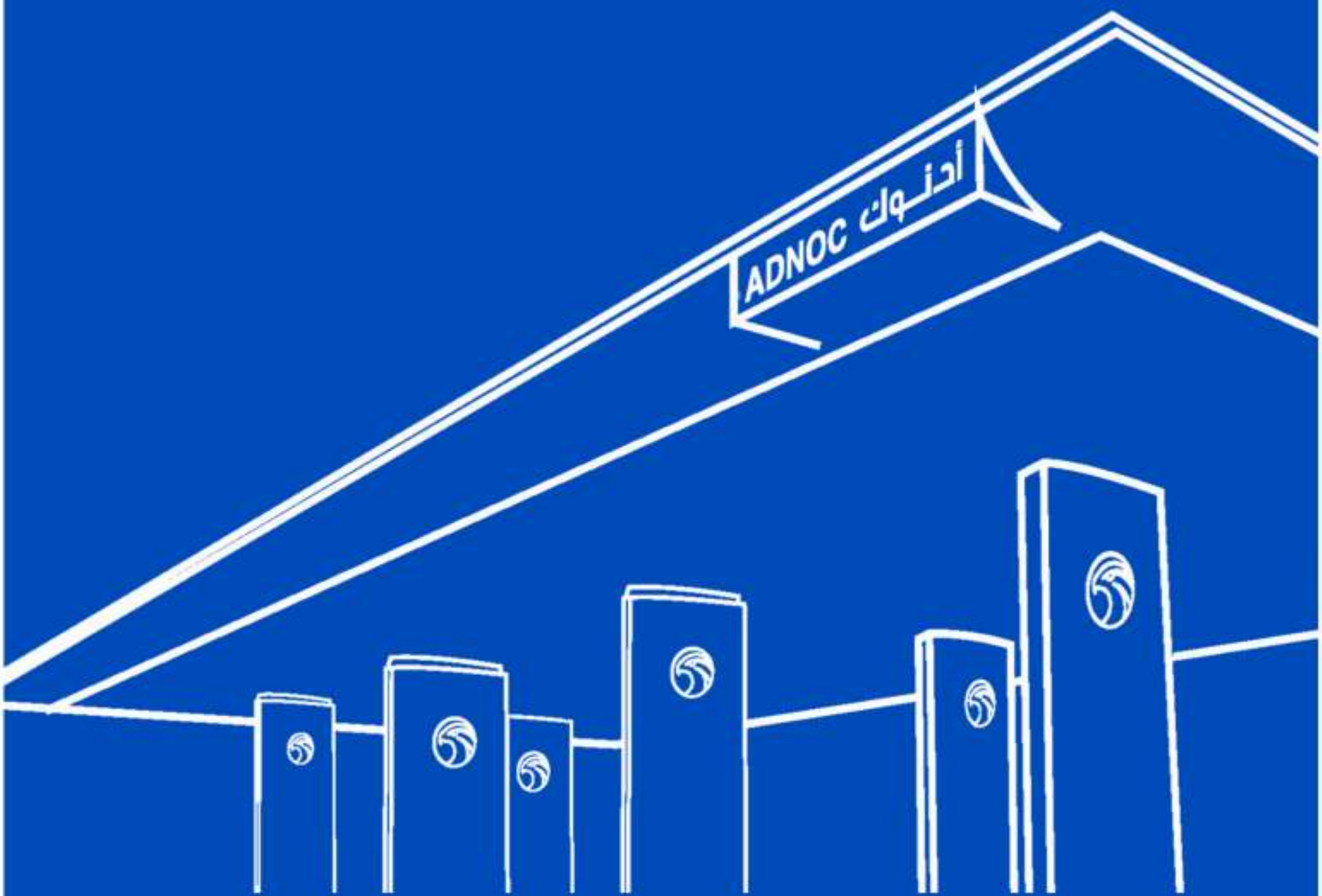
Second Quarter & First Half 2020 Results

Management Discussion & Analysis Report

13 August 2020



ADNOC Distribution
Second Quarter & First Half 2020 Results

Highlights

Resilient operating performance in H1 2020 despite challenging environment

- Total fuel volumes sold decreased by 12.2% in the first half of 2020 compared to the first half of 2019, mainly due to an impact of COVID-19 starting March 2020. Retail fuel volumes declined by 17.2% in H1 2020 compared to the same period last year, while Commercial fuel volumes decreased marginally by 1.3% year-on-year

- H1 2020 revenue decreased by 22.6% compared to H1 2019, mainly due to an impact of COVID-19 on our Q2 2020 fuel volumes and non-fuel revenues as well as due to lower selling prices.

- H1 2020 gross profit was AED 2,446 million, a decrease of 1.3% compared to H1 2019

  Retail segment gross profit increased by 7.7% year-on-year in the first half of 2020, driven by Fuel Retail business. Fuel Retail business delivered a strong operating performance with gross profit growth of 14.8% year-on-year despite absence of AED 119 million inventory gains recorded in H1 2019. Strong performance of fuel retail business was driven by increase in margins as retail pump prices did not fall in line with crude oil prices

  Non-Fuel Retail gross profit was impacted by lower transactions as a result of COVID-19 lockdown restrictions. Commercial business profitability was negatively impacted by lower aviation volumes sold to strategic customers, lower margins, one-off items (-AED 22 million), whereas H1 2019 included one-off recoveries (AED 54 million)

- H1 2020 Underlying EBITDA (EBITDA excluding inventory losses/gains and one-offs) was AED 1,422 million, a growth of 7.6% compared to H1 2019

- H1 2020 reported EBITDA was AED 1,255 million, a decrease of 15.4% compared to H1 2019. H1 2020 EBITDA was negatively impacted by a total of AED 167 million due to one-off expenses related to additional pension costs and COVID-19, as well as additional prudent provisioning on trade receivables and write-off of capital work-in-process, whereas H1 2019 included inventory gains (AED 119 million) and other one-off gains (recoveries/reversal of prior period accruals) totaling AED 162 million

- H1 2020 net profit was AED 910 million, a decline of 22.4% compared to H1 2019, mainly due to lower volumes, one-off costs, as well as due to the presence of inventory gains / one-off gains in H1 2019 as discussed above. However, adjusting for inventory losses/gains and one-offs, the company reported higher earnings despite the business impact of COVID-19

Cash flow and capital structure

- The company maintained strong financial position at the end of June 2020 with liquidity of AED 5.2 billion in the form of AED 2.4 billion in cash & cash equivalents and AED 2.8 billion in unutilized credit facility. Our existing term debt matures at the end of 2022 with no covenants in place. Our balance sheet remains strong with a net debt to EBITDA ratio of 1.17x as of 30 June 2020

- Our cash position was negatively impacted due to unfavorable working capital movements and dividend payment in the second quarter, partially offset by strong cash flow from operations. Negative working capital movements were mainly as a result of decrease in payables to our supplier ADNOC, driven by lower purchases and lower oil prices

Strategy Update

The first half of 2020 has brought about an unprecedented and unpredictable environment. During this period of uncertainty, the company focused on the health and safety of its customers, employees and local communities by swiftly implementing a range of measures to respond to evolving customer needs due to the COVID-19 pandemic. Despite the challenges, the company remained resilient, delivering a 7.6% increase in underlying EBITDA for the first six months of 2020, compared to the first half of 2019. The company also continued to make significant progress in delivering its strategic smart growth plans during the first half of 2020 by delivering 25 new stations, implementing new services focused on home delivery and enhancing customer experience. The company implemented a more efficient operating model at the stations and will be maintaining this leaner staffing model moving forward. The company maintains a robust balance sheet and remains well-positioned to expand both its domestic and international portfolio in-line with its growth strategy as well as to sustain its progressive dividend policy.

COVID-19 Response

Through the swift introduction of rigorous health and safety measures, the Company ensured that stations remained open to make services accessible to the healthcare sector, emergency services and to keep customers moving on essential journeys. ADNOC Distribution continues to show resilience in operations and, in line with the UAE's efforts to reopen the economy, we strengthened our readiness to gradual ramp up of the activity as lockdown restrictions are being eased.

Demonstrating its agility throughout COVID-19, the company swiftly responded to the evolving environment by accelerating its e-commerce strategy and launching new services to enhance customer experience. The company has also successfully and safely relaunched services that were temporarily suspended during the peak of COVID-19 pandemic, including car wash, oil change and fresh food/bakery. In addition, the Company has launched the UAE's first customer loyalty program from a fuel provider, ADNOC Rewards, a points-based system, allowing customers to further benefit from their purchases at its outlets. The ADNOC Distribution mobile app, which includes the Wallet, Mobile Pay and the ADNOC Rewards program, now has more than 750,000 registered users.

Fuel business

H1 2020 fuel volumes declined 12.2% compared to H1 2019, mainly owing to COVID-19 impact on the retail business, partially supported by volumes recovery from implementation of free assistsed fueling. As a result of the gradual lockdown implemented in the UAE starting March 2020, retail fuel volumes decreased 17.2% year-on-year in H1 2020. However, following the ease of lockdown and movement restrictions in the UAE starting end of May, the company has experienced a gradual recovery of fuel volumes. In the months of June and July 2020, our retail fuel volumes recovered to ~90% of volumes for the same period last year.

Commercial fuel volumes declined marginally by 1.3% in H1 2020, compared to H1 2019, mainly due to lower uptake from strategic aviation customers.

New Stations: Our UAE network reached 406 retail fuel stations as of 30 June 2020, including 13 fuel stations in Dubai. In H1 2020, we opened 25 stations in the UAE while Q2 2020 witnessed acceleration in delivery momentum with 18 new stations opened. We remain focused on value accretive Dubai expansion with the opening of seven new stations during H1 2020, reflecting the company's commitment to delivering strong growth beyond 2020. In the month of July, we opened seven additional stations (including three in Dubai), leading to 32 new stations opened year-to-date 2020.

Since announcing the new 'ADNOC On the go' concept in November 2019, 17 'On the go' neighborhood stations have been brought into operation in H1 2020 (which includes one reconstructed site converted to On the go format).

An innovative fuel and retail station, ADNOC On the go brings us closer to our customers and the communities that we serve. These new neighborhood stations offer fueling and retail facilities located in areas where traditional stations are impractical. ADNOC On the go stations comprise varying designs to reflect the customer needs in the individual neighborhood in terms of size, number of pumps, and type of ADNOC Oasis store. This initiative is a result of our drive to effectively tackle competition with faster, more efficient deployment of our fuel stations, while also optimizing CAPEX.

Mobile Fuel Delivery (My Station): In the first half of 2020, we started providing mobile fuel delivery to our retail customers in select areas of Abu Dhabi to provide a convenient fueling service at no additional charge. During Q2 2020, we added 10 new trucks to our My Station fleet to expand on-demand fuel delivery service, providing our customers with a faster and reliable fueling service.

By the end of H1 2020, we have deployed eight fuel trailers and 32 fuel trucks to serve our commercial and retail customers. In addition, we also provide mobile LPG delivery to our customers through 17 My Station trucks that further strengthens our customer offering.

Announced transparent pricing for LPG: In July, we announced amendments to the LPG pricing of cylinders in Abu Dhabi and the Northern Emirates, introducing a single, transparent price for all LPG purchases and a uniform delivery charge. The new price (effective from 22nd July, 2020) of LPG cylinders has been increased from AED 20 to AED 35 for 25 pounds cylinders and from AED 30 to AED 65 for 50 pounds cylinders. In addition, there is a delivery fee of AED 10 and AED 15 for 25 pounds and 50 pounds LPG cylinder respectively.

This is the first change to be made in close to 20 years and brings greater parity to LPG pricing across the UAE. Our LPG prices are still below competitors, which offers us an opportunity to potentially expand our market share in Dubai and the northern emirates.

The change will also see the removal of purchasing quotas and a more transparent pricing structure that ensures uniform rates for all our customers (retail and commercial), whether purchasing at the station or through a distributor. By bringing LPG prices closer in parity to the rest of the UAE, activities in the illegal grey market, where cylinders were transferred between emirates, often in an unsafe manner, are expected to be minimized.

We expect the increase in LPG cylinder prices to provide an uplift of ~AED 70 million to our EBITDA on an annualized basis.

Lubricants: In line with the UAE government efforts to reduce carbon emissions, the company reinforced its commitment to sustainability and supporting customers' adoption of fuel-efficient and hybrid vehicles, by launching a new range of ADNOC VOYAGER vehicle engine for hybrid vehicles. The new range meets the new engine oil standards certified by the American Petroleum Institute (API).

<u>Non-fuel business</u>

Our UAE network increased to 288 convenience stores as of 30 June 2020, with the addition of 24 new convenience stores in the UAE in H1 2020. We continue to focus on offering a superior shopping experience to our customers through convenience store revitalization program. Despite lockdown restrictions, during the first half of 2020, the company successfully refurbished 11 Oasis convenience stores, including 10 in Q2 2020.

In the month of July, we refurbished ten additional Oasis convenience stores.

The company responded to new social distancing measures by launching a new 'essential products' range in its ADNOC Oasis stores, including fresh food, household and healthcare products, at a low cost to help customers across the UAE. During the second quarter, our customer-centric initiatives also included establishing a flagship partnership with delivery service Talabat, enabling customers to order 1,700 ADNOC Oasis products, from over 100 convenience stores, from the safety of their homes. The delivery service has been well received during lockdown restrictions.

Improved category management, the introduction of fresh food and premium coffee offerings, alongside changes in the customer shopping pattern due to COVID-19 contributed to an increase in average gross basket size by 19.7% in the first half of 2020 as compared to the first half of 2019.

The company remains focused on expanding its non-fuel offering beyond convenience stores. The company has also launched its first Vehicle Inspection Center in Umm Al Quwain, offering customers regulatory safety inspection and certification services.

Cost Optimization

The benefits of cost reduction initiatives taken pre-COVID19 are showing up in our financials as seen by like-for-like OPEX reduction of AED 26 million year-on-year in Q2 2020, after an increase of AED 15 million in Q1 2020. This reduction is mainly as a result of optimization in staff cost and decrease in general & administrative expenses.

Total operating expenses increased in H1 2020 due to one-off expenses related to additional pension cost, COVID-19 related expenses, growth OPEX associated with our network expansion and owing to the cost of additional staff to implement free assisted fueling (effective 3rd November 2019).

CAPEX

In line with our guidance and plans to continue with our expansion strategy, we incurred higher CAPEX of AED 384 million in H1 2020 compared to AED 138 million in H1 2019. We expect 2020 CAPEX to accelerate compared to 2019 as significantly higher number of new stations are expected to be delivered this year. This reiterates our strong commitment to secure future growth and deliver convenient fuel and retail offerings to our customers across the country.

Ahmed Al Shamsi - Acting CEO:

“I am proud of the proactive course of action that ADNOC Distribution has adopted throughout the COVID-19 pandemic. Despite the challenging market conditions, we have continued to ensure access to our services, and introduced increased convenience. We have seen fuel volumes recover in line with the easing of movement restrictions. We have maintained our smart growth strategy to expand our domestic footprint and ensure our network has a wider reach across the Emirates, particularly in the heart of neighborhood communities, which previously did not have convenient access to refueling services.

“Our ongoing focus to upgrade our digital solutions, particularly contactless payments, and widen our portfolio of products and services to expand our customer reach, has proven to be a success. We look forward to building on this through the introduction of further innovative products and services that allow our customers to enjoy ever-increasing levels of convenience that also encourage customer loyalty.

“We also remain committed to our dividend policy announced earlier this year and are focused to deliver long term attractive shareholder returns, underpinned by progressive dividend policy, smart growth and disciplined capital allocation, well supported by a solid balance sheet.”

Outlook

Lockdown measures introduced to curb the spread of COVID-19 in the UAE started to ease from end-May with a further reopening of the economy in June. Retail malls, hotels and other businesses have gradually re-opened in the UAE and offices are seeing progressive return to work. In line with the economy reopening, our retail fuel volumes recovered to 90% in June/July compared to the same period last year. With further ease in movement restriction between various emirates of UAE, gradual resumption of flights & lifting of international travel restriction and expected reopening of schools, we expect recovery in our fuel volumes to gather pace. We also expect our retail fuel margins to remain relatively high in Q3 2020 as pump prices for July / August have remained stable since April 2020.

We remain committed to pursue our expansion plans, in a disciplined manner, and to deliver an enhanced customer experience, both of which are expected to drive future earnings growth. ADNOC Distribution maintains a robust balance sheet and remains well-positioned to expand both its domestic and international portfolio in-line with its smart growth strategy. We are also exploring new growth opportunities presented by the current environment.

Fuel business

New Stations: After opening 32 new stations as of July 2020, we expect the delivery momentum to sustain in H2 2020 with 18-28 additional station openings over rest of the year. This would take our 2020 station openings to 50-60 new stations in the UAE, in line with our guidance. Our focus is to ensure CAPEX is allocated more efficiently towards our growth in value-accretive Dubai expansion. Therefore, we are targeting to open a total of 20-25 new stations in Dubai in 2020, the majority of which will be traditional stations. Of the planned stations to be opened in the UAE in 2020, the majority are already under construction. Our new stations target includes our innovative ADNOC On the go stations, which require considerably less time to complete and thus allows much faster deployment of our network.

Non-fuel business

We remain focused on providing a superior customer experience and are continuing with our convenience store revitalization programme. Our planned refurbishment picked up pace starting Q2 2020. We reiterate our target to refurbish 40-50 C-stores by the end of 2020.

We are also continuing to make improvements in category management, with greater focus on higher margin fresh food and premium coffee products.

We see a great opportunity in our recently launched online food and grocery delivery service from our ADNOC Oasis convenience stores. As a result, we expanded this service to 100 C-stores. We expect to further expand our coverage in Dubai and the Northern Emirates, supporting our ambition of sustaining strong growth in our non-fuel offering.

ADNOC Rewards loyalty program

Our customer-centric focus is an integral part of our digital transformation strategy, which aims to offer superior customer experience. Following successful launch of number of customer experience initiatives, we announced an enhancement to our loyalty program ‘ADNOC Rewards’ in July. Enhanced ADNOC Rewards program enables customers to earn loyalty points on every purchase of fuel and non-fuel products. The points can then be redeemed for products in Oasis convenience stores as well as on a range of services including car wash and lube change. In the coming weeks, we will be announcing a number of new partnerships within the program, including leading brands from across a range of sectors, which will further enhance the reward options available to customers through the program. By offering superior customer benefits, we aim to grow our ADNOC Wallet user base that will allow us to deliver targeted promotional offers to users, thereby increasing customer loyalty.

International Expansion

We are progressing well on our international expansion strategy. We are in advanced discussions with several counterparties including landlords and retail fuel operators in Saudi Arabia to grow organically, as well as continue to explore inorganic growth opportunities. We see the Saudi Arabian fuel market as large and fragmented with underdeveloped customer offerings. We believe that ADNOC Distribution's experience and strengths can be leveraged to introduce world-class fuel station and customer service standards in Saudi Arabia to capture growth. We are also assessing potential opportunities in the Indian lubricants market to achieve disciplined growth and operational success, while targeting the highest return on investment.

Cost efficiency

We are on track to take structural cost out and make our operations leaner and more efficient. In line with our previous guidance, we reiterate our target of like-for-like OPEX savings of up to AED 92 million in 2020. We are now accelerating the delivery of our cost optimization and margin improvement initiatives, ensuring our margins and cash flows remain healthy. Our OPEX reduction program comprises of a significant number of initiatives across all our operations and business units, while ensuring business continuity and maintaining superior customer service levels. We expect to deliver AED 367 million in OPEX savings over 2020-23. A new operating model has been implemented to optimize station and c-store staffing levels, leading to a like-for-like reduction in full time employees per station. The new operating model along with other initiatives are expected to result in material benefits in H2 2020 and beyond.

CAPEX

We are committed to pursuing our expansion plans, in a disciplined manner and remain on track to deliver a significantly higher number of stations in 2020. We expect CAPEX of up to AED 1.1 billion in 2020, lower than previous expectation of AED 1.1 - 1.5 billion, due to COVID-19 impact on contractors mobilization and supply chain bottlenecks. We will continue to improve CAPEX efficiency, including the rolling out of less capital intensive new station formats, such as ADNOC On the go and My Station.

Dividend Policy

During the General Assembly on 31 March 2020, the company confirmed its 2020 dividend policy and announced an amendment to its dividend policy for 2021 onwards. Our updated dividend policy is as follows:

- 2020 dividend policy is set to continue with an expected dividend of AED 2.57 billion (20.57 fils per share), an increase of 7.5% compared to 2019. The company expects to pay dividend of 10.285 fils per share for the first six months of 2020 in October of this year, subject to board approval. The final dividend of 10.285 fils per share for the last six months of 2020 is expected to be paid in April 2021, subject to board and shareholders' approval.
- Amended dividend policy sets an expected dividend of AED 2.57 billion for 2021 (compared to minimum 75% of distributable profits as per previous policy) and a dividend equal to at least 75% of distributable profits from 2022 onwards.

We are committed to our dividend policy backed by the company's strong financial position (cash & equivalent of AED 2.4 billion, retained earnings of AED 2.0 billion and net debt to EBITDA of 1.17x at the end of H1 2020) and confidence in the company's growth prospects and cash-flow generation ability going forward.

In accordance with our dividend policy, we expect to continue to pay half of the annual dividend in October of the relevant year and half in April of the following year. The payment of dividends is subject to the discretion of our Board of Directors and shareholders' approval.

Financial summary

AED millions	Q2-20	Q1-20	*QoQ %*	Q2-19	*YoY %*	H1 2020	H1 2019	*YoY %*
Revenue	3,016	4,939	*-38.9%*	5,504	*-45.2%*	7,956	10,274	-22.6%
Gross profit	1,336	1,110	*20.4%*	1,332	*0.3%*	2,446	2,478	-1.3%
Margin	*44.3%*	*22.5%*		*24.2%*		*30.7%*	*24.1%*	
EBITDA	699	556	*25.6%*	750	*-6.9%*	1,255	1,483	-15.4%
Margin	*23.2%*	*11.3%*		*13.6%*		*15.8%*	*14.4%*	
Underlying EBITDA[1]	793	629	*26.1%*	720	*10.1%*	1,422	1,321	7.6%
Operating profit	562	421	*33.5%*	622	*-9.6%*	984	1,227	-19.8%
Net Profit for the period	511	400	*27.9%*	595	*-14.1%*	910	1,173	-22.4%
Margin	*16.9%*	*8.1%*		*10.8%*		*11.4%*	*11.4%*	
Earnings per share (AED/share)	0.041	0.032	*27.9%*	0.048	*-14.1%*	0.073	0.094	-22.4%
Net cash generated from operating activities	-1,369	757	*NM*	1,872	*NM*	-612	973	*NM*
Capital expenditures	199	185	*7.6%*	92	*116.9%*	384	138	178.3%
Free Cash Flow[2]	-1,559	533	NM	1,701	NM	-1,026	738	*NM*
Total equity	3,443	2,863	20.2%	3,888	-11.4%	3,443	3,888	-11.4%
Net debt[3]	3,058	259	NM	44	NM	3,058	44	NM
Capital employed	9,546	8,921	7.0%	9,784	-2.4%	9,546	9,784	-2.4%
Return on capital employed (ROCE)	21.6%	23.7%		23.3%		21.6%	23.3%	
Return on equity (ROE)	56.8%	71.2%		56.0%		56.8%	56.0%	
Net debt to EBITDA ratio[3]	1.17x	0.10x		0.02x		1.17x	0.02x	
Leverage ratio[3]	47.0%	8.3%		1.1%		47.0%	1.1%	

NM: Not meaningful
(1) Underlying EBITDA is defined as EBITDA excluding Inventory gains/losses and one-off gains/losses
(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 includes term deposits with banks
Notes:
See the Glossary for the calculation of certain metrics referred to above

New Reporting Segments

Our Board of Directors approved changes with respect to our segment reporting effective 1 January 2020. These changes have been reflected in our H1 2020 Results and previous year numbers have been restated to align with new reporting segment. The new reporting structure aligns our segmentation with management's categorization of our customers into Retail (B2C) and Commercial (B2B) categories.

Our new Retail reporting segment includes the sale of gasoline and other petroleum products, convenience store sales, car wash and other car care services, oil change services, vehicle inspection services, and property leasing and management through our retail sites. Our new Commercial segment includes the sale of petroleum products and ancillary products to commercial and government customers, the provision of aviation fuel and fueling services to strategic customers, and the provision of fueling services to our parent company's civil aviation customers.

Headlines

Fuel Volumes

Q2 2020 total fuel volumes sold reached 1,806 million liters, down 23.1% compared to Q2 2019 and down 21.7% compared to Q1 2020. Year-on-Year (y-o-y) decline in total fuel volumes sold was due to lower retail and aviation fuel volumes, partially offset by an increase in corporate fuel volumes. In Q2 2020, Retail fuel volumes sold decreased by 32.6% y-o-y, mainly owing to the business impact of COVID-19. Corporate fuel volumes sold maintained growth with an increase of 4.1% y-o-y. Aviation fuel volumes sold to strategic customers decreased by 23.9% y-o-y.

H1 2020 total fuel volumes sold decreased by 12.2% compared to the H1 2019, mainly due to an impact of COVID-19 starting March 2020. Retail fuel volumes declined by 17.2% in H1 2020 compared to the same period last year, while Commercial fuel volumes decreased marginally by 1.3% year-on-year

Fuel volumes by segment *(million liters)*	**Q2-20**	**Q1-20**	***QoQ %***	**Q2-19**	***YoY %***	**H1 2020**	**H1 2019**	***YoY %***
Retail (B2C)	**1,079**	**1,577**	*-31.6%*	**1,600**	*-32.6%*	**2,657**	**3,208**	*-17.2%*
Commercial (B2B)	**727**	**729**	*-0.3%*	**747**	*-2.7%*	**1,456**	**1,476**	*-1.3%*
Of which Corporate	*588*	551	*6.7%*	*564*	*4.1%*	1,138	1,105	*3.0%*
Of which Aviation	*139*	178	*-22.0%*	*183*	*-23.9%*	318	371	*-14.3%*
Total	**1,806**	**2,306**	***-21.7%***	**2,348**	***-23.1%***	**4,113**	**4,683**	**-12.2%**

Fuel volumes by product *(million liters)*	**Q2-20**	**Q1-20**	***QoQ %***	**Q2-19**	***YoY %***	**H1 2020**	**H1 2019**	***YoY %***
Gasoline (1)	965	1,408	*-31.5%*	1,415	*-31.8%*	2,373	2,829	*-16.1%*
Diesel	566	552	*2.4%*	576	*-1.9%*	1,118	1,139	*-1.8%*
Aviation products	139	178	*-22.0%*	183	*-23.9%*	318	371	*-14.3%*
Others (2)	137	168	*-18.4%*	173	*-21.3%*	304	345	*-11.8%*
Total	**1,806**	**2,306**	***-21.7%***	**2,348**	***-23.1%***	**4,113**	**4,683**	**-12.2%**

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

Results

Q2 2020 revenue was AED 3,016 million, a decrease of 45.2% compared to Q2 2019. The decrease in revenue was driven by lower fuel volumes and non-fuel revenues as well as due to the lower oil prices compared to Q2 2019.

Q2 2020 gross profit was AED 1,336 million, an increase of 0.3% compared to Q2 2019 supported by higher retail fuel margins in the retail fuel business and reduction in fuel cost following renegotiation of our fuel supply contract effective November 2019, partially offset by lower Commercial business margins, lower aviation volumes and one-off items.

Q2 2020 Underlying EBITDA (EBITDA excluding inventory losses/gains and one-offs) was AED 793 million, a growth of 10.1% compared to Q2 2019.

Q2 2020 reported EBITDA was AED 699 million, a decrease of 6.9% compared to Q2 2019, negatively impacted by a total of AED 94 million due to one-off expenses related to additional pension costs and COVID-19 as well as additional prudent provisioning on trade receivables and write-off of capital work-in-process, whereas Q2 2019 included inventory gains (AED 119 million).

Q2 2020 net profit was AED 511 million, declining by 14.1% compared to Q2 2019 mainly due to lower volumes and one-off items in Q2 2020 as well as due to presence of one-off inventory gains in Q2 2019.

H1 2020 revenue decreased by 22.6% compared to H1 2019, mainly due to an impact of COVID-19 in Q2 2020. H1 2020 gross profit was AED 2,446 million, a decrease of 1.3% compared to H1 2019.

H1 2020 Underlying EBITDA (EBITDA excluding inventory losses/gains and one-offs) was AED 1,422 million, a growth of 7.6% compared to H1 2019.

H1 2020 reported EBITDA was AED 1,255 million, a decrease of 15.4% compared to H1 2019. H1 2020 EBITDA was negatively impacted by a total of AED 167 million due to one-off expenses related to additional pension costs and COVID-19 as well as additional prudent provisioning on trade receivables and write-off of capital work-in-process, whereas H1 2019 included inventory gains (AED 119 million) and other one-off gains (recoveries/reversal of prior period accruals) totaling AED 162 million.

H1 2020 net profit was AED 910 million, a decline of 22.4% compared to H1 2019, mainly due to one-off losses, as well as due to the presence of inventory gains / one-off gains in H1 2019 as discussed above. However, adjusting for inventory losses/gains and one-offs, the company reported higher earnings despite the business impact of COVID-19

Revenue by segment ***(AED millions)***	**Q2-20**	**Q1-20**	***QoQ %***	**Q2-19**	***YoY %***	**H1 2020**	**H1 2019**	***YoY %***
Retail (B2C)	**2,033**	**3,446**	*-41.0%*	**3,810**	*-46.6%*	**5,479**	**7,066**	**-22.5%**
Of which Fuel Retail	1,871	3,185	*-41.3%*	3,533	*-47.0%*	5,056	6,513	*-22.4%*
Of which Non-Fuel Retail	162	260	*-37.6%*	277	*-41.4%*	423	553	*-23.5%*
Commercial (B2B)	**983**	**1,494**	*-34.2%*	**1,694**	*-41.9%*	**2,477**	**3,208**	**-22.8%**
Of which Corporate	761	1,051	*-27.6%*	1,185	*-35.8%*	1,812	2,211	*-18.0%*
Of which Aviation	222	443	*-50.0%*	509	*-56.4%*	665	997	*-33.3%*
Total	**3,016**	**4,939**	***-38.9%***	**5,504**	***-45.2%***	**7,956**	**10,274**	**-22.6%**

Gross Profit by segment ***(AED millions)***	**Q2-20**	**Q1-20**	***QoQ %***	**Q2-19**	***YoY %***	**H1 2020**	**H1 2019**	***YoY %***
Retail (B2C)	**988**	**840**	*17.7%*	**930**	***6.3%***	**1,828**	**1,697**	**7.7%**
Of which Fuel Retail	918	715	*28.4%*	790	*16.2%*	1,633	1,422	14.8%
Of which Non-Fuel Retail	70	125	*-43.5%*	140	*-49.7%*	195	275	-29.0%
Commercial (B2B)	**347**	**270**	*28.6%*	**402**	***-13.6%***	**618**	**781**	**-20.9%**
Of which Corporate	208	130	*60.3%*	231	*-9.8%*	338	437	-22.7%
Of which Aviation	*139*	140	*-0.9%*	171	*-18.7%*	279	343	-18.6%
Total	**1,336**	**1,110**	***20.4%***	**1,332**	***0.3%***	**2,446**	**2,478**	**-1.3%**

EBITDA by Segment ***(AED millions)***	**Q2-20**	**Q1-20**	***QoQ %***	**Q2-19**	***YoY %***	**H1 2020**	**H1 2019**	***YoY %***
Retail (B2C)	**536**	**419**	*27.9%*	**519**	*3.3%*	**955**	**956**	*0.0%*
Commercial (B2B)	**185**	**140**	*32.5%*	**259**	*-28.6%*	**324**	**553**	*-41.4%*
Of which Corporate	134	73	*83.1%*	175	*-23.3%*	208	377	*-44.9%*
Of which Aviation	51	66	*-23.6%*	84	*-39.8%*	117	177	*-33.9%*
Unallocated[1]	-22	-3	*NM*	-28	*NM*	-25	-26	*NM*
Total	**699**	**556**	***25.6%***	**750**	***-6.9%***	**1,255**	**1,483**	***-15.4%***

(1) Unallocated includes other operating income/expenses not allocated to specific segment

Distribution and administrative expenses

Q2 2020 distribution and administrative expenses were AED 746 million, an increase of 6.3% compared to Q2 2019 distribution and administrative expenses of AED 701 million. This increase was mainly due to one-off expenses related to additional pension costs and COVID-19, as well as due to growth OPEX associated with our network expansion and cost of additional staff to implement free assisted fueling (effective 3rd November 2019).

On a like-for-like basis, cash OPEX reduced by AED 26 million in Q2 2020, mainly as a result of optimization in staff cost and decrease in other general & administrative expenses.

H1 2020 distribution and administrative expenses were AED 1,445 million, an increase of 11.8% compared to the same period of 2019, mainly due to one-off expenses related to additional pension cost, COVID-19 related expenses, growth OPEX associated with our network expansion and owing to the cost of additional staff to implement free assisted fueling (effective 3rd November 2019), while H1 2019 had benefited from a presence of one-off OPEX reversals.

AED millions	**Q2-20**	**Q1-20**	***QoQ %***	**Q2-19**	***YoY %***	**H1 2020**	**H1 2019**	***YoY %***
Staff costs	460	405	*13.5%*	421	*9.1%*	865	816	*5.9%*
Depreciation	136	135	*1.0%*	128	*6.4%*	271	256	*5.7%*
Repairs, maintenance and consumables	45	42	*7.6%*	29	*53.9%*	87	54	*60.8%*
Distribution and marketing expenses	22	19	*14.1%*	14	*50.3%*	41	34	*21.4%*
Utilities	45	43	*4.2%*	29	*52.4%*	88	64	*36.8%*
Insurance	4.9	3.2	*53.1%*	1.7	*188.2%*	8.1	4.0	*102.5%*
Others[1]	33	53	*-36.7%*	77	*-56.7%*	86	65	*32.4%*
Total	**746**	**700**	***6.6%***	**701**	***6.3%***	**1,445**	**1,293**	**11.8%**

(1) Others include lease cost, bank charges, consultancies etc.

Capital expenditures

Our capital expenditures 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 our properties, (ii) the apurchase of machinery and equipment, and (iii) other capital expenditures related to our properties, including structural upgrades, technology infrastructure upgrades and other improvements.

In H1 2020, the majority of our capital expenditure (about 80% of the total) was incurred for the development and construction of new service stations. Increase in Technology infrastructure capital expenditure pertains to digital transformation and automation of back end functions. The table below presents the breakdown of our capital expenditures for the reviewed period:

AED millions	**Q2-20**	**Q1-20**	***QoQ %***	**Q2-19**	***YoY %***	**H1 2020**	**H1 2019**	***YoY %***
Service stations projects	163	154	*6.2%*	68	*140.7%*	317	77	*312.5%*
Industrial projects	12.7	2.3	*452.2%*	10	*23.3%*	15	35	*-57.4%*
Machinery and equipment	5.0	8.4	*-40.5%*	10	*-49.0%*	13	21	*-35.9%*
Distribution fleet	2.2	7.1	*-69.0%*	0.0	*NM*	9.4	0.7	NM
Technology infrastructure	15	13	*14.9%*	1.9	*NM*	29	2.2	NM
Office furniture and equipment	0.6	0.2	*200.0%*	2.0	*-70.0%*	0.8	2.2	*-63.6%*
Total	**199**	**185**	***7.6%***	**92**	**116.9%**	**384**	**138**	**178.3%**

NM: Not meaningful

Cash flow and capital structure

In H1 2020, our cash position was negatively impacted due to unfavorable working capital movements and dividend payment in the second quarter, partially offset by strong cash flow from operations. Negative working capital movements were mainly as a result of decrease in payables to our supplier ADNOC, driven by lower purchases and lower oil prices.

The company maintained strong financial position at the end of June 2020 with liquidity of AED 5.2 billion in the form of AED 2.4 billion in cash & cash equivalents and AED 2.8 billion in unutilized credit facility. Our existing term debt matures at the end of 2022 with no covenants in place. Our balance sheet remains strong with a net debt to EBITDA ratio of 1.17x as of 30 June 2020.

Business segments operating review

Retail Segment – B2C (Fuel and Non-Fuel)

Volumes

Q2 2020 retail fuel volumes declined by 32.6% compared Q2 2019. In H1 2020, retail fuel volumes declined by 17.2% compared to H1 2019. The decline in Retail fuel volumes in Q2 and H1 2020 was mainly owing to the impact of COVID-19.

Retail Segment volumes (million liters)	Q2-20	Q1-20	*QoQ %*	Q2-19	*YoY %*	H1 2020	H1 2019	*YoY %*
Gasoline	937	1,380	*-32.1%*	1,395	*-32.8%*	2,317	2,794	*-17.1%*
Diesel	114	167	*-31.7%*	173	*-34.2%*	280	350	*-19.8%*
Other (1)	28	31	*-9.6%*	32	*-11.9%*	59	63	*-6.3%*
Total	**1,079**	**1,577**	**31.6%**	**1,600**	***-32.6%***	**2,657**	**3,208**	**-17.2%**

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

Results

Q2 2020 Retail segment revenue decreased by 46.6% compared to Q2 2020, primarily due to lower fuel volumes, lower pump prices and lower Non-Fuel Retail revenues.

Q2 2020 Retail segment gross profit increased by 6.3% y-o-y compared to Q2 2019, driven by Fuel Retail business. Fuel Retail gross profit increased by 16.2% y-o-y, on the back of higher retail fuel margins, reduction in fuel cost following renegotiation of our fuel supply contract, effective November 2019, partially offset by lower retail volumes.

Q2 2020 Retail segment EBITDA increased by 3.3% compared to Q2 2019 despite absence of inventory gains recorded in the same period last year, mainly driven by higher retail margins, partially offset by lower fuel volumes, decline in non-fuel gross profit and increase in OPEX.

H1 2020 retail segment gross profit increased by 7.7% y-o-y. Fuel Retail business posted strong operating performance with gross profit growth of 14.8% y-o-y, mainly supported by higher retail fuel margins and reduction in fuel cost, partially offset by lower retail fuel volumes. Non-fuel retail gross profit decreased by 29.0% compared to H1 2019 due to lower transactions as a result of COVID-19 lockdown restrictions as well as due to the absence of voucher redemption after implementing free assisted fueling.

H1 2020 Retail segment EBITDA was stable y-o-y, driven by higher retail margins, offset by lower fuel volumes, decline in non-fuel gross profit, increase in OPEX as well as due to presence of inventory gains last year.

Retail Segment (AED million)	Q2-20	Q1-20	*QoQ %*	Q2-19	*YoY %*	H1 2020	H1 2019	*YoY %*
Revenue	**2,033**	**3,446**	-41.0%	**3,810**	-46.6%	**5,479**	**7,066**	***-22.5%***
Of which Fuel Retail	1,871	3,185	*-41.3%*	3,533	*-47.0%*	5,056	6,513	***-22.4%***
Of which Non-Fuel Retail	162	260	*-37.6%*	277	*-41.4%*	423	553	*-23.5%*
Gross profit	**988**	**840**	*17.7%*	**930**	***6.3%***	**1,828**	**1,697**	***7.7%***
Of which Fuel Retail	918	715	*28.4%*	790	*16.2%*	1,633	1,422	*14.8%*
Of which Non-Fuel Retail	70	125	*-43.5%*	140	*-49.7%*	195	275	*-29.0%*
EBITDA	536	**419**	***29.7%***	**519**	***3.3%***	**955**	**956**	***0.0%***
Operating profit	417	302	*37.9%*	408	*2.0%*	718	734	*-2.1%*
Capital expenditures	190	163	*16.9%*	76	*149.0%*	353	114	*207.9%*

Other operating metrics

Q2 2020 fuel transactions decreased by 36.8% compared to Q2 2019, primarily due to COVID-19 business impact.

Fuel operating metrics	Q2-20	Q1-20	*QoQ %*	Q2-19	*YoY %*	H1 2020	H1 2019	*YoY %*
Number of service stations – UAE (1)	406	389	*4.4%*	379	*7.1%*	406	379	7.1%
Number of service stations - Saudi Arabia (1) (2)	2	2	-	2	-	2	2	-
Throughput per station (million liters)	2.6	4.0	*-35.0%*	4.1	*-36.6%*	6.4	8.3	-22.9%
Number of fuel transactions (millions)	25.3	38.2	*-33.8%*	40.0	*-36.8%*	63.5	76.8	-17.3%

(1) At end of period.
(2) Includes one franchised site.

Q2 2020 Non-fuel transactions decreased by 50.0% compared to Q2 2019, and by 33.5% in H1 2020 compared to H1 2019, mainly due to COVID-19 which has resulted in a decline in customer visits as well as due to the absence of vouchers after implementing free assisted fueling (effective November 2019).

Our convenience stores generated lower revenues in Q2 2020 compared to Q2 2019, mainly due to lower transactions. However, average gross basket size sustained growth and increased by 32.6% y-o-y, driven by COVID-19 impact, whereby customers are visting less frequently but buying more during each visit. This was also supported by our customer centric initiatives like improvement in category management and online delivery.

We continue to transition our tenancy business to a revenue sharing model to maximize revenue and profitability. The number of occupied properties decreased compared to previous year due to portfolio optimization by some of our tenants, however, it remained stable on sequential basis.

The number of vehicles inspected (fresh tests) in our vehicle inspection centers decreased significantly in Q2 2020 and in H1 2020 compared same periods of 2019, mainly due to COVID-19 impact led lockdown restrictions.

Non-Fuel operating metrics	Q2-20	Q1-20	QoQ %	Q2-19	YoY %	H1 2020	H1 2019	YoY %
Total number of non-fuel transactions (millions) [(2)]	5.8	9.7	*-40.2%*	11.6	*-50.0%*	15.5	23.3	-33.5%
Number of convenience stores - UAE [(1)]	288	269	*7.1%*	262	*9.9%*	288	262	9.9%
Convenience stores revenue (AED million)	125	184	-32.1%	197	-36.5%	308	393	-21.6%
Convenience stores gross profit (AED million)	35	49	-30.2%	61	-43.3%	84	119	-29.2%
Margin	27.7%	26.9%	-	31.0%	-	27.2%	30.2%	-
Conversion rate % [(3)]	19%	22%	-	26%	-	21%	27%	-
Average basket size (AED) [(4)]	25.5	21.5	18.6%	19.0	34.2%	23.0	18.9	21.7%
Average gross basket size (AED)[(5)]	31.3	27.1	*15.5%*	23.6	*32.6%*	28.6	23.9	19.7%
Number of Property Management tenants [(1)]	273	277	*-1.4%*	263	*3.8%*	273	263	*3.8%*
Number of occupied properties for rent [(1)]	895	892	*0.3%*	922	*-2.9%*	895	922	*-2.9%*
Number of vehicle inspection centers [(1)] [(6)]	27	26	*3.8%*	25	*8.0%*	27	25	8.0%
Number of vehicles inspected (fresh tests) (thousands)	32	178	*-82.1%*	190	*-83.2%*	210	370	*-43.3%*
Other vehicle inspection transactions (thousands)[7]	11	63	*-82.7%*	57	*-81.1%*	73	115	*-36.1%*

(1) At end of period.
(2) Includes convenience stores, car wash and oil change transactions.
(3) Number of convenience stores transactions divided by number of fuel transactions.
(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 center.
(7) Other vehicle inspection transactions includes the number of vehicles inspected (re-tests) and sale of safety items at our vehicles inspection centers

Commercial Segment – B2B (Corporate and Aviation)

Volumes

Q2 2020 Commercial Fuel volumes were down by 2.7% compared to Q2 2019, driven by a decrease of 23.9% y-o-y in Aviation volumes sold to our strategic customers, partially offset by an increase of 4.1% y-o-y in corporate volumes.

H1 2020 Commercial Fuel volumes were marginally down by 1.3% compared to H1 2019. H1 2020 Corporate volumes increased by 3.0% y-o-y supported by buying from industrial customers. This was partially offset by a decrease of 14.3% y-o-y in Aviation volumes sold to our strategic customers.

Commercial Segment volumes (million liters)	Q2-20	Q1-20	*QoQ %*	Q2-19	*YoY %*	H1 2020	H1 2019	*YoY %*
Gasoline	28	28	-3.2%	19	41.8%	56	35	61.1%
Diesel	452	386	17.0%	404	12.0%	838	789	6.2%
Aviation	139	178	-22.0%	183	-23.9%	318	371	-14.3%
Other (1)	108	136	-20.5%	142	-23.4%	245	281	-13.0%
Total	**727**	**729**	**-0.3%**	**747**	**-2.7%**	**1,456**	**1,476**	**-1.3%**

(1) Includes LPG, lubricants and base oil.

Results

Q2 2020 Commercial segment revenue decreased by 42.0% compared to Q2 2019, mainly due to lower Aviation volumes and lower oil prices.

Q2 2020 Commercial segment gross profit declined by 13.6% driven by lower margins, lower Aviation volumes sold to our strategic customers and other one-offs in the commercial business.

Q2 2020 Commercial segment EBITDA declined by 28.6% compared Q2 2019, due to lower margins, lower Aviation volumes and prudent bad debt provision in light of COVID-19 situation.

H1 2020 Commercial segment revenue decreased by 22.8% compared to H1 2019.

H1 2020 Commercial segment gross profit declined by 20.9%, due to lower margins, lower aviation volumes as well as negative one-off items of AED 22 million, whereas H1 2019 included one-off recoveries of AED 54 million.

H1 2020 Commercial EBITDA declined by 41.4% y-o-y due to lower margins, lower Aviation volumes, prudent bad debt provision and negative one-off items in the Commercial business, whereas H1 2019 included one-off receivables recoveries.

Commercial Segment (AED million)	Q2-20	Q1-20	*QoQ %*	Q2-19	*YoY %*	H1 2020	H1 2019	*YoY %*
Revenue	**983**	**1,494**	***-34.2%***	**1,694**	***-42.0%***	**2,477**	**3,208**	***-22.8%***
Of which Corporate	761	1,051	*-27.6%*	1,185	*-35.8%*	1,812	2,211	*-18.0%*
Of which Aviation	222	443	*-50.0%*	509	*-56.4%*	665	997	*-33.3%*
Gross profit	**347**	**270**	***28.6%***	**402**	***-13.6%***	**618**	**781**	***-20.9%***
Of which Corporate	208	130	*60.3%*	231	*-9.8%*	338	437	*-22.7%*
Of which Aviation	139	140	*-0.9%*	171	*-18.7%*	279	343	*-18.6%*
EBITDA	**185**	**140**	***32.5%***	**259**	***-28.6%***	**324**	**553**	***-41.4%***
Operating profit	169	122	*37.8%*	242	*-30.4%*	291	519	*-44.0%*
Capital expenditures	3.0	8.2	*-63.4%*	2.7	*11.1%*	11	3.0	*273.3%*

Share trading and ownership

Our shares are traded on the Abu Dhabi Securities Exchange (ADX) under the symbol ADNOCDIST. The closing share price as of 30 June 2020 was AED 2.97. In the period from 1 January 2020 through 30 June 2020, the share price has ranged from AED 2.40 to AED 3.15 at close. Our market capitalization was AED 37.1 billion as of 30 June 2020, and an average of 2.8 million shares have traded daily in H1 2020 (+49% versus 2019). In H1 2020, the average daily traded value of our shares was USD 2.2 million (+66% versus 2019).

As of 30 June 2020, ADNOC owned 90% of our outstanding shares. Of the 10% free float, UAE and other regional institutions owned 58%, international institutional investors 17% and individual retail shareholders 25%.

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 our IPO, which is available on our website at www.adnocdistribution.ae.

Q2 / H1 2020 Earnings conference call details

A conference call in English for investors and analysts will be held on Thursday, August 13, 2020, at 4:00 p.m. UAE / 1:00 p.m. London / 8:00 a.m. New York. To access the conference call, followed by a Q&A session, please dial one of the toll free numbers listed below and enter the conference call access code '**654201'**.

UAE Toll free: 800 0357 04553

KSA Toll free: 800 850 0375

UK Toll free: 0800 640 6441

USA Toll free: +1 855 9796 654

For other countries, please dial UK Toll: +44 (0)20 3936 2999, or US Toll: +1 646 664 1960

For pre-registration, please click here. You will receive your access details via email.

The conference call will also be webcast live on the company web site. To register for the webcast please follow the link and enter password '654201'. Please note that participants joining by webcast will be able to ask questions via a chat box within the webcast player.

The presentation materials will be available for download in English on Thursday, August 13, 2020 at adnocdistribution.ae/conferencecall.

Reporting date for the third quarter of 2020

We expect to announce our third quarter 2020 results on or around November 11, 2020.

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August 13, 2020
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 for the period for the twelve months ended divided by total equity 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 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.