



ADNOC DISTRIBUTION REPORTS RECORD \$1 BILLION EBITDA IN 2023, DELIVERING ON A KEY CAPITAL MARKETS COMMITMENT

- *Company reports Y-o-Y EBITDA growth of 4.6% in 2023, and 15.4% Y-o-Y increase in underlying EBITDA*
- ADNOC Distribution surpasses its 2023 target of opening 25-35 new service stations by adding 41 stations to its network
- *Fuel volumes sold in GCC countries (UAE and Saudi Arabia) rise 11.8% in 2023, while non-fuel transactions grow by 12.9% Y-o-Y*
- *Convenience store conversion rate reaches 24.7%, up from 21.7% in 2022, supporting non-fuel gross profit growth of 19.6% Y-o-Y*

Abu Dhabi, UAE – February 7, 2024: 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 robust results for 2023, recording a 4.6% year-on-year growth in earnings before interest, tax, depreciation and amortization (EBITDA) to \$1.002 billion (AED3.68 billion). With this, the Company has successfully delivered on the five-year target it communicated to the market during its first Capital Markets Day in May 2019.

In addition, the underlying EBITDA for 2023, excluding the impact of inventory movements, increased by 15.4% year-on-year. This growth was fueled by a double-digit increase in fuel volumes and non-fuel business, along with a rising contribution from international operations. The EBITDA also benefited from the Company's efficiency improvement initiatives, leading to like-for-like operating expenditure (OPEX) savings of \$28 million (AED103 million).

ADNOC Distribution capitalized on new opportunities in both domestic and international markets by strategically allocating capital for growth. In 2023, the Company generated a strong free cash flow of \$1.1 billion (AED4.0 billion) while maintaining a robust balance sheet with a net debt-to-EBITDA ratio of 0.62x as of 31 December 2023. This strong financial standing positions the Company favorably for future growth and shareholder value creation.

Eng. Bader Saeed Al Lamki, CEO of ADNOC Distribution, said: "Fueled by our record EBITDA of over \$1 billion, 2023 was a remarkable and transformative year for ADNOC Distribution. Our team delivered on a critical commitment made to capital markets, underpinned by our focus on execution excellence, future-proofing the business, unwavering dedication to health safety and environment, and



by our capability building and cultural transformation. This achievement is underscored by our focus on execution excellence and future-proofing the business.

“Looking ahead, ADNOC Distribution’s Board of Directors has approved a new five-year strategy for 2024-28, targeting the next phase of growth with a focus on sustainable mobility and convenience. It includes optimizing existing assets to improve our profitability, doubling down on non-fuel retail, and generating new revenue streams offered by energy transition to future-proof our business and increase customer satisfaction. I look forward to sharing more details about our five-year strategy during the upcoming Capital Markets Day.”

DOUBLE-DIGIT GROWTH IN FUEL AND NON-FUEL OPERATING METRICS

The Company’s total fuel volumes recorded an 11.8% year-on-year growth in 2023 in the GCC markets, with retail volumes growing by 9.6% and commercial volumes up by 16.2% year-on-year. This growth was underpinned by the Company’s ongoing network expansion, sustained momentum in the region’s economic growth, and higher mobility.

ADNOC Oasis convenience store sales continued to gain momentum in 2023, with non-fuel retail transactions increasing by 12.9% year-on-year. The Company’s dedication to innovation and the diversification of its customer experience proposition continued to expand in line with its strategic objectives. ADNOC Distribution recently became the region’s first fuel distributor to introduce innovative AI-enabled ‘Fill & Go’ technology at its service stations, allowing computers to recognize vehicles and respond by offering a hyper-personalized fueling experience.

Moreover, the Company introduced payment device standardization, resulting in significant cost optimization. This initiative also enhances customer experience by enabling customers to split transactions across multiple payment options and earn or redeem loyalty rewards. Additionally, the continuous enhancement of the ADNOC Distribution mobile app offers new benefits and enhanced user experience. All these efforts have contributed to the Company achieving a four-year-high convenience store conversion rate of 24.7%. That is the percentage of customers who make purchases at ADNOC convenience stores while fueling their vehicles.

ADNOC Rewards, the UAE’s first and largest fuel retail loyalty program, has also been a key pillar in elevating customer value proposition and flagship customer-centric initiatives via enhancements to our customer value proposition including the launch of tiers: BLUE, SILVER, GOLD, and PLATINUM, each delivering an expanded suite of exciting benefits and offers to customers, and the expansion of partnerships. As a result, the ADNOC Rewards loyalty program saw a remarkable 22% year-on-year increase in membership, rising to over 1.9 million.

NETWORK EXPANSION CONTINUED IN 2023

ADNOC Distribution surpassed its target of opening 25-35 new stations in 2023 by launching 41 new service stations, bringing its total network to 840 service stations, of which 597 are located in the UAE and Saudi Arabia.



During 2023, the first nine ADNOC-branded service stations were launched in strategic locations across Greater Cairo, Egypt, offering a full range of vehicle services to local communities.

Beyond its successful acquisition of a 50% stake in TotalEnergies Marketing Egypt LLC, which was completed in February 2023, the Company is actively evaluating non-organic growth opportunities in international markets with a focus on efficient capital allocation.

FUTURE-PROOFING OUR BUSINESS

In alignment with the UAE's vision for sustainable mobility, as well as to future-proof the business, the Company has launched the first phase of fast and super-fast EV chargers. With over 50 EV charging points at strategic locations across its network, this move underscores the Company's ambition to become a destination of choice for charging and convenience among UAE customers. It also enhances the Company's value proposition and caters to the growing demand from EV customers.

In 2023, ADNOC Distribution began operating the region's first high-speed green hydrogen pilot refueling station. Opened by ADNOC, the station has been established to test a fleet of zero-emission hydrogen-powered vehicles. The station creates green hydrogen through water electrolysis, using an electrolyzer powered by clean grid electricity. The pilot aims to collect data to assess the long-term feasibility of hydrogen vehicles in the UAE.

In January 2023, ADNOC Distribution announced its commitment to reducing its carbon intensity by 25% by 2030, putting sustainability at the core of its day-to-day operations. The Company has made significant strides towards this goal, such as transitioning 100% of its UAE heavy fleet to run on biofuel. Additionally, the installation of solar panels has begun across the Company's service network in Dubai, marking the first phase of a UAE-wide solar rollout.

ATTRACTIVE VALUE PROPOSITION AND SHAREHOLDER PAYBACK

ADNOC Distribution remains committed to delivering sustainable, profitable growth and attractive shareholder returns. In line with its dividend policy, the Company's Board of Directors has recommended distributing a dividend of \$350 million (AED1.285 billion), equivalent to 10.285 fils per share, for the second half of 2023, which will be presented to the Company's shareholders for approval at the Annual General Assembly Meeting scheduled March 2024. Subject to shareholders' approval, total dividend for the fiscal year 2023 is expected to be \$700 million (AED2.57 billion), equivalent to 20.57 fils per share, providing an annualized yield of 5.8% (at a share price of AED3.57 as of 6 February 2024).

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**About ADNOC Distribution**

ADNOC Distribution is a leading mobility retailer in UAE. The Company has been providing energy for customers' journeys since 1973. Since this time, the Company has continuously been at the forefront of providing the best in customer service. Today, ADNOC Distribution enables, enhances, and energizes every customer journey thanks to digitally enabled, innovative customer experiences and high-quality non-fuel retail products. The Company operates service stations in all seven emirates in its home country, plus Saudi Arabia, and sells lubricants in 37 countries across the world via distributors. Now in its 51st year, ADNOC Distribution has 840 service stations, 529 in the UAE and 68 in KSA. As a non-fuel retail leader in the UAE, it operates 359 ADNOC Oasis convenience stores, 34 vehicle inspection centers, and other leading services spanning car wash, lube change, and EV charging. The Company is also the leading marketer and distributor of fuels to commercial, industrial, and government customers throughout the UAE. All figures as of 31 December 2023. Additionally, in February 2023 ADNOC Distribution completed its acquisition from TotalEnergies Marketing Afrique SAS of a 50% stake in TotalEnergies Marketing Egypt LLC, marking the Company's official entry into the Egyptian market. ADNOC Distribution aims to be the global mobility retailer of choice, enabler of sustainable mobility, and provider of exceptional customer experiences. 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.