

# business

## Aramco posts H1 net income of \$46.9bn

● Saudi Arabia plans to sell up to five percent of the world's largest energy firm

Riyadh, Saudi Arabia

Saudi energy giant Aramco said yesterday its first half net income for 2019 slipped nearly 12 per cent to \$46.9 billion, in a first such disclosure.

The revenue drop amid lower crude prices was reported as speculation swirled that the company was preparing for its much-delayed overseas stock listing, dubbed potentially the world's biggest.

The news also coincided with an announcement by India's Reliance that it had agreed to sell a 20-percent stake in its oil and chemicals business -- worth \$15 billion -- to Aramco, a deal that would potentially boost the Saudi giant's valuation ahead of an IPO.

Reporting its revenue, Aramco said in a statement: "The company's net income was \$46.9 billion for the first half (of) 2019,

Despite lower oil prices during the first half of 2019, we continued to deliver solid earnings and strong free cash flow underpinned by our consistent operational performance, cost management and fiscal discipline

AMIN NASSER, ARAMCO CEO



compared to \$53.0 billion for the same period last year."

The company is slated to hold its first-ever earnings call later on Monday, giving investors a chance to discuss the results with Aramco's management in another step towards greater transparency.

"Despite lower oil prices during the first half of 2019, we continued to deliver solid earnings and strong free cash flow underpinned by our consistent operational performance, cost management and fiscal discipline," Aramco CEO Amin Nasser was quoted as saying in the statement.

Analysts say record demand for a \$12-billion debut

international bond launched this year has propelled the world's top oil exporter to speed up efforts to float the company.

But yesterday's statement made no mention of the planned initial public offering.

Crown Prince Mohammed bin Salman has previously said the IPO -- which could potentially be the world's biggest stock sale -- would take place in late 2020 or early 2021.

Saudi Arabia plans to sell up to five percent of the world's largest energy firm and hopes to raise up to \$100 billion based on a \$2 trillion valuation of the company.

Failure to reach a \$2 trillion val-

## India's Reliance to sell \$15bn stake in refining unit to Saudi Aramco

Mumbai, India

The head of India's Reliance said yesterday it has agreed to sell a 20-per cent stake in its oil refinery and chemical unit to Saudi Aramco in a deal worth \$15 billion.

"This is the biggest foreign investment in the history of Reliance and also amongst the largest foreign investments ever in India," India's richest man Mukesh Ambani said at the company's annual general meeting in Mumbai.

The preliminary deal is based on a valuation of \$75 billion for Reliance's Oil to Chemicals (O2C) division comprising the refining, petrochemicals and



India's richest man and oil-to-telecom conglomerate Reliance Industries chairman Mukesh Ambani (R) along with his wife Nita Ambani (L) pose as they arrive for the company's 42nd AGM in Mumbai

fuels marketing businesses of the Indian firm, according to a

Reliance statement.

The agreement also includes Saudi Aramco supplying 500,000 barrels of oil a day to Reliance's Jamnagar refinery, the world's largest, which to date has processed some 2 billion barrels of Saudi crude.

"This signifies perfect synergy between the world's largest oil producer and the world's largest integrated refinery and petrochemicals complex," Ambani told Reliance shareholders.

"Now we have transformed our longstanding relationship of two decades, based on mutual trust, into a partnership of growth potential for many more years," he said.

uation as desired by Saudi rulers is widely considered the reason the IPO -- earlier scheduled for 2018 -- has been delayed.

The planned IPO forms the cornerstone of a reform programme envisaged by Prince Mohammed to wean the Saudi economy off its reliance on oil.

Saudi Arabia has not announced where the listing will be held, but London, New York and Hong Kong have all vied for

a slice of the much-touted IPO.

### World's biggest profit

The petro-state has taken a number of key procedures in preparation for the IPO, including issuing a law for hydrocarbons tax, appointing a new board for Aramco and allowing an independent auditing of the kingdom's oil reserves, the crown prince said in June.

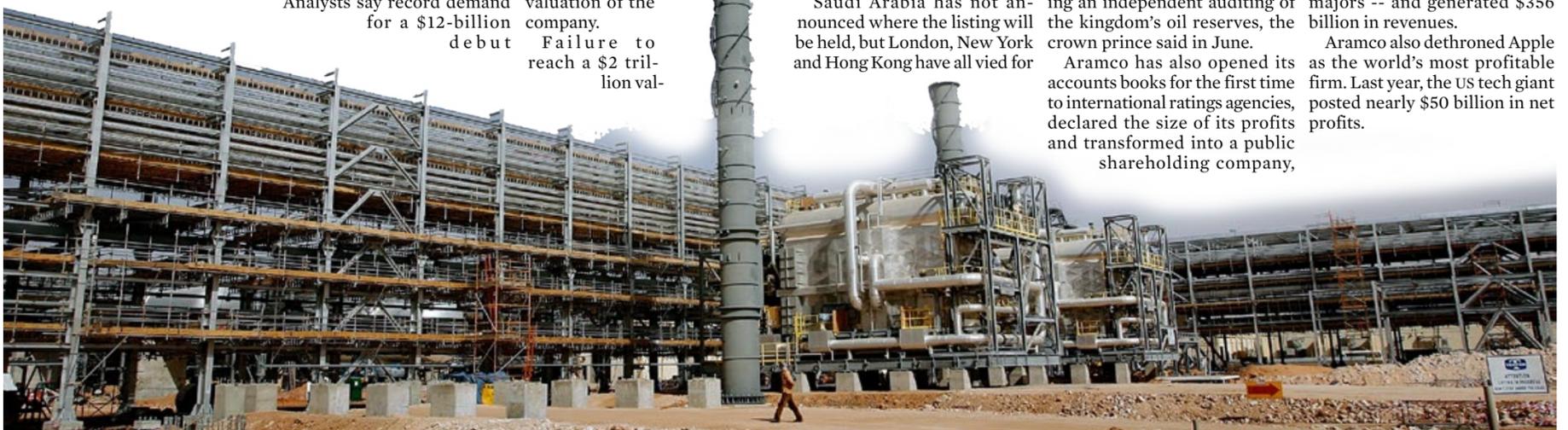
Aramco has also opened its accounts books for the first time to international ratings agencies, declared the size of its profits and transformed into a public shareholding company,

he added.

In April, Aramco revealed it made the world's biggest corporate profit last year, opening its accounts for the first time.

Aramco posted a net profit of \$111 billion in 2018 -- far higher than the combined net earnings of the five international oil majors -- and generated \$356 billion in revenues.

Aramco also dethroned Apple as the world's most profitable firm. Last year, the US tech giant posted nearly \$50 billion in net profits.



A general view shows the Saudi Aramco's (the national oil company) Al-Khuraib central oil processing facility under construction in the Saudi Arabian desert, 160 kms east of the capital Riyadh

## Markets down as HK protests force airport closure

London, United Kingdom

Global stock markets dropped yesterday as escalating protests in Hong Kong forced the closure of the financial hub's airport, adding geopolitical worries to ongoing trade war tensions.

London, Frankfurt and Paris all slid into negative territory as news of the shutdown spread, having rallied at the open.

"Hong Kong has kind of been under the radar of most traders... but increasingly I feel like that this has the potential to spiral into a bigger market worry. Today's moves highlight the risks," said Neil Wilson, chief analyst at traders Markets.com.

All flights in and out of Hong Kong were cancelled late Monday after thousands of pro-democracy protesters flooded into the city's airport to denounce police violence.

### Key figures around 1335 GMT

|                          |                                       |
|--------------------------|---------------------------------------|
| London - FTSE 100:       | ▼ 0.4 pc at 7,227.09 points           |
| Frankfurt - DAX 30:      | ▼ 0.2 pc at 11,670.96                 |
| Paris - CAC 40:          | ▼ 0.4 pc at 5,307.00                  |
| EURO STOXX 50:           | ▼ 0.3 pc at 3,325.81                  |
| New York - Dow:          | ▼ 0.8 pc at 26,078.58                 |
| Hong Kong - Hang Seng:   | ▼ 0.4 pc at 25,824.72 (close)         |
| Shanghai - Composite:    | ▲ 1.5 pc at 2,814.99 (close)          |
| Tokyo - Nikkei 225:      | Closed for a public holiday           |
| Euro/dollar:             | ▲ at \$1.1215 from \$1.1202 on Friday |
| Pound/dollar:            | ▲ at \$1.2092 from \$1.2034           |
| Euro/pound:              | ▼ at 92.76 pence from 93.09 pence     |
| Dollar/yen:              | ▼ at 105.19 yen from 105.62 yen       |
| Brent North Sea crude:   | ▲ 11 cents at \$58.64 per barrel      |
| West Texas Intermediate: | ▲ 29 cents at \$54.79 per barrel      |

The abrupt shutdown came as the Chinese government signalled its rising anger at the protesters, denouncing some of the violent demonstrations as "terrorism".

Hong Kong's main shares in-

pressure from Beijing.

The carrier's stock slumped more than four per cent after Beijing imposed new rules banning airline staff involved in the protests from flights to or over the mainland.

Taking their cue from Europe, US stock markets also opened lower, "with US-China trade tensions remaining elevated, global bond yields continuing to see pressure, while the markets await a heavy week of earnings from the retail sector and a flood of key economic reports," said analysts at Charles Schwab.

"Moreover, the exacerbated unrest in Hong Kong is garnering attention and dampening sentiment as protests continued over the weekend," they said.

On currency markets, the euro recovered versus the dollar having suffered Friday on Italian political woes.

## Argentine peso plummets 14pc after Macri vote defeat

Buenos Aires, Argentina

Argentina's peso lost 14 per cent of its value against the dollar when exchange markets opened yesterday after President Mauricio Macri suffered a crushing defeat in party primaries over the weekend.

The peso opened at 53 to the dollar having closed on Friday at 46.55.

Macri called a meeting with Central Bank president Guido Sandleris before the markets opened on Monday, while putting back his morning cabinet meeting to 3:30 pm (1830 GMT.)

On Sunday, center-right, pro-business Macri was dealt a huge blow in his bid for re-election in October when he polled 15 points less than center-left Peronist candidate



Argentina's President and presidential hopeful for the Juntos por el Cambio (Together for Change) party Mauricio Macri

Alberto Fernandez.

Macri managed only 32 per cent in the party primaries that effectively acted as a nationwide pre-election opinion poll as all of the recession-hit South American country's major parties had already chosen their presidential candidates.