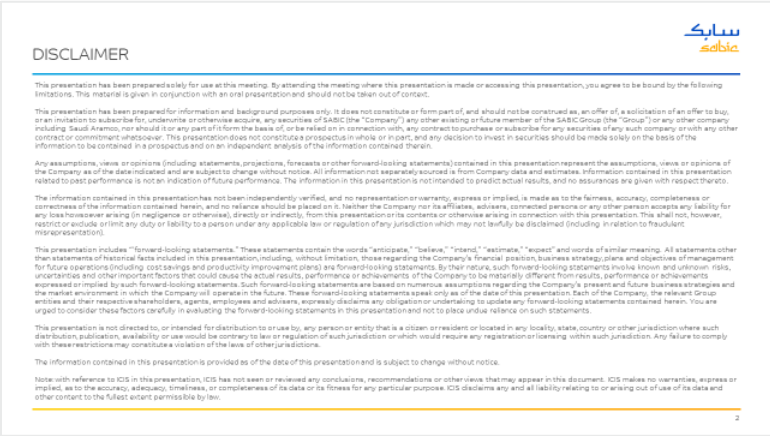
EARNINGS CALL SCRIPT

Second Quarter 2023

Slide 1

Alanoud Al-Ghifaili:

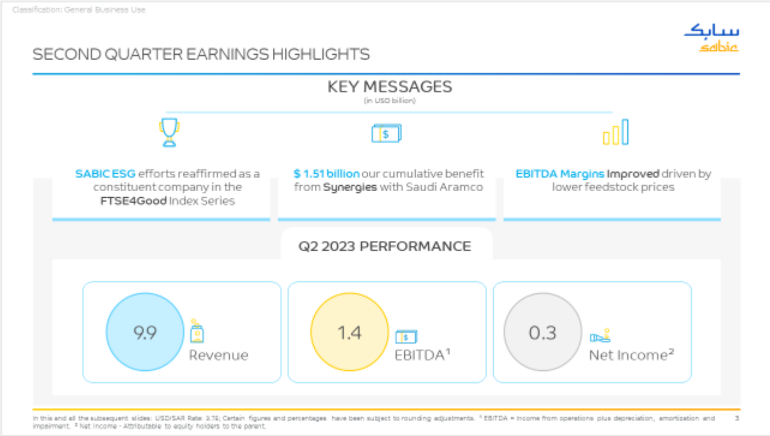
- Ladies and gentlemen, this is Alanoud Alghifaili and I will be your moderator for SABIC's Earnings Call for the Second Quarter of 2023 and I would like to welcome you all.
- I hope you are well.
- Today's call will be led by SABIC's CEO, Abdulrahman Al-Fageeh, joined by our CFO, Mr. Salah Al-Hareky and our IRO Mr. Moneef Al-Moneef.
- Now, please allow me to handover the call to our IRO of SABIC,
- To you Moneef, please go ahead.



Slide 2

Moneef Al-Moneef:

- Thank you Alanoud,
- Good afternoon ladies & gentlemen and thank you for joining us today.
- I would like you to note that any statements made during this call relating to matters that are not historical facts may be forward looking statements. These statements are based upon assumptions of managements, which are believed to be reasonable at the time made, and are subject to certain risks and uncertainties.
- The actual results could differ materially from those forward looking statements. Please refer to the statements in the presentation slides and our financial reports which are available at SABIC.com.
- Our listed companies namely; SABIC Agri-nutrients, YANSAB and Saudi Kayan will be conducting Analysts calls during September. Whereby, you will be receiving the invitations shortly.
- During this engagement, participants will have the opportunity to engage and discuss the company's performance and all other questions related.
- With that, I will now hand over the call to Abdulrahman Al-Fageeh, CEO.



Slide 3

Abdulrahman Al-Fageeh:

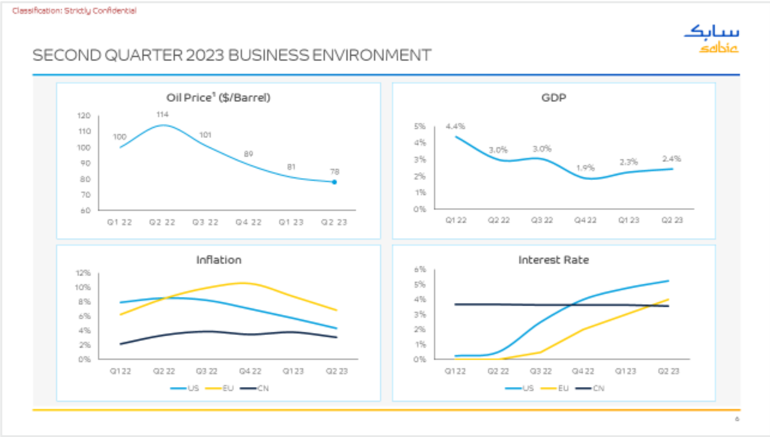
- Thank you Moneef.
- Ladies and gentlemen, I hope you and your families are keeping healthy and safe.
- In this Earnings Call, we will shed lights on SABIC performance during the quarter and Market Overview.
- With revenues of $9.9 bln, we have generated an EBTIDA of $ 1.4 bln and reported a net income of $ 314 mln in the second quarter of this year.
- EBITDA margin has improved in Q2 2023 due to a decrease in feedstock prices, it will be covered later by our CFO.
- We are proud to see the recent reaffirmation of SABIC as a constituent company of the FTSE4Good Index Series, for the fourth year, which demonstrates our strong commitment to environment, social and governance practices. Maintaining our position on ESG indices gives visibility to our ESG footprint, enhances reputation and branding, and helps attract ESG long-term quality investors.

Slide 4

Abdulrahman Al-Fageeh:

- Moving on to slide 4.
- I am pleased to talk about SABIC's commitment to innovation and sustainability. These are two of the driving forces behind our growth and our ability to deliver sustainable solutions to our customers.
- We recently completed for the first time in the Middle East and North Africa the conversion of oil derived from plastic waste into certified circular polymers, in cooperation with Saudi Aramco, and Total Energies. We are also committed to securing key innovation partnerships that will help us advance in the circular economy. This past quarter, we signed an agreement along with global chemical companies and the renowned Dutch innovation organization TNO, which will host an R&D Hub to make significant progress toward plastic waste processing. We will be working together to advance mechanical and chemical recycling routes and find new ways to drive net-zero solutions. In addition, we recently opened a new European Pipe Innovation Center in Geleen, The Netherlands. We will be able to develop customized pipe materials, test them, and validate them more quickly and efficiently. This facility will enable us to collaborate closely with European pipe manufacturers and will help us to meet the growing demand for sustainable pipe solutions in Europe.
- Also last quarter, we shipped two successful 5,000 metric tons of first certified commercial shipments of low-carbon ammonia to India and Taiwan. This underscores our commitment to be carbon neutral by 2050. We strive to be a leading player in the low-carbon ammonia market, with a strong determination to expand our reach.
- Furthermore, we are also proud to sponsor the Young Innovative Talent at the International Science and Engineering Fair 2023 (ISEF). The achievements of the young Saudi talents demonstrate the Kingdom’s competitive advantage in science and innovation
- Lastly, we are honored to have been awarded the 2023 Sustainability Leadership Award for Exemplary Achievements in Circularity by the American Chemistry Council. This award recognizes our pioneering efforts to integrate ocean bound plastic (OBP) into the circular economy and to collaborate closely with our value chain.
- I am confident that our commitment to innovation and sustainability will continue to drive our growth and success in the years to come.

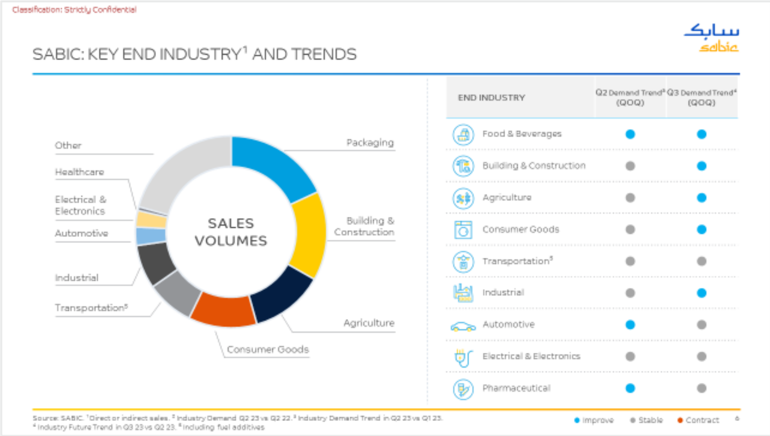
With that, I hand it over to Salah to shed light on our Market Overview and Financial Performance.



Slide 5

Salah Al-Hareky:

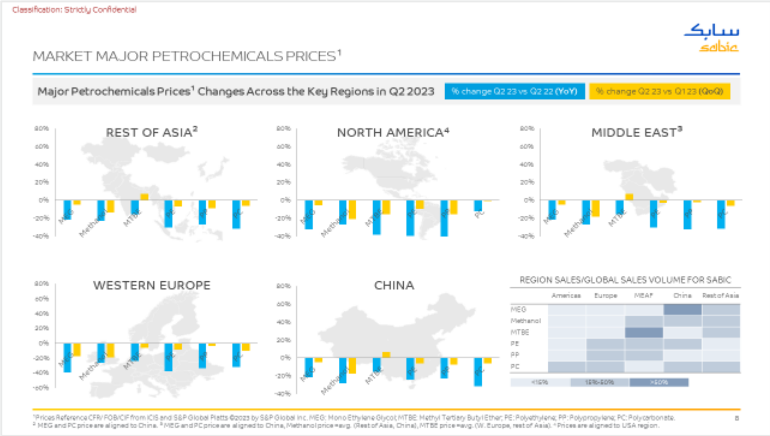
- Thank you, Abdulrahman, and a warm welcome to our Q2 Earnings Call.
- I'm happy to introduce to you our latest financial results.
- Before we start, let me walk you thru macro-economic highlights during Q2 2023.
- The global economy started the year without significant positive momentum in the global chemical industry.
- Global GDP grew slightly compared to the previous quarter driven by service sector primarily in China. Inflation responded to tightening lending policies, but still persists on a high level and continues to weaken consumer purchasing power.
- Rising interest rates and generally high uncertainty is still slowing down investments, affecting the manufacturing sector adversely.
- As a consequence, we still observe weak demand globally in our target markets with uncertainties going into the second half of the year.
- Oil prices dropped by 4% to $78 in the back drop of economic concerns.
- Moving into feedstock prices, Naphtha prices decreased by 13% due to lower petrochemicals operating rates in Europe and turnaround seasons in China.
- Natural Gas prices reduced by 38% in Europe and 21% in the US, due to lower consumption, mild weather, and stronger renewable power generation.



Slide 6

Salah Al-Hareky:

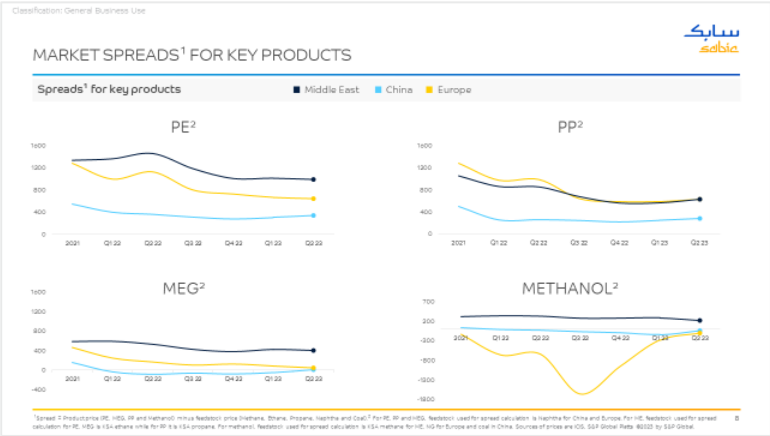
- Moving on to slide 6.
- We will illustrate the global demand trends we are seeing in the key industries for SABIC.
- Demand in Q2, quarter-over-quarter was flat in majority of the sectors, while it was slightly improved in Food & Beverages, Automotive and Pharmaceutical.
- As a trend, we are expecting moderated improvement in Food & Beverages, Building & Construction, Agriculture and Consumer Goods sectors driven by lower inflation in the back of lower energy prices. However, other sectors expecting to be flat.



Slide 7

Salah Al-Hareky:

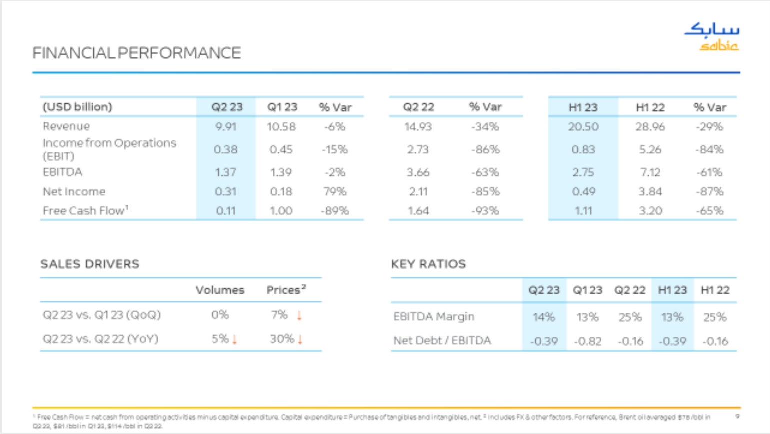
- Slide 7, please
- This slide shows the movement in market reference prices for our key Petrochemical products in key regions quarter-over-quarter in orange and year-over-year in blue.
- The visual in the graphs alone implies a downward in markets across products and regions associated with high inflation and elevated interest rates along with lower demand and higher supply globally.
- Let us start with Mono ethylene glycol (MEG), we have noticed prices decreased by 10% globally as a result of higher supply and new capacities, despite improvement in Polyester fiber demand in China, and improved Polyester PET demand globally.
- Methanol prices decreased by 18% globally, driven mainly by higher supply especially in the US, attributed to competitive Naturel Gas prices.
- However, demand improved from key applications, such as Methanol To Olefins (MTO) and Formaldehyde "فورمالدهايد.
- For (MTBE), prices globally decreased by 6% except for China where it increased by 7%, as the Gasoline demand continue to improve.
- All Polymers products declined on an average of 7% driven mainly by lower demand globally although demand had improved in automotive and passenger vehicles sectors.
- Talking specifically about (PE), we have noticed lower manufacturing orders in China and lower buying appetite in Europe beside new capacities.



Slide 8

Salah Al-Hareky:

- Moving on to slide 8.
- This slide reflects the integrated spreads of Petrochemicals benchmark prices over primary feedstock costs for our key products in key regions, explaining short term market dynamics.
- You will notice that the charts are illustrating historical data since full year of 2021 till this quarter.
- In the second quarter, lower Naphtha, Propane and Naturel Gas prices improved spreads marginally for all the products.
- In China, spread for (MEG) turned to positive.
- In Europe, spread for (Methanol) still negative but trending to positive direction.


FINANCIAL PERFORMANCE

(USD billion)	Q2 23	Q1 23	% Var	Q2 22	% Var	H1 23	H1 22	% Var
Revenue	9.91	10.58	-6%	14.93	-34%	20.50	28.96	-29%
Income from Operations (EBIT)	0.38	0.45	-15%	2.73	-86%	0.83	5.26	-84%
EBITDA	1.37	1.39	-2%	3.66	-63%	2.75	7.12	-61%
Net Income	0.31	0.18	79%	2.11	-85%	0.49	3.84	-87%
Free Cash Flow[1]	0.11	1.00	-89%	1.64	-93%	1.11	3.20	-65%

SALES DRIVERS

	Volumes	Prices[2]
Q2 23 vs. Q1 23 (QoQ)	0%	7% ↓
Q2 23 vs. Q2 22 (YoY)	5% ↓	30% ↓

KEY RATIOS

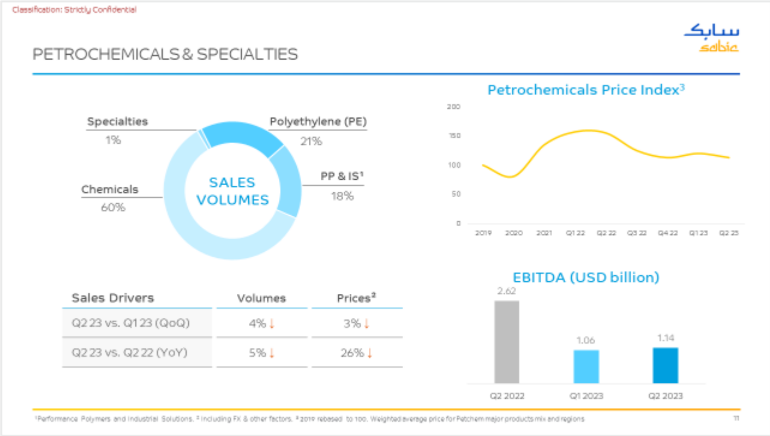
	Q2 23	Q1 23	Q2 22	H1 23	H1 22
EBITDA Margin	14%	13%	25%	13%	25%
Net Debt / EBITDA	-0.39	-0.82	-0.16	-0.39	-0.16

[1] Free Cash Flow = net cash from operating activities minus capital expenditure. Capital expenditure = Purchase of tangibles and intangibles, net. [2] Includes FX & other factors. For reference, Brent oil averaged $78/bbl in Q2 23, $81/bbl in Q1 23, $114/bbl in Q2 22. 9

Slide 9

Salah Al-Hareky:

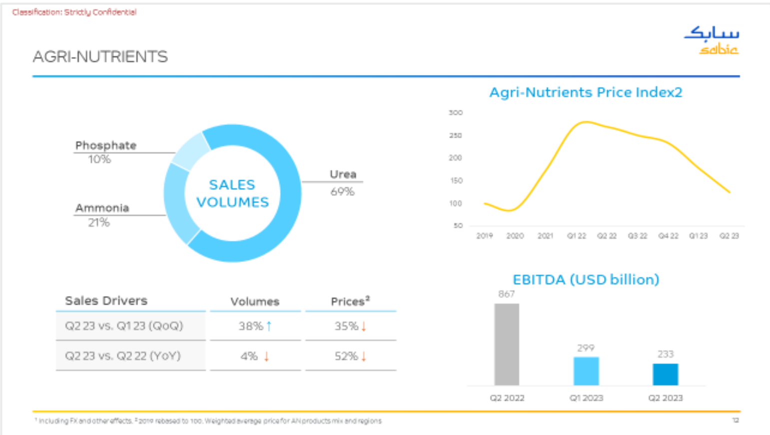
- Moving on to slide 9.
- Our financial results reflects the global chemicals market conditions.
- Which continues to witness a decline in global macroeconomics demand and an increase in supply for most of the company's products.
- Starting with our topline, compared to prior quarter, sales revenue decreased by approximately 6%, or roughly $ 670 mln, to $ 9.9 bln. The average selling price declined by 7% quarter-over-quarter.
- Overall average selling price affected heavily by the decline in Agri-Nutrients product prices which decreased by 35% quarter-over-quarter.
- Global SABIC sales volumes was flat quarter over quarter.
- Petrochemicals sales volume decreased only by 4%, while Agri-Nutrients sales volume increased by 38%.
- As you can see in the table, EBITDA Margin was stabilized at a level of 14% in Q2 2023 supported by the company efforts to lower average cost of sales by 7% and lower selling and distribution expenses by 4%. In addition to an incremental realization from synergies with Saudi Aramco of around $130 mln.
- During the first quarter, we further optimized our working capital thru reducing our inventory to generate positive impact on our FCF by $400 mln, in the second quarter of 2023, Free Cash Flow was reduced for the payment of "out of period" Zakat and income tax amounted of $665 mln.
- During the second quarter, our integral JVs contributed positively to our Net Income by $38 mln, in addition to favorable finance income for the valuation of options rights in our joint venture agreements.
- Accordingly, Net Income increased by 79% reaching to $314 mln in second quarter.
- For the half year comparison, the declined in prices decreased our revenues by 29%. This is primarily driven by continuous slowdown in the global economy as a result of tightening global monetary policies to counter global inflation.
- Scheduled maintenance activities reduced sales volumes by 4%.
- Therefore, EBITDA margin reached 13% level, despite lower average cost of sales by 18% and selling and distribution expenses by 32%.
- The non-integral joint ventures and associate companies decreased by $550 mln compared to 1st half of 2022.
- Net Income decreased by 87% reaching $491 mln in first half.
- Before I move to discuss segment financial results, I would like to highlight that we remain focus on further optimize Working Capital and cost reduction.



Slide 10

Salah Al-Hareky:

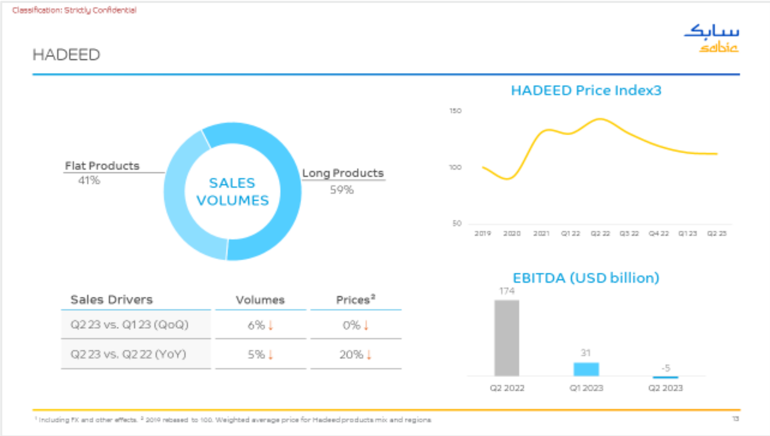
- Moving into Segment financial results, starting with Petrochemicals.
- Average selling prices in the Petrochemicals business showed declined by 3%.
- The EBITDA in our Petrochemicals and Specialties business in Q2 2023 has improved by 8% reaching to $ 1.1 bln. EBITDA margins was at 17%, higher than the EBITDA margin achieved in previous quarter of 14%.
- The improvement was largely driven by lower feedstock prices and lower selling and distribution cost versus prior quarter.



Slide 11

Salah Al-Hareky:

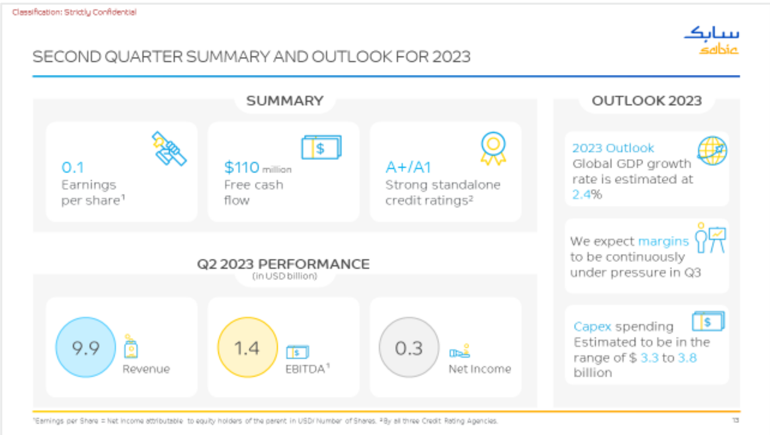
- Moving over to slide 11, Agri-Nutrients business.
- Sales volumes increased by 38% largely due to return of production to normal levels after the planned turnaround in Q1.
- In our Agri-Nutrients segment, Q2 EBITDA of $ 233 mln was 22% lower than in prior quarter primarily driven by lower average selling prices which declined by 35% mainly attribute to seasonal effects, over supply and stagnant demand.



Slide 12

Salah Al-Hareky:

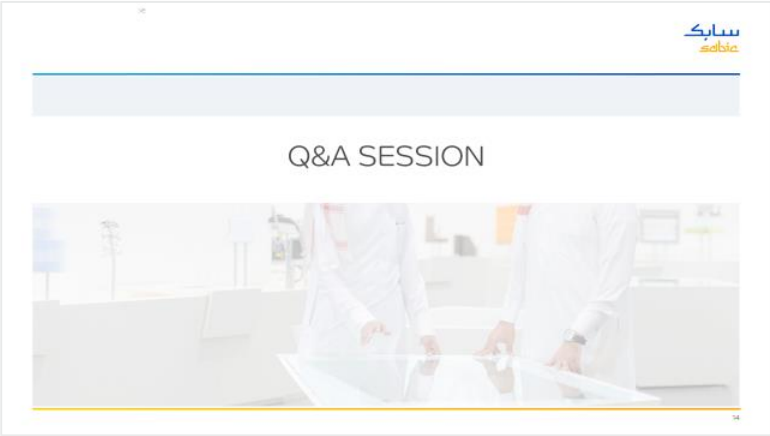
- Moving on to slide 12.
- Our metals business reported a negative EBITDA of $ 5 mln in Q2 quarter to quarter.
- This was due to lower sales volumes on the back of the complex turnaround and lower demand.
- In general, local steel market is facing tough competition and high inventory. Therefore, prices have been impacted in an effort to reduce inventory levels.
- With that, I will hand it over back to Abdulrahman Al-Fageeh, CEO



Slide 13

Abdulrahman Al-Fageeh:

- Thank you, Salah.
- Looking ahead, we expect an average global GDP growth rate of 2.4% for 2023.
- We continue to execute our strategic priorities for the year: Value Creation, Synergy Benefits with Saudi Aramco and progress on our Growth Strategy despite challenging global market.
- We remain discipline in managing our CAPEX and we estimate 3.3 to 3.8 Billion USD spend in 2023.
- Thank you and back to Alanoud for the Q&A.



Slide 14

Alanoud Al-Ghifaili:

- Thank you Abdulrahman Al-Fageeh.
- Dear Audience, if any of you would like to ask a question, you can simply use the “Raise Hand” feature available to you on the control screen.
- Please make sure to click the “Lower Hand” button once you have asked your question.
- You can also share your question in writing to our Q&A Panelist.

Prateek: (HSBC, Analyst) ... for taking my question. I have two. The first one is on your benefit you got in your net income from the positive valuation of option rights in your JV. Could you quantify it? What was the magnitude of the benefit you got from that? That's the first question.

Second question I have is on the volumes in your petrochemical business. Right. In the previous quarter, Quarter 1, both Kayan and Yansab were shut, right? They were maintaining shutdowns. In this quarter, they were both operational, but still the volumes were down 4%. Could you help us understand why were the volumes down, the actors driving that? Thanks a lot.

A. Al-Fageeh: Thank you, Prateek. I think your second question is very clear, and I think we got it and we can answer. The first question I'm not sure, did you get it, Salah?

Salah Al-Hareky: Yes.

A. Al-Fageeh: Yes. Okay. Salah can discuss it.

Salah Al-Hareky: Okay. So Prateek, thank you very much for your question and I'll - actually, the impact on the derivative or option valuation on our assets was around SAR630 million. Of course, this is non-recurring event, but we have - we do our evaluation of our options on these joint ventures. So, for this year, for this quarter, was a positive 600 - around SAR630 million.

A. Al-Fageeh: As far as the volume decrease in sales in the second quarter versus the Quarter 1, and as you rightly mentioned, Prateek, that most of the turnaround that happens in the Q1.

I can tell you that we have an aggressive sales in the first quarter, and we sell below our target inventory for the finished products. However, there are also some impact from the MTBE sales, for example, which is, I mean off season and impacted the sales.

Just to be aware that, I mean, the targeted inventory for the Company is maintaining at a level that we secure the reliability for our supply to our customers and to our business partners around the world.

So, it's a matter of inventory management for the finished products. I can assure you that in the third quarter, with some improvement, in some of the demand for some of our segments, this is going to be recovered very soon.

A. Alanoud: Thank you, Prateek for the question. We have another question from Ricardo, from Morgan Stanley. Ricardo, please go ahead.

Ricardo: (Morgan Stanley, Analyst). Hello, thanks for taking my question. Couple questions on my side. The first one, when you mentioned that margin continues to be under pressure in the third quarter, how would that be compared to the levels that we've seen on the second quarter?

Then the second question is, if you could please provide us some more colour on how you're seeing the Chinese demand for petrochemicals, and if you had to compare the odds for petrochemicals compared to the fertilisers. Thank you.

A. Al-Fageeh: Yes, I understand the first question, which is the continuation of the pressure. Let me just clarify here. In our statements, we have said, I mean, the global economy will continue to be under pressure in a way, that it has not been recovered the way that was expected after the COVID-19.

So, with this slowness in the recovery for the global economy, you'll see that there is a direct impact into the demand for the petrochemical.

Having said this, the beauty that we have in SABIC, which is the differentiation in our portfolio that really help the Company that could mitigate some of this pressure that is going to be continued because of the global economy. I'm not sure about the second question.

M. Almoneef: Maybe, can you repeat it please, Ricardo? The second question?

A. Al-Fageeh: The comparison, I could not...

A. Alanoud: Ricardo, can you please repeat the second part of the question?

Ricardo: (Morgan Stanley, Analyst) Yes. Sorry, I was muted. So, on the second part of the question, if you could give us a colour on how you're seeing the Chinese demand for the petrochemical segment, and then also a comparison on how your - the perspectives for the rest of the year for chemicals compared to the agribusiness.

A. Al-Fageeh: If I understand your question correctly, Ricardo, some of the segments in the petrochemicals such as the packaging specifically for the food and beverages and also the automotive and some of the segments goes to the pharmaceutical.
We have seen that there is some improvement - little improvement, let me put it this way. Little improvement during the Q1 in terms of its demand in China and outside China. Still, the automotive industry is still under pressure due to the lack of the semiconductors, and also the impact also from the global economy itself.
Our views in the third quarter, that pressure on some of these segments may be relieved slightly, slightly, but not all of it. So, we are hoping, and we are optimistic that there is some demand that can be increased, and also due to seasonability.

Like for example, the Agri-Nutrients demand and the fertiliser demand that have a season in Asia that's going to be started, that may help and stimulate the demand to be improved.

A. Alanoud: Thank you, Ricardo. We have another question from Sashank from Bank of America. Sashank, please go ahead. Sashank?

A. Al-Fageeh: Al-Anood, I think Sashank is muted, if I'm not mistaken. No?

A. Alanoud: Okay. We'll take the next question from Alex Comer from JP Morgan. Alex, please go ahead.

Alex Comer: (JP Morgan, Analyst) Feedstock prices have continued to decrease along with product prices. I just wonder where was your margin in July versus the second quarter? So, in other words, you talked about margin under pressure, but I'm just wondering, where were you in July given those dynamics?

My second question is, with Aramco coming back on production, I'm just wondering whether or not you foresee any situation where you might have issues with feedstock supply?

A. Al-Fageeh: Okay. If I start with the first one is where are we in July? Normally, we're making the assessments for the full quarter. So hopefully the third quarter of this year, it have an indication that we may see some improvement in some of the segments for petrochemical demand.

The second question related to the Aramco production, I just want to clarify one point. I mean, SABIC is a global company that have a global footprint around the world or production facilities in Saudi Arabia, in Europe, in Americas as well as in China and some of other countries around the world for our compounding facilities. We secure our feedstock for all this.

I can tell you for the past 40 years, Saudi Aramco demonstrated to be a very reliable supply for our feedstock regardless of the level of the production that they announced. We are counting on Saudi Aramco for providing the required feedstock for the Company.

A. Alanoud: Okay, thank you. Now, we'll go back again to Sashank. Sashank.

Sashank: (Bank of America, Analyst) Hi. Can you hear me now?

A. Alanoud: Yes.

Sashank: (Bank of America, Analyst) Yes. Thank you for that. So, I have two questions. One is related to your European business. I think in the first quarter you mentioned the EBITDA was negative.

So just wanted to understand how the business did in the second quarter, and just longer term, what's your outlook for the business in Europe given the structural cost disadvantage we're seeing? That's the first question.
The second question is, again, just in terms of demand, we've seen some of your competitors or peers rather talk about the order book picking up, demand picking up. You did mention some of the segments, but I'm just wondering in terms of geographies where you think demand has been. Is it relatively more stable or solid versus some of the other geographies? If you could compare that, that'll be helpful.

A. Al-Fageeh: Yes. Thank you, Sashank, I will go for the second question, demand and Salah, you can take the Europe one. Or you want me to take both? Okay. For the demand geographically and with different segments, we can see the demand that there is a sign, let me put it this way, because we have not seen this in the ground yet. There is a sign that there is some signs that could improve the demand in some of the segments in the petrochemicals in China and Southeast Asia, and USA as well as in Middle East. Probably Europe is not yet at the same level that we can be an optimistic to have a better demand.

Salah Al-Hareky: Okay. So, let me take the - I think the first part or the second part of the question regarding the European, I think. Maybe before answering directly the question, would like to just highlight something very important because - SABIC is a very global company. Our footprint and our plan is to be in the market where we actually provide value to our shareholder.

Now we've actually seen some improvement in the European market, and this is driven by the lowest utilisation cost. So, I think there is a positive - slightly positive outlook for Europe.

A. Alanoud: Thank you, Sashank, for the question. Next question. We'll take a question from Faisal Al-Azmeh from Goldman Sachs. Faisal, please go ahead.

Faisal Al-Azmeh: (Goldman Sachs, Analyst). Yes, sir. Hi, and congratulations on the numbers. Just two questions from my end. The first is on dividends. When considering the changes that has taken place with some of your affiliates and your parent Company in terms of having or formulating a dividend policy that is linked to performance, is this something that SABIC is also planning to do?

We've seen Aramco do something similar, and another affiliate company, one of other Aramco's subsidiaries recently announced something similar.
Is the Company considering having a dividend policy that is linked to free cash flows or that is linked to performance over time or is this something that is currently not being discussed? That's my first question.

Just generally on my second question, as we think about cost efficiencies and the potential to extract more or to reduce costs over the coming years, maybe if you can shed some colour on the areas that you can tack it and maybe potentially the magnitude that could effectively be achieved over the next few years, that would be helpful. Thank you.

A. Al-Fageeh: Thank you very much, Faisal. I can tell you that our dividend policy has not been changed yet, and it'll continue to have a stagnant and improved dividends to our shareholders.

In the second question, in the cost efficiency, as you may see, always we have a lot of initiatives driven by our people in the Company to make sure that we always have a discipline in our spending, both in the fixed cash cost as well as in the capital cost. We have demonstrated over many, many years that the plans and budgets that the Company put in place that always cater for the global economy and making sure that we have the best and most efficient cost efficiency in order to deliver to our customers and to our business partners around the world with very reliable products. Not only products, but also innovative solutions that help the growth of our customers.

A. Alanoud: Thank you. We'll take a final question from the chat. Faisal asks, what is SABIC expectation for the business outlook in Q3 and Q4, and do the trends go up or down?

A. Al-Fageeh: What's that? What's that?

A. Alanoud: What is SABIC's expectation for the business outlook in Q3 and Q4? Do you see the trend going up or down?

A. Al-Fageeh: We will continue I think in the second half of the year, in terms of delivering our material and also producing from our facility, I think with the same. The beauty of SABIC with the diversified portfolio that make us a robust producer and marketer for the petrochemical and the Agri-Nutrients products, and we'll continue with our plans as is.

A. Alanoud: We have a final question from Oliver, from Citibank. Oliver, please go ahead.

Oliver: (Citibank, Analyst) To finish off. We've talked a little bit about demand, obviously there's a lot of supply on some of your key products and the pet chem space that has been coming on this year. What's your outlook for that supply for the second half of the year? Is there any signs that that will tail off a little bit to help with the supply and demand balance? Thanks.

A. Al-Fageeh: Thank you, Oliver. I think the supply from our production facilities will be improved. This is at least the plan that we are planning to do due to the fact that most of the turnarounds for our facilities that been taking care in the first half of this year, mainly in the first quarter. So, we are foreseeing that there is improvement in our production as well as our sales quantity.

Alanoud Al-Ghifaili:

- Thank you all for your valuable questions. Finally, in the last slide you will see our upcoming engagements in the mentioned conferences whereby we look forward to engage with you and continue the dialogue.
- Moreover, we stay at your disposal for any inquiry or clarification you may have at any time thru our open channels displayed in the slide.
- Thank you all for attending SABIC's Earnings Call for the Second Quarter of 2023.
- We will now be adjourning the call; wishing you all the best.