Press Release

Aramco announces second quarter and half-year 2021 results
Q2 net income rises 288% and free cash flow up by 270% YoY as Company delivers key milestones

- **Net income**: $25.5 billion (Q2) / $47.2 billion (H1)
- **Cash flow from operating activities**: $30.1 billion (Q2) / $56.5 billion (H1)
- **Free cash flow**: $22.6 billion (Q2) / $40.9 billion (H1)
- **Gearing ratio**: 19.4% (June 30) compared to 23% at end of 2020
- **Q1 dividend of $18.8 billion paid in the second quarter; Q2 dividend of $18.8 billion to be paid in the third quarter**

Dhahran, Saudi Arabia, August 8, 2021 – The Saudi Arabian Oil Company (“Aramco” or “the Company”) today announced its second quarter 2021 financial results, reporting a 288% increase in net income from the same quarter of last year to $25.5 billion and declaring a dividend of $18.8 billion. The Company’s net income for the first half of the year was $47.2 billion, representing a 103% increase over the same period in 2020.

The results were primarily driven by higher oil prices and a recovery in worldwide demand, supported by the global easing of COVID-19 restrictions, vaccination campaigns, stimulus measures and accelerating activity in key markets.

**Commenting on the results, Aramco President & CEO Amin H. Nasser, said:**

“Our second quarter results reflect a strong rebound in worldwide energy demand and we are heading into the second half of 2021 more resilient and more flexible, as the global recovery gains momentum. While there is still some uncertainty around the challenges posed by COVID-19 variants, we have shown that we can adapt swiftly and effectively to changing market conditions.

“Our historic $12.4 billion pipeline deal was an endorsement of our long-term business strategy by international investors, representing significant progress in our portfolio optimization program. Our landmark $6 billion Sukuk reinforced our robust balance sheet, further diversifying our funding sources and expanding our investor base. And, once again, we delivered a dividend of $18.8 billion for our shareholders.

“We continue to move forward on a number of strategic programs, which focus on sustainability and low-carbon fuels, maximizing the value of our assets, and advancing our downstream integration and expansion journey. For all these reasons and more, I remain extremely positive about the second half of 2021 and beyond.”
Financial Highlights

Aramco’s net income was $25.5 billion in the second quarter of 2021, compared to $6.6 billion in the same quarter of 2020. Net income for the first half of 2021 was $47.2 billion, compared to $23.2 billion in the first half of 2020. The increase in both periods was primarily driven by higher crude oil prices, improved downstream margins and the consolidation of SABIC’s results, partially offset by lower crude oil volumes sold and higher crude oil production royalties.

Free cash flow* was $22.6 billion in the second quarter and $40.9 billion for the first half of 2021, compared to $6.1 billion and $21.1 billion, respectively, for the same periods in 2020.

The gearing ratio* was 19.4% on June 30, compared with 23% on December 31, 2020. The decrease was primarily due to higher cash and cash equivalents on June 30 2021, mainly driven by stronger operating cash flows and cash proceeds in connection with Aramco’s stabilized crude oil pipelines transaction.

Capital expenditure was $7.5 billion in the second quarter and $15.7 billion for the first half of 2021, representing an increase of 20% and 15%, respectively, compared with the same periods in 2020. This increase was primarily due to the start of initial phases of construction and procurement activities relating to increment projects, demonstrating the company’s ability to mobilize capital to target growth opportunities, and the consolidation of SABIC’s capital expenditure. At the same time, the Company maintains a highly disciplined and flexible approach to capital allocation, and continues to expect its 2021 capital expenditure to be approximately $35 billion.

Aramco closed a $12.4 billion pipeline infrastructure deal with an international consortium that acquired a 49% stake in the newly formed Aramco Oil Pipelines Company, in which Aramco remains the majority shareholder. Under a 25-year lease and leaseback agreement, Aramco Oil Pipelines Company will receive a tariff payable by Aramco for stabilized crude oil flows, backed by minimum volume commitments. This investment demonstrates investor confidence in the Company’s long-term outlook.

The Company raised $6 billion through the sale of US dollar-denominated Shari’a-compliant securities to leading institutional investors. The issuance comprised three tranches of direct and unsecured Sukuk trust certificates issued under Aramco’s newly established International Sukuk Program. Funds raised were allocated for general corporate purposes.

Operational Highlights

Aramco continued its strong track record of reliable supply, achieving 100% reliability in the delivery of crude oil and other products in the second quarter of 2021.

The Company also demonstrated its reliable Upstream performance, with average total hydrocarbon production of 11.7 million barrels per day of oil equivalent in the second quarter of 2021.

The Company successfully completed and tied-in the ‘Ain Dar and Fazran crude oil increments during the second quarter. These increments target secondary reservoirs with a combined production capacity of 175 mbpd.
Representing a significant step in SABIC becoming Aramco’s chemicals arm, Aramco is transferring the marketing and sales responsibility for a number of Aramco petrochemicals and polymers products to SABIC, and the offtake and resale responsibility of a number of SABIC products is being transferred to Aramco Trading Company (ATC). These changes are intended to focus SABIC on polymers and derivative products while ATC focuses on fuels, aromatics and MTBE, driving further operational efficiencies, strengthening the brands of both companies and improving overall competitiveness. Considerable synergies are being captured, mainly in procurement, supply chain, feedstock optimization, stream integration, operations and maintenance.

The Company continued to contribute to COVID-19 vaccination efforts during the second quarter to protect its workforce and the wider community from the risk of infection. The Company’s ongoing vaccination campaign for employees and their families complements a government vaccine program, resulting in 95% of employees and 70% of their dependants receiving at least one dose by the end of June.

Aramco participated in the creation of Altamayyuz Finance and Accounting Excellence Academy, a collaboration between leading accountancy firms and investment banks to establish a center of excellence for finance and accounting in Saudi Arabia. The academy aims to build the capabilities of top finance and accounting graduates, supporting growth of the region’s financial services sector and forming a highly-skilled talent pool for the Company and other private and public employers.

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Aramco will discuss its Q2 and H1 financial results for 2021 in a webcast on August 9, 2021 at 3.30pm KSA / 1.30pm BST / 8.30am EDT. The webcast will be available at www.aramco.com/investors.

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

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The information contained in the press release, including but not limited to forward-looking statements, applies only as of the date of this press release and is not intended to give any assurances as to future results. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to the press release, including any financial data or forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law or regulation. No person should construe the press release as financial, tax or investment advice. Undue reliance should not be placed on the forward-looking statements.