



The Case For Change

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Project Production Symposium

December 9, 2015



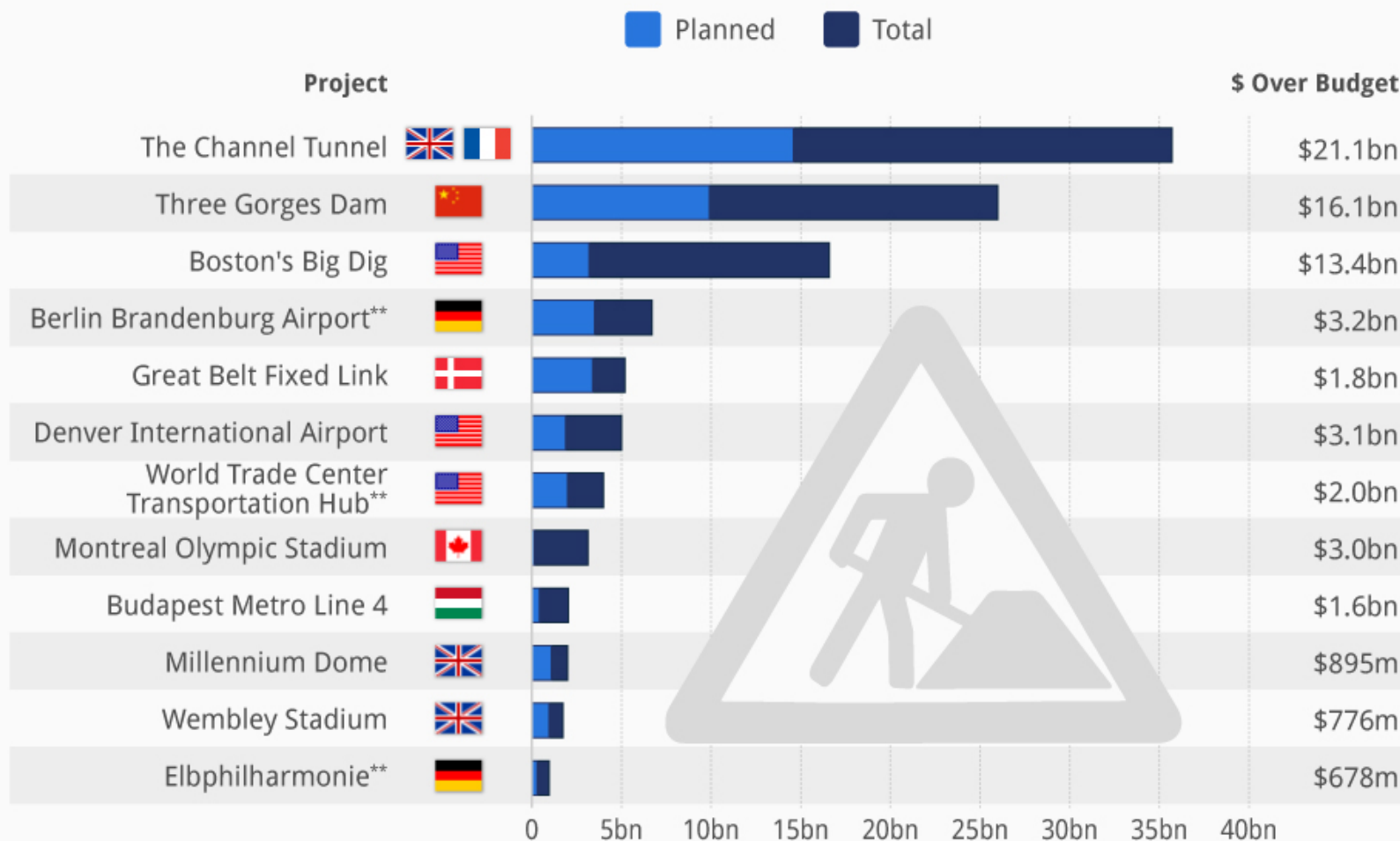
“Best practices” on project execution have a long history – and yet...



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Over-Budget Construction Projects In Comparison

Selected over-budget construction projects worldwide (in U.S. dollars)*



* Converted to US dollars and adjusted for inflation; ** Still not completed



@Statista_com

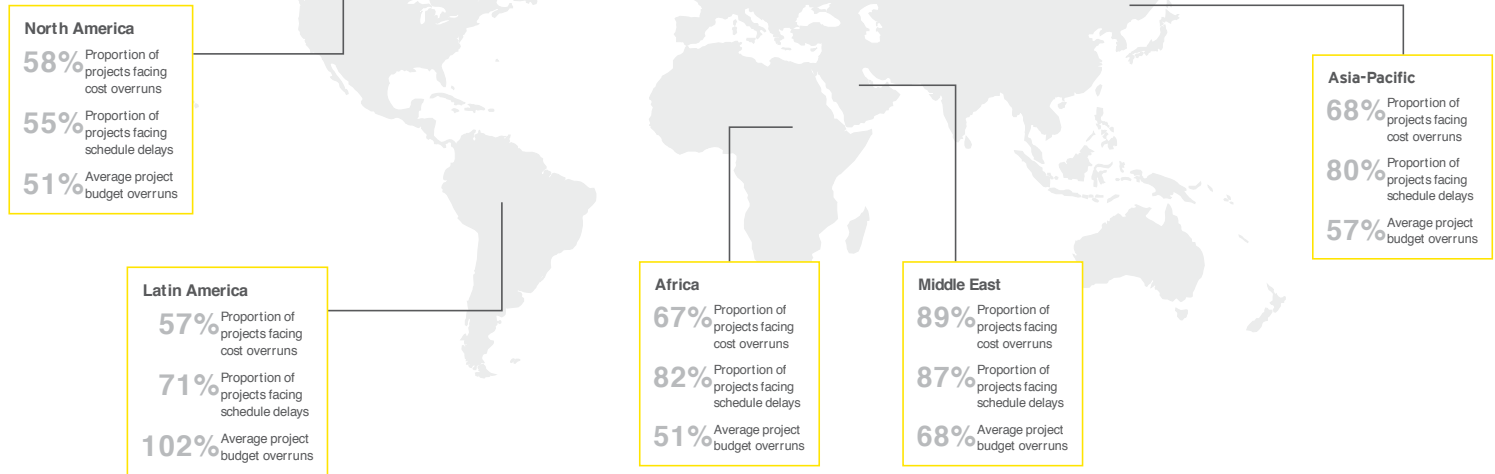
Sources: Podio, Der Spiegel, NY Times

statista

Oil & Gas Industry Megaprojects – Cost and Schedule Overruns are the Norm

64% of the projects are facing cost overruns.

73% of the projects are reporting schedule delays.



Source: Ernst & Young, “Spotlight on Oil & Gas Megaprojects”, 2014

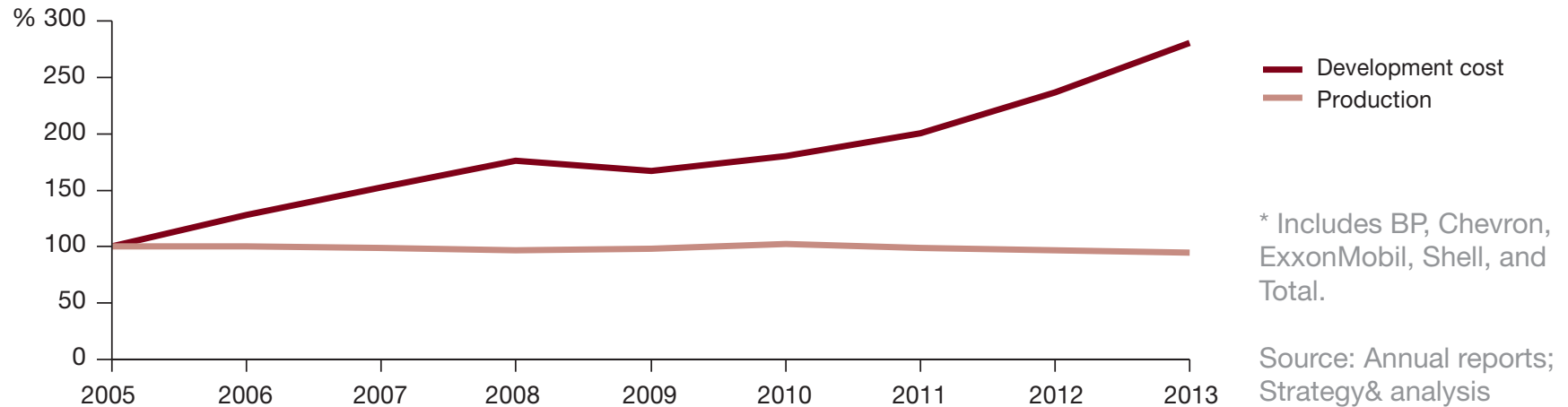


Project Performance Compromises Business Performance & Shareholder Value

Capex and production for five supermajors*

(indexed to 2005)

Percentage increase



Optimizing the wrong project metrics does not optimize economic performance

Economics metrics

Simplified financial calculation

1

WTI breakeven per well

2

ROCE & ROE

Operator 1

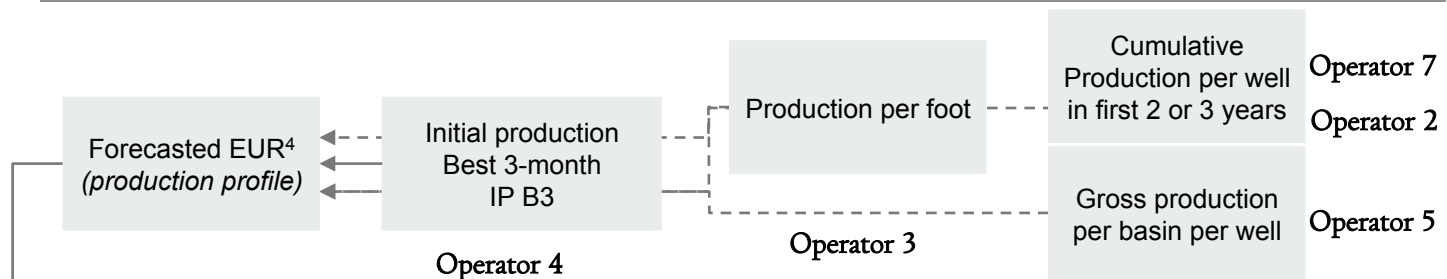
3

EBITDA/ BOE

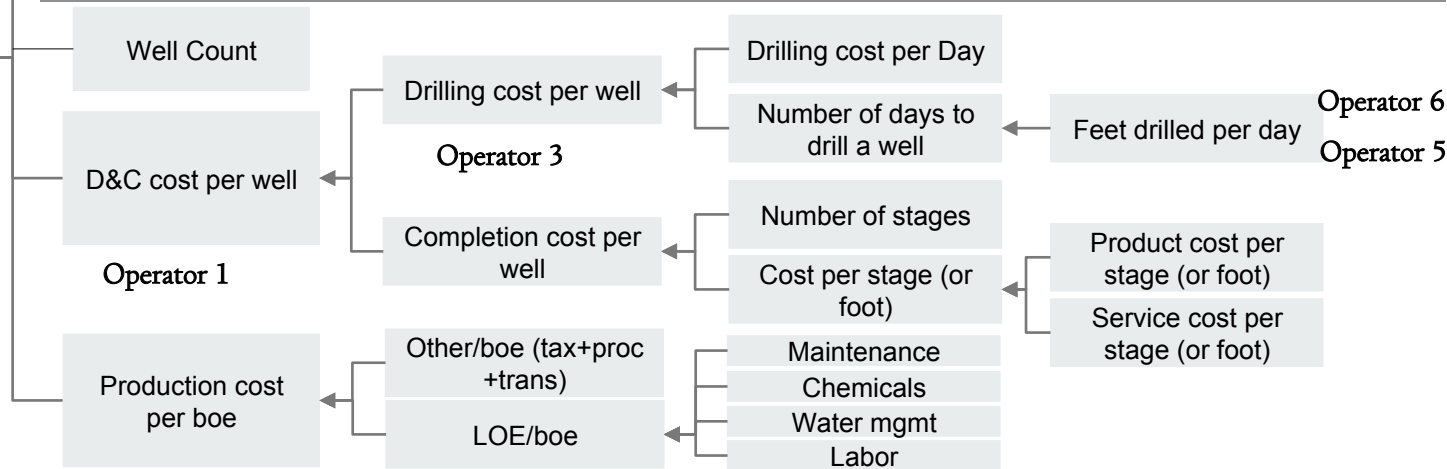
Operator 2

Operational metrics used for peer comparison

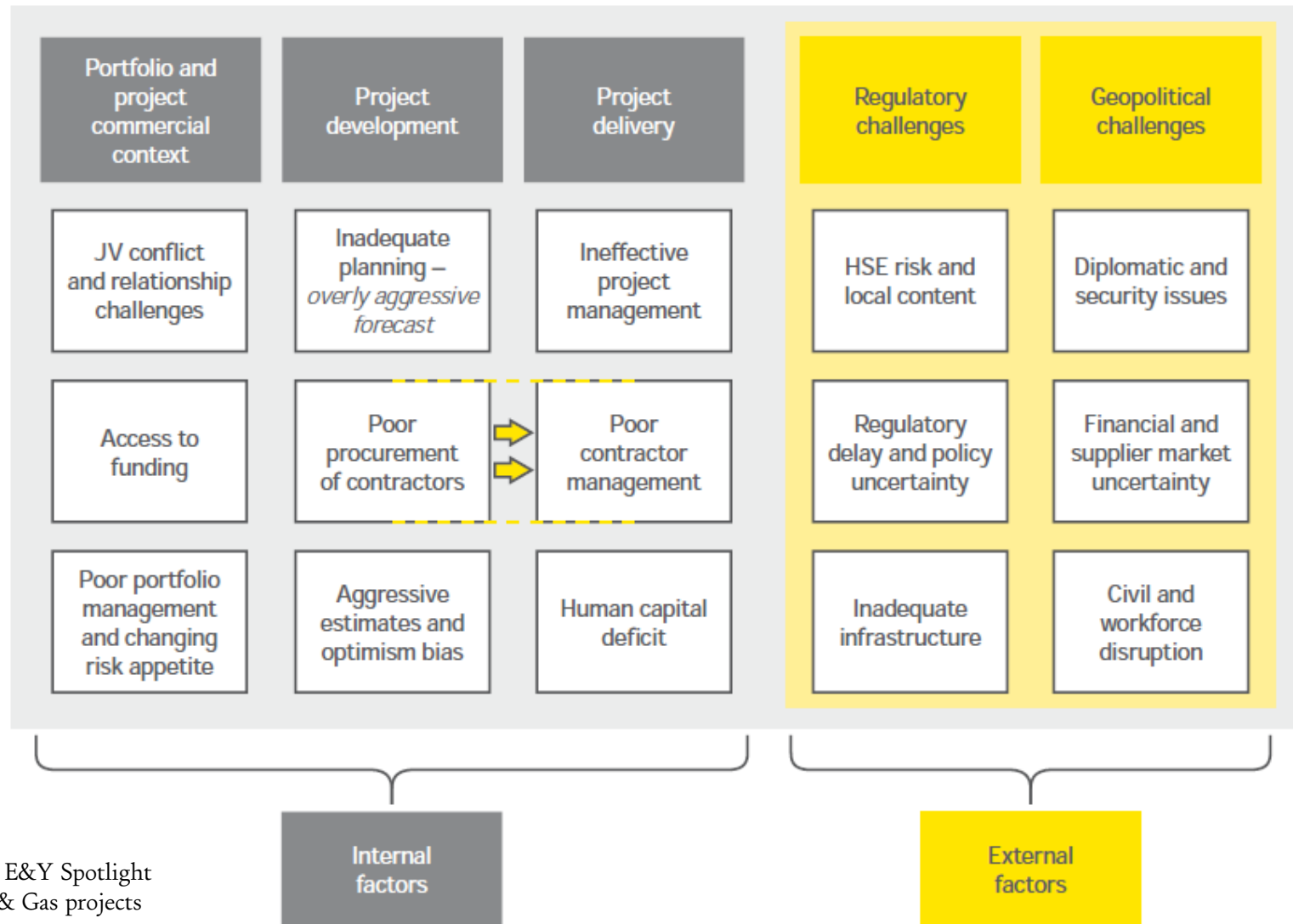
Production



Cost¹



Root Causes and Remedial Actions are thought to be known – but do they work?



Summary

- Projects are not performing
- Project underperformance compromises business performance, customer & shareholder value
- Traditional remedial actions are not a fix
- We are all here to debate, understand and identify better solutions....