

Our strategy

ADNOC Distribution’s strategy focuses on driving sustainable earnings growth and delivering long-term returns for shareholders.

In 2024, ADNOC Distribution successfully embarked on a transformative journey under its newly unveiled 2024-2028 growth strategy, announced at its Investor Day in February 2024. This strategy positions the company to capitalize on evolving market dynamics while advancing towards its 2028 ambition to become a leading customer-centric, international mobility retailer.

The Company is scaling up its portfolio of low-carbon energy solutions including biofuels, EV, and hydrogen to support the decarbonization of the transport industry, whilst expanding its non-fuel retail offerings. ADNOC Distribution is prioritizing innovation and enhancing customer experience in line with its strategic objectives. A focus on seamless customer journeys through digital solutions and hyper-personalization will drive improved brand engagement and increased footfall.

In 2024, ADNOC Distribution delivered strong progress across its strategic priorities, achieving significant milestones in both domestic and international growth initiatives. The Company remains steadfast in its commitment to creating long-term shareholder value, driving operational efficiency, and embracing new energy solutions that align with the UAE’s sustainability goals. By focusing on innovative offerings, disciplined capital allocation, and robust governance, ADNOC Distribution continues to enhance its market position while setting the foundation for sustainable earnings growth and value creation.

ADNOC Distribution aims to deliver earnings growth in 2024-28 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 2023; reducing like-for-like OPEX by up to AED 184 million over a 5-year period; and growing the network of service stations to ~1,000 by 2028.

This section provides an overview of ADNOC Distribution’s strategy, progress made in 2024, and outlines the roadmap that ensures the company is equipped to successfully navigate a dynamic energy landscape and achieve its ambitious goals by 2028.

Strategy overview

Vision

To become a leading customer-centric, international mobility retailer



Purpose

Provide world-class customer experience through compelling fuel & non-fuel offerings, digital integration, and innovation to transform ADNOC Distribution stations as a destination-of-choice



Pillars



Deliver profitable domestic growth

Retail

Enhance returns from core assets

- Leverage on highly attractive and growing core UAE energy market
- Reallocate capital towards convenience and mobility to transform our stations as destinations of choice

Commercial

Continue to grow market share while driving enhanced margins



Build international platforms

Fuel Retail

Expand assets

- **KSA:** accelerating growth
- **Egypt:** maximize earnings potential and drive value creation
- **Global:** Invest in new value accretive markets with attractive long-term fundamentals

Lubricants & LPG

Scale-up business to create new growth verticals



Future-proofing & new revenue streams

- **Electric vehicles:** access premium-margin on-the-go EV charging value pool
- **Alternative fuels:** develop biofuel propositions & pilot hydrogen

Decarbonization

Achieve 25% reduction in emissions intensity by 2030⁽¹⁾

New revenue streams

Extend core capabilities into new business models, e.g. vehicle servicing, fleet solutions, Quick Service Restaurants

(1) Compared to 2021 baseline, from Scope 1 and Scope 2 emissions

Enablers



To achieve long-term growth objectives, ADNOC Distribution is focusing on the following key areas:

Deliver profitable and sustainable domestic growth

1. Domestic Fuel

Continued investment in the growing and highly attractive core UAE energy market by growing fuel volumes through smart network growth, disciplined CAPEX deployment, and expanding customer channels with digitally-enabled mobile assets.

a. Fuel Retail Business

The Company expects solid growth in its fuel retail business, driven by population increase in the UAE, increased mobility trends, and a growing car parc. With an extensive domestic network of 551 retail fuel stations at the end of 2024, ADNOC Distribution is well-positioned to maintain its leadership in the UAE fuel retail market.

The Company plans to enhance its domestic network efficiency by upgrading existing stations and transforming them into destinations of choice for customers by expanding non-fuel retail offerings.

The profitability of the Company’s fuel retail business is expected to remain strong, supported by the UAE’s robust regulatory framework, visible, industry-leading UAE retail fuel margins, and high throughputs per station.

In addition, the Company continues to enjoy competitive advantages through its auto-renewal five-year supply contract with ADNOC, renewed in 2023, which provides ADNOC Distribution with stable retail fuel margins, protection against inventory losses, and exposure to inventory gains.

Network expansion in Dubai

Dubai provides access to one of the region’s highest retail fuel throughputs per station and presents strong non-fuel retail opportunities. It offers a way for the Company to expand its domestic network without cannibalizing existing volumes.

In 2024, the Company increased its presence in Dubai to 56 stations, representing a 30% increase compared to end of 2023.

It opened 12 new stations, of which ten cater specifically to trucks, in partnership with Dubai’s Road and Transport Authority (RTA).

Strategy in action

Expanding Presence in Dubai through Strategic Partnerships



Context

ADNOC Distribution, in collaboration with Dubai’s Roads and Transport Authority (RTA), completed the construction of 10 truck rest stops across six key locations in Dubai. The partnership with RTA involved the development of rest areas along major routes, including Sheikh Mohammed bin Zayed Road and Emirates Road. Each rest stop spans between 5,000 to 10,000 square meters, accommodating 30 to 45 trucks, and offers amenities such as diesel refueling stations, prayer rooms, and driver rest facilities.



Outcomes and Impact

This initiative has significantly enhanced ADNOC Distribution’s footprint in Dubai, reinforcing its role in the region’s fuel retail sector. Additionally, the rest stops are expected to improve road safety by reducing truck-related incidents, alleviate unauthorized parking in residential areas, and provide essential services to over 5,000 trucks daily.

The company’s collaboration with RTA exemplifies its strategic approach to growth through partnerships, infrastructure development, and commitment to community well-being, thereby strengthening its presence in the Dubai market.



Maintain a leading position in Abu Dhabi and the Northern Emirates

As the largest fuel retailer in Abu Dhabi and the Northern Emirates, ADNOC Distribution continues to expand and enhance its network in these regions, meeting demand from growing populations while maintaining its market-leading status and ensuring convenient access to fuel and non-fuel services.

The Company’s expansion in these two regions is prioritized to protect market share and generate attractive returns while maintaining the ADNOC Distribution customer experience. The Company is achieving this through innovative and capital-efficient models, such as ‘ADNOC On the Go.’

b. Commercial Fuel

Leveraging an attractive commercial fuel market outlook with demand supported by the UAE’s economic growth, ADNOC Distribution intends to expand bulk fuels, LPG and aviation both domestically and abroad through value-added fleet and B2B services.

The Company plans to grow aggressively in lubricants domestically and in international export markets. There are strong growth opportunities for ADNOC Distribution’s commercial business across various product segments.

Growing domestic corporate main fuel business

Abu Dhabi and Northern Emirates are the largest markets for main fuels, with gasoil demand expected to grow driven by higher activity in the construction industry. ADNOC Distribution expects to sustain growth in its corporate business and maintain a leadership position in the UAE by capturing market demand growth and signing new strategic long-term supply contracts with customers and distributors.

In addition, the Company intends to further strengthen its direct customer access using a wide portfolio of fully digitized mobile assets, while helping customers to decarbonize their operations through more sustainable fuels such as biofuel.

Mobile assets

ADNOC Distribution has established a fleet of mobile fueling assets to diversify supply channels and offer a customer-centric proposition aimed at convenience.

Starting with corporate customers, these mobile assets have expanded in scope to compete across markets, leveraging a fleet of 236 ADNOC MyStation trucks and trailers (80 Fuel trucks, 7 super fuel trucks and 149 LPG cylinder delivery fleet), in addition to four micro-stations offering gasoline and LPG.



Growing LPG business across UAE

The UAE market presents compelling opportunities for the Company to seek returns and growth, including through its LPG business, which, in 2019, began to sell LPG cylinders to businesses in Dubai.

The Company intends to gain further market share in the Dubai and Northern Emirates LPG markets while scaling up profits in Abu Dhabi through an enhanced digital LPG distribution model that leverages the ADNOCDist mobile application.

This will entail launching an LPG delivery service direct to customers. In 2024, the Company expanded its LPG offerings by launching innovative LPG vending machines and lightweight composite cylinders.



Growing domestic lubricants business

ADNOC Distribution continues to maintain its leadership position in the UAE domestic lubricants market as the number one lubricants brand by sales volume. The Company focuses on the domestic UAE market as a key contributor to lubricants segment earnings.

Demand in the UAE lubricants market is expected to grow, driven by a growing population and increased number of cars, as well as growing investments in the industrial sector resulting in increased manufacturing and construction activities.

Moreover, increased demand for raw materials and resultant industrial output is driving demand for commercial automotive and marine lubricants. The Company intends to expand its portfolio offerings, including specialty and new fluids (e.g., EV fluids, immersion cooling fluids).



2. Domestic Non-Fuel Retail

Capitalizing on its fuel-based footfall, ADNOC Distribution is transforming into a convenience and mobility leader. The Company has full access to the highly profitable non-fuel retail market and intends to unlock incremental value from its existing network.

By leveraging non-fuel retail assets and optimizing real estate, ADNOC Distribution is well-positioned to make its service stations as destinations of choice, including for longer-stay EV charging customers. This will be achieved by bringing Oasis offerings to our customers and expanding convenience store footprints in a disciplined manner with multiple attractive non-fuel offerings.

Reinvent C-stores as ‘foodvenience’ destinations

Today ADNOC Distribution is the largest convenience store operator in the UAE, with 373 stores nationwide. The Company intends to expand its convenience stores network by 25% by 2028 compared to 2023, in a disciplined manner. In 2024, it added 17 new convenience stores in the UAE, including five stand-alone stores, to capture opportunities for non-fuel retail growth outside its service stations and leverage customer brand recognition.

Additionally, the Company also plans to transform its stores from “convenience” destination into Food and Beverage (F&B) ‘Foodvenience’ destinations by increasing the share of high-margin F&B products and more than doubling the volume of barista-prepared drinks sold. The Company is also enhancing its stores with segmented offerings and through assortment that leverages advanced analytics to drive higher conversion rates. Other strategic initiatives include delivering ADNOC Oasis products to customers using e-commerce platforms, bringing convenience to customers (Click & Collect), and drive-thru services.

Strategy in action

Click & Collect, Seamless and Convenient

ADNOC Distribution introduced its innovative Click & Collect service in 2024, enhancing customer convenience and personalizing the shopping experience. The service allows customers to order ADNOC Oasis products through the app for delivery to their car or for in-store collection and is now available at a growing number of stations across the UAE.

Customers can easily browse and order products in the app, reducing wait times and enhancing convenience. In the future, the app will offer data-driven, hyper-personalized purchasing suggestions, further enhancing customer experience. By analyzing customer preferences and purchasing behavior, the app will provide tailored recommendations, making shopping more intuitive and enjoyable.

This initiative is part of ADNOC Distribution’s broader strategy to lead the industry through best-in-class customer experiences, reinforcing ADNOC Distribution’s position as the UAE’s leading mobility retail destination, driving growth and delivering excellence for customers and shareholders.





Washes take only

7-8 min

Quick service for customers.

Create one-stop destination for car care services

As part of its Car Care service business, ADNOC Distribution is leveraging a strong car wash and lube change footprint to enhance customer experience and become a one-stop car care services destination. The Company has plans to improve the overall customer experience facilitated by new offerings and adapting innovative digital solutions, such as introducing a new car wash layout and rolling out high-capacity tunnel car wash with best-in-class technology.

This will enable customers to be served with improved equipment to enhance their experience. ADNOC Distribution has introduced its new car wash layout across a number of its sites in the UAE over 2023-2024, offering a modern and premium customer experience.

Additionally, ADNOC Distribution launched five new high-capacity car wash tunnels in 2024, which have significantly greater capacity than conventional facilities, with plans to add more car wash tunnels in 2025.

Strategy in action

Tunnel Carwash: Innovative Services Driving Growth

ADNOC Distribution has introduced a cutting-edge car wash tunnel that aligns with its strategy of enhancing customer convenience and promoting sustainability. This system can service 35 to 40 vehicles per hour, with each wash taking only seven to eight minutes, strengthening ADNOC Distribution's industry-leading non-fuel retail offerings.

The tunnel uses 80% recycled water, reducing environmental impact and supporting ADNOC Distribution's sustainability goals.

An automatic conveyor belt efficiently moves vehicles through the tunnel, handling up to four vehicles simultaneously.

This innovation has increased customer satisfaction by reducing wait times and improving service efficiency. It also demonstrates ADNOC Distribution's commitment to leveraging technology for operational excellence and environmental responsibility, key components of its strategic vision.



80%

Recycled water

Reduces environmental impact and supports sustainability goals.

Enhance real estate returns by attracting more QSR brands to our network, driving additional footfall and optimizing tenant mix

In Property Management, the Company is sweating assets through real estate optimization at its service stations.

The Company aims to diversify revenues, drive footfall to its stations and grow profitability through monetizing its real estate landbank (i.e. building Community Hubs, and a Quick Service Restaurant platform to capture a larger value pool), growing its property management business by upgrading the tenant mix, and selectively operating franchises to extract more value across the value chain and generate franchising growth.

Strategy in action

Burger King, Franchise Operations and Property Management

In 2023, ADNOC Distribution became a proud sub-franchisee of Burger King, and as of 2024, it operated 12 restaurants. These outlets have achieved high operational standards, with multiple locations receiving the Gold Standard Award, which acknowledges operations score above 90. This partnership aligns with ADNOC Distribution's strategy to further transforming its network into destinations of choice for the communities it serves.

The addition of Burger King outlets has contributed to ADNOC Distribution's impressive occupancy rate of 95% at tier-1 stations, rivaling top-tier malls. This high occupancy rate reflects the Company's commitment to providing world-class brands and services, enhancing customer satisfaction and loyalty.

ADNOC Distribution's property and franchise strategy is part of its broader ambition to lead the industry through best-in-class customer experiences.

By integrating renowned brands like Burger King, ADNOC Distribution reinforces its position as the UAE's leading mobility retail destination, driving growth and delivering excellence for its customers and shareholders.



Gold Standard Award

which acknowledges operations scores

+90



Build international platforms

International Retail: Expand the assets

Delivering on our international expansion plan remains integral to our ambitious growth strategy. We expect to grow internationally through efficient capital allocation where there are opportunities to deliver attractive investment returns. The Company aims to grow the contribution of its international operations and maximize value and earnings potential from its existing assets in Saudi Arabia and Egypt.

Saudi Arabia – smart expansion in accelerated mode

ADNOC Distribution entered Saudi Arabia fuel retail market in 2018 with two stations. Since then, it continued to expand its presence in the Kingdom with a fully operational team on the ground. In 2024, the Company accelerated the execution of its expansion in Saudi Arabia, reaching 100 stations at the end of 2024, a 47% increase compared to 2023 level. This includes 33 retail fuel stations added during the course of 2024, of which 30 were contracted stations using CAPEX-light, value-accretive Dealer Owned Company Operated (DOCO) model.

Saudi Arabia is a large and fragmented market with over 10,000 stations, and ADNOC Distribution’s experience and strength in fuel retail can be leveraged to capture growth. The Company’s integrated approach to fuel and high-quality non-fuel offerings is a key differentiator in Saudi Arabia, and it plans to further accelerate expansion in the country organically through the DOCO model, ensuring efficient capital allocation.

Egypt - building on synergies to expand aviation segment and grow lubricant market share

ADNOC Distribution’s acquisition of a 50% stake in TotalEnergies Marketing Egypt LLC in 2023 reaffirmed the Company’s commitment to expanding business in attractive international growth markets. TotalEnergies Marketing Egypt LLC has a diversified portfolio of 245 retail fuel stations, aviation fuel, lubricants, and wholesale fuel operations as well as 140+ convenience stores, 200+ lube change bays and 130+ car wash locations. 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 2024.

The Company focuses on building on synergies to expand aviation segment and grow lubricant market share, leveraging on the growing tourism in Egypt which supports expansion of aviation business to more airlines, and growing lubricants business leveraging on a dual-brand portfolio.

Other markets

In addition to Saudi Arabia and Egypt, ADNOC Distribution is actively exploring inorganic opportunities in other high-potential markets which will continue to demonstrate growth in fuel demand in the coming years. The Company enjoys a strong balance sheet and ample liquidity that positions it well to pursue step-change growth through value-accretive transactions, while ensuring allocation of capital towards growth in a disciplined manner.

International expansion for lubricants

The wholesale lubricants segment is one of the most promising operating segments for ADNOC Distribution as it enables domestic and international expansion with exports to different markets across the Middle East, Africa, and Asia. The Company’s lubricants export network continues to expand, reaching 46 markets by the end of 2024 compared to 37 in 2023.

The Company plans to grow sales in its lubricants segment by introducing new formulations and specialties products using ADbase, a world-class base oil supplied by ADNOC Group. Also, having undertaken a rigorous assessment of the international lubricant market, the Company aims to expand its lubricant portfolio, benchmarked to key global leaders and modernizing packaging, in addition to organic and inorganic growth, in key international markets such as KSA and Egypt. Additionally, the Company started blending ADNOC Voyager lubricants in Egypt in 2024, with the intention of making it a regional export hub.



Future-proof our business

Capitalize on opportunities created by the energy transformation

ADNOC Distribution’s priority is to create incremental shareholder value – supported by tangible initiatives in sustainable mobility to future-proof the business and achieve leadership in decarbonization efforts. This value can be attained through promoting alternative mobility solutions and unlocking new revenue streams created by the energy transformation, such as investing in EV charging services, hydrogen, and biofuels.

Lead in EV charging services and alternative fuels

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. The rollout of chargers is calibrated on a quarterly basis, depending on the actual EV uptake and using best-in-class technology.

Over 2024-2028, the Company aims to increase the number of EV charging points to more than 500. It aims for similar profitability in the EV charging business as in its existing fuel business, assuming the On-The-Go segment captures ~20% of EV customers’ charging needs. This will be achieved by offering the most accessible, reliable, and convenient network in the UAE, ensuring the best EV charging journey for customers through ADNOC Rewards app.

In 2024, ADNOC Distribution has made significant progress in expanding its network of EV charging points across the UAE. By the end of the year, the Company had 220 EV charging points installed across strategic locations, offering fast and super-fast EV charging options, covering key highways and urban areas. This growth represents a fourfold increase in the network size compared to 2023, underscores the Company’s focus on customer-centric innovation, and cements its position as a leader in the UAE on-the-go EV charging segment while supporting the UAE’s sustainable energy transformation.

Beyond EV charging, the Company is exploring other clean fuels, such as hydrogen and biofuels. Through the development of modern mobility solutions, ADNOC Distribution intends to become a destination of choice for charging and convenience for UAE customers.

New adjacencies and business models

ADNOC Distribution aims to extend its core strengths and capabilities into new business models, such as vehicle servicing, fleet solutions, Quick Service Restaurants master franchise, food and grocery convenience and sustainability solutions. These are new sectors that represent an extension of the Company’s core domain that can be accelerated organically or via acquisitions or partnerships. This approach is expected to enable ADNOC Distribution to extract value from more channels and create new platforms to future-proof the business beyond fuel with attractive margins and sustainable long-term growth.

Decarbonizing our operations

ADNOC Distribution plans to expand its sustainability-driven efforts to future-proof its business. Through its Decarbonization roadmap, the Company has committed to reduce the 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 are being implemented. These include installing solar panels at service stations, using biofuels to power its fleet of vehicles and other energy optimization initiatives.

Over 2023-2024, ADNOC Distribution started the installation of solar panels across its service station network in Dubai, as part of the Company’s phased approach to UAE-wide solar rollout to provide the power needed for daily operations. Recently it signed an agreement to start solarization of its service stations in Abu Dhabi. Additionally, 100% of the Company’s UAE heavy fleet is now using biofuel.



Powering Possible: Integration of Artificial Intelligence, a key enabler to execute ADNOC Distribution’s strategy

As a core part of its growth strategy, ADNOC Distribution is integrating Artificial Intelligence (AI) and advanced data analytics across all business segments to drive top line growth, enhance operational efficiency and deliver exceptional customer experience, while fostering sustainability. The approach is centered around four pillars: a) driving growth, by leveraging data-driven insights to unlock revenue potential and improve decision-making; b) delivering Enhanced Efficiency, through predictive analytics, cost optimization, and efficient resource management; c) elevating customer experiences via hyper-personalized offerings, reduced wait times, and seamless service delivery; and d) future-proofing the business, by adopting AI-driven energy efficiency, predictive maintenance, and water and waste minimization initiatives.

With more than 20 new AI projects underway across its value chain, ADNOC Distribution is transforming its business to ensure it becomes the best-in-class AI driven convenience and mobility retailer, while reinforcing its commitment to sustainable operations. The Company is using innovative AI cloud technology to analyze 240 million annual fuel and non-fuel transactions, along with external data sources, to develop advanced and secure models to create business opportunities.

Additionally, it is continuously working on enhancing customer experience through innovation and digital transformation such as Fill and Go technology, which uses computer vision-enabled license plate recognition and enables customers to preorder fuel and convenience store products seamlessly through the ADNOC Dist app. The Company is also embedding an innovative AI-driven Fuel Demand AI Model that provides predictive demand analytics and allows it to optimize fuel delivery across our network. This technology has contributed to a 10% reduction in fuel truck emissions through improved delivery scheduling.

Applications of AI in ADNOC Distribution’s operations:



Smart workforce management

implemented an advanced analytics model to optimize station staffing based on fuel sales and transactions, improving efficiency. The initiative underscores ADNOC Distribution’s drive to utilize AI for operational excellence



Food & beverage (F&B) prediction

Introduced a predictive analytics tool to streamline inventory management for ADNOC Bakeries. The solution reduces waste and ensures product availability across the network



Lube automation

Implemented an automated replenishment system across the retail lube network, reducing inventory gaps. This innovation improves operational efficiency and ensures consistent supply



ARIF chatbot

Launched the ARIF chatbot, an Investor Relations AI assistant at Abu Dhabi Finance Week to provide investors with instant, reliable information in both English and Arabic. This tool simplifies access to company data, enhancing transparency and engagement



Strategy in action

ARIF: Harnessing the power of AI for Investor Relations

ADNOC Distribution launched ARIF, one of the world’s first advanced AI-powered chatbots dedicated to investor relations, during Abu Dhabi Finance Week 2024. ARIF provides current and prospective investors with access to financial insights, performance updates, and strategic information in an intuitive and interactive way. Supporting natural language queries in both English and Arabic, ARIF ensures 24/7 access for a diverse investor base.

ARIF goes beyond traditional chatbots by providing dynamic responses to investor queries. It can compute custom financial ratios, analyze growth indicators, and provide updates on ADNOC Distribution’s strategy, equity story, and sustainability initiatives. The outputs are derived exclusively from verified company information, ensuring accuracy and reliability.

By leveraging AI, ADNOC Distribution enhances investor engagement and transparency, reinforcing its commitment to innovation and delivering long-term value for shareholders.



Key performance indicators

On track to deliver against key strategic growth targets for 2028

KPI	2028 Target	Progress in 2024
Expand fuel retail network	~1,000 stations	896
Expand EV charging points network in the UAE	10-15x growth*	4x growth*
Achieve like-for-like OPEX savings	Up to AED 184 million over 2024-28	AED 66 million
Increase number of convenience stores	+25% *	+4%*
Increase number of non-fuel transactions	+50% *	+10%*
Double number of barista-prepared drinks	+100% *	+33%*
Growth in car wash transactions	3x *	1.1x*
Growth in number of lube change transactions	2x *	1.1x*
Growth in number of vehicle inspection centers	1.3x*	1.0x*
Scale up franchise operations	50+	12 Burger King franchise operations
Increase Quick Service Restaurant brands	~2X*	1.3x* QSRs, including anchor brands such as McDonald’s, Domino’s Pizza, Starbucks, AI Baik and others

*Compared to 2023 level