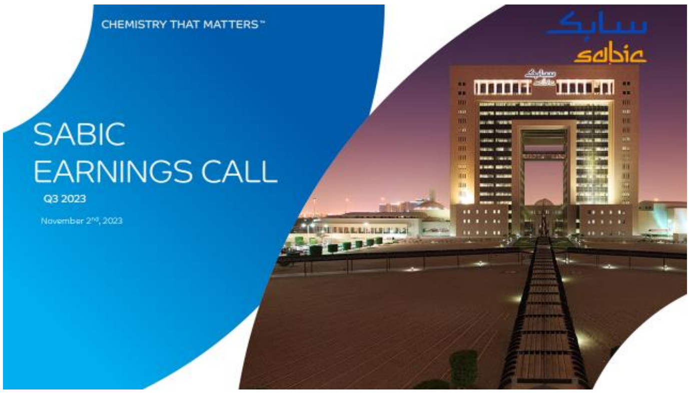
Earnings Call Script

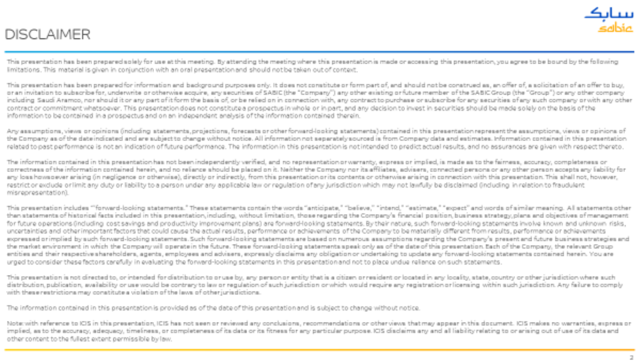
Third Quarter 2023



Slide 1

Moderator:

- Ladies and gentlemen, this is Nawaf Al-Nasser and I will be your moderator for SABIC’s Earnings Call for the Third 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.
- Please note that this call will be recorded and published into SABIC’s website at SABIC.com along with the quarter related documents.
- Now, please allow me to handover the call to our IRO,
- To you Moneef, please go ahead.



Slide 2

Global Investor Relations Officer:

- Thank you Nawaf,

- 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.

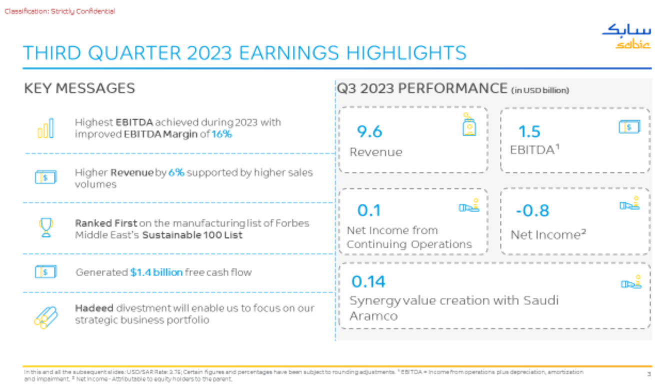
- For Q3 earning call, we will start with SABIC's highlight of the quarter and the ESG update, we will then cover the Business Environment, followed by: Key End Industry and Trends, Market Major Petrochemicals Prices and Market Spreads for Key Products.

- Later, we will focus on SABIC's Financial Performance followed by SABIC's segments performance.

- Finally, our CEO will address the Third Quarter Summary and Outlook For 2023. We will then conclude the call with live Q&A whereby participants will have the opportunity to engage and discuss the company's performance and any other questions related.

- Just a typical note, we would appreciate to keep the questions limited to SABIC only.

- With that, I will now hand over the call to Abdulrahman Al-Fageeh, CEO.



Slide 3

Chief Executive Officer:

- 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 $9.6 bln, we have generated an EBTIDA of $ 1.5 bln and reported a net loss of $ -767 mln in the third quarter of this year.
- EBITDA margin has improved in Q3 2023 driven by the increase in sales volumes supported by a decrease in feedstock prices; our CFO will cover it later.
- SABIC is committed to driving greater sustainability in the global chemicals industry. This commitment has been recognized by Forbes, ranking SABIC first on the manufacturing list of Middle East's Sustainable 100 List.
- On 3rd of September 2023, SABIC announced signing an agreement with the 'Public Investment Fund' ("PIF") to acquire all SABIC shares in the 'Saudi Iron and Steel Company' ("HADEED").

- Hadeed is one of SABIC's first manufacturing companies and is a fundamental pillar to sustainable development in the Kingdom of Saudi Arabia.
- Since its inception in 1979 and initial steel production in 1983, the company has been a major contributor to local, regional, and global urban development.
- This is not just a big step forward in HADEED's journey toward success but a strategic leap that enables change, development, and growth in various areas.
- The transaction will foster new knowledge and experience that will contribute to shaping a brighter future for Hadeed.
- It will help realize SABIC's strategic goals to become the preferred world leader in chemicals, and those of Hadeed to achieve long-term growth.
- Above all, this will enhance the strategic capabilities of the metals industry in the Kingdom, and ultimately fulfill the goals of Vision 2030.

Slide 4

Chief Executive Officer:

- Moving on to slide 4.

- It always makes me proud of SABIC when sharing the sustainability, ESG, and innovation development

- I'm very pleased to share the latest development on our collaboration with BASF and Linde to build the world's first electrically heated steam cracker furnaces, which we have already been updating you in the last couple of years. Pleased to now confirm another successful step on this breakthrough project hitting an important milestone recently with the installation of the last transformers for the demonstration plant. This technology can potentially reduce CO_2 emissions by at least 90% compared to conventional technologies. The completion of the project is scheduled for the end of year, followed by a stepwise commissioning.

Slide 5

- Moving on to slide 5.

- Our commitment to continued advancement in Sustainability and Innovation has been recognized once again by R&D 100 Awards, a global science and innovation competition, naming SABIC winner of the 2023 R&D 100 Award, for our innovative solutions in the Mechanical/Materials category. Our new grade of resin with a novel plastic-based design was distinguished for its high performance compared to other polymers and metal alternatives.

- Also in recognition of the effectiveness of our governance procedures, we have been awarded a certificate of completion of the compliance program by the General Authority for Competition (GAC), which is an independent body that aims to enhance transparency, ensure fair competition, and combat monopolistic practices in the Kingdom.

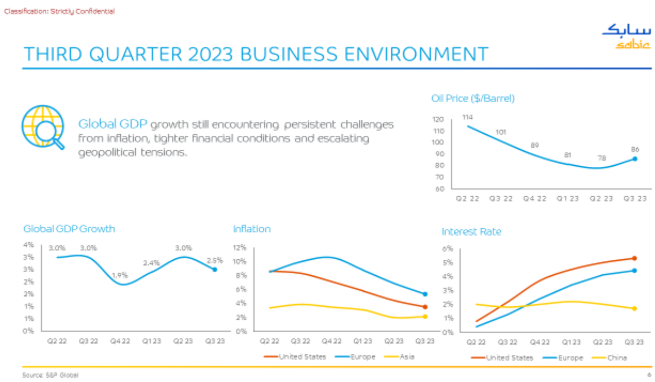
- Our contributions to innovation are also seen in this high end strategic collaboration, where technology, sustainability, and mobility have come together in our recent collaboration with Formula E as the innovative partner to develop GENBETA. This revolutionary electric race car draws on our still-expanding portfolio of thermoplastics, developed under our dedicated solution platforms – BLUEHERO™ for electrification and TRUCIRCLE™ for a circular economy. Reinforcing the company’s ambition to accelerate the world’s shift to electrification and carbon neutrality.

- We are also committed to developing innovative sustainable solutions for our customers. We are proud to share we now offer bio-based versions of all NORYL™ resin grades to further advance the bioeconomy of plastics. This Specialty material with bio-circular feedstock can serve as a drop-in replacement for traditional grades – with equivalent performance and processability.

- The broad range of physical properties of NORYL™ resins supports the needs of emerging markets, such as EV, Solar, Wind, EV batteries – and essential industries like Water Management, Building and Construction, and Automotive.

- SABIC already offers NORYL resins with more than 25 percent post-consumer recycled content. The availability of bio-based versions broadens the choice of environmentally responsible materials, helping our customers meet increasingly rigorous sustainability goals.

- I am confident that our commitment to innovation and sustainability will continue to drive our growth and success in the years to come.



Slide 6

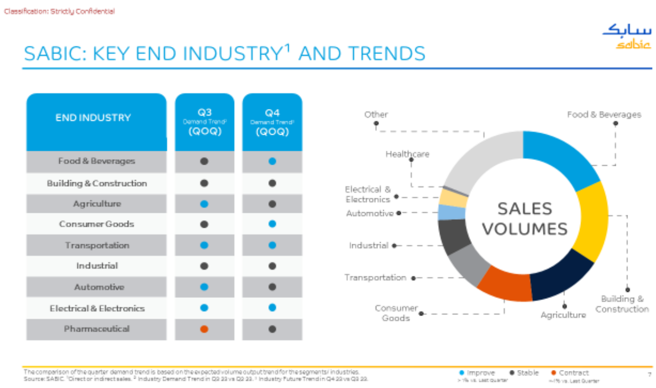
Chief Financial Officer:

- Thank you, Abdulrahman, and a warm welcome to our Q3 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 Q3 2023.
- The global economy started the year without significant positive momentum in the global chemical industry.
- Global GDP recorded a lower growth rate compared to the previous quarter driven by lower services and manufacturing sectors. 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 fourth quarter of the year.

- Oil prices increased by 10% to $86 affected by OPEC+ curtailments that set the ceiling and reduction in the US oil reserves by 9%.

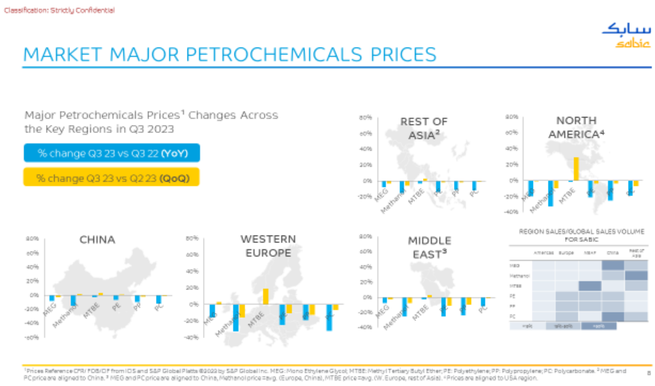
- Moving into feedstock prices, Naphtha prices increased by a range between 6% - 8% due to lower supply from OPEC+.

- Natural Gas prices reduced by 9% in Europe due to high quantity being stocked in the European market and increased by 17% in the US, due to higher demand before the winter season.



Slide 7

- Moving on to slide 7.
- We will illustrate the global demand trends we are seeing in the key industries for SABIC.
- Demand in Q3, quarter-over-quarter showed different sentiments among the sectors, an improvement in the Automotive sector, while a contracting sentiment in the Electronics and Healthcare sectors.
- As a trend, we are expecting moderated improvement in Food & Beverages. However, other sectors expecting to be flat.



Slide 8

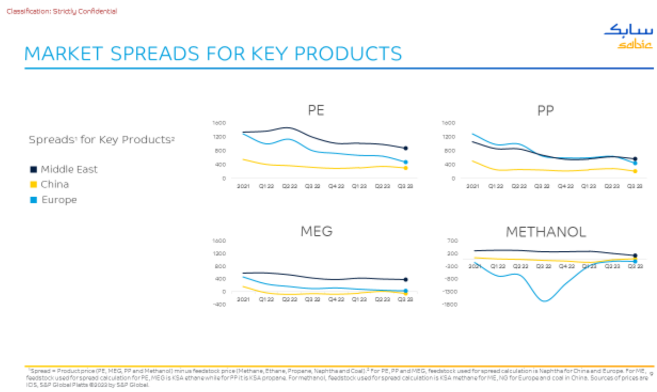
Chief Financial Officer:

- Moving in to slide 8.
- 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 most of 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 6% globally as a result of higher supply and new capacities, despite improvement in Polyester fiber demand in China.
- Methanol prices decreased by 8% globally, driven mainly by ample supply especially in the US, attributed to competitive Naturel Gas prices, although the prices in China increased by 2% driven by a higher demand from Non-MTO which offset the loss of MTO.
- For (MTBE), prices globally increased by 17%, driven by the improvement in demand from driving season.

- For (PE), prices decreased globally by 6% due to higher supply, although in China prices was up by 1% supported by slight improvement in demand.

- For (PP), prices decreased globally by 8%, resulted from an ample supply across the world given the major turnaround scheduled in the second quarter.

- For (PC), globally prices decreased by 6%, drive by lower government investments and weak recover signals.



Slide 9

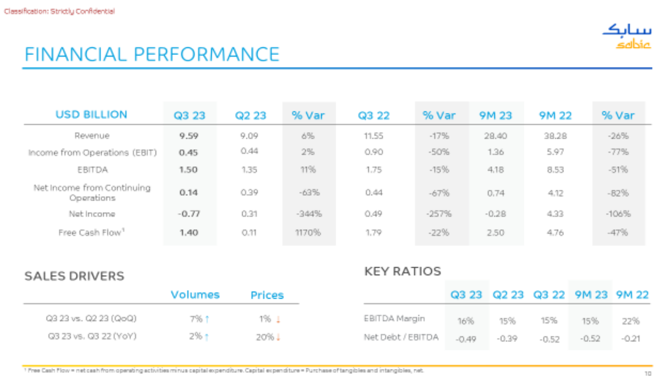
Chief Financial Officer:

- Moving on to slide 9.

- 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 illustrates historical data since full year of 2021 till this quarter.

- In the third quarter, Naphtha, Propane prices were higher, resulting a lower spreads marginally for all the products.



Classification: Strictly Confidential

FINANCIAL PERFORMANCE

USD BILLION	Q3 23	Q2 23	% Var	Q3 22	% Var	9M 23	9M 22	% Var
Revenue	9.59	9.09	6%	11.55	-17%	28.40	38.28	-26%
Income from Operations (EBIT)	0.45	0.44	2%	0.90	-50%	1.36	5.97	-77%
EBITDA	1.50	1.35	11%	1.75	-15%	4.18	8.53	-51%
Net Income from Continuing Operations	0.14	0.39	-63%	0.44	-67%	0.74	4.12	-82%
Net Income	-0.77	0.31	-344%	0.49	-257%	-0.28	4.33	-106%
Free Cash Flow[1]	1.40	0.11	1170%	1.79	-22%	2.50	4.76	-47%

SALES DRIVERS

	Volumes	Prices
Q3 23 vs. Q2 23 (QoQ)	7% ↑	1% ↓
Q3 23 vs. Q3 22 (YoY)	2% ↑	20% ↓

KEY RATIOS

	Q3 23	Q2 23	Q3 22	9M 23	9M 22
EBITDA Margin	16%	15%	15%	15%	22%
Net Debt / EBITDA	-0.49	-0.39	-0.52	-0.52	-0.21

[1] Free Cash Flow = net cash from operating activities minus capital expenditure. Capital expenditure = Purchase of tangibles and intangibles, net.

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Slide 10

Chief Financial Officer:

- Moving on to slide 10.

- Starting with our topline, compared to prior quarter, sales revenue increased by approximately 6%, or roughly $ 501 mln, to $ 9.6 bln. The average selling price declined by -1% quarter-over-quarter.

- Global SABIC sales volumes was 7% higher quarter over quarter supported by higher sales volume in Chemicals and Polymers segments by 8% and 15% respectively, mainly driven by higher production in Oxygenates Glycol, PE and PP products .

- Petrochemicals sales volume increased by 11%, while Agri-Nutrients sales volume decreased by 12%, offset by higher average selling price in the AN by 11%.

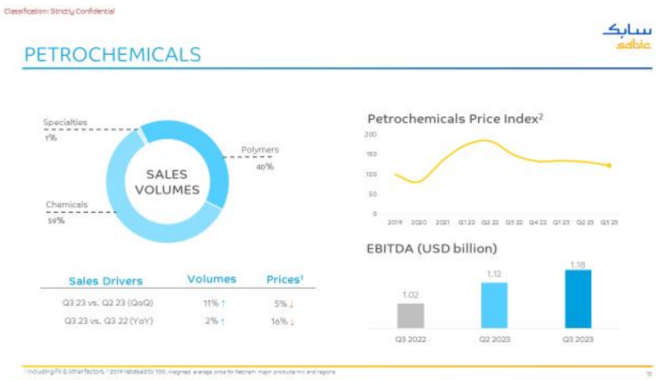
- As you can see in the table, EBITDA Margin was higher at a level of 16% in Q3 2023 supported by the company's efforts to increase the sales volume globally in Q3 despite the market challenges, supported by lower average cost of sales by 3%, In addition to an incremental realization from synergies with Saudi Aramco of around $140 mln, which resulted to a higher financial performance compared to the previous quarter.

- During the third quarter, our integral JVs results were 4% lower compared to previous quarter driven by lower average selling prices and lower sales volumes.

- Going to the third quarter's major event, the PIF acquired the entire stake of SABIC in the Saudi Iron and Steel Company (Hadeed). This transaction is part of the company strategic portfolio optimization to bring more focus into SABIC core and strategic businesses.
- The cash flow estimated from HADEED transaction post closure planned in Q1 2024, is around USD 1.8 – 2.1 billion, which will be essential for funding our growth journey.
- The financial impact of the transaction in the 3rd quarter was around $782 million recorded as fair value re-measurement.
- In addition, there has been non-recurring transactions during the quarter, mainly from recording a provision impairment in Europe assets, as part of business ongoing portfolio optimization.
- This resulted to a Net loss of $ 767 million in Q3 2023.
- However, SABIC's Net Income from continuing operations was $143 million.
- For the 9 months comparison, sales decreased by 26% driven primarily by lower average selling prices by 24% in addition to lower sales volume by 2% across all segments largely driven by Polymers.
- We achieved EBITDA margin of 15% level, despite the lower average cost of sales by 16% and selling and distribution expenses by 32% compared to previous 9 months.
- The non-integral joint ventures and associate companies decreased by $762 mln compared to 9 months of 2022.
- We recorded a net loss of $-278 mln in 9 months of 2023.

- Our net income from continuing operations was $ 742 mln, 82% lower than previous 9 months.

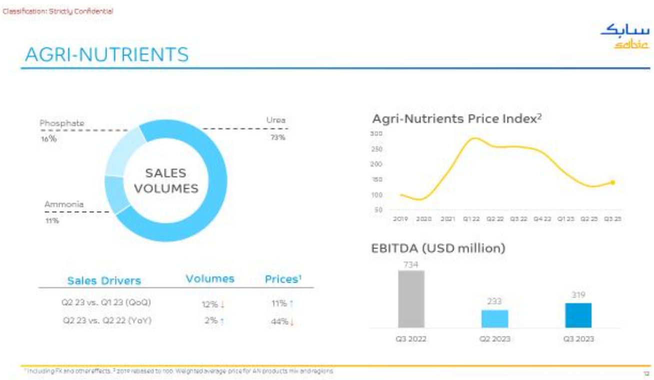
- Before I move to discuss segment financial results, I would like to highlight that we remain focus on further optimizing Working Capital and cost reduction, which improved our P/L and cash generation.



Slide 11

Chief Financial Officer:

- Moving into Segment financial results, starting with Petrochemicals.
- With a robust sales volume performance in the petrochemicals segment achieving 11% higher sales volume quarter over quarter.
- Average selling prices in the Petrochemicals business declined by 5% due to the stagnation in the global demand and higher supply.
- The EBITDA in our Petrochemicals business in Q3 2023 has improved by 5% along with slight improvement in the margins.



Slide 12

Chief Financial Officer:

- Moving over to slide 12, Agri-Nutrients business.
- Sales volumes decreased by 12% mainly due to lower sales in Urea.
- In terms of performance, Q3 EBITDA was 37% higher than prior quarter primarily driven by higher average selling prices which increased by 11%. This was substantially due to the following factors:

  1- Restocking demand from key markets; India & US
  2- Supply tightness in Africa.
  3- China exports limitation.

- In conclusion, SABIC will continue its efforts to reduce cost, optimize working capital, maximize returns and progress into growth. With a continuous efforts to increase the sales volume facing the market and global economy challenges. This was demonstrated clearly during the current quarter which had resulted in a better EBITDA margin, improved working capital and increased sales volumes.

Slide 13

Chief Executive Officer:

- Thank you, Salah.
- Looking ahead, we remain to expect an average global GDP growth rate of 2.5% for 2023.
- We continue to focus on our operation excellence, our capital discipline, and progressing on our growth despite challenging market.
- We remain discipline in managing our CAPEX and we estimate 3.5 to 3.8 Billion USD spend in 2023.
- Thank you and back to Nawaf for the Q&A.

Slide 14

Moderator:

- 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.

Moderator: First question from Morgan Stanley, Ricardo Rezende, please go ahead.

Ricardo Rezende: (Morgan Stanley, Analyst) ...for taking my question. A couple of questions on my side. The first one is related to the optimisation that you're doing in Europe and that you had a provision related to that in the third quarter. Would you be able to provide some more colour on what's the magnitude that you're looking at and potential capacity implication?
The second question, when we look at the CapEx guidance for this year, from $3.5 billion to $3.8 billion, should we expect a similar level for next year? Thank you.

A Al-Fageeh: I think we get the first one but the second, can you repeat the second question please?

Ricardo Rezende: (Morgan Stanley, Analyst) Yes. On the CapEx, when we're looking to 2024, comparing to the guidance that we have for 2023, should we expect something across a similar level?

A Al-Fageeh: Okay, thank you very much. Yes, I get you. First of all, I mean your question related to Europe. I mean Europe remaining for SABIC is an important and strategic region. As everybody knows the European region right now is facing a lot of challenges including the increase in the feedstock, I mean like the major one that we are using naphtha, or the energy prices that are also used for our energy mix and also our unclear utilities.

No doubt I mean that Europe will continue to be a major base for SABIC in terms of innovations and continue our people and our assets in Europe in providing a lot of innovative solutions for our customers and our business partners.
Our main focus right now in Europe is to continue with our safety as usual and to continue the reliability of the supply to our customers. Also, to make sure that we have an optimisation for our portfolio and our European assets, because I think this is important for the long term of our existence in Europe.
As far as the second question related to the spending in year 2024, I mean we will keep the same way that we have done in the past two years, by continuing the discipline in our expenses. As far as the new strategic growth, I think we are still at this point in time reviewing our business plan for next year and in Q1 of next year we are going to tell you more about how much is the size of our investment for our strategic growth.

Moderator: Next question from JP Morgan, Alex Comer, the mic is yours.

Alex Comer: (JP Morgan, Analyst) Can you hear me guys?

Moderator: Go ahead.

Alex Comer: (JP Morgan, Analyst) Okay. Just a quick couple to follow on from my colleague at Morgan Stanley just asked. In Europe are you actually profitable at the EBITDA level at the moment? That's my first question. Then, when we look at the supply and demand situation going into 2024, I mean it could well get worse, I'm just wondering, when you look at your plans for next year in terms of planned operating schedules etc, are you anticipating maybe bringing forward some maintenance?
Then my third question is, could you just give me an update on where we stand in terms of your expansion project and when we might hear, or when you might make on those projects?

A Al-Fageeh: Alex, I have to admit that we have difficulty in the voice. I think it is from our side, not yours. I'll try to answer the question in the way that I understand it. But please feel free, if I do not address your question well, then please just repeat it again. In terms of the EBITDA, I just want to inform you that the way that we manage our EBITDA in SABIC is a global basis for each one of our portfolios.
I have mentioned earlier that the challenges that we are facing in increasing the feedstock and the energy prices definitely, that puts a lot of pressure on our margin and our European assets. We are trying our best to make sure that we continue to provide innovative solution and also differentiated material from our asset in Europe, to make sure that we maximise our value from those assets. It's not something easy, it is very difficult at this point in time, but hopefully that is going to ease in the near future. I could not get in the second two points, anyone from my colleagues here help me, what is the second two points of Alex?

Moneef Al-Moneef: I think there was a question about the timelines for the recent announced oil to chemical projects.

A Al-Fageeh: Okay, okay. As you may know that we have announced that in November 2022, to convert 400,000 barrels of oil into chemicals. At that starting point we start to develop the best case and the feasibility study for that projection and also for trying to select the best technology that can be applied for such kind of a huge complex, provided that we need to make sure that we develop that technology

based on the commitment for our sustainability and the commitment of the reduction of our carbon footprint.
Still, at this point of time, we are developing the business cases and the feasibility study, and we will announce at the right time when we are going to move into the next phase.

Moneef Al-Moneef: Maybe Alex, if you don't mind rephrasing your second question and if there is any other further questions you could address at the same time.

Alex Comer: (JP Morgan, Analyst) Yes. Given expectations of weak demand continuing, I'm just wondering when you're planning your outages for 2024, whether you intend to increase plant shutdowns to reflect the weak demand situation or by bringing forward the maintenance, or whether you think that 2024 is going to be another year of strong operating rates?

A Al-Fageeh: Actually, our outages for our continuous maintenance and turnaround, I don't think this will be impacted by the situation right now because we have a rigorous plan for maintaining our plans and that's long term. Most of the time it has not been impacted by the situation.

The most important things that we try to maximise from each asset that would bring more value, not only to us in the Company but also to our customers and making sure that we bring the best value to our customers, in the meantime it has to be economical, and it has to be also bringing value to the Company. Not expecting that major outage from our plants is going to happen, it is the other way around trying to maximise the differentiated and higher added value portfolio out of our assets.

Moderator: Okay. Next question from Bank of America, Shashank, please go ahead.

Shashank Lanka: (Bank of America, Analyst) I just have three questions from my side. I think the first one on CapEx, is our understanding correct that currently you do not have any FID passed on any major expansion project, that's the first question? The second one is, on your European restructuring which you mentioned, I know there was a question earlier, but could you probably elaborate a bit more in detail on what are the steps you are taking exactly in terms of the restructuring in the countries you operate in Europe?

The third question is, just in terms of the whole national petrochemical strategy and the expansions which we were supposed to hear about, is there any update there and what are the timelines we should be looking at? Thank you.

A Al-Fageeh: Thank you, Shashank. I mean in terms of the CapEx I think I have highlighted this, especially in the run and maintain and the way that we continue the discipline in making sure that we have a great discipline in the run and maintain. As far as the new one, I think we are at this point in time finalising our feasibility studies and our business cases for the CapEx in the future. As I mentioned I think, in the next quarter, which is Q1 2024, we are going to exchange with you, our views about the CapEx for the year 2024 and after.
As far as the restructuring of Europe, actually the transformation of our assets in Europe has been started almost four or five years back. To make sure that we have the right transformation in our assets. To make sure that we maximise the value that can be done for our stakeholders out of our assets in Europe. We will keep doing this and this transformation is not only done because of the current

economic situation, it is long term, it is something that has been started and it will continue.
The situation right now is not a trigger for us and our restructuring in Europe has been, as mentioned, it is in the past and it will continue. If there is any major things that is going to be taking place, definitely we are going to share it with you. What was the third one you have?

Moneef Al-Moneef: The third question was about the national petrochemical strategy that will be launched by the Ministry, I think.

A Al-Fageeh: I cannot comment on anything that the Ministry is going to announce or to do. I think it would be great to ask this question to the Ministry of Energy or I mean, if it's the industry, if it's the Ministry of Industry and Mineral Resources. Okay, thank you Shashank.

Moderator: Moving on to the next question from Goldman Sachs. Faisal, the mic is yours.

Faisal: (Goldman Sachs, Analyst) Maybe just starting off with just looking at the numbers so far this quarter and when you think about how sequentially there's been an improvement, if you can maybe just shed more colour on where this improvement is coming from? Is it largely coming from the international assets or is it coming from the domestic assets? That's my first question.
My second question is, as we think about also more your disposals or asset sales, what are the, I would say – so I mean steel you've identified it a few years back that it's not core to the business, what are the other assets that we should think about that are not core to SABIC at this stage?
Then the final question is just on the dividend, obviously we've seen an increasing focus on performance linked dividends, is this something that you would propose to the Board at some point, where we start to move from having what could be an ad hoc dividend policy to more of a performance linked one? Thank you.

A Al-Fageeh: Thank you, Fraser. I'll take the third question related to the other business. You asked, that it is not part of the core business for SABIC, then the rest, I think would be addressed by Salah. I think we have announced a long time back that the steel business is not part of the petrochemical business. That was the only one that has been announced.

At this point of time, if you look at our portfolio right now, you see it are in three packets. Basic chemical and polymers, the second one is the agri-nutrients and the third one is the speciality, which is closely linked to our core business in the chemicals and polymers. At this point of time other than steel, the business portfolio at this point of time is the SABIC core business. Salah.

S Al-Hareky: Okay. Thank you very much for your question, I think before jumping into answering the question around the portfolio optimisation, because portfolio optimisation is really a very important element of our strategy going forward but there are many elements of our strategy that actually – we are very focused on, in order to weather through very difficult times for the chemical business.
One for sure is reducing our expenditure, especially fixed costs and sales cost. We have actually progressed very well, our savings and reduction of cost. I only take nine months, and this is a high level number, is around $350 million. This is very important, very critical for us.
Second is optimisation of working capital and we've done a lot of work in order to optimise our working capital and we have actually made an improvement of around more than $700 million for the last nine months. Only for the third

quarter, we've actually managed to improve our working capital by around $250 million, $260 million.

These are very important and now I go to portfolio optimisation. As the CEO and the – the CEO mentioned, we look into the portfolio optimisation from a very strategic point of view. We are very long term, whether it is in the region or when we talk about restructuring of Europe and researching our product output, but definitely we are long term, we want to remain, have a footprint in Europe.

On the portfolio optimisation I think we've done a great job in SABIC in developing the steel industry, we would like now to focus more on our strategic business. We want to actually grow our business going forward, the liquid to chemical project is coming on the way. We review project by project as the CEO mentioned that we are actually working on the feasibility study.

Hadeed, although there are disposition losses, which is an accounting loss that we have to record of around $780 million, the proceeds of this transaction that we expect to come at a closure of this transaction on the first quarter of 2024, is around $1.8 billion to $2.1 billion, which is really a great source for us to support our growth story.

We actually always look into optimising our portfolio, whether project or region and also during this process we will continue to turn around non-performing asset within our portfolio. I hope I answered your question.

Moderator:

- Thank you all for your valuable questions. Finally, in the last slide you will see our upcoming engagements whereby we look forward to engage with you and continue the dialogue.
- 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 Third Quarter of 2023.
- We will now be adjourning the call; wishing you all the best