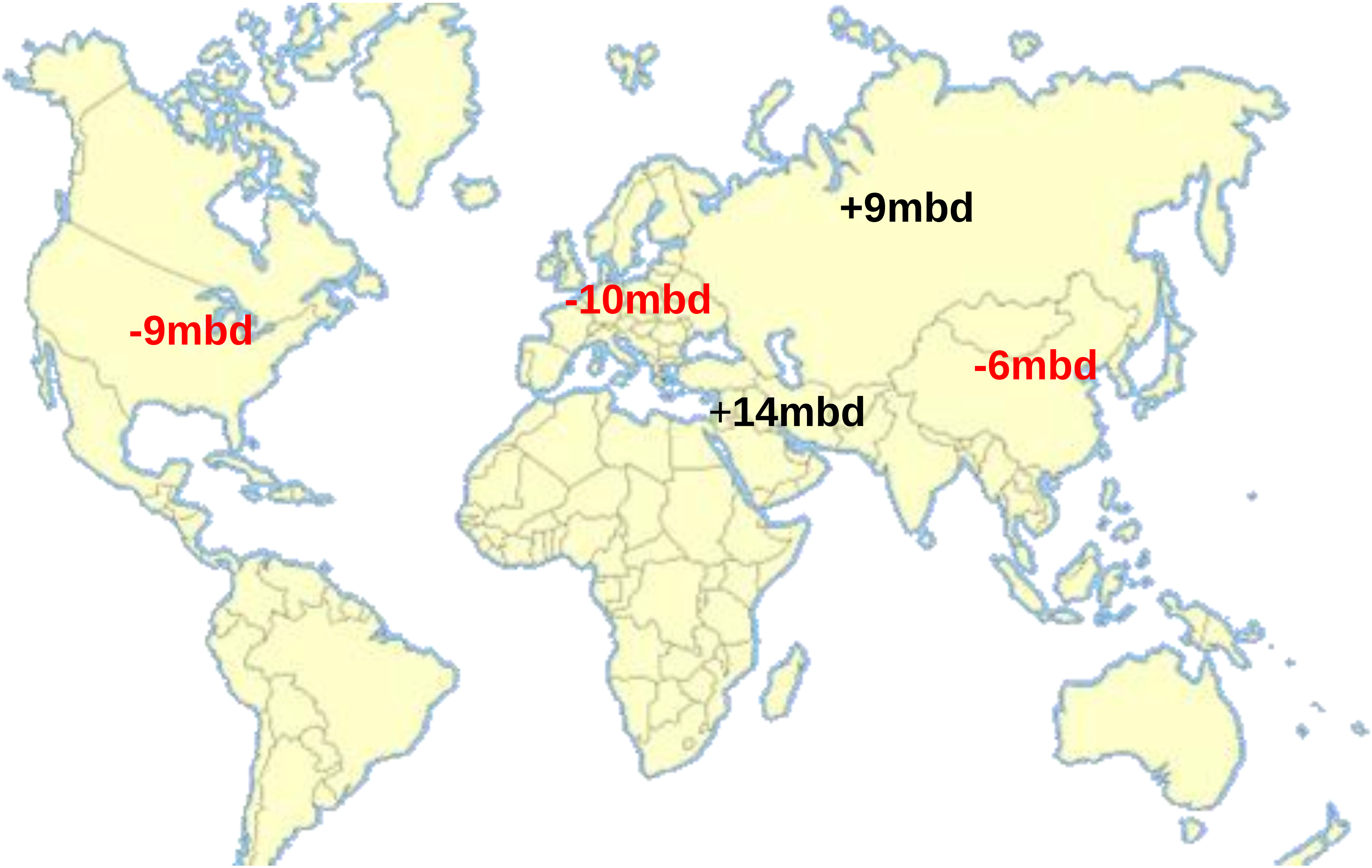
Pareto Securities
Equity Research

21 November 2011

New opportunities

Andreas Stubsrud
Senior Oil Service Analyst

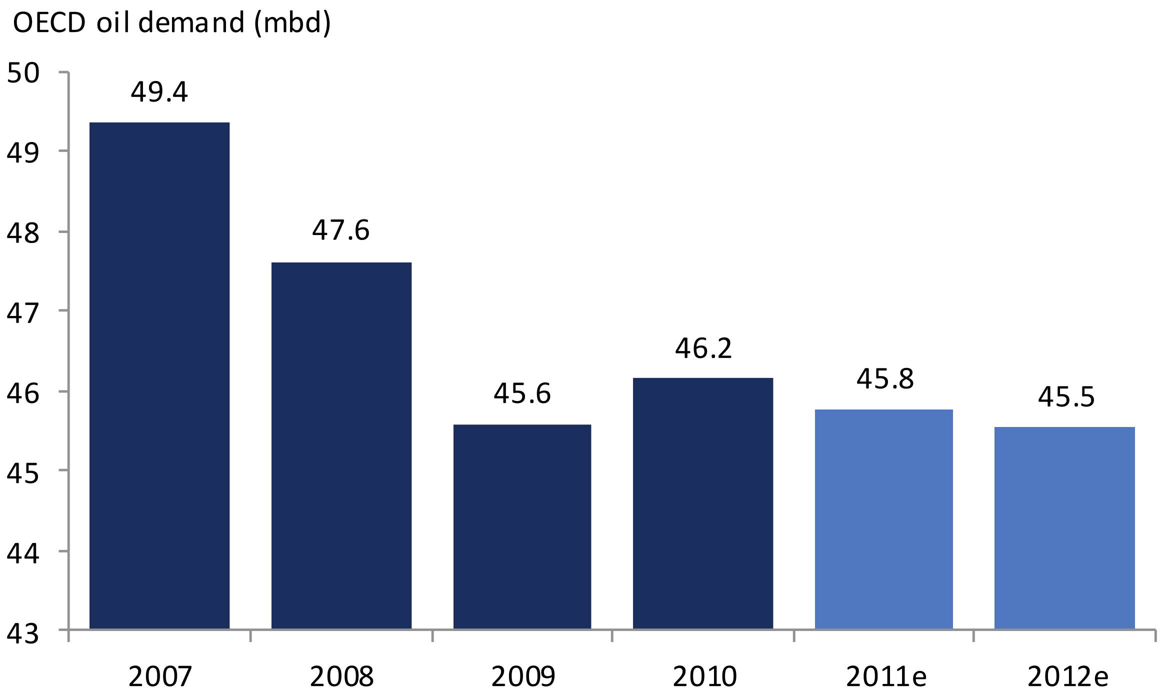
Daglig olje produksjon: Import / Eksport



Source: Pareto Research

Nedsiden i OECD etterspørsel er svært liten

OECD oil demand 2007 – 2012e

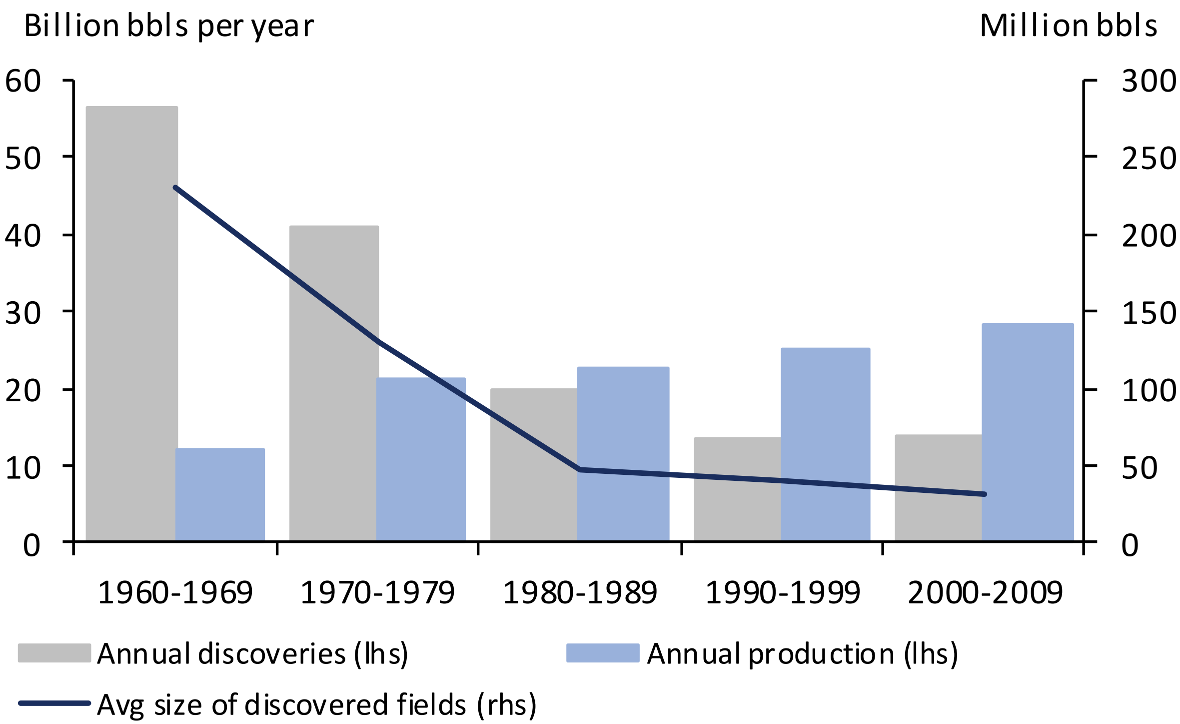


- Most of the easy substitutions from oil were taken in 2008-2009
- Demand forecasts in 2011-2012e are line with the recession level in 2009

Source: IEA; Pareto

Oljefunn klarer ikke å holde takt med oljeprodiskjon

World oil* discoveries and production 1960 – 2009

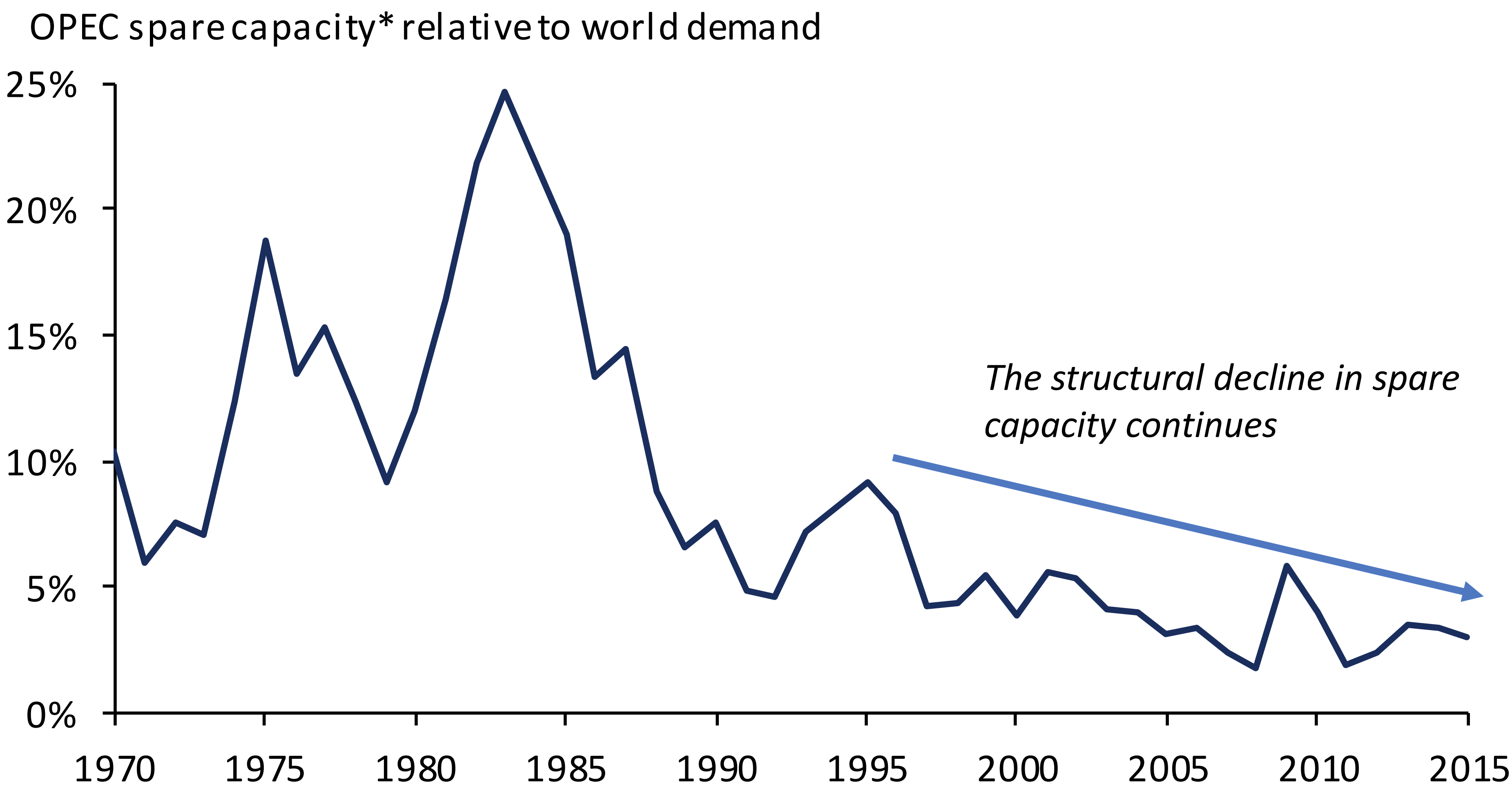


- Replacing production with new discoveries is becoming increasingly difficult
- Annual discoveries have increasingly fallen short of production since the 1980s
- As a result, adding new production capacity becomes harder, and more marginal and high cost resources have to be developed to meet demand

*Crude and NGLs
Source: IEA; Pareto

Verdens ledige kapasitet minsker faretruende fort

OPEC spare capacity* relative to world demand 1970 – 2015e



*Capacity in Libya: 0.4 mbd in 2011, 0.8 mbd in 2012, 1.5 mbd in 2013, 1.6 mbd in 2014 and 2015

Source: IEA; BP; Pareto Research

Vi estimerer dobling av dypvannsbrønner i Afrika

African DW-activity spreading into “unknown” territory

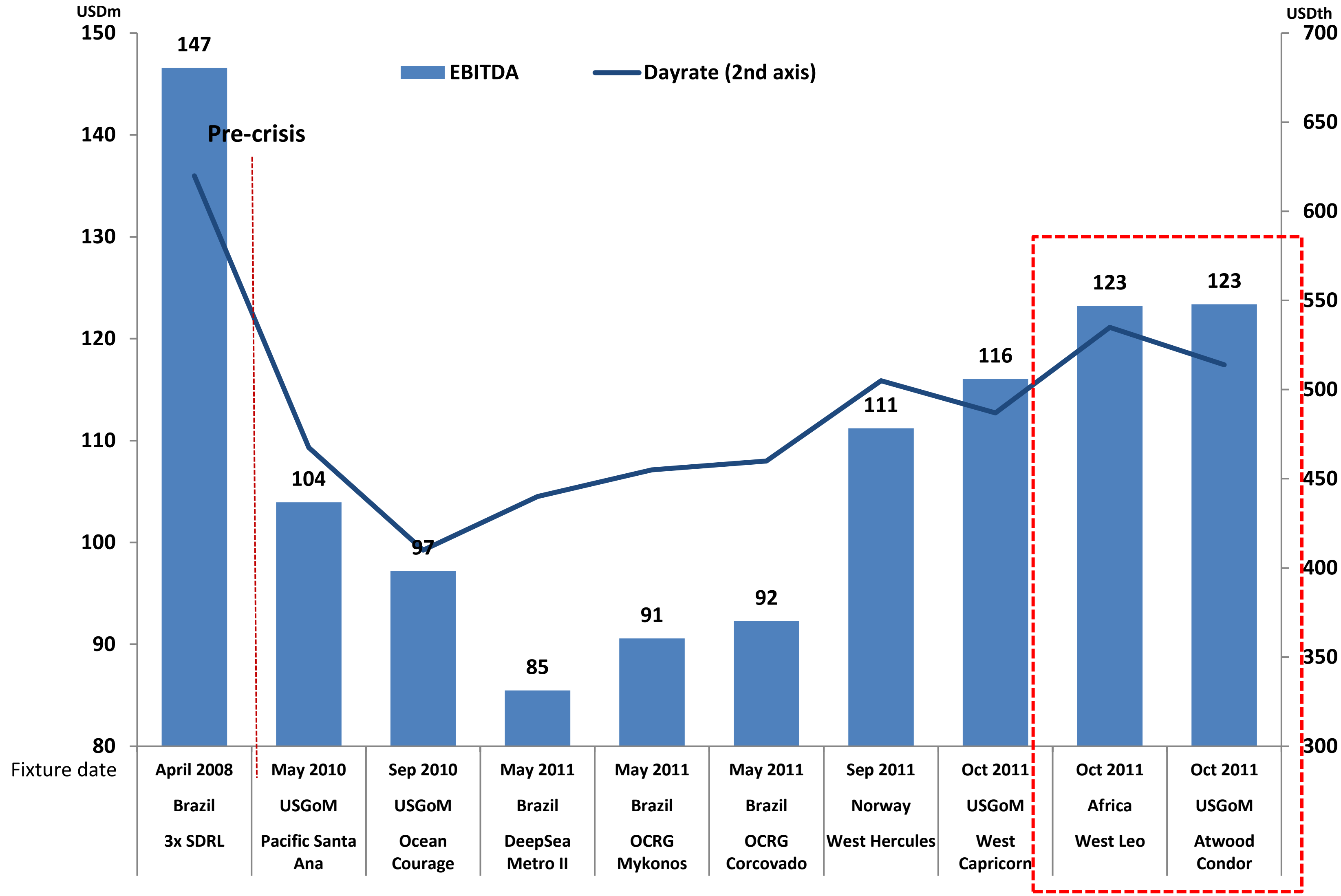
~450 wells planned in West Africa

- We have been able to track down ~**450 deepwater wells planned in West Africa from 2012 and onwards**
- Roughly 150 wells are planned in 2012 and 2013 each, which is significantly above the ~80 estimate we have for 2011
- **Even though we must assume significant slippage, it is obvious that activity in the area is increasing, and spreading both North and South from previously «known» territories in Nigeria and Angola**
- For example; Tullow has extensive plans in Equatorial Guinea and Sierra Leone, Anadarko and African Petroleum are drilling in Liberia, Chariot has plans for pre-salt fields in Namibia
- Senegal, Benin, Sao Tomé and Togo are also going to be explored
- **And finally, do not forget East Africa!**

Source: ODS, Pareto Research

De siste dypvannskontraktene gir samme overskudd som i 2008

Day rate and annual EBITDA for selected long-term UDW fixtures



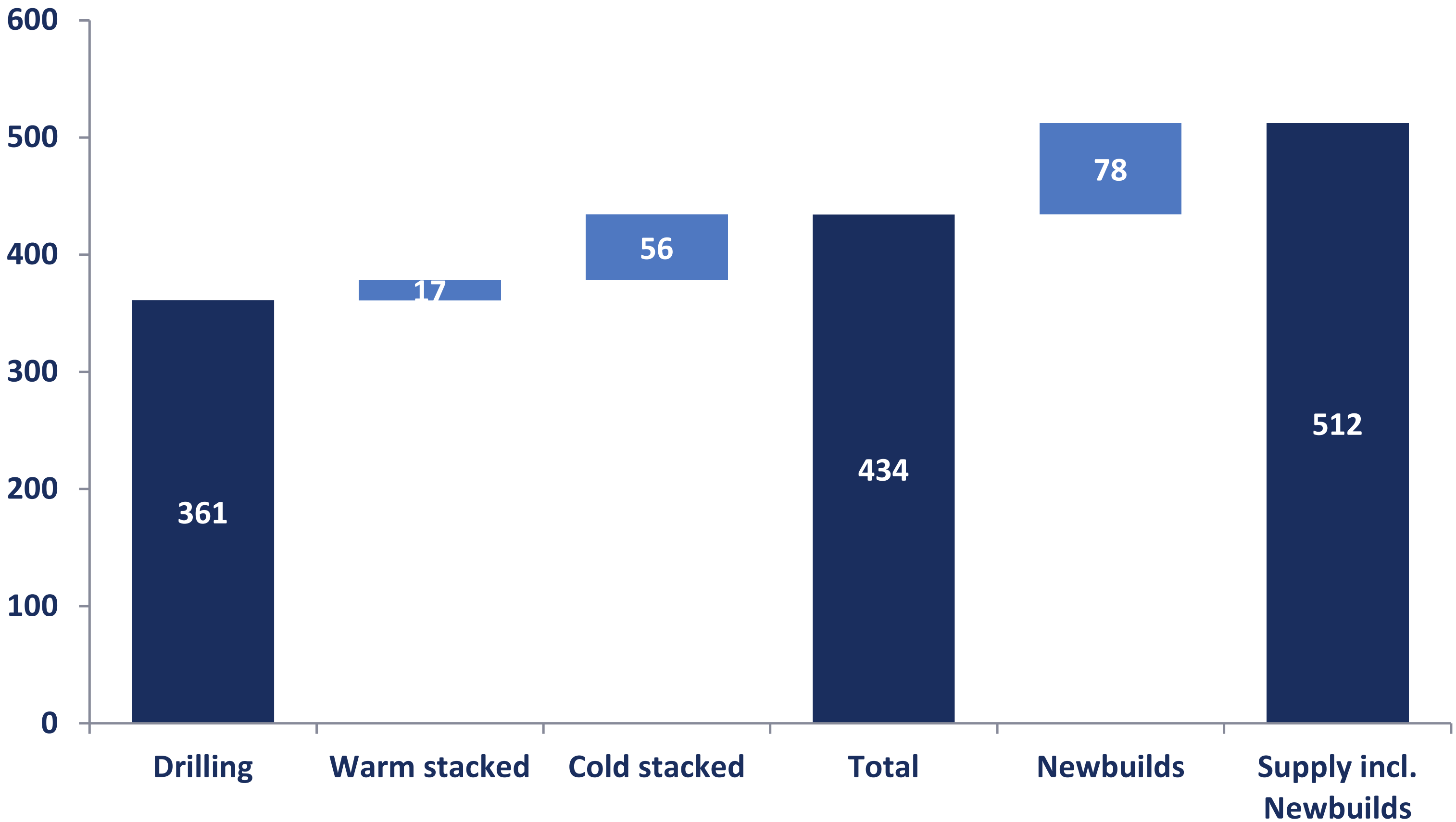
Note: Assumed utilization of 93% for all units, opex vary with location

Source: Upstream, Pareto Research, Bloomberg

I jackup markedet nærmer vi oss et “utsolgt” marked

-For et år side var det 65 warm st. og cold st. units were 68 1yr ago

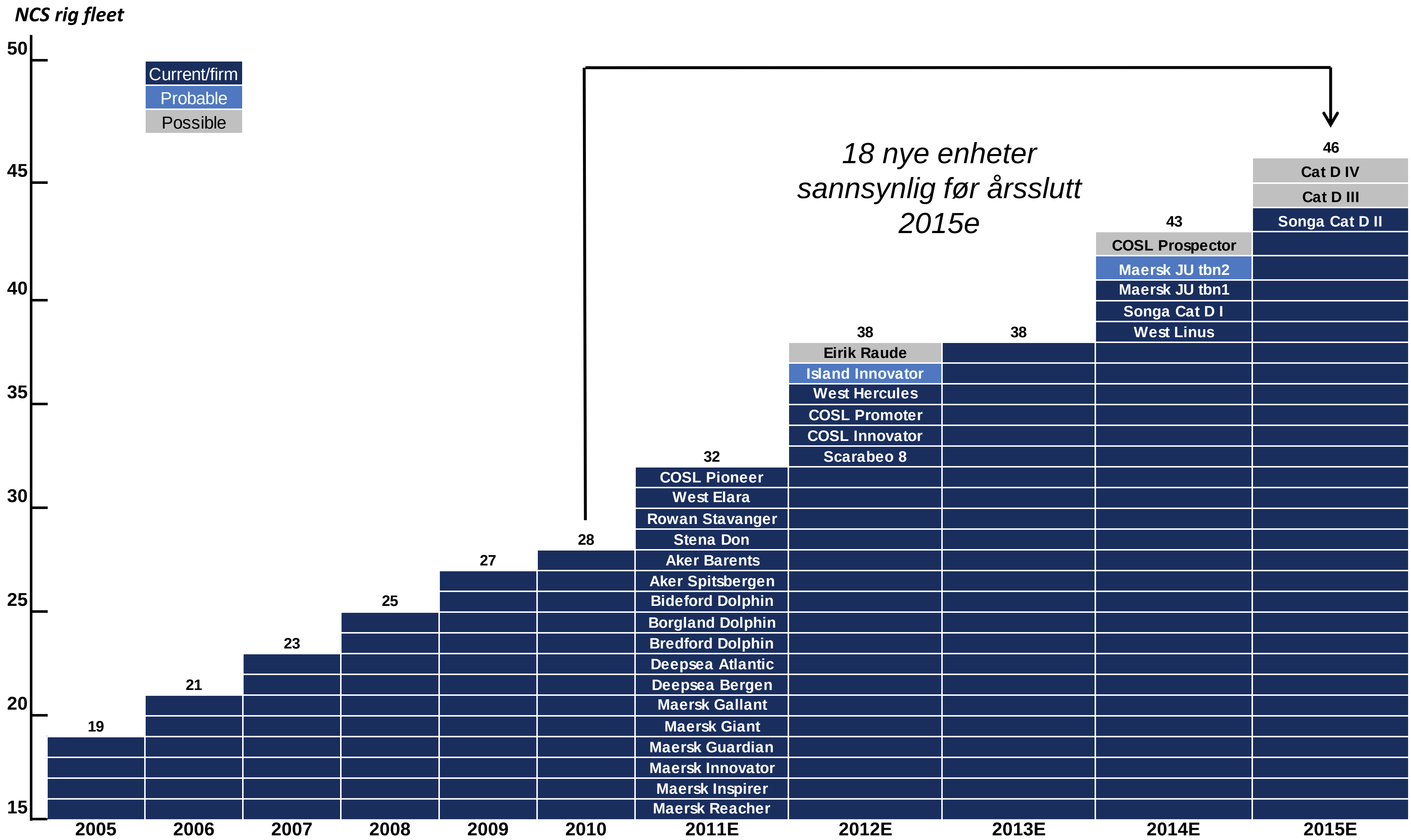
Jackup fleet status as of 21 November



- Out of the cold stacked units 50% are IC and we believe only half of them are able to work again

Source: ODS, Pareto Research

Riggaktiviteten er en ledende indikator – 50% vekst neste 5 år



Source: Pareto Research

Tilbudsaktiviteten på feltutviklinger i nordsjøen har ALDRI vært høyere – hvem skal bygge alt?

Source: Pareto Research

Anbefalinger

- **Fred Olsen Energy** – value case: Dagens kurs NOK 195, kursmål NOK 250

    1. Dividende på 10%
    2. Bra operasjonell gjennomføring, bra kontrakter
    3. Norsk sokkel eksponering

- **Standard** – oppkjøpscase: Dagens kurs NOK 7,5, kursmål NOK 11

    1. Jackup market «utsolgt»
    2. Riktige rigger i riktig marked
    3. Eiere skal selge hvis de bud kommer

- **Kværner –** Norsk sokkel case: Dagens kurs NOK 10, kursmål NOK 20

    1. Hatet pga historisk risko
    2. Bra ledelse
    3. Fantastisk marked i stabilt politisk område

Source: ODS, Pareto Research

Disclaimer

Pareto and the analyst accept no responsibility and expressively disclaim any and all liabilities for any and all losses related to investments caused by or motivated by Recommendations from Pareto. Any person receiving a Recommendation from Pareto is deemed to have accepted this disclaimer. The disclaimer shall apply even if an Investment Recommendation is shown to be erroneous or incomplete or based upon incorrect or incomplete facts, interpretations or assessments or assumptions by Pareto, and irrespective of whether Pareto or any person related to Pareto can be blamed for the incident.

For further disclosures on relevant definitions, methods, risks, potential conflicts of interest etc. and disclaimers please see www.pareto.no/disclaimer. All investment recommendations should be reviewed in conjunction with the information therein.