Third Quarter and Nine Months 2023 Results

Management Discussion & Analysis Report

10 November 2023

Key highlights: Double-digit growth in fuel volumes, number of non-fuel transactions and underlying EBITDA in 9M 2023

Total fuel volumes – 9M 2023

10,118
million liters

+40.5% Y-o-Y

Retail: +44.6%, mainly attributable to consolidation of TotalEnergies Marketing Egypt

Commercial: +32.0%, mainly attributable to consolidation of TotalEnergies Marketing Egypt

8,113
million liters sold in the UAE and KSA

+12.6% Y-o-Y

Retail: +10.3% supported by higher mobility, sustained momentum in the region's economic growth, network expansion and higher contribution from KSA stations

Commercial: +17.3% on a strong growth in corporate business and new contracts signed in 2022 and 9M 2023

Revenue – 9M 2023

25,065
AED million

+4.8% Y-o-Y
driven by growth in fuel volumes and higher non-fuel retail segment contribution, partially offset by lower pump prices as a result of lower oil prices compared to 9M 2022

Gross profit – 9M 2023

4,311
AED million

-3.0% Y-o-Y

ADNOC Distribution benefited from significant inventory gains of AED 665 million in 9M 2022 in a rising oil price environment, compared to inventory gains of AED 289 million in 9M 2023

2,770
AED million

Retail fuel: -2.0% Y-o-Y

higher retail fuel volumes offset by a reduction in inventory gains from AED 489 million in 9M 2022 in a rising oil price environment to AED 257 million in 9M 2023

547
AED million

Non-fuel retail: +14.6% Y-o-Y

supported by a strong growth in non-fuel transactions, record-high level of convenience store conversion rate in three years, improved customer offerings following revitalization of stores, marketing and promotion campaigns, and higher Food and Beverage (F&B) sales

993
AED million

Commercial: -12.8% Y-o-Y

growth in corporate fuel volumes offset by a margin reduction and a decrease in inventory gains from AED 176 million in 9M 2022 in a rising oil price environment to AED 31 million in 9M 2023

EBITDA – 9M 2023

2,739
AED million

-4.3% Y-o-Y

lower inventory gains in 9M 2023 vs. 9M 2022

Underlying EBITDA (EBITDA excl. inventory movements) – 9M 2023

2,450
AED million

+11.5% Y-o-Y

driven by volume growth, growing contribution from non-fuel retail business and international activities (KSA and Egypt) as well as company-wide efficiency improvement initiatives

Net profit attributable to equity holders – 9M 2023

1,924
AED million

-17.4% Y-o-Y

due to lower EBITDA on the back of lower inventory gains in 9M 2023 vs. 9M 2022

Net profit excl. inventory movements – 9M 2023

1,636
AED million

-1.7% Y-o-Y

due to higher finance costs offset by volume growth, higher contribution from non-fuel retail business and international activities (KSA and Egypt) and company-wide efficiency improvement initiatives

ADNOC DISTRIBUTION

Robust cash flow generation and balance sheet – 9M 2023

2,669 AED million

Free cash flow

ADNOC Distribution increased free cash flow by 18.5% Y-o-Y and maintained a strong financial position at the end of September 2023 with liquidity of AED 6 billion, in the form of AED 3.2 billion in cash and cash equivalents and AED 2.8 billion in unutilized credit facility

0.67x

Net debt to EBITDA ratio

Balance sheet remained strong with a Net debt to EBITDA ratio of 0.67x as of 30 September 2023 (0.78x as of 31 December 2022)

Operational highlights – 9M 2023

28

New stations

in the UAE, KSA and Egypt

828

Total stations network

518 in UAE
67 in KSA
243 in Egypt*

355

Convenience stores network in the UAE

133 million

Fuel transactions in UAE

+0.2% Y-o-Y

32.8 million

Non-fuel transactions in the UAE

+13.9% Y-o-Y

41

EV superfast charging points installed in UAE stations

24.4% +350 bps

Convenience store conversion rate in the UAE

Compared to 21.0% in 9M 2022

* Acquisition of 50% of TotalEnergies Marketing Egypt completed in February 2023

Growth momentum accelerates in Q3 2023 supporting strong underlying profitability and cash generation in 9M 2023

In Q3 2023, ADNOC Distribution demonstrated a 28% year-on-year increase in EBITDA to AED1,111 million and a 9% year-on-year increase in net profit to AED835 million, recording one of the strongest quarterly results for the Company since IPO. This financial performance was supported by a double-digit growth in fuel volumes and number of non-fuel transactions, growing contribution from international operations and efficiency improvement initiatives.

Growth momentum accelerated in Q3: underlying EBITDA growth year-on-year was 8% in Q1 2023, 10% in Q2 2023 and 16% in Q3 2023. As a result, 9M 2023 underlying EBITDA (excluding inventory movements) grew by 11.5% year-on-year to AED 2,450 million, and net profit excluding inventory movements remained nearly unchanged year-on-year to AED 1,636 million despite the higher finance costs.

Strong free cashflow generation of AED 2,669 million in 9M 2023 alongside solid balance sheet supports the Company's future growth prospects and shareholder distributions, including the dividend policy target to pay minimum AED 2.57 billion in 2023 dividend(*), offering an industry-leading 5.9% dividend yield.

(*) subject to the discretion of the Board and shareholders' approval

Fuel business (retail and commercial)

ADNOC Distribution's UAE and KSA fuel volumes increased in 9M 2023 by 12.6% year-on-year, as the sustained momentum in the region's economic growth and mobility continued to provide strong support to retail and corporate fuel consumption. ADNOC Distribution added new stations in Dubai and Saudi Arabia, resulting in incremental retail fuel volumes in 9M 2023 which increased by 10.3% compared to 9M 2022. Including growing contribution from operations in Egypt, ADNOC Distribution recorded a 40.5% year-on-year increase in total fuel volumes.

Network expansion: ADNOC Distribution continued to expand its retail fuel network in 9M 2023 by adding 28 new stations and achieving a full-year 2023 target to open 25-35 new stations across its network.

- **Domestically:** ADNOC Distribution added 20 new stations in the UAE to reach 518 stations (9M 2022: 481), an increase of 8% year-on-year.

  In Dubai, the Company opened 4 new stations in 9M 2023. As a result, ADNOC Distribution's service station network in the emirate expanded by 16% to 43 stations compared to 37 at the end of 9M 2022.

- **Internationally:** ADNOC Distribution continued to execute on its plans in the Kingdom of Saudi Arabia, with 67 stations at the end of 9M 2023, while more than 80% of the network has been rebranded, providing support to operating and financial performance in KSA.

  In 9M 2023, the Company's assets in Egypt added 4 new service stations to the portfolio and operated 243 service stations. In addition, the Egypt portfolio comprised aviation fuel, lubricant and wholesale fuel operations as well as 100+ convenience stores, 250+ lube changing points and 16 car wash locations.

Commercial business: In 9M 2023, commercial segment fuel volumes in the UAE increased by 17.3% compared to 9M 2022 driven by an increase of 19.2% year-on-year in corporate business volumes. This was a result of execution of new contracts signed last year and during 9M 2023, as the Company has been proactively focusing on gaining market share in Dubai and Northern Emirates.

The total number of export network countries in ADNOC Distribution's VOYAGER lubricants portfolio rose to 34 markets at the end of 9M 2023 compared to 22 markets at the end of the same period last year. The Company is also exploring opportunities to penetrate new and growing lubricant markets through collaboration with leading partners worldwide.

Additionally, the Company has recently launched ADNOC Voyager brand signature range of premium and OEM-approved automotive vehicle lubricants in Egypt through TotalEnergies Marketing Egypt. The products will be available for the Egyptian consumers to purchase at ADNOC branded service stations.

Non-fuel business - UAE

During 9M 2023, non-fuel business recorded a 14% year-on-year increase in transactions, supported by a series of marketing campaigns and customer-centric initiatives in line with the Company's non-fuel retail strategy. The growth was underpinned by a record-high convenience store conversion rate in three years of 24.4%, which increased by 350 bps compared to 9M 2022.

The Company continued to execute on its convenience store revitalization program, with additional 15 stores refurbished during 9M 2023. Since the launch of the program, the Company modernized c.210 ADNOC Oasis stores over 2020-9M 2023, offering fresh food, barista-brewed coffee and a wider menu selection. The modernisation programme provided support to key convenience stores operating metrics, including number of non-fuel transactions (+13.9% year-on-year in 9M 2023), growing conversion rate (24.4% in 9M 2023 vs. 21.0% in 9M 2022) and basket size (+2.4% year-on-year in 9M 2023).

ADNOC Distribution continued to enhance customer experience through various initiatives, such as offering a modern shopping environment, improvement in category management, a better assortment of products, including introduction of fresh food and premium coffee products, and digital channels to order and transact.

The Company expanded its vehicle inspection services in the UAE to 33 centres following an addition of one new centre between end of 9M 2022 and end of 9M 2023. The number of vehicles inspected (fresh tests) in the Company's vehicle inspection centres increased by 44% in 9M 2023 year-on-year, driven by an increase of the number of vehicle inspection centres, particularly in the Northern Emirates, along with the introduction of new services, and supported by marketing and promotions.

ADNOC Rewards loyalty program and customer focus

ADNOC Rewards loyalty program continued to add members throughout 9M 2023, with more than 1.8 million enrolled (+14% vs. 9M 2022) and over 100 partner offers providing discounts and deals through the ADNOC Distribution app.

The program received a boost in 9M 2023 with an improvement in generosity of 3X. ADNOC Distribution continues to enhance its customer value proposition and has recently launched a new system of ADNOC Rewards tiers: SILVER, GOLD, and PLATINUM – each delivering an expanded suite of exciting benefits and offers to customers.

As part of the loyalty programme, the Company offers its customers promotions in-store, and a range of initiatives that include linking ADNOC Rewards across service station purchases and allowing customers to earn and redeem points against valuable offerings – in fuel, lube change services, convenience store, and car washes. All this contributed to growth in the non-fuel business.

The Company has also become the region's first fuel distributor to introduce the innovative ADNOC 'Fill & Go' technology at its service stations. The AI-backed solution utilizes the latest innovations in computer vision technologies, comprising machine learning models allowing computers to recognize vehicles, and responds by offering a hyper-personalized fuelling experience, reaffirming ADNOC Distribution's leadership position in the UAE's fuel and convenience retail sector.

ADNOC Distribution is committed to putting the customer at the heart of what it does to help accelerate the mobility revolution and redefine the experience at service stations; thereby, cementing the Company's position as a destination of choice for its customers.

OPEX

During 9M 2023, ADNOC Distribution accelerated execution of efficiency improvement initiatives across all its operations and businesses including optimizing logistics costs, renegotiations of supply contracts with vendors, etc. As a result, the Company's cash OPEX remained nearly unchanged compared to 9M 2022.

This took place despite the continued expansion of the Company's operations and associated costs. Number of stations in the UAE and KSA increased by 7% at the end of 9M 2023 compared to the same period of last year. In addition, ADNOC Distribution consolidated operations of TotalEnergies Marketing Egypt from 1 February 2023.

The Company continues to implement management initiatives to increase operational efficiency and achieve prudent cost controls.

Change in financial presentation

To ensure robust reporting and fair representation of operating expenses, during Q3 2022 ADNOC Distribution reclassified certain OPEX items and changed the accounting estimate of useful life of assets. The changes were effective from 1st January 2022. However, the full retrospective adjustments for 9M 2022 (c. AED 162 million OPEX reclassification to Cost of Goods Sold and AED 125 million reduction in depreciation charge) impacted the financials of Q3 2022. These changes have affected the comparisons between Q3 2022 and Q3 2023.

The changes included:

1. Reclassification of certain OPEX items into Cost of Goods Sold (COGS):
   - Fuel transport costs (the cost to transfer fuels from depots to retail stations)
   - Aviation related OPEX (costs incurred by ADNOC Distribution and recovered at a margin from ADNOC as per the Aviation Services Agreement which the Company entered with ADNOC at the time of the IPO)
2. Change in accounting estimate of useful life of assets:
   - As part of regular review of useful lives of assets mandated by International Financial Reporting Standards (IFRS), lives of certain assets were extended in line with IAS 16. More details can be found in note 3 of ADNOC Distribution's financial statements for the period ended 30 September 2022

Efficient capital allocation

ADNOC Distribution has demonstrated a proven track-record of value creation since IPO, by pursuing new opportunities in domestic and international markets and allocating cash towards growth. The Company expects to invest AED 0.9-1.1 billion in 2023 to deliver on its growth plans after investing AED 620 million in 9M 2023 (excluding M&A).

Through efficient capital allocation, ADNOC Distribution has consistently achieved healthy rates of return, including Return on Capital Employed (ROCE) of 26.6% in 9M 2023 (30.9% in 9M 2022) and Return on Equity (ROE) of 83.8% in 9M 2023 (95.9% in 9M 2022). The year-on-year reduction in the rates of return took place due to lower inventory gains in 9M 2023 vs. 9M 2022.

In 9M 2023, ADNOC Distribution generated robust free cash flow of AED 2,669 million, an increase of 18.5% year-on-year. At the end of September 2023, the Company maintained a strong financial position with liquidity of AED 6 billion in the form of AED 3.2 billion in cash and cash equivalents and AED 2.8 billion in unutilized credit facility. The balance sheet remained strong with a net debt to EBITDA ratio of 0.67x as of 30 September 2023 (0.78x as of 31 December 2022).

Eng. Bader Al Lamki – Chief Executive Officer:

“Our impressive third-quarter results are a testament to the continuous growth of our business as we witness strong momentum across both our fuel and non-fuel retail segments. These results mark one of the strongest quarterly performances since our IPO.

“They are driven by our commitment to creating value and attractive shareholder returns by implementing our smart growth strategy. This strategy includes the expansion of our domestic and international network, operational efficiency initiatives, investments in growth, and the adoption of advanced technologies across our operations to deliver a superior customer experience.”

Management focus: Deliver incremental growth and futureproof the business

After posting a 7.9% increase in GDP in 2022, the UAE H1 2023 economic growth of 3.7% (including non-oil GDP growth of 5.9%) indicates positive momentum for this year and beyond. Furthermore, in H1 2023 international visitor numbers to Dubai reached 8.55 million, up 20% year-on-year and 2.3% above the level of 2019. The recovery is also supported by hotel indicators, with occupancy and revenue per available room all above the pre-COVID levels.

According to IMF, a near-term outlook is positive for the UAE but subject to elevated global risks and uncertainty. The agency forecasts that the country's real GDP will grow by 3.4% in 2023 and by 4.0% in 2024 which is the highest rate among the GCC economies. Non-hydrocarbon GDP growth is expected to exceed 4% this year and to remain at a similar pace in 2024, driven by tourism, construction, and real estate related developments.

The growth in business activity has translated into higher traffic and improved consumer confidence across the country resulting in higher fuel volumes and number of non-fuel transactions for ADNOC Distribution in 9M 2023. Leveraging on its leadership position in the UAE, customer focus and best-in-class mobility and lifestyle experience, the Company has grown its fuel volumes at a faster rate than the country's GDP growth.

ADNOC Distribution expects solid outlook for the full year 2023 and beyond, underpinned by volume growth momentum and OPEX savings, while also focusing on network expansion and higher contribution of non-fuel retail and international operations. By executing management efficiency improvement initiatives across all business units, implementing prudent cost controls and optimizing costs, in 9M 2023 the Company achieved like-for-like OPEX savings of AED 73 million, a significant progress towards its guidance for OPEX savings of around AED 92 million in the full year 2023.

In its ongoing quest to futureproof the business, ADNOC Distribution is developing EV charging infrastructure across its network in the UAE, continues to explore further growth opportunities in mobility and lifestyle, as well as new revenue streams created through energy transition.

Fuel business

New stations: after opening 28 new stations during 9M 2023, the Company expects delivery momentum to continue in Q4 2023, in line with the full-year 2023 target of adding 25-35 new stations across its network.

Egypt: ADNOC Distribution's acquisition of a 50% stake in TotalEnergies Marketing Egypt reaffirms the Company's commitment to expanding business in attractive international growth markets. Egypt's retail fuel, lubricants and aviation markets are highly attractive with a potential for future growth. The first three ADNOC branded service stations were launched in Cairo during Q3 2023 and further openings are targeted during the final quarter of the year.

Renewal of the Refined Products Supply Agreement: at the beginning of 2023, ADNOC Distribution successfully renewed its supply agreement with ADNOC for a new five-year term, reaffirming the Company's strong value proposition driven by predictable margins and highly cash generative core business. The renewal also demonstrated strong and ongoing support from the majority shareholder, ADNOC**.**

Non-fuel business

ADNOC Distribution invests in offering customers a modern and engaging retail experience. In line with the ambitious non-fuel strategy, the focus remains on offering a modern environment and a better assortment of products to customers, including fresh food and premium coffee, bundle offers and digital channels to order and transact.

The well-progressing convenience store revitalization program has ensured that the Company is well-positioned to capitalize on benefits of its customer-centric initiatives and generates consistent growth in its convenience stores business.

ADNOC Distribution focuses on extracting additional growth and value by sweating the assets, providing enhanced customer experience, shifting capital allocation towards mobility and lifestyle, and reinforcing retail offerings to transform ADD stations into a “Destination of choice”.

Operating and investment efficiency

ADNOC Distribution aims to become one of the leading cost-efficient fuel retailers and remains on track to take structural costs out, make its operations leaner and more efficient. The key drivers for further OPEX savings include staff optimization, with the more efficient deployment of staffing levels for stations and convenience stores, energy efficiency through smart technology, outsourcing of logistics, centralization of key functions, etc.

Sustainability & futureproofing of business

I/ Rollout of Electric Vehicles (EV) charging points

ADNOC Distribution continues to expand its network of EV charging stations, and has agreed with TAQA, one of the largest listed integrated utility companies in the EMEA region, to work together to establish a new mobility joint-venture.

In Q3 2023, the Company continued the rollout of EV chargers across its service stations with over 40 fast charging points installed across strategic location in the UAE to address current EV customer demand and offer enhanced customer value proposition. ADNOC Distribution expects to have c.50 fast charging points across its network by the end of 2023.

Through the development of modern mobility solutions, ADNOC Distribution intends to become a destination of choice for charging and convenience for the UAE customers.

II/ Decarbonization roadmap

ADNOC Distribution plans to expand its sustainability-driven efforts to futureproof its business. In January 2023, the Company unveiled its Decarbonization roadmap, committing to a reduction of carbon intensity of its operations by 25% by 2030. The Decarbonization roadmap covers Scope 1 emissions, which come directly from the Company’s operations, and Scope 2 carbon emissions, which come from the energy ADNOC Distribution uses to run its operations.

The Company aims to cut emissions through a set of identified initiatives that will be implemented in 2023 and beyond, such as installing solar panels at service stations, use of biofuels to power its fleet of vehicles and other energy optimization initiatives. ADNOC Distribution also aims to utilize ‘green concrete’, that is eco-friendly and has a smaller carbon footprint than traditional concrete, in the construction of new service stations.

ADNOC Distribution started installation of solar panels across its service stations network in Dubai, as part of the Company’s phased approach to UAE-wide solar rollout to provide the power needed for daily operations.

Additionally, 100% of the Company’s UAE heavy fleet is now using biofuel.

III/ Sustainability Linked Loan

ADNOC Distribution became the first UAE fuel and convenience retailer to tap into sustainable financing, by converting in January 2023 an existing AED 5.5 billion ($ 1.5 billion) term loan into a Sustainability Linked Loan. The Company committed to a penalty/incentive model which ties the loan to the sustainability-linked indicators, including GHG emissions intensity and share of renewable energy contribution. By arranging the Sustainability Linked Loan, ADNOC Distribution has aligned its funding strategy with the sustainability roadmap.

Dividend policy

The Company's continued growth and robust cash generation have enabled an attractive dividend policy for the shareholders. ADNOC Distribution is committed to delivering sustainable, profitable growth and attractive shareholder returns.

In March 2023, ADNOC Distribution shareholders approved a new dividend policy which sets out a minimum dividend of AED 2.57 billion (20.57 fils per share) for 2023 (compared to a minimum 75% of distributable profits as per the previous policy), yielding 5.9% (at share price of 3.46 as of 9 November 2023) and offering higher payback visibility for the shareholders. Beyond 2023, the dividend policy sets out a minimum 75% of distributable profits per year, subject to the discretion of the board and shareholders' approval.

ADNOC Distribution paid AED 1.285 billion dividends for the first six months of 2023 (10.285 fils per share) in October 2023, which is expected to be followed by a dividend of a minimum AED 1.285 billion for the second six-months period of 2023 in April 2024, subject to the discretion of the board and shareholders' approval.

ADNOC DISTRIBUTION

Financial summary

AED million	Q3 23	Q2 23	QoQ %	Q3 22	YoY %	9M 23	9M 22	YoY %
Revenue	8,935	8,132	*9.9%*	8,551	*4.5%*	25,065	23,924	*4.8%*
Gross profit	1,659	1,388	*19.5%*	1,277	*29.9%*(3)	4,311	4,443	*-3.0%*
Gross margin, %	*18.6%*	*17.1%*		*14.9%*		*17.2%*	*18.6%*	
EBITDA	1,111	851	*30.5%*	868	*28.0%*	2,739	2,862	*-4.3%*
EBITDA margin, %	*12.4%*	*10.5%*		*10.2%*		*10.9%*	*12.0%*	
Underlying EBITDA (1) (2)	884	778	*13.6%*	759	*16.4%*	2,450	2,197	*11.5%*
Operating profit	942	666	*41.6%*	817	*15.4%*(4)	2,234	2,474	*-9.7%*
Net profit attributable to equity holders	835	551	*51.5%*	767	*9.0%*(4)	1,924	2,329	*-17.4%*
Net margin, %	*9.4%*	*6.8%*		*9.0%*		*7.7%*	*9.7%*	
Earnings per share (AED/share)	0.07	0.04	*51.5%*	0.06	*9.0%*(4)	0.15	0.19	*-17.4%*
Net profit excluding inventory movements	608	478	*27.2%*	658	*-7.6%*(4)	1,636	1,664	*-1.7%*
Net cash generated from operating activities	1,699	370	*359.2%*	570	*198.3%*	3,326	2,986	*11.4%*
Capital expenditures	236	227	*4.0%*	329	*-28.2%*	620	741	*-16.4%*
Free cash flow (5)	1,447	174	*731.3%*	294	*392.4%*	2,669	2,252	*18.5%*
Total equity	2,889	3,324	*-13.1%*	3,024	*-4.5%*	2,889	3,024	*-4.5%*
Net debt (6)	2,267	3,572	*-36.5%*	2,501	*-9.4%*	2,267	2,501	*-9.4%*
Capital employed	10,280	10,712	*-4.0%*	9,985	*3.0%*	10,280	9,985	*3.0%*
Return on capital employed (ROCE), %						*26.6%*	*30.9%*	
Return on equity (ROE), %						*83.8%*	*95.9%*	
Net debt to EBITDA ratio (6)	0.67	1.13		0.68	0.67	0.67	0.68	
Leverage ratio, %	*44.0%*	*51.8%*		*45.3%*	*44.0%*	*44.0%*	*45.3%*	

(1) Underlying EBITDA is defined as EBITDA excluding inventory movements
(2) Underlying EBITDA for Q3 2022 and 9M 2022 restated as per definition in (1)
(3) Change is partially due to reclassification of certain OPEX items to Costs of Goods Sold (COGS) in Q3 2022 (refer to page 6 for details)
(4) Change is partially due to a change in accounting estimate of useful life of assets (refer to page 6 for details)
(5) Free cash flow is defined as net cash generated from operating activities less payments for purchase of property, plant & equipment, and advances to contractors
(6) Cash and bank balances used for net debt calculation include term deposits with banks
Note: See the Glossary for the calculation of certain metrics referred to above

ADNOC DISTRIBUTION

Operating and financial review

Fuel volumes

In Q3 2023, total fuel volumes sold reached 3,578 million liters, increasing by 54.1% year-on-year, mainly attributable to consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), Q3 2023 total fuel volumes amounted to 2,803 million liters, up by 20.7% year-on-year supported by ongoing growth in region's economic activities and mobility as well as network expansion. Q3 2023 UAE and KSA volumes increased by 5.5% compared to Q2 2023.

In Q3 2023, GCC retail fuel volumes increased by 14.5% year-on-year, while commercial fuel volumes were up by 34.1%.

9M 2023 total fuel volumes sold reached 10,118 million liters, an increase of 40.5% year-on-year mainly attributable to consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), 9M 2023 total fuel volumes amounted to 8,113 million liters, up by 12.6% on the back sustained momentum in the region's economic growth, higher mobility and addition of new service stations.

UAE and KSA retail fuel volumes increased by 10.3% in 9M 2023, while commercial fuel volumes increased by 17.3% year-on-year driven by a 19.2% increase in corporate volumes and partially offset by a 6.2% decline in aviation volumes.

Fuel volumes by segment (million liters)	Q3 23	Q2 23	*QoQ %*	Q3 22	*YoY %*	9M 23	9M 22	*YoY %*
Retail (B2C)	**2,461**	**2,389**	*3.0%*	**1,583**	*55.5%*	**6,999**	**4,839**	*44.6%*
Of which GCC	1,812	1,781	*1.7%*	1,583	*14.5%*	5,340	4,839	*10.3%*
Of which Egypt	649	608	*6.8%*			1,659		
Commercial (B2B)	**1,117**	**1,007**	*10.9%*	**739**	*51.2%*	**3,119**	**2,364**	*32.0%*
Of which GCC	991	875	*13.2%*	739	*34.1%*	2,773	2,364	*17.3%*
Of which Egypt	126	131	*-3.8%*			346		
Of which Corporate	1,017	899	*13.1%*	702	*44.8%*	2,841	2,193	*29.6%*
Of which GCC	936	814	*15.1%*	702	*33.4%*	2,613	2,193	*19.2%*
Of which Egypt	80	85	*-5.6%*			228		
Of which Aviation	100	108	*-7.0%*	37	*172.4%*	278	170	*62.8%*
Of which GCC	54	62	*-11.9%*	37	*47.5%*	160	170	*-6.2%*
Of which Egypt	46	46	*-0.4%*			118		
Total	**3,578**	**3,396**	*5.4%*	**2,322**	*54.1%*	**10,118**	**7,203**	*40.5%*

Fuel volumes by product (million liters)	Q3 23	Q2 23	*QoQ %*	Q3 22	*YoY %*	9M 23	9M 22	*YoY %*
Gasoline (1)	1,940	1,904	*1.9%*	1,451	*33.7%*	5,617	4,453	*26.2%*
Diesel	1,342	1,191	*12.7%*	668	*100.9%*	3,613	2,052	*76.1%*
Aviation products	100	108	*-7.0%*	37	*172.4%*	278	170	*62.8%*
Others (2)	196	193	*1.7%*	166	*18.3%*	609	528	*15.5%*
Total	**3,578**	**3,396**	*5.4%*	**2,322**	*54.1%*	**10,118**	**7,203**	*40.5%*
Of which GCC	2,803	2,657	*5.5%*	2,322	*20.7%*	8,113	7,203	*12.6%*
Of which Egypt	775	739	*4.9%*			2,004		

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

Financial results

In Q3 2023, revenue increased by 4.5% year-on-year to AED 8,935 million. The growth was driven by higher fuel volumes, growing contribution of non-fuel retail business and consolidation of TotalEnergies Marketing Egypt, partially offset by lower selling prices as a result of lower crude oil prices.

Q3 2023 gross profit increased by 29.9% year-on-year to AED 1,659 million, supported by higher fuel volumes and growth in non-fuel retail business. In addition, in Q3 2023 in a rising oil price environment inventory gains amounted to AED 228 million (AED 177 million in fuel retail and AED 51 million in commercial business) compared to AED 109 million in Q3 2022 (AED 88 million in fuel retail and AED 21 million in commercial business). The increase in Q3 2023 gross profit year-on-year is also partially due to reclassification of certain OPEX items to Costs of Goods Sold (COGS) in Q3 2022.

Q3 2023 reported EBITDA increased by 28.0% year-on-year to AED 1,111 million supported by the higher fuel volumes, as well as higher inventory gains in Q3 2023 compared to Q3 2022.

Q3 2023 underlying EBITDA (EBITDA excluding inventory movements) increased by 16.4% year-on-year to AED 884 million driven by the higher volumes, growing contribution from non-fuel and international activities as a well as management initiatives to reduce costs.

Q3 2023 net profit attributable to shareholders increased by 9.0% year-on-year to AED 835 million due to an increase in EBITDA and despite higher finance costs. In Q3 2022 the Company changed accounting estimates related to useful life of assets. This change resulted in a reduction in depreciation charge in 9M 2022 with a full impact reflected in Q3 2022. Adjusted for the effect of the accounting change, Q3 2023 net profit attributable to shareholders increased by 27% year-on-year.

Net profit excluding inventory movements decreased by 7.6% year-on-year to AED 608 million. Adjusted for the effect of the above-mentioned accounting change, Q3 2023 net profit excluding inventory movements increased by 11% year-on-year despite higher finance costs.

9M 2023 revenue increased by 4.8% year-on-year to AED 25,065 million despite lower selling prices as a result of lower crude oil prices. The increase in revenue was driven by growth in fuel volumes and non-fuel business as well as consolidation of TotalEnergies Marketing Egypt.

In 9M 2023, gross profit decreased by 3.0% year-on-year to AED 4,311 million. In 9M 2022, in a rising oil price environment inventory gains amounted to AED 665 million (AED 489 million in fuel retail and AED 176 million in commercial business). In 9M 2023, the Company recorded lower inventory gains of AED 257 million in the fuel retail business and AED 31 million in the commercial business – total inventory gains of AED 289 million. In 9M 2023, gross profit was down year-on-year despite higher volumes and due to pressure on commercial margins in a declining price environment.

9M 2023 reported EBITDA decreased by 4.3% year-on-year to AED 2,739 million as a result of lower inventory gains in 9M 2023 compared to 9M 2022.

9M 2023 underlying EBITDA (EBITDA excluding inventory movements) increased by 11.5% year-on-year to AED 2,450 million, mainly driven by higher fuel volumes as well as growing contribution from non-fuel retail and international activities. In addition, the management implemented efficiency improvement initiatives which resulted in a reduction of OPEX.

9M 2023 net profit attributable to shareholders decreased by 17.4% year-on-year to AED 1,924 million as a result of lower inventory gains year-on-year. Net profit excluding inventory movements remained nearly unchanged year-on-year despite higher finance costs.

Revenue by segment (AED million)	Q3 23	Q2 23	QoQ %	Q3 22	YoY %	9M 23	9M 22	YoY %
Retail (B2C)	**6,026**	**5,648**	*6.7%*	**5,843**	*3.1%*	**16,934**	**16,162**	*4.8%*
Of which fuel retail	5,672	5,309	*6.8%*	5,560	*2.0%*	15,917	15,324	*3.9%*
Of which non-fuel retail (1)	354	340	*4.2%*	282	*25.4%*	1,017	838	*21.4%*
Commercial (B2B)	**2,909**	**2,483**	*17.1%*	**2,708**	*7.4%*	**8,131**	**7,763**	*4.7%*
Of which corporate	2,512	2,100	*19.6%*	2,476	*1.5%*	7,043	6,972	*1.0%*
Of which aviation	397	383	*3.6%*	232	*70.9%*	1,088	791	*37.5%*
Total	**8,935**	**8,132**	*9.9%*	**8,551**	*4.5%*	**25,065**	**23,924**	*4.8%*

Gross profit by segment (AED million)	Q3 23	Q2 23	QoQ %	Q3 22	YoY % (3)	9M 23	9M 22	YoY %
Retail (B2C)	**1,263**	**1,078**	*17.2%*	**1,015**	*24.4%*	**3,317**	**3,304**	*0.4%*
Of which fuel retail	1,069	897	*19.1%*	852	*25.4%*	2,770	2,827	*-2.0%*
Of which non-fuel retail (1)	195	180	*7.8%*	163	*19.2%*	547	478	*14.6%*
Commercial (B2B)	**396**	**310**	*27.8%*	**262**	*51.3%*	**993**	**1,138**	*-12.8%*
Of which corporate	316	240	*31.5%*	273	*15.8%*	788	925	*-14.8%*
Of which aviation	80	70	*14.8%*	-11	*NM*	205	213	*-3.7%*
Total	**1,659**	**1,388**	*19.5%*	**1,277**	*29.9%*	**4,311**	**4,443**	*-3.0%*

EBITDA by segment (AED million)	Q3 23	Q2 23	QoQ %	Q3 22	YoY %	9M 23	9M 22	YoY %
Retail (B2C)	**786**	**607**	*29.5%*	**623**	*26.2%*	**1,938**	**1,998**	*-3.0%*
Commercial (B2B)	**331**	**249**	*32.7%*	**244**	*35.4%*	**802**	**862**	*-7.0%*
Of which corporate	250	184	*35.5%*	219	*14.0%*	602	748	*-19.5%*
Of which aviation	81	65	*24.7%*	25	*220.7%*	200	114	*74.9%*
Unallocated(2)	-6	-5	*NM*	1	*NM*	-1	2	*NM*
Total	**1,111**	**851**	*30.5%*	**868**	*28.0%*	**2,739**	**2,862**	*-4.3%*

(1) Non-fuel retail includes convenience stores, car wash, lube change, property management and vehicle inspection
(2) Unallocated includes other operating income/expenses not allocated to specific segment
(3) Change is partially due to reclassification of certain OPEX items to Costs of Goods Sold (COGS) in Q3 2022 (refer to page 6 for details)
NM: Not meaningful

Distribution and administrative expenses

In Q3 2023, distribution and administrative expenses (OPEX) were AED 729 million, an increase of 50.8% compared to Q3 2022.

During Q3 2022, the Company reclassified certain OPEX items and changed the accounting estimate of useful life of assets. The changes were effective from 1 January 2022. However, the full retrospective adjustments for 9M 2022 (AED 162 million OPEX reclassification to Cost of Goods Sold and AED 125 million reduction in depreciation charge) impacted the financials of Q3 2022.

Adjusted for the effect of the accounting changes, in Q3 2023 OPEX decreased by 5.4% year-on-year. This took place as a result of the Company's operational efficiency improvements across all business units and despite an 7% increase in the Company's network in the UAE and KSA and associated costs as well as consolidation of TotalEnergies Marketing Egypt.

Excluding depreciation, Q3 2023 cash OPEX increased by 29.7% year-on-year to AED 560 million. Adjusted for the effect of the above-mentioned accounting changes, in Q3 2023 cash OPEX decreased by 5.7% year-on-year.

In 9M 2023, distribution and administrative expenses (OPEX) were AED 2,135 million, an increase of 6.8% compared to 9M 2022. Excluding depreciation, cash OPEX remained nearly unchanged in 9M 2023 year-on-year despite the expansion of the Company's fuel retail network and consolidation of TotalEnergies Marketing Egypt.

AED million	Q3 23	Q2 23	QoQ %	Q3 22	YoY %(2)(3)	9M 23	9M 22	YoY %
Staff costs	341	371	-8.1%	302	13.1%	1,074	1,100	-2.4%
Depreciation	169	186	-9.1%	51	228.0%	505	388	29.9%
Repairs, maintenance, and consumables	53	47	11.7%	41	30.2%	144	125	15.6%
Distribution and marketing expenses	21	8	160.9%	-7	NM	34	46	-25.4%
Utilities	71	56	26.4%	33	117.0%	160	141	14.1%
Insurance	3	5	-37.4%	6	-48.8%	12	14	-10.7%
Others (1)	71	64	10.6%	59	21.1%	205	186	10.7%
Total	**729**	**737**	-1.1%	**483**	50.8%	**2,135**	**1,999**	6.8%

(1) Other costs include lease cost, bank charges, subscriptions, legal fees, consultancies, etc.
(2) Change is partially due to a change in accounting estimate of useful life of assets (refer to page 6 for details)
(3) Change is partially due to reclassification of certain OPEX items to Costs of Goods Sold (COGS) (refer to page 6 for details)
NM: Not meaningful

Capital expenditures

The Company's capital expenditures (CAPEX) primarily consist of (i) investments related to the development and construction of new service stations and fuel terminal projects and capitalized maintenance costs related to properties, (ii) the purchase of machinery and equipment, and (iii) other capital expenditures related to properties, including structural upgrades, technology infrastructure upgrades and other improvements.

In 9M 2023, total CAPEX decreased by 16.4% compared to 9M 2022 to AED 620 million, driven by lower CAPEX on service stations. 70% of the CAPEX comprised development and construction of new service stations.

The table below presents the breakdown of capital expenditures for the reviewed period.

AED million	Q3 23	Q2 23	QoQ %	Q3 22	YoY %	9M 23	9M 22	YoY %
Service stations projects	115	148	-22.5%	242	-52.5%	385	523	-26.5%
Industrial and other projects	72	29	152.9%	25	192.5%	109	87	25.8%
Machinery and equipment	30	28	9.6%	26	15.5%	71	50	42.1%
Distribution fleet	-1	1	NM	6	NM	0	10	NM
Technology infrastructure	19	16	17.1%	25	-23.3%	47	58	-19.0%
Office furniture and equipment	1	6	-86.5%	5	-85.8%	9	14	-40.0%
Total	**236**	**227**	4.0%	**329**	-28.2%	**620**	**741**	-16.4%

NM: Not meaningful

Business segments operating review

Retail segment – B2C (fuel and non-fuel)

Volumes

In Q3 2023, retail fuel volumes increased by 55.5% year-on-year, mainly attributable to consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), the volumes increased by 14.5% year-on-year driven by the region's ongoing economic growth, higher mobility and addition of new service stations. The retail fuel volumes increased in Q3 2023 by 1.7% compared to Q2 2023. In Egypt, retail fuel volumes expanded in Q3 2023 by 6.8% compared to Q2 2023.

9M 2023 retail fuel volumes increased by 44.6% year-on-year, mainly attributable to consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), they increased by 10.3% year-on-year as a result of economic growth and higher mobility in the region. In addition, the Company continued to expand in Dubai by adding new stations, resulting in incremental fuel volumes in 9M 2023 compared to the same period of 2022.

Retail segment volumes (million liters)	Q3 23	Q2 23	*QoQ %*	Q3 22	*YoY %*	9M 23	9M 22	*YoY %*
Gasoline	1,871	1,829	*2.3%*	1,385	*35.1%*	5,401	4,257	*26.9%*
Diesel	536	503	*6.5%*	147	*263.4%*	1,428	435	*227.8%*
Other (1)	55	57	*-4.2%*	50	*8.4%*	170	147	*15.7%*
Total	**2,461**	**2,389**	*3.0%*	**1,583**	*55.5%*	**6,999**	**4,839**	*44.6%*
Of which GCC	1,812	1,781	*1.7%*	1,583	*14.5%*	5,340	4,839	*10.3%*
Of which Egypt	649	608	*6.8%*			1,659		

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

Financial results

In Q3 2023, retail segment revenue increased by 3.1% compared to Q3 2022 despite lower pump prices and was supported by higher volumes, strong growth in non-fuel retail revenue and consolidation of TotalEnergies Marketing Egypt.

Q3 2023 retail segment gross profit increased by 24.4% compared to Q3 2022, as a result of higher fuel volumes and growing contribution from non-fuel and international activities. In addition, the Company recorded an increase in inventory gains from AED 88 million in Q3 2022 to AED 177 million in Q3 2023.

Fuel retail segment gross profit increased by 25.4% year-on-year principally due the higher volumes as well as a positive impact of inventory gains. Non-fuel retail gross profit increased by 19.2% in Q3 2023 compared to Q3 2022 driven by growth in non-fuel transactions of 14.1% year-on-year and improved customer offerings.
Q3 2023 retail segment EBITDA increased by 26.2% compared to Q3 2022, mainly due to the higher fuel volumes year-on-year and a positive impact of inventory gains in Q3 2023.

Retail segment underlying EBITDA (EBITDA excluding inventory movements) increased in Q3 2023 by 13.9% year-on-year, supported by higher volumes and growing non-fuel business contribution.

9M 2023 retail segment revenue increased by 4.8% compared to 9M 2022 despite lower pump prices, supported by the fuel volumes growth and increase in non-fuel revenues.

9M 2023 retail segment gross profit was unchanged year-on-year. Fuel retail segment gross profit reduced by 2.0% year-on-year as in 9M 2022 inventory gains amounted to AED 489 million in a rising oil price environment while in 9M 2023 they were AED 257 million. The effect of lower inventory gains was partially offset by the higher retail fuel volumes. Non-fuel retail segment gross profit increased by 14.6% year-on-year driven by growth in non-fuel transactions of 13.9% year-on-year and improved customer offerings.

In 9M 2023, retail segment EBITDA decreased by 3.0% compared to 9M 2022, mainly due to lower impact of inventory gains, partially offset by higher retail fuel volumes and growth in non-fuel business.

Retail segment underlying EBITDA (EBITDA excluding inventory movements) increased in 9M 2023 by 11.4% year-on-year as result of higher volumes, growing contribution of non-fuel and international activities as well as management efficiency improvement initiatives.

Retail segment (AED million)	Q3 23	Q2 23	*QoQ %*	Q3 22	*YoY %*	9M 23	9M 22	*YoY %*
Revenue	**6,026**	**5,648**	*6.7%*	**5,843**	*3.1%*	**16,934**	**16,162**	*4.8%*
Of which fuel retail	5,672	5,309	*6.8%*	5,560	*2.0%*	15,917	15,324	*3.9%*
Of which non-fuel retail (1)	354	340	*4.2%*	282	*25.4%*	1,017	838	*21.4%*
Gross profit	**1,263**	**1,078**	*17.2%*	**1,015**	*24.4%*	**3,317**	**3,304**	*0.4%*
Of which fuel retail	1,069	897	*19.1%*	852	*25.4%*	2,770	2,827	*-2.0%*
Of which non-fuel retail (1)	195	180	*7.8%*	163	*19.2%*	547	478	*14.6%*
EBITDA	**786**	**607**	*29.5%*	**623**	*26.2%*	**1,938**	**1,998**	*-3.0%*
Operating profit	634	442	*43.6%*	578	*9.7%*	1,485	1,646	*-9.8%*
Capital expenditures	183	116	*57.8%*	212	*-13.4%*	398	430	*-7.5%*

(1) Non-fuel retail includes convenience stores, car wash, lube change, property management and vehicle inspection

Other operating metrics

The number of fuel transactions in the UAE increased by 3.7% in Q3 2023 year-on-year and by 0.2% in 9M 2023 year-on-year. This was supported by the network expansion, improvement in customer sentiment as well as the ongoing growth in economic activity and mobility in the UAE.

Fuel operating metrics	Q3 23	Q2 23	*QoQ %*	Q3 22	*YoY %*	9M 23	9M 22	*YoY %*
Number of service stations – UAE (1)	518	511	*1.4%*	481	*7.7%*	518	481	*7.7%*
Number of service stations – Saudi Arabia (1)	67	64	*4.7%*	66	*1.5%*	67	66	*1.5%*
Number of service stations – Egypt (1)	243	241	*0.8%*			243		
Total number of service stations (1)	**828**	**816**	*1.5%*	**547**	*51.4%*	**828**	**547**	*51.4%*
Throughput per station – GCC (million liters)	3.1	3.1	*0.0%*	2.9	*7.1%*	9.1	8.8	*3.2%*
Number of fuel transactions – UAE (million)	46.1	44.1	*4.6%*	44.5	*3.7%*	132.7	132.5	*0.2%*

(1) At end of period

Q3 2022 and 9M 2022 non-fuel transactions in the UAE increased by 14.1% and 13.9% year-on-year, respectively, driven by improving consumer sentiment, enhanced customer offerings following revitalization of the convenience stores, and marketing and promotion campaigns under ADNOC Rewards loyalty program to attract higher footfall and increase customer spending.

Convenience store conversion rate increased by 350 bps from under 21.0% in 9M 2022 to 24.4% in 9M 2023 and by 285 bps from 21.3% in Q3 2022 to 24.2% in Q3 2023.

The UAE convenience stores revenue increased by 15.6% to AED 208 million in Q3 2023 compared to Q3 2022, and by 16.4% to AED 616 million in 9M 2023 compared to 9M 2022, mainly driven by higher number of transactions compared to the same period of last year.

In Q3 2023, convenience stores gross profit increased by 6.7% to AED 70 million and in 9M 2023 by 11.4% to AED 204 million driven by higher number of transactions as a result of enhanced customer offerings following revitalization of the convenience stores, marketing, and promotion campaigns as well as the higher F&B sales.

Average gross basket size increased by 1.8% year-on-year in Q3 2023 compared to Q3 2022, and by 2.4% year-on-year in 9M 2023 compared to 9M 2022.

In its property management business, the Company continues to transition its tenancy business to a revenue-sharing model to maximize revenues and profitability. In 9M 2023, the number of occupied properties increased by 2.1% year-on-year.

A number of vehicles inspected (fresh tests) in the Company’s vehicle inspection centres increased by 53% in Q3 2023 compared to Q3 2022 and by 44% in 9M 2023 compared to 9M 2022, driven by a higher number of vehicle inspection centres, introduction of new services, and supported by marketing promotions.

Non-fuel operating metrics	Q3 23	Q2 23	QoQ %	Q3 22	YoY %	9M 23	9M 22	YoY %
Total number of non-fuel transactions – UAE (million) (1)	11.2	11.0	*2.3%*	9.9	*14.1%*	32.8	28.8	*13.9%*
Number of convenience stores – UAE (2)	355	351	*1.1%*	366	*-3.0%*	355	366	*-3.0%*
Convenience stores revenue (AED million) – GCC	208	207	*0.4%*	180	*15.6%*	616	529	*16.4%*
Convenience stores gross profit (AED million) - GCC	70	68	*2.8%*	65	*6.7%*	204	183	*11.4%*
Gross margin, %	*33.6%*	*32.8%*		*36.4%*		*33.1%*	*34.6%*	
Conversion rate (C-store sites only), % (3)	*24.2%*	*24.8%*		*21.3%*		*24.4%*	*21.0%*	
Average basket size – UAE (AED) (4)	21.5	21.8	*-1.5%*	21.6	*-0.4%*	21.9	21.9	*0.3%*
Average gross basket size – UAE (AED) (5)	25.3	25.7	*-1.6%*	24.9	*1.8%*	26.0	25.4	*2.4%*
Number of Property Management tenants – UAE (2)	298	280	*6.4%*	317	*-6.0%*	298	317	*-6.0%*
Number of occupied properties for rent – UAE (2)	1,024	981	*4.4%*	1,003	*2.1%*	1,024	1,003	*2.1%*
Number of vehicle inspection centres – UAE (2)(6)	33	33	*0.0%*	32	*3.1%*	33	32	*3.1%*
Number of vehicles inspected – fresh tests – UAE (thousands)	318	294	*8.0%*	208	*52.9%*	909	633	*43.8%*
Other vehicle inspection transactions – UAE (thousands) (7)	54	52	*4.3%*	69	*-21.4%*	161	221	*-27.2%*

(1) Includes convenience stores, car wash and oil change transactions
(2) At end of period
(3) Number of convenience stores transactions divided by number of fuel transactions at sites with convenience stores
(4) Average basket size is calculated as convenience store revenue divided by number of convenience store transactions
(5) Average gross basket size is calculated as convenience store revenue (including revenue from consignment items shown under other operating income) divided by number of convenience store transactions
(6) Includes one permitting centre
(7) Other vehicle inspection transactions include number of vehicles inspected (re-tests) and sale of safety items at vehicles inspection centres

Commercial segment – B2B (corporate and aviation)

Volumes

In Q3 2023, commercial fuel volumes increased by 51.2% year-on-year, mainly attributable to consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), Q3 2023 volumes increased by 34.1% compared to Q3 2022, driven by growth in both corporate and aviation businesses on the back of new corporate contracts signed in 2022 and 9M 2023.

In 9M 2022, commercial fuel volumes increased by 32.0% compared to 9M 2022, mainly as a result of consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), 9M 2023 volumes increased by 17.3% compared to 9M 2022. Corporate fuel volumes increased by 19.2% year-on-year and were partially offset by a 6.2% year-on-year reduction in aviation fuel volumes sold to strategic customers.

Commercial segment volumes (million liters)	Q3 23	Q2 23	*QoQ %*	Q3 22	*YoY %*	9M 23	9M 22	*YoY %*
Gasoline	69	75	*-7.7%*	66	*4.3%*	216	196	*10.5%*
Diesel	806	688	*17.1%*	520	*54.9%*	2,186	1,617	*35.2%*
Aviation	100	108	*-7.0%*	37	*172.4%*	278	170	*62.8%*
Other [(1)]	142	136	*4.1%*	115	*22.6%*	439	381	*15.4%*
Total	**1,117**	**1,007**	*10.9%*	**739**	*51.2%*	**3,119**	**2,364**	*32.0%*
Of which GCC	991	875	*13.2%*	739	*34.1%*	2,773	2,364	*17.3%*
Of which Egypt	126	131	*-3.8%*			346		

(1) Includes LPG, lubricants, and base oil

Financial results

Q3 2023 commercial segment revenue increased by 7.4% compared to Q3 2022, despite lower prices and was supported by consolidation of TotalEnergies Marketing Egypt. Corporate business revenue was nearly unchanged in Q3 2023 compared to Q3 2022, while aviation business revenues increased year-on-year by 70.9%.

Q3 2023 commercial segment gross profit increased by 51.3% year-on-year to AED 396 million as in the corporate business the Company recorded AED 51 million inventory gains in Q3 2023 in a rising oil price environment vs. AED 21 million in Q3 2022. Q3 2023 gross profit was also supported by higher volumes partially offset by pressure on commercial margins. Q3 2023 commercial segment gross profit increase year-on-year is also due to reclassification of certain OPEX items to Costs of Goods Sold (COGS) in Q3 2022.

Q3 2023 commercial segment EBITDA increased by 35.4% year-on-year to AED 331 million, due to the gross profit growth. Underlying EBITDA (EBITDA excluding inventory movements) increased by 25.5% year-on-year driven by the higher volumes.

9M 2022 commercial segment revenue increased by 4.7% compared to 9M 2022, mainly driven by consolidation of TotalEnergies Marketing Egypt.

9M 2022 commercial segment gross profit decreased by 12.8%. In its corporate business ADNOC Distribution recorded AED 176 million inventory gains in 9M 2022 in a rising oil price environment while in 9M 2023 the inventory gains were AED 31 million. In addition, commercial margins were under pressure in a declining oil price environment.

9M 2022 commercial segment EBITDA decreased by 7.0% year-on-year, due to the gross profit reduction. Underlying EBITDA (EBITDA excluding inventory movements) increased by 12.3% year-on-year supported by the higher volumes.

Commercial segment (AED million)	**Q3 23**	**Q2 23**	***QoQ %***	**Q3 22**	***YoY %***	**9M 23**	**9M 22**	***YoY %***
Revenue	**2,909**	**2,483**	*17.1%*	**2,708**	*7.4%*	**8,131**	**7,763**	*4.7%*
Of which corporate	2,512	2,100	*19.6%*	2,476	*1.5%*	7,043	6,972	*1.0%*
Of which aviation	397	383	*3.6%*	232	*70.9%*	1,088	791	*37.5%*
Gross profit	**396**	**310**	*27.8%*	**262**	*51.3%*[(1)]	**993**	**1,138**	*-12.8%*
Of which corporate	316	240	*31.5%*	273	*15.8%*[(1)]	788	925	*-14.8%*
Of which aviation	80	70	*14.8%*	-11	*NM*[(1)]	205	213	*-3.7%*
EBITDA	**331**	**249**	*32.7%*	**244**	*35.4%*	**802**	**862**	*-7.0%*
Of which corporate	250	184	*35.5%*	219	*14.0%*	602	748	*-19.5%*
Of which aviation	81	65	*24.7%*	25	*220.7%*	200	114	*74.9%*
Operating profit	314	229	*37.2%*	238	*32.0%*	751	826	*-9.1%*
Capital expenditures	0	1	*NM*	1	*NM*	2	4	*-59.0%*

(1) Change is partially due to reclassification of certain OPEX items to Costs of Goods Sold (COGS) in Q3 2022 (refer to page 6 for details)
NM: Not meaningful

Share trading and ownership

ADNOC Distribution shares are traded on the Abu Dhabi Securities Exchange (ADX) under the symbol ADNOCDIST. The closing share price as of 30 September 2023 was AED 3.75. In the period from 1 January 2023 through 30 September 2023, the share price ranged between AED 4.64 and AED 3.71 at close. ADNOC Distribution market capitalization was AED 46.9 billion as of 30 September 2023.

An average of 8.2 million shares traded daily in 9M 2023 (0.7x 2022 level). In 9M 2023, the average daily traded value of the Company's shares was approximately AED 34.4 million (0.7x 2022 level).

As of 30 September 2023, ADNOC owned 77%, while 23% of ADNOC Distribution outstanding shares were publicly owned by institutional and retail investors.

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 ADNOC Distribution IPO, which is available on the Company's website at www.adnocdistribution.ae

ADNOC DISTRIBUTION

Q3 2023 Earnings conference call details

A conference call in English for investors and analysts will be held on Monday, November 13, 2023, at 5 p.m. UAE / 1 p.m. London / 8 a.m. New York. To access the management presentation, followed by a Q&A session, please connect through one of the following methods:

Webcast

Click here to join the webcast
Please note that participants joining by webcast will be able to ask questions via a chat box within the webcast player

Note: Click on the link above to attend the presentation from your laptop, tablet, or mobile device. Audio will stream through your selected device. If you have technical difficulties, please click the "Listen by Phone" button on the webcast player and dial one of the numbers provided therein.

Audio Call Dial in Details:

UAE (Toll Free): 8000 3570 2606

KSA (Toll Free): 800 844 5726

UK (Toll Free): 0800 279 0424

US (Toll Free): 800-289-0462

Passcode: 208329

For other countries, please connect to the above webcast link, select the "Listen by Phone" option on the webcast player and click on the audio numbers to access the dial in information

The presentation materials will be available for download in English on Friday, November 10, 2023 at https://www.adnocdistribution.ae/en/investor-relations/investor-relations/downloads/

Reporting date for the Q4 2023

We expect to announce our fourth quarter and full year 2023 results on or around February 7, 2024.

Contacts

Investor Relations
Tel.: +971 2 695 9770
Email: ir@adnocdistribution.ae

Athmane Benzerroug
Chief Strategy, Sustainability and Transformation Officer
Email: athmane.benzerroug@adnocdistribution.ae

November 10, 2023
ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

ADNOC DISTRIBUTION

Glossary

- Net debt is calculated as total interest bearing debt less cash and bank balances (including term deposits with banks).
- Free cash flow is calculated as net cash generated from operating activities less payments for purchase of property, plant & equipment, and advances to contractors.
- 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 distributable to equity holders of the Company for the period of twelve months ended divided by equity attributable to owners of the Company 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 convenience store revenue divided by number of convenience store transactions
- Average gross basket size is calculated as total convenience store sales revenue (including revenue from consignment items shown under other operating income) 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.