

OIL & GAS - EGYPT'S TRANSFORMATION INTO A REGIONAL HUB

STRUCTURED PROJECT CYCLE FOR SUCCESSFUL DEVELOPMENTS

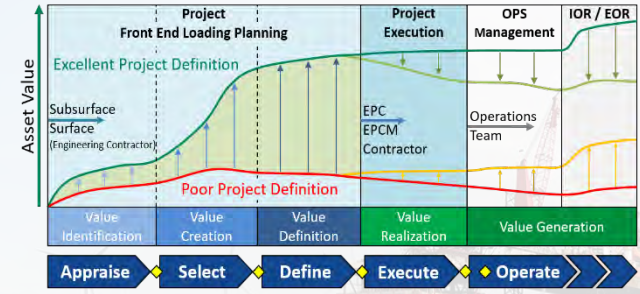
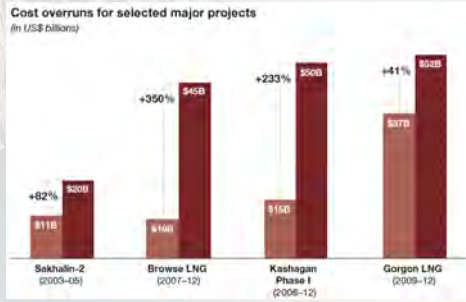


غرفة التجارة والصناعة العربية الألمانية
Arab-German Chamber of
Commerce and Industry e.V.



Semiramis InterContinental Hotel Cairo, October 25th 2018

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AND DEVELOPMENTS

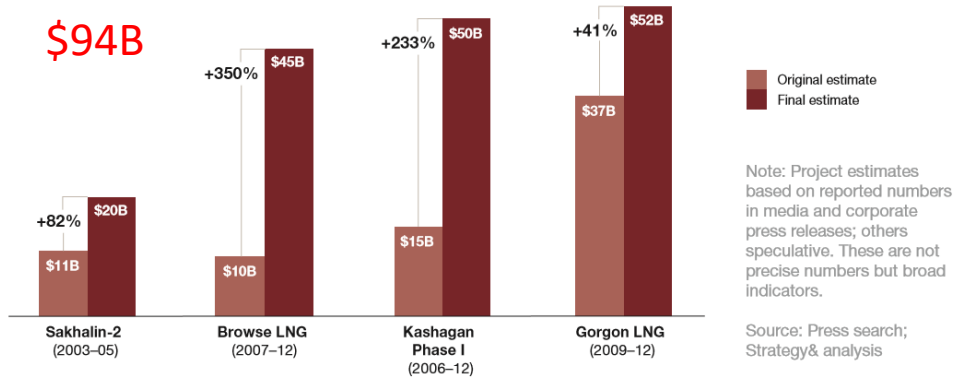
BASIC PRINCIPLE
AND BEST PRACTICE

TOP QUARTILE
PROJECT EXECUTION

GLOBAL TRENDS AND DEVELOPMENTS

Oil & Gas Project Analyses Past Decade by PwC, Strategy&, IPA and EY

Cost overruns for selected major projects
(in US\$ billions)



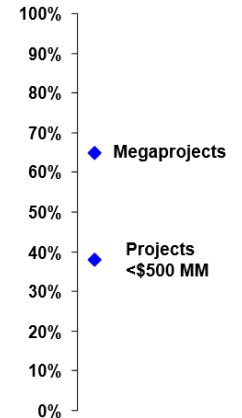
<https://www.strategyand.pwc.com/media/file/Large-capital-projects-in-the-oil-and-gas-sector.pdf>

We deem a project to be a failure if one or more of the following occurred:

Costs grew (real)	25% +
Schedule Slipped	25% +
Overspent (<i>Absolute Measure</i>)	25% +
Execution time (<i>Absolute Measure</i>)	50% +
Severe and Continuing Operational Problems into Year 2 after startup	Yes

http://uvirtual.pep.pemex.com/nuevo/Why_Large_Projects_Fail_%20Final.pdf

Failure Rate



View from Projects

- ▶ 50%² of projects are over budget.
- ▶ 58%² of projects were delivered late.
- ▶ 42%² of projects experienced defects post completion.
- ▶ 30%² to 40%² of a project's total cost is going to rework.

Sources:

- 1 MORI Captains of Industry, EY CBK, Dept. of Trade and Industry
- 2 EY survey of major capital construction projects of Fortune 500 companies, a US Government survey and The Gartner Group survey

GLOBAL TRENDS AND DEVELOPMENTS

- Latest Trends in Industry – Getting Back on Track?

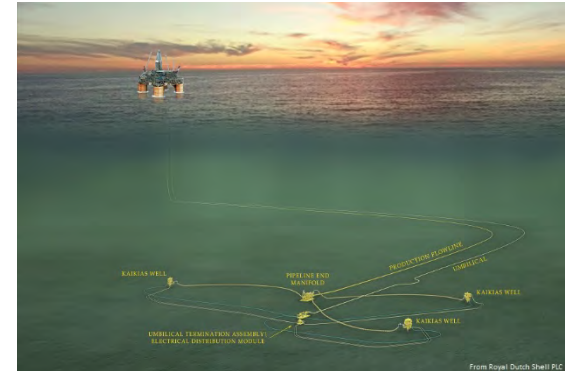
Very recent study by Wood Mackenzie indicates

- Increasing list of **projects** that are delivered **on time** and **in budget**, e.g.:

- West Nile Delta (BP)
- Atoll (BP)
- Shah Deniz Phase 2 (BP)
- Zohr (ENI)
- Cape Three Points (ENI)
- Yamal LNG (Novatek)
- Kaikias (Shell)
- Maria Subsea Tie-back (Wintershall)
- Persephone Subsea Tie-back (Woodside)



<https://www.offshore-technology.com/projects/zohr-gas-field/>

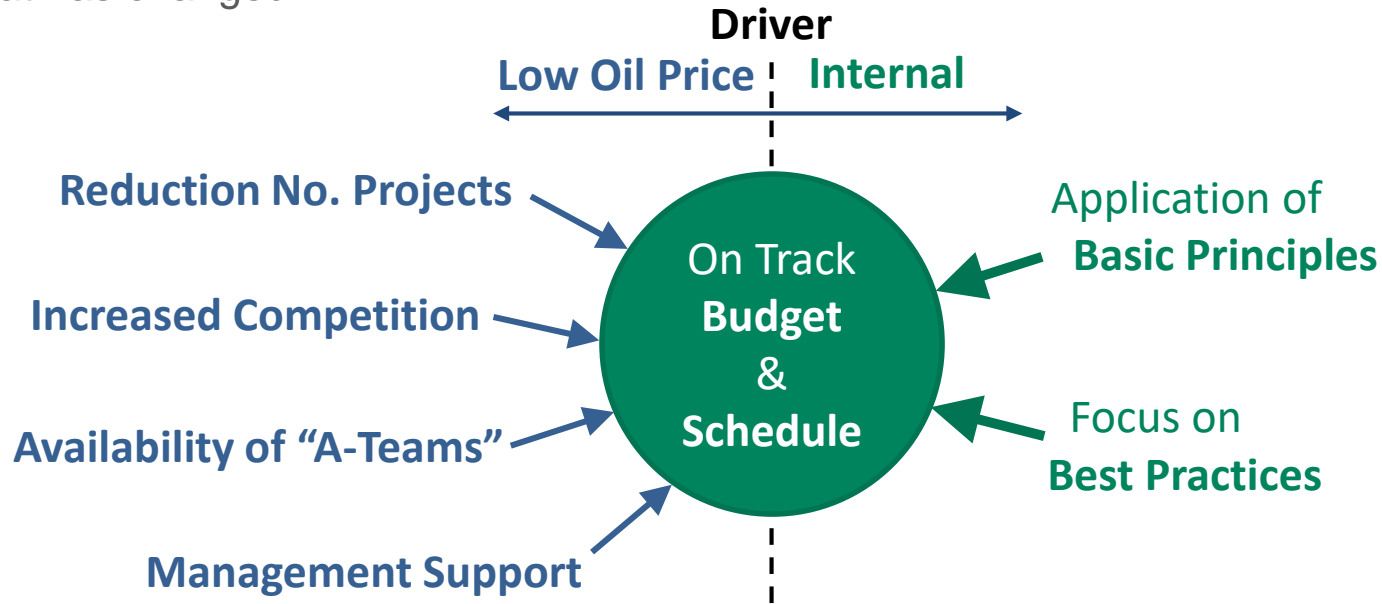


<http://aemstatic-ww1.azureedge.net/content/dam/ogj/online-articles/2017/02/Shell%20Kaikias%20subsea.jpg>

GLOBAL TRENDS AND DEVELOPMENTS

- Latest Trends in Industry – Getting Back on Track?

What has changed?

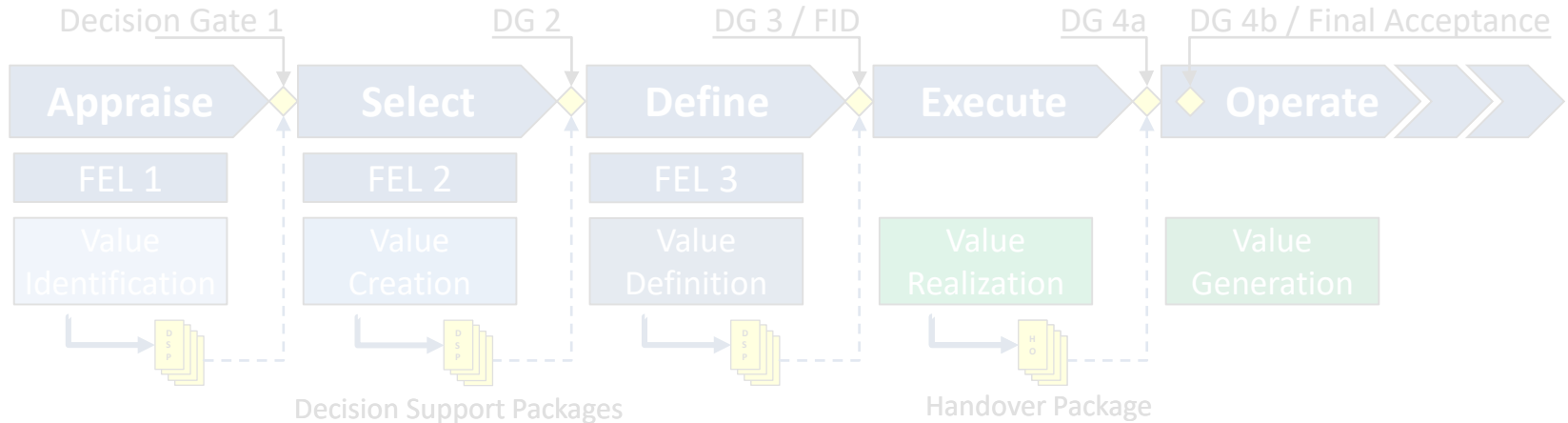


BASIC PRINCIPLES AND BEST PRACTICES

- Common Basic Definition **Best Practice**:

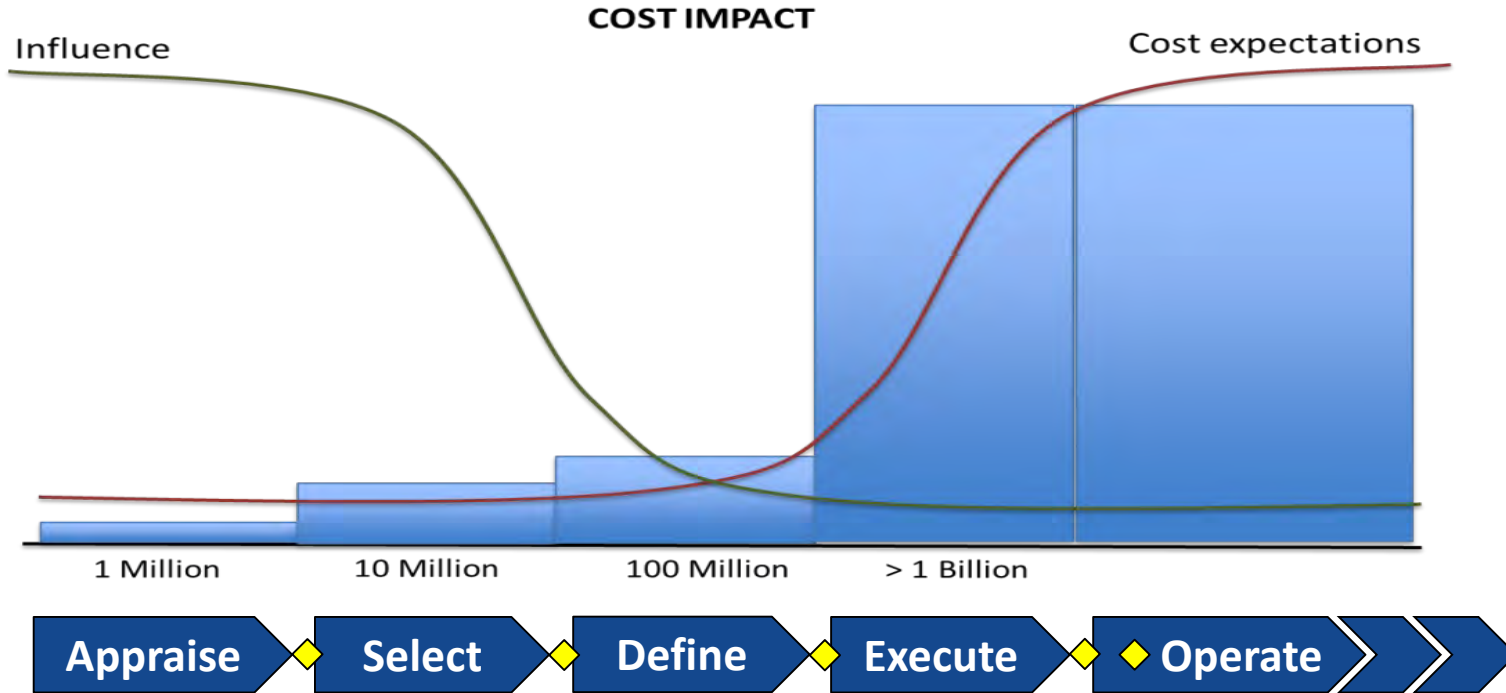
“A process, technique or innovative use of resources that has a **proven record of success** in providing significant improvement in **cost, schedule, quality, performance, safety, environment** or other measurable factors that impact the health of an Organization.”

Proven Project Life Cycle



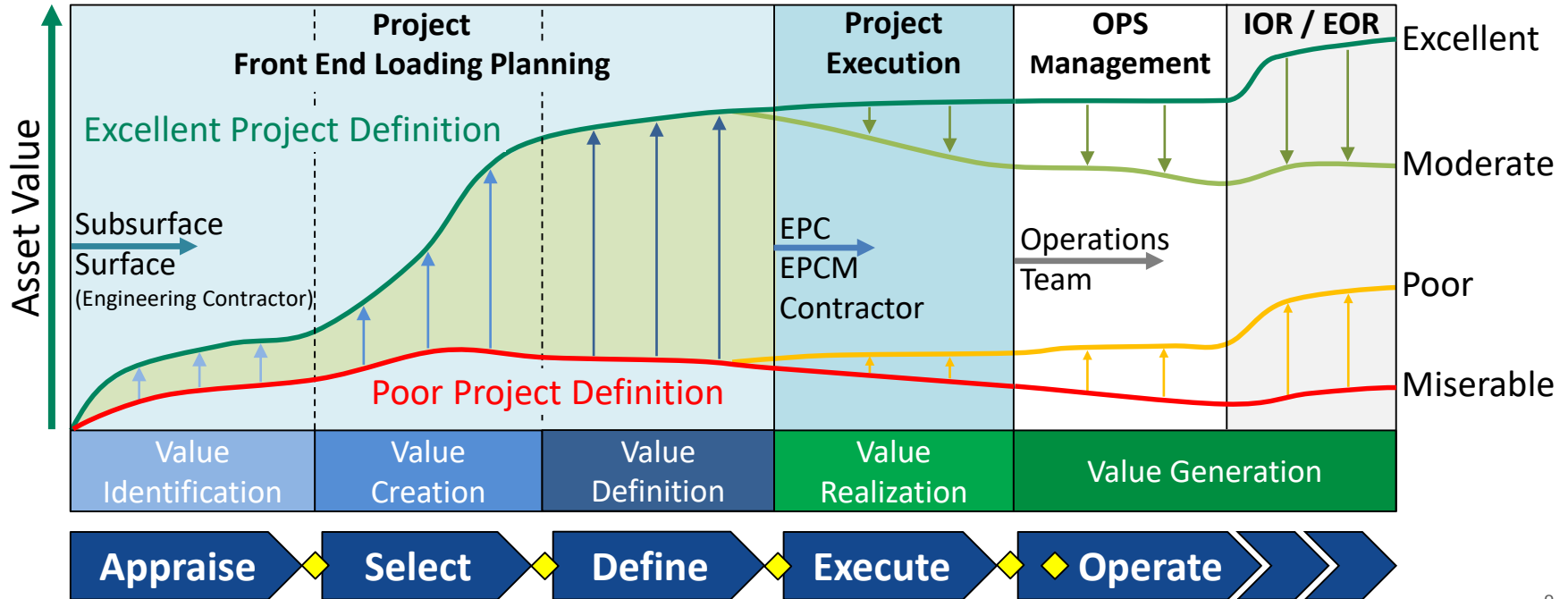
BASIC PRINCIPLE AND BEST PRACTICE

- Ability to Influence vs. Cost



TOP QUARTILE PROJECT EXECUTION

- Application of Best Practices vs. Value Generation



THANK YOU FOR YOUR ATTENTION!



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