

ADNOC Distribution (ADNOCDIST)

Current Price	Target Price	Upside/Downside (%)	Rating
AED 4.06	AED 4.70	+16%	BUY

4Q25 Net Profit higher than our estimate

- ADNOC Distribution's revenue grew 7.0% YOY to AED 9,460 Mn in 4Q25, driven by higher growth in volumes and contribution from non-fuel retail business.
- Direct cost increased 5.3% YOY to AED 7,609 Mn in 4Q25. As a result, the Company's gross profit grew 15.1% YOY to AED 1,851 Mn in 4Q25, due to higher volumes, strong non-fuel retail growth, increased international contribution, and effective fuel margin management in the corporate segment. Gross Profit margin increased 137 bps YOY to 19.6% in 4Q25.
- ADNOC Distribution also recorded higher inventory gains of AED 101 Mn in 4Q25 compared to a loss of AED 9 Mn in 4Q24. The gains comprised AED 98 Mn in fuel retail and AED 3 Mn in the commercial segment.
- The Company's total fuel volumes increased marginally 0.8% YOY to 4.01 Bn liters in 4Q25.
- Retail segment fuel volume increased 6.1% YOY to 2,884 Mn liters in 4Q25, while Commercial segment fuel volume declined 10.7% YOY to 1,123 in 4Q25.
- Average gross basket size declined 2.4% YOY to AED 26.9 in 4Q25, and convenience store conversion rate remained stable to 27.7% in 4Q25.
- OPEX increased 3.0% YOY to AED 887 Mn in 4Q25 and the cash OPEX rose 5.8% YOY to AED 689 Mn due to a rise in the Company's network in GCC and associated costs.
- EBITDA increased 8.1% YOY to AED 1,031 in 4Q25, with an increased EBITDA margin of 11 bps YOY to 10.9% in 4Q24, mainly due to lower inventory gains in 4Q24.
- Net profit attributable to shareholders grew 15.1% YOY to AED 668 Mn in 4Q25, attributed to higher revenue resulting from an increase in volume, increase in other income coupled with lower depreciation & amortisation expenses and lower tax charges, partially offset by higher direct costs, distribution & admin expense, impairments, and increase in interest expenses.

Earnings Call Summary

- Fuel volumes in the UAE and Saudi Arabia recorded an 8.5% YOY increase in 2025, underpinned by the opening of 20 new stations (including 17 in the UAE) and the expansion in the number of operational DOCO sites in Saudi Arabia.
- Egypt aviation fuel business recorded over 20% volume growth, supported by strong tourism demand and dollar-denominated revenues, similarly DOCO stations in Saudi Arabia delivered around a 20% volume uplift versus pre-branding levels at early operational sites.
- ADNOC Distribution added 99 DOCO sites in 2025, effectively doubling the network compared to 2024. Currently, around 30+ stations are operating and the remainder expected to come online over the next few months, subject to approvals.
- Non-fuel retail gross profit grew 14.4% YOY in 2025, outperforming fuel led segments, with the ADNOC Oasis brand contributing over 40% of gross profit, driven by food & beverage strength and an improved product mix. Furthermore, the Company expects continued double-digit non-fuel revenue growth in 2026, significantly outpacing fuel growth.
- The Company's reward strategy is a key growth driver for transforming service stations into high-traffic destinations and accelerating non-fuel retail growth. The program connects with over 2.6 Mn members, representing more than half of the UAE car park. The membership has increased 15.8% YOY by adding over 350,000 new members.

- The Company achieved an additional AED 24 Mn in like-for-like OPEX savings in 2025 compared to AED 66 Mn in 2024. Further, the Company expects to reduce like-for-like OPEX by up to AED 184 Mn over 2024-28.
- ADNOC Distribution EBITDA increased 11.1% YOY to AED 4,282 Mn in 2025 and net profit increased 15.4% YOY to AED 2,794 Mn in 2025, driven by high fuel volumes, strong growth in non-fuel retail, and rising contributions from international operations, including Saudi Arabia and Egypt.
- The Company booked AED 196 Mn of conservative, forward-looking provisions in 4Q25 related to B2B receivables, with no underlying business deterioration, and excluding these, EBITDA would have grown by 30% YOY in 4Q25, highlighting strong core operating momentum. The Company does not expect abnormal or structural provisioning going forward under current conditions.
- ADNOC Distribution expanded its EV charging network to 402 superfast chargers in 2025, representing an eightfold increase versus 2023. The Company remains on track to scale the network by 10–15x by 2028 and expects EV charging to become a high-margin, high-potential business, supported by premium locations and longer customer dwell times.
- The Company focus is on network expansion with 60–70 new EV stations across three markets for 2026 and scaling EV infrastructure through 50 to 60 new charging points. For this, the Company expects to invest USD 250-300 Mn in Capex to drive sustainable growth, non-fuel retail upgrades, technology, and EV charging.
- The Company opened six community hubs in 2025 and plans to scale up to 30 by 2030, as the Hub continues to exceed expectations with higher footfall and customer engagement.
- AI is deeply embedded in ADNOC Distribution's operations, enabling personalised customer offers, stronger non-fuel retail performance, and improved customer satisfaction by analysing over 250 Mn transactions annually to drive relevance and cost efficiencies.
- ADNOC Distribution recorded cash Capex of USD 327 Mn in 2025, while accrual Capex was USD 286 Mn in 2025, in line with the annual guidance of USD 250–300 Mn.
- In October 2025, ADNOC Distribution paid a dividend of AED 1.285 Bn (10.285 fils per share) for 1H25 and expects to distribute the same amount (10.285 fils per share) for 2H25 in April 2026, subject to shareholder approval.
- The Board proposed extending the dividend policy until 2030, subject to AGM approval. The Company also expects to move to a quarterly dividend payment schedule from 1Q26.

ADNOC Distribution – P&L

AED Mn	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch
Revenue	8,837	9,326	9,460	9,174	3.1%	7.0%	1.4%
Direct costs	-7,229	-7,529	-7,609	-7,422	2.5%	5.3%	1.1%
Gross profit	1,608	1,796	1,851	1,752	5.6%	15.1%	3.0%
Distribution & admin. expense	-861	-791	-887	-850	4.3%	3.0%	12.1%
Operating profit	744	1,010	833	763	9.2%	12.0%	-17.5%
EBITDA	954	1,170	1,031	934	10.4%	8.1%	-11.8%
Profit before tax	682	926	759	689	10.2%	11.2%	-18.1%
Income tax	-90	-96	-75	-72	4.5%	-16.6%	-22.1%
Net profit attributable to equity	580	811	668	608	9.9%	15.1%	-17.6%

FABS estimate & Co Data

Adnoc Distribution Management Guidance:

Building on strong 2025 progress:
the 2026 guidance

60-70 new service stations

across three markets of our operations

50-60 new EV charging points

expanding in a disciplined manner based on EV adoption, utilization
and current forecast of On-the-Go EV charging customer demand

\$250-300 million CAPEX

focused on organic growth

Explore inorganic opportunities

in pursuit of step-change growth through value-accretive transactions

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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