



A New Dawn?

Mike Beveridge - Managing Director

SIMMONS & COMPANY

INTERNATIONAL

ENERGY SPECIALISTS OF PIPER JAFFRAY



January 2017... Fit at 50?



January 2018... Life Begins At 70?

FINANCIAL TIMES

Brent breaks above \$70 a barrel to hit highest since 2014

Falling crude stockpiles and possible US sanctions on Iran bolster market



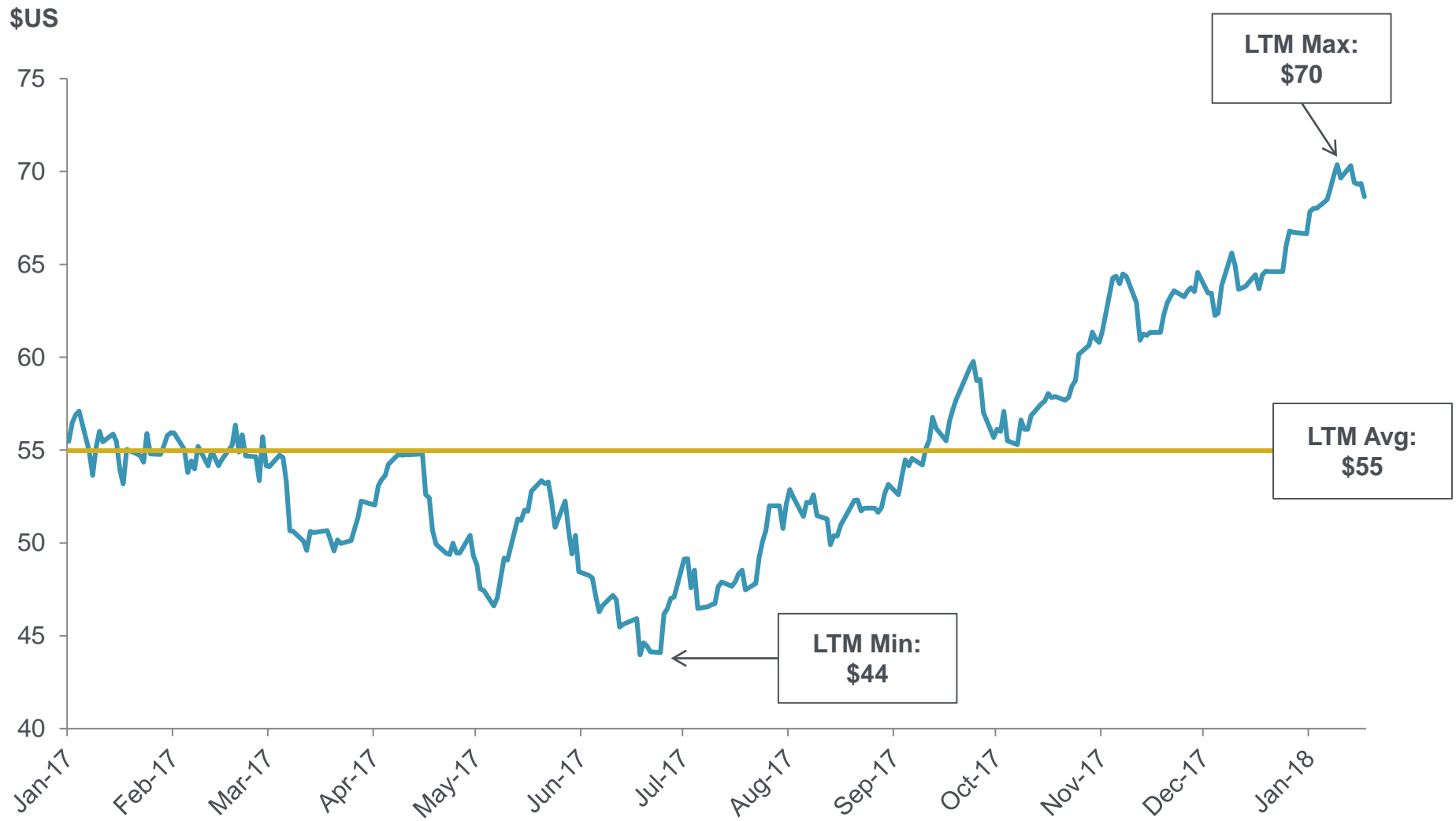
Oil has increasingly found support as stockpiles have fallen

Anjali Raval and David Sheppard

JANUARY 11, 2018

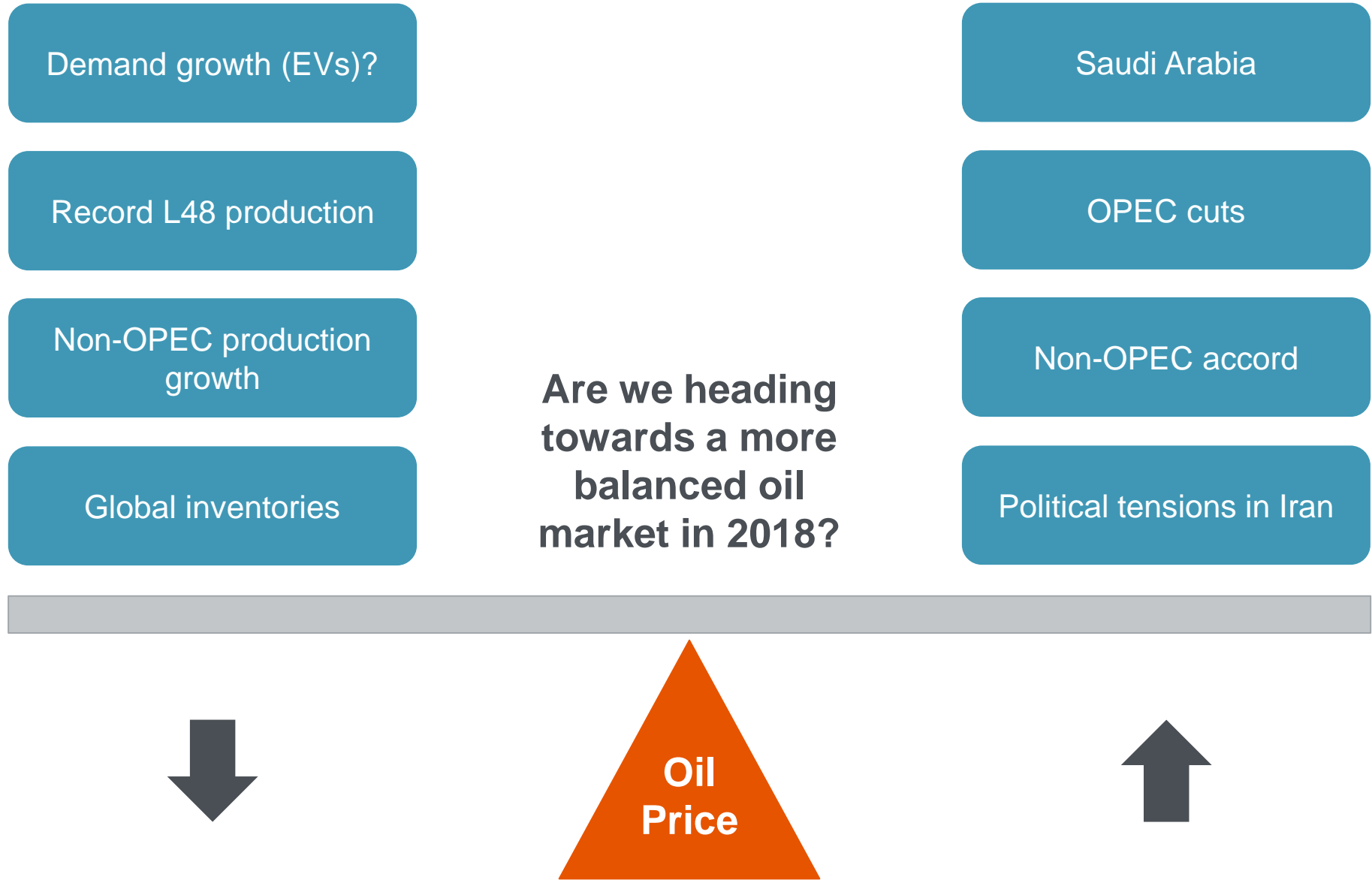


What A Difference A Year Makes: From \$55/bbl to \$70/bbl



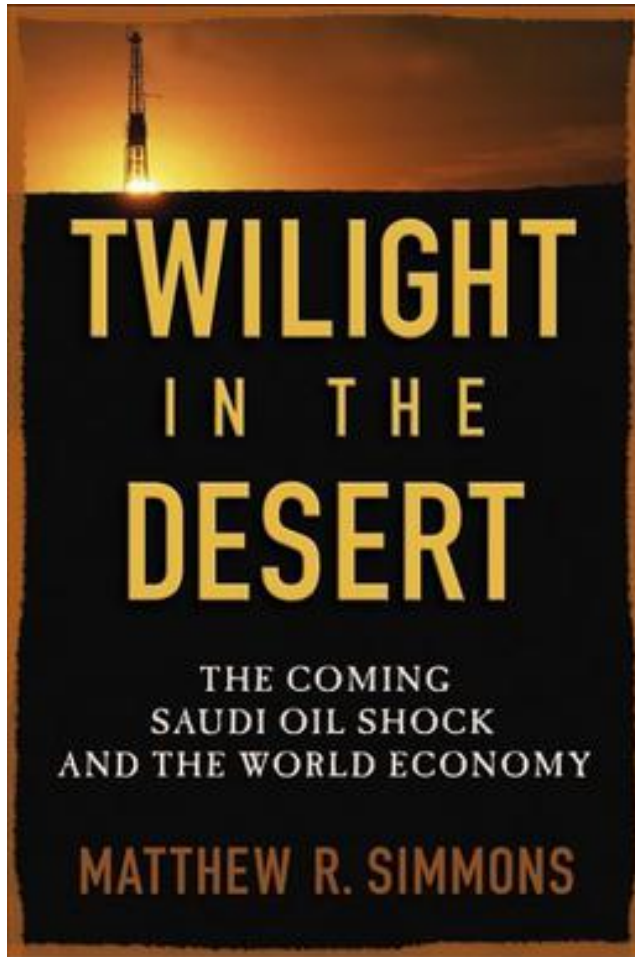
¹ Source: Capital IQ as at 22/01/2018

Example Oil Price Macro Influences



From Peak Oil Supply..... To Peak Oil Demand

2005



2017



A Sign Of The Times

Schlumberger

“Schlumberger plans to exit the marine and land seismic acquisition business”

Jan-18



Weatherford®

“Weatherford plans to divest assets to ease debt load”

Nov-17

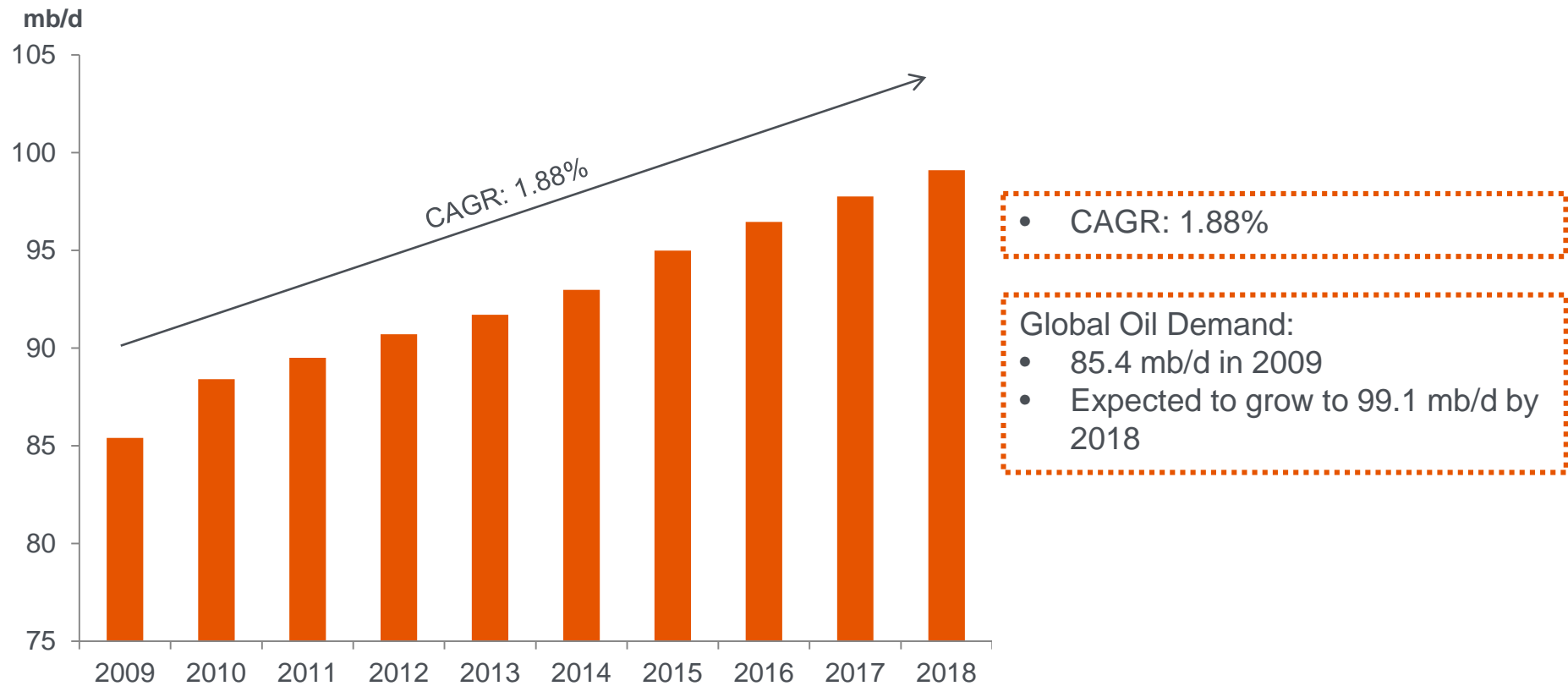


MAERSK

“Maersk Drilling in “extensive talks” about the future”

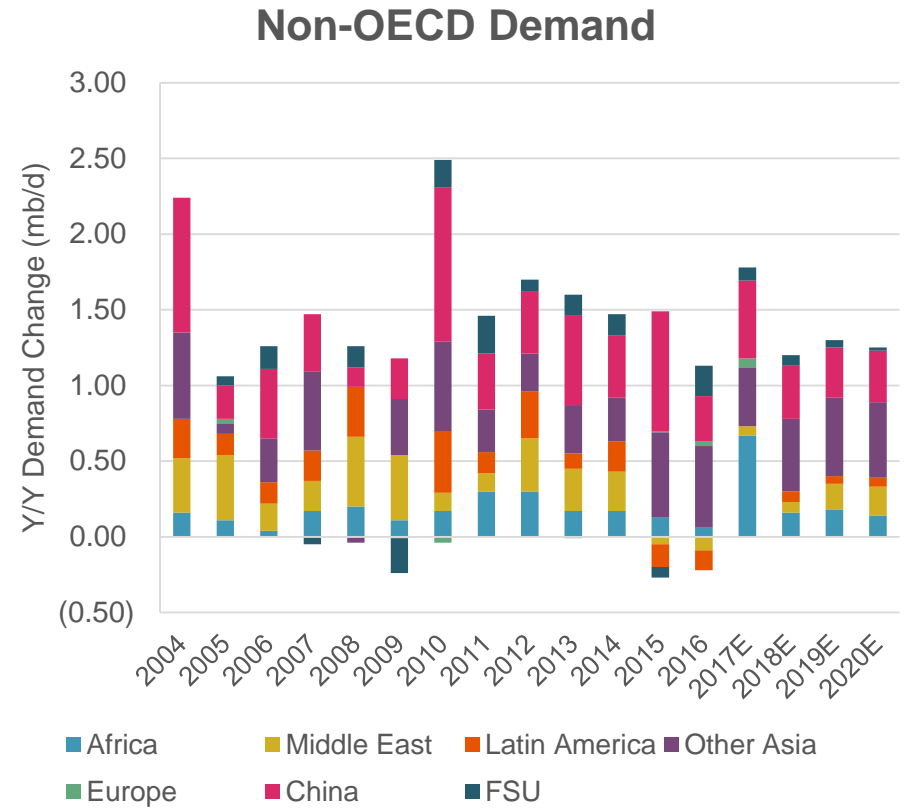
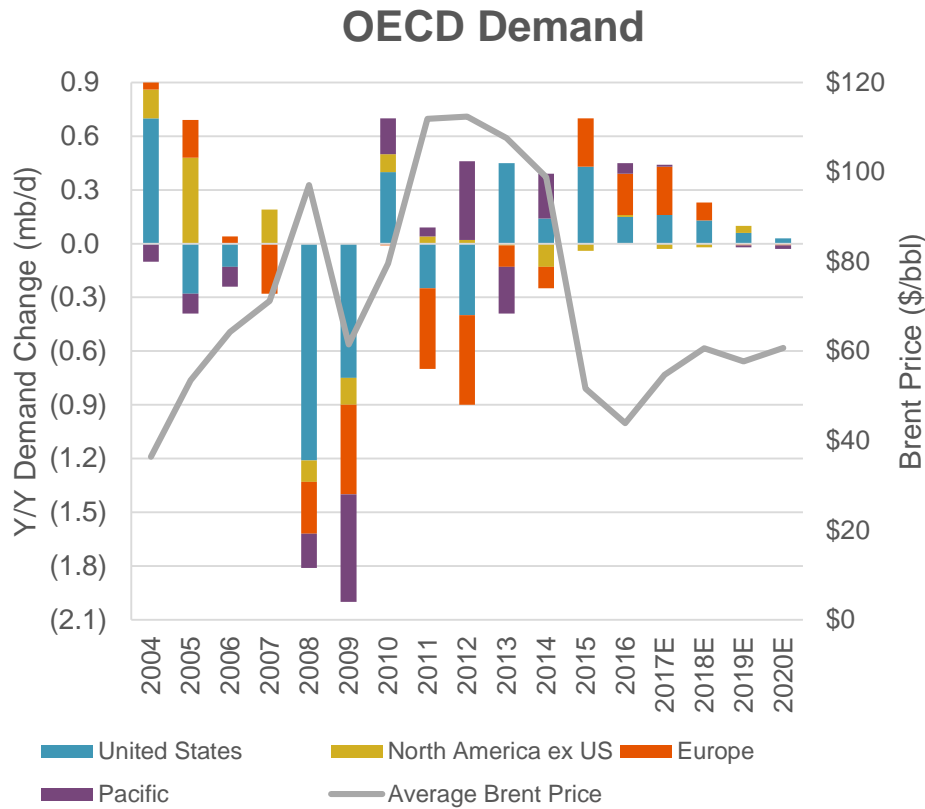
Aug-17

Global Oil Demand 2009 – 2018



¹ Source: IEA Report as at 19/01/2018

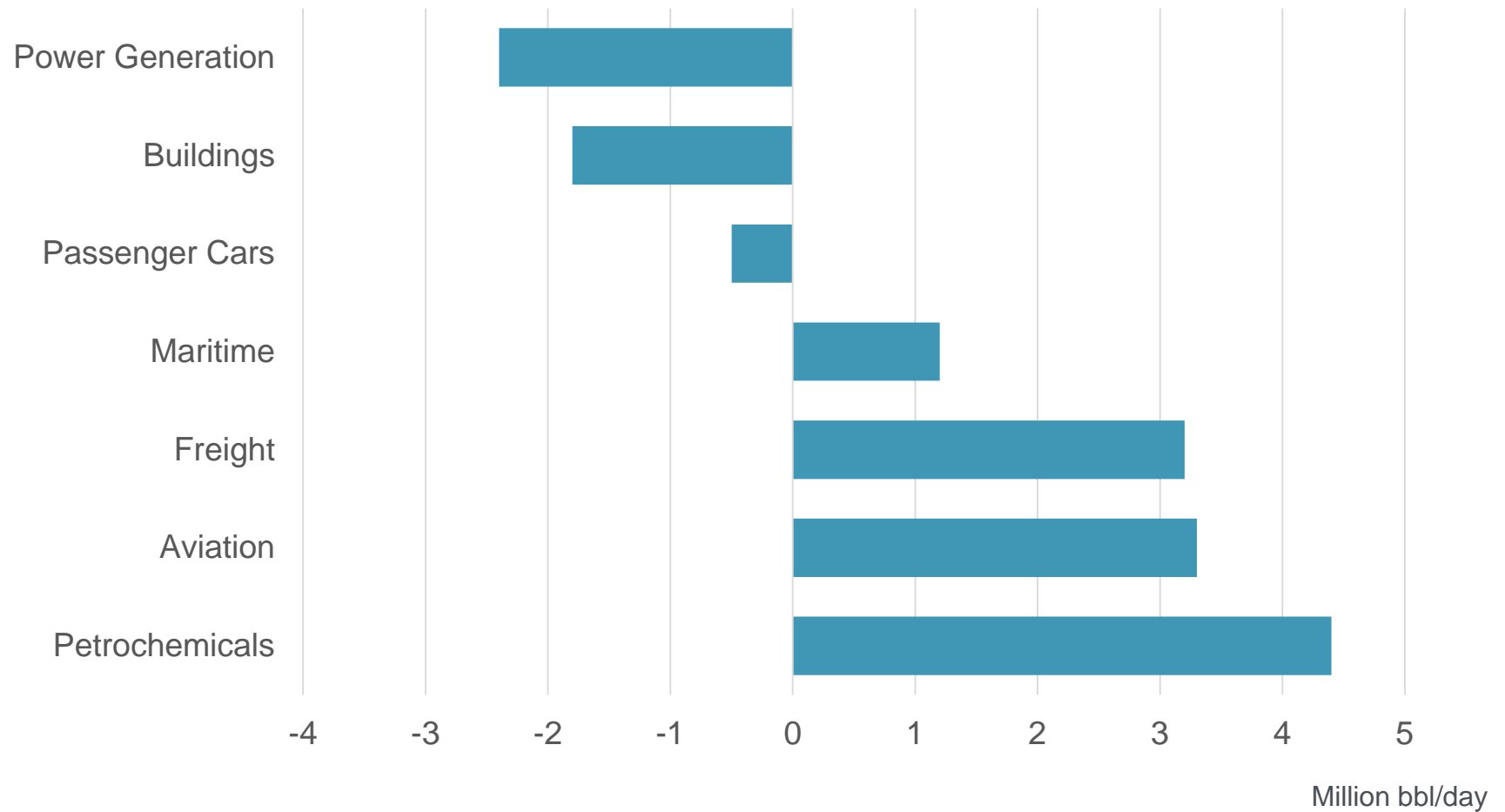
“A Tale Of Two Cities”



Source: IEA, SCI

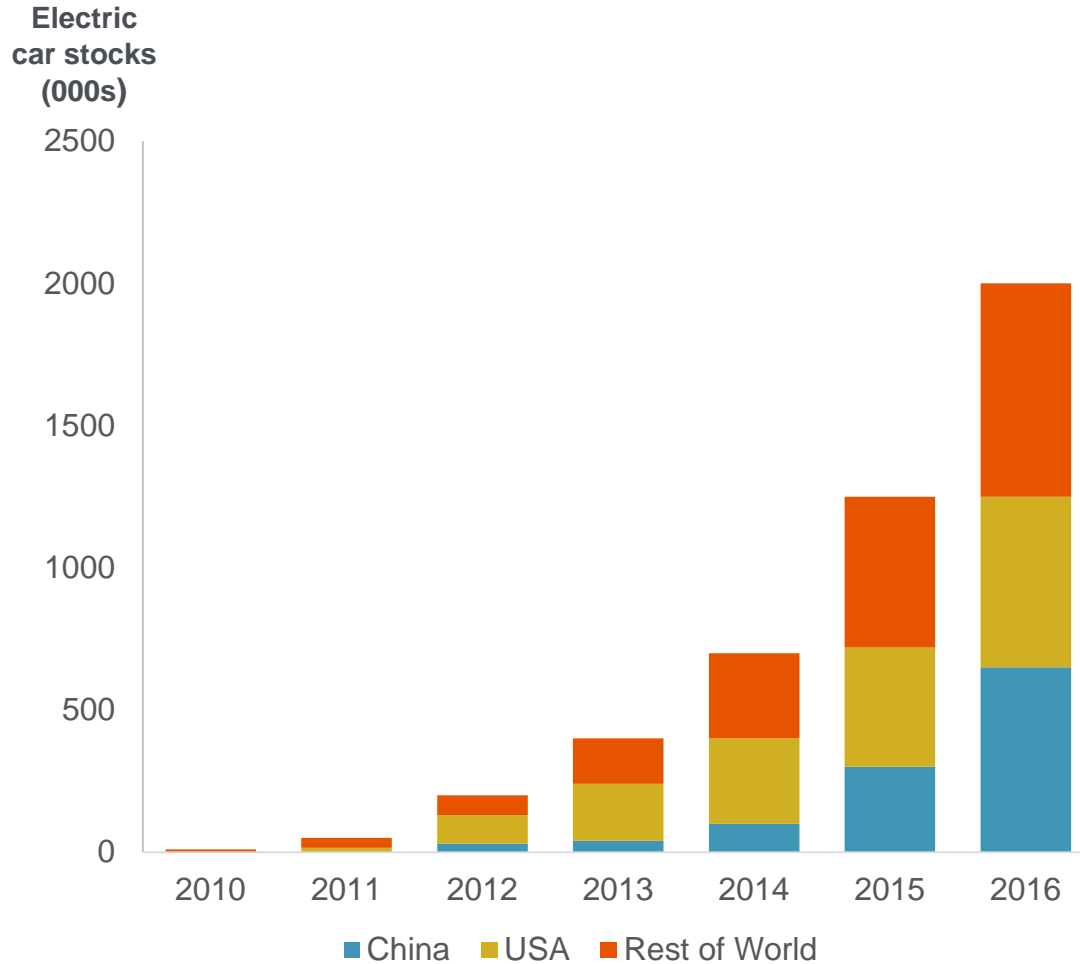
Demand Drivers Are Shifting

Change In Demand By Sector, 2015 – 2040



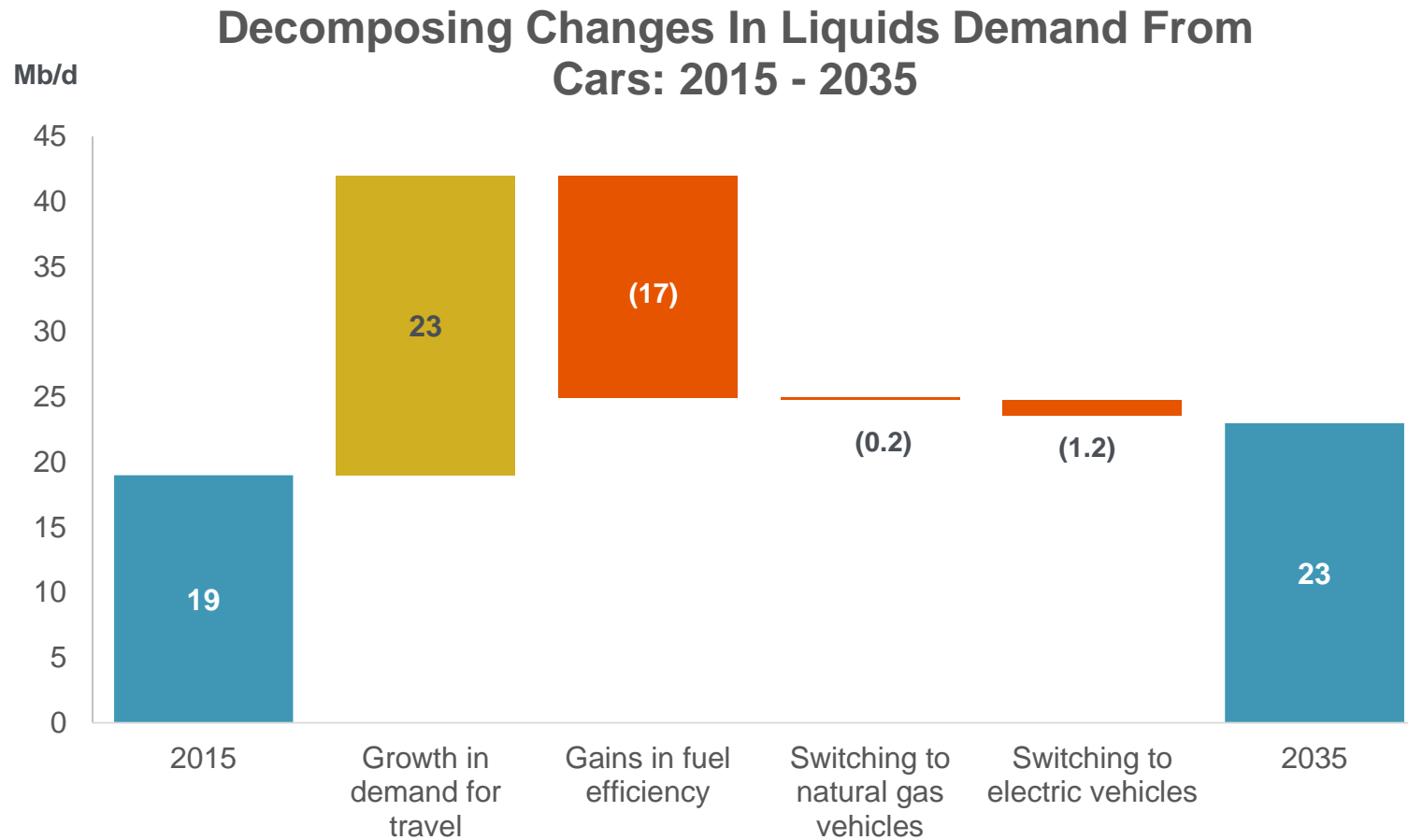
Source: IEA

Electric Vehicles: Impact On Oil Demand?



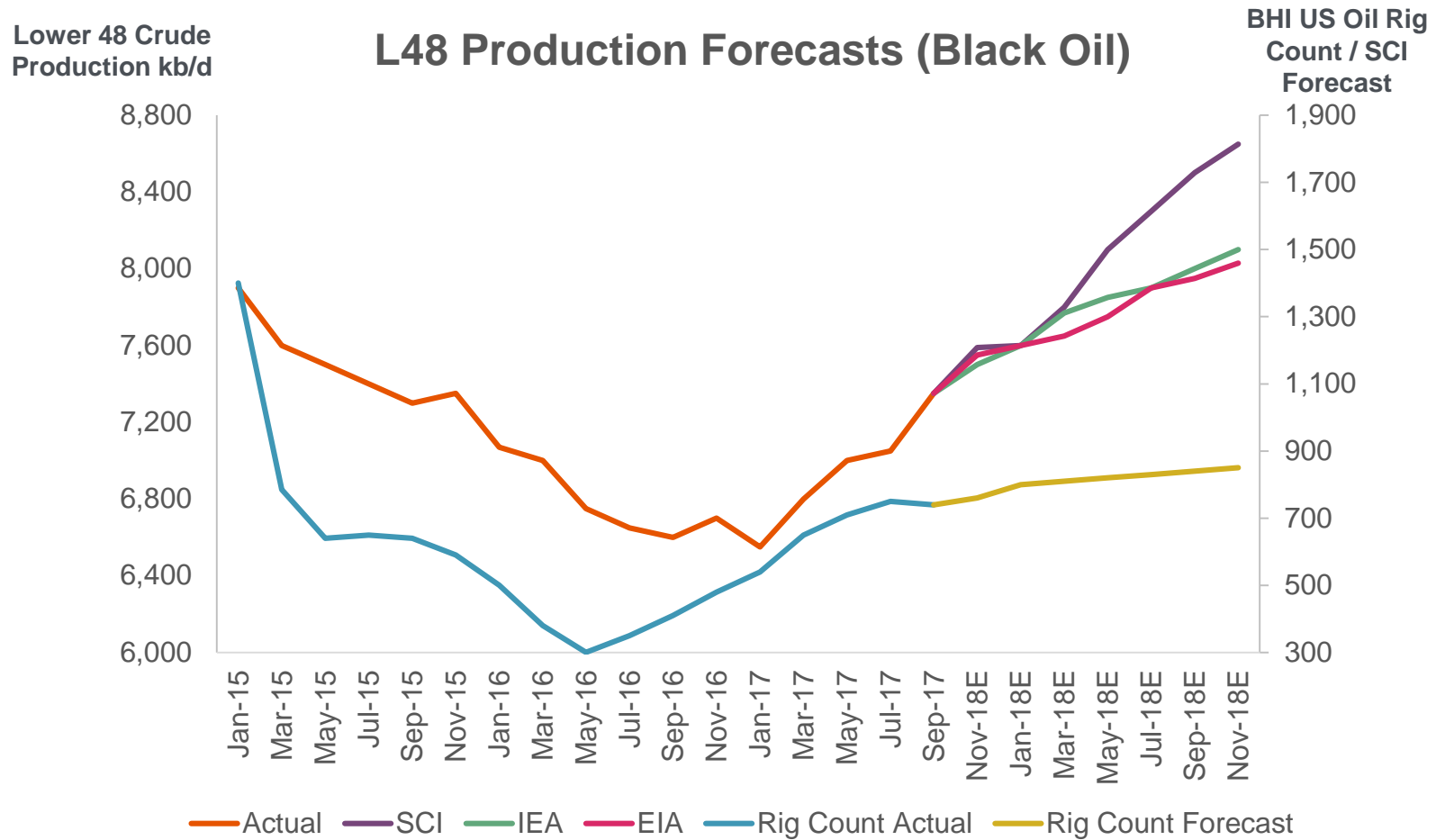
Source: IEA, SCI

Fuel Demand From Cars Continues To Rise



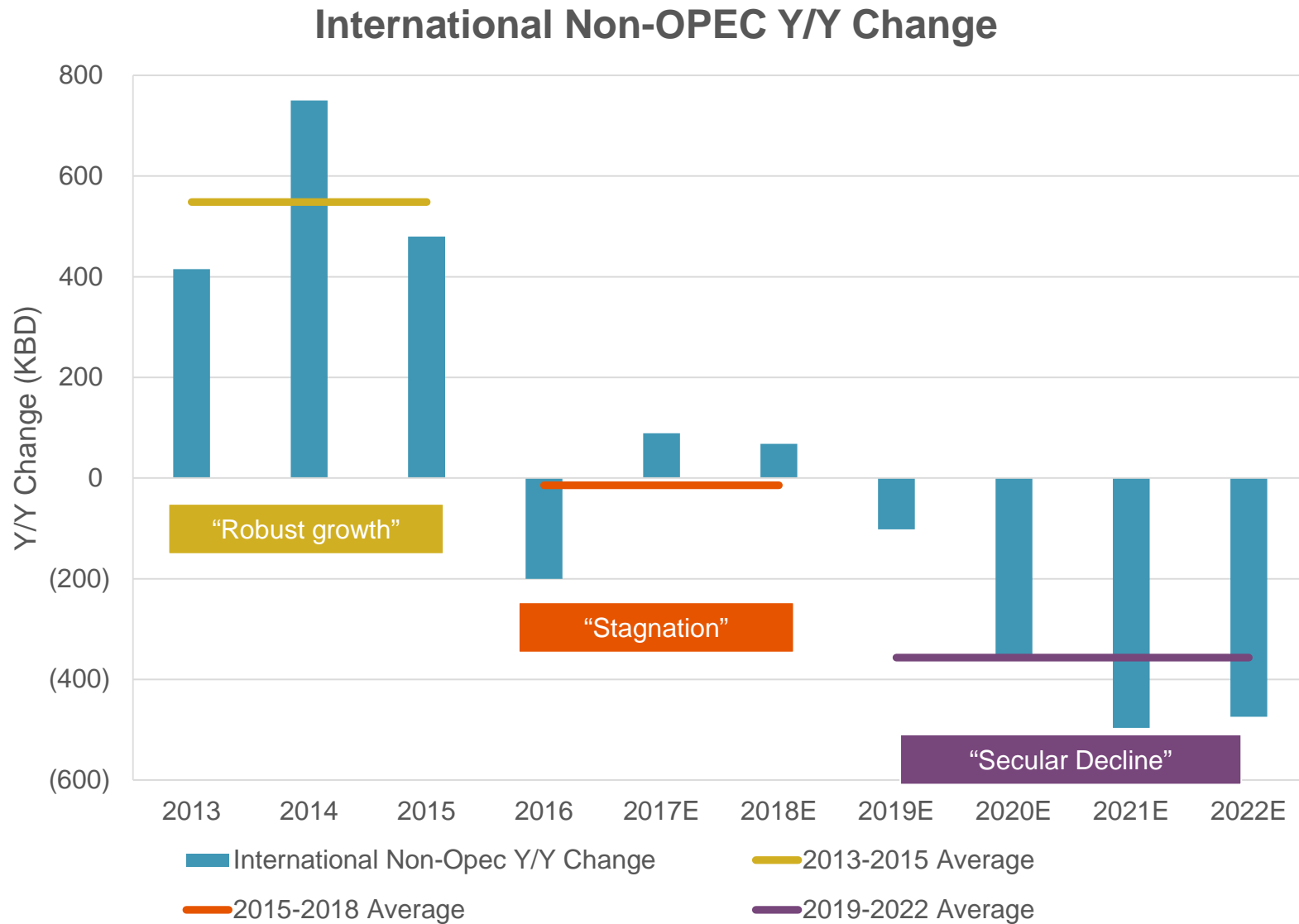
Source: BP 2017 Energy Outlook

Lower 48 Crude Oil Production¹



¹ Source: Simmons, IEA, EIA, BHI

International Non-OPEC Supply



Source: SCI

OPEC Resolve.... And Non-OPEC Accord

“OPEC agrees to extend oil supply cuts into 2018”



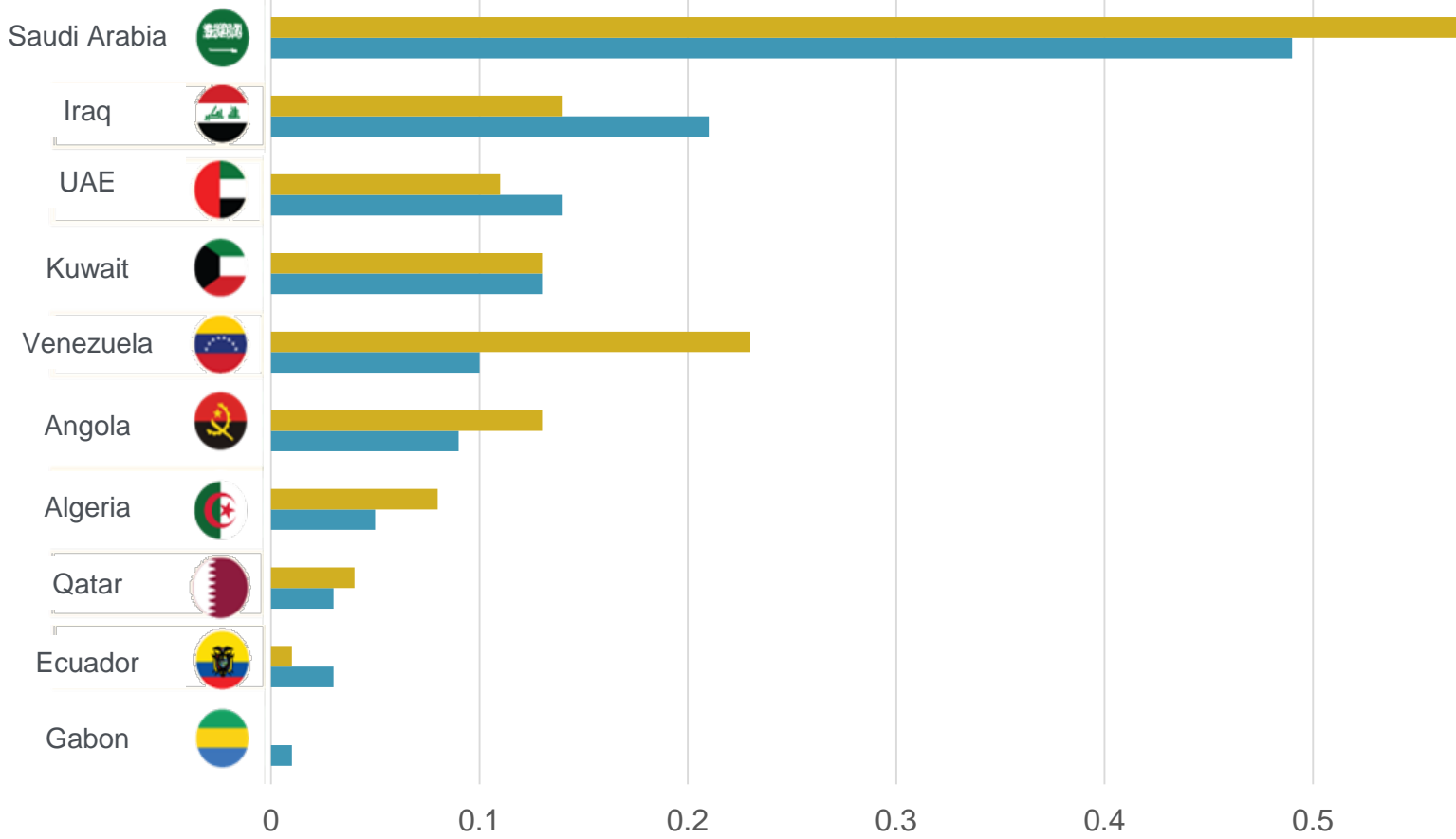
“Russia And Saudi Arabia:
A New Oil Bromance?”



OPEC Compliance: 9/10 Ain't Bad

OPEC Crude Production Cuts

(million barrels per day)



2017 Average Compliance ¹
120%
44%
54%
100%
63%
119%
82%
133%
62%
27%
~ 90%

■ Actual Cut in Nov 17 ■ Agreed Cut

Source: IEA, SCI
¹ As at Nov 2017

Heightened Geopolitical Risk

BBC Sign in News Sport Weather iPlayer TV Radio

NEWS

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Iran protests: US urges release of 'peaceful' demonstrators

10 January 2018

f t Share

Iran protests

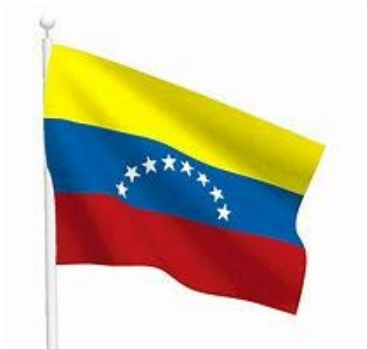


The Guardian

UK edition

Iran nuclear deal: sanctions waived as Trump begins countdown to keep US in

President waives sanctions, keeping US in deal for now, but begins four-month countdown until it ceases to comply with its obligations under the agreement



Saudi Arabia graft settlements may top \$100 billion as probe nears end

Saudi Arabia authorities may recover more than \$100 billion in settlement agreements with corruption suspects in a probe that has implicated princes and billionaires



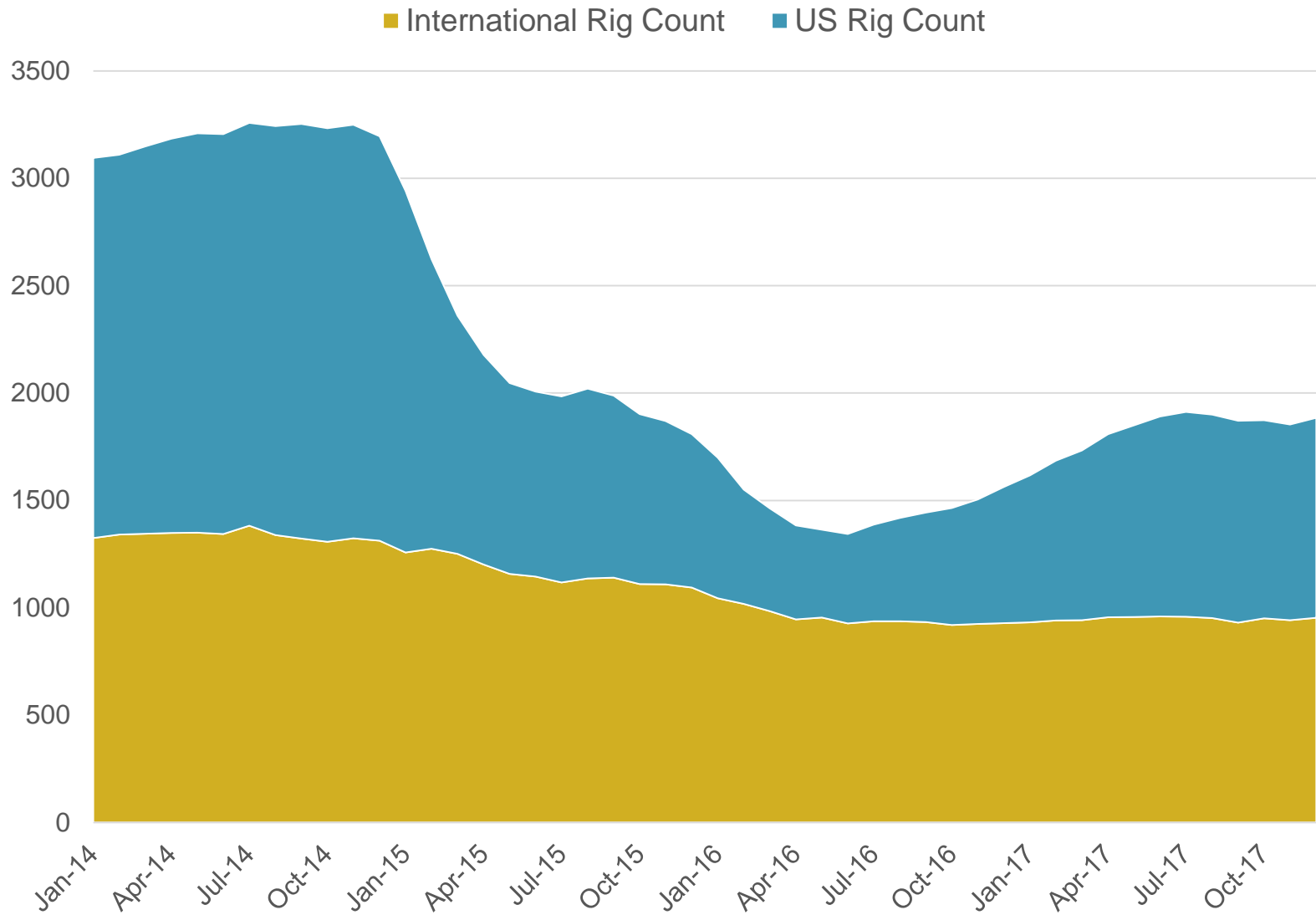
About 350 people have been summoned for questioning since King Salman ordered the anti-graft probe on 4 November. Photo: Reuters

Saudi Arabia Puts an End to 35-Year Movie Ban — For 'The Emoji Movie'

VIRGINIA KRUTA | JAN 19, 2018 | 12:09 AM



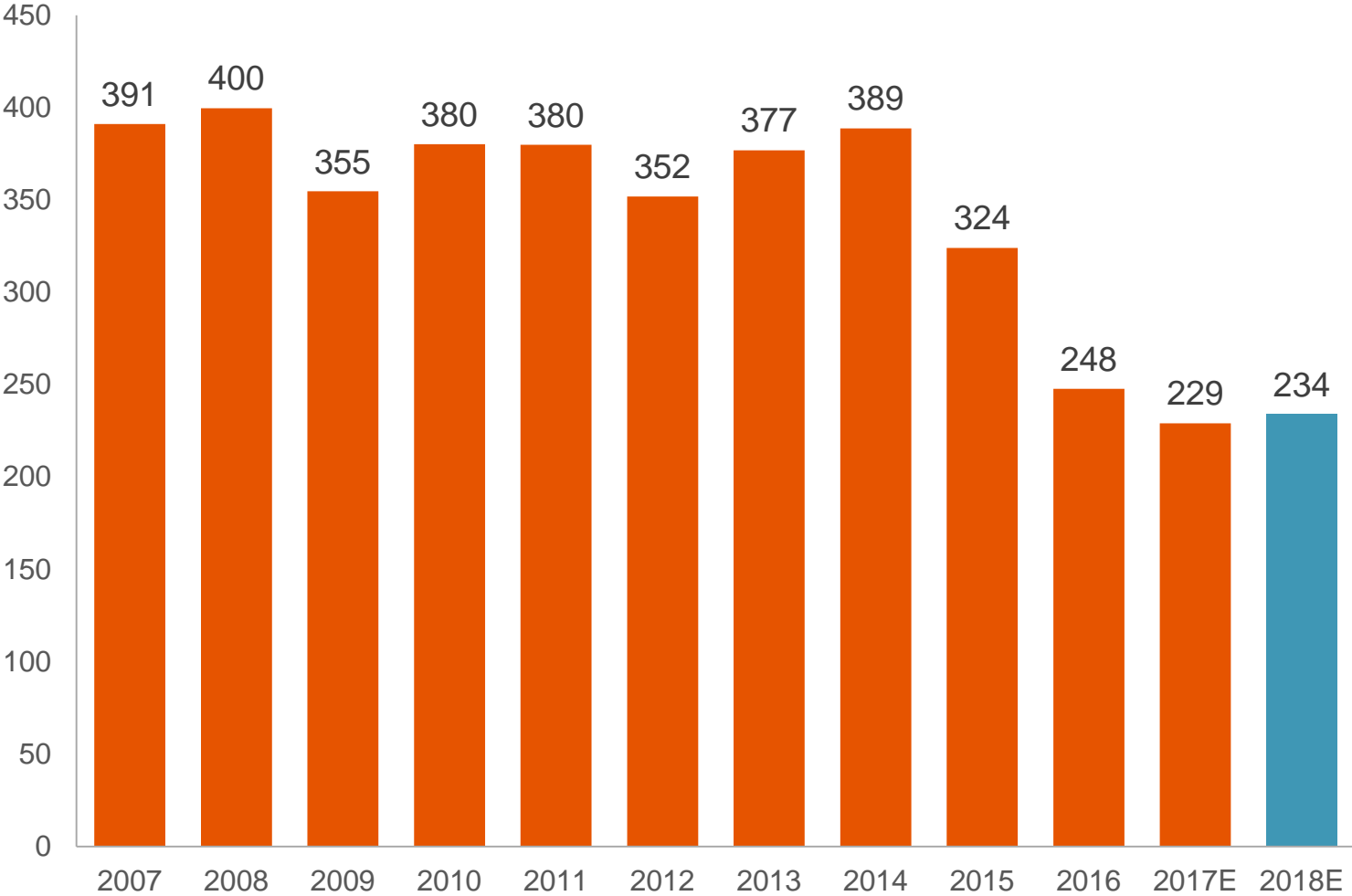
Global Rig Count¹



¹ Baker Hughes

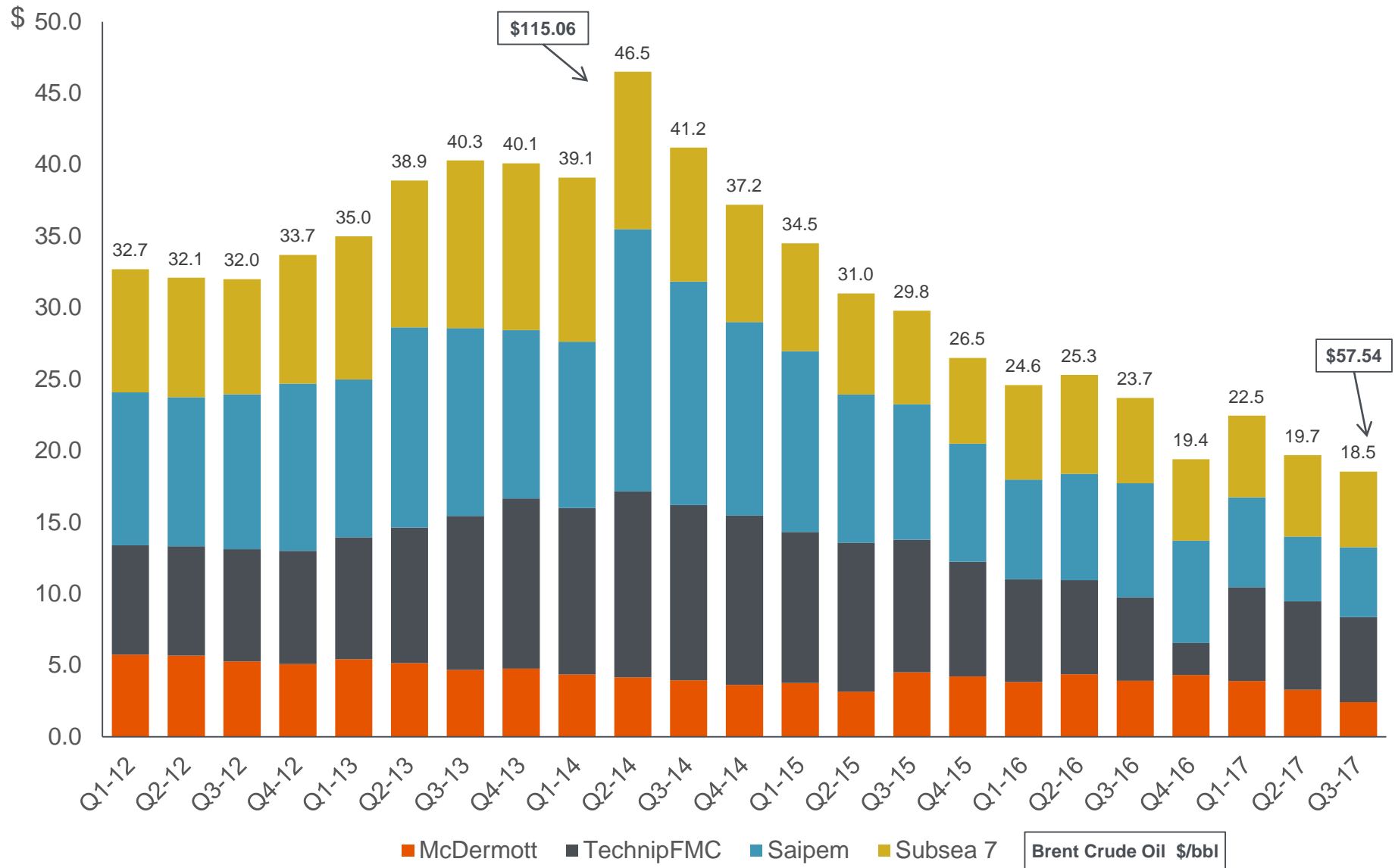
² Note: Excludes Russia and China

Offshore Rig Count



¹ Spears and Associates

Subsea Construction Backlog



Source: Company Documents

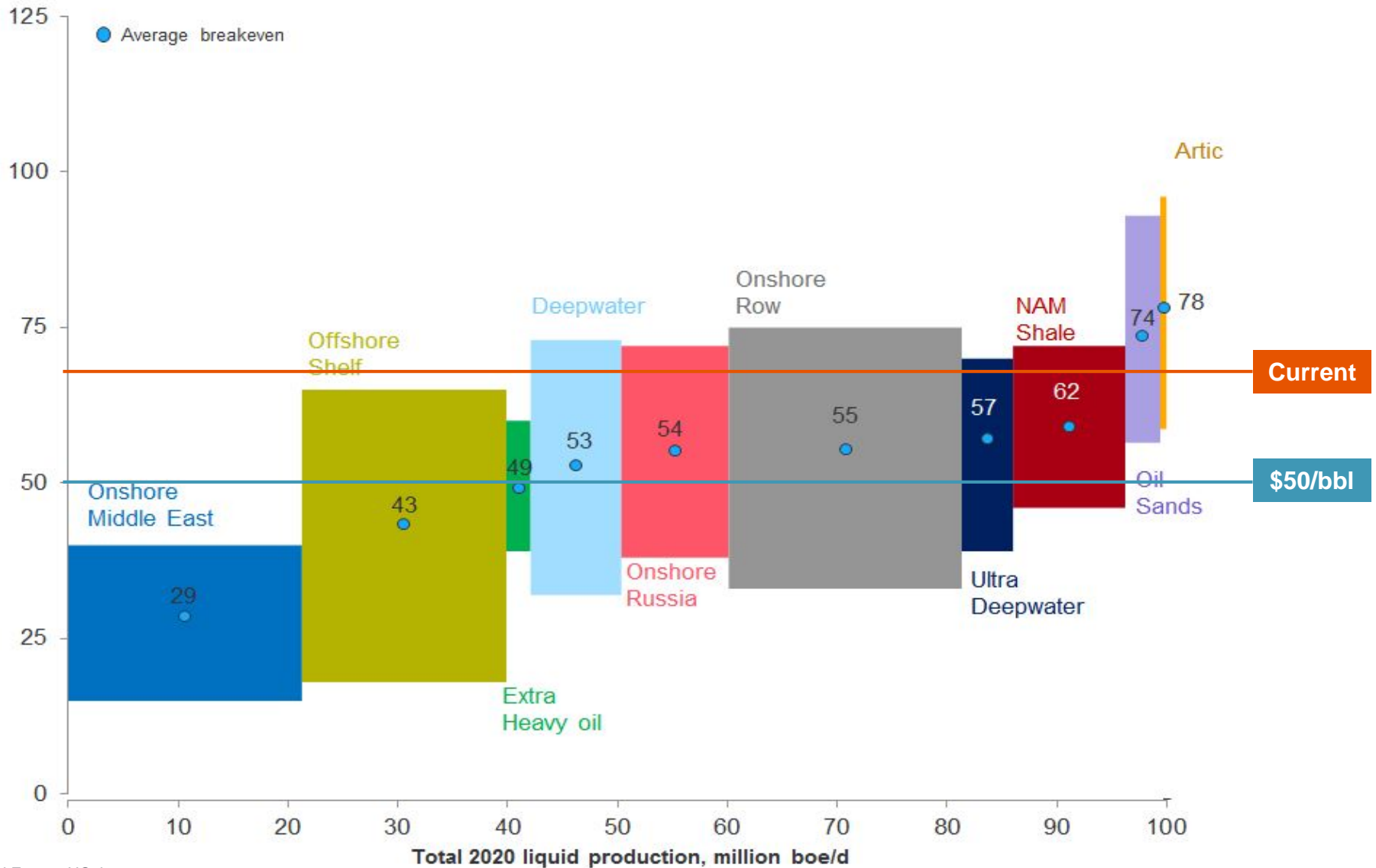
Recent Major Project Sanctions

Project	Peak Oil Production (kb/d)	Peak Total Production (kboe/d)	Year of Sanction	Expected Start Up	Country	Oil/Gas	Project Type	Operator	Development Capex (\$B)	Recoverable Resources (bboe)	Implied Development Costs (\$/boe)	\$k/boed of Flowing Barrel
Johan Sverdup Phase 1	460	440	2014	2019	Norway	Oil	Deepwater	STO	\$11.5	1.9	\$6.1	\$26.2
Tengiz Future Growth/ WPMP	260	260	2016	2022	Kazakhstan	Oil	EOR	CVX	\$36.8	1.6	\$23.0	\$73.6
Johan Castberg	180	180	2017	2022	Norway	Oil	Deepwater	STO	\$5.9	0.55	\$10.7	\$32.8
Appomattox	175	175	2015	2020	USA	Oil	Deepwater	RDS	N/A	0.65	N/A	N/A
Mad Dog 2	140	140	2016	2021	USA	Oil	Deepwater	BP	\$9.0	0.5	\$18.0	\$64.3
Liza Phase 1	120	120	2017	2020	Guyana	Oil	Deepwater	XOM	\$4.4	0.45	\$9.8	\$36.7
Kg-DWN-98/2	78	175	2016	2020	India	Oil/Gas	Deepwater	OTHER	\$5.1	1.05	\$4.9	\$29.1
West White Rose Expansion	75	75	2017	2022	Canada	Oil	Deepwater	HSE.TO	\$5.2	0.21	\$24.3	\$69.3
Thunder Horse South Expansion	50	50	2015	2017	USA	Oil	Deepwater	BP	\$0.9	N/A	N/A	\$17.0
Offshore Cape Three Points	50	85	2015	2017	Ghana	Oil/Gas	Deepwater	E	\$6.0	0.38	\$16.0	\$70.6
Peregrino South	45	45	2016	2020	Brazil	Oil	Deepwater	CAELUS	\$3.5	0.25	\$14.0	\$77.8
Kaikias Phase 1	40	40	2017	2019	USA	Oil	Deepwater	RDS	N/A	0.1	N/A	N/A
Trestakk	40	60	2016	2019	Norway	Oil/Gas	Deepwater	STO	\$0.7	0.08	\$8.7	\$11.0
Greater Enfield	40	40	2016	2019	Australia	Oil	Shallow Water	WINTERSHALL	\$1.9	0.07	\$27.5	\$47.5
Snorre 2040	39	39	2017E	2020	Norway	Oil	Deepwater	STO	\$2.9	0.2	\$14.5	\$47.4
Njord Future	35	50	2017	2020	Norway	Oil/Gas	Deepwater	STO	\$1.8	0.18	\$10.3	\$36.0
GMT-1	30	30	2015	2108	USA	Oil	Conventional	COP	\$0.9	N/A	N/A	\$30.0
Maria	30	32	2015	2017	Norway	Oil/Gas	Deepwater	OTHER	\$1.5	0.18	\$8.4	\$47.5
Red Emperor	28	38	2015	2019	Vietnam	Oil/Gas	Deepwater	REPSOL	\$1.1	0.67	\$1.6	\$29.3
Culzean	25	100	2015	2019	UK	Oil/Gas	Conventional	MAERSK	\$4.0	0.27	\$14.7	\$40.0
Tyra Future	20	60	2017	2022	Denmark	Oil/Gas	Deepwater	TOT	\$2.7	0.2	\$13.5	\$45.0
Oseberg Vestflanken 2	20	20	2016	2018	Norway	Oil	Shallow Water	STO	\$0.8	0.11	\$7.5	\$41.0

Source: SCI, Company Documents

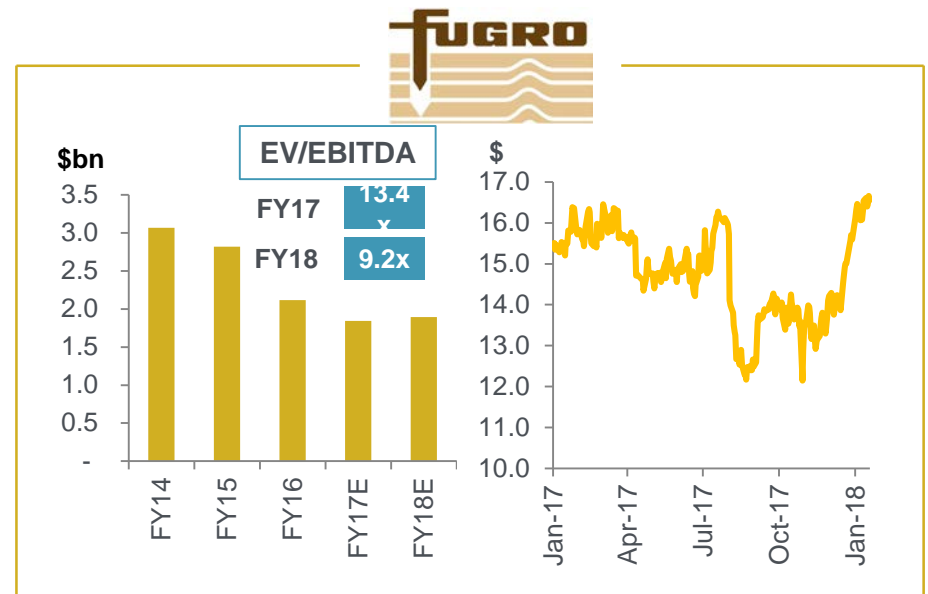
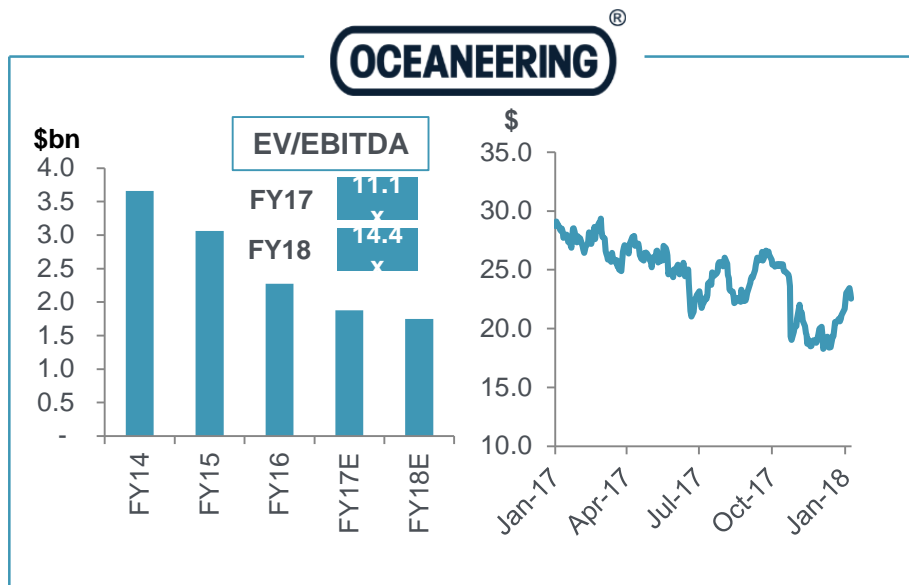
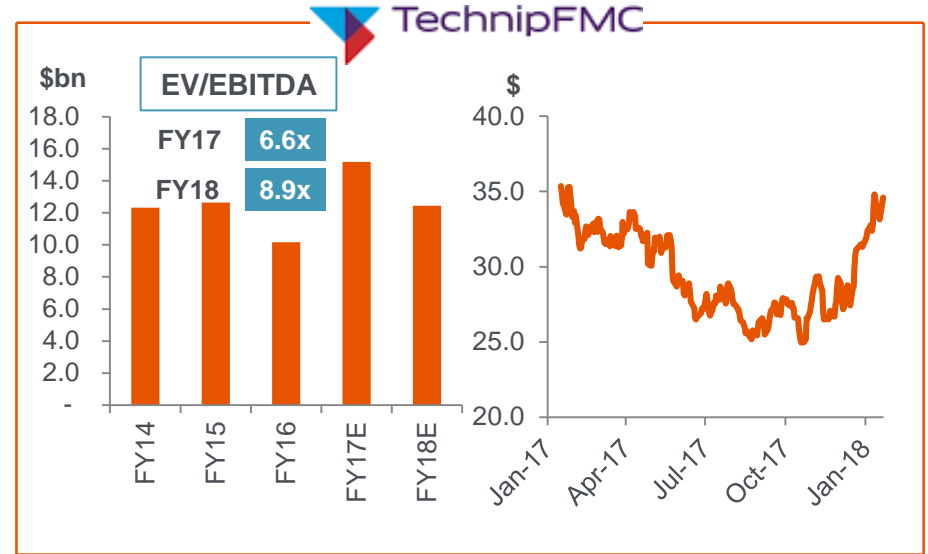
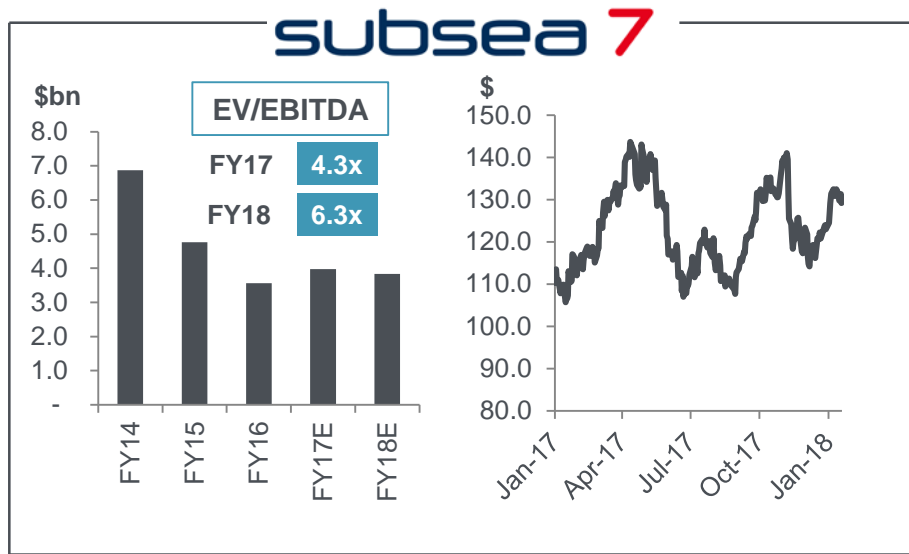
Average Breakeven Oil Prices

Break-even prices for non-producing assets
Break-even price, USD/bbl



Source: Rystad Energy UCube

Public Company Trading Performance



Source: Capital IQ as at 22/01/2018

M&A Activity This Time Last Year!

Deal Activity In 2017

Consolidations



Logos for example only, not exhaustive

Deal Activity In 2017 (Continued)

Mergers & Acquisitions



Logos for example only, not exhaustive

* Denotes transactions where P.J.L. advised

Deal Activity In 2017 (Continued)

New Entrants



Balance Sheet Restructurings

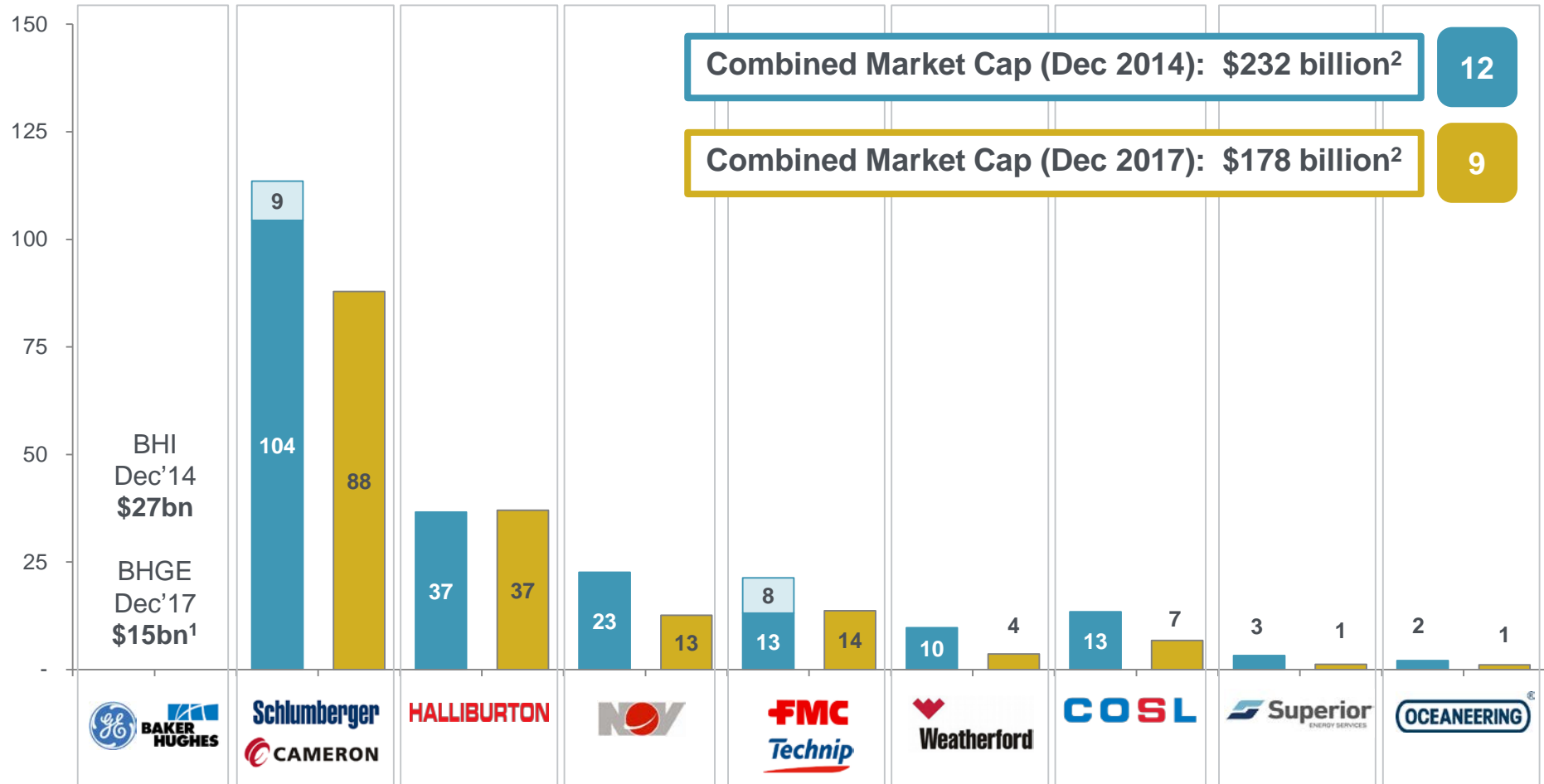


Logos for example only, not exhaustive

Evolution Of The OFS Landscape

Market Cap - Select OFS Companies (Dec 2014 Vs. Dec 2017)

USDbn



¹ Including Minority Interests
² Excludes Baker Hughes / GE

Changing Face Of The UKCS



Operators



Industry Bodies



Logos for example only, not exhaustive

Plenty To Look Forward To



New Project Investments



Decommissioning



Offshore Wind



Role Of Technology



Tax Reforms



Global Centre Of Excellence

