



ADNOC DISTRIBUTION ANNOUNCES STRONG Q1 RESULTS; CONTINUES DELIVERY OF SMART GROWTH STRATEGY

***Underlying EBITDA of AED 740 million in Q1 2021
Net profit of AED 631 million in the first quarter***

Smart growth strategy targets delivery of 70-80 stations in 2021, after 64 new station openings in 2020

ADNOC Rewards customer loyalty program exceeds 12 million transactions with continued focus on service excellence

First fuel retailer globally to vaccinate 100% of frontline employees with continued implementation of strict HSE protocols to support the nation's fight against COVID-19

Abu Dhabi, UAE – 10 May 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 its first quarter 2021 financial results, recording an underlying EBITDA of AED 740 million with Net Profit of AED 631 million for the quarter, while cash flow generation remained strong with free cash flow of AED 835 million.

Supporting the nation's ongoing fight against COVID-19 was a continued focus in Q1, with the company ensuring all health and safety measures were maintained. In Q1 2021 ADNOC Distribution became the first fuel retailer globally to ensure 100% vaccination of its frontline employees, with more than 10,000 staff now having chosen to take their first dose.

Robust performance

In the first quarter of 2021, ADNOC Distribution delivered a strong financial performance, with EBITDA of AED 817 million, and Net Profit of AED 631 million, driven by an improvement in margins, and OPEX efficiencies made in the quarter.

The Company's retail fuel business posted strong operational performance, with retail fuel gross profit growing by 12.6% year-on-year in the first quarter, led by higher margins.

As part of the company's ongoing transformation, it remains committed to reducing operating costs and ensuring continued competitiveness in the UAE fuel retail and convenience store sector. Throughout the first quarter of 2021, ADNOC Distribution's operational expenditure (excluding depreciation) decreased by 6.5% compared to the same quarter last year as part of the company's drive to enhance operational efficiencies. Reduction in operating costs were achieved despite growth in the company's retail network and were driven by management initiatives to optimize OPEX across business units.

ADNOC Distribution maintains a strong financial position, with a robust balance sheet at the end of the first quarter of 2021. The Company remains well positioned to expand both its domestic and international portfolio in-line with its smart growth strategy. As of 31 March 2021, the company's liquidity was at AED 5.1 billion in the form of AED 2.3 billion in cash and cash equivalents and AED 2.8 billion in unutilized credit facility.

Positioned for growth

During the first quarter of 2021, ADNOC Distribution continued to deliver on its smart growth strategy, to bring modern, digitally-enabled fuel retail convenience to customers and communities domestically and internationally, with the opening four new stations in the UAE. The company intends to accelerate delivery momentum and remains on track to meet its guidance to open total of 70 to 80 new stations across the UAE and KSA by year end, of which 30-35 are expected to be opened in the UAE. Of the four new stations opened in the UAE, two were 'ADNOC On the go' neighborhood stations, designed to provide increased customer convenience and meet the needs of previously underserved locations.

To provide a modern, digital experience to customers and to support the company's ambitious non-fuel retail strategy, a total of 14 ADNOC Oasis convenience stores were refurbished throughout the first quarter. With increased customer-centric initiatives, the average gross basket size increased by 2.2% as at 31 March 2021 as compared to the same period in 2020.

In addition to its growth in the UAE, the company remains well positioned to harness international growth opportunities, particularly in the Kingdom of Saudi Arabia, building on three definitive agreements signed in 2020 and 2021 to acquire a total of 35 stations, which will bring its total network in the country to 37 stations.

Ahmed Al Shamsi, Acting Chief Executive Officer of ADNOC Distribution said: "Throughout the first quarter of 2021, we made a significant achievement through the vaccination of 100% of our frontline employees, and I am extremely proud of their dedication to always upholding the highest standards of HSE.

"In addition, we have continued to build on our success in 2020, to record a strong financial performance. This has provided the Company with ample liquidity to pursue future growth opportunities, be they organic or inorganic in domestic and international markets."

Al Shamsi added: "Our strength is only possible due to the continued dedication of all our employees, and we are grateful to our frontline colleagues, who play a vital role in ensuring the continued provision of services to our customers. We have progressed our smart growth strategy in the first quarter and have ambitious targets for 2021, including the opening of 70 to 80 new stations across domestic and international markets. Our focus on creating shareholder value continued in the first quarter of 2021 and we remain committed to providing strong dividend visibility."

Customer-oriented approach

Together with upholding the highest standards of health and safety for both employees and customers, the Company continues its drive to enhance its customer offering through ADNOC Rewards, the UAE's first customer loyalty program from a fuel provider, and the launch of its partnership with Etisalat Smiles, which allows members of both platforms to cross-exchange points and maximize benefits. A total of 27 new partners were added to the Reward program in Q1, offering members even more deals and discounts from some of the UAE's leisure and entertainment brands. As of the end of Q1 2021, ADNOC Rewards has more than one million registered users and has reached the significant milestone of over 12 million transactions since launch. A network wide promotion was launched in Q1, for all ADNOC Rewards members, who can benefit from an AED 5 saving off any AED 15 spent in ADNOC Oasis, which ran until the end of April, 2021.

In addition, there was a strong emphasis on the new food and beverage (F&B) offerings across the ADNOC Oasis convenience store network. A total of eight F&B promotions and five long-term combos and special offers were launched through Q1, to offer customers a range of added value options when shopping in-store. Consumer incentives will continue to be a focus across the business for the upcoming months. This includes a series of special Ramadan offers at ADNOC Oasis and an attractive promotion running at ADNOC Lube Centers.

ADNOC Distribution has maintained its focus on providing increased convenience to customers, particularly through its partnerships with delivery services Talabat and Carriage, which allow customers to order from more than 1,700 ADNOC Oasis products, from over 100 convenience stores across the UAE.

Attractive shareholder proposition

During its General Assembly meeting on 16 March 2021, ADNOC Distribution shareholders approved a 2020 dividend of AED 2.57 billion (20.57 fils per share, growth of 7.5% compared to 2019). The company's robust and continued growth has enabled the setting of a progressive dividend policy, with a AED 2.57 billion dividend for 2021 and a minimum of AED 2.57 billion dividend for 2022 (compared to minimum 75% of distributable profits as per previous policy), providing visible payback to shareholders until April 2023. The dividend policy for the years thereafter remains unchanged at a dividend equal to at least 75% of distributable profits. The approved dividend policy amendment recognizes the company's strong financial position at the end of 2020 and 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.

Key Financial Metrics

AED million	Q1-21	Q1-20	Change
Revenue	4,282	4,939	-13.3%
Gross profit	1,326	1,110	19.4%
EBITDA	817	556	46.8%
Underlying EBITDA ¹	740	629	17.5%
Operating profit	672	421	59.4%
Profit for the period	631	400	57.9%
Earnings per share (AED/share)	0.050	0.032	57.9%
Capital expenditures	180	185	-2.5%
Free cash flow ²	835	533	56.7%

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

(2) Free cash flow defined as Net cash generated from operating activities less payments for purchase of property, plant & equipment and advances to contractors

The full first 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 449 retail fuel stations, 332 convenience stores as of 31 March 2021 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.