

Media Release:

ADNOC DISTRIBUTION DELIVERS STRONG OPERATING PERFORMANCE AND GROWTH IN UNDERLYING PROFITABILITY IN H1 2023

- *Underlying EBITDA up by 9% and net profit excluding inventory movements rises over 2% Y-o-Y in H1 2023, driven by higher fuel volumes and efficiency improvements*
- *ADNOC Distribution continues to deliver on its non-fuel strategy, growing transactions by 14% Y-o-Y in H1 2023 and achieving record conversion rate in convenience stores*
- *Company expects to pay AED1.285 billion dividend for H1 2023 in October, subject to Board approval and in line with its dividend policy*

Abu Dhabi, UAE – August 04, 2023: ADNOC Distribution (ISIN: AEA006101017) (Symbol: ADNOCDIST), the UAE's largest fuel and convenience retailer, which is listed on the Abu Dhabi Securities Exchange (ADX), today announced its first half 2023 results, reporting a 9% year-on-year increase in underlying EBITDA to AED1.57 billion, and a 2% year-on-year increase in net profit excluding inventory movements to AED1.03 billion, driven by higher fuel volumes and company-wide efficiency improvement initiatives.

The Company continued to maintain a strong balance sheet, with a net debt to EBITDA ratio of 1.13x at the end of the first half of the year. Its financial position remained strong with liquidity of AED 4.7 billion at the end of the period.

Strong Operating Performance

ADNOC Distribution experienced a notable year-on-year growth in total fuel volumes in the UAE and KSA, witnessing a 9% increase in H1 2023 compared to H1 2022. Retail fuel volumes, which account for about 70% of the total volumes, increased by 8% year-on-year. The Company's corporate fuel volumes recorded sustained growth, achieving a substantial 12% year-on-year increase, underpinned by the management's efforts to strengthen the commercial business portfolio.



Eng. Bader Saeed Al Lamki, CEO of ADNOC Distribution, said: “ADNOC Distribution has delivered robust results in the first half of the year, driven by strong operating performance and efficiency improvement initiatives across the Company. As a future-focused business, we remain on track to meet targets for the year in OPEX savings and network expansion locally and internationally, and expect this growth momentum to continue into the second half of the year. Supported by our firm belief in our smart growth strategy while embarking on our transformational plans that focus on innovation and upgrading the customer experience, we remain committed to achieving sustainable growth and rewarding returns for shareholders in the long term. We continue to actively support and contribute to the UAE’s strategic vision by reducing carbon emissions from our operations and supporting sustainable mobility objectives. This approach aligns with our future-proofing strategy and capitalizes on the opportunities offered by the energy transition.”

Robust non-fuel business

The Company’s non-fuel retail business continued to demonstrate a consistent and solid performance, with gross profit increasing by more than 12% year-on-year in the first half of the year, primarily driven by a 14% increase in transactions and achieving a record-high conversion rate in convenience stores. Key drivers of this growth were management initiatives to boost food and beverage sales, customer-centric offerings in line with the Company’s non-fuel strategy, and innovative products and services.

ADNOC Distribution achieved substantial growth by leveraging AI and data analysis to enhance the customer experience, leading to personalized offers through the ADNOC Rewards program. The program now boasts over 1.7 million members. Additionally, the company revitalized ADNOC Oasis convenience stores, refurbishing five stores in the first half of the year.

The Company also launched a new rewards campaign that allows customers to earn rewards points at an accelerated rate, improving the customer value proposition and attracting new customers. The campaign aims to boost transaction volume and store conversion rate.

The payment standardization initiative further enhances customer experience and operational efficiency across the business.

Additionally, ADNOC Rewards are now linked to service station purchases, enabling customers to earn and redeem rewards points for offerings in fuel, lube change services, convenience stores and car washes, contributing to the company’s continued growth.

Delivering growth

ADNOC Distribution accelerated the execution of its growth strategy by opening 13 new service stations in the UAE in the first half of the year, including three in Dubai. As of 30 June 2023, The Company’s domestic network expanded to 511 service stations (with 42 in Dubai) reinforcing its leading position in the UAE’s fuel retail sector. ADNOC Distribution remains well-positioned to achieve its full-year target of expanding the network with 25 to 35 new service stations.



The Company made significant progress in its international expansion in February 2023 by completing the acquisition of a 50% stake in TotalEnergies Marketing Egypt, one of the top four fuel retail operators in Egypt. The joint venture has successfully expanded its aviation fuels business by securing the right to supply aviation fuel to Etihad Airways for flights fueled in Cairo. In the fuel retail segment, the joint venture opened a new station in the second quarter of 2023. ADNOC Distribution plans to open its first three branded ADNOC flagship service stations in Cairo during the third quarter of 2023.

In the first half of 2023, ADNOC Distribution's VOYAGER lubricants portfolio expanded to 32 export markets worldwide. The Company is actively exploring opportunities to enter new and growing lubricant markets through strategic collaborations with leading partners worldwide. The Company recently signed an agreement with Hindustan Petroleum Corporation Limited (HPCL), one of the largest players in India's lubricant and fuel retailing sector. This agreement marks another significant milestone in ADNOC Distribution's international expansion strategy, aimed at enhancing its presence in key lubricant markets worldwide.

Operational excellence and future-proofing the business

ADNOC Distribution is focusing on network expansion and delivering a higher non-fuel retail contribution. Through the implementation of management initiatives to enhance operational efficiency, prudent cost controls, and cost optimization measures, the Company achieved OPEX savings of AED55 million during H1 2023, demonstrating significant progress towards its full-year OPEX savings target of more than AED92 million in 2023 (on a like-for-like basis).

ADNOC Distribution remains committed to exploring growth opportunities and new revenue streams arising from energy transition. The Company is keen on developing new mobility solutions such as Electric Vehicle (EV) charging while maintaining a strong focus on sustainability-driven initiatives. To bolster its efforts in this area, the Company has partnered with TAQA to establish E2GO. Once formed, this joint venture will build and operate EV services infrastructure in Abu Dhabi and across the UAE. In addition, ADNOC Distribution already operates 38 EV charging points at its service stations.

The Company recently entered into a strategic partnership with Abu Dhabi's Department of Municipalities and Transport (DMT) to explore and establish sustainability opportunities for Abu Dhabi's light and heavy-duty transportation sector. The Company will collaborate with the DMT-affiliated Integrated Transport Centre (ITC) in Abu Dhabi to develop critical sustainable mobility solutions, focusing on core mobility areas such as low-emission and zero-emission vehicles.

In January 2023, ADNOC Distribution announced its plan to reduce carbon intensity by 25% by 2030, by putting sustainability at the core of its day-to-day operations to future-proof its business and deliver sustainable long-term shareholder value. Since then, the Company has embarked on a number of tangible initiatives to fulfill this commitment and address the energy transition. A significant step in this direction was the partnership with Emerge, a joint venture between Masdar and EDF. As part of the Company's phased approach to UAE-wide solar rollout to generate clean energy, the partnership will develop on-site solar power across the Company's service stations network in Dubai.



Serving ADNOC Distribution's broader sustainability objectives, the Company collaborated with the Environment Agency – Abu Dhabi (EAD) to jointly launch a state-of-the-art Reverse Vending Machine (RVM) initiative. The innovative recycling program is set to roll out across 25 ADNOC retail service stations.

The Company is set to operate the region's first high-speed hydrogen refueling station, which will create clean hydrogen using an electrolyzer powered by zero-carbon grid electricity.

Attractive shareholder proposition

ADNOC Distribution remains committed to delivering sustainable, profitable growth and attractive shareholder returns. The Company's new dividend policy approved at the General Assembly meeting in March 2023 sets a minimum dividend of AED2.57 billion (equivalent to 20.57 fils per share) for 2023, offering higher payback visibility for shareholders and yielding at 5.3% (based on the share price of AED3.90 as of 4 August 2023).

Consistent with its dividend policy, ADNOC Distribution expects to pay a minimum of AED1.285 billion as the first six-month dividend for 2023 (equivalent to 10.285 fils per share) in October of this year. This will be followed by the second six-month dividend of 2023 (10.285 fils per share) in April 2024, subject to the discretion of the board and shareholders' approval.

The Company's dividend policy for the subsequent years sets a dividend equal to at least 75% of distributable profits. The policy recognizes the Company's strong financial position, and confidence in its growth prospects as well as its ability to generate substantial cash flow in the future. This will enable the Company to pursue growth opportunities while maintaining attractive shareholder returns.

The full quarter second-quarter earnings announcement can be found at <https://www.adnocdistribution.ae/en/investor-relations/investor-relations/>

For investor relations, please contact: IR@adnocdistribution.ae

For media, please contact: media@adnocdistribution.ae

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About ADNOC Distribution

ADNOC Distribution is the leading mobility retailer in UAE. The Company has been providing energy for customers' journeys since 1973. Since this time, the Company has continuously been at the forefront of providing the best in customer service. Today, ADNOC Distribution enables, enhances, and energizes every customer journey thanks to digitally enabled, innovative customer experiences and high-quality non-fuel retail products. The Company operates service stations in all seven emirates in its home country, plus Saudi Arabia, and sells lubricants in 32 countries across the world via distributors. Now in its 50th year, ADNOC Distribution has over 570 service stations, 511 in the UAE and 64 in KSA. As a non-fuel retail leader in the UAE, it operates 351 ADNOC Oasis convenience stores, 33 vehicle inspection centers, and other leading services spanning car wash, lube



change, and EV charging. The Company is also the leading marketer and distributor of fuels to commercial, industrial, and government customers throughout the UAE. All figures as of 30 June 2023. Additionally, in February 2023 ADNOC Distribution completed its acquisition from TotalEnergies Marketing Afrique SAS of a 50% stake in TotalEnergies Marketing Egypt LLC, marking the Company's official entry into the Egyptian market. ADNOC Distribution aims to be the global mobility retailer of choice, enabler of sustainable mobility, and provider of exceptional customer experiences. To find out more, visit www.adnocdistribution.ae.

Cautionary statements relevant to forward-looking information

This news release contains forward-looking statements relating to ADNOC Distribution's operations that are based on management's current expectations, estimates, and projections about the petroleum, chemicals, and other related industries. Words or phrases such as "anticipates," "expects," "intends," "plans," "targets," "forecasts," "projects," "believes," "seeks," "schedules," "estimates," "positions," "pursues," "may," "could," "should," "will," "budgets," "outlook," "trends," "guidance," "focus," "on schedule," "on track," "is slated," "goals," "objectives," "strategies," "opportunities," and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond the Company's control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this news release. Unless legally required, ADNOC Distribution undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

The payment of dividends by the Company is subject to consideration by the Board of Directors of the cash management requirements of the Company for operating expenses, interest expense, and anticipated capital expenditures, and market conditions, the then current operating environment in its markets, and the Board of Directors' outlook for the business of the Company. In addition, any level or payment of dividends will depend on, among other things, future profits and the business plan of the Company, at the discretion of the Board of Directors and approval of shareholders.