



ADNOC Distribution Announces Unprecedented Strong Results Q4 & FY 2020 Demonstrating Solid Performance, Resilience and Accelerated Delivery of its Strategic Smart Growth Plans

Net profit increases to AED 2.4 billion in 2020 and to AED 851 million in Q4 2020;

Company exceeds targets by opening 64 new stations and revitalizing 100 convenience stores in 2020;

Accelerates international expansion with signing of definitive agreements in 2020 to acquire 15 stations in Saudi Arabia, and announces today the execution of two further definitive agreements to acquire a total of 20 additional stations in Saudi Arabia;

ADNOC Rewards exceeds one million members, making it the biggest and first of its kind loyalty program for a fuel retailer in the region;

Board recommends dividend of AED 1.285 billion (10.285 fils per share) for the second half of 2020, taking full-year 2020 dividend to AED 2.57 billion (20.57 fils per share), a 7.5% increase over the previous year;

Board further recommends changes to the dividend policy, setting a minimum of AED 2.57 Billion (\$700M) in 2022, offering long term visibility and assurance for investors;

Health and safety has been paramount throughout, with stringent protocols in place to protect customers and employees throughout the COVID-19 pandemic;

Board commends the management for vaccinating 100% of frontline station staff to ensure the safety and well being of customers and employees. The board also praised government entities involved in the process

Abu Dhabi, UAE – 14 February 2021 : 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 net profit for the fourth quarter of 2020 grew to AED 851 million, with underlying EBITDA (EBITDA excluding one-offs and inventory gains/losses) of AED 1.1 billion. For the year 2020, net profit was AED 2.4 billion, while underlying EBITDA stood at AED 3.6 billion.

Robust financial performance

The Company delivered a robust financial performance throughout 2020, despite continued market uncertainty caused by the COVID-19 pandemic.

ADNOC Distribution has maintained a strong balance sheet as of 31 December 2020, and remains well-positioned to expand both its domestic and international portfolio in-line with its smart growth strategy, as well as meet its dividend commitments. As of 31 December 2020, the company's liquidity was at AED 5.6 billion in the form of AED 2.8 billion in cash and cash equivalents and AED 2.8 billion in unutilized credit facilities.

Following a 24% quarter-on-quarter increase in total fuel volumes in Q3 2020, volumes for the fourth quarter of 2020 increased 2% compared to the third quarter of 2020.

Domestic and international expansion

Throughout 2020, the Company accelerated the delivery of its strategic smart growth plans, whilst maintaining rigorous compliance to government guidelines and upholding the highest standards of health and safety.

During the year, ADNOC Distribution opened 64 new stations, ahead of its guidance to the market of 50-60 new stations; a rate of delivery ten times that of 2019.

There was a significant increase in ADNOC Distribution's network in Dubai in 2020, with 20 new service stations opened in the emirate.

The company also added a sizeable number of new 'ADNOC On the Go' stations, which are modular in form and provide neighbourhoods and communities with access to fuel and retail in locations where traditional stations would be impractical. A total of 38 were opened in 2020 across the country.

In line with the Company's ambitious non-fuel retail strategy, it also invested in providing a more modern, fresh and digital experience to its customers. A total of 100 ADNOC Oasis convenience stores were refurbished throughout the year, above the market guidance of 80-90. The new-look stores create a welcoming environment with fresh pastries and sandwiches, freshly brewed coffee made by trained baristas, and a broader menu offering. Such increased customer-centric initiatives, along with changing shopping behavior observed during COVID-19 pandemic, contributed to an increase in average gross basket size by 18.8% as at the end of December 2020 as compared to the same period in 2019.

In addition to its growth in the UAE, international expansion was accelerated with the announcement that the Company had signed a definitive agreement on 30 December 2020, to acquire 15 service stations in the Kingdom of Saudi Arabia, reaffirming its commitment to expansion in the Kingdom, and the region. The acquisition is subject to certain conditions (including obtaining regulatory approvals) and stems from ADNOC Distribution's long-term smart growth strategy.

The stations are located in the eastern region of KSA, with sites dedicated to both highway commuters and in-community convenience.

This transaction has been quickly followed by the announcement today of the execution of two further definitive agreements to acquire a total of 20 stations in KSA, which transactions are subject to certain conditions (including obtaining regulatory approvals). The two transactions consist of 20 service stations in the Eastern, Central and Riyadh Provinces of KSA with a total purchase consideration of up to AED 56.9 million (USD 15.5 million). The new transactions will bring the company's total network to 37 stations.

Many of the locations will be refurbished in-line with ADNOC Distribution's world-class brand standards and staff will be trained to adhere to the Company's renowned service excellence to offer high quality fuel retail services to customers, including convenience stores.

Ahmed Al Shamsi, Acting Chief Executive Officer of ADNOC Distribution said: "I am pleased to announce ADNOC Distribution's robust fourth quarter and full year performance. Through our employees' continued dedication to ensuring customer safety and convenience, we have delivered a strong performance, despite challenging market conditions.

"We set ambitious growth targets for 2020 and it is testament to our resilient business model that we not only met, but exceeded guidance in terms of both new station openings and convenience store refurbishments.

"ADNOC Distribution is well placed to continue building on recent success, in the UAE and beyond, in the year ahead and remains on track to reach EBITDA target of at least USD 1.0 billion by 2023. During Q4 2020, we announced the start of our further expansion into the Kingdom of Saudi Arabia with an agreement to acquire 15 service stations, two further agreements to acquire an additional 20 stations were announced this month. These are important milestones for our company as we expand outside of the UAE and a key element of our profitable growth strategy too. We will continue to seek further international expansion opportunities and unlock incremental value for shareholders."

Customer-oriented approach

ADNOC Distribution enhanced its customer-oriented approach throughout 2020. In July, The Company's ADNOC Rewards, the UAE's first customer loyalty program from a fuel provider, was upgraded to allow customers to further benefit from their purchases at its outlets by earning points on every dirham spent. The program reached the significant milestone of having one million registered customers during the fourth quarter. The total number of transactions using ADNOC Rewards, since the company launched the points program, has now exceeded 8 million. Providing increased convenience to customers was integral to the Company's core strategy, particularly through the acceleration of its e-commerce strategy. It expanded its flagship partnership with delivery services Talabat and Carriage, which allows customers to order from more than 1,700 ADNOC Oasis products, from over 100 convenience stores across the UAE. The delivery service was well received during lockdown restrictions and continues to be popular into 2021.

ADNOC Distribution's board commended the management for vaccinating 100% of frontline station staff to ensure the safety and wellbeing of customers and employees, as well as praising government entities who supported the process. The health and safety of employees and customers remained integral to everything the company delivered in 2020, whether that be ensuring regular cleaning and sanitization of stations, and readily available PPE; or bringing daily essentials closer to customers both on the ground and through doorstep delivery, with the enhanced My Station mobile fuel and LPG delivery services.

Attractive shareholder proposition

In September 2020, ADNOC Distribution's free-float doubled to 20% following ADNOC's successful private placement of 1.25 billion of ADNOC Distribution shares (valued at USD 1 billion) to institutional investors. This placement was the largest block placement of a publicly listed GCC company and leverages on significant investor demand for ADNOC Distribution shares, driven by its attractive value proposition. Doubling of free float also marked the broadening of the Company's shareholder base, allowing for greater liquidity of its shares on the Abu Dhabi Securities Exchange.

ADNOC Distribution remains committed to deliver profitable growth and attractive shareholder returns. In line with its progressive dividend policy, the company's Board of Directors has proposed a cash dividend of AED 1.285 billion (10.285 fils per share) for the second half of 2020, which will be submitted to the Company's shareholders for approval at the Annual General Assembly Meeting scheduled for 16 March 2021. Subject to shareholders' approval, total dividend for fiscal year 2020 is expected to be AED 2.57 billion (20.57 fils per share), which would represent a 7.5% increase compared to the 2019 dividend, in line with the approved dividend policy. This would translate to a 5.3% annual dividend yield for 2020 (based on a share price of AED 3.88 as of 14th February 2021). The Company paid half of the 2020 dividend in October of last year and expects to pay the final payment in April 2021, subject to shareholders' approval. The company's 2021 dividend policy is set to continue with dividend of AED 2.57 billion (20.57 fils per share).

The Board further recommended amendments to the dividend policy to enhance visibility of shareholder returns, proposing a minimum of AED 2.57 billion (\$700 million) dividend for 2022 (compared to minimum 75% of distributable profits as per current policy) and a dividend equal to at least 75% of distributable profits from 2023 onwards. This proposal will be presented to the Company's shareholders at the upcoming Annual General Assembly meeting. If approved, this will provide secured and predictable payback to shareholders until April 2023.

The amendment in dividend policy recommended by the Board recognizes the Company's strong financial position at the end of 2020, confidence in its growth prospects and cash-flow generation ability going forward. Despite current market conditions, ADNOC Distribution remains confident and steadfast in the delivery of its strategic commitments and sustainable returns for its shareholders.

The Company 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 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

AED millions	Q4 2020	Q4 2019	change	FY 2020	FY 2019	change
Revenue	4,146	5,426	-23.6%	16,132	21,337	-24.4%
Gross profit	1,611	1,255	28.3%	5,783	4,978	16.2%
EBITDA	1,055	658	60.4%	3,189	2,839	12.3%
Underlying EBITDA ¹	1,072	707	51.6%	3,627	2,756	31.6%
Operating profit	902	509	77.1%	2,597	2,301	12.8%
Profit for the period	851	496	71.5%	2,432	2,218	9.7%
Earnings per share (AED/share)	0.068	0.040	71.5%	0.195	0.177	9.7%

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

The full fourth 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, 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 445 retail fuel stations, 326 convenience stores as of 31 December 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 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.