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# Oil & Gas Mergers and Acquisitions Report – Mid-year 2016:
Looking for a restart

Deloitte Center *for* Energy Solutions

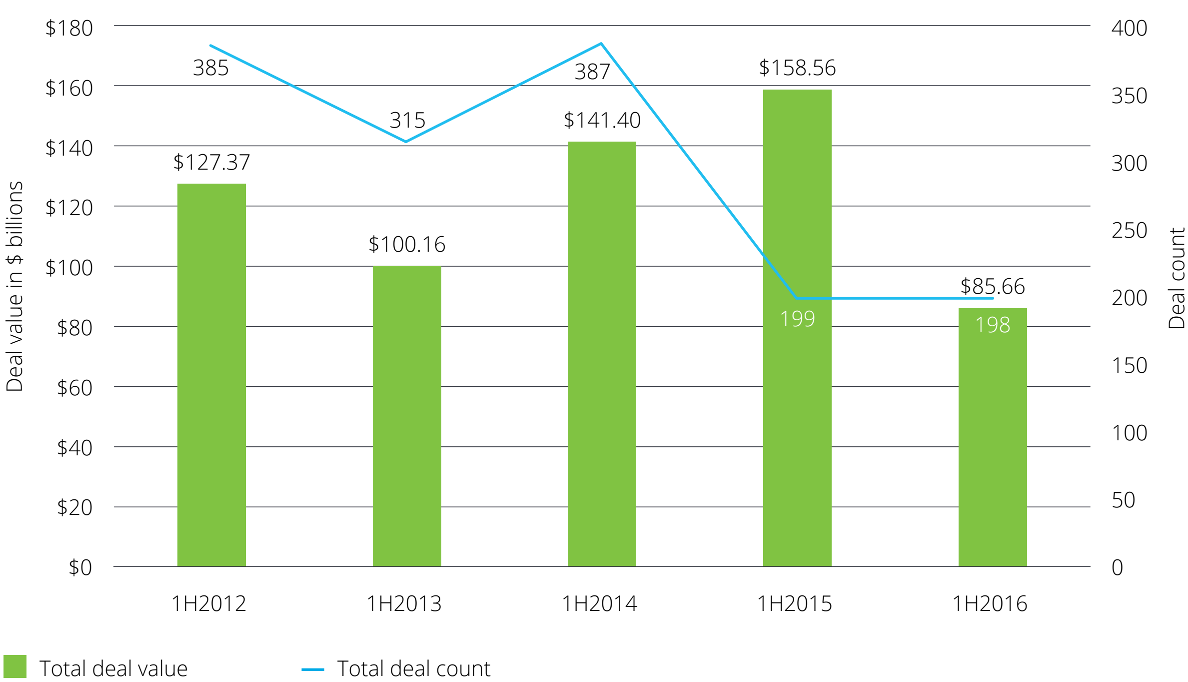
Note: M&A activity examined in this report is based on data from PLS Inc. and Derrick Petroleum Services Global Mergers & Acquisitions Database as of 30 June 2016. The data represents acquisitions, mergers, and swaps with deal values greater than $10 million, including transactions with no disclosure on reserves and/or production. Our analysis has excluded transactions with no announced value as well as transactions between affiliated companies, to provide a more accurate picture of M&A activity in the industry.

# Executive summary

This mid-year 2016 mergers and acquisitions (M&A) report discusses deal activity, challenges, and the strategic rationale driving M&A activity in the four sectors of the oil and gas industry: upstream exploration and production companies, oilfield services, midstream pipeline and processing companies, and downstream refinery and marketing. In this report, M&A activity, in terms of deal volume and values for the first six months of 2016, is compared to the first six months of previous years rather than the annual period in order to evaluate comparable data. Prospects for M&A activity for the balance of 2016 in light of emerging market conditions are also discussed.

The oil and gas sector has been under pressure for two years. An extended period of low oil and gas prices has constrained spending and muted M&A activity in all four sectors to such an extent that the first half of 2016 had the lowest number of deals and deal value in five years. In general, deal values are concentrated with few relatively large transactions in each sector and numerous smaller deals. Uncertainty about the length and depth of the initial oil price collapse and the continuing lower price environment has led to a lack of consensus on transaction valuations between buyers and sellers. Early in the price downturn, potential sellers bolstered cash flows from their hedging positions. They were also able to delay dispositions by seeking financing from lenders and, in some cases, even equity issuances. However, as the pricing environment largely remained under $50 per barrel, many financiers became less willing to continue funding the energy sector into the second year, as most had initially believed prices would return to a more profitable level by now. A recovery in M&A will depend on the pace of resolution of these challenges and the return of confidence, all of which are linked to more consensus on the trajectory of oil prices.

**Figure 1. Oil and gas M&A deals by value and count**




Source: PLS Inc. and Derrick Petroleum Services Global Mergers & Acquisition Database as of 5 July 2016

# Market conditions and business environment

The oil and gas industry is a cyclical, high-risk, and capital-intensive business segment that requires flexibility and the ability to make difficult choices. The industry continues to contend with an extended downturn in oil and natural gas prices that has lasted for more than two years as of August 2016.

A rapid and precipitous oil price collapse began in late June 2014 with prices continuing to trend downward until early 2016. Since April 2016, crude prices have been more stable at above $40 per barrel; however, the downturn in prices over the last two years has contributed to 81 bankruptcy filings across the globe and more distressed companies waiting their turn.[1] With these conditions driving difficult choices, many had expected the M&A market in 2014 and 2015 to see robust deal activity for all the usual reasons: monetizing assets and selling non-core properties to generate cash, asset sales as part of bankruptcy proceedings, strategic business combinations, and acquisitions of distressed competitors. Yet very few deals emerged, and most of those have been small. The most often cited reason was a wide bid-ask spread, coupled with an unusually high risk business environment. Uncertainty centered around two questions: how low would prices fall and how long would they stay there? Buyers have been waiting for a bottom, not only for oil prices, but also for asset prices.

Traditionally, low oil prices for upstream producers have been a window of opportunity to buy needed reserves and drive down costs by optimizing geographic and business combinations. Sellers would monetize properties to repair balance sheets and lower costs through increased efficiencies gained by focusing on core assets. This time has been different. The upstream sector benefited from hedges entered into prior to the price decline to support cash flows. Companies ramped up cost containment initiatives to drive down breakeven levels, increased production to replace falling revenue, and offered less than stellar properties for sale in an effort to retain prime assets, renegotiated debt, and—in some cases—raised equity.

The oilfield services sector cut costs deeper and more rapidly than upstream operators because it is heavily dependent on the activity levels of upstream producers, whose revenues have fallen and whose expansion projects have been deferred or cancelled. With future revenues curtailed, the few deals done within the oilfield services sector have been mostly outside of the US.

Firm transportation contracts have kept the midstream sector's revenue more stable in the short term. But, with the upstream sector delaying or canceling expansion projects, the midstream sector has been forced to downcycle new projects as well until a recovery occurs. As a result, deals have slowed.

The downstream sector, refining and marketing, might have been expected to take advantage of stronger balance sheets and healthier margins to support deals to expand or rationalize their assets. However, the number of deals and their total value have substantially declined since 2014, often due to the challenge of predicting an asset's long term profitability based on volatile oil prices.

In short, the expected surge in consolidation and M&A activity has yet to materialize. Surprisingly, deal activity during the last recession was more robust than it has been in the last two years.

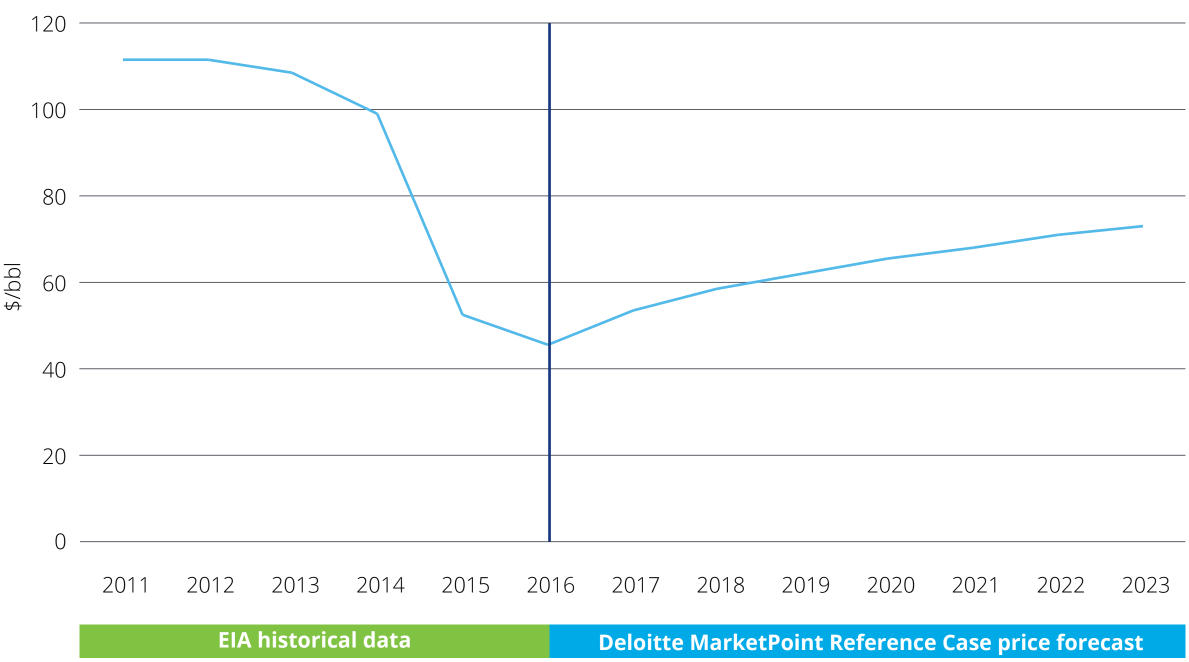
Financing constraints have played an important role in keeping down M&A activity. A substantial amount of capital raised by oil and gas companies has been destroyed by low and uncertain prices. The debt markets have effectively been closed to the industry, which is beneficial to alternative lenders, like mezzanine financiers and private equity investors. However, there are a number of distressed businesses seeking a deal or recapitalization that are unable to execute as their business prospects are still too uncertain. In the meantime, private equity finance, with substantial funding potentially available, has been prepared to wait on the sidelines until after companies emerge from bankruptcy reorganizations.

The distress in the sector has changed deal strategies and terms. Given the change in control terms for debt, executing a deal requires an extra layer of negotiation with bondholders as well, who ultimately do not want to own these assets and are starting to see the benefit of settling for a discount or converting to equity so they can catch some of the upside when the oil and gas sector recovers.

So, if low and uncertain oil prices are causing market participants to wait and see before launching into M&A deals, how are prices expected to move over the next few years? Deloitte's MarketPoint makes the case for a gradual oil price recovery beginning in 2016.

**We expect a step up in prices from the mid $40s in 2016 to around $58/bbl in 2018 in response to future supply-demand balance. Given the efficiencies gained, technological advances, and service cost reductions achieved, US tight oil production should return to some level of pre-crisis growth at these higher price levels.[2]**

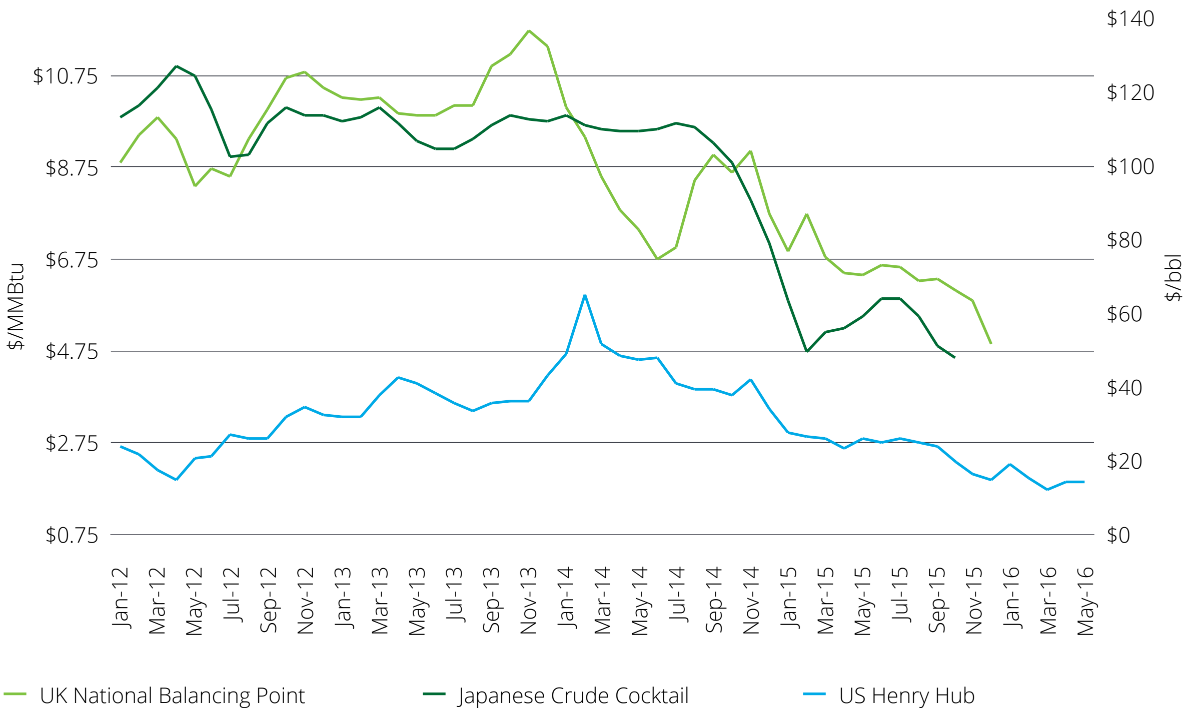
**Figure 2. Deloitte MarketPoint oil price forecast for next seven years**




Note: Forecasted inflation averages 2% based on Deloitte University Press, US Economic Forecast, Volume 3 Issue 4, December 2015.
Source: Deloitte MarketPoint and US Energy Information Administration

Natural gas prices in the US have remained persistently low in this decade relative to the previous ten years, and world market prices for natural gas have tracked oil prices downwards since 2014, thus magnifying the impact of low and uncertain oil prices to inhibit M&A activity.

**Figure 3. World natural gas prices**

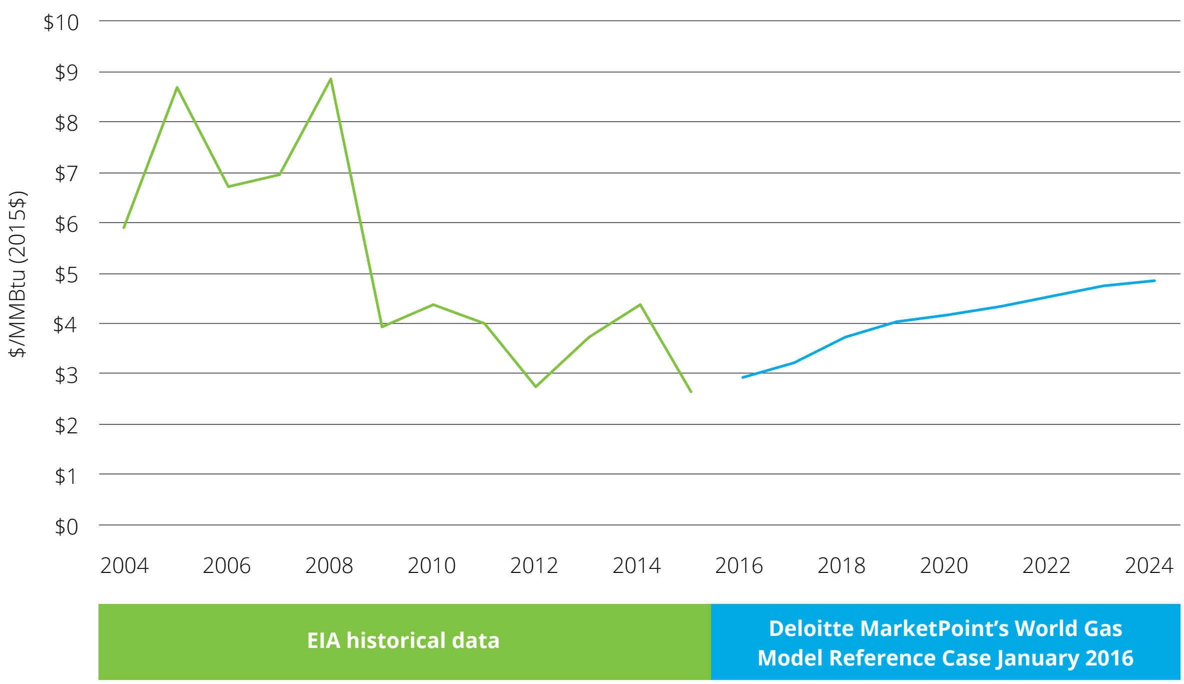



Source: US Energy Information Administration and Bloomberg

Deloitte MarketPoint's current reference case outlook for US natural gas prices is for the beginning of a mild recovery this year, but for prices to remain well under $5/MMBtu in the medium term.

**2015 gas prices hit rock-bottom levels due to a supply glut. Despite declining rig counts, production from horizontal wells kept supplies strong. Combined with weaker demand, market prices have continued to be low through much of 2015. Our projection shows prices should rebound during 2015-16, reaching $4/MMBtu by 2017-18 as LNG liquefaction capacity continues to increase. Our projection indicates that gas prices will remain below $5/MMBtu until 2024.[3]**

**Figure 4. Deloitte MarketPoint outlook for Henry Hub natural gas prices**




Source: http://www.eia.gov/naturalgas/data.cfm#prices

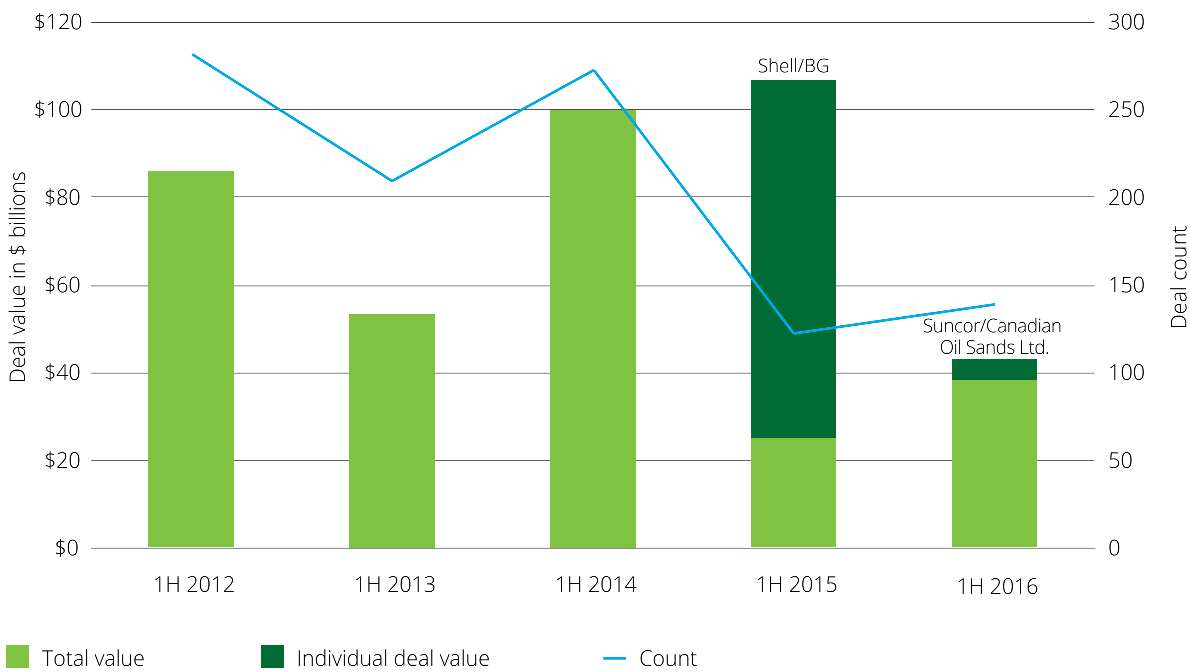
While oversupply of both oil and natural gas has kept prices low for the past two years or so, the stability of global demand is essential to preventing prices from further deterioration. For crude oil, the International Energy Agency expects global oil demand to increase at a rate of 1.5 million barrels per day for the rest of 2016 and into 2017. Most of the growth in crude oil demand is coming from India, China, and the rest of Asia.[4] For natural gas, going forward to 2024, the highest rate of demand growth will come from non-OECD countries, an area of more rapid economic growth. A demand-led recovery would be a positive indicator for renewed focus on industry mergers and acquisitions over the next couple of years or so.

The following sections focus on the consequences of this market environment for M&A activity in the main four sectors of oil and gas.

# Upstream

For the first half of 2016, the upstream sector had a slight uptick in number of deals from 1H2015 but a substantial decline in total value when compared to the first half of each of the previous five years. However, total deal values for 1H2015 were bolstered by one, large announced deal, the Shell/BG combination, which accounted for 77 percent of total deal value. Excluding that one deal, total deal value would have almost doubled from 1H2015 to 1H2016, showing a more positive trend.

**Figure 5. Upstream M&A deals by value and count**




Source: PLS Inc. and Derrick Petroleum Services Global Mergers & Acquisition Database as of 5 July 2016

Geographically, most upstream deals involved assets located in the US—72 out of a total 136 upstream deals—and these represented 45 percent of total deal value. Canada had the next largest number of deals, with 29 out 136, representing 21 percent of total deal values. Europe had a number of small value deals—13 by count, representing only 7 percent of total deal values. Asia, Russia, and South/Central America each did 18 deals all together, representing a total of 26 percent of deal values.[5] In the US, the most sought after play was the Permian Basin, followed by the Marcellus.

**72 out of a total 136 upstream deals in the US represent 45% of total deal value.**

**Figure 6. US upstream transactions by basin or play (1H2016)**

*Only includes details where disclosure identifying the play was made.*

| Basin | Number of Deals |
|---|---|
| Permian Unconventional | 16 |
| Marcellus | 7 |
| SCOOP/STACK | 5 |
| Bakken | 5 |
| Eagle Ford | 4 |
| Niobrara | 4 |
| Haynesville | 2 |
| Barnett | 1 |
| Woodford | 1 |
| Coal Bed Methane | 1 |
| | |
| *Multiple* | 5 |
| *Other* | 5 |
| **Total** | **56** |

Source: PLS Inc. and Derrick Petroleum Services Global Mergers & Acquisition Database as of 5 July 2016

**Over the last five years, M&A activity in unconventional plays rose from 29% to 50% of deals.**

Producers' renewed interest in the Permian Basin stems from its favorable characteristics relative to other unconventional oil basins. Its unique stacked play geology lends itself to high efficiency gains and well productivity, driving costs considerably lower than other regions on a per barrel basis. Similarly, on the natural gas side, the Marcellus play has prolific wells and a lower cost structure than other basins. Over the last five years, M&A activity in unconventional plays rose from 29 percent to 50 percent of deals , marking a decided shift in interest by producers as technology drove down costs and shortened well drilling-to-production time.

With lower availability of more traditional sources of financing, it was thought that private equity funds might step up their participation in this market as they have available funds to invest and are continuously looking at opportunities to deploy capital. Private equity often provides financial backing to experienced management teams who are then tasked with finding buying opportunities or partnering with an exploration and production company to provide the funds for development of acreage. Yet, private equity funded activity has been muted, as commodity price volatility created transaction price disparity and potential upstream sellers have been able to delay dispositions of their prized properties as a means to generate cash flows. In fact, less than 10 percent of upstream transactions in the first half of 2016 involved a private equity company. As a result, private equity is looking at alternatives to classic buy-outs as a way to deploy capital; such alternatives include debt buy-backs and private investment in public equities (PIPE). An increase in PIPE financing may be an indication of limited opportunities to take a controlling interest investment.

**Figure 7. Ten largest deals in upstream sub-sector (1H2016)**

| Buyer | Seller | Region | Value ($M) |
|---|---|---|---|
| Suncor Energy | Canadian Oil Sands Ltd. | North America (non GoM) | 4,540 |
| Range Resources Corp. | Memorial Resource Development LLC | North America (non GoM) | 4,400 |
| ONGC (India); Oil India; Indian Oil; Bharat Petroleum Corp. Ltd. (BPCL) | Rosneft | Former Soviet Union | 2,925 |
| Oil Search | InterOil Corp. | Australia | 2,200 |
| Total | Oil Search | Australia | 1,342 |
| Oil India; Indian Oil; Bharat Petroleum Corp. Ltd. (BPCL) | Rosneft | Former Soviet Union | 1,280 |
| EnerVest Management | GulfTex Energy LLC; BlackBrush Oil & Gas LP | North America (non GoM) | 1,175 |
| Aker ASA; Det Norske Oljeselskap ASA | BP | North Sea | 1,146 |
| Terra Energy Partners LLC | WPX Energy Inc. | North America (non GoM) | 910 |
| Pampa Energia SA | Petrobras | South/Central America | 892 |
| | | | **$20,810** |

Source: PLS Inc. and Derrick Petroleum Services Global Mergers & Acquisition Database as of 5 July 2016

As with previous low commodity price cycles, the upstream sector is seeing some of its participants face bankruptcy proceedings. For some, bankruptcy reorganization is a strategy for survival and for others it results in a final transfer of assets to another entity. As of the date of this publication, there have been approximately 81 global bankruptcies in the oil and gas sector, of those, 77 are producers.[6] For buyers, assets that have gone through bankruptcy proceedings may be more appealing because they usually emerge from the bankruptcy process unencumbered by liens, claims, and certain liabilities.[7] Out of 136 announced deals for 1H2016 for the upstream sector, Deloitte analysis noted only three involved companies in bankruptcy are selling assets. One explanation for the limited number of properties on the auction block offered by companies in bankruptcy is that those companies still doing business under court protection could be entering into pre-packaged arrangements with their lenders that restructured debt and limited asset dispositions. However, with 77 upstream companies in bankruptcy as of mid-2016, more assets are expected to come to market over the next year.

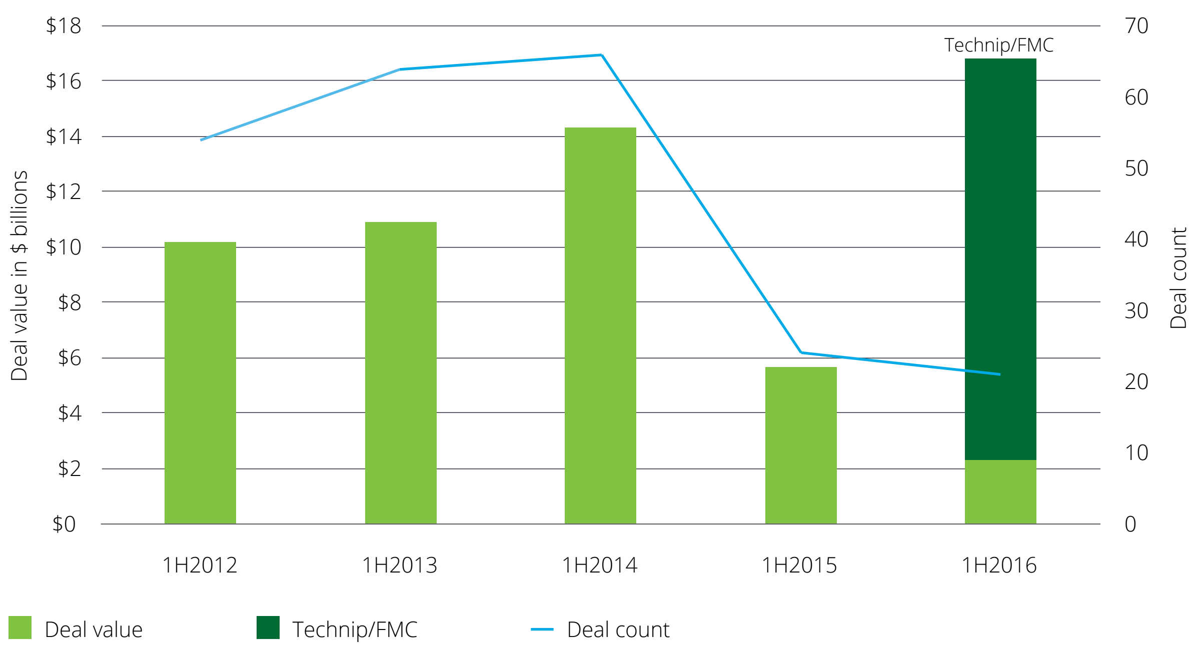
# Oilfield services

**The oilfield services sector is in line with the midstream and downstream sectors, with only 21 transactions in the first half of 2016 for a total deal value of $16.8 billion.**

The oilfield services sector has been particularly hard hit by the oil price downturn, as this sector is most directly and immediately impacted by the cutbacks in activity by producers and the subsequent loss of demand for equipment, oilfield crews, and supporting services. This sub-sector was the first to lay off personnel, and, did so by a much greater extent than the upstream sector. However, only four out of the 81 oil and gas companies in bankruptcy are from the oilfield services sector.[8] The limited number is largely due to the fact that smaller and localized oilfield services companies have been shutting down operations and liquidating outside of bankruptcy. Cost synergies have become a main focus for transactions, with revenue synergies becoming less of a motivating factor for deals. The current focus on cost cutting in the sector has also made developing new technology more difficult due to cutbacks in research and development budgets. As a result, there has been more focus on acquiring existing technology to penetrate new markets.

In terms of deal count and value, the oilfield services sector is in line with the midstream and downstream sectors, with only 21 transactions in the first half of 2016 for a total deal value of $16.8 billion . However, deal value would have been much lower if the $14.5 billion announced merger of Technip SA and FMC Technologies Inc. was excluded. Their merger was the largest deal announced across all oil and gas sectors in the first half of 2016 (see figure 8).

**Figure 8. Oilfield services M&A deals by value and count**




Source: PLS Inc. and Derrick Petroleum Services Global Mergers & Acquisition Database as of 05 July 2016

An emerging trend in 2016 was a growing number of deals involving the acquisition, merger, or equity stake purchase for the purpose of combining technology with a business platform. In this category, the Technip/FMC Technology merger was the highest deal by value in the entire oil and gas sector. The announcement of the merger came after a successful joint venture, Forsys Subsea, was formed in 2015 as a front-end engineering and life-of-field decision support service for subsea energy production. The two companies were able to significantly drive down costs for their customers as a result of combining technology with their business service.[9] Because cost efficiencies are crucial for the upstream sector in this low oil price environment, there may be more of these types of combinations over the next year, following the transaction trend initiated with the Schlumberger and Cameron transaction in 2015. In the first half of 2016, four out of 18 deals were between an oilfield services company and a technology company.[10] These transactions have less regulatory hurdles than mergers of companies with similar offerings, as there is less overlapping footprint of services.

The first half of 2016 also witnessed the cancellation of one of the largest announced transactions from 2014 as Halliburton and Baker Hughes terminated their announced merger in May 2016, after the European Commission raised concerns that a merger of these two oilfield services companies would reduce competition and innovation and potentially raise prices for customers. The US Department of Justice and the Federal Trade Commission filed lawsuits to stop the transaction.[11] A mega-merger, similar to what would have been created through the Halliburton/Baker Hughes transaction, is not uncommon during industry downturns, because megamergers are a strategy to increase efficiencies through synergies by reducing redundant functions and extending the geographic reach and resource or offering types; the latter being conducive to spreading risk.[12] The cancellation is also significant as various divestitures were expected to occur as a result of the regulatory scrutiny that could have provided opportunities for other companies to acquire technology and to boost scale and service offerings. Clearly, regulators are playing a strong role in shaping pending transactions and influencing disposition activity to achieve regulatory approval.

The oilfield services sector may be waiting out the downturn in oil prices. During the pause, two trends are emerging in this sector: companies combining their operational expertise with technological advancements and an increase in international deal activity. Together, these two kinds of companies are better able to increase efficiencies for customers looking to drive down costs.

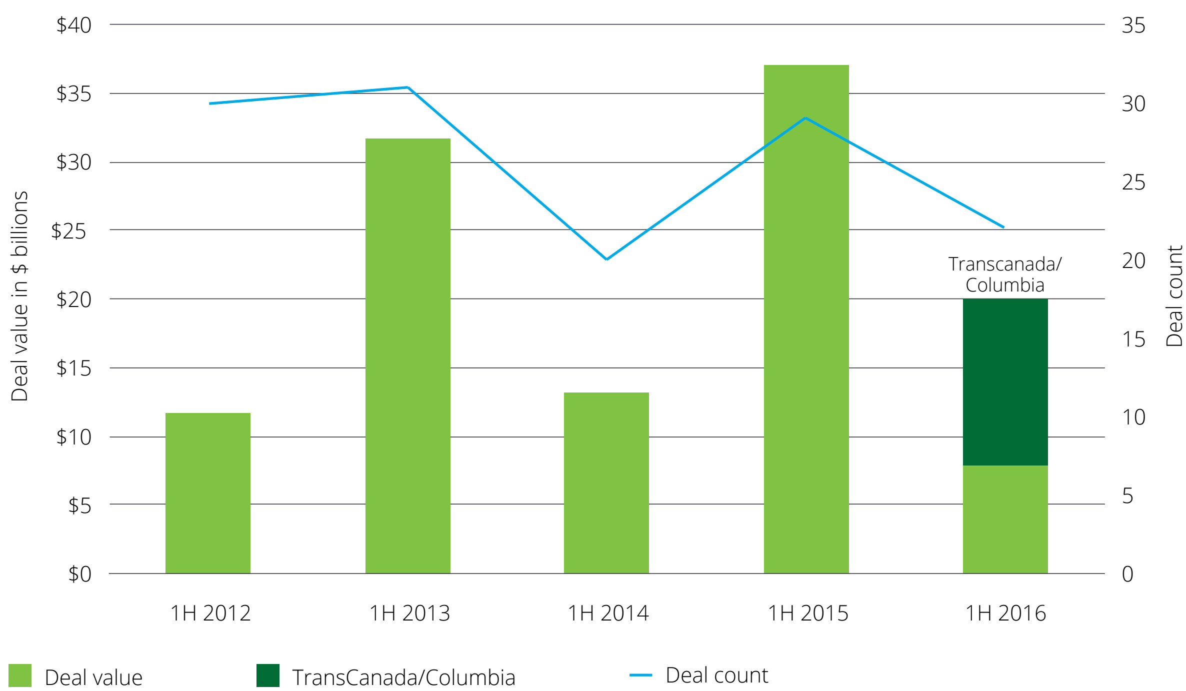
# Midstream

**The sector accounted for three of the top 10 announced deals in the first half of 2016.**

The midstream sector was initially thought to have reduced exposure to the impact of low oil and gas prices due to long term fixed price throughput contracts that effectively protect a majority of its revenue.[13] However, as the industry enters the third year of low prices, consequences are beginning to emerge in the midstream market and M&A activity has also been impacted. Comparing only the first half of the year deals in terms of deal count and total deal values to the same time frame of the last five years, the first half of 2016 had fewer deals than last year (see figure 9). However, the sector also accounted for three of the top 10 announced deals in the first half of 2016 , including TransCanada Corp's acquisition of the Columbia Pipeline Group—the second largest deal by value for all four sectors in 2016. This one transaction represented 61 percent of announced midstream deal values for this period and without this one transaction, the total value for the midstream sector would have been the lowest of the last five years.

The TransCanada acquisition of Columbia Pipeline expands the Canadian company's presence into the US. But most importantly, the purchase was sought for Columbia's strategic pipeline location that runs from the Marcellus and Utica shales to the Gulf Coast in order to supply the liquefied natural gas (LNG) export industry with natural gas.[14]

**Figure 9. Midstream services M&A deals by value and count**




Source: PLS Inc. and Derrick Petroleum Services Global Mergers & Acquisition Database as of 05 July 2016

With only two corporate transactions this year in the midstream sector, the TransCanada Columbia Pipeline acquisition and the SemGroup purchase of the remaining stake in Rose Rock Midstream, the other 20 deals were asset purchases or acquisitions of ownership interest in midstream companies. For the past five years, the US and Canada have dominated midstream M&A transactions.

Consistent with previous years, the US had the most deals with ten of the 22 midstream transactions, but Canada was a close second with eight, including deals in Alberta or British Columbia. Two assets were bought in the Gulf of Mexico, one in south Texas, and a cross-country pipeline, the Rocky Express that moves gas from the Rocky Mountain region to Ohio. Consolidated Edison bought a 50 percent stake in Stagecoach Gas Services LLC, a natural gas pipeline and storage business located in northern Pennsylvania and southern New York. Despite the strong natural gas production growth from the Marcellus basin, only one asset transaction came from that area. WGL Holdings bought a pipeline system that collects natural gas from the Marcellus and delivers it to an interstate transmission line that runs across the mid-Atlantic region.[15]

While the bulk of activity continues to occur in the US and Canada, a deal in Mexico emerged this year with the sale of 11 pipelines and associated assets by Pemex to Kohlberg, Kravis, Roberts & Co. (KKR). This deal was seen as the first foray by a private equity company into the Mexican market following the passage of sweeping energy reforms in 2014.[16] The only other significant international deal involved Enagas, a publicly traded energy company headquartered in Spain. The company purchased stakes in an LNG terminal and a stake in an LNG regasification plant.

The midstream sector in recent years has seen the largest number of transactions consummated within MLP structures, which, while tax-efficient for investors, need to deliver growth to increase cash distributions to unit holders and thus investor returns. However, this model is now challenged by the decline in growth opportunities in the sector as a result of declining

drilling and throughput activity and the increasing risk of customers renegotiating or even defaulting on contracts, both of which are tied to the decline in oil prices. As such, MLP-driven asset-acquisition activity has slowed considerably in the first half of 2016 as MLPs have shifted from “grow” to “maintain.” Of the 22 midstream deals, only nine buyers were MLPs.

Uncertainty for the midstream sector is growing. Investors are making fundamental changes to how MLPs are viewed. Even though long-term “take or pay” contracts guaranteed revenue flows, the stability of many of these contracts involving financially weak producers came in to question with the March 8, 2016 ruling in favor of Sabine Oil & Gas Corporation by the US Bankruptcy Court for the Southern District of New York. The court issued an order that Sabine could reject three midstream gas and condensate gathering agreements, and raised the level of uncertainty about the stability of similar contractual arrangements, giving midstream participants a reason to be more cautious about purchasing assets or corporate entities.[17] MLPs will need to be more creative in their operating and investing strategies in order to attract new capital.

# Downstream

**There were nine corporate transactions totaling more than $1.8 billion and 10 asset sales totaling more than $4.1 billion.**

The downstream sector, refining and marketing, had fewer deals and lower deal value in the first half of 2016 than in the two previous years. There were nine corporate transactions totaling more than $1.8 billion and 10 asset sales totaling more than $4.1 billion. The largest deal was the purchase of Imperial Oil's retail gas stations in Canada by Alimentation Couche-Tard for $2.1 billion or 35 percent of the announced deal values for the period. The second largest deal was an acquisition in Brazil by Ultrapar Participacoes SA valued at $634 million for Alesat Combustiveis SA (ALE) a fuel distribution rival. Geographically, 11 of the 20 transactions were outside of the US. Notably, announced deals focused on logistics, distribution and retail assets and companies rather than refineries.

Most of the deals transacted were for growth, adding the same type of business units to the buyers' portfolios from companies who are either financially strained or are divesting for portfolio realignment. The downstream sector's profitability has been more robust than the rest of the oil and gas sector, making its strategic rationale for deals more in line with growth opportunities.[18]
In addition to the Alimentation Couche-Tard Inc. transaction, which increased its market share in Canada by 20 percent, four other companies, 7 Eleven Inc., Harnois Groupe Petrolier Inc., Parkland Fuel Corp and Wilson Fuel Co Ltd, also purchased Esso-branding fueling stations from Imperial Ltd. with the goal of increasing their market share.[19] ExxonMobil, which holds Imperial Ltd., reduced its retail presence in Canada as a result of these deals.

The major transaction in the logistics and distribution segment was ArcLight Capital Partners, LLC's acquisition of TransMontaigne GP LLC, a refined products integrated terminaling, storage, transportation, and related services company from NGL Energy Partners. The company has made four other purchases of refined products terminals in the last twelve months, signaling a concerted strategy to acquire and develop infrastructure along the refined products value chain.[20]

Overall, like the other sectors of the oil and gas business, the refining and marketing sector has seen lower M&A activity in the first half of 2016. This seems to be a result of a combination of a relative scarcity of attractive assets coming on to the market, as well as a function of price uncertainty. However, there are emerging signs that some of the integrated majors are now considering divestments of strategically non-core refining assets while valuations are still relatively attractive.

# Conclusion

When oil prices collapsed in June of 2014, many observers expected consolidation to occur. In spite of continued operating challenges in the “lower for longer” price environment, M&A activity in the first half of 2016 remained depressed and fell to levels not seen since 2008/2009. The lack of activity has largely been driven by divergent perceptions of prices between buyers and sellers as commodity price volatility has made it difficult to agree on transaction values. Those that are in a position to acquire have been disciplined in their approach and are targeting returns, not just growth based on the current price decks, while sellers have shown greater resilience than expected. But the longer oil prices stay around or below $50 a barrel, the more financial pressure is created on sellers with already constrained cash flows. The oil and gas sector is also facing unprecedented capital challenges as traditional lenders confront their own regulatory hurdles and are reluctant to commit capital, exacerbating some of the operating challenges in the extended price downturn cycle.

The volume of deals remains historically low across all oil and gas sectors, despite seemingly valid contrarian strategic reasons for deal activity. Other causes behind the low level of activity may be that potential buyers from the upstream and oilfield services sector with relatively stronger balance sheets, are weighing a choice between entering the market to buy assets for efficiency gains or attaining those same efficiency gains through their own cost reduction efforts and conserving finances in the event that this price down cycle could last even longer.

Additionally, the availability of external financing through long-term debt issuance has become very limited. Of those transactions reporting financing details, across all sectors, most deals were paid for with cash, revolving credit facilities, assumption of seller’s debt and/or equity issuance. It is possible that a commodity price stabilization will open opportunities for some companies to access funding through IPOs over the next 12 to 18 months.

Going into the second half of 2016, an increasing number of oil and gas companies and those that provide services to the industry are filing for bankruptcy. Companies are also expected to take a harder look at their portfolios and consider or reconsider divesting of prized assets that will generate a competitive sales process. Price disparity that has hampered deal activity may also be unlocked as more companies are forced to re-evaluate cash flows. The timing of a revival in M&A activity will be influenced by the stability of commodity prices, openness of the debt markets, and global economic growth.

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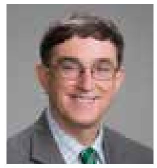

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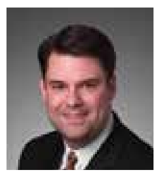

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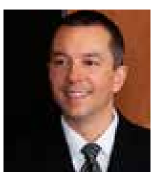

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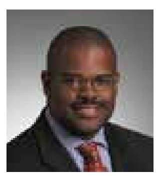

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