Energy & Power Specialist Sales

Redburning the Midday Oil

Hunting for growth

The management team of OEM 'one-stop shop' Hunting held a fascinating investor event that showcased the group's Subsea Technologies division. This followed the release of Hunting's FY2025 trading statement, in which the contribution of Subsea Technologies to Hunting's 2030 revenue target of $2bn p.a. was raised from $250m (first announced in 2023) to c$470m p.a. This is comprised of $320m from Hunting's current core platform and $150m of M&A-related revenue. Hunting's CEO Jim Johnson outlined that the group will be prioritising technology-led SURF and SDS-focussed acquisitions in the $75-100m range, with businesses that are currently generating EBITDA margins of 20-25%. As highlighted by its CFO, and especially in light of the highly accretive margins offered by the Organic Oil Recovery (OOR) business, the current target EBITDA margin range for Subsea Technologies of 18-22% over 2026-28 could prove conservative.

What impressed Seb and I most about the event was the success Hunting has already achieved in offshore engineering & construction (E&C) through growing workscopes in key basins such as Guyana with ExxonMobil, which is estimated to offer Hunting a life of field revenue opportunity of at least $475m, and the enhancement of its platform through the acquisitions of OOR technology for £14m in March 2025 and Flexible Engineered Solutions (FES), which specialises in offshore fluid transfer systems, for £50m in June 2025. Despite a slight pull back in offshore activity in 2025 driven by uncertainty over tariffs and concerns of crude oversupply, Hunting's MD of Subsea Technologies, Dane Tipton, highlighted that the group has a tender pipeline of c$300m for 2026, comprising 58 opportunities, while by 2030, this pipeline rises to a '10-figure-number'.

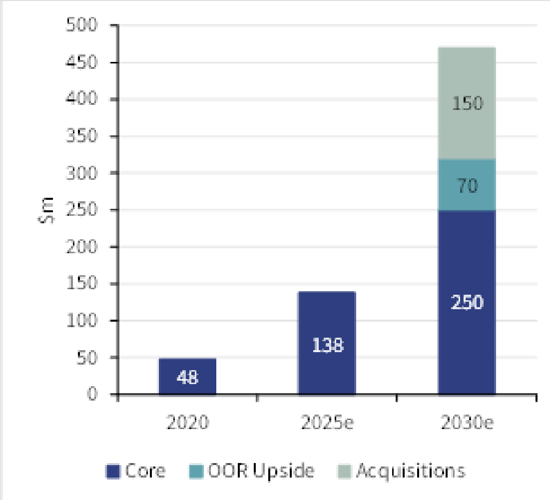
FES brings Hunting an extensive suite of subsea products, with the group a market leader in diverless bend stiffener connectors (DBSCs), which facilitate the installation of riser and umbilical bend stiffeners to an I-tube or J-tube on a production platform. FES' General Manager Mark Stokes highlighted that the group has deployed over 700 units globally, with no in-field failures. Its patented design has helped operators reduce the cycle time for installation. Whereas it used to take an operator 12 hours to make a subsea connection, this can now be done in just 10 minutes. FES provided 15 world-first diverless unified support tube units (TSUDLs) to Seatrium for the P-82 FPSO to be deployed on Petrobras' Búzios field (Búzios 10), connecting both fixed and flexible risers through the same connector. As a result of this, FES is now actively bidding for work on the Sergipe-Alagoas (SEAP) deepwater project, comprising two FPSOs.

We came away from the event believing that OOR, which manipulates reservoir microbes via biodegradable nutrients to facilitate the release of trapped oil, could be a game changer for the global oil & gas industry. OOR offers operators a means for operators to move away from traditional tertiary recovery techniques, such as polymer flooding, gas injection, and steam injection, all of which are capital intensive, require topside modification, and large volumes of product. Engineer Chris Venske highlighted that today OOR has a tertiary recovery potential of 10-15% of OOIP and can extend a field life by between three and 10 years. Based on a blend of real-world data from a field in the North Sea and a field in Oman, OOR was able to achieve production c75% above baseline decline. OOR also has the advantage of reducing the build-up of highly corrosive hydrogen sulphide in producing wells. Through the scaling of this technology, particularly in the Western Hemisphere, OOR should provide Hunting with a recurring revenue stream (since it requires a quarterly injection frequency) that has the potential to reach c$100m pa by 2030. Management also teased that we should expect strong news flow around OOR over 2026-27.

Please let us know if you would like to catch up on this event with Seb Erskine and/or the wider offshore oil & gas sector.

Left - Target Subsea Technologies segmental revenue 2030 ($470m)

Right – Subsea Technologies 2025-28 revenue and EBITDA profile (pre-acquisition and OOR upside) (c8% 2026-28 CAGR)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OOR Upside
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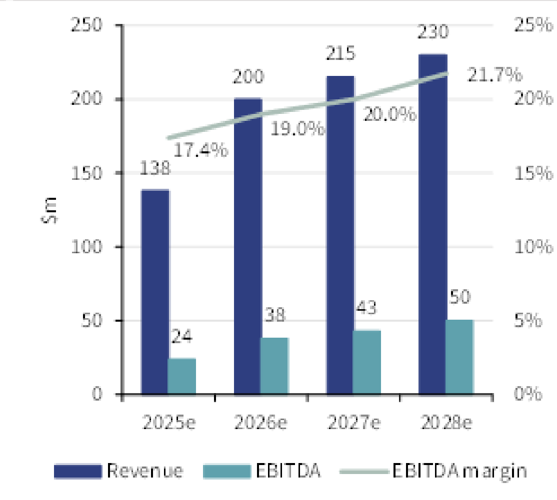
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19.0%
20.0%
21.7%
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Revenue
EBITDA
EBITDA margin