First Quarter 2022 Results

Management Discussion & Analysis Report

10 May 2022

ADNOC Distribution
First Quarter 2022 Results

Highlights: A positive start to 2022 with the highest ever recorded first quarter's fuel volumes

- **The Company has seen a double digit growth in total fuel volumes** compared to the first quarter of 2021**, with an increase of 10.8% year-on-year**. **Retail fuel volumes sold in the first quarter of 2022 increased by 10.2%** compared to the Q1 2021, while **Commercial fuel volumes increased by 12.0%** year-on-year driven by strong growth in the corporate volumes. The volume increase was a result of the country's ongoing economic growth, the easing of travel restrictions globally, as well as the positive impact of EXPO 2020 in Dubai. In addition, the Company continued to expand in Saudi Arabia by adding new stations, resulting in incremental fuel volumes in Q1 2022 compared to the same period of 2021

- **Q1 2022 revenue was AED 6,736 million, an increase of 57.3% compared to Q1 2021**, driven by higher selling prices (as a result of higher crude oil prices), growth in fuel volumes and non-fuel business

- **Q1 2022 gross profit was AED 1,449 million, an increase of 9.3% compared to Q1 2021**, driven by higher fuel volumes and inventory gains as well as the growth in the Non-Fuel Retail business

  - ✓ Fuel Retail gross profit increased by 12.7% year-on-year, mainly driven by higher fuel volumes and transactions, as well as higher inventory gains of AED 128 million in Q1 2022 (versus inventory gains of AED 108 million in Q1 2021).

  - ✓ Non-Fuel Retail gross profit increased by 11.1% year-on-year, driven by strong growth in non-fuel transactions following improved consumer sentiment, increase in number of convenience stores, improved customer offerings following revitalization of our stores and marketing and promotion campaigns, and higher Food and Beverage (F&B) sales. Margins in the convenience stores business also improved as a result of the ongoing revitalization strategy to offer a modern, digitally enabled customer journey and superior in-store experience through a better product mix and the introduction of fresh food and coffee products

  - ✓ Commercial business gross profit increased by 2.0% year-on-year driven by higher Corporate fuel volumes, partially offset by lower Aviation fuel volumes

- **Q1 2022 reported EBITDA was AED 881 million, an increase of 7.8% compared to Q1 2021**, mainly driven by higher fuel volumes and inventory gains

- **Q1 2022 underlying EBITDA (EBITDA excluding inventory losses/gains and one-offs) was AED 767 million, an increase of 3.7% compared to Q1 2021**, driven by the growth in Company's fuel volumes

- **Q1 2022 net profit was AED 671 million, an increase of 6.3% compared to Q1 2021**, supported by higher EBITDA

Strong cash generation and balance sheet

- In Q1 2022, the Company generated free cash flow of AED 1.9 billion driven by robust cash flow from operations and a positive effect of the working capital change

- The Company maintained a strong financial position at the end of March 2022 with liquidity of AED 6.9 billion, in the form of AED 4.1 billion in cash and cash equivalents and AED 2.8 billion in unutilized credit facility. Existing term debt matures at the end of 2022 with no covenants in place. ADNOC Distribution's balance sheet remains strong with a net debt to EBITDA ratio of 0.46x as of 31 March 2022, which compares to 0.93x as of 31 March 2021

ADNOC Distribution included in FTSE ADX 15 (FADX15) Index (March 2022)

- The Company continues to enhance its investor proposition with its inclusion in the new blue chip index launched as a partnership between FTSE Russell and Abu Dhabi Securities Exchange (ADX). The FTSE ADX 15 (FADX15) Index represents the top 15 companies on the Main Board of the ADX, selected by a combination of free float adjusted market capitalization and daily trading value. The Index will undergo a bi-annual review process in March and September. This is the latest inclusion for ADNOC Distribution, which in 2021 was also included in the MSCI Emerging Markets (EM) Index, the most widely tracked index by global institutional investors, as well as in the FTSE EM Index

Strategy Update: continued execution on our smart growth strategy

ADNOC Distribution had a positive start to 2022, with a strong performance and the ongoing execution on its smart growth strategy. During the first quarter of 2022, the Company's network expansion maintained strong momentum with a steadfast focus on providing an enhanced customer experience across the UAE and beyond. The Company remains committed to delivering its ambitious growth strategy and generating long-term shareholder value through the next phase of its growth.

Fuel business (Retail and Commercial)

ADNOC Distribution recorded double-digit growth in total fuel volumes compared to the first quarter of 2021, with an increase of 10.8% year-on-year, following the ongoing economic growth, the easing of travel restrictions globally, the strong growth in the corporate business, as well as the impact of EXPO 2020 in Dubai, which ran from October 2021 to 31 March 2022. In addition, the Company continued to expand in Saudi Arabia by adding new stations, resulting in incremental fuel volumes in Q1 2022 compared to the same period of 2021.

Domestic expansion: ADNOC Distribution's UAE network reached 464 retail fuel stations as of 31 March 2022. In the first quarter 2022, the Company opened three new service stations in the UAE.

International expansion: In addition to its ongoing growth in the UAE, the Company continued to execute on its plans in the Kingdom of Saudi Arabia, with 15 new stations added in the first quarter 2022, taking its total network in Saudi Arabia to 55 stations as of 31 March 2022.

The Company's commercial business continued to maintain strong focus on proactive sales strategy in the first quarter 2022. ADNOC Distribution's corporate fuel volumes witnessed an 18.7% year-on-year increase, partially driven by the signing of new sales agreements confirmed in the final quarter of 2021. The business also increased its ADNOC Voyager lubricants export sales, with new distributors added in the first quarter 2022, bringing its export network to a total of 20 countries. In addition, the Company expanded its product offering with the launch of the ADNOC Voyager Green series, which offers customers a 100% plant-based lubricant range for both petrol and diesel engines.

Non-fuel business

The Company's UAE network of convenience stores increased to 350 as of 31 March 2022, with the addition of four new convenience stores in the UAE in 2022. The pace of revitalizing its convenience stores continued over this period, with three stores renovated in the UAE in the first quarter 2022, offering fresh food, barista-brewed coffee and a wider menu selection.

In line with the Company's ambitious non-fuel retail strategy to offer modern and digitally enabled shopping experience, ADNOC Distribution continued to enhance customer offerings through various initiatives, such as refurbishment of stores, improvement in category management, the introduction of fresh food and premium coffee products. On the back of these initiatives, the Company saw growth in convenience stores transactions and revenues as well as an increase in gross profit margins.

All segments of Non-Fuel business demonstrated positive momentum in the reporting period following the improvement of customers' offers in lubes and car wash as well as opening of a new vehicle inspection center in Q4 2021.

ADNOC Rewards loyalty program and Customer Focus

The ADNOC Rewards loyalty program also continued to add members in the first quarter of 2022, with more than 1.3 million members now enrolled and 83 partners providing discounts and deals through the ADNOC Distribution app. The program has been expanded to include a fuel redemption option, whereby customers can pay for their fuel with their ADNOC Rewards points.

Customer experience has been integral to the Company throughout the first quarter 2022, with continuing to offer customers promotions in-store and through the ADNOC Rewards. In the first quarter, a series of promotions were launched in ADNOC Oasis stores, car wash, and lube change. The popular fresh food and bakery range included both traditional and premium options prepared freshly onsite at 50 stores across the UAE.

Cost Optimization

ADNOC Distribution's operational expenditure (excl. depreciation) increased by 8.0% in the first quarter 2022 compared to the same period in 2021 after an increase in its network and associated operational costs. However, the Company continues to implement management initiatives to increase operational efficiency across all business units and prudent cost controls.

In 2021, the Company significantly exceeded its full year 2021 target of cost savings, realizing like-for-like operating expenses savings of AED 155 million versus guidance of up to AED 92m. The Company met its target of like-for-like OPEX savings of between AED 367 to 550 million over 2019-23 by achieving like-for-like OPEX savings of AED 378 million over 2019-21.

CAPEX

In line with the guidance and plans to continue with our expansion strategy, the Company incurred CAPEX (including accruals/provisions) of AED 196 million in the first quarter 2022.

Eng. Bader Al Lamki – Chief Executive Officer:

"ADNOC Distribution has had a positive start to 2022. We must stay relevant and deliver on our customers' desire for continued convenience, while ensuring we remain focused on the future, creating solutions that are evolving in response to, and ahead of, changing market dynamics.

Our network expansion has maintained strong momentum throughout the first quarter of the year. This can be seen particularly in Saudi Arabia where we have grown our service station network by 40%. We are well on track to deliver 60-80 stations across the UAE and international markets by the end of this year. We have already marked a number of milestones in the first quarter, with the opening of 18 new service stations across the UAE and KSA, as well as the launching of new products and enhancing of services. The progress is set to continue and accelerate throughout the year.

ADNOC Distribution continues to generate strong operational cash flows and maintain a strong balance sheet alongside robust liquidity, which ensure that we can continue to pursue growth opportunities and sustain attractive shareholder returns."

Positive momentum expected to continue throughout 2022

The Company expects a positive volume growth and earnings momentum to sustain in both fuel and non-fuel businesses to accelerate in 2022 and beyond. It continues to execute on its growth commitment to reach min. AED 3.67 billion ($1bn) EBITDA by 2023.

After posting the region's fastest GDP recovery in 2021 with a growth rate of 3.8% in real terms, the UAE's first quarter economic activity is pointing to another solid year. The recent reforms to the personal and business laws and the ease of COVID-19 restrictions across the country will continue to drive inward investment and contribute to bringing output back to its pre-pandemic level. UAE's sovereign balance sheet is poised to strengthen amid higher global oil prices the while non-oil sectors such as travel and tourism, real estate, hospitality, aviation, and manufacturing are forecasted to outperform 2021 levels. Furthermore, the legacy of Expo 2020 as well as the adjustment to the Monday-Friday work week are expected to further improve the prospects of UAE trade and business with the rest of the world in the short to medium term.

This trend is expected to continue throughout 2022, supported by strong domestic demand and healthy foreign direct investment inflows. The IMF expects the UAE economy to grow by 4.2% while the UAE's Ministry of Economy reaffirmed its targets to double the size of the economy by 2031. The rebound in business activity has translated into higher traffic and improved consumer confidence across the country in Q1 2022 and higher fuel volumes and fuel and non-fuel transactions for ADNOC Distribution.

The Company is well positioned to grow its earnings amid economic recovery and driven by expansion in domestic and international markets, while it continues to explore new opportunities to accelerate growth. ADNOC Distribution remains committed to pursuing its expansion plans in a disciplined manner, delivering an enhanced customer experience, and further optimizing its operations to become a leading cost-efficient fuel retailer and generating sustainable value for shareholders.

Fuel business

New Stations: We expect new stations delivery momentum to continue and fuel volumes growth to sustain in 2022. The Company has already marked a number of milestones in the first quarter, with the opening of 18 new service stations across the UAE and KSA. The Company remains well on track to open 60 to 80 new stations before the end of 2022, which includes 20 to 30 new stations in the UAE (including 10 to 15 stations in Dubai) and 40 to 50 new stations in international markets (including Saudi Arabia).

Domestically, Dubai market offers high growth potential for the Company to gain market share and is at the heart of our smart growth strategy. There are currently 10 stations in various stages of execution in Dubai, with an additional pipeline of 11 more stations already approved for further development. Focus remains on high quality strategic locations in Dubai.

In Saudi Arabia, ADNOC Distribution has a fully operational team on the ground. Following the addition of 55 new stations in Saudi Arabia since the beginning of 2021, there is a strong pipeline in the Kingdom to expand the network further through different routes i.e. acquisitions, lease agreements and Greenfield.

Furthermore, the Company is evaluating a number of potential inorganic growth opportunities in international markets (including Saudi Arabia). ADNOC Distribution's focus is to ensure CAPEX is allocated efficiently towards growth in value-accretive expansion that meets targeted rate of returns.

Non-fuel business

After witnessing strong momentum in the convenience stores revitalization program over 2020-2021, with 150 convenience stores revitalized, the Company continues to invest in offering customers a modern and engaging retail experience, in line with its ambitious non-fuel strategy. It remains on track to refurbish 40 to 50 convenience stores in 2022, focusing on offering a modern environment, improvement in category management, a better assortment of products, including fresh food and premium coffee, bundle offers and digital channels to order and transact.

The convenience store revitalization program and new offerings have put the Company in a better position to reap the benefits of its customer centric initiatives and achieve sustainable growth in its convenience stores business.

Cost efficiency

ADNOC Distribution aims to become one of the leading cost-efficient fuel retailers and remains on track to take structural costs out and make its operations leaner and more efficient. The key drivers for further OPEX savings include staff optimization, with the more efficient deployment of staffing levels for stations and convenience stores, energy efficiency through smart technology, outsourcing of logistics, centralization of key functions etc.

The Company has already met its target of like-for-like OPEX savings of between AED 367 to 550 million over 2019-23 by achieving like-for-like OPEX savings of AED 378 million over 2019-21. ADNOC Distribution remains committed to achieving further operational excellence and expects to achieve like-for-like OPEX savings of approximately AED 92 million over the period from 2022 to 2023.

CAPEX

The Company is committed to pursuing expansion plans in a disciplined manner to deliver on its smart growth strategy. It expects to invest approximately AED 918 million of CAPEX in 2022, to deliver on its growth plans. However, continued improvement will be made to increase CAPEX efficiency, including the rolling out of less capital intensive new station formats, such as ‘ADNOC On the go’ and MyStation (trucks). Our CAPEX guidance does not include any potential M&A opportunities.

Dividend Policy

During the General Assembly on 24 March 2022, the Company's shareholders approved a cash dividend of AED 1.285 billion (10.285 fils per share) for the second half of 2021 (paid in April 2022). This dividend payment came on top of an interim cash dividend of AED 1.285 billion (10.285 fils per share) for the first half of 2021 (paid in October 2021), resulting in a full-year dividend of AED 2.57 billion (20.57 fils per share), consistent with the Company's dividend policy.

The Company's robust and continued growth has enabled progressive dividend policy for shareholders. ADNOC Distribution remains confident in the delivery of its strategic commitments and sustainable returns for its shareholders

As per the Company's approved dividend policy, the Company expects to pay:

- For 2022: a minimum of AED 2.57 billion cash dividend, providing visible payback to shareholders until April 2023. This would translate to a 5.0% annual dividend yield for 2022 (based on a share price of AED 4.10 as of 9th May 2022). The Company expects to pay half of the 2022 dividend in October 2022 with a final payment in April 2023, subject to shareholders' approval

- For 2023 onwards: a dividend equal to at least 75% of distributable profits, subject to shareholders' approval

The Company's financial position remained strong at the end of March 2022 (cash & equivalent of AED 4.1 billion, retained earnings of AED 1.1 billion and net debt to EBITDA of 0.46x at the end of March 2022).

In accordance with our approved dividend policy, we expect to continue to pay half of the annual dividend in October of the relevant year and the second half to be paid in April of the following year. The payment of dividend is subject to the discretion of ADNOC Distribution's Board of Directors and to shareholders' approval.

Financial summary

AED millions	Q1-22	Q4-21	*QoQ %*	Q1-21	*YoY %*
Revenue	6,736	6,223	*8.2%*	4,282	*57.3%*
Gross profit	1,449	1,290	*12.3%*	1,326	*9.3%*
Margin	*21.5%*	*20.7%*		*31.0%*	
EBITDA	881	802	*9.9%*	817	*7.9%*
Margin	*13.1%*	12.9%		*19.1%*	
Underlying EBITDA[1]	767	688	*11.5%*	740	*3.7%*
Operating profit	718	613	*17.3%*	672	*6.9%*
Net Profit	671	571	*17.4%*	631	*6.3%*
Margin	*10.0%*	*9.2%*		*14.7%*	
Earnings per share (AED/share)	0.054	0.046	*17.4%*	0.050	*6.3%*
Net cash generated from operating activities	2,066	636	*224.7%*	1,074	*92.3%*
Capital expenditures	196	206	*-4.9%*	180	*8.5%*
Free Cash Flow[2]	1,866	483	*286.2%*	835	*123.6%*
Total equity	2,620	3,202	*-18.2%*	2,841	*-7.8%*
Net debt[3]	1,446	3,244	*-55.4%*	3,218	*-55.1%*
Capital employed	9,305	9,811	*-5.2%*	9,295	*0.1%*
Return on capital employed (ROCE)	26.6%	24.8%		30.6%	
Return on equity (ROE)	87.5%	70.3%		93.7%	
Net debt to EBITDA ratio[3]	0.46x	1.06x		0.93x	
Leverage ratio[3]	35.6%	50.3%		53.1%	

NM: Not meaningful
(1) Underlying EBITDA is defined as EBITDA excluding Inventory gains/losses and one-off gains/losses
(2) Free Cash Flow is defined as Net cash generated from operating activities less payments for purchase of property, plant & equipment and advances to contractors
(3) Cash and bank balances used for Net Debt calculation includes term deposits with banks
Notes:
See the Glossary for the calculation of certain metrics referred to above

Operating and Financial Review

Fuel Volumes

Q1 2022 total fuel volumes sold reached 2,459 million liters, increasing by 10.8% compared to Q1 2021 and by 3.5% compared to Q4 2021. In Q1 2022, Retail fuel volumes sold increased by 10.2% y-o-y driven by the country's ongoing economic growth and the ease in travel restrictions, as well as the addition of new stations. Q1 2022 Commercial fuel volumes increased by 12.0% year-on-year driven by 18.7% growth in corporate volumes, partially offset a decrease of 22.5% year-on-year in Aviation volumes due to lower uptake from strategic aviation customers.

Fuel volumes by segment *(million liters)*	**Q1-22**	**Q4-21**	***QoQ %***	**Q1-21**	***YoY %***
Retail (B2C)	**1,656**	**1,720**	***-3.7%***	**1,503**	***10.2%***
Commercial (B2B)	**804**	**657**	***22.3%***	**717**	***12.0%***
Of which Corporate	713	563	*26.7%*	601	*18.7%*
Of which Aviation	90	94	*-3.9%*	116	*-22.5%*
Total	**2,459**	**2,377**	***3.5%***	**2,220**	***10.8%***

Fuel volumes by product *(million liters)*	**Q1-22**	**Q4-21**	***QoQ %***	**Q1-21**	***YoY %***
Gasoline (1)	1,525	1,564	*-2.5%*	1,378	*10.7%*
Diesel	656	548	*19.6%*	568	*15.4%*
Aviation products	90	94	*-3.9%*	116	*-22.5%*
Others (2)	188	170	*10.7%*	157	*19.6%*
Total	**2,459**	**2,377**	***3.5%***	**2,220**	***10.8%***

(1) Includes grade 91, 95 and 98 unleaded gasoline.
(2) Includes CNG, LPG, kerosene, lubricants and base oil.

Results

Q1 2022 revenue was AED 6,736 million, an increase of 57.3% compared to Q1 2021. The increase in revenue was driven by higher selling prices (as a result of higher crude oil prices), growth in fuel volumes and non-fuel business.

Q1 2022 gross profit was AED 1,449 million, an increase of 9.3% compared to Q1 2021, mainly driven by higher fuel volumes, growth in Non-Fuel Retail business as well as higher inventory gains of AED 128 million in Q1 2022 (versus inventory gains of AED 108 million in Q1 2021).

Q1 2022 reported EBITDA was AED 881 million, an increase of 7.8% compared to Q1 2021, mainly driven by higher fuel volumes and inventory gains.

Q1 2022 Underlying EBITDA (EBITDA excluding inventory losses/gains and one-offs) was AED 767 million, an increase of 3.7% compared to Q1 2021, mainly driven by higher fuel volumes.

Q1 2022 net profit was AED 671 million, an increase of 6.3% compared to Q1 2021, driven by higher EBITDA.

Revenue by segment *(AED millions)*	Q1-22	Q4-21	QoQ %	Q1-21	YoY %
Retail (B2C)	**4,600**	**4,535**	***1.4%***	**2,947**	***56.1%***
Of which Fuel Retail	4,316	4,246	*1.7%*	2,694	*60.2%*
*Of which Non-Fuel Retail**	284	289	*-1.7%*	253	*12.4%*
Commercial (B2B)	**2,136**	**1,687**	***26.6%***	**1,336**	***59.8%***
Of which Corporate	1,820	1,379	*31.9%*	1,049	*73.4%*
Of which Aviation	316	308	*2.5%*	287	*10.0%*
Total	**6,736**	**6,223**	***8.2%***	**4,282**	***57.3%***

Gross Profit by segment *(AED millions)*	Q1-22	Q4-21	QoQ %	Q1-21	YoY %
Retail (B2C)	**1,039**	**920**	***12.9%***	**924**	***12.4%***
Of which Fuel Retail	881	758	*16.1%*	782	*12.7%*
*Of which Non-Fuel Retail**	159	162	*-2.1%*	143	*11.1%*
Commercial (B2B)	**410**	**369**	***10.8%***	**401**	***2.0%***
Of which Corporate	292	247	*18.0%*	265	*10.0%*
Of which Aviation	118	122	*-3.7%*	136	*-13.5%*
Total	**1,449**	**1,290**	***12.3%***	**1,326**	***9.3%***

EBITDA by Segment *(AED millions)*	Q1-22	Q4-21	QoQ %	Q1-21	YoY %
Retail (B2C)	**598**	**534**	***12.1%***	**538**	***11.1%***
Commercial (B2B)	**282**	**268**	***5.2%***	**283**	***-0.4%***
Of which Corporate	232	201	*15.6%*	224	*3.5%*
Of which Aviation	50	68	*-25.4%*	60	*-15.4%*
Unallocated[1]	1	0	*NM*	-5	*NM*
Total	**881**	**802**	***9.9%***	**817**	***7.8%***

* Non-fuel retail includes convenience stores, vehicle inspection, property management, car wash as well as lube change
(1) Unallocated includes other operating income/expenses not allocated to specific segment
NM: Not meaningful

Distribution and administrative expenses

Q1 2022 distribution and administrative expenses were AED 733 million, an increase of 8.9% compared to Q1 2021 after an increase in the Company's network and associated staff cost, as well as due to increase in depreciation charges and distribution and marketing expenses.

Excluding depreciation, cash OPEX increased by 8.0% y-o-y in Q1 2022 after an increase in the Company's network and associated staff cost.

AED millions	Q1-22	Q4-21	*QoQ %*	Q1-21	*YoY %*
Staff costs	393	355	*10.6%*	364	*8.0%*
Depreciation	163	189	*-14.1%*	145	*12.1%*
Repairs, maintenance and consumables	46	39	*19.1%*	43	*8.0%*
Distribution and marketing expenses	29	38	*-22.4%*	19	*58.9%*
Utilities	40	7	*NM*	54	*-24.8%*
Insurance	4	5	*-12.4%*	2.3	*72.8%*
Others[1]	57	34	*65.5%*	46	*23.3%*
Total	**733**	**668**	***9.7%***	**673**	***8.9%***

NM: Not meaningful
(1) Others include lease cost, bank charges, consultancies etc.

Capital expenditures

Our capital expenditures (CAPEX) primarily consist of (i) investments related to the development and construction of new service stations and fuel terminal projects and capitalized maintenance costs related to our properties, (ii) the purchase of machinery and equipment, and (iii) other capital expenditures related to our properties, including structural upgrades, technology infrastructure upgrades and other improvements.

In Q1 2022, total CAPEX increased compared to the same period last year mainly as a result of higher CAPEX on the industrial projects, while the CAPEX on the development and construction of new service stations, which accounts for c.65% of the total CAPEX was almost flat compared to Q1 2021.

The table below presents the breakdown of our capital expenditures for the reviewed period:

AED millions	Q1-22	Q4-21	*QoQ %*	Q1-21	*YoY %*
Service stations projects	128	112	*13.6%*	128	*-0.3%*
Industrial projects	37	31	*17.6%*	16	*129.2%*
Machinery and equipment	10	23	*-56.6%*	3	*NM*
Distribution fleet	3	5	*-31.7%*	0	*NM*
Technology infrastructure	16	32	*-51.1%*	33	*-52.3%*
Office furniture and equipment	2	2	*33.0%*	0	*NM*
Total	**196**	**206**	***-4.9%***	**180**	***8.5%***

NM: Not meaningful

ADNOC DISTRIBUTION

Business segments operating review

Retail Segment – B2C (Fuel and Non-Fuel)

Volumes

Q1 2022 retail fuel volumes sold increased by 10.2% y-o-y, as a result of the country's ongoing economic growth, the easing of travel restrictions globally as well as the impact of EXPO 2020 in Dubai.

In addition, the Company continued to expand in Saudi Arabia by adding new stations, resulting in incremental fuel volumes in Q1 2022 compared to the same period of 2021.

Retail Segment volumes (million liters)	Q1-22	Q4-21	*QoQ %*	Q1-21	*YoY %*
Gasoline	1,461	1,533	*-4.7%*	1,341	*9.0%*
Diesel	144	143	*0.3%*	120	*20.4%*
Other [(1)]	51	44	*16.2%*	42	*20.4%*
Total	**1,656**	**1,720**	***-3.7%***	**1,503**	***10.2%***

(1) Includes CNG, LPG, kerosene and lubricants.

Results

Q1 2022 retail segment revenue increased by 56.1% compared to Q1 2021, driven by increase in selling prices, fuel volumes growth and increase in non-fuel revenues.

Q1 2022 retail segment gross profit increased by 12.4% compared to Q1 2021, driven by higher retail fuel volumes and non-fuel business growth. The Fuel Retail business gross profit increased by 12.7% year-on-year, mainly driven by higher fuel volumes, transactions, and inventory gains of AED 128 million in Q1 2022 (versus inventory gains of AED 108 million in Q1 2021). Non-fuel retail gross profit rose by 11.1% in Q1 2022 compared to Q1 2021, driven by growth in non-fuel transactions, higher number of convenience stores, and improvement in margins.

Q1 2022 retail segment EBITDA increased by 11.1% compared to Q1 2021, mainly driven by higher retail fuel volumes, inventory gains and the growth in non-fuel business.

Retail Segment (AED million)	Q1-22	Q4-21	*QoQ %*	Q1-21	*YoY %*
Revenue	**4,600**	**4,535**	***1.4%***	**2,947**	***56.1%***
Of which Fuel Retail	4,316	4,246	*1.7%*	2,694	*60.2%*
*Of which Non-Fuel Retail**	284	289	*-1.7%*	253	*12.4%*
Gross profit	**1,039**	**920**	***12.9%***	**924**	***12.4%***
Of which Fuel Retail	881	758	*16.1%*	782	*12.7%*
*Of which Non-Fuel Retail**	159	162	*-2.1%*	143	*11.1%*
EBITDA	**598**	**534**	***12.1%***	**538**	***11.1%***
Operating profit	450	360	*25.3%*	405	*11.3%*
Capital expenditures	129	155	*-16.8%*	176	*-26.7%*

* Non-fuel retail includes convenience stores, vehicle inspection, property Management, car wash as well as lube change

Other operating metrics

Q1 2022 fuel transactions increased by 20.3% compared to Q1 2021 on the back of network expansion, improving customer sentiment, as well as a result of the country's ongoing economic growth and the further ease in mobility and global travel restrictions.

Fuel operating metrics	Q1-22	Q4-21	*QoQ %*	Q1-21	*YoY %*
Number of service stations - UAE (1)	464*	462	*0.4%*	449	*3.3%*
Number of service stations - Saudi Arabia (1) (2)	55	40	*37.5%*	2	*NM*
Total number of service stations	**519**	**502**	***3.4%***	**451**	***15.1%***
Total Throughput per station (million liters)	3.2	3.4	*-6.9%*	3.2	*-1.3%*
Number of fuel transactions (millions) - UAE	42.7	44.3	*-3.6%*	35.5	*20.3%*

NM: Not meaningful
(1) At end of period.
(2) Includes one franchised site
* One station was closed during Q1 2022

Q1 2022 Non-fuel transactions increased by 20.3% year-on-year driven by improving consumer sentiment, increase in number of convenience stores, improved customer offerings following the revitalization of our stores and marketing and promotion campaigns under ADNOC Rewards loyalty program to attract higher footfall and increase customer spending.

The convenience stores revenues increased by 17.0% in Q1 2022 compared to Q1 2021, mainly driven by higher transactions. Q1 2022 convenience stores gross profit increased by 21.8% year-on-year, driven by higher transactions and improvement in margins. The convenience stores business margins improved as a result of improved customer offerings following the revitalization of our stores and marketing and promotion campaigns, as well as the higher F&B sales.

Average gross basket size declined by 5.0% year-on-year in Q1 2022 after a double digit year on year rise during the peak of COVID-19 pandemic as customers visited less during pandemic restrictions but bought more during each visit. However, average gross basket size is still above pre-pandemic levels, driven by customer centric initiatives.

In its property management business, the Company continues to transition its tenancy business to a revenue sharing model to maximize revenue and profitability. The number of occupied properties increased by 10.7% year-on-year in Q1 2022 driven by proactive non-fuel growth strategy to bring in new tenants.

The number of vehicles inspected (fresh tests) in the Company's vehicle inspection centers increased by 5.5% in Q1 2022 compared to Q1 2021, driven by higher numbers of vehicle inspection centers.

Non-Fuel operating metrics	Q1-22	Q4-21	QoQ %	Q1-21	YoY %
Total number of non-fuel transactions (millions) – UAE (2)	9.6	9.9	-3.4%	8.0	20.3%
Number of convenience stores - UAE (1)	350	346	1.2%	332	5.4%
Convenience stores revenue (AED million)	180	188	-4.4%	154	17.0%
Convenience stores gross profit (AED million)	59	66	-10.4%	49	21.8%
Margin	32.9%	35.1%		31.6%	
Conversion rate % (3)	19%	19%		18%	
Average basket size (AED) (4)	22.4	22.3	0.6%	23.5	-4.7%
Average gross basket size (AED)(5)	26.3	26.1	0.7%	27.7	-5.0%
Number of Property Management tenants (1)	330	320	3.1%	286	15.4%
Number of occupied properties for rent (1)	974	952	2.3%	880	10.7%
Number of vehicle inspection centers (1) (6)	30	30	-	29	3.4%
Number of vehicles inspected (fresh tests) (thousands)	223	205	8.5%	211	5.5%
Other vehicle inspection transactions (thousands)7	85	77	10.2%	67	27.5%

(1) At end of period.
(2) Includes convenience stores, car wash and oil change transactions.
(3) Number of convenience stores transactions divided by number of fuel transactions.
(4) Average basket size is calculated as convenience store revenue divided by number of convenience store transactions
(5) Average gross basket size is calculated as convenience store revenue (including revenue from consignment items shown under other operating income) divided by number of convenience store transactions.
(6) Includes one permitting center.
(7) Other vehicle inspection transactions includes the number of vehicles inspected (re-tests) and sale of safety items at our vehicles inspection centers

Commercial Segment – B2B (Corporate and Aviation)

Volumes

Q1 2022 Commercial fuel volumes increased by 12.0% compared to Q1 2021, driven by Corporate business. Corporate fuel volumes increased by 18.7% year-on-year, partially driven by the signing of new sales agreements confirmed in the final quarter of 2021. On the other hand, Aviation fuel volumes sold to strategic customers decreased by 22.5% year-on-year.

Commercial Segment volumes (million liters)	Q1-22	Q4-21	*QoQ %*	Q1-21	*YoY %*
Gasoline	64	31	*103.2%*	37	*72.5%*
Diesel	512	405	*26.4%*	449	*14.1%*
Aviation	90	94	*-3.9%*	116	*-22.5%*
Other (1)	138	127	*8.9%*	115	*19.3%*
Total	**804**	**657**	***22.3%***	**717**	***12.0%***

(1) Includes LPG, lubricants and base oil.

Results

Q1 2022 Commercial segment revenue increased by 59.8% compared to Q1 2021, driven by higher selling prices as a result of increase in crude oil prices as well as higher Corporate fuel volumes.

Q1 2022 Commercial segment gross profit increased by 2.0% compared to Q1 2021 driven by higher Corporate fuel volumes, partially offset by lower Aviation volumes.

Q1 2022 Commercial segment EBITDA remained stable on the back of lower aviation volumes and higher operating expenses, partially offset by higher corporate volumes.

Commercial Segment (AED million)	Q1-22	Q4-21	*QoQ %*	Q1-21	*YoY %*
Revenue	**2,136**	**1,687**	***26.6%***	**1,336**	***59.8%***
Of which Corporate	1,860	1,379	*31.9%*	1,049	*73.4%*
Of which Aviation	316	308	*2.5%*	287	*10.0%*
Gross profit	**410**	**369**	***10.8%***	**401**	***2.0%***
Of which Corporate	292	247	*18.0%*	265	*10.0%*
Of which Aviation	118	122	*-3.7%*	136	*-13.5%*
EBITDA	**282**	**268**	***5.2%***	**283**	***-0.4%***
Operating profit	267	253	*5.5%*	270	*-0.9%*
Capital expenditures	3	7	*-54.6%*	4.8	-37.6%

Share trading and ownership

Our shares are traded on the Abu Dhabi Securities Exchange (ADX) under the symbol ADNOCDIST. The closing share price as of 31 March 2022 was AED 4.20. In the period from 1 January 2022 through 31 March 2022, the share price has ranged from AED 4.06 to AED 4.24 at close. Our market capitalization was AED 52.5 billion as of 31 March 2022, and an average of 11 million shares have traded daily in Q1 2022 (0.6x 2021 level). In Q1 2022, the average daily traded value of our shares was approximately AED 46 million (0.6x 2021 level).

As of 31 March 2022, ADNOC owned 77%, while 23% of our outstanding shares are publicly owned by institutional and retail investors.

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 the international offering memorandum dated 26 November 2017 relating to our IPO, which is available on our website at www.adnocdistribution.ae.

Q1 2022 Earnings conference call details

A conference call in English for investors and analysts will be held on Tuesday, May 10, 2022, at 4 p.m. UAE / 1 p.m. London / 8 a.m. New York. To access the event, followed by a Q&A session, please connect through one of the following methods:

Webcast

Click here to join the webcast
Please note that participants joining by webcast will be able to ask questions via a chat box within the webcast player

Note: Click on the link above to attend the presentation from your laptop, tablet or mobile device. Audio will stream through your selected device. If you have technical difficulties, please click the "Listen by Phone" button on the webcast player and dial one of the numbers provided therein.

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US: (Toll Free): 800-289-0459

Passcode: 546581

For other countries, please connect to the above webcast link, select the "Listen by Phone" option on the webcast player and click on the audio numbers to access the dial in information

The presentation materials will be available for download in English on Tuesday, May 10, 2022 at https://www.adnocdistribution.ae/en/investor-relations/investor-relations/downloads/

Reporting date for the second quarter 2022

We expect to announce our second quarter and first half 2022 results on or around August 12, 2022.

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May 10, 2022
ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Glossary

- Net debt is calculated as total interest bearing debt less cash and bank balances (including term deposits with banks).

- Free cash flow is calculated as Net cash generated from operating activities less payments for purchase of property, plant & equipment and advances to contractors.

- Capital employed is calculated as the sum of total assets minus non-interest bearing current liabilities.

- Return on capital employed is calculated as operating profit for the twelve months ended divided by capital employed on the last day of the period presented.

- Return on equity is calculated as profit for the period for the twelve months ended divided by total equity on the last day of the period presented.

- Net debt to EBITDA ratio is calculated interest bearing net debt as of the end of the period presented, divided by EBITDA for the twelve months ended on the last day of the period presented.

- Leverage ratio is calculated as (a) interest bearing net debt, divided by (b) the sum of interest bearing net debt plus total equity.

- Average basket size is calculated as convenience store revenue divided by number of convenience store transactions

- Average gross basket size is calculated as total convenience store sales revenue (including revenue from consignment items shown under other operating income) divided by number of convenience store transactions.

ADNOC DISTRIBUTION

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 optimization 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.