

BUSINESS REVIEW

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RETAIL BUSINESS

FUEL STATIONS NETWORK



2023

840 Fuel Stations

2022

568 Fuel Stations

UAE		KSA		Egypt	
2023	2022	2023	2022	2023	2022
529	502	68	66	243	0

CONVENIENCE STORES NETWORK



2023

509 Convenience Stores

2022

369 Convenience Stores

UAE		KSA		Egypt	
2023	2022	2023	2022	2023	2022
359	362	12	7	138	0



OVERVIEW

ADNOC Distribution's retail business includes fuel (gasoline, diesel, CNG, and LPG), sustainable fuel (EV charging, alternative fuel, etc.) and non-fuel (convenience stores, car care services - including car wash and lube change services, vehicle inspection centers, and property management services).

Retail Segment

FUEL



ADNOC Distribution is a leading mobility retailer brand in the UAE, with 529 owned and operated retail fuel stations. It operates fuel service stations in all seven UAE emirates, and is the largest operator in Abu Dhabi, Sharjah, and the Northern Emirates. ADNOC Distribution also operates in Saudi Arabia with 68 service stations and in 2023 entered Egypt market through the acquisition of a 50% stake in TotaEnergies Marketing Egypt which operates 243 stations, of Egypt's stations, 9 are operated with the ADNOC Distribution brand. All figures are as of December 31, 2023.

The Company's retail fuel business is highly cash-generative, with stable, regulated unit fuel margins in the UAE and iconic branding at strategically located locations. This is backed by a fuel supply agreement with its parent company, ADNOC, which guarantees supply on terms that provide the

Company with competitive advantage. In 2023, ADNOC Distribution renewed its supply agreement with ADNOC for a new five-year term, reaffirming the Company's robust value proposition.

ADNOC Distribution's relationship with ADNOC, and its extensive fuel distribution infrastructure, the largest in the UAE, provides the Company inherent advantages over competitors and creates high barriers to market entry for future challenger brands.

The main fuel products comprise three grades of gasoline (91, 95 and 98 octane) and diesel as well as lubricants, CNG and LPG. Lubricant products are marketed under the proprietary Voyager brand, the quality of which is recognized by the American Petroleum Institute (API) and the European Automobile Manufacturers' Association. CNG is an expanding market in the UAE with an increasing number of natural gas

vehicles (NGVs), resulting in ongoing demand growth for CNG.

LPG is the primary domestic and commercial cooking fuel in the UAE, and it is also used for commercial and industrial applications. ADNOC Distribution sells LPG in 25- and 50-pound cylinders, primarily to residential customers for home cooking, and in bulk to corporate customers.

In addition, ADNOC Distribution has over 50 EV fast charging points installed in its service stations across the UAE to address current EV customer demand. The Company is developing capabilities in alternative fuels such as hydrogen where the Company today operates the first "high-speed" green hydrogen refueling station in the region to test a group of vehicles that use hydrogen as fuel.





NON-FUEL



ADNOC Distribution's non-fuel business has 359 convenience stores in UAE and 12 in KSA, and 138 convenience stores in Egypt through its joint venture. All figures are as of 31 December 2023. The stores offer coffee, fresh food to go, refreshments, groceries, snacks, confectionery goods, tobacco, and other services.

The Company began a major renovation of its convenience stores in 2020. The program continued in 2023 with a total of c.210 stores refurbished as

of December 31, 2023, with trained baristas, made-to-order sandwiches, baked goods, premium coffee and convenient "tap and go" payment options.

Other non-fuel services are also offered across the Company's network of service stations, including car wash at 155 locations and lube change at c.200 locations across the UAE. In addition, various services are provided by our partners and tenants, such as vehicle servicing, repairs, and tire change.

The Company also operates 34 light vehicle inspection and testing centers in Abu Dhabi and the Northern Emirates, which provide a wide range of inspection and certification services.

In addition, the Company leases space at its services stations. It maintained a healthy tenancy occupancy rate across its network while it continues to transition its tenancy business to a revenue-sharing model to maximize revenue and profitability.

OPERATIONAL REVIEW

In conducting its business, ADNOC Distribution is an agile, customer-centric, and profit-driven organization. The Company strives to consistently provide its customers with high-quality products and services through innovation and operational excellence.

Retail Segment

NETWORK EXPANSION



ADNOC Distribution continued to expand its footprint in 2023, with 41 new stations opening across the network, exceeding its full-year guidance of 25-35 stations. In UAE, the Company continued to bring convenience closer to customers with 31 new stations, bringing its total UAE network to 529, an increase of 5% year-on-year. It also remained focused on the opportunities offered by the attractive Dubai market, with a high potential for the Company to gain market share. In 2023, the Company opened 5 new stations in Dubai. As a result, ADNOC Distribution's service station network in the emirate expanded by 13% to 44 stations compared to 39 at the end of 2022.

ADNOC Distribution also continued to grow its agile neighborhood fuel station concept 'ADNOC On the go', with 16 new stations added to its UAE portfolio, in particular in Abu Dhabi and Northern Emirates, bringing the total ADNOC On the go stations to 84.

Internationally, ADNOC Distribution continued to execute on its plans in the Kingdom of Saudi Arabia, with 68 stations at the end of 2023, while more than 80% of the network has been rebranded, providing support to operating and financial performance in KSA.

Beyond the GCC region, in 2023, the Company further advanced its

international expansion by acquiring a 50% stake in TotalEnergies Marketing Egypt, one of the top four fuel operators in Egypt. This acquisition brought with it a diversified portfolio comprising fuel retail stations, convenience stores, lube-changing stations, and car wash sites, as well as wholesale fuel, aviation fuel and lubricant operations. Following the acquisition in 2023, the Company's assets in Egypt added 4 new service stations to the portfolio and operated 243 service stations and rebranded 9 stations in strategic locations across Greater Cairo with ADNOC Distribution brand, offering a full range of vehicle services to local communities.

ROLL-OUT OF EV CHARGING POINTS



ADNOC Distribution continues to expand its network of EV charging stations and has arranged with TAQA, one of the largest listed integrated utility companies in the EMEA region, to work together to establish a new mobility joint venture (JV), which is intended to provide mobility and charging solutions to the customers in Abu Dhabi and the wider UAE. The JV is set to benefit from the opportunities

offered by energy transition and create a new revenue stream for ADNOC Distribution beyond the traditional fuel and non-fuel retail.

In addition, the Company continued the rollout of EV chargers across its service stations in 2023, with 53 fast charging points installed across strategic locations in the UAE, to address current EV customer demand

and offer enhanced customer value proposition. Through the development of modern mobility solutions, ADNOC Distribution intends to become a destination of choice for charging and convenience for UAE customers.

ADNOC OASIS CONVENIENCE STORE REVITALIZATION PROGRAM



The Company continued to execute its convenience store revitalization program, with an additional 15 stores refurbished during 2023. Since the launch of the program, the Company modernized c.210 ADNOC Oasis stores over 2020-23.

The new-look stores create a welcoming environment with fresh pastries and sandwiches, freshly brewed coffee made by trained baristas, and a broader menu offering. This includes enhanced category management and seamless payment options.

The modernization program provided support to key convenience stores operating metrics, including number of non-fuel transactions (+13% year-on-year in 2023), growing conversion rate (24.7% in 2023 vs. 21.7% in 2022) and basket size (+3% year-on-year in 2023).

E-COMMERCE GROWTH



ADNOC Distribution began its e-commerce journey in 2020. At end of 2023, the Company has completed onboarding of more than 200 convenience stores with aggregators' delivery apps and continues activating new stores. In addition, the inventory is constantly being improved, with approximately 2,500 active stock keeping units (SKUs) now available

on aggregators' platforms. Moreover, the introduction of new promotions and the launch of the Barista and Bakery menu across up to 100 of the Company's active talabat-partnered ADNOC Oasis stores are part of the e-commerce strategy.

As e-commerce continues to evolve in the UAE and the e-grocery segment

thrives, ADNOC Distribution is committed to focusing on superior quality, fast delivery and offering customers a holistic and seamless retail experience. The Company is planning to expand its e-commerce reach to more convenience stores across more stations, including Dubai and the Northern Emirates.

VEHICLE INSPECTION



The Company expanded its vehicle inspection services in the UAE to 34 centers following an addition of two new centers in 2023. The number of vehicles inspected (fresh tests) in vehicle inspection centers increased by 49% in 2023 year-on-year, driven by an increase of the number of vehicle inspection centers, particularly in the Northern Emirates, further strengthening the Company's presence in vehicle testing services in

the Northern Emirates, along with the introduction of new services, such as Computerized Chassis Measurements, sale of vehicle accessories, and supported by marketing and promotions.

In 2023, ADNOC Distribution opened dedicated testing lanes designed specifically for electric vehicle, offering EV customers hassle-free, fast and efficient EV testing at its

Abu Dhabi Muroor Center and Al Ain Al Bateen Center locations. In addition, the Company also introduced its mobile vehicle inspection service, providing the convenience of on-site vehicle inspections with ADNOC Distribution's cutting-edge Mobile Vehicle Inspection Center, which can be transported to the customer's business premises upon request at any time.

ENHANCED CAR WASH OFFERINGS



In 2023, ADNOC Distribution launched its new modern car wash layout in 38 locations across the UAE, which uses cutting-edge technology and provides an elevated customer experience.



FINANCIAL REVIEW

Retail Segment

VOLUMES



In 2023, retail fuel volumes increased by 44.9% compared to 2022, mainly attributable to consolidation of TotalEnergies Marketing Egypt. In GCC markets (UAE and KSA), retail fuel volume increased by 9.6% year-on-year

as a result of economic growth and higher mobility in the region. In addition, the Company continued to expand its network by adding new stations, resulting in incremental fuel volumes in 2023 compared to the same period of 2022.

OTHER OPERATING METRICS



The number of fuel transactions increased by 1.7% in 2023 compared to 2022. This was supported by the network expansion, improvement in customer sentiment and the ongoing growth in economic activity and mobility in the UAE.

The number of non-fuel transactions increased by 12.9% in 2023 compared to 2022, driven by improving consumer sentiment, enhanced customer offerings following revitalization of the convenience stores, and marketing and promotion campaigns under the ADNOC Rewards loyalty program to attract higher footfall and increase customer spending.

The convenience store conversion rate increased by 300 bps from 21.7% in 2022 to 24.7% in 2023, recording the Company's highest convenience store conversion rate in four years.

Average gross basket size in convenience stores increased by 2.9% year-on-year in 2023 to AED26.4, driven by enhanced customer offerings and promotion campaigns.

In property management, the Company continues to transition its tenancy business towards a revenue-sharing model to maximize revenue and profitability. The number of occupied properties exceeded 1,000, driven by a proactive non-fuel growth strategy to attract new tenants.

The number of vehicles inspected (fresh tests) in the Company's vehicle inspection centers significantly increased by 48.9% in 2023 compared to 2022, driven by a higher number of centers, the introduction of new services, and supported by marketing promotions.

RESULTS



2023 retail segment revenue, which covers fuel and non-fuel sales, was AED23,217 million, an increase of 8.2% compared to 2022 despite lower pump prices, and supported by the fuel volumes growth and increases in non-fuel revenues as well as the consolidation of TotalEnergies Marketing Egypt.

The 2023 retail segment gross profit was AED4,499 million, an increase of 6.3% year-on-year. Fuel retail segment gross profit increased by 3.9% year-on-year driven by higher retail volumes despite lower inventory gains of AED334 million in the retail fuel business in 2023, compared to material inventory gains of AED 489 million in 2022, recorded in a fast rising oil price environment.

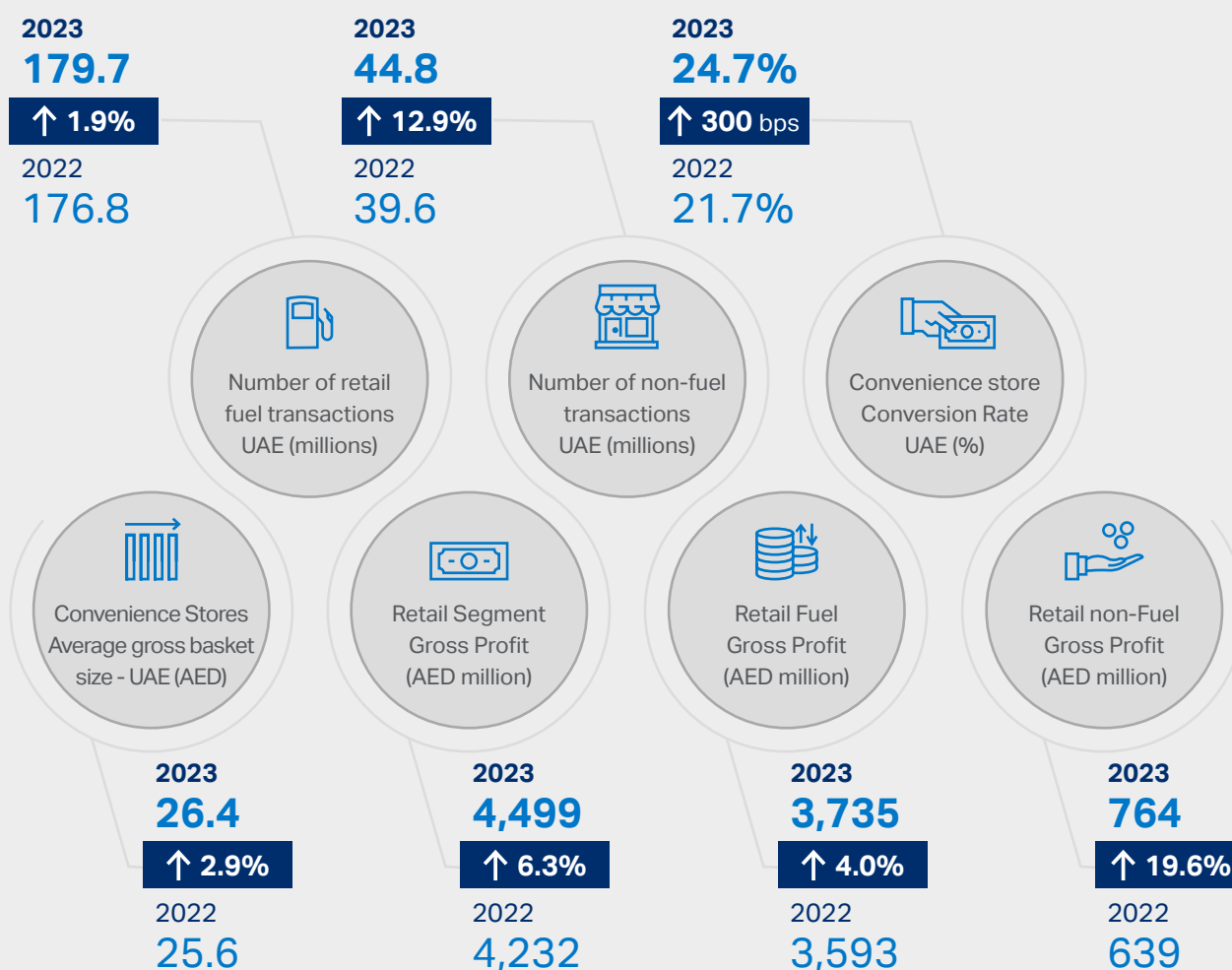
The non-fuel retail segment's gross profit increased by 19.6% year-on-year driven by growth in non-fuel transactions and improved customer offerings.

In 2023, the retail segment EBITDA increased by 10.4% compared to 2022, driven by higher retail fuel volumes and growth in the non-fuel business, partially offset by the lower impact of inventory gains.

The retail segment underlying EBITDA (EBITDA excluding inventory movements) increased in 2023 by 21.2% year-on-year as a result of higher volumes, growing contributions of non-fuel and international activities as well as management efficiency improvement initiatives.

Retail segment

Key financials (AED million)	2023	2022	YoY %
Revenue	23,217	21,458	48.2%
Revenue – fuel	21,812	20,308	7.4%
Revenue – non-fuel	1,403	1,150	22.0%
Gross Profit	4,499	4,232	6.3%
Gross profit – fuel	3,735	3,593	4.0%
Gross profit – non-fuel	764	639	19.6%
EBITDA	2,646	2,397	10.4%
Operating profit	2,033	1,901	6.9%
Capital expenditure	864	777	11.2%



COMMERCIAL BUSINESS

ADNOC Distribution is the leading marketer, supplier, and distributor of bulk refined petroleum products to commercial, residential, industrial and government customers in the UAE.



Commercial Fuel Volumes (million liters)

2023	2022
4,284	3,281

30.6% increase



Corporate Fuel Volumes (million liters)

2023	2022
3,891	3,061

27.1% increase



Aviation Volumes (million liters)

2023	2022
393	220

78.5% increase

OVERVIEW

ADNOC Distribution is the leading marketer, supplier, and distributor of bulk refined petroleum products, including gasoil, gasoline, LPG, finished lubricants, and specialized products to commercial, residential, industrial, and government customers in the highly competitive UAE market. In addition, the Company's proprietary ADNOC Voyager lubricants are exported to distributors in 37 countries across the GCC, Africa, Europe, and Asia, with more countries in the pipeline.

The Company's aviation division in the UAE has two main activities: selling aviation fuel and providing services to strategic customers as well as providing aviation services to the civil aviation sector, where it maintains fuel systems and offers fueling services. In addition, the Company owns a 50% stake in TotalEnergies Marketing Egypt, which conducts aviation operations in Egypt.

Corporate Segment

FUEL – GASOLINE, GASOIL, AND LPG



Demand for wholesale fuels in the UAE is aligned with the country's economic activity. ADNOC Distribution provides fuels that cater to the demand of key sectors in the UAE, which include residential, small to medium enterprises, large commercial logistics providers, medium to large fleet owners, construction, manufacturing, marine, and power generation.

LUBRICANTS AND BASE OIL



ADNOC Distribution's proprietary ADNOC Voyager lubricants have more than 300 products and 2000 SKUs and meet most requirements for commercial fleet operators and the construction, manufacturing, marine, and power generation sectors. The offering comprises automotive and marine engine lubricants, automotive gear and transmission fluids, and industrial lubricants and greases.

ADNOC Distribution uses Group III base oil, which is highly advanced and is used as the raw material to produce high-quality synthetic lubricants.

AVIATION SEGMENT



Aviation fuel is sold to strategic customers in the UAE. The business utilizes highly advanced facilities to provide refueling, defueling and other operational and technical-related services to ADNOC's civil aviation customers. This includes regional and international commercial and private aviation customers at several commercial airports in the UAE. In Egypt, the Company owns 50% stake in TotalEnergies Marketing Egypt which conducts aviation operations in two main airports in the country.



OPERATIONAL REVIEW

Corporate Segment

ADNOC Distribution maintains its leading position in the corporate business in Abu Dhabi, and continues to focus on gaining market share in Dubai and the Northern Emirates.

GASOIL AND GASOLINE



In 2023, the gasoil market remained competitive in an aggressive pricing environment. While the grey market (off-spec products from unauthorized sources) continued to partially impact the Company's corporate sales ADNOC Distribution has increasingly benefited from a gradual elimination of the grey market in the UAE.

ADNOC Distribution witnessed higher level of gasoil sales throughout 2023, as a result of its loyal customer base of commercial, industrial and government clients in Abu Dhabi, together with substantial growth in the Northern Emirates due to an increase in term customers.

The Company increased its commercial gasoline sales through expansion of its market share in Dubai and the Northern Emirates. This was supported by the signing of new contracts with new corporate customers over 2022-

23, such as large taxi fleet companies and last-mile fuel delivery providers.

In addition, the Company is expanding its My Station services in the UAE, using small to mid-sized fuel trucks for fuel delivery to customers. MyStation now offers a full spectrum of mobile fueling services (Fleet of 59 MyStation Fuel trucks with a capacity of 4,500 liters, 4 Super Fuel Truck with a capacity of 20,000 liters in addition to skids, trailers and overground tanks) to all customers providing complete flexibility and convenience at their doorstep. This was relevant for the growth of the Company's gasoil business, to ensure the provision of products for customers with medium to large commercial vehicle fleets.

LPG



The LPG market includes bulk sales for large commercial and industrial customers and cylinder sales mainly for residential and small commercial customers (e.g., restaurants and laundrettes).

ADNOC Distribution maintained market share in Dubai and the Northern Emirates through distributors and direct customers. Expansion in the Dubai commercial LPG cylinder market continues with 100 lbs. cylinders. The Company plans to continue growing aggressively in this segment. It experienced double-digit growth in the residential LPG cylinder markets (25 & 50 lbs.) in Dubai as market share continued to grow through strategic distributor partnerships.

In Abu Dhabi, the Company has expanded its LPG cylinder delivery fleet to 149 trucks as part of its LPG digital operating model implementation. ADNOC Distribution's customers can order LPG cylinders through the Company's application and pay using their ADNOC pre-paid wallet, cash or credit card and earn ADNOC Rewards points with every purchase. The Company continues to sell cylinders to end customers via third-party distributors and provides services directly through the digital operating model.

ADNOC Distribution also introduced propane and butane for the commercial gas market in the UAE as part of our product portfolio diversification strategy.



LUBRICANTS



In the UAE market, the lubricants market share increased due to strategic distributor restructuring, increased marketing, and a significantly expanded product portfolio offering.

There was also an increased focus on export markets, which was sustained throughout the year, with the objective of entering new markets in Africa and Central and Southeast Asia using the distributor model. The total number of export network countries of ADNOC Distribution's VOYAGER lubricants portfolio rose to 37 markets by the end 2023, compared to 25 markets at the end of 2022.

ADNOC Distribution actively explores opportunities to enter new and growing lubricant markets through strategic collaborations with leading partners worldwide. In 2023, the Company signed a Memorandum of Understanding with Hindustan Petroleum Corporation Limited (HPCL), one of the largest players in India's lubricant and fuel retailing sector, aimed at enhancing its presence in key lubricant markets worldwide.

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

Furthermore, as part of the Company's overall strategy to expand its sustainable and environmentally friendly product range, it introduced the ADNOC VOYAGER green series, an alternative 100% plant-based lubricant range for petrol and diesel engines. The new series will also carry certifications from the internationally recognized American Petroleum Institute (API) and major vehicle manufacturer approvals, so customers can be assured of the highest level of quality. In 2023, the Company also launched 'ADNOC e-Cool LL', a versatile, long-life, ready-to-use engine coolant designed to protect engine cooling systems against corrosion, overheating, and frost damage, tailored to the maintenance requirements for electric vehicles (EVs) that use an indirect cooling system.

ADNOC Distribution introduced more than 100+ new products, specifically created to serve the international market. It also developed specialty products such as white spirits, carbon black and marine lubes for the domestic market as part of our product portfolio diversification strategy. The Company continues to leverage its in-house research team and production facilities, to invest in innovations that offer greater choice and quality and support its move towards a more diversified energy mix.

Aviation Segment

Within the aviation business, the Company provides fuel distribution services and management of aircraft refueling operations to ADNOC's civil aviation customers. In addition, the Company sells aviation fuel and provides refueling services to strategic aviation customers across many airports in the UAE.

Over 2022-23, ADNOC Distribution experienced a slowdown in aviation fuel sales distribution and refueling

services in the UAE, due to lower uptake from its strategic aviation customers.

In Egypt, the Company's joint venture has successfully expanded its aviation fuels business in 2023 by securing the right to supply aviation fuel to new airlines for flights fueled in Cairo.

FINANCIAL REVIEW

Corporate Segment



VOLUMES

Corporate segment volumes increased by 27.1% in 2023 compared to 2022, mainly as a result of consolidation of TotalEnergies Marketing Egypt. In GCC markets, corporate fuel volumes increased by 17.1% supported by economic growth and on the back of new corporate contracts signed in 2022 and 2023.



RESULTS

The 2023 corporate segment revenue increased by 2.8% compared to 2022, mainly driven by the consolidation of TotalEnergies Marketing Egypt while also supported by higher corporate fuel volumes.

The 2023 corporate segment gross profit decreased by 8.1%. In 2022 the corporate business recorded AED 133 million inventory gains in a fast-rising oil price environment, while in 2023, the inventory gains were AED 6 million. In addition, corporate margins were under pressure in a declining oil price environment.

The 2023 corporate segment EBITDA decreased by 16.5% year-on-year, due to the reduction in gross profit. Underlying EBITDA (EBITDA excluding inventory movements) declined by 3.7% year-on-year.

Aviation Segment



VOLUMES

Aviation volumes increased by 78.5% in 2023 compared to 2022, mainly due to the consolidation of TotalEnergies Marketing Egypt. In GCC markets, Aviation fuel volumes increased by 3.3% due to higher uptake from strategic aviation customers.



RESULTS

The 2023 aviation segment revenue increased by 46.6% compared to 2022, mainly driven by the consolidation of TotalEnergies Marketing Egypt while also supported by higher aviation fuel volumes.

Aviation Gross profit decreased by 2.2% year-on-year in 2023, while Aviation EBITDA increased by 47.4% in 2023 compared to 2022.

Commercial Segment

Key financials (AED million)	2023	2022	YoY %
Revenue	11,412	10,653	7.1%
Revenue - Corporate	9,872	9,603	2.8%
Revenue - Aviation	1,540	1,050	46.7%
Gross profit	1,337	1,436	-6.9%
Gross profit - Corporate	1,058	1,150	-8.0%
Gross profit - Aviation	279	285	-2.2%
EBITDA	1,048	1,118	-6.2%
EBITDA - Corporate	783	938	-16.5%
EBITDA - Aviation	265	180	47.4%
Operating profit	964	1,069	-9.8%
Capital expenditure	33	21	61.2%

