Debates, Disputes, and Uncertainty; A View In A Period of Volatility

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EVERCORE ISI

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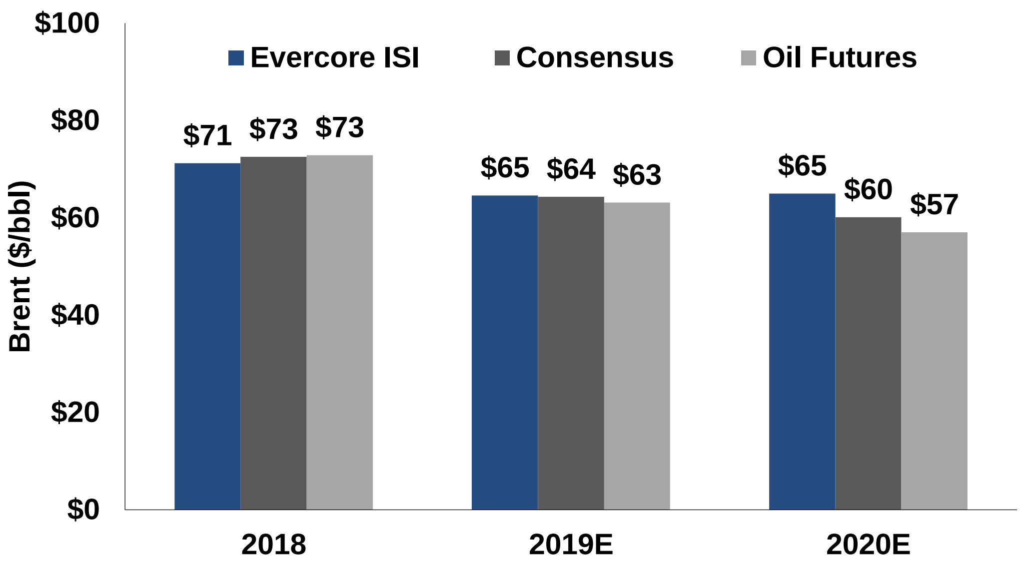
Evercore ISI's Oil Forecast (Brent)

- **Our outlook for crude oil prices remains constructive**. While concerns over economic growth and oil demand are warranted, trends will remain favorable
- **Supply will be driven by gains from the US with lower output expected from OPEC**. Inventory declines and the trajectory of oil prices will moderate with our Brent projections at $65 for 2019 and 2020
- **On demand, concerns on global economic growth remain prominent**. While trade tensions between the US and China and weakness in Europe and emerging markets are meaningful, economic policy is likely to be accommodative during 2019-2020

Brent	Q1	Q2	Q3	Q4	Annual
2014	$108	$110	$103	$77	$99
2015	$54	$62	$51	$44	$53
2016	$34	$46	$46	$51	$44
2017	$54	$50	$52	$62	$54
2018	$67	$75	$75	$68	$71
2019E	$63	$69	$62	**$65**	**$65**
2020E	**$65**	**$60**	**$65**	**$70**	**$65**
Mid-Cycle					**$65**



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U.S. Oil Supply: A Red Queen Surprise?

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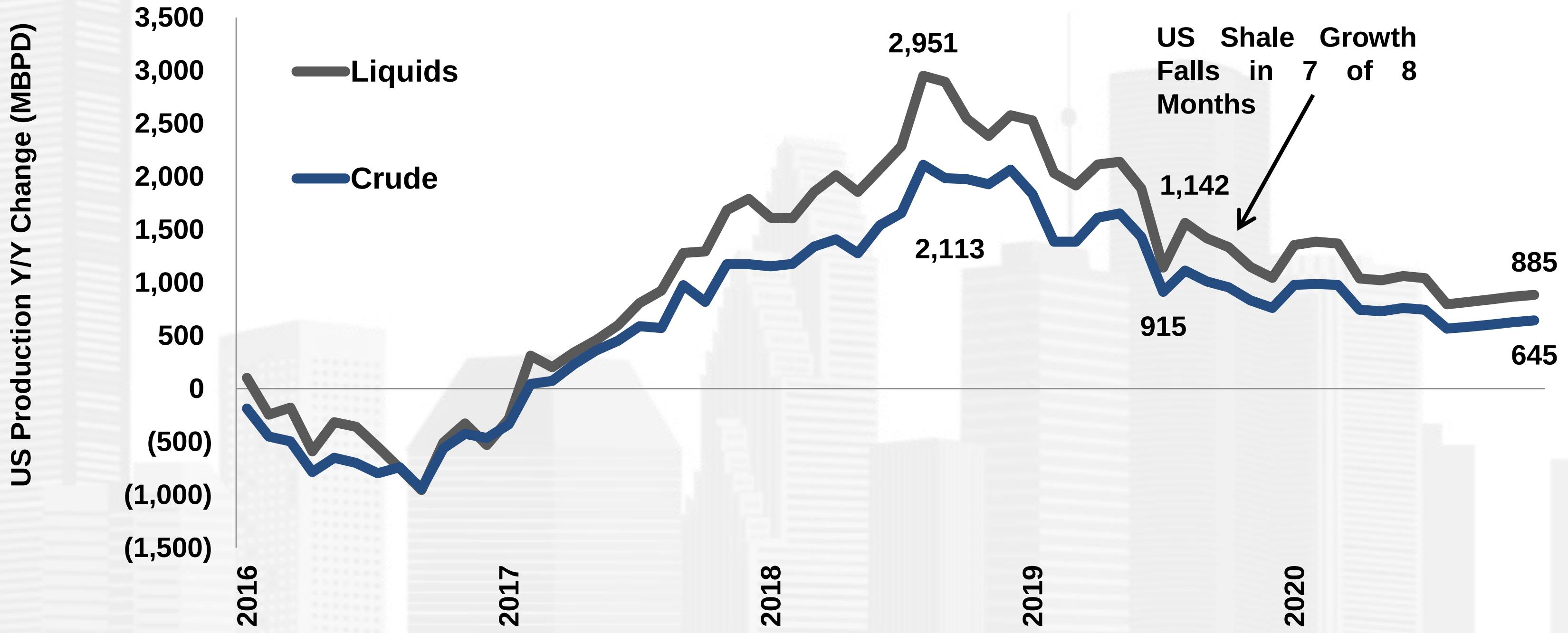

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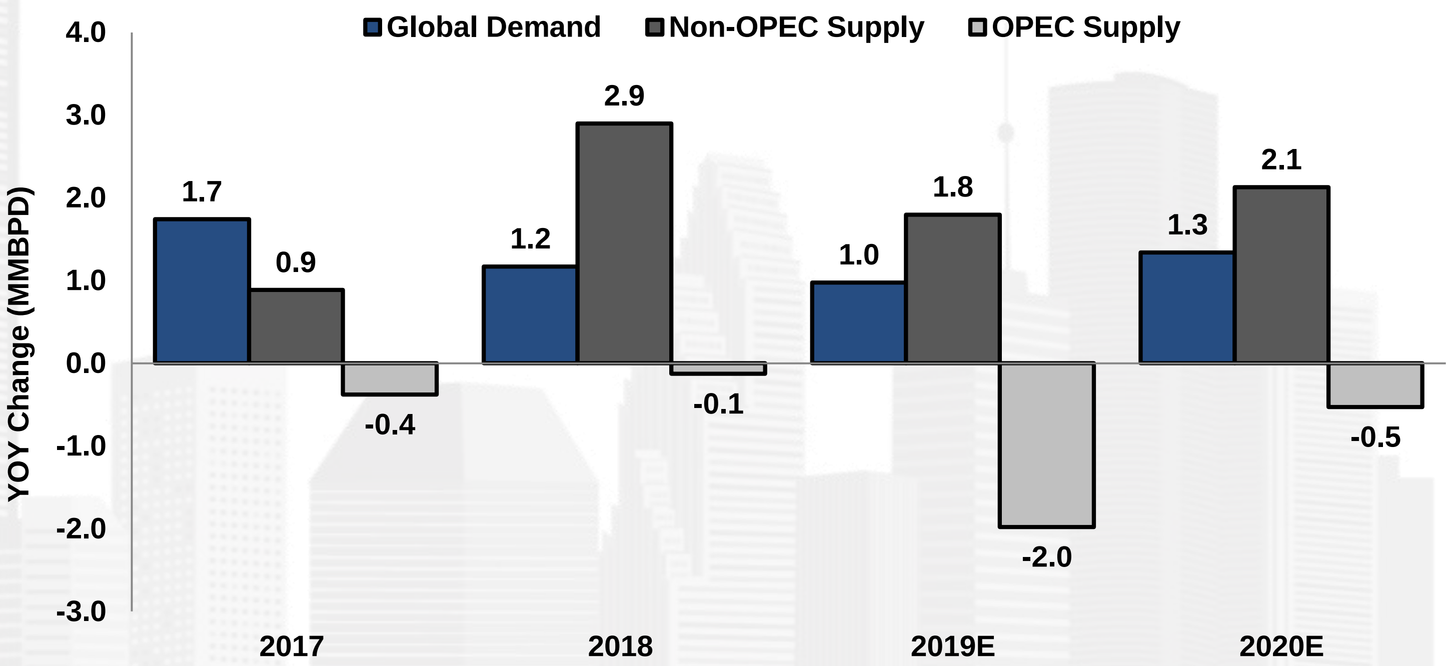
Global Oil Markets: Demand To Exceed Supply

- **Global oil demand will exceed supply in 2019**, due to slowing US shale growth and OPEC production declines. Supply and demand growth will be well matched in 2020 – but inventories will decline
- **Brent will be exceed $70/bbl by year-end 2020** as inventories adjusted for demand decline further
- **Globally, energy costs/GDP are only 3.5%** which compares to the threshold for meaningful demand destruction near 7.5%. IMF envisions GDP of 3.2% in 2019 and 3.5% in 2020 so their outlook reconciles with trends in oil demand. Globally, consumer spending on energy per unit of GDP is near levels which portend healthy demand growth in 2019-2020



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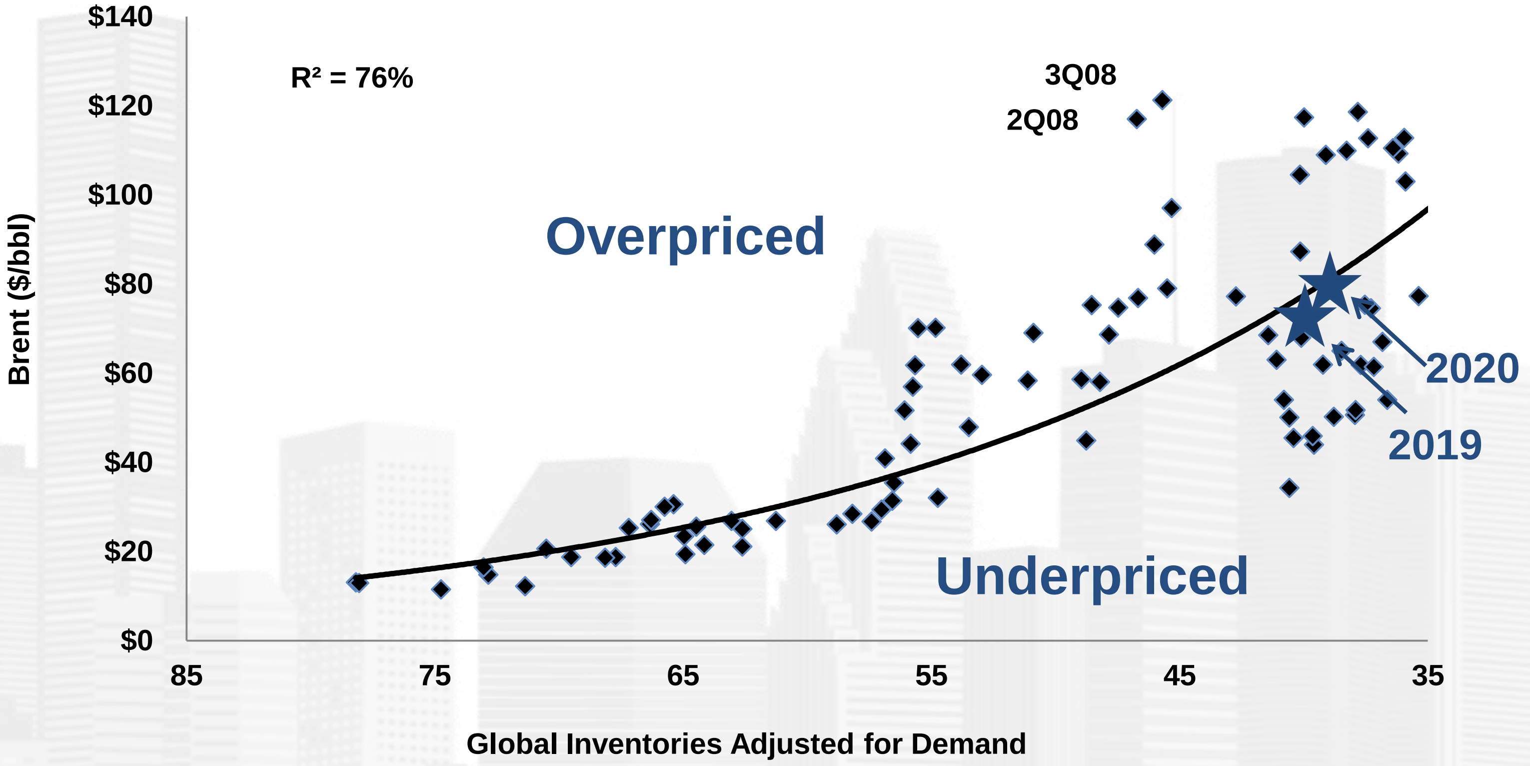
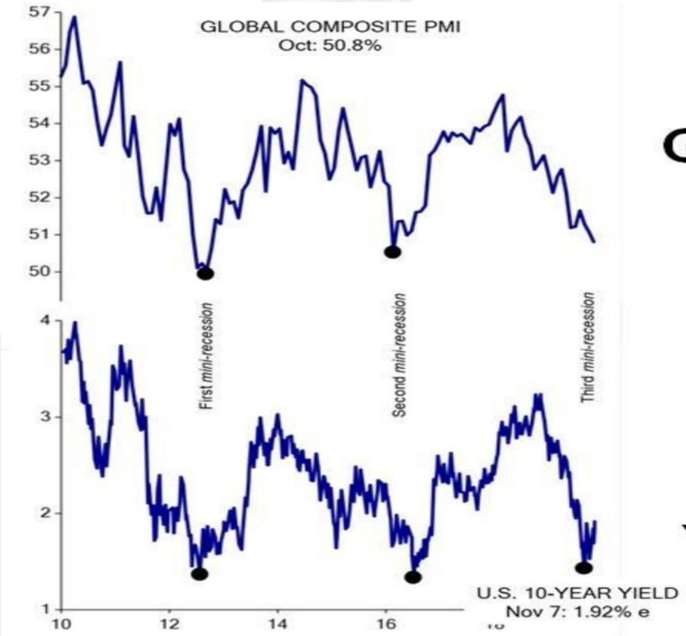
Inventories: A Downward Trend as Builds Become Draws

- **Inventories are expected to decline from 39.2 days today to 38.1 days at year-end 2020**
- **Inventories indicate fundamental pressure on commodities** because they are the marginal source of supply in the near-term
- **Reinvestment economics influences supply over the medium to longer-term**



What Matters in the Macro: Fed Tightening and Trade Wars

- With weaker growth and slower inflation, central banks around the world have eased (including the U.S.) and now markets are anticipating economic improvement. During 3Q19, an unusual collection of EM central banks announced rate cuts
- Bond yields have been leading indicators that marked the **bottom** of the last two "mini-recessions." With the UST 10-Year's recent sharp advance from ~1.50% to 1.90%, this may be marking the bottom of the Third mini-recession
- Recent news regarding a preliminary trade deal between the U.S. and China is positive. President Trump is no doubt keeping the 2020 election in mind as the U.S. Administration engages with their Chinese counterparts on next steps



GLOBAL PMI

BOND YIELDS

Evercore ISI U.S. Outlook

	2018	2019 f	2020 f
Real GDP*	2.5%	2.2%	2.5%
GDP Price Deflator*	2.3%	1.4%	1.7%
Nominal GDP*	4.9%	3.6%	4.2%
Fed Funds Rate**	2.50%	1.75%	1.75%
10-Year Bond Yield**	2.72%	1.85%	2.25%
S&P EPS	$160	$164	$178
Employment	+223k	+145k	+150k
Unemployment Rate**	3.9%	3.4%	3.2%

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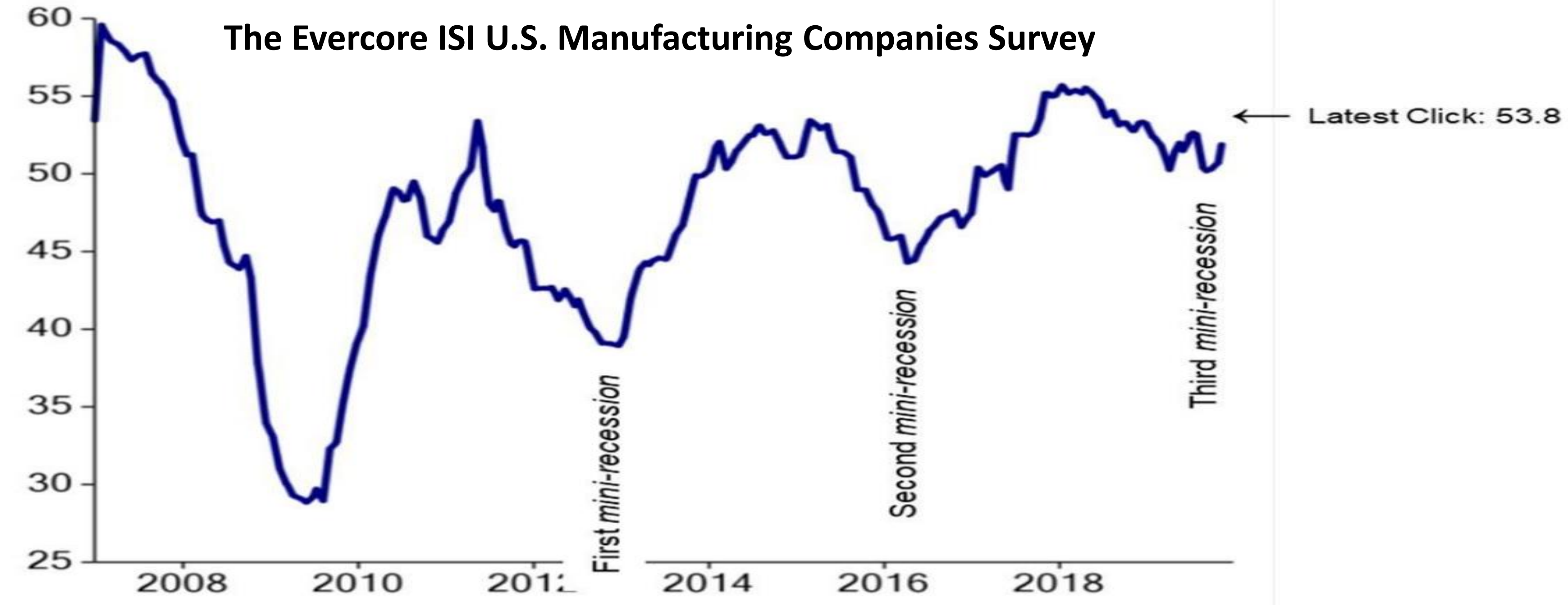
Business Conditions in the U.S. are Constructive Near-Term

- Evercore ISI's proprietary survey of domestic manufacturing companies notes an uptick in activity and sentiment . Domestic sales rose to the highest level in 18 months due to consumer product demand, health care, and building and household products
- We believe the U.S. economy is solid, with another proprietary survey of temporary and permanent employment agencies around the country pointing to improved employment rates and wages, both to elevated levels
- Consumer confidence levels are still elevated despite recent declines, and with U.S. manufacturing bottoming, we've lifted our real GDP forecast to 2.5% for 2020 given these indicators combined with a more constructive interest rate environment

The Evercore ISI U.S. Manufacturing Companies Survey



Although Crude Technicals Indicate Range-bound Prices

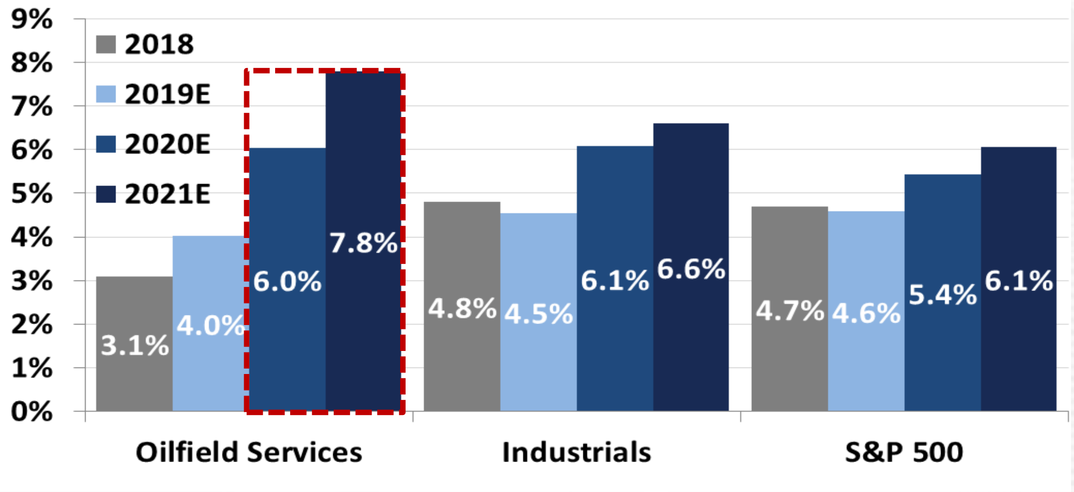
- On a technical basis, WTI was recently struggling into resistance at it's 200-day moving average of $57/bbl although last week's increase above that level is supportive of some additional upside
- With crude prices finally starting to take advantage of a weaker dollar, Evercore ISI's Technical Analyst Rich Ross expects for WTI able to achieve a price of $60/bbl in the near-term
- That said, current market technicals suggest that oil prices will remain range-bound and trendless while this past year's price action is supportive of that thesis

Where Are We Going? Back to a Returns Model

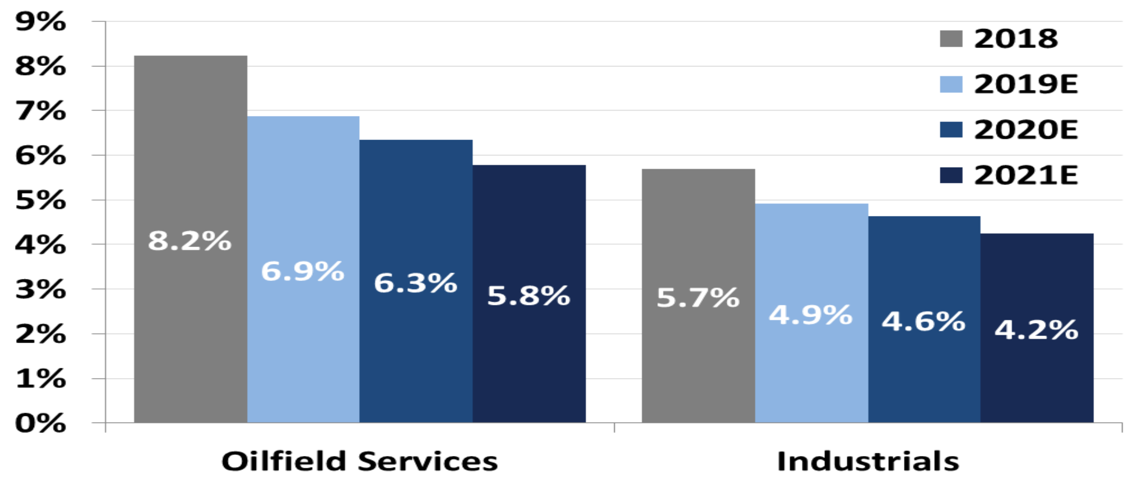
Framing the Debate: Showing Change

- **Free Cash Flows are taking a front seat.** The OFS sector has largely moved past its period of elevated expenditures and is now focused on harvesting cash flows. This screens the stocks favorably against their "capital competitors"
- **OFS companies are cutting capital intensity.** Capex / Sales is being reduced, even beyond the levels of Industrials as OFS companies enact capital austerity. That said, OFS companies are still relatively more capital intensive vs. the S&P
- **We believe that depressed equity market values makes OFS screen as inexpensive.** Investors are applying a greater discount to OFS cash flows given the greater uncertainty around duration and risk, especially given commodity cyclicality

FCF Yields



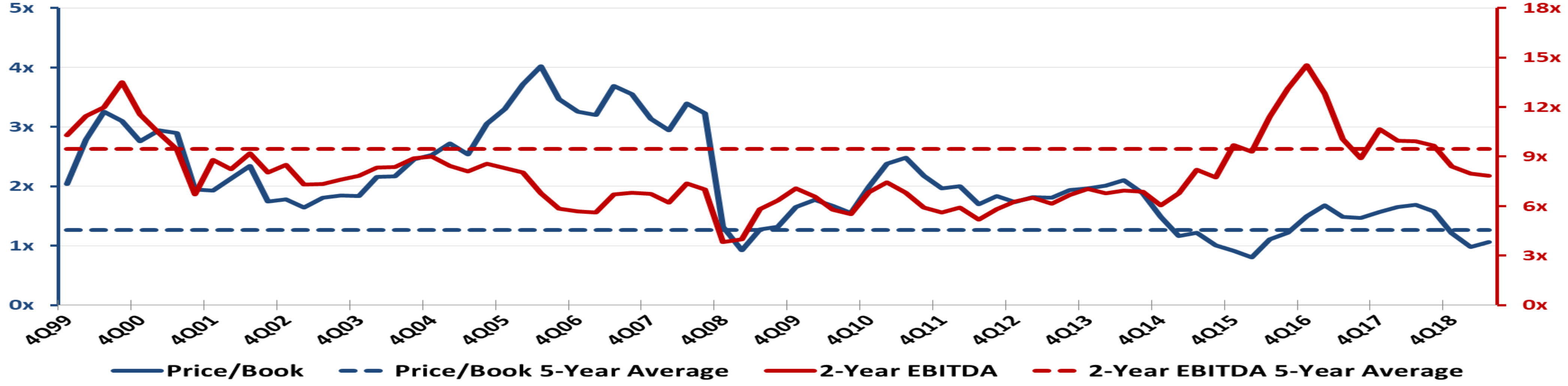
Capital Intensity



We Are Not Calling for a Bottom, Yet…

- **The sector has de-rated substantially.** Current Price / Book ratios have compressed 45% versus their 2-year average. Current 2-Year Forward EBITDA multiples are +20% lower than their 5-year average
- **Investors remain skittish despite historically inexpensive valuations.** Energy stocks represent less than 4% of the S&P 500 versus nearly 15% during the past decade. Generalist investors have abandoned the sector
- **We espouse near-term caution given a number of risks that create uncertainty around out-year cash flows**. U.S. / China Trade War impacts, upstream capital discipline (especially in NAM), and general commodity price cyclicality provide downside risks in the near-term
- **The North American market remains very over-capitalized and a reset is underway.** Without consolidation, and without disciplined returns-focused pricing and capital allocation, the reset will be messy

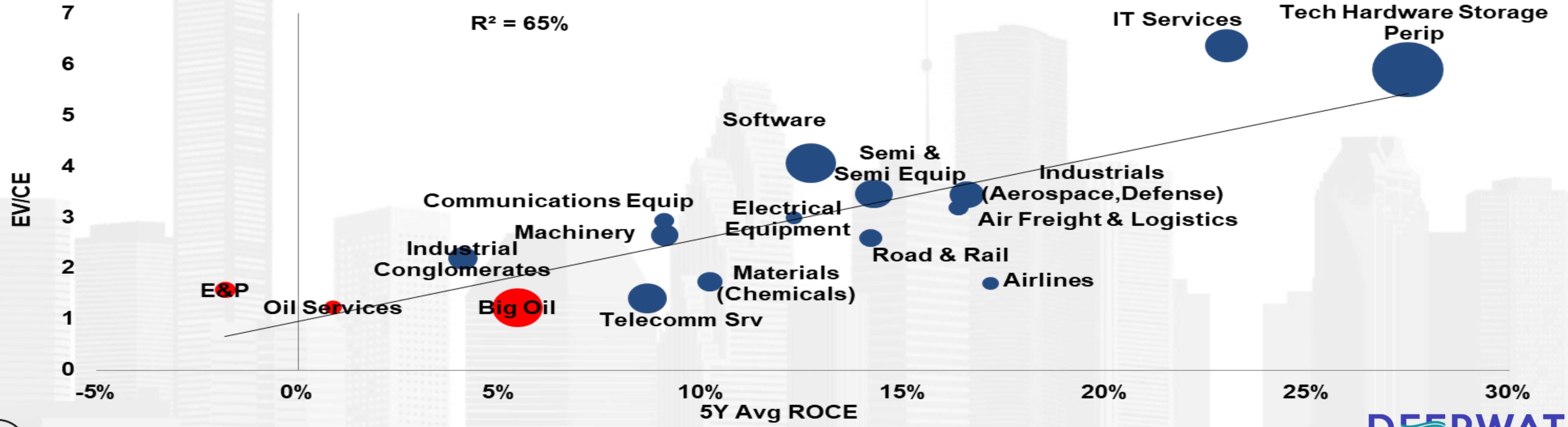
Price/Book and 2-Year Forward EV/EBITDA Valuations for OFS



But We Do Expect Companies to Respond Rationally

- **Investors will eschew the Energy sector over more attractive ones.** In our view, they will continue to avoid Energy until shareholder alignment and returns compete with other Cyclical sectors and the S&P 500
- **Energy company executives have begun to implement positive changes.** Valuations have reached historical lows while investor criticism has begun to peak. Management teams have received the message loud and clear
- **We are undergoing a paradigm shift as companies try to better compete with capital competitors.** Executives are starting to better align compensation with best practices while capex is being heavily scrutinized. These are favorable trends

Returns and Valuations for the S&P 500 Sectors

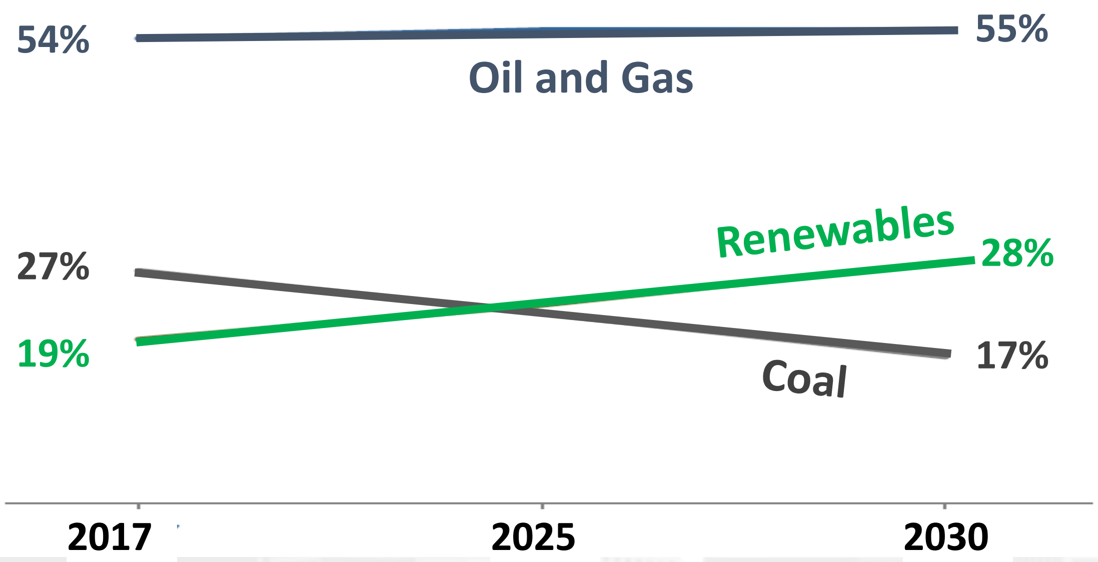


Where Are the Pundits, Analysts and Observers Wrong?

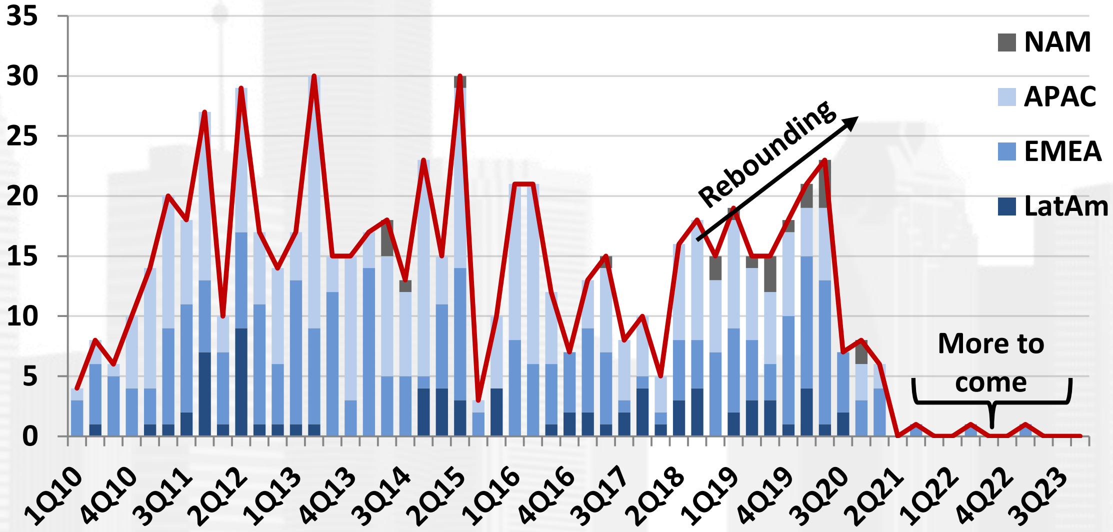
Oil and Gas Isn't Going Anywhere

- **Demand for oil and gas will continue to grow.** Global population growth and higher standards of living should generate at least 1.5% of YoY crude demand growth over the next decades, led by developing economies such as China and India
- **Upstream operators will need to replace a shrinking reserve base.** Underinvestment during the recent downturn and growing global demand is prompting exploration activity. U.S. shale will not be the long-term panacea of supply growth
- **Current technology for renewables will not make petroleum obsolete anytime soon.** We do not buy into the promise of renewables as it stands today. Renewable energy would have to grow 90x to replace global hydrocarbons in two decades. This would also be the first time in known history where an inferior Energy source displaces a superior energy one

IEA's Sustainable Energy Transition Scenario



Offshore Exploration Tenders, Contract Start Dates



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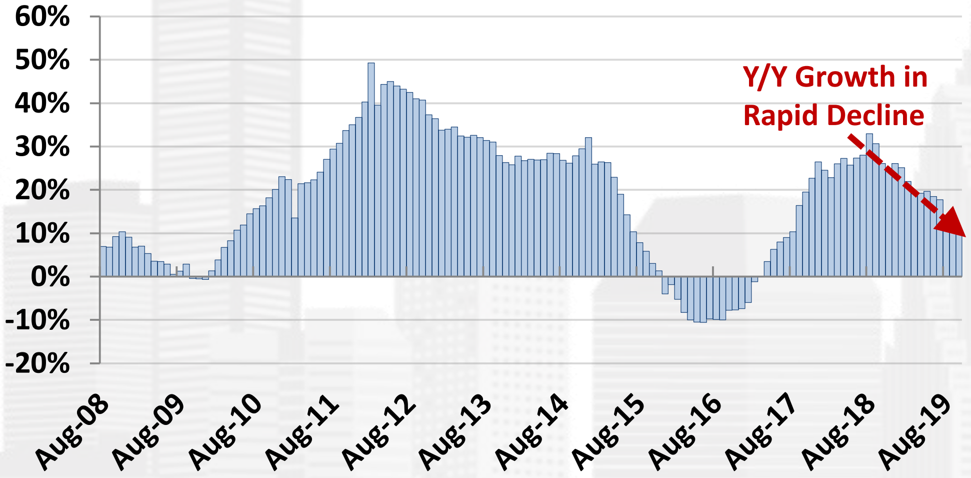
Don’t Believe the Oil Shale Hype

- **U.S. shale production growth is slowing.** October was the 9th consecutive one of monthly YoY declines in the growth rate. Per the EIA, October 2019 had the lowest monthly growth rate since August 2017
- **Higher spend will be needed just to maintain current production.** Importantly, as the production base grows, higher spending is needed for stable output with maintenance spending expected to exceed 80% of the total by 2021. **Red Queen**
- **We believe that international and offshore will provide future production growth.** Although IOC spending in U.S. shale will offset some of the reduced E&P expenditures (aka “The Exxon / Chevron Effect”), future capex growth should favor companies with exposure outside of NAM
- **And the U.S. Shale Pioneers Agree.** PXD’s Scott Sheffield said that OPEC doesn’t have to worry about U.S. shale long-term while CDEV’s Mark Papa believes that a reduction in YoY growth is not just a 2020 event, but instead a structural one, and recently called for YoY growth of roughly 400Kbpd

U.S. Shale Production Monthly YoY Growth %



U.S. Rig Count by Upstream Operator

Ticker	11/1/19 Current	2019 Entrance	Δ	Δ%	% of Additions
Publics	**496**	**655**	**-159**	**-24%**	**62%**
Majors	161	136	25	18%	-10%
Large-Caps (ex Majors)	155	258	-103	-40%	40%
Mid-Caps	98	137	-39	-28%	15%
Small-Caps	71	94	-23	-24%	9%
Micro-Caps	11	30	-19	-63%	7%
Privates	**280**	**376**	**-96**	**-26%**	**38%**
PE-Backed	22	58	-36	-62%	14%
Non PE-Backed	**258**	**318**	**-60**	**-19%**	**24%**
Privates w/ >=3 rigs	76	127	-51	-40%	20%
Other Privates	182	191	-9	-5%	4%
Total	**776**	**1,031**	**-255**	**-25%**	

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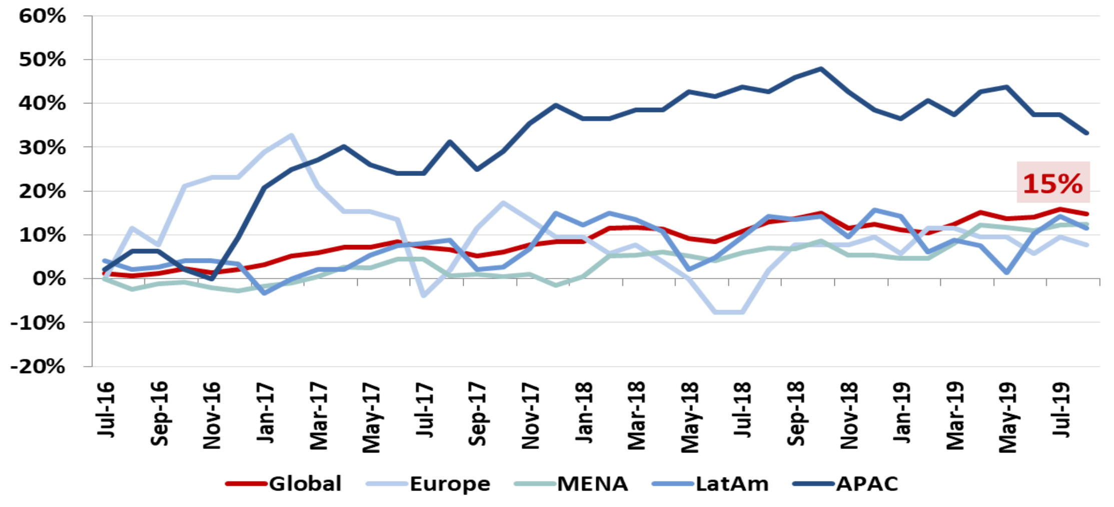
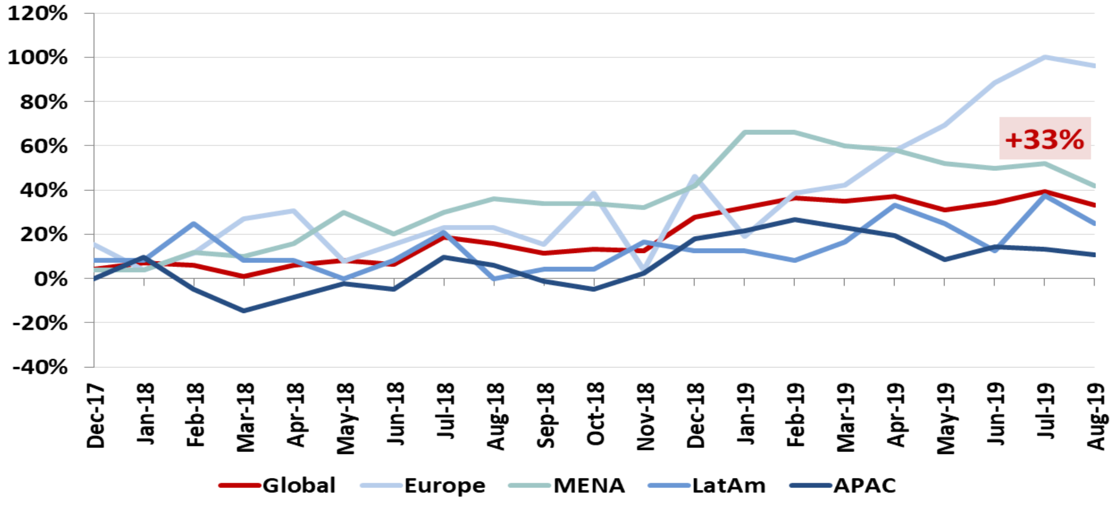
A Tale of Two Markets

- **Int'l fundamentals are clearly improving.** The NAM land rig count is down 20% YTD versus 3% growth abroad, driven by 6% and 14% YTD growth in Europe and MENA
- **Driven by higher spending from NOCs and IOCs.** Ambitious plans from Saudi Aramco, Qatar Petroleum, ADNOC, etc. are generating tenders and FIDs. IOCs are generally increasing long-term investing even as they maintain capital discipline
- **We believe that the inflection point is here, recent commentary supports this.** The int'l rig land rig count is 15% off the bottom while offshore rigs have increased 33% since their lows. OFS companies no longer tout their NAM assets
- **International and offshore markets are more consolidated, more technology-driven, and higher margin**

Worldwide Land Rig Counts (Indexed)



Worldwide Offshore Rig Counts (Indexed)



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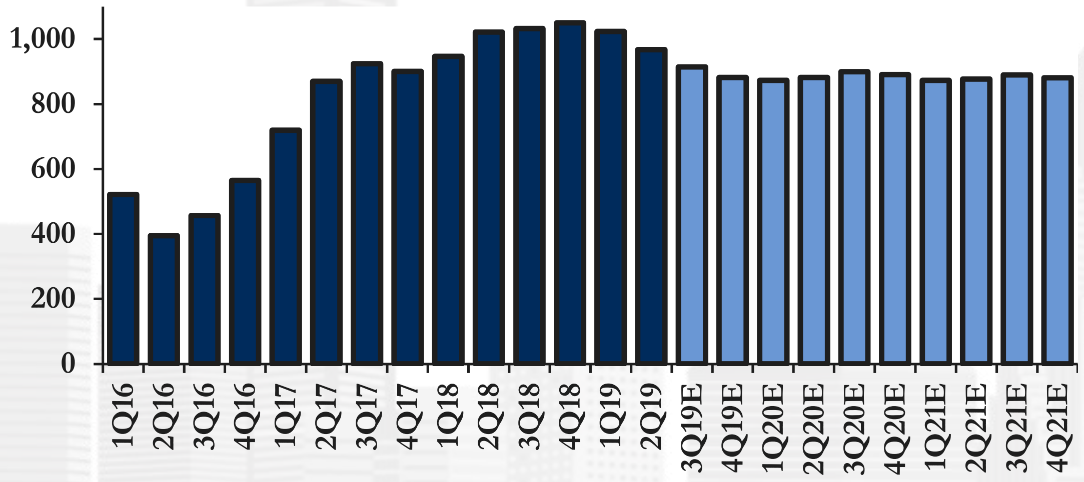
How Should You Think About 2020?

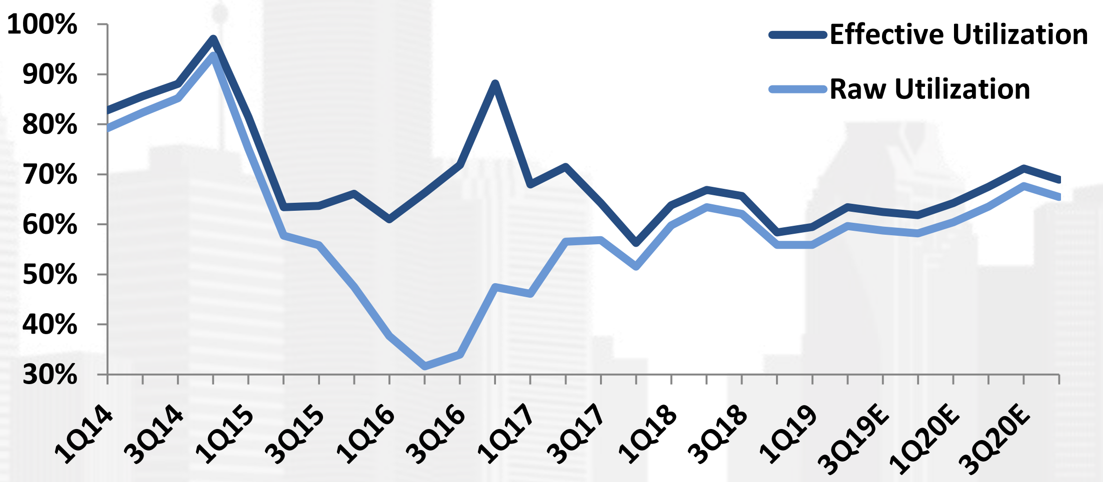
North America is a Muddle

- **If we had to choose one, it'd be USL drillers.** Dayrates for high spec rigs are up +10% YoY and 4% YTD while pressure pumping pricing has declined 20-30% this past year given unfavorable supply / demand dynamics
- **But then again, NAM is now a story of "lower for longer."** The current outlook provides few upside catalysts as E&Ps learn to live within cash flows. Our base case scenario calls for a capex reduction of 5-7% YoY for 2020
- **Near-term we remain cautious on NAM given the step change in E&P spending habits.** With M&A levels relatively muted and investors becoming more vocal, we believe that better opportunities for OFS companies lie outside of NAM

U.S. Land Rig Count Forecast



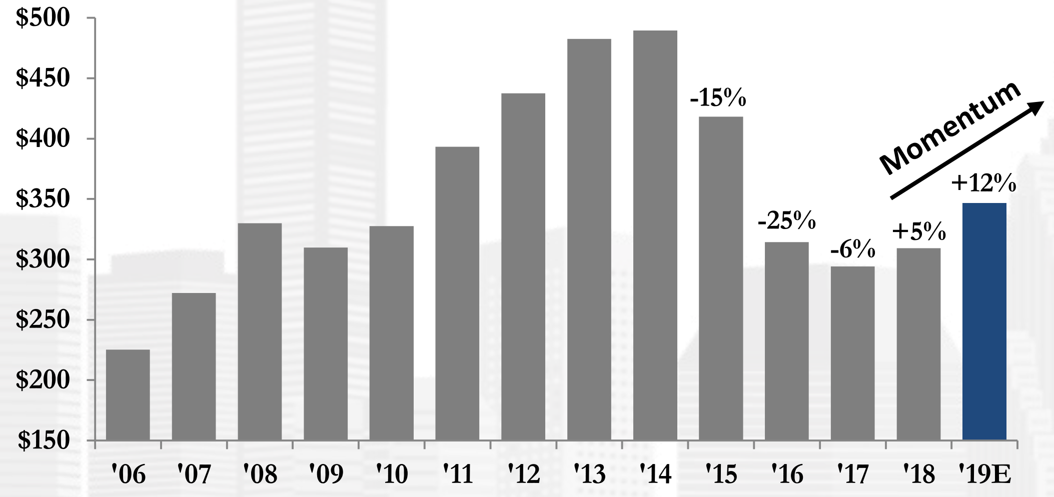
Total U.S. Pressure Pumping Effective Utilization



International and Offshore Trends are Favorable

- **International activity levels will trend higher.** We expect for the U.S. and int'l markets to continue to diverge in 2020. In addition, the geopolitical risk premium will likely return to Brent which should also help support international activity levels
- **Offshore exploration and development tenders support this.** Cumulatively, exploration tenders will continue to grow YoY at an average rate of 12% from 3Q19 until 4Q20 while development projects will increase by 17% over the same period
- **Absent a global recession, we favor both int'l and offshore exposure.** The North Sea and MENA continue to drive project sanctions and higher rig counts; although activity is also expected to improve in Latin America, West Africa and Southeast Asia

International E&P Spending ($B)



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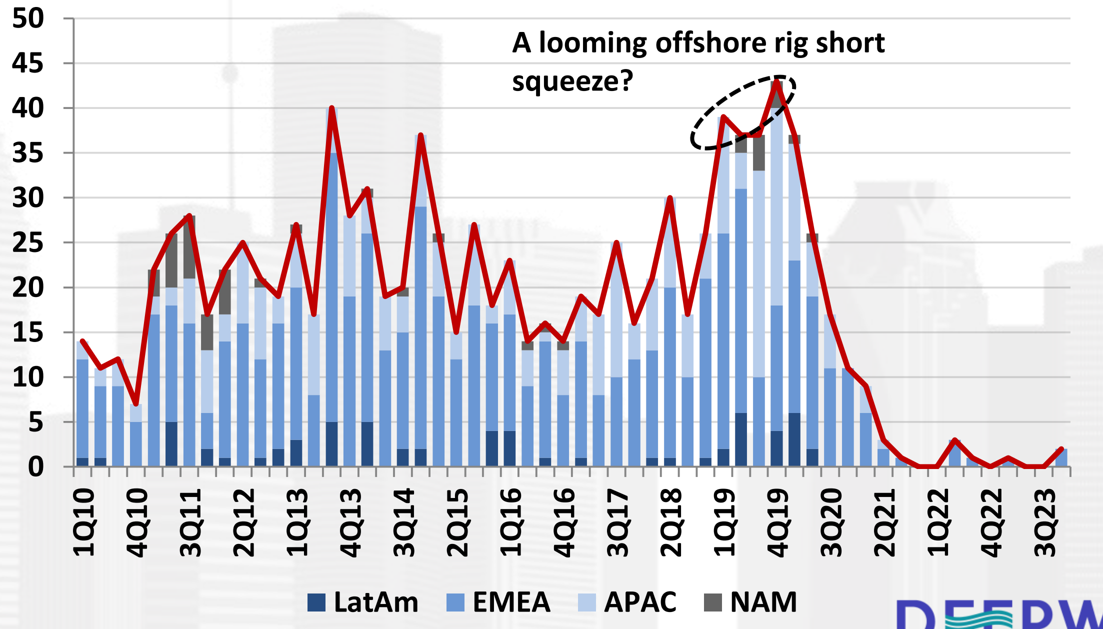

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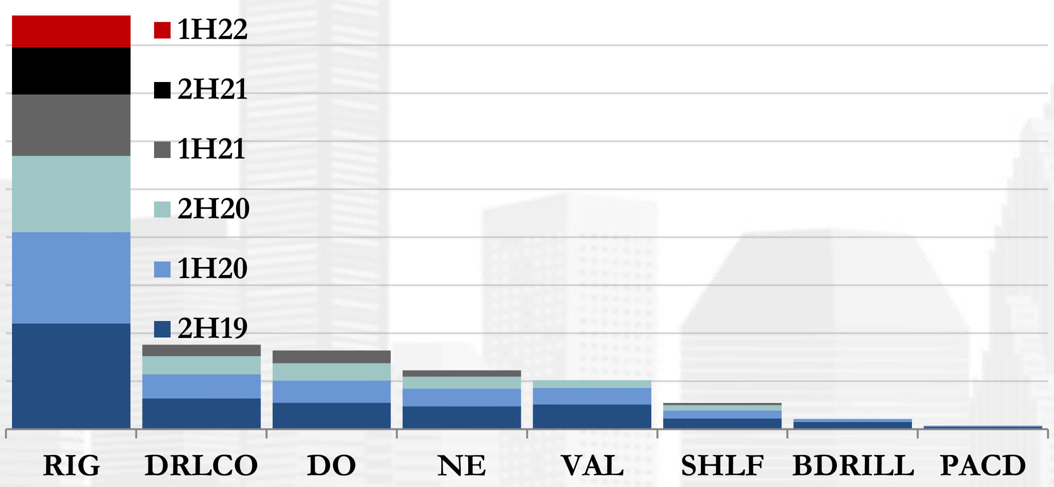
Yet Offshore Drilling Stocks Stare into the Abyss

- **The stocks are down but not out.** On average, our offshore drilling coverage is down +50% YTD, underperforming the OSX and S&P 500 by a whopping 30 and 68 percentage points, respectively
- **While the fundamentals show a different story.** Utilization rates for floaters and jackups are up 575 bps and ~700 bps YoY and 1,200 bps and 1,470 bps off their bottoms. Marketed supply is down 35% and 8% for each since their peaks
- **The key debates center around leverage and contracting activity.** The group has enough liquidity through 2021 although positive cash generation is non-existent. Dayrates are clearly improving but we need to see backlogs growing soon
- **Only 14 "warm" jackups are available while the marketed utilization for floaters is 80%**
- **Dayrates and utilization that provides Free Cash Flow = major rise for the equities**

Offshore Drillers Contract Backlog ($M – Averaged)



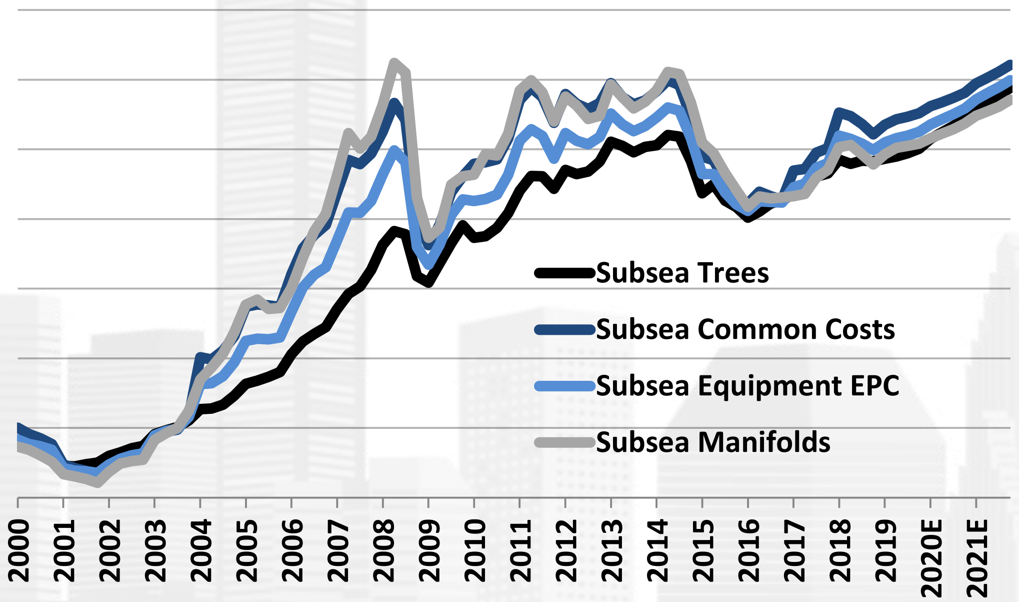
Offshore Drilling Fundamentals

		Floater				Jackup			
		Supply	% Util.	Mkt Util.	Working	Supply	% Util.	Mkt Util.	Working
This Month	Oct-19	238	66.0%	80.0%	114	521	72.5%	83.3%	333
Last Month	Se[-19	237	66.4%	80.0%	115	522	72.3%	82.9%	329
Δ Monthly		0.3%	-37 bps	4 bps	-0.6%	-0.4%	14 bps	47 bps	1.2%
Last Year	Oct-18	246	57.9%	73.4%	108	521	66.0%	77.0%	297
Δ Annual		-3.4%	817 bps	661 bps	5.9%	-0.1%	652 bps	636 bps	12.1%
Peak		331	96.2%	98.5%	245	545	88.0%	95.9%	410
Δ from Peak		-28.2%	-3015 bps	-1849 bps	-53.6%	-4.5%	-1553 bps	-1254 bps	-18.7%
Trough		214	51.2%	67.9%	106	438	56.8%	68.4%	258
Δ from Trough		11.0%	1486 bps	1205 bps	7.3%	18.8%	1570 bps	1489 bps	29.2%

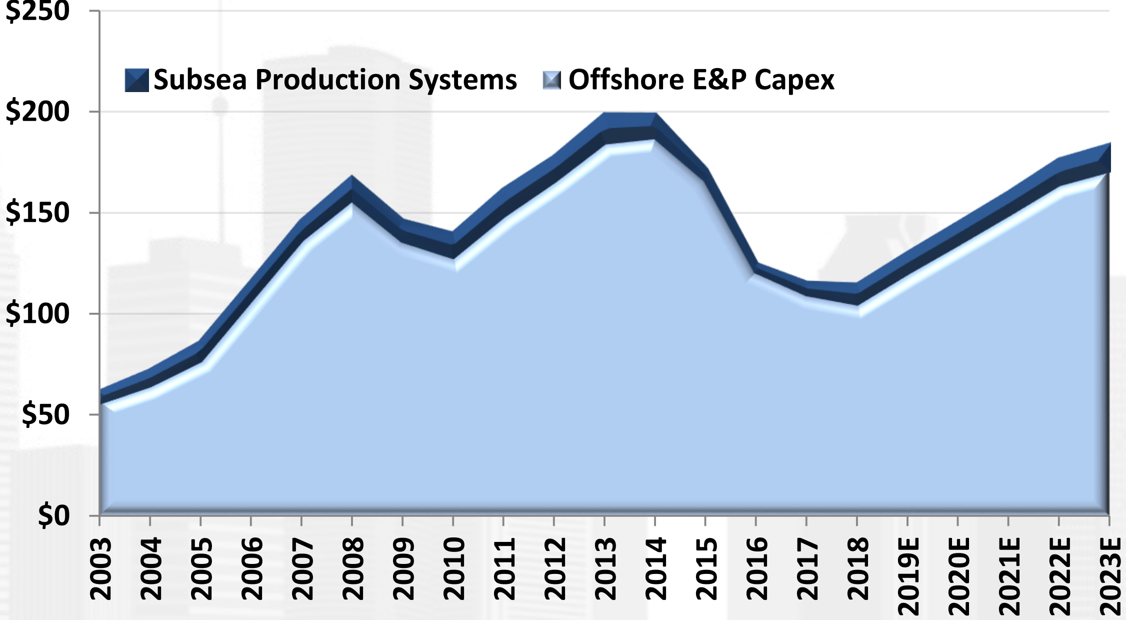
Subsea is a Place to Be

- **Equipment providers that cater to offshore markets should benefit.** Companies like FTI, BHGE, DRQ, and OII have constructive views for subsea in 2020 although the recovery is expected to be moderate, yet multi-year
- **Spending on subsea equipment and services will grow over the next few years.** IHS Markit calls for the roughly $9B market to grow at a 5.4% CAGR through 2023 while offshore E&P spending should increase at an annual rate of 7.3%
- **Stronger pricing should provide another tailwind for this market.** The subsea cost index has increased nearly 15% since bottoming in 1Q16, yet is still 5% below the 1Q13 peak. Pricing is expected to grow at a CAGR of 6.2% from 2019 to 2023

Subsea Cost Index



Offshore E&P and Subsea Capital Expenditures ($B)



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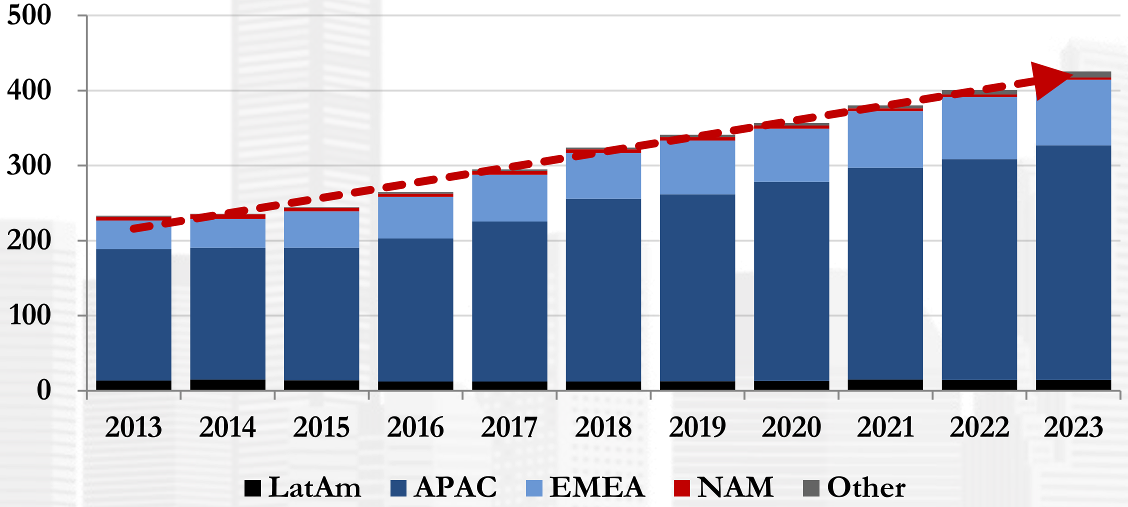
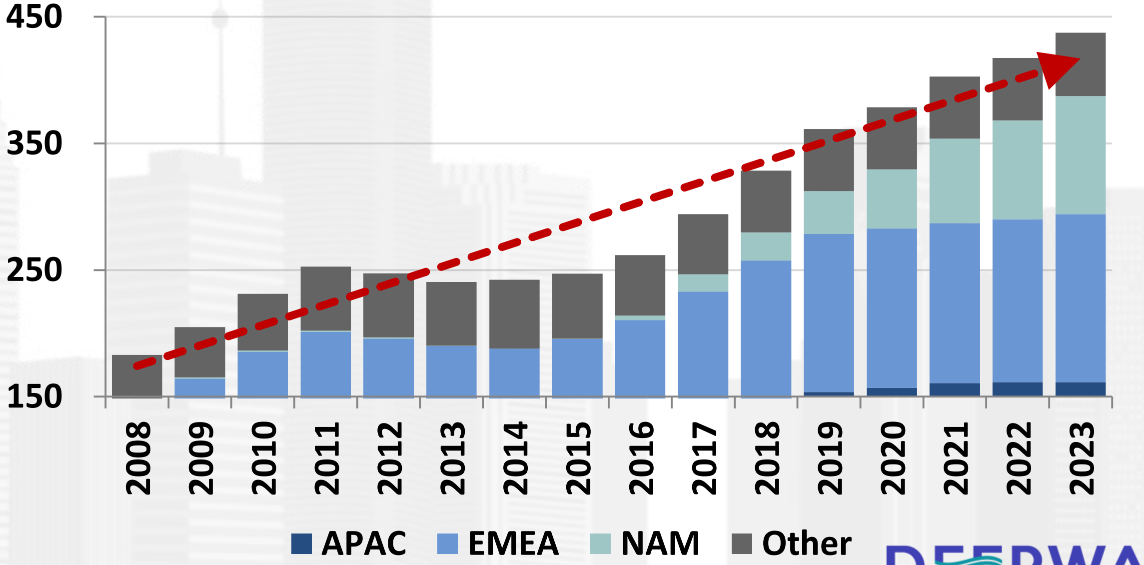
The Bull Thesis for LNG Continues

- **The fundamentals continue to improve globally.** Liquefaction capacity from 2019-2023 will grow at a 4.9% CAGR while demand for LNG will grow at a rate of 5.7%. Growing needs from the Asia Pacific region will continue to drive this
- **U.S. / China Tariffs and low spot prices raise near-term risks.** Uncompetitive / high-cost projects will likely not move forward although any substantive trade deal between the U.S. and China could provide some upside surprises, near-term low LNG prices will spur demand growth
- **We foresee a ramp in FIDs and construction activity through 2021.** +100MMtpa of sanctions should take place in 2019 while recent project slippage should provide another round of FIDs in 2020. The U.S., Qatar and Australia will dominate

Global LNG Demand, 2019E-2023E (MMtpa)



Global Liquefaction Capacity, 2019E-2023E (MMtpa)



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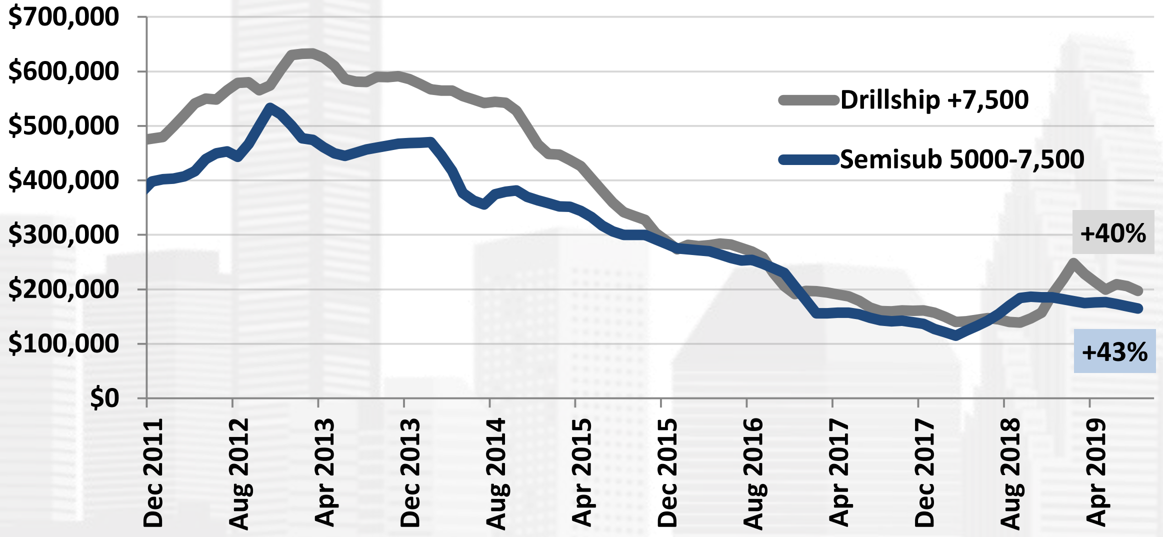
What the Market is Saying About Offshore Drillers

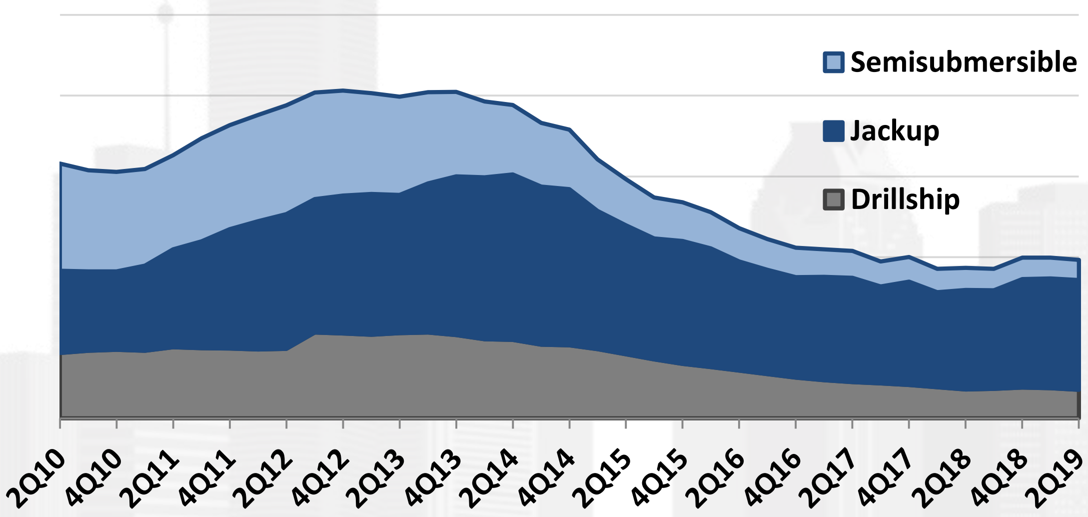
The Fundamentals Are No Longer In Dispute…

- **There is now little pushback on "if" the offshore drilling sector is in recovery mode.** With marketed utilizations above 80%, the industry just experienced a +20% YoY increase in the number of rig years awarded YTD in 3Q19
- **Dayrates are moving in the right direction.** With pricing effectively bottoming in 3Q/4Q of 2017, the recovery since then has been slow and gradual, although we are encouraged by more industry participants disclosing recent contract dayrates
- **But more importantly, so are contract durations.** The September average contract term improved for floaters to an average of 8-9 months from 3-4 months in August and 6-7 months a year ago. Management commentary across all offshore drilling companies from 3Q19 earnings is clearly supportive of this trend

Worldwide Average Dayrates



Offshore Driller Backlog Values



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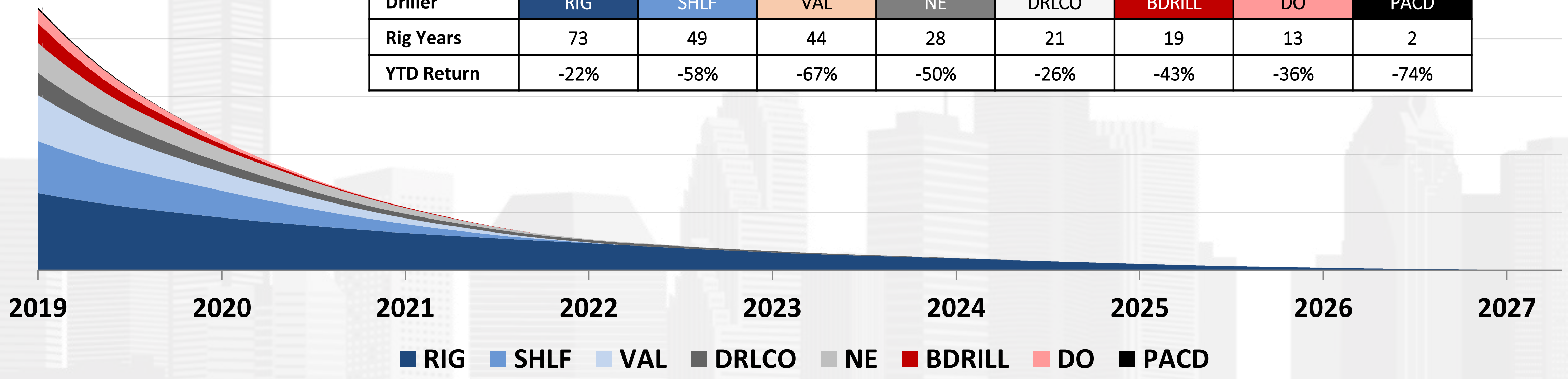
Which Shifts the Market's Focus Increasingly Onto the Backlog…

- **The industry is currently required to walk a tightrope.** Finding a balance between eschewing unprofitable work and providing greater cashflow visibility via the announcement of contract wins is a delicate task
- **While the stocks continue to be tethered to the size of backlogs.** While leverage is a contributing factor, we've noticed increased volatility around the equities on days with contract announcements. Market expectations for dayrate expansion are high
- **Transocean, Shelf Drilling, and Valaris screen well in terms of rig years.** However, as the next slide shows, equity performance is increasingly being placed on contracting activity relative to the liabilities on the Balance Sheet

Offshore Driller Rig Days

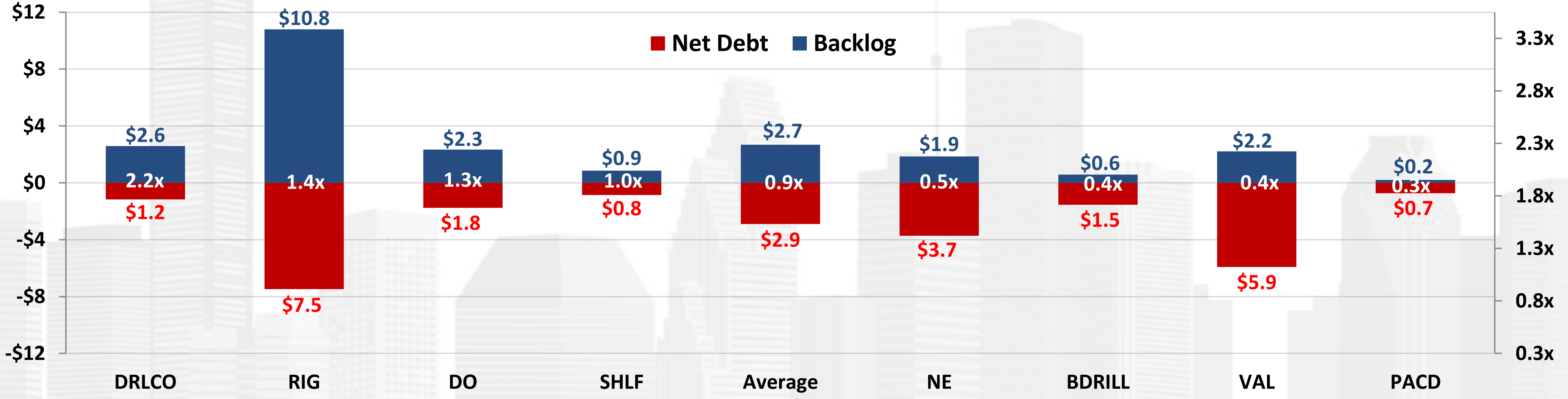
Driller	RIG	SHLF	VAL	NE	DRLCO	BDRILL	DO	PACD
Rig Years	73	49	44	28	21	19	13	2
YTD Return	-22%	-58%	-67%	-50%	-26%	-43%	-36%	-74%



…While Leverage Remains as Important as Ever

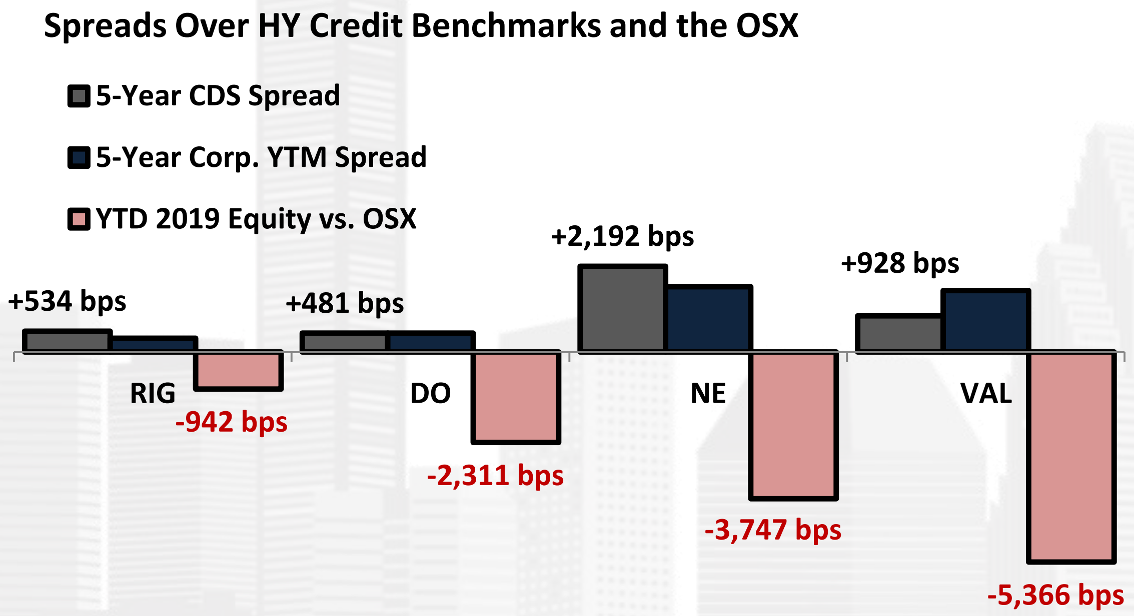
- **Backlogs are getting better, but Balance Sheets remain challenged.** We observe that for every 90 cents of backlog, the average offshore driller has $1.00 of Net Debt
- **DRLCO, RIG and DO appear prudently managed on this metric.** With the offshore drilling group down ~47% YTD on average, we note that the equity performance for these three has outperformed their peers
- **The market believes managing leverage is more important than growing the backlog.** Focusing on debt scored 18% higher than backlog growth on a recent survey while both issues were ranked as doubly more important than implementing a robust ESG program

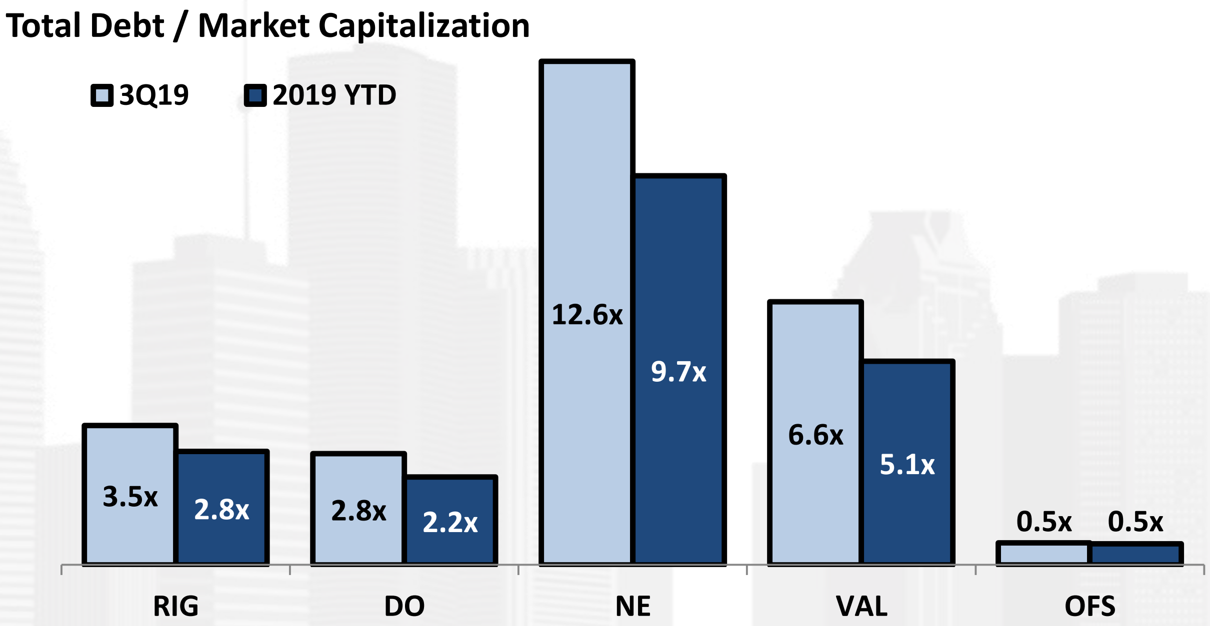
Backlog and Net Debt ($B)



For Now, Credit Markets Will Drive Offshore Driller Equities

- **High leverage relative to backlog will drive equity underperformance.** Indeed, the stocks for NE, BDRILL, VAL and PACD underperformed the group average of (-47%) while their Backlog/Net Debt ratios were worse than the 0.9x average
- **Credit spreads serve as a leading indicator for the stocks.** VAL and NE's 5-Year CDS trade ~930 bps and ~2,200 bps wider than the HY CDS benchmark while their stocks underperformed the OSX by ~5,400 bps and ~3,800 bps
- **Offshore drillers screen unfavorably against the broader sector.** Currently, for every dollar of offshore driller equity, there is $2.50 worth of debt on average versus only $0.50 for the Oilfield Service sector. For context, the OSX is down 22% YTD versus a 47% decline for offshore drilling stocks





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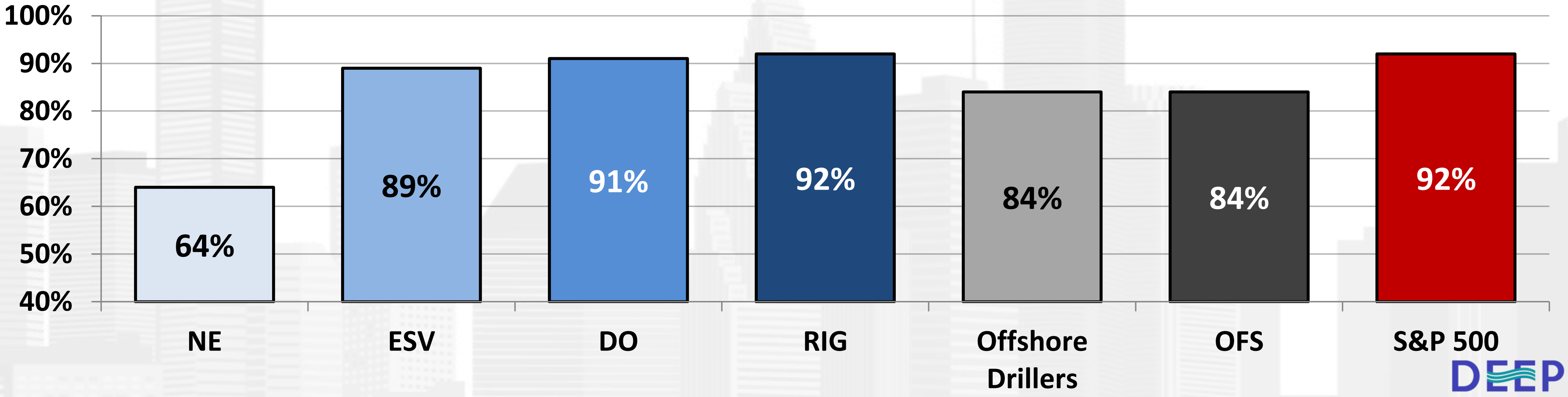
ESG Isn't a Critical Concern for the Group But is Still Important

- We went and evaluated the Say-on-Pay (SOP) proxy voting outcomes for our entire coverage universe going back five years and found that **both offshore drillers and the broader Oilfield Services sector fared unfavorably**
- Using the S&P 500's average SOP vote of 92%, our coverage universe has underperformed that benchmark every year for the past five years and has an average shareholder vote of 84%
- **However, Transocean has outperformed it's peers, sector, <u>and</u> the S&P 500 on this metric.** In our universe of 60 stocks, only 10 companies (including RIG) can make this claim. **While growing the backlog and managing leverage should remain as key priorities, the role of ESG in investing frameworks will only continue to increase over time**

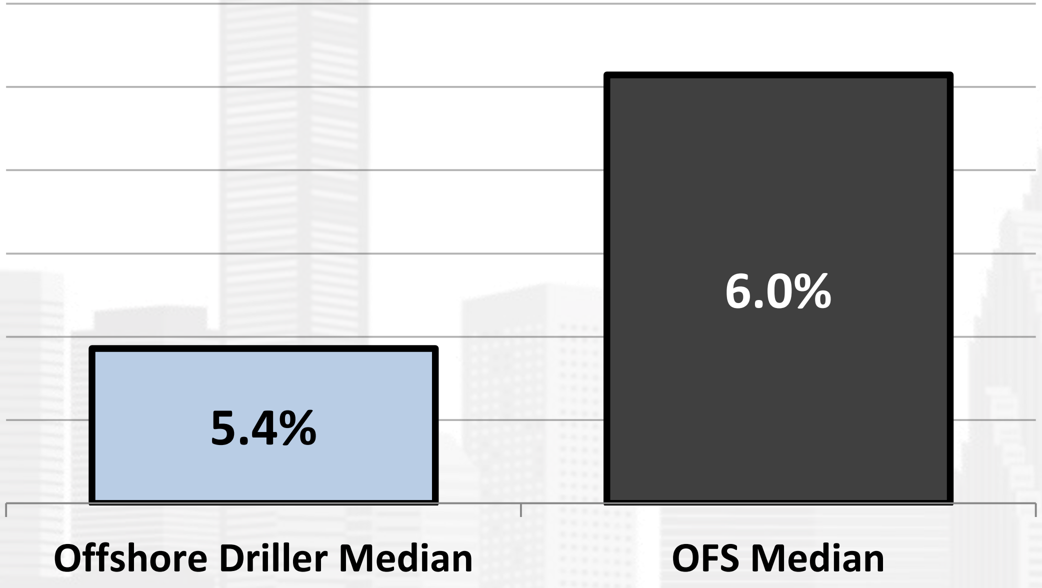
5-Year Average Say-on Pay-Proxy Vote Outcomes



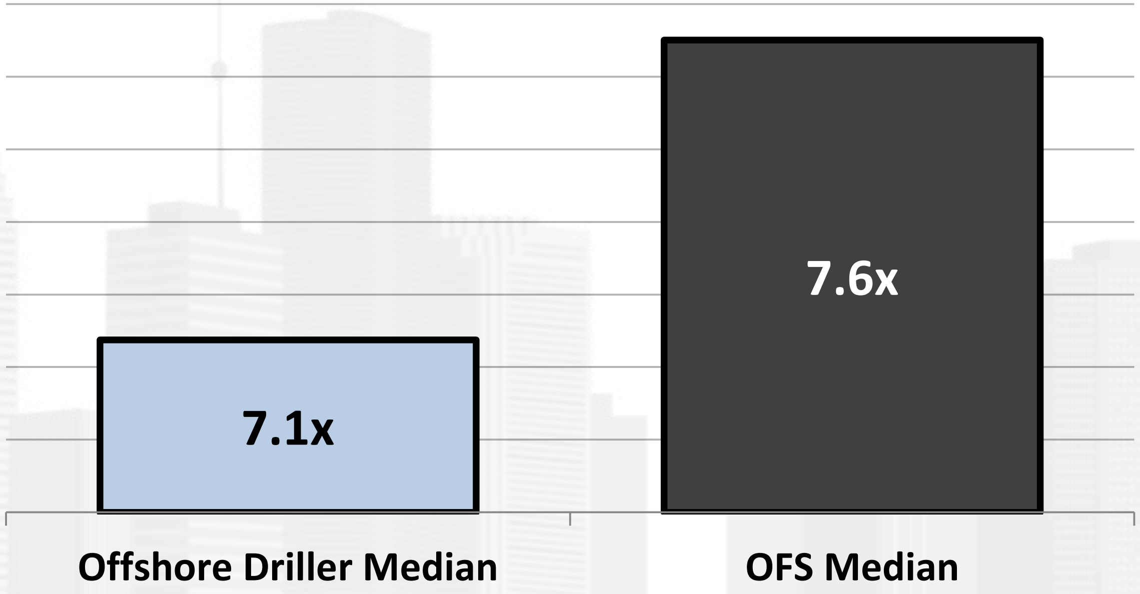
Returns Only Tell Half the Story Regarding Valuations

- **Multiple compression is here and likely to stay.** The broader OFS sector's 2-Year P/E ratio is currently ~30% below it's 5-Year average while EV/EBITDA and Price/Books have declined ~10% and ~45% versus the same time-frame
- **Investors remain hesitant to seriously engage with the group (and energy to a broader extent)** due to **1)** concerns around capital discipline, **2)** misalignment between compensation and shareholder interests and, **3)** low returns on capital
- **Typically, returns on capital explain nearly 70% of valuation multiples.** However, for RIG, we observe a multiple premium versus peers and the broader sector despite a historical ROIC that's nearly half, leading us to believe that there are other factors at play, including both tangible (scale, market cap, etc.) and intangible (management, strategic focus, etc.)

Average Historical TTM ROIC



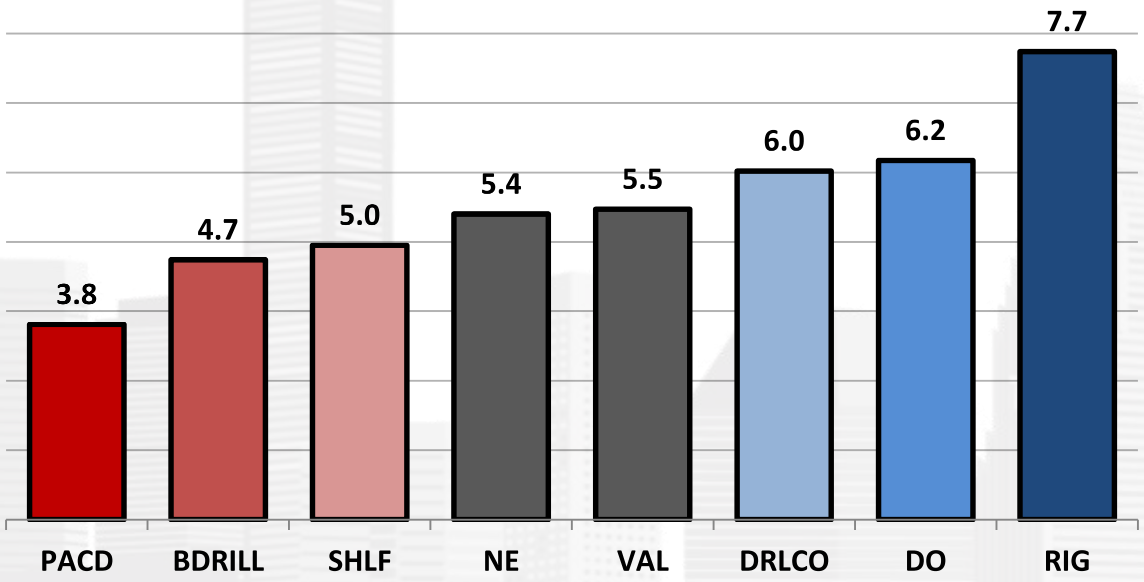
Historical 2-Year Forward EBITDA Multiple (Consensus)



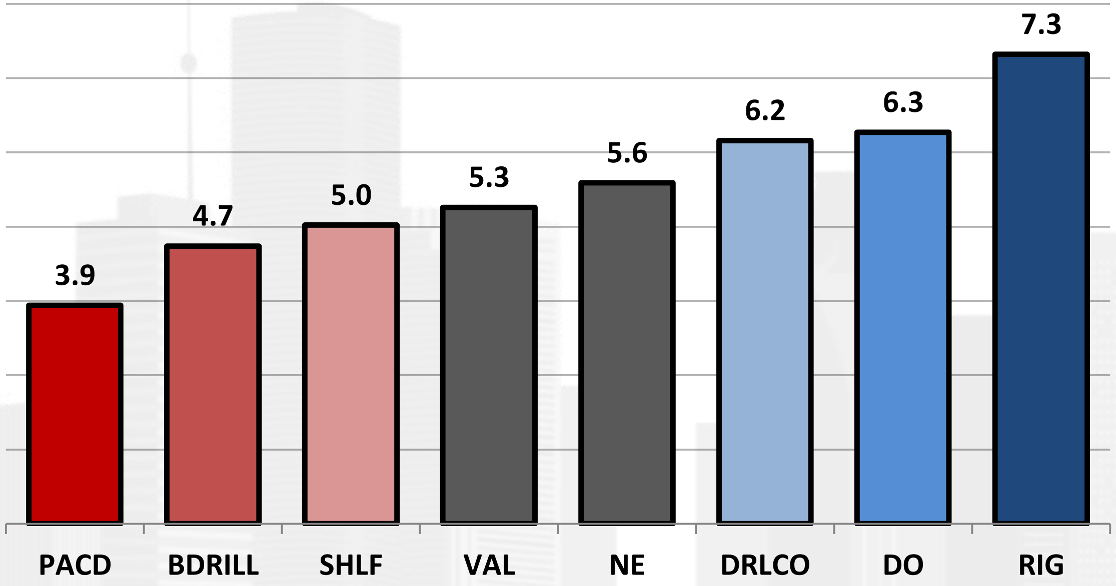
Our Proprietary Survey Results Paint a Clear Picture

- **We conducted a proprietary survey of offshore driller executives and investors.** In all cases, Transocean was ranked the most favorably while Diamond Offshore and Maersk Drilling were generally viewed as positive
- **Management teams weigh heavily on the market's perception of the company.** Pacific Drilling, Shelf Drilling and Borr Drilling screened unfavorably while we do note that their equities generally underperformed peers YTD
- **Generally, the market has a negative view of offshore drillers in general.** Leverage and oversupply continue to dominate the mindset of most industry observers although nearly all believe the sector is undergoing a recovery

How the Market Rates Management Competency



How the Market Rates Management Credibility



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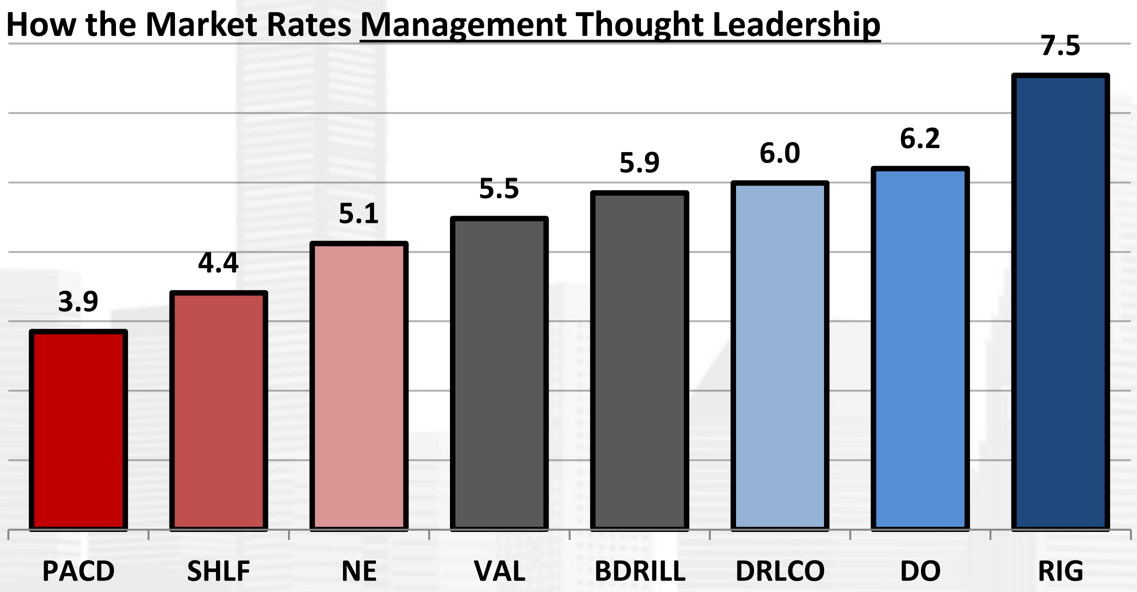
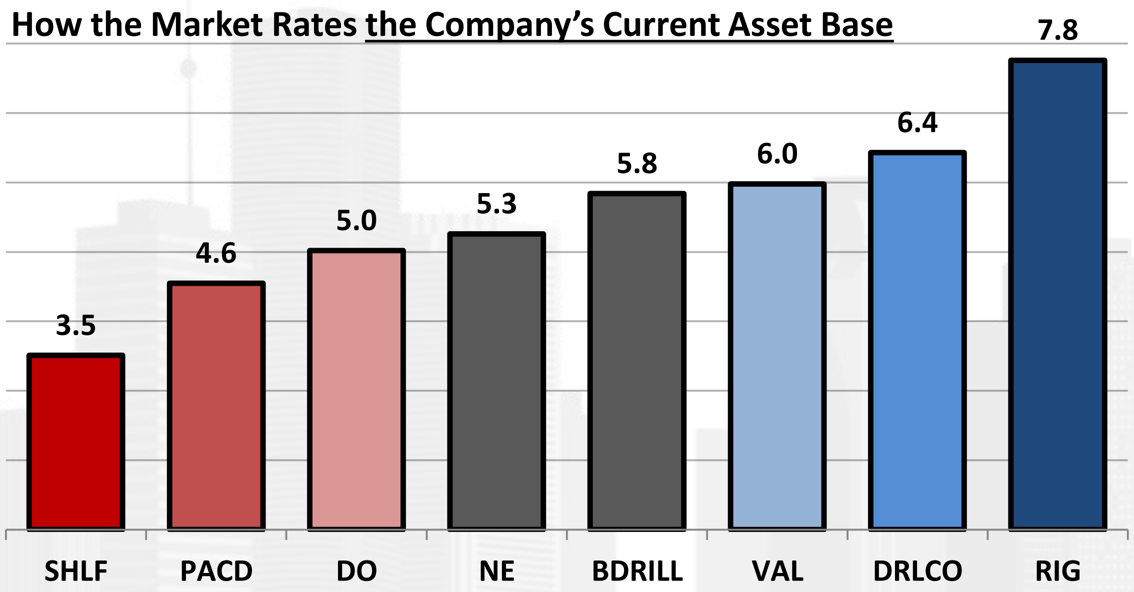
Transocean is Consistently Viewed as a High-Quality Company

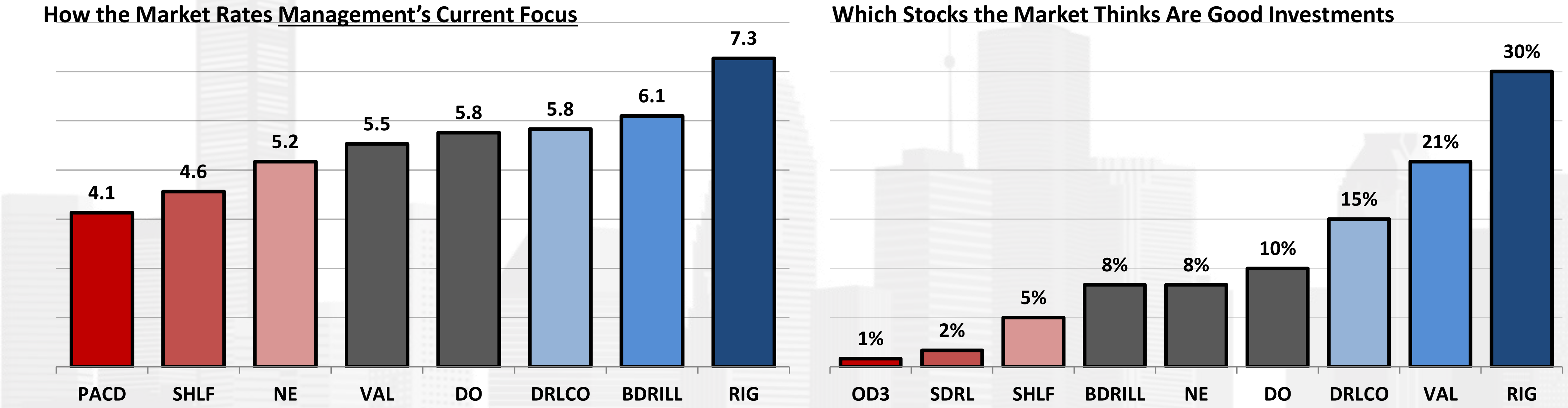
- **2020 is expected to be better.** Consensus estimates that the operational and financial performance for offshore drillers will increase slightly this coming year while a number of survey participants expect for 2020 to be more of a muddle
- **2021 is expected to demonstrate a broad-based, meaningful recovery.** However, 2022 and 2023+ were years where at least 50% of respondents called for a significant market revival while relatively few believe it's currently underway in 2019
- **Very few believe that the offshore drilling market will decline from here.** Further bolstering the notion that the fundamentals are no longer in question, only 4% of survey participants forecasted any kind of decline for the coming year





But the Market's Current Perception of Offshore Drillers is Negative

- **The market currently has mixed views on if offshore drillers equities are good investments.** We observe that 44% of respondents believe that they are while 33% and 3% said "No" and "Maybe"
- **Other parts of the capital structure are generating interest.** Most conversations this past year have been with credit investors and distressed debt funds however the stocks have started to become more "interesting" from an equity perspective
- **RIG, VAL and DRLCO are currently the market's "Top Picks".** 30%, 20% , and 15% of respondents picked those three companies while Shelf Drilling, Seadrill and Odjfell Drilling received the fewest number of votes



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Although There is a Clear Bifurcation Within the Sector

- **Offshore drillers are either "loved" or "loathed".** Our proprietary survey collected 575 descriptive words used to describe RIG, VAL, DRLCO, SHLF, PACD, NE, DO, BDRILL and we evaluated whether terms were positive, negative, or neutral
- **Commentary used to describe the group shows a stark divide.** RIG received the highest number of positive comments **and** the lowest number of negative comments by a wide margin while having the 2nd least amount of neutral wording
- **PACD, NE, VAL, and BDRILL have work to do when it comes to market perception.** This group had high negative commentary used to describe the companies while the use of positive phrases was relatively low

Description	BDRILL	DO	NE	PACD	SHLF	DRLCO	RIG	VAL	Total
Negative	31	29	42	48	27	19	12	41	**249**
Neutral	27	17	10	15	11	21	12	12	**125**
Positive	13	30	20	4	27	30	56	21	**201**
Total	**71**	**76**	**72**	**67**	**65**	**70**	**80**	**74**	**575**

Description	BDRILL	DO	NE	PACD	SHLF	DRLCO	RIG	VAL	Total
Negative	44%	38%	58%	72%	42%	27%	15%	55%	**43%**
Neutral	38%	22%	14%	22%	17%	30%	15%	16%	**22%**
Positive	18%	39%	28%	6%	42%	43%	70%	28%	**35%**

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What Words Comes to Mind When One Thinks Of Offshore Drillers?

Lack of backlog

Horrible

Debt

Cheap

Old

Chapter 11

Bankrupt

Negligent

Decline

Over-levered

Illiquid

Museum pieces

Distracted

Low-bidding

Overwhelmed

Slow

Irrelevant

Stupid name

Uncertainty

What Else is the Market Saying About Offshore Drilling?

"The Drilling industry model is a bit broken. The only way to get a material move in driller stock valuations is to get away from "'drilling day rates' and have a different business model centered around efficiency, automation, with dual capabilities of drilling and completions all designed to materially lower drilling and completion costs."

"Consensus is too optimistic due to the poor industry structure that discourages retirement and creates an incentive to aggressive bid on work to maintain optionality. While top rigs will earn a margin, it is insufficient to support the debt and the industry should proactively restructure."

"The bonds look much more attractive from a risk/return standpoint. RIG and VAL would be top-pick for equity. More leverage to the cycle.

"The industry is on the cusp of regaining the value sucked out of the drillers by operators."

"Slow improvement expected, not going to change materially. Industry healing on the way, as long as no new capital flows into the industry.

"The industry is going through a fundamental shift that many drillers may have yet to comprehend. The global warming impact on a number of industries will be particularly hard felt on the drillers. The challenges they face will come from a number of fronts but the push for a greener planet should force some dramatic changes in the way we develop fields. Without a major technology change in the way the industry drillers operate their life will remain a commoditized day rate business with a generally poor ROI."

Sources

- IHS Markit
- Baker Hughes
- Bloomberg
- BP
- Company Reports
- EIA
- Enverus
- Evercore ISI Energy Research
- FactSet

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