ADNOC Logistics & Services

FIRST NINE MONTHS OF 2023
RESULTS PRESENTATION

13 November 2023

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Absolute figures and percentages included in this document have been subject to rounding adjustments.

Agenda & Presenters

Abdulkareem Al Masabi
Chief Executive Officer

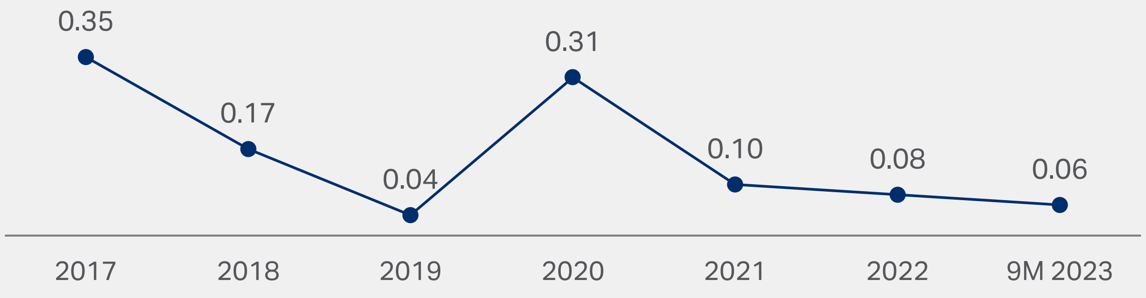
Nicholas Gleeson
Chief Financial Officer

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

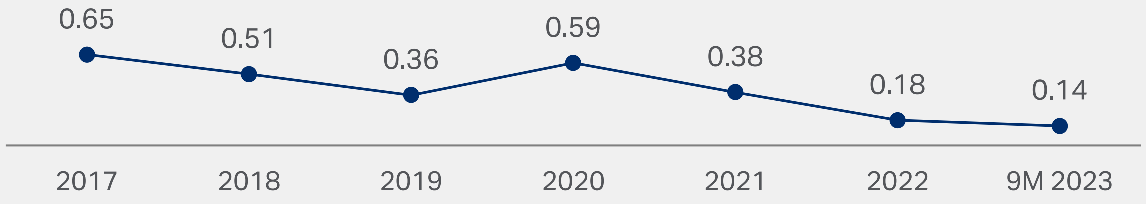
Continued strength in health & safety KPIs

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

Lost Time Incident Frequency (LTIF)



Total Recordable Incident Rate (TRIR)



AWARD

- The ADNOC L&S **Innovation and Idea Management Program** has been certified as Gold level by ideasUK[1]
- The **ideasUK certificates** are equivalent to an 'ISO 56002 management of innovation

[1]www.ideasuk.com.

9M 2023 Results Highlights

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HIGHLIGHTS

- Outstanding Net Profit growth of 162% mainly driven by Integrated Logistics & Shipping segment
- EBITDA margin to 33% in 9M 23 (22% in 9M 22) attributable to ZMI[1] acquisition, expansion of Integrated Logistics offering and robust earnings in Tankers & Gas Carriers
- Continued execution of growth strategy:
  - Two newbuild VLCCs[2] delivered in Q3 2023, in addition to the first (1H 2023), and fourth due Q4 2023
  - Taken delivery of additional eight jack-up barges (6 owned and 2 chartered-in)
- Reaffirm our commitment to deliver attractive shareholders returns with USD 65m dividend for Q2 23

KEY FINANCIAL HIGHLIGHTS – 9M 2023

$1,927 mm Revenue

$635 mm EBITDA

$455 mm Net profit

OPERATES ACROSS THREE KEY SEGMENTS

	Integrated Logistics	Shipping	Marine Services
Revenue	$1,185 mm	$608 mm	$134 mm
EBITDA	$371 mm	$239 mm	$27 mm

  [1]ZMI stands for Zakher Marine International. [2] VLCC stands for Very Large Crude Carriers

Accelerating our Fleet Growth Strategy

Expansion of fleet in line with smart growth strategy to meet rising global demand for energy and offshore services

Eight additional jack-up barges expanding ADNOC L&S' fleet by 25%

- Six owned and two chartered in, reinforcing status as owner and / or operator of one of the largest fleets in the GCC region
- One of the barges will serve the Iraqi market, marking the company's entry into a new market and expanding its geographical footprint

Took Delivery of Three VLCCs[1] (9M 23)

- Took delivery of two additional newbuild LNG dual-fuel VLCCs in Q3 23, increasing the total delivered year-to-date to three
- The newbuild VLCC fleet is categorized as one of the most environmentally efficient VLCCs in operation

  [1] VLCC stands for Very Large Crude Carriers

Financial Summary

Strong financials

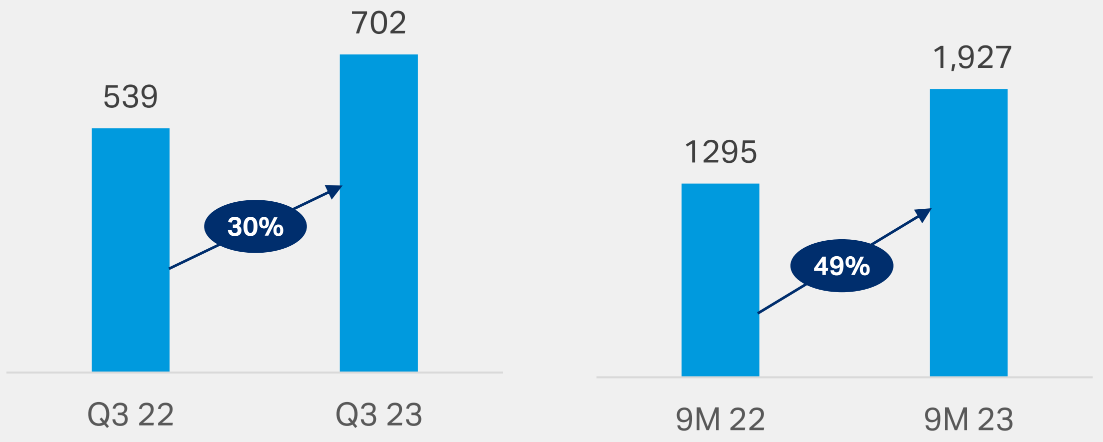
(USD millions)	Q3 22	Q2 23	Q3 23	QoQ %	YoY %	9M 22	9M 23	YoY %
Revenue	539	632	702	11%	30%	1,295	1,927	49%
EBITDA	139	219	218	0%	57%	284	635	124%
Margin	26%	34%	31%	(4%)	5%	22%	33%	11%
Net Profit	101	162	148	(9%)	46%	173	455	162%
EPS ($ /share)[1]	N/A	0.02	0.02	(9%)	N/A	N/A	0.06	N/A
EPS (AED /share)[1]	N/A	0.07	0.07	(9%)	N/A	N/A	0.23	N/A
Capital expenditures	86	177	281	59%	227%	344	501	46%
Free Cash Flow	(38)	(101)	59	(158%)	258%	(242)	140	158%
Total Equity	1,702	4,158	4,307	4%	153%	1,702	4,307	153%
Net Debt	552	(43)	(102)	137%	(118%)	552	(102)	(118%)
Net Debt to EBITDA	0.99x	(0.05)x	(0.12)x			1.46x	(0.12)x	

[1] Number of shares authorized, issued and fully paid as of 30 September 2023 equated to 7.4 billion ordinary shares of USD 0.54 each .

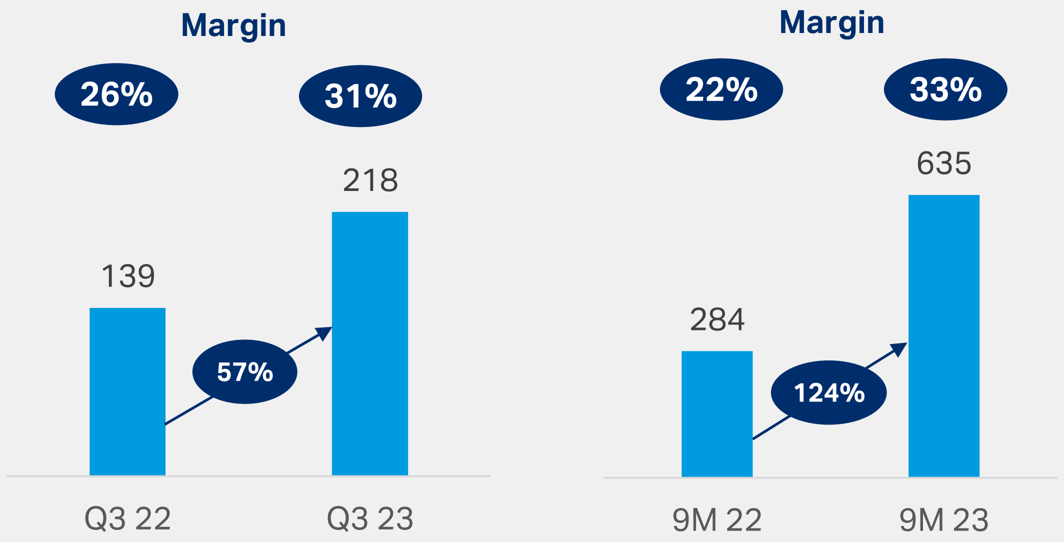
Robust Financial Performance

Exceptional growth in revenues, EBITDA and margins

REVENUE ($MM)



EBITDA ($MM)

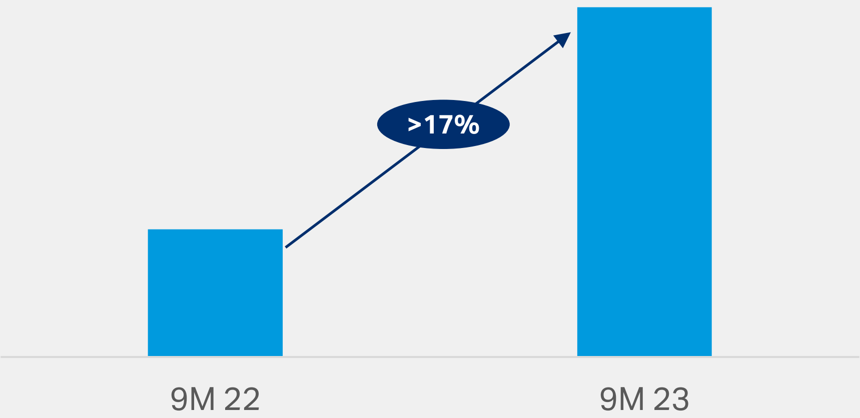


- Impressive revenue growth in Q3 23 and 9M 23, largely driven by Integrated Logistics
- In particular, Integrated Logistics' growth benefited from the acquisition of ZMI, growing volumes transported, as well as an expanded logistics offering including growth in EPC services

- Solid revenue growth coupled with operating efficiencies translated into higher EBITDA in both dollar and margin terms
- EBITDA margin expanded by 11 percentage points to 33% in 9M 23 mainly due to strength in the jack-up barges (JUB) market and Gas / Tankers shipping segments, along with targeted improvements in operating cost efficiencies

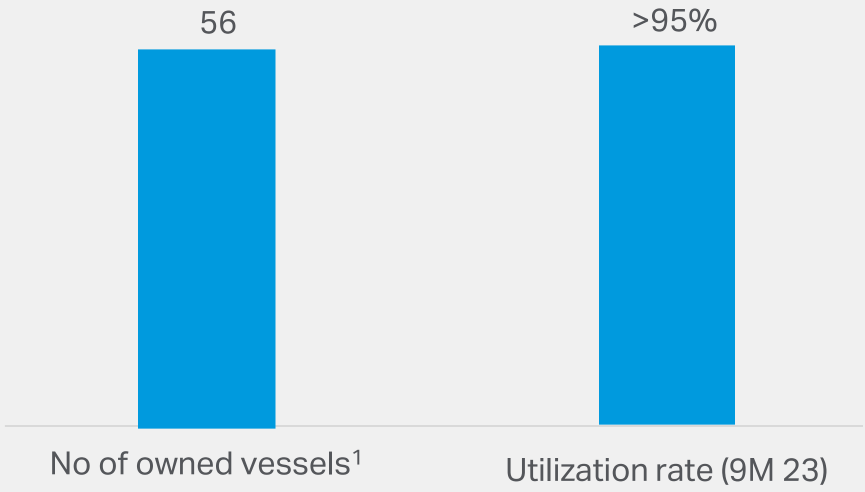
Operational Highlights: Integrated Logistics & Shipping

ILSP: MATERIAL HANDLING VOLUME



- Continued robust growth in material handling volumes driven by integrated logistics service platform contract on top of extension of services to third parties

SHIPPING

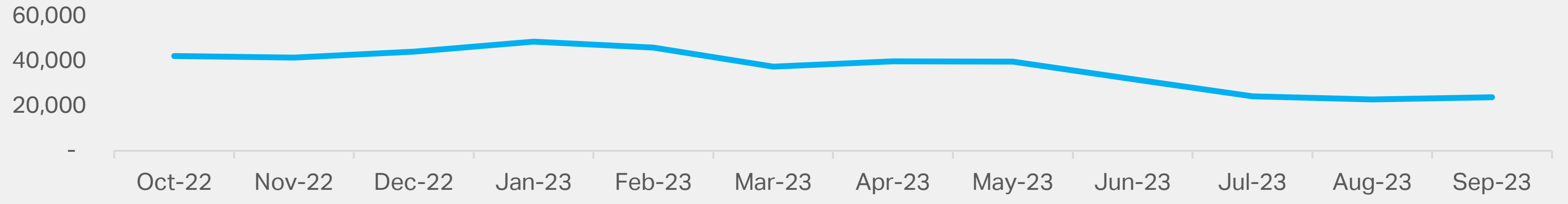


- Utilization rates continue to remain strong
- Competitive commercial shipping and ship management outcomes enabling exceptional performance

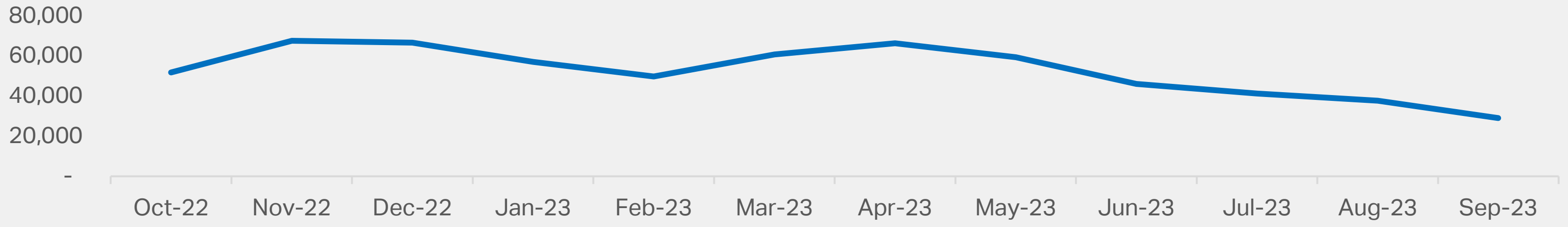
[1]Number of owned deep-sea vessels on 30 September 2023.Tankers: Including one VLCC which has been ordered and scheduled to be delivered within Q4 2023.
Gas Carriers: Including (i) six VLGCs owned by AW Shipping Limited and (ii) six LNG carriers which have been ordered for scheduled delivery between 2025 and 2026.

Shipping Business Unit: Benchmark TCE rates

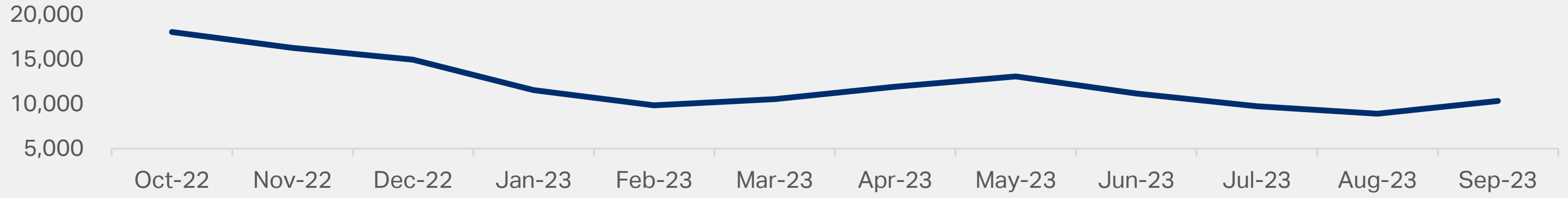
TANKERS (PRODUCT)



TANKERS (CRUDE)



DRY-BULK



MARKET INSIGHT

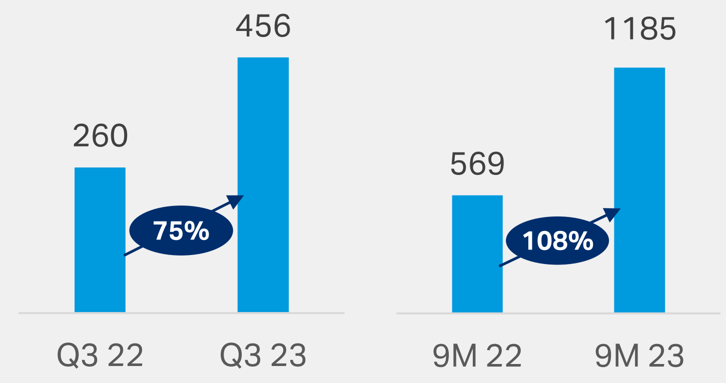
- Tankers – Moderation in rates in Q3 23 primarily driven by seasonality, OPEC+ cuts and lower Russian oil products exports
- Dry-bulk – Subdued rates in Q3 2023 in line with expectations

Source: ADNOC L&S. 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

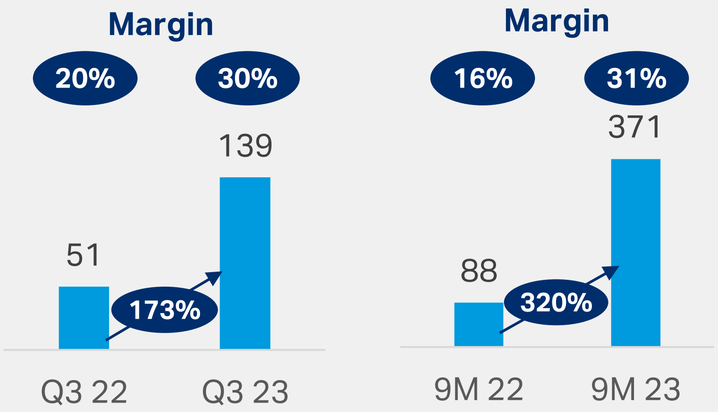
Strong growth in revenues and profitability driven by the acquisition of ZMI[1], delivery of eight additional JUBs, new contract activity and improving logistics volumes and cost efficiencies

REVENUE ($MM)



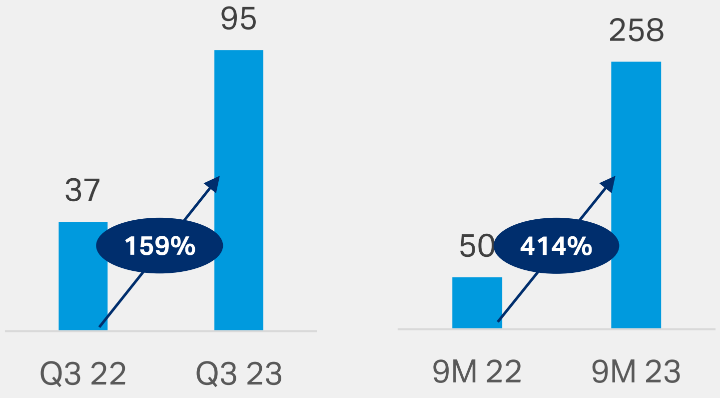
- Solid revenue growth mainly driven by the acquisition of ZMI[1] , and an expanded Integrated Logistics service offering

EBITDA ($MM)



- Continued EBITDA growth and margin expansion driven by highly profitable JUBs[3], contribution from EPC contracts and cost-efficient deployment of resources under the ILSP[2]

NET PROFIT ($MM)



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

OUTLOOK

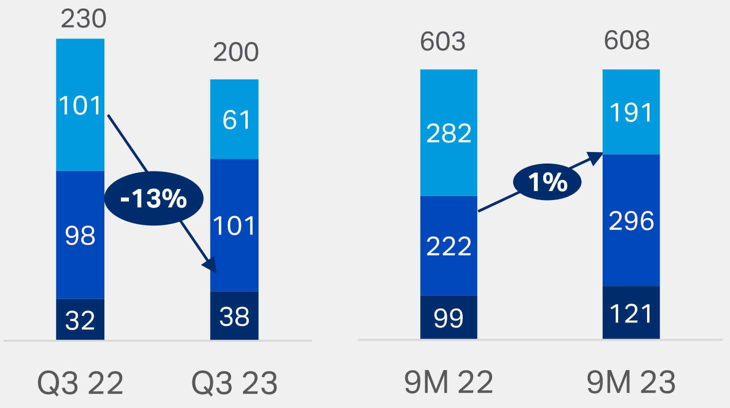
- Outlook remains strong with promising contract pipeline
- Anticipating continued growth supported by delivery of additional eight JUBs[3] and EPC contract opportunities in Q4 23

  [1]ZMI stands for Zakher Marine International, acquired Nov 22. [2]ILSP stands for Integrated Logistics Services Platform. [3]JUBs stands for Jack-up barges

Shipping

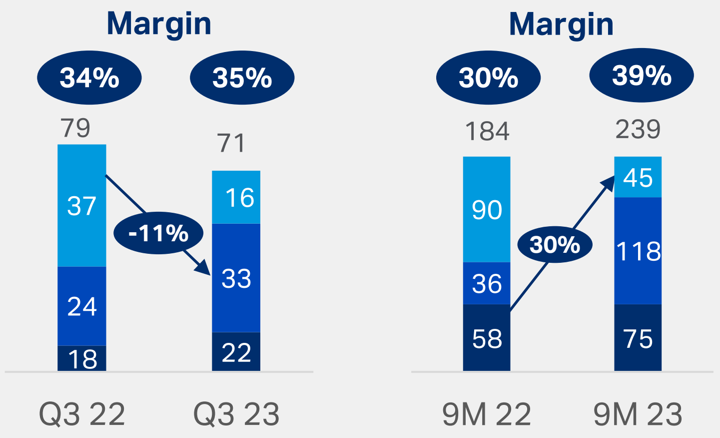
Healthy charter rates for Tankers and Gas Carriers and new vessel deliveries drove growth in margins in 9M 23

REVENUE ($MM)



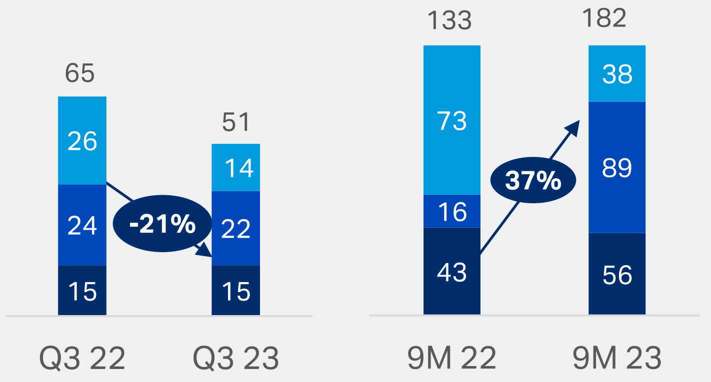
- Flat 9M 23 revenues supported by healthy charter rates for Gas carriers & Tankers offset by lower charter rates for Dry-bulk shipping
- Lower Q3 23 revenues (yoy) due to lower charter rates in Dry-bulk shipping

EBITDA ($MM)



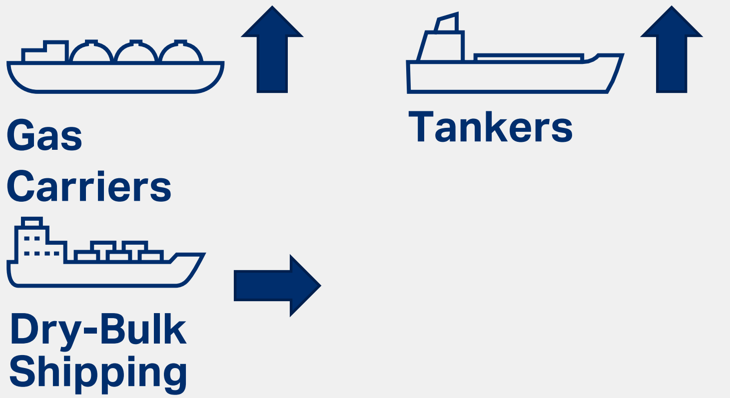
- EBITDA margin supported by decrease in direct costs by 5% in Q3 23 and 7% in 9M 23 (year-on-year)

NET PROFIT ($MM)



- EBITDA growth translated into increased net profit in 9M 23 (year-on-year).

OUTLOOK



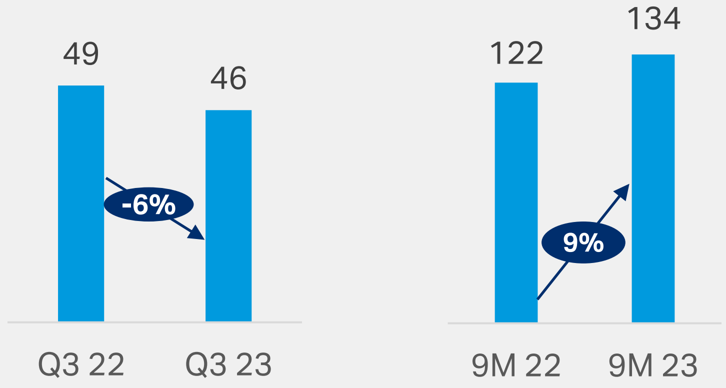
- Gas Carriers: continued growth through newbuild deliveries from 2025
- Tankers: Increased fleet size drives continuing growth in Tankers with VLCCs rates expected to continue softening whilst Product Tanker rates to remain supportive in Q4
- Dry-Bulk Shipping: Anticipate moderate improvement in rates in Q4

Gas Carriers | Tankers | Dry-Bulk Shipping

Marine Services

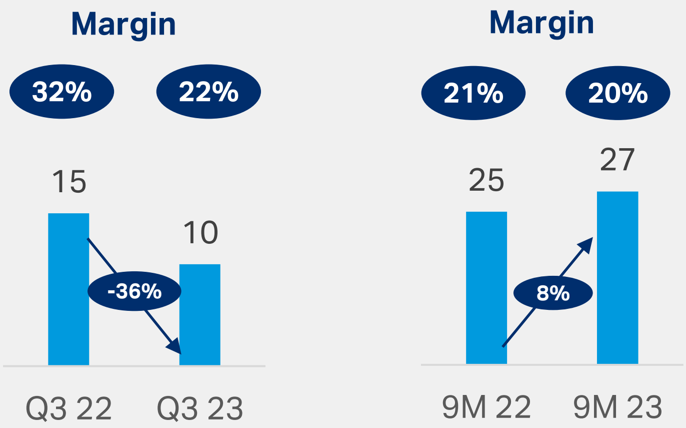
Revenue growth and operating efficiencies translated into EBITDA expansion in 9M 23

REVENUE ($MM)



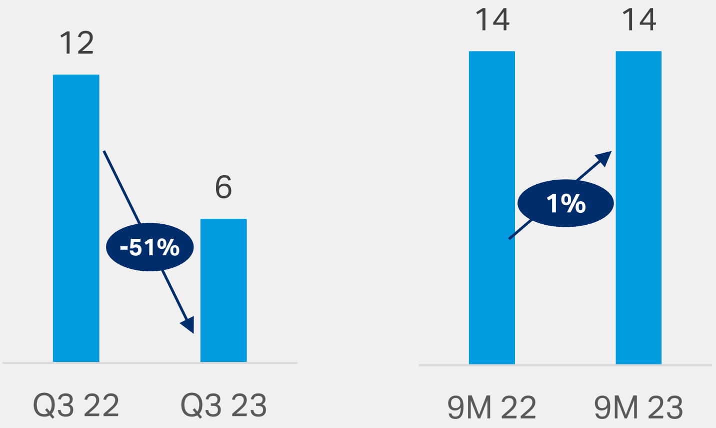
- 9M 23 revenues benefited from higher volumes managed through the Port and Oil Spill Response and one-off equipment services
- Q3 23 revenue impacted by lower volumes in Port Operations

EBITDA ($MM)



- EBITDA growth driven by revenue growth in 9M 23
- Lower EBITDA in Q3 23 driven by decrease in revenue

NET PROFIT ($MM)



- 9M 23 net profit benefited from growth in revenue and EBITDA

OUTLOOK

Marine Terminal Operations

Oil Spill & HNS[3] Response

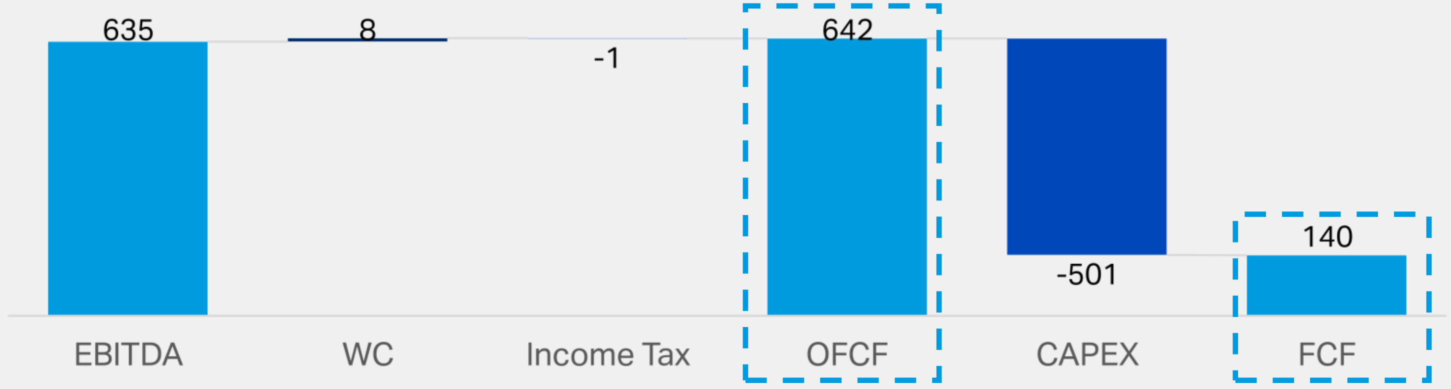
- Contract renewals in PPO[1] and OSRC[2] to support steady performance

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

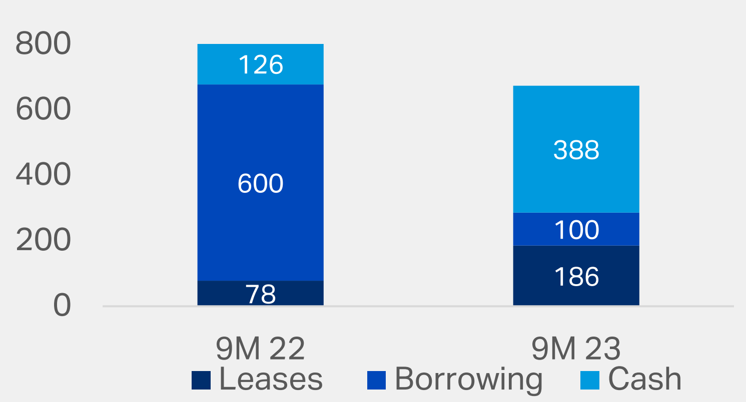
Cash Flow Profile

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

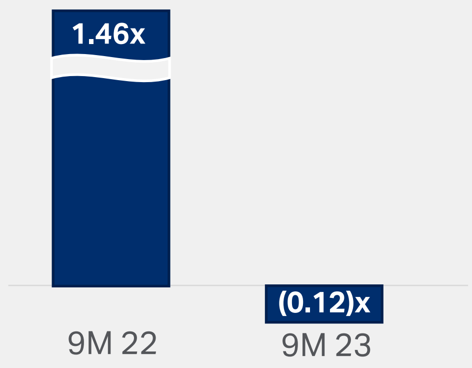
FREE CASH FLOW EVOLUTION[1] ($MM)



NET DEBT ($MM)



NET DEBT / EBITDA



COMMENTARY

Cashflow

- Free cash flow of $140 mm driven by higher EBITDA and improvement in working capital, after financing $501m Capex

Net Debt

- Strong balance sheet with a net cash position of $102 mn and $2.14 bn available liquidity
- The company is well positioned to finance and expand on our transformational growth strategy

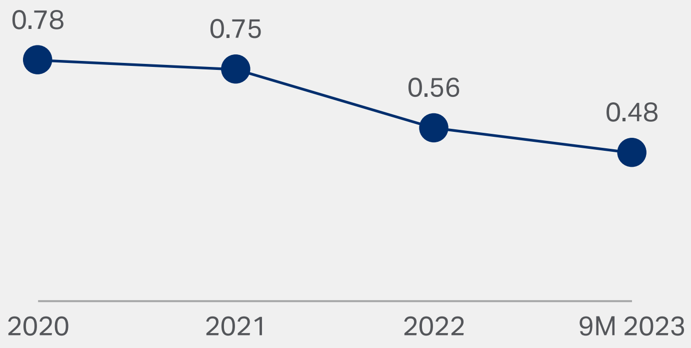
  [1] OFCF stands for operating free cash flow. FCF stands for free cash flow

Continued Decarbonization Drive

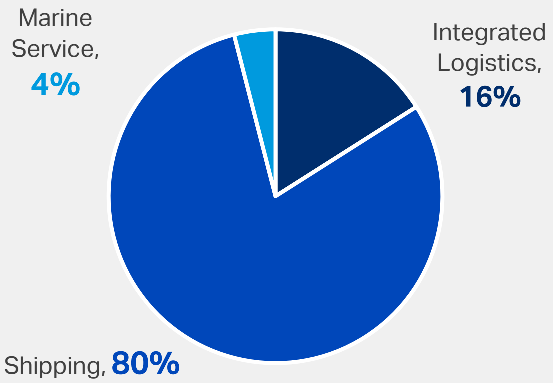
Fleetwide abatement initiatives continue to drive down carbon intensity

Maritime Shipping Carbon Intensity

Shipping Carbon Intensity (TCO2/nm)



YTD Emissions by Business Unit (%)



- Shipping is key focus of our decarbonization efforts, representing 80% of emissions (YTD 2023)
- Shipping has seen a YTD reduction in carbon intensity of c.39% since 2020

Shore power supply in Mussafah & Ruwais

- Emissions-free solution for berthed ships utilizing the shore-side electrical grid
- Starting Jan 2024, annual emissions savings of 11 MTA of CO_2 expected with additional significant reduction of SOx, NOx and particulate emissions

Segmental Medium-term Targets

INTEGRATED LOGISTICS

Revenue

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

EBITDA

- Targeting EBITDA margins continually increasing into the mid-30%s in the short-to-medium term, on pre-existing business lines
- On EPC activities, we anticipate mid-to-high single digit EBITDA margins in line with industry norms

SHIPPING

Revenue

- Gas Carriers: Anticipate 2024 performance broadly in line with the stronger-than-anticipated performance in 2023; growth rate of 30% for three consecutive years commencing 2025
- Tankers: Anticipate 2024 performance slightly behind the stronger-than-anticipated performance in 2023 due to anticipated rate declines on VLCCs
- Dry Bulk Shipping: anticipate performance in 2024 in line with 2023, with rates remaining at similar levels

EBITDA

- Targeting mid-single digit margin expansion into 2024, largely due to a higher proportion of time charter assets in the portfolio

MARINE SERVICES

Revenue

- Targeting growth in line with UAE inflation in the medium term

EBITDA

- Anticipate margins remaining around the 20% level in the medium term

Group Medium Term Targets

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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% in the medium term

CAPEX

- Targeting organic growth capex beyond the IPO-announced ~$4-5bn in the medium term
- Highly disciplined capital allocation policy, targeting low double digit IRRs[1] on investments
- Seeking value-accretive M&A to extend and enhance service offerings

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

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STRONG CONTINUED EARNINGS GROWTH

EBITDA MARGIN EXPANSION

GROWTH STRATEGY EXECUTION

REAFFIRMATION OF ATTRACTIVE SHAREHOLDERS RETURN

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THANK YOU

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