

SABIC AGRI-NUTRIENTS Full Year 2023 Earnings

Full year 2023 highlights:

- Revenue of SAR 11,033 million [\$ 2,942 million], a 42% decrease compared to revenue of SAR 18,981 million [\$ 5,062 million].
- EBITDA of SAR 4,579 million [\$ 1,221 million], a 59% decrease compared to EBITDA of SAR 11,193 million [\$ 2,985 million].
- Operating profit of SAR 3,664 million [\$ 977 million], a 65% decrease compared to operating profit of SAR 10,338 million [\$ 2,757 million].
- Net income of SAR 3,659 million [\$ 976 million], a 64% decrease compared to net income of SAR 10,037 million [\$ 2,677 million].

Fourth Quarter 2023 Highlights:

- Revenue of SAR 2,972 million [\$ 793 million], an 11% increase quarter-over-quarter and 29% decrease compared to similar quarter of last year.
- EBITDA of SAR 1,266 million [\$ 338 million], a 2% increase quarter-over-quarter and 47% decrease compared to similar quarter of last year.
- Operating profit of SAR 1,020 million [\$ 272 million] which was 1% higher than the operating profit of the previous quarter, and 53% lower than the operating profit of the similar quarter of last year.
- Net income of SAR 978 million [\$ 261 million] is 7% lower than the net income of the previous quarter and 55% lower than the net income of the similar quarter of last year.

Comparisons results, of year 2023 with the year of 2022 are available in the following table:

Table 1 – Summary Financial Results

Item	Three Months Ended					Twelve Months Ended		
	31. Dec, 2023	30. Sep, 2023	Change %	31. Dec, 2022	Change %	31. Dec, 2023	31. Dec, 2022	Change %
Revenue	2,972	2,672	11%	4,206	(29)%	11,033	18,981	(42)%
EBITDA ¹	1,266	1,246	2%	2,396	(47)%	4,579	11,193	(59)%
EBITDA Margin	43%	47%	(9)%	57%	(25)%	42%	59%	(29)%
Operating profit	1,020	1,009	1%	2,183	(53)%	3,664	10,338	(65)%
Net Income ²	978	1,049	(7)%	2,168	(55)%	3,659	10,037	(64)%
Net Profit Margin	33%	39%	(15)%	52 %	(37)%	33%	53%	(38)%
Earnings Per Share ²	2.06	2.20	(6)%	4.55	(55)%	7.69	21.08	(64)%
Return on Capital Employed ³	5%	5%	0%	11%	(55)%	17%	53%	(68)%

Purchase of PPE	145	196	(26)%	412	(65)%	889	770	15%
Purchase of Intangible Assets	-	-	0%	24	(100)%	2	27	(93)%
Free Cash flow ⁴	1,871	752	149%	2,305	(19)%	4,790	10,809	(56)%

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 full year of 2023. The Company's revenue reached SAR 11,033 million [\$ 2,942 million] in the full year of 2023. A decrease of 42% compared with full year of 2022 driven primarily by lower average selling price by 43%.

EBITDA of the full year of 2023 amounted to SAR 4,579 million [\$ 1,221 million] decreased by 59%, compared with full year of 2022, driven primarily by lower average selling price. This resulted in EBITDA margin of 42% for the full year of 2023, lower than the EBITDA margin of 59% in the previous year.

Net income for the year is SAR 3,659 million [\$ 976 million], or SAR 7.69 per share [\$ 2.05 per share], which was lower by 64% than the net income of SAR 10,037 million [\$ 2,677 million], or SAR 21.08 per share [\$ 5.62 per share] achieved during the year of 2022.

The Company's revenue amounted to SAR 2,972 million [\$ 793 million] in the fourth quarter of 2023. The fourth quarter of 2023 saw average sales prices increase by 10% and the sales volume increase by 1% compared with the last quarter. This resulted in a 11% increase in revenue. The average sales prices reduced by 33% and the sales volume increased by 5% in the fourth quarter of 2023 compared with the same quarter of 2022. This led to a 29% decrease in revenue.

EBITDA in the fourth quarter of 2023 increased by 2%, quarter-over-quarter due to higher average selling price and increase in sales volume. EBITDA amounted to SAR 1,266 million [\$ 338 million] in the fourth quarter of 2023, representing a decrease of 47% compared with the fourth quarter of 2022. This was primarily due to lower average product prices.

Net income for the quarter is SAR 978 million [\$ 261 million], or SAR 2.06 per share [\$ 0.55 per share], which is 55% lower than the net income of SAR 2,168 million [\$ 578 million], or SAR 4.55 per share [\$ 1.21 per share] achieved during the same quarter of 2022. Net income has also decreased by 7% in comparison with previous quarter which was SAR 1,049 million [\$ 280 million], or SAR 2.20 per share [\$ 0.59 per share].

Full Year 2023 Recap

Fertilizer trade proved challenging over the course of year 2023; redrawn trade routes, ratable output from import-replacement plants, easing energy costs, and anticipation of a reversal to Chinese export policy all served to bring markets down from the highs seen over the course of 2021/22.

The prolonged descending price trend rewarded importers who adopted a flexible procurement strategy, however it also caused occasional price surges due to regional supply disruptions, feedstock diversions, or logistics delays.

Producers were generally resigned in allowing overarching macro themes to dictate values downward – the global market saw willing sellers prioritize moving volume over holding pricing with only a few notable exceptions during times of opportunistic market support.

Q1 2024 Outlook

Fertilizer demand enters 2024 on a positive note – as importers need to replenish their stocks and overcome logistics challenges across major trade routes; shifting priority towards ensuring timely delivery over holding out for lower prices. The initial fear of the El Niño weather phenomenon affecting fertilizer demand has been replaced by a more realistic and optimistic view.

Supply-side constraints are set to remain in place – in particular restrictive government export policy together with gas curtailments across several nitrogen producing regions. Producers are likely to leverage this dynamic to secure orders for Q1 and Q2 2024. Buyers are willing to pay a higher price for the marginal ton rather than abandon the just-in-time procurement strategy that worked well for most of 2023.

Fertilizer is increasingly vulnerable to Suez / Panama Canal transit disruptions that ultimately raise shipping costs and directly cut into producer netbacks. The ability to pass on the extra transport costs to downstream customers will influence the regional trade flows in 2024. This especially affects seaborne ammonia, which depends on a limited number of specialized gas carriers delivering on fixed contracts, rather than the more flexible dry bulk movement. Any prolonged shortage of merchant ammonia could lead to phosphate and nitrate fertilizer deficits.

Environment, Social and Governance:

SABIC AN focuses on establishing a more diversified products portfolio, expanding the production footprint, and reducing the carbon footprint of products and services. It will continue to drive these ambitions through strong research and development capabilities and continued collaboration with global innovators and technology partners.

Built robust innovation pipeline that is instrumental in securing and sustaining the Company's leadership position in the Agri-Nutrients industry. From developing new products, or collaborating with industry partners, to addressing global challenges such as food security and climate change.

A key component in SABIC AN's sustainability journey is a clearly defined roadmap to achieve carbon neutrality by 2050. Since approval of the roadmap by the Board in 2022, the Company has continued to take concerted steps to achieve the interim goal of reducing Scope 1 and Scope 2 emissions by 20% in 2030 (measured against 2018 as the baseline year).

Working collaboratively with downstream customers and end-users remains a key priority as preliminary assessments identified that downstream emissions related to use of sold products would account for more than 80% of SABIC AN's Scope 3 emissions. Through continuous engagement across the downstream value chain, the Company continues to develop approaches to better understand and realize opportunities to reduce these emissions.

Projects with regard to Carbon Capture Utilization & Sequestration together with growth projects on low-carbon hydrogen and low-carbon ammonia would provide momentum to the Company's continued development of low-carbon fertilizers. Efforts have been made to continually improve the effective utilization of water, reducing carbon footprint in urea packaging with recycled materials.

The Company is also evaluating electrified steam methane reformers (e-SMR) and auto thermal reformer (ATR) technologies to decarbonize assets and reduce emissions – all of which would support SABIC AN's progressive development and marketing of low-carbon products.

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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