



جامعة الجميع الذكية
EVERYONE'S SMART UNIVERSITY

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Assignment 1 (Spring 2021)

Student Name: Yousif Y. Habib

Students I.D 2021200095

Section

**Master of Project
Management**

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Course Code

(PMG510)

Project Risk Management

Instructions:

Instructor's Name: Eng. Mosaab M. Hamed

Throughout this course you have learned about the different types of risk and how businesses manage them. Now you will be able to see how it is done in a well-known company.

Your assignment is to choose one of the following companies:

Saudi Aramco

The National Commercial Bank

Saudi Telecom Company

Do some research on any of the aforementioned companies and identify four risks they are facing.

For each risk please answer the following:

1. Why is this a risk?
2. What type of risk is it?
3. What is the likelihood of the risk? How great is the impact?
4. What strategy or policy does the company use to manage the risk?

** Your answers could either be in Arabic or English.

** You should submit your assignment in a pdf formatted file.

** Font size should be 12.

** Font type is Arial.

** Line spacing is 1.5.

All the best.

Saudi Aramco (the Saudi Arabian Oil Company), a state-owned national petroleum and natural gas company in Saudi Arabia, is known for its radical R&D plans and connections with Saudi sovereignty, but is also according to accounts seen and assessed by Bloomberg, the most profitable company in the world.

It recently filed its investment prospectus, including all details, risks and figures, ahead of its grand IPO this year, which is set to change history. You'd think hey let's invest, sound like win all round, but are the real risks?

Firstly, the prospectus itself does not mention a valuation, though Crown Prince Mohammed bin Salman has previously estimated Aramco should be valued at \$2 trillion, but estimating value is not always so straight-forward.

One of the many risks mentioned is armed conflict, with the company being state-owned, in the middle of a drone attack zone. Recent attacks resulted in a 20% jump in oil's price per barrel. In future, further attacks involving Aramco facilities "could have a material adverse effect."

Second on the prospectus' list is climate change, which of course with it being a natural gas company, makes sense. Global protests, environmental protection and carbon footprint are all elements that may or may not affect the overall efficacy of Aramco's operations moving forward, meaning the company would have to "incur costs or invest additional capital."

Peak oil demand has always been on the horizon for Aramco and similar companies. The adoption of renewable energy and a shift away from fossil fuels is a future many see as confirmed, and this could also pose some risk to the overall profitability of Saudi Aramco 2020 onward.

Political and social instability are also big risks due to the significance of the company's location globally. The Middle East and North Africa region are heavily influenced by surrounding political agendas and uncertainties, meaning future figures for Saudi Aramco could be just as uncertain given that even the prospectus mentions the vital importance of the Suez Canal and the Strait of Hormuz as critical shipping routes in its operations.

On the other hand, As MarketWatch notes, "the company's size and profitability has made it undeniably attractive to potential investors". "Aramco's low-cost oil production and its enormous reserves have helped transform the kingdom into one of the world's top 20 economies," the financial news site adds.