



CFO's Message

With our cost leadership and advantaged value chain position, we will leverage our position to maximize our value capture.

Net Income and Free Cash Flow almost

SAR2.0 billion

Crack Margin Averaging 2022

2,484
SAR/MT

Gearing Dropping to

3%

Dear Shareholders,

I am delighted to share with you Luberef's first financial performance as a publicly listed company. Our 2022 performance was a testament to our position as a leader in high value downstream, as we have delivered a record revenue, net income and free cash flow.

The year started with low base oil crack margins of around SAR1,616 per metric ton in the first quarter due to high oil prices resulting from geo-political tensions. However, base oil prices increased in the second and third quarters resulting in a healthy margin environment with cracks of SAR2,704 and SAR3,116 per

metric ton in the second and third quarter respectively. Prices normalized in the fourth quarter. However, base oil crack margins remained above historical averages at SAR2,655 per metric ton, with 2022 crack margin averaging to SAR 2,484 per metric ton.

Our volume growth of 6% in 2022 has ensured we have fully captured the benefits resulting from the overall healthy crack margin environment experienced in 2022, with our domestic market recording an above average volume growth of 7%. This has translated into a record results with revenues of more than SAR 10.6 billion, net income and free cash flow of around SAR 2.0 billion.

With these outstanding results, our Board of Directors have recommended a strong dividend of around SAR 840 million for the second half of 2022. We maintain a robust financial position with our gearing dropping to 3%, and we continue to generate high returns to our shareholders as can be observed in our ROACE of 39%.

With our cost leadership and advantaged value chain position, we will leverage our position to maximize our value capture. We will continue to operate within our financial framework, as we maintain a strong balance sheet and have a low capex forecast, while operating a high cash conversion asset, gives us the

opportunity to generate value to shareholders in terms of future distributions.

2022 was an incredible year for Luberef where we have delivered on all of our promises in terms of volumes and dividend. We plan to continue meeting and exceeding investor expectation in 2023 and will continue to relentlessly pursue our stated objectives, and wish to take this opportunity to thank all our shareholders for their trust.

Mohammed Al Nafea

Chief Financial Officer