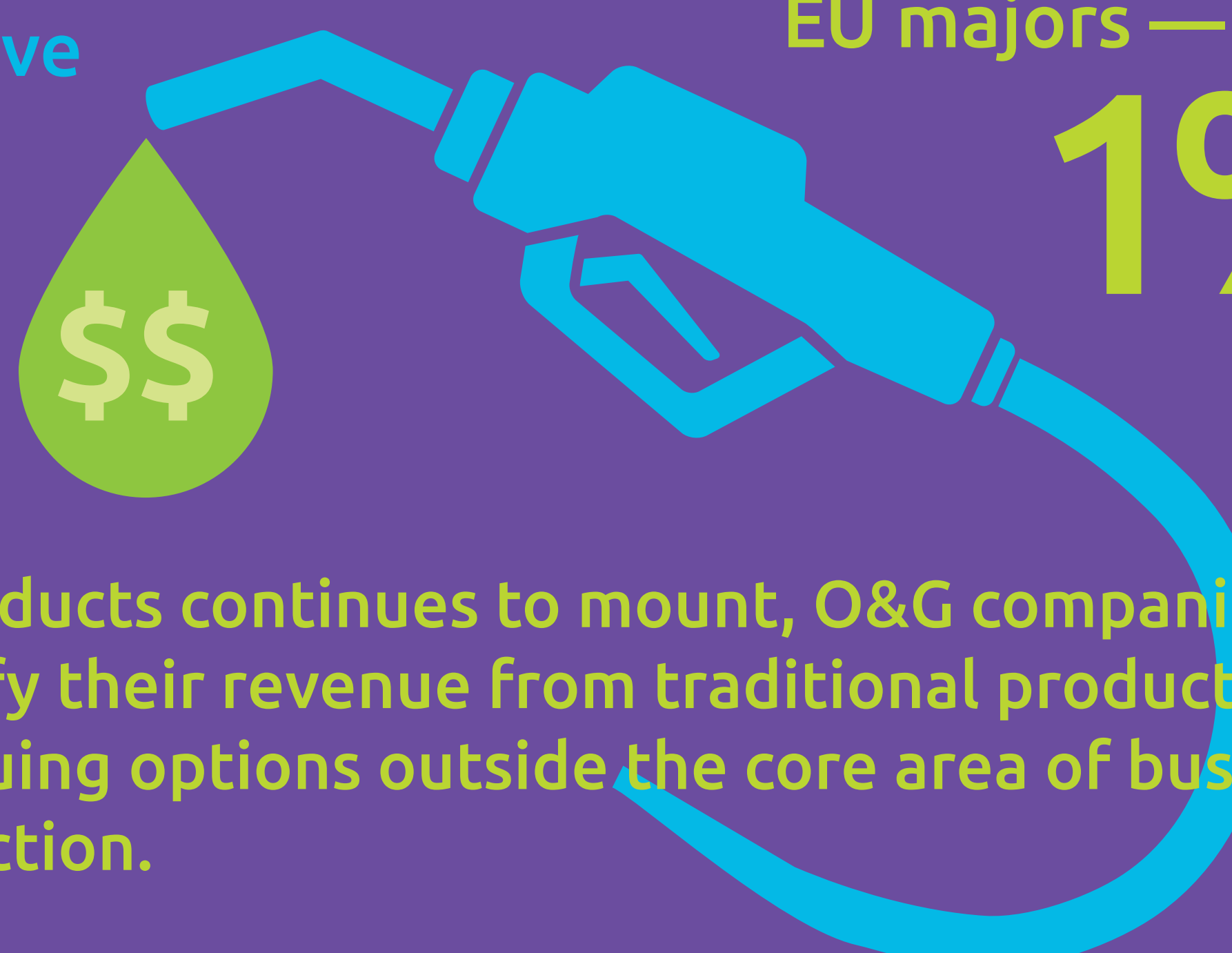


22nd Edition World Energy Markets Observatory: Oil & Gas

Unprecedented levels of disruption and volatility within the O&G industry have significantly impacted organizations' profitability and put pressure on their license to operate.

At present, the majority of organizations — with the exception of EU majors — invest less than **1%** outside the core business.

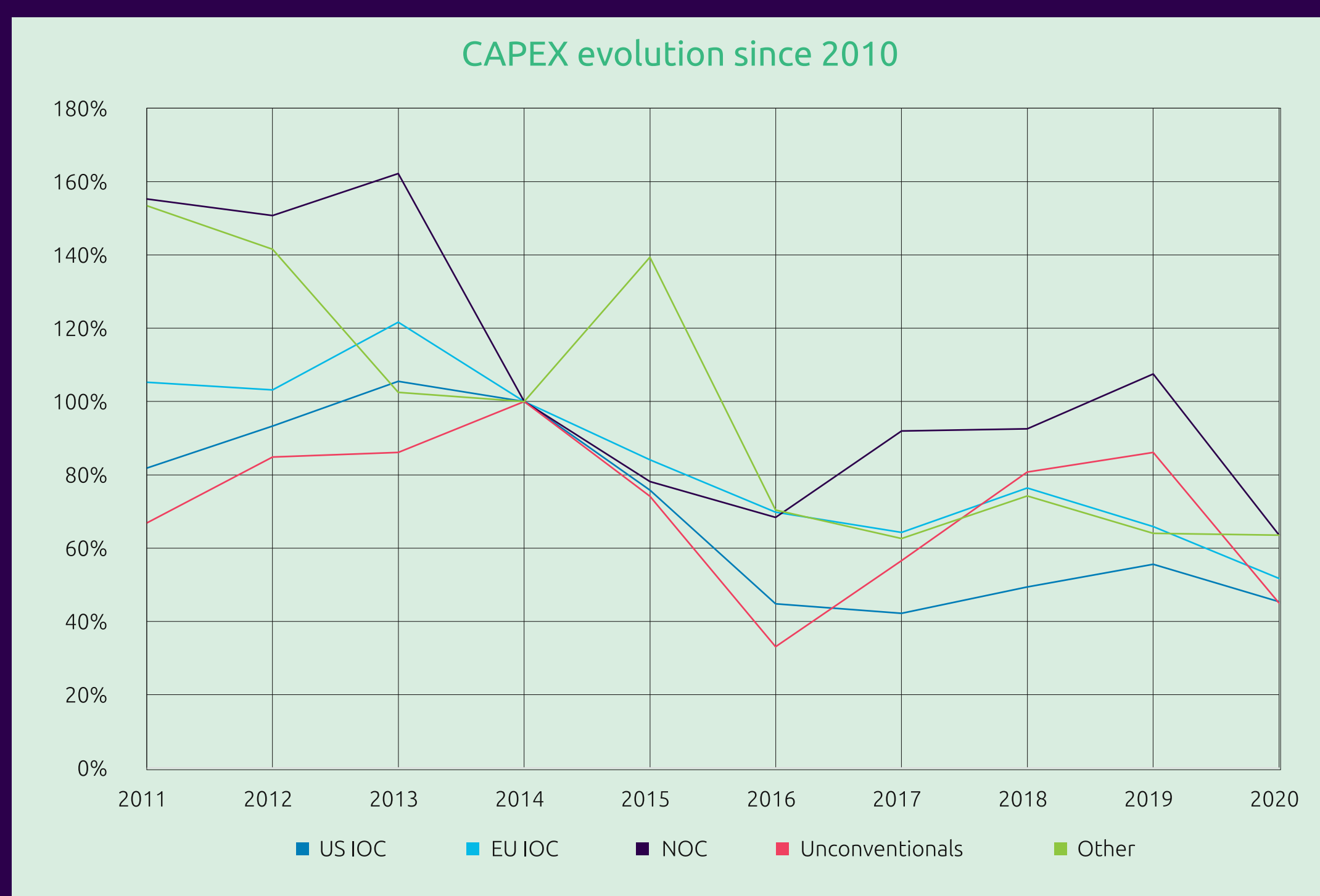


As carbon pressure on core products continues to mount, O&G companies will need to develop a long-term strategy to diversify their revenue from traditional production. For many organizations, this means pursuing options outside the core area of business of pure oil and gas exploration and production.

The Impact of COVID-19

The crude price war during March and April, as well as the COVID lockdown, caused a crisis in oil and gas markets.

Oil & Gas operators are drastically reducing their CAPEX & OPEX due to disruption from COVID-19 and oil price volatility.



100mb/d: Oil consumption in early 2020
75-80 mb/d: Oil consumption during the COVID-19 lockdown period

\$64/b: WTI oil prices in early 2020

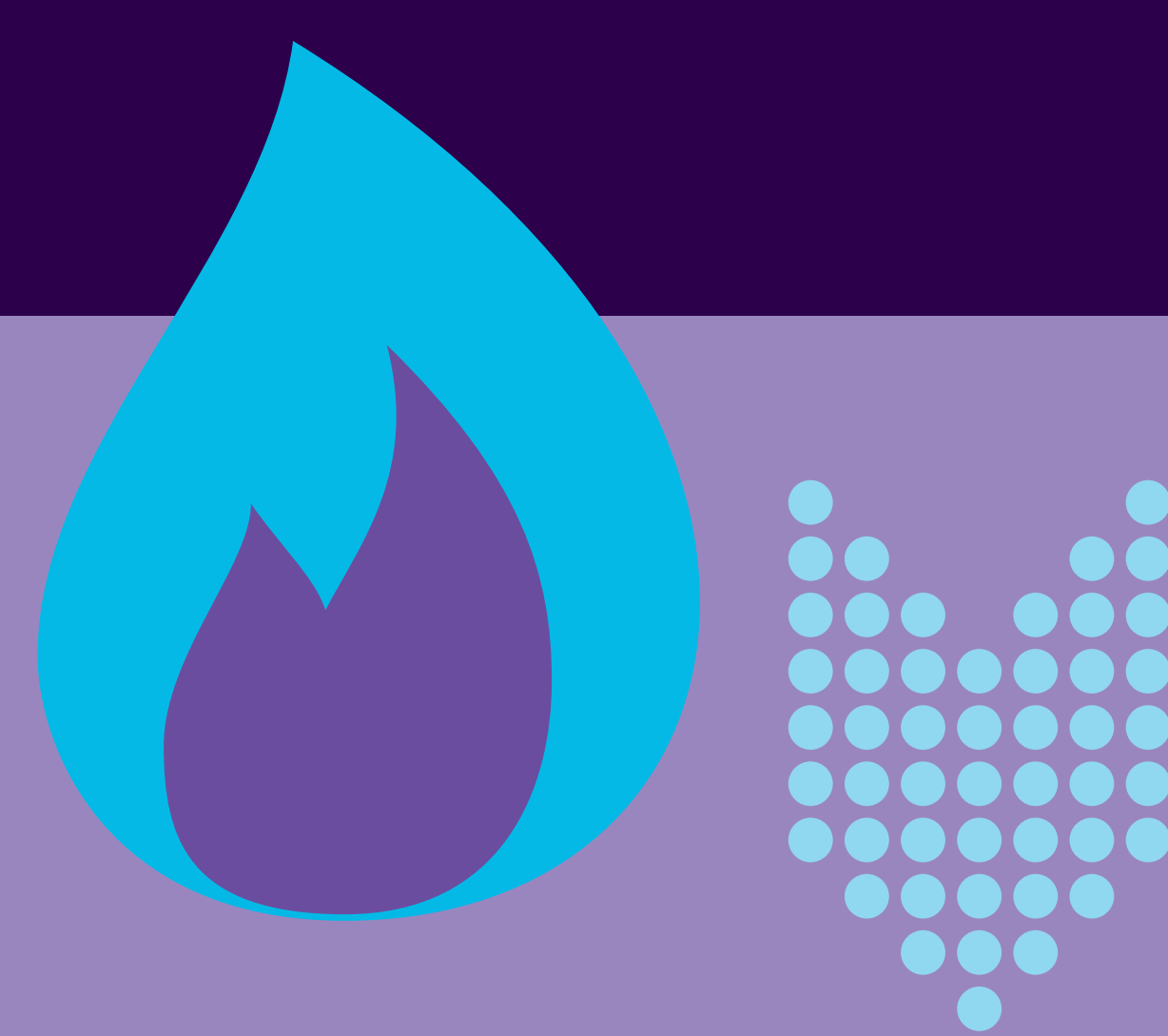
\$-37.63/b in April 2020

2022: Full recovery of oil prices

Defending license to operate starts with companies improving their own emissions.

Priority areas:

- 1. Reduce methane leakage,** which is the largest source of scope 1 emissions
- 2. Increase geographical and asset variations** in scope 1 emissions
- 3. Decrease scope 2 emissions** from tanker transportation



U.S. became a net natural gas exporter, averaging 5.2 Bcf/d
 Spectacular LNG exports growth was enabled by 5 liquefaction terminals.

European gas production: -7.5%

European LNG imports: +86%



Some O&G companies aim to become carbon neutral by 2050.

Gas valorization is a major reduction lever, while gas itself can be a step on the transition roadmap towards green electricity generation.

European IOCs are beginning to commit to energy transition, but the rest of the industry is focusing on the core.

<1%: investments by O&G players outside the core business

European O&G majors invest far more. **50%** of non-core investments are dedicated to renewables.



Case studies in transformation

BP, Total & Repsol: announced a net zero ambition by 2050

Shell could become the **#1 western utility by 2035**

ØRSTED (formerly DONG) has reestablished itself as an offshore wind leader and more than doubled its market cap to **\$68B** between 2017 and October 2020.



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About WEMO

The World Energy Markets Observatory (WEMO) is Capgemini's annual thought leadership and research report that tracks the development and transformation of electricity and gas markets in Europe, North America, Australia, Southeast Asia, India and China. Now in its 22nd edition, WEMO examines the following topics: climate change & regulatory policies; infrastructure & adequacy analysis; supply & final customer; transformation; financials; and, for the first time, the oil & gas industry. This edition also includes data and analysis for the first half of 2020 due to the extraordinary events related to COVID-19.