

SABIC Third Quarter 2021 Earnings

Third Quarter 2021 Highlights:

- Revenue of SAR 43.70 billion [\$ 11.65 billion], a 3% increase quarter-over-quarter and a 49% increase year-over-year.
- EBITDA of SAR 11.20 billion [\$ 2.99 billion], an 18% decrease quarter-over-quarter and a 98% increase year-over-year.
- Income from operations of SAR 7.70 billion [\$ 2.05 billion], was 23% lower than the income from operations of SAR 10.06 billion [\$ 2.68 billion] in the previous quarter compared with the income from operations of SAR 2.10 billion [\$ 0.56 billion] in the third quarter of 2020.
- Net income of SAR 5.59 billion [\$ 1.49 billion] was 27% lower than the net income of SAR 7.64 billion [\$ 2.04 billion] in the previous quarter compared with the net income of SAR 1.09 billion [\$ 0.29 billion] in the third quarter of 2020. There were no material non-recurring charges in the third quarter of 2021.
- \$ 350 million of value creation (SABIC's share) achieved during the first nine months of 2021. This translates into \$ 445 million of cumulative value creation (SABIC's share) achieved since the closure of transaction with Saudi Aramco (acquisition of a 70% stake in SABIC on 16th June 2020).
- Committed to Carbon Neutrality by 2050 on Scope 1 & 2 emissions.

Comparisons with the third quarter of 2021 are available in the following table:

Table 1 – Summary Financial Results

Item	Three Months Ended			Nine Months Ended		
	Sep. 30, 2021	Jun. 30, 2021	Change %	Sep. 30, 2021	Sep. 30, 2020	Change %
Revenue	43.70	42.42	3%	123.65	84.11	47%
EBITDA ¹	11.20	13.63	-18%	35.21	13.52	160%
Income (loss) from operations	7.70	10.06	-23%	24.69	0.78	3065%
Net Income (loss) ²	5.59	7.64	-27%	18.10	-2.18	926%
Earnings (Loss) Per Share ²	1.86	2.55	-27%	6.03	-0.73	926%
Free Cash flow	8.09	5.16	57%	17.99	5.36	236%

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

¹Income from operations plus depreciation, amortization and impairment.

²Attributable to equity holders of the parent.

Saudi Basic Industries Corporation (“SABIC”) (2010-SA) today announced its financial results for the third quarter of 2021. The company’s revenue reached SAR 43.70 billion [\$ 11.65 billion] in the third quarter of 2021, an increase of 3% compared with the second quarter of 2021.

The third quarter of 2021 saw average sales prices increase by 5% compared with the second quarter of 2021. Sales volumes slightly decreased by 2% in the third quarter of 2021 compared with the second quarter of 2021. For the first nine months of 2021, average sales prices increased by 50% and sales volumes decreased by 4% compared with the first nine months of 2020.

SABIC reported a healthy financial performance in the third quarter of 2021 compared with an especially strong performance in the previous quarter, supported by higher average sales prices. However, as anticipated, there was a moderation in margins due mainly to a rise in feedstock costs.

SABIC’s EBITDA amounted to SAR 11.20 billion [\$ 2.99 billion] in the third quarter of 2021, representing a decrease of 18%, quarter-over-quarter. This was due primarily to higher feedstock prices as well as selling & distribution expenses due to a rise in freight costs. These were partially offset by increasing average sales prices during the third quarter of 2021 compared with the previous quarter. This resulted in an EBITDA margin of 26% in the third quarter of 2021, which was lower than the 32% obtained during the second quarter of 2021.

Net income in the third quarter of 2021 was SAR 5.59 billion [\$ 1.49 billion], or SAR 1.86 per share [\$ 0.50 per share], which was lower than the net income of SAR 7.64 billion [\$ 2.04 billion], or SAR 2.55 per share [\$ 0.68 per share] achieved during the second quarter of 2021.

Yousef Abdullah Al-Benyan, Vice Chairman and Chief Executive Officer of SABIC, said: “SABIC’s healthy financial performance during the third quarter of 2021 marked a continuation of our recovery from the impact of COVID-19, albeit at a lower level than our exceptionally strong performance during the second quarter. We did, however, see a moderation in margins in the third quarter mainly due to rising feedstock costs, which offset the increase in average sales prices.”

Mr. Al-Benyan continued, “SABIC announced the start of commissioning activities and preparations for the initial start-up of the petrochemicals joint venture project in the U.S. gulf coast (Gulf Coast Growth Ventures). This project supports SABIC’s global growth strategy, and its aim to diversify its feedstock sources and strengthen its petrochemical manufacturing presence in North America.”

Overview of value realization with Saudi Aramco

Since the close of the deal, SABIC has focused on moving forward and maintaining its growth momentum - with a view to maximizing value creation from synergies. During the first nine months of 2021, SABIC achieved \$US 350 million.

During the third quarter, various value streams have progressed well including operations, where the majority of the value was generated after implementing the fuel and feedstock planning protocol, leveraging quick turnarounds and reliability programs and centralizing maintenance services.

During the third quarter, sales and supply chain activities extended their focus area to support marketing in SADARA, S-Oil and Fujian Refining & Petrochemical Company (FREP). From October 1st, SABIC began marketing Saudi Aramco's portion of the petrochemical products in Petro Rabigh. This will allow SABIC to further strengthen its products and services offering, and maintain its competitive presence in the global chemicals industry.

Carbon Neutrality

SABIC is committed to the Paris Agreement goals and will continually pursue efforts and explore solutions to meet carbon neutrality from operations under our control by 2050, taking into account the different regional and national ambitions, commitments and initiatives.

Focusing on our direct and indirect emissions generated by our own production (Scope 1 & Scope 2), we aim to reduce our greenhouse gas emissions by 2030 worldwide by 20% compared to 2018. In addition, we aim to collaborate with our partners in initiatives that aspire to reduce our indirect Scope 3 emissions along the value chain.

Outlook

2021 is on course to be a stronger year compared to 2020. We expect the global GDP growth rate to increase between 5.5% and 6.0% in 2021 (no change from our previous expectation).

In the fourth quarter, we expect demand to be healthy. However, we expect feedstock costs to remain elevated with higher oil prices. We are also seeing new capacities coming on line for some of our key products. In addition, as the existing supply constraints continues to ease, we expect to see a further moderation in margins in the fourth quarter.

SABIC Business Results Discussion by Reporting Segment:

SABIC operates through three strategic business units (SBUs) and Hadeed, a wholly owned manufacturing business. The reporting segments are as follows: 1) Petrochemicals & Specialties, 2) Agri-Nutrients, and 3) Hadeed.

1. Petrochemicals & Specialties

Table 2 – Petrochemicals & Specialties Financial Overview

Item	Three Months Ended			Nine Months Ended		
	Sep. 30, 2021	Jun. 30, 2021	Change %	Sep. 30, 2021	Sep. 30, 2020	Change %
Revenue	37.86	36.43	4%	107.00	72.03	49%
EBITDA ¹	9.59	12.18	-21%	30.96	11.88	161%
Income (loss) from operations	6.60	9.10	-28%	21.91	0.65	NM ³

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

¹Income from operations plus depreciation, amortization and impairment.

³Not meaningful

Revenue of SAR 37.86 billion [\$ 10.10 billion] was up in the third quarter, representing a quarter-over-quarter increase of 4%, driven by higher average sales prices and volumes. Average sales prices increased by 1% and sales volumes by 3% in the third quarter of 2021 compared with the previous quarter. For the first nine months of 2021, average sales prices increased by 50% and sales volumes slightly decreased by 2% compared with the first nine months of 2020. EBITDA of SAR 9.59 billion [\$ 2.56 billion] in the third quarter of 2021 was 21% lower than SAR 12.18 billion [\$ 3.25 billion] in the second quarter of 2021.

The Petrochemicals SBU consists of three businesses: Chemicals, Polyethylene and Performance Polymers & Industrial Solutions.

In **Chemicals**, **Mono ethylene glycol** (MEG) prices increased in the third quarter compared with the previous quarter due to higher feedstock prices with a rise in oil prices, tight supply coupled with lower production from coal based plants and relatively low levels of inventory in China. **Methanol** prices increased in the third quarter compared with the previous quarter due to higher feedstock prices, steady demand from traditional end industries, certain outages in Europe and lower production from a methanol-to-olefins (MTO) plants in China. Demand for MTO was impacted by a rise in coal prices and dual control policy in China. **MTBE** prices increased in the third quarter compared with the previous quarter with an improvement in mobility, especially in Europe, coupled with rising gasoline prices following an increase in oil prices.

For **Polyethylene**, prices were lower in the third quarter of 2021 in most regions than the strong prices observed in the previous quarter. However, in China, there was a slight increase in prices in the third quarter, driven by a rise in feedstock prices, lower imports due to supply chain issues, and lower prices, which diverted exports towards other regions. In addition, restocking from downstream industries was so supportive of polyethylene prices in China in the third quarter.

In **Performance Polymers & Industrial Solutions**, polypropylene prices were lower in the third quarter of 2021 than the strong levels observed in the second quarter. The differences in regional prices persisted due to supply chain constraints, weather conditions and feedstock fluctuations. **Polycarbonate** prices remained strong in the third quarter of 2021 compared with the previous quarter with a slight decrease in Asia due to steady demand from key end industries.

2. Agri-Nutrients

Table 3 – Agri-Nutrients Financial Overview

Item	Three Months Ended			Nine Months Ended		
	Sep. 30, 2021	Jun. 30, 2021	Change %	Sep. 30, 2021	Sep. 30, 2020	Change %
Revenue	2.74	2.48	11%	7.06	5.08	39%
EBITDA ¹	1.38	1.11	24%	3.06	1.95	57%
Income (loss) from operations	1.15	0.89	29%	2.42	1.32	84%

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

¹Income from operations plus depreciation, amortization and impairment.

Revenue of SAR 2.74 billion [\$ 0.73 billion] was up 11%, driven primarily by an increase in average sales prices in the third quarter of 2021 compared with the previous quarter. Average sales prices increased by 20% but sales volumes decreased by 9% in the third quarter of 2021, compared with the previous quarter. For the first nine months of 2021, average sales prices increased by 57% and sales volumes decreased by 18% compared with the first nine months of 2020. EBITDA in the third quarter of 2021 was SAR 1.38 billion [\$ 0.37 billion], representing an increase of 24% from the second quarter of 2021.

Urea prices increased in the third quarter due to tight supply driven by hurricane related shutdowns in the US, a reduced production in China due to the dual control policy and lower production in Europe due to high natural gas prices coupled with slow start ups or delays for new plants. Meanwhile, demand was strong from key markets such as India, Latin America and Europe. In addition, the US offseason buying was also supportive of demand growth.

3. Hadeed

Table 4 – Hadeed Financial Overview

Item	Three Months Ended			Nine Months Ended		
	Sep. 30, 2021	Jun. 30, 2021	Change %	Sep. 30, 2021	Sep. 30, 2020	Change %
Revenue	3.10	3.51	-12%	9.59	6.99	37%
EBITDA ¹	0.23	0.34	-30%	1.19	-0.31	483%
Income (loss) from operations	-0.04	0.06	-168%	0.36	-1.18	130%

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

¹Income from operations plus depreciation, amortization and impairment.

Revenue of SAR 3.10 billion [\$ 0.83 billion] was down by 12% quarter-over-quarter in the third quarter of 2021, driven primarily by a lower sales volumes, which was offset partially by higher average sales prices. Average sales prices increased by 14% and sales volumes decreased by 26% in the third quarter of 2021 compared with the previous quarter. For the first nine months of 2021, average sales prices increased by 42% and sales volumes decreased by 5% compared with the first nine months 2020. EBITDA of SAR 234 million [\$ 62 million] in the third quarter of 2021 was lower than SAR 336 million [\$ 90 million] in the second quarter of 2021 due mainly to an increase in raw material costs.

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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