



State of the U.S. Oil & Gas M&A and Capital Markets

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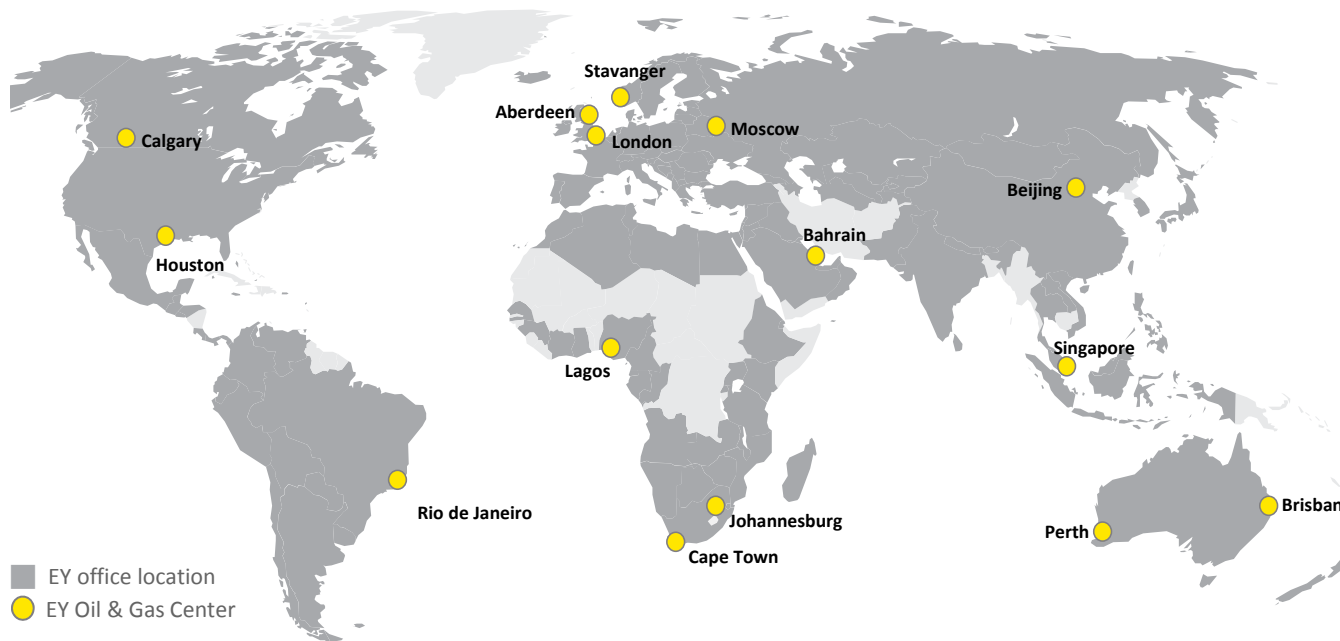


Ernst & Young LLP

Global Financial Services Provider

EY is a global leader in Assurance, Tax, Advisory and Transaction Advisory Services (TAS)

- ▶ Organized around key geographic regions with professionals aligned by industry sectors
- ▶ EY has a global network of more than 10,000 Oil & Gas professionals across 15 Oil & Gas Centers



People



> 225,000

Countries



> 150

EY's strong global connectivity enables us to assemble the right teams, share leading practices across the world and address oil and gas companies' needs, whatever location they are active in. This is a key added value for our clients.

Working across the entire oil and gas value chain



Transaction Advisory Services

Integrated Suite of M&A Transaction Advisory Services

▶ The EY platform offers an integrated suite of transaction advisory services.

Mergers & Acquisitions⁽¹⁾

- ▶ Sell side execution
- ▶ Buy side execution
- ▶ Industry strategy advisory
- ▶ Transaction structuring

Debt & Equity Capital Markets⁽¹⁾

- ▶ Raise private equity and debt
- ▶ Capital structure assessment and advisory
- ▶ Identification and execution of financing alternatives

Commercial Due Diligence

- ▶ Market and industry research
- ▶ Validation of strategic assessments
- ▶ Corporate strategy assessment

Working Capital

- ▶ Release cash trapped in working capital
- ▶ Advise on process improvements to attain sustainable adjustments in working capital investment

Human Capital

- ▶ Exposure assessment
- ▶ Benefit program analyses
- ▶ Comparability studies
- ▶ Development of severance plans
- ▶ Employee retention programs

Real Estate Advisory

- ▶ Location assessment
- ▶ ROIC analyses
- ▶ Lease reviews and financial planning

Restructuring

- ▶ 13 week cash flow forecast
- ▶ 100 day plans
- ▶ Strategy and management reviews
- ▶ Business plan and forecast reviews
- ▶ Assessment of debt structures
- ▶ Evaluation of tax implications



Valuation

- ▶ Business valuation services
- ▶ Tangible and intangible asset valuation services
- ▶ Accretion and dilution analyses
- ▶ Stock compensation analyses
- ▶ Purchase price allocation
- ▶ Impairment analyses

Transaction Tax

- ▶ Federal, state and international tax risk analyses
- ▶ Customs, duties, VAT and other indirect tax assessments
- ▶ Evaluation of significant tax exposures
- ▶ Assessment of optimal transaction structure
- ▶ Identification of post transaction tax minimization options

Transaction Support

- ▶ Assessment of sustainable earnings
- ▶ Analysis of key revenue and cost drivers
- ▶ GAAP and cash accounting differences
- ▶ Critique of forecast
- ▶ Identification of balance sheet exposures
- ▶ Input on closing deal structure
- ▶ Sarbanes-Oxley Section 404 readiness assessments
- ▶ Assess operating working capital needs

Operations and Technology Due Diligence

- ▶ IT platform, cost and scalability analyses
- ▶ Operations review and strategies
- ▶ Investments analysis

Operational Transaction Services

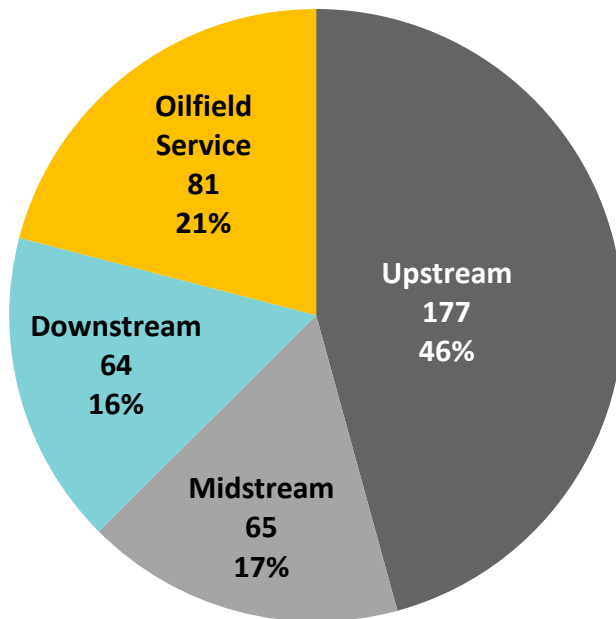
- ▶ Synergies analysis and investment requirements
- ▶ Assess impact to forecast
- ▶ Assessment of integration challenges, risks and resolution strategies
- ▶ Organization design and governance issues
- ▶ Communication plan and change management

(1) Mergers & Acquisitions and Debt & Equity Capital Markets services in the US are offered by Ernst & Young Capital Advisors, LLC, a broker-dealer affiliate of Ernst & Young LLP, member of FINRA and a member of the global EY network.

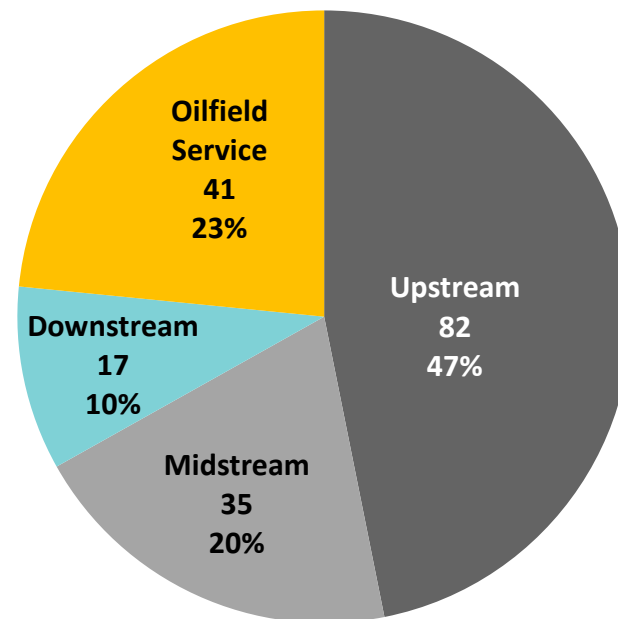
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Summary Oil & Gas M&A Activity

2016 Oil & Gas M&A Deal Count by Sector



2017 YTD¹ Oil & Gas M&A Deal Count by Sector



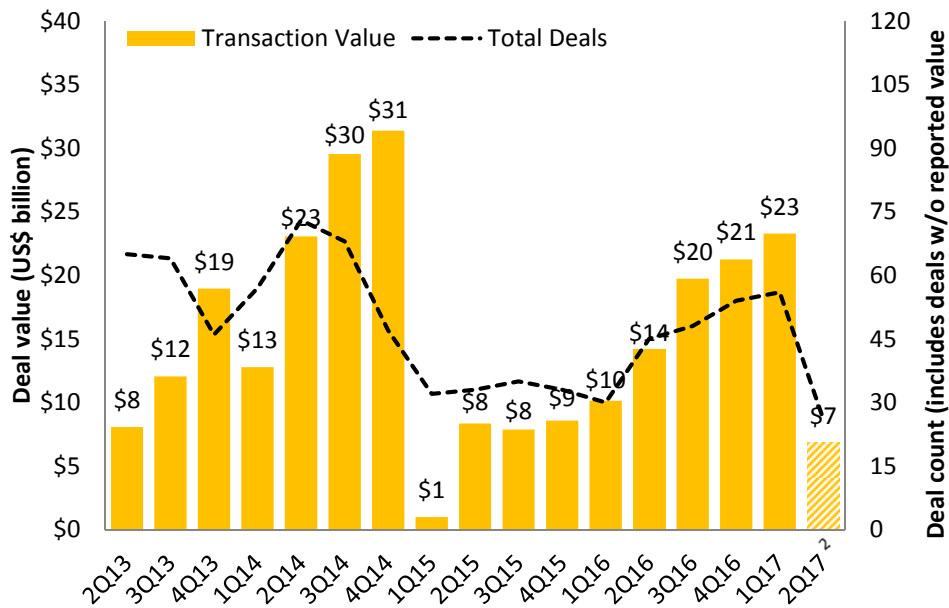
1. Includes announced transactions between 01/01/17 and 05/26/17.

Source: Multiple sources including S&P Capital IQ and company press releases.

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Recent Upstream M&A Activity

US Upstream M&A Activity¹



1. Excludes transactions with disclosed deal values above \$10 billion.
 2. Includes announced transactions between 04/01/17 and 05/26/17.

Top 10 US Upstream Deals – 2017 YTD³

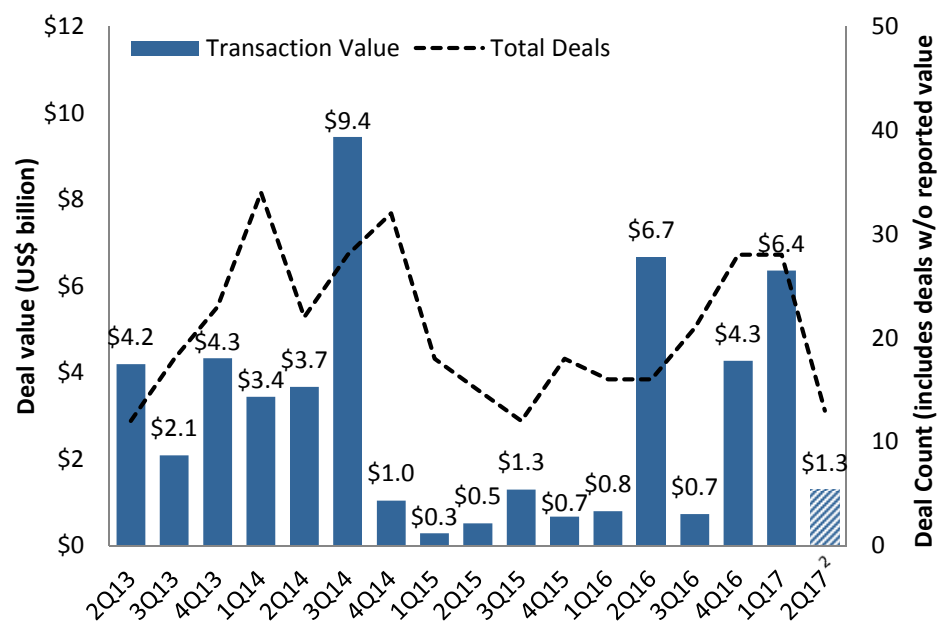
Buyer	Seller	Deal Value (\$M)
1. Exxon	Bass Companies	\$5,600
2. Noble Energy	Clayton Williams	3,390
3. Parsley Energy	Double Eagle Energy Permian	2,800
4. Hilcorp; Carlyle	ConocoPhillips	2,700
5. Sanchez; Blackstone	Anadarko	2,300
6. HG Energy	Noble Energy	1,125
7. Marathon Oil	BC Operating	1,100
8. KKR; Venado Oil & Gas	SM Energy	800
9. WPX Energy	Carrier Energy; Panther Energy	775
10. Halcon Resources	Samson Energy	705

3. Includes announced transactions between 01/01/17 and 05/26/17.

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Recent Oilfield Service M&A Activity

US Oilfield Service M&A Activity¹



1. Excludes transactions with disclosed deal values above \$10 billion.
 2. Includes announced transactions between 04/01/17 and 05/26/17.

Top 10 US Oilfield Service Deals – 2017 YTD³

Buyer	Seller	Deal Value (\$M)
1. Wood Group	Amec Foster Wheeler	\$5,381
2. KMG Chemicals	Arsenal; Flowchem	495
3. Hi-Crush Partners	Permian Basin Sand	275
4. Shelf Drilling International	Seadrill Limited	225
5. Schlumberger	Borr Drilling	220
6. Ametek	MOCON	185
7. Hi-Crush Partners	Hi-Crush Proppants	140
8. Mammoth Energy Services	Taylor Frac, Stingray Energy Services and Stingray Cementing	134
9. Liberty Oilfield Services	Titan Frac Services	65
10. Babcock & Wilcox	UniversalAET	55

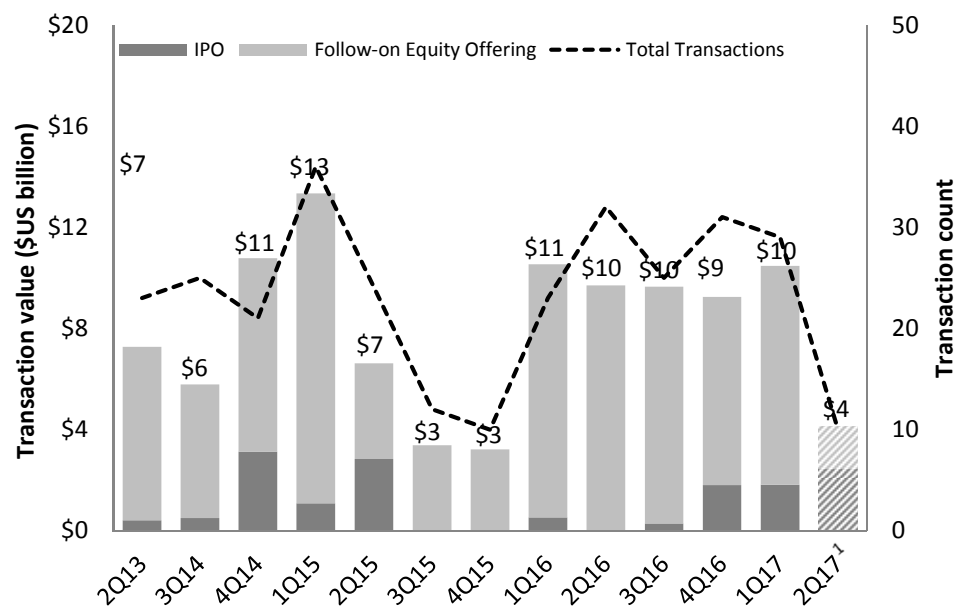
3. Includes announced transactions between 01/01/17 and 05/26/17.

Source: Multiple sources including S&P Capital IQ and company press releases.

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Recent Capital Markets Activity – Public Equity

US Oil & Gas Equity Market



1. Includes announced transactions between 04/01/17 and 05/26/17.

Top 15 Equity Issuances – 2017 YTD²

Company	Offer Type	Offer Size (\$M)
1. The Williams Companies, Inc.	Follow-on	\$1,885
2. Plains GP Holdings, L.P.	Follow-on	1,283
3. Parsley Energy, Inc.	Follow-on	1,116
4. Silver Run Acquisition Corp II	IPO	900
5. Antero Midstream GP LP	IPO	875
6. Gardner Denver Holdings, Inc.	IPO	826
7. Parsley Energy, Inc.	Follow-on	770
8. NuStar Energy L.P.	Follow-on	594
9. WPX Energy, Inc.	Follow-on	584
10. RSP Permian, Inc.	Follow-on	582
11. Jagged Peak Energy Inc.	IPO	474
12. Patterson-UTL Energy, Inc.	Follow-on	418
13. Hi-Crush Partners LP	Follow-on	359
14. ProPetro Holding Corp.	IPO	350
15. Hess Midstream Partners LP	IPO	340

2. Includes announced transactions between 01/01/17 and 05/26/17.

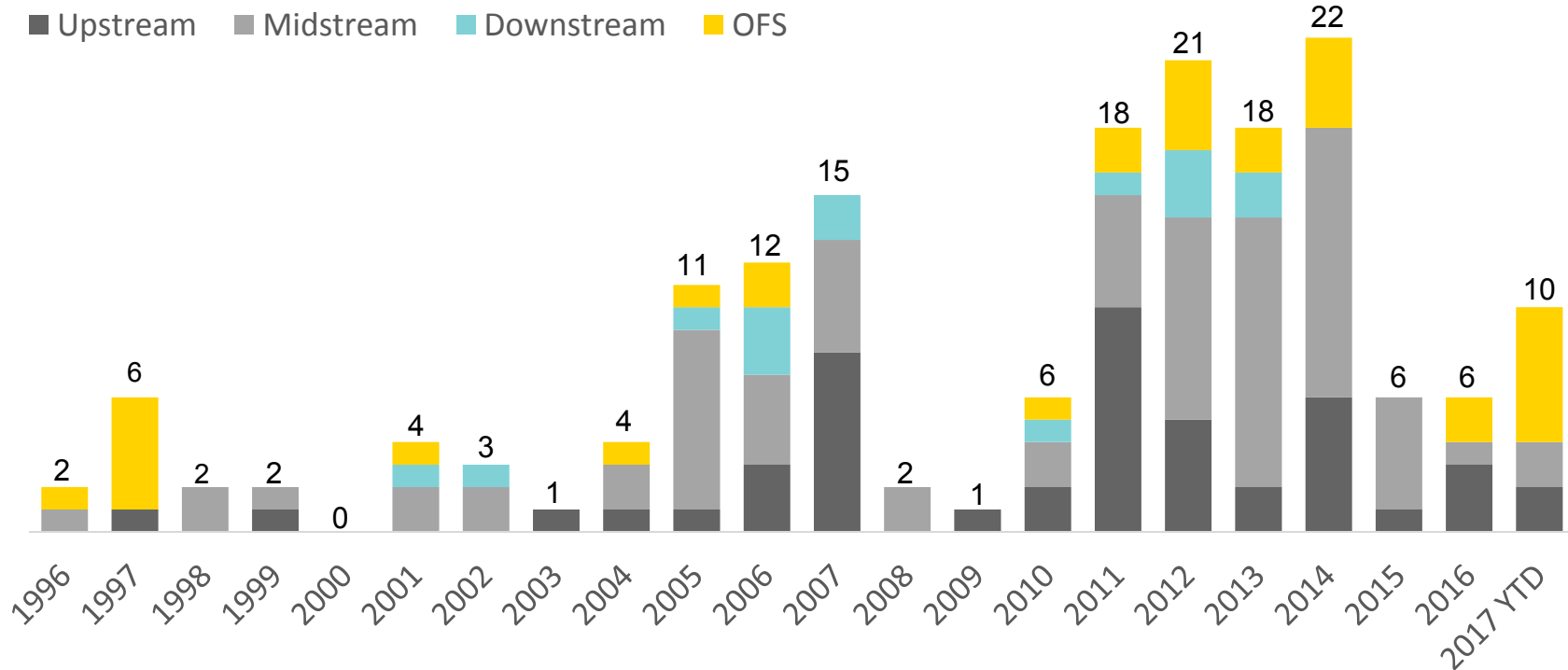
Source: Multiple sources including S&P Capital IQ and company press releases.

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Historical Review of the Oil & Gas IPO Market

- ▶ MLPs dominated the Oil & Gas IPO market in 2012-2015 (including OFS and Upstream names)
- ▶ OFS IPO market leading in Q4-2016 and 2017 YTD (more expected)
- ▶ 2016 (Q4) - 2017 OFS IPO count poised to outpace 1996-1997 OFS IPO market

US Oil & Gas IPOs: 1996 – 2017 YTD



Source: S&P Capital IQ as of May 26, 2017.

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Recent Energy IPOs

- ▶ On average, the IPOs priced 7.2% below the midpoint of filing ranges
 - Oilfield Service -13.8% (8)
 - Upstream -7.9% (4)
 - Midstream +9.2% (3)

Company	Sector	Offer Date	Size (\$M)	Filing Range	% Delta vs.		Current Price	% Delta vs. Offer Price
					Offer Price	Average of Filing Range		
Noble Midstream Partners LP	Midstream	09/14/16	\$281	\$19.00 - \$21.00	\$22.50	12.5%	\$45.70	103.1%
Extraction Oil & Gas, LLC	Upstream	10/11/16	633	\$15.00 - \$18.00	19.00	15.2%	15.63	-17.7%
Mammoth Energy Services, Inc.	Oilfield Service	10/13/16	116	\$15.00 - \$18.00	15.00	-9.1%	18.73	24.9%
Smart Sand Inc.	Oilfield Service	11/04/16	129	\$15.00 - \$18.00	11.00	-33.3%	10.00	-9.1%
WildHorse Resource Development	Upstream	12/13/16	413	\$19.00 - \$21.00	15.00	-25.0%	13.08	-12.8%
Keane Group, Inc.	Oilfield Service	12/14/16	508	\$17.00 - \$19.00	19.00	5.6%	16.11	-15.2%
Kimbell Royalty Partners, LP	Upstream	01/06/17	90	\$19.00 - \$21.00	18.00	-10.0%	19.85	10.3%
Jagged Peak Energy Inc.	Upstream	01/26/17	474	\$16.00 - \$18.00	15.00	-11.8%	13.94	-7.1%
ProPetro Holding Corp.	Oilfield Service	03/16/17	350	\$16.00 - \$19.00	14.00	-20.0%	13.71	-2.1%
Hess Midstream Partners LP	Midstream	04/04/17	340	\$19.00 - \$21.00	23.00	15.0%	24.14	5.0%
Select Energy Services, Inc.	Oilfield Service	04/20/17	122	\$15.00 - \$18.00	14.00	-15.2%	15.90	13.6%
NCS Multistage Holdings, Inc.	Oilfield Service	04/27/17	162	\$15.00 - \$18.00	17.00	3.0%	27.04	59.1%
Antero Midstream GP LP	Midstream	05/03/17	875	\$22.00 - \$25.00	23.50	0.0%	21.97	-6.5%
Gardner Denver Holdings, Inc.	Oilfield Service	05/11/17	826	\$23.00 - \$26.00	20.00	-18.4%	23.03	15.2%
Solaris Oilfield Infrastructure, Inc.	Oilfield Service	05/11/17	121	\$15.00 - \$18.00	12.00	-27.3%	11.98	-0.2%

Note: Excludes special purpose acquisition companies (SPACs).

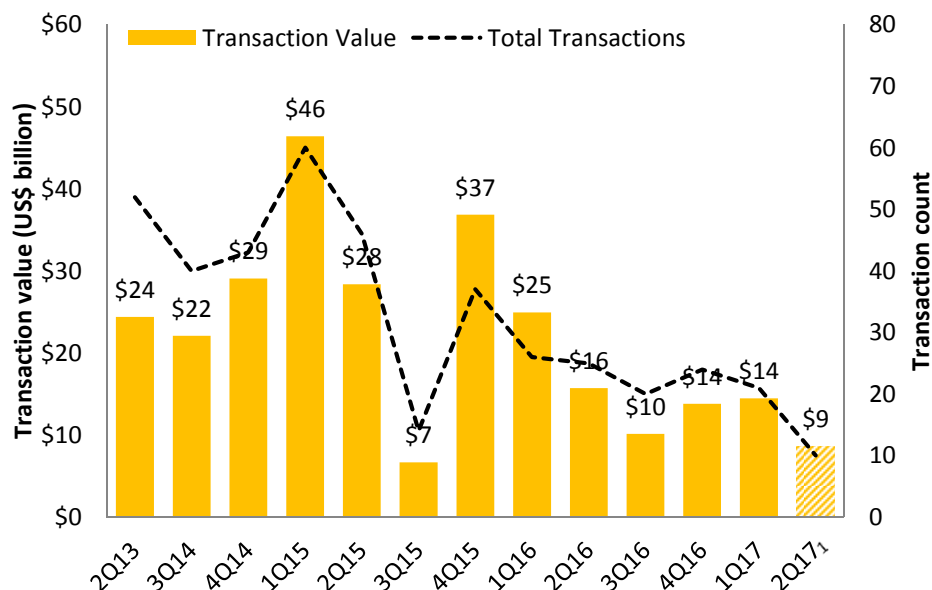
Source: S&P Capital IQ and company filings.

Note: Current Price as of May 26, 2017.

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Recent Capital Markets Activity – Public Debt

US Oil & Gas Fixed Income Market



1. Includes announced transactions between 04/01/17 and 05/26/17.

Top 15 Debt Issuances – 2017 YTD²

Company	Offer Size (\$M)
1. Chevron Corporation	\$4,000
2. Sabine Pass Liquefaction, LLC	3,000
3. MPLX LP	2,241
4. Energy Transfer Partners, L.P.	1,494
5. Sabine Pass Liquefaction, LLC	1,349
6. Ultra Resources, Inc.	1,193
7. EP Energy LLC	1,000
8. Halcón Resources Corporation	850
9. Cimarex Energy Co.	748
10. Enable Midstream Partners, LP	697
11. NuStar Logistics, L.P.	550
12. Nabors Industries, Inc.	500
13. Summit Midstream Holdings, LLC	500
14. NGL Energy Partners LP	500
15. Crestwood Midstream Partners LP	500

2. Includes announced transactions between 01/01/17 and 05/26/17.

Source: Multiple sources including S&P Capital IQ and company press releases.

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Current Market Notes

- ▶ Bankruptcy flood near an end
 - ~120 upstream; ~120 OFS
 - Offshore GOM still challenged
 - Restructured companies better positioned to buy or merge
- ▶ IPO market active
 - OFS, Upstream, Midstream
 - OFS - completion names & Permian focus leading the way; water on deck
- ▶ U.S. Rig count has increased 19 consecutive weeks
 - Permian and Eagle Ford up 164% and 177%, respectively, since May 2016
- ▶ Forecasted US oil production increase
 - EIA forecasts US average crude oil production of ~9.3 mm b/d in 2017 and ~10.0 mm b/d in 2018
 - Possible increased midstream capex
- ▶ Multiple key factors for active M&A market
 - ▶ Good news: Access to capital (public and private), Motivated buyers, Willing sellers
 - ▶ Uncertainty: Industry fundamentals/commodity prices, Quality targets, Access to debt
- ▶ Commodity price / industry fundamentals leading driver for M&A and capital transactions

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