



# SABIC EARNINGS

QUARTER FOUR AND FULL YEAR 2023

February 27, 2024

CHEMISTRY THAT MATTERS™

# 1.0

2023 FULL YEAR & FOURTH  
QUARTER HIGHLIGHTS

## Full Year 2023 Highlights:



Revenue of SAR 141.54 billion [\$37.74 billion] – a 23% decrease compared to 2022.



EBITDA<sup>1</sup> of SAR 19.02 billion [\$5.07 billion] – a 48% decrease compared to 2022.



Income from Operations (EBIT<sup>2</sup>) of SAR 3.72 billion [\$0.99 billion] – down by 84% compared to SAR 22.91 billion [\$6.11 billion] in the prior year.



Net income from Continuing Operations of SAR 1.30 billion [\$0.35 billion] – a decrease of 92% versus net income of SAR 15.79 billion [\$4.21 billion] in the previous year.



SABIC share of non-recurring items of SAR -6.22 billion [\$-1.66 billion] during 2023 mainly attributed to Hadeed fair value loss and impairment charges and write-offs of certain capital and financial assets.



Net Loss<sup>3</sup> of SAR -2.77 billion [\$ -0.74 billion] versus Net Income of SAR 16.53 billion [\$4.41 billion] in 2022.

Net cash position<sup>4</sup> of SAR 8.76 billion [\$2.34 billion] as of December 31<sup>st</sup> 2023 – a 37% decrease from SAR 13.92 billion [\$3.71 billion] as of December 31<sup>st</sup> 2022.

SABIC's value capture associated with Saudi Aramco through December 2023 (since the date of acquisition of 70% of SABIC shares by Saudi Aramco on June 16<sup>th</sup>, 2020) amounts to SAR 6.62 billion [\$1.77 billion].

## Table 1 – Summary Financial Results

Item	Twelve Months Ended		
	Dec 31,2023	Dec 31,2022	Change %
Revenue	141.54	183.08	-23%
Income from operations (EBIT <sup>1</sup> )	3.72	22.91	-84%
EBITDA <sup>2</sup>	19.02	36.40	-48%
Net (Loss) Income <sup>3</sup>	-2.77	16.53	-117%
Net Income from Continuing Operations <sup>3</sup>	1.30	15.79	-92%
Earnings Per Share <sup>3</sup>	-0.92	5.51	-117%
Earnings Per Share from Continuing Operations <sup>3</sup>	0.43	5.26	-92%
Free Cash Flow <sup>3</sup>	13.96	25.59	-45%

1. Earnings before Interest and Tax and Results from non-integral joint ventures and associates

2. Income from operations (EBIT) plus depreciation, amortization and impairment

3. Attributable to equity holders of the parent.

4. Cash and cash equivalents plus short-term investments minus borrowings and lease liabilities.

All amounts in SAR billion unless otherwise stated, USD/SAR conversion used is 3.75. Absolute figures and percentages included in this document have been subject to rounding adjustments. Certain prior quarter and prior year figures have been subject to reclassifications. Please refer to the full year 2023 Financial Statements.

## Fourth quarter 2023 highlights:



Revenue of SAR 35.03 billion [\$9.34 billion] – a 3% quarter-over-quarter decrease and 11% year-over-year decrease.



EBITDA<sup>1</sup> of SAR 3.33 billion [\$0.89 billion] – a 41% quarter-over-quarter decrease and a 25% year-over-year decrease.



Loss from Operations (EBIT<sup>2</sup>) of SAR -1.36 billion [-\$-0.36 billion] – down by 181% versus the prior quarter's EBIT of SAR 1.68 billion [\$0.45 billion] and 369% lower compared to SAR 0.51 billion [\$0.14 billion] in the fourth quarter of 2022.



Net Loss from Continuing Operations<sup>3</sup> of SAR -1.48 billion [-\$-0.39 billion] – a decrease of 376% versus net income of SAR 0.54 billion [\$0.14 billion] in the prior quarter and a 522% decrease compared to net income of SAR 0.35 billion [\$0.09 billion] in the fourth quarter of 2022.



SABIC share of non-recurring charges were SAR -2.48 billion [-\$-0.66 billion] during the fourth quarter of 2023 mainly attributed to impairment charges and write-offs of certain capital and financial assets.



Net Loss<sup>3</sup> of SAR -1.73 billion [-\$-0.46 billion] versus a Net Loss of SAR -2.88 billion [-\$-0.77 billion] in the prior quarter and Net Income of SAR 0.29 billion [\$0.08 billion] in the fourth quarter of 2022.

## Table 1 – Summary Financial Results

Item	Three Months Ended		
	Dec 31, 2023	Sep 30, 2023	Change %
Revenue	35.03	35.98	-3%
Income from operations (EBIT <sup>1</sup> )	-1.36	1.68	-181%
EBITDA <sup>2</sup>	3.33	5.62	-41%
Net Loss <sup>3</sup>	-1.73	-2.88	-40%
Net (Loss) Income from Continuing Operations <sup>3</sup>	-1.48	0.54	-376%
Earnings Per Share <sup>3</sup>	-0.58	-0.96	-40%
Earnings Per Share from Continuing Operations <sup>3</sup>	-0.49	0.18	-376%
Free cash flow <sup>4</sup>	4.57	5.25	-13%

1. Earnings before Interest and Tax and Results from non-integral joint ventures and associates
2. Income from operations (EBIT) plus depreciation, amortization and impairment
3. Attributable to equity holders of the parent
4. Net cash generated from operating activities less capital expenditures.

All amounts in SAR billion unless otherwise stated, USD/SAR conversion used is 3.75. Absolute figures and percentages included in this document have been subject to rounding adjustments. Certain prior quarter and prior year figures have been subject to reclassifications. Please refer to the full year 2023 Financial Statements.

# 2.0

2023 FULL YEAR & FOURTH  
QUARTER PERFORMANCE

Saudi Basic Industries Corporation ("SABIC") (2010-SA) today announced its financial results for full year 2023.

**Full year 2023 revenue totaled SAR 141.54 billion [\$37.74 billion] reflecting a 23% decline in comparison to 2022.**

Year 2023 presented numerous challenges for the petrochemical industry – the market environment was shaped by lackluster macroeconomic sentiment, weak end-user demand, and a wave of incremental supply for a large suite of products.

The 21% year-on-year decline in SABIC's average product sales price reflects the global downturn in petrochemical markets. Despite the sluggish end-user demand across major industries, the Company sales volumes fell only by 2% compared with the prior.

Full year 2023 EBITDA amounted to SAR 19.02 billion [\$5.07 billion] – a decrease of 48% compared with 2022.

The resulting EBITDA margin of 13% in 2023 marks a stepdown from the 20% achieved over the previous year.

SABIC addressed macroeconomic and industry-specific challenges head on – reducing the cost of sales by 16% compared to the prior year through controlling fixed manufacturing costs together with the implementation of optimization initiatives.

Net income from continuing operations in 2023 totaled SAR 1.30 billion [\$0.35 billion] or SAR 0.43 per share [\$0.12 per share] – these figures compare to SAR 15.79 billion [\$4.21 billion] or SAR 5.26 per share [\$1.40 per share] achieved during the full year of 2022.

The decrease is attributed to a decline in profit margins for major products given lower average selling prices, lower share of results from joint ventures and associates, and a non-recurring items of SAR -3.29 billion [-\$0.88 billion] mainly pertaining to impairments and write-offs

in certain capital and financial assets, as well as provisions for the European restructuring program and for constructive obligations.

The impact is partially offset by a SAR 2.92 billion [\$0.78 billion] lower selling and distribution expenses, upside from Zakat and income tax expenses of SAR 1.53 billion [\$0.41 billion], as well as an increase in finance income of SAR 1.50 billion [\$0.40 billion] mainly due to revaluation gains related to embedded derivatives in joint venture contracts.

The company reported a total net loss of SAR -2.77 billion [-\$0.74 billion] or SAR -0.92 per share [-\$0.25 per share] versus a net income of SAR 16.53 billion [\$4.41 billion] or SAR 5.51 per share [\$1.47 per share] achieved over the course of 2022.

Hadeed's contribution to net income accrues to SAR -4.08 billion [-\$1.09 billion] – the cumulative result from the fair valuation of the Hadeed business amounting to SAR -2.93 billion [-\$0.78 billion] as well as Hadeed's financial performance during the current year.

Free cash flow for year 2023 amounted to SAR 13.96 billion [\$3.72 billion] – including the effect of a SAR 5.93 billion [\$1.59 billion] reduction to working capital. The company maintains a robust financial position and is committed to continuing shareholder cash distributions despite difficult market conditions.

Fourth quarter 2023 average sales prices increased by 1% and sales volumes decreased by 3% compared with the third quarter of 2023.

SABIC's EBITDA amounted to SAR 3.33 billion [\$0.89 billion] in the fourth quarter – representing a 41% quarter-on-quarter decrease. The decline follows an associated drop in sales volumes. An EBITDA margin of 10% in the fourth quarter of 2023 marks a stepdown from 16% in the prior quarter.

The net loss from continuing operations in the fourth quarter amounted to SAR -1.48 billion [-\$0.39 billion] or SAR -0.49 per share [-\$0.13 per share] which compares to income of SAR 0.54 billion [\$0.14 billion] or SAR 0.18 per share [\$0.05 per share] achieved during the third quarter.

The company reported a total net loss of SAR -1.73 billion [-\$0.46 billion] or SAR -0.58 per share [-\$0.15 per share] for the fourth quarter of 2023.

SABIC generated SAR 4.57 billion [\$1.22 billion] of free cash flow in the fourth quarter compared to a total of SAR 5.25 billion [\$1.40 billion] in the prior quarter.

# 3.0

## CEO QUOTE



**Abdulrahman Al-Fageeh**  
**Chief Executive Officer**

Abdulrahman Al-Fageeh, Chief Executive Officer, said:

"The petrochemical industry navigates a challenging operating environment – underwhelming demand within our target markets led to lower year end product prices and there remains considerable uncertainty heading into the first quarter of 2024.

SABIC has undertaken a comprehensive portfolio review and identified the pathway to sustained value creation. The announced divestment of Hadeed is proceeding as planned – this optimization of internal resources will enhance our core focus on petrochemicals. Additionally we are pursuing a number of initiatives to address the competitiveness of our European assets – ultimately striving for a maintainable and modernized footprint in the region.

SABIC remains steadfast in pursuing future growth despite short-term market challenges. The positive

FID on Fujian offers a clear signal of our commitment to developing a robust position in key geographies such as China.

We strive to maintain dividend distributions for our shareholders while working to ensure that this commitment does not compromise our robust balance sheet."

Eng. Al-Fageeh also added, "We are thrilled to announce our recent achievement as the number one ranking in the ChemSec ChemScore, a testament to our steadfast dedication to product stewardship and our leadership in chemical safety. Additionally, we are proud to share that we have secured Ethisphere's compliance leader verification for the third consecutive time, reaffirming our continuous commitment to upholding the highest ethical standards across all facets of our operations".

# 4.0

## OUTLOOK

SABIC continues to focus on executing operational excellence programs, delivering on carbon neutrality targets, and transforming the business to maximize returns while addressing market challenges. We aim to achieve long-term growth across each core operating segment. The company is committed to exercising robust CAPEX discipline with a measured plan to deploy between \$4.0 to 5.0 billion in 2024.



# 5.0

SUSTAINABILITY  
AND INNOVATION

At SABIC, Sustainability is a key business driver, underpinned by a strong culture of innovation and excellence and an ethos of pushing the limits of science and technology. Major milestones for the year included Agri-Nutrients' first commercial shipment of low-carbon ammonia to Taiwan and India. In addition, the company highlighted its achievement of reaching the final steps in the construction of the demonstration plant for electrically heated steam cracker furnaces in collaboration with BASF and Linde.

Furthermore, SABIC highlights several external recognitions in 2023. Notably, SABIC earned number one ranking in the recent ChemSec ChemScore, conducted by the independent non-profit organization ChemSec. This recognition reflects SABIC's unwavering commitment to product stewardship and showcases its leadership in chemical safety within the industry. Moreover, SABIC earned Ethisphere's compliance leader verification for third time in row, affirming its ongoing commitment to upholding the highest ethical standards in all aspects of its operations.

Also SABIC reported the progress achieved in 2023 towards its environmental related targets. The organization's approach over much of the last decade was oriented by intensity-based greenhouse gas emissions targets (tCO<sub>2</sub>e/t products sold) for 2025 from a baseline of 2010. In 2023 SABIC made accelerated progress in in two areas: material loss reductions and greenhouse gas emission reductions. In addition, the company highlights the reduction of 12.5% in absolute scope 1 and 2 greenhouse gas emissions, primarily driven by its efforts to improve the energy efficiency of its assets and the integration of renewable power sources.

SABIC outlines they are well on track on executing against its Carbon Neutrality Roadmap, which outlines 20% reduction in greenhouse gas emission by 2030 from a baseline of 2018.

In parallel, SABIC's TRUCIRCLE™ portfolio of products and services exemplify the company's commitment to circular innovations and sustainable materials. The sales of TRUCIRCLE™ reached 18 thousand metric tons of circular and renewable polymer in 2023, signaling still a small, yet promising growing demand for sustainable materials. In conclusion, SABIC's environmental targets and portfolio of circular solutions underscore its dedication to sustainable business practices.



# 6.0

## SABIC BUSINESS RESULTS DISCUSSION BY REPORTING SEGMENT

## 6.1 PETROCHEMICALS



Table 2 – Petrochemicals Financial Overview

Item	Three Months Ended			Twelve Months Ended		
	Dec 31, 2023	Sep 30, 2023	Change %	Dec 31,2023	Dec 31,2022	Change %
Revenue	32.14	33.51	-4%	131.26	164.85	-20%
Income from operations (EBIT <sup>1</sup> )	-2.34	0.71	-429%	0.20	12.45	-98%
EBITDA <sup>2</sup>	2.12	4.42	-52%	14.62	25.10	-42%

1. Earnings before Interest and Tax and Results from non-integral joint ventures and associates

2. Income from operations (EBIT) plus depreciation, amortization and impairment

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The Petrochemicals SBU consists of three businesses: Chemicals, Polymers and Specialties.

Fourth quarter revenue for the Petrochemicals segment totaled SAR 32.14 billion [\$8.57 billion] which represents a quarter-over-quarter decrease of 4% driven by lower sales volumes.

EBITDA of SAR 2.12 billion [\$0.57 billion] in the fourth quarter of 2023 marks a 52% decrease against SAR 4.42 billion [\$0.18 billion] generated in the third quarter of 2023.

Chemicals: Global methyl tertiary-butyl ether (MTBE) values decreased by 18% – burdened by lower gasoline prices and weak seasonality.

Mono ethylene glycol (MEG) prices increased by 3% compared with previous quarter as the result of extended and unplanned shutdowns.

Polymers: Global Polyethylene (PE) and Polypropylene (PP) prices rose by 1% with support from higher resin and gas pricing.

Average Polycarbonate (PC) prices fell by 4% due to lower global demand.

## 6.2 AGRI-NUTRIENTS



Table 3 – Agri-Nutrients Financial Overview

Item	Three Months Ended			Twelve Months Ended		
	Dec 31, 2023	Sep 30, 2023	Change %	Dec 31,2023	Dec 31,2022	Change %
Revenue	2.89	2.47	17%	10.28	18.23	-44%
Income from operations (EBIT <sup>1</sup> )	0.97	0.97	0%	3.52	10.46	-66%
EBITDA <sup>2</sup>	1.21	1.20	1%	4.40	11.30	-61%

1. Earnings before Interest and Tax and Results from non-integral joint ventures and associates

2. Income from operations (EBIT) plus depreciation, amortization and impairment

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Fourth quarter revenue of SAR 2.89 billion [\$0.77 billion] marks a 17% increase on the previous quarter – the increase is associated with an 8% jump in sales volumes and a 9% improvement to average SABIC Agri-Nutrients sales prices.

EBITDA in the fourth quarter of 2023 totaled SAR 1.21 billion [\$0.32 billion] representing an additional 1% over the third quarter of 2023.

Urea market prices declined as weakening energy prices and deteriorating grain values incentivized the deferral of a significant volume of fourth quarter trade – widely anticipated supply-side constraints were overshadowed by buy-side willingness to delay purchases.

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

# 7.0

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