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2021

الجزيرة كابيتال

ALJAZIRA CAPITAL الجزيرة للأسواق المالية



Oil & Petrochemicals Monthly Report - Oct 2021

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Urea, Acetic Acid, and VAM prices surged in October; Aramco hiked propane and butane prices for November to seven and a half year high.

- **Naphtha, propane, and butane prices jumped:** Prices of naphtha rose 11.3% M/M in October to USD 790 per ton. Likewise, propane and butane prices jumped 20.3% and 19.5%, to USD 800 per ton and USD 795 per ton, respectively. For November, Aramco further increased propane and butane prices to the highest in seven and half years to USD 870 per ton and USD 830 per ton, respectively, due to continued global feedstock hikes.
- **Basic and end products prices rose; intermediates were directionless:** Ethylene prices rose 6.0% M/M to USD 1,150 per ton in October. HDPE prices rose 11.8% to USD 1,230 per ton, while LDPE prices gained 18.1% to reach USD 1,700 per ton. LLDPE prices were up 9.6% in October. PP prices advanced 6.1% M/M to USD 1,225 per ton. Urea prices surged 54.5% to USD 780 per ton due to tighter supply, as several plants shut down due to high gas prices. Ammonia prices rose 8.4%, while DAP prices were also up by 8.9%. EDC prices soared 33.1% to USD 1,005 per ton due to the high value of downstream PVC, which rose 19.7% M/M in October. VAM prices grew 32.9% to USD 2,325 per ton due to tight supply and higher demand from the construction and packaging sectors. PET prices climbed 25.9% to USD 1,190 per ton due to high energy costs.
- **Manufacturing activity slowed in the US and Eurozone; improved in China:** US ISM Manufacturing PMI decreased to 60.8 in October from 61.1 in September due to continued supply chain constraints, which caused record-high lead times across industries. China's Caixin manufacturing PMI rose to 50.6 from 50.0 in the previous month, mainly driven by domestic demand. Eurozone manufacturing PMI was down slightly to 58.5 in October from 58.6 in September.

OPEC+ status quo on supply and 'gas-to-oil switching' kept oil prices up in October; inflation concerns dragged prices in early November

- **Crude oil continued uptrend in October:** Oil prices started the month on a positive note with OPEC+ sticking to the earlier agreed rate of 400,000 bpd per month output increase until April 2022. The prices continued to rise further during the second and third week of the month, driven by higher demand, as power providers switched to oil as a fuel amid increasing coal and gas prices. However, the oil price fell towards the end of the month, driven by expectations of the US taking action to ease the oil prices and concerns of a return of Iranian supply into the market.

Brent prices rose 8.1% M/M, while WTI advanced by 13.0% M/M in October, ending at USD 84.4/bbl and USD 83.6/bbl, respectively. The Brent-WTI spread contracted to USD 0.8/bbl in October from USD 4.1/bbl in September. Natural gas prices at Henry Hub rose 5.6% M/M to USD 5.4/mn Btu.
- **Oil prices fell in early November:** Oil prices fell in early November over concerns of rising inflation and early rate hike by the US Fed.

Table 1: Petchem Prices – October FY21

| Name | Price (USD per ton) | M/M % | Q/Q % | Y/Y % | YTD % |
|---------------------------|---------------------|-------|-------|--------|--------|
| Naphtha | 790 | 11.3% | 16.2% | 105.2% | 66.3% |
| Saudi Propane | 800 | 20.3% | 29.0% | 113.3% | 77.8% |
| Butane-Saudi | 795 | 19.5% | 28.2% | 109.2% | 72.8% |
| Ethylene | 1,150 | 6.0% | 16.8% | 47.4% | 19.2% |
| Propylene-Asia | 1,040 | 5.6% | 6.1% | 17.5% | 8.9% |
| HDPE | 1,230 | 11.8% | 13.9% | 29.5% | 23.0% |
| LDPE | 1,700 | 18.1% | 29.8% | 45.9% | 21.4% |
| LLDPE | 1,250 | 9.6% | 13.6% | 35.9% | 25.0% |
| PP-Asia | 1,225 | 6.1% | 9.9% | 22.5% | 9.9% |
| Styrene-Asia | 1,280 | 8.0% | 3.6% | 63.1% | 48.8% |
| Polystyrene-Asia | 1,445 | 1.4% | 4.7% | 27.9% | 16.5% |
| PET - Asia | 1,190 | 25.9% | 27.3% | 81.7% | 61.9% |
| PVC-Asia | 1,700 | 19.7% | 37.1% | 60.4% | 46.6% |
| MEG (Asia) | 720 | -0.7% | 2.1% | 48.5% | 37.1% |
| Methanol-China | 370 | 4.2% | 19.4% | 68.2% | 21.3% |
| DAP-Gulf | 670 | 8.9% | 13.6% | 88.7% | 86.1% |
| Urea-Gulf | 780 | 54.5% | 60.8% | 194.3% | 194.3% |
| Ammonia-Gulf | 645 | 8.4% | 3.2% | 168.8% | 174.5% |
| MTBE-Asia | 860 | 11.7% | 13.2% | 123.4% | 75.5% |
| EDC | 1,005 | 33.1% | 44.6% | 136.5% | 87.9% |
| MEG (SABIC) | 1,050 | 20.7% | 23.5% | 64.1% | 59.1% |
| PC | 3,550 | -9.0% | 12.7% | 54.3% | 15.4% |
| Acetic Acid-AA | 1,075 | 15.6% | 29.5% | 190.5% | 68.0% |
| EVA | 3,175 | 13.8% | 39.6% | 97.2% | 51.2% |
| Vinyl Acetate Monomer-VAM | 2,325 | 32.9% | 49.0% | 188.8% | 146.0% |

Note: Prices as of October 31, 2021

Source: Argaam, Reuters Eikon, AlJazira Capital Research

Table 2: Economic Calendar

| Date | Country | Event |
|----------------------|---------|--------------------------------|
| November 03,10,17,24 | US | Weekly Petroleum Status Report |
| 24-Nov | US | GDP Annualized QoQ |
| 27-Nov | US | Initial Jobless Claims |
| 28-Nov | KSA | M3 Money Supply YoY |
| 28-Nov | KSA | SAMA Net Foreign Assets SAR |
| 3-Dec | US | Unemployment Rate |
| 5-Dec | KSA | IHS Markit Saudi Arabia PMI |
| 7-Dec | US | Trade Balance |
| 7-Dec | | EIA Short-term Energy Outlook |
| 11-Dec | US | Monthly Budget Statement |
| 13-Dec | | OPEC Monthly Oil Market Report |
| 14-Dec | KSA | GDP Constant Prices YoY |
| 14-Dec | | IEA Oil Market Report |
| 15-Dec | KSA | CPI YoY |
| 31-Dec | KSA | Unemployment Rate (Saudis) |

Source: Bloomberg, IEA, EIA, OPEC

Key comments from international energy agencies

Crude oil supply

Global supply

- According to IEA, the global oil supply increased by 1.4 mbpd M/M in October, as the US production recovered from hurricane Ida.
- EIA expects global supplies of crude oil and liquid fuels to increase by 1.8 mbpd to 96.0 mbpd in FY21 and further rose by 5.5 mbpd to 101.4 mbpd in FY22. In addition, the agency forecasts non-OPEC supply to rise by 0.8 mbpd to 64.3 mbpd in FY21 and by 3.2 mbpd to 67.5 mbpd in FY22.
- Global refining throughput is likely to increase by around 3.0 mbpd from October through December amid the completion of seasonal maintenance, as per IEA.

OPEC Supply

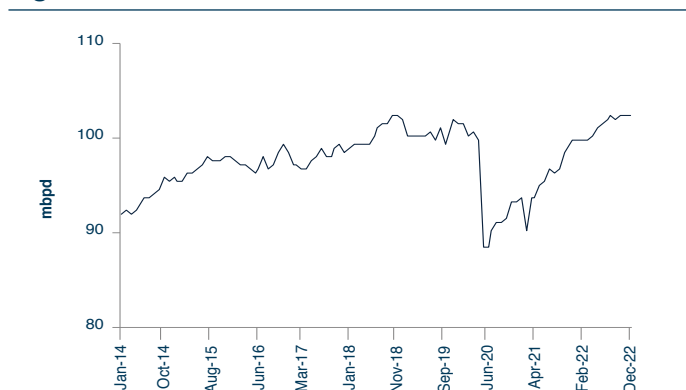
- As per OPEC's secondary sources, OPEC crude oil production increased by 0.22 mbpd M/M in October to average at 27.45 mbpd.
- On average, OPEC members produced 26.9 mbpd of crude oil in Q3-21 compared to 25.5 mbpd in Q2-21, as per EIA. The agency forecasts OPEC production to increase to 27.9 mbpd in Q4-21.
- According to EIA, OPEC's average crude production is anticipated to reach 26.3 mbpd in FY21 and 28.4 mbpd in FY22.
- As per EIA
- OPEC's unplanned oil supply disruptions averaged 2.27 mbpd in October (versus an average of 2.35 for September).

Table 3: OPEC Monthly Oil Production

| Prod. ('000bpd) | Cap. | Jul | Aug | Sep | Oct | % M/M Chg. |
|-------------------|---------------|---------------|---------------|---------------|---------------|-------------|
| Equatorial Guinea | 120 | 100 | 100 | 110 | 110 | 0.0% |
| Gabon | 220 | 170 | 180 | 200 | 180 | -10.0% |
| Republic of Congo | 300 | 270 | 270 | 250 | 290 | 16.0% |
| Venezuela | 600 | 490 | 540 | 540 | 540 | 0.0% |
| Algeria | 1,060 | 910 | 920 | 930 | 940 | 1.1% |
| Libya | 1,200 | 1,170 | 1,130 | 1,140 | 1,120 | -1.8% |
| Angola | 1,200 | 1,110 | 1,110 | 1,170 | 1,100 | -6.0% |
| Nigeria | 1,600 | 1,520 | 1,430 | 1,500 | 1,440 | -4.0% |
| Iran | 3,830 | 2,520 | 2,520 | 2,500 | 2,530 | 1.2% |
| Kuwait | 2,715 | 2,410 | 2,450 | 2,480 | 2,500 | 0.8% |
| U.A.E. | 4,200 | 2,750 | 2,770 | 2,800 | 2,840 | 1.4% |
| Iraq | 4,800 | 3,970 | 4,080 | 4,130 | 4,180 | 1.2% |
| Saudi Arabia | 11,500 | 9,430 | 9,630 | 9,690 | 9,810 | 1.2% |
| Total OPEC | 33,345 | 26,820 | 27,130 | 27,440 | 27,580 | 0.5% |

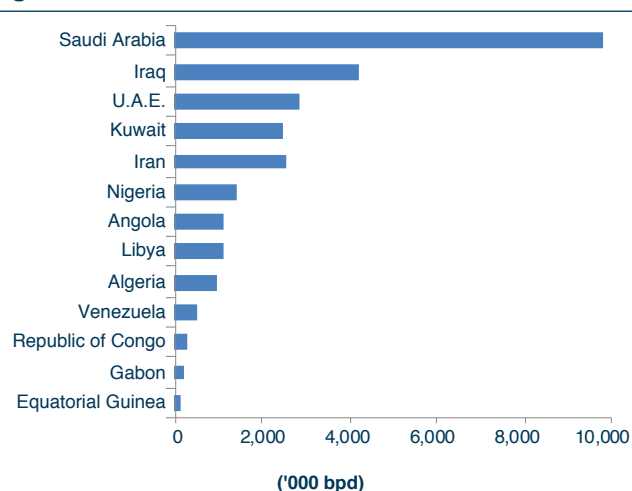
Source: Bloomberg

Figure 1: World Oil Production



Source: OPEC, AlJazira Capital Research

Figure 2: OPEC October Oil Production



Source: Bloomberg

Crude oil demand

Global

- OPEC forecasts global consumption to increase by 5.7 mbpd Y/Y in FY21, revised down by 0.16 mbpd from the previous month's estimate. IEA forecasts growth of 5.5 mbpd Y/Y in global oil demand in FY21, which is anticipated to increase further by 3.4 mbpd in FY22. EIA estimates global consumption of petroleum and liquid fuels to average 97.5mbpd in FY21 (+5.1 mbpd Y/Y) and 100.9 mbpd in FY22 (+3.3 mbpd Y/Y).
- As per EIA, the global demand for petroleum and liquid fuels stood at 98.87 mbpd in September, indicating a rise of 4.5 mbpd Y/Y.

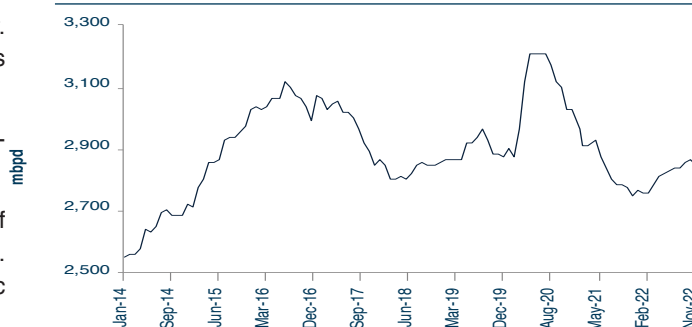
OPEC

- OPEC lowered the cartel's demand forecast by 0.1 mbpd to an average of 27.6 mbpd in FY21, increasing 4.9 mbpd Y/Y.
- OPEC demand for FY22 is estimated to grow 1.0 mbpd Y/Y to 28.7 mbpd (revised down by 0.1 mbpd from the previous estimate).

Inventory

- OECD industry stock fell 51.0 mb to 2,762 mb in September. However, initial data for October showed that industry stocks increased marginally, according to IEA.
- EIA forecasts OECD inventories to stand at 2.75bn barrels by end-FY21 and at 2.85bn by end-FY22.
- Natural gas inventories in the US stood at 3.6tn cubic feet as of October 2021, 3% below the five-year average, according to EIA. Natural gas inventories are forecasted to decrease to 1.6tn cubic feet by the end of March 2022.

Figure 3: OECD Monthly Oil Inventories



Source: US EIA, AlJazira Capital Research

Price outlook

- EIA expects **Brent spot prices** will average at USD 82 per barrel in Q4-21. In FY22, Brent prices are estimated to average USD 72 per barrel due to growth in supply from OPEC+, the US, and other non-OPEC nations and decelerating demand growth.
- Goldman Sachs forecast **oil price** to reach USD 90 per barrel by the end of FY21 and to hit USD 110 per barrel in FY22. Bank of America estimates the price to reach USD 120 per barrel by the end of June 2022.
- EIA estimates **Natural gas prices** at Henry Hub to average at USD 5.53/mn Btu from November through February and at USD 3.93/mn Btu in FY22.

Table 4: World Oil Demand and Supply

| (mbpd) | FY20 | | | | FY21E | | | | FY20 | FY21E | FY22E |
|--|---------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | |
| World Crude Oil & Liq. Fuels Supply | | | | | | | | | | | |
| OPEC Supp. | 33.50 | 30.72 | 28.65 | 30.00 | 30.36 | 30.76 | 32.23 | 33.32 | 30.71 | 31.68 | 33.90 |
| Non-OPEC Suppl. | 67.24 | 61.58 | 62.36 | 62.74 | 62.44 | 64.01 | 64.58 | 66.08 | 63.48 | 64.29 | 67.52 |
| Total World Supply | 100.74 | 92.30 | 91.01 | 92.74 | 92.80 | 94.78 | 96.82 | 99.40 | 94.19 | 95.97 | 101.42 |
| World Crude Oil & Liq. Fuels Cons. | | | | | | | | | | | |
| OECD Cons. | 45.50 | 37.45 | 42.27 | 42.84 | 42.30 | 43.94 | 45.40 | 45.85 | 42.02 | 44.38 | 45.56 |
| Non-OECD Cons. | 50.33 | 47.44 | 51.21 | 52.59 | 52.39 | 52.75 | 53.20 | 54.25 | 50.40 | 53.15 | 55.32 |
| Total World Cons. | 95.83 | 84.90 | 93.47 | 95.43 | 94.68 | 96.69 | 98.59 | 100.10 | 92.42 | 97.53 | 100.88 |
| OECD Comm. Inventory (mn barrels) | 2,970 | 3,206 | 3,168 | 3,025 | 2,914 | 2,873 | 2,782 | 2,751 | 3,025 | 2,751 | 2,851 |
| OPEC Surplus Crude Oil Prod. Cap. | 3.72 | 4.18 | 4.35 | 3.45 | 2.73 | 2.38 | 2.37 | n/a | 3.92 | n/a | n/a |

Source: EIA STEO November 2021, AlJazira Capital Research

- The gap between crude consumption and supply is estimated to contract to 0.70 mbpd in Q4-21 (higher consumption than supply) from 1.77 mbpd in Q3-21 (higher consumption than supply).
- OECD's crude inventories are expected to be at 2.75bn barrels in Q4-21, lower than 2.79bn in Q3-21.

Petrochemical sector news

- **Saudi Basic Industries Corp. (SABIC)** announced the initial startup activities at the ethylene glycol plant (3). The plant will produce 700,000 metric tons annually of mono-ethylene glycol (MEG). The financial impact is expected to show after the initial startup activities and the start of commercial operation. The facility is 100% complete and there is no change in the project's work scope or the related cost. (Source: Argaam)
- **Saudi Industrial Investment Group (SIIG)** shut down the Saudi Chevron Phillips facility for a 27-day scheduled maintenance and catalyst replacement as of November 01. The relevant financial impact will appear in Q4-21. (Source: Argaam)
- **SIIG** signed a binding merger agreement with **National Petrochemical Co. (Petrochem)**. Under the agreement, SIIG will offer to acquire all the issued shares in Petrochem that are not owned by the company in return for issuing new shares to Petrochem's shareholders in SIIG. (Source: Argaam)
- **Methanex Corp.**, the world's largest producer and supplier of Methanol, increased its Asian contract price (ACP) for November 2021 by USD 90 M/M) to USD 600 per ton, the highest level since January 2008. (Source: Argaam)
- **SABIC** announced local urea and diammonium phosphate (DAP) fertilizers prices for November 2021. SABIC increased local urea prices by SAR 375 per ton to SAR 2,137 per ton in November, compared to the previous month. Urea prices for November are considered the highest in more than 13 years or since September 2008, when it hit SAR 2,830. (Source: Argaam)
- Moody's affirmed the credit ratings for **Saudi Aramco** and **SABIC** at 'A1', while amended its outlook from 'Negative' to 'Stable'. The ratings directly consequence the sovereign rating action and reflect the credit linkages between the government and the two companies.
- **Rabigh Refining and Petrochemical Co.'s** board of directors approved reappointing Ibrahim Al-Buainain as Chairman and Noriaki Takeshita as Deputy Chairman. (Source: Argaam)
- **Nama Chemicals Co.** safely completed the scheduled periodic maintenance works for the Hassad project, an affiliate with Jubail Chemical Industries Co. The hydrochloric acid, caustic, and sodium hypochlorite plants resumed operations on October 20, while works were underway to operate the allyl alcohol and epichlorohydrin plants. The maintenance costs amount to SAR 19.6mn. (Source: Argaam)

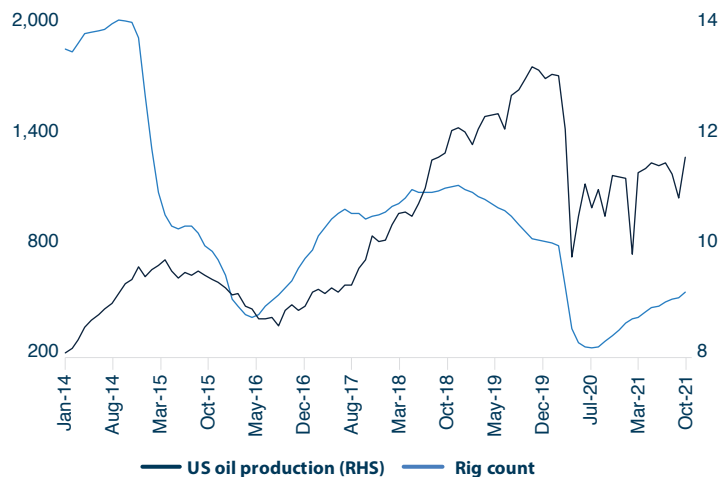
Table 5: KSA Petrochemical Companies Key Metrics

| Company | Net profit (TTM; SAR mn) | P/E | P/B | EV/ EBITDA | DPS (2020,SAR) | Dividend yield | YTD returns |
|-----------------------------|-----------------------------|-------|------|------------|-------------------|----------------|-------------|
| SABIC | 20,348.4 | 18.9x | 2.2x | 10.6x | 3.0 | 2.3% | 26.6% |
| TASNEE | 845.3 | 18.4x | 2.0x | High | - | - | 78.2% |
| YANSAB | 1,529.1 | 26.9x | 2.8x | 12.2x | 2.5 | 3.4% | 14.4% |
| SABIC Agri-Nutrients | 2,698.7 | 32.0x | 6.9x | 20.6x | 2.0 | 1.1% | 127.8% |
| Sipchem | 2,588.5 | 12.1x | 2.2x | 8.0x | 0.5 | 1.2% | 148.9% |
| Advanced | 833.5 | 18.8x | 3.9x | 14.9x | 2.6 | 3.6% | 7.9% |
| KAYAN | 2,099.8 | 13.7x | 1.8x | 8.9x | - | - | 33.9% |
| Petrochem | 1,409.1 | 14.4x | 2.3x | 8.9x | 0.8 | 1.8% | 27.7% |
| SIIG | 1,118.5 | 12.3x | 2.1x | 8.2x | 1.0 | 2.9% | 24.5% |
| Nama Chemicals | -0.3 | NA | 2.7x | 24.7x | - | - | 9.9% |
| Chemanol | 150.4 | 20.0x | 2.6x | 10.1x | - | - | 59.8% |

Source: Bloomberg, Argaam, Aljazira Capital Research

US oil and gas developments

Figure 4: US Oil Production versus Rig Count

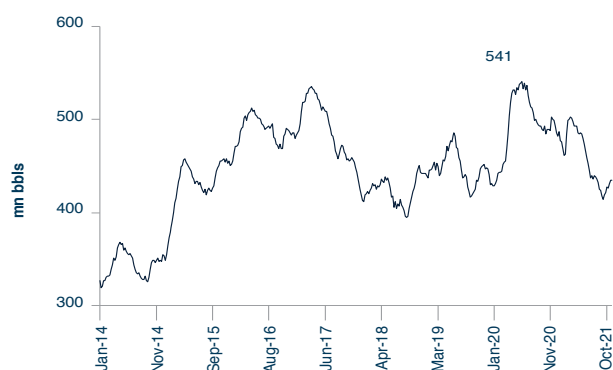


Source: US EIA, AlJazira Capital Research

US oil production averaged 11.42 mbpd in October 2021. Production rose 6.5% M/M from 10.72 mbpd in September while increasing 9.7% Y/Y from 10.41 mbpd in October 2020.

In the week ended October 29, the rotary rig count in the US stood at 544 (up 2 W/W). The average number of rigs rose 5.9% M/M in October, vis-à-vis a rise of 1.5% in September. The average rig count was up 92.1% Y/Y in October. As of November 12, of the total 556 rigs, 454 (up 4 W/W) were used to drill for oil and 102 (up 2 W/W) for natural gas. In the US, oil exploration surged 92.0% Y/Y, while gas exploration increased 40.0% Y/Y.

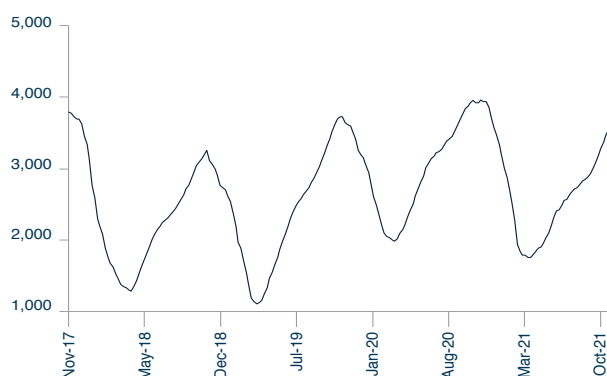
Figure 5: US Weekly Oil Inventories



- US weekly oil inventories rose 0.8% W/W to 434.1mn barrels for the week ended October 29. On M/M basis, inventories increased 3.7% in October 2021.

Source: US EIA, AlJazira Capital Research

Figure 6: US Weekly Natural Gas Storage

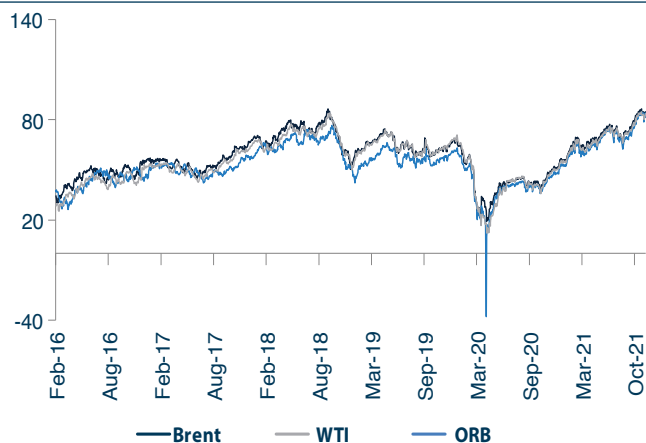


- US weekly natural gas storage increased 1.8% W/W to 3,611 bcf in the week ended October 29. On M/M basis, natural gas storage rose 13.9% in October 2021.

Source: US EIA, AlJazira Capital Research

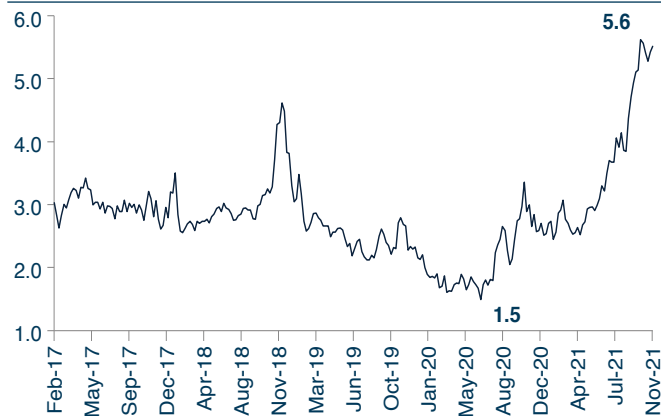
Price Trend: Oil, Natural Gas & Petrochemicals Products

Figure 7: Oil Price Trends (USD per Barrel)



Source: Reuters Eikon, AlJazira Capital Research

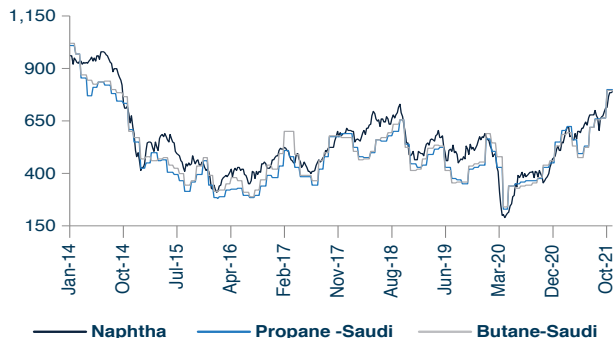
Figure 8: Henry Hub Natural Gas (USD per MMBTu)



Source: OPEC, AlJazira Capital Research

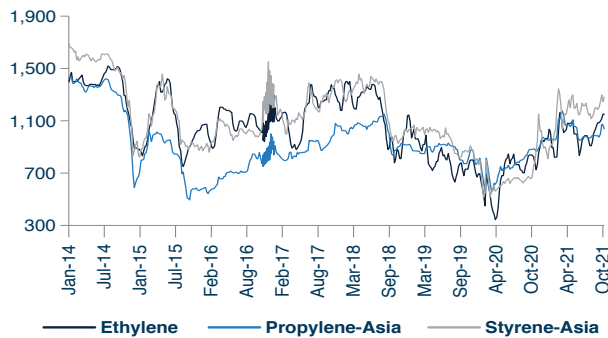


Figure 9: Feedstock Price Trends (USD per Ton)



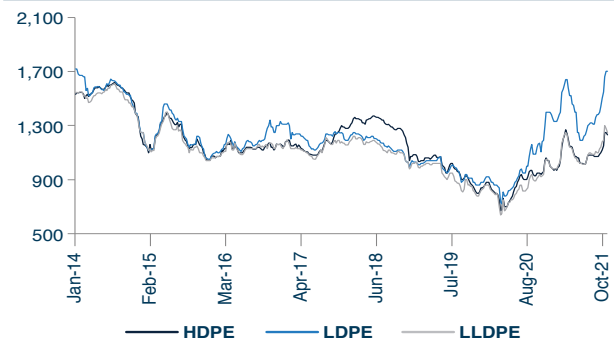
Source: Argaam, AlJazeera Capital Research

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



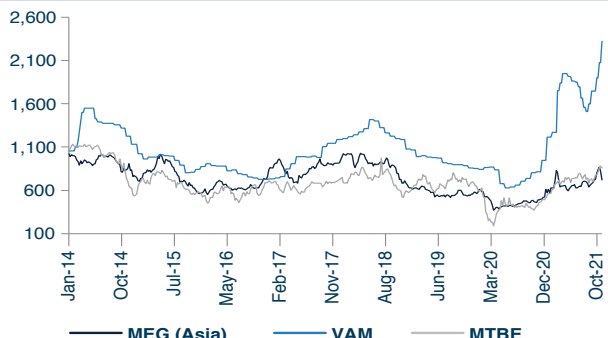
Source: Argaam, AlJazeera Capital Research

Figure 11: Polyethylene Price Trends (USD per Ton)



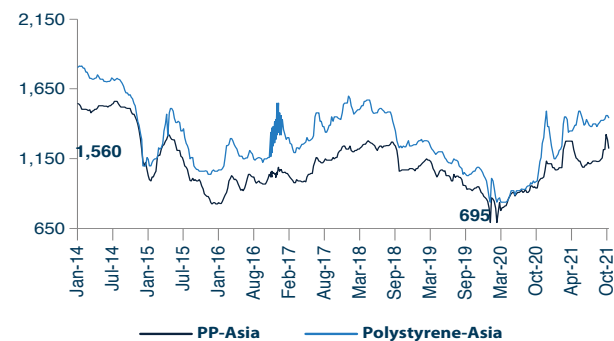
Source: Argaam, AlJazeera Capital Research

Figure 12: Intermediates Price Trends (USD per Ton)



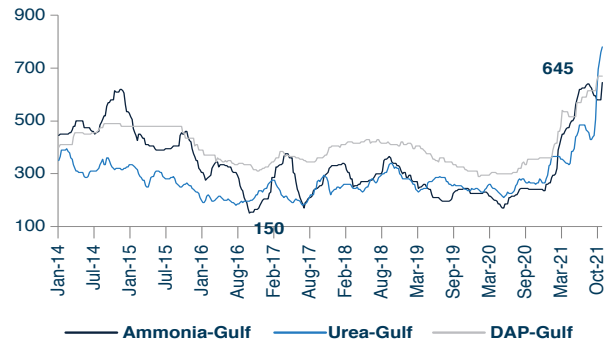
Source: Argaam, AlJazeera Capital Research

Figure 13: Polypropylene & Polystyrene



Source: Argaam, AlJazeera Capital Research

Figure 14: Ammonia, Urea & DAP



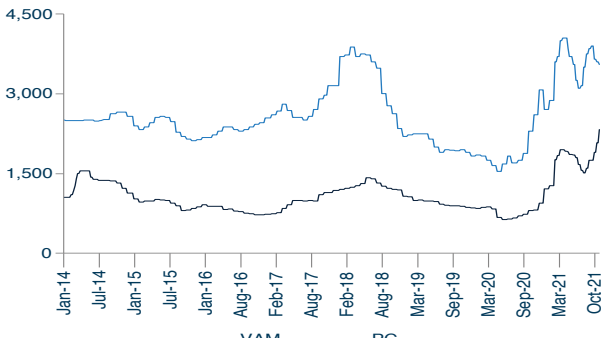
Source: Argaam, AlJazeera Capital Research

Figure 15: Methanol-China (USD per Ton)



Source: Argaam, AlJazeera Capital Research

Figure 16: PC-VAM



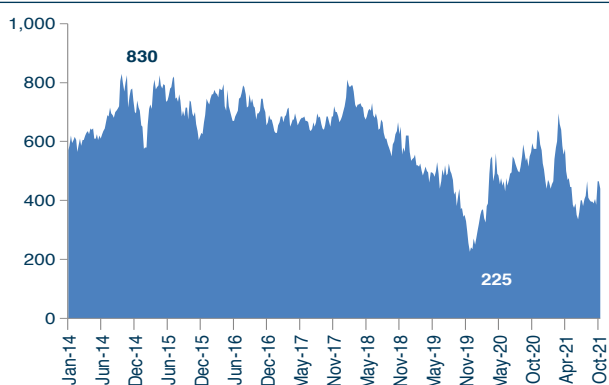
Source: Argaam, AlJazeera Capital Research



Petchem Spreads Trend

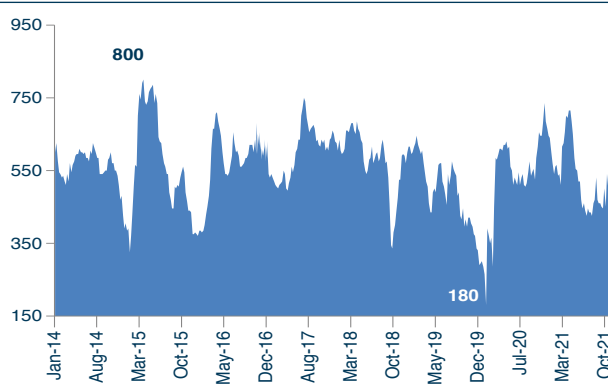
- Naphtha prices averaged USD 768 per ton in October, up from USD 688 per ton in September.
- Polypropylene average prices rose to USD 1,253 per ton in October from 1,141 per ton in September.
- The HDPE-naphtha spread increased to USD 432 per ton in October against USD 395 per ton in September.
- The PP-naphtha spread expanded to USD 485 per ton from USD 454 per ton during the previous month.
- In October, the PP-propane spread edged down to USD 453 per ton from USD 476 per ton in September.
- The PVC-EDC spread rose to USD 767 per ton in October from USD 660 per ton in September.
- The polystyrene-benzene spread increased to USD 474 per ton in October from USD 439 per ton in September.
- The HDPE-ethylene spread widened to USD 80 per ton in October compared to USD 38 per ton in September.
- PP-butane spread was down to USD 458 per ton in October from USD 476 per ton in September.
- LDPE-naphtha spread jumped 19.9% M/M to USD 854 per ton, LDPE-ethylene surged 41.4% to USD 502 per ton in October.
- LLDPE-naphtha spread rose 9.8% M/M to USD 472 per ton, while LLDPE-ethylene spread expanded to USD 120 per ton in October from USD 73 per ton in September.

Figure 17: Naphtha- HDPE



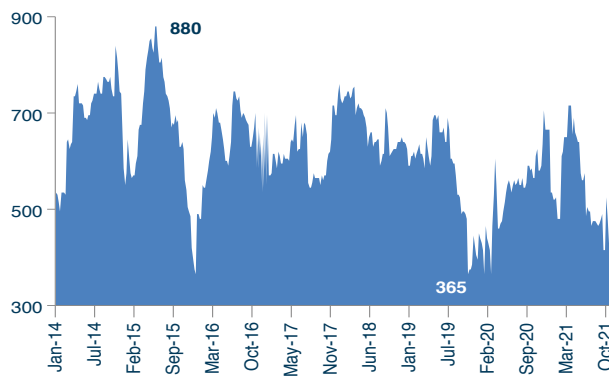
Source: Argaam, AlJazira Capital Research

Figure 18: Naphtha- PP



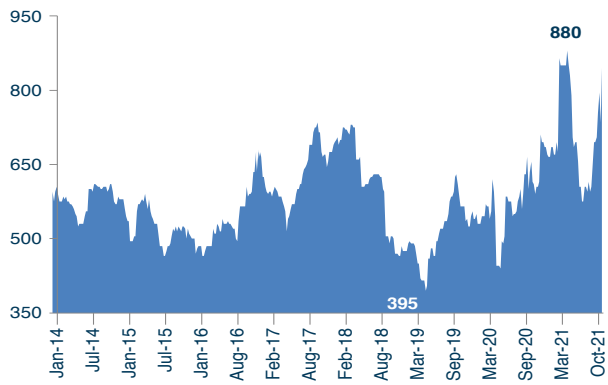
Source: Argaam, AlJazira Capital Research

Figure 19: Propane (Saudi)- PP



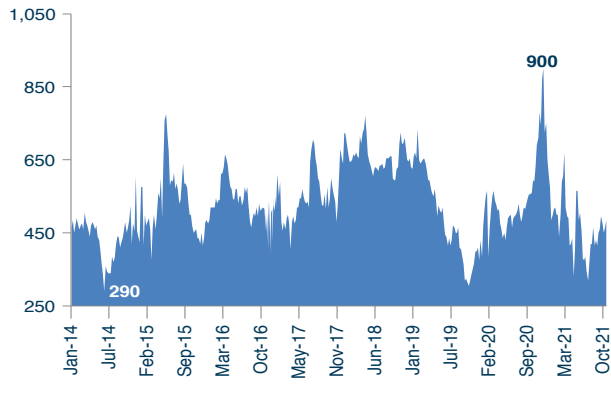
Source: Argaam, AlJazira Capital Research

Figure 20: EDC- PVC



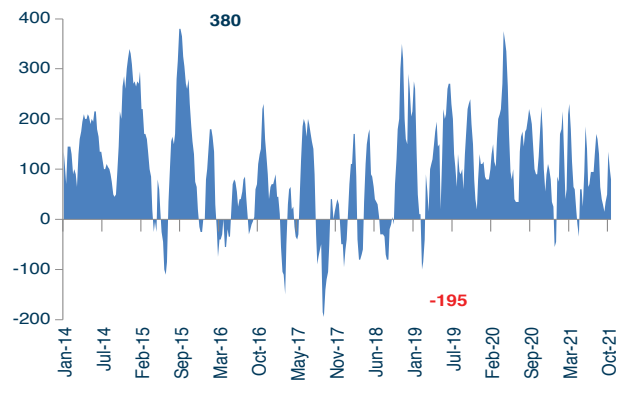
Source: Argaam, AlJazira Capital Research

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 (TiO ₂) |
| Saudi Kayan | Polyethylene, polypropylene, MEG, polycarbonate, and bisphenol A |
| Petro Rabigh | Polyethylene, polypropylene, propylene oxide, and refined petroleum products |
| Petrochem | Polyethylene, polypropylene, and polystyrene |
| Sahara Petrochemicals (Sipchem) | Polyethylene, polypropylene, Methanol, butanol, acetic acid, and vinyl acetate monomer |
| Saudi Group | Styrene, benzene, cyclohexene, and propylene |
| 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



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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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