Third Quarter and Nine Months 2024 Results

Management Discussion & Analysis Report

31 October 2024

Key highlights:
Continued improvement in underlying profitability in 9M 2024

Total fuel volumes – 9M 2024

11.05
billion liters

+9.2% Y-o-Y

Retail: +9.0%, driven by strong mobility trends and partially attributable to the timing of consolidation of TotalEnergies Marketing Egypt

Commercial: +9.7%, driven by economic expansion and partially attributable to the timing of consolidation of TotalEnergies Marketing Egypt

8.70
billion liters sold in the UAE and KSA

+7.2% Y-o-Y

Retail: +6.0% supported by network expansion, higher mobility, sustained momentum in the region's economic growth and higher contribution from KSA operations

Commercial: +9.6% on strong performance of the corporate business and new contracts signed in the UAE in 2023 and 9M 2024

Revenue – 9M 2024

26,617
AED million

+6.2% Y-o-Y
supported by higher fuel volumes, growing non-fuel retail segment contribution and consolidation of TotalEnergies Marketing Egypt

Gross profit – 9M 2024

4,608
AED million

+6.9% Y-o-Y
driven by strong operating performance and despite lower inventory gains of AED 263 million in 9M 2024 compared to inventory gains of AED 289 million in 9M 2023

2,888
AED million

Fuel retail: +4.3% Y-o-Y
supported by a strong growth in fuel volumes

618
AED million

Non-fuel retail: +13.0% Y-o-Y
supported by growth in non-fuel transactions, improved convenience store customer offerings, growing contribution of car wash business as well as other car services

1,102
AED million

Commercial: +11.0% Y-o-Y
driven by growth in corporate fuel volumes, despite inventory losses of AED 13 million in 9M 2024 vs. inventory gains of AED 31 million in 9M 2023

EBITDA – 9M 2024

2,901
AED million

+5.9% Y-o-Y
despite lower inventory gains in 9M 2024 vs. 9M 2023

Underlying EBITDA – 9M 2024

2,648
AED million

+11.6% Y-o-Y
supported by volume growth, higher contribution from non-fuel retail business and international activities

Net profit attributable to equity holders – 9M 2024

1,840
AED million

-4.4% Y-o-Y
after the impact of AED 183 million UAE corporate income tax in 9M 2024

Net profit, excl. UAE corporate income tax impact – 9M 2024

2,023
AED million

+5.1% Y-o-Y
supported by volume growth, higher contribution from non-fuel retail business and international activities (KSA and Egypt), despite lower inventory gains and higher finance costs in 9M 2024 vs. 9M 2023

ADNOC DISTRIBUTION

Cash generation and balance sheet – 9M 2024

1,971
AED million

Free cash flow

Free cash flow down 26.2% Y-o-Y

Excl. the effect of working capital changes, free cash flow decreased by 3.5% Y-o-Y to AED 2,024 million

The Company maintained a strong financial position at the end of September 2024 with liquidity of AED 6.2 billion, in the form of AED 3.4 billion in cash and cash equivalents and AED 2.8 billion in unutilized credit facility

0.56x

Net debt to EBITDA ratio

balance sheet remained strong with a Net debt to EBITDA ratio of 0.56x as of 30 September 2024 (0.62x as of 31 December 2023)

Operational highlights – 9M 2024

19

New stations

in the UAE, KSA and Egypt

855

Total stations network

543 in UAE
69 in KSA
243 in Egypt*

366

Convenience stores network in the UAE

140.6
Million

Fuel transactions in the UAE

+5.9 % Y-o-Y

35.9
Million

Non-fuel transactions in the UAE

+9.4% Y-o-Y

112

EV fast and super-fast charging points in the UAE

more than doubled compared to 53 charging points at the end of 2023

25.5%
+c.110 bps

9M 2024 convenience store conversion rate in the UAE

compared to 24.4% in 9M 2023

2.15
Million

Number of ADNOC Rewards members

+19% Y-o-Y

25.9%
+175 bps

Q3 2024 convenience store conversion rate in the UAE

compared to 24.2% in Q3 2023

*Acquisition of 50% of TotalEnergies Marketing Egypt completed in February 2023

ADNOC DISTRIBUTION

9M 2024 financial performance driven by network expansion, record fuel volumes and strong non-fuel retail growth

In 9M 2024, ADNOC Distribution demonstrated growth in EBITDA of 5.9% year-on-year to AED 2,901 million, while on an underlying basis EBITDA increased at a double-digit rate of 11.6% to AED 2,648 million. Net profit attributable to equity holders decreased by 4.4% to AED 1,840 million due to lower inventory gains, higher finance costs and the impact of the UAE corporate tax, while net profit excluding the tax impact increased by 5.1% year-on-year.

This financial performance was fuelled by the strong growth in fuel volumes (+9.2% year-on-year), an expanded retail fuel network (855 stations at the end of September 2024 compared to 828 stations in the same period last year), strong growth in non-fuel transactions (+9.4% year-on-year), record-high nine-month convenience store conversion rate in five years (25.5% in 9M 2024), and a rising contribution from international operations in KSA and Egypt. A strong balance sheet (net debt/EBITDA of 0.56x as of 30 September 2024) underpins the Company's future growth, aligned with the 2024-28 strategy endorsed by the Board of Directors and communicated during the February 2024 Investor Day.

Fuel business (retail and commercial)

In 9M and Q3 2024, ADNOC Distribution achieved record fuel deliveries to its customers. Retail and commercial fuel volumes in the UAE and KSA increased by 7.2% year-on-year, reaching 8.70 billion liters, driven by sustained momentum in economic growth and higher mobility in the region. The introduction of new stations in Dubai and network upgrades in Saudi Arabia contributed to higher retail fuel volumes, resulting in a 6.0% increase to 5.66 billion liters in the UAE and KSA compared to 9M 2023. Including operations in Egypt, ADNOC Distribution reported a total fuel volume growth of 9.2% year-on-year to above 11 billion liters, with retail fuel volumes rising by 9.0% and commercial volumes by 9.7%.

Network expansion: In 9M 2024, ADNOC Distribution further expanded its retail fuel activities by adding 19 new stations in the UAE, KSA and Egypt and achieved its target of opening 15-20 new stations in 2024.

- **Domestically:** ADNOC Distribution added 15 new stations in the UAE in 9M 2024 (one existing On the Go station in Abu Dhabi was closed during the period) to reach 543 stations in the home market, which compares to 518 stations at the end of 9M 2023.
- In Dubai, the Company opened 10 stations in 9M 2024. Eight of these, launched in Q3 2024, cater specifically to trucks, in partnership with Dubai's Road and Transport Authority (RTA). As a result, ADNOC Distribution's service station network in the emirate expanded to 54 stations at the end of the period, up by 26% from 43 stations at the end of 9M 2023.
- **Internationally:** ADNOC Distribution continued to execute on its plans in the Kingdom of Saudi Arabia, with two stations opened during 9M 2024 (one existing station was returned during the period), taking the total network in the country to 69 stations at the end of the period. The Company has revitalized and rebranded c.90% of its KSA stations as of the end of 9M 2024.

  During 9M 2024, the Company's assets in Egypt added two new service stations to the portfolio (two existing stations were closed during the period) and had 243 service stations at the end of the period. In addition, the Egypt portfolio comprised aviation fuel, lubricant and wholesale fuel operations as well as 100+ convenience stores, 250+ lube changing points and 15+ car wash locations.
- **Total network of ADNOC Distribution** increased to 855 stations vs. 828 at the end of 9M 2023.
- **Network of fast and super-fast EV charging points** more than doubled to 112 vs. 53 at the end of 2023.

Commercial segment: In 9M 2024, commercial fuel volumes in GCC increased by 9.6% compared to 9M 2023 to more than 3 billion liters driven by an increase of 10.8% year-on-year in corporate business volumes. This was a result of execution of new contracts signed in 2023 and 9M 2024, as the Company has been proactively focusing on gaining market share in Dubai and Northern Emirates.

Commercial fuel volumes in Egypt increased by 10.7% compared to 9M 2023 to 383 million liters. This was driven by a 38% year-on-year increase in aviation volumes supported by the continued tourism growth and was partially attributable to the timing of consolidation of TotalEnergies Marketing Egypt.

Total number of export network countries in ADNOC Distribution's VOYAGER lubricants portfolio rose to 43 markets at the end of 9M 2024 compared to 34 markets at the end of the same period last year. The Company is exploring opportunities to penetrate new growing lubricants markets through collaboration with leading partners worldwide.

Additionally, in 2023 the Company launched ADNOC Voyager brand signature range of premium and OEM-approved automotive vehicle lubricants in Egypt through TotalEnergies Marketing Egypt. The products are available for the Egyptian consumers to purchase at ADNOC-branded service stations.

Non-fuel business - UAE

In 9M 2024, ADNOC Distribution continued to execute its non-fuel retail strategy with dynamic marketing campaigns and customer-focused initiatives. The Company elevated the shopping experience with a modern retail environment, improved category management, fresh food, premium coffee and convenient digital ordering.

The growth strategy involves leveraging advanced technologies like Artificial Intelligence. AI-driven services, such as Fill and Go with computer vision license plate recognition, enhance the refuelling process and solidify ADNOC Distribution's position as a leader in innovation within the industry.

Additionally, ADNOC Distribution revitalized its convenience stores, modernizing around 210 ADNOC Oasis outlets to offer fresh food, barista-brewed coffee and an expanded menu. Today, 90% of the stores boast a new or refurbished look with superior category management.

The Company continued to develop its non-fuel offerings in 9M 2024 launching ten new convenience stores, including five stand-alone stores to capture opportunities for non-fuel retail growth outside its service stations. In addition, ADNOC Distribution launched two new high-capacity car wash tunnels, which have significantly greater capacity than conventional facilities, with plans to add more car wash tunnels and upgrade 50% of existing automatic car wash facilities over the course of 2024. Both initiatives provided strong support to the car wash business which posted the highest year-on-year growth among all non-fuel retail verticals in 9M 2024.

ADNOC Distribution increased the number of its vehicle inspection centres in the UAE to 34 following an addition of one new centre between end of 9M 2023 and end of 9M 2024. The number of vehicles inspected (fresh tests) in the Company's vehicle inspection centres increased by 24% in 9M 2024 year-on-year, driven by an increase of the number of vehicle inspection centres, introduction of new services and supported by marketing and promotions.

In its property management business, at the end of September 2024 ADNOC Distribution had 1,124 occupied and awarded properties for rent, which implies an increase of 10% or more than 100 units compared to the end of December 2023. Of the new properties, c.60 were new stores, restaurants and car services which started to operate during the first nine months of 2024. They include Burger King restaurants operated by the Company under a franchise model as well as McDonald's, Dunkin' Donuts, Domino's Pizza, Starbucks, as well as pharmacies. ADNOC Distribution aims to add around 20 more stores and restaurants operated by leading international and regional food & beverage brands by the end of the year, including five additional Burger King restaurants operated by the Company, as well as McDonald's, Starbucks and others. These anchor brands bring additional footfall to ADNOC Distribution service stations and transform them into destinations of choice.

ADNOC Rewards loyalty program and customer focus

ADNOC Distribution is committed to putting customers at the heart of what it does to help accelerate the mobility revolution and redefine the experience at service stations. ADNOC Rewards loyalty program welcomed more than 340,000 new members over the twelve months ending 30 September 2024, including nearly 100,000 new members in Q3 2024 alone. The total enrolled members in the program exceeded 2.15 million at the end of 9M 2024, an increase of 19% year-on-year.

Under the ADNOC Rewards loyalty program, over 120 partners provide deals and discounts through the ADNOC Distribution app. The growth was supported last year by an improvement in generosity of 3X. New system of ADNOC Rewards tiers was introduced in 2023: SILVER, GOLD, and PLATINUM – each delivering an expanded suite of exciting benefits and offers to customers.

As part of the loyalty programme, the Company offers its customers promotions in-store, and a range of initiatives that include linking ADNOC Rewards across service station purchases and allowing customers to earn and redeem points against valuable offerings – in fuel, lube change services, convenience store and car washes. This has helped increase footfall and drive sales in the food and beverage category.

OPEX

ADNOC Distribution cash OPEX increased in 9M 2024 by 7.8% year-on-year to AED 1,758 million which is partially explained by a one-off cost of AED 10 million vs. a one-off gain of AED 77 million in 9M 2023. Excluding the impact of the one-off items, the cash OPEX increased by only by 2.4% year-on-year to AED 1,748 million, while the Company's operations and associated costs expanded.

In particular, the number of stations in the UAE and KSA increased by nearly 5% at the end of 9M 2024 compared to the end of 9M 2023. In addition, in 9M 2024 ADNOC Distribution recorded additional costs associated with the assets in Egypt due to the timing of consolidation of TotalEnergies Marketing Egypt.

In 9M 2024, the Company achieved like-for-like OPEX savings of AED 48 million, on track to reduce like-for-like OPEX by up to AED 184 million ($50 million) in 2024-28.

Efficient capital allocation

In line with the plans to continue with its expansion strategy, ADNOC Distribution invested (including accruals/provisions) AED 677 million in 9M 2024, of which nearly 60% spent on service station projects. In addition, the Company accelerated its investments in technology infrastructure. The target remains to spend AED 0.9-1.1 billion ($ 250-300 million) on CAPEX in 2024.

ADNOC Distribution has demonstrated a proven track-record of value creation since IPO, by pursuing new opportunities in domestic and international markets and allocating cash towards growth. Through efficient capital allocation, the Company has consistently achieved healthy rates of return, including Return on Capital Employed (ROCE) of 29.5% in 9M 2024 (26.6 % in 9M 2023) and Return on Equity (ROE) of 94.3% in 9M 2024 (83.8% in 9M 2023).

In 9M 2024, ADNOC Distribution generated free cash flow of AED 1,971 million, a reduction of 26.2% year-on-year. Excluding the effect of working capital changes, in 9M 2024 the free cash flow decreased by 3.5% vs. 9M 2023 to AED 2,024 million.

At the end of September 2024, the Company maintained a strong financial position with liquidity of AED 6.2 billion in the form of AED 3.4 billion in cash and cash equivalents and AED 2.8 billion in unutilized credit facility. The balance sheet remained strong following distribution of the final 2023 dividend in April and interim 2024 dividend in October with a net debt to EBITDA ratio of 0.56x as of 30 September 2024 vs. 0.62x as of 31 December 2023.

Early adoption of amendments to IAS 21 - Lack of exchangeability

ADNOC Distribution has adopted amendments to IAS 21 in relation to operations of its subsidiary based in Egypt. The EGP was considered to lack exchangeability from the beginning of 2024 until 5 March 2024, and the subsidiary has been unable to convert its functional currency from Egyptian banks to settle its foreign currency obligations. The lack of exchangeability of the EGP was restored effective 6 March 2024.

In accordance with the requirements of the amendment, the subsidiary has revalued its net foreign monetary liabilities as at 31 December 2023 at the rate available on 6 March 2024 which is the most recent date reflecting the ending of the lack of exchangeability in Egypt, as a basis for implementation.

Accordingly, in Q3 2024 ADNOC Distribution recorded an adjustment of AED 68 million to the opening balance of its retained earnings and non-controlling interests in respective proportions of ownership.

Eng. Bader Al Lamki – Chief Executive Officer:

“ADNOC Distribution’s strong underlying financial performance is testament to the Company’s solid fundamentals and its ability to execute against strategic objectives. Across the first nine months of the year, we made steady progress expanding our domestic retail presence and market share, while also seeing growing returns from our international expansion.

To continue to unlock shareholder value, the Company is pursuing AI, advanced digital technologies, and innovation-enabled growth across our entire value chain, engendering considerable OPEX savings and improvements to our industry-leading customer experience.”

Positive outlook supported by volume growth momentum, OPEX savings, AI initiatives and business futureproofing

ADNOC Distribution represents an attractive investment opportunity, supported by business expansion and appealing shareholder distributions. Strong execution of the Company is demonstrated by a delivery on a critical commitment to capital markets of generating in excess AED 3.68 billion ($1 billion) EBITDA in 2023. ADNOC Distribution expects solid outlook for the full year 2024 and beyond, underpinned by volume growth momentum, strong consumer confidence, growth in non-fuel retail, higher contribution of international activities and further efficiency enhancements.

In addition, the Company is futureproofing its business by developing fast and superfast EV charging infrastructure across its network in the UAE. ADNOC Distribution is also exploring further options to grow in mobility and lifestyle as well as new revenue streams created through energy transition. The Company continues to explore value-accretive domestic and international expansion opportunities, including new markets – to generate additional value for the shareholders.

ADNOC Distribution's growth ambitions are underpinned by a solid macroeconomic backdrop. In H1 2024, Abu Dhabi GDP increased by 3.7% year-on-year, including by 4.1% in Q2 2024. This was driven by the growth of non-oil economic activities which expanded in H1 2024 by 5.7% year-on-year, including growth of 6.6% in Q2 2024. Non-oil activities represented 55.2% of the Abu Dhabi economy in Q2 2024 – the highest level since the end of 2014. The growth in Q2 2024 non-oil GDP was led by finance and insurance (+13.4%), construction sector (+11.5% year-on-year) and real estate activities (+3.4%).

Another strong signal of growth in economic activity is that Abu Dhabi airports reported a 33.5% increase in passenger traffic in H1 2024 year-on-year to nearly 14 million passengers. Dubai International Airport hit a record of 44.9 million travellers in H1 2024, an 8% increase year-on-year. Dubai also set a new tourism record of over 9.31 million international overnight visitors which is 8.9% higher than in the same period of 2023.

At the end of September, the UAE Central Bank revised up its forecast for the country's 2024 GDP growth by 10 bps from 3.9% to 4.0% in light of expected improvements in the oil sector. 2025 GDP growth forecast is 6.0%. The non-oil component of GDP is expected to grow by 5.2% in 2024 and by 5.3% in 2025, driven by tourism, transportation, financial and insurance services, construction and real estate, and communications sectors. IMF forecasts that the UAE GDP will grow by 3.5% in 2024, which is one the highest rates among the GCC economies, accelerating to 4.2% in 2025 and 4.3% in 2026.

Higher mobility and improved consumer confidence are driving the UAE economic growth. These factors boosted fuel volumes and non-fuel transactions for ADNOC Distribution in the first nine months of 2024. Capitalizing on its UAE leadership, customer focus, and exceptional mobility and lifestyle offerings, the Company's growth outpaced the nation's GDP growth. In 9M 2024, retail volumes in the UAE and KSA increased by 6.0% and commercial volumes soared by 9.6% year-on-year.

During Investor Day in February 2024 ADNOC Distribution unveiled key strategic initiatives and focus areas. The Company is ready for the new phase of growth which will see ADNOC Distribution transforming from a fuel distributor into a multi-energy, convenience and mobility leader. The Company is scaling up its portfolio of low-carbon energy solutions including biofuels, EV and hydrogen to support de-carbonization of the transport industry and is expanding its non-fuel retail offerings. ADNOC Distribution is prioritizing innovation and enhancing customer experience in line with its strategic objectives. The focus on seamless customer journeys through digital solutions and hyper-personalization will drive improved brand engagement and increased footfall.

The Company aims to deliver earnings growth in the next five years through identified key strategic initiatives, including: growing the number of non-fuel transactions by 50%, increasing the number of fast and super-fast EV charging points by 10-15x by 2028 compared to the end of last year, reducing like-for-like OPEX by up to AED 184 million ($50 million), and growing the network of service stations to ~1,000 by 2028.

Fuel business

New stations: after exceeding the 2023 target of opening 25-35 stations by adding 41 new stations, ADNOC Distribution achieved its target to add 15-20 stations to its network in 2024 by launching 19 new stations in 9M 2024.

Saudi Arabia: with a fully operational team on the ground, the Company is nearing revitalization and rebranding of the KSA network.

Egypt: ADNOC Distribution's acquisition of a 50% stake in TotalEnergies Marketing Egypt in Q1 2023 reaffirmed the Company's commitment to expanding business in attractive international growth markets. Egypt's retail fuel, lubricants and aviation markets are highly attractive with a potential for future growth. Ten service stations were re-branded to ADNOC in Cairo during 2023 and 9M 2024, and further openings are targeted during 2024.

The Company plans to start blending ADNOC Voyager lubricants in Egypt in 2024, with the intention of making it a regional export hub.

Renewal of the Refined Products Supply Agreement: at the beginning of 2023, ADNOC Distribution successfully renewed its supply agreement with ADNOC for a new five-year term, reaffirming the Company's strong value proposition driven by predictable margins and highly cash generative core business. The renewal also demonstrated strong and ongoing support from the majority shareholder, ADNOC**.**

Non-fuel business

ADNOC Distribution focuses on extracting additional growth and value by sweating the assets, providing enhanced customer experience and shifting capital towards mobility and lifestyle. The Company's convenience store revitalization programme has ensured that ADNOC Distribution is positioned to capitalize on benefits of its customer-centric initiatives and generates consistent growth in its convenience stores business.

By offering a modern shopping environment and a better assortment of products to customers, including fresh food and premium coffee, bundle offers and digital channels to order and transact, the Company is transforming its stations into destinations of choice.

In line with its new growth strategy, ADNOC Distribution continued to develop its non-fuel offerings in 9M 2024 launching ten new convenience stores, including five stand-alone stores, and two high-capacity car wash tunnels – which have significantly greater capacity than conventional facilities – with plans to open additional car wash tunnels and upgrade 50% of the existing automatic car washes over the course of 2024.

In its property management business, the Company aims to double the number of property units occupied by top international and regional food & beverage brands across its network by the end of 2025 compared to the end of 2023.

Operating and investment efficiency

ADNOC Distribution aims to become one of the leading cost-efficient fuel retailers and remains on track to reduce structural costs, make its operations leaner and more efficient. The key drivers for OPEX savings include 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.

AI & futureproofing of business

I/ Technology

As a core part of its growth strategy, ADNOC Distribution is actively pursuing more than 20 AI-focused projects by integrating AI and advanced technologies across all business segments, empowering data-driven decision-making to drive growth, enhance operational efficiency and elevate customer experience.

The Company is continuously working on enhancing the customer experience through innovation and digital transformation. Fill & Go technology is the region's first AI-personalized experience introduced by ADNOC Distribution. It leverages the latest advancements in computer vision and machine learning to offer a hyper-personalized seamless refuelling process.

Using innovative Fuel Demand AI Model, ADNOC Distribution employs predictive demand analytics to optimize fuel delivery across its network. The model offers fuel forecast accuracy exceeding 95%, far surpassing conventional methods averaging 60%, resulting in reduced total fuel inventory runout.

Additionally, with the improved fuel demand forecast accuracy the Company's supply chain fleet reduced total fuel truck emissions by 10% through improved delivery timing efficiencies, supporting ADNOC Distribution's objective of reducing carbon emissions intensity by 25% by 2030 (compared to 2021 baseline).

II/ Rollout of Electric Vehicles (EV) charging points

ADNOC Distribution is committed to futureproofing its business through a disciplined rollout of profitable fast and super-fast EV charging points. The chargers are installed across the Company's service stations and dedicated mobility hubs at strategic locations in the UAE to address current EV customer demand and offer enhanced customer value proposition. The rollout of chargers is calibrated on a quarterly basis, depending on the actual EV uptake and using best-in-class technology.

ADNOC Distribution has made significant progress in expanding its network of EV charging points across the UAE, as part of its strategy to meet the growing demand for e-mobility solutions. As of end of 9M 2024, the Company had 112 EV charging points, more than doubling their number from the end of last year. The network offers fast and super-fast EV charging options, covering key highways and urban areas. ADNOC Distribution aims to further increase its network to 150-200 EV charging points by the end of 2024, cementing its position as a leader in the on-the-go EV charging market.

Sustainability

I/ Decarbonization roadmap

ADNOC Distribution plans to expand its sustainability-driven efforts to futureproof its business. In January 2023, the Company unveiled its decarbonization roadmap, committing to a reduction of carbon intensity of its operations by 25% by 2030 (compared to 2021 baseline). The decarbonization roadmap covers Scope 1 emissions which come directly from the Company's operations, and Scope 2 carbon emissions which come from the energy ADNOC Distribution uses to run its operations.

The Company aims to cut emissions through a set of identified initiatives that will be implemented in 2024 and beyond, such as installing solar panels at service stations, use of biofuels to power its fleet of vehicles and other energy optimization initiatives. ADNOC Distribution also aims to utilize 'green concrete', that is eco-friendly and has a smaller carbon footprint than traditional concrete, in the construction of new service stations.

ADNOC Distribution started installation of solar panels across its service stations network in Dubai, as part of the Company's phased approach to UAE-wide solar rollout to provide the power needed for daily operations, and already installed them at 32 stations. Additionally, 100% of the Company's owned UAE heavy fleet is now using biofuel.

II/ Sustainability Linked Loan

ADNOC Distribution became the first UAE fuel and convenience retailer to tap into sustainable financing, by converting in January 2023 an existing AED 5.5 billion ($ 1.5 billion) term loan into a Sustainability Linked Loan. The Company committed to a penalty/incentive model which ties the loan to the sustainability-linked indicators, including GHG emissions intensity and share of renewable energy contribution. By arranging the Sustainability Linked Loan, ADNOC Distribution has aligned its funding strategy with the sustainability roadmap.

Dividend policy

ADNOC Distribution is committed to delivering sustainable, profitable growth and attractive shareholder returns. In recognition of the Company's strong financial position and confidence in the future cash flow generation, in March 2024 the shareholders approved a new dividend policy that provides long-term visibility for expected shareholder returns and potential upside from the future earnings growth. This dividend policy represents a balance between growth in investments and sustainable shareholder payback. For 2024-28, the policy sets a dividend of AED 2.57 billion (20.57 fils per share) or minimum 75% of net profit, whichever is higher, subject to the discretion of the Company's Board of Directors and to the shareholders' approval.

In accordance with the dividend policy, ADNOC Distribution expects to continue to pay half of the annual dividend in October of the relevant year and the second half in April of the following year. In September 2024, the Board of Directors approved the dividend of AED 1.285 billion for the first six-months period of 2024, which was paid in October 2024. The dividend for the second six-months period of 2024 is expected to be paid in April 2025, subject to the discretion of the board and shareholders' approval.

At AED 2.57 billion, 2024 dividend yields 5.7% (at a share price of AED 3.58 as of 30 October 2024).

Financial summary

AED million	Q3 24	Q2 24	*QoQ %*	Q3 23	*YoY %*	9M 24	9M 23	*YoY %*
Revenue	9,083	8,784	*3.4%*	8,935	*1.7%*	26,617	25,065	*6.2%*
Gross profit	**1,587**	**1,541**	*3.0%*	**1,659**	*-4.3%*	**4,608**	**4,311**	*6.9%*
Gross margin, %	*17.5%*	*17.5%*		*18.6%*		*17.3%*	*17.2%*	
EBITDA	**1,009**	**979**	*3.0%*	**1,111**	*-9.2%*	**2,901**	**2,739**	*5.9%*
EBITDA margin, %	*11.1%*	*11.1%*		*12.4%*		*10.9%*	*10.9%*	
Underlying EBITDA (1)	995	851	*16.9%*	876	*13.6%*	2,648	2,373	*11.6%*
Operating profit	801	788	*1.7%*	942	*-15.0%*	2,325	2,234	*4.1%*
Net profit attributable to equity holders	**667**	**623**	*7.2%*	**835**	*-20.1%*	**1,840**	**1,924**	*-4.4%*
Net margin, %	*7.3%*	*7.1%*		*9.3%*		*6.9%*	*7.7%*	
Earnings per share (AED/share)	0.05	0.05	*7.2%*	0.07	*-20.1%*	0.15	0.15	*-4.4%*
Net profit, excluding UAE corporate tax impact	**729**	**687**	*6.1%*	**835**	*-12.7%*	**2,023**	**1,924**	*5.1%*
Net cash generated from operating activities	507	1,472	*-65.6%*	1,699	*-70.2%*	2,844	3,326	*-14.5%*
Capital expenditures	307	201	*53.1%*	236	*30.2%*	677	620	*9.2%*
Free cash flow (2)	**178**	**1,212**	*-85.3%*	1,447	*-87.7%*	**1,971**	**2,669**	*-26.2%*
Total equity	2,940	3,576	*-17.8%*	2,889	*1.8%*	2,940	2,889	*1.8%*
Net debt (3)	2,137	2,094	*2.1%*	2,267	*-5.7%*	2,137	2,267	*-5.7%*
Capital employed	10,418	11,069	*-5.9%*	10,280	*1.3%*	10,418	10,280	*1.3%*
Return on capital employed (ROCE), %	*29.5%*	*29.0%*		*26.6%*		*29.5%*	*26.6%*	
Return on equity (ROE), %	*94.3%*	*80.8%*		*83.8%*		*94.3%*	*83.8%*	
Net debt to EBITDA ratio (3)	*0.56*	*0.53*		*0.67*		*0.56*	*0.67*	
Leverage ratio, %	*42.1%*	*36.9%*		*44.0%*		*42.1%*	*44.0%*	

(1) Underlying EBITDA is defined as EBITDA excluding inventory movements and one-off items
(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 include term deposits with banks
Note: See the Glossary for the calculation of certain metrics referred to above

ADNOC DISTRIBUTION

Operating and financial review

Fuel volumes

In Q3 2024, total fuel volumes sold reached 3.83 billion liters, increasing by 7.0% year-on-year and setting a new quarterly volume record.

In the GCC markets (UAE and KSA), Q3 2024 total fuel volumes exceeded 3 billion liters, up by 7.7% year-on-year, supported by ongoing growth in region's economic activities and higher mobility as well as the network expansion. GCC retail fuel volumes increased by 7.1% while the commercial fuel volumes were up by 8.8% year-on-year.

On a quarter-on-quarter basis, they increased by 4.8% and 15.7%, respectively, recovering in full and resuming growth post the impact of severe weather conditions that the UAE witnessed in April.

In 9M 2024, total fuel volumes sold exceeded 11 billion liters, increasing by 9.2% year-on-year, driven by strong mobility trends and partially attributable to the timing of consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), 9M 2024 total fuel volumes amounted to 8.70 billion liters, up by 7.2% year-on-year, supported by ongoing growth in region's economic activities and higher mobility as well as the network expansion.

In 9M 2024, GCC retail fuel volumes increased by 6.0% year-on-year. Commercial fuel volumes were up by 9.6% driven by an increase of 10.8% in corporate business and partially offset by a 10.5% decline in aviation business.

Fuel volumes by segment (million liters)	Q3 24	Q2 24	QoQ %	Q3 23	YoY %	9M 24	9M 23	YoY %
Retail (B2C)	**2,619**	**2,482**	*5.5%*	**2,461**	*6.4%*	**7,630**	**6,999**	*9.0%*
Of which GCC	*1,940*	*1,851*	*4.8%*	*1,812*	*7.1%*	*5,660*	*5,340*	*6.0%*
Of which Egypt	*679*	*630*	*7.7%*	*649*	*4.6%*	*1,970*	*1,659*	*18.8%*
Commercial (B2B)	**1,211**	**1,054**	*15.0%*	**1,117**	*8.4%*	**3,422**	**3,119**	*9.7%*
Of which GCC	*1,077*	*931*	*15.7%*	*991*	*8.8%*	*3,040*	*2,773*	*9.6%*
Of which Egypt	*134*	*123*	*9.1%*	*126*	*5.7%*	*383*	*346*	*10.7%*
Of which Corporate	**1,097**	**960**	*14.2%*	**1,017**	*7.9%*	**3,117**	**2,841**	*9.7%*
Of which GCC	*1,023*	*891*	*14.9%*	*936*	*9.2%*	*2,897*	*2,613*	*10.8%*
Of which Egypt	*74*	*70*	*6.4%*	*80*	*-8.1%*	*220*	*228*	*-3.4%*
Of which Aviation	**114**	**93**	*22.5%*	**100**	*14.1%*	**306**	**278**	*10.0%*
Of which GCC	*55*	*40*	*35.2%*	*54*	*0.6%*	*143*	*160*	*-10.5%*
Of which Egypt	*60*	*53*	*12.7%*	*46*	*30.0%*	*162*	*118*	*38.0%*
Total	**3,830**	**3,535**	*8.3%*	**3,578**	*7.0%*	**11,052**	**10,118**	*9.2%*

Fuel volumes by product (million liters)	Q3 24	Q2 24	QoQ %	Q3 23	YoY %	9M 24	9M 23	YoY %
Gasoline (1)	2,087	2,089	*-0.1%*	1,940	*7.6%*	6,165	5,617	*9.7%*
Diesel	1,419	1,139	*24.6%*	1,342	*5.8%*	3,929	3,613	*8.7%*
Aviation products	114	93	*22.5%*	100	*14.1%*	306	278	*10.0%*
Others (2)	210	213	*-1.7%*	196	*6.8%*	653	609	*7.2%*
Total	**3,830**	**3,535**	*8.3%*	**3,578**	*7.0%*	**11,052**	**10,118**	*9.2%*
Of which GCC	3,018	2,782	*8.5%*	2,803	*7.7%*	8,700	8,113	*7.2%*
Of which Egypt	813	753	*7.9%*	775	*4.8%*	2,353	2,004	*17.4%*

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

Financial results

In Q3 2024, revenue increased by 1.7% year-on-year to AED 9,083 million. The growth was driven by higher fuel volumes and growing contribution of non-fuel retail business, partially offset by lower selling prices as a result of lower crude oil prices.

Q3 2024 gross profit decreased by 4.3% year-on-year to AED 1,587 million, due to a material reduction of inventory gains compared to the same period of last year and partially offset by higher fuel volumes and growth in the non-fuel retail business. In particular, in Q3 2023 in a rising oil price environment inventory gains amounted to AED 228 million (AED 177 million inventory gains in fuel retail and AED 51 million inventory gains in commercial business), compared to inventory gains of AED 14 million in Q3 2024 (AED 30 million inventory gains in fuel retail and AED 16 million inventory losses in commercial).

Q3 2024 EBITDA decreased by 9.2% year-on-year to AED 1,009 million as a result of lower inventory gains in Q3 2024 compared to Q3 2023.

Q3 2024 underlying EBITDA (EBITDA excluding inventory movements and one-off items) demonstrated a double-digit growth of 13.6% year-on-year to AED 995 million supported by higher volumes, growing contribution from non-fuel retail segment and international activities.

Q3 2024 net profit attributable to shareholders decreased by 20.1% year-on-year to AED 667 million due to reduction in EBITDA and an AED 61 million impact of the UAE corporate income tax. Q3 2024 net profit excluding the impact of UAE corporate income tax decreased by 12.7% year-on-year to AED 729 million due to a material reduction of inventory gains compared to the same period of last year. On an underlying basis, i.e. excluding the impact of inventory movements and one-off items as well as the UAE tax impact, Q3 2024 net profit increased by 19.2% year-on-year.

In 9M 2024, revenue increased by 6.2% year-on-year to AED 26,617 million. The growth was driven by higher fuel volumes, growing contribution of non-fuel retail business and consolidation of TotalEnergies Marketing Egypt, offset by lower selling prices as a result of lower crude oil prices.

9M 2024 gross profit increased by 6.9% year-on-year to AED 4,608 million, supported by the higher fuel volumes and growth in non-fuel retail business, despite lower inventory gains compared to the same period of last year. In particular, in 9M 2024 inventory gains amounted to AED 263 million (AED 276 million inventory gains in fuel retail and AED 13 million inventory losses in commercial business) compared to inventory gains of AED 289 million (AED 257 million inventory gains in fuel retail and AED 31 million inventory gains in commercial business) in 9M 2023.

In 9M 2024, EBITDA increased by 5.9% year-on-year to AED 2,901 million supported by the higher fuel volumes and offset by lower inventory gains in 9M 2024 compared to 9M 2023.

9M 2024 underlying EBITDA (EBITDA excluding inventory movements and one-offs) increased by 11.6% year-on-year to AED 2,648 million. This was supported by like-for-like OPEX savings of AED 48 million, on track to reduce like-for-like OPEX by up to AED 184 million ($50 million) by 2028.

9M 2024 net profit attributable to shareholders decreased by 4.4% year-on-year to AED 1,840 million due to higher finance costs and an AED 183 million UAE corporate income tax impact. Net profit excluding the UAE tax impact increased by 5.1% year-on-year to AED 2,023 million despite lower impact of inventory gains.

Revenue by segment (AED million)	Q3 24	Q2 24	*QoQ %*	Q3 23	*YoY %*	9M 24	9M 23	*YoY %*
Retail (B2C)	**6,052**	**6,056**	*-0.1%*	**6,026**	*0.4%*	**17,875**	**16,934**	*5.6%*
Of which fuel retail	5,662	5,671	*-0.2%*	5,672	*-0.2%*	16,735	15,917	*5.1%*
Of which non-fuel retail (1)	390	385	*1.3%*	354	*10.0%*	1,141	1,017	*12.1%*
Commercial (B2B)	**3,031**	**2,728**	*11.1%*	**2,909**	*4.2%*	**8,742**	**8,131**	*7.5%*
Of which corporate	2,615	2,357	*11.0%*	2,512	*4.1%*	7,559	7,043	*7.3%*
Of which aviation	417	372	*12.1%*	397	*5.1%*	1,183	1,088	*8.8%*
Total	**9,083**	**8,784**	*3.4%*	**8,935**	*1.7%*	**26,617**	**25,065**	*6.2%*

(1) Non-fuel retail includes convenience stores, car wash, lube change, property management and vehicle inspection

Gross profit by segment (AED million)	Q3 24	Q2 24	*QoQ %*	Q3 23	*YoY %*	9M 24	9M 23	*YoY %*
Retail (B2C)	**1,172**	**1,193**	*-1.8%*	**1,263**	*-7.2%*	**3,506**	**3,317**	*5.7%*
Of which fuel retail	958	988	*-3.0%*	1,069	*-10.3%*	2,888	2,770	*4.3%*
Of which non-fuel retail (1)	213	204	*4.3%*	195	*9.6%*	618	547	*13.0%*
Commercial (B2B)	**415**	**348**	*19.3%*	**396**	*4.9%*	**1,102**	**993**	*11.0%*
Of which corporate	331	271	*22.2%*	316	*4.6%*	862	788	*9.4%*
Of which aviation	85	78	*9.0%*	80	*6.0%*	240	205	*17.0%*
Total	**1,587**	**1,541**	*3.0%*	**1,659**	*-4.3%*	**4,608**	**4,311**	*6.9%*

(1) Non-fuel retail includes convenience stores, car wash, lube change, property management and vehicle inspection

EBITDA by segment (AED million)	Q3 24	Q2 24	*QoQ %*	Q3 23	*YoY %*	9M 24	9M 23	*YoY %*
Retail (B2C)	**673**	**737**	*-8.7%*	**786**	*-14.4%*	**2,048**	**1,938**	*5.7%*
Commercial (B2B)	**338**	**247**	*36.6%*	**331**	*2.1%*	**845**	**802**	*5.4%*
Of which corporate	253	179	*40.9%*	250	*1.2%*	618	602	*2.6%*
Of which aviation	85	68	*25.3%*	81	*4.9%*	227	200	*13.8%*
Unallocated(1)	-2	-5	*NM*	-6	*NM*	7	-1	*NM*
Total	**1,009**	**979**	*3.0%*	**1,111**	*-9.2%*	**2,901**	**2,739**	*5.9%*

(1) Unallocated includes other operating income/expenses not allocated to specific segment
NM: Not meaningful

Distribution and administrative expenses

In Q3 2024, distribution and administrative expenses (OPEX) were AED 806 million, an increase of 10.5% compared to Q3 2023, mainly as a result of a 3.3% increase in the Company's network and associated costs. Excluding depreciation, Q3 2024 cash OPEX increased by 6.7% year-on-year to AED 598 million as a result of the growth of the Company's network.

In Q3 2023, the Company had a one-off gain of AED 7 million. Excluding the effect of this one-off item, Q3 2024 cash OPEX increased by 5.3% year-on-year to AED 598 million.

In 9M 2024, distribution and administrative expenses (OPEX) were AED 2,334 million, an increase of 9.3% compared to 9M 2023. Excluding depreciation, 9M 2024 cash OPEX increased by 7.8% year-on-year to AED 1,758 million.

In 9M 2024, the Company incurred a one-off cost of AED 10 million compared a one-off gain of AED 77 million in 9M 2023. Excluding the effect of these items, cash OPEX increased by 2.4% year-on-year to AED 1,748 million while the Company's operations and associated costs expanded.

AED million	Q3 24	Q2 24	*QoQ %*	Q3 23	*YoY %*	9M 24	9M 23	*YoY %*
Staff costs	400	399	*0.2%*	341	*17.2%*	1,193	1,074	*11.1%*
Depreciation	208	191	*8.8%*	169	*23.1%*	576	505	*14.2%*
Repairs, maintenance, and consumables	45	43	*4.5%*	53	*-14.3%*	127	144	*-11.7%*
Distribution and marketing expenses	23	18	*29.7%*	21	*6.7%*	62	34	*81.7%*
Utilities	58	43	*36.9%*	71	*-17.6%*	156	160	*-2.9%*
Insurance	3	3	*-18.1%*	3	*-10.6%*	9	12	*-30.5%*
Others (1)	69	59	*16.4%*	71	*-3.5%*	211	205	*2.9%*
Total	**806**	**756**	*6.6%*	**729**	*10.5%*	**2,334**	**2,135**	*9.3%*

(1) Other costs include lease cost, bank charges, subscriptions, legal fees, consultancies, etc.
NM: Not meaningful

Capital expenditures

The Company's 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 properties, (ii) the purchase of machinery and equipment, and (iii) other capital expenditures related to properties, including structural upgrades, technology infrastructure upgrades and other improvements.

In 9M 2024, total CAPEX increased by 9.2% compared to 9M 2023 to AED 677 million due to higher spending on industrial and other projects as well as technology infrastructure. C.60% of the CAPEX comprised development and construction of new service stations.

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

AED million	Q3 24	Q2 24	*QoQ %*	Q3 23	*YoY %*	9M 24	9M 23	*YoY %*
Service stations projects	187	109	*70.6%*	115	*62.8%*	392	385	*2.0%*
Industrial and other projects	37	66	*-43.0%*	72	*-48.3%*	140	109	*28.9%*
Machinery and equipment	38	6	*NM*	30	*27.2%*	62	71	*-12.7%*
Distribution fleet	12	2	*NM*	NM	*NM*	14	0	*NM*
Technology infrastructure	32	18	*77.9%*	19	*67.2%*	67	47	*43.8%*
Office furniture and equipment	1	0	*NM*	1	*NM*	2	9	*-80.4%*
Total	**307**	**201**	*53.1%*	**236**	*30.2%*	**677**	**620**	*9.2%*

NM: Not meaningful

Business segments review

Retail segment – B2C (fuel and non-fuel)

Volumes

In Q3 2024, retail fuel volumes increased by 6.4% year-on-year to 2.62 billion liters. In GCC markets (UAE and KSA), retail volumes increased by 7.1% to 1.94 billion liters driven by the region's ongoing economic growth, higher mobility and addition of new service stations. In Egypt retail fuel volumes were 4.6% higher year-on-year.

The retail fuel volumes in GCC markets (UAE and KSA) increased by 4.8% compared to Q2 2024, recovering and resuming growth post the UAE severe storms in April. In Egypt, retail fuel volumes demonstrated strong growth of 7.7% quarter-on-quarter due to Eid holidays in Q2 2024.

In 9M 2024, retail fuel volumes increased by 9.0% year-on-year to 7.63 billion liters, driven by strong mobility trends and partially attributable to the timing of consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), 9M 2024 retail fuel volumes increased by 6.0% driven by the region's ongoing economic growth, higher mobility and addition of new service stations, while in Egypt they were up by 18.8% year-on-year, partially supported by the timing of consolidation of Total Energies Marketing Egypt.

Retail segment volumes (million liters)	Q3 24	Q2 24	*QoQ %*	Q3 23	*YoY %*	9M 24	9M 23	*YoY %*
Gasoline	1,992	2,011	*-0.9%*	1,871	*6.5%*	5,902	5,401	*9.3%*
Diesel	565	410	*38.0%*	536	*5.5%*	1,535	1,428	*7.5%*
Other (1)	61	62	*-0.3%*	55	*12.3%*	193	170	*13.6%*
Total	**2,619**	**2,482**	*5.5%*	**2,461**	*6.4%*	**7,630**	**6,999**	*9.0%*
Of which GCC	1,940	1,851	*4.8%*	1,812	*7.1%*	5,660	5,340	*6.0%*
Of which Egypt	679	630	*7.7%*	649	*4.6%*	1,970	1,659	*18.8%*

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

Financial results

In Q3 2024, retail segment revenue increased by 0.4% compared to Q3 2023 to AED 6,052 million supported by higher volumes and strong growth in non-fuel retail revenue and offset by lower pump prices.

Q3 2024 retail segment gross profit decreased by 7.2% compared to Q3 2023 to AED 1,172 million due to lower inventory gains, supported by higher fuel volumes and growing contribution from non-fuel and international activities. In particular, in Q3 2024 the Company recorded retail segment inventory gains of AED 30 million vs. AED 177 million in Q3 2023.

Fuel retail gross profit decreased by 10.3% year-on-year principally due the lower impact of inventory gains, partially offset by the higher volumes.

However, non-fuel retail gross profit increased by nearly 10% in Q3 2024 compared to Q3 2023 driven by improved customer offerings, double-digit growth in number of non-fuel transactions (+10.3% year-on-year) and continued growth of convenience store conversion ratio (25.9% vs. 24.2% in prior year).

Q3 2024 retail segment EBITDA decreased by 14.4% compared to Q3 2023 to AED 673 million, mainly due to the lower level of inventory gains compared to the same period of last year.

In 9M 2024, retail segment revenue increased by 5.6% compared to 9M 2023 to AED 17,875 million supported by higher volumes, strong growth in non-fuel retail revenue, timing of consolidation of TotalEnergies Marketing Egypt, and offset by lower pump prices.

9M 2024 retail segment gross profit increased by 5.7% compared to 9M 2023 to AED 3,506 million supported by higher fuel volumes, growing contribution from non-fuel and international activities (KSA and Egypt).

9M 2024 fuel retail gross profit increased by 4.3% year-on-year principally due the higher volumes.

Non-fuel retail gross profit increased at a double-digit rate of 13.0% in 9M 2024 year-on-year driven by improved convenience store customer offerings, growth in non-fuel transactions, growing car wash business contribution driven by new initiatives: tunnels and upgraded automatic car washes, as well as other car services.

In 9M 2024, retail segment EBITDA increased by 5.7% compared to 9M 2023 to AED 2,048 million.

Retail segment (AED million)	Q3 24	Q2 24	*QoQ %*	Q3 23	*YoY %*	9M 24	9M 23	*YoY %*
Revenue	**6,052**	**6,056**	*-0.1%*	**6,026**	*0.4%*	**17,875**	**16,934**	*5.6%*
Of which fuel retail	5,662	5,671	*-0.2%*	5,672	*-0.2%*	16,735	15,917	*5.1%*
Of which non-fuel retail (1)	390	385	*1.3%*	354	*10.0%*	1,141	1,017	*12.1%*
Gross profit	**1,172**	**1,193**	*-1.8%*	**1,263**	*-7.2%*	**3,506**	**3,317**	*5.7%*
Of which fuel retail	958	988	*-3.0%*	1,069	*-10.3%*	2,888	2,770	*4.3%*
Of which non-fuel retail (1)	213	204	*4.3%*	195	*9.6%*	618	547	*13.0%*
EBITDA	**673**	**737**	*-8.7%*	**786**	*-14.4%*	**2,048**	**1,938**	*5.7%*
Operating profit	494	576	*-14.1%*	634	*-22.0%*	1,554	1,485	*4.7%*
Capital expenditures	250	166	*50.9%*	183	*36.3%*	538	398	*35.1%*

(1) Non-fuel retail includes convenience stores, car wash, lube change, property management and vehicle inspection

Other operating metrics

The number of fuel transactions in the UAE increased by 4.8% in Q3 2024 year-on-year and by 5.9% in 9M 2024 year-on-year.

This was supported by the network expansion, improvement in customer sentiment as well as the ongoing growth in economic activity and mobility.

Fuel operating metrics	Q3 24	Q2 24	*QoQ %*	Q3 23	*YoY %*	9M 24	9M 23	*YoY %*
Service stations network								
UAE (1)	543	534	*1.7%*	518	*4.8%*			
Saudi Arabia (1)	69	69	*0.0%*	67	*3.0%*			
Egypt (1)	243	244	*-0.4%*	243	*0.0%*			
Total (1)	**855**	**847**	*0.9%*	**828**	*3.3%*			
Throughput per station – GCC (million liters)	3.2	3.1	*3.3%*	3.1	*2.3%*	9.2	9.1	*1.3%*
Number of fuel transactions – UAE (million)	48.3	46.9	*3.0%*	46.1	*4.8%*	140.6	132.7	*5.9%*

(1) At end of period

Q3 2024 and 9M 2024 non-fuel transactions in the UAE increased by 10.3% and 9.4% year-on-year, respectively, driven by improved consumer sentiment, enhanced offerings following revitalization of the convenience stores, introduction of car wash tunnels and ongoing upgrade of automatic car washes.

In addition, the strong growth in non-fuel transactions was supported by marketing and promotion campaigns under ADNOC Rewards loyalty program to attract higher footfall and increase customer spending.

In 9M 2024, convenience store conversion rate increased by nearly 110 bps to a new record in five years of 25.5% from 24.4% in 9M 2023. In Q3 2024 convenience store conversion rate was 25.9%, an increase of 175 bps from 24.2% in Q3 2023.

The UAE convenience stores revenue increased by 11.8% in Q3 2024 compared to Q3 2023, and by 11.2% in 9M 2024 compared to 9M 2023, mainly driven by the higher number of transactions compared to the same period of last year.

In Q3 2024, UAE convenience stores gross profit increased by 11.2% year-on-year to AED 78 million and in 9M 2024 by 12.7% year-on-year to AED 230 million driven by the higher number of transactions as a result of enhanced customer offerings following revitalization of the convenience stores, marketing and promotion campaigns as well as the higher F&B sales.

Average gross basket size increased by 1.5% year-on-year in Q3 2024 compared to Q3 2023, and by 2.0% year-on-year in 9M 2024 compared to 9M 2023.

In its property management business, the Company continues to transition its tenancy business to a revenue-sharing model to maximize revenues and profitability. In 9M 2024, the number of occupied and awarded properties for rent increased by nearly 10% year-on-year to 1,124 units.

A number of vehicles inspected (fresh tests) in the Company's vehicle inspection centres increased by 21.0% in Q3 2024 compared to Q3 2023 and by 24.0% in 9M 2024 compared to 9M 2023, driven by a higher number of vehicle inspection centres, introduction of new services, and supported by marketing promotions.

Non-fuel operating metrics	Q3 24	Q2 24	*QoQ %*	Q3 23	*YoY %*	9M 24	9M 23	*YoY %*
Number of non-fuel transactions – UAE (million) (1)	12.4	12.2	*1.8%*	11.2	*10.3%*	35.9	32.8	*9.4%*
Convenience stores								
Number of convenience stores – UAE (2)	366	365	*0.3%*	355	*3.1%*	366	355	*3.1%*
Convenience stores revenue (AED million) – GCC	232	234	*-0.5%*	208	*11.8%*	685	616	*11.2%*
Convenience stores gross profit (AED million) - GCC	78	77	*0.2%*	70	*11.2%*	230	204	*12.7%*
Gross margin, %	*33.4%*	*33.2%*		*33.6%*		*33.5%*	*33.1%*	
Conversion rate (C-store sites only), % (3)	*25.9%*	*26.1%*		*24.2%*		*25.5%*	*24.4%*	
Average basket size – UAE (AED) (4)	21.6	22.1	*-2.4%*	21.5	*0.2%*	22.1	21.9	*0.9%*
Average gross basket size – UAE (AED) (5)	25.7	26.3	*-2.2%*	25.3	*1.5%*	26.5	26.0	*2.0%*
UAE property management								
Number of property management tenants(2)	322	339	*-5.0%*	298	*8.1%*	322	298	*8.1%*
Number of occupied and awarded properties for rent(2)	1,124	1,097	*2.5%*	1,024	*9.8%*	1,124	1,024	*9.8%*
UAE vehicle inspection								
Number of vehicle inspection centres(2)(6)	34	34	*0.0%*	33	*3.0%*	34	33	*3.0%*
Number of vehicles inspected – fresh tests (thousands)	385	360	*6.7%*	318	*21.0%*	1,128	909	*24.0%*
Other vehicle inspection transactions (thousands) (7)	46	40	*12.7%*	54	*-16.4%*	131	161	*-18.4%*

(1) Includes convenience stores, car wash and oil change transactions
(2) At end of period
(3) Number of convenience stores transactions divided by number of fuel transactions at sites with convenience stores
(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 centre
(7) Other vehicle inspection transactions include number of vehicles inspected (re-tests) and sale of safety items at vehicles inspection centres

Commercial segment – B2B (corporate and aviation)

Volumes

In Q3 2024, commercial fuel volumes increased by 8.4% year-on-yearn to 1.21 billion liters. In GCC markets (UAE and KSA), Q3 2024 volumes increased by 8.8% compared to Q3 2023, driven by growth in the corporate businesses on the back of new contracts signed in 2023 and 9M 2024.

In Q3 2024, commercial volumes in GCC markets (UAE and KSA) increased by 15.7% compared to Q2 2024, recovering and resuming growth post the UAE storms in April which negatively impacted some customers' operations – mainly in Dubai and Northern emirates – where the storm was more intense, alongside some product transportation vehicle damage.

In 9M 2024, commercial fuel volumes increased by 9.7% year-on-year to 3.42 billion liters, driven by economic expansion and partially attributable to the timing of consolidation of TotalEnergies Marketing Egypt.

In the GCC markets (UAE and KSA), 9M 2024 volumes increased by 9.6% compared to 9M 2023 to 3.04 billion liters, supported by growth in the corporate businesses on the back of new contracts signed in 2023 and 9M 2024.

Commercial segment volumes (million liters)	Q3 24	Q2 24	*QoQ %*	Q3 23	*YoY %*	9M 24	9M 23	*YoY %*
Gasoline	95	79	*20.4%*	69	*37.2%*	263	216	*21.5%*
Diesel	854	730	*17.0%*	806	*5.9%*	2,394	2,186	*9.5%*
Aviation	114	93	*22.5%*	100	*14.1%*	306	278	*10.0%*
Other (1)	148	152	*-2.3%*	142	*4.7%*	460	439	*4.7%*
Total	**1,211**	**1,054**	*15.0%*	**1,117**	*8.4%*	**3,422**	**3,119**	*9.7%*
Of which GCC	1,077	931	*15.7%*	991	*8.8%*	3,040	2,773	*9.6%*
Of which Egypt	134	123	*9.1%*	126	*5.7%*	383	346	*10.7%*

(1) Includes LPG, lubricants, and base oil

Financial results

Q3 2024 commercial segment revenue increased by 4.2% compared to Q3 2023 to AED 3,031 million, supported by higher volumes, partially offset by lower prices.

Corporate business revenue was 4.1% higher year-on-year while aviation business revenue increased by 5.1% compared to Q3 2023.

Q3 2024 commercial segment gross profit increased by 4.9% year-on-year to AED 415 million driven by higher volumes, despite AED 16 million inventory loss in Q3 2024 vs. AED 51 million inventory gains in Q3 2023.

In Q3 2024, commercial segment EBITDA increased by 2.1% year-on-year to AED 338 million.

9M 2024 commercial segment revenue increased by 7.5% compared to 9M 2023 to AED 8,742 million, supported by higher volumes and the timing of consolidation of TotalEnergies Marketing Egypt, partially offset by lower prices.

9M 2024 corporate business revenue was 7.3% higher year-on-year and the aviation business revenue increased by 8.8% compared to 9M 2023.

In 9M 2024, commercial segment gross profit increased by 11.0% year-on-year to AED 1,102 million supported by the higher volumes and offset by lower effect of inventory gains. In particular, in the corporate business the Company recorded AED 13 million inventory losses in 9M 2024 vs. AED 31 million inventory gains in 9M 2023.

9M 2024 commercial segment EBITDA increased by 5.4% year-on-year to AED 845 million.

Commercial segment (AED million)	**Q3 24**	**Q2 24**	***QoQ %***	**Q3 23**	***YoY %***	**9M 24**	**9M 23**	***YoY %***
Revenue	**3,031**	**2,728**	*11.1%*	**2,909**	*4.2%*	**8,742**	**8,131**	*7.5%*
Of which corporate	2,615	2,357	*11.0%*	2,512	*4.1%*	7,559	7,043	*7.3%*
Of which aviation	417	372	*12.1%*	397	*5.1%*	1,183	1,088	*8.8%*
Gross profit	**415**	**348**	*19.3%*	**396**	*4.9%*	**1,102**	**993**	*11.0%*
Of which corporate	331	271	*22.2%*	316	*4.6%*	862	788	*9.4%*
Of which aviation	85	78	*9.0%*	80	*6.0%*	240	205	*17.0%*
EBITDA	**338**	**247**	*36.6%*	**331**	*2.1%*	**845**	**802**	*5.4%*
Of which corporate	253	179	*40.9%*	250	*1.2%*	618	602	*2.6%*
Of which aviation	85	68	*25.3%*	81	*4.9%*	227	200	*13.8%*
Operating profit	309	218	*41.8%*	314	*-1.7%*	764	751	*1.7%*
Capital expenditures	7	17	*-59.4%*	0	*NM*	30	2	*NM*

NM: Not meaningful

Share trading and ownership

ADNOC Distribution shares are traded on the Abu Dhabi Securities Exchange (ADX) under the symbol ADNOCDIST.

The closing share price as of 30 September 2024 was AED 3.61. In the period from 1 January 2024 through 30 September 2024, the share price ranged between AED 3.24 and AED 3.79 at close. ADNOC Distribution market capitalization was AED 45.1 billion as of 30 September 2024.

An average of 8.7 million shares traded daily in 9M 2024 (1.06x 9M 2023 level). In 9M 2024, the average daily traded value of the Company's shares was approximately AED 31.1 million (0.90x 9M 2023 level).

As of 30 September 2024, ADNOC owned 77%, while 23% of ADNOC Distribution outstanding shares were 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 ADNOC Distribution IPO, which is available on the Company's website at: https://www.adnocdistribution.ae/investor-relations.

Q3 2024 earnings conference call details

A conference call in English for investors and analysts will be held on Thursday, October 31, 2024, at 4 p.m. UAE / 12 p.m. London / 8 a.m. New York. To access the management presentation, 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.

Audio Call Dial in Details:

UAE (Toll Free): 8000 3570 2606

KSA (Toll Free): 800 844 5726

UK (Toll Free): 0800 279 0424

US (Toll Free): 800-289-0459

Passcode: 415393

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 Thursday, October 31, 2024 at https://www.adnocdistribution.ae/en/investor-relations/investor-relations/downloads/

Reporting date for the Q4 2024

We expect to announce our fourth quarter 2024 results on or around February 6, 2025.

Contacts

Investor Relations
Tel.: +971 2 695 9770
Email: ir@adnocdistribution.ae

Athmane Benzerroug
Chief Strategy, Transformation and Sustainability Officer
Email: athmane.benzerroug@adnocdistribution.ae

October 31, 2024
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 distributable to equity holders of the Company for the period of twelve months ended divided by equity attributable to owners of the Company 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.

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 we 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.