



Super-Spiked

*a messy energy
transition era arrives*

Q&A ON BIG QUESTIONS FOR 2023!

Five Big Questions at The Start of 2023

● If oil price falls in 2023, is structural ROCE upcycle over?

● Diversified or pure-play E&P business model when dividends preferred over growth?

● How do you add duration and diversity without upsetting investors?

● What does \$TSLA's valuation correction mean for EV growth projections?

● Does the ongoing retreat of Euro financials from traditional energy matter?

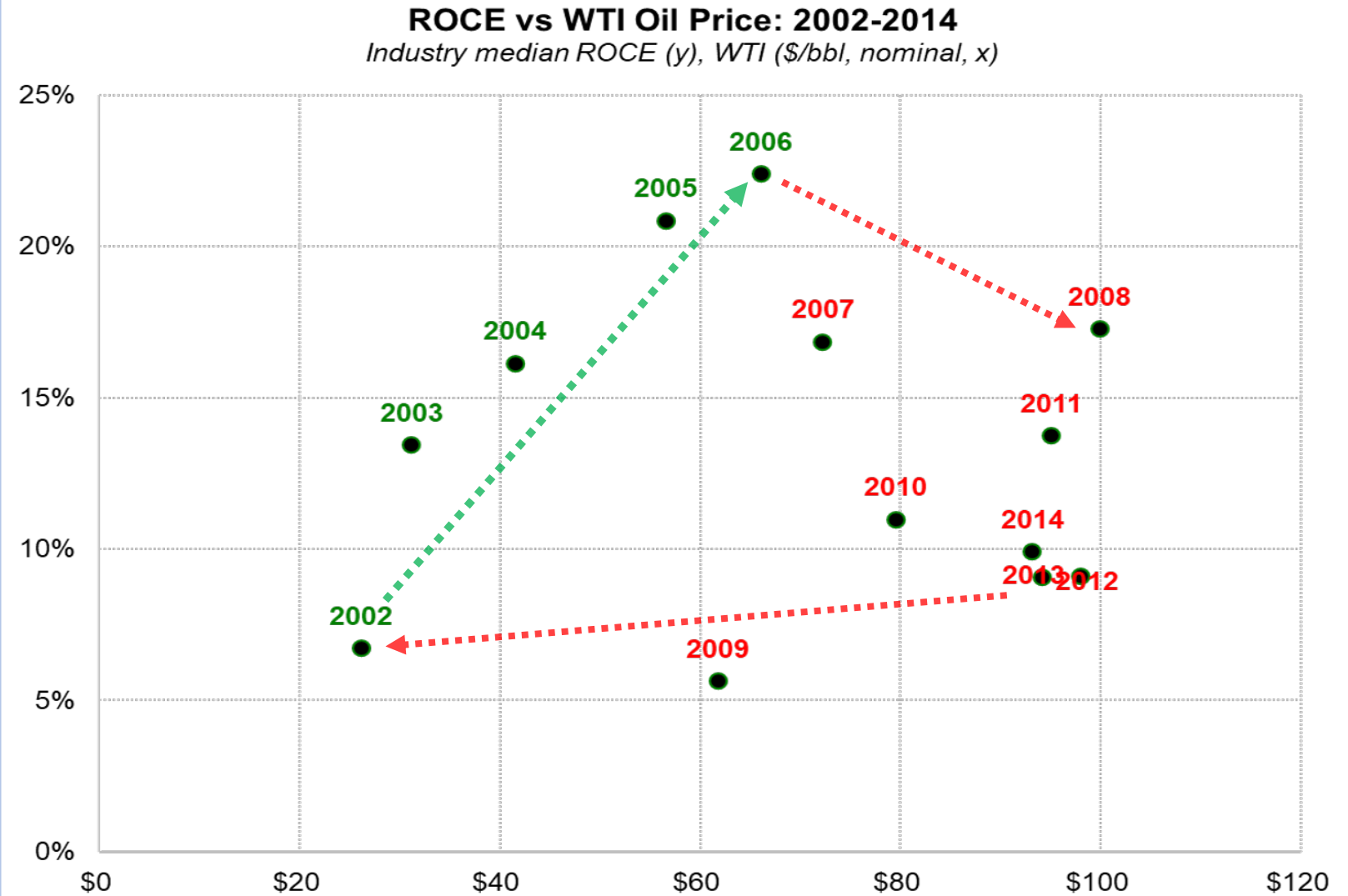


ROCE vs Oil Price: Super-Spike Lessons

(1) 2002-2006: Oil price and ROCE both up sharply

(2) 2008 vs 2006:
Oil +\$35, ROCE -5%

(3) 2012 vs 2002:
Oil up 4X, ROCE flat!!!

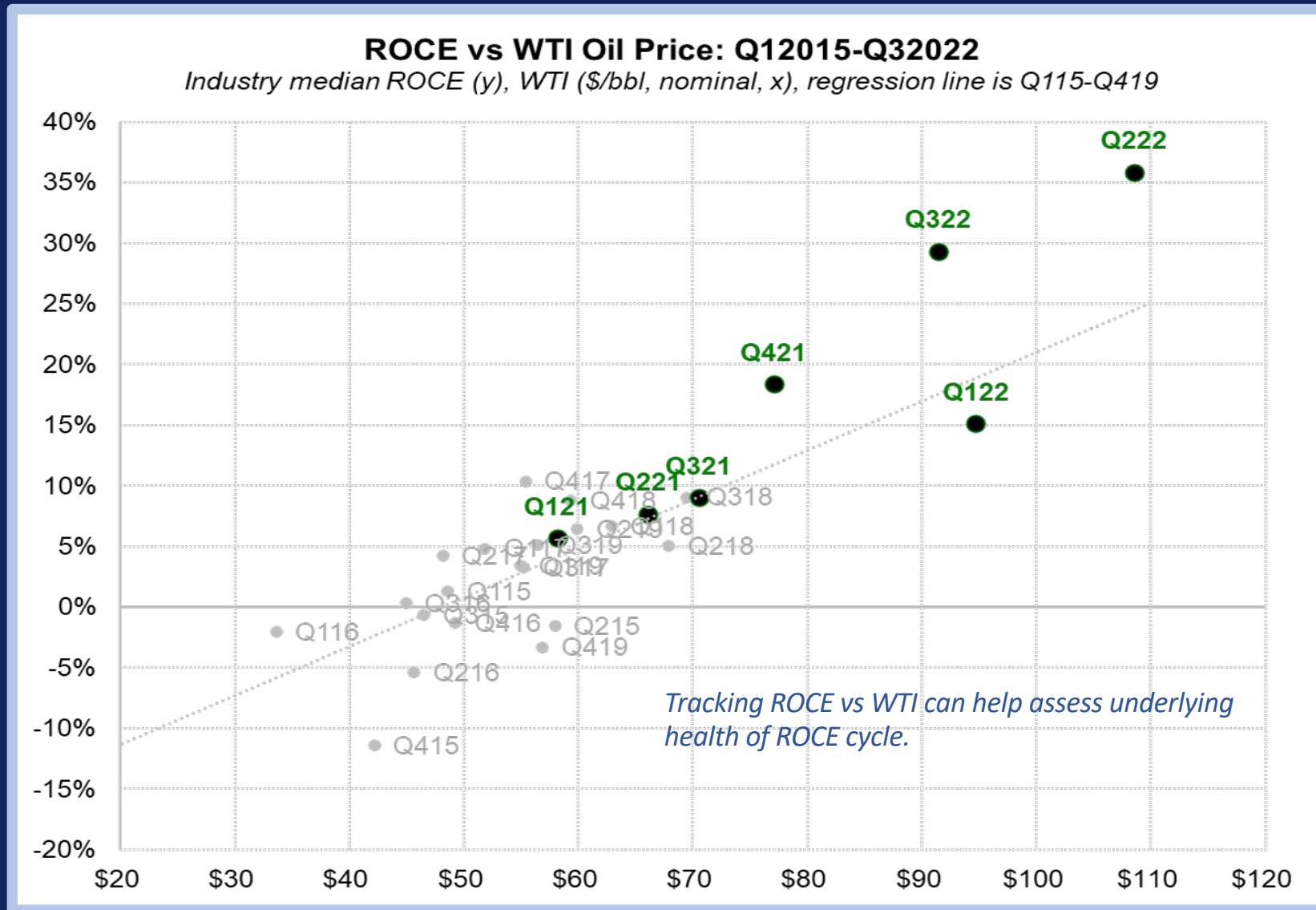


Source: Bloomberg, S&P CapitalIQ, Super-Spiked.

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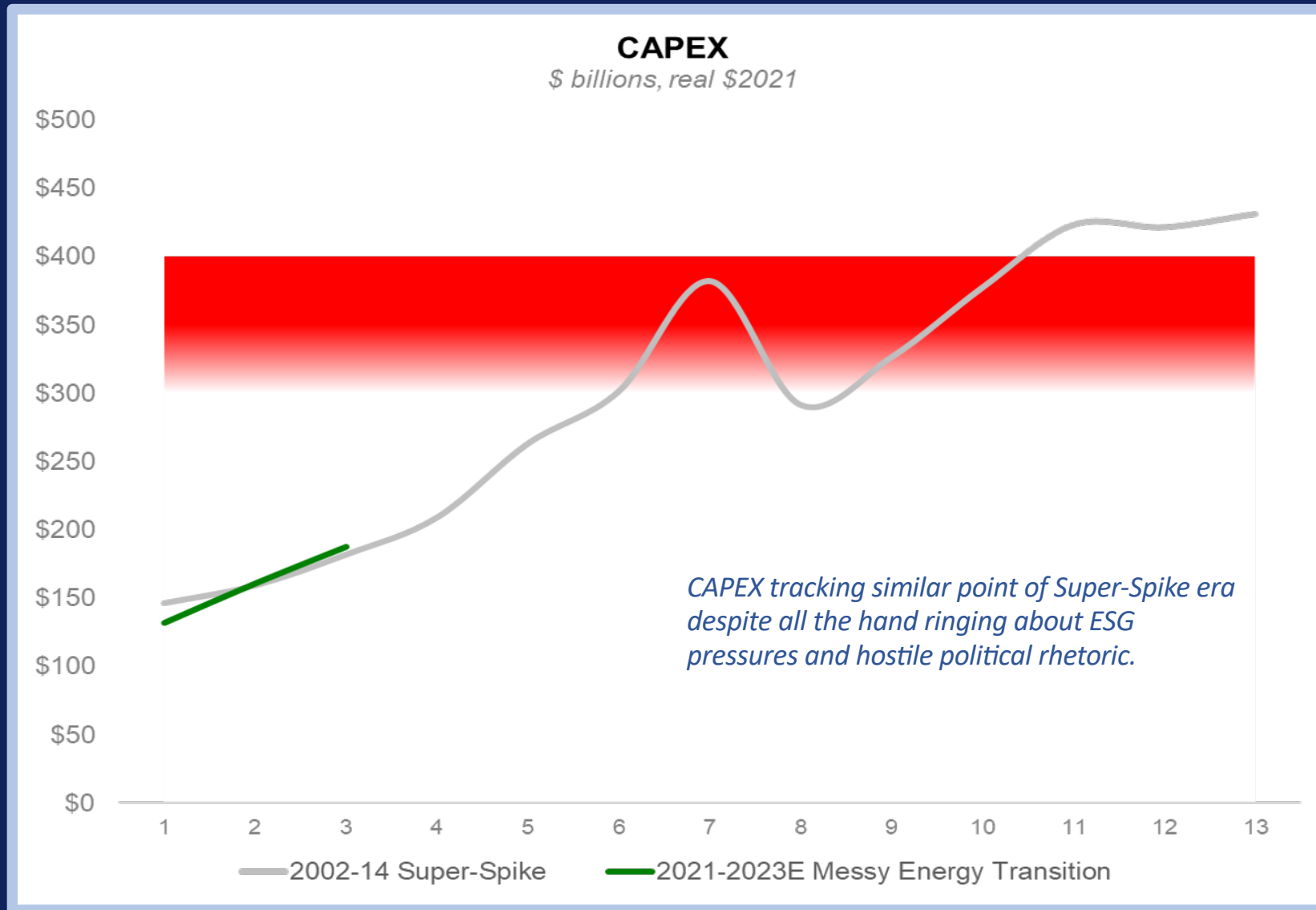
ROCE Above Regression Line Now



Source: Bloomberg, S&P CapitalIQ, Super-Spiked.



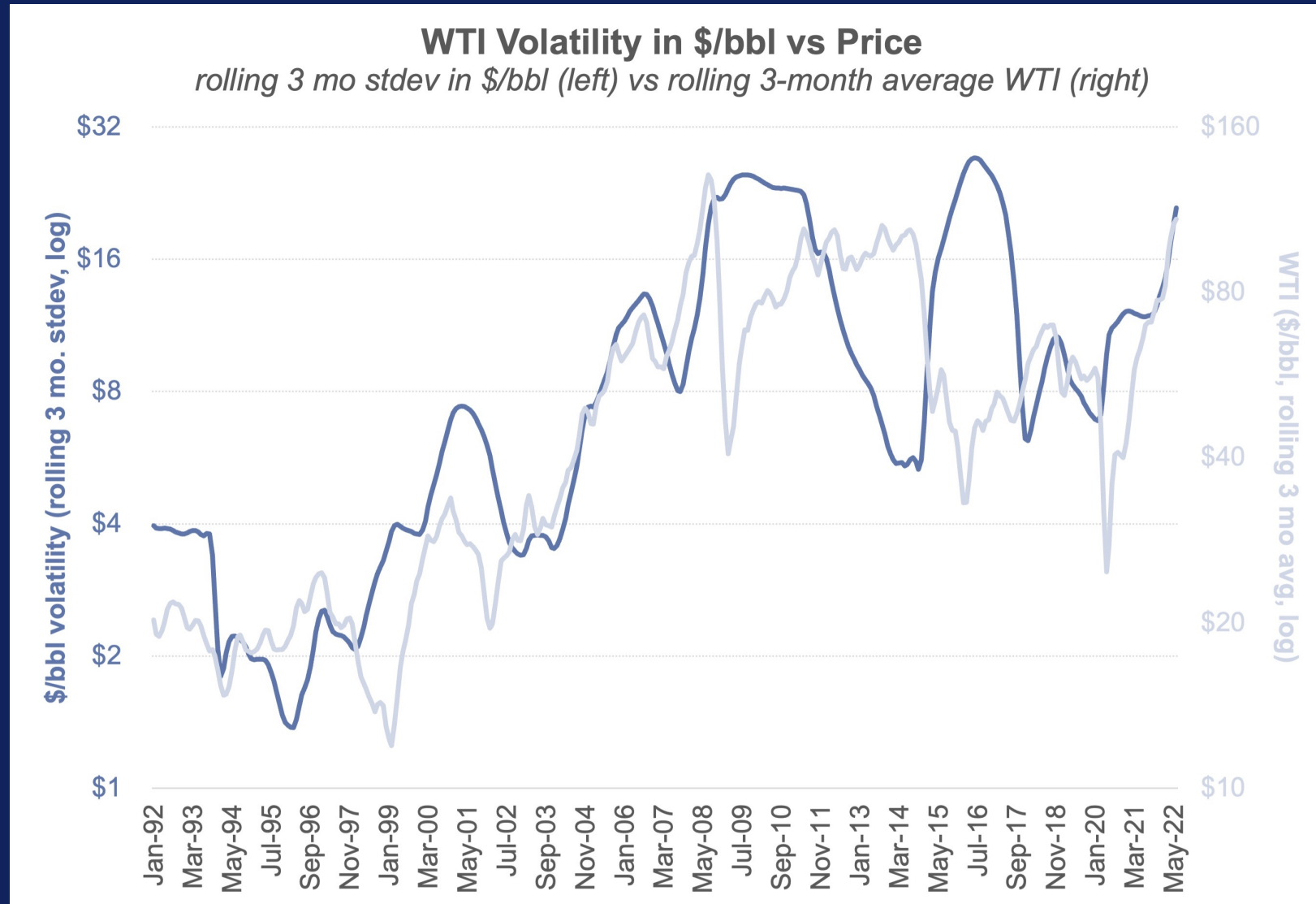
CAPEX Tracking Super-Spike Era...



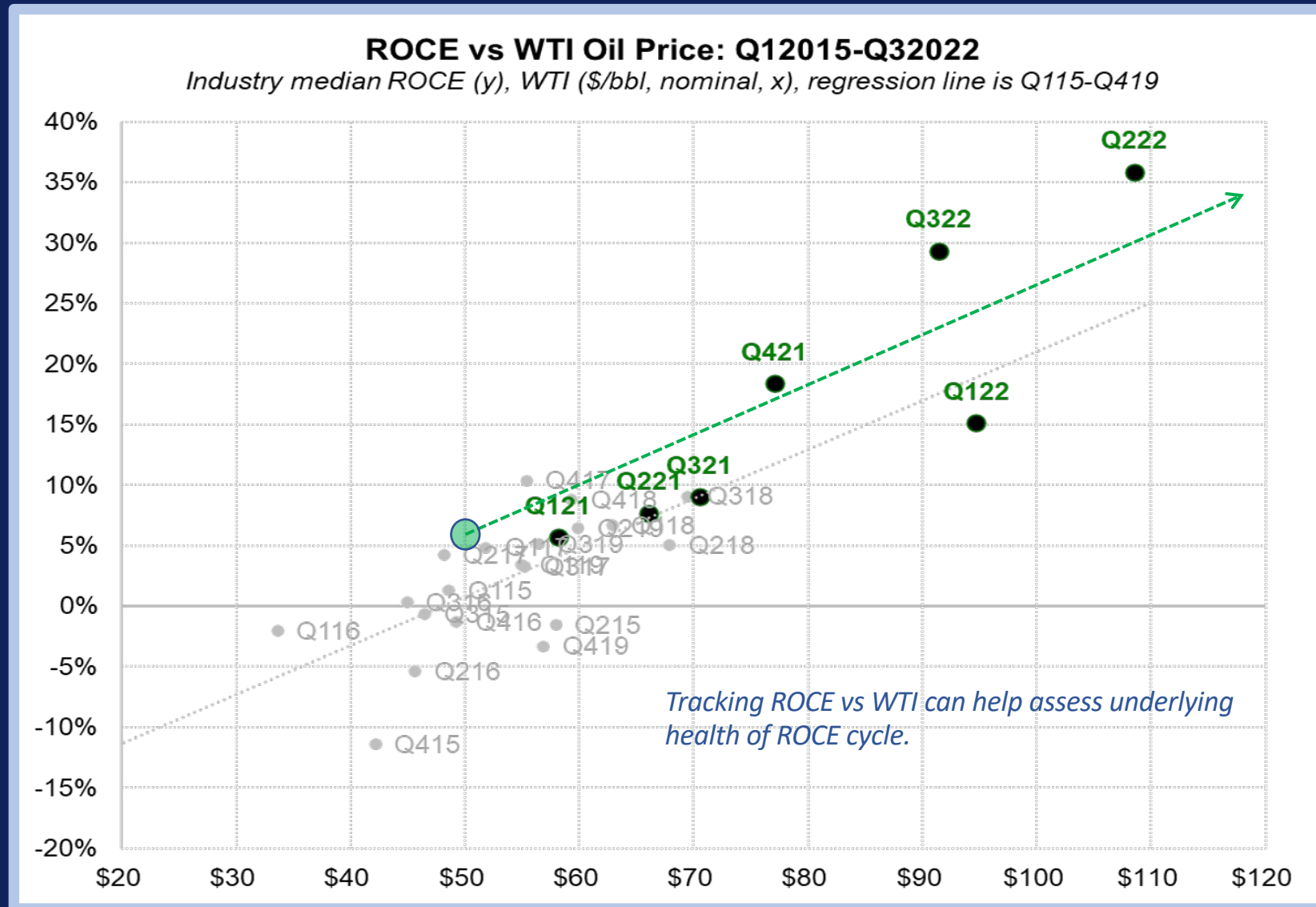
Source: S&P CapitalIQ, Super-Spiked.



A 1 STDEV Move in WTI is ~\$20/bbl/Q



An Upward Shift in ROCE Counters Vol



Source: Bloomberg, S&P CapitalIQ, Super-Spiked.



⚡ On A Personal Note...

The Return of the Jeff and Arjun Show
SOUTH BEACH!!!



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