



ADNOC Distribution net profit increases by 4.3% to AED 1.17 billion in first half of 2019

In April, Company announced new dividend policy of AED 2.39 billion for 2019. It expects to pay the first half as interim dividend in October.

Abu Dhabi, UAE – August 4, 2019: ADNOC Distribution (ISIN: **AEA006101017**) (Symbol: **ADNOCDIST**), the UAE's largest fuel and convenience retailer and listed on the Abu Dhabi Securities Exchange (**ADX**), today reported that its first half 2019 net profit increased by 4.3%, to AED 1.173 billion, compared with the same period last year. Free cash flow (EBITDA minus capital expenditures) generation was up 21% year-on-year to AED 1.345 billion in the first half of 2019. For the second quarter of 2019, EBITDA was AED 750 million and net profit was AED 595 million, up 1.3% and 2.2%, respectively, compared to the second quarter of 2018.

Excluding inventory gains, underlying EBITDA for the first half of 2019 grew by 11% compared to the first half of 2018, to AED 1.364 billion, driven by improved cost efficiencies and the positive results of the company's convenience store revitalization program. The revitalization program, which offers customers an improved shopping experience, is on track and is contributing to improvements in gross margins and an uplift in average basket size by 6.8% in the first half of 2019 compared to the first half of 2018. Non-fuel retail gross profit increased by 10% in the first half of 2019 compared to the first half of 2018. The company's EBITDA margin has also shown continued momentum, reaching 14.4% in the first half of 2019, up from 13.2% during the same period last year.

Commenting on the results, ADNOC Distribution's Acting CEO, Saeed Mubarak Al Rashdi, said: "Thanks to an unwavering focus on our customers, the strength of our business model, and the successful execution of our strategic initiatives, we have once again delivered solid results in the first half of 2019. During the remainder of 2019 we are focused on the acceleration of our domestic network expansion, particularly in Dubai, and the growth of our non-fuel business to provide a superior experience to our customers".

“Our priorities remain growth and shareholder returns underpinned by our progressive dividend policy. As previously announced, we intend to boost top-line growth in both our fuel and non-fuel businesses, and have targeted in excess of AED 3.67 billion of EBITDA by 2023.”

“ADNOC Distribution has once again demonstrated its ability to realize profitable long-term growth, driven by greater fuel offerings and service, an enhanced convenience store experience and improved quality of service. We are well on our way to making ADNOC Distribution a world-class fuel and convenience retailer and look forward to continuing our journey in the UAE and beyond”, Al Rashdi added.

In April 2019, ADNOC Distribution announced a new dividend policy, representing an increase of 63% in the annual dividend for 2019 (AED 2.39 billion) and 75% for 2020 (AED 2.57 billion) compared to 2018. The company expects to pay the interim dividend of 2019 in October of this year, subject to board approval.

Key Financial Metrics

<i>AED millions</i>	Q2-19	Q2-18	change	H1-19	H1-18	change	2018
Revenue	5,504	5,808	-5.2%	10,274	10,967	-6.3%	22,893
Gross profit	1,332	1,424	-6.5%	2,478	2,609	-5.0%	5,069
EBITDA	750	740	1.3%	1,483	1,443	2.8%	2,774
Operating profit	622	613	1.5%	1,227	1,191	3.0%	2,242
Profit for the period	595	582	2.2%	1,173	1,124	4.3%	2,128
Earnings per share (AED/share)	0.048	0.047	2.2%	0.094	0.090	4.3%	0.170
Capital expenditures	92	179	-48.7%	138	332	-58.4%	772
Free cash flow	658	561	17.3%	1,345	1,111	21.0%	2,002
Net cash generated from operating activities	1,872	1,149	62.9%	973	3,278	-70.3%	4,914

The full second quarter and first half 2019 earnings announcement can be found at <https://www.adnocdistribution.ae/en/investor-relations/investor-relations/>

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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 381 retail fuel stations, 262 ADNOC Oasis convenience stores which includes 14 Géant Express convenience stores as of 30 June 2019 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.