

Q2 2022 RESULTS PRESENTATION

INVESTOR & ANALYST CONFERENCE CALL

8 August 2022



AGENDA



ADNOC
DISTRIBUTION



01 | EXECUTIVE
SUMMARY



02 | STRATEGY
UPDATE



03 | Q2 2022
RESULTS



04 | CLOSING
REMARKS

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.

01

EXECUTIVE SUMMARY



SPEAKER: ATHMANE BENZERROUG
CHIEF INVESTOR RELATIONS OFFICER



Q2 2022 KEY HIGHLIGHTS & 2022 OUTLOOK

Record-high quarterly EBITDA and Net Income coupled with strong execution momentum

Robust financial and operating performance



Fuel volumes growth

+7% in Total fuel volumes and +35% in Corporate volumes in Q2 2022 y-o-y

+9% in Total fuel volumes and +27% in Corporate volumes in H1 2022 y-o-y



Robust Financial performance

+56% in EBITDA and +71% in Net Income in Q2 2022 y-o-y

+30% in EBITDA and +36% in Net Income in H1 2022 y-o-y

+8% in NFR gross profit in Q2 2022 y-o-y, driven by customer-centric initiatives, higher traffic at stations and higher F&B sales



Solid Financial position

Robust cash generation and strong balance sheet to support growth opportunities and sustain attractive shareholder distribution

Execution on smart growth strategy is on-track, and expecting positive growth outlook



Growth in Fuel & Non-fuel businesses

Network growth accelerates:

✓ **UAE: 9 new stations** (4 in Dubai) in Q2 2022 vs. 3 new stations in Q1, taking our network in UAE to 472 (35 in Dubai)

✓ **KSA: 11 new stations** in Q2 2022, taking our total network to 66 stations

On track to achieve target to open **60-80 new stations (20-30 in UAE)** in 2022, and expect growth momentum to sustain in H2 2022 and beyond

A new milestone in ADD's international expansion: agreement to acquire a **50% stake in TotalEnergies Marketing Egypt**, which will be earnings accretive from year 1 post closing⁽¹⁾



New mobility solutions and clean energy

We are leveraging our extensive network to promote EV charging and clean energy to deliver enhanced customer experience

Committed to delivering attractive shareholder returns



Attractive Dividend

Dividend policy:

✓ H1 2022 dividend of min. \$350 million, expected to be paid in October 2022⁽²⁾

✓ 2022: min. \$700 million, offering an annual dividend yield of 4.8%⁽³⁾

✓ 2023 onwards: min. 75% of distributable profits



ADD's share recognition

Following the inclusion of ADD stock in MSCI EM Index last year, the company's weight in the Index was increased in May 2022



ADNOC DISTRIBUTION SUSTAINABILITY STRATEGIC FRAMEWORK

Our Sustainability Strategic Framework is based on six pillars



CLIMATE, EMISSIONS & ENERGY

Optimize energy consumption and carbon emissions, adopt green liquid fuels portfolio, develop low carbon alternative fuels/energy portfolio



LOCAL ENVIRONMENT

Adopt restorative approach to protect and preserve local environment: reduce waste, reuse water, recycle plastic and waste and recover non-recyclable waste wherever feasible.



ECONOMIC & SOCIAL CONTRIBUTION

Develop and deliver corporate social responsibility projects in priority areas of Community, Environment and Economy



WORKFORCE DIVERSITY & DEVELOPMENT

Promote diversity, equity & inclusion, employee wellbeing, development and satisfaction



HEALTH, SAFETY & SECURITY

Demonstrate 100% commitment to HSE through effective risk assessment, monitoring and reporting, implementing safety culture and asset integrity plans



BUSINESS SUSTAINABILITY

Future proof business by adopting and implementing best practices for corporate and sustainability governance, ethics and compliance, transparency, IT & digital transformation

For more details about our 2021 ESG performance, you may refer to our 2021 ESG Report at the following [link](#)

02

GROWTH STRATEGY UPDATE



SPEAKER: BADER SAEED AL LAMKI
CHIEF EXECUTIVE OFFICER

KEY STRATEGIC UPDATE

Fuel Business



- **Q2 2022 fuel volumes close to Q1 2022 record level**

- ✓ Retail fuel volumes up 3.4% y-o-y
- ✓ Commercial volumes up 14.7% y-o-y



- **Momentum in new stations opening accelerated in Q2 2022**

Domestically

- ✓ 9 new stations in UAE after 3 new stations in Q1 2022
- ✓ 4 new stations in Dubai with 6 stations under execution and more than 10 in pipeline for further development
- ✓ 472 total stations in UAE network

Internationally

- ✓ 11 new stations in KSA, taking our network to 66 stations



- **On track to achieve our 2022 expansion targets**

- ✓ 38 new stations opened in H1 2022 (c. 60% of 2022 expansion target of 60-80 stations)



KEY STRATEGIC UPDATE

Non-Fuel Retail business



- **Focused on delivering ambitious non-fuel retail strategy** through various initiatives such as:
 - ✓ Refurbishment of stores, improvement in category management, fresh food and premium coffee products
 - ✓ Improvement of customers' offers in lubes and car wash as well as opening of a new vehicle inspection center in Q2 2022



- **Non-fuel retail business** continues to deliver **growth momentum in Q2 2022**
 - ✓ Transactions increased by **16% y-o-y**
 - ✓ Non-fuel gross profit up **8% y-o-y**
 - ✓ C-store margins improved by **2.8 pps** to 34.6%



- **9 new convenience stores opened** in UAE and **2 were refurbished in Q2 2022**
 - ✓ On track to refurbish 40-50 stores in 2022



KEY STRATEGIC UPDATE

Enhancing customer experience and loyalty through ADNOC Rewards app and marketing promotions

As of Q2 2022:

Over **1.4** MILLION 
MEMBERS IN ADNOC REWARDS
LOYALTY PROGRAM

Over **42** MILLION 
TRANSACTIONS USING ADNOC
REWARDS, SINCE LAUNCHING
THE POINTS PROGRAM

83 PARTNERS 
IN THE REWARDS PROGRAM,
OFFERING MEMBERS MORE
DEALS AND DISCOUNTS



03

Q2 2022 RESULTS



SPEAKER: WAYNE BEIFUS
CHIEF FINANCIAL OFFICER

FINANCIAL PERFORMANCE

Record EBITDA and Net income

Key Financial Performance	\$m	Q2 2022	Q2 2021	YoY (%)	H1 2022	H1 2021	YoY (%)
	Revenue	2,352	1,366	72.1%	4,186	2,532	65.3%
	Gross Profit	467	333	40.5%	862	694	24.3%
	Margin	19.9%	24.3%		20.6%	27.4%	
	EBITDA	303	194	56.4%	543	416	30.5%
	Margin	12.9%	14.2%		13.0%	16.4%	
	Underlying EBITDA ¹	245	180	36.1%	453	381	18.9%
	Margin	10.4%	13.2%		10.8%	15.0%	
	Net Income	243	142	70.9%	425	314	35.6%
	Margin	10.3%	10.4%		10.2%	12.4%	

Q2 2022

\$303 million
EBITDA



\$245 million
Underlying
EBITDA



\$243 million
Net Profit



Strong free cash flow generation

Cash Generation and Net Debt	\$m	Q2 2022	Q2 2021	YoY (%)	H1 2022	H1 2021	YoY (%)
	Free cash flow ²	25	448	-94.4%	533	680	-21.6%
	Net debt	740	433	71.0%	740	433	71.0%

High returns

Profitability		Q2 2022	Q2 2021		H1 2022	H1 2021	
	ROCE ⁴ (%)		27.3%	29.0%		27.3%	29.0%
ROE ⁵ (%)		75.4%	79.1%		75.4%	79.1%	



OPERATING PERFORMANCE

Robust performance driven by volume growth

Fuel Volumes	Million liters	Q2 2022	Q2 2021	YoY (%)	H1 2022	H1 2021	YoY (%)
	Retail (B2C)	1,601	1,548	3.4%	3,257	3,050	6.8%
Commercial (B2B)	821	716	14.7%	1,625	1,433	13.3%	
of which Corporate	778	576	35.1%	1,491	1,177	26.7%	
of which Aviation	43	140	-69.0%	134	257	-47.9%	
TOTAL	2,422	2,263	7.0%	4,881	4,484	8.9%	

Retail Fuel Operating Metrics		Q2 2022	Q2 2021	YoY (%)	H1 2022	H1 2021	YoY (%)
	Service stations – UAE	472	457	3.3%	472	457	3.3%
Service stations - Saudi Arabia ¹	66	2	NM ²	66	2	NM ²	
Fuel transactions (millions)	45.3	39.1	15.9%	88.0	74.6	18.0%	

Retail Non-Fuel Operating Metrics		Q2 2022	Q2 2021	YoY (%)	H1 2022	H1 2021	YoY (%)
	Convenience stores - UAE	359	340	5.6%	359	340	5.6%
Non-fuel transactions (millions) ³	9.4	8.1	15.5%	19.0	16.1	17.9%	
Average gross basket size (\$) ⁴	6.8	7.1	-4.8%	7.0	7.3	-4.9%	

Q2 2022

2.42 billion liters
Total Fuel Volume



472

Retail Fuel sites in the UAE



359

Convenience Stores in the UAE

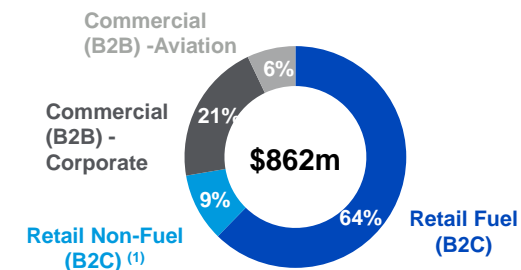


GROSS PROFIT BY SEGMENT

\$m	Q2 2022	Q2 2021	YoY (%)	H1 2022	H1 2021	YoY (%)
Retail (B2C)	340	234	45.4%	623	486	28.3%
Of which Fuel	298	194	52.9%	538	408	31.9%
Of which Non-Fuel ⁽¹⁾	42	39	8.2%	86	78	9.6%
Retail Margin	21.9%	24.4%		22.2%	27.6%	
Commercial (B2B)	127	99	28.8%	239	208	14.8%
Of which Corporate	98	61	61.1%	178	133	33.4%
Of which Aviation	29	38	-23.8%	61	75	-18.7%
Commercial Margin	16.0%	24.2%		17.3%	27.0%	
Total	467	333	40.5%	862	694	24.3%

- **Fuel Retail:** Q2 2022 gross profit driven higher by an increase in volumes and on inventory gains (\$74m)
- **Non-Fuel retail:** Q2 2022 gross profit driven by customer-centric initiatives, higher traffic at stations and higher F&B sales
- **Commercial business:** Q2 2022 gross profit up on higher Corporate volumes offset by lower aviation volumes

H1 2022 Gross Profit Split

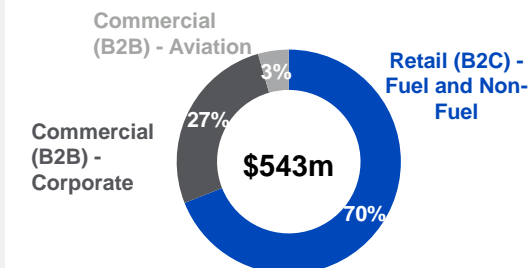


EBITDA BY SEGMENT

\$m	Q2 2022	Q2 2021	YoY (%)	H1 2022	H1 2021	YoY (%)
Retail (B2C)	211	127	66.4%	374	274	36.8%
<i>Retail Margin</i>	13.6%	13.3%		13.3%	15.5%	
Commercial (B2B)	91	66	38.1%	168	143	17.3%
<i>Of which Corporate</i>	81	47	74.0%	144	108	34.1%
<i>Of which Aviation</i>	10	20	-47.2%	24	36	-33.0%
<i>Commercial Margin</i>	11.5%	16.3%		12.2%	18.6%	
Unallocated ¹	0	1	N/M	0	-1	N/M
Total reported EBITDA	303	194	56.4%	543	416	30.5%
Underlying EBITDA²	245	180	36.1%	453	506	18.9%

- **Retail Business:** Q2 2022 EBITDA driven by an increase in volumes and higher inventory gains
- **Commercial business:** Q2 2022 EBITDA up on higher Corporate volumes offset by lower aviation volumes

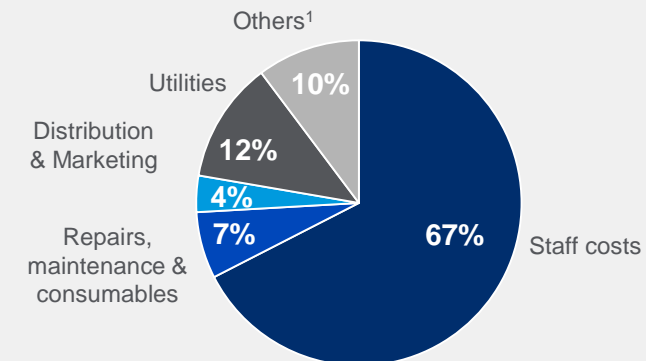
H1 2022 EBITDA Split



OPEX UPDATE

Remain committed to operational excellence

Q2 2022 Cash OPEX Split (\$166m)

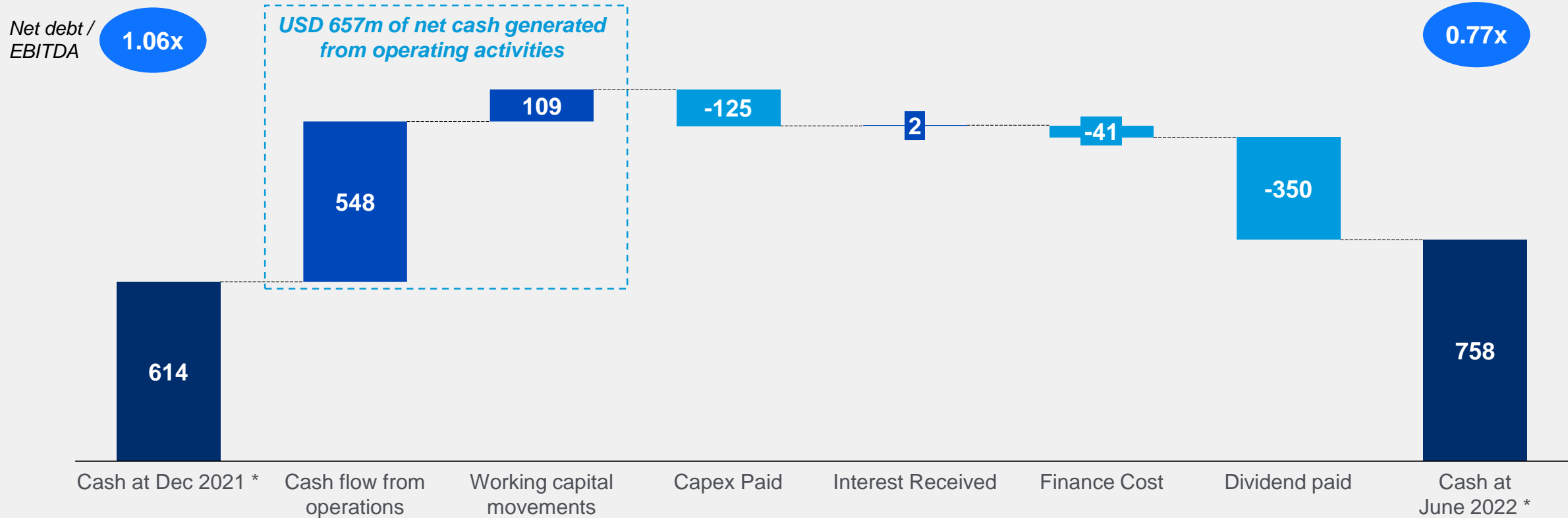


- Q2 2022 cash OPEX (excl. DD&A charge) up 16% YoY to \$166m, after 17% increase in stations network and C-stores (+6%), and associated increase in staff costs and other expenses



- **The Company continues to implement management initiatives** to increase operational efficiency across all business units, prudent cost controls and optimize costs...
- ... **and expects to achieve c.\$25m additional like-for-like savings over 2022-2023**, after it has already met its like-for-like OPEX savings target of \$100-150m over 2019-23 by achieving \$103m over 2019-2021

ROBUST CASH POSITION



- Strong operating cash flow (\$548m) and free cash flow (\$533m) in H1 2022, driven by robust underlying profitability and a positive impact of change in working capital
- **Healthy cash position** (\$758m) and stronger balance sheet (net debt/EBITDA: 0.77x)

04

CLOSING REMARKS



SPEAKER: BADER SAEED AL LAMKI
CHIEF EXECUTIVE OFFICER

CLOSING REMARKS

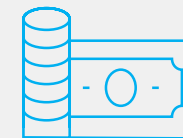


Record Q2 2022 results supporting growth momentum in fuel and non-fuel in full-year 2022 & beyond

Executing on our growth commitment to achieve min. \$1bn EBITDA by 2023



Strong Balance Sheet to pursue new growth opportunities in domestic and international markets



Committed to continued attractive shareholder distribution

| Q&A



Bader Saeed Al Lamki
Chief Executive Officer



Wayne Beifus
Chief Financial Officer



Athmane Benzerroug
Chief Investor Relations Officer



ADNOC DISTRIBUTION Q2 RESULTS PRESENTATION

INVESTOR AND ANALYST CONFERENCE CALL
8 AUGUST 2022

IR@ADNOCDISTRIBUTION.AE



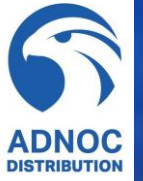
THANK YOU

ADNOC DISTRIBUTION

05

APPENDIX

ADNOC DISTRIBUTION IN NUMBERS – H1 2022



4.88 billion liters
Total Fuel Volumes



359
Convenience Stores in the UAE



\$6.8
Average Gross Basket Size



472
Retail Fuel sites in the UAE



88 million
Fuel Transactions



31
Vehicle Inspection Centres**



66
Retail Fuel sites in Saudi Arabia



19 million
Non-fuel Transactions



0.0
Total Reportable Injury Rate*

*Total Reportable Injury / 1,000,000 man hours

**Includes one permitting center



ADNOC DISTRIBUTION UNIQUE VALUE PROPOSITION



A focused, **deliverable EBITDA profile** of min. \$1bn by 2023



Ambitious domestic growth expansion programme via fuel and non-fuel initiatives, and crystalizing upside from **international growth**, in a disciplined approach



Accelerated digital strategy to create additional retail value and customer loyalty



Unlock hidden value through OPEX initiatives
(Targeted Opex savings up to ~\$25m over 2022-2023)



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



Demonstrable solid business with stable and predictable fuel margins with limited exposure to oil price volatility



Strong balance sheet with ample liquidity to pursue growth opportunities



Attractive and visible dividend policy¹



Dividend track-record since IPO



Significant share liquidity after Free float increased to 23%. MSCI EM Index and FTSE EM Index inclusion (2021)











ADNOC a **supportive and committed majority shareholder**

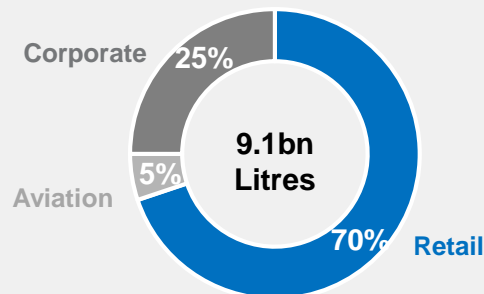


ADNOC DISTRIBUTION BUSINESS OVERVIEW – FY 2021

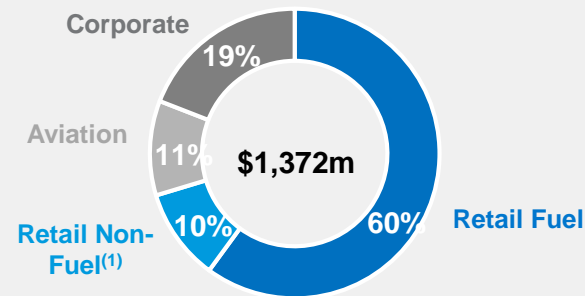


Retail (B2C)						Commercial (B2B)	
Fuel Retail	Non-Fuel Retail					Corporate	Aviation
	Convenience Stores	Lube Change	Car wash	Vehicle inspection	Property Management		
							

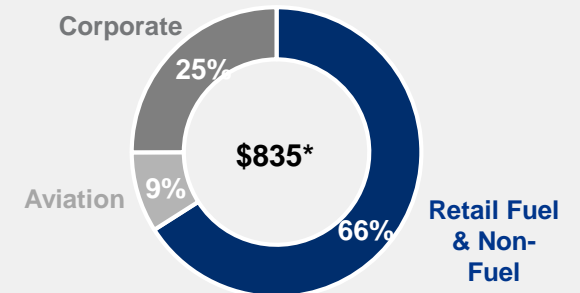
FY2021 Fuel Volume Split



FY2021 Gross Profit Split



FY2021 EBITDA Split





On 29th July 2022, ADNOC Distribution announced an agreement to acquire 50% stake in TotalEnergies Marketing Egypt*

Delivering on our commitment to accelerate international growth

Egypt is an important strategic market for growth



Partnering with TotalEnergies, a leading global multi-energy company with successful track-record in Egypt and long-standing relationship with ADNOC



Vision to **establish ADNOC Distribution as a regional leader** in the fuel distribution sector



TotalEnergies Marketing Egypt is a leading fuel distribution company in Egypt, with high-quality diversified asset portfolio

Agreement to acquire 50% stake in TotalEnergies Marketing Egypt

Overview of the transaction*



240
Retail stations



120
C-stores




274
Lube change



16
Car wash



**Bulk & Aviation
Fuel Business**



**Lubricants
Business**

- ✓ ADNOC Distribution announces a milestone international growth transaction with the agreement to acquire a **50% stake in TotalEnergies Marketing Egypt for c.\$186m**, with an additional earn-out of up to \$17.3m*
- ✓ This move aligns with our vision to establish ADNOC Distribution as **a regional fuel distribution leader** and provides sizeable operations in one of the largest countries in MENA
- ✓ **ADNOC Distribution is accelerating international growth** by partnering with TotalEnergies, a leading global multi-energy company with strong brand and successful track-record in Egypt
- ✓ **TotalEnergies Marketing Egypt offers high-quality diversified asset portfolio** with attractive retail locations, lubricants / aviation businesses and integrated supply chain infrastructure
- ✓ Transaction offers ADNOC Distribution an opportunity to **expand its presence in a profitable lubricants business** and **enter commercial aviation business in Egypt** with a further growth upside
- ✓ ADNOC Distribution and TotalEnergies will drive future growth of TotalEnergies Marketing Egypt by **unlocking value potential** in fuel distribution, lubricants and aviation businesses supported by economic growth and post-COVID recovery
- ✓ Debt-financed acquisition will allow for **better allocation of capital towards growth**. ADNOC Distribution balance sheet and cash flow generation provide ample room to finance future growth and pay attractive dividends
- ✓ **Acquisition is earnings accretive from year 1 post closing**: +c.6% uplift to ADNOC Distribution EBITDA on a fully-consolidated basis. TotalEnergies Marketing Egypt **2021 dividend exceeded \$22m (a yield of c.6%)**
- ✓ **EBITDA acquisition multiple**: c.50% below ADNOC Distribution trading multiple
- ✓ **Management controls**: proportionate Board representation in TotalEnergies Marketing Egypt with Chairman appointed by ADNOC Distribution and right to appoint CFO position