

SABIC Second Quarter 2021 Earnings

Second Quarter 2021 Highlights:

- Revenue of SAR 42.42 billion [\$ 11.31 billion], a 13% increase quarter-over-quarter and a 72% increase year-over-year.
- EBITDA of SAR 13.63 billion [\$ 3.63 billion], a 31% increase quarter-over-quarter and a 289% increase year-over-year.
- Income from operations of SAR 10.06 billion [\$ 2.68 billion] was 45% higher than the income from operations of SAR 6.92 billion [\$ 1.85 billion] in the previous quarter compared with the loss from operations of SAR 1.26 billion [\$ 0.34 billion] in the second quarter of 2020.
- Net income of SAR 7.64 billion [\$ 2.04 billion] was 57% higher than the net income of SAR 4.86 billion [\$ 1.30 billion] in the previous quarter and the net loss of SAR 2.22 billion [\$ 0.59 billion] in the second quarter of 2020. There were no material non-recurring charges in the second quarter of 2021.
- \$ 230 million of annual value creation (SABIC's share) achieved since the closure of transaction with Saudi Aramco (acquisition of a 70% stake in SABIC on 16th June 2020).

Comparisons with the second quarter of 2021 are available in the following table:

Table 1 – Summary Financial Results

Item	Three Months Ended			Six Months Ended		
	June 30, 2021	Mar. 31, 2021	Change %	June 30, 2021	June 30, 2020	Change %
Revenue	42.42	37.53	13%	79.95	54.81	46%
EBITDA ¹	13.63	10.39	31%	24.01	7.85	206%
Income (loss) from operations	10.06	6.92	45%	16.98	(1.32)	NM ³
Net Income (loss) ²	7.64	4.86	57%	12.51	(3.27)	NM ³
Earnings (Loss) Per Share ²	2.55	1.62	57%	4.17	(1.09)	NM ³
Free Cash flow	5.16	4.74	9%	9.90	2.62	277%

All amounts in SAR billion unless otherwise stated, USD/SAR conversion used is 3.75. Certain figures and percentages included in this document have been subject to rounding adjustments.

¹Income from operations plus depreciation, amortization and impairment.

²Attributable to equity holders of the parent.

³Not meaningful

Saudi Basic Industries Corporation (“SABIC”) (2010-SA) today announced its financial results for the second quarter of 2021. The company’s revenue reached SAR 42.42 billion [\$ 11.31 billion] in the second quarter of 2021, an increase of 13% compared with the first quarter of 2021.

The second quarter of 2021 saw average sales prices increase by 10% compared with the first quarter of 2021. Sales volumes increased by 3% in the second quarter of 2021 compared with the first quarter of 2021. For the first half of 2021, average sales prices increased by 48% and sales volumes decreased by 2% compared with the first half of 2020.

SABIC reported strong financial performance in the second quarter of 2021 compared with the previous quarter due to a continued increase in margin driven by higher product prices and sales volumes, supported by a healthy demand and tight supply conditions for most key products.

Brent crude oil prices increased by approximately 13% in the second quarter of 2021 compared with the first quarter of 2021. Both North Eastern and European naphtha prices increased by more than 9% in the second quarter of 2021, quarter-over-quarter, broadly in line with the increase in oil prices. Meanwhile, North Eastern Asian propane and butane prices slightly decreased in the second quarter of 2021 compared with the previous quarter. The cost of sales of SAR 28.63 billion [\$ 7.63 billion] in the second quarter of 2021 was 8% higher than the first quarter of 2021 due mainly to an increase in naphtha prices and higher sales volumes.

SABIC's EBITDA amounted to SAR 13.63 billion [\$ 3.63 billion] in the second quarter of 2021, representing an increase of 31%, quarter-over-quarter. This was due primarily to higher average sales prices and sales volumes, which were offset partially by increasing feedstock prices and higher selling & distribution expenses due to a rise in freight costs during the second quarter of 2021 compared with the previous quarter. This resulted in an EBITDA margin of 32% in the second quarter of 2021, which was higher than the 28% obtained during the first quarter of 2021.

Net income in the second quarter of 2021 was SAR 7.64 billion [\$ 2.04 billion], or SAR 2.55 per share [\$ 0.68 per share] which was higher than the net income of SAR 4.86 billion [\$ 1.30 billion], or SAR 1.62 per share [\$ 0.43 per share] achieved during the first quarter of 2021.

Yousef Abdullah Al-Benyam, Vice Chairman and Chief Executive Officer of SABIC, said: "SABIC's financial performance in the second quarter was strong – continuing the margin improvement seen during the first quarter of 2021. This was driven by higher sales volumes and prices, supported by a rise in oil prices and a healthy supply and demand balance for most of our key products as the global economy continued its path to recovery."

Mr. Al-Benyam continued, "Distributing dividends to our shareholders is a priority for SABIC. In June 2021, SABIC's board recommended a cash dividend distribution of SAR 1.75 per share for the first half of 2021, approximately 17% higher than the cash dividend distribution of SAR 1.50 per share for the second half of 2020."

Overview of value realization with Saudi Aramco

SABIC remain focused on generating maximum value from synergies with Saudi Aramco. Between the deal close (June 2020) and the end of Q2 2021, SABIC has achieved a synergy value of \$ 230 million.

Procurement was a major contributor in the value creation recorded in the second quarter of 2021. This was achieved by leveraging SABIC and Saudi Aramco purchasing power and applying warehouse and logistics optimization methods.

In addition, we announced the transfer of marketing and sales rights to SABIC for a number of products produced at FREP (Fujian Refining and Petrochemical Company Ltd.); SADARA (Sadara Chemical Company); and, S-Oil Corporation (S-Oil Corporation, South Korea) starting from July 1st. We also announced the transfer of marketing and sales rights to SABIC from PRefChem (Pengerang Petrochemical Company Sdn. Bhd.). These changes will also benefit customers by providing an enhanced product range and availability, robust supply chain and after sales services and solutions.

Looking into Q3 2021 and beyond, we remain confident about our path forward and we are making good progress towards achieving our value creation objectives with Saudi Aramco.

Sustainability and Innovation

Innovating through sustainability has always been central to SABIC's business. The company's commitment to accelerating a circular ecosystem has resulted in SABIC being recognized by consulting firm Frost & Sullivan as the Global Company of the Year 2021 for efforts in sustainability and the circular economy of used plastics recycling and resource recovery. This award highlighted some of SABIC's recent achievements in the quest to prevent valuable used plastic from becoming waste, such as the recently announced value chain collaboration with Procter & Gamble and the Fraunhofer Institute to demonstrate the feasibility of closed-loop recycling for single-use facemasks, or the launch of a new material made from recycled ocean bound plastic for new consumer goods and electronics applications.

Building from our strong commitment on climate over the years, we are now celebrating the five year anniversary of the CO2 capture, storage and purification plant in Jubail. To further advance in our robust climate strategy, several teams across multiple parts of the organization are currently setting the stage to build climate roadmaps by region leveraging Circular Carbon Economy Framework that was endorsed by G-20 last November.

Outlook

2021 is on course to be a stronger year compared with 2020. In the second half of 2021, we expect demand continue to be strong with the global GDP growth rate increasing between 5.5% and 6.0% in 2021 (previously 5.0% - 5.5%).

In the second half of 2021, we expect margins to moderate but to remain healthy as, oil prices and feedstock costs remain elevated. While, existing supply constraints ease and new supply capacity comes on line.

SABIC Business Results Discussion by Reporting Segment:

SABIC operates through three strategic business units (SBUs) and Hadeed, a wholly owned manufacturing business. The reporting segments are as follows: 1) Petrochemicals & Specialties, 2) Agri-Nutrients, and 3) Hadeed.

1. Petrochemicals & Specialties

Table 2 – Petrochemicals & Specialties Financial Overview

Item	Three Months Ended			Six Months Ended		
	June 30, 2021	Mar. 31, 2021	Change %	June 30, 2021	June 30, 2020	Change %
Revenue	36.43	32.71	11%	69.14	46.88	47%
EBITDA ¹	12.18	9.19	33%	21.38	6.75	217%
Income (loss) from operations	9.10	6.21	47%	15.31	(1.41)	NM ³

All amounts in SAR billion unless otherwise stated, USD/SAR conversion used is 3.75. Certain figures and percentages included in this document have been subject to rounding adjustments.

¹Income from operations plus depreciation, amortization and impairment.

³Not meaningful

Revenue of SAR 36.43 billion [\$ 9.71 billion] was up in the second quarter, representing a quarter-over-quarter increase of 11%, primarily driven by higher average sales prices. Average sales prices increased by 12% and sales volumes decreased by 1% in the second quarter of 2021 compared with the previous quarter. For the first half of 2021, average sales prices increased by 47% and sales volumes were flat compared with the first half 2020. EBITDA of SAR 12.18 billion [\$ 3.25 billion] in the second quarter of 2021 was 33% higher than SAR 9.19 billion [\$ 2.45 billion] in the first quarter of 2021.

The Petrochemicals SBU consists of three business units: Chemicals, Polyethylene and Performance Polymers & Industrial Solutions.

In **Chemicals**, mono ethylene glycol (MEG) prices decreased in the second quarter of 2021 compared with the previous quarter with plants in the US returning to full operations following winter storms and the start-up of new plants in China. Methanol prices were flat in the second quarter of 2021 compared with the previous quarter in most of the regions supported by rise in coal prices in China. Methanol demand was steady from downstream e.g. formaldehyde but demand from methanol-to-olefins (MTO) plants declined in the second quarter of 2021. MTBE prices and demand improved in the second quarter of 2021 as lock downs began to ease.

For **Polyethylene**, prices increased in most regions outside China in the second quarter compared with the first quarter of 2021. The prices in Europe and the US increased in the second quarter as demand was healthy and supply was impacted by the turnaround season and outages. Supply increased in Asia with the start-up of new capacities, which impacted prices in the second quarter compared with the first quarter of 2021.

In **Performance Polymers & Industrial Solutions**, polypropylene prices increased in most regions outside Asia with healthy demand and tight supply in the second quarter compared with the first

quarter of 2021. There was a moderation in Asian demand due to affordability issues down the chain. Polycarbonate prices increased in the second quarter of 2021 compared with the previous quarter, due to high BPA prices in Asia and supply limitations in Europe and Americas due to outages.

2. Agri-Nutrients

Table 3 – Agri-Nutrients Financial Overview

Item	Three Months Ended			Six Months Ended		
	June 30, 2021	Mar. 30, 2021	Change %	June 30, 2021	June 30, 2020	Change %
Revenue	2.48	1.84	35%	4.32	3.34	29%
EBITDA ¹	1.11	0.58	93%	1.68	1.27	33%
Income (loss) from operations	0.89	0.38	136%	1.27	0.85	50%

All amounts in SAR billion unless otherwise stated, USD/SAR conversion used is 3.75. Certain figures and percentages included in this document have been subject to rounding adjustments.

¹Income from operations plus depreciation, amortization and impairment.

Revenue of SAR 2.48 billion [\$ 0.66 billion] was up 35%, driven by an increase in average selling prices and sales volumes in the second quarter of 2021 compared with the previous quarter. Average sales prices increased by 15% and sales volumes increased by 20% in the second quarter of 2021, compared with the previous quarter. For the first half of 2021, average sales prices increased by 46% and sales volumes decreased by 17% compared with the first half of 2020. EBITDA in the second quarter of 2021 was SAR 1.11 billion [\$ 0.30 billion], an increase of 93% from the first quarter of 2021.

Urea prices were strong in the second quarter, supported by a healthy demand and farm economics. Urea demand was strong in South East Asia, Australia, Latin America and India. In addition, demand from the US and Chinese was supported by sustained agriculture and industrial activity. Global urea supply improved in the second quarter compared with the previous quarter though it was lower due to outages in some parts of the world. Chinese urea export availability decreased in the second quarter.

3. Hadeed

Table 4 – Hadeed Financial Overview

Item	Three Months Ended			Six Months Ended		
	June 30, 2021	Mar. 31, 2021	Change %	June 30, 2021	June 30, 2020	Change %
Revenue	3.51	2.98	18%	6.49	4.60	41%
EBITDA ¹	0.34	0.62	-46%	0.96	(0.17)	NM ³
Income (loss) from operations	0.06	0.33	-81%	0.40	(0.76)	NM ³

All amounts in SAR billion unless otherwise stated, USD/SAR conversion used is 3.75. Certain figures and percentages included in this document have been subject to rounding adjustments.

¹Income from operations plus depreciation, amortization and impairment.

³Not meaningful

Revenue of SAR 3.51 billion [\$ 0.94 billion] was up by 18% quarter-over-quarter in the second quarter of 2021, driven by a higher average sales prices and sales volumes. Average sales prices increased by 4%

and sales volumes increased by 14% in the second quarter of 2021 compared with the previous quarter. For the first half of 2021, average sales prices increased by 36% and sales volumes increased by 5% compared with the first half 2020. EBITDA of SAR 336 million [\$ 90 million] in the second quarter of 2021 was lower than SAR 620 million [\$ 165 million] in the first quarter of 2021 due mainly to an increase in raw material cost.

For further information, please contact SABIC Investor Relations at IR@SABIC.com and / or visit <https://www.sabic.com/en/investors>

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