ABU DHABI NATIONAL ENERGY COMPANY PJSC (“TAQA”)
MANAGEMENT’S DISCUSSION AND ANALYSIS

As at and for the period ended 30 September 2019

This Management’s Discussion and Analysis (MD&A) should be read in conjunction with TAQA’s unaudited consolidated financial statements as at and for the period ended 30 September 2019. Within the MD&A we use the terms “the Group”, “we”, and “our” to refer to TAQA.

1. Health and Safety, Security and Environment

		Nine months ended 30 September					
		Power & Water[1]		*Oil & Gas*		*Group Total*	
HSSE Overview		**2019**	2018	**2019**	2018	**2019**	2018
Fatalities	*Number*	**0**	0	**0**	0	**0**	0
Recorded injury rate	*(incident/200k hrs)*	**0.12**	0.13	**0.50**	0.29	**0.39**	0.24
Lost time injury	*Number*	**0**	1	**10**	5	**10**	6
Reportable spills	*Number*	**6**	0	**27**	38	**33**	38

1) Refers to TAQA operated assets only

As of September 2019 the Group’s year-to-date (YTD) Recordable injury rate (RIR) was 0.39, higher than the 0.24 rate recorded for the same period of 2018. A number of recordable incidents occurred in January 2019 and was the primary driver of the increase in the RIR. However, we are pleased to have witnessed a declining number of incidents throughout the remainder of 2019. The Group also observed an encouraging reduction in the number of reportable spills, with 33 spills in the first nine months of 2019 compared to 38 spills in same period last year.

2. Summary of Results

Quarterly Results (AED million, except where indicated)	30-Sep 2019	30-Jun 2019	31-Mar 2019	31-Dec 2018	30-Sep 2018
	Three months ended				
Technical Power Availability (%)[1]	**97.1%**	97.2%	88.9%	91.4%	97.8%
Oil & Gas Production (mboe/d)[2]	**120.5**	122.9	126.7	126.3	124.8
Gross Revenues	**4,097**	4,662	4,330	4,204	4,935
EBITDA[3]	**2,206**	2,407	2,371	2,301	2,593
Profit for the Period	**260**	484	181	179	432
Net (Loss) Income [4]	**(16)**	208	6	(33)	153
(Loss) Profit per Share (AED per Share)	**(0.003)**	0.034	0.001	(0.005)	0.025
Total Assets	**96,886**	98,608	98,771	99,337	99,782
Total Equity	**9,951**	10,379	10,413	10,559	10,689
Capital Expenditure[5]	**264**	522	435	457	428
Free Cash Flow[6]	**1,988**	1,562	1,476	1,483	2,251

1) *Represents weighted average for all power producing assets based on plant capacity.*
2) *Includes working interest production from North America and Europe, and entitlement volume from Iraq.*
3) *Earnings Before Interest, Taxes, Depreciation and Amortization defined as IFRS earnings before income tax, finance charges and depreciation, depletion and amortization.*
4) *Net (loss) income above is portion attributable to common shareholders of TAQA shares.*
5) *Includes Purchase of property, plant and equipment and purchase of intangible assets only*
6) *Free cash flow is defined as operating cash flows less investing cash flows as per the IFRS cash flow statement.*

2.1 Operational Highlights

Power & Water

In the first nine months of 2019 technical availability across the fleet averaged 94.5%, a slight improvement on the 94.3% averaged for the same period in 2018. Strong performance by the UAE fleet so far in 2019 resulted in technical availability of 95.8%, a 1.4% improvement compared to the prior year. The International fleet's technical availability decreased from 93.8% in 2018 to 89.0% mainly due to a prolonged period of maintenance at our power plant in Ghana.

Global power generation for the first nine months of 2019 was 69,406 GWh, a slight increment from the 69,364 GWh generated for the same period in 2018. International power generation was 20,300 GWh for the period, slightly below the 20,375 GWh generated in 2018 as the lower production from Ghana was mostly mitigated by the increased generation at our Moroccan, North American and Indian plants. UAE power generation was 49,106 GWh for the first nine months of 2019, a slight increase compared to 48,989 GWh produced for the same period in 2018.

UAE water desalination for the first nine months of 2019 was 184,689 million imperial gallons (MIG) compared to 185,161 MIG for the same period in 2018, with TAQA continuing to supply the majority of Abu Dhabi's water requirements.

Oil & Gas

Average production for the first nine months of 2019 was 123,322 boepd representing a 1% increase compared to the 122,005 boepd for the corresponding period in 2018. The Atrush block in Kurdistan contributed to the overall increase in volumes by doubling its production from 3,144 boepd for the first nine months of 2018 compared to 6,345 boepd for the corresponding period in 2019. This increase was largely due to new wells coming on stream and the impact of the debottlenecking work which has increased the capacity of volumes that can be handled by the production facility. The increase in the Atrush block compensated for the 4% reduction in production from our European assets, which showed an average of 38,532 boepd for the first nine months of 2019 affected by a natural decline in the assets and deferred capital projects. North American production remained broadly consistent compared to the same period last year averaging 78,444 boepd for the first nine months of 2019.

In May 2019, the Group also completed the acquisition of an additional 7.5% working interest in the Atrush block from Marathon Oil Kurdistan B.V. With this acquisition, TAQA's working interest in the Atrush block increased from 39.9% to 47.4%.

2.2 Financial Highlights

For the first nine months of 2019, Group revenues were AED 13.1 billion, a 3% decrease versus the same period in 2018. The Group's Oil & Gas business saw a 9% decrease in revenues of AED 425 million. Although overall production levels remained relatively the same, this decrease was mainly driven by lower oil and gas prices during the year. Power & Water revenues remained relatively stable with a slight decrease of AED 14 million.

The Group generated EBITDA of AED 7.0 billion in the first nine months of 2019, which was 5% lower than the first nine months of 2018. EBITDA in both the Oil & Gas and Power & Water businesses decreased by 3% and 2% respectively. In addition to these decreases, a further reduction of AED 167 million was noted mainly driven by lower profits from our investment in Sohar Aluminium in 2019, due to one-off insurance proceeds being recognized in 2018.

The profit attributable to equity holders of TAQA for the first nine months of 2019 was AED 198 million as compared to AED 431 million in 2018. The following factors had an impact on net income in addition to the AED 367 million decrease in EBITDA detailed above:

- AED 180 million negative movement on mark-to-market revaluations when compared with the first nine months of 2018 was driven by our US-based power asset. This was primarily as a result of decrease in energy prices resulting in a reduction in the fair value of the tolling arrangement.
- positive movements in foreign exchange gains amounting to AED 157 million when compared to the first nine months of 2018 mostly resulting from the weakening of the Euro.
- a decrease in the income tax charge amounting to AED 119 million as compared to the prior period mostly due to a decrease in the current tax charge driven by lower taxable income and a decrease in the deferred tax expense for the period.

The Group's total liquidity as at 30 September 2019 remained strong at AED 11.2 billion including AED 2.2 billion in cash and cash equivalents, and AED 8.9 billion of undrawn credit facilities.

Similarly, the Group continues to make good progress on reducing debt levels, with total debt as of 30 September 2019 amounting to AED 63.3 billion, a reduction of AED 3.0 billion since the beginning of the year. This reduction has also helped the Group to reduce interest paid for the nine months period ended 30 September 2019 by AED 158 million when compared to the same period in 2018.

3. Business Environment

3.1 Average Benchmarks

		Three months ended				
		30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
Average Benchmark Summary		**2019**	2019	2019	2018	2018
Brent Crude Oil Price	*($US/bbl)*	**61.34**	68.34	63.27	67.36	75.48
West Texas Intermediate (WTI) Oil Price	*($US/bbl)*	**56.44**	59.80	54.87	58.79	69.68
AECO Natural Gas Price[1]	*($US/mmbtu)*	**0.76**	0.82	1.96	1.23	0.96
NBP - National Balancing Point	*($US/mmbtu)*	**3.39**	4.10	6.28	8.35	8.44
Closing foreign exchange rates						
USD/GBP Exchange Rate[2]	*($US)*	**1.23**	1.27	1.30	1.27	1.30
USD/CAD Exchange Rate[2]	*($US)*	**0.76**	0.76	0.75	0.74	0.78
USD/EUR Exchange Rate[2]	*($US)*	**1.09**	1.14	1.12	1.15	1.16
USD/MAD Exchange Rate[2]	*($US)*	**0.103**	0.104	0.103	0.105	0.106

1) *Benchmark prices are converted from their local currency to $US using average exchange rates for the period.*
2) *Exchange rates reflect monthly closing rates. AED is pegged to the USD at a rate of 3.673:1.*

3.2 Crude Oil

Approximately 40% of the Group's hydrocarbon production is crude oil. TAQA produces crude oil in Europe, Iraq, and North America. Europe and Iraq production is sold based on Brent-linked pricing while North American production is sold based on WTI, Edmonton, and Western Canadian Select (WCS) prices. TAQA also produces NGLs which make up approximately 9% of hydrocarbon production, primarily in North America and these are also linked to WTI prices, with relevant discounts for propane, butane, and condensate.

During Q3 2019, Brent prices averaged $62/bbl for the quarter. The market weakened on global oil demand weakness and weak economic growth in China. The production disruption in Saudi Arabia had only a temporary impact and with minimal movements in oil prices.

3.3 Natural Gas

Approximately 87% of the Group's natural gas is produced in North America, substantially all of which is in Western Canada. Most of this gas is sold into the local market based on AECO benchmark prices, which was very volatile and averaged less than $1/MMBtu for Q3 2019 due to weak summer demand. AECO is the local natural gas benchmark, which trades at a substantial discount to NYMEX or Henry Hub benchmarks in the U.S. due to regional oversupply and lack of pipeline egress. Presently, there is no direct access for Canadian producers to liquefied natural gas export terminals, although producers and governments continue to promote and explore opportunities to develop the necessary facilities and infrastructure to reach international markets.

In Europe, TAQA sells most of its natural gas production at spot rates based on NBP (UK) and TTF (Netherlands) price benchmarks. NBP price weakened during the most recent quarter, averaging $3.39/mmbtu. Gas production in Europe accounts for 13% of total Group gas production.

3.4 Interest Rates

The market expects the U.S. Federal Reserve to further lower its Fed Funds Reserve Rate from the current target range of 1.75%- 2.0% in response lower expected economic growth.

3.5 Foreign Exchange

In Q3 2019, the Canadian dollar held steady against the U.S. Dollar at approximately 1.32 for the quarter. The pound remained weak, averaging approximately 1.23 as continued Brexit uncertainty weighed on the markets but saw recent strengthening to over 1.3 in response to an expected Brexit deal. The Euro weakened against the US Dollar, averaging approximately 1.11 throughout the quarter.

4. Results of Operations

4.1 Group Consolidated Results

	Nine months ended							
	Power & Water		*Oil & Gas*		*Corp. & Elimination*		*Group Total*	
Group Income Statement Summary	**30-Sep**	30-Sep	**30-Sep**	30-Sep	**30-Sep**	30-Sep	**30-Sep**	30-Sep
(AED millions)	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Total Revenues	**8,672**	8,686	**4,417**	4,842	**-**	8	13,089	13,536
Operating Expenses	**(3,453)**	(3,313)	**(2,314)**	(2,645)	**-**	(1)	(5,767)	(5,959)
Shared Results of Associates	**6**	5	**-**	-	**56**	223	62	228
Shared Results of Joint Venture	**-**	-	**-**	-	**11**	16	11	16
General and Administrative Expenses	**(161)**	(188)	**(144)**	(167)	**(106)**	(115)	(411)	(470)
Depletion, Depreciation and Amortization	**(1,457)**	(1,440)	**(1,386)**	(1,297)	**(5)**	-	(2,848)	(2,737)
Finance Costs	**(1,419)**	(1,502)	**(382)**	(471)	**(1,195)**	(1,197)	(2,996)	(3,170)
Foreign Exchange Gain (Loss)	**(2)**	61	**24**	18	**97**	(117)	119	(38)
Changes in Fair Value of Derivatives	**(116)**	61	**-**	-	**(1)**	2	(117)	63
Gain for Sale of Land and O&G Asset	**-**	-	**16**	49	**-**	-	16	49
Interest Income	**-**	-	**-**	-	**59**	55	59	55
Other Gains (Losses)	**14**	16	**-**	1	**(13)**	(5)	1	12
Profit (Loss) Before Taxes and NCI	**2,084**	**2,386**	**231**	**330**	**(1,097)**	**(1,131)**	**1,218**	**1,585**

Profit before taxes and NCI

Profit before taxes and NCI for the first nine months of 2019 was AED 1,218 million compared to AED 1,585 million for the same period in 2018. The Group's financial results were 23% lower, with most of the larger variances discussed in *Section 2.2 Financial Highlights* and later in this section.

Corporate & Eliminations

Losses before tax with respect to the Corporate & Eliminations segment for the nine month period ended 30 September 2019 was AED 1,097 million compared to AED 1,131 million in the prior year. The decrease in losses of AED 34 million compared to 2018, was mainly driven by foreign exchange movements which resulted in gains due to the weakening of the Euro offset by the lower share of results of associates in 2019 amounting to AED 167 million due to Sohar Aluminium's one-off insurance claim in 2018.

4.2 Power & Water Business

	Nine months ended					
	UAE Power & Water		*International Power*		*Power & Water Total*	
P&W Net Income (Loss) Summary	30-Sep	30-Sep	30-Sep	30-Sep	30-Sep	30-Sep
(AED millions)	**2019**	2018	**2019**	2018	**2019**	2018
Total Revenues	**5,412**	5,373	**3,260**	3,313	8,672	8,686
Operating Expenses	**(1,206)**	(1,116)	**(2,247)**	(2,197)	(3,453)	(3,313)
Shared Results of Associates	**-**	-	**6**	5	6	5
General and Administrative Expenses	**(77)**	(118)	**(84)**	(70)	(161)	(188)
Depletion, Depreciation and Amortization	**(1,382)**	(1,393)	**(75)**	(47)	(1,457)	(1,440)
Finance Costs	**(1,231)**	(1,291)	**(188)**	(211)	(1,419)	(1,502)
Foreign Exchange Gain (Loss)	**1**	14	**(3)**	47	(2)	61
Changes in Fair Value of Derivatives	**-**	-	**(116)**	61	(116)	61
Other Gains	**2**	2	**12**	14	14	16
Profit (Loss) Before Taxes and NCI	**1,519**	**1,471**	**565**	**915**	**2,084**	**2,386**

Profit before taxes and NCI

Profit before tax and NCI for the Power & Water business for the nine months period ended 30 September 2019 was AED 2.1 billion compared to AED 2.4 billion for the same period in 2018. This decrease in earnings was mostly due to unfavorable changes in the fair value of the tolling arrangement at Red Oak in the USA amounting to AED 177 million affecting the International Power business.

Revenues

Total Power & Water revenues for the nine month period ended 30 September 2019 was AED 8.7 billion, which was more or less in line with the same period of 2018 with revenues from UAE Power & Water increasing by 1%, while International Power business revenue decreased by 2%. This decrease was mainly driven by prolonged period of maintenance at our power plant in Ghana and reduced energy prices at Red Oak in the USA.

Operating Expenses (opex), General & Administrative Expenses (G&A)

Opex increased by 4% to AED 3.5 billion for the nine month period ended 30 September 2019. The increase of AED 140 million was mainly due to higher operational costs in the UAE Power & Water business of AED 90 million, partially due to the prior year comparative being reduced by a release of an AED 35 million provision following the renegotiation of an operating and maintenance contract. The International Power business also saw a 2% increase in opex mostly due to increased maintenance costs in Ghana.

Overall G&A expenses were in line with the same period of 2018, decreasing across the UAE fleet with an offsetting increase across the International fleet.

Depletion, Depreciation and Amortization (DD&A)

DD&A remains substantially unchanged for the first nine months of 2019 when compared to 2018, due to the unchanged life of the PWPAs and PPAs. The slight increase of 1% is due to the impact of IFRS 16 ‘Leases’ and capitalization and subsequent depreciation of ‘right of use’ assets mainly within the International Power & Water business.

Finance Costs

A reduction in finance costs of AED 83 million for the first nine months of 2019 was consistent with lower debt balances as a result of continued principal repayments made on project debt throughout the year.

4.3 Oil & Gas Business

	Nine months ended							
	O&G North America		*O&G Europe*		*O&G Atrush*		*O&G Total*	
Oil & Gas Net Income (Loss) Summary (AED millions)	**30-Sep 2019**	30-Sep 2018	**30-Sep 2019**	30-Sep 2018	**30-Sep 2019**	30-Sep 2018	**30-Sep 2019**	30-Sep 2018
Total Revenues	**1,380**	**1,397**	**2,680**	**3,262**	**357**	**183**	**4,417**	4,842
Operating Expenses	**(770)**	**(731)**	**(1,436)**	**(1,866)**	**(108)**	**(48)**	**(2,314)**	(2,645)
General and Administrative Expenses	**(85)**	**(94)**	**(32)**	**(46)**	**(27)**	**(27)**	**(144)**	(167)
Provision for Impairment - PPE and Dry Hole	-	-	-	-	-	-	-	-
Depletion, Depreciation and Amortization	**(735)**	**(732)**	**(534)**	**(502)**	**(117)**	**(63)**	**(1,386)**	(1,297)
Finance Costs	**(85)**	**(80)**	**(297)**	**(391)**	-	-	**(382)**	(471)
Foreign Exchange Gain (Loss)	**(4)**	**1**	**28**	**17**	-	-	**24**	18
Gain for Sale of Land and O&G Asset	**15**	**49**	**1**	-	-	-	**16**	49
Other Gains	-	**1**	-	-	-	-	-	**1**
Profit (Loss) Before Taxes and NCI	**(284)**	(189)	410	474	**105**	45	**231**	330

Profit before taxes and NCI

Profit before tax and NCI for the Oil & Gas business for the nine month period ended 30 September 2019 was AED 231 million compared to AED 330 million for the same period in 2018. The AED 99 million decrease in earnings was mainly driven by lower revenues and higher DD&A, offset by lower operating costs as detailed below.

Revenues

The Oil & Gas business generated revenues of AED 4.4 billion for the nine month period ended 30 September 2019, a 9% decrease versus the prior period. This AED 425 million decrease was mainly driven lower revenues from Europe amounting to AED 582 million due to reduced production volumes and lower realized prices. This has been partially offset by Iraq revenues increasing by AED 174 million due to the significant increase in volumes.

Operating Expenses (opex), General & Administrative Expenses (G&A)

Lower opex of AED 331 million was mainly driven by our European assets due to lower production. This was partially driven by lower midstream trading expenses and lower opex across Oil & Gas as a result of the adoption of the IFRS 16 'Leases' and the impact on various leased operational assets (see offset in DD&A).

Overall G&A expenses have been reduced by AED 23 million in comparison to the prior year. This is also mainly due to the adoption of the IFRS 16 'Leases' and the impact on mainly office rental costs (see offset in DD&A).

Depletion, Depreciation and Amortization (DD&A)

An increase in DD&A of AED 89 million within the Oil & Gas business has been mainly driven by higher production volumes primarily in Iraq, in addition to the adoption of IFRS 16 'Leases' which has shifted rental costs associated with 'operating leases' in Opex and G&A to DD&A and accretion expense.

5. Taxes for the Period

The Group's tax expense for the nine months period ended 30 September 2019 was AED 293 million compared to AED 412 million for the same period in 2018. This decrease in the income tax expense of 29% was mostly driven by a reduction in the current tax charge of AED 102 million due to lower taxable income from the Oil and Gas business driven by reduced revenues.

6. Capital Structure and Liquidity

	Capital Structure				
	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
(AED million)	**2019**	2019	2019	2018	2018
Total Assets	**96,886**	98,608	98,771	99,337	99,782
Total Equity	**9,951**	10,379	10,413	10,559	10,689
Total Debt	**63,275**	64,496	65,364	66,271	66,516
Net Debt	**61,034**	61,921	62,306	62,879	63,530
Net Debt/Net Capital[1]	**82%**	83%	83%	83%	84%
Unused Portion of Credit Facilities	**8,915**	10,203	9,979	9,719	10,188
Cash and Cash Equivalents	**2,241**	2,575	3,058	3,392	2,986
Total Available Liquidity	**11,156**	**12,778**	**13,037**	**13,111**	13,174

1) Equity has been adjusted for exclusion of losses on cumulative changes in fair value of derivatives in cash flow hedges.

6.1 Interest Rate Risk

TAQA's capital structure is comprised of 82% debt, including project debt, corporate bonds and loans, revolving credit facilities, and working capital loans. Interest rates for the Group's project debt, bonds and loans are largely fixed, either contractually or through interest rate hedging arrangements. TAQA's revolving credit facilities are based on floating market rates and therefore are exposed to prevailing short term borrowing rates under LIBOR. As our medium and long-term bonds and loans mature, we may be required to refinance this debt at market rates, or utilize our other available liquidity. Accordingly, TAQA is exposed to interest rate risk in both short term and long term.

The Group's results are exposed to the risk of changes in market interest rates, primarily for the Group's long-term debt obligations and short-term deposits with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

6.2 Foreign Currency Risk

TAQA has assets and operations in 11 countries and reports under the Group's functional currency of AED. Although the AED is pegged to the USD, in which a substantial amount of the Group's revenues and expenses are incurred. However, a significant portion of the Group's transactions are in local currencies in which TAQA operates, which adds volatility to our results in AED terms.

Within our financial results, foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to risk of changes in foreign exchange rates relates primarily to the operating activities (when revenue or expense are denominated in a difference currency from the functional currencies of the subsidiaries), carrying values of assets and liabilities in Canadian Dollars, Euros, Moroccan Dirhams and Indian rupees and the Group's net investment in foreign subsidiaries. The Group hedges part of its net exposure to fluctuations on the translation into AED of its foreign operations by holding certain borrowings in foreign currencies, primarily in Euros.

6.3 Commodity Price Risk

The Group's oil and gas business is heavily reliant on market prices for its hydrocarbon production: oil, natural gas and natural gas liquids. Market prices for these commodities have proven to be historically volatile, and this has been particularly demonstrated over the past 5 years. Oil prices are subject to global supply and demand pressures, but also geopolitical, environmental and other forces. Gas prices are based more on domestic markets, but are increasingly affected by LNG export and import capabilities.

Currently, TAQA does not have any hedges in place for its production volumes, although we may choose to enter into such arrangements in the future in the normal course of business.

In the power business, our toll arrangement with the Red Oak power plant in New Jersey, USA is affected by the volatility of gas prices (plant input) and electricity prices (plant output). The management of the toll arrangement has developed and enacted a risk management strategy regarding commodity price risk and its mitigation, which uses forward commodity contracts.

6.4 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

Trade and other receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance. The requirement for impairment is analyzed at each reporting date on an individual basis for major costumers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. All impairment considerations for trade and other receivables are performed using the expected credit loss model.

Other financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury in accordance with the Group's policy. Investments of surplus funds are made only with reputable banks and financial institutions.

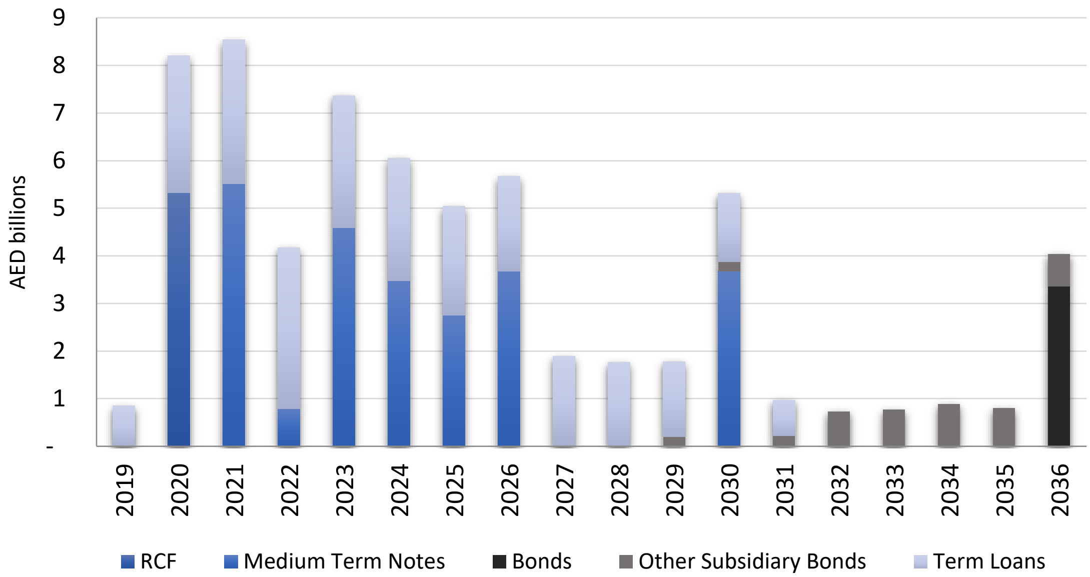
6.5 Liquidity Risk

The Group monitors its risk to a shortage of funds. During the period ended 30 September 2019, the Group made a profit of AED 925 million (30 September 2018: AED 1,173 million). At 30 September 2019, the Group had net current liabilities of AED 2,788 million (31 December 2018: Net current assets of AED 789 million). This is a result of the Company's revolving credit facility with a balance of AED 5,327 million as at 30 September 2019 (31 December 2018: AED 4,456 million) expiring in August 2020 now being recorded as a current liability. The Company is in the process of renegotiating the facility with a syndicate of banks which is expected to be completed in the near future. As a result, it is concluded that there are sufficient resources available to support the going concern assumption in the preparation of the 30 September 2019 interim condensed consolidated financial statements. Subsequent to 30 September 2019 AED 1,837 million (US$ 500 million) of the RCF has been repaid in October 2019.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash, bank overdrafts, bank loans and other borrowings. As of 30 September 2019, 13% of the Group's total debt is classified as current (31 December 2018: 8%), based on the carrying value of borrowings reflected in the consolidated financial statements.

6.6 Maturity Profile

The Group's financial liabilities repayment schedule as at 30 September 2019 based on contractual undiscounted payments is as follows:



During the first nine months of 2019, overall debt was reduced by AED 3.0 billion, mostly due to repayment of project related debt in the UAE Power and Water business.

On 17 April 2019, the Group secured an AED 735 million, three-year term loan facility from a UAE bank which carries interest of LIBOR plus a margin. The facility was used to refinance the AED 735 million (USD $200 million equivalent) Japanese Yen term loan which matured in April 2019.The Group also settled $500 million bond due in September 2019 funded by proceeds from the revolving credit facility (RCF). The Group priced $500 million, 30 year medium term notes on 26 September 2019, with the proceeds from the bond issuance received on 3 October 2019. The amount raised has been used to repay the borrowings from the RCF.

7. Capital Expenditure (capex)

Capex	Nine months ended 30 September							
(AED million)	North America	Europe	Atrush	**Total O&G**	UAE	Other	**Total P&W**	**Group Total[1]**
2019	**359**	**342**	**229**	**930**	**267**	**24**	**291**	**1,221**
2018	411	462	53	**926**	239	40	**279**	**1,205**

1) Figures above include purchase of property, plant and equipment and purchase of intangibles

The Group's overall capital investment was AED 1.2 billion in the first nine months of 2019, in line with 2018 spend.

Total Oil & Gas capex remained stable despite reduced capex in our European and North American assets which was offset by increased spend in Atrush. This included the AED 116 million acquisition of an additional 7.5% working interest in the Atrush block, increasing TAQA working interest from 39.9% to 47.4%. Power & Water capex was focused on regular maintenance work predominantly across the UAE fleet.

8. Accounting Standards issued but not yet effective

There are no new standards issued but not yet effective that are expected to have a material impact on the preparation of consolidated financial statements.

Saeed Hamad Al Dhaheri
Chief Executive Officer

Mohammed Abdulla Al Ahbabi
Chief Financial Officer

Approved: 6 November 2019