



ENERGY
COUNCIL

2023 GLOBAL INDUSTRY SURVEY REPORT



Taking the pulse of the energy industry



Overview

The Energy Council's 2023 Global Industry Survey once again takes the pulse of the energy industry today. Completed by over 500 respondents, the results below help to showcase the challenges, opportunities and ambitions of our network. From balancing the trilemma of transition, affordability and security to the most exciting transition technology initiatives today, the survey asked where your peers are prioritising CAPEX, what percentage of investors plan to invest in oil and/

or gas projects over the next 3 years, whether the best returns are to be found in hydrocarbons or renewables, and which alternative energies oil & gas companies are exploring.

In this year's survey we uncover the macro picture of the industry today including oil price predictions, the energy trilemma, finance and investment plans and exploration updates. We look forward to hearing your views and comments!

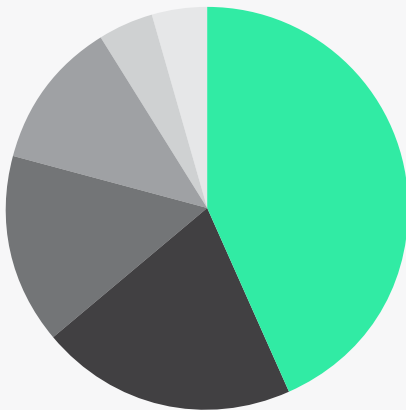


Macro Picture

In terms of the profiles of companies who responded to our global survey, 40% came from our core audience of oil & gas companies. This provides us a strong basis for understanding the approaches and feelings of O&G operators in the current climate. Our global network is reflected in this survey with a relatively even spread across the major regions. Our largest number of regional

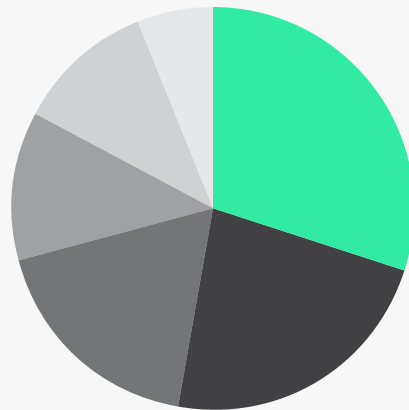
responses came from Europe and North America accounting for half of all respondents (53%). These were followed closely by Africa, APAC and finally the Middle East whose respondents accounted for 18% of overall responses, a much higher proportion of respondents than we have had from the region previously.

What profile of company do you represent?



- 40% Oil & Gas Company
- 19% Consultancy / Law Firm
- 14% Service Provider - Non-Financial
- 11% Financial / Investor
- 4% Power or Utility Company
- 4% Government/NOC

In which region are your operations based?



- 30% Europe
- 23% North America
- 18% Middle East
- 12% Asia
- 11% Africa
- 6% South America and Caribbean

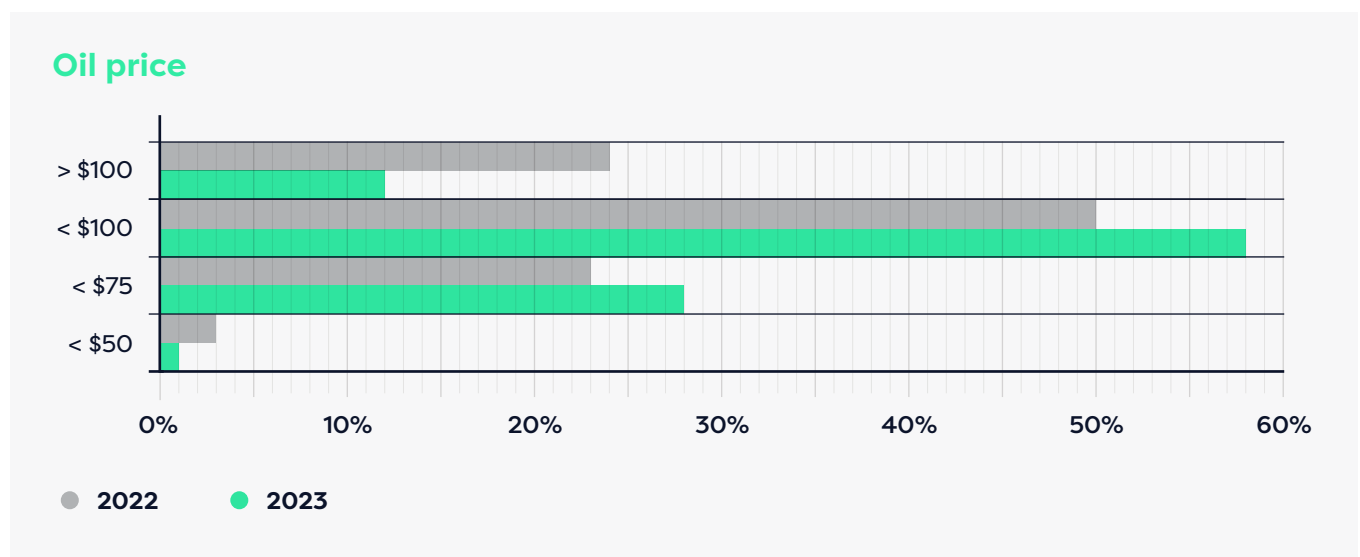


The Annual Oil Price Prediction

Over the last 3 years, oil price fluctuations have kept the market guessing; but there are only small differences between the 2022 and 2023 survey results. Less respondents in 2023 believe that the oil price will sit above \$100 in 2023 and beyond and the majority of people believe that the oil price will sit at, or below, the \$100 mark, but remain higher than \$75.

The survey was taken before OPEC and its allies announced that they would be reducing their

output quotas for the year. Whilst crude prices jumped after the announcement, the concern is that global supplies will stay tight even if higher interest rates depress demand in the coming months. As of April 2023, the EIA expects Brent crude to average out at \$85 a barrel this year which is 5% higher than its previous forecasts and in line with our survey respondents.



The Energy Trilemma

Many of the conversations over the past 12 months have focused on the energy trilemma – the balance between energy security, energy transition and energy affordability. This year, we asked respondents to rate the 3 challenges in order of importance. Energy security came out top, followed by energy affordability and energy transition.

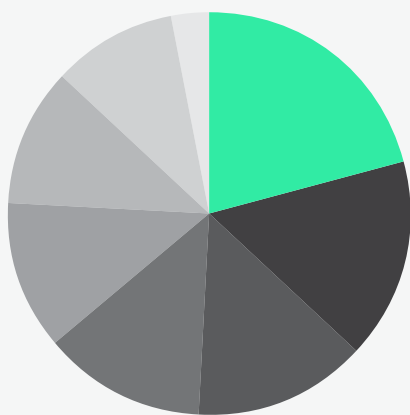


These results were slightly at odds with the answers given to the next question around strategic priorities over the next 12 months:

Just over 21% of respondents listed the energy transition as their biggest strategic priority with M&A a distant second with 16% and raising finance at 14%. These results are not dissimilar to 2021 where Energy Transition was also the highest rated strategic challenge at 24%.

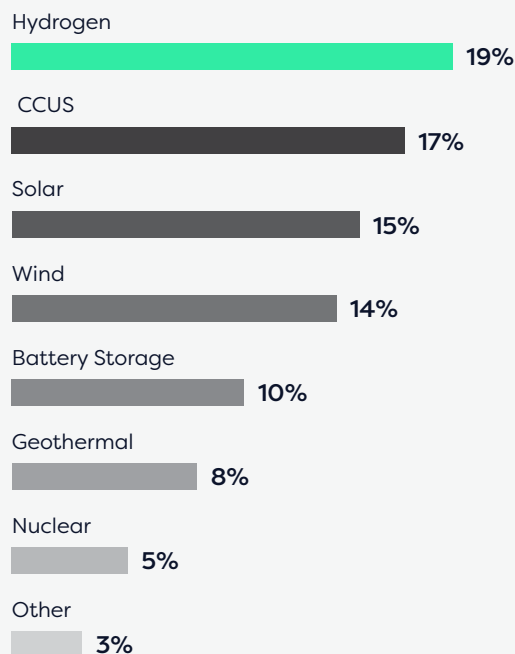
When it came to the alternative energies that companies were exploring within the context of the energy transition, hydrogen emerged as the key winner followed by CCUS which had come in 4th place in 2022 after wind and solar. Whilst there are still question marks around the commerciality of hydrogen, it remains in top position as it did in 2022. Whilst still a small proportion of the overall number, there was also an increase in interest around the development of geothermal moving from 5% to 8%. It is also worth noting that 3% of people also asked to add Direct Air Capture to the list of options for the first time.

What are your strategic priorities over the next 12 months?



- 21% Energy Transition
- 16% M&A/ A&D Activity
- 14% Raising Finance
- 13% Cost reduction
- 12% JV/Strategic Alliances
- 11% Exploration
- 10% Digital technologies
- 3% Other

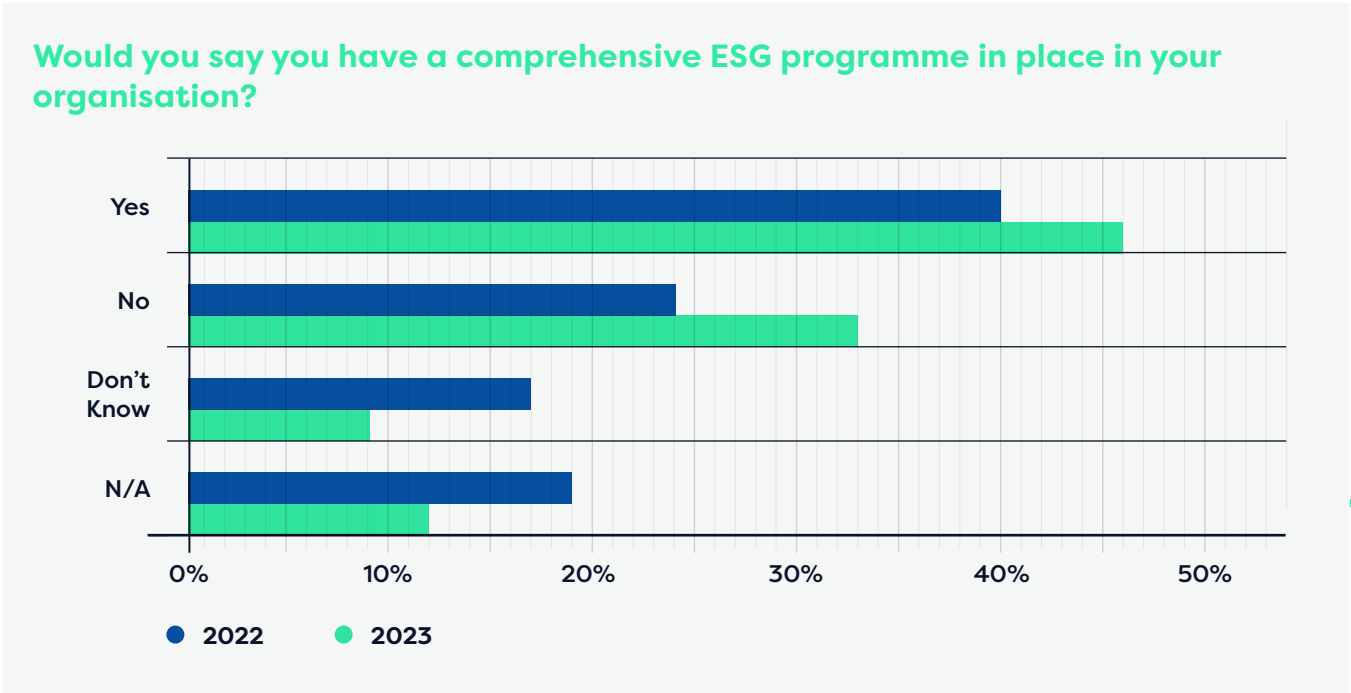
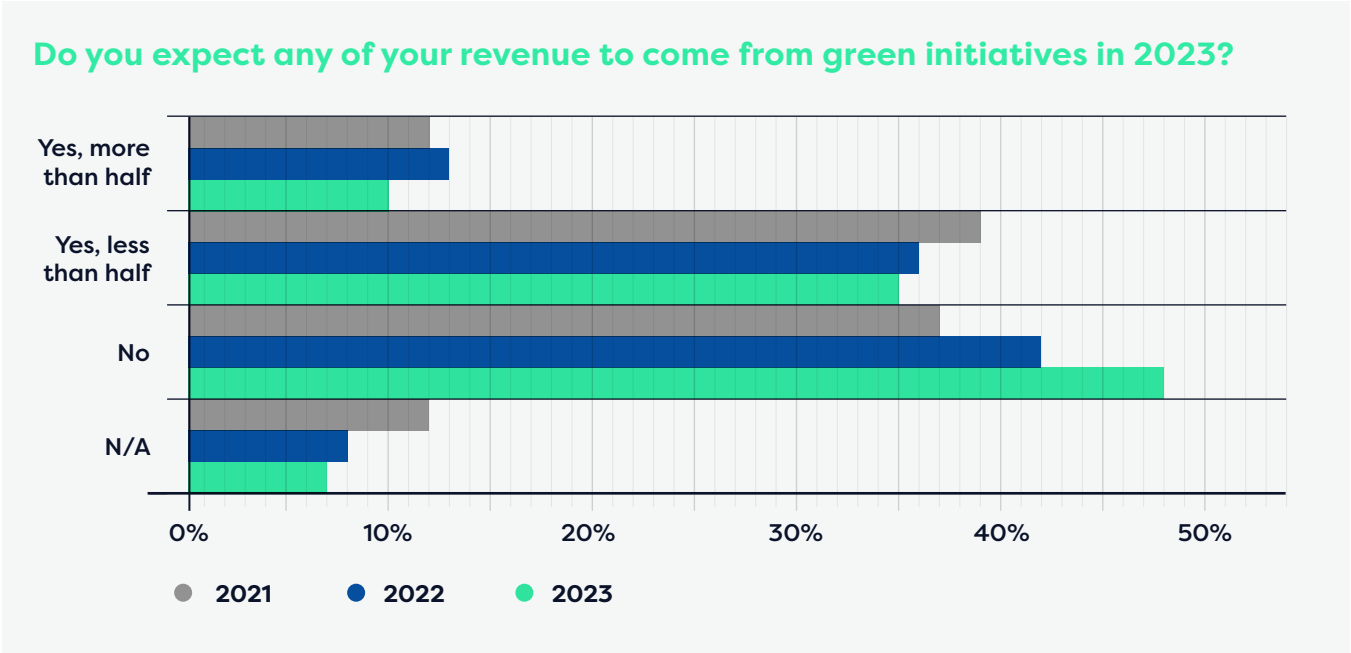
Which alternative energies are you exploring?



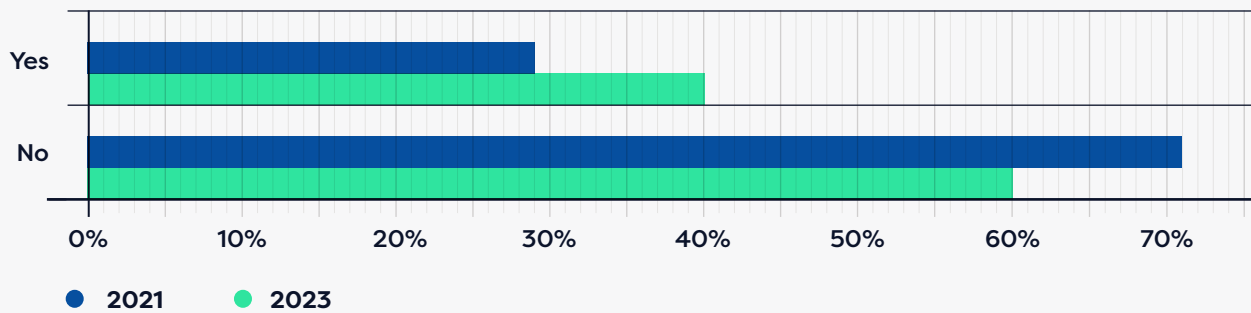
We also asked our respondents how much revenue they were expecting from green initiatives in 2023, whether they had a comprehensive ESG programme in place and whether they were reporting on climate related disclosures. On the first question, I have included responses from 2021 and 2022 to chart the shift over the last 3 years – as we can see, companies responding to the survey seem less likely to be bringing in revenue from green initiatives – with 11% more people saying “no” in 2023 than in 2021. It is worth noting of course that the profile of respondents responding to the survey will be different and may have changed over the course of this time.

On the question of ESG, we can see that there are more companies who do and who don’t have an ESG programme in 2023 vs 2022 and far less people who are not sure. This shows us that companies have a much better awareness of ESG and are perhaps making more informed decisions as to whether to have a programme or not.

There was a shift in responses around climate disclosures – compared to 2021 this time, we can see that 11% more companies are reporting on climate disclosures.



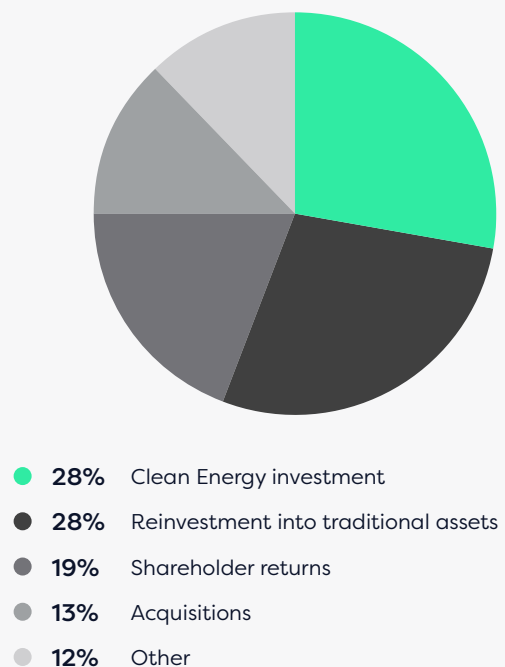
Are you reporting on climate disclosures?



Whilst Energy Transition came out on top with regard companies' strategic priorities, CAPEX allocation was tied between reinvesting into traditional assets and investment into clean energy, highlighting the desire for a pragmatic approach to the energy transition:



Where are you prioritising CAPEX?

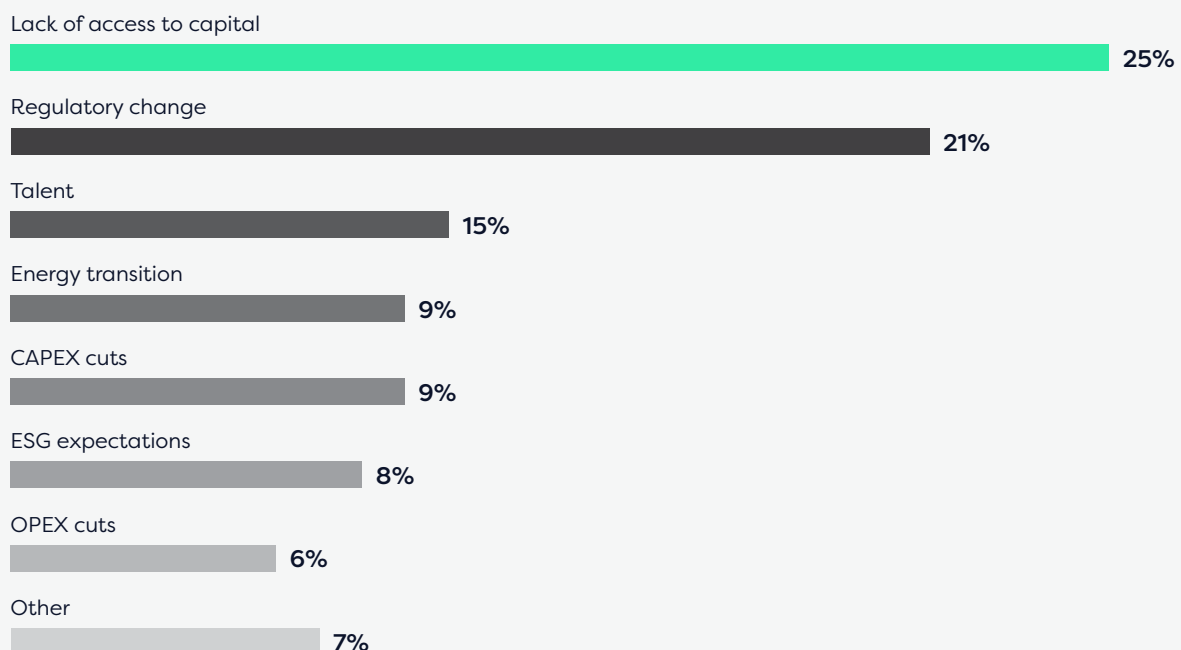


Finance & Investment Focus

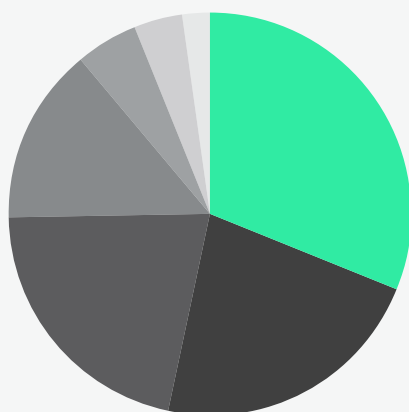
This leads us nicely on to the results of our finance and investment focus section. The biggest inhibitors to growth for E&P companies today hasn't changed in 12 months, with access to capital and regulatory change still both at the top of the chart. One significant change was around the challenge of the energy

transition – in 2022, 16% of people felt that the energy transition posed a challenge in their business vs only 9% in 2023. Challenges around talent – both creating a pipeline of new talent and retaining exiting talent came into the top 3 challenges for the first time in 2023.

What will be the biggest inhibitor to growth for your company in 2023?



With access to capital being the top inhibitor to growth, we asked where O&G companies were most likely to get their financing from in 2023:



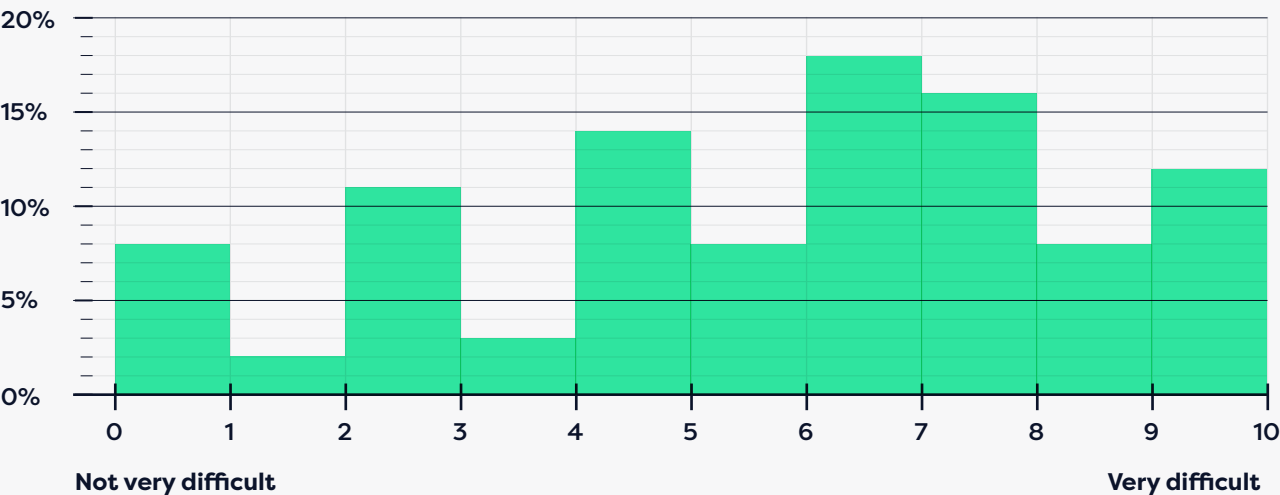
- 31% Private Equity
- 22% Debt financing
- 21% Institutional lenders
- 14% Production financing
- 5% Retail financing
- 4% Nordic/ Project bonds
- 2% Sukuk

The top 3 places to access capital – Private Equity, Institutional lending and debt financing remain the same as in 2022.

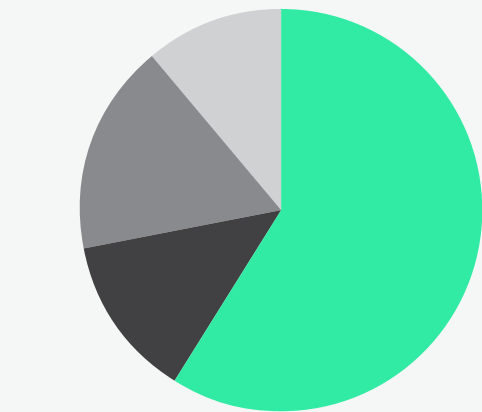
It is no secret that there has been chronic underinvestment into the upstream oil & gas industry over the last decade and the focus on the energy transition has not improved matters. Yet, without funding, the energy transition itself is arguably at risk.

This year, we wanted to ask the market their opinion on how difficult it was to invest in oil & gas projects as well as whether they were planning to invest in oil and/or gas. And finally, we also asked where they thought the best returns would come from. Some of the answers are surprising; whilst it may be hard to fund hydrocarbon projects today, there is not only still the appetite to do so, but the best returns to be gained from it.

How difficult is it to fund/invest in O&G projects today?

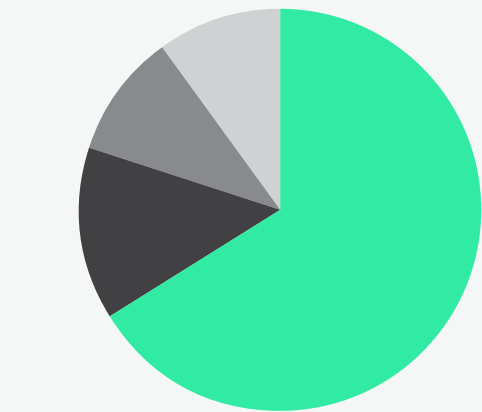


Do you plan to invest in/ fund oil projects in the next 3 years?

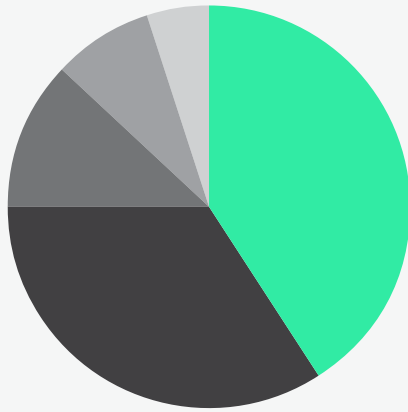


- 59% Yes
- 13% No
- 17% Maybe
- 11% N/A

Do you plan to invest in/ fund gas projects in the next 3 years?



- 67% Yes
- 14% No
- 10% Maybe
- 10% N/A



In your opinion, where are the best returns to be found?

- 41% Oil
- 34% Gas
- 12% Technology
- 8% Renewables
- 5% Decarbonisation

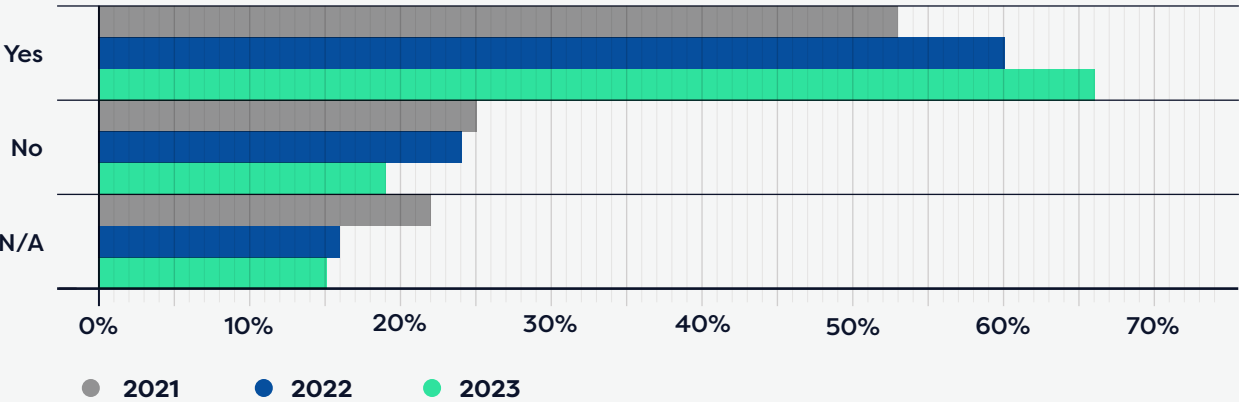


Exploration

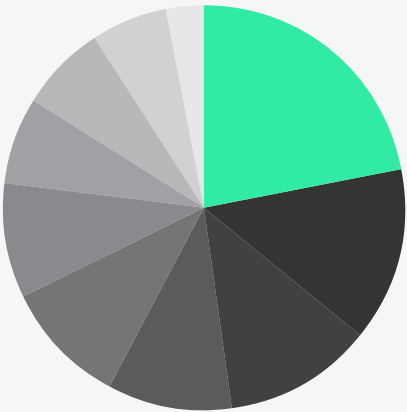
When it comes to exploration, we can see a steady increase in the focus on exploration from 2021 to today with a 13% increase in the number of people saying that exploration will play a key role in their business. Whilst the 2021 numbers may have remained low as the world emerged from covid, we can still see a 6% increase

in the focus on exploration between 2022 and 2023 which is arguably at odds with the focus on the energy transition that has come up elsewhere in the survey. In terms of regional interest, West Africa and South America top the chart for the 3rd year in a row.

Will exploration play a key role in your business?



Where do you see the biggest E&P opportunities in the next 12 months?



- 22% West Africa
- 14% South America
- 12% Guyana
- 10% East Med
- 10% GoM
- 9% North Africa
- 7% Southern Africa
- 7% East Africa
- 6% North Sea
- 3% Central Africa

A Note From the Energy Council

Identify, influence and engage with the upstream energy, finance and investor communities. If you are reading this and you believe your company, service or product could help our senior upstream energy executives with some of the challenges they face in today's environment, we would love to hear from you.

The Energy Council is a global platform that facilitates commercially aligned connections between senior upstream energy executives and the finance, investment and technology community, in order to accelerate deals, mobilise capital, drive growth and innovation and establish clarity in the age of the energy transition.

Why are we different?



The Energy Council platform removes the ineffectiveness of cold client outreach. By offering vetted introductions to active prospects, our partners are more likely to have their emails responded to, meetings accepted, and services engaged.



We know that building lasting relationships with clients takes time. So, our partnerships last for 12 months and they are entirely bespoke to you.



From in-person assemblies to podcasts and from VIP networking dinners to tailored marketing campaigns, we can accelerate your business development in the right direction through dozens of different channels.



We craft tailor made roadmaps for each member ensuring you hit your objective of meeting new connections, potential partners, senior industry players and key stakeholders.



Our network is made up of over 100,000 senior members; generate new leads through our tailored networking service which provides you with a prescheduled programme of 1-2-1 meetings based on detailed profile information



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