

# New Horizons for Australia Gas: A contractor's perspective

Brett Howard

Wednesday, 13 March 2019



# Disclaimer

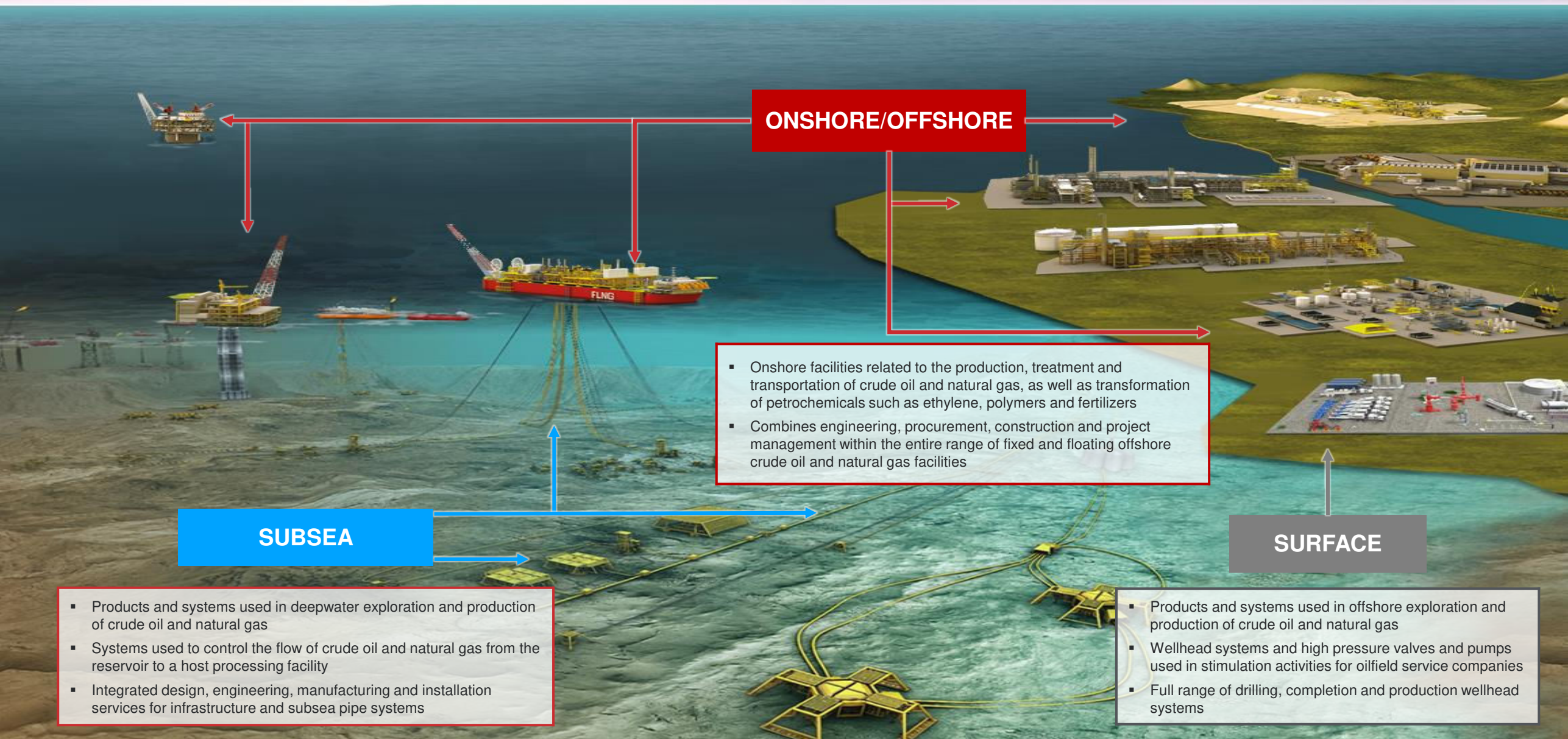
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We would like to caution you with respect to any “forward-looking statements” made in this presentation as defined in Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934, as amended. The words such as “believe,” “expect,” “anticipate,” “plan,” “intend,” “foresee,” “should,” “would,” “could,” “may,” “estimate,” “outlook” and similar expressions are intended to identify forward-looking statements, which are generally not historical in nature.

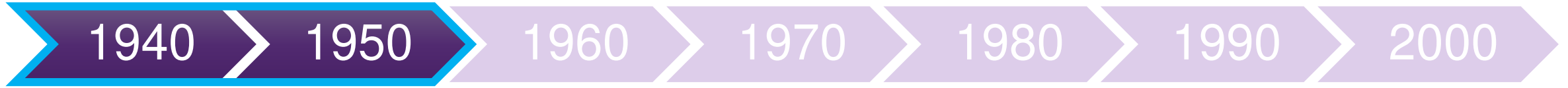
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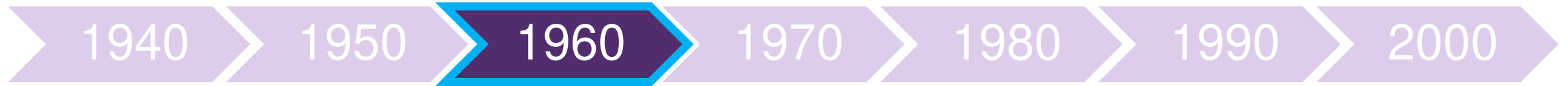
# Broadest portfolio of solutions for the oil & gas industry



# In the beginning



# Offshore soon became an emerging industry



Subsea completions



Shallow Water  
1960s



Fire Safe Valves Under Platform  
1968

# Early subsea technology explored many options



**1975**  
**Petrobras Garoupa**  
**One-atmosphere Tree**



**1979**  
**Flexservice 1**  
**First Flexible Reelbarge**

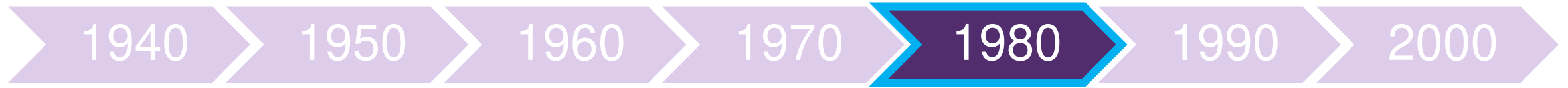


**1979**  
**Shell Expro Cormorant**  
**Underwater Manifold Center**

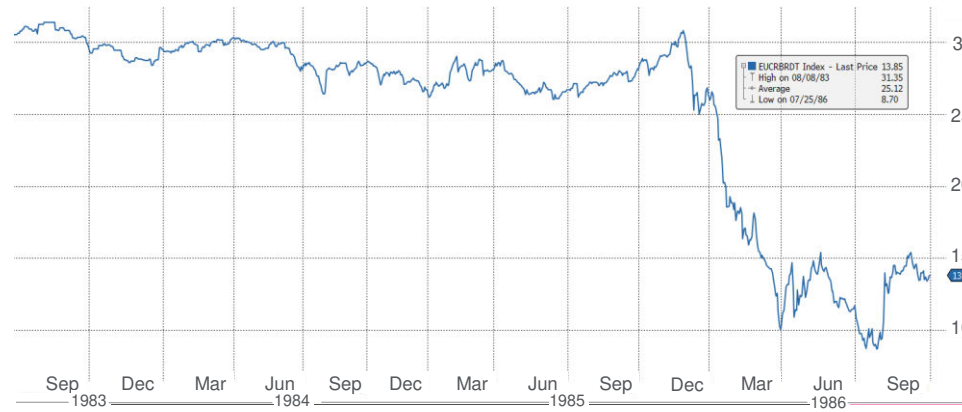


**1979**  
**Petrobras Enchova**  
**Diver Assist Tree**

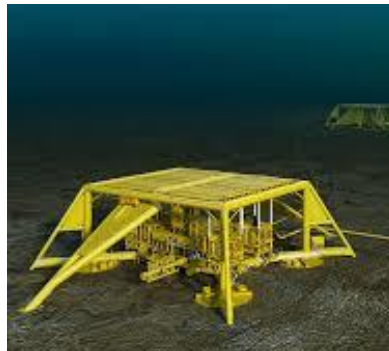
# Further development was slowed by a cycle turn in the 1980s



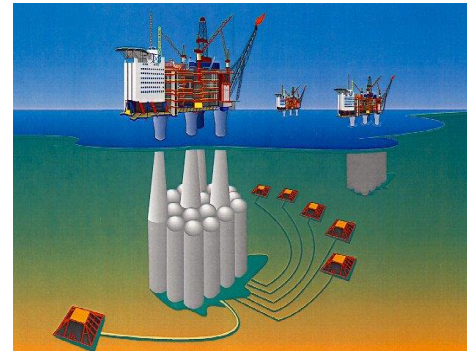
Oil price Jun 1983 – Sep 1986 (Brent, USD/bbl)



Source: Bloomberg LLP



Statoil Heidrun  
Norway 1985

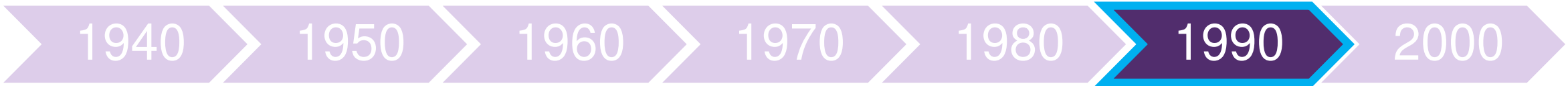


Statoil Gullfaks  
Norway 1986

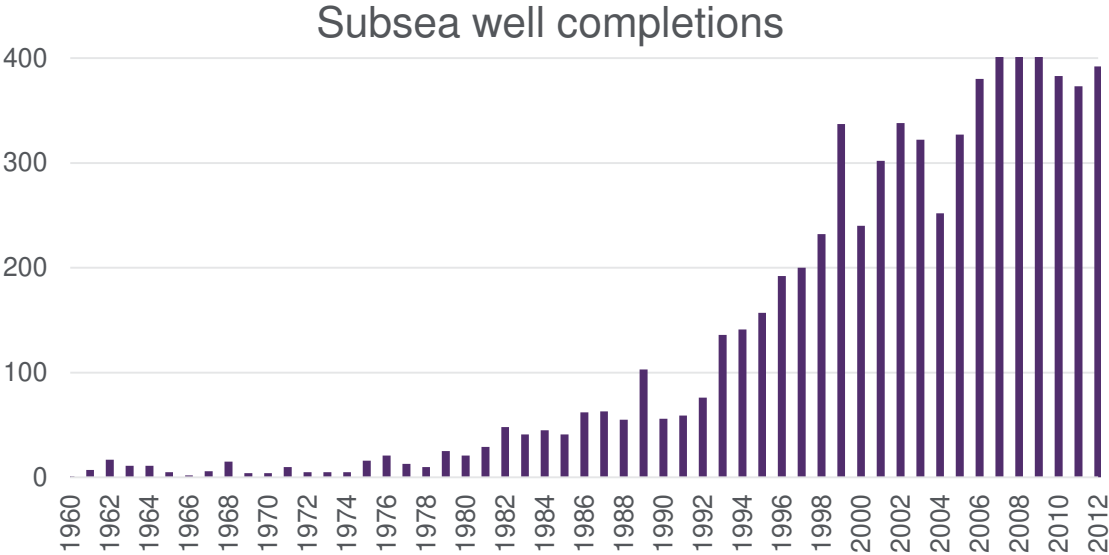


Buchan Alpha  
UK 1974

# Back on track, subsea goes mainstream



**Statoil HOST System  
North Sea 1995**



Source: Wood Mackenzie

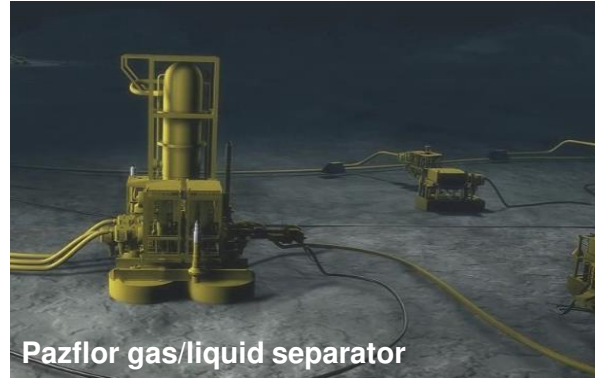


**Shell Mensa Manifold  
Gulf of Mexico 1997**

# Technical development continues apace



Enhanced Vertical Deepwater Tree

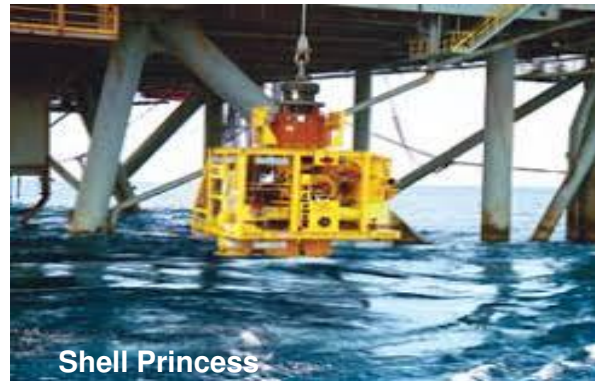


Pazflor gas/liquid separator

Subsea Processing



Riserless Light Well Intervention

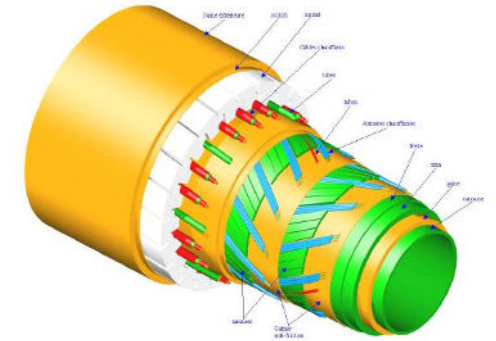


Shell Princess

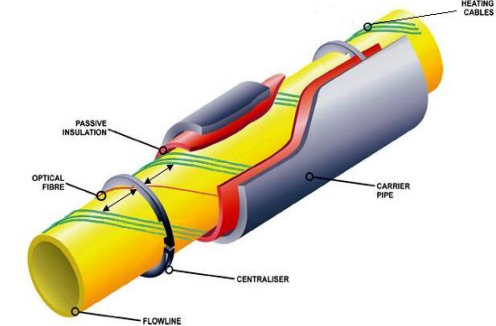
HP/HT 15K Subsea Tree



Deep Water  
Self-Standing  
and Catenary  
Risers

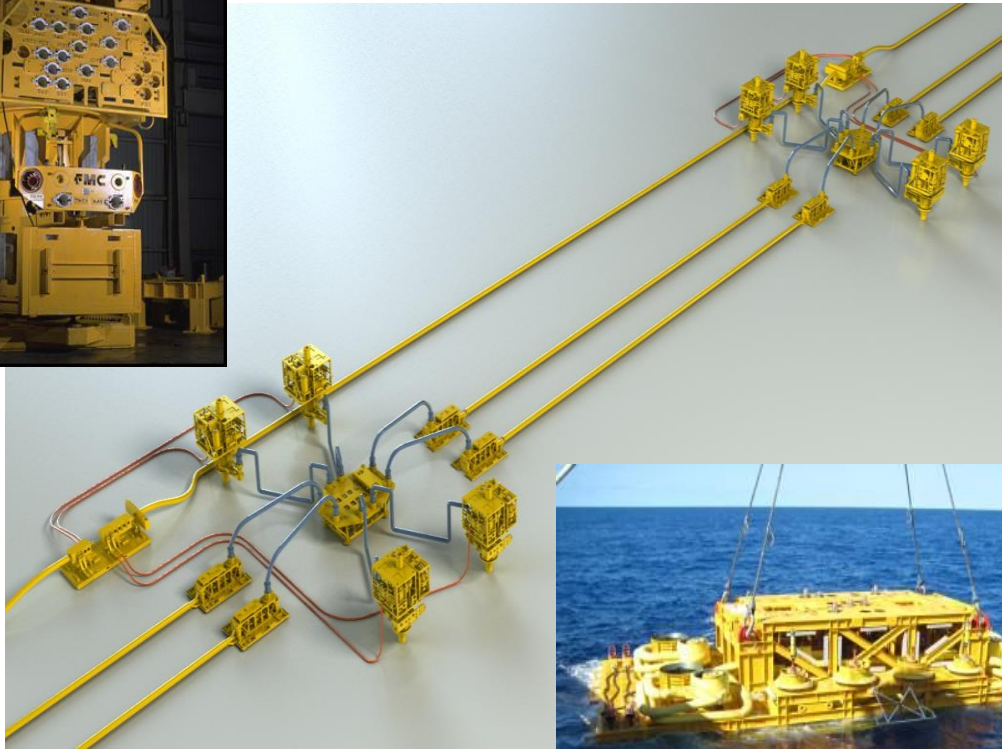
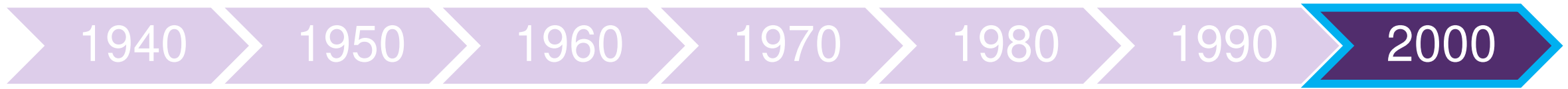


Integrated Production  
Bundle

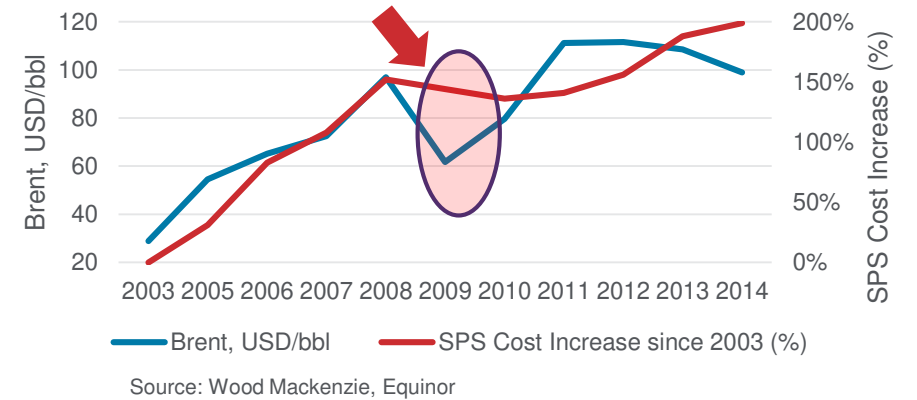


Heated Flowlines

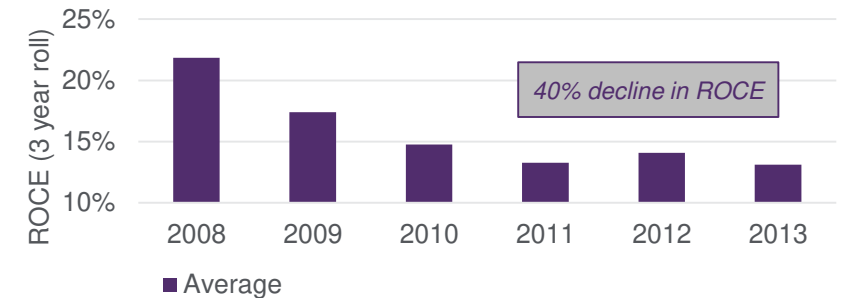
# With innovation came highly complex, customised solutions



Subsea production equipment cost vs Brent



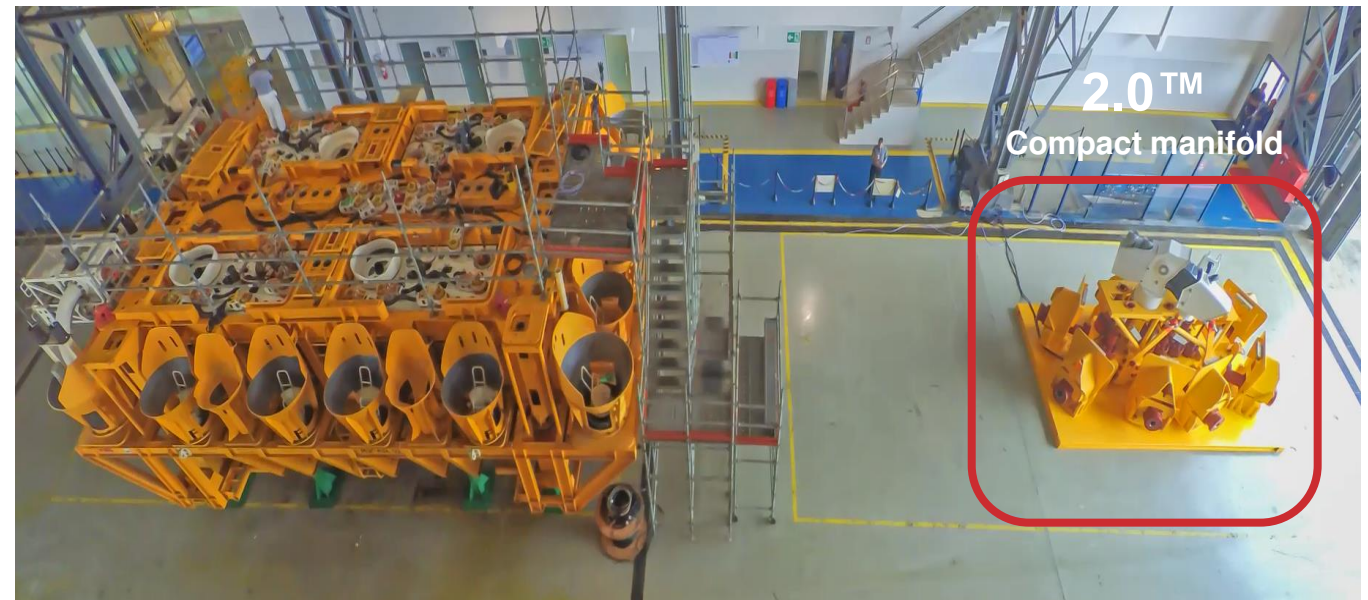
Diminishing operator returns (ROCE)



Source: Bloomberg LLP; average ROCE (return on capital employed)  
Includes APC, BP, CVX, COP, XOM, RDS, EQNR, TOT

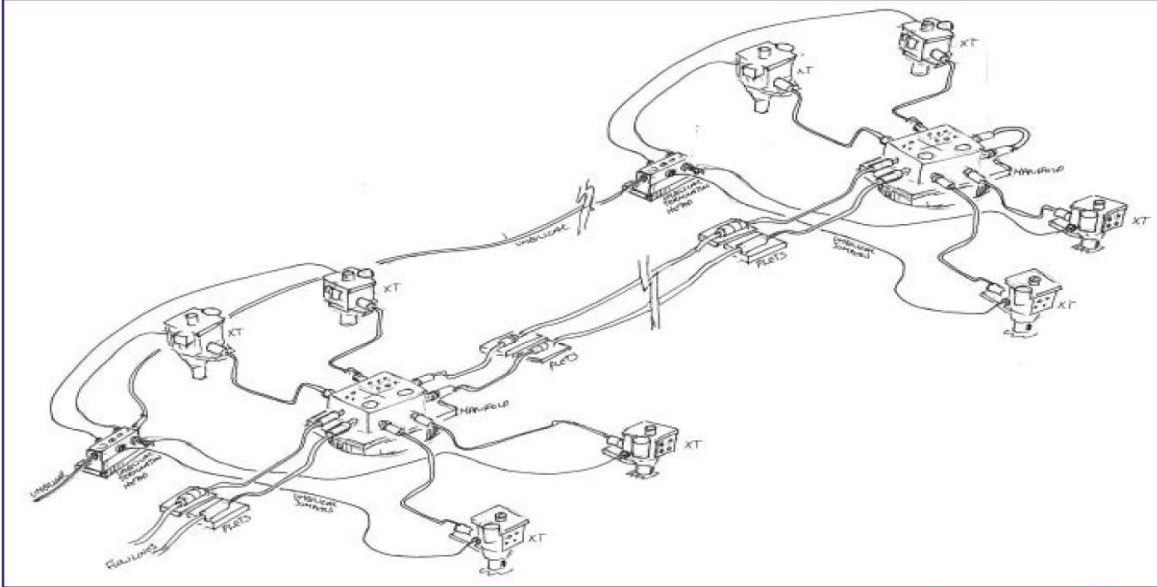
**It was time to think differently...**

# Lean, simple, and standardised solutions

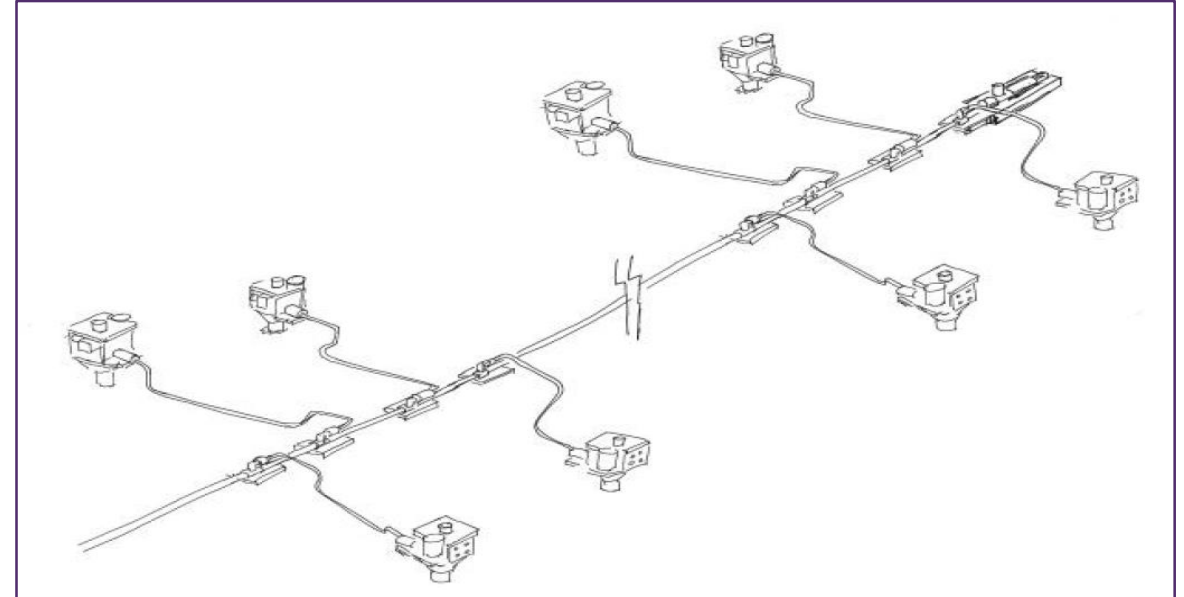


# Integrated approach redefining subsea project economics

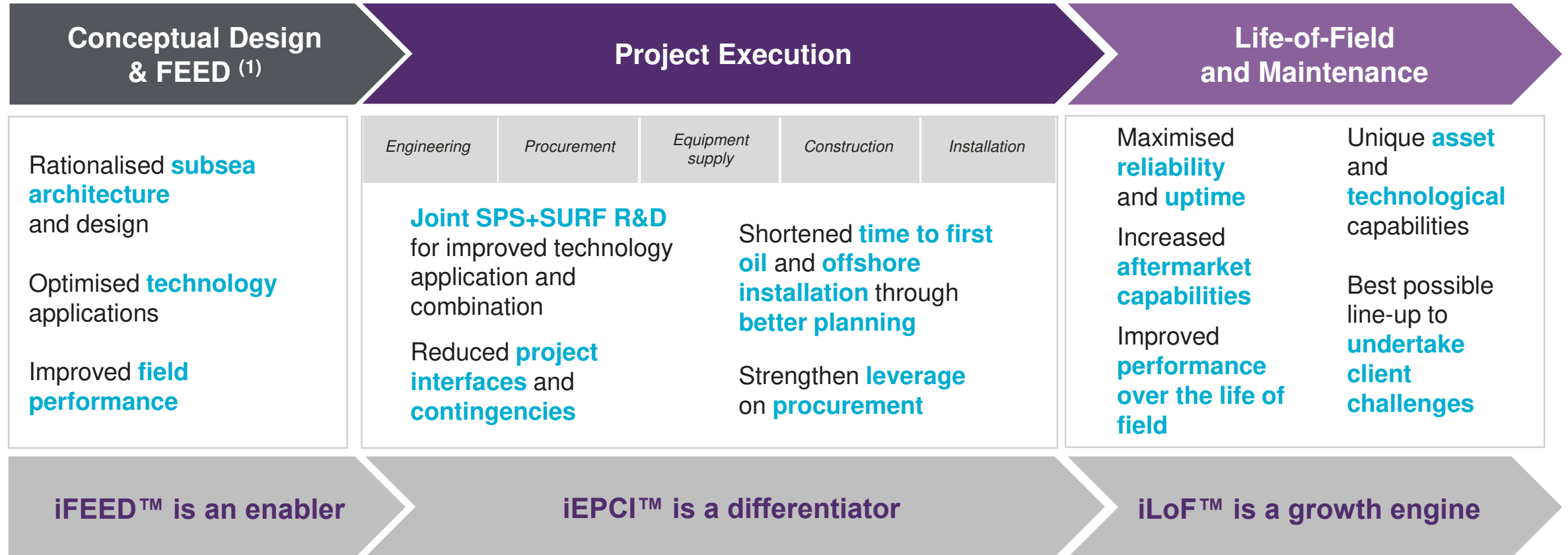
## Traditional approach



## Subsea 2.0™ an enabler to iEPCI™

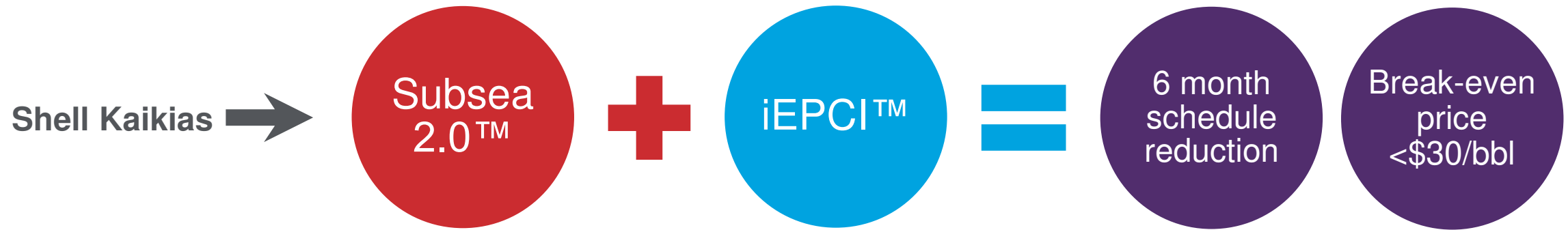


# Integration to deliver value

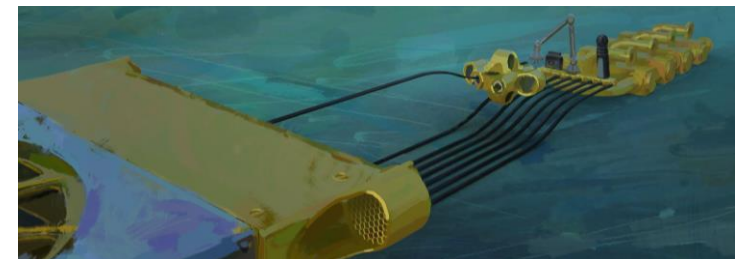
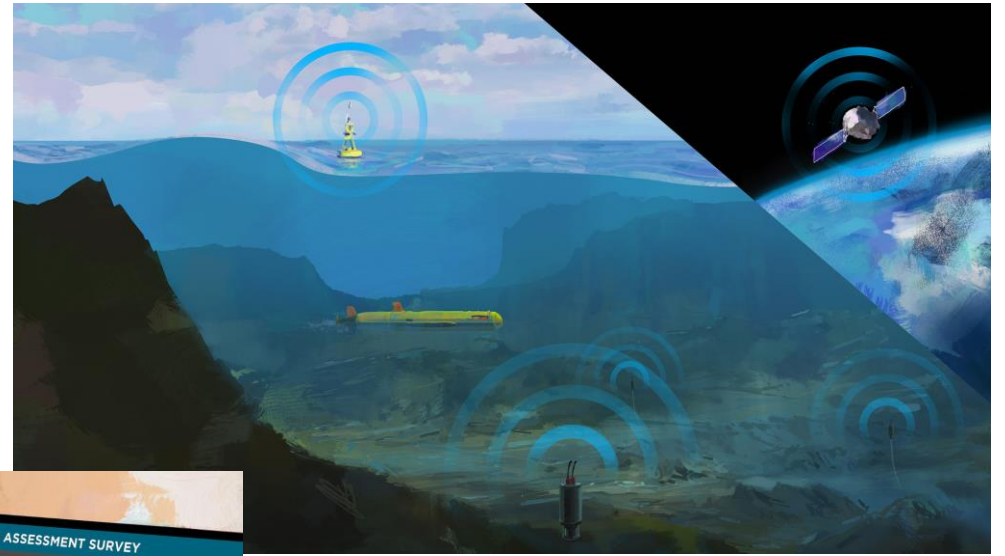
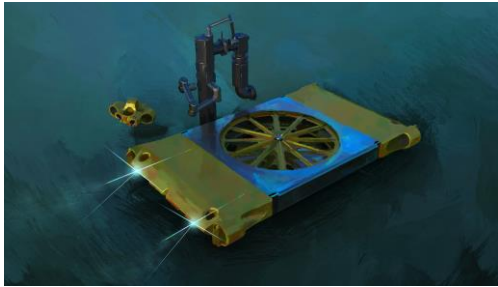


<sup>(1)</sup> Genesis Oil & Gas Consultants TechnipFMC

# Making subsea short-cycle with Subsea 2.0™ + iEPCI™



# And what's beyond?

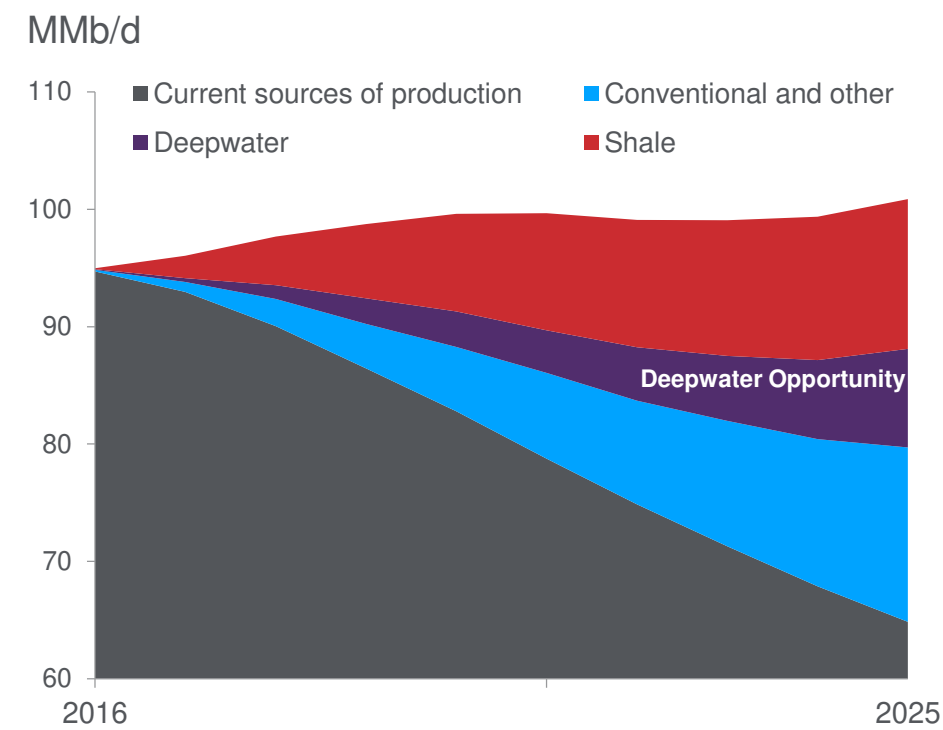


**So, how does this fit in the market today?**

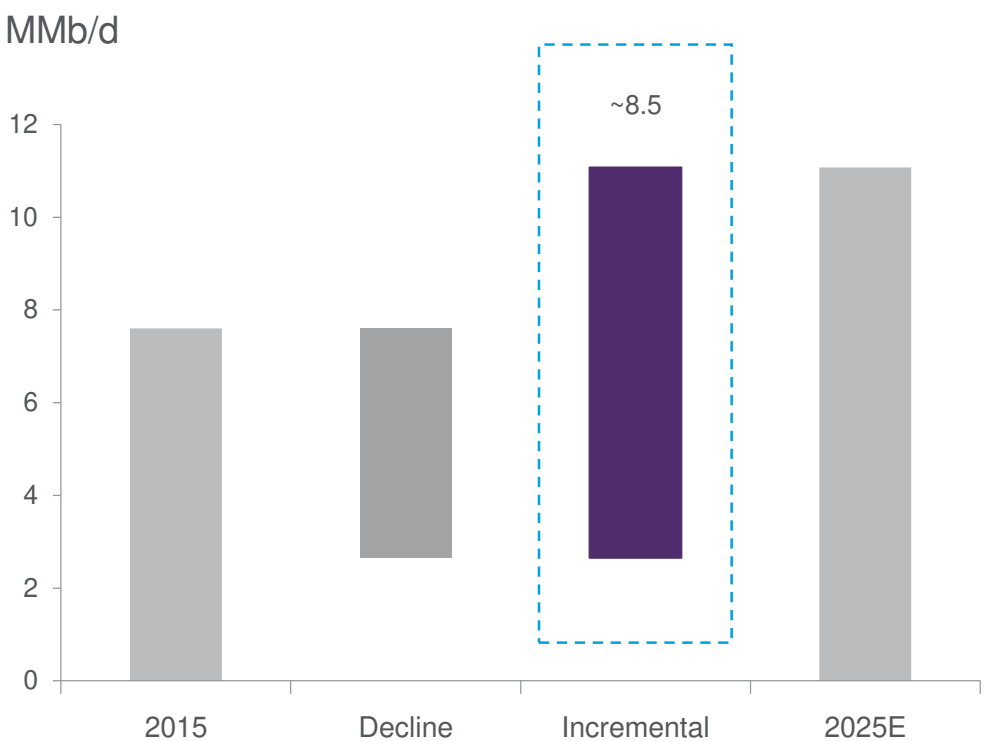
# Offshore remains critical to the future...

~36 million barrels / day of incremental production required by 2025e...

...with a large portion to come from deepwater

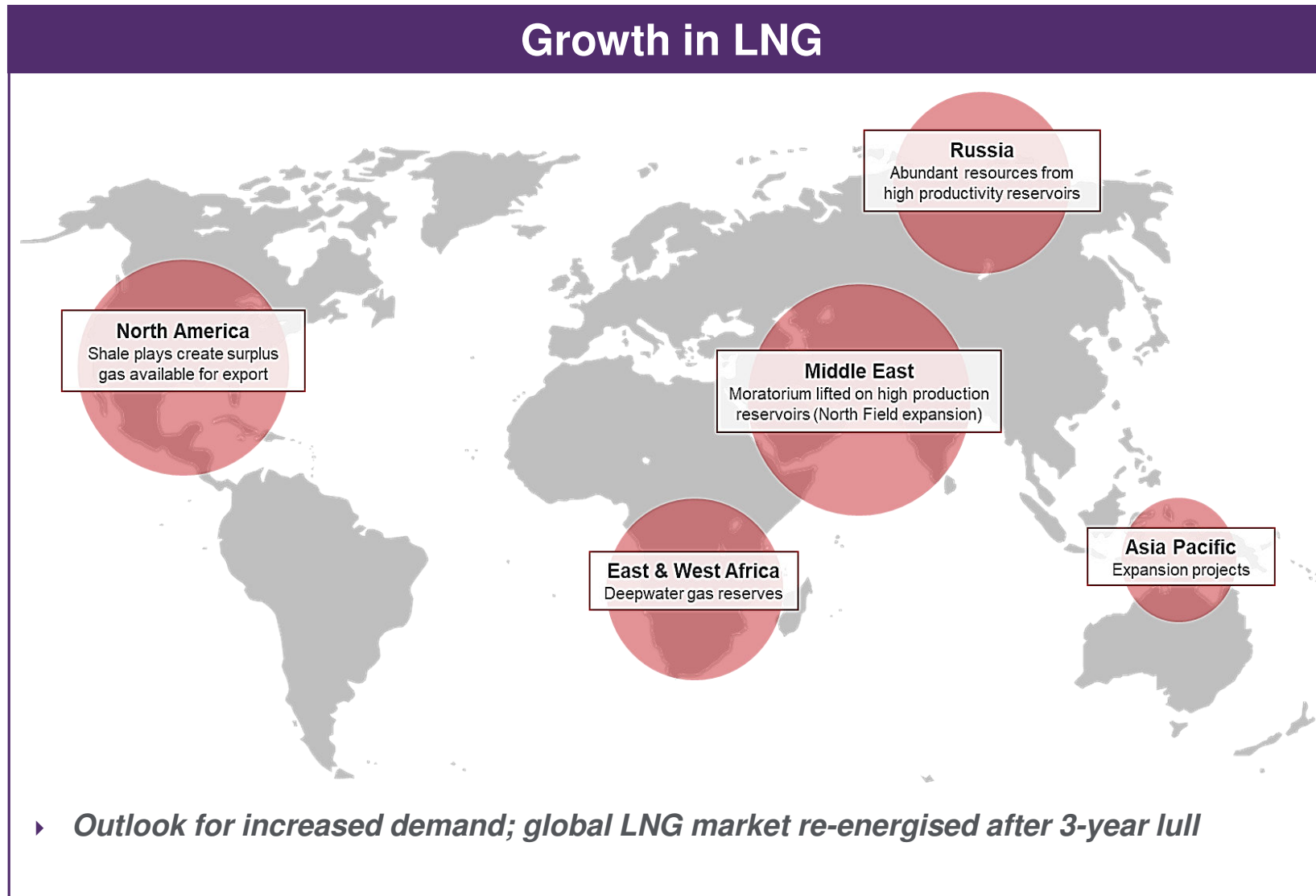


Source: Rystad Energy Supply Study; October 2016

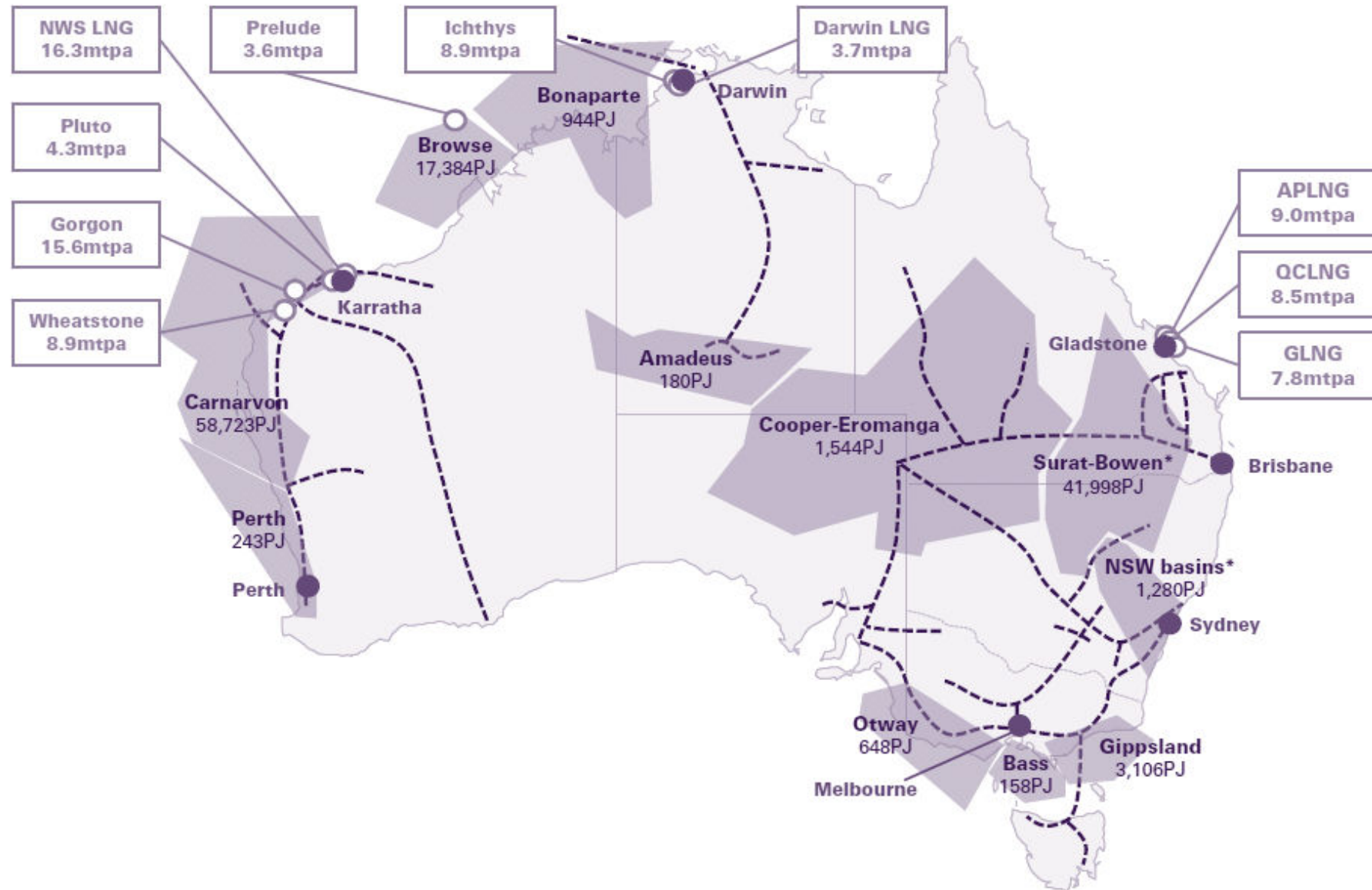


Source: Rystad Energy Supply Study, TechnipFMC; October 2016

# Onshore/Offshore: Delivering projects from concept to start-up



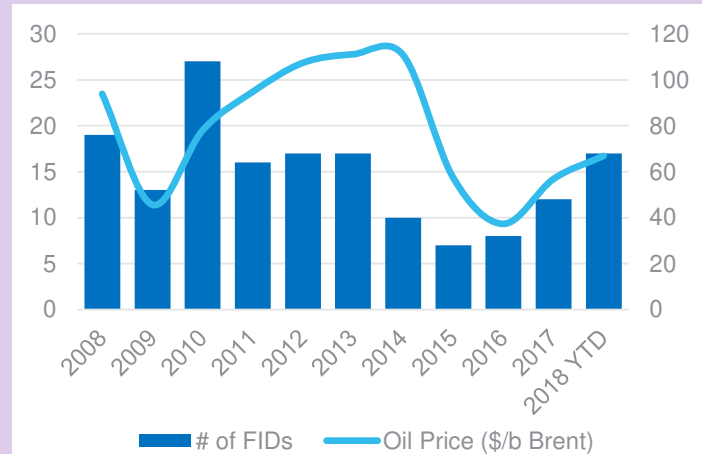
# Australian LNG



# Outlook supportive of our key growth markets

## Subsea

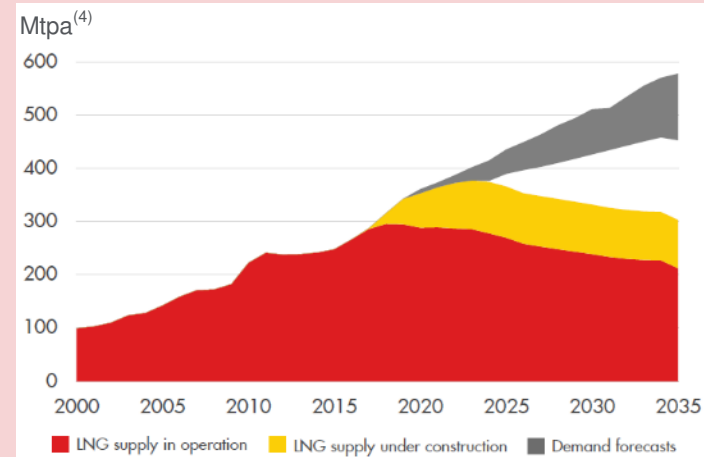
### Offshore Final Investment Decisions<sup>(1)</sup>



- > Growth in Final Investment Decisions (FIDs) for offshore projects; subsea recovering
- > Project FIDs (reserves > 50mm barrels) returned to levels last seen above \$100 oil

## LNG

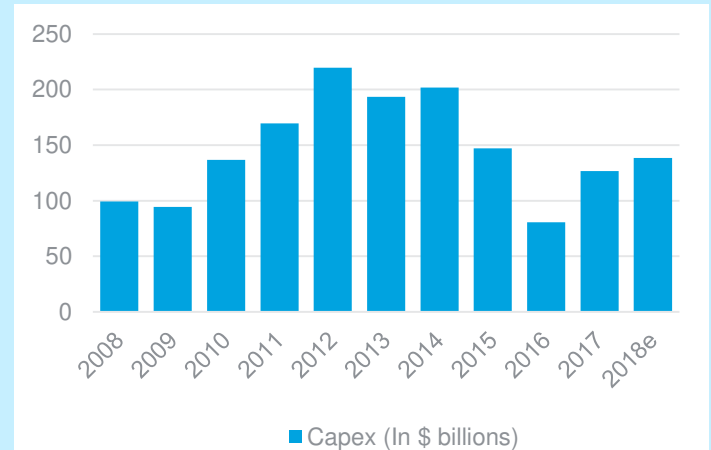
### Emerging LNG supply-demand gap<sup>(2)</sup>



- > Market rebalancing due to strengthening demand; market to tighten as early as 2020
- > Timely sanctioning of liquefaction/regasification projects needed to meet medium-term demand

## Unconventional

### North America onshore capex<sup>(3)</sup>



- > Reduced completions activity likely proves transitory
- > Growth in drilled but uncompleted wells (DUCs) continues

(1) All projects have reserves of 50 mmboe or above. Source: Wood Mackenzie, July 2018.

(2) Source: Shell interpretation of IHS market, Wood Mackenzie, FGE, BNEF and Poten & Partners Q4 2017 data.

(3) North America includes United States and Canada. Source: Rystad Energy.

(4) Mtpa = Million metric tons per annum.

# Summary

- Australia is in a unique position in the global gas market
- Market has inflected but cannot support a return to the old ways
- Sustainable future requires
  - Early engagement to identify and deliver value
  - Standardised components configured to order
  - Fully vertically integrated execution
  - Focus on total cost of ownership

