

# Q4/FY 2021 RESULTS PRESENTATION

INVESTOR & ANALYST CONFERENCE CALL

14 February 2022



# AGENDA



**01** | EXECUTIVE  
SUMMARY



**02** | STRATEGY  
UPDATE



**03** | Q4 & FY 2021  
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



# 2021 KEY HIGHLIGHTS & 2022 OUTLOOK

Ongoing recovery and a resilient performance in 2021, a positive outlook for 2022 and an attractive shareholder value proposition



## Resilient performance

- ▶ **Double digit growth in retail fuel volumes in 2021**
- ▶ **Non-fuel gross profit up 18% in 2021**
- ▶ **ADD doubled fuel volumes sold in Dubai in 2021.** The company remains **committed to deliver** on its expansion targets
- ▶ **Like-for-like OPEX savings of \$42m in 2021, exceeding guidance of up to \$25m,** driven by prudent cost controls and focus on operational efficiency
- ▶ **Strong balance sheet and liquidity** to pursue **growth opportunities and sustain attractive shareholder payback**



## Positive growth outlook

- ▶ **Accelerated network expansion & fuel volumes growth expected to be sustained in 2022**
  - ✓ 20-30 new stations in the UAE, incl. 10-15 in Dubai (2021: 19, incl. 5 in Dubai)
  - ✓ 40-50 new stations internationally (2021: 38)
- ▶ **Growth momentum in non-fuel retail to sustain**
  - ✓ 40-50 convenience stores to be refurbished (2021: 50)
- ▶ **Signed new sales agreements** in commercial fuel business and international expansion of lubricants
- ▶ **~\$25m like-for-like OPEX savings over 2022-23**
- ▶ **Capital allocation towards growth** with CAPEX (excl. M&A) ~\$250m in 2022 (2021:\$167m)



## Attractive shareholder returns

- ▶ **Board recommended a cash dividend of \$350m for H2 2021,** expected to be paid in April 2022 <sup>(1)</sup>

This will bring the total dividend of 2021 to \$700m, offering an annual dividend yield of 5.0% <sup>(2)</sup>
- ▶ **Dividend policy<sup>(1)</sup>: dividend of min. \$700 million for 2022 and min. 75% of distributable profits thereafter,** providing visibility of dividends until April 2023<sup>(1)</sup>
- ▶ **Progress on Environment, Social and Governance (ESG):** ADNOC Distribution received a rating of 'A' in the MSCI ESG Ratings assessment in 2021<sup>(3)</sup>

(1) Subject to shareholders approval (2) At 2021 dividend of \$700m and Share Price of AED 4.12 as of 11<sup>th</sup> February 2022

(3) The use by ADNOC Distribution of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or Index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of ADNOC Distribution by MSCI. MSCI Services and data are the property of MSCI or its information providers, and are provided 'As-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI

02

# GROWTH STRATEGY UPDATE



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

# KEY STRATEGIC UPDATE

## Fuel Business (Retail & Commercial)

### 2021 ANNOUNCED GUIDANCE

- Vaccine roll out and further ease in mobility restrictions to support **continued recovery in fuel volumes**
- **70-80 new stations** in 2021, of which:
  - ✓ **30-35 new stations in UAE** incl. 12-18 in Dubai
  - ✓ **40-45 new stations in KSA** (incl. 35 stations announced in Dec. 2020 & Feb. 2021) + potential international M&A

### 2021 ACHIEVEMENTS

- **Fuel volumes continue to grow**
  - ✓ 2021 retail fuel volumes up 11% vs. 2020
  - ✓ Q4'21 total fuel volumes up 4.3% vs. Q3'21
- **19 new stations in the UAE** (5 in Dubai)
  - ✓ Fuel volumes sold in Dubai doubled in 2021
  - ✓ 12 stations under execution in Dubai; 10 in pipeline for further development
  - ✓ The company remains committed to deliver on its expansion targets
- **38 new stations in KSA**, taking our network to 40 stations
- **Signed new sales agreements in the Commercial business**, with exports of ADNOC Voyager lubricants growing to 19 countries

### Traditional Station - UAE



### ADNOC service station in KSA



# KEY STRATEGIC UPDATE

## Non-Fuel business (Retail)

### 2021 ANNOUNCED GUIDANCE

- ⦿ Expand presence and enhance customer shopping experience: deliver increased convenience and a fresh modern environment
  - **40-60 convenience stores (C-stores)** to be refurbished in 2021
  - Ongoing enhancement to ADNOC Rewards customer loyalty benefits

### 2021 ACHIEVEMENTS

- ⦿ Focused on offering a modern, digitally enabled customer journey, superior in-store experience & premium coffee / fresh food
  - ✓ **20 new C-stores** (6% Y-o-Y increase in convenience stores network to 346 stores)
  - ✓ **50 C-stores** refurbished
- ⦿ **Non-fuel business** continues to **demonstrate positive results momentum**
  - ✓ Transactions increased by 10.6% Y-o-Y
  - ✓ C-stores margins improved to 33.2%
- ⦿ **Launched our next generation ADNOC Oasis**, the new, fully autonomous, contactless and cashier-less ADNOC Oasis store

### Next generation ADNOC Oasis is a fully contactless shopping experience using AI technology

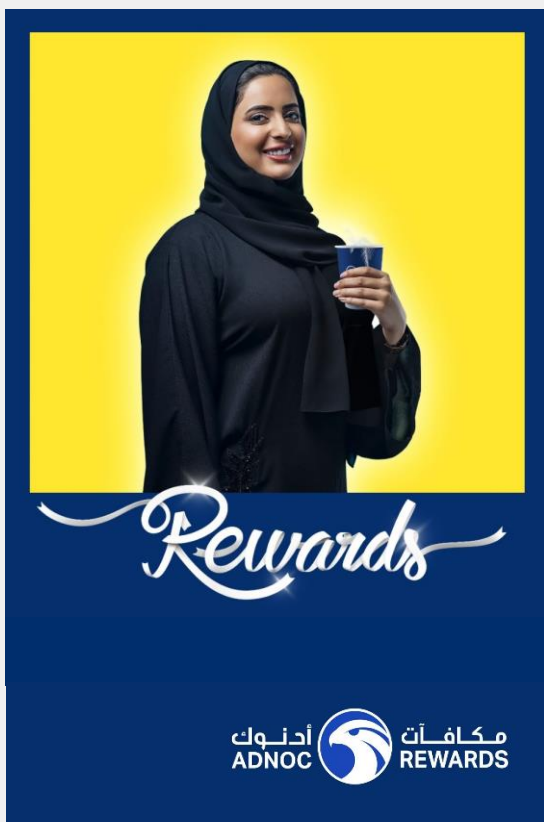




# KEY STRATEGIC UPDATE


Enhancing Customer experience through ADNOC Rewards and promotions

## ADNOC Rewards points based Loyalty Program



2021 UPDATE:

Over **1.2 MILLION**   
MEMBERS IN ADNOC REWARDS  
LOYALTY PROGRAM

Over **29 MILLION**   
TRANSACTIONS USING ADNOC  
REWARDS, SINCE LAUNCHING  
THE POINTS PROGRAM

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

## Attractive Customer Promotions



03

# Q4 & FY 2021 RESULTS



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

# FINANCIAL PERFORMANCE

Resilient operating performance in 2021 after high fuel margins in 2020...

Key Financial Performance	\$m	Q4 2021	Q4 2020	YoY (%)	2021	2020	YoY (%)
	Revenue		1,694	1,129	50.1%	5,696	4,392
Gross Profit		351	439	-19.9%	1,372	1,574	-12.8%
Margin		20.7%	38.9%		24.1%	35.8%	
EBITDA		218	287	-24.0%	835	868	-3.8%
Margin		12.9%	25.5%		14.7%	19.8%	
Underlying EBITDA <sup>1</sup>		187	292	-35.8%	737	987	-25.4%
Margin		11.1%	25.9%		12.9%	22.5%	
Net Income		156	232	-32.9%	613	662	-7.4%
Margin		9.2%	20.5%		10.8%	15.1%	

...as well as robust free cash flow generation and...

Cash Generation and Net Debt	\$m	Q4 2021	Q4 2020	YoY (%)	2021	2020	YoY (%)
	Free cash flow <sup>2</sup>		132	46	NM	615	195
Net debt		883	736	19.9%	883	736	19.9%

...high returns

Profitability		Q4 2021	Q4 2020	YoY (%)	2021	2020	YoY (%)
	ROCE <sup>4</sup> (%)		24.8%	26.4%	-	24.8%	26.4%
ROE <sup>5</sup> (%)		70.3%	74.7%	-	70.3%	74.7%	-



# OPERATING PERFORMANCE

The company saw strong growth in operating performance

Fuel Volumes	Million liters	Q4 2021	Q4 2020	YoY (%)	2021	2020	YoY (%)
	<b>Retail (B2C)</b>		<b>1,720</b>	<b>1,563</b>	<b>10.0%</b>	<b>6,384</b>	<b>5,758</b>
<b>Commercial (B2B)</b>		<b>657</b>	<b>735</b>	<b>-10.6%</b>	<b>2,755</b>	<b>2,899</b>	<b>-5.0%</b>
<i>of which Corporate</i>		563	620	-9.2%	2,284	2,357	-3.1%
<i>of which Aviation</i>		94	115	-18.3%	471	542	-13.1%
<b>TOTAL</b>		<b>2,377</b>	<b>2,298</b>	<b>3.4%</b>	<b>9,139</b>	<b>8,657</b>	<b>5.6%</b>
Retail Fuel Operating Metrics		Q4 2021	Q4 2020	YoY (%)	2021	2020	YoY (%)
	<b>Service stations – UAE</b>	<b>462</b>	<b>445</b>	<b>3.8%</b>	<b>462</b>	<b>445</b>	<b>3.8%</b>
	<b>Service stations - Saudi Arabia<sup>1</sup></b>	<b>40</b>	<b>2</b>	<b>NM<sup>2</sup></b>	<b>40</b>	<b>2</b>	<b>NM<sup>2</sup></b>
<b>Fuel transactions (millions)</b>		<b>44.3</b>	<b>36.5</b>	<b>21.4%</b>	<b>160.1</b>	<b>136.4</b>	<b>17.4%</b>
Retail Non-Fuel Operating Metrics		Q4 2021	Q4 2020	YoY (%)	2021	2020	YoY (%)
	<b>Convenience stores - UAE</b>	<b>346</b>	<b>326</b>	<b>6.1%</b>	<b>346</b>	<b>326</b>	<b>6.1%</b>
	<b>Non-fuel transactions (millions)<sup>3</sup></b>	<b>9.9</b>	<b>7.6</b>	<b>30.3%</b>	<b>34.4</b>	<b>31.1</b>	<b>10.6%</b>
<b>Average gross basket size (\$)<sup>4</sup></b>		<b>7.1</b>	<b>7.8</b>	<b>-8.4%</b>	<b>7.2</b>	<b>7.7</b>	<b>-6.7%</b>



# GROSS PROFIT BY SEGMENT

\$m	Q4 2021	Q4 2020	YoY (%)	2021	2020	YoY (%)
<b>Retail (B2C)</b>	<b>251</b>	<b>332</b>	<b>-24.5%</b>	<b>965</b>	<b>1,189</b>	<b>-18.8%</b>
<i>Of which Fuel</i>	213	299	-29.0%	824	1,070	-22.9%
<i>Of which Non-Fuel <sup>(1)</sup></i>	38	32	17.5%	141	120	18.0%
<i>Retail Margin</i>	20.3%	41.3%		23.8%	38.5%	
<b>Commercial (B2B)</b>	<b>101</b>	<b>107</b>	<b>-5.8%</b>	<b>407</b>	<b>385</b>	<b>5.6%</b>
<i>Of which Corporate</i>	67	67	0.4%	262	230	13.5%
<i>Of which Aviation</i>	33	40	-16.3%	145	155	-6.1%
<i>Commercial Margin</i>	21.9%	32.8%		24.9%	29.6%	
<b>Total</b>	<b>351</b>	<b>439</b>	<b>-19.9%</b>	<b>1,372</b>	<b>1,574</b>	<b>-12.8%</b>

- 2021 Gross Profit decreased mainly due to:
  - **a decline in fuel retail business** gross profit due to lower margins, partially offset by volume growth and inventory gains (\$100m)...
  - ... **while Non-Fuel retail business** gross profit increased driven by improved consumer sentiment alongside customer centric initiatives...
  - ...**and commercial business** gross profit grew driven by higher margin per liter, partially offset by lower volumes whereas 2020 included higher negative one-offs



# EBITDA BY SEGMENT

\$m	Q4 2021	Q4 2020	YoY (%)	2021	2020	YoY (%)
<b>Retail (B2C)</b>	<b>145</b>	<b>216</b>	<b>-32.6%</b>	<b>551</b>	<b>698</b>	<b>-21.0%</b>
<i>Retail Margin</i>	11.8%	26.8%		13.6%	22.6%	
<b>Commercial (B2B)</b>	<b>73</b>	<b>72</b>	<b>2.1%</b>	<b>285</b>	<b>221</b>	<b>28.8%</b>
<i>Of which Corporate</i>	55	53	2.7%	209	158	32.6%
<i>Of which Aviation</i>	18	18	0.4%	75	63	17.7%
<i>Commercial Margin</i>	15.9%	22.0%		17.4%	17.0%	
<b>Unallocated<sup>1</sup></b>	<b>0</b>	<b>0</b>	<i>NM</i>	<b>-1</b>	<b>-51</b>	<i>NM</i>
<b>Total reported EBITDA</b>	<b>218</b>	<b>287</b>	<b>-24.0%</b>	<b>835</b>	<b>868</b>	<b>-3.8%</b>
<b>Underlying EBITDA<sup>2</sup></b>	<b>187</b>	<b>292</b>	<b>-35.8%</b>	<b>737</b>	<b>987</b>	<b>-25.4%</b>

- 2021 EBITDA decreased mainly due to:
  - **a decline in Retail EBITDA** due to lower margins after exceptional levels in 2020  
*This has been partially offset by increase in fuel volumes, non-fuel business growth, inventory gains (\$100m) and reduction in OPEX*
  - **...while Commercial EBITDA grew** driven by higher margin per litre and lower OPEX  
*This has been partially offset by lower fuel volumes*

# OPEX UPDATE

The company has already met its like-for-like OPEX savings target of \$100-150m over 2019-23 by achieving \$103m over 2019-2021

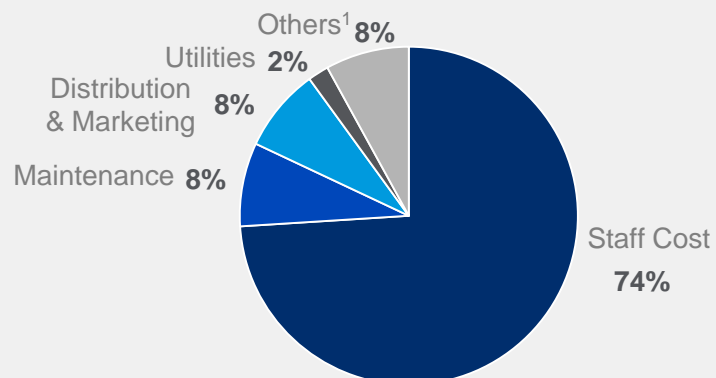
## 2021 ANNOUNCED GUIDANCE

- **\$25m additional like-for-like savings in 2021** by making our operations leaner and more efficient

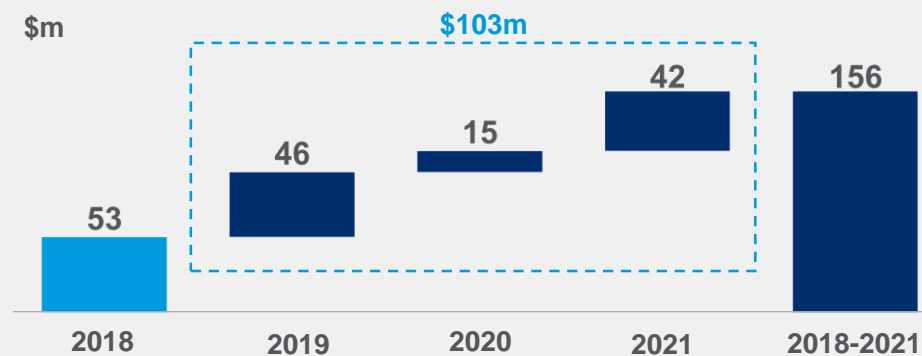
## 2021 ACHIEVEMENTS

- The company significantly exceeded its FY 2021 target of \$25m like-for-like OPEX savings, **achieving \$42m like-for-like savings**, reflecting prudent cost controls and focus on driving increased operational efficiency across businesses
- Total cash OPEX (excl. depreciation) decreased by c.18% to \$548m in 2021

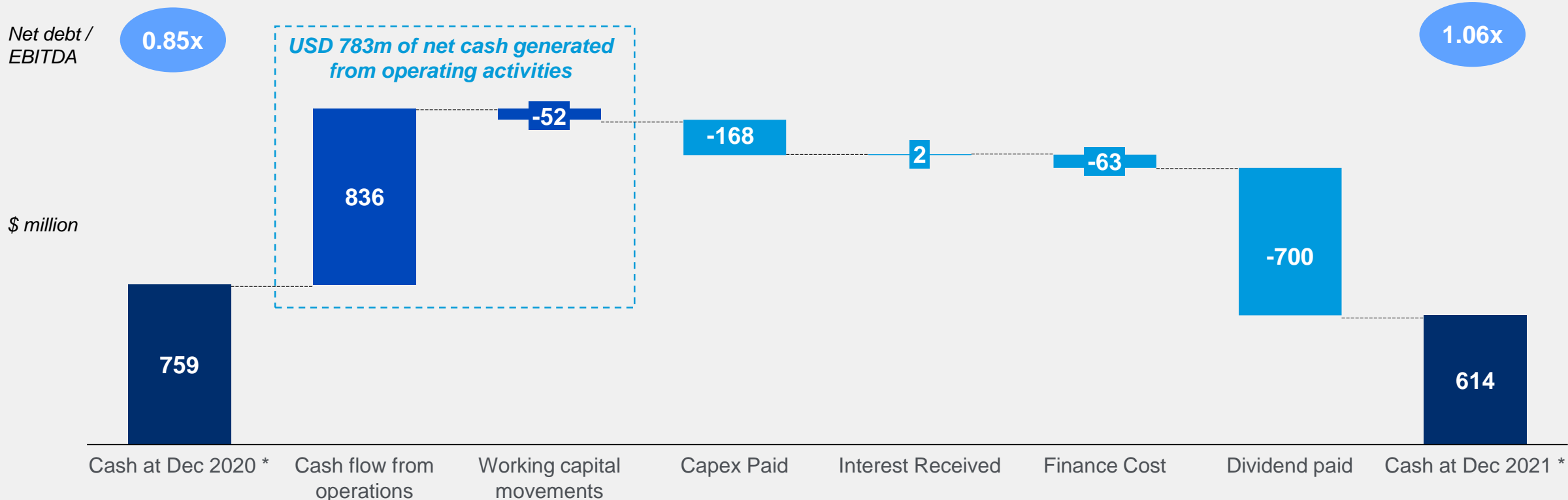
## 2021 Cash OPEX Split (\$548m)



## \$103m like-for-like OPEX savings over 2019-2021



# ROBUST CASH POSITION



- Net cash generated from operating activities (\$783m) driven by **robust cash flow from operations**
- \$168m CAPEX paid in 2021, in line with our plans to deliver on our expansion strategy
- **Strong cash position** (\$614m) and **balance sheet strength** (net debt/EBITDA: 1.06x) maintained at the end of 2021



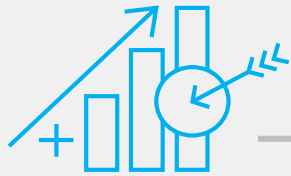
04

# CLOSING REMARKS



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

# CLOSING REMARKS



**Executing on our growth commitment (min. \$1bn EBITDA by 2023)**

We expect **earnings momentum to accelerate in 2022** (fuel and non-fuel) & beyond



**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 Q4 & FY 2021 RESULTS PRESENTATION

INVESTOR AND ANALYST CONFERENCE CALL  
14 FEBRUARY 2022

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



# THANK YOU

ADNOC DISTRIBUTION

05

# APPENDIX

# ADNOC DISTRIBUTION IN NUMBERS – 2021



**0.0**

Total Reportable Injury Rate\*



**100%**

Frontline staff received vaccination booster dose



**9.1** billion litres

Total Fuel Volumes



**160** million

Fuel Transactions



**462**

Retail Fuel sites in the UAE



**34** million

Non-fuel Transactions



**40**

Retail Fuel sites in Saudi Arabia



**\$7.2**

Average Gross Basket Size



**346**

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

-  Executing a focused, **deliverable EBITDA profile** to exceed \$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 Opex savings up to ~\$25m over 2022-2023)


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


 **Demonstrable business resilience** with stable 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 increased to 23%. MSCI EM Index inclusion (May 2021) and FTSE EM Index inclusion (Sept. 2021)

 ADNOC a **supportive and committed majority shareholder**

# ADNOC DISTRIBUTION SUSTAINABILITY STRATEGIC FRAMEWORK

Our Sustainability Strategic Framework is based on six pillars



## CLIMATE, EMISSIONS & ENERGY

Taking initiative to track and reduce GHG Emissions and Energy Intensity, while taking steps to adopt greener fuels in a phased manner



## LOCAL ENVIRONMENT

We adopt engineering standards that mitigate risk of contamination to the local environment around our stations, as well as promoting initiatives that protect and preserve the environment.



## ECONOMIC & SOCIAL CONTRIBUTION

We have a detailed annual plan comprising multiple projects. Through these initiatives, we reach out to one million plus beneficiaries



## WORKFORCE DIVERSITY & DEVELOPMENT

We focus on diversity to enhance gender balance, localization and have human capital initiatives to achieve our diversity & inclusion (D&I) goals



## HEALTH, SAFETY & SECURITY

HSE is our top priority. It is an integral part of everything we do. We have robust processes comprising risk assessment, monitoring, reporting and response plan



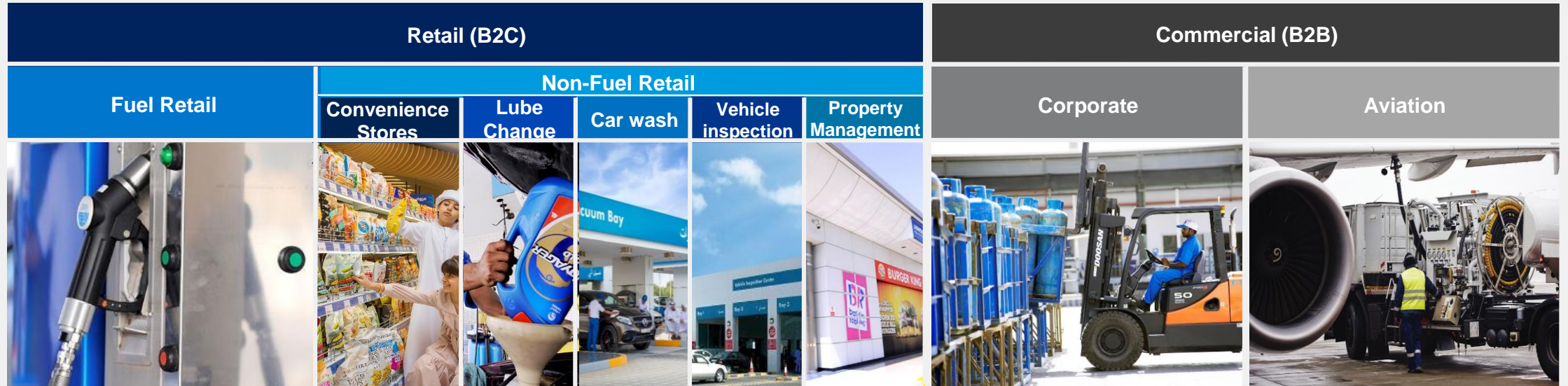
## BUSINESS SUSTAINABILITY

We ensure long term business sustainability through Strategic Planning, Performance Management, Enterprise Risk Management, Governance Controls

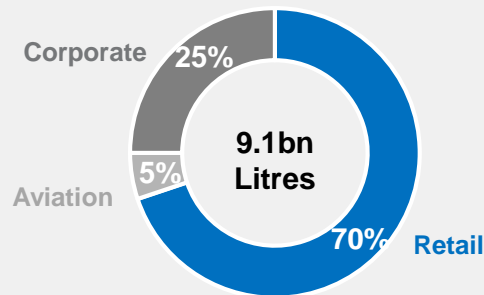
For more details about our 2020 ESG performance, you may refer to our 2020 ESG Report at the following [link](#):



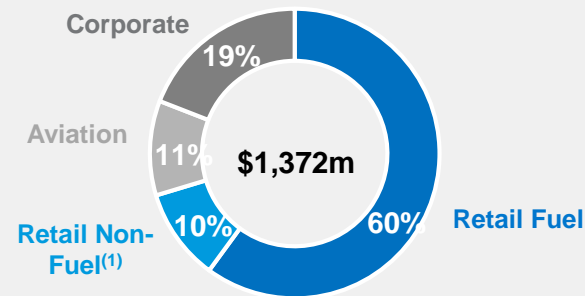
# ADNOC DISTRIBUTION BUSINESS OVERVIEW – FY 2021



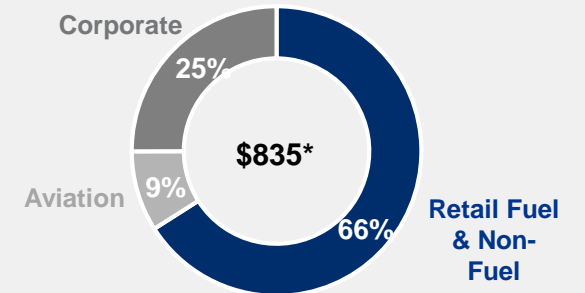
FY2021 Fuel Volume Split



FY2021 Gross Profit Split



FY2021 EBITDA Split





**THANK YOU**