Press Release

Aramco announces full-year 2021 results

Company outlines growth ambitions, net income and free cash flow more than double year-on-year

- Aramco invests for growth, expanding its focus on blue hydrogen and carbon capture as it targets role as critical supplier of secure, affordable energy with lower emissions
- Net income: $110.0 billion (2020: $49.0 billion)
- Cash flow from operating activities: $139.4 billion (2020: $76.1 billion)
- Free cash flow*: $107.5 billion (2020: $49.1 billion)
- Gearing ratio*: 14.2% as at December 31 (end of 2020: 23.0%)
- Full-year cash dividend of $75 billion declared, including $18.8 billion for Q4. Board recommends $4 billion in retained earnings to be capitalized and bonus shares to be distributed to shareholders, reflecting strong 2021 earnings performance
- Increased capital expenditure guidance of $40-50 billion in 2022, with further growth expected until around the middle of the decade

Dhahran, Saudi Arabia, March 20, 2022 – The Saudi Arabian Oil Company (“Aramco” or “the Company”) today announced its full-year 2021 financial results, reporting that net income more than doubled year-on-year to $110.0 billion. Aramco declared a fourth quarter dividend of $18.8 billion, to be paid in the first quarter of 2022.

The Company also announced its growth strategy, which in its Upstream business includes continuing to raise crude oil Maximum Sustainable Capacity (MSC) to 13 million barrels per day (mmbpd) by 2027, and potentially increasing gas production by more than 50% by 2030. In its Downstream business, the Company plans to expand its liquids to chemicals capacity to up to 4 mmbpd. Aramco also intends to develop a significant hydrogen export capability and become a global leader in Carbon Capture and Storage (CCS).

In addition, the Company is targeting investment in renewable energy and nature-based solutions, as it pursues its ambition of achieving net-zero Scope 1 and Scope 2 greenhouse gas emissions across its wholly-owned operated assets by 2050. This includes an aim to reach near-zero Upstream methane emissions by 2030.
Commenting on the results, Aramco President & CEO Amin H. Nasser, said:

“Our strong results are a testament to our financial discipline, flexibility through evolving market conditions and steadfast focus on our long-term growth strategy, which targets value growth for our shareholders.

“Although economic conditions have improved considerably, the outlook remains uncertain due to various macro-economic and geopolitical factors. But our investment plan aims to tap into rising long-term demand for reliable, affordable and ever more secure and sustainable energy.

“We recognize that energy security is paramount for billions of people around the world, which is why we continue to make progress on increasing our crude oil production capacity, executing our gas expansion program and increasing our liquids to chemicals capacity.

“We are also investing in CCS, renewables and low-carbon hydrogen production - supporting the global energy transition and advancing our net-zero ambition.”

Financial Highlights

Aramco’s net income increased by 124% to $110.0 billion in 2021, compared to $49.0 billion in 2020. The increase in net income reflects higher crude oil prices, stronger refining and chemicals margins, and the consolidation of SABIC’s full-year results.

Free cash flow* was $107.5 billion in 2021, compared to $49.1 billion in 2020. Aramco continues to prioritize a strong balance sheet and its gearing ratio at the end of 2021 was 14.2%, compared to 23.0% at the end of 2020.

Aramco declared a dividend of $18.8 billion for the fourth quarter, to be paid in Q1 2022. The Board of Directors also recommended that $4 billion in retained earnings be capitalized and bonus shares be distributed to shareholders, subject to required Extraordinary General Assembly and regulatory approvals. Under the recommendation, shareholders would be granted one bonus share for every ten shares owned. As a result, the total dividend for 2021 is $75 billion in cash, in addition to bonus shares. The Company aims to maintain a sustainable and progressive dividend, in line with future prospects, underlying growth in free cash flow, and long-term value creation through investments in available opportunities.

Capital expenditure in 2021 was $31.9 billion, an increase of 18% from 2020, primarily driven by increased activities in relation to crude oil increments, Tanajib Gas Plant and development drilling programs. Aramco expects 2022 capital expenditure to be approximately $40-50 billion, with further growth expected until around the middle of the decade. This is in line with the Company’s belief that substantial new investment is required to meet demand growth, against a broader decline in upstream investment across the industry globally.
Reflecting progress in its portfolio optimization program, in December the Company signed a lease and leaseback deal involving its gas pipeline network with a consortium of investors led by BlackRock Real Assets and Hassana Investment Company. The deal closed in February 2022 and the consortium acquired a 49% stake in a newly-formed Aramco subsidiary, Aramco Gas Pipelines Company, with Aramco receiving upfront proceeds of $15.5 billion.

Earlier in 2021, Aramco closed a similar deal for its oil pipeline network with another international investor consortium, including EIG Global Energy Partners and Mubadala. The consortium acquired a 49% stake in Aramco Oil Pipelines Company, a subsidiary of Aramco, for $12.4 billion.

In addition, Jazan Integrated Gasification and Power Company, a joint venture consisting of Saudi Aramco Power Company (SAPCO), Air Products, ACWA Power and Air Products Qudra, signed agreements for the asset acquisition and project financing of $11.8 billion relating to the Jazan Integrated Gasification Combined-Cycle power plant, an Air Separation Unit and certain ancillary assets from Aramco located in Jazan Economic City.

Aramco also raised $6 billion in the second quarter of 2021, as it expanded and diversified access to capital through the issuance of three tranches of US dollar-denominated Shari’a-compliant Sukuk trust certificates. The issuance was the world’s largest order book of US-dollar denominated Sukuk.

**Operational Highlights**

In 2021, Aramco’s average hydrocarbon production was 12.3 million barrels of oil equivalent per day (mmboed), including 9.2 mmbpd of crude oil.

Upstream continues to execute its growth plans to promote long-term productivity of Saudi Arabia’s reservoirs and is proceeding with implementing the Government’s directive to increase its crude oil MSC to 13 mmbpd by 2027. During the year, Aramco successfully completed and tied in the ‘Ain Dar and Fazran crude oil increments, and construction progress continued on the Marjan and Berri increment programs.

Aramco continued its strong track record of supply reliability by delivering crude oil and other products with 99.9% reliability in 2021, despite challenges caused by COVID-19. It was the second year running that Aramco achieved this level of reliability.

In November, Aramco commenced development of the vast Jafurah unconventional gas field, the largest non-associated gas field in the Kingdom of Saudi Arabia. By 2030, it is expected to reach a sustainable gas rate of two billion standard cubic feet per day (bscfd) of natural gas.

The Company also made progress in expanding its Downstream operations, including the successful start-up of its 400 mbpd Jazan Refinery.
In April, representing a significant step in SABIC becoming Aramco’s chemicals arm, Aramco transferred the marketing and sales responsibility for a number of Aramco petrochemicals and polymers products to SABIC. In addition, the offtake and resale responsibility of a number of SABIC products is being transferred to Aramco Trading Company (ATC).

In October, Aramco and TotalEnergies launched the first service stations of a joint retail network in the Kingdom, with plans to significantly upgrade a network of more than 200 service stations and expand the range of quality retail services. In December, Aramco also announced its entry into Saudi Arabia’s domestic lubricants market, offering consumers a new line of lubricant products under the ORIZON® brand.

Aramco also announced its ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across its wholly-owned operated assets by 2050. This ambition reinforces the long-term resilience and sustainability of the Company, which already has one of the lowest Upstream carbon intensities in the industry. Aramco is also among signatories to the Aiming for Zero Methane Emissions Initiative, a project of the Oil & Gas Climate Initiative which involves striving to reach near zero methane emissions from operated oil and gas assets by 2030. Further details are due to be disclosed in Aramco’s forthcoming Sustainability Report to be issued in 2022.

In August, through its subsidiary SAPCO, Aramco acquired a 30% stake in the 1500MW Sudair Solar PV project. Sudair will be one of the largest plants of its kind in the world.

The Company also announced a major expansion of its industrial investment program Namaat, which aims to tap into opportunities available in Saudi Arabia to create new value, and drive economic expansion and diversification.

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Aramco will discuss its full year financial results for 2021 in an audio webcast on March 21, 2022 at 3.30pm Riyadh / 12.30pm London / 8.30am New York. The webcast will be available at www.aramco.com/investors.

*Please refer to www.aramco.com/investors for reconciliation of non-IFRS measures

Contact Information

International Media Relations: international.media@aramco.com

Investor Relations: investor.relations@aramco.com

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The press release contains forward-looking statements. All statements other than statements relating to historical or current facts included in the press release are forward-looking statements. Forward-looking statements give the Company’s current expectations and projections relating to its capital expenditures and investments, strategic plans, major projects, upstream performance, including relative to peers, and growth in downstream and chemicals. These statements may include, without limitation, any statements preceded by, followed by or including words such as “target,” “believe,” “expect,” “aim,” “intend,” “may,” “anticipate,” “estimate,” “plan,” “project,” “will,” “can have,” “likely,” “should,” “would,” “could,” “continue,” “forward,” “ambition” and other words and terms of similar meaning or the negative thereof. Such forward-looking statements cannot be ascertained, as they involve known and unknown risks, uncertainties and other factors beyond the Company’s control that could cause the Company’s actual results, performance or achievements to be materially different from the expected plans, results, performance, or achievements expressed or implied by such forward-looking statements, including the following factors: international crude oil supply and demand and the prices at which Aramco sells crude oil; the impact of COVID-19 on business and economic conditions and on supply and demand for crude oil, gas and refined and petrochemical products; adverse economic or political developments that could impact the Company’s results of operations; competitive pressures faced by the Company; any significant deviation or changes in existing economic and operating conditions that could affect the estimated quantity and value of proved reserves; operational risks and hazards in the oil and gas, refining and petrochemical industries; the cyclical nature of the oil and gas, refining and petrochemical industries; weather conditions; political and social instability and unrest and actual or potential armed conflicts in the regions in which Aramco operates and other areas; losses from risks related to insufficient insurance; the Company’s ability to deliver on current and future projects; the Company’s ability to implement its strategic plans, goals and targets, including its plan to develop the world’s largest hydrogen export facility and its ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across its wholly-owned and operated assets by 2050; litigation to which the Company is or may be subject; the Company’s ability to realize benefits from recent and future acquisitions, including with respect to SABIC; risks related to international operations, including wars, sanctions and trade restrictions, anti-bribery and anti-corruption laws and other laws and regulations; risks related to oil, gas, environmental, health and safety and other regulations that impact the industries in which Aramco operates; the Company’s dependence on its senior management and key personnel; the reliability and security of the Company’s IT systems; climate change concerns and impacts; risks related to Government-directed projects and other Government requirements, including those related to Government-set maximum level of crude oil production and target MSC; fluctuations in interest rates and foreign exchange rates; and other risks and uncertainties that could cause actual results to differ from the forward looking statements in this press release, as set forth in the Company’s latest periodic reports filed with the Tadawul. For additional information on the potential risks and uncertainties that could cause actual results to differ from the results predicted, please see the Company’s latest periodic reports filed with the Tadawul. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which it will operate in the future.

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