

Abu Dhabi National Energy Company (TAQA) Investor Presentation

POWERING A THRIVING FUTURE



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Please note that rounding differences may appear throughout the presentation.

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**A leading integrated utility, underpinned
by strong, recurring cash flows**

POWERING A THRIVING FUTURE



A leading integrated utility at the heart of UAE's energy ambitions


1 Building a global business upon solid foundations in UAE



Exclusive


Transmission for Abu Dhabi and Northern Emirates

Distribution for Abu Dhabi



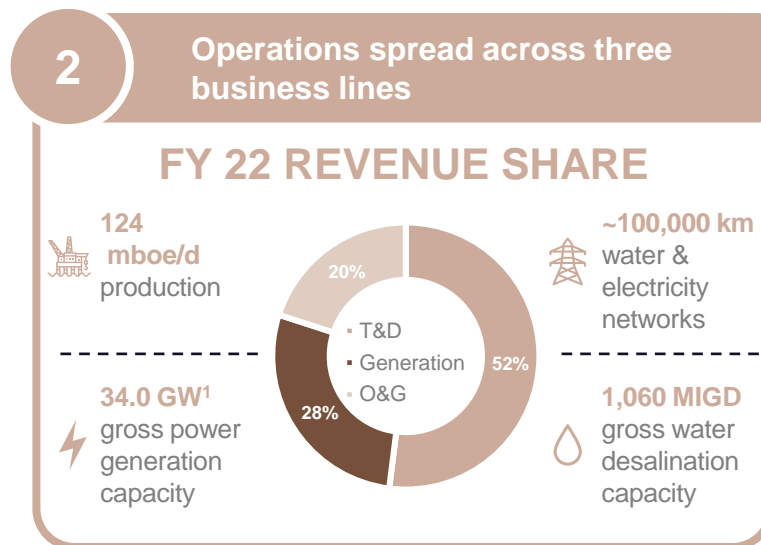
Right of 1st refusal

For a minimum of 40% stake in EVEC generation projects in the UAE




22 Countries

Global footprint through power generation and O&G assets.




3 Strong financial performance & predictable cash flow generation



\$13.6bn

10% YoY


FY 2022 Revenue



\$5.7bn


7% YoY

FY 2022 EBITDA



41%

Average Adj. EBITDA margin 2020-2022



66%

FCF-to-EBITDA ratio FY 2022

4 Robust borrowing profile with good liquidity levels

Aa3

MOODY'S

13%

Liquidity as a % of total assets (Dec 22)

AA-

FitchRatings

2.5x

Net debt / LTM EBITDA (Dec 22)

Maintaining standalone investment grade rating

5 Transparent dividend policy

Defined dividends from T&D and Generation (fils/share)

2023P	2024F	2025F
3.25	3.50	3.75


Variable payout over 2023-2025 from O&G business

Discretionary percentage of net income

- Fixed dividends to be paid quarterly
- Variable dividend at year end


6 ESG embedded in Group strategy with a path to net-zero by 2050

2022 highlights




8%

YoY reduction in Scope 1 & 2 GHG emissions



16%

YoY reduction in intensity based on revenue



27%

Female board members

16% women in management

TAQA a key driver of the energy transition in Abu Dhabi

A deliberate shift towards cleaner energy sources

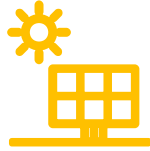
Planned power generation structure in Abu Dhabi

Nuclear



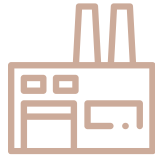
- Base load for Abu Dhabi's power generation
- TAQA provides Transmission & Distribution connectivity
- TAQA does not own the Barakah Nuclear Energy plant

Solar



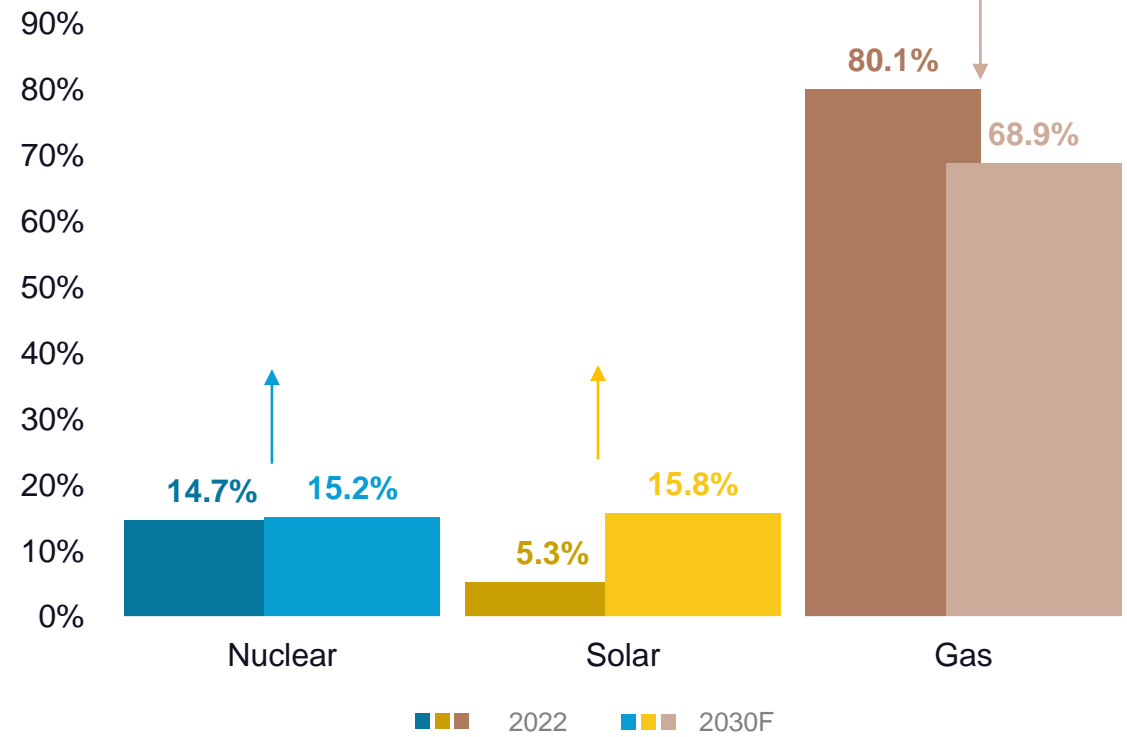
- Intermittent power supply source
- TAQA has a key stake in all PV plants

Gas



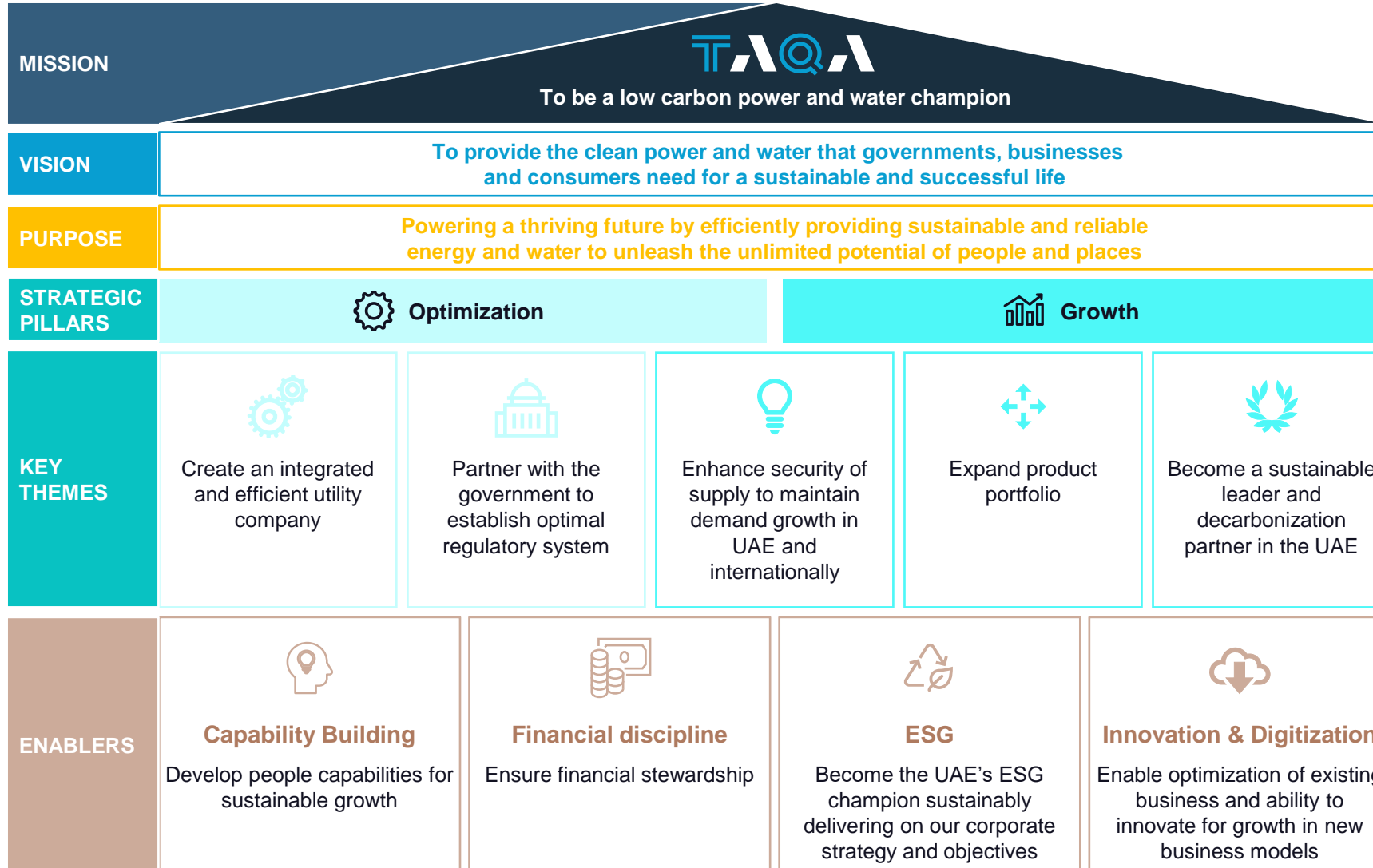
- TAQA has a key stake in all Gas plants

Installed generation capacity by type across EWE network



Source: EWECC

Well-articulated strategy to become a low carbon power and water champion focused on optimization and growth



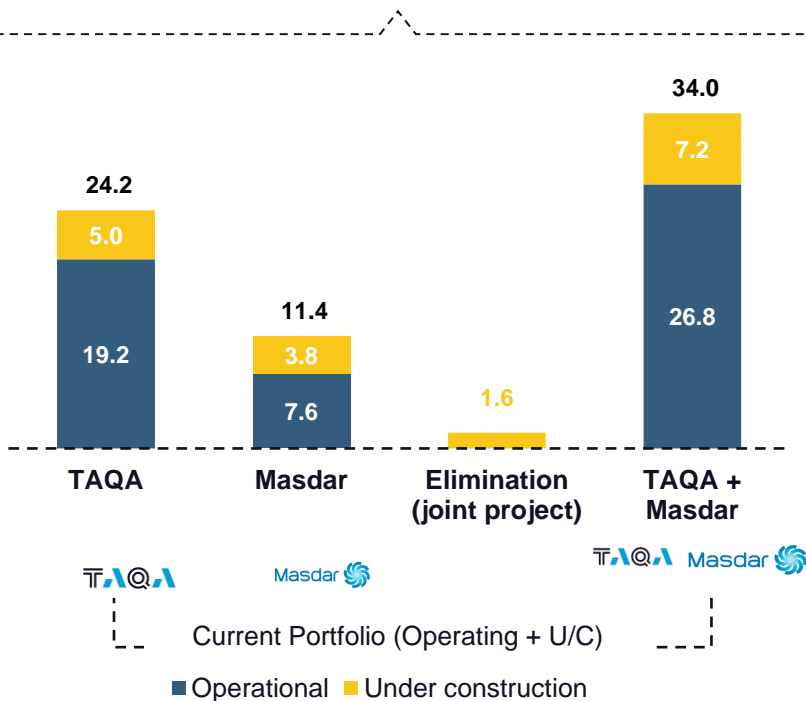
Key 2030 targets

- Increase gross power capacity to **30 GW in the UAE (currently 20.1GW¹)** and **20 GW internationally (currently 4.1GW²)** by 2030
- Renewable energy portfolio to comprise **>30%** of power generation
- Reverse osmosis technologies to make up **2/3** of desalination capacity
- Invest **AED 40bn (~\$11bn)** in **Transmission & Distribution** by 2030, to maintain and grow RAB in the UAE
- **Sustaining O&G production capacity** across Canada & Iraq, while decommissioning certain assets in the North Sea
- **Build depth into our capabilities through project development, delivery and operatorship in Generation**, which will facilitate value preservation and creation.
- Commitment to maintain **standalone investment grade rating**

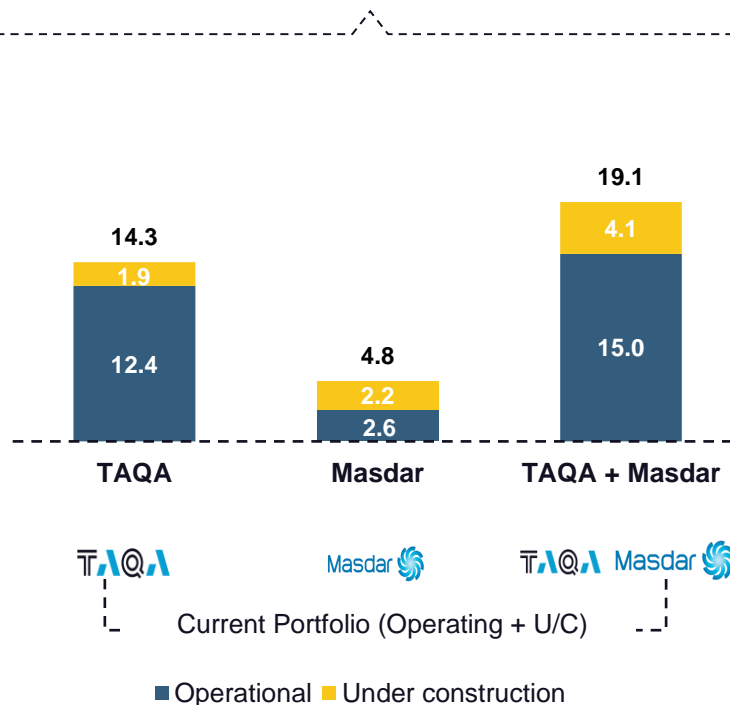
Breakdown of TAQA's power generation capacity

Share of clean energy increasing in portfolio

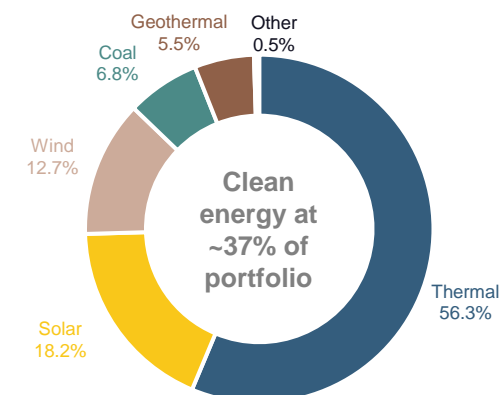
Gross capacity (GW)



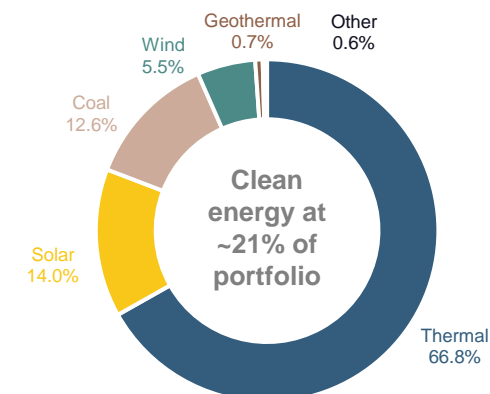
Net capacity (GW)



Technology mix (gross capacity)



Technology mix (net capacity)



Cash flow stability entrenched in TAQA's business model

T&D

Building blocks of Maximum Allowed Revenue (MAR):

Rol on Regulated
Asset Base (RAB)
+ Depreciation



BST + Opex



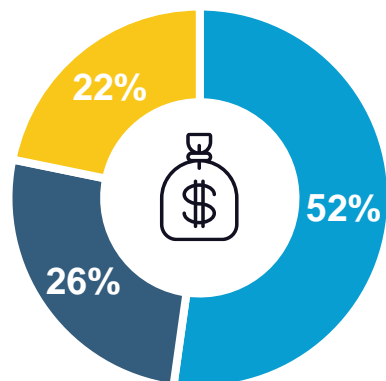
Incentive
structure

- Real WACC set at 4.6% for Regulatory Control 1 (RC1) period (2018-2022)
- Annual nominal Rol on RAB: WACC + previous year's CPI

GENERATION

- Entire domestic and international generation fleet operates under long-term take or pay contracts with highly credible off-takers
- Compensation composed of **Capacity Payment** and **Variable Payment**
- Capacity Payment is dependent on availability (rather than off-take) and includes recovery of capital and return on capital
- In addition to compensation for variable operating costs, Variable Payment includes recovery of fuel cost on a pass-through basis in select markets.

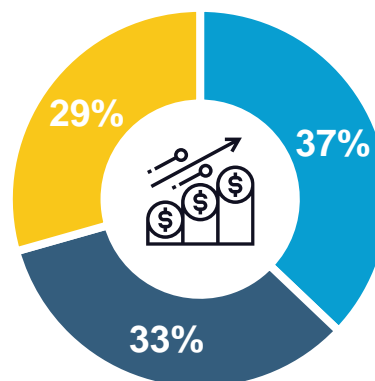
FY 2022 Revenue breakdown



Contracted + regulated:
c.78% of Revenue

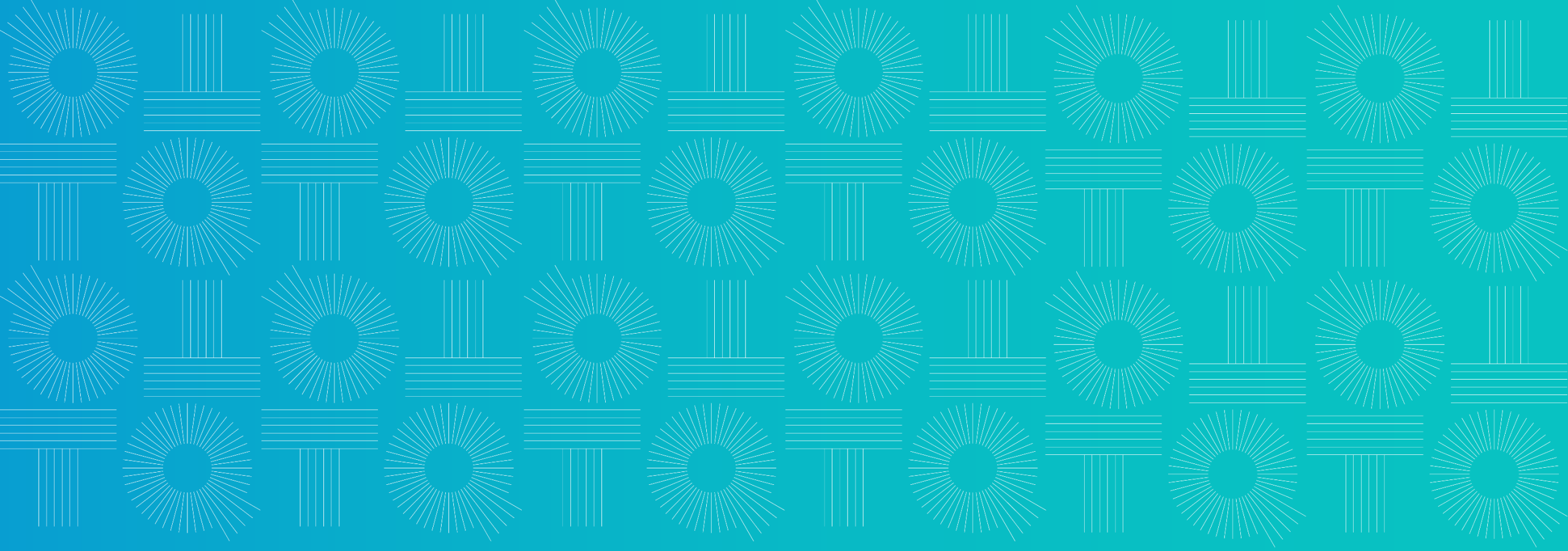
● Regulated ● Contracted ● Other

FY 2022 EBITDA breakdown



Contracted + regulated:
c.71% of Adj. EBITDA

- **Contracted:** Local and international power generation assets
- **Regulated:** Transmission & Distribution companies (licensed activities)
- **Other:** Oil & Gas, unregulated transmission activities, merchant generation assets



Integrating ESG into how we do business



ESG strategy: Setting milestones enroute to 2050 net-zero target

Strategic pillars and ambitions

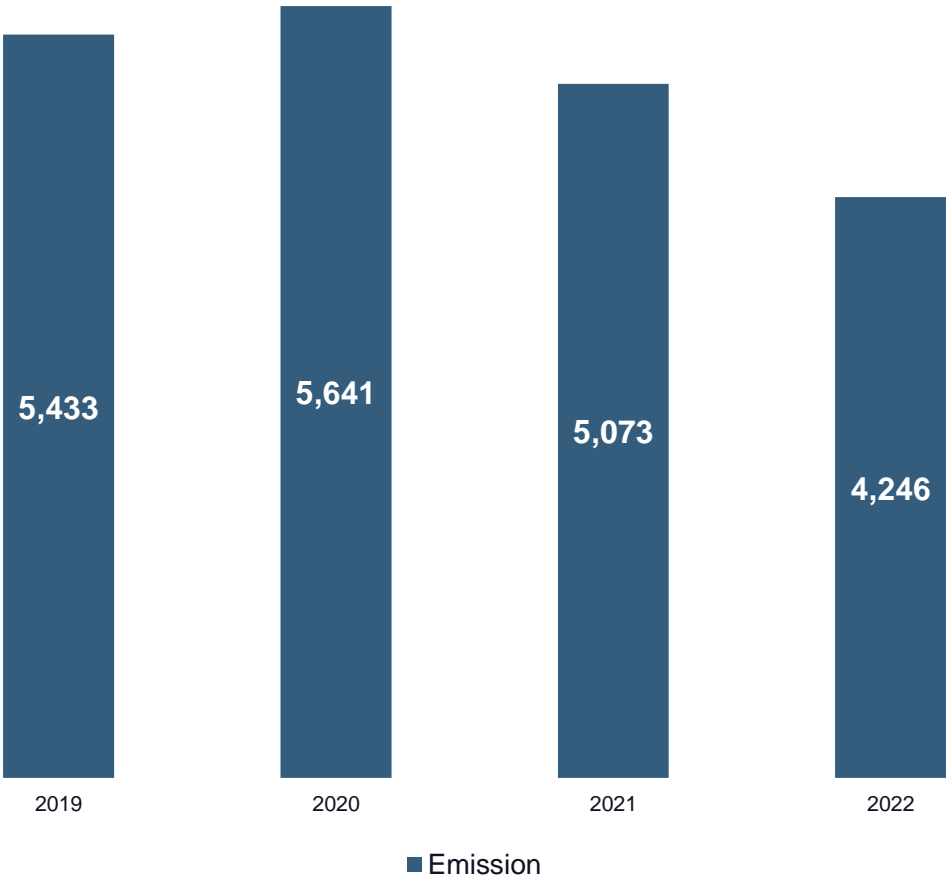
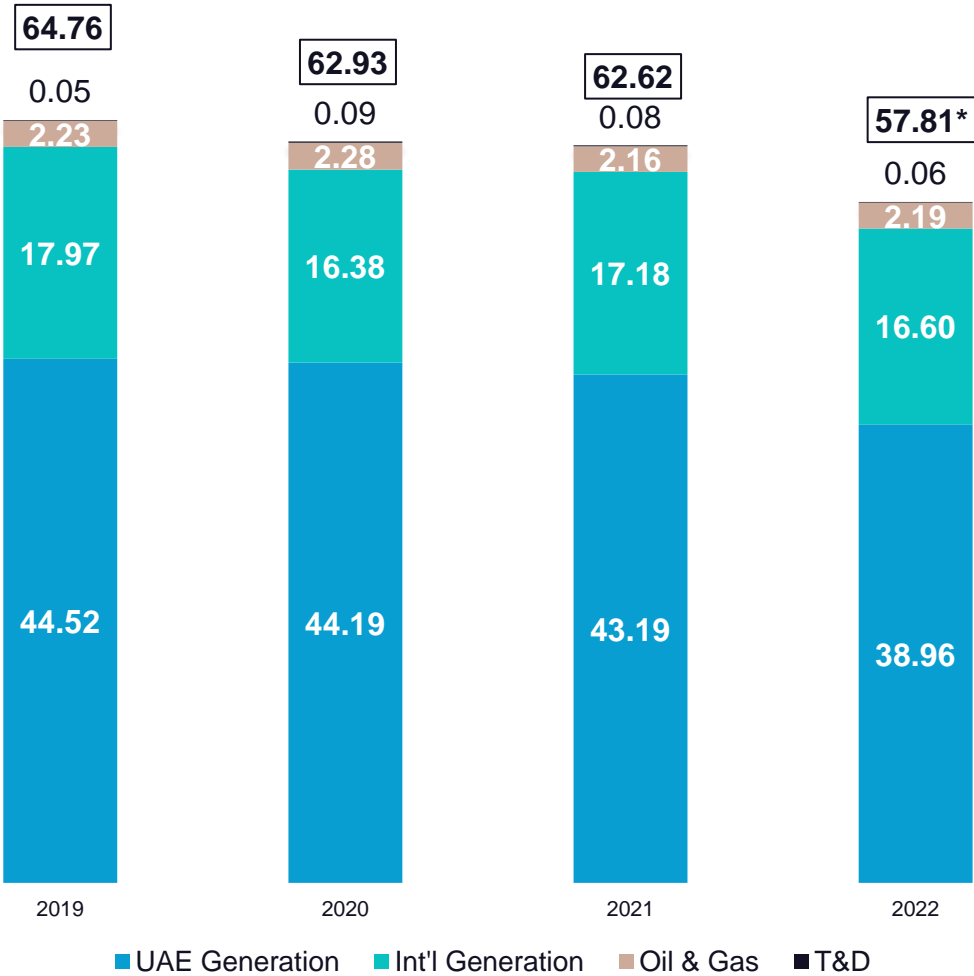


GHG emissions: on-track for 2030 emission reduction targets

2022: 8% Scope 1 & 2 emission reduction; 16% reduction in intensity based on revenue

Scope 1 and 2 GHG Emissions based on Financial Control Approach (mtCO2e)

Emission Factor - Revenue (tCO2e/mUS\$)



* Obtained third party limited assurance for scope1, scope2 and total scope 1 and 2 GHG emissions

Improvements made across several ESG metrics in 2022

Social



Health & Safety



- 24% No. of spills
- 87% Vol. of spills
- 4% Recordable Injury Rate
- Zero fatalities



People



- +139% Community Spend
- +64% Training Hours



Diversity & Equal Opportunity

- ✓ Women's and Youth Councils established
- ✓ Women in senior mgmt. 16%
- ✓ Youth 33% in the workforce
- ✓ 70 nationalities represented

Governance



Board

Independent board members 82% (67% in 2022)



Female board members 27% (0% in 2022)

Sustainability Committee established



ESG Operating Model

- ✓ Mgmt. Committee established
- ✓ Sustainability and Climate Change function under Strategy



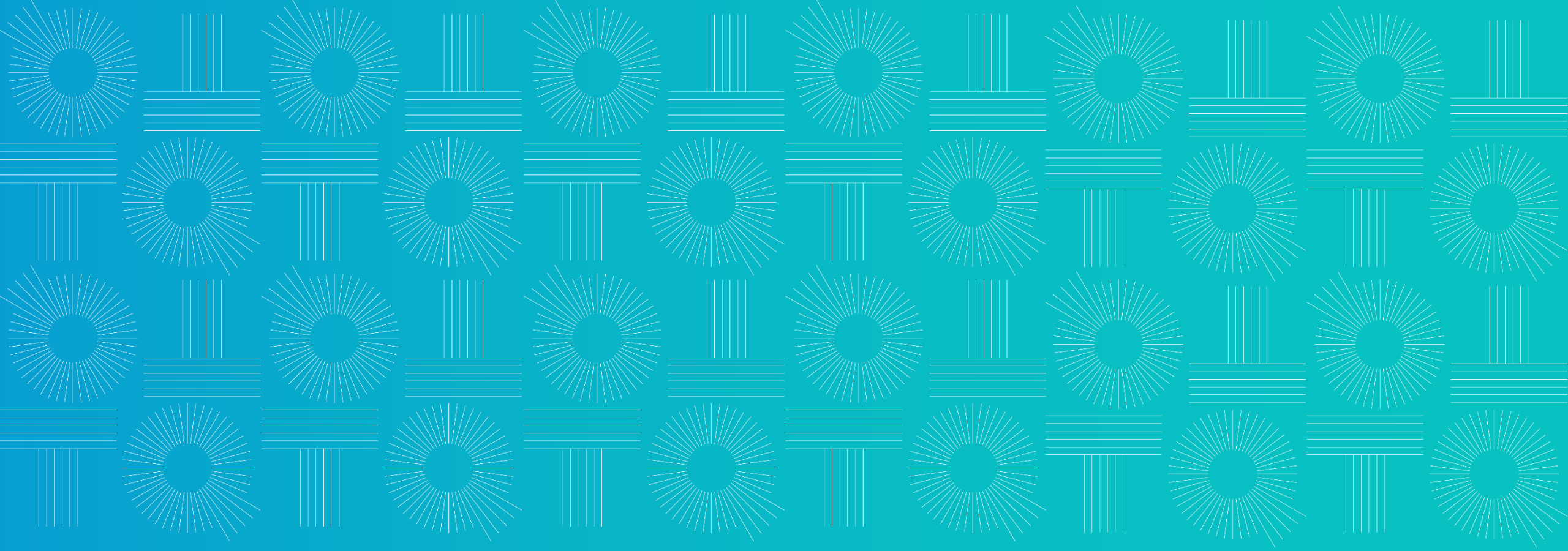
ESG Integration

- ✓ ESG considerations in capital allocation framework
- ✓ ESG risks part of Enterprise Risk Management framework
- ✓ Ethics and Compliance training coverage 100%

ESG Rating agencies

TAQA efforts globally recognized by key sustainability rating agencies

Agency	MSCI 	 SUSTAINALYTICS <small>a Morningstar company</small>	CSRHUB®
Range	CCC to AAA	0 to 100 <small>(0 = top mark)</small>	0 to 100% <small>(100% = top mark)</small>
TAQA's progress	<div><div>+2 Notches Upgrade</div><div><div>B</div><div>➔</div><div>BBB</div></div><div>Laggard 2020Average 2022</div></div>	<div><div>+2 Notches Upgrade</div><div><div>49</div><div>➔</div><div>27.1</div></div><div>Severe risk 2020Medium risk 2022</div></div>	<div><div>40% percentage point improvement</div><div><div><div>40%</div></div><div><div>80%</div></div></div><div>20212023</div></div>



**Maintaining strong financial
performance**



Q1 2023 performance

Healthy FCF generation, despite volatility in earnings

- T&D segment the biggest source of top-line in Q1 2023
- One-off gain on recognition of ADNOC Gas investment biggest driver of bottom-line growth

Revenue (AEDm)

+5.8%

12,413

Q1 2022

13,139

Q1 2023

Net income (TAQA share, AEDm)

+484.0%

1,971

Q1 2022

+80.8% pts

11,507

Q1 2023

15.9%¹

87.6%¹

Adj. EBITDA (AEDm)

-5.4%

5,613

Q1 2022

45.2%¹

-4.8% pts

5,311

Q1 2023

40.4%¹

Free Cash Flow (AEDm)

+31.4%

3,257

Q1 2022

4,279

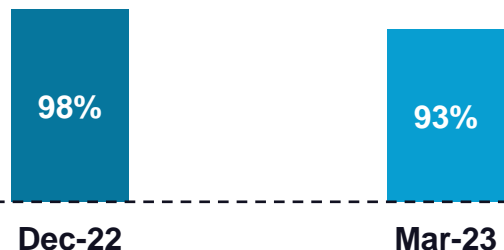
Q1 2023

Liquidity and debt profile March 2023

Prudent balance sheet and cash flow management

- Decline in proportion of fixed rate debt and increase in average interest rate driven by repayment of USD 1 billion bond in January and utilization of revolving credit facility (USD 750 million) in March
- Liquidity impacted by repayment of bond and payment of Q4 2022 dividend, including special dividend, in Q1
- Total debt stood at AED 59.8 billion in Q1 2023 (Q1 2022: AED 61.7 billion)

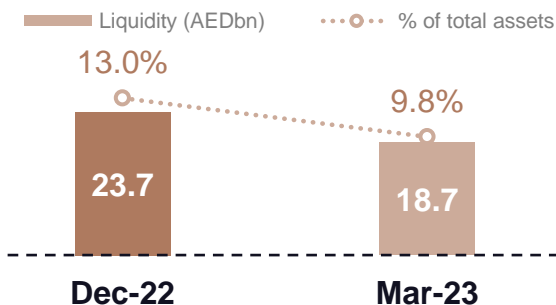
Fixed rate debt (% total)



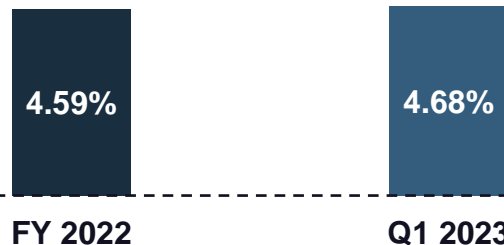
Average debt maturity (years)



Strong liquidity levels



Average interest rate

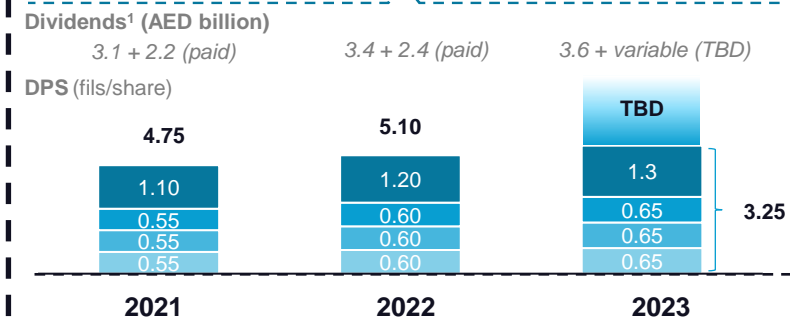


Continued reduction in net leverage

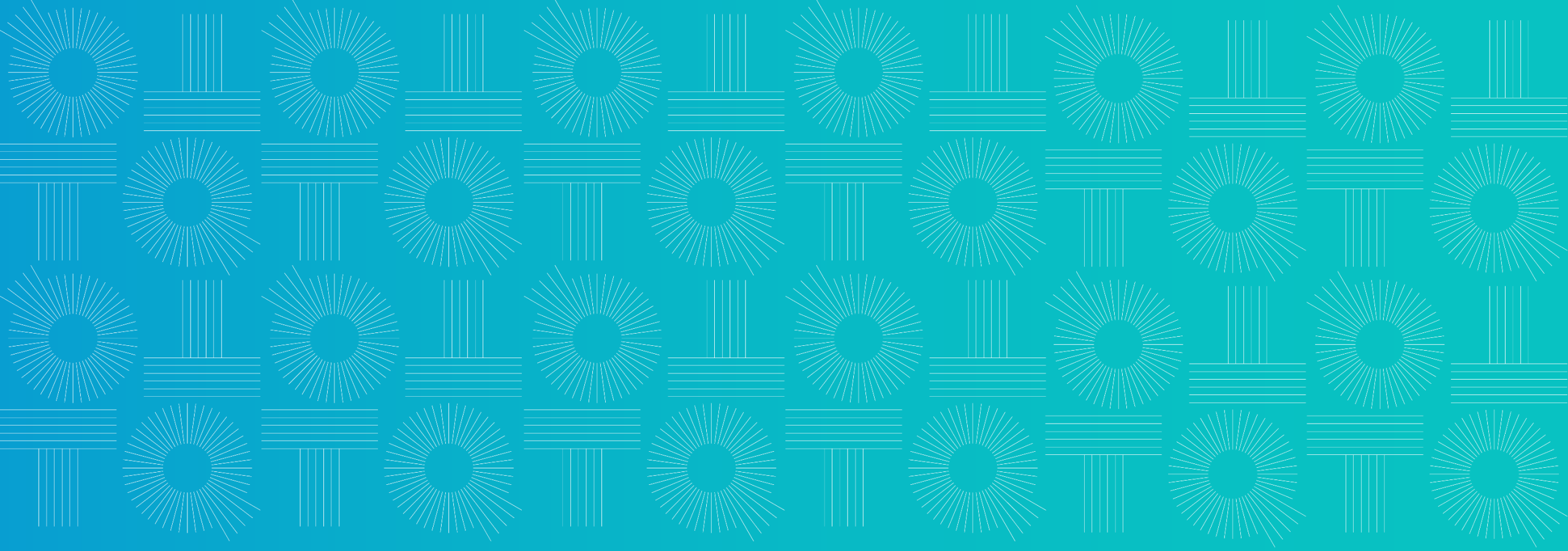
Net debt / EBITDA (LTM)



Delivering on our quarterly dividend policy



1. Proposed dividend payouts of indicated financial years



Investment thesis

Key strengths of TAQA



Aa3 by Moody's (stable)
AA- by Fitch (stable)

1

One of the Largest Listed Integrated Utility Companies in EMEA

(Assets of USD 49.4 billion for FY 2022)

2

Vertically Integrated Across the Utilities Value Chain

(Exclusive rights to T&D in Abu Dhabi and a minimum of 40% in all EWEC generation projects until 2030)



Leader in the
utilities sector

3

Highly Predictable and Secure Cash Flow Profile

(70% of Adj. EBITDA from regulated and contracted assets)

4

Long-standing and Transparent Regulatory Framework

(Governing T&D business in Abu Dhabi)



Secure cash flows

5

Strong Abu Dhabi Ties and Fully Aligned with the 2030 Economic Vision

(Majority owned by Abu Dhabi government)

6

Aligned with the UAE Net Zero by 2050 strategic initiative

(TAQA aims to help fulfil the UAE strategy of increasing the share of clean generation to 50 per cent. by 2050)

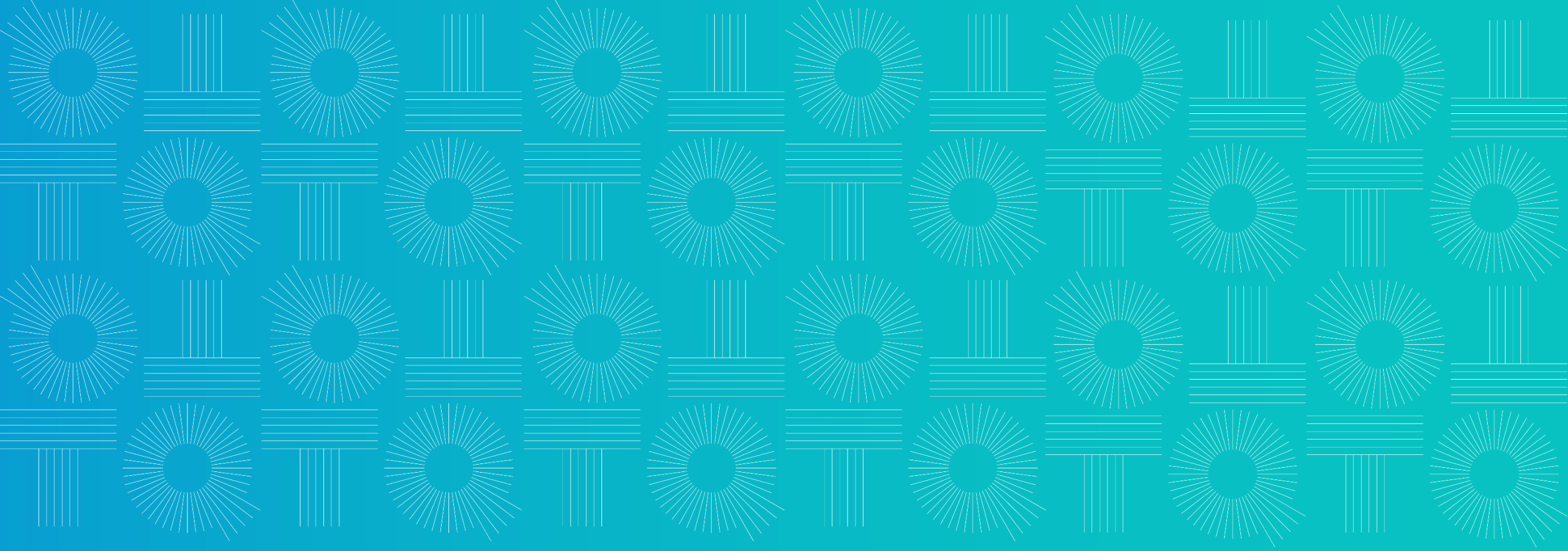


National
champion

Appendix

POWERING A THRIVING FUTURE





**Appendix A: A closer look at the
business lines**

A closer look at the Business Lines



TAQA Generation (excluding Masdar)

National champion with a growing global footprint



21 power & water assets across the globe

- **14 power & water assets in the UAE** with 20.1 GW generation capacity and 1,060 MIGD water capacity
- **7 assets outside UAE** (4.1 GW) across 6 countries: Morocco, Ghana, KSA, USA, Oman and India



Over 12 years weighted residual life of P(W)PAs, excluding projects under construction

- The growth projects under development will have **20 to 30-year off-take agreements once completed**



Exclusive rights to participate in all future power and water generation projects tendered in Abu Dhabi over the next ten years with minimum 40% stake (renewables to be executed through Masdar)



Strategic initiatives:

- Expand portfolio in **domestic and international** markets
- Strategically positioning in renewables and Green Hydrogen sphere through Masdar
- Value creation through optimization of operational portfolio via **technical and financial initiatives**
- Develop **O&M and lead developer capabilities**

Spearheading TAQA's green initiatives

- Dafrah PV2 (2GW capacity) will be the **world's single largest solar PV farm** upon completion
- Taweelah RO (200 MIGD), once commissioned will be the **world's largest RO desalination plant**
- Fujairah 3 (2.4 GW capacity) is designed to be the **most efficient CCGT plant** on Abu Dhabi network



19.2 GW

Total operating gross installed power capacity



860 MIGD

Total operating water capacity



5.0 GW

New power capacity under construction

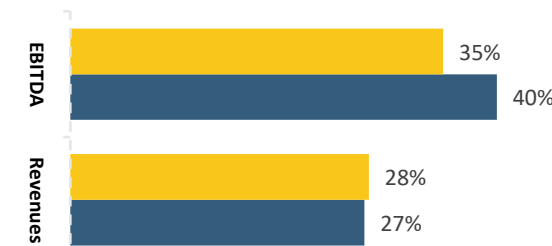
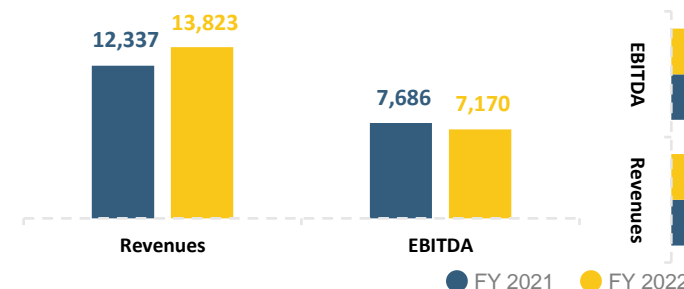


200 MIGD

New reverse osmosis water capacity under construction

Revenue and EBITDA (AEDm)

Share of revenue and EBITDA



Masdar: Aiming to be a global clean energy leader

Joint Venture between TAQA, ADNOC & Mubadala



A strategic partnership to launch a global clean energy powerhouse

- Abu Dhabi's flagship clean energy company
- Plans to grow on a global scale covering renewable power, green hydrogen and other enabling clean energy technologies



Ambitious growth targets in renewable energy and green hydrogen

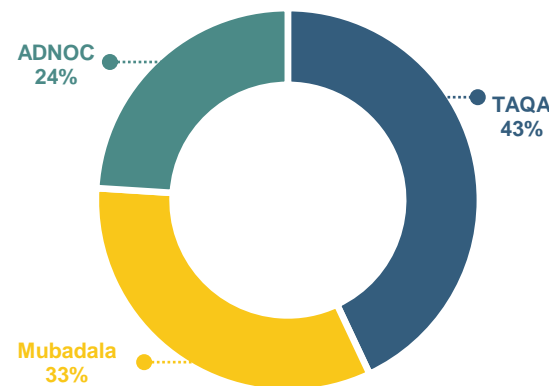


Building a global footprint

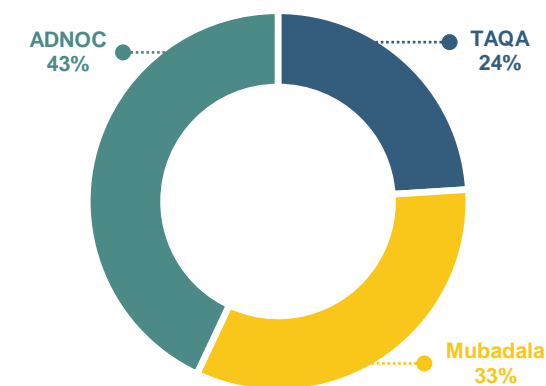


- Presence in 15 countries

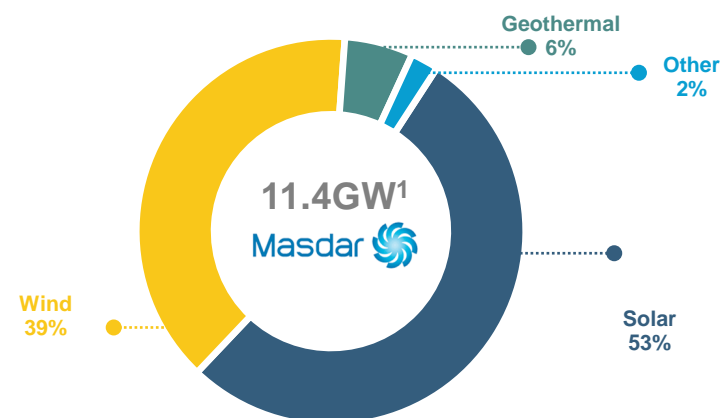
Masdar shareholding



Green Hydrogen shareholding



Masdar's technology mix



A closer look at the Business Lines



Transmission & Distribution (T&D)

Key utility infrastructure provider in the UAE

Major player in the UAE power and water segment



- Power and water transmission across the whole of Abu Dhabi and to FEWA and SEWA, serving six of the seven Emirates in the UAE

Distribution managed through two DisCos:



- Abu Dhabi Distribution Company (ADDC)
- Al Ain Distribution Company (AADC)



Well defined regulatory framework in place for T&D

- TAQA receives **agreed return on investment across T&D assets**



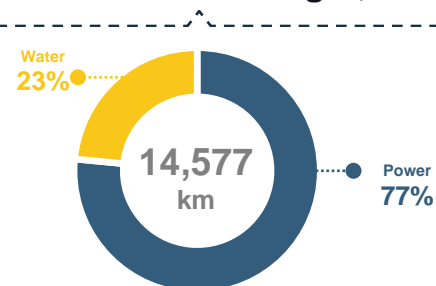
Major spending plans and enhancing capabilities :

- Targeted capital expenditure of **AED 40 billion (~USD 11.0 billion)** scheduled for the T&D business **by 2030**
- Focus on **expansion and interconnection of power, water and recycled water** infrastructure in Abu Dhabi
- Optimization and digitalization** across the value chain

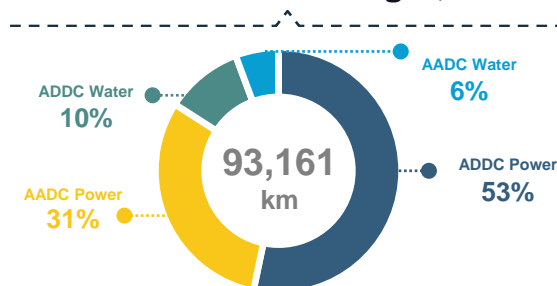
Preparing the ground for energy transition

- Investments in **energy transition readiness and associated infrastructure**, incl. battery storage, EV charging and demand side management
- Emphasis on digitalization** to achieve operational improvements and smart grid readiness

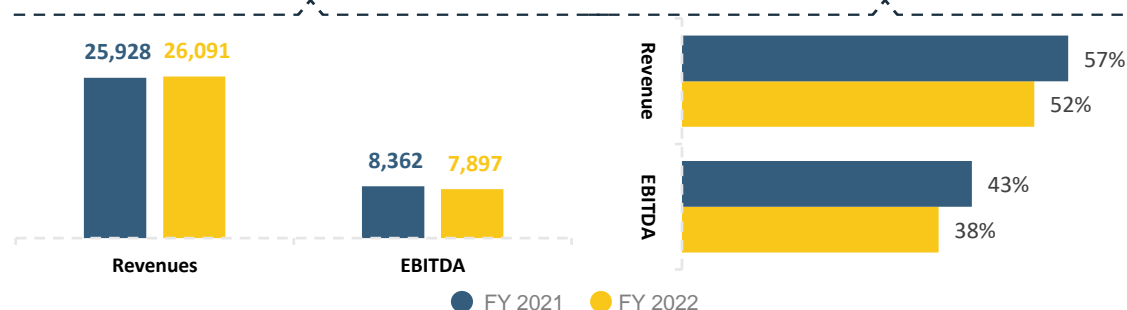
TransCo Network Length, 2022



DisCos Network Length, 2022

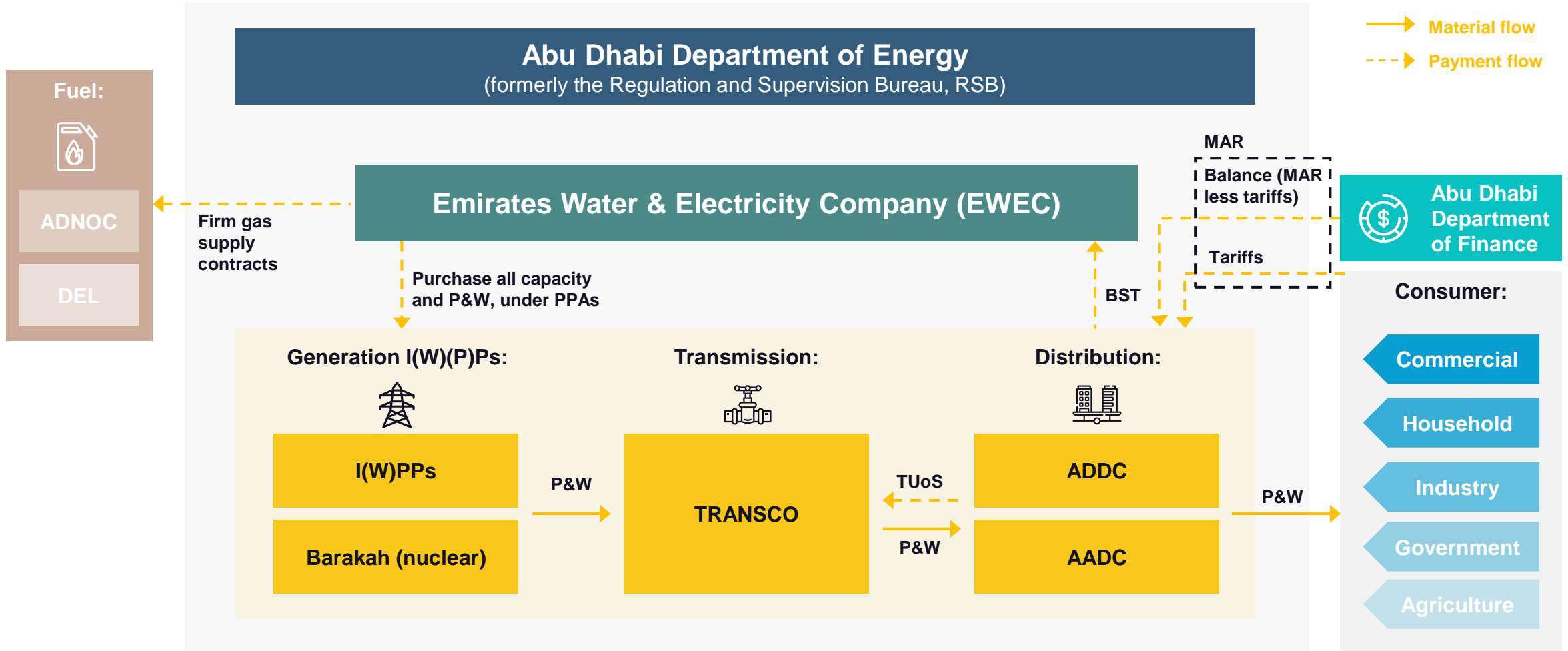


Revenue and Adj. EBITDA (AEDm) Share of revenue and Adj. EBITDA



A closer look at the Business Lines

Abu Dhabi power and water sector flows



Note: I(W)(P)P = Independent (Water) (and) (Power) Producer; P&W = power and water; TRANSCO = Abu Dhabi Transmission & Despatch 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

A closer look at the Business Lines



Oil & Gas

Assets spread across 3 continents

Canada



- Operating asset acreage with large resource potential
- A top onshore oil and gas producer in Western Canada
- Strategic Priorities:** deliver safe and reliable operations whilst maximizing value and achieving operational excellence
- Net production in 2022: **72.5 mboe/day**

UK



- Late-life offshore operations
- Strategic Priorities:** safe and reliable operations with execution of decommissioning plans
- Net production in 2022: **39.9 mboe/day**

Netherlands



- Two strategic gas storage facilities: Gas Storage Bergermeer (GSB) and Piek Gas Installation (PGI)
- Strategic Priorities:** maintain high asset availability, fulfill the customer expectations
- Net production in 2022: **3.2 mboe/day**

Iraq

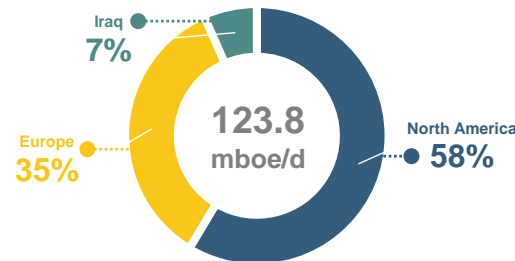


- Operate the Atrush Block in Kurdistan
- Drill to fill central processing facility, with appraisal opportunities
- Strategic Priorities:** sustain production by executing drilling program and improve cost and environmental performance through execution of a gas utilization project
- Entitlement production in 2022: **8.2 mboe/day** (Gross production: 35.9 mboe/day)

Reducing carbon footprint

- Proactive approach to **emissions management and reduction across all OpCos**, working closely with stakeholders to execute and deliver upon emission optimisation and projects including the gas utilisation project in Iraq
- Successful completion of the Acid Gas Injection project at Crossfield in Canada towards end 2021/beginning 2022 led to **54,500 T/yr reduction in CO2 emissions**

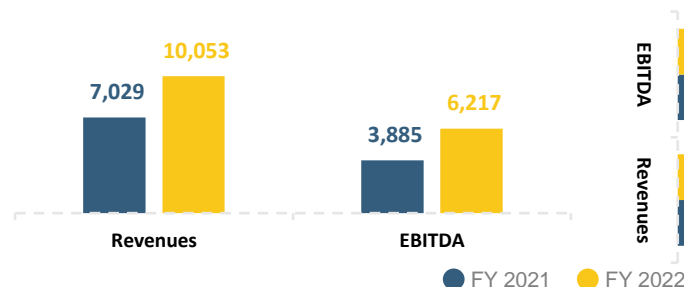
Net production, 2022



Production mix (mboe/day), 2022



Revenue and EBITDA (AEDm)



Share of rev and EBITDA

