A Strategy for the Development and Support of Subsea Technology Products

Martin Anderson,
CEO, Triton Group

Challenges Facing a Technology Product Business

- Match technology capabilities with market opportunities
- Resource and finance technology development
- Effective commercialisation strategies
Business Drivers behind our Group development

- Balance risk to industry cycles
- Maximise available markets and opportunities
- Extend our technology knowledge base
- Create the basis for sustainable investment in technology development

GROUP MODEL

PRODUCTS
Remote control products, systems and components

SERVICES
Complimentary services related to the use of remote control products or add value to the products

Our Technology products that we develop internally generally fall into three categories

- ROV based systems and components or vehicle operated systems and tooling
- Production or intervention systems and components integrated around a software based remote control system
- Customised Project Solutions
Established history and track record of product innovation

- Evolution of underwater systems and their capabilities
- Integrated components and systems for subsea production and intervention

Built around a core competence and expertise in software based control systems
A key element of the Group strategy is to develop an integrated global infrastructure

- Product support combined with project engineering in key operating regions
- Maximise utilisation of facilities and efficient overhead costs
- Manage essential ‘cost centres’
- Platform for organic growth
KEY STRATEGIES TO POSITION THE GROUP

- EVOLUTION OF THE TRITON GROUP
- VALUE CREATION
- SMART TECHNOLOGIES & PRODUCTS
- APPLICATIONS FOR REMOTE CONTROLLED SYSTEMS
- CREATE GROUP INFRASTRUCTURE
- TARGET ORGANIC GROWTH ACROSS GEOGRAPHICAL FOOTPRINT

HIGH SPEC, RELIABLE TECHNOLOGY PRODUCTS
- RANGE OF COMPLEMENTARY SERVICES WHICH ADD VALUE TO THE USE OF PRODUCTS
Through this ‘step by step’ development, we have a Group that has:

- A reduced dependency on any specific product line
- A strengthened technology base
- A wider technology resource pool and knowledge base
- A firm basis for a sustainable technology strategy
Within this growth model, the focus remains to continuously develop technologies and products

- Develop and enhance our core expertise around software based controls technology
- Develop and create new, smart applications and products

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**FUTURE APPLICATIONS & DEVELOPMENTS**

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ROVDrill

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FUTURE APPLICATIONS & DEVELOPMENTS

Production Operations Vehicle
Evolution of the ROV from an 'underwater tractor' to a semi-intelligent data processing platform

- Wireless through water communications for control command and data transfer
- Integrated communication and control networks between subsea production systems and intervention assets

Game Changing Technology Enablers

CLOSING REMARKS

Continuing to deliver the knowledge base and expertise for technology development is a core value of the business

Business model to support technology development on a consistent long term basis is a key objective
Striking a Balance – Achieving Long Term Sustainability in the UK Supply Chain in the Current Climate
Ron Cookson, Managing Director UK, Technip

Ron Cookson
Managing Director, UK
Striking a Balance
11th February, 2009

Technip
Which way is the wind blowing today?

Troublesome Conditions

Lack of visibility
A Matter of Confidence
Andrew Reid
Director
Douglas-Westwood
Analysis of profit warnings

- DWL commissioned by Subsea UK to review:
  - Profit warnings of Subsea related public companies
  - Review of top 20+ companies with subsea exposure across all service/product areas
  - Analysis of any earnings change and review of magnitude of change
  - Examined by sector (drilling, services, equipment & construction)
  - Quarterly review to be issued to Subsea UK membership over 2009

Content and Limitations

- Initial review included 24 companies
  - Collective market capitalisation of $150 billion
  - Few are pure play subsea businesses
  - Preliminary analysis completed February 2nd (prior to earnings season), updated review to be issued
  - Used Equity Analyst consensus earnings and buy recommendations

<table>
<thead>
<tr>
<th>Sector</th>
<th>Market Capitalisation (USD)</th>
</tr>
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<tbody>
<tr>
<td>Other (2)</td>
<td>$4.511</td>
</tr>
<tr>
<td>Integrated Offshore Service (6)</td>
<td>$82.380</td>
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<tr>
<td>Offshore Construction (7)</td>
<td>$26.749</td>
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<tr>
<td>Equipment Manufacturers (5)</td>
<td>$11.758</td>
</tr>
<tr>
<td>Drilling Contractors (8)</td>
<td>$39.677</td>
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<tr>
<td>Total: 24 companies</td>
<td>$150 billion</td>
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</tbody>
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Initial Views: Drilling

- Drilling companies are usually early cycle movers
- No profit warnings or negative guidance issued
- Consensus estimates of 10% increase in EPS expected to March
- Driven by:
  - New rigs entering company portfolios
  - Supply constraints still exist for high end deepwater rigs
  - Long term contracts
  - Financial barriers to new entrants
  - Jackup - demand to weaken and beset by increased capacity
Initial Views: Integrated Oilfield Services

- Another early cycle group
- Less subsea orientated, large integrated and multi-sector offerings
- Being hit hard by wider drilling and related services reduction
- Mainly in onshore markets
- North American and Russian weakness
- Earnings off 16% sequentially to March 09
- 50% of group issuing profit warnings or negative earnings outlook during 4Q08

Initial Views: Offshore Construction Services

- Mid cycle companies, highly Subsea orientated in capex and opex activities
- Hardest hit of groups – 7% reduction in 2009 earnings
- And 20% sequentially to March
- No profit warnings although Analyst expectations amended
- Concerns over:
  - Project delays
  - Supply growth
- Positive towards IMR work
- Concerns over emerging market new entrants
- Falling procurement levels (and pass through margin)

Initial Views: Equipment Manufacturers

- Mid cycle impact
- Sequential earnings growth to March remains positive at 3%, partly due to backlog
- No profit warnings although Analysts expect backlog build to come under near term pressure
- Recurring short term issues:
  - Project delay
  - Less technology led developments
  - Marginal project delay and higher reliance on large scale, lumpy developments
- New manufacturing capacity
Although short-term weakness is expected, medium to long-term views are positive given increased drive towards deepwater:

- **Drilling:** Short-term weakness in jackup market, constraints in deepwater securing activity
- **Integrated:** Significant weakness in onshore markets and some large spending geographies, medium-term growth dependent on commodity price recovery and penetration of NOC territories
- **Construction:** Delay creep and year-over-year growth difficulties, increased activity in golden triangle medium term
- **Equipment:** Short-term growth to moderate, deepwater importance and increased maintenance-led activity to drive medium-term opportunities
- **Commodity price recovery key to driving earning enhancement and activity**

Analysts most supportive of oilfield stocks with offshore/deepwater exposure

Uncertainty will continue to be a key theme in 1H09 however...

Thank you
Please join us in the Press & Journal Arena

Welcome
Alistair Birnie,
CE, Subsea UK