ADNOC Logistics & Services

H1 2023
RESULTS PRESENTATION

10 August 2023

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Agenda & Presenters

1. Safety
2. H1 23 Highlights
3. Growth Strategy
4. Financial & Operational Performance
5. Decarbonization & Sustainability
6. Guidance
7. Closing Remarks

Abdulkareem Al Masabi
Chief Executive Officer

Nicholas Gleeson
Chief Financial Officer

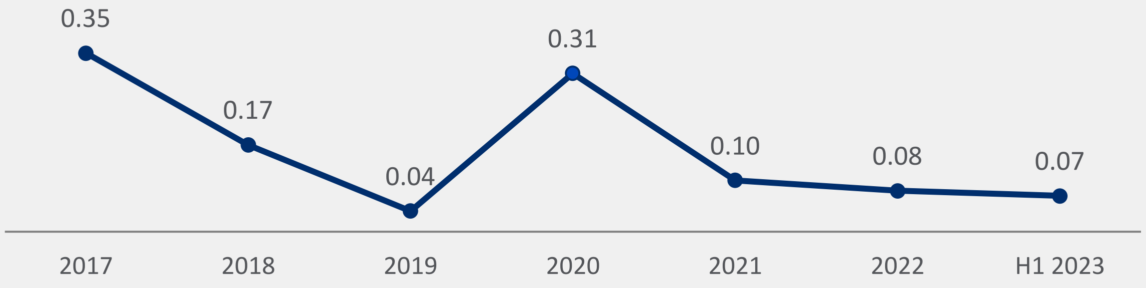
ADNOC Classification: Public

100% Health, Safety & Environment: ADNOC L&S' Leading Principle

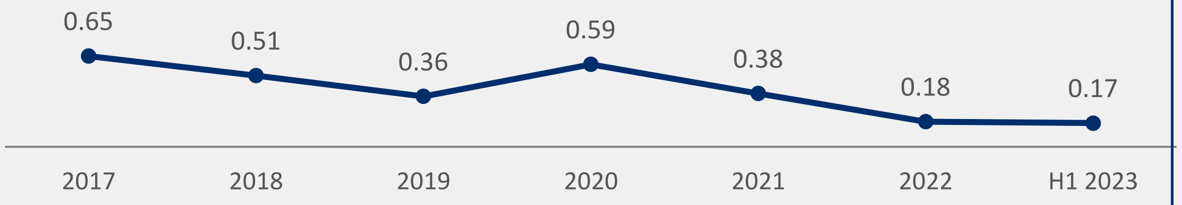
Continued strength in health & safety KPIs

HIGH HEALTH & SAFETY STANDARDS & OUTSTANDING TRACK RECORD – WELL BELOW INDUSTRY BENCHMARK

Lost Time Incident Frequency (LTIF)



Total Recordable Incident Rate (TRIR)



SAFETY AWARD

IMCA Safety Award

- International recognition from the International Marine Contractor Association (IMCA)

100% HSE commitment

- Continuous focus to deliver operational excellence
- Recent focal areas include Behaviors-based Safety and Beat the Heat campaigns

H1 23 Results Highlights

HIGHLIGHTS

- Strong H1 23 Results: Net Profit $307 mm (+327%, yoy), driven by growth across all three segments
- H1 23 EBITDA margin 34.1% (H1 22: 19.2%) driven by ZMI[1] acquisition, expansion of Integrated Logistics offering and robust Tankers & Gas Carriers earnings
- Continued execution of growth strategy:
  - Award of $975mm EPC contract
  - Delivery of first two of four environmentally efficient, newbuild VLCCs
- Positive adjustment in FY 23 guidance driven by robust H1 23 earnings growth

KEY FINANCIAL HIGHLIGHTS – H1 23

$1,225 mm
Revenue

$417 mm
EBITDA

$307 mm
Net profit

OPERATES ACROSS THREE KEY SEGMENTS

	Integrated Logistics	Shipping	Marine Services
Revenue	$729 mm	$408 mm	$88 mm
EBITDA	$232 mm	$168 mm	$17 mm

  [1]ZMI stands for Zakher Marine International.

Attractive and Accretive Growth Strategy

Focused and well-defined levers for growth, targeting low double-digit unlevered IRRs[1]

ADNOC Logistics & Services

EXPANSION OF SERVICES PROVIDED TO ADNOC

$975 Million EPC[3] Contract for Construction of Offshore Artificial Island

- Growth strategy to enter new business areas and unlock fresh revenue streams
- EPC[3] market is expected to experience substantial growth in the region in the coming years

PROVISION OF INCREMENTAL SERVICES TO EXISTING CLIENTS

Takes Delivery of First two out of four newbuild VLCCs[2]

- VLCCs[2] with dual-fuel capability supportive of our decarbonization ambitions
- Continues strategic fleet growth
- Rapidly deployed into buoyant spot market

ENTRY INTO NEW BUSINESS VERTICALS

ENLARGE CLIENT BASE AND INTERNATIONAL FOOTPRINT

- Additional deployments beyond UAE among Integrated Logistics fleet
- VLCC[2] additions to international transportation fleet

[1] IRR stands for internal rate of return. [2] VLCC stands for very large crude carrier. [3] EPC stands for engineering, procurement and construction.

Financial Summary

Strong financials

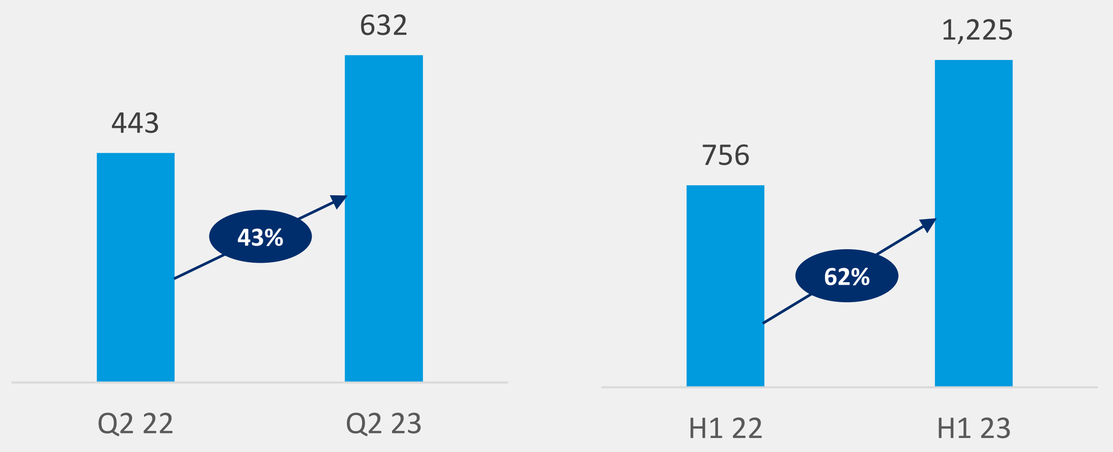
(USD millions)	Q2 22	Q1 23	Q2 23	QoQ %	YoY %	H1 22	H1 23	YoY %
Revenue	443	592	632	7%	43%	756	1,225	62%
EBITDA	94	199	219	10%	132%	145	417	188%
Margin	21%	33.6%	34.5%	1%	13%	19%	34%	15%
Net Profit	56	145	162	12%	189%	72	307	327%
EPS ($ /share)[1]	N/A	N/A	0.02	N/A	N/A	N/A	0.04	N/A
EPS (AED /share)[1]	N/A	N/A	0.07	N/A	N/A	N/A	0.15	N/A
Capital expenditures	93	43	177	312%	90%	258	220	(15%)
Free Cash Flow	(1)	183	(101)	(155%)	NM[2]	(205)	82	140%
Total Equity	1,601	3,995	4,158	4%	160%	1,601	4,158	160%
Net Debt	507	(259)	(43)	(83%)	(108%)	507	(43)	(108%)
Net Debt to EBITDA	1.35x	(0.33)x	(0.05)x			1.75x	(0.05)x	

[1] Number of shares authorized, issued and fully paid as of 30 June 2023 equated to 7.4 billion ordinary shares of USD 0.54 each . [2]NM = not meaningful

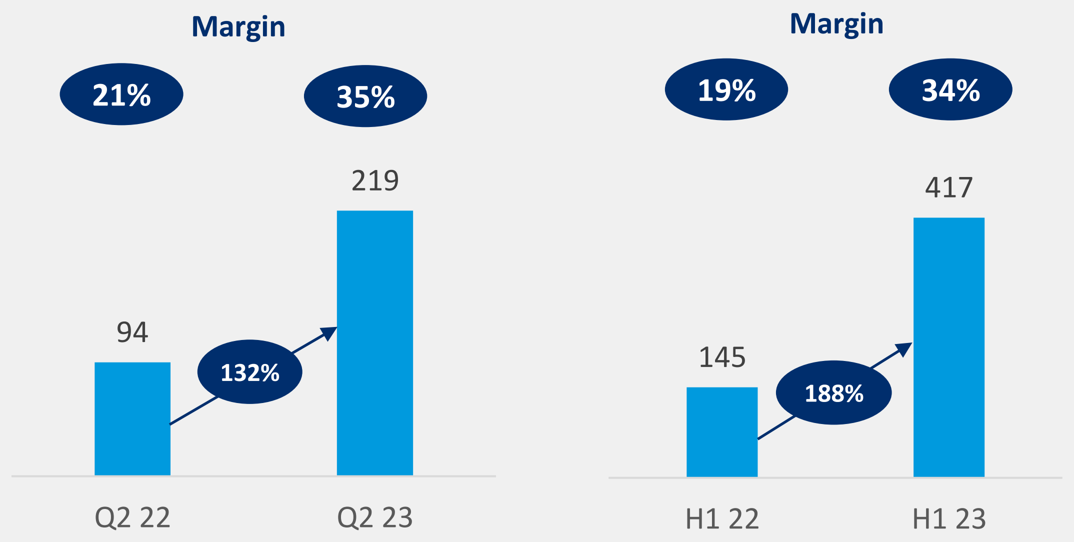
Robust Financial Performance

Exceptional growth in revenues, EBITDA and margins

REVENUE ($MM)



EBITDA ($MM)

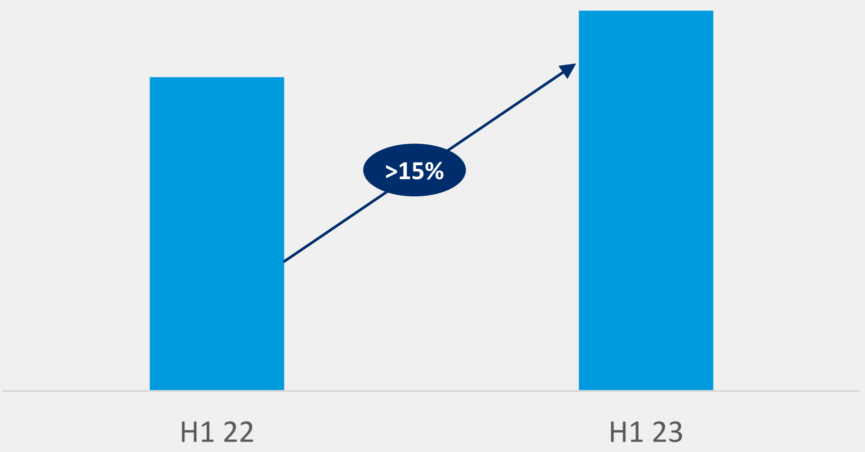


- Increased revenues in H1 23 driven by year-on-year growth across all three business segments
- Robust revenue growth in Q2 23 primarily driven by Integrated Logistics, Tankers & Gas Carriers

- Strong revenue growth coupled with cost-efficiency initiatives translated into higher EBITDA $417 mm in H1 23 ($145m H1 22)
- EBITDA margin 34% in H1 23, an increase of 15 percentage points yoy
- EBITDA growth and margin expansion was achieved across all three business segments

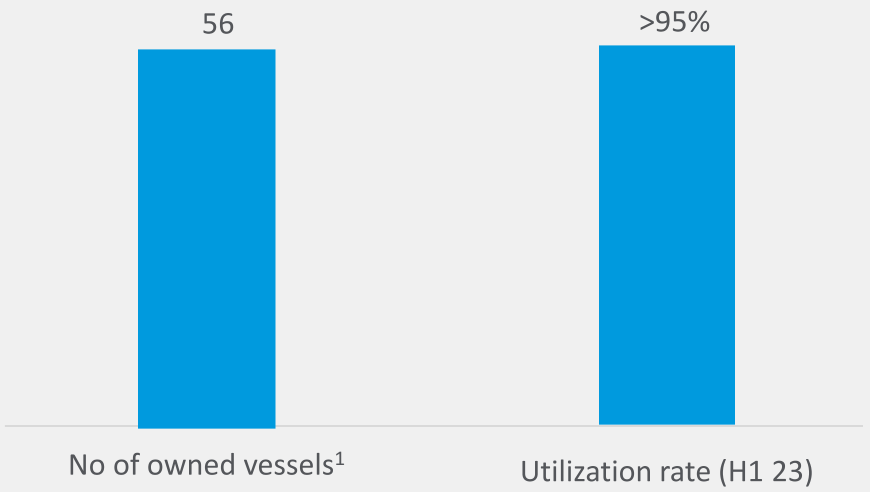
Operational Highlights:
Integrated Logistics & Shipping

INTEGRATED LOGISTICS: MATERIAL HANDLING VOLUME



- Solid growth in material handling volumes mainly driven by integrated logistics service platform contract

SHIPPING



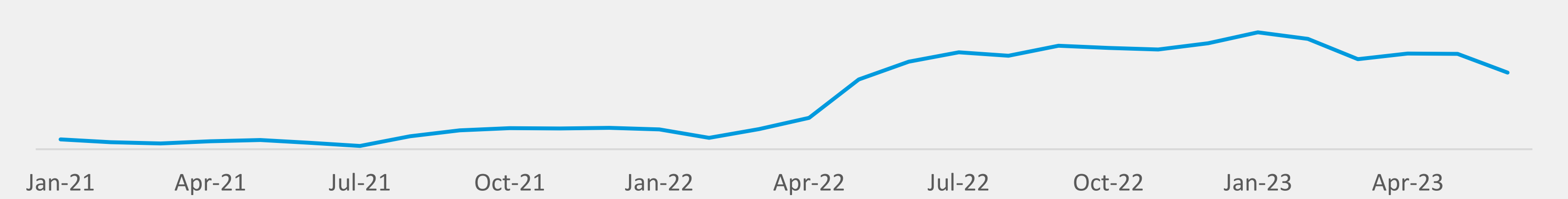
- Strong utilization rate in H1 23
- Market leading commercial shipping and ship management as well as chartering services

[1]Number of owned deep-sea vessels on 30 June 2023.Tankers: Including two vessels which have been ordered and are scheduled to be delivered within 2023.
Gas Carriers: Including (i) six VLGCs owned by AW Shipping Limited and (ii) six LNG carriers which have been ordered for scheduled delivery between 2025 and 2026.

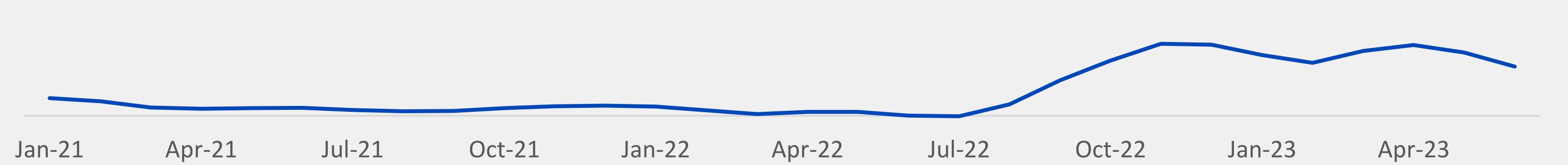
Shipping Business Unit:
Benchmark TCE rates

ADNOC

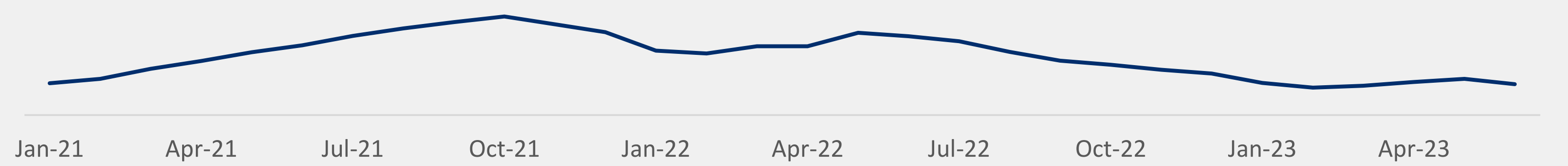
TANKERS (PRODUCT)



TANKERS (CRUDE)



DRY BULK



MARKET INSIGHT

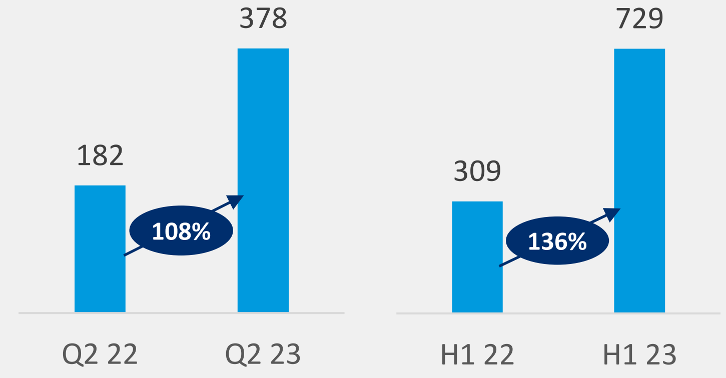
- Softer rates in tanker market recently, as anticipated
- Rates normalization for dry bulk compared to the strong rates environment of 2022

Source: ADNOC L&. Benchmark Crude: Clarkson's – 50% Bonny Off – Ningbo + 50% Middle East Gulf to China + $8k/day higher for the combined benefit of eco + scrubber; Benchmark Tankers: Clarkson's – Middle East to China; Benchmark Dry Bulk: Baltic Dry Index
Note: TCE = Time Charter Equivalent; Benchmark data are 3-month moving average

Integrated Logistics

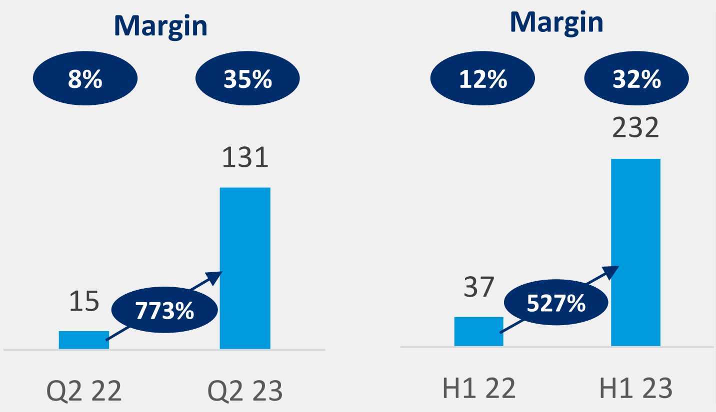
ZMI[1] acquisition, new contract activity and improving logistics and cost efficiencies drove high growth in revenues & profitability

REVENUE ($MM)



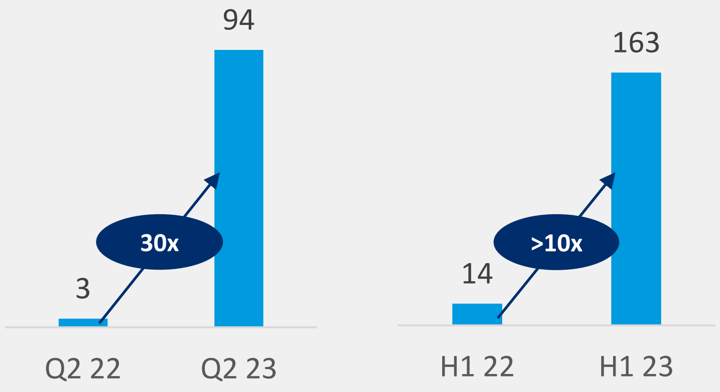
- Solid revenue growth mainly driven by the acquisition of ZMI[1] and ILSP[2] contract

EBITDA ($MM)



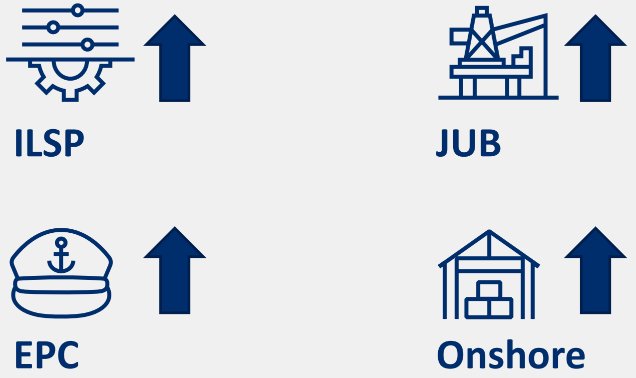
- EBITDA margin expansion also enhanced by the more cost-efficient deployment of resources under the ILSP[2] and higher profitability in-particular JUBs[3]

NET PROFIT ($MM)



- Strong revenue and EBITDA margin expansion translated into higher net profit

OUTLOOK



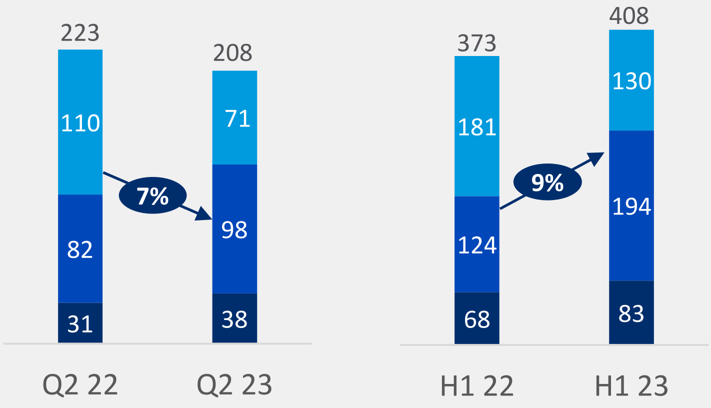
- Targeting higher growth through new contracts awards
- Projecting greater profitability following redeployment of JUBs[3] at improved rates

  [1]ZMI stands for Zakher Marine International. [2]ILSP stands for Integrated Logistics Services Platform. [3]JUB stands for Jack-up barges

Shipping

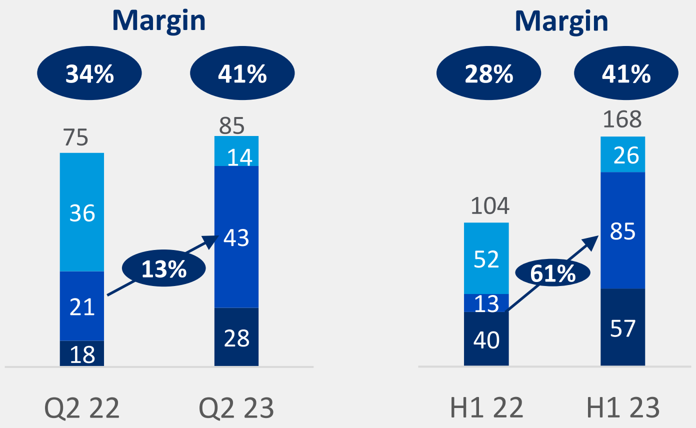
Robust charter rates for Tankers and Gas Carriers, with new vessel deliveries, drove growth in revenues and margins

REVENUE ($MM)



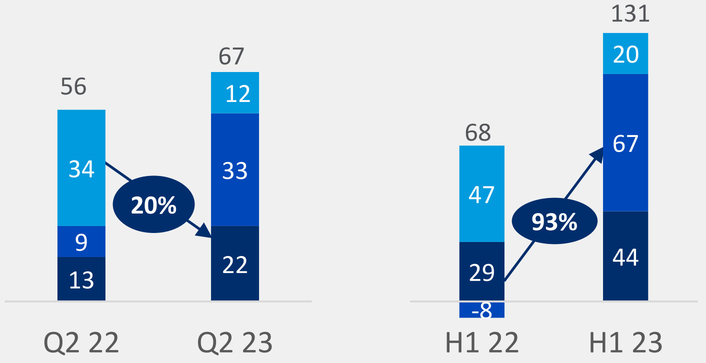
- Improved H1 23 revenues mainly due to higher charter rates for Gas Carriers and Tankers
- Lower Q2 23 revenues (qoq) due to lower charter rates in Dry-bulk shipping

EBITDA ($MM)



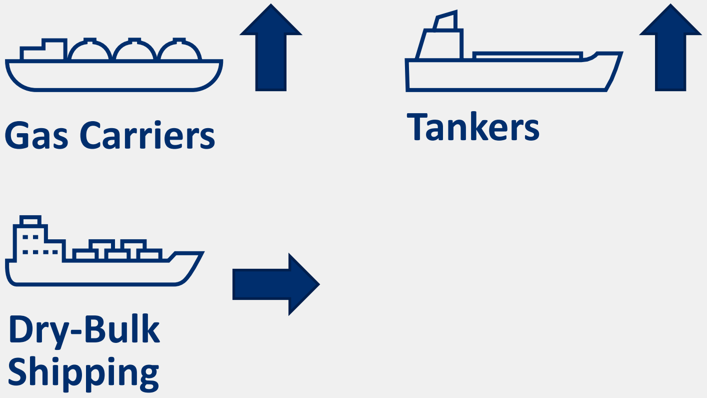
- EBITDA margin supported by decrease in direct costs by 7% in Q2 23 and 14% in H1 23 (year-on-year)

NET PROFIT ($MM)



- Higher EBITDA translated into increased net profit

OUTLOOK



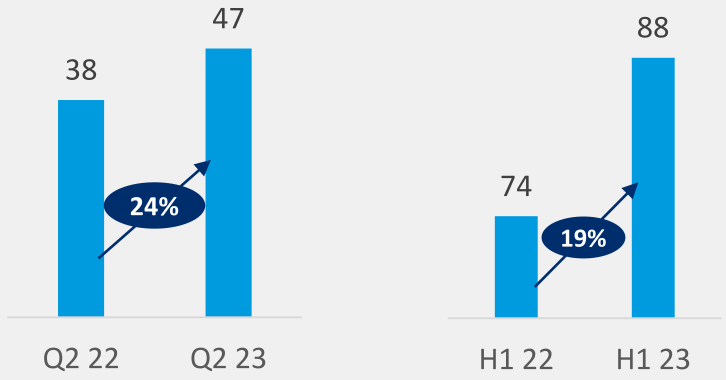
- Gas Carriers: Continued positive outlook for Gas Carriers.
- Tankers: Increased fleet size drives continuing growth in Tankers with mixed rates outlook across VLCCs and Product Tankers.
- Dry-Bulk Shipping: Normalization in rates for Dry-bulk shipping compared to last year.

Gas Carriers | Tankers | Dry-Bulk Shipping

Marine Services

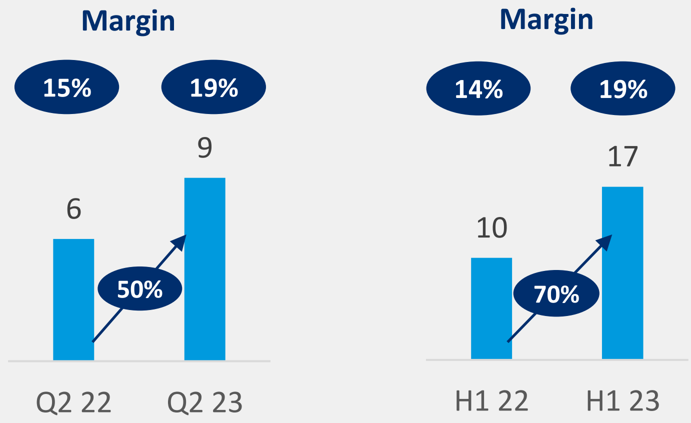
Revenue growth and operating efficiencies translated into margin expansion

REVENUE ($MM)



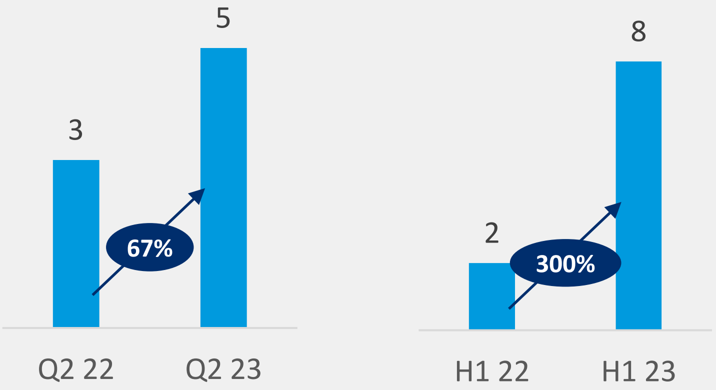
- Benefited from equipment services

EBITDA ($MM)



- EBITDA margin expansion driven by revenue growth

NET PROFIT ($MM)



- Strong revenue and EBITDA growth translated into higher net profit
- Additional contribution from equipment installation activities

OUTLOOK

Marine Terminal Operations

Oil Spill & HNS[3] Response

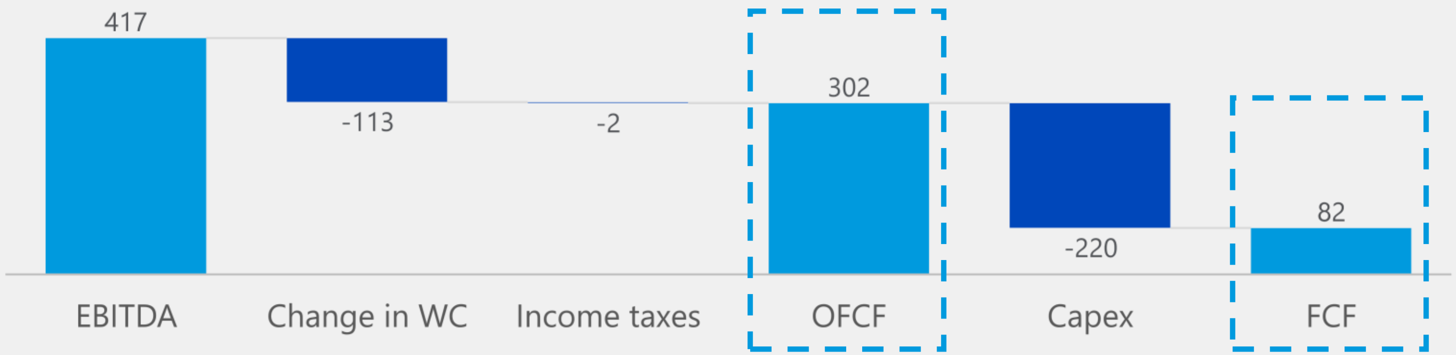
- Contract renewals in PPO[1] and OSRC[2] to underpin continued performance at consistent levels

  [1]PPO stands for petroleum port operations. [2]OSRC stands for oil spill response services. [3] HNS stands for hazardous noxious substance

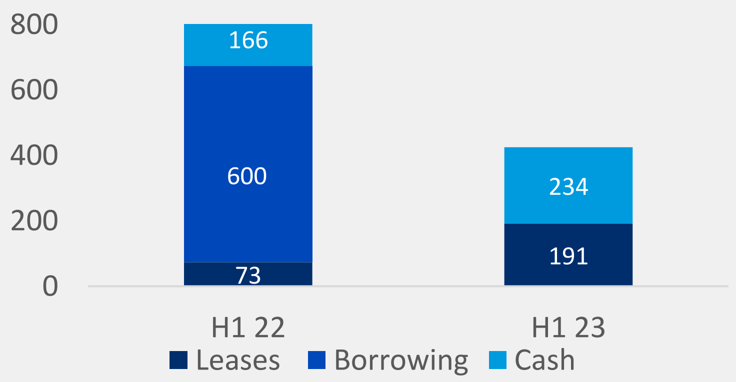
Cash Flow Profile

EBITDA growth delivered story operating free cash flows and increasing financial capacity to fund growth

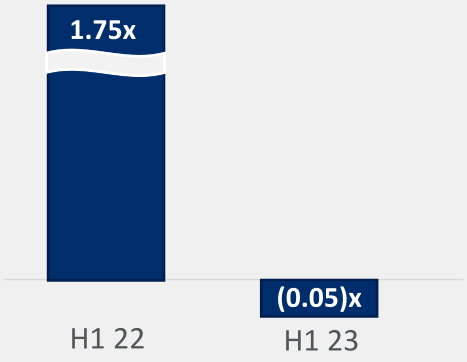
FREE CASH FLOW EVOLUTION[1] ($MM)



NET DEBT ($MM)



NET DEBT / EBITDA



COMMENTARY

Cashflow

- Free cash flow $82 mm underpinned by higher operating free cash flow supported by increase in EBITDA

Net Debt

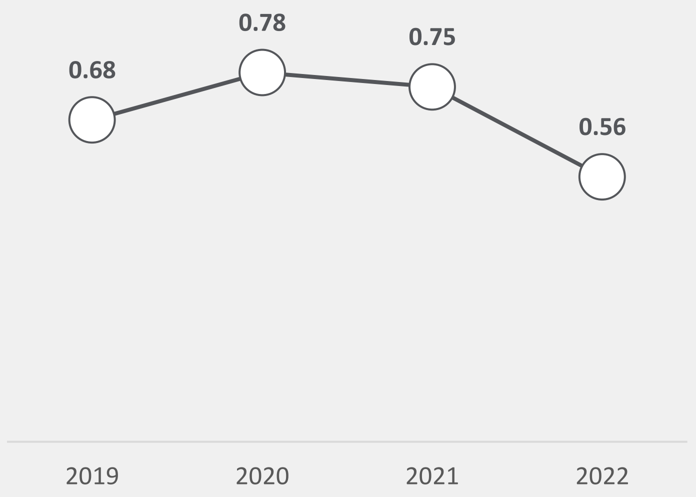
- Balance sheet remains strong with a net debt to EBITDA ratio of (0.05) in H1 23
- The company is well positioned to finance and expand on transformational growth strategy

  [1] OFCF stands for operating free cash flow. FCF stands for free cash flow

Delivering on Decarbonization and Sustainability

A sustainability leader for the UAE's marine & logistics ecosystem

Shipping Carbon Intensity (TCO_2 per nautical mile)



Leverage our maritime heritage to enhance the UAE's status in the global maritime industry

KEY SHIPPING DECARBONIZATION INITIATIVES

Project
Eco-vessels – ADNOC 2030 strategy for high-performance design

Air lubrication systems– retrofit for 6 vessels

Achieve the UAE's 2050 net-zero target and exceed the IMO's decarbonisation targets

KEY RECENT SUCCESS STORIES

Delivery of two **dual-fuel engine** VLCC[1], with two more newbuild **environmentally friendly** VLCCs before end of this year

جامعة خليفة Khalifa University

Collaboration with **Khalifa University** for pilot project on viability testing for **alternative and low-carbon fuels** for marine vessel use

[1] VLCC stands for very large crude carrier

Segmental Medium-term Targets

INTEGRATED LOGISTICS

Revenue

- Targeting strong double-digit year-on-year growth in 2023 and 2024 including the impact of the new EPC contract.
- In the medium term, targeting growth in line with UAE inflation.

EBITDA

- Targeting EBITDA margin of ~30% in 2023 and increasing to mid 30%'s levels thereafter

SHIPPING

Revenue

- Gas Carriers: Low single digit growth in the near term, with an increase of ~50% YoY starting from 2025
- Tankers: Anticipate revenue growth in 2023 driven by VLCC additions and revenue increases above UAE inflation levels thereafter.
- Dry Bulk Shipping: Anticipate the lower rates environment (vs 2022) to persist in the medium term and expect revenue growth in line with UAE inflation from 2025 onwards

EBITDA

- Targeting mid-single digit margin expansion in 2023 and anticipate margins to be sustained at or near those levels in the medium term.

MARINE SERVICES

Revenue

- Targeting mid to high single digits YoY growth in 2023
- In the medium, targeting growth in line with UAE inflation

EBITDA

- Targeting EBITDA margin above 20% in 2023 and at or near those levels in the medium term.

Group Medium Term Targets

CONSOLIDATED REVENUE

- Targeting **mid-to-high single digit growth** year-on-year over the medium term

CONSOLIDATED EBITDA

- EBITDA margin in 2023 expected to be above 30%
- Targeting average annual EBITDA growth in the low teens towards an EBITDA margin of 35%.

CAPEX

- **Targeting organic growth capex totalling ~$4-5bn** in the medium term
- Highly disciplined capital allocation policy, **targeting low double digit IRRs on investments**[1]
- Value accretive M&A

CAPITAL STRUCTURE

- Mean leverage of **2.0-2.5x** Net Debt to EBITDA over the medium-term

[1] IRR stands for internal rate of return.

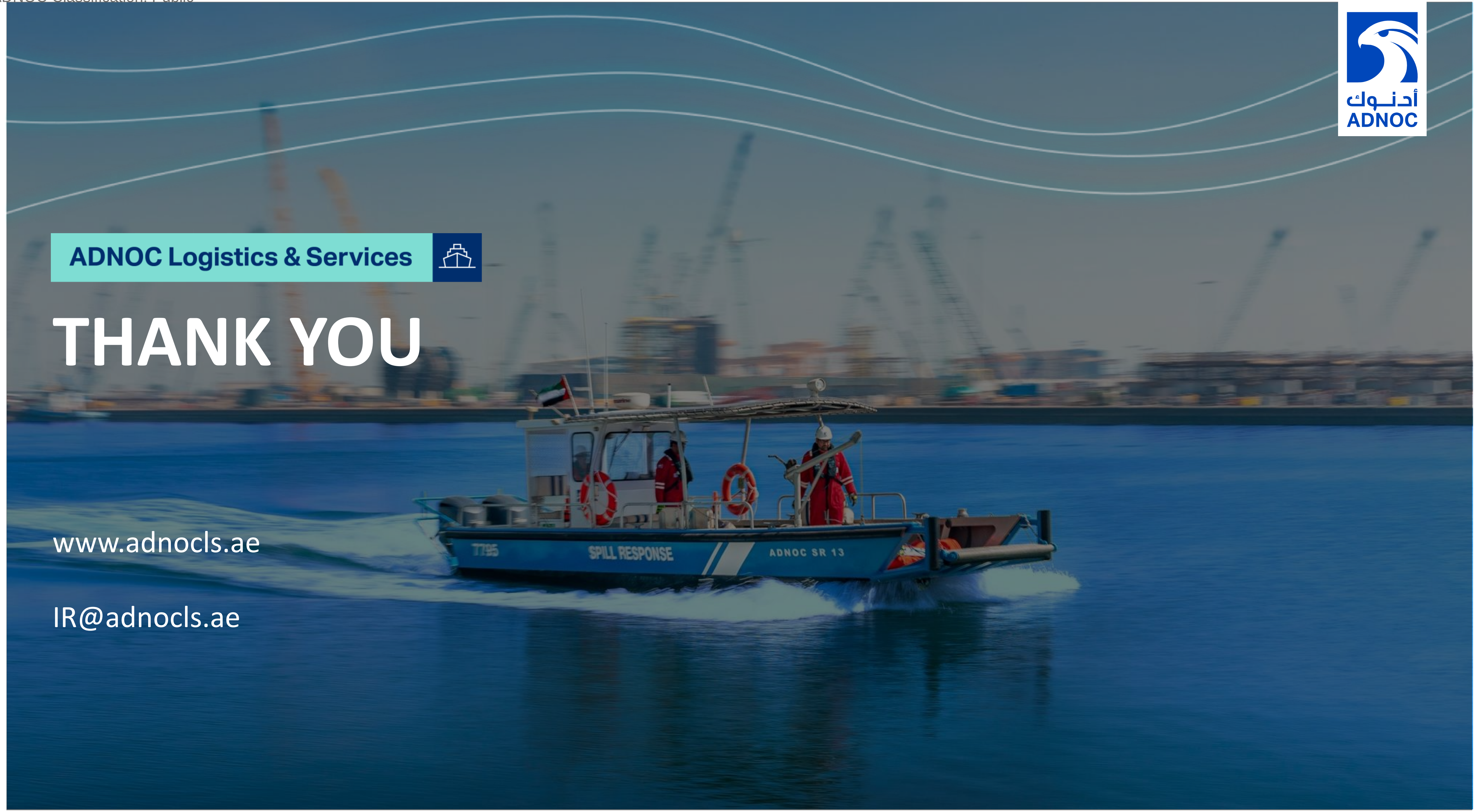
Closing Remarks

STRONG CONTINUED EARNINGS GROWTH

EBITDA MARGIN EXPANSION

GROWTH STRATEGY EXECUTION

POSITIVE ADJUSTMENT IN FY 23 GUIDANCE



ADNOC Logistics & Services

THANK YOU

www.adnocls.ae

IR@adnocls.ae