Floating Production Systems Market Outlook 2015 – 2019

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The Market Today

Some factors affecting market

- $100+ in July 2014 to below $40
- Today WTI $53 (basement?)
- Winners and losers

- Oil Price

- Over 30,000 layoffs announced
- 1st quarter losses
- M&A activity for 2H15

- Layoffs Writedowns

- Increasing CAPEX

- Offshore Continued increase YOY
- Offshore and onshore

- Geopolitical

- Unrest in the Middle East
- Ukraine violence
- Opening Mexico market

• Oil discoveries peaked in the 1960s
• Declining onshore and shallow water reserves has caused a long-term growth in offshore production
• Environmental impacts
• Mobility allows FPSs to be used for various applications in deepwater
• NA tight oil plays resurgence pulling capital onshore

Breakeven for Energy Supply Sources

Exhibit 26 Sources of Oil Supply in 2020

<table>
<thead>
<tr>
<th>Supply Source</th>
<th>2020 Liquid Production million bbl/d</th>
<th>Average BE $/bbl</th>
<th>Lower $/bbl</th>
<th>High $/bbl</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onshore Middle East</td>
<td>22</td>
<td>27.1</td>
<td>9</td>
<td>37</td>
</tr>
<tr>
<td>Shelf</td>
<td>18</td>
<td>40.9</td>
<td>11</td>
<td>69</td>
</tr>
<tr>
<td>Extra heavy oil</td>
<td>2</td>
<td>48.7</td>
<td>33</td>
<td>59</td>
</tr>
<tr>
<td>Russia onshore</td>
<td>9</td>
<td>49.9</td>
<td>26</td>
<td>71</td>
</tr>
<tr>
<td>Row onshore</td>
<td>23</td>
<td>50.9</td>
<td>22</td>
<td>75</td>
</tr>
<tr>
<td>Deepwater</td>
<td>10</td>
<td>51.9</td>
<td>22</td>
<td>72</td>
</tr>
<tr>
<td>Ultra deepwater</td>
<td>4</td>
<td>56.4</td>
<td>36</td>
<td>66</td>
</tr>
<tr>
<td>NA tight liquids</td>
<td>8</td>
<td>64.8</td>
<td>52</td>
<td>75</td>
</tr>
<tr>
<td>Oil sands</td>
<td>4</td>
<td>70.0</td>
<td>48</td>
<td>85</td>
</tr>
<tr>
<td>Arctic</td>
<td>1</td>
<td>75.0</td>
<td>43</td>
<td>90</td>
</tr>
</tbody>
</table>

- 271 Floating Systems in service
  - FPSOs in Brazil & Africa
  - Semis in North Sea & Brazil
  - TLP & Spar in GoM

A sharp rebound has been seen in the past two down cycles.

<table>
<thead>
<tr>
<th>Year</th>
<th>Orders in down year</th>
<th>Orders in rebound year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-2005</td>
<td>9 orders</td>
<td>20 orders</td>
</tr>
<tr>
<td>2009-2010</td>
<td>7 orders</td>
<td>26 orders</td>
</tr>
<tr>
<td>2017-2019</td>
<td>Average of 13 awards per year expected</td>
<td></td>
</tr>
</tbody>
</table>

Africa is the only region with an increase in future awards based on previous years.

CAPEX Forecast: $70.5bn
2015-2019

Conversion 50%
Redployment 5%
Newbuild 45%

CAPEX Forecast: $70.5bn
2015-2019

Other Floating Units

- 3 Semis ordered in past 5 years
  - 1 in 2011, 2 in 2012
- 5 TLPs ordered in past 5 years
  - 2 in 2011, 2 in 2013
- 6 Spars ordered in past 5 years
  - 3 in 2011
- No FLNGs are currently in operation; 7 units on order
  1. Exmar Caribbean FLNG
  2. Petronas Kanowit
  3. Shell Prelude
  4. Golar FLNG1
  5. Exmar’s Speculative
  6. Petronas Rotan
  7. Golar FLNG2

<table>
<thead>
<tr>
<th>Type</th>
<th>CAPEX Forecast</th>
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<tbody>
<tr>
<td>Semi</td>
<td>$6.7bn</td>
</tr>
<tr>
<td>TLP</td>
<td>$1.9bn</td>
</tr>
<tr>
<td>Spar</td>
<td>$3.8bn</td>
</tr>
<tr>
<td>FLNG</td>
<td>$64.4bn*</td>
</tr>
</tbody>
</table>

*Forecast is 2014-2020

Market Forecast 2015-2019

Assumptions for Market Forecasts: No major oil spill event No reoccurrence of a global financial crisis similar to 08/09 or a crisis largely limited to Brazil

What does the Future look like?

• Project pace slowed due to oil price but longer term new projects are required to replace depleting fields

Oil price expectations for the next 5 to 15 years are in the $60-$105

<table>
<thead>
<tr>
<th>Provider</th>
<th>Oil Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMA</td>
<td>$60-$80 range</td>
</tr>
<tr>
<td>DW</td>
<td>$95-$105 range</td>
</tr>
<tr>
<td>WER</td>
<td>$80-$100 range</td>
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</tbody>
</table>

• Activity in 2015 and early 2016 will be conceptual and FEED studies
• Offshore production will continue to expand
• NA tight oil impacted significantly by oil price
• Offshore projects are moving right but not being cancelled
• FPSO’s will continue to dominate FPS market
• Potential for FLNG market growth

Continuous change is the norm for energy markets
Spencer Dale – Group Chief Economist, BP
