

SABIC Third Quarter 2022 Earnings

Third quarter 2022 highlights:

- Revenue of SAR 46.87 billion [\$ 12.50 billion], a 16% decrease quarter-over-quarter and a 7% increase year-over-year.
- EBITDA of SAR 6.78 billion [\$ 1.81 billion], a 49% decrease quarter-over-quarter and a 39% decrease year-over-year.
- Income from operations of SAR 3.28 billion [\$ 0.87 billion] was 67% lower than the income from operations of SAR 9.80 billion [\$ 2.61 billion] in the previous quarter, and a 57% decrease compared with the income from operations of SAR 7.70 billion [\$ 2.05 billion] in the third quarter of 2021.
- Net income of SAR 1.84 billion [\$0.49 billion] was 77% lower than the net income of SAR 7.93 billion [\$ 2.11 billion] in the previous quarter, and a 67% decrease compared with the net income of SAR 5.59 billion [\$ 1.49 billion] in the third quarter of 2021.
- After adjusting for non-recurring items, third quarter net income was SAR 2.35 billion [\$ 0.627 billion], which was lower than the net income of SAR 7.57 billion [\$ 2.02 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 September 2022 is SAR 3.64 billion [\$ 0.971 billion] including year to date SAR 2.09 billion [\$ 558 million].

Comparisons with the third quarter of 2022 are available in the following table:

Table 1 – Summary Financial Results

Item	Three Months Ended			Nine Months Ended		
	Sep. 30, 2022	Jun. 30, 2022	Change %	Sep. 30, 2022	Sep. 30, 2021	Change %
Revenue	46.87	55.98	-16%	155.49	123.65	26%
EBITDA ¹	6.78	13.28	-49%	32.86	35.21	-7%
Income from operations	3.28	9.80	-67%	22.39	24.74	-9%
Net Income ²	1.84	7.93	-77%	16.24	18.10	-10%
Earnings Per Share ²	0.61	2.64	-77%	5.41	6.03	-10%
Free Cash flow	6.82	6.07	13%	18.72	18.05	4%

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.

Saudi Basic Industries Corporation (“SABIC”) (2010-SA) today announced its financial results for the third quarter of 2022. The company’s revenue reached SAR 46.87 billion [\$ 12.50 billion] in the third quarter of 2022, a decrease of 16% compared with the second quarter of 2022.

The average sales prices in the third quarter of 2022 decreased by 15% compared with the second quarter of 2022. Sales volumes also decreased by 1% in the third quarter of 2022 compared with the second quarter of 2022. For the first nine months of 2022, average sales prices increased by 15% and sales volumes increased by 11% compared with the first nine months of 2021.

SABIC’s EBITDA amounted to SAR 6.78 billion [\$ 1.81 billion] in the third quarter of 2022, representing a decrease of 49%, quarter-over-quarter. This was primarily due to a decrease in average sales price and in sales volume offset by a decrease in selling and distribution expenses. This resulted in an EBITDA margin of 14% in the third quarter of 2022, lower than the EBITDA margin of 24% in the previous quarter.

Net income in the third quarter of 2022 was SAR 1.84 billion [\$ 0.49 billion], or SAR 0.61 per share [\$ 0.16 per share], which was lower than the net income of SAR 7.93 billion [\$ 2.11 billion], or SAR 2.64 per share [\$ 0.70 per share] achieved during the second quarter of 2022.

After adjusting for non-recurring items, third quarter net income was SAR 2.35 billion [\$ 0.63 billion], which was lower than the net income of SAR 7.57 billion [\$ 2.02 billion] achieved in the previous quarter.

Abdulrahman Al-Fageeh, SABIC’s Acting Chief Executive Officer, said: “With current global conditions, we continue to keep our operating costs under control and maintain our strong balance sheet. Capital discipline remains a focus area and we estimate that we will end the year with 20% less capital expenditure than planned”

Eng. Al-Fageeh continued, “We have announced the start of the construction of the world’s first demonstration plant for large-scale electrically heated steam cracker furnaces - a new technology with the potential to reduce the CO2 emissions of one of the most energy-intensive production processes in the chemical industry by as much as 90%. This shows our ongoing commitment to sustainability and innovation in everything that we do”.

Our growth journey continues by announcing the start of SABIC’s Ethylene Glycols Plant commercial operation in Jubail with an annual capacity of 700 KT.

Environment, Social and Governance

SABIC, BASF and Linde have started construction of the world's first demonstration plant for large-scale electrically heated steam cracker furnaces. By using electricity from renewable sources instead of natural gas, the new technology has the potential to reduce CO₂ emissions of one of the most energy-intensive production processes in the chemical industry by 90% compared to technologies commonly used today.

The demonstration plant will be fully integrated into one of the existing steam crackers at BASF's Verbund site in Ludwigshafen, Germany and it will be ready for start-up in second half 2023. The investment costs for the pilot will be borne by BASF and SABIC and the demonstration plant will be operated by BASF. Linde is the engineering, procurement and construction partner for the project and in the future will commercialize the developed technologies.

For the second consecutive year and announced this quarter, SABIC was named a winner of the 2022 R&D 100 Award, a global science and innovation competition, for three of its Specialties solutions in the Mechanical/Materials category. These include enabling the world's first Laser Direct Structuring antenna design for 5G infrastructure; contributing to net-zero carbon goals in multiple industries; and helping Advanced Driver Assistance Systems (ADAS) designers improve signal transmission accuracy and reliability.

SABIC has launched a pilot project with technology company Finboot, advanced recycling pioneer Plastic Energy, and packaging specialist Intraplás to investigate the possibilities of blockchain technology to support end-to-end digital traceability of certified circular TRUCIRCLE™ feedstock in customer products. Tracing the journey of feedstock through the complex petrochemical value chain is currently a difficult undertaking and SABIC's pilot is the first of its kind in the industry to trace the product from feedstock production to converter, going further than previous industry applications of blockchain in end-to-end tracing. The platform offers reduced costs, time and improved data integration for all value chain partners.

Outlook

SABIC considers using an average range of 2.5% to 2.8% GDP growth similar to our previous estimation. We expect margins to be under pressure in the Q4 of 2022.

SABIC Business Results Discussion by Reporting Segment:

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			Nine Months Ended		
	Sep. 30, 2022	Jun. 30, 2022	Change %	Sep. 30, 2022	Sep. 30, 2021	Change %
Revenue	39.05	46.21	-15%	129.54	107.00	21%
EBITDA ¹	3.72	9.37	-60%	22.55	30.96	-27%
Income from operations	0.73	6.40	-89%	13.62	21.96	-38%

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 39.05 billion [\$ 10.41 billion] was down in the third quarter, representing a quarter-over-quarter decrease of 15%, driven by lower average sales prices. Average sales prices decreased by 18% and sales volumes increased by 3% in the third quarter of 2022 compared with the previous quarter. For the first nine months of 2022, average sales prices increased by 12% and sales volumes increased by 9% compared with the first nine months of 2021. EBITDA of SAR 3.72 billion [\$ 0.99 billion] in the third quarter of 2022 was 60% lower than SAR 9.37 billion [\$ 2.50 billion] in the second quarter of 2022.

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

For Chemicals, **Mono ethylene glycol (MEG)** prices decreased in the third quarter compared with the previous quarter due to limited demand. **Methanol** prices decreased in the third quarter compared to the previous quarter due to lower demand. **MTBE** prices decreased in the third quarter compared to the previous quarter as crude oil and gasoline prices retreated.

For **Polyethylene**, prices decreased in the third quarter compared with the previous quarter, demand was weakened because of seasonality and poor economic sentiments.

For Performance Polymers and Industrial Solutions, **Polypropylene** prices decreased in the third quarter as China lockdown measures continued to dent prices and downstream demand in Q3. **Polycarbonate** prices decreased in the third quarter with poor global demand. Europe demand is in decline due to high manufacturing cost caused by high natural gas price.

2. Agri-Nutrients

Table 3 – Agri-Nutrients Financial Overview

Item	Three Months Ended			Nine Months Ended		
	Sep. 30, 2022	Jun. 30, 2022	Change %	Sep. 30, 2022	Sep. 30, 2021	Change %
Revenue	4.26	5.69	-25%	14.00	7.06	98%
EBITDA ¹	2.75	3.25	-15%	8.86	3.06	190%
Income from operations	2.55	3.04	-16%	8.22	2.42	239%

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 4.26 billion [\$ 1.14 billion] was lower than previous quarter by 25%, driven primarily by a decrease in both sales volumes and average sales prices in the third quarter of 2022 compared with the previous quarter. Average sales prices decreased by 8% and the sales volumes decreased by 17% in the third quarter of 2022, compared with the previous quarter. For the first nine months of 2022, average sales prices increased by 83% and sales volumes increased by 15% compared with the first nine months of 2021. EBITDA in the third quarter of 2022 was SAR 2.75 billion [\$ 0.73 billion], representing a decrease of 15% compared with the second quarter of 2022.

Urea prices remains at a historically high levels despite some retreat caused by severe weather conditions around the world.

3. Hadeed

Table 4 – Hadeed Financial Overview

Item	Three Months Ended			Nine Months Ended		
	Sep. 30, 2022	Jun. 30, 2022	Sep. 30, 2022	Sep. 30, 2022	Sep. 30, 2021	Change %
Revenue	3.55	4.08	-13%	11.94	9.59	25%
EBITDA ¹	0.31	0.66	-52%	1.45	1.19	22%
Income from operations	0.01	0.36	-98%	0.55	0.40	39%

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 3.55 billion [\$ 0.95 billion] was down by 13% quarter-over-quarter in the third quarter of 2022, driven primarily by lower average sales prices and lower sales volumes. Average sales prices decreased by 9% and sales volumes decreased by 4% in the third quarter of 2022 compared with the previous quarter. For the first nine months of 2022, average sales prices increased by 6% and sales volumes increased by 19% compared with the first nine months of 2021. EBITDA of SAR 315 million [\$ 84 million] in the third quarter of 2022 was lower than SAR 659 million [\$ 176 million] in the second quarter of 2022 mainly due to lower margin driven by 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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