

ADNOC DISTRIBUTION'S STRATEGY

Sustained leadership in the UAE fuel distribution market, continued execution momentum and an ambitious international expansion plan.

STRATEGIC GROWTH TARGETS BY 2023



DOMESTIC FUEL

FUEL RETAIL

- Single digit volume growth over 2018-23
- 530-550 stations in UAE by 2023
- Increase ULG-98 contribution as a % of retail gasoline sales by 2023 via increased marketing, use of additives and international certifications for premium fuels

COMMERCIAL FUEL

- Market share gain in Dubai and Northern Emirates



DOMESTIC NON FUEL

- Refurbish total C-store network with new look and feel
- Optimise product category management
- Enhance fresh food and premium coffee offering to increase basket size/margins
- Increase C-store conversion (fuel to non-fuel conversion)
- Diversify into franchisee model and e-commerce

The ultimate objectives of ADNOC Distribution's strategy are to drive sustainable earnings growth and deliver long-term returns for shareholders. The Company's resilient and diversified business operations create ample room for future growth in both Fuel and Non-Fuel segments, as well as to capture emerging opportunities in new mobility solutions. Whilst remaining focused on its solid growth strategy, the Company is also committed to optimizing its costs, running its business in a sustainable manner, decarbonizing its

day-to-day operations, strengthening its brand, and allocating its capital in an efficient manner to generate additional shareholders value. ADNOC Distribution recognizes that business success can be achieved by putting customers at the heart of its offering. The Company's customer-centric focus has been always central to its strategy, and a key driver of its transformational journey from a fuel retailer to a retail destination of choice offering more than just fuel.

The Company has demonstrated a

proven track record of executing on its strategy and delivering strong operating and financial results, with a target to grow EBITDA to a minimum \$1 billion by 2023. The Company aims to achieve this by consolidating its leadership position in the fuel distribution and convenience retail services in its home market, enhancing its product and service offerings, expanding geographically, maximizing returns from its current portfolio, and increasing efficiencies in costs and capital allocation.



CUSTOMER EXPERIENCE

- Increase customer loyalty and enhance customer experience through a variety of initiatives:
- Expand of ADNOC Rewards points-based programme (the first amongst UAE traditional fuel retailers)
- Introduce contactless payment
- E-commerce channel expansion
- Launch mobile fuel & LPG delivery
- Deploy smart technology at stations and C-stores



COST EFFICIENCY & CAPEX

- Approximately \$100-\$150m in like-for-like OPEX savings over 2019-2023 compared to 2018
- OPEX optimization through smart, targeted initiatives, including staff optimisation via efficient retail site operation model, streamlining marketing costs and back office processes, outsourcing and vendor negotiations, reviewing warehousing costs and improving our utilities usage
- CAPEX acceleration and network growth efficiencies



INTERNATIONAL GROWTH

- Expand in International markets (Saudi Arabia...) including lubricants export opportunities



To achieve long-term growth objectives, ADNOC Distribution is focusing on the following key areas:

DOMESTIC FUEL



FUEL RETAIL

NETWORK EXPANSION IN DUBAI

Dubai provides access to one of the highest retail fuel throughputs per station in the region and a strong non-fuel opportunity. It offers a way for the Company to expand its network domestically without cannibalizing its own volumes. ADNOC Distribution has increased its presence in Dubai from three sites in 2018 to a network of 39 stations as of 31 December 2022, including its recent flagship station on Sheikh Zayed Road which leverages advanced technologies including smart cameras and digital screens at the pump to deliver a personalized, digitally immersive and seamless customer journey.

MAINTAIN A LEADING POSITION IN ABU DHABI AND THE NORTHERN EMIRATES

As the largest fuel retail operator in Abu Dhabi and in the Northern Emirates, the Company continues to expand its network in these regions to defend its market leading status and ensure convenient access to fuel and non-fuel services for customers. The Company's expansion in these two regions

through innovative and less capital-intensive station model 'ADNOC On the go" is prioritized, in order to both protect its market share and generate an internal rate of return of at least 15%.

NETWORK PORTFOLIO OPTIMIZATION

The Company is continuously performing retail network health analysis using on data analytics to improve asset utilization at its service stations and grow profitability, thereby unlocking value from its expanding retail assets and maximizing return on capital employed.

To further enhance customer experience across its network, the Company is also ensuring convenient access to its range of premium products. Combined with marketing and promotional campaigns, the Company has provided greater access to information for customers around the benefits of higher-octane fuels.

STRATEGY IN ACTION



Flagship station 222 – bringing convenience, sustainability, and innovation to our forecourts in Dubai



CONTEXT

ADNOC Distribution launched its first flagship service station in Abu Dhabi in 2019 to showcase the best in our offering and the latest innovations we utilize to enhance customer experience. It then launched its first flagship site in Dubai in 2022, with station 222 which is also the first ADNOC station to open on the iconic Sheikh Zayed Road.



OFFERING

The 9,395 sqm station has a unique blend of features, including renewable energy generation, a unique convenience store and an immersive customer journey, all brought together in a new design including an extended canopy that stretches from the fueling bays to the convenience store in a new forecourt design. Station 222 also features the Company's first two-story convenience store, where the ground floor is dedicated to retail shopping while the upstairs area offers a sizeable seating space, where customers can order freshly brewed coffee made by our ADNOC Oasis baristas.



HOW DOES IT WORK?

In line with ADNOC Distribution's commitment to driving sustainability across its business, the station places a strong emphasis on renewable power. The station is partially powered through built-in photovoltaic (PV) panels, in addition to solar and wind-powered trees. Inside the convenience store, customers and staff movement also contribute to providing energy via power-generating walkways. Finally, electric vehicle (EV) motorists will soon be able to re-charge at the station thanks to a soon-to-be-announced innovation.



COMMERCIAL FUEL

ADNOC Distribution expects to sustain growth in its commercial business through ongoing initiatives such as leveraging its leadership position to get into more strategic long-term sales contracts with customers and distributors, dynamic pricing, as well as government action in the enforcement of regulations to gradually eliminate the grey market of substandard products and unlicensed distributors in the UAE. There is a strong opportunity for growth in ADNOC Distribution's commercial business, across various product segments.

GROWING LPG BUSINESS ACROSS UAE

The UAE market presents compelling opportunities for the Company to seek returns and growth. This includes its LPG business, which began the sale of cylinders to businesses in Dubai in 2019. The Company intends to gain further market share in the LPG markets of Dubai and the Northern Emirates while scaling up profits in Abu Dhabi through an enhanced LPG distribution model.

INTERNATIONAL EXPANSION FOR LUBRICANTS

The wholesale lubricants segment is one of the most promising operating segments for ADNOC Distribution as it enables expansion not only domestically but also internationally with exports to different markets across Middle East, Africa and Asia. The Company's lubricants exports network continues to expand, reaching 25 markets by end of 2022 compared to 19 markets in 2021.

The Company plans to grow sales in its lubricants segment by introducing new formulations and specialties products using AD base, a world-class base oil supplied by ADNOC. Also, having undertaken a rigorous assessment of the international lubricant market, the Company plans to expand its lubricant portfolio, benchmarked to key global leaders and modernizing packaging, in addition to organic and inorganic growth, in key international markets such as KSA.

Moreover, there are also revenue growth opportunities through the opening of new lube change centers across the UAE, including Dubai, as the Company continues to expand its service station network.

STRATEGY IN ACTION



ADNOC Green Voyager- Diversifying our sustainability offering, reaffirming our leadership



CONTEXT

In March 2022, ADNOC Distribution became the first company to introduce a range of lubricant products made from 100% plant-based base oil. The Voyager Green Series range, for petrol and diesel engines, is part of the Company's overall strategy to continue expanding its sustainable and environmentally friendly product range.



OFFERING

Voyager PX Green is developed specifically for petrol engines and Voyager DX Green for diesel engines. The high-quality blending technology is the first approach in the region to be made entirely from plant-based base oils, showcasing the Company's commitment to offering customers more environmentally-friendly product options.



HOW DOES IT WORK?

ADNOC Distribution formulates and produces the Voyager Green Series at its dedicated facility in the UAE, ensuring the highest levels of quality and efficiency in accordance with international standards.



DOMESTIC NON-FUEL RETAIL



ADNOC Distribution remains positive about the outlook of the UAE retail market. Although the convenience store share of the grocery market is small compared to other countries, the Company believes that with the right offering, there is a significant potential for the segment's growth.

The Company's convenience store revitalization program is a key contributor to its convenience stores growth strategy. It offers customers a more convenient shopping experience and a modern family-friendly environment in which customers can refuel, unwind, and enjoy freshly prepared food. The revitalization program focuses on creating a new, modern look and feel, with enhanced category management with focus on fresh food and premium coffee products, leapfrogging the business into fresh, high-quality assortment with high margin products. These

efforts are targeted at a higher conversion of our fuel transaction into non-fuel retail segment transactions.

Since the convenience stores revitalization program began in 2020, the Company has refurbished a total of over 190 stores as part of the extensive plan.

ADNOC Distribution is advancing in e-commerce by bringing high quality assortments of its convenience stores to customers. The Company launched its online delivery service, with up to 3,000 products now available to order from over 200 convenience stores across the UAE. ADNOC Distribution has plans to further expand this multi-channel approach, supplemented with greater presence through standalone and mobile convenience stores, thereby providing increased access and convenience for customers.

In addition, network-wide improvement initiatives are consistently underway, including supplier negotiations and car services optimization. The Company has refreshed its strategies for the other non-fuel businesses such as car wash, lube change, vehicle inspection, and property management with the aim to turn around the business model to unlock the potential offered by these businesses. This includes new pricing and product strategy combined with extensive marketing and promotions. In the car wash segment, the Company has plans to improve overall customer experience facilitated by new offerings and adapting innovative digital solutions. This will enable the customers to be served with improved machinery and enhanced experience via digital interventions.



STRATEGY IN ACTION



ADNOC Rewards - Integrating our efforts to create higher value and drive popularity



CONTEXT

ADNOC Distribution launched its loyalty program, ADNOC Rewards, in 2019. The program was further upgraded in 2020 to offer point-base rewards, making it the first loyalty program of its kind from a fuel retailer in the UAE.

In 2022, the Company further enhanced its ADNOC Rewards offering within its efforts to elevate the overall customer experience across multiple platforms. This included integrating the Let's Go Shop and Win Raffle, as well as comprehensive vehicle inspection, car wash, and lube change offers within ADNOC Rewards. It also expanded the program's offering by including fuel to the available benefits, allowing customers to redeem their Rewards points against fuel purchases for the first time.



OFFERING

The ADNOC Rewards loyalty program recorded a milestone in 2022 with over one billion ADNOC Rewards points redeemed in a single calendar month, a testament to the value the program offers to its loyal members.



HOW DOES IT WORK?

By analyzing the valuable customer data, the Company gathered through ADNOC Rewards since it first launched in 2019, it has been able to provide customers a personalized experience and a higher value loyalty offering, further increasing the popularity of the program, with nearly 1.6 million members and 50+ partners.

CUSTOMER EXPERIENCE

Enhancing customer experience is key to ADNOC Distribution's success. This is achieved through a better understanding of what services customers value most and enhancing offerings to meet their needs. Convenience, service offering, digital experience, price, and loyalty are all markers of the Company's approach to differentiating itself in the market.

ADNOC Distribution is uniquely positioned to introduce products and services that boost customer satisfaction and loyalty, while driving incremental revenue and profitability. The use of advanced technology is key to offering superior customer experience.

A number of customer experience initiatives were launched, including 'ADNOC Rewards' loyalty program, the next generation, fully autonomous ADNOC Oasis convenience store, and the flagship station in Dubai which leverages advanced technologies such as smart cameras and digital screens at the pump – to deliver a personalized, digitally immersive and seamless customer journey. In addition, the Company continued to provide attractive promotions and marketing campaigns, to elevate customers experience.

COST EFFICIENCY AND CAPEX



ADNOC Distribution is focused on operational excellence, efficiency, and optimization across the entire organization. By optimizing expenditure, the Company aims to become increasingly efficient and balance a reduction in its costs whilst

maintaining a high level of customer service. OPEX reduction and CAPEX optimization remain a priority. There has been significant progress in rationalizing OPEX and reducing CAPEX per station, with further room for improvements.

The Company will continue to improve CAPEX efficiency, including the roll out of less capital intensive station formats, such as 'ADNOC On the go'.

INTERNATIONAL GROWTH



Delivering on our international expansion remains integral to our ambitious Smart Growth Strategy. We expect to grow internationally, including in Saudi Arabia, where there are opportunities to deliver against investment criteria of 15%+ internal rate of return.

During 2022, the Company continued to expand its presence in KSA by increasing its network of stations to 66 as of 31 December 2022. Saudi Arabia is a large and fragmented market and ADNOC Distribution's experience and

strength in fuel retail can be leveraged to capture growth. The Company's integrated approach to fuel and non-fuel offerings is a key differentiator in Saudi Arabia and it plans to further accelerate expansion there both organically and inorganically.

Beyond GCC, the Company further advanced its international expansion in 2022 by entering into an agreement with TotalEnergies Marketing Afrique SAS, to acquire a 50% stake in TotalEnergies Marketing Egypt LLC, which is among the top four fuel

retail operators in Egypt. This move aligns with the Company's vision to establish ADNOC Distribution as a regional fuel distribution leader and will provide sizeable operations in one of the largest countries in MENA. The acquisition was completed in the first quarter of 2023.

In addition to Saudi Arabia and Egypt, ADNOC Distribution is also exploring other markets in the GCC, Middle East, North Africa and Asia regions.

STRATEGY IN ACTION

Expanding our footprint beyond the UAE borders, delivering on our Smart Growth Strategy internationally



CONTEXT

In July 2022, we entered into an agreement with TotalEnergies Marketing Afrique SAS to acquire a 50% stake in TotalEnergies Marketing Egypt. The investment will become the largest in ADNOC Distribution's history, valued at c. \$203 million, reflecting the Company's commitment to pursue attractive international growth in line with its Smart Growth Strategy.



OFFERING

The acquisition marks another important milestone in the delivery of ADNOC Distribution's expansion plans. The partnership with TotalEnergies, a leading global multi-energy company with a strong brand and successful track record in Egypt, includes a diversified portfolio comprising 240 fuel retail stations, 100+ convenience stores, 250+ lube changing stations, and car washes, as well as wholesale fuel, aviation fuel, and lubricant operations.



HOW DOES IT WORK?

The transaction was completed in Q1 2023, allowing both parties to develop future growth opportunities of TotalEnergies Egypt by unlocking value potential and exploring beneficial synergies in fuel distribution, lubricants and aviation businesses driven by the expected economic growth of the African nation.

SOLID PROGRESS AGAINST KEY STRATEGIC GROWTH TARGETS

EBITIDA >\$1BN BY 2023

DOMESTIC FUEL



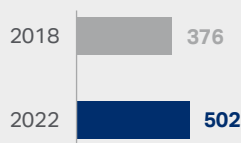
DOMESTIC NON FUEL



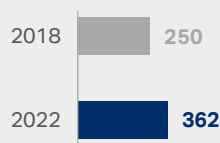
COST EFFICIENCY & CAPEX



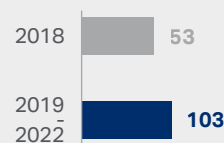
UAE Stations - Total (#)



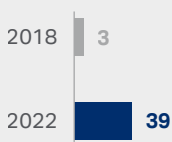
C-Stores Total (#)



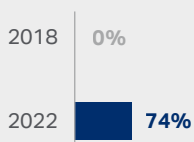
OPEX Savings like for like (\$m)



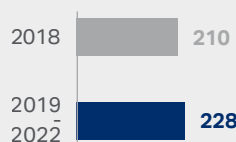
Dubai Stations - Total [#]



Refurbish network (% of total)



Annual CAPEX excl. M&A (\$m)



OTHER COMMITMENTS

2023 Target

Expand in International markets (KSA...)

2022 Progress

- 66 stations in KSA
- An agreement to acquire a 50% stake in TotalEnergies Marketing Egypt
- Lubricants exports to 25 countries

INTERNATIONAL GROWTH

2023 Target

Enhance Customer experience

2022 Progress

- **ADNOC Rewards** program
- **Online** channel presence
- **Mobile** fuel & LPG delivery
- **Smart technology** at stations
- Continuous marketing promotions

CUSTOMER EXPERIENCE