

Media Release:

ADNOC DISTRIBUTION ANNOUNCES STRONG PERFORMANCE AND GROWTH IN UNDERLYING PROFITABILITY IN Q1 2023

Net profit excluding inventory movements increased by 5.5% Y-o-Y and 19.4% Q-o-Q to AED 551 million in Q1 2023 driven by higher fuel volumes and company-wide efficiency initiatives

Company generates strong Free Cash Flow of AED 1,048 million in support of new dividend policy to pay min. AED 2.57 billion dividend for 2023

ADNOC Distribution continues to deliver on its non-fuel strategy, grows transactions by 11% Y-o-Y in Q1 2023, and expects positive volume growth to sustain in 2023

Company took tangible steps to future-proof the business, decarbonize operations, and reduce carbon intensity

Abu Dhabi, UAE – May 12, 2023: ADNOC Distribution (ISIN: AEA006101017) (Symbol: ADNOCDIST), the UAE's largest fuel and convenience retailer, which is listed on the Abu Dhabi Securities Exchange (ADX), today announced its first quarter 2023 results, reporting a 5.5% year-on-year and 19.4% Quarter-on-Quarter increase in net profit excluding inventory movements to AED 551 million, driven by strong performance and efficiency improvement measures across all operations and businesses. The Company continued to maintain a strong balance sheet by recording a solid Free Cash Flow of AED 1,048 million during the period.

Strong volume growth

Total fuel volumes for the UAE and KSA increased by 8% year-on-year during Q1 2023 supported by the continued rebound in economic activity and network expansion across the UAE. Retail fuel volumes – which account for c. 65% of sales – increased by 5.5% year-on-year. Additionally, corporate fuel volumes witnessed strong growth during the first quarter of the year with a 21% increase compared to the same period last year, mainly driven by the Company's efforts to strengthen its commercial business portfolio through its business development and Customer Relationship Management programs.

Eng. Bader Saeed Al Lamki, CEO, ADNOC Distribution, commented: "We focused our efforts during the first quarter of 2023 on streamlining operations across our local and international network while ensuring our cross-border teams were well-equipped to sustain the delivery momentum of our growth trajectory through 2023 and beyond. At the same time, we maintained a healthy cash flow generation and strong financial position to deliver incremental shareholder value through efficient capital allocation."

Robust non-fuel business

Non-fuel business continued to gain momentum during the first quarter of 2023 with a c.11% year-on-year increase in recorded transactions and a 9% year-on-year growth in non-fuel gross profit, supported by a series of marketing campaigns and customer-centric initiatives in line with the company's non-fuel retail strategy.

This included offering an upgraded customer experience by utilizing AI and data analysis to develop personalized customer offering through ADNOC Rewards loyalty program, in addition to modernizing the retail space across the network through the ADNOC Oasis convenience store refurbishment program.

Initiatives linking ADNOC Rewards across service stations purchases and allowing customers to earn and redeem points against valuable offerings – including fuel, lube change services, convenience store, and car washes also contributed to the growth. The company maintained its position as the UAE’s largest convenience store operator with a total of 345 stores as of 31 March 2023.

Delivering growth

ADNOC Distribution continued to expand its local footprint by opening six new service stations during the first quarter of the year, reaffirming its leadership across the UAE fuel retail sector with a network of 507 retail fuel stations nationwide as of 31 March 2023. It remains well positioned to achieve its full-year network expansion targets of 25 to 35 new service stations.

The Company further advanced its international expansion in February 2023 by completing the acquisition of a 50% stake in TotalEnergies Marketing Egypt, one of the top four fuel retail operators in Egypt. The partnership includes a diversified downstream portfolio of 240 fuel retail stations, 100+ convenience stores, 250+ lube changing stations, and car washes, as well as wholesale fuel, aviation fuel, and lubricant operations. Since then, TotalEnergies Marketing Egypt has successfully expanded its aviation fuels business through winning the right to supply aviation fuel to Etihad Airways for flights fueled in Cairo. The Company plans to open the first ADNOC flagship service station in Cairo during Q2 2023.

A total of AED 158 million in organic capital expenditures (CAPEX) was invested during Q1 2023 while maintaining a strong balance sheet with net debt / EBITDA ratio of 1.06x. The company is expected to continue the growth momentum through 2023 and aims to invest between AED 918 million and AED 1,100 million during the year to support its expansion plans.

Operational excellence and future-proofing the business

ADNOC Distribution expects positive volume growth to sustain in 2023, while also focusing on network expansion and delivering higher non-fuel retail contribution. By executing management initiatives to increase operational efficiency across all business units, implementing prudent cost controls and optimizing costs, the Company achieved OPEX savings of AED 33 million in Q1 2023, and remains on track to achieve its guidance for like-for-like OPEX savings in excess of AED 92 million in 2023.

In its ongoing quest to future-proof the business, ADNOC Distribution continues to explore potential growth opportunities and new revenue streams created through energy transition, including new mobility solutions such as electric vehicle charging while focusing on sustainability-driven initiatives.

In February, the Company became the region's first fuel distributor to introduce the innovative ADNOC 'Fill & Go' technology at its service stations. The AI-backed solution utilizes the latest innovations in computer vision technologies, comprising machine learning models allowing computers to recognize vehicles and responds by offering a hyper-personalized fueling experience, reaffirming ADNOC Distribution's leadership position in the UAE's fuel and convenience retail sector.

This also includes the recently announced partnership with TAQA, one of the largest listed integrated utility companies in the EMEA, to establish E2GO. The new mobility joint venture will build and operate electric vehicle services infrastructure in Abu Dhabi and the wider UAE, where the Company currently operates 36 electric vehicle charging points, with power ranging between 50 and 180 KW.

ADNOC Distribution announced in January plans to reduce its carbon intensity by 25% by 2030, by putting sustainability at the core of its day-to-day operations to future-proof its business and deliver sustainable long-term shareholder value.

Since then, the Company has embarked on a number of tangible steps to fulfill this commitment and address the energy transition, including the completion in the first quarter of the conversion of an existing AED 5.5 bn (USD \$ 1.5bn) term loan into a sustainability-linked one, demonstrating commitment to embrace sustainability across its day-to-day operations.

Additionally, the Company recently announced partnering with Emerge, a joint venture between Masdar and EDF, to install solar panels across its service station network in Dubai, as part of the Company's phased approach to UAE-wide solar rollout to provide the power needed for daily operations.

Al Lamki added: "We continue to explore further growth of our business domestically and internationally through value-accretive M&A opportunities, while considering profitability and the creation of new revenue streams to be among the main driving factors in our decision-making process."

Attractive value proposition and shareholder payback

ADNOC Distribution remains committed to delivering sustainable, profitable growth and attractive shareholder returns. The Company's strong 2022 results, with robust and continued growth, enabled the setting of a new attractive dividend policy at the General Assembly meeting in March 2023 with a minimum AED 2.57 billion (20.57 fils per share) for 2023 (compared to a minimum 75% of distributable profits as per the previous policy), offering higher payback visibility for shareholders and yielding at 4.8% (at share price of 4.30 as of 12 May 2023).



The Company's dividend policy for the years thereafter sets a dividend equal to at least 75% of distributable profits. The dividend policy recognizes the Company's strong financial position and confidence in its growth prospects and cash-flow generation ability going forward. ADNOC Distribution remains confident and steadfast in the delivery of its strategic commitments and sustainable returns for its shareholders.

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About ADNOC Distribution

ADNOC Distribution is the leading mobility retailer in UAE. The Company has been providing energy for customers' journeys since 1973. Since this time, the Company has continuously been at the forefront of providing the best in customer service. Today, ADNOC Distribution enables, enhances, and energizes every customer journey thanks to digitally enabled, innovative customer experiences and high-quality non-fuel retail products. The Company operates service stations in all seven emirates in its home country, plus Saudi Arabia, and sells lubricants in 28 countries across the world via distributors. Now in its 50th year, ADNOC Distribution has over 570 service stations, 507 in the UAE and 67 in KSA. As a non-fuel retail leader in the UAE, it operates 345 ADNOC Oasis convenience stores, 33 vehicle inspection centers and other leading services spanning car wash, lube change and EV charging. The company is also the leading marketer and distributor of fuels to commercial, industrial and government customers throughout the UAE. All figures as of 31 March 2023. Additionally, in February 2023 ADNOC Distribution completed its acquisition from TotalEnergies Marketing Afrique SAS of a 50% stake in TotalEnergies Marketing Egypt LLC, marking the Company's official entry into the Egyptian market. ADNOC Distribution aims to

be the global mobility retailer of choice, enabler of sustainable mobility and provider of exceptional customer experiences. 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 and approval of shareholders.