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BUSINESS

| BRENT OIL | ADX | EURO/DH | GOLD |
|-----------|---------|---------|------------|
| \$73.92 | 4693.47 | 4.4864 | \$1,323.22 |
| ▼0.19% | ▲0.23% | ▼0.55% | ▼0.98% |

ADNOC LAUNCHES TRADING UNIT TO MAXIMISE SALES AND LIFT REVENUE

► Non-speculative trading will allow oil major to proactively manage crude oil and refined product flows

OIL & GAS

JENNIFER GNANA

Abu Dhabi National Oil Company said yesterday it had set up a non-speculative trading unit as it looked to expand revenue streams and beef up its sales of crude and products, joining the club of regional state-owned firms with similar divisions.

"As Adnoc grows and expands its upstream and downstream businesses, we will produce more products, and in turn our marketing, sales and trading function will play an even more critical role," Dr Sultan Al Jaber, Adnoc Group chief executive and UAE Minister of State, said in a statement.

"Engaging in non-speculative

trading will allow us to maximise value from our domestic and, over time, international downstream operations."

The move comes amid the Abu Dhabi major's plans to build a leaner and more integrated business model, with added capacities in the downstream sector, where it has targeted doubling and tripling capacities in refining and petrochemicals respectively by 2025. The company is set to announce its downstream strategy in May.

Philippe Khoury, former vice chairman of HSBC's regional banking operations, has taken over as chief executive of the new trading unit, Abdulla Al Dhaheri, Adnoc's director, marketing, sales and trading, told reporters in Abu Dhabi.

The new entity will trade in

international crude grades besides Abu Dhabi's own Das, Murban and Zakum, he said.

"It will unleash our local crudes and will bring other grades," said Mr Al Dhaheri. He said the new unit will maximise margins for the company's refining business. The Abu Dhabi firm's newly set-up downstream marketing unit Adnoc International had identified "10 different opportunities" for investment that would open up access to markets, he said.

"We have to make sure that the markets we have to access are vital markets and the projects that we're pursuing are good. It might be an acquisition. We have looked at India, [and the rest of] Asia," he said.

Adnoc International is a \$1bn investment arm set up in No-



Non-speculative trading will allow us to maximise value from our domestic and ... international downstream operations

SULTAN AL JABER
Adnoc Group chief executive

ember by the oil firm to invest in downstream assets abroad.

Adnoc's move to set up a trading unit is in line with the direction of the regional oil industry, which has increasingly diversified into trading. Saudi Aramco set up a unit to trade

in refined, liquid chemical and polymer products in 2012. Last year, Iraq's State Organisation for Marketing of Oil set up a Dubai-based joint venture with Russia's Lukoil to sell its oil.

Oman Oil Company also has its own unit, Oman Trading International, which trades in crude products and liquefied natural gas.

Adnoc's planned trading unit would help the company proactively manage crude oil and refined product flows across key geographies, Dr Al Jaber said.

The Abu Dhabi state producer first announced its intention to set up an asset-backed trading unit at Adipeec, the UAE capital's annual gathering of global energy chief executives in November. Abu Dhabi's downstream pivot also comes amid

an uptick in investment activity in exploration and production onshore and offshore the UAE.

Earlier this month, Adnoc said it would offer six oil and gas blocks in its first competitive bidding round. A roadshow to promote the concessions was set to have begun yesterday, as the company seeks to engage partners in exploration.

As part of its move to build a leaner, profitable business model following the oil prices downturn, Adnoc has integrated its various entities under a single brand.

It has also offered stakes in its offshore exploration and production entity to companies from consuming markets such as India and China, as well as European majors, with Adnoc retaining a 60 per cent stake.