ADNOC

ADNOC Logistics & Services

FIRST QUARTER 2024
RESULTS PRESENTATION

08 May 2024

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أدنوك
ADNOC

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Agenda & Presenters

1. Safety
2. Q1 2024 Highlights
3. Growth Strategy
4. Financial & Operational Performance
5. Decarbonization & Sustainability
6. Guidance
7. Closing Remarks

Abdulkareem Al Masabi
Chief Executive Officer

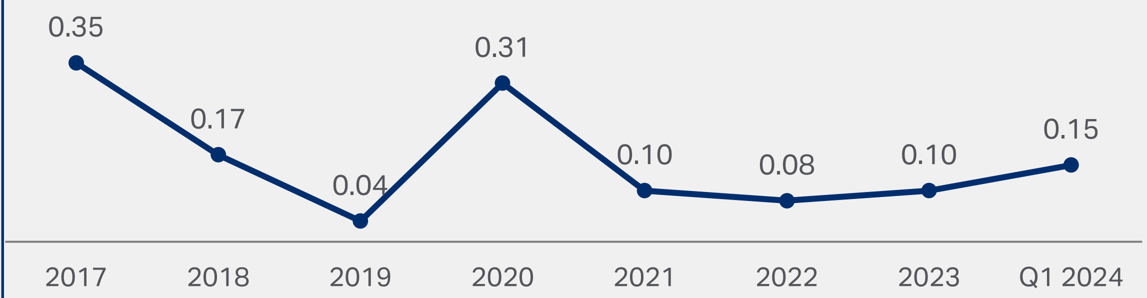
Nicholas Gleeson
Chief Financial Officer

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

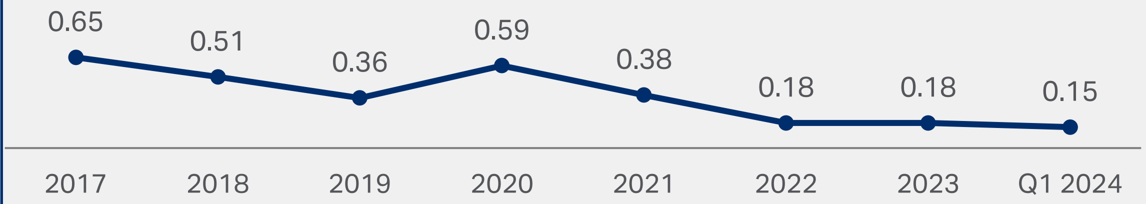
Continued strength in health & safety KPIs

OUTSTANDING HEALTH & SAFETY TRACK RECORD

Lost Time Incident Frequency (LTIF)



Total Recordable Incident Rate (TRIR)



SAFETY THROUGH ARTIFICIAL INTELLIGENCE

AI-based maritime predictive maintenance solution for:
- Planning optimization
- Operational efficiency
- Improving overall fleet performance and asset reliability

- AI-based maritime solution for health and safety.
- Over 80 vessels have been converted.

- For risk management and asset optimization, maintenance and cost optimization and increased equipment uptime.

Q1 2024 Results Highlights

HIGHLIGHTS

- Strong growth continues with 34% increase in Net Profit vs Q1 2023.
- Integrated Logistics growth driven by overall activity levels and higher utilization, rates and fleet growth in JUBs[1]; and EPC[2] execution.
- Growth in shipping driven by strong charter rates for Tankers and Dry-bulk and earnings from recent investments in 4 new VLCCs[3].
- EBITDA grew by 44% driven by continued Integrated Logistics expansion, strong Shipping performance and further value accretion from growth investments.
- 2024 outlook: We revised our guidance upwards: expect low 30%s (YoY) growth in revenue and EBITDA and low 20%s (YoY) in net income.
- The shareholders approved a cash dividend distribution of $130 million (6.45 fils per share) for H2 2023.

KEY FINANCIAL HIGHLIGHTS – Q1 2024

$840 mm
Revenue

$286 mm
EBITDA

$194 mm
Net profit

THREE KEY OPERATING SEGMENTS

	Integrated Logistics	Shipping	Marine Services
Revenue	$546 mm	$251 mm	$43 mm
EBITDA	$160 mm	$114 mm	$10 mm

  [1]Jack-up barge. [2]Engineering Procurement and Construction. [3]Very Large Crude Carriers.

Accelerating our Growth Strategy

Expansion of fleet in line with transformational growth strategy to meet rising global demand for energy

Delivery of six LNG[1] carriers (2025-2026)

- Six LNG carriers' due for delivery between Q1 25 and Q3 26.
- Five of these are already contracted to ADNOC Gas on long-term charters from seven years (one vessel) to fifteen years (four vessels).
- Strong revenue growth (c.30% YoY) expected over 2025-27 for Gas Carriers driven by these new additions.

Agreements with SFI Energy

- Charter agreements with SFI Energy secure access for at least seven years to the 4 state-of-the-art environmentally efficient 'methanol-ready' Medium Range (MR) Tankers.
- The vessels will be constructed at Chengxi Shipyard in China and are scheduled for delivery in 2026 and 2027.

[1] Liquified Natural Gas

Financial Summary

Strong Financials

(USD millions)	Q1 24	Q1 23	YoY %	Q4 23	QoQ %
Revenue	840	592	42%	828	1%
EBITDA	286	199	44%	242	18%
Margin	34%	34%	0%	29%	5%
Net Profit	194	145	34%	165	17%
EPS ($ /share)[1]	0.03	N/A	N/A	0.02	17%
EPS (AED /share)[1]	0.10	N/A	N/A	0.08	17%
OFCF[2]	322	226	42%	182	77%
Capital expenditures	125	43	189%	270	(54%)
Free Cash Flow	197	183	7%	(88)	323%
Net Debt	(54)	(259)	79%	74	(173%)
Net Debt to EBITDA	(0.19)x	(0.33)x	N/A	0.08x	N/A

Financial Highlights

Income Statements:

- Revenues increased 42% to $840 million.
- EBITDA surged 44%; margin remained firm at 34% in Q1 24.
- Net profit $194 million in Q1 24, a 34% increase over Q1 23.

Balance Sheet:

- Net Debt remains negative leaving significant free debt financing capacity to finance planned transformational growth.

Cash Flow:

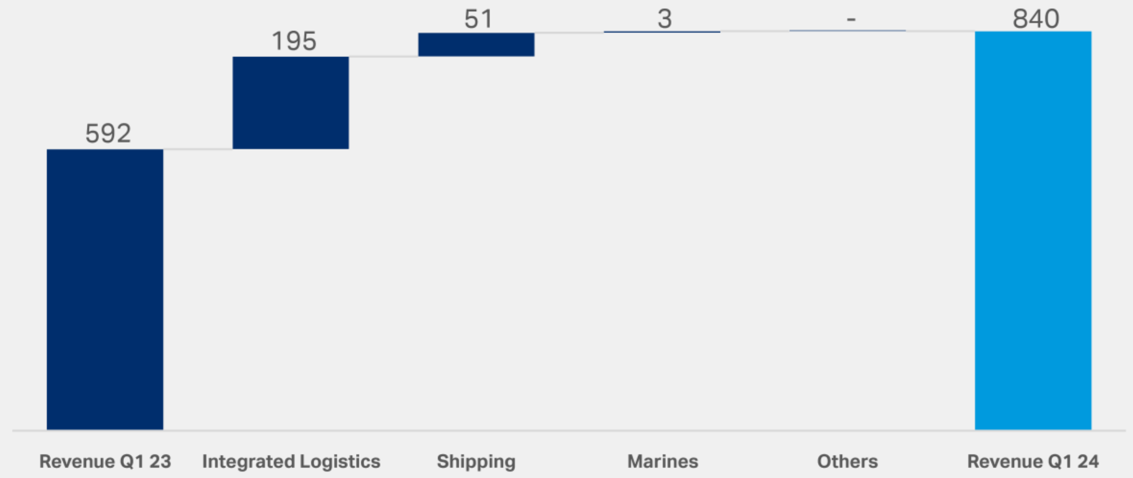
- Strong free cash flow comfortably funded growth in Q1 24.
- The implementation of income tax in Q1 2024 results in a 9% effective tax rate.

[1] Number of shares authorized, issued and fully paid as of 31 December 2023 equated to 7.4 billion ordinary shares of USD 0.54 each . [2]Operating Free Cash Flow

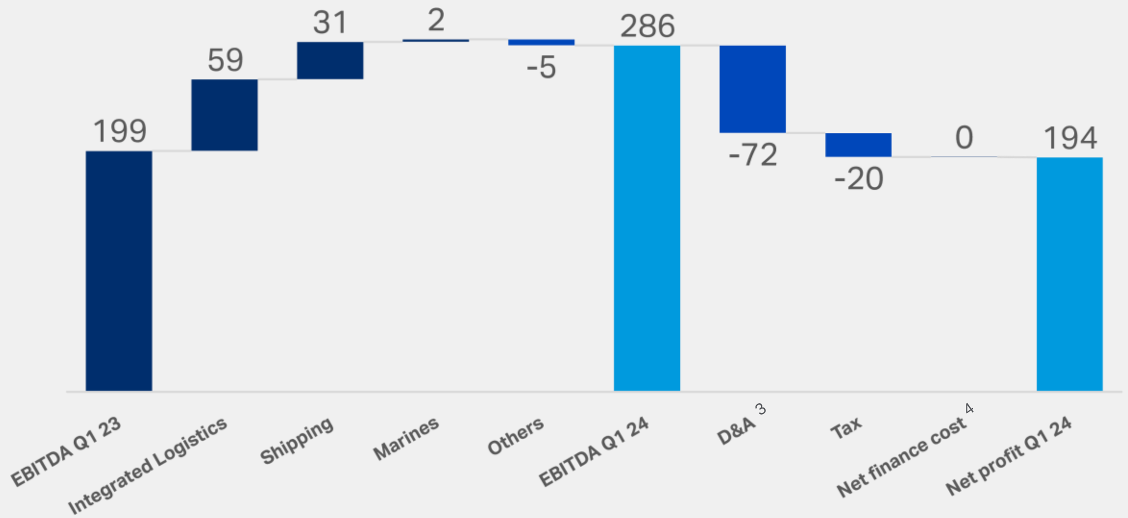
Financial Performance

Continued strong growth driven by value–accretive investment and continuing efficiency gains

REVENUE ($MM)



EBITDA & NET PROFIT ($MM)



- Continued top line gains in Q1 2024, across all business segments.
- Integrated Logistics' revenue growth driven by higher volumes and activity rates across business lines; increased utilization, average rates and fleet expansion on JUBs[1]; and EPC[2] execution.
- Strong charter rates for Tankers and Dry-Bulk and incremental earnings from 4 new VLCCs added in 2023.

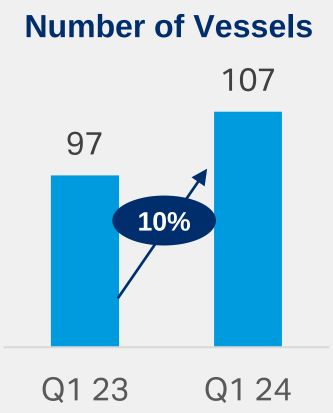
- Solid revenue growth and cost-efficiencies translated to EBITDA growth of 44% in Q1 24.
- Strong EBITDA margin maintained at 34% in Q1 24 driven by revenue growth and continuing delivery of cost efficiencies.
- Net profit growth continues despite impact of new UAE tax regime at 9% effective tax rate.

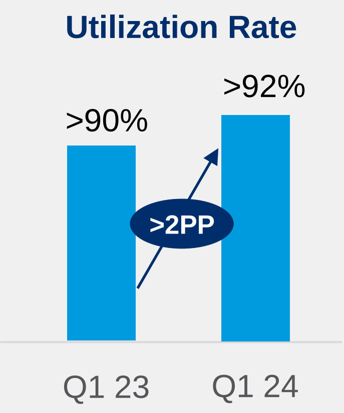
[1]Jack-Up Barges ; [2] Engineering Procurement and Construction; [3] Depreciation & Amortization; [4] Finance income & Finance costs

Operational Highlights: Integrated Logistics

Continue to deliver growth across key activities

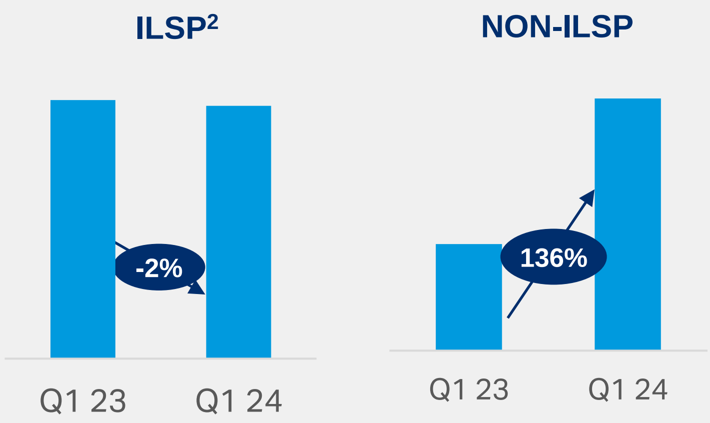
Integrated Logistics: Number of Vessels and Utilization Rate





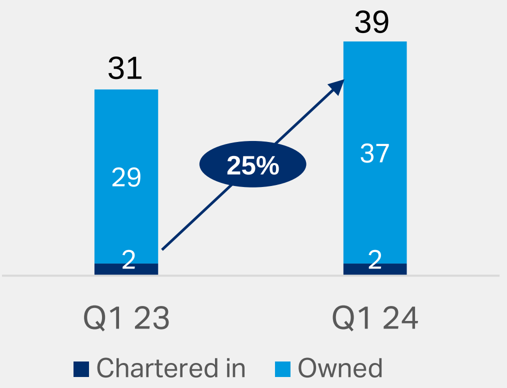
- Continued strong demand translated into increase in fleet size including ZMI[4] and Offshore.
- Continued strong utilization rate across the fleet.

Material Handling Volume (KMT[1])



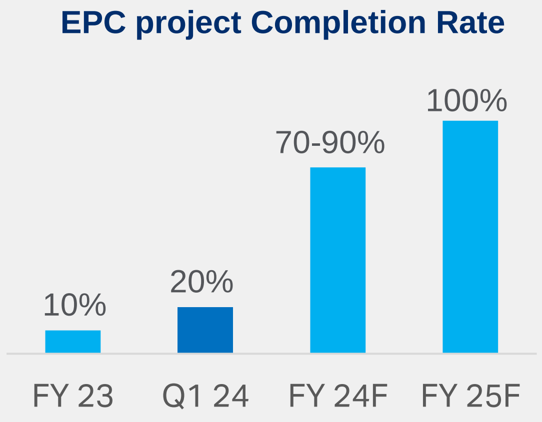
- Lower ILSP[2] volumes due to a typical adverse weather. Volumes increased across available days.
- Strong growth in Non-ILSP material handling volumes despite adverse weather, with increasing activity beyond ADNOC.

Number of Jack-Up Barges



- Fleet expansion, reinforcing status as owner/operator of the world's largest fleet of self-elevating, self-propelled JUBs[3] .
- Fleet 100% contracted benefiting from strong JUBs demand across GCC.

$975M EPC Contract



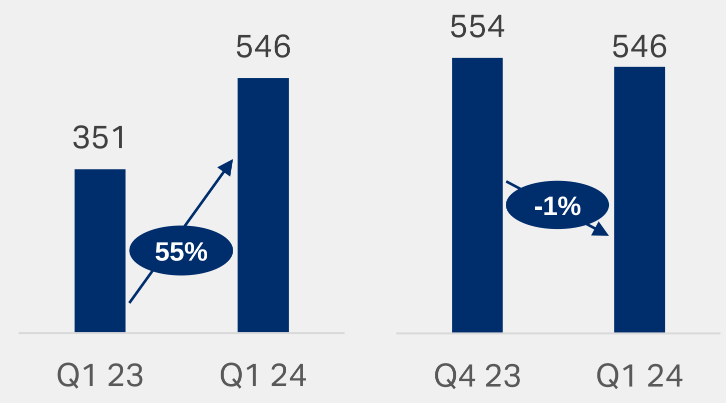
- $975-million artificial island construction contract with ADNOC Offshore (G-Island).
- Accelerated EPC project execution scheduled during Q2 and Q3 24.
- Target to complete G-Island 70-90% overall in 2024.

[1] Kilo-Metric Ton. [2] Integrated Logistics Services Platform. [3]Jack-Up Barges. [4]Zakher Marine International

Integrated Logistics - Financials

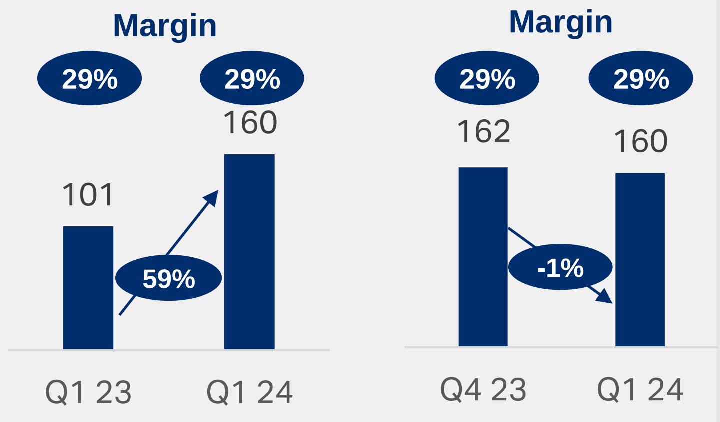
Strong revenue and profitability growth driven by expansion in overall activity levels

REVENUE ($MM)



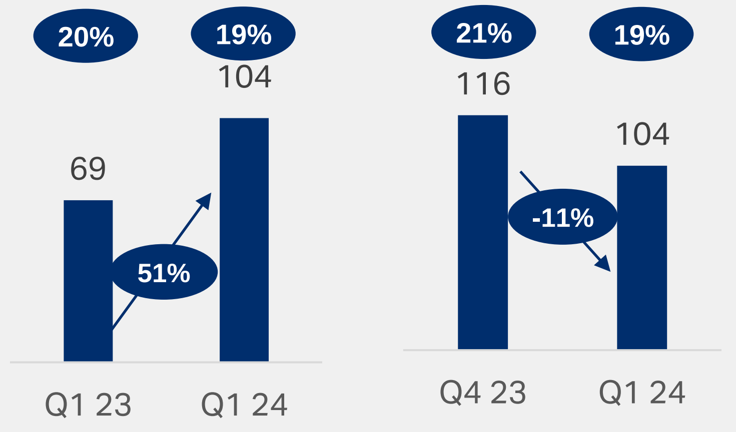
- Strong revenues growth driven by continued activity levels across the business; improved utilization and fleet increase in JUB's; and progress in EPC[1].
- Lower ILSP handling volume due to adverse weather conditions.

EBITDA ($MM)



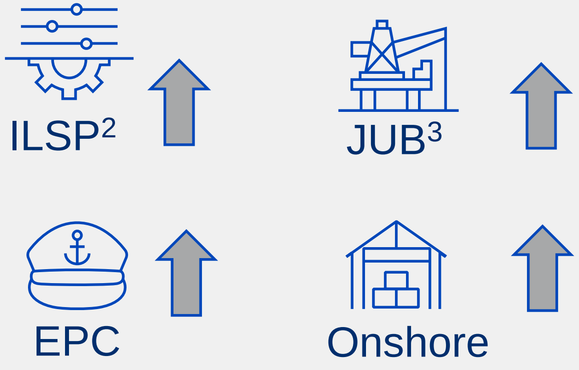
- Higher revenues translated into EBITDA growth mainly attributable to JUBs fleet expansion; and EPC contract progress.

NET PROFIT ($MM)



- Top line growth and sustained EBITDA margin strength translated into solid bottom line profitability.
- 11% net income retracement from Q4 23 mainly due to new UAE taxes (9%) and impact of weather days in Integrated Logistics.

OUTLOOK

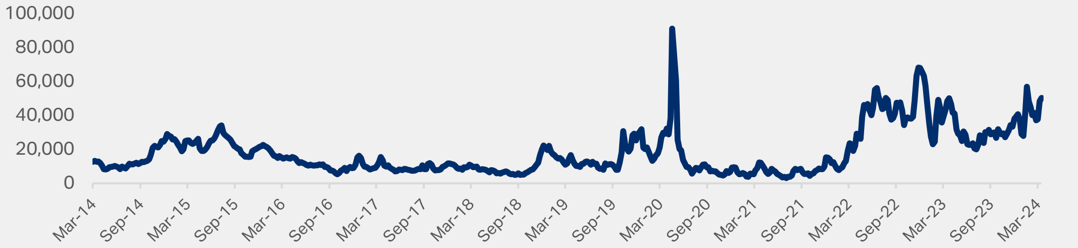


- Outlook is strong across all segments.
- Further growth in Q2 / Q3 underpinned by EPC and recent JUBs fleet expansion.
- Guidance revised upwards.

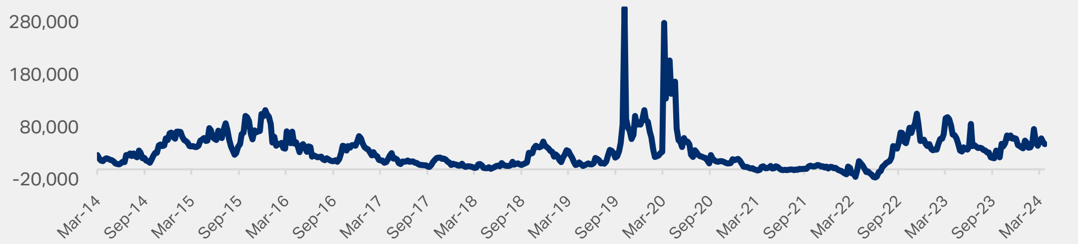
  [1]Engineering Procurement and Construction, [2] Integrated Logistics Services Platform. [3]Jack-Up Barges.

Shipping Business Unit: Benchmark TCE rates

TANKERS (PRODUCT)

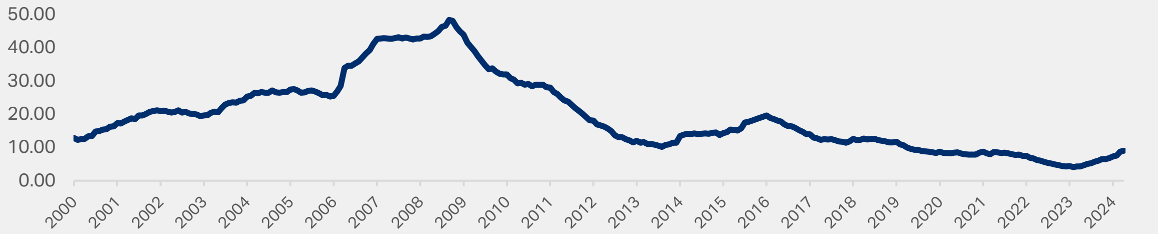


TANKERS (CRUDE)

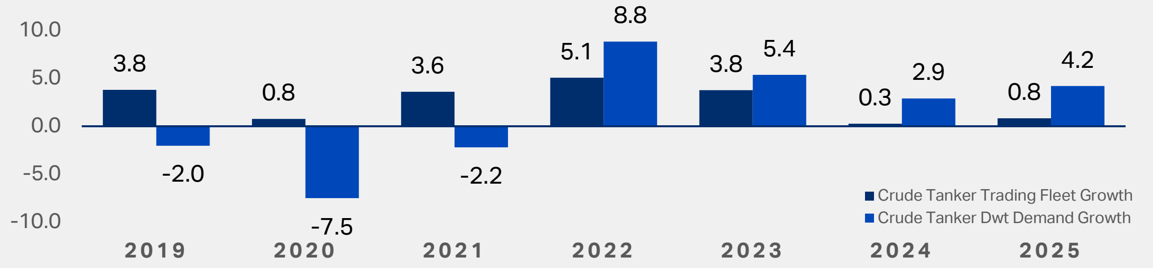


DRY-BULK

Tanker Orderbook as % fleet



Tanker Supply & Demand Balance (Crude) - %



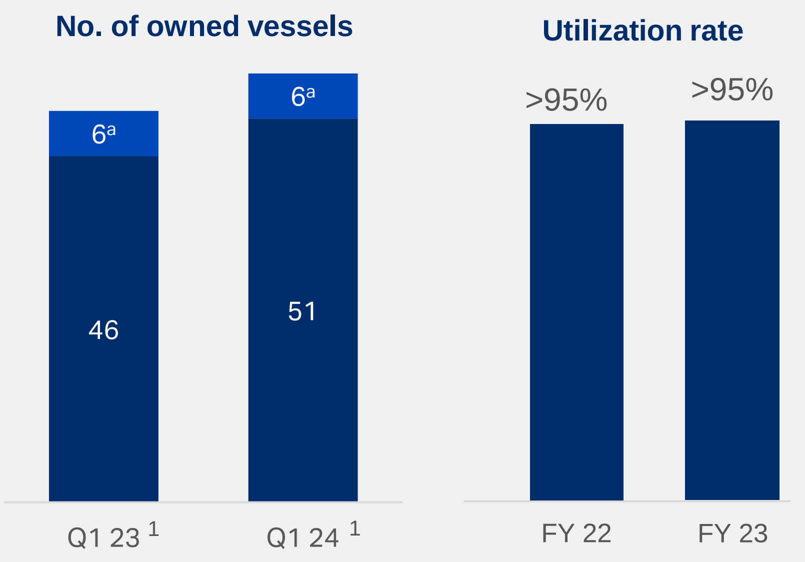
- Tanker market fundamentals expected to remain robust in 2024 and 2025 underpinned by steady increase in ton-mile demand and limited fleet growth, coupled with geopolitical events driving supply disruptions (e.g. Red Sea).
- Across energy shipping the undersupply of vessels to meet projected demand results in a healthy outlook for rates.

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

Operational Highlights: Shipping

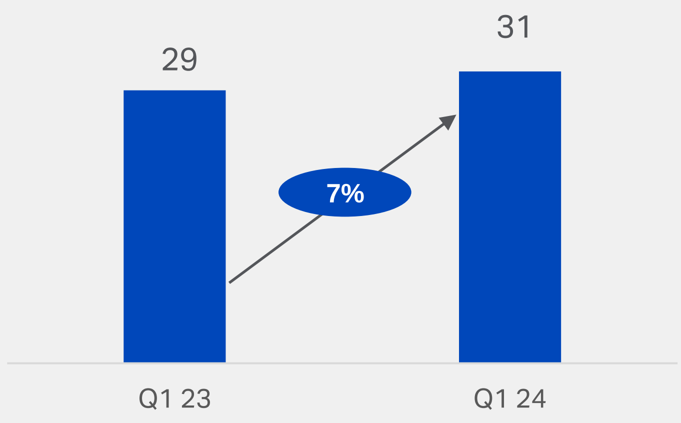
Continue to deliver strong growth in returns as demand outpaces supply

NUMBER OF SHIPPING VESSELS



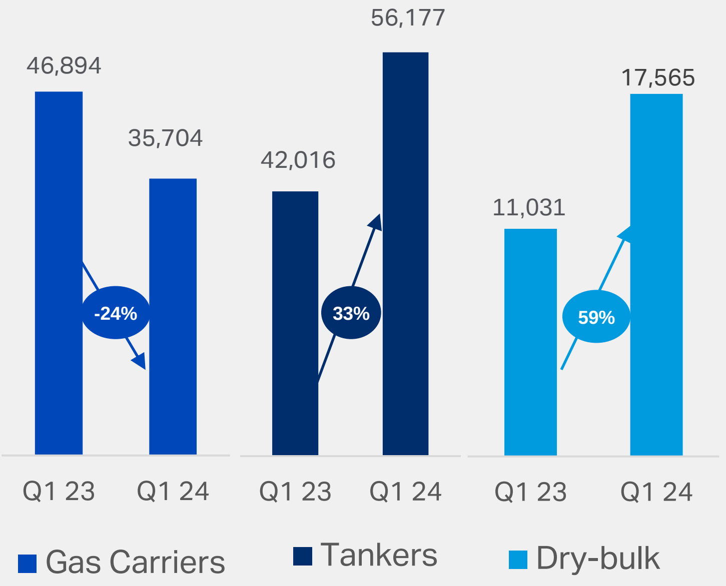
- Continued fleet expansion and strong utilization rates.
- Favorable supply/demand balance environment driving continuing strong performance.

NUMBER OF CHARTERED-IN VESSELS



- Chartered-in fleet growth continued mainly in Dry-Bulk shipping as ADNOC moved to 100% CFR[2] sales for Sulphur exports, increasing demand.

TIME CHARTER EQUIVALENT (USD)



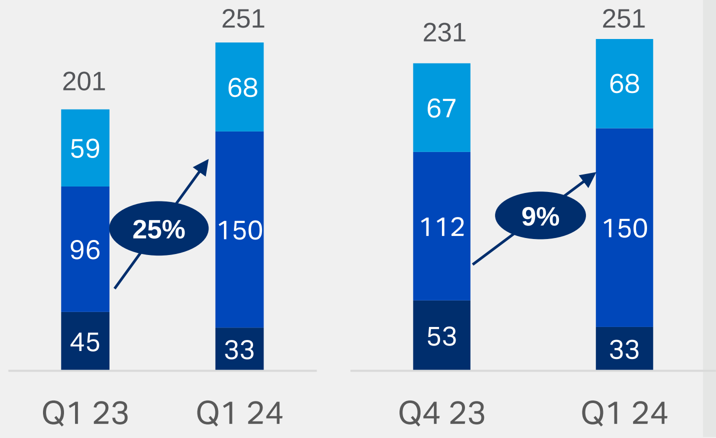
- TC equivalent earnings for Tankers and Dry-bulk & Containers increased significantly in Q1 2024 driven by increasing ton-mile demand.

  [1]Number of owned deep-sea vessels. Gas Carriers: Including VLGCs owned by AW Shipping Limited. [a] six LNG carriers which have been ordered for scheduled delivery between 2025 and 2026. [2]Cost & Freight

Shipping - Financials

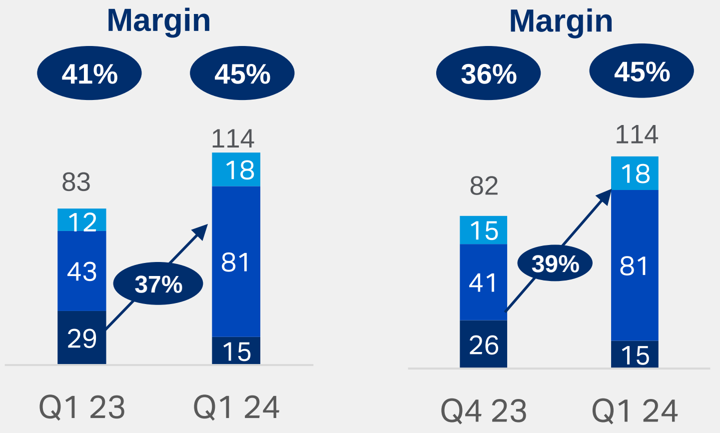
Significant revenue growth driven by strong charter rates in Tankers and Dry-bulk & Containers plus VLCC fleet expansion, translated into growth in EBITDA, EBITDA / net profit

REVENUE ($MM)



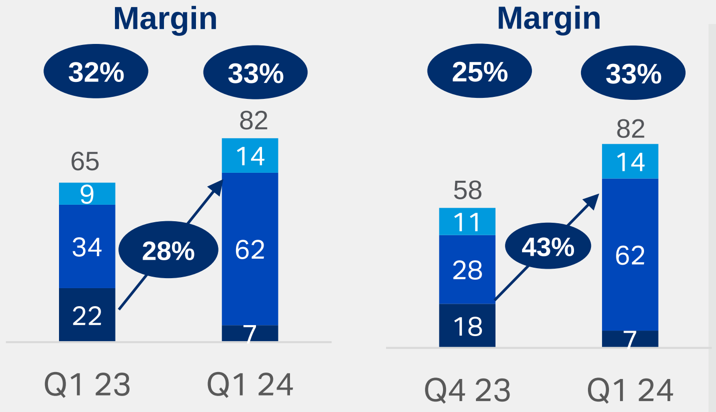
- Strong charter rates in Tankers and Dry-bulk & Containers plus expansion of VLCC fleet (marginally offset by lower contribution in Gas Carriers) led to strong growth in revenue.

EBITDA ($MM)



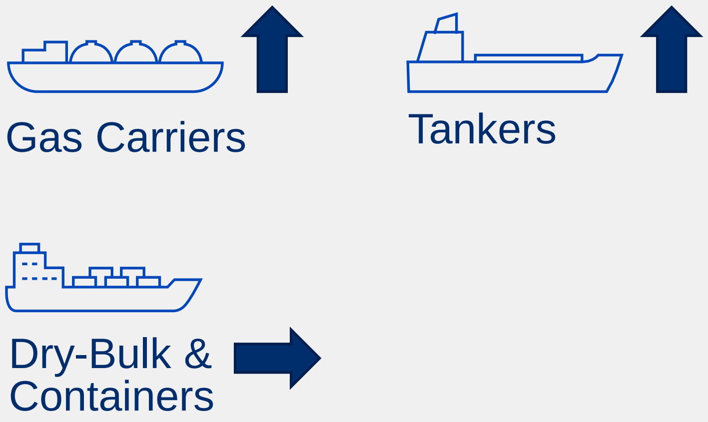
- EBITDA and margin benefited from a significant revenue expansion driven by higher charter rates for Tankers and Dry-bulk & Containers; plus a decrease in direct costs.

NET PROFIT ($MM)



- Higher revenue, EBITDA growth and margin expansion drove a rise in net profit in Q1 2024
- Lower earnings from Gas Carriers due to the charter-in of two additional vessels in Q1 23; one LNG vessel was on technical off hire in Q1 24.

OUTLOOK



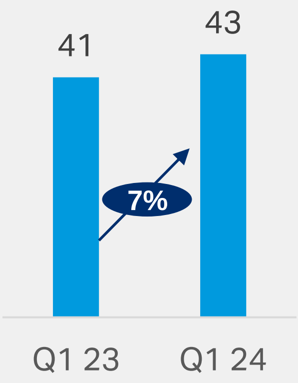
- **Gas Carriers:** Continued growth driven by newbuild deliveries from 2025.
- **Tankers:** Steady increase in ton-mile demand and tight vessels supply expected in 2024.
- **Dry-Bulk & Containers:** Anticipate steady rates in 2024.

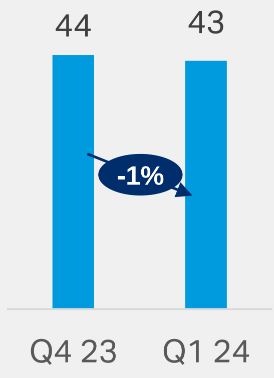
Gas Carriers | Tankers | Dry-Bulk & Containers

Marine Services

EBITDA and margin expansion in Q1 2024 driven by new Marine Terminal Operations contract in force from 1 January 2024

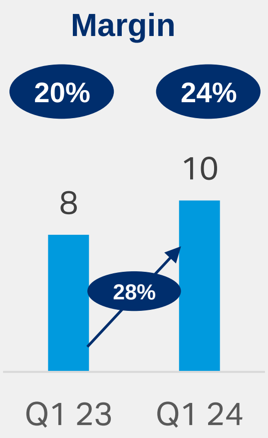
REVENUE ($MM)

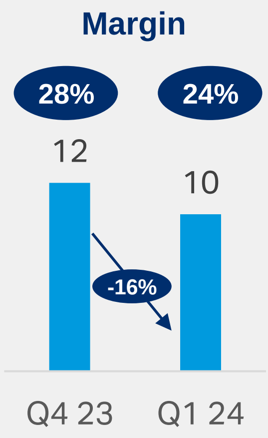




- Q1 2024 revenues benefited from higher activity levels in PPO[1].
- Execution of Marine Terminal Operations contract with ADNOC Offshore also supported revenues.

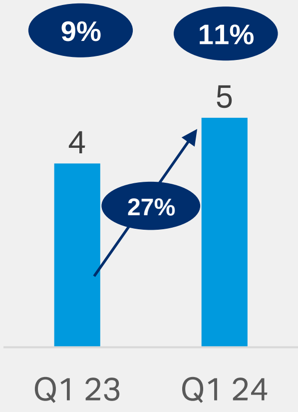
EBITDA ($MM)

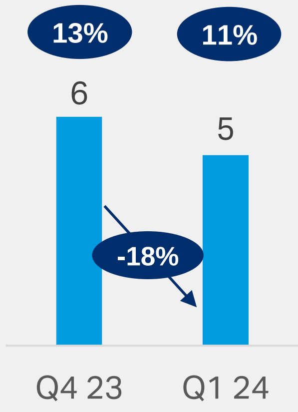




- Q1 24 EBITDA growth and margin expansion driven by revenue growth coupled with a strong focus on cost efficiency.

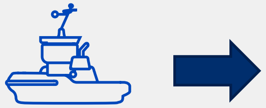
NET PROFIT ($MM)





- Q1 2024 net profit expansion driven by revenue and EBITDA growth.

OUTLOOK



Marine Terminal Operations

Oil Spill & HNS[2] Response

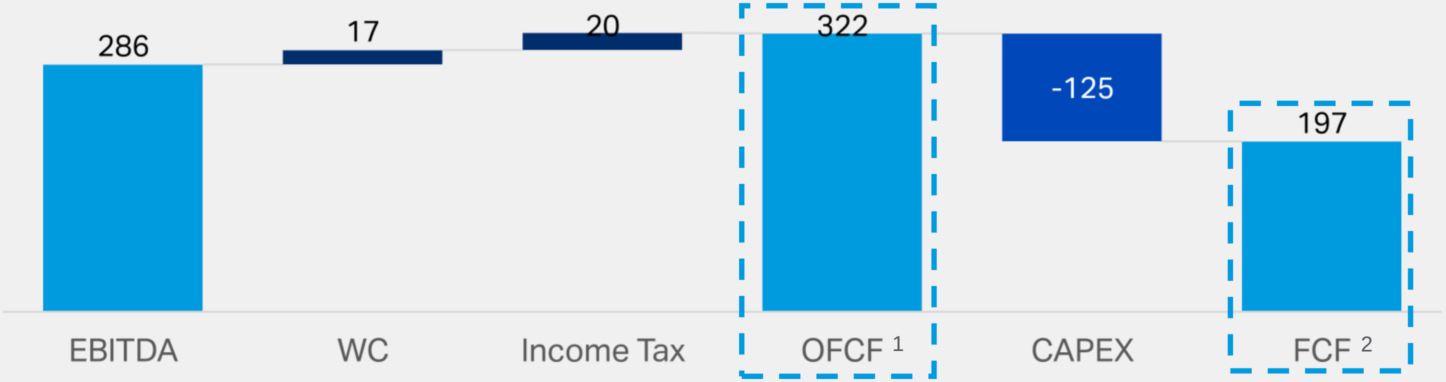
- Continued predictable performance against long-term contracts supplemented by new growth opportunities.

  [1]Petroleum Port Operations. [2] Hazardous Noxious Substance.

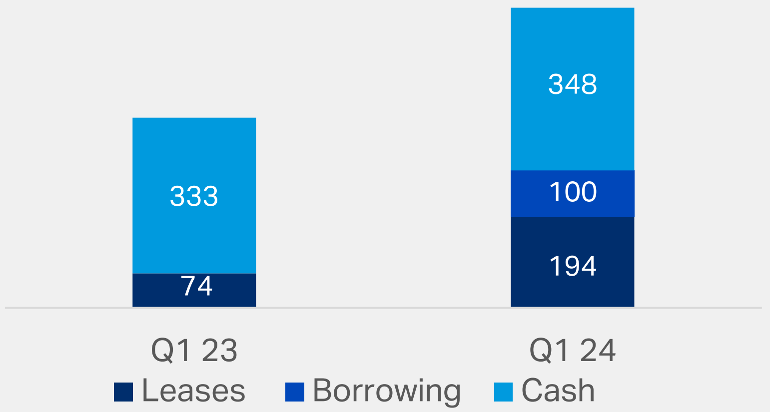
Cash Flow Profile

Continued strong free cash flow delivery bolstering finance capacity for future growth

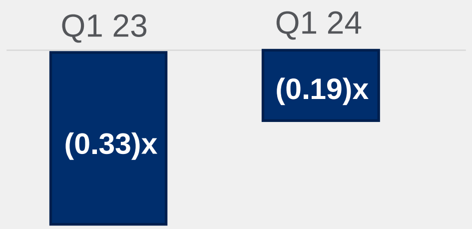
FREE CASH FLOW EVOLUTION ($MM)



NET DEBT ($MM)



NET DEBT / EBITDA



COMMENTARY

CASHFLOW

- Higher free cash flow driven by the strong growth in underlying business / profitability.
- Business continues to fund growth investment primarily through free cash flows after dividends, leaving significant free debt financing capacity to finance the remaining transformational growth program of over $5 billion over the coming 3-4 years.

NET DEBT

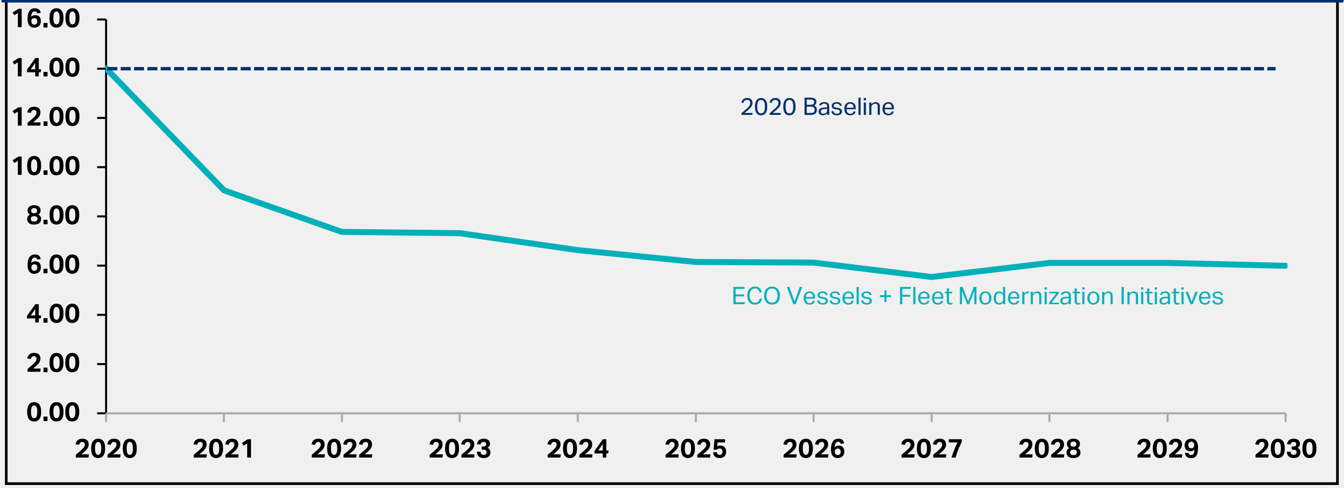
- Healthy financial position with negative net debt to EBITDA ratio.
- Capacity to finance value-accretive investments at highly efficient cost of debt.

[1] Operating Free Cash Flow. [2] Free Cash Flow

Sustainability Strategy

Sustainability core to the growth strategy of ADNOC L&S

ADNOC L&S Carbon Emission Curve



Case Studies

Khalifa University

LOW CARBON RESEARCH AND DEVELOPMENT

- Collaborate on R&D programs to advance low-carbon technologies and solutions.
- Clean energy, greenhouse gas emission reduction
- Low-carbon solutions for offshore vessels.

TELEOPERATED LCT[1]

- Teleoperated vessels, are ships that are controlled by operators from a remote location.
- High level of redundancy with DP2 compliant design
- 25% reduced fuel consumption for functionality (payload and speed)

HYBRID POWER SOLUTIONS

HYBRID POWER SOLUTION

- A pilot project for a hybrid power solution for one of the company's offshore PSVs[2].
- Optimized engine operation Reduced engine transients Redundant and efficient operations

  [1]Landing Craft Tank. [2]Platform Supply Vessels

Segmental Medium-term[1] Outlook

ADNOC

INTEGRATED LOGISTICS

Revenue ↑

2024 :
- **Mid-40%s YoY growth.**
- **Driven** by EPC & Projects especially G-Island $975m contract; JUB utilization & rates; ILSP volume growth; and non-ILSP expansion.

Medium term:
- **Mid to high-single digit YoY growth.**
- **Comments:** Basis continuing & known asset base & business activities

EBITDA ↑

2024 :
- **High-30%s YoY growth.**

Medium term:
- **Mid-single digit YoY growth beyond 2024.**
- **Comments:** No new EPC assumed; JUBs remain strong given contract profile & backlog; ILSP slow stable growth; non-ILSP slow stable growth

SHIPPING

Revenue ↑

2024:
- **Mid-to-high single digit YoY growth.**

- **Gas Carriers:**
  - 2024 performance ≈ 2023; c.30% YoY growth (2025-27) based on contracted rates.
- **Tankers:**
  - **2024:** Tankers remain firm but normalized from geopolitical driven peak rates.
- **Dry-Bulk and Containers:**
  - **2024:** In line with 2023 levels.

EBITDA ↑

2024 :
- **High teens to low 20%s YoY growth.**
- **Driven** by better-than-expected rates environment, YTD.

Medium term:
- **High teens to low 20%s YoY growth.**
- **Driven** by growth investments.

MARINE SERVICES

Revenue

2024 :
- **Low-single digit YoY growth.**

Medium term:
- **Low-to-mid single digit YoY growth.**
- **Driven** by stable nature of Marine Services contracted activity in PPO[2] and OSRC[3].

EBITDA ↑

2024 :
- **High-single digit YoY growth**

Medium term:
- **Flat to Low-single digit YoY growth.**
- **Driven** by stable nature of long-term Marine Services contracted activity in PPO[2] and OSRC[3].

  [1] 2024-28. [2] Petroleum Port Operations. [3] Oil Spill Response Services

Group Medium Term[1] Outlook

ADNOC

CONSOLIDATED REVENUE

2024:

- Low 30%s YoY growth.

Medium term:

- High single digit YoY growth

CONSOLIDATED EBITDA

2024:

- Low 30%s YoY growth.

Medium term:

- Mid teens YoY growth.

CONSOLIDATED NET INCOME

2024:

- Low 20%s YoY growth.

Medium term:

- Low teens YoY growth.

CAPEX

- **2024:** $1.0 - $1.1 billion.
- **Medium term:** Organic growth capex beyond the IPO-announced ~$4-5bn.
- **Capital allocation policy:**
  - Targeting low double digit IRRs[2] 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]

  [1]2024-28. [2]Internal Rate of Return.

Closing Remarks

STRONG CONTINUED EARNINGS GROWTH

STRONG EBITDA MARGIN

GROWTH STRATEGY EXECUTION

COMMITTED TO ATTRACTIVE SHAREHOLDERS RETURNS

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THANK YOU

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