

SABIC AGRI-NUTRIENTS Third Quarter 2023 Earnings

Third Quarter 2023 Highlights:

- Revenue of SAR 2,672 million [\$ 713 million], a 2% increase quarter-over-quarter and 40% decrease compared to similar quarter of last year.
- EBITDA of SAR 1,246 million [\$ 332 million], a 38% increase quarter-over-quarter and 53% decrease compared to similar quarter of last year.
- Operating profit of SAR 1,009 million [\$ 269 million] which was 49% higher than the operating profit of the previous quarter, and 58% lower than the operating profit of the similar quarter of last year.
- Net income of SAR 1,049 million [\$ 280 million] is 61% higher than the net income of the previous quarter and 55% lower than the net income of the similar quarter of last year.

Comparisons with third quarter of 2023 are available in the following table:

Table 1 – Summary Financial Results

Item	Three Months Ended					Nine Months Ended		
	30. Sep, 2023	30. Jun 2023	Change %	30. Sep, 2022	Change %	30. Sep, 2023	30. Sep, 2022	Change %
Revenue	2,672	2,629	2%	4,417	-40%	8,061	14,774	-45%
EBITDA ¹	1,246	902	38%	2,636	-53%	3,313	8,797	-62%
EBITDA Margin	47%	34%	38%	60%	-22%	41%	60%	-32%
Operating profit	1,009	678	49%	2,423	-58%	2,643	8,156	-68%
Net Income ²	1,049	651	61%	2,331	-55%	2,681	7,868	-66%
Net Profit Margin	39%	25%	56%	53%	-26%	33%	53%	-38%
Earnings Per Share ²	2.20	1.37	61%	4.90	-55%	5.63	16.53	-66%
Return on Capital Employed ³	5%	3%	67%	12%	-58%	12%	42%	-71%
Purchase of PPE	(196)	(156)	26%	(87)	125%	(743)	(358)	108%
Purchase of Intangible Assets	-	-	-	(2,674)	-100%	-	(3)	-100%
Free Cash flow ⁴	752	542	39%	2,865	-74%	2,919	8,504	-66%

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

1. Income before zakat and tax plus depreciation, amortization, impairment, finance cost and less finance income and share of results from a non-integral associate and joint venture.
2. Attributable to equity holders of the parent company.
3. EBIT / Average Capital Employed (CE = Equity + Non-current liabilities)
4. Net cash from operating activities minus purchase of property, plant and equipment and intangible assets

Financial Performance:

SABIC Agri-Nutrients ("SABIC AN") announced its financial results for the third quarter of 2023. The Company's revenue amounted to SAR 2,672 million [\$ 713 million] in the third quarter of 2023.

The third quarter of 2023 saw average sales prices increase by 5% and the sales volume decrease by 3% compared with the last quarter. This resulted in a 2% increase in revenue. The average sales prices reduced by 43% and the sales volume increased by 6% in the third quarter of 2023 compared with the same quarter of 2022. This led to a 40% decrease in revenue.

EBITDA in the third quarter of 2023 increased by 38%, quarter-over-quarter due to higher average sales prices by 5% despite a decrease in sales volume. EBITDA amounted to SAR 1,246 million [\$ 332 million] in the third quarter of 2023, representing a decrease of 54% compared with the third quarter of 2022. This was primarily due to lower average product prices.

Net income for the quarter is SAR 1,049 million [\$ 280 million], or SAR 2.20 per share [\$ 0.59 per share], which is 55% lower than the net income of SAR 2,331 million [\$ 622 million], or SAR 4.90 per share [\$ 1.3 per share] achieved during the same quarter of 2022. Net income has also increased by 61% in comparison with previous quarter which was SAR 651 million [\$ 174 million], or SAR 1.37 per share [\$ 0.36 per share]

Net income for the period is SAR 2,681 million [\$ 715 million], or SAR 5.63 per share [\$ 1.50 per share], which was lower by 66% than the net income of SAR 7,868 million [\$ 2,091 million], or SAR 16.53 per share [\$ 4.4 per share] achieved during the same period of 2022.

Market Analysis:

- **Q3 2023 Recap**

The urea market entered Q3 2023 on firm footing given the overlap of scheduled maintenance in Russia, a backlog of commitments from SE Asian exporters, and the sudden news of Egyptian regulators mandating a 30% cut to urea production in order to divert natural gas towards power generation.

A rush of demand towards the Middle East resulted in July spot export prices climbing – but this dynamic proved short lived as global production curtailments were resolved and China emerged as a major exporter of urea allocating 1.2 MMT to India in the August (IPL) tender. Perceptions of ample supply optionality sidelined global buyers – contributing to a decline in Middle East export assessments.

Sentiment and realized pricing improved at the tail-end of Q3 following state-owned marketers of Chinese urea enforcing a stop-sale on new exports in an effort to ensure local stock and safeguard domestic pricing.

- **Q4 2023 Outlook**

Resilient global demand and higher-cost winter-time energy supply together with lower-than-anticipated Chinese export volumes lend support to the urea market in Q4 2023.

Healthy demand from major importers in the Americas, Africa, and Europe ahead of the new-crop planting season together with an estimated 1.5-2 MMT in Indian urea tenders support global trade through year end – this coincides with an uptick in production costs given the onset of winter-season energy pricing affecting both gas-based and coal-based producers.

The commitment of Chinese producers to suppressing local market prices and the standard emissions-related / feedstock-diversion curtailments across China provides opportunity for Arab Gulf and SE Asian exporters to effectively allocate a majority of production volumes within nearby eastern-markets. Western markets are set to be more contested with ample export supplies pushing Baltic and African marketers to compete on sales into the Americas at the expense of netbacks.

Environment, Social and Governance:

Sustainability initiatives have now become a key feature in the agricultural supply chain. As part of its commitment to environment, SABIC Agri-Nutrients has made further progress by developing new products and solutions, evaluating their environmental impact and offering them to its global customers. On one hand, low carbon urea product was supplied to Ravensdown, SABIC AN customer in New Zealand offering a competitive low carbon footprint urea for the local New Zealandan market.

This is the first ever global low carbon urea shipment which was produced by utilizing a certified low carbon ammonia. Ravensdown aims to utilize the supplied quantity to lower its carbon footprint and offer a unique lower carbon footprint fertilizer to its downstream customers.

Furthermore, SABIC AN has launched in USA along with ADM and BiOWiSH a 50,000 acre pilot campaign for carbon farming. The aim of the pilot campaign is to introduce new products, i.e. Bio-Enhanced Urea to farmers and evaluate the benefits of the lower greenhouse gas (GHG) emissions through the application of upgraded urea products without the need of any change in the farmer practice. Carbon program benefits is expected to motivate farmers to apply new products developed by SABIC AN Technology and Innovation team enabling them to experience a superior yield combined with carbon benefits. SABIC AN will utilize the results of this campaign to evaluate the potential of carbon farming solution as a combined offering with its sustainable products across the globe.

For more information, please contact the Investor Relations Department of (SABIC Agri-Nutrients) at the following email: (InvestorRelations@agri.sabic.com)

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