

# Petro Rabigh Structural Reform



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August 7, 2024

Change and Innovation

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# Discussions aimed at structural reform of PRC

Agreed to turnaround strategy via a joint task force established by Saudi Aramco (Aramco) and Sumitomo Chemical (SCC)

## Current status

- Symbolic project that represents partnership between Saudi Arabia and Japan
- Due to the **changes in external environment** (downturn in petroleum and petrochemicals markets), PRC is facing financial constraints
- **Divergence in strategic directions and business positioning** between SCC and Aramco (SCC is shifting away from commodity chemicals toward specialty chemicals and has completed the transfer of technology to PRC, fulfilling its major role in the project)
- SCC **does not plan to provide PRC with additional funding** as it is not aligned with SCC new shifting strategies

## 1st Step

Reached a mutual understanding with Aramco on PRC's current situation

## 2nd Step

Began  
May 2024

Formed a joint task force to pursue intensive discussions

**Agreed package of debt reduction measures and change in shareholding to facilitate ongoing support for PRC to deliver its growth / transformation plan**

# PRC's turnaround strategy

Achieve financial improvement and profitability enhancement to strengthen competitiveness at PRC

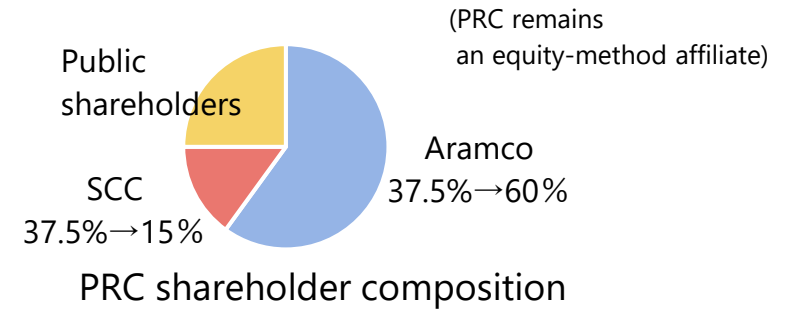
## 1 Approx. \$3bn financial improvement plan

### 1-1 Provide funding (Approx. \$1.4bn)

- SCC sells shares to Aramco, resulting in **capital structural reform**
  - SCC contributes(\*) its proceeds from the sale of shares (\$702m) to PRC
  - Aramco also contributes(\*) the **same amount** to PRC at the same time
- (\*) Through a mechanism to be agreed with PRC  
(allocate to debt repayment – thereby mitigating PRC interest burden)

SCC reduces its stake

from **37.5% to 15%**



### 1-2 Write-off loans (Approx. \$1.5bn)

- Aramco and SCC each write-off \$750m loans
- Reduce PRC's accumulated losses and entail debt reduction

SCC books **\$188m** losses on consolidated basis

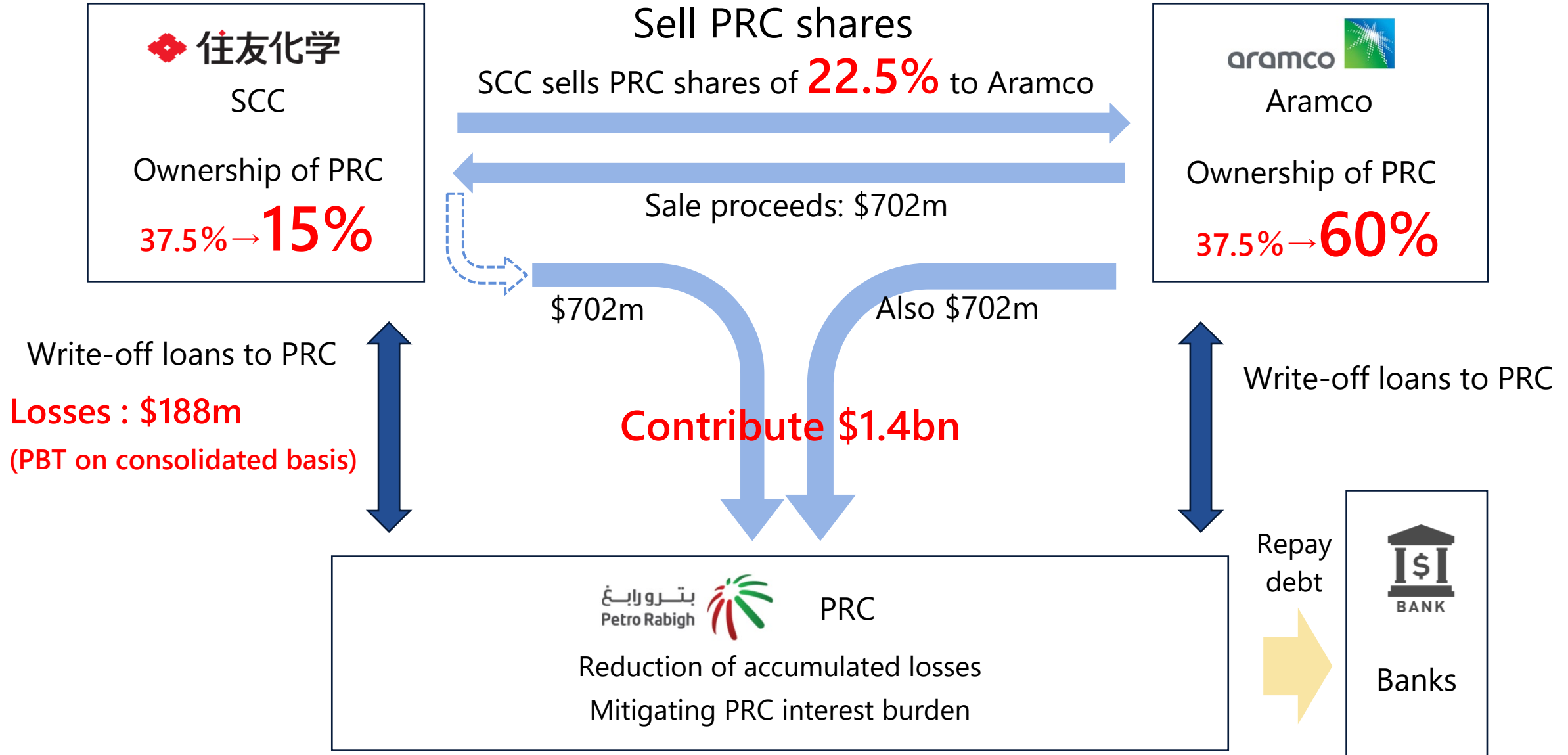
(Net of the loss of write-off loans and the equity method profit)

## 2 Plan to enhance profitability

- Currently implementing the following as short-term measures:
  - Increase olefin production through debottlenecking of ethane cracker and HOFCC
  - Execute business performance improvement initiatives (Transformation Program)
- PRC to announce details including medium- to long-term measures in accordance with legal and regulatory requirements

Through the improvement of PRC's performance, our equity method profit will also improve

# (Reference) Overview of PRC financial improvement plan



### Cautionary Statement

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