

Elite Capital International - Initiates Coverage of Saudi Aramco IPO

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HONG KONG, CENTRAL, HONG KONG, September 3, 2019 /EINPresswire.com/ -- [Elite Capital International](#) has been working with private and corporate clients for the past two decades identifying unique and profitable opportunities within the global markets.

Experienced in providing pertinent and timely advice, our goal is to support our clients with all the necessary information they need to make definitive decisions regarding their wealth management strategy.

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Breaking News

Saudi Arabia removed Energy Minister Khalid Al-Falih from his position as Chairman of Saudi Aramco, the second time his role has been scaled back in less than a week, as the government prepares to sell shares in the state-owned oil company.

Al-Falih will be replaced by Yasir Al-Rumayyan, head of the sovereign wealth fund, according to a Tweet from Al-Falih's account. The appointment of Al-Rumayyan, already an Aramco board member and a key adviser to powerful Crown Prince Mohammed Bin Salman, will separate the Ministry of Energy from Aramco and avoid conflicts of interest as the company prepares for the upcoming initial public offering, according to a source familiar with the thinking behind the decision.

Selling a stake in Aramco, which could be the world's largest IPO, is a key part of Prince Mohammed's plan to wean the Saudi economy off reliance on oil. Plans for the IPO were put on hold last year as Aramco focused on the \$69 billion acquisition of a majority stake in a state chemical maker. The kingdom's de facto ruler has said he expects Aramco to be valued at over \$2 trillion, but analysts see \$1.5 trillion as more realistic.

Still, the IPO process accelerated again after Aramco completed a \$12 billion bond sale in April. International banks started pitching for a role on the IPO last week.

"I suspect they want to accelerate the IPO timeline," said David Gruenberg, chief commodities strategist at Elite Capital international. The Saudi authorities want to "bring a sense of urgency to the issue as this is a big signature initiative of Crown Prince Mohammed."



The move to split oversight of Aramco from the Energy Ministry ends decades of tradition and further reduces Al-Falih's portfolio after he lost the industry and mining functions in a government reshuffle on Friday. It also highlights the growing importance of the Public Investment Fund, which is set to receive proceeds from the Aramco IPO to reinvest both inside and outside the kingdom.

"I congratulate my brother His Excellency Mr. Yasser Othman Al-Rumayyan," Al-Falih's Tweet said. It's "an important step to prepare the company for the public offering, wishing him every success."

When he was first appointed energy minister in 2016, Al-Falih directed a U-turn in Saudi policy in the face of a U.S. shale boom and tumbling crude prices. He led the Organization of Petroleum Exporting Countries to agree to reduce output for the first time in eight years, starting in January 2017, and persuaded other big producers including Russia to join in the cuts. After failing to re-balance the market, Al-Falih organized extensions of the curbs, involving roughly 60% of the world's oil output, through March 2020.

The country needs crude to trade near \$80 a barrel to balance its budget, according to research from the International Monetary Fund and Bloomberg Intelligence. It also needs higher oil prices if it's to achieve a valuation at least close to what Prince Mohammed set as a target.

To bolster prices, Saudi Arabia has cut production to less than 10 million barrels a day as part of its agreement with OPEC to limit output. Al-Falih helped broker the deal that brought other producers like Russia into the effort to balance markets by curbing production. The Saudis are doing most of the heavy lifting to support the deal, pumping about 500,000 barrels a day less than they pledged.

Al-Rumayyan, a former banker with Saudi Fransi Capital, is governor of the PIF, as the sovereign fund is known, leading its transformation from a sleepy domestic holding company into one of the biggest investors in global technology start-ups. The fund has accumulated stakes in electric carmaker Tesla Inc., ride-sharing company Uber Technologies Inc. and has made a \$45 billion commitment to SoftBank Group Corp.'s \$100 billion technology fund.

The kingdom's original plan, announced by Prince Mohammed in 2016, was to sell about 5% of Aramco on the Riyadh exchange and at least one international bourse. The listing was pushed back to 2020 or 2021 to allow Aramco to complete the \$69 billion acquisition of Saudi Basic Industries Corp.

To find out more or register your interest for what will be the largest IPO in history, contact us at info@elitecapitalinternational.com.

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