



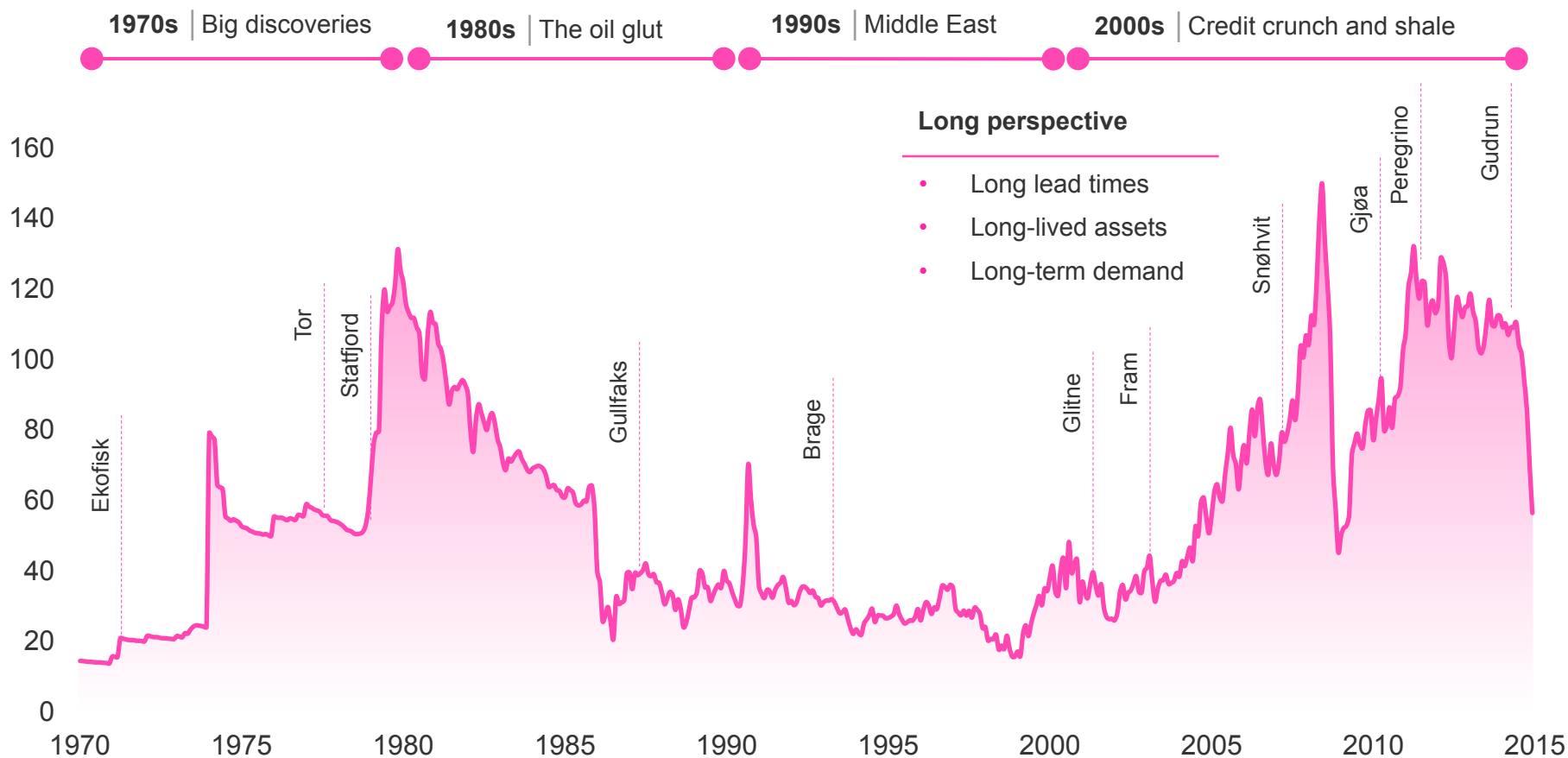
Statoil

# Tilstanden i den norske oljebransjen

Energyworld, Stavanger, 12 mars 2015  
Eirik Wærness, Chief Economist

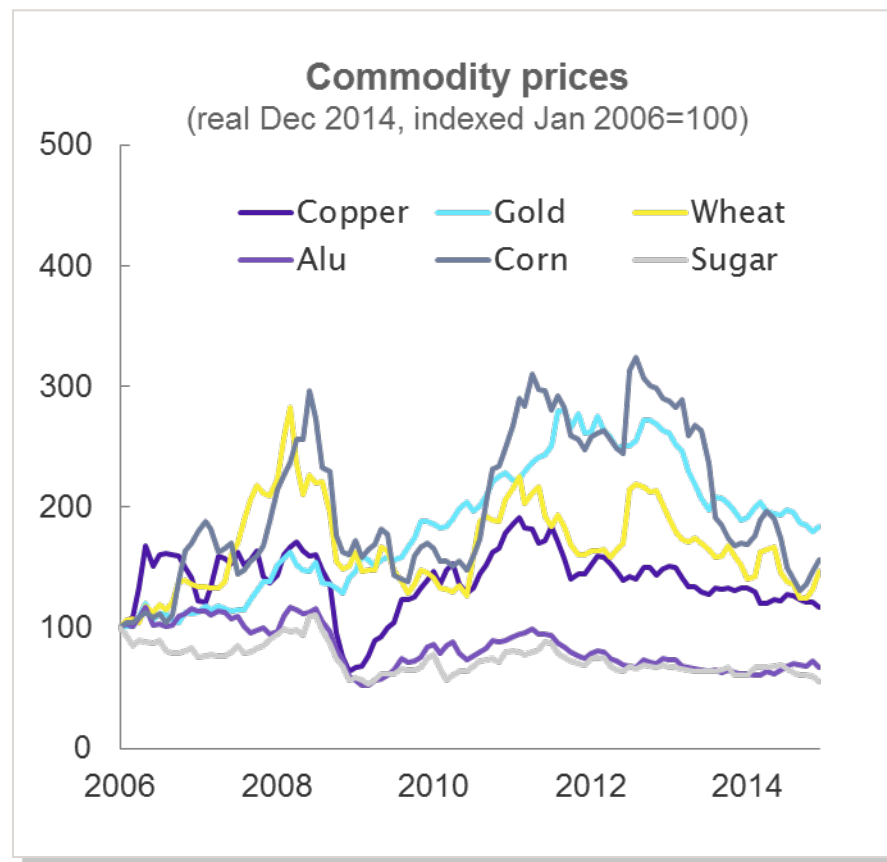
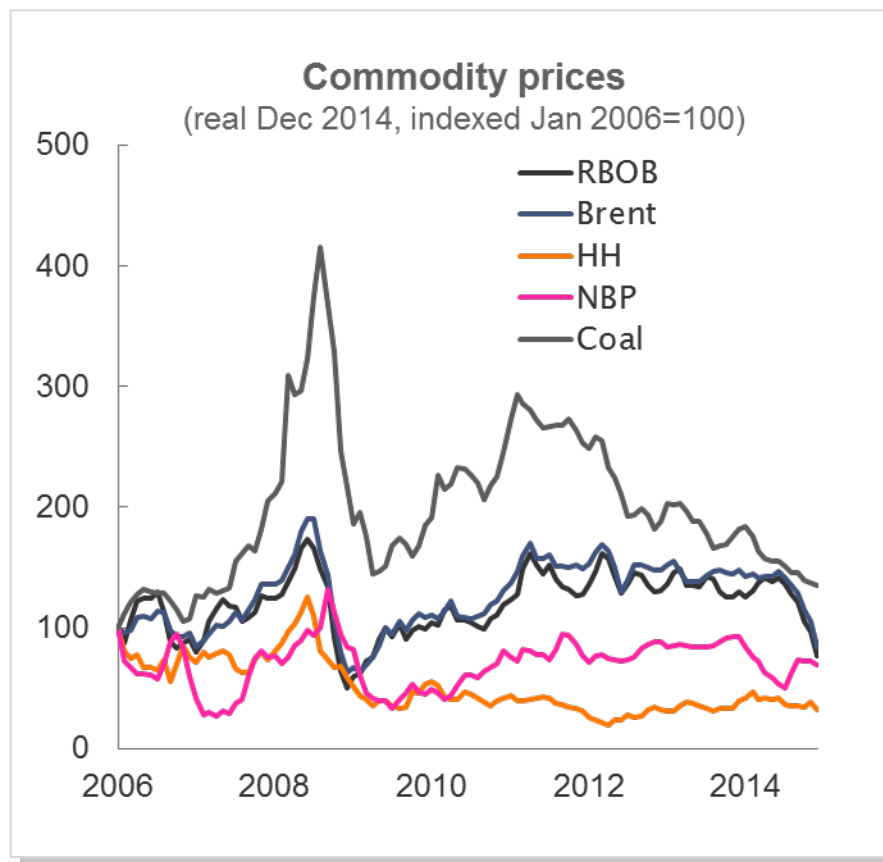
# A reminder of the fundamentals of our industry

Volatility is the name of the game



# ... as in other commodity markets ...

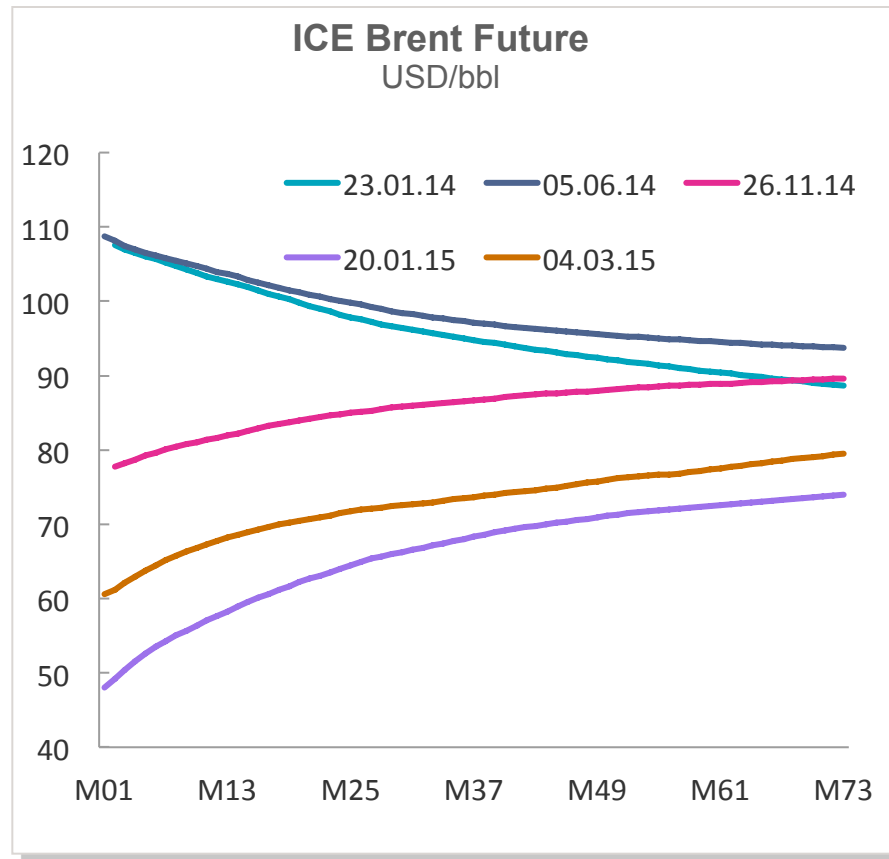
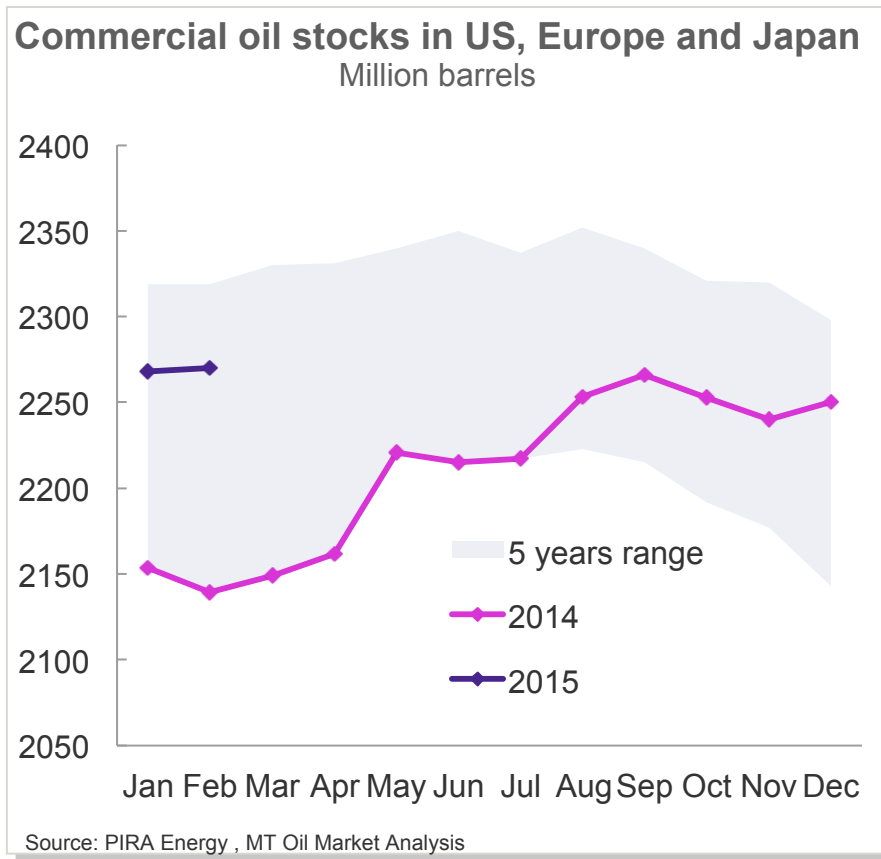
The current situation not necessarily a good indicator about the future



Source: Thomson Reuters Datastream

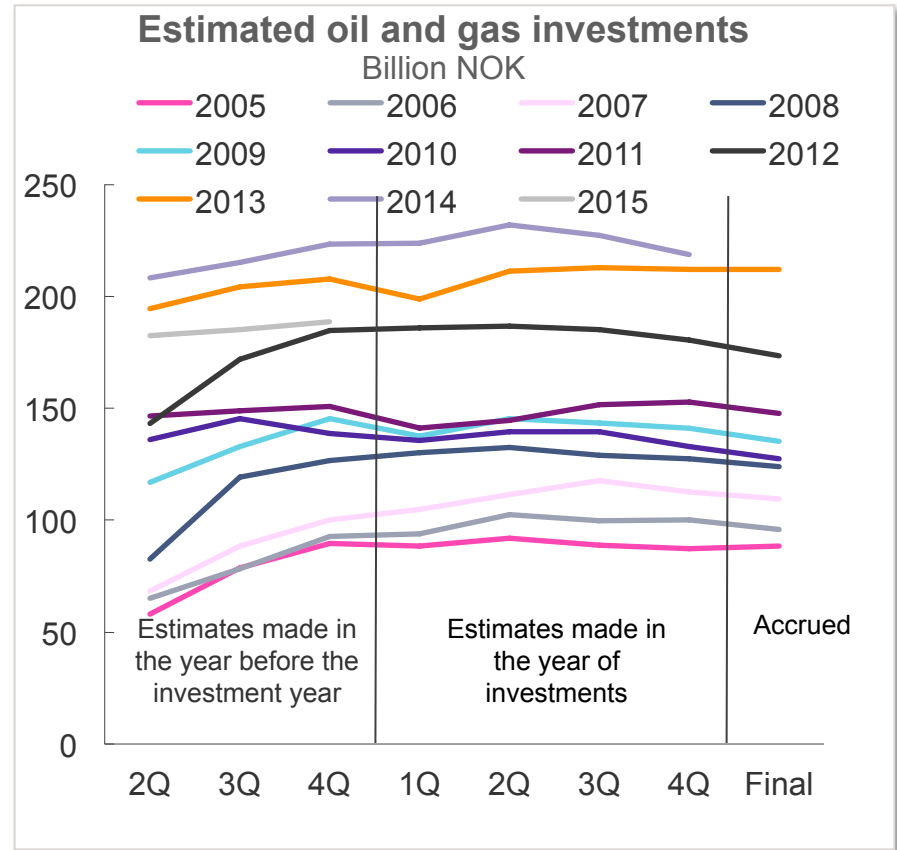
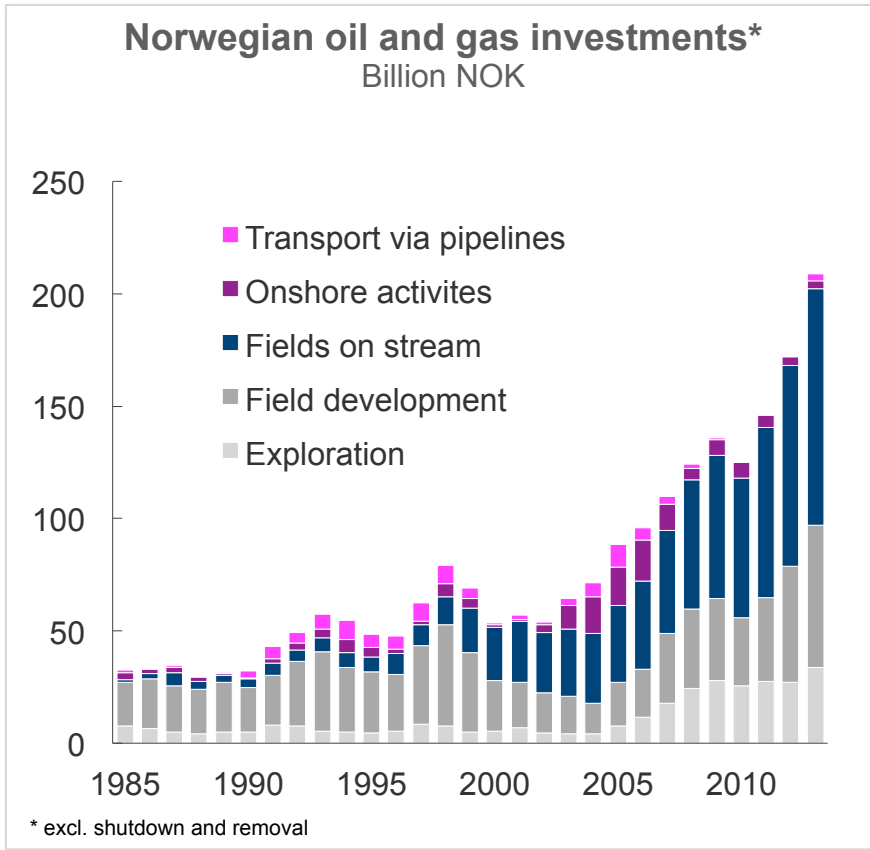
# Brent prices – significant short-end changes

High storages – contango – more moderate medium-term changes



# We are coming off record highs...

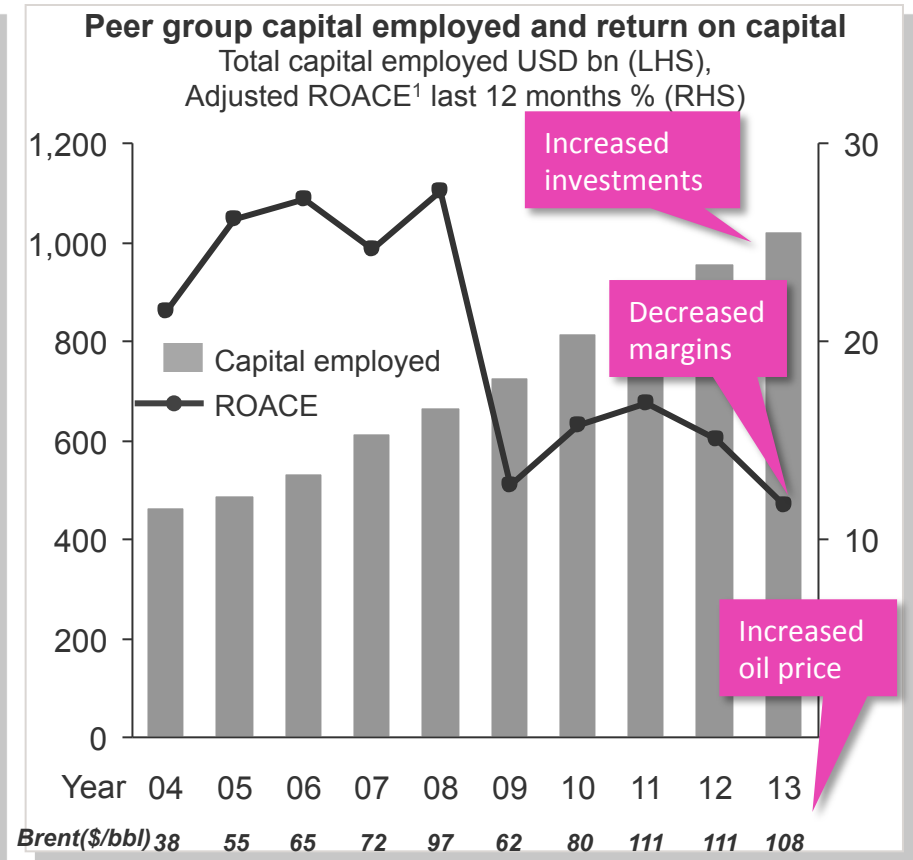
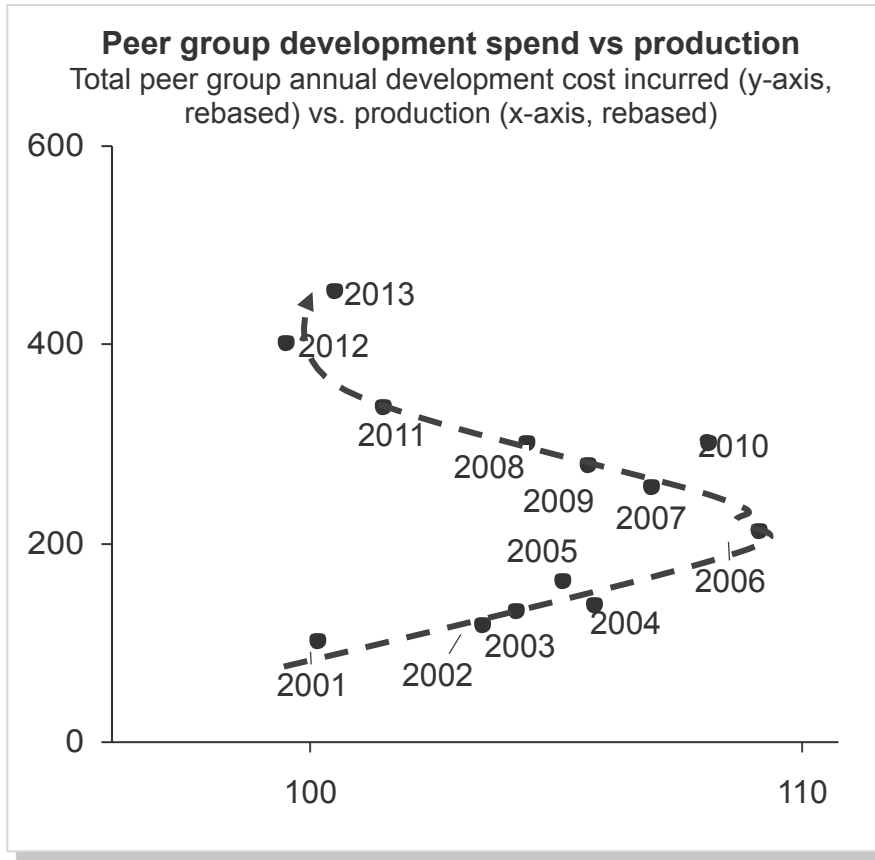
One year ago “everyone” was worried about cost levels, salaries, dichotomy



Source: Statistics Norway

# Cost increase requires change in activity level

The industry is running faster, but moving backwards



Source: Statoil; Wood Mackenzie; Barclays Capital; JP Morgan  
Peer group includes: BG, BP, Chevron, ConocoPhillips, Eni, ExxonMobil, Shell, Statoil, Total

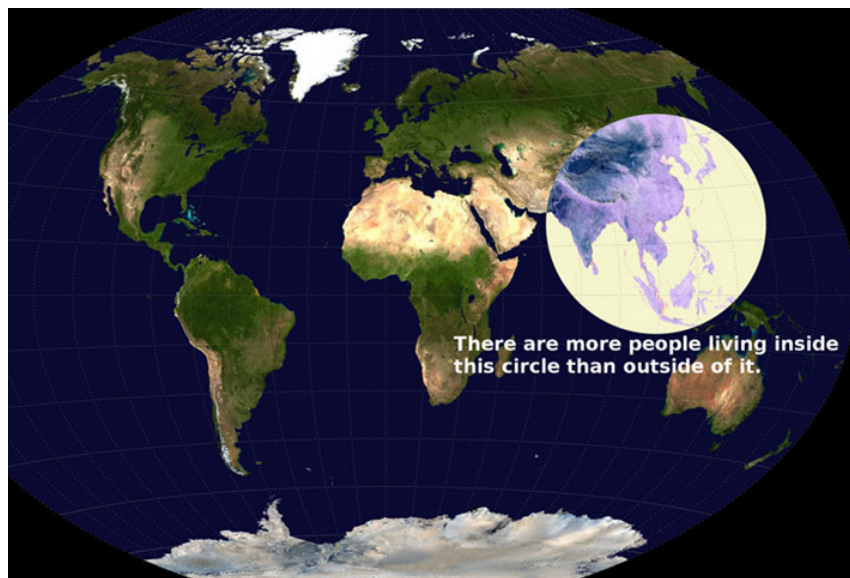




# A strong trend affecting economics and energy

Economic gravity moves (back) to the east, and so does energy demand

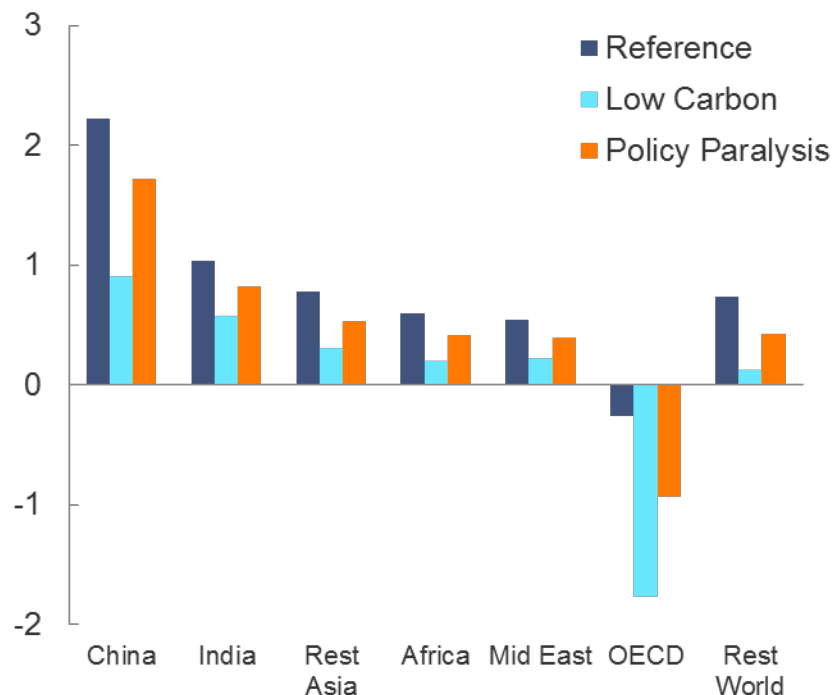
## The global centre of population



Source: Reddit, IEA, Statoil (projections)

## Shifting energy demand

Growth in TPED 2011-40, bn toe





# There is more than one possible future

Low carbon scenario

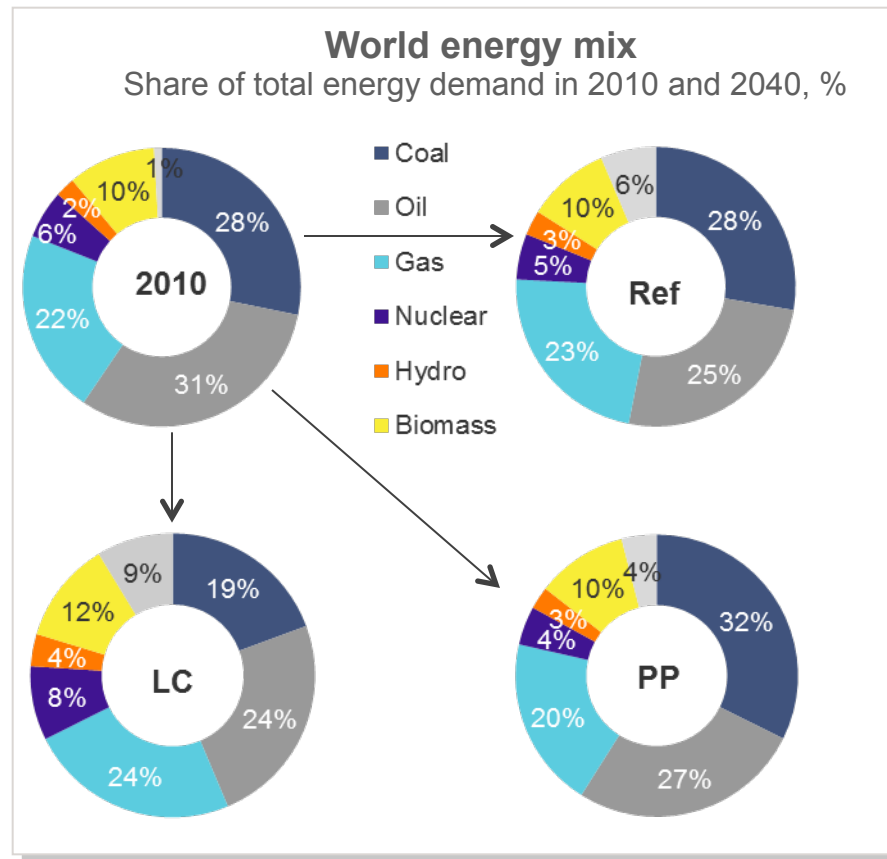
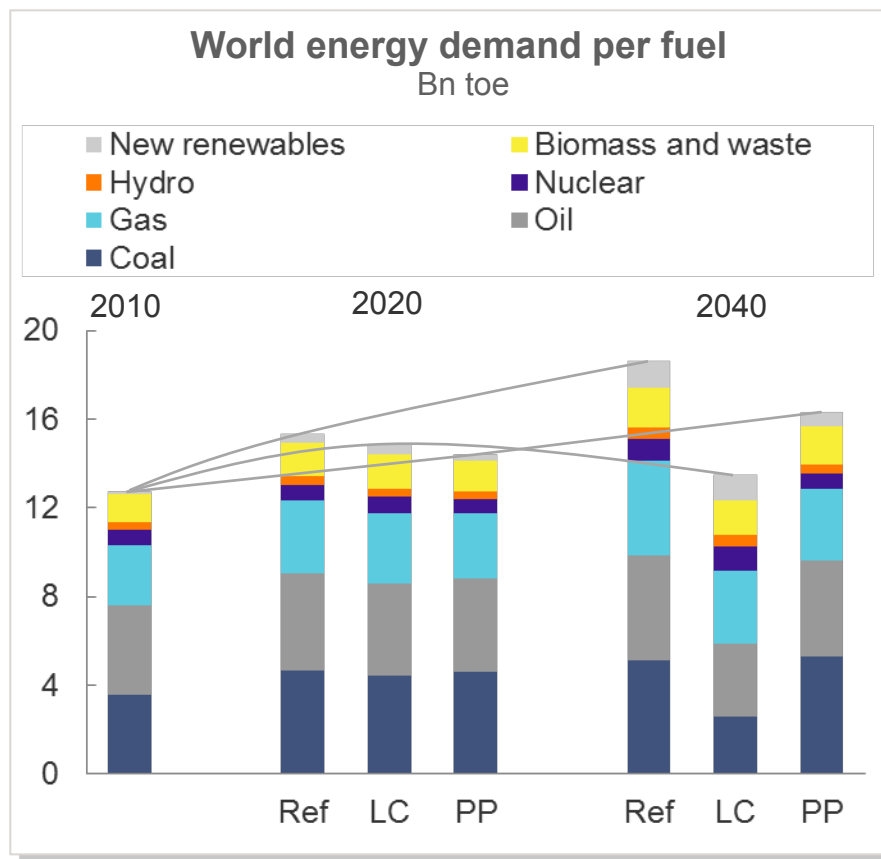


Policy paralysis scenario



# Energy demand and energy mix differ

... depending on growth, efficiency, technology and policies



Source: IEA (history), Statoil (projections)

# Fossil fuels are here to stay

Roads are made of asphalt, Teslas contain polymers, kids have toys...



**MORE THAN GASOLINE**

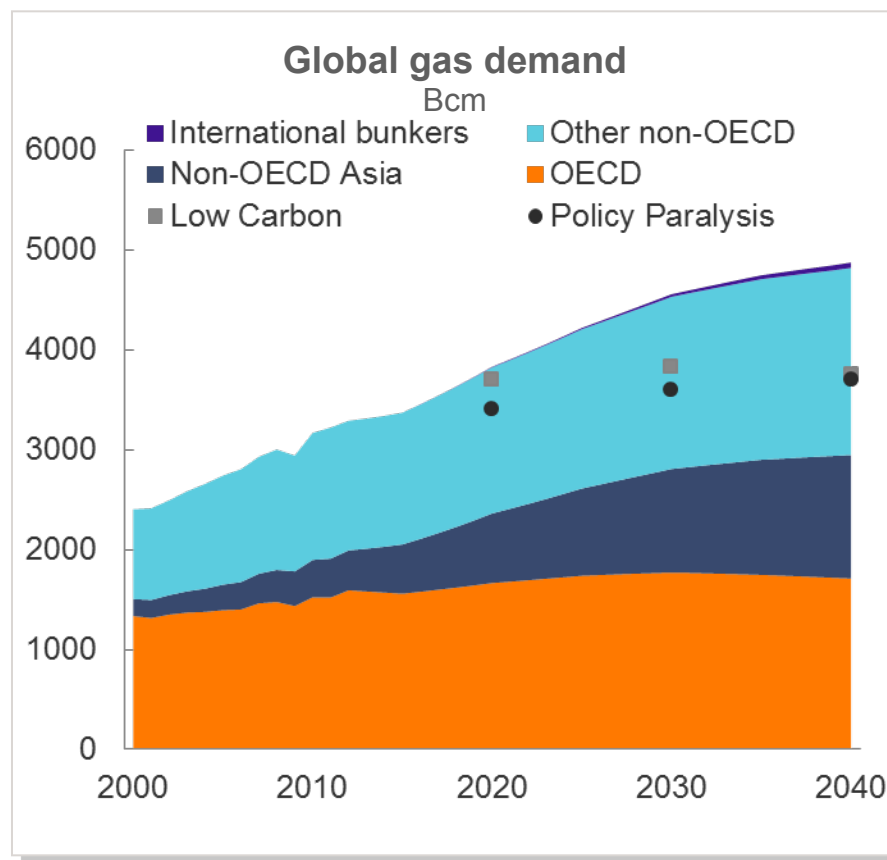
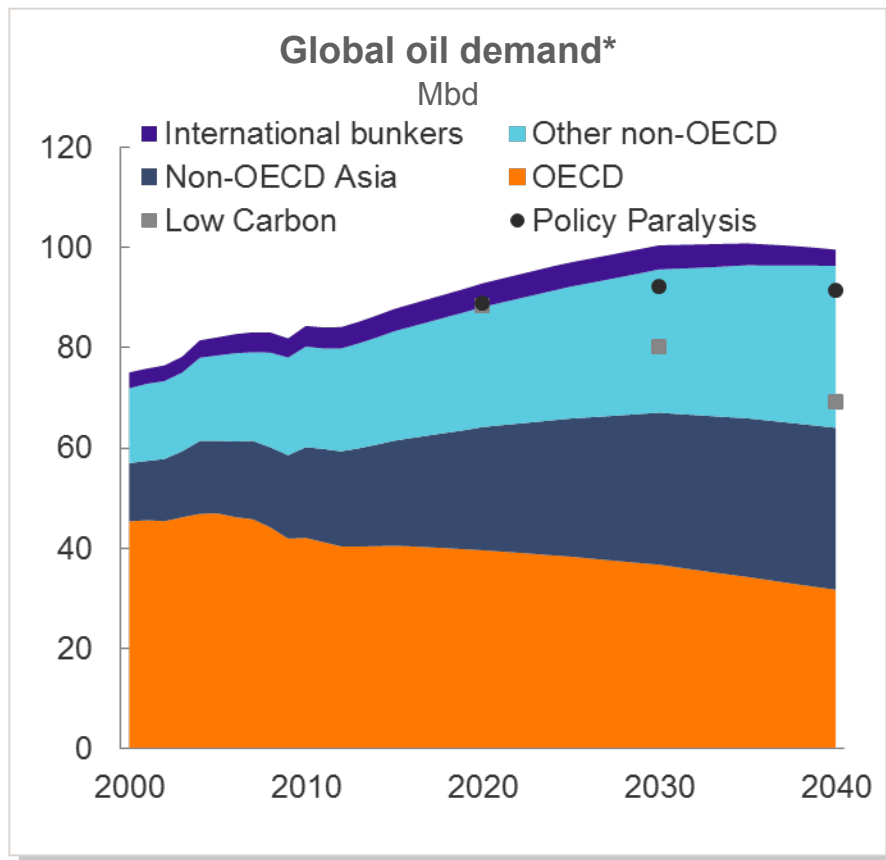
BLACK GOLD YIELDS MEDICAL IMPLANTS, FERTILIZERS, COMPUTERS . . .

Where are the Fosters? On their lawn in Stow, Ohio. Two adults and five children all but disappear in a kaleidoscope of belongings made mostly from oil-based polymers. Modern life rides on such materials. "Without them I can't think of a good way to make bike helmets," says Mark Foster, a polymer science professor at the University of Akron.

Source: National Geographic

# Fossil fuels are here to stay

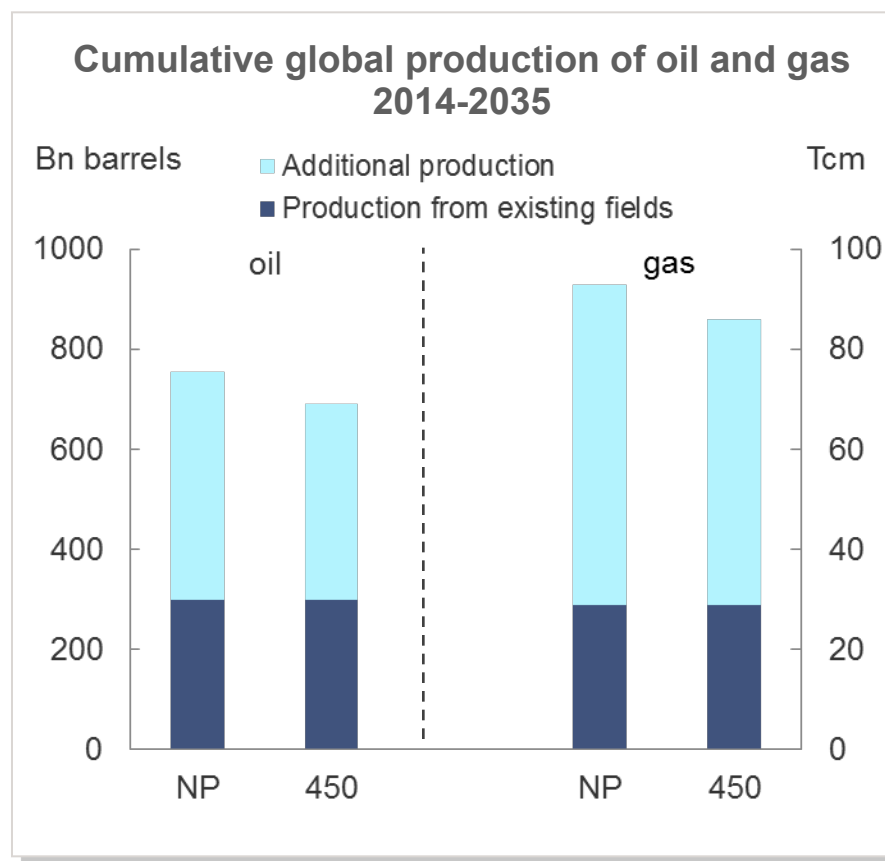
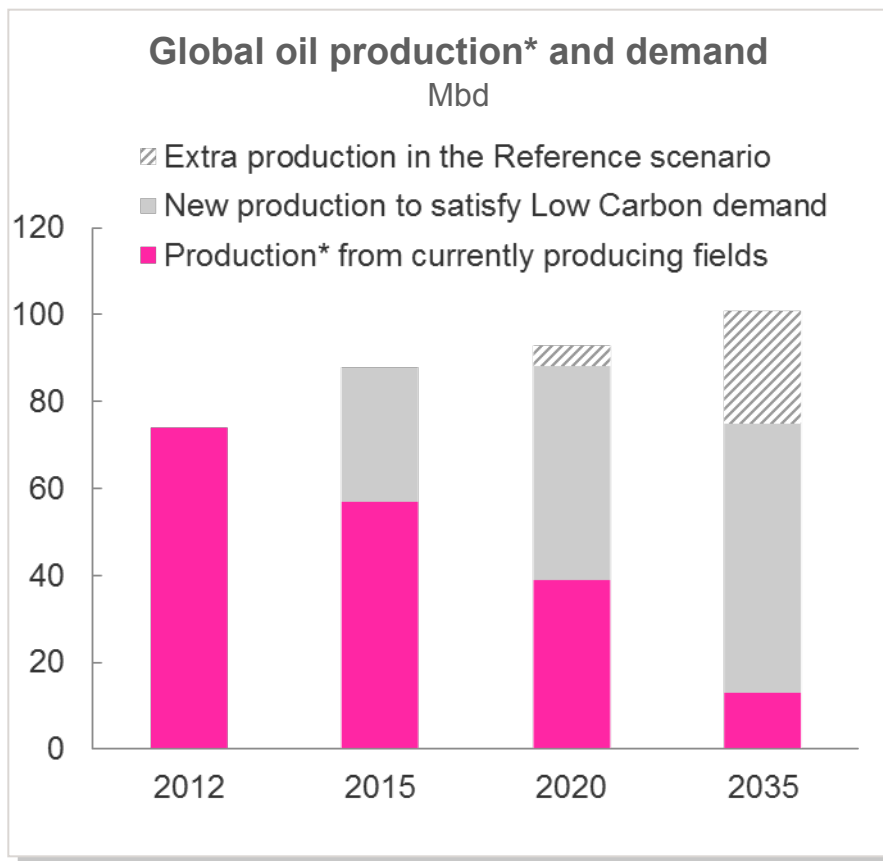
Considerable need for investments, irrespective of scenario, in risky places



\* Excl. Bio-fuels  
Source: IEA (history), Statoil (projections)

# Fossil fuels are here to stay

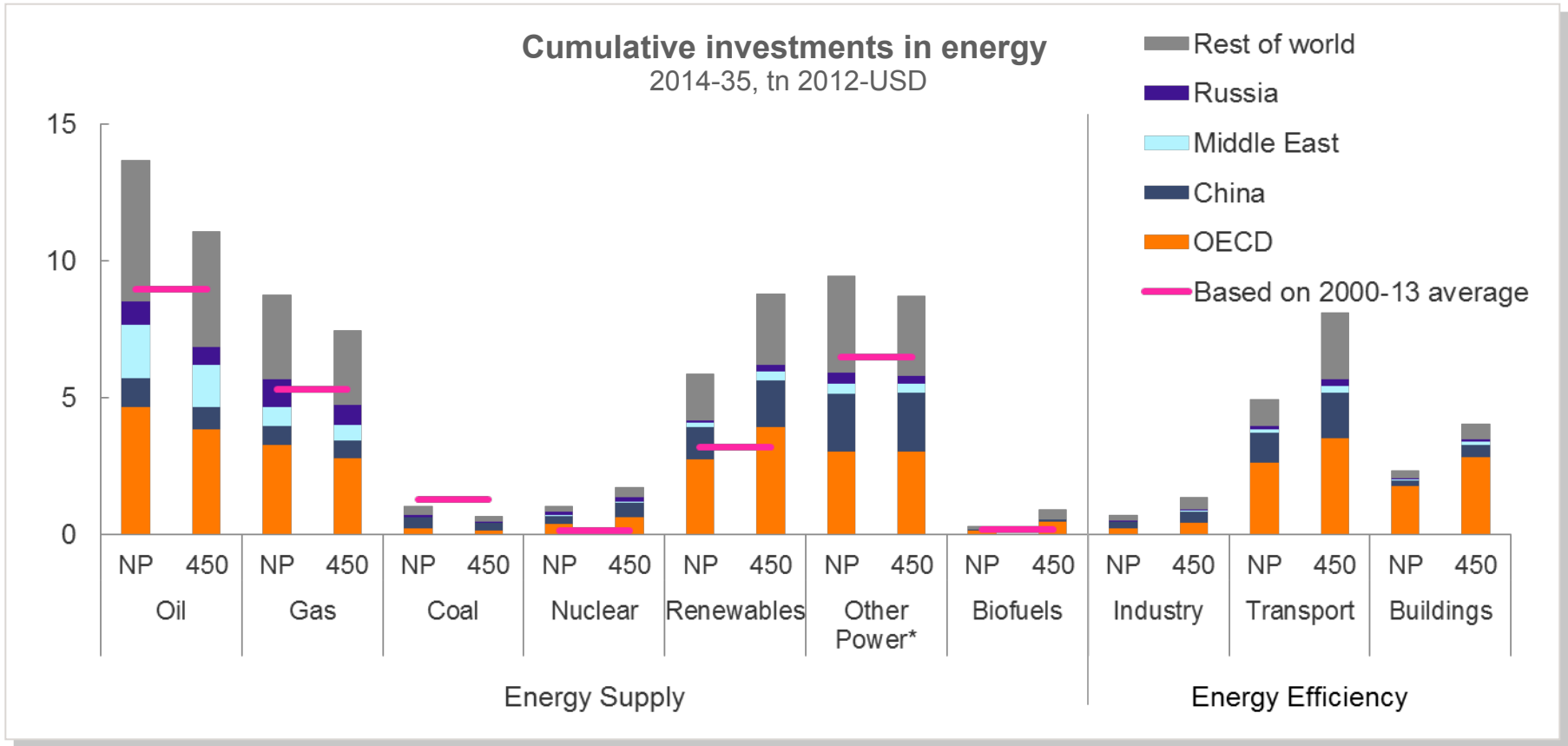
Considerable need for investments, irrespective of scenario



\* Excl. NGLs  
Source: IEA (production), Statoil (demand)

# Large investments needed in all scenarios

Especially in oil, gas, power and efficiency – can they be delivered?

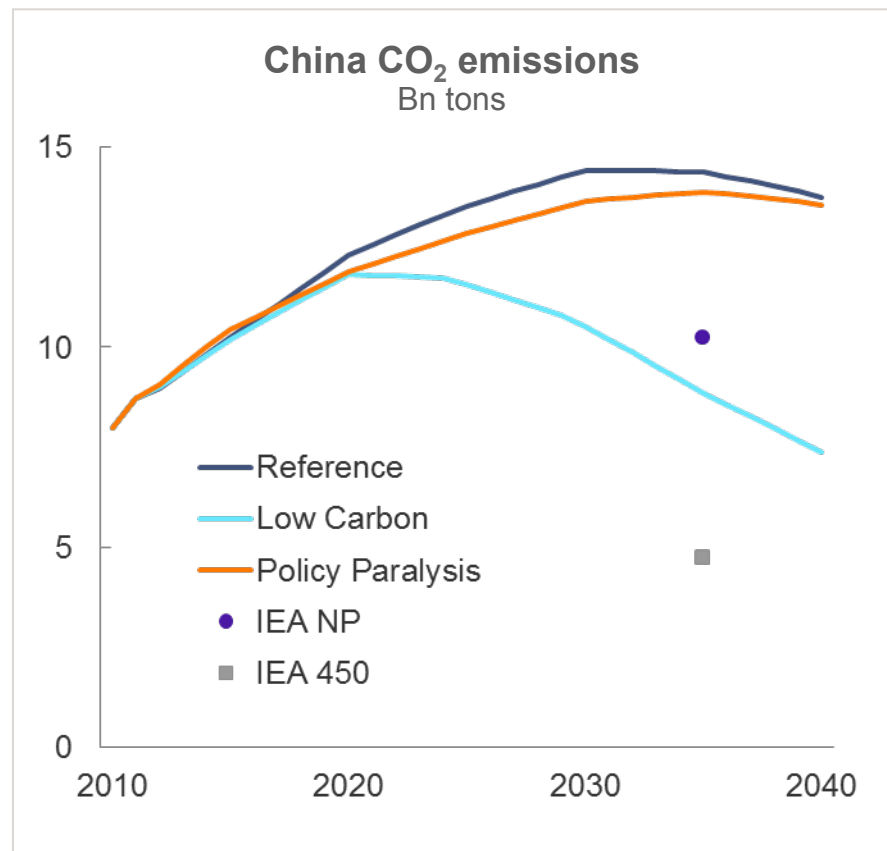
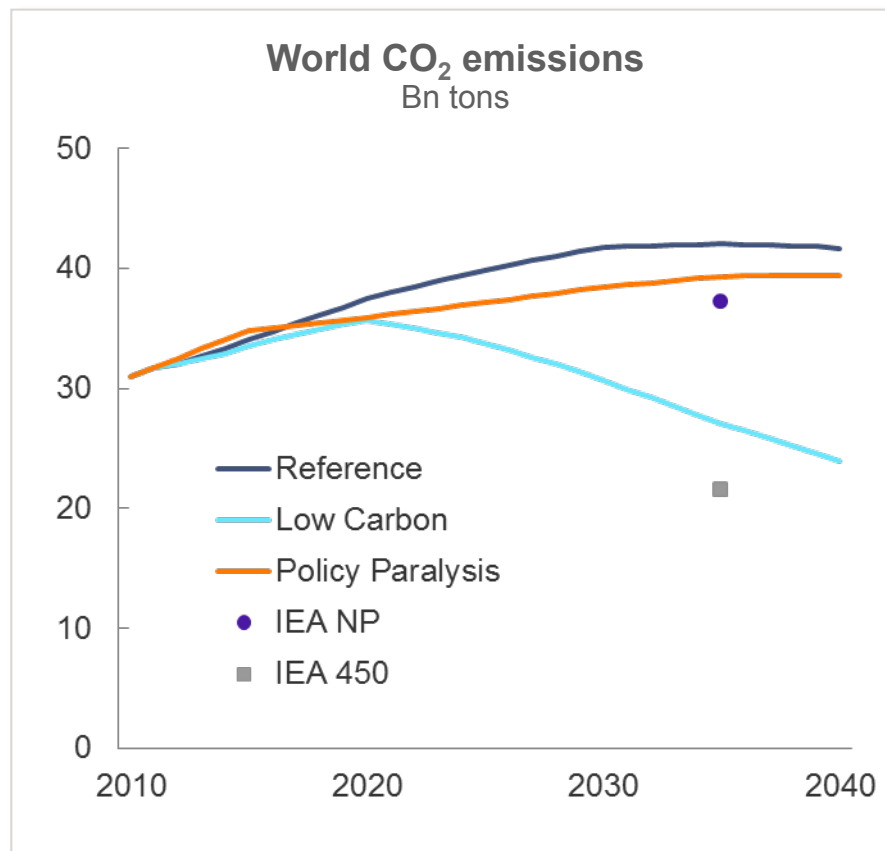


\* Fossil fuels, transmission and distribution

Source: IEA World Energy Investment Outlook 2014

# Energy related CO<sub>2</sub> emissions vary considerably

... driven by energy intensity, fuel mix and CCS



Source: Statoil, IEA WEO 2013

# A lot can change in 26 years....

... so our forecasts will only be vaguely right...



By Popular Demand ...

... the high performance, low-cost AT compatible.

The PC-XT Turbo from Opus. - Only £1,295

• More performance • More quality • More features

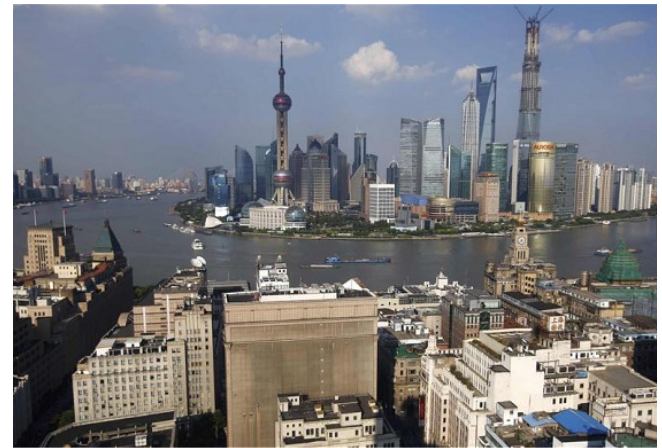
1988





# 2014...and what about 2040?

... and hopefully not precisely wrong...



There's never been a better  
time for good ideas

Thank you!