

NEWS RELEASE

Aberdeen, Scotland, 5th March 2008

Market fundamentals driving oilfield services investment boom

Today, Douglas-Westwood Limited, the energy business consultants, announced it has provided advisory services to \$10 billion of energy related transactions during 2007. Andrew Reid, director of Transaction Services, commented, “2007 has proven to be highly active as far as energy related M&A activity is concerned. Although our work is predominately global, the UK market is still highly influential in the raising of private equity and debt and we expect to see this continue at least for the first half of 2008”.

The \$10 billion portfolio of deals (based on enterprise value) has spanned private equity, banking groups and public markets. “During the year we advised on the IPO of Eurasia Drilling Company and Integra – both Russian oil industry businesses. The listing of the subsea business, Wellstream, was also a key deal for us on the public markets,” commented Reid.

“The Middle East has also begun to see increased levels of activity, as indigenous oil service companies in the region seek additional capital to expand their operations and capabilities. Middle East players such as NPS will continue to increase their influence in the global oil services market. We have already witnessed the acquisition of UK based Target Energy by such regional investors and we expect this trend to continue.”

Although the public markets have been strong in 2007 there is some weakness creeping in. “A number of potential IPOs have been delayed recently, given negative trading across exchanges as a whole – however this will not be sustained, as the market fundamentals are highly supportive of oil and gas related investment.” The expectation is that the public markets will witness additional oil & gas related activity later in the year.

While public markets stall, private equity continues to be active. “There have been a significant number of oil service businesses within Europe having been purchased by private equity firms over the past year. We still believe there is an over-supply of private equity capital in the market and as other industry sectors lose direction we expect to see additional emphasis being placed on energy related investments.

“However, a step-change for 2008 will be corporate acquisition. US listed businesses still dominate the global oil services arena, although the home market is due to slow and analyst pressure to increase their ‘international’ exposure will intensify. The opportunity for these companies to grow ingeniously is there of course, but we expect this strategic aim to be developed through use of M&A.”

John Westwood, Managing Director of Douglas-Westwood, commented, “We are adding to our service lines to accommodate this expected change in the market, by establishing a separate Advisory practice to progress strategic consulting for corporate customers. We have increased our team numbers over the past quarter and we are appointing a director to head the service line in the UK and international markets. We expect corporate activity to remain buoyant during 2008, although we have recognised and instigated a proactive strategy to align our business with new market participants and shifting geographic focus.”

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Information for Editors:

Douglas-Westwood Limited is renowned for its business advisory work in the energy industries, having served investment banks, energy industry players and contractors the world over. With over 500 assignments completed since formation in 1990 it has a client in 37 countries.

Contact:

Andrew Reid, Director
Douglas-Westwood Limited
47 Albert Street
Aberdeen
AB25 1XT
UK

Main: +44 (0)1224 264970
Fax: +44 (0)1227 637009
Email: andrew.reid@dw-1.com