

THESIS TOPIC OUTLINE (detailed)

(to be filled in with the use of text editor in duplicate, 4 pages)

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Title of the thesis:	Finances and development tendencies of oil and shipping corporations
Place of thesis preparation:	Budapest, Hungary
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I undertake to perform the consultant's duties in relation to the above topic and comment on the prepared thesis in writing **by the deadline**.

Budapest,.... (day) (month) 20..... (year)

.....
Consultant

Detailed outline of the thesis:

In this topic will be discussed/reviewed Finances and Development tendencies of Oil and Shipping international corporations. Its actuality is determined by the vital importance of energy resources and its effective consumption.

Topic aim will be to introduce all the development tendencies going in oil industry to interested audience starting with challenges ending with problems. Will be detailed development tendencies from history to present as for leading energy business. How Innovation is supplied to field and what is the whole production cycle (From procurement to consumption).

The actuality of this topic is caused by all the procedures going in the world market which makes significant impact on the energy source to the industry and its development tendencies. The aim of topic is to represent information about the whole cycle of oil industry and its specific stages as well. The important part of topic will be financial analysis of participant companies in this industry. I will attempt to choose shipping/oil company and analyse financial part with its performance, financial/economic measurements as income, costs, profit, yearly accounts how prices are picked with export/import policies etc.

To summarize topic will consist of following parts:

First chapter – About creation and development of Oil and Gas companies with value chain and realization stages. Will be described how oil had become desirable fuel and origins of market shared companies.

Second chapter – “Oil international market” as its stocks, procurement, consumption, prices and export/import with financial analysis.

The concluding parts.

I accept/do not accept the topic outline.

Budapest, (day) (month) 20..... (year)

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Operative Consultant

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Consulting hours:

I recommend the thesis for acceptance:

Topic Supervising Consultant

Assessment by the internal (departmental) consultant:

Assessment by the external (company) consultant:

Final grade of the thesis:

CAN BE ADMITTED TO STATE EXAM

Budapest, (day) (month) 20..... (year)

Head of Academic Department

Appendix 7: Summary of the Thesis

SUMMARY

(to be submitted in duplicate)

Finance and developments tendencies of oil and shipping corporations

Title of the thesis

Giorgi Devadze

Student's name

Course/Group/Major/Specialisation

1. Global energy industry has very important place in the world economy. The industry has been developing through many years started from mostly 20th century and still has very big place in countries' economy. Beside economic factors it has political load if we look at the recent history. The main tendency during last decades of oil and gas industry is increasing oil consumption of China and India as it was recorded in our table 5. Particularly 2006-2017 oil consumption in China has been increasing from 7.8 Million to 12.8 Million barrels per day and comprises 13% of world consumption. In the same the consumption in India increased from 2.9 Million barrels to 4.7 Million barrel what is 4.8% of world's oil consumption. Correspondingly, in the list of large oil corporations are represented 2 Chinese company: Sinopec, which revenue in 2002-2018 years was increasing from 44 to 414 billion USD and PetroChina's revenue from 32 to 280 billion USD.
2. The main tendency of oil and gas industry in 21st century is better correlation difference for oil companies of developing countries as: Saudi Arabico (Saudi Arabia), Petroleos de Venuezuela S.A (Venezuela), PetroChina (China), Petrobras (Brazil).
3. The price of crude oil is directly connected to the global financial and political situation. At the same time price of crude oil determines the variability of oil corporations' revenue. In last decade, there were 2 time-periods when price of crude oil was fallen. From 2003 until 2008-2009 crude oil price was increasing significantly and it reached to 97.26\$, but in 2008, suddenly the price eased to the point of 2003. The main reason was the global economic and financial crisis happened in 2008, where financial markets collapsed, and economies found hard to recover without successful governments' intervention. Financial market collapse was followed by recovery process starting from 2009 to 2013-2014. In this period Crude oil prices were increasing with high speed, because of economic development trends going in high population countries as China and India which lead to increased demand of crude oil. But after 2013-2014 sudden drop of demand in these countries caused big reduction of global crude oil demand, while supply of crude oil became excessively high than demand. Abovementioned process decreased oil value which also affected the multinational oil corporations and oil exporting countries.
4. The revenue of leading shipping company Teekay Corporation is closely related to the situation in global economic and energy industry. Particularly in 2003-2008 years as the size of crude oil market was increasing the revenue of Teekay corporation was doubled and reached to 3.2\$ Billion. During economic downturn in 2008-2009 revenue was decreased to 2.1 Billion. Reducing tendency continued until 2015 when revenue reached up to 2.5\$ billion. Surprisingly historical maximum of revenue generation company got at the end of 2008 during the process of global economic collapse, but at the same year company finished with historical loss with amount of 500\$ Million due to highly increased operational and financial costs.

5. In the latest 2018 year the financial ratio shows us that Teekay corporation, even though is leading crude oil shipping company, is not attractive with its profitability as company finished on the loss. The main reason for negative profitability ratios is connected to high expenses with what is characterized the company. The main challenge for shipping companies are the vessel related expenses, which is extremely high compared to the revenue shipping company generated. To increase the profitability of the company is needed to generate high revenue, what is mostly related to 2 factors: 1. Company's ability to be competitive in the industry and 2. Market providing competitive opportunities to the company. After comparison of previous years, we can see that company is able to generate high revenue (with some fluctuation in numbers) but is not able to control operating expenses. How to increase the revenue in proportion of expenses occurred during operation is one of the main challenges for shipping companies.

6. Sales revenue generated by Teekay Corporation and Gaslog Was not in proportion of assets they possess, which showed us that both of corporations are not successfully able to gain as much revenue as possible from their assets. Teekay corporation has 0.22 ratio while main competitor Gaslog had 0.19 sales revenue to capital employed ratio. This may say us that Shipping corporations are not able to use well the assets to generate higher revenue or it can be the indicator that the marine industry requires assets to operate on market but cannot promise companies as high revenue as holding the assets.

7. The main challenge for shipping companies as illustrated on the Teekay corporation's example is vessel related operating expenses, which reduces the revenue generated by company during certain period and affects net income from operating activities what is interconnected and reflected on financial ratios negatively.