



ADNOC Distribution Announces Q1 Results & New Customer Initiatives to Combat Impact of COVID-19

Underlying EBITDA grows by 4.7% to AED 629 million with Net Profit of AED 400 million in Q1 2020

Seven new stations added in Q1 in-line with smart growth strategy

Introduces enhanced contactless payment solutions, daily cleaning of sites, new car sanitization, fuel and grocery delivery services

Remains resilient with a progressive dividend policy and capital discipline, backed by strong balance sheet

Abu Dhabi, UAE – 12 May 2020: ADNOC Distribution (ISIN: **AEA006101017**) (Symbol: **ADNOCDIST**), the UAE's largest fuel and convenience retailer, announced its first quarter 2020 financial results, recording an underlying EBITDA of AED 629 million, a growth of 4.7%, while net profit was AED 400 million for the quarter and cash flow generation remained strong with free cash flow of AED 533 million. The company continues to focus on ensuring the safety of its employees, customers and local communities as it responds to COVID-19 and, despite the challenging operating environment, remains resilient with a strong balance sheet, delivering on its smart growth strategy with seven new stations opened in Q1 2020.

During the first quarter, ADNOC Distribution responded swiftly to the evolving needs of its employees, customers and local communities, by introducing a number of health and safety measures, including new services to enhance customer experience and protect staff and customers during the current COVID-19 pandemic, including the daily cleaning of its sites and free car interior sanitization with every auto wash. To further protect customers and staff, the company has accelerated its digital transformation strategy in response to the current pandemic, providing customers with a seamless digital experience and enhancing the company's position as a best in class fuel retailer. A key element has included enhancing its advanced Mobile Pay technology, which allows totally contactless refueling and payment. As a result, customer uptake of the ADNOC Distribution Wallet, which includes Mobile Pay as well as the ADNOC Rewards program, increased by more than 100,000 users in the first quarter of the year to over 730,000 users.

The company was also quick to launch a new 'essential products' range in its ADNOC Oasis stores, including fresh food, household and healthcare products, at low cost to help customers across the UAE. In addition, retail fuel customers across Abu Dhabi Island have had the added convenience of having their vehicles refueled on their doorstep through ADNOC Distribution's My Station, a new mobile fueling service that provides services at a location and time of customers' choosing.

The company has also introduced new complimentary deep cleaning and sanitization of cars at select stations as part of its auto wash service. More recently, ADNOC Distribution launched an online home delivery service with select leading providers, of more than 1,000 of its Oasis products, including groceries and hot beverages for the convenience and safety of its customers. The service is already proving popular and has resulted in an increase in basket size for participating stations.

The company's retail fuel business posted strong operational performance, with retail fuel gross profit growing by 13.1% year-on-year in the first quarter, led by higher margins and volume growth in the first two months of the year. Although retail fuel volumes declined by 1.9% in the quarter, due mainly to the business impact of COVID-19 in March, commercial fuel volumes remained stable year-on-year.

The company has shown resilience in Q1 2020, with underlying EBITDA (EBITDA excluding inventory losses and one-offs) of AED 629 million, an increase of 4.7% compared to the same period last year. While revaluation of current inventory stock in the commercial business, following lower oil prices, and prudent provisioning in the current environment negatively impacted reported EBITDA and Net Profit for the first quarter by AED 73 million, most of the year on year decline comes from an unfavorable base period which benefitted from one-off reversals and recoveries of AED 132 million.

Despite the unprecedented market conditions and the uncertainties ahead, ADNOC Distribution remains in a strong financial position and is well placed to navigate the challenges posed by the COVID-19 pandemic. It has ample liquidity to weather the immediate impacts of COVID-19 and is exploring new growth opportunities presented by the current environment. As of 31 March 2020, the company's liquidity was at AED 8.0 billion in the form of AED 5.2 billion in cash and cash equivalents and AED 2.8 billion in unutilized credit facility.

Ahmed Al Shamsi, Acting Chief Executive Officer of ADNOC Distribution said: "In Q1 2020 we have shown strength and agility as a business. We are especially thankful to our dedicated frontline colleagues who have played a vital role in this effort by providing a lifeline to communities around the country that rely on our services 24 hours a day to meet their essential fuel, food and grocery needs. In turn, we have taken and will continue to take, every step to ensure their health, safety and wellbeing."

"By understanding our customers' needs and adapting our products and services, while they adhere to social distancing, we have built a stronger relationship with our

communities, one that we hope will last long into the future after this pandemic is over,” added Al Shamsi. “We also remain committed to our shareholders by protecting our business through the application of robust business continuity measures and the strengthening of our business resilience, in readiness to return in a position of strength and continue our growth trajectory when the effects of the pandemic subside.”

The company successfully opened seven new stations in Q1 and construction is well advanced on a number of additional stations that will be opened in the coming quarter. Since announcing its new ‘On-the-Go’ community station concept in November 2019, five ‘On-the-Go’ stations have already been brought into operation by April 2020, with more coming soon.

During its recent General Assembly meeting, held virtually due to social distancing measures, ADNOC Distribution announced that its 2020 dividend policy is set to continue with an increase of 7.5% to AED 2.57 billion, after a 62% increase in the 2019 dividend to AED 2.39 billion. Looking further ahead, the company’s shareholders approved amendments to the dividend policy for 2021 onwards, setting an AED 2.57 billion dividend for 2021 and a dividend equal to at least 75% of distributable profits from 2022 onwards. The changes to the dividend policy approved by shareholders demonstrates its confidence in the Company’s future prospects and ability to deliver sustainable growth, providing investors with longer term visibility on the company’s dividend strategy.

Key Financial Metrics

AED million	Q1-20	Q1-19	change
Revenue	4,939	4,770	3.6%
Gross profit	1,110	1,146	-3.1%
EBITDA	556	733	-24.1%
Underlying EBITDA ¹	629	601	4.7%
Operating profit	421	605	-30.3%
Profit for the period	400	578	-30.9%
Earnings per share (AED/share)	0.032	0.046	-30.9%
Capital expenditures	185	46	NM
Free cash flow ²	533	-964	NM

(1) Underlying EBITDA defined as EBITDA less inventory gains/losses and one-offs

(2) Free cash flow defined as Net cash generated from operating activities less payments for purchase of property, plant & equipment and advances to contractors

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

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

For media, please contact: media@adnocdistribution.ae

About ADNOC Distribution

ADNOC Distribution, listed on the Abu Dhabi Securities Exchange (ADX) under the symbol “ADNOCDIST”, is the leading fuel distributor and convenience store operator in the UAE. ADNOC Distribution operates 389 retail fuel stations, 269 convenience stores as of 31 March 2020 and is the leading marketer and distributor of fuels to commercial, industrial and government customers throughout the UAE. ADNOC Distribution is the only fuel retailer operating in all seven emirates in the UAE, and in 2018 expanded its operations internationally, opening two service stations in the Kingdom of Saudi Arabia. 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.