

# Energy Investment Outlook

20<sup>th</sup> October 2019

EESS

*Confidential*

ARAB PETROLEUM INVESTMENT CORPORATION



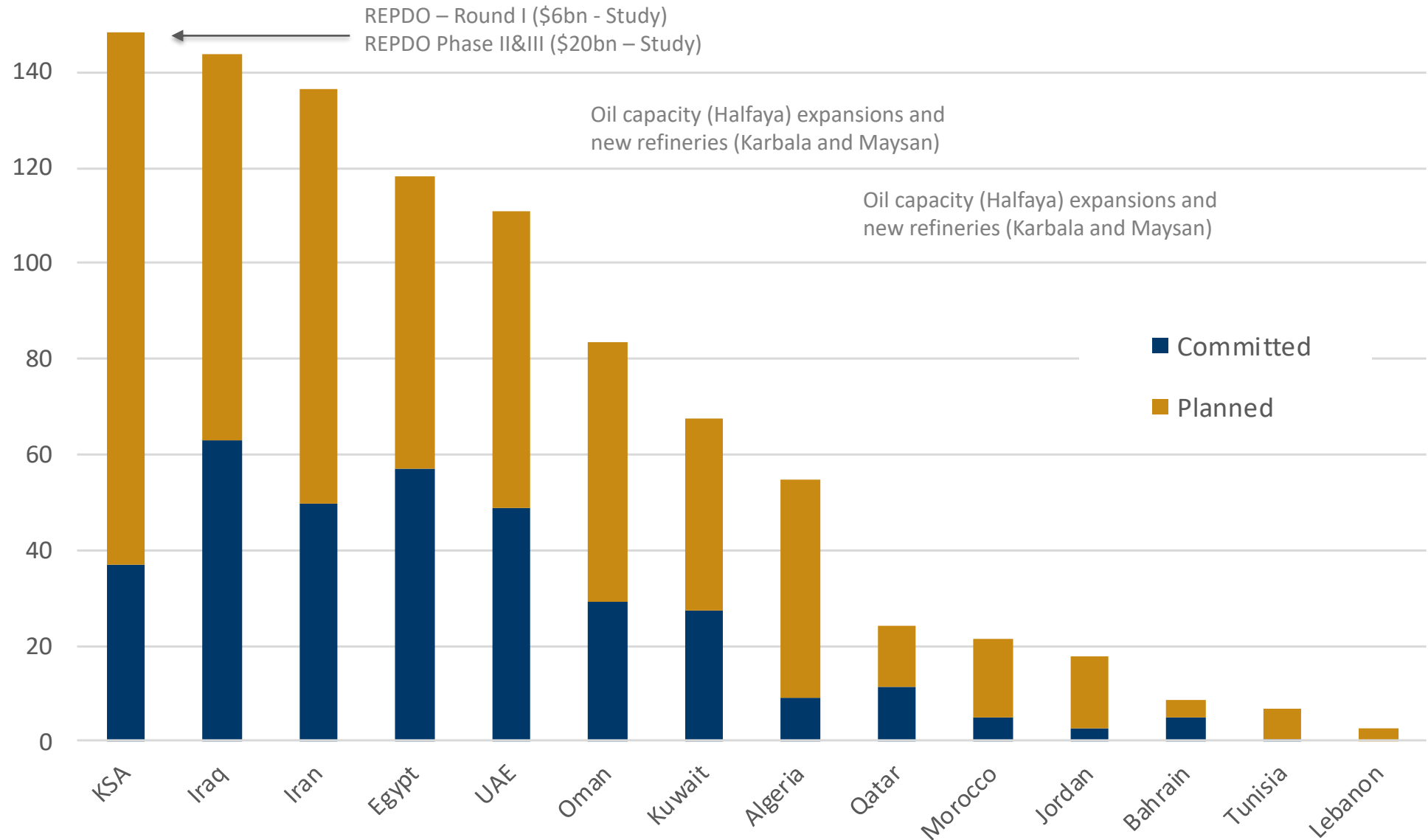
اڤيڪورپ

APICORP

# Planned and committed MENA energy investments: \$961 billion for next 5 years



Total planned and committed MENA energy investment 2019-23 (USD billion)

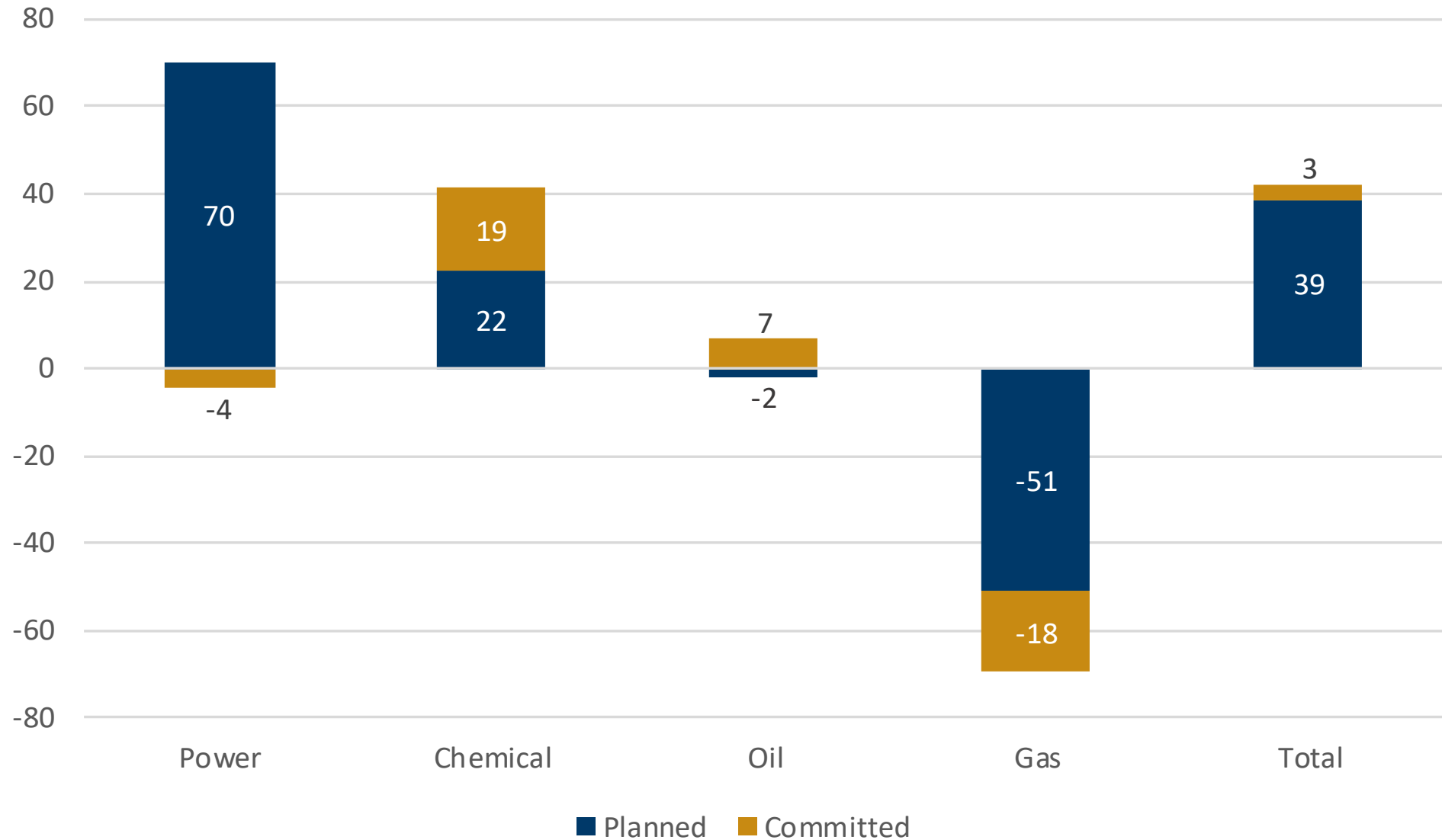


Source: APICORP

# Decrease in gas is offset by greenfield power and chemicals



Net Change in Total Investments For The Period 2019-23 (USD Billion)

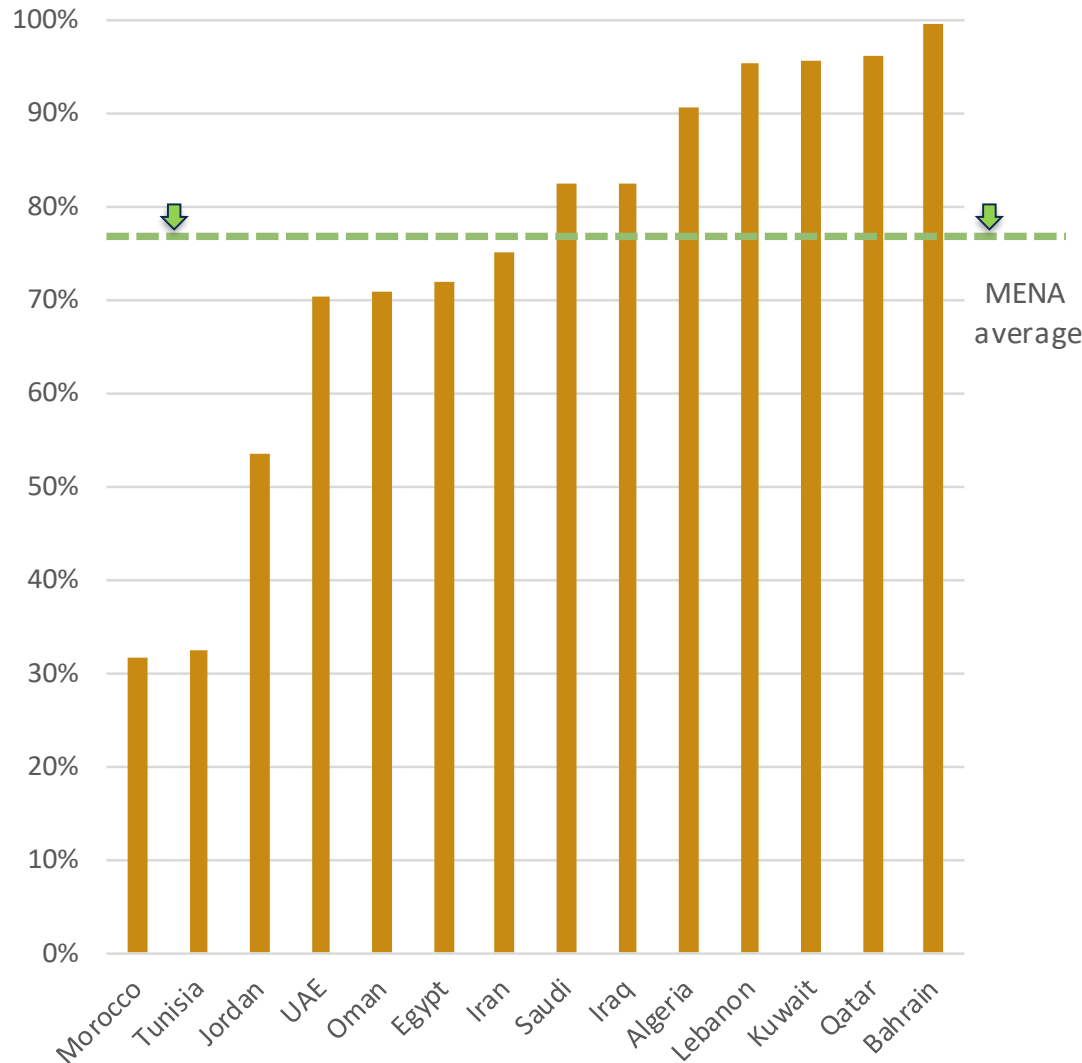


Source: APICORP

# Private sector: positive on reforms and economic diversification, private finance has not grabbed as big a share of investment



Government led investments as a share of total MENA energy investment (%)



## Major trends:

### Sector reforms & balance sheet optimization:

IPO activity, restructuring and unbundling of state-owned entities,

Sector reforms, privatisations, bond issuances

### Upstream Oil & Gas:

Large share of investment is still being shouldered by NOCs/IOCs equity

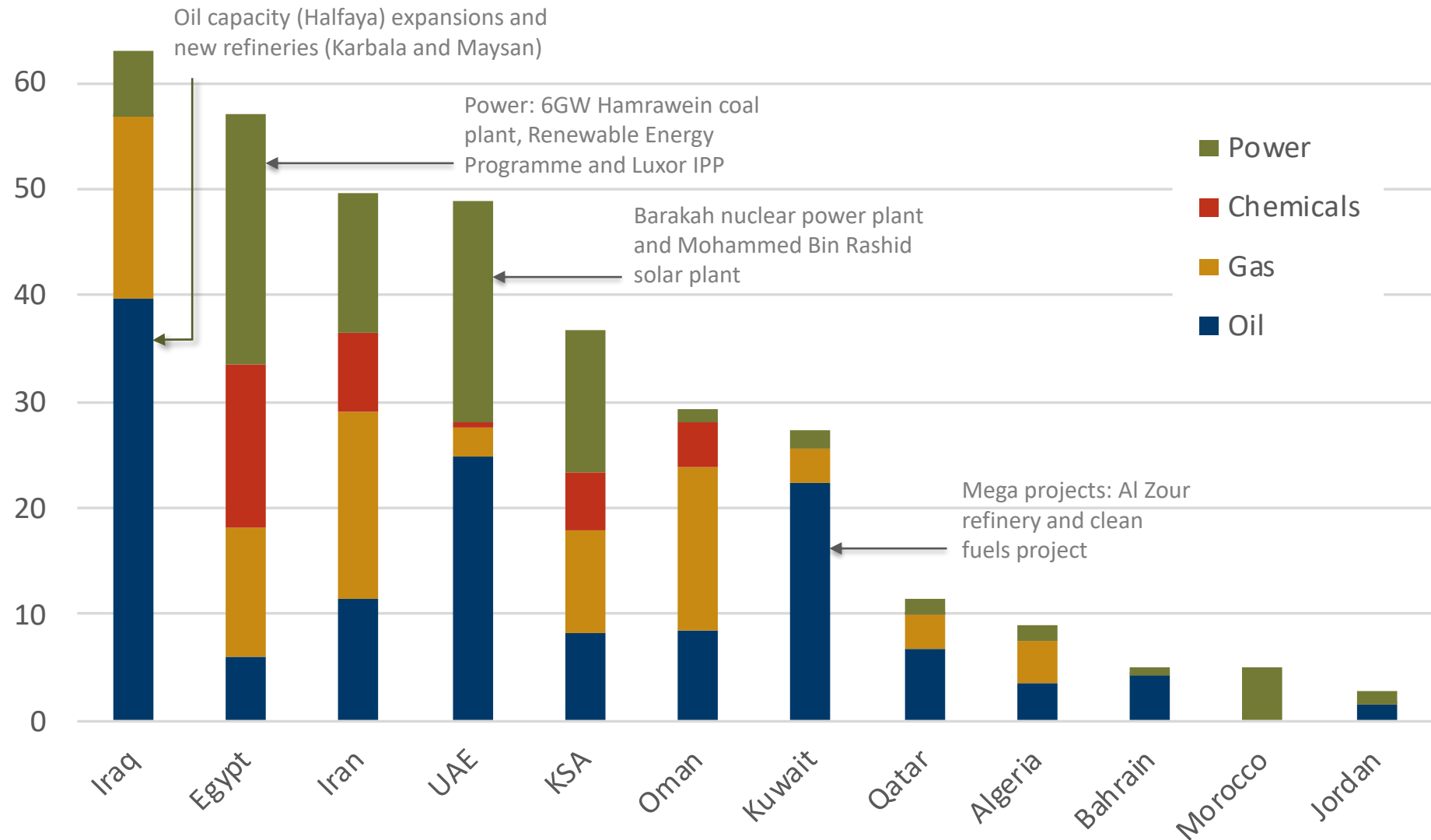
### Electricity:

Debt-equity ratios 85:15 for lower risk profile projects backed by strong government payment guarantees

# Committed investments up by 1%, supported Iraq and Egypt



Committed MENA Energy Investment by sector 2019-23 (USD billion)

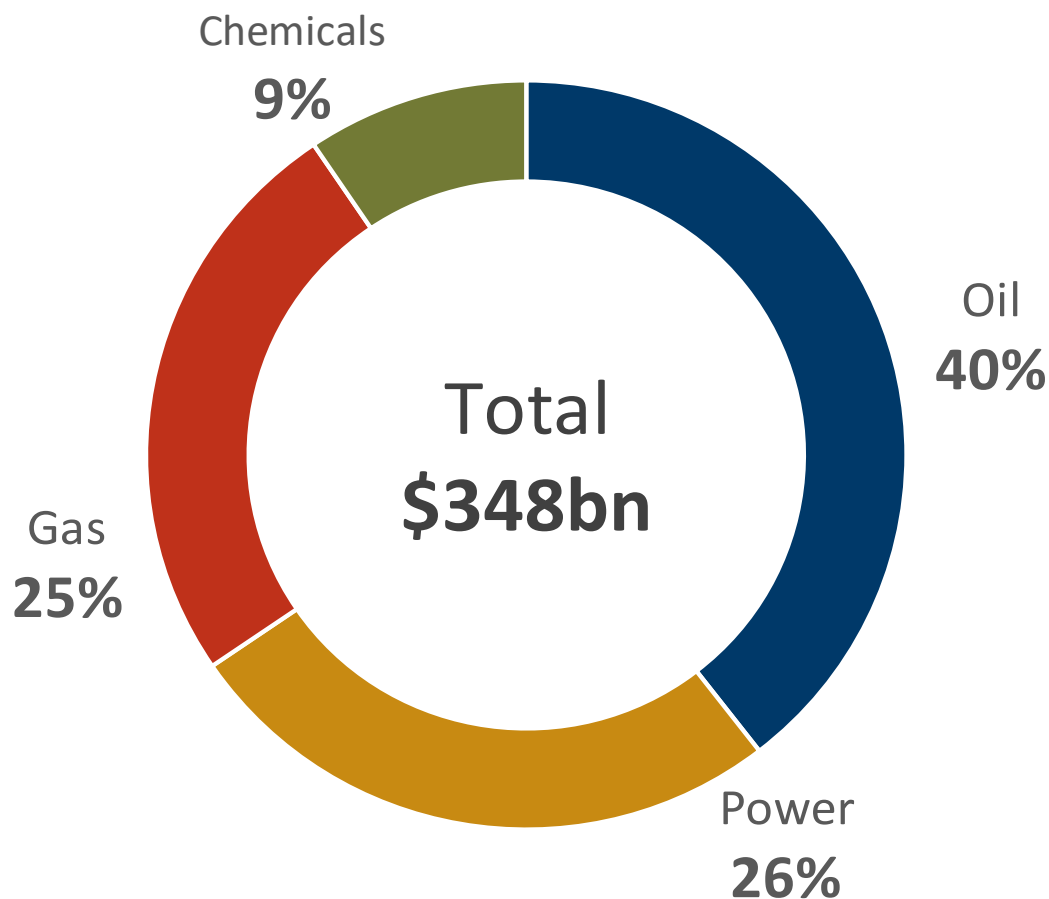


Source: APICORP

# Committed power investments overtook gas for 1<sup>st</sup> time



Committed MENA energy investment by sector (%)



## Petrochemicals:

Largest increase in committed investment relative to our 2018 outlook (\$33 billion)

## Gas:

Decreased Y-o-Y investments due to:

1. Completion of several major projects:

KSA: Wasit (3 bcfd peak, \$4.7 bn)

UAE: Shah & Bab sour gas (\$5bn)

Oman: Khazzan 45% complete

Egypt: Zohr + Ph.1 prod. facilities (\$11 bn of \$12 bn budget spent), WND

2. Major downward revision in Iran (\$3bn, 1.3 bcm): sanctions and negative outlook

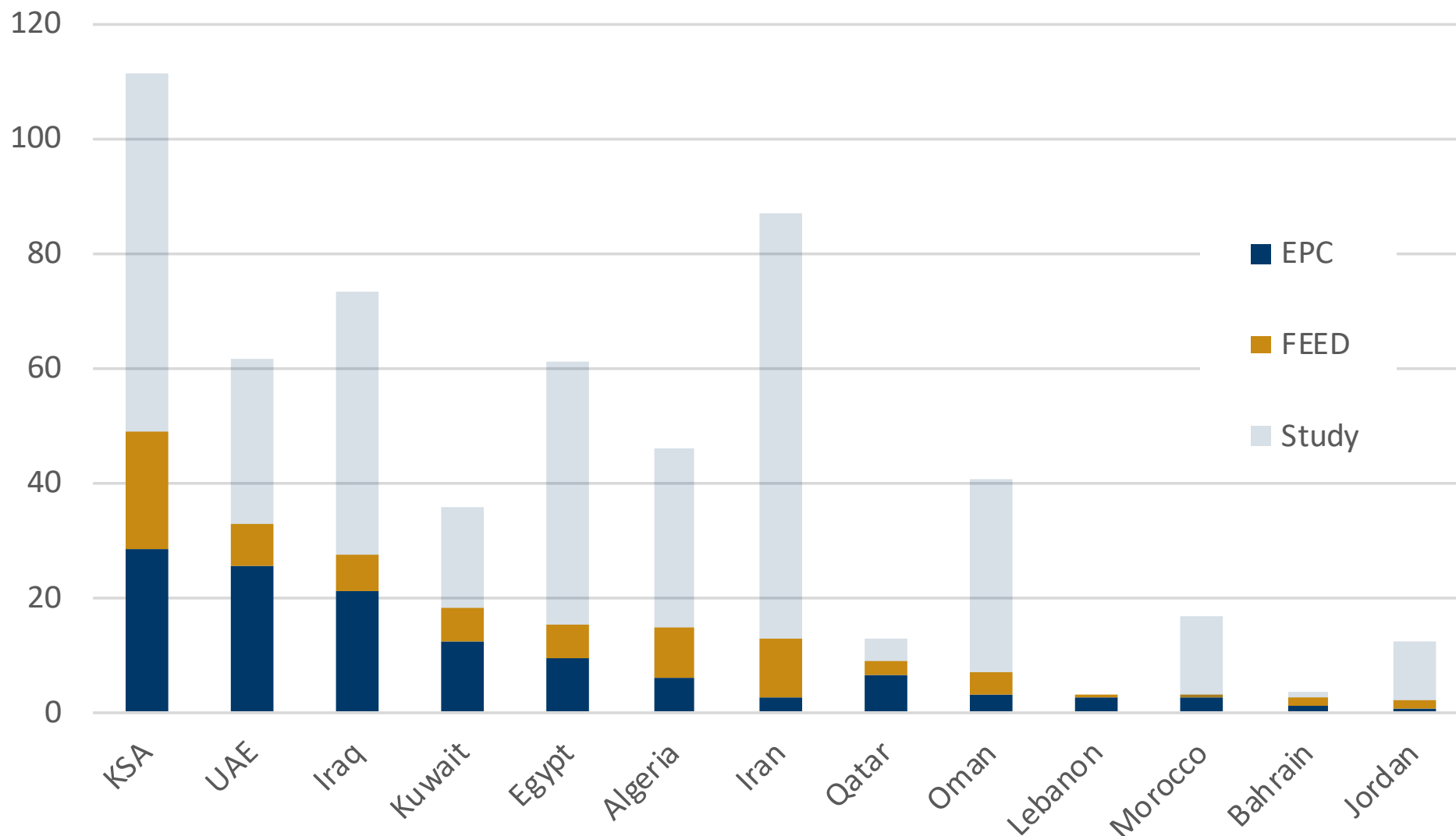
3. Possible delays: Algeria's Berkhine gas development

Source: APICORP

# Saudi Arabia's power and Iraq's oil sectors drive 7% growth in planned energy investment



Planned MENA Energy Investment 2019-23 (USD Billion)

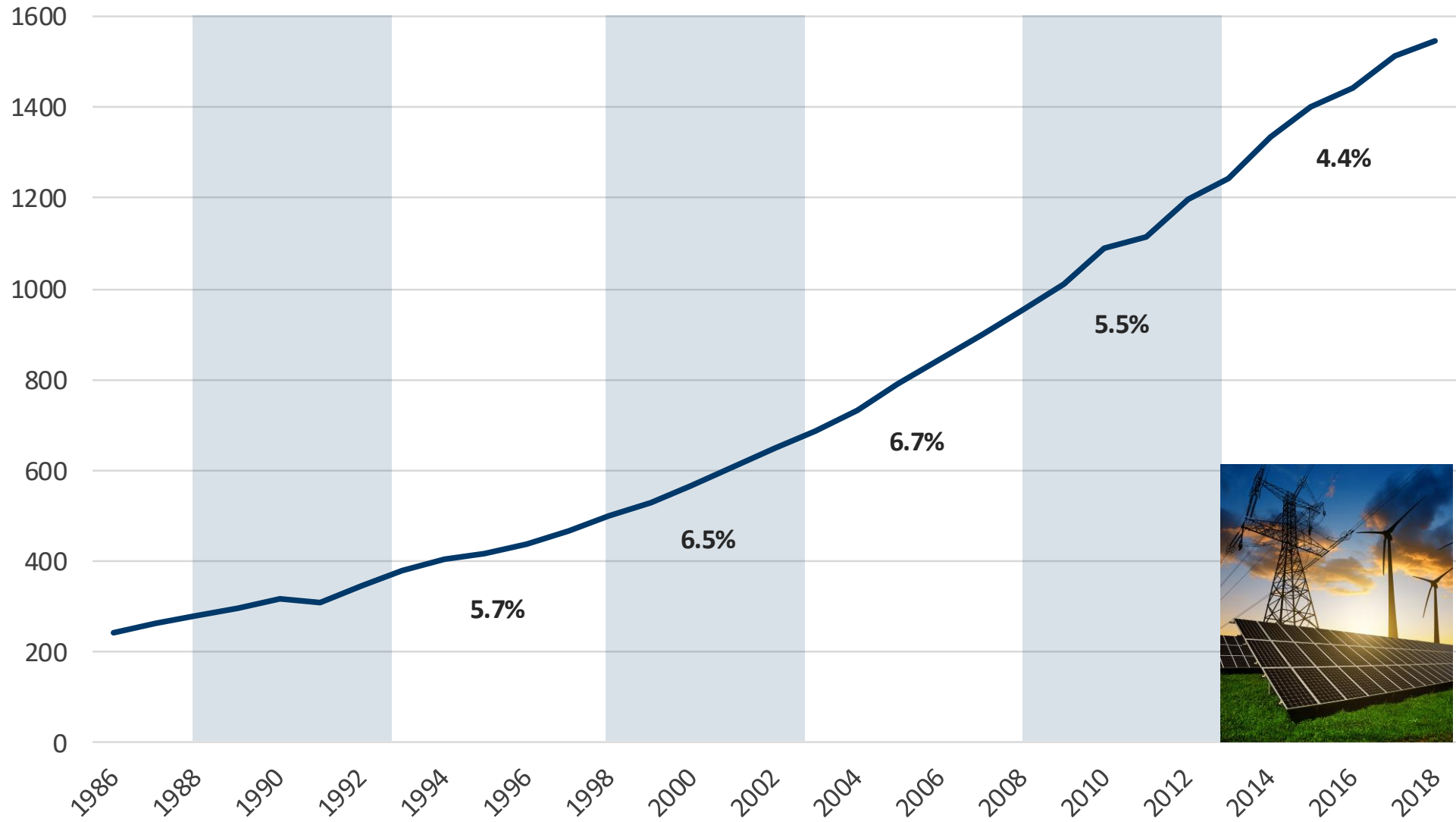


Source: APICORP

# Electricity consumption growth: towards long-awaited respite?



MENA historical production (TWh)



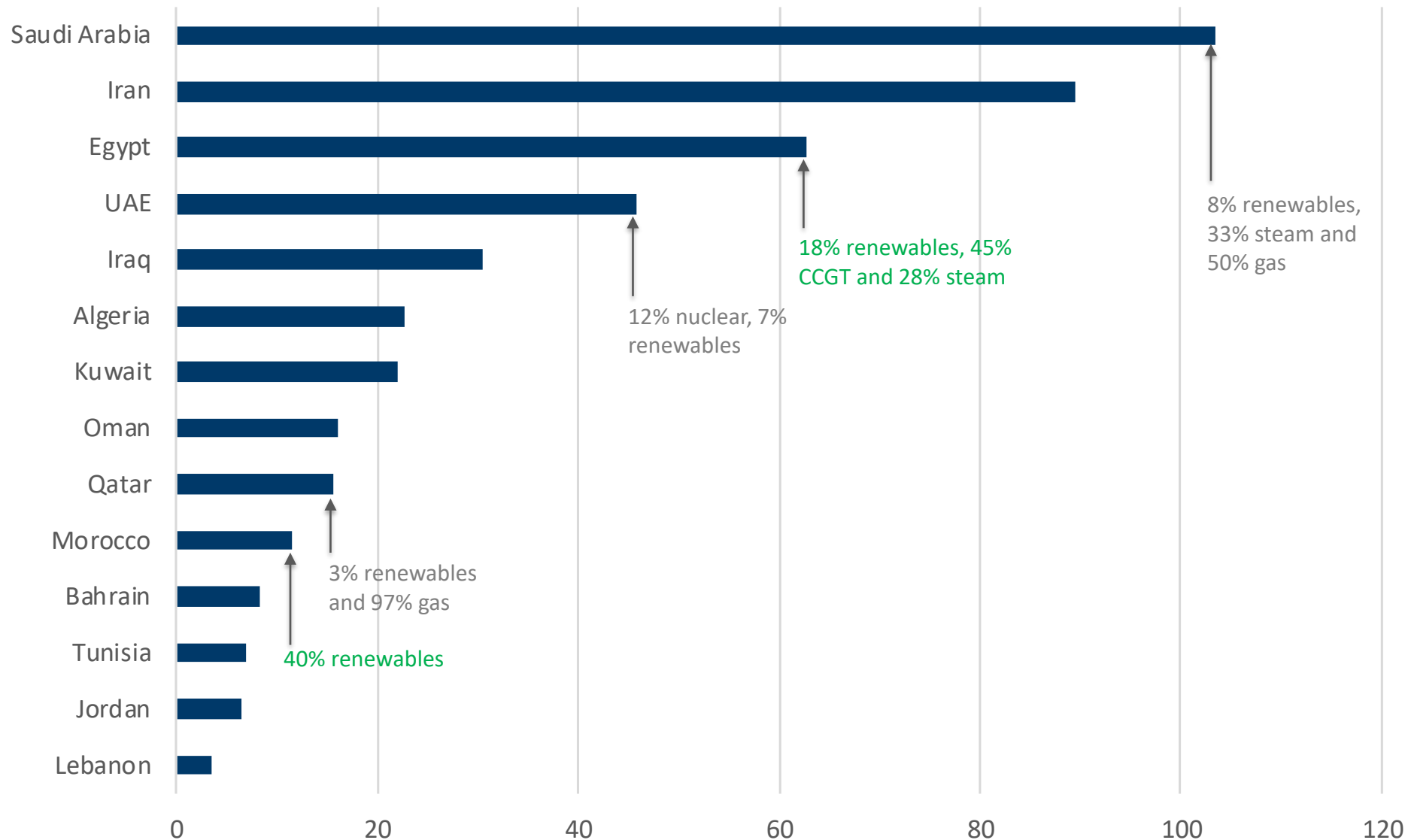


# Electricity capacity: need to add 88GW or +4% yearly between 2019-2023

## Higher share of renewables but gas remains dominant fuel



MENA Required Capacity 2023 (GW)



Source: APICORP