

NEW DIRECTIONS, COMPLEX CHOICES - INDUSTRY OUTLOOK 2020 (MENA 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 83 senior oil and gas professionals based in the Middle East and North Africa (MENA), 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 the Middle East and North Africa.

MENA confidence for growth falls, but remains higher than the global average

	MENA		Global	
	2020	2019	2020	2019
Confident for industry growth	71%	83%	66%	76%

Organizations in MENA express greatest resilience to low oil prices

	MENA		Global	
	2020	2019	2020	2019
If the oil price were to average less than USD50 per barrel in 2020, my organization will still achieve acceptable profits	54%	N/A	46%	N/A

Investment expectations on renewable energy projects double, while decarbonization spend rises by 10 points

	MENA		Global	
	2020	2019	2020	2019
Decarbonization increase investment	33%	23%	40%	27%
Decarbonization maintain investment	40%	38%	31%	28%
Renewables increase investment	47%	23%	44%	34%
Renewables maintain investment	20%	23%	27%	20%

Energy transition – including new business opportunities – driving investment in renewable and clean energy, but ambitions to achieve a lower-carbon energy mix fall

	MENA		Global	
	2020	2019	2020	2019
See energy transition as major factor in renewable and clean energy investment	32%	N/A	34%	N/A
Business opportunities driving investment in renewables/clean energy	34%	N/A	34%	N/A
Organization adapting to lower-carbon energy mix	55%	57%	60%	51%

Significant increase in cyber security investment expected in MENA while offshore wind investment expectations rocket

	MENA		Global	
	2020	2019	2020	2019
Highly likely or likely to invest in or develop offshore wind portfolios	54%	22%	62%	40%
Investment in cyber security expected to increase	63%	38%	54%	45%

Cyber security concerns rise significantly between digitalization and enhanced oil recovery (EOR) as highest priorities for R&D and technology investment, as some traditional scopes fall.

	MENA		Global	
	2020	2019	2020	2019
Digitalization a priority	54%	34%	56%	45%
Cyber security as a priority	35%	9%	24%	19%
Enhance oil recovery a priority	26%	17%	19%	16%
Traditional scopes (subsea, pipelines) as priorities	≤15% for each	≤23% for each	≤22% for each	N/A

Global economy concerns rise and oil price fears consistent as main barriers to growth

	MENA		Global	
	2020	2019	2020	2019
Global economy instability is greatest barrier to growth	25%	19%	25%	21%
Oil price remains barrier to growth	23%	23%	26%	21%

More organizations expect to see capex reduced this year than last year

	MENA		Global	
	2020	2019	2020	2019

Expect to increase capex	42%	40%	29%	30%
Expect to maintain capex	36%	43%	43%	40%
Expect to reduce capex	18%	11%	15%	13%

Supplier-driven inflation continues to rise in MENA, above global averages, impacting costs

	MENA		Global	
	2020	2019	2020	2019
Expect notable supplier-driven inflation in the next year	47%	47%	40%	40%
Experienced supply chain inflation in the past year	57%	53%	47%	41%

Cost efficiency focus rises faster than global average, surging 14 points after falling in 2019

	MENA		Global	
	2020	2019	2020	2019
Organization expects to focus on cost efficiency as top priority	40%	26%	32%	21%

Concerns over skills shortages and the ageing workforce rise – yet against the global average, less than half say oil & gas struggles to attract younger employees

	MENA		Global	
	2020	2019	2020	2019
Skills shortages or ageing workforce is barrier to growth	20%	15%	15%	21%
Industry struggles to attract 21-35-year-olds	47%	N/A	54%	N/A

Headcount fluctuations plateau, though reductions remain higher than global averages

	MENA		Global	
	2020	2019	2020	2019
Expect further contractions in the workforce	20%	19%	23%	17%
Expect workforce numbers to remain the same	39%	30%	40%	37%
Expect to increase headcount	33%	32%	28%	34%

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

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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.