

Marine Money Cyprus Forum: Energy and offshore

New found riches around the Cypriot coastline, plus new import and storage activities



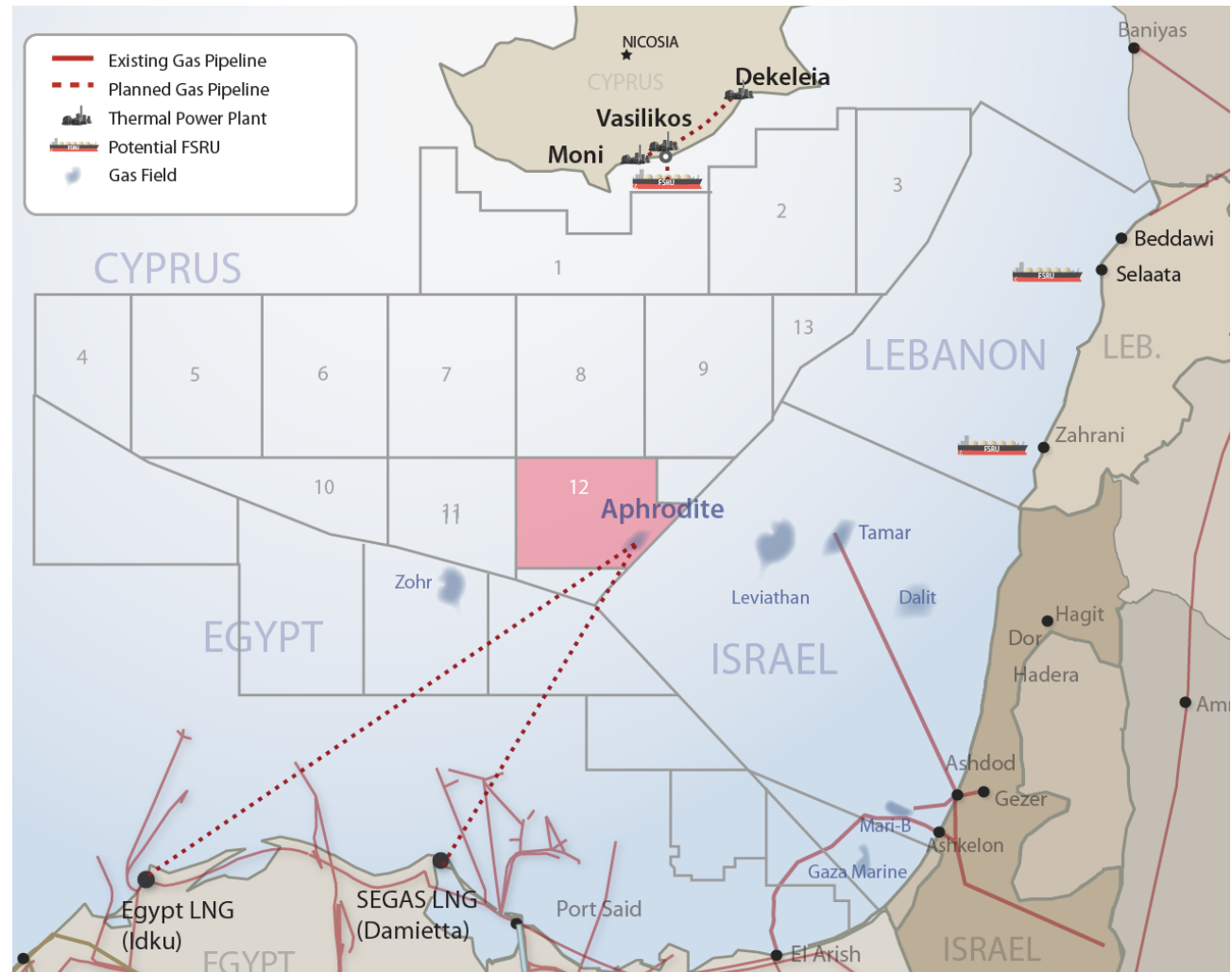
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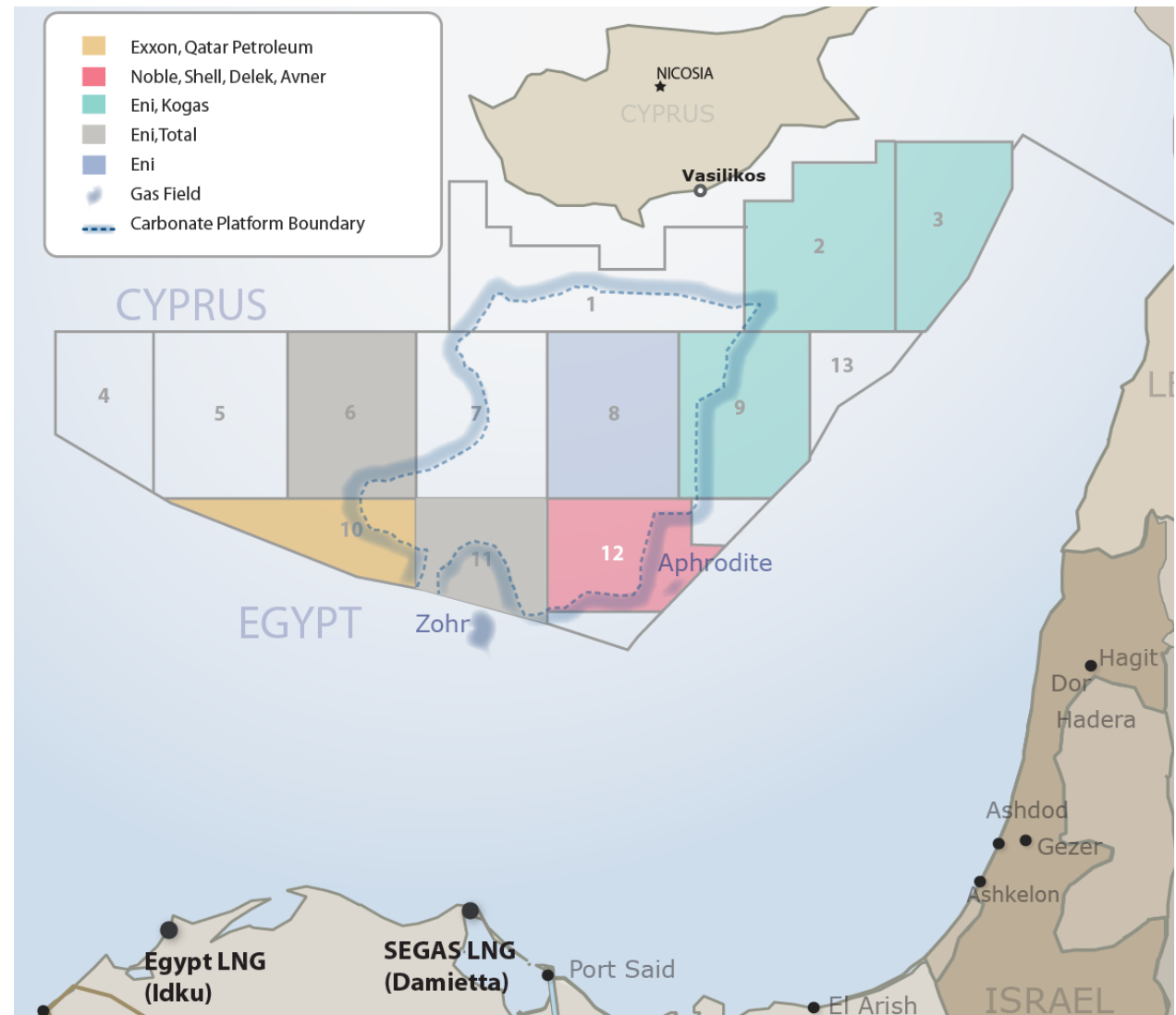
The Cyprus hydrocarbons sector is expanding

- **Storage & handling:**
VTT Vasiliko is the largest Cyprus investment at €300mn
 - Product scope is being expanded
- **Imports: LNG**
 - Via a floating storage and regasification unit (FSRU)
- **Discoveries: Gas**
 - Reserves could rise as exploration efforts continue



Exploration is ongoing after initial discoveries

- **Glaftos**, Block 10 - ExxonMobil, Qatar Petroleum discovered 5-8 Tcf (in place)
- **Calypso**, Block 6 - Eni discovery in Feb 2018 confirms Zohr-like play
- **Aphrodite**, Block 12 –discovered by Noble Energy in 2011, 4.5 Tcf recoverable
 - Other partners are Shell, Delek

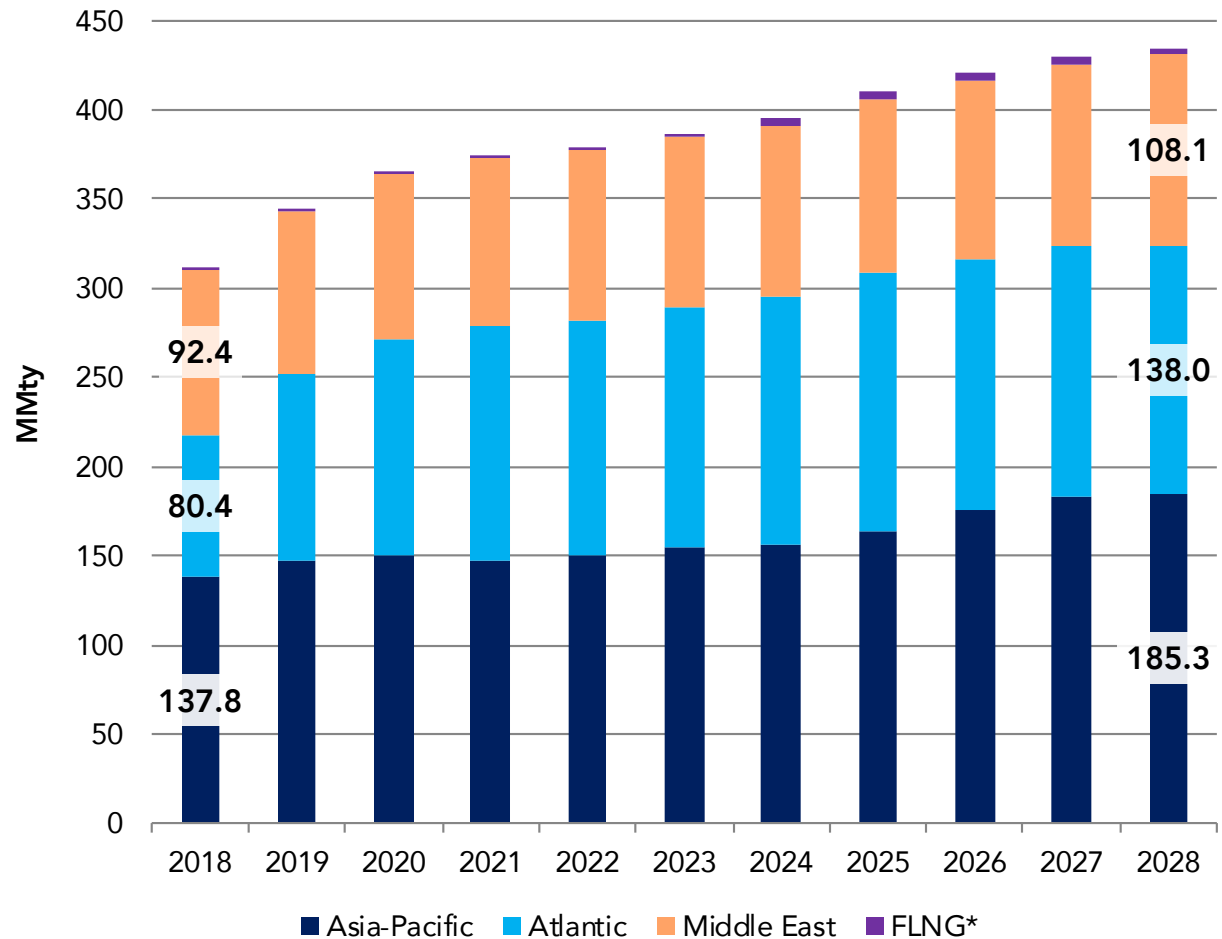


LNG is a key part of Cyprus gas development

- Gas discoveries to date do not require Cyprus liquefaction investment
 - Aphrodite gas will be sent to existing liquefaction plants in Egypt
 - Production sharing talks are ongoing
 - Plans call for building a pipeline to transport gas to Egyptian LNG plants
- If ongoing exploration bumps up gas reserves, Cyprus-based liquefaction will be considered
 - Most of the operators are planning more drilling
 - If there is a 'Zohr' scale find, building an LNG export plant would take time
 - So under initial plans, gas from Aphrodite would still go to Egypt
- Either way, Cyprus is poised to play a role in the LNG growth story

Global supply will continue to grow

- Rapid growth through 2020 and then resumption of growth from 2024
 - New FIDs to add substantial new supply after 2023-24
- US projects under construction and expansions account for Atlantic additions
- MEG is flat except for Qatar
 - 33 MMt/y after 2023-2024
- Mozambique, Canada, PNG account for Pacific growth
- Upside risk on supply side

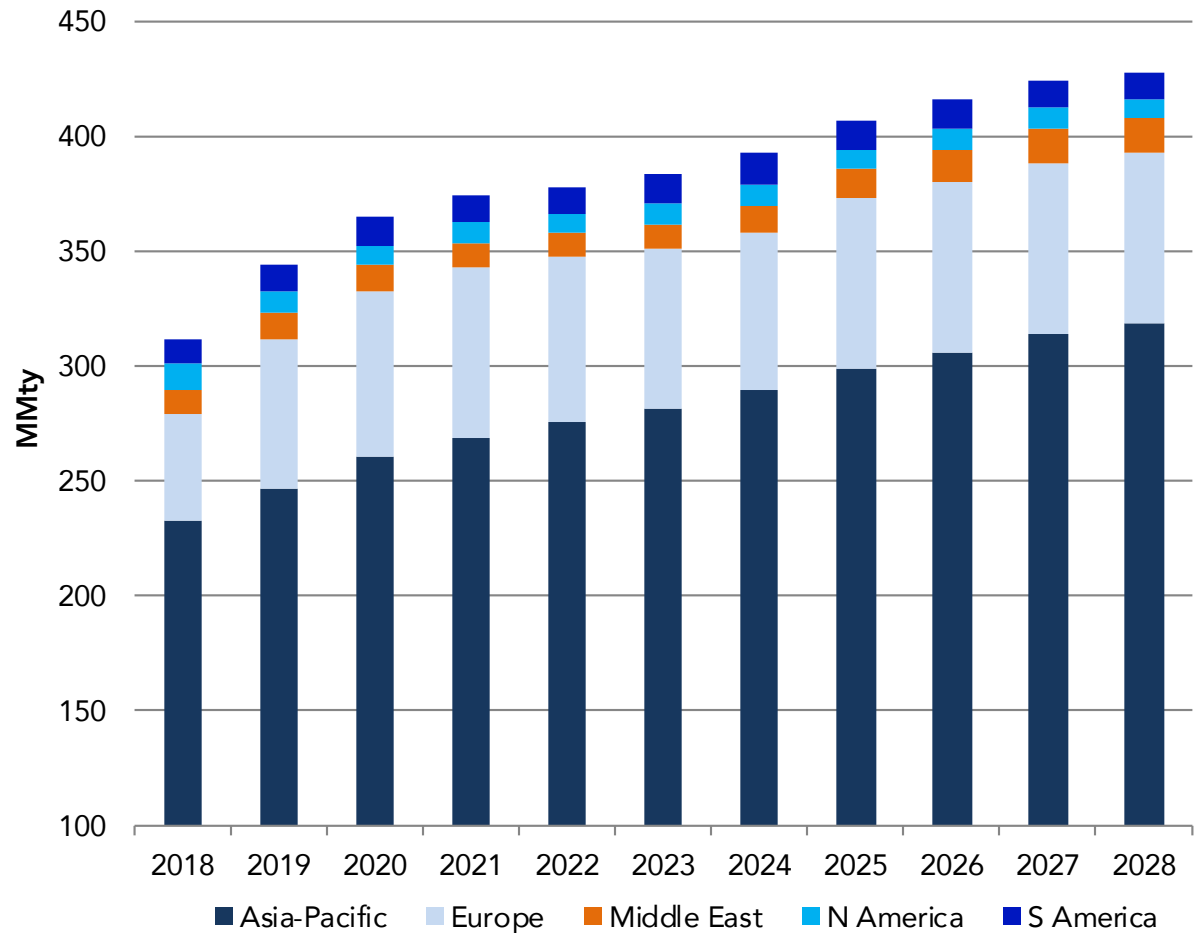


*Excludes FLNG Unit 1 and 2 from Malaysia, Prelude FLNG and Coral FLNG

Source: Poten & Partners' Global LNG Outlook

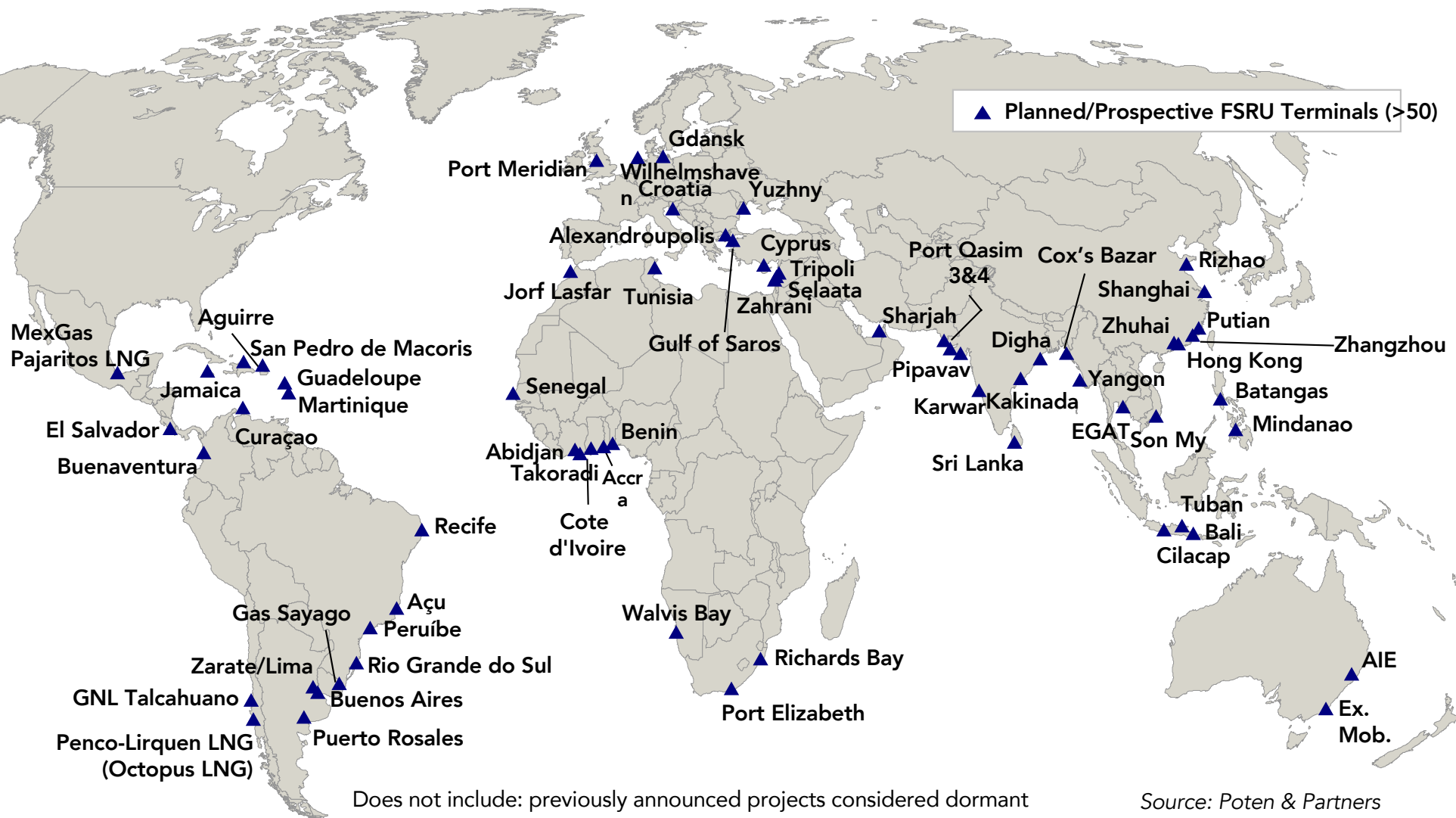
Global LNG demand is growing

- Asia-Pacific divided between high-growth new consumers and stagnant traditional importers
 - Demand will grow but how much is unknown
 - Chinese growth driven by power gen shifting away from coal
- Europe can absorb significant volumes over next few years
 - Price-sensitive demand
 - A lot depends on Russia
- FSRU/FSUs underpin niche market development
 - 29 existing
 - 6 under construction
 - 50 being planned



Source: Poten & Partners' Global LNG Outlook

Success rate of future FSRUs key to LNG growth



Hydrocarbon growth will boost the shipping sector

- Cyprus has already become a hub for oil products with VTT Vasiliko
 - We will hear how this has had an impact on shipping, with further growth envisaged
- Offshore exploration, LNG operations need ships
 - Exploration - drill ships, semi-submersibles, jack-up rigs, seismic vessels
 - FSRU – cost ~\$200mn+, most are leased
 - LNG carriers Cost ~\$180mn. Average 2019 rate for TFDE ~\$55,000/day
- LNG ships are pricey, but sector expansion is a nucleus for growth:
 - Service sector possibilities: Crewing, ship management, service ships (tugs)
 - Cyprus is already the largest EU ship management centre
 - Partnerships may allow smaller and new players to gain entry
 - Gas-driven GDP growth will hike island trade flows, a positive for shipping

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