



جامعة الجميع الذكية
EVERYONE'S SMART UNIVERSITY

Everyone's Smart University

Assignment 1 (Spring 2021)

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Section

**Master of Project
Management**

Date

18 / 02 / 2021

Course Code

(PMG510)

Project Risk Management

Instructions:

Instructor's Name: Eng. Mosaab M. Hamed

حتى الآن من المفترض أن تكون أصبحت قادراً على التعرف والتمييز بين أنواع المخاطر المختلفة وكيفية التعامل معها. كما يمكنك الآن رؤية كيف يتم هذا الأمر في الشركات الكبيرة والمرموقة.

في هذا الواجب: قم باختيار واحدة من الشركات التالية:

أرامكو السعودية

البنك الأهلي التجاري

شركة الاتصالات السعودية

قم باختيار واحدة من الشركات الثلاث المذكورة أعلاه ثم ابحث عن أي 4 مخاطر تواجهها هذه الشركة .

لكل خطر من هذه المخاطر قم بالاجابة عن الأسئلة التالية:

1. لماذا اعتبرته خطراً؟
2. ماهو نوع هذا الخطر؟
3. ماهي احتمالية هذا الخطر؟ وفي حالة وقوعه مامدى قوة وتأثير هذا الخطر؟
4. ماهي السياسة أو الاستراتيجية التي تتبعها هذه الشركة للتعامل مع هذا الخطر وإدارته؟

** يمكنك الاجابة باللغة العربية أو الانجليزية على ألا تتجاوز اجابتك صفحتين من النوع A4

** يتم تسليم جميع الاجابات في ملف بصيغة pdf.

** حجم الخط 12.

** نوع الخط Arial.

** المسافة بين الأسطر (line spacing) 1.5

أمنياتي بالتوفيق.

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.



The Risks Surrounding Saudi Aramco's IPO

Most important points:-

- Aramco investors will face oil-price volatility and geopolitical risks.
- Investors will have no influence with state as majority shareholder.
- Saudi government could be tempted to dip into Aramco's profits.
- Aramco will face pressure to lift dividend payout to entice investors.
- Government hopes to sell 50% of issue to international investors.

One of those risks concerns Aramco's profitability in a world of volatile oil prices and a region of geopolitical tensions. The company recently disclosed a decline in net profit of 18% to \$68 billion for the nine months that ended in September from the same period a year ago. Oil prices were higher last year and unlike this year, Aramco wasn't the subject of drone attacks that wiped out about half of its daily crude production. While oil price volatility comes with the industry, the attacks raise the risk premium on those new shares.

Another big risk concerns the amount of influence shareholders will have compared with the company's dominant shareholder, the Saudi government. Aramco's goal is to sell a 2% to 5% stake, meaning that the state will remain the majority shareholder with a stake of between 95% and 98%. On those numbers, private shareholders will have little influence on the company's operations and what to do with the profits. Investors will demand a risk premium for that, too.

If the Saudi government is strapped for cash, it could be tempted to dip a little deeper into the profits of its oil company. That wouldn't be a completely unprecedented move for the government of an emerging-market economy to make, according to Uday Patnaik, head of emerging-market debt at U.K.-based asset manager Legal & General Investment Management Ltd. "Guess where you go if you need some tax money? You go to your quasi-sovereigns," he told the Journal.

A similar risk faces Russia's state-run gas giants Gazprom and Rosneft, which is why their shares trade at a discount to major publicly owned integrated oil-and-gas companies like Chevron (CVX) and BP Plc. (BP). Compared to Chevron's dividend yield of 3.9%, Gazprom pays 7%, reflecting the risk that profits could easily be sifted into the state's coffers. The high dividend yield paid by Gazprom suggests Aramco may have to offer something similar in order to attract investors.

Currently, Aramco pays out \$75 billion in annual dividends. At the company's desired \$2 trillion valuation, that's a dividend yield of just 3.75%. Even at the company's base valuation of around \$1.7 trillion, the yield would be just 4.4%. At the \$1.5 trillion that some investors think is more realistic, the yield would be 5%. Aramco executives have signalled that the company may boost the initial dividend payout to \$80 billion and could later elevate it to \$100 billion, generating yields of 4% and 5% respectively.

But compared to the average 5.7% dividend yield offered by Western oil majors and the average 6.3% yield offered by other emerging oil majors, even 5% might not be enough to entice foreign investors. Persuading global investors to buy in will be necessary if the IPO is going to be viewed as credible. Aramco is banking on at least half of the issue being gobbled up by international investors. That might be a tad optimistic considering the shares are only being listed on Saudi Arabia's local Tadawul stock exchange.

Looking Ahead

Of course, attracting domestic investors who will be looking to stay in good favor with Saudi Crown Prince Mohammed bin Salman should be less of a challenge. But because of these non-financial reasons for investing, an issue that goes entirely to domestic investors won't be much of an indicator of how much the company is really worth. To obtain those global investors, the Saudi government may find itself having to drop its valuation, possibly even below its base case.