ADNOC DISTRIBUTION Third Quarter and First Nine Months of 2019 Results

31 October 2019

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Highlights

- **Solid underlying EBITDA growth**

- Underlying EBITDA (EBITDA excluding inventory gains) for third quarter of 2019 grew to AED 698 million, an increase of 10.0% compared to third quarter of 2018.

- Strong operational performance in Q3 2019 was driven by higher fuel volumes, improved cost efficiencies and the positive performance of our non-fuel business.

- Total fuel volumes sold in the third quarter of 2019 increased by 3.9% compared to the third quarter of 2018, driven by improvements in the core retail markets of Abu Dhabi and the Northern Emirates, contribution from new stations in Dubai and a rise in Commercial (corporate & aviation) volumes.

- Q3 2019 reported EBITDA of AED 698 million was slightly lower compared to Q3 2018, due to absence of inventory gains in this period compared to AED 79 million inventory gains recorded in similar period last year.

- Excluding the impact of AED 119 million and AED 293 million of inventory gains for the first nine months of 2019 and 2018, respectively, underlying EBITDA at AED 2,062 million for the first nine months of 2019 increased by 10.6% year-on-year, as a result of continued cost efficiencies, non-fuel business growth and corporate segment volume growth.

- Reported EBITDA for the first nine months of 2019 reached AED 2,181 million, increasing at a slower rate of 1.1% year-on-year, mainly due to lower inventory gains compared to similar period last year.

- We continue to make significant progress in rationalizing our OPEX, achieving 9.3% (AED 159 million) in like-for-like OPEX savings in the first nine months of 2019 compared to the same period in 2018, mainly driven by cost optimization initiatives.

- **Earnings and cash flow**

- The company recorded a net profit of AED 549m for the third quarter of 2019, demonstrating a solid operational performance. When compared to the same period last year, net profit showed a slight decrease of 1.7% due to the absence of inventory gains achieved in Q3 2018.

- 9M 2019 net profit increased by 2.3% to AED 1,721 million compared to AED 1,682 million for 9M 2018, driven by cost optimization and continued momentum in non-fuel business, partially offset by lower inventory gains.

- Net cash generated from operating activities increased by 11.1% to AED 511 million in Q3 2019 compared to Q3 2018 driven by strong cash flow from operations, partially offset by decrease in working capital movements. Free cash flow (EBITDA minus capital expenditures) for Q3 2019 increased by 14.2% to AED 592 million compared to AED 518 million for Q3 2018. Net debt to EBITDA ratio stood at -0.11x at 30 September, 2019.

Strategy Update and Outlook

Our priority remain earnings growth and shareholder returns. We are focused on the acceleration of our domestic network expansion, particularly in the underserved market of Dubai, and the growth of our non-fuel business. We strive to deliver attractive shareholder returns underpinned by our progressive dividend policy. Today, ADNOC Distribution offers an attractive 7.3% dividend yield (based on our current dividend policy and a share price of AED 2.63 as of 30th October 2019) with an expected next dividend payment in April 2020, subject to Board of Directors approval.

- **Fuel business.** Our UAE network reached 382 retail fuel stations as of 30 September 2019. In the first nine months of 2019, we opened six new stations in the UAE. We previously had indicated a network expansion target of 20 to 30 new stations by the end of 2019, of which about half were expected in Dubai. We now have 45 sites in advanced stages of execution and which we expect to be completed during the first half of 2020. For 2020, we expect capex acceleration given our ambitious delivery schedule, especially in Dubai.

- **Non-fuel business.** Our UAE network reached 264 convenience stores as of 30 September 2019. In the first nine months of 2019, we opened 14 new convenience stores across the UAE. Our convenience store business has delivered solid results led by strategic initiatives such as improved category management and the introduction of fresh food concepts. We continue to focus on ongoing improvements and in 2020 will accelerate our revitalization program for 100 of our convenience stores. We also will enhance and improve the overall customer experience at our network of stores.

- **Cost efficiency.** We continue to focus on realizing cost efficiencies, including across the supply chain and logistics operations, which has contributed to a 9.3% reduction in like-for-like operating expenses for the first nine months of 2019 compared to the same period last year. The improvements in the efficiency of our operations has also benefited our suppliers, which has enabled us to successfully renegotiate our fuel supply costs. The renegotiated agreement, which remains in effect through 31 December 2022, will result in a reduction of our retail fuel supply costs by 2 fils per liter, the benefits of which will begin to be seen during Q4 2019. If this new pricing had been in effect for the twelve months ended 30 September 2019, our cost of goods sold would have been approximately AED 130 million lower, and correspondingly our EBITDA and net profit would have been approximately AED 130 million higher. We have also agreed to change the payment terms under the supply contract from 60 days to 30 days.

- **Free assisted fueling to all our customers starting 3 November 2019.** During 2019, we launched three marketing campaigns, "*Good Morning UAE*", "*Fuel Up & Fly Off*", and "*Hello Summer*", targeted to incentivize service station traffic. These marketing campaigns have proven to be a success, both in terms of generating an increase in retail fuel volumes in the third quarter of 2019 for the first time since our IPO and better understanding our customers' requirements. The success of these campaigns, in conjunction with feedback from extensive customer engagement and successful renegotiation of our fuel supply contract, has resulted in the decision of the Board of Directors to approve free assisted fueling to all our customers, which we will implement beginning this Sunday, 3rd November. We trust this will be very well received by our customers as well as our investors, as this will facilitate and strengthen our ambitious network expansion and volume growth targets. Providing free assisted fueling also puts us on par with our competition, supports the acceleration of our Dubai network expansion and protects our market share. As a result of anticipated increases in fuel volumes, as well as cost reductions and other initiatives, we do not expect this to have an impact on our profitability or dividend policy.

We estimate that our ADNOC Flex offering had been contributing approximately AED 140 million of EBITDA on an annual basis. In addition to the approximately AED 130 million we expect to save under our renegotiated supply agreement, we believe that offering free assisted fueling will result in increased fuel volume sales, which in turn will result in increased convenience stores footfall. We estimate that these increases will contribute approximately AED 45 to 62 million of incremental EBITDA on an annual basis. We expect staff costs to provide free assisted fueling to our customers will increase our operating expenses by approximately AED 36 million on an annual basis.

- **Rewards Program.** As part of the evolution of our customer offering, we will launch a new loyalty program, ADNOC Rewards, before the end of 2019, further enhancing our customer experience.

Saeed Mubarak Al Rashdi - Acting CEO:

“We have delivered strong underlying results in the first nine months of 2019 and have demonstrated our ability to realize profitable growth, supported by an increase in fuel volumes sold, an enhanced convenience store experience and improved quality of service. Looking ahead, we are focused on the acceleration of our domestic network expansion, particularly in the underserved Dubai market, and the growth of our non-fuel business.

We remain dedicated to fulfilling the promises we have made to our shareholders and the local communities we proudly serve every day. The company has engaged with nearly 14,000 customers through focus groups and surveys. As part of the evolution of ADNOC Distribution’s offering, our company will launch a new loyalty program, ADNOC Rewards, before the end of the year, further enhancing our customer experience. We are well on our way to making ADNOC Distribution a world-class fuel and convenience retailer and look forward to continuing our journey in the UAE and beyond.”

Financial summary

AED millions	Q3-19	Q2-19	*QoQ %*	Q3-18	*YoY %*	9M-19	9M-18	YoY %
Revenue	5,637	5,504	*2.4%*	5,955	*-5.3%*	15,911	16,922	*-6.0%*
Gross profit	1,245	1,332	*-6.6%*	1,277	*-2.5%*	3,723	3,885	*-4.2%*
EBITDA	698	750	*-6.9%*	714	*-2.2%*	2,181	2,157	*1.1%*
Operating profit	565	622	*-9.2%*	587	*-3.7%*	1,792	1,777	*0.8%*
Profit for the period	549	595	*-7.8%*	558	*-1.7%*	1,721	1,682	*2.3%*
Earnings per share (AED/share)	0.044	0.048	*-7.8%*	0.045	*-1.7%*	0.138	0.135	*2.3%*
Capital expenditures	106	92	*15.8%*	195	*-45.6%*	244	527	*-53.7%*
Free cash flow	592	658	*-10.1%*	518	*14.2%*	1,937	1,630	*18.8%*
Net cash generated from operating activities	511	1,872	*-72.7%*	460	*11.1%*	1,483	3,737	*-60.3%*
Total equity	3,233	3,888	*-16.8%*	3,877	*-16.6%*	3,233	3,877	*-16.6%*
Net debt	-311	44	*NM*	198	*NM*	-311	198	*NM*
Capital employed	9,117	9,784	*-6.8%*	9,578	*-4.8%*	9,117	9,578	*-4.8%*
Return on capital employed (ROCE)	24.8%	23.3%	--	23.9%	--	24.8%	23.9%	--
Return on equity (ROE)	67.0%	56.0%	--	56.1%	--	67.0%	56.1%	--
Net debt to EBITDA ratio	-0.11x	0.02x	--	0.07x	--	-0.11x	0.07x	--
Leverage ratio	-10.6%	1.1%	--	4.9%	--	-10.6%	4.9%	--

NM: Not meaningful
(1) Prior period numbers are as previously reported before the impact of the retrospective application of IFRS16, the impact of which is immaterial.
(2) See the Glossary for the calculation of certain metrics referred to above.

Headlines

Volumes

Total fuel volumes sold for Q3 2019 were 2,510 million liters, up 3.9% compared to Q3 2018 and up 6.9% compared to Q2 2019. The increase in fuel volumes sold was driven by growth seen across all segments. Retail fuel volumes sold increased by 1.3%, Corporate fuel volumes sold increased by 6.0%, and Aviation fuel volumes sold increased by 19.3% compared to Q3 2018. Total volumes for 9M 2019 were up marginally compared to 9M 2018 as an increase in Corporate and Aviation volumes was partially offset by a decrease in Retail volumes.

Fuel volumes by segment *(million liters)*	**Q3-19**	**Q2-19**	***QoQ %***	**Q3-18**	***YoY %***	**9M-19**	**9M-18**	**YoY %**
Retail	1,612	1,600	*0.7%*	1,591	*1.3%*	4,819	4,915	*-1.9%*
Corporate	683	564	*21.0%*	644	*6.0%*	1,788	1691	*5.7%*
Aviation	216	183	*18.0%*	181	*19.3%*	586	550	*6.7%*
Total	**2,510**	**2,348**	***6.9%***	**2,416**	***3.9%***	**7,194**	**7,179**	***0.2%***

Fuel volumes by product *(million liters)*	**Q3-19**	**Q2-19**	***QoQ %***	**Q3-18**	***YoY %***	**9M-19**	**9M-18**	**YoY %**
Gasoline (1)	1,435	1,415	*1.4%*	1,422	*0.9%*	4,264	4,355	*-2.1%*
Diesel	716	576	*24.2%*	670	*6.9%*	1,855	1,872	*-0.9%*
Aviation products	216	183	*18.0%*	181	*19.3%*	586	550	*6.7%*
Other (2)	144	173	*-17.1%*	144	*0.1%*	489	403	*21.4%*
Total	**2,510**	**2,348**	***6.9%***	**2,416**	***3.9%***	**7,194**	**7,179**	***0.2%***

(1) Includes grade 91, 95 and 98 unleaded gasoline.
(2) Includes CNG, LPG, kerosene, lubricants and base oil.

Results

Q3 2019 revenue was AED 5,637 million, a 5.3% decrease compared to Q3 2018 revenue of AED 5,955 million. The decrease in Q3 2019 revenue was driven by lower retail pump prices as a result of lower oil prices, partially offset by higher volumes. Compared to Q2 2019, Q3 2019 revenue increased by 2.4% driven by higher volumes, partially offset by lower retail pump prices as a result of lower oil prices.

Q3 2019 gross profit was AED 1,245 million, a 2.5% decrease compared to Q3 2018 gross profit of AED 1,277 million and a 6.6% decrease compared to Q2 2019 gross profit of AED 1,332 million.

Q3 2019 EBITDA was AED 698 million, a 2.2% decrease compared to Q3 2018 EBITDA of AED 714 million and a 6.9% decrease compared to Q2 2019 EBITDA of AED 750 million.

Q3 2019 net profit was AED 549 million, a 1.7% decrease compared to Q3 2018 net profit of AED 558 million and a 7.8% decrease compared to Q2 2019 net profit of AED 595 million.

The decrease in Q3 2019 gross profit, EBITDA and net profit compared to Q3 2018 was mainly driven by the absence of inventory gains during Q3 2019, partially offset by higher volumes.

Revenue by segment ***(AED millions)***	**Q3-19**	**Q2-19**	***QoQ %***	**Q3-18**	***YoY %***	**9M-19**	**9M-18**	**YoY %**
Fuel and Non-Fuel Retail	3,636	3,750	*-3.0%*	3,964	*-8.3%*	10,588	11,615	*-8.8%*
Corporate	1,377	1,185	*16.2%*	1,398	*-1.5%*	3,588	3,506	*2.3%*
Aviation	561	509	*10.3%*	537	*4.6%*	1,558	1,596	*-2.3%*
Allied	62	59	*3.9%*	57	*9.0%*	176	164	*7.4%*
Total	**5,637**	**5,504**	***2.4%***	**5,955**	***-5.3%***	**15,911**	**16,922**	***-6.0%***

Gross Profit by segment ***(AED millions)***	**Q3-19**	**Q2-19**	***QoQ %***	**Q3-18**	***YoY %***	**9M-19**	**9M-18**	**YoY %**
Fuel and Non-Fuel Retail	759	871	*-12.8%*	836	*-9.2%*	2,342	2,540	*-7.8%*
Of which Fuel Retail	676	790	*-14.5%*	765	*-11.6%*	2,098	2,323	*-9.7%*
Of which Non-Fuel Retail	83	81	*3.3%*	72	*16.6%*	244	218	*12.2%*
Corporate	231	231	*0.2%*	217	*6.5%*	669	607	*10.2%*
Aviation	192	171	*12.5%*	166	*15.6%*	535	542	*-1.2%*
Allied	62	59	*3.9%*	57	*9.0%*	176	164	*7.4%*
Total	**1,245**	**1,332**	***-6.6%***	**1,277**	***-2.5%***	**3,723**	**3,885**	***-4.2%***

EBITDA by Segment ***(AED millions)***	**Q3-19**	**Q2-19**	***QoQ %***	**Q3-18**	***YoY %***	**9M-19**	**9M-18**	**YoY %**
Fuel and Non-Fuel Retail	392	490	*-20.1%*	434	*-9.7%*	1,291	1,330	*-3.0%*
Corporate	179	175	*2.2%*	168	*6.1%*	555	459	*20.9%*
Aviation	98	84	*16.2%*	79	*24.3%*	274	256	*7.1%*
Allied	28	28	*-1.8%*	28	*1.4%*	84	81	*3.6%*
Total	**698**	**750**	***-6.9%***	**714**	***-2.2%***	**2,181**	**2,157**	***1.1%***

Distribution and administrative expenses

Q3 2019 distribution and administrative expenses were AED 702 million, a 2.2% decrease compared to Q3 2018 distribution and administrative expenses of AED 718 million. The decrease in distribution and administrative expenses was driven by cost optimization initiatives, including the benefit of restructuring costs incurred in 2018 to reduce staff costs in 2019, partially offset by higher business transformation costs. Q3 2019 distribution and administrative expenses were flat compared to Q2 2019.

9M 2019 distribution and administrative expenses were AED 1,996 million, a 9.8% decrease compared to 9M 2018 distribution and administrative expenses of AED 2,212 million driven by cost optimization initiatives. On a like-for-like basis, we have achieved total cash opex savings of AED 159 million in 9M 2019 compared to 9M 2018.

AED millions	Q3-19	Q2-19	*QoQ %*	Q3-18	*YoY %*	9M-19	9M-18	YoY %
Staff costs	410	421	*-2.7%*	470	*-12.8%*	1,226	1,346	*-8.9%*
Depreciation	133	128	*4.0%*	127	*4.8%*	389	379	*2.6%*
Repairs, maintenance and consumables	28	29	*-5.1%*	34	*-19.4%*	82	98	*-16.0%*
Distribution and marketing expenses	15	14	*6.9%*	27	*-41.9%*	49	92	*-46.3%*
Utilities	46	29	*56.1%*	37	*23.1%*	110	122	*-9.8%*
Insurance	3.0	1.7	*76.5%*	1.8	*66.7%*	7.0	8.3	*-15.7%*
Others	67	77	*-12.4%*	21	*223.6%*	132	167	*-20.8%*
Total	**702**	**701**	***0.2%***	**718**	***-2.2%***	**1,996**	**2,212**	***-9.8%***

Capital expenditures

Our capital expenditures primarily consist of (i) capital expenditures related to the development and construction of new service stations and fuel terminal projects and capitalized maintenance costs related to our properties, (ii) purchase of machinery and equipment, and (iii) other capital expenditures related to our properties, including structural upgrades, technology infrastructure upgrades and other improvements. The table below presents our capital expenditures for the periods presented:

AED millions	Q3-19	Q2-19	*QoQ %*	Q3-18	*YoY %*	9M-19	9M-18	*YoY %*
Service stations projects	69	68	*1.9%*	44	*58.1%*	146	147	*-0.5%*
Industrial projects	0.6	10	*-94.2%*	58	*-99.0%*	36	170	*-78.9%*
Machinery and equipment	7.0	10	*-28.6%*	10	*-32.0%*	28	88	*-68.3%*
Distribution fleet	0.3	0.0	*NM*	1.4	*-78.6%*	1.0	6.9	*-85.5%*
Technology infrastructure	28	1.9	*NM*	78	*-64.0%*	30	110	*-72.5%*
Office furniture and equipment	1.2	2.0	*-40.0%*	4.6	*-73.9%*	3.4	5.8	*-41.4%*
Total	**106**	**92**	***15.8%***	**195**	***-45.6%***	**244**	**527**	***-53.7%***

NM: Not meaningful

Cash flow and leverage

Q3 2019 free cash flow (EBITDA minus capital expenditures) increased by 14.2% to AED 592 million compared to Q3 2018 free cash flow of AED 518 million.

Our ratio of interest bearing net debt at 30 September 2019 to EBITDA for the twelve months ended 30 September 2019 was -0.11x, compared to 0.07x at 30 September 2018. There are no financial covenants in our credit facilities.

Dividends

On September 29, 2019, our Board of Directors approved to pay a dividend of AED 1.194 billion (9.55 fils per share) for the first six months of 2019, which was paid in October 2019.

We expect to pay a dividend of AED 1.194 billion (9.55 fils per share) for the second half of 2019 in April 2020, subject to the discretion of our Board of Directors, resulting in a total annual dividend of AED 2.39 billion (19.10 fils per share) for fiscal year 2019.

The dividend payment approved in September 2019 marks the first dividend payment under our new dividend policy unveiled in April 2019. The decision to significantly increase our dividend policy was rooted in our Board of Directors' recognition of our robust financial performance and cash position, as well as confidence in our strong growth prospects and cash flow generation ability going forward.

Under the new policy, we expect to increase our annual dividend payment, starting in 2019, as follows:

- an annual dividend for fiscal year 2019 of AED2.39 billion (19.10 fils per share), a 62% increase compared to 2018;
- an annual dividend for fiscal year 2020 of AED2.57 billion (20.57 fil per share), a 75% increase compared to 2018; and
- a minimum payout of 75% of distributable profits from 2021 onwards.

In accordance with our new dividend policy, we expect to continue to pay half of the annual dividend in October of the relevant year and half in April of the following year, subject to the discretion of our Board of Directors.

Business segments operating review

Our business is grouped into four segments: Retail, Corporate, Aviation and Allied Services.

Retail (Fuel and Non-Fuel)

Volumes

Q3 2019 Retail segment volumes increased marginally compared to Q2 2019. Q3 2019 Retail segment volumes increased 1.3% compared to Q3 2018. 9M 2019 Retail segment volumes decreased 1.9% compared to 9M 2018.

Retail volumes *(million liters)*	**Q3-19**	**Q2-19**	**QoQ %**	**Q3-18**	**YoY %**	**9M-19**	**9M-18**	**YoY %**
Gasoline	1,408	1,395	*0.9%*	1,384	*1.8%*	4,203	4,286	*-1.9%*
Diesel	172	173	*-0.5%*	178	*-3.3%*	522	553	*-5.7%*
Other (1)	31	32	*-2.2%*	30	*5.0%*	95	75	*25.9%*
Total	**1,612**	**1,600**	***0.7%***	**1,591**	***1.3%***	**4,819**	**4,915**	***-1.9%***

(1) Includes CNG, LPG, kerosene and lubricants.

Results

The decrease in Retail segment fuel revenue for Q3 2019 compared to Q3 2018 was primarily due to lower oil prices, partially offset by higher volumes.

The decrease in Retail segment gross profit for Q3 2019 compared to Q3 2018 was mainly due to the absence of inventory gains in Q3 2019, partially offset by higher volumes and an increase in non-fuel retail gross profit.

The decrease in Retail segment EBITDA for 9M 2019 compared to 9M 2018 was mainly due to lower inventory gains in 9M 2019, partially offset by higher operating cost efficiencies.

Retail financials *(AED millions)*	**Q3-19**	**Q2-19**	**QoQ %**	**Q3-18**	**YoY %**	**9M-19**	**9M-18**	**YoY %**
Revenue	**3,636**	**3,750**	***-3.0%***	**3,964**	***-8.3%***	**10,588**	**11,615**	***-8.8%***
Gross profit	**759**	**871**	***-12.8%***	**836**	***-9.2%***	**2,342**	**2,540**	***-7.8%***
Of which Fuel Retail	676	790	*-14.5%*	765	*-11.6%*	2,098	2,323	*-9.7%*
Of which Non-Fuel Retail	83	81	*3.3%*	72	*16.6%*	244	218	*12.2%*
EBITDA	**392**	**490**	***-20.1%***	**434**	***-9.7%***	**1,291**	**1,330**	***-3.0%***
Operating profit	282	385	*-26.8%*	327	*-13.9%*	970	1,032	*-6.0%*
Capital expenditures	**78**	**76**	***2.4%***	**158**	***-50.4%***	**191**	**288**	***-33.5%***

Other operating metrics

Fuel transactions increased during Q3 2019 compared to Q2 2019 and decreased compared to Q3 2018.

Non-fuel transactions increased by 8.3% during Q3 2019 compared to Q3 2018.

Our non-fuel segment (mainly convenience stores) generated higher revenues driven by higher transactions and conversion rates (convenience store transactions divided by fuel transactions) in Q3 2019 compared to Q3 2018. Our convenience stores recorded robust revenue in Q3 2019, with an increase of 16.4% compared to Q3 2018.

Fuel operating metrics	Q3-19	Q2-19	*QoQ %*	Q3-18	*YoY %*	9M-19	9M-18	YoY %
Number of service stations – UAE (1)	382	379	*0.8%*	364	*4.9%*	382	364	*4.9%*
Number of service stations - Saudi Arabia (1)(2)	2	2	-	-	-	2	-	-
Throughput per station (million liters)	4.1	4.1	*0.0%*	4.3	*-4.7%*	12.3	13.3	*-7.5%*
Number of fuel transactions (millions)	40.3	40.0	*0.7%*	41.3	*-2.4%*	117.2	127.0	*-7.7%*

Non-fuel operating metrics	Q3-19	Q2-19	*QoQ %*	Q3-18	*YoY %*	9M-19	9M-18	*YoY %*
Number of convenience stores - UAE (1)	264	262	*0.8%*	241	*9.5%*	264	241	*9.5%*
Convenience store revenue (AED million)	204	197	*3.9%*	176	*16.4%*	598	486	*23.0%*
Convenience store gross profit (AED million)	64	61	*5.1%*	51	*24.3%*	183	144	*27.2%*
Number of non-fuel transactions (millions)	11.7	11.6	*0.9%*	10.8	*8.3%*	35.4	30.9	*14.6%*
Conversion rate (3)	26%	26%		23%		27%	21%	
Average basket size (AED) (4)	19.6	19.0	*3.2%*	18.4	*6.5%*	18.8	17.9	*5.0%*
Average gross basket size (AED)(5)	23.0	23.6	*-2.5%*	23.7	*-3.0%*	23.6	23.3	*1.3%*

(1) At end of period.
(2) Includes one franchised site.
(3) Number of convenience stores transactions divided by number of fuel transactions.
(4) Average basket size is calculated as convenience store revenue divided by number of convenience store transactions.
(5) Average basket size is calculated as convenience store revenue (including revenue from consignment items) divided by number of convenience store transactions.

Corporate

Volumes

Q3 2019 Corporate segment volumes increased by 21.0% compared to Q2 2019 and increased by 6.0% compared to Q3 2018. 9M 2019 Corporate volume increased by 5.7% compared to 9M 2018 driven by higher sales of LPG, lubricants and base oil.

Corporate volumes *(million liters)*	Q3-19	Q2-19	QoQ %	Q3-18	YoY %	9M-19	9M-18	YoY %
Gasoline	26	19	*36.6%*	38	*-30.3%*	61	69	*-11.4%*
Diesel	544	404	*34.8%*	492	*10.6%*	1,333	1,319	*1.1%*
Other (1)	113	142	*-20.5%*	114	*-1.3%*	394	304	*29.7%*
Total	**683**	**564**	***21.0%***	**644**	***6.0%***	**1,788**	**1,691**	***5.7%***

(1) Includes LPG, lubricants and base oil.

Results

Q3 2019 Corporate segment revenue increased by 16.2% compared to Q2 2019 mainly driven by higher volumes. Q3 2019 Corporate segment revenues decreased by 1.5% compared to Q3 2018 mainly driven by lower oil prices, partially offset by higher volumes. Q3 2019 Corporate segment gross profit increased by 6.5% compared to Q3 2018 mainly driven by higher volumes.

Q3 2019 Corporate segment EBITDA increased by 6.1% compared to Q3 2018, driven by higher gross profits. Q3 2019 Corporate segment EBITDA increased by 2.2% compared to Q2 2019 driven by higher operating cost efficiencies.

Corporate financials *(AED millions)*	Q3-19	Q2-19	QoQ %	Q3-18	YoY %	9M-19	9M-18	YoY %
Revenue	1,377	1,185	*16.2%*	1,398	*-1.5%*	3,588	3,506	*2.3%*
Gross profit	231	231	*0.2%*	217	*6.5%*	669	607	*10.2%*
EBITDA	179	175	*2.2%*	168	*6.1%*	555	459	*20.9%*
Operating profit	169	166	*1.8%*	162	*4.8%*	528	440	*20.1%*
Capital expenditures	1.6	2.2	*-27.3%*	1.3	*23.1%*	3.9	16	*-75.2%*

Aviation

Volumes

Q3 2019 Aviation segment volumes increased by 19.3% compared to Q3 2018. Q3 2019 Aviation segment volumes increased by 18.0% compared to Q2 2019 due to increase in fuel sales to our strategic customers.

Aviation volumes *(million liters)*	**Q3-19**	**Q2-19**	**QoQ %**	**Q3-18**	**YoY %**	**9M-19**	**9M-18**	**YoY %**
Aviation products	216	183	*18.0%*	181	*19.3%*	586	550	*6.7%*

Results

The increase in Aviation segment revenue for Q3 2019 compared to Q3 2018 was driven by higher volumes partially offset by lower fuel prices as a result of lower oil prices. Q3 2019 Aviation segment revenue increased by 10.3% compared to Q2 2019, driven by an 18.0% increase in volumes partially offset by lower fuel prices.

Q3 2019 Aviation segment gross profit increased by 15.6% compared to Q3 2018 driven by a 19.3% increase in volumes.

Q3 2019 Aviation segment EBITDA increased by 24.3% compared to Q3 2018, driven by higher gross profits.

Aviation financials *(AED millions)*	**Q3-19**	**Q2-19**	**QoQ %**	**Q3-18**	**YoY %**	**9M-19**	**9M-18**	**YoY %**
Revenue	561	509	*10.3%*	537	*4.6%*	1,558	1,596	*-2.3%*
Gross profit	192	171	*12.5%*	166	*15.6%*	535	542	*-1.2%*
EBITDA	98	84	*16.2%*	79	*24.3%*	274	256	*7.1%*
Operating profit	89	76	*18.1%*	70	*28.4%*	250	231	*8.2%*
Capital expenditures	-	0.5	*NM*	0.3	*NM*	0.6	2.8	*-78.6%*

NM: Not meaningful

Allied Services

Results

Allied Services (vehicle inspection and property management) segment Q3 2019 revenue and gross profits increased by 9.0% compared to Q3 2018 and 3.9% compared to Q2 2019 due to a higher number of vehicles inspected and a higher number of tenants.

Allied Services segment Q3 2019 EBITDA increased by 1.4% compared to Q3 2018, driven by higher gross profits.

Allied Services financials *(AED millions)*	**Q3-19**	**Q2-19**	**QoQ %**	**Q3-18**	**YoY %**	**9M-19**	**9M-18**	**YoY %**
Revenue	62	59	*3.9%*	57	*9.0%*	176	164	*7.4%*
Gross profit	62	59	*3.9%*	57	*9.0%*	176	164	*7.4%*
EBITDA	28	28	*-1.8%*	28	*1.4%*	84	81	*3.6%*
Operating profit	23	23	*-2.2%*	23	*-0.9%*	68	66	*3.2%*
Capital expenditures	0.2	-	*NM*	-	*NM*	1.3	2.5	*-48.0%*

NM: Not meaningful

Other operating metrics

We have actively driven tenancy occupancy across our network. We also continue to transition our tenancy business to a revenue sharing model to maximize revenue and profitability.

In our vehicle inspection centers, the number of vehicles inspected (fresh tests) during Q3 2019 increased by 11.3% compared to Q3 2018.

Allied Services operating metrics	**Q3-19**	**Q2-19**	**QoQ %**	**Q3-18**	**YoY %**	**9M-19**	**9M-18**	**YoY %**
Number of tenants (1)	268	263	*1.9%*	227	*18.1%*	268	227	*18.1%*
Number of occupied properties for rent (1)	926	922	*0.4%*	862	*7.4%*	926	862	*7.4%*
Number of vehicle inspection centers(1) (2)	26	25	*4.0%*	22	*18.2%*	26	22	*18.2%*
Number of vehicles inspected (fresh tests) (thousands)	191	190	*0.7%*	172	*11.3%*	561	533	*5.3%*
Other vehicle inspection transactions (thousands)	57	57	*-0.4%*	57	*-0.4%*	172	182	*-5.5%*

(1) At end of period.
(2) Includes one permitting center.

Share trading and ownership

Our shares are traded on the Abu Dhabi Securities Exchange (ADX) under the symbol ADNOCDIST. The closing share price as of 30 September 2019 was AED 2.67. In the period from 1 January 2019 through 30 September 2019, the share price has ranged from AED 2.16 to AED 2.81 at close. Our market capitalization was AED 33.4 billion as of 30 September 2019, and an average of 1.9 million shares have traded daily in the first nine months of 2019.

As of 30 September 2019, our parent company, ADNOC, owned 90% of our outstanding shares. Of the free float (10%), UAE and other regional institutions owned 50%, international institutional investors 30%, and private retail shareholders 20%.

Potential risks

Key risks potentially affecting ADNOC Distribution's financial and operational results include supply chain risks, asset integrity and information technology risks. The company has identified and implemented several key controls and mitigation strategies to ensure business continuity, including engineered controls and managed controls as well as contractual safeguards to limit its financial exposure to these risks. For more detailed information on risks and risk management, please refer to the Risk Factors section of the international offering memorandum dated 26 November 2017 relating to our IPO, which is available on our website at www.adnocdistribution.ae.

Earnings conference call details

A conference call in English for investors and analysts will be held on Thursday, October 31, 2019, at 4 p.m. UAE / 12 p.m. London / 8 a.m. New York. To access the conference call, followed by a Q&A session, please dial one of the toll free numbers listed below and enter the conference call access code '**31575387#''**.

UAE Toll free: 8000 357 03603

KSA Toll free: 800 814 3590

UK Toll free: 0800 376 6183

USA Toll free: 8442 86 0643

For other countries, please dial UK Toll +44 207 194 3759 or USA Toll +1 646 722 4916.

The conference call will also be webcast live on the company web site. To register for the webcast please follow the link . Please note that participants joining by webcast will be able to ask questions via a chat box within the webcast player. The webcast will remain available for playback for 90 days.

The presentation materials will be available for download in English on Thursday, October 31, 2019 at adnocdistribution.ae/conferencecall.

Reporting date for the fourth quarter of 2019

We expect to announce our fourth quarter and full year 2019 results on or around February 11, 2020.

Contacts

Investor Relations, tel. +971 2 695 9770 – ir@adnocdistribution.ae
Athmane Benzerroug – Chief Investor Relations Officer – athmane.benzerroug@adnocdistribution.ae

October 31, 2019
ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Glossary

- Net debt is calculated as total interest bearing debt less cash and bank balances.
- Free cash flow is calculated as EBITDA less capital expenditures.
- Capital employed is calculated as the sum of total assets minus non-interest bearing current liabilities.
- Return on capital employed is calculated as operating profit for the twelve months ended divided by capital employed on the last day of the period presented.
- Return on equity is calculated as profit for the period for the twelve months ended divided by total equity on the last day of the period presented.
- Net debt to EBITDA ratio is calculated interest bearing net debt as of the end of the period presented, divided by EBITDA for the twelve months ended on the last day of the period presented.
- Leverage ratio is calculated as (a) interest bearing net debt, divided by (b) the sum of interest bearing net debt plus total equity.
- Average basket size is calculated as total convenience store sales revenue divided by number of convenience store transactions.

Cautionary Statement Regarding Forward-Looking Statements

This communication includes forward-looking statements which relate to, among other things, our plans, objectives, goals, strategies, future operational performance and anticipated developments in markets in which operate and in which we may operate in the future. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond our control and all of which are based on management's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "would", "intends", "estimates", "plans", "targets", or "anticipates" or the negative thereof, or other comparable terminology. These forward-looking statements and other statements contained in this communication regarding matters that are not historical facts involve predictions and are based on the beliefs of our management, as well as the assumptions made by, and information currently available to, our management. Although we believe that the expectations reflected in such forward looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward looking statements. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to: our reliance on ADNOC to supply us with substantially all of the fuel products that we sell; an interruption in the supply of fuels to us by ADNOC; changes in the prices that we pay ADNOC for our fuels and to the prices that we are allowed to charge our retail customers in the UAE; failure to successfully implement our operating initiatives and growth plans, including our mixed-mode service offering, our convenience store optimization initiatives, our cost savings initiatives, and our growth plans; competition in our markets; decrease in demand for the fuels we sell, including due to general economic conditions, improvements in fuel efficiency and increased consumer preference for alternative fuels; the dangers inherent in the storage and transportation of the products we sell; our reliance on information technology to manage our business; laws and regulations pertaining to environmental protection, operational safety, and product quality; the extent of our related party transactions with ADNOC and our reliance on ADNOC to operate our business; the introduction of VAT and other new taxes in the UAE; failure to successfully implement new policies, practices, systems and controls that we implemented in connection with or following our IPO; any inadequacy of our insurance to cover losses that we may suffer; general economic, financial and political conditions in Abu Dhabi and elsewhere in the UAE; instability and unrest in regions in which we operate; the introduction of new laws and regulations in Abu Dhabi and the UAE; and other risks and uncertainties detailed in our International Offering Memorandum dated 26 November 2017 relating to our initial public offering and the listing of our shares on the Abu Dhabi Securities Exchange, and from time to time in our other investor communications. Except as expressly required by law, we disclaim any intent or obligation to update or revise these forward-looking statements.