

شركة أرامكو السعودية لزيوت الأساس - لوبريف
Saudi Aramco Base Oil Company - Luberef



Annual Results

2023

Safety | Integrity | Accountability | Excellence | Citizenship



CEO Statement

Resilient & Agile Performance

Despite base oil market turbulence, Luberef delivered record high production and sales in 2023, showcasing remarkable resilience, agile operations and robust financial position. We demonstrated our commitment to shareholder returns and leveraged our impressive free cash flow to recommend a strong dividend payout of 5.0 Saudi Riyals for the 2nd half of 2023.

We are also very proud of our "Safety First" approach as it permeates every aspect of our business, fostering a strong safety culture. We achieved a perfect Total Recordable Incident Rate (TRIR) of 0.0 for the fourth consecutive year in a row in 2023.

We remain firmly committed to financial discipline, operational agility, and delivering consistent value for all stakeholders. As the market evolves, we are confident in our ability to capitalize on emerging opportunities and navigate any challenges, ensuring sustainable financial performance and long-term success.

Eng. Samer Al-Hokail

Luberef's President & CEO

2023 Achievements



Record
Production and Sales



Zero
Total Recordable Incident
Rate for 4 years



2nd Highest
Net Income
in Luberef History



All Time High
Free Cash Flow
in Luberef History



Distribute 10 SAR
Dividends/share



65%
Total Shareholder Return

Key Financial Highlights

Net Income

(SAR Million)



(24%)

1,510

(12M 2023)

1,978

(12M 2022)

Free Cash Flow

(SAR Million)



7%

2,108

(12M 2023)

1,969

(12M 2022)

Earnings Per Share

(SAR / Share)



(23%)

8.98

(12M 2023)

11.72

(12M 2022)

EBITDA

(SAR Million)



(24%)

1,912

(12M 2023)

2,511

(12M 2022)

ROACE

(%)



(9) PP

30%

(12M 2023)

39%

(12M 2022)

Gearing

(%)



(4) pp

(1%)

(12M 2023)

3%

(12M 2022)

Base Oil Crack Margin

(SAR/ Ton)



(17%)

2,068

(12M 2023)

2,484

(12M 2022)

Base Oil Sales Volume⁽¹⁾

(Thousand Metric Ton)



2%

1,251

(12M 2023)

1,229

(12M 2022)

Capex

(SAR Million)



345%

213

(12M 2023)

48

(12M 2022)

Capex Breakdown

(SAR Million)

| | Sustaining | Turnaround | Growth |
|----------|------------|------------|--------|
| 12M 2023 | 79 | 74 | 60 |
| 12M 2022 | 41 | 2 | 5 |

Notes:

(1) Excluding Base Oil Alliance and Imported volumes

Financial Performance

Saudi Aramco Base Oil Company - Luberef announced its 2023 annual financial results, reporting total revenue of approximately SAR 9.5 billion and net income of approximately SAR 1.5 billion. However, annual net income decreased by 24% compared to the same period in 2022 due to a decline in base oil and by-product crack margins.

The revenue for the fourth quarter this year is around SAR 2.5 Billion and the net income is approximately SAR 269 Million. The 65% decrease in net income compared to Last year is primarily caused by 37% lower base oil crack margins compared to the same quarter last year. Additionally, the net income of the fourth quarter of 2022 was higher due to the conversion from tax to zakat post-listing.

During 2023, the Company generated SAR 2,108 million in free cash flow, representing a 7% increase compared to the previous year. This increase is primarily attributed to improvements in working capital management.

*FCF/Share SAR 12.53



*The above illustration highlights total FCF/shares outstanding for the twelve months of 2023, and indicate the available cash for distribution following the announced dividend policy. This is not a declaration or distribution of dividends, nor a guarantee of any such distribution in the future, as any decision to do so will depend on the board's sole discretion and in accordance with the announced dividend policy and the applicable rules.



Q4 Financial Highlights

Net Income

(SAR Million)



269

(Q4 2023)

763

(Q4 2022)

(65%)

Free Cash Flow

(SAR Million)



371

(Q4 2023)

596

(Q4 2022)

(38%)

Earnings Per Share

(SAR / Share)



1.60

(Q4 2023)

4.52

(Q4 2022)

(65%)

EBITDA

(SAR Million)



354

(Q4 2023)

728

(Q4 2022)

(51%)

Base Oil Crack Margin

(SAR/ Ton)



1,810

(Q4 2023)

2,871

(Q4 2022)

(37%)

Base Oil Sales Volume⁽¹⁾

(Thousand Metric Ton)



333

(Q4 2023)

283

(Q4 2022)

18%

Capex

(SAR Million)



28

(Q4 2023)

12

(Q4 2022)

137%

Capex Breakdown

(SAR Million)

| | Sustaining | Turnaround | Growth |
|---------|------------|------------|--------|
| Q4 2023 | 24 | 3 | 1 |
| Q4 2022 | 5 | 2 | 5 |

Notes:

(1) Excluding Base Oil Alliance .and Imported volumes

Company Highlights



Luberef actively participated in the 18th ICIS Middle Eastern Base Oils and Lubricants Conference engaging in discussions with industry professionals on global and regional trends shaping the base oil and lubricants market.



Demonstrating its commitment to corporate social responsibility, Luberef partnered with Waqf Ma'an to sponsor the Wejha program, a valuable initiative dedicated to training and qualifying young women for the workforce.

Disclaimer Statement



The information provided in this press release and any written or verbal accompanying communication regarding or by Saudi Aramco Base Oil Company (“Luberef” or the “Company”) (collectively, the “Information”) is provided for information purposes only. The Information is qualified in its entirety by the information contained in the Company’s financial statements and annual board reports. Certain financial and statistical information in this press release has been subject to rounding off adjustments. Accordingly, the sum of certain data may not conform to the expressed total.

Neither the Company nor any of its directors, officer, employees, agents, affiliate or subsidiaries accept any responsibility or liability whatsoever (whether in contract, tort or otherwise) for, or guarantee or give any explicit or implicit warrantee, representation or undertaking as to the accuracy, fairness or completeness of any of the information and disclaims all liability and responsibility for any loss or damage (including in respect of direct, indirect or consequential loss or damage) caused by any action taken or non taken as a result or on the basis of the information or otherwise arising in connection therewith.

This press release may contain certain forward-looking statements with respect to Luberef’s financial position, results of operations and business and certain Luberef’s plans, intentions, expectations, assumptions, goals and beliefs regarding such items. These statements include all matters that are not historical fact and generally, but not always, may be identified by the use of words such as “believes”, “expects”, “are expected to”, “anticipates”, “intends”, “estimates”, “should”, “will”, “shall”, “may”, “is likely to”, “plans”, “outlook” or similar expressions, including variations and the negatives thereof or comparable terminology. Such forward-looking statements are based on numerous assumptions and cannot be ascertained, as they involve known and unknown risks, uncertainties and other factors within or beyond the Company’s control that could cause the Company’s actual results, performance or achievements to be materially different from the expected results, performance, or achievements expressed or implied by such forward-looking statements.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that Luberef’s actual financial position, results of operations and business and the development of the industries in which it operates may differ significantly from those made in or suggested by these forward-looking statements. In addition, even if Luberef’s financial position, results of operations and business and the development of the industries in which it operates are consistent with these forward-looking statements, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that could cause actual results to differ materially from Luberef’s expectations are include, among other things, the following: supply, demand and price fluctuations with respect to Feedstock and Base oils, and Luberef’s other by-products; global economic market conditions; natural disasters and public health pandemics or epidemics (such as COVID19), and weather conditions (including those associated with climate change); competition in the industries in which Luberef operates; climate change concerns and related impacts on the global demand for base oils and hydrocarbon-based products; conditions affecting the transportation of products; operational risk and hazards common in the oil and gas, refining and petrochemicals industries; the cyclical nature of the oil and gas, refining and petrochemicals industries; terrorism and armed conflict, political and social instability and unrest, and actual or potential armed conflicts in the MENA region and other areas; managing Luberef’s growth and risks related to its strategic growth objectives; risks in connection with projects under development and; asset dispositions or impairments; government mandated sales, recapitalizations, taxes and tax audits, tariffs, sanctions, changes in fiscal terms or; material reductions in corporate liquidity and access to debt markets; the receipt of required Board authorizations to pay future dividends; Luberef’s dependence on the reliability and security of its IT systems, Luberef’s exposure to interest rate risk and foreign exchange risk; risks related to operating in a regulated industry and changes to oil, gas, environmental or other regulations that impact the industries in which Luberef operates; risks related to litigation, including international trade litigation, disputes or agreements; and risks related to the Kingdom. For additional information on the potential risks and uncertainties that could cause actual results to differ from the results predicted please see our latest periodic reports filed with the Saudi Exchange. In light of these risks, uncertainties and assumptions, the forward-looking events described in this press release may not occur.

The Information, including but not limited to forward-looking statements, applies only as of the date it speaks and is not intended to give any assurances as to future results. We undertake no obligation to update, correct or revise the Information, including any financial data or forward-looking statements, as a result of new information, future events or otherwise, unless required by applicable law or regulation.

All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this press release. In addition, this press release includes certain “non-IFRS financial measures.” These measures are not recognized measures under IFRS and do not have standard meanings prescribed by IFRS. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of the Company’s results of operations from management’s perspective. Accordingly, they should not be considered in isolation or as a substitute for analysis of the Company’s financial information reported under IFRS. These measures are not audited, and might not be comparable to similarly titled measures presented by other companies.

Investor Relations

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