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Abu Dhabi Hires Ex-HSBC Banker to Head New Oil Trading Unit

- Hiring follows set-up of new unit to trade oil and products
- Saudi Aramco targets an oil-trading expansion by 2020

Abu Dhabi National Oil Co. hired Philippe Khoury, formerly an energy banker at HSBC Holdings Plc, to head up its new unit for trading crude oil and refined products.

Khoury was one of the HSBC executives working on the potential initial public offering of Saudi Aramco. Prior to joining the bank, he also worked for the French oil major Total SA in Russia, Africa and ran its trading business in the Americas, Khoury said in dinner remarks at a conference in Abu Dhabi on Monday.

State-owned Adnoc is bolstering its capacity to buy and sell crude and fuels as it expands oil-production and refining capacity and looks to buy crude-processing plants abroad, according to a statement on Monday.

“As Adnoc grows and expands its upstream and downstream businesses,” Adnoc Chief Executive Officer Sultan Al Jaber said in the statement, trading “will play an even more critical role.” The new unit will help to “maximize value from our domestic and, over time, international downstream operations.”

Middle Eastern energy producers from Oman to Saudi Arabia and Iraq are expanding trading of both products and crude to claw back some of the profit traders like Vitol Group and Glencore Plc earn by buying and selling the region’s oil.

Maximize Profit

Adnoc has so far sold most of its refined products and crude on “free-on-board” basis, which means the buyer takes delivery at a port within the emirate, Khoury said. The company is setting up the trading unit to maximize profit and “gradually reclaim ownership” of those sales, while also preparing for an expansion of refining and marketing capacity at home and abroad, he said.

National oil companies in the world’s biggest crude-producing region prospered for decades by supplying the raw commodity to refiners and independent traders. Now they want to expand their refining and petrochemicals businesses to add value to their main export. By trading their oil and refined products, these companies hope to squeeze more money from each barrel they produce.

The regional trend toward trading began with Oman, the biggest Arab oil producer that’s not a member of the Organization of Petroleum Exporting Countries. Oman formed a trading company with Vitol in 2006, then bought out its partner in 2015.

Saudi Arabia’s state oil giant, known as Aramco, started a trading unit in 2012 and currently handles between 3.3 million to 3.6 million barrels of products and crude a day, Aramco Trading CEO Ibrahim Al-Buainain said in an interview in Abu Dhabi. The unit intends to increase that to 6 million barrels a day by 2020 as the kingdom opens new refineries in Malaysia and Saudi Arabia, he said at the Middle East Petroleum and Gas Conference. — With assistance by Dinesh Nair