



## **ADNOC Distribution Announces Q3 & 9M 2020 Results; Demonstrates Continued Resilience and Growth**

***Company reports underlying EBITDA of AED 2,554 million and net profit of AED 1,581 million in first nine months of 2020***

***Accelerates delivery of strategic smart growth plans by opening 37 new stations and revitalizing 41 convenience stores in the UAE***

***ADNOC successfully completed placement of 1.25 billion of ADNOC Distribution shares, thereby doubling free float to 20%***

***ADNOC Rewards Points-Based Loyalty Program Launched in Q3 2020; First Program of its kind for a Fuel Retailer in the Region***

**Abu Dhabi, UAE – 11 November 2020:** 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 reported that its underlying EBITDA for the first nine months of 2020 grew to AED 2,554 million, with net profit of AED 1,581 million. For the third quarter, underlying EBITDA was AED 1,132 million, while net profit stood at AED 671 million. Free cash flow generation remained solid during the third quarter.

### **Resilient financial performance**

The Company demonstrated a resilient and steadfast focus on smart growth in the first nine months of the year, despite continued market uncertainty caused by the COVID-19 pandemic.

ADNOC Distribution maintains a robust balance sheet and remains well-positioned to expand both its domestic and international portfolio in-line with its smart growth strategy. As of 30 September 2020, the Company's liquidity was at AED 6.8 billion in the form of AED 4.0 billion in cash and cash equivalents and AED 2.8 billion in unutilized credit facility.

Since the end of June 2020, and following the initial COVID impact on transport mobility, ADNOC Distribution's retail fuel volumes continue to show steady recovery. Volumes for Q3 2020 increased by 24% as compared to the previous quarter.

### **Continued growth trajectory**

While upholding rigorous health and safety measures, with the safety of its customers, employees and local communities at the core of its operations, the Company accelerated the delivery of its

strategic smart growth plans during the first nine months of 2020. Thirty-seven new stations were opened in the UAE as at the end of September 2020, 11 of which were in Dubai; a rate of delivery representing a six-fold increase in new station openings as compared to the same period in 2019. The Company remains on-track to deliver 50-60 new stations by full year 2020, of which 20-25 will be in Dubai. Following the announcement of its 'On-the-go' community station concept in November 2019, 25 'On-the-go' stations were brought into operation in this first nine months of 2020, with more to come before the end of the year.

Ahmed Al Shamsi, Acting Chief Executive Officer of ADNOC Distribution said: "ADNOC Distribution's third-quarter results have continued to advance our strategic priorities of steady and sustainable growth, enhanced customer experience, and attractive capital returns for our shareholders. Our continued focus on innovation and accelerating our digital strategy, combined with steady recovery of fuel volumes, has bolstered our results throughout the first nine months of 2020. We continue to ensure our network has a wider reach across all Emirates, particularly in the heart of neighborhood communities, which previously did not have convenient access to refueling services. We maintain significant capacity to deploy capital through a disciplined investment strategy aimed at continuing our efforts to expand our fuel station network, with a focus on the Dubai market, as well as investing in our non-fuel and international business expansion."

The company has already introduced a number of innovative new stations to the market in the early part of Q4 2020, including the first 'On the go' stations in Dubai and Al Ain, with the Al Ain station having a dedicated stand-alone convenience store, utilizing the flexible modular concept.

As part of the company's ongoing transformation, started at the time of its IPO in December 2017, ADNOC Distribution remains committed to reducing its operating costs and ensuring its continued competitiveness in the UAE fuel retail and convenience store sector. While the company has been diligently focused on its COVID-19 response, ensuring the safety and wellbeing of its staff and customers, transformation efforts will continue to ensure that ADNOC Distribution's operating costs are market-competitive and the company is well positioned to deliver on its future growth ambitions.

### **Customer-oriented approach**

ADNOC Distribution's focus throughout the year has remained on providing a superior customer experience through enhancing its offering on multiple fronts, including the launch of the second phase of its ADNOC Rewards loyalty program, which introduced a points-based feature, making it the first loyalty program of its kind by a fuel provider in the region. The program currently has more than 900,000 members and has seen an increase in customer uptake of its mobile application by more than 50% since the launch of its points-based feature at the end of July of this year. At the same time, the Company also announced an extension of its partnership with Etihad Airways, allowing members of both loyalty programs to convert ADNOC Distribution reward points with Etihad Guest miles and vice versa, benefiting members of both programs. ADNOC Rewards is in line with ADNOC Distribution's digital transformation, allowing for closer engagement with its customers.

With this focus on the customer, in the first 9M 2020 the Company's C-store revitalization program saw a total of 41 convenience stores being refurbished and modernized, 30 of which were successfully refurbished in Q3 2020. The Company remains focused on bringing a fresh, engaging environment to its stores. As a result, ADNOC Distribution has increased its C-store revitalization guidance to 80-90 convenience stores in 2020, a significant uplift from the previous guidance of 40-50 C-stores.

The Company is also accelerating its e-commerce strategy and launching new services tailored to customer needs, expanding its digital offering to include contactless payment solutions, online delivery from its convenience stores and mobile fuel and LPG delivery services via its digital application.

Such increased customer-centric initiatives, improved category management, the introduction of fresh food and premium coffee offerings, alongside the impact of COVID-19, which saw customers purchase more but visit less frequently, contributed to an increase in average gross basket size of 19.9% in the first nine months of 2020 as compared to the same period in 2019.

### **Free float doubles to 20%, allowing for greater liquidity of shares**

On 14 September 2020, ADNOC announced that it had successfully completed a placement of 1.25 billion of its shares in ADNOC Distribution with institutional investors. This represents 10% of ADNOC Distribution's total share capital, and increases the Company's free float to 20%, broadening the Company's shareholder base and allowing for greater liquidity of its shares on the Abu Dhabi Securities Exchange. This transaction leverages significant investor demand for ADNOC Distribution shares following a robust performance with a resilient dividend since its initial public offering in 2017.

### **Attractive shareholders' return**

On 29 September 2020, ADNOC Distribution's Board of Directors approved an interim dividend of AED 1.285 billion (10.285 fils per share), equivalent to USD 350 million, for the first six months of 2020. The dividend was paid to shareholders by the end of October 2020. This was the first payment in what is expected to be a full-year 2020 dividend payment of AED 2.57 billion (20.57 fils per share), reflecting a 7% increase compared to last year's dividend of AED 2.39 billion (19.10 fils per share). As per the Company's approved dividend policy, the second and final dividend for 2020 is expected to be paid in April 2021, subject to the Board of Directors' recommendation and shareholders' approval. During its General Assembly meeting in March 2020, the Company announced an amendment to its dividend policy for 2021 onwards, setting an AED 2.57 billion dividend for 2021 and a dividend equal to at least 75% of distributable profits from 2022 onwards, subject to the discretion of the Board of Directors and the approval of shareholders. ADNOC Distribution expects to continue to pay half of the annual dividend in October of the relevant year and half in April of the following year. The new dividend policy demonstrates the Company's record of progressively increasing its dividends to its shareholders, underpinned by a stable business model offering predictable cash flows.

## Key Financial Metrics

<b>AED millions</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>change</b>	<b>9M 2020</b>	<b>9M 2019</b>	<b>change</b>
Revenue	4,030	5,637	-28.5%	11,986	15,911	-24.7%
Gross profit	1,726	1,245	38.7%	4,172	3,723	12.1%
EBITDA	879	698	25.9%	2,134	2,181	-2.2%
Underlying EBITDA <sup>1</sup>	1,132	728	55.5%	2,554	2,049	24.6%
Operating profit	710	565	25.7%	1,694	1,792	-5.4%
Profit for the period	671	549	22.3%	1,581	1,721	-8.1%
Earnings per share (AED/share)	0.054	0.044	22.3%	0.126	0.138	-8.1%

(1) Underlying EBITDA defined as EBITDA less inventory gains/losses and one-offs

The full third quarter earnings announcement can be found at <https://www.adnocdistribution.ae/en/investor-relations/investor-relations/>

**-ENDS-**

For investor relations, please contact: [IR@adnocdistribution.ae](mailto:IR@adnocdistribution.ae)

For media, please contact: [media@adnocdistribution.ae](mailto:media@adnocdistribution.ae)

## About ADNOC Distribution

ADNOC Distribution, listed on the Abu Dhabi Securities Exchange (ADX) under the symbol “ADNOCDIST”, is the leading fuel distributor and convenience store operator in the UAE. ADNOC Distribution operates 418 retail fuel stations, 299 convenience stores as of 30 September 2020 and is the leading marketer and distributor of fuels to commercial, industrial and government customers throughout the UAE. ADNOC Distribution is the only fuel retailer operating in all seven emirates in the UAE, and in 2018 expanded its operations internationally, opening two service stations in the Kingdom of Saudi Arabia.

To find out more, visit [www.adnocdistribution.ae](http://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.