

# business

## Aramco valuation set at up to \$1.7 trn

● Aramco does not plan to market its domestic IPO abroad

● No overseas roadshows for IPO

● Retail investors have until Nov. 28 to sign up for the IPO

Reuters | Dubai

Saudi Aramco has set a price range for its listing that implies the oil giant is worth between \$1.6 trillion to \$1.7 trillion, making it potentially the world's biggest IPO.

Aramco said yesterday it plans to sell 1.5 per cent of its shares or about 3 billion shares, at an indicative price range of 30 riyals (\$8.00) to 32 riyals - valuing the IPO at as much as 96 billion riyals (£20 billion) at the top end of the range.

If priced at the top, the deal could just beat the record-breaking \$25 billion raised by Chinese e-commerce giant Alibaba in its stock market debut in New York in 2014.



A billboard display an advert for Saudi Aramco in the streets in Riyadh, Saudi Arabia

Aramco's float is the centerpiece of Crown Prince Mohammed bin Salman's plan to diversify the world's top crude exporter away from oil.

Aramco does not plan to market its domestic IPO abroad, three people familiar with the matter said, which suggests international roadshows will not

take place.

"This will put the burden of the deal on local and regional banks," one of the three people said.

"This means most of the investors will participate as Qualified Foreign Investors in a Saudi transaction," another one of the people said.

Aramco finally kicked off its IPO on Nov. 3 after a series of false starts. Prince Mohammed, who had floated the idea of the listing four years ago, is seeking to raise billions of dollars through the deal to invest in non-oil industries and create employment.

But the investment world is



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still trying to decide what the famously secretive company is worth.

On one hand, Aramco is the world's most profitable company with a planned dividend of \$75 billion next year, more than five

times larger than Apple's payout, which is already the biggest of any S&P 500 company.

On the other, it is a bet on the price of oil at a time when global demand is expected to slow from 2025 as measures to cut greenhouse gas emissions are rolled out and the use of electric vehicles increases.

The share sale is expected to be a huge hit among Saudi citizens who are being offered 0.5pc of the company.

Retail investors have until Nov. 28 to sign up for the IPO while institutional investors can subscribe until Dec. 4, with company management going on marketing roadshows this week.

The Aramco listing means a year-end rush for equity markets with Alibaba currently taking orders for a Hong Kong listing that is expected to raise up to \$13.4 billion for the online retailer.

The Riyadh listing comes after initial hopes for a 5pc IPO on the domestic and international bourses were dashed last year amid debate over valuation and where to list Aramco overseas.

Aramco said the IPO timetable was delayed because it began a process to acquire a 70pc stake in petrochemicals maker Saudi Basic Industries Corp

## GFH posts Q3 net profit of US\$24.4m

TDT | Manama

GFH Financial Group (GFH) yesterday reported a third-quarter net profit attributable to shareholders of US\$24.4 million, a decrease of 21.0 per cent from US\$30.9m in the third quarter of 2018. Earnings per share was US cents 0.74 compared to US cents 0.87 in the third quarter of 2018.

Consolidated net profit was US\$21.8 m compared with US\$31.3 m in the third quarter of 2018, a decrease of 30.1pc.

Profit from continuing operations was US\$21.8 m compared to US\$29.6 m in the third quarter of 2018, a decrease of 26.2pc.

Total income increased by 27.1 pc to US\$90.5 m versus US\$71.2 m in the third quarter of 2018.

Total expenses including provisions for impairment increased 65.1pc to US\$68.7 m while operating expenses decreased 24.6pc to US\$21.4 m from the prior-year quarter.

### Nine-month results

Net profit attributable to shareholders for the period was US\$73.6 m compared with US\$103.4 m in the prior-year period, a decrease of 28.8pc.

Excluding one-off recovery income and restructuring income of US \$ 57.8 m, net profit attributable shareholders grew by 61.4pc. Earnings per share was US cents 2.19 compared to US cents 2.91 in the year-ago period.

Consolidated net profit decreased 33pc to US\$70.2 m from the year-ago period hurt by lower contribution from the Group's commercial banking arm due to higher impairment



**In our commercial banking business, we took a conservative position taking some provisions on the portfolio in line with market conditions, but expect contributions from this areas of the business to increase in 2020. For the period ahead, we will continue to build on the momentum we've enjoyed thus far this year and look forward to finishing out 2019 with solid performance and results**

HISHAM ALRAYES, GROUP CEO OF GFH



**For the period, we saw revenues increase once again by a substantial 23.7pc aided by strong performance in investment banking, real estate and treasury activities. For the remainder of the year, we will continue to focus on maximising the performance and returns derived from both new and existing assets and remain committed to delivering stronger performance by year-end**

JASSIM AL SEDDIQI, CHAIRMAN OF GFH

provisions taken during the nine months of 2019.

Profit from continuing opera-

tions was US\$70.7 m compared to US\$100.0 m in the prior-year period, a decrease of 29.3pc.

The Group reported a 23.7pc increase in income, which reached US\$254.0 m compared with US\$205.3 m in the first nine months of 2018. Excluding the one-off recovery income and restructuring income in 2018, the total income of the Group grew by 72.2pc.

Contributing to solid income growth was the continued positive performance of the Group's core investment banking business, real estate activities and income generation from the treasury and proprietary investments.

Investment banking contributed 31.1pc to the total income of the Group mainly from placement activities and contributions from Treasury activities continued to grow to reach 24.1pc of total income.

The improved performance was also reported in real estate, which accounted for 7.9pc while proprietary investments and commercial banking contributed 16.3pc and 20.6pc, respectively to total income for the first nine months of the year.

Total expenses including provision for impairment were at US\$183.3 m compared to US\$105.3 m in the prior-year period, an increase of 74.1pc, primarily due to an increase in the impairment provisions in the commercial banking business of 198.9pc and an increase in the finance costs as part of treasury portfolio of the Group.

Operating expenses were US\$70.2 m compared with US\$71.0 m in the first nine months of 2018, a decrease of 1.1pc.

## BCCI's 2nd Technology Summit

TDT | Manama

The Technology Committee of the Bahrain Chamber of Commerce and Industry (BCCI) and in cooperation with 'Tamkeen' is holding the 2nd Technology Summit themed 'The E-Commerce Ecosystem' on Tuesday from 10:00 am to 2:00 pm in the Capital Club-Bahrain Financial Harbour.

The summit, which will be

held coinciding Global Entrepreneurship Week, will discuss an array of topics including business opportunities within the E-commerce ecosystem, the requirements for growing and expanding businesses, elements of an efficient E-commerce platform, and business opportunities in Bahrain.

All BCCI members and those interested are welcome to attend the summit.

## UK PM sets out immigration plans as Conservatives hit two-year poll high

Reuters | London

British Prime Minister Boris Johnson set out plans yesterday to end preferential treatment for European Union migrants, as opinion polls showed his Conservative Party has the highest level of support since 2017 ahead of next month's election.

The Dec. 12 election was called to break the deadlock over Brexit, more than three years after the country voted narrowly in favour of leaving the EU in a 2016 referendum.

Johnson hopes to win a majority to push through the last-minute Brexit deal he struck with the EU last month, while opposition Labour leader Jeremy Corbyn has promised to renegotiate the exit agreement and then hold another referendum.

Setting out their post-Brexit immigration policy, the Conservatives said they would treat EU and non-EU migrants the same from January 2021,



British Prime Minister Boris Johnson

including a five-year wait to obtain welfare payments and a surcharge to access health services.

The Conservatives lead Labour by 10-17 percentage points, four polls late on Saturday showed.

Both parties are expected to publish their election manifestos this week. Corbyn and Johnson are due to go head-to-head in their first televised debate on Tuesday evening.