chairman's message

For the global oil and gas industry, 2016 was a challenging year. Yet, challenges often are the prelude for new opportunities and greater value ahead.

I believe that history — and indeed, the near future — will prove that despite the discouraging business climate, 2016 was a turning point for both Saudi Aramco and the Kingdom, as well as for the global oil and gas industry.

This past year, Saudi Aramco leveraged its capabilities, talent, innovation, and fiscal discipline to ensure resilience and realize landmark achievements, including record high rates of crude oil production, raw gas processing, and sales gas production, along with stronger integration within the entire petroleum value chain. All of this was achieved against the backdrop of persistently low oil prices and a weak global economy.

To help ensure reliable supplies of petroleum energy to meet future demand, Saudi Aramco completed its second expansion of the Shaybah crude oil facility and commissioned the giant Wasit Gas Plant, boosting its overall crude oil production and gas processing capabilities. Sadara, the world’s largest petrochemical complex ever built at one time, commenced commissioning activities as well.

These mega-projects, and others currently under construction, will help meet growing domestic demand for energy, substantially increase production of gas as an efficient, cleaner energy for utilities and industry, and supply feedstocks to the manufacturing base. Keeping its vision focused on the long-term horizon, Saudi Aramco sustained its investments in research and development, seeking new ways of making petroleum more accessible, useful, sustainable, and competitive.

Equally impressive, these accomplishments come at a time when Saudi Aramco is growing in new directions, including building a stronger downstream portfolio with international refining, chemicals, and marketing opportunities.

By seeking new prospects, realizing potential, and building new capacities, the company created greater value for itself, its customers and stakeholders, proving again that at Saudi Aramco, energy is opportunity.

During the year, the Kingdom of Saudi Arabia launched its landmark Vision 2030, an ambitious economic and social transformation program. The Vision, which aims to diversify the national economy beyond oil and build a thriving private sector, will enable Saudi Aramco to expand its global presence. Concurrently with the Vision, the company will enlarge its supply chain and improve business reliability through a local network of suppliers and manufacturers while increasing the competitiveness of Saudi Arabia’s energy sector — and in the process, generate sustainable growth and quality jobs for Saudis.

For Saudi Aramco, the most notable feature of the Kingdom’s transformation will be the future offering of part of the company’s shares in local and international stock markets. This move drives further diversification and growth of the national economy, while elevating the international visibility of the company’s decision making and governance, and building confidence in its long-term strategy.

Internationally, 2016 was a turning point for the oil market as the downturn, which started in 2014, reached bottom, and markets started to balance. The agreement reached between producers late in the year, coupled with improving fundamentals, has set the stage for an improved business environment in 2017.

The Paris Agreement, ratified by Saudi Arabia in 2016, builds on the United Nations Framework Convention on Climate Change and is steering the world toward a new energy era. However, we believe that the transition will be gradual, and the role of oil and gas in the global energy mix will remain significant for decades to come.

Saudi Aramco’s success would not have been possible without the support imparted by the Custodian of the Two Holy Mosques King Salman ibn ‘Abd Al-‘Aziz Al Sa’ud, and Crown Prince HRH Mohammed ibn Salman ibn ‘Abd Al-‘Aziz Al Sa’ud.

The company was honored by the presence of King Salman in December, when he visited Dhahran and inaugurated five oil and gas projects, the King Abdulaziz Center for World Culture, and the Sadara joint venture in Jubail. These are initiatives that deliver on the Kingdom’s promise for a better tomorrow through new energy capabilities and new value creation opportunities. In summary, 2016 was not just a successful year, but I believe it is a bridge to a better tomorrow.

On behalf of the Board of Directors, I thank the men and women of Saudi Aramco who delivered superior performance despite challenging conditions, and I also thank our customers, partners, and the communities in which we operate for their contributions to our shared success.

Khalid A. Al-Falih
Minister of Energy, Industry and Mineral Resources
Chairman of the Board of Directors