Offshore Oil and Gas Market

IMSF, Høvik 22.05.2012

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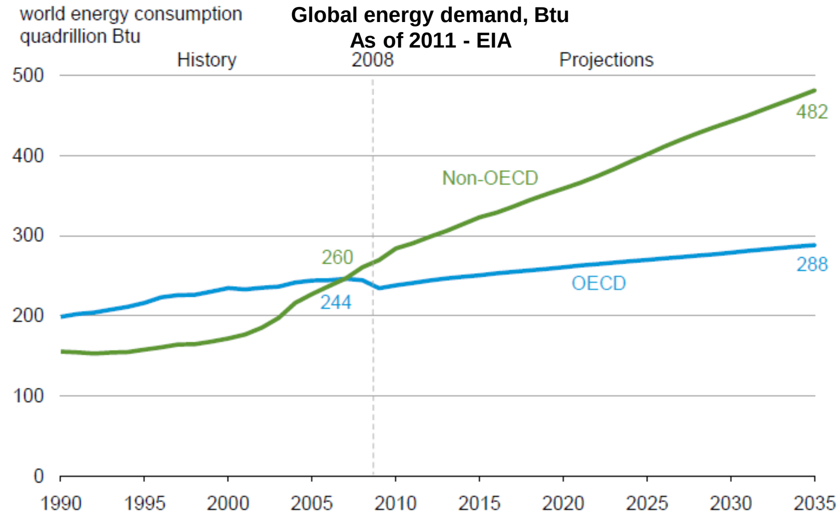
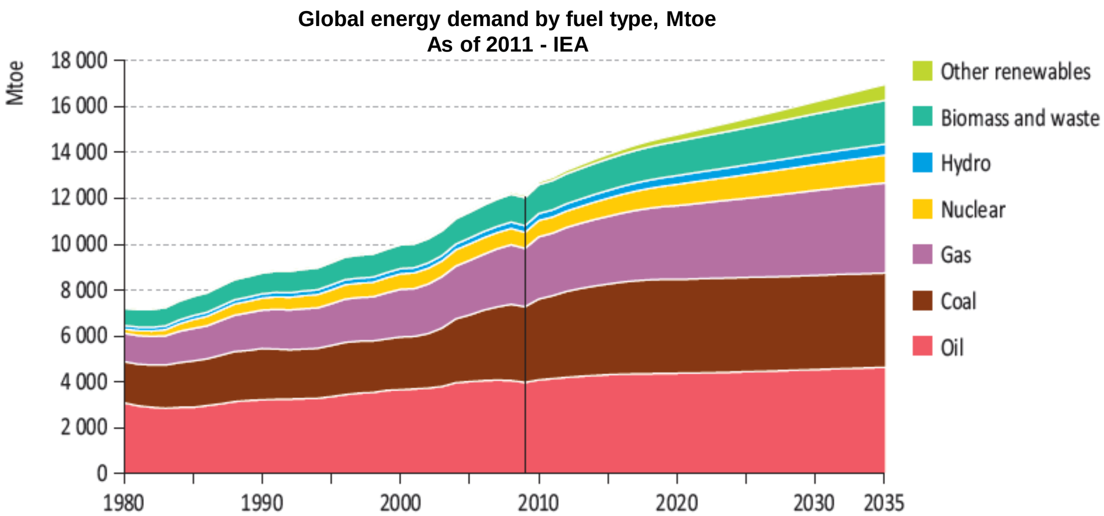
Agenda

- Global demand and oil price
- Why go offshore?
- Key offshore regions
- Offshore fleet

Global Supply and Demand – growth is expected

- Long term growth is expected
  - IEA estimated energy demand growth by 40% by 2035
- Non-OECD countries drive the increase in energy demand
  - China and India will account for half of the growth by 2035.
- Slow change in fuel mix.
  - Gas (31%) and non-fossil fuel (34%) will see highest growth by 2035.





Source: eia, iea

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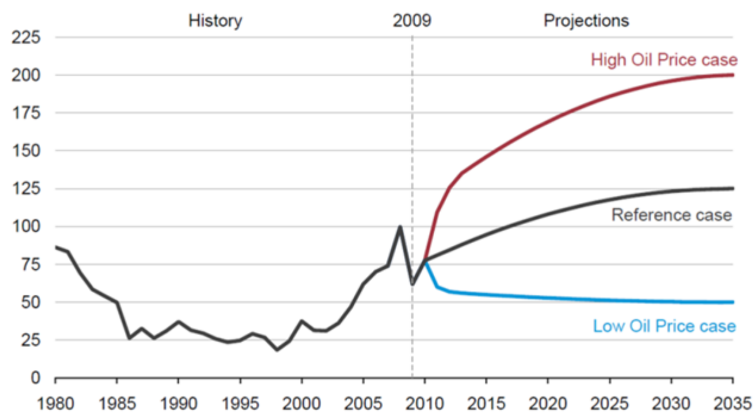
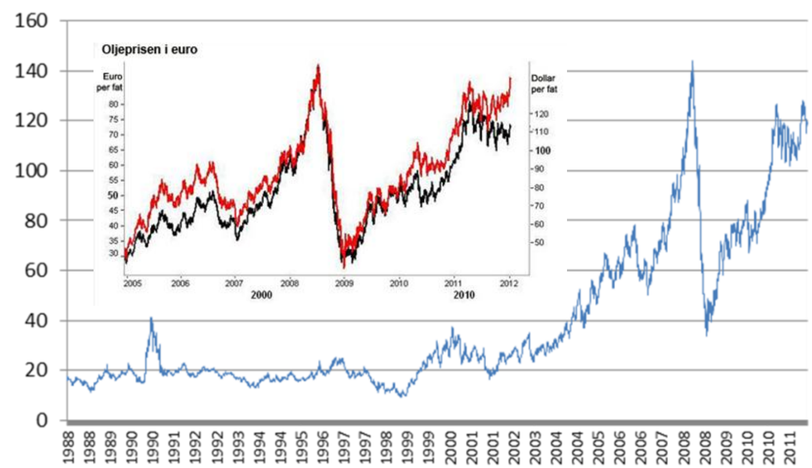
Oil Price Development

- Volatile price last years and hard to predict for the future.
- OPEC communicates oil price at $100/barrel
  - Has built up under high prices the last years
- OPEC spare capacity only 3,9-2,7 million barrels a day.
  - Most OPEC producers will have problems to ramp up production

Crude oil price forecast, $/barrel
As of 2011 - EIA



Crude oil price, Europe brent spot - dollars per barrel
As of 2012



Source: eia

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Why going offshore?

High risk, but huge potential offshore

- Restricted access to new business opportunities in major producing countries
- Lack of new big discoveries in mature onshore oil and gas regions
- Low spare production capacity globally
- Offshore drilling and exploration is less sensitive to crude oil price fluctuations
- Since 2000 more than half of global reserves discovered was in offshore areas



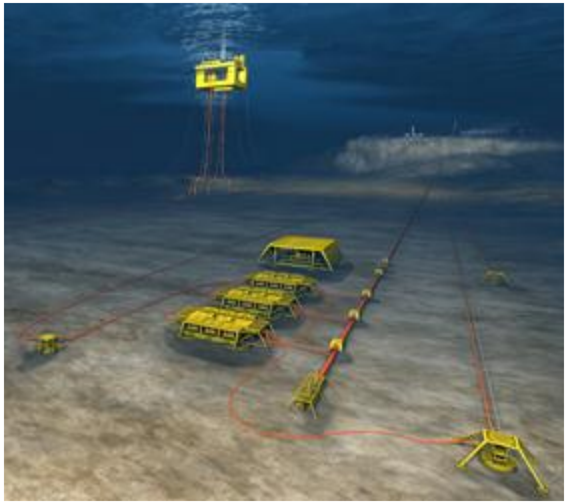

Offshore Trend – more complex

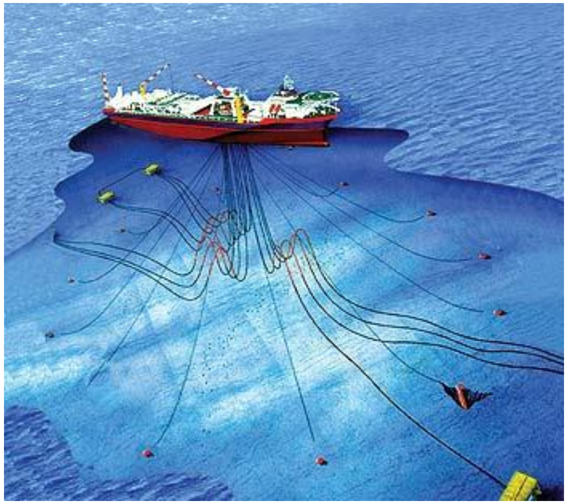
Global trend:

- Deeper water
- Harsher
- More remote

Solution:

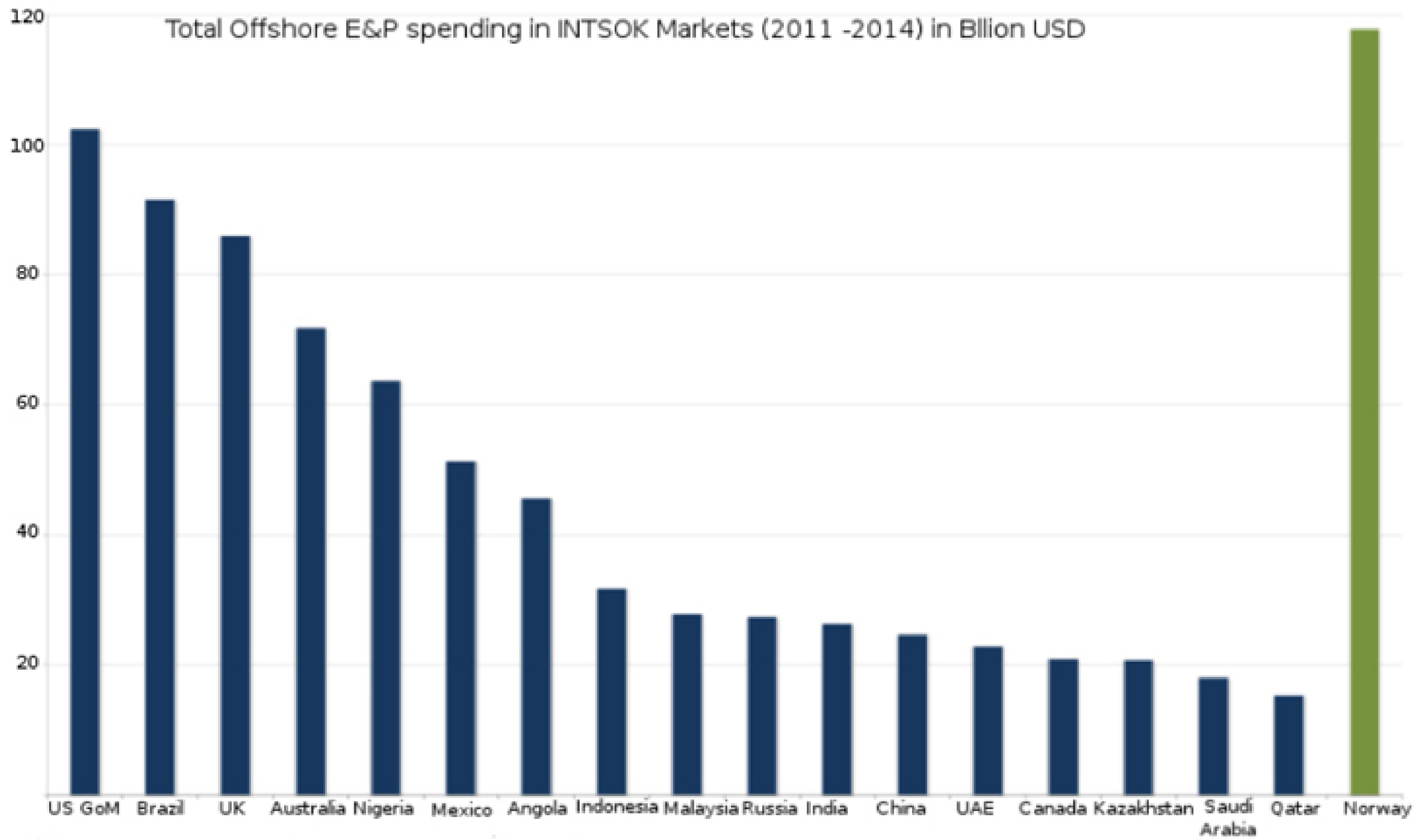
- Larger & more specified units
- Larger crews & supplies
- Remote operations
- New technologies





Offshore Investments by Country

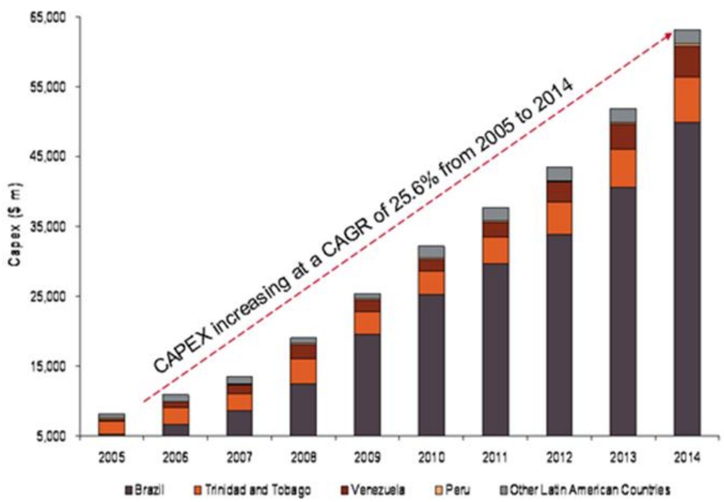
- Total investments of approximately $ 300 billion in 2012.



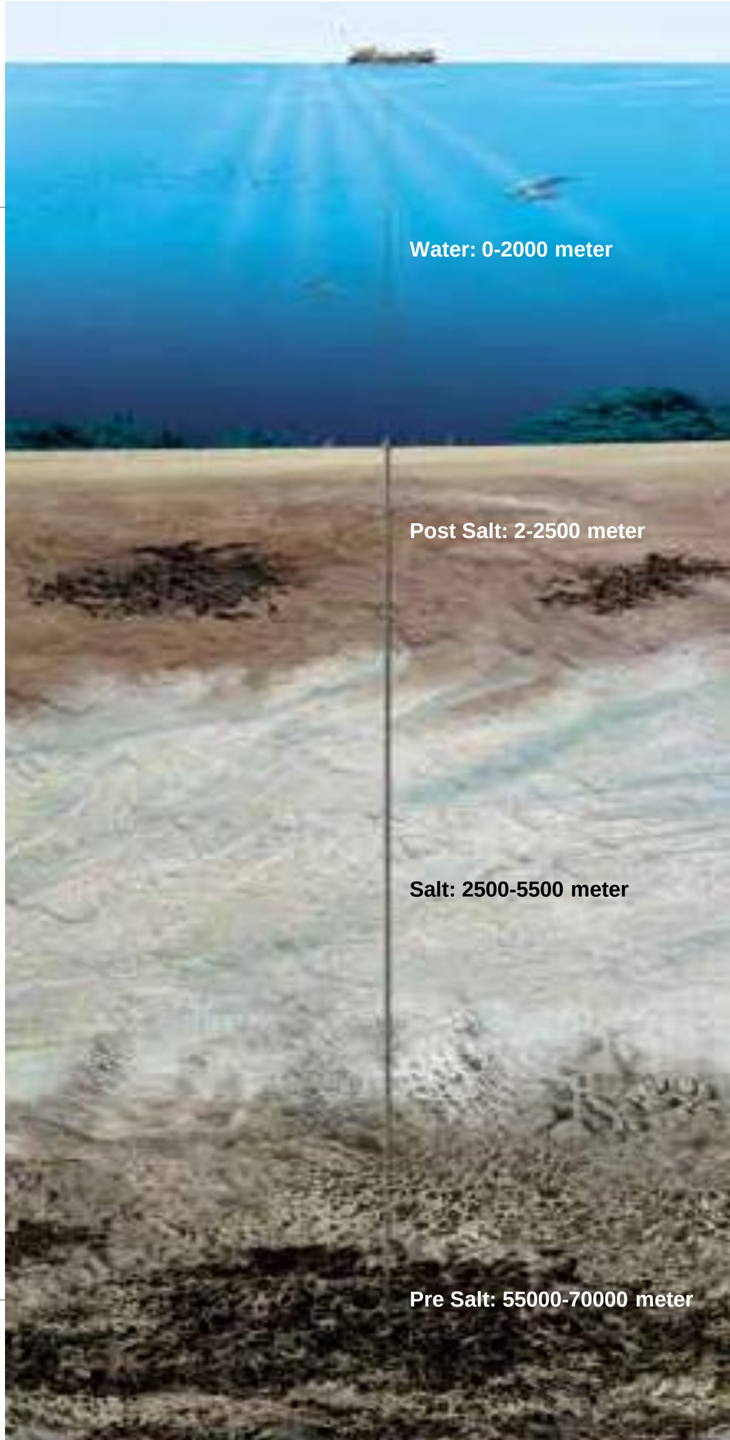
Source: INTSOK

Brazil – huge exporter in a few years

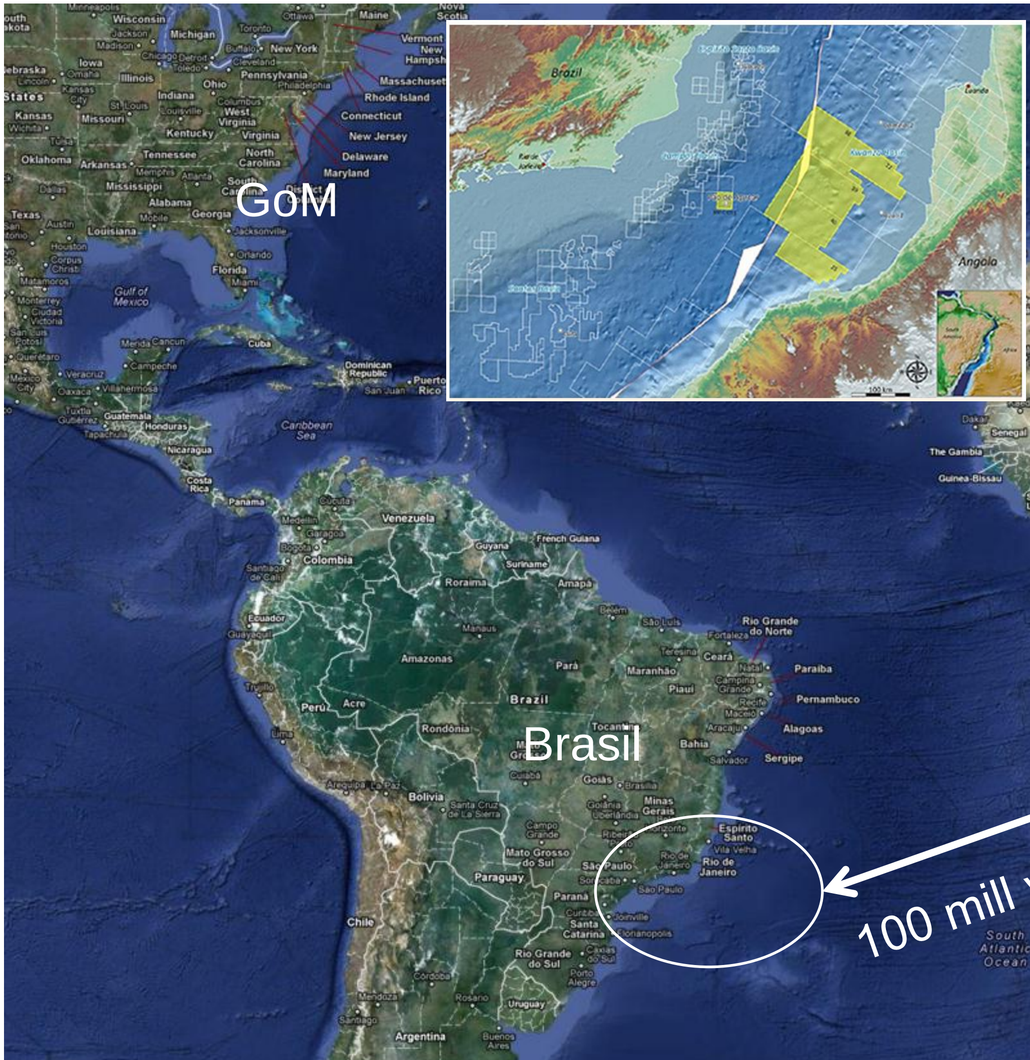
- Firs pre-salt discovery in 2008
- Huge technical challenges
- High focus on price
- Not harsh, but deep
- Huge ambitions, its expected:
  - 1000 wells
  - 500 supply vessels
  - 28 drill ships
  - 30-50 FPSOs

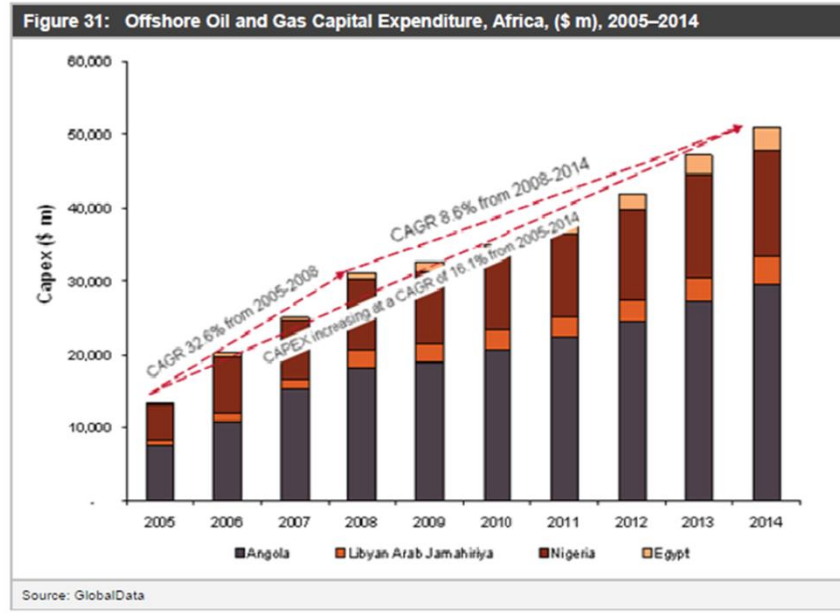


Source: Global Data



Angola – “probably the most promising area on earth”



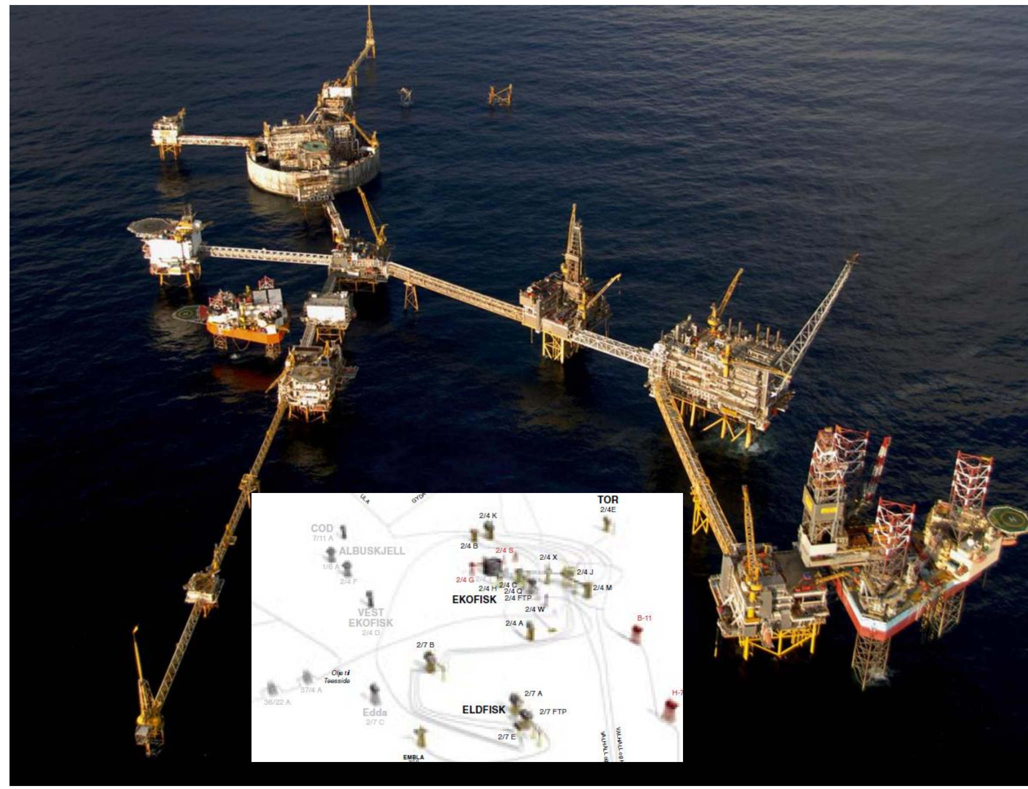


Source: Global Data, Statoil

Norwegian Continental Shelf – high investments

- Production down, but investments up
- New technology maintain production
- Production rate:50%,
  - Globally:35%

Gulftide at Ekofisk 1971



Ekofisk 2012 -

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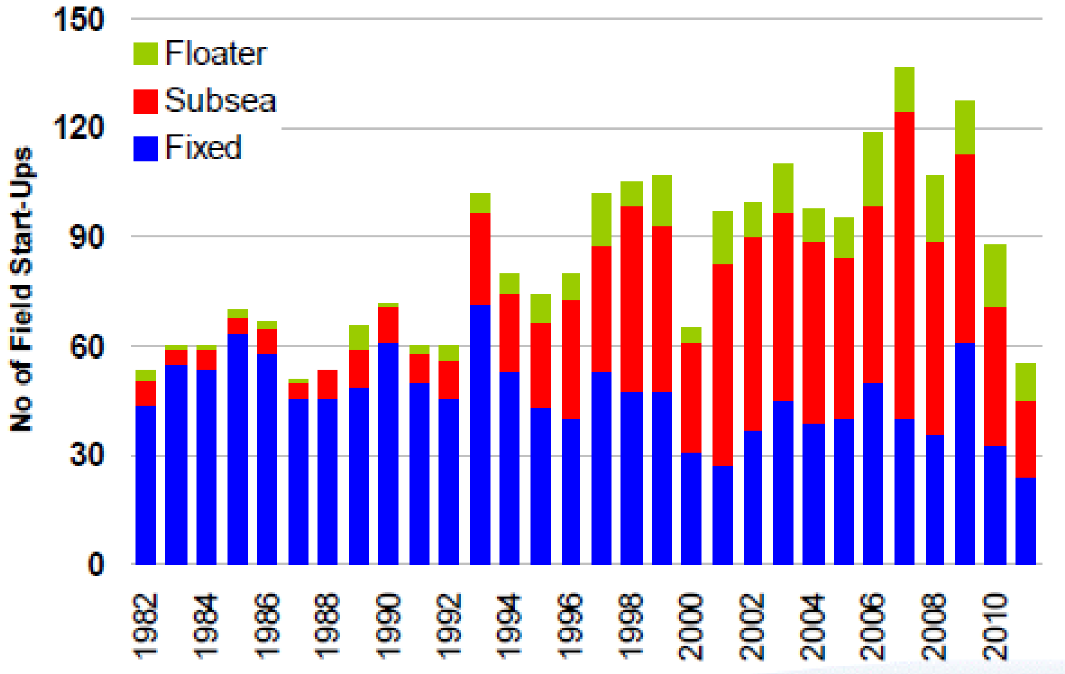
Field start-ups by type – change in concept selection

- Fixed: shallow water
- Subsea: marginal fields with established infra structure
- Floater: deep water fields





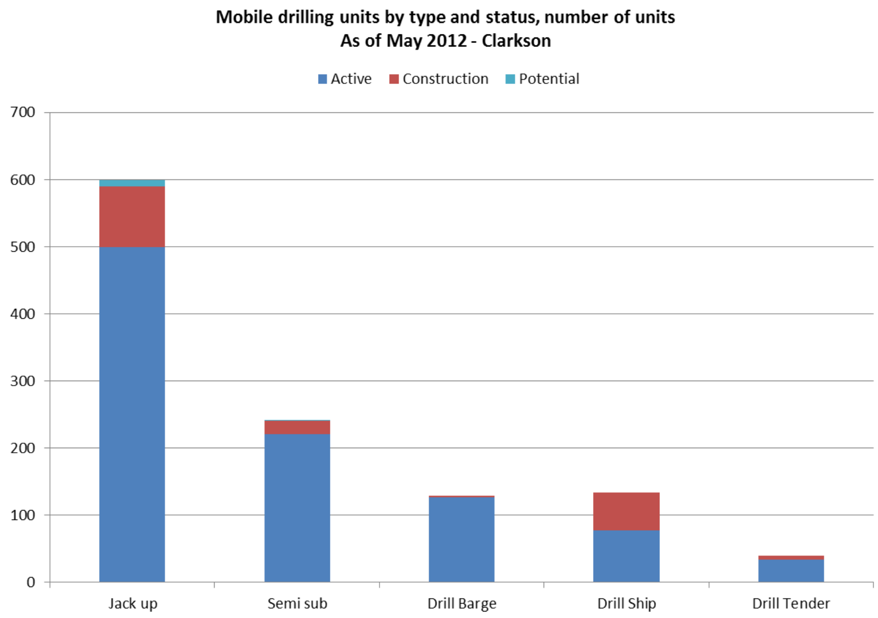


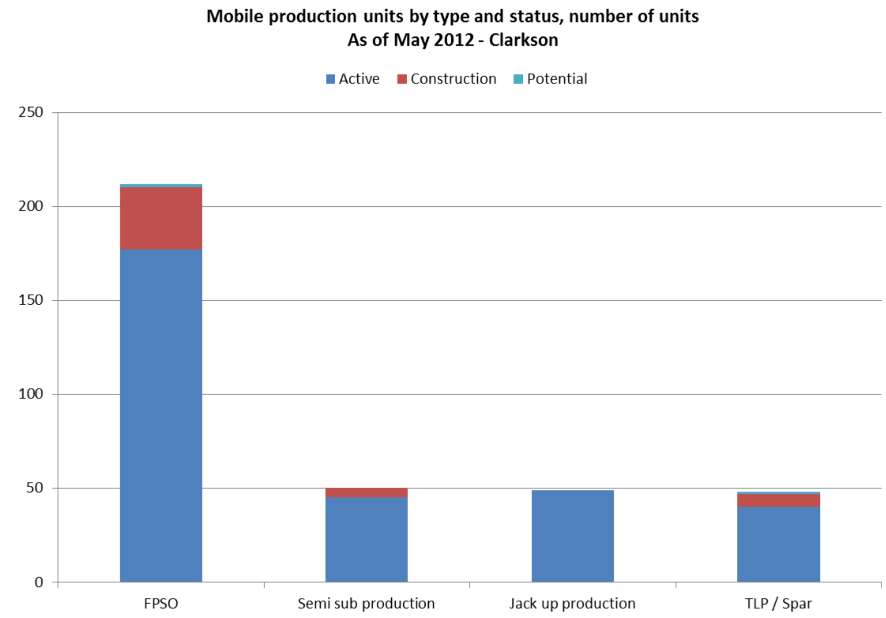
Source: Clarkson

Drilling and Production units by type

- More than 90 new orders in 2011, 55 expected in 2012
- Activity is expected to slow up
- First “option/ first refusal” for a drillship was rejected some months ago
- Jack ups and drill ships are the drivers
- The value of the drill ship orderbook are half of the MODU orderbook.

- 24 new contracts in 2011, 33 in 2012
- Positive perspective in the medium and long term
- Slippage by Petrobras orders has to be expected





Source: Clarkson

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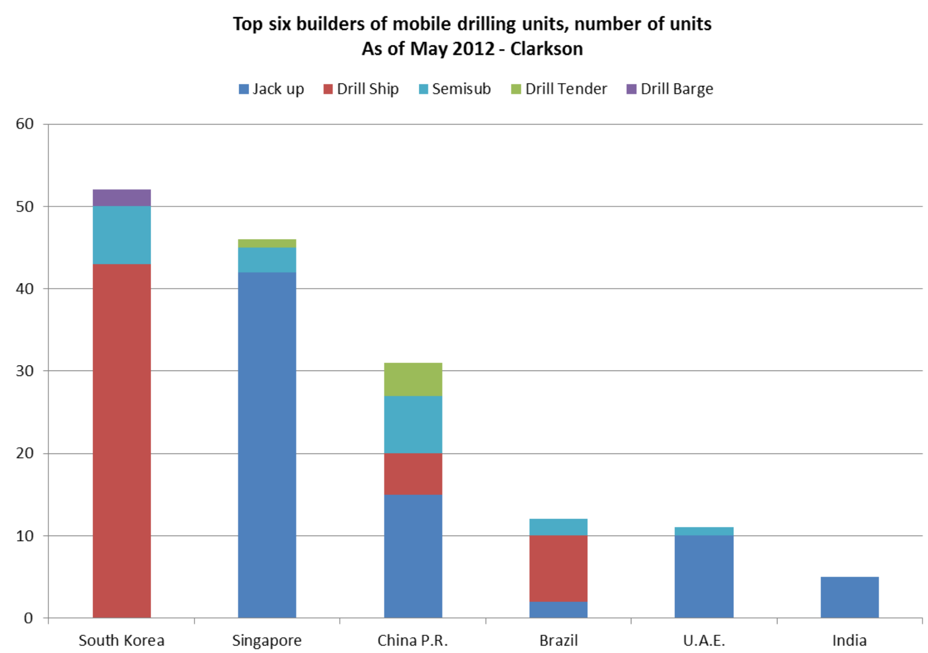
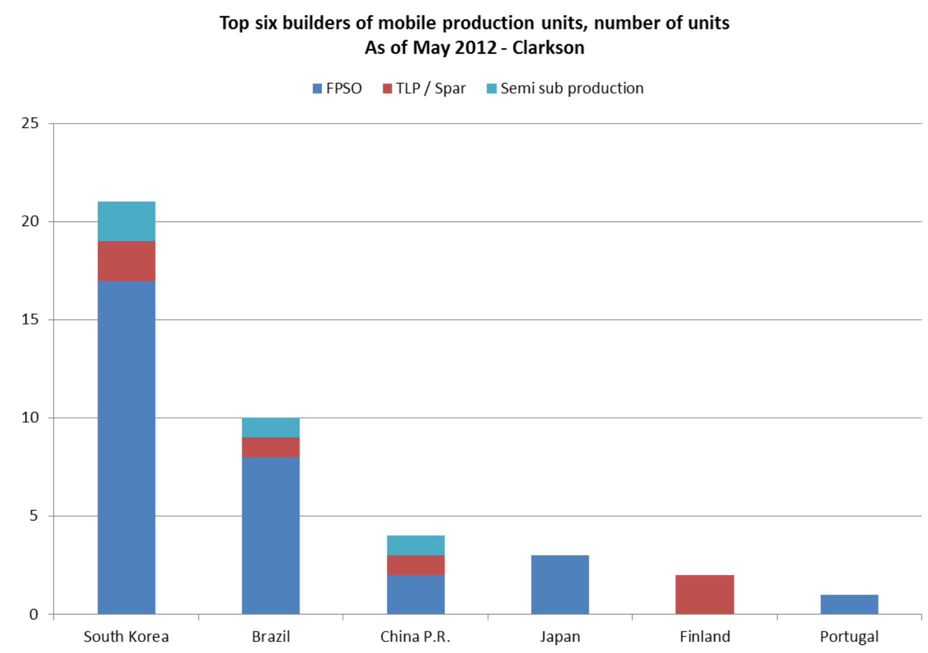
Drilling and Production by builder country

- South Korea builds the largest number of production units and has the most complex one
- China grows fast, want the complex units
    - Delivers the first out of five drillship in 2012

- South Korea builds the most
- High uncertainty around the Brazilian FPSOs





Source: Clarkson

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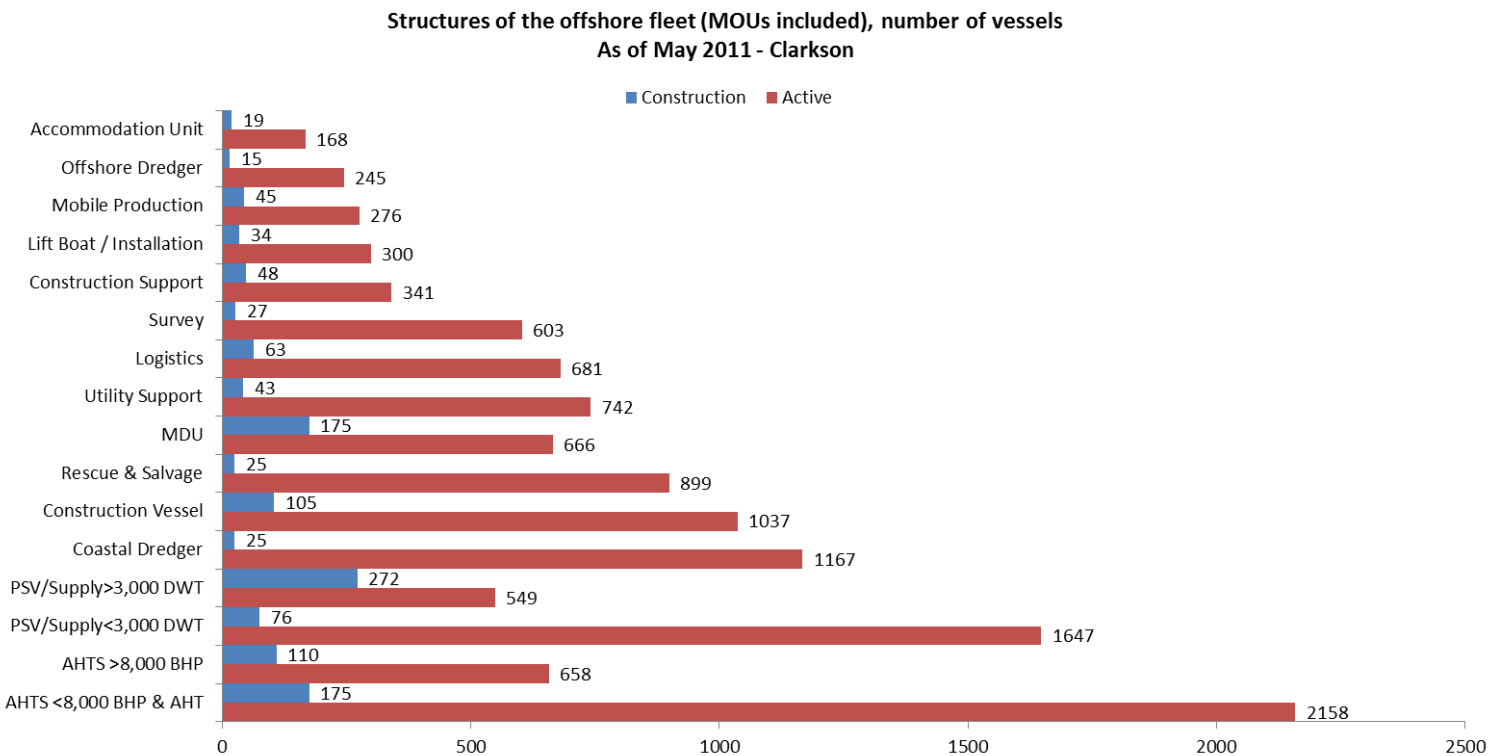
Offshore fleet by type and orderbook.

- Orderbook is not as high as in 2008, but still remains historically large
- High number of AHTS and PSV/ Supply, together it is more than half of the orderbook
- MOPU and MPDU dominates in terms of the investments



Source: Clarkson

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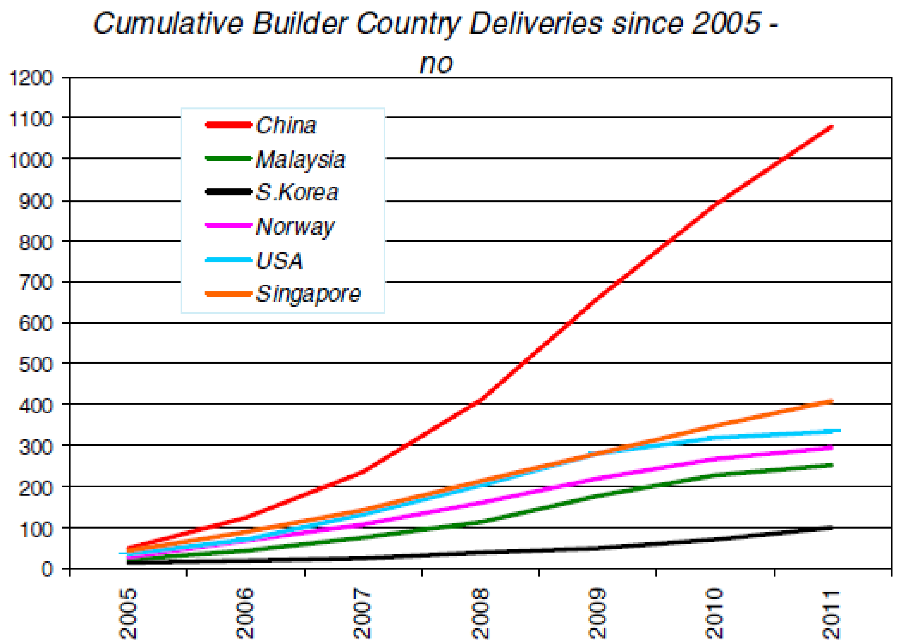
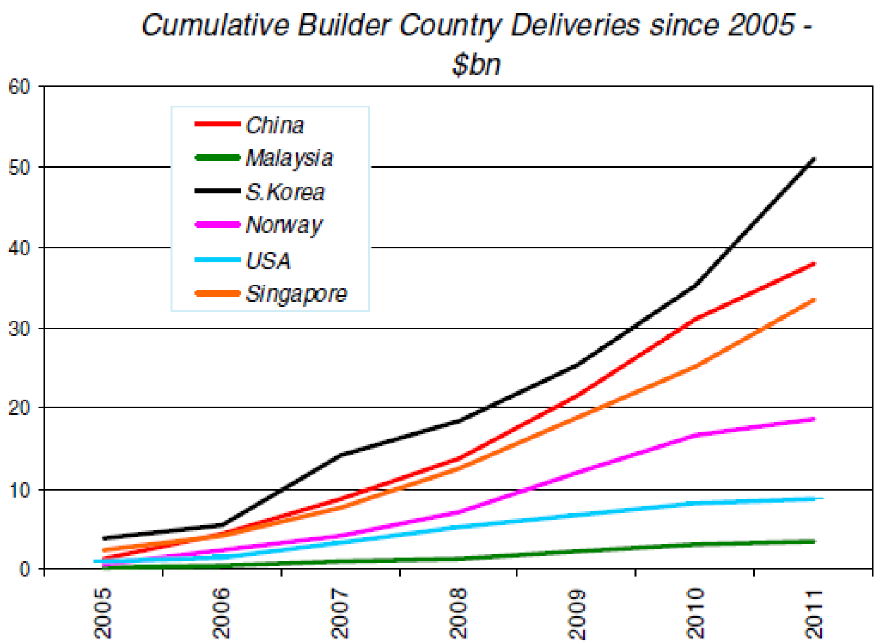
Builder countries by number of vessels and value

- Asia Pacific is still the key region
- China 30% of the orderbook in number of vessels
- Korea has 30% of the value





Source: Clarkson

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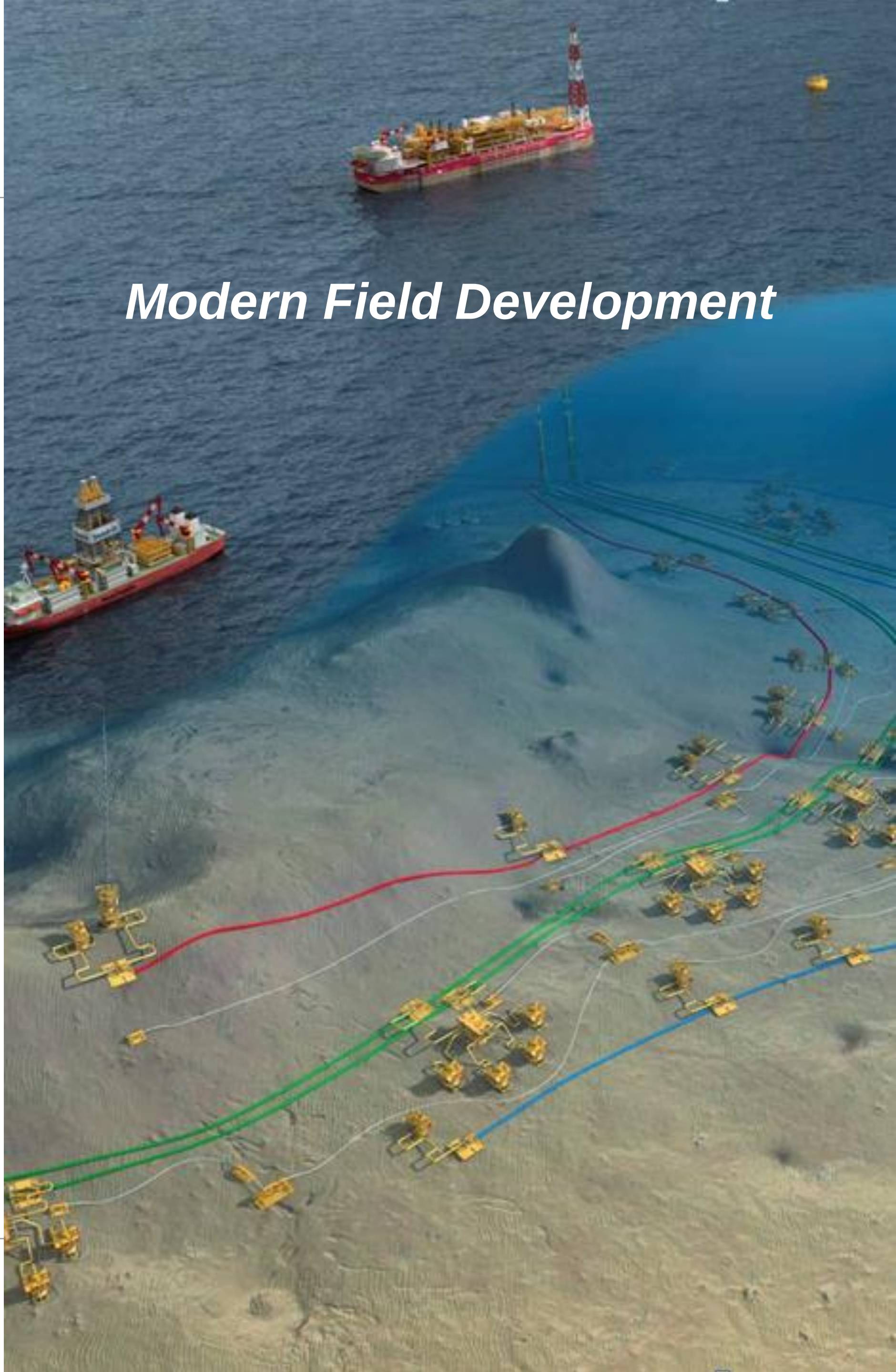
Conclusion

- High offshore activity level and the future looks bright
- Offshore gets deeper, harsher and more remote
- Floating production and subsea will se growth
- Some key areas:
  - Brazil
  - Africa
  - GoM
  - Caspian
  - Asia Pacific



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