



OPENING KEYNOTE ADDRESSES

Oil's Role Under the Development Plan – KPC's Growth Strategy

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Dear Colleagues, ladies and gentlemen,

It gives me great pleasure to be with you today.

Before I start, I would like to thank Dr. Para and his CWC team for organizing this event and for inviting me.

As the 1st keynote speaker this morning it is my privilege to kick off another day of exciting topics.

In the short time that I have, I will focus on two topics:

1. *KPC's growth strategy, which underlies most of its projects*
2. *Actions KPC is taking to ensure successful implementation of its capital projects.*

As some of you may be visitors from abroad, I thought it may be beneficial to mention a bit about the Kuwait Petroleum Corporation and its subsidiaries. KPC is a diversified State owned Oil & Gas Corporation, encompassing all aspects of the hydrocarbon



industry, from onshore and offshore petroleum exploration and production through refining, marketing, retailing, petrochemicals and marine transportation.

KPC's total assets is around US\$71 billion, and annual revenues of almost US\$84 billion, and the major contributors to the revenues of the State of Kuwait.

Ladies & Gentlemen.

KPC's long-term strategy call for **substantial growth in all of its business activities**.

That being said, I would like to assure the audience that not only is our capital program in line with our **strategy**, our **immediate needs** and that of the **state**, but it is also congruent with the State of Kuwait's **2035 Vision & aspiration**, and the State of Kuwait's **official Development Plan**.

The capital program for the oil sector **is sizeable**, but well within our abilities to execute.

Therefore the **Oil's Role Under the Development Plan** is a pivotal one, as it will not only ensure the stream of necessary revenues for the state, but also secure its abundance, diversification, and raise our own indigenous capacity, skills and capabilities.

In order to better understand the composition of our capital program and its priorities, which are at the heart of delivering our strategy, we need first to understand what the strategy calls for in each of our business sectors:

- In the areas of **Domestic** Exploration & Production – we intend to achieve production capacities of crude oil of 3.5 million barrels per day by 2015 and 4.0 million barrels per day by 2020. A few days ago we ended a fiscal year whose target was to reach 3.0 million barrels per day. This target was surpassed!
- **Internationally** our plans call for a production rate of 200 mboe/d by 2020.
- In the areas of **Domestic** Refining & Retail Marketing – we intend to expand refining capacity in Kuwait from the current capacity of around 900,000 Bbls up to 1.4 MMBPD with deep conversion.
- **Internationally**, we pursue performance improvement in Europe in order to achieve acceptable returns in line with the peer group.



- We also seek investment opportunities outside Europe that are commercially viable and have acceptable returns in line with the peer group, focusing on major high growth strategic markets especially in Asia.
- Our **Marketing** sector is striving towards providing crude and petroleum products that meet customer demand and ensure optimum return to KPC and hence the state of Kuwait.
- In **Petrochemicals**, we also pursue a growth strategy, both domestically and abroad through sound JVs, with a focus on high growth petrochemical products.
- As for **Sea Transportation**: KPC already enjoys a healthy fleet with new vessels being commissioned every year. Our strategy calls for maintaining the size and the configuration of our fleet with the aim of ensuring a long-term strategic cover; and to meet KPC's marketing requirements for crude oil, petroleum products and LPG in-line with targeted domestic production.
- KPC's strategy is designed to meet Kuwait's current and future energy demand by providing the economically and environmentally optimal mix of fuels, as well as strategic backup.
- Oil's role under the development plan would not be complete without mentioning **Local Content**. We have a cohesive and comprehensive program to strengthen KPC role in developing the local economy and its private sector.

I do not have the time today to delve into the specifics of Kuwait oil sector's **capital program**, but it suffices to say that we are poised to spend around \$ 90 billion in the coming 5 years toward implementing the growth strategy.

Ladies & Gentlemen, I now come to the second topic, namely: *The Actions **KPC is taking to ensure successful implementation of its capital projects.***

For KPC to secure the Role of Oil Under the Development Plan, it has started implementing several initiatives and actions to ensure successful implementation of all capital projects:

- We now ensure standardization and continuous improvements across Capital Projects Processes.
- Additionally, we have introduced a capital tracking process for major projects to validate the assumptions used and capture lessons learned to improve capital project administration.



- We are also in the process of establishing a corporate **capital allocation system** which will further help in selecting the right projects, with the highest overall value.
- We are also creating an enterprise **PMO** (Programme Management Office) to ensure proper monitoring, integration and management of capital projects.
- Concurrently, we are **upgrading** our in-house projects' execution & management skills.
- And lastly, KPC and its subsidiaries continually update their **contractual & commercial terms** to attract international consultants / contractors, and accommodate changes in the international practices.

Ladies and gentlemen,

I hope that I have succeeded in conveying to you **KPC's growth strategy**; and **Actions** that its taking to ensure a successful implementation.

Thank you.