



We are the leading marketer, supplier and distributor to commercial, industrial and government customers

Business Overview

In the UAE's highly competitive business-to-business commercial market, we are the leading marketer, supplier and distributor of bulk refined petroleum products, including diesel, gasoline, LPG and other products, to commercial, industrial and government customers. We also export our proprietary Voyager lubricants to distributors in 19 countries internationally, including in the GCC and in Africa and Asia.

Our aviation division consists of two elements: the sale of aviation fuel and services to strategic customers; and the provision of aviation services to the commercial sector, where we provide maintenance of fuel systems and fueling services.

Our growth is driven by a number of factors:

Market-driven growth

- Growth in the population and economy
- Regulatory changes for the distribution of fuels
- Growth in foreign direct investment
- High level of fixed investments
- Growth in the number and size of heavy vehicle fleets
- Greater use of heavy machinery

Business-driven growth

- Capitalizing on long-term customer relationships
- Capturing market share from 'grey market' distributors
- Expanding lubricant exports



Diesel volumes (million liters)

2016	1,787.4
2017	+2.7% 1,835.8

1,835.8m

Aviation volumes (million liters)

2016	757.6
2017	+7.1% 811.1

811.1m

Corporate segment

Fuel – Diesel, Gasoline and LPG

Demand for wholesale fuels in the UAE is closely aligned with the country's economic performance.

Lubricants

Our range of proprietary Voyager lubricants covers most requirements for commercial fleet operators and the construction, manufacturing, marine and power generation sectors. Our offering comprises automotive and marine engine lubricants, automotive gear and transmission fluids, and industrial lubricants and greases.

We operate a lubricant blending plant in Abu Dhabi with an annual capacity of 55 million liters, and which produces more than 125 different types and grades of lubricants and greases.

Aviation segment

We sell aviation fuels to strategic customers in the UAE and utilize highly advanced facilities to provide refueling, defueling and other related services to ADNOC's civil aviation customers (comprising international and regional commercial and private aviation customers) at seven commercial airports in the UAE.

Our growth is subject to market forces:

Market-driven growth

- Aviation traffic
- Airport capacity

Operational Review

Corporate segment

Fuel – Diesel, Gasoline and LPG

During 2017, the UAE government adopted new fuel distribution regulations that prohibit the sale of unauthorized products by unregistered distributors and sets international health and safety standards for licensed companies to distribute petroleum products in the UAE. The new law, which is expected to take effect in 2018, will provide opportunities to leverage the power of the ADNOC brand and our well-established customer relationships to increase our share of the commercial diesel market.

LPG

Under a new LPG Supply Agreement that we entered into with ADNOC effective 1 October 2017, we purchase all of our LPG supply from ADNOC at a cost that compensates us for distributing subsidized LPG cylinders in Abu Dhabi.

Lubricants

Demand for lubricants in the UAE exceeded 120 million liters in 2017, of which ADNOC Distribution's market share accounted for approximately 30 percent. We believe we can grow our lubricants business through more focused and aggressive strategies.

Original Equipment Manufacturers (OEMs) continually revise the quality and performance specifications of lubricants and greases for use with their products. We are at the forefront of these changing requirements. Our program to enhance the credentials of our lubricants by securing approvals and endorsements from OEMs is an ongoing initiative to increase our competitiveness and grow sales.

Other key initiatives have included improving efficiency in our raw materials supply chain, optimizing operations at our lubricant blending plant, and exploring the possibility of manufacturing some lubricant products in selected international markets.

Aviation segment

Aviation Fuel and Services

In September, we completed the civil aviation supply carve-out, under which all contracts for the sale and supply of jet fuel to the civil aviation sector were transferred to ADNOC, along with related receivables and jet fuel inventories.

In connection with the civil aviation supply carve-out, we entered into an aviation services agreement with ADNOC to continue to provide sales and marketing, fuel distribution services and aircraft refueling operations to ADNOC's civil aviation customers.

During 2017, our fleet of more than 75 aircraft-refueling vehicles performed more than 100,000 refueling service operations for civil aviation customers at seven airports across the UAE, of which the majority were at Abu Dhabi International Airport.