H1 2023 Results

July 27, 2023

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Mohammed Al Nafea

Chief Financial Officer

H1 2023 Highlights

Strong Financial Results

- Robust net income growth
- Exceptional cash generation

Accelerating Growth

- Signed Growth II Project EPC agreement
- Project remains on track for its anticipated startup in 2025

Focus on Safety and Environmental Performance

- 34 million manhours without a Lost Time Incident (LTI)
- 2022 President's Affiliates Excellence Award for Safety
- Secured 20,000 tons of carbon credits in voluntary auction organized by RVCMC

Driving Operational Excellence and Transformation

- Successful and Safe Completion of Jeddah T&I
- Additional feedstock agreements (2MBD VGO and 5MBD RCO)
- Cost-saving measures for Jeddah Utilities

Maximizing shareholder value

- Mechanism for performance-linked dividends

An advantageous position in the value chain supports the sustainability of strong margins in H1 2023

Low-Cost Feedstock

SR 1,414/Mt

Reduced Crude Oil

Premium Pricing

SR 3,778/Mt

2023 H1 Realized Price

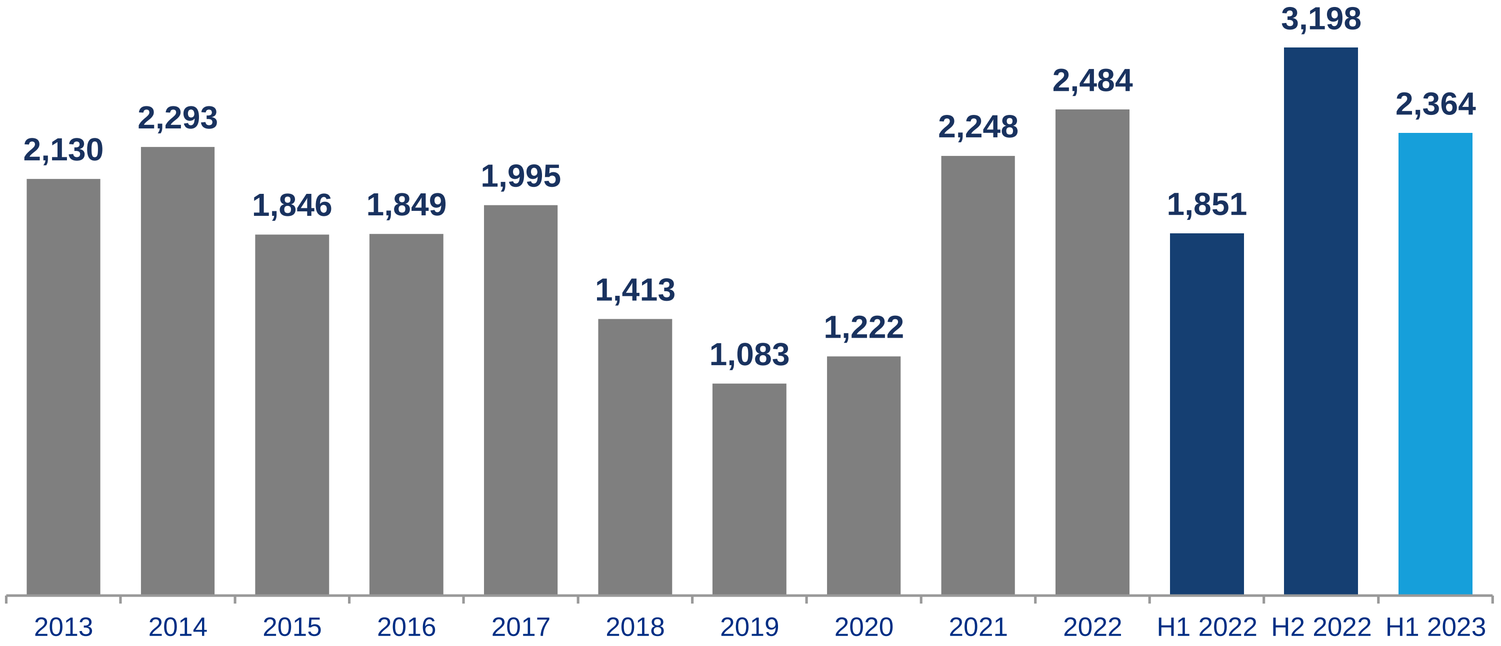
High Margin Base Oil Products

SR 2,364/Mt

2023 H1 Crack Margin

Base Oil Crack Margins

SR/Mt



- EU’s embargo on Russian oil products
- China Re-opening & uptake of Volume from India
- Heavy round of Plant Maintenance
- Recession concerns

Achieving excellence in performance and value creation

Operational Excellence

Base Oil Sales

607k MT

H1 2022:683K MT

Mechanical Availability(1)

99.7%

Top Quartile

Total Recordable Incident Rate

0.0

More than four years

Financial Leadership

Net Income

SR 901 Mn

H1 2022: SR 740 Mn

EBITDA

SR 1,117 Mn

H1 2022: SR 1,128 Mn

Earning Per Share

5.35

H1 2022: 4.39

Shareholder Returns

FCF(2)

SR 1,096 Mn

H1 2022: SR 630 Mn

Dividend H1 2023

SR 841 Mn

~ 50% Above guidance

ROACE(3)

42%

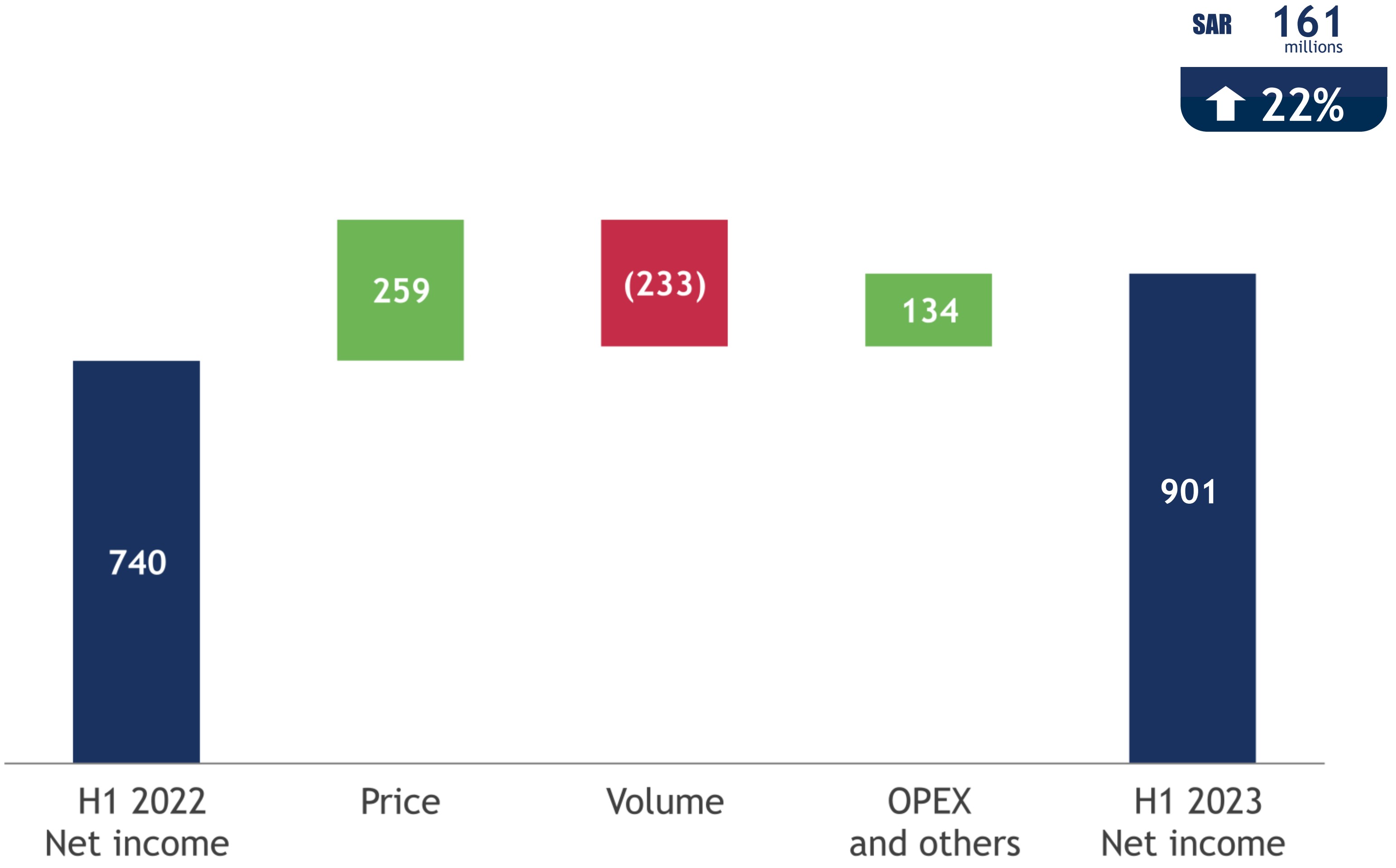
H1 2022: 30%

Notes:

1. Calculation based on unplanned shutdowns during the year.
2. FCF defined as net cash flows from operations minus capex
3. ROACE defined as NOPAT / (average net financial debt plus average book value of equity). H1 2023 Net financial debt includes short-term deposits of SR 1,171 Mn and includes lease liabilities of SR 145 Mn

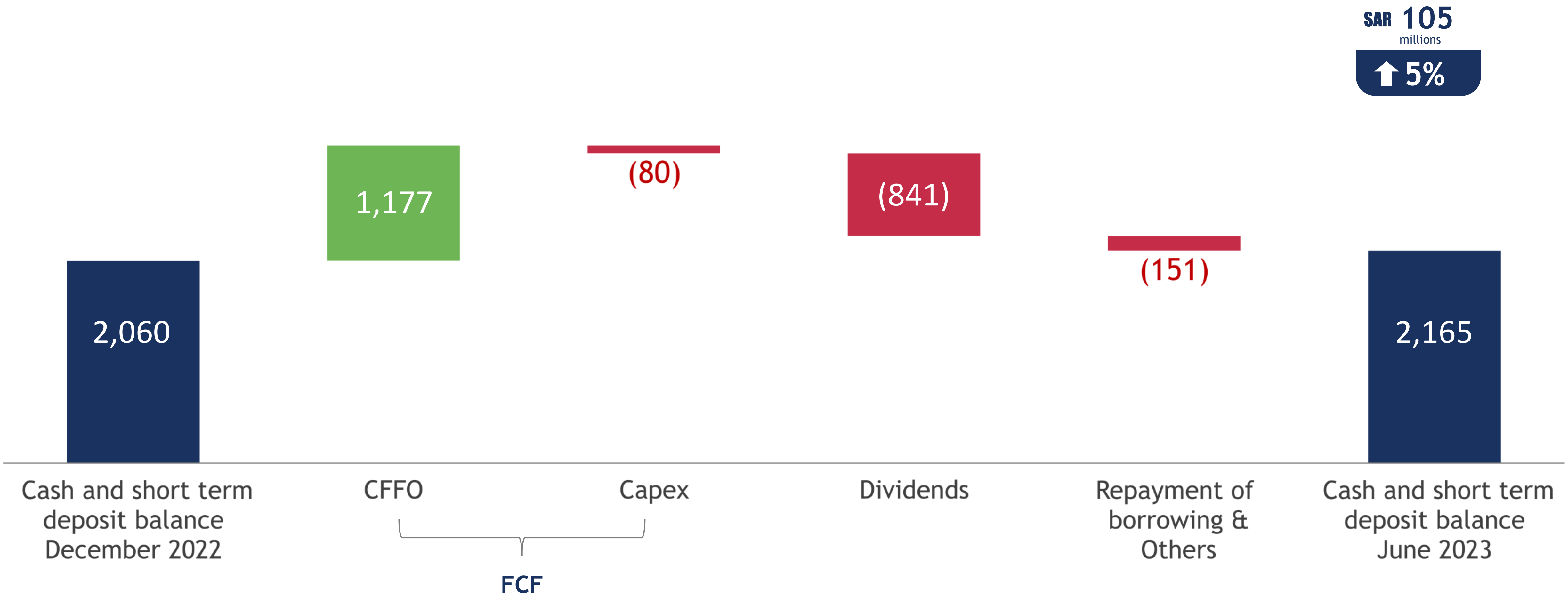
Net income growth due to favorable factors including increased crack margins and reduced tax expenses

SRMn



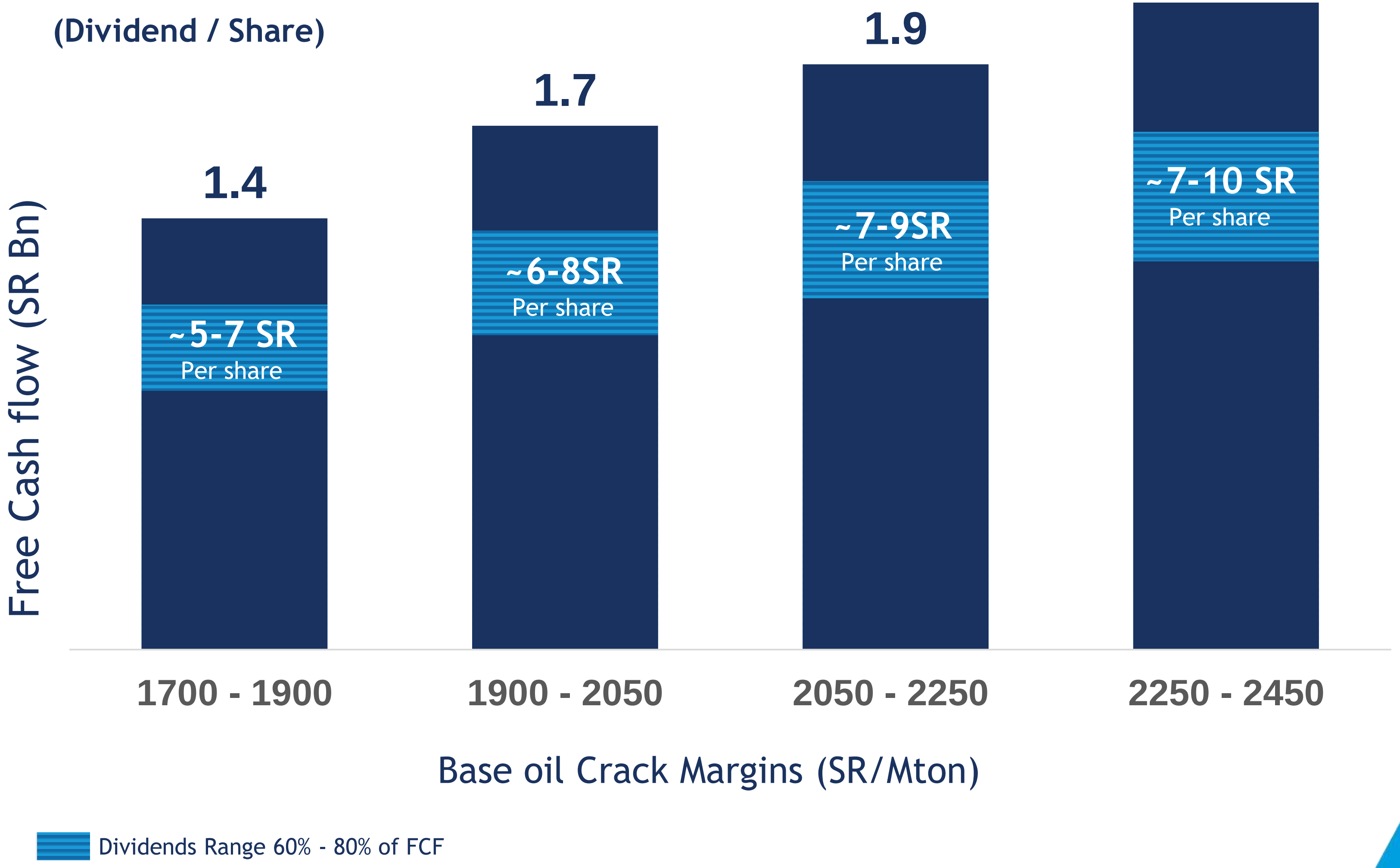
Robust cash flow generation

SRMn



Strong free cash flow enables distributions throughout the cycle

Based on 1.3 Million Tons



Assumptions: 1.No Gain/Loss from White & Byproducts.
2.No Change in working Capital
3.Capex 150MM SR

2023 Guidance

1 Base Oil Volumes	• **2023: High single digit percentage growth** expected from 2022 to 2023 due to transformation initiatives • **Domestic market** expected to account for ~**30% of total base oil volumes** in 2023
2 Base Oil Prices and Crack Spreads	• **Product prices** calculated using a **benchmark price** and adding a **premium** • **Key IHS benchmarks** used for base oil product prices: - Domestic - GI: Europe Export; GII: Asia FOB; GIII: Asia - Export – Based on destination • **Domestic price premiums** for base oil products expected to be **in the range of SR375-750/Mt** - Company intends to maximize price premiums for exports • **Feedstock prices expected to continue to be in-line with HSFO cost**(1)
3 Capex	• **Jeddah Turnaround** completed with **capex** for at ~**SR75Mn** during Q1 2023 • **Maintenance capex** expected to be ~**SR40-55Mn** • **Growth capex** for Yanbu Growth II project estimated at ~**750Mn** (spent across 2023-25, with largest portion in 2023 and 2024)
4 Working Capital & Tax	• Working Capital expected to remain stable and to mainly move in-line with prices and volumes • Company has converted to pay Zakat instead of income tax
5 Dividend	• Board approved new performance linked dividend policy • Board approved dividend of SR 841 Mn for H1, 2023 performance • Company will aim to maintain 2023 guidance for a minimum payout of $300 Mn

Notes:
1. Observed movement, average of 3.5% fuel oil (IFO 180) and 3.5% fuel oil (IFO 380, Singapore benchmark)

Questions& Answers

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Maintaining a Strong Financial Performance

SRMn, unless otherwise stated

	H1 2022	H1 2023
Revenue	6,083	4,410
Base Oil Crack Margin[1]	SR 1,851/Mt	SR 2,364/Mt
EBITDA	1,128	1,117
Net Income	740	901
Earning Per Share	SR 4.39	SR 5.35
Capex	17	80
FCF[2]	630	1,096
ROACE[3]	30%	42%
Net Financial Debt[4]	1,384	3

- Higher net income driven by higher crack margins, lower opex and lower zakat/tax.
- Higher FCF mainly due to higher cash from operations.
- Strong financial position represented by a very low net debt.

Notes:
1. Based on average margin weighted by Group I and Group II base oils sales volumes in KSA and export markets. Crack margin calculated as realized price less freight less feedstock cost
2. FCF defined as net cash flows from operations minus capex
3. ROACE defined as NOPAT / (average net financial debt plus average book value of equity).
4. Net financial debt calculated as total debt less cash. HI 2023 calculation includes short-term deposits of SR 1,171 Mn and includes lease liabilities of SR 145 Mn

Strong financial performance

SRMn, unless otherwise stated

	Q2 2022	Q2 2023
Revenue	3,342	2,613
Base Oil Crack Margin[(1)]	SR 2,299/Mt	SR 2,188/Mt
EBITDA	621	562
Net Income	437	455
Earning Per Share	SR 2.60	SR 2.70
Capex	12	53
FCF[(2)]	105	349
ROACE[(3)]	30%	42%
Net Financial Debt[(4)]	1,384	3

- Higher net income driven by lower zakat/tax.
- Higher FCF mainly due to higher cash from operations.
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Notes:
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