

Media Release:

ADNOC DISTRIBUTION RECORDS DOUBLE-DIGIT EBITDA AND NET PROFIT GROWTH IN Q2 2024

- EBITDA increased by 15.0% year-on-year to \$267 million and net profit rose by 12.9% year-on-year (YoY) to \$170 million in Q2 2024
- Non-fuel retail gross profit increased by 13.5% year-on-year in Q2 2024, supported by a 10.9% growth in non-fuel transactions and a convenience store conversion rate exceeding 26% for the first time in four years
- The Company's free cash flow stood in H1 at \$488 million, representing 46.7% YoY growth
- Company expects to pay a \$350 million dividend for H1 2024 in October, fully covered by the H1 cash flow.
- The company is actively pursuing over 20 innovative AI projects in 2024 and has established partnerships with leading global AI technology firms to maintain its market-leading position.

Abu Dhabi, UAE – 8 August 2024:

ADNOC Distribution (ISIN: AEA006101017) (Symbol: ADNOCDIST), the UAE's largest fuel and convenience retailer, today announced its financial results for the second quarter of 2024. The Company reports a 15.0% YoY increase to \$267 million in Q2 2024 Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA), and a 12.9% YoY rise in net profit to \$170 million.

Excluding the impact of the UAE corporate tax, net profit would have increased by 24.5% YoY to \$187 million. Strong financial performance in Q2 2024 was driven by higher fuel volumes, increased contributions from international operations, and growth in the non-fuel retail business.



The Company's non-fuel retail gross profit increased by 13.5% YoY in Q2 2024 to \$56 million, driven by contributions from the expanding car wash business, supported by new initiatives such as tunnels and upgraded automatic car washes, as well as enhanced convenience store offerings and other car services.

Growth was further supported by higher inventory gains and significant progress in cost optimization, with \$10 million in like-for-like OPEX savings achieved in H1 2024.

Eng. Bader Saeed Al Lamki, CEO of ADNOC Distribution, said: "ADNOC Distribution continues to achieve strong financial results. The strong Q2 2024 results, marked by double-digit growth in EBITDA and net profit, highlights our effective pursuit of the Company's five-year strategy, focusing on domestic growth, international platforms, future-proofing the business, and investing in convenience and mobility. We are well-positioned to build on this momentum in the second half of the year, leveraging our increasingly diversified revenue streams to continue delivering value to shareholders."

"To constantly meet changing consumer demands, we are committed to the pursuit of pioneering AI, technology, and innovation-enabled growth to continuously unlock value. To that end, we are embedding AI within our operational framework, developing wide-ranging digital solutions, yielding significant and measurable efficiencies."

The Company generated a strong free cash flow of \$330 million in Q2 2024, a 7x increase compared to Q2 2023. In H1 2024, the Company's free cash flow stood at \$488 million, representing 46.7% YoY growth, while maintaining a robust balance sheet with a net debt-to-EBITDA ratio of 0.53x as of 30 June 2024. This strong financial standing positions the Company favorably for future growth and shareholder value creation.

The H1 2024 dividend of \$350 million is expected to be distributed to shareholders in October 2024, subject to the discretion of the Board of Directors. This is in line with the Company's approved five-year dividend policy that sets an annual dividend of \$700 million (20.57 fils per share), or a minimum 75% of net profit, whichever is higher. This policy ensures long-term visibility of shareholder distributions, reinforcing ADNOC Distribution's commitment to consistent shareholder value.

Operational Performance

ADNOC Distribution demonstrated strong performance in Q2 2024. The Company's non-fuel retail business continued to perform strongly during the quarter. By focusing on improved customer experience, enhanced products and services, and the deployment of new standalone convenience stores and car wash tunnels, non-fuel transactions increased by 8.9% YoY in H1 2024, with growth accelerating to 10.9% YoY in Q2 2024.



As part of its new growth strategy, ADNOC Distribution is investing in convenience and mobility to transform its stations into destinations of choice for its customers. Supported by these initiatives, the convenience store conversion rate in Q2 2024 reached 26.1%, the highest level in four years. The Company plans to double the number of leased property units by the end of 2025 and attract premier entities across various sectors to fulfill customer needs and tastes.

Overall, the company experienced strong growth throughout the first half of the year, with fuel retail transactions up 6.5% YoY in H1 2024. Total fuel volume deliveries increased 10.4% YoY, driven by higher network traffic, sustained regional economic growth, network expansion, and increased contribution from international operations

The Company added 10 new service stations in H1 2024, bringing the total to 847 across UAE, KSA, and Egypt, steadily progressing towards its target of adding 15 to 20 stations throughout 2024. In H1 2024, the Company also continued to expand its electric vehicle (EV) charging network. It made significant progress towards achieving a key operational milestone by opening a pioneering Mobility Hub in Masdar City and doubling its network of fast and super-fast charging points to more than 100 compared to the end of 2023. This is in line with its target to reach 150 to 200 by the end of the year

ADNOC Distribution recently announced plans to start blending ADNOC Voyager lubricants in Egypt in 2024, aiming to establish the country as a regional export hub. Additionally, the Company has expanded the international footprint of ADNOC Voyager, which is now exporting to 43 countries, up from 32 at the same time last year.

Accelerating Growth Through AI

ADNOC Distribution is advancing the integration of AI across its value chain. The Company is actively pursuing more than 20 innovative AI projects and has established partnerships with leading global AI technology firms to implement transformative solutions, allowing the Company to maintain its market-leading position.

Among these innovations is the 'Fuel Demand AI Model', which leverages predictive analytics to optimize fuel delivery schedules, potentially preventing up to \$34 million in revenue losses over the next five years. The model achieves a market-leading 95% accuracy rate, significantly outperforming the 60% accuracy of traditional methods. This improvement not only reduces costs but also achieves a 10% reduction in fuel transportation emissions through optimized delivery scheduling. AI and technology are integral to the Company's goal of reducing carbon emissions intensity by 25% by 2030.



ESG Stewardship

ADNOC Distribution has swiftly advanced in its ESG commitment and reporting procedures, becoming part of the FTSE ADX ESG Screened Index and the first UAE fuel retailer to be part of the FTSE Emerging ESG Low Carbon Index. Furthermore, during H1 2024, the Company continued to enhance its ESG scores and was rated above the industry average by several key ESG rating agencies, including Sustainalytics, S&P Global, and FTSE Russell. This accomplishment reflects ADNOC Distribution's unwavering commitment to sustainable practices, social responsibility, and robust governance. By consistently improving its ESG performance, the Company demonstrates its dedication to creating long-term stakeholder value while positively impacting the environment and society.

Future Outlook

Since its IPO in 2017, ADNOC Distribution has delivered significant returns to shareholders through enhanced market value and consistent dividends. With a record EBITDA of \$1 billion in 2023, the Company is well-positioned for its next phase of strategic and accelerated growth. ADNOC Distribution's strategic investment plan is underscored by a solid financial foundation and strong cash generation. The Company intends to allocate between \$250 and \$300 million in CAPEX for 2024, with 70% of the investment directed towards growth-focused initiatives.

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The full quarter second-quarter earnings announcement can be found at

<https://www.adnocdistribution.ae/en/investor-relations/investor-relations/>

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About ADNOC Distribution

ADNOC Distribution is a 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 43 countries across the world via distributors. Now in its 51st year, ADNOC Distribution has 847 service stations, 534 in the UAE, 69 in KSA, and 244 in Egypt. As a non-fuel retail leader in the UAE, it operates 365 ADNOC Oasis convenience stores, 34 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 30 June 2024. 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.