



KUWAIT ENERGY

FOCUSED

Shareholders Presentation and
Webcast

DELIVERING ON STRATEGY - **ACHIEVEMENTS TO DATE**

In the last 12 months Kuwait Energy has become a more focused business with a balanced portfolio of production, development and exploration assets.

Successful ownership restructuring process completed:

- Efficient and optimal PLC structure created in preparation for listing the company
- The new structure enables shareholders of KEC Kuwait and KEplc to consolidate their holdings under one entity
- Kuwait Energy plc now controls 70.8% of the shares of Kuwait Energy Company KSCC

Outstanding track record of exploration success, converting resources into reserves and increasing production:

- Exploration success of 44% ¹
- 2P reserves CAGR 2008 to 31st May 2014 c. 50% per annum ²
- Production: CAGR 2008 to 1H 2014 of c. 28% per annum²

Ensuring Egyptian assets continue to thrive:

- Increased production and cash flow
- Reducing outstanding receivables
- Continuity of operations successfully throughout a turbulent period

¹ 1 January 2009 through 31 December 2013.

² Figures include MENA assets only

DELIVERING ON STRATEGY - ACHIEVEMENTS TO DATE

Managing our Iraqi portfolio:

- Farm-out agreement for the divestment of 10% of Block 9 signed with Egyptian General Petroleum Corporation (EGPC)¹
- Development of Siba – first production expected in H2 2015 after construction of supporting infrastructure
- Mansuriya on administrative hold – no capital expenditure

A re-focused portfolio:

- Portfolio rationalisation specifically geared towards exploiting the best MENA assets and managing risk
- Concentrating on our core area

Maintaining our strong financial position:

- Prudent financial regime: diverse funding sources
- Strong cash flow generation funding wider operations
- Successful completion of \$250M Bond offering

Corporate governance at the heart of everything that Kuwait Energy does:

- Committed to high standards of governance and continues to work towards full compliance with the UK Corporate Governance Code.
- Board restructuring to further enhance governance

¹ subject to certain conditions .

LOOKING AHEAD – A BRIGHT FUTURE

IPO:

- We are continuing to explore a listing and to work closely with our external advisors to that end, subject to market conditions.

Financial

- Cash flow generation and completion of recent Bond leaves Company fully funded for the short-to-medium term
- Working to further reduce the cost of capital

Operational

- Portfolio structure mitigates risk
 - Fixed remuneration fees in Iraq contracts
 - Due to Iraq's need for gas - insulated against calls for reduced levels of plateau production
- Enhancing operational excellence – demonstrate ability to manage/complete large projects
- To become the Operator and Employer of choice in the MENA region – 'attracting the best talent'

Iraq:

- High impact exploration drilling campaign on Block 9 and production at Siba on track for H2 2015
- Immediate cash flow generation enabling early recovery of capex
- Delivering Siba on schedule and on budget will further enhance KE's relationship with Iraq government

Egypt:

- Continue the appraisal and development of Al Jahra and Al Salmiya fields in Abu Sennan
- Production increase from Abu Sennan by c. 2,000 boepd following infrastructure enhancement
- Continued cash flow generation and reduction of operational risk
- Increased political stability and a further reduction in outstanding receivables

Yemen:

- Exploration campaign across all licences continues - negotiating extension of Block 5 licence post 2015
- Sales contract to supply domestic market currently under discussion

Oman:

- Negotiating 10 year contract extension with the government



Focused



RESTRUCTURING

Successful restructuring process completed:

- Efficient and optimal PLC structure created in preparation for London Stock Exchange listing
- Addresses status of shareholders in Kuwaiti subsidiary of PLC

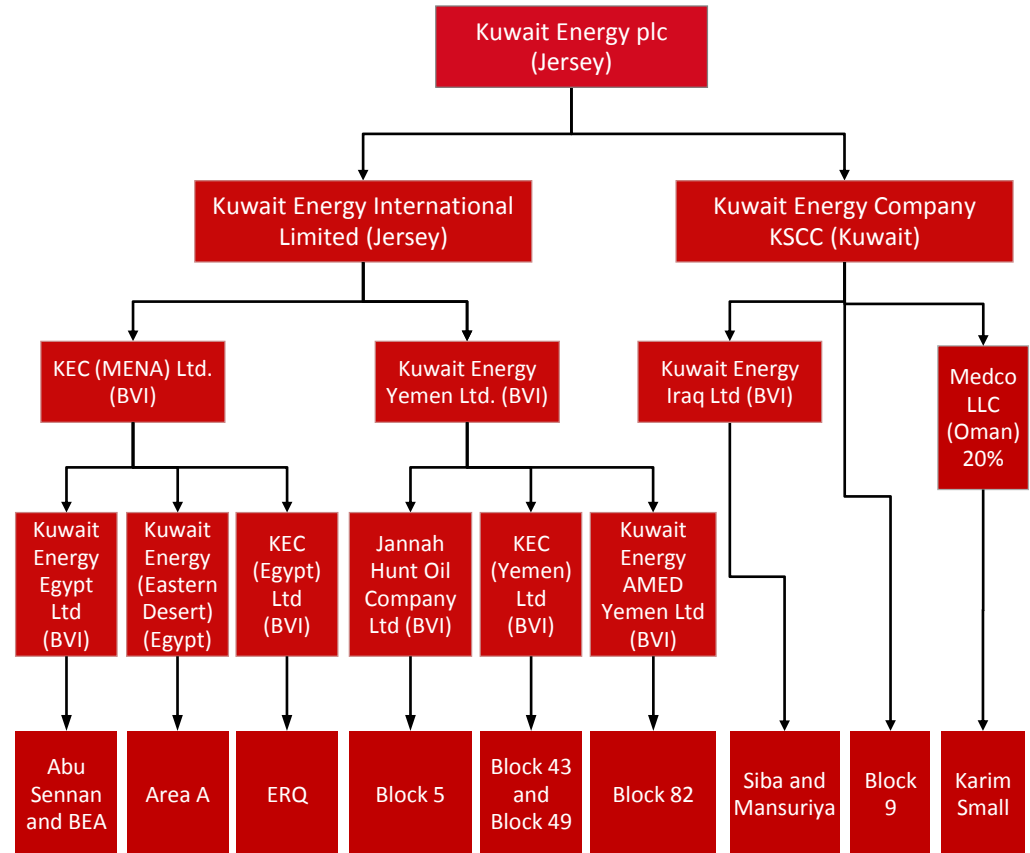
2011 restructuring:

- Kuwait Energy group restructured to a Jersey holding company, KEplc, for the purposes of a future London Listing

2014 restructuring:

- Has enabled shareholders of KEC Kuwait and KE plc to consolidate their holdings under one entity – Kuwait Energy plc
- Compliant with rules re: foreign ownership of Kuwaiti companies

Structure



FROM EXPLORATION TO RESERVES TO PRODUCTION - CONSISTENT SUCCESS

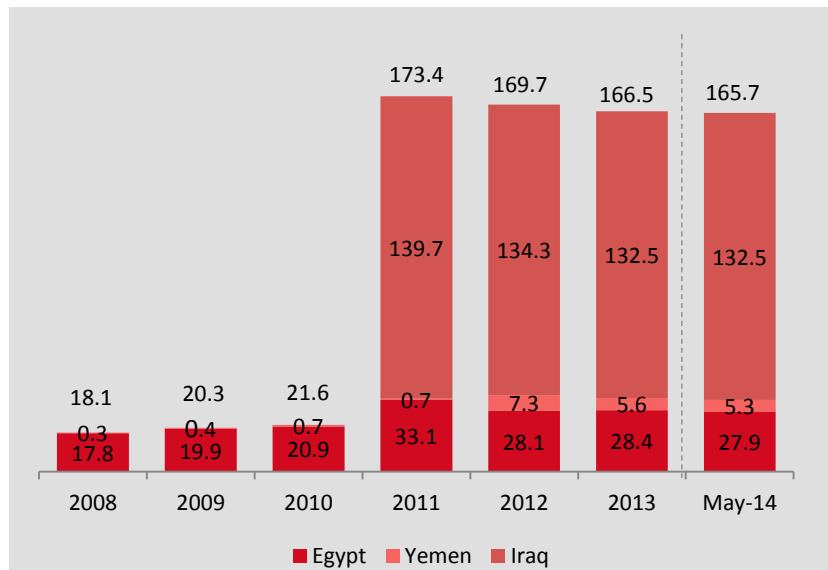
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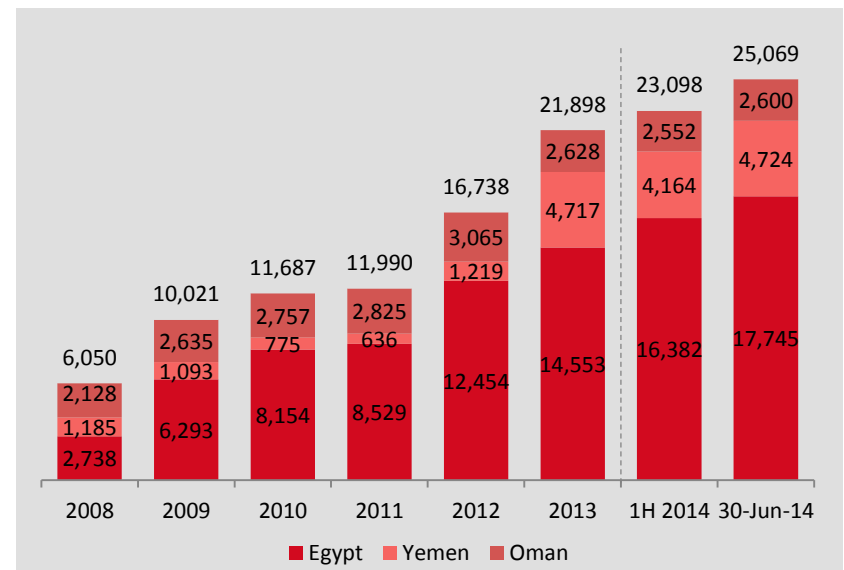
¹ 1 January 2009 through 31 December 2013.

² Figures include MENA assets only

WI 2P Reserves



Average Production



Source: Kuwait Energy, GCA reports YE2009 to 2013, 31May 2014.

Note: Information provided only includes MENA assets. The reserves, contingent resources and prospective resources estimates contained in this presentation are all based on 31 May 2014 reports. YE2008 2P reserves KEC estimates and have not been audited

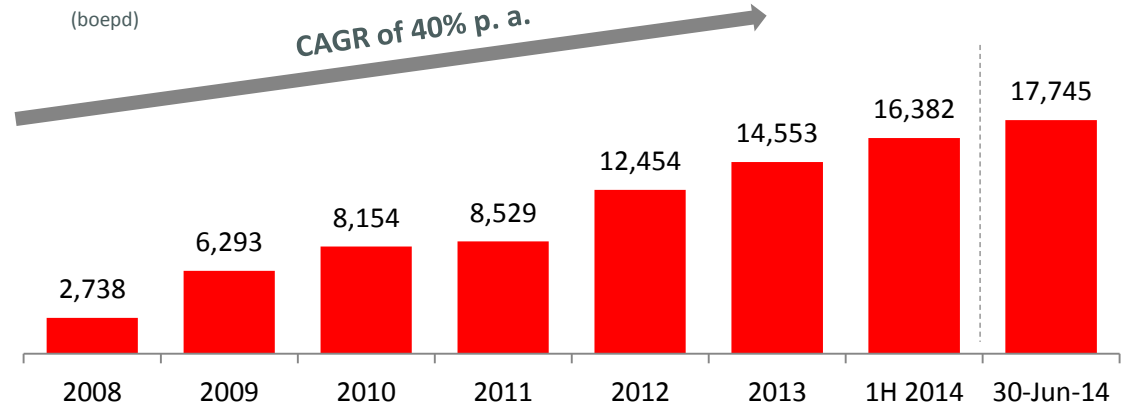
(1) YE 2008-2013 period (2) Production as at 30 June 2014 (H1 2014 exit rate)

CORNERSTONE MENA ASSET - EGYPT

Core cash generator for Kuwait Energy

- Ensuring Egyptian assets have continued to thrive via increased production and cash flow
 - Contributes 71% of KE's total production and 17% of 2P WI MENA reserves
 - 22 discovery wells – 49% exploration success rate since 2008
 - Comprehensive drilling programme in place to increase and maintain production growth
- Continuity of operations throughout a turbulent period
- Kuwait Energy has continued to nurture excellent working relationships with both the Egyptian Government and the EGPC, KE's sole offtaker in Egypt
- Outstanding receivables continue to decrease

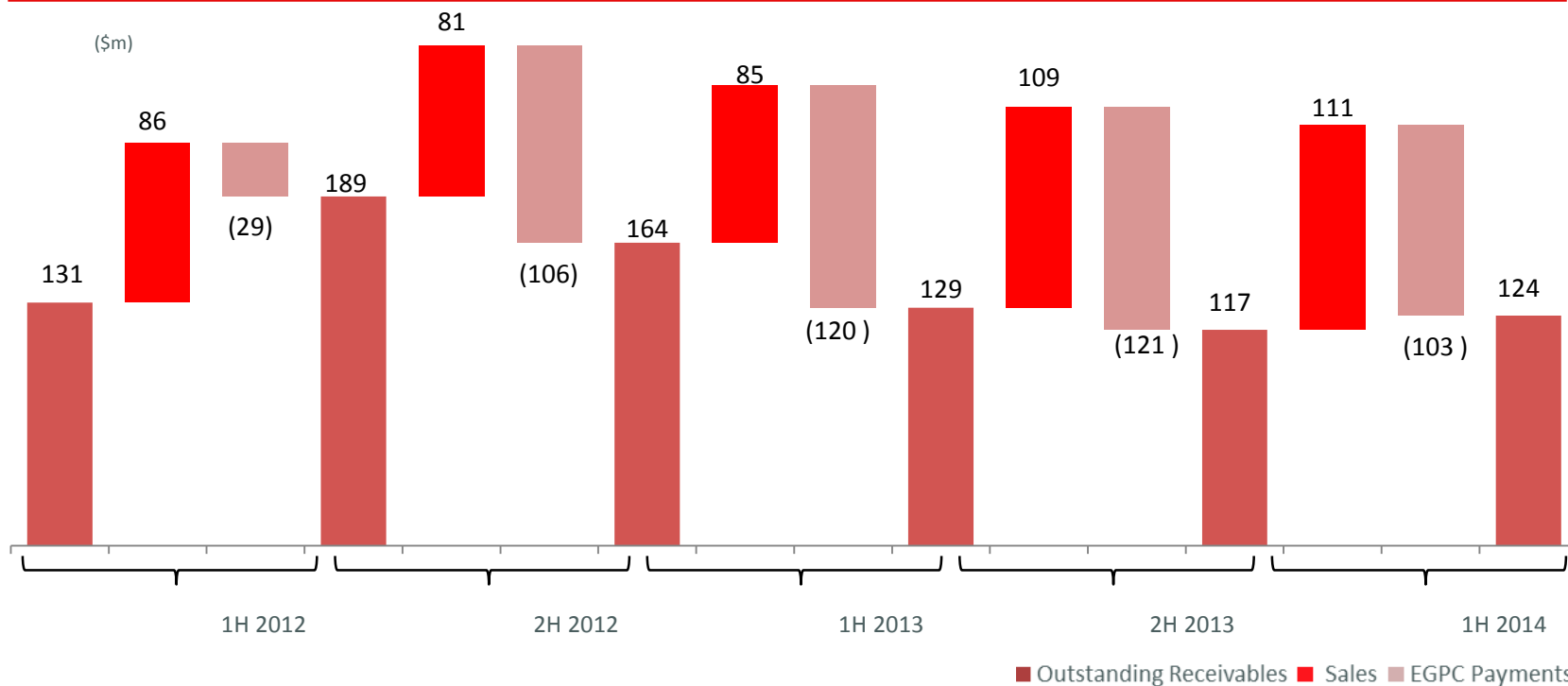
Average Production Development



(1) Production as at 30 June 2014 (H1 2014 exit rate).

IMPROVEMENT IN EGPC RECEIVABLES COLLECTIONS OVER LAST 2 YEARS

EGPC Receivables Development since 2012



- EGPC receivables reduced by approximately 48% (from \$189m to \$98m) over last 2 years
- This is in spite of an increasing production and results in outstanding of approx. 6 months of production (vs. 14 months in 2012)

PORTFOLIO MANAGEMENT - IRAQ

Block 9:

- Farm-out agreement for the divestment of 10% of Block 9 signed with Egyptian General Petroleum Corporation (EGPC)¹
- Transaction will strengthen the company's cash flow position and assist the funding of current Iraq projects

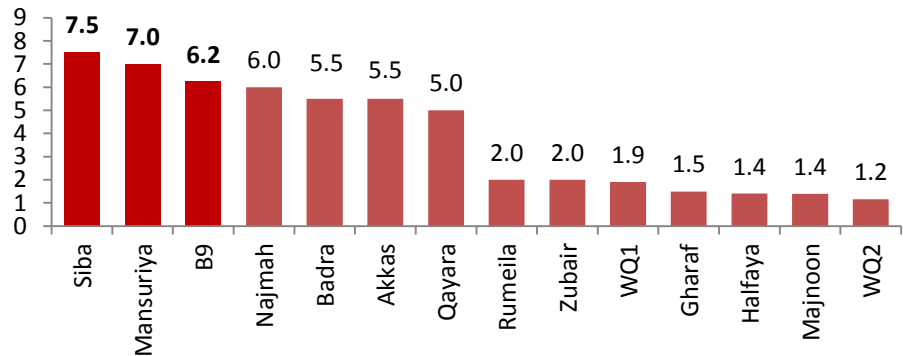
Siba:

- 20 year service contract signed on favourable terms
 - Optional 5 year extension period, plateau gas rate of 100mmcf/d
 - Remuneration fee of \$7.5/boe
- Construction of supporting infrastructure (pipeline, production facility) commenced in 2014
- Commenced a 6 well drilling campaign with the first well currently being drilled on target and on budget
- Ideally positioned for significant near term gas production, with the potential for oil production too

Mansuriya:

- Currently in administrative hold
- There will be no further capital expenditure on this asset in the short term
- The company will revisit this asset with its Partners over the coming months

Remuneration Fees – Iraq Licence Rounds



Source: Republic of Iraq Ministry of Oil

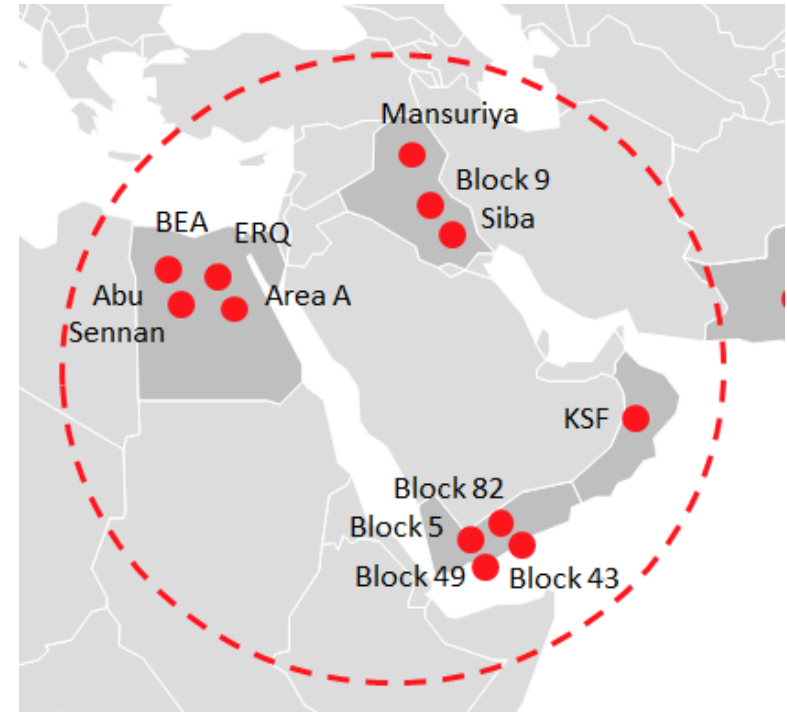
¹ subject to certain conditions precedent including Iraq government approval.

PORTFOLIO MANAGEMENT – RE-FOCUSED

- Portfolio rationalisation specifically geared towards exploiting the best MENA assets
- Disposal of assets in:
 - Ukraine – sold in April 2014
 - Russia – sale to be completed in September 2014.
- In line with the company’s geographical strategy to focus on MENA
- Arbitration award enforcement continues

“Concentrating on our core area”

Kuwait Energy Portfolio



Egypt



Iraq



Yemen

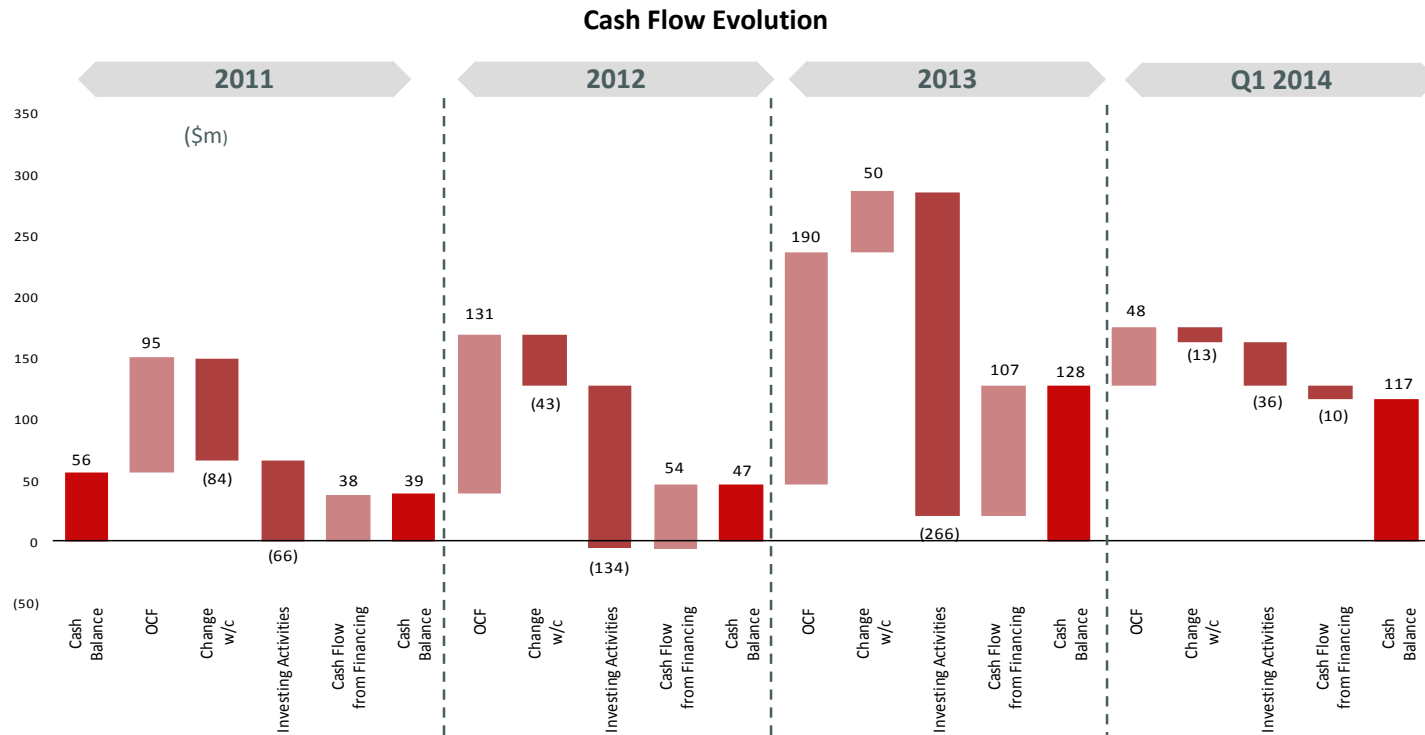


Oman

FINANCE – MAXIMUM EFFICIENCY

Efficiencies at the forefront of all financial procedures

- Financial risk managed by applying strict return criteria to new programmes and acquisitions
 - Capital expenditure now fully funded to 2016
- Track record of increasing liquidity of cash flow at the end of each financial period
- Diversification of funding sources to de-risk balance sheet



FINANCE – BOND COMPLETION AND RESTRUCTURED DEBT

- Successful completion of \$250m bond offering
- Introduction of the company to the public debt market
 - Increasing the available working capital by \$90 Million
 - Allowing the company to meet all Capex requirements until 2016
- Proceeds used to:
 - Refinance existing debt facilities
 - Fund future capital expenditure requirements
 - General corporate purposes
- Introduction of several supportive institutional investors, including BNP Paribas, UBS, Banco Santander Suisse, NBAD and Lazard Asset Management
- Fulfilling the working capital requirement for listing

FINANCE – STANDARD & POOR'S AND FITCH RATING

- Third party endorsement from two internationally renowned, independent credit rating agencies
- Kuwait Energy assigned a 'B-' long-term corporate credit rating, with a stable outlook by Standard & Poor's Ratings Services
 - The S&P rating factored in:
 - Kuwait Energy's experience in operating in the Middle East markets,
 - Track record of increasing production in the Middle East
 - Supportive prevailing market conditions
- Kuwait Energy assigned a final, senior unsecured 'B-' rating, with a stable outlook, on notes due 2019, by Fitch Ratings
 - The Fitch rating factored in:
 - Kuwait Energy's good track record of producing hydrocarbons in difficult geographic areas
 - The company's experienced management team
 - The company's prudent attitude to debt funding, with financial metrics on a par with oil and gas companies rated in 'BB' category
- Company's diversification into gas is seen as a factor that will improve future creditworthiness further

CORPORATE GOVERNANCE - ENHANCED BOARD AND PROCESSES

Best practice corporate governance is at the heart of everything that Kuwait Energy does

- Committed to high standards of governance and continues to work towards full compliance with the UK Corporate Governance Code.
- The company will enhance its already strong Board with the addition of three new independent directors
- Financials, reserves and resources are audited by independent third parties: Deloitte and Gaffney, Cline & Associates respectively

Board Of Directors

Dr. Manssour Aboukhamseen – Executive Chairman

Sara Akbar – Chief Executive Officer

Roger Phillips – Chief Financial Officer

Rachel English – Non-Executive Director

Dr. Yousef Al Awadi KBE – Non-Executive Director

Mohamed Yusof Rafie – Non-Executive Director

Board Committees

Audit and Risk

Chairman:
Dr. Yousef Al Awadi KBE
Member:
Rachel English

Remuneration

Chairman:
Rachel English
Members:
Mohamed Yusof Rafie
Dr. Yousef Al Awadi KBE

Nomination

Chairman:
Mohamed Yusof Rafie
Members:
Dr. Manssour Aboukhamseen



Focused

Where We Are Today



UPDATED CPR – AS AT 31/05/2014

Field	Country	Operator	Working Interest ⁽¹⁾	WI Reserves and Resources		1H 2014 WI Production (boepd)
				2P (mmboe)	2C (mmboe)	
Producing						
Burg El Arab	Egypt	✓	75.00%	6	10	1,180
Area A	Egypt	✓	70.00%	11	-	4,342
Abu Sennan	Egypt	✓	50.00%	3	-	619
ERQ	Egypt	✗	49.50%	8	-	10,241
Block 5	Yemen	✓	15.00%	5	7	3,793
Block 43	Yemen	✗	28.33%	0.1	-	371
KSF	Oman	✗	15.00%	-	-	2,552
Development						
Block 9	Iraq	✓	70.00% ⁽²⁾	-	802	-
Block 49	Yemen	✓	64.00%	-	12	-
Siba	Iraq	✓	45.00%	60	12	-
Mansuriya	Iraq	✗	22.50%	73	6	-
Block 82	Yemen	✗	21.25%	-	-	-
Total				166	850	23,098

KE operates the majority of its assets giving it better control over costs, as well as enhancing its operational flexibility

Source: Kuwait Energy, GCA report 31 May 2014.

(1) Revenue Working Interest. (2) The company is in active discussions about a farm out of a portion for Block 9. Post farm out Resources would decrease in proportion to any agreed farm out.

MORE FOCUSED OPERATIONS

Concerted strategy to focus operations on core areas and maximise Company's technical expertise and relationships

- Diversified portfolio of oil and gas assets with a significant focus on the core MENA region
- Geographic spread of MENA assets mitigates any single country-specific risk
- Capitalising on excellent relationships with NOCs, government bodies, and other stakeholders in the MENA region, developed over 30 years
- Actively engaged in disposing of non-core, non-MENA assets – Ukraine assets were sold in April 2014, and the sale of the Russian assets should be concluded during September 2014

STRONG FINANCIAL POSITION

- Consistent revenue growth on an annual and H1:H1 basis
 - FY2013 revenue up 43.52% to US\$ 262.5m (2012: US\$ 182.9m)
 - H1 2014 revenue up 19.21% to US\$ 139.6m (H1 2013: US\$ 117.1m)
- Operating profits up
 - FY2013 operating profits up 22.02% to US\$ 101.4m (2012: US\$ 83.1m)
 - H1 2014 operating profit up 56.63% to US\$ 56.7m (H1 2013: US\$ 36.2m)
- Operating cash flow up
 - FY2013 cash flow up 44.52% to US\$ 189.9m (2012: US\$ 131.4m)
 - H1 2014 cash flow up 33.02% to US\$ 99.1m (H1 2013: US\$ 74.5m)
- Receivables increased to US\$ 165.8m at 30 June 2014 (31 December 2013: US\$ 163.9m)

	H1 2014	H1 2013	Change %
	US\$m		
Revenue	139.6	117.1	19.21%
Operating cash flow***	99.1	74.5	33.02%

	2013*	H1 2014
	US\$m	
Revenue	262.5	139.6
Operating Profit**	101.4	56.7
Operating cash flow***	189.9	99.1
Receivables	163.9	165.8
Net cash & bank balances	127.6	124.8

*Restated on the Group's adoption of IFRS 11 and to show separately the results of discontinued Eurasian operation.

** Excludes exploration expenditure write off and impairment losses

*** Operating cash flow before movement in working capital



A BRIGHT FUTURE

Looking Ahead





THE FUTURE IS BRIGHT – LISTING



The time is right...

- We are continuing to explore a listing, subject to market conditions
- Provides both exit and entry options for shareholders
- Access to one of the world's leading and deepest sources of capital
- Exposure to wider global markets and investors
- Credibility-enhancing and profile raising
- Potential use of Kuwait Energy shares as an acquisition currency



THE FUTURE IS BRIGHT

Multiple near and medium term catalysts driving shareholder value across MENA region

Iraq

- High impact exploration drilling campaign on Block 9 and monetisation of reserves
- Production at Siba on track to start mid-July 2015
 - Immediate cash flow generation
 - Development and exploration upside
 - Delivering Siba on schedule and on budget will enhance KE's relationship with Iraq Government further

Egypt

- Maximise developed and producing assets in Egypt
- Continued cash flow generation and reduction of operational risk
- Increased political stability and a further reduction in outstanding receivables

Yemen

- Exploration campaign across all licences continues with first results expected this year
- Negotiating the extension of Block 5 licence post 2015 with government
- Sales contract to supply domestic market currently being negotiated



SUMMARY

Continuing to deliver

- Aspiring to be the pre-eminent, Middle East-based, independent oil and gas company
- Strong management team improved further
- Portfolio structure and financial strength enhanced
- Becoming the Operator and Employer of choice in the MENA region
- Corporate governance at the heart of everything we do
- Ideally positioned for further growth and profitability across the MENA region



Q&A