

Saudi Basic Industries Corporation (SABIC)

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	A+	Stable	Affirmed 12 February 2018
Short-Term IDR	F1		Affirmed 12 February 2018

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Financial Summary

(SARm)	Dec 2016	Dec 2017	Dec 2018F	Dec 2019F
Gross Revenue	132,827	149,766	138,193	140,957
Operating EBITDA Margin (%)	34.7	29.3	32.0	31.0
FFO Margin (%)	24.5	25.3	23.5	22.2
FFO Interest Coverage (x)	20.2	22.1	20.4	17.0
FFO Adjusted Net Leverage (x)	0.4	0.1	0.5	0.8

Source: Fitch

Fitch Ratings affirmed Saudi Basic Industries Corporation's (SABIC) Long-Term Issuer Default Rating (IDR) and senior unsecured rating at 'A+' and its Short-Term IDR at 'F1' in February 2018. The Outlook on the Long-Term IDR is Stable. The senior unsecured rating on SABIC Capital's guaranteed bonds was also affirmed at 'A+'. The 'A+' rating reflects SABIC's vertically integrated operations, state of the art world-scale production facilities and access to competitively priced natural gas feedstock (methane and ethane) in the Kingdom of Saudi Arabia (KSA, A+/Stable).

Competitive access to feedstock results in strong free cash flow and best-in-class EBITDA margins, especially in KSA, which compensates for lower margins in other regions. This mitigates the inherent cyclicality in SABIC's markets (petrochemicals, agri-nutrients, metals) and has limited the cash flow impact of the group's large expansion projects and occasional associated cost overrun or delays in the past.

The Stable Outlook reflects the headroom that SABIC has to carry out announced capex and equity purchases and face margin pressure as capacities enter the market under its current financial profile, with FFO net adjusted leverage forecast to remain below 1x to 2020. Our base case assumes some delay in the start of the group's large projects as FIDs decision have yet to be reached. Fitch does note that any additional large cash outflows could reduce headroom under leverage metrics and put pressure on the rating.

Key Rating Drivers

Equity Purchases: In January 2018, SABIC acquired a 24.99% stake in Clariant AG, making it the largest shareholder in the speciality chemicals company, whose focus includes catalysts, care chemicals, plastics and coatings, and natural resource chemicals. Under our base case the stake is equity accounted and we have assumed a purchase price of around SAR11.7 billion in 2018 (35% premium). This follows the SAR3 billion acquisition of Shell's 50% stake in the SADAF petrochemical complex in 2017. We forecast FFO net adjusted leverage roughly flat at 0.5x in 2018 as a result of these transactions.

Uncertainty Over Capex: The purchase of the equity stakes comes at a time of potential high capex by SABIC as it plans to start work on the estimated USD20 billion Oil to Chemicals complex with Saudi Aramco, and USD10 billion petrochemical joint venture with Exxon. FIDs are still not agreed and our base case assumes that investments will start on both complexes in 2019. This is forecast to ramp up annual capex from around SAR12-14 billion in 2017-18 to SAR27 billion in 2019, which in turn drives FFO adjusted net leverage to around 1x in 2020, reducing the headroom available to SABIC under its leverage guidance.

Additional Supply to Impact Margins: Fitch forecasts a minor squeeze in margins for SABIC as a result of additional capacities entering the market from 2018. This is largely coming from ethylene capacity additions in North East Asia and North America. We forecast the EBITDA margin to reduce from 33% in 2017 to 30% in 2020. SABIC's first quartile position on the cost curve for its Saudi operations will help ensure strong cash flow generation through cyclical pressure.

2018 Feedstock Prices Unchanged: The government announced in 2016 plans to phase out subsidies to consumers and companies, but following the 2016 hikes, feedstock prices for SABIC have remained unchanged and are expected to remain flat in 2018. Due to the uncertain timing and size of potential upward price revisions, our base case currently assumes that feedstock prices will remain unchanged over the rating horizon.

Our sensitivity analysis shows that a further increase in key feedstock prices from 2019 should still allow SABIC to maintain healthy credit ratios. Should an announcement be made, we will assess its impact on SABIC's ratings in conjunction with the resulting forecast credit metrics.

Solid 2017 Performance and Debt Reduction: Performance has been strong in 2017 with Fitch forecast EBITDA at around SAR45 billion and a solid EBITDA margin at over 30%. Gross unadjusted debt has also reduced from SAR63 billion at year-end 2016 to SAR58 billion at year-end 2017 and cash balances have been helped by a reduction in capex and dividends paid, whilst being offset by a large outflow in working capital and lower dividends received from associates and JVs. Overall FFO adjusted net leverage is forecast to remain at around 0.4x at year-end 2017.

Changes to the Board: Fitch notes that representation on the board has become more varied with more of a focus on bringing in international chemical expertise. Former chairman Prince Saud bin Abdullah bin Thenayan Al-Saud's successor is Saudi industrialist Dr. Abdulaziz Saleh Aljarbou. This, along with prior increases to the feedstock prices, the stake purchase in Clariant, and the Saudi 2025 strategy of diversifying away from oil, indicates more of a focus on international chemical markets.

Group Structure Shortcomings Mitigated: A large portion of consolidated earnings is generated by partly owned operating companies. In Fitch's view, the associated risks (structural subordination, restricted access to cash flow or reliance on dividend payments) are mitigated by SABIC's management control of the entities, the stable stream of dividends and fees historically received by the holding company, a high level of operational integration across the group, and large cash balances maintained at the holding company. Fitch's FFO based leverage and coverage ratios include dividends paid to minorities to account for cash leakage to minority shareholders.

SABIC Rated on Stand-Alone Basis: SABIC's IDR does not incorporate any notching for government support under Fitch's new Government-Related Entities (GRE) Rating Criteria. The group's standalone credit profile is the same as that of its 70% shareholder, the Saudi government. Under the criteria, Fitch assesses support from the government as strong to moderate (overall support score of 20-25).

In particular status, ownership and control are considered strong due to government ownership and nomination of the board. The record of, and expectations for support are deemed to be strong due to regulatory and/or policy influence being only moderately supportive of financial stability and the expectation of a form of support. The socio-political impact of a default is considered moderate due to few social, political or economic repercussions. Instead, damage would mainly be limited to reputation. The financial implications of a GRE default are considered moderate, due to a default having a moderate impact on the availability and cost of finance by the government and other GREs.

Rating Derivation Relative to Peers

Rating Derivation versus Peers	
Peer Comparison	<p>SABIC ranks among the world's largest petrochemicals producers, with vertically integrated operations, state-of-the-art world-scale facilities and a top market position for its products. It stands out among its peers as it is a commoditised chemical company, but in a cost leading position with access to low-cost natural gas feedstock in Saudi Arabia underpinning best-in-class profitability levels and robust cash flow generation through the cycle. Its scale, low volatility of cash flows, historically low leverage, and access to feedstock underpins its 'A+' rating.</p> <p>The only other 'A+' company within Fitch's chemical coverage is BASF, one of the world's largest chemical companies which also benefits from strong vertical integration, considerable diversification and market leading positions. It is more specialised and has high barriers in place for many of its product lines, but does not have the feedstock advantage that SABIC benefits from, meaning its net leverage is much higher. Its scale, low volatility of cash flows, specialised chemical business and high barriers to compete against underpins its 'A+' rating.</p>
Parent/Subsidiary Linkage	No parent/subsidiary linkage is applicable.
Country Ceiling	No Country Ceiling constraint was in effect for these ratings.
Operating Environment	No operating environment influence was in effect for these ratings.
Other Factors	n.a.
Source: Fitch	

Rating Sensitivities

Future Developments That May, Individually or Collectively, Lead to Positive Rating Action

- There is little scope within SABIC's current business profile for it to be rated above 'A+', which we generally consider the highest rating attainable for companies in the chemical sector due to the inherent cyclicality of the industry.

Future Developments That May, Individually or Collectively, Lead to Negative Rating Action

- FFO-adjusted net leverage sustained at above 1.5x through-the-cycle due to aggressive debt-funded expansion.
- Material adverse revisions in the group's feedstock supply arrangements, significant changes in SABIC's shareholding structure or any material impairment in the control of its affiliates/JV and resulting ability to access/upstream cash.
- EBITDA profitability below 25% on a sustained basis.
- A downgrade of KSA to below 'A+'.

Liquidity and Debt Structure

Healthy Liquidity: Given its structure, Fitch would expect SABIC to maintain larger cash balances and lower net leverage ratios than peers with the same rating. Liquidity is forecast to remain strong. At end-2017, cash balances and short-term investments amounted to SAR59 billion and SAR4.4 billion, respectively. This compared with maturing debt of SAR16.4 billion.

Debt Maturities and Liquidity at FYE17

Liquidity Summary	
Liquidity Analysis as at December 2017	(SARbn)
Unrestricted cash	62.4
Committed banking facilities	0
Available undrawn portion	0
FCF (post dividend) from forecast	6.1
Short-term debt	-16.4
Total Liquidity	52.1
Liquidity Score (x)	4.2
Source: Fitch Ratings, Inc., Company filings	

Scheduled Debt Maturities	
Debt Maturities as at December 2017	(SARbn)
2018	16.4
2019	8.4
2020	3.2
After 2020	29.9
Total Debt Maturities	57.9
Source: Fitch Ratings, Inc., Company filings	

Key Assumptions

Fitch's key assumptions within our rating case for the issuer include:

- Revenues grow at 2% yoy, EBITDA margins reduce by 1% yoy to 30% in 2020 as a result of increasing supply on export markets.
- Dividends paid to shareholders and non-controlling shareholders are as per management forecasts and included within forecasts.
- Capex is assumed at SAR13 billion in 2018, SAR27 billion in 2019 and SAR20 billion in 2020 and includes capex on the Oil to Chemicals complex and Exxon JV from 2019.
- SAR3.1 billion payment assumed for Sadaf stake and SAR11.7 billion assumed for Clariant stake in 2018.

Financial Data

(SARm)	Historical			Forecast		
	Dec 2015	Dec 2016	Dec 2017	Dec 2018F	Dec 2019F	Dec 2020F
SUMMARY INCOME STATEMENT						
Gross Revenue	148,086	132,827	149,766	138,193	140,957	143,776
Revenue Growth (%)	-21.3	-10.3	12.8	2.0	2.0	2.0
Operating EBITDA (Before Income From Associates)	45,667	46,143	43,846	44,222	43,697	43,133
Operating EBITDA Margin (%)	30.8	34.7	29.3	32.0	31.0	30.0
Operating EBITDAR	46,977	47,517	45,036	45,652	45,155	44,620
Operating EBITDAR Margin (%)	31.7	35.8	30.1	33.0	32.0	31.0
Operating EBIT	29,954	29,815	28,999	27,691	27,649	26,760
Operating EBIT Margin (%)	20.2	22.4	19.4	20.0	19.6	18.6
Gross Interest Expense	-1,509	-1,690	-1,749	-1,677	-1,960	-2,475
Pretax Income (Including Associate Income/Loss)	29,514	28,049	29,625	26,014	25,689	24,286
SUMMARY BALANCE SHEET						
Readily Available Cash and Equivalents	67,688	59,932	62,325	47,710	42,731	59,093
Total Debt With Equity Credit	74,249	63,201	58,063	54,901	59,090	77,549
Total Adjusted Debt with Equity Credit	84,730	74,195	67,580	66,339	70,758	89,449
Net Debt	6,561	3,269	-4,262	7,191	16,360	18,456
SUMMARY CASH FLOW STATEMENT						
Operating EBITDA	45,667	46,143	43,846	44,222	43,697	43,133

Cash Interest Paid	-1,509	-1,690	-1,738	-1,677	-1,960	-2,475
Cash Tax	-2,668	-2,247	-3,223	-2,782	-2,748	-2,598
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	-9,598	-7,865	-5,026	-7,219	-7,671	-7,671
Other Items Before FFO	314	-1,826	4,100	0	0	0
Funds Flow From Operations	32,206	32,515	37,959	32,544	31,318	30,390
Change in Working Capital	11,974	-679	-4,308	-244	-749	-567
Cash Flow From Operations (Fitch Defined)	44,180	31,837	33,651	32,299	30,569	29,823
Total Non- Operating/Non- Recurring Cash Flow	0	0	0			
Capital Expenditure	-18,621	-13,690	-11,471			
Capital Intensity (Capex/Revenue)	12.6	10.3	7.7			
Common Dividends	-16,504	-14,914	-11,592			
Free Cash Flow	9,055	3,233	10,588			
Net Acquisitions and Divestitures	0	0	53			
Other Investing and Financing Cash Flow Items	5,762	9,473	12,751	65	0	0
Net Debt Proceeds	-9,794	-10,589	-5,666	4,655	4,189	18,458
Net Equity Proceeds	0	0	0	0	0	0
Total Change in Cash	5,023	2,118	17,726	-504	-4,979	16,362
ADDITIONAL CASH FLOW MEASURES						
FFO Margin (%)	21.7	24.5	25.3	23.5	22.2	21.1
Calculations for Forecast Publication						
Capex, Dividends, Acquisitions and Other Items Before FCF	-35,124	-28,603	-23,010	-37,523	-39,738	-31,919
Free Cash Flow After Acquisitions and Divestitures	9,055	3,233	10,641	-5,224	-9,169	-2,096
Free Cash Flow Margin (After Net Acquisitions) (%)	6.1	2.4	7.1	-3.8	-6.5	-1.5
COVERAGE RATIOS						

FFO Interest Coverage (x)	22.3	20.2	22.1	20.4	17.0	13.3
FFO Fixed Charge Coverage (x)	12.4	11.6	13.5	11.5	10.2	8.7
Operating EBITDAR/Interest Paid + Rents (x)	13.3	12.9	13.7	12.4	11.0	9.3
Operating EBITDA/Interest Paid (x)	23.9	22.6	22.3	22.1	18.4	14.3
LEVERAGES RATIOS						
Total Adjusted Debt/Operating EBITDAR (x)	2.3	1.9	1.7	1.7	1.9	2.4
Total Adjusted Net Debt/Operating EBITDAR (x)	0.5	0.4	0.1	0.5	0.7	0.8
Total Debt with Equity Credit/Operating EBITDA (x)	2.1	1.7	1.5	1.5	1.6	2.2
FFO Adjusted Leverage (x)	2.4	2.1	1.7	1.9	2.0	2.6
FFO Adjusted Net Leverage (x)	0.5	0.4	0.1	0.5	0.8	0.9

How to Interpret the Forecast Presented

The forecast presented is based on the agency's internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch's rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch's forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch's own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch's own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch's own internal deliberations, where Fitch, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch may update the forecast in future reports but assumes no responsibility to do so.

Rating Navigator

Saudi Basic Industries Corporation (SABIC)

Corporates Ratings Navigator Chemicals

Factor Levels	Sector Risk Profile	Operating Environment	Management and Corporate Governance	Business Profile				Financial Profile			Issuer Default Rating
				Product Nature	Product Leadership	Diversification, Scale	Cost Position	Profitability	Financial Structure	Financial Flexibility	
aaa											AAA
aa+											AA+
aa											AA
aa-											AA-
a+											A+ Stable
a											A
a-											A-
bbb+											BBB+
bbb											BBB
bbb-											BBB-
bb+											BB+
bb											BB
bb-											BB-
b+											B+
b											B
b-											B-
ccc											CCC
cc											CC
c											C
d or rd											D or RD

Operating Environment

a+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
a	Financial Access	a	Strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
b-	Systemic Governance	bbb	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'bbb'.
ccc			

Product Nature

a	Portfolio Characteristics (Specialty Chemicals)	n.a.	
a-	Portfolio Characteristics (Commodity Chemicals)	bbb	Commodity chemicals with above average growth prospects mitigating overcapacity risks, volatile raw material prices and price competition.
bbb+			
bbb			
bbb-			

Diversification, Scale

aa-	Portfolio Diversification	a	Large diversified producer with portfolio of products offering exposure to diverging cyclical trends.
a+	End-Market Diversification	a	Above-average end-market diversification with very low cyclicality across product portfolio.
a	Number of Sites	a	Multiple site operations (10+).
a-	Regional Footprint	a	Global player with significant presence in three or more regions.
bbb+	EBITDAR (\$)	a	\$1.4 billion

Profitability

aa-	FFO Margin	a	12%
a+	FCF Margin	a	3.0%
a	EBITDAR Margin	a	15%
a-			
bbb+			

Financial Flexibility

aa-	Financial Discipline	a	Clear commitment to maintain a conservative policy with only modest deviations allowed.
a+	Liquidity	a	Very comfortable liquidity. Well-spread debt maturity schedule. Diversified sources of funding.
a	FFO Fixed Charge Cover	a	7.0x
a-	FX Exposure	a	Profitability potentially exposed to FX but efficient hedging in place. Debt and cash flows well matched.
bbb+			

Management and Corporate Governance

aa-	Management Strategy	aa	Coherent strategy and very strong track record in implementation.
a+	Governance Structure	a	Experienced board exercising effective check and balances. Ownership can be concentrated among several shareholders.
a	Group Structure	bbb	Some group complexity leading to somewhat less transparent accounting statements. No significant related-party transactions.
a-	Financial Transparency	a	High quality and timely financial reporting.
bbb+			

Product Leadership

aa-	Market Position	a	Top-three market position in core activities.
a+			
a			
a-			
bbb+			

Cost Position

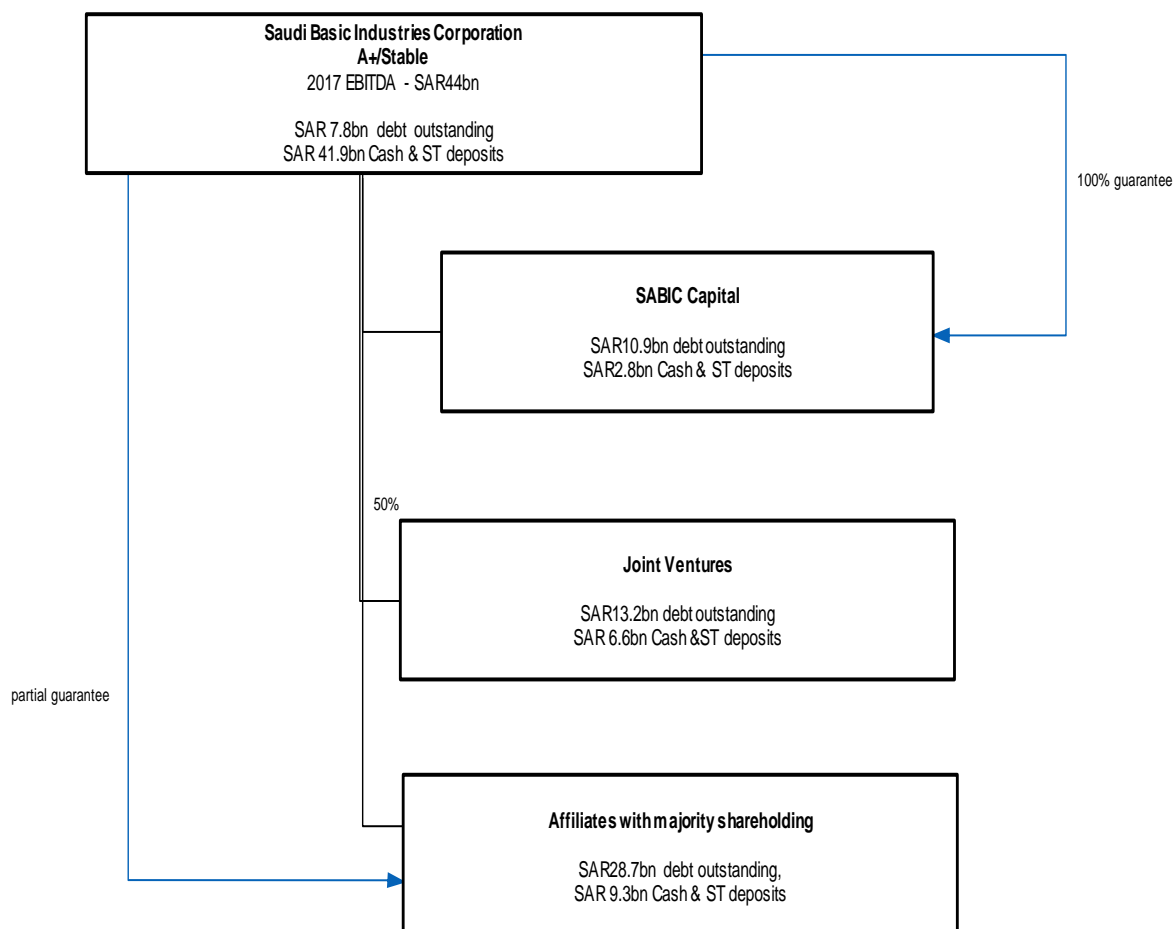
aa	Raw Material & Energy Costs	a	Strong ability to pass through raw material costs or sustainable access to highly competitively priced raw materials and/or energy.
aa-	Degree of Integration	a	Strong degree of vertical or horizontal integration with high logistical/cost efficiencies or co-located sites with high switching costs for customers.
a+	Production Flexibility	a	High raw material diversification, high feedstock flexibility or high production process flexibility to match demand.
a	Environmental Exposure	bbb	Limited or manageable exposure to environmental regulations. Remediation costs and/or likely penalties are comfortably covered within current cashflows.
a-			

Financial Structure

aa-	Lease Adjusted FFO Gross Leverage	a	1.5x
a+	Lease Adjusted FFO Net Leverage	a	1.0x
a	Total Adjusted Debt/Operating	a	1.0x
a-			
bbb+			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Simplified Group Structure Diagram



Source: Fitch, SABIC, As at H12017

Peer Financial Summary

Company	Date	Rating	Gross Revenue (USDm)	FFO Margin (%)	Operating EBITDA Margin (%)	FFO Interest Coverage (x)	FFO Adjusted Net Leverage (x)
Saudi Basic Industries Corporation (SABIC)	2016	A+	35,420	24.5	34.7	20.2	0.4
	2015	A+	39,490	21.7	30.8	22.3	0.5
	2014	A+	50,166	19.2	28.0	24.4	0.6
Dow Chemical Company	2016	BBB	48,158	11.1	19.1	4.2	3.1
	2015	BBB	48,778	12.4	17.4	5.1	2.3
	2014	BBB	58,167	10.0	14.2	5.2	2.9
E.I. du Pont de Nemours and Company	2017	A	24,418	10.2	13.4	6.8	2.3
	2016	A	24,764	17.9	22.6	11.9	1.1
	2015	A	25,268	14.5	18.4	11.0	1.4
BASF SE	2016	A+	60,662	13.1	18.3	13.0	2.2
	2015	A+	76,700	11.2	14.8	12.8	2.0
	2014	A+	90,234	9.9	13.5	11.6	2.1

Source: Fitch

Reconciliation of Key Financial Metrics

(SAR Millions, As reported)	31 Dec 2017
Income Statement Summary	
Operating EBITDA	43,846
+ Recurring Dividends Paid to Non-controlling Interest	-5,390
+ Recurring Dividends Received from Associates	364
+ Additional Analyst Adjustment for Recurring I/S Minorities and Associates	0
= Operating EBITDA After Associates and Minorities (k)	38,820
+ Operating Lease Expense Treated as Capitalised (h)	1,190
= Operating EBITDAR after Associates and Minorities (j)	40,009
Debt & Cash Summary	
Total Debt with Equity Credit (l)	58,063
+ Lease-Equivalent Debt	9,517
+ Other Off-Balance-Sheet Debt	0
= Total Adjusted Debt with Equity Credit (a)	67,580
Readily Available Cash [Fitch-Defined]	57,974
+ Readily Available Marketable Securities [Fitch-Defined]	4,351
= Readily Available Cash & Equivalents (o)	62,325
Total Adjusted Net Debt (b)	5,255
Cash-Flow Summary	
Preferred Dividends (Paid) (f)	0
Interest Received	1,247
+ Interest (Paid) (d)	-1,738
= Net Finance Charge (e)	-491
Funds From Operations [FFO] (c)	37,959
+ Change in Working Capital [Fitch-Defined]	-4,308
= Cash Flow from Operations [CFO] (n)	33,651
Capital Expenditures (m)	-11,471
Multiple applied to Capitalised Leases	8.0
Gross Leverage	
Total Adjusted Debt / Op. EBITDAR* [x] (a/j)	1.7
FFO Adjusted Gross Leverage [x] (a/(c-e+h-f))	1.7
<i>Total Adjusted Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)</i>	
Total Debt With Equity Credit / Op. EBITDA* [x] (l/k)	1.5
Net Leverage	
Total Adjusted Net Debt / Op. EBITDAR* [x] (b/j)	0.1
FFO Adjusted Net Leverage [x] (b/(c-e+h-f))	0.1
<i>Total Adjusted Net Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)</i>	
Total Net Debt / (CFO - Capex) [x] ((l-o)/(n+m))	-0.2
Coverage	
Op. EBITDAR / (Interest Paid + Lease Expense)* [x] (j/-d+h)	13.7
Op. EBITDA / Interest Paid* [x] (k/(-d))	22.3
FFO Fixed Charge Cover [x] ((c-e+h-f)/(-d+h-f))	13.5
<i>(FFO - Net Finance Charge + Capit. Leases - Pref. Div. Paid) / (Gross Int. Paid + Capit. Leases - Pref. Div. Paid)</i>	
FFO Gross Interest Coverage [x] ((c-e-f)/(-d-f))	22.1
<i>(FFO - Net Finance Charge - Pref. Div. Paid) / (Gross Int. Paid - Pref. Div. Paid)</i>	
* EBITDA/R after Dividends to Associates and Minorities	
Source: Fitch, based on information from company reports.	

Fitch Adjustment Reconciliation

	Reported Values 31 Dec 17	Sum of Fitch Adjustments	Preferred Dividends, Associates and Minorities Cash Adjustments	Adjusted Values
Income Statement Summary				
Revenue	149,766	0		149,766
Operating EBITDAR	45,036	0		45,036
Operating EBITDAR after Associates and Minorities	45,036	-5,026	-5,026	40,009
Operating Lease Expense	1,190	0		1,190
Operating EBITDA	43,846	0		43,846
Operating EBITDA after Associates and Minorities	43,846	-5,026	-5,026	38,820
Operating EBIT	28,999	0		28,999
Debt & Cash Summary				
Total Debt With Equity Credit	58,063	0		58,063
Total Adjusted Debt With Equity Credit	67,580	0		67,580
Lease-Equivalent Debt	9,517	0		9,517
Other Off-Balance Sheet Debt	0	0		0
Readily Available Cash & Equivalents	62,325	0		62,325
Not Readily Available Cash & Equivalents	1,065	0		1,065
Cash-Flow Summary				
Preferred Dividends (Paid)	0	0		0
Interest Received	1,247	0		1,247
Interest (Paid)	-1,738	0		-1,738
Funds From Operations [FFO]	42,985	-5,026	-5,026	37,959
Change in Working Capital [Fitch-Defined]	-4,308	0		-4,308
Cash Flow from Operations [CFO]	38,677	-5,026	-5,026	33,651
Non-Operating/Non-Recurring Cash Flow	0	0		0
Capital (Expenditures)	-11,471	0		-11,471
Common Dividends (Paid)	-11,592	0		-11,592
Free Cash Flow [FCF]	15,614	-5,026	-5,026	10,588
Gross Leverage				
Total Adjusted Debt / Op. EBITDAR* [x]	1.5			1.7
FFO Adjusted Leverage [x]	1.5			1.7
Total Debt With Equity Credit / Op. EBITDA* [x]	1.3			1.5
Net Leverage				
Total Adjusted Net Debt / Op. EBITDAR* [x]	0.1			0.1
FFO Adjusted Net Leverage [x]	0.1			0.1
Total Net Debt / (CFO - Capex) [x]	-0.2			-0.2
Coverage				
Op. EBITDAR / (Interest Paid + Lease Expense)* [x]	15.4			13.7
Op. EBITDA / Interest Paid* [x]	25.2			22.3
FFO Fixed Charge Coverage [x]	15.3			13.5
FFO Interest Coverage [x]	25.0			22.1

*EBITDA/R after Dividends to Associates and Minorities

Source: Fitch

Full List of Ratings

	Rating	Outlook	Last Rating Action
Saudi Basic Industries Corporation (SABIC)			
Long Term IDR	A+	Stable	Affirmed 12 February 2018
Short Term IDR	F1		Affirmed 12 February 2018

Related Research & Criteria

[Corporate Rating Criteria \(March 2018\)](#)

[Government-Related Entities Rating Criteria \(February 2018\)](#)

Analysts

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