

PETROCHEMICAL TRACKER

PETROCHEMICAL RESULTS DISAPPOINT

The TASI Petrochemical index underperformed the TASI by 3.1% due to weak 1Q14 results. The results came in 12.5% below the NCBC expectations. Looking at prices, WTI prices declined 1.9% MoM which we believe is due to excess supply from non-OPEC countries, while higher demand increased natural gas prices 9.5%. Most petrochemical prices increased 2–5% MoM, reversing the negative trend of the last two months.

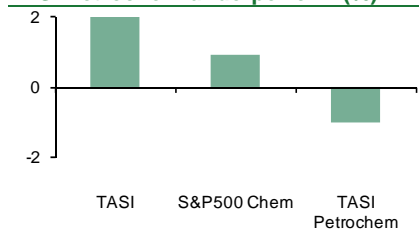
- The petrochemicals sector's net income grew by 15.9% YoY to SR9.3bn in 1Q14 due to PetroRabigh's positive earnings and improved operational efficiency at Petrochem and Kayan. Petrochem reported the highest quarterly results since inception due to better operating rates and higher gross margins. However, on QoQ basis, the sector's net income declined 4.9% due to lower earnings from PetroRabigh and Sipchem.
- Most petrochemical prices increased 2–5% MoM in April 2014 driven by the improvement in key economic data. Butadiene was the top gainer (+4.6% MoM) while styrene was the biggest decliner (-0.9%).
- In April, the US Auto sales grew 8.1% YoY benefiting from better weather conditions. The PMI increased to 54.9, reporting an increase for the 11th consecutive month. However, the US GDP grew 0.1% in 1Q14 lower than the consensus estimate of 1% due to severe winter.

Key benchmark overview

Name	Latest	1M (%)	QTD (%)	YTD (%)
TASI	9,660	2.1	2.1	13.4
TASI Petrochem	7,788	(1.0)	(1.0)	3.9
Brent (\$/bbl)	109	0.5	0.5	(2.4)
Gold (\$/oz)	1,300	0.3	0.3	8.6
Natural Gas (\$/MMBtu)	4.7	9.5	9.5	7.0
Ethylene	1,380	1.1	1.1	0.4

Source: Bloomberg, NCBC Research

TASI Petrochem underperform (%)



Source: Bloomberg, NCBC Research, *updated May 2014

Saudi equities – performance and valuation

Name	Rating	Price Target (SR)	Price chg (%)		Valuation 2014E		Div yld 14E (%)
			1M	YTD	P/E	P/BV	
Tasnee	Overweight	37.8	(0.6)	(3.9)	10.4	1.7	6.2
Sipchem	Neutral	29.7	(0.9)	(1.6)	12.9	1.9	4.0
YANSAB	Overweight	81.5	(1.0)	(2.4)	12.8	2.6	5.6
Sahara	Neutral	18.9	(4.7)	3.5	10.9	1.4	4.1
Kayan	Neutral	14.6	(1.8)	5.1	17.6	1.6	0.0
SAFCO	Neutral	154.9	2.2	4.3	14.4	6.8	6.4
Petrochem	Neutral	25.7	1.8	12.5	12.5	2.8	0.0
SABIC	Overweight	133.7	(0.2)	5.6	12.2	2.0	5.1
SIIG	Overweight	38.1	1.1	8.6	9.4	2.2	4.3
Advanced	Overweight	48.5	4.8	8.1	13.0	2.9	5.1
Nama Chemicals	NC	-	0.6	12.1	NA	NA	0.0
Alujain	NC	-	(1.8)	(2.8)	NA	NA	0.0
Chemanol	NC	-	(4.7)	13.1	19.4	1.3	3.0
PetroRabigh	NC	-	(2.7)	16.7	11.9	2.4	3.5

Source: Bloomberg, NCBC Research

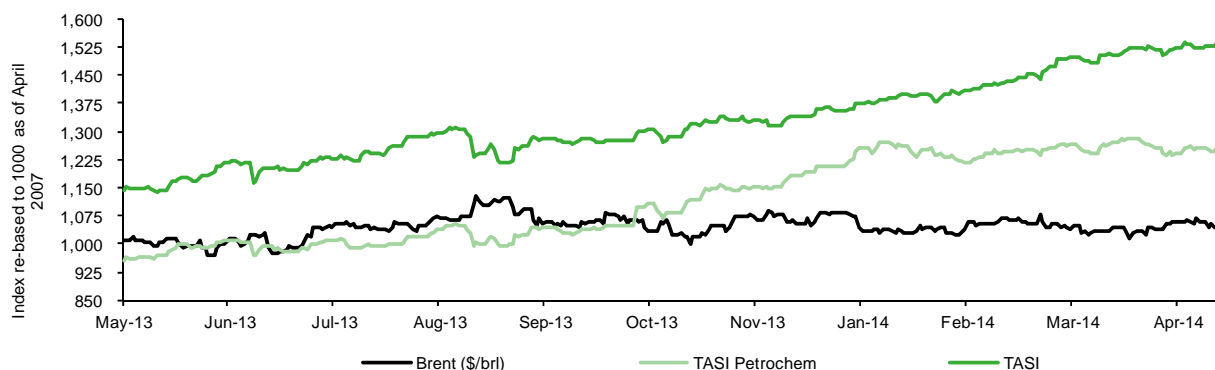
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Local news summary

- The sector's total net income grew 15.9% YoY to SR9.3bn in 1Q14 due to PetroRabigh's positive earnings and improved operational efficiency at Petrochem and Kayan. Petrochem reported the highest quarterly results since inception due to better operating rates and higher gross margins. However, on QoQ basis, the sector's net income declined 4.9% due to lower earnings from PetroRabigh, Sipchem and Sahara.
- **SABIC** commenced construction at its 50% owned polyurethane acetal facility (capacity of 50k mtpa) on 20 April 2014. The project is expected to be completed in 1Q16 while commercial operation is expected in 4Q16.
- SABIC Innovative Plastics (wholly owned by **SABIC**) plans to start its China-based engineering thermoplastics compounding plant (100k mtpa) in 4Q14. This indicates a delay from the earlier plan to start commercial operations in 2013.
- SHARQ (50% owned by **SABIC**) had a 20-day maintenance shutdown at its No.2 MEG facility (capacity of 450k mtpa) in April 2014. However, the status of this shutdown and the financial impact are not disclosed yet. The facility account for 11.8% of SABIC's total MEG capacity.
- **Sipchem** announced that it has resumed the operations at the butaindiol facility. The facility was closed for 35 days for maintenance. This planned shutdown has resulted in a loss of SR5mn which will be reflected in 2Q14 results.
- **SABIC's** 50% owned Al-Jubail Fertilizer resumed operations at its 2-ethylhexanol facility (capacity of 150k mtpa) in the second week of April 2014. The plant was closed for maintenance in late March.
- Ma'aden secured a USD2bn loan from Public Investment Fund (PIF) to finance part of Waad Al-Shamal Phosphate Co. The 17-year loan will be paid on a semi-annual basis, with a five-year grace period. Waad Al-Shamal phosphate Co. is a JV between Ma'aden (60% stake), Mosaic (25%), and **SABIC** (15%).
- **Kayan**, Sadara Chemical, and Saudi Acrylic Acid Company (SAAC) plan to commence operations at their n-butanol facility (capacity of 330k mtpa) in 2Q15. This indicates a delay of one quarter from the previous announcement. The plant is equally owned by the three partners.
- **Petro Rabigh** resumed operations at its Vacuum Gas Oil Hydro Treating Unit on 25 April 2014, after a 29-day planned shutdown. Earlier, on 26 March 2014, the company announced an estimated financial impact of this shutdown at SR170mn, which will be reflected in 2Q14 results.

Exhibit 1: Index tracker

Index re-based to 1000 as of April 2007



Source: Bloomberg, NCBC Research

MAY 2014

Global news summary

- US auto sales increased 8.1% YoY to 1.39mn units in April 2014. The was driven by higher demand after a severe winter in 1Q14.
- According to the US Institute for Supply Management, the Purchasing Managers' Index (PMI) rose 1.2 MoM to 54.9 in April 2014, increasing for the 11th consecutive month.
- The US economy grew just 0.1% in 1Q14, lower than 2.6% in 4Q13 as the severe winter affected most of the business activities. The IMF expects the US economy to grow 2.8% in 2014.
- The Eurozone's Manufacturing PMI increased to 53.4 in April 2014 from 53.0 in March 2014, slightly higher than the consensus estimates of 53.3. For the first time since November 2007, the index was above 50 for all the countries.
- According to Eurostat, the construction output of Eurozone and the EU was broadly flat MoM in February 2014 compared to the 1.6% and 1.4% increase in January 2014, respectively. On a YoY basis, the construction output increased 6.7% in the Eurozone and 5.5% in the EU in February 2014.
- On a YoY basis, imports of key petrochemical products in China decreased 15.5% to 2.1mn mt in March 2014. Higher petrochemical prices, weak demand, and excess domestic supply reduced the YoY March imports. Lower imports of Methanol (-70.2%), PVC (-17.1%), and styrene (-7.4%) offset the higher demand for PVC resin (+24.3%) and EVA (+15.6%).
- According to the China Federation of Logistics & Purchasing (CFLP), the country's PMI increased slightly to 50.4 in April 2014 from 50.3 in March 2014. This is the second consecutive month of improvement in PMI, but at a slower-than-expected pace.

EIA maintains price estimates for oil and natural gas

- The US Energy Information Administration (EIA), in its Short-term Energy Outlook (released in April 2014), maintained its price estimates for WTI and Brent for 2014E and 2015E.
- On a YoY basis, the EIA expects WTI crude to average USD95.6/bbl in 2014E (down 2.4% YoY) and USD89.8/bbl in 2015E (down 6.1% YoY). Brent prices are expected to decline 3.5% in 2014E and 3.8% in 2015E to USD104.9/bbl and USD100.9/bbl, respectively. We believe higher production from non-OPEC countries is expected to reduce oil prices in 2014E and 2015E.
- The EIA estimates the price of Henry Hub natural gas to increase 19% YoY to USD4.4/mmbtu in 2014E. However, prices are expected to decline 7.4% YoY to USD4.1/mmbtu in 2015E.

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Spot vs. Futures

Price of WTI declined 1.9% MoM, while Brent prices remained broadly flat in April 2014. Natural gas prices increased 9.5% MoM. Oil and natural gas futures for 2014 were broadly in-line with the current level, while the futures for 2015–17 were trading at a discount. Gold future contracts continued to trade broadly in line with spot prices, expect for the year 2017. On the MoM basis, futures curve for oil shifted up, while natural gas and gold future curves remained broadly unchanged.

Exhibit 2: Commodity futures

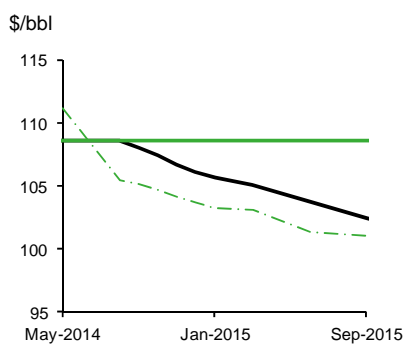
	Spot (\$)	2Q14	3Q14	2014	2015	2016	2017
WTI (\$/brl)	Forecast	96.0	98.0	98.0	95.0	96.2	96.0
	Future	100.1	97.0	97.6	89.9	85.1	82.7
	99.8 Premium/Discount (%)	0.4	(2.7)	(2.2)	(9.9)	(14.7)	(17.1)
Brent (\$/brl)	Forecast	104.0	105.0	105.3	102.0	102.9	100.5
	Future	108.0	106.4	106.8	101.7	97.6	95.1
	108.6 Premium/Discount (%)	(0.5)	(2.0)	(1.7)	(6.4)	(10.1)	(12.4)
Natural Gas Henry Hub (\$/MMBtu)	Forecast	4.3	4.3	4.5	4.5	4.8	4.5
	Future	4.7	4.7	4.7	4.4	4.4	4.4
	4.7 Premium/Discount (%)	(1.3)	(0.6)	0.0	(7.8)	(7.8)	(5.9)
Gold (\$/oz)	Forecast	1,270.0	1,222.0	1,239.7	1,215.0	1,289.0	1,200.0
	Future	1,301.1	1,303.1	1,300.4	1,305.0	1,317.0	1,342.8
	1,299.6 Premium/Discount (%)	0.1	0.3	0.1	0.4	1.3	3.3

Source: Bloomberg, NCBC Research

Futures charts

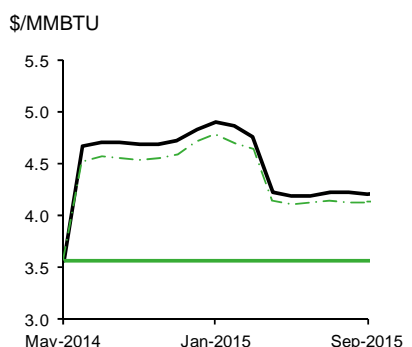
To enable a comparative analysis of the futures curves, the previous month's data is indicated as a dotted line. The black line represents this month's data and the straight line represents this month's spot price.

Exhibit 3: Crude oil*



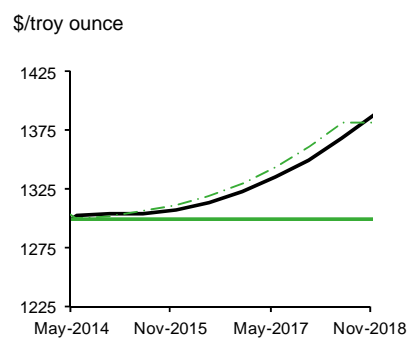
Source: Bloomberg, NCBC Research
*updated May 2014

Exhibit 4: Natural gas*



Source: Bloomberg, NCBC Research
* updated May 2014

Exhibit 5: Gold*



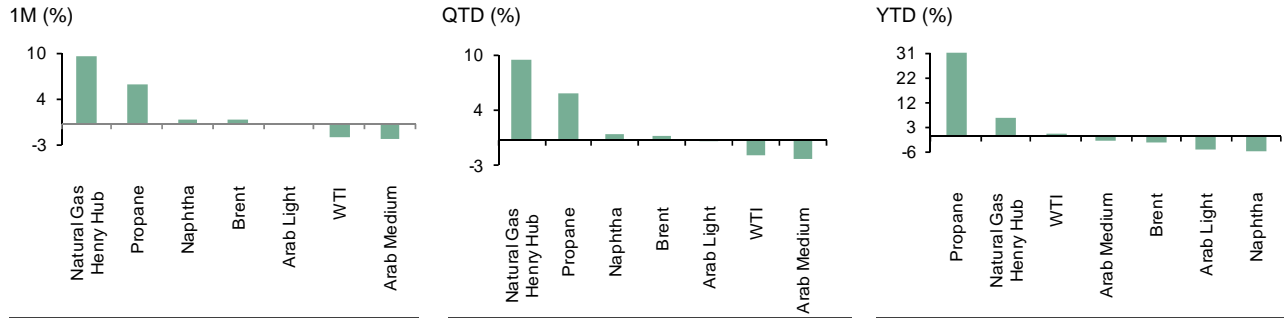
Source: Bloomberg, NCBC Research
* updated May 2014

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Relative product performance

Brent oil prices remained broadly flat MoM, while natural gas prices increased 9.5%. Most petrochemical prices were up, with Butadiene (+4.6%) being the top performer. Most base metal and precious metal prices closed in a positive note, with the exception of Silver, which declined 1.7%.

Exhibit 6: Oil and Gas

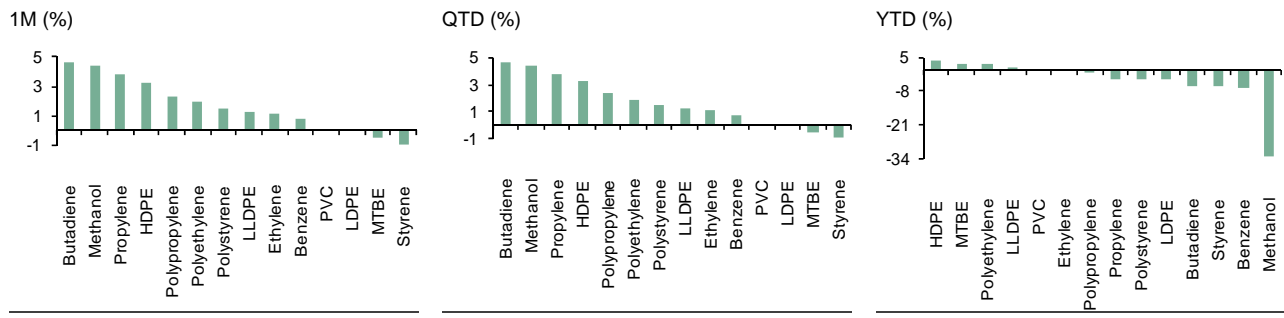


Source: Bloomberg, NCBC Research

Source: Bloomberg, NCBC Research

Source: Bloomberg, NCBC Research

Exhibit 7: Petrochemicals

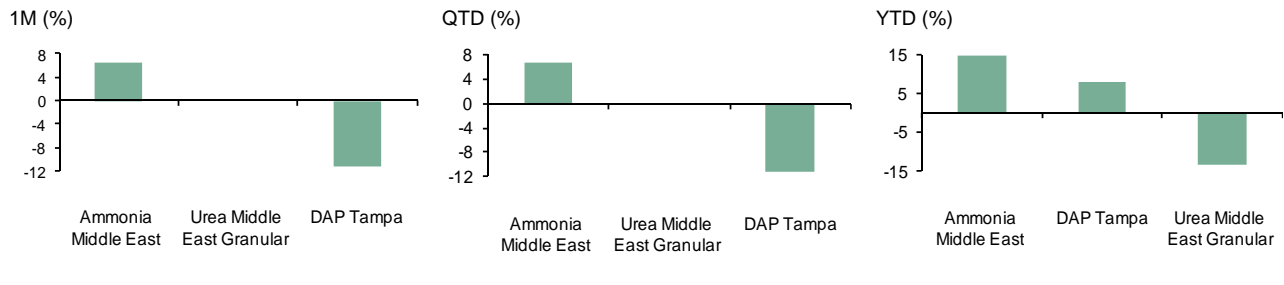


Source: Bloomberg, NCBC Research

Source: Bloomberg, NCBC Research

Source: Bloomberg, NCBC Research

Exhibit 8: Fertilizers

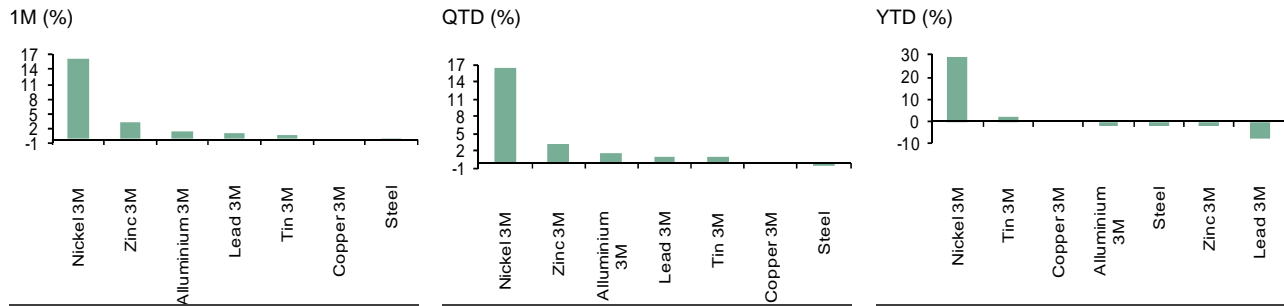


Source: Bloomberg, NCBC Research

Source: Bloomberg, NCBC Research

Source: Bloomberg, NCBC Research

Exhibit 9: Base metals



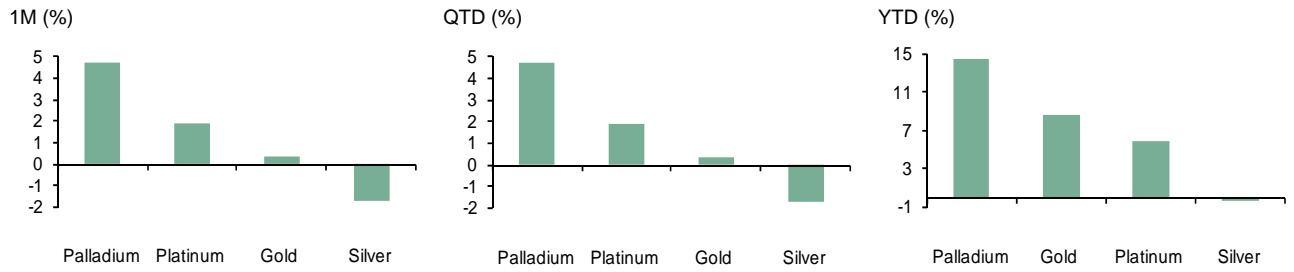
Source: Bloomberg, NCBC Research

Source: Bloomberg, NCBC Research

Source: Bloomberg, NCBC Research

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Exhibit 10: Precious metals

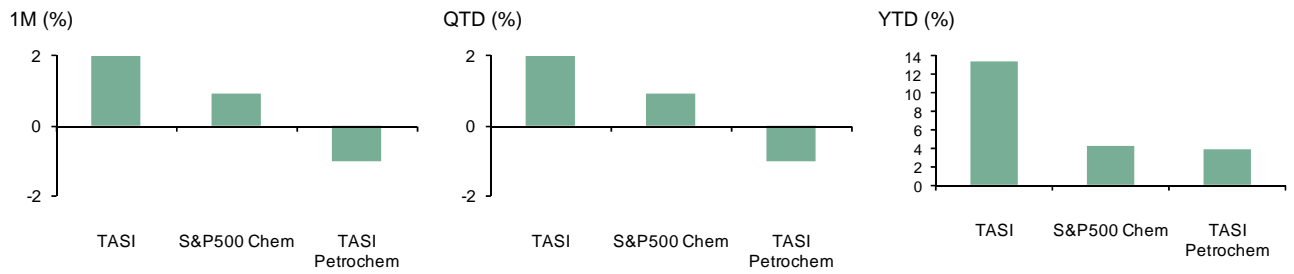


Source: Bloomberg, NCBC Research

Source: Bloomberg, NCBC Research

Source: Bloomberg, NCBC Research

Exhibit 11: Indices



Source: Bloomberg, NCBC Research

Source: Bloomberg, NCBC Research

Source: Bloomberg, NCBC Research

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Performance and valuation

TASI petrochemical index ended flat in April 2014, underperforming the TASI (up 2.1%), as 1Q14 earnings reported by Advanced, Yansab, Sipchem, and Sahara in the first half of April 2014 were below expectations. On QoQ basis, the petrochemical sector's net income declined 4.9% due to lower earnings from Petro Rabigh, Sipchem, and Sahara. However, on the YoY basis, the sector's earnings grew (+15.9% YoY to SR9.3bn), driven by Petro Rabigh's positive earnings and improved operational efficiency at Petrochem and Kayan. Petrochem reported the highest quarterly net income since inception, benefiting from improved operating rates and higher gross margins.

Advanced (+4.8% MoM) was the top gainer. Chemanol and Sahara (-4.7% MoM each) were the worst performers due to disappointing 1Q14 results.

On the global front, most stocks ended flat last month. BASF was the top performer (+4.2% MoM), while Industrial Qatar was the top loser (-1.9%). Industrial Qatar's reported weak 1Q14 results due to shutdowns.

Exhibit 12: Industry – performance and valuation

Name	Rating	Target price (SR)	Last traded price (LC)*	Mkt cap (SR mn)	Price chg (%)		TTM (%)		2014		Div ytd 14(%)
					1M	YTD	ROE	ROA	P/E	PBV	
Saudi Arabia											
Tasnee	Overweight	37.8	32.2	21,539	(0.6)	(3.9)	9.2	2.4	10.4	1.7	6.2
Sipchem	Neutral	29.7	31.3	11,477	(0.9)	(1.6)	11.3	3.9	12.9	1.9	4.0
YANSAB	Overweight	81.5	72.0	40,500	(1.0)	(2.4)	18.0	11.0	12.8	2.6	5.6
Sahara Petrochemical	Neutral	18.9	20.5	8,995	(4.7)	3.5	10.2	6.5	10.9	1.4	4.1
Saudi Kayan	Neutral	14.6	16.5	24,750	(1.8)	5.1	(1.3)	(0.4)	17.6	1.6	0.0
SAFCO	Neutral	154.9	163.3	54,417	2.2	4.3	36.3	32.2	14.4	6.8	6.4
Petrochem	Neutral	25.7	28.8	13,824	1.8	12.5	1.8	0.4	12.5	2.8	0.0
SABIC	Overweight	133.7	117.8	353,250	(0.2)	5.6	16.0	7.3	12.2	2.0	5.1
SIIG	Overweight	38.1	35.2	15,840	1.1	8.6	14.4	3.6	9.4	2.2	4.3
Advanced	Overweight	48.5	44.1	7,232	4.8	8.1	27.6	18.2	13.0	2.9	5.1
Nama Chemicals	NR	-	15.8	2,024	0.6	12.1	(2.5)	(1.3)	NA	NA	0.0
Alujain	NR	-	24.5	1,695	(1.8)	(2.8)	16.0	3.2	NA	NA	0.0
Chemanol	NR	-	17.3	2,080	(4.7)	13.1	4.6	2.5	19.4	1.3	3.0
PetroRabigh	NR	-	28.3	24,791	(2.7)	16.7	16.6	3.2	11.9	2.4	3.5
Global											
BASF SE	Germany	-	83.6	399,247	4.2	7.9	17.9	7.2	12.9	2.6	3.4
DuPont	US	-	66.9	230,255	(0.7)	2.9	20.8	6.0	13.8	3.8	2.8
Dow Chemicals	US	-	48.7	219,869	(0.0)	8.3	24.5	7.5	13.6	2.3	2.8
Industries Qatar	Qatar	-	182.9	113,979	(1.9)	8.3	24.7	21.6	12.2	3.3	6.2
Eastman	US	-	85.8	48,368	(0.8)	6.4	33.7	9.7	11.0	3.0	1.6
Sumitomo	Japan	-	384.0	23,296	(1.0)	(6.8)	2.7	0.5	11.2	1.1	2.3

Source: Bloomberg, NCBC Research
LC = Local currency, *Updated May 2014

MAY 2014

Product portfolio and capacities

The following section outlines product portfolios of listed petrochemical companies in the Kingdom. The planned commissioning dates are based on available information or discussions with the management. We have displayed the respective changes in commodity prices to indicate the potential impact on producers or plants yet to go on-stream.

Exhibit 13: Portfolio product and capacities

Company	Product	Capacity (mnmt)	Planned Commissioning of Capacity	Price MoM (%)	Price YTD (%)
SABIC (Saudi Basic Industries Corporation)					
	Ethylene	7.185	on-stream	1.1	0.4
	Methanol	4.129	on-stream	4.3	(32.7)
	Gases	4.100	on-stream		
	Polyethylene	4.095	on-stream	1.9	2.3
	Monoethylene Glycol (MEG)	3.505	on-stream		
	Methyl Tertiary Butyl Ether (MTBE)	3.308	on-stream	(0.5)	2.5
	Urea	3.105	on-stream	0.0	(13.3)
	Long Steel	2.702	on-stream		
	Ammonia	2.451	on-stream	6.6	14.9
	Flat Steel	1.154	on-stream		
	Styrene	1.074	on-stream	(0.9)	(6.2)
	Propylene	0.870	on-stream	3.8	(3.2)
	Ethylene Dichloride (EDC)	0.827	on-stream		
	Polypropylene	0.774	on-stream	2.3	(1.0)
	Caustic Soda (NaOH)	0.632	on-stream		
	Vinyl Chloride Monomer (VCM)	0.434	on-stream		
	Polyvinyl Chloride (PVC)	0.415	on-stream	0.0	0.5
	Benzene	0.374	on-stream	0.8	(6.6)
	Di Ethylene Glycol (DEG)	0.332	on-stream		
	Purified Terephthalic Acid (PTA)	0.298	on-stream		
	Phosphate, compound and liquid	0.256	on-stream		
	Paraxylene	0.252	on-stream		
	Polystyrene (PS)	0.174	on-stream	1.5	(3.3)
	2-Ethylene Hexanol (2EH)	0.166	on-stream		
	Butene	0.151	on-stream		
	Butadiene	0.121	on-stream	4.6	(5.9)
	Pyrolysis Gasoline	0.117	on-stream		
	Sulphuric Acid	0.097	on-stream		
	Polyethylene Terephthalate (PET) Resin	0.079	on-stream		
	CIE (crude industrial ethanol)	0.070	on-stream		
	Textile Chips	0.051	on-stream		
	Dioctyle Phthalate (DOP)	0.029	on-stream		
	Melamine	0.021	on-stream		
	Tri Ethylene Glycol (TEG)	0.018	on-stream		
	Urea Formaldehyde	0.013	on-stream		
	Polyester Fibres	0.008	on-stream		
	LDPE	0.400	on-stream	0.0	(3.3)
	Methyl methacrylate	0.250	2014		
	Polymethyl methacrylate	0.030	2014		
	Polyethylene terephthalate (PET)	0.420	2014		
	Polyacetal	0.050	4Q-16		
PetroRabigh (Rabigh Refining and Petrochemical Company)					
	Petroleum Products	17.300	on-stream		
	Ethylene	1.250	on-stream	1.1	0.4
	Propylene	0.900	on-stream	3.8	(3.2)
	LDPE	0.350	on-stream	0.0	(3.3)
	LLDPE	0.250	on-stream	1.3	1.0
	HDPE	0.300	on-stream	3.3	3.6
	Mono Ethylene Glycol	0.600	on-stream		
	Polypropylene	0.700	on-stream	2.3	(1.0)
	Polypropylene Oxide	0.200	on-stream		

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Exhibit 14: Portfolio product and capacities

Company	Product	Capacity (mnmt)	Planned commissioning of Capacity	Price MoM (%)	Price YTD (%)
SAFCO (Saudi Arabian Fertilizer Company)					
	Urea	2.270	on-stream	0.0	(13.3)
	Ammonia	2.100	on-stream	6.6	14.9
	Urea	1.100	2014	0.0	(13.3)
Saudi Kayan (Saudi Kayan Petrochemical Company)					
	Ethylene	1.478	on-stream	1.1	0.4
	Propylene	0.630	on-stream	3.8	(3.2)
	LDPE	0.300	on-stream	0.0	(3.3)
	HDPE	0.400	on-stream	1.9	2.3
	Ethylene Glycols	0.609	on-stream		
	Polypropylene	0.350	on-stream	2.3	(1.0)
	Polycarbonate	0.260	on-stream		
	Acetone	0.135	on-stream		
	Benzene	0.109	on-stream	0.8	(6.6)
	Ethanolamines&Ethoxylates	0.140	on-stream		
	Bisphenol A	0.240	on-stream		
	Phenol	0.220	on-stream		
	Cumene	0.290	on-stream		
	Ethylene oxide	0.550	on-stream		
	Ethylamines	0.135	on-stream		
	Synthetic/Natural Alcohol- Detergent grade	0.050	2Q-14		
	n-Butanol	0.330	2Q-15		
	Iso-Butanol	0.011	2Q-15		
	Ultra High Molecular Weight Polyethylene (UHMWPE)	0.035	4Q-15		
Yansab (Yanbu National Petrochemicals Company)					
	Ethylene	1.300	on-stream	1.1	0.4
	Propylene	0.400	on-stream	3.8	(3.2)
	Mono Ethylene Glycol (MEG)	0.700	on-stream		
	Di Ethylene Glycol (DEG)	0.065	on-stream		
	Tri Ethylene Glycol (TEG)	0.005	on-stream		
	Polypropylene	0.400	on-stream	2.3	(1.0)
	HDPE	0.400	on-stream	3.3	3.6
	LDPE	0.400	on-stream	0.0	(3.3)
	Benzene	0.170	on-stream	0.8	(6.6)
	Butene	0.115	on-stream		
	Benzene-Toulene and Xylene (BTX)	0.070	on-stream		
	Methyl Tertiary Butyl Ether (MTBE)	0.020	on-stream	(0.5)	2.5
Sipchem (Saudi International Petrochemical Company)					
	Methanol	1.000	on-stream	4.3	(32.7)
	Carbon Monoxide	0.345	on-stream		
	Butanediol	0.075	on-stream		
	Acetic Acid	0.460	on-stream		
	Vinyl Acetate Monomer (VAM)	0.330	on-stream		
	Ethyl Acetate	0.100	on-stream		
	Semi-Conductive Outer & Inner Shield Compounds	0.025	on-stream		
	Ethylene Vinyl Acetate	0.004	on-stream		
	Ethylene Vinyl Acetate/LDPE	0.200	2Q-14		
	Polybutylene Terephthalate (PBT)	0.063	4Q-14		
	Plastic Moulds	0.001	NA		
SIIG (Saudi Industrial Investment Group)					
	Benzene	0.835	on-stream	0.8	(6.6)
	Cyclohexane	0.290	on-stream		
	Motor Gasoline	0.780	on-stream		
	Styrene	0.730	on-stream	(0.9)	(6.2)
	Propylene	0.150	on-stream	3.8	(3.2)
	Ethylene	1.165	on-stream	1.1	0.4
	HDPE/LLDPE	1.100	on-stream	3.3	3.6
	Propylene	0.430	on-stream	3.8	(3.2)
	Polypropylene	0.400	on-stream	2.3	(1.0)
	Polystyrene	0.200	on-stream	1.5	(3.3)
	1-Hexene	0.100	on-stream		
	Nylon 6.6 and conversion	0.070	on-stream		

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Exhibit 15: Portfolio product and capacities

Company	Product	Capacity (mnmt)	Planned commissioning of Capacity	PriceMoM (%)	Price YTD (%)
Tasnee (Tasnee and Sahara Olefins Company)					
	Ethylene	1.010	on-stream	1.1	0.4
	Titanium Dioxide	0.790	on-stream		
	Propylene	0.740	on-stream		
	Polypropylene	0.720	on-stream	2.3	(1.0)
	HDPE	0.400	on-stream	3.3	3.6
	LDPE	0.400	on-stream	0.0	(3.3)
	Acrylates	0.224	on-stream	3.8	(3.2)
	Superabsorbent Polymers	0.080	on-stream		
	n-Butanol	0.330	2Q-15		
	Iso-Butanol	0.011	2Q-15		
	Titanium sponge	0.015	2Q-17		
Sahara Petrochemicals (Sahara Petrochemical Company)					
	Ethylene	1.010	on-stream	1.1	0.4
	Polyethylene	0.800	on-stream	1.9	2.3
	Propylene	0.467	on-stream	3.8	(3.2)
	Polypropylene	0.450	on-stream	2.3	(1.0)
	Acrylates	0.224	on-stream		
	Chlorine	0.227	on-stream		
	Superabsorbent Polymers	0.080	on-stream		
	Caustic Soda	0.250	2Q-14		
	Ethylene Dichloride (EDC)	0.300	2Q-14		
	n-Butanol	0.330	2Q-15		
	Iso-Butanol	0.011	2Q-15		
Petrochem (National Petrochemical Company)					
	Ethylene	1.165	on-stream	1.1	0.4
	HDPE/LLDPE	1.100	on-stream	3.3	3.6
	Propylene	0.430	on-stream	3.8	(3.2)
	Polypropylene	0.400	on-stream	2.3	(1.0)
	Polystyrene	0.200	on-stream	1.5	(3.3)
	1-Hexene	0.100	on-stream		
APPC (Advanced Petrochemicals Company)					
	Propylene	0.455	on-stream	3.8	(3.2)
	Polypropylene	0.450	on-stream	2.3	(1.0)
Chemanol (Methanol Chemicals Company)					
	Methanol	0.231	on-stream	4.3	(32.7)
	Pentaerythritol	0.020	on-stream		
	Dimethylformaldehyde (DMF)	0.060	on-stream		
	Methylamines	0.050	on-stream		
	Carbon Monoxide	0.033	on-stream		
	Acetaldehyde	0.012	on-stream		
	Formaldehyde	0.215	on-stream		
	Paraformaldehyde	0.014	on-stream		
	Resins	0.014	on-stream		
	Hexamine	0.011	on-stream		
	SNF	0.035	2015		
Alujain (Alujain Corporation)					
	Polypropylene	0.400	on-stream	2.3	(1.0)
	Polypropylene	0.100	4Q-14	2.3	(1.0)
Nama Chemicals					
	Epoxy resins	0.60	on-stream		
	Epoxy resins	0.60	on-stream		
	Calcium Chloride	NA	on-stream		

Source: Company, NCB Research

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Appendix

Exhibit 16: Commodity wrap-up

Name	Latest	1 wk (%)	1M (%)	QTD (%)	YTD (%)	TTM (%)	5yr high	5yr low
Oil and Gas								
WTI (\$/bbl)	99.8	(1.1)	(1.9)	(1.9)	0.5	4.3	113.9	45.9
Brent (\$/bbl)	108.6	(0.9)	0.5	0.5	(2.4)	4.2	126.7	48.4
Arab Light (\$/bbl)	106.5	(1.0)	(0.1)	(0.1)	(5.1)	4.5	126.8	47.8
Arab Medium (\$/bbl)	95.9	1.8	(2.2)	(2.2)	(1.6)	(4.4)	120.9	45.6
Natural Gas Henry Hub (\$/MMBtu)	4.7	(1.7)	9.5	9.5	7.0	19.2	8.0	1.8
Naphtha (\$/bbl)	102.4	(2.0)	0.6	0.6	(5.8)	14.5	119.8	46.1
Propane (\$/mt)	805.5	0.7	5.5	5.5	31.0	31.0	990.0	367.0
Petrochemicals								
Methanol CFR China (\$/ton)	360.0	0.0	4.3	4.3	(32.7)	(1.4)	550.0	210.0
MTBE (\$/mt)	1,118.0	(2.6)	(0.5)	(0.5)	2.5	2.9	1,413.0	576.0
Benzene (\$/gallon)	1,265.0	0.0	0.8	0.8	(6.6)	(3.1)	1,490.0	580.0
Ethylene (\$/mt)	1,380.0	0.0	1.1	1.1	0.4	29.6	1,470.0	640.0
Polystyrene (\$/mt)	1,745.0	0.0	1.5	1.5	(3.3)	(1.7)	1,925.0	930.0
Polyethylene (\$/mt)	1,575.0	0.0	1.9	1.9	2.3	12.9	1,575.0	1,030.0
Polypropylene (\$/mt)	1,530.0	0.0	2.3	2.3	(1.0)	10.5	1,680.0	1,000.0
Propylene (\$/lb)	1,365.0	0.0	3.8	3.8	(3.2)	11.9	1,605.0	765.0
PVC (\$/ton)	1,020.0	0.0	0.0	0.0	0.5	6.8	1,220.0	670.0
Butadiene (\$/lb)	1,355.0	0.0	4.6	4.6	(5.9)	(7.8)	4,500.0	525.0
Styrene (\$/lb)	1,600.0	0.0	(0.9)	(0.9)	(6.2)	(2.1)	1,820.0	855.0
LDPE (\$/mt)	1,445.0	0.0	0.0	0.0	(3.3)	5.9	1,625.0	900.0
LLDPE (\$/mt)	1,560.0	0.0	1.3	1.3	1.0	13.9	1,580.0	1,020.0
HDPE (\$/mt)	1,585.0	0.0	3.3	3.3	3.6	14.4	1,585.0	1,025.0
Fertilizers								
Ammonia Middle East (\$/mt)	517.0	0.0	6.6	6.6	14.9	(10.1)	705.0	200.0
DAP Tampa	443.0	(6.0)	(11.1)	(11.1)	8.0	NA	670.0	265.0
Urea Middle East Granular (\$/mt)	325.0	0.0	0.0	0.0	(13.3)	(11.0)	610.0	240.0
Base Metals								
Steel (\$/mt)	577.5	(0.9)	(0.4)	(0.4)	(2.1)	(2.9)	745.0	425.0
Aluminium 3M (\$/mt)	1,786.0	(3.6)	1.6	1.6	(2.0)	(5.1)	2,797.0	1,385.0
Copper 3M (\$/mt)	347.0	0.0	0.0	0.0	0.0	3.8	439.2	304.4
Lead 3M (\$/mt)	2,091.0	(3.3)	1.2	1.2	(7.3)	2.6	2,855.0	1,220.0
Nickel 3M (\$/mt)	18,270.0	(0.9)	16.3	16.3	29.3	20.0	29,300.0	10,100.0
Tin 3M (\$/mt)	23,095.0	(2.2)	1.0	1.0	2.2	12.8	33,300.0	10,450.0
Zinc 3M (\$/mt)	2,040.0	(0.8)	3.2	3.2	(2.2)	8.2	2,718.0	1,312.0
Precious metals								
Gold (\$/oz)	1,299.6	(0.3)	0.3	0.3	8.6	(11.6)	1,900.2	868.8
Silver (\$/oz)	19.5	(1.0)	(1.7)	(1.7)	(0.4)	(19.2)	48.4	11.9
Platinum (\$/oz)	1,438.3	1.1	1.9	1.9	5.9	(4.1)	1,903.8	1,093.0
Palladium (\$/oz)	811.7	0.2	4.7	4.7	14.4	17.0	858.5	216.5
Indices								
TASI Petrochem	7,788.4	1.0	(1.0)	(1.0)	3.9	31.4	7,878.5	3,061.7
TASI	9,660.1	1.1	2.1	2.1	13.4	33.9	9,717.0	4,717.4
S&P500 Chem	484.5	0.9	0.9	0.9	4.4	22.0	493.0	191.2

Source: NCB Research

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Glossary - Industry

AA (Acetic Acid)	An organic intermediate used in the preparation of metal acetates that are used in printing processes, Acetates including vinyl acetate and acetic anhydride)
AAC	Arabian Amines Company
ABS	Acrylonitrile-Butadiene-Styrene Terpolymer, has a glossy surface and is an engineering plastic with thermal, chemical and impact resistance
Acrylic Acid	Acrylic acid, along with the basic alkyl esters (methyl, ethyl and butyl esters). An important monomer for manufacturing of adhesives, detergents, varnishes, and plastics
Adhesives	A sticky substance used to bond two solids
Aromatics	An organic compound containing a hexagonal ring of carbon atoms (eg. Benzene)
Base Chemical	A chemical building block early in the supply chain from which downstream products are produced (eg. Ethylene and Benzene)
Benzene	A colorless liquid which occurs naturally in fossil raw materials such as crude oil and coal. Among the most important feedstock for the chemical industry and is not used directly by end consumers
Bn	Billion
BoD	Board of Director
Borouge	Abu Dhabi Polymers Company
Brl	Barrel
Bu	Bushel
CO2	Carbon Dioxide
Commodity Chemicals	Chemicals that are mostly sold in bulk and generally at lower margins relative to more downstream products. Market share, economies of scale, feedstock cost can lead to competitive advantage
Crackers	This is the name given to the production facilities that manufacture vast volumes of petrochemicals from oil or gas feedstock
Cracking	A process when long chains of organic molecules are split into small ones (i.e. naphtha into ethylene)
DAP	Di-Ammonia Phosphate
Derivative	A chemical compound derived (made) from other chemicals. Polystyrene is a derivative of styrene
De-Stocking	The sellers of the products are reducing their inventory levels
DETA	Di-Ethylenetriamine
DME	Di-methyl Ether
Downstream Activities	Processing of hydrocarbons like oil and natural gas into compounds that can be used in usable products
EDA	Ethylene Di-Amine
EDC	Ethylene Di-Chloride
EG (Ethylene Glycol)	A colorless, oily, odorless, toxic liquid. Commercially produced from ethylene oxide. Used widely as an anti-freeze in automobile cooling systems and in the manufacturing of man-made fibers and brake fluids
EGM	Extraordinary General Assembly Meeting
EO (Ethylene oxide)	An industrial chemical primarily used in sterilizing medical equipment. In its pure form it is a colorless gas
EO/EG	Ethylene Oxide/Ethylene Glycol
Eols	Expressions of Interest
EPC	Engineering, Procurement and Construction
EPCM	Engineering, Procurement and Construction Management
Ethane	The second most important constituent of natural gas, a major raw material for the production of polyethylene plastic, ethylene glycol and ethyl alcohol
FEED	Front-end Engineering and Design
Fertil	Ruwais Fertilizer Company
GTO	Gas-to-Olefins
HDPE (High Density Polyethylene)	A thermoplastic resin made from ethylene. It is mostly used in the manufacturing of grocery bags and milk jugs
Hydrocarbon	These are compounds that contain only hydrogen and carbon atoms. They are the basic materials in oil, gas and the chemical industries
In-organic chemicals	Inorganic chemicals are all substances encompassing the other 91 naturally occurring elements as well as those that contain carbon that doesn't covalently bonded to itself or hydrogen. Inorganic chemicals are used in agriculture and also as pigments, coatings, additives etc
ITB	invitation to bid
lb	Pound
LDPE (Low Density Polyethylene)	Similar to HDPE, it is a thermoplastic resin made from ethylene. It is mostly used in the manufacturing of food packaging and coatings.
LLDPE (Linear Low Density Polyethylene)	A thermoplastic resin made from ethylene. It is mostly used in the manufacturing of shrink wrap and packaging
LPG (Liquefied petroleum gas)	Obtained from the fractional distillation of crude oil, it is a primary feedstock for a cracker
LSTK	Lump-sum turnkey
LTP	Last traded price
Maaden	Saudi Arabian Mining Company
MDI	Methylene Di-Phenyl Di-Isocyanate
Methanol	The simplest form of alcohol, used as a feedstock for many downstream products including formaldehyde, MTBE and acetic acid

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mt	Metric tons
Mm BTU	One million British Thermal Units
MMA	Methyl methacrylate monomer
Monomer	A base unit in a polymer. Ethylene is a monomer, which among other polymers, goes into polyethylene
MoU	Memorandum of Understanding
MTBE (Methyl tertiary butyl ether)	Is a gasoline additive, used as an oxygenate in fuels to reduce vehicle exhaust emissions
Naphtha	This is an important primary feedstock and is obtained by fractional distillation of crude oil
Natural Gas	Along with crude oil and naphtha, natural gas is the pillar stone of the chemical industry. It is a colorless and highly flammable gas. Primarily consisting of methane, ethane and small amounts of propane. Ethane and propane, also known as Natural Gas Liquids, are converted into ethylene and propylene by steam cracking
NCP	National Chevron Phillips Company
O&U	Off sites and Utilities
OCU	Olefins Conversion Unit
Olefin	A product with a straight chain of hydrocarbons that may have one or more double bonds conferring reactivity
OPIC	Oman Petrochemical Industries Company
Organic chemicals	Organic chemicals relate to compounds containing carbon and are mostly produced from fossil fuels. These chemicals produced from oil, gas and coal are by far the most significant to the chemical industry as they form the feedstock of upstream products like ethylene, propylene and benzene towards downstream compounds such as paints and plastics
Oxidation	A form of reaction when electrons are removed from a molecule, or where oxygen atoms are added to a molecule
Oz	Ounce
PDH	Propane Dehydrogenation
PE (Polyethylene)	A polymer of ethylene and is used in the production of packaging and insulation
Petrochemical	Any chemical derived from crude oil or natural gas
Petrokemya	Arabian Petrochemical Company
PMC	Project Management Consultancy
PMMA	Polymethyl methacrylate
PMS	Project Management Services
Polymer	A hydrocarbon chain made by the repetition monomers. Polyethylene is a polymer made by ethylene as a repetitive unit, or monomer
Polystyrene	A solid plastic produced from polymerized styrene. It has many everyday uses including coffee cups and CD jewel boxes
PP	Polypropylene
POM	Polyacetal
Propylene	Also known as Propene, is a flammable colorless gas. It is used in manufacturing of resins, fibers and plastics
Propylene Oxide	Used as a monomer in polymer production and as a chemical intermediate in the manufacturing of polyurethane foam
PVC	Polyvinyl Chloride
PVC (Polyvinyl Chloride)	A polymer of vinyl chloride and used to make a variety of cost-effective products. PVC products include medical tubing, blood bags, footwear, electrical cables, stationary and toys
QAFCO	Qatar Fertilizer Company
QAPCO	Qatar Petrochemical Company
Styrene	A clear, colorless liquid which is a derivative of natural gas by-products. Styrene can also be extracted naturally from the sap of styrax trees. It is generally used to create plastic materials for a wide range of strong, flexible and lightweight products. (eg. food containers, cars and computers)
t/d	tons a day
t/y	tons a year
TDI	Toluene Di-Isocyanate
TEPA	Tetraethylenepentamine
TETA	Tri-Ethylenetetramine
(VAM) Vinyl Acetate Monomer	A colorless and liquid organic chemical used in the production of plastics
(VCM) Vinyl Chloride Monomer	A colorless and flammable gas primarily used in the production of polyvinyl chloride; it finds use in the construction (windows, pipe and siding) and medical industries

Source: Company, NCB Research

Other

Chg	Change	P/E	Price to earnings
DivYld	Dividend yield	QoQ	Quarter on quarter
EBITDA	Earnings before interest, tax, depreciation, and amortization	QTD	Quarter to date
EV	Enterprise value	RoA	Return on assets
M-Cap	Market capitalization	RoE	Return on equity
MoM	Month on month	SR	Saudi Riyal
na	Not Available	YoY	Year on year
nm	Not meaningful	YTD	Year to date
P/BV	Price to book value	1M	1 Month (Last 30 days)

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