

Subsea Market Review



Society for
Underwater
Technology

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Quest Offshore



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Instability in Global Market Disclaimer

- In light of fluid market dynamics driven by end-2008 instabilities in the global financial crisis in 2008-2009 and oscillating crude oil prices, Quest forewarns that material changes in market conditions may lead to further changes in the exact timing of deepwater projects and their expected momentum beyond what is represented in this presentation.
- Although it is current consensus that the global deepwater markets may be more resilient than other sectors, Quest Offshore recognizes that continued deteriorating conditions may cast a shadow of potential doubt on near-term activity levels. It has been a practice of Quest Offshore to focus on a longer-term view of the global deepwater offshore market, and we continue to expect robust growth.
- Quest Offshore continues to strive to communicate to our subscribers an up-to-date scenario for all market segments and will continue to do so as market conditions dictate.



The Mission

To provide market expertise, strategic analysis, marketing communication and consultancy services to the deepwater oil and gas markets globally

Capabilities

A dedicated team of sector specialists that focus on qualitative and quantitative data to identify global market opportunities for deepwater technologies

Coverage

Worldwide deepwater basins - Exploration through SURF and Marine installation segments



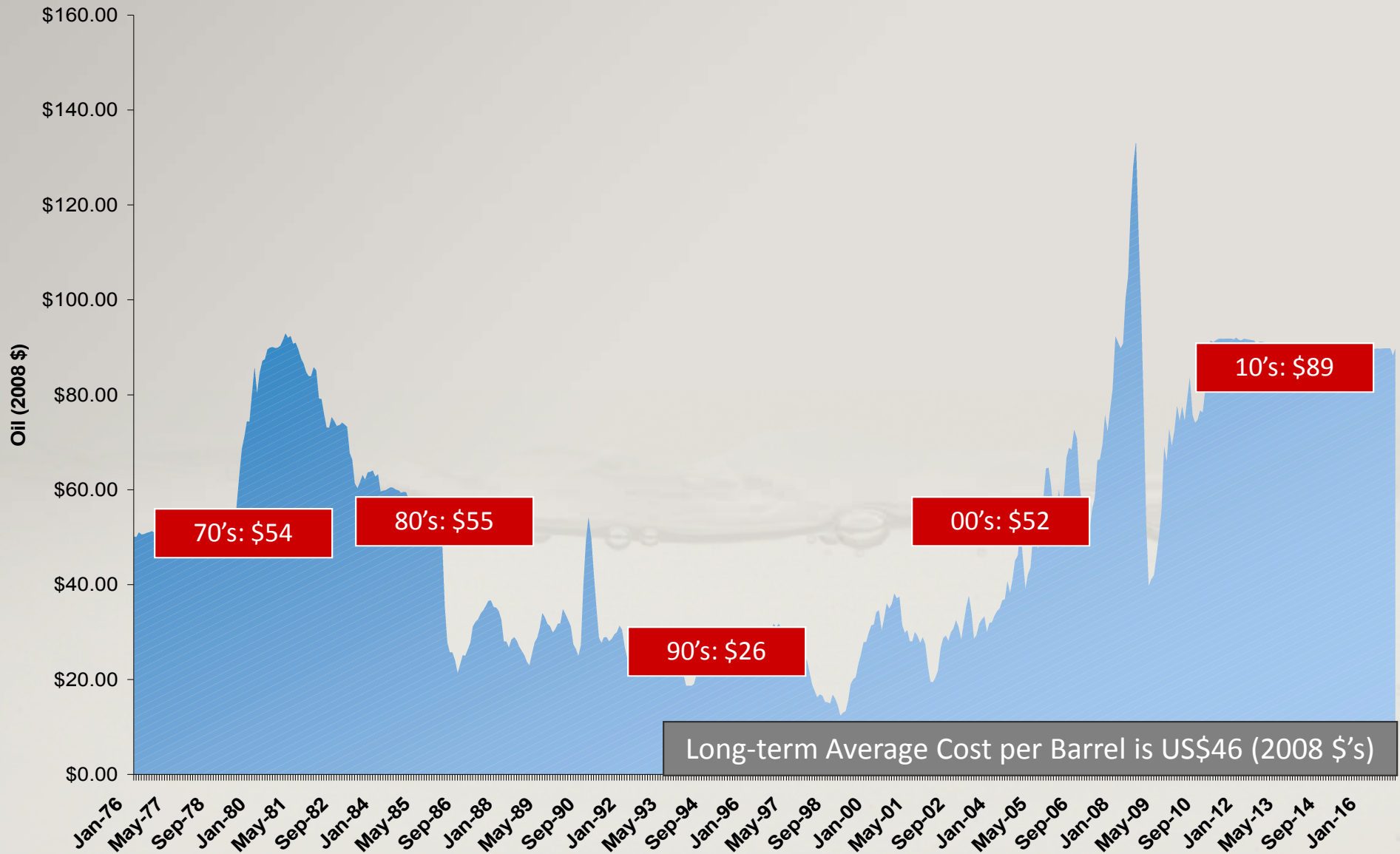
Product Portfolio by Market Segment

Overall Scope:

- Tracking 800 exploration prospects – 150 currently active
 - Following over 2,500 deepwater projects – almost half are forecast projects
-
- Drilling
 - Subsea Production Equipment
 - Umbilicals
 - Risers
 - Flowlines
 - Subsea Processing & Power
 - Marine Construction Vessels
 - Floating Production Systems
 - Global Shipyard Capacity
 - Regional Reports
 - GoM
 - Brazil
 - Asia Pacific



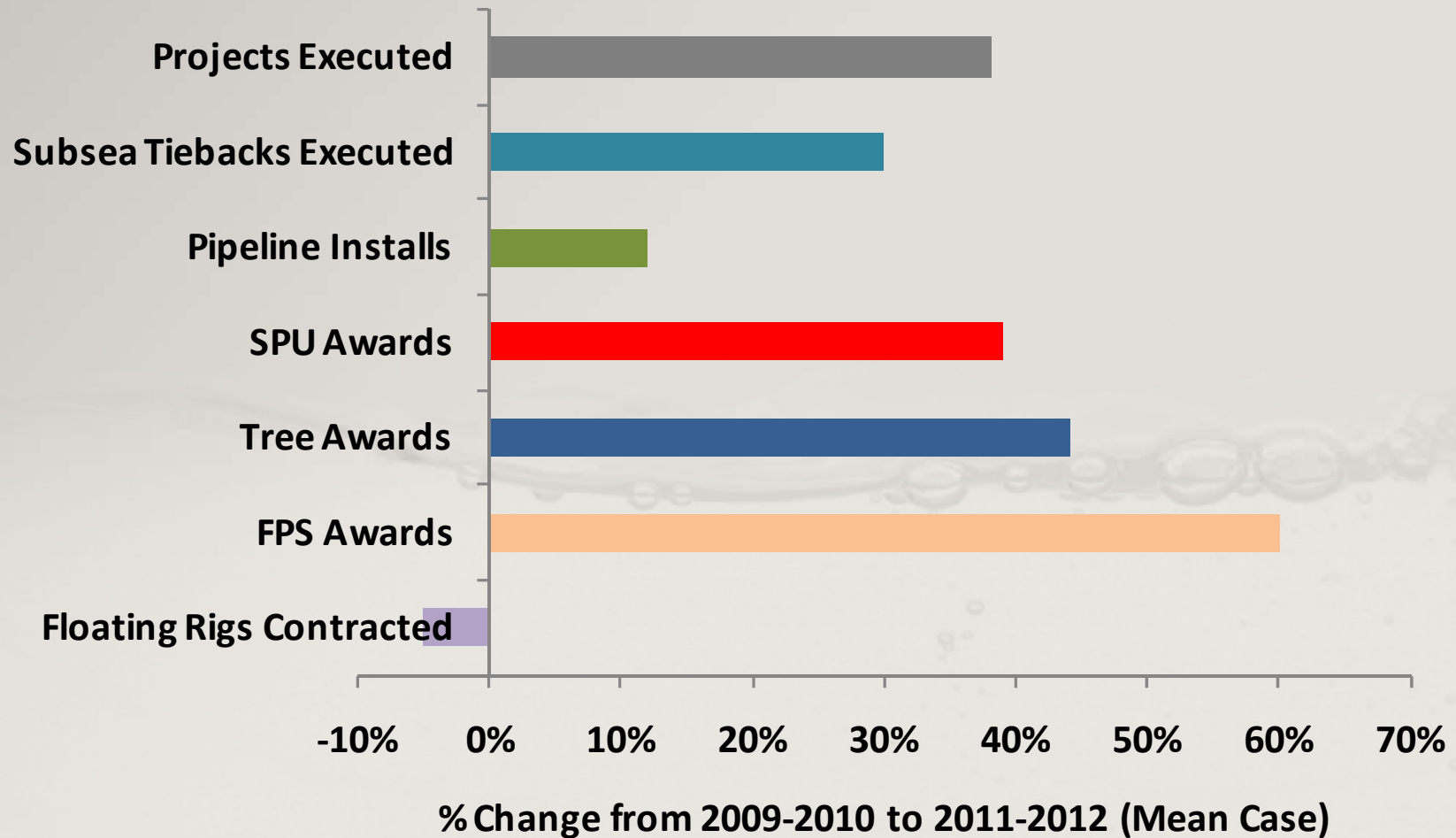
Oil Price / Commodity Overview





Global Market Segment Momentum

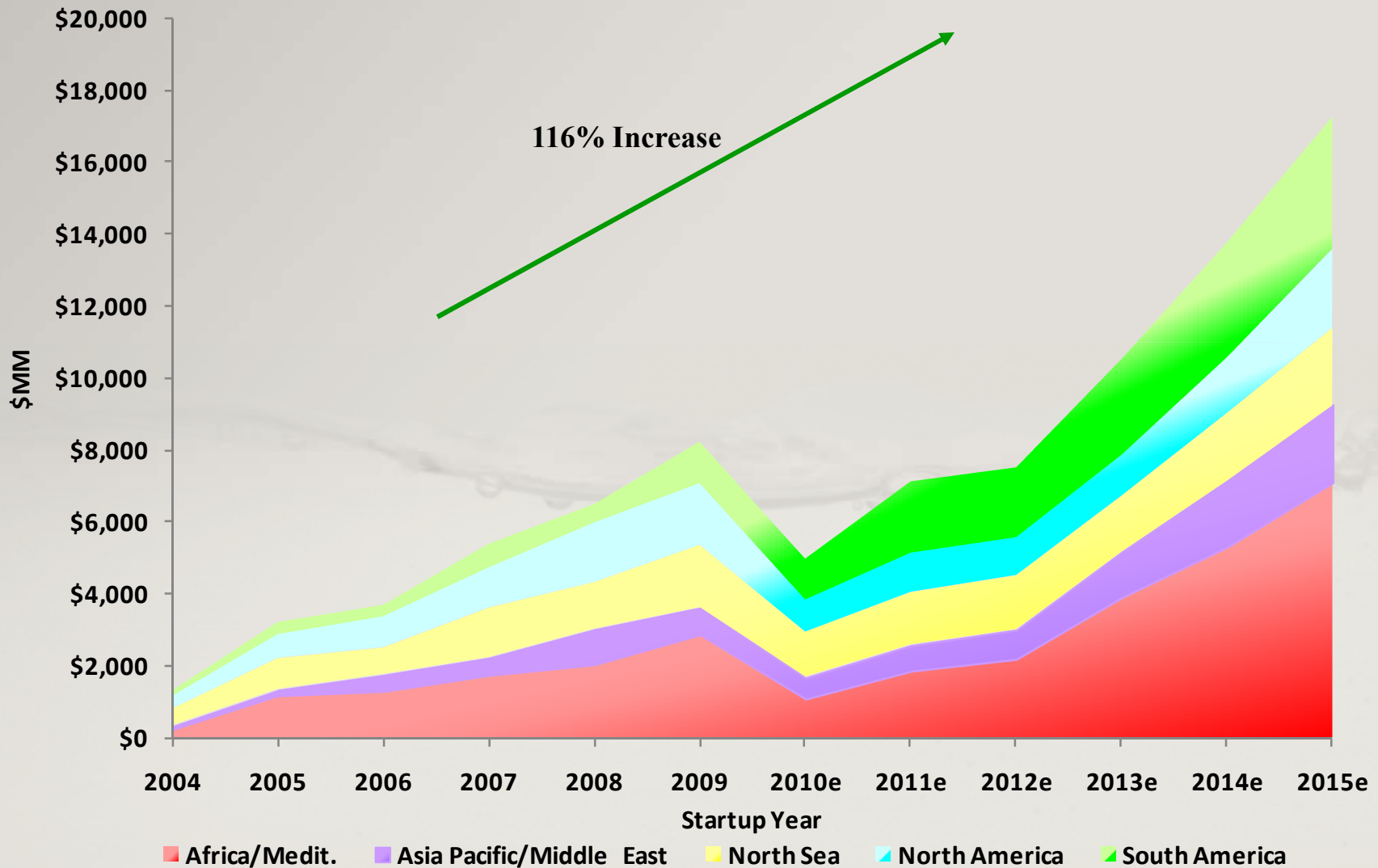
24-Month Outlook





Global Subsea Capex

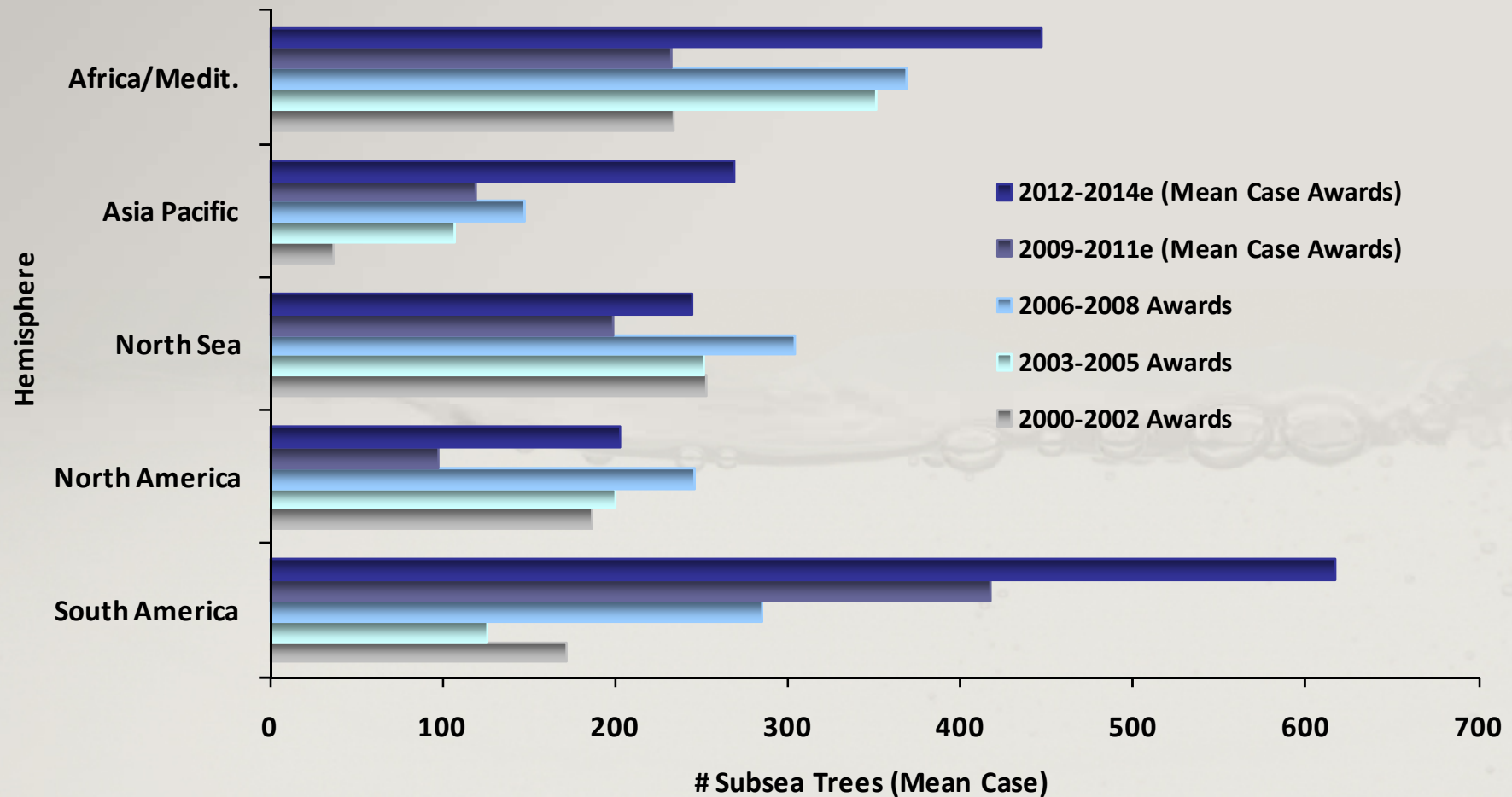
Forecast spending 2010-2015e \$61.1bn





Global Subsea Tree Awards by Year

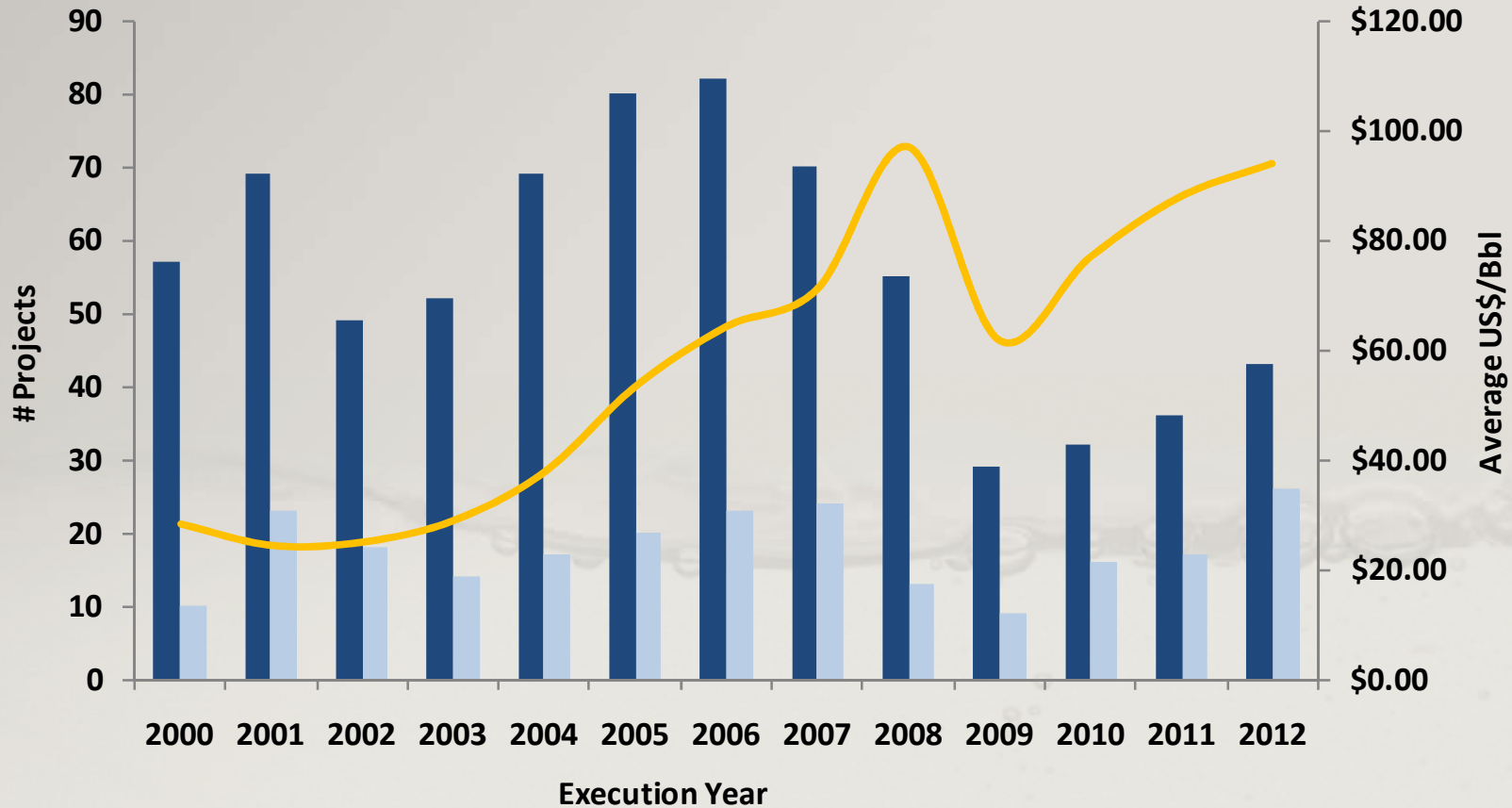
2000-2014e (Mean Case) 3-Year Buckets





Global Project Execution Activity Vs. Nominal Oil Price

2000-2010 Execution Year: Subsea Tiebacks Vs. Stand Alone



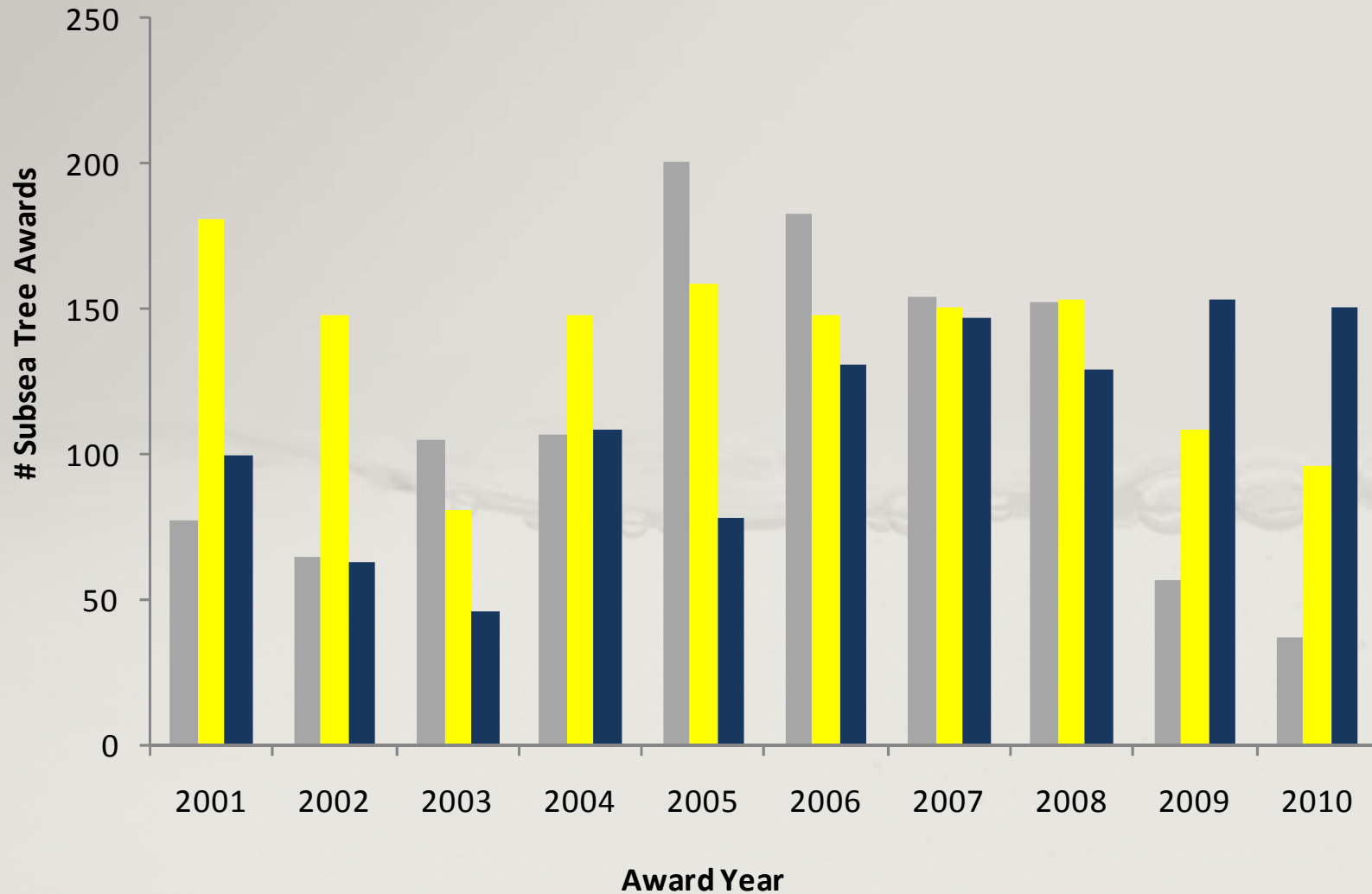
■ Global SSTB ■ Global Stand Alone — Avg US\$/bbl

Source: www.inflationdata.com; Gas prices = nominal price at wellhead; Project Execution Year = 1st Subsea Tree Award Year or FPS Award Year



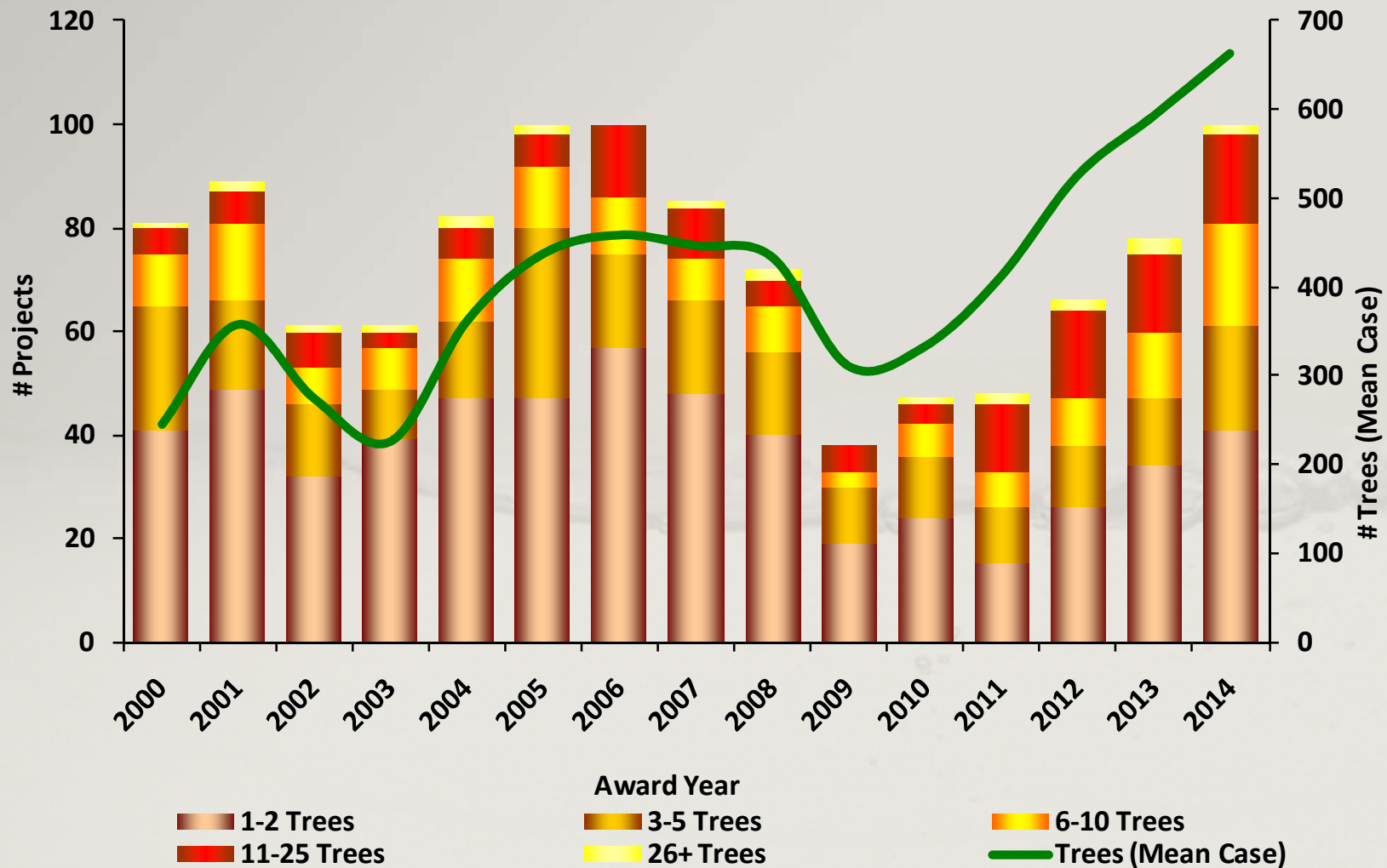
Global Subsea Tree Awards by Operator Type

2001-2010 Subsea Tree Awards





Global Number of Projects by Subsea Tree Count

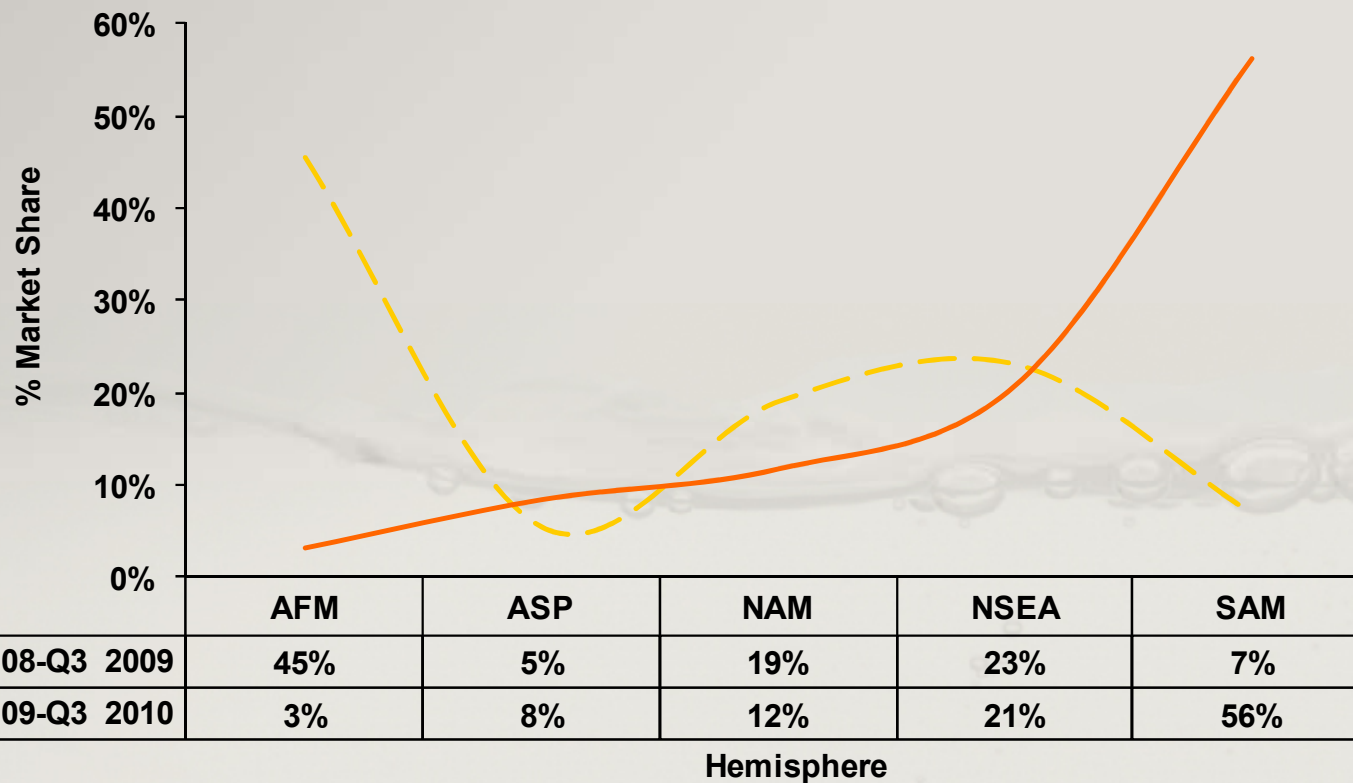


Forecast Tree Awards = Mean Case



Global Consolidated Market Share by Hemisphere

Q4 2008-Q3 2009 Vs. Q4 2009-Q3 2010

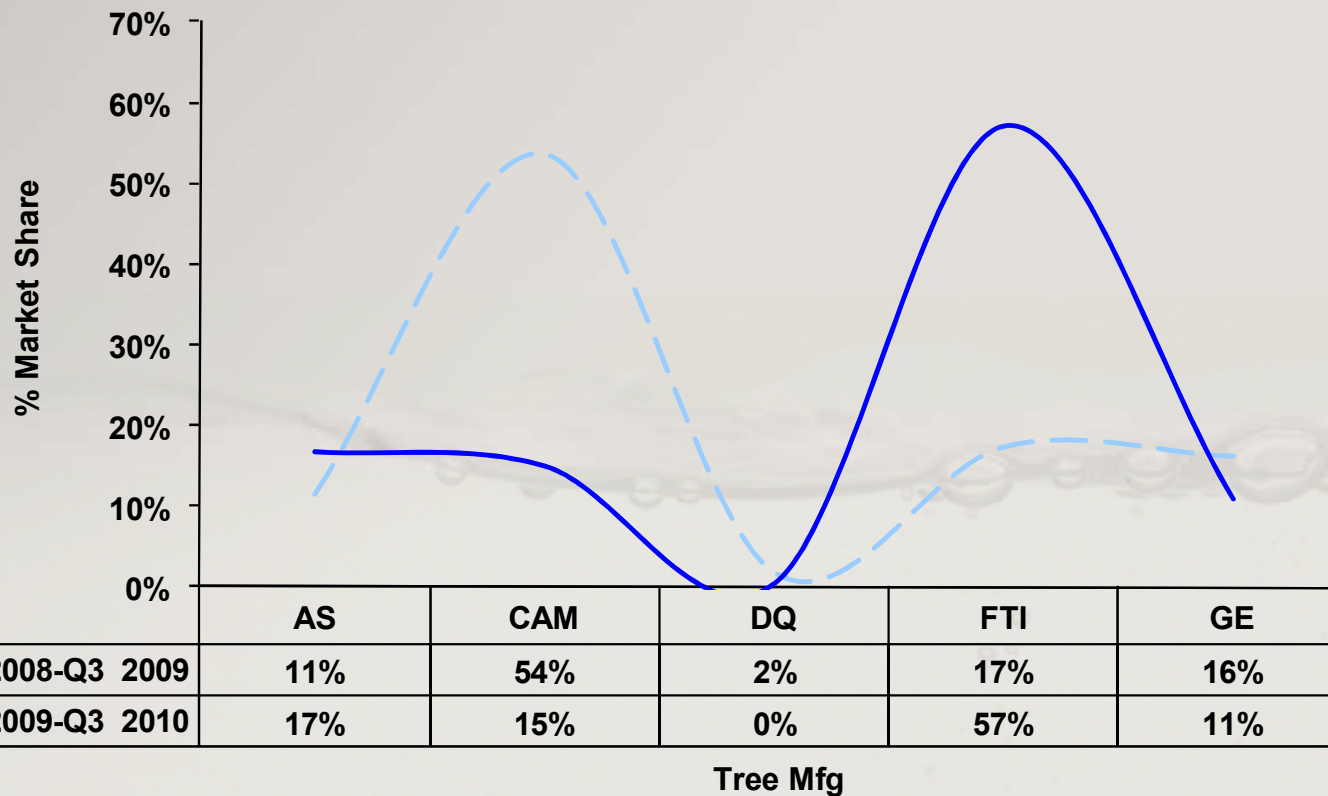


AFM=Africa/Medit.;ASP = Asia Pacific;NAM = North America;NSEA = North Sea;SAM = South America



Global Consolidated Market Share

Q4 2008-Q3 2009 Vs. Q4 2009-Q3 2010

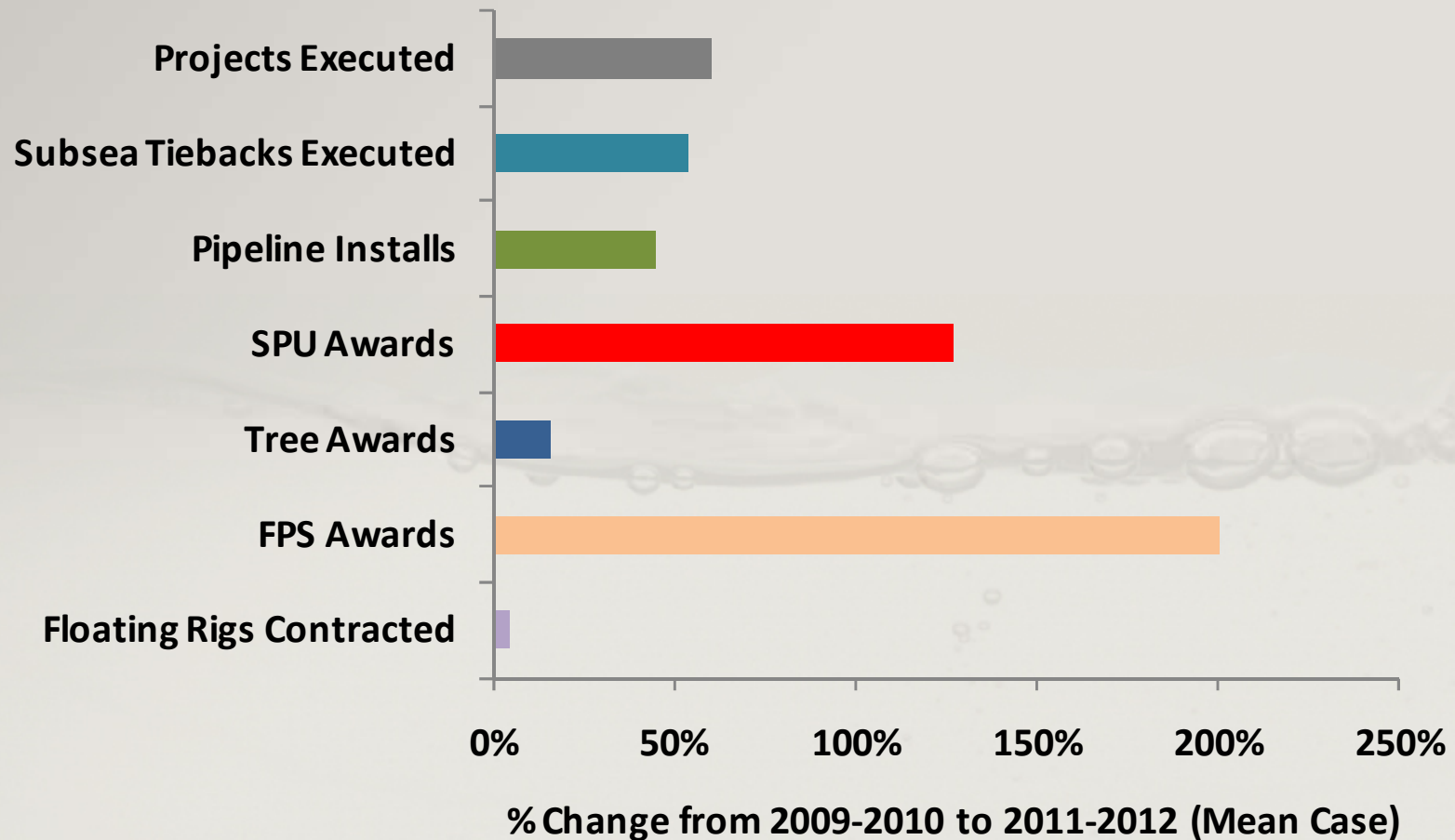


AS = Aker Solutions; CAM = Cameron; DQ = Dril-Quip; FTI = FMC Technologies; GE = GE Oil & Gas



North Sea Market Segment Momentum

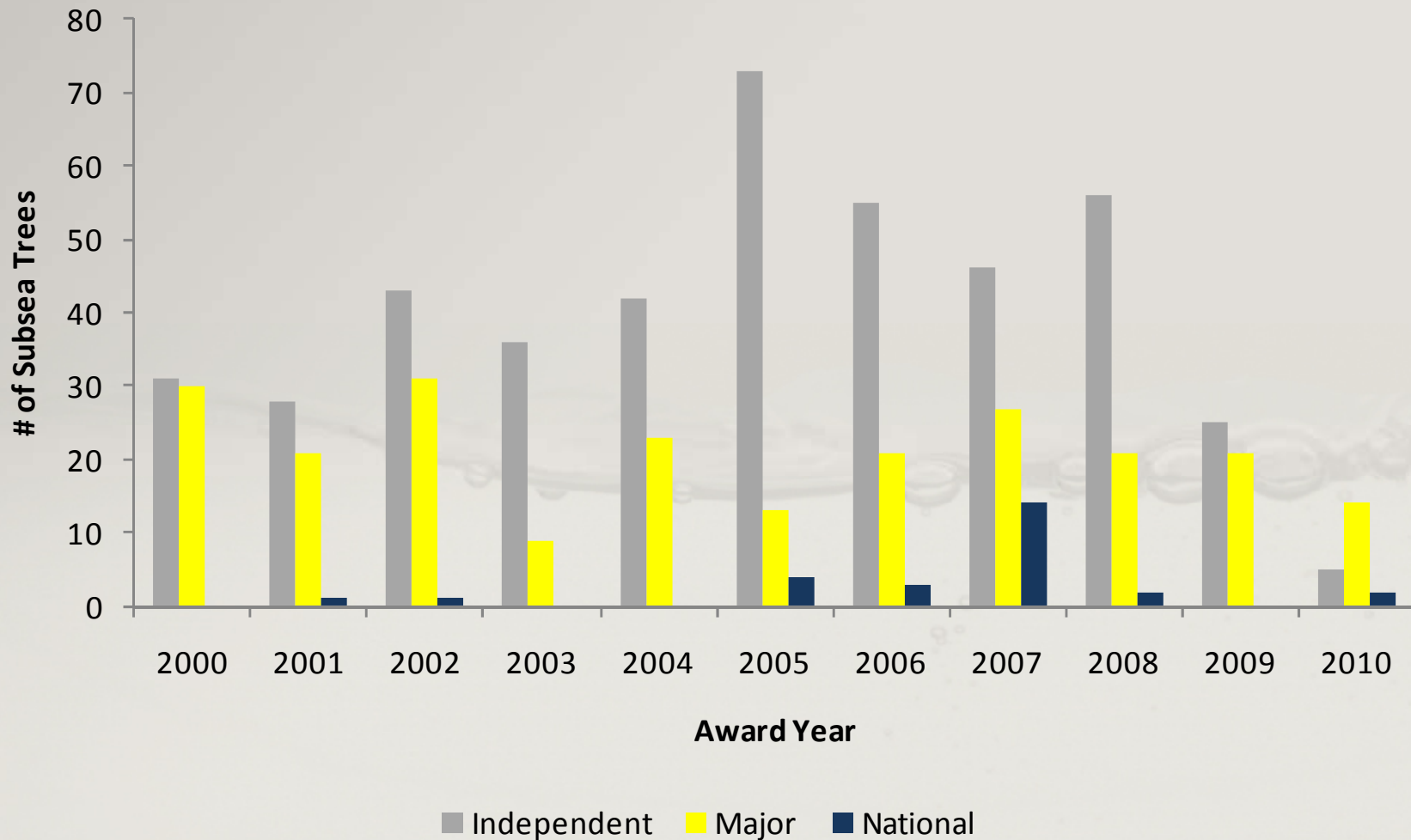
24-Month Outlook





North Sea Subsea Tree Awards by Operator Type

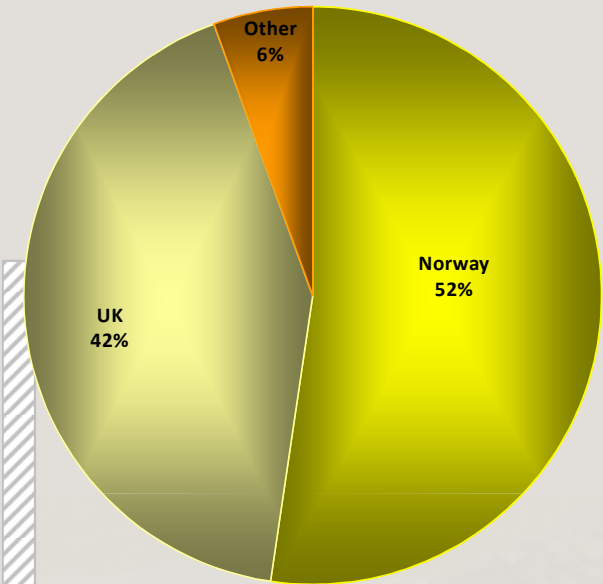
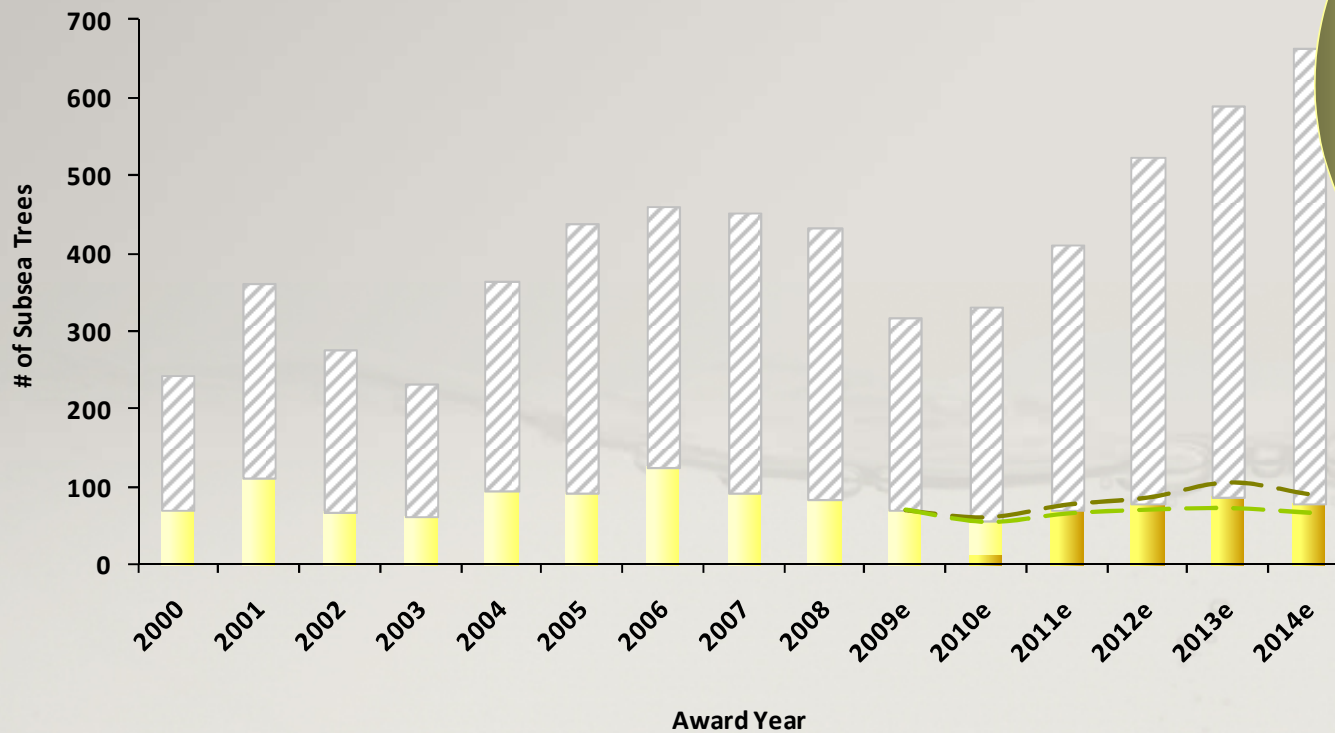
2000-2010 Awards





North Sea/Arctic Subsea Forecast Award Comparison

2000-2014e Awards



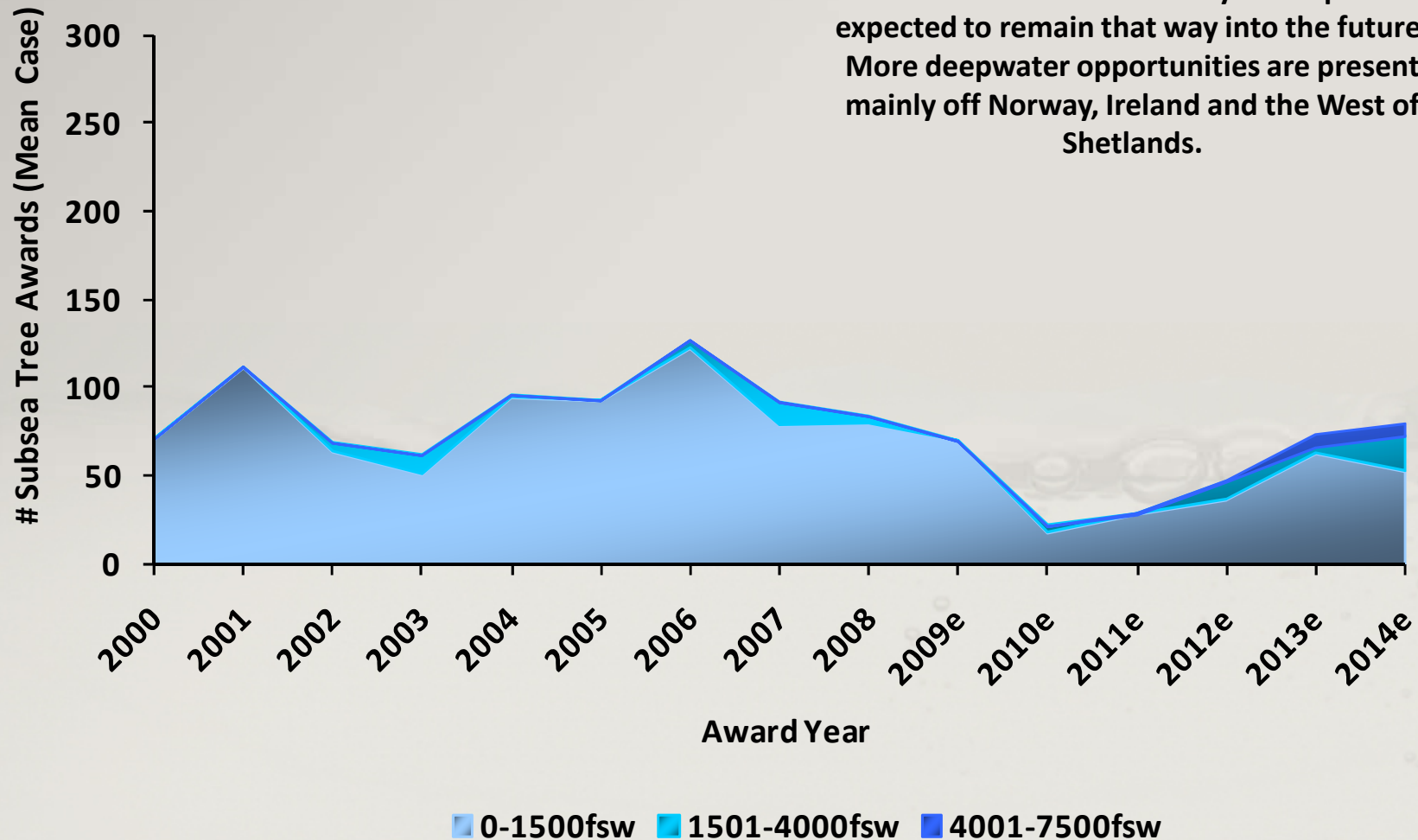
•2010-2014 Awards = Mean Case ROW = Rest Of World. Pie Chart = 2010-2014e Mean Case Forecast



North Sea Subsea Tree Awards by Water Depth

2000-2014e (Forecast = Mean Case)

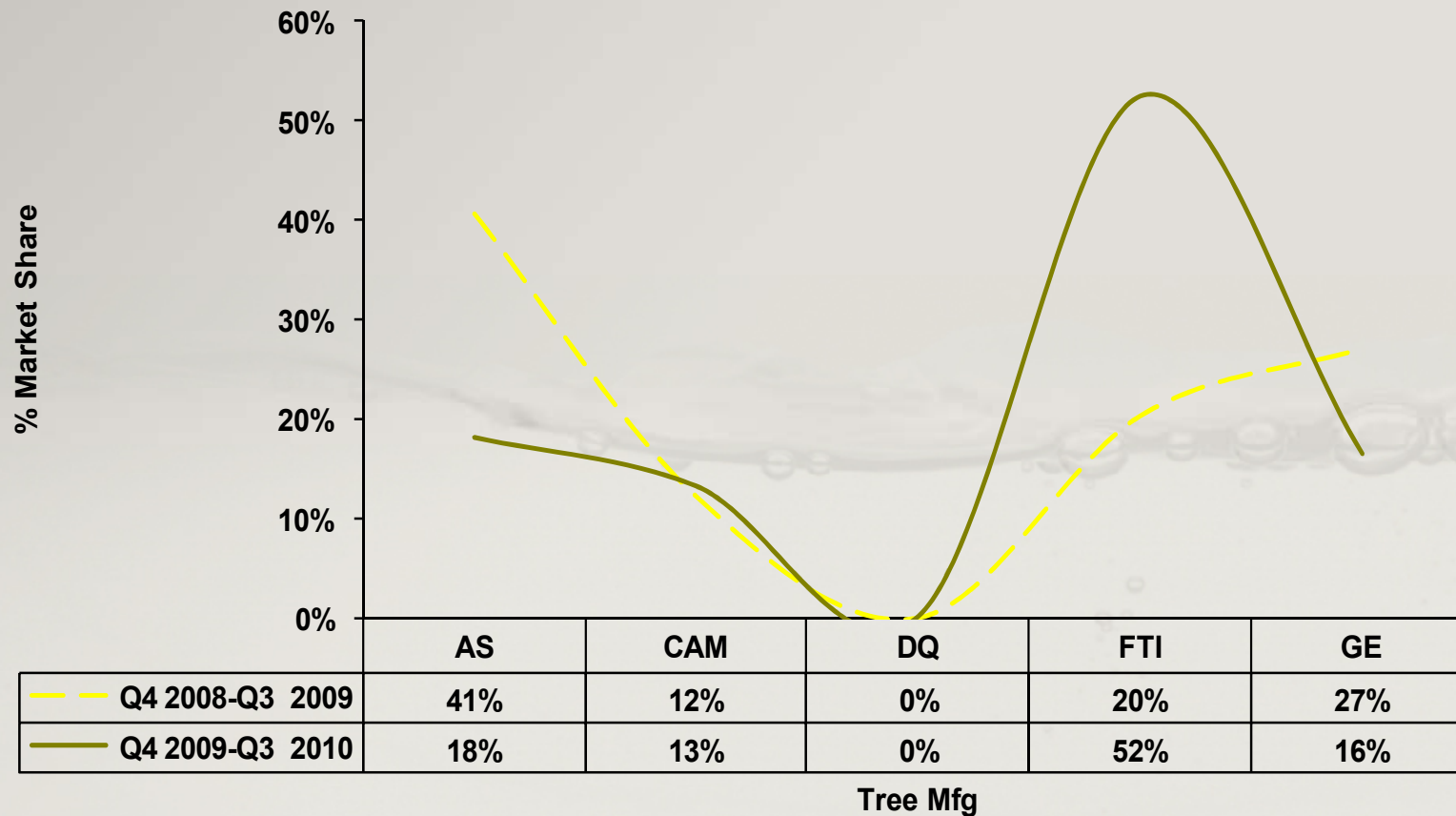
The shallow water market has been the backbone of North Sea subsea tree activity in the past and is expected to remain that way into the future. More deepwater opportunities are present mainly off Norway, Ireland and the West of Shetlands.





North Sea – All Consolidated Market Share

Q4 2008-Q3 2009 Vs. Q4 2009-Q3 2010



AS = Aker Solutions; CAM = Cameron; DQ = Dril-Quip; FTI = FMC Technologies; GE = GE Oil & Gas



North America Market Segment Momentum

24-Month Outlook





GoM Exploration/Appraisal Drilling Forecast and Floating Rig Supply

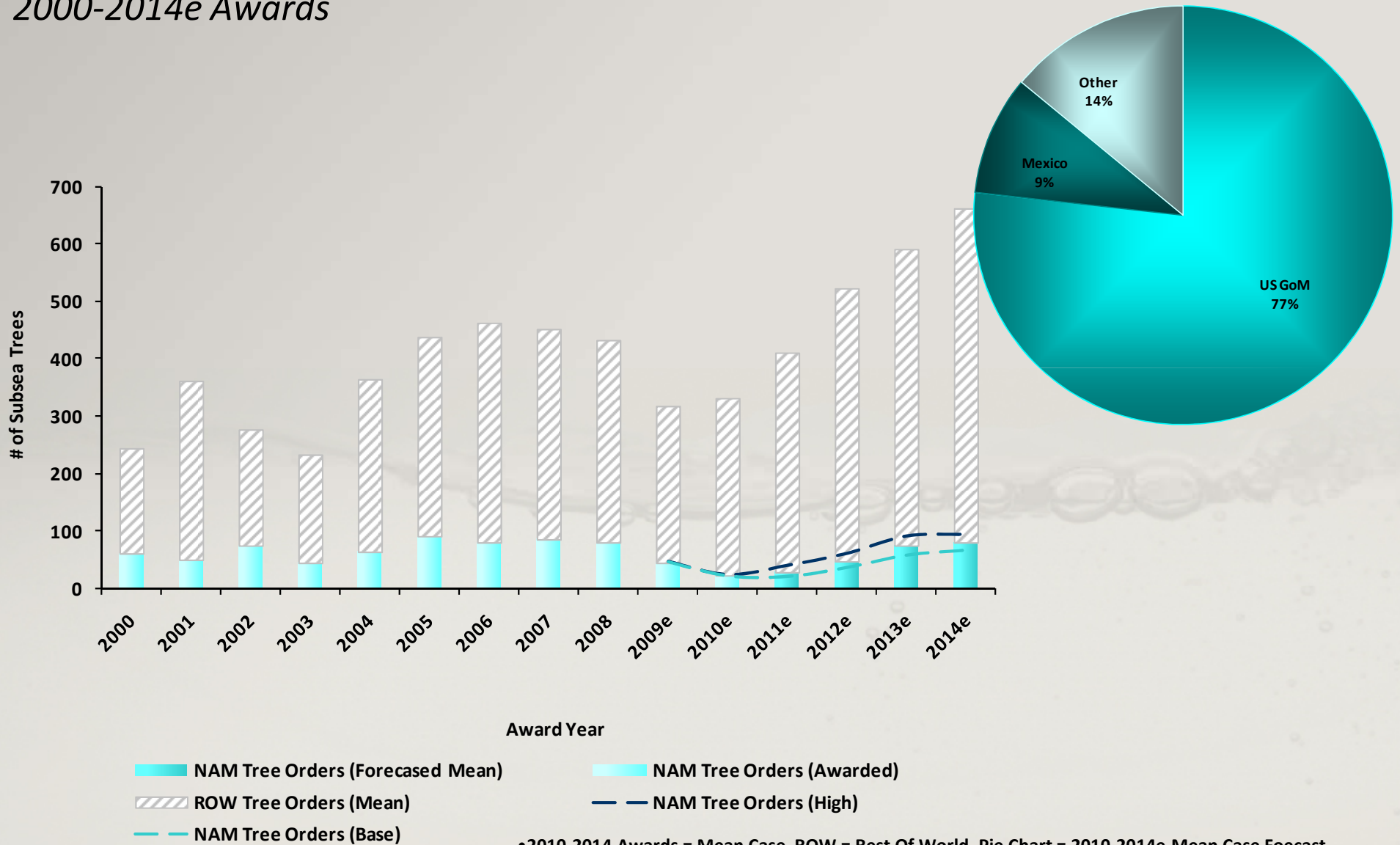
| | | | | | | | | <i>Forecast</i> | | |
|--|------|------|------|------|------|------|------|-----------------|------|------|
| <i>Pre-Spill Forecast (April 2010)</i> | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Exploration & Appr. Forecast Base Case | | | | | | | 44 | 50 | 56 | 60 |
| Exploration & Appr. Forecast High Case | | | | | | | 61 | 65 | 67 | 69 |
| Exploration & Appr. History | 53 | 55 | 57 | 62 | 56 | 44 | | | | |
| Forecast Floating Rigs Contracted | 28 | 34 | 37 | 36 | 34 | 32 | 38 | 42 | 44 | 44 |

| | | | | | | | | <i>Forecast</i> | | |
|--|------|------|------|------|------|------|------|-----------------|------|------|
| <i>Current Forecast (January 2011)</i> | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Exploration & Appr. Forecast Base Case | | | | | | | | 10 | 35 | 44 |
| Exploration & Appr. Forecast High Case | | | | | | | | 20 | 45 | 60 |
| Exploration & Appr. History | 53 | 55 | 57 | 62 | 56 | 44 | 17 | | | |
| Forecast Floating Rigs Contracted | 28 | 34 | 37 | 36 | 34 | 32 | 27 | 26 | 28 | 28 |



North America Subsea Forecast Award Comparison

2000-2014e Awards

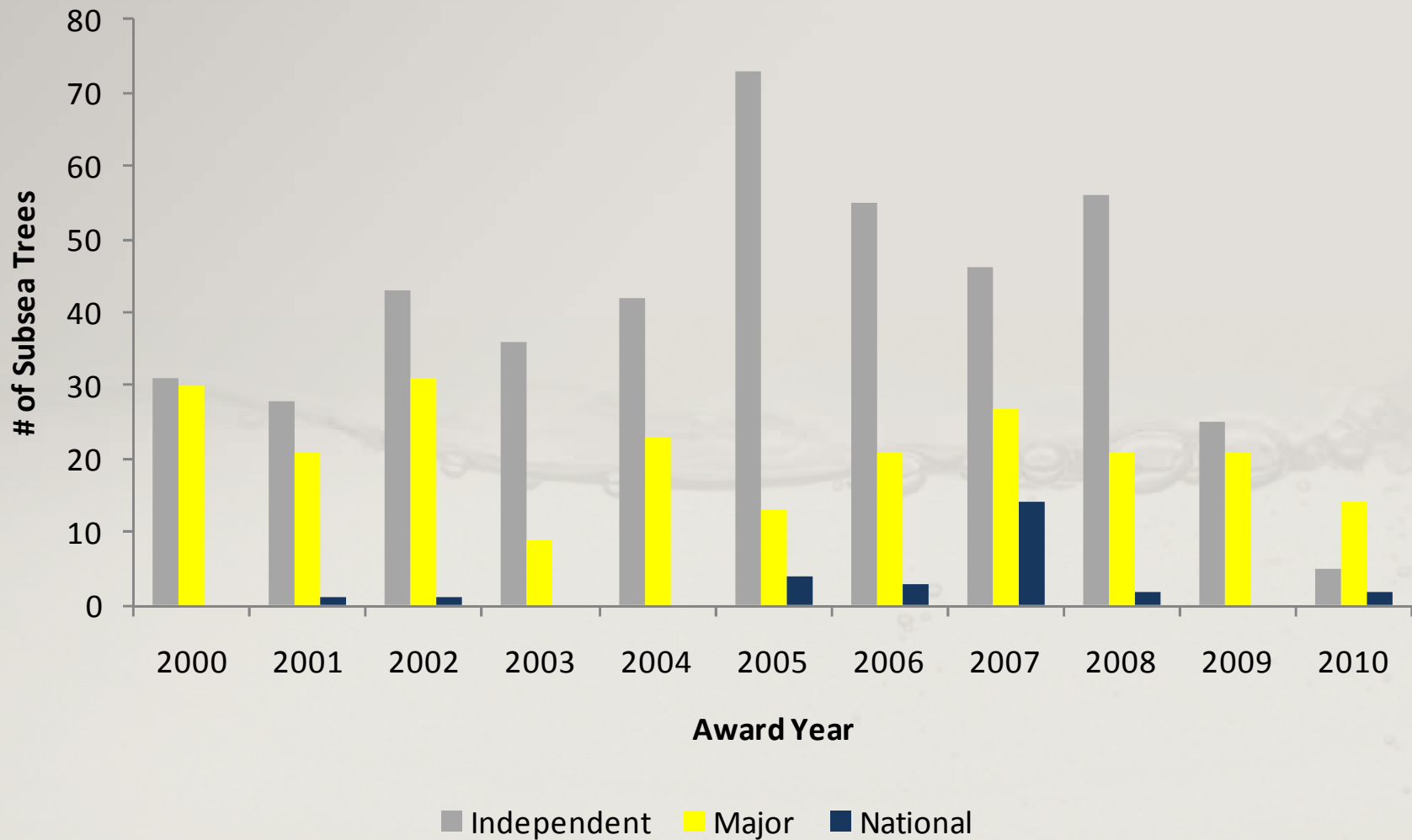


•2010-2014 Awards = Mean Case ROW = Rest Of World. Pie Chart = 2010-2014e Mean Case Forecast



North America Subsea Tree Awards by Operator Type

2000-2010 Awards

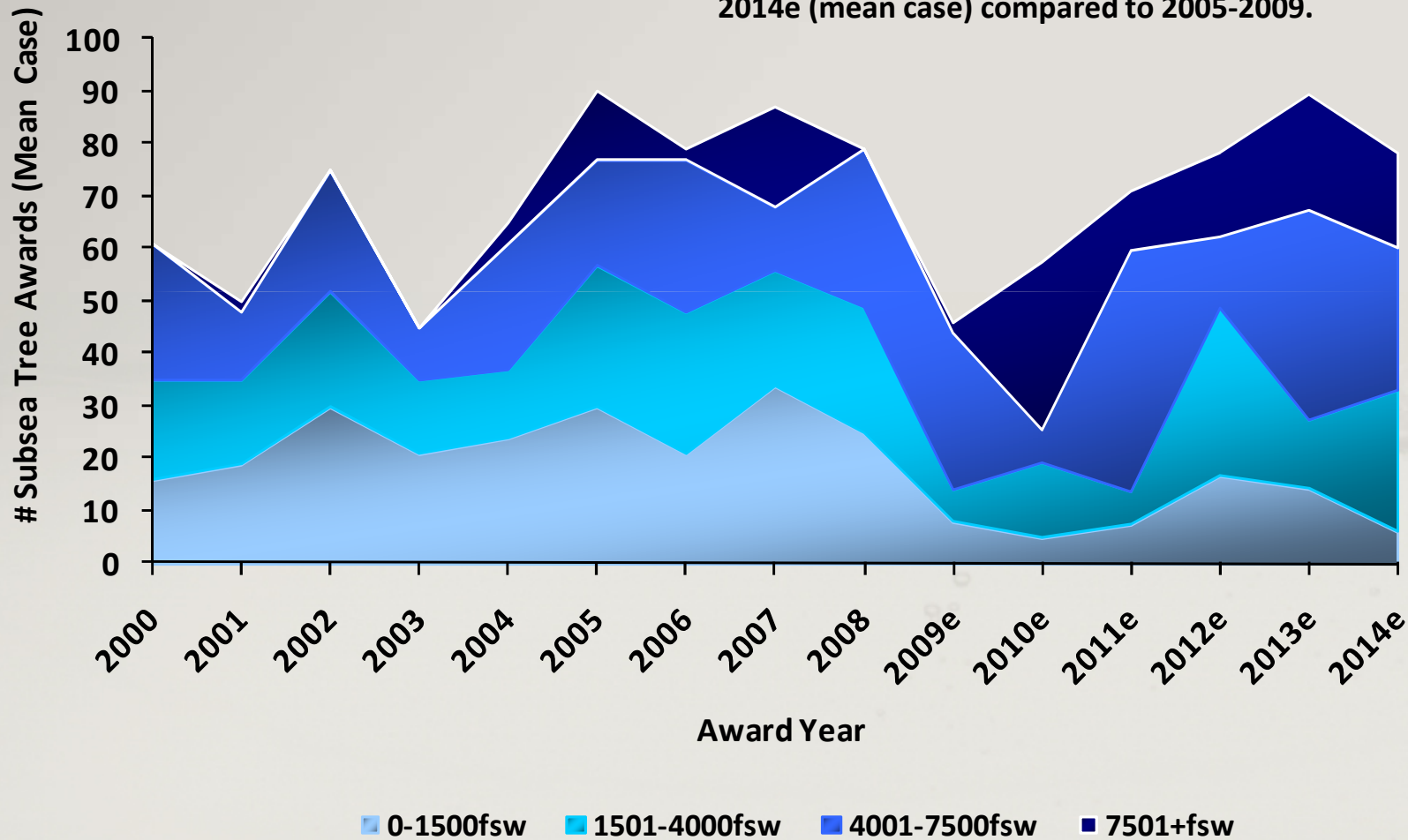




North America Subsea Tree Awards by Water Depth

2000-2014e (Forecast = Mean Case)

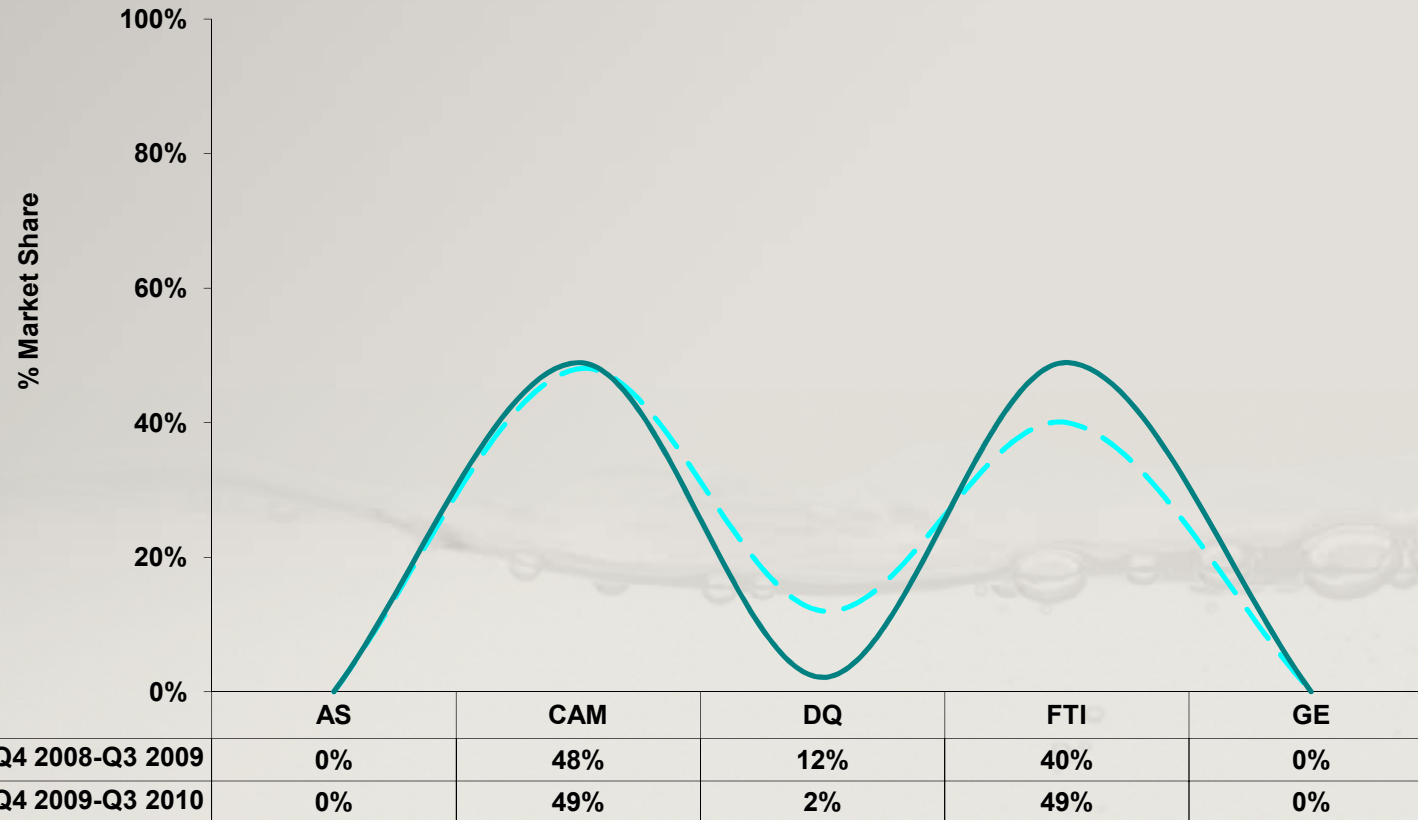
Deep and ultra deep water awards forecast to increase by 48% in 2010-2014e (mean case) compared to 2005-2009.





North America – Consolidated Market Share

Q4 2008-Q3 2009 Vs. Q4 2009-Q3 2010



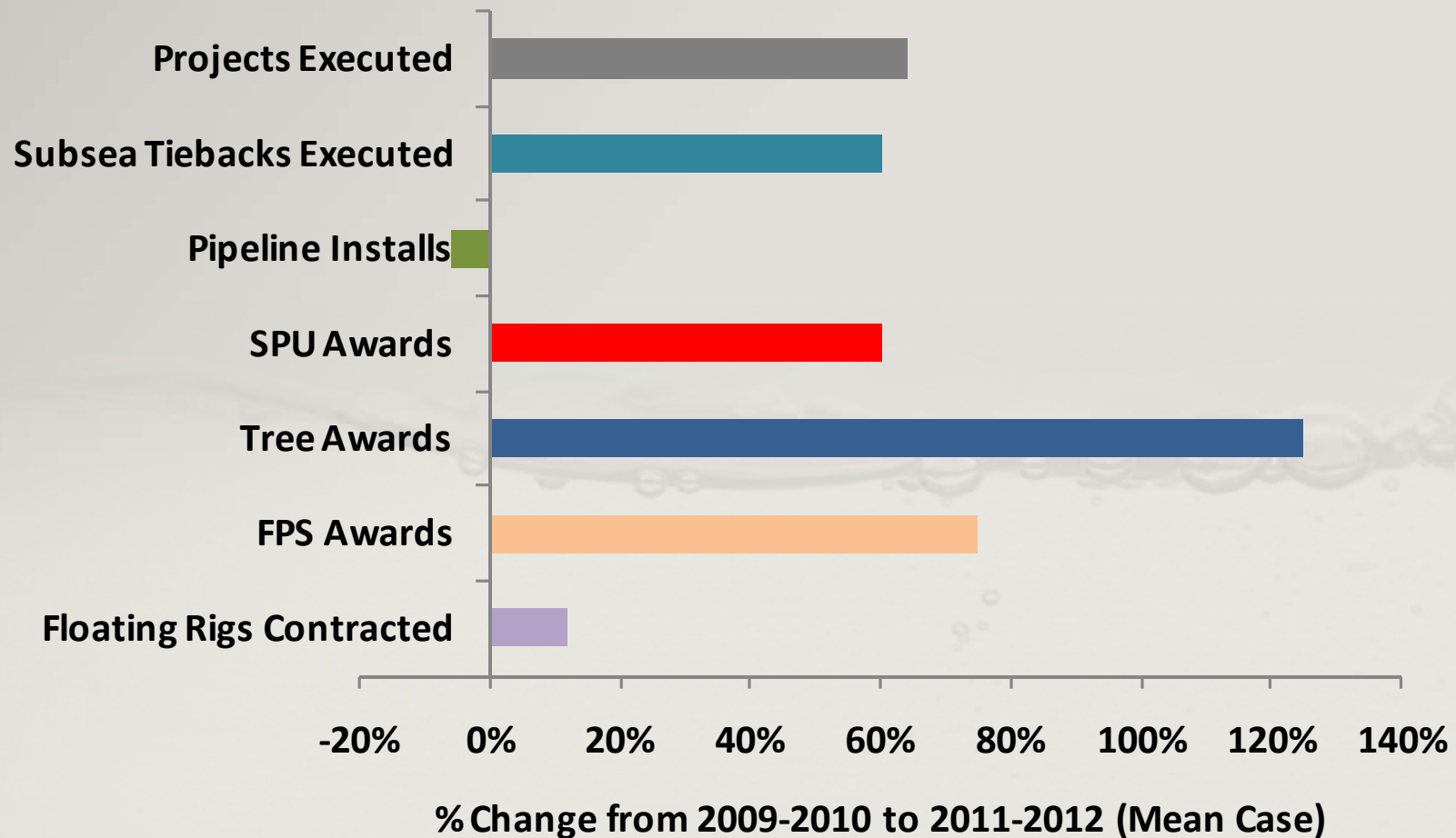
Tree Mfg

AS = Aker Solutions; CAM = Cameron; DQ = Dril-Quip; FTI = FMC Technologies; GE = GE Oil & Gas



Africa/Medit. Market Segment Momentum

24-Month Outlook

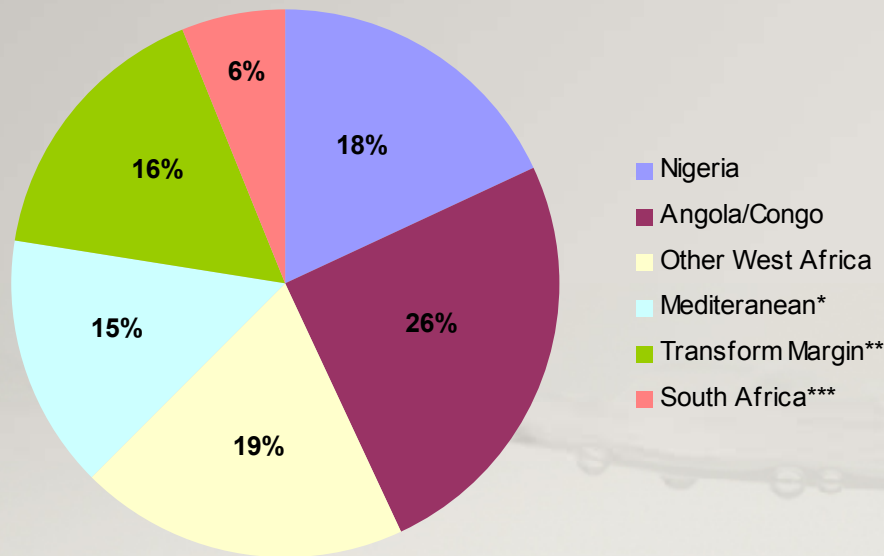




Africa/Medit. Exploration & Appraisal Activity

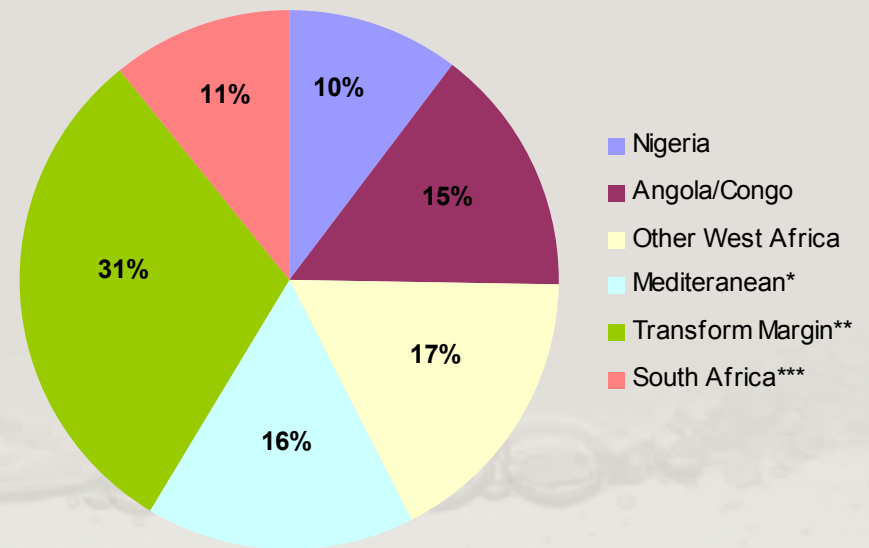
2008-2010 vs. 2011-2013

2008-2010 Spud Years



>60% activity off West Coast Africa

2011-2013 Spud Years



<50% activity off West Coast Africa

Frontier areas off North & South Africa

*Mediterranean: Egypt, Israel, Libya, Algeria, Morocco

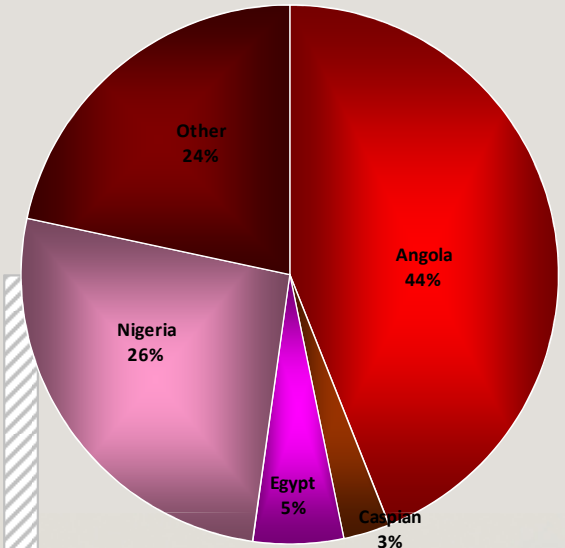
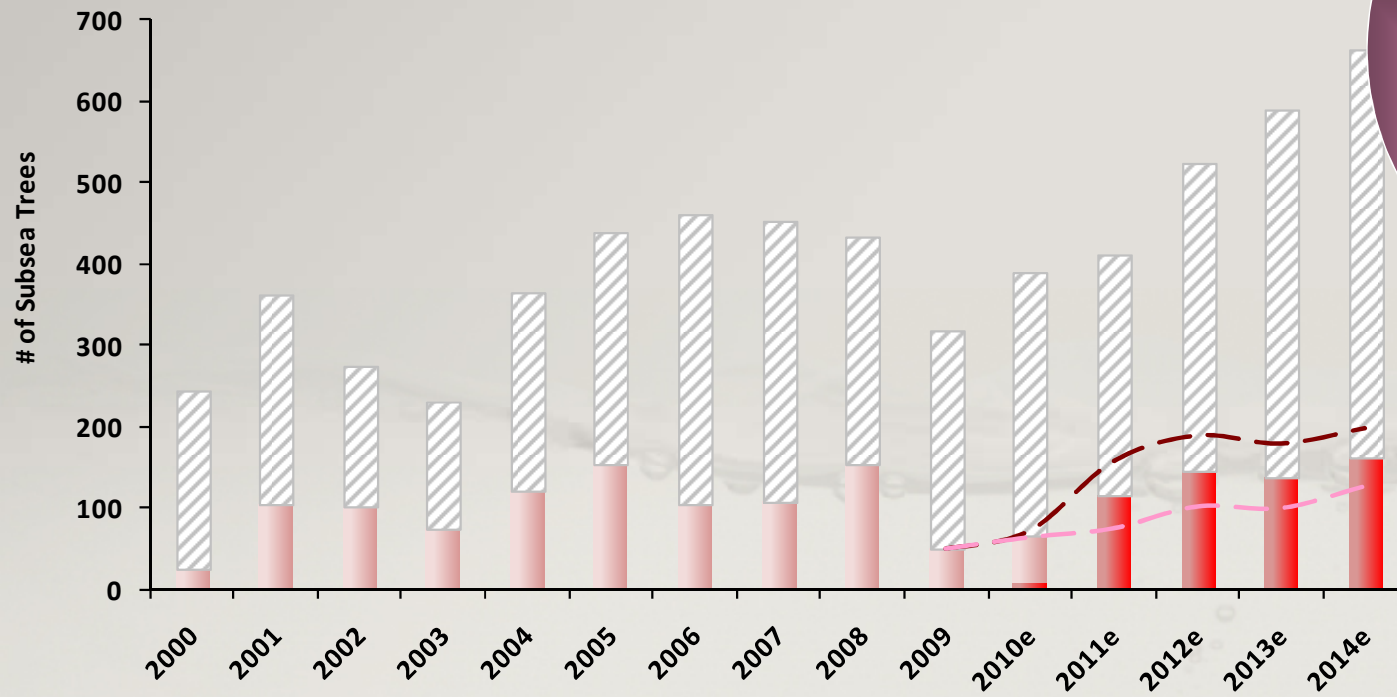
**Transform Margin: Ghana, Cote D' Ivoire, Liberia, Sierra Leone, Guinea / Guinea Bissau

***South Africa: South/East Africa



Africa/Medit. Subsea Forecast Award Comparison

2000-2014e Awards

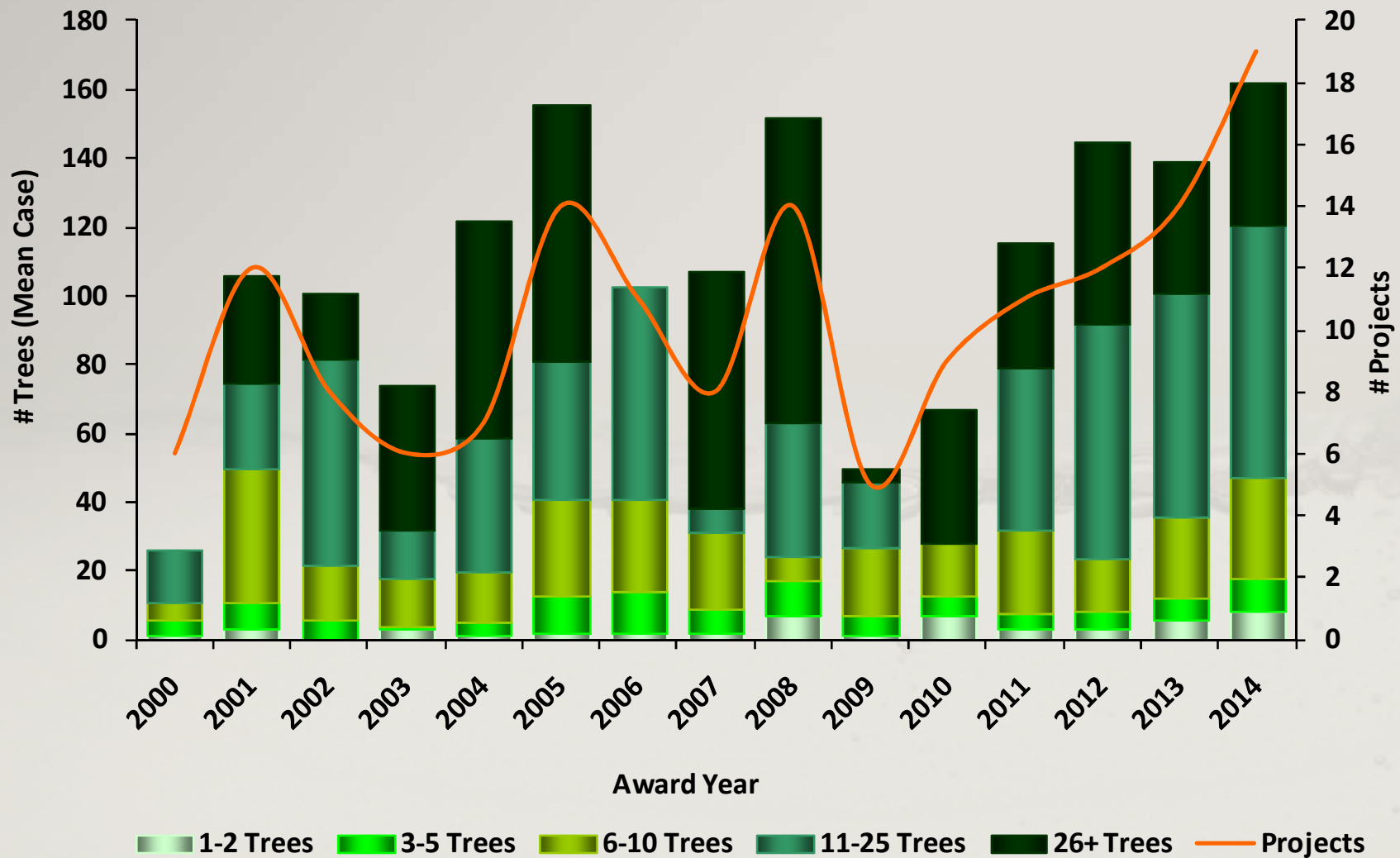


- AFM Tree Orders (Forecasted Mean)
- AFM Tree Orders (Awarded)
- ROW Tree Orders (Mean)
- AFM Tree Orders (High)
- AFM Tree Orders (Base)

•2010-2014 Awards = Mean Case ROW = Rest Of World. Pie Chart = Mean Case 2010-2014e forecast.



Africa / Medit. Tree Count by Project Size

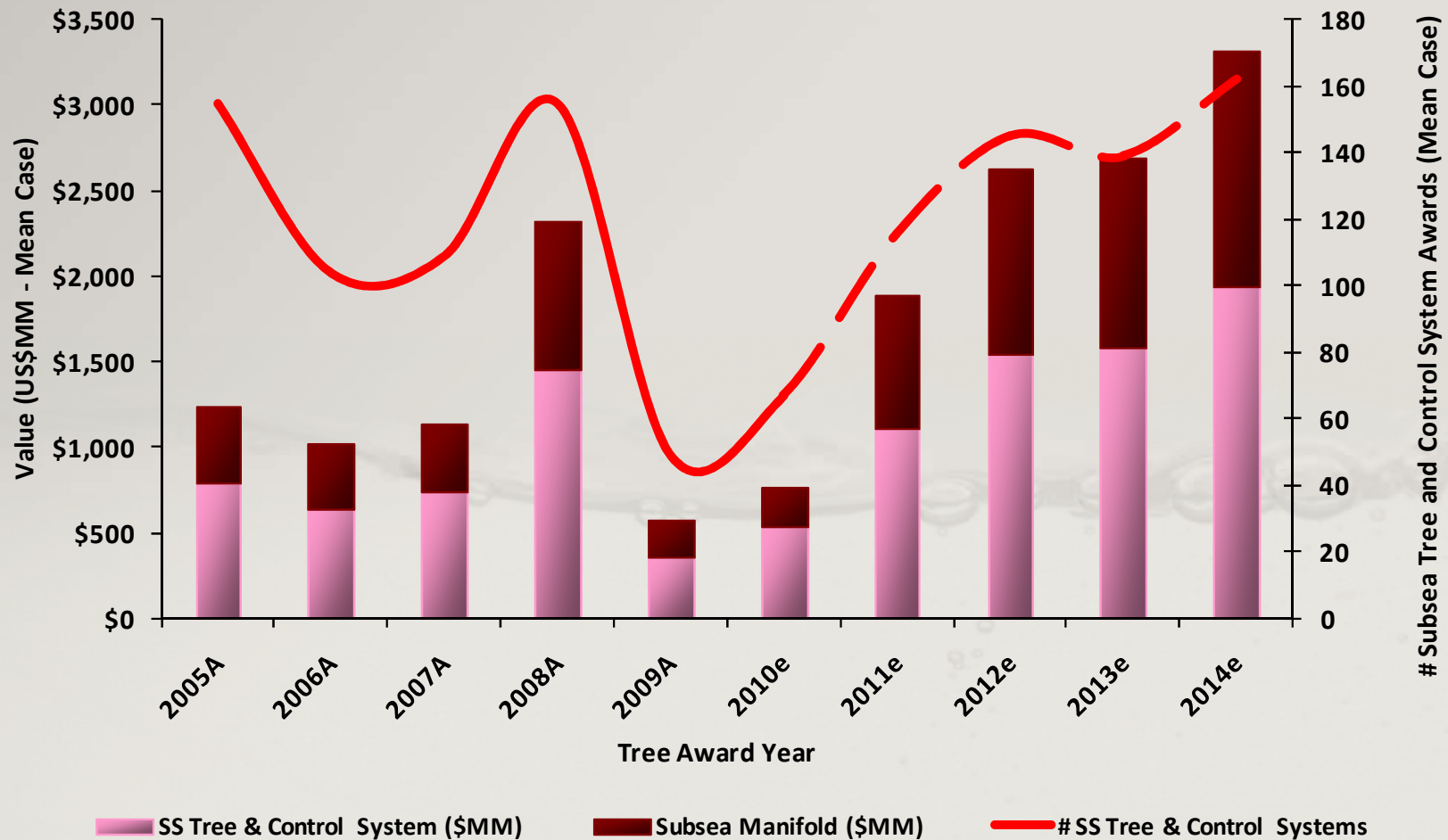


For 2009-2013e Mean Case used for # Trees



Africa/Medit. Subsea Tree, Control & Manifold CAPEX

2000-2014e Mean Case Awards

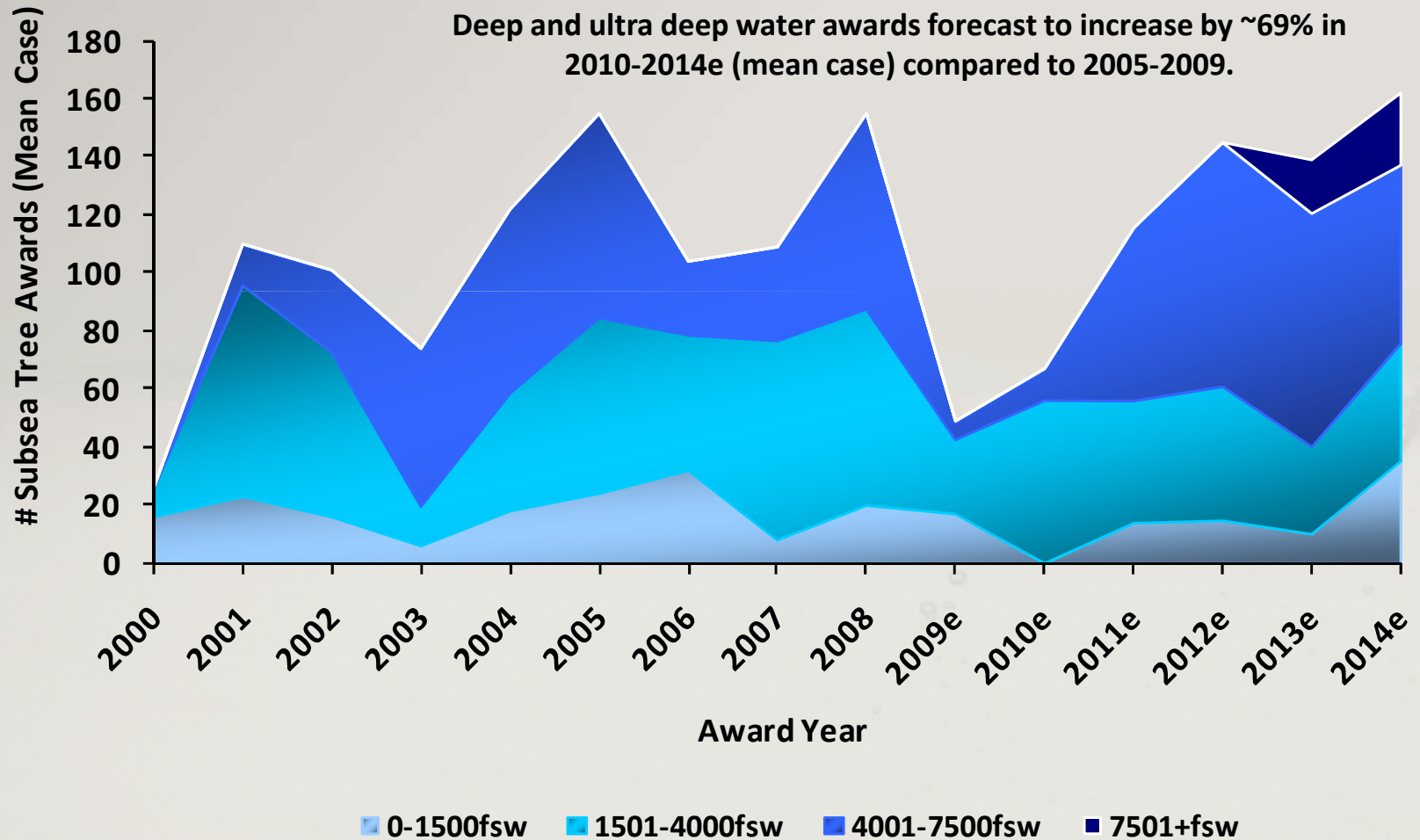


Includes hardware costs for subsea tree, subsea control system and manifold only



Africa/Medit. Subsea Tree Awards by Water Depth

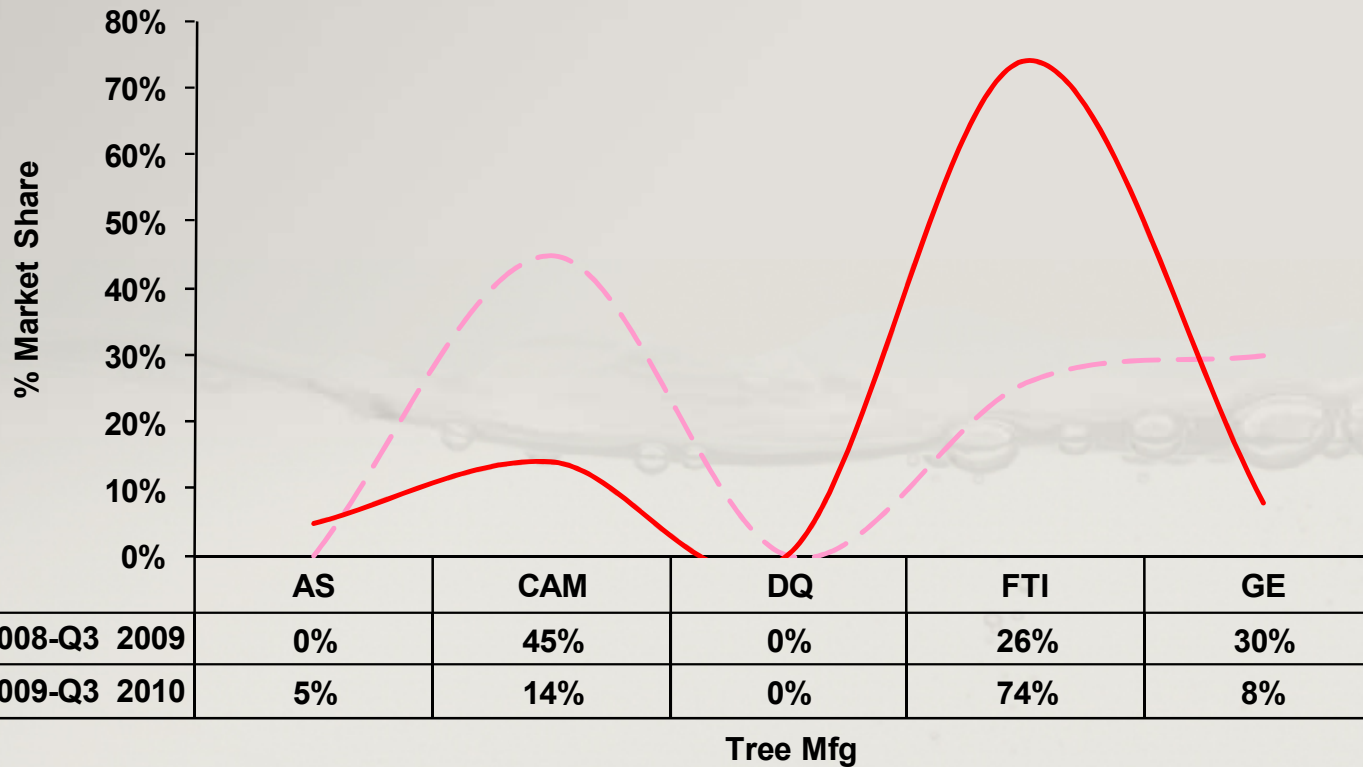
2000-2014e (Forecast = Mean Case)





Africa/Med Consolidated Market Share

Q42008-Q3 2009 Vs. Q4 2009-Q3 2010

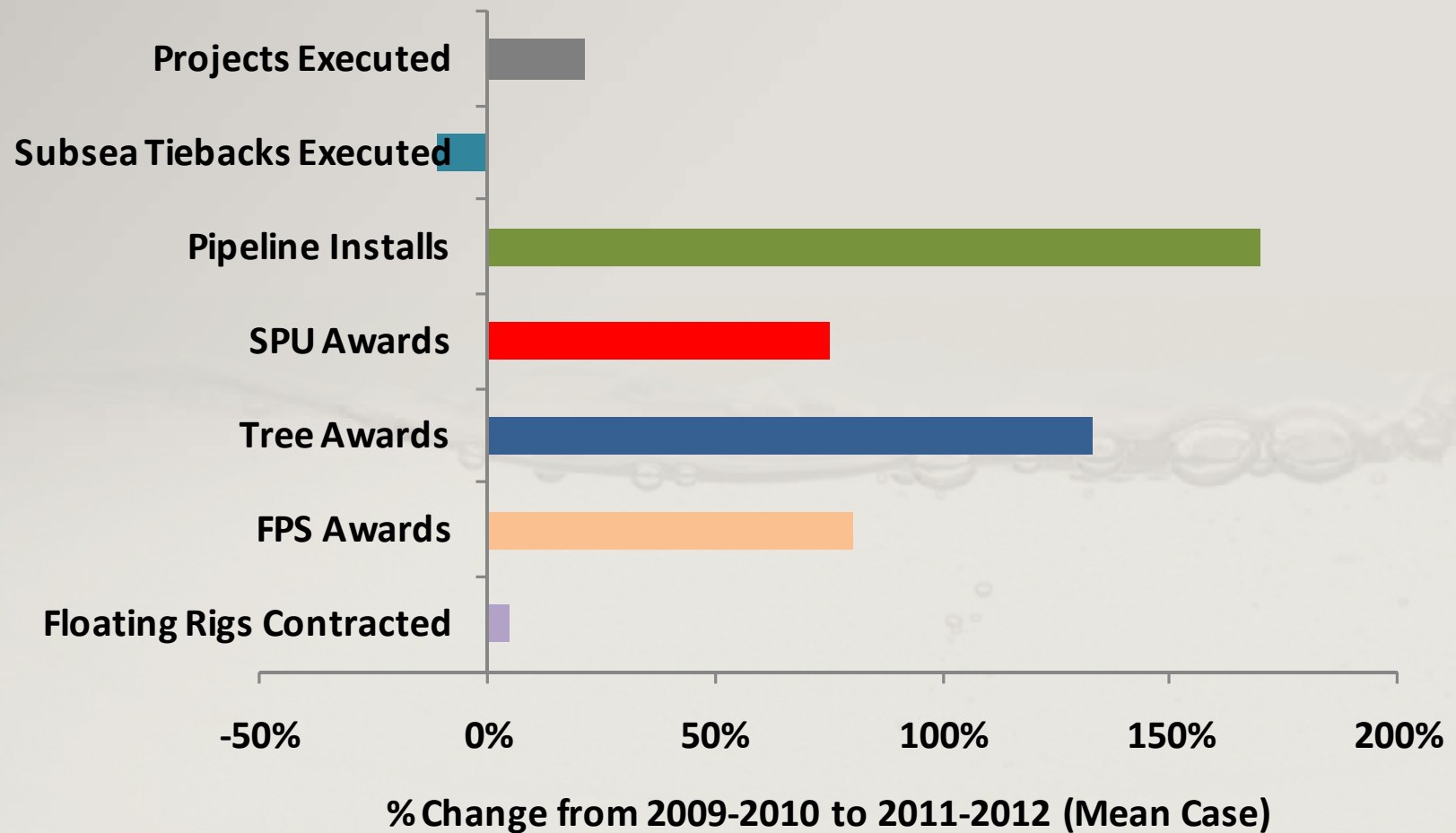


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Asia Pacific/Middle East Market Segment Momentum

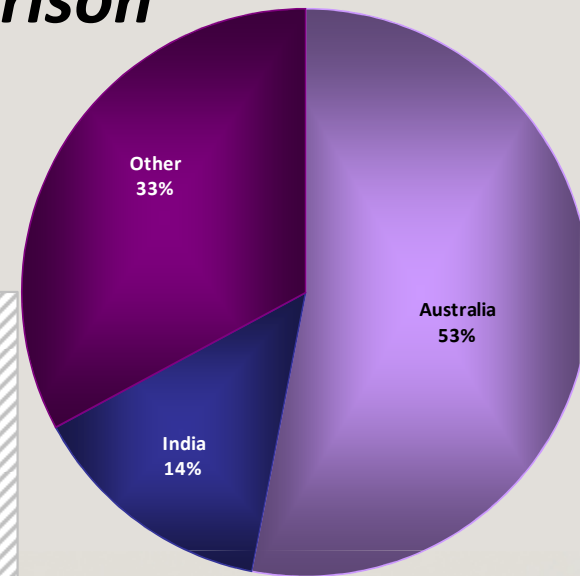
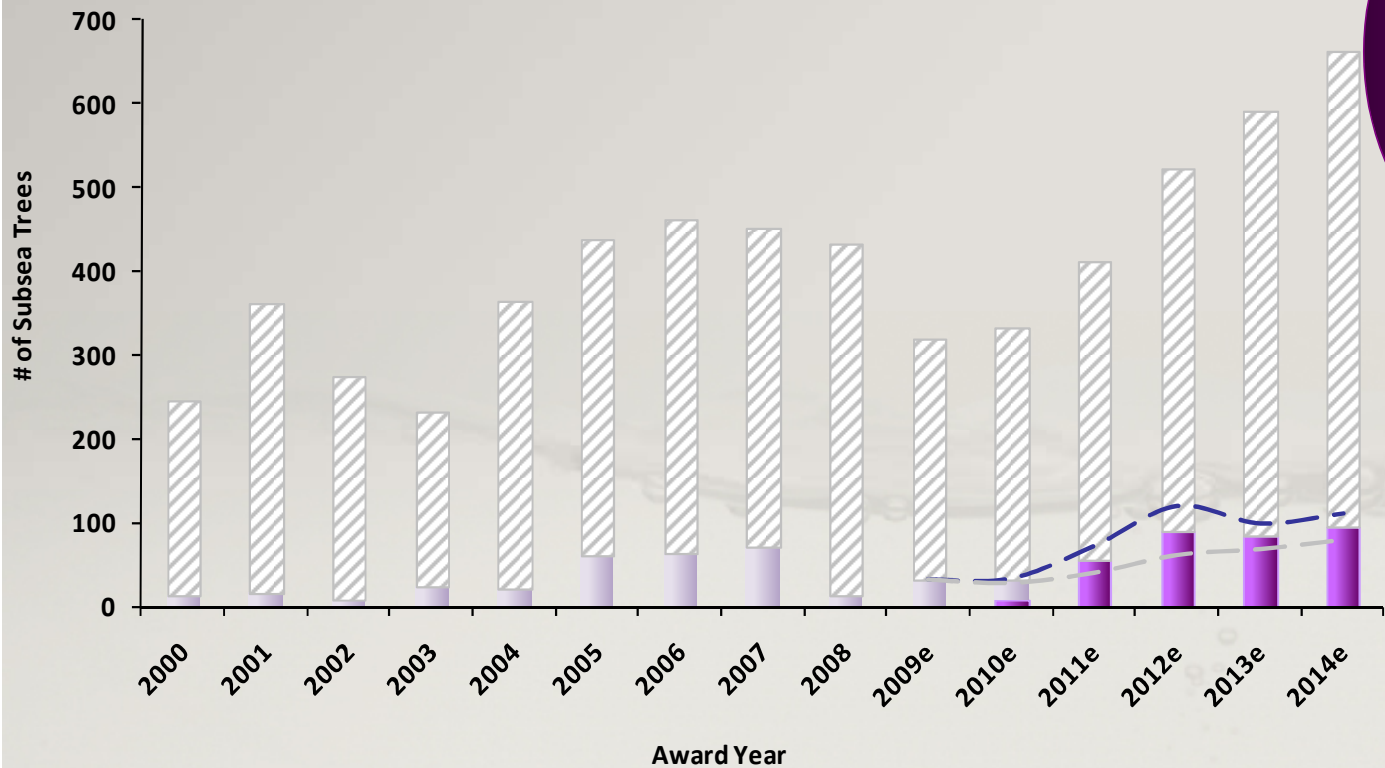
24-Month Outlook





Asia Pacific Subsea Forecast Award Comparison

2000-2014e Awards



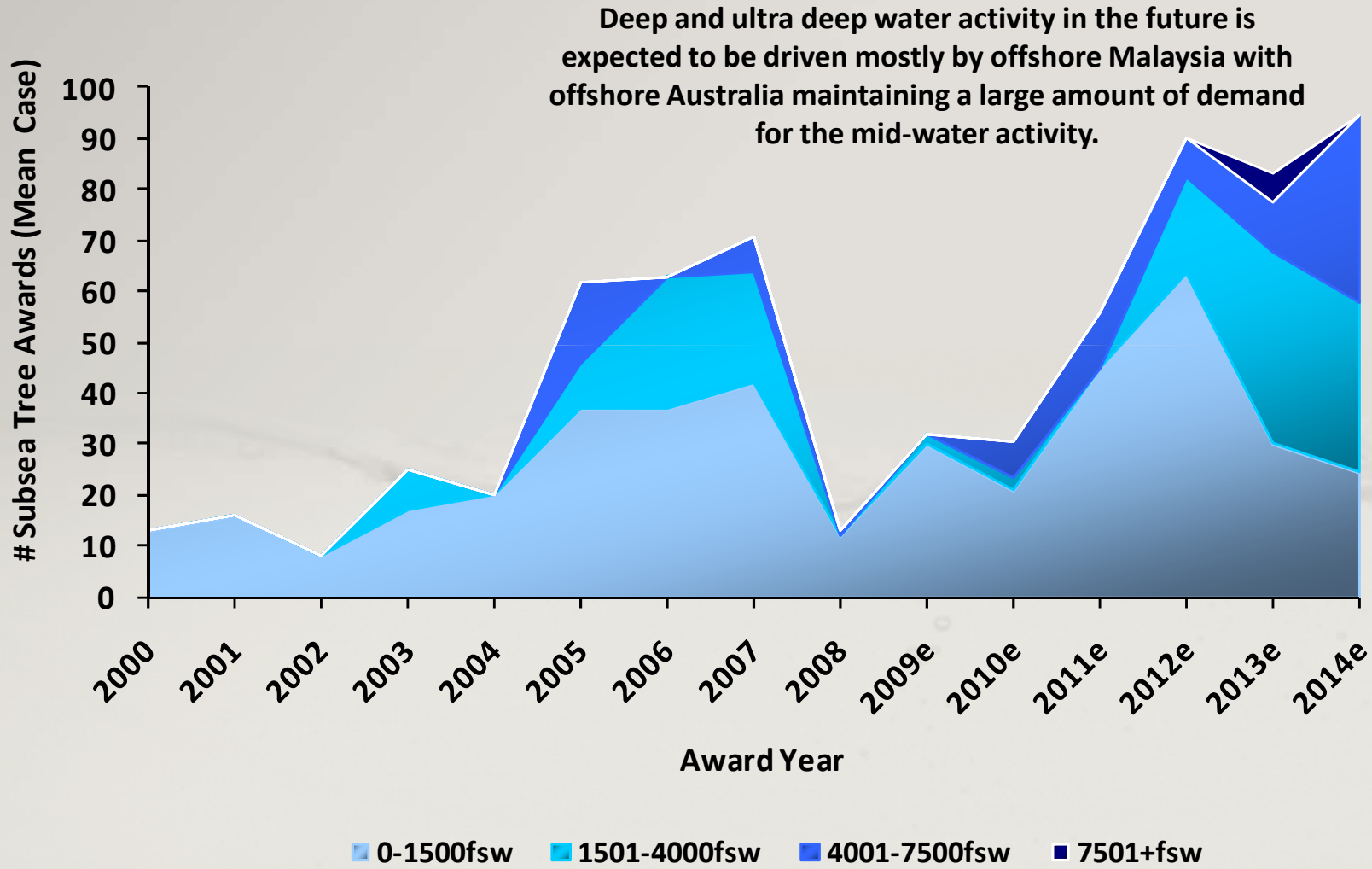
■ ASP Tree Orders (Forecasted Mean) ■ ASP Tree Orders (Awarded)
▨ ROW Tree Orders (Mean) - - ASP Tree Orders (High)
- - ASP Tree Orders (Base)

• 2010-2014 Awards = Mean Case ROW = Rest Of World. Pie Chart = 2010-2014e Mean Case Forecast



Asia Pacific Subsea Tree Awards by Water Depth

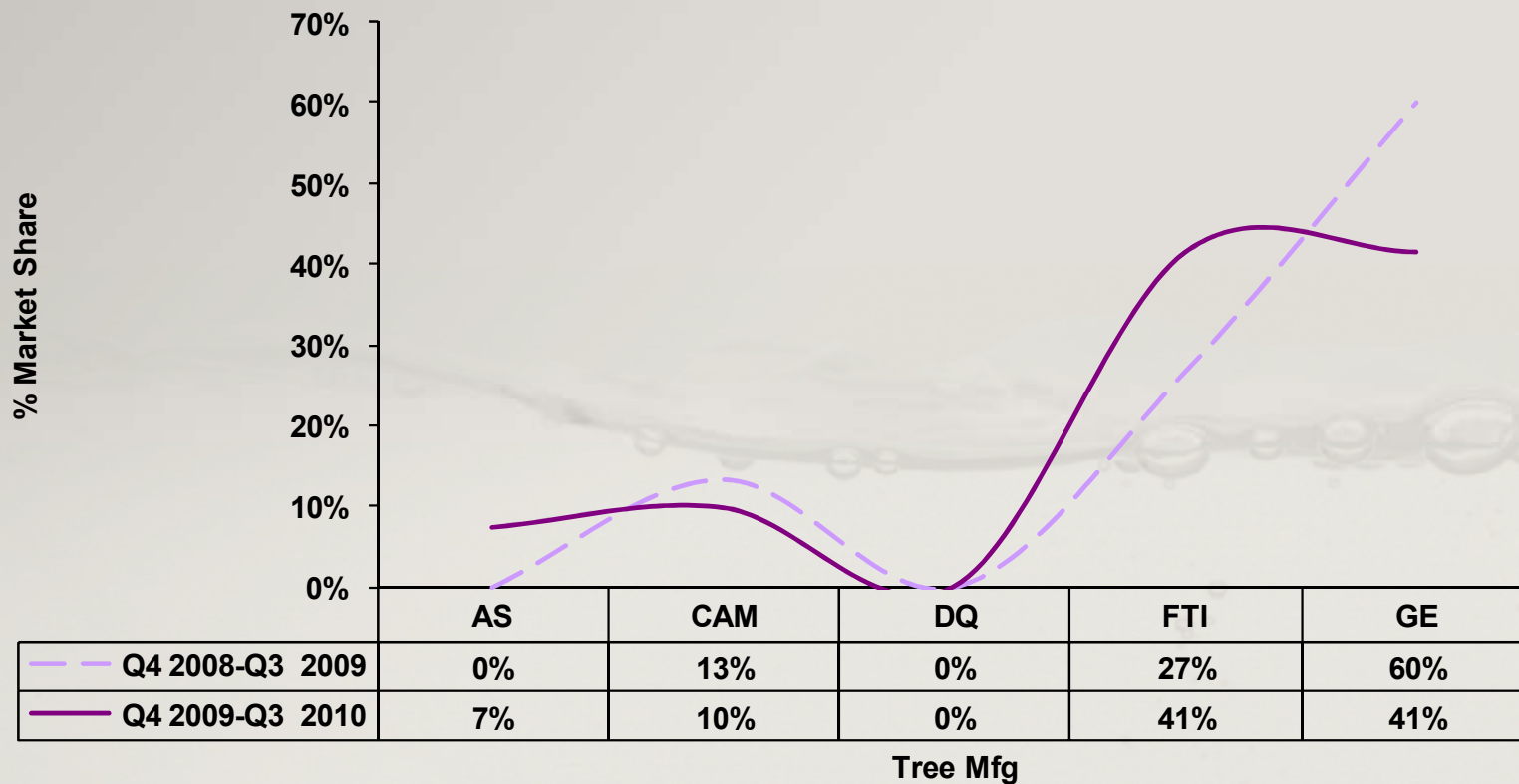
2000-2014e (Forecast = Mean Case)





Asia Pacific/Middle East Consolidated Market Share

Q4 2008-Q3 2009 Vs. Q4 2009-Q3 2010

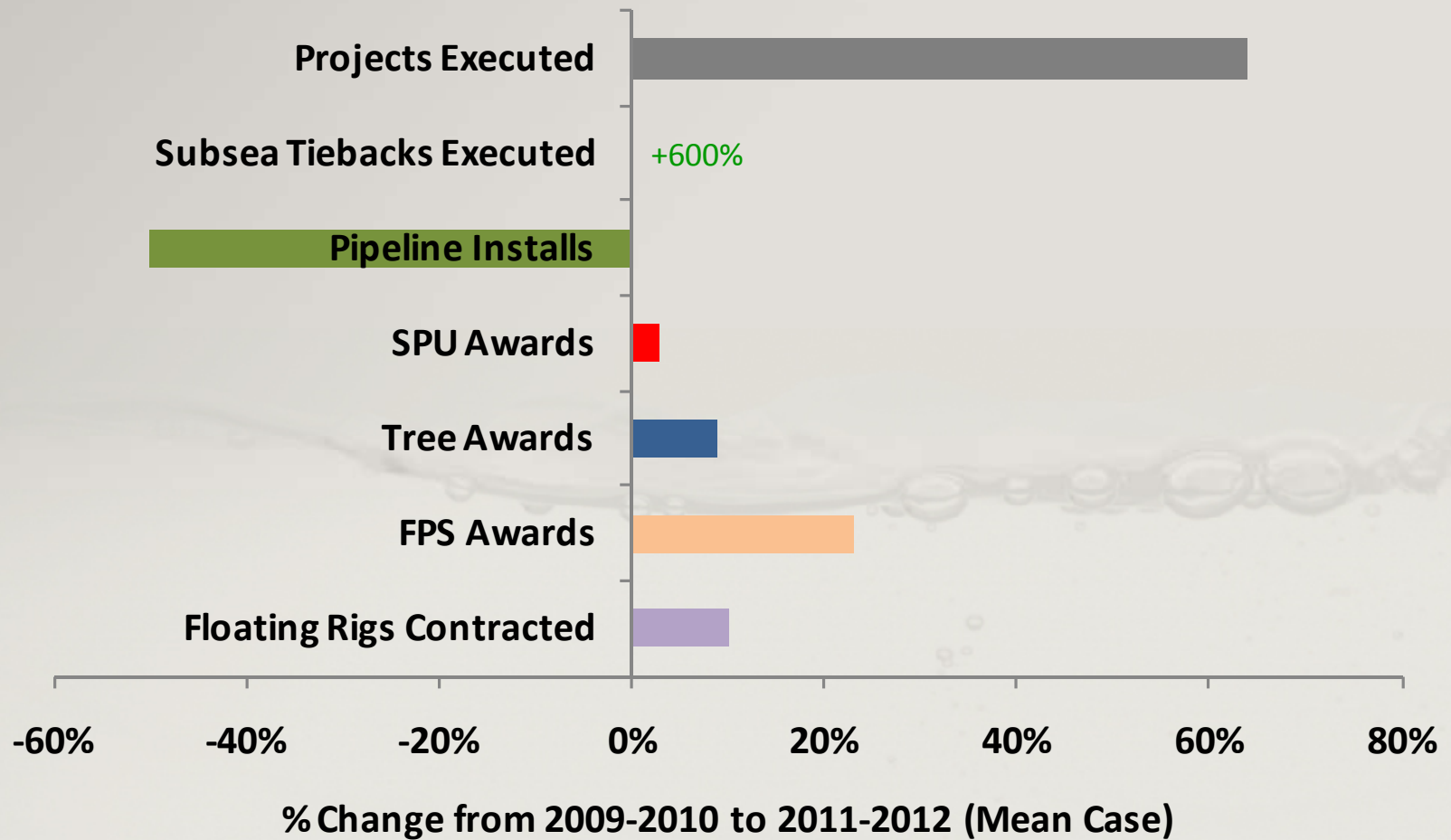


AS = Aker Solutions; CAM = Cameron; DQ = Dril-Quip; FTI = FMC Technologies; GE = GE Oil & Gas



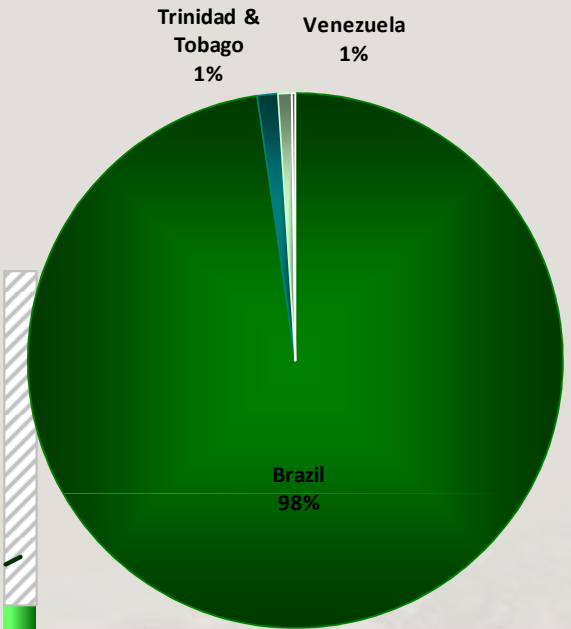
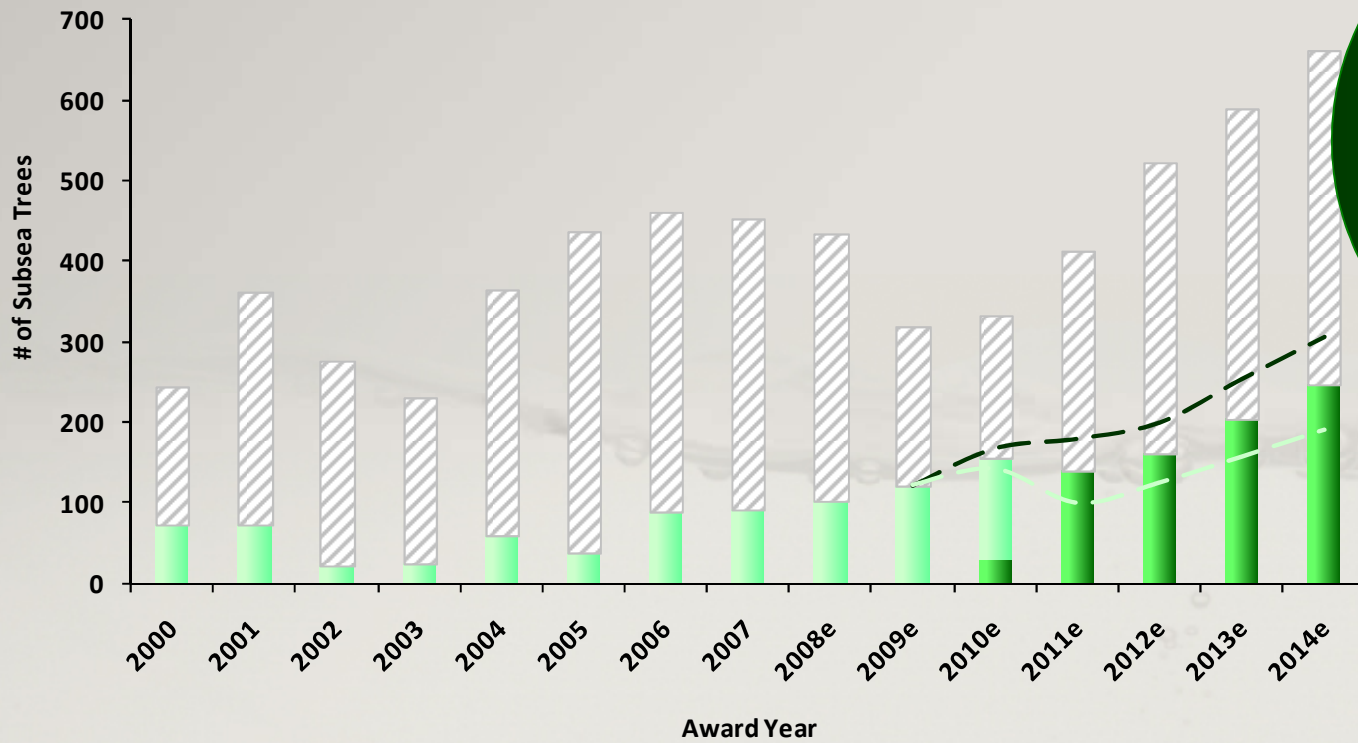
South America Market Segment Momentum

24-Month Outlook





South America Subsea Forecast Award Comparison 2000-2014e Awards

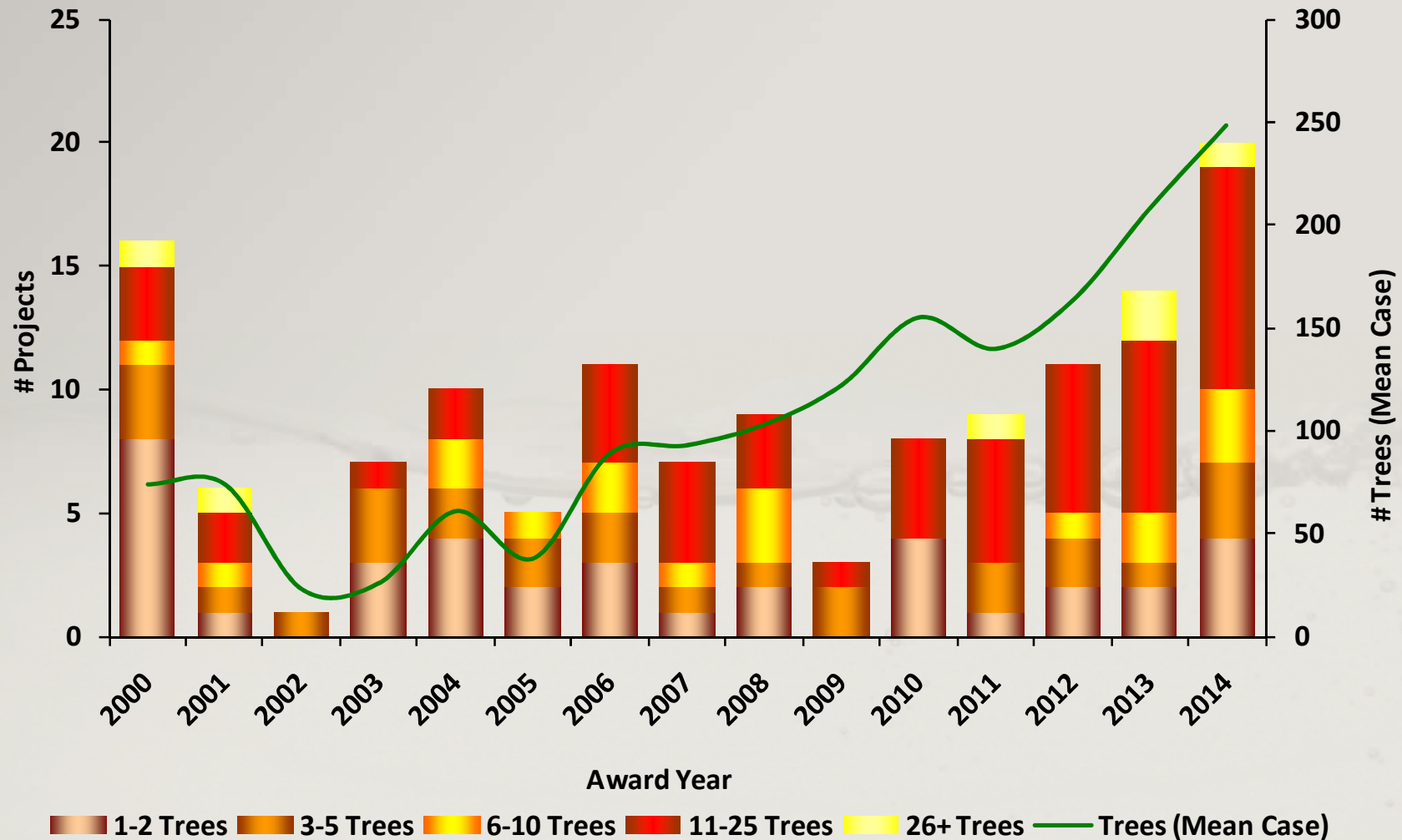


■ SAM Tree Orders (Forecasted Mean) ■ SAM Tree Orders (Awarded)
▨ ROW Tree Orders (Mean) - - - SAM Tree Orders (High)
⋯ SAM Tree Orders (Base)

• 2010-2014 Awards = Mean Case ROW = Rest Of World. Pie Chart = 2010-2014e Mean Case Forecast



South America Number of Projects by Subsea Tree Count





Thank You!... Questions?

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