Opportunities in the Norwegian Oil & Gas sector

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Norway Oil & Gas

Why Norway?

- Forecast expenditure – global ranking
- Fit with UK capability – subsea market size
- Proximity – facilitates representation
- Ease of setting up and doing business
- Gateway to global markets

Why Now?

- Investment attractiveness – means new money will favour NCS
- Large number of forthcoming developments with low break-evens
- Development of Barents Sea
- Statoil interest in innovative UK companies

What Next?

- Active developments on NCS – greenfield opportunities
- Producing assets on NCS – brownfield opportunities
- Future projects on NCS – opportunities throughout the value chain
- Department for International Trade & SDI introductions, advice, and support
- Dealing with differences in culture and business practice
Norway’s O&G sector – global context

- **USD 15bn – 25bn annual procurement spend**
- **98% Off-shore**
- **7th largest market globally**
- **Daily production ~4m boepd liquids and gas**
- **First oil June 1971 (Ekofisk)**
- **Around 25% of Norway’s GDP**

### Forecast expenditure 2017 to 2021

- **United States**
- **Russia**
- **China**
- **Canada**
- **Brazil**
- **Saudi Arabia**
- **NORWAY**
- **United Kingdom**
- **Iran**
- **Nigeria**

**Source:** Rystad Energy and DIT analysis

### Sensitivity of Forecast Expenditure to Oil Price

- **Norway**
- **Brazil**
- **Iran**
- **Mozambique**
- **Nigeria**
- **Russia**
- **Mexico**
- **Saudi Arabia**
- **Azerbaijan**
- **Onshore**
- **Tanzania**
- **Kazakhstan**

**ALREADY SACTIONED**

- **Sanctioned**
- **Oil < $60**
- **Oil > $60**

**Source:** Rystad Energy and DIT analysis

- **Norway has the largest proportion of forecast expenditure on discretionary (i.e. non-sanctioned) projects that are robust at $60 oil**
Norway - ease of doing business

Norway is ranked 6th in the world for *ease of doing business*; and 1st amongst other large Oil & Gas economies.

Source: World Bank
Norway subsea market – global context

Global ranking

<table>
<thead>
<tr>
<th>All Projects</th>
<th>Viable with Oil at $50</th>
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<td>7th</td>
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Global Expenditure

- $3.7tr (2017 – 2021)
- Off-shore projects: $1.3 tr
- New project pipeline: $1.1 tr
- Off-shore projects: $290 bn
- Subsea projects: $190 bn
- Pre-development & active developments: $100 bn

Norway is the world’s 2nd largest Off-shore market
Subsea market size in Norway ranks 4th globally
High proportion of NCS projects are viable at $50 oil

Source: Rystad Energy and DIT analysis
NCS Available Markets for UK Supply Chain

- NCS forecast expenditure is over $100bn 2017 – 2021
- Subsea to grow from 13% to 18% spend
## NCS Projects & Operators within Subsea Market

<table>
<thead>
<tr>
<th>Brown field Projects</th>
<th>Green field Projects</th>
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<tbody>
<tr>
<td>Gullfaks South</td>
<td>Maria</td>
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<tr>
<td>Aasgard</td>
<td>Snorre 2040</td>
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<td>Skarv</td>
<td>Brasse</td>
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<td>Troll Oil</td>
<td>Johan Castberg</td>
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<td>Ormen Lange</td>
<td>Luno II</td>
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<td>Gjoa</td>
<td>Aasta Hansteen</td>
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<td>Alvheim</td>
<td>Johan Sverdrup-Phase 1</td>
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<td>Balder/Ringhorne</td>
<td>Oda</td>
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<td>Visund</td>
<td>Askeladden</td>
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<td>Ekofisk South</td>
<td>Snadd Phase 1</td>
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<td>Kristin</td>
<td>Trestakk</td>
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<td>Tyrihans</td>
<td>Hanz</td>
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<td>Ekoefisk</td>
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<td>Tordis</td>
<td>Martin Linge</td>
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<td>Grane</td>
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<td>Oseberg</td>
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<td>Fram</td>
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<td>Mikkel</td>
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<td>Vigdis</td>
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- Statoil & IOCs dominate Brownfield
- Independents significant in Greenfield
- Overall Statoil covers around 54% value

Source: Rystad Energy
NCS Buyers and C&P Strategies

- **Statoil FAs**

  Statoil employs **FRAMEWORK AGREEMENTS** to source both routine Maintenance and Modification services:
  - Opportunities for Tier-1s with the Operator
  - Opportunities for Tier-2/3s with Tier-1 FA holders
  - Opportunities for niche companies with Operator

- **Centrica ‘SPA’**

- **Aker BP ‘all for one’**

- **Subsea consolidation**

- **Over-capacity in supply chain**

- **Norsok 2**

- **Who’s moved my cheese..?**
What Next?

• Overcoming the challenges

Visibility
- Complexity: number and nature of projects
- Timely visibility of upcoming developments, contracts & opportunities

Access
- Understanding the contracting hierarchy and DMUs
- Historic perceptions (on both sides)
- Cultural differences

• Doing business in Norway

• Key DIT Contacts
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Competitive Relationships
Long-term approach
Monitor
Interpret
Innovate

• Norway offers real opportunities for competent, innovative competitive, UK suppliers and manufacturers
• Start now and build for the future

REQUIRED APPROACH

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Thank You For Listening

ANY QUESTIONS?

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