

SABIC Fourth Quarter 2021 Earnings

Fourth Quarter 2021 Highlights:

- Revenue of SAR 51.28 billion [\$ 13.67 billion], a 17% increase quarter-over-quarter and a 56% increase year-over-year.
- EBITDA of SAR 13.05 billion [\$ 3.48 billion], a 17% increase quarter-over-quarter and a 95% increase year-over-year.
- Income from operations of SAR 8.63 billion [\$ 2.30 billion] was 12% higher than the income from operations of SAR 7.70 billion [\$ 2.05 billion] in the previous quarter of 2021, and 128% increase compared with the income from operations of SAR 3.79 billion [\$ 1.01 billion] in the fourth quarter of 2020.
- Net income of SAR 4.93 billion [\$ 1.32 billion] was 12% lower than the net income of SAR 5.59 billion [\$ 1.49 billion] in the previous quarter compared with the net income of SAR 2.25 billion [\$ 0.60 billion] in the fourth quarter of 2020.
- After adjusting for non-recurring expenses, fourth quarter net income was SAR 5.69 billion [\$ 1.52 billion], which was slightly higher than the net income of SAR 5.59 billion [\$ 1.49 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 December 2021 is SAR 1.76 billion (\$ 468 million).

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

Table 1 – Summary Financial Results

Item	Three Months Ended			Twelve Months Ended		
	Dec. 31, 2021	Sep. 30, 2021	Change %	Dec. 31, 2021	Dec. 31, 2020	Change %
Revenue	51.28	43.70	17%	174.92	116.95	50%
EBITDA ¹	13.05	11.20	17%	48.27	20.22	139%
Income from operations	8.63	7.70	12%	33.32	4.57	628%
Net Income ²	4.93	5.59	-12%	23.03	0.07	NM ³
Earnings Per Share ²	1.64	1.86	-12%	7.68	0.02	NM ³
Free Cash flow	10.75	8.09	33%	28.74	8.89	223%

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.

³Not meaningful

Saudi Basic Industries Corporation (“SABIC”) (2010-SA) today announced its financial results for the fourth quarter of 2021. The company’s revenue reached SAR 51.28 billion [\$ 13.67 billion] in the fourth quarter of 2021, an increase of 17% compared with the third quarter of 2021.

The fourth quarter of 2021 saw average sales prices increase by 7% compared with the third quarter of 2021. Sales volumes increased by 10% in the fourth quarter of 2021 compared with the third quarter of 2021. Throughout the entirety of 2021, average sales prices increased by 53%, and sales volumes decreased by 3%, compared to 2020.

SABIC’s EBITDA amounted to SAR 13.05 billion [\$ 3.48 billion] in the fourth quarter of 2021, representing an increase of 17%, quarter-over-quarter. This was primarily due to higher sales volumes and average product prices which was partially offset by an increase in feedstock costs with a rise in oil price as well as higher selling and distribution expenses with an increase in freight costs. This resulted in an EBITDA margin of 25% in the fourth quarter of 2021, similar to the EBITDA margin in the previous quarter.

Net income in the fourth quarter of 2021 was SAR 4.93 billion [\$ 1.32 billion], or SAR 1.64 per share [\$ 0.44 per share], which was lower than the net income of SAR 5.59 billion [\$ 1.49 billion], or SAR 1.86 per share [\$ 0.50 per share] achieved during the third quarter of 2021.

SABIC’s share of the non-recurring expenses in the fourth quarter netted to SAR 0.76 billion [\$ 0.20 billion] compared with no material non-recurring expenses or gains in the previous quarter. This was primarily due to certain impairments and restructuring provisions.

Net Income in the fourth quarter was also impacted by an increase in financial charges mainly driven by the re-measurement of derivatives equity instruments for the forward contracts related to certain joint venture agreements by SAR 0.59 billion (\$ 0.16 billion). These were non-cash charges.

After adjusting for non-recurring expenses, fourth quarter net income was SAR 5.69 billion [\$ 1.52 billion], which was marginally higher than the net income of SAR 5.59 billion [\$ 1.49 billion] achieved in the previous quarter.

Yousef Abdullah Al-Benyan, SABIC’s Vice Chairman and Chief Executive Officer, said: “SABIC’s fourth quarter results saw us end the year on a strong note. Those results were driven by our operational performance and higher prices for most of our key products. This led to higher EBITDA during the fourth quarter of 2021.”

Mr. Al-Benyan added: “Looking back on 2021, our financial performance was strong throughout the year, supported by favorable market conditions, and our focus on capital discipline. Our commitment to sustainability was demonstrated in our roadmap to achieve carbon neutrality by 2050. Alongside our ambitions to tackle climate change, we continued to drive the circular economy and integrate ESG principles into our businesses.”

Distributing competitive dividends to our shareholders remained a key priority for SABIC in 2021. In December, SABIC declared cash dividends of 2.25 SAR per share to shareholders for the second half of 2021. This was 29% higher than SAR 1.75 per share declared in the first half of 2021. For the full year 2021,

the declared dividends of SAR 4.0 per share were 33% higher than the SAR 3.0 per share declared dividends in 2020.

Sustainability and Innovation

SABIC is committed to driving greater sustainability in the global chemicals industry.

Earlier in the fourth quarter of 2021, we entered an agreement with the World Economic Forum and other global chemical companies targeted at formalizing the Low-Carbon Emitting Technologies (LCET) initiative into a stand-alone entity by 2023. In collaboration, LCET members will share early-stage risks and co-invest in developing and upscaling low-carbon-emitting technologies.

In addition, in the fourth quarter of 2021, we also signed a Memorandum of Understanding with the Ministry of Energy, on developing renewable energy projects in Saudi Arabia. The agreement builds the platform to support and strengthen SABIC's sustainability commitments in the Kingdom and contributes to our ambition to have 4GW of either wind or solar energy installed for all our sites globally by 2025, rising to 12GW by 2030.

SABIC is also proud to have launched circular products that have been awarded by the International Sustainability and Carbon Certification (ISCC) organization, including SABIC's circular methanol from our Ibn Sina Saudi plant, the new line of bio-based ULTEM™ resins, a breakthrough polyetherimide (PEI) material that adds sustainability benefits to the superior performance and process ability of existing ULTEM materials; and the polymers made out of recovered ocean-bound plastic through chemical recycling.

In addition, our focus on innovation has been recognized by the R&D100 Awards recently, whereby we earned two places on the top 100 revolutionary technologies developed in the last year.

We also received several other awards in the fourth quarter of 2021 from different organizations and stakeholders, including our customers. As key examples, we received the Platinum medal for sustainability from EcoVadis, a leader in evaluating the sustainable performance of businesses around the world. This is the highest possible distinction, awarded only to companies that score in the top 1% for sustainability practices.

We also earned Ethisphere's Compliance Leader Verification status. This is the second consecutive Compliance Leader Verification for SABIC, confirming the continued strength and depth of SABIC's Ethics and Compliance Program.

Outlook

Globally, we expect levels of economic activity to continue improving from last year and estimate above trend global GDP growth rate of 4.2% in 2022.

For 2022, SABIC expects higher incremental sales volumes due to transfer of the sales and marketing rights of chemicals and polymers products from Saudi Aramco to SABIC, starting up new assets and continuous improvement in reliability of our assets. We expect earnings in 2022 to be healthy, albeit lower than the exceptionally strong earnings in 2021 due to the impact of new capacity coming on-stream, higher feedstock cost and continued supply chain constraints during 2022. The company also expects capital expenditures in 2022 to be higher than the levels in 2020 and 2021 so we can fund our non-discretionary investment in safe and reliable operations and also fund our sustainability and growth projects.

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 and Specialties, 2) Agri-Nutrients, and 3) Hadeed.

1. Petrochemicals and Specialties

Table 2 – Petrochemicals and Specialties Financial Overview

Item	Three Months Ended			Twelve Months Ended		
	Dec. 31, 2021	Sep. 30, 2021	Change %	Dec. 31, 2021	Dec. 31, 2020	Change %
Revenue	42.97	37.86	14%	149.96	100.64	49%
EBITDA ¹	9.25	9.59	-4%	40.21	18.10	122%
Income from operations	5.45	6.60	-17%	27.36	4.43	517%

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 42.97 billion [\$ 11.46 billion] was up in the fourth quarter, representing a quarter-over-quarter increase of 14%, driven by higher average sales prices and volumes. Average sales prices increased by 7% and sales volumes rose by 7% in the fourth quarter of 2021 compared with the previous quarter. For the full year in 2021, average sales prices increased by 50% and sales volumes slightly decreased by 1% compared with the full year in 2020. EBITDA of SAR 9.25 billion [\$ 2.47 billion] in the fourth quarter of 2021 was 4% lower than SAR 9.59 billion [\$ 2.56 billion] in the third quarter of 2021.

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

For Chemicals, **Mono ethylene glycol** (MEG) prices increased in the fourth quarter compared with the previous quarter due to higher oil and Naphtha prices, and a tight supply caused by global turnarounds. Global inventory levels remained low due to planned and unplanned shutdowns in the Middle East and Asia, which was supportive of prices. **Methanol** prices increased in the fourth quarter compared to the previous quarter, due to healthy demand from traditional end industries and increasing energy prices. **MTBE** prices increased in the fourth quarter compared with the previous quarter, following an easing in COVID-19 related restrictions and higher gasoline prices.

For **Polyethylene**, in the fourth quarter of 2021, prices moderately improved in most regions outside the U.S. and Europe. Global demand was healthy, even with a slowdown during holiday season, while supply improved with the start-up of new capacities and no major outages.

For Performance Polymers and Industrial Solutions, **polypropylene** prices were flat in the fourth quarter of 2021 in most regions outside the US. Polypropylene prices sharply decreased in the U.S. due to destocking, as the market was long with high inventories. Asian market demand was high, based on product seasonality. Meanwhile, in Europe, supply was steady and demand was healthy in the fourth quarter of 2021. **Polycarbonate** prices improved in the U.S. and Europe due to higher feedstock prices

and healthy demand but decreased in other regions in the fourth quarter of 2021. Polycarbonate prices decreased in China, due to low demand, and additional supply - with a start-up of new capacities and a decrease in bisphenol-A prices.

2. Agri-Nutrients

Table 3 – Agri-Nutrients Financial Overview

Item	Three Months Ended			Twelve Months Ended		
	Dec. 31, 2021	Sep. 30, 2021	Change %	Dec. 31, 2021	Dec. 31, 2020	Change %
Revenue	5.09	2.74	86%	12.15	6.79	79%
EBITDA ¹	3.46	1.38	152%	6.52	2.50	160%
Income from operations	3.14	1.15	173%	5.56	1.67	232%

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 5.09 billion [\$ 1.36 billion] was up 86%, driven primarily by an increase in average sales prices and sales volumes in the fourth quarter of 2021 compared with the previous quarter. Average sales prices increased by 59% and the sales volumes increased by 27% in the fourth quarter of 2021, compared with the previous quarter. For the full year in 2021, average sales prices increased by 90% and sales volumes decreased by 11% compared with the full year in 2020. EBITDA in the fourth quarter of 2021 was SAR 3.46 billion [\$ 0.92 billion], representing an increase of 152% compared with the third quarter of 2021.

Urea prices sharply increased in the fourth quarter of 2021, due to a supply and demand imbalance. Global urea demand was healthy in the fourth quarter of 2021, driven by Indian tenders and further supported by steady demand from other regions such as Latin America, U.S. and Europe. Meanwhile, supply was tight in the fourth quarter due to low operating rates in Europe, which were driven by sharp increases in natural gas prices, exports restrictions in China and Egypt and maintenance shutdowns in South East Asia.

3. Hadeed

Table 4 – Hadeed Financial Overview

Item	Three Months Ended			Twelve Months Ended		
	Dec. 31, 2021	Sep. 30, 2021	Change %	Dec. 31, 2021	Dec. 31, 2020	Change %
Revenue	3.22	3.10	4%	12.81	9.52	35%
EBITDA ¹	0.34	0.23	47%	1.53	-0.39	498%
Income (loss) from operations	0.04	-0.04	197%	0.40	-1.53	126%

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 3.22 billion [\$ 0.86 billion] was up by 4% quarter-over-quarter in the fourth quarter of 2021, driven primarily by a higher sales volumes, which was offset partially by lower average sales prices. Average sales prices decreased by 8% and sales volumes increased by 12% in the fourth quarter of 2021 compared with the previous quarter. For the full year in 2021, average sales prices increased by 40% and sales volumes decreased by 5% compared with the full year in 2020. EBITDA of SAR 343 million [\$ 91 million] in the fourth quarter of 2021 was higher than SAR 234 million [\$ 62 million] in the third quarter of 2021 mainly due to improvement in the margin driven by higher sales volumes and a decrease in raw materials cost which offset a decrease in average sales prices.

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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