



لوبريف
luberef

Q1

**2026
Call
Transcript**



Transcript of
Luberef's Q1 2026 Earnings Call
May 11, 2026

Participants

Samer Alhokail – CEO , Luberef

Saud Kamakhi – CFO, Luberef

Saleh Alghamdi – IR Manager , Luberef

Presentation

Saleh AlGhamdi

Hello everyone, I'm Saleh AlGhamdi, Investor Relations Manager at Luberef. It is my pleasure to welcome you to today's audio webcast, where we will be discussing our performance for the first quarter of 2026. I'm also pleased to be joined today by our president and 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 Q1 2026, followed by a Q&A session. Please note this webcast is being recorded for future reference. Before we dive into the presentation, I would like to 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 on this slide. With that out of the way, I will now hand over the call to our CEO, Mr. Samer Al-Hokail.

Samer Al-Hokail

Thank you, Saleh, and good day, everyone. Welcome to Luberef's first earning call for 2026, and thank you for joining. We value your participation today and look forward to sharing an overview of our financial results and strategic progress. This quarter delivered strong

performance for Luberef and marked a key milestone in our strategic expansion into high value GCC markets, which offer attractive netbacks and reinforce our regional positioning. Amid a challenging geopolitical environment that disrupted base oil supply chains, we demonstrated agility by working closely with our regional partners to bridge supply gaps across India, Asia, and Africa. Our ability to respond effectively was further supported by our contracts of affreightment, which provided a shelter against elevated shipping costs and ensured reliable delivery to our customers.

Building on this performance, we continue to uphold the high standard of operational excellence and safe. We maintained a total recordable incident rate of zero and surpassed 43.9 million man-hours without a lost time injury. These outcomes reflected the strength of our safety-first culture. We remain steadfast in our commitment to safeguarding our people and protecting our critical assets, ensuring the continuity and resilience of our operations in these challenging times.

Turning to our strategic initiatives, we continue to make meaningful progress across key priorities that support our long-term growth and positioning. Discussions around the feedstock supply agreement for Jeddah facility are progressing well and are now in their final stages. This remains an important development as the role of the Group 1 production continues to play a major role with supply tightening at a faster pace than demand, reinforcing the strategic relevance of the facility. In parallel, the slating programme of Group 3 is advancing positively and is also approaching its final stages. We are encouraged by the progress achieved to date, and we are currently in advanced discussions with the leading additive companies to secure the necessary OEM approvals, which are critical to the commercial readiness of our Group 3 base oils.

Turning to Growth 2 project, this project remains a cornerstone of our long-term strategy, strengthening our position in high-value segments and supporting our future growth ambitions. During the first quarter, we incurred a capital expenditure of 77 million SAR reflecting continued progress across key work streams in line with the project's budget. Major equipment deliveries remain on schedule with arrival expected throughout the second quarter of 2026. Construction activities are advancing steadily, bringing overall project completion to

approximately 71 percent. We remain on track commissioning in the second half of 2026 and we are confident in the project's ability to deliver attractive value upon completion.

During the quarter, rising feedstock costs driven by the geopolitical environment combined with more gradual adjustment in product prices resulted in a temporary pressure on our margins. Despite this pressure, Luberef was able to deliver strong performance supported by favourable by-product crack margins. This underscores the resilience and flexibility of our business model across volatile market conditions. Our priority is clear to maintain strong operational momentum, respond decisively to market shifts and continue building a business that is more competitive, efficient and future ready.

With that, I would like to hand it over to our CFO, Mr. Saud Kamakhi, to walk you through the financial performance.

Saud Kamakhi

Thank you, Mr. Samer. It's a pleasure to welcome you all today. I'm pleased to present our financial results for Q1 2026 and to highlight Luberef's financial results this quarter.

Starting with our financial performance, Luberef delivered a strong set of results for the quarter with net income of 258 million SAR reflecting an increase of 16% year on year despite a 12% decline in sales volumes. During the period, base oil crack margins experienced a temporary compression of approximately 14%, as a result of an increase in feedstock prices reflecting the impact of evolving geopolitical conditions. This was effectively offset by a significant improvement in by-product margins, especially diesel, driven by the ongoing dynamic in global energy markets. Overall, these results highlight the strength and resilience of our portfolio, as well as our ability to adapt to changing market conditions and sustained profitability.

Turning to cash flow, free cash flow saw some compression during the quarter, primarily driven by higher capital expenditures associated with increased growth-related spending, as well as remaining costs linked to the recently completed turnaround. This was further

impacted by working capital build-up after start-up of Yanbu refinery. Looking ahead, we expect cash flow generation to improve in the upcoming quarter, supported by a more favourable crack margin environment and normalisation of the working capital cycle. Overall, we continue to maintain a strong financial position with a return on average capital employed of 23%, reflecting the efficiency of our asset base in generating returns and a negative gearing of 12%, underscoring our disciplines, capital structure and financial flexibility.

Comparing our year-on-year performance, net income increased from 222 million SAR in Q1 2025 to 258 million SAR in Q1 2026, despite a 12% decline in base oil sales volume, highlighting the flexibility of our operating model and navigating changing market conditions. This performance was driven by a strong improvement in by-product margins, and this was further supported by our contracts of affreightment, which contributed 21 million Saudi Riyal in freight cost savings and reinforced our cost efficiency. OPEX and other expenses saw an increase, primarily due to higher depreciation of approximately 11 million Saudi Riyal. In line with the continued expansion of our asset base under our growth strategy.

Turning to our cash position, we began the year with a robust cash balance of 1,373 million Saudi Riyal providing a strong foundation to support our strategic priorities. During the quarter, capital expenditures amounted to 153 million Saudi Riyal in line with our guidance and aligned with our growth ambitions of which 50% was growth related. We closed the period with a cash balance of 1,397 million Saudi Riyal, reflecting strong cash generation.

Moving to the guidance, we have revised our full-year sales targets to approximately 1.15 million metric tonnes, reflecting the impact of the current geopolitical environment on market dynamics and trade flows in the first quarter. Remaining turnaround expenses to be paid this year are expected to be around 90 to 100 million Saudi Riyal. All other guidance remains unchanged.

In summary, the quarter reflects the strength of our financial position and the disciplined execution of our strategy. Despite a dynamic market environment, we have delivered solid profitability, maintained a robust balance sheet, and continued to invest in our growth priorities. We remain focused on operational efficiency, capital discipline, and value creation. And we are confident in our ability to navigate near-term uncertainties while positioning the

company for sustainable long-term performance. We will now move on to the Q&A session, which will be moderated by Saleh.

Saleh AlGhamdi

Thank you, Mr. Saud. Now we will begin our session for today. As usual, please state your name, your company and your question. Mr. Taha Javid Hello, Mr. Taha. Mr. Taha, do you hear us? I will temporarily move to Ms. Sylvia Richard from Morgan Stanley, then coming back to you, Taha. Sylvia, please step forward.

Sylvia Richards - Morgan Stanley Hi, can you hear me?

Saleh AlGhamdi Yes, Sylvia. Loud and clear. Hello.

Sylvia Richards - Morgan Stanley Hi, this is Sylvia Richards from Morgan Stanley. Thank you for taking my question. I have two questions. The first being, given that base oil crack margins are a little weaker than expected this quarter, can you please confirm whether this was because of a lag in the increase of base oil prices versus your feedstock costs? And if so, how do you see this evolving in Q2? Should we expect base oil prices to catch up and margins to be much stronger next quarter? And my second question is on by-product margins, given that they were the key driver for performance this quarter, can you please just elaborate on what they were for Q1 and if you have the breakdown to hand what they were quarter to date.

Saleh AlGhamdi Okay, Sylvia, so let me just repeat your questions to make sure I grasp the idea correctly. The first one was related to the base oil crack margins, the performance in Q1 and the forecast in Q2. The second question was about the dynamics or the behaviour of the by-product crack margin. Do I get you correctly? Yes, that's correct. Thank you. So, Mr. Saud.

Saud Kamakhi Thank you for this great question. Yes, we noticed the lower crack margin. However, as you mentioned, the lag time between the increase in the feedstock and the time that the base oil prices were captured, that is, there are two or three months lag period between these two changes in the prices. And maybe you noticed in our website, we posted our prices in April where we show that also April prices are higher than the previous quarter, which indicates that in the upcoming quarter that there will be improvement in the crack margin. That is for the first question and for the forecast. For the next quarter. And for the second part of your questions is the crack margin of by-products. Yes, we have seen an improvement on that, especially in products such as diesel that impacted positively on our quarter one results. And we can say around \$70 per metric tonne for our by-products in this quarter.

Samer Al-Hokail If I may quickly add, Sylvia, this is CEO, Samer Al-Hokail. Crack margins of by-products such as diesel, others are heavily correlated with, highly correlated with crude oil prices and the feed itself, which is highly correlated with the fuel oil itself. So, it moves faster on a sudden movement and volatility of the markets when it comes to by-products, whereas base oil is different, it takes a longer time. Because it's a different market. It has different dynamics, in fact, and the customers are very different. So, the lag is there on that as a forecast. The forecast, of course, is going to be only a forecast for both by-products and then base oil. It depends on all the geopolitical situation and the supply and demand within the region.

Saleh AlGhamdi Thanks to our president and our CFO. Moving now to asset management from Derayah. Could you please step forward?

Derayah Yes you are please. Thank you very much for the call and also taking our questions. I have several questions. The first one is with regards to your volumes. So, this quarter you

have done around 240,000 tonnes. it's sort of below your optimum level because in some quarters you do close to 300,000 – 325,000 tonnes so just wanted to know What the reason is because if I'm not mistaken, there were no shutdowns in the first quarter. So why these volumes fell a little bit lower than the optimum level. And also, since this crisis started, how has your markets, that is the geographical areas in which you sell most of your products, how is that changed? Are you selling to new markets? And the third one is, with regards to the prices, they are at very high levels currently. So, are you getting any pushback from your clients that they are not willing to purchase at these prices?

Saleh AlGhamdi If I may repeat your question. The first one was related to the capacity that is produced. The second one was related to any new markets or what is the change in our rate at the moment. And the third one if there is any pushback related to the prices. Am I correct? Yes correct.

Samer Al-Hokail Let me try to tackle a few of those good questions on the first in terms of sales and production. That's related to production. We have just come from a huge, the longest turnaround in Luberef History in December. And we started around end of December. Usually in the nature of the business itself and the kit be it the refinery or a base oil producer it does take time for it to produce on spec product because our operations are in batches so you would probably lose from the quarter uh two weeks to 20 days roughly two weeks of production so that's probably the answer for that and this will answer the Free cash flow question that is probably anticipated because the Tanks are not full on that area so that drops off on the prices no we haven't had any push back from customers at all on the recent changes in prices It's all accepted because although I'm not sure the customers will probably pass through these increases to the market itself. And the last question, or at least the middle one, was related to the market itself. We were able to deploy some of the tonnes to different markets, same markets we operate in, but India, Pakistan, and some in Africa as well, and also utilise our storages across four corners of the world. Be it in South Africa or in Antwerp or in the US as well to deploy that base oil to customers.

Saleh AlGhamdi Also, if I may add something related to the operation, further highlighting what Mr. President mentioned. By batch operation, we mean that we are producing four different products from the same production train. It takes some time to change conditions back and forth, given also that some of the catalysts have been changed for the first time since 2019. So, all of this was taken into consideration in stabilising the refinery following the turnaround. Moving next to Mr. Akash Tamar, could you please step forward?

Akash Tamar Hi, thank you very much. This is Akash Tamar from Sico Investment Bank Bahrain. Congratulations on a good set of results. So, my question is a follow up to the previous question. I understand you gave a fairly good idea for us as to why the volumes were low in the first quarter. But the reason for the revision, it's kind of a confirmation if the reason for revision, revising down the guidance earlier, it was 1.25 million tonnes and now it's 1.15 million tonnes. So, does that purely have to do with the first quarter or do you expect some kind of volumes loss in the next three quarters?

Saleh AlGhamdi You're absolutely correct Mr. Tamar. This is the main reason. We do not anticipate any change in the production going forward. The changing guidance was mainly driven by the events of the first quarter.

Akash Tamar Thank you. Just a second question. Thank you for that. In terms of your operations, are you facing because you're based on the West Coast, so I'm assuming you're not facing any issues with the logistics, but just wanted to get an idea, is there any kind of disruption that you are facing from the current ongoing geopolitical situation? Anyway, it is impacting your business.

Samer Al-Hokail So I think, thanks for the question on the geopolitical situation from sales perspective, we are increasing our local sales a bit, our UAE tankage mainly are at low level,

but we're utilising the Fujairah tank, so we're able to sell from there a quantitative amount as well and then as well from the west region of Saudi Arabia where we're selling to. Markets in Africa and in Europe alongside. So more of local sales, a bit not something that is very significant, but it does help.

Saud Kamakhi If I may add to that, especially that subject, I think all the plans and preparations and things that Luberef has done in the previous period in order to have any mitigation plan to manoeuvre during any situation like this, that helped us reach new markets that we can utilise as different outlets for our products. So that was the time where we can test the agility of the company. And that helped us during these conditions.

Akash Tamar Thank you very much and all the best for the future. Thank you.

Saleh AlGhamdi Thank you, Mr. Tamar. Moving forward to Mr. Ildar Khaziev from HSBC. Could you step forward?

Ildar Khaziev Yes, thank you so much. This is Ildar from HSBC. I have a few questions, please. First, on the expert strategy, I know that in the past, a big chunk of your volumes used to go to UAE. Obviously, these had to be rerouted. Did you have to find vessels for this? And was there any impact from the search and the freight costs, especially as we go into the second quarter? Do you expect any cost inflation because of that? Secondly, was there any impact on the domestic premium due to the disruption in the first quarter? And lastly, my question is about a quality of the feedstock, because there have been some profound changes in terms of how Aramco is moving. It's crude now from west to east. Was there any impact on the quality of the feedstock you're receiving at the moment. Thank you.

Saleh AlGhamdi Okay, so I will repeat your questions for the sake of clarity number one is related to the selling material, sorry, exporting base oils to different markets. How well we did with others? The third question was related to feedstock quality. Could you repeat the second one again? sorry

Ildar Khaziev Yeah. Did you observe any changes in the domestic premium during the quarter? Was it kind of moving in line with the previous periods? And by the way, on my first question, it was rather about the impact of very high freight costs because you obviously did not have enough of vessels to target other locations. Did have to search for vessels and were you exposed or are you exposed at the moment to the very strong freight rates.

Samer Al-Hokail Well, Ildar, thanks for the questions, as usual. For the vessels, Luberef was able to reduce spot shipping through securing three long-term contracts, shipping agreements with Singapore Shipping Company, Uni-tanker, and Bahri. That kind of became like a hedge to what happened during. We've secured that long before the war has started. As a result of these agreements, freight costs have been reduced by approximately 25% in terms of dollar per metric tonne around Q1 in 2026 compared to the same period in 2025 following signing these freight agreements. Of course, the UAE was an important market for us, but as I mentioned, we now go through Fujairah as well, utilising some of our partners. We've also trucked to Oman, in a way, accordingly. And of course, we ship from the Yanbu and Jeddah globally. The spot market, of course the shipping spot market has increased, therefore our freight agreements will serve as a shield honestly to what has taken place. On the local premiums, I will have the CFO to shed light on that.

Saud Kamakhi So for the premiums, what we are sharing before even on the guidance, it's stabilising the premium perspective side, however the prices usually move, we do a review from time to time to the prices, so we need to look at that with moving also of the prices on the export side. For our external customers. So with that, we are moving on the same guidance from premium perspective. However, we make sure that also we cover all the...

Samer Al-Hokail With, of course, Ildar, with the mindset of customers, I know the hike took place in a parabolic fashion, and we're not going to move that fast as well. At the end, this is a relationship and a market that we value this. We're not going to move prices swiftly on customers, but rather in a very agreed fashion. Because when the tide is short, things can move differently. And I'm sure we will ask for their assistance going when this time comes, maybe in five, six, seven years as well. So it's a moderate move, honestly. It's striking a balance.

Saleh AlGhamdi So the last question earlier was related to the feedstock quality, the RCO that we are currently receiving. Generally speaking, and historically also, there were times where feed quality changed temporarily for some time, either for technical reasons or changing composition in the past. It does not upset or completely restrict the production of base oils, but certain changes could be observed over some time both from operational, mainly operational changes.

Ildar Khaziev Thank you so much. And may I ask one more question, please, about pricing of exports? I know that the spot trade has nearly disappeared in Asia since March just because of the way prices reacted. How do you price your cargo scene these days? What kind of benchmarks are you using? I know it's different between the contracts, but have there been any sort of difficulties in terms of setting the prices and agreeing on prices with the customers?

Saud Kamakhi If I may take that question, our prices are already contracted with those customers. So, we already signed supply agreements with those customers where they are located, where it depends on the index that we are using. So, difficulty in pricing those products with the customers, I can say that there is none. From that perspective. However, we have already agreed with the customer with the formula that depends on the prices of

those indices. And that is important for us at Luberef where we secured that these agreements beginning of each year. So we can have that already taken care of without having any difficulty in pricing during these changing of circumstances.

Ildar Khaziev That's great to hear. And lastly, is there any interest from customers maybe to engage in sort of longer-term agreements whereby the price is set like for the next few quarters rather than being linked to spot?

Saud Kamakhi So far, we are working with the supply agreement with the spot prices. I think it's usually better for us and for customers. You know, in the base oil market the quantity is smaller comparing to other fuels and other products where hedging is being done here and there. So, I think for the current operational requirements for those products and this market it's important to have that flexibility and to be indexed on the spot market instead of fixing it for any reason.

Ildar Khaziev Thank you very much.

Saleh AlGhamdi So next, Mr. Abdullah AlWehaibi, could you step forward, please?

Abdullah AlWehaibi Mr. Abdullah, do you hear us? Yes, hello. Am I audible? Yes, you are. Yes, this is Abdullah AlWehaibi from Mefic Capital. I just have two questions on my side. You mentioned that the base oil volume has declined by 12%. I just want to know what was the volume of by-products this quarter. Has it declined by the same amount? And second, regarding the base oil prices, we see quite a hike in April prices. I just want to hear your thoughts about the prices going forward and how is it as of May now.

Samer Al-Hokail Thanks for the question. Let me answer the second. And give maybe a framework on the way we think this through. Given the high crack margins of diesel, kerosene, and fuels, and given the fact that base oil producers are mainly predominantly linked to refiners, and there are only few, in fact, maybe I could only think of Luberef as a pure play and the rest are all refiners. So, refineries will probably pivot to higher crack margins and fuels. It's a much liquid market. Their collection will be faster and quicker. Therefore, on the expense of base oil volumes and therefore base oil becomes, supply of base becomes less globally as a result of that. Therefore, you would have a hike in the prices. That's the definition of the lag. That takes place. So, some people say it's a month, some people two months, three, it depends how you model it and your models on that. So that's the thinking on that, so therefore the prices are dependent on the refiners that are shifting from base oil to fuels, diesel and more. So, and in your view on the geopolitical situation If this is going to continue, then yes. Crack margins will be higher and diesel and U.S. Gasoline as well, and therefore base oil will follow suit in a lagging fashion.

Saud Kamakhi For the first question, if I may answer your question, yes, we have noticed a decline, as you mentioned, in our base oil during the first quarter. Typically, our by-product quantities come in almost double of what our base oil quantities in a specific production period. So typically, if our base oil production declined during that period, that would have the same impact of decline in by-products. However, that ratio is still there. The ratio has not been changed. We have not noticed any unusual change in our by-products production, comparing it to base oil. As we are focused on base oil production, our production on both base oil and by-products are healthy during the first.

Abdullah Alwehaibi So it's fair to assume that byproducts also declined by 12% this quarter?

Saud Kamakhi We can have the same assumptions and maybe we can give more details about it.

Samer Al-Hokail No, no, the ratio is different, Abdullah, not 12%. If base oil is 12%, the byproduct will be something else. So the ratio was maintained on both.

Saleh AlGhamdi Abdullah, if I may add, like Mr. Saud mentioned, and also Mr. President, usually a by-product production during a quarter is twice as much base oil. So in this quarter, we have 240,000 metric tonne of base oil production. It is safe to assume that twice as much which is 480 or 500, that's a typical by-product production during the quarter.

Abdullah Alwehaibi Okay , Thank you.

Saleh AlGhamdi And this assumption could be carried on moving forward. There could be some minor changes or some specific changes on quarterly basis, but it's give or take twice as much base oil production. That's the by-product assumption.

Abdullah Alwehaibi That's great. Thank you. Thank you management.

Saleh AlGhamdi I will temporarily go to Mr. Taha Javid because he has been waiting for some time now. Mr.Taha, are you audible? Do you hear us?

Taha Javed Salam, can you hear me? Yes, Mr. Bhaiya. Yeah, thank you so much. So I think just picking up from the last question, you mentioned that the byproducts are roughly double the base oil production. So roughly, just to understand, if byproducts were roughly around 40,000, 500,000. So what would be the constituents of the byproducts? I think diesel, asphalt, how much in terms of percentage of by-product, how will you quantify the volumes?

Saleh AlGhamdi So in a typical production year, from 50% to 60% of the by-product pool mainly is represented by asphalt and marine heavy fuel oil. If you are focusing on the currently lucrative by-products that are the diesel and NAFTA, they represent close to 15% to 20%. So this is a good assumption to look at it this way. And you can also verify the figures by the annual production reported in the 2025 annual report as well.

Taha Javed But diesel and NAFTA combined 15% to 20% percent or each 15 to 20 percent?

Saleh AlGhamdi No, no, combined, combined.

Taha Javed Like this will be like 60% is asphalt and marine heavy fuel oil. So 60 and 20 let's say diesel and after so what is the remaining 20%

Saleh AlGhamdi consist of other byproducts such as wax extract and aromatic stream we produce from Yunbu facility there is also sulphur both solid and liquid yeah so the heavy oil already mentioned .these are the typical by-products produced from both facilities of Luberef.

Taha Javed Thank you. And obviously, as you mentioned, the ones that obviously carried the quarter mainly higher pricing from byproducts would be, I guess, diesel Nesta, right? Not much change in asphalt and marine heavy.

Saleh AlGhamdi Yeah diesel naphtha and drilling oil which we refer to them in our annual reports as the white products those are the ones to answer your questions that you put it in a good way carried the quarter.

Saud Kamakhi And if I may add to that, you mentioned it very right in a way that where Luberef's operation also benefits from that perspective. So in case, it's like a hedge also for our byproducts that help us sometimes in the time where difficulty, for example, reduction in the crack margin and vice versa. So we are protected by our business operation model It's good from that perspective.

Taha Javed Certainl, just my second question was around I felt that there was a bit of contradiction that you mentioned that there was no pushback from clients on the higher prices but then there was certain statement that because of the barrel price rise will pass on the pricing gradually so just wanted to confirm how do you think on those things

Samer Al-Hokail No, Taha, correction, I'm saying that, let me maybe be clear. I'm perceiving that the customers in the market are passing through the high prices to the consumer themselves, which is a typical layer. But I don't know that for sure. I'm just perceiving that that's why there isn't a pushback. And also, there isn't a huge pushback, because we are approaching this from a balanced perspective. We're not hiking the prices suddenly in a parabolic fashion or an accelerated fashion. No, we're doing it, actually we're putting a cap on some of them. So therefore, just for continuing that relationship and the lifting. At the end, we don't want to have a demand destruction, of course.

Taha Javed But yeah, I think partially, but like in the way that again the in terms of your ability to produce you think you'll be able to sell this even with the higher pricing.

Samer Al-Hokail Can you clarify the question?

Taha Javed Okay so like right now you're obviously expecting 1.15 million base soil production so roughly you think you'll be able to sell whatever you produce despite the higher pricing

Samer Al-Hokail Of course, yeah, we're going to be able to.

Taha Javed Like there is no demand destruction that you see that you'll have to give some discounts to make the sales.

Samer Al-Hokail No, no discounts to make the sales. There are areas to explore markets. There are agreements in the contracts that gives in a way people to lift even more depending on the price. we don't foresee that. Honestly, I don't think the crack margins also will sustain till Q2, Q3, Q4. They will change. They'll need to stabilise.

Taha Javed Yeah, definitely, obviously, if things normalise, then it should normalise.

Samer Al-Hokail You'll have just a noise spike in one quarter or maybe a quarter and a half, then it should normal.

Taha Javed Thank you so much and best wishes for the remainder of the year, thank you.

Saleh AlGhamdi Thank you, Mr. Taha. Moving to Mr. Fouad Khan. Please step forward Mr. Fouad.

Fawad Khan Assalamu alaikum.

Saleh AlGhamdi Alaikum assalamu alaikom wa rahmatullah wa barakatuhu

Fawad Khan Thanks a lot for giving me the opportunity to ask questions. I have four questions. One is basically the question that I have carried on the three of kind of follow up. A question that I had is basically on the shutdown which was primarily planned for August 3rd quarter and with this even happening in first quarter and the second quarter, are you expecting any change in timeline for the shutdown for the link up of the Growth facility?

Saleh AlGhamdi Okay, so your first question is related to the shutdown in August, which we communicated in the guidance of the annual production. So far, there is no change in plants. We expect it to take place as is and we are monitoring the situation closely with our growth projects team.

Fawad Khan So I mean, given the margins where they are, you're not looking to kind of delay the shutdown and benefit from the higher margin environment currently, or you take decision once you reach there and you could decide on the shutdown.

Saleh AlGhamdi Okay, Mr. Fawad, just let me maybe carry on from what Mr. President said a couple of minutes ago. So what is currently taking place in the market is quite the opposite. There is a shortage of supply that Luberef was able to benefit from due to being a pure play-based oil producer. However, if we look at the forecast, because it is the best judgement that we have on the table currently, Mr President also highlighted this. It's not. You know, it's being updated as we go, but the current forecast is expecting some sort of normalisation after Q2. So that's another factor that we take into picture in maintaining our current plans for the shutdown.

Samer Al-Hokail But of course, if the crack margins continue and you know we're not going to be married to this date but at least we will be agile and flexible try to create and capture value and during these volatile market dynamics. So we will make that decision maybe in the

coming month or two to really have a better understanding if August is go time, which is per the plan or not.

Fawad Khan And if the company decided to basically delay the shutdown, so in terms of the coordination with your parent company for the feedstock, would it be obviously the angle to look at, or would be the decision factor, or the company can decide on its own to just delay the shutdown and the ARAMCO can take care of the whatever feedstock would be available

Samer Al-Hokail If that's going to be the case, we'll update our guidance accordingly on that, or give out more of a clarification on the shutdown date going forward. In terms of the feed supply agreement with the parent company, a parent company is very flexible, and as well has a lot of redundancy as well in their system, so it shouldn't be an issue for us.

Fawad Khan Because the latest guidance was presenting suggested the progress on the growth to projects 71% So is it possible to completely remaining 30% 29% of the project in the in the next four months or so, assuming that the guideline is based on from March 31

Samer Al-Hokail So if you're asking about the project completion percentage, I would say the project nature and the acceleration of the percentage as the project nature requires a shutdown. For example, we were able to execute during the past shutdown major project equipment, major components of the project, and very high percentages. In a month, which is unusual for a project's progress, but the nature of it is you require a shutdown for it to progress. So you would probably find us maybe 80% and then we need a shutdown to do the remaining the 20%, something like that, but you would need a shut down for it, to progress heavily, per the framework of the scheduling we have.

Fawad Khan My second area to explore is basically the volume. The guidance was 1.25 million at the start of the year. Now we have 1.15 million as a guidance. I'm just curious whether the cut down in the production guidance just based on the performance of the VDU or the overall facility post turnaround time, or is also there some more component like supply of the other we call it VDU or some other component like feedstock which has impacted the overall guidance for the production for 2026

Saleh AlGhamdi Okay, Mr. Fawad Khan, if I understand your question correctly, you're asking which unit, if possible, was the main contributor to this stabilisation. So long story short.

Fawad Khan What has led to the drop in the production guidance for 2026, whether it's just the post-turnaround issues, or technical issues, or there are some other issues that we should be aware of?

Saleh AlGhamdi So the main contributor was the first that you mentioned. We just came back from a turnaround, the biggest in the company's history. The first one since beginning of 2019, where major scope was carried to change different catalysts in different units, such as the isodewaxer, sulphur recovery, hydrogen manufacturing, et cetera. That in addition to completing other scopes in different units. Typically, it took some time to get the refinery up and running again. And usually in such times, no one, I mean from an operational perspective, can give a guarantee how long it will take to stabilise everything post-turnaround. That was the observation that we received. Coming to the second point, which is the changing quality, like I said to Mr. Elder from HSBC, it's not a fixed stream in the sense that It's like a crystal clear. We get some changes. We had some changes in the past due to different characteristics. The most important thing is that we have a secured stream to produce base oil. Different changes are usually overcome and compensated by changing the refinery conditions internally such as pressure, temperature, etc. Such changes take time depending on the change or the expected change in the feedstock quality. But the main reason is the major one, which is the coming from the turn out

Fawad Khan Thank you. One last question is on the export prices, just kind of a follow up question on the previous question. You mentioned on your website the prices for the month of April were updated even before the close of the month of April. I mean, there were still three, four days left before the prices were updated. So I'm curious if the average prices used for the export based on, let's say, 15 of last month, 15 of current months? How did you actually do you price your export based on some kind of average 15 days of average 30 days? So that would be my question

Saud Kamakhi Well, if I can take that question, that depends on the agreement between customer to customers. But in general, it's a mean of average of one of the month. So it's, however, maybe some customer have different way of agreement. But this is the general idea. Yes, we take the mean of the average of certain indices as upon agreed with the customer on that. It's not like one day specifically, it's of the period of the steps.

Fawad Khan So what's the period? I mean, period is past 30 days out of 45 days, or just for the month of, let's say, if you are pricing export cargo on the 1st of May. So the price would be based on the April average, or there would be some other agreement.

Saud Kamakhi Again, it depends on the agreement with customers. It's difficult to disclose that for every customers now, but depends on that agreement. But in general statement, it's the average of the month of the sales.

Fawad Khan Okay, thank you, and thanks for the answers.

Saleh AlGhamdi Thank you, Mr. Fawad Khan. Moving to a written question by Mr. Faisal Al-Jarayat. I apologise if I mispronounced the name. The question goes, regarding the

byproducts components, which was the main reason to have good results in Q1 2026 year on year, where crack margin of base oil was declining? How much contribution of your byproduct sold at market price or at cost to Aramco, because the support from the byproduct was impressive?

Saud Kamakhi So again, as we mentioned earlier we compare our byproduct during the first quarter with the previous quarter, or even with the similar quarter last year, or even the total average of the byproducts last year. All of that we see an incremental and increase in our byproduct. And yes, it played a major role in our posted results during Q1, we had comparing to around \$70 per metric tonne during the first quarter. So that has helped much in that area. Most of our product depends on the nature of the product, each product has its own pricing, so it is that the average byproduct that helped us during that quarter.

Samer Al-Hokail And if there's a part of the guidance, yes, we look at byproducts, but the whole thing, because it was impressive, because the sudden movement that took place in the oil market and the diesel and the cracks are up high, very high, and they went quite substantial. By the way, at times we have negative crack margins on byproduct, such as I think it was a Q4 in 2025. It was negative. We've announced that. 12 months of 2025 is also around negative crack margins. So that's why we don't rely on the byproducts tremendously. We're a base oil company and we focus on that. That's why our guidance stick to the base oil crack margins, it's just, I think it's just better for the forecast. Of course, you would have to factor in these sudden movements are frequent and now geopolitically, Of course, yes, you'd have to factor this into your modest.

Saleh AlGhamdi So by this, we conclude the written question. Back to asset management derayah. Asset management area. Hello? Yes, please.

Derayah If I may just have one follow-up question, this is just a further clarification on something you mentioned earlier, you have said that you do not want to cause any demand destruction and you are only going to pass down the increases moderately and you even talked about putting a cap. So does it mean that perhaps you will may not realise the, realise prices as what is suggested by perhaps the indices. Against which your contracts are linked.

Samer Al-Hokail No, that's not the case. The contracts have already been signed. What I meant is this weekly thing, we have to, when we sit down and discuss and have a judgement on the prices, we don't want to go extremely high. So when I say a cap, I say cap some of these products because we know these dynamics of that product is for that month only or for that couple of weeks, two weeks only. And then we would go and post a different price. As you can see, and you could look at our posting prices, the role has been increasing. It could have been, yes, you could argue saying, yeah, you can have increased more and more. And yes, that's true, we could have, or reduced less. But I don't think that's the nature of the business. It's a relationship business. And going forward, you need to maintain these relationships plus we don't want to go and hugely increase for any demand destruction going on.

Derayah Okay, so basically what we see on your website is a fairly good reflection of the actual prices that you are going to realise eventually.

Samer Al-Hokail Oh, yes, yes. Yes. What you see the website is the of course, that's part of the transparency we've done. That's why there's a good a good proxy or indicator as you look at the website. And if changes do take place, you could factor them in your mind.

Saud Kamakhi And if I may add one thing here in this content, that also we have noticed that whatever we are producing, we are selling. So the demands of our products are there. We, at Luberef, especially in Q1, we didn't see any pushback. We have managed to sell our

production, which means and translates that also our pricing mechanism was correct that do not push the customer for other markets or other products or other supplier. So that helped us also to continue our pricing for those products.

Derayah Okay, thank you very much.

Saleh AlGhamdi Thank you. There are no further questions available at the table. We thank you for your participation today, both verbally and in written terms. Please note that investor relations team at Luberef is available for this week, inshallah we will upload all the documents to the website as usual, and we are available for any follow-up calls and meetings.

[END OF TRANSCRIPT]