

Aramco announces first quarter 2020 results

DHAHRAN, May 12, 2020



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- First quarter net income: \$16.7 billion
- First quarter free cash flow*: \$15.0 billion
- Gearing* ratio of -4.9% reflects further strengthening of balance sheet
- Dividends of \$13.4 billion paid in the first quarter, in respect of Q4 2019
- Dividends of \$18.75 billion to be paid in the second quarter, for Q1 2020
- Low upstream costs and sustaining capital provide significant flexibility

The Saudi Arabian Oil Company (“Aramco” or “the Company”) today announced its financial results for the first quarter of 2020, demonstrating financial and operational strength despite a challenging macro environment and lower energy demand caused by the COVID-19 pandemic.

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

“The COVID-19 crisis is unlike anything the world has experienced in recent history and we are adapting to a highly complex and rapidly changing business environment. Aramco has demonstrated resilience during economic cycles and has an unparalleled position due to a

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and low oil prices. We remain committed to the safety of our people while delivering on our long-term value creation strategy for all of our shareholders.

“During the first quarter, we took steps to further optimize our planned 2020 capital spending and identified opportunities to improve operational productivity.

“We retain significant flexibility to adjust expenditures and have considerable experience in managing the business through times of adversity. This resilience will enable us to continue delivering on our commitments to our shareholders.

“Looking ahead to the remainder of 2020, we expect the impact of the COVID-19 pandemic on global energy demand and oil prices to weigh on our earnings. We continue to reinforce the business during this period by reducing our capex and driving operational excellence. Longer term we remain confident that demand for energy will rebound as global economies recover.”

Financial Highlights

Net income remained robust at \$16.7 billion for the first quarter, despite lower crude oil prices, as well as declining refining and chemicals margins and inventory re-measurement losses.

Cash flow from operating activities was strong at \$22.4 billion in the first quarter, compared to \$24.5 billion in the same period of 2019. The impact of declining crude oil prices and refining and chemicals margins was partially offset by favorable movements in working capital.

Free cash flow* was robust at \$15.0 billion in the first quarter, compared to \$17.4 billion in the same period last year.

Our balance sheet remains strong and gearing* ratio decreased from -0.2% on December 31, 2019 to -4.9% on March 31, 2020.

Total dividends of \$13.4 billion were paid in the first quarter, in respect of the fourth quarter of 2019. Dividends of \$18.75 billion for the first quarter of 2020 are the highest of any listed company worldwide and will be paid in the second quarter.

period in 2019. In light of market conditions and recent commodity price volatility, the Company continues to expect capital spending for 2020 to be between \$25 billion and \$30 billion. Capital expenditures for 2021 and beyond remain under review.

Operational Highlights

Under challenging market conditions, Aramco maintained its pre-eminence in oil and gas production.

Aramco, through its wholly owned subsidiary Aramco Gulf Operations Company Ltd. (AGOC), resumed operations at Al-Khafji Joint Operations (KJO). AGOC operates in the offshore partitioned territory between the Kingdom of Saudi Arabia and the State of Kuwait, with a 50% ownership in KJO.

Aramco Trading Company signed an agreement to offtake Aramco Gulf Operations Company's full share of crude oil production following the restart of KJO.

During the first quarter, the Fadhili Gas Plant increased its processing capacity from 1.5 billion standard cubic feet per day (bscfd) at year-end 2019 to reach 2.0 bscfd during the first quarter of 2020. Progress remains on track and the plant is expected to reach full capacity of 2.5 bscfd this year.

Despite a challenging market environment, the downstream business is keeping pace with its long-term strategy to capture value across the hydrocarbon value chain through further strategic integration and diversification of its operations.

COVID-19 Update

In response to COVID-19, the Company has implemented a series of measures to protect its people, its communities and its operations to supply the world with the energy it needs.

The Company has prioritized the safety, health and wellbeing of its employees, implementing measures to reduce the risk of COVID-19 spread and mitigate the virus's impact. These measures include remote working for many employees, active prevention programs, detailed contingency plans and leading medical support services from Johns Hopkins Aramco Healthcare to minimize risk of infection and ensure the best possible care.

Actions have also been taken to ensure all sites remain operational. Measures include the formation of dedicated taskforces to prevent supply chain disruption and to ensure the well-being of contractors and staff. The Company continues to utilize inbuilt systems for managing global crises to continue delivering energy to customers.

In times of crisis, community support is paramount. The Company has established campaigns to help fight the spread of COVID-19 and provide humanitarian assistance to those who need it most. For example, Aramco supported the Kingdom's healthcare sector by contributing SAR200 million for the supply of ventilators, air purification devices and Personal Protective Equipment for healthcare practitioners and their patients. The Company has also provided support to communities through its overseas offices, including those in the US, Europe and Asia.

Additional information on [Aramco's response to COVID-19](#) can be found in more detail on a dedicated webpage here.

*Please refer to [saudiaramco.com/investors](https://www.saudiaramco.com/investors) for reconciliation of non-IFRS measures

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