

ADNOC DISTRIBUTION Q1 2019 RESULTS PRESENTATION



INVESTOR AND ANALYST CONFERENCE CALL
1 May 2019

ADNOC Distribution

AGENDA



01 | EXECUTIVE SUMMARY



02 | STRATEGY UPDATE



03 | Q1 2019 RESULTS



04 | 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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01

EXECUTIVE SUMMARY

SPEAKER: SAEED MUBARAK AL RASHDI
CHIEF EXECUTIVE OFFICER

ADNOC Distribution

INTRODUCTION

Strong Q1 2019 results despite flat volumes



Operational and financial performance

- ▶ **Prioritization of safety remains core to our business**
- ▶ **Double-digit underlying EBITDA growth in Q1 2019 vs. Q1 2018**
- ▶ **Continued OPEX and CAPEX efficiencies**



Strategic update

- ▶ **Continued expansion in Fuel and Non-Fuel retail**
- ▶ **Enhanced dividend policy**



2019 outlook

- ▶ **Acceleration of service stations and convenience stores domestic expansion**
- ▶ **Continued focus on cost reduction**
- ▶ **New opportunities for geographic expansion**



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02

STRATEGY UPDATE

SPEAKER: JOHN CAREY
DEPUTY CHIEF EXECUTIVE OFFICER

ADNOC Distribution

KEY STRATEGIC UPDATE

Fuel Retail and Corporate segments update



ANNOUNCED STRATEGY

- 25 – 30 stations across the UAE, with a focus on accelerating growth in Dubai
 - Most of which to open in H2 2019
- Additional expansion in KSA with a target of up to 5 new stations in 2019



KEY MILESTONES ACHIEVED

- **3 additional new service stations opened in Q1 2019 in the UAE**
 - Of which 1 station opened in Dubai
- **Introduction of new promotion campaigns such as Good Morning UAE and Fuel Up and Fly Off**
- **Strong growth in Corporate segment driven by increase in volumes including LPG, lubricants and base oil**

KEY STRATEGIC UPDATE

Non-Fuel Retail update



ANNOUNCED STRATEGY

- Convenience store network to expand at a faster pace than fuel retail sites
- Continued roll-out of ADNOC Géant Express convenience stores, in addition to new food and coffee offerings
- Further implementation of convenience store revitalization program



KEY MILESTONES ACHIEVED

- **Opening of 2 Convenience stores in Q1 2019 (incl. 1 Géant Express and 1 Oasis)**
- **Convenience store sales revenue up 31.7% and gross profit up 14.6% YoY in Q1 2019 on the back of revitalization stores program and Flex Rewards program**
- **Significant increase in non-fuel transactions by 14.7% YoY in Q1 2019, mainly driven by Géant stores**
- **Strong increase in basket size by 13.2% YoY in Q1 2019**

KEY STRATEGIC UPDATE

OPEX and CAPEX efficiencies update



ANNOUNCED STRATEGY

- Up to USD 300m CAPEX planned in 2019 in order to accelerate network expansion in UAE and internationally and to invest in our digital initiatives
- Continued CAPEX efficiency in building new stations
- Expected additional USD 50m of OPEX savings in 2019 on a like for like basis



KEY MILESTONES ACHIEVED

- **CAPEX**
 - CAPEX spent in Q1 2019 of USD 13m
- **OPEX**
 - Total Cash OPEX down 12.7% (USD 19m) YoY in Q1 2019 driven by cost optimization initiatives and reversals of prior accruals

03

Q1 2019 RESULTS

SPEAKER: PETRI PENTTI
CHIEF FINANCIAL OFFICER

OVERVIEW OF Q1 2019 PERFORMANCE



Positive EBITDA performance...

	Q1 2018	Q1 2019	Change YoY (%)
Financial Performance			
Revenue (USDm)	1,404	1,299	(7.5%)
Gross profit (USDm)	322	312	(3.3%)
EBITDA (USDm)	191	200	4.3%
Underlying EBITDA (USDm) ¹	171	200	16.5%
Net income (USDm)	148	157	6.6%

...Despite flat volumes...

	Q1 2018	Q1 2019	Change YoY (%)
Fuel Volumes			
Retail (mL)	1,640	1,607	(2.0%)
Corporate (mL)	496	541	9.0%
Aviation (mL)	185	188	1.1%
Total (mL)	2,334	2,336	0.1%

...Leading to low Net Debt to EBITDA ratio...

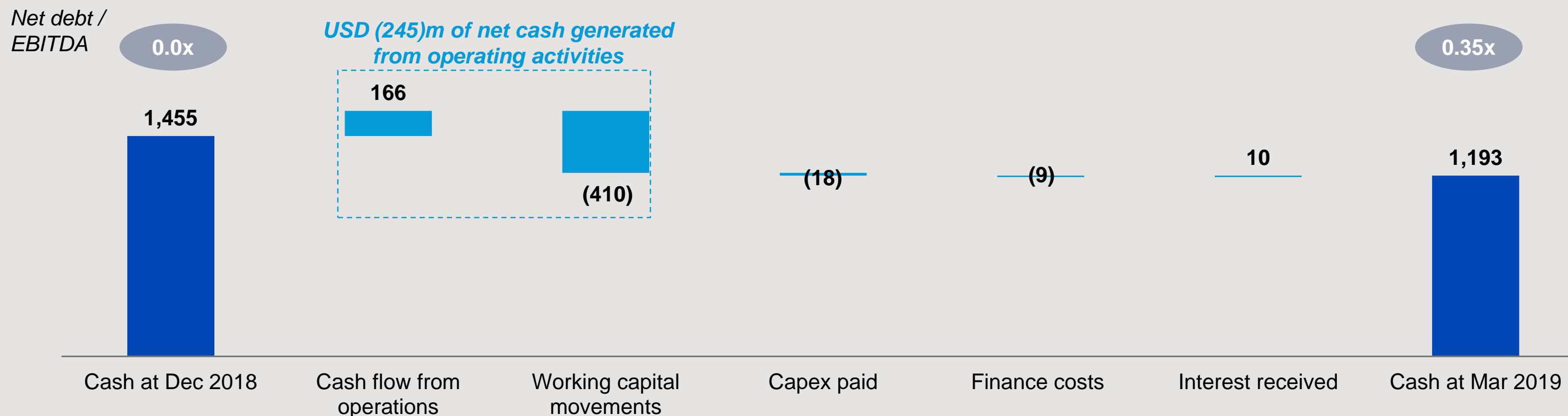
	Q1 2018	Q1 2019	Change YoY (%)
Cash Generation and Net Debt			
Net operating cash flow (USD)	580	(245)	(142.2%)
Net debt (USDm)	1.10x	0.35x	(0.75x)

...And positive returns

	Q1 2018	Q1 2019	Change YoY (%)
Profitability			
ROCE (%)	20.9%	22.9%	--
ROE (%)	53.7%	53.2%	--

ROBUST CASH POSITION & LOW NET DEBT TO EBITDA RATIO

Cash flow bridge Dec-2018 vs. Mar-2019 (USDm)



- Q1 2019 net cash generated from operating activities has decreased mainly driven by WC movements as a result of oil price fluctuations

FINANCIAL AND OPERATING HIGHLIGHTS



Key Financial Performance

USDm	Q1 2018	Q1 2019	Change YoY (%)
Revenue	1,404	1,299	(7.5%)
Gross profit	322	312	(3.3%)
<i>Margin</i>	<i>23.0%</i>	<i>24.0%</i>	
EBITDA	191	200	4.3%
<i>Margin</i>	<i>13.6%</i>	<i>15.4%</i>	
Underlying EBITDA¹	171	200	16.5%
<i>Margin</i>	<i>12.2%</i>	<i>15.4%</i>	
Net income	148	157	6.6%
<i>Margin</i>	<i>10.5%</i>	<i>12.1%</i>	

Fuel Volume

Volume (mL)	Q1 2018	Q1 2019	Change YoY (%)
Total	2,334	2,336	0.1%
Retail	1,640	1,607	(2.0%)
Corporate	496	541	9.0%
Aviation	185	188	1.1%

GROSS PROFIT BY SEGMENT

USDm	Q1 2018	Q1 2019	Change YoY (%)
Fuel and Non-Fuel Retail	218	194	(11.1%)
<i>o/w Fuel</i>	197	172	(12.7%)
<i>o/w non-Fuel</i>	21	22	4.2%
<i>Margin</i>	23.0%	24.0%	
Corporate	41	56	37.2%
<i>Margin</i>	15.9%	20.1%	
Aviation	46	47	1.8%
<i>Margin</i>	16.6%	19.0%	
Allied	13	15	17.6%
Total	322	312	(3.3%)

- Increase in non-fuel retail driven by new customer experience initiatives
- Decrease in Retail segment gross profit mainly due lower retail volumes and the absence of inventory gains
- Corporate segment gross profit growth driven by increase in volumes, better inventory management and more dynamic product pricing
- Increase in Aviation segment gross profit driven by increase in fuel sales to strategic customers

EBITDA BY SEGMENT



USDm	Q1 2018	Q1 2019	Change YoY (%)
Fuel and Non-Fuel Retail	126	111	(11.9%)
<i>Margin</i>	12.7%	12.8%	
Corporate	30	55	85.0%
<i>Margin</i>	11.5%	19.7%	
Aviation	23	25	11.8%
<i>Margin</i>	16.6%	19.0%	
Allied	6	8	23.2%
Total EBITDA	191	200	4.3%
Underlying EBITDA¹	171	200	16.5%

- Increase in total EBITDA driven mainly by continued cost efficiencies and higher volumes in Corporate and Aviation segments
- Underlying EBITDA (excluding USD 20m of inventory gains in Q1 2018) increased by 16.5% YoY in Q1 2019
- Decrease in distribution and administrative expenses by 3.0% YoY in Q1 2019



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04

OUTLOOK

SPEAKER: SAEED MUBARAK AL RASHDI
ACTING CHIEF EXECUTIVE OFFICER

ADNOC Distribution

2019 Guidance



Fuel Retail

- Expansion of our network both in UAE and internationally
 - 25-30 new openings in UAE with a focus on Dubai
 - Up to 5 new openings in KSA

Non-Fuel Retail

- Accelerate expansion of our convenience stores network
- Continue to roll-out ADNOC Géant Express convenience stores and our new bakery and coffee offering
- Continue to implement our convenience store revitalization program to enhance our customers experience

Cost Efficiency

- OPEX savings of USD50m on a like-for-like basis
- Continued CAPEX efficiency in building new stations

| Q&A



Saeed Mubarak Al Rashdi

Chief Executive Officer



John Carey

Deputy Chief Executive Officer



Petri Pentti

Chief Financial Officer

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THANK YOU