

HYDROCARBONS: M&A PARTNERSHIPS & ALLIANCES

PREPARED FOR OIL & GAS CONCLAVE 2014

Private &
Confidential



Prashant Maniar

September 2014

Presentation Outline

2

World Energy Review

Global Transaction Activity

Unconventional Contribution

Recent Trends

M&A Outlook for the Industry

Investor Participation

Indian Oil & Gas Industry

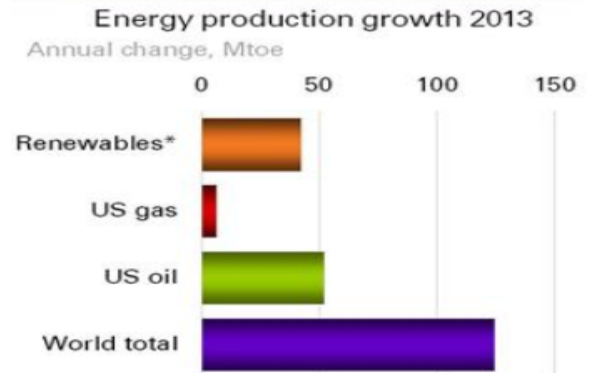
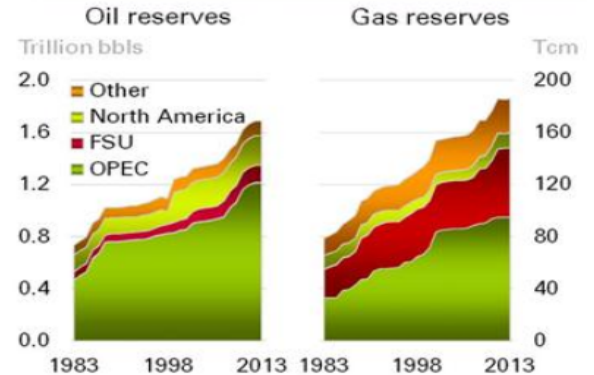
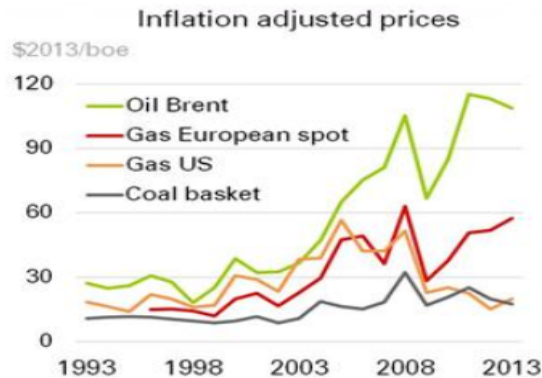
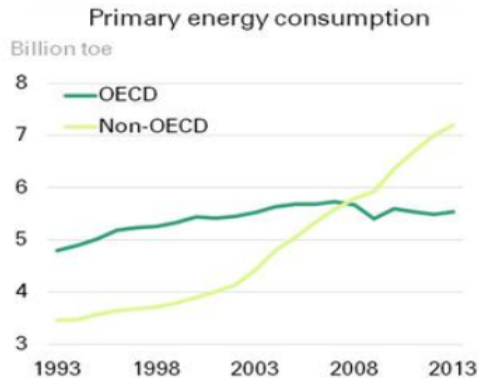
Incoming Investor Expectation

Maximizing Outbound Synergies

World Energy Review

3

- ✓ Massive growth in energy consumption in 2013
- ✓ Production affected by geopolitical events
- ✓ US investment in shale production at record highs

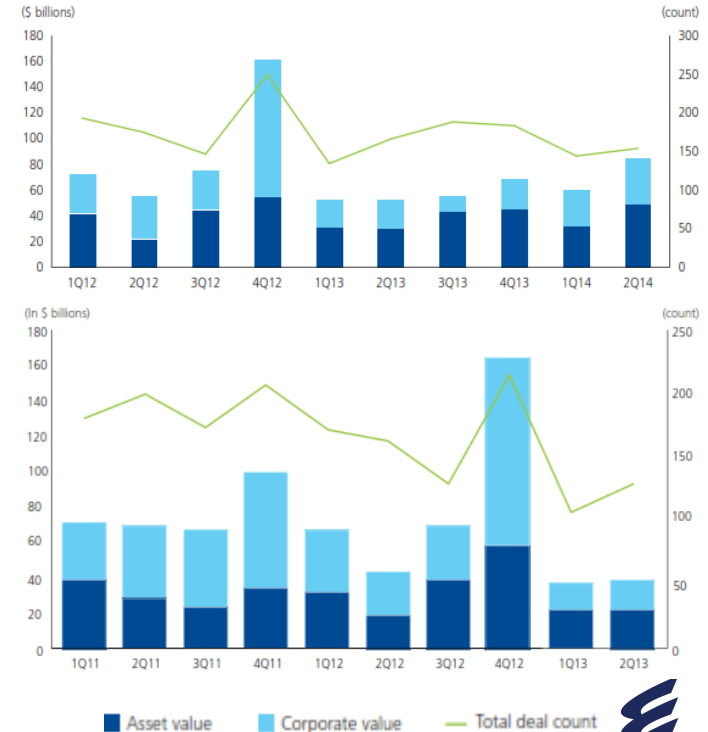


Global Oil & Gas Transaction Activity

4

- ✓ An average of almost 4 transactions every day
- ✓ Oil and gas M&A has generally remained robust
- ✓ Jan-Jun, 2014 saw \$87B in 276 deals

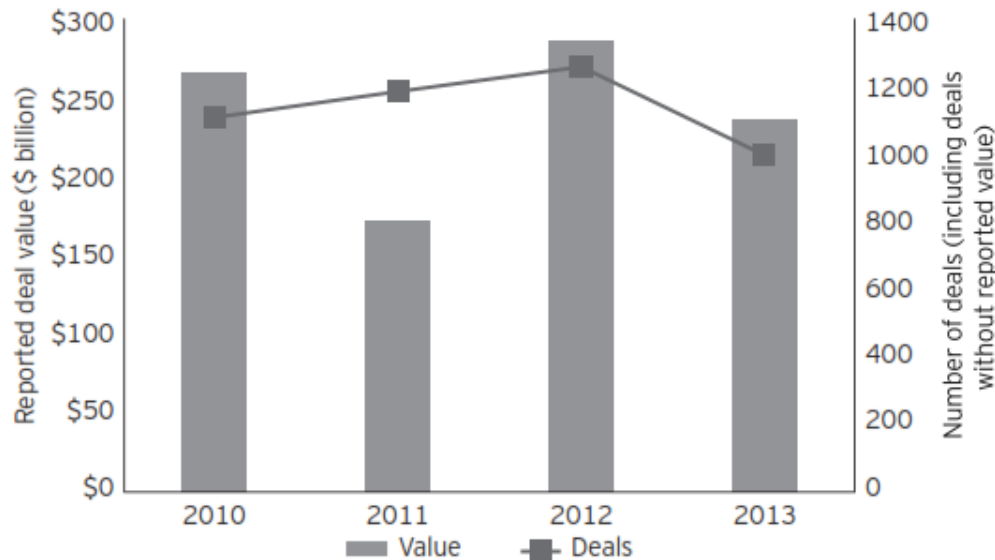
Globally, the trend has been to shed non-core assets providing buyers with unique impact opportunities



Unconventional Phase

5

Global upstream transaction activity



- ✓ Unconventional resources continue to be a major driver
- ✓ The US shale story is the epicenter of all the deal-making
- ✓ Next phase of shale plays to target niche areas internationally

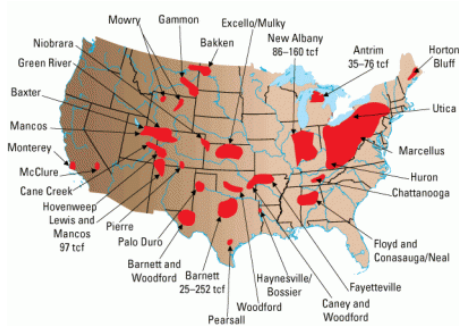
Recent Trends in Oil & Gas M&A

6

Capital Discipline



Unconventional Boom



Prominence of NOC's



Financing Innovation



M&A Outlook for Deal Activity

7



Prices



Upstream
Segment



Transaction
Requirement



North
America



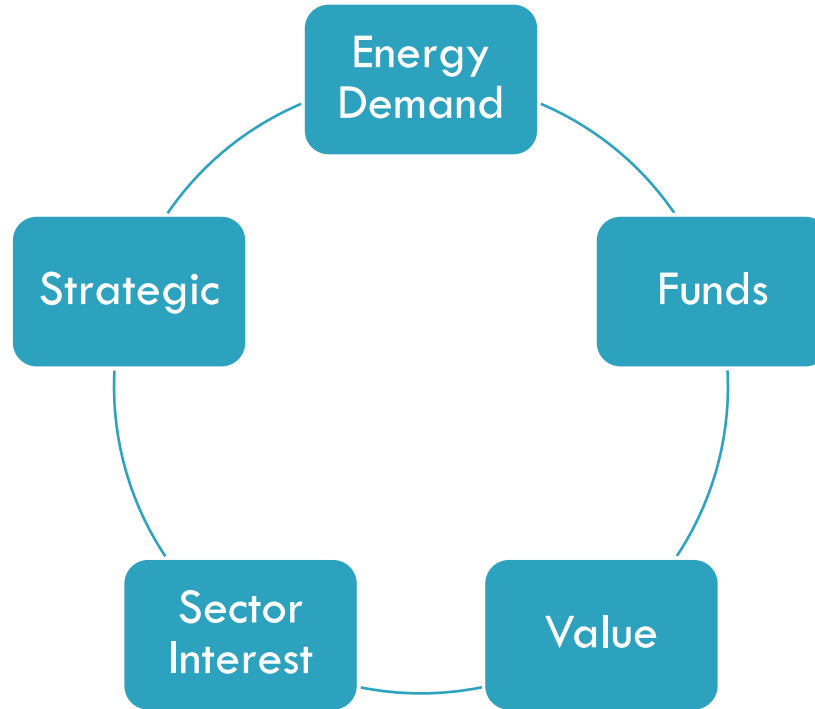
Emerging
Markets



New Areas
of Growth

Investor Participation

8



Indian O&G Industry at a Glance

9

- ✓ World's 4th largest energy consumer
- ✓ Primary energy consumption would twofold by 2035
- ✓ India being the 6th largest LNG importer, imports ~1/4th of total gas demand
- ✓ India has a resource base of 21Btoe with an additional 9Btoe from deep-water areas

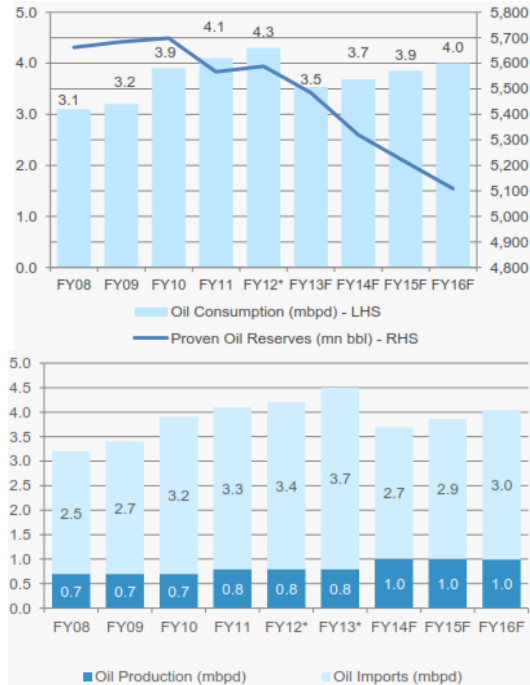
Key Players and Market Shares

Upstream (E&P)	Oil and Natural Gas Corporation	Oil India Limited	Calm Energy
	Oil Production: 531,000 b/d Gas Production: 25.6 bcm Turnover: US\$ 13,782 mn. 74% state owned	Oil Production: 73,000 b/d Gas Production: 2.4 bcm Turnover: US\$ 1,730 mn. 98.1% state owned	Oil Production: 25,000 b/d Gas Production: 0.4 bcm Turnover: US\$ 340 mn. Private sector

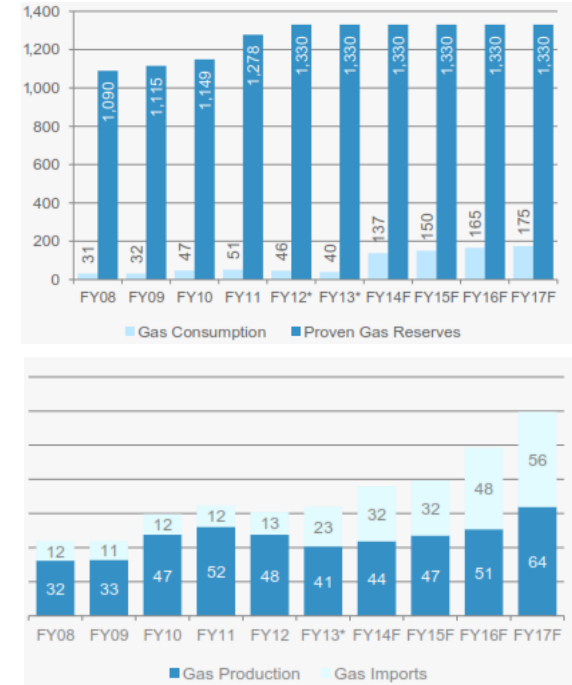
Indian O&G Industry at a Glance (Cont'd...)

10

Oil Consumption, Reserves, Imports & Production



Gas Consumption, Reserves, Imports & Production



India Upstream: M&A

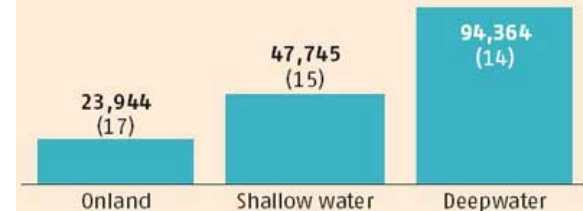
11

- ✓ Upstream in India is dominated by the SOEs
- ✓ ONGC accounts for ~75% of the total national output
- ✓ NELP has attracted limited foreign investment and private players in to the Indian E&P segment
- ✓ In the Nine rounds, 360 blocks were offered, with an investment of around \$21.3B

Last Planned Auction (NELP X)

PETRO BLOCKS ON SALE

Area in sq km (number in brackets)



Number of blocks in each basin

Basin	No of blocks	Basin	No of blocks
Cambay	9	Gujarat-Kutch	2
Mumbai	7	Cauvery	2
Andaman	5	Krishna-Godavari	2
Gujarat-Saurashtra	4	Bengal	2
Kerala-Konkan	4	Himalayan Foreland	1
Mahanadi-NEC	4	Deccan Syncline	1
Rajasthan	4		

India Looks to Mexico

12

- ✓ Mexico is the World's 10th biggest producer and North America's 3rd largest producer
- ✓ Companies are optimistic to partner with Pemex
- ✓ Pemex has already secured ~21B bbls of reserves
- ✓ Mexico exports a significant quantity to India

This quest for Energy Security is of extreme significance as our Chinese competitors have overtaken us while bidding for hydrocarbon assets in Africa & Central Asia

India's Outbound M&A Transactions

13

Kazakhstan's Kashagan Oilfield

Tullow Oil's Ugandan Interests

Mozambique Gas Field Transactions

Reliance Shale Asset Acquisitions

Incoming Investor Expectations

14

Bullish international companies

Bureaucratic delays

Energy Self Sufficiency

Seismic contracts

Unreliable data

Potential is already proven

Offshore bets

Govt policy unclear

JV's & partnership areas

Resolving these challenges quickly will result in saving valuable foreign exchange spent on fuel imports

Maximizing Outbound Synergies

15

New Services /Geographies

- Africa, CIS and LatAm

Creating Profitable Structures

- Value add partnerships

Investor Partnerships

- Robust returns

Strategic Partnerships

- Economies of scale

References

16

- ❑ Encito Advisors proprietary research
- ❑ BP Statistical Review of World Energy
- ❑ Deloitte, EY and PwC Oil & Gas coverage
- ❑ Indian Brand Equity Foundation
- ❑ Bloomberg, MergerMarket Presss Releases
- ❑ Dhir & Associates, NDA & Associates O&G reports
- ❑ Oil & Gas Monitor, Oil & Gas Financial Journal

ENCITO ADVISORS

STRATEGIC & FINANCIAL ADVISORY SERVICES

Private &
Confidential



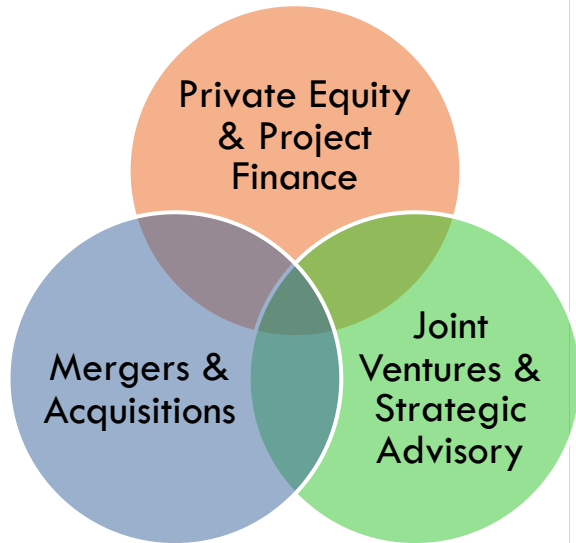
September 2014

Encito Advisors

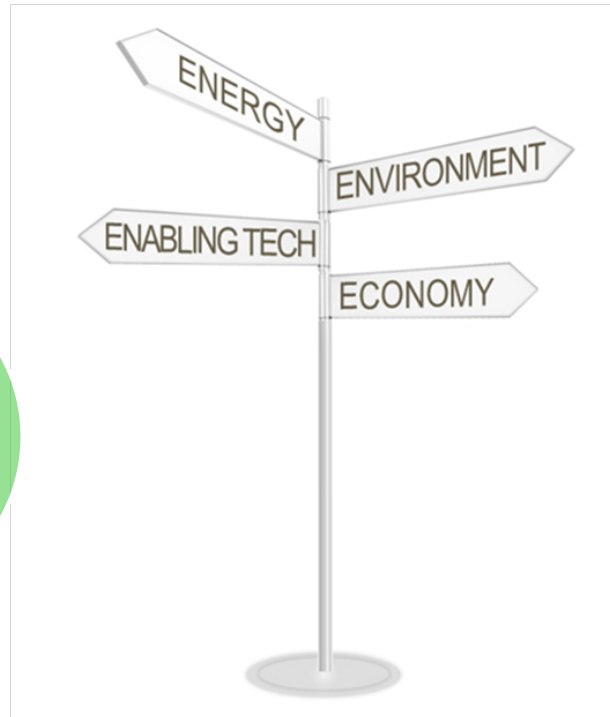
Strategic & Financial Advisory Services

18

Services



Focus



Expertise



Cross Border Deals



Water



Waste



Solar



Wind



Hydro



Biomass
/Biofuels



Oil & Gas



Energy
Efficiency

Thank you ...



Address 201 Triton, Greenfield Estates | A. B. Nair Road, Juhu | Mumbai 400049
Email info@encitoadvisors.com | Phone +91 99872 63480