

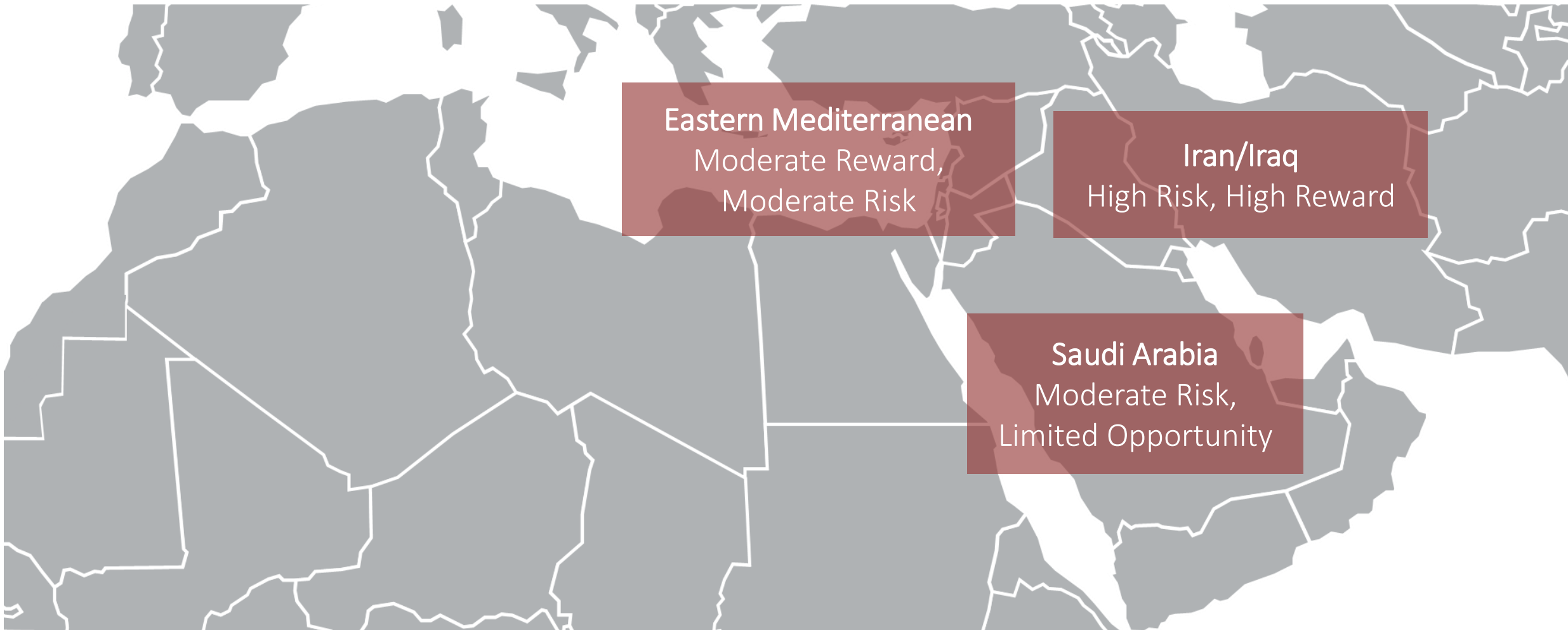
Political, Security and Regulatory Challenges in the Middle East



PGI Intelligence

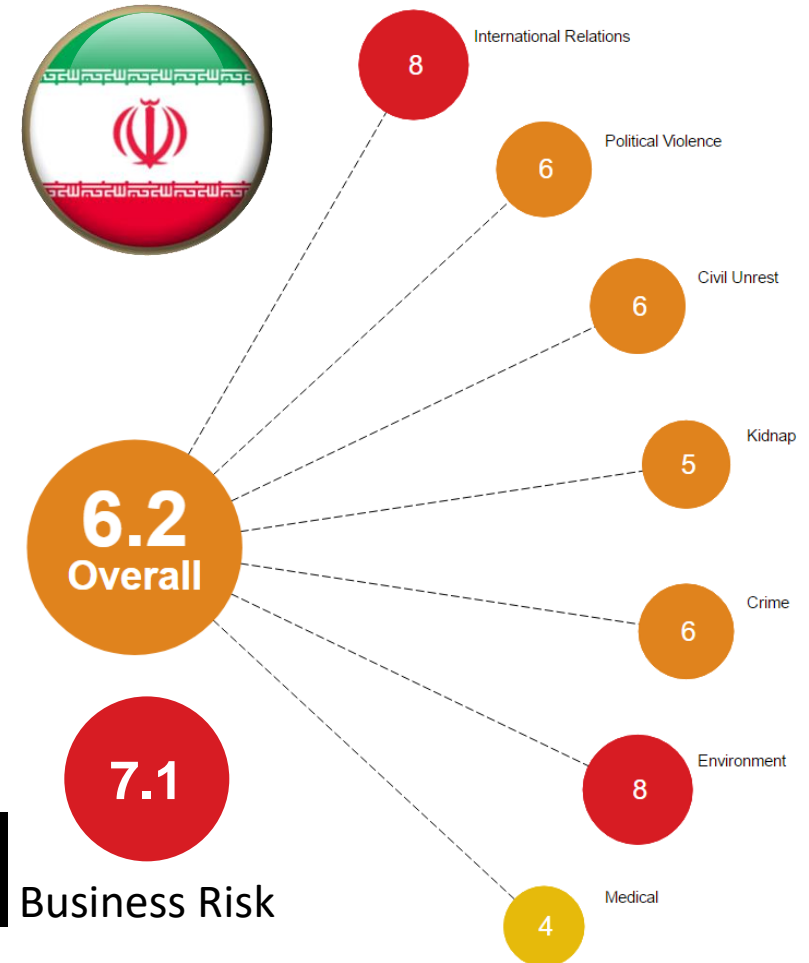
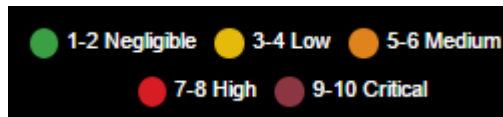
16 May 2017

Overview



- Major Opportunity
- Uncertain Environment
- Risks on the Horizon

*Iran Threat Rating,
PGI Risk Portal*



Iran – Political Uncertainty

- 19 May Presidential Elections
 - Open Ideological Tensions
- Political Divisions Have Implications for Investors
 - Iran Petroleum Contract (IPC)
 - Financial Action Task Force (FATF)



President Hassan
Rouhani



Main Conservative
Challenger - Ebrahim
Raisi

Iran – Internal, External Challenges

Domestic Challenges

- Banking Issues
- Corruption
- Opaque, Protectionist Economy



External Challenges

- Regional Tensions
- Trump Iran Policy
 - Nuclear Deal Review, Sanctions



- Significant potential
 - Reserves at 266.5 bn barrels
- Upstream Gas Opportunities?
- Aramco Privatisation

أرامكو السعودية Saudi Aramco

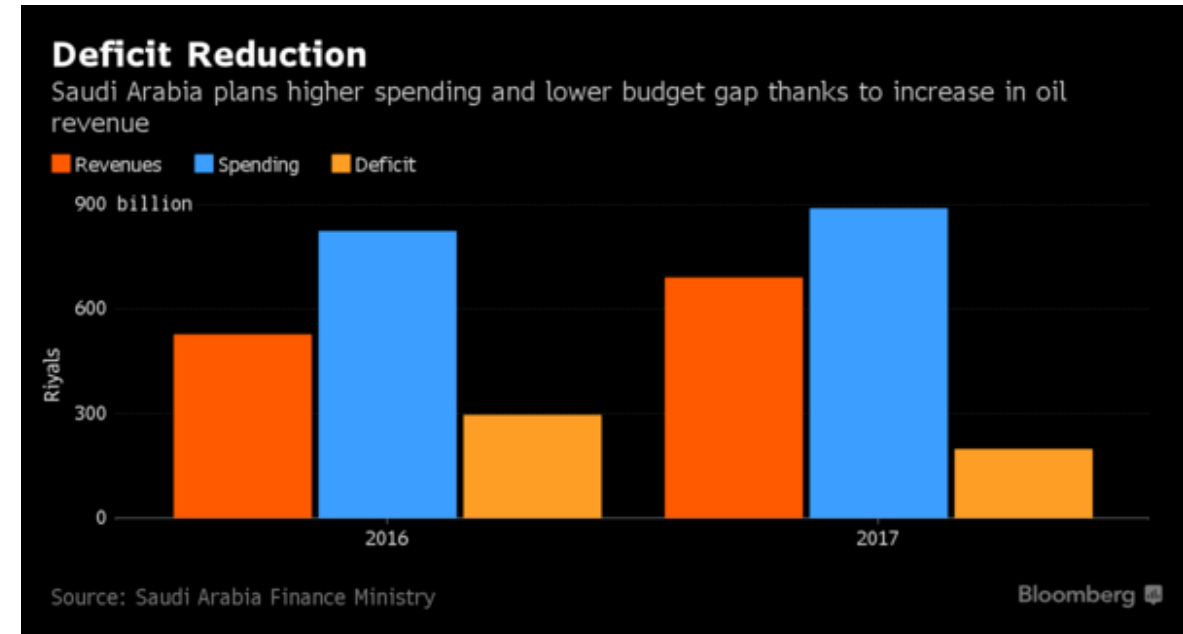
Government
estimates value at
USD 2 trn

Initial planned
sale of
5 %

IPO expected by
2018

Wider Considerations

- Security Issues
 - Eastern Province
 - Islamic State Threat
- Economic Reform Programme – Vision 2030



Vision 2030

To boost private sector from 45 percent of GDP to 60 percent

Northern Iraq / Kurdistan

- Security
 - IS, PKK Conflict
 - Pipeline Challenges
- Payment Issues
- KRG-Baghdad Tensions

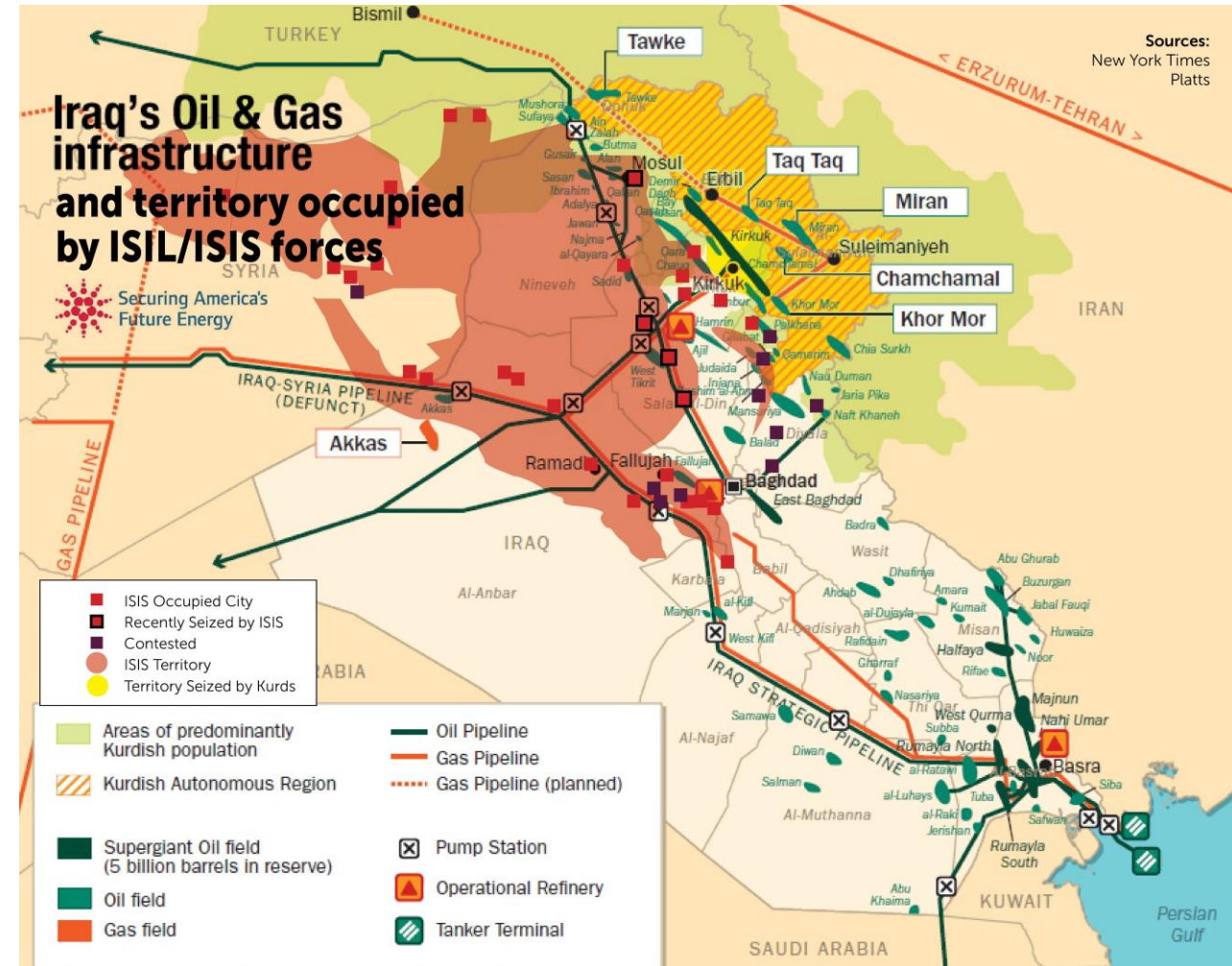
Southern Iraq (Baghdad-controlled fields)

- Security
 - Crime, Kidnap, Civil Unrest
- Regulatory considerations
 - Service Contracts
 - Payment Issues



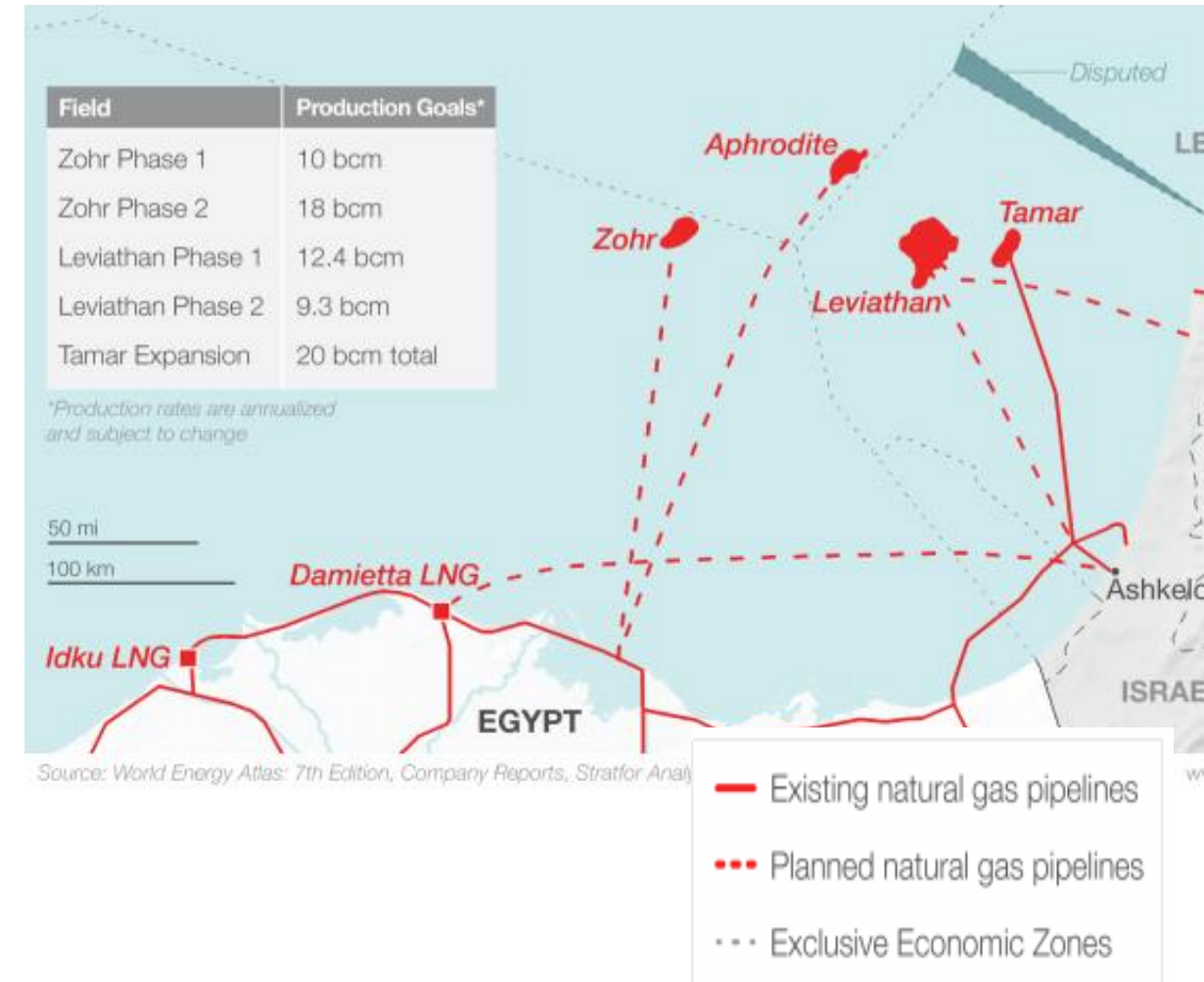
Iraq – Post IS Conflict

- Future of Sunni Insurgency?
- Ethnic-Sectarian Relations



Eastern Med

- Significant offshore gas potential
 - Only Israel Monetised
- Infrastructure Challenges
 - Cyprus, Israel
- Regulatory Issues
 - Israel, Lebanon



Thank you

Questions?