

Duqm Refinery

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GM Strategic Finance

Refinery and Petrochemical Projects



Content

The Refinery Project

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1. Refinery Project

About the Project

Duqm Refinery will be the cornerstone for the transformation of Duqm as one of the biggest economic and industrial hubs in the region



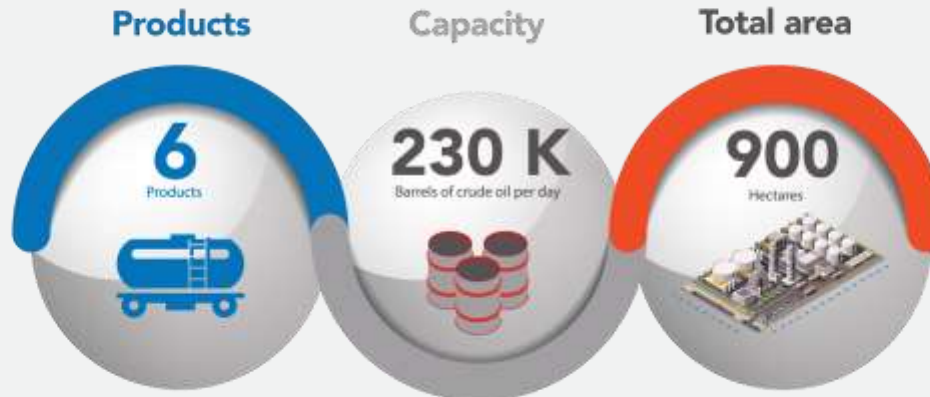
The largest investment project between two GCC countries in refineries and petrochemicals.



Duqm Refinery will boost the refining capacity of the Sultanate by the year 2022 by increasing the refining capacity of the Sultanate by producing 230,000 barrels per day.

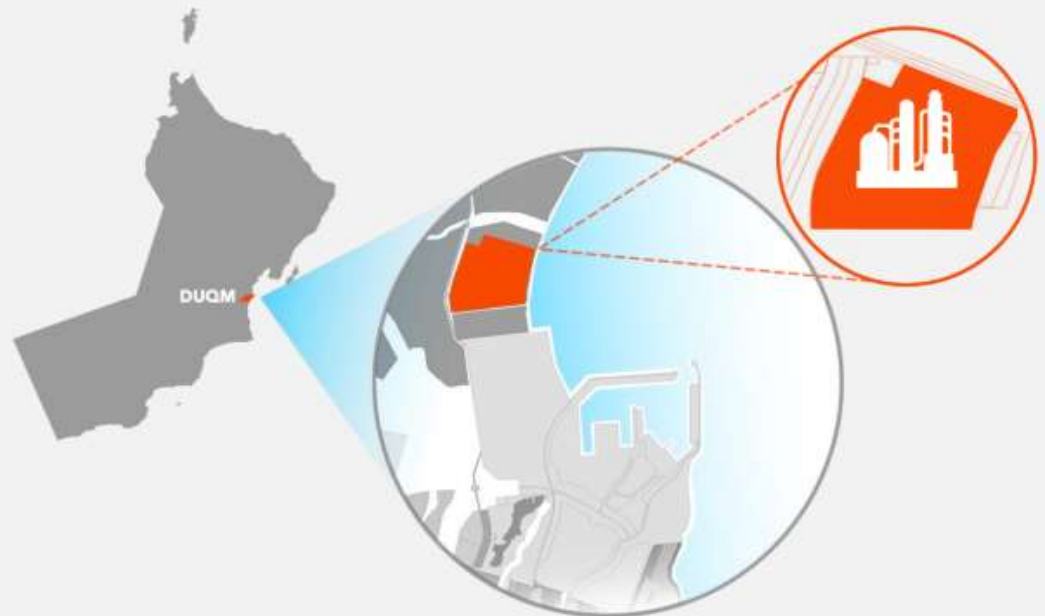


A Joint project between Oman Oil Company owned by the Government of the Sultanate of Oman & Kuwait Petroleum International Company owned by the Government of Kuwait.

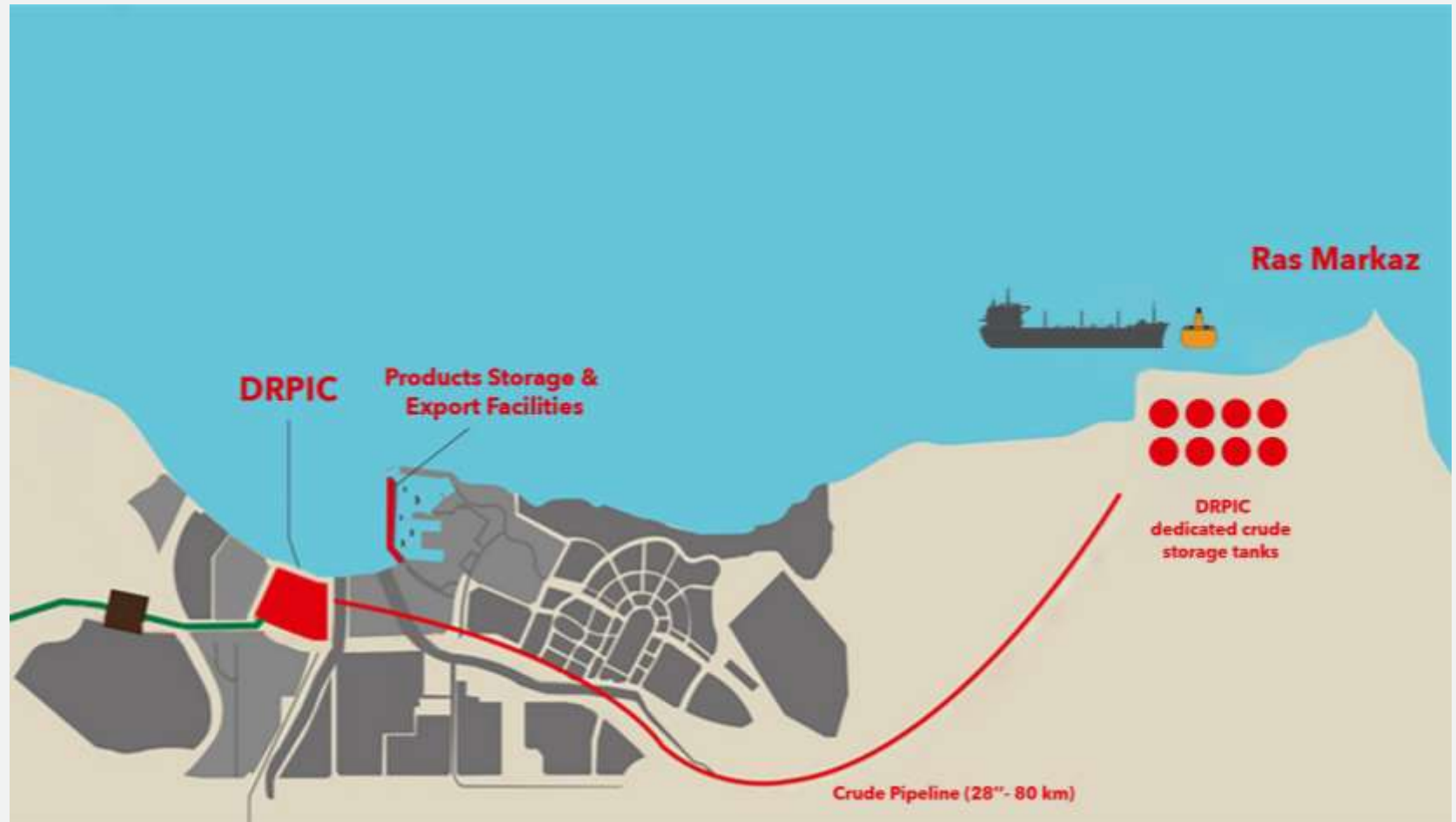


Refinery Location

- The site location located 600km from Muscat
- On the Arabian Sea coast
- Outside Straits of Hormuz.
- Part of the larger Duqm SEZ development



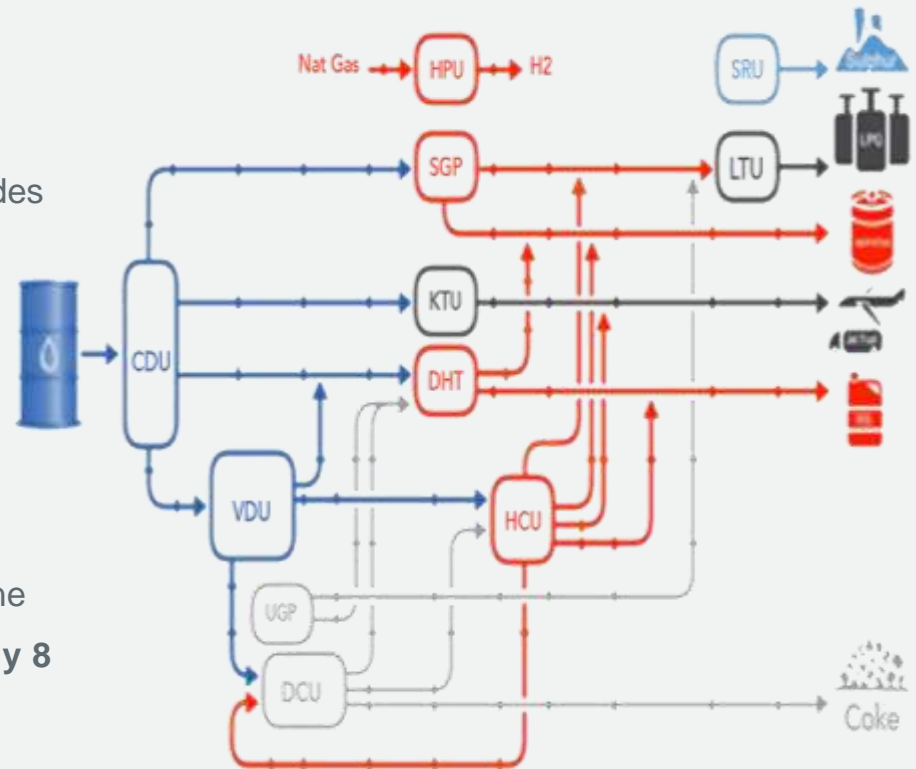
General Location Map



Project Description

Design, Configuration & Products

- **230,000 barrels per day Refinery**
 - Flexibility to process a wide range of crudes blends at maximum capacity
- **Key processing units:**
 - Hydrocracking unit (HCU)
 - Delayed Coker unit (DCU)
- **Maximise middle distillate, diesel and kerosene**
 - Flexibility in maximising diesel or kerosene
- **Nelson complexity factor is approximately 8**



Refinery' Licensors

FLUOR



UOP
A Honeywell Company

YOKOGAWA ◆

Project EPC Packages

The project includes three EPC packages

Issued NTP to selected bidders on 01st June 2018



Package 1

Processing units

Package Cost

\$ 2.79
Billion USD

Contracts



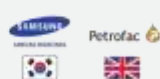
Package 2

Utilities and offsite

Package Cost

\$ 2.08
Billion USD

Contracts



Package 3.A

Storage and export facilities

Package 3. C

80 KM Pipeline connecting crude tanks in Ras Markaz with the Refinery

Package 3. B

Crude oil storage facilities in Ras Markaz

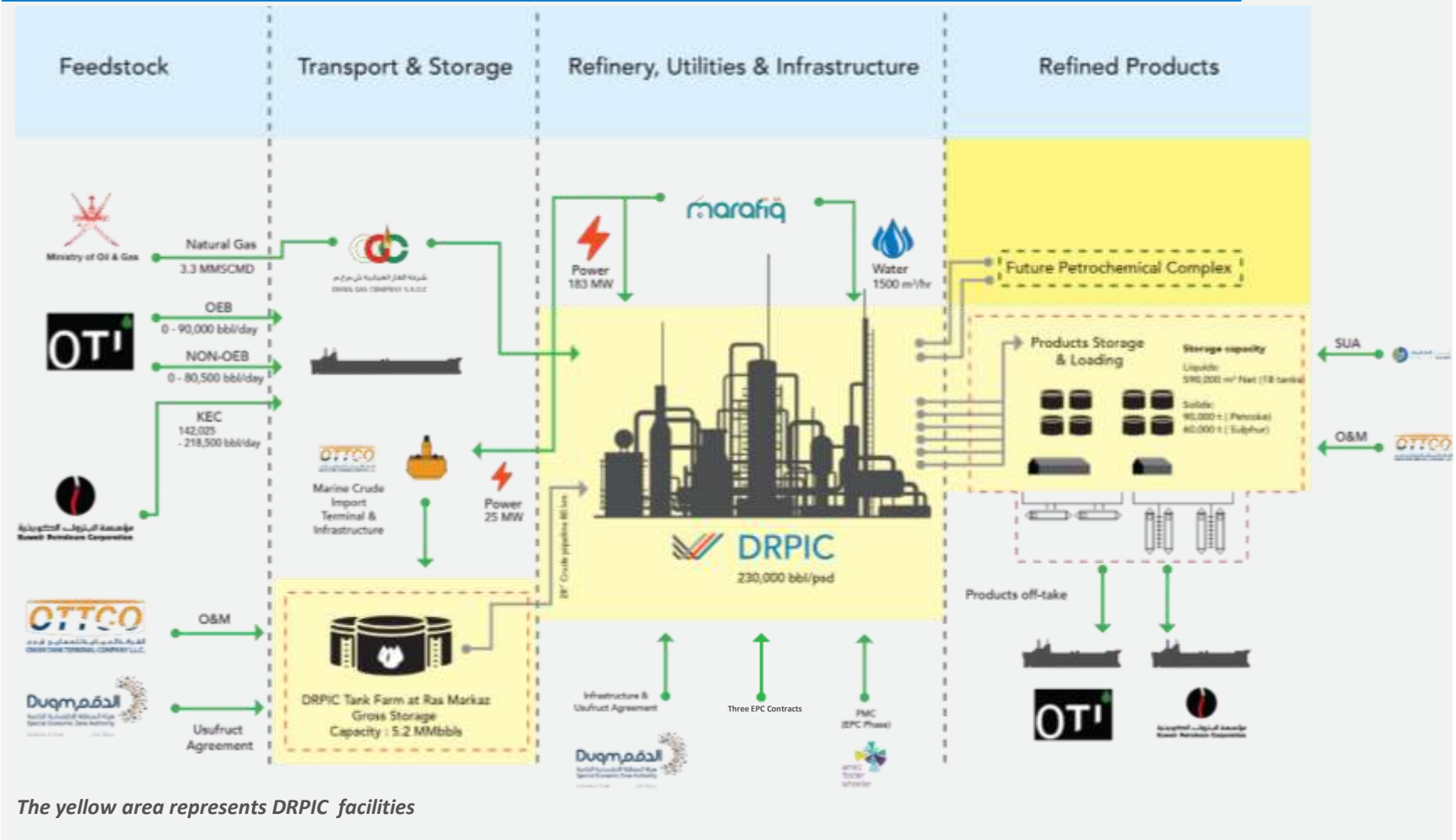
Package Cost

\$ 882.95
Million USD

Contracts



Commercial and Contractual Structure



Positioning the Project with Lenders

Strategic rationale and policy drivers

Configuration aligned with shifting market trends and high value products

Protected against shifting trends in the gasoline segment from EV penetration in the domestic passenger market

Project location affords flexibility in crude supply and proximity to key refined product markets

Access to advantaged feedstocks, and flexibility in sourcing a variety of crudes to maximise profitability

Well placed to take advantage of the IMO regulations for reduction in sulphur of marine bunker fuel in 2020



Financing Challenges

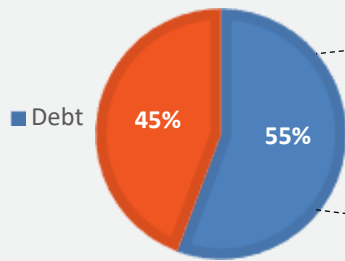
- **Turbulent times for the global refining industry:** The collapse in oil prices in late 2015 and early 2016 remained fresh in the lending market's mind, heightening lender focus on the economic robustness of O&G projects. This was reinforced by lender concerns as to future demand for refined products (and thus refining margins)
- **A global player:** DRPIC is primarily an export refinery, intended to supply global markets and takes price risk on both crude feedstock and output. This further focussed lenders' attention on the economic robustness of the Project
- **Challenging regional macroeconomic environment:** With oil exporters' state budgets under pressure from low global oil prices, increased sovereign and related borrowings have become the norm across the region, with a corresponding impact on credit ratings
- **Completion risks:** As well as being the first mega project of this size in the Middle East to be developed at the new SEZAD, DRPIC also depended on the construction and operation of third party infrastructure projects. Mitigating completion risk (in a form acceptable to all parties) was critical to the success of the financing
- **A race against the clock:** Commitments for a substantial amount of external debt financing were required prior to DRPIC's shareholders taking their final investment decisions in respect of the Project. Consequently the financing process had to run in parallel with the EPC selection process

Project Financing

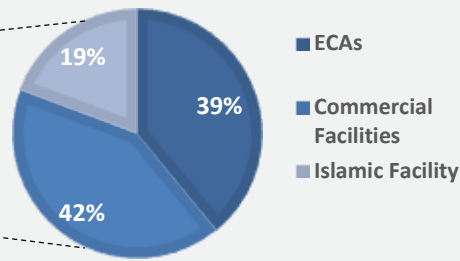
A New Benchmark Transaction for Oman



REFINERY FINANCING STRUCTURE



DEBT STRUCTURE



- Largest ever PF in Oman
- Largest EMEA PF in 2018
- Largest global O&G PF in 2018
- Largest ever Islamic facility in an Oman PF
- Longest tenor for an Omani O&G PF

Facility	UKEF	CESCE	KEXIM Covered	KEXIM Direct	International Commercial	Onshore Commercial	Islamic	Total
US\$M	700	500	420	180	1,430	490	890	4,610
Tenor (Years)	17	17	17	17	16	19	16	

- The DRPIC financing was an outstanding achievement and is a testament of confidence placed on DRPIC and the Sponsors by the lending community
- The success of this landmark financing, notwithstanding very challenging market conditions, on an ambitious timeline, shows that substantial liquidity remains available in the international project finance market to support high-quality projects with high-quality sponsorship

Duqm Petrochemicals Project

Project Overview

- Duqm Petrochemical Project (“DPP”) is phase 2 of DRPIC which is owned by OOC and KPI
- DPP Facilities:
 - Petrochemical Complex in Duqm
 - Extraction Plant in Saih Nuhaidah and NGL Pipeline to be developed by Oman Gas Company



Refinery Project Progress Update

[Refinery Project Progress Update - September 2019](#)



THANK YOU !