

Energy & Oil Service

Global **Presentation at Oslo Shipping Forum 2007**

Offshore supply boats and rigs



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SEB ENSKILDA

E&P spending – SEB Enskilda’s forecasts

SEB Enskilda expects 20% growth in '07 & 15% growth in '08

□ Falling production, reserves and organic RRR at 76%

□ Enskilda expects spending to grow by:

	2005E	2006E	2007E	2008E	Growth 06-08
E&P survey result 2005	17%	6%	5%	3%	15%
E&P survey result 2006	20%	27%	10%	7%	49%
Enskilda's forecast	20%	32%	20%	15%	82%

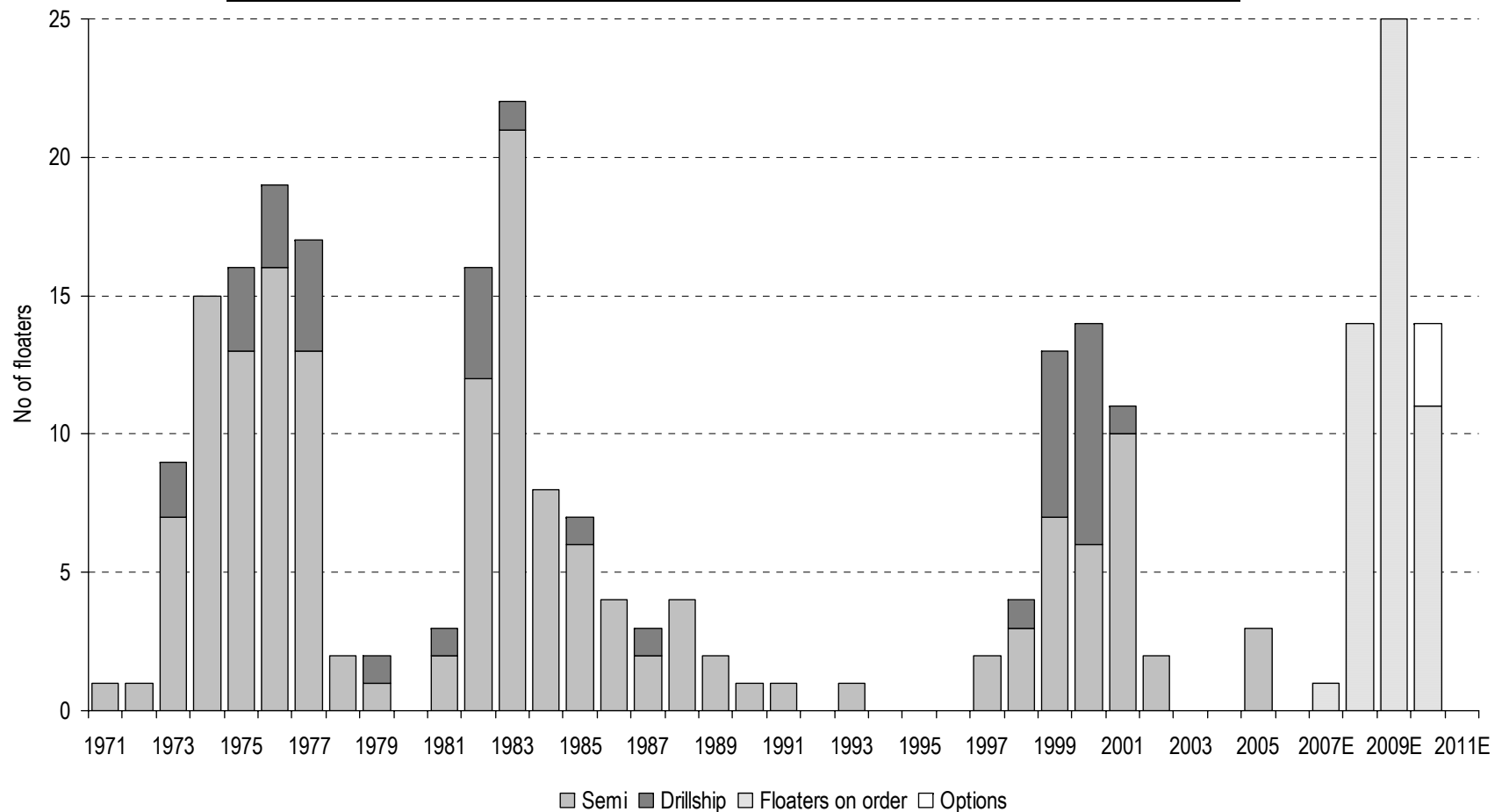
□ We expect that O&G Co's undershot in E&P budgets due to cost inflation on:

- Human resources (lack of skilled personnel)
- Equipment (lack of drilling rigs, seismic and subsea vessels)

Drilling – semi submersibles and drillships (i)

Fleet 20Y old – 51 units under constr (25%) – 13 uncontr

Building cycles – semis and drillships



Drilling – semi submersibles and drillships (iii)

Attractive S/D balance outlook at current oil prices

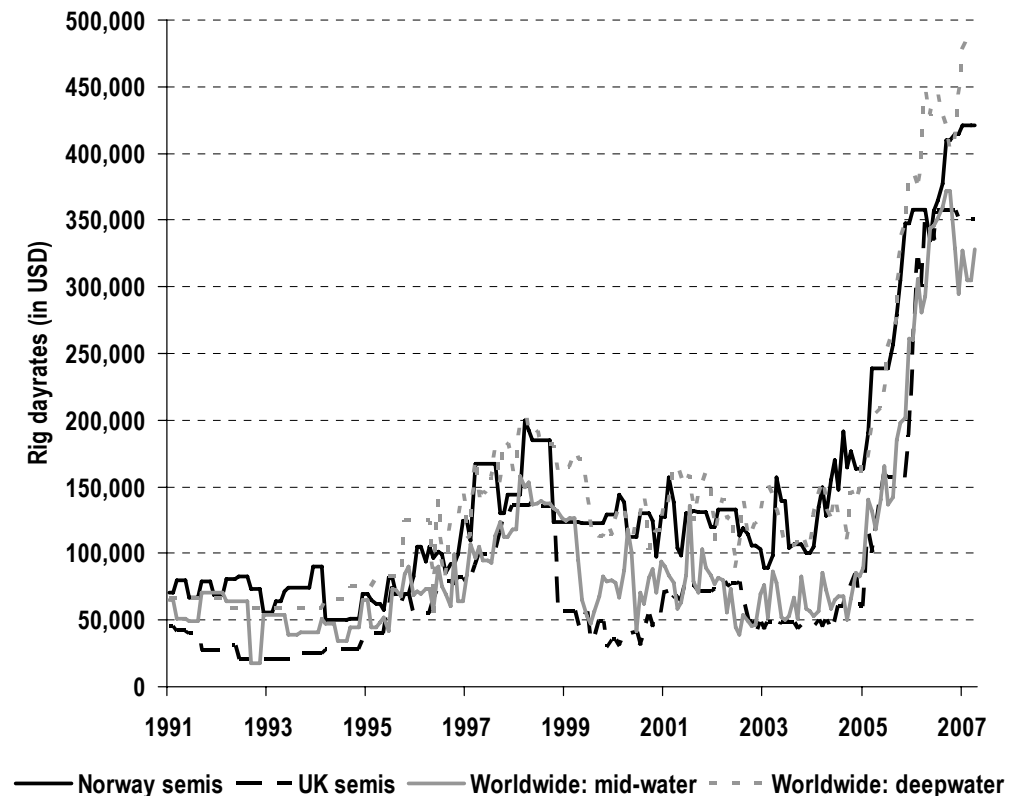
Contract cov – deepwater

2007	100%
2008	96%
2009	79%
2010	54%
2011	44%
2012	32%

Driving the market

- Infill drilling – more wells
 - Exploration in deep waters
- Material oil – RRR

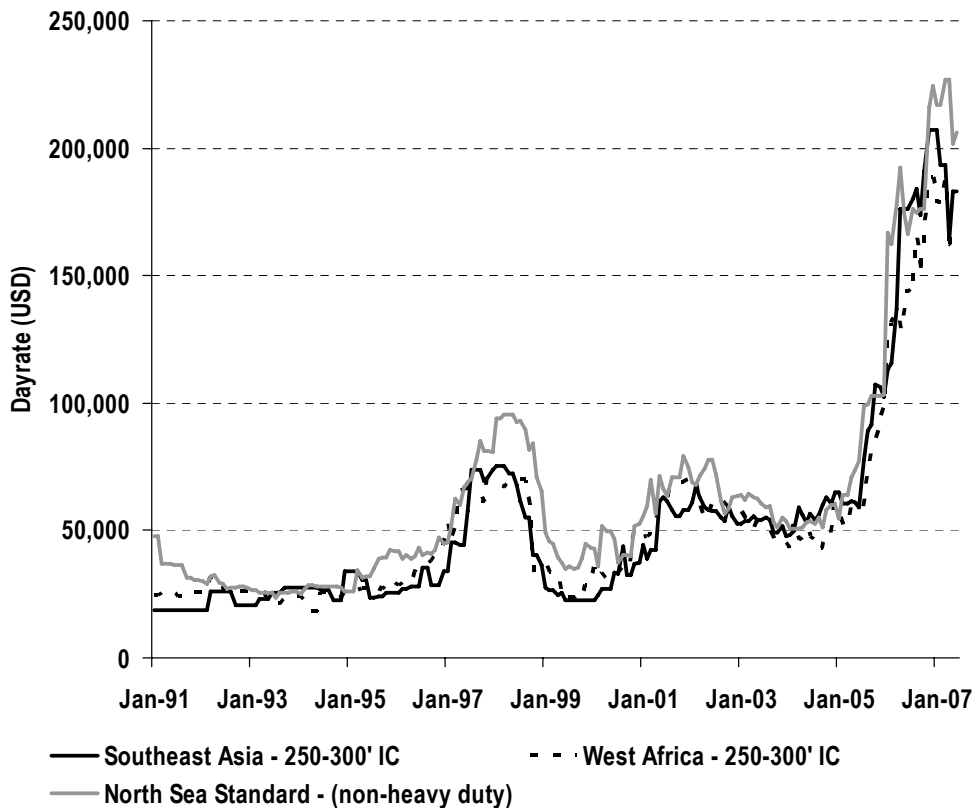
Dayrate development - floaters



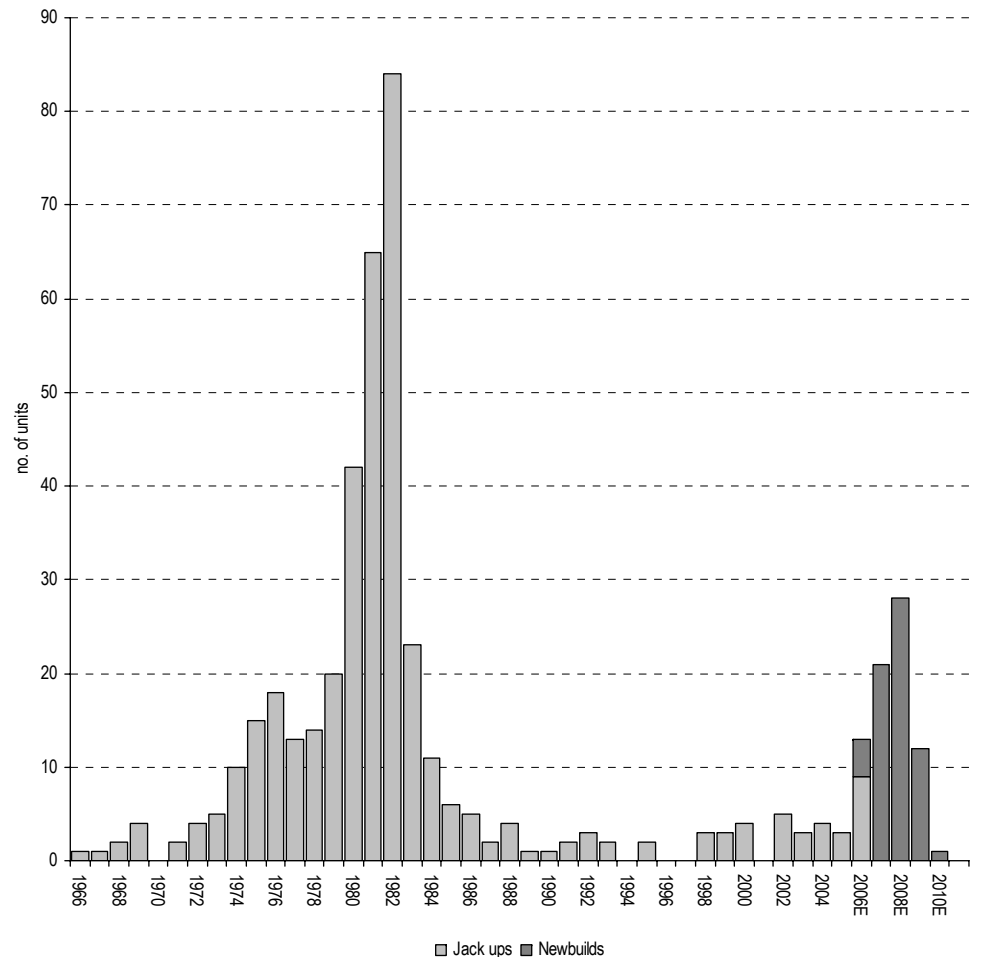
Supply/demand – jack ups

Fleet age: 24Y – 16% new supply under way (ordered)

Dayrate development - jackups



Age profile – jack ups

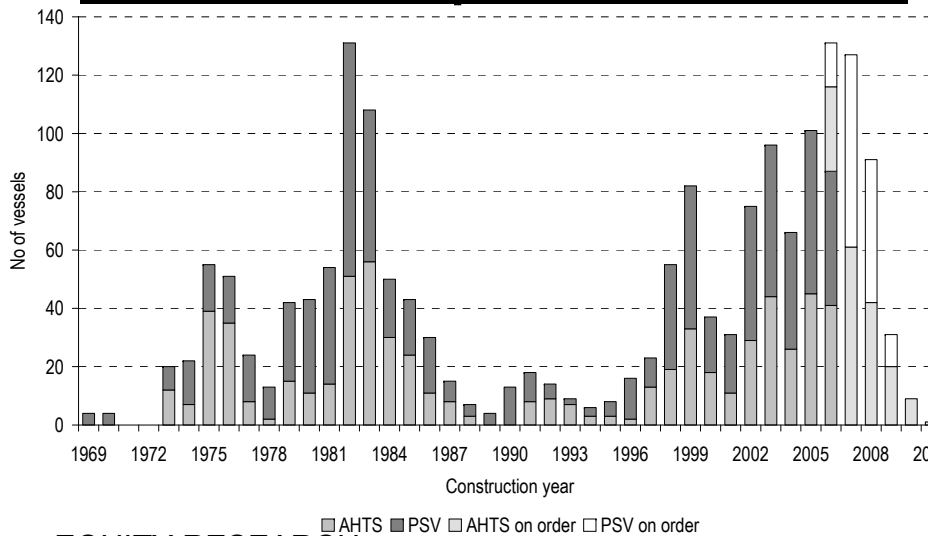


Supply/demand – supply segment (AHTS & PSV) (i)

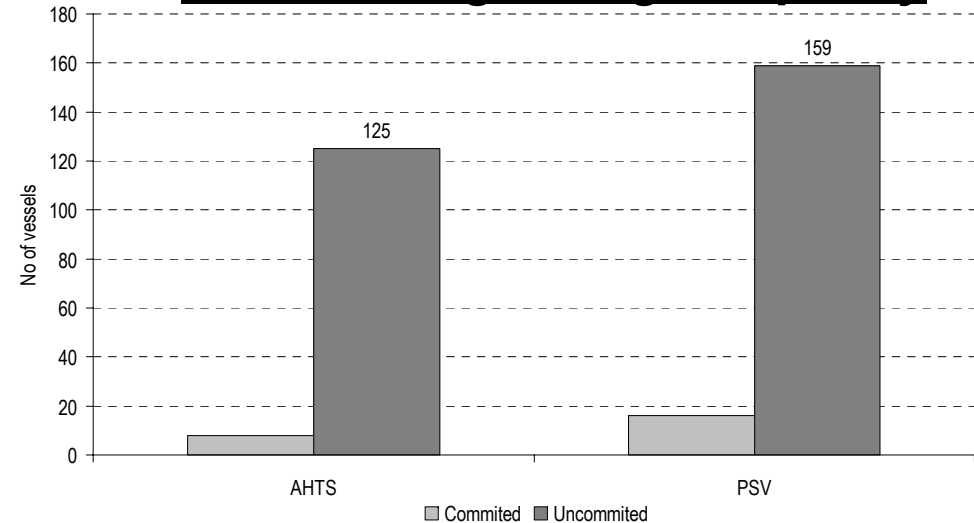
Record high newbuild activity...

- ❑ Norwegian supply co's has been active builders through cycles
- ❑ 175 PSV newbuilds, +41% from today's 422 vessels (2,000dwt+)
- ❑ 133 AHTS newbuilds, +52% from today's 256 vessels (10,000BHP+)

AHTS>4,000bhp & PSV>1,000dwt



Newbuildings – high Capacity

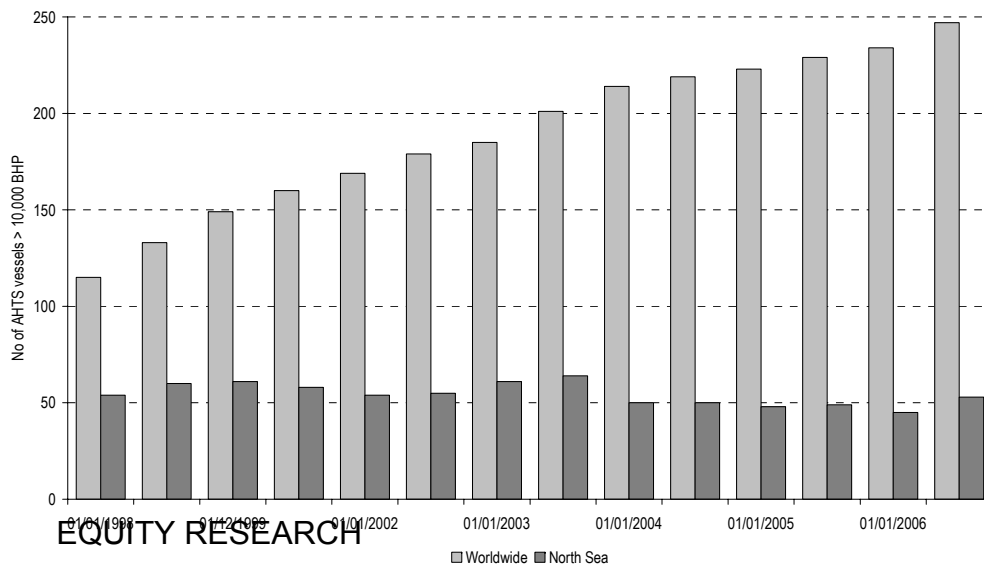


Supply/demand – supply segment (AHTS & PSV) (ii)

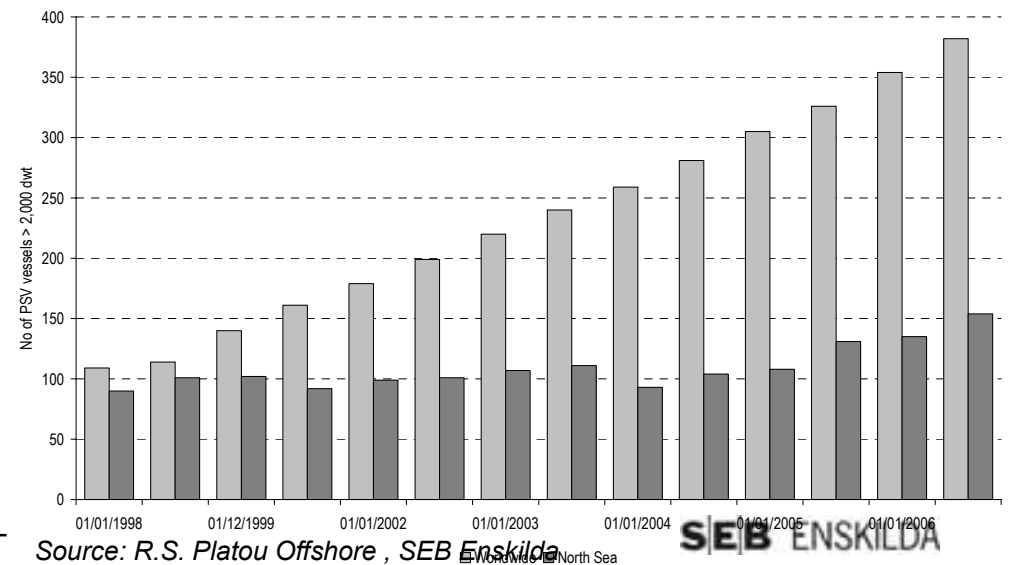
...But demand should to keep market balance ok

- ❑ New rigs; one rig absorbs $\approx 1.8x$ supply vessels int'l
- ❑ New FPSOs: one FPSO absorbs ≈ 1 AHTS and 1-2 PSV vessels
- ❑ Increased subsea & pipelaying activity
- ❑ Increased rigrates, HSE&Q, distance from yard \rightarrow fleet replacement

High cap. AHTS in North Sea & Int'l



High cap. PSVs in North Sea & Int'l



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Source: R.S. Platou Offshore, SEB Enskilda

SEB ENSKILDA

Outlook next 7m: 20%+ upside in US, 5-10% upside in Norway

Stock picking increasingly crucial

- **Status**: 2006: Norw. oil service index up 55% vs. US OSX-index up 10%. Since Jan 2003, Norw. oil service is up 820% where as US oil service is up 190%
- **Estimates**: 80% of US oil service co's (70% of the drillers) posted better than exp. Q1/07 results, while 75% of NOR co's disappointed the market. – We expect this trend to continue
- **Valuation**: We exp. US OSX comp. to cont. to outperf. Norw. oil service comp. as US inv. are starting to pro-long the exp. earnings cycle – multiple expansion. We see on avg. 28% upside in US drillers next 7M (08E PER from 7.8 to 10.0x) and 21% upside in OSX index (08E PER from 11.6x to 14.0x).

Drillers – Valuation tables

US drillers valued at PER of 7.8x ('08) & 6.6x ('09)

□ **US top drilling picks: NE** (exp +41% to USD 130), **ESV** (exp +41% to USD 85), **RDC** (exp +30% to USD 51)

Ticker	Ticker	Share price (local)	Mkt cap (USDm)	PER (x)			EV/EBIT (x)			EV/EBITDA (x)			No of units		Avg. Deliv Avg. age
				2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008	2009E	JU+floaters	% are floaters	
Atwood	ATW	65.3	2,055	16.2	8.4	5.9	13.6	6.1	3.4	11.3	5.4	3.0	7	57%	19
Diamond Offshore	DO	93.7	12,958	12.1	7.4	6.5	8.6	4.7	3.3	7.4	4.2	3.1	46	67%	27
Ensco	ESV	60.5	9,014	8.7	7.1	6.8	6.5	4.8	3.5	5.7	4.3	3.5	47	6%	19
GlobalSantaFe	GSF	68.6	15,637	9.5	7.4	na	8.4	6.0	na	7.1	5.2	na	60	25%	21
Nabors	NBR	34.6	9,736	9.3	7.7	6.8	9.2	7.2	5.1	6.9	5.5	3.9	16	0%	27
Noble	NE	92.2	12,356	10.2	7.1	6.0	8.4	5.4	na	7.0	4.6	n.a.	57	26%	22
Pride	PDE	35.7	5,914	12.1	8.1	6.6	7.9	5.0	3.5	5.9	4.0	2.8	43	33%	23
Rowan	RDC	39.2	4,333	9.3	7.6	6.8	6.2	4.4	3.7	5.3	3.9	3.3	24	0%	16
Transocean	RIG	98.6	28,408	12.4	8.6	7.3	10.9	7.2	5.9	9.5	6.5	5.3	81	69%	21
Todco	THE	48.4	2,798	11.2	8.5	na	6.1	4.0	4.2	5.1	3.4	3.4	24	0%	27
Average US Drillers				11.1	7.8	6.6	8.6	5.5	4.1	7.1	4.7	3.6	40.5	28%	22.1
Aker Drilling	AKD	38.0	581	n.m.	n.m.	4.5	n.m.	n.m.	6.6	n.m.	n.m.	5.6	2	100%	2008
Awilco Offshore	AWO	74.2	1,824	n.m.	8.7	4.8	33.6	10.7	6.1	26.2	9.5	5.5	10+2	30%	2007
Fred Olsen Energy	FOE	297.0	3,259	14.7	6.2	5.7	14.4	5.7	4.7	10.5	4.7	3.9	9	100%	24
Ocean Rig	OCR	40.1	1,111	n.m.	10.7	8.1	27.3	10.1	7.6	15.3	7.8	6.1	2	100%	4
Scorpion Offshore	SCORE	74.5	602	n.m.	12.8	5.0	nm	21.8	5.6	n.m.	17.8	4.8	5	0%	2008
SeaDrill	SDRL	120.5	7,774	29.7	11.9	6.0	18.2	12.6	6.4	13.9	10.0	5.4	21	57%	6
Subsea 7	SONG	121.0	2,935	15.6	12.3	10.7	11.7	9.0	7.5	9.2	7.2	6.0	5	100%	25
Average NOR Drillers				20.0	10.4	6.4	21.0	11.6	6.4	15.0	9.5	5.3	7.3	70%	

Supply vessels – Valuation tables for 2006,2007 and 2008

Supply vessel co's trades at PER of 7.4x ('08) / 8.6x

- Norwegian oil service shares currently trading on 2008 PER of 10.5x and EV/EBITDA of 8.1

Ticker	Price	Mkt cap (USD)	EPS			PER (x)		EV/EBIT (x)		P/BV (x) ROE (%)	
			2007E	2008E	2009E	2008E	2009E	2008E	2009E	2007E	2008E
SUPPLY											
DOF	66.0	914	6.4	7.8	10.0	8.4	6.6	8.2	6.0	1.8	19.7
DESSC*	23.6	513	3.9	4.7	3.0	5.1	7.9	5.0	7.9	1.4	1.8
FAR	158.0	1,014	14.2	17.0	21.3	9.3	7.4	10.8	9.0	1.5	15.1
HAVI*	95.0	253	11.8	15.8	19.3	6.0	4.9	8.5	8.7	1.3	18.5
SOFF	155.0	964	15.7	19.4	21.1	8.0	7.3	10.7	9.3	1.6	18.4
Average supply						7.4	6.8	8.7	8.2	1.5	14.7
Norwegian oil service average (all companies)						10.2	7.8	10.5	7.3	3.0	21.8
Norwegian oil service average (Enskilda coverage)						10.4	8.0	10.7	7.1	3.0	24.7

Norwegian oil service – Recommendation and target prices

Currently 9.6% upside potential to Enskilda's targets

Company	Price (NOK)	Mkt cap		Target (USD)	Target (NOK) *	Potential	Rec.
		(NOKm)	(USDm)			(%)	
Wavefield Inseis	47.3	6,268	1,031	11.3	68	43.3	Buy
AGR	65.0	4,470	735		90	38.5	Buy
Sev an Marine ASA	56.0	9,005	1,481	12.5	75	33.9	Buy
DOF Subsea	47.8	5,535	911		64	33.9	Buy
TGS-Nopec	122.3	13,008	2,140	25.8	155	26.8	Buy
DOF	66.0	5,554	914		80	21.2	Buy
Aw ilco Offshore	74.2	11,087	1,824	14.5	87	17.3	Buy
Farstad Shipping	158.0	6,162	1,014		185	17.1	Buy
SeaDrill	120.5	47,252	7,774	21.2	127	5.6	Buy
Solstad Offshore	155.0	5,858	964		185	19.4	Hold
Aker Kværner	139.0	38,086	6,266		160	15.1	Hold
Petroleum Geo-Services	149.5	26,910	4,427	28.0	168	12.4	Hold
Deepocean	27.0	2,381	392		30	11.1	Hold
Fred Olsen Energy	297.0	19,810	3,259		330	11.1	Hold
Scorpion Offshore	74.5	3,658	602	13.3	80	7.4	Hold
Sea Production	15.0	1,350	222	2.6	15.5	3.2	Hold
FPS Ocean	94.0	711	117		95	1.1	Hold
Songa Offshore	57.3	5,623	925	9.5	57	-0.4	Hold
Aker Drilling	38.0	3,534	581		37	-2.6	Hold
Odin ASA	67.0	2,992	492		62	-7.5	Hold
Ocean Rig	40.1	6,753	1,111	6.8	41	2.3	Sell
Prosafe	90.0	20,713	3,408	14.9	90	-0.5	Sell
Acergy	126.5	24,415	4,017	19.2	115	-8.9	Sell
Subsea 7	121.0	17,837	2,935	17.5	105	-13.2	Sell
Total		288,972	47,542			9.6%	

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