

Q4

2025 Annual Earnings Call Transcript

Transcript of
Luberef's FY 2025 Earnings Call
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Participants

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Saud Kamakhi - CFO, Luberef

Saleh AlGhamdi- IR Engagement Supervisor, Luberef

Presentation

Saleh AlGhamdi- IR Engagement Supervisor, Luberef

Hello everyone, I'm Saleh Alghamdi, from Investor Relations department at Luberef. It is my pleasure to welcome you in today's audio webcast, where we will be discussing our performance for the year of 2025. I'm also pleased to be joined today by our President & Chief Executive Officer Mr. Samer Al-Hokail and our Chief Financial Officer, Mr. Saud Kamakhi. Our session will begin with a presentation highlighting Luberef's performance for 2025, followed by a Q&A session. Please note that this webcast is being recorded for future reference.

Before we dive into the presentation, I would like draw your attention to our cautionary statement, during today's presentation we may make forward looking statements that refer to estimates, plans and expectations, actual results and outcomes may differ materially due to factors stated in this slide. With that out of the way I will hand over the call to our CEO Mr. Samer Al-Hokail.

Samer Alhokail- CEO, Luberef

Thank you, Saleh, and good day everyone. Welcome to Luberef's Annual Earnings Call. Thank you for joining, we value your participation today and look forward to sharing an overview of our financial results and strategic progress.

As we enter 2026, we take great pride in our 2025 performance. During the year, Luberef successfully & safely completed the largest turnaround in its history, an intensive 45-day program of continuous enhancements delivered through the dedication of approximately 7,000 personnel and encompassing equipment inspections across 900 assets. This milestone reflects our commitment to ensuring Luberef's facilities meet and exceed global safety & reliability standards, and remain well positioned for sustainable, high-quality operations in the years ahead.

For the sixth consecutive year, we sustained a Total Recordable Incident Rate of zero and surpassed 43 million man-hours without a Lost Time Injury, while achieving an exceptional mechanical availability of 99%. These results combined with the successful execution of the largest scheduled turnaround in Luberef's history, underscore the strength of our safety-first culture and the disciplined execution of our operating model.

In recognition of our continued commitment to safe & responsible operations, Luberef achieved two important distinctions during the year. The Company was awarded the ISO certification for the Occupational Health & Safety Management System, another testament of our core focus on Safety & effective risk management. In addition, Luberef received the Silver Award for Corporate Social Responsibility from the Saudi Ministry of Human Resources and Social Development for the second consecutive year, reaffirming our sustained contribution to the communities where we operate.

Another significant milestone was achieved in support of the continued operation of Jeddah facility, with feedstock allocation secured from the Ministry of Energy. In parallel, we continue constructive and collaborative discussions with our major shareholder to ensure the long-term sustainability of Jeddah's operations.

The extension of Jeddah facility reinforces Luberef's position in the Group I base oils market and continues to strengthen the resilience & competitiveness of our product portfolio.

In line with our long-term growth and diversification strategy, Luberef has signed a Memorandum of Understanding to explore the development of a base oil production facility within the Aramco Jazan Complex, targeting the manufacturing of Group III+ base oils. This initiative reflects Luberef's ambition to offer a comprehensive range of base oil groups, reassuring its ability to address evolving requirements through a future ready product portfolio that serves different markets.

Turning to another key area of strategic progress, Luberef's transformation initiatives delivered more than 100 million Saudi Riyals in value to the business, driven by the successful execution of 11 new initiatives across the organization. These initiatives enhanced performance across production, logistics, and cost optimization. Including the execution of three long-term freight agreements and maximization of bright stock sales, among a broad range of initiatives spanning the value chain. Collectively, these efforts improved cost visibility, reduced exposure to market volatility, and strengthened overall profitability—reinforcing our competitive position and supporting sustainable margin performance.

Building on this strong operational foundation and asset continuity, we continued to advance our long-term growth and diversification agenda.

Growth II represents the cornerstone of the next phase of our journey, with delivery targeted in 2nd half of 2026.

In line with the guidance communicated in the prior quarter, we successfully completed selective Growth II activities during Q4 of 2025, demonstrating our continued commitment to disciplined execution of the project.

Overall, the project reached 68% completion by year-end, and capital expenditure for the year stood at 147 million Saudi Riyals. Despite the challenges encountered primarily related to the procurement of major equipment the project is expected to remain within the approved budget. These challenges were addressed through timely and decisive actions, restoring momentum and maintaining a strong focus on execution.

The remaining project tie-ins and other activities are scheduled in 2nd half of 2026 and have been carefully coordinated with our feedstock supplier and other internal stakeholders. This alignment is aimed to enhance operational efficiency and overall profitability during the fiscal year.

Turning to market performance in 2025, the crack margin exceeded the 10-year historical average by nearly 7% and increased by 12% compared to 2024. This improvement was driven by stronger market fundamentals and favourable pricing dynamics, and it partially offset the impact of lower production during the turnaround period.

In closing, Luberef enters the next phase with a solid operational foundation, a clear strategic direction, and a strong commitment to long-term value creation. The progress we have

achieved, combined with our disciplined execution and focus on safety, efficiency, and growth, positions the Company well to navigate market dynamics and deliver sustainable returns to our shareholders. Thank you for your continued trust and support.

With that, I will handover to our CFO, Mr. Saud Kamakhi to walk you through the financial performance.

Saud Kamakhi - CFO, Luberef

Thank you, Mr. Samer. It is a pleasure to welcome you all today. I am pleased to present our annual financial results for 2025 and to highlight Luberef's key operational priorities for 2026.

As our CEO previously mentioned, in 2025 Luberef's financial performance remained resilient despite a temporary decline in base oil sales volumes by 15% compared to 2024 volumes, which was largely driven by the planned turnaround. The decrease in sales volumes had an impact on both revenue and net income. Consequently, revenue reached 8.1 billion, and net income totalled 855 million. While volumes were impacted, the turnaround was critical to strengthening assets integrity, operational reliability, and comply with global safety standards. The sales drop was partially mitigated by a strong improvement in base oil crack margins, with 2025 crack margins reached 1,911 Riyals per metric ton, exceeding the 2024 level of 1703 Riyals per metric ton, supported by favourable feedstock costs and effective commercial optimization, underscoring Luberef's ability to preserve value and adapt to evolving market conditions.

Free cash flow moderated during the period, reflecting a year of elevated investments. This was largely driven by higher capital spending and working capital changes, with growth capital expenditure increasing to nearly three times last year's level from 53 million to 147 million this year. In addition to that, spending on turnaround increased materially with the largest turnaround activity occurred in Q4. These investments were deliberate and aligned with strengthening Luberef's operational foundation and supporting future growth.

The Company continued to generate strong cash flows in 2025, with cash conversion reaching 93 percent, reflecting effective cash discipline across operations. This cash strength, combined with a carefully managed capital structure, allowed Luberef to end the year in a net

cash position of 1,373 million Riyal, with a gearing ratio of negative 10 percent. As a result, the Company remains well positioned to continue pursuing growth opportunities while maintaining financial resilience and strategic flexibility.

Looking at our performance in 2025, we closed the year with a net income of 855 million Saudi Riyals, representing a 12% decline from 972 million Saudi Riyals in 2024. This decrease was primarily driven by lower base oil sales volumes and softer by-product crack margins. These impacts were partially offset by an improvement in base oil crack margins supported by our freight cost-saving initiative which brought down the average export freight cost per metric ton by around 25% compared to last year. Furthermore, the positive impact of our ongoing transformation efforts is reflected in a 33 million Saudi Riyals reduction in operating expenses, underscoring our continued focus on cost discipline and operational excellence.

At the start of the year, Luberef held a cash balance of 1,187 million Riyals. Over the year Luberef generated 1,518 million Riyals from operating activities, demonstrating the Company's continued ability to generate cash from its core operations.

In addition, 444 million Riyals were allocated to capital expenditures, supporting asset integrity, Facility enhancement, and growth initiatives. In parallel, total cash outflows of 887 million Riyals were recorded, primarily related to dividends, debt repayments and financing costs.

After reflecting all cash movements, the Company ended the year with a cash balance of 1,373 million Riyals, representing an increase of 186 million Riyals compared to the beginning of the year and remaining fully aligned with our capital deployment and financial management objectives

Moving on to the guidance: Our production target for 2026 stands at 1.25 million metric tons of Base Oil. Accounting for 30 days shutdown in Yanbu during August to address the remaining Growth II project activities. In addition to a planned inspection of 12 days in Jeddah, which occurred in January. HVGO intake for the year is expected at 7500 mt/month. Subject to availability of compatible feedstock. The stream will be utilized to maximize base oil production. Remaining Turnaround expenses to be paid this year are expected to be 120-140

million Riyals. Growth CAPEX during the year is expected to be between 300-350 million SAR, in line with the original project budget.

As we bring 2025 to a close, Luberef reflects on a year marked by resilience and meaningful progress across our strategic priorities. Despite a year that included significant operational milestones, the Company continued to deliver steady performance and advance initiatives that strengthen our base for the future.

Looking ahead to 2026, we do so with confidence and clarity of purpose. Building on the foundations laid over the past year, we remain focused on executing our strategy with rigor, reinforcing Luberef's position as a leading player in the global base oil and specialty lubricants market, and creating sustainable long-term value.

We will now move on to the Q&A session, which will be moderated by Saleh.

Saleh AlGhamdi- IR Engagement Supervisor, Luberef

Thank you, Saud. We will now begin the Q&A session. As usual, please state your name, the entity you represent, and your question. And also mind that we have two options, either verbal or by typing. We will begin with Mr. Iyad Ghulam. Could you come forward, please?

Iyad Ghulam: I have two questions, one about how do you think, how should we think about the crack margin in 2026, 2025, I think crack margin benefited a lot from better feedstock prices, but we understand that 2026 will see a massive increase in global base oil products. So, and most likely, there will be some stability in the feedstock. So how should we think about the crack margin in 2026? And I just want to clarify about how much is the remaining CAPEX related to Yanbu facility. So in total, not in 2026 only. Is there anything else that will be paid in 2027? Thank you

Saleh AlGhamdi: Okay Iyad, just to repeat your questions in summary and make sure we are aligned with you and with the rest of the ladies and gentlemen online question number one about the market outlook for base oil and in the year 2026 question number two about the remaining capex of growth II project am I getting you right.

Iyad Ghulam: Yes, and a comment on the crack margin outlet.

Saud Kamakhi: First of all, I want to thank you for these questions. If we look at the 2026 outlook, we see a high demand is expected in the first half of 2026, with the prices usually for base oil to peak in the summer. Typical base oil demand peaks in summer due to general increase in consumptions and also building inventory prior to seasons like monsoon in India. There is increase, as you mentioned, there are certain adding capacity as we notice. These capacity usually on a nameplate as the integrated oil company in India is planning at around 200,000. Of Group II and Group III during this year, which, as we know, these are the nameplate capacity. But we need to ensure after the news that had been added how that would be as actual production and how this will impact supply demand mechanism. We saw the report in the market, we have those concerns of oversupply in the next two years, but the demand is also projected to increase. We can see that from a supply perspective, and fuel oil supply increases in the beginning of this year and especially in our region as a result of the weak seasonal demand. As you know, also, plans for Jafura will help in aiming, replacing the internal fuel consumptions by gas, while that would allow the fuel to be exported. So from that perspective, we continue to see that also the HSFO prices. Will be pressurized during 2026. So with those two factors playing a role, we are expected to have maybe some changes in the crack margin, but maybe not big ones during the next year. We'll continue monitoring that. Once we have any insight more, we'll keep market updates on that. For your second question, Mr. Iyad, is that we currently spent on the project. The project budget is around 750 million Riyal. We spent around 280 million so far on the projects. So the remaining is around 470 million Riyal remaining during 2026 and 2027, inshallah. Hope this answers your questions.

Iyad Ghulam: Yes, thank you so much.

Saleh AlGhamdi: Thank you, Iyad. Moving forward to Mr. Aakarsh Tomar. I hope I get your name correctly. Could you please step in?

Aakarsh Tomar: Hi, thank you management for giving me the opportunity to ask the question. This is Aakarsh Tomar from Seco Invest from Banparin. Congratulations on a good set of results. My question, thank first of all for giving us the color on the volumes for 2026. My question is you have announced a lot of additional feedstocks since you got listed. So in 2024, you had SAMREF announcement. And then recently also in December, you said that

Yanbu will have additional 15,000 barrels per day till November 2026. So can you give us an idea as of today how much is your recurring clean volumes capacity, total capacity, not like the volumes that you expect to produce because of the shutdowns? So what is the current recurring volumes for base oil and with the new project, what will that reach to? So that is the first question. Second question is in October you announced that you have received the that you have received A contract from Aramco to sell ULSD for 20 years. So what kind of impact will that have on your revenues or net profit? Any color on that will be helpful. These two questions. Thank you.

Saleh AlGhamdi: Mr. Tomar, I will have to repeat your question just to make sure I'm aligned with you. So your question number one about the nameplate capacity of the company as a total and your second question was about the ULSD, the Ultra Low Sulphur Diesel, am I getting you correctly?

Aakarsh Tomar: Yes, yes.

Saleh AlGhamdi: Okay, so regarding the total capacity of Luberef, the name plate capacity of the company with the two facilities combined is 1.45 million metric tonne annually. That's approximately 910,000 of Group II today and the remaining around 535,000 of metric tonne that is Group I from Yanbu and Jeddah combined. That's the nameplate capacity. The actual production in a typical year ranges somewhere around 1.35 million metric tonne with the shortage being from Group I and Yanbu because we are prioritizing Group II. Regarding your second questions, both So, the new agreement with Aramco to sell them the ultra-low-sulphur diesel is aimed to link it with a better pricing index that is diesel 10 ppm. It's linked to the Arab Gulf fuel oil index. It will depend at the end of the day at which ranges or which prices are being traded. But in theory the 10 ppm is expected to have a better 10 ppm I'm citing the better or cleaner that diesel that would be sold at a better price compared to the other indices of diesel

Saud Kamakhi: As we mentioned in the announcement, that would be up to 6,500 barrels per day, and that might be adding around 300,000 metric tonnes of diesel to Aramco.

Samer Al-Hokail: Great question actually from both Iyad and Aakrash, I just want to refer to the nameplate versus utilization. Usually the name plate is something and the utilization of that is something else. It's normal, it is the dynamic of the market, such industries that the

utilizations are low, But for Luberef, in fact, it is at the high side. So we're trying to sweat the asset. Be it with intermediate streams or from the feed itself.

Saleh AlGhamdi: I hope that addressed your questions, Mr. Tomar, if you don't have...

Aakarsh Tomar: Okay. Yes, it does. Thank you. If I may ask just a follow up on that. What kind of impact do you have in mind or in your budgeting from the extension of Jeddah facility? So the volumes, what were the previous volume that you were expecting from this 1.25 million, which now may be higher because of Jedda being able to continue till 2030?

Saleh AlGhamdi: So, if I understand your question correctly, the production of Jeddah will remain the same. It will stand at 275,000 metric tonnes per year of Group I. The general market outlook does not incentivize any growth in that area. We are happy where we are standing. Any expenditure that might be allocated will be in the form of maintaining the refinery. As you know, it's approximately a 50-year-old facility. So it requires sustaining CAPEX, it requires watching for the assets and the other general expenditures.

Aakarsh Tomar: Thank you so much and all the best.

Saleh AlGhamdi: Thank you. Moving to Mr. Guiseppe Villari from Morgan Stanley. Could you step forward?

Guiseppe Villari: Thank you for the presentation and for the opportunity to ask questions. The first question is related to the strong crack margins you achieved for base oil during the quarter. Of course, prices are down quarter on quarter. So the reason for the strong margins is the feedstock that is going down, feedstock price. And could you shed more color on what's the driver behind the lower feedstock? Secondly also related to the strong margins, I think if you look at margins and you look at volumes both of them were really strong and maybe EBITDA could have been higher. What explains the Delta? Is it by-product margins? Is it other Opex? Thank you.

Saleh AlGhamdi: Okay, I will repeat your questions and please stop me if I miss something. So you're asking about the reason behind the lower prices for our feedstock which is linked to the high sulphur fuel oil in Singapore. Am I getting you correctly?

Guiseppe Villari: Yes, yes, the drivers.

Saleh AlGhamdi: Have you asked something else? Apologies. Could you repeat if there is anything else I missed or this is just it?

Guiseppe Villari: Yeah, and the second question is why EBITDA at this level despite very strong volumes and margins considering the turnaround?

Saleh AlGhamdi: So, for question number one, I'm handing it to our CEO, Mr. Samer Al-Hokail.

Samer Al-Hokail: Great question. Thanks for participating and asking the question on the feedstock and its prices. High Sulphur fuel oil is correlated to crude oil prices. Crude oil prices have shown lower in the market and there is a lag on that sense. Therefore, hence, the crack margins are at a higher area, but also I want to highlight that crack margins, not only because of crude oil, but also because of the company took some actions, be it in freight and OPEX reduction, but also selling in markets that are having high net back when we saw this in Q1. Therefore, the crack margins is attributed to market dynamics, but also actions from the company itself. In exploring markets with high net back, be it in the kingdom or outside the kingdom. I'll hand it over for the EBITDA question to CFO Saud.

Saud Kamakhi: For your second question, I think our EBITDA still shows strong results in 2025. As you know and as we have mentioned during our presentation, that during 2025 we have a scheduled turnaround activity which has impacted our production and number of base oil volumes by around 15% during the year. So that has a major connection to the reduction in our revenue, in our EBITDA, and also impacted our net income. So these 15%, if we compare it to last year reduction in volumes, have been comparing to the EBITDA reduction of around 9% to 10% only. So that has been mitigated by the strong also crack margin that we had during 2025. So despite that decrease, still we think and we believe as a management, this is a very good number for a year where we had a major turnaround activity of 45 days.

Saleh AlGhamdi: And if I may add one thing related to the first question, another reason why we believe or we have confidence that the pressure on the feed prices will continue is the fact that in 2025, some bills and some regulations were passed in Europe pushing fuel oil away from the continent. For instance, I'm referring to the emission control area, or ECA. That's the Mediterranean regulation that is passed to partially replace the fuel oil, even the low Sulphur fuel oil with marine gas oil, which is of better pollution characteristic. All of this is

putting pressure on the continent of Asia, but it is beneficial in our case because it helps to widen the spread between the feedstock price and the base oil price. I hope this addressed all your questions.

Guiseppe Villari: Yeah, that's very helpful. Can I just ask a quick follow-up on the by-product margins for this quarter, if you can provide?

Saud Kamakhi: So, in quarter four in 2025, we have a negative crack margin for the by-product of 51 Riyal. However, if you look at the whole year, there is an improvement compared to the quarter by around 43 Riyals per metric ton, and that is coming from all the by-products environments and market dynamics. So we have negative 43 Riyal for the whole year.

Guiseppe Villari: OK, perfect. Thank you very much.

Saleh AlGhamdi: Thank you, Guiseppe. Moving on to Mr. Ildar Khaziev from HSBC. Mr. Ildar, could you please step forward?

Ildar Khaziev: Yes, thank you so much. I have a few questions. First, can you tell us how much inventory you used during the Q4, maybe 2025, because it seems like surprisingly strong friction generation was partly funded by the working capital inflow. And my question would be also whether you expect to rebuild the stocks if this was coming from inventory. That's on inventory first. And secondly, could you tell us what kind of level of sustained Capex expect for 2026? Thank you so much.

Saleh AlGhamdi: Okay, so if I repeat your questions, number one, you are inquiring about the inventories, how did we sustain and above guidance sales in the last quarter? And the second one is related to the sustaining CAPEX in 2026. Is that all Mr. Ildar?

Ildar Khaziev: Yes, and also my question was whether you expect to rebuild the inventories in 2026 and how much would that be? Thank you.

Saud Kamakhi: Thank you for this great questions, Mr. Ildar. If we look at our inventory levels, and that would be more obvious and dear for you once all financials are released, in general, comparing to last year balance, we do not have that much difference in inventory, because already a company also started to build inventory at the end of the last few days of

December. So the impact, however, if we look at it from working capital level, we have a positive around 26 million Riyals comparing to a negative of 44 million Riyals last year in 2024. So that have some impact, but the majority of the impact also came from the account receivable working capital movements there by also a strong collection during the 2024, 2025. This is for the first question. For the second question, for your sustaining capex, we usually we have, we can say around between 32 to 35 million dollars, that is a continuous sustaining level of Luberef. Maybe we did not have it in the guidance, but this is the normal numbers that we have not changed over the past years. I hope these answer your questions.

Ildar Khaziev: Yes, thank you so much, definitely. And maybe one last question on the Jeddah facility. It's likely that you will have to do a turnaround there as well at some point in time. When do you expect this to happen given that that facility is now going to be operational for longer? Thank you.

Saleh AlGhamdi: So Mr. Ildar, the last turnaround in Jeddah facility happened in early 2023. Usually, as I'm sure you are familiar, the span of such activities happens every five to six years. So, if everything is in motion, theoretically the next turnaround would be in 2028. You're welcome. Moving to Mr. Mohammed Al-thunayan. Could you please step forward?

Mohammed Al-thunayan: Thank you for having us on the call. I have a couple of questions. The first one is related to the significant divergence between fourth quarter EBITDA of 180 million and cash flow from operations of 632, which was up year-in-year despite EBITD and earnings declining due to the shutdown. And this is notable given that fourth quarter accounted for around 42% of the full-year cash flow. Was there a material working capital release during the fourth quarter of 2025 that turned the full year working capital positive in Cash flow terms compared to nine months in 2025? I mean you mention receive health collection, but is working capital release in total is higher than 2024?

Saud Kamakhi: Thank you for your question, but there is nothing major, but for the collection, as I mentioned, and also for during that shutdown period, sales also is delivering lower sales volume, also impacted the receivable items at the stage of, we can say, around 300 million. So all of those both have contributed to the change in the working Capital.

Mohammed Al-thunayan: That's great. And the second question relates to the proportion of fourth quarter 2025 volumes that were sold in the local market. And whether this contributed to the healthy crack spread during the quarter, given lower sold volumes in general.

Saud Kamakhi: In general, during this period of time, we try always to prioritize our local market. That helps, in general, in our higher netback market. And we want to ensure that we supply our local customers. So during those periods, especially like Q4, we tend to prioritize our local market.

Mohammed Al-thunayan: Is it possible to quantify, I mean, the percentage during the fourth quarter?

Saleh AlGhamdi: So in the last quarter Mr. Mohamed, it approximately jumped a bit to 35% of the total sales. So the typical guidance remains still that is 30% local, 70% export, but due to the event Mr. Kamakhi referred to, we saw local sales jumped to 35% in total percentage. It was more concentrated in the past quarter.

Mohammed Al-thunayan: That's very clear. Thank you.

Saleh AlGhamdi: Welcome, moving to Mr. Oliver Connor from Citigroup. Could you please step forward?

Oliver Connor: Hi. Thank you for taking my question. Just coming back to the Yanbu growth, so you mentioned obviously ramping from second half this year. Can you perhaps give us a little bit of color around how quickly that ramp takes place and sort of when we can expect the plant to be fully operational and up and running? Thank you.

Samer Al-Hokail: Um, very well. Thank you, Oliver, for the question. Of course, growth II project is one of the pillars of the growth story of the company. In addition to the continuation of Jeddah refinery and hopefully the signing of a group III+ that is planned to be in Jazan. So it's a sequence of that. So we're putting all efforts. Tremendously basically taking over on many of the scope of the contractor it was a poor performance of the contractor especially on the procurement side so once that's taken over and it has been, we remain confident that in the second half of 2026 we will start ramping up. The nameplate is 65, I don't expect to go from 50 to 65 right away. The nature of the operation is to go slowly but surely on that. And

then we would have the, depending on the market needs, we have the option to swing between Group III and Group II. But we will be able to produce Group III, hopefully, in second half of 2026. I can't give you an exact date or perhaps I would hope it would be in Q3 but I will get more guidance hopefully in the next few weeks or even a month from now. I'll have a clearer picture but many of the equipment has arrived. I would say more than 50% of the equipment now is at site. There are few long lead items. I just came from Milan, Italy on the vendors and hopefully they'll be here earlier than what they expected. So these are probably the best guidance I would probably give on growth II.

Saleh AlGhamdi: Does this address your question Oliver? All is good.

Oliver Connor: Yes, thank you. Very clear.

Saleh AlGhamdi: You're most welcome. Moving on to Mr. Fawad Khan. Could you please step forward?

Saleh AlGhamdi: Mr. Fawad, do you hear us? Could you please step forward?

Fawad Khan: can you hear me?

Saleh AlGhamdi: Just a bit if you can increase your voice and please let's see.

Fawad Khan: Thanks a lot for the opportunity to ask the question. I have two quick questions. Number one, you mentioned about the Yanbu shutdown sometime in August. I need to ask if both the trains group I and group II trains would go under shutdown during that period or we should expect only group II train to be shutdown?

Saleh AlGhamdi: So the guidance is a shutdown for all required items. We did some evaluation internally to decide the best possible approach to address this shutdown. One of the decisions or one of the factors that were addressed is, as you suspected, that we separate them together. But at the end of the day, we decided to tackle them all at once and hopefully complete everything together.

Samer Al-Hokail: Yes, it's group I can be produced as well from, part of it from Jeddah. So we're able to swing. That's the beauty of having two different facilities. So we can take Yanbu down for let's say either a project or TNI or turnaround, but Jeddah can continue producing

group I, especially bright stock. At some time, bright stock is sold at a premium over group III in some markets, and we've benefited from that.

Fawad Khan: So the best case is that the whole plant in Yanbu would be shutdown and some part which is produced in Yanbu like bright stock, would be produced in Jeddah.

Saleh AlGhamdi: Yes

Fawad Khan: My second question relates to the Jeddah facility and we have heard this, in fact we have come across this announcement on the signing of the contract. So I need to know when exactly we should expect further clarity in terms of the costing or the pricing of the feedstock or if there would be any changes in the costing for the feedstock or any other terms that underpin this agreement.

Saleh AlGhamdi: So Mr. Fawad Khan, if I understand your second question correctly, you are inquiring about the nature of the new contract. Is it going to change any pricing or any details? Am I correct?

Fawad Khan: That's right comparative to the existing contract.

Samer Al-Hokail: So we are actually near completion in the negotiation. This contract, by the way, it's a 50 year old contract. You could imagine, Fawad, it is a great question. There is a lot to go through and changing and dots and teeing the T's as well. So the lawyers are working diligently to secure that supply contract. And the costs, of course, it will be updated to the current market conditions. There is not we don't expect a huge change in terms of this cost at all. But we will give guidance going forward. But you would imagine and appreciate going through these contracts and updating it to its current. But it's a goal. Both supplier and us producers are in agreement to make sure that this is worked out. when it becomes a win-win situation for both.

Fawad Khan: Thank you, one last question if I may ask regarding group III+ project, when we should expect some clarity in terms of capex timing and everything or whether it would be linked with the commissioning the growth II project.

Samer Al-Hokail: So Group III+ project, as we signed an MOU of course, and the clarity is currently, it has passed the aggressive testing of the licensor. And that's good news. It's

going to be, and the location is in Jazan. I think as we go further to do the pre-FEED and some of the FEED, which I am shooting that we would do this year, we will get a much, much clearer idea in terms of capex or even volume, which we expect to be more than 500,000 tonnes per annum, but in terms of the capex, I mean, if I give you a number now, it's plus 40 or minus 40%. So I would refrain from giving a capex now till it's clearer, than we would go through the engineering, the value engineering, but you will get something hopefully by Q2 2026.

Fawad Khan: Thanks for your answers.

Saleh AlGhamdi: Thank you, Mr. Khan. Moving to Mr. Eranjan from the Dirayah financial Mr. Eranjan, could you please step forward? Mr. Eranjan, do you hear us? Mr. Eranjan, could you please step forward? I will come back to you in a minute, Mr. Ildar, again.

Ildar Khaziev: Thank you. Thank you again. One more question, please, on the potential investment in Jazan. Would you please comment on the scope of this potential project, what's being discussed at the moment with Aramco? And lastly, one more small question. You said that you might be utilizing 7.5 thousand tonnes of HVGO per month next year. If you use all of that volume, how much of base oils would you produce from that feedstock? Thank you.

Saleh AlGhamdi: So Ildar the question number one about what kind of expected scope to be at Jazan and question number two about what will be the equivalent for this stream like if we process the HVGO in Yanbu how much it will yield in terms of base oil am I correct?

Ildar Khaziev: Yes, thank you.

Saleh AlGhamdi: Okay, so for Jizan, the aim is to utilize UCO. As you know, that UCO has always been an endeavor for Luberef. We try to source it in Yanbu, we try to find better streams, and we were also evaluating other potential sources in the market. Our search for high value streams has led us to Jazan. And from there came this idea that to have a third facility there. Going from this perspective, the estimated scope to begin with is to have an Isodewaxer unit, which is the last unit to produce base oil that would receive the unconverted oil or the UCO from the complex in Jazan to process it directly and process base oil. A typical yield in that case would be almost as high as possible because all of the cracking has already been completed in the upstream, and by upstream I'm referring to the

hydrocracker in this case. That's related to Jazan. Back to Yanbu, if we process the HVGO in a Group II production train, a typical yield in terms of volume is approximately 70 to 75% of base oil. So you can run the figures on a 7.5 thousand or 7,500 metric tonne of HVGO injection in that case. I hope this answered your questions.

Ildar Khaziev: Perfect. Thank you so much.

Saleh AlGhamdi: You're most welcome. I have a type of question for Mr. Eranjan the guidance of 1.25 production for 2025. Does it include potential volume from the Yanbu expansion? yes, it does. I hope this answers your question. Mr. Mohammed Al-thunayan again. Mr. Mohammed Al-thunayan, could you please step forward?

Mohammed Al-thunayan: Sorry, I forgot the hand raised. All my questions were answered. Thank you very much.

Saleh AlGhamdi: Thank you. Now we have another typed question from Mr. Tomar. Can you please confirm the sustaining capex was 35 to 40 million US dollar or Saudi Riyal? That was in US dollar. A typical value in Saudi Riyal is between 100 to 140 million Saudi Riyal per year. Thank you, I think this answers your question, Mr. Eranjan. Back to Mr. Fawad Khan. Step forward, please.

Fawad Khan: Hi,, once again, I need to ask if you can please quantify the saving from the initiative on freight, especially with Bahri and if there are any other saving to be made going forward in 2026 or in future.

Saud Kamakhi: So for the freight we signed during 2025 we managed to sign three agreements with three different companies. I can give you that the reduction that happens during 2025 in general per exported metric tonne during 2025 is around 25% comparing to last year. If you're looking at certain quantity with a certain company we do not have these numbers to be shared but that is the most important thing is the efforts that have been made by the company in order to ensure to have a reduction in the freight and that helped us also in achieving a better crack margin during 2025 and hopefully that will continue also in 2026 with a better rate.

Fawad Khan: So with the three agreements that you mentioned, does it cover all the export volume or you have to sign more agreements to cover the rest of the export volumes?

Saud Kamakhi: No, it's not all, but most of it.

Fawad Khan: Most of it, okay. Thank you.

Saleh AlGhamdi: Thank you, Mr. Fawad Khan. I believe that by now we have answered all of the available questions. We will give it another run. If no questions are received, either typed or verbal, we can conclude the call. We have Mr. Taha Khan. Could you please step forward, Mr. Taha? Mr. Taha, please come forward. You could try typing, Mr. Taha, otherwise if you are facing a technical issue, we could always have a call another time. Mr. Taha, do you hear us?

Taha Khan: Can you hear me?

Saleh AlGhamdi: Yes, yes, Mr. Taha we hear you.

Taha Khan: Thank you so much, management. Just repeat all the by-product margins. I think you mentioned fourth quarter was negative by how much, if you can repeat, and overall, the year was positive, right?

Saleh AlGhamdi: Could you please repeat the question? You were asking about the by-products margin?

Taha Khan: Yes.

Saleh AlGhamdi: If you are inquiring about the margins themselves, they stood at minus -11 dollar or -43 riyals throughout the whole year. Does this answer your question?

Taha Khan: And for the fourth quarter?

Saleh AlGhamdi: For the quarter itself is - 13.6 dollar or -51 Saudi Riyal for the last quarter.

Taha Khan: Any outlook on this going forward to 2026.

Saleh AlGhamdi: We don't usually give guidance

Samer Al-Hokail: Let me, Taha, let me explain something on, I've seen some focus here on the by-product. Of course, the by-product margin really, maybe it happened only last year where it really took a dive and then affected the company's financials, but in reality, it does not. The company is a base oil company. I think the best guidance for you and an analyst

would really focus on the base oil crack margins. These are the ones that really move the needle. Yes, it happened last year, but that's pretty much what it is, like a dot in a sea, but for the many, many years past, really it doesn't really move the needle.

Saleh AlGhamdi: Thank you, Mr. Samer, and thank you all gentlemen and ladies for your attendance. If you have following questions, please feel free to approach investor relations at any given moment. We are happy to have a separate call with you following this earning call. We appreciate your presence and wish you a lovely day ahead. Thank you.