



Non-IFRS measures reconciliations and definitions for the year ended December 31, 2019

Saudi Aramco uses certain non-IFRS financial measures in the analysis of its business and financial position. These non-IFRS financial measures are reported to facilitate a better understanding of Saudi Aramco's historic trends of operation and financial position.

Saudi Aramco uses non-IFRS financial measures as supplementary information to its IFRS based operating performance and financial position. The non-IFRS financial measures are not defined by, or presented in accordance with, IFRS. The non-IFRS financial measures are not measurements of Saudi Aramco's operating performance or liquidity under IFRS and should not be used instead of, or considered as alternatives to, any measures of performance or liquidity under IFRS. The non-IFRS financial measures relate to the periods presented below and are not intended to be predictive of future results. In addition, other companies, including those in Saudi Aramco's industry, may calculate similarly titled non-IFRS financial measures differently from Saudi Aramco. Because companies do not necessarily calculate these non-IFRS financial measures in the same manner, Saudi Aramco's presentation of such non-IFRS financial measures may not be comparable to other similarly titled non-IFRS financial measures used by other companies.

Free cash flow

Saudi Aramco uses free cash flow to evaluate its cash available for financing activities, including dividend payments. Saudi Aramco defines free cash flow as net cash provided by operating activities less capital expenditures.

	SAR		USD*	
	Year ended December 31		Year ended December 31	
All amounts in millions unless otherwise stated	2019	2018	2019	2018
Net cash provided by operating activities	416,529	453,701	111,074	120,987
Capital expenditures	(122,882)	(131,766)	(32,769)	(35,138)
Free cash flow	293,647	321,935	78,305	85,849

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Gearing

Gearing is a measure of the degree to which Saudi Aramco's operations are financed by debt. Saudi Aramco defines gearing as the ratio of total borrowings less cash and cash equivalents to total borrowings less cash and cash equivalents plus total equity. Management believes that gearing is widely used by analysts and investors in the oil and gas industry to indicate a company's financial health and flexibility.

	SAR		USD*	
	As at December 31		As at December 31	
All amounts in millions unless otherwise stated	2019	2018	2019	2018
Total borrowings (current and non-current)	175,585	101,318	46,823	27,018
Cash & cash equivalents	(177,706)	(183,152)	(47,388)	(48,841)
Net cash	(2,121)	(81,834)	(565)	(21,823)
Total equity	1,046,235	1,028,435	278,996	274,249
Total equity and net cash	1,044,114	946,601	278,431	252,426
Gearing	(0.2)%	(8.6)%	(0.2)%	(8.6)%

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.