Key Investment Highlights

We initiate coverage on Abu Dhabi Marine Business and Services Company PJSC ("ADNOC L&S" or "the Company") with a target price of **AED 4.00 per share**. ADNOC L&S is the wholly-owned subsidiary of the ADNOC Group and is a leading fully-integrated shipping and logistics company in the region, providing a complete range of cost-effective maritime and integrated logistics solutions to support the energy supply chain.

Our investment view is supported by the following:

- *Integrated Logistics Service Platform critical to ADNOC and the UAE*
- *ADNOC Group's strategic growth targets are a key enabler for ADNOC L&S*
- *Strategic acquisitions and joint ventures, contractual framework leading to increased revenue streams and cashflow visibility*
- *Strategic Initiatives Underpins Strong Revenue Growth and EBITDA Margin Expansion Coupled with Healthy Balance Sheet*

Integrated Logistics Service Platform Critical to ADNOC and the UAE

ADNOC L&S is a regional maritime logistics leader, critical to ADNOC Group and the UAE's energy supply chain. The Company's strategic access to all aspects of the oil and gas value chain has made it a vital player in the energy supply chain across the region. The Company operates across three key segments: 1) Integrated Logistics 2) Shipping 3) Marine Services. The Company's assets are complemented by the Integrated Logistics Services Platform (ILSP), which operates as a centralized, end-to-end model, offering a unified solution for customers to manage all logistical needs through a single platform and operator. ADNOC L&S offers ILSP through the state-of-the-art Integrated Planning Centre at the Mussafah base. ILSP reduces project costs, improves customer service quality, offers a simplified market access point, and streamlines supplier contract administration by unifying logistical needs into a single system.

ADNOC L&S's Strong Customer Base and Partnerships with Key Customers Help in Driving Long-term Investments

ADNOC L&S is an integral part of the ADNOC ecosystem. ADNOC underpins greater than 70% of ADNOC L&S revenue in FY2022, making ADNOC its anchor customer. ADNOC Group's strategic targets are a key enabler for ADNOC L&S. The AW joint venture with Wanhua Chemical Group, its key client, has opened up the possibility for increased transportation volumes to China. The partnerships with its blue-chip customer base demonstrate the Company's continued focus on growing its global footprint and maximizing the value of its assets. With its diversified client base, partnerships, and joint ventures with key customers, the Company is well-positioned to continue its success in the coming years.

Strategic Acquisitions and Joint Ventures, Contractual Framework Leading to Increased Revenue Streams and Cashflow Visibility

ADNOC L&S relies heavily on ADNOC Group's operating companies as its anchor customers, with more than 70% of its revenue coming from the Group companies. This provides a stable and reliable source of revenue for the Company. Moreover, the Company generates over 65% of its revenue from long-term contracts (1 year or more) with customers, which helps reduce the risk of unexpected changes in revenue due to market fluctuations. This contractual framework ensures a high return with limited variability, benefiting the Company's leverage and reducing financial risk. With the acquisition of ZMI, ADNOC L&S gains entry into new geographies such as Qatar, KSA, and China, which presents opportunities for further growth and expansion. The acquisition widened the asset base of ADNOC L&S as it acquired 23 JUBs. This created a significant opportunity for ADNOC L&S to diversify its revenue streams and expand its offering to customers.

Strategic Initiatives Underpins Strong Revenue Growth and EBITDA Margin Expansion Coupled with Healthy Balance Sheet

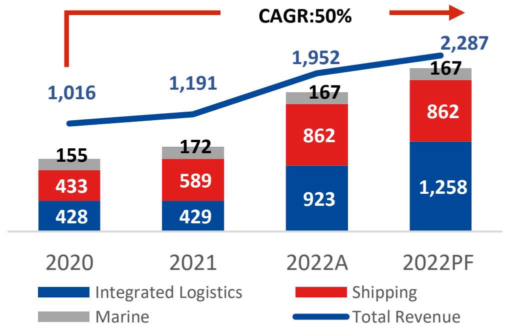
ADNOC L&S revenue grew 89.2% from USD 313 Mn in 1Q22 to USD 592 Mn in 1Q23. The expected continued growth is driven by strategic initiatives, including service expansion, integration of jack-up barges, acquisition of new vessels, and provision of additional services to ADNOC and existing clients. ADNOC L&S's adjusted EBITDA margin rose from 16.3% in 1Q22 to 33.5% in 1Q23. Further growth in EBITDA margin is driven by various factors such as M&A, new contract acquisitions, asset portfolio optimization, efficiency initiatives, and improved market conditions. The Company's unlevered balance sheet at IPO underpins ample room to fund strategic and accretive growth.

Initiating Coverage
Sector: Industrial

Analyst Name: Ahmad Banihani

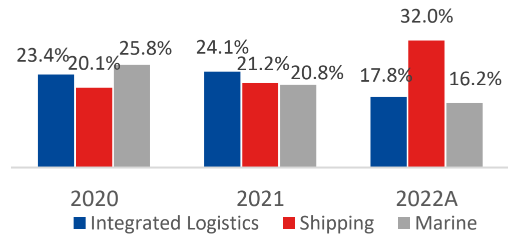
Rating: BUY

Current Price (AED)	3.27
Target Price (AED)	4.00
Upside/(Downside)	+22%
Market Cap (AED, Bn)	24.2



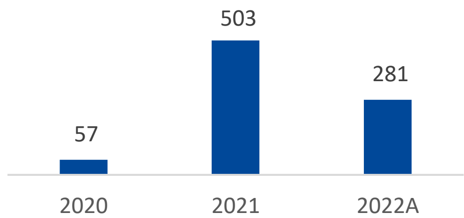
Source: Company Information, 2022PF includes revenue of ADNOC L&S and ZMI Holdings (Net contribution of ZMI after eliminations USD 13 Mn)

ADNOC L&S segmental EBITDA Margins (%)



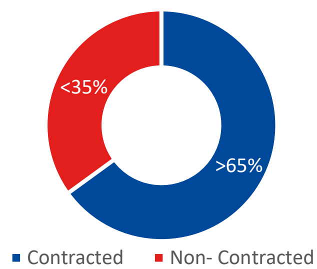
Source: Company Information

ADNOC L&S Operating cash flow (USD, Mn)



Source: Company Information

ADNOC L&S contracted revenue (%)



Source: Company Information

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Introduction to ADNOC Logistics and Services

ADNOC L&S - A Global Energy Maritime Logistics Leader

ADNOC L&S - Company introduction

The fully owned subsidiary of ADNOC Group providing dedicated logistics services to ADNOC and the UAE. ADNOC L&S provides safe, reliable, and cost-competitive maritime and integrated logistics solutions to ADNOC Operating Companies and over 100 customers across more than 50 countries

ADNOC L&S, a wholly-owned subsidiary of the ADNOC Group, is a leading fully-integrated shipping and logistics company in the region, providing a complete range of cost-effective maritime and integrated logistics solutions to support the energy supply chain. The Company offers single-stop, end-to-end solutions across shipping, marine services, onshore services, and offshore logistics, catering to the specific needs of its customers.

ADNOC L&S' rich heritage dates back to 1975 with the establishment of Abu Dhabi's National Tanker Company (ADNATCO). ADNOC L&S was established in 2016 by integrating various ADNOC entities which operated in the shipping, logistics, and infrastructure segments. The integration brought together Abu Dhabi National Tanker Company (ADNATCO), ESNAAD (which was formed through the merger of Abu Dhabi Drilling Chemicals & Products and National Marine Services), and IRSHAD (which was established as ADPPOC under a trading name between ADNOC and Lamnalco).

A leader in regional energy maritime logistics, serving a blue-chip customer base with high-quality assets

It also has a long-term contract in place with ADNOC Operating Companies and derives more than 70% of the total revenue, based on FY2022 financials. The Company's strategic access to all aspects of the oil and gas supply chain has made it a vital player in the energy supply chain across the region. The Company's world-class assets are complemented by the Integrated Logistics Services Platform (ILSP), a single-stop, end-to-end logistics service platform that maximizes customer value.

ADNOC L&S, as a prominent player in the shipping industry, operates a large and diverse fleet of modern vessels. Moreover, the Company is one of the largest owners/operators of self-propelled, self-elevating JUBs, specialized vessels utilized in offshore oil and gas activities.

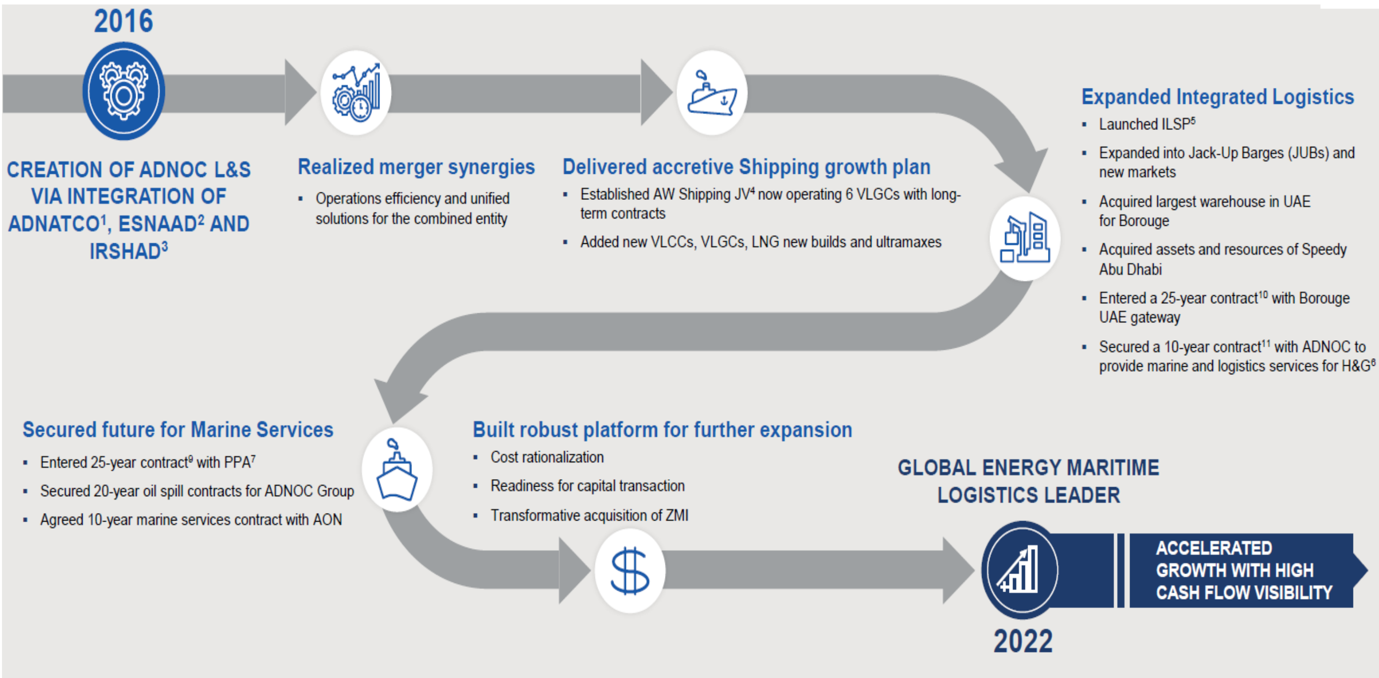
ADNOC L&S also operates one of the UAE's largest integrated energy supply bases, offering comprehensive support for offshore oil and gas exploration and production activities, including fuel bunkering, port services, and logistics support.

The Company is a significant player in the UAE's oil spill and hazardous material response sector, with the necessary resources and expertise to respond promptly and effectively to incidents, protecting the environment and minimizing the impact on local communities. Additionally, ADNOC L&S owns a large warehousing capacity, including one of the largest single warehouses in the region, enabling them to provide a range of logistics and supply chain management services to support businesses in various industries.

Figure 1: ADNOC L&S

Source: Company Information

Figure 2: ADNOC L&S – Growth



Source: Company Information, [1]Abu Dhabi National Tanker Company; [2]Established by the merger of Abu Dhabi Drilling Chemicals & Products and National Marine Services; [3]Established with trade name ADPPOC between ADNOC and Lamnalco; [4]Joint venture between ADNOC L&S and Wanhua Chemical Group; [5]Integrated Logistics Services Platform; [6]Hail and Ghasha; [7]Petroleum Ports Authority; [9]5-year initial term with 5-year extension option (up to a maximum cumulative 25-year term); [10]Term, scope and pricing to be renewed every 5 years; [11]8-year initial term with 2-year extension option

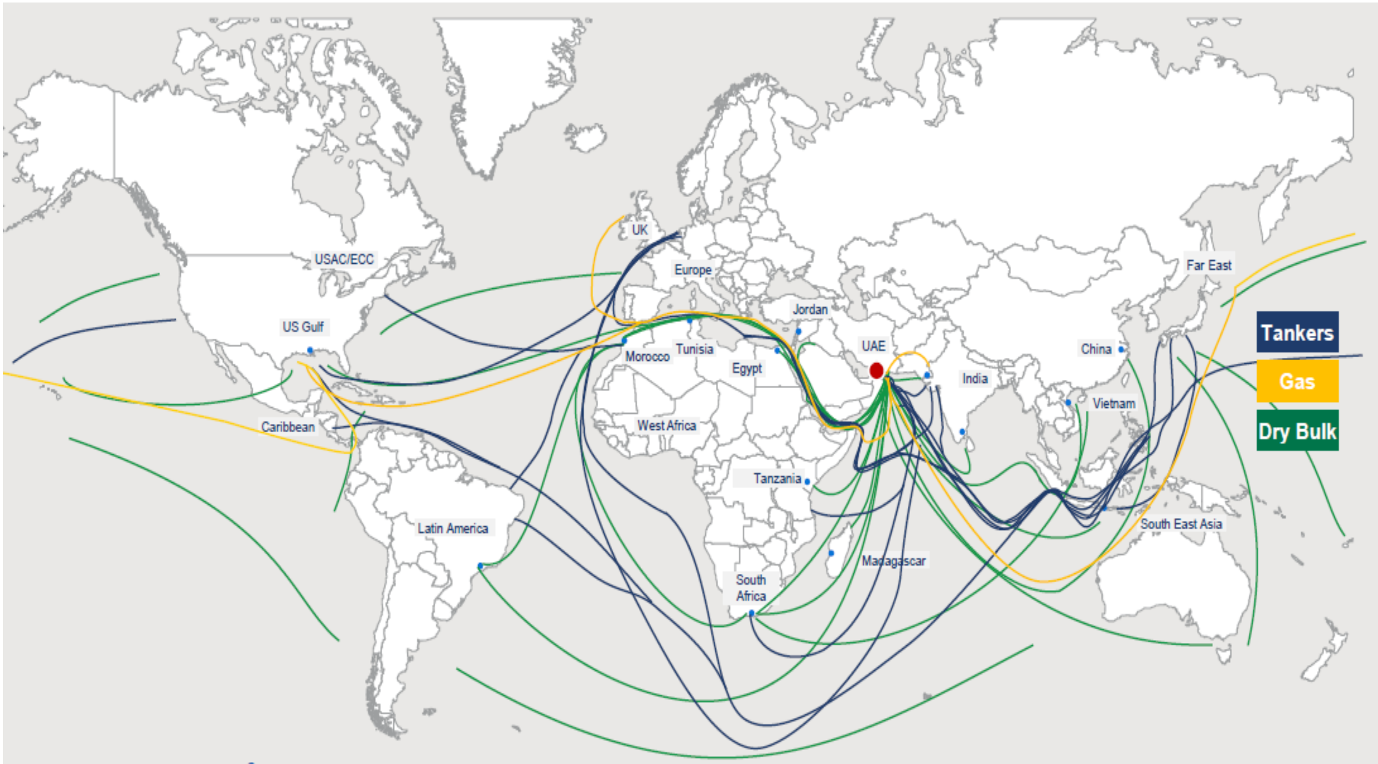
ADNOC L&S is an ambitious and transformative company designed to thrive in the future

ADNOC L&S took significant steps to expand its shipping and logistics capabilities and secure long-term contracts with major industry players. The Company achieved a number of milestones, including successfully delivering an accretive shipping growth plan through the establishment of JV called AW Shipping with Wanhua Chemical Group.

ADNOC L&S launched an Integrated Logistics Services Platform (ILSP) and expanded into new markets, including acquiring the largest warehouse in the UAE for Borouge and acquiring the assets and resources of Speedy Abu Dhabi to expand the Integrated Logistics Segment. The Company also secured a 25-year contract with Borouge UAE gateway and a 10-year contract with ADNOC to provide marine and logistics services for Hail and Ghasha.

In addition, ADNOC L&S entered into a 25-year contract with the Petroleum Ports Authority and secured 20-year oil spill contracts for ADNOC Group. The Company also agreed to a 10-year marine services contract with AON and led a transformative acquisition of Zakher Marine International. Overall, ADNOC L&S is committed to securing the future of marine services and continuing to expand its capabilities in the industry.

Figure 3: An illustrative snapshot of ADNOC L&S shipping routes



Source: Company Information

Asset types and number of vessels

ADNOC L&S owns approximately 245 vessels, operates/charters 600 vessels in a year; ships to over 50 countries for more than 100 global customers, and employs more than 7,000 employees, including seafarers

ADNOC L&S owns and operates a diversified fleet of vessels that cater to various segments of the oil and gas industry. The fleet includes

- 23 jack-up barges,
- 101 offshore vessels, comprising supply vessels and passenger transport,
- 26 vessels for oil spill response,
- 39 marine vessels,
- 22 gas carriers,
- 22 tankers, and
- 12 dry bulk and container vessels.

In addition to its fleet, ADNOC L&S operates five logistics bases and warehouses onshore, which enables the Company to offer end-to-end logistics solutions to its customers. The Company's fleet and logistics infrastructure help it deliver cost-effective and efficient maritime solutions across the oil and gas supply chain, while ensuring the highest standards of safety and sustainability.

Figure 4: ADNOC L&S Asset Type

Source: Company Information, [2]Includes 6 VLGCs (one delivered in February 2023) owned by AW Shipping JV, a joint venture between ADNOC L&S and Wanhua Chemical Group. Includes 6 new LNGs with scheduled delivery in 2025 and 2026; [3]Includes 4 new tankers with scheduled delivery in 2023; [4]Includes 2 mini dive support vessels and 2 ASD tugs under construction; [5]23 owned JUBs and operates a further 8 JUBs

Key Segments

Leading Fully-Integrated Shipping and Logistics Company operating into three key segments

ADNOC L&S is a leading fully-integrated shipping and logistics company that operates across three key segments:

A. **Integrated Logistics** offers a comprehensive range of maritime and logistics solutions, including end-to-end logistics services.

B. **Shipping** that provides commercial shipping and chartering services.

C. **Marine Services** provides a comprehensive range of specialist marine terminal and port operations services across all petroleum ports in Abu Dhabi.

Figure 5: Key segments of ADNOC L&S

Source: Company Information, [1]As % of Proforma Revenue year ended 31 December 2022

Integrated Logistics Segment accounts for 55.0% of ADNOC L&S's total revenue in FY2022, with 99% of its contracted over long-term

A. Integrated Logistics

- The Company offers onshore and offshore logistics solutions through a fleet of 101 vessels that includes anchor handling tugs, platform supply, safety standby, well-stimulation vessels, landing craft, and crew boats.
- Furthermore, it operates one of the largest fleets of self-propelled, self-elevating JUBs globally, with an average age of around six years.
- The Company has a global presence with operations in the UAE, KSA, Qatar, and China. Also, it operates supply bases in Mussafah and Ruwais, with Mussafah being one of the largest integrated energy supply bases in the UAE.

It further operates in the following sub-segments:

1. Offshore Logistics

Offshore Logistics provides one-stop solution critical logistics services through its unique integrated logistics platform. The segment manages an extensive fleet of 101 owned vessels, including anchor handling tugs, platform supply, safety standby, well-stimulation vessels, landing craft, and crew boats, and operates additional ~90 vessels. The fleet also includes three ferries transporting ~130k passengers per year. It also operates major logistics bases and warehouses equipped with 243 terminal handling equipment units, including six quay cranes and 18 rubber tire gantries.

The Company provides an integrated, one-stop-shop solution for critical logistics services and is highly contracted, with the majority of revenue linked to long-term contracts with ADNOC. It derives business from the key OpCos including ADNOC Offshore, ADNOC Onshore, and ADNOC Drilling.

Offshore Logistics owns an integrated planning center that leverages digitization to transform complexities and enable significant efficiency savings, ensuring operational excellence. The Company plays a pivotal role in ADNOC offshore operations, operating across a vast area with a significant requirement for supply base logistics and transportation to maintain smooth operations alongside safety and operational efficiency.

Key offshore fields include Zakum, Umm Lulu, Nasr, and the Ghasha Mega Project, the world's largest offshore sour gas development, set to play a crucial role in helping the UAE achieve gas self-sufficiency.

The segment provides key services such as offshore material handling, materials and supply, personnel transport, EPC and projects, chartering, and dive support. The Company's segment centralized, end-to-end model drives value creation for all stakeholders, including supply chain management, warehouse management, onshore material handling and logistics, offshore material handling and logistics on artificial and natural islands, integrated planning, shipping logistics, and maritime support services. Offshore Logistics offers significant growth potential with ADNOC and other third parties, including EPC contractors, capable of providing additional services to clients that meet the evolving market landscape in the UAE and beyond.

2. Onshore Logistics

ADNOC Logistics & Services considers onshore logistics as an essential aspect of its operations, offering logistics services to onshore locations and overseeing major logistics bases and warehouses.

The Company manages two primary logistics bases situated in Mussafah and Riash, which support over 70 offshore locations, including nine islands. Mussafah also acts as a significant supplier of drilling chemicals to ADNOC Onshore and Offshore and provides warehousing services to both ADNOC and third-party clients. The Mussafah logistics base offers 1.5 million square meters of 24/7 logistics base and operates eight heavy lift cranes with 760 specialist manpower.

The segment also operates the Borouge Container Terminal in Ruwais with a capacity of 760,000 TEUs of throughput annually, serving Borouge as its prime customer. The segment also manages the Kezad warehouse functioning as a gateway hub for Borouge's polymer storage and import/export activities. The Kezad warehouse, one of the largest in the Middle East, can hold up to 180,000 tonnes of polyolefins and has an annual throughput of 2.5 million tonnes. The Company through Onshore Logistics segment provides terminal handling, warehousing operations, and related services at Khalifa Port for Borouge. The port serves as the primary export route for all Borouge polymers.

On-shore logistics is a vital component of ADNOC Logistics & Services' objective to deliver integrated logistics services to its customers. Its advanced warehousing and terminal handling capabilities allow it to streamline the movement of goods and materials across the supply chain, supporting ADNOC and third-party clients.

3) Jack–up Barges

ADNOC Logistics & Services operates a highly specialized and technologically advanced fleet of self-propelled and self-elevating Jack-up Barges (JUBs). The segment offers a range of services such as accommodation, maintenance, and rigless well intervention to its clients. ADNOC L&S owns one of the largest fleets of JUBs in the world, with 23 owned and eight operated JUBs.

The advanced fleet of JUBs operates in Abu Dhabi, KSA, and Qatar and has started offering services to the offshore wind sector in China. The JUBs are designed to provide a range of services, including a one-stop shop for clients that covers drilling, construction and operations, maintenance, modification, and decommissioning.

This segment has a strong growth potential due to the high demand for its services and offers key services such as maintenance, well services, accommodation, subsea, and EPC. ADNOC L&S's JUB platform was built by combining several JUB contracts from ADNOC Offshore and the acquisition of ZMI Holdings.

The segment derives revenue from a diversified blue-chip customer base, which includes NOCs, IOCs, EPC contractors, and others. The relationship with these customers remains sticky with an average relationship of more than 15 years.

Figure 6: ADNOC L&S bases located offshore

Source: Company Information

Figure 7: Onshore logistics bases and terminal operations

Source: Company Information

Figure 8: Non – Self Propelled JUB and Self – Propelled JUB

Source: Company Information

A diversified and modern fleet serving global markets in dry bulk, tankers and gas ships

B. Shipping

- ADNOC L&S's shipping business significantly contributes to the Company's overall revenue, accounting for 38% of its total revenue in FY2022.
- The diversified and modern fleet is one of the largest in the industry, operating across Dry Bulk, Tankers, and Gas shipping. It owns a fleet of 45 vessels with an average of 11 years. The segment serves clients across more than 50 countries and derives 14% of the total dry bulk and containers revenue from the long-term contract, 3% from tankers, and 79% from gas.
- Additionally, 60% of their client base is comprised of ADNOC. The shipping segment emphasizes on technology, efficiency, and innovation to build a reputation as a reliable and innovative leader in the industry.
- This segment plays a critical role in ADNOC L&S's operations, providing market-leading commercial and ship management, chartering services, and long-term partnerships with diverse industries and markets.

The sub-segments are as follows:

1. Dry bulk and Container

ADNOC L&S, operates dry bulk shipping business on a spot pricing basis, trading global routes with a focus on bulk cargoes such as sulphur, grain, fertilizers, and coal. The dry bulk segment operates through nine owned vessels as well as a significant number of charter-in vessels.

The container segment is engaged in domestic UAE trade, exporting containerized polymers under a contract of affreightment with Borouge. The container segment operates three container vessels on a fixed-term contract. The segment charters vessels in the dry bulk segment due to the cargo book.

The Company controls 100% of the 6.5mm MT of Sulphur exports to end users worldwide and the freight for third-party traders purchasing Sulphur from ADNOC. The Company also controls 100% of the 0.75mm MT of Petcoke exports throughout the UAE, with some Green Petcoke adhoc sales also transported globally.

The key drivers of the Company's growth include securing 100% CFR for ADNOC gas Sulphur and ADNOC petcoke exports, leveraging the owned fleet against market tonnage for cargo execution, and concluding deals for third-party non-ADNOC volumes in the market. The key clients of the Company are ADNOC, Aldarah, Borouge, and OCP.

2. Tankers

ADNOC L&T operates a tanker business that is primarily engaged in the transportation of crude oil, clean petroleum products, and specialized chemicals on a global scale. Its large fleet includes VLCCs, LR1 and LR2 vessels, and specialized chemical tankers. The Company expanded its trading presence to cover key regions such as the USA, West Africa, Caribbean, Latin America, and the Far East.

The main customers of this business include major national oil companies (NOCs), international oil companies (IOCs), traders, and other important players in the global energy value chain, including ADNOC.

The Company signed a co-operation agreement with ADNOC Trading and ADNOC Global Trading and established strong relationships with other ADNOC affiliates. Moreover, ADMIC is one of the biggest traders of specific refined products in the East of Suez region. The trading activity of the tanker fleet generally focuses on routes between the Arabian Gulf (AG), the Far East, India, Australia, and West Africa.

3. Gas

The gas shipping segment of the Company specializes in the transportation of LNG, LPG, and Molten Sulphur across a global network of shipping routes. This segment is supported by LNG/LPG-VLGCs secured on long-term charters ranging from 10-15 years.

In 2022, the gas shipping business contributed 19% to the Company's shipping revenue, and it is expected to experience significant growth going forward due to the addition of six new LNG vessels, which is scheduled to be delivered in 2025/26.

The Company invested significantly in LNG carriers, which is driven by the strong macroeconomic backdrop for LNG, including energy security, shifting logistics, and the scarcity of available LNG tonnage long-term. The Company focuses on creating additional value from its life extension program and innovative solutions for clients, such as chartering out legacy vessels and securing long-term charterers like FSU/FSRU, which allow for the monetization of some assets for a further 11-15 years.

The AWS joint venture is a 50:50 partnership between the Company and Wanhua that serves ADNOC Group in the transportation of LPG and other petroleum products. The joint venture owns six VLGC LPG vessels that are operating under long-term time charters and is considered a source of future growth for the Company.

Figure 9: Dry bulk and Tankers

Source: Company Information

C. Marine Services

The Marine segment generates 7.3% of the Company's total revenue in FY2022 and operates on 100% long-term contracts, with 95% of those contracts being with ADNOC

- The Marine business offers specialized marine operations services, including Marine Terminal Operations and Oil Spill & Hazardous and Noxious Substances Response.
- It owns a fleet of 65 vessels, such as pilot boats, mooring boats, tugboats, oil spill and maintenance vessels, supporting these services.
- The Company holds a 25-year contract to provide marine terminal operations for all Petroleum Ports in Abu Dhabi, and it provides oil spill response and hazardous noxious substances services to ADNOC Group and NAWAH.
- The business benefits from its long-term contracts, primarily with ADNOC Group, which provide revenue visibility and certainty.

The sub-segments are as follows:

1. Marine Terminal Operations

The Marine Terminals division offers specialized services to all petroleum ports in Abu Dhabi, including the operation of all ADNOC's export facilities at various locations. The division owns 39 vessels, including diving support vessels, pilot boats, mooring boats, line boats, tug boats, and maintenance vessels, as well as one chartered-in vessel.

It signed a 25-year service-level agreement (SLA) contract with the PPA in 2020, with additional contracts in place covering specific services for ADNOC OpCos.

Key services provided by the division include pilotage, towage, mooring and line handling, oil and gas cargo operations, single-point mooring maintenance, and diving services related to SPM operations.

2. Oil Spill hazardous noxious substances Response

ADNOC L&S provides high-quality services to respond to oil spills and hazardous noxious substances (HNS) in the UAE. The Company is equipped with detection, monitoring and forecast technology, over 22km length booms, and a dedicated, specialized, and trained workforce to protect the marine environment. Its fleet of 26 oil spill and HNS response vessels and specialized equipment for containment and removal of marine oil spills is supported by around ~140 trained personnel.

The Company's revenue is mainly derived from a 20-year service contract with ADNOC, covering Tier 2 response services at all ADNOC facilities in the UAE, while third-party revenue is generated from TAQA and NAWAH.

Key services offered include oil spill and HNS response, technical and contingency planning, drill and exercise planning, hazardous substances response, oil spill detection modeling, and training courses.

Figure 10: Marine terminal operations

Source: Company Information

Figure 11: Oil spill and HNS

Source: Company Information

Digital Transformation Strategy

Digital Strategy Includes Using Technology and Innovation to Improve Efficiency and Boost Performance

Digital Transformation Strategy to unlock value, enhance efficiency, and boost performance

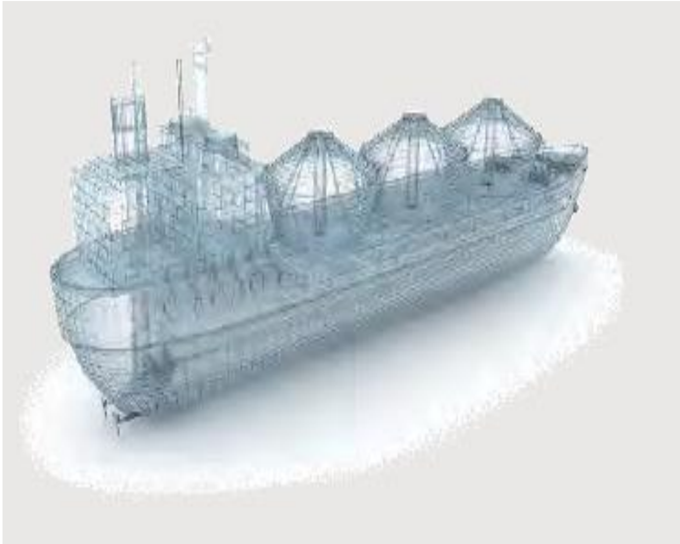
The objective of the digital platform is to provide an AI-based maritime predictive maintenance solution that could help in optimizing planning, improve operational efficiency, boost overall fleet performance, and enhance asset reliability. It aims to achieve these goals through real-time data analytics for risk management and asset optimization, as well as maintenance and cost optimization, leading to increased equipment uptime.

The platform's ultimate goal is to help maritime operators make data-driven decisions that will improve their bottom line while also increasing the safety and reliability of their operations. Digital Platform with unified digital experience, including integrated planning, 360 business analytics, digital twins, and AI-enabled unified data platform.

A digital platform is built on three pillars:

- **Smart Shipping:** This will provide operators real-time ship movement and alert, Predictive maintenance, Dynamic voyage performance, Crewless shipping, and autonomous vessels
- **4PL Integrated Logistics Services:** Service-oriented marketplace, Integrated planning center, Field resources enablement, Supply chain automation, Warehouse, and material management
- **Advanced Marine Services:** Port and jetty operations, Pilotage request management, Real-time berth and automated yard planning, Advanced analytics (port charges and revenues), Duty roster management.

Figure 12: Control and Command Centre



Source: Company Information

ADNOC L&S - Strong Historical Financial Performance

Overview of ADNOC L&S's Revenue, EBITDA Margin, and Net Income from 2020A to 2022PF

Revenue:

ADNOC L&S revenue grew 89.2% YOY to USD 592 Mn in 1Q23. The strong growth in revenue is mainly attributed to ZMI acquisition addition of new major contract activity in the Integrated Logistics segment and strong growth in the Shipping Segment. Integrated logistics Segment revenue grew 176.4% YOY to USD 351 Mn in 1Q23 due to the acquisition of ZMI and addition of new contracts. The Company's Pro forma revenue grew at a CAGR of 50.0% from USD 1,016 Mn in FY2020 to USD 2,287 Mn in FY2022 on a proforma basis. Proforma includes revenue of USD 348 Mn generated before ZMI Holdings acquisition in FY2022. Top line grew at a CAGR of 38.6% to USD 1,952 Mn in FY2022 on actual basis. The Company reported a stable and resilient revenue despite the impact of COVID-19 on its operations in 2020 - 2021. It reported a strong performance in 2022, mainly due to an improved shipping market and operational performance, growth in the integrated logistics segment through new contracts in ILSP and H&G, and the acquisition of ZMI. The Company reported 57.2% top-line growth in FY2022 as compared to FY2021, excluding the impact of ZMI acquisition in FY2022.

Revenue by Segment

1. Integrated Logistics

This segment contributed 59.3% of the total revenue in 1Q23. The revenue grew 176.4% from USD 127 Mn in 1Q22 to USD 351 Mn. The revenue uplift in 1Q23 is primarily driven by three factors: the acquisition of JUBs and OSVs through ZMI, the shift of certain businesses from marine services to integrated logistics, and the addition of new contracts. Among these factors, the acquisition of ZMI is the largest revenue contributor with an addition of USD 430 Mn to proforma revenue in FY2022. Pro forma revenue grew at a CAGR of 71.4% from USD 428 Mn in FY2020 to USD 1,258 Mn in FY2022 on Pro forma basis (USD 923 Mn on actual basis in FY2022).

2. Shipping

This segment contributed 34.0% of the total revenue in 1Q23. The revenue grew 34.0% from USD 150 Mn in 1Q22 to USD 201 Mn in 1Q23. The growth in revenue is driven by the addition of new fleets and an increase in time-charter equivalent rates (TCE), which are expected to be in line with the market rates.

3. Marine Services

This segment contributed 6.9% to the total revenue in 1Q22. The revenue grew 13.9% from USD 36 Mn in 1Q22 to USD 41 Mn in 1Q23. The stable top-line of the Company is supported by contracts that have a duration of 10-25 years. However, there is a decline in revenue due to the shift of certain operations from marine services to integrated logistics. This move is part of the Company's strategy to centralize its logistics competency centers.

EBITDA & Margin:

ADNOC L&S's Adjusted EBITDA Margin stood at 33.6% in 1Q23, driven by M&A, new Contracts and efficiency Initiatives with Integrated Logistics as the Largest Contributor

Adjusted EBITDA grew 290% from USD 51 Mn in 1Q22 to USD 199 Mn in 1Q23. At the same time, the EBITDA margin rose from 16.3% in 1Q22 to 33.5% in 1Q23. ADNOC L&S's adjusted EBITDA margin rose from 24.5% in FY2020 to 26.2% in FY2022 on a proforma basis with an EBITDA of USD 599 Mn.

The Company showed resilient performance during the pandemic, with marginal growth in overall EBITDA despite a slight reduction in margins. It reported a significant growth in FY2022 proforma adjusted EBITDA due to growth in factors such as M&A, acquisition of new contracts, optimization of the asset portfolio, efficiency initiatives, and improved market conditions. EBITDA margin improved by 400bps in FY2022 on a proforma basis as compared to FY2021.

The acquisition of ZMI made the Integrated Logistics Segment unit the largest contributor to adjusted EBITDA on proforma basis in FY2022, accounting for approximately 51.8% of the total adjusted EBITDA. This business unit registered significant margin expansion over the years due to new contracts and acquisitions. However, there was a decline in the adjusted EBITDA margin for the Integrated Logistics Segment from 24.0% in FY2021 to 18.0% in FY2022 due to the introduction of a lower-margin contract with long-term strategic value, with delayed implementation. The Shipping segment also saw a significant increase in adjusted EBITDA margin, partly due to portfolio rebalancing and improvement in TCE rates. The mix of contracted and uncontracted topline in the Shipping Segment benefitted from increased market prices. On the other hand, the margins of the Marine Services Segment fluctuated due to the shift in revenues to other segments.

Net Income:

ADNOC L&S net income stood at USD 145 Mn in 1Q23 with net profit margin of 24.5%. Adjusted net income grew at a CAGR of 24.8% from USD 167 Mn in FY2020 to USD 261 Mn in FY2022. The margins dropped from 16.5% in FY2020 to 13.3% in FY2022 due to an increase in interest expense, a decline in other income and an increase in provision for credit losses.

ADNOC L&S's Pro forma net profit grew at a CAGR of 30.9% from USD 167 Mn in FY2020 to USD 287 Mn in FY2022 (USD 261 Mn on an actual basis in FY2022). It managed to maintain margin on a proforma basis in FY2022 as compared to FY2021, excluding one-off items. One-off expenses such as pension adjustment expenses in FY2021 and loss on the sale of assets in FY2022 on a proforma basis affected the net income margin.

The finance charges are primarily related to the shareholder loan and lease liabilities incurred by the Company since FY2021. The Company didn't pay any corporate taxes in the UAE in FY2021 in line with the tax regime. However, the acquisition of ZMI resulted in tax expenses in FY2022 on a proforma basis.

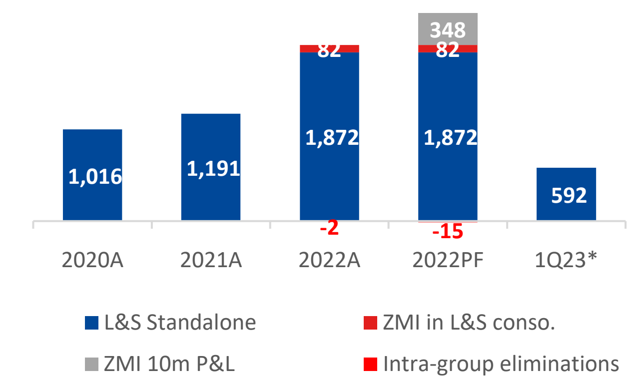
Free Cash Flow:

ADNOC L&S generated an operating free cash flow of USD 226 Mn in and levered free cash flow of USD 180 Mn in 1Q23. the Company generated an operating free cash flow of USD 502 Mn in FY2021 which declined to USD 264 Mn in FY2022 due to the higher working capital requirements. ADNOC L&S generated a negative levered free cash flow of USD 60 Mn in FY2022 as compared to a negative free cash flow of USD 262 Mn in FY2021 due to the higher growth Capex in FY2021.

Key drivers enabling ADNOC L&S's financial performance include:

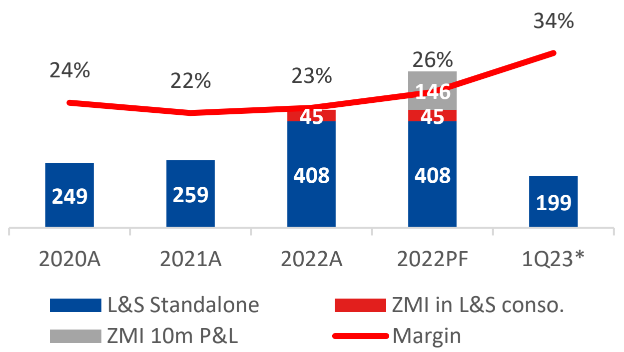
- ADNOC L&S relies heavily on ADNOC operating companies as its anchor customer, with more than 70% of its revenue coming from ADNOC OpCos. This provides a stable and reliable source of revenue for the Company
- The Company generates over 65% of its revenue from long-term contracts with customers, which helps reduce the risk of unexpected changes in revenue due to market fluctuations. This contractual framework ensures a high return with limited variability, benefiting the Company's leverage and reducing financial risk
- ADNOC L&S owns a range of modern and diverse fleets, which provide flexibility and efficiency and lead to a high level of utilization compared to competitors, proving beneficial for the Company
- The Company's revenue growth is driven by various factors, including the acquisition of JUBs and OSVs through the completion of ZMI acquisition, new contracts, and other strategic initiatives. The acquisition will expand this segment further underpinned by strong demand
- The growth is further driven by the expansion of services provided to ADNOC, incremental services to existing clients, and expanded geographical footprint by entering into markets.

Figure 13: ADNOC L&S – REVENUE 2020A-1Q23 (USD Mn)



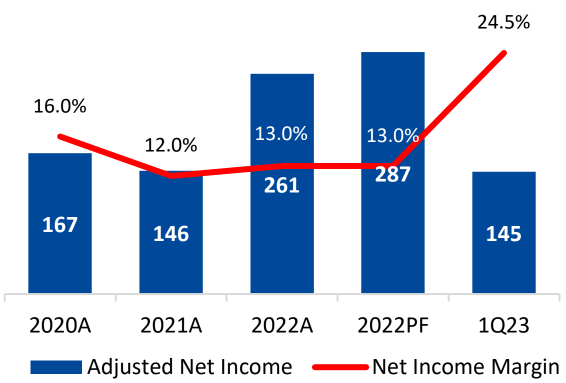
Source: Company Information, PF financial for 2022 includes revenue of ADNOC L&S and 10-month revenue of ZMI Holdings of 2022 prior to acquisition, *Revenue for 1Q23 is consolidated including ZMI acquisition

Figure 14: ADNOC L&S – Adjusted EBITDA (USD, Mn) & Margins



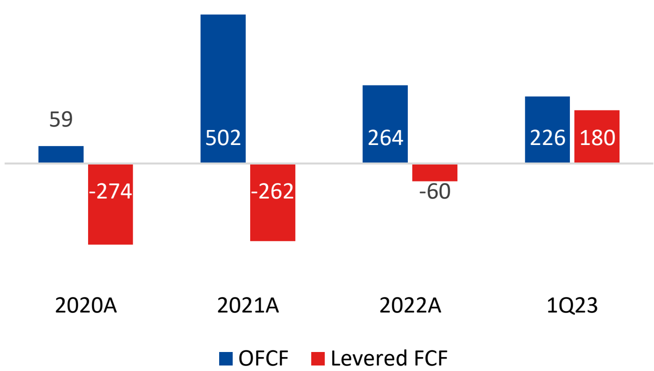
Source: Company Information, 2021 Adjusted EBITDA includes one-off pension adjustment expense of USD 90.9mm; 2022PF: Excluding one-off costs relating to loss on sale of PP&E (ZMI P&L) relating to the sale of Realm 1 vessel, *Adjusted EBITDA for 1Q23 is consolidated

Figure 15: ADNOC L&S – Adjusted Net Income (USD, Mn) & Margins



Source: Company Information

Figure 16: ADNOC L&S –OFCF² & Levered Free Cash Flow¹ (USD, Mn)



Source: Company Information, [1] leveraged free cash flow (Leveraged FCF) calculated as FCF less interest expenses, [2] Operating free cash flow (OFCF) calculated as Adj. EBITDA less change in working capital less income taxes

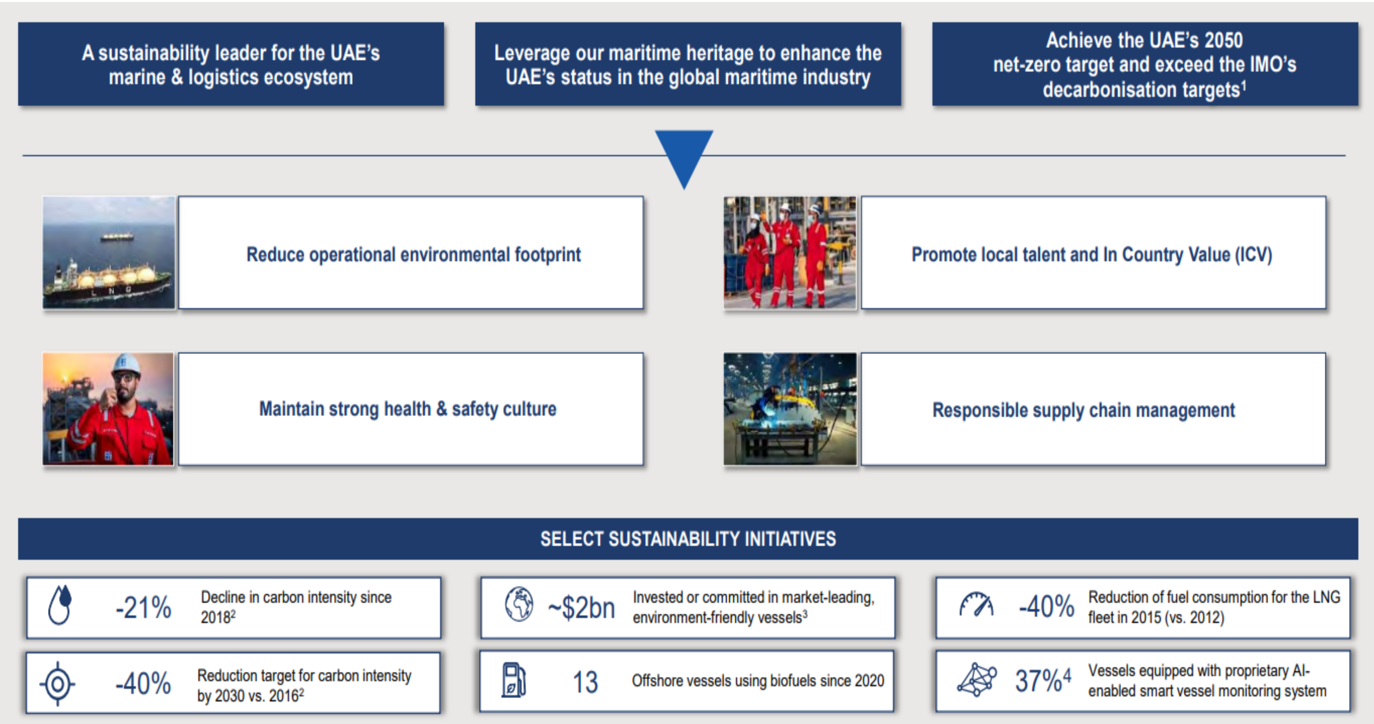
ADNOC L&S - Environmental, Social, And Corporate Governance

ADNOC L&S's Sustainability Strategy and Approach

A perfect mix of the operating platform to support the Company's ESG targets and approaches

ADNOC L&S's operational platform vision is based on the parent company's ADNOC group ESG Strategy, which is aligned with the goal and objectives of delivering decarbonization and sustainability. The Company plans to become a sustainability leader for the UAE's marine and logistics ecosystem. The ESG strategy consists of various plans and strategies to achieve its sustainability and decarbonization targets. It plans to reduce the environmental footprint by achieving net-zero target by 2050 (Scope 1 and 2 emissions only) and exceed the International Maritime Organization's (IMO) decarbonization target. ADNOC L&S is also planning to take the initiative to promote local talents and increase their in-Country Value. At the same time, the Company also plans to maintain a strong health and safety culture by reducing the incident rate and remain compliant to business ethics. The supply chain management remains a critical aspect in the energy maritime logistics industry. ADNOC L&S is also focused on managing its supply chain management by giving consistent training to its suppliers and all contractors need to sign the declaration of commitment as per Contractor HSE Performance Management Mechanism.

Figure 17: ADNOC L&S - Key ESG Frameworks and Initiatives



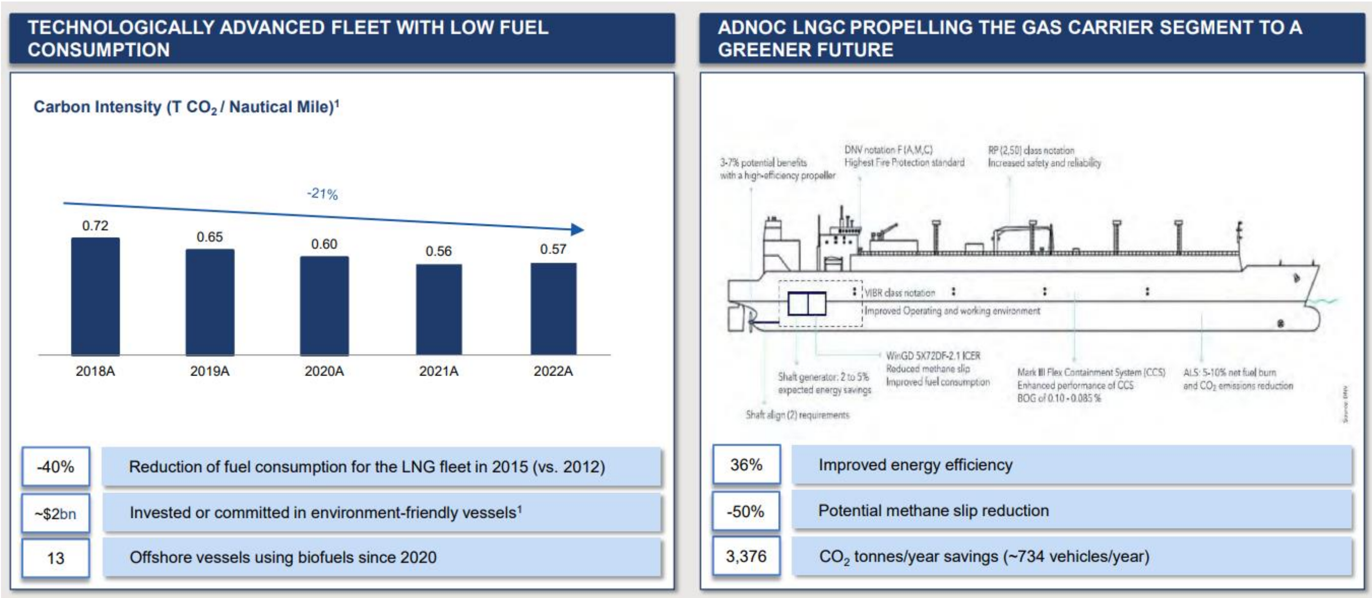
Source: Company Information, [1]IMO targets: Cut annual greenhouse gas emissions from international shipping by at least half by 2050, compared with their level in 2008 and a reduction in carbon intensity of international shipping (to reduce CO2 emissions per transport work), as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008; [2]Includes owned vessels of the shipping segment representing >90% of ADNOC L&S total carbon emissions; [3]New-build vessels ordered between 2021 and 2022, with delivery dates between 2023 and 2025; [4]90 out of 245 vessels equipped with proprietary AI enabled smart vessel monitoring system (new vessels include 4 new VLCCs are coming in 2023, 6 LNG vessels coming in 2025 and 2026, as well as 2 new ASD tugs under construction)

ADNOC's L&S Environmental and Decarbonization Approach

High sustainability plans along with Increasing usage of advanced gas carriers to support the Company's decarbonization approach

ADNOC L&S is already working to reduce its environmental footprint by undertaking several initiatives. Since 2018, the Company is more focused on reducing its carbon intensity by using advanced technology. Further, it invested USD 2 Bn in environmental vessels which helped reduce emissions and increase energy efficiency. The Company's vessels also started to use biofuels in 13 vessels in 2020. Moreover, the Company also reduced its fuel consumption by 40% in the LNG vessels in 2015 as compared to 2012. It has also fitted 37% of its fleet with an AI-enabled smart vessel monitoring system which will help in navigation. The Company has a solid record of lowering carbon intensity by utilizing technology's advanced fleet and advancing the gas carrier segment towards a more environmentally friendly future. The usage of advanced technology assisted the Company in cutting its carbon intensity by 21% in 2022 as compared to 2018 and reducing the fuel consumption in LNG Fleet by 40% in 2015 as compared to 2012. Before, ADNOC L&S used to utilize boats that generated more than 90% of the company's carbon emissions; however, the company switched by employing ecologically friendly vessels, currently holding 13 of them in store and placing orders for more vessels to be delivered between 2023 and 2025. Moreover, the company is propelling its gas segment toward a greener future. The company has achieved a 36% improved energy efficiency and a 50% methane slip reduction, leading to more efficient energy usage and reduced greenhouse gas emissions.

Figure 18: ADNOC L&S's Decarbonization Approach



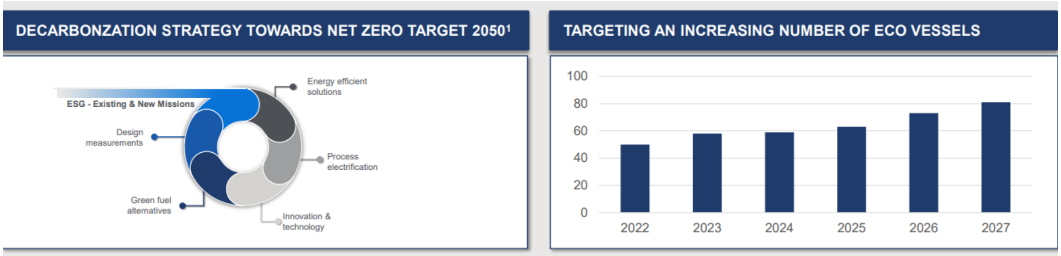
Source: Company Information, The Company may consider using offsets in order to meet a portion of its decarbonization targets; [1] Includes owned vessels of the shipping segment representing >90% of ADNOC L&S total carbon emissions; [2] New-build vessels ordered between 2021 and 2022, with delivery dates between 2023 and 2025

ADNOC L&S Decarbonization Approach

Key projects and strategies to improve the Company's FY2030 GHC Emissions Roadmap

ADNOC L&S has a prepared roadmap that will help achieve decarbonization and accomplish a net zero objective by 2050. The company has made certain modifications in its segments, such as in the shipping sector; the company has incorporated new eco-vessels and has planned to reach 80 eco-vessels by 2027. The company has an annual abatement (ktCO_2eq) goal of 122, with a target to reach 1,103 by 2030. Moreover, the company is trying to increase energy efficiency by replacing non-efficient LNG by 2024. Though it is cleaner than other fossil fuels, it still has more carbon footprints, causing more environmental harm. ADNOC L&S is also focused on modifying its segments like marine services and the offshore logistics industry. By 2025, the company wants to use low-carbon alternative fuels like LNG, LPG, and methanol which will help in less reduction of carbon dioxide and greenhouse gas. Also, LPG and some forms of methanol can be produced from renewable sources like biomass or waste materials, making them a sustainable and low-carbon alternative to traditional fossil fuels. Further, the company plans to switch to more zero-carbon fuels, including hydrogen and ammonia for its marine services starting in 2029.

Figure 19: ADNOC L&S's Decarbonization Approach



DECARBONIZATION ROADMAP	SEGMENT	ANNUAL ABATEMENT TARGET (ktCO_2eq)	2022-2030 TARGET (ktCO_2eq)	TARGETED START OF IMPLEMENTATION
Incorporating new eco-vessels	Shipping	122	1,103	2022
Improving Energy efficiency (Including Replacement of non-efficient LNG)	Shipping	150	1,050	2024
Alternative Fuel (Low carbon) (LNG, LPG, Methanol)	Offshore Logistics	200	1,000	2025
Alternative Fuel modification (Zero carbon) (Hydrogen, Ammonia)	Offshore Logistics + Marine Services	108	108	2029
Energy Power Controller for non efficient vessels - pre-replacement[2]	Shipping	21	84	2022
Cold Ironing	Offshore Logistics	5	41	2023

Source: Company Information, [1]Commitment for the company's Scope 1 and 2 emissions only (operational emissions); [2]IMO initiative to limit the power and speed of non-eco vessels, the new regulation act will go into effect in Q2 2023

Social

ADNOC L&S is committed to its workforce, increasing efforts toward localization, and providing world-class health, safety, and security for its employees

ADNOC L&S is dedicated to its employees, the communities in which it operates, and society as a whole. It employs a sizable and diversified workforce that spans all ages, genders, and cultures. Also, the company wants to lead the way in regional diversity and employee development. Furthermore, it aspires to provide top-notch health, safety, and security for its employees in order to establish itself as the benchmark for safety and security. They basically use different strategies to achieve these goals:

Maintaining health and safety standards:

ADNOC L&S has maintained its high standard policy for safety and standards over the years, with Lost Time Incident Frequency (LTIF) below the IMCA benchmark arriving at 0.08 in 2022. The company also has a Total Recordable Incident Rate (TRIR) below the IMCA benchmark at 0.18 in 2022. The company has achieved a 74% decline in lost time incidence since 2020 and a 70% decline in total incident rate since 2020. ADNOC L&S also aims to provide a healthy and secure culture by continuing to provide ethics and compliance training to every employee

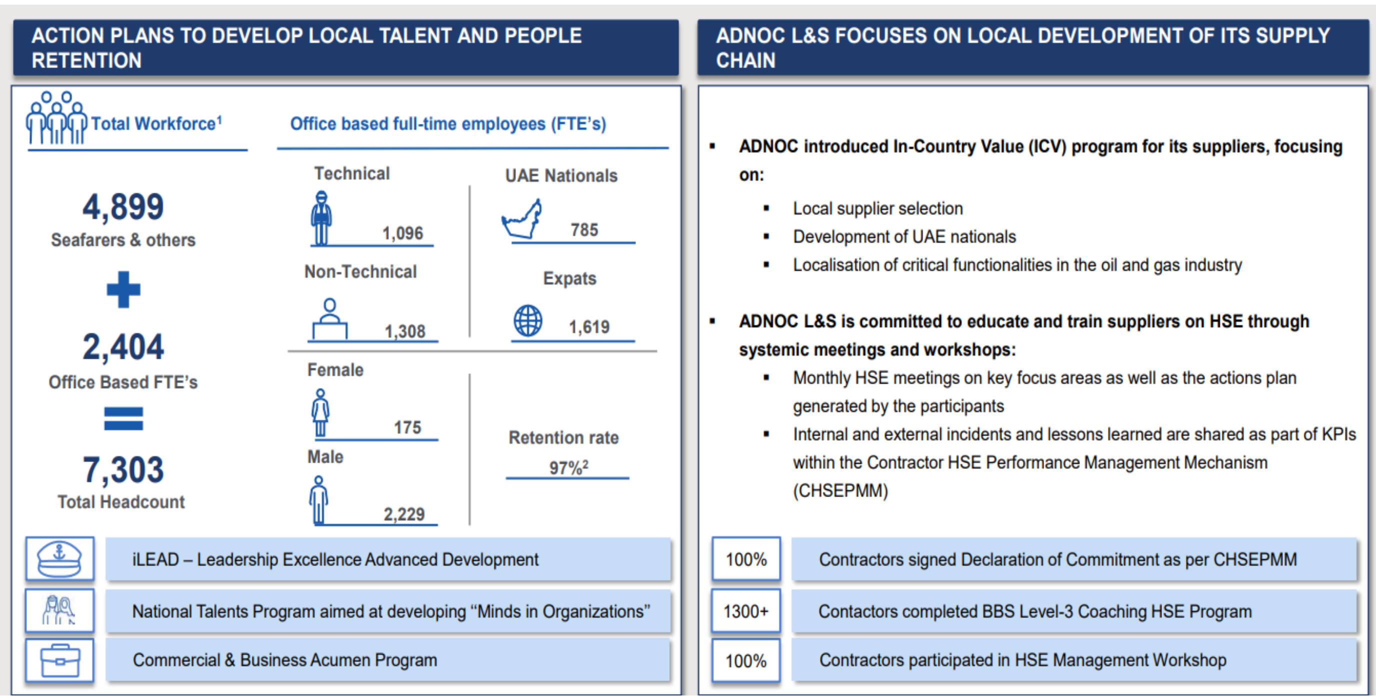
To Train and upgrade employees on a regular basis:

The Company has an overall headcount of around 7303, of which 4,899 are from seafarers & others while 2,404 are from office-based FTEs. The company maintains a retention Rate of 97%. ADNOC L&S aims to develop and upgrade its workers through monthly HSE meetings which focus on key areas and action plans generated by participants. Moreover, internal and external incidents and lessons are shared as part of KPIs within the Contractor HSE Performance Management Mechanism (CHSEPMM)

Focused on increasing the nation's value:

ADNOC L&S is keenly focused on contributing to the growth of the UAE economy, they have started an In-Country Value program for its suppliers. This program focuses on local supplier selection as well as the localization of critical functionalities in the oil and gas industry**.**

Figure 20: ADNOC L&S's Plans and Strategies to develop local and to increase in-Country Value



Source: Company Information, [1]2,910 additional FTEs are sourced through service agreements for onshore and offshore segments; [2]ADNOC L&S Direct FTEs

Governance

Strong sets of policies and commitments to support the Company's governance framework

ADNOC L&S has created robust standards and agreements to encourage fair, transparent, and risk-averse operations and governance. Its skilled board members oversee operations and offer strategic direction. With a solid governance structure that complies with local laws and regulations, ADNOC L&S adheres to seven sets of agreements and rules:

Sustainability: ADNOC L&S has established a systematic governance and monitoring framework to set and monitor overall sustainability-related objectives and activities by meeting the standard KPIs.

Workforce: The Company follows comprehensive human capital guidelines to maintain employee welfare. The Company focuses on Training and development, employee engagement, performance engagement, and workforce planning and management.

Health, Safety, and Environment: The Company is dedicated to preserving the environment, human health, and safety. The Company makes an effort to follow all local and federal laws and regulations. It also emphasizes the importance of delivering HSE systems in compliance with the relevant ISO standards.

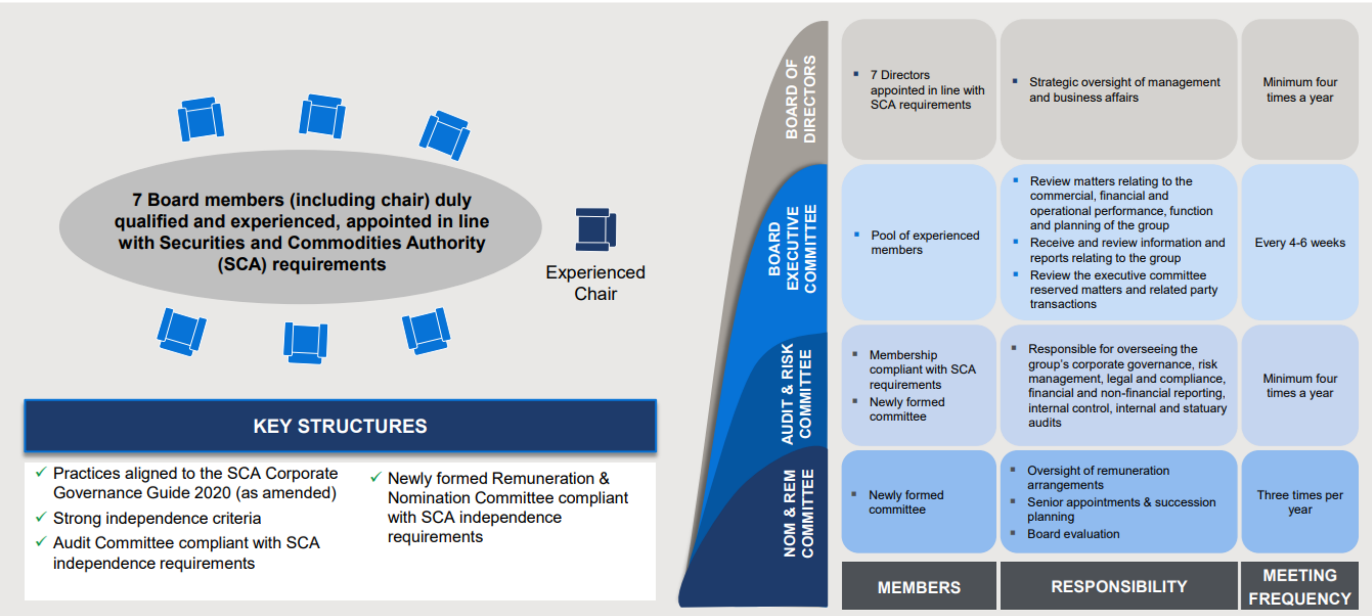
Board of Directors: ADNOC L&S abides by the norms and regulations, with seven skilled and experienced directors assigned in accordance with the Securities and Commodities Authority's requirements. (SCA). They will be reviewing the strategic oversights of management and business affairs. The board of directors carries out a minimum of four meetings a year.

Board of executive committee: The Company has a pool of experienced members with duly responsibility. The committee has responsibilities like reviewing matters relating to the commercial, financial, and operational performance of the company along with the function and planning of the group. They also receive and review information and reports relating to a group along with reserved matters and related party transactions. They carry out every meeting every 3-4 weeks to discuss internal matters

Audit and Risk Committee: ADNOC L&S committee is a newly formed committee compliant with the Securities and Commodities Authority's requirements (SCA). The committee conducts meeting a minimum of four times a year. It oversees the group's corporate governance, risk management, legal and compliance, non-financial reporting, internal control, and statutory audit.

Nomination and Remuneration Committee: They are a newly formed committee following SCA independence requirements. The committee oversees remuneration arrangements, senior appointments & succession planning, and Board evaluation. They carry out meeting three times a year.

Figure 21: ADNOC L&S's Governance and Board member structure



Source: Company Information

Key Investment Highlights

Owns an Integrated Energy Maritime Logistics Business with Strong Asset Base

ADNOC L&S is a key enabler of the global flow of energy commodities

ADNOC L&S is a critical logistics service provider to ADNOC, Abu Dhabi, and the UAE with a pioneering Integrated Logistics Services Platform

ADNOC L&S holds a leading position in delivering comprehensive maritime and integrated logistics solutions, as well as providing offshore operations to ADNOC, Abu Dhabi, and the UAE. Oil and gas production and exports are pivotal to the UAE economy, accounting for 43% of UAE GDP in FY2021. Moreover, since UAE is one of the key suppliers globally for oil & gas, ADNOC L&S is playing the role of being a key facilitator in the global energy commodities supply chain. The Company caters to the specific needs of its customers by providing wide array of maritime and logistics solutions, including end-to-end logistics services, commercial shipping, and chartering services, as well as marine services such as petroleum port operations, oil spill response, and other services. ADNOC L&S's Onshore, Port, and Marine Services include packaging, container terminal operations, jetty services, and warehouse and material management, whereas Offshore Services include personnel transportation, jack-up barges, petroleum port operations & oil spill and HNS response services, feeders, cargo and supply operations, and diving support services. Its fleet and logistics infrastructure plays a crucial role in the supply chain, providing cost-effective and efficient maritime solutions for the oil and gas industry, while prioritizing safety and sustainability.

The Company's assets are complemented by the Integrated Logistics Services Platform (ILSP), which operates as a centralized, end-to-end model, offering a unified solution for customers to manage all logistical needs through a single platform and operator. ADNOC L&S offers ILSP through the state-of-the-art Integrated Planning Centre at the Mussafah base. ILSP reduces project costs, improves customer service quality, offers a simplified market access point, and streamlines contract administration for suppliers by unifying logistical needs into a single system

Figure 22: ADNOC L&S: Global Energy Maritime Logistic Leader

Source: Company Information

Note: 1. Revenue breakdown based on unaudited 2022 financials PF for ZMI acquisition; 2. Owned vessels as of 31 December 2022 (includes vessels that are contractually committed for which the down payment has been made and construction has already started); 3. Includes 2 mini dive support vessels and 2 ASD tugs under construction; 4. Includes 6 VLGCs (one delivered in February 2023) owned by AW Shipping JV, a joint venture between ADNOC L&S and Wanhua Chemical Group. Includes 6 new LNGs with scheduled delivery in 2025 and 2026;5. Includes 4 new tankers with scheduled delivery in 2023; 6. 23 owned JUBs and operates a further 8 JUBs

Key service provider in the ADNOC eco-system

ADNOC L&S revenue is anchored by long-term contracts with ADNOC Operational companies, Borouge, and other entities

ADNOC L&S operates within a contractual framework that ensures consistent and stable returns with limited variability. The Company has a strong track record of customer retention (including non-ADNOC customers) and contract renewals, showcasing its reliability and customer satisfaction. As an integral part of the ADNOC Group, the Company offers a diverse range of logistics and shipping services across the ADNOC value chain. The Company has established a long-term contract with ADNOC Operating Companies, which constitutes over 70% of its total revenue, as per the FY2022 financials. The Company's revenue streams are well sustainable, with over 65% of it contracted and a significant portion of more than 70% linked to long-term contracts with ADNOC. The Company's Integrated Logistics division has 99% of its revenue contracted, with a significant portion of 90% coming from ADNOC. The Marine Services division derives 100% of its revenue from long-term contracts, primarily with ADNOC, which accounts for 95% of its client base. Meanwhile, the Shipping division has 22% of its revenue contracted, with 60% of revenue coming from ADNOC.

Figure 23: % of Revenue under long-term contracts (FY2022)

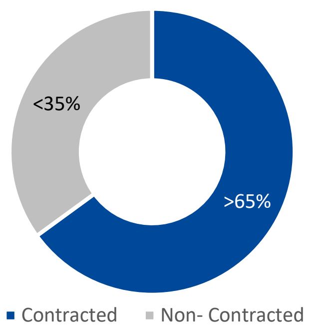
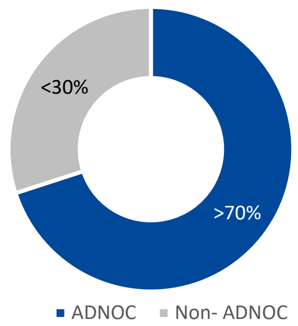
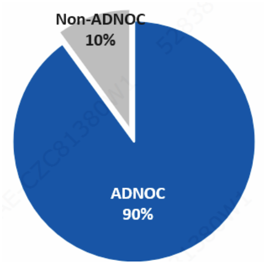
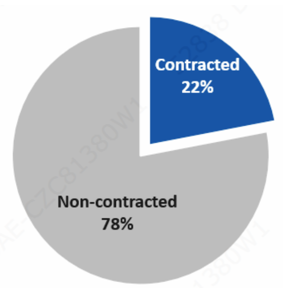
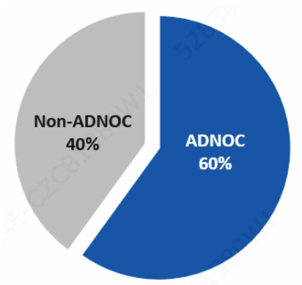
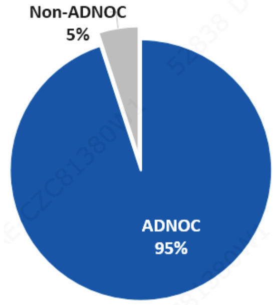


Figure 24: % of Revenue from ADNOC (FY2022)



Integrated Logistics		
Shipping		
Marine Services		

Source: Company Information

ADNOC L&S has a collaborative relationship with ADNOC, supported by long-term contracts

ADNOC is an anchor customer that has signed multiple contracts with ADNOC L&S including a 25-year Petroleum Ports Authority Contract providing marine services with the Petroleum Ports Authority, a 3–5-year JUBs contract, a 10-year ILSP contract with ADNOC Offshore, and 7–15-year LNG contract with ADNOC Gas. In addition, the Company also secured a 25-year contract with Borouge UAE gateway and a 10-year contract with ADNOC to provide marine and logistics services for Hail and Ghasha. The Company's growth strategy is well-defined and focused, leveraging strategic partnerships and existing overseas operations to enter new markets, expansion of services to ADNOC, enter into new business verticals (Green carriers, hydrogen initiatives, and other decarbonization solutions), and provide a seamless end-to-end service to its customers and partners.

Figure 25: ADNOC L&S: Selected key contracts with ADNOC OpCos[1]

CUSTOMER	CONTRACT	SEGMENT	START YEAR	END YEAR
ADNOC Offshore	**ILSP**	Integrated Logistics	2022	2032[2]
ADNOC	**Hail and Ghasha**	Integrated Logistics	2022	2032[3]+
Borouge	**Borouge Ruwais Terminal**	Integrated Logistics	2018/19	2022/23
Borouge	**Borouge UAE Gateway (Khalifa Port & KEZAD)**	Integrated Logistics	2022	2047[4]
ADNOC, aramco, bp, Shell	**JUBs Services**	Integrated Logistics	Rolling basis	
	OSVs	Integrated Logistics	Rolling basis	
Various	**MOSB**	Integrated Logistics	2026	-
Borouge	**Feeders (Container)**	Shipping	2022	2024
ADNOC Distribution	**Chemical Tankers TCPs**	Shipping	2010	2030
ADNOC Gas	**LNG Carriers TCPs[1]**	Shipping	2025	2040
ADNOC Gas	**Janana TCPs**	Shipping	2022	2025
WANHUA	**AW Shipping TCPs**	Shipping	2023	2033
AG&P, Wison	**FSUs TCPs**	Shipping	2021-23	2032-34
ADNOC	**Petroleum Ports Operations Contract**	Marine Services	2020	2045[5]
ADNOC	**Oil Spill and HNS Response**	Marine Services	2022	2042[6]

Source: Company Information

Note: [1] 4 of which are for 15 years and 1 for 7 years;

[2] 5-year initial term with 5-year extension option;

[3] 8-year initial term with 2-year extension option;

[4] Term, scope, and pricing to be renewed every 5 years;

[5] 5-year initial term with 5-year extension option (up to a maximum cumulative 25-year term);

[6] 20-year fixed term.

Centralized, End-to-End Model Driving Value Creation for All Stakeholders

An integrated model has been created to offer comprehensive services for increased client satisfaction

ADNOC L&S is one of the first offshore logistics providers to implement an Integrated Logistics Service Platform (ILSP) in the region

ADNOC L&S is a leading organization that provides end-to-end services to its customers through a centralized model. The Company specializes in various areas, including supply chain management, warehouse management, onshore material handling and logistics in Mussafah, offshore material handling and logistics in artificial and natural islands, integrated planning, supply planning for drilling and production, shipping logistics for OSVs performance management, maritime support services, rig move operations, marine terminal operations, aids to navigation services, and subsea diving.

The Company's supply chain management system ensures seamless handling of materials and goods throughout the supply chain. The warehouse management system ensures efficient and accurate tracking of inventory and orders. The onshore material handling and logistics team in Mussafah is equipped with state-of-the-art equipment and technology to handle a wide range of goods and materials. The offshore material handling and logistics team in artificial and natural islands operates in challenging and remote environments to ensure the safe and timely delivery of materials and goods.

The integrated planning system provides a comprehensive view of the supply chain, ensuring efficient coordination between drilling and production operations. The shipping logistics team oversees the management of OSVs and ensures the smooth running of operations. The maritime support services team specializes in rig move operations, marine terminal operations, aids to navigation services, and subsea diving. The Company's focus on innovation and technology ensures that it stays ahead of the competition and continues to deliver value to its customers.

The centralized model creates an edge over competitors. By having a single entity providing end-to-end services, there is greater coordination and control over the entire process, resulting in increased efficiency.

The model has numerous benefits for all parties involved.

- Clients benefit from the model by enjoying lower costs and better quality of service. Since all services are provided by a single entity, there is a greater degree of coordination and control over the entire process, resulting in lower costs for the clients. Additionally, by having a single point of contact, clients can expect a higher quality of service and quick resolution.
- Suppliers benefit from the centralized model by having a single point of access to the market and simpler contract management which simplifies the process for suppliers, allowing them to focus on the core competencies and thus increasing efficiency. Moreover, since suppliers are dealing with a single entity, negotiating and managing contracts have become simpler and more streamlined.
- The centralized model benefits the Company itself by creating larger revenue pools and customer stickiness. By offering a wide range of services, the Company can attract a larger customer base, resulting in increased revenue. Additionally, by providing end-to-end services, customers are more likely to stick with the Company for all their needs, resulting in increased customer loyalty and stickiness. This, in turn, results in better customer service, quicker turnaround times, and a more competitive edge over other companies in the market.

ADNOC L&S's Offshore logistics is a key enabler for ADNOCC Offshore

ADNOC's growth strategy includes significant CAPEX and an overall target to increase crude capacity to 5 mm bpd by FY2027. ADNOC L&S plays a critical role in fulfilling ADNOC Offshores logistics demand.

ADNOC L&S has several bases located offshore as part of its Integrated Logistics operation. its services are designed to create value for its clients through efficiency and optimization. The Company plays a pivotal role in the offshore logistics of ADNOC Offshore and Ghasha Mega Project. ADNOC Offshore operates across a vast area with a significant requirement for supply base logistics and transportation to maintain smooth operations, alongside safety and operational efficiency. Ghasha Mega Project, on the other hand, is the world's largest offshore sour gas development and is set to play a key role in helping the UAE achieve gas self-sufficiency. Both companies have significant logistics requirements throughout the full project life-cycle, and ADNOC L&S is a key enabler for ADNOC offshore & Ghasha Mega Project.

ADNOC L&S's integrated logistics solution includes a range of services such as supply chain management, warehousing, transportation, customs clearance, and project management. One of the reasons why Company ADNOC L&S is so successful in providing logistics solutions is because it works closely with its clients to understand their unique needs and challenges and then develops customized solutions to address the challenges. This approach has helped the Company build long-term partnerships with its clients and has helped in earning a reputation for excellence in the industry.

ADNOC L&S provides innovative solutions to its clients to reduce delays and cost overruns on projects. its role as a key enabler for ADNOC Offshore and Ghasha Mega Project highlights the significance of its services in the offshore logistics industry. The Company's focus on efficiency, optimization, and value creation has helped to build a strong reputation in the industry and establish long-term partnerships with its clients.

ADNOC Group's Strategic Targets are a Key Enabler for ADNOC L&S

ADNOC L&S is expected to benefit from the key targets that constitute ADNOC's global growth strategy.

Key targets of ADNOC Group's global growth strategy

1) Production growth:

- Crude Capacity: 5mmbpd by 2027
- Refining Capacity: 1mmbpd+
- Petrochemical Capacity: more than 2x by 2030
- LNG Export volume growth of up to 9.6mm tonnes by 2027
- Green Hydrogen production target of 1mm tonnes/annum by 2030

2) International growth in Oil, LNG, and Chemicals

3) Implementation of low carbon solutions – USD 15 bn has been allocated by ADNOC Group. ADNOC targets a net zero carbon emission by 2050.

- Carbon Capture - The technology involves capturing carbon dioxide emissions and storing them in underground geological formations or reusing them in other applications.
- CO2 Absorption - The technology involves absorbing carbon dioxide from the atmosphere and trapping it for long periods of time.
- Electrification - Transitioning from fossil fuel-powered vehicles and appliances to electric ones, which are powered by renewable energy sources such as wind or solar
- Hydrogen Renewables Investments

Logistics spending of ADNOC group to grow materially in order to sustain its $150bn 2023–2027 investment program. This spending shall help ADNOC L&S maximize its share of ADNOC Exports and marine services

ADNOC L&S aims to achieve significant growth in transported volumes by more than doubling it by 2030. The focus is on increasing volumes, services, and the integrated logistics fleet to deliver added operational efficiencies. The Company will have to increase the number of owned ships to facilitate higher sales of LNG and bulk products. In addition, ADNOC L&S intends to expand and gain leadership in the industry by growing its hydrogen transportation fleet which will require investments in specialty vessels capable of transporting hydrogen derivatives.

ADNOC L&S plans to increase the number of marine services vessels to support the growth in the marine services business. This will enable the Company to offer a wider range of services and solutions to its customers, further strengthening its position in the market. ADNOC L&S is focused on expanding its fleet, increasing its services, and delivering operational efficiencies to achieve maximize its share in ADNOC'S group logistic spending.

Expansion of Integrated Logistics will Lead to Sustainable Growth

ADNOC L&S's Integrated Logistics expansion strategy leading to increased revenue streams and cashflow visibility

ADNOC L&S has operations in Mussafah, Al Ruways Industrial City, and Fujairah. Mussafah is the largest integrated logistics facility in the region, with over 1.5 Mn Sqm and the capacity to accommodate 72 vessels and 4,500 port visits each year. The Company's marine passenger terminal facilitates the transportation of 130,000 passengers annually from Zayed Port, offering seamless connectivity to offshore facilities within the UAE. ADNOC L&S operates and manages the Borouge Global Gateway, located at Khalifa Port, which is the largest warehouse in the Middle East. The facility has a storage capacity of 180,000 tons of polyolefins with an annual throughput of 2.5 Mn tons. It serves as a crucial export hub for Borouge's 'Made In UAE' polymer solutions to global markets.

ADNOC L&S is partnering with and providing logistics services to Engineering, Procurement, and Construction (EPC) contractors on projects tendered by ADNOC. This helps the Company in increasing revenue streams and boosting the growth potential. The Company's continued expansion into EPC, subsea, and well services and entry into new industries and geographies are aimed at enhancing its offerings and exploring growth through additional channels and customers. ADNOC L&S aims to seize opportunities through technical partnerships that complement its expertise in logistics and project management. Recently, the Company signed a contract with Samsung C&T to provide end-to-end logistics services from MOSB to offshore islands, further showcasing its commitment to providing comprehensive logistics solutions.

Strategic acquisition and long-term contracts supporting the sustainable growth

Some of the key events in the integrated logistics supported the expansion growth strategy:

- **Launched ILSP:** ADNOC L&S signed a 10-year ILSP contract (a five-year initial term with a five-year extension option) with ADNOC Offshore to provide integrated logistics services. More than 80% of the contract value will be reinvested into the UAE's economy through ADNOC's successful In-Country Value (ICV) program. As part of its ongoing commitment to support the energy sector's growth, ADNOC L&S has developed the ILSP, a unique offering that centralizes all logistics requirements for customers through a single interface, resulting in improved efficiencies and reduced logistics costs. ADNOC L&S's global strategic expansion program aims to provide a wider range of services to its customers while supporting and facilitating the growth of ADNOC's upstream and downstream operations.
- **Expanded into Jack-Up Barges (JUBs) and new markets:** ADNOC L&S has a technologically advanced fleet of JUBs with operations in Abu Dhabi, KSA, Qatar and more recently in China, catering to the offshore wind sector. It is an expanding segment that benefits from favorable growth trends and robust demand. The fleet has grown from zero to 23 barges in 10 years, reflecting the growing market demand and expanding service offerings. In FY2022, the acquisition of Zakher Marine International (ZMI) supports ADNOC's ongoing strategic value creation and growth program. This acquisition also provides an entry into new geographies and end-markets, such as China's offshore wind sector. The Company's blue-chip customer base and sticky business model contribute to the high visibility of cash flows from Jack-up Barges (JUBs), further reinforcing its strong market position.
- **Entered a 25-year contract with Borouge UAE gateway**: The UAE Gateway Hub comprises the Khalifa Economic Zone Abu Dhabi (KEZAD) Warehouse and Khalifa Port. It includes warehousing facilities, logistics operations, and transhipment services catering to Borouge export products to global destinations. ADNOC L&S and Borouge has signed a 25-year agreement covering the Gateway operations. ADNOC L&S has extended its existing services to Borouge through investment in a UAE Gateway Hub at KEZAD and Khalifa Port. KEZAD Warehouse is one of the largest warehouses in UAE, acquired for Borouge. ADNOC L&S owns and operates the KEZAD gateway, offering ADNOC L&S customer access to regional and global markets.
- **Acquired assets and resources of Speedy Abu Dhabi:** ADNOC L&S expanded into material handling services with major equipment acquisition of Speedy Hire PLC in the UAE in FY2021. It positioned ADNOC L&S as the largest integrated logistics provider in the GCC and strengthened its Mussafah logistics base and offshore artificial islands offerings. The acquisition has added over 2,000 pieces of equipment to ADNOC L&S's asset base, including cranes, forklifts, firetrucks, and other high-value machinery used for offshore and onshore material handling services
- **Secured a 10-year contract with ADNOC to provide marine and logistics services for Hail & Ghasha:** The Hail and Ghasha Development Project is part of the Ghasha Concession, the world's largest offshore sour gas development and an essential part of ADNOC's integrated gas masterplan, as well as a vital facilitator of UAE gas self-sufficiency. ADNOC L&S secured 10-year contract with ADNOC to provide marine and logistics services for Hail & Ghasha. As part of the growth strategy, ADNOC L&S aims to employ new approaches and technologies to enhance gas recovery from existing fields, as well as tap into untapped resources, while also prioritizing innovation to drive emissions reduction. It demonstrates ADNOC L&S's commitment to sustainable practices and its focus on leveraging cutting-edge solutions to optimize operations and mitigate environmental impact.

ZMI Acquisition Helped Unlock New Revenue Streams and Markets for ADNOC L&S

The acquisition of ZMI made Integrated Logistics the largest contributor to Adjusted EBITDA

Zakher Marine International (ZMI), a service provider to Offshore Oil and Gas Industries and Offshore Marine Construction Companies, operates a significant number of self-propelled JUBs.

In July 2022, ADNOC L&S announced its acquisition of Zakher Marine International (ZMI), which was successfully completed on 1st November 2022, resulting in ADNOC L&S now owning 100% of ZMI. ADNOC L&S also acquired 23 self-propelled Jack-Up Barges (JUBs) as part of the acquisition. ZMI is a prominent offshore support vessel company, widely recognized as one of the largest owners and operators of JUBs in the Gulf Cooperation Council (GCC) region, with operations in the UAE, KSA, Qatar, and China. Established in Abu Dhabi in 1984, ZMI has earned a strong reputation as a global provider of offshore support services, serving the offshore oil and gas markets as well as the renewable energy sector, including recent entry into the offshore wind farm market in China, showcasing its commitment to growth and innovation.

ZMI has also secured long-term contracts with leading National Oil Companies (NOCs), International Oil Companies (IOCs), and Engineering, Procurement, and Construction (EPC) operators, reflecting its track record of delivering quality services to its esteemed customer base.

ZMI Acquisition was a well-executed strategic acquisition that helped in taking advantage of potential synergies to achieve growth.

The acquisition of ZMI by ADNOC L&S is expected to bring significant benefits to the Company. The strong demand for JUBs in the region is driving mid-term sustainable rates, which presents an opportunity for margin expansion and a sustainable high-margin business for ADNOC L&S. With the acquisition of ZMI, ADNOC L&S gains entry into new geographies such as Qatar, KSA, and China, which presents opportunities for further growth and expansion. Furthermore, the acquisition provides access to a new end-market with the entry of JUBs into the offshore wind farm support sector. This is a significant opportunity for ADNOC L&S to diversify its revenue streams and expand its offering to customers.

The compatibility of ZMI's assets with ADNOC L&S's existing fleet is another key benefit of the acquisition. The relatively young age profile and suitable specifications of ZMI's assets make it well-suited to compete within the shallow water and benign Middle East conditions, providing a strategic fit for ADNOC L&S's operations.

Finally, the acquisition is expected to further enhance ADNOC L&S's relationship with ADNOC operating companies, allowing the Company to deploy its assets to support the operations of ADNOC Offshore and other ADNOC entities. This is expected to strengthen ADNOC L&S's position as a key partner for ADNOC and enhance its reputation in the industry

ADNOC L&S's Strong Customer Base and Partnerships with Key Customers Help in Driving Long-term Investments

ADNOC L&S is backed by ADNOC as an anchor customer and blue-chip customer base

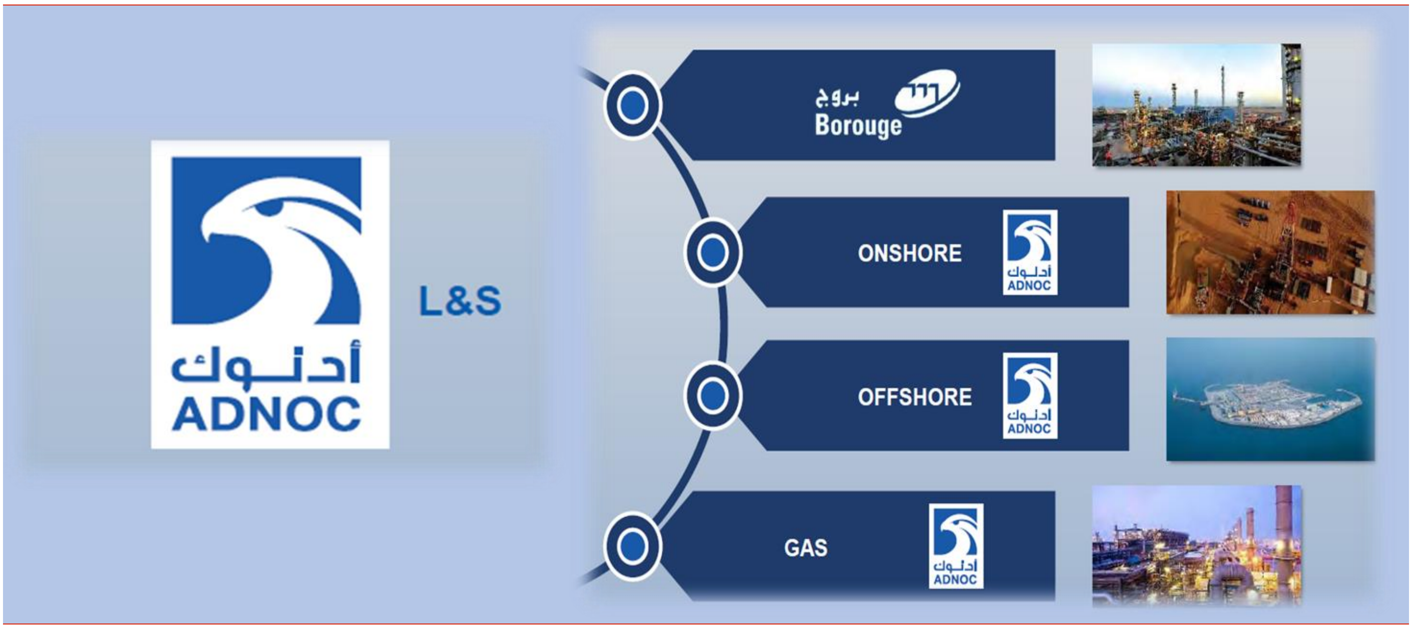
ADNOC L&S is an integral part of the ADNOC ecosystem. ADNOC underpins greater than 70% of ADNOC L&S revenue in FY2022, which makes ADNOC its anchor customer. The Marine service segment is 100% linked to ADNOC.

A blue-chip customer base is an important factor that supports long-term investments. Companies with a loyal and committed customer base are better positioned to make investments that will pay off over the long term, and the companies are more likely to be able to generate sustainable growth and profitability over time. ADNOC L&S serves high-quality assets to its blue-chip customer base.

Figure 26: Previous and Current customers of ADNOC L&S

Source: Company Information

Figure 27: Integral part of ADNOC eco-system



Source: Company Information

Figure 28: Jack up Barges customer base

Source: Company Information, Includes previous and current customers

The partnership with key clients in the shipping segment and its established relationship with the diverse client base have helped ADNOC L&S promote its long-term investments.

ADNOC L&S is supported by key customers, including ADNOC Gas and Borouge, which helps to ensure the continued success of the business. One of the key strengths of ADNOC L&S is its diversified client base in the shipping segment, which spans across a range of segments, including crude, products, LNG/LPG, and dry bulk. The diversified portfolio helps to reduce the group's exposure to market fluctuations and ensures that it can face any economic storms that may arise.

Another strength of ADNOC L&S is its established joint ventures with key customers. The AW joint venture with Wanhua help to support long-term investment and collaboration, which is essential for the success of any business in the energy and bulk industry. By working closely with its customers, ADNOC L&S can better understand customer needs and develop tailored solutions that meet specific requirements.

ADNOC L&S is a highly respected player in the energy and bulk industry, with a strong track record of success and a commitment to long-term investment and collaboration with its customers. With its diversified client base, worldwide presence, and joint ventures with key customers, the Company is well-positioned to continue its success in the coming years.

About 60% of the shipping segment's total client base is made up of ADNOC. The Non-ADNOC client base of the shipping segment includes NOCs, Shipping, Commodity Traders, Chemicals,

With the assistance of its blue-chip clientele, ADNOC L&S was able to boost its investment in its LNG fleet, which contributed to the maximization of the Company's value

Energy Companies, Refiners. ADNOC L&S has implemented an LNG fleet life extension program by investing in its legacy LNG vessels, which extend its usable life to 35 years or more. The Company aims to create additional value from the program and provide innovative solutions to clients. The Company secured long-term charterers and conversion projects, such as Floating Storage Units/ Floating Storage Regasification Units (FSU/FSRU). The life extension program allows for 11-15 years of legacy LNG chartering to FSU and FSRU.

The Company continues to invest in the latest technology to ensure that its fleet remains up-to-date. The Company focuses on reducing fuel consumption and emissions by implementing new vessel technologies. The Company's new LNGCs include advanced technological features such as an optimized hull form, a high-efficiency propeller and twin skeg propulsion, and an air lubrication system. These new vessels are designed for 40 years and show an 8% improvement in fuel consumption in gas mode and a 6% improvement in fuel consumption in diesel mode. By its investment in the LNG fleet, the Company ensures the longevity and sustainability of its fleet.

Figure 29: Key clients for Dry bulk/containers

Source: Company Information

Figure 30: Key clients for Tankers

Source: Company Information, Includes previous and current customers

Figure 31: Key clients for Gas

Source: Company Information, Includes previous and current customers

ADNOC L&S has Attractive and Accretive Growth Strategy

Expansion of services provided to ADNOC

ZMI enhances ADNOC's services as its primary logistics provider, supporting growth and new ventures. Efficient delivery services allow ADNOC to focus on its core business.

ADNOC L&S currently offers various services to ADNOC, but there is still room for improvement in delivering more value as ADNOC's logistics requirements expand over time. ADNOC L&S possesses the necessary expertise to aid ADNOC in its growth into novel business areas, including hydrogen, methanol, and ammonia-related segments.

ADNOC Operating companies are as follows:

1) **Borouge** - ADNOC L&S provides Borouge with manpower leasing for packaging and maintenance tasks, container terminal management, and feeder transportation from Ruwais to Khalifa Port. ADNOC L&S plans to work closely with Borouge to develop integrated logistics solutions within ADNOC L&S
2) **ADNOC Offshore -** ADNOC Offshore has a massive operational area of around 250 km, which necessitates well-coordinated logistics activities to ensure safety and operational efficiency. As a result, with the completion of ILSP Phase 2, ADNOC L&S's participation in logistics operations is expected to rise.
3) **ADNOC Onshore -** ADNOC L&S presently provides certain marine resources to ADNOC Onshore. There is considerable potential for logistics business that can be consolidated under ADNOC L&S, including onshore logistics provision, which may result in value creation by synergies with other operating companies.
4) **ADNOC Gas -** ADNOC Gas has a centralized operation in Das, and there is a possibility to expand the ILSP model to meet ADNOC Gas's logistics requirements in Das. There is potential to enlarge the LNG fleet to accommodate the growing capacity of ADNOC Gas. Additionally, there may be an opportunity to expand onshore logistics and terminal operations with ADNOC Gas in Ruwais.

There are untapped opportunities with ADNOC, including expanding ILSP services and the WIO program, both of which offer highly visible and tangible growth opportunities for ADNOC L&S

ILSP Phase 2: Expansion of ILSP capacity for ADNOC Offshore - The project involves three phases: Concept, Definition, and Execution. The Concept phase aims to propose options for maximizing the value of offshore passenger logistics and make recommendations. The Definition phase focuses on defining the operating and commercial models, and organizations related to the selected options. In the Execution phase, the project team will define an implementation plan for the new operating and commercial models.

The scope of services includes offshore passenger transportation, including infield movement utilizing aviation and marine assets to support day-to-day operations, as well as Das & Zirku Island airport operations. Additionally, the project includes aviation technical and standards services to ensure compliance and safe operations, voyage and flight reservation and booking services, and additional client support in aviation and marine services associated with business requirements.

Warehouse and Inventory Optimization (WIO): The transformation of groupwide warehouse and logistics management - ADNOC L&S has a significant role in managing the warehouse and logistics operations for ADNOC. The Company currently manages around 40% of ADNOC's total warehouse capacity and has a proven track record of delivering value across supply chains through its execution of the ILSP and Borouge Gateway projects.

ADNOC has more than 40 facilities catering to warehousing and logistics across its network, with 10 of its operating companies requiring warehousing space and logistics support. To unlock further value, ADNOC needs to combine its warehousing and logistics network operations and rebalance its distribution network to achieve the optimum cost equilibrium.

Provision of incremental services to existing clients

ADNOC L&S aims to increase its international shipping activity by expanding its trading in dry bulk and tankers and gas business. It also plans to internationalize its Integrated Logistics Service Provider (ILSP) and support EPC contractors on offshore operations

ADNOC L&S is looking to increase its activity and scope in international shipping by expanding its trading activity in dry bulk and increasing the international scope in tankers and gas businesses. With the expected growth in Sulphur export volume, there is a need for a larger fleet size to meet the growing demand.

ADNOC L&S also expects that the strategic targets of its existing clients will continue to drive volume growth and potentially further expand its trading footprint. Internationalizing ILSP involves expanding the market for the Integrated Logistics Service Provider model. As the market becomes more mature and customers adopt the ILSP model, particularly the EPCs, the potential market for ILSP is expected to grow. ADNOC L&S is one of the first offshore logistics providers to implement ILSP services in the region, positioning it well for further adoption of the ILSP model.

The adoption rate of the ILSP proposition by standalone logistics providers is low in the GCC market, allowing for strong growth in this segment. Additionally, the small Egyptian market towards the Mediterranean could be a potential opportunity for ILSP given planned exploration campaigns. ADNOC L&S plans to support EPC contractors with offshore services, starting with the domestic markets.

The JUBs market is expected to be driven by the rise in demand for rig-less operations, enhanced oil response, and ongoing & upcoming EPC projects. ADNOC L&S believes it can competitively add value to EPC contractors given its existing infrastructure and footprint. The Company is also looking to partner with EPC contractors to jointly bid for projects, building on early success in providing support in areas such as dredging and construction of artificial islands.

Enlarging geographical footprint and clients

ADNOC L&S aims to target North Africa and GCC markets. The Company has successfully ventured into Asia and is well-positioned to capture energy maritime logistics requirements in India and Pakistan.

ADNOC L&S has identified North Africa and GCC as target markets for expanding its business, given the growing offshore energy exploration activities in the regions. The Company sees opportunities in providing logistics services for LNG import terminal infrastructure, JUBs (Jack Up Barges), and other offshore marine services. As the demand for offshore exploration and production activities increases in these regions, ADNOC L&S aims to provide integrated logistics solutions that cater to the entire supply chain, including transportation, storage, and distribution.

ADNOC L&S can leverage ADNOC's relationship and existing overseas operations to enter new markets opportunistically

By leveraging its existing infrastructure and expertise, ADNOC L&S aims to capture a significant market share in these target markets ADNOC L&S has successfully ventured into Asia and is well-positioned to capture energy maritime logistics requirements in India and Pakistan. The Company has a strong presence in the region, with a significant footprint in key ports and an established reputation for providing high-quality logistics services. it has allowed the Company to capture a growing share of the market and expand its operations in the region. With the energy sector in India and Pakistan continuing to grow, ADNOC L&S is well-positioned to capitalize on the increasing demand for offshore logistics services in these markets. The Company's experience and expertise in the sector make it a valuable partner for companies operating in the region, and its focus on innovation and technology ensures that it remains at the forefront of the industry.

AW Shipping - A joint venture with Wanhua Chemical Group opens up the possibility for increased transportation volumes to China

ADNOC L&S formed a joint venture with Wanhua Chemical Group in FY2020 called AW Shipping. The JV is responsible for owning and operating a fleet of six VLGCs, which will be chartered by Wanhua Group for 10 years to transport LPG cargoes and other petroleum products from ADNOC to Wanhua Group's manufacturing bases in China and other parts of the world. The partnership opens up the possibility for increased transportation volumes to China. ADNOC L&S has signed an 11-year time charter agreement with Atlantic, Gulf & Pacific Company (AG&P) in India and for two Floating Storage Units (FSUs) with the Philippines, as well as an 11-year bareboat charter agreement with Wison Offshore for the Floating Storage Regasification Unit (FSRU) Al Khaznah. These agreements demonstrate the Company's continued focus on growing its global footprint and maximizing the value of its assets

Entry into new business verticals

ADNOC L&S aims to own and operate green carriers such as methanol and ammonia, exploring opportunities in hydrogen vessels, storage, and distribution.

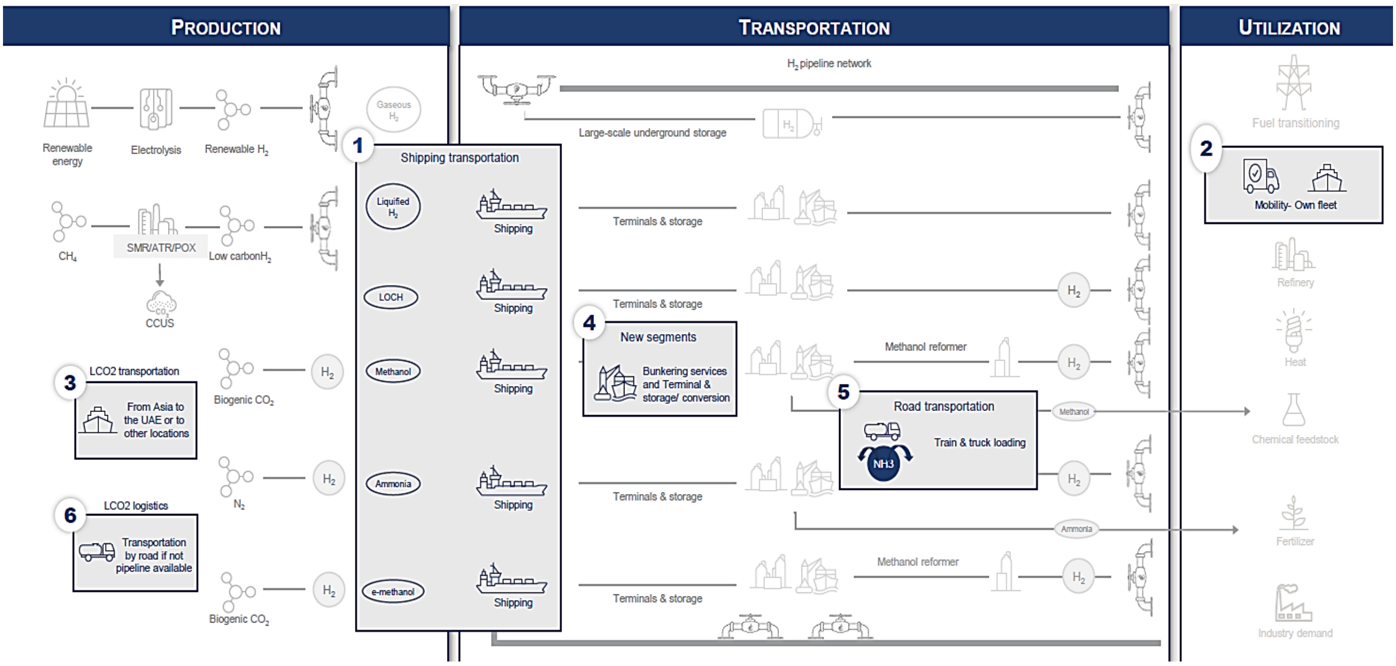
The Company also aims to advise clients on decarbonization themes, emissions abatement, and other solution

ADNOC L&S plans to own and operate green carriers fueled by low-carbon fuels such as methanol and ammonia. The Company sees low-carbon ammonia as a carrier fuel for clean hydrogen as a particularly promising area. The Company aims to provide support services required for low-carbon ammonia production and position itself as a logistics leader in TAZIZ.

ADNOC L&S is actively exploring opportunities in the emerging market of hydrogen vessels, storage, and distribution. As global demand for low-carbon hydrogen continues to increase, ADNOC L&S sees the potential to expand its offerings in this area and position itself as a leading provider of sustainable energy solutions. Abu Dhabi is focused on becoming a strong player in low-carbon hydrogen production and export, which creates opportunities for ADNOC L&S to leverage its existing infrastructure and logistics capabilities to support the development and distribution of the energy source in international markets. To support these efforts, ADNOC L&S is investing in new energy projects along the hydrogen value chain, which include exploring the development of hydrogen production, storage, and distribution infrastructure, as well as hydrogen-powered vessels and other transportation solutions.

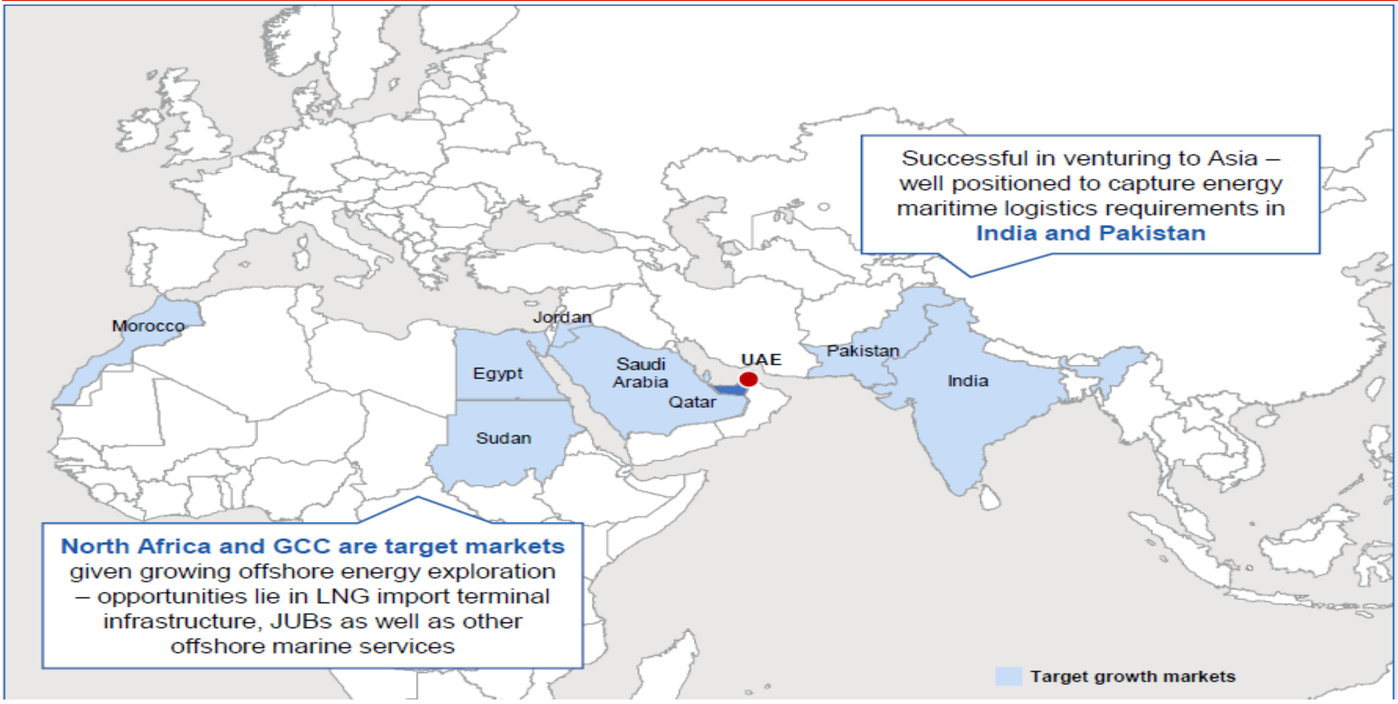
Through these investments, ADNOC L&S aims to create new opportunities in the hydrogen economy and position itself as a key player in the transition to a more sustainable future. By leveraging its expertise and capabilities in shipping and logistics, the Company can play a critical role in supporting the growth and development of the low-carbon hydrogen industry. ADNOC L&S aims to offer clients advice on decarbonization and emissions reduction, including marine solutions like using volatile organic compounds as a fuel. The Company also supports renewable energy services and broader decarbonization agendas by investing in new energy solutions and carbon capture and storage initiatives. ADNOC L&S aims to provide tailored assessments and recommendations to help clients reduce the carbon footprint and meet sustainability goals, driving the transition to a low-carbon economy.

Figure 32: ADNOC's production volumes in the UAE of hydrogen (and derivatives) are expected to increase:



Source: Company Information

Figure 33: ADNOC's production volumes in the UAE of hydrogen (and derivatives) are expected to increase:



Source: Company Information

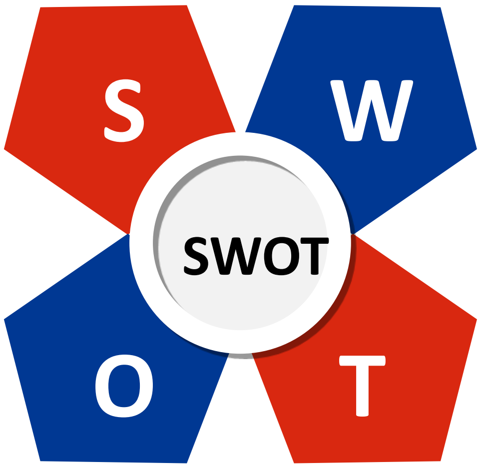
SWOT Analysis

STRENGTHS

- ADNOC L&S derives more than 70% of its revenue from ADNOC OpCos, providing a stable and reliable source of revenue
- Over 65% of the revenue is earned from long-term contracts, which provide visibility
- Modern and diversified fleet with high utilization
- One-stop-shop solution for customers to use one operator through one platform for all the types of logistical services onshore and offshore (including warehouse management, materials handling, waste management, offshore logistics, and rig/barge move)
- Expansion of services to ADNOC, existing clients, and new markets for further growth

WEAKNESSES

- Derives more than 70% of revenue from ADNOC OpCos, leading to high customer concentration and posing a risk from changes in ADNOC or market conditions
- Dependency on the oil and gas industry, partially subject to global price and demand fluctuations, impacting revenue and profitability.
- Day Rate volatility in Shipping business.
- Contract Renewals for a new term.



OPPORTUNITIES

- Growth opportunities in new markets and diversification of services
- Opportunities from acquisitions, partnerships, and strategic initiatives
- Growing demand for digital solutions in the maritime industry, benefiting the Company's operating efficiency and margins

THREATS

- Fluctuations in global oil prices and demand
- Intense competition in the shipping and logistics industry
- Regulatory changes and compliance requirements in the maritime industry
- Geopolitical risks and regional conflicts in the Middle East region

Highly Experienced Management Team

Experienced Management Team with Long Track Record in the Business

Strong Track record of delivering on integrating key projects

The Management team of ADNOC L&S comprises of Chief Executive Officer (CEO), Chief Financial Officer (CFO), Senior Vice President (SVP), and Vice President (VP). The management team at ADNOC L&S consists of high experience with significant years of professional experience in the industry. The management team proved its capacity to grow the company responsibly while simultaneously generating remarkable profitability outcomes. The team contains the skills, capabilities, and experience required to support the company's growth in its next phase.

Figure 34: ADNOC L&S Management Team

Source: Company Information

Key Management:

CEO – Captain Abdulkareem Al Masabi

Captain Abdulkareem Al Masabi is a highly experienced executive with over 24 years of expertise in logistics, ports, and shipping operations. He has been serving as the Chief Executive Officer (CEO) of ADNOC Logistics & Services (ADNOC L&S) since FY2018. Before assuming his role at ADNOC L&S, Captain Al Masabi held key positions at companies such as Abu Dhabi Ports, Gulf Energy Maritime, and National Gas Shipping Company. His extensive knowledge and leadership in the industry make him a respected figure in the field of logistics and shipping management.

CFO – Mr. Nicholas Gleeson

Mr. Nicholas Gleeson joined ADNOC L&S as Chief Financial Officer (CFO) in FY2022. Mr. Gleeson holds over 28 years of corporate management and financial expertise at global consulting, corporate finance, and logistics companies. He formerly worked at BW Group & BW LPG, Miclyn Express Offshore, Philips Electronics, and KPMG. With his educational background and extensive experience in the financial and commercial sectors, he becomes a valuable asset to the ADNOC L&S.

SVP Corporate Strategy and Business Development – Mr. Justin Murphy

Mr. Murphy is associated with ADNOC L&S since 2018 and currently serving as Senior Vice President of Corporate Strategy and Business Development. He has over 32 years of experience in management and strategy expertise in global shipping and logistics companies. Prior to his role in ADNOC L&S, Mr. Murphy worked with the companies such as Teekay, AET, Brightoil Shipping, and Macquarie.

SVP Marine Services – Mr. Vivek Seth

Mr. Seth joined ADNOC L&S in 2019 and served as Senior Vice President of Marine Services. Mr. Seth brings more than 32 years of operations, commercial and management experience across global shipping and maritime logistics companies. Previously he was associated with the companies such as Tidewater, Svitzer (Maersk), Smit Lamnalco, and Milaha Offshore. His extensive experience and expertise make him a valuable member of the ADNOC L&S team.

Board of Directors of the Company

H.E. Dr. Sultan Ahmed Sultan Essa Aljaber – Chairperson (Independent Member)

H.E. Dr. Al Jaber has over twenty years' experience across the energy spectrum and has played a leading role in the country's energy diversification. H.E. Dr. Sultan Ahmed Al Jaber has served as Group Chief Executive Officer and Managing Director of ADNOC since February 2016. Through this transformation ADNOC has evolved into an advanced, progressive energy company. Dr Sultan has leveraged technology to maintain and build on ADNOC's position as one of the most carbon efficient oil and gas producers. Prior to taking on the leadership position at ADNOC, he served as Chief Executive Officer of the Energy platform of Mubadala Development Company and founding CEO of Masdar, Abu Dhabi's leading renewable energy company of which he is currently Chairman. H.E. Dr. Sultan Ahmed Al Jaber is a member of the UAE Federal Cabinet and the UAE's special envoy for climate change. From 2013 until July 2020, he served as the UAE Minister of State and in July 2020, was named the Minister of Industry and Advanced Technology. In July 2020, he was appointed Chairman of Emirates Development Bank, a key partner in providing financial services for the sustainable economic and social development of the UAE. In November 2020, he was appointed as the UAE's special envoy for climate, a role he previously served from 2010 to 2016. In December 2020, H.E. Dr. Sultan Ahmed Al Jaber was appointed as a board member to the Abu Dhabi Supreme Council for Financial and Economic Affairs. He is an active member of the Anwar Gargash Diplomatic Academy Board of Trustees, and Chairman of the Board of Trustees of the Mohamed bin Zayed University of Artificial Intelligence and holds a Ph.D. in Business and Economics from Coventry University, United Kingdom, an MBA from California State University, USA, and a BSc in Chemical and Petroleum Engineering from the University of Southern California, USA. H.E. Dr. Sultan Ahmed Al Jaber holds a number of positions on the boards of directors of several public joint stock companies in the state

Khaled Salmeen Anber Salmeen – *Director* (Independent Member)

Mr. Salmeen is the Executive Director of Downstream Industry, Marketing and Trading ("DM&T") at ADNOC. In this role, he leads ADNOC's Trading and Supply functions, as well as its Downstream and Industry operations. This includes the growth of its existing refining and petrochemicals business, development of TA'ZIZ, a globally competitive industrial eco-system in Ruwais that aims to support Abu Dhabi and the UAE's industrial growth ambitions, and ADNOC's evaluation of new business opportunities within Hydrogen. Mr. Salmeen is also responsible for ADNOC's strategic overseas storage and enhancing the company's global presence through ADNOC Marketing International. Previously, he served as Chief Executive Officer of Khalifa Industrial Zone Abu Dhabi, Chairman of Abu Dhabi Terminals, and Chief Operating Officer of Tabreed (National Central Cooling Company). He also led ADNOC's transformation efforts in the capacity of Program Management Office Director from 2016 to 2017, during a period of significant transformation for the ADNOC Group.
In addition to his role as Executive Director of Downstream Industry, Marketing and Trading at ADNOC, Mr. Salmeen is a member of the board of directors of several companies including ADNOC Gas plc, Borouge plc, Fertiglobe plc, Abu Dhabi Marine Business and Services Company PJSC, Abu Dhabi Gas Industries Limited (ADNOC Gas Processing), ALNG, ADNOC Global Trading and Abu Dhabi National Oil Company for Distribution PJSC. He is also the chairman of a number of companies including Borouge PTE, ADNOC Trading, TA'ZIZ, Abu Dhabi Gas Distribution Company – Sole Proprietorship LLC (ADNOC City Gas) and National Gas Shipping Company Limited.
Mr. Salmeen holds a Bachelor of Science Degree in Engineering from the Colorado School of Mines in the United States and an Executive MBA from INSEAD

Khaled Mohamed Abdulla Alalkeem Alzaabi – *Director* (Independent Member)

Mr. Alzaabi is currently appointed as Group Chief Financial Officer of ADNOC. Before this position, he served as Senior Vice President responsible for ADNOC Group financial planning, budgeting, management information reporting, and performance management for ADNOC Group. He led and ensured the execution of accounting and statutory reporting activities, acting as a centre of expertise, to provide sound financial forecasting, accounting and consolidated reporting that supports the realization of business objectives and ensures compliance.
Some of his significant achievements are as follows. Mr. Alzaabi (i) established integrated business planning, governance framework, and processes, (ii) implemented efficiency and optimization programs, which focuses on identifying and delivering operational and financial levers to maximize value to shareholders, (iii) developed profit-centric reporting structure, including transfer pricing to transform cost-focused culture into a profit and returns-oriented business model, (iv) managed the implementation of unified finance operating model across ADNOC Group, (v) established a new Shared Services model that is expected to substantially transform ADNOC’s productivity and performance, raise customer service delivery levels, and unlock talent and employee opportunities, (vi) implemented ADNOC’s in-house bank, ADNOC Group Treasury Services (AGTS), which serves as one of the first large-scale in house banks in the Middle East and Africa regions, (vii) executed several mega transactions such as the IPO of Borouge as the largest chemicals IPO in MENA, the IPO of ADNOC Gas as the largest-ever IPO in Abu Dhabi and completed several mergers & acquisitions, including the acquisition by ADNOC of a 24% stake in Masdar, a 25% stake in Borealis and the 100% takeover of Zakher Marine. Additionally, he serves as a member of the board on numerous ADNOC Group companies, such as ADNOC Trading, ADNOC Refining and Borouge.
Mr. Alzaabi holds a Bachelor Degree in Finance from Deakin University, Australia.

Dr. Abdulla Humaid Saif Aljarwan Alshamsi – *Director* (Independent Member)

Dr. Abdulla Al Jarwan is the acting Director of The Executive Office (TEO) Directorate at ADNOC, where he leads on providing strategic guidance and decision nmaking support for the ADNOC Group CEO and Executive Leadership Team (ELT). In this role, Dr. Abdulla oversees business-critical, CEO-directed projects and enables long-lasting, mutually beneficial business outcomes for the Group’s stakeholders. Dr. Abdulla is also responsible for ADNOC’s Communications & Corporate Social Responsibility (CSR) function, working closely with the ADNOC Group CEO and ELT to navigate complexity and drive forward ADNOC’s corporate stewardship agenda.
Dr. Abdulla Al Jarwan previously served as Senior Vice President (SVP) for Strategy, Portfolio & Assurance in ADNOC’s Upstream Directorate where he oversaw Business Development, Strategic Planning, Portfolio Management, Business Assurance, Concession and Asset Management. During his tenure as SVP for Strategy, Portfolio & Assurance in ADNOC Upstream, Dr. Abdulla Al Jarwan successfully led the Accelerate 100X program, which is considered the most complex transformation in the history of ADNOC. Prior to his appointment as SVP, Dr. Abdulla held several senior positions with ADNOC Offshore.
Dr. Abdulla Al Jarwan holds Bachelor and Master’s degrees in Petroleum Engineering from Khalifa University and his Doctorate in Mergers and Acquisitions from the UAE University. He also completed a Business Program for Senior Leaders from IMD Business School, Switzerland and London Business School, in the United Kingdom.

Tayba Abdulrahim Mohamed Alhashmi – *Director* (Independent Member)

Ms. Alhashmi is the Chief Executive Officer of ADNOC Offshore, one of the largest offshore energy producers in the world. She brings more than 20 years of industry experience across a range of technical disciplines and leadership positions. In her current role, she leads a team of 8,000 people and works with eight international partners to safely deliver around half of Abu Dhabi's oil and gas production, and sustainably grow the business to help meet the world's growing energy demand.
Ms. Alhashmi previously served as CEO of ADNOC Sour Gas, one of the world's largest sour gas producers from 2020 until 2023, where she established ADNOC Sour Gas as a competitive and reliable gas supplier by achieving industry-leading sustained plant availability at 99% that grew production from 1.28 to 1.45 billion standard cubic feet. From 2018 – 2020, Ms. Alhashmi was CEO of Al Yasat Petroleum Operations Company where she was the first female CEO appointed to lead an ADNOC operating company. From 2013 to 2018, Ms. Alhashmi held a series of leadership position in ADNOC's Upstream Directorate. As Senior Vice President Undeveloped Reservoirs, she unlocked reserves to in support of ADNOC's growth strategy and delivered the world's largest offshore sour gas project. As Senior Vice President Exploration, Ms. Alhashmi restructured ADNOC's development and exploration strategies. As Vice President Development, she was responsible for managing ADNOC Onshore's oil and gas portfolio.
Ms. Alhashmi is a member of several professional bodies, including the ADNOC Gender Balance Committee, Society of Petroleum Engineers, United Arab Emirates University and Etihad Water and Electricity. She is also a Board Member and the Audit Committee Chairman of ADNOC Onshore. Ms. Alhashmi holds a Bachelor degree in Chemical Engineering from the UAE University, Al Ain.

Khalid Abdulhaq Abdulla Barkat Abdulsamad – *Director* (Independent Member)

Mr. Abdul Samad serves on the Board of Directors of the Company and is also the Senior Vice President of the production function in the Upstream directorate of ADNOC. He is tasked with governing the production operations of the ADNOC Upstream directorate and has been responsible for overseeing an increase in ADNOC's production capacity from 3.0 million barrels of oil per day in 2017 to 4.0 million barrels of oil per day in 2020. Prior to this, Mr. Abdul Samad has held key leadership roles across ADNOC Onshore value chain with responsibility over Engineering, Projects, Operations and Technical support to all user divisions within Onshore. Mr. Samad has also held roles as a Process Engineer for Onshore Bechtel and Gensis.
Mr. Abdul Samad holds a Bachelor's Degree in Chemical Engineering from the United Arab Emirates University.

Mashal Saoud Mohamed Alkindi Alseiari – *Director* (Independent Member)

Mr. Al-Kindi has been a part of the ADNOC Group for over 14 years in varying senior management positions, spanning ADNOC's Executive Office, Upstream and Downstream Industry, Trading & Marketing (DM&T) Directorates. Through his ADNOC tenure, Mashal gained exceptional expertise relating to major capital projects and portfolio management, governance, and corporate planning. He was also instrumental in establishing joint ventures in several ADNOC Group companies.
From early 2021 to January 2023, as Senior Vice President, Business Transformation, Excellence and Performance in the DM&T Directorate, he spearheaded corporate performance management and business transformation within ADNOC's natural gas, LNG, polyolefin, petrochemicals, distribution, industry, marketing and trading businesses across various ADNOC entities. In February 2023, Mr. Al-Kindi joined TA'ZIZ (an ADNOC & ADQ joint venture) as Acting Chief Executive Officer where he leads the development of an industrial chemical's portfolio with 16 local and international partners in Al Ruwais Industrial City, Abu Dhabi, UAE.
Mr. Al-Kindi holds a Bachelor of Science in Mechanical Engineering and a Master's of Project Management.

Industry Overview

Oil and Gas Continue to Remain a Significant Portion of the Energy Mix Despite Growth in Renewables

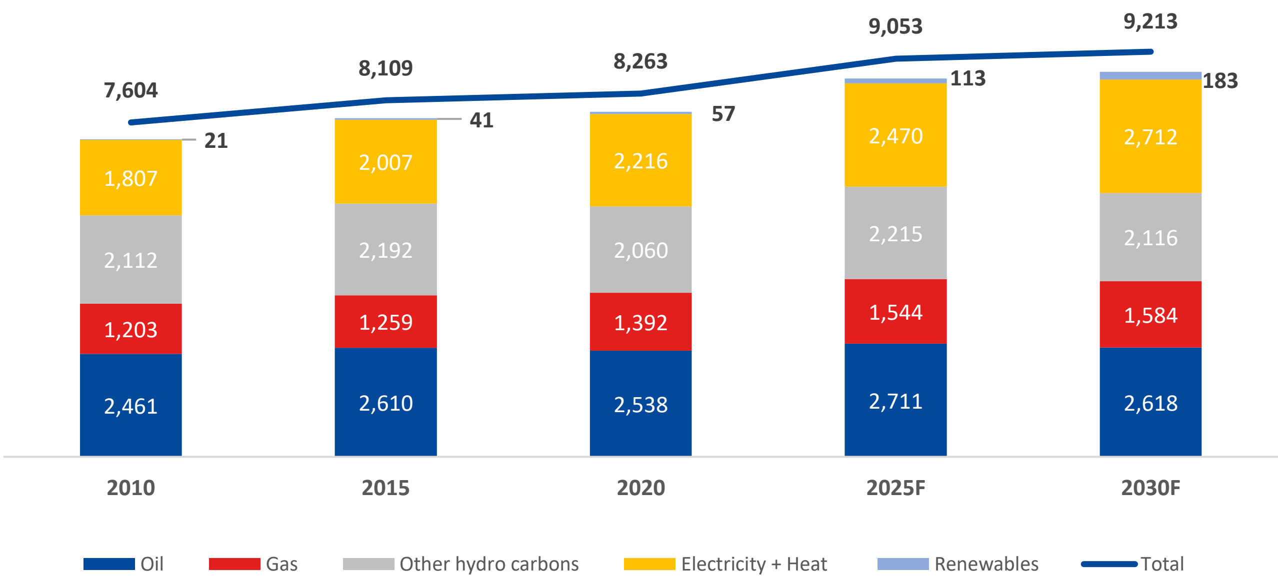
The global energy demand is poised to surge in the coming years, driven by a rise in the population, economic growth, and lifestyle changes. The demand for energy worldwide is expected to rise at a CAGR of 1.1% to 9,213 mm Tonne of Oil Equivalent (ToE) by 2030

Oil and gas remain a dominant source of energy in the total energy mix, with Oil accounting for approximately 31% of the global energy demand and gas accounting for 17% of the global energy demand as of FY2020. The demand for oil liquids is anticipated to grow at a CAGR of 1.3% from 154 million barrels per day (mm bpd) in FY2020 to 175 mm bpd in FY2030. This growth is expected to be driven by increasing energy demand in developing countries, where Oil and gas are seen as an affordable and reliable source of energy for economic growth and development. The existing oil and gas extraction and transportation infrastructure also contribute to continued dominance in the global energy mix.

Renewable energy and electricity gained popularity in recent years, but still represent a small portion of global electricity generation. Electricity generation accounted for 27% of the global energy demand in FY2020 and is projected to grow at a CAGR of 2% over the period of FY2020-2030, driven by the increasing global population and access to electricity. While renewable energy sources such as solar and wind are growing rapidly, natural gas is expected to be a transition fuel in meeting the energy demand.

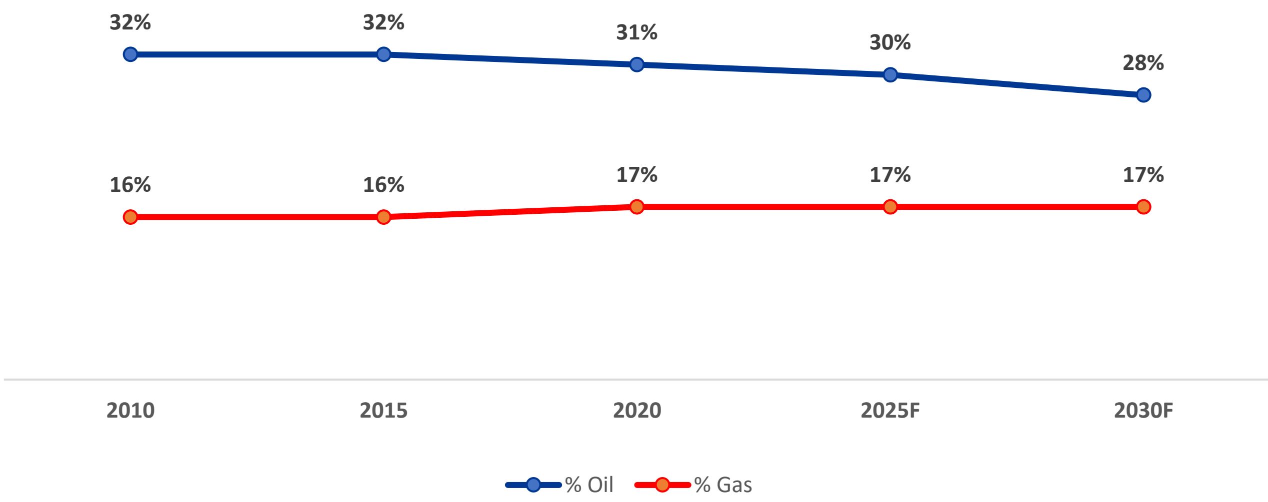
In the coming years, it's crucial to find a balance between meeting increasing energy demand and addressing the challenges of climate change. Technological innovation, policy measures, and investments in new infrastructure will be required to achieve this balance. While the growth of renewable energy and electricity is expected to continue, it is unlikely that renewable energy will completely replace Oil and gas in the near future. A diverse range of energy sources will be necessary to meet the growing energy demands while reducing emissions. Natural gas is projected to be the fastest-growing fossil fuel in the coming years, with demand expected to increase by around 1.6% per year through FY2040, driven by both developed and developing countries. Developing countries, in particular, are expected to account for the majority of the increase in natural gas demand.

Figure 35: Global Energy Demand (mm ToE)



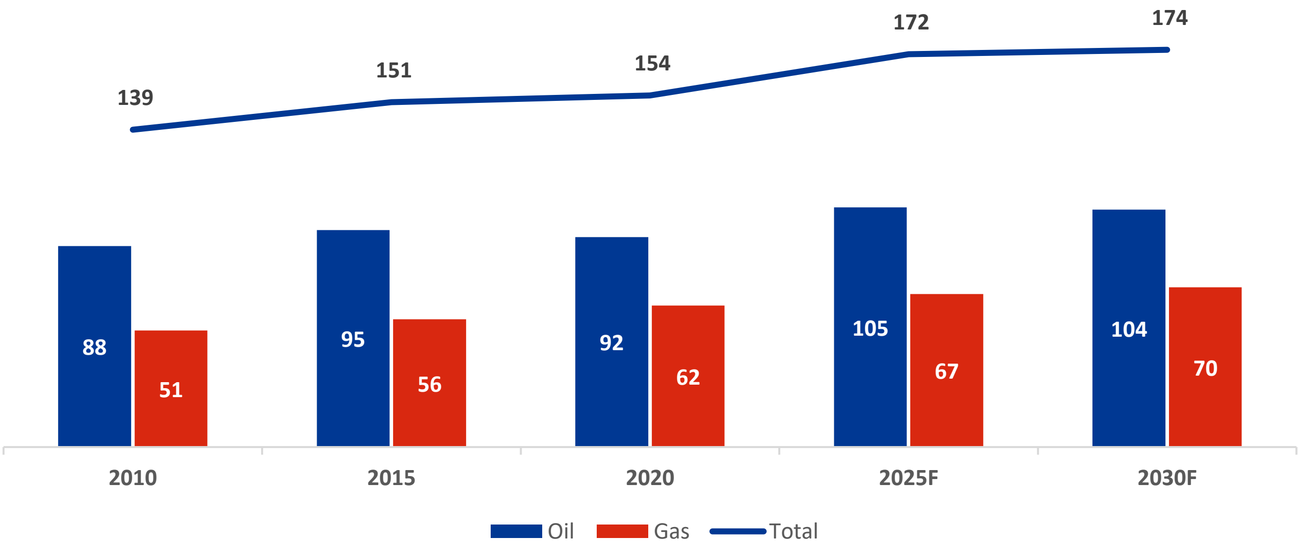
Source: Company Information, MSI. Global energy demand represents final direct energy consumption, Oil includes crude Oil and refined products (excludes LPG), and Other Hydrocarbons include coal, LPG, NGLs, ethane, and biofuels.

Figure 36: Share of Oil demand and Gas demand in Global energy demand



Source: Company Information, MSI. Global energy demand represents final direct energy consumption; Oil includes crude Oil and refined products (excludes LPG)

Figure 37: Global oil liquids demand (mm boe/d)



Source: Company Information, MSI. Oil includes refined products, NGLs, liquid derivatives of coal and natural gas, biogasoline, and biodiesel

Global Oil and Gas Production is Expected to Grow, but Underinvestment Poses Risks

Key themes of the Oil and Gas industry

Global oil and gas production is expected to grow at a CAGR of 1.6% from 151 mm bpd in FY2020 to 170 mm bpd in FY2027. Oil production will grow at a CAGR of 1.8 % from 89 mm bpd in FY2020 to 101 mm bpd in FY2027 and gas production will grow at a CAGR of 1.5% from 62 mm bpd in FY2020 to 69 mm bpd in FY2027 (According to the Maritime Strategies International Ltd). According to industry forecasts, the majority of new oil and gas supply is expected to come from the Middle East and Americas regions. In FY2020, the Middle East held a 26% share in global oil and gas production whereas North America and Latin America held 22% and 9% shares, respectively. The Middle East is further expected to improve its market share to 29% in the total global oil and gas production by FY2027. Oil & Gas production forecast for the Middle East is expected to grow from 40 mm bpd in FY2020 to 48 mm bpd in FY2027.

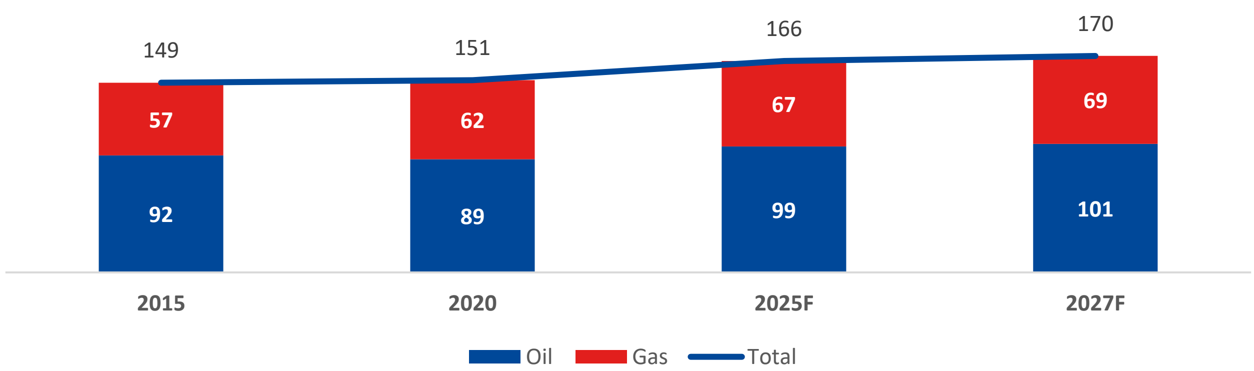
The Middle East possesses significant reserves of Oil and gas, and many countries in these regions invested heavily in developing their energy sectors. As energy demand continues to grow, these regions are expected to play a key role in meeting global energy needs. The global investment in exploration and production (E&P) lagged in the recent period leading to a widening of the demand and supply gap. E&P expenditure amounted to USD 421 bn in FY2017-22 as compared to USD 679 Bn in 2010-15. Thus, leading to a widening supply-demand gap in the medium term, which will keep the market tight and lead to higher prices.

The underinvestment in the oil and gas sector is driven by a number of factors, including the low oil prices seen in recent years, which made an investment in E&P projects unattractive for companies. Additionally, the focus on reducing costs and improving efficiency also led many companies to prioritize existing projects over new ones. The impact of this underinvestment is already being felt in the industry, which can result in a shortfall in supply in the coming years. This could lead to higher prices for Oil and gas, as demand continues to grow and supply struggles to keep pace. This could have a significant impact on both the global economy and individual consumers, as higher energy prices could lead to increased inflation and reduced purchasing power. To address this issue, there is a need for increased investment in the oil and gas sector, particularly in E&P activity. This investment will boost the supply of Oil and gas and reduce the risk of supply shortfalls and price spikes in the future.

The Middle East region is in a structurally advantageous position to increase its market share in the global oil and gas markets

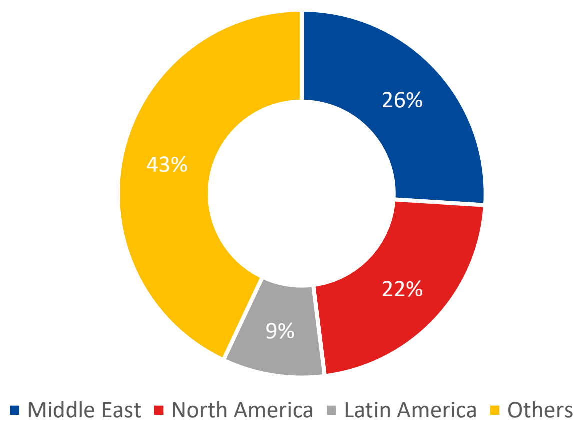
The Middle East region is expected to expand its market share by contributing more than 40% in global oil & gas production volumes growth from FY2020 to FY2027. Oil & Gas production forecast for the Middle East will grow from 40 mm bpd in FY2020 to 48 mm bpd in FY2027. The region has a large reserves base, providing a reliable oil and gas source for the global market. In addition, the region is a global cost leader in oil and gas production, with some of the lowest production costs in the world. This allows producers in the region to operate profitably even at lower oil prices, making them competitive against other global producers. Also, the region has low political risk, with stable and predictable governments in most countries. This reduces the risk of supply disruptions due to political turmoil and increases investor confidence in the region. As global energy demand continues to grow, the region is expected to expand its market share further in the coming years.

Figure 38: Global oil and gas production forecast (mm boe/d)



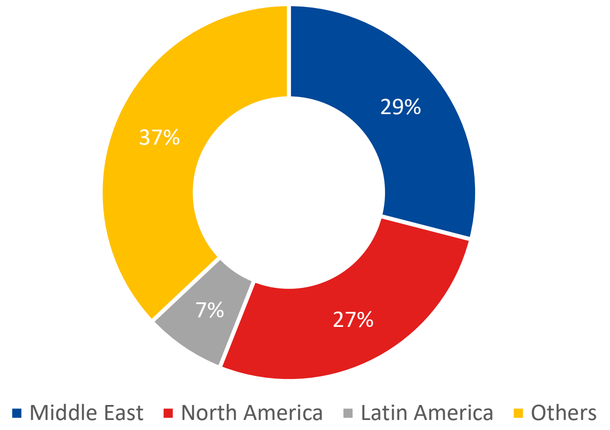
Source: Company Information, MSI Oil includes crude Oil, shale oil, oil sands, condensates, and NGLs

Figure 39: Global Share of Oil and Gas Production Forecast 2020



Source: Company Information

Figure 40: Global Share of Oil and Gas Production Forecast 2027



Source: Company Information

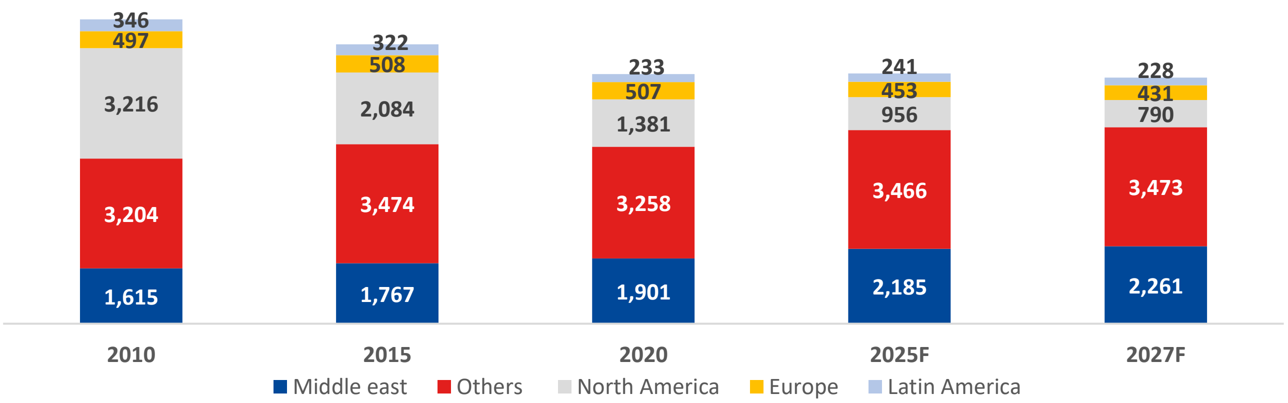
Healthy Demand for Integrated Maritime Logistics Services in the Middle East Due to Robust Offshore Activities

Offshore production and drilling driving the demand for logistics services in the Middle East

The number of active fixed offshore platforms in the Middle East is expected to have grown at a CAGR of 2.5% from 1,901 in FY2020 to 2,261 in FY2022, and the number of active Jack-up drilling rigs is forecasted to increase at a CAGR of 0.8% from 123 in FY2020 to 130 in FY2027. The offshore production and drilling activities in the Middle East will lead to an increase in demand for logistics services. In addition, offshore activities require the efficient transportation of equipment, materials, and personnel to offshore platforms and rigs, which requires meticulous logistics planning and execution. This involves the movement of drilling rigs, supply vessels, and crew boats to offshore locations. Furthermore, ongoing maintenance and repair of equipment are crucial for offshore operations, and this requires the transportation of spare parts and repair teams to offshore locations. Careful logistics planning and execution are necessary to minimize downtime and ensure smooth operations.

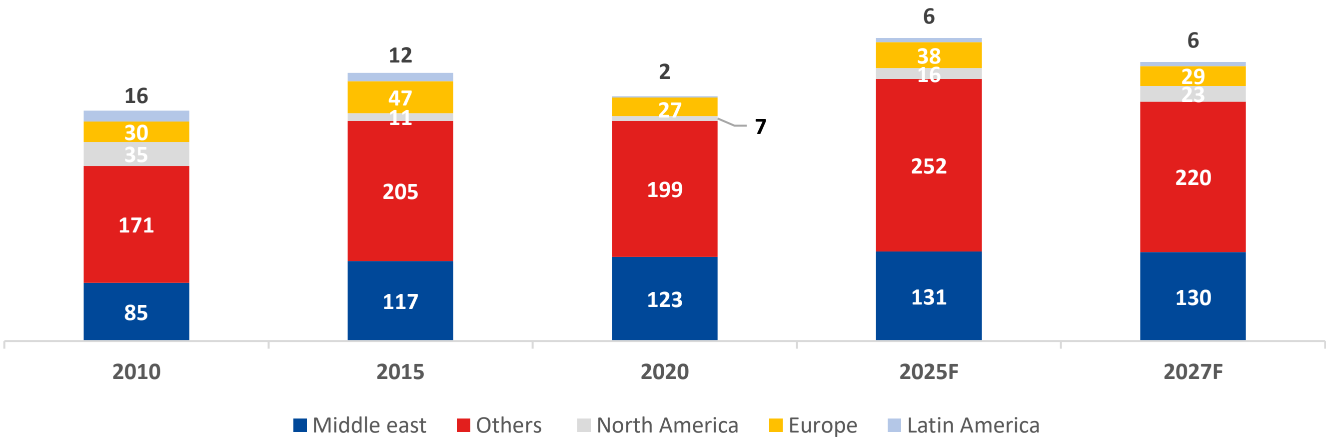
Moreover, the anticipated growth of offshore production and drilling activities in the Middle East is expected to result in the development of new offshore fields and the expansion of existing ones. This will necessitate the construction of new offshore platforms and rigs as well as the installation of pipelines and other infrastructure for the transportation of Oil and gas from offshore fields to onshore processing facilities. These activities will require robust logistics support to ensure the timely delivery of equipment and materials. The expansion of offshore production and drilling activities in the Middle East will drive demand for logistics services, including transportation, warehousing, and inventory management. The establishment of efficient and reliable logistics networks will be critical to ensuring the success of offshore operations and the continued growth of the region's oil and gas industry.

Figure 41 - Offshore Production Activity – Number of Active fixed offshore platforms



Source: MSI, Rystad Energy research and analysis, Company Information. Others include Australasia, the Caspian Sea, the Far East, Indian Subcontinent, the Mediterranean, Mexico, West Africa

Figure 42 - Offshore Drilling Activity - Number of Active Jack-Up Drilling Rigs



Source: MSI, Rystad Energy research and analysis, Company Information. Others include Australasia, the Caspian Sea, the Far East, Indian Subcontinent, the Mediterranean, Mexico, West Africa

Middle East Countries to Benefit from the Cut in Gas Flows from Russia to Europe

Structural shift away from pipeline flows to seaborne trade

The countries in the Middle East stepped up oil exports to Europe to fill the gap resulting from the cut in supply from Russia, resulting in a shift in the source of supply. Middle East countries became a significant supplier of Oil to Europe as a result of this shift. While Russia established new flows to China and South Asia to mitigate the impact of the disruption of flows to Europe, diversifying its customer base and reducing its dependence on Europe. The increasing demand from South Asia and China is expected to require additional volumes beyond the inflows from Russia, creating opportunities for other countries to increase their exports to China and South Asia. As a result, competition among suppliers intensified.

The shift towards seaborne trade led to an increase in ton-miles and utilization of energy vessels, benefiting energy logistics companies that specialize in the transportation and storage of Oil and gas. The shipping companies experienced an increase in demand for their services as a result of a rise in seaborne trade. While the disruption of pipeline flows presented short-term challenges for the energy sector, the shift towards seaborne trade is expected to provide medium-term benefits for energy logistics companies. These companies are likely to see increased demand for their services as the global energy market becomes more reliant on seaborne trade. In light of the potential gas cutoff from Russia due to sanctions over the conflict in Ukraine, European companies are signing long-term contracts with Qatar and the UAE to ensure a reliable source of gas/LNG amidst the situation.

Figure 43: Global oil and gas production forecast (mm boe/d)

Oil Seaborne Trade Flows

From	To	2021	2022E	2025F	2027F	22-27E CAGR
Middle East	Europe	65	80	106	98	4%
FSU	Europe	117	70	30	31	-15%
Africa	Europe	105	129	129	124	-1%
Middle East	South Asia	136	153	153	159	1%
FSU	South Asia	0	21	48	51	19%
Middle East	China	258	248	249	248	0%
FSU	China	31	55	86	88	10%

Gas seaborne trade place

From	To	2021	2022E	2025F	2027F	22-27E CAGR
Middle East	Europe	16	21	22	33	9%
FSU	Europe	13	14	13	11	-6%
Africa	Europe	24	22	28	33	8%
USA	Europe	22	48	59	62	5%
Middle East	India	14	14	14	13	-2%
Middle East	China	12	17	13	14	-3%
FSU	China	5	7	7	8	5%

Source: Company Information, MSI Oil includes crude Oil, shale oil, oil sands, condensates, and NGLs

Changing Dynamics in the Shipping Industry Bodes Well for the ADNOC L&S

Sustainable vessel utilization is anticipated as demand for shipping services increases, particularly in developing economies

The shipping industry faced significant challenges historically due to an oversupply of vessels, particularly in the oil and gas sector. This oversupply was driven by a weak oil price environment, which led to reduced demand for oil tankers and other shipping vessels. In addition, a low order book for new vessels meant that existing vessels remained in service for longer periods, further exacerbating the oversupply situation. However, in recent years, there has been a shift in the market, with increasing demand for oil and gas transportation pushing vessel TCE (time charter equivalent) rates and utilizations to higher sustainable levels. This is driven by a combination of factors, including economic growth in developing countries and the increasing popularity of liquefied natural gas (LNG) as an energy source. As a result of the increasing demand and low order book, net vessel scrapping rose, which is helping to balance the supply and demand dynamics in the shipping industry.

The Anchor Handling Tug Supply (ATHS) order book as a percentage of the fleet reduced from 10% in FY2010 to 4% in FY2020 and is expected to further decrease to 1% in FY2027, which will put upward pressure on price and utilization levels. On the other hand, net vessel scrapping is forecasted to increase further. The Platform Supply Vessel (PSV) order book as a percentage of the fleet declined from 12% in FY2010 to 6% in FY2020 and is expected to go down to 2% in FY2025, followed by an increase to 6% in FY2027.

The scrapping in the tanker market is expected to remain higher due to regulatory factors. There is also a low order book which reduces the risk of vessel over-supply in the market leading to an increase in utilization in the oil tanker market. This is expected to provide a boost to TCE rates in the forecasted period from USD 24,000 per day in 2020 to USD 37,000 per day in 2027. LNG demand is estimated to grow at a CAGR of 7.2% between FY2021 – 2030 in comparison to a 5.9% of CAGR between FY2010 – 2020. The LNG Vessel demand stood at 61 mm cubic meter (CuM) in FY2020 and is expected to increase to 105 mm CuM in FY2027. The strong projected net fleet growth drives the rise in LNG fleet utilization. Dry bulk utilization is expected to gain momentum from FY2025 as there is a projection of a high level of scrapping volumes and the order book as a percentage of the fleet is expected to reduce from 7% in FY2020 to 4% in FY2025. All this bodes well for the shipping segment of the ADNOC L&S since most of the tanker fleet is contracted on a spot market basis.

Mixed Outlook for 2023 and 2024 in the Dry Bulk Shipping Market

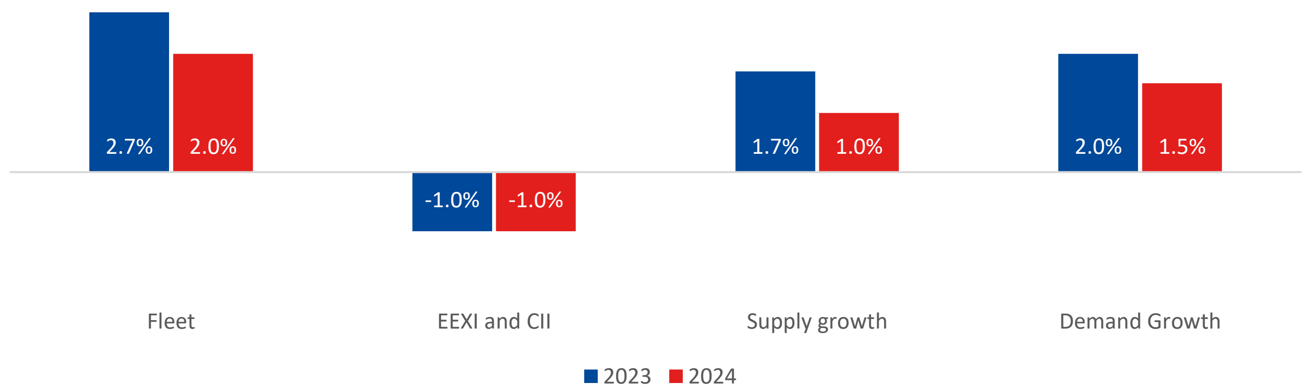
The dry bulk shipping market is anticipated to experience mixed trends in the coming years

The dry bulk shipping market is expected to experience mixed trends in the coming years, according to the latest market outlook. The International Monetary Fund (IMF) forecasts global economic growth of 2.8% in FY2023 and 3.0% in FY2024, with China's economy estimated to grow by 5.2% in 2023, a significant increase from the previous forecast. This is expected to drive demand in the dry bulk shipping market within the range of 1.5-2.5% in FY2023 due to improvement in consumer sentiment, helping to resolve China's real estate crisis and boosting bulk demand. However, demand growth could weaken to 1-2% in FY2024, mainly due to an expected reduction in coal shipments as India and China continue to boost domestic mining and Europe transitions away from fossil fuels.

The net supply in the dry bulk shipping market is forecasted to grow 1.7% and 1.0%, respectively in FY2023 and FY2024, with limited deliveries due to a small order book at 7.5% of the fleet. The supply is expected to be impacted by the EEXI (Energy Efficiency Existing Ship Index) and CII (Carbon Intensity Indicator) regulations which are expected to lower the speed of the vessels. The supply/demand balance is anticipated to improve in FY2023, although risks remain in FY2024. The dry bulk shipping market is driven by multiple demand drivers, including a recovery in the Chinese economy in FY2023, which is expected to lead to a pick-up in demand for bulk shipping. Iron ore shipments are expected to benefit the most from China's economic recovery in FY2023, as the government's spending on infrastructure and gradual recovery in the real estate sector is anticipated to result in strong iron ore demand during the second half of the year. On the other hand, coal demand may begin to soften from FY2024 onwards, as the energy crisis accelerated the shift to renewables in Europe, higher domestic mining in India and reduced import demand from China.

The dry bulk shipping market is expected to face a mixed trend in the upcoming year. While the IMF's improved economic outlook and China's economic recovery are anticipated to drive demand growth in FY2023, challenges such as the expected reduction in coal shipments and compliance with environmental regulations may impact demand and supply dynamics in FY2024. Dry bulk shipping companies will need to closely monitor these trends and adapt their strategies accordingly to navigate the evolving market landscape.

Figure 44 – Dry Bulk Supply and Demand changes (% Growth YOY)



Source: Clarkson shipping intelligence network, IEA, USDA

Tanker Cargo Demand and Fleet Growth for Crude and Product Tankers

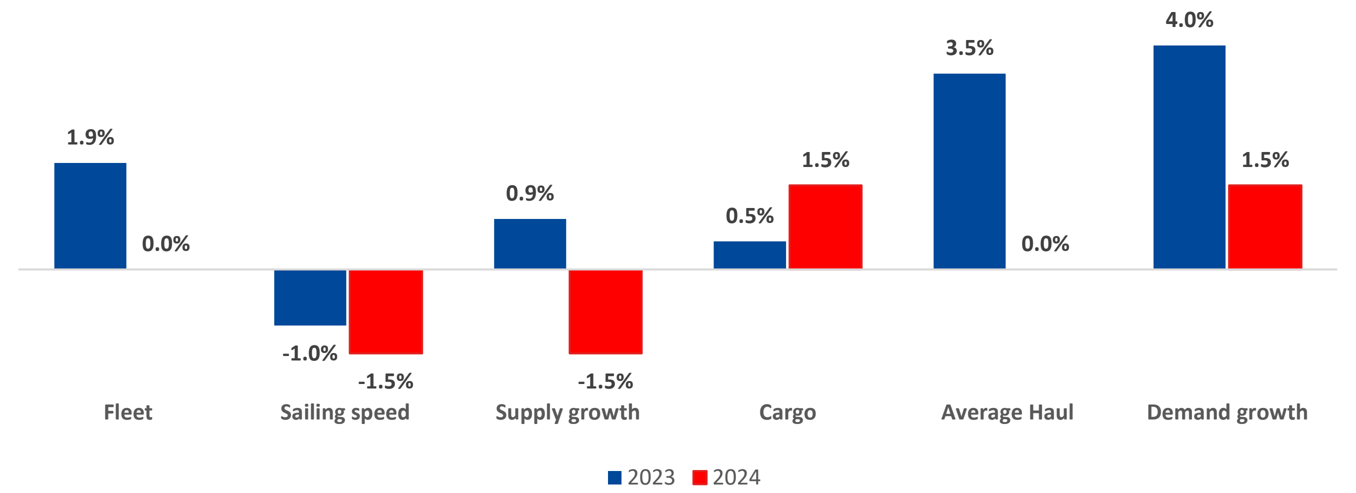
The crude and product tanker markets faced challenges however, the outlook for FY2023 and FY2024 remains positive

The growth in cargo demand for crude tankers in FY2023 is projected to range between 0-1%, while the expected growth in FY2024 is estimated rise to 1-2%. Meanwhile, the cargo demand for product tankers is projected to grow 1.5-2.5% in FY2023 and 1-2% in FY2024. In both FY2023 and 2024, the demand for tanker vessels is expected to surpass the supply, resulting in potential gains in freight rates, time charter rates, and second-hand ship values for both crude and product tanker sectors throughout the two years. The drivers behind this anticipated cargo demand growth include renewed economic growth in China and increased demand for jet fuel due to the reopening of travel to and from China. However, the growth of tanker fleets is expected to be limited by small order book, with only a 5.4% and 4.4% order book-to-fleet size ratio for crude and product tankers, respectively. Additionally, the implementation of decarbonization regulations, which may result in reduced sailing speed by 2-3%, is expected to further constrain the overall supply of tanker vessels.

The fleet growth for crude tankers in FY2023 is estimated to be 1.9%, while the growth rate for product tankers is expected to be slightly lower at 1.4%. However, no growth is expected in the crude tanker fleet in FY2024, with a marginal increase of only 0.4% projected for product tankers. This is because the order book for new vessels in both crude and product tanker sectors is relatively small, accounting for only 5.4% and 4.4% of the fleet size, respectively. This, combined with the anticipated recycling of older vessels, is expected to limit fleet growth in the coming years. Another factor that may impact fleet productivity is the implementation of Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) regulations, which require vessels to reduce their sailing speed.

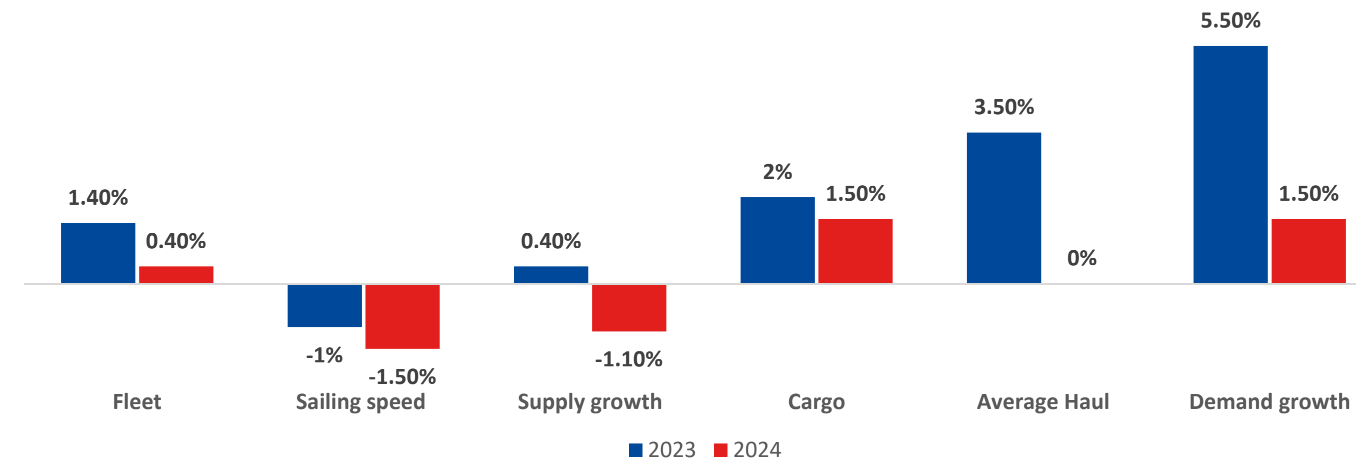
The expectation is that fleet productivity will decrease, with estimated speed reductions of 0.5-1.5% in FY2023 and 1-2% in FY2024 in both crude and product tanker. As the order book depletes and shipowners enjoy sustainable profit, there may be potential for increased contracting and a possible decrease in new ship prices. Keeping all these factors into consideration, the projected crude tanker supply is expected to grow by 0.9% in FY2023 and decline by 1.5% in FY2024, while the supply of product tankers is projected to grow 0.4% in FY2023 and a decline 1.1% in FY2024. The demand for crude tankers is expected to outpace its supply by 3.1% in FY2023 and by 3.0% in FY2024, and the product tanker market is projected to experience a higher demand-supply gap of 5.1% in 2023, followed by a favorable gap of 2.6% in FY2024.

Figure 45: Crude tanker demand and supply changes Y/Y



Source: BIMCO, Clarkson Shipping Intelligence Network, EIA

Figure 46: Product tanker demand and supply changes Y/Y



Source: BIMCO, Clarkson Shipping Intelligence Network, EIA

Macroeconomic Environment

The Global Economy Stabilizes Despite Challenges, To Support ADNOC L&S Growth

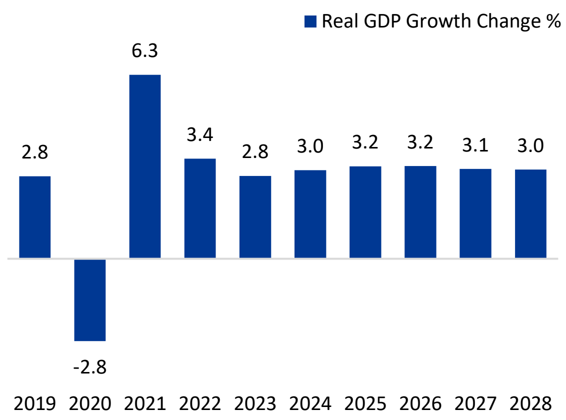
As per IMF estimates, the global economy grew by 3.4% YoY in FY2022 and is expected to grow 2.8% YoY in FY2023 and 3.0% in FY2024

The global economy faced challenges in FY2022 due to factors such as the fight against inflation, the war in Ukraine, and the resurgence of COVID-19 in China. However, despite these headwinds, real GDP was strong by the end of FY2022 due to stronger-than-expected private consumption and investment amid tight labor markets and greater-than-anticipated fiscal support. Thus, according to IMF (World Economic Outlook, April 2023), the global economy grew 3.4% in FY2022 and is expected to moderate down to 2.8% in FY2023 and rise to 3.0% in FY2024 (0.1% lower than the January 2023 WEO Update) as the economy continues to be impacted by the increasing interest rates and the negative fallout of Russia-Ukraine war. The lifting of COVID-19 restrictions and reopening of China's economy has led to a faster-than-expected recovery in the Chinese economy.

The IMF outlook remains with a bias towards downward risk marked with uncertainties around factors such as a severe health outcome in China, escalation of Russia's war in Ukraine, worsening debt distress due to tighter global financing conditions, and sudden market repricing in response to inflation news. There is a noticeable economic slowdown in advanced economies, particularly in the euro area and the United Kingdom, with projections of declining growth in FY2023, but expected to rebound in FY2024. Turbulence is building under the surface, as evident from recent banking instability, indicating a delicate situation. Surprisingly, inflation has been more persistent than anticipated, even though global inflation has declined. This persistence can be attributed to the reversal in energy and food prices. Core inflation has shown resilience, defying earlier expectations. Furthermore, according to IMF, the priority in most economies remains disinflation, with the deployment of macroprudential tools and stronger debt restructuring frameworks necessary to maintain financial and debt stability.

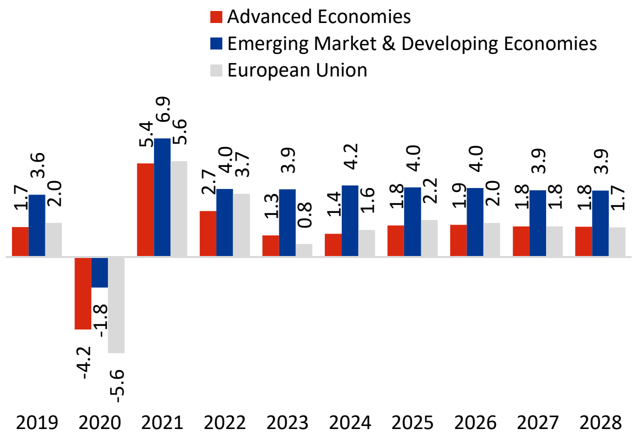
The global financial system may face risks again as downside risks persist. Investors may target institutions with excessive leverage, credit risk, or interest rate exposure or countries with weaker fundamentals. A sudden tightening of global financial conditions could impact credit conditions and public finances, especially in emerging markets. The major forces that shaped the world economy in 2022 are expected to continue in 2023, but with varying intensities. High debt levels limit fiscal policy responses to new challenges. Commodity prices have moderated, but geopolitical tensions remain due to the ongoing war in Russia and Ukraine. While economies like China are recovering from COVID-19 outbreaks, risks remain on the downside, including increased uncertainty from recent financial sector turmoil.

Figure 47: Change in World Real GDP – FY2019 – 2028 (%)



Source: IMF, World Economic Outlook, January 2023

Figure 48: Change in Real GDP Growth by Region – FY2019 – 2028 (%)



Source: IMF, World Economic Outlook, January 2023

Headline inflation rates projected to decline to 7.0% in FY2023 and further to 4.9% in FY2024

Global inflation is expected to decrease from 8.7% in FY2022 to 7.0% in FY2023 and 4.9% in FY2024, and most of the countries are expected to have lower inflation in FY2023. Global headline inflation has been declining rapidly since mid-2022 due to a fall in fuel and energy commodity prices. Central banks worldwide have been raising interest rates to dampen demand and reduce underlying inflation, leading to a slowdown in new home construction. However, despite the decline, headline and core inflation rates remain elevated in many major economies, compared to pre-2021 levels and above target. This decline is partly due to weaker global demand for fuel and nonfuel commodities, as well as the effects of monetary policy tightening on core inflation. Despite this projected disinflation in FY2023, inflation is still expected to remain above the pre-pandemic levels in the majority of economies. Decreasing global inflation can benefit logistics and shipping through reduced fuel costs, enhanced affordability, and improved economic stability. Lower inflation can lead to cost savings for logistics companies, increased demand for goods, and a conducive environment for business growth and investment.

Growth in advanced economies is forecast to decelerate from 2.7% in FY2022 to 1.3% in FY2023

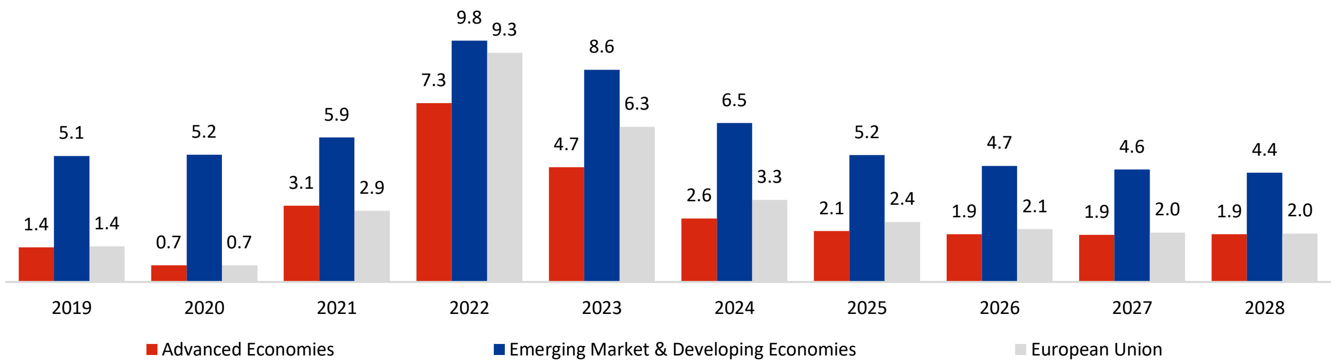
Advanced economies are expected to be particularly affected and would see a sharp decline in growth from 2.7% in FY2022 to 1.2% in FY2023, with most of the advanced economies experiencing a decrease. In the United States, growth is expected to fall from 2.0% in FY2022 to 1.6% in FY2023 and further to 1.1% in 2024. In the euro area, growth is projected to bottom out at 0.8% in FY2023 before rising to 1.6% in FY2024. Economic growth in Japan is projected to rise to 1.3% in FY2023, with continued monetary and fiscal policy support from a depreciated yen and earlier delays in implementing projects.

As per the IMF, GDP for emerging markets and developing economies are projected to grow to 3.9% in FY2023

As per IMF, the global economy is projected to see modest growth over the next few years, with emerging markets and developing economies expected to lead the way. In particular, growth in emerging and developing Asia is expected to rise to 3.9% in FY2023 and 4.2% in FY2024, following a deeper-than-expected slowdown in growth in FY2022, largely due to a slowdown in the Chinese economy. China's real GDP is projected to rise to 5.2% in FY2023 and then moderate down to 4.5% in FY2024, as business dynamism and progress on structural reforms slow over the medium term.

India expects a slight moderation in growth from 6.8% in FY2022 to 5.9% in FY2023 before picking up to 6.3% in FY2024, despite external headwinds. Meanwhile, economic growth in the Middle East and Central Asia is expected to decline from 5.3% in FY2022 to 2.9% in FY2023. This is mainly attributed to the OPEC+ agreement to reduce oil production, which is expected to have a negative effect on growth. As per the IMF, even at the current oil price cap level of the G7 countries, Russian crude exports will not be severely affected and trade will continue to be redirected from sanctioning to non-sanctioning countries. This could be a turning point for the economies of emerging and developing Europe.

Figure 49: Inflation by World Economies – FY 2019 –2028 (%)



Source: IMF, World Economic Outlook, October 2022

The End of Unprecedented Interest Rates Hikes

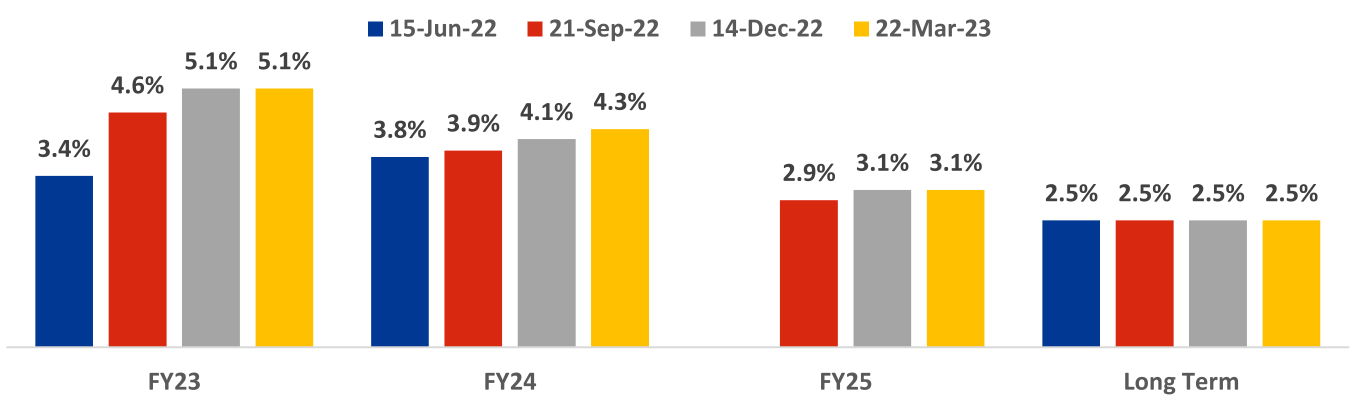
Impacts of US Federal Reserve's Interest Rate Hike & Global Inflation Concerns

In March, the US Federal Reserve implemented a significant interest rate hike, with the majority of these increases occurring in FY2022. This action was taken in response to the escalating inflation, which was primarily driven by expansionary fiscal and monetary policies implemented worldwide to boost demand after the pandemic. Additionally, supply chain disruptions, surges in commodity prices, and increased COVID cases in China, along with the ongoing Russia-Ukraine war, contributed to the inflationary pressures. All central banks across the globe are taking a decision to raise interest rates, which can pose challenges to economies. One of the potential consequences is the possibility of higher non-performing loans (NPLs), as borrowing costs increase. This can lead to difficulties for borrowers in repaying their loans, which in turn can negatively impact financial institutions and overall economic stability. Additionally, higher interest rates can also lead to lower growth, as borrowing becomes more expensive for businesses and consumers. This can result in reduced investment, decreased consumer spending, and an overall economic slowdown, which can further exacerbate the challenges faced by the economy.

During the FOMC meeting on 22nd March 2023, the median projected rates indicated that the fed fund rate is expected to peak at 5.1% in FY2023, gradually declining to 4.3% in FY2024. However, according to the

International Monetary Fund (IMF) World Economic Outlook (April-2023), global inflation is projected to decrease from 8.7% in FY2022 to 7.0% in FY2023 and further to 4.9% in FY2024. Despite this, the inflation levels are expected to remain above the Fed's target, leading central banks to maintain a hawkish stance in FY2023.

Figure 50: Historic Fed Fund Rates & Forecasts (%)



Source: US Federal Reserve, New York Fed, IMF WEO April-23

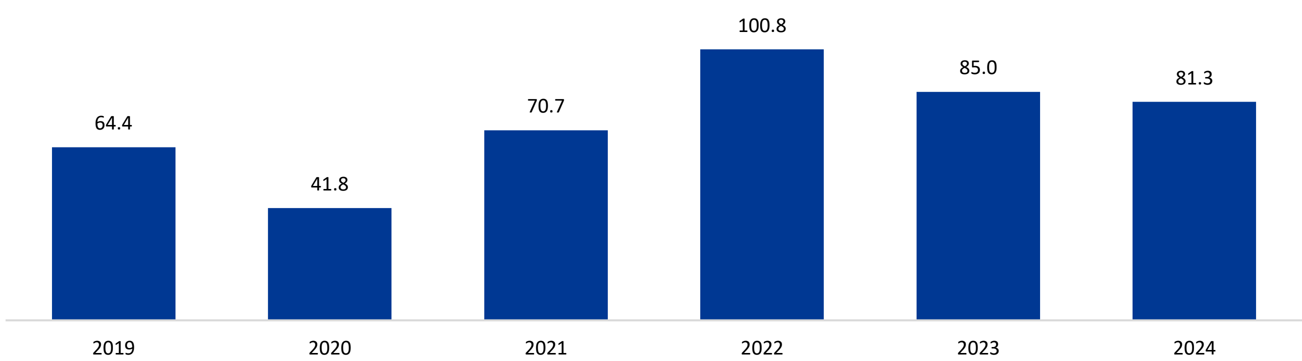
Projected Oil Prices and Production Outlook

As per EIA forecasts, the average oil price will drop to USD 81.3 in FY2024

As per the EIA's Short-Term Energy Outlook (STEO) April 2023 report, the oil prices will average USD 85 per barrel in FY2023 and is estimated to be around USD 81.3 per barrel in FY2024. Crude oil prices are expected to decline due to weak global demand from a slowing economy, with China experiencing its first annual decline in oil consumption in decades. Recession fears arose from higher inflation and tighter monetary policies, and uncertainty over Western sanctions on Russian crude oil exports impacted global market balances. Russian crude oil exports remained stable despite the G7 price cap and import bans, but downside supply risks emerged with Russia's production reduction announcement. Strategic petroleum reserves released by OECD member countries helped offset underproduction and reduced targets by OPEC+.

It is expected that the United States and other non-OPEC producers to add 3.5 Mn b/d to global oil production in the next two years. Downside risks include Russia's petroleum and other liquid fuels production is expected to decline over the forecast period due to European Union sanctions and other sanctions. To offset the decline, OPEC crude oil production is expected to average 29.5 Mn b/d in 2024, up 0.8 Mn b/d from 2022.

Figure 51: World Crude Oil Prices – FY 2019-27



Source: EIA's Short-Term Energy Outlook (STEO) April 2023 report

GCC Economies Projected to Expand with Strong Growth and Fiscal Surpluses

GCC Economies Projected to Expand with Growth Driven by Oil Sector and Reforms

The Gulf Cooperation Council (GCC) economies experienced a decline in real GDP growth in FY2020, with a contraction of -4.5%, attributed to the impact of the COVID-19 pandemic. However, there was a rebound in FY2021 with a growth rate of 3.1%, and a significant expansion is projected for FY2022 with a growth rate of 6.5%. Projections indicate that the growth rate is expected to moderate to 3.6% in FY2023. as per the IMF (World Economic Outlook in October 2022). The overall fiscal deficit is expected to turn into a surplus in FY2022, with the easing of pandemic restrictions and positive developments in the hydrocarbon market driving strong recoveries in FY2021 and FY2022 across the GCC region. The GDP growth for the GCC is expected to more than double to 6.5% in FY2022, with the economies of the Gulf region showing strong performance not solely due to high oil and gas prices, but also due to a solid commitment to reforms.

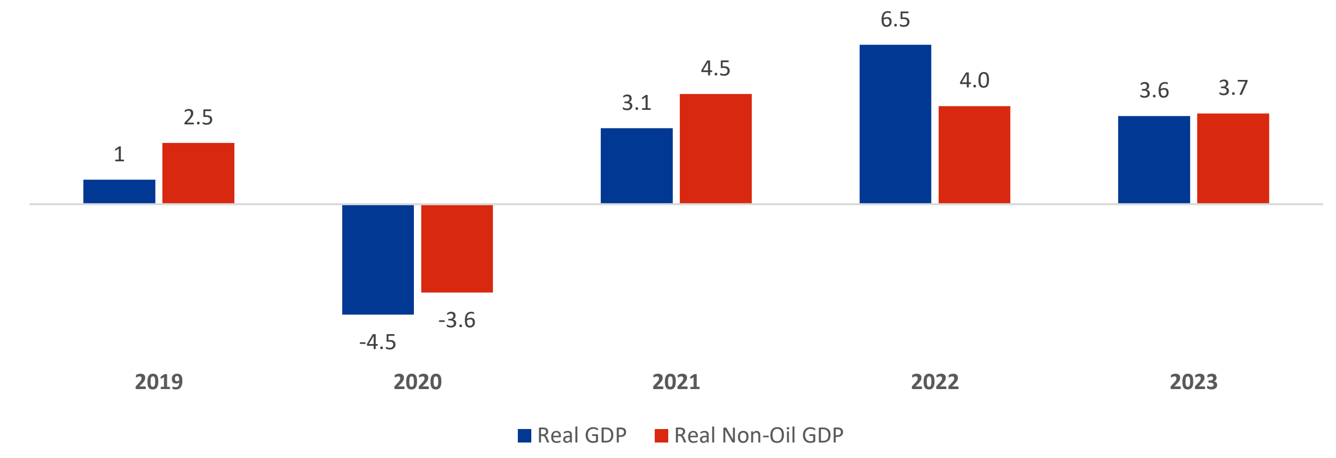
The GCC region is also expected to register a strong surplus in FY2022 and continue over the medium term, with the regional fiscal balance projected to register a surplus of 7.3% of GDP in FY2022, the first surplus since 2014. Over the medium term, real GDP is expected to expand further due to stronger oil exports, public spending, and credit growth. The non-oil sector is also expected to recover gradually, supported by the implementation of structural reforms. The non-oil GDP in the GCC economies experienced a contraction of -3.6% in FY2020 but showed a recovery in FY2021 with a growth rate of 4.5%. Projections indicate that the growth rate for non-oil GDP is expected to be 4.0% in FY2022 and 3.7% in FY2023.

The GCC countries have been implementing various non-oil revenue initiatives to diversify their economies, reduce dependence on oil, and improve fiscal sustainability. Several GCC countries, including Saudi Arabia, Bahrain, Kuwait, Oman, and Qatar, have launched strategic plans and initiatives to diversify their economies and reduce dependence on oil revenue. Vision 2030 in Saudi Arabia aims to promote sectors such as tourism, entertainment, manufacturing, logistics, and renewable energy, while also focusing on developing human capital, improving infrastructure, and attracting foreign investment. The National Transformation Program (NTP 2020) is part of Saudi Arabia's Vision 2030 and focuses on specific measures to diversify the economy, enhance the private sector, and promote tourism and entertainment. Bahrain's Economic Vision 2030 focuses on sectors such as financial services, manufacturing, logistics, tourism, and real estate, with initiatives to attract foreign investment and promote innovation. Kuwait's National Development Plan (New Kuwait) aims to develop sectors such as finance, transportation, logistics, healthcare, and tourism, while also improving the business environment and creating jobs. Oman's Vision 2040 focuses on diversifying sectors such as tourism, logistics, manufacturing, mining, and fisheries, and Qatar's National Vision 2030 focuses on developing sectors such as finance, education, healthcare, and tourism while promoting research and innovation and improving infrastructure. The UAE has been actively investing in infrastructure, human capital development, regulatory reforms, and initiatives to attract foreign investment, promote entrepreneurship, and create a favorable business environment to drive growth in these non-oil sectors. These initiatives reflect the commitment of GCC countries to diversify their economies and build sustainable and resilient economies for the future.

In March 2023, the United Arab Emirates witnessed a notable rise in its non-oil private sector activity, as reflected by the Purchasing Managers' Index (PMI) which increased to 55.9, up from 54.3 in the previous month. This marks the highest reading since October of the previous year, indicating a significant and accelerated improvement. The surge in new orders, reaching a 5-month high, was the main driver of this increase, attributed to stronger market demand and increased tourism. Similarly, in Saudi Arabia, the Purchasing Managers' Index (PMI) recorded a reading of 58.7 in March 2023, slightly below the previous month's near 8-year record of 59.8, but still indicating the 31st consecutive period of expansion in the non-oil private sector. While buying levels continued to rise sharply, with stock levels reaching their highest point since August of the previous year

The GCC economies are expected to rebound from the negative impact of the pandemic, with a notable increase in GDP and non-oil GDP growth in FY2022, driven by various factors, including reforms, oil exports, public spending, and credit growth. It is important to closely monitor economic indicators and external factors to assess the resilience of the GCC economies and their ability to sustain growth over the medium term.

Figure 52: Gulf Cooperation Council Real GDP & Real Non-Oil GDP (Annual Growth %)



Source: IMF, World Economic Outlook, October 2022

Figure 53: UAE – PMI

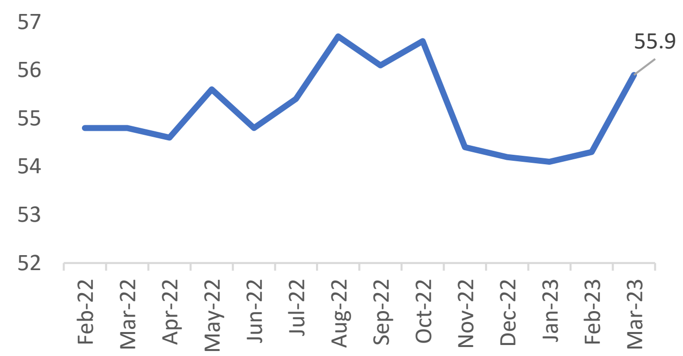
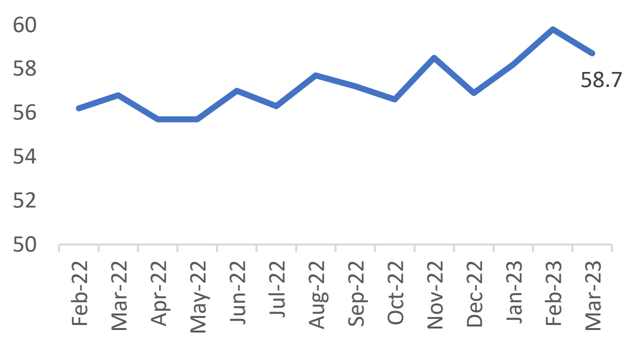


Figure 54: Saudi Arabia – PMI



Source: Trading Economics

Inflation Outlook for GCC Economies

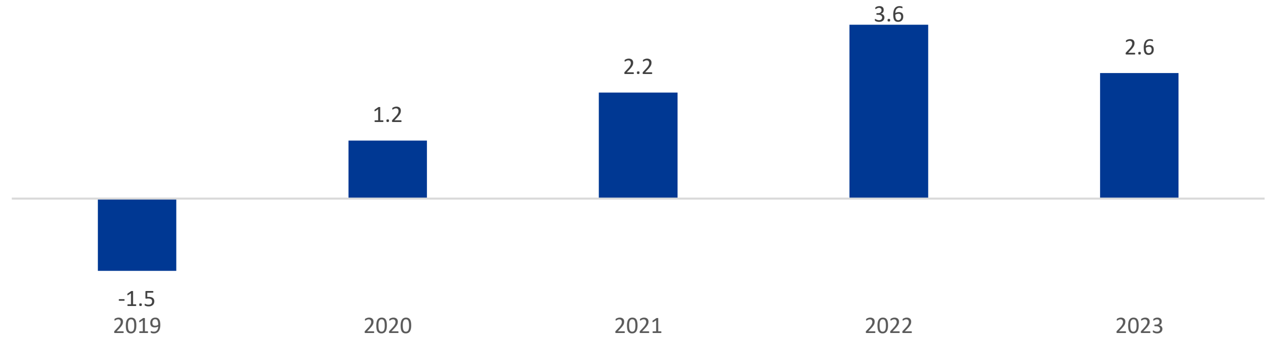
Projected Rise in FY2022 Driven by Oil Prices and Global Demand, Inflation Expected to Moderate in FY2023

The GCC economies experienced deflationary pressures in FY2019, with a decrease in inflation of -1.5%. However, in FY2020, the inflation rate rebounded to 1.2% and further increased to 2.2% in FY2021. Projections indicate that inflation in the GCC is expected to rise to 3.6% in FY2022 and moderate to 2.6% in FY2023, according to IMF (World Economic Outlook in October 2022). Inflation across the GCC has been significantly lower than in most advanced and emerging market economies amid repeated interest rate increases, while its members' economies remain on a growth trajectory.

The GCC economies, especially Saudi Arabia and the UAE, are in a 'sweet spot' with solid underlying economic growth, relatively low inflationary pressures, strong public finances, and external accounts supported by high oil prices. Inflation is anticipated to gain momentum as economic activity recovers, with the economy forecast to gradually rebound driven by higher oil prices and the development of the hydrocarbon sector. The increase in inflation in the GCC economies in FY2020 and FY2021 can be attributed to various factors, such as the gradual recovery of global oil prices, the easing of COVID-19 restrictions, and increased consumer demand. Additionally, supply chain disruptions, increased costs of production, and changes in consumption patterns during the pandemic may have also influenced inflation dynamics in the region.

The projected rise in inflation may be driven by factors such as the expected continued recovery of oil prices, increased global demand, and potential fiscal stimulus measures. However, the inflation rate is projected to moderate in FY2023, which may be indicative of stabilizing inflationary pressures in the GCC economies.

Figure 55: Gulf Cooperation Council Inflation (Annual Growth %)



Source: IMF, World Economic Outlook, October 2022

OPEC & GCC Oil Production Outlook

OPEC Production Trends and GCC's Role in Oil Production and Cuts

The production of OPEC countries declined from 34.6 million bpd in FY2019 to 30.7 million bpd in FY2020 as a result of the adverse impact of the COVID-19 pandemic, representing a decrease of 3.91 million bpd. However, it showed a slight recovery in FY2021, with a production of 31.66 million bpd, indicating an increase of 3.2% compared to FY2020. In FY2022, OPEC's production grew by 7.9% YOY to 34.17 million bpd. It is expected that in FY2023, the production will slightly decline to 33.52 million bpd, and then increase again to 33.84 million bpd in FY2024.

The Gulf Cooperation Council (GCC) countries, including major oil producers such as Saudi Arabia and the United Arab Emirates, play a crucial role in OPEC's overall oil production. OPEC has recently announced oil production cuts of around 1.16 million bpd, set to start from May 2023. As part of these cuts, Saudi Arabia, the world's largest oil exporter and OPEC's largest producer will reduce its output by 500,000 bpd from May until the end of 2024. Recently, the decision to reduce the oil production was revised from end of 2023 to end of 2024. This decision is expected to support the lowered oil prices and positively impact Saudi Arabia's oil revenue.

The GCC countries' oil production cuts are aimed at stabilizing and increasing oil prices, which can have significant implications for the economies of these nations. The recent OPEC+ oil production cuts can create a tighter market and push up gasoline prices, ultimately leading to higher oil prices. This can result in increased revenue and improved fiscal balances for the GCC countries. Additionally, the production cuts can enhance Saudi Arabia's geopolitical power and strengthen its ability to shape global oil prices.

In FY2022, Saudi Arabia is projected to produce 10.43 million bpd, while the United Arab Emirates is expected to produce 3.06 million bpd in the same period. These production levels and their participation in OPEC's production cuts reflect the significant role that the GCC countries play in the global oil market and their influence on oil prices and revenues.

Figure 56: OPEC Oil Production (Mn Barrels Per Day)

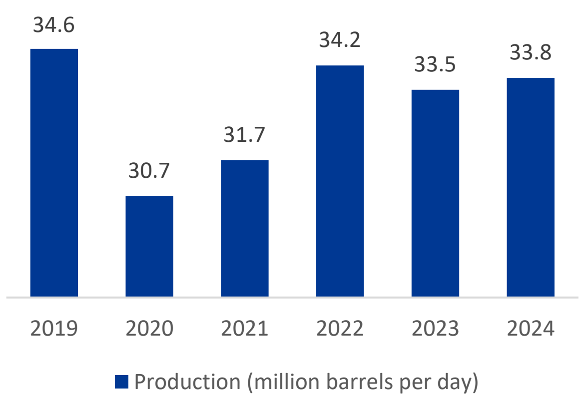
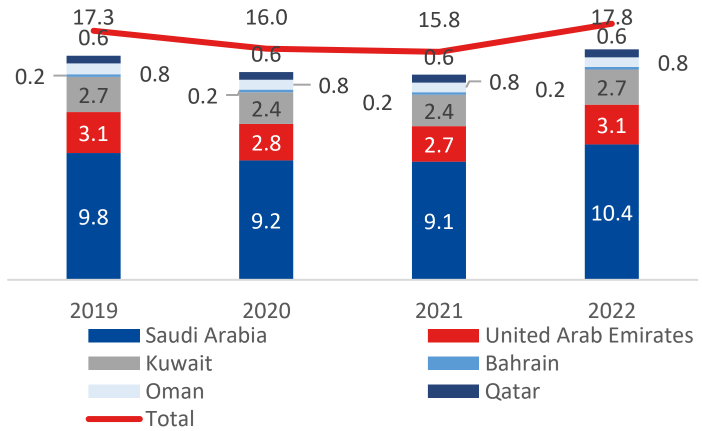


Figure 57: GCC Countries Oil Production (Mn Barrels Per Day)



Source: EIA

Fleet and Utilization

JUBs and Shipping Business- Fleet and Utilization

Highly versatile and advanced JUBs fleet recorded 94% utilization rate in FY2022

ADNOC L&S has one of the largest fleets of self-propelled, self-elevating Jack-Up Barges (JUBs), with a fleet progression that has steadily increased from 16 owned JUBs in FY2020 to 23 owned JUBs in FY2022, alongside 8 operated JUBs. The fleet is strategically located across various countries, with 19 fleets in the UAE, 8 in KSA, 3 in Qatar, and 1 in China, reflecting ADNOC L&S's global presence and reach. ADNOC L&S's fleet is known for its versatility and capabilities, which resulted in high utilization. The Company's owned fleet utilization grew from 81% in FY2020 to 94% in FY2022, showcasing its operational efficiency and effective asset management. The company's strategy of acquiring assets at low points in the market cycle also contributed to its strong asset base, which is technically capable of addressing a wide scope of services, ranging from oil and gas well services to renewables, accommodation, construction, and more. The relatively young fleet leads to lower maintenance costs and allows for the quick turnaround on repairs and maintenance through a robust planned maintenance system. It further enhances ADNOC L&S's profitability and margins by minimizing downtime and maximizing operational efficiency.

Large and diversified shipping fleet with 56 vessels and a high utilization rate across the segments

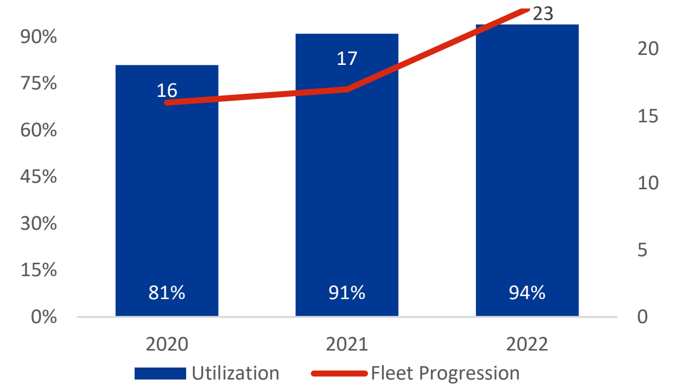
ADNOC L&S owns a large, diversified shipping fleet with 56 vessels balanced across conventional shipping and contracted business. The business is supported by extensive international networks and a diverse client base.

- **Dry Bulk & Container:** Dry Bulk operates largely on a spot pricing basis trading global routes for bulk cargoes, include sulphur, grain, fertilizers, and coal. The segment operates with a combination of owned vessels and charter-in vessels to meet the demand for transportation services. Dry Bulk owns nine vessels as well as a significant number of charter-in vessels, where four are Ultra Max vessels, another four are Supramax, and one is Handysize. On the other hand, ADNOC L&S's Container segment is engaged in domestic UAE trade, primarily exporting containerized polymers under a contract of affreightment with Borouge. The segment operates with 3 owned container vessels on fixed-term contracts to fulfill its shipping commitments. ADNOC L&S's Dry Bulk and Container's utilization rate grew from 76% in FY2020 to an impressive 99% in FY2022, reflecting the company's ability to effectively manage its fleet and meet customer demand while optimizing its asset utilization.

- **Tanker:** ADNOC L&S has a large fleet consisting of Very Large Crude Carriers (VLCCs), LR1, and LR2 vessels as well as specialized Chemical Tankers. A significant portion of the fleet, approximately 55%, is relatively new, with an age of less than 3 years, reflecting Company's aim to maintaining a modern and efficient fleet. Around 55% of the fleet has age less than 3 years. In Tankers, the number of the owned vessel increased from 9 in FY2020 to 18 in FY2022, with a utilization rate of 99%, highlighting its efficient fleet management and ability to optimize vessel operations. Furthermore, the Company is planning to build four new VLCC fleets in FY2023

- **Gas:** ADNOC L&S Gas Business engages in the transportation of LNG, LPG, and Molten Sulphur across a global network of shipping routes. The business is supported by long-term charters ranging from 10 to 15 years for its LNG/LPG-VLGC vessels. It has 10 owned vessels, with a 100% utilization rate in FY2022. Recently, ADNOC L&S has announced deployment of five new-build Very Large Gas Carriers (VLGC). The five VLGCs (Al Ain, Zakher, Rabdan, Al Salam and Baynounah), each with a capacity of 86,000 cubic metres, were built in China and will be owned and operated by AW Shipping, an ADNOC L&S joint venture with Wanhua Chemical Group. Furthermore, ADNOC L&S's Gas Business plans to build six fully owned new LNG vessels between FY2025 and FY2026, signaling the company's strategic investment in modern assets to meet the growing demand for LNG transportation.

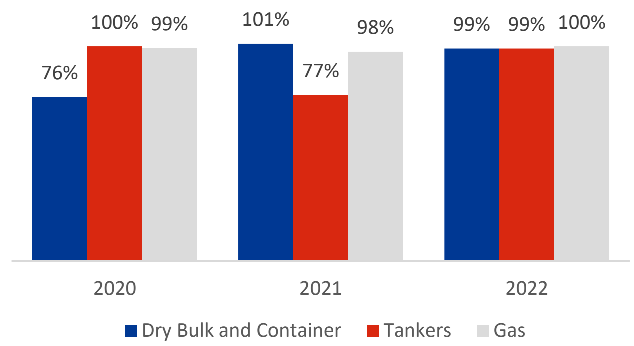
Figure 58: JBUs Utilization[1] and Fleet Progression[2]



Source: Company Information

Note: 1 Utilization is calculated from the start day of operations if vessel is acquired part way through the year;2. Fleet Progression is shown as totally owned fleet at the end of each year

Figure 59: Shipping Business: Utilization Rate (%)



Source: Company Information

Valuation Methodology

Target Fair Value Analysis

DCF, RELATIVE VALUATION and DDM

We arrive at ADNOC L&S fair value of AED 4.00 per share based on a mix of valuation methods

We have used a mix of Discounted Cash Flow (DCF), Comparable Company Method (CCM) and Dividend Discount Model (DDM) valuation methods to arrive at the fair value of ADNOC L&S PJSC. ADNOC L&S is a regional maritime logistics leader critical to ADNOC Group and the UAE's energy supply chain. The Company's strategic access to all aspects of the oil and gas value chain has made it a vital player in the energy supply chain across the region. We have assigned a higher weight to DCF valuation as it provides comprehensive value over multiple periods as opposed to other valuation methods. In CCM valuation, we have calculated the value of Integrated Logistics & Marine Services as one segment since it derives the majority of the revenue from contracted business from ADNOC Group and the value of the shipping segment is computed separately. Also, both segments of the business operate into different businesses which also requires us to value them using different peer multiples. EV/EBITDA is used to value the Company as this multiple excludes the impact of the difference in capital structure. ADNOC L&S PJSC is expected to pay a regular dividend which is expected to grow by at least 5% annually over the medium term. The dividend will be reviewed regularly in light of value-accretive growth opportunities. In DDM valuation, the dividend paid is used to value the Company.

CONSOLIDATED VALUATION ADNOC L&S PJSC

Name of Entity	Valuation (USD, Mn)	Weight (%)	Total Valuation (USD, Mn)
Valuation of the ADNOC L&S PJSC based on -			
Discounted Cash Flow	8,512	70.0%	5,958
Relative Valuation (EV/EBITDA)	8,404	20.0%	1,681
Dividend Discount Model	4,269	10.0%	427
Total Valuation (USD, Mn)			**8,066**
Total Valuation (AED, Mn)			**29,612**
Equity value per share (AED)			**4.00**

The performance of ADNOC L&S PJSC is analyzed in detail to arrive at their fair value estimates. We took a fair estimate across the respective companies' income statements and financial positions to arrive at their valuation. The valuation brought forward a target value of AED 4.00 per share.

The weightage assigned to the DCF, EV/EBITDA, and DDM valuation methods stood at 70%, 20%, and 10%, respectively.

1) Discounted Cash Flow Valuation

We arrived at a value of USD 8.5 Bn using DCF valuation

We relied upon the guidance provided by the Company management for the next five financial years starting from FY2023 and ending FY2027 to arrive at the valuation through DCF methodology. We have further extended the cash flow by an additional year by this time the Company's existing expansion plan will be complete and actual cash flow will be reported leading us to arrive at a fair value. We derived the Company's Terminal Value using the Gordon Model and extrapolated last year's adjusted free cash flows at a terminal growth rate of 2.0% to perpetuity. To arrive at Ke (Cost of Equity), we have used the 10-year government bond yield of 3.9%, Country risk premium of 3.5%, and the combined levered Beta of 1.26 for the Integrated, Marine & Shipping sector. After applying all these, we arrived at the cost of equity of 9.1%. We have used a 10-Year US Government Yield and further added 10-year Abu Dhabi Government CDS spread to arrive at an appropriate risk-free rate. Currently, ADNOC L&S PJSC is nearly debt-free and its capital structure will also change since the Company plans to borrow additional debt starting from the second half of FY2023 to complete projects. Therefore, we have used free cash flow to a firm to arrive at the valuation using the DCF methodology.

I. DCF Valuation ADNOC L&S PJSC

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
All figures in USD Mn, unless stated						
EBIT	561	624	694	807	830	852
NOPAT	533	559	621	723	743	763
(+/-) Depreciation & amortization	174	212	233	253	279	287
(+/-) CAPEX	-1,325	-750	-900	-1,450	-700	-250
(+/-) Working Capital	-40	-35	-28	-42	-16	-15
Free Cash flow to Firm	**-658**	**-13**	**-74**	**-516**	**306**	**785**
Discount factor	*0.95*	*0.88*	*0.82*	*0.75*	*0.70*	*0.65*
Present Value of FCFF	**-634**	**-12**	**-61**	**-393**	**215**	**512**
Total Present value of FCFF						-373
Terminal Value						8,551
Terminal growth rate						2.0%
Weighted average cost of capital						8.1%
Enterprise Value						**8,179**
Cash as of March 2023						333
Equity Value						**8,512**
Equity Value per share (AED)						**4.23**

Source: FAB Securities Research

a) Sensitivity of DCF to Key Assumptions

Sensitivity analysis generates the highest valuation of AED 6.70 per share and the lowest valuation of AED 2.98 per share

Our DCF valuation is based on a weighted average cost of capital (WACC) of 8.1%. A sensitivity analysis shows that a change of +/- 0.5% in the weighted average cost of capital and terminal growth rate will provide a valuation range of AED 2.98 to AED 6.70 per share. The table below shows the sensitivity between the change in terminal growth rate and the weighted average cost of capital.

1. DCF Sensitivity to Terminal Growth rate and WACC

		Terminal growth				
		1.0%	**1.5%**	**2.0%**	**2.5%**	**3.0%**
WACC	**7.1%**	4.41	4.83	5.33	5.94	6.70
	7.6%	3.97	4.32	4.73	5.22	5.81
	8.1%	3.59	3.88	4.23	4.63	5.11
	8.6%	3.27	3.52	3.80	4.14	4.53
	9.1%	2.98	3.20	3.44	3.72	4.05

2) Relative Valuation

We are using EV/EBITDA multiple in CCM valuation to value the firm

In the CCM valuation, all three segments are valued separately since all of them operate in different businesses. Valuation of the Integrated Logistics and Marine Services Segment is valued as one segment since both of them operate into contract business. The majority of the revenue of both segments is contracted with ADNOC Group and other companies. As a result, we have used multiples of locally listed companies with contract businesses to value the Integrated Logistics and Shipping Segment. Valuation of the Shipping Segment is made separately using multiples of regional and global peers. Total EBITDA also includes others. ADNOC L&S's FY2023 forecasted EBITDA is used to value the firm. The valuation multiple of both Integrated & Marine and Shipping sector companies is used to value the firm.

We used the EV/EBITDA multiple for the relative valuation because it allows us to compare companies of various sizes with different capital structures, and it is frequently used to assess the relative valuation of companies in **capital-intensive industries like Maritime Logistics**, where large investments in infrastructure and assets are common. Furthermore, EBITDA is frequently used as a proxy for cash flow, which can be useful in the **Maritime Logistics sector where cash flows are an important** component of project economics.

II. Relative Valuation ADNOC L&S PJSC (Integrated & Marine segment)

(All Figures in Million USD, unless stated)	
Based on EV/EBITDA Multiple	
EBITDA (FY2023)	488
Peer Median Valuation	12.8x
Enterprise Value (A)	**6,236**

Source: Company Information, FAB Securities Research

III. Relative Valuation ADNOC L&S PJSC (Shipping segment)

(All Figures in Million USD, unless stated)	
Based on EV/EBITDA Multiple	
EBITDA (FY2023)	261
Peer Median Valuation	7.0x
Enterprise Value (B)	**1,834**

Source: Company Information, FAB Securities Research

IV. Consolidated Relative Valuation ADNOC L&S PJSC

(All Figures in Million USD, unless stated)	
Segmental Value	
Integrated & Marine	6,236
Shipping	1,834
Enterprise Value (A+B)	**8,071**
Net Cash (as of March 2023)	333
Equity Value	**8,404**
Equity Value per share (AED)	**4.17**

Peers Valuation – Integrated & Marine Sector

		EV/EBITDA (x)		PE (x)		Dividend Yield (%)	
Company. Name	**Market Cap (USD, mn)**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
ADNOC DRILLING CO PJSC	66,240	12.8	11.0	19.4	16.8	3.9	4.2
EMIRATES CENTRAL COOLING SYS	17,300	14.4	13.3	21.3	21.1	4.9	4.9
DUBAI ELECTRICITY & WATER AU	124,000	9.8	9.4	15.4	17.0	5.7	5.1
SALIK CO PJSC	22,575	19.2	17.5	21.7	20.8	4.6	4.7
ABU DHABI PORTS CO PJSC	33,441	11.6	10.4	29.9	29.9	NM	NM
Average		**13.5**	**12.3**	**21.6**	**21.1**	**4.8**	**4.7**
Median		**12.8**	**11.0**	**21.3**	**20.8**	**4.7**	**4.8**
Max[1] (Quartile 3)		**14.4**	**13.3**	**21.7**	**21.1**	**5.1**	**4.9**
Min[2] (Quartile 1)		**11.6**	**10.4**	**19.4**	**17.0**	**4.4**	**4.6**

Source: Bloomberg, [1] Values correspond to Quartile 3, [2] Values correspond to Quartile 1

Peers Valuation – Shipping Sector

		EV/EBITDA (x)		PE (x)		Dividend Yield (%)	
Company. Name	**Market Cap (USD, mn)**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
QATAR GAS TRANSPORT(NAKILAT)	22,072	11.0	11.0	13.7	12.6	3.7	4.1
EURONAV NV	13,522	6.2	5.4	7.0	5.7	12.1	14.0
STAR BULK CARRIERS CORP	7,811	5.5	4.8	5.9	4.5	13.2	19.8
DORIAN LPG LTD	3,203	5.8	5.8	5.9	6.0	11.6	4.0
GOLAR LNG LTD	8,079	7.8	6.3	7.4	7.0		1.0
FLEX LNG LTD	6,689	10.9	10.9	12.2	11.8	9.4	9.3
MITSUI OSK LINES LTD	33,166	11.8	10.7	1.5	7.7	16.3	4.2
FRONTLINE PLC	12,434	5.5	5.0	5.6	4.6	14.9	17.6
Average		**8.1**	**7.5**	**7.4**	**7.5**	**11.6**	**9.3**
Median		**7.0**	**6.1**	**6.5**	**6.5**	**12.1**	**6.8**
Max[1] (Quartile 3)		**10.9**	**10.8**	**8.6**	**8.7**	**14.0**	**14.9**
Min[2] (Quartile 1)		**5.8**	**5.3**	**5.8**	**5.4**	**10.5**	**4.1**

Source: Bloomberg, [1] Values correspond to Quartile 3, [2] Values correspond to Quartile 1

3) Dividend Discount Valuation (DDM)

Using DDM approach, we arrive at a fair value of USD 4.3 Bn

The company maintains a policy to declare regular dividends to shareholders in the forecasted period. It expects to increase the 2023 annual dividend per share on a progressive basis by at least 5% annually over the medium term, while regularly reviewing the policy in light of value-accretive growth opportunities. The dividend is forecasted based on the management estimate. All forecasted dividend is discounted to present value using the cost of equity. Detail related to the cost of equity calculation is provided above. We have also calculated our terminal growth rate assuming the Company business will continue to operate until perpetuity using the terminal growth rate of 2%.

V. Dividend Discount Valuation

	FY2023E	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E
All figures in USD million, unless stated						
Total Dividend	**195**	**273**	**287**	**301**	**316**	**332**
Discount factor	*0.96*	*0.88*	*0.81*	*0.74*	*0.68*	*0.62*
Present value of Dividend	**187**	**240**	**231**	**222**	**214**	**206**
Total Present value of Dividend						1,300
Terminal Value						2,968
Terminal growth rate						2.0%
Cost of Equity						9.1%
Equity Value						**4,269**
Equity Value per share (AED)						**2.12**

Key Financial Metrics

Financial Performance at a Glance

Growth Dynamics

ADNOC L&S's Robust Revenue Growth and Resilient Performance Amidst COVID-19 Impact

ADNOC L&S is the wholly-owned subsidiary of ADNOC Group, providing logistics and shipping services required by ADNOC Operating Companies across the value chain. It is a leading fully-integrated shipping and logistics company in the region, providing a complete range of cost-effective maritime and integrated logistics solutions to support the energy supply chain. The Company has long-term contracts in place with ADNOC Operating Companies and derives more than 70% of the total revenue based on FY2022 financials. ADNOC L&S Revenue grew 89.2% from USD 313 Mn in 1Q22 to USD 592 Mn in 1Q23 owing to consolidation of ZMI acquisition, addition of new contracts and growth in Shipping and Marine Segment. The Company's proforma revenue grew at a CAGR of 50.0% from USD 1,016 Mn in FY2020 to USD 2,287 Mn in FY2022 on a proforma basis. Proforma includes revenue of USD 348 Mn generated before the ZMI Holdings' acquisition in FY2022. The top line grew at a CAGR of 38.6% from USD 1,016 Mn in FY2020 to USD 1,952 Mn in FY2022 on an actual basis. The Company reported stable and resilient revenue despite the impact of COVID-19 on its operations in FY2020-2021. It reported a strong performance in FY2022, mainly due to an improved shipping market and operational performance, growth in the integrated logistics segment through new contracts in ILSP and Hail & Ghasha (H&G), and the acquisition of ZMI. The Company reported 57.2% top-line growth in FY2022 as compared to FY2021, excluding the impact of the ZMI acquisition in FY2022.

Integrated Logistics Segment contributed 59.3% of the total revenue in 1Q23, with 99% of it contracted over the long term. The Segment revenue grew 176.4% from USD 127 Mn in 1Q22 to USD 351 Mn in 1Q23 due to consolidation of ZMI acquisition and award of new contracts. The proforma revenue grew at a CAGR of 71.4% from USD 428 Mn in FY2020 to USD 1,258 Mn in FY2022 on a proforma basis (USD 923 Mn on an actual basis in FY2022). The revenue uplift in FY2022PF is primarily driven by three factors: the acquisition of JUBs and OSVs through the ZMI acquisition, the shift of certain businesses from marine services to integrated logistics, and the addition of new contracts. Among these factors, the acquisition of ZMI is the largest revenue contributor, with addition of USD 430 Mn to proforma revenue in FY2022.

The shipping segment contributed 33.9% of the total revenue in 1Q22. The revenue grew 34.0% from USD 150 Mn in 1Q22 to USD 201 Mn in 1Q23. The revenue growth is driven by the addition of a new fleet and an increase in time-charter equivalent rates (TCE), which are expected to be in line with the market rates.

The Marine segment generates 6.9% of the total revenue in 1Q23 and operates on 100% long-term contracts, with 95% of those contracts being with ADNOC. The revenue grew 13.9% from USD 36 Mn in 1Q22 to USD 41 Mn in 1Q23. The stable top-line of the Company is supported by contracts that have a duration of 10-25 years. However, there is a decline in revenue in FY2022 as compared to FY2021 due to the shift of certain operations from marine services to integrated logistics. This move is part of the Company's strategy to centralize its logistics competency centers.

ADNOC L&S showed robust financial performance with impressive growth, Adjusted EBITDA grew 290% from USD 51 Mn in 1Q23 to USD 199 Mn in 1Q23. At the same time, the EBITDA margin rose from 16.3% in 1Q22 to 33.5% in 1Q23. The Company's EBITDA increased at a CAGR of 35.0% from USD 249 Mn in FY2020 to USD 453 Mn in FY2022. However, the EBITDA margin registered a decline from 24.5% in FY2020 to 23.2% in FY2022, attributed to lower margin contracts in Integrated Logistics with long-term value and shift in high margin business from Marine Services to Integrated Logistics. ADNOC L&S reported USD 145 Mn in net profit with a margin of 24.5% in 1Q23. ADNOC L&S demonstrated a CAGR of 24.8% in net income with an increase from USD 167 Mn in FY2020 to USD 261 Mn in FY2022. However, the margins declined from 16.5% in FY2020 to 13.3% in FY2022, mainly due to higher interest expenses, decreased other income, and increased provision for credit losses. On a proforma basis, ADNOC L&S's net profit showed growth with a CAGR of 30.9%, reaching USD 287 Mn in FY2022 (USD 261 Mn on an actual basis). Notably, the Company managed to maintain margins on a proforma basis in FY2022 compared to FY2021, excluding one-off items. ADNOC L&S generated an operating free cash flow of USD 502 Mn in FY2021, which declined to USD 264 Mn in FY2022 due to higher working capital requirements. Additionally, the levered free cash flow stood at USD 180 Mn in 1Q23 compared to the negative free cash flow of USD 60 Mn in FY2022.

(USD, Mn)	2020	2021	2022A	2022PF	2023E	2024E	2025E	2026E	2027E
Revenue	1,016	1,191	1,952	2,287	2,448	2,696	2,834	3,005	3,137
Gross Profit	217	227	409	557	668	742	818	941	972
Reported EBITDA	249	168	453	576	735	837	927	1,061	1,109
Adjusted EBITDA	249	259	453	599	735	837	927	1,061	1,109
Adjusted Net profit	167	146	261	287	502	506	554	636	637
Gross Margin	21.4%	19.0%	21.0%	24.3%	27.3%	27.5%	28.9%	31.3%	31.0%
Reported EBITDA Margin	24.5%	14.1%	23.2%	25.2%	30.0%	31.0%	32.7%	35.3%	35.4%
Adjusted EBITDA Margin	24.5%	21.8%	23.2%	26.2%	30.0%	31.0%	32.7%	35.3%	35.4%
Net Margin	16.5%	12.2%	13.3%	12.5%	20.5%	18.8%	19.6%	21.2%	20.3%
Net Debt/EBITDA	-0.4	1.4	3.8	3.0	0.8	1.1	1.5	2.1	2.1

Source: Company Information, FAB Securities research 2022-27

Financials

Revenue

Total revenue is expected to grow at a CAGR of 10.0% from USD 1,952 Mn in FY2022 to USD 3,137 Mn in FY2027 due to the successful integration of ZMI Holdings, profitable deployment of JUBs, addition of VLCC, and LNG vessels into the respective segment

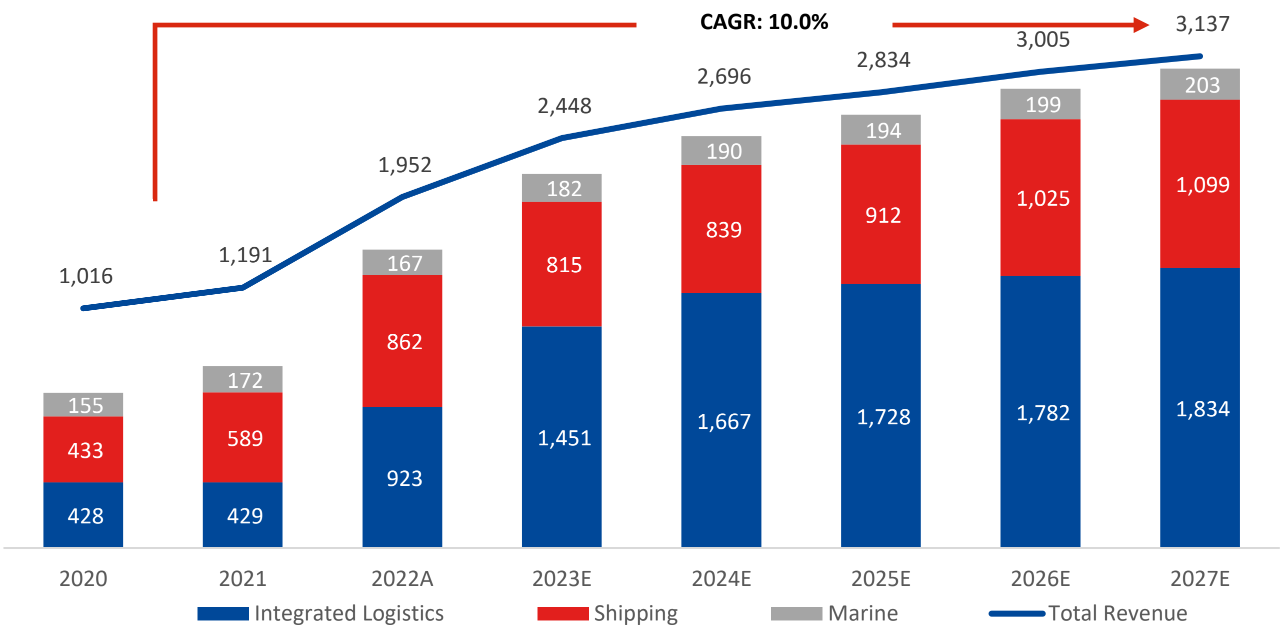
ADNOC L&S generates revenue from three segments such as Integrated Logistics, Shipping, and Marine Services. The Company has long-term contracts in place with ADNOC Operating Companies and derives more than 70% of the total revenue from ADNOC group and related companies based on FY2022 financials. ADNOC L&S revenue grew 89.2% from USD 313 Mn in 1Q22 to USD 592 Mn in 1Q23. The Company's proforma revenue grew at a CAGR of 50.0% from USD 1,016 Mn in FY2020 to USD 2,287 Mn in FY2022 on a proforma basis. Proforma revenue includes USD 348 Mn revenue generated from ZMI Holdings before acquisition in FY2022. The top line grew at a CAGR of 38.6% from USD 1,016 Mn in FY2020 to USD 1,952 Mn in FY2022 on an actual basis. The Company's total revenue is expected to grow at a CAGR of 6.5% from USD 2,287 Mn proforma revenue in FY2022 to USD 3,137 Mn in FY2027. The revenue on an actual basis is expected to grow at a CAGR of 10.0% from USD 1,952 Mn in FY2022 to USD 3,137 Mn in FY2027. The anticipated growth in revenue is driven by a direct outcome of the integration of jack-up barges into the integrated logistics segment following the acquisition of ZMI, further profitable deployment of JUBs, the addition of four new VLCC and six LNG vessels into the shipping segment.

Integrated Logistics Segment: Integrated Logistics Segment contributed 59.3% of the total revenue in 1Q23, with 99% of its total revenue contracted over the long term. The integrated logistics segment earns revenue by providing Onshore & Offshore Services and deployment of Jack-up barges. The segment revenue grew 176.4% USD 127 Mn in 1Q22 to USD 351 Mn in 1Q23. The segment proforma revenue grew at a CAGR of 71.4% from USD 428 Mn in FY2020 to USD 1,258 Mn in FY2022. (USD 923 Mn on an actual basis in FY2022). Integrated logistics segment revenue is expected to grow at a CAGR of 7.8% from USD 1,258 Mn proforma revenue in FY2022 to USD 1,834 Mn in FY2027. Revenue from Onshore & Offshore Services is expected to grow at a CAGR of 8.8% from USD 841 Mn in FY2022 to USD 1,280 Mn in FY2027, mainly due to the expansion of services provided to ADNOC, entry into new business verticals and incremental services to existing clients with an expansion of geographical footprint and clients. Revenue from Jack-up barges is expected to grow at a CAGR of 5.2% from USD 430 Mn proforma revenue in FY2022 to USD 555 Mn in FY2027, supported by the acquisition of JUBs and OSVs through the ZMI and more profitable deployment of JUBs.

Shipping segment: The shipping segment generates revenue from three sub-segments Dry bulk and Container, Tankers, and Gas. The shipping segment contributed 33.9% of the total revenue in 1Q23. The segment revenue grew 33.5% from USD 150 Mn in 1Q22 to USD 201 Mn in 1Q23. The segment revenue grew at a CAGR of 41.1% from USD 433 Mn in FY2020 to USD 862 Mn in FY2022 due to the addition to the fleet and increase in TCE rates. The segment revenue is anticipated to grow at a CAGR of 5.0% from USD 862 Mn in FY2022 to USD 1,099 Mn in FY2027. Major growth is supported by the Gas segment, which is expected to grow at a CAGR of 18.3% from USD 169 Mn in FY2022 to USD 391 Mn in FY2027 due to the addition of six LNG vessels by FY2025-26. The revenue from the Dry bulk and Container segment is expected to decline from USD 358 Mn in FY2022 to USD 352 Mn in FY2027 due to the anticipation of a decline in the time-charter equivalent rates. The tanker segment is anticipated to grow at a CAGR of 1.3% from USD 335 Mn in FY2022 to USD 357 Mn in FY2027 driven by the addition of new three new VLCCs partially offset by a decline in TCE rates as compared to FY2022. The addition of a new fleet into the Gas segment majorly drives the growth in the shipping segment.

Marine segment: The marine segment generates revenue from two sub-segments Marine Terminal and Oil Spill & HNS. The marine segment generated 6.9% of the total revenue in 1Q23 and 100% of its revenue is contracted on a long-term basis, with 95% of those contracts with ADNOC. The marine segment revenue grew 13.9% YOY to USD 41 Mn in 1Q23. Also, the revenue grew at a CAGR of 3.9% from USD 155 Mn in FY2020 to USD 167 Mn in FY2022. However, there is a decline in revenue in 2022 due to the shift of certain operations from marine services to integrated logistics. This move is part of the Company's strategy to centralize its logistics competency centers. The segment is expected to grow at a CAGR of 4.0% from USD 167 Mn in FY2022 to USD 203 Mn in FY2027. The company's top-line growth is supported by new contracts awards and contracts that have a duration of 10-25 years.

Figure 60: ADNOC L&S – Total Revenue (USD, Mn)



Source: Company Information, FAB Securities research FY2020-27

EBITDA

EBITDA is expected to grow at a CAGR of 19.6% from USD 453 Mn in FY2022 to USD 1,109 Mn in FY2027 driven by various factors such as M&A, new contract acquisitions, economies of scale in operations

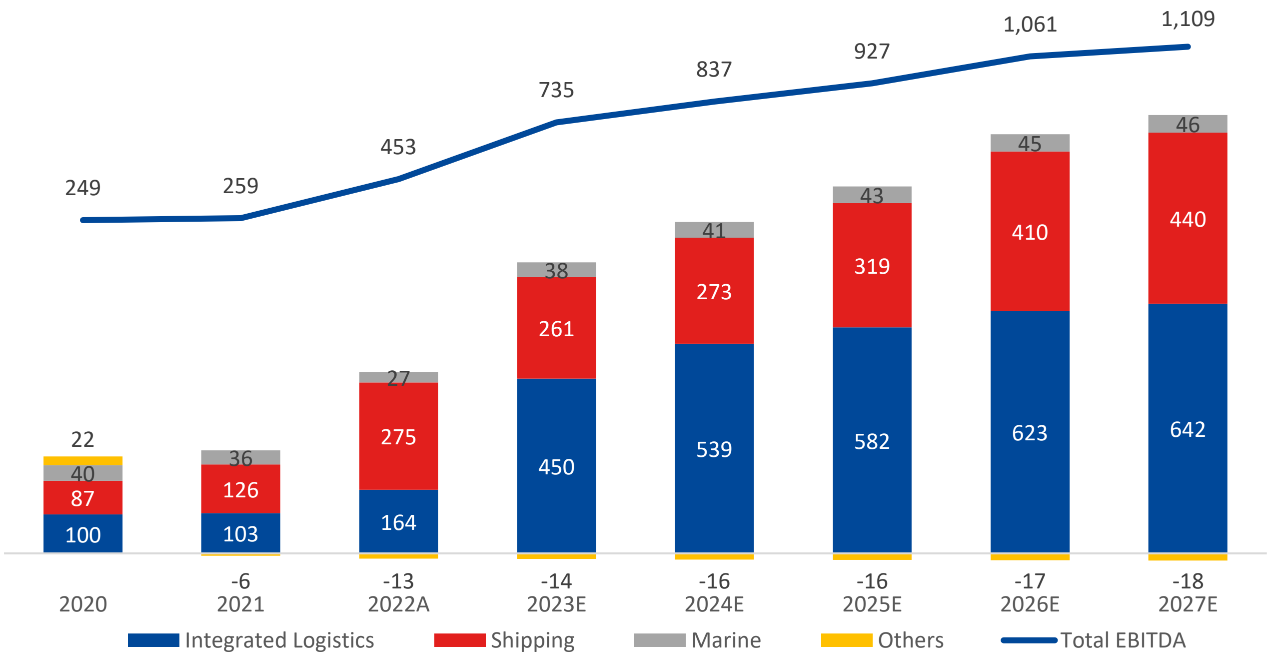
Adjusted EBITDA grew 290% from USD 51 Mn in 1Q23 to USD 199 Mn in 1Q23 due to strong growth in Shipping & Integrated Logistics Segment. At the same time, the EBITDA margin rose from 16.3% in 1Q22 to 33.5% in 1Q23. The Company's EBITDA increased at a CAGR of 35.0% from USD 249 Mn in FY2020 to USD 453 Mn in FY2022. However, the EBITDA margin registered a decline from 24.5% in FY2020 to 23.2% in FY2022, attributed to lower margin contracts in Integrated Logistics with long-term value and shift in high-margin business from Marine Services to Integrated Logistics. Despite this, ADNOC L&S's adjusted EBITDA margin on a proforma basis rose from 24.5% in FY2020 to 26.2% in FY2022 with an adjusted EBITDA of USD 599 Mn owing to the acquisition of ZMI Holdings. The Company exhibited resilience during the pandemic, reporting marginal overall EBITDA growth despite the reduction in margins. The Company's EBITDA is expected to grow at a CAGR of 19.5% from USD 453 Mn in FY2022 to USD 1,109 Mn in FY2027. The significant growth in EBITDA is driven by various factors such as M&A, new contract acquisitions, asset portfolio optimization, efficiency initiatives, and improved market conditions.

Integrated Logistics Segment: EBITDA of the Integrated logistics segment grew at a CAGR of 28.1% from USD 100 Mn in FY2020 to USD 164 Mn in FY2022. However, the EBITDA margin for this segment declined from 23.4% in FY2020 to 17.8% in FY2022 due to the introduction of a lower-margin contract with long-term strategic value, however, margins from these contracts improve over the period of time. The EBITDA is expected to grow at a CAGR of 31.4% from USD 164 Mn in FY2022 to USD 642 Mn in FY2027 on an actual basis. On proforma basis, the EBITDA is expected to grow at a CAGR of 14.5% from USD 327 Mn in FY2022 to USD 642 Mn in FY2027 as a result of this EBITDA margin is expected to rise to 35.0% in FY2027 from 26.0% in FY2022 on proforma basis. This growth in margins is driven by growth in volumes on the back of new contracts awards, economies of scale and redeployment of JUBs at more favorable terms, following the acquisition of ZMI.

Shipping segment: EBITDA of the Shipping segment grew at a CAGR of 77.9% from USD 87 Mn in FY2020 to USD 275 Mn in FY2022. The EBITDA margin for this segment rose from 20.1% in FY2020 to 32.0% in FY2022, this margin expansion was mainly due to improvement in TCE rates and portfolio rebalancing. The tanker segment revenue from the spot market rose from USD 76 Mn in FY2020 to USD 316 Mn in FY2022. The EBITDA is expected to fall from USD 275 Mn in FY2022 to USD 261 Mn in FY2023 due to declining spot TCE rates. The EBITDA is expected to grow at a CAGR of 9.8% from USD 275 Mn in FY2022 to USD 440 Mn in FY2027. As a result of this EBITDA margin is expected to rise to 40.0% in FY2027 from 32.0% in FY2022. The growth in the margins driving largely by the increased contribution of the Gas segment as a result of the new build LNG vessels, these vessels are expected to be fully contracted at very profitable rates, reducing spot exposure from Dry Bulk and Tankers, which created volatility in the historical margins.

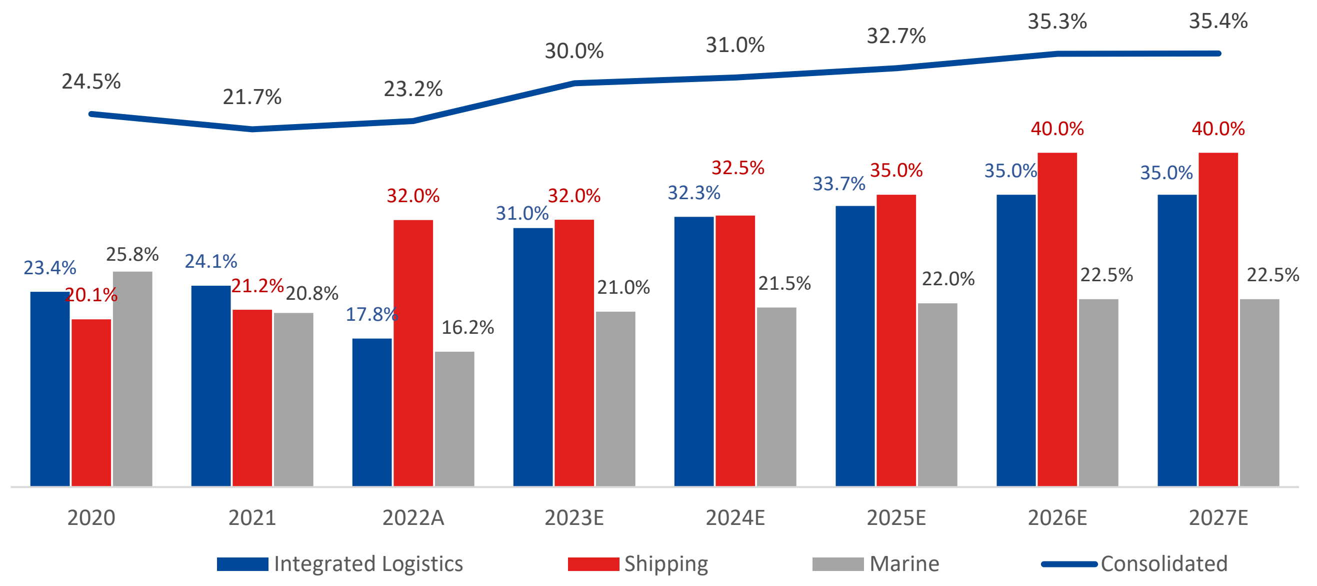
Marine segment: EBITDA of the Marine segment fell at a CAGR of 17.7% from USD 40 Mn in FY2020 to USD 27 Mn in FY2022. The EBITDA margin for this segment experienced a decline from 25.8% in FY2020 to 16.2% in FY2022, this decline was mainly due to shift in higher margin contracts to another segment. The EBITDA is expected to grow at a CAGR of 11.1% from USD 27 Mn in FY2022 to USD 46 Mn in FY2027. As a result of this EBITDA margin is expected to rise to 22.5% in FY2027 from 16.2% in FY2022. This growth is driven by increases in volumes on the back of new contracts award and fixed contracts that have a duration of 10-25 years.

Figure 61: ADNOC L&S – Total EBITDA (USD, Mn)



Source: Company Information, FAB Securities research FY2020-27

Figure 62: ADNOC L&S – EBITDA Margins (%)



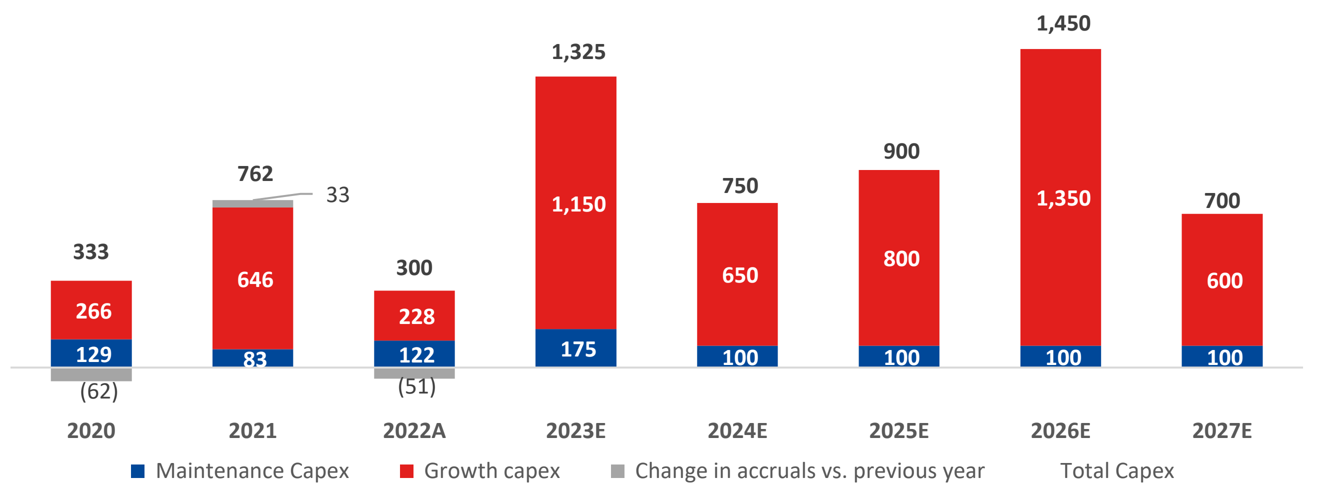
Source: Company Information, FAB Securities research FY2020-27

Capital Expenditures (CAPEX)

ADNOC L&S planning to invest USD 4-5 bn in growth CAPEX over the next five years for the addition of Vessels, tankers, and services. In addition, it also plans to invest USD 100 Mn in maintenance CAPEX over the medium-term

The Company spent USD 1.4 Bn on CAPEX during FY2020-22. Out of which, USD 1.1 Bn was spent on growth CAPEX and an average USD 95 Mn on maintenance CAPEX during FY2020-22. The historical is primarily related to integrated logistics and shipping segment. ADNOC L&S plans to fund CAPEX largely through debt and partially through internal accruals. ADNOC L&S is expected to spend over USD 4,550 Mn on growth CAPEX from FY2023 to FY2027. In FY2023, the Company expected to make a growth CAPEX of USD 1,150 Mn out of which USD 340 Mn is committed towards the shipping segment. The committed CAPEX is related to expenditure on six LNG vessels and four VLCC's worth USD 59 Mn & USD 281 Mn, respectively in FY2023. Growth CAPEX in FY2023 and FY2024 largely relates to the Integrated Logistics segment. Approximately one-third of CAPEX is committed, which provides flexibility in the CAPEX program over the coming years. ADNOC L&S is anticipated to invest USD 175 Mn on maintenance CAPEX in FY2023 due to dry docking, which is further expected to decline to USD 100 Mn per year for FY2024-27. It is planning to invest approximately 47% of growth CAPEX on addition of LNG ships, 22% on other shipping segments, 29% on Integrated Logistics Segment, and the remaining 2% on the Marine service segment.

Figure 63: ADNOC L&S – Maintenance and Growth CAPEX (USD, Mn)



Source: Company Information, FAB Securities research FY2020-27

TAX

ADNOC L&S estimates effective tax rate will amount to 5% in FY2023 and grow to 10.5% starting FY2024

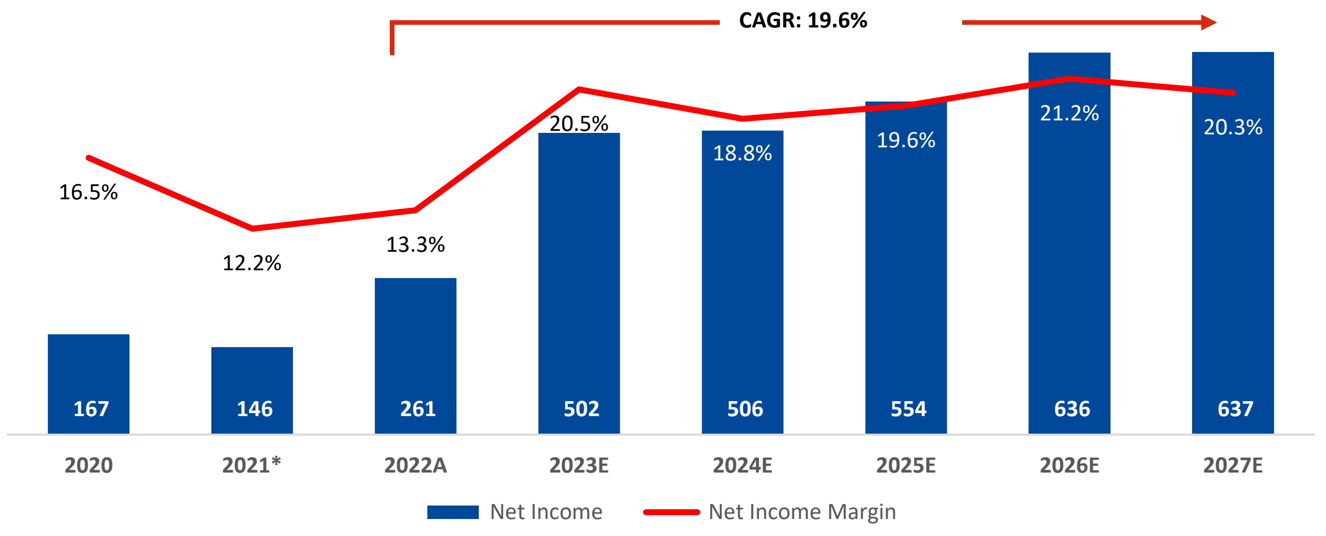
During FY2020-21, the Company abided by the tax regime in UAE and did not incur any corporate taxes. However, due to the acquisition of ZMI, it incurred tax expenses associated with ZMI's operations. Starting from FY2024, the Company's effective tax rate is expected to be 10.5%, while for FY2023, the estimated effective tax rate is expected to be approximately 5%.

Net Income

Net profit is expected to grow at a CAGR of 19.6% from USD 261 Mn in FY2022 to USD 637 Mn in FY2027 due to higher growth in revenue and expansion in EBITDA margin

Adjusted net profit grew at a CAGR of 24.8% from USD 167 Mn in FY2020 to USD 261 Mn in FY2022. This is driven by strong top-line growth in the Integrated Logistics and Shipping Segment, marginally offset by a decline in Marine Services Segment. It also led to healthy growth in EBITDA. This growth is partially offset by an increase in D&A expense and an increase in finance cost due to the acquisition of ZMI Holdings. Going forward, the net profit during the forecasted is expected to grow at a CAGR of 19.6% from USD 261 Mn in FY2022 to USD 637 Mn in FY2027 due to robust growth in revenue and expansion in EBITDA margin partially offset by an increase in D&A expense post-acquisition of ZMI Holdings, increase in finance cost to finance growth CAPEX and rise in income tax which was not applicable to corporations in UAE earlier. The finance cost is expected to rise at CAGR of 24.3% from USD 39 Mn in FY2022 to USD 114 Mn in FY2027 as the Company plans to borrow to finance growth CAPEX.

Figure 64: ADNOC L&S – Net Income (USD, Mn)



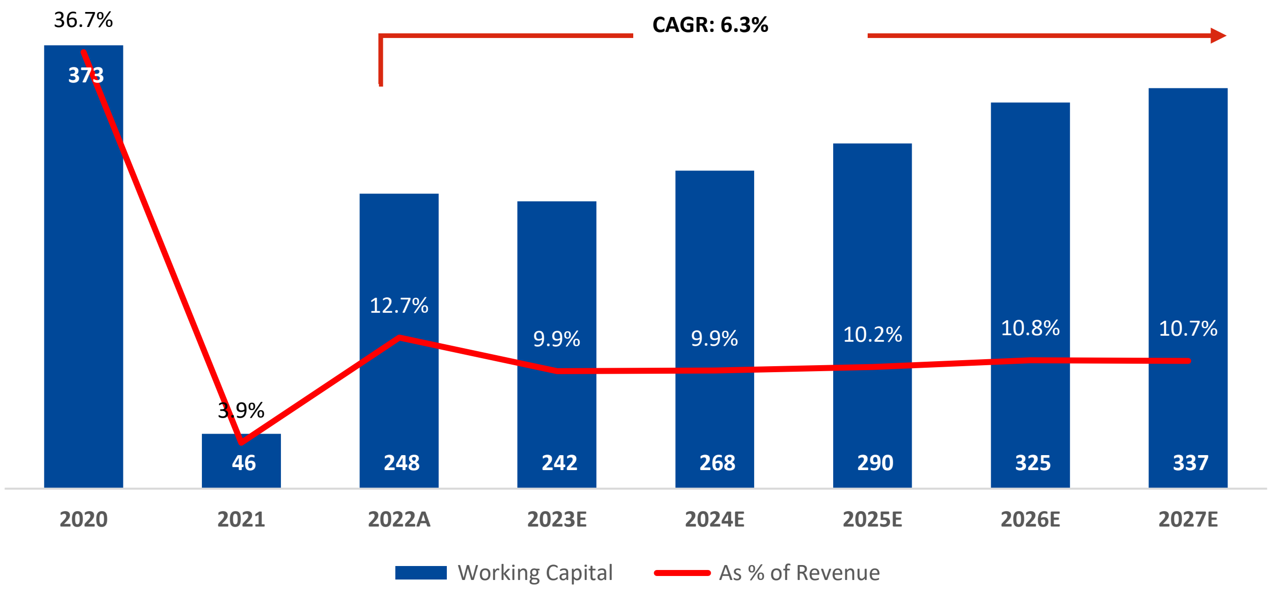
Source: Company Information, FAB Securities research FY2020-27, Net Income for FY2021 is adjusted Net Income*

Working Capital

Investment in working capital is expected to average at 10.3% of total revenue in FY2023-27

ADNOC L&S's working capital includes investments in trade receivables, inventory, due from related parties, trade payable, due to related parties and other payables and accrued expenses. ADNOC L&S investment in working capital stood at USD 40 Mn in FY2023 and further expects to invest a cumulative USD 121 Mn in working capital during FY2024-27. Receivable days from related parties is expected to stood at 74 days and third parties at 35 days during FY2023-27; this is in line with the historical range. Inventory days is also expected to average 22 days during the forecasted period in line with the historical average. Payable days to related and third parties is expected to amount to 35 and 80 days, respectively during the forecasted period. As a result, working capital as a percentage of total revenue is expected to average 10.3% during the FY2023-27.

Figure 65: ADNOC L&S – Working Capital (USD, Mn)



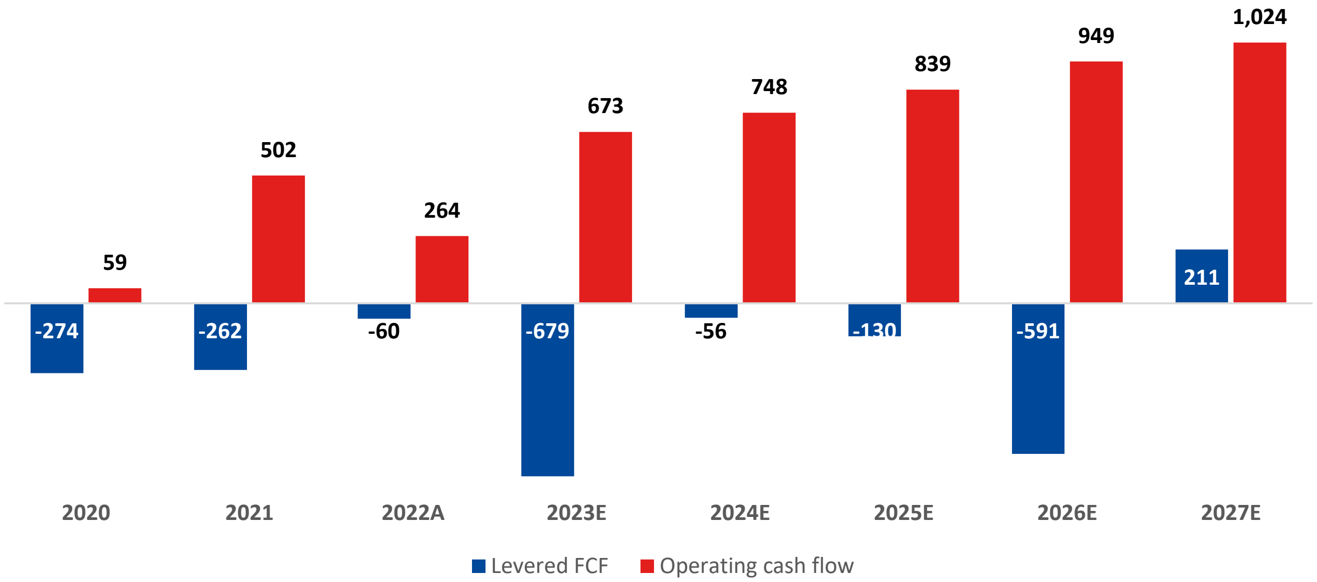
Source: Company Information, FAB Securities research FY2020-27

Cash Flow Generation

ADNOC L&S is expected to generate a cumulative cash flow from the operation of USD 4.2 Bn in FY2023-27

ADNOC L&S is expected to generate a cash flow from the operation of USD 673 Mn in FY2023. The Company is expected to generate a cumulative cash flow from the operation of USD 4.2 Bn in FY2023-27. This is mainly driven by healthy growth in the top-line and bottom-line. Top-line is driven by new contract awards, profitable deployment of JUBs after the acquisition of ZMI Holdings, economies of scale in the integrated logistics segment, and delivery of six new LNG carriers in FY2025-26. On the other hand, growth in the bottom-line is driven by growth strong in the top-line, profitable deployment of JUBs, economies of scale in the integrated logistics business, and marine services driven by increases in volumes on the back of new contracts awards partially offset by margin normalization in the shipping segment. The Company is also undertaking measures to boost efficiency and launching several initiatives, such as digital transformation to augment the same. On the other hand, the contracted revenue boosted cash flow generation. Levered Free cash flow is calculated after deducting taxes, CAPEX, changes in working capital, and interest on shareholder’s loan from adjusted EBITDA. The levered cash flow is negative due to the heavy planned CAPEX, which the Company plans to do every year. However, the cash flow generation from the operating activities is expected to grow steadily every year due to healthy profit generation in the forecasted period. Cash flow from operation is expected to grow at a CAGR of 29.5% from USD 281 Mn in FY2022 to USD 1,024 Mn in FY2027. Levered FCF is also expected to grow from a negative USD 60 Mn in FY2022 to a positive USD 211 Mn in FY2027, mainly due to sustained cash flow generation from operations.

Figure 66: ADNOC L&S – Cash Flow from Operating Activities & Levered FCF (USD, Mn)



Source: Company Information, FAB Securities research FY2020-27

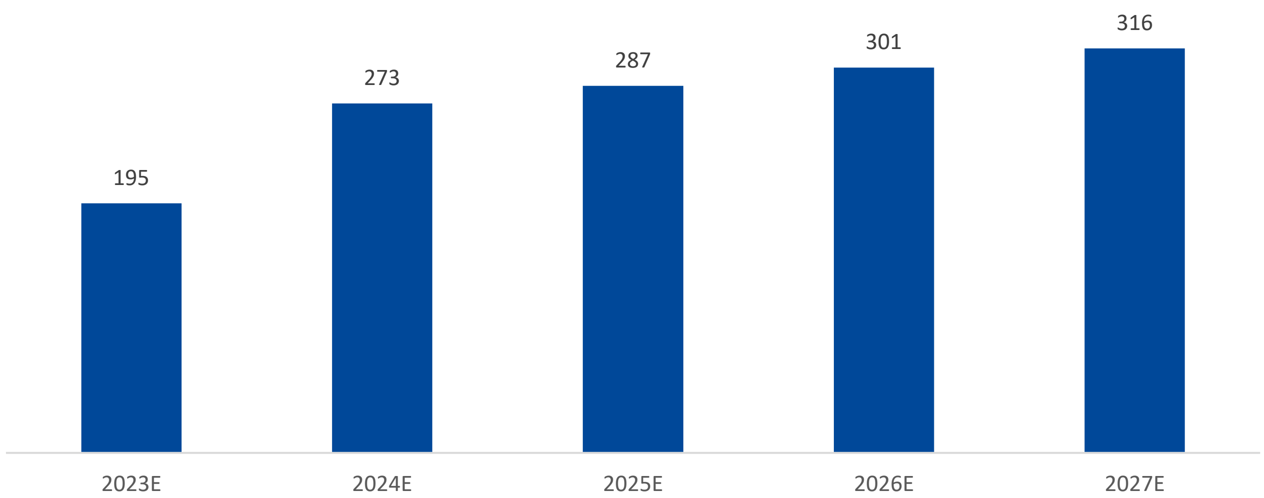
Dividend

ADNOC L&S is set to pay progressive dividend which is expected to grow by 5% per annum. The Company intends to pay a fixed dividend of USD 195 Mn in FY2023

The Company intends to pay a dividend amount of USD 195 Mn for the year 2023 (equivalent to annualized dividends of USD 260 Mn relating to the performance for the year 2023), out of which USD 65 Mn for the second quarter of the year 2023 is expected to be paid in the fourth quarter of the year 2023 and the remaining USD 130 Mn for the second half of the year 2023 is expected to be paid in the second quarter of the year 2024. The Company intends to pay dividends in cash.

Thereafter, the Company expects to increase the 2023 annual dividend per share on a progressive basis by at least 5% annual growth over the medium term, while regularly reviewing the policy in light of value-accretive growth opportunities.

Figure 67: ADNOC L&S – Dividend Declared to Shareholders (USD, Mn)



Source: Company Information, FAB Securities research FY2023-27

Income Statement

(USD, Mn)	2020	2021	2022A	2023E	2024E	2025E	2026E	2027E
Revenues	**1,016**	**1,191**	**1,952**	**2,448**	**2,696**	**2,834**	**3,005**	**3,137**
Direct Cost	-790	-953	-1,537	-1,779	-1,954	-2,016	-2,065	-2,165
Covid -19 costs	-10	-11	-6	0	0	0	0	0
Gross Profit / (Loss)	**217**	**227**	**409**	**668**	**742**	**818**	**941**	**972**
General and administrative expenses	-78	-84	-106	-122	-132	-139	-148	-156
Pension adjustment	0	-91	0	0	0	0	0	0
Provision for expected credit losses, net	15	6	-6	-5	-5	-6	-6	-6
Other expenses	0	-1	-4	0	0	0	0	0
Other income	17	3	1	0	0	0	0	0
Share of profit from joint venture	0	1	2	13	13	13	13	13
Finance income	4	2	4	4	4	4	4	4
Finance costs	-7	-8	-39	-29	-56	-70	-92	-114
Profit / (loss) before tax	**167**	**55**	**262**	**529**	**565**	**619**	**711**	**712**
Income Tax expense	0	0	-1	-26	-59	-65	-75	-75
Profit / (loss) for the year	**167**	**55**	**261**	**502**	**506**	**554**	**636**	**637**
EPS (AED per share)				**0.25**	**0.25**	**0.28**	**0.32**	**0.32**

Source: Company Information, FAB Securities research

Key Ratios

	2020	2021	2022A	2023E	2024E	2025E	2026E	2027E
YoY % Change								
Revenue		17.2%	63.9%	25.4%	10.1%	5.1%	6.0%	4.4%
Gross Profit		4.5%	80.5%	63.4%	11.0%	10.3%	14.9%	3.4%
EBITDA		-32.2%	169.1%	62.1%	13.9%	10.8%	14.4%	4.6%
Net profit		-67.2%	375.5%	92.7%	0.8%	9.5%	14.7%	0.2%
% Margin								
Gross profit	21.4%	19.0%	21.0%	27.3%	27.5%	28.9%	31.3%	31.0%
Adjusted EBITDA	24.5%	21.8%	23.2%	30.0%	31.0%	32.7%	35.3%	35.4%
EBIT	16.5%	4.6%	13.4%	21.6%	21.0%	21.9%	23.6%	22.7%
Adjusted Net Profit margin	16.5%	12.2%	13.3%	20.5%	18.8%	19.6%	21.2%	20.3%
Leverage								
Debt/EBITDA	0.0	3.6	4.2	1.1	1.3	1.7	2.3	2.3
Debt/Adjusted EBITDA	0.0	2.3	4.2	1.1	1.3	1.7	2.3	2.3
Net Debt/EBITDA	-0.4	1.4	3.8	0.8	1.1	1.5	2.1	2.1
Net Debt/Adjusted EBITDA	-0.4	0.9	3.8	0.8	1.1	1.5	2.1	2.1
Return ratios								
ROE	8.9%	5.4%	5.8%	8.8%	7.9%	7.8%	7.6%	7.2%
ROA	11.3%	9.5%	14.5%	12.1%	11.6%	11.9%	12.7%	12.0%
Free Cash Flow								
Levered Free Cash Flow (LFCF)	-274	-262	-60	-679	-56	-130	-591	211

Source: Company Information, FAB Securities research

FAB SECURITIES أبوظبي الأول للأوراق المالية

Balance Sheet

(USD, Mn)	2020	2021	2022A	2023E	2024E	2025E	2026E	2027E
Assets								
Property, Plant and Equipment	1,030	1,652	3,151	4,304	4,848	5,520	6,717	7,144
Right-to-use assets	32	37	67	73	76	79	82	84
Intangible assets	15	18	15	20	20	22	27	25
Investment Properties	29	30	100	96	92	88	85	82
Investment in a joint venture	20	74	63	63	63	63	63	63
Goodwill	0	-	16	16	16	16	16	16
Trade and other receivables	0	3	124	122	135	142	150	157
Sub-lease receivables	21	20	15	13	12	11	11	11
Total non-current assets	**1,148**	**1,833**	**3,551**	**4,706**	**5,262**	**5,940**	**7,150**	**7,581**
Inventories	43	58	106	107	118	122	124	130
Trade and other receivables	78	83	217	235	258	272	288	301
Due from related parties	510	339	466	496	547	575	609	636
Sub-lease receivables	7	6	4	5	5	5	5	5
Cash and bank balances	97	368	165	187	187	194	199	208
Total Current assets	**735**	**854**	**957**	**1,031**	**1,115**	**1,167**	**1,226**	**1,280**
Total assets	**1,883**	**2,687**	**4,508**	**5,736**	**6,377**	**7,108**	**8,376**	**8,861**
Liabilities								
Trade and other payables	238	230	463	463	509	527	543	569
Lease liabilities	7	9	10	23	23	22	22	22
Due to related parties	83	182	128	133	146	151	154	162
Total Current Liabilities	**328**	**421**	**600**	**620**	**678**	**700**	**719**	**752**
Shareholder loan	0	600	1,900	0	0	0	0	0
Lease liabilities	41	42	69	55	54	53	52	50
Dismantling liability	1	1	2	2	2	2	2	2
Due to related parties	0	53	36	38	41	43	44	46
Other payables	0	0	69	69	69	69	69	69
Employees' end-of-service benefits	37	41	31	33	35	38	40	42
Long term Debt	0	0	0	782	1,120	1,552	2,457	2,577
Total non-current liabilities	**79**	**737**	**2,108**	**979**	**1,322**	**1,756**	**2,663**	**2,786**
Total Liabilities	**407**	**1,158**	**2,708**	**1,599**	**2,000**	**2,456**	**3,382**	**3,538**
Equities and liabilities								
Share capital	272	272	272	2,172	2,172	2,172	2,172	2,172
General reserve	72	77	103	153	204	260	323	387
Retained earnings / Accumulated losses	774	822	1,067	1,454	1,643	1,862	2,141	2,406
Shareholder Contribution	358	357	357	357	357	357	357	357
Total Equity	**1,476**	**1,529**	**1,800**	**4,138**	**4,377**	**4,652**	**4,994**	**5,323**
Total Equity and liabilities	**1,883**	**2,687**	**4,508**	**5,736**	**6,377**	**7,108**	**8,376**	**8,861**

Source: Company Information, FAB Securities research

FAB أبوظبي الأول للأوراق المالية SECURITIES

Cash Flow

(USD, Mn)	2020	2021	2022A	2023E	2024E	2025E	2026E	2027E
Cash flow from operating activities								
Profit for the year	**167**	**55**	**261**	**502**	**506**	**554**	**636**	**637**
Adjustments for:	0	0	0	0	0	0	0	0
Depreciation on PPE	74	95	133	162	200	221	241	267
Impairment of PPE	6	2	0	0	0	0	0	0
Write off of PPE	0	0	0	0	0	0	0	0
Depreciation on investment properties	1	2	5	4	4	4	3	3
Depreciation on right-of-use assets	3	6	8	9	10	10	10	10
Profit on initial recognition of sub-lease receivables	0	-3	-1	0	0	0	0	0
Provision for dismantling expenses	0	0	0	0	0	0	0	0
Gain on disposal of right-of-use assets	0	0	0	0	0	0	0	0
Loss on disposal of subleases	0	0	2	0	0	0	0	0
(Reversal of) provision for slow-moving and obsolete inventories, net	0	0	6	0	0	0	0	0
Amortisation of intangible assets	1	4	10	5	6	6	7	7
Loss (gain) on disposal of property, plant and equipment and intangibles assets	1	-1	0	0	0	0	0	0
(Reversal of) provision for expected credit losses on trade receivables, net	-2	1	6	0	0	0	0	0
Reversal of provision for expected credit losses on due from related parties	-12	-6	0	0	0	0	0	0
Provision for employees' end-of-service benefits	5	5	5	6	7	7	8	8
Provision for pension expenses payable to related parties	0	91	0	0	0	0	0	0
Share of profit from joint venture	0	-1	-2	0	0	0	0	0
Finance income	-4	-2	-4	-4	-4	-4	-4	-4
Finance costs	7	8	39	29	56	70	92	114
Cash generated from operations before working capital changes	**246**	**255**	**469**	**713**	**784**	**868**	**993**	**1,043**
Working capital adjustments:								
Inventories	-8	-15	-38	-2	-11	-4	-3	-6
Trade and other receivables	-9	-5	-28	-16	-36	-20	-25	-19
Due from related parties	-197	179	-127	-30	-50	-28	-35	-27
Trade payables and other payables	31	26	85	1	46	18	16	26
Due to related parties	-8	58	-61	7	17	6	5	10
Pension liabilities paid	0	0	-19	0	0	0	0	0
Cash generated from operations	**56**	**498**	**281**	**673**	**749**	**840**	**951**	**1,026**
Employees' end-of-service benefits paid	-8	-4	-7	-6	-6	-7	-7	-7
Receipt against sub-leases (finance leases)	9	9	7	6	5	5	5	5
Interest paid	0	0	0	0	0	0	0	0
Net Cash inflows from operating activities	**57**	**503**	**281**	**673**	**748**	**839**	**949**	**1,024**

Cash flows from investing activities								
Purchase of Property, plant and equipment	-333	-763	-300	-1,325	-750	-900	-1,450	-700
Proceeds from disposals of property, plant & equipment and intangibles assets	21	1	2	0	0	0	0	0
Investment in joint venture, net	-20	-52	-10	0	0	0	0	0
Investment in a subsidiary, net of cash acquired	0	0	-1,278	0	0	0	0	0
Advance paid towards contingent consideration	0	0	-62	0	0	0	0	0
Capital expenses advances paid	0	-3	-122	0	0	0	0	0
Receipts from joint venture	0	0	22	0	0	0	0	0
Dividend received from joint venture	0	0	1	0	0	0	0	0
Interest received	2	0	3	2	3	3	3	3
Sub lease Assets	0	0	0	0	0	0	0	0
Net cash outflow from investing activities	**-331**	**-817**	**-1,744**	**-1,322**	**-747**	**-897**	**-1,447**	**-697**
Cash flow from financing activities								
Proceeds from (repayment of) shareholder loan	-357	600	1,300	0	0	0	0	0
Dividend Payout	0	0	0	-65	-267	-280	-294	-309
Interest paid on shareholder loan	0	-1	-25	-22	-49	-64	-85	-107
Payment of lease liabilities	-11	-14	-16	-24	-23	-23	-22	-22
Additional Debt	0	0	0	782	338	432	905	120
Debt Repayment	0	0	0	0	0	0	0	0
Net Cash inflow/ outflow from financing activities	**-368**	**586**	**1,259**	**671**	**-1**	**66**	**503**	**-318**
Net (decrease)/ increase in cash and cash equivalents	**-642**	**271**	**-203**	**22**	**0**	**7**	**5**	**9**
Cash and cash equivalents at the beginning of the year	738	97	368	165	187	187	194	199
Cash and cash equivalents at the end of the year	**97**	**368**	**165**	**187**	**187**	**194**	**199**	**208**

Source: Company Information, FAB Securities research

FAB أبوظبي الأول للأوراق المالية SECURITIES

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