

NEW DIRECTIONS, COMPLEX CHOICES – INDUSTRY OUTLOOK 2020 (BRAZIL SURVEY DATA)

DNV GL has published *New Directions, Complex Choices: The outlook for the oil and gas industry in 2020*. This research is based on a survey of more than 1,030 senior oil and gas professionals and in-depth interviews with industry executives.

As with the global nature of the oil and gas industry, the story for 2020 connects all regions; we tell this in our global press release.

Yet, our survey also offers regional insights. We provide the following factsheet with survey data from 51 senior oil and gas professionals based in Brazil, with comparisons to the global picture and to our data from previous years.

Please contact DNV GL using the details below for further analysis on the outlook for Brazil.

Brazil confidence for growth falls, but respondents remain much more confident than the global average

	Brazil		Global	
	2020	2019	2020	2019
Confident for industry growth	84%	93%	66%	76%

Rising investment expectations in renewable energy projects but decarbonization lags behind the global average

	Brazil		Global	
	2020	2019	2020	2019
Decarbonization increase investment	24%	18%	40%	27%
Decarbonization maintain investment	24%	33%	31%	28%
Renewables increase investment	37%	31%	44%	34%
Renewables maintain investment	20%	31%	27%	20%

Moves to adopt a lower-carbon energy mix plummet below global average, despite recognition of the impact of the energy transition on investment decisions and the new business opportunities it brings

	Brazil		Global	
	2020	2019	2020	2019
Business opportunities forecast as the transition progresses	45%	N/A	34%	N/A
See energy transition as major factor in renewable and clean energy investment	38%	N/A	34%	N/A
Organization working towards lower-carbon energy mix	37%	44%	60%	51%

Despite a reduction in the likelihood of investment, offshore wind tops investment outside Oil & Gas. Oil project investment falls slightly but remains higher than global the average.

	Brazil		Global	
	2020	2019	2020	2019
Highly likely or likely to invest in or develop their offshore wind portfolios	37%	49%	62%	40%
Expects to invest in oil projects and portfolio	43%	49%	31%	29%

Digitalization and subsea remain top as priorities for R&D and technology investment, while expectations surge in cyber security alongside increases in enhanced oil recovery, pipelines and floating liquefied natural gas (FLNG).

	Brazil		Global	
	2020	2019	2020	2019
Digitalization a priority	53%	44%	56%	45%
Subsea a priority	38%	33%	22%	21%
Cyber security a priority	23%	7%	24%	19%
Enhanced oil recovery a priority	23%	13%	19%	16%
Pipelines a priority	23%	16%	15%	15%
FLNG a priority	17%	7%	19%	13%

Local and global economic concerns rise as a barrier to growth along with a shortfall in governmental policy support. Concerns over oil price remain stable and are below the global average.

	Brazil		Global	
	2020	2019	2020	2019
Local economy as a barrier to growth	31%	N/A	10%	N/A

Lack of policy/Government support as a barrier to growth	29%	N/A	13%	N/A
Global economy as a barrier to growth	20%	7%	25%	21%
Oil price as a barrier to growth	14%	13%	26%	21%

Expectations for organizations to increase capex drop by half, and are lower than the global average.

	Brazil		Global	
	2020	2019	2020	2019
Expect to increase capex	16%	31%	29%	30%
Expect to maintain capex	39%	33%	43%	40%
Expect to reduce capex	8%	20%	15%	13%

Supplier-driven inflation continues to rise in Brazil, exerting cost strain

	Brazil		Global	
	2020	2019	2020	2019
Expect notable supplier-driven inflation in the next year	33%	24%	40%	40%
Experienced supply chain inflation in the past year	45%	24%	47%	41%

Cost efficiency focus remains above global average for a second year, rising to more than a third of companies

	Brazil		Global	
	2020	2019	2020	2019
Organization expects to focus on cost efficiency as top priority	39%	29%	33%	21%

Concerns over skills shortages and the ageing workforce rise though remaining at a low level, as more than half of companies say oil & gas struggles to attract younger employees

	Brazil		Global	
	2020	2019	2020	2019
Skills shortages or ageing workforce is barrier to growth	12%	7%	15%	21%
Industry struggles to attract 21-35-year-olds	55%	N/A	54%	N/A

Headcount reductions expected in line with global expectations, as recruitment slows

	Brazil		Global	
	2020	2019	2020	2019
Expect further contractions in the workforce	22%	13%	23%	17%

Expect workforce numbers to remain the same	33%	42%	40%	37%
Expect to increase headcount	35%	40%	28%	34%

Download a complimentary copy of *New Directions, Complex Choices* from: dnvgl.com/industryoutlook2020

Notes to editors

For media enquiries, please contact:

Neil Slater
 Head of External Relations
 DNV GL - Oil & Gas
 Tel: +44 (0) 7876 578 353
 E-mail: neil.slater@dnvgl.com

Alan Gorham
 Account Director
 BIG Partnership
 Tel: +44 (0) 1 224253810
 E-mail: alan.gorham@bigpartnership.co.uk

New Directions, Complex Choices is an industry benchmark study on the outlook for the oil and gas industry in 2020. It was launched in 2011 and is now in its 10th year. The report is based on a global survey that incorporates the views of 1,031 senior industry professionals, along with in-depth interviews with a range of experts, business leaders, and analysts. The survey was conducted during late October and early November 2019. The research was carried out by teams from DNV GL, Longitude and Kantar TNS.

The organizations surveyed vary in size: 38% had annual revenue of USD500 million (m) or less, while 24% had annual revenue in excess of USD5 billion (bn). Respondents were drawn from across the oil and gas value chain, including publicly listed companies and privately held firms. They represent a range of functions within the industry, from board-level executives to senior engineers.

The findings and views expressed in the report do not necessarily reflect the views of DNV GL.

About DNV GL

DNV GL is a global quality assurance and risk management company. Driven by our purpose of safeguarding life, property and the environment, we enable our customers to advance the safety and sustainability of their business. We provide classification, technical assurance, software and independent expert advisory services to the maritime, oil & gas, power and renewables industries. We also provide certification, supply chain and data management services to customers across a wide range of industries. Operating in more than 100 countries, our experts are dedicated to helping customers make the world safer, smarter and greener.

DNV GL is the technical advisor to the oil and gas industry. We bring a broader view to complex business and technology risks in global and local markets. Providing a neutral ground for industry cooperation, we create and share knowledge with our customers, setting standards for technology development and implementation. From project initiation to decommissioning, our independent experts enable companies to make the right choices for a safer, smarter and greener future.