

TAQA MOROCCO RESULTS AS OF JUNE 30TH, 2018 A SUSTAINABLE PERFORMANCE

- Increasing consolidated turnover compared to June 30th, 2017,
- An improved Net Income Groupe Share compared to 2017 first half year,
- Strong performance of Units 1 to 6 with an availability rate of 93.4%, compared to 89% as of June 30th, 2017,
- A dividend distribution of MAD 40 per share on July 25th, 2018, higher than 2017 by 8%.

TAQA Morocco's Board of Directors meeting held on September 12th, 2018, under the chairmanship of Mr. Abdelmajid Iraqui Houssaini, approved the statutory and consolidated accounts as of June 30th, 2018 as follows:

CONSOLIDATED ACCOUNTS

In Mdh	June 30 th , 2018	June 30 th , 2017	Variance	Variance in %
Consolidated Turnover	4,172	4,072	99	2%
Consolidated EBITDA	1,787	1,785	2	0.1%
Consolidated Operating Profit	1,316	1,346	(30)	(2%)
Consolidated Net Profit (*)	702	701	1	0.1%
Including. Net Income Group Share	543	536	7	1%
Including Minority Interest	159	165	(6)	(4%)

(*) As of June 30th, 2018, the JLEC 5&6 accounts taken into account in the consolidation process are in line with the book closing dated October 1st, 2017 to March 31st, 2018, in accordance with the consolidation methods of the TAQA Morocco Group.

The sustainable increase of TAQA Morocco's financial results is based on strong operating performance:

- An **availability rate** of Units 1 to 4 increasing to **92.5%** compared to **90.9%** as of June 30th, 2017, taking into account Unit 4 minor overhaul as part of the maintenance plan,
- An **availability rate** of Units 5 to 6 improving to **95.2%** compared to **85.2%** as of June 30th, 2017, taking into account Unit 6 minor overhaul on 2017, as part of the maintenance plan.
- An **increased consolidated turnover** going from MAD 4,072 million to MAD 4,172 million, resulting from the combined effect of:
 - Strong operational performance of all Units from 1 to 6,
 - Increase of energy payments given the trend of coal purchase price in the international market,
 - Depreciation of the dollar against the dirham on 2018 first half year compared to the same period on 2017.
- A **Consolidated Operating Result** of MAD 1,316 million due to the continued optimization initiatives on operating and maintenance expenses offset by the depreciation effect of the dollar against the dirham.

Thus, the **consolidated net profit margin** goes from 33% as of June 30th, 2017 to 31.5% as of June 30th, 2018.

- An increasing **Net Income Group Share** going from MAD 536 million to MAD 543 million as of June 30th, 2018, mainly due to the operating profit evolution and the improvement of financial result further to the decrease of debt interest expenses on loans.

This results to a net profit margin reaching **16.8%** as of June 30th, 2018 compared to **17.2%** as of June 30th, 2017.

BALANCE SHEET INDICATORS – CONSOLIDATED FINANCIAL STATEMENTS

Equity capital of MAD 5,866 million

Gearing of 54%

**Working capital needs
of MAD 706 million**

A balanced capital structure

Improving compared to 2017

**Controlled working capital needs,
decreasing compared to 2017**

OUTLOOKS

Thanks to its operational excellence, team expertise and financial fundamentals, TAQA Morocco will carry on its strategic orientations to achieve 2018 forecasted results.

Filiale d'Abu Dhabi National Energy Company «TAQA»

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Financial calendar available on www.taqamorocco.ma



TAQA MOROCCO RESULTS AS OF JUNE 30TH, 2018

CONSOLIDATED BALANCE SHEET (In thousands of Moroccan dirhams)		
	30/06/2018	31/12/2017
ASSETS		
• Intangible Assets	4,323,564	4,514,614
• Fixed Assets	9,891,367	10,084,482
• Financial Assets	2,484	3,161
• Long Term Exchange Fluctuations	368,510	420,701
TOTAL LONG TERM ASSETS	14,585,925	15,022,958
• Inventory	1,371,349	1,441,818
• Trade Receivables	1,698,988	1,679,784
• Other Receivables	935,353	555,305
• Short term Investments	2,352,389	2,249,297
• Other assets	5,065	5,407
• Cash	341,709	309,648
CURRENT ASSETS	6,704,853	6,241,259
TOTAL ASSETS	21,290,778	21,264,217
EQUITY & LIABILITIES		
• Share Capital	2,358,854	2,358,854
• Share Premium	1,164,805	1,164,805
• Reserves	855,807	785,542
• Net Income - Group Share	542,711	1,013,813
• Group Equity	4,922,177	5,323,014
• Minority Interest	944,053	784,656
CONSOLIDATED SHAREHOLDERS' EQUITY	5,866,230	6,107,670
Provisions	19,227	19,227
Borrowings	12,100,128	12,652,595
	12,119,355	12,671,823
• Current payables	918,690	1,099,902
• Other Payables	2,386,502	1,384,822
CURRENT LIABILITIES	3,305,192	2,484,724
	15,424,548	15,156,547
TOTAL EQUITY & LIABILITIES	21,290,778	21,264,217

CONSOLIDATED INCOME STATEMENT AS OF (In thousands of Moroccan dirhams)		
	30/06/2018	30/06/2017
PRODUITS		
Turnover	4,171,846	4,072,427
Other revenues		13,395
Operating expense reversals	20,509	6,533
	4,192,355	4,092,356
CHARGES		
Operating expenses	2,236,660	2,144,647
Taxes	23,217	23,306
Labor costs	125,229	119,606
Other operating expenses	0	0
Depreciation	491,599	459,161
	2,876,705	2,746,721
Operating income	1,315,651	1,345,635
Financial income	(286,758)	(325,906)
Current income	1,028,892	1,019,729
Non current income	(5,757)	1,296
Income before tax	1,023,135	1,021,024
Income tax	(321,024)	(319,865)
CONSOLIDATED NET INCOME	702,111	701,160
Group net income	542,711	535,771
Minority interests	159,400	165,388
	702,111	701,160
Earnings per share (in MAD)	23.01	22.71

TAQA MOROCCO GROUP EXCERPT FROM THE CONSOLIDATED EXPLANATORY NOTES AS OF JUNE 30TH, 2018 AND 2017

1. ACCOUNTING PRINCIPLES AND VALUATION METHODS

The Group's main rules and principles are as follow:

1.1 Consolidation principles and methods

The principles and methods of consolidation used by the TAQA Morocco Group are in line with the methodology related to the preparation of consolidated accounts adopted by the CNC (National Council of Accounting) in its notice No. 5.

1.1.1 Perimeter and methods of consolidation

The companies in which the Group directly or indirectly exercises exclusive control are consolidated through full integration. Exclusive control is the direct or indirect power to manage the financial and operational policies of a company in order to benefit from its activities.

The companies in which the Group directly or indirectly exercises significant influence are consolidated through the equity method.

The significant intragroup receivables, debts, revenues and expenses are completely eliminated for globally integrated companies.

1.1.2 Closings

The half-yearly closings taken in account for the preparation of the Group consolidated financial statements are the ones closed by the TAQA MOROCCO Company on June 30th, and the JLEC 5&6 Company on March 31th.

1.2 Evaluation methods

1.2.1 Intangible Assets

Expenses incurred as part of Major Outages, carried out every 8 years according to the pre-established plan, are capitalized and amortised over the same period.

- Initial right of use

In accordance with the Transfer of Possession Agreement (TPA) and as a counterpart to paying the Price for the Transfer of Possession anticipated by this contract, ONE transferred to JLEC (later TAQA Morocco) its "right of use" for Sites and Units 1&2. This right of use is capitalized as an intangible asset and amortised over the concession period, namely 30 years, starting from the date of the closing of financing.

- Complementary right of use

TAQA Morocco constructed Units 3 and 4 over a period of 33 months and 40 months respectively, counting from the date of the closing of financing, along with other investments linked to the Site. During this period, total corresponding expenditure, including interim interest, was accounted for under outstanding tangible assets. Counting from the COD of the Unit 4 on February 2nd, 2001, the right of use of TAQA Morocco has been extended to these new units. These intangible assets are amortised over the remaining concession period, namely 26 years and 7 months starting from this date.

- Upfront fees

Upfront fees were accounted for under intangible assets and amortised over a period of five years. The regular amortisation of these fees is stated as an operation allowance in accordance with the Moroccan GAAP.

- Other project development costs

Starting from Financing closing, TAQA Morocco has accounted some expenditure paid during the project development period under intangible assets. These fixed fees are amortised over the concession period, meaning 30 years starting from the date of the closing of the Financing..

1.2.2 Tangible assets

This item includes the tangible assets that will last for less than the contract period. These fixed assets are booked at the purchase or production cost. Amortisation is calculated according to the linear model and the prevailing tax rates.

1.2.3 Inventories

Inventories are evaluated at the purchase price. The cost includes the purchase prices and the additional purchase fees. At the end of the financial year, the inventories are counted according to the WAC (Weighted average cost) method, with the exception of spare parts inventories, which are valued using FIFO (First In First Out).

1.2.4 Receivables and debts denominated in foreign currency

Receivables and debts denominated in foreign currency are accounted at the exchange rate prevalent on the transaction date. These receivables and debts are converted at the closing rate and readjusted through unrealized foreign exchange loss/gain accounts.

The unrealized losses are booked in the income statement account under the financial provisions, with the exception of those relating to financial debts denominated in American dollars and in Euros, which are subject to near currency hedging transactions based on global exchange position.

The unrealized foreign exchange are not stated in the income statement.

1.2.5 Provisions for liabilities and charges

As of June 30th, 2018, the provisions for contingencies and charges correspond to the provisions for pensions, which were subject to actuarial evaluation by an independent firm.

These social commitments include free electricity that TAQA Morocco statutory staff benefited from.

1.2.6 Deferred taxes

Deferred taxes resulting from consolidated adjustments are calculated company by company.

TAQA MOROCCO RESULTS AS OF JUNE 30TH, 2018

2. CONSOLIDATION PERIMETER

SUBSIDIARIES	JUNE 2018			JUNE 2017		
	INTEREST %	CONTROL %	METHOD	INTEREST %	CONTROL %	METHOD
TAQA MOROCCO	100	100	Full integration	100	100	Full integration
JLEC 5&6	66	66	Full integration	66	66	Full integration



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TAQA MOROCCO GROUP

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2018

We have carried out a limited review of the summary consolidated financial statements of Taqa Morocco SA and its subsidiary (Taqa Morocco Group) which comprise the consolidated statement of financial position as at June 30, 2018, the consolidated statement of profit and loss, the consolidated perimeter and the information provided in the interim report for the period then ended. Those consolidated financial statements show a total equity of KMAD 5.866.230 including a net profit of KMAD 702.111.

We have conducted our limited review in accordance with Moroccan Standards on Auditing applicable in Morocco. Those standards require that we comply with ethical requirements, plan and perform the limited review to obtain moderate assurance whether the consolidated financial statements are free from material misstatement. A limited review consists mainly of holding discussions with senior managers in charge of accounting and finance, and carrying out analysis work. This work is less extensive than that required by an audit. We did not conduct an audit and, consequently, we do not express an audit opinion.

On the basis of our limited review, we have not seen any significant anomalies that would suggest that the summary consolidated half-year financial statements do not present fairly, in all material respects, the financial position of the Group as at June 30, 2018, and its financial performance and its cash flows for the period then ended in accordance with accounting principles generally accepted in Morocco.

Casablanca, September 17th 2018

The Statutory Auditors

ERNST & YOUNG

BENJELLOUN TOUIMI CONSULTING

French original version signed by
Bachir TAZI
Partner

French original version signed by
Abdelmajid BENJELLOUN TOUIMI
Partner

TAQA MOROCCO

RESULTS AS OF JUNE 30TH, 2018

BALANCE SHEET					
From January 2018 to June 2018					
	ASSET	CURRENT YEAR			PREVIOUS YEAR
		GROSS	Dep/Amort. and provisions	Net	Net
LONG TERM INVESTMENTS	CAPITALIZED COST (A)	497,550,478.52	252,306,879.99	245,243,598.53	221,235,600.47
	• Pre-Operating Costs				
	• Deferred Expenditures	497,550,478.52	252,306,879.99	245,243,598.53	221,235,600.47
	• Bond Reimbursement Costs				
	INTANGIBLE ASSETS (B)	11,883,877,710.15	7,939,774,242.17	3,944,103,467.98	4,158,155,649.94
	• Research and development Costs				
	• Licenses, trademarks, rights and similar values	11,096,542,570.85	7,363,714,980.63	3,732,827,590.22	3,935,495,664.36
	• Goodwill				
	• Other intangible assets	787,335,139.30	576,059,261.54	211,275,877.76	222,659,985.58
	FIXED ASSETS (C)	847,140,670.41	557,094,165.02	290,046,505.39	299,057,687.52
CURRENT ASSETS	• Land				
	• Constructions	2,104,303.57	594,292.64	1,510,010.93	1,562,185.97
	• Technical installations, tools and equipment	481,332,016.00	378,858,070.66	102,473,945.34	114,301,336.71
	• Vehicles	2,214,265.53	2,075,209.51	139,056.02	159,222.23
	• Office furniture and equipment other fixtures and furnishing	270,539,272.93	175,265,444.30	95,273,828.63	100,461,728.64
	• Other fixed assets	313,970.50	301,147.91	12,822.59	25,533.92
	• Fixed assets in progress	90,636,841.88		90,636,841.88	82,547,680.05
	LONG TERM FINANCIAL ASSETS (D)	1,202,221,175.83		1,202,221,175.83	1,202,897,909.99
	• Loans	1,772,112.97		1,772,112.97	2,448,847.13
	• Other long term financial assets	449,462.86		449,462.86	449,462.86
CASH AND BANKS	• Shares, Interests	1,199,999,600.00		1,199,999,600.00	1,199,999,600.00
	• Other investments				
	LONG TERM EXCHANGE FLUCTUATION (E)				
	• Decrease in long term assets				
	• Increase in long term liabilities				
	TOTAL I (A+B+C+D+E)	14,430,790,034.91	8,749,175,287.18	5,681,614,747.73	5,881,346,847.92
	INVENTORIES (F)	869,474,011.62	14,418,797.69	855,055,213.93	955,519,494.60
	• Merchandises				
	• Consumables	869,474,011.62	14,418,797.69	855,055,213.93	955,519,494.60
	• Work in progress				
CURRENT LIABILITIES	• Intermediary inventories				
	• Finished goods				
	CURRENT ASSETS (G)	1,527,742,757.68		1,527,742,757.68	1,963,733,472.63
	• Suppliers advances	15,087,796.04		15,087,796.04	20,090,158.61
	• Trade receivables	926,341,636.00		926,341,636.00	902,944,049.40
	• Employee	1,333,772.72		1,333,772.72	1,632,599.87
	• State	565,166,750.14		565,166,750.14	465,485,514.95
	• Affiliates current accounts				560,994,249.81
	• Other debtors				12,586,899.99
	• Prepaid	19,812,802.78		19,812,802.78	
CASH AND BANKS	SHORT TERM INVESTMENTS (H)	1,815,402,164.98		1,815,402,164.98	1,100,230,572.72
	SHORT TERM EXCHANGE FLUCTUATION (I)	2,882,763.58		2,882,763.58	2,680,473.66
	(Current assets and liabilities)				
	TOTAL II (F+G+H+I)	4,215,501,697.86	14,418,797.69	4,201,082,900.17	4,022,164,013.61
	CASH AND BANKS	13,073,466.17		13,073,466.17	16,017,893.31
	• Checks & cash in transit				
	• Banks	13,041,237.55		13,041,237.55	16,008,624.06
	• Petty cash	32,228.62		32,228.62	9,269.25
	TOTAL III	13,073,466.17		13,073,466.17	16,017,893.31
	TOTAL GÉNÉRAL I+II+III	18,659,365,198.94	8,763,594,084.87	9,895,771,114.07	9,919,528,754.84

INCOME STATEMENT					
From January 2018 to June 2018					
		OPERATIONS		CURRENT YEAR	PREVIOUS YEAR
		Related to this year 1	Related to Previous year 2	3 = 1 + 2	
EPLONG TERM INVESTMENTS	I OPERATING REVENUES				
	• Sales of goods				
	• Sales of services and produced goods	2,264,681,896.94		2,264,681,896.94	2,174,690,230.27
	• Turnover				
	• Inventory variation (+/-) (1)				
	• Self-constructed fixed asset				
	• Operating subsidy				
	• Other revenues				1,979,886.77
	• Operating expense adjustments; operating expense transfers	20,509,425.10		20,509,425.10	6,533,089.93
	TOTAL I	2,285,191,322.04		2,285,191,322.04	2,183,203,206.97
EPLONG TERM INVESTMENTS	II OPERATING EXPENSES				
	• Sales purchase value (2)				
	• Raw materials and consumables consumptions (2)	1,386,360,550.84		1,386,360,550.84	1,315,784,463.92
	• Other external expenses	70,952,814.08		70,952,814.08	70,833,770.57
	• Taxes	23,106,993.24		23,106,993.24	23,089,668.09
	• Labor costs	97,194,820.88		97,194,820.88	93,162,154.33
	• Other operating expenses				
	• Current year operating depreciations and provisions	303,034,674.86		303,034,674.86	284,826,554.75
	TOTAL II	1,880,649,853.90		1,880,649,853.90	1,787,696,611.66
	III OPERATING RESULT (I - II)			404,541,468.14	395,506,595.31
EPLONG TERM INVESTMENTS	IV FINANCIAL REVENUES				
	• Revenues from investments				
	• Exchange gains	4,963,858.33		4,963,858.33	272,070.36
	• Interest	22,486,197.73		22,486,197.73	18,242,754.65
	• Financial expense adjustments ; Financial expense transfers				2,056,314.93
	TOTAL IV	27,450,056.06		27,450,056.06	20,571,139.94
EPLONG TERM INVESTMENTS	V FINANCIAL EXPENSES				
	• Interest costs	87,765,577.31		87,765,577.31	98,072,340.22
	• Exchange losses	3,191,722.35		3,191,722.35	6,581,465.76
	• Other financial costs				
	• Current year financial depreciations and provisions	2,827,041.95		2,827,041.95	36,872.70
	TOTAL V	93,784,341.61		93,784,341.61	104,690,678.68
	VI FINANCIAL INCOME (IV - V)			-66,334,285.55	(84,119,538.74)
	VII CURRENT INCOME (III + VI)			338,207,182.59	311,387,056.57

BALANCE SHEET			
From January 2018 to June 2018			
	LIABILITY	CURRENT YEAR	PREVIOUS YEAR
LONG TERM INVESTMENTS	SHAREHOLDERS EQUITY (A)		
	• Share capital (1)	2,358,854,200.00	2,358,854,200.00
	• Minus : subscribed and not paid up capital		
	• Issuance, merger and transfer premiums	1,164,804,710.00	1,164,804,710.00
	• Write up variances		
	• Legal reserve	235,885,420.00	235,885,420.00
	• Other reserves	245,714,467.24	216,856,842.77
	• Retained earnings (2)		
	• Earnings to be allocated (2)		
	• Net earnings (2)	228,290,442.93	972,399,304.47
CURRENT LIABILITIES	TOTAL SHAREHOLDERS EQUITY (A)	4,233,549,240.17	4,948,800,477.24
	ASSIMILATED EQUITY (B)		
	• Investment Subsidy		
	• Regulated reserves		
	LONG TERM FINANCIAL DEBTS (C)	3,488,562,091.77	3,687,908,496.95
	• Bonds issued		
	• Other long term financial debts	3,488,562,091.77	3,687,908,496.95
	LONG TERM PROVISIONS (D)	19,227,389.00	19,227,389.00
	• Risk provisions		
	• Provisions for costs	19,227,389.00	19,227,389.00
CASH	LONG TERM EXCHANGE FLUCTUATION (E)		
	• Increase in receivables		
	• Reduction in financial debt		
	TOTAL I (A+B+C+D+E)	7,741,338,720.94	8,655,936,363.19
	CURRENT LIABILITIES (F)	2,145,024,328.73	1,255,499,675.28
	• Trade payables	485,324,109.61	624,210,886.64
	• Client advances	21,872,311.90	50,321,329.63
	• Employee	16,517,418.84	32,788,644.28
	• Social security / Pension funds	10,373,027.82	9,166,947.82
	• State	224,395,329.77	134,156,253.48
CASH	• Affiliates current accounts	1,697.19	1,697.19
	• Other creditors	1,381,367,586.84	401,275,979.82
	• Accruals	5,172,846.76	3,577,936.42
	OTHER PROVISIONS (G)	5,520,946.02	2,693,904.07
	SHORT TERM EXCHANGE FLUCTUATION (H)	3,887,118.38	5,398,812.30
	TOTAL II (F+G+H)	2,154,432,393.13	1,263,592,391.65
	BANK-OVERDRAFTS		
	• Discounted bills		
	• Overdrafts		
	• Banks (Credit balance)		
	TOTAL III		
	TOTAL GÉNÉRAL I+II+III	9,895,771,114.07	9,919,528,754.84

INCOME STATEMENT					
From January 2018 to June 2018					
		OPERATIONS		CURRENT YEAR	PREVIOUS YEAR
		Related to this year 1	Related to Previous year 2	3 = 1 + 2	
EPLONG TERM INVESTMENTS	VII CURRENT INCOME (REPORTS)			338,207,182.59	311,387,056.57
	VIII UNUSUAL REVENUES				
	• Proceeds from fixed assets disposals				
	• Balance subsidy				
	• Investment subsidy / Current year				
	• Other unusual revenues				
	• Unusual expenses reductions ; Unusual expenses transfer				
	TOTAL VIII				
	IX UNUSUAL EXPENSES				
	• Sold fixed assets net book value				
EPLONG TERM INVESTMENTS	• Subsidies awarded				
	• Other unusual expenses	5,887,537.03		5,887,537.03	4,536,551.00
	• unusual allotment for current year depreciations and provisions				
	TOTAL IX	5,887,537.03		5,887,537.03	4,536,551.00
	X UNUSUAL INCOME (VIII - IX)			(5,887,537.03)	(4,536,551.00)
	XI PRETAX INCOME (VII + X)			332,319,645.56	306,850,505.57
	XII INCOME TAX			104,029,202.63	96,266,482.42
	XIII NET EARNINGS (XI - XII)			228,290,442.93	210,584,023.15
	XIV TOTAL REVENUES (I + IV + VIII)			2,312,641,378.10	2,203,774,346.91
	XV TOTAL EXPENSES (II + V + IX + XII)			2,084,350,935.17	1,993,190,323.76
	XVI NET PROFIT (Total produits - total charges)			228,290,442.93	210,584,023.15



TAQA MOROCCO S.A. STATUTORY AUDITORS' REPORT ON THE INTERMEDIATE FINANCIAL STATEMENTS AS AT JUNE 30, 2018

In accordance with the provisions of the Dahir laying down Act No. 1-93-212 of 21 September 1993, as amended and supplemented, we have carried out a limited review of the summary financial statements of the Company which comprise the statement of financial position as at June 30, 2018, the statement of profit and loss and the information provided in the interim report for the period then ended. Those financial statements show a total equity of MAD 4.233.549.240,17 including a net profit of MAD 228.290.442,93 and are under the responsibility of the Company's management bodies.

We have conducted our limited review in accordance with Moroccan Standards on Auditing applicable in Morocco. Those standards require that we comply with ethical requirements, plan and perform the limited review to obtain moderate assurance whether the consolidated financial statements are free from material misstatement. A limited review consists mainly of holding discussions with senior managers in charge of accounting and finance, and carrying out analysis work. This work is less extensive than that required by an audit. We did not conduct an audit and, consequently, we do not express an audit opinion.

On the basis of our limited review, we have not seen any significant anomalies that would suggest that the intermediate financial statements do not present fairly the financial position and the assets of the Company as at June 30, 2018, and its financial performance for the period then ended in accordance with accounting principles generally accepted in Morocco.

Casablanca, September 17th 2018

Les Commissaires aux Comptes

ERNST & YOUNG

BENJELLOUN TOUIMI CONSULTING

Bachir TAZI
Partner

Abdelmajid BENJELLOUN TOUIMI
Partner