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ADNOC

ADNOC DISTRIBUTION Q2 AND H1 2018 RESULTS PRESENTATION



INVESTOR AND ANALYST CONFERENCE CALL

13 AUGUST 2018

ADNOC DISTRIBUTION

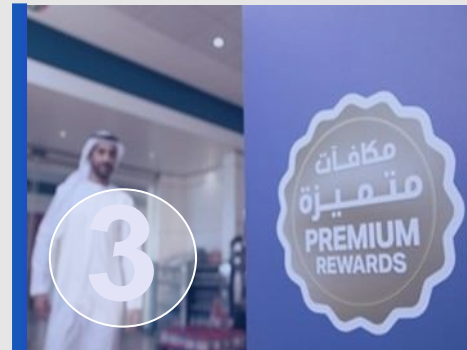
AGENDA



**EXECUTIVE
SUMMARY**



**Q2 AND H1 2018
RESULTS**



STRATEGY UPDATE



OUTLOOK



DISCLAIMER

This communication includes forward-looking statements which relate to, among other things, our plans, objectives, goals, strategies, future operational performance and anticipated developments in markets in which operate and in which we may operate in the future. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond our control and all of which are based on management's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "would", "intends", "estimates", "plans", "targets", or "anticipates" or the negative thereof, or other comparable terminology.

These forward-looking statements and other statements contained in this communication regarding matters that are not historical facts involve predictions and are based on the beliefs of our management, as well as the assumptions made by, and information currently available to, our management. Although we believe that the expectations reflected in such forward looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct.

Given these uncertainties, you are cautioned not to place undue reliance on such forward looking statements. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to: our reliance on ADNOC to supply us with substantially all of the fuel products that we sell; an interruption in the supply of fuels to us by ADNOC; changes in the prices that we pay ADNOC for our fuels and to the prices that we are allowed to charge our retail customers in the UAE; failure to successfully implement our operating initiatives and growth plans, including our mixed-mode service offering, our convenience store optimisation initiatives, our cost savings initiatives, and our growth plans; competition in our markets; decrease in demand for the fuels we sell, including due to general economic conditions, improvements in fuel efficiency and increased consumer preference for alternative fuels; the dangers inherent in the storage and transportation of the products we sell; our reliance on information technology to manage our business; laws and regulations pertaining to environmental protection, operational safety, and product quality; the extent of our related party transactions with ADNOC and our reliance on ADNOC to operate our business; the introduction of VAT and other new taxes in the UAE; failure to successfully implement new policies, practices, systems and controls that we implemented in connection with or following our IPO; any inadequacy of our insurance to cover losses that we may suffer; general economic, financial and political conditions in Abu Dhabi and elsewhere in the UAE; instability and unrest in regions in which we operate; the introduction of new laws and regulations in Abu Dhabi and the UAE; and other risks and uncertainties detailed in our International Offering Memorandum dated 26 November 2017 relating to our initial public offering and the listing of our shares on the Abu Dhabi Securities Exchange, and from time to time in our other investor communications.

Except as expressly required by law, we disclaim any intent or obligation to update or revise these forward-looking statements.



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EXECUTIVE SUMMARY

SPEAKER: SAEED MUBARAK AL RASHDI, ACTING CHIEF EXECUTIVE OFFICER

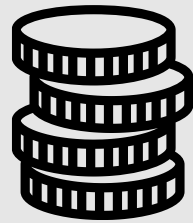
ADNOC DISTRIBUTION

INTRODUCTION

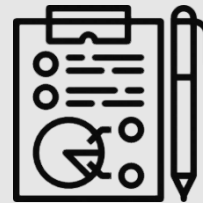
Strong H1 2018 financial delivery and on track for delivery of targets



Prioritization of safety remains core to our business



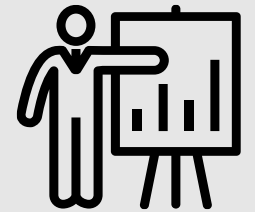
Strong financial performance (EBITDA +30% vs. H1 2017)



On track on implementation of strategy



Successfully achieving operational cost savings and strong free cash flow



Confident on delivery of targets for 2018 and beyond

H1 2018 HIGHLIGHTS

Strong operational and financial performance

DELIVERY ON STRATEGY

Ongoing network expansion with 5 new stations opened to date and 8 more to come in H2 2018

ADNOC Flex launched in 152 service stations in Abu Dhabi

5 Géant Express stores opened to date with 5 more to open in H2 2018

Ongoing convenience store revitalisation program

OPERATIONAL PERFORMANCE

4,763 mL total fuel volumes sold (-0.7% vs. H1 2017)

85.7 million fuel transactions (+4.9% vs. H1 2017)

USD 4.8 convenience store average basket size in H1 2018 (+17.1% vs. H1 2017)

Realized OPEX savings of c.USD 25m on a like-for-like basis and on track to hit USD 50m savings in 2018

Significant CAPEX efficiency improvements

FINANCIAL PERFORMANCE

Gross profit +23.9% YoY to USD 710m

EBITDA +29.6% YoY to USD 393m

Net profit +18.1% YoY to USD 306m

Free cash flow +71.8% YoY to USD 303m

Notes: The Company's financial statements are reported in AED; USD figures used for representation and converted from AED at FX rate of 1 USD = 3.673 AED.



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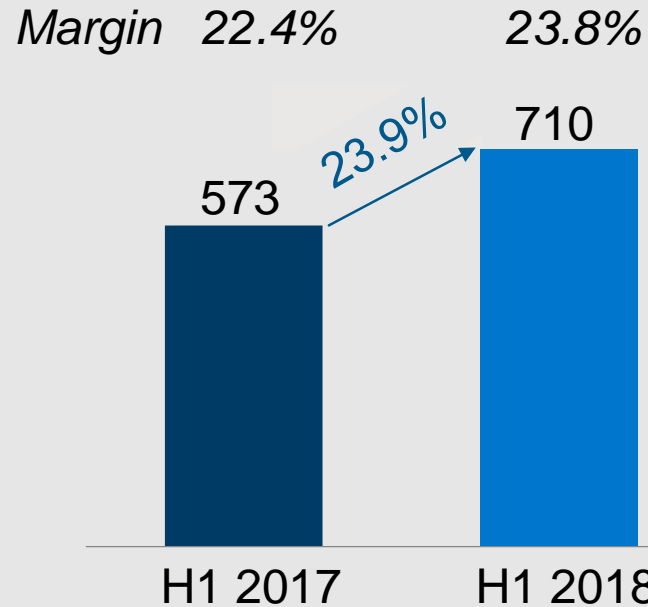
Q2 AND H1 2018 RESULTS

SPEAKER: PETRI PENTTI, CHIEF FINANCIAL OFFICER

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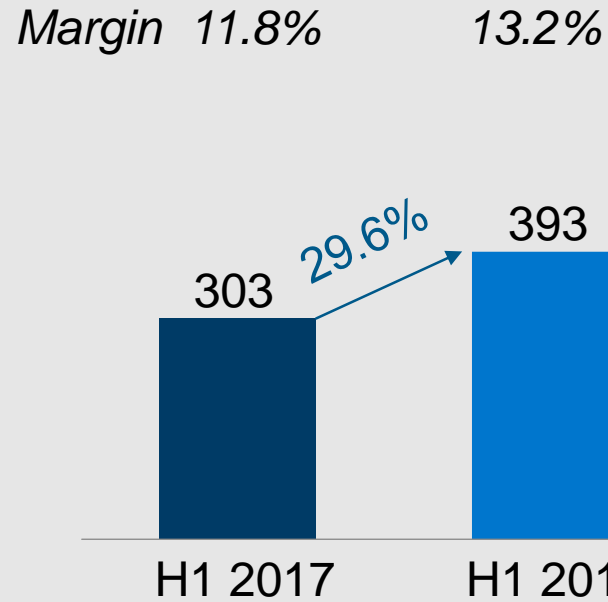
H1 2018 VS. H1 2017 PERFORMANCE

Gross profit (USDm)



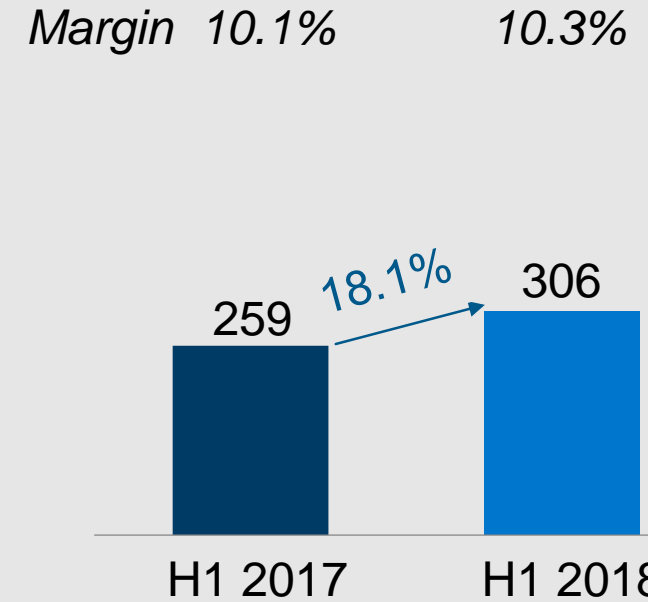
Improved margins across all business segments

EBITDA (USDm)



Continued cost efficiency improvements across the business

Net profit (USDm)

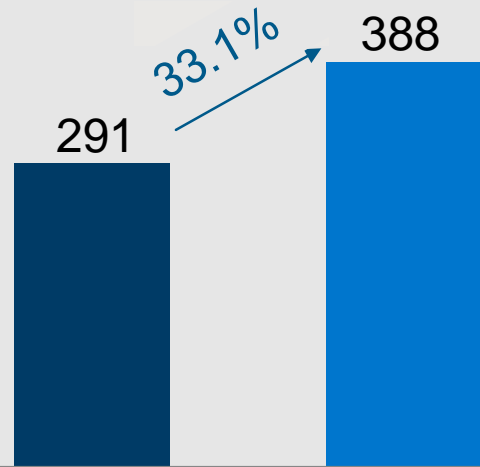


Robust net profit growth

Q2 2018 VS. Q2 2017 PERFORMANCE

Gross profit (USDm)

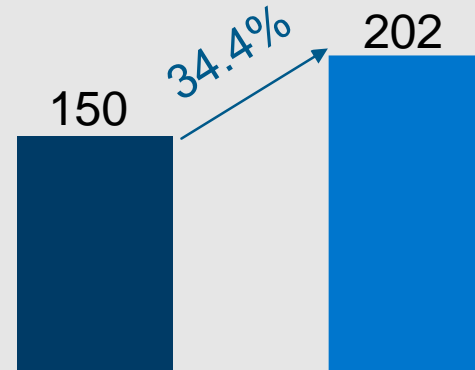
Margin 22.1% 24.5%



Q2 2017 Q2 2018

EBITDA (USDm)

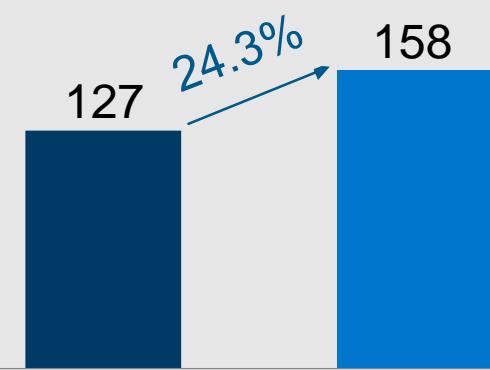
Margin 11.4% 12.7%



Q2 2017 Q2 2018

Net profit (USDm)

Margin 9.7% 10.0%



Q2 2017 Q2 2018

Financial performance driven by higher fuel margins in Retail and Corporate segments combined with a more efficient cost base

RETAIL

Improved profitability



Fuel sales volume

Volumes (mL)	H1 2017A	H1 2018A	%
Gasoline	2,963	2,903	(2.0%)
Diesel	389	375	(3.6%)
Other products ¹	49	46	(6.4%)
Total	3,401	3,323	(2.3%)

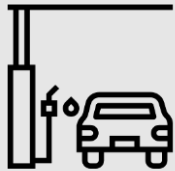
USDm	Q2 2017	Q2 2018	% change	H1 2017	H1 2018	% change
Gross profit	202	246	21.8%	390	464	19.0%
<i>Margin</i>	21.5%	22.5%		21.2%	22.3%	
EBITDA	91	118	29.6%	176	244	39.1%
<i>Margin</i>	9.7%	10.8%		9.5%	11.7%	

- Volume decline offset by higher margins
- Continued cost focus across the business
- Inventory gains in the range of 3-6 fils per liter as a result of higher oil prices

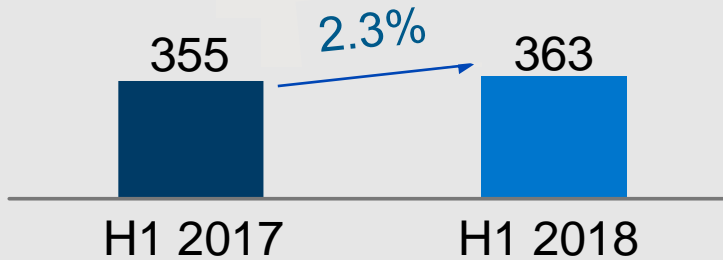
1. Includes LPG, kerosene and lubricants

RETAIL

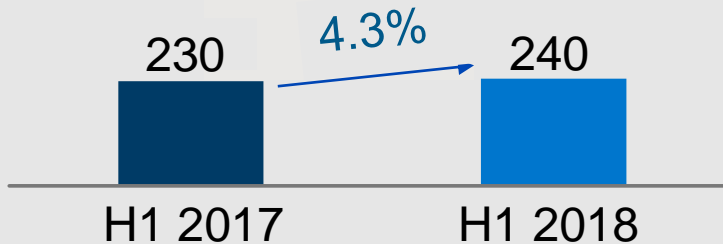
Improved profitability



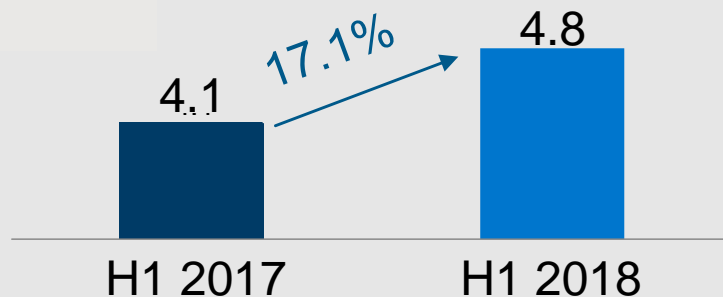
Number of fuel stations



Number of convenience stores



Average basket size (USD)



- Impact of ADNOC Flex not yet reflected in H1 2018 financial performance
- Improved profitability in convenience stores and other non-fuel retail

CORPORATE

Focus on gross margins has positively impacted performance



<i>USDm</i>	Q2 2017	Q2 2018	% change	H1 2017	H1 2018	% change
Gross profit	44	65	47.0%	96	106	9.9%
<i>Margin</i>	17.6%	20.6%		19.8%	18.5%	
EBITDA	33	50	50.7%	77	80	2.3%
<i>Margin</i>	13.1%	15.6%		15.9%	13.8%	

- New pricing mechanism focused on improving margins



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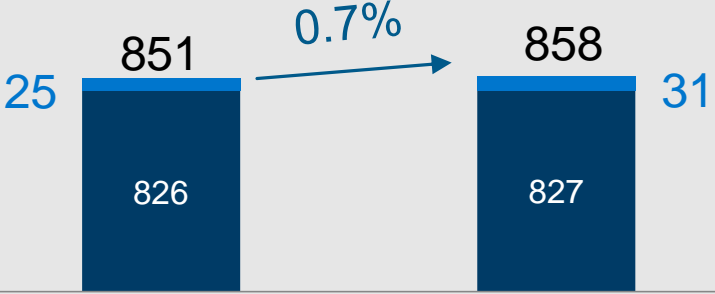
CORPORATE

Focus on gross margins has positively impacted performance



ADNOC DISTRIBUTION | Q2 AND H1 2018 RESULTS

Fuel sales volume (mL)



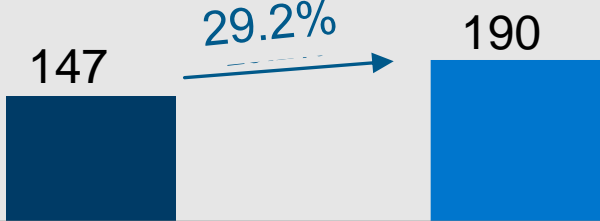
H1 2017

H1 2018

■ Diesel

■ Gasoline

Other products¹ sales volume (mL)



H1 2017

H1 2018

- Growth in lubricants and LPG sales volumes
- 5% overall growth

1. Includes LPG, lubricants and base oil

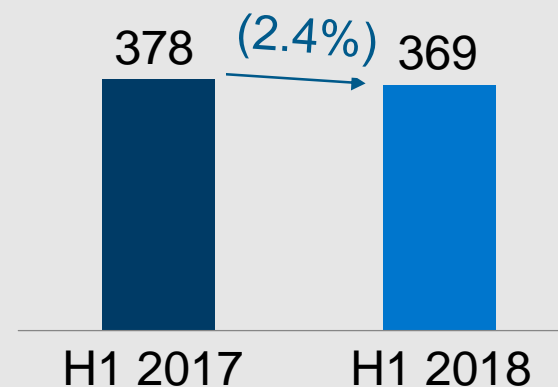
AVIATION

Performance driven by new services agreement and higher fuel margins



<i>USDm</i>	Q2 2017	Q2 2018	% change	H1 2017	H1 2018	% change
Gross profit	31	56	81.7%	56	102	82.4%
<i>Margin</i>	28.0%	37.0%		27.9%	35.5%	
EBITDA	23	26	13.4%	37	48	29.2%
<i>Margin</i>	20.6%	17.0%		18.6%	16.8%	

Fuel sales volume (mL)

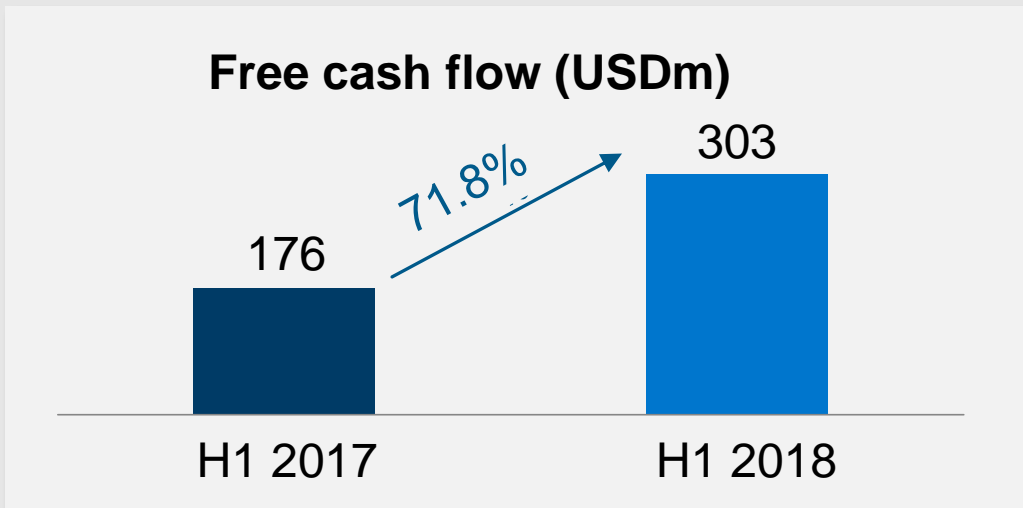
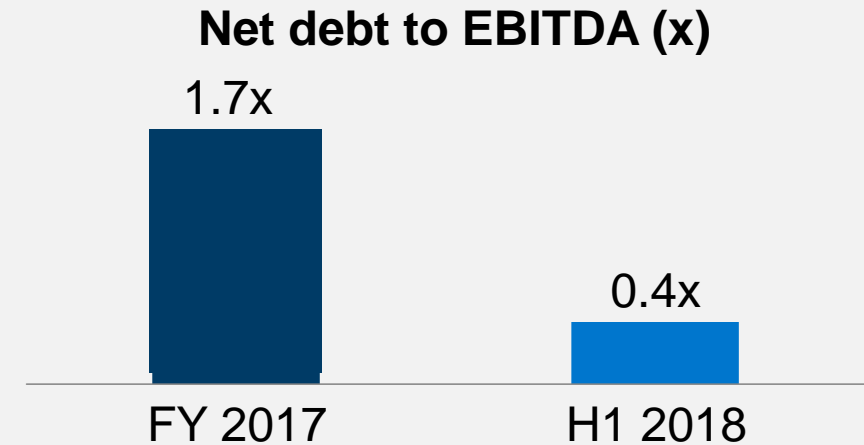


- Change of contractual profile of the business with a cost-plus-8% compensation from parent company

CAPEX AND FREE CASH FLOW

Significant and robust free cash flow generation

CAPEX (USDm)	H1 2018A
Service stations projects	28
Industrial projects	30
Machinery and equipment	21
Technology infrastructure	9
Others	2
Total	90



- Substantial growth in free cash flow generation
- On track to hit up to 40% CAPEX reduction per site for stations built in 2019 and beyond
- Expect to achieve CAPEX of less than USD 190m in 2018 which includes USD 40m of exceptional CAPEX
- Capital structure remains strong with net debt to EBITDA ratio of 0.4x



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STRATEGY UPDATE



SPEAKER: JOHN CAREY, DEPUTY CHIEF EXECUTIVE OFFICER

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PROGRESS SINCE IPO

Implementation of strategy on track

IPO – December 2017		January 2018 to date	...up to year-end 2018
STRATEGY		KEY MILESTONES ACHIEVED	FURTHER STEPS TO COME
FUEL	ADNOC Flex Network expansion	<ul style="list-style-type: none"> • Opened 5 new fuel stations in the UAE • Launched ADNOC Flex in 152 Abu Dhabi stations • Implemented new pricing mechanism in Corporate segment 	<ul style="list-style-type: none"> • 8 additional fuel stations in 2018 • Ongoing roll-out of ADNOC Flex • Progression towards premium fuel
NON-FUEL	Convenience store revitalisation Network expansion Allied Services performance improvement	<ul style="list-style-type: none"> • Convenience store revitalisation and product rationalisation • Opened first 5 Géant Express convenience stores • Contract in place to open coffee and bakery shops 	<ul style="list-style-type: none"> • 5 more Géant Express convenience stores to open • Open coffee and bakery shops at selected convenience stores
COST EFFICIENCY	Cost efficiency CAPEX efficiency Working capital improvement	<ul style="list-style-type: none"> • Significant cost and CAPEX savings 	<ul style="list-style-type: none"> • Additional cost and CAPEX savings

STRATEGY UPDATE: FUEL

Network expansion and ongoing roll-out of ADNOC Flex



FUEL

Network expansion

- 13 new stations in 2018
 - 5 sites opened to date
 - 8 more sites to open in 2018
- Strong pipeline for future sites

ADNOC Flex

- Successfully launched across 152 service stations in Abu Dhabi
- Implementation to be rolled out across total network in H2 2018

Corporate

- Continued focus on Corporate fuel margins

STRATEGY UPDATE: NON-FUEL

Convenience stores revitalisation efforts on track



NON-FUEL



Strategic convenience store revitalisation

- Revised store concept rolled out to 70 major stores across all regions
- Portfolio rationalised with delisting of c.3,000 poor performing SKUs and introduction of new high quality categories
- Basket size increased to USD 4.8 (+17.1% vs H1 2017)
- 5 Géant Express stores opened to date
 - 5 more set to open in H2 2018
- Coffee and bakery shops to be rolled out at selected locations in H2 2018

Convenience store network expansion

- On track to open 13 new convenience stores in 2018 across the UAE

Car and Property Services performance improvement

- Implementation of price increases and extension of the portfolio
- Acceleration of tenant revenue share model

STRATEGY UPDATE: COST EFFICIENCY



Significant cost efficiency and CAPEX reduction

COST EFFICIENCY



Cost focus

- Realized OPEX savings of c.USD 25m on a like-for-like basis and on track to hit USD 50m savings in 2018
 - Includes outsourcing opportunities such as fuel transportation
 - Further savings to come in utility and rental costs
 - Natural attrition and optimisation of staff costs

CAPEX savings

- Expect to achieve CAPEX of less than USD 190m in 2018
- On track to hit up to 40% CAPEX reduction per site for stations in 2019 and beyond

Working capital improvement

- Normalising position with regards to receivables, payables and resulting inventory cycle



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OUTLOOK

SPEAKER: JOHN CAREY, DEPUTY CHIEF EXECUTIVE OFFICER

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OUTLOOK



Strong H1 2018 with more to come in the year



Confidence in achieving end of year 2018 targets



Continued delivery on key pillars of our strategy

Q&A



Saeed Mubarak Al Rashdi
Acting Chief Executive Officer



John Carey
Deputy Chief Executive Officer



Petri Pentti
Chief Financial Officer



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THANK YOU

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