



ADNOC Distribution net profit increases by 2.3% to AED 1.72 billion in first nine months of 2019

Underlying EBITDA for the third quarter grows 10% to AED698m and fuel volumes witness a 3.9% increase

Company evolves customer offer, now providing free assisted fueling, and will introduce new loyalty program, ADNOC Rewards, in Q4

Full-year 2019 dividend expected to be AED 2.39 billion (19.10 fils per share), a 62% increase over the previous year

Abu Dhabi, UAE – October 31, 2019: ADNOC Distribution (ISIN: **AEA006101017**) (Symbol: **ADNOCDIST**), the UAE's largest fuel and convenience retailer, today reported that underlying EBITDA (EBITDA excluding inventory gains) for the third quarter of 2019 grew to AED 698 million, an increase of 10.0% compared to the third quarter of 2018, driven by higher volumes and improved cost efficiencies. Total fuel volumes sold increased by 3.9% in the third quarter of 2019 compared to the third quarter of 2018, driven by improvements in the core retail markets of Abu Dhabi and the Northern Emirates, as well as contributions from new stations in Dubai and growth in commercial volumes. The company's retail volumes were supported by marketing promotions throughout the summer months. Non-fuel retail gross profit also increased by 16.6% for the same period compared to Q3 2018. This was supported by the convenience store revitalization program which offers customers an improved shopping experience, contributing to an uplift in average basket size by 6.5% in Q3 2019 compared to the same period of 2018. Overall, the company recorded a net profit for the quarter of AED549m, demonstrating a solid operational performance. When compared to the same period last year, net profit showed a slight decrease of 1.7% due to the absence of non-operational inventory gains achieved in Q3 2018.

Commenting on the results, ADNOC Distribution's Acting CEO, Saeed Mubarak Al Rashdi, said: "We have delivered strong results in the third quarter as well as the first nine months of 2019 and have demonstrated our ability to realize profitable growth, supported by an increase in fuel volumes sold, an enhanced convenience store experience and improved quality of service. Looking ahead, we are focused on the acceleration of our domestic network expansion, particularly in the Dubai market, and the growth of our non-fuel business."

Al Rashdi further commented: “Our recent marketing campaign offering free assisted fueling has proven to be a success both in terms of generating an increase in retail fuel volumes in the third quarter of 2019 for the first time since our IPO and better understanding our customers’ requirements. This, in conjunction with feedback from extensive customer engagement, has resulted in the decision of the Board of Directors to approve offering free assisted fueling to all our customers, which we will implement beginning this Sunday, 3rd November. We trust this will be very well received by our customers as well as our investors as this will facilitate and strengthen our ambitious network expansion and volume growth targets. As a result of cost reductions and other initiatives, we do not expect this to have an impact on our profitability or dividend policy.”

“We remain dedicated to fulfilling the promises we have made to our shareholders and the local communities we proudly serve every day. The company has engaged with nearly 14,000 customers through focus groups and surveys. As part of the evolution of ADNOC Distribution’s offering, our company will launch a new loyalty program, ADNOC Rewards, later before the end of the year, further enhancing our customer experience. 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 concluded.

In the first nine months of 2019, net profit increased to AED 1.72 billion, an increase of 2.3% compared with the same period last year. Underlying EBITDA (EBITDA excluding inventory gains) for the first nine months of 2019 grew to AED 2.06 billion, an increase of 10.6% compared to the first nine months of 2018. The company’s EBITDA margin has also shown continued momentum, reaching 13.7% in the first nine months of 2019, up from 12.7% during the same period last year. Free cash flow (EBITDA minus capital expenditure) generation was up 18.8% year-on-year to AED 1.94 billion for the first nine months of 2019. Non-fuel retail gross profit also increased by 12.2% for the same period compared to the first nine months of 2018. ADNOC Distribution continues to focus on realizing cost efficiencies, including across its supply chain and logistics operations, which has contributed to a 9.3% reduction in like-for-like operating expenses for the first nine months of 2019 compared to the same period last year.

ADNOC Distribution’s priorities remain growth and shareholder returns underpinned by a progressive dividend policy. As previously announced, the company intends to boost growth in both its fuel and non-fuel businesses and has targeted EBITDA in excess of AED 3.67 billion by 2023. In April 2019, ADNOC Distribution announced a new dividend policy, representing a 62% increase in the annual dividend for 2019 (AED 2.39 billion or 19.10 fils per share) and 75% for 2020 (AED 2.57 billion or 20.57 fils per share), compared to the 2018 dividend. This would translate to a 7.3% annual dividend yield for 2019 (based on a share price of AED 2.63 as of 30th October 2019). The company paid half of the 2019 dividend in October of this year and expects to pay the next half in April 2020, subject to Board of Directors approval.

Key Financial Metrics

<i>AED millions</i>	Q3-19	Q3-18	change	9M-19	9M-18	change	2018
Revenue	5,637	5,955	-5.3%	15,911	16,922	-6.0%	22,893
Gross profit	1,245	1,277	-2.5%	3,723	3,885	-4.2%	5,069
EBITDA	698	714	-2.2%	2,181	2,157	1.1%	2,774
Underlying EBITDA (excl. inventory gains)	698	635	10.0%	2,062	1,864	10.6%	2,536
Operating profit	565	587	-3.7%	1,792	1,777	0.8%	2,242
Profit for the period	549	558	-1.7%	1,721	1,682	2.3%	2,128
Earnings per share (AED/share)	0.044	0.045	-1.7%	0.138	0.135	2.3%	0.170
Capital expenditures	106	195	-45.6%	244	527	-53.7%	772
Free cash flow	592	518	14.2%	1,937	1,630	18.8%	2,002

The full third quarter and first nine months of 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 382 retail fuel stations, 264 convenience stores including 16 Géant Express branded convenience stores as of 30 September 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.