

# ANY ARAMCO SHARE LISTING WILL TAKE TIME: CHAIRMAN

## ONLY DOWNSTREAM SALE BEING CONSIDERED

**RIYADH:** Any share listing of state-owned Saudi Aramco, the world's largest crude producer, will take time, the company's chairman told The Wall Street Journal in an interview published yesterday.

Khalid Al-Falih also said the potential sale of shares could include listing at least part of Aramco's crude extraction operations. "There is no plan that is concrete at this stage to do the listing. There are studies ongoing. Serious consideration," Falih told The Journal.

His comments came after Aramco said Friday it "has been studying various options to allow broad public participation in its equity". The move would be part of economic reforms by the kingdom coping with a collapse in global oil prices.

Deputy Crown Prince Mohammed bin Salman first revealed that a share offer was under review, in an interview Thursday with The Economist. Falih told The Journal Saudi Aramco is considering listing "the main company, and obviously the main company, will include upstream," or the exploration and production sectors.

Aramco manages crude reserves that exceed 261 billion barrels. The company might also list refining and petrochemical units, The Journal said.

"Many of these assets are also with other joint venture partners so we have to go through the process of reviewing the legal agreements between us and our partners," said Falih, who is also health minister. "It will take time." Any listing would primarily occur on the Saudi exchange, "but I would not exclude at this stage international listings given the potential size," Falih told The Journal.

A public listing by Saudi Aramco would make it the first major state-owned oil firm in the Gulf to be floated on markets. The kingdom has adopted a policy of selling shares in all major state-owned companies and last year opened its Tadawul All-Shares Index to direct foreign investment.

### Downstream sale

Saudi Arabia is considering selling shares in refining ventures with foreign oil firms but would not offer a stake in the crude oil exploration and production operations of state oil giant Saudi Aramco, sources familiar with official thinking said.

Some Aramco managers have been informed that the company is looking at listing shares in "joint downstream subsidiaries" at home and abroad, the sources said. One option is to create a holding company that would group together Aramco's stakes in the downstream subsidiaries,

one source said. Shares in the parent firm would not be offered, he added.

"The holding company is the one which could be listed, not Aramco itself," he said, declining to be named because of political sensitivities.

The global energy market has been awash with speculation since Deputy Crown Prince Mohammed bin Salman appeared to indicate in an interview with The Economist magazine last week that Saudi Arabia might sell shares in Aramco, as part of a privatization drive to raise money in an era of cheap oil. On Friday Aramco, the world's largest oil company, issued a brief statement saying it was considering options including the stock market listing "of an appropriate percentage of the company's shares and/or the listing of a bundle (of) its downstream subsidiaries".

Aramco has crude reserves estimated at about 265 billion barrels, over 15 percent of all global oil deposits, so it could become the first listed company valued at \$1 trillion or more if it went public, analysts have estimated. But several sources close to Aramco said its massive size, and the confidentiality surrounding it as the main instrument of the kingdom's oil policy, meant the sale of a stake in the parent firm was not being actively considered.

"The government will never give up its crown jewel," said a senior banker in Riyadh. Instead, authorities are looking at accelerating plans that have been in the works for many years to sell shares in part of Aramco's vast refining and petrochemicals empire, which by itself is estimated to be worth tens of billions of dollars.

A precedent for the sale already exists: PetroRabigh, a refining and petrochemicals venture in which Aramco and Japan's Sumitomo Chemical each own 37.5 percent. It held an initial public offer on the Riyadh bourse in 2008.

"The higher priority is to IPO downstream - it would be low-hanging fruit," said Essam Al-Zamel, a prominent economic columnist in Saudi Arabia. Aramco could not be reached for comment on Sunday, a day off for the company's employees.

### Ventures

It is not clear which ventures might be involved in a sale. But the range of candidates is wide; Aramco and subsidiaries own or have an equity interest in over 5 million barrels per day of refining capacity. Its operations include a joint refinery with Royal Dutch Shell in Jubail known as SASREF; a venture with Exxon Mobil in Yanbu known as SAMREF; and its YASREF refinery, which is a venture with China Petrochemical Corp (Sinopec). YASREF

has already said it is looking at listing its shares eventually on the Saudi stock market.

Subsidiaries of Aramco abroad include S-Oil in Korea; a refinery in Fujian, China owned jointly with Exxon and Sinopec; and Motiva in the United States, which is a venture with Shell.

Prince Mohammed told The Economist that he expected a decision on the Aramco privatisation to be made "over the next few months". But an actual sale of shares would probably take much longer to happen as it would involve reorganising Aramco. "This is still at a very preliminary stage. They have to do a study first and submit the results to the board members, and then decide whether to go ahead with it or not," said the first source.

Selling shares in joint ventures could prove problematic if foreign partners did not agree. An industry source said Aramco's foreign partners had not yet been consulted on the idea; at present, they are "like a deaf man at a wedding", he said.

At the right price, foreign investors might be keen on grabbing a chunk of Saudi Arabia's refining operations, which have been growing even as global oil prices have plunged in the last 18 months, squeezing upstream producers. But Saudi political sensitivities may influence any sale. Traditionally, shares in state firms have been sold at discounted prices exclusively to Saudi investors as a way of sharing the kingdom's oil wealth.

So any listing of shares would probably have to occur on the Saudi bourse, and though the market opened to direct foreign investment last year, participation in an initial public offer might well be limited to local investors; foreigners would have to buy the shares in the secondary market.

The Saudi bourse, capitalised at only \$379 billion, has been hit hard by the tumble of oil prices - it is trading at four-year lows - so it is in poor shape to absorb a big new supply of equity. Initially, any sale of Aramco assets might therefore be limited to several billion dollars, bankers say.

Nevertheless, the government appears determined to proceed with a sale - not merely to raise money, but as part of a drive to diversify the economy beyond crude oil production and have the private sector play a bigger role, analysts said. "This is part of the reformist tidal wave characterising Saudi Arabia...It's part and parcel of Mohammed bin Salman's drive to alter the structure of the economy," said John Sfakianakis, a Riyadh-based economist. —Agencies

## News

in brief

### US dollar stable against Kuwait dinar at 0.303

**KUWAIT:** The exchange rate of the US dollar against the Kuwaiti dinar yesterday was stable at KD 0.303, as well as the euro at KD 0.331 compared to the exchange rates for Sunday, said a statement by the Central Bank of Kuwait (CBK). According to the CBK, the exchange rate of the Sterling pound was stable at KD 0.440 while the Swiss franc went up to KD 0.305. Exchange rate of the Japanese yen remained the same at KD 0.002.

### Egypt's treasury bond yields rise at auction

**CAIRO:** Yields on Egypt's 18-month, three-year and seven-year treasury bonds rose at an auction yesterday, data from the finance ministry website showed. The average yield on Egypt's zero-coupon, 18-month bonds rose to 12.306 percent from 11.993 percent at the last auction on Dec 28. The average yield on the three-year bond rose to 12.965 percent from 12.663 percent and on the seven-year bond to 14.870 percent from 14.572 percent.

### Orascom Construction wins \$420m power plant contract

**DUBAI:** Egypt's Orascom Construction has been awarded a \$420 million contract to revamp two government-owned power stations, the company said yesterday. Orascom was part of a consortium that completed the build of the Assiut and West Damietta plants in the third quarter of 2015. The plants, which are operational and have a combined capacity of 1,500 megawatts, will now be converted to a so-called combined cycle from a simple cycle. A combined cycle re-uses waste products, increasing capacity by 50 percent with no additional fuel intake.

### UAE revokes license of Al-Zarooni Exchange

**ABU DHABI:** The central bank of the United Arab Emirates yesterday said it had revoked the license of local money exchange firm Al-Zarooni Exchange due to anti-money laundering compliance violations. The license has been revoked with effect from Jan. 10, 2016, and comes after a special examination of the firm, the Central Bank said in a statement. Al-Zarooni was initially suspended on Nov. 10, 2015 from conducting business in remittances, currency exchange and payment of wages, the statement added. The US Treasury said on Nov. 12 it had imposed sanctions on the Altaf Khanani Money Laundering Organization and its Dubai-based supporter, the Al-Zarooni Exchange, for laundering money for criminals and political extremists.

# MOODY'S DOWNGRADES MALAYSIA OUTLOOK

**KUALA LUMPUR:** Moody's Investors Service yesterday downgraded Malaysia's sovereign outlook from "positive" to "stable", citing deepening economic woes from falling oil prices and global economic uncertainty.

In a statement, the ratings agency said the country faced slowing growth and world market factors that have "undermined Malaysia's external position, with large capital outflows, a falling current account surplus, sharp exchange rate depreciation and falling reserves."

Malaysia's economic outlook has been a source of major concern since oil prices plunged in 2014. Exports of oil and natural gas are a major source of earnings for the country. The trouble has been compounded by a financial scandal involving Prime Minister Najib Razak, which has further rattled the country's markets.

The situation caused the ringgit to plummet, making it the worst-performing Asian currency last year. Najib in October forecast slower growth of 4-5 percent in 2016 and announced measures to spur demand, but has insisted the economy remains on solid footing.

His government introduced an unpopular consumption tax last year to raise revenue and has rationalized fuel subsidies, but Moody's said those moves have had limited impact on the government's balance sheet.

Critics have been demanding that Najib explain allegations that massive sums went missing from deals involving state-owned company 1Malaysia Development Berhad (1MDB), and the revelation that nearly \$700 million in mysterious deposits were made to his personal bank accounts.

The transfers were made shortly before a hotly contested election in 2013. Najib's government calls the deposits "political donations" from foreign donors but has refused to specify the source, purpose, or ultimate fate of the money. Both Najib and 1MDB have fiercely denied any wrongdoing.

Najib, who is also the finance minister, announced on Friday that the 2016 government budget released in October will be revised in light of the further deterioration of the global economic situation. —AFP

## DUBAI AIRPORT TRAFFIC GROWS 8.1% IN NOV

**DUBAI:** Dubai International Airport, the world's busiest by international traffic, experienced an 8.1 percent increase in passenger numbers in November, its operator said yesterday. Traffic rose to 6.01 million passengers from 5.57 million a year earlier, taking the total so far in 2015 to 70.96 million, up 10.9 percent.

The largest increase in passengers came from the Indian subcontinent from where new flights were launched, while the most significant growth was driven by Eastern Europe and North America, the latter where Emirates added new destinations. Air freight volumes rose 3.8 percent in the month to 218,323 tons. Some cargo operations have moved to Al-Maktoum International-Dubai World Central (DWC). —Reuters



**KARACHI:** Pakistan brokers watch the latest share prices on a monitor during a trading session at the Pakistan Stock Exchange (PSE) in Karachi yesterday. The benchmark PSE-100 index was down 32354.43 in mid-day trade. —AFP

## EXCHANGE RATES

### AL-MUZAINI EXCHANGE CO.

CURRENCY	BUY	SELL
<b>ASIAN COUNTRIES</b>		
Japanese Yen	2.593	
Indian Rupees	4.565	
Pakistani Rupees	2.900	
Sri Lankan Rupees	2.119	
Nepali Rupees	2.859	
Singapore Dollar	212.170	
Hongkong Dollar	39.200	
Bangladesh Taka	3.876	
Philippine Peso	8.460	
Thai Baht	84.100	
<b>GCC COUNTRIES</b>		
Saudi Riyal	81.177	
Qatari Riyal	83.620	
Omani Riyal	790.670	
Bahraini Dinar	808.420	
UAE Dirham	82.879	
<b>ARAB COUNTRIES</b>		
Egyptian Pound - Cash	40.900	
Egyptian Pound - Transfer	38.923	
Yemen Riyal/for 1000	1.420	
Tunisian Dinar	150.250	
Jordanian Dinar	428.910	
Lebanese Lira/for 1000	2.028	
Syrian Lira	2.169	
Morocco Dirham	31.141	

EUROPEAN & AMERICAN COUNTRIES	
US Dollar Transfer	304.250
Euro	333.460
Sterling Pound	443.440
Canadian dollar	215.470
Turkish lira	100.410
Swiss Franc	307.630
Australian Dollar	213.130
US Dollar Buying	303.050

	GOLD
20 Gram	226.690
10 Gram	116.040
5 Gram	58.700

### UAE EXCHANGE CENTRE WLL

CURRENCIES	TELEX TRANSFER PER 1000
Australian Dollar	203.08
Canadian Dollar	218.17
Swiss Franc	310.48
Euro	335.10
US Dollar	304.45
Sterling Pound	444.75
Japanese Yen	2.63
Bangladesh Taka	3.881
Indian Rupee	4.560
Sri Lankan Rupee	2.118
Nepali Rupee	2.850
Pakistani Rupee	2.901
UAE Dirhams	0.08285
Bahraini Dinar	0.8091
Egyptian Pound	0.03879
Jordanian Dinar	0.4330
Omani Riyal	0.7906
Qatari Riyal	0.08394
Saudi Riyal	0.08115

### DOLLARCO EXCHANGE CO. LTD

Rate for Transfer	Selling Rate
US Dollar	304.800
Canadian Dollar	216.885
Sterling Pound	443.575
Euro	334.510
Swiss Franc	304.295
Bahrain Dinar	806.370
UAE Dirhams	83.225
Qatari Riyals	84.445

Saudi Riyals	81.960
Jordanian Dinar	429.370
Egyptian Pound	38.814
Sri Lankan Rupees	2.123
Indian Rupees	4.563
Pakistani Rupees	2.902
Bangladesh Taka	3.877
Philippines Peso	6.470
Cyprus pound	580.550
Japanese Yen	3.595
Syrian Pound	2.380
Nepalese Rupees	3.850
Malaysian Ringgit	69.735
Chinese Yuan Renminbi	46.740
Thai Bhat	9.355
Turkish Lira	101.100

### BAHRAIN EXCHANGE COMPANY

CURRENCY	BUY	SELL
<b>Europe</b>		
British Pound	0.436272	0.445272
Czech Korune	0.004287	0.016287
Danish Krone	0.040493	0.045493
Euro	0.327539	0.335539
Norwegian Krone	0.030249	0.035449
Romanian Leu	0.087277	0.087277
Slovakia	0.009092	0.019092
Swedish Krona	0.031892	0.036892
Swiss Franc	0.299844	0.310044
Turkish Lira	0.096751	0.107051
<b>Australasia</b>		
Australian Dollar	0.204485	0.215985
New Zealand Dollar	0.193584	0.203084
<b>America</b>		
Canadian Dollar	0.209827	0.218327
US Dollars	0.300150	0.304650

US Dollars Mint	0.300650	0.304650
<b>Asia</b>		
Bangladesh Taka	0.003477	0.004077
Chinese Yuan	0.044632	0.048132
Hong Kong Dollar	0.037155	0.039905
Indian Rupee	0.004208	0.004598
Indonesian Rupiah	0.000018	0.000024
Japanese Yen	0.002505	0.002685
Kenyan Shilling	0.003162	0.003162
Korean Won	0.000244	0.000259
Malaysian Ringgit	0.066266	0.072266
Nepalese Rupee	0.002884	0.003054
Pakistan Rupee	0.002639	0.002919
Philippine Peso	0.006372	0.006652
Sierra Leone	0.000067	0.000073
Singapore Dollar	0.208533	0.214533
South African Rand	0.013058	0.021558
Sri Lankan Rupee	0.001765	0.002345
Taiwan	0.009071	0.009251
Thai Baht	0.008099	0.008649
<b>Arab</b>		
Bahraini Dinar	0.800139	0.808139
Egyptian Pound	0.035146	0.038272
Iranian Riyal	0.000084	0.000085
Iraqi Dinar	0.000200	0.000260
Jordanian Dinar	0.425130	0.432630
Qatari Dinar	1.000000	1.000000
Lebanese Pound	0.000153	0.000253
Moroccan Dirhams	0.021541	0.045541
Nigerian Naira	0.001258	0.001893
Omani Riyal	0.783839	0.789519
Qatar Riyal	0.082859	0.084072
Saudi Riyal	0.080274	0.081197
Syrian Pound	0.001290	0.001510
Tunisian Dinar	0.146586	0.154586
Turkish Lira	0.096751	0.107051
UAE Dirhams	0.081855	0.083004
Yemeni Riyal	0.001375	0.001455