

ADNOC Logistics & Services



ADNOC L&S ACCELERATES GLOBAL EXPANSION WITH ACQUISITION OF NAVIG8

03 June 2024

ADNOC Logistics & Services

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

Agenda & Presenters

Agenda

1**TRANSACTION OVERVIEW****2****TARGET OVERVIEW****3****TRANSACTION RATIONALE****4****GROUP MEDIUM TERM OUTLOOK UPDATE**

Presenters



Abdulkareem Al Masabi
Chief Executive Officer



Nicholas Gleeson
Chief Financial Officer

1 Transaction Overview

Acquisition of 80% in Navig8 TopCo Holdings Inc. (“Navig8” or the “Target”) with a path to full ownership in 3 years



The Target

- Global maritime operator with commercial shipping pools and a fleet of 32x¹ high quality, modern tankers
- Service offerings include bunkering, technical management, commercial pooling, environmental and digital solutions, and market analytics



Deal Economics

- Initial acquisition of an 80% stake for c. \$1.04bn cash consideration
- Remaining 20% stake to be acquired in June 2027 (minimum of c. \$0.34bn with potential c. \$0.12bn uplift subject to financial performance over 2024E-2026E) (together, the “Transaction”)
- Implied Enterprise Value of c. \$2.0bn (on a 100% basis) equating to a 4.9x CY23A EV/EBITDA
- Transaction expected to be > 20% EPS accretive in first full year and to deliver a low double-digit unlevered IRR
- Acquisition targeted to be financed using available cash and debt



Conditionality

- The Transaction is subject to customary regulatory approvals
- Completion of the Transaction is expected in late 2024 (or early 2025)

2 Target Overview

1 Shipping platform with value-added services



28x + 4x
Owned vessels + newbuilds



High spec, young fleet



12x
TC-in vessels



Attractive, risk managed portfolio



6x
Pools



5.5m
MT of fuel traded p.a

#ENGINE
+1,500
Daily users

2 Global reach and scale

Global coverage
15 cities, 5 continents
(Dubai HQ)

Blue-chip customer base



3 Capable management team



Gary Brocklesby
Chairman and Co-Founder



Nicolas Busch
CEO and Co-Founder

23+
years of experience each

350+
employees

4 Digital solutions and decarbonization

Navig8
Online and app-based reporting systems for live access to pool/vessel earnings and passage data

#ENGINE
Marine fuel benchmarking, pricing and planning platform

Access to high tech focused platforms

SHIPWATCH
Live vessel data and emissions monitoring

CARBONLENS
Emissions reporting for CO2 / NoX / methane

CarbonCapture
Marine membrane technology for CO2 / CO re-liquification

85%
owned fleet equipped with scrubbers

Research department
in-house, focusing on macro trends enabling data-driven decision making

5 Complementary to L&S

Access to young and technically capable fleet

24/7 global access to shipping markets through on-the-ground presence

Value-added services
(pooling, bunkering, technical management)

Potential cost savings + economies of scale

2 Target Overview

Establishes ADNOC L&S immediately as a global force in maritime energy transportation

Shipping operations



Owned vessels

- ➔ Young and high-quality, modern and eco-oriented fleet
- ➔ 32x vessels including:
 - 12x MR + 4x MR newbuilds
 - 5x LR1
 - 9x LR2
 - 1x VLCC
 - 1x Bunker Tanker
- ➔ Avg. age of 6.1 years (Exc. NBs) and total capacity of 2,300 DWT (Exc. NBs)

\$245m



TC-in vessels

- ➔ Leasing vessels to profit from operation and chartering (consistent with ADNOC L&S business activity)
- ➔ 12x vessels currently time-chartered in
- ➔ 8x vessels are currently in their extension period

\$163m

Tanker fleet growth aligns with ADNOC L&S' transformational growth strategy

Shipping services



Commercial pools

- ➔ 6x shipping pools: LR2, Aframax, VLCC, Chemical MR, Eco MR, LR1/Panamax
- ➔ 58x vessels incl. owned, TC-in and 3rd party vessels
- ➔ Reduces earnings volatility through access to larger client base

\$2m



Technical Management & agency

- ➔ Ownership interests in Suntech Ship Management (50%) and TB Marine Shipmanagement (50%)
- ➔ Engages in technical ship and crew management services
- ➔ Includes also a number of smaller investments in shipping agencies²

Net income
\$4m¹



Bunkering

- ➔ Bunker fuel trader to both 3rd party and owned vessels in pools
- ➔ Back-to-back fuel sale and purchase, limiting spot exposure
- ➔ c. 5.5m annual MT trades, +850 customers

\$14m

Value-added services enhancing attractiveness of holistic offering

Description / KPI's

CY23A Dec-23
EBITDA

Source: Company information; average age computed as of May 2024

1. Net income contribution consisting mainly of ownership interests in joint ventures (equity accounted) shown here
2. Port agency, logistics management, liner agency services and others

Please refer to Appendix (slide #18 & 21) for further details on the owned and TC-in fleet

3 Transaction Rationale

Navig8 delivers ADNOC L&S' offering on a global scale, supplemented with new valuable service offerings

Key complementary services added:

- 
Fleet additions
- 
Fuelling services
- 
Commercial pooling
- 
Technical management
- 
Crew services
- 
Additional hubs
- 
Digital solutions

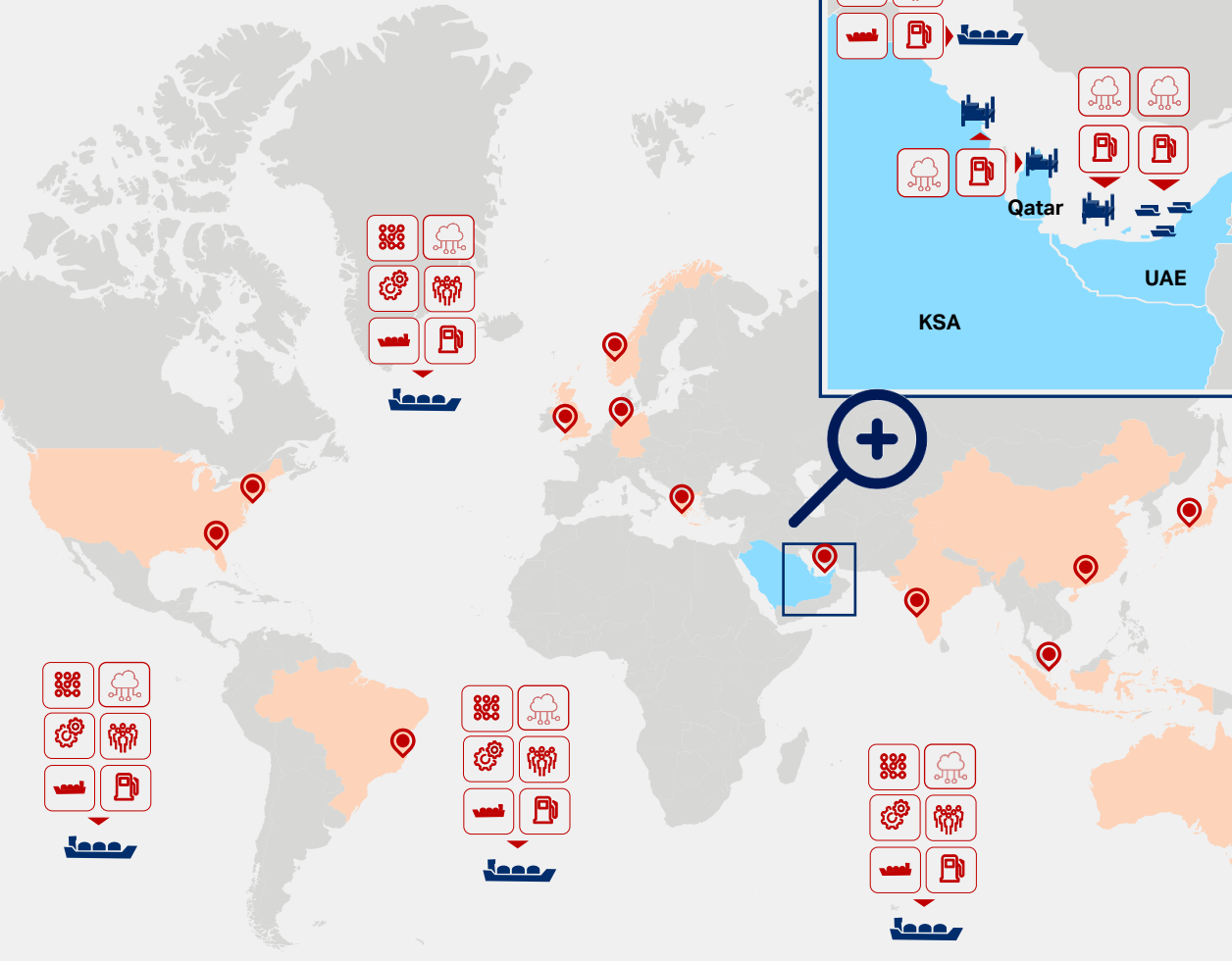
Platform will globalize presence across major continents, providing global **24/7 execution capabilities**

- Next major leg in L&S' transformational growth plan
- Access to opportunity sets in new markets
- Extension of international customer base
- Delivers L&S' geographic expansion strategy
- Execution of targeted growth in attractive tanker segment




Extension of value-added services in adjacent verticals to existing business activities catering to current and new clients

- Commercial shipping pools benefit from economies of scale, risk reduction through diversified exposure, network gains and enhanced market access
- Bunkering activity enables savings on own assets in addition to profitable service offering
- Investments in carbon reduction technologies
- Globalization and enhancement of service of commercial and technical capabilities

ADNOC L&S GCC operations:



Existing ADNOC L&S asset base

-  **Shipping**
(Tankers, Dry Bulk, Gas)
-  **Integrated logistics**
(JUB, OSV and Onshore)
-  **Marine services**
OSR, Marine vessels

■ ADNOC L&S presence ■ Navig8 presence 📍 Navig8 offices

3 Transaction Rationale

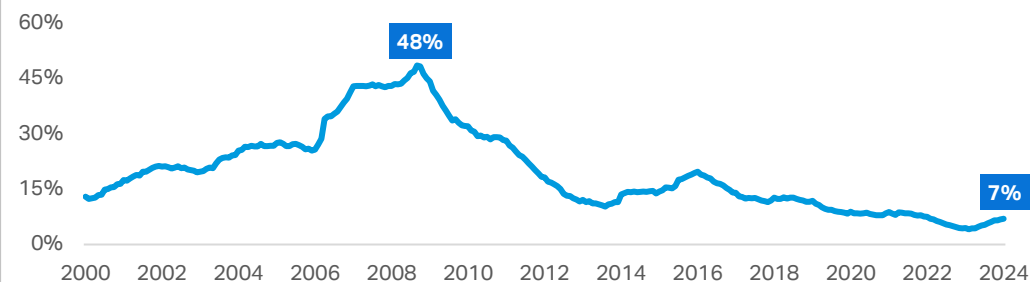
Immediately addresses pre-existing tankers fleet expansion strategy targeting value in undersupplied market

Supply

Significant underspend and ageing fleet ...

- **Reduced supply** expected to preserve supportive conditions in the tanker market
- The **lowest orderbook** to fleet ratio in recent history (7% vs. avg. 20% since 2000)
- **Reduced shipbuilding capacity** driven by reduced returns and lack of qualified builders
- An **ageing global fleet** with values reduced by costs attaching to increasingly stringent environmental regulations

Tanker orderbook as % of fleet: lowest in recent history

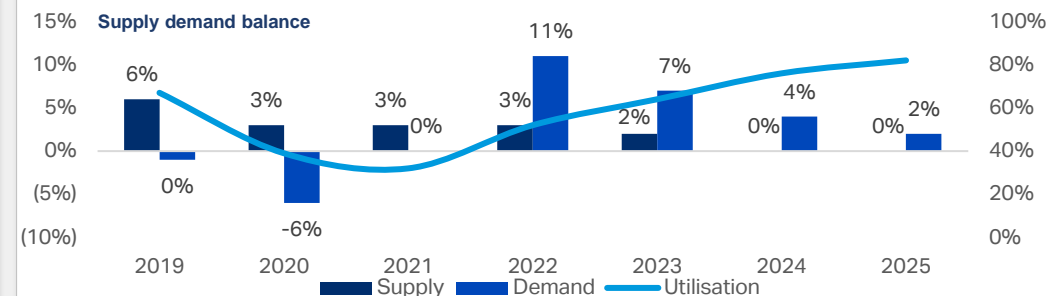


Demand

Increased utilization and ton-miles ...

- Sustained levels of demand and increased global ton-miles driven by:
 - Refinery **expansion** in the east
 - **Higher voyage distances** driven by changes in trade routes
 - Increased upside opportunity due to **macroeconomic environment**

Ton-miles are set to remain elevated = increased utilization

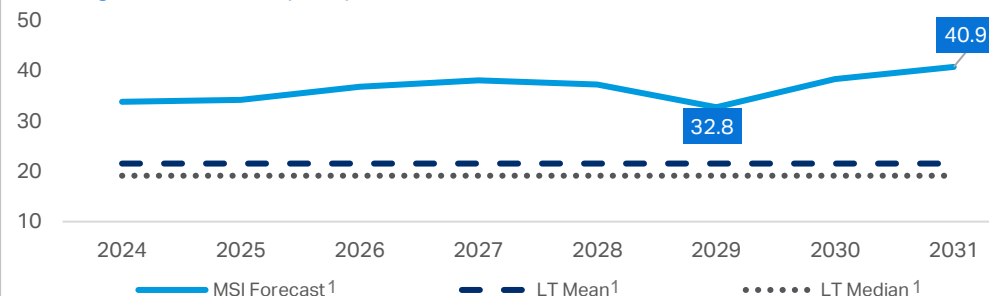


Earnings

Outlook remains strong

- **Market TCE rates** expected to increase over medium term across tanker segments
- **Macroeconomic environment supportive of yields** over the medium-term

MR avg annual TCE rate (\$'000)



3 Transaction Rationale

The Transaction delivers strongly on ADNOC L&S' IPO-announced transformational growth strategy

ADNOC L&S growth strategy

**1 GROW WITH ADNOC:
SERVICE NEW GROWTH AND
EXPAND SERVICE OFFERING**

**2 EXPAND SERVICE OFFERING TO
CAPTURE ADDITIONAL BUSINESS
WITH EXISTING CLIENTS**

**3 EXTEND INTERNATIONAL
ACTIVITIES AND BLUE CHIP
CLIENT BASE**

**4 ENTER INTO NEW RELEVANT
ADJACENT VERTICALS**



How the Transaction aligns with our strategy...

▪ Navig8's global presence across 5 continents will enhance L&S international activities, with blue-chip clients across the shipping, bunkering and commercial pooling segments **3**

▪ Builds-up commercial capabilities with access to a historically successful commercial pooling platform, enabling ADNOC L&S to provide additional services to its customers through an enhanced global reach and access to a greater fleet of vessels **1**
2
3
4

▪ Increases the existing L&S tanker fleet with a high-quality modern and eco-oriented¹ fleet² **1**
2

▪ Entry into commercial pooling, bunker fuel trading and technical management will deliver relevant and adjacent verticals to existing shipping business **1**
2
4

1. Fleet mostly equipped with scrubbers

2. Including 28x vessel (12x MRs, 5x LR1s, 9x LR2s, 1x VLCC and 1x Bunker Tanker) on water today and 4x new builds MRs to be delivered by end of 2024

3 Transaction Rationale

Beyond growth, cost rationalization opportunities are anticipated to drive further value improvement



Technical management:
Savings on technical management fees



Commercial pooling:
Internalization of pooling & commission fees



Fuel bunkering:
Savings on bunker fuel costs

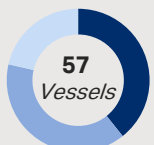

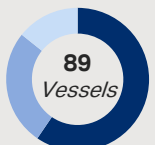
Transaction Pro-Forma Financials

Transaction will be strategically and financially transformative to ADNOC L&S

ADNOC Logistics & Services 

Navig8

ADNOC Logistics & Services  + Navig8

Revenue	\$2.8bn	+	\$1.9bn	=	\$4.7bn +68%
EBITDA '23A (% margin)	\$0.9bn (32%)	+	\$0.4bn (21%)	=	\$1.3bn +44% (28%)
Net Debt / EBITDA	(0.1x)	+	1.5x	=	1.4x
# vessels '23A	57x ¹	+	32x ²	=	89x +56%
Fleet mix (# of vessels)	 <ul style="list-style-type: none"> Tankers (22) Gas (23) Dry bulk (12) 	+	 <ul style="list-style-type: none"> Tankers (32) 	=	 <ul style="list-style-type: none"> Tankers (54) Gas (23) Dry bulk (12)

Integr8 is planned to be jointly controlled and therefore is presented as non-consolidated but with share of profits captured in EBITDA

Group Medium Term Outlook - Update

UPDATE ON CONSOLIDATED REVENUE

2024:

- Low 30% YoY growth

PF 2024: ↑

- Beyond 90% YoY growth

Medium term¹:

- High single digit YoY growth

Medium term²: ↑

- High teens YoY growth

UPDATE ON CONSOLIDATED EBITDA

2024:

- Low 30% YoY growth

PF 2024: ↑

- Beyond 70% YoY growth

Medium term¹:

- Mid teens YoY growth

Medium term²: ↑

- High teens YoY growth

UPDATE ON CONSOLIDATED NET INCOME

2024:

- Low 20% YoY growth

PF 2024: ↑

- Beyond 50% YoY growth

Medium term¹:

- Low teens YoY growth

Medium term²: ↑

- Mid teens YoY growth

CAPEX

- **2024:** \$1.0 - \$1.1 billion
- **Medium term:** Organic growth capex guidance of \$5bn+
- **Capital allocation policy:** Targeting low double digit IRRs³ on investments
- **M&A:** Seeking value-accretive M&A to expand and enhance service offerings geographically and into adjacent business verticals

CAPITAL STRUCTURE

- **Medium Term:** Target **2.0-2.5x** Net Debt to EBITDA

Others

- **Dividends:** Targeted annual dividend per share growth of at least 5% over the medium term
- **Effective tax rate 9%** [from 1 Jan 2024]

Closing Remarks



**GROWTH
STRATEGY
EXECUTION**



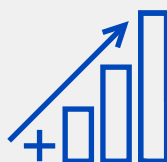
**GLOBAL
FOOTPRINT AND
SERVICES
EXPANSION**



**COMMITTED
TO ATTRACTIVE
SHAREHOLDERS
RETURNS**



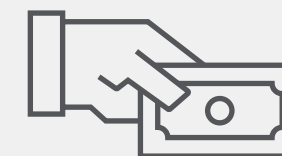
**DRIVING
EARNINGS
ENHANCEMENT**



**DELIVERING
SUBSTANTIAL
EBITDA GROWTH**



**MEDIUM-TERM
IPO CAPEX
TARGETS
ON TRACK**



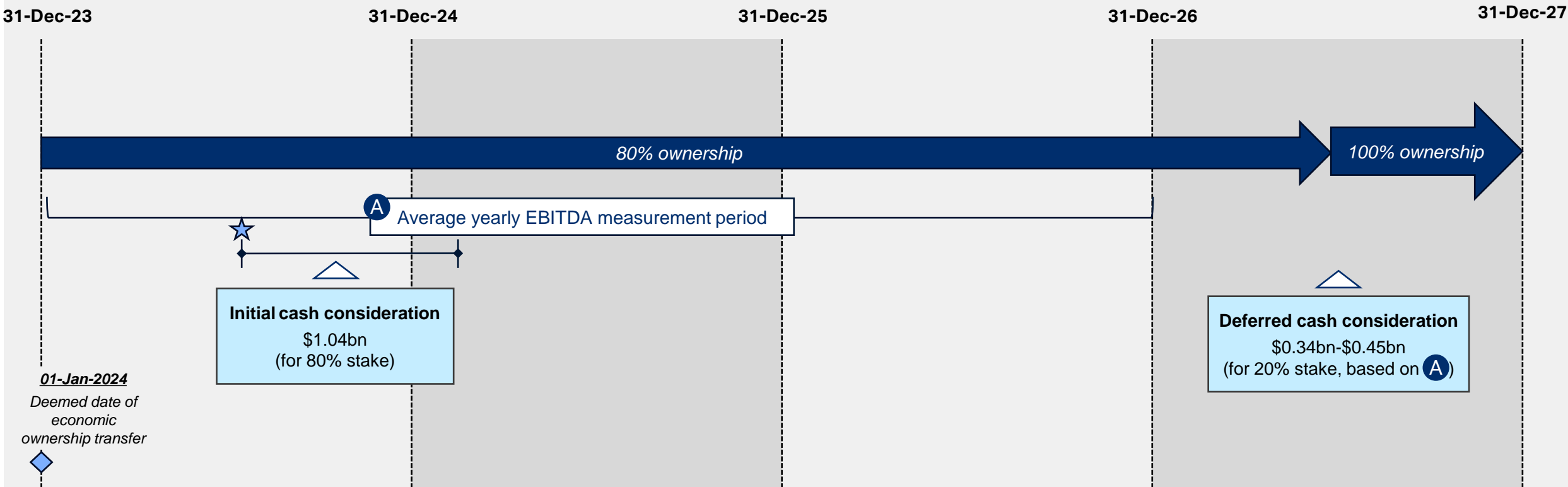
**TRANSACTION
ACCRETIVE TO
EARNINGS**

APPENDIX



1 Transaction Overview

Immediate acquisition of 80% with a 3-year path to full ownership



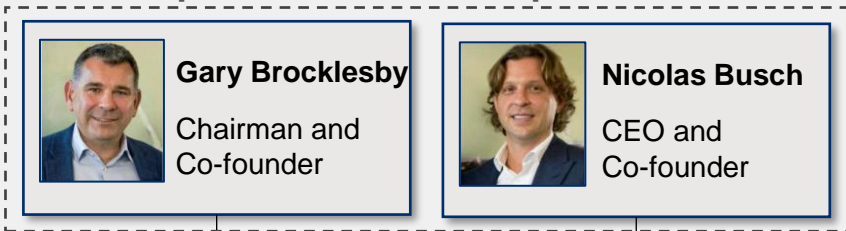
Commentary:

- Payment of initial consideration, for 80%, on completion and upon satisfaction of conditions precedent (subject to a long stop date of 31-Jan-2025)
- Payment of deferred consideration, for remaining 20%, due on the 30th of June 2027

★ Signing 3-June-24 ◆ Locked box date (31-Dec-23)

2 Target Overview

An exceptional global operator under successful entrepreneurial leadership



Joint-control upon specific governance rights on Integr8 provided to Gary Brocklesby and Nicholas Busch as part of the Transaction

Deal parameters



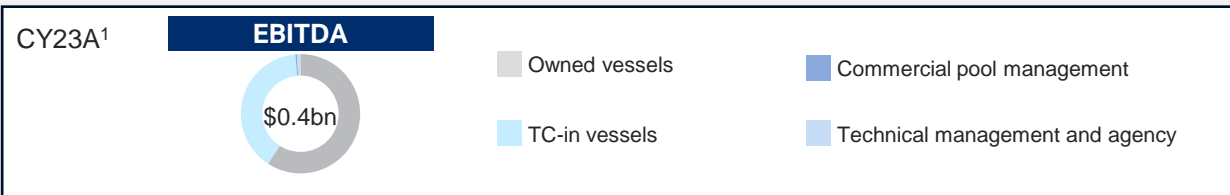
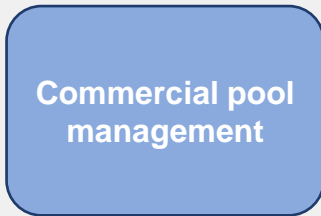
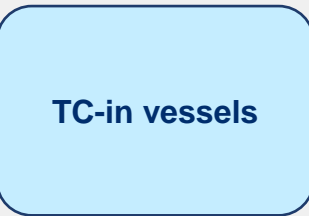
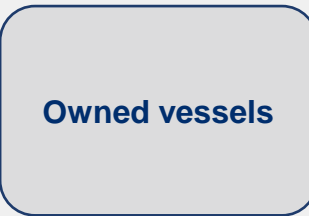
Consolidation of business components

100% share of profits to EBITDA (joint control)

Shipping operations

Shipping services

Integr8 Fuels



Net profit will contribute 100% to EBITDA at Navig8 and 80% at ADNOC L&S levels

2 Target Overview

A global network further enhancing ADNOC L&S international profile, blue chip customers and trading routes

Blue chip customer base



Superior market intelligence & digital solutions

- ◆ Online and app-based reporting system for **live access to pool/vessel earnings and passage data**
- ◆ **In-house research department** focusing on macro trends to enable data-driven decision making
- ◆ **Access to high tech focused platforms**



Marine fuels intelligence platform



Marine data analytics to improve operational efficiency



Membrane technology enabling CO₂ / CO reliquification



Live reporting & monitoring for vessel CO₂ / NoX / methane emissions

15

Cities globally

5

Continents coverage

350+

Employees

A **shipping pool** brings together a number of similar vessels under different ownership to be operated under a single administration

 Navig8 office locations

Centralised decision making given **c.70% employees in 4 office locations: London, Singapore, Mumbai and Dubai**

2 Target Overview

Shipping operations comprising of a high-quality modern and eco-oriented fleet with an attractive TC-in portfolio

Owned vessels



- 12x MR currently owned with an average age of 5.1 years (total capacity of c. 590,000 DWT)
- 4x MR newbuilds expected by end of 2024 (total capacity of 200,000 DWT)



- 5x LR1 currently owned with an average age of 12.7 years (total capacity of c. 380,000 DWT)



- 9x LR2 currently owned with an average age of 3.9 years (total capacity of 990,000 DWT)



- 1x VLCC currently owned with an age of 7.3 years (capacity of 300,000 DWT)



- 1x bunker tanker currently owned with an age of 16.9 years (capacity of 7,500 DWT)

EBITDA CY 2023A
\$245m

TC-in vessels



- 7x MR currently chartered-in with an average of c.12 months to re-delivery



- 1x LR1 currently chartered-in with c.8 months to redelivery



- 3x LR2 currently owned with an average of c.5 months to re-delivery



- 1x Aframax currently chartered-in with c.1 month to re-delivery

EBITDA CY 2023A
\$163m

Note: KPIs and average age computed as of May 2024

2 Target Overview

Best in class shipping services model with asset light pools and commercial manager with strong technical capabilities

Commercial pool management



One of the largest independent pool and commercial management services providers globally



Reduces earnings volatility through access to larger client base



Commercial ship pooling of 58x vessels owned, TC-in and 3rd party vessels



6x shipping pools: Alpha 8 (LR2), V8 (Aframax), VL8 (VLCC), Gamma8 (Chemical MR), Eco MR (Product MR), LR8 (LR1/Panamax)



Revenue earned through fixed daily and commission fees

EBITDA CY 2023A
\$2m

Technical management and agency



Comprises mainly of ownership interests in Suntech Ship Management (50%) and TB Marine Shipmanagement (50%)



Engages in technical ship and crew management services

- Delivers a full range of services, covering crewing, maintenance, repairs, inspections and risk assessments



Also includes a number of smaller investments in shipping agencies which provide

- port agency, logistics management, liner agency services, amongst others

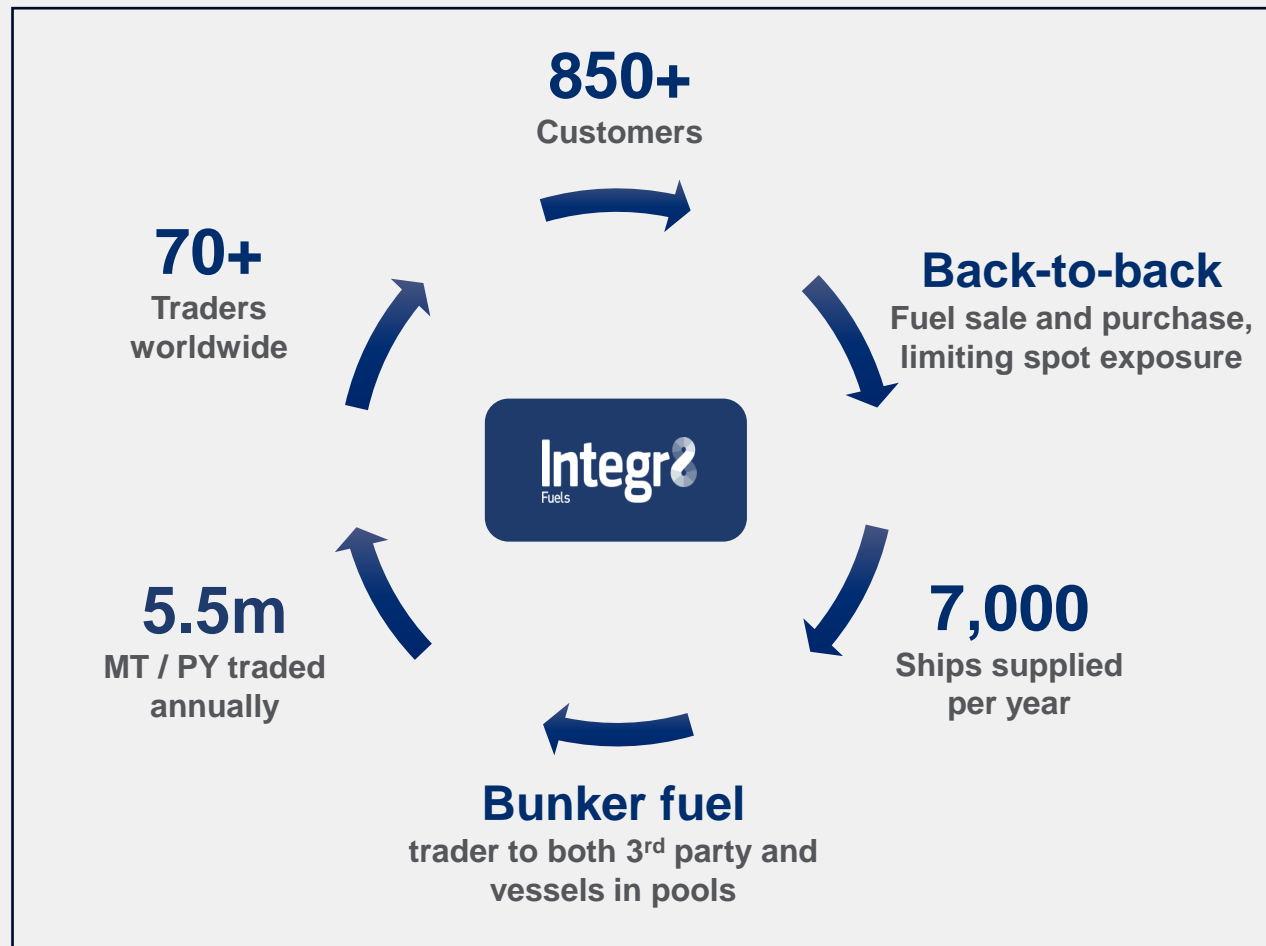
EBITDA CY 2023A
\$4m¹

Navig2

1. Consist mainly of ownership interests in Suntech and TB marine (equity accounting); captured below EBITDA

2 Target Overview

Integr8 Fuels, a comprehensive bunker procurement services



\$14m in CY 2023A EBITDA



Post- completion of the transaction, **Integr8 will be jointly controlled** by ADNOC L&S and the current founders



As the entity is jointly controlled, the business will not be consolidated and **100% of Integr8's net income will be included in EBITDA** at Navig8 and 80% at ADNOC L&S

2 Target Overview

Shipping Operations: Owned fleet and TC-in portfolio

Owned fleet

	Name	Type	Model	Age (years)	DWT ('000)	Builder
1	Leicester ¹	Tanker	VLCC	7.3	300	Shanghai Waigaoqiao
2	Navig8 Wolf	Product Carrier	LR2	1.4	110	DH Shipbuilding
3	Navig8 Providence	Product Carrier	LR2	1.2	110	New Times SB
4	Navig8 Pride LHJ	Product Carrier	LR2	1.4	110	New Times SB
5	Navig8 Prestige JKB	Product Carrier	LR2	5.4	110	New Times SB
6	Navig8 Passion	Product Carrier	LR2	5.1	110	New Times SB
7	Navig8 Promise	Product Carrier	LR2	4.9	110	New Times SB
8	Navig8 Prosperity	Product Carrier	LR2	4.9	110	New Times SB
9	Navig8 Perseverance	Product Carrier	LR2	5.1	110	New Times SB
10	Navig8 Precision	Product Carrier	LR2	5.7	110	New Times SB
11	Navig8 MacAllister	Product Carrier	LR1	11.9	76	Dalian Shipbuilding
12	Navig8 Montiel	Product Carrier	LR1	12.3	76	Dalian Shipbuilding
13	Navig8 Martinez	Product Carrier	LR1	13.2	76	Dalian Shipbuilding
14	Navig8 Messi	Product Carrier	LR1	12.9	75	Dalian Shipbuilding
15	Navig8 Honor	Product Carrier	LR1	13.4	75	Sungdong SB
16	Navig8 Gauntlet	Chemical & Oil Carrier	MR	4.7	50	New Times SB
17	Navig8 Gladiator	Chemical & Oil Carrier	MR	4.7	50	New Times SB
18	Navig8 Gratitude	Chemical & Oil Carrier	MR	4.6	50	New Times SB
19	Navig8 Grace	Chemical & Oil Carrier	MR	5.0	50	New Times SB
20	Navig8 Gallantry	Chemical & Oil Carrier	MR	5.0	50	New Times SB
21	Navig8 Guard	Chemical & Oil Carrier	MR	4.9	50	New Times SB
22	Navig8 Goal	Chemical & Oil Carrier	MR	4.8	50	New Times SB
23	Navig8 Guide	Chemical & Oil Carrier	MR	4.9	50	New Times SB
24	Navig8 Universe	Chemical & Oil Carrier	MR	10.9	45	ShinaSB Yard
25	Navig8 Constellation	Chemical & Oil Carrier	MR	10.7	45	ShinaSB Yard
26	Aurelia 1	Bunker Tanker	Bunker	16.9	8	Dubai Drydocks
27	Navig8 Excel	Chemical & Oil Carrier	MR	0.3	50	New Times SB
28	Navig8 Exceed	Chemical & Oil Carrier	MR	0.2	50	New Times SB
29	Navig8 Experience (Newbuild)	Chemical & Oil Carrier	MR	n/a	50	New Times SB
30	Navig8 Executive (Newbuild)	Chemical & Oil Carrier	MR	n/a	50	New Times SB
31	Navig8 Express (Newbuild)	Chemical & Oil Carrier	MR	n/a	50	New Times SB
32	Navig8 Excellence (Newbuild)	Chemical & Oil Carrier	MR	n/a	50	New Times SB

Leased (time chartered-in) fleet

	Name	Type	Model	Age (years)	DWT ('000)	Builder
1	Polar Bright	Product Carrier	LR2	6.2	110	Daehan SB
2	Polar Ace	Product Carrier	LR2	5.9	110	Daehan SB
3	Great Epsilon	Chemical & Oil Carrier	MR	4.4	50	New Times SB
4	Great Kappa	Chemical & Oil Carrier	MR	4.1	50	New Times SB
5	Great Lamda	Chemical & Oil Carrier	MR	3.7	50	New Times SB
6	Great Thita	Chemical & Oil Carrier	MR	3.7	50	New Times SB
7	Ayoe	Product Carrier	MR	3.6	50	Onomichi Dockyard
8	Ghat	Tanker	Aframax	2.0	115	Daehan SB
9	Nave Cassiopeia	Product Carrier	LR1	11.7	74	Sungdong SB
10	Anwaar Benghazi	Product Carrier	LR2	3.2	115	Cosco Yangzhou
11	Yasa Hawk	Chemical & Oil Carrier	MR	7.3	50	New Times SB
12	Yasa Seagull	Chemical & Oil Carrier	MR	7.3	50	New Times SB
				5.3 years	870	

Consolidation Consideration for Navig8



Impact on ADNOC L&S consolidated financial statements

- Pre-completion - Navig8 remains unconsolidated although ADNOC L&S will be entitled to accumulating net profit from 01 Jan 2024 on completion.
- On completion - purchase price accounting (PPA) will be effected, bringing full consolidation.
- No impact on ADNOC L&S' 2024 consolidated statements, if completion after 31 Dec 2024.

	Items	Timing for ADNOC L&S Consolidated Statements
1	Line by line consolidation of Navig8 assets and liabilities in ADNOC L&S Consolidated financial statements	As at acquisition date; No Impact on 2024 financial statements if completion date after 31 Dec 2024
2	Purchase Price Allocation basis fair value of assets in ADNOC L&S Consolidated financial statements	As at acquisition date
3	Line by line consolidation of Navig8 revenue & costs in ADNOC L&S Consolidated financial statements	Acquisition date + Day 1; No Impact on 2024 financial statements if completion date after 31 Dec 2024
4	Profits made from 1 Jan 2024 to Acquisition Date	Goes into Fair value of net assets as at Acquisition Date

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THANK YOU



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