



# H1 2023 RESULTS PRESENTATION

INVESTOR & ANALYST CONFERENCE CALL

4 August 2023

ADNOC  
أدنوك



ADNOC DISTRIBUTION

# AGENDA



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**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 STRATEGY, SUSTAINABILITY & TRANSFORMATION OFFICER

# ADNOC DISTRIBUTION UNIQUE VALUE PROPOSITION



## FOCUS ON DELIVERING SMART GROWTH



**Largest UAE fuel & convenience retail network** focused on transforming into a destination of choice for its customers in an attractive and growing market



Accelerating **sustainable and profitable growth** (Retail & commercial) through **efficient capital allocation**



**Futureproofing the business:** unlock new revenue streams offered by energy transition (incl. EV offerings) and pursue sustainability goals



Accelerate **digital strategy** to create incremental value and enhance customer loyalty



**Unlock hidden value through OPEX initiatives**



## CASHFLOW VISIBILITY & STRONG BALANCE SHEET



**Track record: demonstrable solid business performance** - Strong **operating performance** and growth in **underlying profitability** in H1 2023



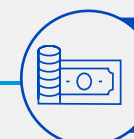
**Strong and predictable cash flow generation** supported by robust regulatory framework, predictable industry leading margins



**Supportive and committed majority shareholder** - 5-year supply contract with ADNOC supported by retail margin backstop guarantee: protection against inventory losses and upside to inventory gains



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



## ATTRACTIVE AND VISIBLE RETURNS FOR SHAREHOLDERS



**New dividend policy**<sup>(1)(2)</sup> supported by strong and visible cashflow profile and balance sheet



Min. \$700 million for 2023 and min. 75% of distributable profits from 2024 onwards,



**Strong shareholder value creation** since IPO (+c.100% total return)



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

# FUTURE PROOFING OUR BUSINESS

Growing while transforming with a focus on sustainability



## Decarbonization roadmap and Sustainability Linked Loan



- ✓ Target to achieve a 25% reduction in Scope 1 and 2 emissions intensity by 2030 through “green building” and “clean mobility” initiatives:
  - ✓ Energy optimization initiatives
  - ✓ Installing solar panels at service stations
  - ✓ Use of biofuels to power fleet of vehicles
  - ✓ Vehicle fleet management
- ✓ ADNOC Distribution converted its existing \$1.5 billion term loan into a Sustainability Linked Loan demonstrating its determination to align funding strategy with sustainability roadmap
- ✓ Decarbonization roadmap is a commitment to sustainable growth while creating incremental shareholders value



## Pursuing leadership in mobility retail and unlocking new revenue streams



### Rollout of EV Charging points

- ✓ E<sub>2</sub>GO mobility JV with an integrated utility TAQA, is intended to build and operate EV charging infrastructure in public and private sites across Abu Dhabi and the wider UAE  
E<sub>2</sub>GO will utilize the JV companies’ wealth of experience, vast network and innovation capabilities to promote clean mobility solutions and unlock new business revenue streams
- ✓ ADNOC Distribution has installed c.40 super fast EV charging points to address current EV customer demand

### Hydrogen

- ✓ ADNOC Distribution will operate the first high-speed hydrogen refueling station in the Middle East

# H1 23 KEY ACHIEVEMENTS & OUTLOOK

Year-on-year growth in volumes and underlying earnings, coupled with robust cash generation



## Strong operating performance

### Network expansion

- ✓ **UAE/KSA: 575 stations**  
(H1 22: 538 stations)
- ✓ **Egypt:** acquisition of 50% stake in TotalEnergies Marketing Egypt with **241 stations** in operation

### Fuel volumes

- ✓ Total: **+34%** (retail: **+39%**)
- ✓ UAE/KSA: **+9%** (retail: **+8%**)

### Non-fuel Retail

- ✓ UAE non-fuel transactions: **+14%**
- ✓ UAE C-stores conversion rate: **25%**  
(H1 22: 21%)



## Positive underlying financial performance and robust free cash flow

- ✓ Underlying EBITDA and net profit (excl. inventory movements): **+9%** and **+2%**, respectively, driven by both retail and commercial segments
- ✓ Non-fuel retail gross profit: **+12%** driven by higher transactions and conversion rate
- ✓ Free cash flow: **\$333 million**  
(H1 22: \$533 million)
- ✓ Return on Capital Employed: **24.3%**  
(H1 22: 27.3%)
- ✓ Strong balance sheet: **1.13x** Net debt / EBITDA



## Outlook: Focus on accelerating sustainable growth through efficient capital allocation

ADNOC Distribution expects positive volume growth to sustain in 2023 and network expansion (+25-35 new stations)

Reiterate 2023 like-for-like OPEX savings target of c.\$25 million (H1 23: \$15 million)

### Pursuing growth opportunities:

- ✓ CAPEX plan of **\$250-300 million** in 2023 (H1 23: \$110 million)
- ✓ **International expansion** through value-accretive transactions

**H1 23 dividend:** min. \$350 million to be paid in October<sup>1</sup>

02

# GROWTH STRATEGY UPDATE



**SPEAKER: BADER SAEED AL LAMKI**  
CHIEF EXECUTIVE OFFICER



# Embarking on our transformation plans - focus on innovation and upgrading the customer experience



## Enhance C-store experience

Improving product mix (focus on F&B) and bringing Oasis stores to the customer (click & collect), enhancing payment experience



## Invest in new mobility

Roll-out EV charging points

Develop capabilities in alternative fuels



## Transform car wash and lube change into a One-Stop-Shop for car services



## Further drive efficiency program

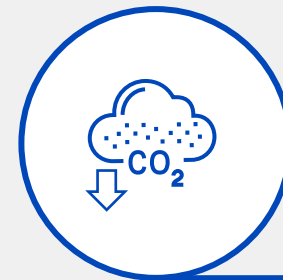
Maintain leadership on cost metrics via technology integration and AI

Outsourcing strategies



## Deploy composite LPG cylinders

Maintain highest HSE standards while delivering a more convenient product to the customer, and introduce LPG vending machines



## Decarbonization

Range of initiatives to decrease energy consumption, solar panels on stations, Reverse Vending Machine for plastic bottles and cans recycling

# Customer proposition

Enhancing customer experience and loyalty through innovation and personalized rewarding experience

We are committed to putting the customer at the heart of what we do to help **accelerate the mobility revolution and redefine the convenience experience** at service stations

We fuel...

*Energy for life's journey*



## Industry Leading Innovations



**Seamless Fueling** via mobile app and license plate recognition



**Contactless retail experience** (on the go ordering, delivery or collection of retail and F&B across key locations)



**Digitally Connected** with subscriptions and seamless payments



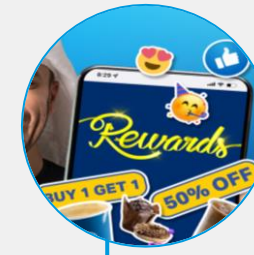
**Smart Infrastructure** leveraging computer vision, IoT sensors and AI



**Fill & Go**



**Station 222**



## Hyper Personalized Rewarding Experiences

for over 1.7m members



**Enhanced Loyalty Proposition**



**Personalized Customer Engagement** using real time segmented data and marketing automation



**Simplified Rewards Experience** over 68m transactions using ADNOC Rewards since launching the program



**New Partnerships & Offers**



**ADNOC Rewards**

## Smart Marketing, leveraging data & Insights



**Transformed Brand Campaigns**



**Actionable Insights**

leveraging Advanced Analytics (ML/AI) to improve media mix, visuals, and messaging, delivering stronger return on investments



**Preferred on the go F&B**

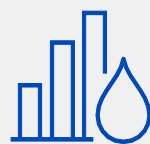
Building ADNOC Oasis brand as the UAE's #1 on-the-go destination for fresh food and beverages.



**Most Convenient Car Services**

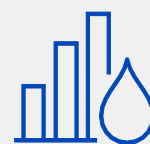
# KEY STRATEGIC UPDATE

## Fuel business



### Highest half-year fuel volumes sold ever in the UAE and KSA after a 9% growth year-on-year (5.3bn liters sold)

- ✓ Retail fuel volumes up 8.3% Y-o-Y in H1 23
- ✓ Commercial volumes up 9.7% Y-o-Y in H1 23



### Total fuel volumes (incl. TotalEnergies Marketing Egypt) up 34% year-on-year in H1 23 (6.5bn liters sold)

- ✓ Retail fuel volumes up 39.3% Y-o-Y in H1 23
- ✓ Commercial volumes up 23.2% Y-o-Y in H1 23



### Total network increased to 816 stations

- ✓ UAE/KSA: 14 new stations (total UAE: 511, incl. 42 in Dubai)
- ✓ Egypt: 241 stations (acquisition of 50% of TEME\* completed in Feb. 2023)



# KEY STRATEGIC UPDATE

## Non-fuel retail business



### NFR segment accelerates growth in H1 23

- ✓ Gross profit up **12%** Y-o-Y, after 6.2% growth in 2022
- ✓ UAE non-fuel transactions up **14%** Y-o-Y, after 15% growth in 2022
- ✓ UAE convenience store conversion rate increased by **c.400 bps** to a three-year record of **25%** vs. 21% in H1 22
- ✓ UAE average gross basket size increased by **3%** Y-o-Y to \$7.2 (2022: \$7.0)



### NFR strategy focused on customer-centric initiatives

- ✓ Enhance car wash and lube change offerings across the Company's network
- ✓ Drive higher footfall in convenience stores: improvement in category management (focus on F&B), and ongoing refurbishment program
- ✓ Introduce innovative AI technology

03

# H1 2023 RESULTS



**SPEAKER: WAYNE BEIFUS**  
CHIEF FINANCIAL OFFICER

# OPERATING PERFORMANCE

## Strong performance driven by volume growth

Fuel volumes (UAE / KSA)	million liters	Q2 2023	Q2 2022	YoY (%)	H1 2023	H1 2022	YoY (%)
	<b>Retail (B2C)</b>		<b>1,781</b>	<b>1,601</b>	11.3%	<b>3,528</b>	<b>3,257</b>
<b>Commercial (B2B)</b>		<b>875</b>	<b>821</b>	6.6%	<b>1,783</b>	<b>1,625</b>	9.7%
<i>of which Corporate</i>		814	778	4.6%	1,677	1,491	12.5%
<i>of which Aviation</i>		62	43	41.9%	106	134	-21.0%
<b>TOTAL</b>		<b>2,657</b>	<b>2,422</b>	9.7%	<b>5,310</b>	<b>4,881</b>	8.8%

Retail fuel operating metrics		Q2 2023	Q2 2022	YoY (%)	H1 2023	H1 2022	YoY (%)
	<b>Service stations – UAE</b>		<b>511</b>	<b>472</b>	8.3%	<b>511</b>	<b>472</b>
<b>Service stations – Saudi Arabia</b>		<b>64</b>	<b>66</b>	-3.0%	<b>64</b>	<b>66</b>	-3.0%
<b>Service stations – Egypt <sup>1</sup></b>		<b>241</b>	<i>NA</i>	<i>NA</i>	<b>241</b>	<i>NA</i>	<i>NA</i>
<b>Fuel transactions – UAE (m)</b>		<b>44.1</b>	<b>45.3</b>	-2.7%	<b>86.6</b>	<b>88.0</b>	-1.5%

Retail non-fuel operating metrics		Q2 2023	Q2 2022	YoY (%)	H1 2023	H1 2022	YoY (%)
	<b>Convenience stores – UAE</b>		<b>351</b>	<b>359</b>	-2.2%	<b>351</b>	<b>359</b>
<b>Non-fuel transactions – UAE (m) <sup>2</sup></b>		<b>11.0</b>	<b>9.4</b>	17.0%	<b>21.6</b>	<b>19.0</b>	13.8%
<i>Conversion rate, C-stores, %</i>		25%	20%		25%	21%	
<b>Average gross basket size (\$) <sup>3</sup></b>		<b>7.0</b>	<b>6.8</b>	3.2%	<b>7.2</b>	<b>7.0</b>	2.7%

## H1 2023

**5.31** billion liters  
 Total fuel volume sold in UAE / KSA



**575**  
 Retail fuel sites in UAE / KSA



**351**  
 Convenience stores in the UAE



# FINANCIAL PERFORMANCE

## Positive underlying financial performance

Key financial performance	\$m	Q2 2023	Q2 2022	YoY (%)	H1 2023	H1 2022	YoY (%)
	Revenue	2,214	2,352	-5.9%	4,392	4,186	4.9%
	Gross profit	378	467	-19.2%	722	862	-16.2%
	Gross margin, %	17.1%	19.9%		16.4%	20.6%	
	EBITDA	232	303	-23.5%	443	543	-18.4%
	EBITDA margin, %	10.5%	12.9%		10.1%	13.0%	
	Underlying EBITDA <sup>1</sup>	212	192	10.1%	427	392	8.9%
	Underlying EBITDA margin, %	9.6%	8.2%		9.7%	9.4%	
	Net profit attributable to equity holders	150	243	-38.2%	296	425	-30.3%
Net profit excluding inventory movements	130	132	-1.4%	280	274	2.1%	

## Robust free cash flow generation

Cash generation and Net debt	\$m	Q2 2023	Q2 2022	YoY (%)	H1 2023	H1 2022	YoY (%)
	Free cash flow <sup>2</sup>	47	25	89.5%	333	533	-37.6%
	Net debt	972	740	31.5%	962	740	31.5%

## High financial returns

Profitability		Q2 2023	Q2 2022		H1 2023	H1 2022	
	ROCE <sup>3</sup> (%)	24.3%	27.3%		24.3%	27.3%	
	ROE <sup>4</sup> (%)	70.1%	75.4%		70.1%	75.4%	

## H1 2023

**\$443** million  
EBITDA



**\$427** million  
Underlying EBITDA



**\$296** million  
Net profit

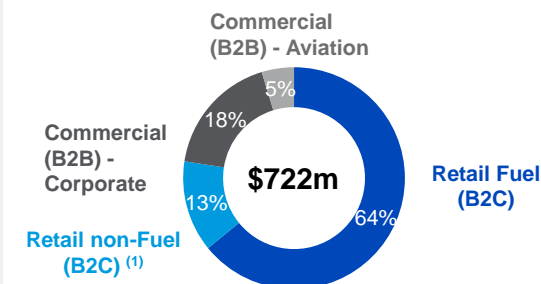


# GROSS PROFIT BY SEGMENT

\$m	Q2 2023	Q2 2022	YoY (%)	H1 2023	H1 2022	YoY (%)
<b>Retail (B2C)</b>	<b>293</b>	<b>340</b>	<b>-13.8%</b>	<b>559</b>	<b>623</b>	<b>-10.3%</b>
of which fuel	244	298	-18.0%	463	538	-13.8%
of which non-fuel <sup>1</sup>	49	42	15.6%	96	86	12.2%
<i>Retail margin, %</i>	<i>19.1%</i>	<i>21.9%</i>		<i>19.0%</i>	<i>22.2%</i>	
<b>Commercial (B2B)</b>	<b>84</b>	<b>127</b>	<b>-33.7%</b>	<b>163</b>	<b>239</b>	<b>-31.8%</b>
of which Corporate	66	98	-33.5%	129	178	-27.6%
of which Aviation	19	29	-34.1%	34	61	-44.1%
<i>Commercial margin, %</i>	<i>12.5%</i>	<i>16.0%</i>		<i>11.5%</i>	<i>17.3%</i>	
<b>Total</b>	<b>378</b>	<b>467</b>	<b>-19.2%</b>	<b>722</b>	<b>862</b>	<b>-16.2%</b>

- ✓ **Fuel retail:** Gross profit down due to inventory gains of \$22 million in H1 23 (H1 22: \$109 million)
- ✓ **Non-fuel retail:** Gross profit driven by double-digit growth in number of transactions
- ✓ **Commercial:** Gross profit down due to inventory losses of \$6 million in H1 23 (H1 22: \$42 million), lower margins, and volume reduction in aviation business

## H1 2023 gross profit split

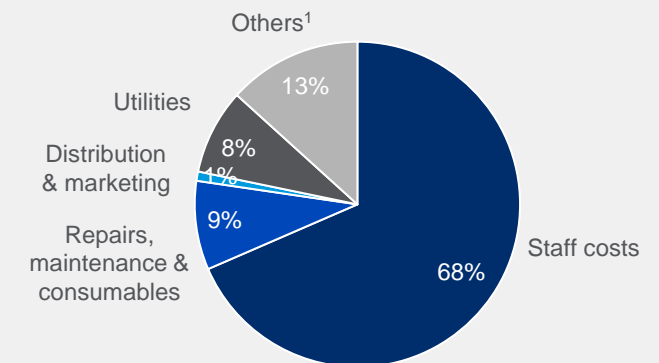




# OPEX UPDATE

Committed to operational excellence

## H1 2023 cash OPEX split (\$291m)



- ✓ ADNOC Distribution continues to execute **management initiatives to increase operational efficiency** across all business units, implement prudent cost controls and optimize costs
- ✓ H1 23 cash OPEX (excl. DD&A charge) **down 9.4% Y-o-Y** to \$291 million despite a continued expansion of operations and consolidation of TotalEnergies Marketing Egypt
- ✓ In H1 2023, we achieved OPEX reduction of **\$15 million**

# EBITDA BY SEGMENT

\$m	Q2 2023	Q2 2022	YoY (%)	H1 2023	H1 2022	YoY (%)
<b>Retail (B2C)</b>	<b>165</b>	<b>211</b>	<b>-21.9%</b>	<b>314</b>	<b>374</b>	<b>-16.2%</b>
<i>Retail margin, %</i>	<i>10.7%</i>	<i>13.6%</i>		<i>10.6%</i>	<i>13.3%</i>	
<b>Commercial (B2B)</b>	<b>68</b>	<b>91</b>	<b>-25.8%</b>	<b>128</b>	<b>168</b>	<b>-23.7%</b>
of which Corporate	50	81	-38.3%	96	144	-33.4%
of which Aviation	18	10	73.1%	32	24	35.5%
<i>Commercial margin, %</i>	<i>10.0%</i>	<i>11.5%</i>		<i>9.0%</i>	<i>12.2%</i>	
Unallocated <sup>1</sup>	(1)	0		2	1	
<b>Total reported EBITDA</b>	<b>232</b>	<b>303</b>	<b>-23.5%</b>	<b>443</b>	<b>543</b>	<b>-18.4%</b>
<b>Underlying EBITDA<sup>2</sup></b>	<b>212</b>	<b>192</b>	<b>10.1%</b>	<b>427</b>	<b>392</b>	<b>8.9%</b>

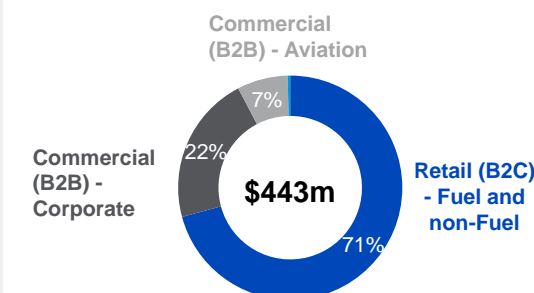
NM: Not meaningful

- ✓ H1 23 EBITDA down on inventory gains of \$151 million in H1 22 vs. inventory gains of \$16 million in H1 23
- ✓ Underlying EBITDA growth of 8.9% Y-o-Y driven by volume growth, higher contribution from non-fuel retail business and company-wide efficiency improvement initiatives
- ✓ Retail segment underlying EBITDA up 10% Y-o-Y to \$291 million on higher volumes, premiumization and growing contribution of NFR business
- ✓ Commercial segment underlying EBITDA up 6% Y-o-Y to \$134 million on volume growth in Corporate business and TEME\* consolidation

\*TotalEnergies Marketing Egypt consolidated from 1 Feb. 2023

1. Unallocated includes other operating income/expenses not allocated to specific segment. 2. Underlying EBITDA is defined as EBITDA excluding inventory movements

## H1 2023 EBITDA split



Rewards  
SHOP. EARN POINTS.  
GET REWARDED

ADNOC Rewards app

ADNOC Rewards app

ADNOC Rewards app

ADNOC Rewards app

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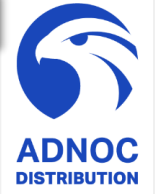
ADNOC Rewards app

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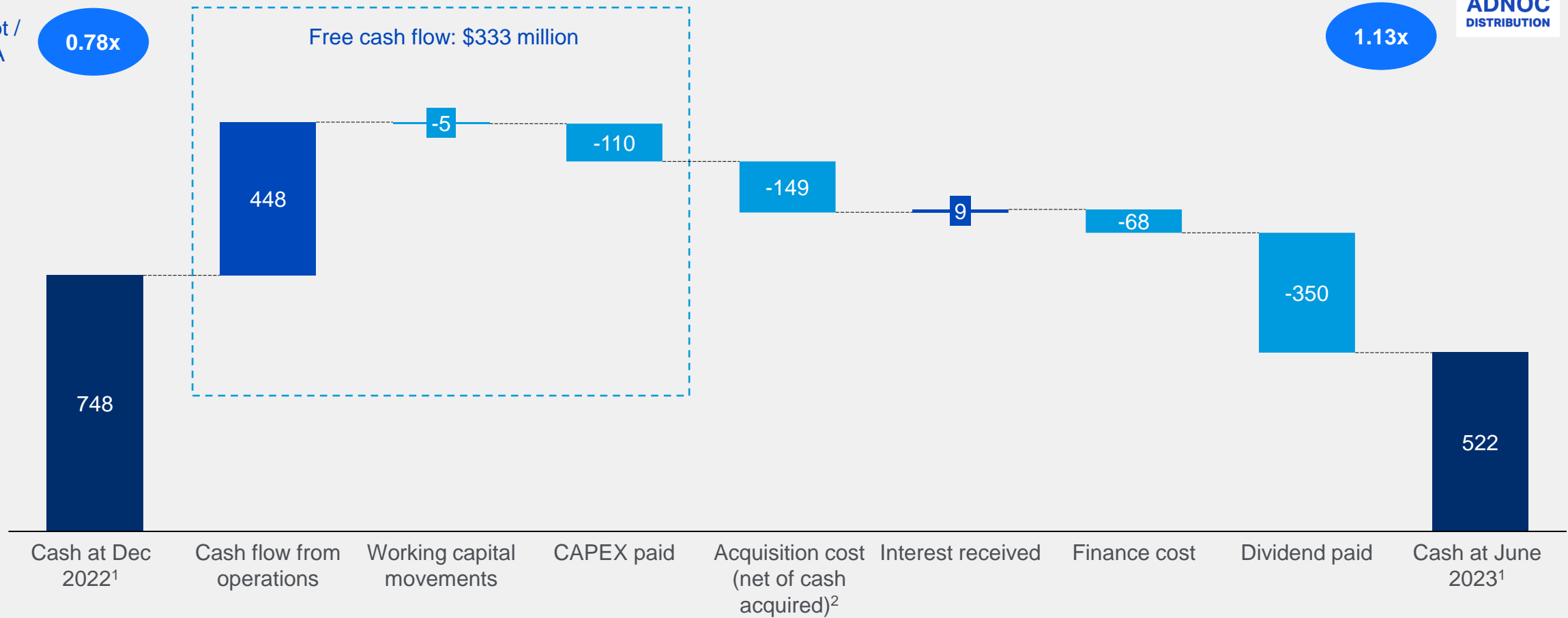


Net debt / EBITDA

0.78x

1.13x

Free cash flow: \$333 million



- ✓ Operating cash flow (\$443 million) and free cash flow<sup>3</sup> (\$333 million) in H1 2023, supported by positive underlying financial performance
- ✓ Solid cash position and strong balance sheet offer sufficient room to invest into growth while sustaining attractive dividend policy

04

# CLOSING REMARKS



**SPEAKER: BADER SAEED AL LAMKI**  
CHIEF EXECUTIVE OFFICER

# CLOSING REMARKS

Key priorities: Accelerate sustainable growth and deliver incremental shareholder value



## Execute on our growth commitments

- ✓ Positive H1 23 underlying performance in both retail and commercial segments
- ✓ Advancing on our international expansion, after the successful acquisition of Total Egypt
- ✓ Progressing towards delivery of 25-35 new stations in 2023
- ✓ Focus on operational excellence targeting like-for-like OPEX savings of around \$25 million in 2023



## Deliver sustainable growth

- ✓ Reinforcing non-fuel retail offerings to transform ADNOC Distribution stations into a “Destination of choice” for our customers
- ✓ Invest in profitable growth, domestically and internationally, through efficient capital allocation
- ✓ Futureproofing our business, unlocking new revenue streams and pursuing sustainability goals



## Attractive shareholder distribution

- ✓ New dividend policy to pay min. \$700 million for 2023 offering higher payback visibility for shareholders and min. 75% of distributable profits from 2024<sup>(1)</sup>
- ✓ H1 2023 dividend of \$350 million expected to be paid in October 2023<sup>(2)</sup>

# | Q&A



**Bader Saeed Al Lamki**  
Chief Executive Officer



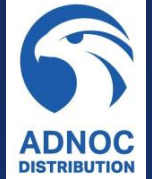
**Wayne Beifus**  
Chief Financial Officer



**Athmane Benzerroug**  
Chief Strategy, Sustainability &  
Transformation Officer

# ADNOC DISTRIBUTION H1 2023 RESULTS PRESENTATION

[IR@ADNOCDISTRIBUTION.AE](mailto:IR@ADNOCDISTRIBUTION.AE)



# THANK YOU

ADNOC DISTRIBUTION



# OFFERING ATTRACTIVE AND VISIBLE SHAREHOLDER RETURNS

H2 2022 dividend of **\$350 million** paid in April 2023

**Attractive dividend policy** supported by visible cashflow profile and strong balance sheet:

- ✓ 2023 dividend of min. **\$700 million** – offers a dividend yield of 5.3%<sup>(2)</sup>

H1 2023 dividend of \$350 million is expected to be paid in October 2023<sup>(3)</sup>

- ✓ Distribution of **min. 75% of distributable profits** from 2024 onwards

