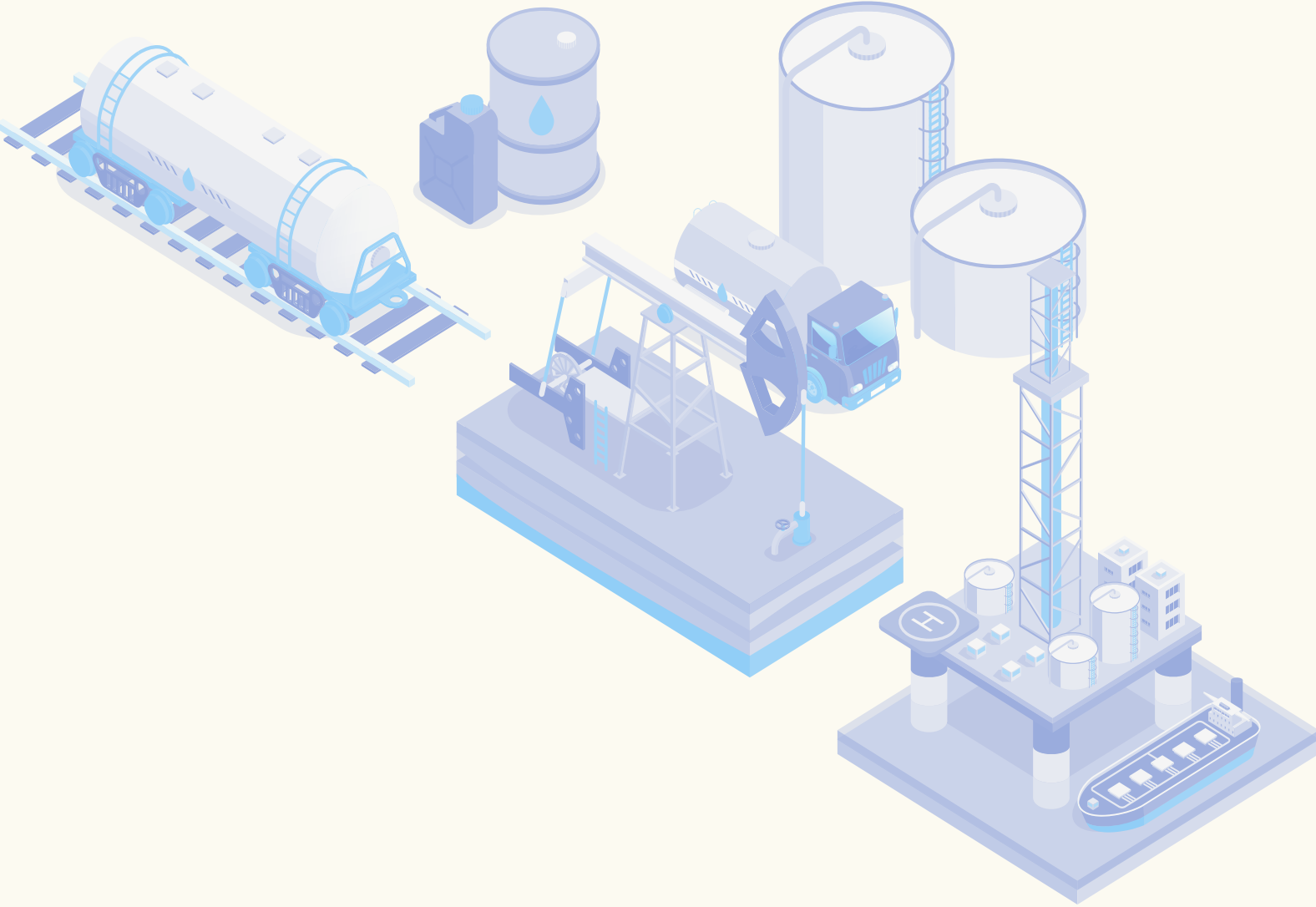


December
2024

الجزيرة كابيتال

ALJAZIRA CAPITAL الجزيرة للأسواق المالية



Oil & Petrochemicals Monthly Report November I 2024

Head of Sell-Side Research

Jassim Al-Jubran

+966 11 2256248

j.aljabran@aljaziracapital.com.sa

Urea, PET, MTBE prices fell; while methanol and PVC rose in November; Aramco kept propane and butane prices for December unchanged

- Naphtha declined, while propane and butane prices rose in November:** Naphtha prices decreased 3.0% M/M to USD 650 per ton in November. Propane and butane prices rose 1.6% M/M each to USD 635 per ton and USD 630 per ton, respectively. Aramco kept the prices of propane and butane for December unchanged at USD 635 per ton and USD 630 per ton, respectively.
- Price of most products declined: Urea** prices declined 8.0% M/M to USD 345 per ton due to weak demand as buyers delayed the purchases. **PET** prices were impacted by seasonally low demand, falling 4.2% M/M to USD 795 per ton. **Methanol** prices rose 3.5% M/M to USD 295 per ton due to tight supply owing to issues related to availability of natural gas. **PVC** prices increased 2.7% M/M to USD 760 per ton on account of higher feedstock ethylene prices. **Ethylene** prices were up 7.5% M/M to USD 855 per ton due to restocking activity in the US and supply disruption in certain regions. **Propylene** prices dropped 5.4% M/M to USD 785 per ton due to muted downstream demand and healthy inventory levels in China. **MTBE** prices fell 2.7% M/M to USD 720 per ton, impacted by lower gasoline consumption.
- Petchem Spreads Trend:** PP-propane spread inched down to USD 390 per ton in November from USD 399 per ton in October. PP-butane spread dropped to USD 394 per ton in November from USD 403 per ton in October. HDPE-naphtha spread rose to USD 264 per ton in November from USD 231 per ton in October.

Oil weighed by stronger US dollar and weak demand; prices recovered in early December in anticipation of a tighter supply and improved demand outlook

- Oil prices declined in November:** Early in the month, stronger US dollar after presidential elections and weaker demand outlook weighed on prices, despite OPEC+ extending supply cuts till December. The pressure on prices remained due to concerns over lower demand and higher supply. The prices gained in the first half of December amid tighter supply expectations due to supply cut extension by OPEC+, additional sanctions on Russia and Iran, and anticipation of better demand owing to lower interest rates. Brent decreased by 4.1% M/M, while WTI fell 5.3% M/M in November, ending at USD 72.9/bbl and USD 68.0/bbl, respectively. Natural gas prices at Henry Hub jumped 31.4% M/M to USD 3.4/mn Btu.
- Manufacturing activity accelerated in China; US PMI rose but stayed in contraction zone; activity worsens in Eurozone:** US ISM manufacturing PMI increased to 48.4 in November from 46.5 in October but remained below 50-mark. New orders growth aided the headline PMI. China's Caixin manufacturing PMI improved to 51.5 in November from 50.3 in October due to improved activity among smaller manufacturers. Eurozone manufacturing PMI fell to 45.2 from 46.0.

Table 1: Petchem Prices – November FY24

Name	Price (USD per ton)	M/M %	Q/Q %	Y/Y %	YTD %
Naphtha	650	-3.0%	-3.0%	-0.8%	-3.0%
Saudi Propane	635	1.6%	7.6%	4.1%	4.1%
Saudi Butane	630	1.6%	10.5%	1.6%	1.6%
Ethylene	855	7.5%	1.2%	0.6%	1.2%
Propylene-Asia	785	-5.4%	-6.0%	-3.7%	-3.1%
HDPE	910	-0.5%	1.1%	-2.2%	-4.2%
LDPE	1,120	-1.8%	1.8%	17.9%	12.0%
LLDPE	940	-2.1%	1.1%	3.3%	0.0%
PP-Asia	895	-0.6%	-1.1%	4.1%	1.7%
Styrene-Asia	1,015	-2.9%	-8.1%	-1.5%	-1.9%
Polystyrene-Asia	1,210	-0.8%	-3.2%	3.4%	5.2%
PET - Asia	795	-4.2%	-9.1%	-8.1%	-8.6%
PVC-Asia	760	2.7%	2.7%	-1.9%	2.0%
MEG (Asia)	540	-1.8%	-1.8%	13.7%	5.9%
Methanol-China	295	3.5%	3.5%	5.4%	5.4%
DAP-Gulf	620	-2.4%	2.5%	6.0%	2.5%
Urea-Gulf	345	-8.0%	3.0%	1.5%	7.8%
Ammonia-Gulf	435	2.4%	22.5%	-15.5%	-10.3%
MTBE-Asia	720	-2.7%	-3.4%	-22.2%	-15.3%
EDC	295	0.0%	-11.9%	-10.6%	-16.9%
MEG (SABIC)	790	0.0%	-1.3%	-6.0%	-1.3%
PC	1,710	-1.2%	-8.6%	-1.7%	-1.4%
Acetic Acid-AA	440	-2.2%	-7.4%	-5.4%	-8.3%
EVA	1,170	0.4%	1.7%	-10.0%	-4.9%
Vinyl Acetate Monomer-VAM	770	-1.3%	-0.6%	-7.2%	-11.0%

Note: Prices as of November 24, 2024

Source: Argaam, Reuters Eikon, Aljazira Capital Research

Table 2: Economic Calendar

Date	Country	Event
Dec 18,26	US	Weekly Petroleum Status Report
16-Dec	US	S&P Global US Manufacturing PMI
19-Dec	US	GDP Annualized QoQ
29-Dec	KSA	Current Account Balance
29-Dec	KSA	M3 Money Supply YoY
29-Dec	KSA	SAMA Net Foreign Assets SAR
5-Jan	KSA	S&P Global Saudi Arabia PMI
7-Jan	US	Trade Balance
10-Jan	KSA	CPI YoY
10-Jan	US	Unemployment Rate
14-Jan		EIA Short-term Energy Outlook
14-Jan	US	Federal Budget Balance
15-Jan		IEA Oil Market Report
15-Jan		OPEC Monthly Oil Market Report
25-Jan	KSA	GDP Constant Prices YoY

Source: Bloomberg, EIA, OPEC, IEA

Key comments from international energy agencies

Crude oil supply

Global supply

- Global supplies of crude oil and liquid fuels are expected to rise by 0.6 mbpd to 102.6 mbpd in FY24 (unchanged) and by 1.6 mbpd to 104.2 mbpd in FY25 (lower than 104.7 earlier), as per EIA. Non-OPEC supply is forecast to grow 0.7 mbpd to 70.5 mbpd in FY24 and 1.5 mbpd to 72.0 mbpd in FY25.
- Non-OPEC supply is expected to increase by 1.5 mbpd this year and next year, according to IEA.
- The global refinery throughputs are expected to average at 82.7 mbpd in FY24 and 83.3 mbpd in FY25, according to IEA.

OPEC Supply

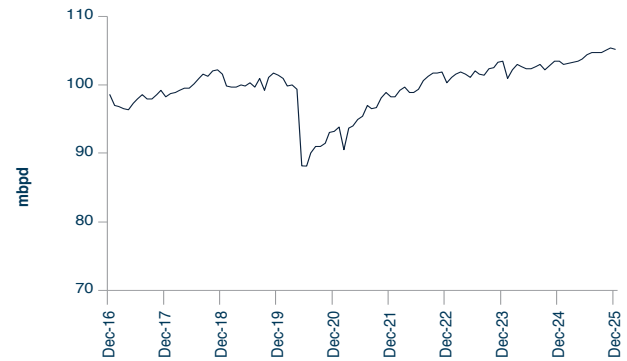
- OPEC crude oil production increased 104,000 bpd M/M in November to an average of 26.7 mbpd, as per OPEC's secondary sources.
- On average, OPEC members are estimated to produce 26.6 mbpd of crude oil in Q4-24, slightly lower than crude oil production in Q3-24, as per EIA.
- OPEC's average crude production is estimated at 26.7 mbpd in FY24 and at 26.9 mbpd in FY25, according to EIA.
- OPEC's unplanned oil supply disruptions averaged 1.25 mbpd in November (vs. 1.44 mbpd in October), as per EIA.

Table 3: OPEC Oil Production ('000 bpd; excl. Angola)

Prod. ('000 bpd)	Cap.	Aug 2024	Sep 2024	Oct 2024	Nov 2024	% M/M Chg.
Equatorial Guinea	120	70	60	50	80	60.0%
Gabon	220	220	210	230	230	0.0%
Republic of Congo	300	250	240	240	230	-4.2%
Venezuela	890	900	880	890	880	-1.1%
Algeria	1,060	890	900	900	890	-1.1%
Libya	1,200	960	530	1,030	1,140	10.7%
Nigeria	1,600	1,480	1,470	1,510	1,470	-2.6%
Kuwait	2,820	2,470	2,450	2,440	2,470	1.2%
Iran	3,830	3,370	3,400	3,360	3,360	0.0%
U.A.E.	4,650	3,170	3,180	3,170	3,260	2.8%
Iraq	4,800	4,320	4,220	4,130	4,060	-1.7%
Saudi Arabia	12,000	8,990	8,990	8,950	8,950	0.0%
Total OPEC	33,490	27,090	26,530	26,900	27,020	0.4%

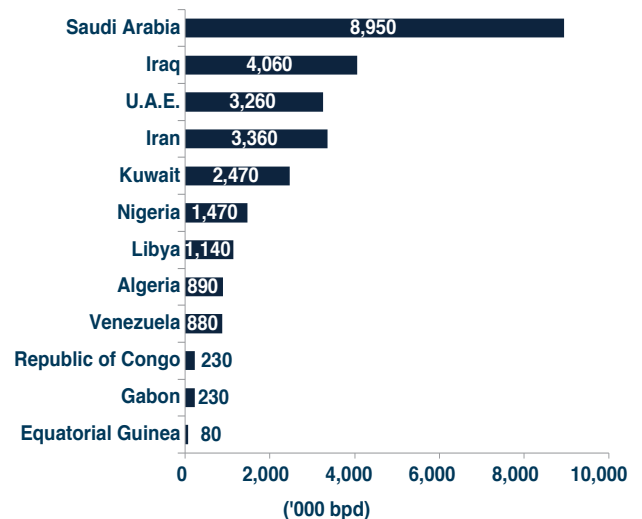
Source: Bloomberg

Figure 1: World Oil Production



Source: Bloomberg, AlJazira Capital Research

Figure 2: OPEC November Oil Production ('000 bpd)



Source: Bloomberg

Crude oil demand

Global

- OPEC estimates a 1.6 mbpd increase in global consumption in FY24, lower than the previous month's estimate by 210,000 bpd. IEA estimates global oil demand to grow 0.8 mbpd in FY24 (vs. previous month's forecast of 0.9 mbpd growth) and 1.1 mbpd growth in FY25 (vs. 1.0 mbpd earlier). As per EIA, global consumption of petroleum and liquid fuels is forecasted to average at 103.0 mbpd in FY24 (lower than last month's estimate of 103.1 mbpd; +0.9 mbpd Y/Y) and increase further by 1.3 mbpd Y/Y in FY25 (higher than 1.2 mbpd increase earlier).
- Global demand for petroleum and liquid fuels stood at 103.4 mbpd in November, up 0.7% Y/Y, as per EIA.
- DoC (countries participating in the Declaration of Cooperation) crude demand for FY24 is forecasted to grow 0.3 mbpd Y/Y to 42.4 mbpd, according to OPEC. The DoC demand is estimated to increase to 42.7 mbpd in FY25, up by around 0.3 mbpd Y/Y.

Inventory

- Global oil inventories fell by 39.3 mb in October. OECD industry stocks decreased 30.9 mb to 2,778 mb, as per IEA.
- EIA forecasts OECD inventories to stand at 2.76bn barrels by end-FY24 and remain at 2.76bn by end-FY25.
- Natural gas inventories in the US are estimated to reach 1,920 bn cu. ft. by the end of March 2025, 2% above five-year average, as per EIA.

Figure 3: OECD Monthly Oil Inventories



Source: US EIA, AlJazira Capital Research

Price outlook

- Brent spot prices are forecasted to average USD 80 per barrel in FY24 and at USD 74 per barrel in FY25, as per EIA.
- HSBC forecasts average Brent prices at USD 70 per barrel in FY25. Morgan Stanley also expects oil prices to average USD 70 per barrel next year. EIA expects natural gas prices at Henry Hub to average USD 2.20/mn Btu in FY24 and USD 3.00/mn Btu in FY25.

Table 4: World Oil Demand and Supply

(mbpd)	FY23				FY24E				FY23	FY24E	FY25E
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
World Crude Oil & Liq. Fuels Supply											
OPEC Supp.	32.77	32.46	31.63	31.88	32.04	31.91	32.52	32.42	32.18	31.87	32.43
Non-OPEC Suppl.	68.85	69.16	70.19	71.16	69.87	70.39	70.59	71.23	69.84	70.52	72.01
Total World Supply	101.55	101.60	101.82	103.09	102.03	102.48	102.62	103.24	102.02	102.59	104.24
World Crude Oil & Liq. Fuels Cons.											
OECD Cons.	45.26	45.52	45.90	46.00	44.80	45.55	46.11	46.12	45.67	45.65	45.74
Non-OECD Cons.	56.01	56.60	56.66	56.59	57.38	57.57	57.16	57.42	56.47	57.38	58.58
Total World Cons.	101.27	102.12	102.56	102.59	102.18	103.12	103.27	103.54	102.14	103.03	104.32
OECD Comm. Inventory (mn barrels)	2,748	2,781	2,816	2,766	2,757	2,836	2,807	2,763	2,766	2,763	2,758
OPEC Surplus Crude Oil Prod. Cap.	1.94	2.20	1.93	1.42	1.42	1.34	1.50	n/a	1.88	n/a	n/a

Source: EIA STEO December 2024, AlJazira Capital Research

- The gap between crude consumption and supply is estimated to decrease to 0.30 mbpd in Q4-24 (higher consumption than supply) from 0.65 mbpd in Q3-24 (higher consumption than supply).
- OECD's crude inventories are expected to be at 2.76bn barrels in Q4-24 compared to 2.81bn barrels in Q3-24.

Petrochemical sector news

- **Sahara International Petrochemical Co. (Sipchem)** started, on December 5, the periodic turnaround maintenance of its affiliate Sahara and Maaden Petrochemicals Co. (SAMAPCO) plant. The maintenance process will last 35 days. Sipchem added that the related financial impact is expected to show in Q4-24 and Q1-25. (Source: Tadawul)
- **Methanol Chemicals Co. (Chemanol)** announced that the General Authority of Foreign Trade issued a decision imposing anti-dumping duties on imports of Sulfonated Naphthalene Formaldehyde – concrete additives – from China and Russia. The company confirmed that it is the largest manufacturer of concrete additives in the Kingdom, with an annual production of nearly 163,000 tons. (Source: Tadawul)
- Moody's Investors Services upgraded its outlook on **Saudi Aramco** and **Saudi Basic Industries Corp. (SABIC)** along with other three companies from "A1" to "Aa3". The future outlook was also changed from "Positive" to "Stable". (Source: Argaam)
- **Nama Chemicals Co.** received an official notice of violation from the Saudi Industrial Development Fund regarding its commitment to the guarantee provided under the loan agreement for Jubail Chemical Industries Co. The first loan amounts to SAR 139.9mn, while the second is valued at SAR 276.0mn. Nama fully guarantees both loans. (Source: Tadawul)
- Deputy Minister for Industry Affairs, Khalil Ibrahim bin Salamah inaugurated the new Baalbaki Chemical Industries plant of **Basic Chemical Industries Co. (BCI)** in Riyadh Second Industrial City. The plant spans a total area of 10,000 sq. m. The fully automated facility, the first of its kind in the Kingdom and the region, boasts an initial production capacity of 40,000 tons annually in its first phase, increasing to 60,000 tons in the second phase by next year. (Source: Argaam)
- **SABIC's** CEO Abdulrahman Al-Fageeh expects sales to grow with new plant completions in China's Fujian complex and Jubail MTBE facility. He noted Fujian's capacity exceeds 5.0mn metric tons annually, with Jubail contributing over 1.0mn metric tons upon completion. (Source: Argaam)
- **Saudi Aramco**, Sinopec, and FPCL broke ground on a new integrated refining and petrochemical complex in Fujian Province, China. The project will feature a 16.0mn tons-per-year oil refining unit, a 1.5mn tons-per-year ethylene unit, a 2.0mn tons-per-year paraxylene unit with downstream derivatives, and a 300,000-ton crude oil terminal. (Source: Argaam)
- **Saudi Aramco**, through its wholly owned subsidiary, Aramco Asia Singapore Pte. Ltd., completed the purchase of a 10.0% stake in Horse Powertrain Ltd, based on an institutional valuation of Horse Powertrain at EUR 7.4bn.

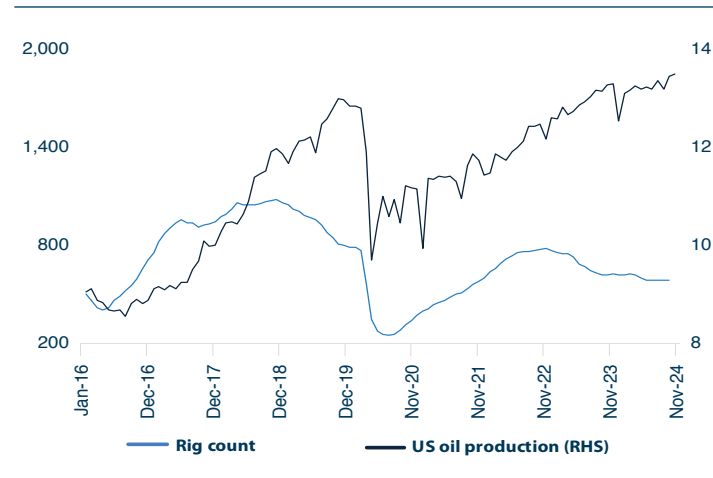
Table 5: KSA Petrochemical Companies Key Metrics

Company	Net profit (TTM; SAR mn)	P/E (Adjusted)	P/B	EV/ EBITDA	DPS (SAR) TTM	Dividend Yield (2023)	YTD returns
SABIC	1,702.1	High	1.3x	13.6x	3.30	4.8%	-17.7%
TASNEE	52.7	High	0.7x	14.6x	-	-	-16.8%
YANSAB	473.3	45.0x	1.8x	49.2x	1.75	4.6%	-0.5%
SABIC Agri-Nutrients	3,351.1	15.4x	2.9x	High	6.00	5.3%	-18.7%
Sipchem	564.8	High	1.2x	13.1x	1.00	4.0%	-26.9%
Advanced	51.6	High	2.7x	13.3x	-	-	-15.3%
KAYAN	-1,740.2	NEG	0.9x	12.2x	-	-	-36.6%
SIIG	201.2	High	1.3x	-	1.00	5.8%	-22.5%
Nama Chemical	-86.7	NEG	3.1x	11.0x	-	-	-16.7%
Chemanol	-171.4	NEG	1.3x	41.5x	-	-	-9.9%
ALUJAIN	-0.7	NEG	0.7x	-	-	-	-4.0%

Source: Bloomberg, Tadawul, Argaam, Aljazira Capital Research; Data as of December 12, 2024

US oil and gas developments

Figure 4: US Oil Production versus Rig Count

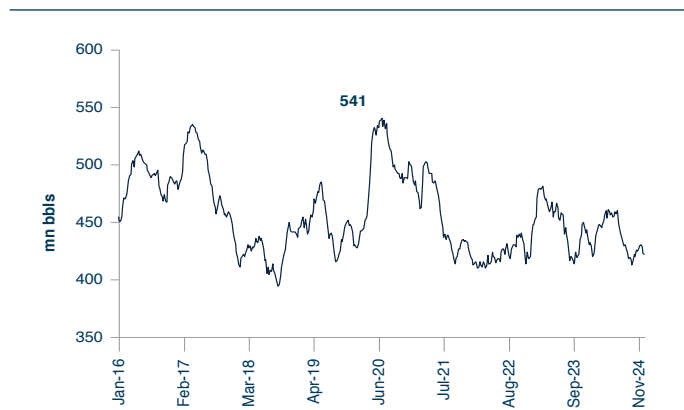


Source: US EIA, AlJazira Capital Research

US oil production averaged 13.50 mbpd in November 2024. Production increased 0.4% M/M and 1.7% Y/Y from 13.28 mbpd in November 2023.

In the week ended November 27, the rotary rig count in the US stood at 582 (down 1 W/W). The average number of rigs fell 0.2% M/M in November vis-à-vis a decrease of 0.3% in October. The average rig count was down 5.6% Y/Y in November. As of December 13, of the total 589 rigs, 482 (unchanged W/W) were used to drill for oil and 103 (up 1 W/W) for natural gas. In the US, oil exploration decreased 3.8% Y/Y, while gas exploration declined 13.4% Y/Y.

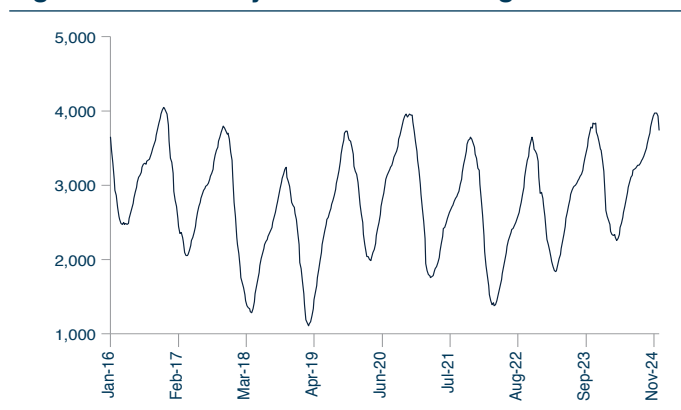
Figure 5: US Weekly Oil Inventories



- US weekly oil inventories decreased 1.2% W/W to 423.8mn barrels for the week ended November 29. On M/M basis, inventories fell 0.5%.

Source: US EIA, AlJazira Capital Research

Figure 6: US Weekly Natural Gas Storage

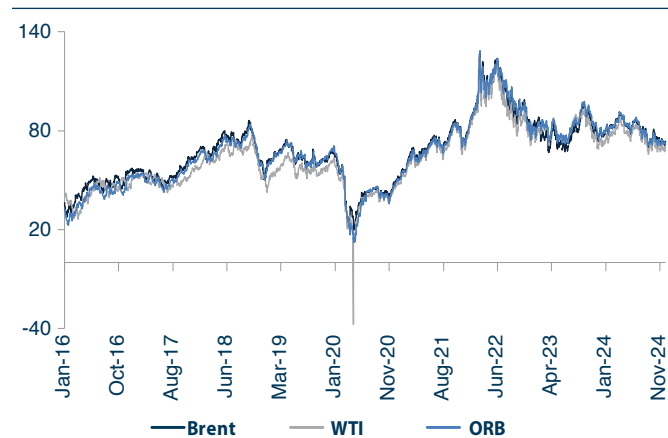


- US weekly natural gas storage decreased 0.8% W/W to 3,937 bcf in the week ended November 29. On M/M basis, natural gas storage rose 1.9%.

Source: US EIA, AlJazira Capital Research

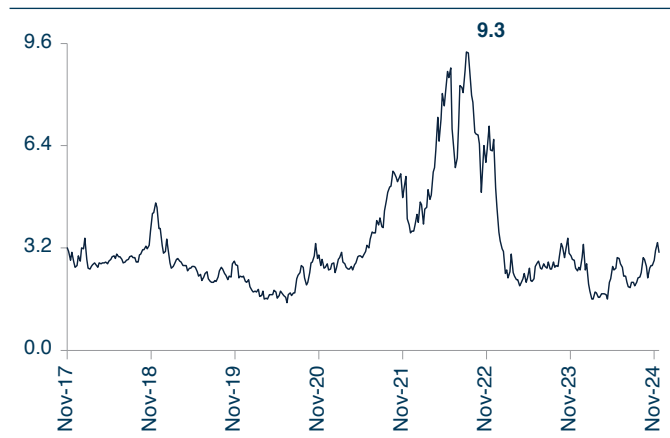
Price Trend: Oil, Natural Gas & Petrochemicals Products

Figure 7: Oil Price Trends (USD per Barrel)



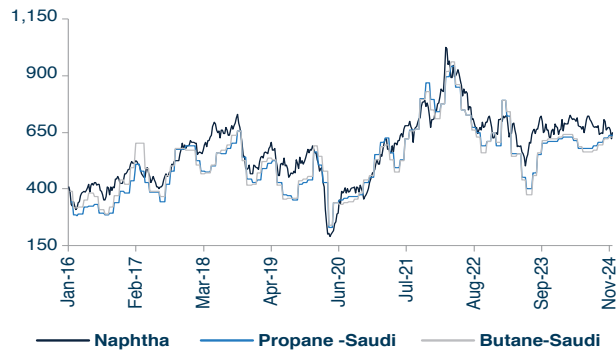
Source: Reuters Eikon, AlJazira Capital Research

Figure 8: Henry Hub Natural Gas (USD per MMBTu)



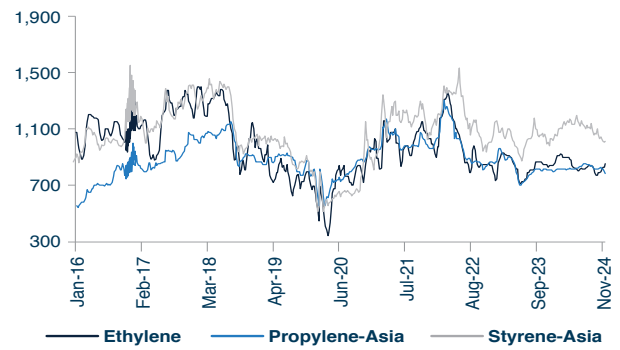
Source: OPEC, AlJazira Capital Research

Figure 9: Feedstock Price Trends (USD per Ton)



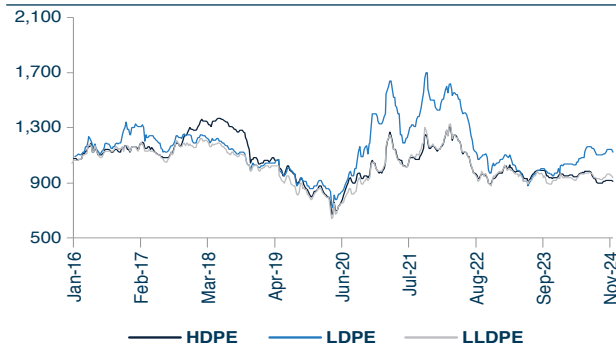
Source: Argaam, ALJazira Capital Research

Figure 10: Basic Petchem Price Trends (USD per Ton)



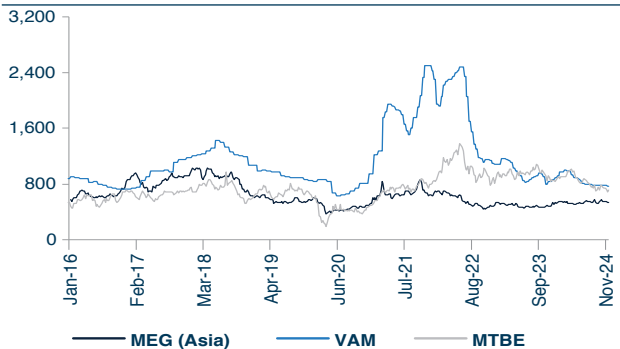
Source: Argaam, ALJazira Capital Research

Figure 11: Polyethylene Price Trends (USD per Ton)



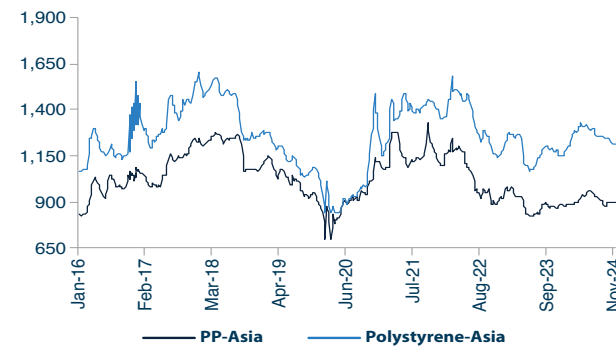
Source: Argaam, ALJazira Capital Research

Figure 12: Intermediates Price Trends (USD per Ton)



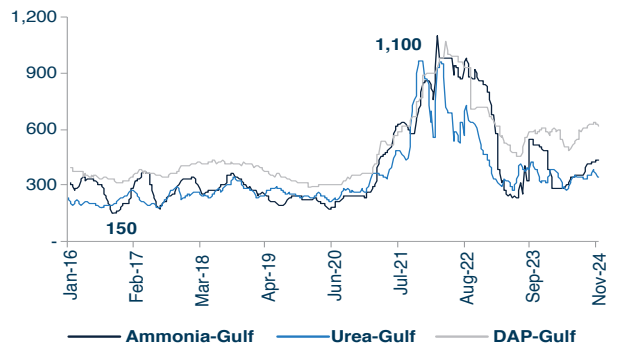
Source: Argaam, ALJazira Capital Research

Figure 13: Polypropylene & Polystyrene



Source: Argaam, ALJazira Capital Research

Figure 14: Ammonia, Urea & DAP



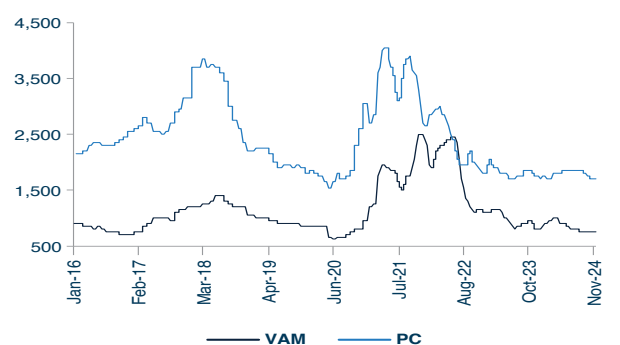
Source: Argaam, ALJazira Capital Research

Figure 15: Methanol-China (USD per Ton)



Source: Argaam, ALJazira Capital Research

Figure 16: PC-VAM

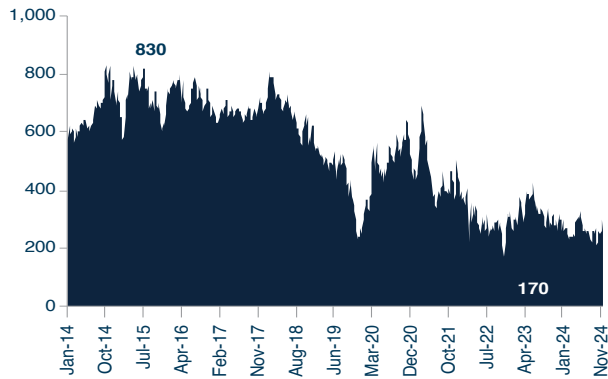


Source: Argaam, ALJazira Capital Research

Petchem Spreads Trend

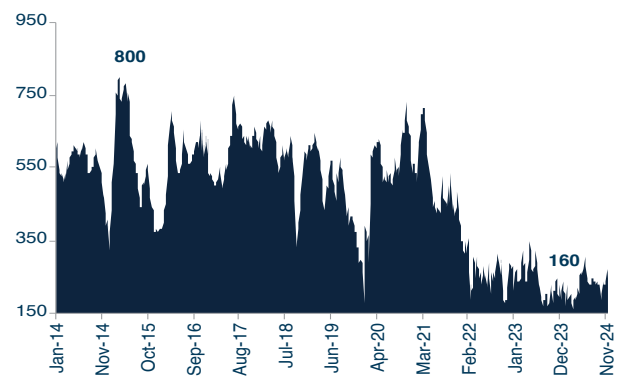
- Naphtha prices averaged USD 650 per ton in November, down from USD 684 per ton in October.
- Polypropylene average prices fell slightly to USD 898 per ton in November from USD 899 per ton in October.
- The HDPE-naphtha spread rose to USD 264 per ton in November from USD 231 per ton in October.
- The PP-naphtha spread expanded to USD 248 per ton from USD 215 per ton during the previous month.
- The PP-propane spread inched down to USD 390 per ton in November from USD 399 per ton in October.
- The PVC-EDC spread decreased to USD 506 per ton in November from USD 510 per ton in October.
- The polystyrene-benzene spread expanded to USD 325 per ton in November compared to USD 311 per ton in October.
- The HDPE-ethylene spread declined to USD 83 per ton in November from USD 128 per ton in October.
- PP-butane spread dropped to USD 394 per ton in November from USD 403 per ton in October.
- LDPE-naphtha spread widened 9.3% M/M at USD 485 per ton, while LDPE-ethylene spread contracted 10.7 % M/M to USD 304 per ton in November.
- LLDPE-naphtha spread rose 12.6% to USD 301 per ton. Whereas LLDPE-ethylene dropped 26.7% M/M to USD 120 per ton in November.

Figure 17: Naphtha- HDPE



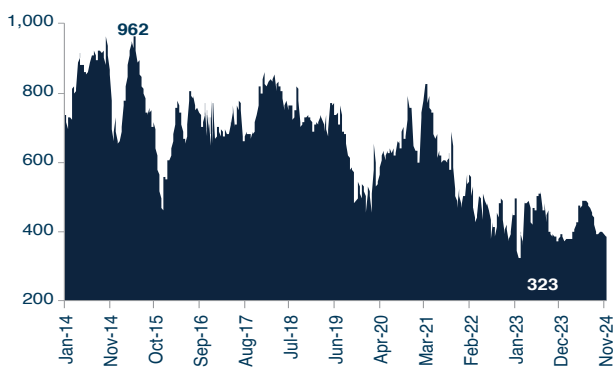
Source: Argaam, AlJazira Capital Research

Figure 18: Naphtha- PP



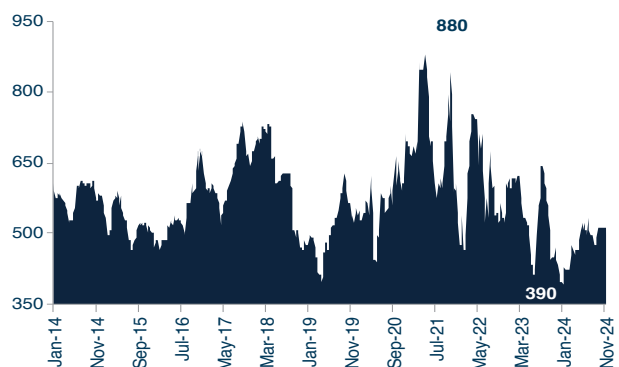
Source: Argaam, AlJazira Capital Research

Figure 19: Propane (Saudi) - PP



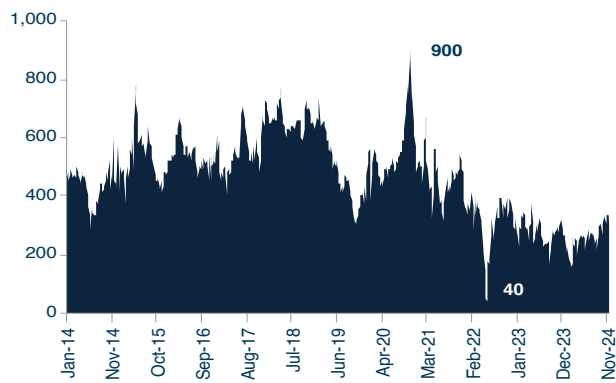
Source: Argaam, AlJazira Capital Research

Figure 20: EDC- PVC



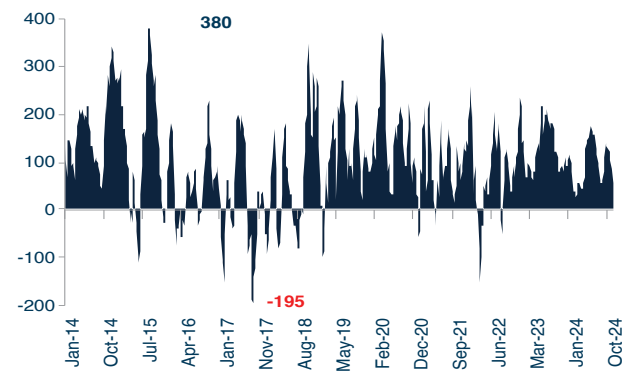
Source: Argaam, AlJazira Capital Research

Figure 21: Benzene- Polystyrene



Source: Argaam, ALJazira Capital Research

Figure 22: Ethylene- HDPE



Source: Argaam, ALJazira Capital Research

Table 6: Petrochemical Products by Saudi Petrochemical Companies

Company	Finished Products
SABIC	Polyethylene, polypropylene, poly styrene, ethylene glycol (MEG), methyl tert-butyl ether (MTBE), benzene, urea, ammonia, PVC, and PTA
SABIC Agri- Nutrients	Urea, ammonia
YANSAB	Polyethylene, polypropylene, MEG, MTBE, and benzene
Tasnee	Polyethylene, polypropylene, and propylene (TiO2)
Saudi Kayan	Polyethylene, polypropylene, MEG, polycarbonate, and bisphenol A
Petro Rabigh	Polyethylene, polypropylene, propylene oxide, and refined petroleum products
Sahara Petrochemicals (Sipchem)	Polyethylene, polypropylene, Methanol, butanol, acetic acid, and vinyl acetate monomer
Saudi Group	Styrene, benzene, cyclohexene, propylene, polyethylene, polypropylene, and polystyrene
Advanced	Polypropylene
Alujain	Polypropylene
CHEMANOL	Formaldehyde – improvers concrete
NAMA	Epoxy resin, hydrochloric acid, liquid caustic soda, and soda granule
MAADEN	Ammonia and DAP

Source: Argaam Plus



RESEARCH DIVISION

Head of Sell-Side Research - AGM
Jassim Al-Jubran
+966 11 2256248
j.aljabran@aljaziracapital.com.sa

RESEARCH
DIVISION

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RATING
TERMINOLOGY

1. **Overweight:** This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. **Underweight:** This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. **Neutral:** The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. **Suspension of rating or rating on hold (SR/RH):** This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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Head Office: King Fahad Road, P.O. Box: 20438, Riyadh 11455, Saudi Arabia, Tel: 011 2256000 - Fax: 011 2256068