



# Back In Business

**Mike Beveridge - Managing Director**

SIMMONS ENERGY

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A DIVISION OF PIPERJAFFRAY<sup>SM</sup>



## 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

**Anjli Raval** and David Sheppard

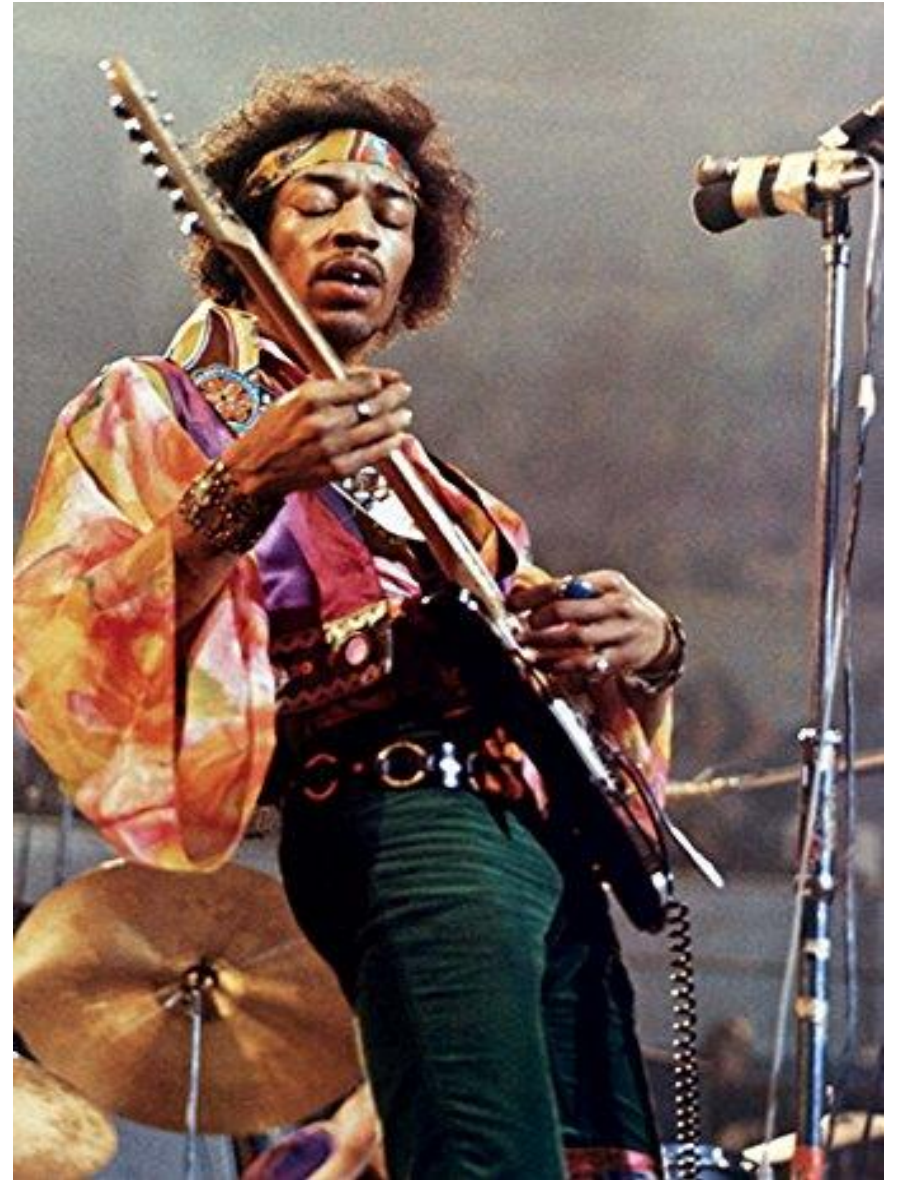
JANUARY 11, 2018

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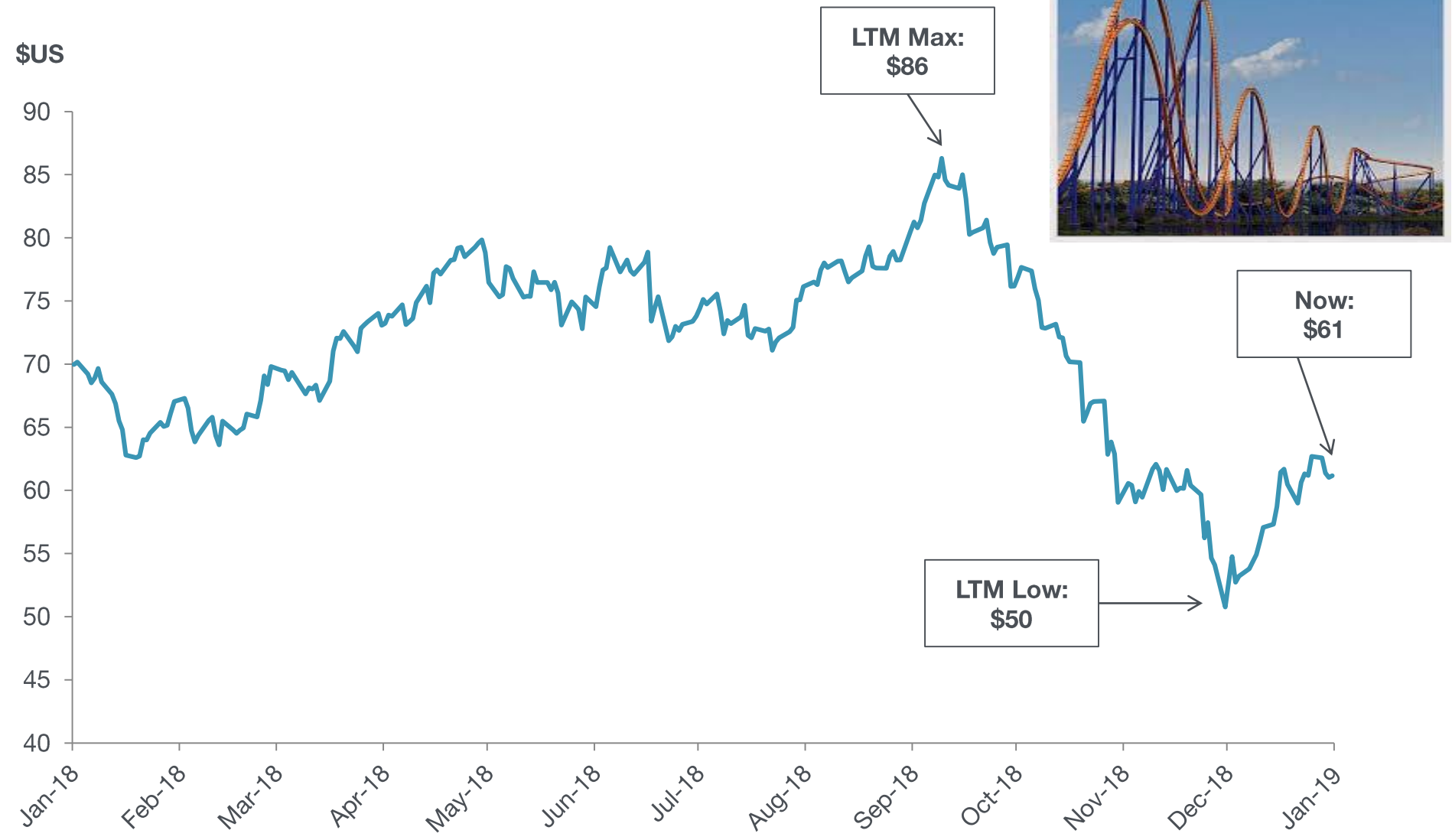




## January 2019... “Swinging 60’s”

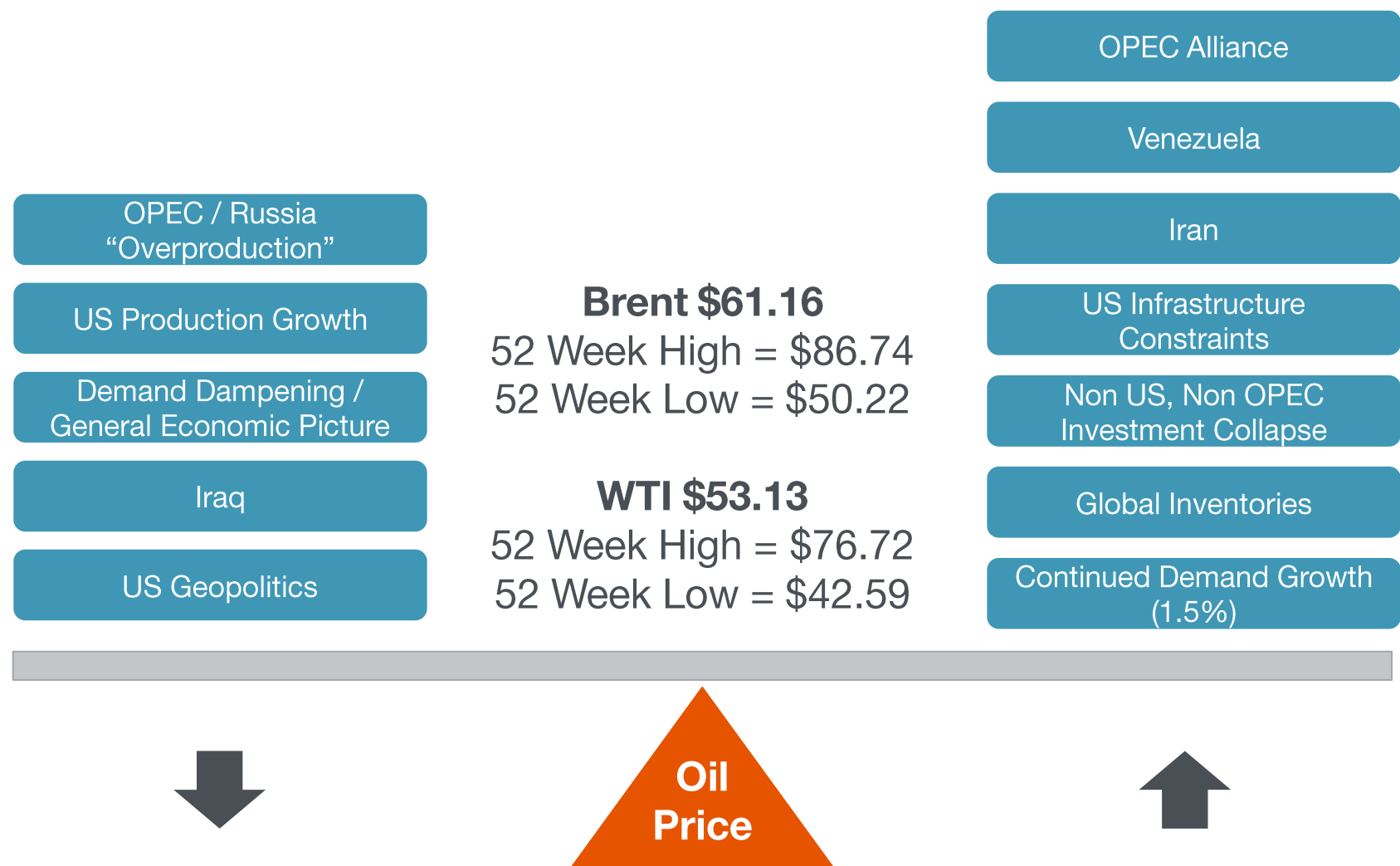


# Brent Roller Coaster



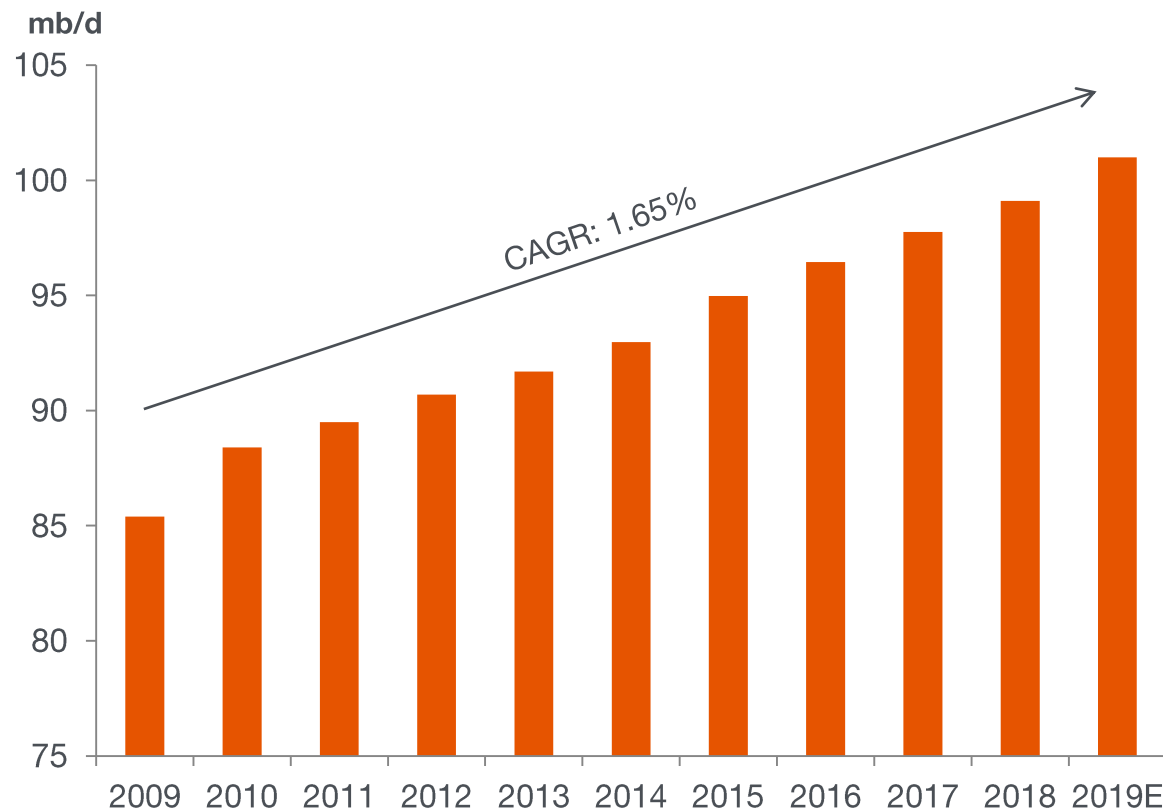
Source: Capital IQ as at 25/01/2019

# A Complex Macro Picture



Source: Capital IQ as of 25/ 01/ 19

# Global Oil Demand 2009 – 2019



- CAGR: 1.65%

Global Oil Demand:

- Was 85.4 mb/d in 2009
- Expected to grow to 100.6 mb/d by 2019

Source: IEA Report as at 25/01/2019

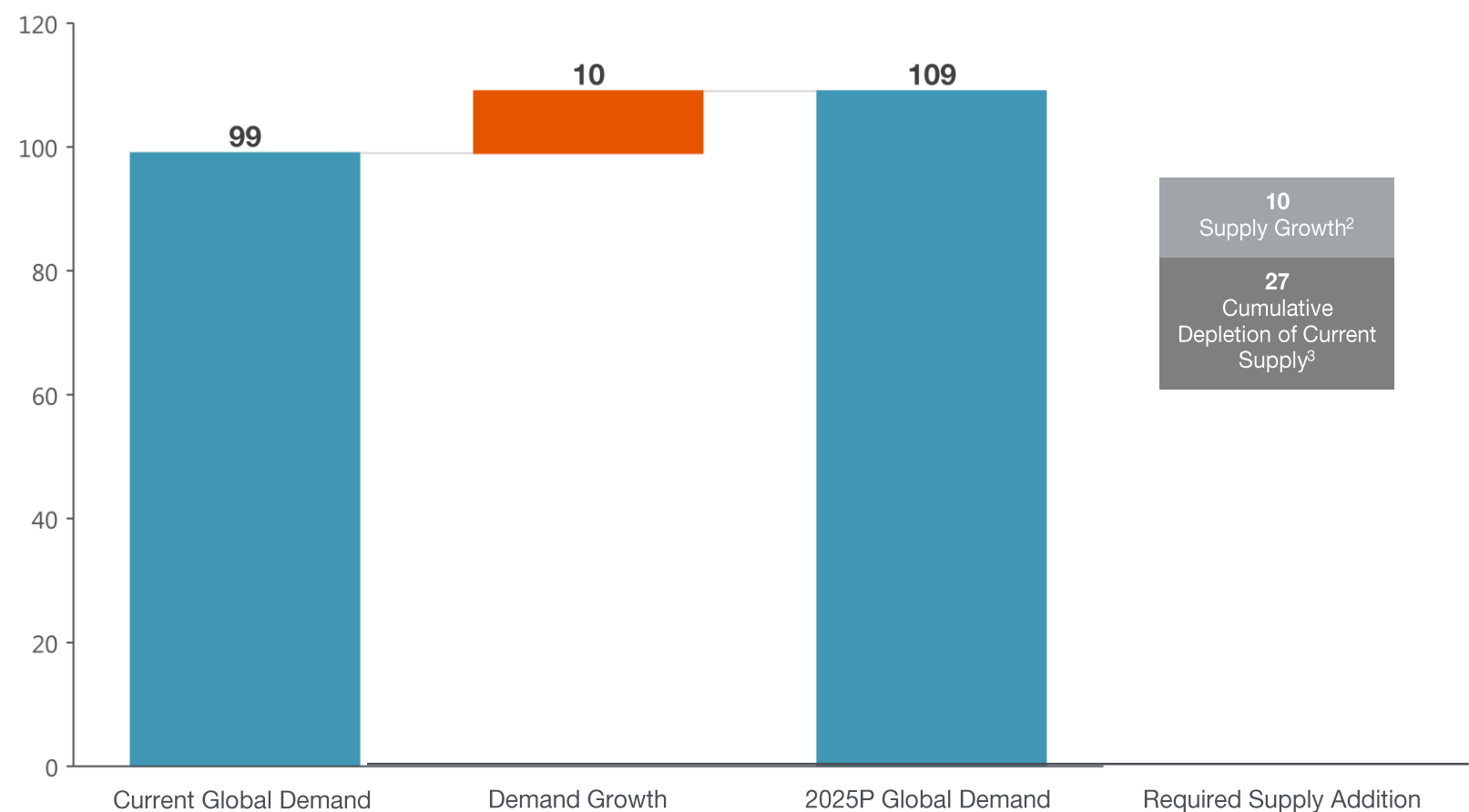


# Demand Dynamics





# Investment In New Projects Critical To Meeting Future Supply Needs

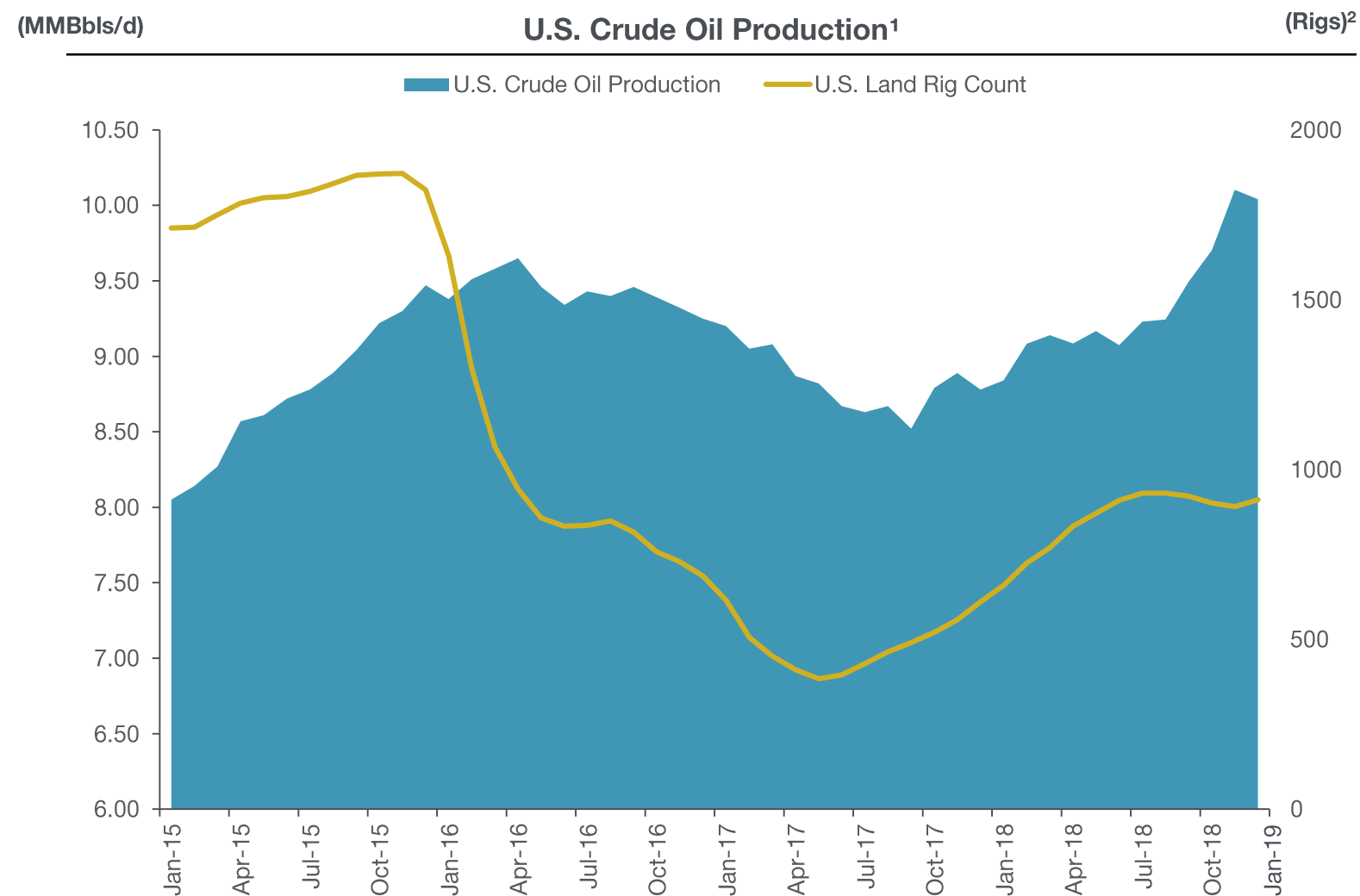


<sup>1</sup> Source: Rystad Energy UCube, HIS Markit Strategic Horizons and Ensco Analysis.

<sup>2</sup> Assumes 1.8% compound annual growth rate.

<sup>3</sup> Assumes 4.0% compound annual decline rate.

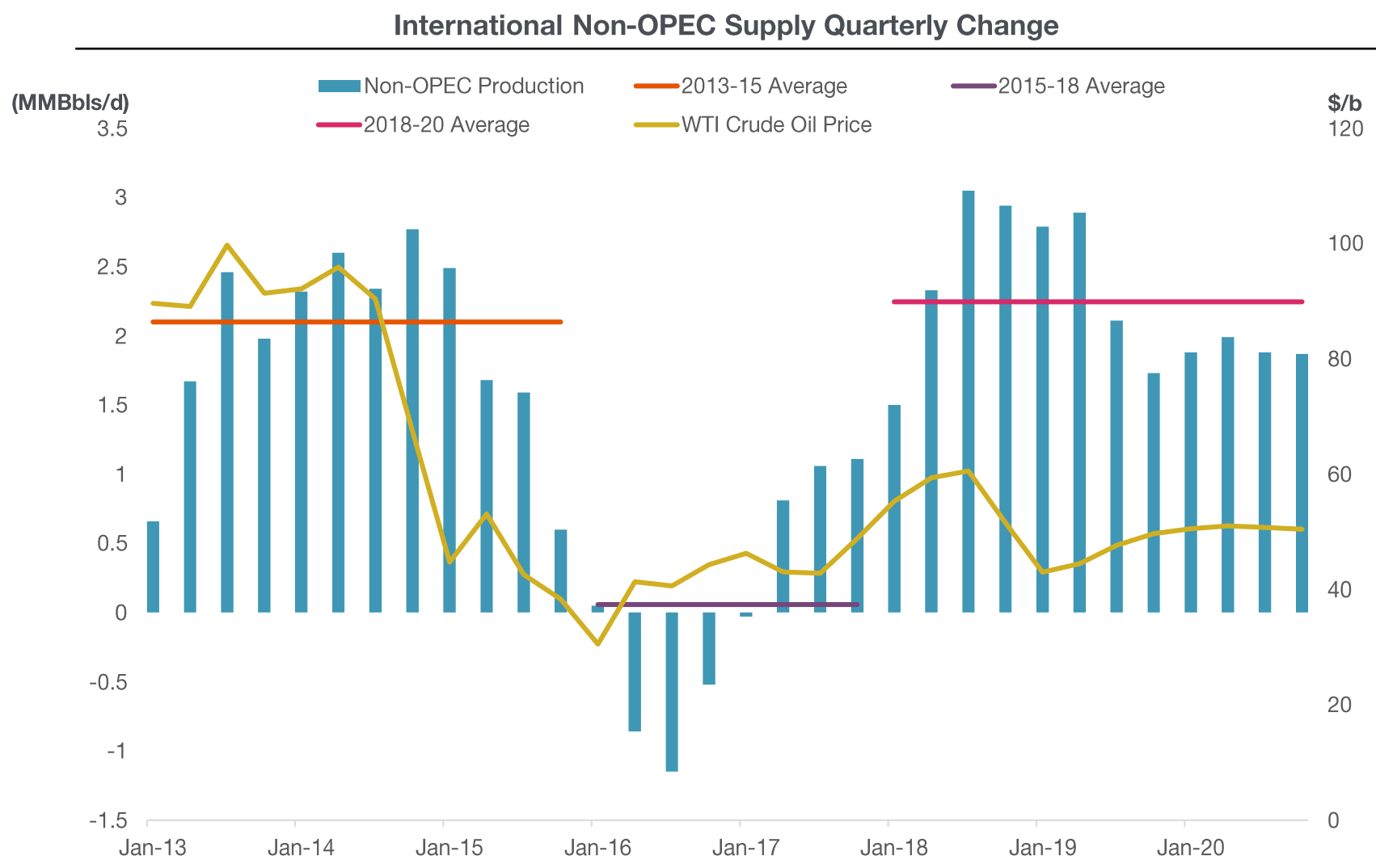
# Relentless US Production Growth



<sup>1</sup> Source: EIA. As of January, 25 2019.

<sup>2</sup> Source: Baker Hughes. As of January, 25 2019.

# International Non-OPEC Supply



<sup>1</sup> Source: EIA. As of January, 25 2019.



# OPEC Resolve.... And Non-OPEC Accord

## Qatar pulls out of Opec oil producers' cartel



## OPEC and allies agree to cut oil production by 1.2 million barrels per day

- Major oil producers have reached a deal to cut oil production and boost the market.
- The alliance will to take 1.2 million barrels per day off the market.
- OPEC has agreed to exempt Iran from cutting production, Iranian Energy Minister Bijan Zangeneh said.

Tom DiChristopher | Sam Meredith

Published 2:31 AM ET Fri, 7 Dec 2018 | Updated 2:07 PM ET Fri, 7 Dec 2018



## OPEC+ Petro-Powers Ignored Oil Cuts Before Reset



## Venezuela's worsening economic crisis - the Guardian briefing



News > World > Americas > US politics

## Donald Trump announces Iran sanctions with bizarre Game of Thrones-style image

'We would prefer our trademark not be misappropriated for political purposes,' says HBO

Clemence Michallon New York | Friday 2 November 2018 19:56 |

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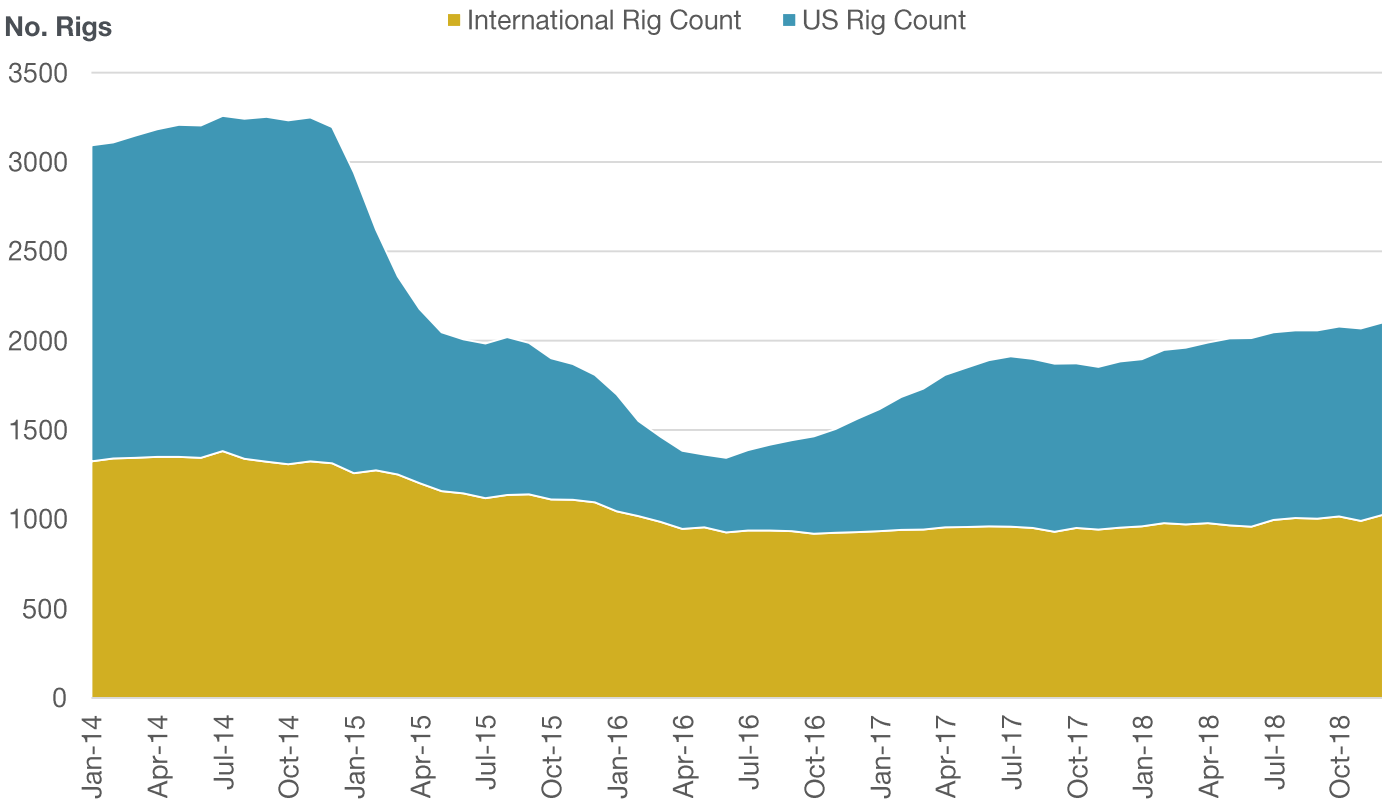
MARKETS

## Saudis to Cut More Oil Than Planned as OPEC Drums Up Pact

Cartel to publicize individual reductions as markets doubt group's commitment

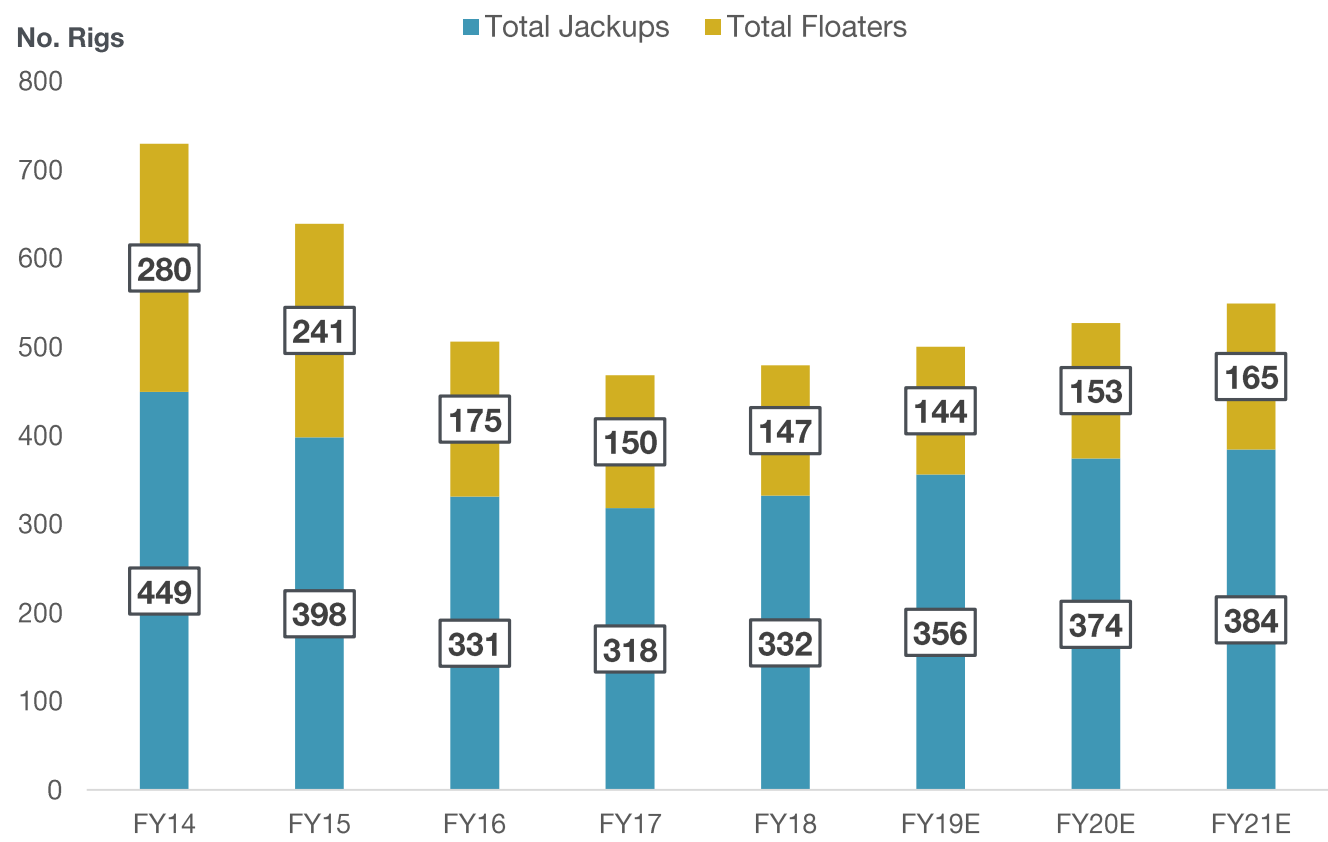


# Global Rig Count



Baker Hughes as of January 25 2019  
Note: Excludes Russia and China

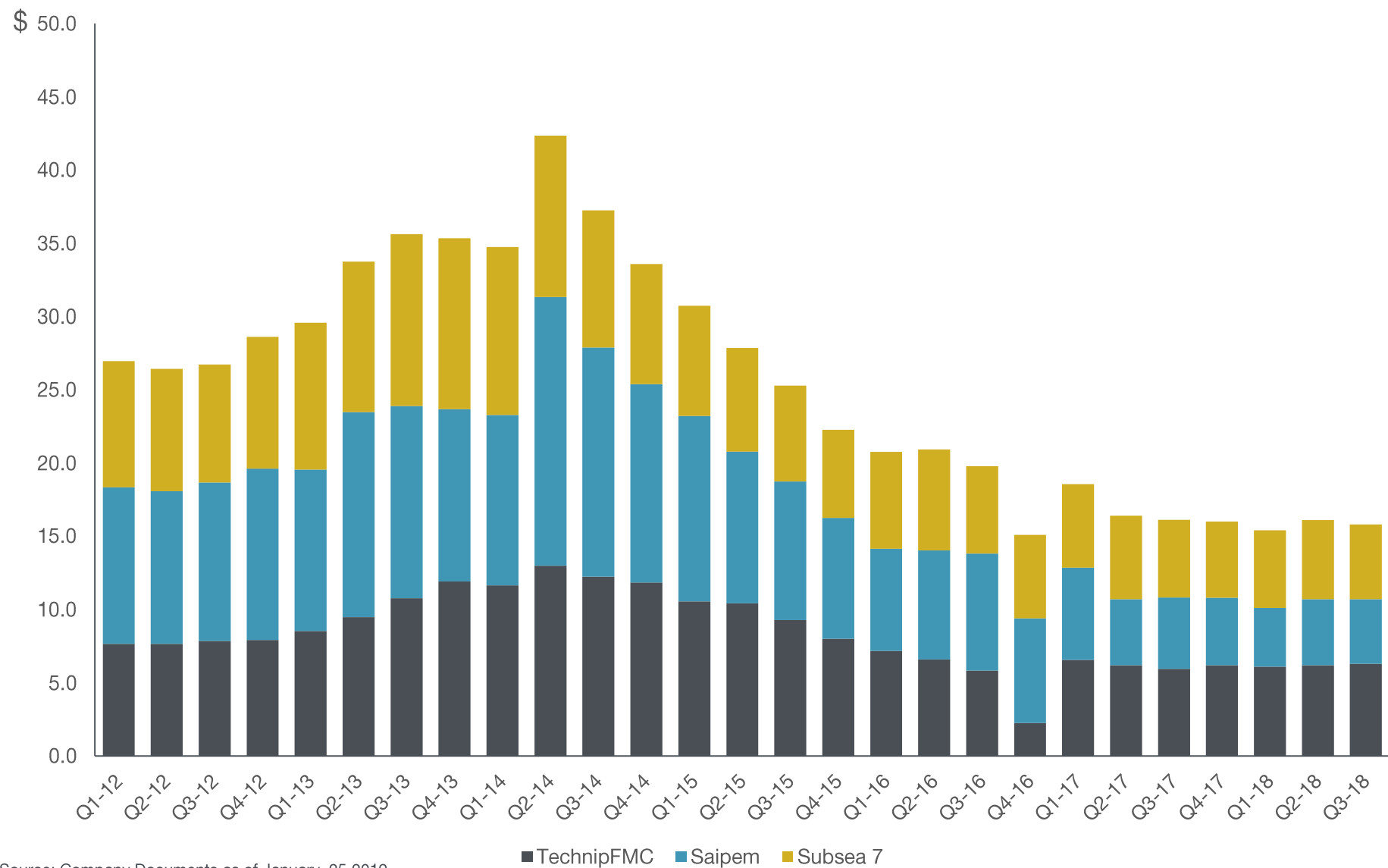
# Offshore Rig Count



Source: Simmons Industry Note January 16, 2019 – Contracted Rig Demand



# Subsea Construction Backlog



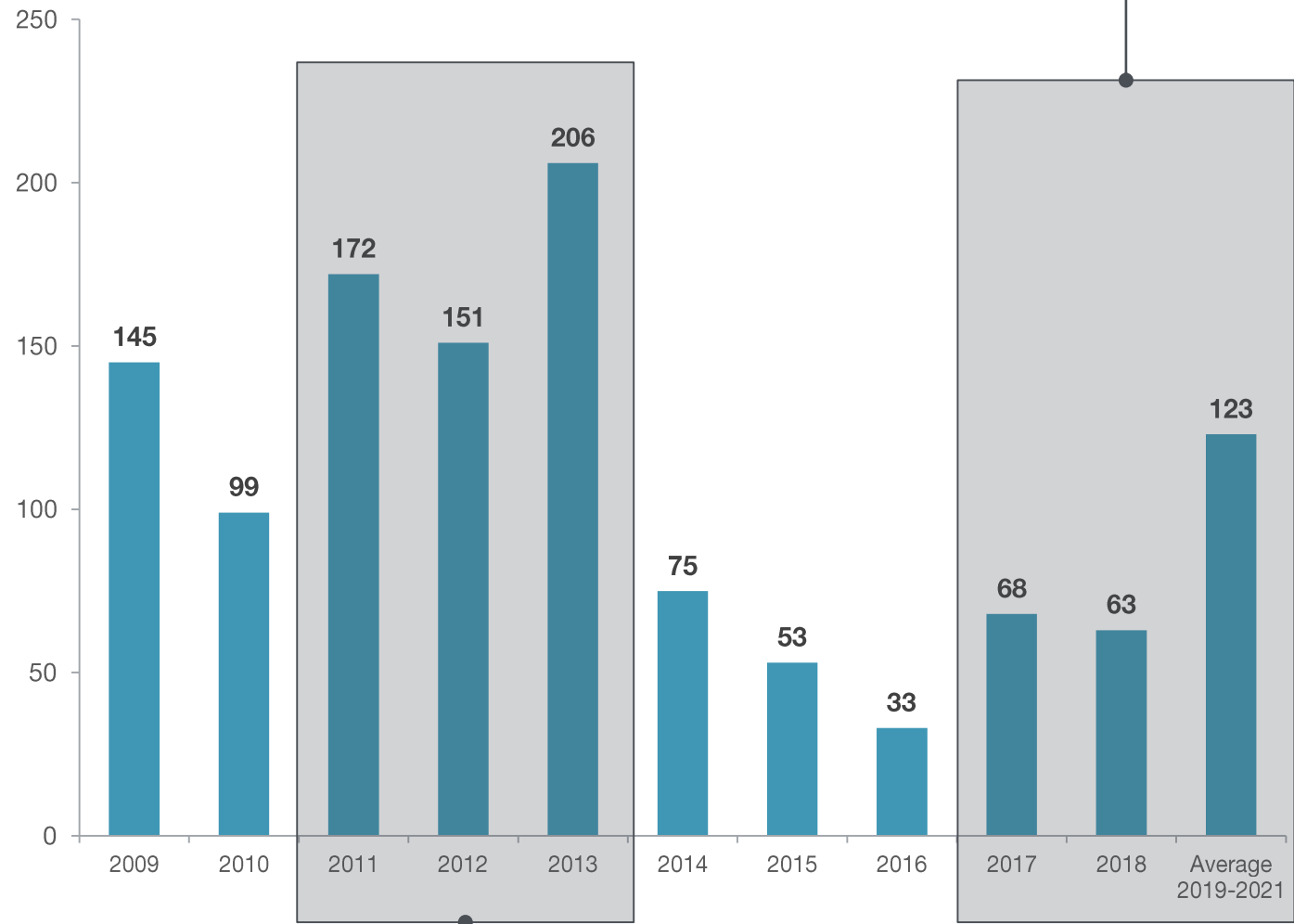
Source: Company Documents as of January, 25 2019

# Subsea Tiebacks to Gain Market Share in the Upcoming Investment Cycle

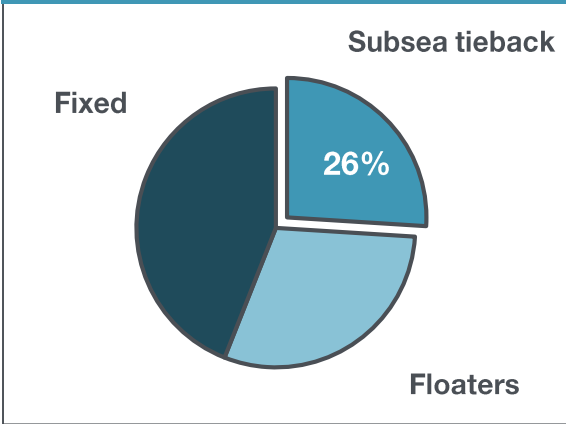


RYSTAD ENERGY

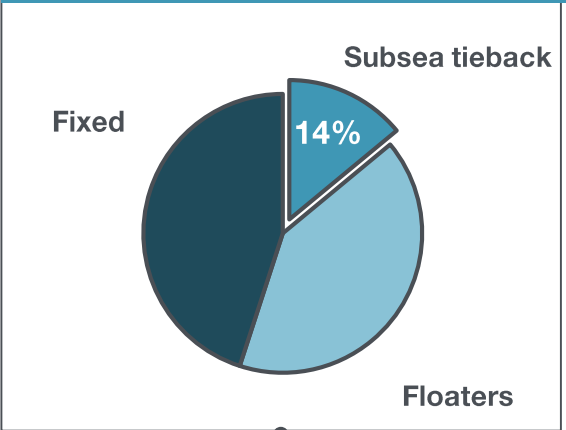
Offshore greenfield CAPEX by commitment year  
USD Billion (real)



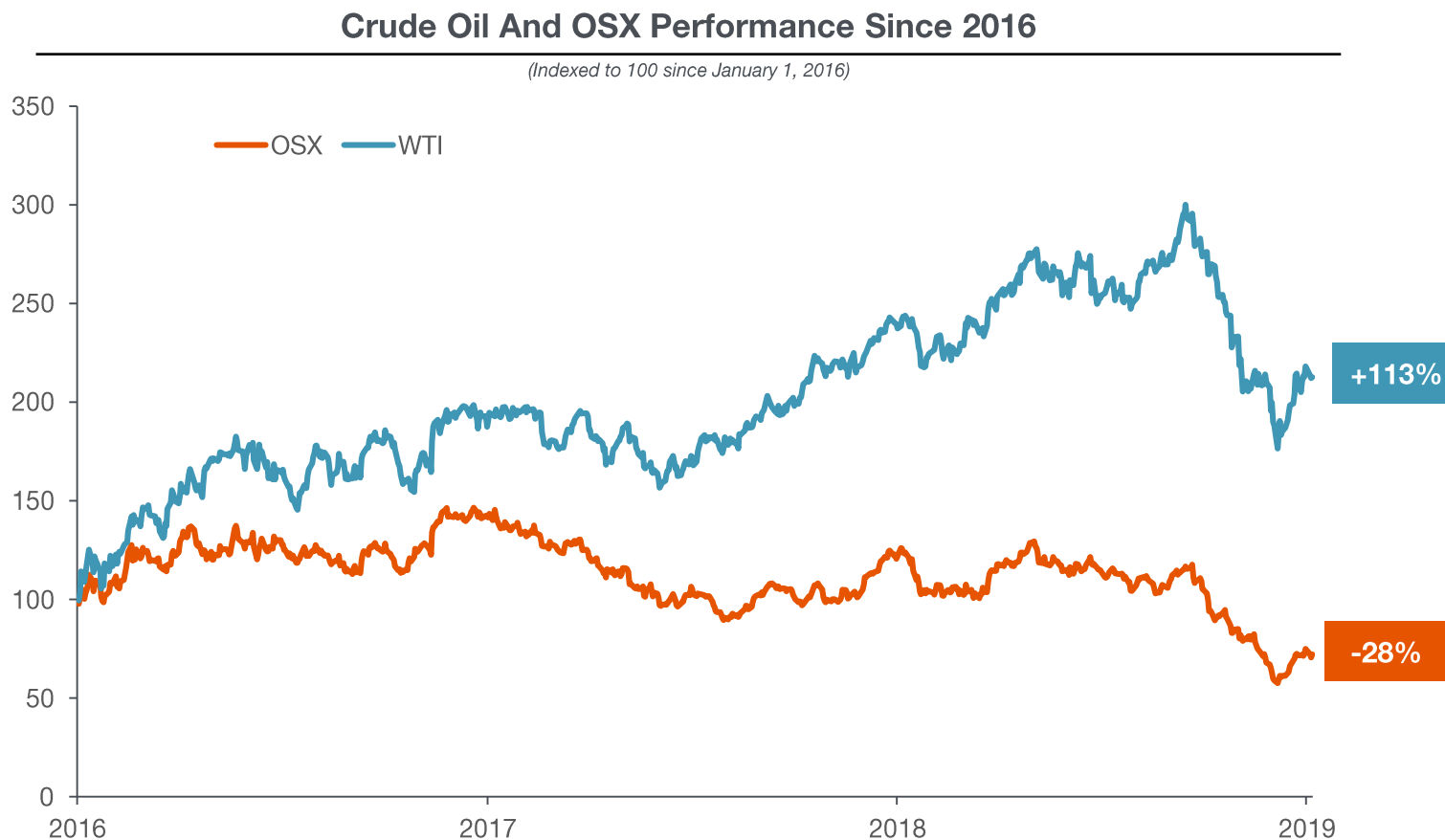
2017 -2021 Solution Market Share



2011 -2013 Solution Market Share



# Disconnect Between Oil Prices and Share Values

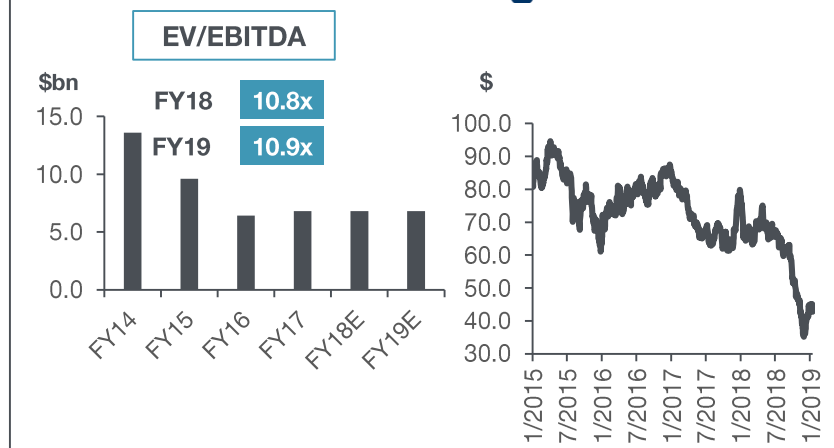


Source: Capital IQ as at 25/01/2019

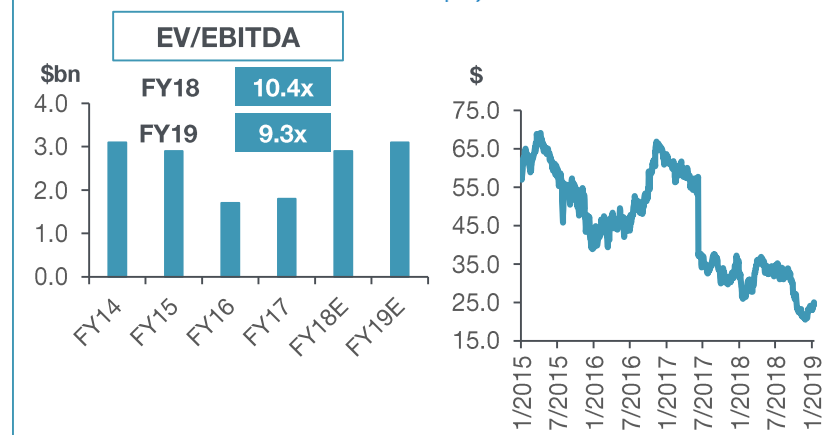


# Public Company Trading Performance

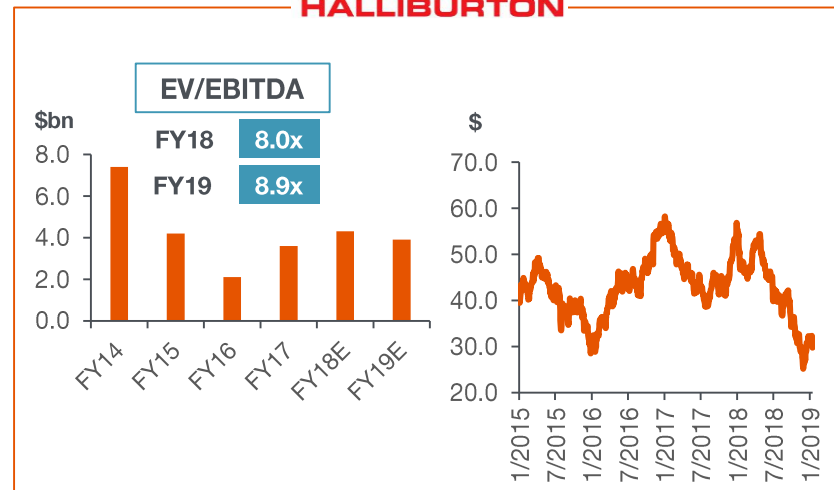
## Schlumberger



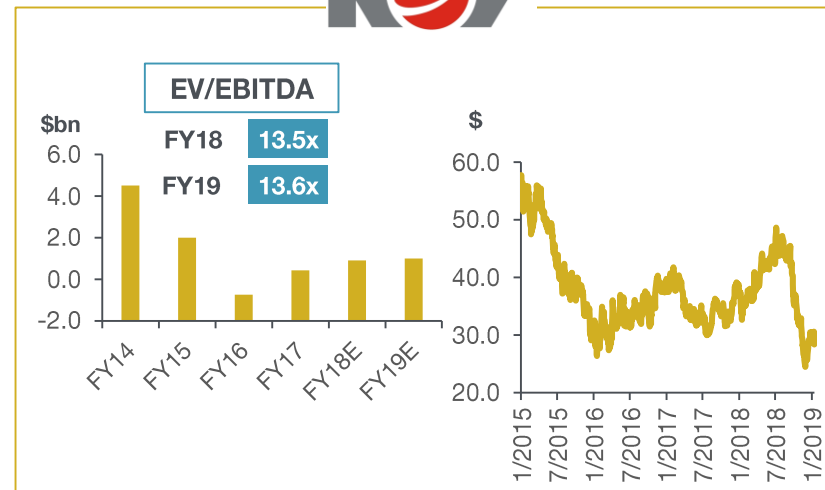
## BAKER HUGHES a GE company



## HALLIBURTON



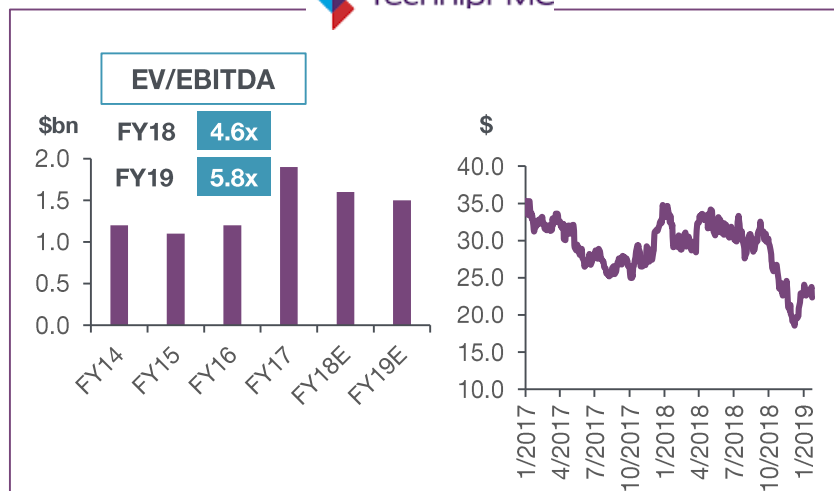
## NOV



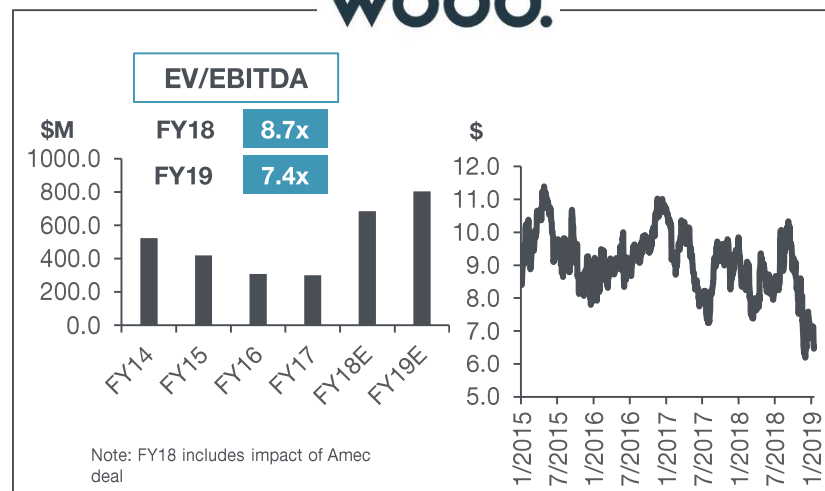
Source: Capital IQ as at 11/02/2019

# Public Trading Company Performance

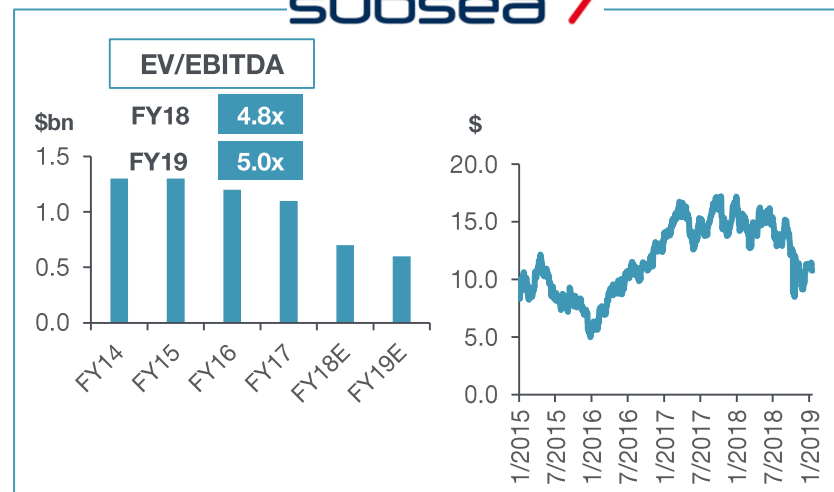
TechnipFMC



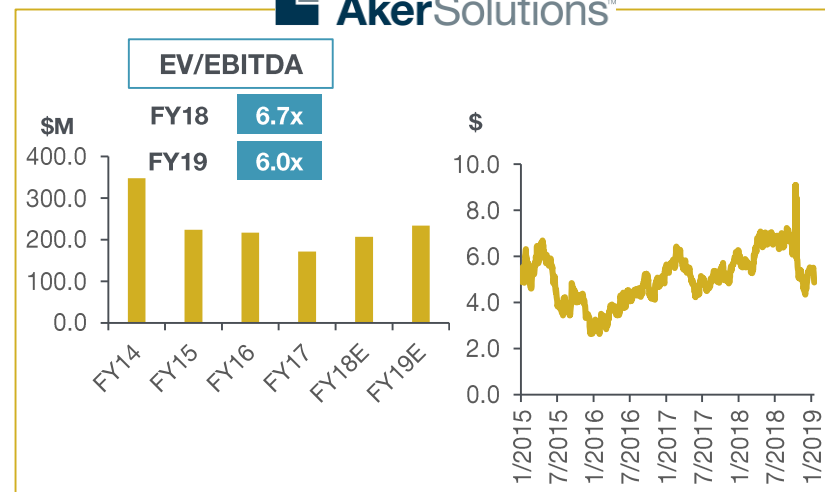
wood.



subsea 7



Aker Solutions



Source: Capital IQ as at 11/02/2019

# Major Transactions

**Schlumberger** **SHEARWATER**



ROWAN  
COMPANIES



**WorleyParsons**  
resources & energy

**JACOBS**

**wood.**



**BAKER  
HUGHES**  
a GE company



**WorleyParsons**  
resources & energy



**Transocean**



**OCEAN RIG**



**Transocean**

**Songa  
Offshore**

## Key Investment Themes

Offshore Drilling Consolidation

New Offshore Business Models

Use of Stock in Transaction Structures

Logos for example only, not exhaustive



## Other Dynamics

### Example New Entrants



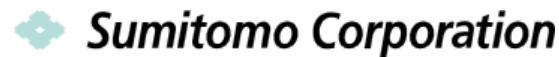
### Balance Sheet Restructurings



Logos for example only, not exhaustive

## Subsea Deal Activity

### Subsea



Logos for example only, not exhaustive

# Changing Face Of The UKCS

- Heavily subscribed licensing rounds
- Committed majors – BP, Shell, Total, Equinor
- Multiple new entrants
- “Carlsberg Regulator”
- Infrastructure investors
- Exploration success
- Multiple new project sanctions
- Tight cost control
- BUT:
  - Slow ramp in activity
  - Delayed maintenance work
  - Continued pain and pressure in supply chain



## Operators

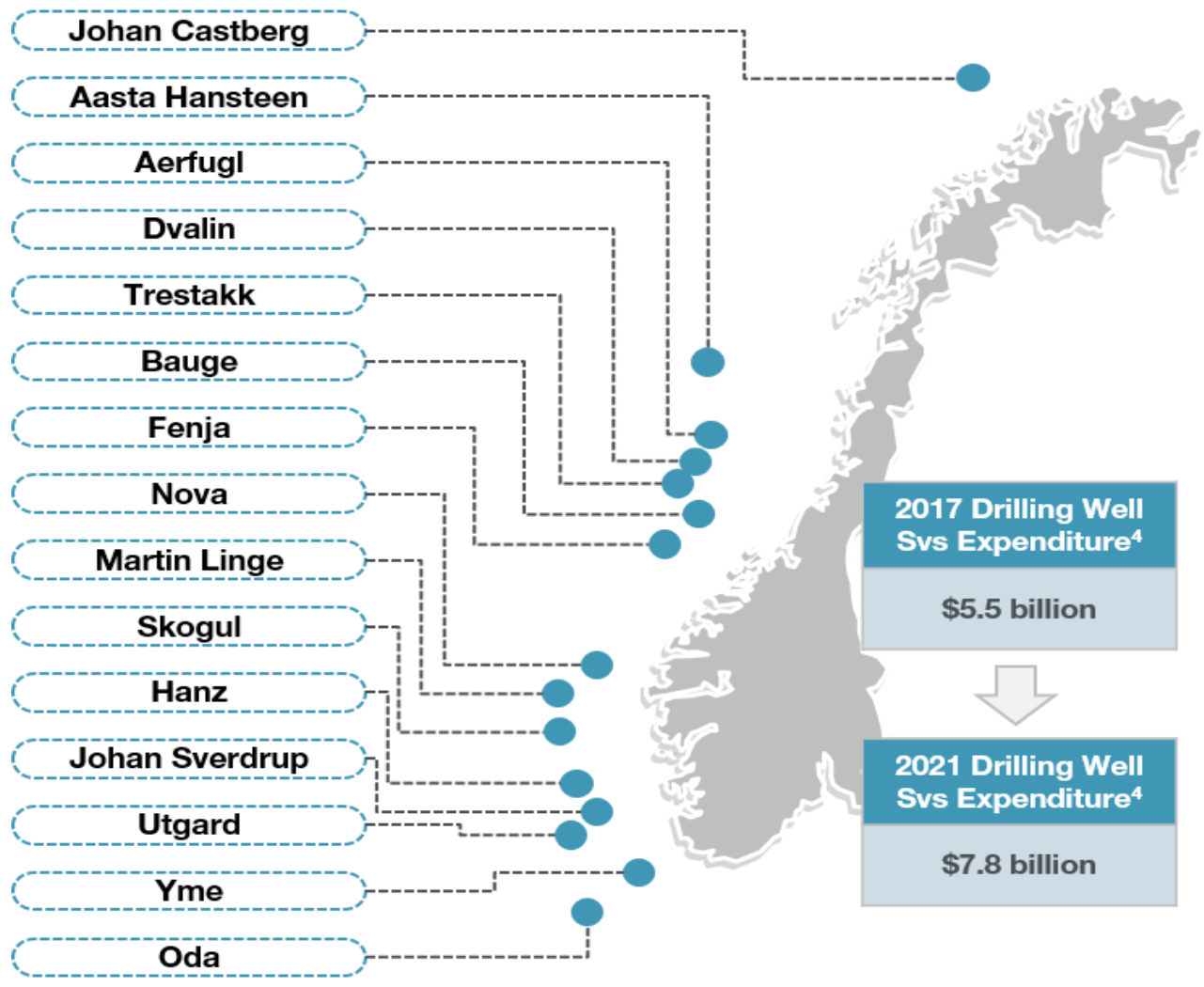


## Industry Bodies



Logos for example only, not exhaustive

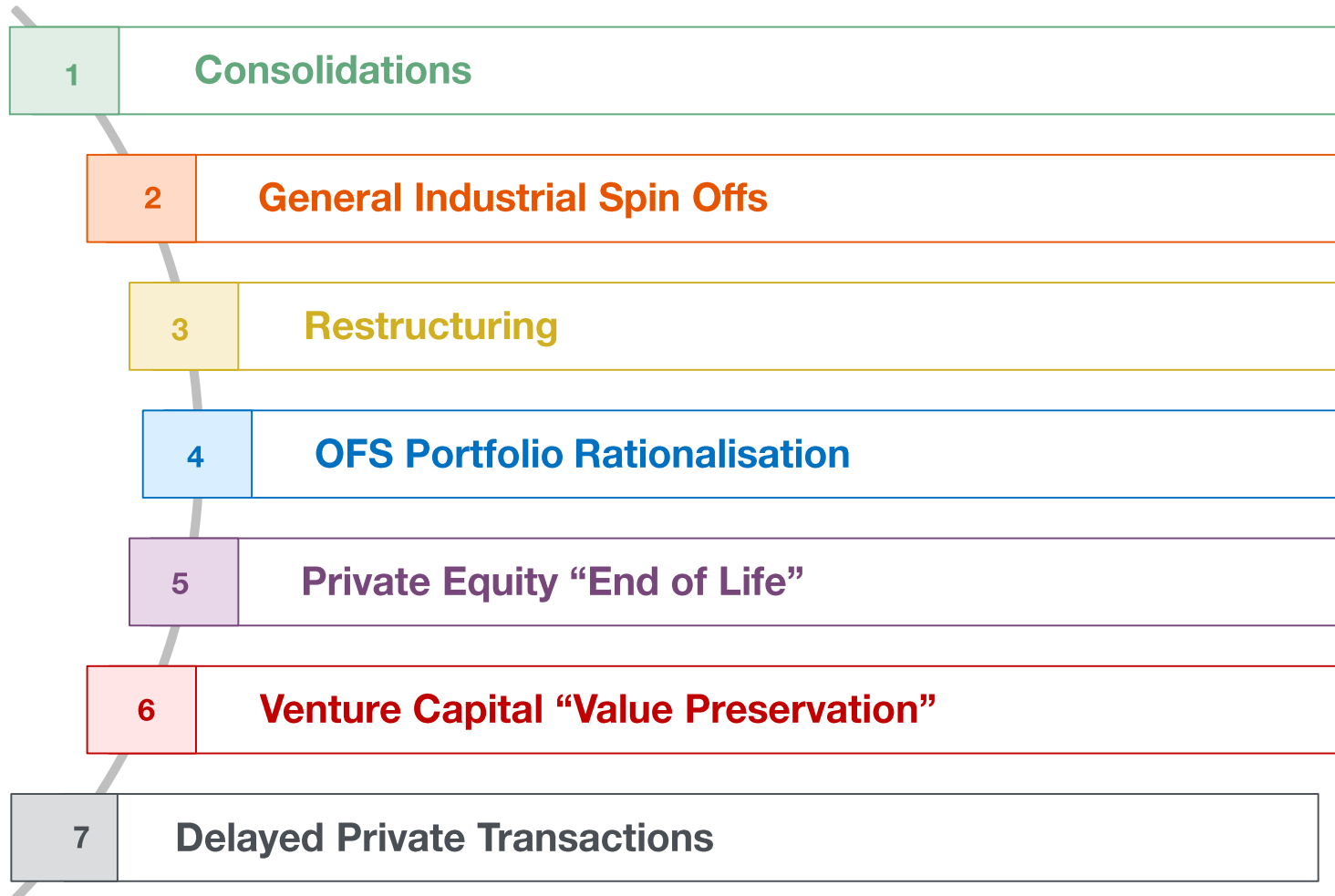
# The NCS Is Enjoying A Drilling Upcycle



Norwegian Petroleum Directorate.



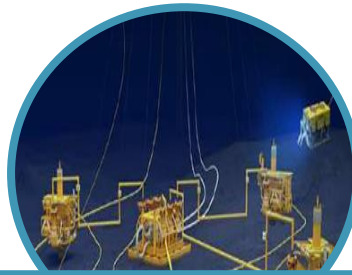
# Near Term Transaction Drivers



# Example Investment Themes



**Data / Digitalization**



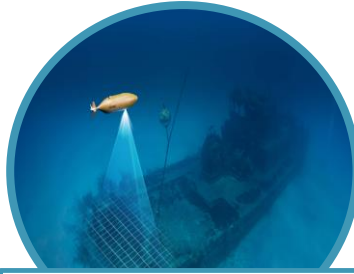
**Subsea Life of Field**



**Offshore Wind**



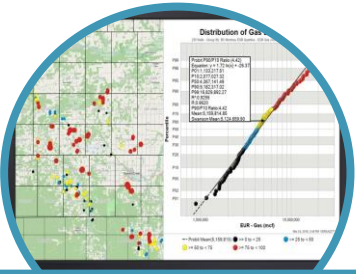
**AI / Robotics /  
Automation**



**AUV's**



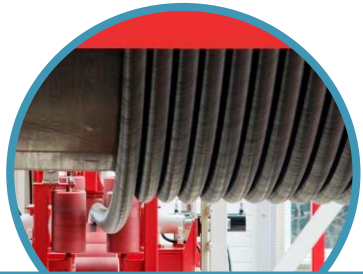
**Non Welded Pipelines**



**Software**



**Corrosion  
Management**



**Composite Materials**

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