INTRODUCTION

This course focuses on the global Oil & Gas industry - arguably the most strategically and economically important sector worldwide.

Most Oil & Gas companies are characterised by a business model based on natural depleting reserves. As result, the vast bulk of commodity sector resources (70-80 %) are invested in strategically essential Oil & Gas assets or mines. These resource assets are themselves exposed to global oil prices and are in turn funded by debt or equity capital markets.

Part 1: Participant will learn that there is a close relationship between investment (asset purchases), financial decision-making and corporate strategy.

Part 2: In this class we will explore how the basic principles of finance (Investment, Financing and Markets) affect a company's aspirations to grow and succeed. Corporate finance is as much an art as it is a science. Building upon your previous courses, this class will equip you with financial decision-making tools.

Our focus will be on BOTH numbers, calculations and also on understanding financial theories and their limitations. Students will be asked to engage in critical thinking about financial tools and methods. We will use a diverse set of learning methods including lectures, case studies, and structured workshops.

AIMS

In Oil & Gas, a company's competitiveness depends to a large extent on efficient and effective investment and financing processes. The objective of the Energy course is to identify and analyse the key factors on company performance. We look at these factors both from a market perspective as well as from a strategic point of view.

As the PwC Professor for Oil & Gas and Mining; with more than 20 years in Investment and Commercial banking, my interest is that you also understand the distinction between the financing and investment decisions - and also develop a deep comprehension of what happens in the real-world setting of companies and markets. For this purpose we will use real life case studies carefully selected to put students in the role of senior management team.

METHODOLOGY

Most sessions will contain a lecture to introduce the principles that will be covered in class. Students should come prepared to class, having done the assigned chapter and case readings, to get the most benefit from in-class lectures.

Lectures will be followed by group discussions to clarify content and deepen our understanding of the material covered. For some sessions, teams will need to wok on case studies. Details will be provided on the first day of the course about the schedule of cases studies and my expectations for those assignments.

To prepare for an upcoming class session, you should therefore read the chapter and cases first as it will relate to topics from the session. You will not simply be required to read the case, you will need to immerse yourself in the company, understand and be able to perform calculations for the case assignments, solving specific problems. Learning by doing.
EVALUATION

Market risks - Energy stream course assessment will take place in 2 parts, structured as follows:

1) 40% Individual Examination

You should expect that the exam will be based on material covered in Day 1 and 2 of the course. No matter how high your grade in participation may be, in order to pass this course you need to pass the exam.

2) 60% Total for Presentation and Company analysis

In your groups, select a company (perhaps of long term/ career interest) which is listed (to facilitate access to financial statements and press disclosures). Groups should choose different companies.

You will find that many National Oil Companies are not listed, while all super-majors are. It is preferable that groups select different and listed companies as this will provide more diversity to class discussions and also a more global view of the industry and its challenges.

2.a) Of the 60% grade, 30% Participation - will be based on groupwork and teamwork in analysing the selected company.

2.b) 30% Group Presentation. 15- 20 minutes in total per group.

The presentation will require that your ‘group’ selects one of the week’s topics and apply this to a real life situation. i.e an analysis of Market Leverage, Investment Decision Making, Financing of an Acquisition.

BIBLIOGRAPHY

- Scanned copies of the chapters used are / will be provided during class.
- Numerous copies of this text are available in the library.