

Q4 2024 MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended
31 December 2024



ABU DHABI NATIONAL ENERGY COMPANY PJSC (TAQA) MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Health, Safety and Environment
2. Summary of Results
3. Results of Operations by Business
4. Capital Structure and Liquidity
5. Capital Expenditure

This document should be read in conjunction with TAQA's consolidated financial statements for the year ended 31 December 2024. Within the MD&A we use the terms "the Group", "we", and "our" to refer to TAQA.

1. Health, Safety and Environment (HSE)

		Year ended 31 December									
		<u>Transmission & Distribution</u>		<u>Generation ⁽¹⁾</u>		<u>Water Solutions ⁽²⁾</u>		<u>Oil & Gas ⁽³⁾</u>		<u>Group Total ⁽³⁾</u>	
HSE Overview		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Recordable injury rate (RIR) ⁽⁴⁾	(incident /1 million hrs)	0.12	0.27	0.20	0.78	0.31	-	1.16	1.38	0.32	0.54
Lost time injury (LTI)	Number	4	11	1	3	4	-	4	4	13	18
Fatalities	Number	1	-	-	-	-	-	-	-	1	-
Reportable spills	Number	-	-	-	1	-	-	9	19	9	20
Reportable spills	Volume (litres)	-	-	-	100	-	-	2,906	18,157	2,906	18,257

1) Refers to TAQA operated assets only.

2) Comparatives not presented for Water Solutions as acquisition of TAQA WS is effective from 1 January 2024.

3) Excludes discontinued operations.

4) RIR includes all recordable injuries (e.g., fatalities, lost time injury, restricted work injury and medical treatment injury)

"Safe" is our first value. We put safety above all else and HSE is a fundamental part of TAQA's business. A strict set of HSE rules, guidelines, and reporting tools ensure a high level of professionalism and adherence to regulations is enforced wherever we operate. All members of our workforce are empowered with the responsibility and authority to speak up and stop unsafe work.

Group RIR of 0.32 at the end of 2024 represents a reduction in RIR from 0.54 in 2023, with corresponding activity levels (i.e., manhours) increasing by approximately 15%. Of the 13 LTIs reported in 2024, 4 occurred in Oil & Gas (O&G), 4 in Water Solutions (TAQA WS), 1 in Generation and 4 in Transmission and Distribution (T&D).

Regrettably, a fatal accident occurred at one of our distribution companies in August. An independent investigation was conducted to establish root causes, identify lessons learnt and develop the actions for implementation and improvement. Safety stand-downs were initiated across our operations to reinforce TAQA's commitment to safety.

9 reportable spills were recorded as of the end of 2024 compared to the 20 recorded in the previous year. Total spill volume released was 2,906 litres, down from 18,257 litres in 2023.

Transmission & Distribution (T&D)

T&D continued improvements in HSE leading indicators and proactive reporting. New and upgraded HSE standards, particularly in contractor HSE governance, were implemented. However, the fatality in August highlighted the need to maintain focus on operational discipline, vigilance and continuous improvement, especially for our contracted workforce, in an operating environment that experienced fewer recordable incidents.

Generation

Generation continued to strengthen HSE reporting, performance and leadership culture. All operations continued to deliver their annual HSE improvement plans with common focus areas targeting contractor management, leadership engagement, process safety, crisis and emergency management, HSE culture, and control of work. Overall, reporting of HSE observations increased.

Water Solutions

As part of the integration of TAQA Water Solutions (TAQA WS), formerly SWS Holding, and its operated assets, Day 1 and Day 100 plans relating to HSSE management system alignment were delivered, with further actions being progressed to address identified improvement opportunities. A new independent HSE assurance review commenced with the support of external specialists to deliver further enhancements.

Oil & Gas (O&G)

A specialist safety and risk review of the O&G operating companies was completed in 2023, and corrective action plans developed to address the findings were completed in 2024. Through this, the O&G business achieved a notable decrease in both RIR and reportable spills compared to the same period in 2023. This progress underscores our pursuit of excellence in safeguarding both our workforce and the environment.

Corporate

Health and wellbeing programmes were delivered during the year, including a global heart health campaign to raise awareness of heart risk factors and preventative measures, a global heat health campaign to manage the risks associated with exposure to extreme temperatures, and a mental health programme predominantly for HQ personnel to further support personal resiliency and colleagues.

Further Group initiatives included behavioral based safety and leadership programmes, introduction of new global standards within TAQA's HSSE management system to standardise and strengthen HSSE governance, increased focus on reporting of safety observations and analysis of leading HSE indicators, enhanced quality of HSE incident investigations, and strengthening of our process safety framework. Focus remained on assuring the quality of incident investigations with the support of a new incident investigation and root cause analysis tool. We continued to prioritise a culture of learning through sharing of incidents, lessons and safety alerts.

2. Summary of Results

		Three months ended		Twelve months ended	
		31-Dec	31-Dec	31-Dec	31-Dec
(AED million, except where indicated)		2024	2023	2024	2023
Transmission network availability	%	98.6	98.4	98.7	98.4
Generation global commercial availability ⁽¹⁾	%	98.7	98.3	98.0	97.9
Water Solutions asset availability ⁽²⁾	%	94.0	-	95.3	-
Oil & Gas average production ⁽³⁾	mboe/d	98.9	106.4	101.4	107.8
Gross Revenues		13,420	12,325	55,162	51,717
EBITDA ⁽⁴⁾		4,489	4,699	21,437	31,035
Net Income ⁽⁵⁾		750	1,409	7,068	16,647
Capital expenditure ⁽⁶⁾		3,094	2,318	9,155	5,588
Free cash flow generation ⁽⁷⁾		(255)	3,706	2,608	13,928

		31-Dec	31-Dec
(AED million)		2024	2023
Total debt		64,124	61,653
T&D Regulated Asset Value (RAV)		76,855	76,919
Water Solutions Regulated Asset Value (RAV) ⁽²⁾		17,804	-

(1) Represents weighted average for all power producing assets based on plant capacity.

(2) Comparatives not presented for Water Solutions as acquisition of TAQA WS is effective from 1 January 2024.

(3) Includes working interest production from continuing operations in North America, UK, and Netherlands.

(4) Starting in Q3 2024, the Group transitioned from using 'Adjusted EBITDA' to a clean EBITDA definition. Going forward, EBITDA will be defined as IFRS earnings before finance costs, interest income, income tax, depreciation, depletion, and amortization.

(5) Net income above is share attributable to common shareholders of TAQA.

(6) Represents additions to Property, Plant, and Equipment, excluding right-of-use assets.

(7) Represents cash flows from operations less cash flows used in investing activities.

Operational Highlights:

- **Transmission network availability** for power and water reached 98.7%, marginally higher from 98.4% in 2023.
- **Generation global commercial availability** marginally improved to 98.0% from 97.9% in the previous year.
- **Water Solutions asset availability** stood at 95.3%, reflecting strong operational performance.
- **Oil & Gas production** decreased 5.9% year-on-year to 101.4 mboe/d. This fall is mainly due to the natural decline in production and decommissioning activity, primarily as a result of the cessation of production of four UK assets as the Company transitions its focus towards safe and efficient decommissioning.

Financial Highlights:

- **Group revenues** increased 6.7% year-on-year to AED 55.2 billion, driven by sustained growth in Transmission & Distribution (T&D) and the consolidation of TAQA Water Solutions (TAQA WS).
- **EBITDA** was AED 21.4 billion, up 5.9% compared to the prior year, excluding the AED 10.8 billion related to the acquisition of a 5% stake in ADNOC Gas. Including this one-off item, EBITDA saw a decrease of 31% year-on-year.
- **Net income** was AED 7.1 billion, up 1.5% compared to the prior year, excluding one-off items (AED 10.8 billion) related to the acquisition of a 5% stake in ADNOC Gas and an AED 1.1 billion deferred tax charge due to the introduction of UAE corporate tax. Including these one-off items, net income recorded a AED 9.6 billion year-on-year decline.
- **Capital expenditure** increased by 63.8% to AED 9.2 billion, primarily driven by construction progress in the Mirfa 2 Reverse Osmosis (M2 RO) and Shuweihat 4 Reverse Osmosis (S4 RO) desalination projects, timing and phasing of project execution within T&D and the inclusion of TAQA WS.
- **Free cash flow generation** amounted to AED 2.6 billion, down from AED 13.9 billion in 2023, reflecting increased investments in Masdar, capital investment across Generation, T&D and Water Solutions and the acceleration of decommissioning activities within oil and gas.
- **Gross debt** was AED 64.1 billion, up from AED 61.7 billion at the end of 2023, primarily due to the issuance of an aggregate AED 6.4 billion in 7-year and 12-year dual-tranche corporate bonds, consolidation of AED 1.5 billion in project debt from the acquisition of SWS Holding and AED 1.4 billion for the construction of the M2 RO and S4 RO desalination projects, offset by the repayment of AED 3.5 billion in matured corporate bonds, AED 2.9 billion in scheduled loan repayments and AED 0.5 billion of other minor movements.

Strategic Highlights:

- Distribution businesses Abu Dhabi Distribution Company (ADDC) and Al Ain Distribution Company (AADC) have been **merged under single entity with a new brand**, TAQA Distribution. The merger is expected to improve customer experience and strengthen internal capabilities by enhancing scale and unlocking further opportunities for operational excellence and growth.
- TAQA launched a **new brand identity** for its group of companies. This move marks a milestone in the transformation and growth of the Company and underpins its strategy to grow through delivering integrated power and water services in the UAE and internationally.
- **TAQA continues to expand its portfolio (including Masdar) domestically and internationally:**
 - **UAE:** The Taweelah Reverse Osmosis (RO) Independent Water Plant achieved full commercial operation in Q1. With a capacity of 200 MIGD, Taweelah RO is one of the world's largest RO desalination plants.
 - **Saudi Arabia:** This is a key international target market for TAQA and significant progress was made on a number of projects in the Kingdom in 2024, as below:
 - Financial close was achieved for Juranah Independent Strategic Water Reservoir Project, a strategic water infrastructure project aimed at addressing emergency municipal water demand across the Kingdom, specifically in the Makkah region during the Hajj season. The project is being developed by TAQA in conjunction with partners Vision Invest and GIC Consortium.

- Financial close was achieved for Najim Cogeneration Company, a new industrial steam and electricity cogeneration plant that will supply up to 475 MW of electricity and approximately 452 tonnes per hour (tph) of steam to a petrochemical complex located in Jubail in the Eastern Province of the Kingdom. TAQA will own 51% of the plant, with JERA owning the remaining 49%.
- Two 25-year Power Purchase Agreements (PPAs) were signed by a consortium of TAQA, JERA and Al Bawani, with Saudi Power Procurement Company (SPPC) to develop two new greenfield power projects, one each in Rumah and Al Nairyah, with a combined capacity of 3.6 GW.

The two new plants will be developed as highly efficient combined cycle gas power plants, by respective special purpose entities owned by TAQA (49%), JERA (31%) and Al Bawani (20%) with operation and maintenance (O&M) of the plants to be undertaken through respective O&M special purpose entities having the same shareholding structure.

- **North America:** Masdar acquired a 50% stake in Terra-Gen Power Holdings II, significantly expanding its presence in the US renewables market. Terra-Gen's gross operating portfolio at the time of acquisition comprised 3.8 GW of wind, solar and battery storage projects, including 5.1 GWh of energy storage facilities across 30 renewable energy sites throughout the US
- **Europe:** Masdar also completed three key acquisitions in Europe, expanding its footprint in the continent:
 - Masdar completed the acquisition of Saeta Yield ("Saeta") from Brookfield Renewable. Saeta is an established renewables platform with an operating portfolio of 745 MW of predominantly wind assets (at the time of acquisition), and a 1.6 GW development pipeline in Spain and Portugal.
 - Masdar and Endesa S.A. finalised a partnership agreement to advance renewable energy initiatives in Europe. Under this agreement, Masdar has acquired a 49.99 percent stake in EGPE Solar, a subsidiary of Enel Group's Endesa. EGPE, at the time of acquisition, owned a 2 GW portfolio of operational photovoltaic (PV) assets in Spain.
 - Masdar also enhanced its renewable energy portfolio in Greece and the EU, through acquisition of Terna Energy, which had an operating capacity of 1.2 GW at the time of acquisition and targeting 6 GW of operational renewable capacity by 2029.
- **Adding water sector capabilities:** 2024 witnessed the completion of 100% acquisition of SWS Holding by TAQA. Rebranded to TAQA Water Solutions, it is the sole entity responsible for wastewater collection and treatment as well as production of recycled water in the Emirate of Abu Dhabi. This acquisition expands TAQA's capabilities in managing water and complements its existing portfolio, while adding significant value to the Company's asset base (regulated asset value of around AED 17.5 billion, with a network of approximately 13,000 km of sewer pipelines and water treatment capacity of approximately 1.3 million cubic meters).
- **Oil & Gas:** Key developments during 2024 in the Oil & Gas business include:
 - The sale of TAQA's stake in the Atrush oil field in the Kurdish Region of Iraq.
 - TAQA is also making progress in the UK, transitioning its focus towards safe and efficient decommissioning in the North Sea, with the cessation of production at its North Cormorant, Cormorant Alpha, Eider and Tern platforms in 2024.
 - Onshore gas production in the Netherlands was ceased, 50 years after the start of production in the Dutch Alkmaar region.

- **Strong access to capital markets:**

- Fitch Ratings upgraded TAQA's rating to 'AA', up from 'AA-', demonstrating its strong balance sheet.
- TAQA issued USD 1.75 billion (~AED 6.4 billion) in dual-tranche bonds (7-year and 12-year notes) in October. The USD 850 million (~AED 3.1 billion), 12-year notes represent TAQA's second green bond issuance, the net proceeds of which are being used to finance, refinance and invest in relevant eligible green projects, as outlined in the Company's Green Finance Framework.

- **Continued recognition of ESG initiatives:** TAQA's commitment to sustainability continues to be recognised by the broader market, with MSCI upgrading the Company's ESG rating to 'A', up from 'BBB'.

3. Results of Operations by Business

Consolidated Income Statement	Year ended											
	Transmission & Distribution		Generation		Water Solutions ⁽¹⁾		Oil & Gas		Corp. & Elimination		Total	
	31-Dec 2024	31-Dec 2023	31-Dec 2024	31-Dec 2023	31-Dec 2024	31-Dec 2023	31-Dec 2024	31-Dec 2023	31-Dec 2024	31-Dec 2023	31-Dec 2024	31-Dec 2023
(AED millions)												
Total revenues	34,491	30,954	12,415	12,715	2,479	-	5,777	8,048	-	-	55,162	51,717
Operating expenses	(23,937)	(20,950)	(5,132)	(5,180)	(774)	-	(2,618)	(3,862)	22	19	(32,439)	(29,973)
G&A expenses	(1,374)	(1,280)	(468)	(406)	(121)	-	(218)	(177)	(680)	(471)	(2,861)	(2,334)
Share of results of associates and JVs	-	-	440	182	-	-	-	-	(56)	9	384	191
Other income	280	180	225	171	(3)	-	86	50	(37)	(12)	551	389
FX gains / (losses)	-	-	(33)	38	-	-	19	13	(24)	(106)	(38)	(55)
Gain on recognition of investment	-	-	-	-	-	-	-	-	-	10,784	-	10,784
Dividend income	-	-	-	-	-	-	-	-	612	298	612	298
Profit from discontinued operations	-	-	-	-	-	-	66	18	-	-	66	18
EBITDA	9,460	8,904	7,447	7,520	1,581	-	3,112	4,090	(163)	10,521	21,437	31,035
DD&A expenses	(3,524)	(3,624)	(4,496)	(4,515)	(753)	-	(1,189)	(1,102)	18	29	(9,944)	(9,212)
Finance costs	(3)	(3)	(1,570)	(1,629)	(127)	-	(440)	(393)	(939)	(847)	(3,079)	(2,872)
Interest income	164	154	185	160	21	-	161	138	11	46	542	498
Tax (expense) / credit	(370)	(1,036)	(518)	(454)	(64)	-	(578)	(1,408)	(93)	269	(1,623)	(2,629)
Total profit / (loss)	5,727	4,395	1,048	1,082	658	-	1,066	1,325	(1,166)	10,018	7,333	16,820
Non-controlling interest	-	-	(233)	(173)	(32)	-	-	-	-	-	(265)	(173)
Net profit / (loss) (TAQA share)	5,727	4,395	815	909	626	-	1,066	1,325	(1,166)	10,018	7,068	16,647

Consolidated Balance Sheet	As at											
	Transmission & Distribution		Generation		Water Solutions ⁽¹⁾		Oil & Gas		Corp. & Elimination		Total	
	31-Dec 2024	31-Dec 2023	31-Dec 2024	31-Dec 2023	31-Dec 2024	31-Dec 2023	31-Dec 2024	31-Dec 2023	31-Dec 2024	31-Dec 2023	31-Dec 2024	31-Dec 2023
(AED millions)												
Property, plant & equipment	84,740	82,913	26,318	28,075	18,569	-	5,347	4,905	(32)	(17)	134,942	115,876
Operating financial assets	-	-	7,821	8,786	-	-	-	-	-	-	7,821	8,786
Investment in and loans to associates & JVs	797	797	15,020	7,109	-	-	-	-	208	303	16,025	8,209
Intangible assets	4,755	4,755	9,473	10,710	1	-	68	132	-	-	14,297	15,597
Financial assets at FVOCI	-	-	-	-	-	-	-	-	13,469	11,858	13,469	11,858
Deferred tax assets	-	-	10	-	-	-	5,558	5,996	48	102	5,616	6,098
Other assets	6,150	4,995	9,801	9,092	632	-	1,876	1,726	6,184	11,461	24,643	27,274
Assets classified as held for sale	-	-	-	-	-	-	-	942	-	-	-	942
Total Assets	96,442	93,460	68,443	63,772	19,202	-	12,849	13,701	19,877	23,707	216,813	194,640
Liabilities directly associated with assets classified as held for sale	-	-	-	-	-	-	-	346	-	-	-	346
Total Liabilities	19,654	20,403	35,636	36,776	6,531	-	14,412	16,385	35,756	31,981	111,989	105,545
Total Equity	76,788	73,057	32,807	26,996	12,671	-	(1,563)	(2,684)	(15,879)	(8,274)	104,824	89,095

(1) Comparatives not presented for Water Solutions as acquisition of TAQA WS is effective from 1 January 2024.

Transmission & Distribution (T&D)

T&D contributed a net profit of AED 5,727 million, an increase of AED 1,332 million. Excluding the AED 1,036 million one-off impact of deferred tax liabilities recognised in 2023, associated with the enactment of UAE corporation income tax, net profit increased by AED 296 million.

Revenue increased by AED 3,537 million to AED 34,491 million, primarily due to higher pass-through costs of AED 2,801 million in bulk supply tariffs and AED 397 million corporate income tax recovery to be reimbursed through the regulatory regime. Excluding pass-through costs, revenue increased by AED 339 million. This growth was primarily driven by regulated returns on new capital investment and inflation.

Operating costs increased by AED 2,987 million, primarily due to AED 2,801 increase in BST. Excluding pass-through costs, the rise in operating expenses is primarily driven by increased staff costs and higher spend on repairs and maintenance.

Tax expense was AED 370 million, a reduction of AED 666 million, due to the absence of an exceptional AED 1,036 million tax charge in the prior year related to the recognition of deferred tax liabilities following the enactment of UAE corporate tax in 2023.

Generation

Generation reported a net profit of AED 815 million, AED 94 million lower than the previous year.

Total revenues amounted to AED 12,415 million, down AED 300 million compared to the prior period. This decline was primarily due to a reduction in pass-through fuel revenues of AED 544 million, largely attributable to Morocco. UAE revenues grew by AED 266 million, driven by higher availability, inflation indexation and the recognition of AED 162 million in corporate income tax recovery, which will be reimbursed under the 'change in law provisions' of our Power and Water Purchase Agreements (PWPAs).

Operating expenses were broadly in line with the comparative year, totalling AED 5,132 million.

Our share of results from associates and joint ventures increased by AED 258 million, mainly due to higher contribution from Masdar.

Tax expenses were broadly in line with the comparative year, totalling AED 518 million.

Water Solutions

TAQA Water Solutions (TAQA WS), formerly SWS Holding, owns Abu Dhabi Sustainable Water Solutions Company (ADSWS), the main entity behind all wastewater collection treatment, and reuse in the Emirate of Abu Dhabi. ADSWS operates under and benefits from the same regulatory controls that govern TAQA's T&D businesses. The acquisition date is 1 January 2024, being the date the Group gained control of TAQA Water Solutions.

The acquisition has been accounted for using the pooling of interest method, which reflects the economic substance of the transaction and TAQA has elected to consolidate the assets and liabilities of the acquired entities from the date of acquisition without restating and presenting the prior period.

Water Solutions contributed AED 2,479 million of revenue and AED 626 million of net profit in FY24.

Oil & Gas (O&G)

O&G contributed a net profit of AED 1,066 million, a decrease of 259 million, primarily reflecting lower commodity prices and production volumes.

In January 2024, TAQA entered into definitive agreements with General Exploration Partners Inc. for the sale of its interest in Atrush oil field in the Kurdistan region of Iraq. As a result, net income included profit from discontinued operations of AED 66 million related to the Iraq upstream oil and gas business, which is AED 48 million higher than the comparable period. On 7 August 2024, the Group formally completed the sale of the Atrush Block.

Revenue was AED 5,777 million, an AED 2,271 million reduction on the prior year. Average realised oil prices for continuing operations increased to USD 76.74/bbl compared to USD 76.07/bbl in 2023. Average realised gas prices decreased to USD 2.75/mmbtu from USD 5.35/mmbtu. TAQA witnessed a reduction in production volumes – 101.4 mboe/d compared to 107.8 mboe/d in 2023 – primarily associated with the planned cessation of production (CoP) in several North Sea fields, in line with TAQA UK decommissioning plans. Four of TAQA UK's assets reached CoP in 2024 year – Tern, Eider, North Cormorant and Cormorant Alpha – marking the end of TAQA's hydrocarbon production in the Northern North Sea.

Operating expenses of AED 2,618 million were AED 1,244 million lower than the previous year, primarily reflecting lower operating costs and fuel costs mainly associated with cessation of production of our Northern North Sea Assets.

Tax expense was AED 830 million lower than the previous year due to lower O&G income and the application of carried forward losses in the Netherlands.

Corporate

G&A expenses were AED 209 million higher compared to 2023 which was largely attributable to one-off costs associated with the rebranding of TAQA's portfolio companies and the merger of the distribution companies.

The gain on recognition of investments was AED 10,784 million lower due to a one-time gain recognized in 2023 from the acquisition of a 5% stake in ADNOC Gas Plc. The shareholding was received from ADNOC for no consideration in recognition of the long-standing strategic partnership between the two companies who are working closely to accelerate the energy transition in the UAE, in areas such as renewable energy and enabling other low carbon solutions.

During the year, dividends of AED 612 million were received from the investment in ADNOC Gas, compared to AED 298 million received last year.

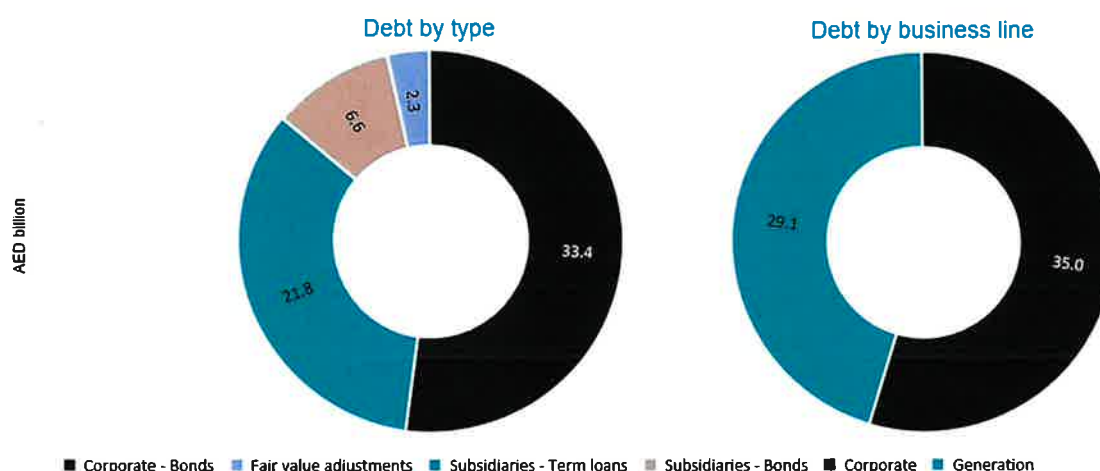
4. Capital Structure and Liquidity

Consolidated Position (AED million, except where indicated)	As at	
	31-Dec 2024	31-Dec 2023
Total assets	216,813	194,640
Total equity	104,824	89,095
Total debt	64,124	61,653
Net debt-to-capital ratio ⁽¹⁾	35%	35%
Unused portion of credit facilities	13,397	13,584
Net cash and cash equivalents	8,382	13,878
Total available liquidity	21,779	27,462

(1) 'Net debt' divided by 'Total equity' plus 'Net debt' where 'Net debt' is 'Total debt' less 'Net cash and cash equivalents'

Capital Structure

TAQA's capital structure is comprised of 35% net debt based on the consolidated statement of financial position values as at 31 December 2024 and includes fair value adjustments.



The Group's external sources of funding include corporate bonds and the Group's revolving credit facility (RCF). These funds have historically been used to fund investment, acquisition and growth within the group. The Generation subsidiaries are generally funded by project debt, either in the form of limited or non-recourse bank loans or project bonds.

The Group continues to monitor the total debt position and refinancing options available to ensure the debt mix and cost of debt is at an optimal level. Please refer to the 'Maturity Profile' section below for updates on recent debt issuances.

Interest rates for the Group's project debt, bonds and loans are largely fixed, either contractually or through interest rate hedging arrangements. The main exception is TAQA's RCF, which attracts floating market rates and therefore is exposed to Secured Overnight Financing Rate borrowing rates. As our medium and long-term bonds and loans mature, we may be required to refinance the debt at market rates or utilise other available liquidity. Accordingly, TAQA is partially exposed to interest rate risk in both the medium and long term.

As at 31 December 2024, after considering the effect of interest rate swaps and embedded derivatives, approximately 99% the Group's borrowings are at a fixed rate of interest (December 2023: 99%) and the Group's overall cost of debt averaged at 4.8% (December 2023: 4.6%)

Liquidity

The Group's total available liquidity was AED 21.8 billion, a decrease of AED 5.7 billion from the end of 2023. Total available liquidity is made up of AED 13.4 billion unused portion of available credit facilities and AED 8.4 billion net cash and cash equivalents.

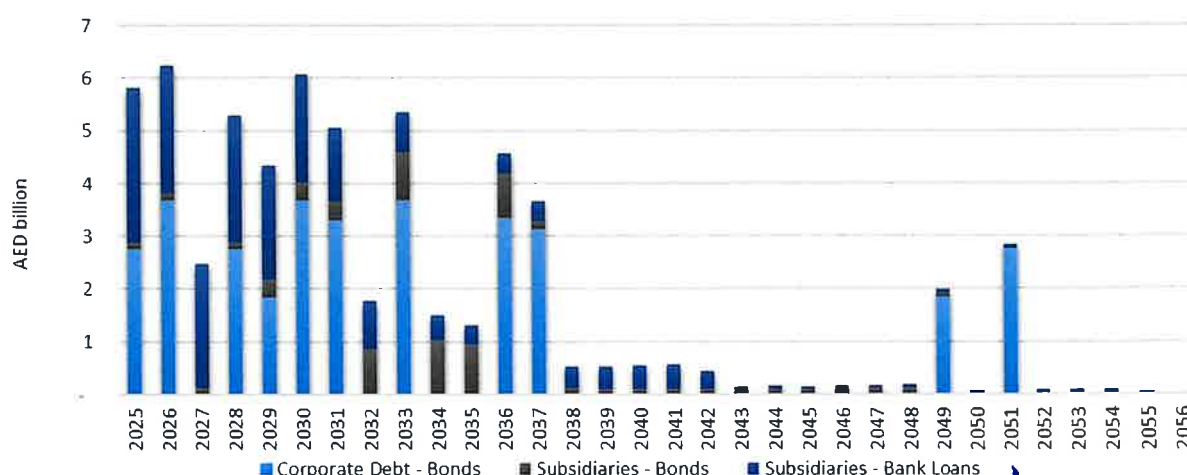
The Group's available credit facilities primarily consist of its AED 12.9 billion (USD 3.5 billion) multicurrency revolving credit facility (RCF) with a syndicate of 20 banks.

As at 31 December 2024, 14% (AED 9.2 billion) of the Group's total debt is classified as current (December 2023: 10%, AED 6.2 billion), based on the carrying value of borrowings. As of December 31, 2024, Fujairah Asia Power Company PJSC (FAPCO) was in technical default for failing to assign new insurances and reinsurances to the Security Trustees, as required under the Common Terms Agreement and the Commercial Mortgage. By January 2025, FAPCO had rectified all defaults and secured a waiver from the Global Facility Agent, but since the default existed at year-end, the AED 3.1 billion non-current loan portion was reclassified as a current liability in the statement of financial position.

Maturity Profile

As of 31 December, 2024, the Group's total debt stood at AED 64.1 billion, up from AED 61.7 billion in December 2023, a net increase of AED 2.4 billion. This increase includes the issuance of an aggregate AED 6.4 billion in 7-year and 12-year dual-tranche corporate bonds, consolidation of AED 1.5 billion in project debt from the acquisition of SWS Holding and AED 1.4 billion for the construction of the M2 RO and S4 RO desalination projects, offset by the repayment of AED 3.5 billion in matured corporate bonds, AED 2.9 billion in scheduled loan repayments and AED 0.5 billion of other minor movements.

The Group's financial liabilities repayment schedule as at 31 December 2024, based on contractual undiscounted payments, is as follows:



5. Capital Expenditure

(AED million)	Year ended 31 December					Group Total
	Transmission & Distribution	Generation	Water Solutions ⁽¹⁾	Oil & Gas	Corporate	
2024	5,037	2,276	785	1,057	-	9,155
2023	3,632	717	-	1,239	-	5,588

(1) Comparatives not presented for Water Solutions as acquisition of TAQA WS is effective from 1 January 2024.

The Group's total capital expenditure (additions to Property, Plant, and Equipment, excluding right-of-use assets) amounted to AED 9,155 million, a 64% increase compared to the prior year.

T&D capital expenditure was AED 5,037 million, an increase of AED 1,405 million, driven by the timing and phasing of project execution throughout the sector, relating to water and electricity network construction, enhancements and upgrades.

Generation capital expenditure reached AED 2,276 million, a significant increase of AED 1,559 million, primarily due to progress in the construction of the M2 RO and S4 RO desalination projects.

Water Solutions capital expenditure was AED 785 million mainly relating to the rehabilitation, replacement and upgrades to existing sewer networks, pumping stations and treatment plants and the development of new networks.

O&G capital expenditure amounted to AED 1,057 million, representing a decrease of AED 182 million. This reduction aligns with the lifecycle stage of our UK platforms, as more assets enter decommissioning, leading to decreased capital spending.



Jasim Husain Thabet
Group Chief Executive Officer & Managing Director
12 February 2025



Stephen Ridlington
Chief Financial Officer