



ADNOC Gas



# ADNOC GAS Q4 AND FY 2023 RESULTS

12 FEBRUARY 2024

ADNOC GAS

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Financial results as presented are unaudited figures.

# SPEAKERS



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**Dr. Ahmed Alebri**  
Chief Executive Officer



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**Peter van Driel**  
Chief Financial Officer

# 2023 KEY HIGHLIGHTS

## Operational

**3,540 TBTU**  
Sales Volumes

**99.1%**  
Reliability

- **3% sales volume growth** – ahead of guidance
- **Strong operational performance**
- **\$9 – 12 Billion in new LNG agreements**

## Financial

**\$4.72 billion**  
Net Income

**\$4.46 billion**  
Free Cash Flow

- **Stable EBITDA margin at 33.5%**
- **Resilient free cash flow generation**
- **Final dividend FY23 of \$1,625 million to be paid Q2 24**

## Growth

**\$4.9 billion**  
EPC contract awards

**3 Bscfd / 6 MTPA**  
Growth by 2028

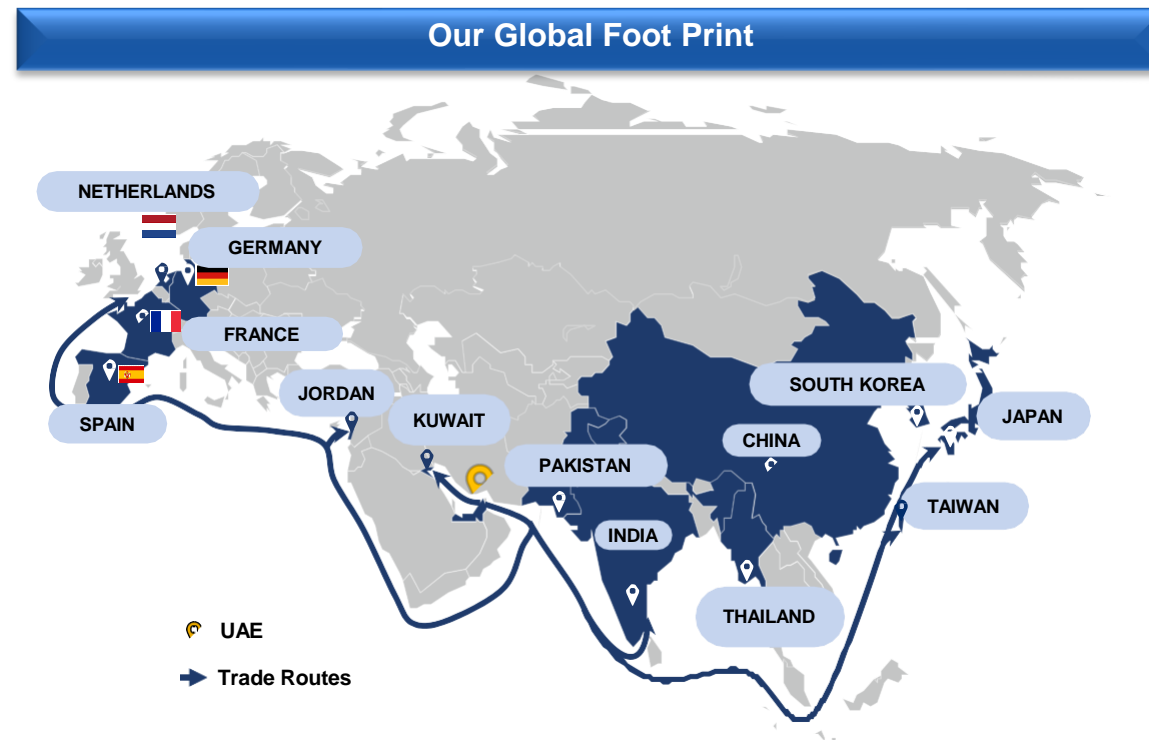
- Significant **progress on growth projects**
- **20% production capacity increase** in next five years



\*MMBTU: Metric Million British Thermal Unit

# ROBUST DEMAND DRIVERS

- ✓ Global **demand for natural gas** is expected to see a ~15% increase over the next 10 years
- ✓ **Located in a strategically situated corridor** with easy access to the largest and growing gas markets
- ✓ Increasing demand for product **from low emissions intensity producers**; Abu Dhabi is the 4<sup>th</sup> lowest emitting producer, globally
- ✓ **Benefitting from bold UAE Government** investment intentions, leadership ambition and growth outlook



## Average Forecast GDP Growth per annum (2024 – 2028)<sup>1</sup>

UAE  
4.3%

World  
3.1%

Emerging/Developing  
4.0%

Advanced Economies  
1.7%

Source: 1. IMF World Economic Outlook, October 2023

# GROWTH STRATEGY

\$13.4B GROWTH PROJECTS WITH 20% CAPACITY INCREASE POTENTIAL IN THE NEXT 5 YEARS



## 1 Upstream Supply Growth

## 2 Processing Capacity Upgrade

## 3 Expanding & enhancing our product mix

PROJECT	EXPECTED COMPLETION
ESTIDAMA	Q3 2025
IGD-E2	Q3 2024
MERAM	Q4 2025
Habshan CO2 Recovery & Injection	Q1 2026
Bab Gas Cap	2027 onwards
P 5.0	2027 onwards
LNG 2.0	2028
Ruwais LNG Project	2028

Ruwais LNG to be developed by ADNOC outside ADNOC Gas perimeter. ADNOC intends to contribute LNG to the perimeter at or close to commissioning. Value to be determined at time of contribution.

**F** P 5.0: Enhancement in different locations

# ENVIRONMENTAL, SOCIAL & GOVERNANCE

ADG FULLY COMMITTED TO THE DECARBONIZATION AND THE UAE'S SUSTAINABILITY GOALS



Environmental



Social



Governance

## 2023 Achievements



0

Fatalities / Catastrophic Events



0.06

Total Recordable Injury Rate



67.8%

In-Country-Value



1.2

ABATED 1.2 MT CO<sub>2</sub>eq

2023 Key Project

### Carbon capture units at the Habshan gas processing plant

- Largest MENA carbon capture project awarded
- 1.5mtpa carbon emission reduction capacity (c. 8% reduction net to ADNOC Gas)

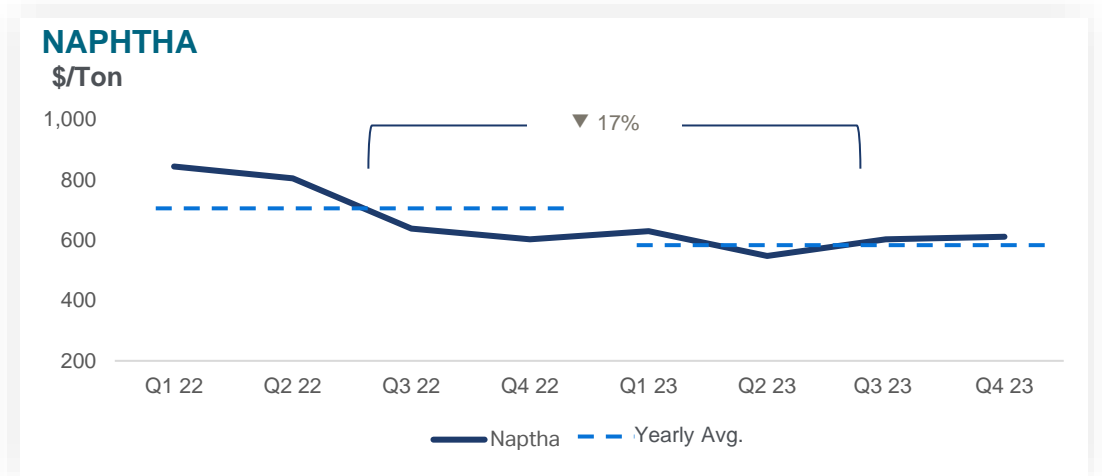
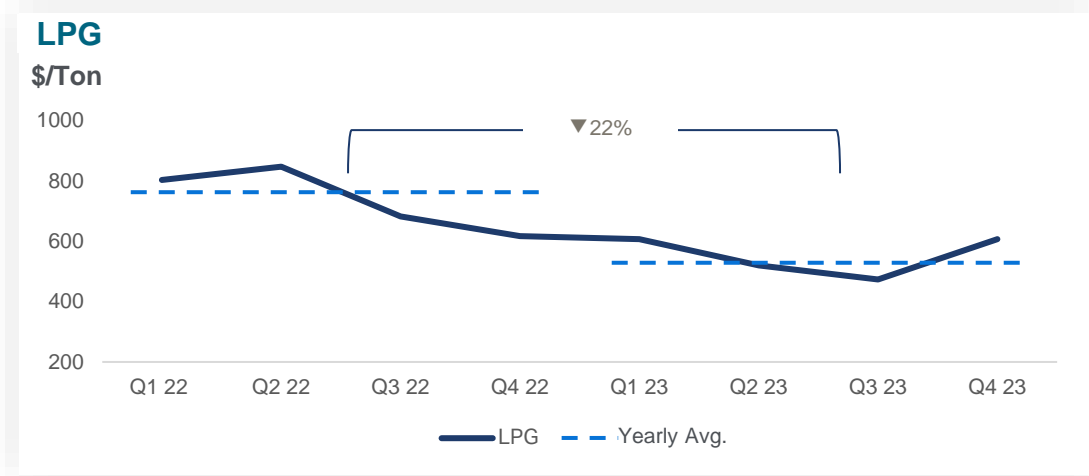
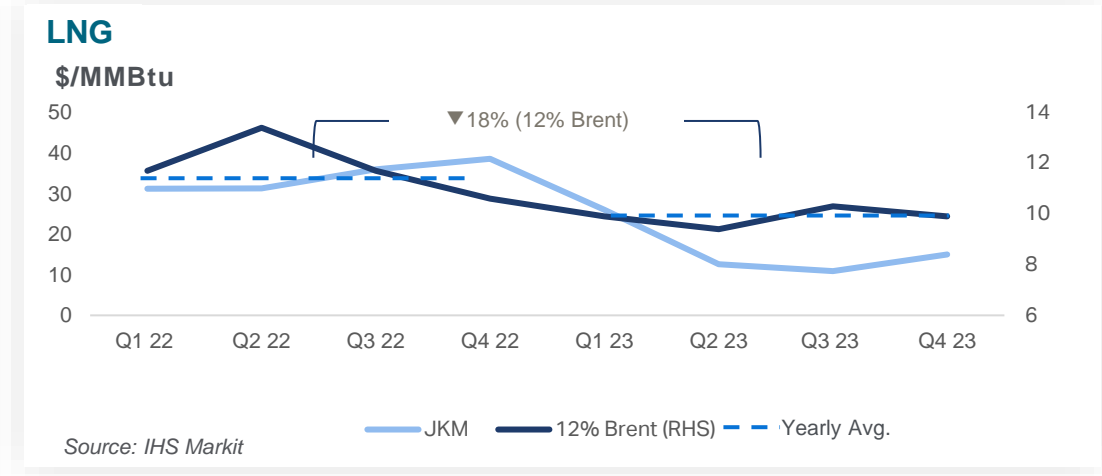
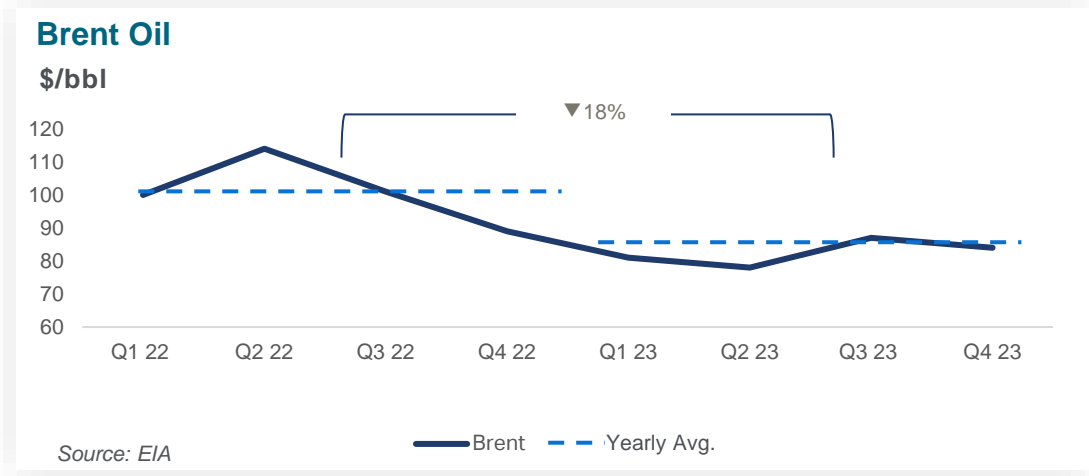
# FINANCIAL PERFORMANCE





# PRICING ENVIRONMENT 2022-2023

KEY MARKER PRICES MOMENTUM STARTING TO TAKE A POSITIVE TURN

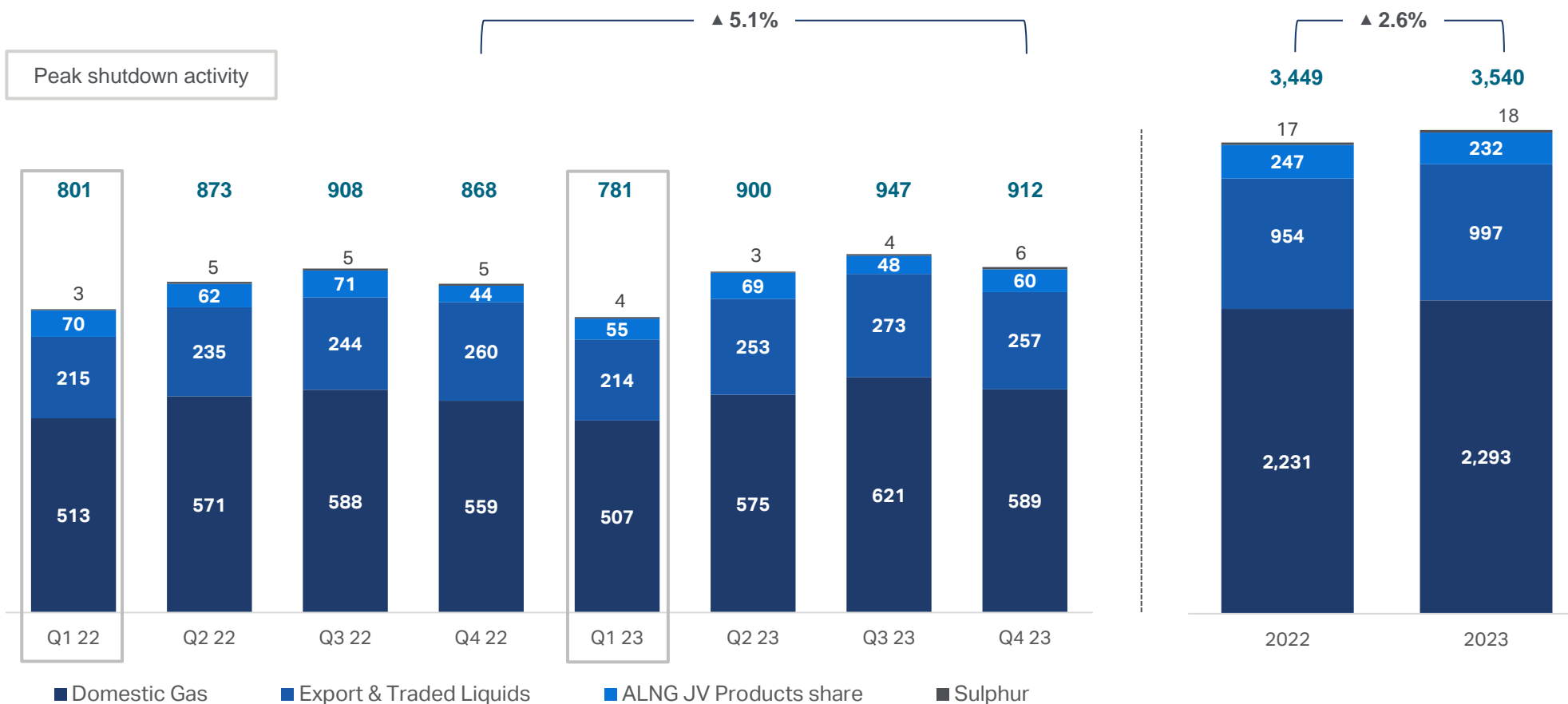


# SALES QUANTITY EVOLUTION

2.6% SALES VOLUME GROWTH YOY SUPPORTED BY A VERY STRONG PERFORMANCE IN Q4



Sales Quantity (TBTU)

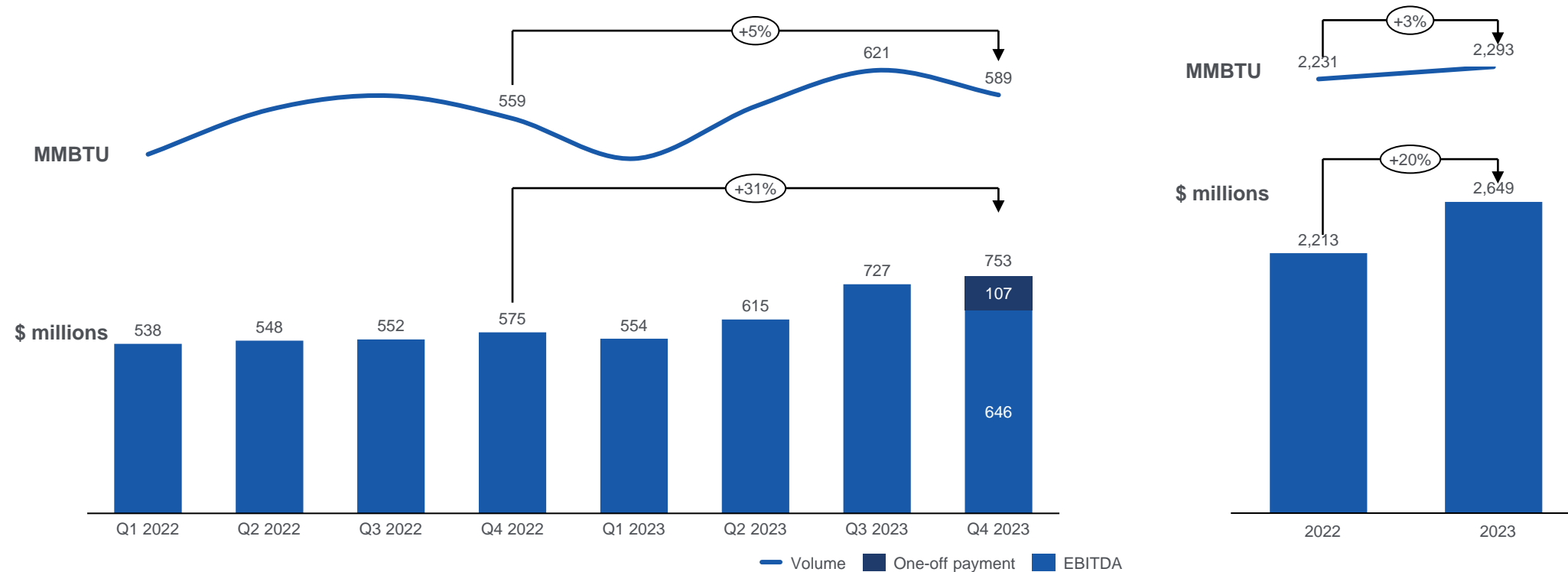


# DOMESTIC GAS EBITDA

GROWTH ON THE BACK OF STRONG VOLUMES

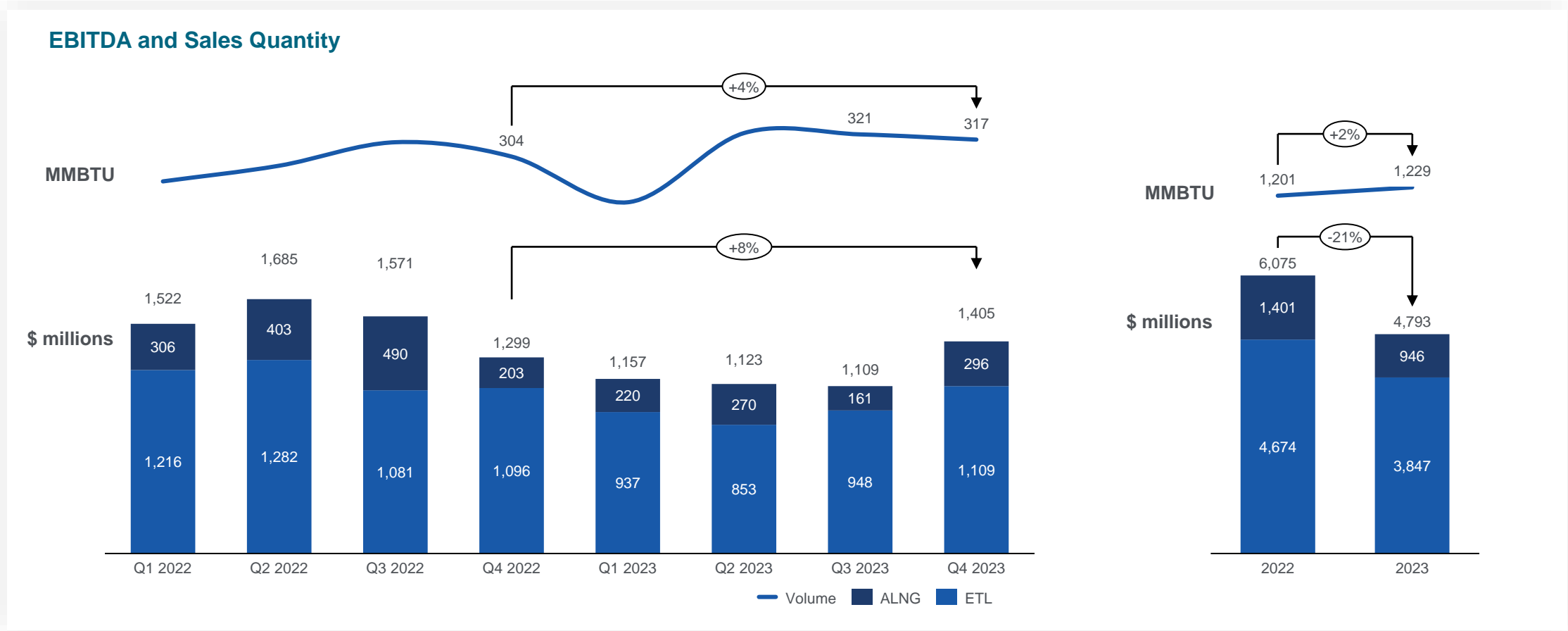


## EBITDA and Sales Quantity



# EXPORT TRADED LIQUIDS & LNG EBITDA

EXPORT PRODUCTS MOSTLY MOVE IN LINE WITH BRENT



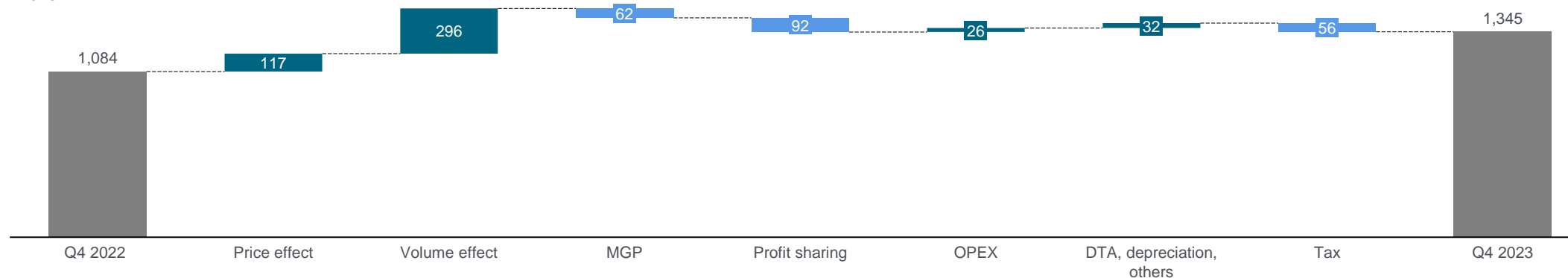
# ROBUST NET INCOME PERFORMANCE

NEGATIVE PRICE IMPACT PARTLY OFFSET BY INCREASED VOLUMES



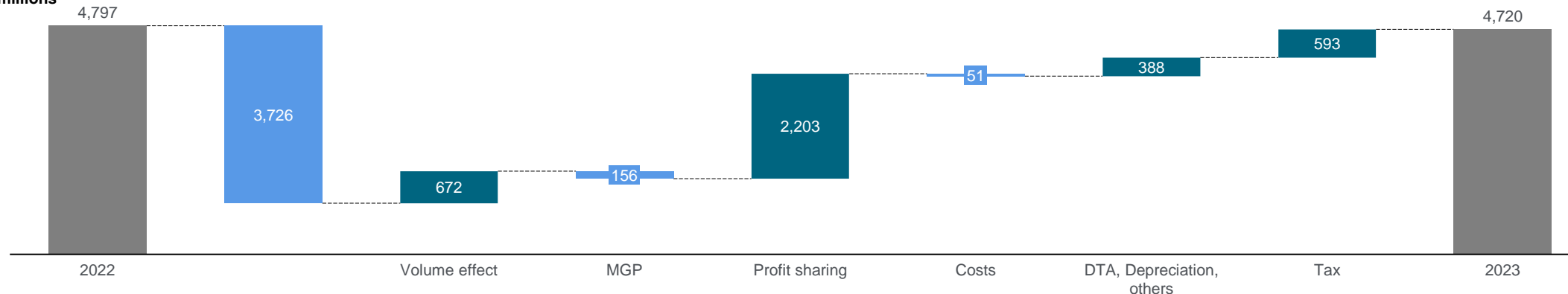
## Net Income – Q4 2022 vs. Q4 2023

\$, millions



## Net Income – 2022 vs. 2023

\$, millions



MGP: Minimum Gas Payment

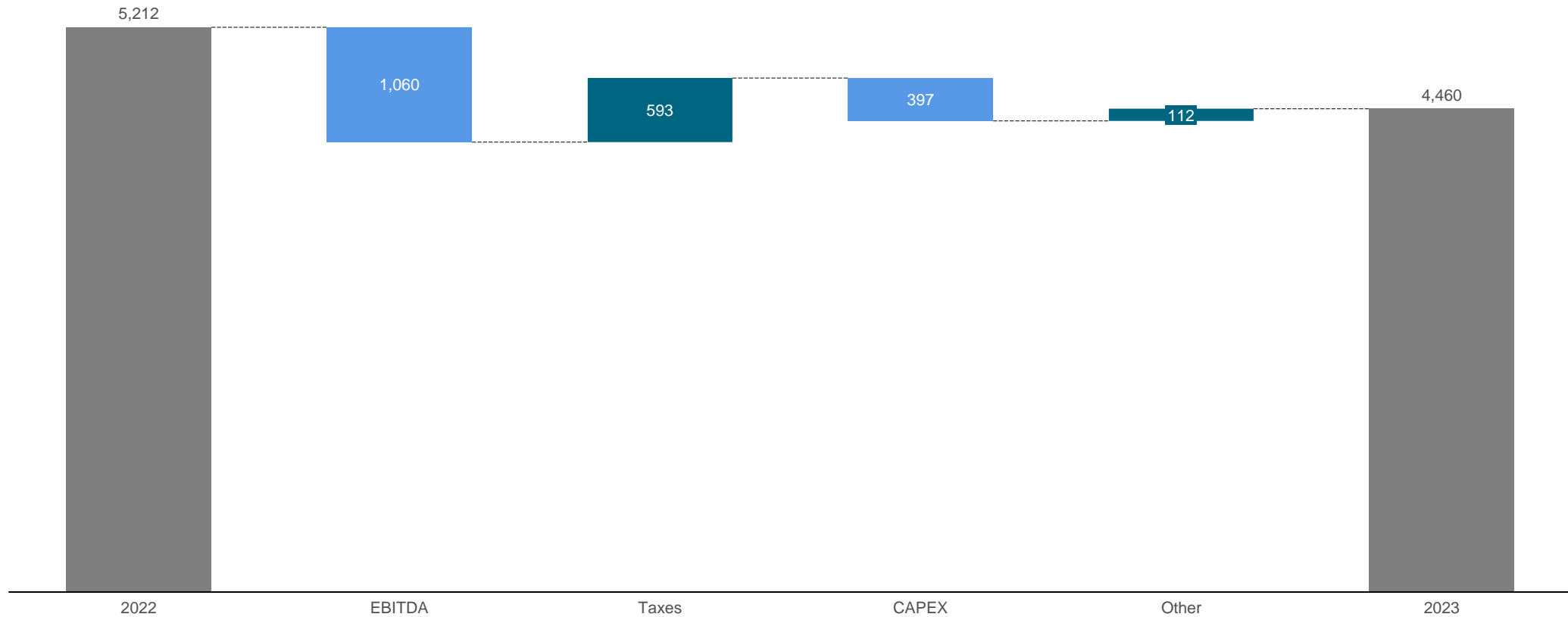
# CASH-FLOW OVERVIEW

2023 FREE CASH FLOW SIGNIFICANTLY EXCEEDS FY23 ANNUAL DIVIDEND OF \$3.25 BILLION



## Free Cash Flow – 2022 vs. 2023

\$, millions



Note: 2023 FCF in line with unaudited financial statements

# FINANCIAL SUMMARY



\$ Million (unaudited figures)	2022 <sup>1</sup>	2023 <sup>2</sup>	YoY % 2023 vs. 2022	Q4 22 <sup>1</sup>	Q3 23 <sup>2</sup>	Q4 23	YoY % Q4 22 vs. Q4 23	QoQ % Q4 23 vs. Q3 23
Revenue	25,785	22,731	-11%	5,888	5,807	6,301	7%	8%
COGS	15,126	13,079	-14%	3,445	3,466	3,598	4%	4%
Opex	1,985	2,037	3%	517	479	491	-5%	2%
<b>EBITDA</b>	8,674	7,614	-12%	1,926	1,863	2,212	15%	19%
<b>Reported Net Income</b>	4,797	4,720	-8%	1,084	1,116	1,345	24%	21%
EBITDA Margin	34%	33%	0%	33%	32%	35%	2.4%	3%
Net Income Margin <sup>2</sup>	19%	19%	5%	18%	19%	21%	2.9%	2.1%
Net cash generated from operating activities	6,082	5,515	-9%	1,394	1,390	1,617	16%	16%
Capital Expenditure	870	1,267	46%	388	347	521	34%	50%
Free Cash Flow	5,212	4,460 <sup>3</sup>	-14%	1,006	1,308	834 <sup>3</sup>	-36%	-17%

<sup>1</sup> ADNOC Gas was incorporated in the Abu Dhabi Global Market, Abu Dhabi, UAE on December 8, 2022 and the relevant assets were contributed to ADNOC Gas effective January 1, 2023 as part of a reorganization (the "Reorganization") that included the entry into a gas supply and purchase agreement, a transitional marketing and transportation agreement, a Sulphur sales and marketing agreement, a pipelines use and operation agreement, a re-injection gas sale agreement and certain lease agreements. The unaudited pro forma financial results for 9M 2022 presented in this document give effect to the impact of the Reorganization as if the Reorganization had taken place on January 1, 2022.

The unaudited pro forma financial results for Q3 2022 have been prepared for illustrative purposes only and are based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual amounts that would have been achieved had the Reorganization taken place on January 1, 2022.

<sup>2</sup> Includes a US\$ 405 million benefit from recognizing a deferred tax asset in 2023, out of which US\$ 298 million relates to prior financial year

<sup>3</sup> As per the unaudited financial results

# STRONG 2023 PERFORMANCE

DELIVERY IN LINE WITH CAPITAL MARKET GUIDANCE



Financial	2022 Actual	2023 Guidance	2023 Actual	Delivery vs guidance	
EBITDA Margin %	33.6%	~33%	33.5%	✓	
Production volume	(in TBTU)	2022 Actual	Updated Range	2023 Actual	Delivery vs guidance
Domestic Gas Products	2,181	2,225 - 2,250	2,315		
Exports & Traded Liquids	976	950 - 975	994	✓	
ALNG JV Products <sup>1</sup>	252	210 - 240	241		
Net Profit Unit Margins	(in \$/MMBTU)	2022 Actual	Updated Range	2023 Actual	Delivery vs guidance
Domestic Gas Products	0.78	0.85 - 0.95	0.95	✓	
Exports & Traded Liquids	2.23	1.60 - 1.70	1.66		
ALNG JV Products	2.41	1.65 - 1.75	1.79		



# OUTLOOK



# 2024 CAPITAL MARKET GUIDANCE



Financial	2023 Actual		2024 guidance
	EBITDA Margin %	33.5%	

Sales volume	2023 Actual		2024 guidance
	<i>(in TBTU)</i>		
Domestic Gas Products	2,293		2,215 – 2,300
Exports & Traded Liquids	997		940 - 960
ALNG JV Products	232		220 – 240

Net Profit Unit Margins	2023 Actual		2024 guidance
	<i>(in \$/MMBTU)</i>		
Domestic Gas Products	0.95		0.97 – 0.99
Exports & Traded Liquids	1.69		1.60 - 1.70
ALNG JV Products	1.79		1.65 - 1.75 <sup>1</sup>
Sulphur (\$ Millions)			~150

Investments	2023 Actual		2024 Actual
	<i>(\$ Million)</i>		
CAPEX	1,267		2,000 - 2,500

Planned shutdowns mostly scheduled for Q1 2024 (similar to Q1 2023)

(1) Assuming an oil price of 75-85 \$/bbl

# 2024 CAPITAL MARKET GUIDANCE (CONT'D)



<b>Capital Structure</b>	<ul style="list-style-type: none"> <li>• Company expects to gradually increase leverage to fund growth capex requirements</li> <li>• Conservative long-term leverage target of up to 1.5x net debt / EBITDA</li> </ul>
<b>Growth Capex</b>	<ul style="list-style-type: none"> <li>• \$13.4 bn over 2024 - 28 (peak Capex in 2025-26)</li> <li>• LNG JV: \$2bn over 2024 - 28 (peak Capex in 2025-26)*</li> </ul>
<b>Maintenance Capex</b>	<ul style="list-style-type: none"> <li>• \$300-400m p.a.</li> <li>• LNG JV: \$50m p.a.*</li> </ul>
<b>Dividends</b>	<ul style="list-style-type: none"> <li>• After having paid the first interim dividend amount of \$1,625 million in Q4 2023, a final dividend for 2023 of \$1,625 million expected in Q2 2024</li> <li>• Target dividend growth rate of 5% per annum on a dividend per share basis over the period 2024-2027</li> </ul>

\* ALNG is a standalone business that is self-funding so these expenditures are not included in the ADNOC Gas cash flows and balance sheet



ADNOC Gas



# Q&A

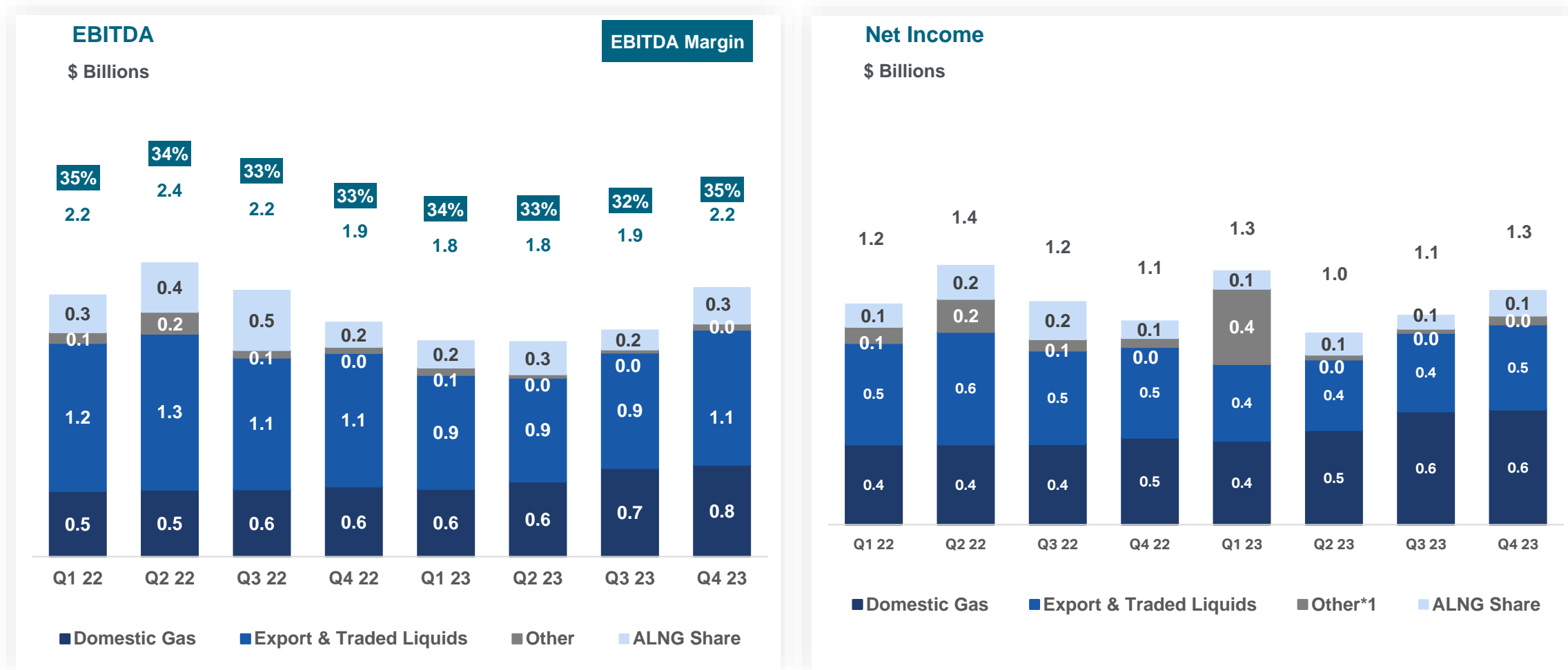


# APPENDIX



# QUARTERLY COMPARISON

QUARTERLY EBITDA MARGIN FLUCTUATED IN THE 32-35% RANGE THROUGHOUT 2023



Note: 1. Includes a US\$ 405 million benefit from recognizing a deferred tax asset in 2023, out of which US\$ 298 million relates to prior financial year

# OPERATIONAL PERFORMANCE



Reliability (%)

