ADNOC DISTRIBUTION Q4 & FULL YEAR 2017 RESULTS

25 FEBRUARY, 2018

ADNOC Distribution
Financial Statements Release for 2017

Strong performance during the fourth quarter
Proposed dividend of AED 0.0588 per share

2017 in brief:

- Strong margins maintained
- EBITDA increased by 7.3% to AED 2.28 billion (2016: 2.13 billion)
- Earnings per share AED 0.144 (2016: 0.142)
- Return on capital employed (ROCE) of 21.3%
- Net debt to EBITDA ratio of 1.18 at December 31
- Excluding volumes sold to Emarat in 2016, fuel sales volumes increased by 2.2% in 2017 from 2016
- 24 new service stations opened in the UAE in 2017, including 10 new ADNOC Xpress stations
- Successful listing on the Abu Dhabi Securities Exchange (ADX) in December 2017
- The Board of Directors will propose a dividend of AED 0.0588 per share, totaling AED 735 million (USD 200 million)

Fourth quarter in brief:

- EBITDA increased by 12.0% to AED 662 million (Q4/2016: AED 591 million)
- Total fuel sales volumes increased by 6.4% compared to Q4/2016
- New capital structure introduced prior to Initial Public Offering

Acting CEO Saeed Mubarak Al Rashdi:

“ADNOC Distribution had a very successful year 2017 with an enhanced level of profitability and continued healthy margins. The transformation of the company into a listed company brings new and exciting challenges. As we start to address the responsibilities of public ownership, we must be flexible and agile enough to meet the new standards of transparency, disclosure and corporate governance that are now demanded of the Company.

While our IPO was a major deliverable that demanded considerable time and resources, and we are determined to build on the groundswell of interest generated internationally by this financial success story, other key initiatives in 2017 were also noteworthy. The opening of 24 new service stations demonstrates our ability to overcome logistical challenges, and to deliver on objectives within budget and on time.

Our twin businesses of fuel and non-fuel retail give us ample scope to expand commercially and geographically. With plans to grow market share through strategic expansion into Dubai and Saudi Arabia already advanced, our core UAE market is a testing ground for a number of planned new initiatives to grow margins and deliver an enhanced customer experience.

We are also committed to generating new revenue streams. Every area of the business will be assessed and refreshed where necessary to ensure that each part contributes to the commercial and financial success of the whole.

The ADNOC Distribution proposition is a powerful one for customers, investors and other stakeholders alike. Our market leadership position, our comprehensive fuel distribution infrastructure, a respected and popular brand along with the support of our parent company, ADNOC, have laid the foundations for the new management team, with its record of operational delivery, to achieve our ambitious plans and maintain our upward trajectory.

Our initiatives for 2018, covering fuel, non-fuel and cost efficiency, have been clearly identified and we are focused on improving choice, service and convenience for our customers. We have the momentum, expertise and support to deliver on this strategy and to continue our transition towards becoming a retail destination beyond much more than just fuel.”

ADNOC Distribution Financial Information
1 January - 31 December 2017

The following financial information should be read in conjunction with our financial statements for the year ended 31 December 2017, including the related notes.

Results of Operations
Comparison of the year ended 31 December 2017 and 31 December 2016

The following table sets forth our results of operations as presented in our financial statements. The results for 2016 include sales volumes and operations attributable to the non-recurring Emarat Dubai Transaction, as described in more detail below:

AED million, unless otherwise noted

Key financials	**Q4-17**	**Q4-16**	**% change**	**Full Year 2017**	**Full Year 2016**	**% Change**
Revenue	5,535.4	4,571 .6	21.1%	19,756.3	17,670.1	11.8%
Gross profit	1,310.4	1,064.2	23.1%	4,426.1	4,226.5	4.7%
EBITDA	661.7	590.9	12.0%	2,281.0	2,125.5	7.3%
Operating profit	510.5	460.5	10.9%	1,820.3	1,778.5	2.4%
Profit for the period	492.4	460.9	6.8%	1,804.2	1,781.0	1.3%
Earnings per share (AED/share)	0.039	0.037	6.8%	0.144	0.142	1.4%
Capital investments	117.9	402.7	-70.7%	1,457.7	1,237.9	17.8%
Net cash generated from operating activities	12.1	2,216.1	-99.5%	3,381.5	4,047.0	-16.4%
Total equity	2,847.9	9,482.8	-70.0%	2,847.9	9,482.8	-70.0%
Interest-bearing net debt	2,693.7	--	-	2,693.7	--	-
Capital employed	--	--	-	8,551.0	9,719.7	-12.0%
Return on capital employed after tax (ROCE), %	--	--	-	21.3%	18.3%	16.3%
Return on equity (ROE), %	--	--	-	63.4%	18.8%	237.3%
Net Debt to EBITDA ratio	--	--	-	1.18	--	-
Leverage ratio (Net Debt to Net Debt + Equity), %	--	--	-	48.6%	--	-

Key factors affecting results and comparability of 2017 operations

1- Fuel Supply Agreements with ADNOC

We entered into a Refined Products Supply Agreement with ADNOC, effective 1 October 2017, pursuant to which we have agreed to purchase all of our refined petroleum products from ADNOC, and new pricing formulae for fuels purchased from ADNOC are being applied. The exact impact of this new pricing on our results of operations will depend on the mix of fuels that we purchase and resell. For further information, please refer to Note 8 of the financial statements.

2- LPG Supply Agreement with ADNOC

We also entered into an LPG Supply Agreement with ADNOC, effective 1 October 2017, pursuant to which we have agreed to purchase all of our LPG from ADNOC. Under the LPG Supply Agreement, the price we pay ADNOC for LPG is ADNOC's official selling price, provided that, for so long as LPG cylinder prices are regulated, the price we pay ADNOC for LPG to be distributed in subsidised cylinders is equal to the regulated retail price of such LPG cylinders minus 108% of our operating expenses for distributing these LPG cylinders. For further information, please refer to Note 8 of the financial statements.

3- Pre-IPO – New capital structure

In November 2017, in anticipation of the listing of our shares on the Abu Dhabi Securities Exchange (ADX), we entered into a five-year USD 1,500.0 million unsecured term loan facility and a five-year USD 750.0 million revolving credit facility (or, in each case, the AED equivalent). We also drew down the term loan facility in full and used the net proceeds therefrom, together with available cash and bank balances, to repay a capital contribution to ADNOC in the amount of AED 6,304.4 million, and to pay an extraordinary interim dividend to ADNOC in the amount of AED 2,134.7 million.

4- Carve-out of our civil aviation fuels supply business

In September 2017, we completed the Civil Aviation Supply Carve-out whereby all of our contracts for the sale and supply of jet fuel to the civil aviation sector, and related receivables and jet fuel inventories, were transferred to ADNOC. As described in Note 1 and Note 3 of the financial statements, our financial statements give effect for all periods presented to the Civil Aviation Supply Carve-out. In connection with the Civil Aviation Supply Carve-out, we entered into an Aviation Services Agreement pursuant to which ADNOC compensates us on a cost-plus-8% basis for providing sales and marketing and fuel distribution services and aircraft refuelling operations to ADNOC's civil aviation customers, and for operating and maintaining certain aviation fuel distribution assets transferred to a subsidiary of ADNOC. The revenue derived from, and the operating expenses associated with providing services under the Aviation Services Agreement have been reflected in our results of operations beginning 1 October 2017. Our Aviation division continues to directly handle sales of fuels and refueling and related services to our strategic customers, as opposed to acting as an agent of ADNOC as is the case of civil aviation customers.

5- ADNOC Refining Perimeter Reorganization

On 30 September 2017, we entered into an asset purchase agreement with Abu Dhabi Oil Refining Company ("Takreer"), which operates under the name ADNOC Refining and is a wholly owned subsidiary to ADNOC, pursuant to which we purchased certain fuel terminal and distribution assets at book value. Depreciation expense related to the transferred assets from Takreer has been reflected in our results of operations effective 1 October 2017.

6- Impact of fuel volumes and operations in 2016 related to non-recurring Emarat Dubai Transaction

During the first half of 2016, we were supplying fuels to 59 Emarat service stations in Dubai. Results of these sales are reflected in our Retail segment results during the first quarter 2016, and results of these sales are reflected in our Corporate segment during the second quarter of 2016. Please refer to the segment review section below for further information.

Fourth quarter 2017 results

Volume

Total fuel sales volume for the fourth quarter of 2017 was 2,634.8 million liters, an increase of 6.5% over the fourth quarter of 2016.

The following table sets forth the volumes of fuel sold during the fourth quarters of 2017 and 2016:

	Q4/2017	**Q4/2016**
	(million liters)	
Fuel volumes		
91 unleaded gasoline---	290.4	295.0
95 unleaded gasoline---	1,174.1	1,165 .4
98 unleaded gasoline---	66.0	65.9
Total gasoline--	**1,530.5**	**1,526.3**
Gas oil (diesel)---	698.5	640.8
Aviation Products--	217.9	189.4
Lubricants 1)--	28.5	11.7
LPG--	146.3	96.2
CNG--	13.0	10.4
Kerosene--	0.1	0.2
Total fuel volumes---	**2,634.8**	**2,474.9**

1) Includes also Base Oil volumes

Revenue

Revenue for the fourth quarter of 2017 was AED 5,535.4 million, an increase of 21.1% over the fourth quarter of 2016. This increase in revenue was mainly due to the increase in oil prices in 2017 compared to 2016 in addition to the 6.5% increase in volume over the corresponding period last year.

Gross Profit

Gross profit for the fourth quarter of 2017 was AED 1,310.4 million, an increase of 23.1% over the fourth quarter of 2016. This increase was mainly due to the increase in margins of fuel products as a result of lower cost of goods sold resulting from the new Refined Products Supply agreement with ADNOC, in addition to positive impact on our inventory resulting from increasing oil prices.

Distribution and administrative expenses

Distribution and administrative expenses for the fourth quarter of 2017 were AED 810.6 million, an increase of 13.8% over the fourth quarter of 2016, mainly due to the impact of the operation of the civil aviation business effective 1 October 2017 resulting from the Civil Aviation Supply Carve-out. In addition, as a result of the ADNOC Refining Perimeter Reorganization, depreciation charges also increased in the fourth quarter of 2017.

For the sake of comparative analysis, Others costs for the fourth quarter 2017 include a one-off, non-recurring provision of AED 39.0 million pertained to rebranding expenses. Also, performance bonus provision of AED 30.7 million is included in Staff costs whereas no such provision was considered the year before. The amount of the civil aviation expenses recovery in the fourth quarter 2016 was AED 67.1 million.

Excluding the impact of the aforementioned transactions and adjusting for the higher depreciation due to ADNOC Refining Perimeter Reorganization, distribution and administrative expenses for the fourth quarter 2017 would have been 6.0% lower than previous year. This decrease was mainly related to staff costs, distribution and marketing and repairs, maintenance & consumables costs.

	Q4/2017 AED 'Million	Q4/2016 AED' Million
Staff costs	447.1	457.6
Depreciation	152.8	137.8
Repairs, maintenance and consumables	46.1	51.6
Distribution and marketing expenses	23.0	51.0
Utilities	36.8	20.1
Insurance	3.5	6.3
Others	101.1	55.2
Recoverable expenses	0.0	-67.1
	810.6	**712.5**

EBITDA and profit for the period

Earnings before interest, tax, depreciation and amortization (EBITDA) for the fourth quarter of 2017 was AED 661.7 million, an increase of 12.0% over the fourth quarter of 2016, mainly due to the higher gross profit as a result of increased fuel margins.

Net finance costs increased in the fourth quarter of 2017 due to the new long term debt of USD 1.5 billion which was part of our recapitalization prior to our initial public offering. Profit for the fourth quarter of 2017 was AED 492.4 million, an increase of 6.8% compared to the fourth quarter of 2016.

Full-year 2017 results

Volume

Total fuel sales volume for 2017 was 9,981.8 million liters, a decrease of 3.4% compared to 2016. Excluding the impact of the Emarat Dubai Transaction, volume for year 2017 would have increased by 2.2% compared to the previous year. This increase in volume was mainly pertained to diesel in Corporate segment in addition to Retail gasoline.

The following table sets forth the volumes of fuel sold during 2017 and 2016:

	Actual Year ended, 31 December		Emarat Dubai Transaction Year ended, 31 December	
	2017	2016	2017	2016
	(million liters)			
Fuel volumes				
91 unleaded gasoline	1,147.3	1,204.3	-	-
95 unleaded gasoline	4,597.3	4,947.6	-	467.1
98 unleaded gasoline	259.1	310.8	-	60.7
Total gasoline	**6,003.7**	**6,462.7**	**-**	**527.8**
Gas oil (diesel)	2,623.5	2,621.9	-	33.3
Aviation Products	811.1	757.6	-	-
Lubricants 1)	54.4	42.5	-	-
LPG	448.2	411.4	-	-
CNG	40.5	32.0	-	-
Kerosene	0.4	0.5	-	-
Total fuel volumes	**9,981.8**	**10,328.6**	**-**	**561.1**

1) Includes also Base Oil volumes

Revenue

Revenue for 2017 was AED 19,756.3 million, an increase of 11.8% compared to 2016. Excluding the impact of the Emarat Dubai Transaction, revenue for 2017 would have increased by 17.2% compared to the previous year. This increase in revenue was mainly due to the increase in oil prices in 2017 compared to 2016, in addition to the 2.2% increase in volume.

Gross profit

Gross profit for 2017 was AED 4,426.1 million, an increase of 4.7% compared to 2016. Excluding the impact of the Emarat Dubai Transaction, gross profit for 2017 was 7.7% higher than in 2016 due to lower cost of goods sold resulting from the new Refined Products Supply agreement with ADNOC, in addition to the positive impact on our inventory resulting from increasing oil prices.

Distribution and administrative expenses

Distribution and administrative expenses for 2017 were AED 2,723.3 million, an increase of 6.8% compared to 2016. Excluding the impact of the Emarat Dubai Transaction, distribution and administrative expenses for 2017 would have increased by 8.6% compared to the previous year. The increase was mainly due to the impact of the operation of the civil aviation business effective 1 October 2017 resulting from the Civil Aviation Supply Carve-out, higher depreciation resulting from the ADNOC Refining Perimeter Reorganization, payment of 2016 staff performance bonus and non-recurring provision for rebranding costs.

	Full Year 2017 AED 'Million	**Full Year 2016 AED' Million**
Staff costs	1,824.3	1,836.5
Depreciation...	457.0	344.5
Repairs, maintenance and consumables..	154.7	180.4
Distribution and marketing expenses…...	120.2	150.3
Utilities...	96.1	80.3
Insurance...	11.2	16.8
Others..	258.3	179.4
Recoverable expenses..	-198.4	-238.4
	2,723.3	**2,549.8**

EBITDA and profit for the year

EBITDA for 2017 was AED 2,281.0 million, an increase of 7.3% over 2016. Excluding the impact of the Emarat Dubai Transaction, EBITDA for 2017 would have increased by 9.8% compared to the previous year. This increase was mainly due to higher margins from fuel products and new business arrangements in respect of civil aviation and LPG that took effect in fourth quarter of 2017, in addition to higher fuel sales volumes in 2017.

Profit for the year 2017 was AED 1,804.2 million, an increase of 1.3% over 2016. Excluding the impact of the Emarat Dubai Transaction, profit for 2017 would have increased by 4.1% over the prior year. Profit for the year increased at a lower rate than EBITDA in 2017 due to higher depreciation and finance costs as a result of arrangements put in place in connection with our initial public offering.

Capital expenditures

Our capital expenditures primarily consist of (i) capital expenditures related to the development and construction of new service stations and fuel terminal projects and capitalized maintenance costs related to our properties, (ii) purchase of machinery and equipment, and (iii) other capital expenditures related to our properties, including structural upgrades, technology infrastructure upgrades and other improvements. The table below presents our capital expenditures for the periods presented, which also includes the assets transferred to us at book value of AED 696.2 million on 30 September 2017 as a result of the ADNOC Refining Perimeter Reorganization:

	Q4/2017	Q4/2016	2017	2016
	(AED millions)		(AED millions)	
Service stations projects	6.1	255.9	417.1	808.6
Industrial projects	24.6	67.9	850.7	128.9
Natural gas projects	41.5	27.7	60.2	78.9
Machinery and equipment	38.5	28.4	67.1	70.8
Distribution fleet	-	-	7.5	30.2
Technology infrastructure	5.9	20.4	46.1	107.9
Office furniture and equipment	1.3	2.4	9.0	12.6
Total capital expenditures	**117.9**	**402.7**	**1,457.7**	**1,237.9**

Cash flow and financing

Net cash generated from operating activities totaled AED 3,381.5 million in 2017, compared to AED 4,047.0 million in 2016. The reduction in 2017 was driven by changes in net working capital.

In November 2017, in connection with our initial public offering and the listing of our shares on Abu Dhabi Securities Exchange (ADX), we entered into a credit facility with Abu Dhabi Commercial Bank PJSC, Bank of America Merrill Lynch International Limited, Citibank, N.A., London Branch, First Abu Dhabi Bank PJSC, and HSBC Bank Middle East Limited providing for a five-year USD 1,500.0 million unsecured term loan facility and a five-year USD 750.0 million revolving credit facility (or, in each case, the AED equivalent).

We drew down the term loan facility in full and used the net proceeds therefrom, together with available cash and bank balances, to repay a capital contribution to ADNOC in the amount of AED 6,304.4 million, and to pay an extraordinary interim dividend to ADNOC in the amount of AED 2,134.7 million.

We intend to maintain a Net Debt to EBITDA ratio of not higher than 2x. The interest-bearing Net Debt to EBITDA ratio was 1.18 and cash and cash equivalents and committed, unutilized credit facilities amounted to AED 5,540.2 million, in each case at 31 December 2017. Excluding restricted cash related to civil aviation operations, Net Debt to EBITDA ratio was 1.7. There are no financial covenants in our credit facilities.

Segment reviews

ADNOC Distribution's businesses are grouped into four reporting segments: Retail, Corporate, Aviation and Allied Services.

Retail

Key financials AED million	Q4-17	Q4-16	% change	Full year 2017	Full year 2016	% change
Revenue	3,698.7	3,233.9	14.4%	13,746.3	12,299.8	11.8%
Gross profit – fuel	743.9	634.8	17. 2%	2,603.2	2,497.4	4.2%
Gross profit – non-fuel	67.9	54.3	25.0%	266.1	238.0	11.8%
EBITDA	390.2	243.9	60.0%	1,253.6	1,064.1	17.8%
Operating profit	273.1	139.2	96.2%	901.3	810.4	11.2%
Capital expenditures	12.8	266.8	-95.2%	437.8	852.4	-48.6%

Volumes Million liters	Q4-17	Q4-16	% change	Full year 2017	Full year 2016	% change
ULG 91	285.8	291.2	-1.9%	1,131.3	1,190.7	-5.0%
ULG 95	1,164.2	1,155.8	0.7%	4,562.7	4,674.4	-2.4%
ULG 98	65.0	65.1	-0.2%	256.2	278.1	-7.9%
Diesel	205.7	210.0	-2.0%	787.7	834.5	-5.6%
LPG	20.1	22.3	-9.9%	82.4	85.5	-3.6%
Lubricants	2.2	2.5	-12.0%	8.9	10.0	-11.0%
Kerosene	0.1	0.1	0.0%	0.4	0.4	0.0%
Total	1,743.1	1,747.0	-0.2%	6,829.6	7,073.6	-3.4%

Other operating metrics	Q4-17	Q4-16	% change	Full year 2017	Full year 2016	% change
Number of service stations	359	335	7.2%	359	335	7.2%
Number of convenience stores	235	226	4.0%	235	226	4.0%
Throughput per station (million Ltrs) (1)	4.8	5.1	-6.8%	18.8	20.8	-9.9%
Number of fuel transactions (millions)	42.7	40.7	4.9%	164.8	153.2	7.5%
Fuel Gross Margin per Liter (AED/L)	0.43	0.36	17.4%	0.38	0.35	8.0%
Number of non-fuel transactions	11.5	12.1	-5.0%	47.8	46.9	2.0%
Convenience store sales revenue (AED million)	170.3	155.0	9.9%	660.7	623.2	6.0%
Average basket size (USD)	4.5	3.9	15.8%	4.2	4.1	3.5%
Convenience store sales to fuel volume ratio (1)	98.97	90.01	10.0%	98.06	93.06	5.4%

(1) Based on retail transportation fuel, AED/1000L

Volume

Retail fuel sales volume for the fourth quarter of 2017 was 1,743.1 million liters, relatively flat compared to the fourth quarter of 2016.

Retail fuel sales volume for 2017 was 6,829.6 million liters, a decrease of 3.4% compared to 2016. Excluding the impact of the Emarat Dubai Transaction, volume for 2017 would have increased by 0.5% compared to 2016.

Revenue

Retail segment revenue for the fourth quarter of 2017 was AED 3,698.7 million, an increase of 14.4% compared to the fourth quarter of 2016.

Retail segment fuel revenue for the fourth quarter of 2017 was AED 3,505.1 million, an increase of 14.8% compared to the fourth quarter of 2016, mainly due to increases in oil prices compared to the prior year.

Retail segment non-fuel revenue for the fourth quarter of 2017 was AED 193.6 million, an increase of 7.7% compared to the fourth quarter of 2016, mainly due to increased revenue in our convenience stores.

Retail segment revenue for 2017 was AED 13,746.3 million, an increase of 11.8% compared to 2016. Excluding the impact of the Emarat Dubai Transaction, Retail segment revenue for 2017 was 15.6% higher than in 2016.

Retail segment fuel revenue for the 2017 was AED 12,990.9 million, an increase of 12.1% compared to 2016. Excluding the impact of the Emarat Dubai Transaction, Retail segment fuel revenue for 2017 was 16.3% higher than in 2016, mainly due to increased oil prices compared to 2016.

Retail segment non-fuel revenue for 2017 was AED 755.4 million, an increase of 5.6% compared to 2016, mainly due to increased revenue in our convenience stores.

Gross profit

Retail segment gross profit for fourth quarter of 2017 was AED 811.7 million, an increase of 17.8% compared to the fourth quarter of 2016. The increase in gross profit was mainly due to lower cost of goods sold resulting from the new Refined Products Supply agreement with ADNOC, in addition to the positive impact on our inventory resulting from increasing oil prices.

Retail segment gross profit for 2017 was AED 2,869.3 million, an increase of 4.9% compared to 2016. Excluding the impact of the Emarat Dubai Transaction, Retail segment gross profit for 2017 would have been 8.2% higher than in 2016, mainly due to the positive impact experienced in the fourth quarter discussed above.

EBITDA

Retail segment EBITDA for the fourth quarter of 2017 was AED 390.2 million, an increase of 60.0% compared to the fourth quarter of 2016, mainly due to higher fuel margins and cost efficiencies.

Retail segment EBITDA for 2017 was AED 1,253.6 million, an increase of 17.8% compared to 2016. Excluding the impact of the Emarat Dubai Transaction, EBITDA for 2017 was 20.4% higher than in 2016, mainly due to higher fuel margins.

Corporate

Key financials AED million	**Q4-17**	**Q4-16**	**% change**	**Full year 2017**	**Full year 2016**	**% change**
Revenue	1,210.5	920.5	31.5%	4,049.8	3,819.4	6.0%
Gross profit	218.3	212.4	2.8%	771.7	861.2	-10.4%
EBITDA	142.5	208.6	-31.7%	599.4	673.8	-11.0%
Operating profit	135.9	203.4	-33.2%	580.6	658.1	-11.8%
Capital expenditures	0.0	0.2	-100.0%	0.9	1.1	-19.6%

Volumes Million liters	**Q4-17**	**Q4-16**	**% change**	**Full year 2017**	**Full year 2016**	**% change**
ULG 91	4.6	3.8	21.1%	16.0	13.6	17.6%
ULG 95	9.9	9.6	3.1%	34.6	273.2	-87.3%
ULG 98	1.0	0.8	25.0%	2.8	32.7	-91.4%
Diesel	492.7	430.8	14.4%	1,835.8	1,787.4	2.7%
LPG	126.2	73.9	70.8%	365.8	325.9	12.2%
Lubricants 1)	26.3	9.2	185.9%	45.5	32.5	40.0%
Kerosene	-	0.1	-100.0%	-	0.1	-100%
Total	660.8	528.1	25.1%	2,300.6	2,465.4	-6.7%

1) **Includes also Base Oil volumes**

Volume

Corporate segment sales volume for the fourth quarter of 2017 was 660.8 million liters, an increase of 25.1% compared to the fourth quarter of 2016, mainly due to increased sales of diesel and LPG.

Corporate segment sales volume for 2017 was 2,300.6 million liters, a decrease of 6.7% compared to 2016. Excluding the impact of the Emarat Dubai Transaction, Corporate segment sales volume for 2017 increased by 5.3% compared to 2016 mainly due to increased sales of diesel and LPG.

Revenue

Corporate segment revenue for the fourth quarter of 2017 was AED 1,210.5 million, an increase of 31.5% compared to the fourth quarter of 2016, mainly due to the increase in oil prices in 2017 compared to 2016 in addition to the increase in sales volume.

Corporate segment revenue for 2017 was AED 4,049.8 million, an increase of 6.0% compared to 2016. Excluding the impact of the Emarat Dubai Transaction, Corporate segment revenue for 2017 increased by 18.6% compared to 2016 mainly due to oil price increases in addition to the sales volume increase.

Gross profit

Corporate segment gross profit for fourth quarter of 2017 was AED 218.3 million, an increase of 2.8% over the fourth quarter of 2016, mainly due to higher volumes sold in 2017 compared to 2016, partially offset by lower fuel margins.

Corporate segment gross profit for 2017 was AED 771.7 million, a decrease of 10.4% compared to 2016. Excluding the impact of the Emarat Dubai Transaction, Corporate segment gross profit for 2017 decreased by 7.0% compared to 2016, mainly due to lower fuel margins in 2017 compared to 2016.

EBITDA

Corporate segment EBITDA for the fourth quarter of 2017 was AED 142.5 million, a decrease of 31.7% compared to the fourth quarter of 2016, mainly due to the reversal of impairment losses on corporate customer receivables during the fourth quarter 2016 which positively increased the Q4/2016 EBITDA by AED 50 million. Excluding the impact of this impairment reversal, EBITDA for the fourth quarter of 2017 would have decreased by 10% compared to fourth quarter of 2016 mainly due to lower fuel margins in 2017 compared to 2016.

Corporate segment EBITDA for 2017 was AED 599.4 million, a decrease of 11.0% compared to 2016. Excluding the impact of the Emarat Dubai Transaction, Corporate segment EBITDA for 2017 decreased by 8.0% mainly due to lower fuel margins.

Aviation

Key financials AED million	**Q4-17**	**Q4-16**	**% change**	**Full year 2017**	**Full year 2016**	**% change**
Revenue	550.5	354.2	55.4%	1,696.9	1,328.5	27.7%
Gross profit	209.6	105.0	99.6%	539.0	421.3	27.9%
EBITDA	111.7	94.1	18.7%	349.5	303.4	15.2%
Operating profit	105.3	92.5	13.8%	335.0	294.1	13.9%
Capital expenditures	4.9	22.4	-78.0%	16.2	29.2	-44.6%

Volumes Million liters	**Q4-17**	**Q4-16**	**% change**	**Full year 2017**	**Full year 2016**	**% change**
Aviation Volume	217.9	189.4	15.0%	811.1	757.6	7.1%

Volume

Aviation segment fuel sales volume for the fourth quarter of 2017 was 217.9 million liters, an increase of 15.0% compared to the fourth quarter of 2016. Aviation segment fuel sales volume for 2017 was 811.1 million liters, an increase of 7.1% over 2016 due to the increase of aviation sales volume to our strategic customers. For all periods reported, we had operations at seven airports in UAE.

Revenue

Aviation segment revenue for the fourth quarter of 2017 was AED 550.5 million, an increase of 55.4% compared to the fourth quarter of 2016. Aviation segment revenue for 2017 was AED 1,696.9 million, an increase of 27.7% compared to 2016. The increase was mainly due to the increase in volume and increased oil prices in 2017 compared to 2016. During the fourth quarter of 2017, Aviation segment revenue also includes revenue generated under the Aviation Services Agreement described above.

Gross profit

Aviation segment gross profit for fourth quarter of 2017 was AED 209.6 million, an increase of 99.6% compared to the fourth quarter of 2016, mainly due to increased volumes and the positive impact on our inventory resulting from increasing oil prices, in addition the revenue generated under the Aviation Services Agreement.

Aviation segment gross profit for 2017 was AED 539.0 million, an increase of 27.9% compared to 2016 mainly due to increased volumes and the positive impact on our inventory resulting from increasing oil prices.

EBITDA

Aviation segment EBITDA for the fourth quarter of 2017 was AED 111.7 million, an increase of 18.7% compared to the fourth quarter of 2016, mainly due to the higher volumes sold in 2017 compared to 2016, partially offset by the operating costs incurred under the Aviation Services Agreement.

Aviation segment EBITDA for 2017 was AED 349.5 million, an increase of 15.2% compared to 2016, mainly due to the higher volumes sold in addition to the positive impact on our inventory resulting from increasing oil prices.

Allied Services

Key financials AED million	**Q4-17**	**Q4-16**	**% change**	**Full year 2017**	**Full year 2016**	**% change**
Revenue	51.8	40.7	27.3%	183.7	154.6	18.8%
Gross profit	51.8	40.7	27.3%	183.7	154.6	18.8%
EBITDA	32.4	5.7	468.4%	84.5	45.1	87.4%
Operating profit	20.4	-2.1	1071.4%	63.1	25.1	151.4%
Capital expenditures	2.8	0.0	-	21.8	0.6	3,361.6%

Other operating metrics	**Q4-17**	**Q4-16**	**% change**	**Full year 2017**	**Full year 2016**	**% change**
Number of tenants	187	170	10.0%	187	170	10.0%
Number of occupied properties for Rent	672	654	2.8%	672	654	2.8%
Number of vehicle inspection centers (1)	21	20	5.0%	21	20	5.0%
Number of vehicles inspected (Fresh Tests) (thousands)	172.0	160.5	7.2%	653.5	607.3	7.6%
Other Vehicle Inspection Transactions (thousands)	65.2	59.3	10.0%	236.5	224.6	5.3%

(1) Includes one permit center

Revenue

Allied Services segment revenue for the fourth quarter of 2017 was AED 51.8 million, an increase of 27.3% compared to the fourth quarter of 2016. Allied Services segment revenue for 2017 was AED 183.7 million, an increase of 18.8% compared to 2016. The increase in Allied Services segment revenue resulted mainly from an increase in vehicle inspection fees effected in June 2017.

EBITDA

Allied Services segment EBITDA for the fourth quarter of 2017 was AED 32.4 million, an increase of 468.4% compared to the fourth quarter of 2016. Allied Services segment EBITDA in 2017 was AED 84.5 million, an increase of 87.4% compared to 2016. The increase in Allied Services segment EBITDA resulted mainly from the increase in vehicle inspection fees effected in June 2017.

Listing on ADX and corporate governance

We completed our initial public offering and the listing of our shares on the Abu Dhabi Securities Exchange (ADX) in December 2017. In connection with our IPO, in addition to the recapitalization and other transactions described above, we have put into place new policies and procedures consistent with the commitment of our Board of Directors to maintain standards of corporate governance that are in line with international best practices.

For more information regarding our policies and procedures relating to corporate governance, we refer you to our international offering memorandum available on our website at www.adnocdistribution.ae.

Share trading and ownership

ADNOC Distribution's shares are traded on the Abu Dhabi Securities Exchange (ADX) under the symbol ADNOCDIST. The share price as of 31 December 2017 was AED 2.65, compared to AED 2.50 at issuance on 13 December 2017. In that period, the share price ranged from AED 2.55 to AED 2.74. Market capitalization was AED 33.1 billion as of 31 December 2017. An average of 10.09 million shares traded daily during that period.

As of December 31, 2017, our parent company, ADNOC, owned 90.0 % of the outstanding shares; UAE and other GCC institutions owned 5.4% of the outstanding shares; international investors owned 3.0% of the outstanding shares; and private retail shareholders owned 1.6% of the outstanding shares. The number of individual shareholders as of 31 December 2017 was in excess of 11,000.

Health, safety, security and the environment (HSSE)

In 2017, our main HSSE focus areas included senior management training, road safety, business continuity, and digital security and monitoring. In addition, in association with the General Directorate of Abu Dhabi Civil Defense, we completed the integration of our service station network and the Civil Defense operations system, with the aim of improving safety standards. Overall, our safety performance in 2017 was notable in that we met all of our key performance targets and improved the performance for the year, as shown in the following table:

	2016 Performance	**2017 Performance**
Lost time incident		
Frequency rate (LTIFR)	0.14	0.10
Total recordable injury rate (TRIR)	0.24	0.13
Fatalities	1	0

Potential risks

Key risks potentially affecting ADNOC Distribution’s financial and operational results include supply chain risks, asset integrity and information technology risks. The company has identified and implemented several key controls and mitigation strategies to ensure business continuity, including engineered controls and managed controls as well as contractual safeguards to limit its financial exposure to these risks. For more detailed information on risks and risk management, please refer to the Risk Factors section of our international offering memorandum available on our website at www.adnocdistribution.ae.

Outlook

Having refreshed our strategy to foster a performance driven culture, a commercial mindset and a relentless focus on our customers, we are seeing positive progress with our three major strategic growth initiatives.

On fuel, we are ahead of plan to introduce a new retail fuel service that offers UAE customers greater choice, convenience and service. The expansion of our network is on track, and we will shortly break ground on three high traffic sites in the Emirate of Dubai. In the Kingdom of Saudi Arabia we are on schedule to open at least one station in 2018.

On our non-fuel growth initiative, we are making excellent progress on enhancing our convenience stores after applying a more rigorous approach to category management. We are making good progress in discussions with potential retail partners to accelerate customer improvements and the financial performance of our convenience stores. Separately we have implemented store layout changes and discontinued approximately 3500 low margin SKUs, which is having a positive effect. Also, we are generating improved performance in our allied services unit

Our cost efficiency initiative continues to progress, with efficiencies applied across both operating costs and capital expenditures without impacting on safety, the customer experience or brand equity. For example, we expect new service station construction and opening costs to be reduced by up to 40% from 2019 onwards. In 2018, we expect to invest less than AED 700 million in our capital investment program.

Dividend distribution proposal

ADNOC Distribution’s distributable equity as of 31 December 2017 amounted to AED 1.35 billion. The Board of Directors will propose at the company’s Annual General Meeting that ADNOC Distribution pay a cash dividend of AED 0.0588 per share, totaling AED 735 million (USD 200 million) based on 12.5 billion outstanding shares.

Annual General Meeting and reporting date for the company's results for the first quarter of 2018

ADNOC Distribution will hold its Annual General Meeting on 8 April 2018, subject to appropriate regulatory approvals, and expects to publish its first quarter 2018 results on 14 May 2018.

25 February 2018
ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Further information:

Petri Pentti, Chief Financial Officer, tel. +971 2 695 9700
Investor Relations, tel. +971 2695 9180

Conference call:

A conference call in English for investors and analysts will be held on Monday 26 February 2018 at 6 p.m. UAE / 2 p.m. London / 9 a.m. New York. To access the conference call, followed by a Q&A session, please dial one of the toll free numbers listed below and quote the conference call access code 'ADNOC Distribution'.

UAE: 800 0357 03128
Bahrain: 800 04590
UK: 0808 109 0700
USA: 1 866 966 5335

For other countries, please dial the Standard International Access number +44 20 3003 2666.

The presentation materials will be available for download in English on Monday, February 26 at adnocdistribution.ae/conferencecall.

The conference call will also be webcast live on our website. To register for the webcast please follow the link adnocdistribution.ae/conferencecall. Please note that participants joining by webcast will not be able to ask questions. The webcast will remain available for playback on our website for 60 days

Cautionary Statement Regarding Forward-Looking Statements:

This communication includes forward-looking statements which relate to, among other things, our plans, objectives, goals, strategies, future operational performance and anticipated developments in markets in which operate and in which we may operate in the future. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond our control and all of which are based on management's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "would", "intends", "estimates", "plans", "targets", or "anticipates" or the negative thereof, or other comparable terminology. These forward-looking statements and other statements contained in this communication regarding matters that are not historical facts involve predictions and are based on the beliefs of our management, as well as the assumptions made by, and information currently available to, our management. Although we believe that the expectations reflected in such forward looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward looking statements. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to: our reliance on ADNOC to supply us with substantially all of the fuel products that we sell; an interruption in the supply of fuels to us by ADNOC; changes in the prices that we pay ADNOC for our fuels and to the prices that we are allowed to charge our retail customers in the UAE; failure to successfully implement our operating initiatives and growth plans, including our mixed-mode service offering, our convenience store optimisation initiatives, our cost savings initiatives, and our growth plans; competition in our markets; decrease in demand for the fuels we sell, including due to general economic conditions, improvements in fuel efficiency and increased consumer preference for alternative fuels; the dangers inherent in the storage and transportation of the products we sell; our reliance on information technology to manage our business; laws and regulations pertaining to environmental protection, operational safety, and product quality; the extent of our related party transactions with ADNOC and our reliance on ADNOC to operate our business; the introduction of VAT and other new taxes in the UAE; failure to successfully implement new policies, practices, systems and controls that we implemented in connection with or following our IPO; any inadequacy of our insurance to cover losses that we may suffer; general economic, financial and political conditions in Abu Dhabi and elsewhere in the UAE; instability and unrest in regions in which we operate; the introduction of new laws and regulations in Abu Dhabi and the UAE; and other risks and uncertainties detailed in our International Offering Memorandum dated 26 November 2017 relating to our initial public offering and the listing of our shares on the Abu Dhabi Securities Exchange, and from time to time in our other investor communications. Except as expressly required by law, we disclaim any intent or obligation to update or revise these forward-looking statements.