

September 2021

Financial Analysis of Saudi Arabian Oil Company (Aramco)

Research Highlights:

2020 has been a watershed year for global oil industry due to the slump in oil demand caused by Covid-19 pandemic. We take this opportunity to analyse the company financials, its production capacity, peer comparisons, to assess how the Company performed in one of the most affected years for the oil industry.



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Executive Summary

Founded in 1933, Saudi Aramco, officially the Saudi Arabian Oil Company, is a Saudi Arabian national petroleum and natural gas company based in Dhahran, Saudi Arabia. The Company is the world's largest integrated oil and gas company. Saudi Aramco is organized into business units based on the main types of activities. At December 31, 2020, Saudi Aramco had two reportable segments, Upstream and Downstream, with all other supporting functions aggregated into a corporate segment. Upstream activities include crude oil, natural gas and natural gas liquids exploration, field development and production.

Downstream activities include the refining, logistics, power generation, and the marketing of crude oil, petroleum and petrochemical products and related services to international and domestic customers. Corporate activities include primarily supporting services including Human Resources, Finance and IT is not allocated to Upstream and Downstream. This report analyses the performance of the Company for the five years ended December 31, 2020 and half year ended June 30, 2021.

Did you know?

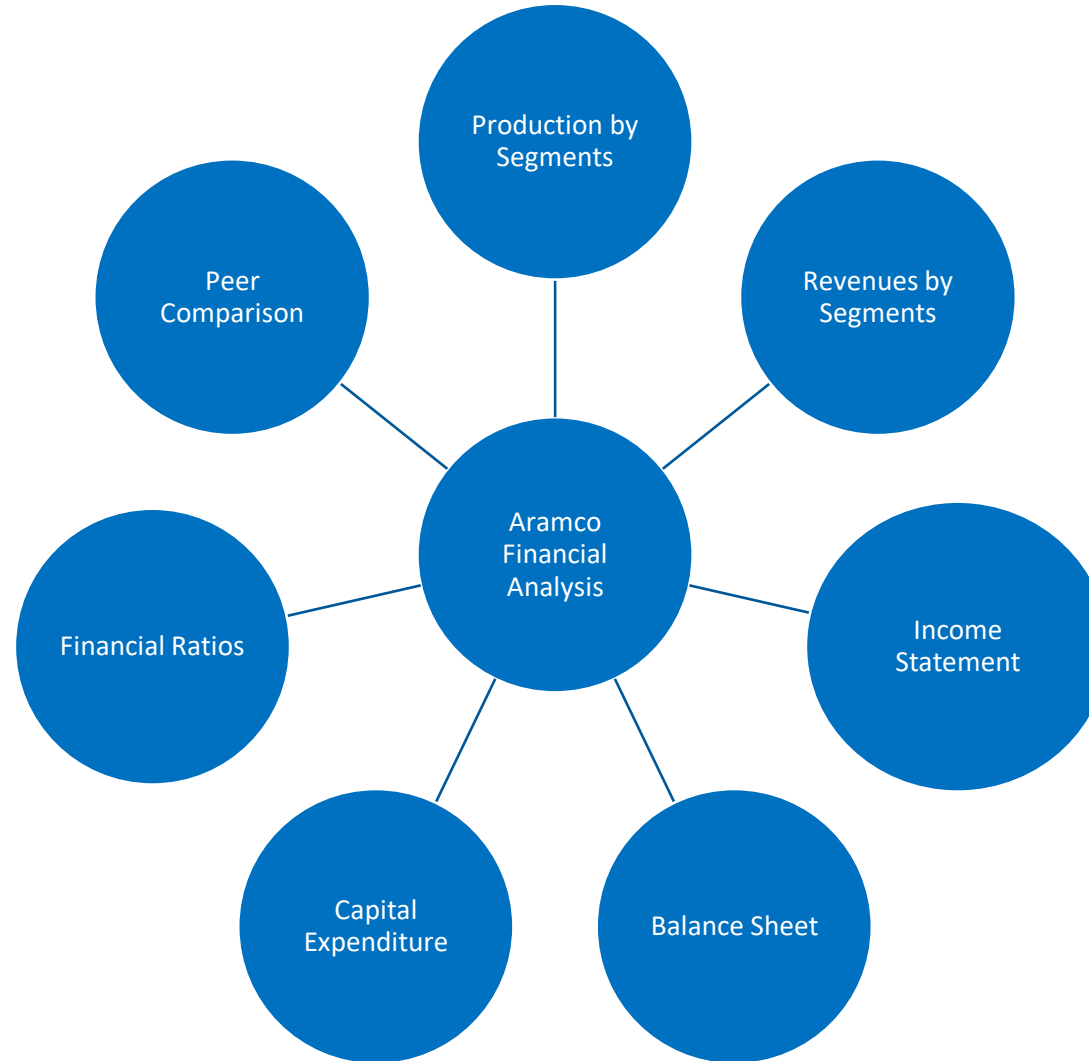
- Did you know that Aramco is the world's largest integrated oil and gas company.
- The Company's crude oil production accounted for approximately one in every ten barrels of crude oil produced globally in 2020.
- The Company's proved liquids reserves were more than five times the combined proved liquids reserve of the five major IOCs (BP, Chevron, ExxonMobil, Royal Dutch Shell, Total SA).
- The Company had a gross refining capacity of 6.4 million barrels per day and net refining capacity of 3.6 million barrels per day.
- Aramco earned net profit in 2020 while all the five major international oil companies incurred net losses.
- Saudi Aramco has the lowest production cost of oil and gas in the world.
- The company earned net profit of USD 45 billion in 2021H1 compared to a profit of USD 24 billion in 2020H1.

Interested to know more about the Saudi Aramco's financials? Find out in our latest report on the company.

Why purchase the report

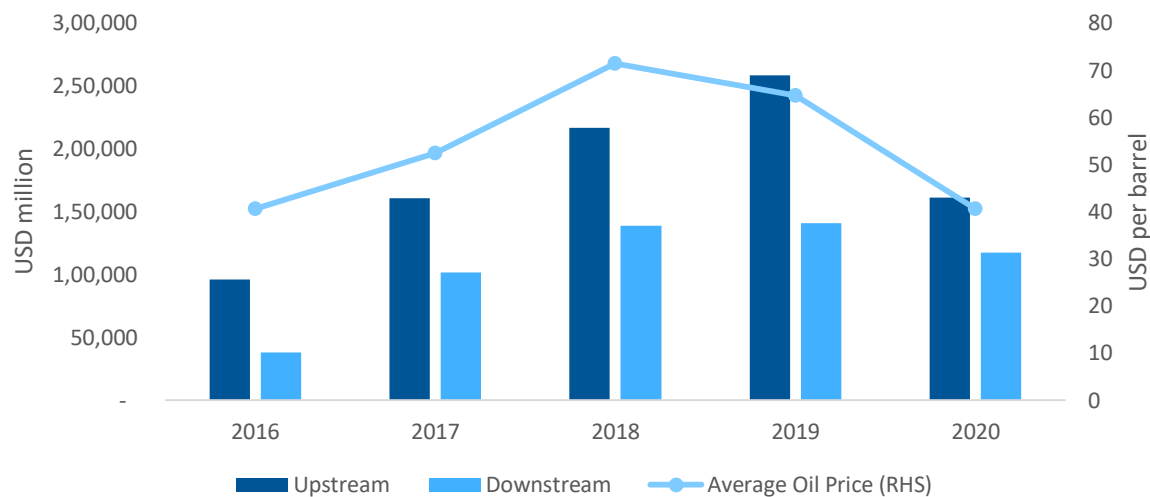
- **Report covers 2021H1 performance:** The Report provides the financial and operating performance of the company for the five years ended December 31, 2020 and half year ended June 30, 2021.
- **Analysis covers Financial and Operating Details:** The report provides insights on a range of aspects of the company's operations and financials including capacity and production details, oil and gas reserves, production cost, capital expenditure, income statement and balance sheet analysis, free cash flows, key financial ratios, common size income statement analysis and peer comparison with the five major international oil companies.
- **Key Data Points:** The report presents important data points such as,
 - Upstream production details
 - Revenue by Segment
 - Assets & Liabilities details
 - Capital Expenditure by Segment
 - Income Statement & Balance Sheet Summary for 5 years
 - Key Ratio Analysis with peer comparison
 - Oil & Production Cost a Global Comparison

A 360. View

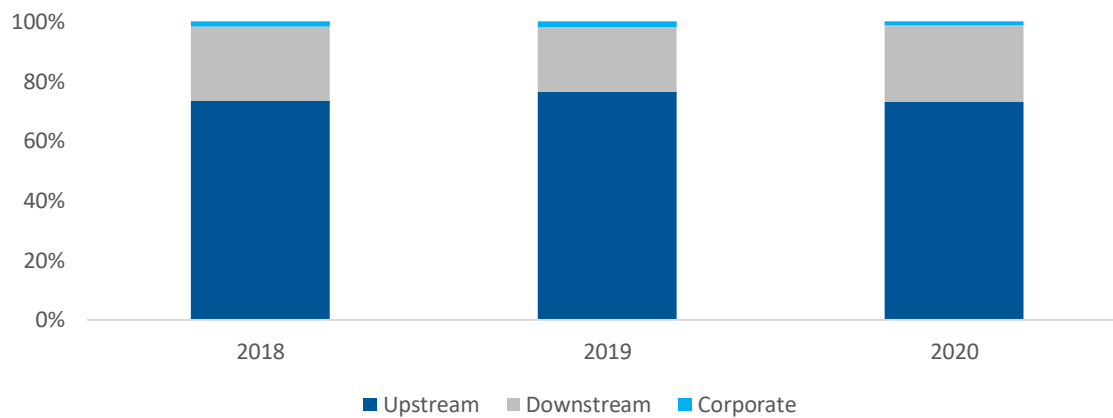


Key Discussion Points

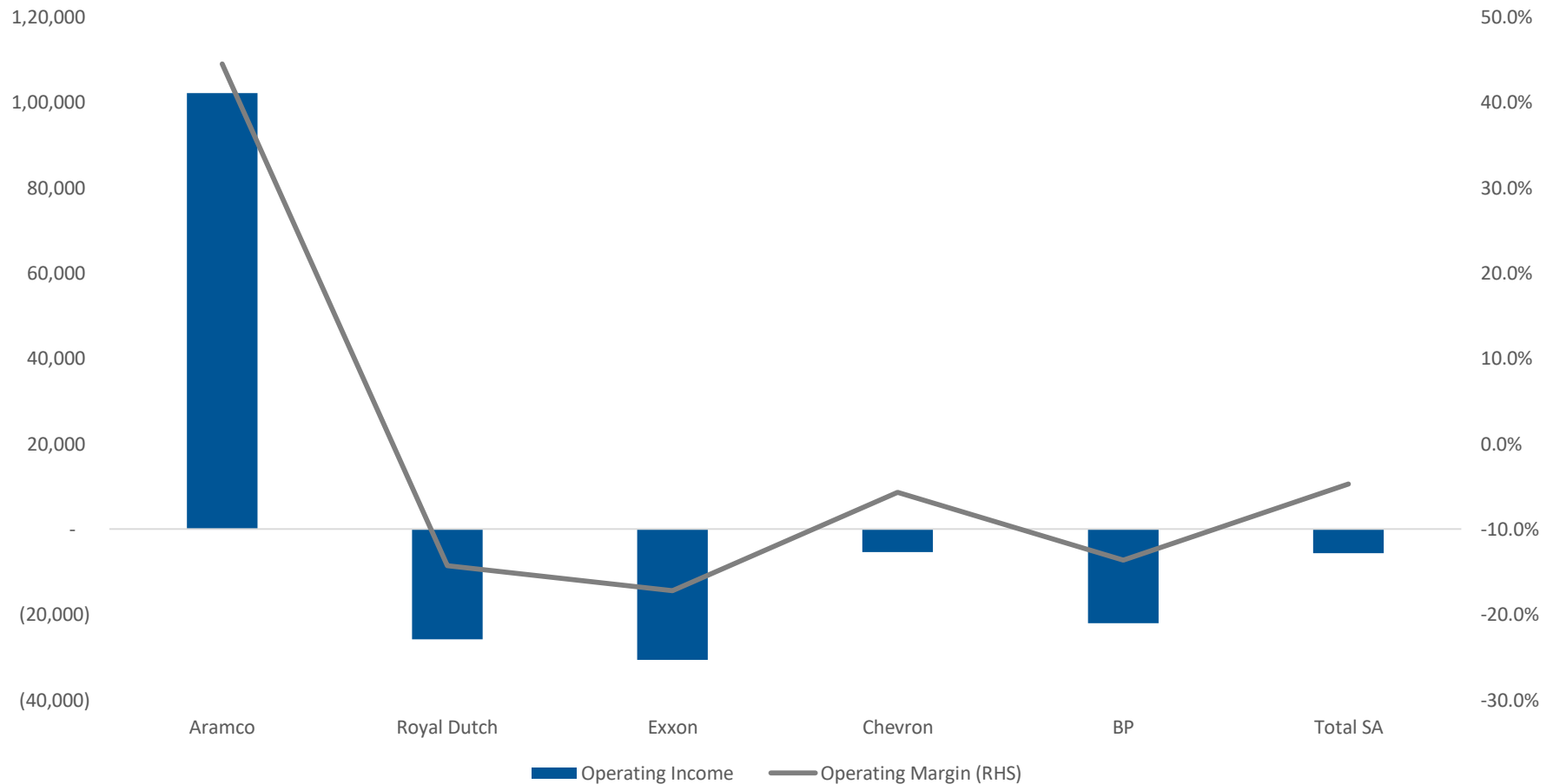
• Saudi Aramco Revenue by Segment (USD Million)



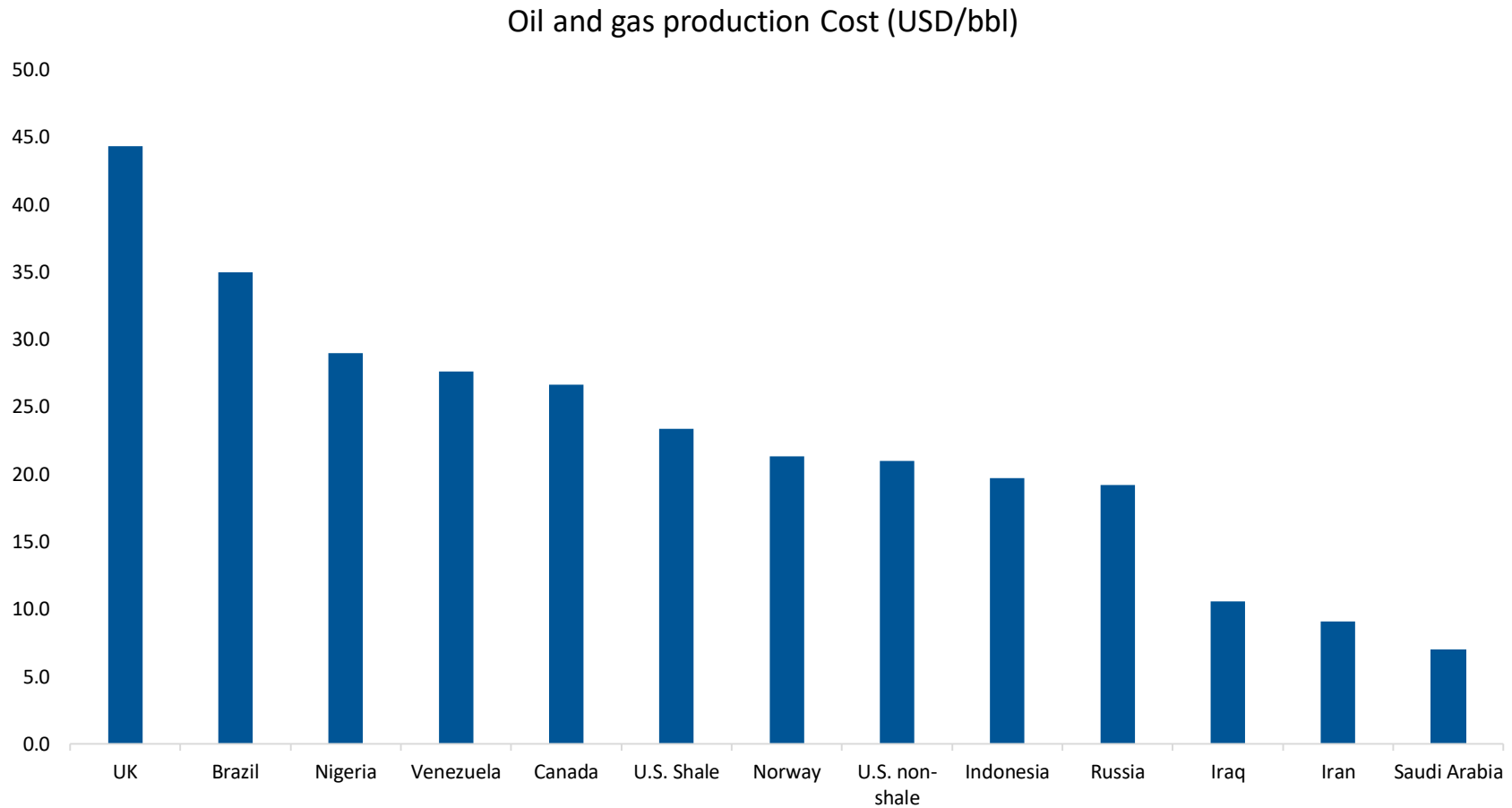
• Saudi Aramco Capital Expenditure (USD Million)



Excerpt: Operating Profit Margin of Saudi Aramco far higher than its global competitors



Excerpt: Saudi Aramco has one of the lowest cost of production in the world



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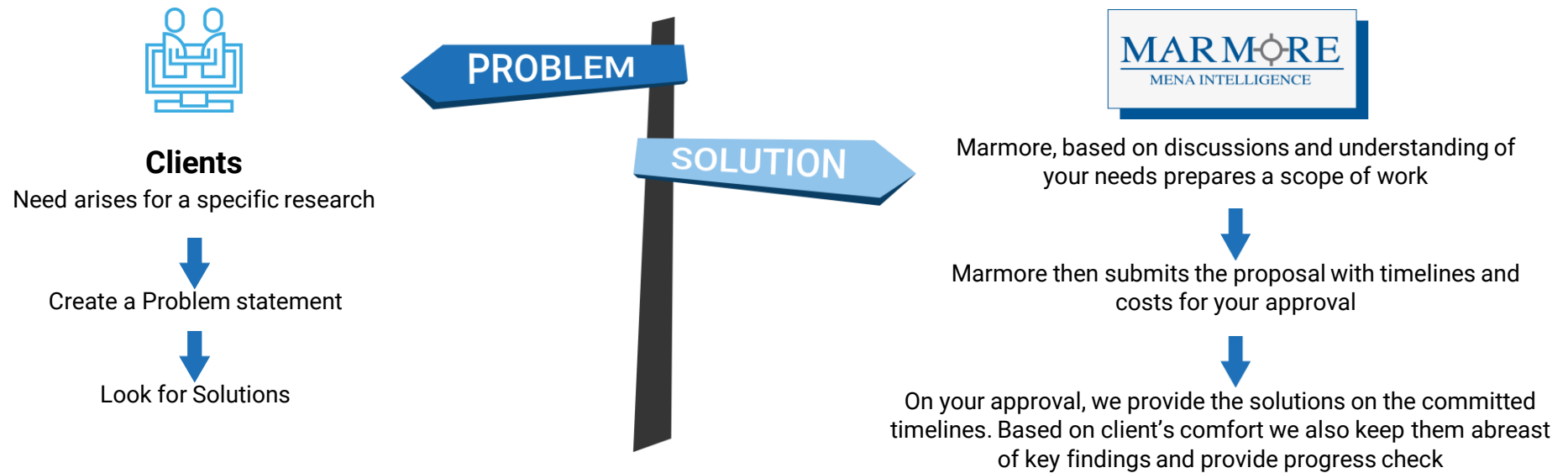
Our GCC focus enables us to provide bespoke consulting services based on clients requirements



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MARMORE CREDENTIALS

Case 1:

Problem: A leading Venture Capital firm wanted to establish itself as a thought leader in the VC space in Saudi Arabia for which it needed a customized research on Venture Capital industry

Solution: Marmore prepared a very comprehensive report for the client and also supported in popularizing the report on Digital platforms

Impact: The client received very positive response for the report and would be engaging with Marmore for more reports subsequently

Case 2:

Problem: A leading Kuwaiti Bank, set up its economic research desk, for which it needed support for creating very insightful reports in the Economic domain.

Solution: Once the topic was finalized and approved by the client Marmore prepared a very insightful report in the committed timeline.

Impact: The report was very well received by stakeholders. Marmore's effort in the creation of the first report resulted in subsequent report awards by the client. Marmore got into a long term agreement with the client to provide research support on a continuous basis.

Consulting - GCC region imposes a unique set of challenges



The GCC governments are increasingly recognizing that the global outlook and economy are swiftly changing, and this poses



Demographic challenges



Shift in economic powers



Energy markets

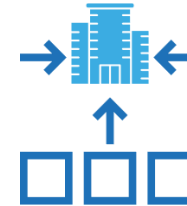


Investment



Employment opportunities

Refer our Report on [Consulting](#)



Unique challenges companies face in GCC



Challenges faced by foreign consultants

- ✓ Understand the Cultural fit
- ✓ In-depth regional awareness and capacity to provide real time solutions
- ✓ Ability to validate and overcome the information gap
- ✓ Ability to deal with data paucity



Challenges faced by local companies

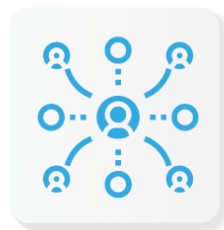
- ✓ Ability to analyze the big picture and find opportunities
- ✓ Ability to connect findings with global developments

Consulting - We only win when our clients win

We at Marmore thrive on overcoming all the challenges and create value for our clients



Our breadth of coverage and deep dive research capabilities enables us to be preferred partners



Our experienced team is adept in data validation



We conduct channel checks to authenticate information



Having our Parent in Kuwait, we are well verse with cultural aspects of the region and attune our findings in accordance



We have the ability to come up with a solution which actually works for the region

Why partner with us?



Dealing with GCC region requires immense experience to understand the nuances and deliver:

Marmore's experienced and qualified Team is an asset to have



What differentiates us with others is the ability to provide solutions on a spectrum of topics like Industries, Economies, Policy and Technology - *We take pride in our breadth of research*



In a region with lack of appropriate data, ability to collaborate with relevant stakeholders is a key strength – *Our presence in Kuwait and connection with relevant stakeholders across GCC region gives us advantage over competition*



We believe in good actionable work and serve our clients to the best of our ability – *Our work speaks for our clients and our clients speak for us*

Consulting Experience:

Case Study 1: Study on Fintech Adoption in Kuwait (2019)



BACKGROUND

Advent of modern and disruptive technologies means that the world of finance and money is undergoing several momentous changes. This presents both opportunities and threats to the existing financial order. In this context, a quasi government institution in Kuwait engaged us to understand the state of FinTech adoption in Kuwait.



KEY CHALLENGES

Coordinating the interview schedules of over two dozen key personnel in Kuwait within a short span of time. Synthesizing the information collected into useful insights that could help in the development of FinTech related policy within the set deadline was a challenge.



MARMORE APPROACH

Marmore conducted extensive meetings and interviews ranging from government entities, corporate professionals, entrepreneurs and start-ups in Kuwait to understand the developments in FinTech space. In the Kuwait banking sector, Chief Executive Officer (CEO) and Chief Information Officer (CIO), or equivalents, were personally met and discussions were held to gain insights into their strategies and their work related to FinTech.

By factor analysis, self-constructed indices and analytical efforts the collected data was used to identify the ability of FinTech to impact Kuwait bank profits



KEY PROJECT BENEFITS / SUCCESSES

Recommendations for Government agencies, private sector (banks and other financial institutions) and the FinTech sector to help cement Kuwait as a serious FinTech player were provided. The recommendations covers a mix of long- and short-time line actions that will help shape the Kuwaiti ecosystem in terms of skills or talent, critical investments and infrastructure that will help better balance risk and innovation

The report findings were also presented by Marmore to a wide member of distinguished audience at the FinTech Forum held in Kuwait.

Consulting Experience:

Case Study 2: To conduct a valuation study (2019)



BACKGROUND

An Egypt-based asset management company approached Marmore to conduct a independent valuation study on one of the largest Egyptian consumer utility companies in the energy sector. The project required us to value the company by also ascertaining the fair valuation of all the non-listed investments of the company.



KEY CHALLENGES

The energy sector company had investments in many private companies which were reported on a historical book value basis and didn't represent the fair value of these investments. Diverse nature of these investments, cross ownerships and limited availability of data were key challenges in ascertaining their fair value.



MARMORE APPROACH

Marmore developed the valuation report by performing an in-depth financial analysis of the company while relying on the information provided by the client and publicly available data. Extensive research was carried to find out greater details for all the non-listed investment companies, and reasonable assumptions were taken to arrive at the fair value. A detailed valuation model was prepared with three scenarios. Two prominent methodologies in the form of discounted cash flow and trading comparable (using local and foreign peers) methods were used to conduct the sum of the parts valuation of the company



KEY PROJECT BENEFITS / SUCCESSES

The valuation report provided actionable insights to the client and also helped them to understand the fair value of all the non-listed investments of the company.

Marmore received very encouraging feedback from the client, as our report was also presented to the board of the company for consideration to re-classify its investments as 'available for sale' using fair value approach instead of cost approach.

Client testimonial

Marmore services were very useful and their team have provided a timely and reliable service in a challenging task. We are definitely looking for more cooperation in the future

Consulting Experience:

Case Study 3: To develop market penetration strategy (2020)



BACKGROUND

One of the leading regional bank in the GCC region aspiring to expand its market beyond its home country required to develop market penetration strategies for a specific target market. Marmore was engaged by the Bank to conduct the study and provide optimum solutions.



KEY CHALLENGES

The Bank was looking to enter the market by establishing a digital presence in the target market. As the concept is still relatively new for the GCC region, we had to rely on trends and patterns that existed in the developed markets. The problem was confounded due to paucity of data in both regional and international markets.



MARMORE APPROACH

In order to build effective strategies we created a lot of case studies to better understand the pain points in entering the market with digital only presence and also prepared competitive landscape for GCC region. We evaluated the potential target market with the help of third party surveys and segmented the market into different categories. For each of the customer category, strategies were proposed in terms of preferred product, features that they must sport and relevant marketing activities to capture that segment. Marmore also helped the bank with a detailed financial break-even model for the proposed digital presence.



KEY PROJECT BENEFITS / SUCCESSES

Marmore compiled all the findings in an effective manner and prepared a detailed report with multiple market penetration strategies for the client. The client has presented the findings to their Board to pursue the path with greater conviction.

Select Client Testimonials

We were fortunate to work with Marmore on our project recently. The team was always professional, efficient and attentive to all our requests. They were prompt in addressing any concerns raised and we felt at ease approaching the team with our needs. We were pleased with the end result and would not hesitate to highly recommend Marmore for their business intelligent services.

Dr. Fatima Al Awadhi
Founder of Kuwait-based Aesthetic Clinic

Marmore team is very professional, from day one I saw that when they replied to my first email. We had our first project and they did a great. Many changes have been done and they were very flexible with us. It will not be our last project for sure, thanks Marmore team.

Abdullah Molla
Head of Communication & Business Development, Riyadh Valley Company

Marmore has provided both timely and reliable and services in the provision of market data. This service has proven valuable in supporting the research activities of Acreditus across all our client focus areas of credit, rating and Islamic finance advisory. I sincerely hope to continue to engage them on more advanced projects soon.

Khalid F Howladar
Managing Director and Founder of Acreditus

The experience of working with Marmore has been very positive. A precise understanding of our requirements and high quality deliverables were the key takeaways. The turnaround time for the tasks was excellent, without any delays and the tasks were handled in a professional manner.

Nigel Sillitoe
CEO, Insight Discovery - UAE

We have worked with Marmore in many occasions and are impressed with their in-depth research approach, quality analysis, and best of all, timely delivery. The team at Marmore also understands the regional business dynamics and provides exact, tailored solutions.

Ahmad Khamis
CEO, Bloovo.com

Marmore services were very useful and their team have provided a timely and reliable service in a challenging task. We are definitely looking for more cooperation in the future.

Mrs. Rana Adawi
Chairperson and Managing Director of Acumen Asset Management

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Marmore MENA Intelligence is a fully-owned research subsidiary of Kuwait Financial Center 'Markaz'. Since 2006, Markaz Research has been at the forefront in disseminating thought-provoking, hard-data backed research reports. Marmore continues that legacy with a focused approach to providing actionable solutions for business leaders and policymakers.

Since its inception, Marmore has published over 700 research reports and covered more than 25 varied industries and infrastructure segments; all focused primarily on the GCC economies. (To view our Research Library, please [click here](#))

With over 30 policy and regulatory research studies published, Marmore has partnered with renowned regional think-tanks and opinion-leaders to publish some of these intellectually provoking policy research papers. These research studies aim to initiate dialogue and propose better solutions to existing economic conundrums. (To view our Policy & Regulatory research report, [click here](#))

Marmore provides research-based consulting solutions to help understand current market conditions, identify growth opportunities, assess supply/demand dynamics, and make informed business decisions.

Almost on a weekly basis, Marmore publishes thematic economic, industry, policy and capital market reports. Marmore has been recently conferred "Research Provider of the Year - 2018" award by Global Investor, a Euromoney Group company. To learn more, visit www.marmoremna.com

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- Over **700** reports/insights published
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PROVIDER
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- Policy & Regulatory Reports

Consulting

- Market intelligence studies
- Strategy studies
- Technology projects (FinTech)
- Board level studies
- C- suite support




OUR JOURNEY SO FAR

- Over **700** reports/insights published
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