

# Q1 2021 RESULTS PRESENTATION

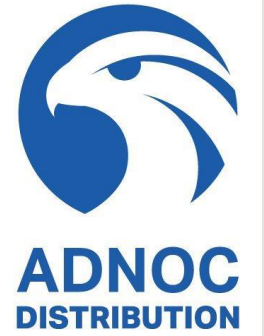
INVESTOR PRESENTATION

10 MAY 2021



ADNOC DISTRIBUTION

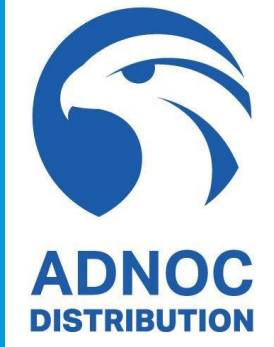
# TODAY'S PRESENTERS



**Mohamed Al Hashemi**  
Chief Financial Officer



**Athmane Benzerroug**  
Chief Investor Relations Officer



# | AGENDA



**01** | EXECUTIVE SUMMARY



**02** | STRATEGY UPDATE



**03** | Q1 2021 RESULTS



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# 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.



**ADNOC**  
DISTRIBUTION

01

# EXECUTIVE SUMMARY

# ADNOC DISTRIBUTION UNIQUE VALUE PROPOSITION



- Executing a focused, **deliverable EBITDA profile** to exceed USD 1bn by 2023
- Ambitious domestic growth expansion programme** via fuel and non-fuel initiatives, and crystalizing upside from **international growth**
- Accelerated digital strategy** to create additional retail value and customer loyalty
- Unlock hidden value through OPEX initiatives** (Targeted additional Opex savings up to ~USD 85m over 2021-2023)

**Leading fuel retail player** in an attractive UAE market and robust regulatory framework

**Demonstrable business resilience** with stable, high and predictable fuel margins with limited exposure to oil price volatility

**Strong balance sheet** with ample liquidity to pursue growth opportunities

**Disciplined approach** in evaluating growth opportunities



**Highly attractive, visible and differentiated dividend policy<sup>1</sup>**

**Dividend track record** since IPO

**Significant share liquidity** after **Free float doubled to 20%** (Sept. 2020), **MSCI EM Index** inclusion (27 May 2021) & potential **FTSE EM Index** inclusion (Sep. 2021)

ADNOC a **supportive and committed majority shareholder**

(1) Dividend policy sets dividend of USD 700 million (4.2% yield, at a share price of AED 4.90 per share on 16<sup>th</sup> May 2021) in 2021, minimum USD 700 million in 2022 and minimum 75% of distributable profits from 2023 onwards, subject to the Board and shareholders' approval

# Q1 2021 KEY HIGHLIGHTS & OUTLOOK



## BUSINESS RESILIENCE

### SOLID BUSINESS RESILIENCE

- Strong Financial Performance:**  
 c.95% total **fuel volume recovery** compared to pre-COVID-19 levels  
  
 Strong **growth in EBITDA and Net Profit** in Q1 2021 compared to Q1 2020 driven by higher margins and OPEX efficiencies
- OPEX Optimization:**  
**OPEX declined by 6.5%** Y-o-Y in Q1 2021 despite growth in network. **Like-for-like OPEX savings of USD 10m** in Q1 2021; on track to achieve **USD 25m** like-for-like OPEX saving in 2021
- Robust financial position:**  
**Strong balance sheet and liquidity** to pursue growth opportunities



## SMART GROWTH

### GROWTH MOMENTUM TO SUSTAIN IN 2021, UNLOCKING INCREMENTAL VALUE

- Domestic Expansion:** 4 new stations opened in Q1 (2 in Dubai). **2021 guidance:** 30-35 new stations in UAE (12-18 in Dubai)
- Convenience Stores:** 6 new stores opened in UAE and 14 refurbished in Q1. **On track to refurbish** 40-60 stores in 2021
- International Expansion:** Targeting 40-45 new stations in KSA in 2021. Already **Signed definitive agreements to acquire 35 stations in KSA** (subject to pending approvals)
- CAPEX:** **USD 49m CAPEX** in Q1 2021. Maintain our **2021 guidance** of USD 250-300m CAPEX to deliver smart growth in 2021 and beyond



## SHAREHOLDER RETURNS

### PREDICTABLE & ATTRACTIVE SHAREHOLDER RETURNS

- Attractive and highly visible dividend policy**  
 H2 2020 **cash dividend of USD 350m** paid in April 2021, leading to **USD 700m** dividend paid for 2020  
  
 Dividend policy sets **USD 700m for 2021\***, offering attractive yield of 4.2%\*\*  
  
 In March, amendment to dividend policy approved, setting **min. USD 700m for 2022\***, thereby enhancing payback visibility until April 2023  
  
 For years thereafter, dividend policy remains unchanged at **min. 75% of distributable profits\***
- Significant increase in share liquidity** after free float doubled to 20% (Sept. 2020). Additional **foreign inflows expected** ahead of **MSCI EM Index** inclusion (27 May 2021) & potential **FTSE EM Index** inclusion (Sep. 2021)



**ADNOC**  
DISTRIBUTION

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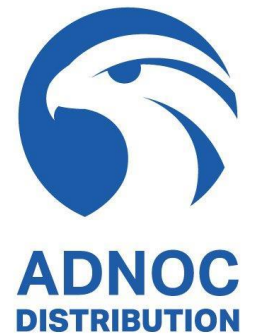
# GROWTH STRATEGY UPDATE

ADNOC Distribution



# KEY STRATEGIC UPDATE

## Fuel Business (Retail & Commercial)



### 2021 ANNOUNCED GUIDANCE

#### Volume Recovery:

- Vaccine roll out and further ease in mobility restrictions to support continued recovery in fuel volumes

#### Network Expansion:

- To open 70-80 new stations in 2021, of which:
  - ✓ **30-35 new stations in UAE**, which include mix of traditional and 'ADNOC On the go' stations
    - Incl. **12-18 new stations in Dubai**
  - ✓ **40-45 new stations in KSA** (Incl. 35 stations already announced) + **potential international M&A**

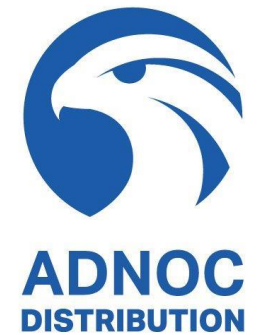
### Q1 2021 ACHIEVEMENTS

- Fuel volumes continue to show **steady recovery** compared to pre-COVID levels
  - ✓ Q1 2021 Total fuel volumes down 3.7% Y-o-Y
- **4 new stations** opened in Q1 2021 in the UAE (2 in Dubai)
  - ✓ As of April 2021: 9 new stations opened (5 in Dubai)
- Well positioned to harness international growth opportunities
  - ✓ **KSA:** Definitive agreements signed in Dec. 2020 to acquire 15 fuel stations and in Feb. 2021 to acquire 20 fuel stations in Saudi Arabia\*



# KEY STRATEGIC UPDATE

## EFFICIENT CAPEX DEPLOYMENT TO GROW AND PROTECT MARKET SHARE



### TRADITIONAL STATIONS

- ✓ Targets major routes with high site throughputs
- ✓ Provides full range of fuel and non-fuel offerings



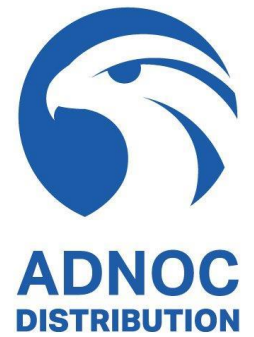
### ADNOC ON THE GO STATIONS

- ✓ **Easy Build:** faster to build with modular flexibility to plug gaps in network
- ✓ **Low Cost:** approximately one-third of Opex and Capex of a traditional station
- ✓ **Targeted Reach:** practically designed for smaller neighbourhoods



# KEY STRATEGIC UPDATE

## Non-Fuel business (Retail)



### 2021 ANNOUNCED GUIDANCE

- ◎ Expand presence and enhance customer shopping experience to deliver increased convenience and a fresh modern environment
  - 40-60 convenience stores (C-stores) to be refurbished in 2021
- ◎ Further enhancements to our customer-centric focus, including station optimization across our network

### Q1 2021 ACHIEVEMENTS

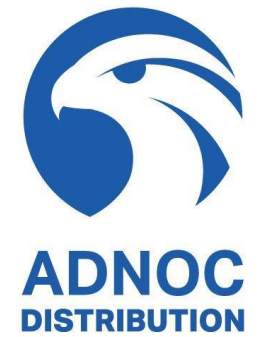
- ◎ Focused on offering a modern, digitally enabled customer journey and superior in-store experience
- ◎ 23.4% Y-o-Y increase in C-store network to 332 stores. **6 new C-stores** opened in Q1 2021
- ◎ 14 C-stores revitalized in Q1 2021
  - As of April 2021: 18 C-stores revitalized
- ◎ Average gross basket size up 2.2% YoY and C-stores margins also improved in Q1 2021
- ◎ 27 new partners added to ADNOC Rewards loyalty program to enhance customer offerings

### Improved Product Category Management



### Premium Coffee Offering in Oasis Cafes





# KEY STRATEGIC UPDATE

## ENHANCING CUSTOMER EXPERIENCE THROUGH ADNOC REWARDS

LAUNCHED ADNOC REWARDS POINTS BASE LOYALTY PROGRAM IN JULY 2020...



	1 POINT	2 POINTS	3 POINTS
Products Purchased	ULG-91	ULG-95	ULG-98

**EARN 25% MORE POINTS** When you pay by ADNOC Wallet

We make every visit to an **ADNOC Distribution** service station more rewarding. Customers signed up to our **ADNOC Rewards** can earn points every time they fuel up, shop or use any of our services

### Q1 2021 UPDATE:

Over **1 MILLION** MEMBERS IN ADNOC REWARDS LOYALTY PROGRAM

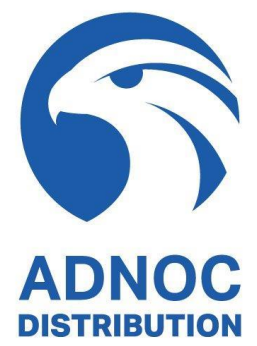


Over **12 MILLION** TRANSACTIONS USING ADNOC REWARDS, SINCE LAUNCHING THE POINTS PROGRAM



Over **25 NEW PARTNERS** WERE ADDED TO THE REWARDS PROGRAM, OFFERING MEMBERS MORE DEALS AND DISCOUNTS





# KEY STRATEGIC UPDATE

## CONVENIENCE STORE REFURBISHMENT

### ADNOC OASIS NEW FORMAT



### IMPROVED CATEGORY MANAGEMENT



### FRESH BAKERY AND COFFEE OFFERING





**ADNOC**  
DISTRIBUTION

03

# Q1 2021 RESULTS

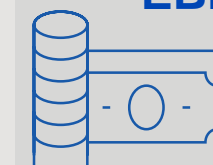


# Q1 2021 FINANCIAL PERFORMANCE

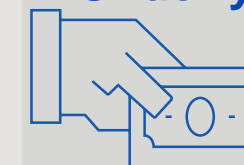
## Resilient underlying operating performance

Key Financial Performance	USDm	Q1 2021	Q1 2020	YoY (%)
	Revenue	1,166	1,345	-13.3%
	Gross Profit	361	302	19.4%
	Margin	31.0%	22.5%	
	EBITDA	222	151	46.8%
	Margin	19.1%	11.3%	
	Underlying EBITDA <sup>1</sup>	201	171	17.5%
	Margin	17.3%	12.7%	
	Net Income	172	109	57.9%
	Margin	14.7%	8.1%	

**\$222 million**  
EBITDA



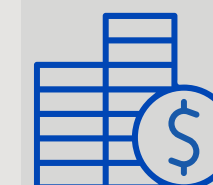
**\$201 million**  
Underlying EBITDA<sup>1</sup>



## Robust Free cash flow generation in Q1 2021

Cash Generation and Net Debt	USDm	Q1 2021	Q1 2020	YoY (%)
	Free cash flow <sup>2</sup>	227	145	56.7%
	Net debt	876	70	NM*

**\$227 million**  
Free Cash Flow<sup>2</sup>



## High returns sustained

Profitability		Q1 2021	Q1 2020	YoY (%)
	ROCE <sup>4</sup> (%)	30.6%	23.7%	-
ROE <sup>5</sup> (%)	93.7%	71.2%	-	

\* Not meaningful



# Q1 2021 OPERATING PERFORMANCE

Fuel Volumes	mL	Q1 2021	Q1 2020	YoY (%)
	<b>Retail (B2C)</b>		<b>1,503</b>	<b>1,577</b>
<b>Commercial (B2B)</b>		<b>717</b>	<b>729</b>	<b>-1.6%</b>
<i>of which Corporate</i>		601	551	9.1%
<i>of which Aviation</i>		116	178	-34.7%
<b>TOTAL</b>		<b>2,220</b>	<b>2,306</b>	<b>-3.7%</b>

Retail Fuel Operating Metrics		Q1 2021	Q1 2020	YoY (%)
	<b>Number of service stations – UAE</b>		<b>449</b>	<b>389</b>
<b>Number of service stations - Saudi Arabia<sup>1</sup></b>		<b>2</b>	<b>2</b>	<b>-</b>
<b>Number of fuel transactions (millions)</b>		<b>35.5</b>	<b>38.2</b>	<b>-7.1%</b>

Retail Non-Fuel Operating Metrics		Q1 2021	Q1 2020	YoY (%)
	<b>Number of convenience stores - UAE</b>		<b>332</b>	<b>269</b>
<b>Number of non-fuel transactions (millions)<sup>2</sup></b>		<b>8.0</b>	<b>9.7</b>	<b>-17.5%</b>
<b>Average gross basket size (USD)<sup>3</sup></b>		<b>7.5</b>	<b>7.4</b>	<b>2.2%</b>

2.2 billion liters



449

Retail Fuel sites in the UAE



332

Convenience Stores in the UAE



1. Includes one franchised site    2. Includes convenience stores, car wash and oil change transactions

3. Average gross basket size is calculated as convenience store revenue (including revenue from consignment items shown under other operating income) divided by number of convenience store transactions.



# OPEX UPDATE



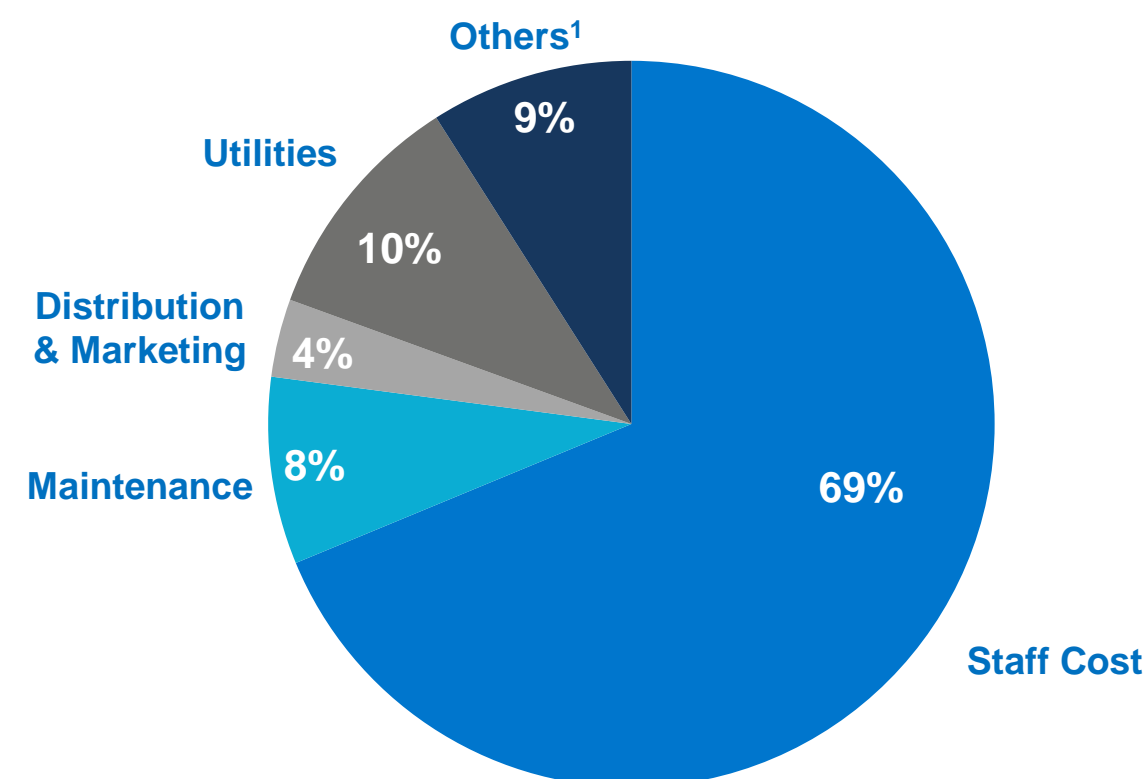
## 2021 ANNOUNCED GUIDANCE

- **Incremental like-for-like savings of USD25m in 2021** and up to USD85m over 2021-23 (after USD115m over 2018-20) by making our operations leaner and more efficient

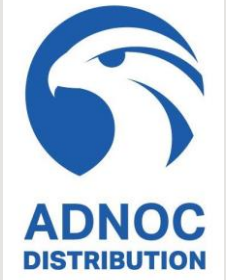
## Q1 2021 ACHIEVEMENTS

- -6.5% Y-o-Y reduction in total OPEX (excl. depreciation) in Q1 2021
- USD 10m like-for-like OPEX savings in Q1 2021
  - After moving to a more efficient retail site operating model and staff cost optimization initiatives

## Q1 2021 TOTAL CASH OPEX (\$144m)



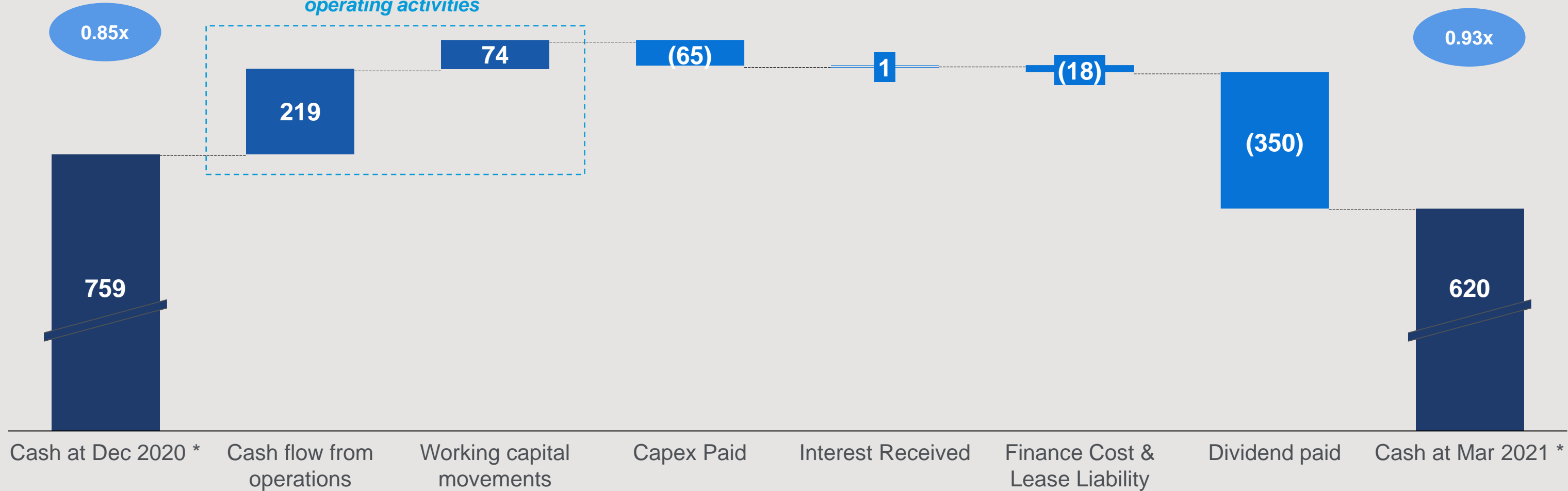
(1) Others include lease cost, bank charges, consultancies, insurance etc.



# ROBUST CASH POSITION

USD 293m of net cash generated from operating activities

Net debt / EBITDA



- Net cash generated from operating activities (USD 293m) increased mainly due to robust cash flow from operations and positive working capital movements. Positive working movements were mainly as a result of increase in dues to related party 'ADNOC' driven by higher fuel purchases / higher oil prices and increase in trade payables, partially offset by increase in inventories
- USD 65m CAPEX paid in Q1 2021 (stable compared to Q1 2020), in line with our guidance and plans to continue with our expansion strategy



**ADNOC**  
DISTRIBUTION

**04**

# OUTLOOK

**SPEAKER: ATHMANE BENZERROUG**  
CHIEF INVESTOR RELATIONS OFFICER



**ADNOC**  
DISTRIBUTION

# 2021 OUTLOOK SUMMARY

## 1 GROWTH MOMENTUM TO SUSTAIN IN 2021, UNLOCKING INCREMENTAL VALUE



### 70-80 NEW STATIONS

We expect to sustain delivery **momentum into 2021** with **70-80 new stations** (30-35 in UAE of which 12-18 in Dubai, and 40-45 in KSA) + potential international M&A



### 40-60 C-STORES REFURBISHMENTS

Our core non-fuel retail focus remains on enhancing the **shopping experience** with **40-60 C-stores to be refurbished in 2021** to deliver a fresh modern, environment

**\$250-300M  
CAPEX TO  
DELIVER SMART  
GROWTH IN 2021  
AND BEYOND**

## 2 SOLID BUSINESS RESILIENCE



### VOLUME RECOVERY

Vaccine roll out and further ease in mobility restrictions to support continued recovery in fuel volumes in 2021



### OPEX OPTIMIZATION

We continue to pursue **incremental savings of \$25m in 2021 and up to \$85m over 2021-23 (after \$115m over 2018-20)** by making our operations leaner and more efficient

## 3 PREDICTABLE & ATTRACTIVE SHAREHOLDER RETURN



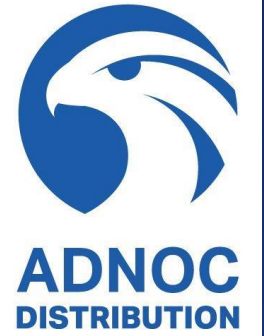
### APPROVED DIVIDEND POLICY ENHANCING PAYBACK VISIBILITY

Dividend policy: \$700m for 2021, min. \$700m for 2022 and min. 75% of distributable profits thereafter, offering **attractive dividend yield (4.3%\*)** with **high visibility (until April 2023)\*\***

# ADNOC DISTRIBUTION Q1 2021 RESULTS PRESENTATION

10 MAY 2021

IR@ADNOCDISTRIBUTION.AE



# THANK YOU

ADNOC Distribution



**ADNOC**  
DISTRIBUTION

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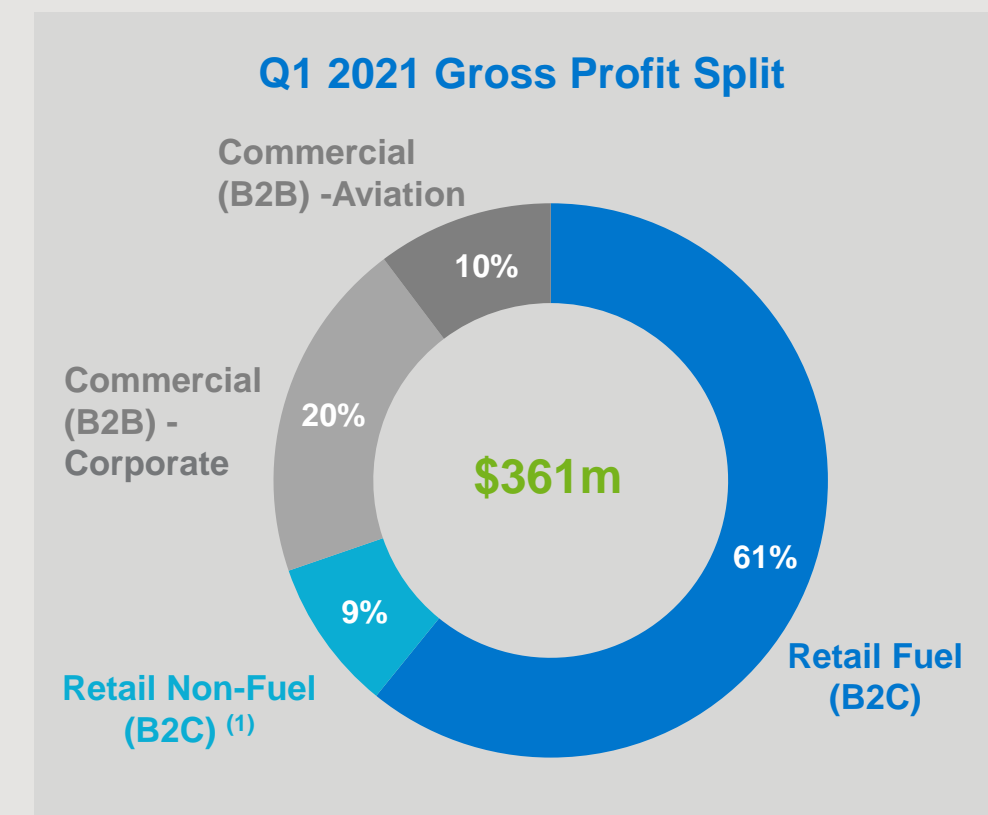
# APPENDIX





# GROSS PROFIT BY SEGMENT

USDm	Q1 2021	Q1 2020	YoY (%)
<b>Retail (B2C)</b>	<b>252</b>	<b>229</b>	<b>10.1%</b>
<i>Of which Fuel</i>	219	195	12.6%
<i>Of which Non-Fuel <sup>(1)</sup></i>	32	34	-4.4%
<i>Retail Margin</i>	31.4%	24.4%	
<b>Commercial (B2B)</b>	<b>109</b>	<b>74</b>	<b>48.5%</b>
<i>Of which Corporate</i>	72	35	103.9%
<i>Of which Aviation</i>	37	38	-2.9%
<i>Commercial Margin</i>	30.0%	18.1%	
<b>Total</b>	<b>361</b>	<b>302</b>	<b>19.4%</b>

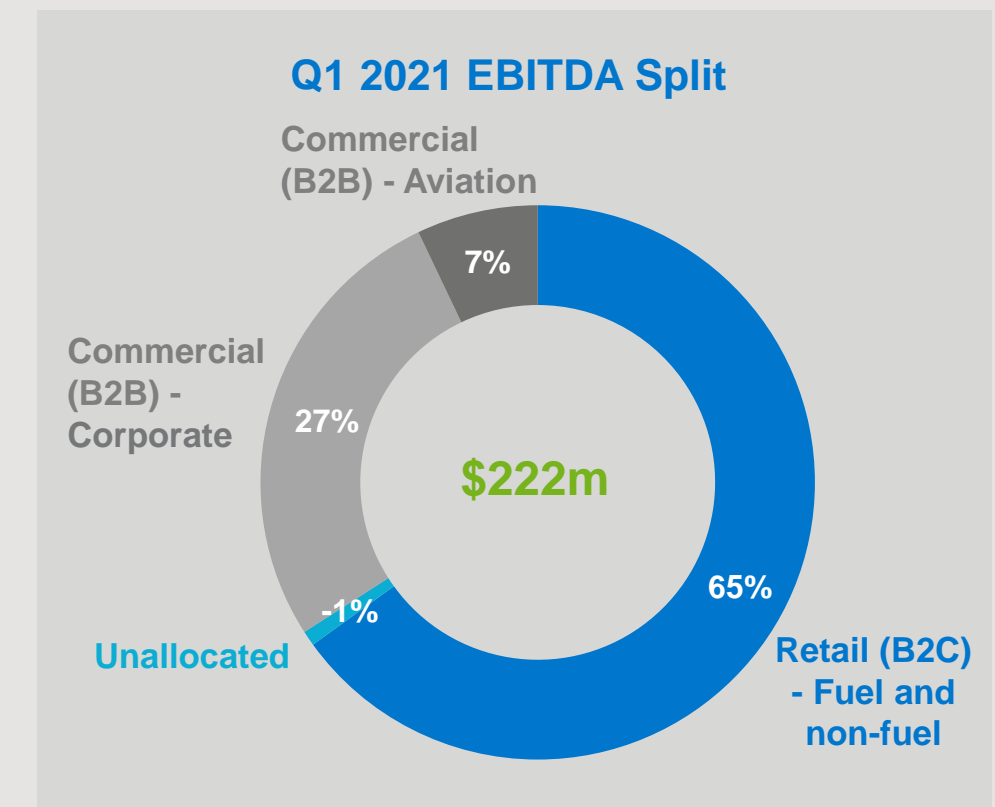


- Higher gross profit in Q1 2021 driven by Fuel Retail and Corporate businesses
- Retail Business gross profit growth was driven by higher margins and inventory gains (USD29m), partially offset by lower volumes and lower non-fuel retail revenues
- Commercial business gross profit growth was driven by higher Corporate volumes and higher margins, partially offset by lower Aviation volumes while Q1 2020 was negatively impacted by revaluation of inventory stock and other one-off items



# EBITDA BY SEGMENT

USDm	Q1 2021	Q1 2020	YoY (%)
<b>Retail (B2C)</b>	<b>147</b>	<b>114</b>	<b>28.3%</b>
<i>Retail Margin</i>	18.3%	12.2%	
<b>Commercial (B2B)</b>	<b>77</b>	<b>38</b>	<b>103.2%</b>
<i>Of which Corporate</i>	61	20	205.2%
<i>Of which Aviation</i>	16	18	-9.8%
<i>Commercial Margin</i>	21.2%	9.3%	
<b>Unallocated<sup>1</sup></b>	<b>-1</b>	<b>-1</b>	<b>NM</b>
<b>Total reported EBITDA</b>	<b>222</b>	<b>151</b>	<b>46.8%</b>
<b>Underlying EBITDA<sup>2</sup></b>	<b>201</b>	<b>171</b>	<b>17.5%</b>

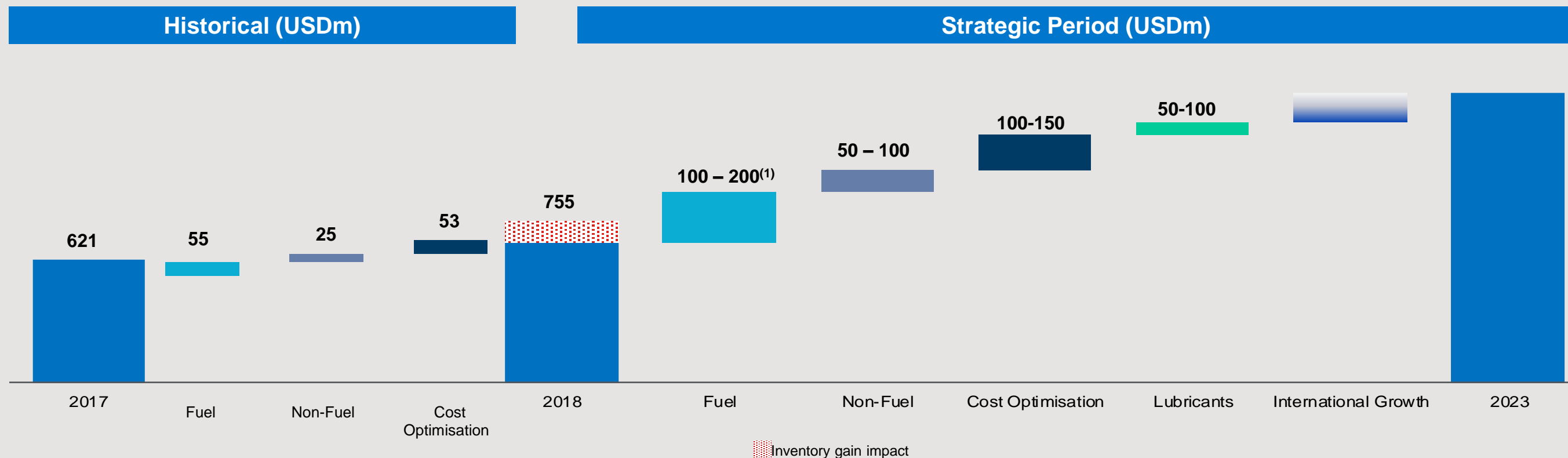


- EBITDA up by 46.8% in Q1 2021, driven by higher retail and commercial fuel margins and OPEX optimization, partially offset by lower retail and aviation volumes whereas Q1 2020 included negative one-offs (-\$20m)
  - Retail EBITDA increased on the back of higher margins, inventory gains and reduction in OPEX, partially offset by lower fuel volumes and decline in non-fuel gross profit
  - Commercial EBITDA growth was driven by higher Corporate fuel volumes, higher margins and OPEX savings, whereas Q1 2020 was impacted by revaluation of inventory stock and other one-offs
- Underlying EBITDA up by 17.5% in Q1 2021, driven by higher retail fuel and commercial margins and OPEX optimization





# AMBITION TO EXCEED USD 1 BILLION IN EBITDA BY 2023

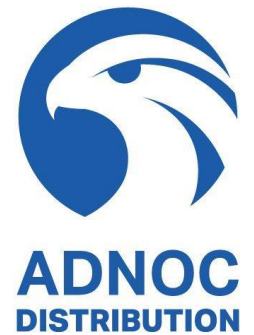


## Initiatives To Drive Growth in Strategic Period

Domestic		Cost Optimisation	International Growth
Fuel	Non-Fuel		
<ul style="list-style-type: none"> <li>▪ <b>Volume Growth:</b> low single-digit % growth</li> <li>▪ <b>Premiumisation:</b> 15%-20% adoption by 2023</li> <li>▪ <b>Dubai Expansion:</b> 60-75 sites by 2023</li> <li>▪ <b>Commercial Fuel:</b> LPG price optimization, new large gasoline contracts in Dubai, grey market elimination</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continued developing convenience stores estate targeting <b>c. 400</b> outlets by 2023</li> <li>▪ Targeted conversion of USD75-95/1000L</li> <li>▪ Expansion in the e-commerce channel</li> </ul>	<ul style="list-style-type: none"> <li>▪ Staff opex optimisation and focused performance management supported by data analytics</li> <li>▪ Operational efficiency and maintenance</li> <li>▪ Back office optimisation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Expansion in KSA and exploring other areas</li> </ul>
			<p><b>Lubricants</b></p> <ul style="list-style-type: none"> <li>▪ Indian lubricants JV targeting 2-3% market share</li> </ul>

(1) The USD100-200m EBITDA impact is based on fuel retail contribution of USD80-130mn and commercial fuel contribution of USD20-70m. It includes Dubai expansion impact of c. \$70m – US\$120m.

# COVID-19 RESPONSE



We are focused on ensuring **uninterrupted services** to customers and healthcare sector and the **safety of employees, customers and local communities**. We responded swiftly to the evolving environment by **accelerating our e-commerce strategy** and launching new services to **enhance customer experience**



## Remote Working

Enabled work from home for staff where applicable and introduced measures to safely and gradually return to the office, in line with the easing of lockdown measures



## Protective Gear

Provided personal protective equipment such as face masks, gloves, hand sanitizers to staff



## Essential Home Products

Launched a new 'essential products' range in our ADNOC Oasis stores, including fresh food, household and healthcare products, at a low cost to help customers across the UAE



## Car Interior Sanitization

Introduced a new complimentary deep cleaning and sanitization of cars as part of car wash service



## Daily Cleaning of Sites

Performing daily cleaning at our sites, including head office, service stations and depots



## Contactless Payment

Enhancing our advanced Mobile Pay technology to facilitate social distancing through totally contactless payment



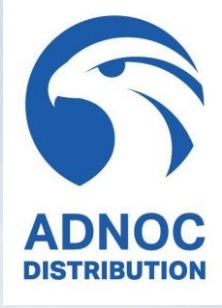
## Online Grocery Delivery

Launched online home delivery services of over 1,700 Oasis products, from over 100 stores via our partnerships with Talabat for the convenience and safety of our customers



## Mobile Fuel Delivery

Offering My Station, a new mobile fueling service that provides services at a location and time of customers' choosing



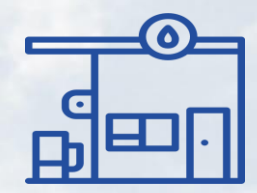
# ADNOC DISTRIBUTION IN NUMBERS – Q1 2021



**0.00**  
Total Reportable Injury Rate\*



**2.2 billion liters**  
Total Fuel Volume



**449**  
Retail Fuel sites in the UAE



**+100**  
Online Network Participating C-Stores



**35.5 million**  
Fuel Transactions



**2**  
Retail Fuel sites in Saudi Arabia



**\$7.5**  
Average Gross Basket Size



**332**  
Convenience Stores in the UAE



**8.0 million**  
Non-Fuel Transactions

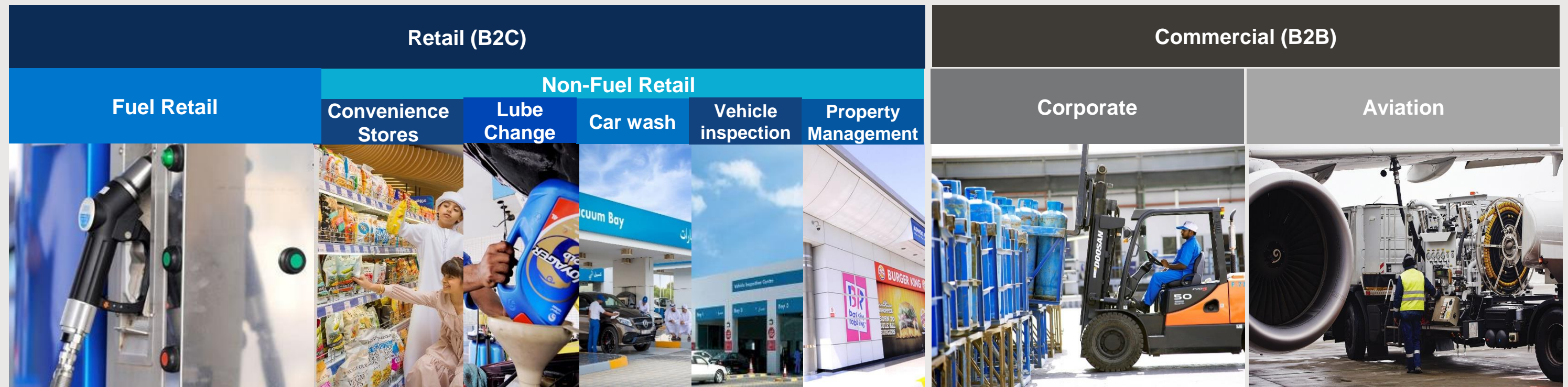
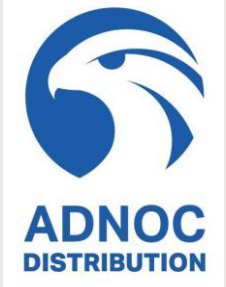


**29**  
Number of Vehicle Inspection Centers\*\*

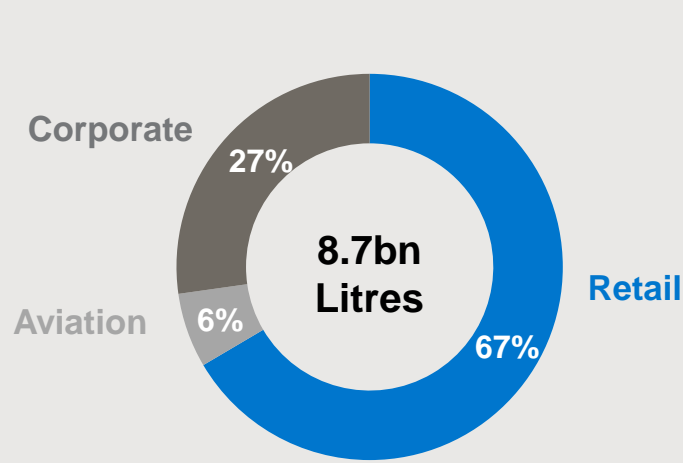


\*Total Reportable Injury / 1,000,000 man hours \*\*Includes one permitting center

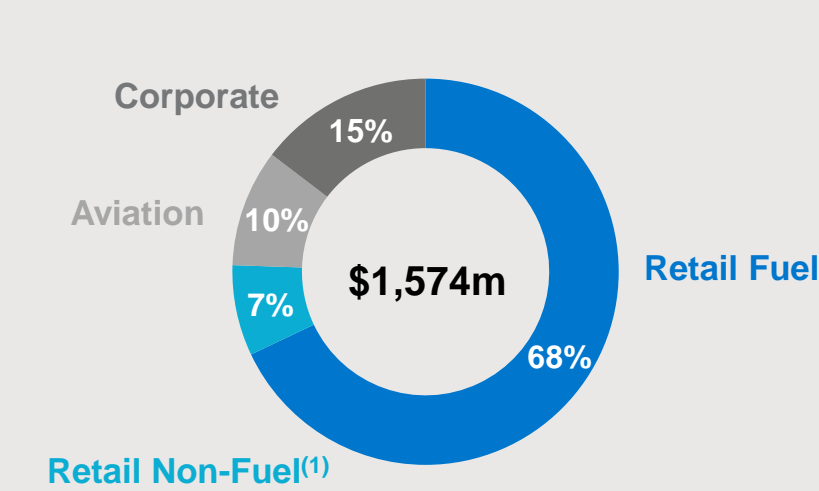
# ADNOC DISTRIBUTION BUSINESS OVERVIEW – FY 2020



FY2020 Fuel Volume Split



FY2020 Gross Profit Split



FY2020 EBITDA Split

