Second Quarter and First Half 2024 Results

Management Discussion & Analysis Report

8 August 2024

ADNOC DISTRIBUTION

Key highlights: Continued strong momentum in operating and financial performance in H1 2024

Total fuel volumes – H1 2024

7.22
billion liters

+10.4% Y-o-Y

Retail: +10.4%, driven by strong mobility trends and partially attributable to the timing of consolidation of TotalEnergies Marketing Egypt

Commercial: +10.5%, driven by economic expansion and partially attributable to the timing of consolidation of TotalEnergies Marketing Egypt

5.68
billion liters sold in the UAE and KSA

+7.0% Y-o-Y

Retail: +5.4% supported by network expansion, higher mobility, sustained momentum in the region's economic activities and higher contribution from KSA operations

Commercial: +10.1% on strong performance of the corporate business and new contracts signed in the UAE in 2023 and H1 2024

Revenue – H1 2024

17,534
AED million

+8.7% Y-o-Y
supported by higher fuel volumes and pump prices, growing non-fuel retail segment contribution and consolidation of TotalEnergies Marketing Egypt

Gross profit – H1 2024

3,021
AED million

+13.9% Y-o-Y

driven by strong operating performance and supported by inventory gains of AED 249 million in H1 2024 compared to inventory gains of AED 61 million in H1 2023

1,930
AED million

Fuel retail: +13.4% Y-o-Y

supported by higher retail fuel volumes and inventory gains of AED 246 million in H1 2024 vs. AED 80 million inventory gains in H1 2023

405
AED million

Non-fuel retail: +14.8% Y-o-Y

supported by growth in non-fuel transactions, improved convenience store customer offerings, growing car wash business contribution driven by new initiatives: tunnels and upgraded automatic car washes, as well as other car services

687
AED million

Commercial: +15.0% Y-o-Y

driven by growth in corporate fuel volumes and inventory gains of AED 3 million in H1 2024 vs. inventory losses of AED 20 million in H1 2023

EBITDA – H1 2024

1,892
AED million

+16.2% Y-o-Y

supported by higher inventory gains in H1 2024 vs. H1 2023

Underlying EBITDA – H1 2024

1,653
AED million

+10.4% Y-o-Y

driven by volume growth, higher contribution from non-fuel retail business and international activities

Net profit attributable to equity holders – H1 2024

1,172
AED million

+7.7% Y-o-Y

after AED 121 million UAE corporate income tax in H1 2024

Net profit, excl. UAE corporate income tax impact – H1 2024

1,294
AED million

+18.8% Y-o-Y

supported by volume growth, higher contribution from non-fuel retail business and international activities (KSA and Egypt) as well as higher inventory gains

Cash generation and balance sheet – H1 2024

1,793
AED million

Free cash flow

Free cash flow up by 46.7% Y-o-Y. Excluding the effect of working capital changes, free cash flow increased by 8.8% Y-o-Y

The Company maintained a strong financial position at the end of June 2024 with liquidity of AED 6.2 billion, in the form of AED 3.4 billion in cash and cash equivalents and AED 2.8 billion in unutilized credit facility

0.53x

Net debt to EBITDA ratio

balance sheet remained strong with a Net debt to EBITDA ratio of 0.53x as of 30 June 2024 (0.62x as of 31 December 2023)

Operational highlights – H1 2024

10

New stations

in the UAE, KSA and Egypt

847

Total stations network

534 in UAE
69 in KSA
244 in Egypt*

365

Convenience stores network in the UAE

92.2
million

Fuel transactions in the UAE

+6.5% Y-o-Y

23.5
million

Non-fuel transactions in the UAE

+8.9% Y-o-Y

104

EV fast and super-fast charging points in the UAE

doubled compared to 53 charging points at the end of 2023

25.3%
+70 bps

H1 2024 convenience store conversion rate in the UAE

compared to 24.6% in H1 2023

26.1%
+130bps

Q2 2024 convenience store conversion rate in the UAE

compared to 24.8% in Q2 2023

*Acquisition of 50% of TotalEnergies Marketing Egypt completed in February 2023

Strong H1 2024 delivery across all business lines

In H1 2024, ADNOC Distribution demonstrated growth in EBITDA of 16.2% year-on-year to AED 1,892 million, while net profit attributable to equity holders increased by 7.7% year-on-year to AED 1,172 million despite the impact of the UAE corporate tax. Net profit excluding the tax impact increased by 18.8% year-on-year. The strong financial performance was supported by double-digit growth in fuel volumes, continued expansion of the retail fuel network, higher number of non-fuel transactions, material improvement in convenience store conversion rate and a growing contribution from international operations (KSA and Egypt). Together with a robust balance sheet (net debt/EBITDA of 0.53x as of 30 June 2024) this provides support to future growth prospects in line with the new 2024-28 strategy approved by the Board of Directors and communicated to capital markets during the Investor Day in February 2024.

Fuel business (retail and commercial)

ADNOC Distribution's UAE and KSA retail and commercial fuel volumes increased in H1 2024 by 7.0% year-on-year to 5.68 billion liters supported by region's continued economic growth and higher mobility. New stations in Dubai and network renovation in Saudi Arabia resulted in incremental retail fuel volumes. This, together with economic growth momentum and higher mobility, resulted in a 5.4% increase in retail fuel volumes in the UAE and KSA to 3.72 billion liters compared to H1 2023. Including the operations in Egypt, ADNOC Distribution recorded a 10.4% year-on-year increase in the total fuel volumes to 7.22 billion liters, including 10.4% higher retail and 10.5% higher commercial fuel volumes.

Network expansion: In H1 2024, ADNOC Distribution further expanded its retail fuel activities by adding 10 new stations in the UAE, KSA and Egypt and is on track to open 15-20 new stations in 2024.

- **Domestically:** ADNOC Distribution added six new stations in the UAE in H1 2024 (one existing On the Go station in Abu Dhabi was closed during the period) to reach 534 stations in the home market, which compares to 511 stations at the end of H1 2023.
- In Dubai, the Company opened one new station in H1 2024. As a result, ADNOC Distribution's service station network in the emirate expanded to 45 stations at the end of the period, up by 7.1% from 42 stations at the end of H1 2023.
- **Internationally:** ADNOC Distribution continued to execute on its plans in the Kingdom of Saudi Arabia, with two stations opened during H1 2024 (one existing station was returned during the period), taking the total network in the country to 69 stations at the end of the period. The Company has revitalized and rebranded c.85% of its KSA stations as of the end of H1 2024.

  During H1 2024, the Company's assets in Egypt added two new service stations to the portfolio (one existing station was closed during the period) to reach 244 service stations at the end of the period. In addition, the Egypt portfolio comprised aviation fuel, lubricant and wholesale fuel operations as well as 100+ convenience stores, 250+ lube changing points and 15+ car wash locations.
- **Total network of ADNOC Distribution** increased to 847 stations vs. 816 at the end of H1 2023.
- **Network of fast and super-fast EV charging points** doubled to 104 vs. 53 at the end of 2023.

Commercial business: In H1 2024, commercial segment fuel volumes in GCC increased by 10.1% compared to H1 2023 to 1.96 billion liters driven by an increase of 11.7% year-on-year in corporate business volumes. This was a result of execution of new contracts signed in 2023 and H1 2024, as the Company has been proactively focusing on gaining market share in Dubai and Northern Emirates.

Commercial segment fuel volumes in Egypt increased by 13.5% compared to H1 2023. The growth was driven by a 43.1% year-on-year increase in aviation volumes supported by the continued tourism growth and was partially attributable to the timing of consolidation of TotalEnergies Marketing Egypt.

The total number of export network countries in ADNOC Distribution's VOYAGER lubricants portfolio rose to 43 markets at the end of H1 2024 compared to 32 markets at the end of the same period last year. The Company is exploring opportunities to penetrate new growing lubricants markets through collaboration with leading partners worldwide.

Additionally, in 2023 the Company launched ADNOC Voyager brand signature range of premium and OEM-approved automotive vehicle lubricants in Egypt through TotalEnergies Marketing Egypt. The products are available for the Egyptian consumers to purchase at ADNOC-branded service stations.

Non-fuel business - UAE

During H1 2024, ADNOC Distribution in line with the non-fuel retail strategy implemented a series of marketing campaigns and customer-centric initiatives. The Company continued to enhance customer experience through various initiatives, such as offering a modern shopping environment, improvement in category management, a better assortment of products, including introduction of fresh food and premium coffee products, and digital channels to order and transact.

As a core part of its growth strategy, ADNOC Distribution is leveraging advanced technologies, such as Artificial Intelligence, to enhance customer experience. AI-driven initiatives such as Fill and Go, which uses computer vision-enabled license plate recognition for a seamless refuelling process, are differentiating ADNOC Distribution's offering while positioning the Company as a leader in innovation within the industry.

In addition, the Company executed on its convenience store revitalization program and since the launch of the program modernized c.210 ADNOC Oasis stores, offering fresh food, barista-brewed coffee and a wider menu selection. As a result, today 90% of stores are new or refurbished, offering new look and feel and improved category management.

The Company continued to develop its non-fuel offerings in H1 2024 opening five stand-alone convenience-stores to capture opportunities for non-fuel retail growth outside its service stations. In addition, ADNOC Distribution launched two new high-capacity car wash tunnels, which have significantly greater capacity than conventional facilities, with plans to open additional car wash tunnels and upgrade 50% of existing automatic car washes over the course of 2024. Both initiatives provided strong support to the car wash business which led in terms of year-on-year growth in H1 2024 among all non-fuel retail verticals.

ADNOC Distribution increased the number of its vehicle inspection centres in the UAE to 34 following an addition of one new centre between end of H1 2023 and end of H1 2024. The number of vehicles inspected (fresh tests) in the Company's vehicle inspection centres increased by 23.0% in H1 2024 year-on-year, driven by an increase of the number of vehicle inspection centres, introduction of new services and supported by marketing and promotions.

ADNOC Rewards loyalty program and customer focus

ADNOC Distribution is committed to putting customers at the heart of what it does to help accelerate the mobility revolution and redefine the experience at service stations; thereby, cementing the Company's position as a destination of choice for its customers.

ADNOC Rewards loyalty program welcomed nearly 350,000 new members over the past 12 months, including more than 150,000 new members in H1 2024. The total enrolled members in the program reached 2.1 million at the end of H1 2024, a 21% year-on-year increase, with over 120 partners providing deals and discounts through the ADNOC Distribution app. The growth was supported last year by an improvement in generosity of 3X. New system of ADNOC Rewards tiers was introduced in 2023: SILVER, GOLD, and PLATINUM – each delivering an expanded suite of exciting benefits and offers to customers.

As part of the loyalty programme, the Company offers its customers promotions in-store, and a range of initiatives that include linking ADNOC Rewards across service station purchases and allowing customers to earn and redeem points against valuable offerings – in fuel, lube change services, convenience store and car washes. All this contributed to growth in the non-fuel business.

OPEX

ADNOC Distribution cash OPEX increased in H1 2024 by 8.4% year-on-year to AED 1,160 million which is partially explained by a one-off cost of AED 10 million vs. a one-off gain of AED 70 million in H1 2023. Excluding the impact of the one-off items, the cash OPEX increased by 0.9% year-on-year to AED 1,150 million, while the Company's operations and associated costs expanded. In particular, number of stations in the UAE and KSA increased by 4.9% at the end of H1 2024 compared to the end of H1 2023. In addition, ADNOC Distribution recorded additional costs associated with the assets in Egypt due to the timing of consolidation of TotalEnergies Marketing Egypt.

In H1 2024, the Company achieved like-for-like OPEX savings of AED 37 million, on track to reduce like-for-like OPEX by up to AED 184 million ($50 million) by 2028.

Efficient capital allocation

In line with the plans to continue with its expansion strategy, ADNOC Distribution invested (including accruals/provisions) AED 370 million in H1 2024, of which nearly 60% spent on growth. Our target remains to spend AED 0.9-1.1 billion ($ 250-300 million) on CAPEX in 2024.

ADNOC Distribution has demonstrated a proven track-record of value creation since IPO, by pursuing new opportunities in domestic and international markets and allocating cash towards growth. Through efficient capital allocation, the Company has consistently achieved healthy rates of return, including Return on Capital Employed (ROCE) of 29.0% in H1 2024 (24.3 % in H1 2023) and Return on Equity (ROE) of 80.8 % in H1 2024 (70.1% in H1 2023).

In H1 2024, ADNOC Distribution had free cash flow of AED 1,793 million, an increase of 46.7% year-on-year. Excluding the effect of working capital changes, in H1 2024 free cash flow increased by 8.7% vs. H1 2023.

At the end of June 2024, the Company maintained a strong financial position with liquidity of AED 6.2 billion in the form of AED 3.4 billion in cash and cash equivalents and AED 2.8 billion in unutilized credit facility. The balance sheet remained strong with a net debt to EBITDA ratio of 0.53x as of 30 June 2024 (0.62x as of 31 December 2023).

Eng. Bader Al Lamki – Chief Executive Officer:

ADNOC Distribution continued to achieve strong financial results in the second quarter of 2024. These results, marked by double-digit growth in EBITDA and net profit, highlight our effective pursuit of the Company's five-year strategy, focusing on domestic growth, international platforms, future-proofing the business and investing in convenience and mobility. We are well-positioned to build on this momentum in the second half of the year, leveraging our increasingly diversified revenue streams to continue delivering value to shareholders.

To constantly meet changing consumer demands, we are committed to the pursuit of pioneering AI, technology, and innovation-enabled growth to continuously unlock value. To that end, we are embedding AI within our operational framework, developing wide-ranging digital solutions, yielding significant and measurable efficiencies.

Outlook for 2024 and beyond remains positive

With the strong EBITDA growth and attractive shareholder payback, ADNOC Distribution continues to represent a compelling investment case. After delivering on a critical commitment to capital markets of generating in 2023 in excess AED 3.68 billion ($1 billion) EBITDA, the Company expects solid outlook for full year 2024 and beyond, underpinned by the volume growth momentum, higher contribution of non-fuel retail, growth in international activities and efficiency enhancement.

The Company is rapidly developing fast and superfast EV charging infrastructure across its UAE network – a key component of its strategy to futureproof the business. In addition, ADNOC Distribution is exploring further options to grow in mobility and lifestyle as well as new revenue streams created through energy transition. The Company continues to search for value-accretive domestic and international expansion opportunities, including new markets – to generate additional value for its shareholders.

ADNOC Distribution's growth ambitions are underpinned by a solid macroeconomic backdrop. In 2023, UAE GDP expanded by 3.6%, including growth in non-oil GDP of 6.2%. More specifically, financial activities and insurance demonstrated growth of 14.3%. Transport and storage activities expanded by 11.5% driven by a significant increase in airport passengers: in 2023, total number of international visitors reached 31.5 million, a 25% increase compared to 2022. Construction and building activities saw an 8.9% growth and real estate activities increased by 5.9%. Finally, residency and food services sector demonstrated growth of 5.5% supported by an increase in international visitors in 2023: hotel guests were 28 million, an 11% increase year-on-year.

ADNOC Distribution's main market Abu Dhabi GDP grew by 3.1% in 2023 year-on-year. This was driven by a 9.1% expansion in the non-oil sector, supported by private consumption that was boosted by population growth and tourism rebound. The key divers of economic growth in Abu Dhabi in 2023 were construction sector (+13.1% year-on-year), transportation and storage (+17.1%), and financial and insurance sector (+25.5%).

Abu Dhabi GDP growth accelerated in Q1 2024 to 3.3% year-on-year. This was driven by the growth of non-oil economic activities which expanded by 4.7%, led by transport and storage activities (+14.4%), finance and insurance activities (+9.7%) and construction (+9.5%). Non-oil activities contributed 54.1% to Abu Dhabi's economy, which is the highest rate since 2015.

Another strong signal of growth in economic activity is that according to the Dubai Department of Economy and Tourism (DET) in H1 2024 Dubai welcomed 9.31 million international overnight visitors which implies a 9% growth year-on-year.

The UAE Central Bank estimates the country's GDP growth for 2024 at 3.9% in 2024 before accelerating to 6.2% in 2025, with the non-oil GDP growth at 5.4% and 5.3%, respectively. IMF forecasts that the country's real GDP will grow by 3.5% in 2024, which is one the highest rates among the GCC economies, accelerating to 4.2% in 2025 and 4.3% in 2026.

Higher mobility and improved consumer confidence are both constituents of the UAE economic growth. They also led to the higher fuel volumes and number of non-fuel transactions recorded by ADNOC Distribution in H1 2024. Leveraging on its leadership position in the UAE, customer focus and best-in-class mobility and lifestyle experience, the Company has grown its fuel volumes at a faster rate than the country's GDP growth, increasing H1 2024 retail volumes in the GCC markets by 5.4% and commercial volumes by 10.1% year-on-year. The fuel volumes were negatively affected by the severe storms in the UAE in April 2024 but recovered in full thereafter.

Building on the strong execution and 2023 momentum, during Investor Day in February 2024 ADNOC Distribution unveiled key strategic initiatives and focus areas. The Company is ready for the new phase of growth which will see ADNOC Distribution transforming from a fuel distributor into a multi-energy, convenience and mobility leader. The Company is scaling up its portfolio of low-carbon energy solutions including biofuels, EV and hydrogen to support de-carbonization of the transport industry, and is expanding its non-fuel retail offerings.

ADNOC Distribution is prioritizing innovation and enhancing customer experience in line with its strategic objectives. The focus on seamless customer journeys through digital and hyper-personalization will drive improved brand engagement and increased footfall.

The Company aims to deliver EBITDA growth in the next five years through identified key strategic initiatives, including: growing the number of non-fuel transactions by 50%, increasing the number of fast and super-fast EV charging points by 10-15x by 2028 compared to the end of last year, reducing like-for-like OPEX by up to AED 184 million ($50 million), and growing the network of service stations to ~1,000 by 2028.

Fuel business

New stations: after exceeding the 2023 target of opening 25-35 stations by adding 41 new stations, ADNOC Distribution expects to add 15-20 new stations across its network in 2024.

Saudi Arabia: with a fully operational team on the ground, the Company is nearing completion of revitalization and rebranding programme for its network in the Kingdom.

Egypt: ADNOC Distribution's acquisition of a 50% stake in TotalEnergies Marketing Egypt in 2023 reaffirmed the Company's commitment to expanding business in attractive international growth markets. Egypt's retail fuel, lubricants and aviation markets are highly attractive with a potential for future growth. Ten service stations were re-branded to ADNOC in Cairo during 2023 and H1 2024, and further openings are targeted during 2024.

The Company plans to start blending ADNOC Voyager lubricants in Egypt in 2024, with the intention of making it a regional export hub.

Renewal of the Refined Products Supply Agreement: at the beginning of 2023, ADNOC Distribution successfully renewed its supply agreement with ADNOC for a new five-year term, reaffirming the Company's strong value proposition driven by predictable margins and highly cash generative core business. The renewal also demonstrated strong and ongoing support from the majority shareholder, ADNOC**.**

Non-fuel business

ADNOC Distribution focuses on extracting additional growth and value by sweating the assets, providing enhanced customer experience and shifting capital towards mobility and lifestyle. By offering a modern environment and a better assortment of products to customers, including fresh food and premium coffee, bundle offers and digital channels to order and transact, the Company is transforming its stations into a "Destination of choice".

ADNOC Distribution invests in offering customers a modern and engaging retail experience. The convenience store revitalization programme has ensured that the Company is positioned to capitalize on benefits of its customer-centric initiatives and generates consistent growth in its convenience stores business.

In line with its new growth strategy, ADNOC Distribution is allocating capital towards convenience and mobility to transform its stations into destinations-of-choice. The Company continued to develop its non-fuel offerings in H1 2024, opening five stand-alone convenience stores and two high-capacity car wash tunnels – which have significantly greater capacity than conventional facilities – with plans to open additional car wash tunnels and upgrade 50% of the existing automatic car washes over the course of 2024.

In its property management business, the Company aims to double the number of property units occupied by top international and regional food & beverage brands across its network by the end of 2025.

Operating and investment efficiency

ADNOC Distribution aims to become one of the leading cost-efficient fuel retailers and remains on track to reduce structural costs, make its operations leaner and more efficient. The key drivers for OPEX savings include optimization, with the more efficient deployment of staffing levels for stations and convenience stores, energy efficiency through smart technology, outsourcing of logistics, centralization of key functions, etc.

AI & futureproofing of business

I/ Technology

As a core part of its growth strategy, ADNOC Distribution is leveraging advanced technologies, such as Artificial Intelligence, to enhance customer experience. AI-driven initiatives such as Fill and Go – which uses computer vision-enabled license plate recognition for a seamless refuelling process – are differentiating ADNOC Distribution's offering while positioning the Company as a leader in innovation within the industry.

Using innovative Fuel Demand AI Model, we employ predictive demand analytics to optimize fuel delivery across our network. The model offers fuel forecast accuracy exceeding 95%, far surpassing conventional methods averaging 60%, resulting in reduced total fuel inventory runout, and is expected to prevent potential lost sales totalling AED 125 million in a five-year period.

Additionally, with the improved fuel demand forecast accuracy the Company's supply chain fleet reduced total fuel truck emissions by 10% through improved delivery timing efficiencies, supporting ADNOC Distribution's objective of reducing carbon emissions intensity by 25% by 2030.

II/ Rollout of Electric Vehicles (EV) charging points

ADNOC Distribution is committed to futureproofing its business through a disciplined rollout of profitable fast and super-fast EV charging points. The chargers are installed across the Company's service stations and dedicated mobility hubs at strategic locations in the UAE to address current EV customer demand and offer enhanced customer value proposition.

ADNOC Distribution has made significant progress in expanding its network of EV charging points across the UAE, as part of its strategy to meet the growing demand for e-mobility solutions. As of end of H1 2024, the Company had more than 100 EV charging points, doubling this number from the end of last year. The network offers fast and super-fast EV charging options, covering key highways and urban areas. ADNOC Distribution aims to further increase its network to 150-200 EV charging points by the end of 2024, cementing its position as a leader in the EV charging market.

Sustainability

I/ Decarbonization roadmap

ADNOC Distribution plans to expand its sustainability-driven efforts to futureproof its business. In January 2023, the Company unveiled its Decarbonization roadmap, committing to a reduction of carbon intensity of its operations by 25% by 2030. The Decarbonization roadmap covers Scope 1 emissions which come directly from the Company's operations, and Scope 2 carbon emissions which come from the energy ADNOC Distribution uses to run its operations.

The Company aims to cut emissions through a set of identified initiatives that will be implemented in 2024 and beyond, such as installing solar panels at service stations, use of biofuels to power its fleet of vehicles and other energy optimization initiatives. ADNOC Distribution also aims to utilize 'green concrete', that is eco-friendly and has a smaller carbon footprint than traditional concrete, in the construction of new service stations.

ADNOC Distribution started installation of solar panels across its service stations network in Dubai, as part of the Company's phased approach to UAE-wide solar rollout to provide the power needed for daily operations, and already installed them at 31 stations. Additionally, 100% of the Company's UAE heavy fleet is now using biofuel.

In 2023, ADNOC Distribution started operation of the region's first high-speed green hydrogen pilot refuelling station opened by ADNOC, to test a fleet of zero-emission hydrogen-powered vehicles. The station creates green hydrogen from water using an electrolyser powered by clean grid electricity and will be certified as "green" from solar sources by the International REC Standard, an internationally recognized certification organization. The pilot will be used to gather data to understand the long-term viability of hydrogen vehicles in the UAE.

II/ Sustainability Linked Loan

ADNOC Distribution became the first UAE fuel and convenience retailer to tap into sustainable financing, by converting in January 2023 an existing AED 5.5 billion ($ 1.5 billion) term loan into a Sustainability Linked Loan. The Company committed to a penalty/incentive model which ties the loan to the sustainability-linked indicators, including GHG emissions intensity and share of renewable energy contribution. By arranging the Sustainability Linked Loan, ADNOC Distribution has aligned its funding strategy with the sustainability roadmap.

Dividend policy

ADNOC Distribution is committed to delivering sustainable, profitable growth and attractive shareholder returns. In recognition of the Company's strong financial position and confidence in the future cash flow generation, in March 2024 the shareholders approved a new dividend policy that provides long-term payback visibility and dividend upside from the future earnings growth. This dividend policy represents a balance between growth in investments and sustainable shareholder payback.

For 2024-28, the policy sets a dividend of AED 2.57 billion (20.57 fils per share) or minimum 75% of net profit, whichever is higher. At AED 2.57 billion, 2024 dividend yields 6.0% (at a share price of AED 3.42 as of 7 August 2024), subject to the discretion of the Company's Board of Directors and to the shareholders' approval.

In accordance with the dividend policy, ADNOC Distribution expects to continue to pay half of the annual dividend in October of the relevant year and the second half in April of the following year.

In March 2024, the shareholders approved the dividend of AED 1.285 billion for the second six-months period of 2023, which was paid in April 2024. Furthermore, H1 2024 dividend is expected to be paid in October 2024, subject to the discretion of the Company's Board of Directors.

ADNOC
DISTRIBUTION

Financial summary

AED million	Q2 24	Q1 24	*QoQ %*	Q2 23	*YoY %*	H1 24	H1 23	*YoY %*
Revenue	8,784	8,750	*0.4%*	8,132	*8.0%*	17,534	16,130	*8.7%*
Gross profit	**1,541**	**1,481**	*4.1%*	**1,388**	*11.0%*	**3,021**	**2,652**	*13.9%*
Gross margin, %	*17.5%*	*16.9%*		*17.1%*		*17.2%*	*16.4%*	
EBITDA	**979**	**913**	*7.3%*	**851**	*15.0%*	**1,892**	**1,627**	*16.2%*
EBITDA margin, %	*11.1%*	*10.4%*		*10.5%*		*10.8%*	*10.1%*	
Underlying EBITDA (1)	851	801	*6.3%*	748	*13.8%*	1,653	1,497	*10.4%*
Operating profit	788	735	*7.2%*	666	*18.4%*	1,523	1,291	*18.0%*
Net profit attributable to equity holders	**623**	**550**	*13.3%*	**551**	*12.9%*	**1,172**	**1,089**	*7.7%*
Net margin, %	*7.1%*	*6.3%*		*6.8%*		*6.7%*	*6.7%*	
Earnings per share (AED/share)	0.05	0.04	*13.3%*	0.04	*12.9%*	0.09	0.09	*7.7%*
Net profit, excluding UAE corporate tax impact	**687**	**607**	*13.1%*	**551**	*24.5%*	**1,294**	**1,089**	*18.8%*
Net cash generated from operating activities	1,472	865	*70.3%*	370	*298.0%*	2,337	1,627	*43.7%*
Capital expenditures	201	169	*18.6%*	227	*-11.6%*	370	384	*-3.7%*
Free cash flow (2)	**1,212**	**581**	*108.5%*	**174**	*596.1%*	**1,793**	**1,222**	*46.7%*
Total equity	3,576	2,964	*20.6%*	3,324	*7.6%*	3,576	3,324	*7.6%*
Net debt (3)	2,094	1,897	*10.4%*	3,572	*-41.4%*	2,094	3,572	*-41.4%*
Capital employed	11,069	10,497	*5.5%*	10,712	*3.3%*	11,069	10,712	*3.3%*
Return on capital employed (ROCE), %	*29.0%*	*29.5%*		*24.3%*		*29.0%*	*24.3%*	
Return on equity (ROE), %	*80.8%*	*96.8%*		*70.1%*		*80.8%*	*70.1%*	
Net debt to EBITDA ratio (3)	*0.53*	*0.50*		*1.13*		*0.53*	*1.13*	
Leverage ratio, %	*36.9%*	*39.0%*		*51.8%*		*36.9%*	*51.8%*	

(1) Underlying EBITDA is defined as EBITDA excluding inventory movements and one-off items
(2) Free cash flow is defined as net cash generated from operating activities less payments for purchase of property, plant & equipment, and advances to contractors
(3) Cash and bank balances used for net debt calculation include term deposits with banks
Note: See the Glossary for the calculation of certain metrics referred to above

ADNOC DISTRIBUTION

Operating and financial review

Fuel volumes

In Q2 2024, total fuel volumes sold reached 3,535 million liters, increasing by 4.1% year-on-year. In GCC markets (UAE and KSA), Q2 2024 total fuel volumes amounted to 2,782 million liters, up by 4.7% year-on-year supported by ongoing growth in region's economic activities and higher mobility as well as the network expansion.

In Q2 2024, GCC retail fuel volumes increased by 3.9% year-on-year, while commercial fuel volumes were up by 6.3%. On a quarter-on-quarter basis, they declined by 0.9% and 9.7%, respectively. The fuel volumes were impacted by the severe weather conditions that the UAE witnessed in April as well as Eid holidays in Q2 2024.

In H1 2024, total fuel volumes sold reached 7,222 million liters, increasing by 10.4% year-on-year, driven by strong mobility trends and partially attributable to the timing of consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), H1 2024 total fuel volumes amounted to 5,682 million liters, up by 7.0% year-on-year supported by ongoing growth in region's economic activities and higher mobility as well as the network expansion.

In H1 2024, GCC retail fuel volumes increased by 5.4% year-on-year. Commercial fuel volumes were up by 10.1% driven by an increase of 11.7% in corporate business and partially offset by a 16.2% decline in aviation business.

Fuel volumes by segment (million liters)	**Q2 24**	**Q1 24**	***QoQ %***	**Q2 23**	***YoY %***	**H1 24**	**H1 23**	***YoY %***
Retail (B2C)	**2,482**	**2,529**	*-1.9%*	**2,389**	*3.9%*	**5,011**	**4,537**	*10.4%*
Of which GCC	*1,851*	*1,868*	*-0.9%*	*1,781*	*3.9%*	*3,720*	*3,528*	*5.4%*
Of which Egypt	*630*	*661*	*-4.6%*	*608*	*3.8%*	*1,291*	*1,010*	*27.9%*
Commercial (B2B)	**1,054**	**1,158**	*-9.0%*	**1,007**	*4.6%*	**2,211**	**2,002**	*10.5%*
Of which GCC	*931*	*1,031*	*-9.7%*	*875*	*6.3%*	*1,962*	*1,783*	*10.1%*
Of which Egypt	*123*	*126*	*-2.9%*	*131*	*-6.8%*	*249*	*219*	*13.5%*
Of which Corporate	960	1,060	*-9.4%*	899	*6.8%*	2,020	1,825	*10.7%*
Of which GCC	*891*	*983*	*-9.4%*	*814*	*9.4%*	*1,874*	*1,677*	*11.7%*
Of which Egypt	*70*	*77*	*-9.4%*	*85*	*-18.5%*	*146*	*147*	*-0.8%*
Of which Aviation	93	98	*-4.4%*	108	*-13.3%*	191	177	*7.8%*
Of which GCC	*40*	*48*	*-16.2%*	*62*	*-34.5%*	*89*	*106*	*-16.2%*
Of which Egypt	*53*	*50*	*7.1%*	*46*	*14.9%*	*103*	*72*	*43.1%*
Total	**3,535**	**3,687**	*-4.1%*	**3,396**	*4.1%*	**7,222**	**6,539**	*10.4%*

Fuel volumes by product (million liters)	**Q2 24**	**Q1 24**	***QoQ %***	**Q2 23**	***YoY %***	**H1 24**	**H1 23**	***YoY %***
Gasoline (1)	2,089	1,988	*5.1%*	1,904	*9.7%*	4,078	3,677	*10.9%*
Diesel	1,139	1,371	*-16.9%*	1,191	*-4.4%*	2,510	2,272	*10.5%*
Aviation products	93	98	*-4.4%*	108	*-13.3%*	191	177	*7.8%*
Others (2)	213	230	*-7.3%*	193	*10.5%*	444	413	*7.4%*
Total	**3,535**	**3,687**	*-4.1%*	**3,396**	*4.1%*	**7,222**	**6,539**	*10.4%*
Of which GCC	*2,782*	*2,900*	*-4.0%*	*2,657*	*4.7%*	*5,682*	*5,310*	*7.0%*
Of which Egypt	*753*	*787*	*-4.4%*	*739*	*1.9%*	*1,540*	*1,229*	*25.3%*

(1) Includes grade 91, 95 and 98 unleaded gasoline
(2) Includes CNG, LPG, kerosene, lubricants, and base oil

Financial results

In Q2 2024, revenue increased by 8.0% year-on-year to AED 8,784 million. The growth was driven by higher fuel volumes and selling prices as a result of higher crude oil prices and a growing contribution of non-fuel retail business.

Q2 2024 gross profit increased by 11.0% year-on-year to AED 1,541 million, supported by higher fuel volumes and growth in non-fuel retail business. In addition, in Q2 2024 in a rising oil price environment inventory gains amounted to AED 128 million recorded in the fuel retail business, compared to inventory gains of AED 74 million in Q2 2023 (AED 80 million inventory gains in fuel retail and AED 7 million inventory losses in commercial business).

Q2 2024 EBITDA increased by 15.0% year-on-year to AED 979 million supported by the higher fuel volumes, as well as higher inventory gains in Q2 2024 compared to Q2 2023.

Q2 2024 underlying EBITDA (EBITDA excluding inventory movements and one-off items) increased by 13.8% year-on-year to AED 851 million driven by the higher volumes, growing contribution from non-fuel and international activities as a well as management initiatives to reduce costs.

Q2 2024 net profit attributable to shareholders increased by 12.9% year-on-year to AED 623 million due to an increase in EBITDA and despite introduction of the UAE corporate income tax. Q2 2024 net profit excluding the impact of UAE corporate income tax increased by 24.5% year-on-year to AED 687 million.

In H1 2024, revenue increased by 8.7% year-on-year to AED 17,534 million. The growth was driven by higher fuel volumes, higher selling prices as a result of higher crude oil prices, growing contribution of non-fuel retail business and consolidation of TotalEnergies Marketing Egypt.

H1 2024 gross profit increased by 13.9% year-on-year to AED 3,021 million, supported by higher fuel volumes and growth in non-fuel retail business. In addition, in H1 2024 inventory gains amounted to AED 249 million (AED 246 million inventory gains in fuel retail and AED 3 million inventory gains in commercial business) compared to inventory gains of AED 61 million (AED 80 million inventory gains in fuel retail and AED 20 million inventory losses in commercial business) in H1 2023.

H1 2024 EBITDA increased by 16.2% year-on-year to AED 1,892 million supported by the higher fuel volumes, as well as higher inventory gains in H1 2024 compared to H1 2023.

H1 2024 underlying EBITDA (EBITDA excluding inventory movements and one-offs) increased by 10.4% year-on-year to AED 1,653 million. In H1 2024, the Company achieved like-for-like OPEX savings of AED 37 million, on track to reduce like-for-like OPEX by up to AED 184 million ($50 million) by 2028.

H1 2024 net profit attributable to shareholders increased by 7.7% year-on-year to AED 1,172 million despite AED 121 million UAE corporate income tax impact in H1 2024.

H1 2024 net profit excluding the UAE tax impact increased by 18.8% year-on-year to AED 1,294 million.

Revenue by segment (AED million)	Q2 24	Q1 24	*QoQ %*	Q2 23	*YoY %*	H1 24	H1 23	*YoY %*
Retail (B2C)	**6,056**	**5,768**	*5.0%*	**5,648**	*7.2%*	**11,824**	**10,908**	*8.4%*
Of which fuel retail	5,671	5,402	*5.0%*	5,309	*6.8%*	11,073	10,245	*8.1%*
Of which non-fuel retail (1)	385	366	*5.1%*	340	*13.2%*	751	663	*13.3%*
Commercial (B2B)	**2,728**	**2,982**	*-8.5%*	**2,483**	*9.9%*	**5,710**	**5,222**	*9.4%*
Of which corporate	2,357	2,587	*-8.9%*	2,100	*12.2%*	4,944	4,531	*9.1%*
Of which aviation	372	394	*-5.7%*	383	*-2.9%*	766	691	*10.9%*
Total	**8,784**	**8,750**	*0.4%*	**8,132**	*8.0%*	**17,534**	**16,130**	*8.7%*

(1) Non-fuel retail includes convenience stores, car wash, lube change, property management and vehicle inspection

Gross profit by segment (AED million)	Q2 24	Q1 24	*QoQ %*	Q2 23	*YoY %*	H1 24	H1 23	*YoY %*
Retail (B2C)	**1,193**	**1,142**	*4.5%*	**1,078**	*10.7%*	**2,334**	**2,054**	*13.6%*
Of which fuel retail	988	941	*5.0%*	898	*10.1%*	1,930	1,702	*13.4%*
Of which non-fuel retail (1)	204	200	*2.0%*	180	*13.5%*	405	353	*14.8%*
Commercial (B2B)	**348**	**339**	*2.8%*	**310**	*12.3%*	**687**	**597**	*15.0%*
Of which corporate	271	261	*3.7%*	240	*12.5%*	531	472	*12.6%*
Of which aviation	78	78	*-0.5%*	70	*11.6%*	156	125	*24.1%*
Total	**1,541**	**1,481**	*4.1%*	**1,388**	*11.0%*	**3,021**	**2,652**	*13.9%*

(1) Non-fuel retail includes convenience stores, car wash, lube change, property management and vehicle inspection

EBITDA by segment (AED million)	Q2 24	Q1 24	*QoQ %*	Q2 23	*YoY %*	H1 24	H1 23	*YoY %*
Retail (B2C)	**737**	**638**	*15.6%*	**607**	*21.4%*	**1,375**	**1,152**	*19.4%*
Commercial (B2B)	**247**	**260**	*-4.9%*	**249**	*-0.7%*	**508**	**471**	*7.7%*
Of which corporate	179	186	*-3.3%*	184	*-2.6%*	365	353	*3.6%*
Of which aviation	68	75	*-8.9%*	65	*4.5%*	142	119	*19.8%*
Unallocated(1)	-5	15	*NM*	-5	*NM*	9	4	*NM*
Total	**979**	**913**	*7.3%*	**851**	*15.0%*	**1,892**	**1,627**	*16.2%*

(1) Unallocated includes other operating income/expenses not allocated to specific segment
NM: Not meaningful

Distribution and administrative expenses

In Q2 2024, distribution and administrative expenses (OPEX) were AED 756 million, an increase of 2.5% compared to Q2 2023, mainly as a result of a 3.8% increase in the Company's network and associated costs.

Excluding depreciation, Q2 2024 cash OPEX increased by 2.4% year-on-year to AED 565 million as a result of the growth of the Company's network.

In Q2 2023, the Company had a one-off gain of AED 29 million. Excluding the impact of this one-off item, cash OPEX declined by 2.8% year-on-year.

In H1 2024, distribution and administrative expenses (OPEX) were AED 1,529 million, an increase of 8.7% compared to H1 2023.

Excluding depreciation, H1 2024 cash OPEX increased by 8.4% year-on-year to AED 1,160 million.

In H1 2024, the Company incurred a one-off cost of AED 10 million compared a one-off gain of AED 70 million in H1 2023. Excluding the impact of these items, cash OPEX increased by 0.9% year-on-year to AED 1,150 million while the Company's operations and associated costs expanded. In particular, the number of stations in the Company's network increased by 3.8% at the end of H1 2024 compared to the same period of last year.

AED million	Q2 24	Q1 24	QoQ %	Q2 23	YoY %	H1 24	H1 23	YoY %
Staff costs	399	393	*1.5%*	371	*7.5%*	793	733	*8.2%*
Depreciation	191	177	*7.7%*	186	*2.8%*	368	336	*9.7%*
Repairs, maintenance, and consumables	43	39	*11.9%*	47	*-8.4%*	82	91	*-10.2%*
Distribution and marketing expenses	18	21	*-17.4%*	8	*114.7%*	39	13	*208.9%*
Utilities	43	55	*-22.6%*	56	*-23.9%*	98	90	*8.7%*
Insurance	3	3	*11.2%*	5	*-31.6%*	6	10	*-36.6%*
Others (1)	59	84	*-30.0%*	64	*-8.3%*	143	134	*6.4%*
Total	**756**	**773**	*-2.2%*	**737**	*2.5%*	**1,529**	**1,406**	*8.7%*

(1) Other costs include lease cost, bank charges, subscriptions, legal fees, consultancies, etc.
NM: Not meaningful

Capital expenditures

The Company's capital expenditures (CAPEX) primarily consist of (i) investments related to the development and construction of new service stations and fuel terminal projects and capitalized maintenance costs related to properties, (ii) the purchase of machinery and equipment, and (iii) other capital expenditures related to properties, including structural upgrades, technology infrastructure upgrades and other improvements.

In H1 2024, total CAPEX decreased by 3.7% compared to H1 2023 to AED 370 million, due to lower spending on new service stations projects and machinery and equipment. C. 60% of the CAPEX comprised development and construction of new service stations.

The table below presents the breakdown of capital expenditures for the reviewed period.

AED million	Q2 24	Q1 24	QoQ %	Q2 23	YoY %	H1 24	H1 23	YoY %
Service stations projects	109	96	*14.0%*	148	*-26.0%*	205	270	*-23.9%*
Industrial and other projects	66	37	*75.6%*	29	*129.3%*	103	37	*182.0%*
Machinery and equipment	6	18	*-68.6%*	28	*-79.5%*	24	41	*-42.1%*
Distribution fleet	2	0	*0.0%*	1	*62.1%*	2	1	*61.7%*
Technology infrastructure	18	18	*1.4%*	16	*10.1%*	35	28	*27.7%*
Office furniture and equipment	0	0	*NM*	6	*NM*	1	8	*NM*
Total	**201**	**169**	*18.6%*	**227**	*-11.6%*	**370**	**384**	*-3.7%*

NM: Not meaningful

ADNOC DISTRIBUTION

Business segments operating review

Retail segment – B2C (fuel and non-fuel)

Volumes

In Q2 2024, retail fuel volumes increased by 3.9% year-on-year to 2,482 million liters. In GCC markets (UAE and KSA), retail volumes increased by 3.9% year-on-year driven by the region's ongoing economic growth, higher mobility and addition of new service stations, while in Egypt they were 3.8% higher year-on-year.

The retail fuel volumes in GCC markets (UAE and KSA) declined by 0.9% compared to Q1 2024, due to the impact of the UAE severe storms in April as well Eid holidays in Q2 2024. In Egypt, retail fuel volumes declined by 4.6% compared to Q1 2024 due to Eid holidays in Q2 2024.

In H1 2024, retail fuel volumes increased by 10.4% year-on-year to 5,011 million liters, driven by strong mobility trends and partially attributable to the timing of consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), retail fuel volumes increased by 5.4% year-on-year driven by the region's ongoing economic growth, higher mobility and addition of new service stations, while in Egypt they were up by 27.9% year-on-year, supported by the timing of consolidation of Total Energies Marketing Egypt.

Retail segment volumes (million liters)	Q2 24	Q1 24	*QoQ %*	Q2 23	*YoY %*	H1 24	H1 23	*YoY %*
Gasoline	2,011	1,899	*5.9%*	1,829	*9.9%*	3,910	3,530	*10.8%*
Diesel	410	560	*-26.9%*	503	*-18.6%*	970	892	*8.7%*
Other (1)	62	70	*-12.1%*	57	*8.0%*	132	115	*14.2%*
Total	**2,482**	**2,529**	*-1.9%*	**2,389**	*3.9%*	**5,011**	**4,537**	*10.4%*
Of which GCC	*1,851*	*1,868*	*-0.9%*	*1,781*	*3.9%*	*3,720*	*3,528*	*5.4%*
Of which Egypt	*630*	*661*	*-4.6%*	*608*	*3.8%*	*1,291*	*1,010*	*27.9%*

(1) Includes CNG, LPG, kerosene, and lubricants

Financial results

In Q2 2024, retail segment revenue increased by 7.2% compared to Q2 2023 supported by higher volumes, higher pump prices and strong growth in non-fuel retail revenue.

Q2 2024 retail segment gross profit increased by 10.7% compared to Q2 2023, as a result of higher fuel volumes and growing contribution from non-fuel and international activities. In addition, the Company recorded inventory gains in Q2 2024 of AED 128 million vs. inventory gains of AED 80 million in Q2 2023.

Fuel retail segment gross profit increased by 10.1% year-on-year principally due the higher volumes as well as a positive impact of inventory movements. Non-fuel retail gross profit increased by 13.5% in Q2 2024 compared to Q2 2023 driven by the continued growth of convenience store conversion ratio (26.1% vs. 24.8% in prior year), higher number of non-fuel transactions (+10.9% year-on-year) and improved customer offerings.

Q2 2024 retail segment EBITDA increased by 21.4% compared to Q2 2023, mainly due to the higher fuel volumes year-on-year and a positive impact of inventory movements year-on-year.

In H1 2024, retail segment revenue increased by 8.4% compared to H1 2023 supported by higher volumes, higher pump prices, strong growth in non-fuel retail revenue and partially attributable to the timing of consolidation of TotalEnergies Marketing Egypt.

H1 2024 retail segment gross profit increased by 13.6% compared to H1 2023, as a result of higher fuel volumes and growing contribution from non-fuel and international activities (KSA and Egypt). In addition, the Company recorded retail segment inventory gains in H1 2024 of AED 246 million vs. inventory gains of AED 80 million in H1 2023.

Fuel retail segment gross profit increased by 13.4% year-on-year principally due the higher volumes as well as a positive impact of inventory movements.

Non-fuel retail gross profit increased by 14.8% in H1 2024 compared to H1 2023 driven by a year-on-year growth in non-fuel transactions, improved customer offerings, growing car wash business contribution supported by new initiatives: tunnels and upgraded automatic car washes, as well as convenience stores and other car service.

H1 2024 retail segment EBITDA increased by 19.4% compared to H1 2023 to AED 1,375 million, mainly due to the higher fuel volumes year-on-year and a positive impact of inventory movements.

Retail segment (AED million)	Q2 24	Q1 24	QoQ %	Q2 23	YoY %	H1 24	H1 23	YoY %
Revenue	**6,056**	**5,768**	*5.0%*	**5,648**	*7.2%*	**11,824**	**10,908**	*8.4%*
Of which fuel retail	5,671	5,402	*5.0%*	5,309	*6.8%*	11,073	10,245	*8.1%*
Of which non-fuel retail (1)	385	366	*5.1%*	340	*13.2%*	751	663	*13.3%*
Gross profit	**1,193**	**1,142**	*4.5%*	**1,078**	*10.7%*	**2,334**	**2,054**	*13.6%*
Of which fuel retail	988	941	*5.0%*	898	*10.1%*	1,930	1,702	*13.4%*
Of which non-fuel retail (1)	204	200	*2.0%*	180	*13.5%*	405	353	*14.8%*
EBITDA	**737**	**638**	*15.6%*	**607**	*21.4%*	**1,375**	**1,152**	*19.4%*
Operating profit	576	484	*19.0%*	442	*30.3%*	1,059	850	*24.6%*
Capital expenditures	166	122	*35.7%*	116	*42.6%*	288	215	*34.0%*

(1) Non-fuel retail includes convenience stores, car wash, lube change, property management and vehicle inspection

Other operating metrics

The number of fuel transactions in the UAE increased by 6.4% in Q2 2024 year-on-year and by 6.5% in H1 2024 year-on-year.

This was supported by the network expansion, improvement in customer sentiment as well as the ongoing growth in economic activity and mobility.

Fuel operating metrics	Q2 24	Q1 24	QoQ %	Q2 23	YoY %	H1 24	H1 23	YoY %
Service stations network								
UAE (1)	534	532	*0.4%*	511	*4.5%*			
Saudi Arabia (1)	69	69	*0.0%*	64	*7.8%*			
Egypt (1)	244	245	*-0.4%*	241	*1.2%*			
Total (1)	**847**	**846**	*0.1%*	**816**	*3.8%*			
Throughput per station – GCC (million liters)	3.1	3.1	*-1.2%*	3.1	*-0.9%*	6.2	6.1	*0.5%*
Number of fuel transactions – UAE (million)	46.9	45.3	*3.6%*	44.1	*6.4%*	92.2	86.6	*6.5%*

(1) At end of period

Q2 2024 and H1 2024 non-fuel transactions in the UAE increased by 10.9% and 8.9% year-on-year, respectively, driven by improving consumer sentiment, enhanced customer offerings following revitalization of the convenience stores, introduction of car wash tunnels and ongoing upgrade of automatic car washes.

In addition, the strong growth in non-fuel transactions was supported by marketing and promotion campaigns under ADNOC Rewards loyalty program to attract higher footfall and increase customer spending.

Convenience store conversion rate increased by c.130 bps from 24.8% in Q2 2023 to a new record in four years of 26.1% in Q2 2024. In H1 2024, convenience store conversion rate increased by c.70 bps to 25.3% from 24.6% in H1 2023.

The UAE convenience stores revenue increased by 12.9% in Q2 2024 compared to Q2 2023, and by 10.8% in H1 2024 compared to H1 2023, mainly driven by the higher number of transactions compared to the same period of last year.

In Q2 2024, UAE convenience stores gross profit increased by 14.0% year-on-year to AED 77 million and in H1 2024 by 13.4% year-on-year to AED 152 million driven by the higher number of transactions as a result of enhanced customer offerings following revitalization of the convenience stores, marketing and promotion campaigns as well as the higher F&B sales.

Average gross basket size increased by 2.2% year-on-year in Q2 2024 compared to Q2 2023, and by 2.3% year-on-year in H1 2024 compared to H1 2023.

In its property management business, the Company continues to transition its tenancy business to a revenue-sharing model to maximize revenues and profitability. In H1 2024, the number of occupied properties was up by 11.8% year-on-year.

A number of vehicles inspected (fresh tests) in the Company’s vehicle inspection centres increased by 22.4% in Q2 2024 compared to Q2 2023 and by 23.0% in H1 2024 compared to H1 2023, driven by a higher number of vehicle inspection centres, introduction of new services, and supported by marketing promotions.

Non-fuel operating metrics	Q2 24	Q1 24	*QoQ %*	Q2 23	*YoY %*	H1 24	H1 23	*YoY %*
Number of non-fuel transactions – UAE (million) (1)	12.2	11.3	*7.6%*	11.0	*10.9%*	23.5	21.6	*8.9%*
Number of convenience stores – UAE (2)	365	361	*1.1%*	351	*4.0%*	365	351	*4.0%*
Convenience stores revenue (AED million) – GCC	234	219	*6.9%*	207	*12.9%*	452	408	*10.8%*
Convenience stores gross profit (AED million) - GCC	77	75	*3.8%*	68	*14.0%*	152	134	*13.4%*
Gross margin, %	*33.2%*	*34.1%*		*32.8%*		*33.6%*	*32.9%*	
Conversion rate (C-store sites only), % (3)	*26.1%*	*24.5%*		*24.8%*		*25.3%*	*24.6%*	
Average basket size – UAE (AED) (4)	22.1	22.8	*-3.1%*	21.8	*1.1%*	22.4	22.1	*1.3%*
Average gross basket size – UAE (AED) (5)	26.3	27.6	*-4.8%*	25.7	*2.2%*	26.9	26.3	*2.3%*
Number of property management tenants – UAE(2)	339	295	*14.9%*	280	*21.1%*	339	280	*21.1%*
Number of occupied properties for rent – UAE (2)	1,097	1,052	*4.3%*	981	*11.8%*	1,097	981	*11.8%*
Number of vehicle inspection centres – UAE (2)(6)	34	34	*0.0%*	33	*3.0%*	34	33	*3.0%*
Number of vehicles inspected – fresh tests – UAE (thousands)	360	367	*-1.9%*	294	*22.4%*	728	592	*23.0%*
Other vehicle inspection transactions – UAE (thousands) (7)	40	61	*-33.2%*	52	*-22.6%*	101	106	*-5.1%*

(1) Includes convenience stores, car wash and oil change transactions
(2) At end of period
(3) Number of convenience stores transactions divided by number of fuel transactions at sites with convenience stores
(4) Average basket size is calculated as convenience store revenue divided by number of convenience store transactions
(5) Average gross basket size is calculated as convenience store revenue (including revenue from consignment items shown under other operating income) divided by number of convenience store transactions
(6) Includes one permitting centre
(7) Other vehicle inspection transactions include number of vehicles inspected (re-tests) and sale of safety items at vehicles inspection centres

Commercial segment – B2B (corporate and aviation)

Volumes

In Q2 2024, commercial fuel volumes increased by 4.6% year-on-yearn to 1,054 million liters. In GCC markets (UAE and KSA), Q2 2024 volumes increased by 6.3% compared to Q2 2023, driven by growth in corporate business on the back of new corporate contracts signed in 2023 and H1 2024. This was partially offset by a decline in the volumes sold to aviation strategic customers.

In Q2 2024, commercial volumes in GCC markets (UAE and KSA) declined by 9.7% compared to Q1 2024 to 931 million liters, due to the UAE storms in April which negatively impacted some customers' operations – mainly in Dubai and Northern emirates – where the storm was more intense, alongside some product transportation vehicle damage.

In H1 2024, commercial fuel volumes increased by 10.5% year-on-year to 2,211 million liters, driven by economic expansion and partially attributable to the timing of consolidation of TotalEnergies Marketing Egypt.

In the GCC markets (UAE and KSA), H1 2024 volumes increased by 10.1% compared to H1 2023 to 1,962 million liters, supported by growth in the corporate businesses on the back of new contracts signed in 2023 and H1 2024.

Commercial segment volumes (million liters)	Q2 24	Q1 24	QoQ %	Q2 23	YoY %	H1 24	H1 23	YoY %
Gasoline	79	89	*-11.6%*	75	*5.2%*	168	147	*14.2%*
Diesel	730	811	*-10.0%*	688	*6.0%*	1,540	1,380	*11.6%*
Aviation	93	98	*-4.4%*	108	*-13.3%*	191	177	*7.8%*
Other (1)	152	160	*-5.2%*	136	*11.6%*	312	298	*4.7%*
Total	**1,054**	**1,158**	*-9.0%*	**1,007**	*4.6%*	**2,211**	**2,002**	*10.5%*
Of which GCC	*931*	*1,031*	*-9.7%*	*875*	*6.3%*	*1,962*	*1,783*	*10.1%*
Of which Egypt	*123*	*126*	*-2.9%*	*131*	*-6.8%*	*249*	*219*	*13.5%*

(1) Includes LPG, lubricants, and base oil

Financial results

Q2 2024 commercial segment revenue increased by 9.9% compared to Q2 2023, supported by higher volumes and higher prices. Corporate business revenue was 12.2% higher year-on-year, while aviation business revenue declined by 2.9% compared to Q2 2023.

Q2 2024 commercial segment gross profit increased by 12.3% year-on-year driven by higher volumes. In addition, no inventory movements were recorded in the corporate business in Q2 2024 vs. AED 7 million inventory losses incurred in Q2 2023.

Q2 2024 commercial segment EBITDA decreased by 0.7% year-on-year due to a one-off benefit in prior year numbers. Excluding the one-off, commercial segment underlying EBITDA was up by 7.2% year-on-year.

H1 2024 commercial segment revenue increased by 9.4% compared to H1 2023, supported by higher volumes and prices, and was partially attributable to the timing of consolidation of TotalEnergies Marketing Egypt.

H1 2024 corporate business revenue was 9.1% higher year-on-year, while the aviation business revenue increased by 10.9% compared to H1 2023.

H1 2024 commercial segment gross profit increased by 15.0% year-on-year supported by the higher volumes. In addition, in the corporate business the Company recorded AED 3 million inventory gains in H1 2024 vs. AED 20 million inventory losses in H1 2023.

H1 2024 commercial segment EBITDA increased by 7.7% year-on-year.

Commercial segment (AED million)	**Q2 24**	**Q1 24**	***QoQ %***	**Q2 23**	***YoY %***	**H1 24**	**H1 23**	***YoY %***
Revenue	**2,728**	**2,982**	*-8.5%*	**2,483**	*9.9%*	**5,710**	**5,222**	*9.4%*
Of which corporate	*2,357*	*2,587*	*-8.9%*	*2,100*	*12.2%*	*4,944*	*4,531*	*9.1%*
Of which aviation	*372*	*394*	*-5.7%*	*383*	*-2.9%*	*766*	*691*	*10.9%*
Gross profit	**348**	**339**	*2.8%*	**310**	*12.3%*	**687**	**597**	*15.0%*
Of which corporate	*271*	*261*	*3.7%*	*240*	*12.5%*	*531*	*472*	*12.6%*
Of which aviation	*78*	*78*	*-0.5%*	*70*	*11.6%*	*156*	*125*	*24.1%*
EBITDA	**247**	**260**	*-4.9%*	**249**	*-0.7%*	**508**	**471**	*7.7%*
Of which corporate	*179*	*186*	*-3.3%*	*184*	*-2.6%*	*365*	*353*	*3.6%*
Of which aviation	*68*	*75*	*-8.9%*	*65*	*4.5%*	*142*	*119*	*19.8%*
Operating profit	218	237	*-8.1%*	229	*-4.8%*	455	437	*4.1%*
Capital expenditures	17	7	*NM*	1	*NM*	24	2	*NM*

NM: Not meaningful

Share trading and ownership

ADNOC Distribution shares are traded on the Abu Dhabi Securities Exchange (ADX) under the symbol ADNOCDIST. The closing share price as of 30 June 2024 was AED 3.39. In the period from 1 January 2024 through 30 June 2024, the share price ranged between AED 3.24 and AED 3.73 at close. ADNOC Distribution market capitalization was AED 42.4 billion as of 30 June 2024.

An average of 8.8 million shares traded daily in H1 2024 (0.96x H1 2023 level). In H1 2024, the average daily traded value of the Company's shares was approximately AED 31.2 million (0.79x H1 2023 level).

As of 30 June 2024, ADNOC owned 77%, while 23% of ADNOC Distribution outstanding shares were publicly owned by institutional and retail investors.

Potential risks

Key risks potentially affecting ADNOC Distribution's financial and operational results include supply chain risks, asset integrity and information technology risks. The Company has identified and implemented several key controls and mitigation strategies to ensure business continuity, including engineered controls and managed controls as well as contractual safeguards to limit its financial exposure to these risks. For more detailed information on risks and risk management, please refer to the Risk Factors section of the international offering memorandum dated 26 November 2017 relating to ADNOC Distribution IPO, which is available on the Company's website at: https://www.adnocdistribution.ae/investor-relations.

H1 2024 earnings conference call details

A conference call in English for investors and analysts will be held on Thursday, August 8, 2024, at 4 p.m. UAE / 1 p.m. London / 8 a.m. New York. To access the management presentation, followed by a Q&A session, please connect through one of the following methods:

Webcast

Click here to join the webcast
Please note that participants joining by webcast will be able to ask questions via a chat box within the webcast player

Note: Click on the link above to attend the presentation from your laptop, tablet, or mobile device. Audio will stream through your selected device. If you have technical difficulties, please click the "Listen by Phone" button on the webcast player and dial one of the numbers provided therein.

Audio Call Dial in Details:

UAE (Toll Free): 8000 3570 2606

KSA (Toll Free): 800 844 5726

UK (Toll Free): 0800 279 0424

US (Toll Free): 800-289-0462

Passcode: 769179

For other countries, please connect to the above webcast link, select the "Listen by Phone" option on the webcast player and click on the audio numbers to access the dial in information

The presentation materials will be available for download in English on Thursday, August 8, 2024 at https://www.adnocdistribution.ae/en/investor-relations/investor-relations/downloads/

Reporting date for the Q3 2024

We expect to announce our third quarter 2024 results on or around November 7, 2024.

Contacts

Investor Relations
Tel.: +971 2 695 9770
Email: ir@adnocdistribution.ae

Athmane Benzerroug
Chief Strategy, Transformation and Sustainability Officer
Email: athmane.benzerroug@adnocdistribution.ae

August 8, 2024
ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Glossary

- Net debt is calculated as total interest bearing debt less cash and bank balances (including term deposits with banks).
- Free cash flow is calculated as net cash generated from operating activities less payments for purchase of property, plant & equipment, and advances to contractors.
- Capital employed is calculated as the sum of total assets minus non-interest bearing current liabilities.
- Return on capital employed is calculated as operating profit for the twelve months ended divided by capital employed on the last day of the period presented.
- Return on equity is calculated as profit distributable to equity holders of the Company for the period of twelve months ended divided by equity attributable to owners of the Company on the last day of the period presented.
- Net debt to EBITDA ratio is calculated interest bearing net debt as of the end of the period presented, divided by EBITDA for the twelve months ended on the last day of the period presented.
- Leverage ratio is calculated as (a) interest bearing net debt, divided by (b) the sum of interest bearing net debt plus total equity.
- Average basket size is calculated as convenience store revenue divided by number of convenience store transactions
- Average gross basket size is calculated as total convenience store sales revenue (including revenue from consignment items shown under other operating income) divided by number of convenience store transactions.

Cautionary statement regarding forward-looking statements

This communication includes forward-looking statements which relate to, among other things, our plans, objectives, goals, strategies, future operational performance, and anticipated developments in markets in which we operate and in which we may operate in the future. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond our control and all of which are based on management's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "would", "intends", "estimates", "plans", "targets", or "anticipates" or the negative thereof, or other comparable terminology. These forward-looking statements and other statements contained in this communication regarding matters that are not historical facts involve predictions and are based on the beliefs of our management, as well as the assumptions made by, and information currently available to, our management. Although we believe that the expectations reflected in such forward looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward looking statements. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to: our reliance on ADNOC to supply us with substantially all of the fuel products that we sell; an interruption in the supply of fuels to us by ADNOC; changes in the prices that we pay ADNOC for our fuels and to the prices that we are allowed to charge our retail customers in the UAE; failure to successfully implement our operating initiatives and growth plans, including our mixed-mode service offering, our convenience store optimization initiatives, our cost savings initiatives, and our growth plans; competition in our markets; decrease in demand for the fuels we sell, including due to general economic conditions, improvements in fuel efficiency and increased consumer preference for alternative fuels; the dangers inherent in the storage and transportation of the products we sell; our reliance on information technology to manage our business; laws and regulations pertaining to environmental protection, operational safety, and product quality; the extent of our related party transactions with ADNOC and our reliance on ADNOC to operate our business; the introduction of VAT and other new taxes in the UAE; failure to successfully implement new policies, practices, systems and controls that we implemented in connection with or following our IPO; any inadequacy of our insurance to cover losses that we may suffer; general economic, financial and political conditions in Abu Dhabi and elsewhere in the UAE; instability and unrest in regions in which we operate; the introduction of new laws and regulations in Abu Dhabi and the UAE; and other risks and uncertainties detailed in our International Offering Memorandum dated 26 November 2017 relating to our initial public offering and the listing of our shares on the Abu Dhabi Securities Exchange, and from time to time in our other investor communications. Except as expressly required by law, we disclaim any intent or obligation to update or revise these forward-looking statements.