

MICEDD

DEEPWATER DEVELOPMENT

28 - 30 March 2023 | Millennium Gloucester Hotel | London, UK

ORGANIZED BY



Quest Offshore

World Oil®

wood.

MCEDD Contractor Forum

Scene Setting

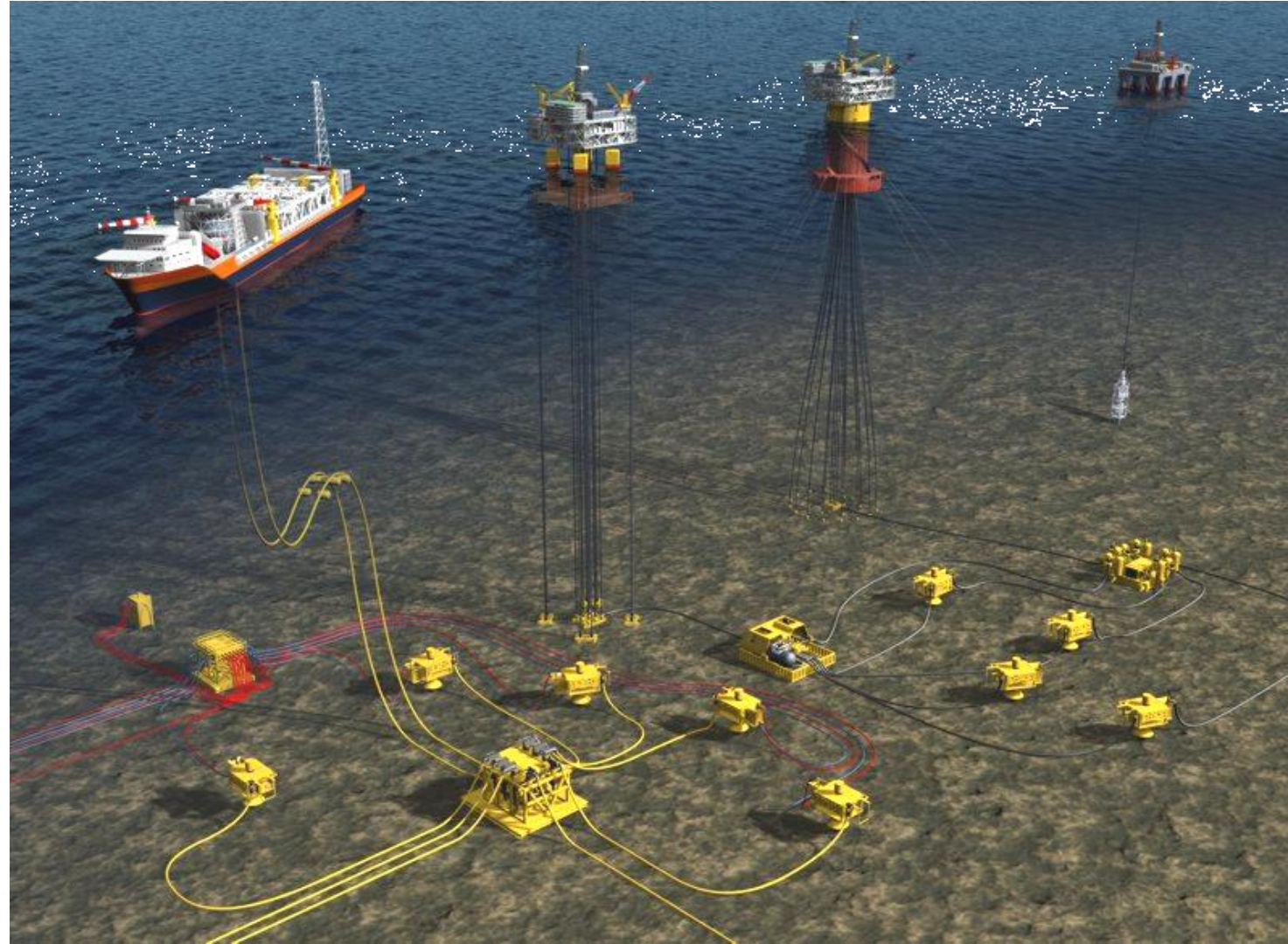
Christopher M. Barton

VP Growth & Development

Oil & Gas Projects

Wood

February 17, 2022



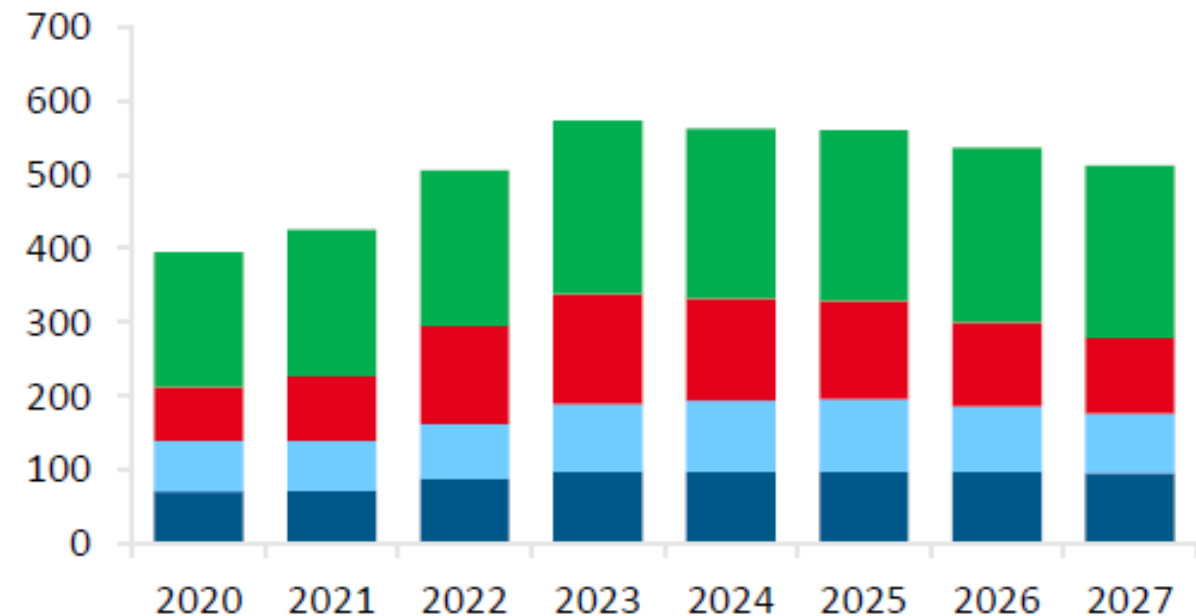
Global upstream capex spending outlook

- Global upstream capex is estimated at \$572B in 2023, up 13% from 2022
- Total offshore capex expected to rise 17% to \$189B, with both deepwater and shelf activity adding 12%

Spending outlook

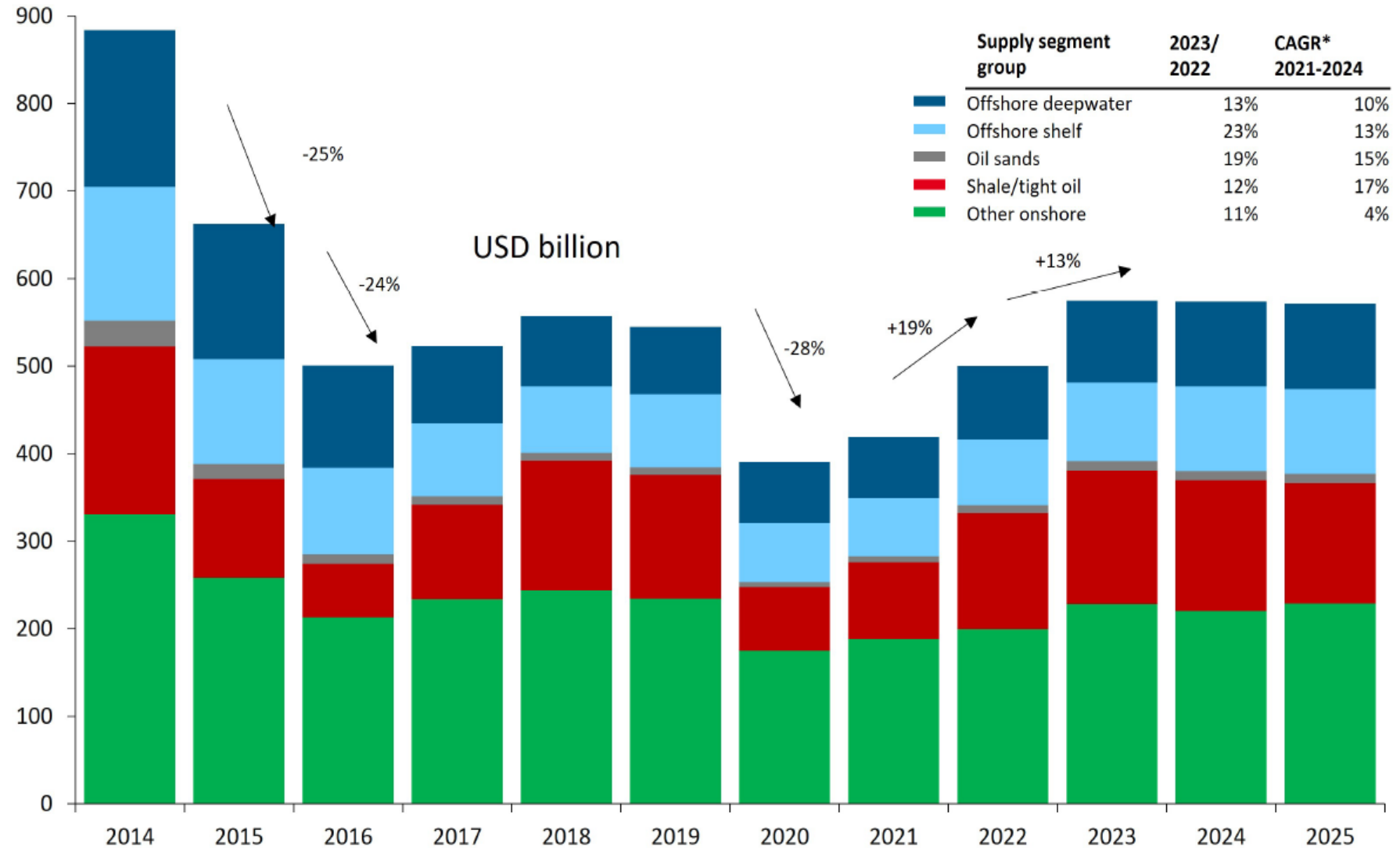
Supply segment	2022-2023	2022-2027 CAGR
Other onshore	11.2%	2.0%
Shale/tight oil	12.2%	-5.0%
Offshore shelf	22.6%	1.5%
Offshore deepwater	11.5%	1.8%

Trends, USD billion

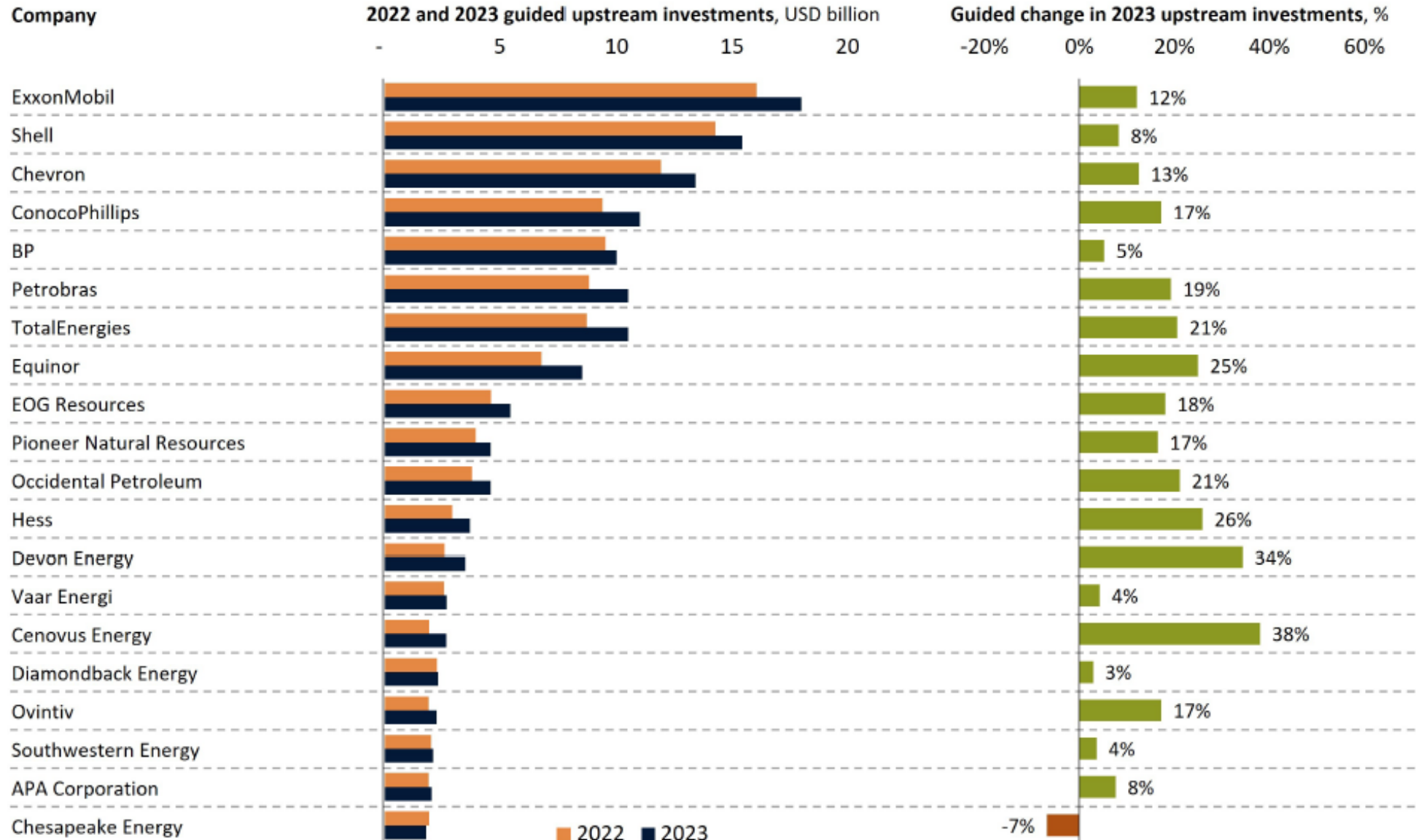


Global upstream investment by supply segment

- Total investments are expected to grow 13% this year
- In short, the guiding analysis supports the global investment outlook that total investments will reach pre-Covid levels this year



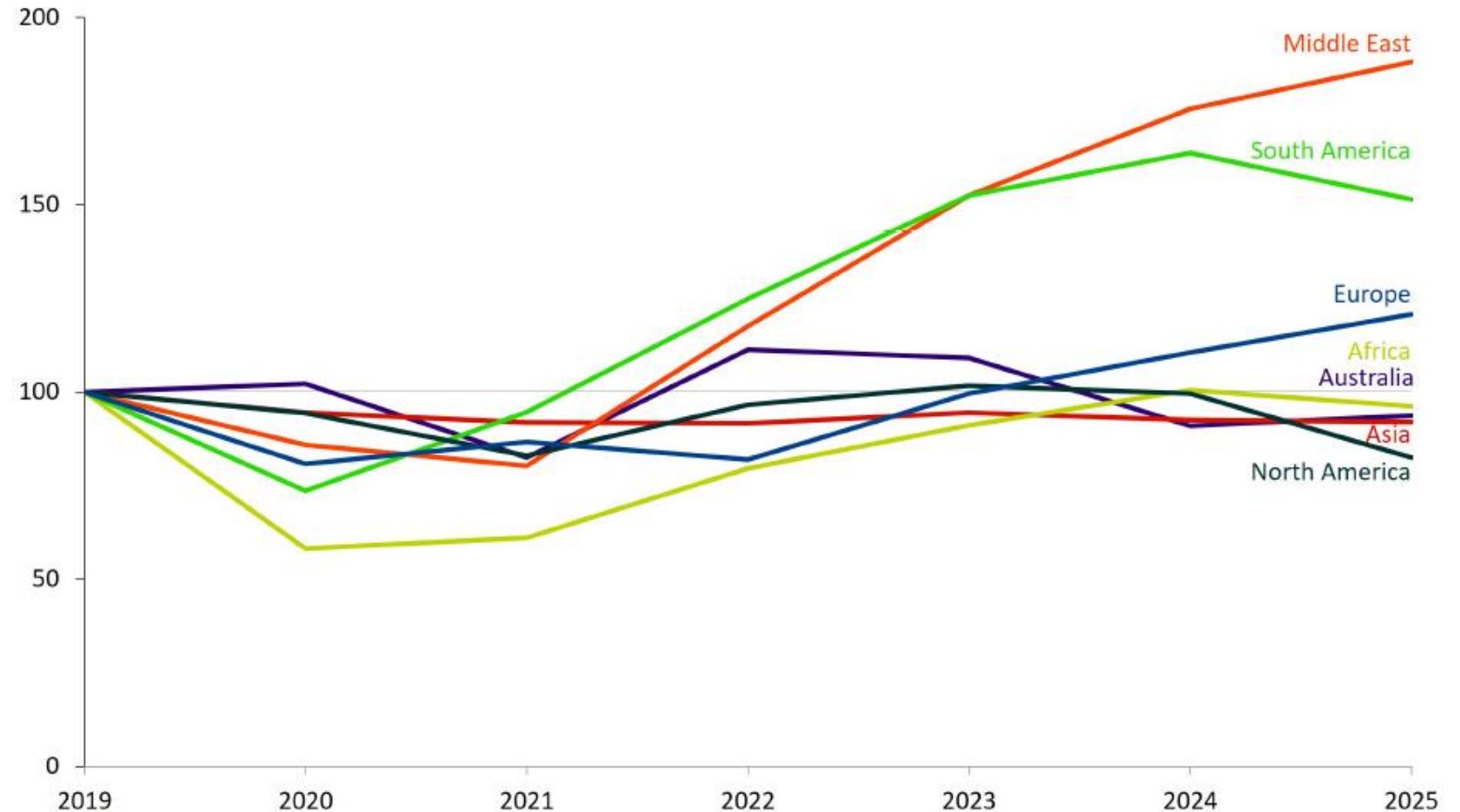
Guided increase in 2023 upstream investment



Offshore investments by region

- In 2023, global offshore investments are forecast to reach \$189 billion, up from \$140 billion in 2020
- South America is expected to dominate the deepwater sector
- Petrobras plans to deploy 16 new FPSOs between 2023 and 2030, while the FPSOs to be deployed by ExxonMobil in Guyana are also driving up demand
- Saudi Arabia, Qatar and UAE all investing heavily in offshore projects

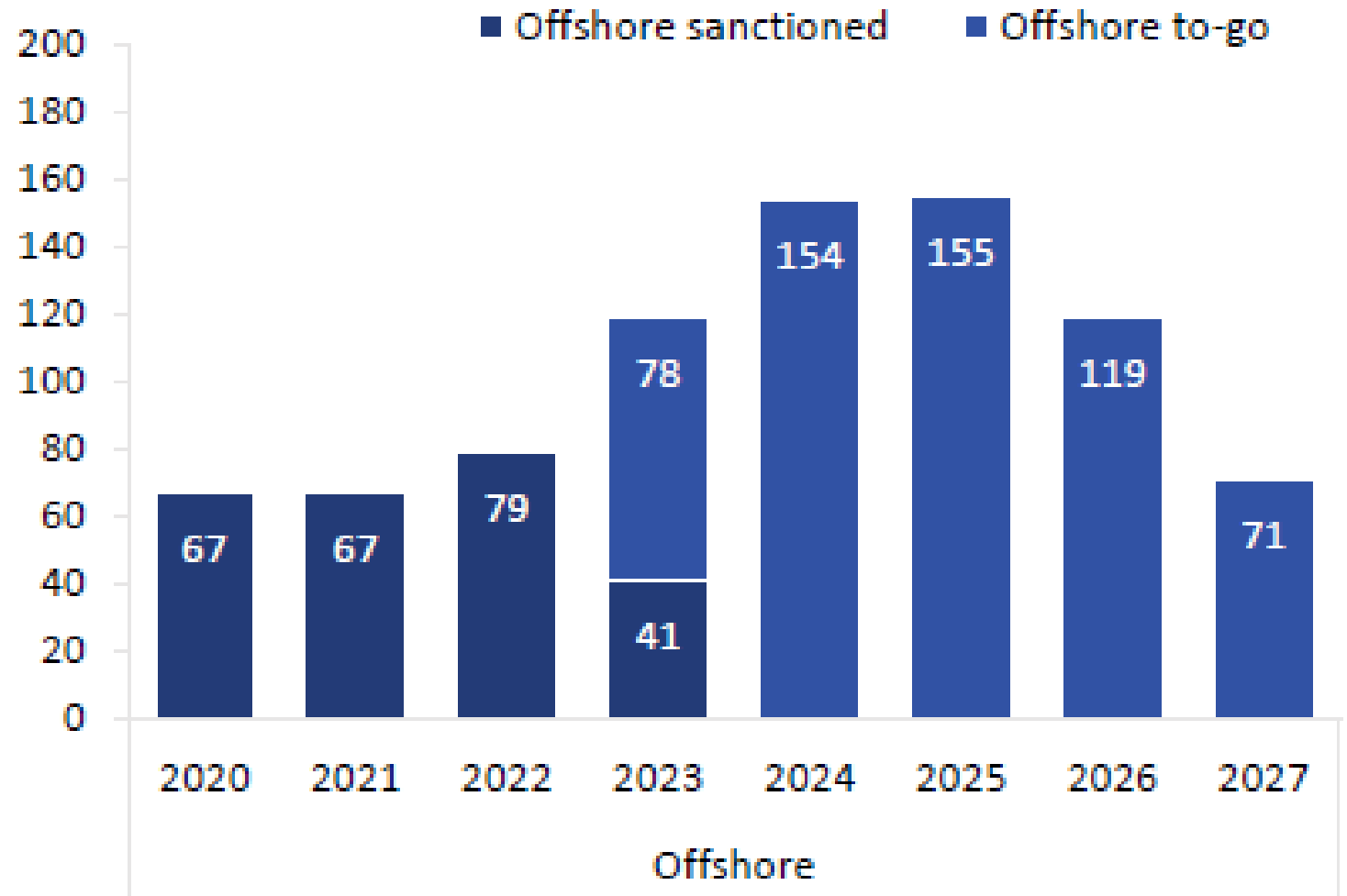
Indexed to 2014, nominal



Project sanctioning by number of projects

- Offshore project commitments are set to rise from 79 in 2022 to 119 in 2023

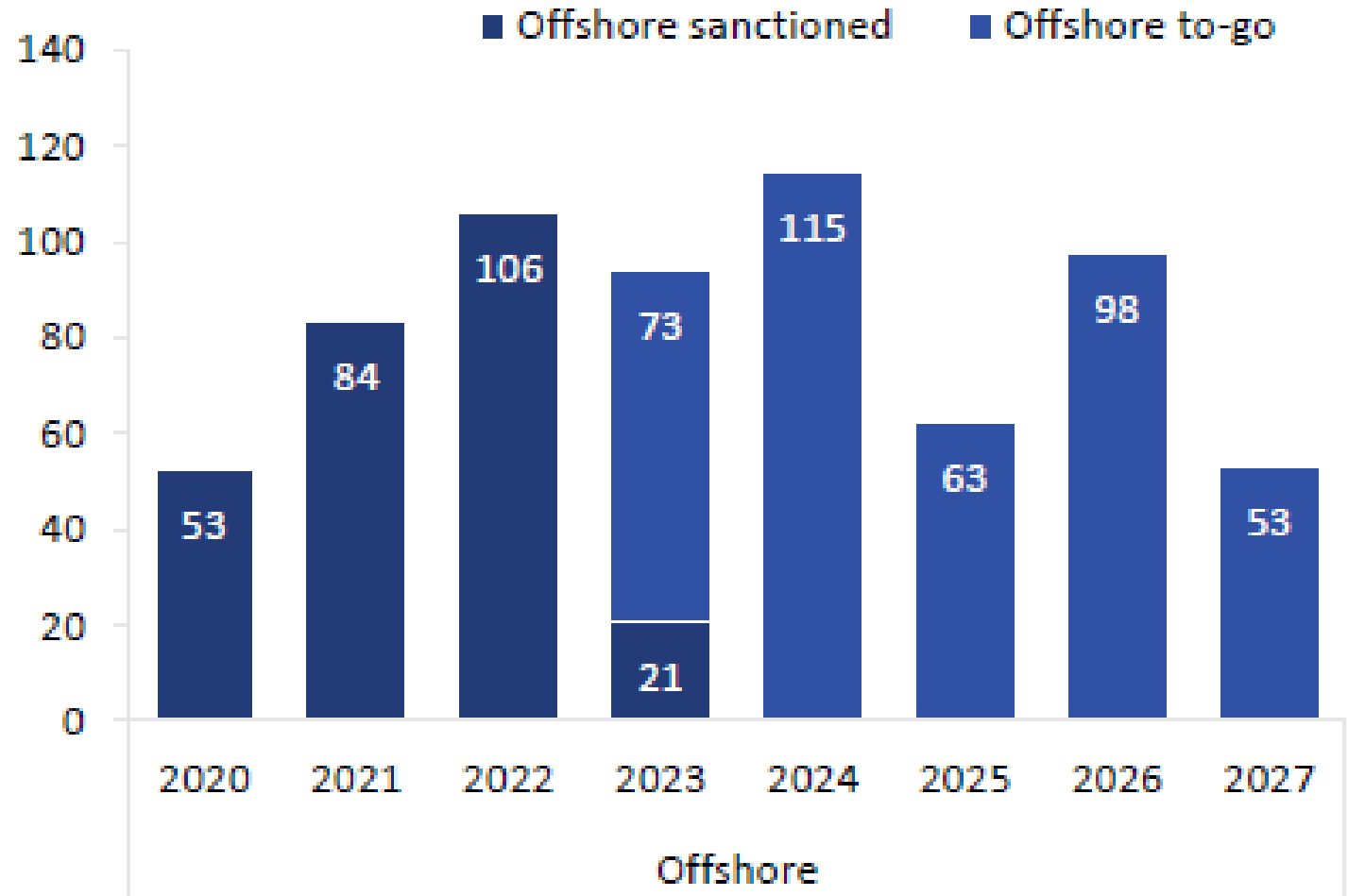
Number of project commitments
Count



Project sanctioning by value

- Offshore project commitments are expected to see a slight decrease in 2023 before ramping up again in 2024

Greenfield values of project commitments
USD billion (nominal)



Offshore sanctioning by development solution

Sanctioning activity

Select year from drop-down menu

Year

2023

Offshore sanctioning activity 2023 (2023 vs 2022)

142 projects (+59.6%)

Greenfield offshore sanctioning value 2023 (2023 vs 2022)

\$ 94.0 billion NA

Greenfield offshore sanctioning value year-to-date 2023

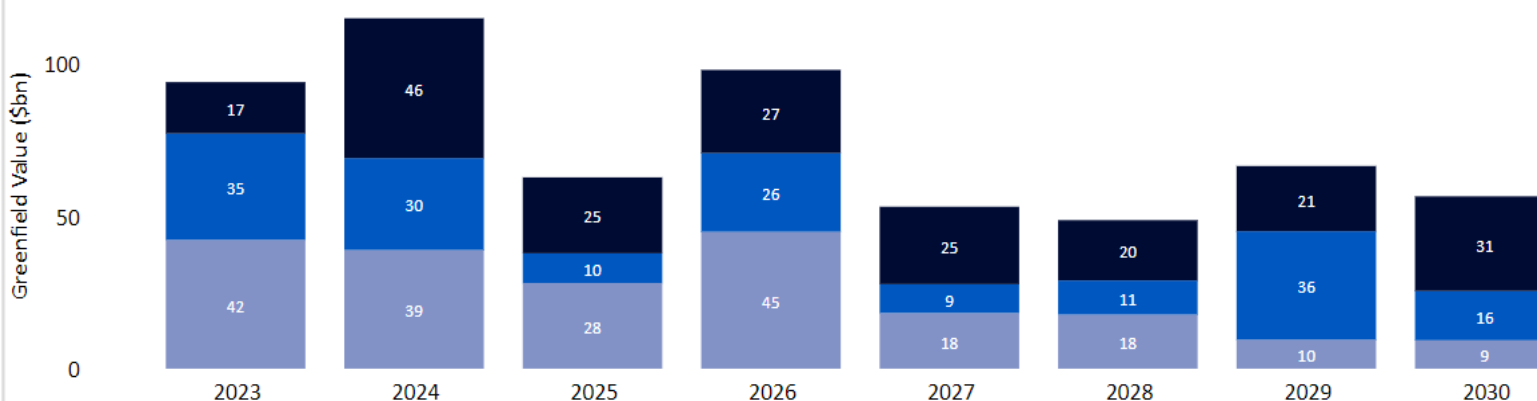
\$ 20.8 billion

Offshore sanctioning by development solution

Count

Value

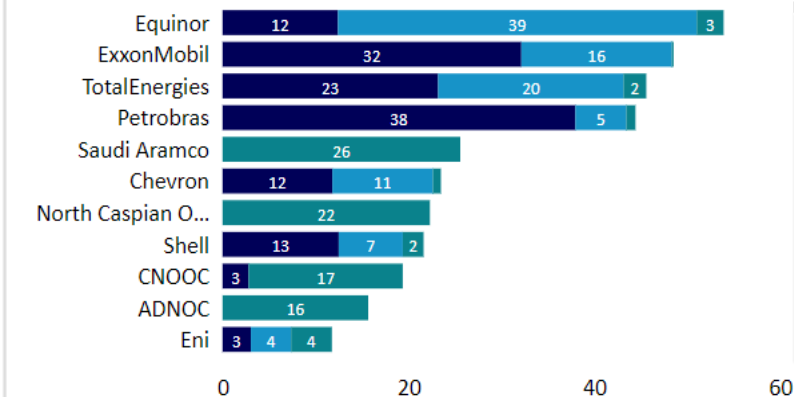
Fixed Floater Subsea tie back



Sanctioning value

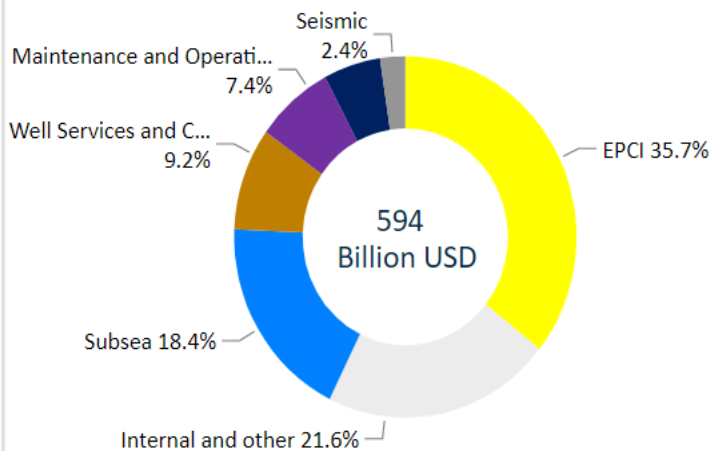
Cumulative 2023-2030, billion USD

Ultra deepwater (1500+ meter) Deep water (125-150... Shelf (to 125 met...



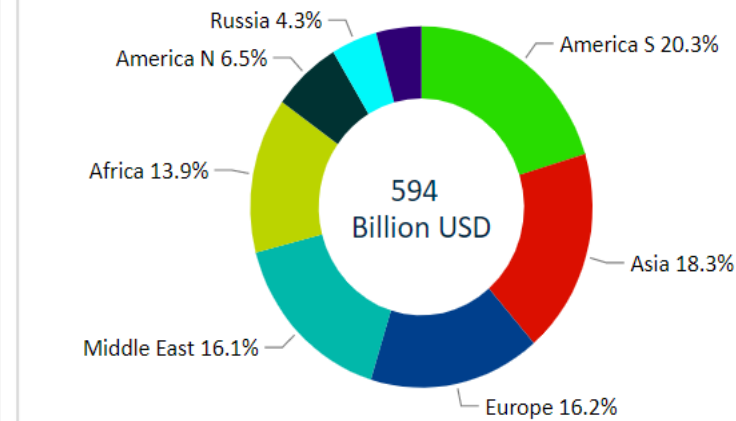
Offshore sanctioning by service segment

Cumulative 2023-2030, billion USD



Offshore sanctioning by region

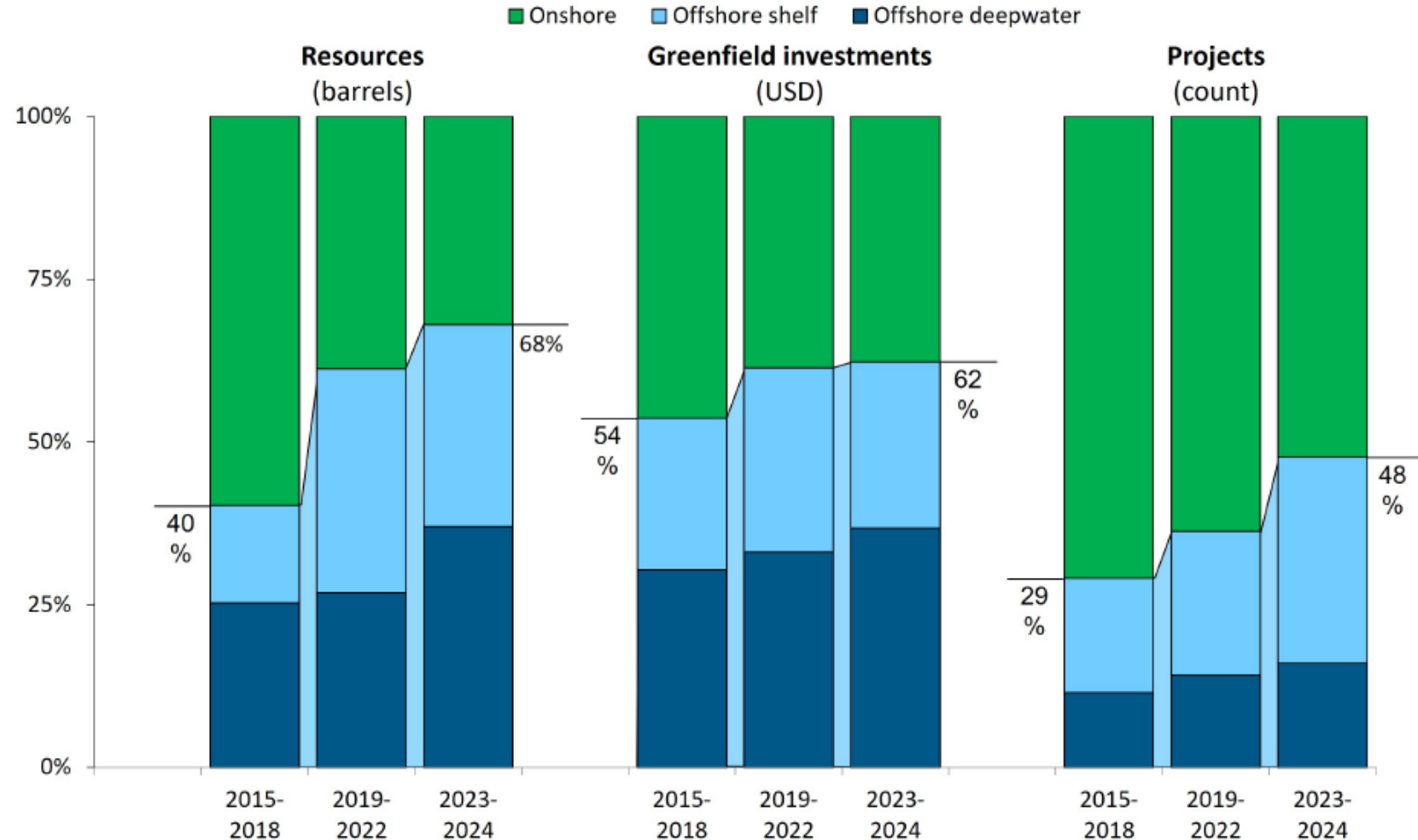
Cumulative 2023-2030, billion USD



Sanctioned volumes by various metrics

Percentage share (%)

- Offshore projects sanctioned in 2023 & 2024 will amount to 68%, or 24B barrels, of committed resources
- Offshore fields sanctioned represent total greenfield capex of \$214 billion
- This will provide a solid springboard for offshore activity and supplier opportunities



Offshore spending analysis by segment

Spend overview

USD billion (nominal)

Energy spending, 2023

\$ 51 billion

Energy spending Y/Y change, 2023-2022

↑ \$ 50.6 billion (- 100%)

Energy spending CAGR, 2023-2030

↓ -9%

Top 10

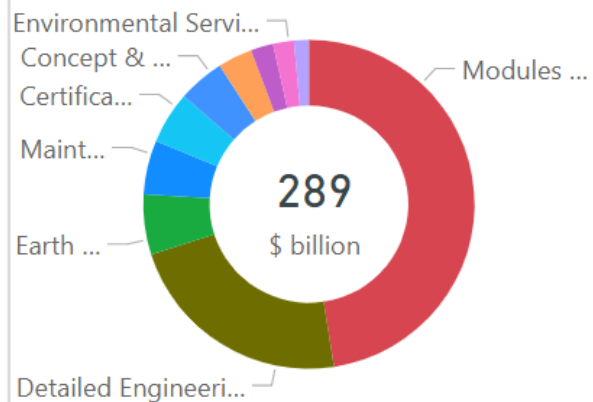
2023-2030

Segment category

Segment detail

Country

Developer



Energy spending

USD billion (nominal)

Segment...

Segment...

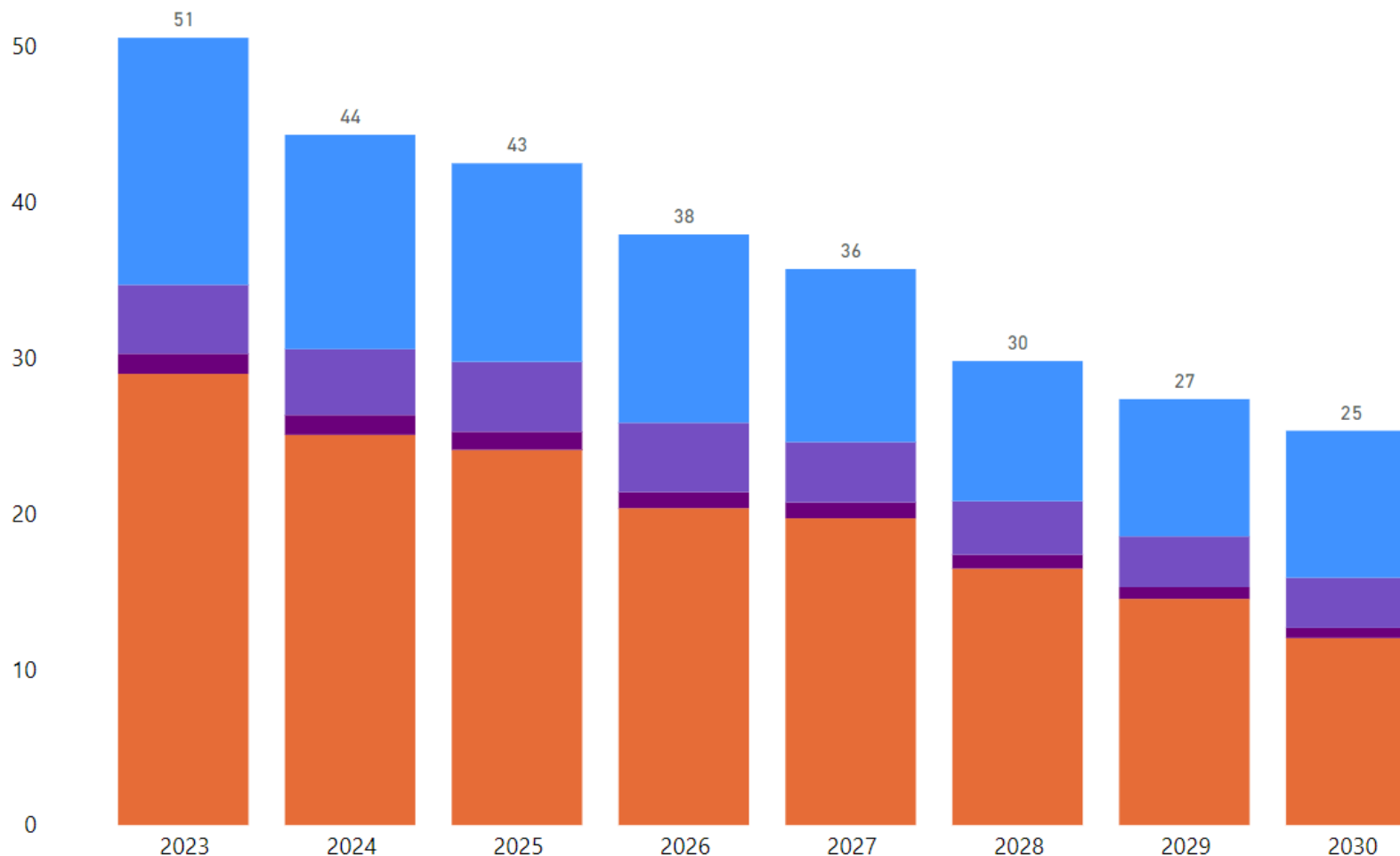
Energy sector

Region

Budget

Status

● Fabrication & Construction ● Integrity & Decommissioning ● Maintenance & Mechanical ● Studies & Engineering



Offshore spending analysis by status

Spend overview

USD billion (nominal)

Energy spending, 2023

\$ 51 billion

Energy spending Y/Y change, 2023-2022

↑ \$ 50.6 billion (- 100%)

Energy spending CAGR, 2023-2030

↓ -9%

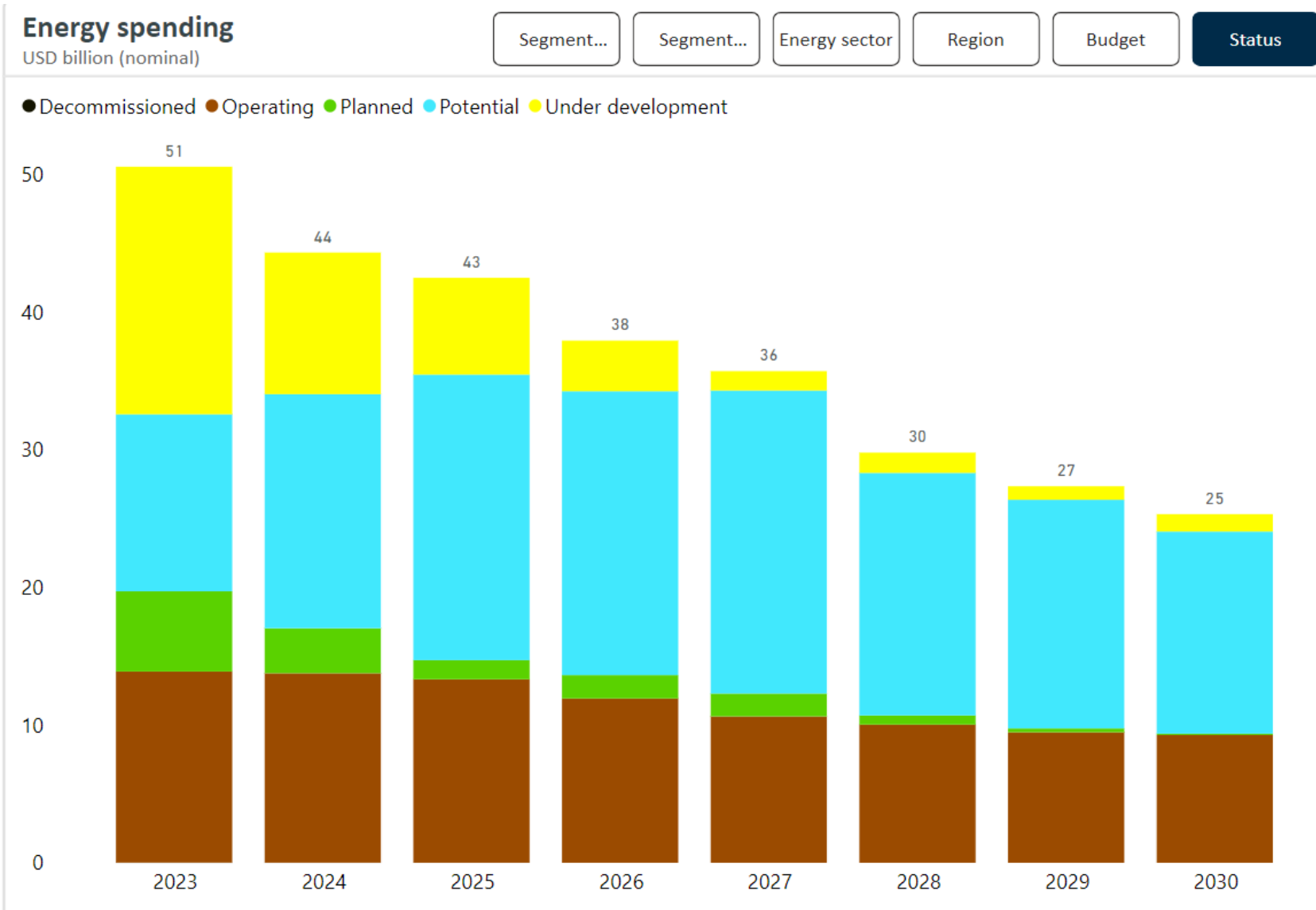
Top 10

2023-2030

Segment category: Country | Segment detail: Developer

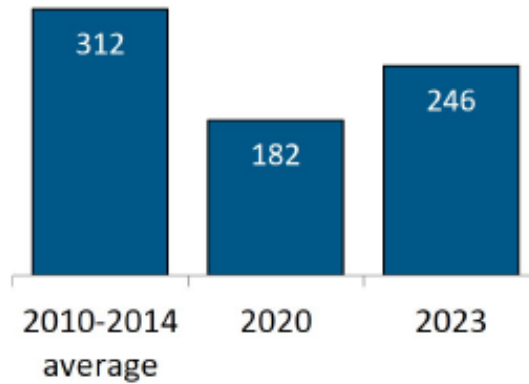
137 \$ billion

Qatar Energy, Saudi Aramco, Chevron, Petrobr..., Equinor, ExxonMobil, CNOOC, Shell, TotalE...

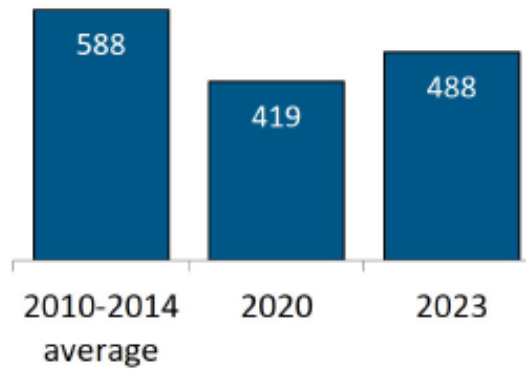


Offshore service market activity indicators

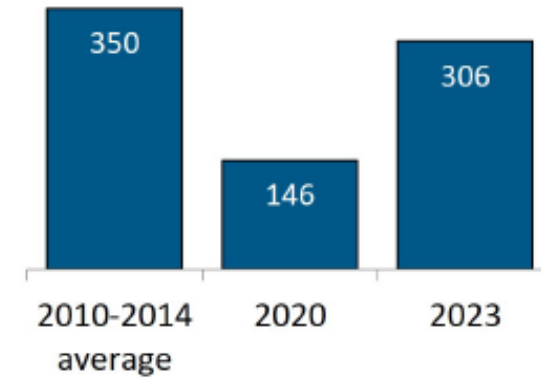
Service purchases,
USD billion



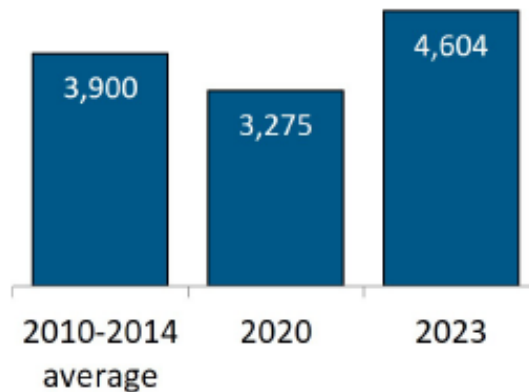
Rig demand,
Work years



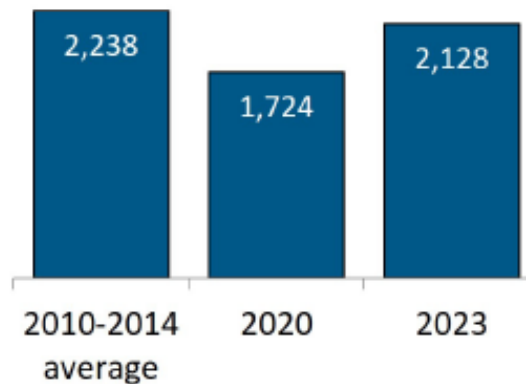
XMT awards,
Count



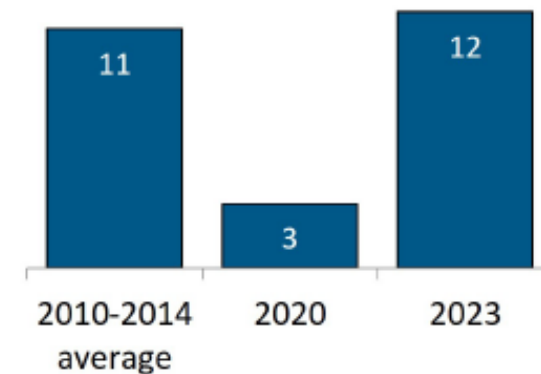
Installed SURF lines,
Kilometers



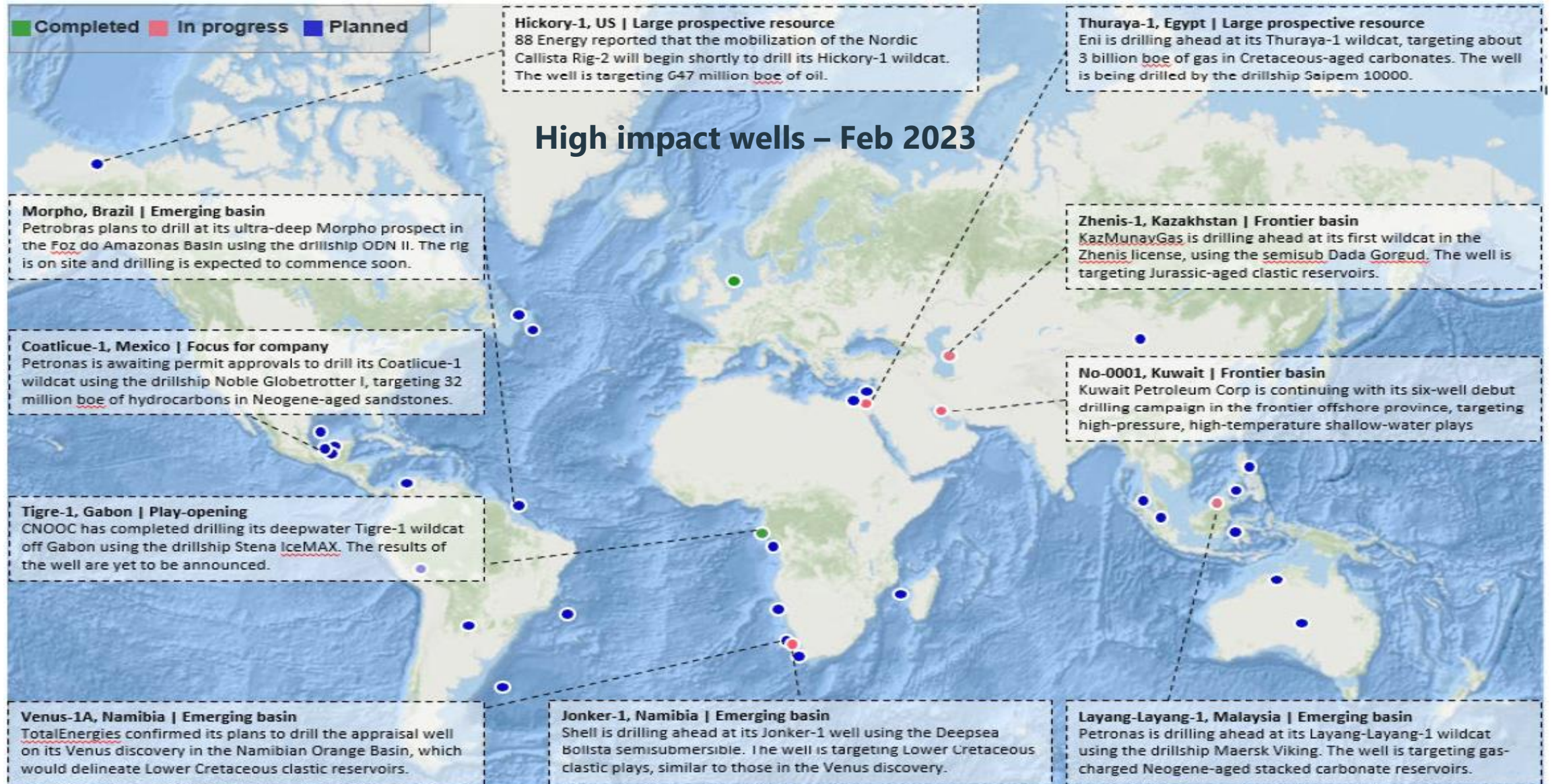
Vessel demand,
Work years



FPSO awards,
Count



Operators are finally exploring again



Conclusions

- Deepwater activity is ramping back up and we can expect some good years ahead
- There has always been natural conflict between Operators and Contractors
 - Operator's focus on reducing costs and improving operational reliability
 - Contractor's focus on maximizing sales and revenue
- The severe economic cycles have shown that the Operator / Contractor equilibrium is fragile
- As competition from the Energy Transition puts additional pressure on resources and cost, the ways Operators contract for services will need to evolve
- Operators should think of Contractors more as a source of strategic advantage where both parties must believe they will benefit for the collaboration to be successful
- In that shift, planning should not be about managing risk by diversifying suppliers but about deepening relationships to create a mindset where companies jointly plan their futures together

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