



SABIC EARNINGS

THIRD QUARTER 2023

November 02, 2023

CHEMISTRY THAT MATTERS™

1.0

THIRD QUARTER 2023
HIGHLIGHTS



Revenue of SAR 35.98 billion [\$ 9.59 billion], a 6% increase quarter-over-quarter and a 17% decrease year-over-year.



EBITDA¹ of SAR 5.61 billion [\$ 1.50 billion], an 11% increase quarter-over-quarter and a 15% decrease year-over-year.



Income from Operations (EBIT²) of SAR 1.68 billion [\$ 0.45 billion], 2% higher than prior quarter's EBIT of SAR 1.64 billion [\$ 0.44 billion], 50% lower compared to SAR 3.38 billion [\$ 0.90 billion] in the third quarter of 2022.



Net income from Continuing Operations⁴ of SAR 0.54 billion [\$ 0.14 billion], a decrease of 63% versus net income of SAR 1.45 billion [\$ 0.39 billion] in prior quarter and a 67% decrease compared to the net income of SAR 1.64 billion [\$ 0.44 billion] in the third quarter of 2022.



Non-recurring charges were SAR -3.69 billion [\$ -0.98 billion] during the third quarter of 2023, mostly attributable to the effect from fair value re-measurement of the 'Saudi Iron and Steel Company' ("Hadeed") of SAR 2.93 billion [\$ 0.78 billion].



Net Loss⁴ of SAR -2.88 billion [\$ -0.77 billion], versus Net Income of SAR 1.18 billion [\$ 0.31 billion] in prior quarter and SAR 1.84 billion [\$ 0.49 billion] in the third quarter of 2022.

Net cash³ position of SAR 10.93 billion [\$ 2.91 billion] by September 30, 2023, a 37% increase from SAR 7.97 billion [\$ 2.12 billion] as per June 30, 2023.

SABIC's value capture associated with Saudi Aramco through September 2023 (since the date of acquisition of 70% of SABIC shares by Saudi Aramco on June 16th, 2020) amounts to SAR 6.19 billion [\$ 1.65 billion] including synergies of SAR 0.54 billion [\$ 0.14 billion] realized in the third quarter 2023.

Table 1 – Summary Financial Results

Item	Three Months Ended			Nine Months Ended		
	Sep 30,2023	Jun 30, 2023	Change %	Sep 30,2023	Sep 30,2022	Change %
Revenue	35.98	34.10	6%	106.51	143.54	-26%
Income from operations (EBIT ²)	1.68	1.64	2%	5.08	22.40	-77%
EBITDA ¹	5.61	5.06	11%	15.67	31.97	-51%
Net (Loss) Income ⁴	-2.88	1.18	NA	-1.04	16.24	NA
Net income from Continuing Operations ⁴	0.54	1.45	-63%	2.78	15.44	-82%
Earnings Per Share ⁴	-0.96	0.39	NA	-0.35	5.41	NA
Earnings Per Share from Continuing Operations ⁴	0.18	0.48	-63%	0.93	5.15	-82%
Free cash flow ⁴	5.24	0.41	NA	9.39	17.85	-47%

1. Income from operations (EBIT) plus depreciation, amortization and impairment
2. Earnings before Interest and Tax (EBIT)
3. Cash and cash equivalents plus short-term investments minus borrowings and lease liabilities
4. Attributable to equity holders of the parent

All amounts in SAR billion unless otherwise stated, USD/SAR conversion used is 3.75. Absolute figures and percentages included in this document have been subject to rounding adjustments. Certain prior quarter and prior year figures have been subject to reclassifications. Please refer to the third quarter 2023 Financial Statements.

2.0

THIRD QUARTER 2023
PERFORMANCE

Saudi Basic Industries Corporation (“SABIC”) (2010-SA) today announced its financial results for the third quarter of 2023.

The company’s revenue reached SAR 35.98 billion [\$ 9.59 billion] in the third quarter of 2023, an increase of 6% compared to the second quarter of 2023.

Global Petrochemical market continues to witness a weak global demand and an increase in supply for most of the Petrochemical products, which caused a decline in the average selling price by 5% quarter-over-quarter while prices for Agri-Nutrients products increased by 11%.

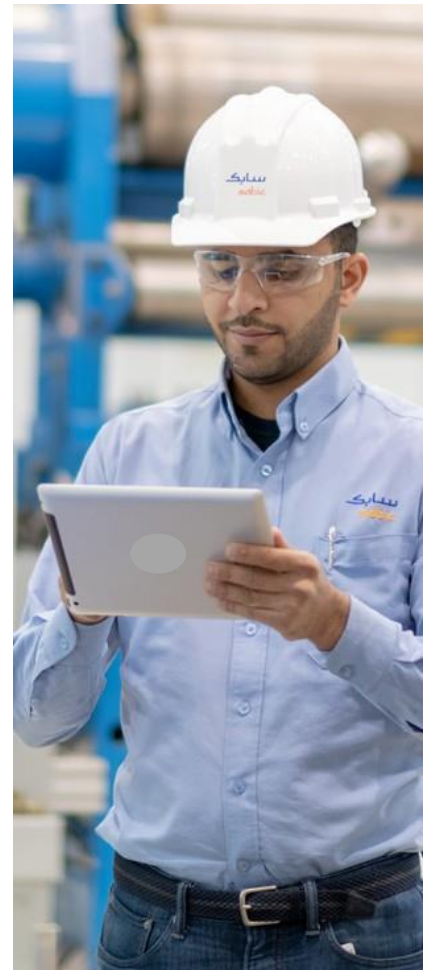
Despite economic challenges, SABIC successfully increased its sales volumes by 7% compared to the previous quarter. In addition, The Company continued its outstanding performance in reducing the cost of sales, as this was achieved by controlling fixed manufacturing costs in addition to lower feedstock cost. Sales and distribution costs also decreased due to lower shipping cost and improve the efficiency of supply chains. As a result, EBITDA margin improved to 16% in Q3 of 2023 compared to 15% in the previous quarter.

Net income from continuing operations in the third quarter of 2023 was at SAR 0.54 billion [\$ 0.14 billion], or SAR 0.18 per share [\$ 0.05 per share], compared to SAR 1.45 billion [\$ 0.39 billion], or SAR 0.48 per share [\$ 0.13 per share] achieved during the second quarter of 2023.

Earnings from continuing operations in the third quarter were mainly impacted by non-recurring items; impairment charges in certain capital assets as part of the restructuring program in Europe. The objective of this restructuring is to rationalize assets footprint in Europe as part of ongoing portfolio optimization. In addition, balance sheet provisions covering risks arising from potential obligations, lower contribution from JVs & Associates were the main drivers of lower net income from Continuing Operations compared with previous quarter. The net loss of SAR -2.88 billion [\$ -0.77 billion], or SAR -0.96 per share [\$ -0.26 per share] in the third quarter of 2023 was mainly attributable to the fair valuation of the ‘Saudi Iron and Steel Company’ (“Hadeed”) amounted to SAR 2.93 billion [\$ 0.78 billion] as a result of the Public Investment Fund’s acquisition of SABIC’s entire stake.

On 3rd of September 2023, an agreement between SABIC and the ‘Public Investment Fund’ (“PIF”) to acquire all SABIC shares in the ‘Saudi Iron and Steel Company’ (“Hadeed”) was signed. This transaction will enable SABIC to optimize its strategic portfolio and focus on its core business, in order to maintain its leadership competitiveness and prepare the company for a new era of growth.

A free cash flow of SAR 5.24 billion [\$ 1.40 billion] was generated in the third quarter, versus prior quarter’s free cash flow of SAR 0.41 billion [\$ 0.11 billion] due to improved EBITDA, optimized working capital and focused Capex discipline.



3.0

CEO QUOTE



Abdulrahman Al-Fageeh
Chief Executive Officer

Abdulrahman Al-Fageeh, Chief Executive Officer, said: "Despite the global weak demand for chemicals, SABIC managed to increase sales volume by 7% with improvement in EBITDA margin for this quarter."

In this remarks on the Hadeed transaction, Eng. Al-Fageeh stressed that the transaction is a strategic leap that enables change, development, and growth in various areas and will foster new knowledge and experience that will contribute to shaping a brighter future for Hadeed. Hadeed was one of SABIC's first manufacturing companies and is a fundamental pillar to sustainable development in the Kingdom of Saudi Arabia. This transaction will help SABIC to realize its strategic goals to become the preferred world leader in chemicals.

Eng. Al-Fageeh also added, "We are excited to announce the installation of the last transformers for demonstration plant of the world's first electrically heated steam cracker furnaces. This groundbreaking technology has the potential to reduce carbon footprints from one of the most energy-intensive production processes in the chemical industry by 90% compared to conventional technologies, and revolutionize the way we produce essential petrochemicals. We are proud to be part of this pioneering collaboration".

4.0

OUTLOOK

Looking ahead, we continue to focus on maximizing our synergies with Saudi Aramco, executing operational excellence programs, executing our carbon neutrality road map, transforming our businesses to maximize returns and also progressing on growth despite challenging market. We remain discipline in managing our CAPEX and we estimate 3.5 to 3.8 Billion USD spend for 2023.



5.0

SUSTAINABILITY
AND INNOVATION

SABIC is committed to driving greater sustainability in the global chemicals industry. This commitment has been recognized by Forbes, ranking SABIC first on the manufacturing list of Middle East's Sustainable 100 List. The company continues to work collaboratively with key players in the industry. A number of key developments have taken place this quarter, which support this goal.

Including the recent updates of the joint project between SABIC, BASF, and Linde to build the world's first electrically heated steam cracker furnaces, which hit an important milestone recently with the installation of the last transformers for the demonstration plant.

This technology can potentially reduce CO2 emissions by at least 90% compared to conventional technologies. The completion of the project is scheduled for the end of the year, followed by a stepwise commissioning. In addition, SABIC introduced the new offering of bio-based versions of all NORYL™ resin grades to further advance the bioeconomy of plastics. The bio-based versions are certified under Sustainability & Carbon Certification Plus (ISCC+), this Specialty material with bio-circular feedstock can serve as a drop-in replacement for traditional grades – with equivalent performance and processability. The broad range of physical properties of NORYL™ resins supports the needs of emerging markets, such as EV, Solar, Wind, EV batteries – and essential industries like Water Management, Building and

Construction, and Automotive. The availability of bio-based versions broadens the choice of environmentally responsible materials, helping customers meet increasingly rigorous sustainability goals. Also, SABIC's innovation efforts are demonstrated in the high- end strategic collaboration with Formula E, as the innovative partner to develop GENBETA, a revolutionary electric race car. The design development of innovative parts of the GENBETA car draws on an still-expanding portfolio of thermoplastics developed under dedicated solution platforms for electrification (BLUEHERO™), and the circular economy (TRUCIRCLE), reinforcing the company's ambition to accelerate the world's shift to electrification and carbon neutrality. In terms of Award and Recognitions,

SABIC was once again named winner of the 2023 R&D 100 Award, a global science and innovation competition, for its innovative solutions. Awarding the company in the Mechanical/Materials category, the new grade of resin with a novel plastic-based design was distinguished for its high performance compared to other polymers and metal alternatives. Also, in recognition of the effectiveness of SABIC's governance procedures. The General Authority for Competition (GAC) awarded SABIC compliance program's certificate of completion. GAC is an independent body that aims to enhance transparency, ensure fair competition, and combat monopolistic practices in the Kingdom.



6.0

SABIC BUSINESS RESULTS BY REPORTING SEGMENT

6.1 PETROCHEMICALS



Table 2 – Petrochemicals Financial Overview

Item	Three Months Ended			Nine Months Ended		
	Sep 30, 2023	Jun 30, 2023	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Revenue	33.51	31.60	6%	99.12	129.54	-23%
Income from operations (EBIT ¹)	0.71	0.98	-28%	2.53	14.18	-82%
EBITDA ²	4.42	4.19	5%	12.48	23.11	-46%

All amounts in SAR billion unless otherwise stated, USD/SAR conversion used is 3.75. Absolute figures and percentages included in this document have been subject to rounding adjustments. Certain prior quarter and prior year figures have been subject to reclassifications. Please refer to the third quarter 2023 Financial Statements.

1. Income from operations (EBIT) plus depreciation, amortization and impairment
2. Earnings before Interest and Tax

The Petrochemicals SBU consists of three businesses: Chemicals, Polymers and Specialties.

In the third quarter, revenue of the Petrochemicals segment was at SAR 33.51 billion [\$ 8.93 billion], representing a quarter-over-quarter increase of 6%, largely driven by higher sales volume versus prior quarter.

EBITDA of SAR 4.42 billion [\$ 1.18 billion] in the third quarter of 2023 increased by 5% against SAR 4.19 billion [\$ 1.12 billion] generated in the second quarter of 2023 driven by higher sales volume.

Chemicals: prices increased quarter-over-quarter, mainly due to the increase in Methyl tertiary-butyl ether (MTBE) global prices, which increased by 17% as the demand improved driving by traveling season.

Mono ethylene glycol (MEG) prices was subdued globally, meanwhile in China the prices decreased by 3% driven by higher production and imports which offset the improvement in Polyester segment demand. Methanol prices decreased by 8% globally, although China prices showed different sentiments as it increased by 2% supported by the improvement in non-MTO demand.

Polymers: Polyethylene (PE) and Polypropylene (PP) global prices were lower by 6% to 8%, respectively driven by lower demand with new extra supply from Asia and North America. The major drop was from Europe driven by weak economics outlook with high inflation,

in addition to increase in imports. Polycarbonate (PC) global prices were lower by 6% driven mainly by high supply in the US with weak demand from building and construction, electrical and electronic, and automobile sectors.

6.2 AGRI-NUTRIENTS



Table 3 – Agri-Nutrients Financial Overview

Item	Three Months Ended			Nine Months Ended		
	Sep 30,2023	Jun 30, 2023	Change %	Sep 30,2023	Sep 30,2022	Change %
Revenue	2.47	2.49	-1%	7.39	14.00	-47%
Income from operations (EBIT ¹)	0.97	0.66	47%	2.55	8.22	-69%
EBITDA ²	1.20	0.87	37%	3.19	8.86	-64%

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1. Income from operations (EBIT) plus depreciation, amortization and impairment
2. Earnings before Interest and Tax

Revenue of SAR 2.47 billion [\$ 0.66 billion] was lower than previous quarter by 1%, driven by lower sales volumes by 12%. Average sales prices increased by 11% in the third quarter of 2023 compared with prior quarter.

Urea prices increased by 13% driven by restocking demand from India & US and supply tightness in Africa, in addition to China exports limitation.

EBITDA in the third quarter of 2023 was at SAR 1.20 billion [\$ 0.32 billion], representing an increase of 37% compared with the second quarter of 2023.

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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