



## **ADNOC Distribution Announces H1 2020 Results; Demonstrates Resilience and Growth during COVID- 19**

***Company reports underlying EBITDA of AED 1,422 million and net profit of AED 910 million in first half of 2020***

***Continued focus on customer and employee safety throughout H1 2020***

***Accelerates e-commerce strategy by introducing new fuel and grocery delivery services***

***Growth Strategy delivers 25 stations in H1, reaching a total of 406, with 25-35 more planned to open in H2***

***Company remains committed to its progressive dividend policy***

**Abu Dhabi, UAE – 13 August 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 first half 2020 underlying EBITDA stood at AED 1,422 million, with net profit at AED 910 million. For the second quarter, underlying EBITDA was AED 793 million with net profit of AED 511 million.

### **Resilient financial performance**

Although the COVID-19 pandemic caused unprecedented market conditions in the first half of the year, the Company remained resilient, delivering a 7.6% increase in underlying EBITDA for the first six months of 2020, compared to the first half of 2019.

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 June 2020, the company's liquidity was at AED 5.2 billion in the form of AED 2.4 billion in cash and cash equivalents and AED 2.8 billion in unutilized credit facility.

Following the ease of lockdown and movement restrictions in the UAE, the Company has experienced a recovery of fuel volumes. In July 2020, ADNOC Distribution's retail fuel volumes recovered to 90% of volumes for the same period last year.

### **Continued growth trajectory**

During the first half of 2020, the company remained focused on the health and safety of its customers, employees and local communities. Through the swift introduction of rigorous health and safety measures, the Company ensured that stations remained open to make services

accessible to the healthcare sector and to keep customers moving on essential journeys. ADNOC Distribution continues to show resilience in operations and, in line with the UAE's efforts to reopen the economy, has successfully and safely relaunched services during Q2, including car wash and oil change, while ensuring stringent health and safety measures are implemented.

While keeping rigorous health and safety at the core of its operations, the company made significant progress in delivering its strategic smart growth plans during the first half of 2020. Twenty-five new stations were opened in H1, including 18 in Q2. The Company remains on-track to deliver 50-60 new stations by full year 2020, which includes 20-25 in Dubai. Following the announcement of its new 'On-the-go' community station concept in November 2019, 17 new 'On-the-go' stations were brought into operation in H1 2020, with more coming soon.

Additionally, ADNOC Distribution continues to focus on offering a superior shopping experience to its customers through its c-store revitalization program, with 11 c-stores revitalized in H1 2020, 10 of which were successfully refurbished in Q2 2020. The Company remains on track to refurbish 40-50 C-stores in 2020.

Ahmed Al Shamsi, Acting Chief Executive Officer of ADNOC Distribution said: "I am very proud of the proactive course of action that ADNOC Distribution has adopted throughout the COVID-19 pandemic. Despite the challenging market conditions, we have continued to ensure access to our services, and introduced increased convenience. We have seen fuel volumes recover in line with the easing of movement restrictions. We have maintained our smart growth strategy to expand our domestic footprint and ensure our network has a wider reach across the Emirates, particularly in the heart of neighborhood communities, which previously did not have convenient access to refueling services."

### **Customer-orientated**

Demonstrating its agility throughout COVID-19, ADNOC Distribution swiftly responded to the evolving environment by accelerating its e-commerce strategy and launching new services to enhance customer experience, including, establishing a flagship partnership with delivery service Talabat, which allows customers to order 1,700 ADNOC Oasis products, from over 100 convenience stores, from the safety of their homes. The delivery service has been well received during lockdown restrictions. The Company has also launched the UAE's first customer loyalty program from a fuel provider, ADNOC Rewards, a points-based system, allowing customers to further benefit from their purchases at its outlets. The program has more than 750,000 registered customers and in the first 10 days of new-look points-based program, ADNOC Rewards has seen more than half a million transactions.

Al Shamsi continued: "Our ongoing focus to upgrade our digital solutions, particularly contactless payments, and widen our portfolio of products and services to expand our customer reach, has proven to be a success. We look forward to building on this through the introduction of further innovative products and services that allow our customers to enjoy ever-increasing levels of convenience that also encourage customer loyalty."

Furthermore, ADNOC Distribution implemented a range of measures to respond to customer needs due to the COVID-19 pandemic, including new services to protect staff and customers, such as daily deep-cleaning of its sites, the introduction of a new 'daily essentials' aisle, and car interior sanitization.

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 19.7% in the first half of 2020 as compared to the first half of 2019.

As a result of its determined efforts to elevate the overall customer experience and upgrade its services, ADNOC Distribution was recently named No1. Retail brand in the region in the Forbes Middle East Top 100 Companies 2020.

ADNOC Distribution confirmed that its 2020 dividend policy is set to continue with an increase of 7.5% to AED 2.57 billion, after a 62% increase in the 2019 dividend to AED 2.39 billion. The company expects to pay the first six-month dividend of 2020 (10.285 fils per share) in October of this year, subject to board 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.

### **Key Financial Metrics**

<b>AED millions</b>	<b>Q2 2020</b>	<b>Q2 2019</b>	<b>change</b>	<b>H1 2020</b>	<b>H1 2019</b>	<b>change</b>
Revenue	3,016	5,504	-45.2%	7,956	10,274	-22.6%
Gross profit	1,336	1,332	0.3%	2,446	2,478	-1.3%
EBITDA	699	750	-6.9%	1,255	1,483	-15.4%
Underlying EBITDA <sup>1</sup>	793	720	10.1%	1,422	1,321	7.6%
Operating profit	562	622	-9.6%	984	1,227	-19.8%
Profit for the period	511	595	-14.1%	910	1,173	-22.4%
Earnings per share (AED/share)	0.041	0.048	-14.1%	0.073	0.094	-22.4%

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

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

**-ENDS-**

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## **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 406 retail fuel stations, 288 convenience stores as of 30 June 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.