

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



H1 Results 2024

Safety | Integrity | Accountability | Excellence | Citizenship



CEO Statement

Operational Excellence Drives Resilience

I am delighted to report another quarter of exceptional operational performance. Our unwavering commitment to safety is underscored by our outstanding safety record of nearly 37 million man-hours without a single lost-time incident. This achievement is a testament to the dedication and professionalism of our entire team.

Despite challenging market conditions marked by elevated feedstock and freight costs, we have demonstrated resilience and adaptability. Our sales volumes have recovered strongly from the previous quarter's Hydrocracker unit catalyst replacement, returning to normal levels.

Our strategic HVGO project is progressing according to plan. The pipeline is currently undergoing pre-commissioning, with anticipated online operations by mid-August. This investment will enhance our production slate and drive profitability.

Finally, I am pleased to announce that the Board of Directors has approved dividend for the first half of this year, aligned with our commitment to delivering value to our shareholders.

Eng. Samer Abdulaziz Al-Hokail

Luberef's President & CEO

Key Financial Highlights

Net Income

(SAR Million)



(40%)

538

(H1 2024)

901

(H1 2023)

Free Cash Flow

(SAR Million)



(20%)

879

(H1 2024)

1,096

(H1 2023)

Earnings Per Share

(SAR / Share)



(40%)

3.20

(H1 2024)

5.35

(H1 2023)

EBITDA

(SAR Million)



(37%)

707

(H1 2024)

1,117

(H1 2023)

ROACE

(%)



(17) PP

25%

(H1 2024)

42%

(H1 2023)

Gearing

(%)



1 PP

(1%)

(H1 2024)

0%

(H1 2023)

Base Oil Crack Margin

(SAR/ Ton)



(27%)

1,721

(H1 2024)

2,364

(H1 2023)

Base Oil Sales Volume⁽¹⁾

(Thousand Metric Ton)



1%

607

(H1 2024)

600

(H1 2023)

Capex

(SAR Million)



0%

80

(H1 2024)

80

(H1 2023)

Capex Breakdown

(SAR Million)

	Sustaining	Turnaround	Growth
6M 2024	58	3	19
6M 2023	29	39	12

Notes:

(1) Excluding Base Oil Alliance and Imported volumes

Financial Performance

Saudi Aramco Base Oil Company - Luberef announced its H1 2024 financial results, reporting total revenue of approximately SAR 4.9 Billion and net income of approximately SAR 538 Million. Net income decreased by 40% compared to the same period in 2023 due to a decline in base oil and by-products crack margins.

Comparing to the second quarter of 2023, net income decreased by around 34%. The decrease is mainly due to a decrease in base oil and by-products crack margin.

Sequentially, both revenue and net income increased by 25% compared to Q1. The revenue increase was driven by higher prices and volumes for base oils and by-products. The net income increase was primarily driven by increased base oil sales volumes and improved crack margins.

During H1 2024, the Company generated free cash flow of SAR 879 million. Despite the lower crack margin, FCF benefited from changes in working capital.

***FCF/Share SAR5.22**



*The above illustration highlights total FCF/shares outstanding for the first half of 2024, 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.



Financial Highlights

Net Income

(SAR Million)



(34%)

299

(Q2 2024)

455

(Q2 2023)

Free Cash Flow

(SAR Million)



120%

768

(Q2 2024)

349

(Q2 2023)

Earnings Per Share

(SAR / Share)



(34%)

1.78

(Q2 2024)

2.70

(Q2 2023)

EBITDA

(SAR Million)



(32%)

383

(Q2 2024)

562

(Q2 2023)

Base Oil Crack Margin

(SAR/ Ton)



(18%)

1,803

(Q2 2024)

2,188

(Q2 2023)

Base Oil Sales Volume⁽¹⁾

(Thousand Metric Ton)



2%

336

(Q2 2024)

329

(Q2 2023)

Capex

(SAR Million)



(14%)

46

(Q2 2024)

53

(Q2 2023)

Capex Breakdown

(SAR Million)

	Sustaining	Turnaround	Growth
Q2 2024	28	2	16
Q2 2023	23	27	3

Notes:

(1) Excluding Base Oil Alliance and Imported volumes

Company Highlights



Luberef has been selected as one of the winners of the Saudi Aramco 2024 President's Affiliate Excellence award for; The best performance in the Safety and the best performance in Maintenance & Reliability.

Luberef has signed an agreement with KAUST spin off company ESCC to explore the application of the groundbreaking technology uODS (Ultrasonic Oxidization Desulphurization Unit) in the base oils manufacturing process.

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.

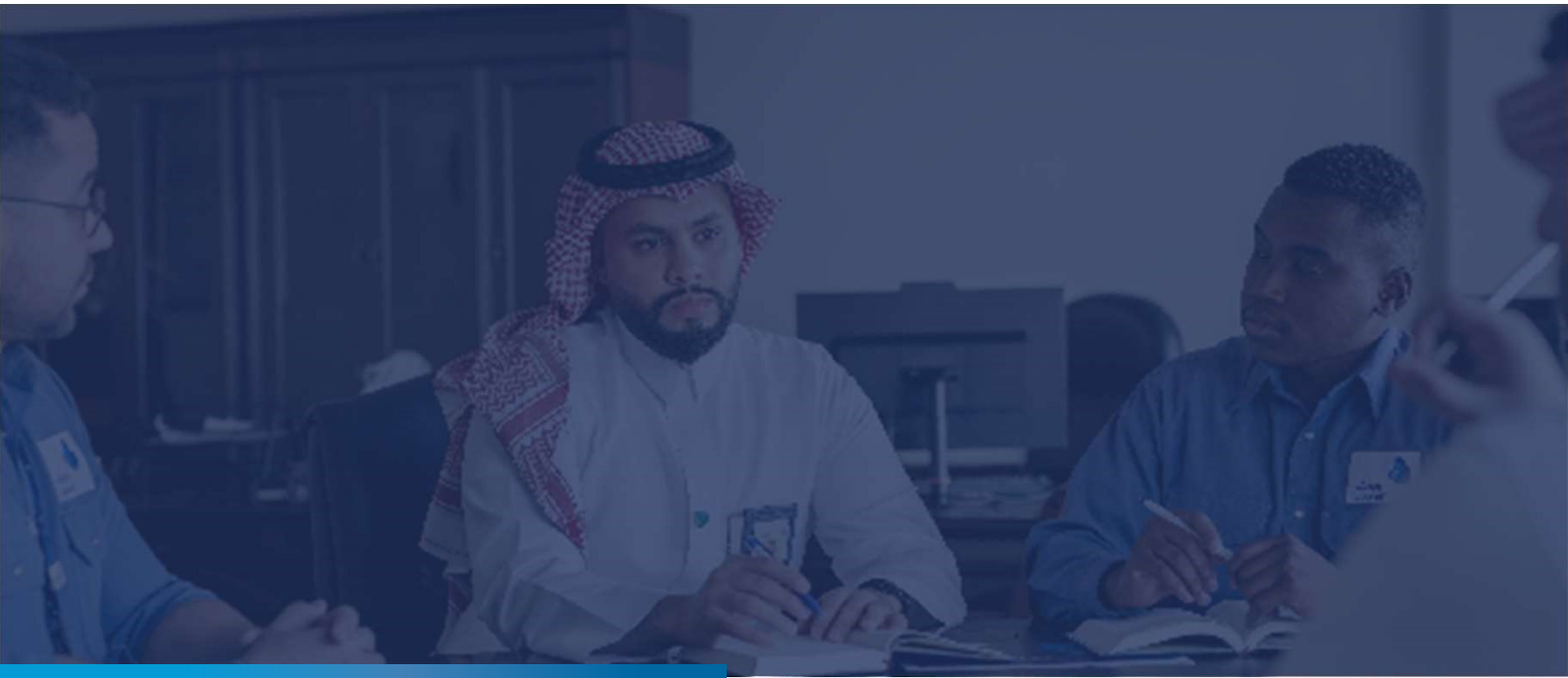
This press release may contain certain forward-looking statements with respect to Luberef's financial position, results of operations and business and certain Luberef's plans, intentions, expectations, assumptions, goals and beliefs regarding such items. These statements include all matters that are 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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