

Export Development Canada

The GCC Region – Overview & Key Sectors

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EDC Overview

About EDC



- ▶ Canada's Export Credit Agency
- ▶ Crown corporation wholly owned by the Government of Canada
- ▶ Financially self-sustaining – Rated AAA
- ▶ Operates on commercial principles

- ▶ Support and develop Canada's export trade and international business efforts
- ▶ Provide financing and insurance solutions as well as market intelligence to Canadian exporters and investors

EDC's Role



2014 Performance Highlights



- ▶ Facilitated \$98.9 billion in business carried out by Canadian companies
 - Including \$28.9 billion of lending facilitated in emerging markets
- ▶ Served more than 7,400 Canadian companies
 - 93% of which were small-and-medium sized businesses
- ▶ Supported business in 198 markets

EDC's Canadian Presence

- ▶ EDC has offices across Canada
- ▶ We do business where business is done



EDC's Foreign Representations



EDC's Products & Services

Financing Solutions

- ▶ Canadian Exporters in Canada
- ▶ Foreign Buyers of Canadian Goods and Service
- ▶ Canadian Companies Investing Abroad ("CDIA")
- ▶ Foreign Companies Investing in Canada ("FDI-IN")

Insurance Products

- ▶ Accounts Receivable Insurance
- ▶ Documentary Letters of Credit Insurance
- ▶ Political Risk Insurance
- ▶ Non-Honoring Sovereign Insurance ("NHS")
- ▶ Bonding (Bid, Advance, Performance & Warranty)

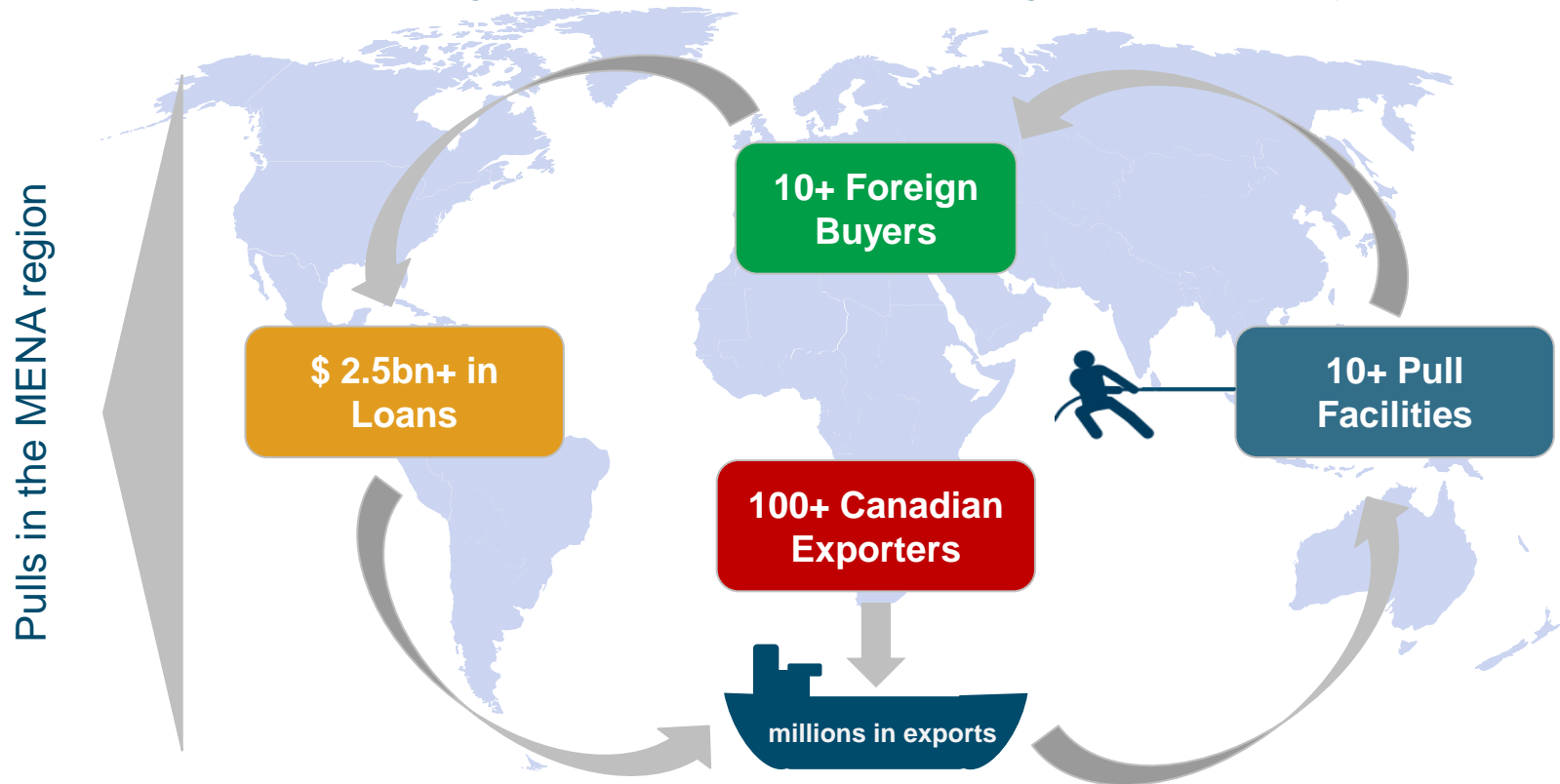
Key Criteria for EDC Support:

Canadian Benefits, Procurement from Canada, Corporate Social Responsibility, Credit Worthiness of Borrower/Risk Counterpart, Exporter Financial and Technical Capabilities

Pull Financing Program

How Does a Pull Facility Work?

EDC provides financing to targeted foreign buyer(s) with procurement needs that match Canadian expertise; foreign buyer(s) commits to working with EDC to buy from Canada.



EDC in the MENA Region

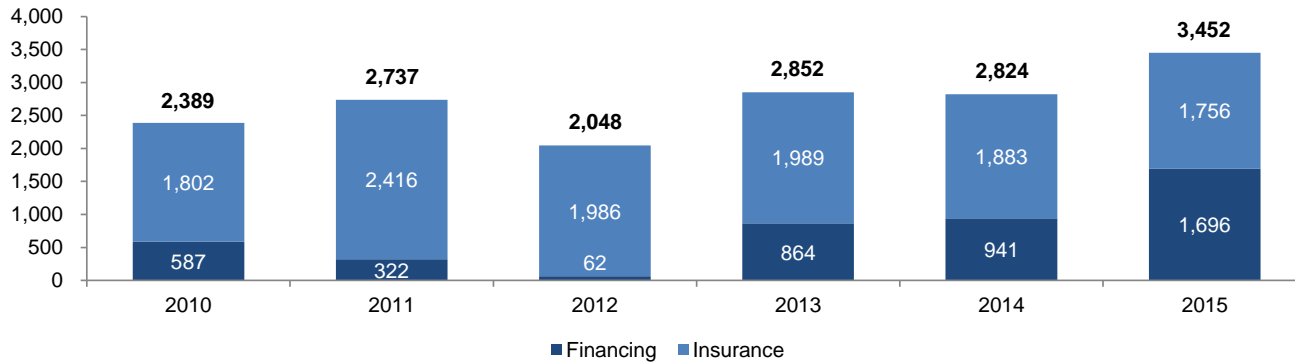
- ▶ Regional Representation since 2007
- ▶ Coverage includes 18 countries
 - Diverse mix of investment grade (i.e., GCC countries) and frontier/high risk markets
 - 5 countries identified as Tier I markets
 - i.e., KSA, UAE, Qatar, Morocco and Egypt
- ▶ Business strategy centered on four main sectors:
 - Extractive (i.e., O&G and Metals/Mining)
 - Infrastructure & Environment (including Water & Power Generation, Major Infrastructure Projects)
 - Light Manufacturing (including Healthcare, Food & Beverages and Machinery Equipment)
 - Information & Communications Technology (“ICT”)

Regional Coverage:

Algeria
Bahrain
Egypt
Iran
Iraq
Jordan
Kingdom of Saudi Arabia
Kuwait
Lebanon
Libya
Morocco
Oman
Qatar
Tunisia
Sudan and South Sudan
Syria
United Arab Emirates
Yemen

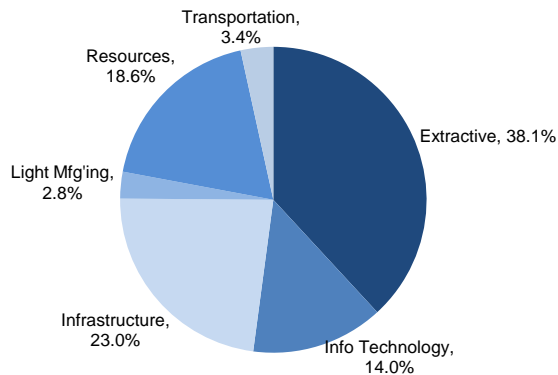
EDC MENA – Business Volume

Business Volume – by Product (CAD million)



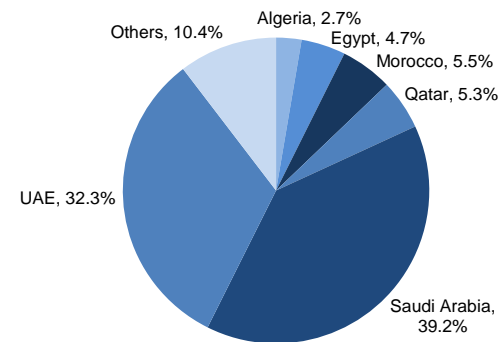
2014 Business Volume – by Sector

O&G based economies; Govt.'s focusing on large scale INF projects



2014 Business Volume – by Country

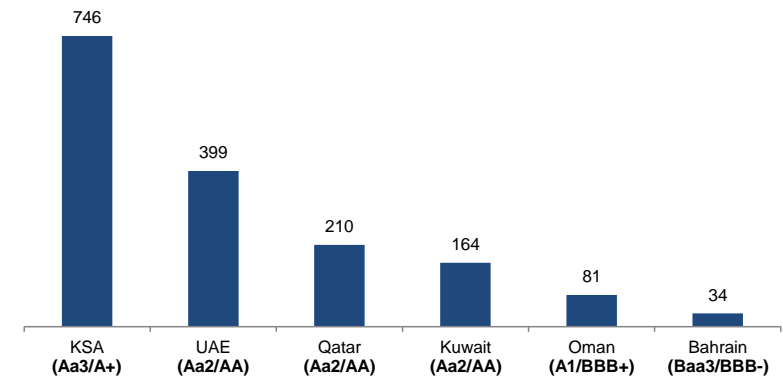
To date North African markets more of an insurance play



GCC – Macroeconomic Overview

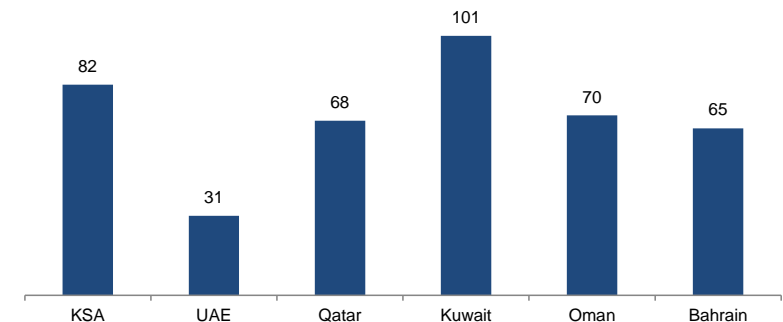
- ▶ Solid investment grade economies; collective GDP of over USD 1.6trn (2014)
- ▶ Growing population with high purchasing power; need for sizable investments in infrastructure (power, water, transportation, healthcare, etc.)
- ▶ Trade-focused economies; collective imports of USD 650bn+ (2014), of which Canada accounted for less than 1%
- ▶ Track record of political stability; GCC economies largely shielded from the Arab Spring
- ▶ Excellent local infrastructure coupled with investor friendly regulatory environment
- ▶ Provides access to the wider MENA and Sub-Saharan Africa region
- ▶ Oil price impact being felt; however, sizable reserves and debt capacity to see through the low oil price environment over the medium term

2014 GDP (USD bn)



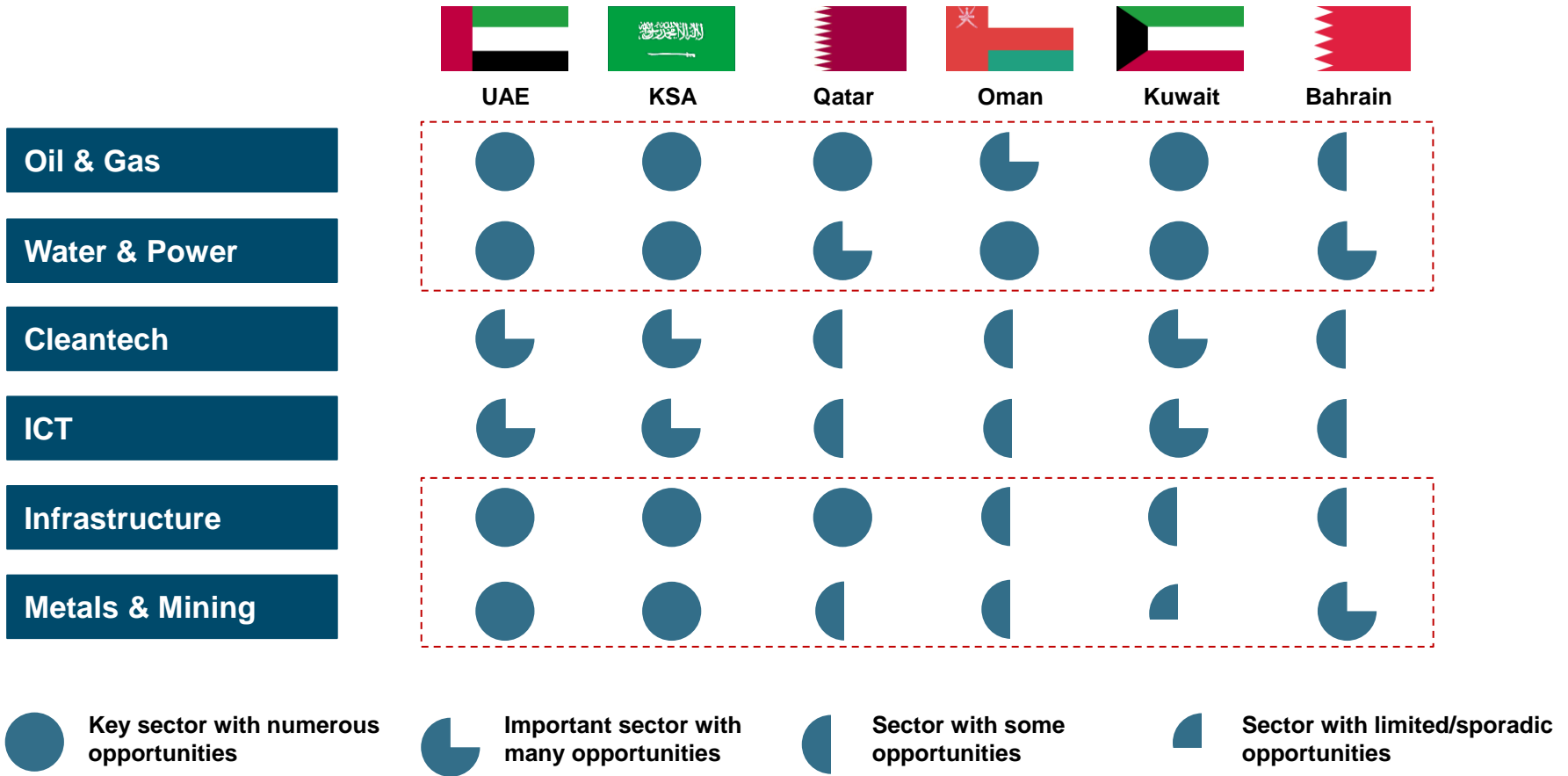
Ease of Doing Business Index – Jun 2015

(Country Rank out of 189 Ranked Countries)



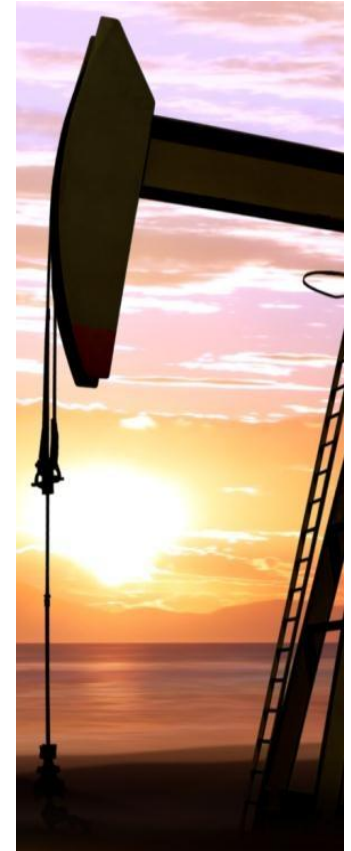
Source: Haver Analytics and the World Bank Group

GCC – Key Sectors



Oil & Gas

- ▶ O&G continues to be the key economic sector
 - GCC countries account for approx. 30% of global proven crude reserves and 22% of global gas reserves
 - Sector accounts for roughly 50-90% of Govt. revenues
- ▶ Industry dominated by Government owned entities (e.g., Saudi Aramco, ADNOC, QP, BAPCO, OOC, KOC and KNPC, etc.)
 - Need to be a pre-qualified supplier in order to sell to these NoCs
- ▶ Sizable investment expected (both upstream and downstream) over the medium term
- ▶ Current low oil price environment coupled with ageing fields make any solutions that improve costs/production efficiency attractive
- ▶ Applicable Canadian capabilities (include among others): EOR, Drilling Rigs/Services, Fluid Services, Water Filtration, Pipeline Equipment, Surveying Services, and Oil Field Services



Infrastructure

- ▶ Various opportunities exist across sectors (e.g., construction, transportation, healthcare, etc.)
 - Strong Government focus; ensure competitiveness of economies
 - Dubai hosting 2020 World Expo; various planned projects across sectors (e.g., public services, hospitality, transportation, etc.)
 - Al Maktoum Int. Airport Expansion (Dubai); USD 30bn+ project
 - Qatar hosting the 2022 World Cup; USD 90bn+ investment expected on ports, airports, roads, bridges, railway, hotels, etc.
 - Makkah Public Transport Project (KSA); USD 16bn+ project; consists of developing an integrated bus and rail network
 - KSA: Building three ‘medical cities’: Dammam, Riyadh, and Jeddah; Ministry of Health is the main Sponsor for new projects
- ▶ Applicable Canadian capabilities (include among others): Engineering, Construction, Architecture, Consultancy, Equipment, etc.



Metals & Mining

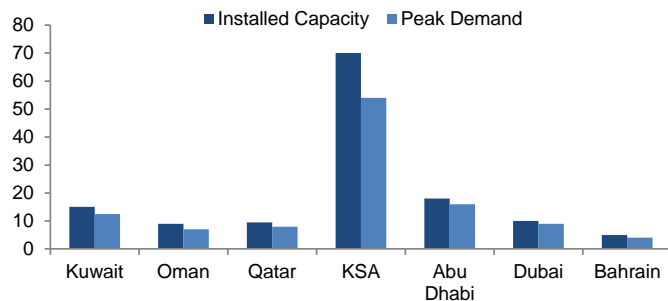
- ▶ GCC Government's focused on achieving economic diversification away from O&G
 - Importance re-enforced by recent oil price fall
- ▶ KSA, UAE, Bahrain and Oman all have sizable investments in aluminum smelters
 - Combined capacity of 4.8mntpa
 - Growth driven by (i) availability of low cost feed supply, (ii) proximity to state-of-the-art ports / access to export markets, and (iii) a booming domestic construction sector
 - Plans for further downstream investments; EGA developing a USD 3.0bn alumina refinery in the UAE
- ▶ Ma'aden (KSA) and EGA (UAE) key players in the M&M space
- ▶ In addition to Aluminum, opportunities in the mining space exist in KSA (gold, copper deposits); Barrick Gold JV with Ma'aden



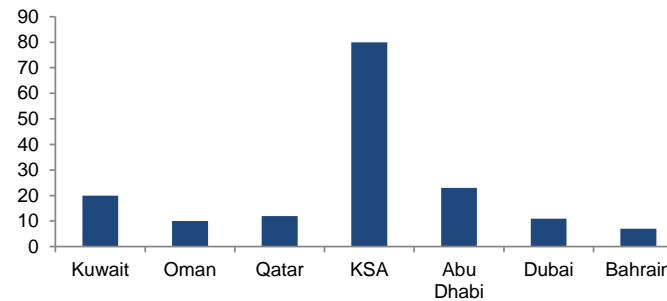
Water & Power

- ▶ Among the highest energy users globally; strong demand growth in recent years expected to be sustained going forward
- ▶ Sizable investment in generation capacity needed over next 5-yrs
- ▶ Limited sources of natural water; growing population; pressing need for additional desalination capacity
- ▶ PPPs with international players – typical model being used to develop new Water & Power project

Electricity Capacity & Demand – 2014 (GW)



Required Capacity – 2014-2020 (GW)



Source: MEED



Cleantech

- ▶ Over the last few years, Government's across the region have been focusing on renewables to alter their energy mix; key drivers include:
 - Strong and sustained population growth rates
 - Increasing industrialization
 - Increased realization of the importance of conserving hydrocarbon resources for exports vs. domestic consumption
- ▶ Targeting 5-15% of total power generation capacity from renewables over next 10-20 years
- ▶ To date UAE has had the most success in executing projects
 - In 2014 a consortium of ACWA Power and TSK Electronica submitted the lowest bid (5.98 USD cents/kWh) for DEWA's 200MW solar PV IPP as part of Phase II of the MR Solar Park
 - Based on the above success, in Sept 2015 DEWA invited bids for the 800MW Phase III of the Solar Park (USD 1bn project)



Information & Communication Technology (“ICT”)


- ▶ High growth sector
 - Sizable capex plans for top operators (e.g., Etisalat, STC, Mobily, Ooredoo, Batelco, etc.)
 - Focus is more on data and value added services
- ▶ Top operators are regional players (e.g., Etisalat (UAE) has operations / subsidiaries in UAE, KSA, Morocco, etc.)
 - Provides opportunity to sell products across the group
- ▶ Increased cyber crime awareness (particularly after cyber attack on Aramco in 2012)
- ▶ Various e-Government initiatives underway
- ▶ Applicable Canadian capabilities (include among others): Gaming, Customer Experience Management solutions, Cloud based solutions and M2M solutions



Select Financing Transactions in the MENA Region

 <p>Emirates Global Alu.</p> <p>CAD 800-1,000mn</p> <p>Sales of various Canadian Goods & Services</p> <p>United Arab Emirates 2015</p>	 <p>Equate</p> <p>CAD 300-400mn</p> <p>Foreign Direct Investment into Canada</p> <p>Kuwait 2015</p>	 <p>Star Cement</p> <p>CAD 25-75mn</p> <p>Sales of Various Canadian Goods & Services</p> <p>United Arab Emirates 2015</p>	 <p>DAE</p> <p>CAD 25-75mn</p> <p>Sales of Various Canadian Goods & Services</p> <p>United Arab Emirates 2015</p>	 <p>Falcon Aviation (Palma Capital)</p> <p>CAD 25-75mn</p> <p>Sales of Various Canadian Goods & Services</p> <p>United Arab Emirates 2015</p>	 <p>DP World Australia</p> <p>CAD 50-75mn</p> <p>Sales of Various Canadian Goods & Services</p> <p>Australia 2015</p>
 <p>Mazoon</p> <p>CAD 10-50mn</p> <p>Sales of various Canadian Goods & Services</p> <p>Oman 2015</p>	 <p>Zain</p> <p>CAD 100-250mn</p> <p>Telecommunications Equipment & Related Services</p> <p>Kuwait 2015</p>	 <p>Etihad Airways</p> <p>CAD 100-250mn</p> <p>Sales of Various Canadian Goods & Services</p> <p>United Arab Emirates 2015</p>	 <p>Ethiopian Airlines (Palma Capital)</p> <p>CAD 50-100mn</p> <p>Sales of Various Canadian Goods & Services</p> <p>Ethiopia 2014</p>	 <p>Dubai Aluminium</p> <p>CAD 100-200mn</p> <p>Sale of Various Canadian Goods & Services</p> <p>United Arab Emirates 2014</p>	 <p>Mobily</p> <p>CAD 100-250mn</p> <p>Telecommunications Equipment & Related Services</p> <p>Saudi Arabia 2014</p>

Select Financing Transactions in the MENA Region (Cont'd)

 <p>Ma'aden CAD 50-100mn Sale of Engineering & Procurement Services Saudi Arabia 2014</p>	 <p>Ooredoo CAD 25-75mn Sale of Various Canadian Goods & Services Qatar 2014</p>	 <p>Sadara Chemical Co. CAD 250-500mn Future Procurement of Various Canadian Goods & Services Saudi Arabia 2013</p>	 <p>Emirates Aluminium CAD 250-500mn Sale of Various Canadian Goods & Services United Arab Emirates 2013</p>	 <p>TransGlobe Energy CAD 25-75mn Credit Facility in Support of FDI Egypt 2013</p>	 <p>Emirates CAD 50-100mn Sale of Various Canadian Goods & Services United Arab Emirates 2013</p>
 <p>Qatar Petroleum CAD 250-500mn Sale of Various Canadian Goods & Services Qatar 2011</p>	 <p>Ma'aden CAD 150-250mn Sale of Various Canadian Goods & Services Saudi Arabia 2011</p>	 <p>Dhurma Electric CAD 150-250mn Sale of Various Canadian Goods & Services Saudi Arabia 2010</p>	 <p>Qatar Telecom CAD 50-150mn Sale of Various Canadian Goods & Services Qatar 2010</p>	 <p>SATORP CAD 100-150mn Sale of Various Canadian Goods & Services Saudi Arabia 2010</p>	 <p>Saudi Electric CAD 150-200mn Sale of Various Canadian Goods & Services Saudi Arabia 2009</p>

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