Outlook

Retail segment

We have an exceptional retail platform, with retail fuels benefiting from regulated and fixed margins, and a supply contract guarantee from our parent company that significantly reduces commodity risk. We have ambitious plans to further expand our service station network, including into Dubai and Saudi Arabia, over the next five years. We plan to open three new service stations in prime locations in Dubai and to open one services station in Saudi Arabia using a franchise model in 2018.

Looking ahead, we intend to leverage our retail fuel leadership position to introduce a range of new services that will build customer loyalty and satisfaction, while driving increases in revenue and profitability. For example, in 2018 we will introduce our 'ADNOC Flex' fueling model in which the customer can choose either self-service refueling, or a premium full-service offer for which we will charge a service fee.

We also believe we can continue the trend of 'Premiumization', with motorists opting for premium fuels for better vehicle performance. Sales of premium fuels generate higher margins, and thus we will continue to encourage customers to trade up to these higher quality fuels.

We will also continue to expand our CNG network throughout the UAE, with the addition of 13 new CNG stations by the end of 2018.

Changing lifestyles and customer spending habits are expected to contribute to steady growth in the UAE convenience store sector, which research suggests remains under-penetrated.

Other factors that we believe will contribute to increased sales at our convenience stores include growth in the participation of women in the workplace; time-poor, two-adult households; less time to plan for weekly shopping in hypermarkets; the growing trend towards convenience store shopping; and the familiarity of the UAE's largely expatriate community with convenience shopping in their home countries.

We are in advanced discussions with a number of branded convenience store operators about supporting the operation of our convenience stores on a joint-venture basis. These include possible revenue- and cost-sharing arrangements with a mix of international consumer brands and high-quality local businesses. The experience of these operators in pricing, promotion, and product category and supply chain management will help us encourage an increasing number of our retail fuel customers to shop and spend more at our convenience stores.

Allied Services segment

Property Management

In 2018, we will continue to transition certain tenants – mainly quick-service restaurants – to longer-term leases and a revenue-sharing model, where tenants will pay a base rent plus a percentage of revenue generated at our service stations. While we are still in the early phases of this process, we expect it to drive incremental revenue. Further revenue will be derived by expanding our tenant profile to include vending machines and other new businesses.

Vehicle Inspection

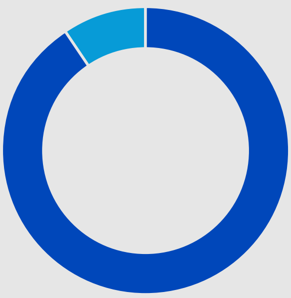
The price increases for vehicle inspections implemented in June 2017 will have a continuing positive impact on revenues in 2018 and beyond. We also expect that the growth in vehicle fleets will drive greater demand for vehicle inspections with corresponding increases in vehicle inspection revenue.

We also plan to add premium service offerings at our vehicle inspection centers, such as VIP lanes and mobile inspection services, which also is expected to generate additional revenue. We also plan to launch vehicle inspections in the Northern Emirates, and to increase our capacity by licensing third parties to conduct vehicle inspections on our behalf.

Retail segment gross profit (AED)

2,869.3m

Retail segment gross profit breakdown



Gross profit – fuel	90.7%
Gross profit – non-fuel	9.3%

Retail segment fuel gross profit (AED million)

2016		2,497.4
2017	+4.2%	2,603.2

2,603.2m

Retail segment non-fuel gross profit (AED million)

2016		238.0
2017	+11.8%	266.1

266.1m