

# Offshore Market Trends



# Offshore Importance

## Offshore Oil and Gas Shares

	1980	2010	2020
Oil % Offshore	22%	31%	33%
Gas % Offshore	28%	31%	39%

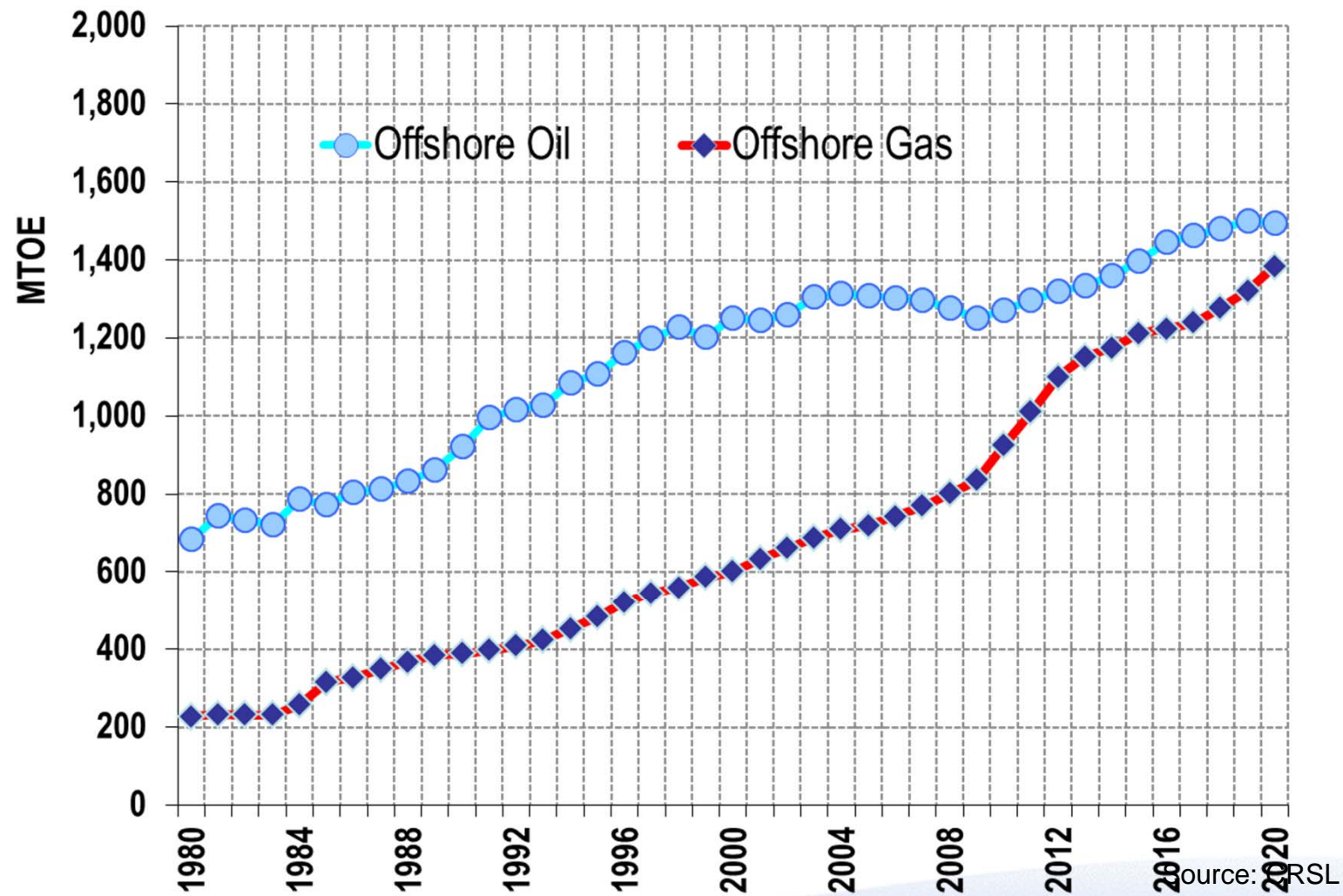
## Offshore Energy Shares of Total Energy

	1980	2010	2020
Total Energy % Offshore Oil	10%	10%	11%
Total Energy % Offshore Gas	3%	8%	10%
Total Energy % Offshore O & G	13%	18%	21%





# Offshore Energy in the Global Context



# Offshore Oil Growth Scenario

- Offshore oil production steady between 2005 and 2010, but we expect growth in the next five years.
- Northwest Europe and Asia-Pacific are expected to decline, whilst the big growth areas will be Africa and South America.

## Offshore Oil Production Forecast

	2005- 2010	2010- 2015	2015- 2020
North America	-15%	3%	-3%
South America	16%	21%	11%
West Africa	10%	24%	14%
NW Europe	-35%	1%	0%
Med	56%	13%	13%
Middle East	-6%	10%	8%
Asia Pacific	13%	-1%	2%
<b>Global</b>	<b>-3%</b>	<b>10%</b>	<b>7%</b>

SHOWS TOTAL GROWTH OVER THE PERIOD



# Offshore Gas Growth Scenario

- Offshore gas ramp up rates far quicker.
- Asia Pacific and Middle East are growing strongly.
- Major Brazilian fields expected in the second half of the decade.

## Offshore Gas Production Forecast

	2005- 2010	2010- 2015	2015- 2020
North America	-4%	-4%	-9%
South America	45%	6%	77%
West Africa	88%	25%	70%
NW Europe	-1%	1%	8%
Med	40%	51%	30%
Middle East	72%	71%	4%
Asia Pacific	34%	32%	18%
<b>Global</b>	<b>28%</b>	<b>31%</b>	<b>14%</b>

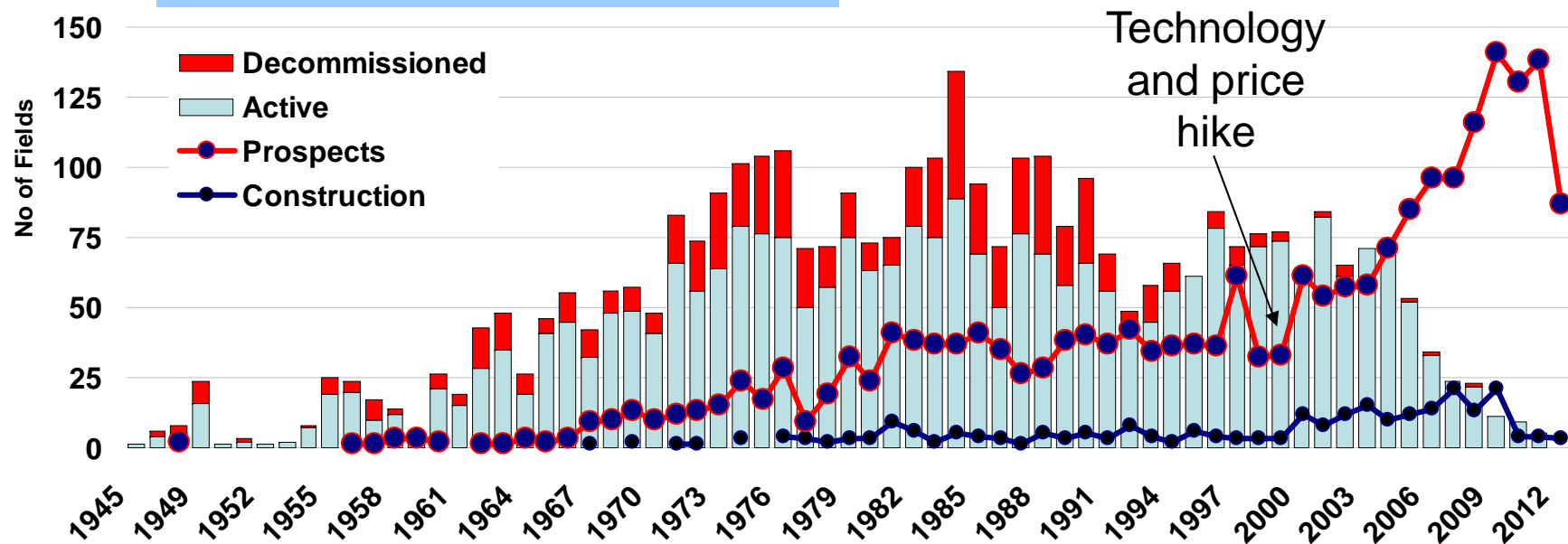
SHOWS TOTAL GROWTH OVER THE PERIOD



# Fields by Discovery Year and CURRENT Status

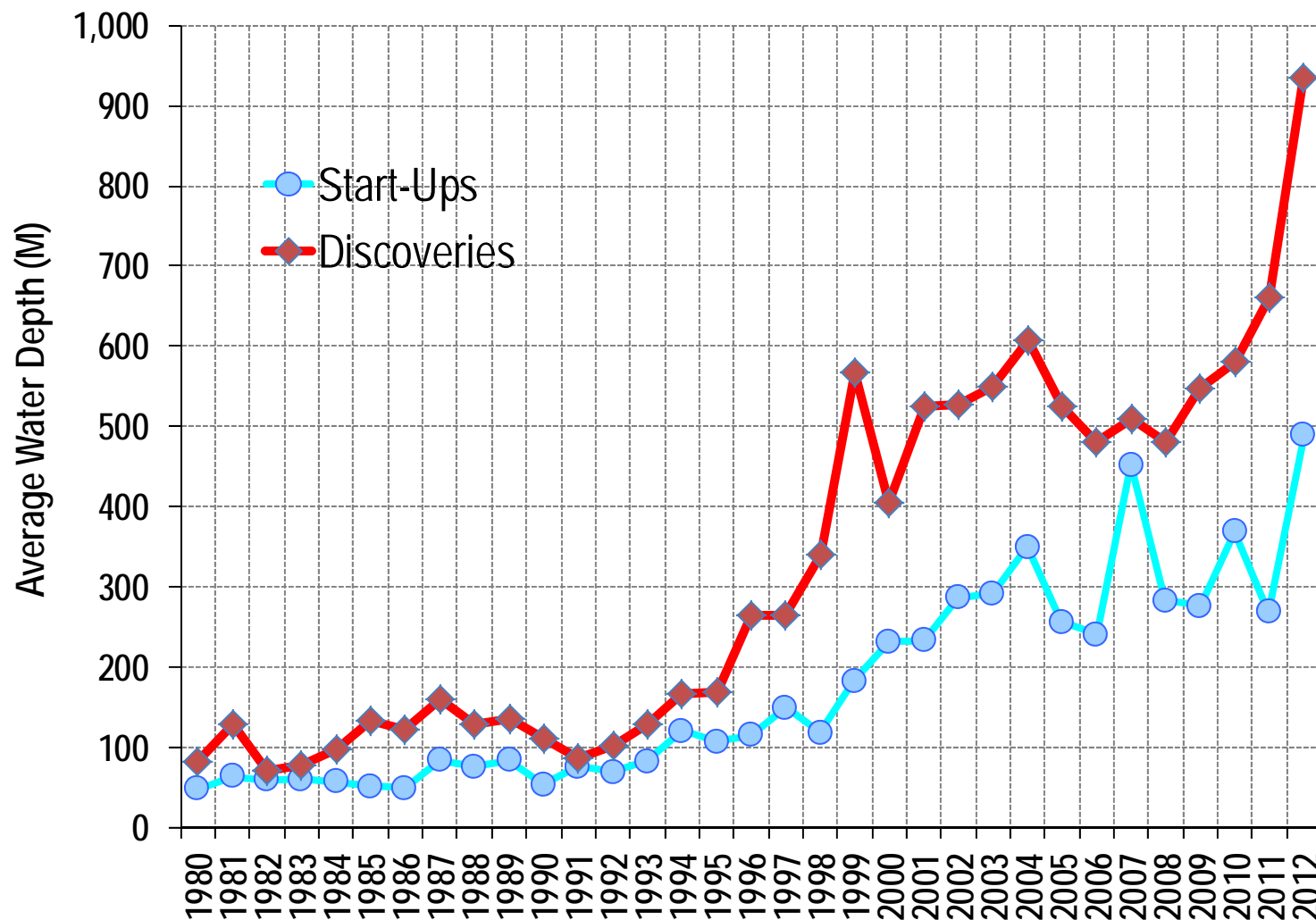
A significant number of fields discovered in the 1970s produced through the 1980s & 1990s and have been decommissioned as the reservoirs are exceeded.

Fields discovered recently go into the back-log of potential fields as it takes 3-7 years on average to appraise, approve and develop fields.





# Offshore Getting Deeper

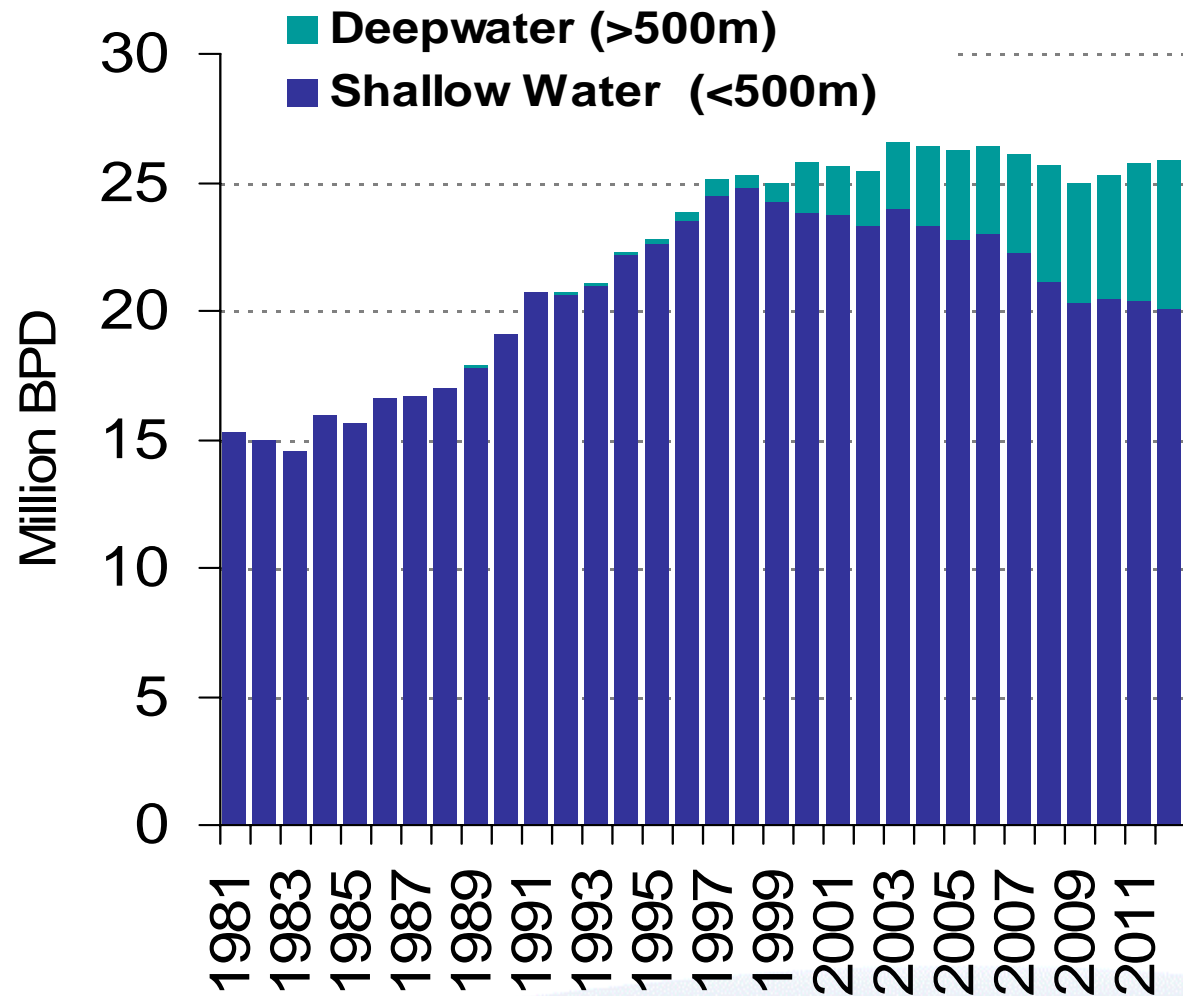


Source: CRSL



# Offshore Oil Production (inc. deep water)

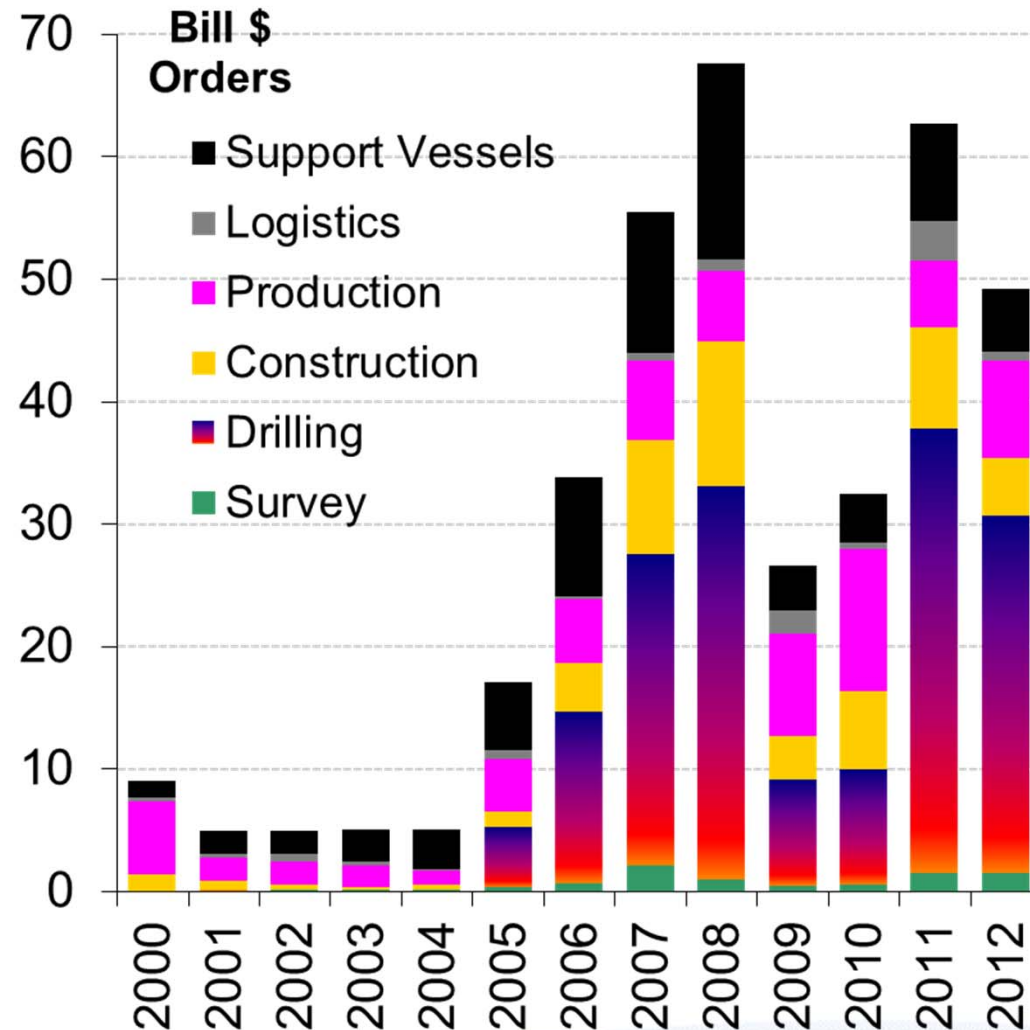
- Over the last decade deep water production (over 500m) has increased to 5 m bpd
- Meanwhile shallow production has shrunk





# Investment In Offshore Vessels

1. Between 2000 and 2010 the industry ordered \$253 billion of offshore vessels
2. In 2009 investment slumped to USD 30 billion but increased to USD 41.5 billion in 2010 and USD 62.1 billion in 2011.
3. 2012 should beat 2011 and be close to the market peak.

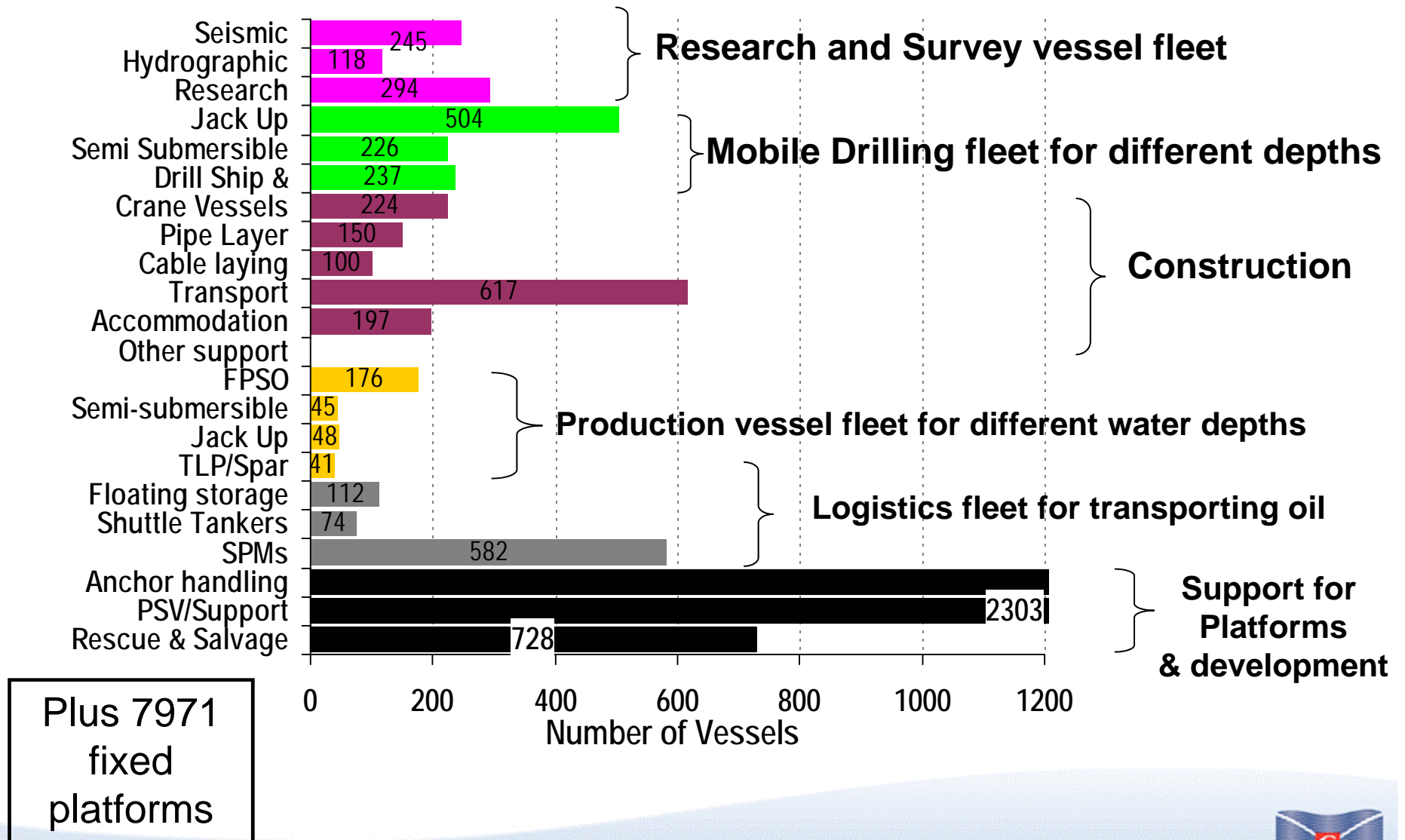


Source: Clarkson Research Services Ltd

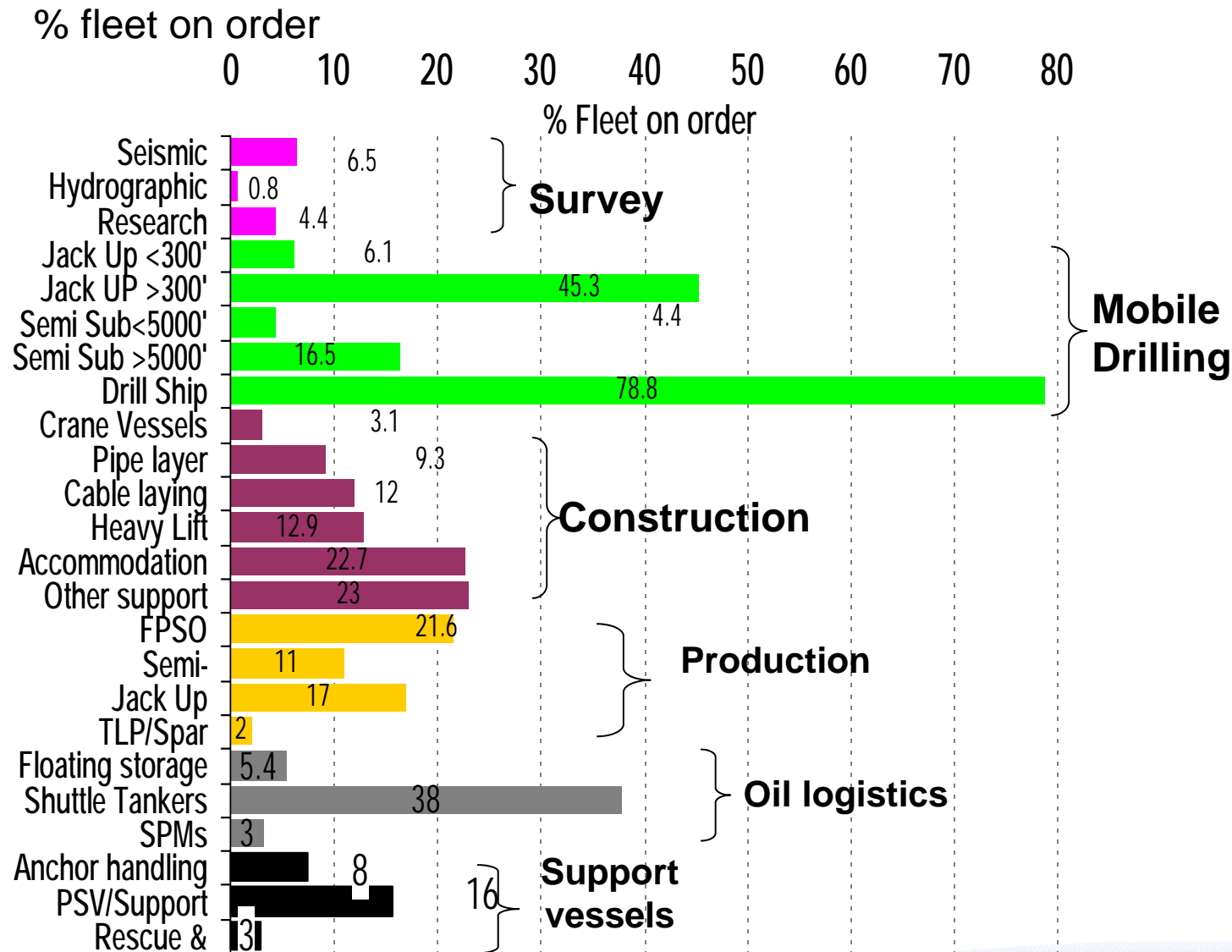


# Offshore Fleet by type of activity Sept 2012

Total mobile fleet is 11,698 vessels, as listed below



# Offshore Orderbook % fleet Sept 2012

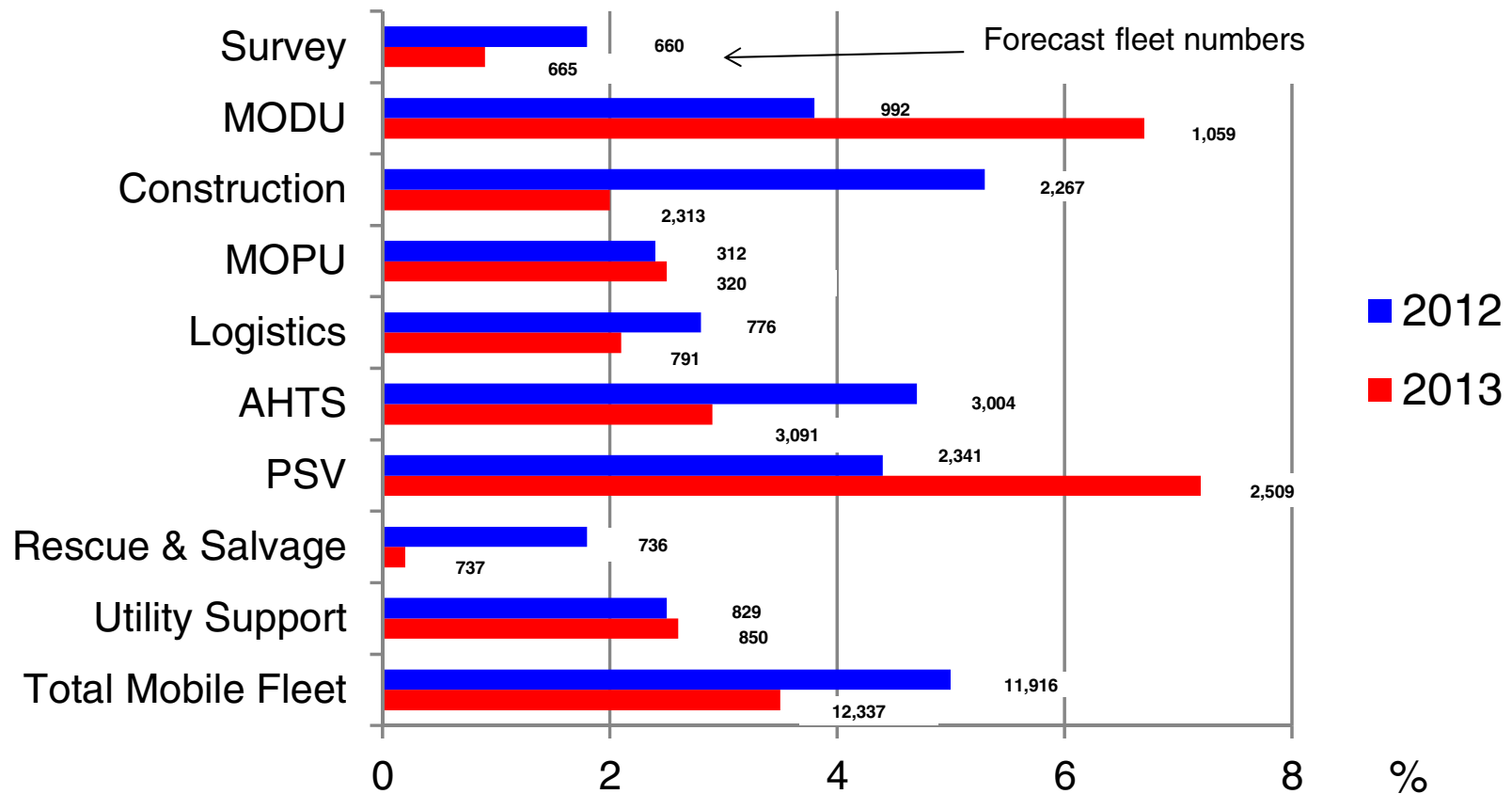


Offshore orderbook by type, % fleet on order Sep 2012



# Offshore Fleet Forecasts

## 2012 & 2013 Fleet Growth Forecast By Vessel Type





# Conclusions

- Despite price and environment concerns, most forecasts continue to show energy demand growth. Forecasts average 1.0% for oil and 1.8% for gas.
- Offshore meets 21% of global energy needs and we expect this to increase in a high price environment.
- We forecast offshore oil production to grow to 30m bpd and offshore gas production to grow to 150mmcf. There are underlying trends towards deep water and gas.
- Brazil dominates the development charts. East Africa and Arctic and regions to watch for.
- Still some newbuild supply pressures and markets closely balanced.
- Medium and long term requirement still strong but some market concerns and financing tough.



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