Global
بيت الاستثمار العالمي
Global Investment House

Sector
November 2009

GCC Petrochemical Sector Quarterly

GCC Petrochemical Sector – 3Q2009

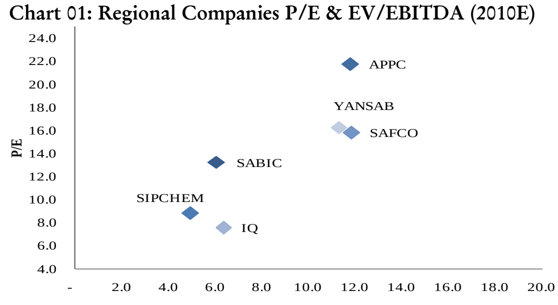
- Improvement in utilization rates.
- Modest improvement in prices in 3Q-2009.
- Provision reversals lead profitability growth in 3Q-2009.
- Neutral to Reduce stance.

- *Price Movement – Modest Growth from 2Q-2009*
  WTI crude oil prices have shown an improvement during 3Q2009 & averaged out at US$68.2 per barrel, which is 14.7% & 16.9% higher from 2Q2009 & 4Q2008 respectively. The improvement in crude oil prices supported gas prices to increase to an average price of US$4.0 per mmbtu during 3Q2009.

- *Profitability Growth – Impairment Cost Reversals*
  Based on our petrochemical universe, the regional sales revenue during 3Q2009 registered a growth of 15.2% to US$8.4bn over 2Q2009 while profitability increased by 51.8% to US$1.4bn during 3Q2009 from 2Q2009. However, other than fundamental factors the reversal of impairment costs during 3Q2009 remained key factor of improvement in the sector's profitability as compared to the profitability registered in 2Q2009.

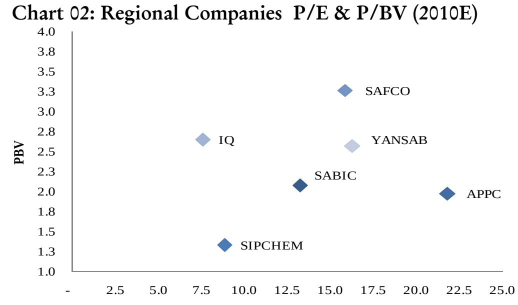
- *Utilization Rates – Slight Improvement from 2Q-2009*
  The regional petrochemical capacity utilization during 9M2009 improved over the capacity utilization in the range of 40.0%-55.0% observed in 4Q2008. Based on our calculations, the regional capacity utilization during 3Q2009 is estimated in the range of 35%-65%, which is forecasted to remain same during 4Q2009.

Chart 01: Regional Companies P/E & EV/EBITDA (2010E)



*Source: Company Reports & **Global** Research*

Chart 02: Regional Companies P/E & P/BV (2010E)



*Source: Company Reports & **Global** Research*

- *Recommendation – Neutral to Reduce*
  Based on our universe, the sector profitability is expected to show a decline in the range of 5.0%-5.5% during 4Q2009, which is mainly due to the (i) limited price and volumetric growth and (ii) absence of impairment cost reversal impact. We recommend **Neutral to Reduce** for the sector during 4Q2009 and investor focus on **short-term basis** until the certainty in global economy, the key long term growth driver.

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Table 01: Global Research Petrochemical Coverage

Ticker	Country	Mkt Cap (US$mn)	Price* (In LC)	Stock Performance 1m	3m	12m	Div. Yield TTM	P/E 2009E	2010E	P/BV 2009E	2010E	Earnings Growth 2009E	2010E
SABIC	KSA	67,200	84.0	6.7%	18.3%	19.6%	3.6%	35.8	13.2	2.4	2.1	-68.0%	170.8%
SIPCHEM	KSA	2,164	24.4	15.7%	34.2%	30.6%	4.1%	64.5	8.8	1.5	1.3	-76.6%	630.8%
YANSAB	KSA	4,770	31.8	-3.0%	7.1%	86.0%	0.0%	108.0	16.2	3.1	2.6	-747.3%	565.3%
APPC	KSA	954	25.3	-4.2%	-4.9%	17.7%	2.0%	26.1	21.7	2.1	2.0	-34.8%	20.1%
SAFCO	KSA	7,833	117.5	-2.9%	0.2%	-24.5%	4.3%	15.1	15.8	3.5	3.3	-54.6%	-4.4%
IQCD	Qatar	17,449	115.8	-0.6%	5.9%	9.8%	6.9%	11.4	7.6	3.3	2.6	-23.0%	50.3%

*Source: **Global** Research & Bloomberg*
** Market Price as of 27th October 2009*

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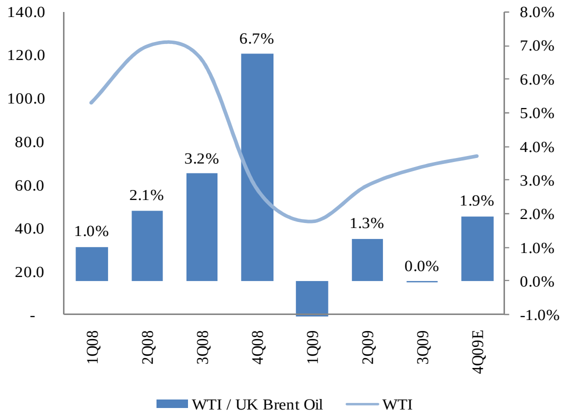
Crude Oil & Gas Prices

Based on the presence of ample crude oil stocks, we do not believe any unusual movement in crude oil prices will take place. However, we do believe that the average prices of crude oil will show a positive movement during the mid of 4Q2009, as there will be a seasonal demand for crude oil due to winter. Consequently, based on our expectations, the average prices of crude oil are expected to show a positive movement in the range of 8.0% to 10.0% during 4Q2009.

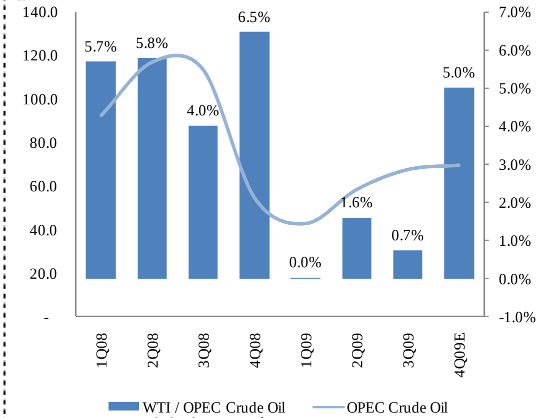
Chart 03: Price of US Crude Oil (US$ per barrel)



*Source: EIA & **Global** Research*

US crude oil prices reached at US$68.2 per barrel during 3Q2009 with a drop in the premium over UK Brent crude oil. We expect WTI prices, during 4Q2009, to remain in the range of US$73.0-US$75.0 per barrel and the premium to UK Brent oil remain in the range of 1.5%-2.0%.

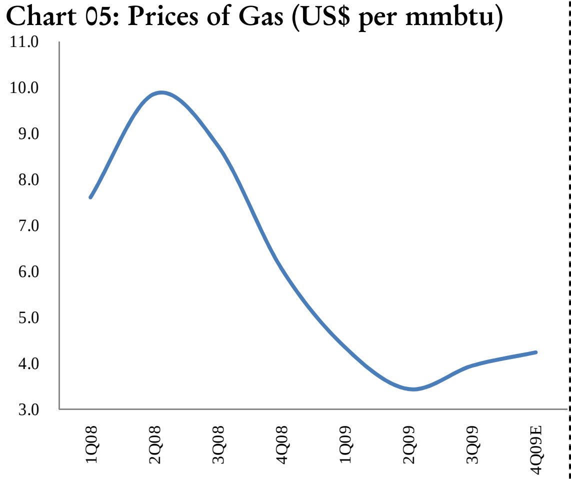
Chart 04: Price of OPEC Crude Oil (US$ per Barrel)



*Source: EIA & **Global** Research*

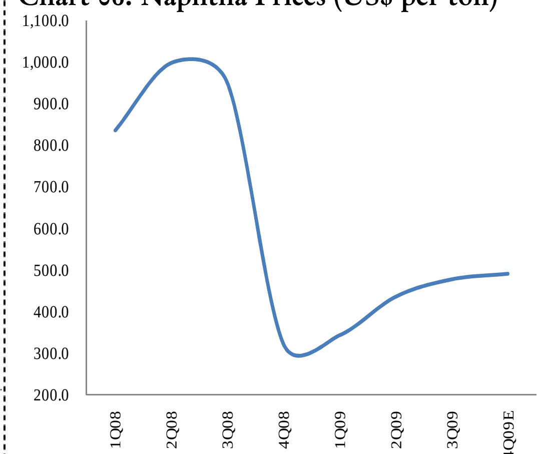
OPEC crude oil prices during 3Q2009 are recorded at US$67.7 per barrel with a drop in premium of WTI over OPEC. The average prices of OPEC crude oil, during 4Q2009, are expected to remain in the range of US$69.4-US$71.2 per barrel and discount to WTI remain the range of 4.0%-5.0%.

Chart 05: Prices of Gas (US$ per mmbtu)



*Source: EIA & **Global** Research*

Chart 06: Naphtha Prices (US$ per ton)



*Source: EIA & **Global** Research*

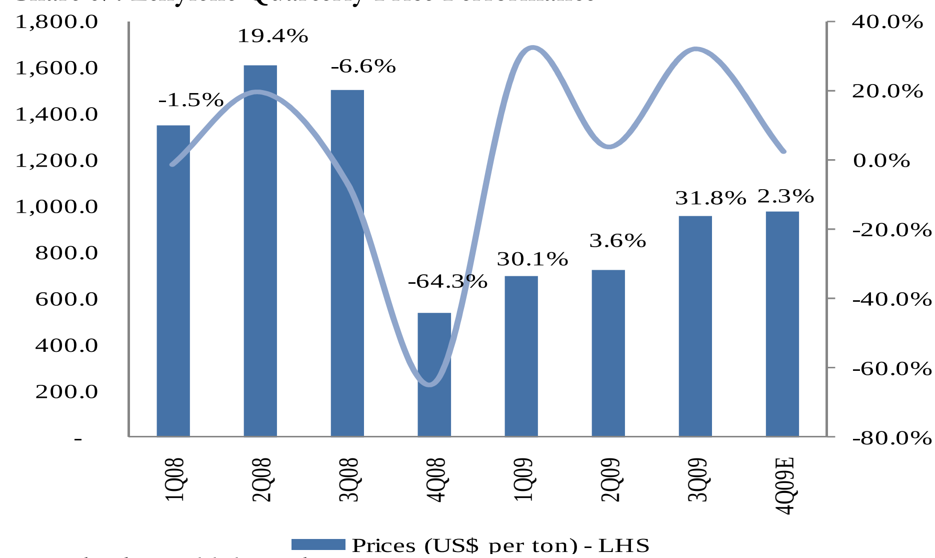
As a result of an increase in crude oil prices the average prices of gas prices have also shown an upward movement during 3Q2009 to reach at US$4.0 per mmbtu. Moreover, during 4Q2009, the average prices of gas are expected to remain in the range of US$4.0-US$4.5 per mmbtu.

With respect to an increase in crude oil prices the average prices of naphtha have reached at US$477.2 per ton during 3Q2009. Moreover, during 4Q2009, the expected rise in crude oil prices will lead the average prices of naphtha to reach at US$490.5 per ton.

Basic Chemicals & Fertilizer Price Performance

The improvement in crude oil prices during first 9M2009 has led the average prices of basic chemicals and fertilizer products to show an improvement from the prices recorded in 4Q2008 and 3Q2009. However, during 3Q2008, the average prices of basic chemical and fertilizer products did not manage to reach at the peak levels and recorded a massive fall of 34.1% and 69.3% respectively from corresponding quarter last year.

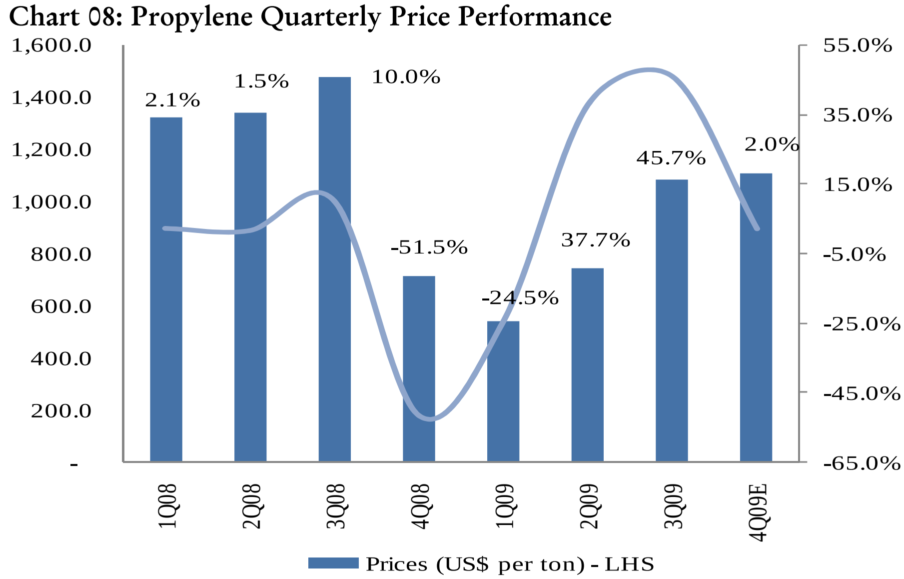
Chart 07: Ethylene Quarterly Price Performance



*Source: Bloomberg & **Global** Research*

The average prices of ethylene during 3Q2009 increased by US$230.0 per ton to US$953.3per ton over the average prices recorded in 2Q2009. However, the average prices of ethylene have a massive YTD 3Q2009 growth of 86.9% while it registered a Y-o-Y quarterly drop of 36.6% from 3Q2008. During Jan08-Sep09, the highest average price of ethylene was recorded at US$1,835.0 per ton, during Jul08, while the lowest price was recorded at US$510.0 per ton during Dec08 and 3Q2009 was ended with the average price to reach at US$950.0 per ton in Sep09.

Chart 08: Propylene Quarterly Price Performance



*Source: Bloomberg & **Global** Research*

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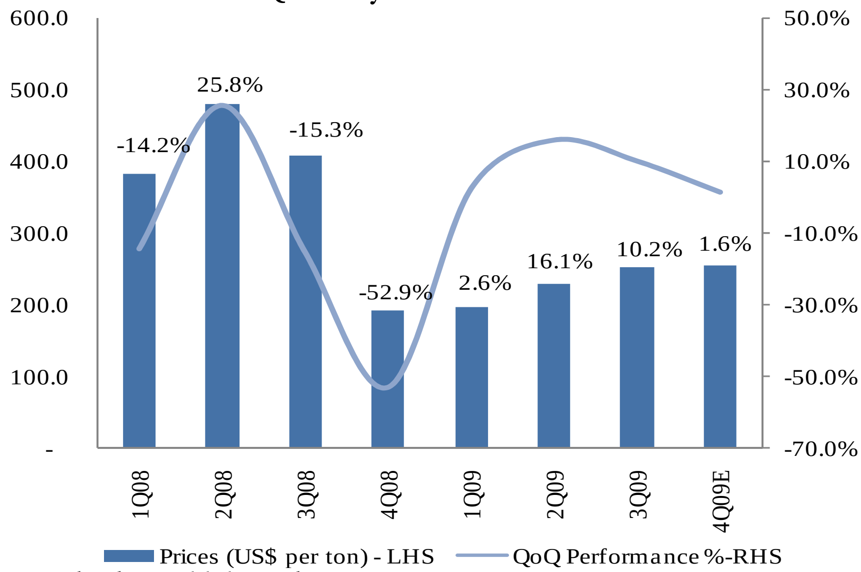
Propylene average prices recorded at US$1,081.6 per ton during 3Q2009, depicts an increase of US$339.3 per ton from 2Q2009. However, propylene has depicted Y-o-Y 3Q2009 decline of 26.6% and YTD 3Q2009 growth of 133.0%. The average prices, during Jan08-Sep09 remained in the range of US$464.0 per ton to US$1,464.0 per ton and closed at US$1,073.2 per ton in Sep09.

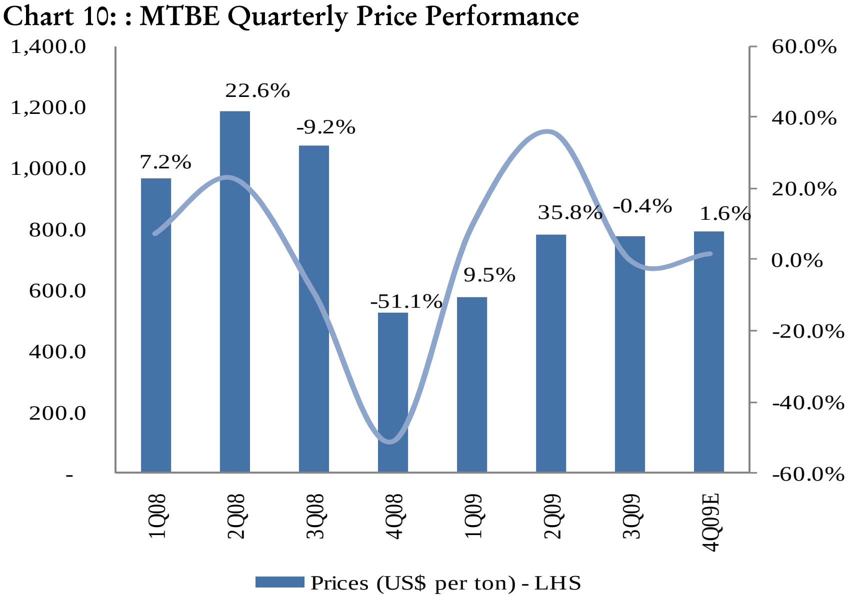
Chart 09: : Methanol Quarterly Price Performance



*Source: Bloomberg & **Global** Research*

The average prices of methanol were recorded at US$251.7 per ton during 3Q2009. This indicates an upward movement of US$23.3 per ton in methanol prices from 2Q2009 and YTD 3Q2009 appreciation of 52.5%. However, the average prices in 3Q2009 has witnessed a decline of 38.1% from corresponding period last year. The average prices of methanol reached at the peak of US$580.0 per ton in May08 and made a low of US$165.0 per ton in Dec08. However, the recovery in prices of methanol was witnessed during 9M2009 and ended the Sep09 with an average price of US$260.0 per tons.

Chart 10: : MTBE Quarterly Price Performance



*Source: Bloomberg & **Global** Research*

MTBE average prices reached at US$777.4 per ton during 3Q2009 from US$1,074.0 per ton and US$480.7per ton in 3Q2008 and Dec08 respectively. The average prices remained in the

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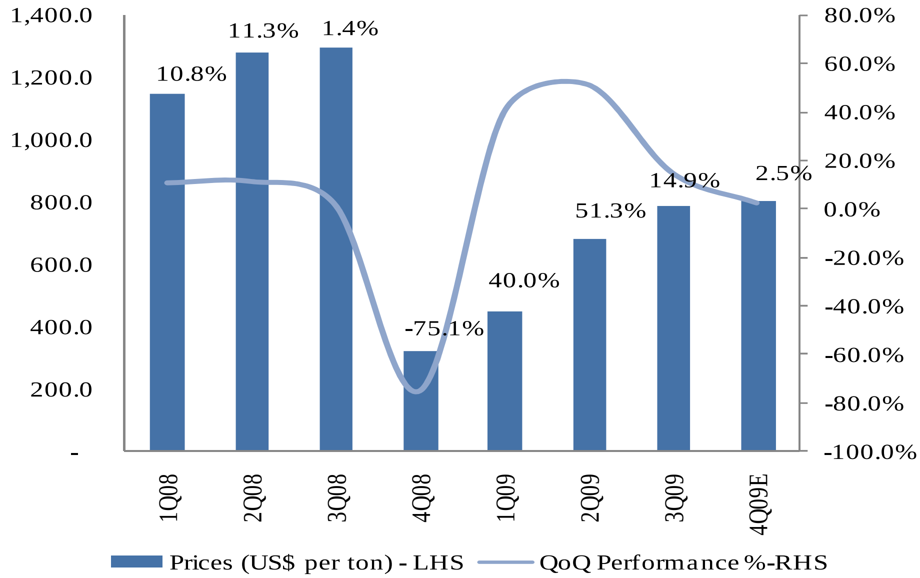
range of US$1,117.5 per ton (Jul08) to US$480.7per ton (Dec08) and closed at US$699.1 per ton in Sep09.

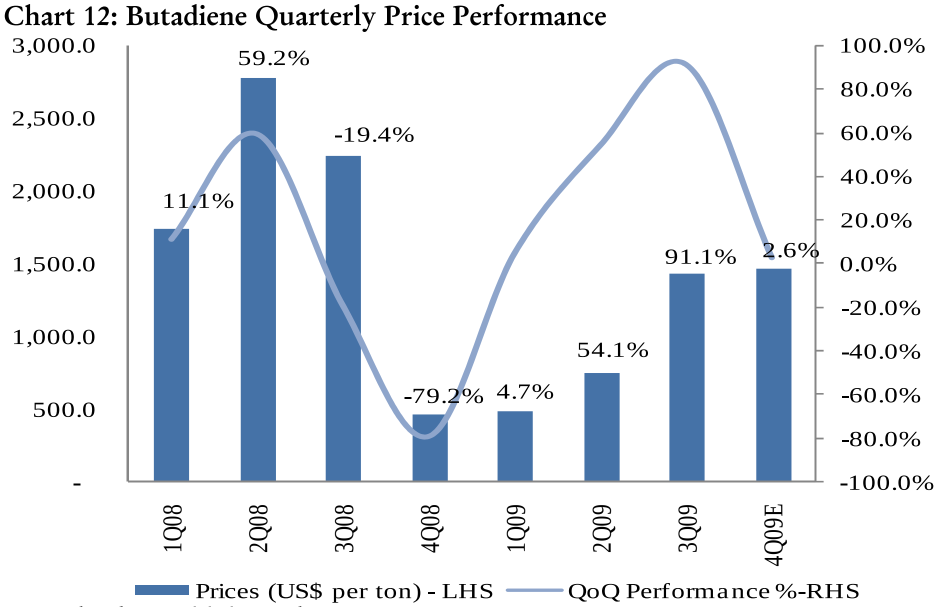
Chart 11: : Benzene Quarterly Price Performance



*Source: Bloomberg & **Global** Research*

Benzene ended 3Q2009 with an average price of US$785.0 per ton, which indicates the recovery of 196.2% from Dec08. However, the recorded benzene prices in 3Q2009 are 39.5% lower from 3Q2008. The monthly fluctuation, during Jan08-Sep09, in the average prices of benzene remained in the range of US$1,415.0 per ton (Jul08) to US$265.0 per ton (Dec08) and closed at US$705.0 per ton in Sep09.

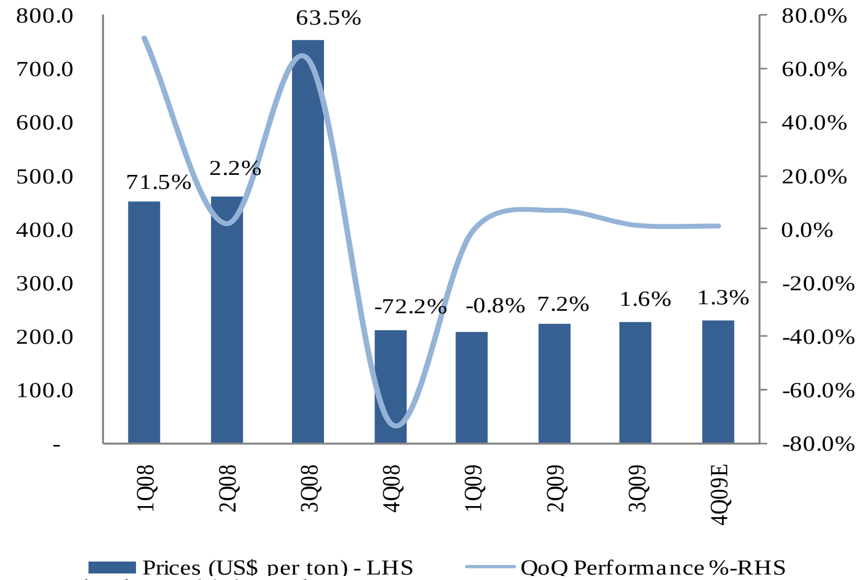
Chart 12: Butadiene Quarterly Price Performance



*Source: Bloomberg & **Global** Research*

Unlike other basic chemical, butadiene prices have shown a remarkable recovery and reached at US$1,510.0 per ton by the end of Sep-09. Moreover, by the end of 3Q2009 the average prices of butadiene are recorded at US$1,433.3 per ton, which indicates YTD 3Q2009 growth of 233.3% and Y-o-Y 3Q2009 decline of 35.9%. The monthly fluctuation, during Jan08-Sep09, in the average prices of butadiene remained in the range of US$3,305.0 per ton (Jun08) to US$430.0 per ton (Dec08). However, the average prices of butadiene have recovered and closed at US$1,510.0 per ton in Sep09, still 54.3% lower than the peak level recorded in Jun08.

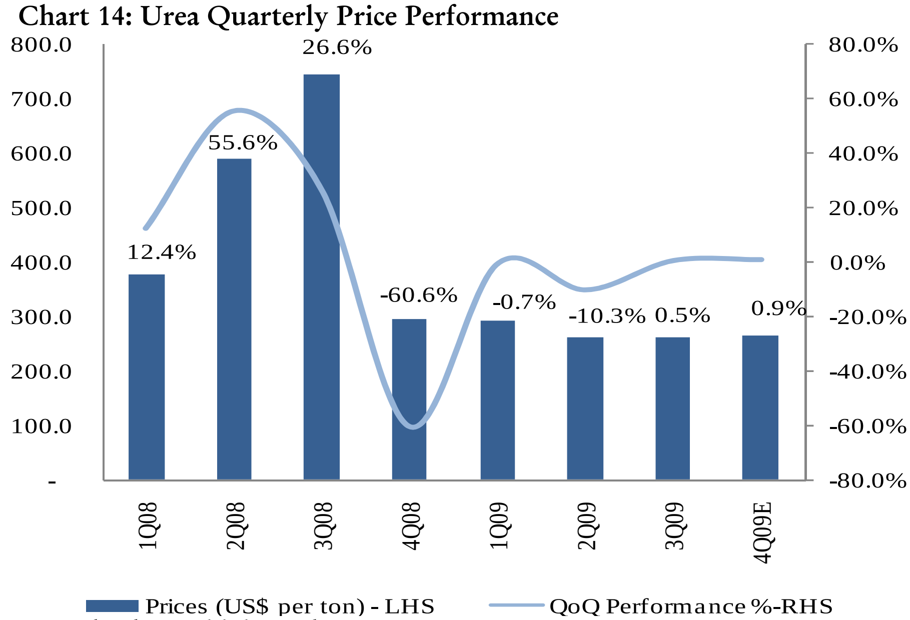
Chart 13: Ammonia Quarterly Price Performance



*Source: Bloomberg & **Global** Research*

By the end of 3Q2009, the average prices of ammonia reached at US$ 227.0 per ton, which depicts a fall of 69.9% from prices recorded in corresponding period last year, while YTD quarterly price appreciation of 41.9% from Dec08. Ammonia monthly average prices, during Jan08-Sep09, remained in the range of US$160.0 per ton (Dec08) to US$815.0 per ton (Sep08) and closed at an average of US$250.0 in Sep09.

Chart 14: Urea Quarterly Price Performance



*Source: Bloomberg & **Global** Research*

The average prices of urea reached at US$263.0 per ton during 3Q2009, which shows the YTD quarterly price appreciation of 14.8% and Y-o-Y 3Q2009 fall of 64.7%. The monthly average prices, during Jan08-Sep09, remained in the range of US$229.0 per ton (Dec08) to US$ 770.0 per ton (Aug08).

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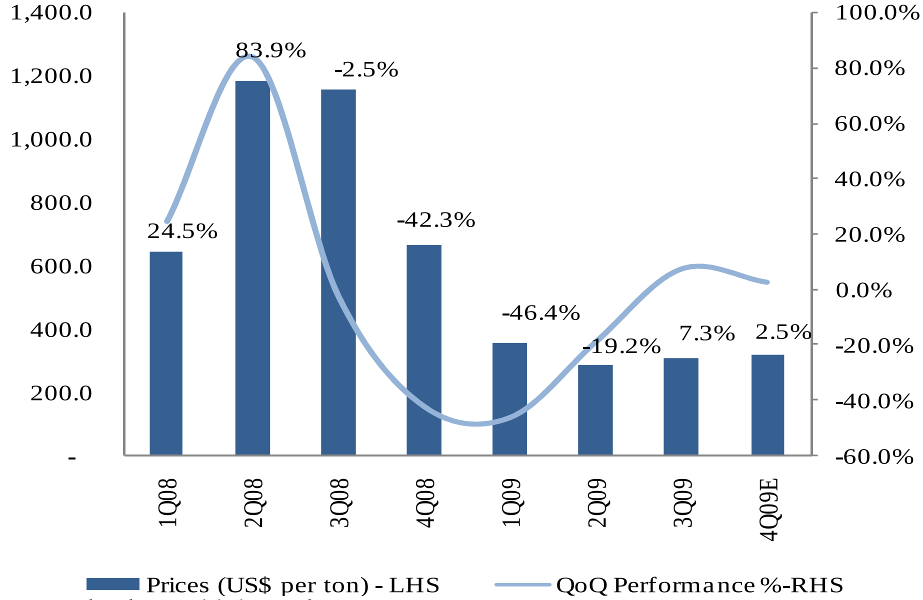
Chart 15: DAP Quarterly Price Performance



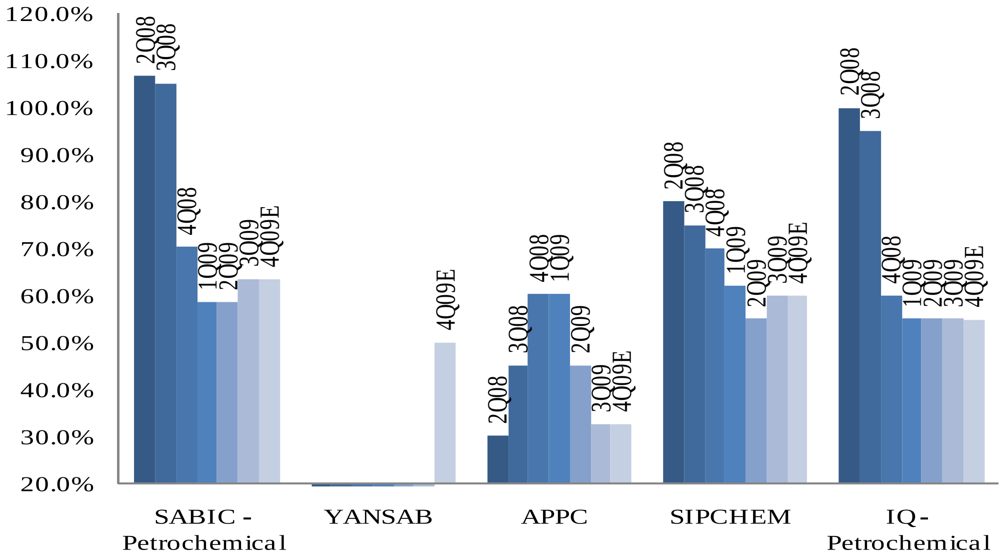
*Source: Bloomberg & **Global** Research*

The average prices of DAP were recorded at US$309.3 per ton in 3Q2009, which shows the Y-o-Y 3Q2009 and YTD 3Q2009 decline of 73.2% and 25.1% respectively. Moreover, DAP prices recorded an increase of US$21.0 per ton from 2Q2009. The monthly average prices, during Jan08-Sep09, recorded the low of US$260.0 per ton in May09 while the high was recorded at US$1,275.0 in May08. The average prices of DAP in Sep09 reached at US$318.0 per ton.

Regional Capacity Utilization

Based on the current situation, we believe the regional average capacity utilization will remain in the range of 50.0%-60.0% during 4Q2009 as compared to our calculated utilization rate of 50.0%-55.0% during 3Q2009. On the other hand, the average regional fertilizer capacity is expected to remain in the range of 80%-90.5% during 4Q2009 as compared to our calculated utilization rate of 80.0%-85.0% during 3Q2009. Thus, the regional revenue growth during 4Q2009 is expected to mainly based on the price movement during the quarter.

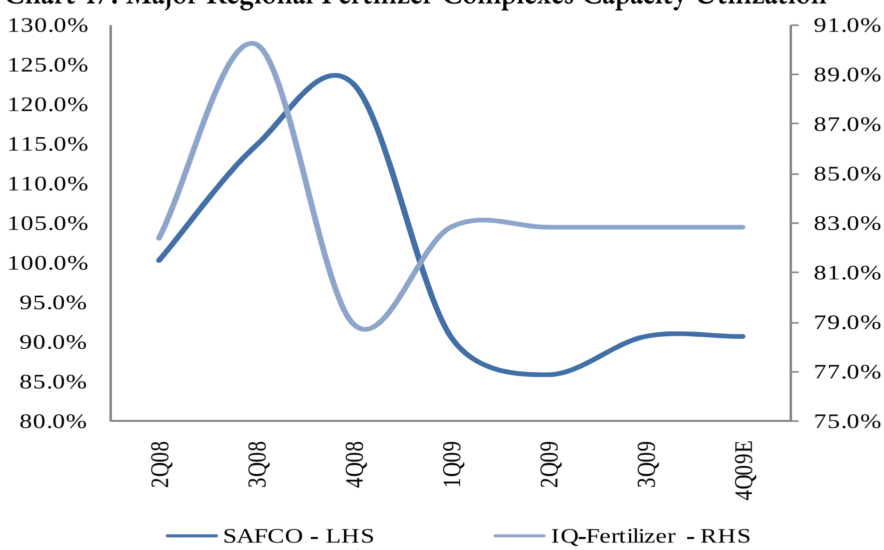
Chart 16: Major Regional Petrochemical Complexes Capacity Utilization



*Source: Company Reports & **Global** Research*

Based on our expected steady capacity utilization and commencement of commercial operation from YANSAB will lead the regional sector capacity to produce 14.7mn tons of different grade of petrochemical products as compared to the estimated production capacity of 13.7mn tons in 3Q2009.

Chart 17: Major Regional Fertilizer Complexes Capacity Utilization



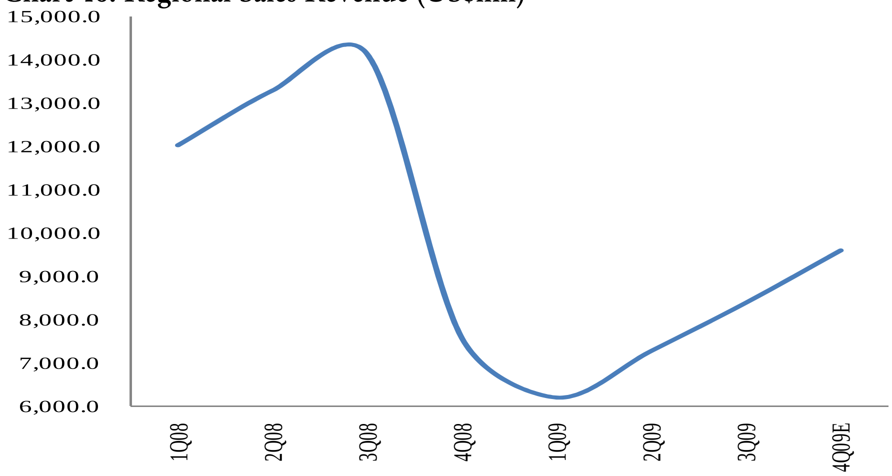
*Source: Company Reports & **Global** Research*

On the other hand, the regional fertilizer production is estimated to reach at 2.3mn tons (mainly urea) by the end of 3Q2009, which is also expected to remain constant.

Global Research Petrochemical Universe 3Q2009 Performance

The sector performance during 3Q2009 is based on our coverage of 6 major regional companies i.e. SABIC, SIPCHEM, SAFCO, YANSAB, APPC and IQ, out of which five are from Saudi Arabia and one is from Qatar. These companies contribute more than 75.0% of the regional capacities and production. In comparison with 3Q2008 and preceding quarter this year i.e.2Q2009, we believe the key factors for top line growth are (i) product prices and (ii) volumetric sales. However, these two factors have depicted a decline on Y-o-Y 3Q2009 basis, while have shown an improvement from 2Q2009.

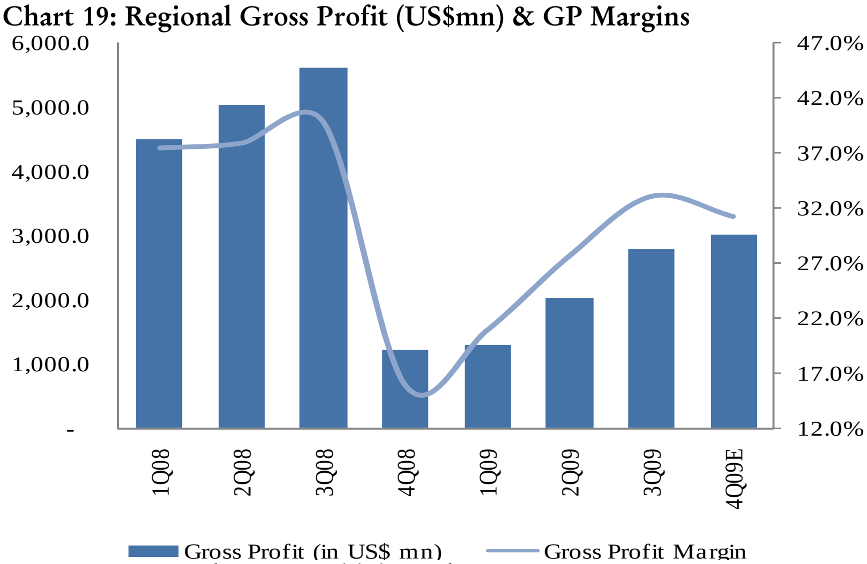
Chart 18: Regional Sales Revenue (US$mn)



Source: Company Quarterly Reports & **Global** Research*
** SABIC, SIPCHEM, SAFCO, YANSAB, APPC & IQ*

According to our regional petrochemical universe, the regional sector sales during 3Q2009 has registered Q-o-Q growth of 15.2% to US$8.4bn. However, the sector sales revenue has registered a decline of 40.5% from the revenues of US$14.1bn recorded in the corresponding quarter last year. Based on our expectation, the commencement of new production facilities and limited price appreciation during 4Q2009 will lead the sector sales to grow in the average range of 13.5-15.0%.

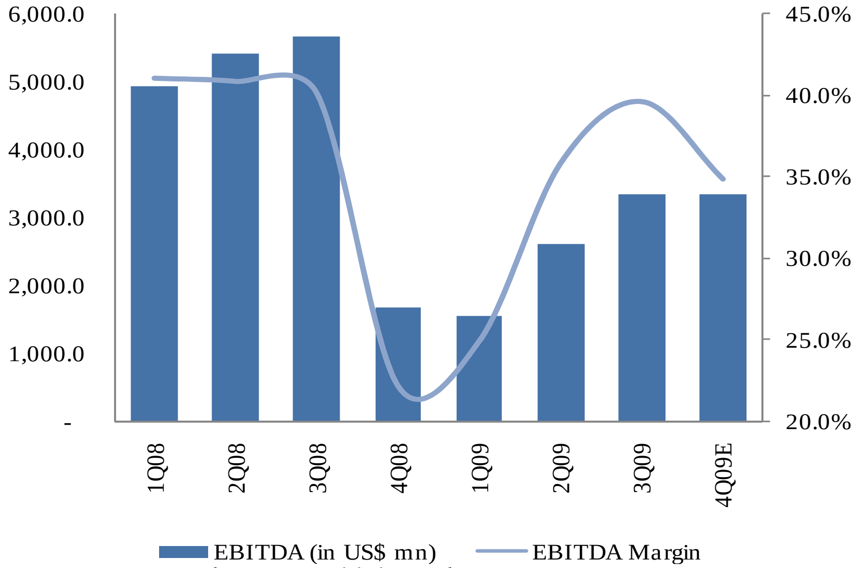
Chart 19: Regional Gross Profit (US$mn) & GP Margins



Source: Company Quarterly Reports & **Global** Research*
** SABIC, SIPCHEM, SAFCO, YANSAB, APPC & IQ*

Based on our regional coverage, the sector's consolidated gross profit has reached at US$2.7bn, which shows a growth of 37.7% over the preceding quarter same year, which has led the GP margins to improve from 27.7% during 2Q2009 to 33.1% in 3Q2009. This improvement in GP is mainly due to (i) improvement in utilization rate and (ii) product price appreciation in the range of 30.0%-40.0%, as both of these factors have played a role to dilute the impact of production cost. However, the sector has witnessed Y-o-Y 3Q2009 decline of 50.5% from gross profit of US$5.6bn in corresponding period last year and hence fall in overall GP margins from 39.8% recorded in 3Q2008. In addition, based on our expected steady production growth and limited price appreciation we have anticipated the sector's gross profit to show a growth in the range of 7.0%-8.5%, while GP margins is forecasted to remain in the range of 30.0%-32.0% during 4Q2009.

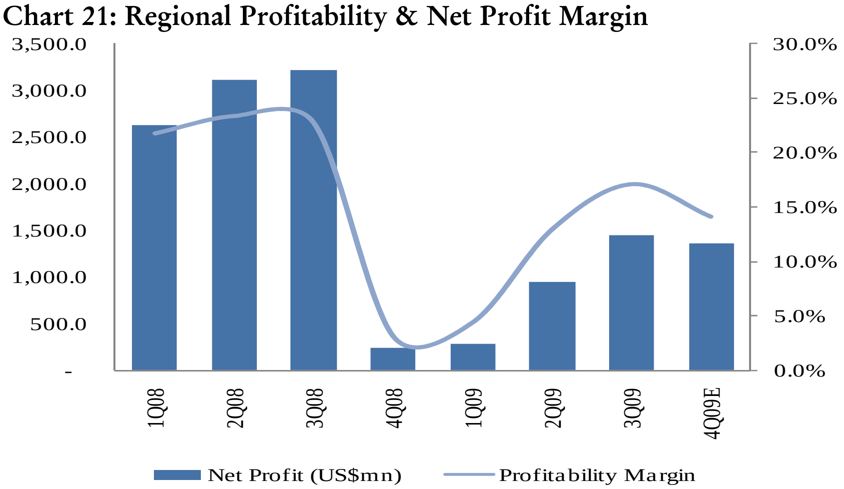
Chart 20: Regional EBITDA (US$mn) & EBITDA Margins



Source: Company Quarterly Reports & **Global** Research*
** SABIC, SIPCHEM, SAFCO, YANSAB, APPC & IQ*

The reversal of impairment cost during 3Q2009 remained key factor during 3Q2009, which has not only pulled up the sector's EBITDA margin to 39.6% from 35.9% in 2Q2009 but also helped the sector to maintain its EBITDA margin recorded in corresponding period last year. However, in dollar term the sector EBITDA has shown a decline of 41.2% from 3Q2008, while registered Q-o-Q growth of 27.4% from US$2.6bn in 2Q2009. Furthermore, during 4Q2009, we expect a steady sector EBITDA growth in the range of 1.0%-1.5%, which will lead the sector EBITDA margin to remain in the range of 34.0%-35.5% during 4Q2009.

Chart 21: Regional Profitability & Net Profit Margin



Source: Company Quarterly Reports & **Global** Research*
** SABIC, SIPCHEM, SAFCO, YANSAB, APPC & IQ*

The regional sector's profitability has shown YTD 3Q2009 decline of 55.2% from US$3.2bn in 3Q2008, while the sector has recorded a growth of 51.8% to US$1.4bn as compared to preceding quarter same year i.e. 2Q2009. Based on our calculations, the regional net profit margins during 3Q2009 has shown an improvement and recorded at 17.1% from 12.9% in 2Q2009, which is mainly due to the higher average prices of products and non-cash income. However, the profit margins recorded during 3Q2009 are below the levels of 22.7% recorded in corresponding period last year. Going forward, the sector's net profit margin is expected to remain in the average range of 13.0%-14.5%.

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Sector Outlook & Recommendations

We believe the key risk associated with GCC petrochemical sector is the global economic recovery, which will result in the increase in demand of the petrochemical products.

Table 02 : Global Research Petrochemical Universe

3Q2009 Performance	Key Long-Term Growth Factors
Saudi Basic Industries Corporation (SABIC) *announced 9M2009 net profit of SR4.5bn (EPS: SR1.5) as compared to the net profit of SR21.7bn (EPS: SR7.2) in 9M2008. The company's 3Q2009 profitability has shown a decline of 50.0% than the profitability recorded in 3Q2009. The decline in the bottom line from 3Q2007 is mainly attributed to lower capacity utilization and massive fall in prices of petrochemical, fertilizer and metal products.*	• *Commencement of production from YANSAB complex, while Saudi Kayan Petrochemical is another big project for SABIC.* • *Steel segment is expected to remain under pressure during 4Q2009.* • *We expect lower cash reserves, which is mainly due to lower sales revenues vis-à-vis 2008 and preceding years, which is mainly due to (i) lower profitability and (ii) expansion. This will also lead the company to declare limited dividends.*
Saudi International Petrochemical Company (SIPCHEM) *has posted after tax profit of SR54.7mn during 3Q2009, which has shown a decline of 60.0% from the PAT recorded in 3Q2008 and a substantial improvement from SR0.5mn in 2Q2009. Furthermore, the company's 9M2009 PAT is recorded at SR84.4mnas compared to 9M2008 PAT of SR502.1. The massive decline in profitability duirng 9M2009 is mainly due to (i) lower capacity utilization and (ii) a sharp fall in the average prices from 3Q2008.*	• *The production of SIPCHEM is mainly use for the development of acid and other chemicals rather than polymers and other highly elastic materials.* • *The company's new upcoming Acetyl complexes are expected to expand the company's product line to acetate acid and related products. The company's upcoming production complexes are well integrated and will allow the company to process its own production as feedstock, which will lead to achieve synergies among the process and keep the cost at lower levels.*
Yanbu National Petrochemical Company (YANSAB), *has posted net loss of SR7.0mn.The company has not started its commercial production till now. As per 2Q2009 financial statement the company has started its experimental production in July 2009 and we expect the commercial production start in 4Q2009.*	• *SABIC is the key marketing alliance of YANSAB.* • *The company has solely engaged in the production of olefins, aromatics and oxygenate petrochemical, which are use to produce polymers.* • *We believe that the company will not enjoy the high capacity utilization as the other complexes enjoyed in past years.*
Saudi Arabian Fertilizer Company (SAFCO), *has posted after profit of SR464.2mn (EPS: SR2.3) during 3Q2009, which is 74.6% lower than PAT recorded in 3Q2008. Moreover, the cumulative 9M2009 after tax profit has reached at SR1.5bn (EPS: SR7.4) as compared to SR3.7bn (EPS: SR18.7) posted in corresponding period last year. Furthermore, SAFCO profitability during 3Q2009 was also dented due to an increase in the unusual cost of shut down of Dammam urea plant, which has resulted in a decline of 3.4% from SR480.3mn in 2Q2009.*	• *The company's profitability is much affected with a fall in average prices of fertilizer products. The fall in average prices of fertilizer is not due to fall in demand but mainly because of a recent slump in crude oil prices, which has led a lower feedstock cost in international market.* • *Looking at the current shortage of fertilizer, around the globe, we believe the company will mark higher volumetric growth along, while the utilization rates will remain on higher side, going forward. Hence, our expected growth for SAFCO is based on the volume rather than price appreciation.*
Advanced Polypropylene Company (APPC), *has posted after profit of SR20.9mn (EPS: SR0.15) during 3Q2009, which is 90.1% lower than PAT recorded in 3Q2008. The Q-o-Q decline is mainly due to the fall in gross profit margin, which as per our standing could be due to change in production mix i.e. more production of low margin product. Moreover, the cumulative 9M2009 after tax profit is recorded at SR98.4mn (EPS: SR0.7) as compared to SR286.3mn (EPS: SR2.0) posted in 9M2008.*	• *We believe that the major benefit associated with the company is its long term contract with its marketing alliances i.e. (i) Mitsubishi corporation, operating number of polymers plants globally, (ii) Vinmar International Limited, trading chemical, plastic and raw material and (iii) Domo, a manufacturer of polymers, yarn, floor covering and so on.*
Industries Qatar (IQ) *announced 9M2009 net profit of QR3.8bn (EPS: QR6.9), 46.7% lower than the net profit of QR7.2bn (EPS: QR13.1) in 9M2008. The company's 3Q2009 profitability is also 53.7% lower than the profitability recorded in corresponding quarter last year. The decline in the bottom line over the corresponding quarter last year is mainly attributed to lower capacity utilization and lower prices which has eroded sales by 49.1% Q-o-Q to QR2.6bn. The gross margins also declined from 52.8% in 3Q2008 to 49.3% in 3Q2009.*	• *Commencement of production from Ras Laffin and QATOFIN complexes are expected in 1Q2010.* • *Most of the steel produced by IQ is consumed locally, so we do not expect the segment to remain under pressure.*

Based on our understanding the regional sales revenue growth in 3Q2009 from 2Q2009 is mainly based on the improvement in the average prices of petrochemical and fertilizer products, while the role of volumetric growth remains limited in the range of 4%-5%. We have also seen a massive recovery of 51.8% in the sectors' bottom line during 3Q2009 as compared to 2Q2009, which is mainly due to the recovery in the profitabilities of SABIC and SIPCHEM. However, the growth in after tax profits of SABIC and SIPCHEM is mainly due to the reversal in impairment provisions, which contributed almost 23.3% of the overall sector's profitability during 3Q2009.

Based on our universe, the sector profitability is expected to show a decline in the range of 5.0%-5.5% during 4Q2009. The expected decline in the sectors' profitability is mainly based on our forecasts of the (i) stable capacity utilization of major petrochemical and fertilizer complexes, hence limited or slow volumetric growth during 4Q2009, (ii) a limited price appreciation in the range of 4%-5% during 4Q2009 and (iii) no income from the impairment cost reversal as observed in 3Q2009 and otherwise there could be an impact on the equity not on the profitability. Moreover, these factors will also cause to nullify the impact of forecasted commencement of production from the recently completed complex i.e. YANSAB on the regional sector.

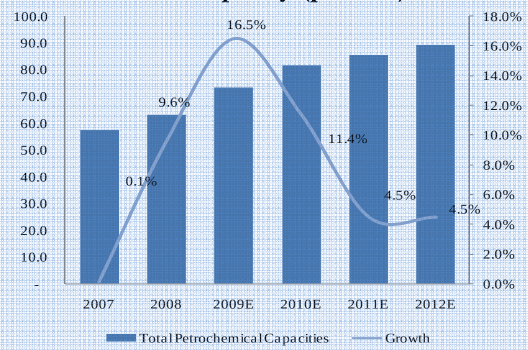
Based on our calculations, by the end of 3Q2009, the market has already priced in all the regional growth factors and now the regional companies (under coverage) are trading close to their fair values. Moreover, the extra ordinary movement in prices, beyond our expectations could nurture the upward movement in the sector. We recommend **Neutral to Reduce** for the sector during 4Q2009 and investor focus on **short-term basis** until the certainty in global economy, the key long term growth driver.

APPENDIX

Regional Capacities

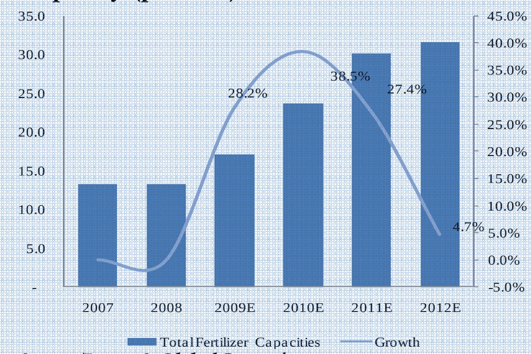
Based on the given data and our understanding, the regional capacities are estimated to reach at 63.1mn tons by the end of 2008 and forecasted to reach at 73.5mn tons by the end of 2009. Moreover, the regional capacity is expected to increase at a CAGR of 9.1% during 2009-12 to 89.4mn tons. It is worth mentioning that the forecasted growth in the regional capacity is mainly based on the timely completion of expansion plans.

Chart 22: Growth in Regional Petrochemical Capacity (per ton)



*Source: Zawya & **Global** Research*

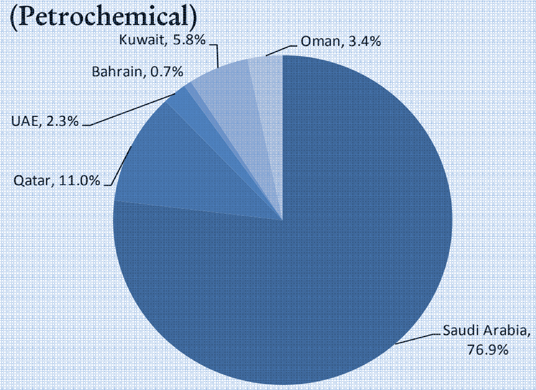
Chart 23: Growth in Regional Fertilizer Capacity (per ton)



*Source: Zawya & **Global** Research*

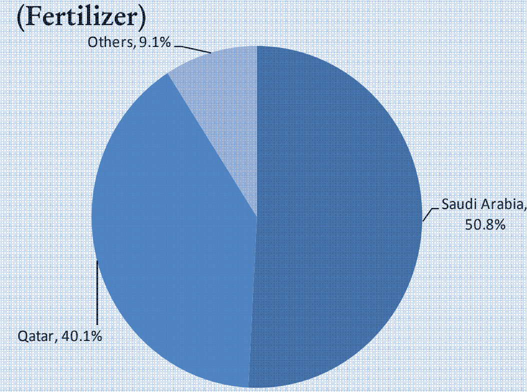
Among the regional countries Saudi Arabia has the largest petrochemical and fertilizer complexes and estimated to handle the capacity to produce 48.5mn tons and 6.8mn tons of the different petrochemical and fertilizer products, respectively, by the end of 2008.

Chart 24: Country-Wise Capacities (Petrochemical)



*Source: Zawya & **Global** Research*

Chart 25: Country-Wise Capacities (Fertilizer)



*Source: Zawya & **Global** Research*

Table 03: Forecasted Prices

US$ per ton	1Q08A	2Q08A	3Q08A	4Q08A	1Q09A	2Q09A	3Q09A	4Q09E
OPEC Crude Oil (US$ per barrel)	92.67	117.18	113.49	54.81	42.90	58.51	67.70	**69.73**
Gas (US$ per mmbtu)	7.6	9.8	8.7	6.1	4.3	3.4	3.9	**4.2**
Naphtha	834.2	995.8	947.6	322.0	343.0	435.4	477.2	**490.5**
Ethylene	1,348.3	1,610.0	1,503.3	536.7	698.3	723.3	953.3	**975.1**
Propylene	1,319.9	1,340.1	1,474.0	714.3	539.2	742.3	1,081.6	**1,103.4**
Methanol	381.7	480.0	406.7	191.7	196.7	228.3	251.7	**255.6**
MTBE	964.7	1,183.0	1,074.2	525.3	575.0	780.6	777.4	**789.6**
Benzene	1,148.3	1,278.3	1,296.7	322.7	451.7	683.3	785.0	**804.3**
Butadiene	1,741.7	2,773.3	2,236.7	465.0	486.7	750.0	1,433.3	**1,470.9**
Ammonia	451.7	461.7	755.0	210.0	208.3	223.3	227.0	**230.0**
DAP	643.3	1,183.0	1,153.7	665.3	356.7	288.3	309.3	**317.1**
Urea	378.3	588.7	745.3	293.7	291.7	261.7	263.0	**265.3**

*Source: Bloomberg & **Global** Research*

GCC Petrochemical Sector – 3Q2009

Expansion Projects

Table 04: GCC Petrochemical Capacity Expansion Plan (tons)

Project Names	Country	Cost US$ (mn)	Basic-Olefins	Basic-Aromatic	Basic-Oxygenate	Expected Completion
OSOS Petrochemical Project	Saudi Arabia	1,000	-	-	-	2010
Sino-Saudi Petrochemical Project	Saudi Arabia	5,000	1,700,000	-	-	2010
Saudi Kayan	Saudi Arabia	10,000	3,800,000	-	-	3Q2010
SIPCHEM-Olefins	Saudi Arabia	7,000	2,100,000	-	-	3Q2012
Safra Yanbu Phase II Aromatics Expansion	Saudi Arabia	400	-	-	-	2009
SIPCO-Yanbu Linear Alkyl Benzene (LAB) Plant	Saudi Arabia	-	-	-	-	2010
Petrokemya-PVC and Offsite	Saudi Arabia	-	-	-	-	2010
Sadaf-Styrene Plant-Saudi Petrochemical	Saudi Arabia	600	-	600,000	-	2010
Dammam 7 - Butanol Plant	Saudi Arabia	400	-	-	-	2010
Delta Oil	Saudi Arabia	2,000	1,200,000	-	-	2009
Arabian Chlor Vinyl Company	Saudi Arabia	400	-	-	-	1Q2010
Saudi Polyolefin Company - SPC	Saudi Arabia	560	-	-	-	2009
Sahara - Jubail Acrylic Complex	Saudi Arabia	-	-	-	-	4Q2010
Al Rajhi - Jubail Complex	Saudi Arabia	4,000	-	-	-	2011
Al -Zamil - Jubail Metal Alkyl Plant	Saudi Arabia	2	-	-	-	2011
Gulf Petrochemical Industries Company	Bahrain	200	-	-	1,728,000	2010
KFH - Petrochemical, Water, and Power	Bahrain	1,500	-	-	-	2010
IBK - PTA/PET Complex	Kuwait	300	-	-	-	2010
Salalah Methanol Plant	Oman	900	-	-	1,080,000	2Q2010
QAPCO	Qatar	410	-	-	-	2Q2012
Qatofin Polyethylene Plant	Qatar	1,200	-	-	-	3Q2009
QP/Shell	Qatar	2,500	1,500,000	-	-	2011
QH/Honam - Qatar Petrochemical Complex	Qatar	2,600	880,000	600,000	-	2012
Ras Laffin Olefins Cracker	Qatar	800	1,300,000	-	-	3Q2009
QP/Exxon Mobil - Ras Laffin Petrochemical	Qatar	3,000	1,300,000	-	-	2012
QAFAC II - Ammonia & Methanol Complex	Qatar	-	-	-	-	1Q2010
Borogue 2	UAE	5,500	39,000	-	-	2Q2010
Borogue 3	UAE	-	-	-	-	2014
Takreer - Ruwais Gasoline and Aromatics	UAE	1,000	-	600,000	-	2010
KGL - Petroleum	UAE	2,000	-	-	-	2013
Total		**54,122**	**13,819,000**	**1,800,000**	**2,808,000**	

*Source: Zawya & **Global** Research*

Table 05: GCC Fertilizer Capacity Expansion Plan (tons)

Project Name	Country	Cost US$ (mn)	DAP	Ammonia	Urea	Expected Completion
Maaden	Saudi Arabia	7,010	2,900,000	1,100,000	-	1Q2010
SIPCHEM	Saudi Arabia	-	-	648,000	-	3Q2012
SAFCO-V	Saudi Arabia	500	-	1,200,000	1,500,000	2Q2011
Fertil	UAE	117	-	-	241,200	3Q2009
Ruwai	UAE	1,500	-	720,000	1,260,000	3Q2011
Oman India	Oman	1,000	-	-	1,700,000	3Q2011
QAFAC II	Qatar	400	-	360,000	-	1Q2010
QAFCO V	Qatar	3,200	-	1,656,000	1,386,000	1Q2011
Total		**13,727**	**2,900,000**	**5,684,000**	**6,087,200**	

*Source: **Global** Research & Zawya*

Company Profile

Company Names	Country	Major Basic Chemicals	Major Intermediaries & Polymers	Fertilizers	Steel & Metal
SABIC	KSA	Ethylene, Propylene, Benzene, Paraxylene, Butadiene, MTBE, Styrene	Polypropylene, MEG, DEG, TEG, BTX, HDPE, LLDPE, PVC, 2-Ethyl Hexanol (2-EH), Di-Octyle Phthalate (DOP), VCM, Industrial Gases	Ammonia, Urea, Melamine, Sulphuric Acid	Reinforcing Bars, Wire Rids and Other Long Steel Products, Hot Rolled, Cold Rolled and Galvanized Products, Ferroalloy Smelter, Aluminum
SIPCHEM	KSA	Methanol	BDO, VAM and Acetic Acid	-	-
SAFCO	KSA	-	-	Ammonia, Urea, Melamine, Sulphuric Acid	-
YANSAB	KSA	Ethylene, Propylene, Benzene and MTBE	Ethylene Glycol (MEG, DEG, TEG), Polypropylene, Polyethylene, BTX	-	-
APPC	KSA	Propylene	Polypropylene	-	-
CHEMANOL	KSA	Basic Methanol	Formaldehyde, Super Plasticizers Amino Resins	-	-
Industrialization	KSA	Propylene, Ethylene	Polypropylene, Polyethylene, Acrylic Acid and Derivative	-	Steel Wires
Alujain	KSA	Propylene	Polypropylene	-	-
Nama Chemicals	KSA	-	Caustic Soda Pills, Epoxy Resins, Chlorine, Hydrochloride Acid, Calcium Chloride and Industrial fiber products	-	-
SIIG	KSA	Benzene, Cyclohexane, Aromatic Gasoline, Styrene, Propylene, Ethylene	Polyethylene, Polypropylene, Polystyrene	-	-
SAHARA	KSA	Propylene , Ethylene	Polypropylene, Polyethylene	-	-
Petro Rabigh	KSA	Benzene, Ethylene, Propylene	Polyethylene, Polypropylene, Ethylene Glycol, Propylene Oxide	-	-
IQ	Qatar	Ethylene, Methanol, MTBE, Sulphur	Polyethylene	Ammonia, Urea, Melamine	Sponge Iron, Molten Steel, Billet, Bar and Wire Rod Coil
Ikarus	Kuwait	Methanol	BDO, VAM and Acetic Acid	-	-
Qurain	Kuwait	Styrene, Ethylene	Polyethylene, Ethylene Glycol, Styrene Monomer, Polypropylene	-	-

*Source: Zawya, Company Reports & **Global** Research*

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