

MIRA INFORM REPORT

Report No. :	540033
Report Date :	17.11.2018

IDENTIFICATION DETAILS

Name :	SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
Registered Office :	Sabic Complex, Exit 8, North Ring Road, Sitteen Street, Al Maather District, PO Box: 5101 & 59090 & 42503, Riyadh 11525
Country :	Saudi Arabia
Financials (as on) :	31.12.2017 [Consolidated]
Date of Incorporation :	06.09.1976
Com. Reg. No.:	1010010813
Legal Form :	Joint Stock Company
Line of Business :	Subject is engaged in the manufacture of basic chemicals, intermediates, polymers, fertilizers and metals.
No. of Employees :	40,000

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating : A++

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default

Status :	Excellent
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Saudi Arabia	A2	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

SAUDI ARABIA - ECONOMIC OVERVIEW

Saudi Arabia has an oil-based economy with strong government controls over major economic activities. It possesses about 16% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC. The petroleum sector accounts for roughly 87% of budget revenues, 42% of GDP, and 90% of export earnings.

Saudi Arabia is encouraging the growth of the private sector in order to diversify its economy and to employ more Saudi nationals. Approximately 6 million foreign workers play an important role in the Saudi economy, particularly in the oil and service sectors; at the same time, however, Riyadh is struggling to reduce unemployment among its own nationals. Saudi officials are particularly focused on employing its large youth population.

In 2017, the Kingdom incurred a budget deficit estimated at 8.3% of GDP, which was financed by bond sales and drawing down reserves. Although the Kingdom can finance high deficits for several years by drawing down its considerable foreign assets or by borrowing, it has cut capital spending and reduced subsidies on electricity, water, and petroleum products and recently introduced a value-added tax of 5%. In January 2016, Crown Prince and Deputy Prime Minister MUHAMMAD BIN SALMAN announced that Saudi Arabia intends to list shares of its state-owned petroleum company, ARAMCO - another move to increase revenue and outside investment. The government has also looked at privatization and diversification of the economy more closely in the wake of a diminished oil market. Historically, Saudi Arabia has focused diversification efforts on power generation, telecommunications, natural gas exploration, and petrochemical sectors. More recently, the government has approached investors about expanding the role of the private sector in the health care, education and tourism industries. While Saudi Arabia has emphasized their goals of diversification for some time, current low oil prices may force the government to make more drastic changes ahead of their long-run timeline.

Source : CIA

SUMMARY

Company Name	: SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
Country of Origin	: Saudi Arabia
Legal Form	: Joint Stock Company
Registration Date	: 6th September 1976
Commercial Registration Number	: 1010010813, Riyadh
Membership Number	: 70000
Issued Capital	: SR 30,000,000,000
Paid up Capital	: SR 30,000,000,000
Total Workforce	: 40,000
Activities	: Manufacture of basic chemicals, intermediates, polymers, fertilizers and metals
Financial Condition	: Good
Payments	: Regular
Operating Trend	: Steady

COMPANY NAME

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Location : Sabic Complex, Exit 8, North Ring Road
Street : Sitteen Street
Area : Al Maather District
PO Box : 5101 & 59090 & 42503
Town : Riyadh 11525
Country : Saudi Arabia
Telephone : (966-11) 4012033 / 4069900 / 2258000
Facsimile : (966-11) 4012045 / 4013831 / 2259000
Email : info@sabic.com / dalaanas@sabic.com / ghamdinm@sabic.com

Premises

Subject operates from a large suite of offices that are owned and located in the Central Business Area of Riyadh.

Branch Office (s)

<u>Location</u>	<u>Description</u>
<ul style="list-style-type: none">Highway 218 Jubail 1st Industrial City PO Box: 10040 & 11115 Al Jubail 31961 Tel: (966-13) 3477200 / 3595155 / 3452567 / 3471160 Fax: (966-13) 3411552 / 3595394 / 3452996 / 3477993 CR No. 2055003702	Factory premises
<ul style="list-style-type: none">PO Box: 30382 Yanbu Tel: (966-14) 3211660 Fax: (966-14) 3211754 CR No. 4700012745	Factory premises
<ul style="list-style-type: none">PO Box: 2629 Dammam 31461 Tel: (966-13) 8575000 Fax: (966-13) 8578075	Factory premises

- PO Box: 5027
Al Qassim
Tel: (966-16) 3220866
Fax: (966-16) 3220376
Office premises
- PO Box: 30204
Jeddah 21477
Tel: (966-12) 6352802
Fax: (966-12) 6362561
CR No. 4030204784
Office premises
- Prince Abdul Rahman Bin Abdul Aziz Street
Dhabab
2nd Industrial Zone
PO Box: 5101
Riyadh 11422
Tel: (966-11) 4985555
CR No. 1010152830
Office premises

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Dr Abdulaziz Saleh Al Jarbou	Chairman
• Yousef Abdullah Al Benyan	Vice Chairman & Chief Executive Officer
• Dr Fahad Abdullah Al Mubarak	Director
• Roberto Gualdoni	Director
• Calum Maclean	Director
• Dr Khaled Hamza Ahmed Nahas	Director
• Abdullah Mohamed Al Issa	Director
• Abdulaziz Habdan Al Habdan	Director
• Mohammed Talal Al Nahas	Director
• Abdullah Nojaidi	Manager – Petrochemicals
• Abdulrahman Al Ubaid	Manager – Polyolefins
• Fahad Al Sheaibi	Manager – PVC / Polyester

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• Khaled Al Mana	Manager – Intermediate Chemicals
• Mohammad Al Jaber	Manager – Metals
• Khaled Al Mana	Manager – Fertilisers
• Yousef Al Zamel	Manager – Basic Chemicals
• Ibrahim Al Shuweir	Manager – Research & Technology
• Homood Al Tuwajiri	Manager – Finance
• Fahad Al Sheaibi	Manager – Human Resources
• M S Humaid	Senior Planning Manager
• Abdulrahman Al Dalaan	Procurement Manager
• Mohamed Nasser Al Ghamdi	Administration Manager
• Naveed Sheikh Fareed	Company Secretary

LEGAL FORM & OWNERS

Date of Establishment : 13/9/1396 Hijri (corresponding to 6th September 1976)

Legal Form : Joint Stock Company

Commercial Reg. No. : 1010010813, Riyadh

Membership No. : 70000

Issued Capital : SR 30,000,000,000

Paid up Capital : SR 30,000,000,000

<i>Name of Shareholder (s)</i>	<i>Percentage</i>
• Government of Saudi Arabia	70.0%
• Local businessmen and private investors	24.3%
• General Organization for Social Insurance (GOSI)	5.7%

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AFFILIATED COMPANIES

<u>Name</u>	<u>Shareholding %</u>
Arabian Petrochemical Company and subsidiary (Petrokemya)	100.00
Saudi Iron and Steel Company (Hadeed)	100.00
SABIC Industrial Investments Company and subsidiaries (SIIC)	100.00
SABIC Luxembourg S.à.r.l. and subsidiaries	100.00
SABIC Sukuk Company	100.00
SABIC Industrial Catalyst Company	100.00
Saudi European Petrochemical Company (Ibn Zahr)	80.00
Jubail United Petrochemical Company (United)	75.00
National Chemical Fertilizer Company (Ibn Al-Baytar)	71.50
National Industrial Gases Company (Gas)	70.00
Yanbu National Petrochemical Company	51.95
Saudi Methanol Company (Ar-Razi)	50.00
Al-Jubail Fertilizer Company (Al-Bayroni)	50.00
Saudi Yanbu Petrochemical Company (Yanpet)	50.00
National Methanol Company (Ibn Sina)	50.00
Saudi Petrochemical Company (Sadaf)	50.00
Eastern Petrochemical Company (Sharq)	50.00
Al-Jubail Petrochemical Company (Kemya)	50.00
Saudi Japanese Acrylonitrile Company	50.00
Saudi Methacrylates Company	50.00
Arabian Industrial Fiber Company (Ibn Rushd)	48.07
Saudi Arabian Fertilizer Company (Safco)	42.99
Saudi Kayan Petrochemical Company	35.00

OPERATIONS

Activities: Engaged in the manufacture of basic chemicals, intermediates, polymers, fertilizers and metals.

- Basic Chemicals - SABIC's basic chemicals include methanol, ethylene, propylene, benzene, xylene, MTBE (Methyl Tertiary Butyl Ether), Styrene, CIE (Crude Industrial Ethanol), butadiene and butene-1.
- Intermediates - Intermediates chemicals such as EG, EDC, VCM, 2-EH, Caustic Soda and DOP are ingredients used by the petrochemical industry to manufacture other products. Intermediates chemicals are produced for use by SABIC and for export to industries around the world using basic chemicals as raw materials. The intermediates sector also produces a range of industrial gases - Oxygen, Nitrogen, Argon and Krypton-Xenon.
- Polymers - SABIC is one of the largest exporters of plastics in the world with a production capacity of nearly 4 million tons. They produce three different polyethylenes; polypropylene, PVC and general purpose, high impact and expandable polystyrenes. They produce polyester fibers and filaments, textile grade chips and PET packaging resins and also melamine.

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- Fertilizers - SABIC's fertilizer group is dedicated to helping the worldwide agriculture industry produce higher yields of quality crops to feed an ever-growing global population. The range of products includes, ammonia and urea, as well as compound, phosphate and liquid fertilizers. SABIC is now the world's largest exporter of urea. SABIC's nitrogen, phosphate and compound fertilizers are used in an increasing number of applications to improve food security worldwide. In Saudi Arabia, SABIC fertilizers provide the essential nutrients needed to achieve impressive crop yields from farm acreage that until recently had been arid desert.
- Metals - The Metals Group is a major part of SABIC's diversified manufacturing portfolio in Saudi Arabia. Today, its wholly owned Saudi Iron & Steel Co (Hadeed) affiliate is the leading steel maker in the Gulf region. Since 1983, Hadeed has produced long steel products for the Kingdom's construction industry. Its output now includes flat, hot and cold rolled steel for expanding Saudi and regional engineering and manufacturing industries. The Metals Group also manages large offshore aluminium manufacturing shareholdings in Bahrain, as well as the sales and marketing of ferro-alloys produced in Saudi Arabia.

Sabic Supply Management Organization Ltd is not a separate legal entity. It is a division of the subject that is responsible for internal issues relating to purchasing, account management and local business development.

Import & Export Countries: Worldwide

Local Clients:

- Group Five Pipe Saudi Company
- Arabian Sulfonates Co Ltd

Brand Names: SABIC

Operating Trend: Steady

Subject has a workforce of approximately 40,000 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Saudi Riyals (SR'000)

<u>Consolidated Balance Sheet</u>	<u>31/12/17</u>	<u>31/12/16</u>
ASSETS		
Current assets		
Inventories	26,062,995	22,601,498
Trade receivables	22,609,432	19,853,239
Prepayments and other current assets	5,701,316	4,818,029
Short-term investments	4,351,072	20,105,377
Cash and bank balances	59,038,656	40,247,740

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Total current assets	117,763,471	107,625,883
Non-current assets		
Property, plant and equipment	167,355,911	170,349,982
Intangible assets	13,542,397	12,925,908
Investment in associates	14,304,140	12,940,324
Held to maturity investments	3,055,161	3,476,590
Available for sale financial assets	696,243	693,398
Deferred tax assets	1,518,599	1,522,837
Other non-current assets	4,219,500	4,319,754
Total non-current assets	204,691,951	206,228,793
TOTAL ASSETS	322,455,422	313,854,676
LIABILITIES AND EQUITY		
Current liabilities		
Current portion of long-term debt	15,373,456	13,211,962
Short term borrowings	1,065,000	-
Trade payables	18,061,464	16,368,834
Accruals and other current liabilities	9,820,367	8,663,803
Zakat payable	3,979,119	3,135,696
Total current liabilities	48,299,406	41,380,295
Non-current liabilities		
Long-term debt	41,624,732	49,897,787
Employee benefits	17,635,036	16,384,051
Deferred tax liabilities	2,597,059	2,703,436
Other non-current liabilities	2,160,697	1,410,068
Total non-current liabilities	64,017,524	70,395,342
Total liabilities	112,316,930	111,775,637
EQUITY		
Shareholders' equity		
Share capital	30,000,000	30,000,000
Statutory reserve	15,000,000	15,000,000
General reserve	110,889,032	110,889,032
Other reserves	(2,249,663)	(5,307,983)
Retained earnings	10,282,264	6,953,960
Total shareholders' equity	163,921,633	157,535,009
Non-controlling interests	46,216,859	44,544,030

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Total equity	210,138,492	202,079,039
TOTAL LIABILITIES AND EQUITY	322,455,422	313,854,676

Consolidated Statement of Income

Sales	149,765,968	142,998,827
Cost of sales	(99,785,144)	(95,759,137)
GROSS PROFIT	49,980,824	47,239,690
General, and administrative expenses	(10,642,900)	(11,215,841)
Selling and distribution expenses	(10,339,537)	(10,153,752)
INCOME FROM MAIN OPERATIONS	28,998,387	25,870,097
Share of results of associates	1,419,680	875,935
Finance income	1,247,057	1,647,272
Finance cost	(2,329,716)	(1,966,456)
Other income	(1,082,659)	(319,184)
INCOME BEFORE SHARE OF NON-CONTROLLING INTERESTS AND ZAKAT	289,337	823,895
	29,624,745	27,250,743
Zakat expense	(2,600,000)	(3,000,000)
Income tax expense	(1,540,000)	(872,810)
NET INCOME	25,484,745	23,377,933

Local sources consider subject's financial condition to be Good.

BANKERS

- National Commercial Bank
Malaz Branch
PO Box: 42536
Riyadh 11551
Tel: (966-11) 4776450
Fax: (966-11) 4769502
- Arab National Bank
King Faisal Street
PO Box: 56921
Riyadh 11564
Tel: (966-11) 4029000
Fax: (966-11) 4027747

PAYMENT HISTORY

Regular

GENERAL COMMENTS

Established in 1976, SABIC is widely regarded as the largest manufacturing company in the Middle East and is engaged in the manufacture of basic chemicals, intermediates, polymers, fertilizers and metals.

The subject and its shareholders/owners have been searched in the following databases; Office of Foreign Assets Control (OFAC), United Nations Security Council Sanctions, Australian Sanctions List, US Consolidated Sanctions List, EU Financial Sanctions List and UK Financial Sanctions List and nothing adverse could be found on the exact names listed within the report.

During the course of this investigation nothing detrimental was uncovered regarding subject's operating history or the manner in which payments are fulfilled. As such the company is considered to be a fair trade risk.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.80
UK Pound	1	INR 91.92
Euro	1	INR 81.46
SAR	1	INR 19.14

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	SYL

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)