

Petrol PLAZA

ADNOC Distribution backed to grow with \$1bn institutional placement

The placement of 1.25 billion shares represents 10% of ADNOC Distribution's total share capital.



© ADNOC Distribution

Abu Dhabi National Oil Company (ADNOC) has completed a placement to institutional investors of 1.25 billion shares worth \$1 billion for its distribution and retail unit to a group of institutional placements.

The placement represents 10% of ADNOC Distribution's total share capital. With this additional 10% placement, company's free float will increase to 20%, contributing to improved liquidity shares and more room for investment as the company looks to expand nationally and internationally.

ADNOC Distribution is a leading fuel distributor and convenience store operator in the United Arab Emirates. It operates 406 gas stations in the UAE and 2 sites in the Kingdom of Saudi Arabia.

"ADNOC Distribution has continued to deliver on its growth ambitions, introduced a range of new

customer-orientated services and enhanced its progressive dividend policy. It has delivered solid business results and demonstrated to customers and investors its resilience and steadfast focus on safe, smart growth. We saw significant investor demand in ADNOC Distribution shares and quickly and efficiently responded through an institutional placement,”

The operation has delivered the largest block placement of a publicly listed Gulf Cooperation Council (GCC) company to date.

Adnoc will retain 80% ownership of the distribution unit’s registered share capital following the placement.

After getting passed the 400-site mark in its home UAE market, ADNOC Distribution has eyed Saudi Arabia as a key market for growth. “We see the Saudi Arabian fuel market as large and fragmented with underdeveloped customer offerings,” said ADNOC Distribution in its Management Discussion and Analysis Report for its Q2 results earlier this year.

While the UAE is a country of almost 10 million with three established, modern players such as ADNOC Distribution, ENOC and Emarat, Saudi Arabia is much larger country with 33 million and an unconsolidated market that present growth opportunities.

Following the ease of lockdown and movement restrictions in the UAE, the company has experienced a recovery of fuel volumes. In July 2020, ADNOC Distribution’s retail fuel volumes recovered to 90% of volumes for the same period last year.