SABIC EARNINGS TRANSCRIPT

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CHEMISTRY THAT MATTERS™

Sarah Alzamami (Moderator)

Welcome to SABIC's Q2 2026 earnings call. My name is Sarah Alzamami, and I'll be serving as a moderator today.

Please note that the call is being recorded. A transcript of the recording, together with supplementary materials, will be published on the investor-relations webpage on SABIC's website.

Today's earnings call will feature SABIC's CEO, Dr. Faisal Alfaqeer, its CFO, Mr. Salah Al-Hareky, and its IRO, Mr. Naif Al Ayed.

Naif will now take us through an outline of today's event.

Naif Al-Ayed (Global Investor Relations Officer)

Thank you, Sarah.

And thanks to those of you who are joining the SABIC Q2 2026 earnings call.

Let me begin by pointing out that forward-looking statements will be made in this call. These statements are based on assumptions filled with risk and uncertainty. So, they are not guarantees of SABIC's future performance. Actual outcomes may differ materially from what the statements imply.

For the details about our forward-looking statements, please refer to the disclaimer in the presentation and in our financial reports, both of which are available at SABIC.com.

This call will start with a presentation by our CEO, which will provide an overview of the market context for the quarter, highlight key operational and performance developments, and share the focus areas as we move forward.

The CFO will then walk you through SABIC's aggregate financial performance of the second quarter of 2026, show the segments' performance, and provide additional context for our announced dividends.

We will end the call with an open-line Q&A session. I ask that participants limit the topic of their questions to SABIC's corporate performance and avoid referring to listed affiliates.

Now, please join me in welcoming SABIC CEO Dr. Faisal Alfaqeer to the call.

Dr. Faisal Alfaqeer (CEO)

Thank you, Naif. And thank you to everyone for joining SABIC's second quarter 2026 earnings call.

Let me begin with an overview of the macroeconomic environment and the industry conditions that shaped our performance during the quarter.

The global GDP growth rate stood at approximately 2.2%, below initial expectations, reflecting the impact of geopolitical tensions, supply disruptions, and higher energy prices.

The manufacturing PMI was above 52, indicating continued expansion in manufacturing activities. However, this was largely impacted by supply chain disruptions, as purchasing activity increased to secure material availability.

While the external environment remains challenging, SABIC continues to focus on disciplined execution, and maintaining safe and resilient operations, while positioning the company for long-term value creation.

Turning now to industry dynamics and market drivers.

While global overcapacity continues to pressure the industry's operating rates, we expect gradual improvement over time as less competitive capacities get rationalized.

Against this backdrop, SABIC remains well positioned. Our gas-advantaged Middle East crackers operate in one of the world's lowest-cost regions, supported by advantaged feedstock, and a strong balance sheet.

At the same time, we are investing selectively and with discipline in high-growth markets, particularly in Asia, positioning SABIC to capture future demand.

Let me now turn to the operating environment.

The second quarter presented exceptional operational challenges, including the continued closure of the Strait of Hormuz, disruptions in operational activities at key facilities within the energy sector, and higher global energy prices.

Throughout this period our priorities were clear: first and foremost, safeguarding our people, and operations, while ensuring business continuity, and responding quickly to changing conditions. We delivered on those priorities by maintaining our strong safety performance and demonstrating efficient execution and business agility across our portfolio.

We maximized feedstock utilization through our flexible ethylene network and infrastructure in Jubail, controlling costs, and allocating resources efficiently.

Leveraging our global footprint and diversified portfolio, commercial initiatives such as buy-and-sell, and swap arrangements helped us meet our customers' demand and maintain a strong Net Promoter Score (NPS).

We also took decisive actions across our supply chain to maintain the continuity of supply and reliable deliveries. Polymer shuttle volumes from the East to the West Coast were increased by more than 150% compared with the previous quarter, enabling us to diversify export routes through multiple ports.

At Yanbu, for example we leveraged the newly launched Red Sea Express service to successfully export polymer products in partnership with the Saudi Ports Authority and Folk Maritime

Building on these efforts, we successfully shipped around 6,600 standard polymer containers from Jeddah Islamic Port, representing the highest-ever handling of SABIC exports on a single vessel from the Red Sea Gateway Terminal, and in collaboration with the national shipping company of Saudi Arabia, Bahri, we completed the largest-ever chemicals shipment to South Asia aboard the world's largest liquid chemical tanker, demonstrating the agility of our logistics and operations.

And in Agri-Nutrients, we completed our first shipment of bagged and bulk urea through the West Coast to South Asia, establishing an additional export route that will further strengthen our presence in global markets while supporting food security.

Overall, our focus on safety, operational efficiency, and disciplined execution enabled us to navigate the quarter while ensuring business continuity and resilience.

Before turning to our quarterly highlights, I would like to acknowledge a significant milestone. This September, SABIC will celebrate its 50th anniversary, marking half a century of innovation, transformation, and growth.

Over the past five decades, we have successfully navigated industry cycles, evolving market conditions and periods of transformation, emerging stronger each time. The resilience and agility we demonstrated throughout this period reflect the qualities that have shaped SABIC since its inception and continue to guide us today.

As we celebrate this milestone, our focus remains firmly on the future. And while we managed the immediate challenges of the quarter, we also continued to execute our long-term strategic priorities.

Let me begin with our operational performance & innovation highlights for the quarter, we maintained our best-in-class Total Recordable Incident Rate (TRIR) of 0.08, reflecting our continued commitment to excellence across Environment, Health, Safety and Security.

We also remain committed to delivering value to our shareholders, despite a challenging environment. With the announcement of 880 million dollars in dividends for the first half of 2026. In light of ongoing geopolitical development and logistical distribution, the Company has taken a more prudent decision to adjust its dividend, reflecting a balanced capital allocation approach. This decision ensures the Company maintains competitive shareholder distributions across the business cycle while preserving financial flexibility to navigate uncertainty, invest in strategic priorities, and support sustainable long-term value creation.

Innovation continues to be one of our key drivers. During the quarter, we introduced 32 new product solutions, further expanding our customer-centric portfolio.

We also signed a Memorandum of Understanding with CEER, Saudi Arabia's first electric vehicle brand, to explore the application of SABIC's advanced materials in next-generation electric vehicles, reinforcing our role as an innovation partner in enabling future mobility solutions.

Moving to portfolio & transformation, we realized 547 million dollars year-to-date, keeping us on track toward our 3 billion dollars transformation target by 2030.

Our portfolio optimization program also continues to progress well. Following the announced divestment of European Petrochemicals and Engineering Thermoplastics in Europe and Americas earlier this year, both transactions continue to progress as planned, and we will provide further updates as key milestones are achieved.

In addition, and in line with our strategic direction, we reached an agreement on the key terms for combining our shareholding in SABIC Terminal Services Company (Sabtank) with Jubail Chemicals Storage & Services Company (Chemtank) through a share exchange. We expect the transaction to capture operational synergies, strengthen the strategic positioning of the combined terminal business, and support the creation of a national petrochemicals' logistics champion. The transaction remains subject to customary regulatory approvals and other closing conditions. We also continue to evaluate additional strategic partnerships and opportunities to unlock further value from these companies.

Finally, let me now turn to our accretive growth projects, the SABIC Fujian Complex continues to progress well, with start-up expected in the fourth quarter of this year.

We also achieved successful commercial production at our one-million-ton MTBE plant in the Kingdom of Saudi Arabia, the facility has demonstrated that SABIC's proprietary MTBE technology fully meets all project targets, including achieving full nameplate production capacity, which further strengthen our manufacturing footprint.

Finally, we signed a Project Development Agreement with Rongsheng Petrochemical to jointly evaluate the Jintang New Materials Project in China, supporting our long-term growth strategy in one of the world's largest chemicals markets.

Taken together, these highlights demonstrate that, while managing today's operational challenges, we continue to execute our strategy and focus on SABIC's long-term growth.

Looking ahead, our priorities remain clear.

We will continue to execute our portfolio optimization program to strengthen returns and improve return on capital employed.

Our transformation program remains on track to deliver its 3 billion dollars recurring annual EBITDA impact target by 2030, supported by disciplined execution and capital allocation across the organization, with planned capital investments of 3.5 to 4.0 billion dollars, while prioritizing projects that create long-term value.

At the same time, we remain focused on selective growth opportunities, including the SABIC Fujian Complex, which will further strengthen our global manufacturing footprint.

These focus areas, position SABIC for future success, growth and long-term shareholder value creation across evolving market conditions.

I will now hand the call over to our Chief Financial Officer, who will take you through our financial performance in more detail.

Salah Al-Hareky

(CFO)

Thank you Faisal, and a warm welcome to everyone joining today's call.

As the CEO mentioned, the second quarter was characterized by a challenging operating environment during unprecedented supply chain disruptions. Through disciplined execution, we maintained business continuity while mitigating the impact on our business wherever possible.

Despite the geopolitical tensions and supply chain disruptions experienced during the quarter, SABIC delivered resilient continuing operations financial performance, with revenue declining only by 5% quarter-on-quarter to 6.6 billion dollars.

The decrease was primarily driven by lower sales volumes, reflecting the impact of the supply chain disruptions. However, through robust and agile supply chain operations and redirecting products to alternative routes, together with our global footprint and diversified portfolio across Petrochemicals and Specialties, SABIC was able to capture a 41% increase in average selling prices compared with the previous quarter and significantly mitigating the impact of lower volumes.

Adjusted EBITDA declined only by 18% quarter-on-quarter to about 900 million dollars, resulting in an adjusted EBITDA margin of 14%, down 2.2 percentage points from the previous quarter. I will discuss the key drivers behind this performance in more detail later in today's meeting.

Adjusted net income was a loss of 100 million dollars, compared with 218 million dollars last quarter.

Cash flow from operations year to date totaled to more than 280 million dollars, lower than same period last year, mainly due to higher working capital driven by inventory buildup.

We maintained a robust debt level, underscoring the continued strength of our balance sheet.

Let me walk you through the main drivers of EBITDA movement.

During the second quarter, while sales volumes declined by 33% due to the closure of the Strait of Hormuz, our resilient supply chain network enabled us to redirect volumes to alternative routes and effectively capture higher market prices, resulting in a 41% increase in average selling prices quarter-on-quarter. This partially mitigated the impact of lower volumes on profitability. However, higher liquid feedstock prices offset part of this benefit, limiting the improvement in margins.

Additionally, we maintained our focus on cost discipline and operational efficiency, achieving a 3% year-to-date reduction in general and administrative expenses.

Furthermore, our transformation program delivered around 550 million dollars of recurring earnings year-to-date, with approximately 60% coming from cost excellence and 40% from value creation, keeping us on track toward our 2030 targets.

I will now discuss the performance of our business segments.

Starting with Petrochemicals, despite the challenging business environment during the quarter, including the closure of the Strait of Hormuz and the resulting logistics disruptions, we delivered a resilient financial performance, maintaining adjusted EBITDA broadly in line with the previous quarter at more than 630 million dollars.

This performance reflects the resilience of our commercial and supply chain operations. Leveraging the Kingdom's logistics flexibility together with SABIC's agile commercial expertise, we redirected volumes through west coast. Even under these conditions, we sold around 5.5 million metric tons, demonstrating the strength of our supply chain network and our ability to maintain business continuity.

Through these actions, we captured a 42% increase in average selling prices quarter-on-quarter, substantially offsetting the impact of a 34% decline in sales volumes. EBITDA was further supported by stronger polyethylene performance and controlled cost management, helping to mitigate the impact of lower sales volumes and higher liquid feedstock costs.

Looking ahead, while industry overcapacity remains a structural challenge, the recent geopolitical developments have added another layer of complexity to the operating environment. Nevertheless, SABIC remains focused on strengthening the resilience and competitiveness of its Petrochemicals portfolio while continuing to serve customers reliably and create long-term value.

Turning to Agri-Nutrients, adjusted EBITDA was just above 180 million dollars during the quarter, reflecting the impact of the supply chain constraints experienced during the period.

During the quarter, we successfully initiated urea exports through the Kingdom's West Coast for the first time, including the first urea shipment through Yanbu Commercial Port. This demonstrated the flexibility of our logistics network and enabled us to successfully sell approximately 960 thousand metric tons.

Looking ahead, while the urea market has softened, our focus remains on maintaining cost competitiveness, operational reliability, and commercial discipline to support long-term value creation.

Moving to specialties segment.

Adjusted EBITDA was USD 101 million during the quarter. While the business continued to benefit from strong demand and commercial execution, Q2 EBITDA was impacted by higher manufacturing-related costs compared with previous quarter.

Demand remained robust across key end markets, particularly in higher-value applications, supported by favorable seasonal trends. This enabled us to deliver a 2% increase in average selling prices and a 14% increase in sales volumes quarter-on-quarter, reflecting our value-pricing strategy and continued customer demand across our strategic markets.

With that, let me now provide some additional context on the dividends announced for the first half of 2026.

Despite the ongoing geopolitical and logistics challenges, SABIC remains committed to delivering long-term shareholder value. The recent dividend adjustment reflects more prudent capital allocation, balancing competitive shareholder returns while maintaining financial flexibility to navigate through uncertainties.

Our dividend approach is managed through the cycle, recognizing the cyclical nature of our industry rather than focusing on short term view. At the end of the first half of 2026, our net debt-to-adjusted EBITDA remained at low level of approximately 0.18 times, providing significant financial flexibility.

We continue to allocate capital with clear priorities: maintaining our assets, delivering competitive dividends, and investing selectively in growth opportunities. Supporting this approach, our transformation program which has delivered 258 million dollars of non-EBITDA cash savings year-to-date through capital efficiency measures, which is an additional to the recurring EBITDA mentioned before.

Looking ahead, we remain focused on the key drivers of long-term value creation. Over the past three years, our portfolio optimization program has unlocked 2.3 billion dollars of capital, enabling us to redeploy capital toward higher-return opportunities. Our transformation program, targeting 3 billion dollars of recurring earnings by 2030, together with our strong balance sheet and advantaged asset base, underpins our ability to generate sustainable cash flows and deliver competitive dividends through the cycle.

As I conclude, I would like to reiterate SABIC's clear focus on driving long-term shareholder value despite a challenging environment, the foundations for long-term success continue to strengthen by:

Unlocking value through disciplined capital recycling

De-risking the portfolio by addressing underperforming assets and leveraging partnerships, and

Refocusing the asset base on cost-advantaged regions and value chains and continuing to build sales through efficient go to market channels

This concludes the presentation portion of today's call. We will now open the line for Q&A

Sarah Alzamami

(Moderator)

Thank you, Mr. Salah. To ask a question, please use the "raise hand" feature on your screen and wait for your line to be opened. Make sure to click the "lower hand" button once the question has been asked. You can also share your questions in writing.

Let's have no more than two or three questions per person, so that we have enough time for everyone.

The first question is from Sriharsha Pappu from HSBC. Sriharsha, come close to the mic and ask your question.

Sriharsha Pappu

(HSBC)

Thank you for the call and I appreciate the context on the dividend announcement.

I just had a quick question on volume development throughout the quarter. Obviously, you know with the strait closed, you had 33% drop in volume in Q2.

Could you talk us through how that changed month on month, you know, April, May, June and how we should think about volume drop for Q3 if the strait remains closed?

So are we going to see a 33% drop again in Q3 or has it been mitigated largely because of your efforts over the course of the quarter?

Thank you.

Dr. Faisal Alfaqeer (CEO)

Thank you Harsha. Generally speaking, sales volume improved gradually as the quarter progressed and you know the crisis started the end of quarter one so this is why you see the impact in quarter two around 33%. But we were able to establish new routes and shipping our products from the Western region, including Agri, which was done for the first time. Historically, we used to ship the polymers from the Western region, but for Agri specifically for Urea, this was the first time we do it from the Western region.

Additionally, we can still deploy our petrochemical volumes from the West Coast ports as I mentioned and prioritizing local market demand and maximizing the alternative routes.

Talking about quarter 3 is premature since we are watching what's happening with both straits and hopefully it will not be less than quarter 2 volumes.

Thank you.

Sarah Alzamami (Moderator)

Thank you, next question is from Ricardo Rezende from Morgan Stanley. Ricardo, please come close to the mic and ask your question.

Ricardo Rezende (Morgan Stanley)

Good afternoon. Thanks for taking my question.

I think following up with what Harsha asked, could you comment a little bit on the cost incremental logistics cost that you're seeing from moving all of those volumes from East to west and export it from the West?

And have you also noticed any other conflict related costs?

Salah Al-Hareky (CFO)

Due to the interruption of the supply chain and we have incurred additional costs.

With the chemical, we saw around 40% increase in logistic cost “per unit basis”. However, in agriculture the increase was around 60% “per unit basis”. Of course, this includes the land cost as well as the cost associated with the marine bunker adjustment and other global shipping cost in addition to a war risk premium and insurance.

Of course, these additional costs are absorbed by higher product prices across our portfolio.

Sarah Alzamami (Moderator)	Thank you Ricardo, next question is from Prateek Bhatnagar from Jefferies. Prateek, please come close to the mic and ask your question.
Prateek Bhatnagar (Jefferies)	Hi, thanks for taking my questions. I have two. The first question is about your volume drop again, can you split the 33% drop which you're seeing into the solid chemicals and the liquid chemicals? That's number one. Number two is that we have also seen trade disruptions through Bab El-Mandab. So are you seeing any exports being impacted for now? And if you then route your exports through the Suez Canal, what will the incremental costs be? That's my two questions. Thank you.
Dr. Faisal Alfaqeer (CEO)	Thank you, Prateek. For the first question. I think it's very difficult to split as I don't have the exact numbers. However, you would expect that will be mostly in chemicals because we can easily move polymers from eastern region to western region and export through the west side of Saudi Arabia. We don't see currently and up to now any impact on the strait of Bab El-Mandab on our shipment and we are watching the situation carefully and closely.
Sarah Alzamami (Moderator)	Thank you Prateek. The next question is from Alex Comer from JP Morgan. Alex, please come close to the mic and ask your question.
Alex Comer (JP Morgan)	Yeah, couple of questions. Firstly, what are you going to do about Kayan because it looks like it's going to reach its 50% accumulated losses rule this quarter and presumably you, you're going to have to be involved in the recapitalizations. Just wonder what you're going to do then. And then also there's a story that you guys are going to invest in a in another large project in China. I just wondered if you could let us know what the expected cost of your equity contribution would be and just again given over capacity in the industry in general, why you think this is a good idea?
Salah Al-Hareky (CFO)	Thank you Alex, let me take the first question. You know, no doubt we are the major shareholder in Saudi Kayan. However, we need to be also cognizant that Kayan is separately listed company, and any material

information will be announced by the company as it becomes available.

However, as a strategic shareholder, we are very much actively engaged and supportive of Saudi Kayan's effort to strengthen both the operational and the financial position. And I'm sure once we have or Saudi Kayan has any development it will be announced immediately. Thank you, Alex.

Dr. Faisal Alfaqeer (CEO)	For the second question on the investment in China, what we signed with Rongsheng chemicals is a project development agreement. So it's still maybe premature to talk about the investment cost, especially there is no commitment for the investment with this agreement. And we are planning to have different differentiated product in this project with our Chinese partner building it in the major demand center in China. Thank you.
Sarah Alzamami (Moderator)	Thank you Alex, the next question is from Faisal Al-Azmeh from Goldman Sachs. Faisal, please come close to the mic and ask your question.
Faisal Al-Azmeh (Goldman Sachs)	Yes, hi. Thank you for the opportunity to ask questions. Just a follow up on capital allocation. I know you recently obviously exited your European operations. Are you still considering M&A as part of your strategy at this stage or not anymore? Thank you.
Salah Al-Hareky (CFO)	Faisal, thank you very much for the questions. Our financial framework is very clear and we have actually communicated to our investor clearly on our priority of capital. So our capital priorities are very clear and remain unchanged. We focus on run and maintain CapEx first, then competitive dividend to our shareholder followed by selective growth CapEx and high return opportunities. All of this enabled by our strong balance sheet. It will further strengthen our balance sheet going forward especially during the time of increasing uncertainties. The objective is very simple. We fund the growth responsibly while maintaining the competitive shareholder's return. Of course, this reflects a disciplined approach centered on cash generation, resilience and long-term value creation. On the M&A piece, I think definitely our M&A is a tool to execute our strategy and our strategy is very clear. We focus on our competitive advantage. And for assets that are not performing or do not carry a competitive advantage. We look into options to improve the balance sheet

	going forward.
Sarah Alzamami (Moderator)	Thank you Faisal, the next question is from Alex Estefanous from UBS. Alex, please come close to the mic and ask your question.
Alex Estefanous (UBS)	Hi, guys. So, I've got two questions. The first question is the new complex in China was 98% complete in Q1 and you have now guided for commissioning in early Q4. Should we view this as a delay or is this within the normal course of business?
Dr. Faisal Alfaqeer (CEO)	Thank you, Alex. The 98% was on the EPC, so it was on the construction of the projects. And once you complete the EPC or the mechanical completion, there are many steps before you can start up the plants. For example, hot commissioning for some of the equipment, make sure the plant is ready for the start up. So, the 98% was only on the mechanical activities or the EPC activities. Thank you.
Alex Estefanous (UBS)	Perfect. And then the next question just follows on from the Bab El-Mandab closure that was asked earlier. Do you have a contingency plan should the Bab remain closed to maintain volumes? And could you provide some color on what a downside scenario might look like?
Salah Al-Hareky (CFO)	Of course, in SABIC, we manage our shipment through our supply chain. We are leveraging the flexibility of our supply chain including more domestic and GCC sales in addition to alternative route to ship product including the Suez Canal. So, we actually work to optimize our supply chain alternatives.
Sarah Alzamami (Moderator)	Thank you all for the thoughtful questions. The Investor Relations team is available for pending inquiries and any follow-up from today's call. The contact information is displayed on the screen. The earnings call for the second quarter of 2026 has now concluded. Thank you again for attending. You may now disconnect.