

Weighted Valuation	
Date of valuation	5-Mar-25
Price as % of Value	123% At the right price, I would buy shares of Saudi Aramco in any setting or at any time. At the wrong price, there is no good time to buy.
Market Capitalization	\$1,717 as of March 5th 2025
Weighted Valuation	\$1,398
Dividend Discount Value	\$1,452
FCFE Value	\$1,402
FCFF-based Value of Equity	\$1,342
Dividend Discount Value	
Regime Change Adjusted Value	\$1,452
Value of Equity with regime change (as % of status quo value)	50% If you expect expropriate, this can be 0%
Probability of regime change	20% from <a href="https://aswathdamodaran.blogspot.com/2019/11/regime-change-and-value-follow-up-post.html">https://aswathdamodaran.blogspot.com/2019/11/regime-change-and-value-follow-up-post.html</a>
Value of Equity	\$1,613
Cost of Equity	6.90%
Beta	0.5 Guaranteed by Saudi Government
ERP for Saudi Arabia	5.13% ERP at the start of 2025 for Saudi Arabia: <a href="https://rpubs.com/rafael_nicolas/crp">https://rpubs.com/rafael_nicolas/crp</a>
Risk free Rate in US \$	4.33% US T. Bond rate on March 5th 2025: <a href="https://www.cnbc.com/quotes/US10Y">https://www.cnbc.com/quotes/US10Y</a>
Number of years	50.00 from 2.2.3 Reserves Life @ <a href="https://rpubs.com/rafael_nicolas/aramco">https://rpubs.com/rafael_nicolas/aramco</a>
Expected Growth rate	2.15% from IMF Global Inflation rates @ <a href="https://rpubs.com/rafael_nicolas/global_interest_rates_dynamics_inflation">https://rpubs.com/rafael_nicolas/global_interest_rates_dynamics_inflation</a>
Expected Dividends next year	\$85 <a href="https://www.cnbc.com/2025/03/04/saudi-oil-giant-aramco-posts-drop-in-full-year-profit-slashes-dividend.html">https://www.cnbc.com/2025/03/04/saudi-oil-giant-aramco-posts-drop-in-full-year-profit-slashes-dividend.html</a>
FCFE Value	
Regime Change Adjusted Value	\$1,402
Value of Equity with regime change (as % of status quo value)	50.00% If we expect expropriate, this can be 0%
Probability of regime change	20.00% Our best judgment of cumulative probability over time
Value of Equity	\$1,558
+ Cross Holdings	\$28 From page 164 @ <a href="https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf">https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf</a>
+ Cash	\$61 From page 164 @ <a href="https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf">https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf</a>
Value of Equity	\$1,468
Imputed Payout Ratio	92.14%
Cost of Equity	8.49%
Beta for integrated oil	0.81 Unlevered global beta for integrated oil companies, start of 2025 ( <a href="https://pages.stern.nyu.edu/~adamodar/pc/datasets/betaGlobal.xls">https://pages.stern.nyu.edu/~adamodar/pc/datasets/betaGlobal.xls</a> )
ERP for Saudi Arabia	5.13% ERP at the start of 2025 for Saudi Arabia: <a href="https://rpubs.com/rafael_nicolas/crp">https://rpubs.com/rafael_nicolas/crp</a>
Risk free Rate in US \$	4.33% US T. Bond rate on March 5th 2025: <a href="https://www.cnbc.com/quotes/US10Y">https://www.cnbc.com/quotes/US10Y</a>
Number of years	50 from 2.2.3 Reserves Life @ <a href="https://rpubs.com/rafael_nicolas/aramco">https://rpubs.com/rafael_nicolas/aramco</a>
Expected return on equity	27.32% Based on book equity on Annual Report 2024
Expected growth in earnings	2.15% from IMF Global Inflation rates @ <a href="https://rpubs.com/rafael_nicolas/global_interest_rates_dynamics_inflation">https://rpubs.com/rafael_nicolas/global_interest_rates_dynamics_inflation</a>
Net Income	\$106 From page 162 @ <a href="https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf">https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf</a>
FCFF-based Value of Equity	
Regime Change Adjusted Value	\$1,342
Value of Equity with regime change (as % of status quo value)	50.00% If we expect expropriate, this can be 0%
Probability of regime change	20.00% Our best judgment of cumulative probability over time
Value of Equity	\$1,491
- Minority Interests	\$52 From page 164 @ <a href="https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf">https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf</a>
- Debt	\$85 From page 164 @ <a href="https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf">https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf</a>
+ Cross Holdings	\$28 From page 164 @ <a href="https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf">https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf</a>
+ Cash	\$61 From page 164 @ <a href="https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf">https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf</a>
Value of Operating Assets	\$1,538
Imputed Reinvestment Rate	4.38%
Cost of Capital	8.50%
Debt Ratio	6.78% From page 185 @ <a href="https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf">https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf</a>
Cost of debt in USD	5.52% Based on total default spread for cost of debt @ <a href="https://pages.stern.nyu.edu/~adamodar/pc/datasets/globalcompfirms2025.xlsx">https://pages.stern.nyu.edu/~adamodar/pc/datasets/globalcompfirms2025.xlsx</a>
Beta for integrated oil	0.81 Unlevered global beta for integrated oil companies, start of 2025 ( <a href="https://pages.stern.nyu.edu/~adamodar/pc/datasets/betaGlobal.xls">https://pages.stern.nyu.edu/~adamodar/pc/datasets/betaGlobal.xls</a> )
ERP for Saudi Arabia	5.13% ERP at the start of 2025 for Saudi Arabia: <a href="https://rpubs.com/rafael_nicolas/crp">https://rpubs.com/rafael_nicolas/crp</a>
Risk free Rate in US \$	4.33% US T. Bond rate on March 5th 2025: <a href="https://www.cnbc.com/quotes/US10Y">https://www.cnbc.com/quotes/US10Y</a>
Number of years	50.00 from 2.2.3 Reserves Life @ <a href="https://rpubs.com/rafael_nicolas/aramco">https://rpubs.com/rafael_nicolas/aramco</a>
Return on invested capital (after-tax)	48.98% Based on Invested Capital
Expected growth rate	2.15% from IMF Global Inflation rates @ <a href="https://rpubs.com/rafael_nicolas/global_interest_rates_dynamics_inflation">https://rpubs.com/rafael_nicolas/global_interest_rates_dynamics_inflation</a>
Tax rate	49.05% From page 162 @ <a href="https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf">https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf</a>
Operating Income	\$207 From page 162 @ <a href="https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf">https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf</a>
Invested Capital	\$413
Cash	\$61 From page 164 @ <a href="https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf">https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf</a>
Total Debt	\$85 From page 164 @ <a href="https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf">https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf</a>
Book Equity	\$389 From page 164 @ <a href="https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf">https://www.aramco.com/-/media/publications/corporate-reports/annual-reports/saudi-aramco-ara-2024-english.pdf</a>
Key Valuation Inputs	
Expected inflation rate	2.15% from IMF Global Inflation rates @ <a href="https://rpubs.com/rafael_nicolas/global_interest_rates_dynamics_inflation">https://rpubs.com/rafael_nicolas/global_interest_rates_dynamics_inflation</a>
Number of years of production left	50 from 2.2.3 Reserves Life @ <a href="https://rpubs.com/rafael_nicolas/aramco">https://rpubs.com/rafael_nicolas/aramco</a>
Probability of regime change	20% from <a href="https://aswathdamodaran.blogspot.com/2019/11/regime-change-and-value-follow-up-post.html">https://aswathdamodaran.blogspot.com/2019/11/regime-change-and-value-follow-up-post.html</a>