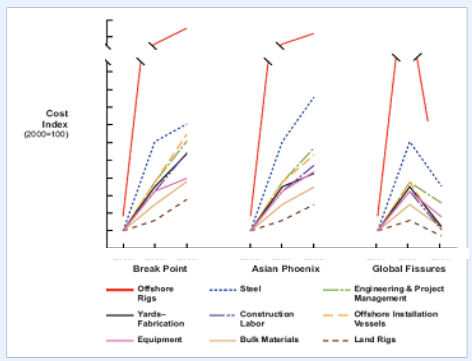


Strategic Due Diligence: Performing Due Diligence and Valuation Analysis for an Investment Bank



Expected Oil Prices Have Distorted Industry Related Markets



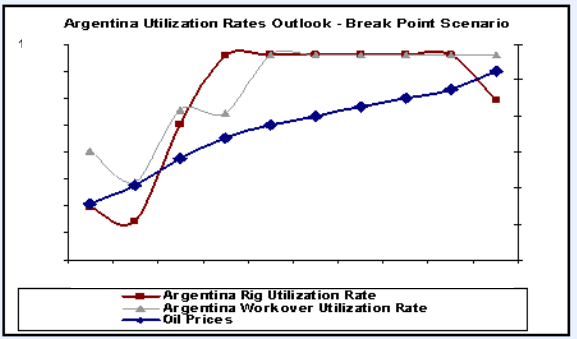
Challenge

An investment bank evaluating an acquisition target in the oil service industry wanted a forecast for well services activity in the region under different scenarios. It also wanted to understand the main drivers for oil service companies' profitability and activity levels.

Solution

IHS generated oil and gas production outlooks for each relevant country in the region including fields under production, development, appraisal and future exploration. We developed a detailed forecast for well drilling activities and rig requirements by type based on oil and gas production outlooks and used the outlook to estimate drilling rig day-rates for each scenario and to estimate well service companies' revenues and market share.

Argentina Utilization Rates Outlook – Break Point Scenario



Results

The IHS study provided the client with a clear understanding of the key activity and profitability drivers for the oil service industry and their changes across different scenarios. The client also received a scenario-specific market value assessment and revenue outlooks for the oil service industry in Latin America.