

SABIC Second Quarter 2022 Earnings

Second quarter 2022 highlights:

- Revenue of SAR 55.98 billion [\$ 14.93 billion], a 6% increase quarter-over-quarter and a 32% increase year-over-year.
- EBITDA of SAR 13.28 billion [\$ 3.54 billion], a 4% increase quarter-over-quarter and a 3% decrease year-over-year.
- Income from operations of SAR 9.80 billion [\$ 2.61 billion] was 5% higher than the income from operations of SAR 9.32 billion [\$ 2.48 billion] in the previous quarter, and a 3% decrease compared with the income from operations of SAR 10.05 billion [\$ 2.68 billion] in the second quarter of 2021.
- Net income of SAR 7.93 billion [\$ 2.11 billion] was 22% higher than the net income of SAR 6.47 billion [\$ 1.73 billion] in the previous quarter, and a 4% increase compared with the net income of SAR 7.64 billion [\$ 2.04 billion] in the second quarter of 2021.
- After adjusting for non-recurring expenses, first quarter net income was SAR 7.57 billion [\$ 2.02 billion], which was higher than the net income of SAR 6.86 billion [\$ 1.83 billion] achieved in the previous quarter.
- SABIC's value capture associated with Saudi Aramco to date (since 16th June 2020, when Saudi Aramco acquired 70% of SABIC shares) through June 2022 is SAR 2.73 billion [\$ 727 million] including year to date SAR 1.18 billion [\$ 314 million].

Comparisons with the second quarter of 2022 are available in the following table:

Table 1 – Summary Financial Results

Item	Three Months Ended			Six Months Ended		
	Jun. 30, 2022	Mar. 31, 2022	Change %	Jun. 30, 2022	Jun. 30, 2021	Change %
Revenue	55.98	52.64	6%	108.62	79.95	36%
EBITDA ¹	13.28	12.79	4%	26.07	24.01	9%
Income from operations	9.80	9.32	5%	19.12	17.04	12%
Net Income ²	7.93	6.47	22%	14.40	12.51	15%
Earnings Per Share ²	2.64	2.16	22%	4.80	4.17	15%
Free Cash flow	6.07	5.82	4%	11.89	9.96	19%

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 second quarter of 2022. The company’s revenue reached SAR 55.98 billion [\$ 14.93 billion] in the second quarter of 2022, an increase of 6% compared with the first quarter of 2022.

The average sales prices in the second quarter of 2022 increased by 3% compared with the first quarter of 2022. Sales volumes also increased by 3% in the second quarter of 2022 compared with the first quarter of 2022. For the first six months of 2022, average sales prices increased by 26% and sales volumes increased by 10% compared with the first six months of 2021.

SABIC’s EBITDA amounted to SAR 13.28 billion [\$ 3.54 billion] in the second quarter of 2022, representing an increase of 4%, quarter-over-quarter. This was primarily due to a higher sales volume offset by an increase in selling and distribution expenses with an increase in freight cost. This resulted in an EBITDA margin of 24% in the second quarter of 2022, flat compared to the previous quarter.

Net income in the second quarter of 2022 was SAR 7.93 billion [\$ 2.11 billion], or SAR 2.64 per share [\$ 0.70 per share], which was higher than the net income of SAR 6.47 billion [\$ 1.73 billion], or SAR 2.16 per share [\$ 0.58 per share] achieved during the first quarter of 2022.

After adjusting for non-recurring expenses, second quarter net income was SAR 7.57 billion [\$ 2.02 billion], which was higher than the net income of SAR 6.86 billion [\$ 1.83 billion] achieved in the previous quarter.

Yousef Abdullah Al-Benyan, SABIC’s Vice Chairman and Chief Executive Officer, said: “The second quarter strong financial results demonstrates SABIC’s robust operational performance across the different segments. Our commitment to sustainability and innovation was evident through winning two silver and three bronze awards in the prestigious Edison Awards. These awards also reflect our commitment to helping achieve our long term objective of carbon neutrality by 2050”.

Mr. Al-Benyan continued, “Distributing dividends to our shareholders remains a priority for SABIC. In June 2022, SABIC’s board approved a cash dividend distribution of SAR 2.25 per share for the first half of 2022, approximately 29% higher than the cash dividend distribution of SAR 1.75 per share for the first half of 2021.”

This quarter, both Standard & Poor’s and FitchRatings agencies revised SABIC’s credit outlook to positive from stable, following a similar action on the Saudi Arabia outlook. Additionally, their assessment of SABIC’s standalone credit profile remained unchanged at the A+ level. According to the credit rating agencies, this reflects SABIC’s industry-leading profitability and strong balance sheet.

Environment, Social and Governance

SABIC is committed to innovation as a driving force to our growth and our sustainable solutions for our customers. This commitment has been recognized with five prestigious Edison Awards in 2022 in four different categories, reflecting SABIC's diverse range of innovative solutions: Thermodynamics, Plastic Upcycling, Bio-sourced Materials and Environmental Impact. The awards honor excellence in new product and service development, marketing, human centered design and innovation.

With that spirit of innovation, SABIC and Formula E launch a strategic long-term partnership. The partnership aligns perfectly with BLUEHERO™, the recently announced initiative which underscores SABIC's commitment to support the shift to electric power, with the delivery of automotive polymer materials, solutions and capabilities for the optimization of EV battery systems as its first area of focus.

SABIC has set a strategic partnership with Mawhiba for several years, a non-profit organization that detects students who are gifted and creative in science and technology, to further develop their competencies and talents. As a result of this strategic partnership, a Saudi science and engineering team (sponsored by SABIC) have won 22 awards at the International Science and Engineering Fair (ISEF), which was held in Atlanta, The United States, in May 2022. This is the biggest world competition showcasing innovation in scientific research at pre-college level and it represents an outstanding national achievement.

SABIC wins the "BELA Community Champion" of the Business Ethics Leadership Alliance (BELA) Awards from Ethisphere, a global leader in defining and advancing standards of ethical business practices. This award acknowledges the outstanding commitment to approach compliance within the organization and across the value chain.

Outlook

The GDP growth rate is now estimated to be between 2.5% and 2.8% (previously 3.2% - 3.6%). Due to slowdown in global GDP growth, lockdowns in China, conflict in Europe and continued supply chain challenges, we expect margins to be under pressure in the second half of 2022.

SABIC Business Results Discussion by Reporting Segment:

The reporting segments are as follows: 1) Petrochemicals and Specialties, 2) Agri-Nutrients, and 3) Hadeed.

1. Petrochemicals and Specialties

Table 2 – Petrochemicals and Specialties Financial Overview

Item	Three Months Ended			Six Months Ended		
	Jun. 30, 2022	Mar. 31, 2022	Change %	Jun. 30, 2022	Jun. 30, 2021	Change %
Revenue	46.21	44.28	4%	90.49	69.14	31%
EBITDA ¹	9.37	9.46	-1%	18.83	21.38	-12%
Income from operations	6.40	6.50	-2%	12.90	15.37	-16%

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 46.21 billion [\$ 12.32 billion] was up in the second quarter, representing a quarter-over-quarter increase of 4%, driven by higher average sales prices. Average sales prices increased by 4% and sales volumes were flat in the second quarter of 2022 compared with the previous quarter. For the first six months of 2022, average sales prices increased by 22% and sales volumes increased by 9% compared with the first six months of 2021. EBITDA of SAR 9.37 billion [\$ 2.50 billion] in the second quarter of 2022 was 1% lower than SAR 9.46 billion [\$ 2.52 billion] in the first quarter of 2022.

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

For Chemicals, **Mono ethylene glycol (MEG)** prices decreased in the second quarter compared with the previous quarter due to a slowdown in demand for fiber. There was a reduction in textile consumption of polyester due to the lockdown in China. **Methanol** prices decreased in the second quarter compared to the previous quarter due to an increase in supply. Prices came in at high levels in the first quarter. **MTBE** prices have hit their highest since 2013 on the back of strengthening crude oil and gasoline prices.

For **Polyethylene**, prices increased in the US and Europe compared with the previous quarter, primarily driven by feedstock costs, and remained relatively stable across the other regions. In China, demand weakened due to COVID-19 restrictions.

For Performance Polymers and Industrial Solutions, **Polypropylene** prices were higher in Q2 benefited from higher feedstock. China prices were stable to softer on weak demand. **Polycarbonate** prices in the US and Europe stayed constant and decreased in Asia with continuous soft demand caused by the COVID-19 restrictions.

2. Agri-Nutrients

Table 3 – Agri-Nutrients Financial Overview

Item	Three Months Ended			Six Months Ended		
	Jun. 30, 2022	Mar. 31, 2022	Change %	Jun. 30, 2022	Jun. 30, 2021	Change %
Revenue	5.69	4.04	41%	9.73	4.32	125%
EBITDA ¹	3.25	2.85	14%	6.11	1.68	263%
Income from operations	3.04	2.63	15%	5.67	1.27	346%

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 5.69 billion [\$ 1.52 billion] was higher by 41%, driven primarily by an increase in sales volumes in the second quarter of 2022 compared with the previous quarter. Average sales prices increased by 1% and the sales volumes increased by 39% in the second quarter of 2022, compared with the previous quarter. For the first six months of 2022, average sales prices increased by 109% and sales volumes increased by 16% compared with the first six months of 2021. EBITDA in the second quarter of 2022 was SAR 3.25 billion [\$ 0.87 billion], representing an increase of 14% compared with the first quarter of 2022.

Urea prices were under pressure in the second quarter of 2022 compared to the first quarter of 2022, due to seasonality and new capacities adding more supply.

3. Hadeed

Table 4 – Hadeed Financial Overview

Item	Three Months Ended			Six Months Ended		
	Jun. 30, 2022	Mar. 31, 2022	Change %	Jun. 30, 2022	Jun. 30, 2021	Change %
Revenue	4.08	4.32	-6%	8.39	6.49	29%
EBITDA ¹	0.66	0.48	38%	1.13	0.96	19%
Income from operations	0.36	0.19	94%	0.55	0.40	37%

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 4.08 billion [\$ 1.09 billion] was down by 6% quarter-over-quarter in the second quarter of 2022, driven primarily by lower sales volumes which was offset by higher average sales prices. Average sales prices increased by 8% and sales volumes decreased by 14% in the second quarter of 2022 compared with the previous quarter. For the first six months of 2022, average sales prices increased by 14% and sales volumes increased by 15% compared with the first six months of 2021. EBITDA of SAR 659 million [\$ 176 million] in the second quarter of 2022 was higher than SAR 476 million [\$ 127 million] in the first quarter of 2022 mainly due to an improvement in the margin driven by average sales prices.

For further information, please contact SABIC Investor Relations at IR@SABIC.com and / or visit <https://www.sabic.com/en/investors>

Disclaimer

By reading this earning release, you recognize and agree to be bound by the following limitations.

This earning release has been prepared for information and background purposes only. It does not constitute or form part of, and should not be construed as, an offer of, a solicitation of an offer to buy, or an invitation to subscribe for, underwrite or otherwise acquire, any securities of SABIC (the "Company") or any other existing or future member of the SABIC Group (the "Group") or any other company including Saudi Arabian Oil Co. ("Saudi Aramco") or any other existing or future member of the Saudi Aramco Group, nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of any such company or with any other contract or commitment whatsoever. This earning release does not constitute a prospectus in whole or in part, and any decision to invest in securities should be made solely on the basis of the information to be contained in a prospectus and on an independent analysis of the information contained therein.

Any assumptions, views or opinions contained in this earning release represent the assumptions, views or opinions of the Company as of the date indicated and are subject to change without notice. All information not separately sourced is from Company data and estimates. Information contained in this earning release related to past performance is not an indication of future performance and is not intended to predict actual results, and no assurances are given with respect thereto. The information contained in this earning release has not been independently verified, and no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information contained herein, and no reliance should be placed on it. Neither the Company nor its affiliates, advisers, connected persons or any other person accepts any liability for any loss howsoever arising (in negligence or otherwise), directly or indirectly, from this earning release or its contents or otherwise arising in connection with this earning release. This shall not, however, restrict or exclude or limit any duty or liability to a person under any applicable law or regulation of any jurisdiction which may not lawfully be disclaimed.

This earning release may include statements that are, or may be deemed to be, "forward-looking statements." These statements often contain words such as "anticipate," "believe," "intend," "estimate," "expect" "outlook," "will," "will be," "will continue," "would" and similar expressions, and variations or negatives of these words or phrases.

All statements other than statements of historical facts included in this earning release are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the market environment in which the Company will operate in the future. These forward-looking statements speak only as of the date of this earning release. Each of the Company and its affiliates and their respective shareholders, agents, employees and advisers, expressly disclaims any obligation or undertaking to update any forward-looking statements contained herein. You are urged to consider these factors carefully in evaluating the forward-looking statements in this earning release and not to place undue reliance on such statements.

This earning release is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation of such jurisdiction or which would require any registration or licensing within such jurisdiction. Any failure to comply with these restrictions may constitute a violation of the laws of other jurisdictions.

Average sales prices stated in this earning release includes FX and other factors.

The information contained in this earning release is provided as of the date of this earning release and is subject to change without notice.