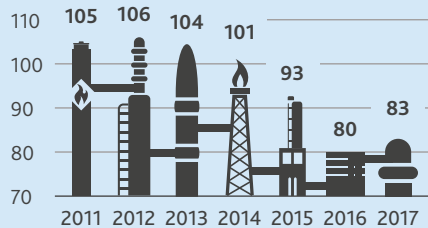


DRILLING DOWN 2018

A review of the performance of AIM listed oil and gas companies in 2017

THE RECOVERY TAKES HOLD...

There are clear signs of the next upcycle with the **first increase** in AIM company numbers since 2012...



...and a **further increase** in both **total market cap** and **average market cap per company**.

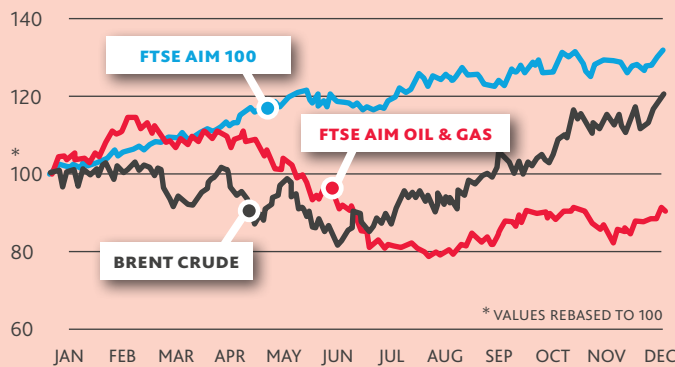


OIL AND GAS OUTLOOK

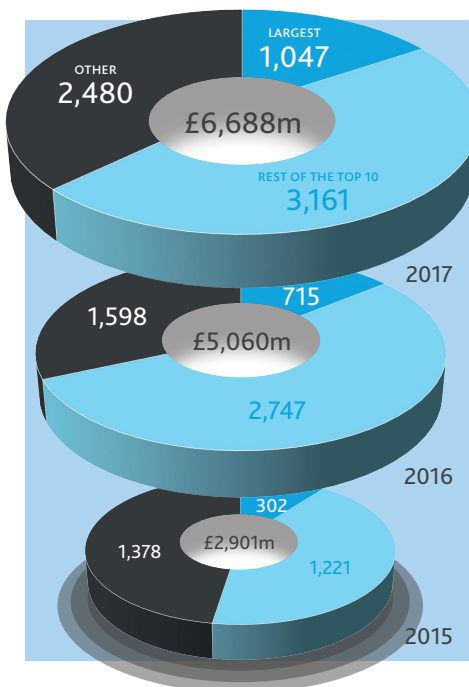
01 AIM oil and gas market values are likely to recouple with the oil price as the recovery takes hold.

02 A more stable oil price provides opportunity for investment in shale which may constrain oil price growth.

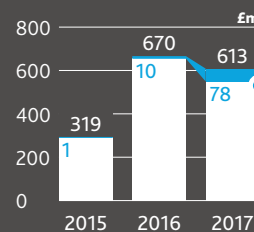
03 Expect an increased focus from investors on the quality of assets, quality of management teams and the quality of corporate messaging, particularly for juniors. Investors are not going to hand over their cash lightly.



AIM oil and gas shares (down 10%) have underperformed oil prices (up 21%) particularly in the second half of the year, suggesting that oil and gas stocks may currently be undervalued.



Total funding proceeds in 2017 were almost double those of 2015. With investment in the mining sector also seemingly on the increase this indicates a broader investor appetite for natural resources companies.



2017 saw the re-emergence of IPO funding with the highest proceeds since 2013.

The market value of the top 10 has increased from **53%** of the sector in 2015 to **63%** in 2017, with a new entrant to the top 10 in 2017 having a market cap of >£1bn.

This suggests an increase in the quality of companies now listed on AIM.

Find out more about how BDO can help you:

SCOTT.MCNAUGHTON@BDO.CO.UK

RYAN.FERGUSON@BDO.CO.UK

LOUISE.SAYERS@BDO.CO.UK

KATHERINE.BROWN@BDO.CO.UK

JEFF.HARRIS@BDO.CO.UK

ALISTAIR.KELSEY@BDO.CO.UK

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