Providing Energy for Life

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enoc

Annual Review 2018

ENOC is committed to the long-term sustainability of our nation and the regions in which we operate. Providing energy for our communities, our people, industries and our future.

As a wholly-owned entity of the Government of Dubai, ENOC owns and operates assets in the fields of exploration and production, supply and operations, terminals, fuel retail, aviation fuel and petroleum products for commercial and industrial use – the Group is integral to the Emirate's success.

ENOC's general business operations include automotive services, non-fuel retail, and fabrication services. Servicing thousands of customers in over 60 markets, the Group employs a workforce of over 11,000 employees and is deploying its world-class customer service, latest innovations and technologies, and best practices to empower the UAE's social and economic development.

Our vision
We deliver world-class sustainable and integrated energy solutions. We do so by striving for excellence in operations, innovation and happiness of our employees, customers, and partners.

Our mission
To be an innovative energy partner, delivering sustainable value and industry-leading performance.

ENOC is a leading integrated energy player, operating across the energy sector value chain.

256m
barrels sales volume 2018

149m
customers served in 2018

11,600+
employees

H.H. Sheikh Khalifa bin Zayed Al Nahyan

President of the UAE and Ruler of Abu Dhabi

H.H. Sheikh Mohammed bin Rashid Al Maktoum

Vice President and Prime Minister of the UAE and Ruler of Dubai

H.H. Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum

Crown Prince of Dubai

H.H. Sheikh Hamdan bin Rashid Al Maktoum

Deputy Ruler of Dubai and UAE Minister of Finance

Enhancing value Group-wide

Our 2018 results show a positive upward trend, and demonstrate the value of a broad-based strategy designed to deliver value at every touch point of our operation.

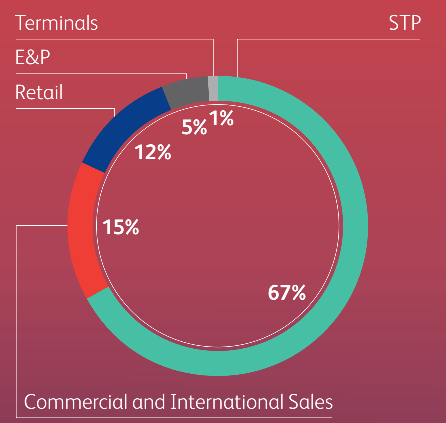
Sales volume (million barrels)

2018	256
2017	249
2016	247
2015	222
2014	193
2013	160

Revenue (US $ millions)

2018	21,022
2017	16,415
2016	13,219
2015	14,960
2014	20,924
2013	18,604

FY18 Revenues – US $21,022 million



86,574
barrels daily crude production

149m
customers served in 2018

400m
commercial diesel sales volume

142
fuel stations

6.3m
cubic metres storage capacity

675k
MT annual MTBE capacity

11,600+
over 11,600 employees

1,101m
US gallons of jet fuel sales volume

127k
ENOC's refinery has daily capacity to process 127,000 barrels of refined fuel products

60+
presence in over 60 countries

ENOC plays an integral role in the future growth and success of Dubai

ENOC plays an integral role in the growth and success of Dubai. Having contributed significantly to the growth of the emirate's economy and to the development of its infrastructure in the first 25 years of our history, we now look forward to the next 25 years with great confidence.

ENOC will continue to deliver against its mandate of supporting Dubai Plan 2021, Dubai Clean Energy Strategy 2050 and the UAE Energy Strategy 2050, and in so doing play its part in the global recognition of Dubai as a thriving metropolis of commerce, community and tourism. In line with our mandate, we are investing in new infrastructure, and both the construction of our jet fuel pipeline to Al Maktoum Airport and the expansion of our Jebel Ali refinery are proceeding on track.

ENOC has evolved in parallel with Dubai's own spectacular growth and diversification, and now, as the emirate continues to develop as a hub of innovation and entrepreneurialism, we are matching its strategy of adopting the latest technologies to future-proof our business. Digitisation also underpins our thinking, and in the last year we have implemented a number of new state-of-the art systems to make our business more efficient, more agile and better placed to extract value across all our business segments.

This future-ready mindset is crucial in the face of challenging and volatile economic and geopolitical conditions and longer term change. According to the BP Energy Outlook 2019, energy consumption in the Middle East is forecast to increase by 55 percent between 2017 and 2040. By that time, the United Nations estimates that the UAE's population will have risen by 22 percent since 2015. Managing these shifts in socio-economic dynamics requires ingenuity, flexibility and speed, which ENOC has consistently demonstrated during its history, delivering sales volume growth at a rolling rate of 10 percent in the last five years. We will continue to respond swiftly and decisively to the changing market as we enter a new era of global energy dynamics.

ENOC's primary purpose and strategic goal is to supply energy to the population of Dubai. We're proud to deliver on this mandate while performing several other roles vital to the future success of the emirate and its citizens and residents. The development of human capital is essential to enable future generations to assume responsibility for the nation's ongoing development as a thriving commercial hub that competes on the world stage. ENOC will continue to play its part in creating the talent of the future, providing an environment where its citizens can enjoy rewarding and fulfilling careers and serve their country with pride and distinction.

Outside of the UAE, ENOC intends to continue its expansion, as it cements its position in a number of key energy provinces, thereby promoting its brand internationally. The third element of the company's strategy is to continue to extract value across the whole energy spectrum.

In order to fulfil our objectives, we rely on the support of our leadership, for which we remain grateful, as we continue to justify its faith in our ability to deliver growth, serve our community and generate value.

H.E. Saeed Mohammed Al Tayer
Vice Chairman

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> This future-ready mindset is crucial in the face of challenging and volatile economic and geopolitical conditions and longer term change.
>
> **H.E. Saeed Mohammed Al Tayer**
> Vice Chairman

10%

sales volume growth rate over the past 5 years

Board of Directors

H.H. Sheikh Hamdan Bin Rashid Al Maktoum
Deputy Ruler of Dubai and UAE Minister of Finance

Chairman of the Board

As Minister of Finance, H.H. Sheikh Hamdan Bin Rashid Al Maktoum has overseen much of the economic and infrastructural development of Dubai and the UAE. He has been in charge of an array of key governmental industrial enterprises, including Dubai Natural Gas Company, Dubai Cable Company, and President of Dubai Electricity and Water Authority (DEWA). He is also the benefactor and patron of the Sheikh Hamdan Bin Rashid Al-Maktoum Award for Medical Excellence, instituted to reward achievement in the medical sciences.

Under the guidance and oversight of its Board under the Chairmanship of Sheikh Hamdan, ENOC has grown to become a leading integrated global oil and gas player, making significant contributions to Dubai's continued drive towards economic diversification and sustainable development.

Sheikh Hamdan received his early education in the UAE, completing his higher studies at the Bell School of Languages in Cambridge, UK.

H.E. Saeed Mohammed Al Tayer

Vice Chairman

H.E. Saeed Mohammed Ahmad Al Tayer has an overall experience of more than 34 years in the field of telecommunications, energy, water, infrastructure, oil, gas and industry.

Under his leadership since 1992, DEWA achieved unprecedented successes and has become one of the very best distinguished utilities in all aspects world-wide.

As an initiative of his own, several successful companies were established, including Emirates Central Cooling Systems Corporation (EMPOWER), Etihad Energy Services Company (Etihad ESCO), Mai Dubai and many other companies.

His Excellency is a member of Dubai Executive Council and Strategic Affairs Council, Vice Chairman of the Dubai Supreme Council of Energy (DSCE), Chairman of Dubai Smart City Office, Vice Chairman of Emirates Global Aluminium (EGA), Vice Chairman of Emirates National Oil Company (ENOC), Vice Chairman of Dragon Oil Company, Chairman of UAE Water Aid (SUQIA) Board Of Trustees, Chairman of World Green Economy Organisation (WGEO), and Chairman of Dubai Future Council On Energy. He was Chairman of the Infrastructure and Environment Committee – Dubai Executive Council – during the period from 2006 up to 2017. In addition, His Excellency is a member, vice chairman, or chairman of various high-level committees and higher leading councils in the Emirate of Dubai.

His Excellency received a number of prestigious awards such as the 'Middle East Champion of Energy' award received at the World Green Economy Summit 2015 from the United Nations Development Programme (UNDP). On 18 May 2016, the UNDP appointed His Excellency as 'UNDP National Goodwill Ambassador for Sustainable Development Goals'. In addition, the Swiss Business Council, Dubai & Northern Emirates awarded His Excellency the prestigious 'Lord of Matterhorn Award'. Moreover, His Excellency received an honorary doctorate from Amity University in Dubai in appreciation of his continuing innovative efforts to achieve excellence and enhance scientific knowledge and sustainability.

H.E. Abdulrahman Al Saleh

Board Member

Member of the Investment and Finance Committee

His Excellency Abdulrahman Saleh Al Saleh is the Director General of the Government of Dubai's Department of Finance (DOF) since 2009. He also chairs the Board of Directors of the Dubai Financial Support Fund, and a member of the Executive Council of Dubai, as well as a member of the Dubai's Strategic Affairs Council.

H.E. Al Saleh is a member of a number of highly esteemed boards, including Dubai's Supreme Fiscal Policy Committee, Dubai World, the Federal Tax Authority as well as the Emirates National Oil Company (ENOC).

In a presidential decree issued in December 2018, H.E. Al Saleh was appointed as Vice Chairman of the Board of Directors of the United Arab Emirates Central Bank.

Previously, H.E. DOF's Director General has held many leadership and financial positions in a number of government entities at the local and federal levels, including the Senior Executive Director for Financial and Administrative Affairs at Dubai Customs. He also chaired a number of committees, notably the VAT Committee at Dubai Customs. He also oversaw and participated in a number of other regulatory and strategic committees, including the Executive Credit Policy Committee and the Indirect Taxation Working Group.

H.E. Al Saleh is a fellow member of the Chartered Institute of Management Accountants (CIMA) in the United Kingdom and holds an MBA degree from the American University of Sharjah.

Hussain Hassan Mirza Al Sayegh

Board Member

Chairman of the Audit Committee

Mr Hussain Al Sayegh heads the investment affairs of the Office of H.H. Sheikh Hamdan bin Rashid Al Maktoum and has more than 40 years of local and overseas experience in diverse sectors, primarily key diplomatic positions. Companies under his charge cover a wide spectrum of commercial, educational, and charitable organisations.

He currently serves on the boards of Emirates NBD, National Bank of Fujairah, ENOC, Dragon Oil, Marsh Emirates Insurance Brokerage, Tricolour Values Investment, Dubai Developments and Mawarid Finance. He is also Chairman of Jotun UAE, Jotun Powder Coatings UAE and Union Cement and Deputy Chairman of Oilfields Supply Center and Al-Nasr Leisureland.

Mr Al Sayegh holds a Master's degree in International Relations from the University of Southern California (UK Programme).

Ahmad Sharaf

Board Member

Chairman of the Investment and Finance Committee and member of the Audit Committee

B.Sc. and M.Sc. in Petroleum Engineering from the Colorado School of Mines and MBA from Duke University's Fuqua School of Business.

Mr Sharaf has worked both the international and North American upstream oil and gas industry for over 30 years, including with ConocoPhillips from 1989 – 2004, Dubai Holding (Dubai's leading sovereign conglomerate) in various leadership positions in the energy, health care, tourism and real estate sectors from 2005 – 2012 and presently is with the Dutco Group, one of the Middle East's most successful and largest family-owned conglomerates, leading its Energy division.

Mr Sharaf is the Chief Executive Officer of Dutco Energy, a division of the Dutco Group, dedicated to positioning and expanding the Group's global interests in the oil and gas sector.

Mr Sharaf is Chairman of the Dubai Mercantile Exchange (DME) and also chairs the DME's Compensation Committee.

Mr Sharaf is a Director of the Board of Emirates National Oil Company (ENOC) LLC and serves as Chairman of its Finance & Investment Committee and a Member of ENOC's Audit Committee.

Mr Sharaf is a Director at Dragon Oil Holdings Limited since 2007 where he also serves as Chairman of its Finance & Investment Committee and a Member of Dragon Oil's Audit Committee.

He is also an active Member of Duke University Fuqua Business School's Board of Visitors.

Dr Abdulrahman A. Al Awar

Board Member

Chairman of the Nomination & Remuneration Committee and Member of the Audit Committee and Member of the Investment Committee

Dr Abdulrahman has a Ph.D. in Geology and Geological Engineering from Colorado School of Mines, USA, 1995. He started his career in Dubai petroleum Company in 1996.

Dr Al Awar has over 20 years of experience in executive roles in Public and Private sectors and across various industries (spanning Oil & Gas & banking, etc.). He served previously as Executive Vice President of Business Development – New Smelters in Dubai Aluminium Company (DUBAL). The Business Development division was responsible for developing multi billions US $ smelter projects in the UAE and the Region. In addition, he served in Mubadala, Dolphin Energy, HSBC and Dubai Petroleum company. In addition, he served as a Director General of the National Human Resource Development & Employment Authority 'TANMIA'.

Dr Abdulrahman A. Al-Awar is currently the Director General of the Federal Authority for Government Human Resources (FAHR).

He is also a chairman of the Centre of Excellence for Applied Research and Training (CERT) Committee. And a board member of the following;

1. Emirate National Oil Company (ENOC)
2. Dragon Oil (Holding) Limited
3. National Defence College Supreme Council
4. Mohammed Bin Rashid School of Government
5. University of Dubai
6. Board of Trustees of the Higher Colleges of Technology
7. UAE Gender Balance Council.
8. Board of Trustees of the Arab Center for Youth Empowerment

H.E. Ahmad Buti Al Muhairbi

Board Member

Member of the Nomination and Remuneration Committee and member of the Investment and Finance Committee

H.E. Ahmad Al Muhairbi is the Secretary General of Dubai Supreme Council of Energy (DSCE). He joined the DSCE in December 2012. Mr Al Muhairbi holds a B.Sc. in Petroleum Engineering from the University of Texas. Before joining DSCE, Mr Al Muhairbi worked for ADNOC, ARCO Dubai Inc., Margham Dubai Establishment and Dubai Supply Authority.

With over 31 years of experience in Oil & Gas Industry and Energy Sector, Mr Al Muhairbi used his comprehensive knowledge of well technology as well as his petroleum engineering education; he focused on operational and technical recommendations on field development and drilling plans. He has gained experience in the management of gas storage for power generation in existing fields in the Emirate of Dubai. Mr Al Muhairbi is a member on the Board of Directors of Regulatory & Supervisory Bureau for Electricity & Water, Dragon Oil Plc., Emirates National Oil Company-U.A.E., Etihad ESCO, World Green Economy Organisation & Dubai Green Fund Investments and member of the Steering Committee of World Green Economy Summit.

Mr Al Muhairbi likes to keep busy with work and his family and enjoys jogging, sailing and offshore fishing.

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Saif Humaid Al Falasi
Chief Executive Officer, ENOC Group

Mr Saif Humaid Al Falsai was appointed as the Chief Executive Officer of ENOC Group in March 2015. Mr Al Falasi spearheads the Group's business strategy and operational excellence locally and internationally, in alignment with the vision and plans of the Government of Dubai.

A 39-year veteran in the energy industry, Mr Al Falasi's wealth of experience and in-depth industry knowledge spans a wide range of specialties including project management and petroleum asset evaluation operations.

He joined ENOC in 2008 as Group General Manager. In 2011, he was appointed Executive Director for Environmental, Health, Safety and Quality (EHSQ) and the Corporate Affairs Directorate. Prior to his assignment with ENOC, Mr Al Falasi worked with Abu Dhabi National Oil Company (ADNOC) for 25 years and was a Board member of National Marine Services.

Mr Al Falasi is Chairman of Gulf Energy Maritime and a Board member of the Supreme Council of Energy and the Green Energy Council.

Mr Al Falasi holds a BSc in Petroleum Engineering from Louisiana Tech University, USA. In 2014, he was awarded Fellowship of the UK Energy Institute, recognising his leadership of the ENOC Energy and Resource Management Programme.

Tayyeb Al Mulla
Managing Director, Supply, Trading and Processing

Tayyeb Al Mulla is the Managing Director of ENOC's Supply, Trading and Processing segment, spearheading the Group's refining, trading and petrochemical (Gas and MTBE processing) business and associated marketing operations. During his tenure with ENOC, Al Mulla contributed significantly to key growth and development opportunities including exploring JV opportunities in Lubes Blending, Fuel Oil and Shipping.

With 38 years of diverse experience in an array of roles, Al Mulla held a number of key roles domestically and internationally, providing strategic operational leadership in refining, trading, supply, logistics, transportation, pipeline construction, marketing, and strategy and planning.

He began his career in 1980 with Abu Dhabi National Oil Company (ADNOC), moved to Emirates Petroleum Products Company (EPPCO) in Dubai and became Chief Executive of International Refining and Marketing at Emirates National Oil Company (ENOC) in 1992. Adopting a visionary approach, Al Mulla managed the construction of Dubai's only refinery at Jebel Ali in 1996. In 1999, Al Mulla spearheaded the establishment of ENOC Singapore, ENOC's first overseas trading offices, to trade and manage risk for crude and all petroleum products as against marketing activities. ENOC Singapore was accorded the Approved Oil Trader status by the Government of Singapore a year after its establishment (2000), placing it on par with global trading companies. In 2011, Al Mulla established the ENOC UK trading office to grow the Group's trading business in the Mediterranean, European and American markets.

Al Mulla is a graduate from Valparaiso University in the United States who holds a Bachelor's degree in Business Administration.

Zaid Alqufaidi
Managing Director, ENOC Retail

In his current role as Managing Director, ENOC Retail, Zaid Alqufaidi is responsible for the strategic development of ENOC Group's retail business stream. A veteran of the Group and a seasoned oil and gas industry professional, he has extensive experience across the energy value chain in the marketing, aviation, terminal operations and supply.

During his career at ENOC, Alqufaidi has held numerous leadership roles. He was Managing Director of ENOC's marketing segment before his current role; in 2010, he was Chief Executive Officer of EPPCO Group; and in 2000, he held the position of Manager of Terminals, Distribution and Aviation Operations.

Alqufaidi started his career at Emirates Petroleum Products Company (EPPCO) in 1989 as an Engineer in the Operations Department, after which he was promoted to Operations and Supply Coordinator in 1992.

Over the years, he has immensely contributed to bridging the gap between the ENOC and EPPCO brands during the formation of the Group's identity as 'ENOC Group'. Alqufaidi has also played an instrumental role in the development of EPPCO's retail network.

Some of his notable achievements – during his tenure as Commercial Marketing Manager, a position he assumed in 1998 – include overseeing the construction of 70 EPPCO service stations, oil terminal storage facilities, and the establishment of Tasjeel.

Alqufaidi is an Engineering graduate from the University of Central Florida in the United States.

Burhan Al Hashemi
Managing Director, ENOC Commercial and International Sales

In his role as Managing Director, ENOC Commercial and International Sales, Burhan Al Hashemi is responsible for the strategic operational management and business development of petroleum products including aviation fuel, gas marketing, industrial fuel, and lubricants within ENOC's marketing business both locally and internationally.

Al Hashemi began his career with the Group when he joined Emirates Petroleum Products Company (EPPCO) as an Assistant Lubricants Plant Manager in 1999. He then held the position of Sales and Marketing Manager, after which he was promoted to General Manager of EPPCO Lubricants. Rising through the ranks, Al Hashemi was appointed Chief Operating Officer of ENOC's retail segment, then Managing Director of the segment in 2011, before assuming his current position as Managing Director of ENOC's Commercial and International Sales segment in 2016.

Prior to ENOC, Al Hashemi also held multiple positions at Dubai Aluminium Company (DUBAL) where he worked for over 10 years. He has 30 years of experience in Business Management and Operations, out of which he has spent 20 years in the Oil and Gas Industry.

An Electrical and Electronics Engineering graduate from Huddersfield University in the United Kingdom, Al Hashemi also holds a Master of Business Administration degree from Bradford University in the United Kingdom. Al Hashemi completed an Advanced Management and Leadership Programme at the University of Oxford and became a member of the Board Directors Institute (BDI), after successfully completing the Institute Board of Directors Course.

Yusr Hussain Sultan Al Junaidy
Managing Director, Horizons Terminals, ENOC Group

In his current role as Managing Director of Horizons Terminals Limited (HTL), Yusr Hussain Sultan Al Junaidy manages the company's operations in the UAE as well as overseas, and leads its growth efforts in the region. Al Junaidy is also responsible for the overall leadership of the HTL's management team. He has played an instrumental role in establishing the company when he was first appointed to head up the subsidiary in 2003.

Al Junaidy began his career with ENOC Group 24 years ago when he joined the organisation in an Executive capacity, heading the Group's Business Development for several years. Over his two-decade tenure with ENOC, Al Junaidy has held various positions in Shipping, Liquefied Petroleum Gas (LPG), Planning and Business Development. He also represents ENOC on the boards of group companies including that of Horizon Terminals Limited and its subsidiaries, ENOC Singapore and Gulf Energy Maritime PJSC.

A graduate from Ottawa University in Canada, with a Bachelor of Science in Biochemistry and a Bachelor of Arts in Economics degrees, Al Junaidy also holds a Master of Business Administration degree from Boston University's Graduate School of Management. He is also an active member of the business community in the UAE and has a personal interest in education and charitable initiatives.

Hesham Ali Mustafa
Executive Director, Shared Services Centre, Group HR and New Business Development, ENOC Group

In his current role as Executive Director of Shared Services Centre, Group HR & New Business Development (SSC, GHR & NBD) of ENOC Group, Hesham Ali Mustafa is responsible for running the Group's core multi-functional Segment through strategic management and operational development, delivering significant value to the organisation through skilled governance, service excellence and cost optimisation measures, while generating revenue through international business expansion through the Group's New Business Development role.

Mustafa's role is to ensure satisfaction of business partners through sustained continuous improvement measures, and to apply innovative approaches whilst directing ENOC's core support and governance functions encompassing Human Resources, Communications, Information Technology & Cyber Security, Quality & Business Excellence, Procurement & Contracts, Financial Services, Engineering & Project Management, as well as Corporate Real Estate, and New Business Development, to benefit the bottom line.

In addition to developing and implementing ENOC Group's revised Strategy in 2017, Mustafa was instrumental in revamping the strategy for his newly formed SSC, GHR & NBD Segment in 2018 significantly transforming the GHR and Group IT departments. This included revamp of ENOC's Cyber Security where security controls & protocols were enhanced across the Group complementing the Dubai Cyber Security Strategy. Mustafa is also in charge of the ongoing SAP transformation project intended to improve efficiency, build world-class competencies, and deliver operational excellence and profitable growth.

Mustafa is spearheading ENOC's digital transformation strategy through 'Next', ENOC's accelerator program, designed to unlock growth opportunities and tackle challenges in the energy sector through building new digital ventures for business-to-business and consumer categories.

A Civil Engineer with over 20 years in the Energy sector, Mustafa joined ENOC Group in 2001 as Project Manager for ENOC's refinery in Jebel Ali, then went on to manage ENOC's gas business (EMGAS) & international business development, before his appointment as Executive Director – ENOC Group Strategy & New Business Development Segment, and subsequently his current role as Executive Director of Shared Services Centre, Group HR & New Business Development Segment.

Mohammad Sharaf
Group Chief Financial Officer

In his current role as Group Chief Financial Officer of ENOC Group, Mohammad Sharaf spearheads the Group's strategy and commercial functions through key departments including Portfolio Management, Investment and Corporate Solutions, Treasury and Insurance, External Reporting and Taxation, Financial Planning and Budgeting, Economics and Research as well as Enterprise Risk Management.

Sharaf, who joined ENOC Group in 2017, is a senior financial executive with more than 28 years of experience. In his previous roles, he led the finance functions in Emirates Aluminium Company (EMAL), a company of Emirates Global Aluminium (EGA), and Thuraya, a satellite telecommunications company operating in more than 140 countries across Europe, Africa, Middle East, Asia and Australia. Earlier in his career, he worked with Dubai Police's Finance Affairs division.

During his tenure with Thuraya and EMAL, Sharaf played an instrumental role in managing the financial aspects of key projects including the launch of 1,2,3 Satellites, EMAL Phase II, Al Taweelah Alumina and Guinea Alumina. He also implemented additional performance measurement and management tools in both companies.

Sharaf holds a Bachelor's Degree in Accounting from the United Arab Emirates University.

Ali Rashid Al-Jarwan
Managing Director, Exploration and Production and CEO of Dragon Oil

Mr Ali Al-Jarwan has more than 37 years of experience in oil exploration and production, and has held a number of senior management roles in the Abu Dhabi National Oil Company (ADNOC) group of companies – Abu Dhabi Company for Onshore Oil Operations (ADCO), as well as Abu Dhabi Marine Operating Company (ADMA-OPCO) and Zakum Development Company (ZADCO). Mr Al-Jarwan served as CEO of Abu Dhabi Marine Operating Company (ADMA-OPCO) from 2006 to 2016.

He has received several industry honours, including the Society of Petroleum Engineers (SPE) distinguished membership; two innovation awards from BP Middle East; ADNOC's 2010 Health, Safety and Environment Man of the Year Award; and several SPE recognition awards – the latest being Honourable Member.

Mr Al-Jarwan has a Bachelor of Science degree in Petroleum Engineering from the University of Oklahoma in the USA. He is an associate of Cranfield School of Management in the UK, and the International Institute for Management Development (IMD) in Switzerland.

A fully integrated energy business

Energy business

ENOC's energy business comprises Exploration and Production, Supply Trading and Processing (STP), Terminals, Fuel Retail, Aviation, and Products.

EXPLORATION AND PRODUCTION

ENOC's principal producing asset is the Cheleken Contract Area in the eastern region of the Caspian Sea, offshore Turkmenistan. Ongoing exploration assets include Iraq, Algeria, Tunisia, Afghanistan and Egypt, where E&P activities are currently underway.

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TERMINALS (HTL)

Drawing on the growth of the UAE as a strategic hub for global trade and as part of plans aimed at meeting the fast-growing demand for bulk liquid terminalling, ENOC established Horizon Terminals Limited in 2003.

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SUPPLY TRADING AND PROCESSING

Regarded as the core of ENOC's operations, the STP segment lends impetus to ENOC's growth by maximising returns on midstream and downstream assets.

Read more on page 42

AVIATION

ENOC Aviation, the specialised aviation fuels division of ENOC, is a leading marketer and supplier of aviation fuel for commercial airlines, military and general aviation since 1995.

Read more on page 47

FUEL RETAIL

ENOC manages and operates 128 ENOC and EPPCO service stations in the United Arab Emirates (UAE), reaching an estimated 90 million customers each year.

Read more on page 50

PRODUCTS

ENOC manages, operates and sells a variety of products such as jet fuel, liquefied petroleum gas (LPG), lubricants, bulk fuel and alternative fuel such as compressed natural gas (CNG).

Read more on page 47

Subsidiary businesses

ENOC has also established a solid presence in related fields and subsidiary enterprises. Current activities include convenience store franchises and automotive services.

CONVENIENCE STORES

ENOC operates a successful network of ZOOM convenience stores across the UAE; offering customers a wide range of both local and international brands.

Read more on page 51

AUTOMOTIVE SERVICES

ENOC operates two automotive services for its customers in the UAE. AUTOPRO offers a range of automotive services at a number of locations, from a basic car wash to maintenance and repair services. TASJEEL provides a comprehensive range of vehicle testing and registration services for car owners across a network of outlets.

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ENOC GROUP

Corporate segments

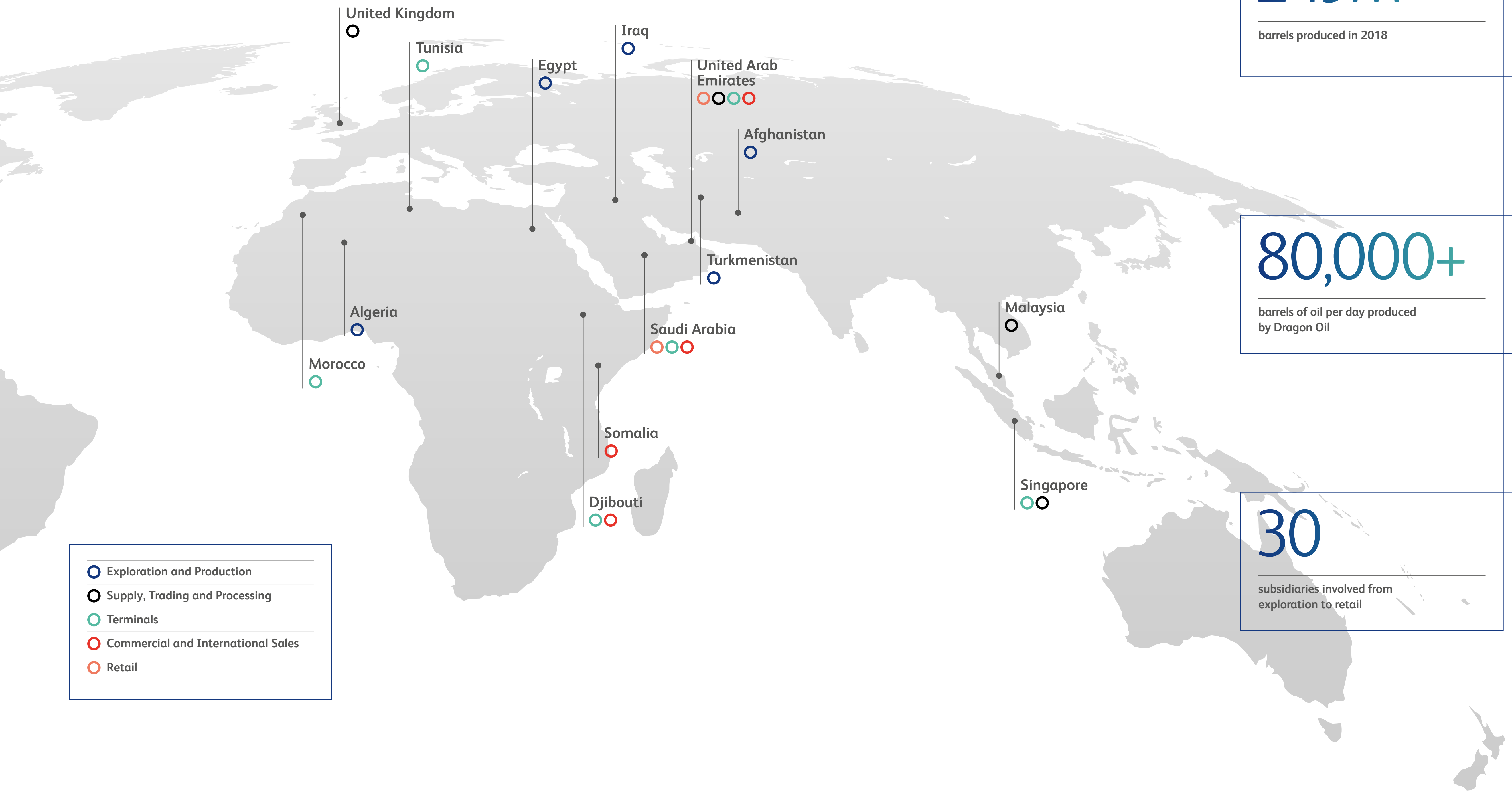
Group Strategy & Finance	**Group HSE**	**Shared Services, Group HR and New Business Development**	**Directorate of Internal Audit & Business Ethics**	**Government & International Affairs**

Business segments

Exploration and Production	**Supply, Trading and Processing**	**Terminals (HTL)**	**Commercial and International Sales**	**Retail**
Dragon Oil	Refinery	Storage	Lubricants	Fuel Retail
	Trading	Distribution	Aviation	Automotive
	Petrochemicals processing		Gas (EMGAS)	C-Store (ZOOM)
			EIPM	F&B
				Property Rental
				Car testing

A growing global market

ENOC has on-the-ground operations in over 10 countries and an extended presence in 60+ countries across the globe.



249m
barrels produced in 2018

60+
presence in over 60 countries

80,000+
barrels of oil per day produced by Dragon Oil

57+
nationalities employed

30
subsidiaries involved from exploration to retail

Focusing on delivering value throughout our entire value chain

Over the past 30 years, ENOC has evolved from a local oil and gas player to a global operator across various aspects of the energy sector value chain. Now serving thousands of customers across 60 markets, ENOC is deploying talent and technology to diversify its offerings to achieve sustainable development.

1970s – 1980s

1971
Oliver Prospecting and Mining Company (now Dragon Oil) is established.

1974
CALGAS Bottling Company is established.

1976
CYLINGAS, the first LPG cylinder factory in the GCC region, begins its operations.

1977
DUGAS (Dubai Natural Gas Company) is established and begins construction of a 100 MMscfd gas plant.

1980
DUGAS begins commercial production of LPG and condensate.

Emirates Bunkering and Bitumen Company (EBBCO) is established.

1981
CALGAS becomes wholly-owned by the Government of Dubai, and is renamed Emirates Gas (EMGAS).

1984
DUGAS' second onshore gas plant is completed with a capacity of 135 MMscfd.

The DUGAS-DEWA 24-inch pipeline is completed, and the 12-inch fuel gas pipeline from Jebel Ali to the Fateh Field is commissioned.

1988
EBBCO is renamed Emirates Petroleum Products Company (EPPCO).

1989
DUGAS' Margham-Jebel Ali pipeline is completed.

Emirates Terminals is formed to establish a chemical storage terminal in Jebel Ali.

1990s

1991
ENOC's Retail segment launches convenience stores, later branded 'ZOOM'.

1993
ENOC is formed through the transfer of four wholly or majority-owned Government of Dubai companies.

1995
DUGAS' 500,000 MT methyl tertiary butyl ether (MTBE) facility becomes operational.

1996
EPPCO International becomes an ENOC joint venture with Chevron and its storage terminal at Jebel Ali is established.

ENOC enters the aviation fuel market.

1997
EPPCO Projects begins marketing ENOC and Caltex branded lubricants.

Emirates Terminals (now known as Horizon Jebel Ali Terminals) is acquired by ENOC.

1998
ENOC acquires 46 percent of Dragon Oil.

ENOC's Snake Pipeline is inaugurated, supplying aviation fuel to Dubai International Terminal.

1999
ENOC's shareholding in Dragon Oil increases to 69.4 percent and the organisation's headquarters are moved to Dubai.

ENOC becomes the first Middle Eastern oil company to establish an international presence, starting trading operations in Singapore.

ENOC Processing Company's petroleum refinery (120,000 barrels per stream day) is commissioned.

Vopak Horizon Fujairah's terminal is established, a joint venture between ENOC, Vopak, IPG, and the Government of Fujairah.

Tasjeel is established, a joint venture between EPPCO and Dubai Police for vehicle registration and testing.

Dragon Oil signs a Production Sharing Agreement with the Government of Turkmenistan to redevelop the Cheleken Contract Area in the Caspian Sea.

2000s

2000
DUGAS ownership is transferred to ENOC by the Government of Dubai.

ENOC Singapore and ENOC UK are established.

The ENOC fuel retail network is launched.

2001
ENOC Commercial and International Sales segment is formed to take over aviation fuel marketing from EPPCO Projects.

ENOC Supply and Trading segment is incorporated to handle the Group's supply requirements and for commodity oil trading.

2002
ENOC acquires a 35 percent stake in Arabtank Terminals with a capacity of 19,300 m³ (now 288,000 m³).

2003
ENOC incorporates Horizon Terminals to consolidate all terminal assets.

2004
Major shipping assets are transferred to Gulf Energy Maritime (GEM).

2005
ENOC acquires remaining shares in EPPCO from Chevron.

2006
Horizon Singapore Terminals is commissioned, with a capacity of 573,000 m³ (now 1,243,000 m³).

Horizon Djibouti Terminals is commissioned, with a capacity of 271,000 m³ (now 371,000 m³).

Horizon Taeyoung Korea Terminal is acquired, with a capacity of 99,000 m³ (now 232,000 m³).

2007
ENOC's Snake Pipeline (supplying aviation fuel to Dubai International Terminal) undergoes a major upgrade.

2009
ENOC Lubricants and Grease Manufacturing Plant begins operations.

2010s

2010
ENOC's refining unit upgrade project is completed, with the installation of a hydrotreater and reformer unit.

ENOC's Retail segment opens the first 'green' gas station in the Middle East.

2011
Dragon Oil signs a farm-in agreement for the Bargou Exploration Permit, offshore Tunisia.

2012
Horizon commissions a new terminal in Tangier, Morocco with a capacity of 533,000 m³.

Vopak Horizon Fujairah terminal is expanded.

Dragon Oil, in a consortium of companies, wins new exploration blocks in Iraq and Afghanistan.

2013
Fujairah Distribution Terminal is completed with a capacity of 246,000 m³.

ENOC's lubricant blending plant is expanded to a capacity of 147,000 MT.

ENOC acquires two medium-range Panamax vessels.

ENOC Retail segment enters the Saudi fuel retail market.

Dragon Oil wins the East Zeit Bay exploration block in the Gulf of Suez, Egypt.

2014
Construction of the Jebel Ali facility is completed, comprising 141,000 m³ of Jet A1 tankage capacity and a 60 km pipeline connecting Jebel Ali to Dubai International Airport.

The debottlenecking project at DUGAS is completed.

Dragon Oil wins two perimeters in Algeria and makes two oil discoveries in Iraq.

2015
ENOC acquires the remaining 46 percent of Dragon Oil.

ENOC purchases a lube blending facility (annual capacity 250 MT) in Jebel Ali.

2016
Horizon divests its interest in Horizon Taeyoung Korea Terminals.

ENOC's Jebel Ali refinery announces an expansion valued at more than US $1 billion.

2017
ENOC launches Biodiesel5 in the UAE.

ENOC announces Dragon Oil new Board of Directors.

ENOC publishes first Sustainability Performance Report.

ENOC Group announces plans to power all future service stations in UAE with solar energy.

2018
ENOC pilots first relocatable fuel station in Dubai.

ENOC announces 'service station of the future' as Expo 2020 Dubai's Official Integrated Energy Partner.

ENOC Group announced plans to open 45 stations in Saudi Arabia in the next five years.

ENOC to expand its footprint in Sharjah.

Delivering value for our people and our customers now and for the future

We are building a business that is ready to meet the challenges of a rapidly changing market.

In 2018, ENOC took a number of steps to expand its presence in both its domestic and international markets, fulfilling its ongoing mandate to support Dubai's 2021 Plan and deliver energy to its people. We accelerated our ongoing digital transformation, deploying the latest technologies to make our operations more efficient and future-proof, and better able to serve our communities.

28%

increase in revenues

Meeting tomorrow's challenges today

> Central to all our goals are our employees and their exceptional skills, knowledge and passion. Human capital is vital to our efforts in meeting the UAE's energy needs and sustaining economic growth.
>
> **H.E. Saif Humaid Al Falasi**
> Group Chief Executive Officer

2018 was a year in which volatility of oil and gas prices resulted in a more challenging environment. At the start of the year, prices had risen to levels closer to what had been seen before 2014. However, concerns over the changing dynamics of supply and demand, combined with slower global economic growth, led to a reduction in prices in final quarter of the year. Despite this backdrop, the Group's revenues for the year reached US $21.02 billion, representing a 28 percent increase over 2017. This is a highly creditable performance and a testament to ENOC's diverse and flexible business model and its ability to extract value across the energy spectrum.

Our upstream operations produced more than 86,000 barrels of oil per day, an increase of 3 percent compared to 2017, and the segment's contribution to Group's profit remained higher than in the previous year. Across the whole business, we continued to invest in growing our presence in both domestic and international markets, as well as implementing new systems and technologies that will equip us for the changes that our industry is undergoing. At the end of 2018, we submitted an offer to acquire certain oil producing assets in Egypt, and an agreement was signed in June 2019. Meanwhile good progress was made in expanding our refinery at Jabal Ali.

Our retail network also continues to grow, with initial steps taken towards our entry into the Sharjah market, as well as further growth of our presence in Saudi Arabia. We remain on course to achieve our target of 178 stations by 2020.

Our survey of customer satisfaction once again showed how much we are appreciated by our communities and by residents and citizens of the UAE, maintaining a healthy 82 percent. Since 2012, we have improved customer satisfaction by 6 percentage points, an encouraging indicator for us all.

ENOC remains committed to supporting Vision 2021 and our priority is to maximise the efficiency, security and safety of energy supply. In this endeavour, we recognise the importance of using the latest technologies available, while seeking to achieve our core objective of delivering world-class sustainable and integrated energy solutions, by striving for excellence in operations, innovation and the happiness of our employees, customers and partners. In 2018 we embarked upon a disruptive innovation journey with NEXT, an ENOC accelerator programme which we believe will represent a quantum leap in our growth strategy, business development and operational efficiency. Moreover, we are expanding our use of the latest solar technology across our fuel station network, and are continuing to launch innovative, convenient and accessible refueling services such as the compact station in Arabian Ranches.

We attach great importance to conducting operational activities in a sustainable manner that preserves the environment and protects the health and safety of all our stakeholders. This has been our guiding principle as we continued to pursue our health, safety and environment programs in order to enhance the well-being of our customers, our employees and host communities. During the year, all relevant performance indices were improved through effective coordination and planning.

Human capital is vital to our efforts in meeting the UAE's energy needs and sustaining economic growth, and we were delighted to receive our first applications for the ENOC Energy Scholarship Programme, a post-graduate Master's degree in Energy Management from Heriot-Watt University in Dubai. Four UAE nationals are now enrolled in the programme, and we remain on track towards achieving our target of 50 percent Emiratisation by 2021.

In conclusion, I would like to express my sincere gratitude to ENOC Group's Chairman and Board of Directors for their support and guidance throughout the year. I would also like to congratulate all members of staff for their efforts in achieving success in a challenging market.

H.E. Saif Humaid Al Falasi
Group Chief Executive Officer

178
target number of service stations by 2020

82%
customer satisfaction rate

Overview
Business Review
Operational Review
Sustainability Review

Strong global growth from 2017 continued into early 2018, contributing to a healthy annual growth rate of 3.6 percent according to the IMF World Economic Outlook. However, in the latter half of the year a number of factors softened momentum including an economic slowdown in Europe and parts of Asia, weaker financial market sentiment, and various geopolitical and trade-related uncertainties.

Over the course of the year the U.S. economy expanded by an estimated 2.9 percent, enjoying robust exports, high levels of employment and rising wages. However, during the last quarter bilateral U.S. – China trade tensions and stock market losses of over $1 trillion cooled U.S. growth somewhat. China's economic growth slowed to an estimated 6.6 percent from 6.9 percent last year due to a combination of regulatory interventions in the banking sector and the impact of prolonged trade uncertainty on exports and business confidence. Growth across the Euro Zone also decelerated considerably from 2.4 percent in 2017 to an estimated 1.8 percent last year amid rising bond yields, stagnant manufacturing and uncertainties over the Brexit outcome. Emerging markets and developing economies maintained steady growth at an estimated 4.6 percent despite tightening financial conditions in the first half of the year. The currency crises that affected the Turkish lira and Argentina peso in the summer remained relatively contained and major contagion from other economies was avoided.

After four rate increases in 2018, the U.S. Federal Reserve signalled a softer monetary policy stance, deciding to keep the benchmark rate in its current range from 2.25 – 2.50 percent with a view to assessing how the global growth slowdown will affect the U.S. economy.

The economy of the UAE is expected to grow by 2.8 percent in 2019, well in excess of the estimated 1.7 percent growth achieved in 2018.

Finally, energy markets experienced a volatile year amid supply concerns in relatively tight markets, heightened geopolitical uncertainty and an uncertain economic outlook. Brent benchmark crude oil reached nearly four-year highs of $86/bbl at the beginning of the fourth quarter before dropping by almost 40 percent to $54/bbl by year end.

Global economic outlook

The slowdown in economic growth in the second half of the year and an increasingly pessimistic outlook have moderated growth expectations for 2019. The IMF revised its global 2019 growth forecast from 3.7 percent to 3.3 percent due to the high level of economic risk including the possibility of prolonged Brexit uncertainty, a potential escalation in U.S. – China trade tensions, and indications of decelerating economic growth in China.

A cooling U.S. economy in the last quarter of 2018 with lower manufacturing and retail sales underpin a decline in growth rate from 2.9 percent this year to 2.3 percent in 2019. Further escalations in trade tensions with China could increasingly impact U.S. manufacturing and agricultural sectors. Growth in the Euro Area is expected to slow from 1.8 percent in 2018 to 1.3 percent in 2019 as private consumption and industrial output slow in major EU economies, in addition to the effect of prolonged Brexit negotiations. Chinese growth is expected to slow to 6.3 percent in 2018 from 6.6 percent last year amid weaker credit growth and rising trade barriers. Unless tensions in the U.S. – China trade relationship are de-escalated, existing and further retaliatory tariffs will increasingly impact manufacturing, exports and energy demand for transport and shipping globally.

Despite a deceleration in some of the world's major economies, growth across emerging markets and developing economies is expected to remain relatively stable in 2019 at an average of around 4.4 percent (compared with 4.5 percent last year) with only modest variations among countries.

The lower pace of U.S. monetary tightening towards the end of 2018 is likely to be followed by the European Central Bank, given low levels of inflation, stalling growth in Germany, France and Italy, declining exports and the prospect of further Brexit uncertainty.

UAE economic outlook

The economy of the UAE is expected to grow by 2.8 percent in 2019, well in excess of the estimated 1.7 percent growth achieved in 2018.

The two UAE liberalisation and stimulus measures announced in May (UAE Cabinet decision to allow foreigners to set up businesses outside free zones and Abu Dhabi 3-year AED 50 billion (US $13.6 billion) stimulus package supporting SMEs and new industries) are likely to accelerate growth in financial and construction sectors, and stock markets. Other factors supporting an improving outlook for the UAE include sustained crude oil prices, growth in the real estate and construction sectors as Expo 2020 infrastructure is finalised, and robust tourism receipts.

Crude oil outlook

After a bearish quarter and wider weakness in financial markets, price expectations for Brent in 2019 have been revised somewhat, with benchmark Brent prices expected to be within the $60 – 65 $/bbl band for 2019. The International Energy Agency (IEA) expects total global oil demand to be in the region of 100 million b/d for 2019, while global oil demand growth for next year is forecast to reach 1.4 million b/d on the back of robust Chinese and Indian consumption.

It is likely that crude markets in 2019 will be sensitive to supply limitations, with Brent supported by the 1.2 million b/d OPEC+ cuts agreed in December, losses of up to 1.0 million b/d or more of supply from U.S. sanctions against Iran, and reduced Venezuelan crude flows from new U.S. sanctions on the country's national oil company. However, if demand weakens further as a result of a global economic slowdown and intensifying trade disputes, oil producers will have to cut even deeper to balance the market.

From H2 2019, the major factor controlling price movements will be whether or not the OPEC+ supply cuts are extended for another six months. Additionally, while markets remain tight due to supply limitations concerning Iran and Venezuela, crude prices will remain open to the impact of geopolitical events.

Refined products outlook

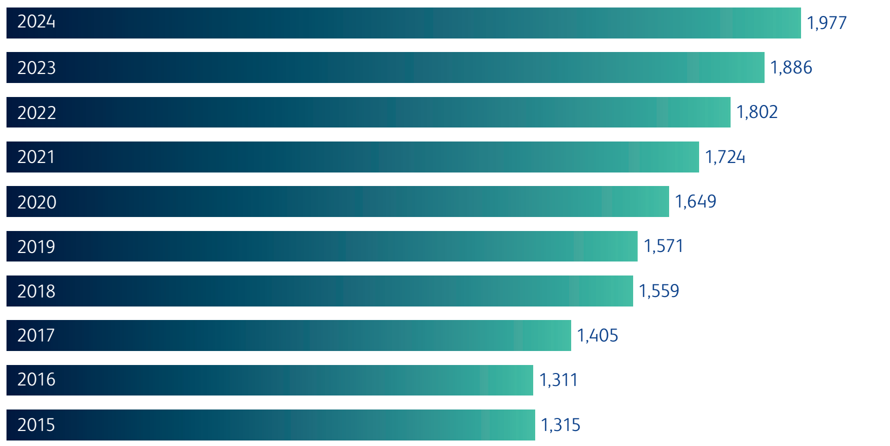
The forecast of around 1.4 million b/d in global oil demand growth underpins sustained 2019 product demand mainly from non-OECD Asia. The global oversupply of light distillates affecting markets during the latter half of 2018 is expected to reduce in Q1 and Q2 2019 as seasonal demand and decreasing stock levels improve gasoline market fundamentals. However, the timing of new crude distillation units coming online in China, Malaysia, and Kuwait – as well as a new condensate splitter in Iran – could boost regional gasoline supplies, returning those markets to an oversupplied condition.

Boosted by industrial demand growth and seasonal travel, middle distillates gasoil/diesel and jet/kerosene are expected to generate the bulk of refined product demand in 2019. A potentially bearish factor for middle distillates in 2019 however concerns the increasing number of bans on diesel cars by European cities which could prompt a transport shift towards gasoline.

As markets prepare for the implementation of the 0.50 percent global sulphur limit for marine fuels in 2020 under International Maritime Organisation (IMO) regulation, bunker fuel demand is expected to switch around Q3/Q4 2019 strongly in favour of marine gasoil, resulting in a global fuel oil surplus.

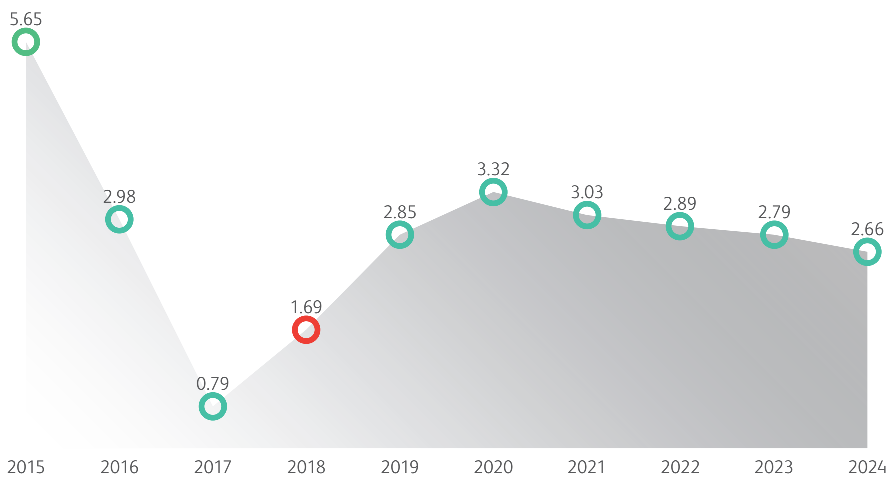
Other factors supporting an improving outlook for the UAE include sustained crude oil prices, growth in the real estate and construction sectors as Expo 2020 infrastructure is finalised, and robust tourism receipts.

GDP dynamics
UAE nominal GDP (US $ billions)

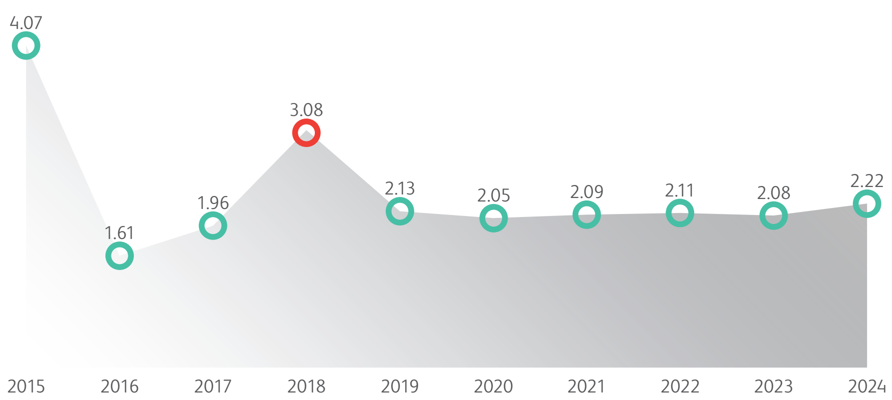


Source: International Monetary Fund, World Economic Outlook Database, April 2019.

GDP dynamics
UAE real GDP (% growth)



Inflation dynamics
UAE inflation (% yearly average)



Growth, knowledge, innovation and sustainability

Vision

To be an innovative energy partner, delivering sustainable value and industry-leading performance.

Mission

We deliver world-class sustainable and integrated energy solutions. We do so by striving for excellence in operations, innovation, and happiness of our employees, customers, and partners.

During 2018, our strategic focus concentrated on:

- Serving the growing energy needs of Dubai and contributing to the achievement of Dubai Plan 2021, deploying the latest digital technologies that are using big data to drive efficiencies
- Building world-class capabilities to grow profitably and sustainably both domestically and internationally
- Fostering operational excellence, governance, and world-class HSE standards
- Developing the 'One ENOC' culture – integrating our employees as one team along the value chain
- Maximising happiness and value delivered to employees, customers and partners

NOC's growth strategy for 2019-23:
In the medium term ENOC will continue to focus its efforts in Dubai across all its businesses. The Group has undertaken significant investments to expand its asset base primarily to meet the UAE's domestic fuel requirements. Our refinery expansion project, which will increase the capacity by 50 percent, is on track for completion by fourth quarter of 2019. Last year, the Group added another 13 retail stations, taking the total count to 128 in the UAE. The group plans to further add 9 stations in Dubai each in 2019 and 2020, and also intends to re-enter Sharjah by revamping 4 stations in 2019.

To meet the increasing Jet fuel requirements at the Al Maktoum International Airport, ENOC started construction of a 16 km fuel pipeline last year. The pipeline will carry 2000 cubic meters of jet fuel per hour and will enable the group to meet more than half of the fuel requirement of the Airport until 2050.

Elsewhere, ENOC will continue to push its volumes higher. This will be further augmented by our continuous efforts to innovate and deliver the best possible customer experience. One example was the launch of its first of its kind compact retail station in the UAE last year. The station can be dismantled, relocated and re-installed in just 30 days and can store 30,000 litres of fuel which is sufficient to fuel up to 400 cars a day.

> ENOC launched a first of its kind compact retail station in the UAE last year. The station can be dismantled, relocated and re-installed in just 30 days and can store 30,000 litres of fuel which is sufficient to fuel up to 400 cars a day.

Looking at the long-term strategy for ENOC, last year the group embarked on a journey to create a transformational agenda under which various industry developments such as the changing landscape of mobility, renewables and technology were studied.

'Mobility' covers significant future influences such as electric, self-driving, and autonomous vehicles with on-demand availability; 'renewables' provides for issues such as global warming, climate change, regulation, and resource availability; while 'technology' takes account of big data, Blockchain, artificial intelligence, and cybersecurity.

Another element of this exercise was to align ENOC with various other long-term plans such as Dubai Plan 2021, Dubai 2030 Industrial Strategy, Dubai Clean Energy Strategy 2050, and RTA Mobility Plan.

Various rounds of discussions were held with the business segments and their respective leadership teams to generate an exhaustive list of strategic options for ENOC. These options were then prioritised against criteria which include ENOC's capabilities, potential long-term returns, the ability to mitigate impending risks and the competitive advantages of each segment. Based on this, the top 10 strategic options were identified which included renewables, digitisation, petrochemicals, gas expansion, trading diversification, research and development, international expansion, Next (an ENOC accelerator programme), on-demand and venture capital. Each option was sponsored by an Excom member and under their guidance a detailed business case was developed.

142
total retail stations in 2018

In 2018, ENOC's key markets experienced significant macroeconomic and geopolitical headwinds. The oil industry itself is undergoing major changes that will have a long-term impact on the industry players. To better place ENOC a decade down the line, we will continue to further explore the strategic options prioritised last year and develop a roadmap to widen the scope of our operations. Digitisation and the use of big data to find better and more efficient business processes are at the heart of these efforts.

Top 10 strategic priority areas:

- Renewables
- Digitisation
- Petrochemicals
- Gas expansion
- Trading diversification
- Research and development
- International expansion
- ENOC Next
- On-demand
- Venture capital

50%
increase in capacity from our refinery expansion project

Financial and operational performance for the year

Growth slowed across the Gulf but, with the exception of Kuwait, has not stopped. The Gulf states have continued to spend fast enough to keep their economies growing. Corporate profitability is closely tied to government spending in the Gulf, the IMF says. With the exception of Dubai, the state is the prime motor of economic activity. Even the private sector depends on government contracts.

2018 proved to be another year of mixed fortunes for the oil and gas industry. Prices firmed up to levels only previously seen prior to 2014, before slipping down in the last quarter of the year as fears of global oversupply began to kick in just as the global economy started to show signs of retrenchment. Market fundamentals also played a big part, especially the unexpectedly strong rise of U.S. oil production.

On the domestic front, increased levels of competition impacted the company's topline performance, but despite this backdrop, ENOC's revenues for the year were US $21,022 million representing as 28 percent increase over 2017. To counteract the pressure on market share in the UAE, ENOC worked hard in 2018 to improve efficiency, introducing a range of initiatives aimed at enhancing margins and driving profitability. The most important of these was an increasing integration of the business segments, to drive efficiency and collaboration. In addition, the company made good progress in its continuing expansion into other markets as a further hedge against local competition.

The average gross field production from our Exploration & Production (E&P) segment for 2018 was 86,574 bopd (2017: 83,950 bopd) an increase of 3 percent compared to prior year. During 2018, the E&P segment entered into a two-year marketing arrangement until January 2021 for a significant proportion of its entitlement export production to be marketed through Baku, Azerbaijan with another Group entity. The segment's contribution to Group's profit remained higher than in the previous year.

The commodities industry struggled with over-supply and depressed prices across the world. Growth in trading volumes was accompanied by reduced product margins and the decline in oil prices towards the end of 2018 led to a drop in profitability from supply and trading activities. Utilisation of processing units remained lower than previous year due to planned and unplanned shutdown. Steady progress continued on the refinery expansion project.

Market dynamics were also challenging for our terminal network as tankage oversupply and low fuel oil volumes due to IMO regulation lead to drop in rates and release of storage space in Singapore and Fujairah regions.

2018 saw the introduction of VAT for the first time in the UAE. ENOC had prepared thoroughly for this development, with all its systems and outlets fully integrated and fully compliant. The impact of VAT on the company's business was unsurprisingly felt most strongly in the retail segment, but even here it was relatively modest, although sales were also affected by the introduction of duties on fizzy drinks and tobacco products. The retail segment of the business had a busy year, opening new stations and F&B outlets as well as activating a number of campaigns to promote its various brands.

Cash flow, financing and capital expenditure

Liquidity management across major lines of business remained robust. Cash generation during the year enabled the Group to undertake various capital expenditures and payment of dividend to shareholder. The Group commands strong debt servicing capacity whilst the optimisation between short- and long-term debt has continued. The average cost of debt also continues to remain very competitive.

Major capital expenditures undertaken by our upstream segment include completion of 19 wells in the Dzheitune (Lam) and Dzhygalybeg (Zhdanov) fields, new warehouse and chemical storage building, commissioning of gas generators and water injection system with 2 trains on LAM-28 platform. Excellent progress was made at the Jebel Ali refinery expansion project. The Project comprises of adding a new condensate processing train to the existing facility expanding daily capacity from 140,000 barrels per day to 210,000 barrels per day. The Project will ensure that the revamped Refinery's production, which will include Gasoline, Jet fuel and Diesel, not only meet the stringent Euro V standards in the local and international markets but also is capable of meeting expanding domestic demand while maintaining flexibility to tap international market opportunities. Work also commenced on the retail business' planned entry into Sharjah.

At 31 December 2018, the Group's cash and bank balances stood sufficient to meet its current and future requirements and contractual obligations.

Outlook

Geopolitical and economic factors beyond the company's control continue to cause headwinds and create uncertainty. However, ENOC is facing up to these challenges robustly and is taking steps to manage the volatile dynamics of the market. International expansion will continue to be a key priority for the company, building on the progress already made as a means of strengthening other parts of the business less impacted by domestic competition. Aligning the company's own vision with the Dubai government's economic and social agenda, as set out in Vision 2021, also remains fundamental to its strategy. A major component of this involves embracing technology and the digital revolution to maximise the commercial opportunities that exist for those companies that truly innovate rather than imitate. As a fully integrated 21st century energy company, ENOC is well placed to do this.

International expansion will continue to be a key priority for the company, building on the progress already made as a means of strengthening other parts of the business less impacted by domestic competition.

US $21,022m

revenue

+28%

increase in revenue

86,574 bopd

average gross field production from our Exploration & Production (E&P) segment

Effective talent management drives long term success

The transformation roadmap for talent management initiated in 2017 continued to be the focus in 2018, where best practice and process improvement remained priorities for ENOC's future success.

Automation of HR services and the innovative learning practices implemented in 2018 have resulted in an increasingly high level of employee satisfaction in areas related to job and skills alignment, customer focus, leadership and mission alignment. Employee turnover was less than 5 percent, an outstanding indicator of the strength of the company. Employees' pride in being associated with the ENOC brand and an increasing desire to maintain long-term careers within the organisation are fundamental to its future success.

ENOC's work culture encourages employees to be bold and creative, to think big, and to seek to grow along with the business. At a time when digitisation is playing an increasing role in the industry, everyone in the organisation can contribute through finding new and better ways to make it more efficient and more profitable. This can be best achieved through an environment of openness that has been created, where new ideas are appreciated and employees are supported on a continuous path of learning and development. These efforts have created an organisational climate that fosters performance excellence. Our focus is to provide employees with the necessary tools, align their individual goals with those of the organisation, and recognise their achievements.

UAE national development

Several initiatives aligned to the UAE National Agenda that were previously implemented have started to yield results. In 2018, ENOC succeeded in attracting the highest number of UAE nationals through various forums such as career fairs, university associations and in-house programmes. The Group was pleased to welcome a total of 176 UAE nationals in various roles and responsibilities.

Our employer branding efforts have been highly successful in attracting talent, and also in ensuring our employed nationals play an active and meaningful role in the Group's development. ENOC is an organisation that cares about UAE nationals and recognises that Emiratisation is a key leadership agenda, and as a result of these efforts, net increase in UAE national headcount at the year end was 12.5 percent higher than the year before. This brings us closer to achieving the ENOC Emiratisation Strategy 2017 – 21, capitalising on our access to the local talent pool, and aligning the strategic direction of the Group with the Dubai Plan 2021.

Initiatives successfully implemented include the Technical Training Programme (TTP) – a work-readiness programme for oil and gas technicians in collaboration with the Centre of Excellence for Applied Research and Training and the Higher Colleges of Technology. A total of 30 aspiring Emiratis have begun their journey, with some successfully completing certification and taking up full-time operational jobs.

Through the Graduate Development Programme (GDP), 43 UAE nationals were inducted in 2018, providing on-the-job exposure in non-technical areas of work to help them develop expertise in corporate and support specialisations. After an assessment of acquired competencies and job knowledge, they are now performing roles of their preference in various parts of the business.

We also continued with initiatives such as our Secondment Programme, Summer Internship Programme, and Work Placement Programme. These initiatives provide a platform for young and aspiring Emiratis to experience the working environment at ENOC, and to use the diverse opportunities, offered in various businesses across the Group, to develop their own unique career paths.

Fostering leadership through strategic initiatives

The Leadership Circle Profile 360 instrument continues to provide in-depth feedback for individual leadership development. Coaching is now a key component of the national development plan and leadership development approach. We have recently partnered with leading coaching organisations in the UAE to provide one-to-one coaching for participants, and build coaching for managers and mentoring programmes. This will help ENOC build a coaching and mentoring culture to support leadership effectiveness, stimulate engagement, and unlock greater potential.

Leveraging technology

Taking into consideration the diverse ways that people consume information today and the evolving nature of the ENOC employer brand, we now have a presence across a wide range of platforms from the more traditional ENOC Career Portal, to active social media interactions, industry forums, university visits and career fairs. We continue to receive more than 40,000 applications every year from prospective job seekers, indicating our status as an employer of choice.

With extensive automation in employee services and administrative matters, employees can fulfil almost all their requirements online. These enhancements will deliver significant cost benefits and enhance resource efficiency across the Group's activities. Process improvement and overall governance are always primary goals, and we are fully compliant with our internal and external quality management standards and other regulatory requirements. In 2018 we undertook the highest number of process automation and improvement projects, totalling more than 36 processes. These have resulted in improved data accuracy, quicker customer resolutions and improved quality in decision making.

Performance and innovation

Establishing a performance culture is vital for ENOC, and our continuously evolving Performance Management Programme is another example of our commitment to improving systems. We have further refined our reward management programme to better align business goals and individual performance, rewarding employees for their direct contribution to key operational deliverables. Performance differentiation is a leading focus area of the ENOC Leadership, fully acknowledging employee feedback from recent engagement surveys related to the topic. Managers are encouraged to hold courageous performance conversations, address poor performance and adhere to internal calibration guidelines to ensure employees receive the process as fair and transparent. This approach applies equally to reward systems, which acknowledge outstanding performance more than average performance. Customised job-based incentive programmes further help to establish a healthy competitive environment for improved performance.

Employee happiness

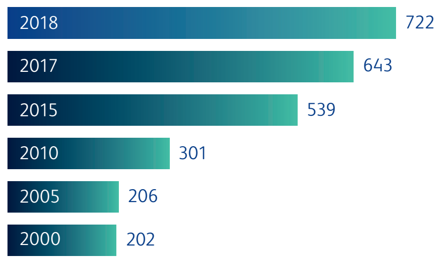
The 2018 ENOC Employee Engagement Programme, implemented in the last quarter of the year, received 83 percent employee participation. It was sent to employees in every country in which the group has operations, and responses were received in five languages. This outstanding level of participation is testimony to the trust employees have in the confidentiality of the process and the certainty that their feedback will result in actions for improvement.

The 2018 survey was completely administered online which was a departure from the traditional paper and web combination used previously. More than 1200 employees were assigned email addresses and a unified communication platform was created so that all employees can participate in organisational activities and send and receive feedback.

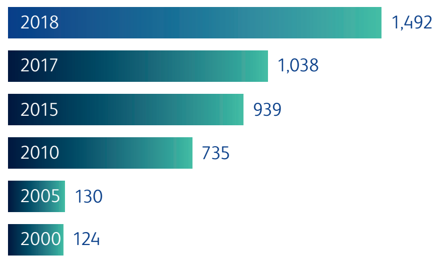
Results from the programme showed a significant increase in level of engagement compared with the previous year, and well above the global average, which gives great reassurance that ENOC has the right organisational environment for employees to feel motivated. Confidence in leadership is also an important benchmark and was one in which ENOC again scored highly. Other areas of strength which the survey identified included the company's ability to provide employees with the tools they need to succeed in their roles; the aligning of skillsets with job roles; and open culture where employees can feel free to express their thoughts and opinions. The survey also produced positive results in the areas where senior management had committed to making improvements, such as recognition, care, development and progress discussions.

Our Wellness and Social Affairs Department continued with its efforts to have in place an annual schedule of activities that promote a common culture and support the strategic objective of employee happiness. These activities enhance team spirit, encourage camaraderie, and promote an environment of friendship and trust. Hundreds of employees and their families participated in a number of events which were highly successful in achieving this objective. These included a female sports tournament under the patronage of Her Highness Sheikha Hend bint Faisal Al Qassemi; a Holy Quran competition for children; the ENOC Golf Day; International Happiness Day; and a Pink Day to raise awareness of breast cancer.

Number of Emiratis



Number of females



Effective governance drives value creation

Accountability to key stakeholders is central to ENOC's corporate governance philosophy, along with policies and management systems that contribute to efficient and effective operations. Continuous governance improvements are integral to the way ENOC conducts business – reinforcing the role of effective governance as an essential driver of value.

Board of Directors
The Board is responsible for preserving and enhancing ENOC's long-term value for stakeholders. The Board relies on the integrity and diligence of its senior management team, external advisors and auditors to oversee ENOC's overall performance objectives, organisational initiatives, annual budgets and financial plans, investments, financial performance reviews, risk management practices, and corporate governance initiatives.

Board Committees
Audit Committee
The Audit Committee assists the Board in fulfilling its responsibilities to oversee the financial reporting process, the internal control system, the audit process, and the organisation's process for monitoring compliance with laws, regulations and ethics programmes. Along with management and the external auditors, the committee reviews the Group's financial statements upon completion of the annual accounts, and monitors the integrity and appropriateness of the financial statements. It also oversees the adequacy of internal control systems, reviews the effectiveness of internal audit, and guides the selection, compensation, independence and performance of external auditors.

The Audit Committee is chaired by Hussain Hassan Mirza Al Sayegh. Other members include Ahmad Sharaf and Dr Abdulrahman Al Awar.

Investment and Finance Committee
The Investment and Finance Committee is responsible for the overall review of all investments and certain significant financial matters. It ensures relevance of capital acquisitions, divestments, dilutions of equity and buy-outs to strategic plan. The committee also ensures that all investments, joint ventures, mergers and acquisitions are properly reviewed and studied. It reviews all significant financial issues that warrant Board approval and affect the Group. The committee specifically refers to the Board all budgets, plans, major funding facilities, tax framework and related issues. It oversees internal controls and procedures for the Group's procurement by reviewing and endorsing waiver of any competitive bidding due to single sourcing or special corporate requirements.

The Investment and Finance Committee is chaired by Ahmad Sharaf and its director members are H.E. Abdulrahman Al Saleh, H.E. Ahmad Buti Al Muhairbi and Dr Abdulrahman Al Awar. Other permanent members are the Group Chief Executive Officer, Chief Financial Officer, and the relevant segment Managing Director.

Nomination and Remuneration Committee
The Nomination and Remuneration Committee assists the Board to fulfil its oversight responsibilities, primarily the nomination of members to the Board committees; the nomination, remuneration, succession planning, as well as development and performance evaluation; and, if appropriate, the dismissal of the Group's Executive Committee members. The committee also supports the Board in the same processes with respect to the Group's representatives on the boards of ENOC's subsidiaries and joint venture companies.

The Nomination and Remuneration Committee is chaired by H.E. Ahmad Buti Al Muhairbi, and Dr Abdulrahman Al Awar is a member.

Group Chief Executive Officer
The Group CEO is responsible for setting the overall tone of the business and directing its growth by developing high-level strategies. His responsibilities include making major corporate decisions, managing the Group's operations and resources, and acting as the main point of communication between the Board and the corporate functions.

Group CEO Committees
Several Executive Management committees have been established to assist the Group CEO. These are:

Executive Management Committee
The Executive Management Committee (EXCOM) is the Group's main executive platform that oversees business challenges and strategies, and implements potential synergies between the operational segments. The EXCOM steers matters such as risk management, IT planning and control, HSESQ compliance, and HR development and performance, which enable it to take a consolidated approach to critical areas of the Group's operations.

The EXCOM is a recommendatory body headed by the Group CEO. Its proposals are conveyed to the Board through the Group CEO. It includes the Managing Directors of all business segments, the Chief Financial Officer, the Director of Internal Audit and Business Ethics, and the Executive Director of Shared Services Centre, Group HR and New Business Development.

Group Credit Committee
The Group Credit Committee oversees, reviews, and directs the management of credit risk across the Group.

The Group Credit Committee is headed by the Chief Financial Officer. Its members include the Executive Director of Shared Services Centre, Group HR and New Business Development.

Business Ethics Committee
The Business Ethics Committee is responsible for maintaining an ethical business environment by providing supervision and assurance on the overall robustness of the Group's business ethics and fraud management framework.

The Business Ethics Committee is chaired by the Group CEO, and includes the Group Chief Financial Officer, the Director of Internal Audit and Business Ethics, the Group Human Resources Director, and the Group Legal Director.

Corporate Governance Committee
The Corporate Governance Committee's role is to develop, adopt and implement corporate governance best practice within the Group, in line with legal and regulatory requirements. The committee also ensures that a fully compliant corporate governance programme is in place, while supporting the effective achievement of business goals and objectives.

The Corporate Governance Committee is headed by the Group CEO. Members include the Chief Financial Officer, the Executive Director of HSESQ and Corporate Affairs, the Director of Internal Audit, and the Group Legal Director.

Group Sustainability Committee
The Group Sustainability Committee provides guidance on developing, implementing and monitoring economic, social and environmental policies, practices and strategies that will foster the sustainable growth of ENOC Group's domestic and international business.

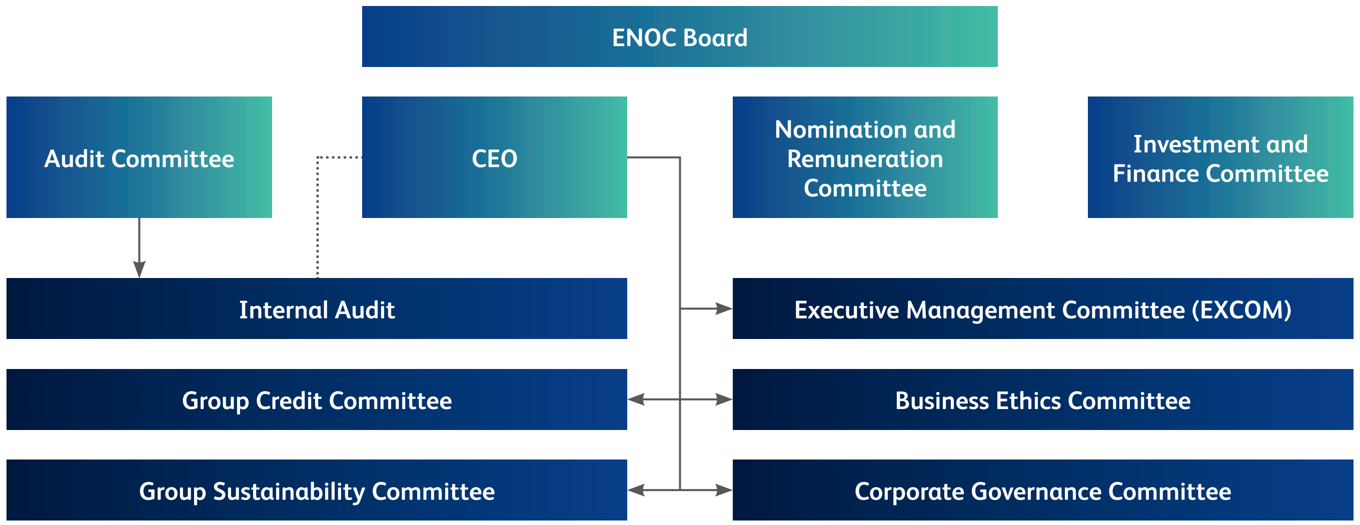
The Group Sustainability Committee is chaired by the Group CEO, and includes all members of the EXCOM.

External Auditors
Reporting to the shareholders, KPMG, the Group's external auditors, perform their professional and statutory duties while maintaining full independence.

Internal Audit and Business Ethics
The Internal Audit and Business Ethics (IA&BE) Department is established by the Audit Committee and its authority and responsibility are defined by the Internal Audit and Business Ethics Charters. The IA&BE independently and objectively conducts audits in line with internal audit and business ethics plans that are approved by the Audit Committee (for wholly-owned ENOC Group entities and departments), as well as by the boards and audit committees of other non-wholly owned ENOC Group entities.

The IA&BE Department reports audit plan progress and the status of audit issues to the audit committees and boards.

Internal Controls
ENOC Group regards effective internal controls as central to its operations and has established systems in line with best practice. These internal controls are continuously monitored and refined (as required) – matching the fast pace of change in the organisation's contemporary business environment. The Group has determined a number of internal control activities in line with the nature of our businesses' operations, and has assigned responsibilities in such a way that mutual supervision is in effect.



Integration and discipline minimise threats

ENOC Group has adopted an Enterprise Risk Management (ERM) Framework that continues to address the full spectrum of risks facing our organisation.

An integrated, structured, and disciplined approach to risk management ensures that potential risks that may adversely impact our businesses will be appropriately addressed, and that opportunities for growth and development are channelled back into the strategy and objective-setting process.

2018 did witness a broad spectrum of unprecedented geopolitical and economic changes such as the US-China Trade War, re-imposition of partial sanctions against Iran, uncertainty over Brexit, turmoil in European countries, extreme weather conditions and regional political unrests resulting in high volatility in oil prices and a general slow-down across the economy. The ever-looming threat of cyber-attacks have also resulted in ENOC adopting more resilient measures to counter such attacks. With ENOC's presence in diverse markets, it is imperative that the organisation continues to follow a cohesive and robust approach to risk management, where resources are channelled to address key strategic, operational, and financial risks in the most effective and efficient manner. Everyone has a role to play in the Group's ERM – this entails understanding the risks and opportunities facing each segment of our businesses, assessing exposure, and acting decisively to respond effectively and preserve and maximise value.

The ever-looming threat of cyber-attacks have also resulted in ENOC adopting more resilient measures to counter such attacks.

Under the ERM framework, the management team considers ENOC Group's risk appetite when evaluating strategic alternatives, setting objectives, and developing mechanisms to manage all related risks. The process provides the rigour to identify and select alternative risk responses – risk avoidance, reduction, sharing, and acceptance. The underlying objective is to identify potential events and establish effective responses to interrelated impacts and integrated responses to multiple risks, as well as reduce surprises and the associated costs or losses. By considering a full range of potential events, the management team is well-positioned to proactively identify opportunities, thereby effectively assessing overall capital needs and enhancing capital allocation.

During 2018, the ENOC ERM framework has not only been revalidated to comply to ISO 31000 but has also been further strengthened by the inclusion of Business Continuity Management with the Group being certified to the ISO 22301 Business Continuity Management Standard before end of 2018 as per the directive of the Dubai Supreme Council of Energy (DSCE).

Within the scope of the ERM framework, the Group has now established a robust business continuity management programme. In close collaboration with the National Emergency Crisis and Disasters Management Authority (NCEMA) of the UAE Supreme Council for National Security, ENOC Group has successfully developed and tested its segment-level crisis management plans and unit level emergency response plans.

Under the ERM framework, the management team considers ENOC Group's risk appetite when evaluating strategic alternatives, setting objectives, and developing mechanisms to manage all related risks.

Principal risks

Exploration and Production (E&P)

We recognise that managing risks requires continuous effort. E&P strategy is to embed risk management into the decision-making processes. Its Corporate Risk Register is compiled across the asset portfolio through a top-down and bottom-up review process. Those risks identified as critical and potentially affecting employees, corporate reputation, operations, performance, and assets needed to deliver strategic goals and targets, are identified and recorded through this process.

During the year we review, identify and assess the risks the organisation faces. The principal risks and uncertainties faced by the Group's E&P operations include:

- Oil price volatility – which can impact the organisation's development plans, profitability, cash flows, liquidity, and ability to finance planned capital expenditure because of lower revenue, leading to impairment of the organisation's oil and gas properties, and, consequently, the recoverability of the organisation's investment in its subsidiaries. The Board intends to retain appropriate levels of cash resources along with optimising short-term business plans.
- ENOC's E&P revenues are dependent on the continued performance of its primary producing asset, the Cheleken Contract Area, offshore Turkmenistan. The Board has adopted a clear strategy for growth and regularly reviews investment opportunities. Dragon Oil has also initiated expansion plans in other countries such as Egypt and Afghanistan and production will begin after delivery of suitable work programmes to make the acreage economically viable.
- E&P operations must comply with various international and local laws and regulations, including those related to ethical business conduct and international trade. The organisation therefore has in place a robust and comprehensive corporate compliance programme to identify, assess and mitigate compliance-related risks. Among other things, the programme covers areas of ethical business conduct, international trade, third-party due diligence and monitoring, as well as corporate social responsibility.

Supply, Trading and Processing

With the reintroduction of partial sanctions against Iran, the primary risk relates to the sourcing of regular condensate feedstock which the segment could obtain from other countries albeit compromising to some extent on the specifications and cost. Supply and Operations continue to maintain reasonable diversification in sources of supplies for condensate to offset any potential disruption that may arise.

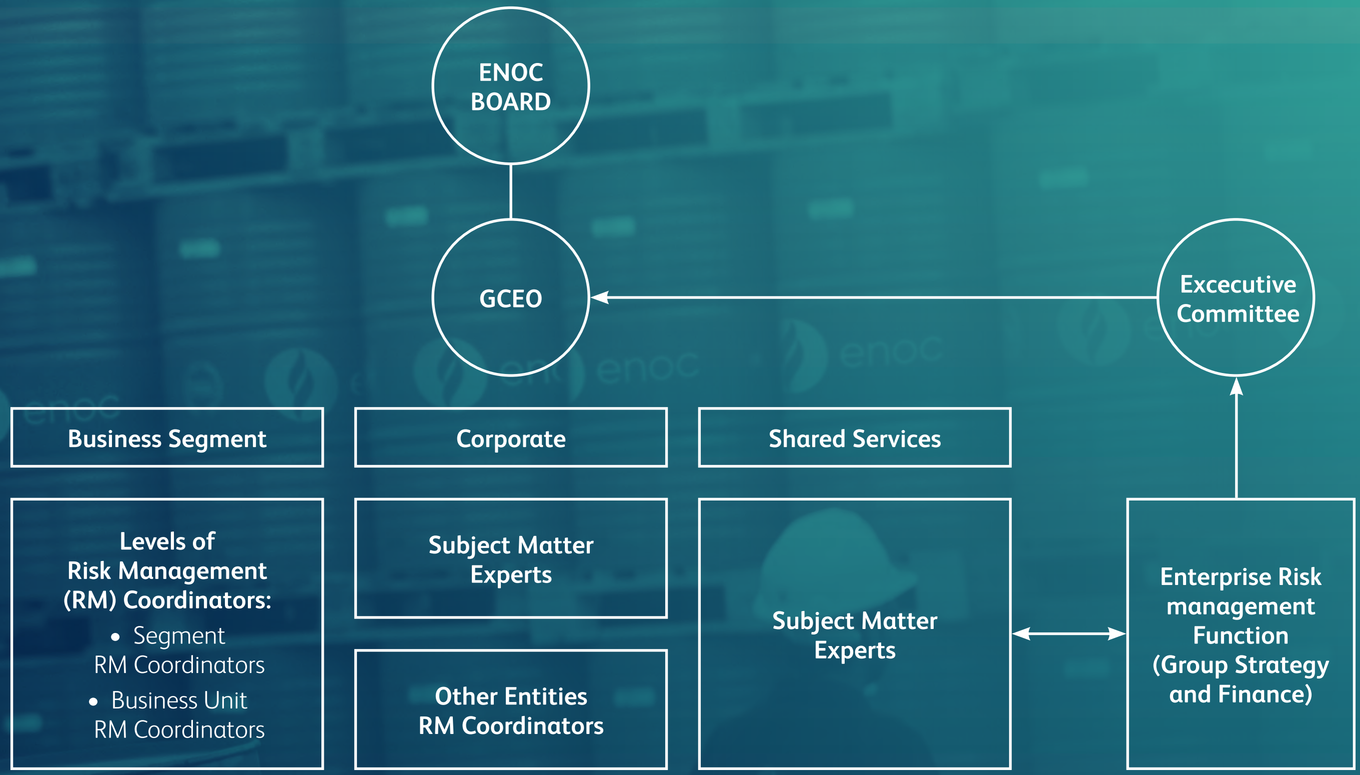
Sustaining regular supplies of Jet A-1, MOGAS, Diesel and LPG to the local market (i.e. System Business) is critical for the entire supply chain beginning with this segment. Adequate measures are in place to mitigate the risk of non-availability and dry-outs by procuring, processing and storing adequate finished products to meet local demand.

Price volatility and counterparty creditworthiness are other key risks facing this segment. Mitigating measures include hedging for exposure, thereby bringing the open position to acceptable levels, as well as conducting regular counterparty reviews.

From a processing perspective, key assets are the refinery and the MTBE plant, which significantly contribute to serving the energy needs of Dubai. To ensure the continuity and consistency of effective and efficient refining and processing capacities, these facilities continue to make investments in expansion and undertake adequate protective and safety measures. These include preventive maintenance programmes, updating of resource skillsets through continuous and relevant training, and Health, Safety and Environment (HSE) reviews to mitigate the risks of plant breakdowns and operational disruptions. We conduct regular HSE audits as they are of paramount importance in pre-empting and countering hazards at the processing units and inventory storage locations.

Successful completion of the refinery expansion project, due to go online in the latter half of 2019, is also identified as a major milestone that could have implications for the entire supply chain.

Adequate strategic and world-class operational policies and procedures are established and adhered to, with continuous compliance monitoring of the Supply and Operations trading, and operational units' day-to-day functioning.



Terminals
Terminal facilities are impacted by global economic conditions and how those requiring storage facilities react to oil price volatility. Being reliant on product storage requirements that are predominantly determined by industry dynamics such as demand and supply, the segment has addressed risk associated with ensuring that operations run seamlessly in diverse social and political environments.

Concentration within limited markets is also a key risk and is relatively beyond the control of business. However, efforts are made to mitigate this risk by long-term contractual arrangements and the provision of various ancillary services that help in retaining customers.

A key threat exists in respect of operations in countries that are susceptible to social and political uncertainties, and these are mitigated by maintaining a close watch on pertinent developments, as well as constant liaison with the relevant authorities.

Product spills, the potential for adverse impact on the environment and possible damage to reputation, business, and profitability as a result are also significant risks. These are mitigated with the help of adequate operational controls such as automated systems, periodic infrastructure programmes, regular operational audits, and other HSE measures.

Competition and credit risk are other major risks because of the nature of storage operations. These have self-mitigating aspects such as high barriers to entry, which make it more difficult for competition to establish facilities. In most contracts, lease payments are taken up front for the storage period, coupled with the potential lien on the product in the event of non-recoveries.

The segment is also exploring possible diversification into other countries to expand its operations and support other lines of ENOC businesses.

Commercial and International Sales
Key marketing risks include competition, price volatility, credit default, and product failure. Mitigating measures to counter competition risk mainly involve efforts to retain market share by providing high-quality service at competitive prices. Where possible, price volatility risk is mitigated by undertaking hedges, while robust credit reviews, regular follow-up, and monitoring ensure that credit exposure is kept to the minimum. Quality checks and prompt resolution of customer issues also result in mitigating the risk of product and service failure.

Marketing activities also include an expanding international business, including supply of jet fuel at 152 airports in 25 countries. Key risks arise from socio-political factors, working culture, and the availability of skilled local workers. Mitigating factors include dialogue with each country's regulatory authorities, and employee training and development.

The segment's lubricants manufacturing and blending plants' risks are associated with infrastructure and HSE. The plants undertake periodic preventive maintenance, operation audit, HSE audits, and employee training to ensure that both plants operate smoothly and safely.

Retail
The Retail segment has a diverse and widely spread range of operations, so the associated risks are also wide-ranging. Key risks identified and adequately mitigated are primarily those associated with retail sites and forecourt operations, where activities range from fuelling vehicles to selling items at convenience stores.

The organisation's IT infrastructure is critical to the functioning of this segment, as is safeguarding operations against fraud as large volumes of product sales and financial transactions take place every day. To mitigate HSE risks, forecourts are regularly and thoroughly maintained and monitored.

The Retail segment also has a growing network of ENOC petrol stations and ZOOM convenience stores in Saudi Arabia. Like the Commercial and International Sales segment, key risks arise from socio-political factors, working culture, and the availability of skilled local workers. Mitigating factors include interaction with local regulators and employee training and development.

Risk in the automotive services area is mainly associated with customer satisfaction and efficient turnaround times. The Tasjeel vehicle registration service encounters risk in competition, the financial viability of business collaboration, and non-compliance with policies and procedures. Close monitoring of the business environment through system-based and manual controls ensures these risks are continuously managed.

Fulfilling our role as a responsible corporate citizen

ENOC recognises the importance of ethical practices. We are committed to following the best practices in the industry to ensure ethics is not compromised, and our corporate values are always upheld.

ENOC has developed its own Code of Business Conduct (the Code) to reflect ENOC's ethical aspirations and ethical commitment towards its stakeholders. It provides a clear insight and understanding of the basic values and integrity of conduct expected of everyone working for and on behalf of ENOC.

The Code is a guideline that provides direction and assists us in taking responsible actions in complex business environments; however, it can only be effective with effective dissemination, implementation and monitoring. It needs to be embedded at all levels with the purpose of positively influencing employee behaviour and their contributions to the organisation.

All ENOC employees, suppliers, vendors, consultants, contractors and representatives are ultimately responsible for carrying out business with integrity, in an ethical manner and in compliance with applicable laws.

ENOC Ethic Hotline is established to provide employees with a confidential way to report misconduct and any violation of the Code in an easy and confidential way. ENOC Ethic Hotline is managed by an external party to ensure the confidentiality of the reporter and to give comfort for employees to report anonymously.

Achieving success and growth through

innovation

All of our business segments continue to perform well and effectively manage the challenges that they face in a rapidly changing market.

ENOC is a fully integrated energy company that covers the entire spectrum of the energy value chain: exploration & production, midstream refining, supply and storage, and downstream distribution and retail. Every business segment has embraced the digital transformation that is sweeping across our industry, enabling them to maintain their competitiveness, achieve their commercial goals and fulfil their environmental responsibilities. ENOC remains on track to meet all of its operational and commercial targets, with several milestones passed during the year, and is well placed to continue its growth trajectory and deliver on its ongoing mandate to supply energy to all of its communities.

123m

customers served in the year

Our energy value chain

EXPLORATION & PRODUCTION

ENOC subsidiary Dragon Oil has a producing asset in offshore Turkmenistan and exploration assets in Iraq, Algeria, Tunisia, Egypt, and Afghanistan.

PROCUREMENT

Procurement of raw materials such as refinery feedstock is an essential component of the procurement process, along with supply chain management.

PROCESSING

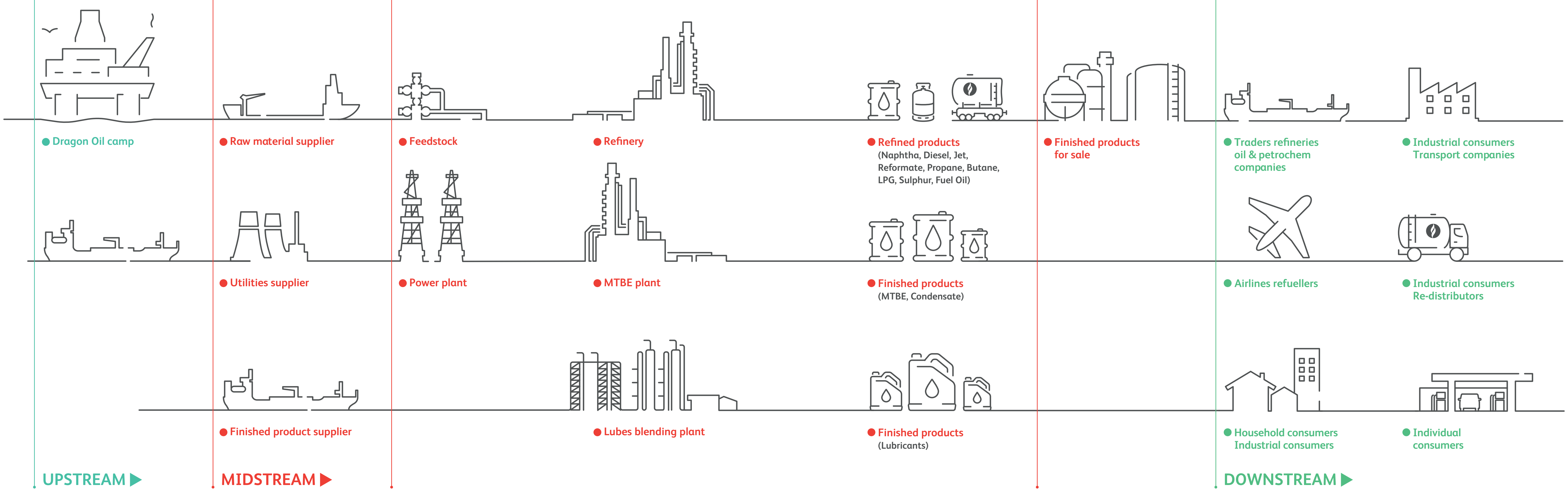
Daily processing capacity will grow by 50 percent to 210,000 barrels when refinery expansion is completed in 2019, helping to meet growing domestic and international demand for refined products.

STORAGE

ENOC subsidiary Horizon is the largest independent terminal service provider for bulk oil storage in the Middle East.

SALES

Customers in 60 markets from industrial conglomerates to household consumers benefit from ENOC's unwavering focus on service quality.



Exploration and Production (E&P)

Increasing production and profitability

“At Dragon Oil, the only constant parameter is change to match the agility of the oil and gas market. Accordingly, our goal must be to continue to produce oil in safe conditions and on both a profitable and sustainable basis, focusing on cost discipline to maximise effective financial management to deliver a healthy bottom-line result in a volatile world.

Ali Rashid Al-Jarwan
Managing Director, Exploration & Production and CEO of Dragon Oil

The guiding principle of ‘People First’ continues to drive our focus on empowering, trusting and supporting talented workforce output, along with a commitment to ensuring a high level of ethical conduct, fairness, and attractive career development opportunities for all employees. We are also very focused on our communities: for example, in Turkmenistan, 95 percent of our team are Turkmen nationals.

80,000

barrels of oil per day (bopd)

Technology and innovation will continue to play a role in the oil and gas industry as companies seek to remain competitive and at Dragon Oil we see these as enablers to unlock sustainable potential. In this respect, Dragon Oil encourages a ‘culture of innovation’ to better enhance its operations.

In particular, we see Artificial Intelligence (AI) playing an increasingly important role. It enables us to drill more accurately both when we prospect in exploration acreage and when we develop more mature fields to maximise oil yields. Machine learning supports this, with the potential for each new well to deliver better and better results.

AI also underpins big data, which is transforming many industries, but nowhere more so than in oil and gas. AI is transforming the collation, analysis and interpretation of seismic and operational data, leading to more successful outcomes and immediately tangible returns.

Dragon Oil is committed to continual improvement in health, safety, environmental, and quality and considers these performance results as top priorities to ensure no harm to people, assets, or the surrounding environment resulting in an overall healthy business.

Today’s oil price environment constitutes a sizable headwind for much of the energy value chain, especially exploration and production companies. At Dragon Oil, aligning and adapting business strategies through visible leadership and integrated teams ensures opportunities of a technical, operational and business nature are captured to remain competitive and resilient.

Dragon Oil is an upstream oil and gas exploration, development and production company, as part of ENOC Group. Dragon Oil has a producing asset in offshore Turkmenistan, and exploration assets in Iraq, Tunisia, Algeria, Egypt and Afghanistan.

Since 2000, Dragon Oil has been the operator of the producing block in the Cheleken Contract Area in the eastern section of the Caspian Sea, with 100 percent interest. The area covers about 950 km² and comprises two offshore oil and gas fields, Dzheitune (Lam) and Dzhygalybeg (Zhdanov). These areas are being developed under a production-sharing agreement.

Dragon also has interests in exploration, development and production acreage in Algeria, Tunisia, Egypt, Iraq and Afghanistan. The company continues to deliver against all of its obligations under the various agreements it has in place with its partners, which include oil majors and state oil companies, whilst at the same time acting in the best interests of all of its other stakeholders, not least local communities.

Recent developments

In 2018, Dragon Oil hit its best case net profit target, with total expenditure more than 30 percent below budget and over US $60 million of real cost savings achieved. The company produced 300 million barrels of oil, ending the year with daily production of more than 80,000 barrels of oil per day (bopd). Dragon Oil’s long-term strategy is to boost production to 300 million bopd and in 2018; it took a significant step towards that target.

Late in 2017, Dragon Oil entered into dialogue with Egypt’s state oil company and British Petroleum (BP) in relation to the purchase of certain of BP’s producing assets in Egypt. The sale process was highly competitive, but after entering the data room and conducting a detailed analysis, Dragon Oil submitted its offer in late 2018. Its bid was successful and an SPA was signed in June 2019. The company is very pleased with this outcome, which is a testament to its positive track record in Egypt, its strong relationship with the government, its respect for the local community and its ability to meet its obligations time and again.

The purchase of these assets will boost Dragon Oil’s total production gradually to 150,000 bopd, taking it significantly closer to its long-term target, which will be achieved in the immediate term through aggressive development programmes in Turkmenistan, Iraq and Egypt.

In Turkmenistan, Dragon Oil entered into marketing arrangements with ENOC in 2018 to export its entitlement production through various Caspian routes at a discount to Brent until the beginning of 2021, adding good learning in Marketing about alternative solutions.

The company completed 19 development and appraisal wells in the Dzheitune (Lam) and Dzhygalybeg (Zhdanov) fields during 2018. Three drilling rigs were deployed, including two jack-up rigs and one platform-based rig. The average gross field production was around 86,600 barrels per day, slightly higher than the previous year.

Major infrastructure projects completed during the year included a new warehouse and chemical storage building, commissioning of gas generators and water injection system on LAM-28 platform.

To monetise gas reserves and utilise resources optimally, plans include a gas development infrastructure including the Gas Treatment Plant project, which will produce export-quality gas and condensate. The construction contract is expected to be awarded in 2019. The processing capacity of the plant is expected to be 200 mmscfd increasing to 350 mmscfd of gas, which, according to our current estimates, should allow us in the future to strip around 3,000 barrels of oil per day of condensate and produce dry gas.

Dragon Oil continues with abandonment and decommissioning work in the first phase of its strategy for decommissioning wells and facilities in the Cheleken Contract Area. During 2018, Dragon Oil plugged and abandoned one well each in the Dzheitune (Lam) and Dzhygalybeg (Zhdanov) fields. Scrap removal from old platforms continues during 2019.

Marketing of crude oil (million barrels)

2018	17.56
2017	20.23
2016	23.33
2015	21.40
2014	13.50
2013	11.50
2012	11.60

Average gross production (bopd)

2018	86,574
2017	83,952
2016	90,301
2015	92,650
2014	78,790
2013	73,750
2012	67,600

Reserves and resources

Turkmenistan

Based on the results of the recent assessment by an independent energy consultant, the 2018 year-end oil and condensate 2P reserves were still appreciable, after having allowed for the 2018 production of 32 million barrels. The oil and condensate contingent resources (2C) were 351 million barrels (31 December 2017: 174m).

Necessary offshore and onshore infrastructure are planned to allow the conversion of the contingent resources into reserves in the future.

One of the key objectives for securing growth in Turkmenistan is the extension of the Cheleken Block production-sharing agreement (initial period expiring 2025) up to 2040 to allow launch of a major programme for secondary and tertiary recovery.

Iraq

The exploration, development and production service contract for Block 9 became effective in 2013 and the project is currently in the second exploration period that expires in February 2020. Oil was discovered in 2014 by the Faihaa-1 exploration wells in Mishrif (21 API) at 2,700 m and Yamama (35-45 API) at 4,000 m.

Six subsequent successful appraisal and development wells have been drilled and an Extended Well Test (EWT) implemented since Q4 2015, producing oil from the Yamama reservoir. Currently four wells are produced, gas is flared, and oil is trucked to the Nahr Umr depot, 55 km away from the Faihaa field. To date over 14 MMBO has been produced. Reserves and Contingent Resources attributable to Dragon Oil have been assessed by an independent auditor (GCA) to declare the commercial potential of the Accumulation.

Algeria

The Tinrhert Nord and M’sari Akabli exploration blocks were awarded to a joint venture made by Dragon Oil and Enel in February 2015. Enel withdraw from the blocks in 2017 and as a result Dragon Oil is operator of both blocks with 49 percent equity (51 percent is held by State Oil Company Sonatrach). These blocks are currently in the second exploration phase that expires in February 2020.

Supply, Trading and Processing (STP)

Maximising return on assets

“Through its trading, refining and petrochemical business, ENOC is sufficiently diversified to adapt to the rapidly changing market environment, where advances in vehicular technology will have a profound impact. Even with the predicted market shift to electric and hybrid vehicles, with a consequent decline in fuel offtake, demand for other refined products – whether for industrial or domestic use – will continue to be strong.

Tayyeb Al Mulla
Managing Director, Supply, Trading and Processing

BP Energy Outlook projects a 30 percent increase in global energy demand over the next 20 years or so, regardless of electric cars. This view is supported by the International Energy Agency (IEA), which forecasts that oil demand will fall only modestly alongside the expected rise in electric vehicles over the next two decades, with consumption in petrochemicals and other transportation sectors still growing.

570 KMT

MBTE Production in 2018

The IEA estimates that there will be 50 million electric vehicles on the road by 2025 and 300 million by 2040, from close to 2 million now. This is expected to cut only 2.5 million barrels per day – about 2 percent – off global oil demand by that time.

Oil is the lowest-cost fuel option. Although there are alternatives, they are still expensive to produce, do not have the range, and haulage is not yet feasible. Aviation and jet fuel are still hugely in demand. ENOC's model has been thoughtfully structured to take these factors into account, leaving us in a strong position to continue operating in the industry – and to meet this likely increased demand.

ENOC's Supply, Trading & Processing (STP) segment plays a vital role in managing the supply side of the Group's operations, while maximising returns on midstream and downstream assets by promoting value-added business propositions.

STP manages two plants to international standards, providing various refined products that are distributed through the ENOC and EPPCO retail networks, at airports in Dubai and across the region, and to domestic industries. The segment has been highly successful in identifying and tapping the right marketing outlets within the UAE and international markets. STP has also increasingly collaborated with other business segments to support their commercial objectives, evidence of a more integrated approach being adopted across the group as a whole.

2018 saw the market enter a period of volatility and uncertainty that was very different from the previous year, as a result of increased competition, a fall in oil prices in the last quarter of the year and other geopolitical factors. In response to this, STP acted quickly and decisively to mitigate against the impact of these more challenging conditions. It was able to replace inventory that was lost from the re-imposition of sanctions and recovered the financing of previously ordered feedstock, all within two months. Other sources of condensate were subsequently located, from all over the world, enabling 60 day of inventory build up of feedstock and refined products.

Recent developments
Based in the Jebel Ali Free Zone, ENOC's refinery was Dubai's first when it was established in 1999. It has capacity to process 140,000 barrels per stream day (bpsd) of condensate, which yields refined products such as naphtha, reformate, jet fuel, diesel oil, fuel oil, and LPG for the local and export markets.

A refinery expansion project, initiated in 2016, with an estimated cost in excess of US $1 billion is on track for completion on time and on budget. It will add a new condensate processing train, expanding daily capacity by 52.5 percent to 213,500 barrels. The project also involves additional downstream processing units such as naphtha hydrotreater, isomerisation unit, kerosene and diesel hydrotreaters, utilities, warehouse and storage tanks.

The higher production capacity will help meet expanding domestic and global demand for the plant's refined products. In response to the UAE's drive towards clean energy, the revamped refinery will comply with stringent Euro5 standards.

The current expansion follows an upgrade in 2010 for the production of reformate, a high-octane blending component for gasoline, and low sulphur naphtha, through the installation of a reformer and a hydrotreater. The plant incorporates state-of-the art effluent treatment facilities, minimising environmental impacts.

The Group established its gas processing plant in 1977 to utilise natural gas resources for the benefit of Dubai and its people. Commercial production of LPG began in 1980, followed by methyl tertiary butyl ether (MTBE), an additive for unleaded gasoline, in 1995. With annual capacity of 675,000 KMT, the MTBE plant is part of Dubai Natural Gas Company Limited (Dugas).

Supply and Trading
Supply and Trading, the Group's trading nerve centre, procures cost-effective and uninterrupted supply of feedstock for the refinery and the MTBE plant, while identifying and establishing new international business opportunities. One of the important functions of Supply and Trading is to meet the supply requirements of ENOC's other business segments, either from refinery production or through imports. Supply and Trading also finds export outlets for naphtha and other surplus refinery production.

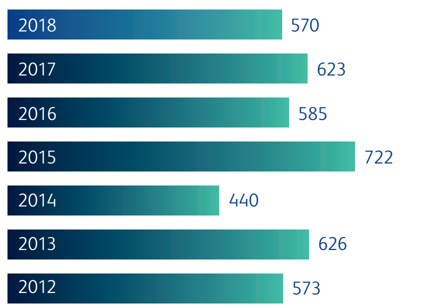
Strategic partnerships with governments, international oil companies, and traders enable ENOC to identify and build on a range of global business opportunities.

ENOC is now trading in key international oil markets such as Asia, the Middle East, Europe, and North and South America. Participating in the global commodities market through a multi-trading, multi-cultural, multi-location (Dubai, London and Singapore) set-up has helped ENOC to expand its trading hours and supported the Group's trading business.

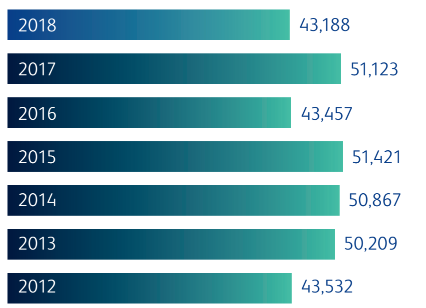
In 1999, ENOC became the first Middle Eastern oil company to establish an international presence, starting its trading operations in Singapore. ENOC Singapore leverages its location in a global trading hub and engages in trading oil products and procuring refinery feedstock from international markets. Price risk management is another key function performed by ENOC Singapore – for Supply and Trading, as well as other ENOC segments.

The challenging trading conditions previously mentioned placed great pressure on the STP's risk management team, who deserve great credit for their ability to respond effectively to a decrease in oil prices of almost 40 percent in the last quarter. This can be attributed to the group's 30 years' experience of trading oil and related products and managing the associated risk, reflective of the long term nature of the oil industry as a whole and the need for its players to have an equivalent vision.

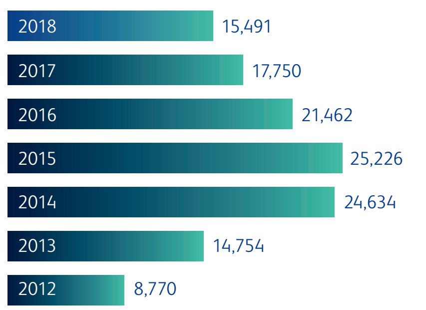
MTBE production (KMT)



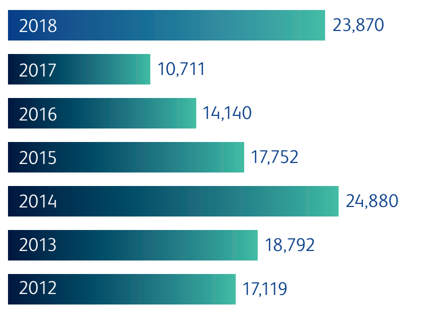
Refinery throughput (kbbls)



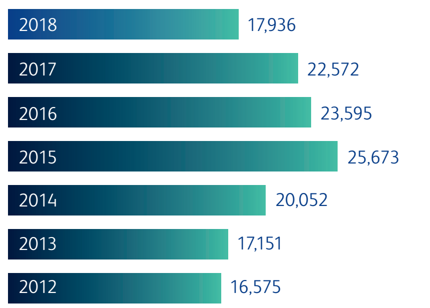
Trading volumes – diesel (kbbls)



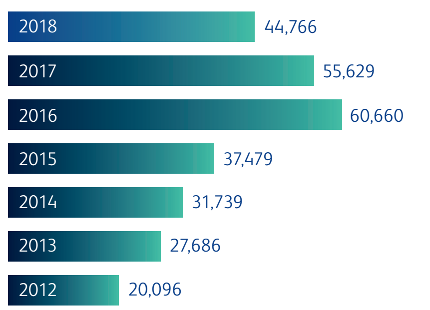
Trading volumes – jet fuel (kbbls)



Trading volumes – naptha (kbbls)



Trading volumes – crude (kbbls)



Terminals

Industry leader proactively manages industry challenges

> "The industry as a whole faced several issues during 2018, with a consequent impact on demand for storage and bunker fuels. Heightened geopolitical tensions in the region saw a number of global players redirecting product flows into other markets, which experienced a consequent rise in storage demand. One example was Europe, which experienced an increase in supply from US exports.
>
> **Yusr Sultan Al Junaidy**
> Managing Director, Horizon Terminals

6.3

terminals leasable capacity (Million CBM)

This was exacerbated by the changing industry dynamics in the run up to the International Maritime Organisation regulations, which require ships to have significantly reduced the sulphur content of fuel oil by 2020. The equilibrium of supply and demand will be impacted by the approach that ship owners adopt in response, and that uncertainty is starting to affect storage demand and pricing and causing an element of backwardation as tanks remained empty.

A further factor was a more competitive market environment, especially in Asia, which saw rates in Singapore reducing on the back of China's increasing ability to accept larger cargoes. To add to that, levels of competition from Indonesia and Malaysia have also risen. Finally, growth through acquisition has been constrained by private equity players entering the market, attracted by the industry's strong cashflows and stable earnings, which drove up prices to prohibitive levels.

All of these factors have created a more challenging trading environment, and in 2018 Horizon took steps to respond, to cement its position as a successful, growing and long term player in this market. The twin components of Horizon's strategy have been diversification into other product lines, such as LNG, and integration into the whole industry value chain, for example through regasification where increasing demand at gas export facilities is presenting significant opportunities to feed into the global gas network.

Horizon has also continued to focus on cost efficiencies, the implementation of internal operating systems, policies and structures to make the business more streamlined, better integrated, more resilient and ultimately more profitable.

Global expansion has driven the growth of Horizon Terminals since it was established by ENOC in 2003, prompted by the growth of the UAE as a trade hub and the fast-growing demand for bulk liquid storage. Operating from the UAE as a holding company, HTL has consolidated the Group's terminal assets with facilities in the Middle East, North Africa, Asia, and East Africa.

In addition to its original terminals in the UAE and Saudi Arabia, Horizon also has similar facilities in Singapore, Djibouti, and Morocco. Since its establishment, Horizon's position in the UAE was subsequently strengthened through further investments in Dubai and Fujairah.

Horizon is already the largest independent terminal service provider for bulk oil storage in the Middle East. The company aims to further expand its presence in Africa and the Mediterranean, while maintaining its significant position in the Far East.

UAE terminals

Horizon has a considerable portfolio of petroleum and chemical storage facilities across the UAE. The subsidiaries in Fujairah have 23 tanks and total petroleum capacity of 463,000 m^3.

An independent chemical terminal in Jebel Ali handles the largest range of bulk liquid chemical products handled in the region, both for inland consumption and re-exports. The facility has 59 tanks with total capacity of 54,400 m^3.

EPPCO International, a joint venture between Horizon and Chevron, stores and distributes Retail fuels for ENOC retail network which cover Dubai and the Northern Emirates, undertakes bunkering, re-exports, and strategic defence storage facilities. Products include gasoline, diesel, fuel oil, asphalt, and aviation fuel. Based in Jebel Ali, EPPCO International's 55 tanks provide a total capacity of 936,700 m^3.

Vopak Horizon Fujairah, situated just outside the Strait of Hormuz, is another important venture. One-third owned by Horizon, the facility has deep-water berths and a single-point mooring facility capable of handling shipments for breakbulk, consolidation, blending, and strategic storage. It serves the world's second-largest fuel oil bunker market and is connected via pipeline to the local refinery, a neighbouring terminal, and the local power plant.

With capacity of more than 2.6 million m^3 in 73 tanks, the Vopak Horizon facility is accessible by land or sea and handles a range of products, including crude oil and refined petroleum products.

Horizon's Jebel Ali petroleum terminal comprises 141,000 m^3 of Jet A1 tankage capacity and a 60 km pipeline connecting Jebel Ali to Dubai International Airport. Built with 900 m^3 per hour pumping capacity, the pipeline ensures continual jet fuel supply to Dubai International Airport, which is the busiest in the world, and also supports ENOC's other aviation business requirements. The commissioning of this project has cemented Horizon's position as the leading bulk terminals entity in the Middle East, and represents a key pillar of the Government of Dubai's strategy for economic growth and diversification.

International

Flagship subsidiary Horizon Singapore Terminals is situated on Jurong Island, the petrochemical hub of Singapore and the world's top bunkering port by volume. The terminal, of which Horizon owns 52 percent, caters to the storage, handling and blending requirements of national oil companies, oil majors, traders and bunkering companies. It is designed for multi-berth discharge and loading operations to maximise throughput. The facility has 59 tanks with total capacity of more than 1.25 million m^3.

Horizon has a 36.5 percent interest in Arabtank Terminals in Yanbu. It is Saudi Arabia's first independent storage facility and has been granted 'bonded storage' status. Located on the highly strategic Suez Canal route, this 288,100 m^3 capacity terminal with 26 tanks handles import, export, and consolidation and trans-shipment cargoes. Servicing both petroleum and chemical products, the facility meets the needs of Yanbu's nearby refineries, NGL plant, petrochemical facilities and industrial complexes.

Horizon owns 40 percent of Horizon Djibouti Terminals, which has 31 tanks offering total capacity of 399,300 m^3. The facility has dedicated jetties and large tank capacities to meet breakbulk and consolidation of cargoes, arbitrage storage, and strategic storage, as well as serving inland road deliveries

Horizon's other asset is Horizon Tangier Terminals in Morocco, in which it owns a 34 per cent stake. The terminal is based at the western entrance to the Strait of Gibraltar, and has 19 tanks and total capacity of 532,900 m^3, along with other supporting infrastructure.

In 2018, Horizon's assets in Morocco and Djibouti benefited from increased demand, driven by Ethiopia raising its level of exports, and also from the closure of a refinery in Morocco, which was forced to import oil products to make up the shortfall. This helped to offset the impact of the more challenging conditions experienced elsewhere and demonstrates the importance of ENOC's strategy of international expansion.

Recent developments

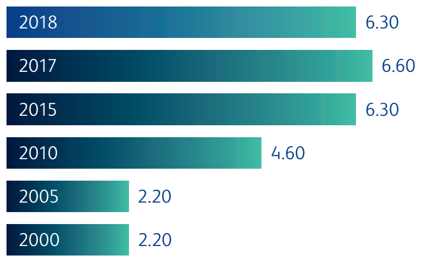
Horizon continued to explore other expansion opportunities, in line with the Group's strategic goals, although the pricing environment tightened with the entry of private equity players into the market.

Horizon has also approved further investment in the existing terminal in Saudi Arabia (ArabTank terminal), to provide tankage services to new customers through long-term binding contracts.

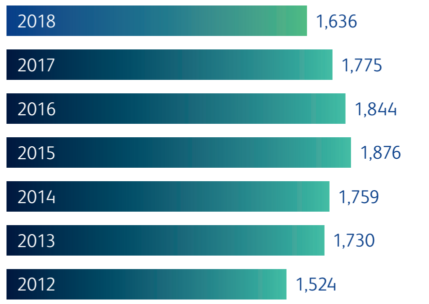
Towards the end of 2018, Horizon's Operational Excellence Management system was finalised. This is a fully integrated system designed to raise standards of safety, sustainability and resilience, which will be rolled during the current year.

In 2019, Horizon will continue to leverage business developments efforts, which will enable the company to identify new expansion opportunities and explore diversification into ancillary lines of business such as storing and regasification of LNG, in line with ENOC's strategic objectives.

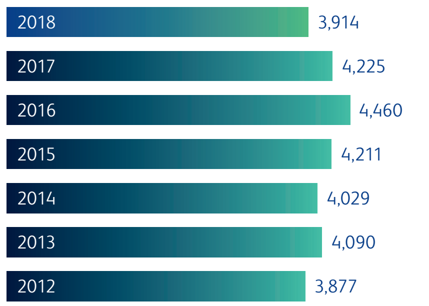
Terminals leasable capacity
(Million CBM)



Subsidiaries – capacity utilised
(Thousand CBM)



Joint ventures and associates – capacity utilised
(Thousand CBM)



Commercial and International Sales

Maintaining the highest standards of product and service

“The energy market has become more volatile and more competitive, both domestically and internationally, with lower cost operators pushing poor quality product into the market. Against such a backdrop, it is essential that governments and established industry players work together to ensure that quality is not compromised by failure to meet the required standards of operation and delivery. ENOC has played a key role in helping to formulate such regulations and welcomes all initiatives that improve overall quality.

Burhan Al Hashemi
Managing Director, Commercial and International Sales

152

airports across 25 countries

Over the last few years, a considerable amount of work has gone into creating a regulatory framework to ensure that existing and new market players keep the standards of oil and related products to a sufficiently high standard. Such a framework is a vital tool in raising standards, driving up quality and creating a safer environment and a stronger economy for the citizens and residents of the UAE. In 2018, that work culminated in the agreement of a series of policies, rules and regulations to be put before the committees of the individual emirates who will supervise the licensing, production and distribution of the relevant products.

Constant focus on providing customers with a one-stop shop of solutions, irrespective of location or time, is a cornerstone of ENOC's business philosophy. Hallmarks of our continuing success are differentiation of products, ingenuity of operations, and sales team excellence.

The Commercial and International Sales segment supplies the domestic and international markets through its diversified portfolio – gas, aviation, lubricants, and industrial products – that reaches customers in diverse business sectors, and even individual households. Products are distributed in more than 60 markets in the Middle East, Indian Subcontinent, South and Central Asia, and Africa.

International expansion complements ENOC's mandate to serve the UAE market and drive its economy. ENOC is thus both a supporter and developer of national infrastructure, but also an entrepreneurial business that seeks to create value through growth.

Recent developments

After establishing a record of significant growth and success in the UAE, ENOC's aviation business and impressive supply network has now grown to cover 152 airports across 25 countries.

In the UAE, ENOC Aviation serves a distinguished list of international airlines through an integrated supply chain – from procurement to shipping, refining, storage, distribution, and into-aircraft services. EPPCO Aviation refuels about 14 million litres to over 330 flights every day, which is more than half of all flights departing from Dubai International Airport.

New technology has improved the turnover time for fuelling for B737 aircraft, using a specially designed low-bed hydrant dispenser that is positioned directly under the aircraft's wing. The low-bed also improves safety and efficiency by reducing the need for climbing ladders and pulling heavy hoses and equipment.

ENOC Industrial Products division has also successfully launched Biodiesel5, an advanced alternative green fuel product commonly used for diesel engines. The new product is produced from vegetable oil and waste cooking oil, lowering emissions, smoke and unburnt hydrocarbons. Investing in advanced alternative fuels demonstrates ENOC's commitment to the UAE Energy Plan leading up to 2050, which targets an energy mix that combines renewable, nuclear and clean energy sources to meet the country's economic requirements and environmental goals. By introducing Biodiesel5 in the commercial & Industrial segment, ENOC has pioneered yet another initiative amongst national oil companies in the region. In April 2018, ENOC collaborated with Dubai Municipality to launch a pilot project using Biodiesel5 to fuel Dubai Municipality's fleet of trucks at its Umm Ramool facility.

ENOC Industrial Products division caters the energy needs of government and private sectors by offering quality petroleum products, solutions and services made to the highest international standards and backed by a powerful supply chain with more than 30 years' expertise in the UAE.

The product range includes ultra-low-sulphur diesel, fuel oil, bitumen, kerosene and unleaded gasoline. The business is among the first to introduce 10 ppm diesel to its large customer base in the UAE, in support of the UAE's sustainability agenda. EMGAS introduced shrink-wrapped seals attached to LPG cylinder valves, including a hologram – the first time this feature has been applied in the UAE. The innovation reduces risks to users, maintains EMGAS brand image, and helps authorities to differentiate originally filled cylinders due to the fact that these seals are extremely difficult to duplicate.

EMGAS also launched lightweight composite cylinders for direct distribution to specific communities that are safer than the traditional metal version. They are produced from helically woven fibres combined with resin, making them uniquely secure. Labelled explosion-proof, the cylinders can withstand double the pressure of regular metal equivalents.

ENOC Aviation

ENOC Aviation, the specialised aviation fuels division of ENOC, has been a leading marketer and supplier of aviation fuel for commercial airlines, military and general aviation since 1995.

The aviation business also offers a range of commercial services to its customers, including market studies for start-up projects, fuel marketing to airlines, fuel hedging, as well as comprehensive technical services. These include consultancy on quality control, operations and HSE issues; consultancy on design and upgrade of static and mobile facilities, including specifications; provision of aviation quality control and operations manuals; quality control and operations training; inspections; assistance in the design of refuelling vehicles and fuel systems; feasibility studies for new aviation fuel infrastructure projects; and project management services for grassroots projects and upgrades.

ENOC's aviation business is comprehensively customer-focused, with care and quality of service at the heart of all activity. These hallmarks are firmly embodied in ENOC Aviation's staff, technology, assets and systems, and are further reinforced by associate membership of the Joint Inspection Group.

Joint venture with Chevron

EPPCO Projects, a joint venture between ENOC (51 percent) and Chevron (49 percent) is involved in aviation refuelling and lubricant marketing. EPPCO Aviation – the aviation segment of EPPCO Projects – transports, stores and delivers jet fuel into-plane and in-bulk to commercial airlines, military airbases and regular aviators at the Dubai, Sharjah and Fujairah international airports. The lubricants division markets ENOC and Caltex branded products to ENOC Fuel Retail and industrial customers in the UAE.

Joint venture in Saudi Arabia

United Gulf Aircraft Fuelling Company (UGAFCO) was established in 2004 as a joint venture between ENOC and Saudi Arabia's Arabian Aircraft Services Company (ARABASCO). It currently offers refuelling services at the King AbdulAziz International Airport in Jeddah, Saudi Arabia (the second-busiest airport in the Gulf), and King Khalid International Airport in Riyadh. UGAFCO also has fuel supply arrangements for other domestic airports in Saudi Arabia. ENOC provides UGAFCO with fuel marketing and technical services. UGAFCO is headquartered in Jeddah and is managed by a Board of Directors comprising ENOC and ARABASCO representatives.

ENOC products

Lubricants

ENOC has developed its own range of high-quality branded automotive and industrial lubricants. These include various green products, such as Protec Green and Vulcan Green, highlighting its commitment to the environment. These are marketed through a distribution network covering more than 60 countries across the Middle East, South East Asia, CIS countries and Africa.

ENOC also operates a plant in Fujairah and another in Jebel Ali that manufacture lube oil and grease for ENOC, and undertakes toll blending for third-party clients. The combined design capacity of both plants is 260,000 MTs. Various expansion projects will further enhance production efficiencies in coming years.

Our extensive marine lubricants portfolio – and deep expertise in technical support for the maritime sector – alone spans more than 100 ports in 23 countries, providing specific solutions geared towards achieving optimal performance for the shipping industry.

In October 2018, ENOC converted its lubricants blending plant in Jebel Ali to fully operate on solar energy. This was a further example of ENOC's efforts to leverage renewable energy to power its assets, in line with the Dubai Integrated Energy Strategy 2030.

Industrial Products

EIPM services are testament of ENOC's commitment to provide smart and innovative solutions for its customers which resulted in achieving Best Customer Satisfaction Score – External 2018.

In 2018, we continued our journey of smart and innovative solution and completed the 'Go-live'- Fuel Management system (RFID) for RTA. In quest to strive and provide 'Best in Class solution' to clients EIPM have also introduced innovative Containerised fuelling system for the commercial customers which brings in the mobility of fuelling unit with significant reduction in investment cost.

More generally, we see innovation as the essential tool that will secure our future. We need to adapt to the changing dynamics of the industry, and the shifting energy mix. Digitisation is the way forward, which is a key value proposition that we are presenting to all our external stakeholders. A data driven approach will lead to quicker and better decisions being taken, for both parties' benefit. ENOC is increasingly using digital tools to deliver higher quality and more transparent information to customers

EMGAS

ENOC has been one of the main drivers behind Dubai's advance towards economic and sustainable development over the last 30 years, including expanding the Gas marketing which has been serving the UAE market since 1974.

We have acquired a proven track record with Emirates Gas (EMGAS) in our pursuit of smart and clean energy solutions, helping support Dubai's efforts to win a global bid to host the 2020 edition of the prestigious World LPG Forum, hosted by the authoritative World LPG Association (WLPGA).

LPG will take centre stage as evidence that investment in sustainable, cleaner fuel technologies is transforming the industry.

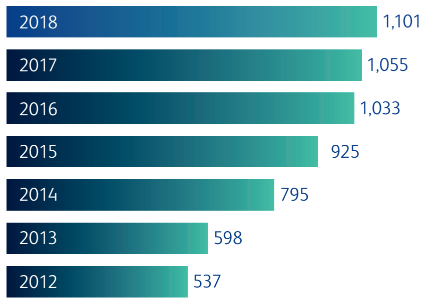
EMGAS has state-of-the-art bottling plants in the UAE and caters to the cylinder market, supplying LPG and propane to bulk customers such as hotels, industries and residential complexes. With the largest distributor network in the country, the company provides prompt and convenient delivery of cylinders to private customers, and follows a comprehensive cylinder repair, maintenance and replacement programme for consumer safety.

EMGAS within its wide product portfolio, also supplies Emirates Gas Aerosol Propellant (EGAP) as a replacement to harmful CFC's and Cutting Edge Gas (CEG) as an alternative to acetylene for industrial clients engaged in metal cutting activities. The company is committed to promoting clean fuel in Dubai through the introduction of CNG as an alternative fuel for transportation. Through exports and joint ventures, EMGAS is actively pursuing growth opportunities abroad.

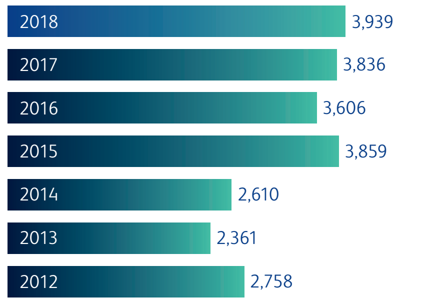
60

products are distributed in more than 60 markets in the Middle East, Indian Subcontinent, South and Central Asia, and Africa.

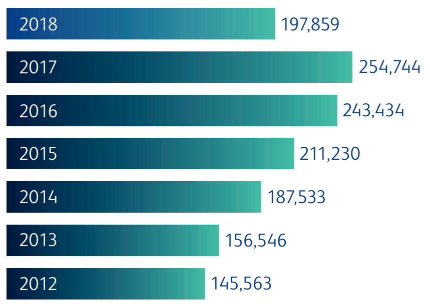
Volumes – aviation refuelling
(Million USG)



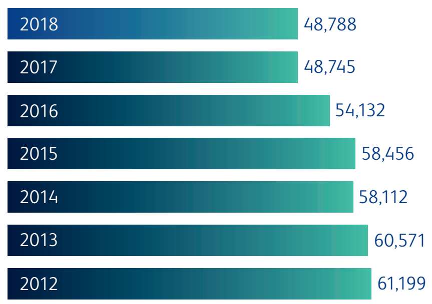
Volumes – diesel
(kbbls)



EMGAS – LPG cylinders (bulk)
(MT)



EMGAS – LPG cylinders
(MT)



Retail

Converting the service station into a community hub for the future

“ENOC Retail is driving the change in the energy sector. With the retail industry going through a digital transformation and the concept of mobility changing. ENOC Retail is fueling the digital transformation as we create the service station of the future.

Zaid Alqufaidi
Managing Director, Retail

123m

customers served in 2018

The modern day service station needs to do more than simply supply fuel for cars and check their oil-levels and tyre-pressures. Service stations are now destinations in their own right, complete with fully stocked convenience stores, eateries, pharmacies and other retailers, ATM machines, and various other pay-points. Services such as paying bills, fixing phones and dropping off laundry are all part of defining convenience. 2018 saw ENOC make great strides in delivering this experience to its customers.

Technology lies at the heart of enabling this to be achieved by adding increasing levels of ease and convenience. Drivers need not leave their cars to refill the tank, take delivery of pre-ordered groceries, or pay for any of the transactions. Automated systems such as vehicle and personal identification and cashless payment solutions take care of all that. More and more customers can now benefit from these systems as ENOC continues to increase the number of cashless payment methods available to them.

We will see this trend continue, as innovation challenges the traditional models. ENOC is at the forefront of this revolution, as it continued to expand its network both domestically and regionally, enabling more and more people to turn what used to be an ordinary, routine experience into something to look forward to. Meanwhile, ENOC continues to deliver on its mandate of fuelling the smart economy.

Based on a clear strategy of identifying customer needs and meeting them with a variety of innovative products and services, our Retail segment has grown to be a leader in the UAE. The business operates 128 ENOC and EPPCO service stations, staffed by more than 7,000 employees and serving around 123 million customers each year.

Our service stations are a destination for modern-day customers, offering value and accessibility through convenience stores, carwash facilities, oil-change services, automotive workshops, vehicle testing and registration facilities, and food and drink outlets.

ENOC's retail segment has a 69 percent share of the Dubai market fuel by volume, selling approximately 3.2 billion litres in 2018 and refuelling more than 79 million vehicles. Our ZOOM convenience stores had more than 44 million customer visits during the year.

ENOC is committed to expanding the number of UAE service stations by 40 percent by 2020, already opening 19 of those to date. ENOC recently announced its plans to expand into Sharjah, with several stations earmarked for opening in the coming years. ENOC entered the Saudi retail market in 2013 and currently has 14 stations in the Kingdom, with plans to build 45 more in the next 5 years.

Recent developments

ENOC Retail recently launched the region's first Compact Station at the end of 2018, a pilot designed to cater to residents living in remote residential communities. The fuelling unit can be dismantled, relocated and re-installed at locations without access to fuel in just 30 days. With a capacity of 30,000L these stations can fuel 400 vehicles per day. The success of the pilot has led to several being rolled out in 2019.

ENOC and Microsoft announced in 2018 a partnership to pilot the AI service station of the future. The concept centres on the digital transformation of the forecourt thereby enhancing the customer experience. Linking with mobile apps and leveraging artificial intelligence, customers can enjoy a personalised and convenient experience that includes directing them to less busy stations and reducing wait times at the pump. This is expected to open in 2019.

Following the launch of the UAE's first solar-powered petrol station which proved so successful, solar power is now an integral part of all our new stations including those to be added as part of the planned 40 percent network expansion by 2020. Solar power generates about 30 percent more power than is needed to run the station. The surplus is fed back into DEWA's main grid. ENOC Retail today has 10 service stations that run on solar.

In recent years, ENOC has sought to apply the latest technology to make its stations as energy efficient as possible. One of the best examples is vapour recovery, a process that captures and condenses vapour released from fuel dispensers, saving up to 20,000 litres a year. Installing LED lighting in the network has reduced energy consumption by 50 percent, and variant refrigerant flow technology for air-conditioning is 35 percent more efficient than conventional systems. ENOC has also rolled out a digital screen system across its network creating a vivid, enriching customer experience. Such initiatives are consistent with ENOC's long-term strategic objectives that are aligned to the Dubai Plan 2021 of creating a 'smart and sustainable city'.

Motorists in Dubai can refuel their vehicles using RFID-enabled cashless and cardless system at all ENOC service stations. VIP – vehicle identification pass – a system which incorporates a vehicle-fitted radio frequency identification (RFID) security tag enabling the vehicle to be automatically recognised, along with the customer's pre-set fuelling preferences. Customers need not to wait to pay – just fill and go – illustrating ENOC's leadership in innovative fuel retailing. This speeds up the refuelling process and enables customers to better manage their accounts and set budgets for each fuelling transaction. The system saves an average of three minutes per customer at petrol stations.

In 2016, ENOC became the first fuel retailer in the UAE to enable mobile payment, enabling customers to pay while sitting in their vehicles. This was followed with multiple payment methods as ENOC introduced the Dubai Smart Government app, the first fuel retailer in the UAE to do so, enabling customers to pay from inside their vehicles using a smartphone. PIN-less transactions for credit and debit cards were also launched, working closely with Network International, along payment through the RTA's NOL Card. 2018 also saw the finalisation of the ENOC pay app, another mechanism that allows motorists to pay for both fuel and non-fuel products remotely and swiftly, further enhancing the customer experience. The app commenced roll out in April 2019.

2018 saw the Group focus heavily on raising awareness of its brand, both through its commercial and marketing activities and through closer engagement with the community. One example of the evolution of the brand was the introduction of new staff uniforms, which gave the brand a new look and feel that customers can feel in the heart of the station. In addition, all of the retail brands were activated across all social media channels. From a community perspective, ENOC opened its first community station since the announcement of its expansion plans, in Discovery Gardens.

Wider business

ENOC's non-fuel retail services comprise convenience stores, fast-food outlets, carwash centres, automotive workshops, and vehicle testing and registration. Revenue of the non-fuel business has grown by more than 50 percent over the past five years.

Convenience stores

ZOOM is the leading home-grown convenience store operator in the UAE. With 224 outlets across the UAE and Saudi Arabia, stores are located at ENOC and EPPCO petrol stations, Dubai Metro stations, and residential, commercial and hotel/leisure communities. Over the past 25 years (using various brand names), ZOOM has evolved into a sophisticated offering in terms of design, décor and store layout, developed with top international design consultants. In 2019 ZOOM aims to expand to 18 new locations.

During 2018, ZOOM underwent a brand re-launch and was repositioned as 'your neighbour'. The brand strategy is to focus on the community and consumer experience while celebrating food and the unique offerings with a whole lotta lovin'. The store layout was reviewed bringing in vibrant fun colours to the mix and expanding the fresh food corner.

ZOOM launched its mobile ordering e-commerce platform in collaboration with Instashop, giving customers the option of convenient door-to-door deliveries by ordering through the mobile app. Forecourt ordering was added in 2018 where customers could order from their vehicles while they wait.

From paying credit cards and utility bills, airline tickets to gift cards, topping up mobile wallets, or recharging local and international phone credits, the ZOOM service counter is a one-stop shop for integrated convenience. Currently, 15 services are available, with a further 25 under way. In 2018, these services were also launched at ZOOM in the Dubai Metro. ZOOM is also the first retailer to accept NOL payment at its outlets.

With 78 locations across the UAE, the Pronto coffee-shop and fresh bakery concept is designed to complement ZOOM outlets. Fresh delicatessen and bakery goods – including made-to-order sandwiches, salads, and a range of freshly brewed coffee and other drinks – are available in a friendly, contemporary and relaxing environment.

Automotive services

AutoPro

From carwash to maintenance and repair services, AutoPro's 38 centres across Dubai and Sharjah provide a wide range of automotive services. Recent additions to services include extended partnerships with Pirelli, Dunlop, Falken and Bridgestone, offering customers exclusive promotions, truck servicing, payment in easy instalments through four major banks, Energiser car batteries from Germany, and an extended range of bodyshop and paintwork detailing.

AutoPro signed an MOU with ACDelco authorising its service centres in 2018, and 10 sites are planned to go live in 2019. AutoPro also introduced its mobile unit for tyre and battery repair called 'AutoPro on Demand', with two vans on the roads of Dubai. AutoPro launched Tasjeel testing and registration, including insurance services at two of its locations as a pilot.

Tasjeel

Tasjeel has opened 4 new locations in 2018. In January 2018, the new 'Dubai Municipality' vehicle testing centre opened for Dubai Municipality Vehicles. In April 2018 'Discovery Garden' was opened. The site has three test bays for light vehicle testing service; Vehicle Testing, Registration, and VIP Services. In August 2018 'Abu Shagara', Sharjah was opened. The site has one test bay for Vehicle Testing service. In August 2018 'City of Arabia' was opened. The site has three test bays for light vehicle testing service; Vehicle Testing, Registration, and VIP Services.

Tasjeel, which offers a comprehensive vehicle testing service, plans to open three new locations in 2019. Tasjeel also announced plans to build its largest fully-fledged service station in Ras Al Khaimah, covering an area of more than 50,000 m². The other two locations are in Motor City and Sharjah Police Headquarters.

Tasjeel partnered with Sharjah Police to launch a safety campaign in 2018 encouraging drivers to take a greater level of responsibility for their vehicles and keep their vehicles registered and up to date, which increases road safety.

New Tasjeel services introduced in 2018 include Chassis embossing for Mini Trailer in Sharjah and Khorfakkan, Wosool services started in Dubai, Battery Test in Sharjah Auto Village (756), and Civil Defense Test in Sharjah Heavy (767).

Eighteen Tasjeel centres across Dubai and the Northern Emirates provide a variety of mandatory tests required for vehicle registration. All services meet RTA and federal traffic requirements, so customers are assured their vehicles are legally compliant.

Food & beverage

Paavo's Pizza

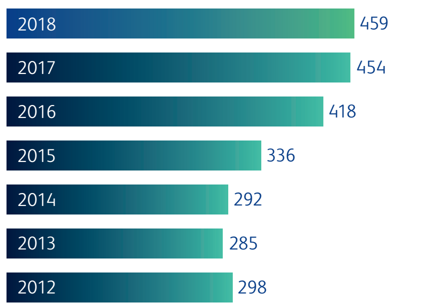
Paavo's Pizza is a fast-casual pizza restaurant with a 'build-your-own' concept franchised from Orion Food System in the US. It currently has eleven locations in Dubai, with plans to open four more in 2019 – in Dubai and the Northern Emirates.

Popeyes

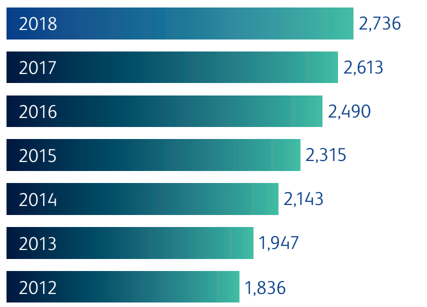
Popeyes is an American multinational chain of fried chicken fast food restaurants founded in 1972 in New Orleans, Louisiana and headquartered in Miami, Florida. Since 2008, its full brand name is Popeyes Louisiana Kitchen, Inc. It is currently a subsidiary of Toronto-based Restaurant Brands International. Popeyes number of locations is 3,102 with thirteen locations in Dubai and plans to open seven more in 2019 – in Dubai and the Northern Emirates.

Facilities	Service	Dubai UAE	Abu Dhabi UAE	Northern Emirates UAE	Saudi Arabia
Fuel retail					
ENOC	Petrol stations	69		6	14
EPPCO	Petrol stations	42		11	
Wider business					
ZOOM	On-site at ENOC and EPPCO petrol stations	100		17	14
	Stand-alone	45	11	3	
	Dubai Metro	43			
	Franchisee	1			
Pronto	On-site	41		2	
	Stand-alone	24	6	2	
	Franchisee				
Paavo's Pizza	Food and beverage	11			
Popeyes	Food and beverage	13			
AutoPro	Vehicle maintenance	38		1	
Carwash	Washing/cleaning	36		3	
Quick oil change	Oil change and accessories	20		2	
Tasjeel	Testing/registration	11		7	

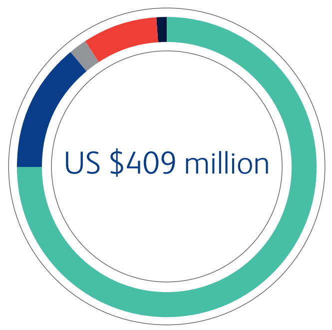
Diesel sales volumes
(Million litres)



Gasoline sales volumes
(Million litres)



Non-fuel revenue breakdown



- C-stores 75%
- Car services 14%
- Food and beverages 2%
- Testing and registration 8%
- Others 1%

Protecting the environment and our people with technology

13,400

tCO_2 saved in 2018 from E&RM initiatives

We are committed to preserving the environment and protecting the health and safety of all our stakeholders.

In 2018, ENOC made excellent progress in meeting the sustainability KPIs it had set in the previous year. This was the first time that the company had set such targets, in its twenty-five year history, reinforcing its commitment to these values. We have also introduced a more robust and efficient procurement system to achieve a fully sustainable supply chain. This will accelerate delivery and reduce the risk of incidents that cause environmental damage; and it will also minimise the illegal and unsustainable use of natural resources, which will help to cut greenhouse gas emissions and reduce pollution.

Sustainability at our core

Award-winning approach delivers tangible results

As an international energy company covering the entire spectrum of the industry from drill bit to petrol pump, ENOC is well aware of its obligation to protect the environment and ensure the health and safety of its people. We make every effort to meet our responsibilities, and have implemented a range of measures across our business specifically aimed at meeting this important objective.

ENOC continuously seeks to develop as a dynamic, innovative, and environmentally responsible player in the marketplace. To do so, we have developed strategic objectives that allow us to maintain business growth, contribute to the UAE's economy, and look after our people and the environment we live in.

The latest phase in ENOC's sustainability transition began in 2016 when we identified the need to formally present our sustainability performance to our internal and external stakeholders, in addition to the grassroots work undertaken in previous years around energy and resource management, CSR initiatives, and managing the health and safety of our people.

A Group Sustainability Office has given body to this initiative, acting both as an ENOC sustainability arm, and as the conduit for actively engaging stakeholders and raising awareness of the importance of sustainability across the organisation.

But why did we need to engage stakeholders in the process? Firstly, we needed to identify who they were and to review the extent to which they understood sustainability, and the issues related to it.

Secondly, in addition to reaching out to our own management and staff, it was also important to reach out to external stakeholders, to seek their input in framing the most appropriate and workable sustainability strategy.

Only when armed with these internal and external insights could we begin to adopt an approach to sustainability that both addressed knowledge gaps and raised awareness. We believe it is an approach that has undoubtedly contributed to a common understanding of the function, while providing a platform for identifying ENOC's sustainability priorities.

We believe that direct engagement with all our stakeholders in this way will, in future years, help us achieve our strategic objectives: namely, becoming an innovative energy partner delivering sustainable value and industry-leading performance.

ENOC's maiden annual Sustainability Performance Report, published in 2017, was a first for the Group and the first sustainability performance index for the Middle East's oil and gas sector. ENOC also set itself a series of sustainability targets, the first time it has done so in its history. Substantial progress continues to be made towards reaching the KPIs, and as a result, US $8.2 million of cost savings were also achieved.

The report captures our performance over the three central pillars of sustainability – economic, social, and environmental – against internationally recognised guidelines based on 19 Key Performance Indicators (KPIs). These KPIs emerged from a series of workshops with key internal and external stakeholders before their conversion to an ENOC Sustainability Performance Index, which is informed by the methodology of the Dow Jones Sustainability Index.

It further references our sustainability initiatives in line with the UAE Vision 2021; the Dubai Plan 2021; the Dubai Integrated Energy Strategy 2030; and the Dubai Carbon Abatement Strategy 2021, as we expand our operations to meet domestic energy demand sustainably over the next five years.

Golden Peacock Award

In recognition of our Group's efforts to achieve excellence in sustainability performance and promoting sustainable development in the region, we won the 2018 Golden Peacock Global Award for Sustainability – a worldwide corporate excellence benchmark, for the second consecutive year in the global institutional award category, and for the third time in a row, ENOC won the Arabia CSR Award.

The Golden Peacock Awards were established to encourage organisations to drive sustainability schemes within their operations. ENOC is the first energy player in the Middle East to receive the award, endorsing its wide range of sustainability initiatives, positive impact on stakeholders, and enhancing the happiness of employees. This recognition is a true testament of ENOC's sustained commitment towards managing consumption of energy within their facilities and ultimately raising sustainability standards.

Sustainability governance

Recognising the importance of strong sustainability leadership, ENOC first developed a Sustainability Governance Structure, which led to the establishment of the Group Sustainability Office. This was followed by development of the Group's first Sustainability Charter. The process included the creation of a dedicated team capable of providing professional services and technical expertise in the field of sustainability. ENOC's Sustainability Group includes nine main committees at Group level, each playing a specific role in fulfilling the Group's strategic goals and aligning its policies and strategies with Dubai Government's strategies and directives for sustainable growth. These committees are:

- ENOC Sustainability Leadership Committee
- ENOC Sustainability Reporting Taskforce
- ENOC Carbon Abatement/Climate Change Taskforce
- ENOC Environment Technical Committee
- ENOC Energy and Resource Management Steering Committee
- ENOC Energy and Resource Management Technical Committee
- ENOC Fuel Efficiency Technical Taskforce
- ENOC Corporate Social Responsibility Steering Committee
- ENOC Corporate Social Responsibility Technical Committee

Measuring performance

To measure sustainability performance within ENOC, we developed key performance indicators (KPIs) against a set of environmental, social and economic criteria. We included these in the scorecard of segments, business units, and individual departments. The topics covered have been aligned with the requirements of the Global Reporting Initiative (GRI) – the independent international organisation that has pioneered sustainability reporting since 1997.

The 19 KPI outcomes, and data associated with each topic, are incorporated into ENOC's Sustainability Index. With the launch of ENOC's Sustainability Performance Report, ENOC became the first organisation in the Middle East to incorporate a Sustainability Index in its performance scorecard.

Each year, material topics are reviewed to ensure they are up to date and reflect the sustainability issues of the time. The detailed KPI-driven outcomes will also enable us to manage and plan our sustainability activities in subsequent years. Our strategic roadmap to achieve this is outlined below.

SI No.	Description of KPI	Measurement unit
Environmental KPIs		
1	Thermal energy consumption per unit reduction	GJ/ton or GJ/m²
2	Electrical energy consumption per unit reduction	kWh/ton or kWh/m²
3	Energy demand reduction from baseline	% (GJ/GJ)
4	Renewable energy generation against consumption	% (kWh/kWh total)
5	GHG emission per unit reduction	tCO_2e/ton or tCO_2e/m^2
6	Air emissions (Sox, Nox, PM, CO) above legal limit	% number of source above limit
7	Recycled water usage compared with total water consumption	% Water reuse
8	Waste reduced compared with baseline	% Waste reduction
9	Flare gas reduction compared with the baseline	% Flare reduction
10	Amount of green procurement vs. Total procurement	% Green procurement (AED/Total AED)
Social KPIs		
11	Employees who are UAE nationals	% Emiratisation
12	Number of employees left the company	% turnover
13	Training hours per employee	Hours per employee
14	Score from the customer satisfaction survey	Score
15	Gender diversity ratio	% Women
16	Training on Code of Business Conduct	% Completion
17	LTI Incident Rate (people safety)	Incidents per 1 million man-hours
18	Process Safety Incidents (process safety)	Rate
Economic KPIs		
19	Community investment	% investment against revenue

Overview
Business Review
Operational Review
Sustainability Review

Vision

To be the role model and the benchmark choice in sustainability across oil and gas industries in the region

Strategic Objectives

- Align ENOC Corporate policy & strategy with UAE strategies & directives for sustainable growth
- Establish & maintain a comprehensive sustainability competency & assurance process
- Create a culture of sustainability by instilling it as a core individual value & consistently integrate it into business model
- Establish transparent sustainability reporting & be the central hub for all information on sustainability
- Inspire employees' thinking & behaviour to consider sustainability in all their activities

Customers

Organisational Value Action
- Enhance ENOC's reputation & image
- Promote active engagement & participation to drive a culture of sustainability

Stakeholder Satisfaction
- Meet & exceed internal stakeholder expectations
- Enhance collaboration & dialogue with external stakeholders

Internal Process

Business & Operational Excellence
- Enhance governance & compliance processes
- Deliver professional & value-adding services

Sustainability & Innovation
- Optimise consumption through effective energy & resource management
- Facilitate partnerships to foster sustainability, innovation & best practices

Learning & Growth

Organisational Capabilities/Culture
- Attract, develop & retain competent people
- Promote effective Emiratisation
- Develop competency frameworks & profiles
- Improve skills & capabilities to create a highly innovative & engaged workforce

The tangible benefits arising from commitment to sustainability are evident in the return on investment, cumulatively amounting to US $20.6 million since 2014:

- Achieved all time high savings US $3 million equivalent 6.7 percent of 2013 (baseline cost)
- Sustained 3 times increase in 2018 savings achieved compared to 2014-2016
- Made new investments worth US $1.6 million on Energy & Resource Management savings (E&RM)
- Equivalent to 13,400 tons of CO_2 emissions saved, or
  - 5.7 million litres of gasoline
  - 221,700 trees grown for 10 years
  - 53 million km driven in car

Since 2014, the reduction in greenhouse gas emissions amounted to:

- 28 percent drop in energy intensity
- 28 percent drop in GHG intensity
- 27 percent drop in water intensity
- 9 percent drop in waste intensity
- In 2018, water recycling increased to 20 percent and waste recycling to 17 percent
- In 2018 alone, reduction in above intensities (from 2017) has helped ENOC to save: US $8.2 million
- Reduction in intensities helped savings in water and electricity consumption of 47,300 m³ of water and 13.1 million kWh of electricity between 2017 – 2018

Greening our procurement

At ENOC, sustainable procurement is not simply about being 'green'. It is also about:

- Purchasing that is socially and ethically responsible
- Minimising environmental impact through the supply chain and in its lifecycle
- Delivering economically sound solutions
- Maintaining good business practice

Sustainable procurement helps the Group save costs and resources by reducing or eliminating waste. It also ensures that the Group is continually assessing and reassessing the need to buy, thereby reducing quantities, saving energy and water, promoting reuse and recycling, minimising packaging and optimising transport. These reduce risks across the supply chain, help to cut greenhouse gas emissions, minimise illegal and unsustainable use of natural resources, and help to reduce pollution.

The 'Supplier Code of Conduct' developed by ENOC Business Ethics and Compliance is an integral part of supplier relationship management. This aims to provide clear insights, and a deeper understanding of the values, responsibilities, obligations and ethical standards at ENOC, for its vendors.

It highlights the Group's approach towards fair treatment, the environment, health and safety standards, workplace conduct, conflict of interest etc. to ensure that the Group nurtures effective and rewarding collaborations.

The Group aims to be a role model for green procurement through both committee involvement and business practices that leverage supplier innovation, community involvement, customer wellbeing, and happiness for all stakeholders. We have developed a guidebook detailing the minimum standards for the purchase of energy-efficient electric motors. This standard will be widely adopted in Dubai, by all Government entities, under the Green Public Procurement for Energy and Water Efficiency (GPPEWE) committee, spearheaded by the Dubai Supreme Council of Energy.

We also adopted the Purchase And Design Energy Efficiency Standard in 2017. This sets the minimum energy efficiency guidelines for purchasing energy-consuming equipment within ENOC, and applies to all business units planning revamps and retrofits of existing facilities or new projects.

As green procurement becomes further embedded in the Group's business strategy and ENOC's Sustainability Index, it will address broader sustainability issues beyond energy and water efficiency.

The social aspects include better contracting conditions for workers, supporting the development of small and medium enterprises and local community engagement. The concept of green procurement is gaining momentum across the Group, particularly given its contribution to achieving sustainability goals. In 2018, 71 percent of ENOC's procurement qualified as green, and more than 89 percent of total suppliers were local.

Sustaining our environment

Managing the impact of our operations on the environment is very important to us. Through our policies and performance goal-setting, we have been able to manage our energy consumption, the emissions that we generate, the water that we use, and the waste that we produce.

Our operations have the potential to affect the land, water and air, so we have installed a number of measures to try and eliminate or minimise that potential. Ultimately, we seek to reduce our air emissions and generation of greenhouse gases by reducing the amount of energy and water we use in our processes and the amount that is wasted. Furthermore, we want to reduce the amount of solid waste that we generate and manage the waste generated responsibly.

Reducing our energy and emissions

The diversified nature of our business involves the consumption of energy resources and the generation of pollution up to acceptable levels. However, as a responsible corporate organisation we always strive to control and manage this, so as not to generate excessive emissions and overuse energy resources.

Understanding our energy demand and emissions generation was the first step in taking action to improve. Through our Group Sustainability Reporting Taskforce we have identified Sustainability Champions from different business units within the ENOC Group, who are best placed to understand the data and make informed improvements.

For a number of years we have collected data on our energy consumption across the business, and this can be summarised in the table below.

Our energy intensity has decreased over the last four years with an almost 28 percent reduction in the gigajoules of energy consumed per ton of production. Our biggest consumer of energy is the STP segment that includes the refinery and DUGAS. This is to be expected due to the energy-intensive nature of processing to refine the products. We have taken several energy and resource management measures, which has resulted in a reduction in the overall specific energy consumption. These measures include waste heat recovery in our refinery operations, greening of buildings, and integrating renewable energy wherever possible.

Consuming water efficiently

Water is a scarce and precious resource for us in the UAE, and this has instilled an approach to the management of water within ENOC that encourages efficient water use in our operations, seeking to reduce the losses or waste that we generate. We constantly pursue initiatives to save water or recover the water we do use.

One such initiative is the way our retail sector reduces water consumption. New service stations can recycle carwash water, and customers can choose a waterless system where use of an all-in-one eco-friendly liquid saves water and prevents detergents from polluting the environment: the 'No-Wet' system cleaning liquid is made from all natural ingredients and does not contain petroleum distillates, silicone, abrasives, harmful chemicals or detergents.

The Group's water use for 2018 amounted to about 1,958,063 m³, with refinery, retail and DUGAS accounting for 49.6 percent, 27.8 percent and 16.1 percent respectively. Our other business segments accounted for the remaining 6.4 percent.

Way forward to improve our environment performance

ENOC is investing significant effort in terms of time and money to take the next step in our sustainability journey. One area where this will have a direct impact on improving our environmental performance is in the transition to measuring ENOC's Sustainability Index with its KPIs and targets for our business segments.

For example, over the past nine years ENOC has set a quantifiable target for energy and resource management. In 2018, this metric continued to mature as ENOC's Sustainability Index, taking our different business segments into consideration.

The index now exists as a variable set of targets depending on operations (energy intensity, emission intensity, water, waste, green procurement, flaring etc.). We have an ambitious target in E&RM to reduce our energy consumption by 12 percent in 2021 from the 2013 baseline.

ENERGY CONSUMPTION ACROSS THE BUSINESS

SI No.	Aspect	Unit	2014	2015	2016	2017	2018
1	Total Energy	GJ	23,604,926	25,010,436	22,760,737	23,564,782	21,055,322
2	Specific Energy	GJ/ton	0.57	0.53	0.47	0.43	0.41
3	Total Emissions	tCO_{2e}	1,009,106	1,053,472	1,003,153	1,013,948	898,069
4	Specific Emissions	kg CO_{2e}/ton	24.29	22.32	20.54	18.51	17.38

Energy and resource management

ENOC E&RM strategy supports the nation's broader energy management initiatives

Key initiatives for 2018:
- **Applied a 3 percent savings target through E&RM**
- **Conducted training on self-audits for all ENOC business units**
- **Introduced ENOC's Superior Energy Performance Scheme**

A framework for ENOC's Superior Energy Performance (SEP) Scheme has been developed and was implemented at the end of 2017, with 2018 the first full year in which the scheme operated. Central to a comprehensive sustainability roadmap that ENOC has been preparing for since 2014, the objective is to invest US $15 million in sustainability projects over that period and achieve savings of US $5.5 million. We have now achieved savings of US $19.4 million up to 2018 triple the original target.

The ENOC SEP scheme is based on US Department of Energy Standard that provides guidance, tools and protocols to drive deeper and more sustained savings from ISO 50001. To qualify, facilities must implement an energy management system that meets the ISO 50001 standard, and demonstrate improved energy performance.

The ENOC Scheme establishes minimum requirements relating to the E&RM System, Measurement and Verification (M&V) and energy-related data. There is system of certification which ranges from the basic certified level up to platinum. Four of ENOC's business segments have already achieved bronze, and the plan is to move steadily towards the platinum ratings.

Having launched the second edition of ENOC's Energy and Efficiency Report in 2018, we made good progress in meeting its objectives of moving away from conventional energy management system audits and adopting a culture of superior energy performance and operational excellence. The report also identifies two critical goals: the need for organisations to build their own culture of superior energy performance; and to institutionalise Energy and Resource Management (E&RM) practices within their operations.

In establishing these new benchmarks, the report articulates ENOC's thought leadership on energy and resource management to help raise awareness among government authorities and stakeholders, and sets out the Group's contributions towards key strategies such as Dubai Plan 2021, Dubai Integrated Energy Strategy 2030 (DIES 2030), and Dubai Clean Energy Strategy 2050.

Key among these is a fresh approach to how ENOC's business units determine their own E&RM Business Plans containing individual energy conservation projects, in order to introduce a measure of uniformity across the organisation. Accordingly, it was decided to set a minimum annual savings threshold of a 3 percent reduction in energy cost against baseline energy use.

As part of ENOC's cultural shift from compliance to performance, the organisation also decided to introduce self-audits to give the business units full ownership of the audit results and the need to take corrective action, if any.

But for self-audits to yield good results, it was felt that detailed training programmes would be necessary. Also, suitably qualified internal auditors – ideally with training in energy management – must conduct the self-audits.

Further, the self-audit system will only apply to business units that have scored above the cut-off target of 2.5 out of 4. Those below the 2.5 mark will continue to be assisted by the Group Sustainability Office (GSO).

ENOC is determined that its E&RM strategy should drive innovation and fresh thinking, both within the organisation and as a role model externally. All business units submitted proposals for achieving ISO 50001 certification by the end of 2018, and some have already been successful.

We remain committed to taking an active role in energy management and sustainability initiatives at the global, national and local levels, and to contributing to the realisation of our leader's vision: namely, that Dubai should become the city with the smallest carbon footprint in the world by 2050.

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US $19.4m

savings achieved

ISO 50001

all business units submitted proposals for achieving ISO 50001 certification by the end of 2018, and some have already been successful

Corporate social responsibility

Making a positive impact

The social dimension of ENOC's sustainability programme integrates with the Group's environmental and economic efforts. The overall framework comprises four elements: environment, community, employee wellness, and volunteering. Each element is supported by a wide range of activities – from education to famine relief; from personal wellness to maintaining a green economy.

Our social responsibility framework

Community

ENOC's network of partnerships is a vital element in efforts on behalf of the community, working with the World Green Economy Summit, Dubai Autodrome, Suqia, UAE Red Crescent, Arabia CSR Network, Bait al Kheir, Dubai Police, and the Mohammed bin Rashid Foundation. Similarly, membership of related organisations has an important role. ENOC belongs to the Emirates Environment Group, Dubai Green Economy Partnership, World Wildlife Fund, and CSR Label.

This year, ENOC Group celebrated the International Day for Older Persons, in collaboration with Beit Al Kheir Society, as part of the nation's 'Year of Zayed' initiative. The Group employees visited the Senior Happiness Center run by Dubai Health Authority, along with volunteers from Beit Al Kheir Society, and organised a series of interactive activities for the elderly.

Central to our theme of commitment, we joined hands with Kesa'a Volunteering Initiative, and participated in preparation of 7,000 items of clothing with People of Determination for over 3,000 beneficiaries. As part our Ramem Volunteering Initiative, 650 volunteers from ENOC participated in retrofitting 30 houses and installing 30 solar LED lights. Volunteering activities by ENOC employees are another important facet of community engagement.

We went a step ahead, and the Group delegation welcomed H.E Lieutenant General Dhahi Khalfan Tamim, Deputy Chairman of Police and General Security of Dubai, as guest lecturer who shed light on the leadership qualities of the Late Sheikh Zayed bin Sultan Al Nahyan, Founding Father of the UAE.

Community activities also include working with the Solar Decathlon Middle East, where teams were challenged to adapt their designs to the heat, dust, and high humidity experienced in the Middle East. ENOC sponsored the initiative, and 15 teams from around the world designed solar powered sustainable houses for a total prize of AED 10 million.

Notable community-related activities meant collaboration with the Community Development Authority (CDA) wherein the companies came together to distribute 100 Union Coop cards valued at AED 2,500 each to Emirati single mothers on Emirati Women's day. The initiative aimed at supporting single mothers, who are shouldering a family of four members and above to achieve financial independence and security.

Carrying on its largest corporate social responsibility initiative for Dubai Autism Center, the Group organised a visit to Dubai Aquarium Underwater Zoo. The idea was to integrate people of determination through the various educational activities.

In 2018, applications were received for the ENOC Energy Scholarship Programme, a post-graduate Master's degree in Energy Management from Heriot-Watt University in Dubai. Herriot-Watt is the only college in the UAE that offers these courses, and three UAE nationals are now enrolled in the programme.

In 2018, employees were involved in the preparation of 10,850 school kits that were distributed to National Charity Schools under the auspices of Dubai Cares, a philanthropic organisation working to improve children's access to quality primary education. Employees also participated in ENOC's Minutes of Giving campaign, helping to prepare more than 500 care packages.

Exploration and Production operations in Turkmenistan

For the first time since ENOC became its outright owner, Dragon Oil was fully integrated into the company's broader sustainability programme. As part of the process, a survey was conducted to identify the top 10 sustainability issues which Dragon Oil addresses.

Dragon Oil allocates about US $13 million annually to social initiatives and training programmes, undertaking various projects for the benefit of communities in Hazar, the hub of its operations in Turkmenistan, and in Ashgabat, Turkmenistan's capital and largest city. Activities include making repairs and infrastructure development; educational and social facilities, including schools and hospitals; and sponsoring various sports, educational and cultural events.

Training the citizens of Turkmenistan is a priority. Dragon Oil invested more than US $3 million during 2018 to improve the professional capabilities of the company's national employees. About 145 training events were conducted, in which more than 5,600 national employees participated.

A High-Potential Programme was introduced in 2010 and now has 56 employees from various departments. High-potential employees are actively working on their development to close their competency gaps, using methods such as self-learning, e-learning, and project assignments. In 2017, four programme participants were promoted – two to deputy superintendent in logistics and two in offshore operations.

The Higher Education Assistance Programme aims to support academic activities that relate to the organisation's identified knowledge, skills and competencies, and offers different levels of education, from diploma to Master's degrees.

Some 30 employees are now enrolled in the program, including 5 during 2018. Two are expected to graduate in 2019.

In collaboration with Tomsk Polytechnic University, Dragon Oil arranged and conducted entrance examinations in mathematics, chemistry, physics, and the Russian language, for the top 20 school leavers who applied for scholarships. Based on the exam results and other critical indicators, the selection committee awarded scholarships to ten Hazar people in 2018, bringing the total sponsored by Dragon Oil to 31.

Environment

ENOC's CSR journey has been marked by many notable achievements, particularly in environmental education. Working with the Dubai Aquarium and Underwater Zoo, for example, has resulted in some 2.25 million members of the community learning about marine wildlife and conservation.

As a strategic partner of Emirates Environmental Group, we share the belief that education is key to achieving environmental success. The Group serves as a creative platform for tomorrow's sustainability champions to come together and discuss contemporary environmental issues via public-speaking competitions and debates. More than 700 students participated from a total of 87 schools and 51 universities from across the MENA region.

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Green economy

Correcting perceptions of 'green = expensive'

The UAE Energy Plan 2050 was launched in January 2017 as a blueprint for an energy-efficient and low-carbon future. It aims to cut carbon dioxide emissions by 70 percent, increase clean energy use to 50 percent, and improve energy efficiency by 40 percent. The plan projects total savings of US $190 billion.

The national strategy follows the Emirate of Dubai's announcement that it seeks to have clean energy account for 75 percent of its portfolio by 2050. As the key energy infrastructure partner to the Dubai Government, ENOC has made significant progress to support both the UAE Energy Plan 2050 and the Dubai Plan 2021 to become a smart and sustainable city.

Sustainability can only be achieved by transforming the way businesses think and operate. ENOC is evolving in line with the philosophy, especially in changing the perception that 'green equals expensive'.

ENOC experience shows this is far from reality, as demonstrated by the financial impact of 'quick win' efforts. An investment of AED 75.6 million since 2014 has already yielded ongoing savings of more than AED 71.3 million.

Plans are now being implemented to invest in further energy efficiency and resource management projects to achieve even greater savings. The savings already made follow years of hard work, and reflect ENOC's unique ecosystem that facilitates free-flowing and innovative ideas from the top down and from the bottom up. Finding solutions from both ends of the chain of command accelerates progress.

Three highly active entities inspire the ENOC sustainability message across the chain of command: the Sustainability Leadership Group, the Energy and Resource Management Steering Committee, and the Energy and Resource Management Technical Committee. On the other side of the chain, employees are encouraged to propose ideas to line managers and through the Innovate suggestion programme.

A number of projects illustrate ENOC's commitment to sustainable practices. The first solar-powered service station in the UAE – now the model for all future ENOC stations – can produce 120 kWh on an ideal day, 30 percent more than needed to run the station. Excess power is transmitted back to DEWA's main grid through a solar meter the tracks input. ENOC estimates that more than 7.6 GWh of solar energy will be produced to power these stations, minimising the load on DEWA's grid and power-generation capacity.

ENOC has also installed vapour recovery systems in service stations that enable close to 100 percent recovery of gasoline vapour and other emissions. The system recovers vapour released from the petrol dispensers and storage tanks, condensing it back into fuel form, and is expected to convert up to 5,000 litres of fuel, per month.

Other new technologies include variable refrigerant flow that adjusts the volume of refrigerant to air-conditioning systems according to prevailing temperatures, saving 35 percent of energy used by conventional AC systems – equating to reduction in electricity bills of about AED 22,000 per service station, per year.

Compressed natural gas for vehicles has proven its commercial viability and is considered one of the cleanest and safest fuel types, with the lowest carbon emissions. Dubai's long-term strategic plan to provide 75 percent of the Emirate's energy through clean sources by 2050 provides ample opportunity to drive the use of CNG.

ENOC introduced the CNG Mother Station and Mobile Refuelling Units to cater for small-fleet customers. Such stations now serve more than 500 vehicles a day, with plans to increase the number of vehicles running on CNG to 5,000 over the next few years.

The launch of 'Biodiesel5' to the UAE market is another significant green initiative by ENOC. The new product is a clean fuel produced from vegetable oil and waste cooking oil. As biodiesel is derived from renewable resources, this is an opportunity to reduce the domestic consumption of fossil fuels and contribute towards the region's responsibility for environmental protection and sustainability. The launch aligns with the UAE Energy Plan 2050, which targets an energy mix that combines renewable, nuclear and clean energy sources to meet the country's economic requirements and environmental goals.

As consumers become increasingly environmentally conscious, national oil companies that embrace a low-carbon path will gain more favour in a competitive market. ENOC will continue to adapt to these changes and lead the way in ensuring that an efficient and diversified fuel mix supports Dubai's goals, now and in the future.

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120 kWh

daily energy produced by the first solar-powered service station in the UAE, 30 percent more than is needed to run the station

AED 71.3m

an investment of AED 75.6 million since 2014 has already yielded ongoing savings of more than AED 71.3 million

35%

savings achieved using refrigerant flow technology rather than conventional AC systems

ENOC Group legal entities

United Arab Emirates
ENOC Processing Company LLC
ENOC Tasjeel LLC
Gulf Energy Maritime (GEM) PJSC – 35.62 %
ENOC Fuel Supply Company LLC
ENOC Properties LLC
Fujairah Energy Projects Company LLC – 50 %
Dubai Carbon Center Excellence LLC – 25 %
Dubai Natural Gas Company Limited
ENOC-IG Petrochemicals LLC – 70 %
ENOC Supply and Trading Company LLC
ENOC Marketing LLC
ENOC Lubricants and Grease Manufacturing Plant LLC
EPPCO Projects LLC – 51 %
ENOC Retail LLC
ENOC Retail System
Emirates Gas LLC
Horizon Terminals Limited
EPPCO International Limited – 50 %
Horizon Jebel Ali Terminals Limited
Vopak Horizon Fujairah Limited – 33.33 %
Horizon Emirates Terminals LLC

Bermuda
Dragon Oil (Turkmenistan) Ltd
Dragon Oil (Algeria Alpha) Limited
Dragon Oil (Egypt Alpha) Limited
Dragon Oil (Bargou Tunisia) Limited
Dragon Oil (Sanduqli) Limited
Dragon Oil (Mazar-i-Sharif) Limited
Dragon Oil (Philippines SC63) Limited

Djibouti
ENOC Djibouti FZCO – 80 %
Horizon Djibouti Terminals Limited FZCO – 44.44 %

Jersey
Dragon Oil (International) Limited
Dragon Oil (Block 9) Limited

Malaysia
ESL Limited

Malta
Dragon Oil (Holdings) Limited

Morocco
Horizon Tangiers Terminals SA – 34 %

Saudi Arabia
Arabtank Terminals Ltd – 36.5 %
United Gulf Aircraft Fuelling Company LLC – 49 %
Saudi Emirates Fuel Company
United Fuel Company
Integrated Logistics Company – 40 %

Singapore
Horizon Singapore Terminals Pte Ltd – 52 %
ENOC Singapore Pvt Ltd
Falcon Grace Private Limited
Falcon Victory Private Limited
ETL Falcon Private Limited
Centennial Asia Shipping Private Limited

Somalia
Horn Fuel Trading LLC – Somalia – 51 %

Tanzania
ENOC Africa – 60 %

United Kingdom
ENOC Services (UK) Ltd
Dragon Resources (Holdings) plc

Notes

enoc.com