

**William Su**

BlackRock Fundamental Equities

09/01/2022

**BlackRock**

# **Energy Investment Perspectives**

***2022 AOGA Conference***

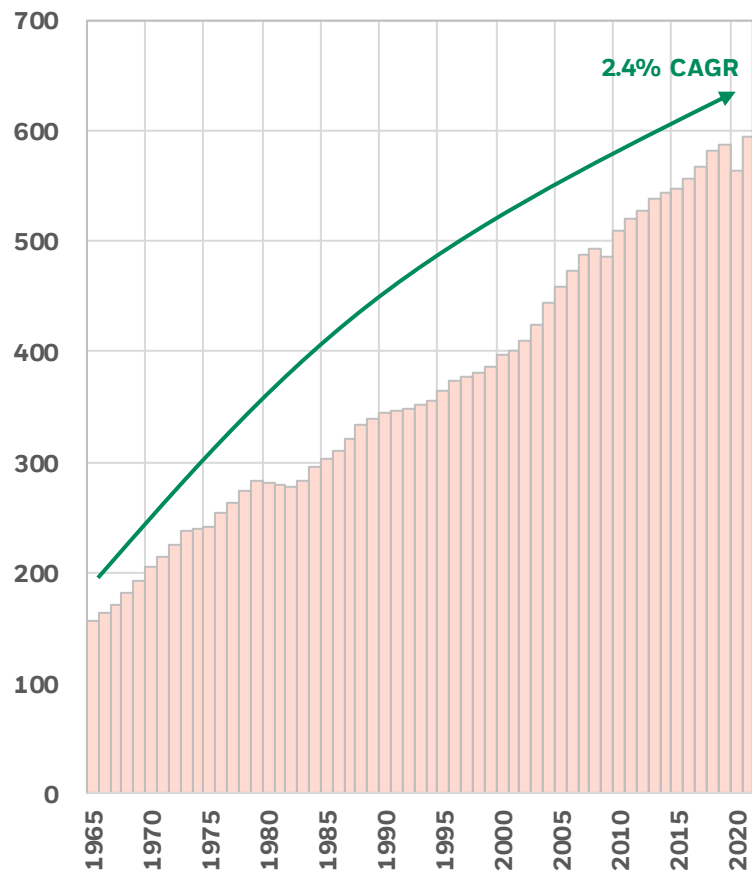
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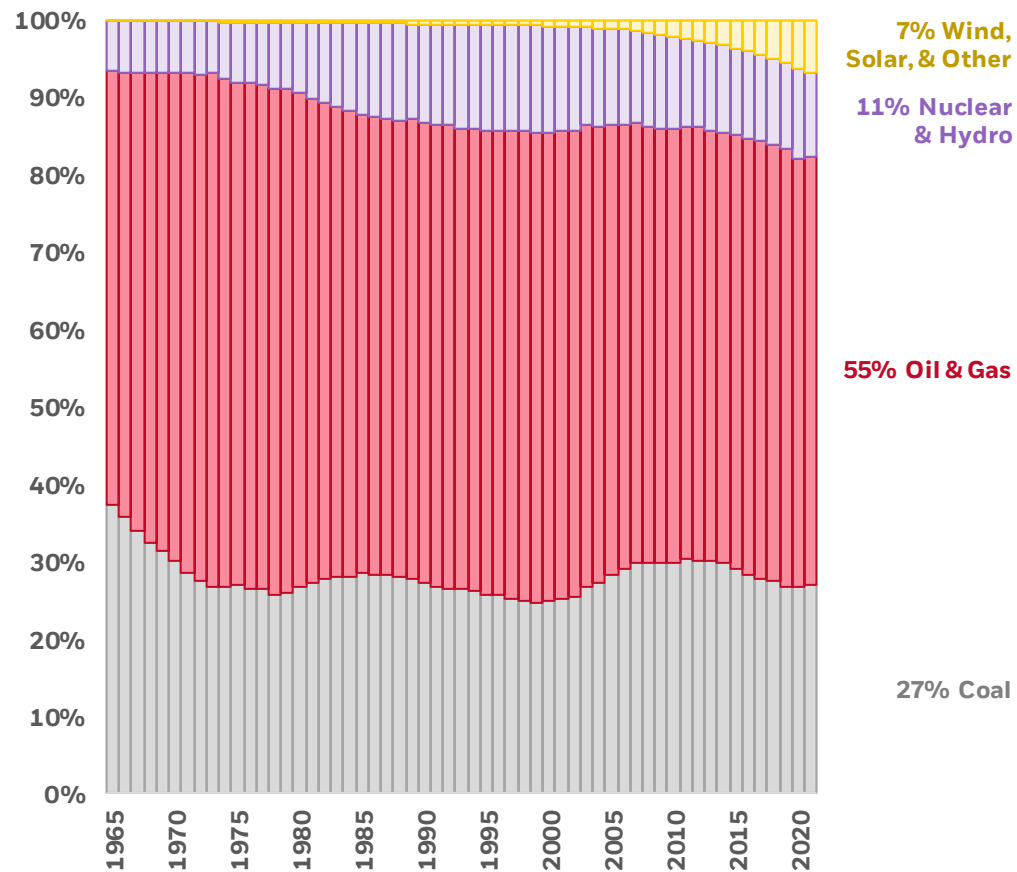
# Energy Macro – The Big Picture

# It's Not Just An Energy Transition – It's Also An Ongoing Energy Addition

Global Primary Energy Consumption (Exajoules)



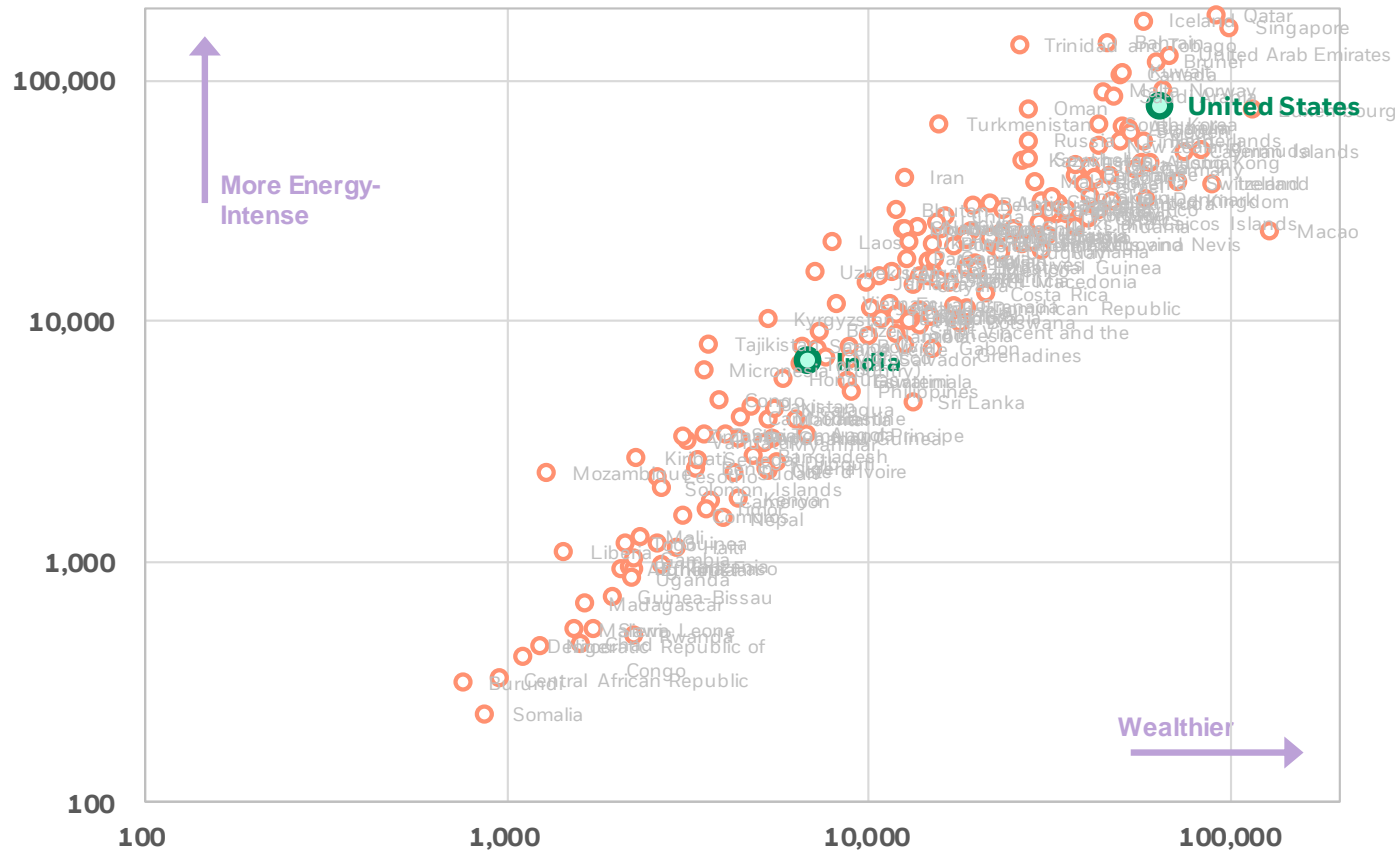
Global Primary Energy Mix %



Source: BP Statistical Review, BlackRock Fundamental Equities.

# A Just Transition Must Recognize And Balance Global Economic Disparities

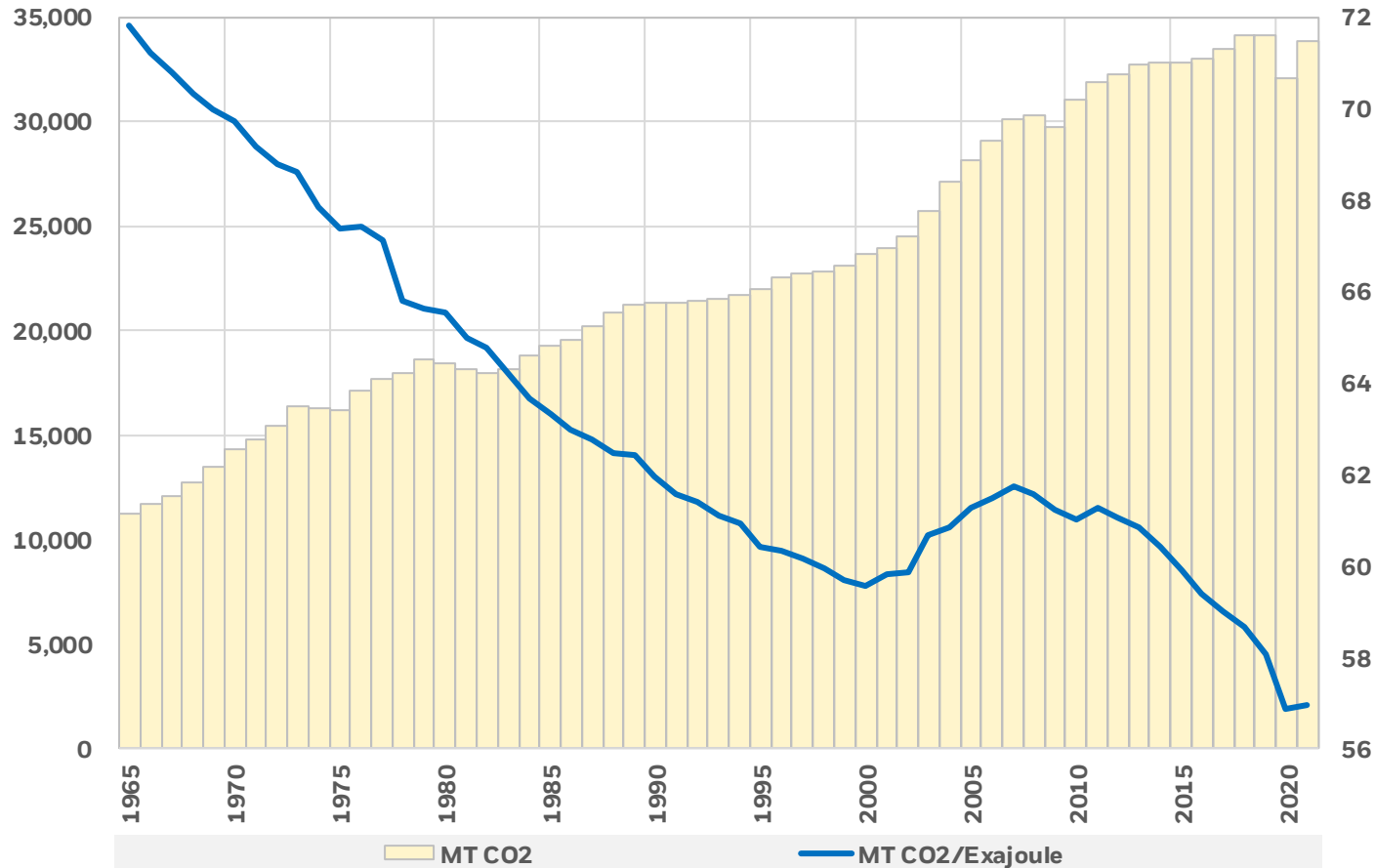
X-axis: GDP per Capita, (\$USD, log scale)  
 Y-axis: Energy Consumption per Capita, (kWh, log scale)



Source: IMF, World Bank, BlackRock Fundamental Equities.

# Unit Emissions Remain In Downtrend As Energy Technology Improves

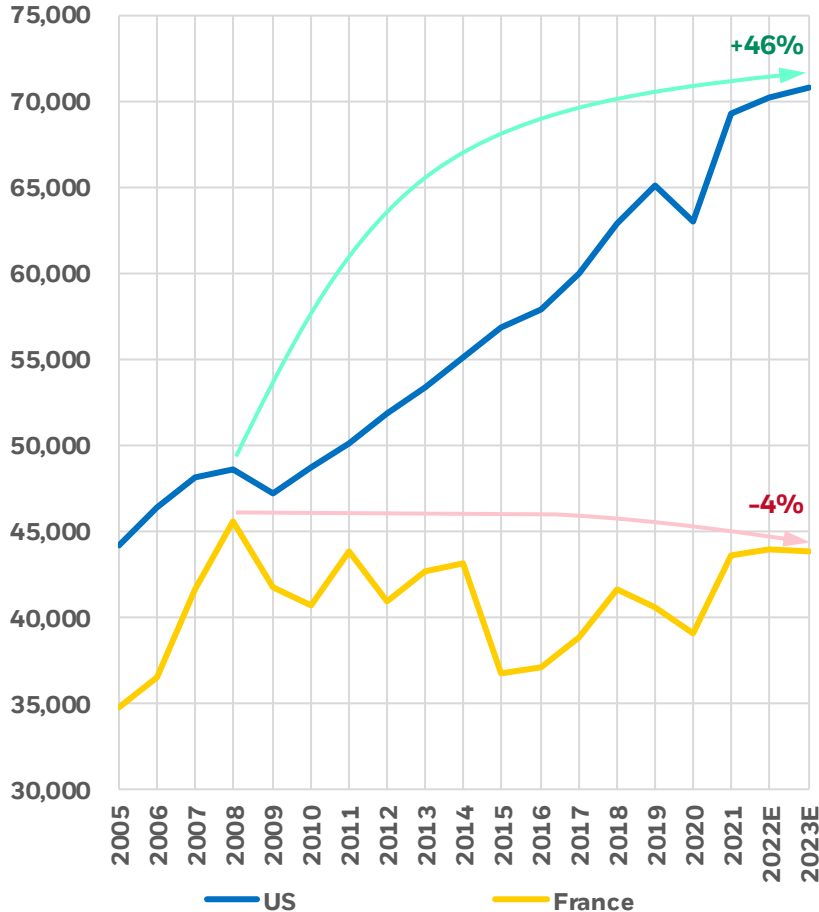
LHS: Global CO2 Emissions from Energy (million tonnes)  
RHS: CO2 Emissions per Unit of Energy Output (MT/Exajoule)



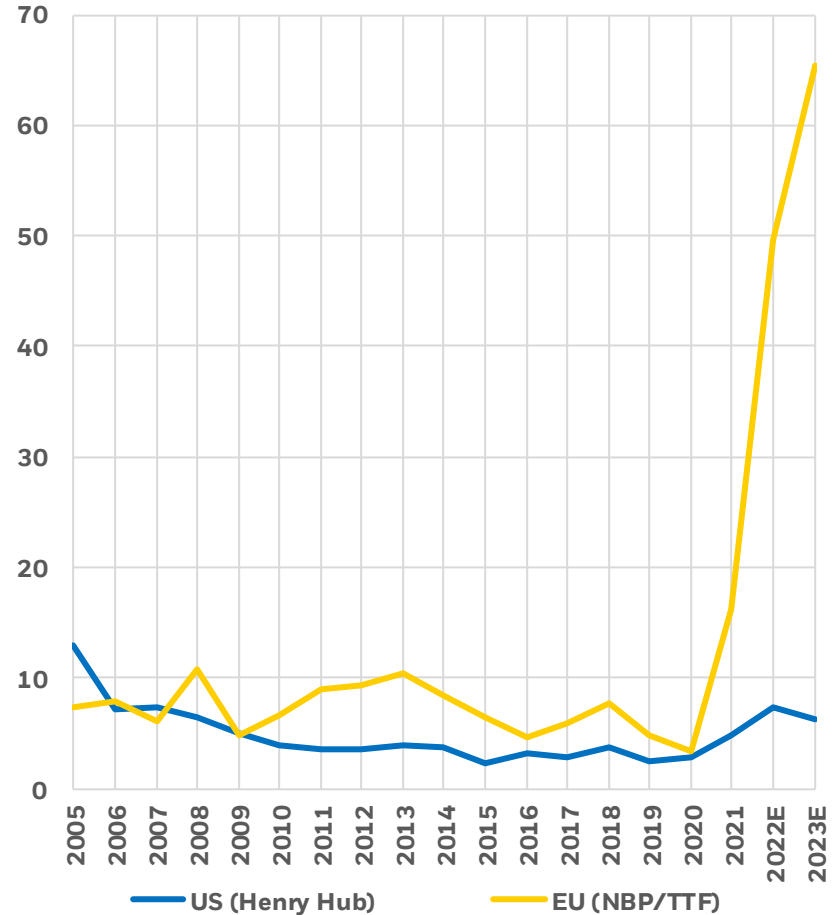
Source: BP Statistical Review, BlackRock Fundamental Equities.

# Energy Security Is Crucial To Economic Strength

GDP per capita (\$US)



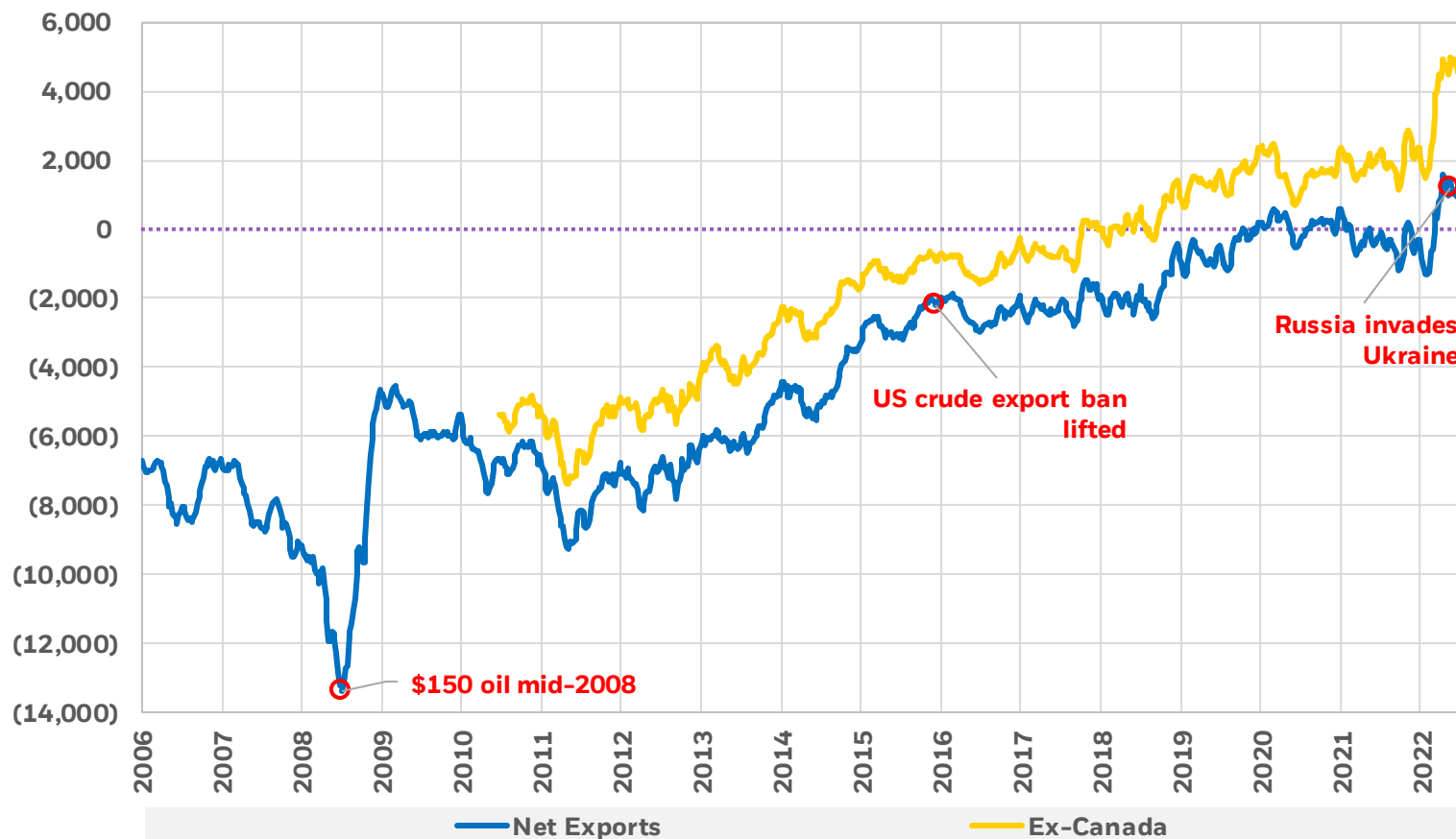
Regional natural gas price (\$US/MMBtu)



Source: World Bank, Bloomberg, BlackRock Fundamental Equities.

# US Moving Beyond Energy Independence Towards Energy Influence

Value (approx). of monthly US petroleum net exports (imports), \$USD millions



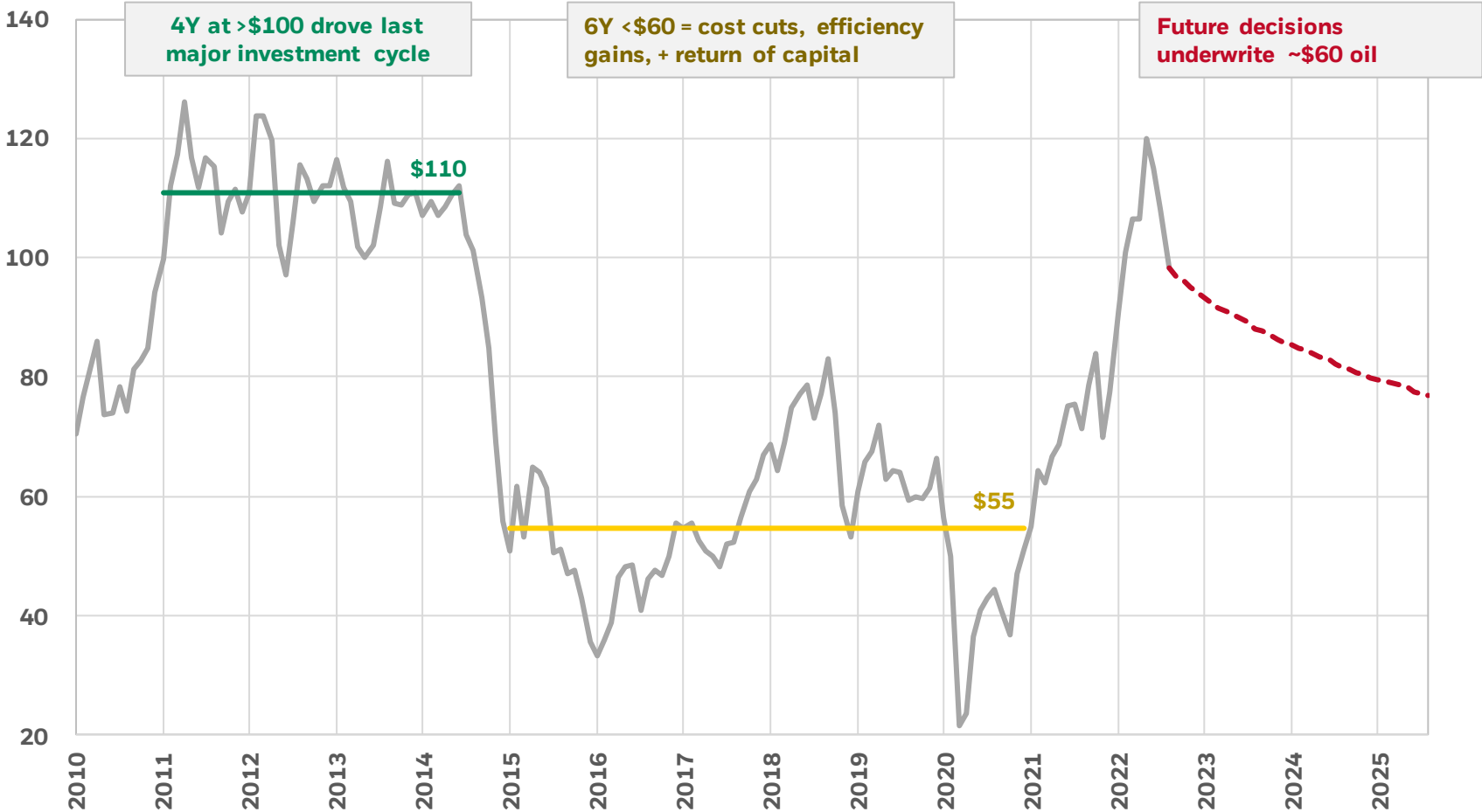
Source: EIA, Bloomberg, BlackRock Fundamental Equities.

# Energy Equities Investment Landscape



# Despite Spot Price Rally, Future O&G Investments Underwrite \$60 Long-Term Oil Amid Capital Discipline

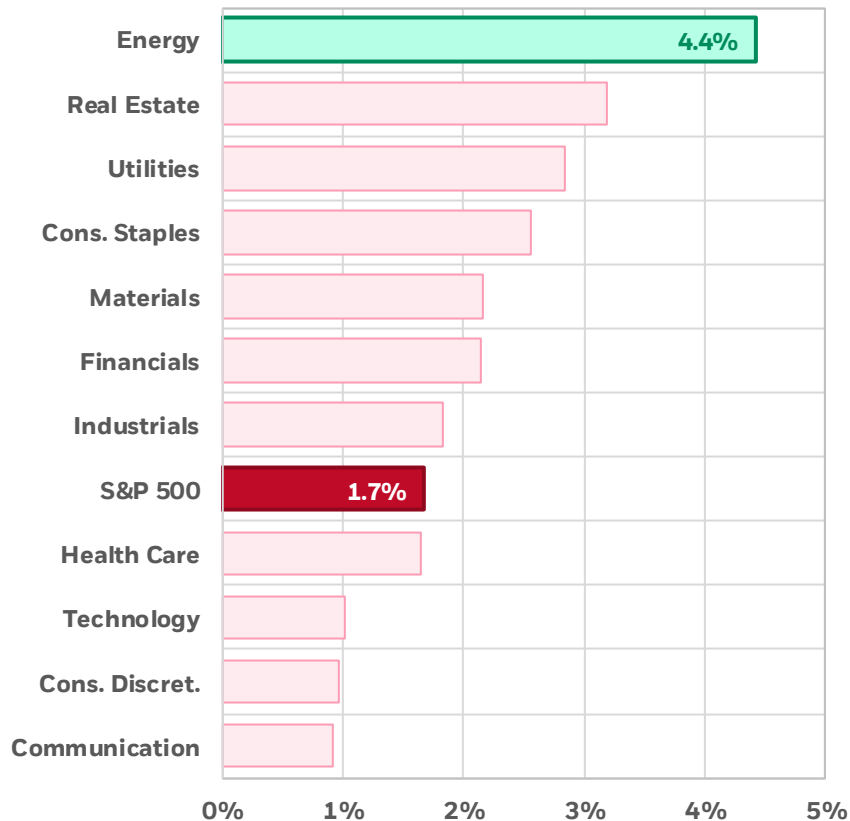
Brent Crude Oil (\$ per barrel)



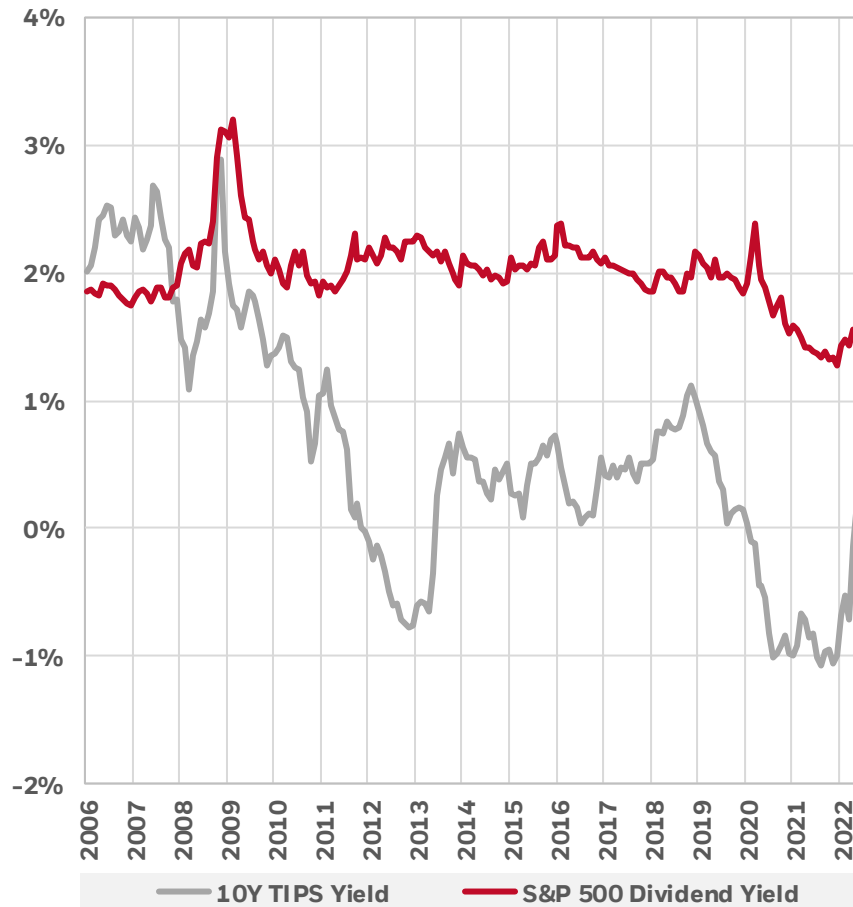
Source: Bloomberg, BlackRock Fundamental Equities.

# Energy Is Increasingly Attractive To Investors Seeking Yield Amid Inflation

S&P 500 Forward Dividend Yield by Sector



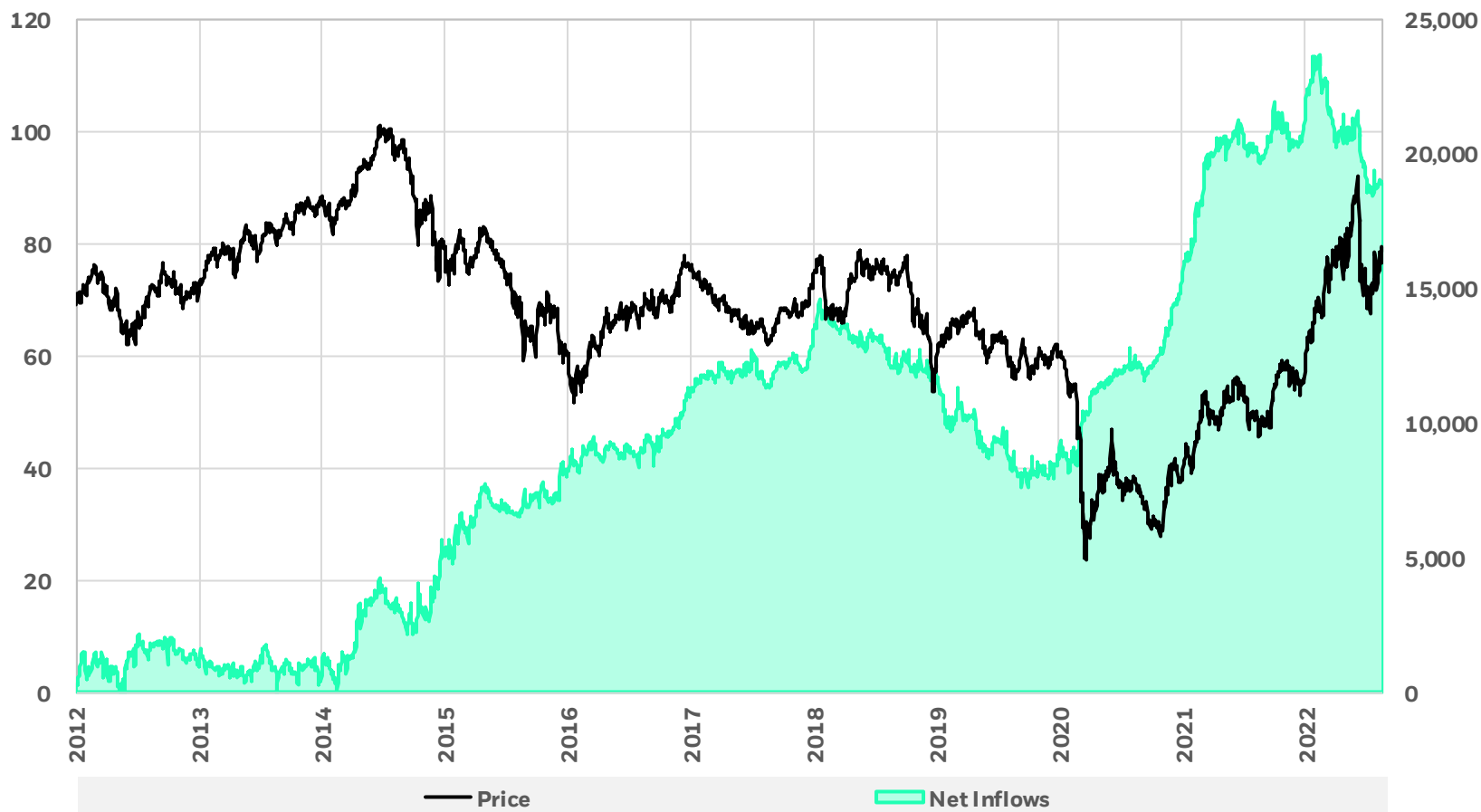
S&P 500 Dividend Yield vs. Inflation-Adjusted Real 10Y Treasury Yield



Source: Bloomberg, BlackRock Fundamental Equities.

# Contrary To Perception, Investors Have Been Buyers Of US Energy Equities

Energy Select Sector SPDR Fund (XLE)  
Price (LHS) vs. Cumulative Inflows (\$ millions)

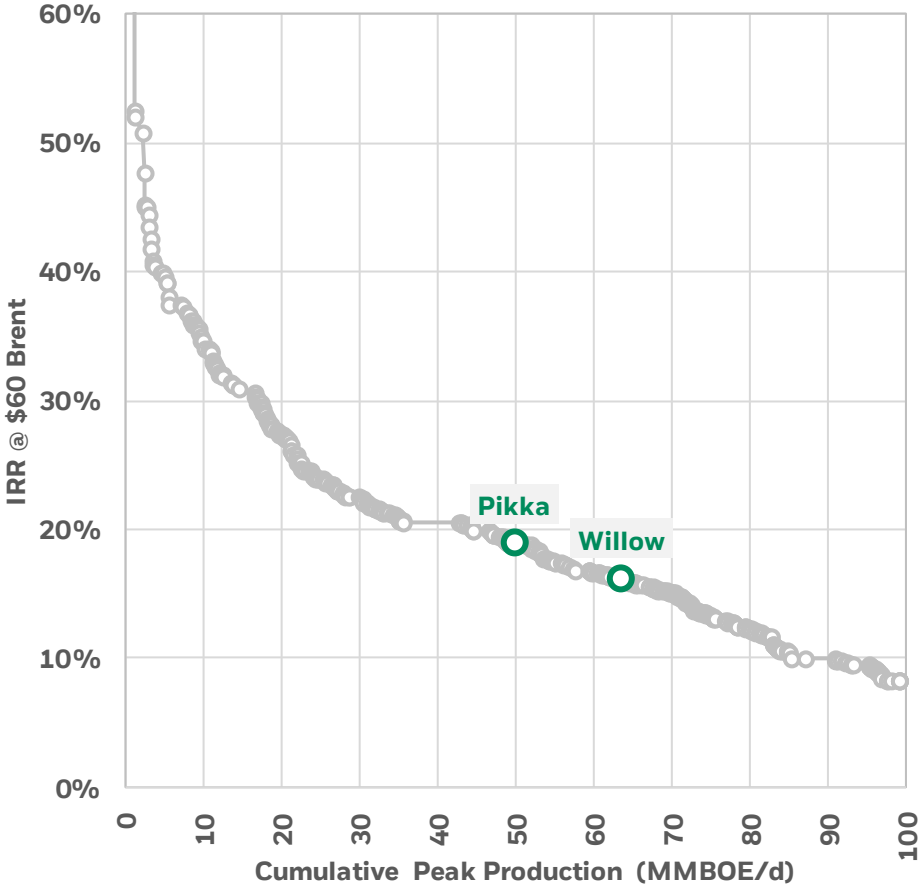


Source: Bloomberg, BlackRock Fundamental Equities.

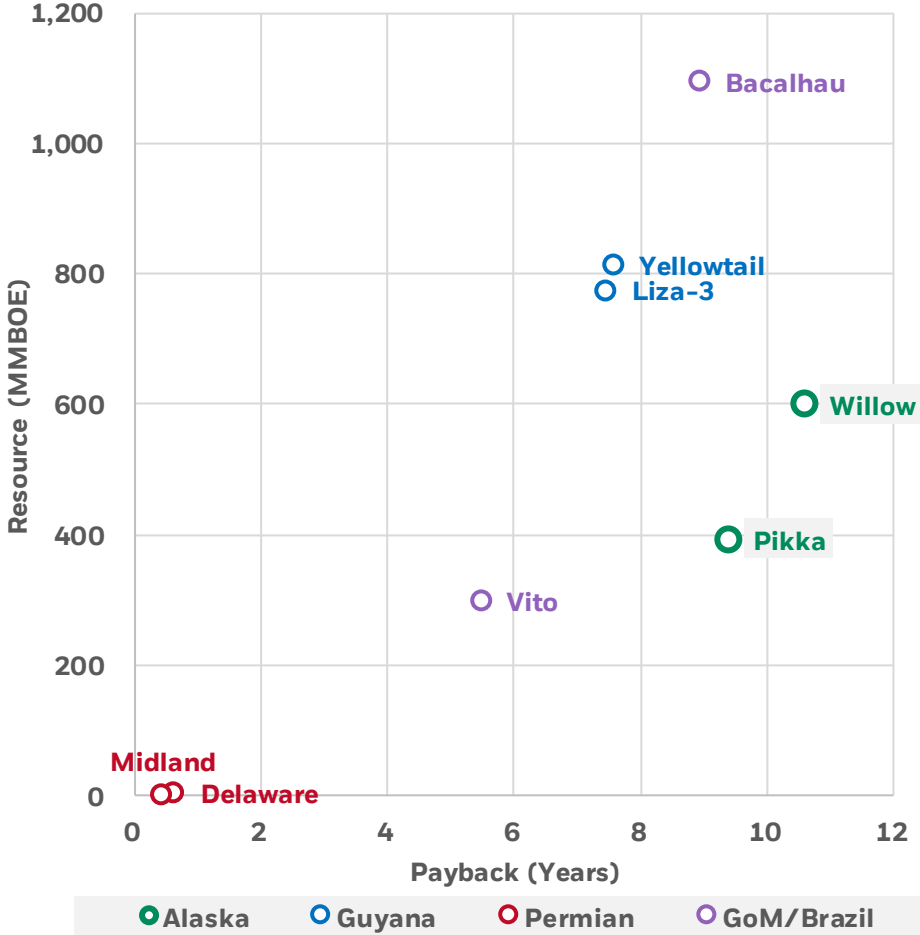
# Alaska Investment Spotlight

# Marquee Alaska Oil Projects Competitive With Best-In-Class Global Peers

IRR at \$60 Oil, GS Top 450 Projects



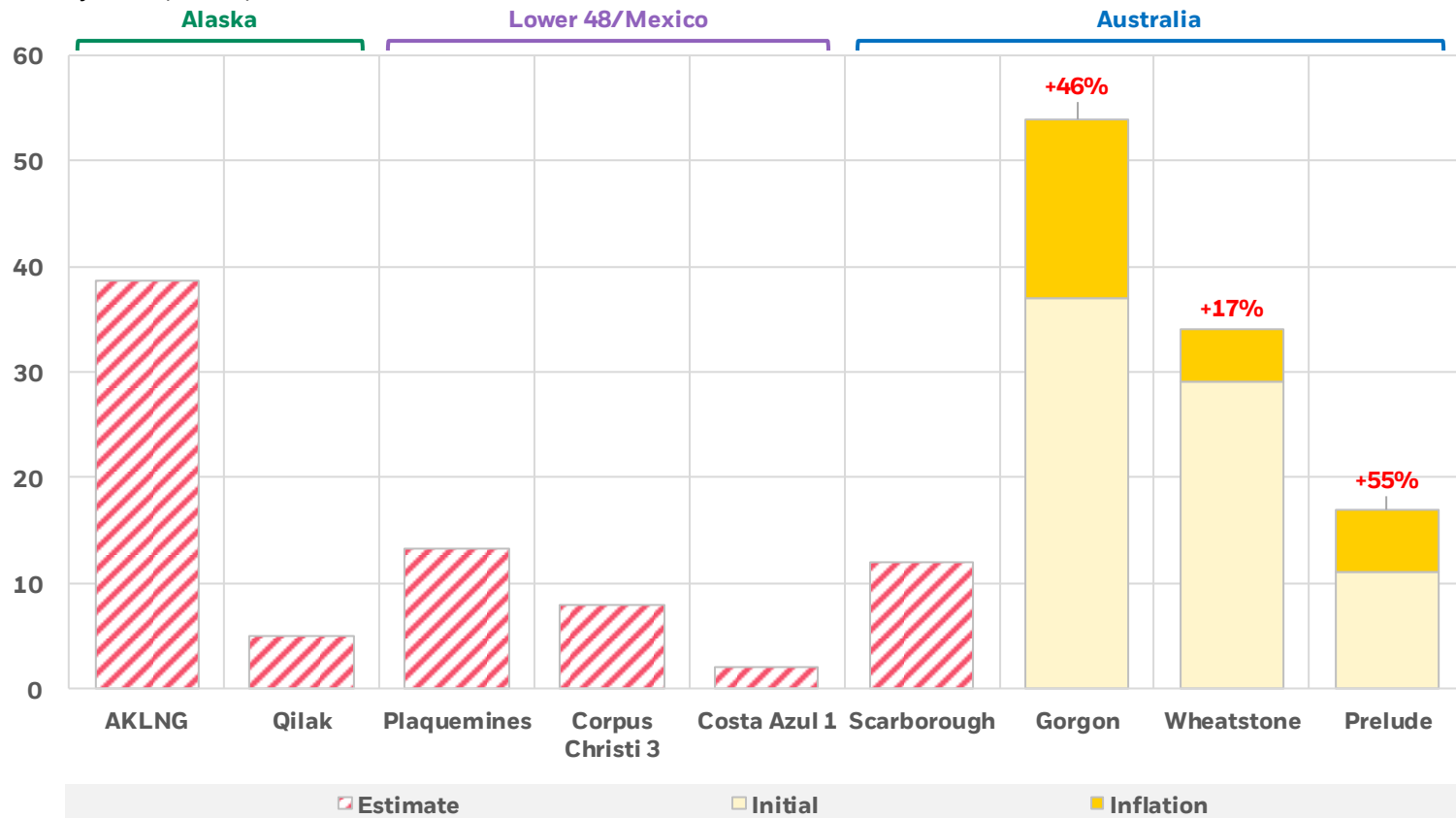
Single-Development IRR at \$60 Oil, GS Top 450 Projects



Source: Wood Mackenzie, Goldman Sachs, BlackRock Fundamental Equities.

# Upfront Investment Size And Cost Uncertainty Are Key Hurdles For Large-Scale LNG Projects

LNG Projects Capital Expenditures (\$USD billions)



Source: Wood Mackenzie, Company Filings, BlackRock Fundamental Equities.

# Thank You + Q&A



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## Transition | Addition | Evolution

Source: ConocoPhillips, SEC Filings, BlackRock Fundamental Equities.

# Important notes

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