

ADNOC DISTRIBUTION Q2 AND H1 2019 RESULTS PRESENTATION



INVESTOR AND ANALYST CONFERENCE CALL
5 August 2019

ADNOC Distribution



AGENDA



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SUMMARY



02 | STRATEGY
UPDATE



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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.

01

EXECUTIVE SUMMARY

SPEAKER: SAEED MUBARAK AL RASHDI
CHIEF EXECUTIVE OFFICER

H1 2019 HIGHLIGHTS

Strong results with significant cost efficiencies



Operational and financial performance

- ▶ **Prioritization of safety remains core to our business**
- ▶ **Double-digit year-on-year underlying EBITDA growth and strong cash generation**
- ▶ **Continued OPEX and CAPEX efficiencies**



Strategic update

- ▶ **On going network expansion in Fuel and Non-Fuel retail**
- ▶ **Continuing to deliver transformational initiatives and growth plan**
- ▶ **Focus on earnings growth and shareholder returns**



2019 outlook

- ▶ **Acceleration of service stations and convenience store domestic expansion in H2 2019, particularly in Dubai**
- ▶ **Focus on customer experience enhancements**
- ▶ **Continued focus on cost efficiency**

02

STRATEGY UPDATE

SPEAKER: MOHAMED AL HASHEMI
CHIEF OPERATING OFFICER

KEY STRATEGIC UPDATE

Fuel Retail and Corporate segments

ANNOUNCED STRATEGY

- 20-30 new service stations across the UAE in 2019, with a focus on accelerating growth in Dubai (10-15 stations)
 - Most to open in H2 2019
- 3 new pilot stations in Saudi Arabia in 2019



KEY MILESTONES ACHIEVED

- **3 new service stations opened in H1 2019 in the UAE (1 in Dubai)**
 - **2 additional stations in Dubai opened this week**
 - **Domestic network expansion target on track - 18 new sites in advanced stage of execution**
- **New promotional campaigns promoting customer experience and loyalty**
- **Strong growth in Corporate segment driven by increase in volumes including LPG, lubricants and base oil**
 - **Entry into Dubai LPG Market**



KEY STRATEGIC UPDATE

Non-Fuel Retail

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 new food and coffee offerings
- Further implementation of convenience store revitalization program



KEY MILESTONES ACHIEVED

- **Opening of 12 Convenience stores in H1 2019 (including 1 Géant Express and 11 Oasis)**
- **Convenience store revenue up 26.7% and Convenience store gross profit up by 28.9% YoY in H1 2019 on the back of store revitalization program and Flex Rewards program**
- **15.9% increase in non-fuel transactions YoY in H1 2019, mainly driven by higher footfall**
- **6.8% increase in basket size YoY in H1 2019**



KEY STRATEGIC UPDATE

OPEX and CAPEX efficiencies

ANNOUNCED STRATEGY

- Expected additional USD 50m of OPEX savings in 2019 on a like-for-like basis
- 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



KEY MILESTONES ACHIEVED

- **Significant OPEX achievement with USD36m savings on like-for-like basis in H1 2019**
- **USD 38m CAPEX in H1 2019**
- **Network rollout scheduled for operational deployment towards the end of 2019**

03

Q2 & H1 2019 RESULTS

SPEAKER: PETRI PENTTI
CHIEF FINANCIAL OFFICER

OVERVIEW OF H1 2019 PERFORMANCE

Strong financial performance...

Financial Performance		H1 2019	H1 2018	Change YoY (%)
	Revenue (USDm)	2,797	2,986	(6.3%)
	Gross profit (USDm)	675	710	(5.0%)
	EBITDA (USDm)	404	393	2.8%
	Underlying EBITDA (USDm) ¹	371	335	11.0%
	Net income (USDm)	319	306	4.3%

...Despite lower volumes...

Fuel Volumes		H1 2019	H1 2018	Change YoY (%)
	Retail (mL)	3,208	3,323	(3.5%)
	Corporate (mL)	1,105	1,047	5.5%
	Aviation (mL)	371	369	0.5%
	Total (mL)	4,683	4,763	(1.7%)

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

Cash Generation and Net Debt		H1 2019	H1 2018	Change YoY (%)
	Free cash flow (USDm) ²	366	303	21.0%
	Net debt (USDm)	12	142	(91.6%)

...And positive returns

Profitability		H1 2019	H1 2018	Change YoY (%)
	ROCE ³ (%)	23.3%	22.8%	--
	ROE ⁴ (%)	56.0%	59.6%	--



FINANCIAL AND OPERATING HIGHLIGHTS

Key Financial Performance	USDm	Q2 2019	Q2 2018	YoY (%)	H1 2019	H1 2018	YoY (%)
	Revenue	1,498	1,581	(5.2%)	2,797	2,986	(6.3%)
	Gross profit	363	388	(6.5%)	675	710	(5.0%)
	Margin	24.2%	24.5%		24.1%	23.8%	
	EBITDA	204	202	1.3%	404	393	2.8%
	Margin	13.6%	12.7%		14.4%	13.2%	
	Underlying EBITDA ¹	172	163	5.2%	371	335	11.0%
	Margin	11.5%	10.3%		13.3%	11.2%	
Fuel Volume	Net income	162	158	2.2%	319	306	4.3%
	Margin	10.8%	10.0%		11.4%	10.3%	
	Volume (mL)	Q2 2019	Q2 2018	YoY (%)	H1 2019	H1 2018	YoY (%)
	Total	2,348	2,429	(3.4%)	4,683	4,763	(1.7%)
	Retail	1,600	1,683	(4.9%)	3,208	3,323	(3.5%)
	Corporate	564	551	2.4%	1,105	1,047	5.5%
	Aviation	183	183	(0.1%)	371	369	0.5%

1. Underlying EBITDA excludes inventory movements

GROSS PROFIT BY SEGMENT

USDm	Q2 2019	Q2 2018	Change YoY (%)	H1 2019	H1 2018	Change YoY (%)
Fuel and Non-Fuel Retail	237	246	(3.5%)	431	464	(7.1%)
Of which Fuel	215	227	(5.2%)	387	424	(8.7%)
Of which non-Fuel	22	19	16.5%	44	40	10.1%
Margin	23.2%	22.5%		22.8%	22.3%	
Corporate	63	65	(-3.4%)	119	106	12.3%
Margin	19.5%	20.6%		19.8%	18.5%	
Aviation	47	56	(17.3)%	93	102	(8.7%)
Margin	33.6%	37.0%		34.4%	35.5%	
Other ¹	16	21	(21.4%)	31	38	(17.9%)
Total	363	388	(6.5%)	675	710	(5.0%)

- Growth in Non-Fuel Retail driven by improved customer experience initiatives and store revitalization program
- Decrease in Retail segment gross profit mainly due to lower inventory gains and volume decline
- H1 2019 Corporate segment gross profit growth driven by increase in volumes, better inventory management and more dynamic product pricing

EBITDA BY SEGMENT

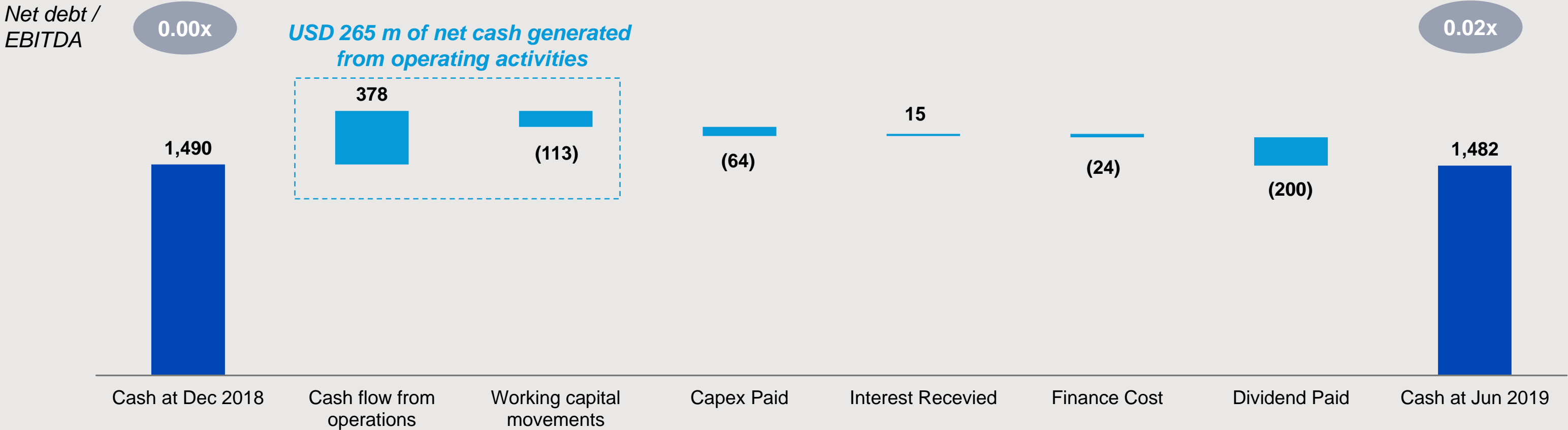
USDm	Q2 2019	Q2 2018	Change YoY (%)	H1 2019	H1 2018	Change YoY (%)
Fuel and Non-Fuel Retail	134	118	13.3%	245	244	0.3%
<i>Margin</i>	<i>13.1%</i>	<i>10.8%</i>		<i>12.9%</i>	<i>11.7%</i>	
Corporate	48	50	(3.9%)	103	79	29.4%
<i>Margin</i>	<i>14.8%</i>	<i>15.6%</i>		<i>17.0%</i>	<i>13.8%</i>	
Aviation	23	26	(11.4%)	48	48	(0.6%)
<i>Margin</i>	<i>16.5%</i>	<i>17.0%</i>		<i>17.7%</i>	<i>16.8%</i>	
Other¹	0	8	(97.6%)	8	21	(60.4%)
Total EBITDA	204	202	1.3%	404	393	2.8%
Underlying EBITDA²	172	163	5.2%	371	335	11.0%

- Underlying EBITDA increased by 11.0% YoY in H1 2019
- Q2 2019 EBITDA growth was driven by Retail segment performance with positive impact of cost efficiencies
- H1 2019 EBITDA growth was driven mainly by continued cost efficiencies and Corporate segment performance



ROBUST CASH POSITION & LOW NET DEBT TO EBITDA RATIO

Cash flow bridge 31 Dec 2018 vs. 30 Jun 2019 (USDm)



- H1 2019, net cash generated from operating activities has increased mainly due to robust cash flow from operations partially offset by decrease in working capital movements as a result of increase in receivables

04 OUTLOOK

SPEAKER: SAEED MUBARAK AL RASHDI
ACTING CHIEF EXECUTIVE OFFICER

ADNOC Distribution

| 2019 Guidance

Fuel

- Expansion of our network with priority in our domestic market especially in unpenetrated Dubai market bringing additional volume growth with high secured margins

Non-Fuel

- Accelerate expansion of our convenience store 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 customer 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



Mohamed Al Hashemi
Chief Operating Officer



Petri Pentti
Chief Financial Officer



Athmane Benzerroug
Chief Investor Relations Officer

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IR@ADNOCDISTRIBUTION.AE**



THANK YOU