

SABIC First Quarter 2021 Earnings

First Quarter 2021 Highlights:

- Revenue of SAR 37.53 billion [\$ 10.01 billion], a 14% increase quarter-over-quarter and a 24% increase year-over-year.
- EBITDA of SAR 10.39 billion [\$ 2.77 billion], a 55% increase quarter-over-quarter and a 139% increase year-over-year.
- Income from operations of SAR 6.98 billion [\$ 1.86 billion] was higher than the income from operations of SAR 3.79 billion [\$ 1.01 billion] in the previous quarter compared to the loss from operations of SAR 0.06 billion [\$ 0.02 billion] in the first quarter of 2020.
- Net income of SAR 4.86 billion [\$ 1.30 billion] was higher than the net income of SAR 2.25 billion [\$ 0.60 billion] in the previous quarter and the net loss of SAR 1.05 billion [\$ 0.28 billion] in the first quarter of 2020. There were no material non-recurring charges in the first quarter of 2021.
- \$ 156 million of annual value creation achieved since the closure of transaction with Saudi Aramco (acquisition of a 70% stake in SABIC on 16th June 2020). \$ 1.5 billion - \$ 1.8 Billion of recurring annual value creation and synergy is expected by 2025.

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

Table 1 – Summary Financial Results

Item	Three Months Ended			Three Months Ended		
	Mar. 31, 2021	Dec. 31, 2020	Change %	Mar. 31, 2021	Mar. 31, 2020	Change %
Revenue	37.53	32.84	14%	37.53	30.19	24%
EBITDA ¹	10.39	6.70	55%	10.39	4.35	139%
Income (loss) from operations	6.98	3.79	84%	6.98	(0.06)	NM ³
Net Income (loss) ²	4.86	2.25	116%	4.86	(1.05)	NM ³
Earnings (Loss) Per Share ²	1.62	0.75	116%	1.62	(0.35)	NM ³
Free Cash flow	4.74	3.38	40%	4.74	1.41	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.

³not meaningful.

Saudi Basic Industries Corporation (“SABIC”) (2010-SA) today announced its financial results for the first quarter of 2021. The company’s revenue reached SAR 37.53 billion [\$ 10.01 billion] in the first quarter of 2021 representing an increase of 14% compared with the fourth quarter of 2020.

The first quarter of 2021 saw average sales prices increase by 22% compared with the fourth quarter of 2020. Sales volumes decreased by 8% in the first quarter of 2021 compared with the fourth quarter of 2020.

The financial performance of SABIC improved in the first quarter of 2021 compared with the previous quarter due to increased margins driven by higher product prices, supported by a rise in oil price, healthy demand and tightness in the supply for most of the key products.

Brent crude oil prices increased by approximately 39% in the first quarter of 2021 compared with the fourth quarter of 2020. Both Japanese and European naphtha prices increased by more than 37% in the first quarter of 2021, quarter-over-quarter, broadly in line with an increase in oil price. Meanwhile, Japanese propane and butane prices increased by more than 20% in the first quarter of 2021 compared with the previous quarter. The cost of sales of SAR 26.36 billion [\$ 7.03 billion] in the first quarter of 2021 was 7% higher than the fourth quarter of 2020 due mainly to an increase in feedstock prices.

SABIC's EBITDA amounted to SAR 10.39 billion [\$ 2.77 billion] in the first quarter of 2021, representing an increase of 55%, quarter-over-quarter. This was due mainly to higher average sales prices, which were offset partially by increasing feedstock prices and decrease in sales volumes during the first quarter of 2021 compared with the previous quarter. This resulted in an EBITDA margin of 28% in the first quarter of 2021, which was higher than 20% obtained during the fourth quarter of 2020.

Net income in the first quarter of 2021 was SAR 4.86 billion [\$ 1.30 billion], or SAR 1.62 per share [\$ 0.43 per share] which was higher than the net income of SAR 2.25 billion [\$ 0.60 billion], or SAR 0.75 per share [\$ 0.20 per share] achieved during the fourth quarter of 2020.

Non-recurring charges were not material in the first quarter of 2021 compared with non-recurring gains of SAR 0.45 billion [\$ 0.12 billion] in the previous quarter.

The first quarter net income was SAR 4.86 billion [\$ 1.30 billion], which was higher than the net income of SAR 1.80 billion [\$ 0.48 billion], after adjusting for non-recurring gains achieved in the previous quarter.

"SABIC's financial performance has seen a positive start to 2021. The first quarter saw rising oil prices and a tight supply and demand balance, further impacted by heavy turnarounds and storm Uri in the US. These elements, combined with growing demand as the global economy continues to recover, resulted in higher prices and margins for most of our products," said Yousef Abdullah Al-Benyan, Vice Chairman and Chief Executive Officer of SABIC.

Mr. Al-Benyan continued, "Plant safety and EHSS at large is always a priority for SABIC. In addition, the key priorities for SABIC in 2021 are to remain focused on delivering our transformation and strategy, maintaining our financial strength, improving operational performance, meeting our ESG commitments, and demonstrating excellence in customer focus and innovation."

SABIC also remains focused on generating maximum value from synergies with Saudi Aramco. Between the deal close (June 2020) and the end of Q1 2021, SABIC has achieved a synergy value of \$156 million.

Together, SABIC and Saudi Aramco are focused on providing world-class products and services to global customers. As part of this, the sales and marketing rights of approximately 5.4 million metric tons of chemicals and polymer products will be transferred from Saudi Aramco to SABIC. The effect of these changes, planned to be implemented on a phased basis beginning 2021 and subject to the necessary consents being obtained, will focus SABIC on petrochemicals products and Saudi Aramco on fuel products. SABIC will also sell the MTBE and Benzene to Saudi Aramco and will rely on them to source European cracker feedstock and Benzene to our global operations.

In expanding the portfolio footprint, which is driven by the alignment of the sales and marketing strategy of SABIC and Saudi Aramco, as a part of sales and marketing rights, there will be around 900 KMT of products new to SABIC. The new capacities include polyurethane, propylene oxide and butyl glycol ethers, which will expand our product portfolio. We expect our global market share to increase in polymers and chemicals, which will reinforce SABIC as the chemicals arm of Saudi Aramco and advance the realization of our company's ambition to be the preferred world leader in chemicals.

During this quarter, SABIC became the world's second most valuable brand in the chemicals industry for the first time, while also placing itself among the top 500 most valuable global brands. The rankings were confirmed in the 2021 Chemicals 25 and Global 500 reports published by Brand Finance, a world-leading independent brand valuation consultancy. This represents a major step forward for SABIC and reflects the ever-growing positive perception of the company among customers and key stakeholders.

Sustainability and Innovation

SABIC is committed to driving greater sustainability in the global chemicals industry. The company continues to work collaboratively with key players in the global chemicals industry. A number of key developments have taken place this quarter, which support this goal.

SABIC entered into a joint agreement with BASF and Linde to realize the world's first electrically heated steam cracker furnace. Today, steam cracker furnaces play a central role in the production of basic chemicals and, with this innovative approach, SABIC and its partners offer a promising solution to significantly contribute to the reduction of CO₂ emissions. A potential reduction of up to 90% has been estimated compared to traditional ethylene cracking processes.

Mr. Al-Benyan added: "Our industry thrives on innovation and collaboration, which enable us to come up with and deliver important contributions to urgent global challenges including resource efficiency and CO₂ reduction. This flagship sustainability initiative forms part of SABIC's long-term vision and climate change strategy to transform our business through the concept of the circular carbon economy."

SABIC is also proud to have reached two major milestones on its journey towards closing the loop on and creating a circular economy for plastics:

SABIC and Plastic Energy are set to commence construction on the first commercial unit to significantly upscale the production of certified circular polymers derived from used plastic. This plant will be based in the Netherlands and is expected to become operational during the second half of 2022.

SABIC also signed a new agreement with BP to drive the circular economy forward through its Gelsenkirchen chemical complex in Germany, further increasing the production of certified circular products that make up SABIC's TRUCIRCLE™ portfolio. The pyrolysis oil obtained from low-quality mixed and used plastic will be processed at BP's refining site and then used by SABIC in its polymer plants to produce certified circular polymers.

Our focus on innovation has been recognized at the 2021 Edison Awards recently. SABIC won three 2021 Edison Awards for innovative technologies. These awards honor excellence in new product and service development, marketing, human centered design and innovation.

Outlook

In most parts of the world, SABIC expects economic activity to continue improving, as witnessed during the first quarter of 2021. The company estimates the global GDP growth rate to increase between 5.0% and 5.5% in 2021. This assumes the effective and widespread use of COVID vaccines around the world.

The level of margins witnessed in the first quarter is expected to continue during the second quarter of 2021, on the back of healthy oil prices and relatively tight supply and demand balances in our primary products.

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			Three Months Ended		
	Mar. 31, 2021	Dec. 31, 2020	Change %	Mar. 31, 2021	Mar. 31, 2020	Change %
Revenue	32.73	28.99	13%	32.73	25.96	26%
EBITDA ¹	9.18	6.35	45%	9.18	3.72	147%
Income (loss) from operations	6.20	3.77	64%	6.20	(0.21)	NM ²

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.

²not meaningful.

Revenue of SAR 32.73 billion [\$ 8.73 billion] was up in the first quarter, representing a quarter-over-quarter increase of 13%, primarily driven by higher average sales prices. Average sales prices increased by 21% and sales volumes decreased by 8% in the first quarter of 2021 compared with the previous quarter. EBITDA of SAR 9.18 billion [\$ 2.45 billion] in the first quarter of 2021 was 45% higher than SAR 6.35 billion [\$ 1.69 billion] in the fourth quarter of 2020.

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

In the **Chemicals** business unit, mono ethylene glycol (MEG) prices increased in the first quarter, driven by tight supply due to the weather impacts in the US, a rise in feedstock prices, steady demand and a decrease in inventories, especially in China. Methanol prices increased in the first quarter, driven by tightness in the supply and demand balance with some of the plants running on low operating rates due to natural gas restrictions, a rise in oil price and decreasing inventories in China. MTBE prices increased led by a rise in oil price and some improvement in mobility in the first quarter.

For the **Polyethylene** business unit, Polyethylene prices increased in the first quarter, driven by a tightness in supply led by planned and unplanned outages coupled with the weather impacts in the US, robust demand and an increase in feedstock costs.

In the **Performance Polymers & Industrial Solutions** business unit, polypropylene (PP) prices increased in the first quarter supported by a tight supply and demand balance led by planned and unplanned outages, and further impacted by the weather impacts in the US and healthy demand. Polycarbonate (PC) prices were higher in the first quarter, supported by a tighter supply resulting from continued outages in Asia and the US and healthy demand.

2. Agri-Nutrients

Table 3 – Agri-Nutrients Financial Overview

Item	Three Months Ended			Three Months Ended		
	Mar. 31, 2021	Dec. 31, 2020	Change %	Mar. 31, 2021	Mar. 31, 2020	Change %
Revenue	1.82	1.50	22%	1.82	1.47	24%
EBITDA ¹	0.59	0.48	21%	0.59	0.56	5%
Income (loss) from operations	0.45	0.35	30%	0.45	0.36	26%

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 1.82 billion [\$ 0.49 billion] was up 22%, driven by an increase in average selling price in the first quarter of 2021 compared with the previous quarter. Average sales prices increased by 40% and sales volumes decreased by 18% in the first quarter of 2021, compared with the previous quarter. EBITDA in the first quarter of 2021 was SAR 0.59 billion [\$ 0.16 billion], an increase of 21% from the fourth quarter of 2020.

Urea prices improved in the first quarter were supported by a robust demand and tight supply. There was healthy demand from US, Europe, Latin America and India especially in the latter part of the first quarter. Supply was tight due to planned and unplanned outages affecting certain production units, mainly in South East Asia and Middle East. Meanwhile, operating rates reduced due to a storm in US late in the first quarter, which also lowered the supply.

3. Hadeed

Table 4 – Hadeed Financial Overview

Item	Three Months Ended			Three Months Ended		
	Mar. 31, 2021	Dec. 31, 2020	Change %	Mar. 31, 2021	Mar. 31, 2020	Change %
Revenue	2.98	2.35	27%	2.98	2.77	8%
EBITDA ¹	0.62	(0.13)	NM ²	0.62	0.08	NM ²
Income (loss) from operations	0.33	(0.33)	201%	0.33	(0.21)	261%

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.

²not meaningful.

Revenue of SAR 2.98 billion [\$ 0.79 billion] was up by 27% quarter-over-quarter in the first quarter of 2021, driven by a higher average sales price. Average sales prices increased by 27% while sales volumes in the first quarter of 2021 were similar to the previous quarter. EBITDA of SAR 620 million [\$ 165 million] in the first quarter of 2021 was better than negative SAR 132 million [\$ 35 million] in the fourth quarter of 2020.

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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