



president's foreword

At Saudi Aramco, we are united in our determination to be the world's leading integrated energy and chemicals producer. This year we made significant progress to realize this aspiration.

To maintain our preeminence in the upstream sector, we remained focused on our core objective of creating and sustaining value from the Kingdom's hydrocarbon resource base for generations to come. We discovered two new oil fields in 2017 and stayed on course to increase the capacity of our Khurais field by 300,000 barrels per day in 2018. In gas, we readied our Midyan nonassociated gas field, commenced projects to expand production and processing capacity, and brought online the first unconventional gas in Saudi Arabia. Boosting our gas supplies is in line with our core upstream objective to provide additional fuel and feedstock for local industry while enabling increased exports of higher value liquids.

In the downstream sector, our primary objective is to extract maximum value along the hydrocarbon value chain and elevate our downstream business to the level of leadership we enjoy in upstream. In pursuit of this objective, we continued to expand our global network, completing key agreements and projects. In the United States, the full acquisition of Motiva Enterprises was finalized, with Saudi Aramco retaining the Motiva name and becoming the sole owner of North America's largest single-site crude oil refinery at Port Arthur, Texas. In Malaysia, we reached an agreement with Petronas to participate in RAPID, a refinery and integrated chemicals complex in the state of Johor. In China, we signed a Memorandum of Understanding with Norinco, a diversified industrial conglomerate, to participate in the expansion of one refinery and build a new one. And in Saudi Arabia, we fully commissioned the Sadara chemicals manufacturing plant, our joint venture with Dow Chemical.

Elsewhere, we continued to seek solutions for safe, sustainable, and reliable supplies of energy that help to address the climate challenge. We sustained growth while maintaining strong cost discipline, enabled by our Operational Excellence program and our focus on capital efficiency. Even more importantly, we improved our safety performance, reducing lost-time injuries.

We also know that the transformative power of innovation is integral to our future success. In 2017, we pursued breakthrough technologies across a number of strategic domains, including low emission transportation, carbon capture, utilization, and storage, and the direct conversion of crude oil to chemicals. Our research and development strategy seeks to unlock greater value, create more economic opportunities, and reduce greenhouse gas emissions, delivering benefits for energy consumers and producers alike.

This year we were granted 230 U.S. patents — a record high for Saudi Aramco.

In the Kingdom, we intensified our efforts to facilitate a diverse and competitive energy sector, forming joint ventures for onshore and offshore drilling, a maritime yard, and engineering services. In 2017, the metric for iktva, our global supply chain efficiency initiative, showed improvement. Our localization strategy is intended to optimize our costs and build a world-class supply chain ecosystem, strengthening our ability to meet our commitments to customers around the globe.

All these developments are designed to enhance the robustness, resilience, and integration of our business — not only to weather challenging times, but to thrive in them. However, no one company can do so alone. In 2017, we continued to expand our strategic collaborations with other energy producers, service providers, manufacturers, research institutions, and universities. Together, we are committed to reliably meeting the energy demands of billions of people for decades to come, helping to meet society's lower carbon goals, and remaining at the cutting-edge of technology.

The past year was an exceptional one for Saudi Aramco — made possible only through the outstanding efforts of our talented men and women. I thank them for their relentless commitment to safely, reliably, and responsibly deliver energy to the Kingdom and the world, helping ensure a brighter future for us all.

Amin H. Nasser

President and Chief Executive Officer