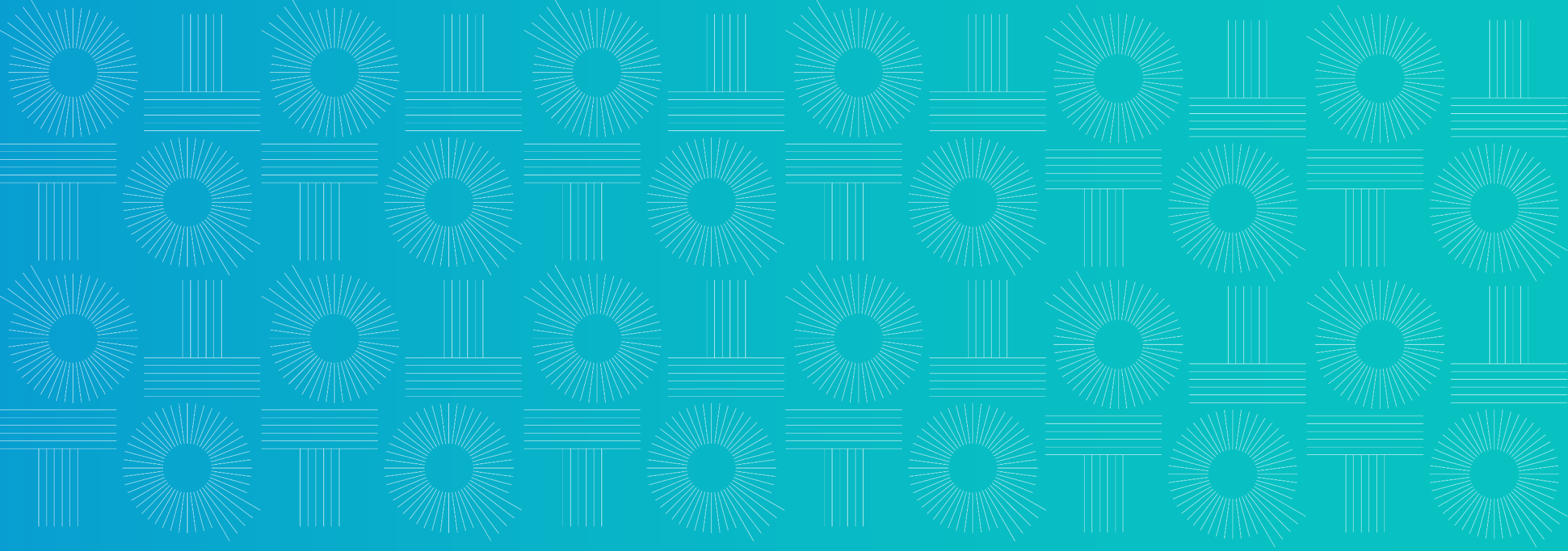
Enterprise Risk Management Department

HSSE Department

Business Continuity Department

Corporate Governance and Organisational Structure reflect changes post-merger but may undergo further review

1. Based on SCA's Resolution No.3 of 2020 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.



**FY 2020 proforma results**



# FY 2020 results – summary

Significant COVID-19 impact on oil and gas segment absorbed by expanded utilities business

Full year *pro-forma* consolidated financials post ADPower asset transfer

Strong operational performance amidst COVID-19 circumstances

- High technical availability levels maintained for power and water businesses
- Oil and gas production slightly lower on delayed drilling campaigns

Financial performance significantly impacted by lower commodity prices

- Revenue of AED 41.2bn (-6% y/y)
- EBITDA of AED 16.0bn (-13% y/y) with margin compression to 39% (from 42% FY 2019) reflecting lower margins in the Oil & Gas segment

Net profit (TAQA-share) of AED 2.8bn for FY 2020

- Driven by lower revenues partially offset by lower operating and administrative expenses
- Further impacted by Q1 2020 impairment charges partially offset by lower finance costs (debt amortization and floating rate RCF) and other gains

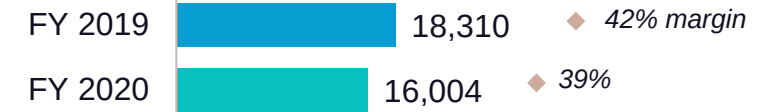
Recommended total dividend of AED 2.8 bn for FY 2020 implies close to 100% payout

## Group financial highlights (AED million)

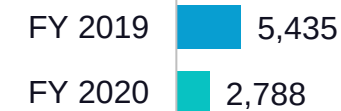
### Revenues



### EBITDA



### Net income (TAQA-share)



### CAPEX



### Gross debt<sup>1</sup>



1. Gross debt includes bonds that have been fair valued on TAQA's books as of 1 Jul 2020, resulting in a mark-up of c.AED 4.7bn in excess of par value as of 1 July 2020;

# Liquidity and debt profile

## Strong liquidity levels and stable debt levels

### Robust liquidity position

- Total liquidity of AED 16.5bn consisting of :
  - Cash and cash equivalents of AED 8.3bn
  - Undrawn credit facilities of AED 8.2bn

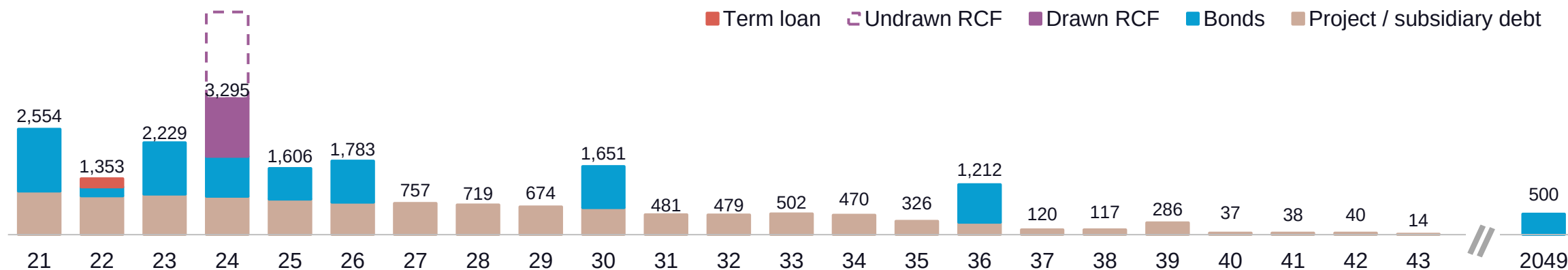
### Debt levels stable despite RCF borrowing

- Gross debt<sup>1</sup> of AED 76.0bn (-2% vs. YE 2019) with net RCF borrowing (AED 0.9bn during FY 2020) partially offsetting project debt amortization

### Key metrics

|                                         | YE/FY 2019 | YE/FY 2020 |
|-----------------------------------------|------------|------------|
| Net debt-to-capital ratio <sup>2</sup>  | 52%        | 49%        |
| EBITDA / net finance costs <sup>3</sup> | 5.1x       | 4.9x       |
| Net debt / EBITDA                       | 4.0x       | 4.2x       |

### Corporate debt maturity profile<sup>3</sup> (US\$ million)



1. Gross debt includes bonds that have been fair valued on TAQA's books as of 1 Jul 2020, resulting in a mark-up of c.AED 4.7bn in excess of par value as of 1 July 2020; 2. Net capital defined as net debt plus equity (including minorities and accumulated changes in the fair value of derivatives); 3. net finance costs include ARO accretion expenses

# Delivering on our new dividend policy

Board recommends AED 2.8bn (2.50 fils/share) for FY 2020 and close to 100% payout

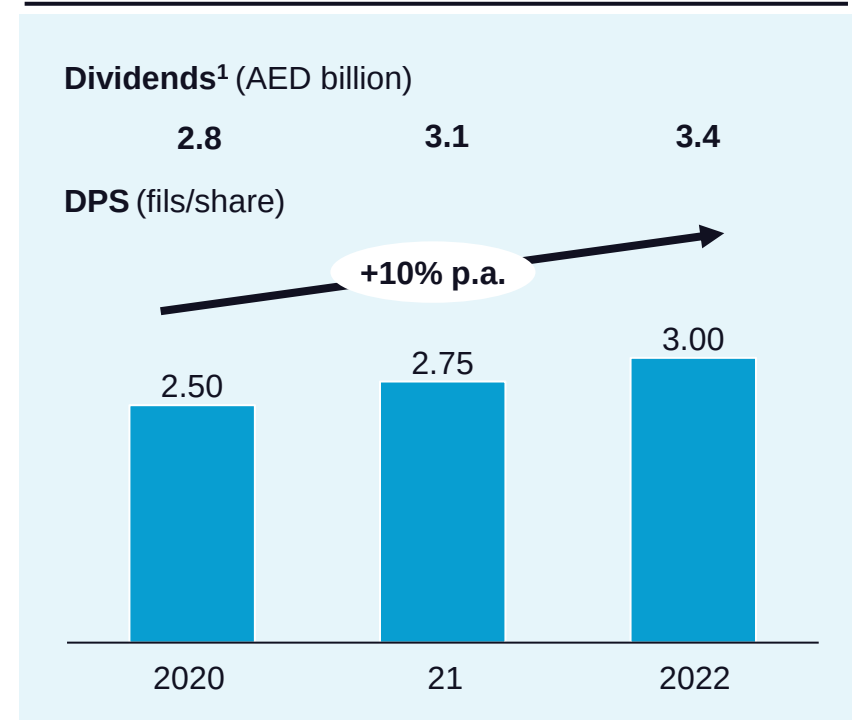
Board has proposed a **total dividend for the year 2020 of AED 2.8bn (2.50 fils/share)** in line with TAQA's recently instated dividend policy

- Final dividend of AED 1.1bn (1.00 fils/share) in addition to interim dividend of AED 1.7bn (1.50 fils/share) paid earlier in December
- Implied payout ratio of close to 100% of TAQA-share of net income for FY 2020
- Quarterly payment frequency going forward, a first in the UAE and unique among EMEA integrated utilities.

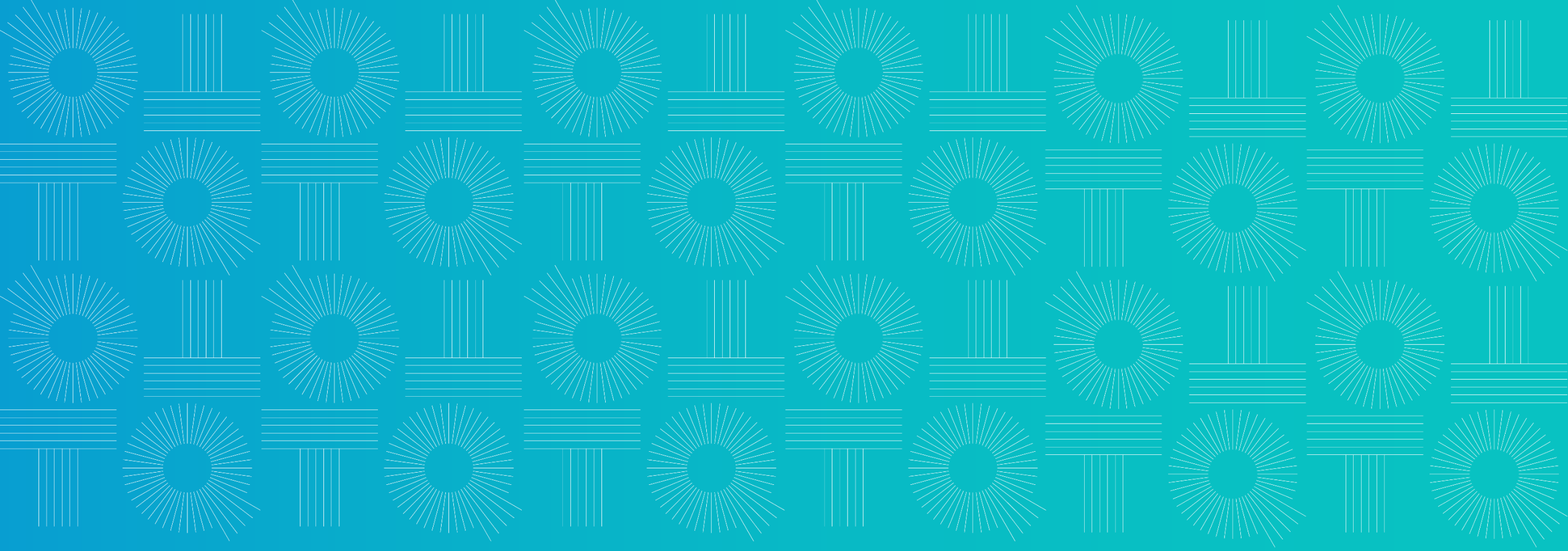
2021-22 dividends expected as follows:

- 20% interim dividend post Q1 results
- 20% interim dividend post Q2 results
- 20% interim dividend post Q3 results
- 40% final dividend post AGA
- We remain committed to maintaining solid investment grade ratings on a standalone basis, as previously communicated

## TAQA dividend policy



1. Proposed dividend payouts of indicated financial years



# 2020 highlights



# 2020 a year of great progress, change and achievement for TAQA

...despite unprecedented circumstances surrounding the COVID-19 pandemic

## *Transaction with ADPower*

**February** ADPower offer received by TAQA

**April** TAQA Board recommend transaction to shareholders who approve transaction at Annual General Assembly

**1 July** Transaction completed inside six months from date of offer

## *Positive market reaction*

**Share price increases** ~200% by end of 2020 compared to ADX market index up 1%

**Bond** spreads to Abu Dhabi sovereign curve tighten significantly and trade flat to Mubadala curve

## *New dividends and policy*

**December** Shareholders approve new dividend policy. Interim cash dividend paid – the first since 2012

## *FY 2020 cost savings*

**OPEX** down 1%, **G&A** down 8%, **Finance costs** down 8%

## *Lifting foreign ownership restrictions*

**November** Board resolves to lift foreign ownership limit in TAQA shares to 49% from 0% (ownership previously restricted to UAE institutions and nationals)

## *Credit ratings upgrades*

**July** Rating agencies issue multi-notch upgrades to standalone / final ratings (Moody's to baa1 / Aa3 stable; Fitch to bbb+ / AA- stable). TAQA rated one-notch below Abu Dhabi sovereign

TAQA commits to solid investment grade standalone credit ratings

## *New oil and gas operatorships*

**January** TAQA secures transfer of operatorship of Brae fields from RockRose Energy

**October** Transfer of operatorship complete following transition period.

## *Transmission grid connections*

**August** Unit 1 of Barakah Nuclear plant (1.4GW) connected to grid via 950km+ of high voltage power lines

## *Increased gas storage capacity*

**August** Dutch govt. grants permission to increase storage at GSB, after two-year permit process.

## *Morocco PPA extension and debt refinancing*

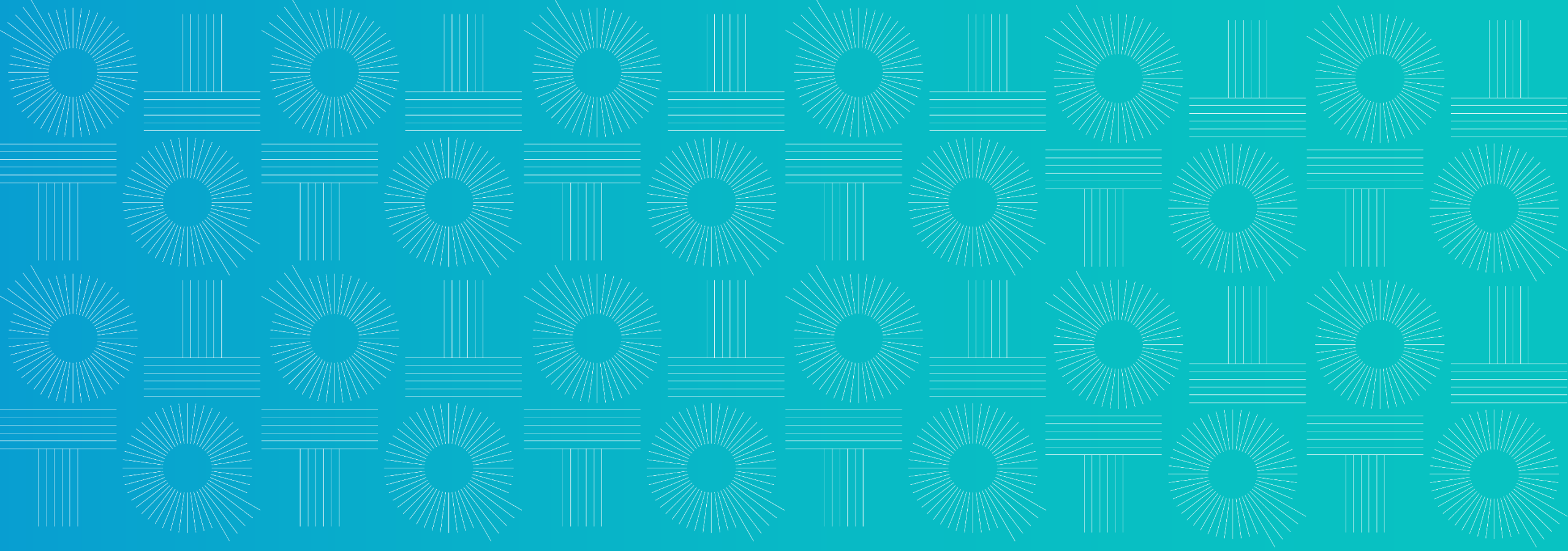
**January** TAQA extends PPA for JLEC 1-4 IPP by 17 years to 2044 to match JLEC5&6 PPA tenor

**September** New US\$ 300mn private placement reduces debt cost by >20% whilst extending maturities by 11 years

## *Progress on growth projects*

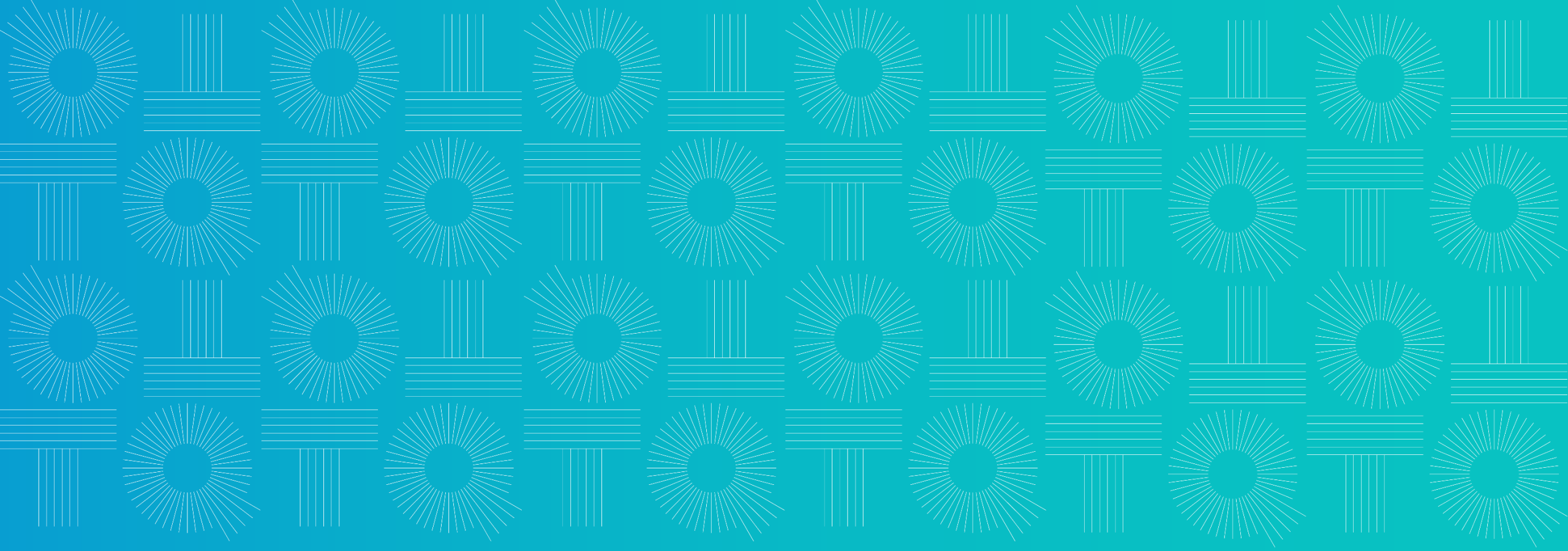
**July** financial close for Fujairah F3, UAE's largest gas-fired (CCGT) independent power project (IPP)

**December** financial close for Al Dhafra PV, world's largest single-site solar photovoltaic plant



**Q&A session**





## Appendix A

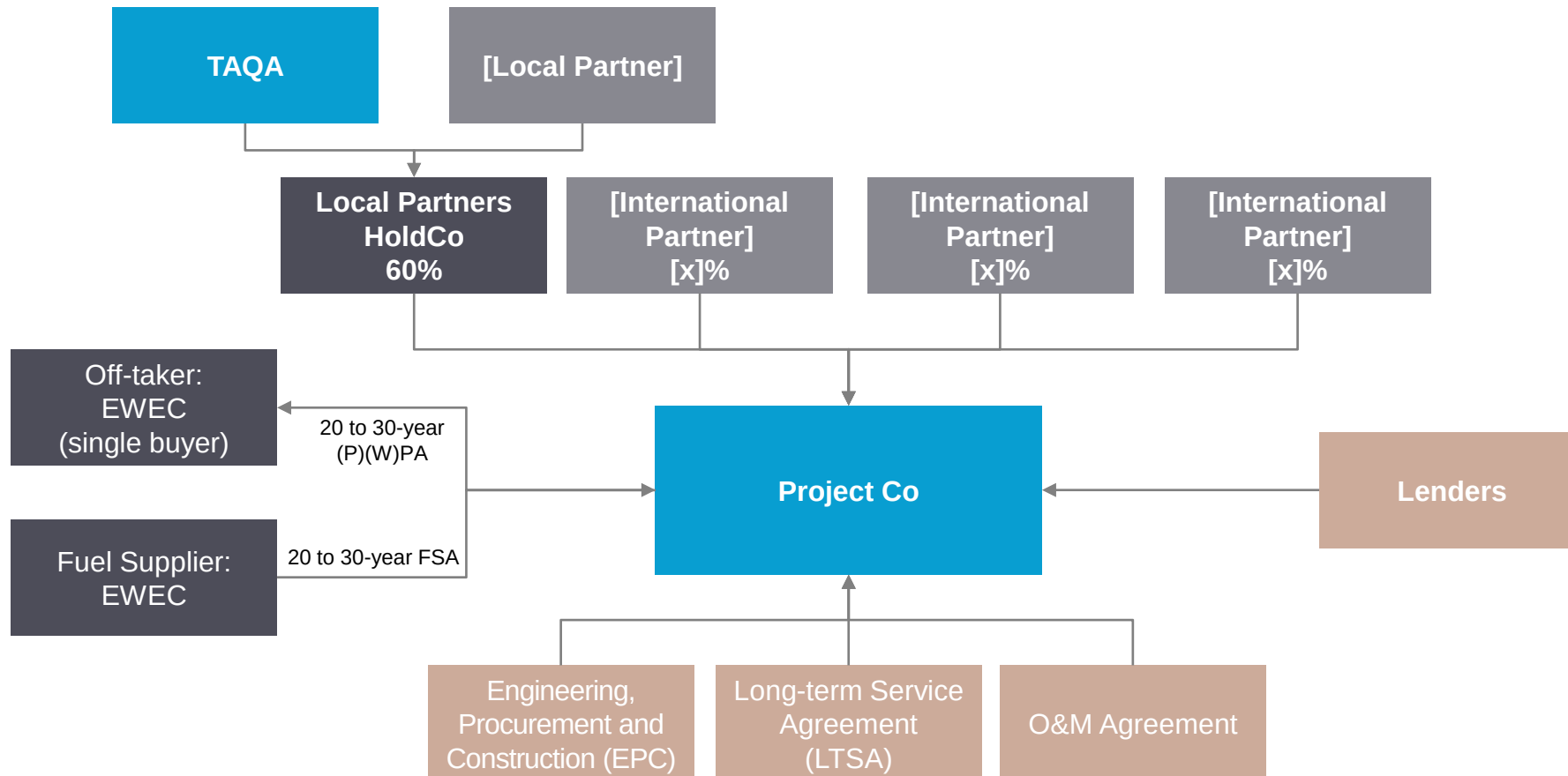
Additional slides related to Abu Dhabi power and water sector



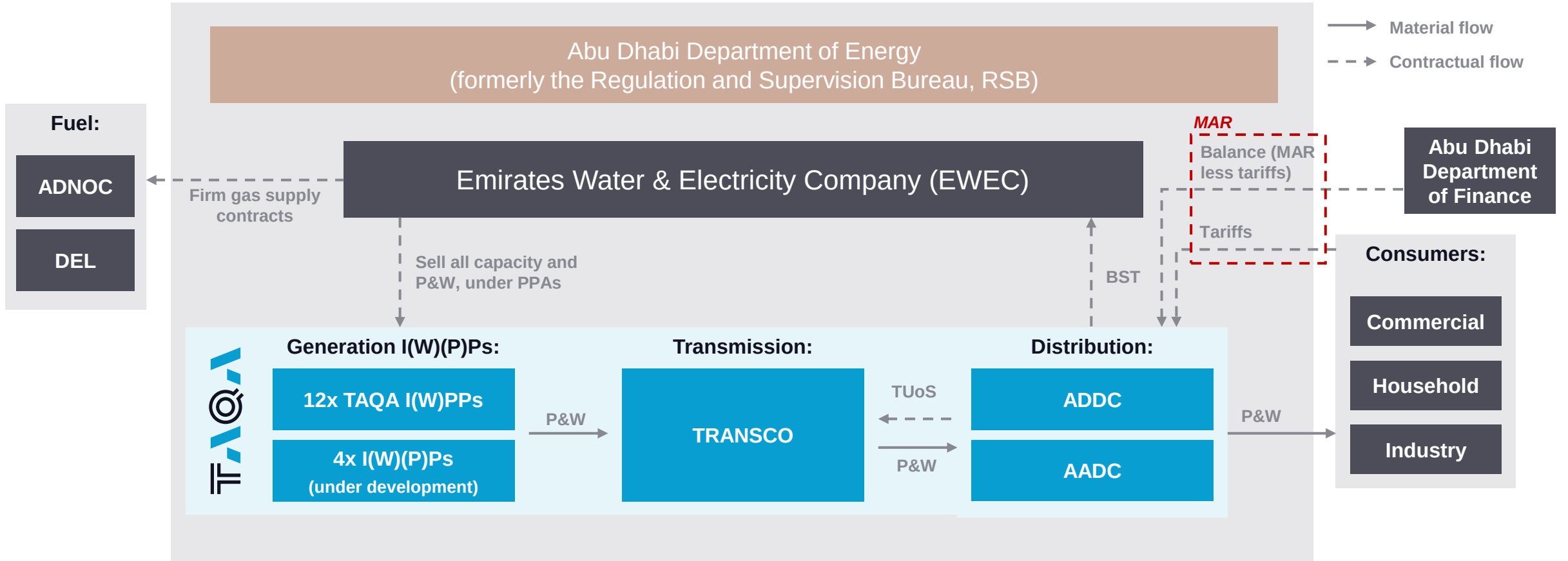
# Abu Dhabi I(W)(P)P framework

## Business model for the Generation segment in the UAE

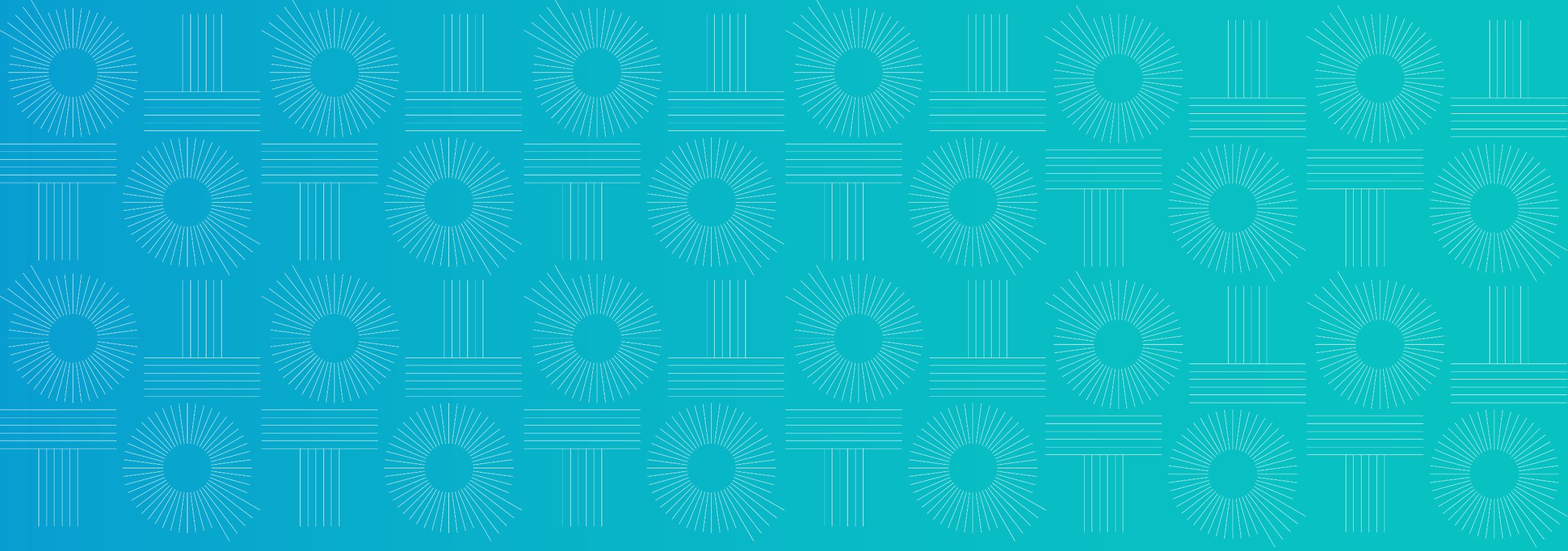
- Each UAE IWPP has a similar project structure as outlined below
- Long-term (power) (and) (water) purchase agreement (PWPA) with EWEC, which provides very stable cash flows



# Abu Dhabi power and water sector dynamics



Note: I(W)(P)P = Independent (Water) (and) (Power) Producer; P&W = power and water; TRANSCO = Abu Dhabi Transmission & Dispatch Co.; ADDC = Abu Dhabi Distribution Co.; AADC = Al Ain Distribution Co.; ADNOC = Abu Dhabi National Oil Co.; DEL = Dolphin Energy Ltd.; BST = Bulk Supply Tariff; TUoS = Transmission Use of System; MAR = Maximum Allowed Revenue, as defined by the First Regulatory Controls 1 (RC1) framework; (P)(W)PA = (Power) (and) (Water) Purchase Agreement



# Appendix B

Additional slides related to FY 2020 TAQA financial results



# FY 2020 proforma consolidated results – basis of preparation

## Transco as the accounting acquiror, acquisition accounting and focus on pro-forma financials

### Acquisition accounting applied for purposes of the merger

- Acquired assets/liabilities are remeasured to fair value as of 1 July 2020
- Chosen over predecessor accounting, where historical book values are used
- Fair value approach adopted in light of recent market developments

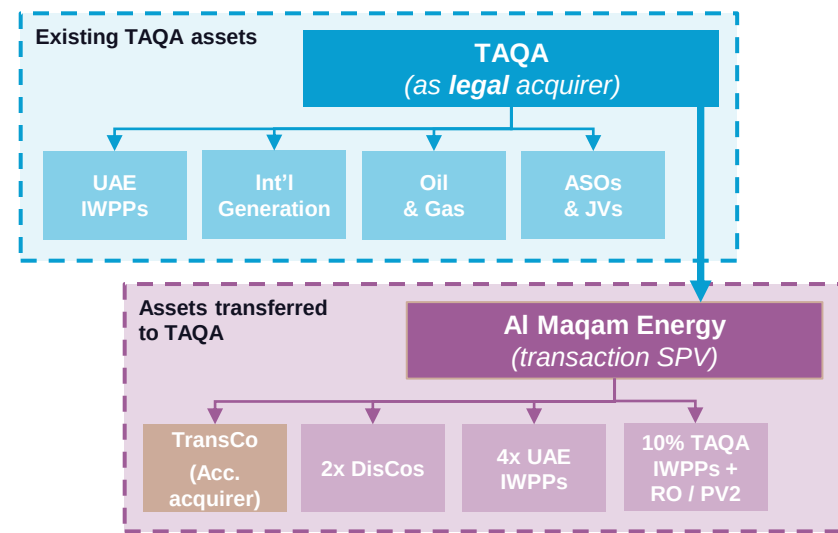
### Transco, the transmission operating company, determined as ‘accounting acquiror’

- Highest fair value among candidates TAQA, Transco and ADDC
- Applying acquisition accounting results in all entities, except Transco, being fair valued on TAQA books

### Focus on pro-forma financials to enable like-for-like comparisons

- With Transco as the accounting acquirer, TAQA adopts Transco’s historic financial results prior to 1 July 2020 transaction date for published statutory IFRS reporting
- Pro-forma financials adjust financials to assume the transaction occurred on 1 January 2019 and back-dates impact of purchase price allocation (fair valuation exercise)

### New TAQA Group structure



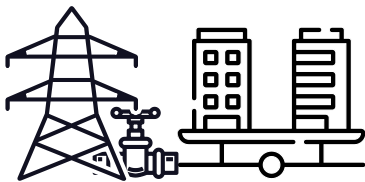
### Statutory financial statements (FY 2020\*)



\* Comparative 2019 financials are of Transco standalone

# Transmission & Distribution highlights

Deflationary effects lower RAB as regulatory framework safeguards real returns



## High network availability and security of supply throughout FY 2020

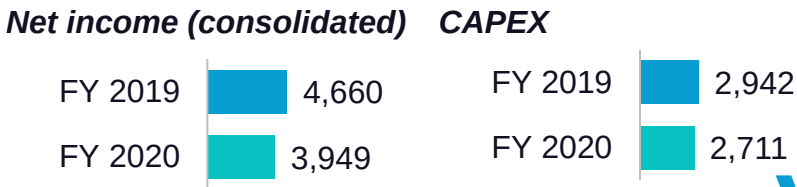
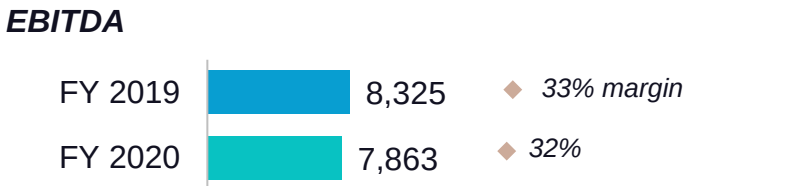
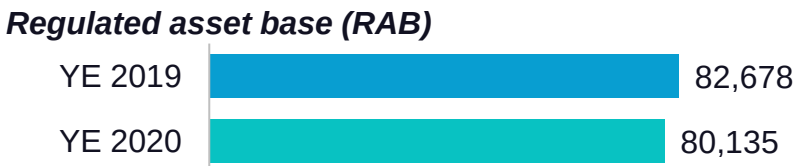
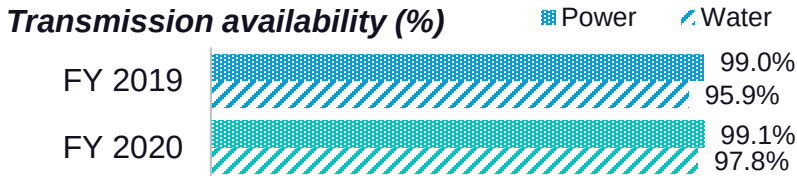
- 99.1% / 97.8% for power / water transmission (99.0% / 95.9% FY 2019)

## Weaker financial performance on lower revenues and flat costs

- Reduced revenues (-2% y/y) on deflationary effects in the UAE lowering RAB (-3% y/y)
- Lower revenues also reflect external regulation-specific factors, which slightly front-load revenue throughout the regulatory period without affecting returns
- EBITDA of AED 7.9bn (-6% y/y) on pass-through lower revenues

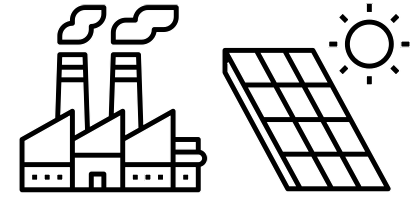
## Net income contribution to the Group of AED 3.9 billion (-15% y/y)

### T&D highlights (AED million)



# Generation highlights

Underpinned by contracted power and water generation



## Strong operational performance throughout FY 2020

- Global technical availability at 93.9% (vs. 93.7% for FY 2019)

## Stable financial performance for contracted business

- Overall power and water generation revenues of AED 12.3bn (-3% y/y)
  - Higher revenues for contracted UAE business
  - Down 16% for international power
    - Reduced demand and lower production at our single merchant asset (Red Oak, USA), and
    - Lower fuel reimbursement revenues (on falling fuel cost trend and lower production) largely offset by lower corresponding operating expenses
- EBITDA of AED 7.6bn (+1% y/y)
  - Up 5% for UAE sub-segment
  - Down 20% for international power and water reflecting Red Oak losses

## Net income contribution to the Group of AED 999mn (+83% y/y)

- Reflecting higher EBITDA, lower finance costs and other gains (EPC claims won)

## Generation highlights (AED million)

### Global technical availability (%)



### Revenues



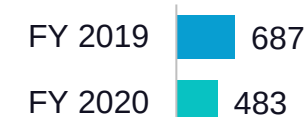
### EBITDA



### Net income (consolidated)

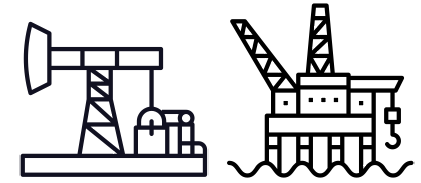


### CAPEX



# Oil & Gas highlights

Significantly lower commodity prices, lower production and asset impairments



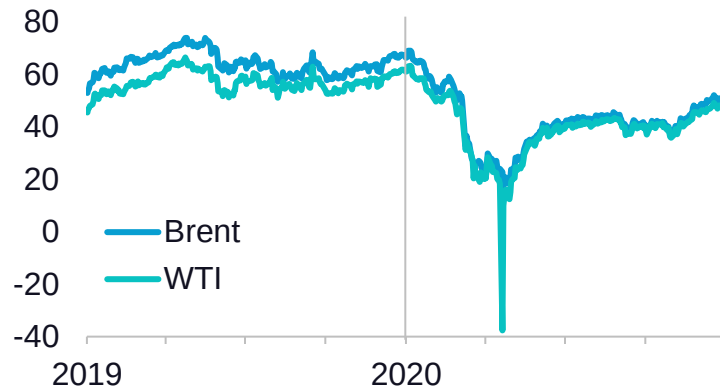
Global production slightly lower at 118.0 mboepd (-5% y/y) on delayed drilling campaigns

Weaker financial performance on significantly lower commodity prices

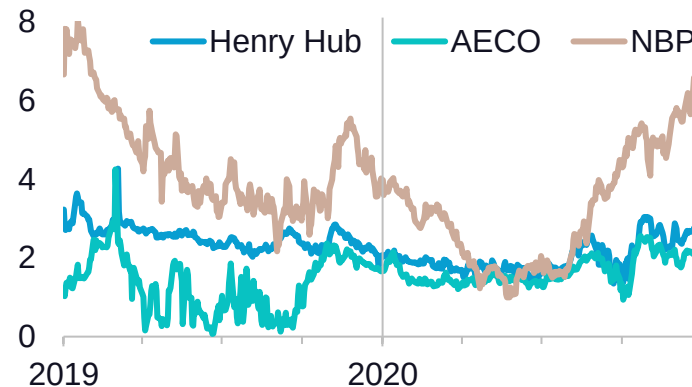
- Revenues of AED 4.2bn (-31% y/y) reflecting the drop in TAQA's blended output energy price to US\$ 23.5/boe from US\$ 33.4/boe (-30% y/y)
- Net income includes a post-tax impairment charge to specific assets of AED 1.5bn taken in Q1 following a revision of 2020 and 2021 oil price assumptions
- Acquisition accounting exercise included further revisions to long-term commodity prices

Net loss to the Group of AED 1.5bn (FY 2019 profit: AED 1.1bn<sup>1</sup>)

Benchmark oil prices (US\$/bbl)



Benchmark gas prices (US\$/mmBtu)



## Oil & Gas highlights (AED million)

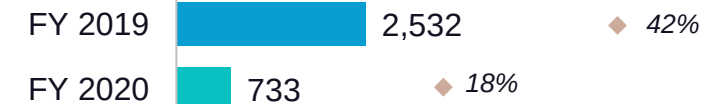
### Production (mboepd)



### Revenues



### EBITDA



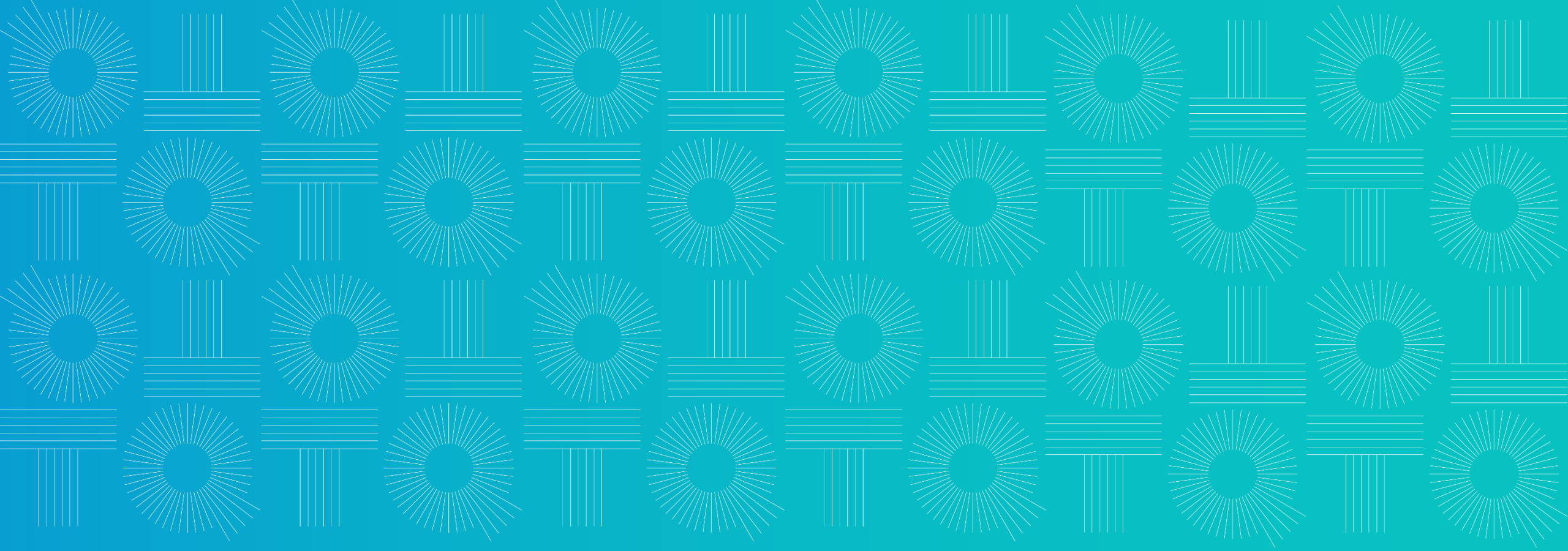
### Net income (consolidated)<sup>1</sup>



### CAPEX



1. Historical line items below EBITDA reflect back-dated PPA adjustments reducing DD&A in particular



# Appendix C

# Abbreviations used

- **2P:** Proved Plus Probable (reserves)
- **AADC:** Al Ain Distribution Company
- **ADDC:** Abu Dhabi Distribution Company
- **ADPower:** Abu Dhabi Power Corporation (aka **ADPC**)
- **Bbl:** Barrel
- **Boe(pd):** Barrels of Oil Equivalent (per day)
- **BCM:** Billion Cubic Metres
- **CCGT:** Combined Cycle Gas Turbines
- **DC:** Direct Current
- **DoE:** Abu Dhabi Department of Energy
- **DisCo:** Distribution Company
- **EWEC:** Emirates Water and Electricity Company
- **GCCIA:** Gulf Cooperation Council Interconnection Authority
- **GSB:** Gas Storage Bergremeer (in the Netherlands)
- **GW(h):** Gigawatt (hours)
- **I(W)(P)P:** Independent (Water) (and) (Power) Producer
- **JV:** Joint venture
- **LTSA:** Long-Term Service Agreement
- **MED:** Multiple-Effect Distillation (desalination technology)
- **MIG(D):** Million Imperial Gallons (per Day); 1 cubic metre = 220 MIG
- **MSF:** Multi-Stage Flash (desalination technology)
- **MW(h):** Megawatt (hours)
- **NGL:** Natural Gas Liquids
- **O&G:** Oil and Gas (TAQA business line)
- **O&M:** Operations and Maintenance
- **OEM:** Original Equipment Manufacturer
- **PCOD:** Plant Commercial Operations Date
- **PGI:** Peak Gas Installation (in the Netherlands)
- **(P)(W)PA:** (Power) (and) (Water) Purchase Agreement
- **PJM:** Pennsylvania, Jersey, Maryland Interconnection
- **PV:** Photovoltaic
- **RO:** Reverse Osmosis (desalination technology)
- **SCA:** Securities and Commodities Authority (UAE capital markets regulator)
- **T&D:** Transmission & Distribution (TAQA business line)
- **TransCo:** Transmission Company
- **Transco:** Abu Dhabi Transmission and Despatch Company
- **TW(h):** Terawatt (hours)
- **UAE:** United Arab Emirates



*For investor enquiries, please contact Investor Relations:*

*Shadi Salman, CFA ([ir@taqa.com](mailto:ir@taqa.com))*