

To the next level...

INDUSTRY REPORT



Contents

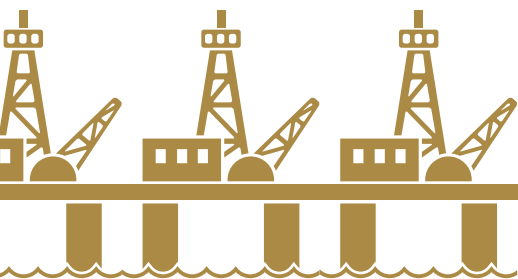
Introduction to the Report	02
Key Findings	03
Interesting Conclusions	07

Next level

INDUSTRY REPORT

The ever challenging oil and gas industry is going through a challenging period.

Trelleborg Offshore surveyed hundreds of oil and gas experts to understand their thoughts on the industry, the following report outlines the key findings that were revealed.

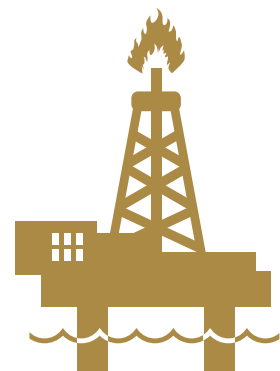
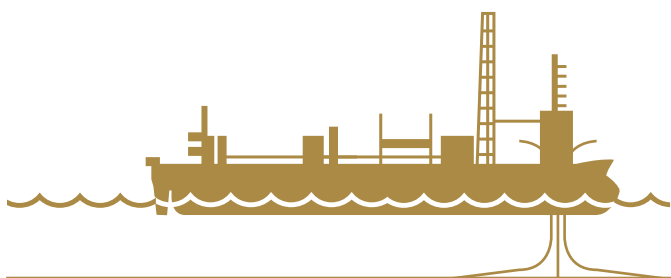


01

Suppliers have improved

their negotiations on cost, availability of technologies and products, responsiveness, and alternative solutions over the past

2 years.



Despite this, cost negotiations could still be improved, along with

technical support offering backup solutions.

02

Engineers most value

product quality,

flexibility, responsiveness, delivery track record, and compliance

when evaluating suppliers for a

project,

they aren't as concerned with warranties or guarantees, logistics, or testing capabilities.

03

More than half

of engineers expect installation and commissioning costs to be a major challenge, when making 'shelved' projects more viable in the extended low oil price environment.



04

The stabilization in oil prices above

\$40

bbl has caused

45%

of the oil and gas industry to focus on continuing to cut costs



36%

to stop hiring new workers, in addition to halting layoffs.



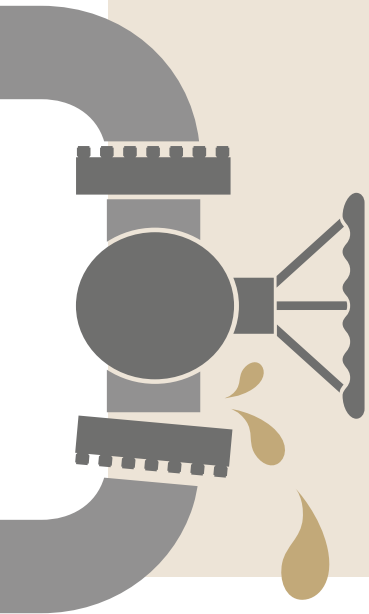
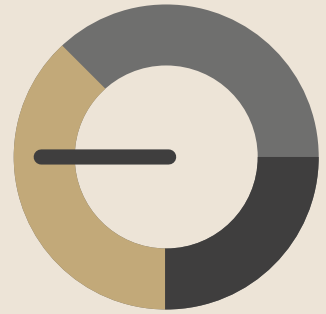
05

Operational efficiency has improved the most

as a result of the downturn of oil prices and 94% of respondents have seen no change or improvement in safety, while

equipment upgrades

and dedication to training or work-related education has decreased.



06

Nearly half of facilities

are highly automated, with some continuing to bring in more automation systems and others watching their systems age;

12% of facilities are not automated

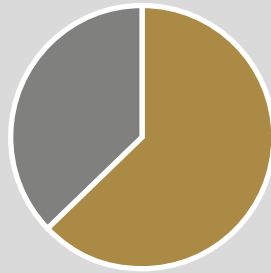
and aren't expecting to add automation in the near future.



61% of respondents' facilities

spend
more

on a project upfront to ensure longevity and less upgrades in the future, given the current downturn;



63%

look for one supplier to provide multiple products and services.



Interesting

Conclusions

01

There seems to be a

shift to
open tender
and alternative solutions.

02

Expectations of oil price

is in line

with energy authorities' bottom end of recovery, therefore the findings hint towards there not being a recovery in the next 18 months.

Which may be seen as a

positive

as the industry is becoming more efficient and overall costs are decreasing.



03

The results showcase that our industry has a

core value of safety

and it's not been compromised with reduction in project costs.

04

Upgrades and technological advances have



suffered

despite being the potential solution to industry challenges.

A quick Summary...

The Next Level Report from Trelleborg reveals that businesses from every level of the oil and gas market are **not compromising on safety**. Whilst upfront savings seem appealing when every penny counts, **facilities spend more on a project upfront** to ensure longevity and less upgrades in the future, given the current downturn; **63% look for one supplier** to provide multiple products and services.

The report has uncovered numerous surprises which need more investigation...

Trelleborg hosted a round table with oil and gas experts to discuss key topics in this report. To view their discussion, visit www.trelleborg.com/offshore.



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