

Assessment of Israeli E&P supplier opportunities

Key segments of the E&P supply chain: a critical analysis (1/3)

Segments	Rationale	Recommendation
Seismic services (Acquisition)	<ul style="list-style-type: none"> Acquisition is fractured, diversified market Israeli companies lack extensive experience Great competition on price Given Israel's offshore activity, not much possibility to obtain more experience 	
Seismic services (Interpretation & Imaging)	<ul style="list-style-type: none"> Israel offers cutting edge technology in this space, and Israeli industry has already made considerable commercial headway Competition from in-house processing among E&P companies, but these companies tend not to offer the latest technologies 	
Geotechnical and Geophysical (G&G) Services	<ul style="list-style-type: none"> There are the numerous critical challenges that Israeli companies will face in competing for opportunities will be difficult to surmount (e.g., high CAPEX esp. in offshore G&G, which is more capital intensive than onshore) The local and global markets are limited in size, as is the ecosystem of trained individuals 	
Environmental Services	<ul style="list-style-type: none"> Few organic opportunities for Israeli companies to provide world-class services in Israel or be introduced into the global E&P supply Technology is interesting, but otherwise not many opportunities for Israel 	
Engineering Services	<ul style="list-style-type: none"> Few opportunities for Israeli companies to gain experience in country After Leviathan, other projects will be smaller in scale and will only take place in the future TK 	
Construction Labour	<ul style="list-style-type: none"> Increased automation as the industry tried to move to a "manufacturing process" will lead to reduced demand Onshore and offshore engineering is a highly fragmented business, involved in numerous sub-segments, from upstream gas hubs to pipelines 	

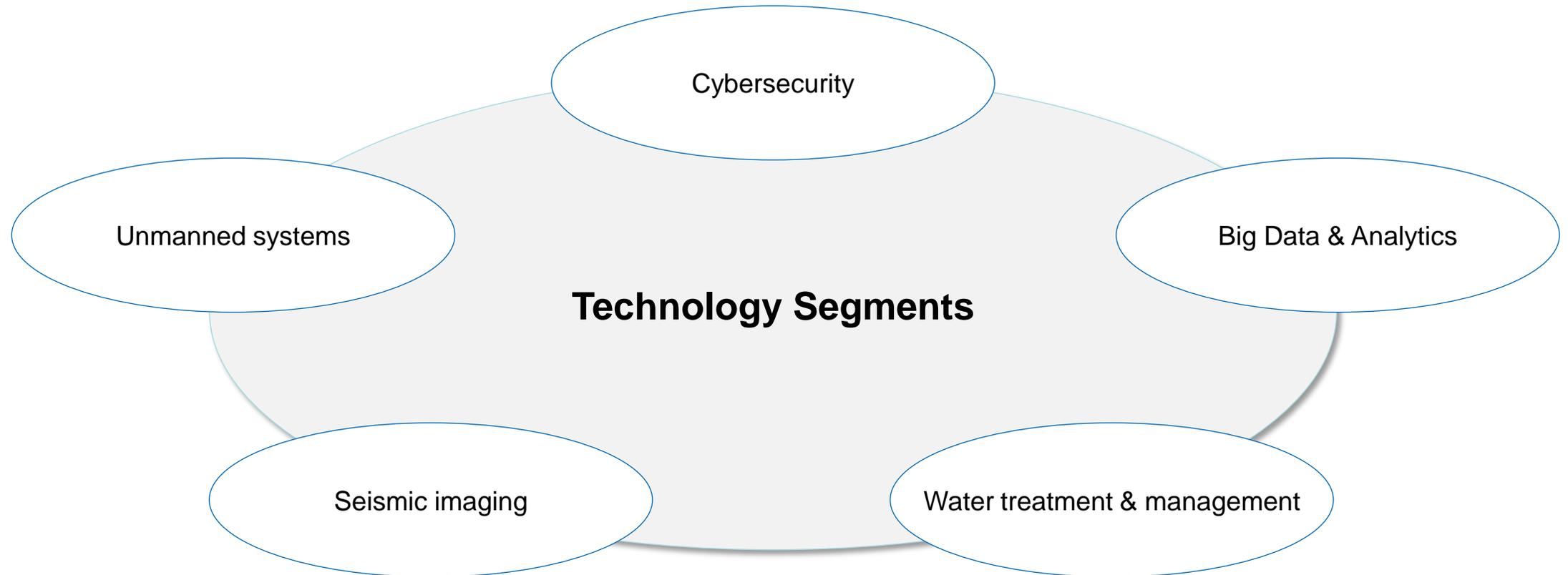
Key segments of the E&P supply chain: a critical analysis (2/3)

Segments	Rationale	Recommendation
Equipment and Materials	<ul style="list-style-type: none"> • A very fragmented market which contains many different sub-segments ranging from offshore floating platforms to onshore gas export pipelines • CAPEX intensive segment which depends heavily on the track record and reputation 	
Water Management	<ul style="list-style-type: none"> • Uniqueness of the products and services (often a sole provider globally) • World-class expertise in water management 	
Safety	<ul style="list-style-type: none"> • Remote operations and unmanned could reduce spending on each facility because fewer “people” safety measures would be required, although the timescale for uptake of demanning is uncertain • Limited possibilities for gaining experience locally; distance from markets 	
Monitoring and Control	<ul style="list-style-type: none"> • The trend of demanning production facilities could lead to a greater need for advanced monitoring and control systems • Some reputable advances in the technology • Still limited market in Israel, lack of experience globally 	
Predictive Maintenance	<ul style="list-style-type: none"> • New offshore plays such as East Mediterranean or East Africa represent opportunities for suppliers to target those sub-regions in the 2020s • Closely related to Big Data & Analytics 	
Big Data & Analytics	<ul style="list-style-type: none"> • Skills and expertise • Uniqueness of the products and services (often a sole provider globally) 	

Key segments of the E&P supply chain: a critical analysis (3/3)

Segments	Rationale	Recommendation
Operations	<ul style="list-style-type: none"> Limited possibilities for gaining experience locally Limited experience in O&G industry Operational efficiencies driven by technology presents opportunities 	
Logistics	<ul style="list-style-type: none"> Limited possibilities for gaining experience locally Limited experience in O&G industry Logistical efficiencies driven by technology presents opportunities 	
Physical Security	<ul style="list-style-type: none"> Development of 24/7 security systems which give the ability to respond quickly to security threats World-class expertise and reputation Limited experience in the O&G industry; the segment is dominated by US and UK companies 	
Cyber security	<ul style="list-style-type: none"> Skills and expertise in cybersecurity (mostly defense) Uniqueness of the products and services (often a sole provider globally) Increasing digitalization and growing awareness for industrial cybersecurity 	
Unmanned systems	<ul style="list-style-type: none"> The trend of de-manning production facilities could lead to a greater need for advanced monitoring and control systems Experience and track record of Aerospace and Defense industry 	

Five segments within the E&P supply chain have been selected based on alignment with Israeli technological competence





Israel

Where Breakthroughs
Happen



Thank You