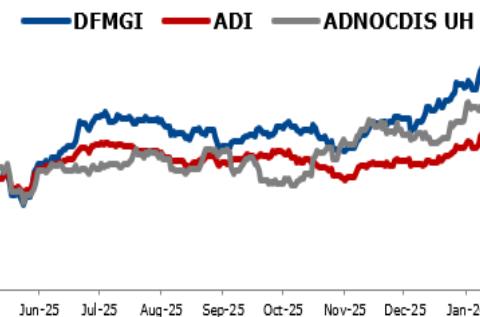


ADNOC Distribution (ADNOCDIST)

Network expansion and non-fuel growth drive profitability

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

- ADNOCDIST expanded its footprint to 1,010 service stations and 536 convenience stores across the UAE, KSA, and Egypt in 2025.
- ADNOCDIST added 99 DOCO sites in 2025, doubling the network, with 30+ already operational and the rest to come online soon, subject to approvals.
- GCC retail fuel volumes rose 7.7% YOY, while GCC commercial fuel volumes declined 13.8% YOY in 4Q25, reflecting lower spot market sales resulting in unfavorable market conditions.
- In October 2025, the Company paid a dividend of AED 1.285 Bn (10.285 fils per share) for 1H25 and expects to distribute a similar amount of 10.285 fils per share for 2H25.



4Q25 Net Profit is higher than our estimate

ADNOC Distribution's (ADNOCDIST/the Company) net profit increased 15.1% YOY to AED 668 Mn in 4Q25, higher than our estimate of AED 608 Mn. The rise in net profit is primarily 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.

P&L Highlights

ADNOCDIST'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. The Company's total fuel volumes rose marginally 0.8% YOY to 4.0 Bn liters in 4Q25. The growth is fueled by volume growth in the UAE and KSA region. Retail segment fuel volume rose from 2,719 Mn liters in 4Q24 to 2,884 Mn liters in 4Q25. Revenue from the Retail segment grew 12.3% YOY to AED 6,655 Mn in 4Q25, mainly due to strong growth in fuel and non-fuel segments. The fuel retail segment revenue increased 12.1% YOY to AED 6,155 Mn in 4Q25, due to a rise in volume growth and pump prices. Revenue from the non-fuel retail segment rose 15.1% YOY to AED 500 Mn in 4Q25. Revenue from the Commercial segment declined 3.7% YOY to AED 2,805 Mn in 4Q25, driven by decline in volume growth. Commercial segment fuel volume declined 10.7% YOY to 1,123 Mn liters in 4Q25. 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, driven by higher fuel volumes, expansion in the non-fuel retail segment, and effective fuel margin management. ADNOCDIST also recorded higher inventory gains of AED 101 Mn in 4Q25, compared to an inventory loss of AED 9 Mn in 4Q24. The gains comprised AED 98 Mn in fuel retail and AED

Stock Information	
Market Cap (AED, Mn)	51,125.00
Paid Up Capital (mn)	1,000.00
52 Week High	4.18
52 Week Low	2.95
3M Avg. daily value (AED)	41,818,560

4Q25 Result Review (AED, Mn)	
Total Assets	17,675
Total Liabilities	14,215
Total Equity	3,461
EBITDA	1,031
Net Profit	668

Financial Ratios	
Dividend Yield (12m)	5.03
Dividend Pay-out (%)	92.01
Price-Earnings Ratio(x)	18.29
Price-to-Book Ratio (x)	15.82
Book Value (AED)	0.26
Return-on Equity (%)	89.81

Stock Performance	
5 Days	0.00%
1 Months	4.87%
3 Months	12.67%
6 Months	9.95%
1 Year	14.89%
Month to Date (MTD%)	-0.24%
Quarter to Date (QTD%)	4.87%
Year to Date (YTD%)	4.87%

3 Mn in the commercial segment. Thus, the gross profit grew 15.1% YOY to AED 1,851 Mn in 4Q25. Thus, the gross margin boosted 137 bps YOY to 19.6% in 4Q25. The Company's other income rose to AED 71 Mn in 4Q25 from AED 35 Mn in 4Q24. Distribution and administrative expenses increased 3.0% YOY to AED 887 Mn in 4Q25. Impairments and other expenses increased significantly from AED 38 Mn in 4Q24 to AED 202 Mn in 4Q25. Moreover, operating profit expanded 12.0% YOY to AED 833 Mn in 4Q25. As a result, the operating profit margin rose 39 bps YOY to 8.8% in 4Q25. D&A charges fell 5.5% YOY to AED 198 Mn in 4Q25. The Company's EBITDA increased 8.1% YOY to AED 1,031 Mn with an increase in EBITDA margin of 11 bps YOY to 10.9% in 4Q25, mainly due to higher inventory gains. In addition, ADNOCDIST's interest income decreased from AED 27 Mn in 4Q24 to AED 17 Mn in 4Q25. Interest expense rose 2.8% YOY to AED 92 Mn in 4Q25. The Company incurred income tax expense of AED 75 Mn in 4Q25, compared to AED 90 Mn in 4Q24. The share of profit attributable to non-controlling interest holders increased 32.9% YOY to AED 16 Mn in 4Q25.

Balance Sheet Highlights

ADNOCDIST's cash and cash equivalents, including term deposits, stood at AED 2.6 Bn, along with an unutilized credit facility of AED 2.8 Bn, leading to a strong liquidity position of AED 5.4 Bn in 4Q25. The Company's gross debt declined from AED 5.6 Bn in 3Q25 to AED 5.5 Bn in 4Q25. Net debt increased from AED 2.4 Bn in 3Q25 to AED 3.0 Bn in 4Q25. Reported net debt to EBITDA ratio remained stable from 0.69x in 4Q24 to 0.70x in 4Q25. The Company's capex also remained stable from AED 280 Mn in 3Q25 to AED 279 Mn in 4Q25. Furthermore, free cash flow declined from AED 920 Mn in 3Q25 to AED 795 Mn in 4Q25.

Target Price and Rating

We maintain our BUY rating on ADNOCDIST with a target price of AED 4.70. The Company's share price grew 3.5% since our last rating (19th January 2026). ADNOCDIST's total fuel volume grew 0.8% YOY to 4.0 Bn liters in 4Q25. The Company's GCC retail fuel volumes rose 7.7% YOY, while GCC commercial fuel volumes decreased 13.8% YOY in 4Q25, reflecting lower spot market sales resulting in unfavorable market conditions. ADNOCDIST expanded its footprint to 1,010 service stations and 536 convenience stores across the UAE, KSA, and Egypt in 2025. As of 2025, the Company now operates 384 convenience stores in the UAE, highlighting continued network expansion alongside disciplined optimization of its retail footprint across core markets, which underpins volume growth and supports medium-term earnings visibility. Additionally, ADNOCDIST contracted 99 DOCO sites in KSA during 2025 under a capex-light Dealer Owned-Company Operated (DOCO) model. Currently, over 30 stations are operational, with the remainder expected to come online over the coming months, subject to regulatory approvals. These sites will operate under the ADNOC Distribution brand, further strengthening the Company's footprint and growth optionality in the fast-growing Saudi market. ADNOCDIST also expanded its VOYAGER lubricants export network to 52 markets in 2025, reflecting continued focus on penetrating high-growth lubricant markets through strategic collaborations with global partners and expanding international distribution reach. The Company's aviation fuel business in Egypt recorded over 20% volume growth, supported by strong tourism demand and dollar-denominated revenues, similarly DOCO stations in KSA delivered around a 20% volume uplift versus pre-branding levels at early operational sites. ADNOCDIST's non-fuel retail segment delivered robust growth, driven by higher transaction volumes, enhanced customer proposition, and stronger contributions from convenience stores, car care services, and property management activities. Non-fuel transactions grew 6.8% YOY to 14.3 Mn in 4Q25, driven by improved customer offerings and enhanced service initiatives, including upgrades to automatic car wash infrastructure. 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. Furthermore, the Company launched six new retail destinations under the "The Hub by ADNOC", reinforcing its strategy to expand destination-led non-fuel retail formats and enhance customer engagement. The Company continues to target 30 Hub locations by 2030 as part of its long-term growth roadmap. ADNOCDIST also maintained a disciplined rollout of its EV infrastructure, expanding its network to c. 402 charging points in 2025, representing c.1.8x growth versus 2023 across strategic locations in the UAE, supporting higher utilization and rising electrification demand. The Company further remains on track to scale the EV network by 10-15x by 2028 and positions EV charging as a high-margin, high-potential business, benefiting from premium locations and longer customer dwell times. Looking ahead, ADNOCDIST plans to add 60-70 new stations across its three core markets in 2026 and expand EV infrastructure

through the installation of 50-60 additional charging points. To support these initiatives, the Company guided for Capex of USD 250-300 Mn for 2026, focused on sustainable growth, non-fuel retail upgrades, technology investments, and EV charging. ADNOCDIST maintains a strong balance sheet and liquidity position, with total liquidity of AED 5.4 Bn in 4Q25, providing ample flexibility to support both organic and inorganic growth initiatives. In October 2025, the Company paid a dividend of AED 1.285 Bn (10.285 fils per share) for 1H25 and expects to distribute a similar amount of 10.285 fils per share for 2H25 to be paid in April 2026, subject to shareholder approval. The Board has also proposed extending the dividend policy until 2030 and transitioning to a quarterly dividend payment schedule from 1Q26, subject to AGM approval, enhancing cash flow visibility and shareholder returns. Based on these factors, we maintain our BUY rating on the stock.

ADNOC Distribution - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE (x)	22.75	18.65	19.70	21.18	18.34	16.28
PB (x)	16.01	14.88	14.76	17.13	15.86	13.46
EV/EBITDA	22.43	18.16	18.06	17.63	15.60	14.10
BVPS	0.256	0.276	0.278	0.239	0.258	0.305
EPS	0.180	0.220	0.208	0.194	0.224	0.252
DPS	0.206	0.206	0.206	0.206	0.206	0.206
Dividend yield (%)	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%

FABS Estimates & Co Data

ADNOC Distribution - P&L

AED Mn	4Q24	3Q25	4Q25	4Q25F	Var	YOY Ch	QOQ Ch	2024	2025	Change
Revenue	8,837	9,326	9,460	9,174	3.1%	7.0%	1.4%	35,454	35,897	1.2%
Direct costs	-7,229	-7,529	-7,609	-7,422	2.5%	5.3%	1.1%	-29,238	-28,951	-1.0%
Gross profit	1,608	1,796	1,851	1,752	5.6%	15.1%	3.0%	6,216	6,946	11.7%
Other income	35	41	71	46	54.5%	NM	NM	138	168	21.4%
Distribution & admin exp.	-861	-791	-887	-850	4.3%	3.0%	12.1%	-3,195	-3,324	4.0%
Impairment & other exp.	-38	-35	-202	-185	9.3%	NM	NM	-90	-284	NM
Operating profit	744	1,010	833	763	9.2%	12.0%	-17.5%	3,069	3,506	14.2%
D&A	210	160	198	171	15.9%	-5.5%	24.1%	786	776	-1.3%
EBITDA	954	1,170	1,031	934	10.4%	8.1%	-11.8%	3,855	4,282	11.1%
Interest income	27	21	17	24	-29.4%	-37.4%	-20.1%	144	71	-50.5%
Interest expenses	-89	-105	-92	-99	-7.1%	2.8%	-12.7%	-457	-403	-11.8%
Profit before tax	682	926	759	689	10.2%	11.2%	-18.1%	2,756	3,174	15.2%
Income tax	-90	-96	-75	-72	4.5%	-16.6%	-22.1%	-283	-323	13.9%
Net Profit for the year	592	830	684	617	10.8%	15.4%	-17.7%	2,472	2,851	15.3%
Non-controlling interest	12	20	16	9	76.8%	32.9%	-18.5%	52	57	9.7%
Net Profit attr. to equityholders	580	811	668	608	9.9%	15.1%	-17.6%	2,420	2,794	15.4%

FABS estimate & Co Data

ADNOC Distribution - Margins

	4Q24	3Q25	4Q25	YOY Ch	QOQ Ch	2024	2025	Change
Gross Profit	18.2%	19.3%	19.6%	137	30	17.5%	19.3%	182
EBITDA	10.8%	12.5%	10.9%	11	-164	10.9%	11.9%	105
Operating Profit	8.4%	10.8%	8.8%	39	-202	8.7%	9.8%	111
Net Profit	6.6%	8.7%	7.1%	49	-164	6.8%	7.8%	96

FABS estimate & Co Data

Key Developments:

- **27th December 2024:** ADNOCDIST entered into a new five-year agreement with ADNOC Gas Facilities, effective until December 2028, for the purchase of propane, with the contract set to renew unless terminated by either party automatically. ADNOCDIST also entered into a separate five-year agreement with ADNOC Gas Operations & Marketing (O&M), effective until August 2029, under which ADNOC Gas O&M will manage propane handling operations.
- **23rd April 2025:** ADNOC Distribution entered into a strategic partnership with Noon, the Middle East's leading e-commerce and quick-delivery platform, to enhance convenience and delivery speed across the UAE through advanced AI-driven logistics and last-mile delivery solutions.
- **28th May 2025:** ADNOC Distribution and TotalEnergies launched locally manufactured ADNOC Voyager lubricants across Egypt to strengthen ADNOC's regional presence, support Egypt's industrial growth, and bring high-performance UAE-made lubricants to a rapidly expanding North African market.
- **11th September 2025:** ADNOC Distribution and Landmark Group linked their ADNOC Rewards and Shukran programs, creating the region's largest loyalty alliance that allows members to seamlessly convert and redeem points across both platforms for greater value and convenience.
- **8th October 2025:** ADNOC announced plans to distribute AED 158 Bn (USD 43 Bn) in dividends across its six listed companies by 2030, nearly double the total dividends paid since its first listing in 2017. Additionally, ADNOCDIST, ADNOC Gas, and ADNOC Logistics & Services (L&S) will now join ADNOC Drilling in paying quarterly dividends, enhancing payout frequency for investors.
- **21st November 2025:** ADNOC Distribution launched 'The Hub by ADNOC' roadside retail concept, with the first location opened in Shawamekh, Abu Dhabi, while targeting six locations by the end of 2025 and 30 locations by 2030. The concept integrates fuel, EV charging, and car care services, coupled with lifestyle retail offerings, and is expected to generate around USD 30 Mn annual EBITDA by 2030.
- **11th December 2025:** ADNOC Distribution, with First Abu Dhabi Bank (FAB) and Mastercard, launched the ADNOC Rewards Credit Card in December 2025, offering 15% value back on ADNOC purchases, while providing rewards on parking, tolls, domestic spending, and international transactions. Rewards are redeemable across fuel, EV charging, car care, and ADNOC Rewards partner brands, supporting customer engagement.

Valuation:

We use Discounted Free Cash Flow (DCF) and Relative Valuation (RV) to value ADNOC Distribution. We have assigned 70% weight to DCF and 30% to RV.

Valuation Method	Target	Weight	Weighted Value
DCF Method	4.65	70.0%	3.25
Relative Valuation (RV)	4.82	30.0%	1.45
Weighted Average Valuation (AED)			4.70
Current market price (AED)	4.06		
Upside/Downside (%)	+16%		

1) DCF Method:

ADNOCDIST is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 8.3%. It is arrived after using the cost of equity of 8.7% and the after-tax cost of debt of 4.7%. The cost of equity is calculated by using a 10-year government bond yield of 4.3%, a beta of 0.90, and equity risk premium of 4.2%. Government bond yield is calculated after adding Abu Dhabi 10-year spread over 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	15,205
Terminal value (AED, Mn)	47,572
Firm Value	62,777
Net debt as of Dec 2025	4,662
FV to Common shareholders (AED, Mn)	58,115
No. of share (Mn)	12,500
Current Market Price (AED)	4.06
Fair Value per share (AED)	4.65

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	3,508	3,701	3,896	4,148	4,283
Depreciation & Amortization	752	788	828	873	919
(-) Capex	-1,048	-984	-974	-930	-875
(-) Change in Working Capital	-52	112	126	245	-22
Free Cash Flow to Firm (FCFF)	3,160	3,617	3,875	4,337	4,305
Discounting Factor	0.93	0.86	0.79	0.73	0.68
Discounted FCFF	2,939	3,106	3,073	3,176	2,911

Source: FAB Securities

2) Relative Valuation:

We have used local as well as international peers to value ADNOCDIST, and it is valued using the EV/EBITDA multiple. We have applied a premium to peer valuation as the Company stands at a leading position in UAE's fuel and convenience retail segment. In addition, the ADNOC group guarantees minimum fuel margins, eliminating the risk of volatility in global oil prices. It is valued at a 2026 EV/EBITDA multiple of 14.0x compared to the peer multiple of 9.7x.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
UGI Corp	8,594	8.8	8.1	12.9	11.8
Petronas Dagangan	5,133	8.1	8.0	17.5	17.1
Murphy USA	8,146	10.5	10.0	16.9	15.2
Hindustan Petroleum Corporation Limited	10,622	5.5	5.8	6.1	6.8
Aldrees Petroleum	3,240	11.8	10.6	24.7	22.1
Qatar Fuel Company	4,231	13.9	13.2	14.1	13.7
Average		9.8x	9.3x	15.4x	14.4x
Median		9.7x	9.1x	15.5x	14.4x
Max		11.5x	10.4x	17.4x	16.6x
Min		8.3x	8.0x	13.2x	12.3x

Source: FAB Securities

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%

FAB Securities Contacts:

Research Analyst

Ahmad Banhani +971-2-6161629 ahmad.banhani@Bankfab.com

Sales & Execution

Abu Dhabi Head Office

Trading Desk	+971-2-6161700/1 +971-2-6161777	Online Trading Link
Institutional Desk	+971-4-4245765	

DISCLAIMER

This report has been prepared by FAB Securities (FABS), which is authorised by the UAE Securities and Commodities Authority, licensing registration number 604002, and is a member of the Abu Dhabi Securities Exchange and Dubai Financial Market. The information, opinions and materials contained in this report are provided for information purposes only and are not to be used, construed, or considered as an offer or the solicitation of an offer or recommendation to sell or to buy or to subscribe for any investment security or other financial instrument. The information, opinions and material in this report have been obtained and derived from publicly available information and other sources considered reliable without being independently verified for their accuracy or completeness. FABS gives no representation or warranty, express or implied, as to the accuracy and completeness of information and opinions expressed in this report. Opinions expressed are current as of the original publication date appearing on the report only and the information, including the opinions contained herein, are subject to change without notice. FABS is under no obligation to update this report. The investments referred to in this report might not be suitable for all recipients. Recipients should not base their investment decisions on this report and should make their own investigations, and obtain independent advice, as appropriate. Any loss or other consequences arising from the uses of material contained in this report shall be the sole and exclusive responsibility of the recipient and FABS accepts no liability for any such loss or consequence. The value of any investment could fall as well as rise and the investor may receive less than the original amount invested. Some investments mentioned in this report might not be liquid investments, which could be difficult to realise in cash. Some investments discussed in this report could be characterised by high level of volatility, which might result in loss. FABS owns the intellectual property rights and any other material contained in this report. No part of this report may be reproduced, utilised or modified in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or stored in any retrieval system without the prior consent of FABS in writing. While utmost care has been taken to ensure that the information provided is accurate and correct, neither FABS, nor its employees shall, in any way, be responsible for the contents. By accepting this document, the recipient agrees he/she has read the above disclaimer and to be bound by the foregoing limitations/restrictions.