

# Q1 2022 RESULTS PRESENTATION

INVESTOR & ANALYST CONFERENCE CALL

10 May 2022





# AGENDA



**01** | EXECUTIVE  
SUMMARY



**02** | STRATEGY  
UPDATE



**03** | Q1 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



# Q1 2022 KEY HIGHLIGHTS & 2022 OUTLOOK

Robust Q1 2022 performance supports a positive 2022 growth outlook

**“Robust performance driven by double digit volume growth”**



## Fuel volumes

**+11%** y-o-y in **Total fuel volumes**, driven by retail and commercial businesses

**+19%** y-o-y in **Corporate volumes**, driven by new sales agreements signed in Q4 2021



## Financial performance

**+6-8%** y-o-y in **EBITDA and Net Profit**

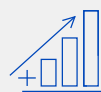
**+11%** y-o-y in **Non-fuel retail gross profit**, driven by customer-centric initiatives, higher traffic at stations and higher F&B sales



## Financial position

**Robust Free Cash Flow of \$508m** and strong balance sheet to support growth opportunities and sustain attractive shareholder distribution

**“Good execution progress in KSA. Expecting positive growth outlook”**



## Fuel & Non-fuel businesses

**Our network in KSA increased by 40% in Q1 2022** to 55 stations

**We expect continued growth**, driven by domestic and international expansion (2022 target: **60-80 new stations**)

We expect **growth momentum in non-fuel retail to sustain** in 2022



## New mobility solutions and clean energy

ADD is leveraging its extensive network to promote EV charging and clean energy to deliver enhanced customer experience



## OPEX optimization

On track to achieve ~\$25m like-for-like OPEX savings over 2022-23, after \$103m savings realized over 2019-2021

**“Committed to delivering attractive shareholder returns”**



## Dividend

**H2 2021 dividend of \$350m (10.285 fils per share)**, paid in April 2022, bringing the total dividend of 2021 to \$700m (20.57 fils per share)

### Dividend policy<sup>(1)</sup>:

**2022:** min. \$700 million, offering an annual dividend yield of 5%<sup>(2)</sup>

**2023 onwards:** min. 75% of distributable profits



## Inclusion in FTSE ADX 15

**The Company has been included in the blue chip equities index FTSE ADX 15**, joining the largest and most liquid listed companies on the Abu Dhabi stock Exchange

(1) subject to shareholders' approval (2) as at share price of AED 4.10 on 9<sup>th</sup> 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, adoption of 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](#):

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# GROWTH STRATEGY UPDATE



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



# KEY STRATEGIC UPDATE

## Fuel Business (Retail & Commercial)



- **Highest Q1 volumes ever recorded after double-digit growth (2.5bn liters sold)**
  - ✓ Q1 2022 Retail volumes up 10.2%, Commercial volumes up 12.0% y-o-y



- **18 new stations opened in Q1 2022 in UAE and KSA**

**Domestically:**

  - ✓ 3 new stations in UAE
  - ✓ Dubai execution on track: 10 stations under execution and 11 in pipeline for further development

**Internationally:**

  - ✓ 15 stations opened in KSA, taking our network to 55 stations



- **The Company remains committed to deliver on its expansion targets**





# 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 Q4 2021



- **Non-fuel retail business continues to demonstrate positive growth momentum**
  - ✓ Transactions increased by 20.3% y-o-y
  - ✓ Non-fuel gross profit up 11.1% y-o-y
  - ✓ Convenience stores margins improved by 1.3 pps to 32.9%



- **4 new convenience stores opened in UAE and 3 have been refurbished**
  - ✓ 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 Q1 2022:

Over **1.3** MILLION   
MEMBERS IN ADNOC REWARDS  
LOYALTY PROGRAM

Over **35** MILLION   
TRANSACTIONS USING ADNOC  
REWARDS, SINCE LAUNCHING  
THE POINTS PROGRAM

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





03

# Q1 2022 RESULTS



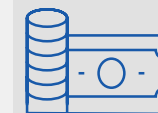
**SPEAKER: MOHAMED AL HASHIMI**  
CHIEF FINANCIAL OFFICER

# FINANCIAL PERFORMANCE

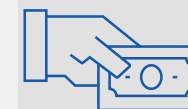
## Strong performance in Q1 2022

	\$m	Q1 2022	Q1 2021	YoY (%)
	<b>Key Financial Performance</b>			
Revenue		1,834	1,166	57.3%
Gross Profit		394	361	9.3%
Margin		21.5%	31.0%	
EBITDA		240	222	7.8%
Margin		13.1%	19.1%	
Underlying EBITDA <sup>1</sup>		209	201	3.7%
Margin		11.4%	17.3%	
Net Income		183	172	6.3%
Margin		10.0%	14.7%	
<b>Robust free cash flow generation</b>				
<b>Cash Generation and Net Debt</b>				
Free cash flow <sup>2</sup>		508	227	+124%
Net debt		394	876	-55.1%
<b>High returns</b>				
<b>Profitability</b>				
ROCE <sup>4</sup> (%)		26.6%	30.6%	
ROE <sup>5</sup> (%)		87.5%	93.7%	

**\$240 million**  
EBITDA



**\$183 million**  
Net Profit



**\$508 million**  
Free Cash Flow<sup>2</sup>





# OPERATING PERFORMANCE

## Robust performance driven by double digit volume growth

Fuel Volumes	Million liters	Q1 2022	Q1 2021	YoY (%)
	<b>Retail (B2C)</b>		<b>1,656</b>	<b>1,503</b>
<b>Commercial (B2B)</b>		<b>804</b>	<b>717</b>	<b>12.0%</b>
<i>of which Corporate</i>		713	601	18.7%
<i>of which Aviation</i>		90	116	-22.5%
<b>TOTAL</b>		<b>2,459</b>	<b>2,220</b>	<b>10.8%</b>

Retail Fuel Operating Metrics		Q1 2022	Q1 2021	YoY (%)
	<b>Service stations – UAE</b>		<b>464</b>	<b>449</b>
<b>Service stations - Saudi Arabia<sup>1</sup></b>		<b>55</b>	<b>2</b>	<b>NM<sup>2</sup></b>
<b>Fuel transactions (millions)</b>		<b>42.7</b>	<b>35.5</b>	<b>20.3%</b>

Retail Non-Fuel Operating Metrics		Q1 2022	Q1 2021	YoY (%)
	<b>Convenience stores - UAE</b>		<b>350</b>	<b>332</b>
<b>Non-fuel transactions (millions)<sup>3</sup></b>		<b>9.6</b>	<b>8.0</b>	<b>20.3%</b>
<b>Average gross basket size (\$)<sup>4</sup></b>		<b>7.2</b>	<b>7.5</b>	<b>-5.0%</b>

**2.5** billion liters



**Total Fuel Volume**

**464**

**Retail Fuel sites in the UAE**



**350**

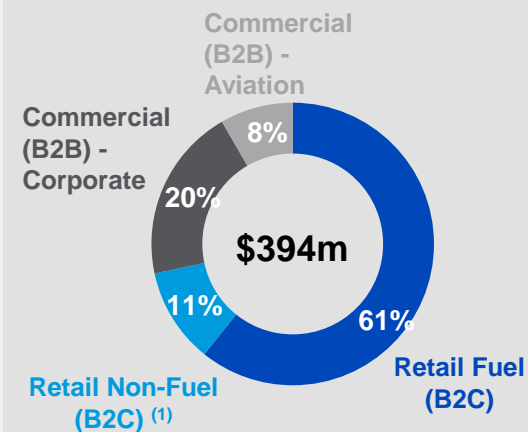
**Convenience Stores in the UAE**



# GROSS PROFIT BY SEGMENT

\$m	Q1 2022	Q1 2021	YoY (%)
<b>Retail (B2C)</b>	<b>283</b>	<b>252</b>	<b>12.4%</b>
<i>Of which Fuel</i>	240	213	12.7%
<i>Of which Non-Fuel <sup>(1)</sup></i>	43	39	11.1%
<b>Retail Margin</b>	<b>22.6%</b>	<b>31.4%</b>	
<b>Commercial (B2B)</b>	<b>111</b>	<b>109</b>	<b>2.0%</b>
<i>Of which Corporate</i>	79	72	10.0%
<i>Of which Aviation</i>	32	37	-13.5%
<b>Commercial Margin</b>	<b>19.2%</b>	<b>30.0%</b>	
<b>Total</b>	<b>394</b>	<b>361</b>	<b>9.3%</b>

## Q1 2022 Gross Profit Split



- **Fuel Retail:** up following an increase in fuel volumes and on inventory gains (\$35m)
- **Non-Fuel retail:** driven by customer-centric initiatives, higher traffic at stations and higher F&B sales
- **Commercial business:** up on higher Corporate volumes and despite lower aviation volumes

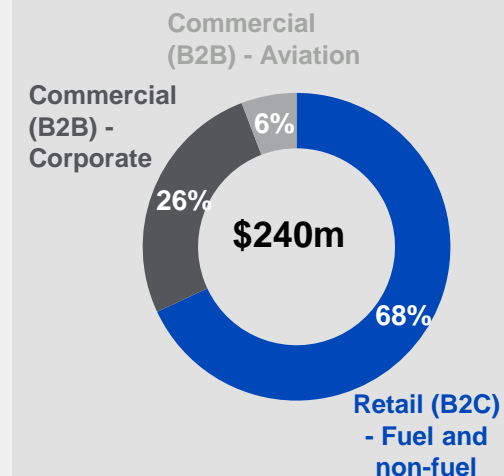




# EBITDA BY SEGMENT

\$m	Q1 2022	Q1 2021	YoY (%)
<b>Retail (B2C)</b>	<b>163</b>	<b>147</b>	<b>11.1%</b>
<i>Retail Margin</i>	<i>13.0%</i>	<i>18.3%</i>	
<b>Commercial (B2B)</b>	<b>77</b>	<b>77</b>	<b>-0.4%</b>
<i>Of which Corporate</i>	<i>63</i>	<i>61</i>	<i>3.5%</i>
<i>Of which Aviation</i>	<i>14</i>	<i>16</i>	<i>-15.4%</i>
<i>Commercial Margin</i>	<i>13.2%</i>	<i>21.2%</i>	
<b>Unallocated<sup>1</sup></b>	<b>0</b>	<b>-1</b>	<b>-113.8%</b>
<b>Total reported EBITDA</b>	<b>240</b>	<b>222</b>	<b>7.8%</b>
<b>Underlying EBITDA<sup>2</sup></b>	<b>209</b>	<b>201</b>	<b>3.7%</b>

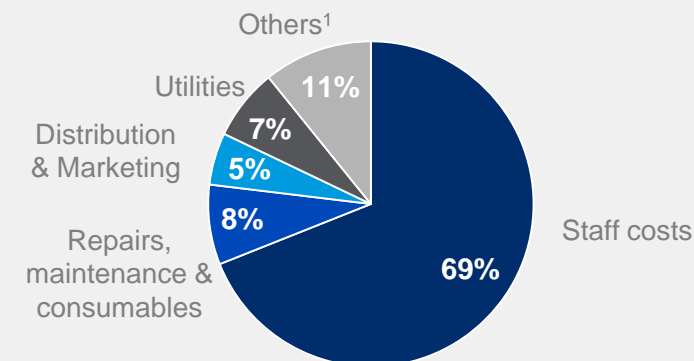
## Q1 2022 EBITDA Split



# OPEX UPDATE

The Company remains committed to operational excellence

## Q1 2022 Cash OPEX Split (\$155m)



- Total cash OPEX (excl. depreciation) increased by 8% to \$155m in Q1 2022, due to higher sites, locally and internationally, and associated staff costs



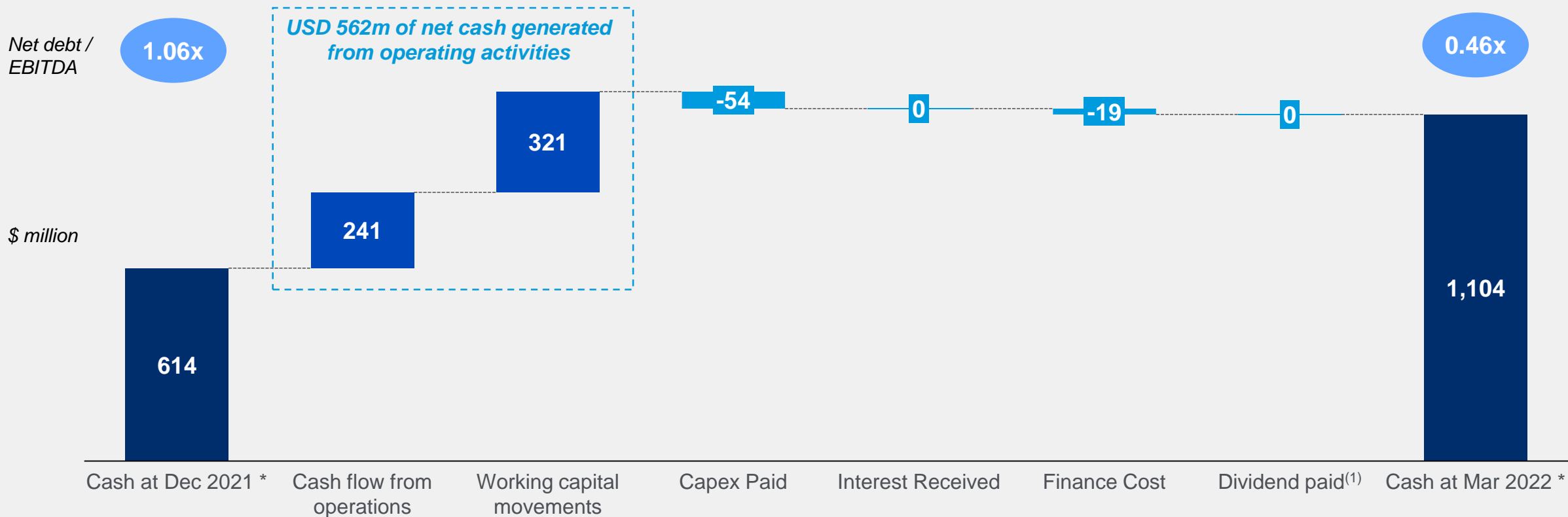
- **The Company continues to implement management initiatives to increase operational efficiency across all business units, prudent cost controls and optimize costs...**

**... 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 cash generated from operating activities (\$562m) and free cash flow (\$508m) driven by robust underlying profitability and a positive impact of change in working capital
- **Healthy cash position** (\$1.1bn) and stronger balance sheet (net debt/EBITDA: 0.46x)

04

# CLOSING REMARKS



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

# CLOSING REMARKS

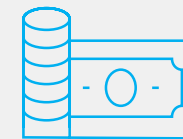


**We expect growth momentum in fuel and non-fuel to sustain in 2022 & beyond**

**Executing on our growth commitments to min. \$1bn EBITDA by 2023**



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



**Committed to deliver an attractive dividend policy**



# | Q&A



**Bader Saeed Al Lamki**  
Chief Executive Officer



**Mohamed Al Hashimi**  
Chief Financial Officer



**Athmane Benzerroug**  
Chief Investor Relations Officer



# ADNOC DISTRIBUTION Q1 2022 RESULTS PRESENTATION

INVESTOR AND ANALYST CONFERENCE CALL  
10 MAY 2022

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



# THANK YOU

ADNOC DISTRIBUTION



05

# APPENDIX

# ADNOC DISTRIBUTION IN NUMBERS – Q1 2022



**0.0**

Total Reportable Injury Rate\*



**100%**

Frontline staff received vaccination booster dose



**2.5** billion litres

Total Fuel Volumes



**43** million

Fuel Transactions



**464**

Retail Fuel sites in the UAE



**10** million

Non-fuel Transactions



**55**

Retail Fuel sites in Saudi Arabia



**\$7.2**

Average Gross Basket Size



**350**

Convenience Stores in the UAE



**30**

Vehicle Inspection Centres\*\*

ADNOC أدنوك

\*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 policy<sup>1</sup>**



**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**

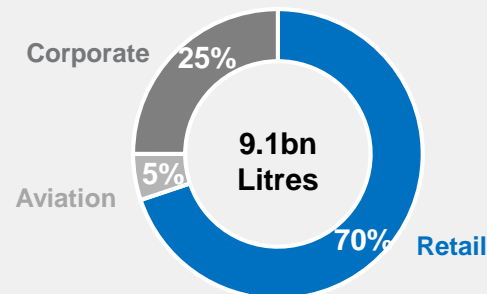


# ADNOC DISTRIBUTION BUSINESS OVERVIEW – FY 2021

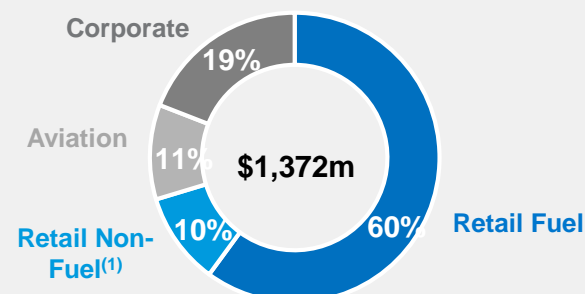


Retail (B2C)						Commercial (B2B)	
Fuel Retail	Non-Fuel Retail					Corporate	Aviation
	Convenience Stores	Lube Change	Car wash	Vehicle inspection	Property Management		

FY2021 Fuel Volume Split



FY2021 Gross Profit Split



FY2021 EBITDA Split

