

TURMOIL AND TRANSFORMATION - INDUSTRY OUTLOOK 2021 (BRAZIL SURVEY DATA)

DNV GL has published *Turmoil and Transformation: The outlook for the oil and gas industry in 2021*.

This research is based on a survey of more than 1,010 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 2021 connects all regions. We tell this story in our global press release.

Yet, our survey also offers regional insights. We provide the following factsheet with survey data from 35 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 respondents remain significantly more confident in industry growth than the global average, and reported a much smaller fall in confidence over the past year.

	Brazil		Global	
	2021	2020	2021	2020
Confident about industry growth	74%	84%	39%	66%
Confident about overall prospects (organization)	77%	68%	49%	70%
Confident about reaching revenue targets (organization)	66%	69%	41%	66%
Confident about achieving profit targets (organization)	51%	61%	36%	64%

The oil price stands out as the single biggest barrier to growth for Brazil respondents, with both it and the global economy increasing dramatically over the year.

	Brazil		Global	
	2021	2020	2021	2020
Global economy	40%	20%	49%	25%
Oil price	54%	14%	48%	26%

More Brazil respondents expect capex to increase in 2021 than they did for 2020 - a trend moving in the opposite direction to the global average. Brazil continues to have a more positive oil investment outlook than the other countries in the study, with over twice the global average expecting an increase in oil projects/portfolio investment in 2021.

	Brazil		Global	
	2021	2020	2021	2020
Expect to increase capex	29%	16%	20%	29%
Expect to reduce capex	17%	8%	30%	15%
Oil projects/portfolio increase	46%	43%	21%	31%
Oil projects/portfolio decrease	6%	4%	20%	11%
Gas projects/portfolio increase	34%	37%	37%	40%
Renewables projects/portfolio increase	51%	37%	57%	44%
Green/decarbonized gas projects/portfolio increase	31%	NA%	48%	NA%

Compared to the global average, a smaller proportion of Brazil respondents expect more corporate actions in the year ahead than in 2020.

	Brazil		Global	
	2021	2020	2021	2020
If the oil price averages USD40 to 50 per barrel in the year ahead (Brent-WTI average), my organization will still achieve acceptable profits	83%	31%	63%	46%
There will be increased consolidation within the oil and gas industry in the year ahead	63%	63%	78%	64%
In the year ahead, there will be more demergers, divestments and spin-offs in the oil and gas industry than in the past year	49%	47%	63%	46%

While Brazil respondents appear to have moved in line with the global trend to adapt to a less carbon intensive energy mix, fewer appear to be convinced by the case for hydrogen investment.

	Brazil		Global	
	2021	2020	2021	2020
My organization is actively adapting to a less carbon-intensive energy mix	60%	37%	66%	60%
Hydrogen will be a significant part of the energy mix by 2030	51%	39%	67%	52%
My organization is actively entering the hydrogen market	9%	6%	33%	21%

Brazil respondents say their organizations will prioritize cost efficiency to the same extent as the global average, but a higher proportion believe new operating models are needed to achieve further cost efficiencies.

	Brazil		Global	
	2021	2020	2021	2020
High, top and moderate priority to be placed on cost efficiency in 2021	94%	90%	96%	94%
The industry needs to develop new operating models to achieve further cost efficiencies	91%	88%	87%	81%
Cost cutting will be more challenging than ever in the year ahead	86%	NA%	80%	NA%
Headcount expected to increase	23%	35%	19%	28%
Headcount expected to decrease	20%	22%	36%	23%

Digitalization appears to be on the increase in the oil and gas industry in Brazil. Compared to a year ago, significantly more Brazil respondents will increase investment in the year ahead and prioritize improvements to data availability and quality.

	Brazil		Global	
	2021	2020	2021	2020
My organization has increased focus on digitalization over the past year	69%	57%	71%	72%
My organization needs to embrace digitalization to increase profitability	83%	69%	73%	73%
In the year ahead, my organization will prioritize improving data quality and availability	80%	57%	78%	67%
Digitalization investment expected to increase	71%	59%	68%	65%

Download a complimentary copy of Turmoil and Transformation from: dnvgl.com/industryoutlook2021

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About the research

Turmoil and Transformation: The outlook for the oil and gas industry in 2021 is an industry benchmark study on the outlook for the oil and gas industry in 2021. It was launched in 2011 and is now in its 11th year. The report is based on a global survey that incorporates the views of 1,010 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 2020. The research was carried out by teams from DNV GL and Longitude.

The organizations surveyed vary in size: 47% had annual revenue of USD500 million (m) or less, while 18% 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.