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in Oil & Gas

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JOB SEARCH

OIL & GAS GLOBAL SALARY GUIDE

The 2016 Compensation, Recruitment and Retention Guide
for the Oil and Gas Industry

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SURVEY SUMMARY

DISCIPLINE AREAS COVERED

28

COUNTRIES REPRESENTED WORLDWIDE

178

RESPONDENTS WHO ARE EMPLOYERS IN THE INDUSTRY

4,000

PEOPLE RESPONDED TO THE SURVEY

28,000





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MANAGING DIRECTORS' WELCOME

We are delighted to share with you our Oil and Gas Global Salary Guide 2016.

This is the seventh year that we have conducted our survey and our goal is to provide you with an informed view of global and regional trends in employment, compensation and benefits within the oil and gas industry, while identifying some of the key industry factors and events that have influenced these trends over the past 12 months.

The fall in the price of oil and the resulting impact on the industry and labour market have had a significant effect on the survey results. The initial prediction by many last year of a sharp rebound in the oil price didn't materialise, and according to many recent analyses and reports, it appears the industry is in for a rough ride in 2016, as the three leading export countries, Saudi Arabia, Russia and Iran, continue to battle for market share. The ongoing downturn has been reflected in this year's survey with salaries having declined by 1.4 per cent year-on-year, and 44 per cent of employers conducting restructuring initiatives in order to cut costs, protect profits and ensure their futures. On a more positive note, 53 per cent of employers have confidence that the industry will start to improve over the next six to 12 months.

Thank you to everyone who participated in the survey. Every answer is valuable and contributes towards the findings within the guide. Last year, over 70,000 copies of the guide were downloaded or distributed to businesses and at events around the world. The results prompted conversations with business leaders, hiring managers and job seekers across social media and attracted significant media attention worldwide. We strive to improve the guide every year and as such, we are keen to receive your feedback. Please contact us at hays-oilgas@hays.com or info@oilandgasjobsearch.com with comments or suggestions.



John Faraguna
Managing Director
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SURVEY METHODOLOGY

This year, approximately 28,000 participants across 28 disciplines from 178 countries responded to our survey.

The survey was completed in November 2015 and once closed, the data were compiled and cleansed to eliminate spurious samples and outliers.

Next we reviewed the data to ensure they reflected the realities of the local labour markets.

We then analysed the findings to identify trends and the reasons behind the results.

We believe that by blending the survey's quantitative data with our localised expertise, we produce the best and most representative view of remuneration in the industry.

As always with surveys, statistical errors due to sample size and respondent errors limit the accuracy of any particular figure. In addition, since the people who respond to our survey vary from year to year, changes in the demographics of respondents (e.g., their experience level, location and discipline) will have an impact on our figures that might not represent actual changes in labour markets.

In addition, respondents report their salaries to us converted to \$US from their local currencies, so fluctuations in the relative value of currencies versus the \$US will also impact our results. This year, we again have taken into consideration some of these biases to present a like-for-like global average salary alongside the average salary computed from the unadjusted raw data. We have not adjusted the other figures.

Disclaimer:

The Oil & Gas Global Salary Guide is representative of a value added service to our clients and candidates. While every care is taken in the collection and compilation of data, the survey is interpretative and indicative, not conclusive. Therefore, information should be used as a guideline only and should not be reproduced in total or by section without written permission from Hays and Oil and Gas Job Search.

This survey data was gathered during September and October 2015, during this time the price per barrel of Brent oil averaged \$47 per barrel. This guide therefore may not fully reflect any changes to the market caused by any changes in prices after this date.

SUMMARY OF KEY FINDINGS

For the first time in five years of the Oil and Gas Global Salary Guide, employers cite economic instability above skills shortages as the number one industry concern.

As a result of the global downturn in the industry, 2015 proved to be a difficult year. Thirty-two per cent of respondents said they had been laid off or made redundant and 93 per cent of employers said they had to make some level of headcount reductions over the past 12 months. Looking to the year ahead, we're likely to see further changes as 41 per cent of vice president respondents said they are currently considering mergers or acquisitions in order to remain profitable. Optimistically, 53 per cent of employers predict that the market will start to strengthen in the coming six to 12 months. Currently, 56 per cent of employers said the main issue facing the industry is economic instability. However, looking at the next six to 12 months, just 34 per cent of employers said economic instability will still be the main challenge and 22 per cent feel that skills shortages will be the growing concern. This could be an early sign of employers preparing to start hiring in the latter half of the year, should the oil price start to rise again. Something to note, in an effort to secure a new role, 72 per cent of those who have been laid off or made redundant are currently looking for a role outside of the industry. If successful, this could cause a brain-drain of talent leaving the sector, potentially creating future talent challenges. That being said, despite pursuing opportunities in alternative industries, 85 per cent are confident that they will secure a role within the industry.

Based on the findings from this year's salary guide, the following are the key insights and recommendations for action to support employers' human capital management plans.

Summary of key findings:

1. Save on workforce spend as workers are prepared to be flexible on salary, but only for the right total package

- Employers are being creative with compensation and benefit plans to try and avoid further headcount cuts. Workers are making this possible by being flexible on salaries. For example, 51 per cent of employee respondents said they would consider a cut in salary to retain their current job. Although willing to bend on base salary, benefits remain one of the four key influencing factors, and over the past seven surveys there has been a shift in employers personal welfare-based incentives. For instance, since 2010, there has been a 50 per cent increase in the number of employees receiving health/medical plans and a 67 per cent increase in the number receiving retirement plans, but bonuses have remained steady, with only a three per cent increase over the same time frame. Furthermore, in this year's survey, 20 per cent of respondents said that health plans are the most important benefit, compared to 10 per cent in the previous year's.
- As a result of having to reduce headcount, employers have noted that a lack of resource has affected productivity levels and increased workplace pressure. Eighty-nine per cent of hiring manager respondents said the reduction in manpower has negatively impacted productivity and 90 per cent said that this is causing an increase in workplace pressure. Given that professional development is the third most important factor for employees when evaluating their role, offering training and development could be a low cost way to help tackle these issues and also support retention. Survey results show that employers recognise this need, as 35 per cent of employers invested in or upgraded training plans in the past 12 months and 43 per cent are using training as a way to upskill their current workforce.

2. Protect your employer image as working for a company with a good reputation is a top priority for employees

- Forty-one per cent of oil and gas professionals said a company's reputation is the number one factor when evaluating a job offer, ranking above compensation (34%), career progression (15%) and benefits (10%). For the majority of businesses effected by the downturn, the focus has been to keep headcount costs low and to remain profitable. However, it is important that businesses understand the impact that an employer reputation has on an organisation's ability to attract and retain top professionals in the industry, no matter the industry circumstances. For example, 60 per cent of those respondents who have been laid off or made redundant said they did not receive any assistance from their previous employer in helping them secure a new role. The choices in the survey included low cost options such as time off for interviews or being introduced to a recruiting firm. Supporting workers throughout the full work lifecycle, including exiting the business, will help preserve a good reputation, as well as help ensure that when market conditions improve, the employer brand is still attractive.

3. Plan today for when you're ready to grow your workforce, through developing and implementing a succession plan

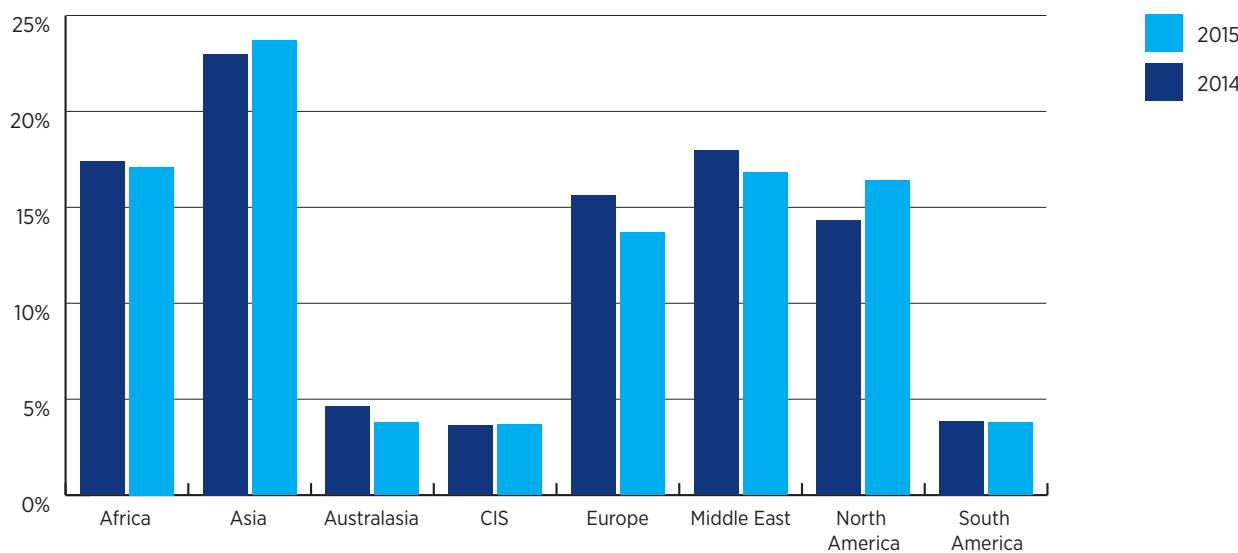
- Seventy-five per cent of employed survey respondents said they are currently looking for a new job, which is surprising based on the high number of redundancies in the industry over the past year. Not surprisingly, however, is that 40 per cent of survey respondents said their workload has been negatively impacted by the reduction in headcount. Retention may not be at the top of the agenda for hiring managers, however, employers cannot afford to lose essential workers. Further to this, career progression is cited by survey respondents as the third most influencing factor when considering a new role, company reputation and compensation being number one and two respectively. What is more surprising is that 36 per cent of employer respondents said their retention issues are caused by poor succession planning. To support existing staff, as well as to be in a position to effectively attract candidates when ready to recruit, having a long-term succession plan in place is key. However, when asked only 17 per cent of hiring managers said they are intending to implement one in the coming 12 months. A succession plan is a great way to attract candidates as well as bolster confidence with existing staff. Devising a succession plan does not have to be costly or complex exercise and should be looked at as a key component to a long-term growth plan.

SECTION ONE DEMOGRAPHICS

Amidst a changing global market, the demographics of survey respondents remain consistent with last year's survey



Survey respondents by region

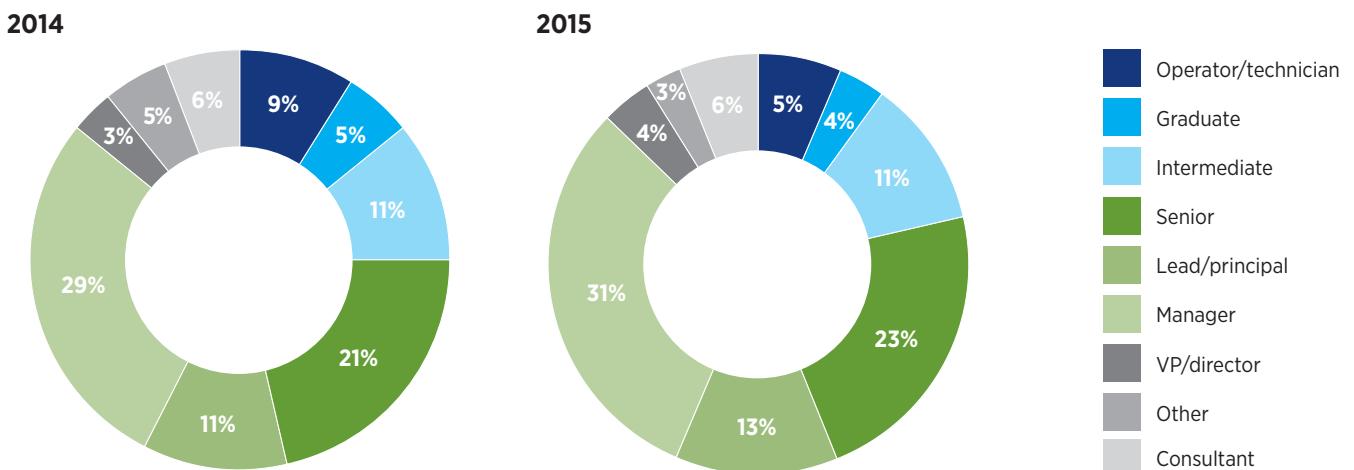


DEMOGRAPHICS

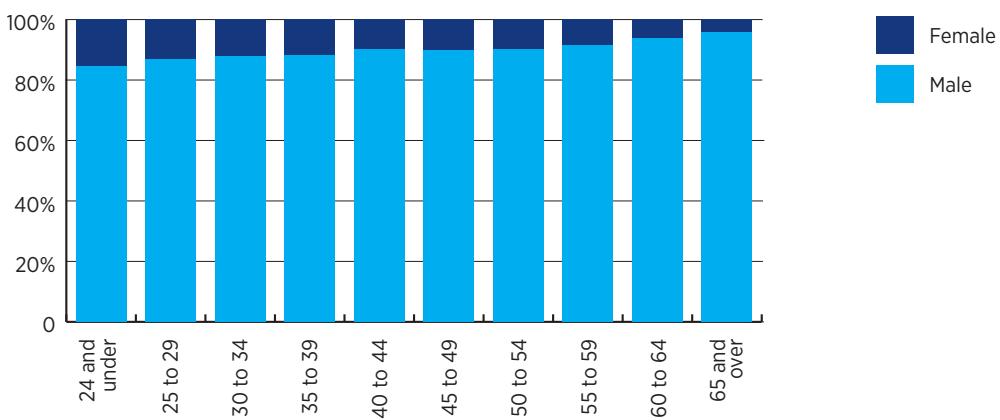
The figures below show the demographics of the 28,000 respondents to this year's survey.

Although the industry has seen many changes in the labour market over the last 12 months, there is much consistency in the demographics of this year's respondents compared to last year.

Seniority level



Age and gender



Expats versus local



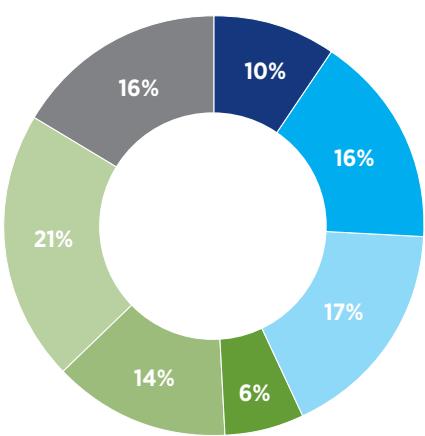
Contract versus permanent



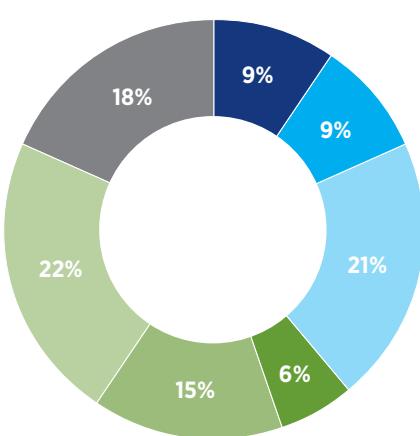
DEMOCRAPHICS

Company type

2014

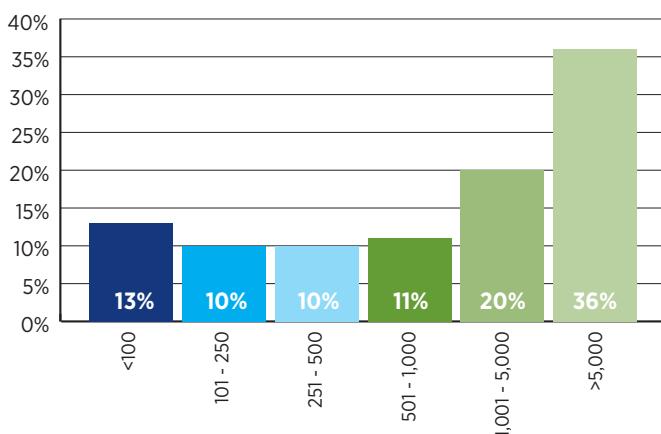


2015

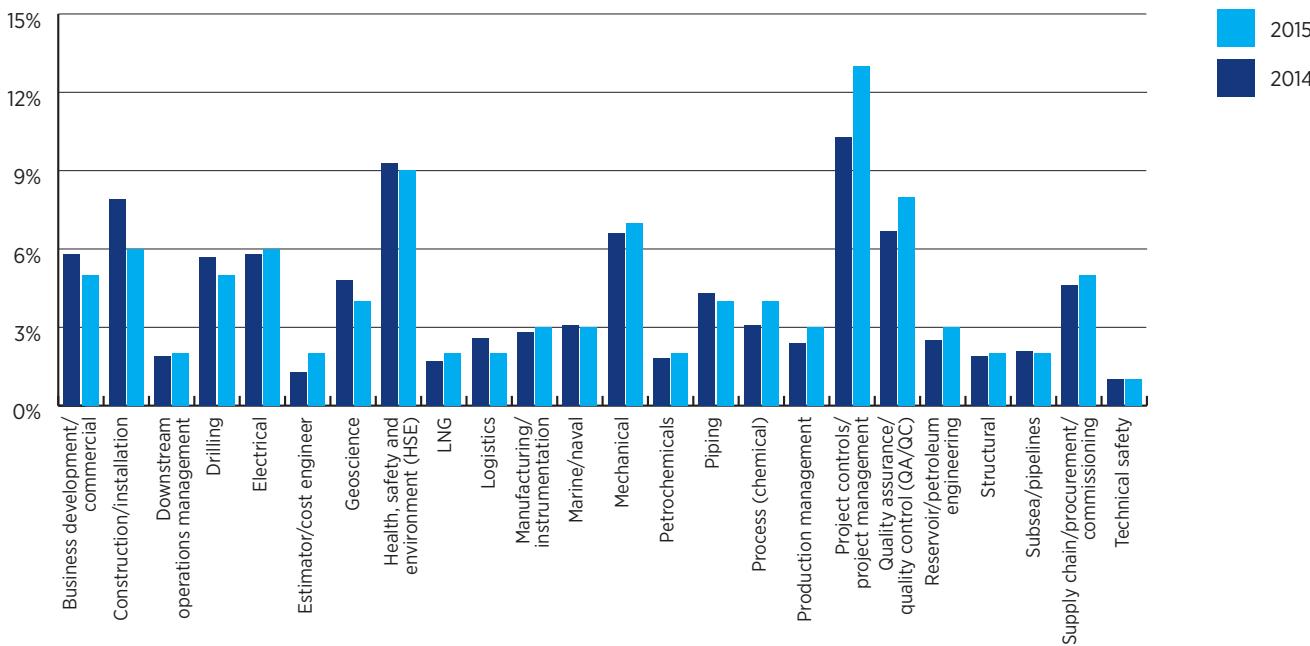


- Consultancy
- Contractor
- EPC
- Equipment manufacture
- Global super major
- Oil field services
- Operator

Company size by number of staff



Discipline area



SECTION TWO

INDUSTRY PERSPECTIVE



GLOBAL PERSPECTIVE

The concern over China's slowing economy and associated decline in oil consumption coupled with an ongoing global surplus of oil supplies has meant that the anticipated "V" shaped recovery in the oil price didn't materialise. As we enter 2016, key analysts and industry experts are now predicting a "U" shaped recovery, with the market adjusting itself for a much longer period of subdued pricing than was first anticipated.

The continued fall and subsequent stagnation of oil prices is considered, by some, to be the most important macro-economic event in recent times. The drop in price has meant lower fuel bills for many consumers, helping boost economic activity in energy intensive countries such as the US. However, it has also drastically reduced the revenues of oil-exporting countries, whose governments rely heavily on oil and gas royalties to finance budgets and loan repayments. The subsequent loss in oil revenues has helped push countries such as Russia, Venezuela and Nigeria either into deep recession or to the brink of bankruptcy and has been a major contributing factor in the change in government in Venezuela.

According to the International Energy Administration's November 2015 report, global demand for oil is set to fall in 2016 as supportive factors that have recently fuelled increased consumption, such as post-recessionary bounces and sharply falling crude oil prices, are expected to fade. In 2015 global oil supplies breached 97 million barrels per day (mmb/d), as output outside the Organization of the Petroleum Exporting (OPEC) countries rebounded from reduced levels in the early part of the year. OPEC's crude output held steady at an average 31.76 mmb/d, as declines in output from Iraq and Kuwait were offset by increased production from Libya, Saudi Arabia and Nigeria. Non-OPEC (excluding the US) production growth in 2015 was largely attributed to investments committed to projects before the oil price decline that began in mid-2014. For example, the Golden Eagle and Peregrine fields in the North Sea went into production late 2014 and early 2015, but received final investment decision (FID) in 2011.

US production, now the world's largest swing producer, driven by a decade of shale oil growth, has remained steady despite a significant decline in drilling activity. However, reports issued in early November by the Energy Information Administration indicate that production is starting to decline, as operators wait for the recovery in price before completing new wells. Output outside of the US continued to defy expectations, posting healthy gains in spite of lower prices and spending cuts. Despite declines in mature fields, there was a boost in output from Russia, China, Oman and the North Sea. Brazil, a significant contributor to production growth earlier in the year, saw its output slow as the beleaguered semi-state owned Petrobras continued to struggle with its corruption scandal and negotiate with unions and workers over strike action.

The reduction in rig count in the US will support upward pressure on price, but for now, OPEC is standing firm on its decision to maintain production levels. There is also the possibility of an influx of additional oil onto the market as Iran reaches a deal that eases sanctions applied against them. Forecasted demand for oil throughout 2016 remains weak, and although US production looks to be curtailing, it remains to be seen if the reduction in output from the world's largest oil producer will have enough impact on surplus supplies to drive prices upwards.

Redirection of investments away from exploration and towards maximising production efficiencies has helped maintain production levels in the short-term. However, in the medium to long-term, this lack of investment in finding and developing new reserves will lead to an undersupply and

“ It is a difficult time for the industry and the decisions made today in the height of the commodities downturn will have a significant impact on how deep the talent shortage will be in future years. The question has to be asked: are we creating a repeat of the 1980's talent shortage that in future years will again hold the industry hostage to inflated wages? **”**

John Faraguna, Managing Director, Hays Oil & Gas

higher prices. More than half the projects currently awaiting final approval have either been cancelled or deferred. These projects would have seen more than \$750 billion of capital expenditure and at peak would have added approximately 10.5 mmb/d to global output. The combined effect of lower E&D investment, a decline in output from US shale due to lower drilling activity and growth in global oil consumption will ultimately create upward pressure on prices.

Financially stable companies are looking to maximize on growth opportunities through mergers and acquisitions or the purchase of high performing assets at below market rates from cash-strapped operators. The move away from exploration and new drilling activity has seen a consolidation in the service company sector as businesses seek to merge or acquire competitors with advanced technologies or unique service offerings, as demonstrated in both the Halliburton takeover of Baker Hughes and Schlumberger's approach for Cameron. The upstream market is seeing early signs that sellers' expectations are dropping to a level more in line with buyers', an example being Occidental's divestment of its Williston Basin assets to Lime Rock for approximately \$500 million, a reduction from the \$3 billion Occidental was reportedly seeking 12 months earlier. These mergers are further compounding the weakening of the labour market, as the consolidation process will lead to further redundancies in the short to medium-term.

Looking forward, analysts are currently divided as to how the market will change over the coming year. Those in the "lower for longer" camp believe that the price is likely to stay subdued for a minimum of two years, versus those who expect to see a quicker recovery in late 2016/early 2017. Both sides make compelling arguments as to why they are correct, however, it is still too early to give full support to either side.

“ The low oil price environment has lasted a lot longer than many people's expectations. Those surveyed have indicated they are hopeful to start seeing improvements towards the end of 2016. **”**

Duncan Freer, Managing Director, Oil and Gas Job Search

Needless to say, the industry will face some tough challenges in the next 12 months. Even at \$65 per barrel, much less the current sub \$40 level, we would expect to see continuing pressure to reduce costs and increase efficiency. To date, cost reduction activity has resulted in an estimated 250,000 redundancies worldwide. More will follow. These changes in the workforce, coupled with the accelerating retirement of baby boomers will leave employers with a hefty gap in their workforce once industry activity recovers. With hiring plans low on the agenda for the foreseeable future, there is a storm gathering within the industry, one that could create an even greater skills shortage than that caused by the downturn of the mid-to-late 1980's, when the oil price crashed 65 per cent and an estimated 55 per cent of those employed in the industry lost their jobs; a period of time that is widely referred to as "The Lost Generation".

INDUSTRY PERSPECTIVE

Regional View

North America



The market in North America has been unpredictable over the last year and this is set to continue throughout 2016.

US drilling activity has seen a considerable slowdown. According to Baker Hughes Rig Count data there has been a 60 per cent drop in active rigs, dipping to levels not seen since July 2010, as upstream activity, primarily driven by the "shale boom", has slowed in response to low oil prices. The drop in active US oil rigs has yet to translate into significant output declines, as the drop in activity levels have been offset by high-grading and other efficiency gains. However, the most recent data clearly shows that onshore production growth has stalled and output is starting to decline. It is still to be seen what effect, if any, this decline will have on the global supply/demand imbalance and prices.

Throughout the year there has been a fundamental attitude shift in Washington D.C. towards lifting the 40 year ban on US crude exports. Experts from different fields agree that exporting US crude oil will help grow the economy, lower consumer fuel prices and create jobs, all at a time when the industry sorely needs a boost.

Once the world's largest energy importer, the US is now poised to become the largest LNG exporter in the world and this could potentially trigger five to seven years of unprecedented growth in demand for domestic natural gas. The implications this has for Australian projects are particularly significant. Until recently, Australia was expected to be the leading force in future global LNG supplies. However, as highlighted in a recent study by McKinsey, even after taking into account the higher shipping costs to move LNG from the US to Asia, LNG supplies from green-field projects in Australia are still likely to be 30 per cent more expensive than from brownfield projects in the US.

It has been a rough ride for the Canadian oil and gas industry, with several key projects having FID delays or being cancelled such as Keystone XL, Total's Pierre River and Canada LNG. A recent report conducted by CAPP, estimates some 35,000 workers have been laid off in the Alberta oil patch. However, there is some good news as producers are realising the value of certain gas plays in Eastern British Columbia and Western Alberta. The Montney and Duvernay plays, for example, are still seeing significant investment in exploration and production, as companies such as Encana, Severn Generations and Arc Resources look to take advantage of favourable pricing

There has been a 60 per cent drop in active rigs, dipping to levels not seen since July 2010.

dynamics and improved technology that has aided well productivity. The continuing investment in these plays has led to several recent midstream infrastructure announcements. Meritage Midstream began construction of a 75 million cubic feet per day gas and 10,000 barrel per day crude pipeline in May and The North Montney mainline project received approval. Additionally, the Prince Rupert Gas Transmission Project started construction and is scheduled to be completed within the next four years.

Although the layoffs and redundancies that have occurred in North America have been well publicised in the media, there still remains pockets of hiring activity. LNG projects, such as Freeport, Sabine and Cove point have moved into construction phase. This has led to high demand of qualified skilled labour including Electricians, Welders and Mechanical Fitters. Furthermore, additional projects are expected to receive FID and move forward with construction plans over the next 12 to 18 months. As these projects move through the phases, demand for skilled trades will intensify as competing projects battle for talent in order to meet project timescales.

Latin and South America



Political changes are having significant effects on oil and gas businesses. In Mexico, privatisation is driving new business opportunities whereas in Brazil, Venezuela and Colombia, governments are battling significant debt and security concerns.

Mexico's opening to the private sector will generate opportunities for exploration and production (E&P) operators, the E&P arms of international oil and gas companies, suppliers, and investors. In November 2015, Transcanada announced that it expected to benefit from Mexico's energy sector privatisation and will build a new pipeline to carry gas from hydraulic fracturing in the US to Mexico's electricity grid, the first pipeline under Mexico's energy sector privatisation era.

Brazil's semi-state owned energy corporation, Petrobras, is facing significant challenges as it continues to carry the industry's biggest debt load, handle the fallout from the ongoing fraud and bribery investigations and now negotiate with its striking workforce. This has led to the organisation sitting out of the latest licensing round for the first time ever. The country's National Petroleum Agency sold only 37 of the 266 onshore and offshore blocks it offered in the last round of auctions, which had the worst turnout in more than a decade. International major operators in Brazil, including Statoil ASA, Royal Dutch Shell Plc and Total SA, didn't submit any bids. The auction took place amid a slump in crude prices and a national political crisis while Petrobras struggled to come to terms with cash constraints. The Brazil auction followed on from a disappointing auction earlier in the year in Mexico. With crude prices having slumped almost 50 per cent in 2015, operators including ConnocoPhillips and Shell have slashed investments in the country.

Venezuela, one of the world's largest oil exporters, was already finding it difficult to meet budgetary commitments and loan repayments due to economic mismanagement even before the oil price slumped. With inflation running at approximately 60 per cent, the country is on the brink of bankruptcy. Venezuela and Ecuador have led pleas to other member states in the Organization of Petroleum Exporting Countries (OPEC) to limit oil production, in order to drive prices back up. However, OPEC to date has remained firm on maintaining production, preferring to battle for market share.

Colombia continues to be blighted by attacks from anti-government guerrillas, and although pipeline attacks had declined significantly from 2005 to

Mexico's opening to the private sector will generate opportunities for exploration and production (E&P) operators, the E&P arms of international oil and gas companies, suppliers, and investors.

2010, according to Colombia's Ministry of Defence, the number of attacks has now increased substantially, reaching 141 in 2014. This has led to a significant rise in unplanned production disruptions in Colombia. The US Energy Information Administration estimates the country averaged 45,000 bbl/d of unplanned production disruption throughout 2014, nearly a three-fold increase since 2012. As such, foreign investment into the region has reduced and a slowdown in the industry has occurred.

With the appointment of President Macri in Argentina, seen by many to be more pro-business than his predecessor Cristina Fernandez, analysts think planned policy changes by the new administration will help attract foreign capital into the country's oil and gas industry.

The Vaca Muerta play, located on Argentina's western border with Chile, is one of the most significant shale resources outside the US. With the new Government in place, one of the main impediments to international investment seems to have been removed. However, the heavy impact of unions on labour costs still remains a significant hurdle that the state owned YPF will need to overcome in order to attract the partners it will need to fully develop the 6.3m acre play.

INDUSTRY PERSPECTIVE

Regional View

United Kingdom (UK) and Continental Europe



The decline of activity in the North Sea will continue to have an impact on the workforce throughout 2016. However, there are a few glimmers of light as plans are being made that could reinvigorate hiring needs in the future.

Last year's Scottish referendum and recommendations from the Wood report have done little to spark activity in the region. A recent report by Oil and Gas UK highlighted that in the third quarter of 2015, 55 per cent of respondents reported lower activity than the previous quarter of 2015. With capital investment across the industry of £14.8 billion last year, capital investment is anticipated to decline between £2 billion and £4 billion annually into 2017, requiring further downsizing and restructuring by regional operators and service companies.

In order to replace lost revenues from declining North Sea output, the UK government has fast tracked the development of fracking. Recently passed legislation allows the Community Minister to directly approve shale gas permits, removing the decision making from local politicians after progress was blocked on the UK's first fracking wells. However, the Government still faces strong opposition from environmental groups and it is yet to be seen how significant unconventional production will be.

The North Sea region has seen its lowest exploration activity since the early 1970s and very few new projects have received FID due to unfavourable economic conditions. On the other hand, the reduction in new exploration and production is likely to help speed along the decommissioning phase of ageing and non-productive assets. Over the next few years, the process of retiring North Sea oil and

The inevitable decommissioning of North Sea oil and gas facilities could create new jobs, especially for those in construction, supply chain, material management and safety.

gas facilities is anticipated to accelerate, creating opportunities for those firms that develop the safest and most cost effective solutions. In turn, this is expected to generate new opportunities for those with relevant skills, such as Planners, Estimators, Supply Chain Professionals and Project Managers.

For the past four years, Poland has been regarded as the European Union's biggest hope for developing indigenous sources of natural gas and the best prospect for breaking Russia's grip over natural gas supplies into Europe. As such, dozens of wells have been drilled since 2010. However, only a very small percentage have been successful. In fact, a Bloomberg report highlighted that the most productive of these projects have returned gas flows that were just 30 per cent of what is needed to be commercially viable. With Chevron's decision to cancel further drilling activities within Poland, Europe will need to seek alternative options if it is to reduce dependency on Russian gas.

Russia and Commonwealth of Independent States (CIS)



It has been a challenging year for the Russian economy. The Rouble has lost 43 per cent of its value against the dollar during the last 12 months and inflation has reached a 13 year high. EU and US sanctions have restricted trade with the West and the downturn in oil and gas has led to Russia sinking into recession for the first time since 2009. Oil and gas revenues account for more than 70 per cent of Russian export income, highlighting how heavily Russia's economy relies on these revenues.

In response to tightening sanctions, Russia has turned eastward to China for financial support and to tap into the Chinese talent pool in order to replace those workers lost as a result of western companies withdrawing from Russia following the sanctions. The \$400 billion deal between the two countries will see Russia supplying China with gas from Sakhalin, however, further deals seem to be on hold as China's

Russia continues to compete with Iran and Saudi Arabia, the other two leading oil exporting countries, for market share.

Government struggles with a slowdown in its economy and waits to see the longer term implications of lower oil and gas prices.

Russia's lobbying of OPEC to cut production seems to have been futile, even after several high profile meetings with Saudi officials. Furthermore, with Russia taking military action in Syria, the possibility of the two largest oil producing countries agreeing on production cuts seems to have evaporated. Russia continues to increase output in a bid to win back market share from Saudi Arabia and other exporting countries. As such, the job market has remained steady and there is still high demand for Western rig managers and health safety experts with experience in the region.

INDUSTRY PERSPECTIVE

Regional View

Middle East



Although the industry globally has suffered a well-publicised decline in project spend, the Gulf Cooperation Council (GCC) has decided to continue with infrastructure projects. In some cases, budgets have been increased to bolster a growth in production and to help be more self-sufficient, relying less on the refining capability of other countries.

The Saudi Arabian Monetary Agency (SAMA) for the first time in eight years issued a \$4 billion domestic bond designed to assist the Government in dealing with a deficit of \$130 billion for 2015, or 17.5 per cent of gross domestic product (GDP). Last year's deficit was only approximately 2.3 per cent of GDP.

Oil production in Saudi Arabia continued to increase throughout the year with Saudi Aramco ramping up production in order to maintain market share. In recent years, the primary concern has been competition posed by shale oil production from the US. Now there is a new challenge as Iranian oil could be flooding the market in 2016 after a deal to remove sanctions was agreed. This has left Saudi Arabia pondering on what rate and pace Iran's oil and gas resources will return to the market and the effect this will have on an already depressed oil price.

We can assume from Iran's perspective, having suffered varying degrees of economic hardship associated with sanctions since the late 1970's, a boost to its central finances is a priority. The estimated 40 million barrels of Iranian crude oil currently aboard tankers in the Gulf looks destined for a quick sale, further adding to an already over supplied market.

The Middle East is starting to feel the effects of low commodity prices, but some states in the GCC are pushing through with planned projects.

As the leading influencer within OPEC, Saudi Arabia is coming under increased pressure from other member states to announce a cut in production and stimulate an increase in prices. With a recent announcement that Riyadh intends to release a further round of domestic bonds in late 2015, it looks unlikely that a cut in production will be announced any time soon.

Where there have been redundancies in the region, these have mainly been as a result of restructuring by international companies. While drilling contractors have suffered, National Operating Companies (NOC) and EPC contractors within the GCC have continued hiring for essential skills, for example for project and construction professionals.

Africa



Overall activity in the industry has slowed across the continent in the wake of the declining oil prices.

Several of the regions' governments, including Nigeria, Tanzania, South Africa and Kenya have responded by passing bills in support of the oil and gas industry in order to attract investment. For example, the Nigerian Government has pledged to overhaul the state owned Nigerian National Petroleum Company (NNPC). President Buhari's reform of the NNPC is underway, having fired the NNPC board and appointed an outsider. The new remit is to drive transparency and governance in a bid to rid the NOC of corruption and restore trust with International Operating Companies.

Africa still remains one of the last frontiers for exploration, and although capital budgets for further exploration have been reduced, it is only a matter of time before companies reinvest. One of the biggest challenges facing employers in the region is retention of skilled labour, as highlighted in this year's survey. A lack of skills and skills retention is rated as the most likely factor to impact business over the six to 12 months, second only to economic instability.

As with other regions, the low oil prices have had far reaching consequences, such as capital budgets being slashed and other cost cutting initiatives being rolled out throughout the region.

East Africa's huge offshore gas potential still has a pivotal role to play in the global LNG market. With Anadarko and ENI both pushing ahead on plans to build world class liquefaction facilities, analysts estimate that LNG exports could be worth up to \$39 billion per year to Mozambique, one the world's poorest countries. However, even if the Mozambique Government approves the schemes there is still some concern over resettlement programmes and cooperation from indigenous tribes.

INDUSTRY PERSPECTIVE

Regional View

Asia



The downturn has affected all markets across the region but overall the industry in Asia is likely to remain relatively stable over the coming year. Growth in major Association of South East Asian Nations (ASEAN) economies is projected to moderate in 2016, owing to lower commodity prices, political uncertainty in Malaysia, and weaker growth in China. Slower trade should also dent growth prospects in Singapore and the Philippines. Thailand is expected to see a rebound as public and private domestic demand recover, as a result of less policy uncertainty.

The oil and gas sector in the region has typically relied on both debt and non-debt financing. For example, bond issuance and syndicated loan issuance by Asian oil and gas firms has surged in recent years. Since sources are linked to asset values and profitability expectations, a prolonged

period of lower pricing could see the cost of financing increase and, in turn, lead to lower capex budgets.

A cause for concern for Singapore is the \$5.25 billion Panama Canal Zone expansion due to be completed by the beginning of 2016. A report issued last year from energy consultancy, Wood Mackenzie, said that the canal's expansion holds particular significance for the US. This expansion offers time and cost savings on LNG trade routes from the US Gulf Coast to East Asia and therefore could weaken the influence Singapore has as a regional trading post. As this scenario develops, Singapore will likely find itself losing market share in North Asia and will be pushed to concentrate more on South Asian (predominately India) and Southeast Asian LNG markets, where it will face competition from Australian LNG facilities.

Since late 2014, India's oil demand has been rising, with early 2015 data showing a record rise in oil demand to 3.91 mmb/d, a 9.4 per cent increase year-on-year. In March 2015, Prime Minister Narendra Modi set the challenge to reduce India's imports of oil, currently 77 per cent of total consumption, by 10 per cent. This will be a tough target to meet given India's largest producing oil field is in decline and the last major oil discovery was 11 years ago. Work has already begun to study and design ways that could boost domestic oil production, including in the regions of Jammu and Kashmir, which are thought to have significant reserves. Special attention is being placed on the Riasi and Poonch regions on the banks of River Chenab. However, given that these regions are near the Line of Control with Pakistan, attracting foreign investment could prove problematic.

China continues to push ahead with reforms to open up its oil markets.

The long-awaited crude contract will better reflect China's growing importance in setting crude prices, and boost the use of the Yuan globally. China, the world's second-biggest oil consumer and fourth largest producer, for the first time has begun to loosen its grip on the physical oil sector this year by granting quotas for imported crude to privately-owned refiners, surprising market participants with the speed of reform. Looking forward, China's economic growth is expected to continue to disappoint, with forecasted growth rates under the government's seven per cent target. Lower exports reflect tepid global economic growth, and the country's efforts to move toward a more service- and consumer-based economy is progressing more slowly than expected.

Australasia



Despite the current downturn in commodity prices, the prospects for Australia's resources and energy sector remain broadly positive as the industry transitions from a period of high investment to one of production growth. Lower commodity prices have curtailed the flow of capital into new projects and have halted sustained capital expenditure. Exploration expenditure has declined as companies seek to reserve cash.

By 2019-20, all seven mega-LNG projects will begin operation and there will be a total of 86.6 million tonnes of LNG production capacity in place, with a projected combined export volume of just over 76 million tonnes. However, with North American LNG due to come online in 2016, there has been a

softening in spot LNG prices. Consequently, the underlying economics of those trains not due to come online until 2017 are again in question.

The production phase of the LNG boom is yet to peak, and is expected to last considerably longer than the investment phase. This new phase is largely underpinned by AUD \$400 billion of investment that was channelled into resources and energy projects between 2003 and 2014.

Although hiring for LNG project construction is now slowing down, a recent study by Energy Skills Queensland forecast that demand for workers in upstream Coal Seam Gas (CSG) would not peak until 2024 (based on a scenario of 45,000 wells and six LNG trains). The need for these different roles will change over the duration of the project. Since well servicing requires the most manpower following the drilling and gas field development stages, we expect to see a rise in demand for these roles in the next one to two years. This phase of the LNG projects brings with it new workforce challenges. According to a recent study by the Australian Workplace and Productivity Agency, Australia will require approximately 3,000 LNG process operators over the next two to three years, however, current estimates suggest there are only between 200 and 300 available. This will raise concerns among operators that there could be a repeat of over-inflated compensation packages, which blighted budgets during the design and construction phases.

Although current market conditions are challenging, demand for Australia's resources and energy commodities is projected to increase over the medium- to long-term due to growing consumption in developing regions, particularly in Asia. This expectation is based largely on increasing

Over the next five years the mega-LNG projects that have been developed are scheduled to begin operation and Australia will emerge as the world's largest LNG exporter.

urbanisation and the expansion of manufacturing in emerging, highly-populated Asian economies. As a result, Australia's earnings from resources and energy commodities are projected to increase at an average annual rate of 6 per cent a year, from 2015-16, to rise to a total \$235 billion in 2019-20.

In the short- to medium-term, lower commodity prices will force resources companies to reduce costs and improve productivity. As a result, we anticipate further headcount reductions.

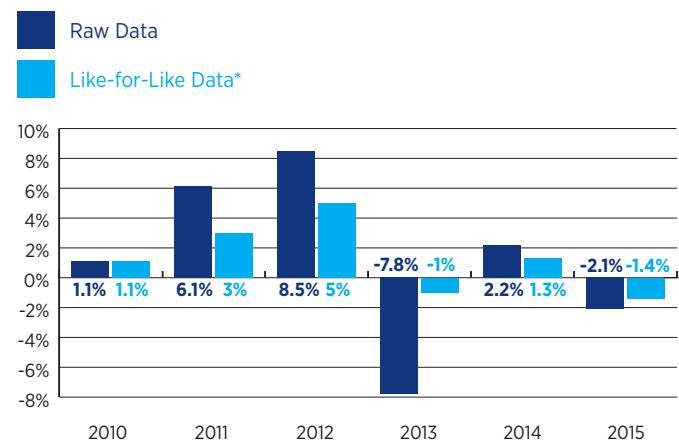
SECTION THREE SALARY INFORMATION

Salaries decreased by 1.4% globally





Salaries decreased from 2014 levels



* Adjusted for changes in the demographic of survey respondents.

SALARY INFORMATION

Salary Overview

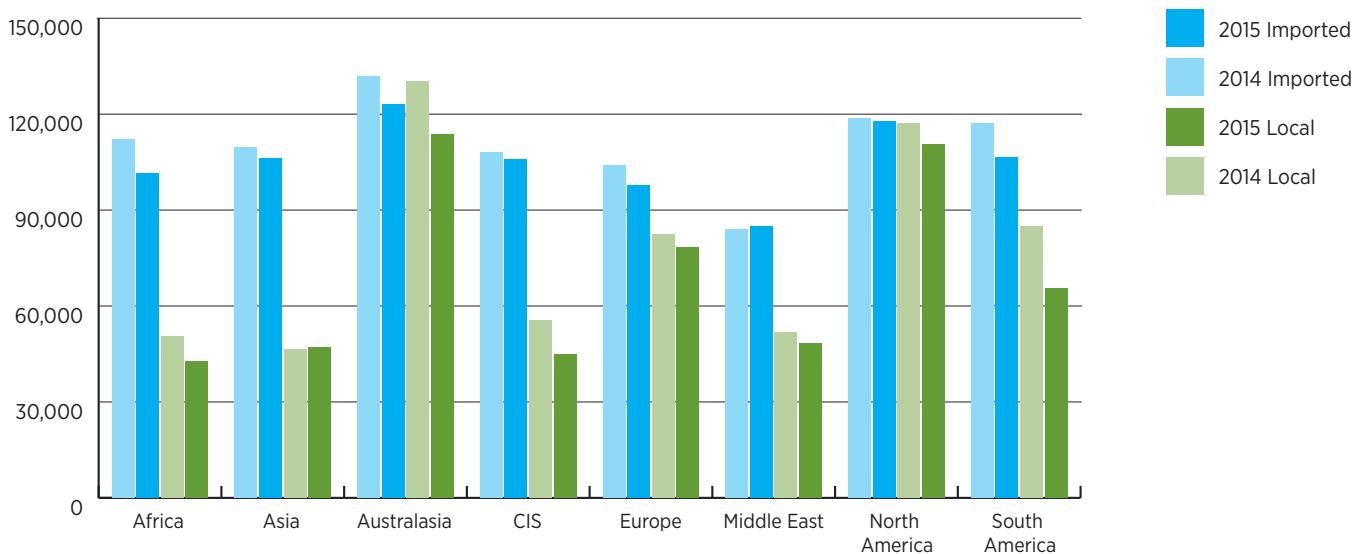
Over the last year we have seen the average global salary decrease by 1.4 per cent, from 2015's average salary of \$82,141 US. This breaks down into local talent average of \$68,400 US and an expat talent average of \$98,200 US. The average contractor day rate globally in 2015 was \$525 US.

The fall in oil prices has had a direct effect on business activity worldwide, which has impacted employers' hiring plans and salaries in many locations and discipline areas.

Key Insights:

Although the overall market has seen a decrease in salaries, there are still pockets of the industry, particularly in Asia and the Middle East, where the war for talent continues, wage pressures remain and salaries have seen little change.

Average salary changes by region



Background for this section

Permanent staff salaries are the figures returned by respondents as their base salary in US dollar equivalent figures (respondents were asked to convert their salary into US dollars using xe.com at the time of responding) excluding one-off bonuses, pension, share options and other non-cash benefits, for those working on a yearly payroll. Those on a daily payroll are extracted and listed separately.

The average salaries listed under local labor are representative of respondents based in their country of origin. Salaries listed under imported labor are representative of those who are working in that country but originate from another.

Contractor rates are listed as US dollar equivalent day rates as provided by respondents.

SALARY INFORMATION

Salaries by Seniority Level

Three functional areas that have seen the greatest increases are Petrochemicals, Process Chemical Engineering and Pipeline Design.

Key Insights:

The areas that have best weathered the storm are chemical and midstream companies. Chemical manufacturers have taken advantage of low feedstock prices and those in the midstream industry have played catch up after years of historically high production levels.

ANNUAL SALARIES BY DISCIPLINE AREA (IN US DOLLARS)	Graduate	Intermediate	Senior	Manager Lead/ Principal	Vice President/ Director
Business Development/Commercial	41,000	59,700	71,000	92,300	154,600
Commissioning/Decommissioning	46,100	56,500	74,200	105,800	127,500
Construction/Installation	32,100	54,300	79,200	129,100	180,500
Downstream Operations Management	35,000	51,800	89,900	92,400	162,000
Drilling	39,700	60,800	87,200	106,800	189,900
Electrical	37,200	45,400	69,000	86,200	148,700
Estimator/Cost Engineer	36,200	50,100	74,000	119,700	151,300
Geoscience	45,800	66,000	108,700	129,950	225,600
Health, Safety and Environment (HSE)	33,500	53,200	66,300	92,400	168,600
LNG	39,000	52,100	82,400	124,900	233,300
Logistics	26,500	39,500	62,500	78,800	121,800
Manufacturing/Instrumentation	28,100	46,700	58,900	86,750	122,800
Marine/Naval	33,800	65,200	85,200	110,900	180,400
Mechanical	40,100	47,800	65,000	86,600	134,000
Petrochemicals	35,600	45,000	66,700	78,900	160,200
Piping	30,100	42,300	59,200	84,200	110,300
Process (chemical)	41,200	50,900	76,300	114,200	182,300
Production Management	29,500	53,500	77,400	103,200	196,300
Project Controls/Project Management	34,900	59,100	75,700	100,300	160,600
Quality Assurance/Quality Control (QA/QC)	34,700	53,000	60,200	85,300	129,000
Reservoir/Petroleum Engineering	44,000	65,700	97,200	123,500	210,100
Structural	37,100	41,300	68,200	87,900	160,300
Subsea/Pipelines	44,200	70,000	98,700	129,700	189,500
Supply Chain/Procurement	32,100	58,700	70,700	87,900	173,100
Technical Safety	36,200	70,000	78,600	95,100	163,200
Accounting & Finance	37,300	45,300	58,600	76,600	178,900
IT	40,500	55,300	67,300	77,800	188,900
Human Resources/Recruitment/Administration	29,800	38,200	58,000	76,300	132,000

Key Insights:

Contractor day rates have fallen in line with permanent salaries. We have seen a decline in the use of high-cost expat contractors, however, businesses continue to utilise local contract workers when specific skills or knowledge are required. This shift in the use of local contract workers is resulting in a slight decline in overall contractor day rates.

CONTRACTOR DAY RATES BY REGION (IN US DOLLARS)	Operator/ Technician	Intermediate	Senior	Manager Lead/ Principal	Vice President/ Director	Consultant
Australasia	410	610	700	840	1,000	1,200
East/South Africa	270	290	450	550	1,050	1,000
Eastern Europe	280	170	300	440	620	650
Middle East	350	210	330	540	860	800
North Africa	450	290	350	440	540	1,050
North America	350	540	600	690	800	900
North East Asia	350	300	400	600	880	900
Northern Europe	200	320	580	800	980	900
Russia & CIS	500	250	500	600	720	800
South America	200	180	330	500	740	800
South East Asia	300	210	240	350	560	620
West Africa	300	200	500	580	900	800
Western Europe	300	380	600	720	910	880

SALARY INFORMATION

Salaries by Company Type

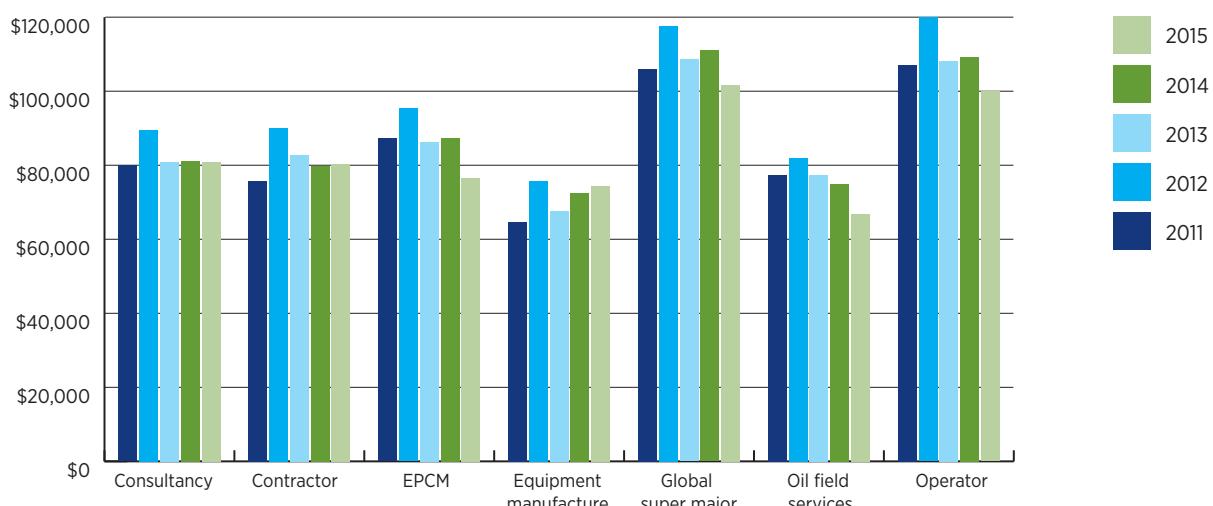
Salaries for those working in Operators, EPCs and Oilfield Services have suffered the biggest decreases in average salaries, caused by budget cuts as a result of low oil prices, and the subsequent slowdown in exploration and production.

Key Insights:

In order to remain profitable amidst downsizing and restructuring programmes, employers are faced with the challenge of finding the balance between reducing headcount and retaining the knowledge and skills that will be required in the future.

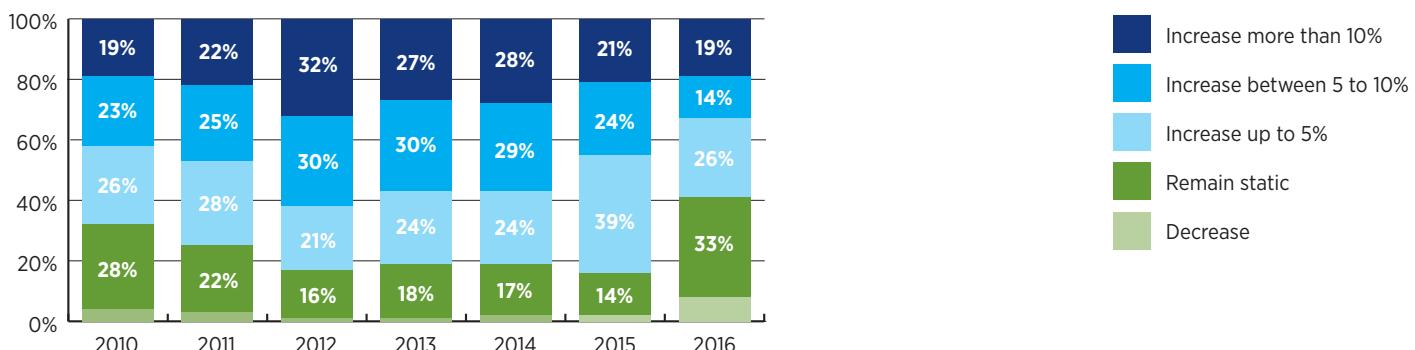
ANNUAL SALARIES BY COMPANY TYPE (IN US DOLLARS)	Graduate	Intermediate	Senior	Manager Lead/Principal	Vice President/Director	Consultant
Consultancy	38,100	48,500	74,200	106,700	145,000	96,100
Contractor	36,900	50,300	76,200	107,300	150,100	91,300
EPCM	35,100	45,000	59,500	78,200	136,400	54,300
Equipment Manufacture	35,800	51,200	63,900	88,200	152,100	58,300
Global Super Major	58,000	75,600	93,600	131,800	220,400	113,500
Oil Field Services	35,000	40,800	61,400	76,400	135,800	89,900
Operator	43,100	61,000	91,300	114,600	222,800	129,400

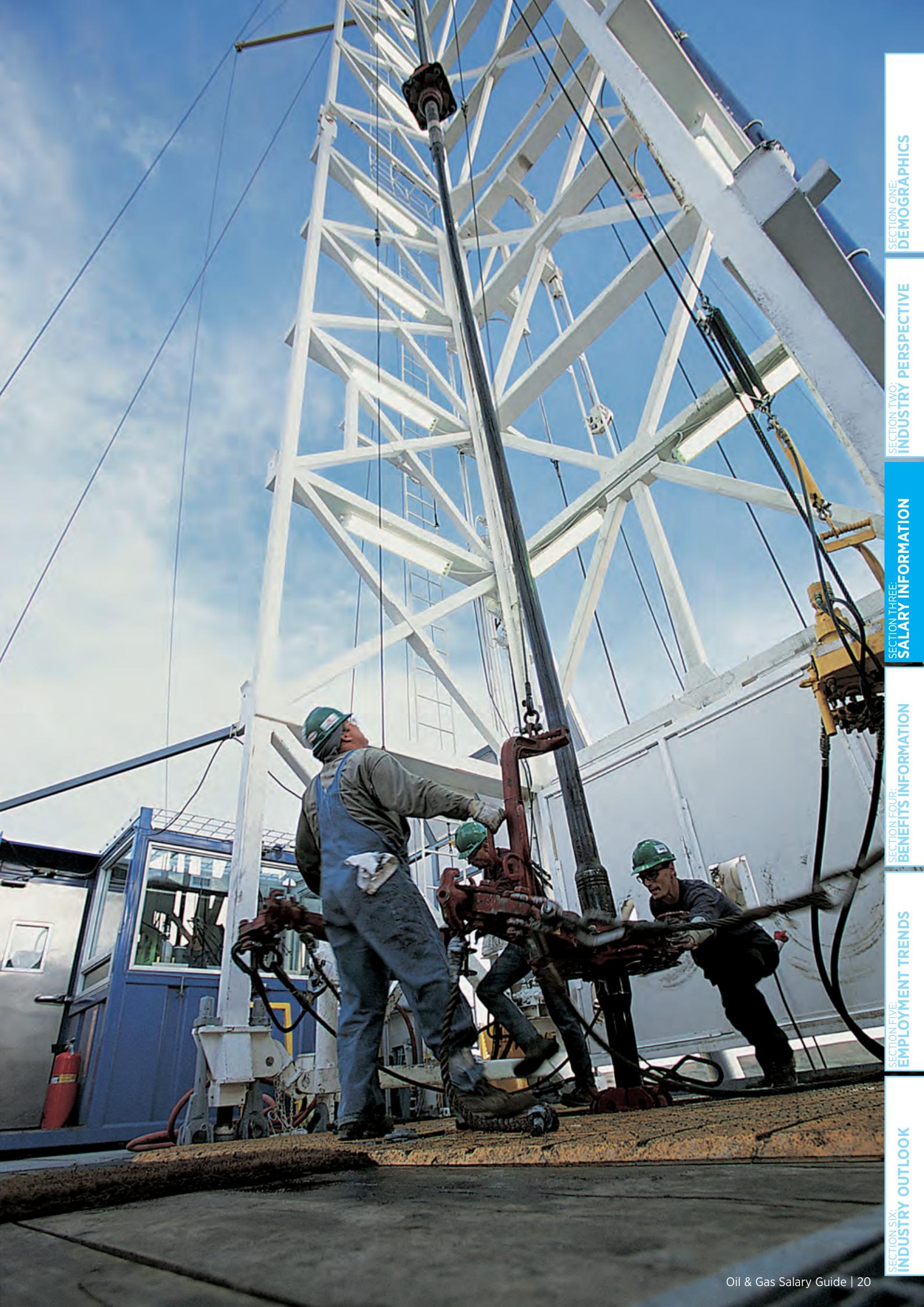
Average salaries by company type over the last five years



Over the next 12 months, eight per cent of employers surveyed expect salaries to decrease, six basis points more year-on-year. Significantly, 33 per cent of employers surveyed expect salaries to hold steady, a reflection of the hope that the market will start to stabilize throughout 2016.

Expected salary changes globally over the next 12 months





SECTION ONE:
DEMOGRAPHICS

SECTION TWO:
INDUSTRY PERSPECTIVE

SECTION THREE:
SALARY INFORMATION

SECTION FOUR:
BENEFITS INFORMATION

SECTION FIVE:
EMPLOYMENT TRENDS

SECTION SIX:
INDUSTRY OUTLOOK

SECTION FOUR BENEFITS INFORMATION

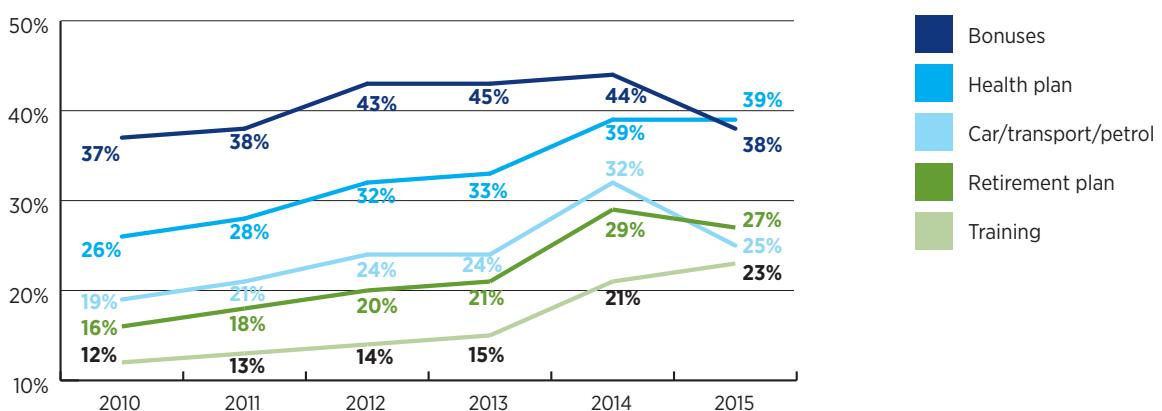
Overall, benefits received have remained consistent with 2014 figures





High-cost benefits have declined, whereas training continues to rise

Percentage of employees receiving benefits



BENEFITS INFORMATION

Overview of Industry Benefits

The number of employees receiving benefits has remained static year-on-year with 73.9 per cent of survey respondents receiving benefits.

For the first time, this year's survey respondents reveal that healthcare plans have overtaken bonuses as the most prevalent benefit received.

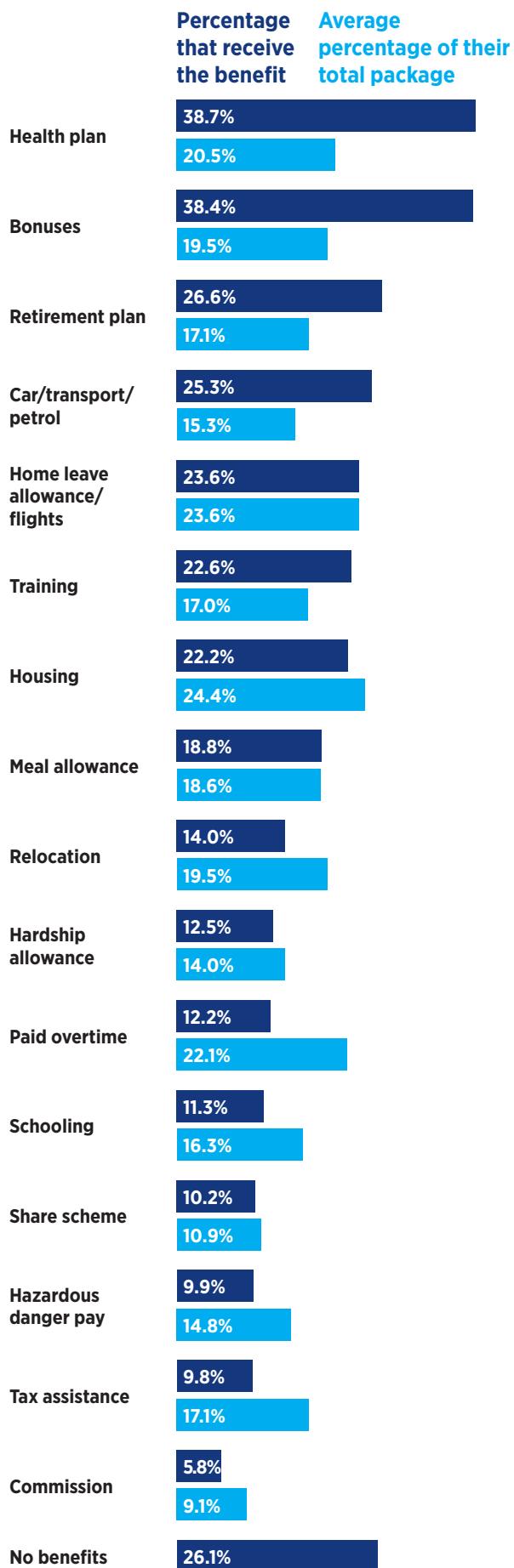
Although the overall number of people receiving benefits has stayed the same, the perceived value of these benefits has increased. Health plans are valued 31 per cent more than last year and bonuses now make up nearly 20 per cent of employees total compensation packages.

Benefits associated with expat and overseas assignments have decreased as employers seek to utilise lower cost local talent. Also notable is the decline in the number of survey respondents receiving commissions. This could be a reflection on declining sales, as operators seek to maximize performance and life cycles of current equipment and machinery, rather than replace with new.

Key Insights:

Although employers are under pressure to minimise expenditure, it's a positive sign that benefits received are holding steady. Employee respondents indicate that benefits are a deciding factor when evaluating a job offer.

Overview of industry benefits



Background:

The bar chart shows two figures related to benefits that employees in the oil and gas industry receive. The first figure represents the percentage of respondents that receive that particular benefit, (e.g. 38.4 per cent of respondents receive some sort of bonus.) The second figure represents the value of that benefit stated as a percentage of their overall package for those that receive it, which in the case of bonuses is 19.5 per cent.

BENEFITS INFORMATION

Company Benefits

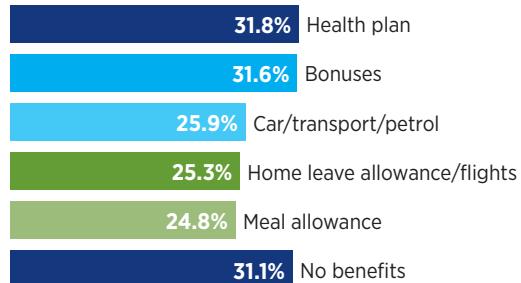
Health plans are the most prevalent benefit offered in EPC/contractors and oilfield services/consultancy businesses, surpassing bonuses for the first time. For the second year, retirement plans do not appear in the top five benefits offered by EPC/contractors. Furthermore, EPC/contractors have the highest proportion of workers who do not receive benefits.

Key Insights:

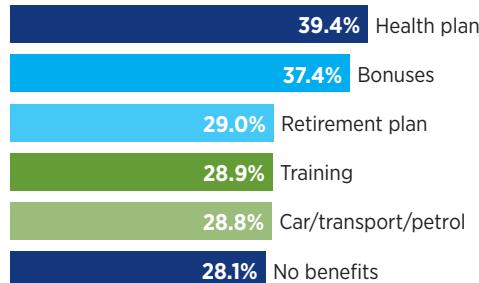
Although there are certain benefits that are appealing to most oil and gas professionals, such as health plans and bonuses, employers should try to be flexible to suit individual needs. This tailored approach could be an effective way to retain or attract the best talent.

Top benefits received by company type

EPC/Contractor



Oilfield services/consultancy



Benefits received by employment type

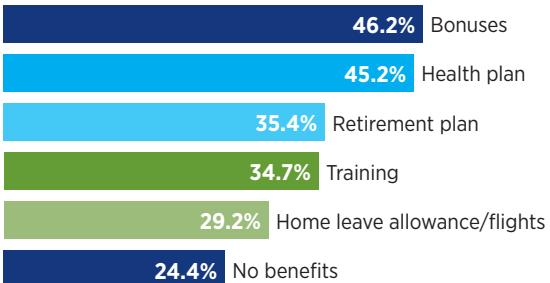
2015



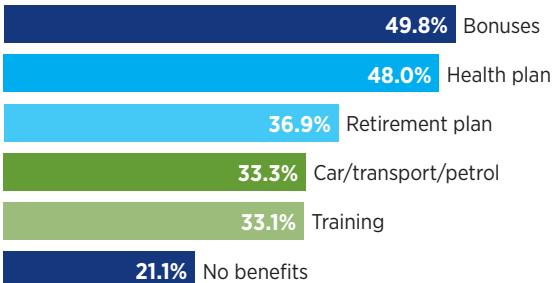
2014



Global super major/operator



Equipment manufacturer



BENEFITS INFORMATION

Benefits by Region

After last year's sharp increase in benefits in Africa, Asia and CIS, this year, these regions have seen a fall in benefits received.

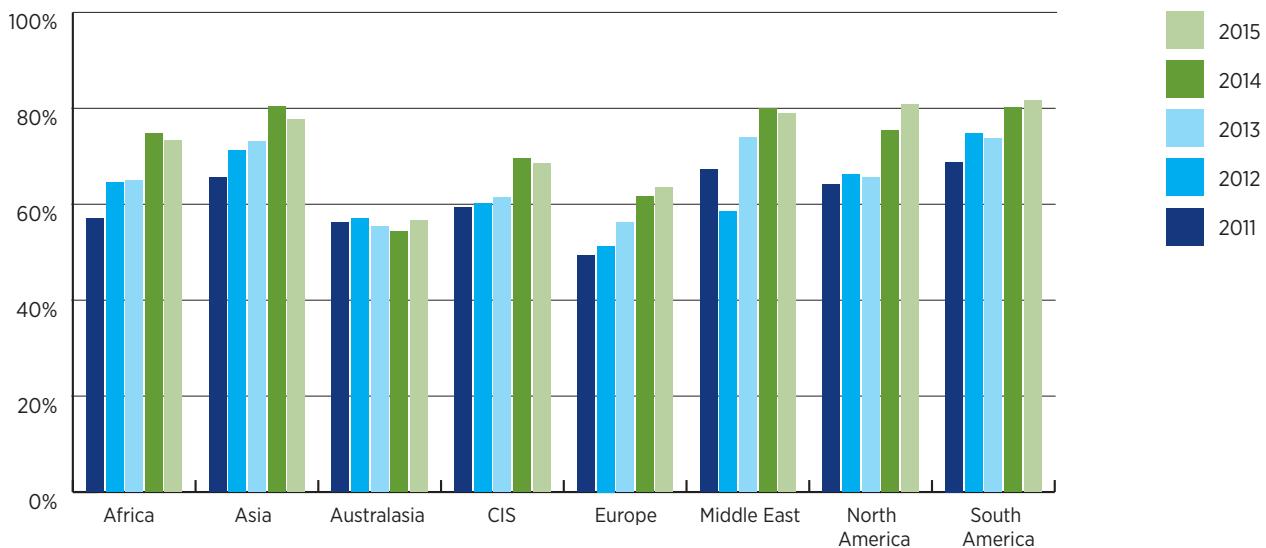
North America has seen an increase in the number of respondents receiving benefits, however, this is likely to be an effect of the recent changes in healthcare provision laws in the US.

Respondents in Europe reported an uplift in benefits continuing the trend for the last 5 years.

Key Insights:

Those areas that have traditionally relied heavily on an expat workforce have seen a decline in benefits received, as companies repatriate often high-cost foreign labour in order to reduce staffing spend.

Percentage of employees who receive benefits by region

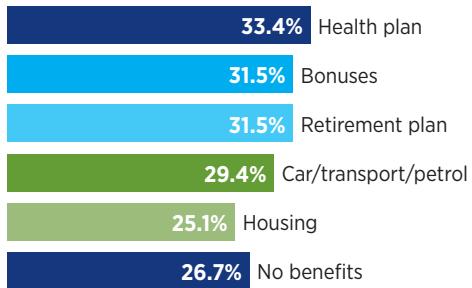


BENEFITS INFORMATION

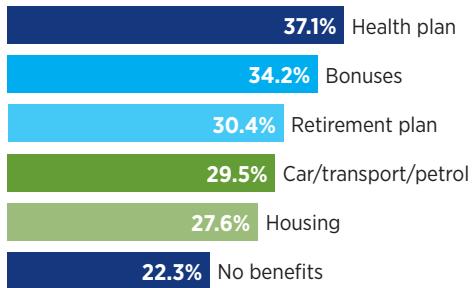
Benefits by Region

Top benefits received by region

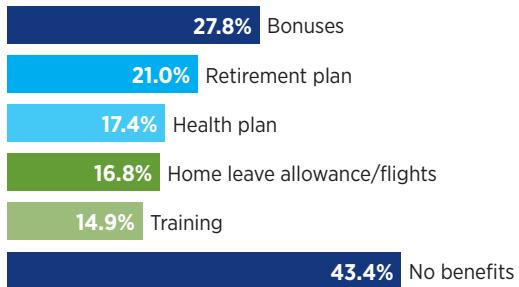
Africa



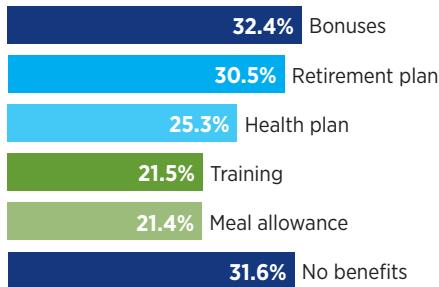
Asia



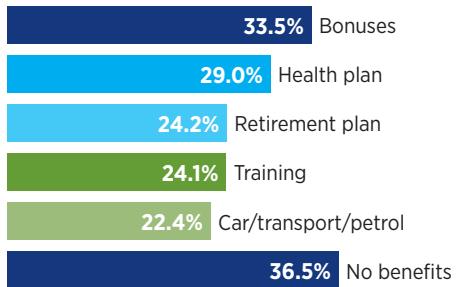
Australasia



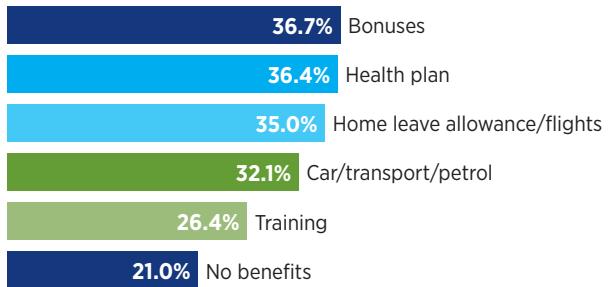
CIS



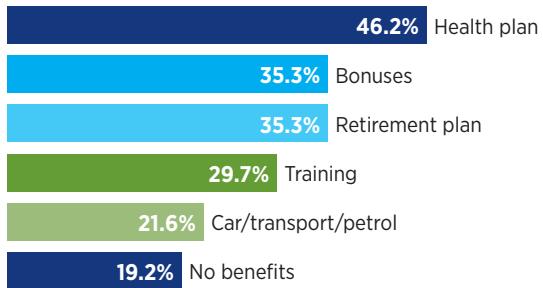
Europe



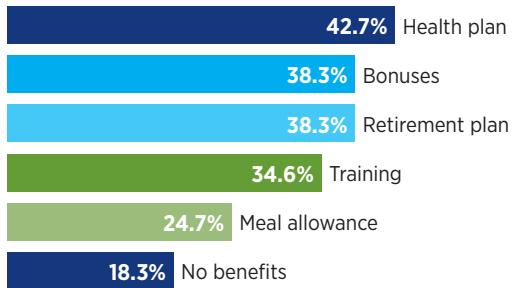
Middle East



North America



South America

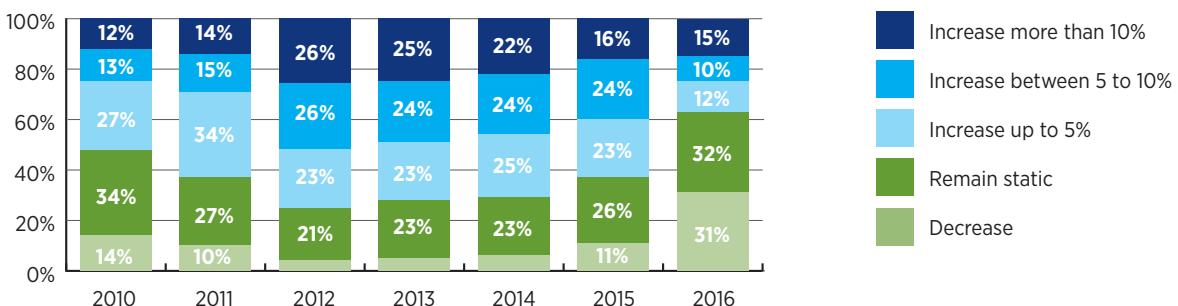


SECTION FIVE EMPLOYMENT TRENDS

Employers hiring plans have been significantly affected by the current downturn, with only 37% of hiring manager respondents planning to increase headcount figures in 2016



Expectation that staffing levels will change in the next 12 months



- [Dark Blue Box] Increase more than 10%
- [Medium Blue Box] Increase between 5 to 10%
- [Light Blue Box] Increase up to 5%
- [Green Box] Remain static
- [Light Green Box] Decrease

EMPLOYMENT TRENDS

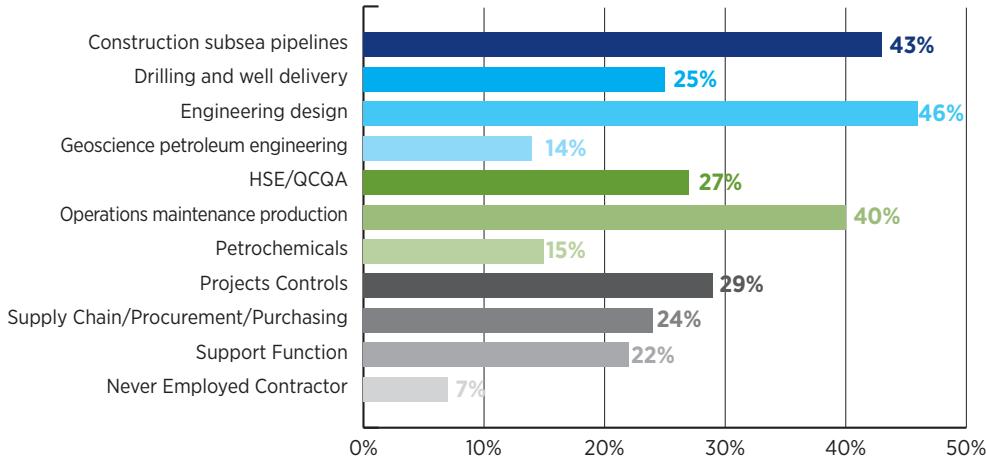
Staffing Levels

As predicted last year, the continued decline in oil prices has led to a number of high profile mergers and acquisitions. As these companies continue to integrate with each other, we are likely to see further headcount reductions. On a more positive note, we would also expect to see opportunities for skilled contractors with specific knowledge to assist with the integrations.

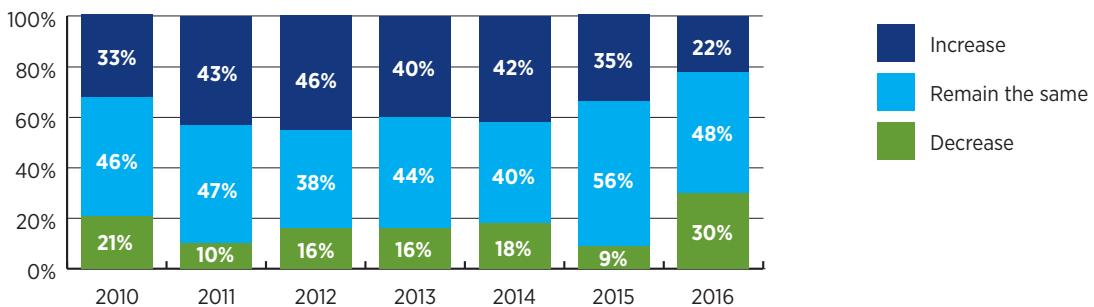
Key Insights:

Employers could take advantage of the increase in available talent by engaging workers on short-term contracts, without adding to permanent headcount. Contract workers can supply specific skills or knowledge as and when required.

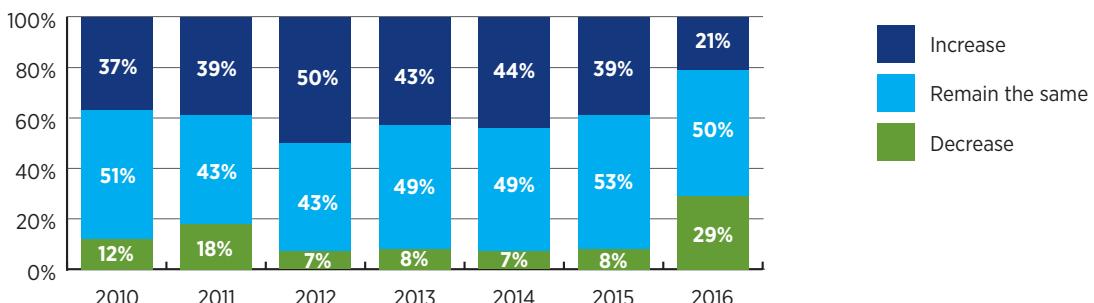
In which areas does your company employ contract workers?



Expectation that contractor levels will change in the next 12 months



Expectation that expat levels will change in the next 12 months



EMPLOYMENT TRENDS

Global Mobility

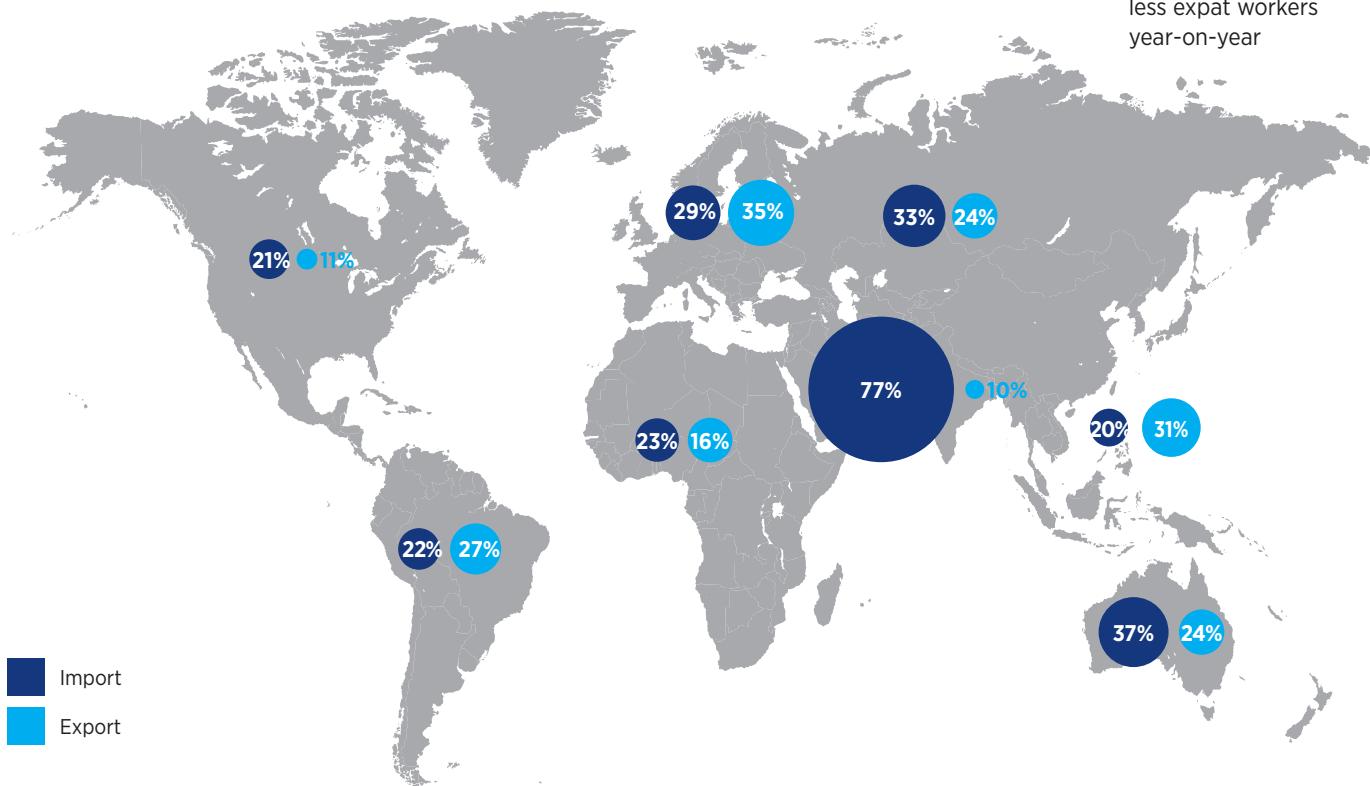
Year-on-year there are 15 per cent less expat respondents, as only 33 per cent of survey respondents indicated they are working overseas. This is likely to be an example of companies looking to reduce expat staffing costs. However, 85 per cent of respondents are still seriously considering an international move, and of those, 40 per cent are looking to make this move within the next 6 months.

The Middle East remains the number destination for those looking to relocate overseas, however, Europe is becoming a target area for potential expats.

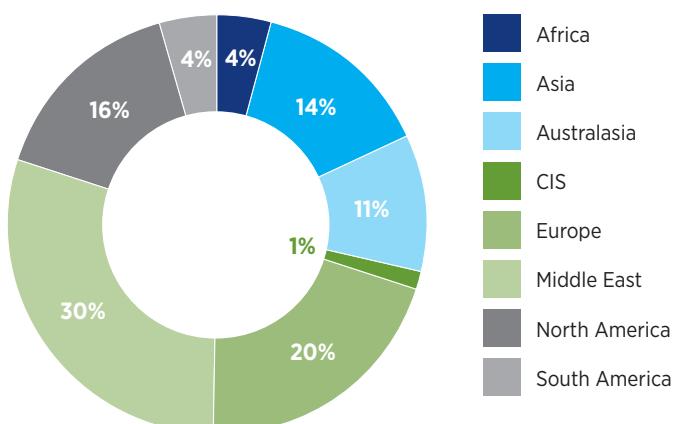
Key Insights:

The perceived value of expat specific benefits such as housing (24% of salary), home leave allowance/flights (23% of salary) and relocation support (20% of salary) are amongst the highest valued benefits. Employers need to manage expectations of potential international relocations in order to control costs in this tight market.

TALENT MIGRATION BY REGION



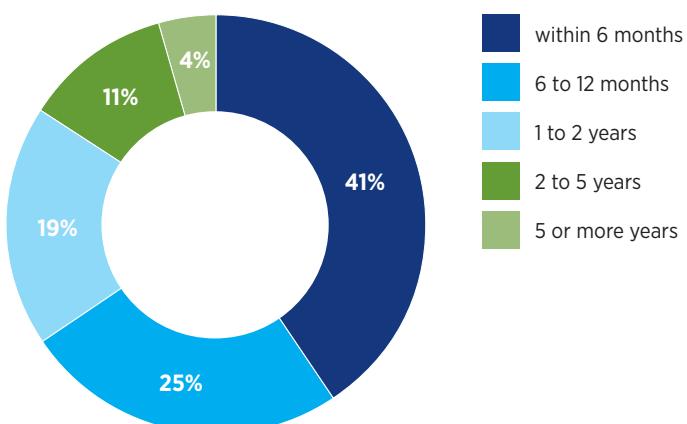
Where are you considering relocating to?



85%

of oil and gas workers are seriously considering relocating internationally

In what time frame would you consider making this move?



96%

of employees say compensation is the main factor when looking to relocate internationally

EMPLOYMENT TRENDS

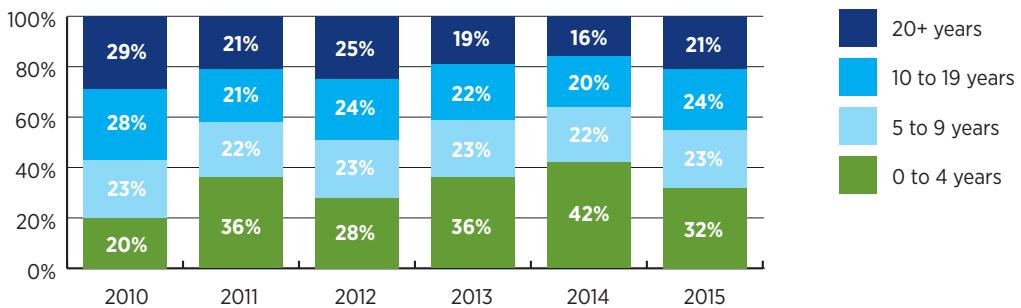
Experience and Tenure

As the industry is aware, the workforce population is aging as more Baby Boomers near retirement. This year's survey results highlights this growing concern, as there are 32 per cent more survey respondents in this category year-on-year.

Key Insights:

After last year's reported increase in the success of government and industry's efforts to bring in Gen Y workers, we have seen a reversal in numbers of respondents in the 0-4 year's experience bracket, back to 2013 levels. Employers are faced with the challenge of striking the right balance of keeping headcount costs low, while ensuring the right talent is secured in order to bridge the ongoing skills gap.

Years of experience in the oil and gas industry



47%

of employers say the ageing population will cause issues for the future labour market

Time in current role

14.7%
Less than 1 year

27.1%
1-2 years

30.6%
3-5 years

17.2%
6-10 years

Years of experience for specific discipline areas

	0-4 years	5-9 years	10-19 years	20+ years
Construction/installation	22.1%	26.3%	28.1%	23.5%
Geoscience	17.3%	27.8%	29.1%	25.8%
Project controls/ project management	13.2%	30.8%	31.8%	24.2%
Subsea/pipelines	19.1%	31.2%	22.9%	26.8%

EMPLOYMENT TRENDS

Deciding Factors for Top Talent

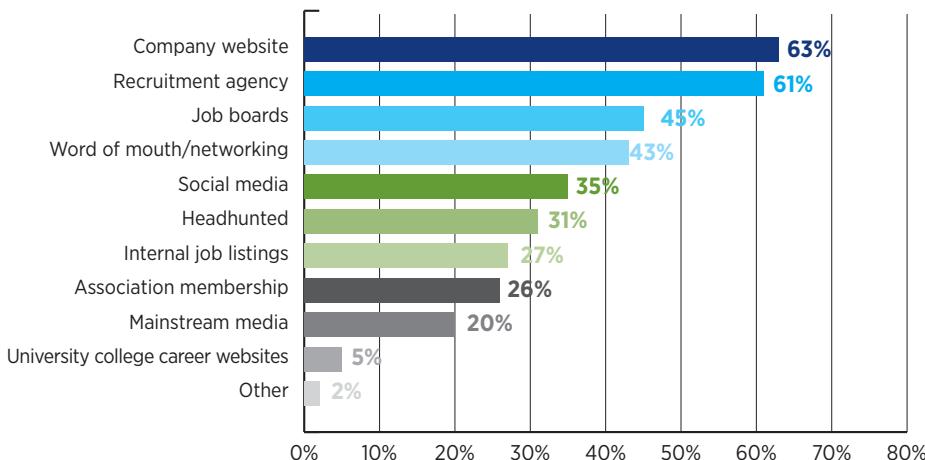
Seventy-five per cent of employed survey respondents are looking for a new job, a surprisingly high percentage given the current climate in the industry.

This year, 35 per cent of employees say they use social media to search for new jobs, an increase of 58 per cent year-on-year. Social media is becoming a common place for businesses to connect with potential job seekers. More often, oil and gas professionals are being presented with jobs, rather than having to proactively search for them. Although the uplift in this year's data has likely been skewed due to the increase in active job seekers, we do think there has been a shift in the number of candidates using social media to search and apply for jobs.

Key Insights:

In line with last year's results, only three per cent of employers are successfully using social media to hire. As candidates increase their use of social channels and online profiles to search and apply for new jobs, companies need to build their online presence to be able to capitalise on this talent pool and engage with potential candidates.

How candidates search for jobs



75%

of employed respondents
are currently seeking
new opportunities

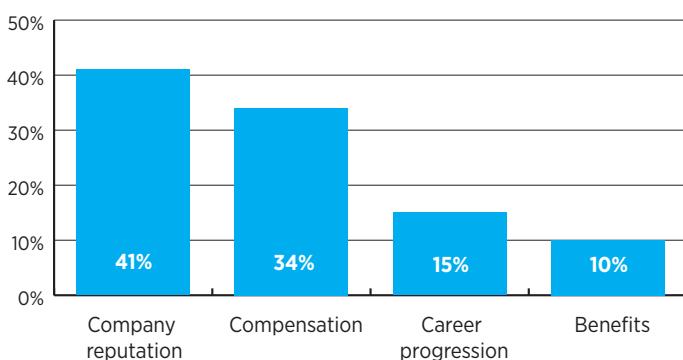
Where there is competition for top talent, it is increasingly important to understand what the target talent pool needs from their next role and what their long-term career goals are. In previous years, salary and company reputation have competed for the number one deciding factor when evaluating job offers. This year's survey respondents revealed that company reputation is the most important factor when considering a new role, therefore, building and maintaining a strong employer brand is critical.

Company stability and the opportunity to work with new technologies are high on job seekers' requirements when assessing a career move in today's market.

Key Insights:

In this challenging climate, candidates are particularly sensitive to how employers are responding to the downturn, specifically how headcount reductions are managed. It is important to remember a company's reputation can suffer long-term consequences from a poorly managed redundancy program.

Key factors when considering a new role



EMPLOYMENT TRENDS

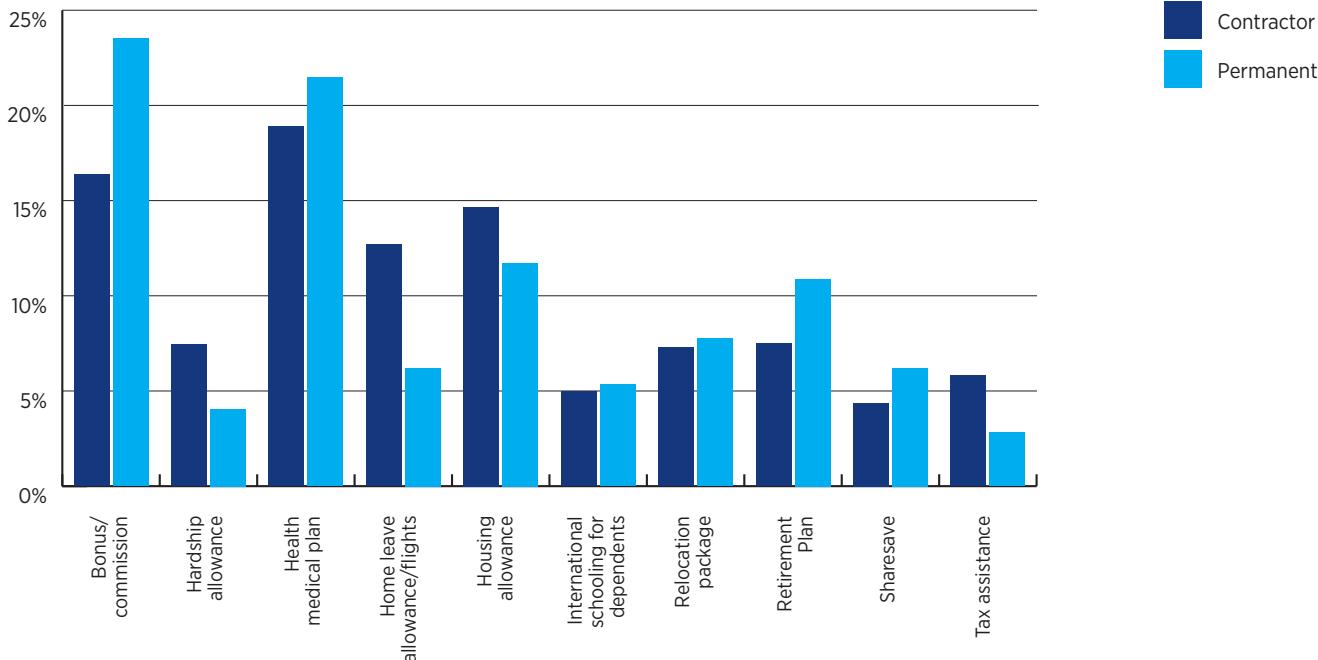
Accessing Job Seekers

Health plans are important to both contract and permanent workers. Bonuses and commission are favoured by the permanent workforce. Contractors look for housing and home leave allowance as more contractors work internationally than full-time workers.

Key Insights:

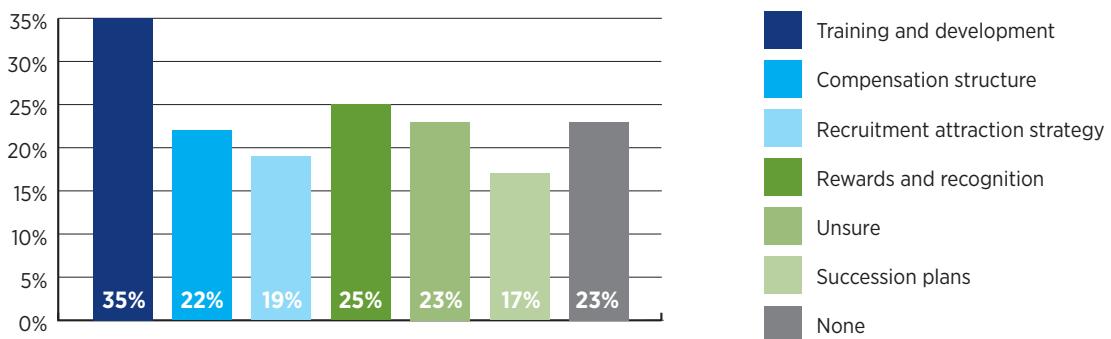
Improvements to employee benefits are not only helping attract new talent, but also retain current staff. Employers should ensure all staff are aware of training and development programmes that are available to them. Utilising existing training resources could be a low cost option to help bolster staff moral.

Most important factor when considering a new role



Despite market conditions, 77 per cent of employers felt they had to make improvements to their employee offering, an increase of seven per cent year-on-year. Training and development is again the number one area employers have aimed to improve on, with 35 per cent of employers upgrading their training offering.

Human resources changes to attract new talent in the last 12 months



EMPLOYMENT TRENDS

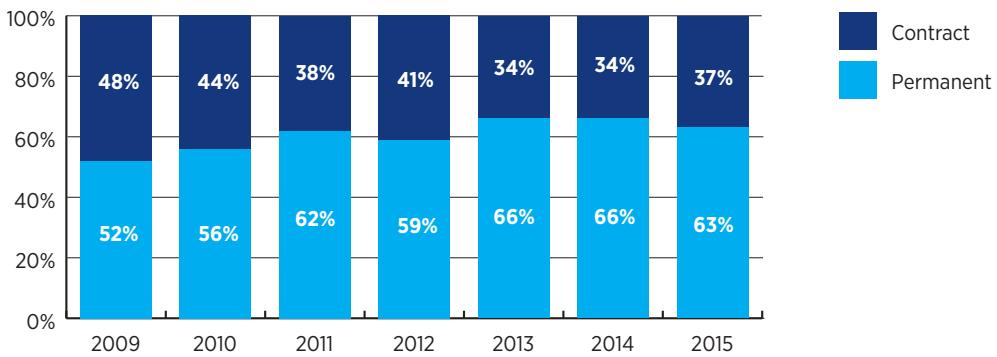
Employment Mix

Due to redundancies and layoffs seen across all regions, this year's survey results indicate there has been a decrease of three basis points in the number of permanent workers. However, although permanent headcount dipped over the last 12 months, the figure is still 20 per cent above 2009 levels, which was during the last global economic downturn.

Key Insights:

This year's survey results reinforces last year's trend of contractors being used to cover short-term skills gaps and provide niche expertise, continuing the shift away from being used as a long-term staffing solution. This is likely to continue as businesses look to curb headcount spend and reduce the number of expat contract workers.

Employment mix year-on-year



Employment mix by company type

	Permanent	Permanent/ part-time	Contracted direct	Contracted through agency
Consultancy	58.4%	1.9%	24.3%	15.4%
Contractors	54.2%	2.4%	28.4%	15.0%
EPCM	61.5%	0.5%	22.5%	15.5%
Equipment manufacturer	82.8%	1.3%	10.1%	5.8%
Global super major	60.7%	0.8%	12.6%	25.9%
Operators	66.1%	3.1%	19.9%	10.9%
Oil field services	64.7%	1.4%	15.6%	18.3%
Total	64.1%	1.7%	18.8%	15.4%

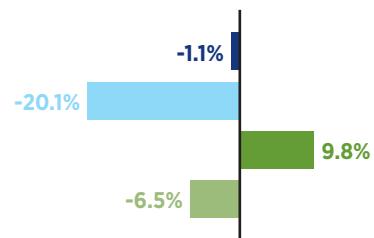
EMPLOYMENT TRENDS

Employment Mix

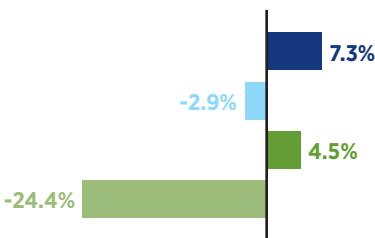
Percentage change of employment type from 2014 to 2015

Permanent	Permanent/part-time	Contracted direct	Contracted through agency
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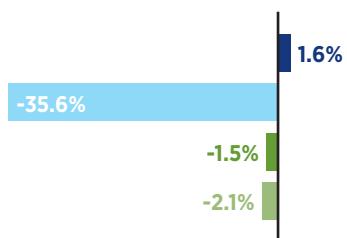
CONSULTANCY



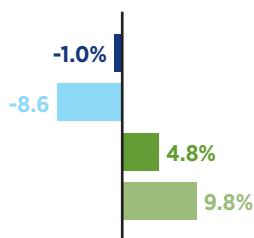
CONTRACTORS



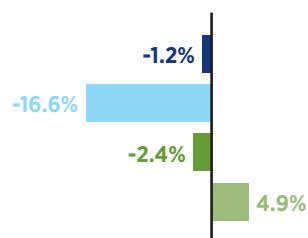
EPCM



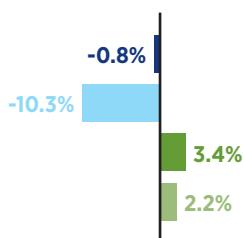
EQUIPMENT MANUFACTURER



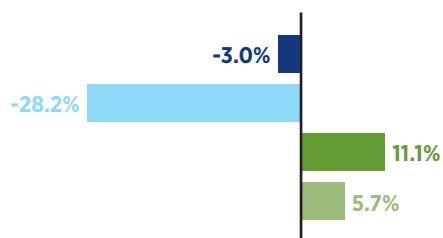
GLOBAL SUPER MAJOR



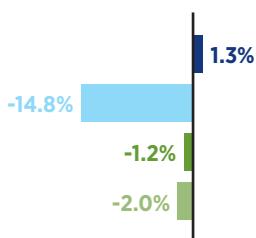
OIL FIELD SERVICES



OPERATORS



TOTAL

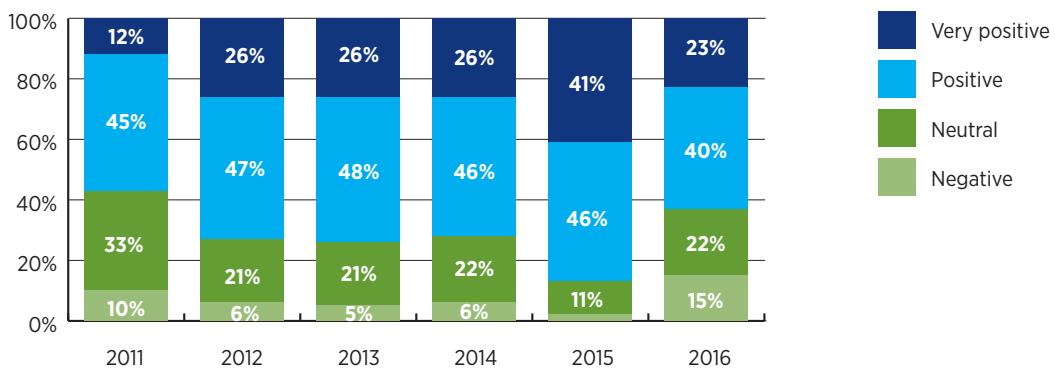


SECTION SIX INDUSTRY OUTLOOK

Employer's short-term outlook for the industry is one of uncertainty, however, 80% expect the market to stabilise and strengthen over the next 12 months



Employer's confidence in the oil and gas Industry



INDUSTRY OUTLOOK

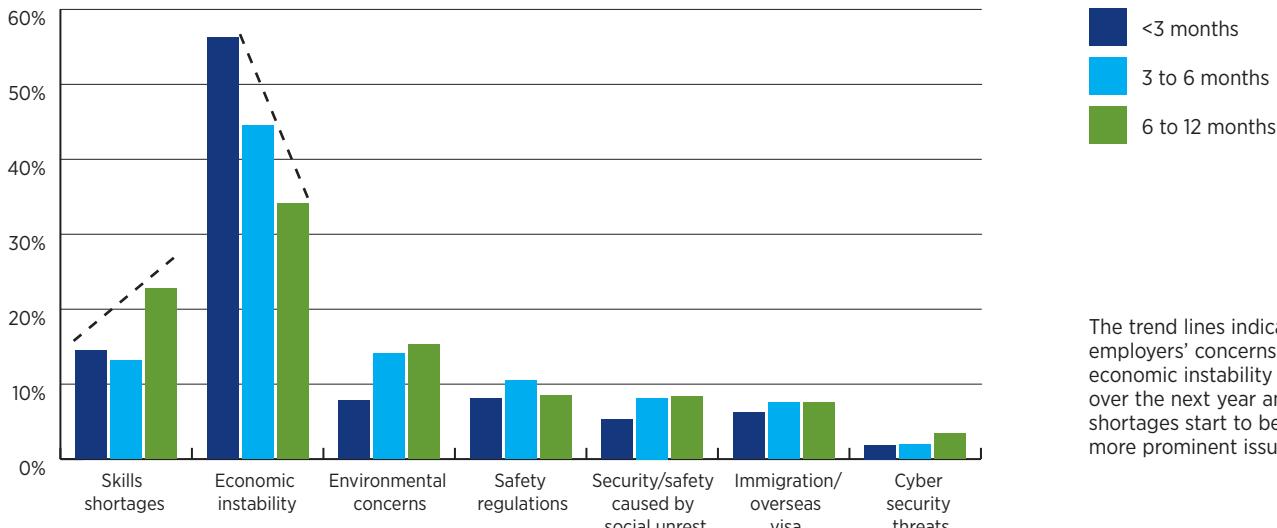
Confidence and Concerns

As expected, economic instability is the number concern for employers over the coming year, however, survey results show that skills shortages will again become a key issue towards the back end of 2016. Continued downward pressure on oil prices along with concerns over the Chinese economy and political instability in the Middle East may yet see further declines in investment.

“ It's not surprising that economic instability is the major concern for employers. It will be interesting to see how accurate employers predictions are surrounding the recovery of the industry. **”**

John Faraguna, Managing Director, Hays Oil & Gas

Employers' concerns in the current employment market globally



The trend lines indicate how employers' concerns around economic instability decrease over the next year and skills shortages start to become a more prominent issue.

Employers concerns for the oil and gas industry by region



INDUSTRY OUTLOOK

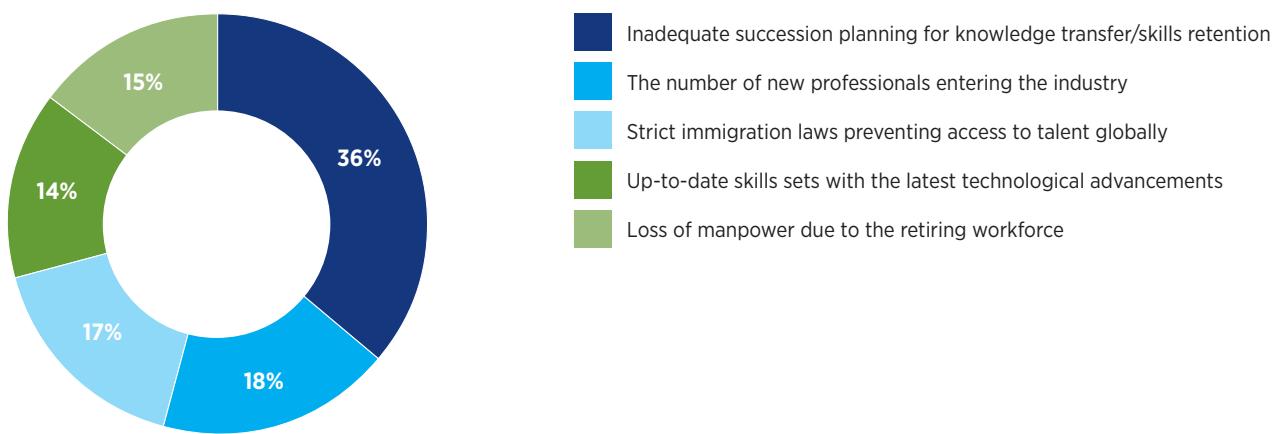
Addressing the Global Skills Shortage

The industry risks losing considerable knowledge and expertise as older workers retire without training the next generation. It is therefore not surprising that 36 per cent of employer respondents said a lack of succession planning for knowledge transfer and skills retention is the contributing cause of the skills shortage. This is an increase of 19 per cent year-on-year. The knock on effect on productivity is creating workplace pressure. Engineering & Design, Operations & Maintenance and Petrochemicals are the functional areas most affected.

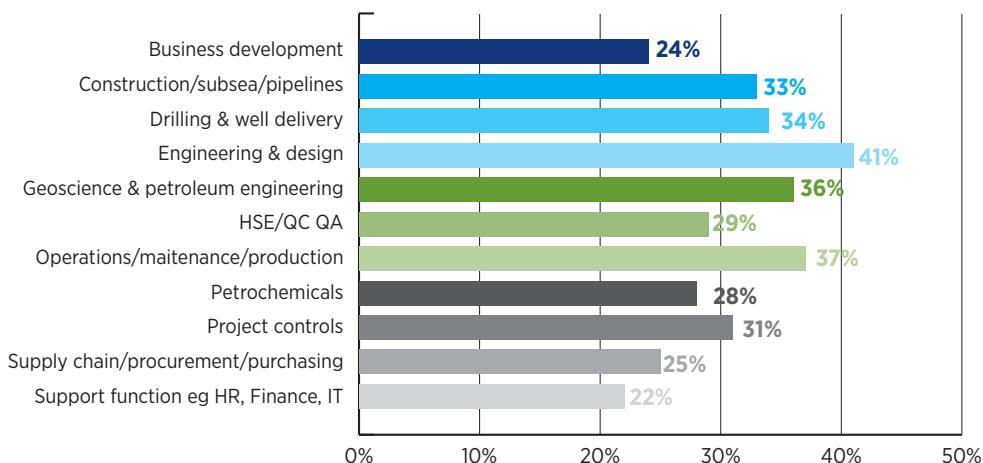
Key Insights:

Employers are taking action by improving training and upskilling programmes or engaging short-term contract workers to help bridge the gap and alleviate workplace pressure.

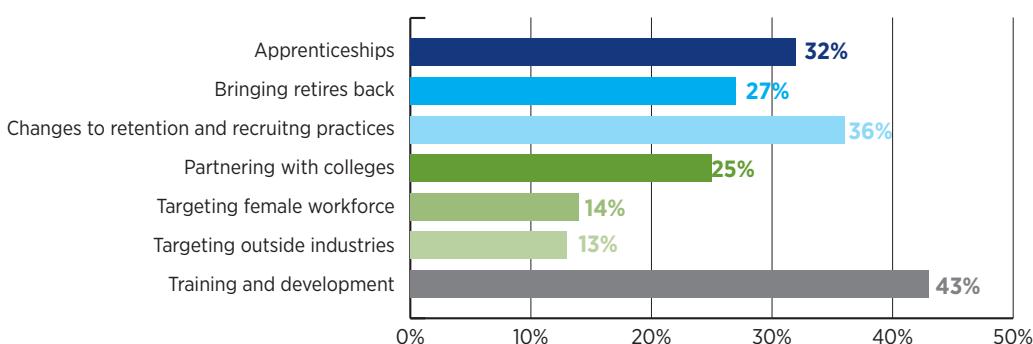
The key cause of skills shortages



How are skills shortages impacting productivity in functional areas?



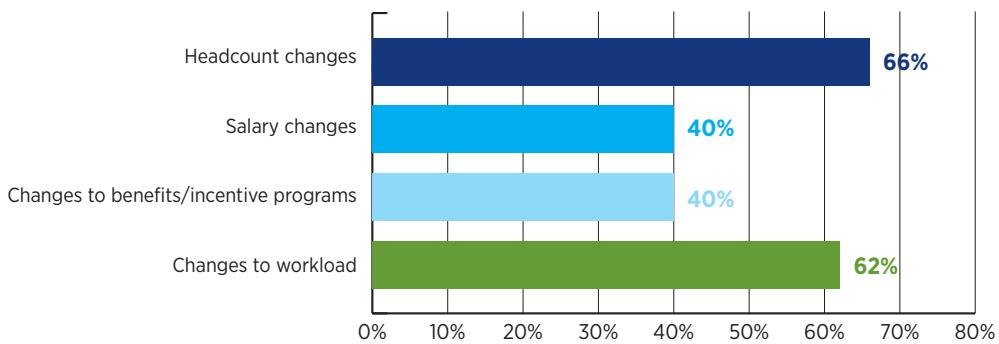
What are employers doing to overcome ongoing skills gap?



INDUSTRY OUTLOOK

The Effect of the Fall in Global Commodity Prices on Employers

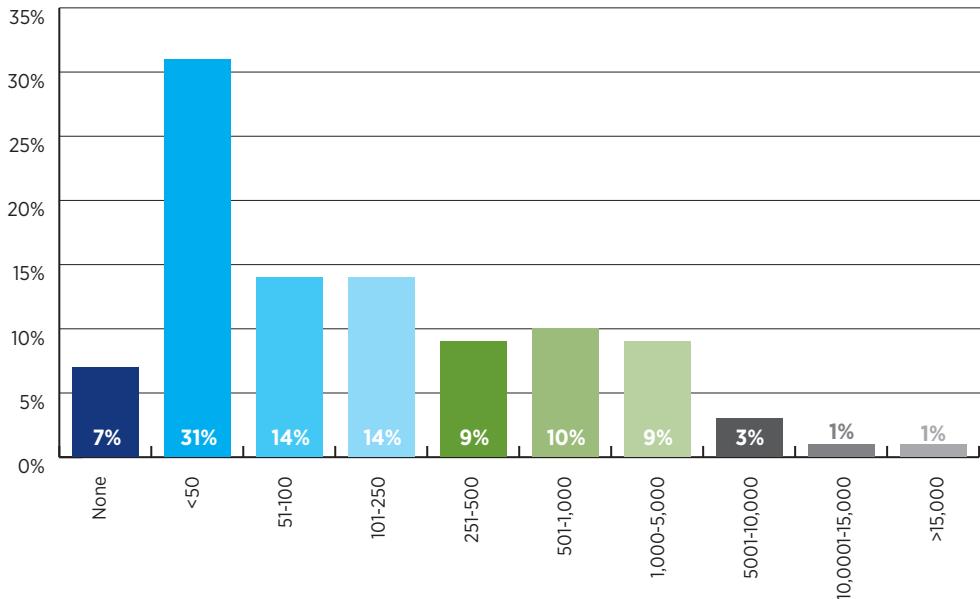
How has the downturn in the oil and gas industry impacted your business?



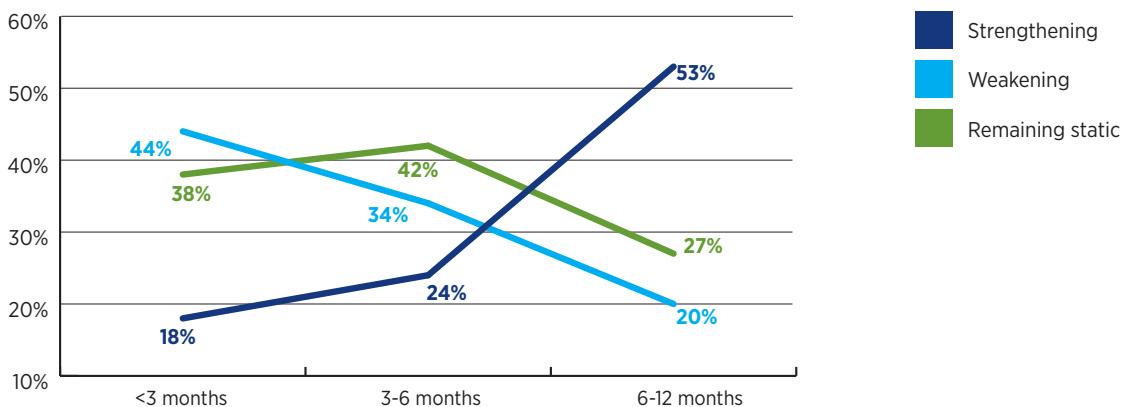
32%

of respondents have been laid off/made redundant due to the global industry downturn

How many employees have businesses had to lay off in the last 12 months?



Over the coming months, how do you see the oil and gas industry changing?



INDUSTRY OUTLOOK

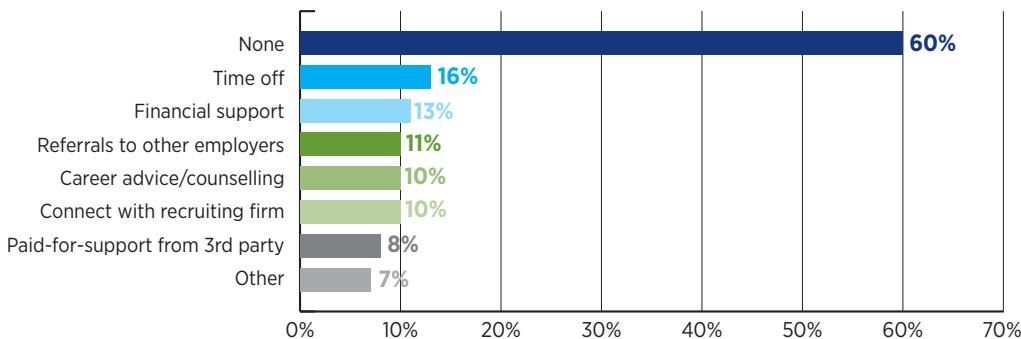
The Effect of the Fall in Global Commodity Prices on the Workforce

Almost two thirds of survey respondents who have been laid off or made redundant, due to the current climate, have received no support from their former employer. This is likely to leave a negative impression for some time on those directly affected and the wider oil and gas community. Given that company reputation is the most influencing factor for job seekers when evaluating a job offer, employees must be aware of the importance of building a good employer brand. The exiting of staff is a key part of building a good reputation and so must be managed effectively to keep a strong employer brand.

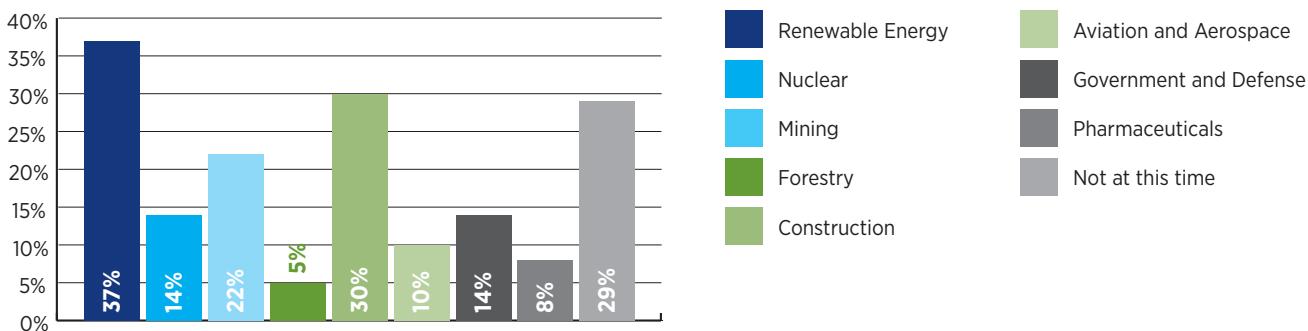
Key Insights:

Employers should seriously consider providing low cost/high value support to those affected by lay-offs such as those below.

Has your former employer provided assistance or resources in helping you to secure new employment?



Are you currently seeking new opportunities in your field outside of the oil and gas industry?

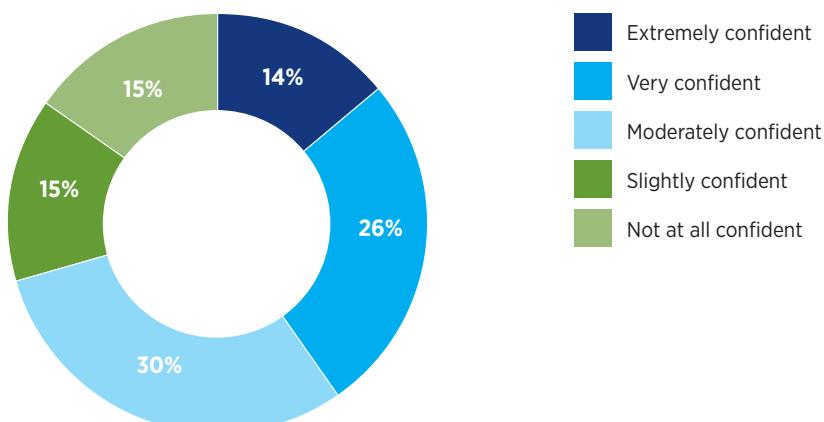


Seventy-one per cent of respondents affected by lay-offs or redundancies are considering a role outside of the oil and gas industry. Renewable energy, construction and mining are the most popular options. However, reassuringly, 85 per cent are confident they will secure a role within the industry.

Key Insights:

Twenty-two per cent of employed respondents have taken a pay cut to retain their job. Furthermore 51 per cent would consider taking a reduction in salary to stay in their current role.

How confident are you about finding new employment in oil and gas industry?



INDUSTRY OUTLOOK

Focus for 2016

Employer's geographical focus over the next 12 months, outside their own regional area

North America

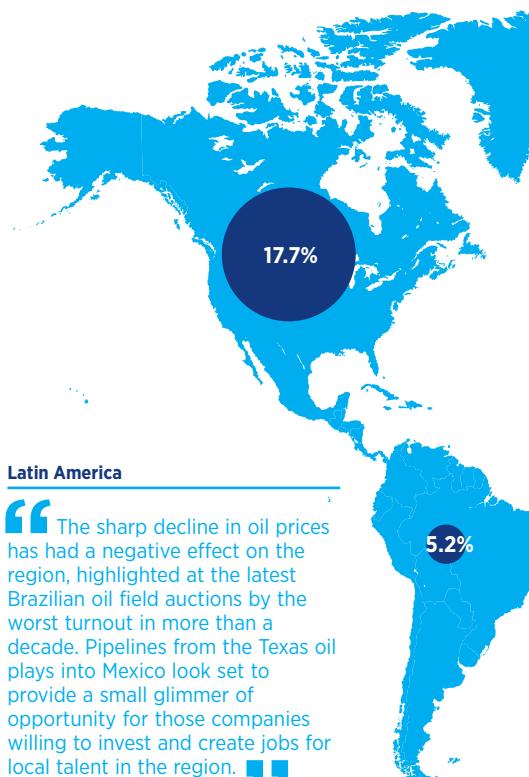
“ 2015 has been a challenging year throughout the region, where the global oil price drop has been especially strongly felt. Overall, employers have now adjusted to the new economic conditions and are hoping for a more stable 2016. ”

Jim Fearon, Vice President, Hays Oil & Gas

Middle East

“ Although other oil producing regions have reduced capital spend, the National Operating Companies (NOC) within the GCC have increased spend in order to boost production levels as they continue to battle for market share. These NOC's together with EPC contractors in the region have been on a recruitment drive for a wide variety of Project and Construction Professionals and we expect to see this trend continue throughout 2016. ”

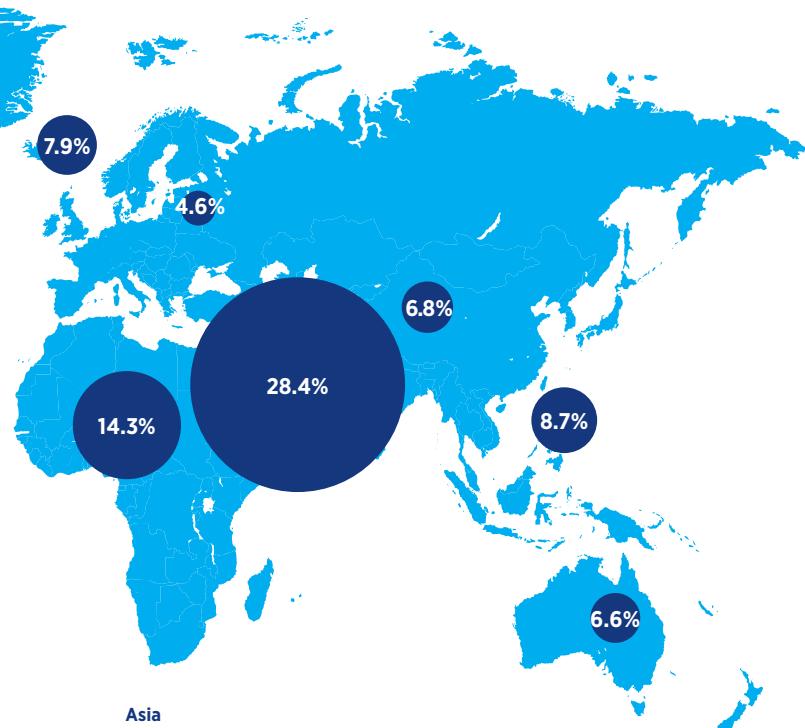
Gary Ward, Director, Hays Oil & Gas



Latin America

“ The sharp decline in oil prices has had a negative effect on the region, highlighted at the latest Brazilian oil field auctions by the worst turnout in more than a decade. Pipelines from the Texas oil plays into Mexico look set to provide a small glimmer of opportunity for those companies willing to invest and create jobs for local talent in the region. ”

Neil Gascoigne, Director, Hays Oil & Gas



Asia

“ Despite current conditions, the oil and gas industry in Asia is a huge market with the potential for significant growth. We could expect to see companies in the region slowly restart hiring activities should the price of oil increase to over \$60-\$65 per barrel during 2016. ”

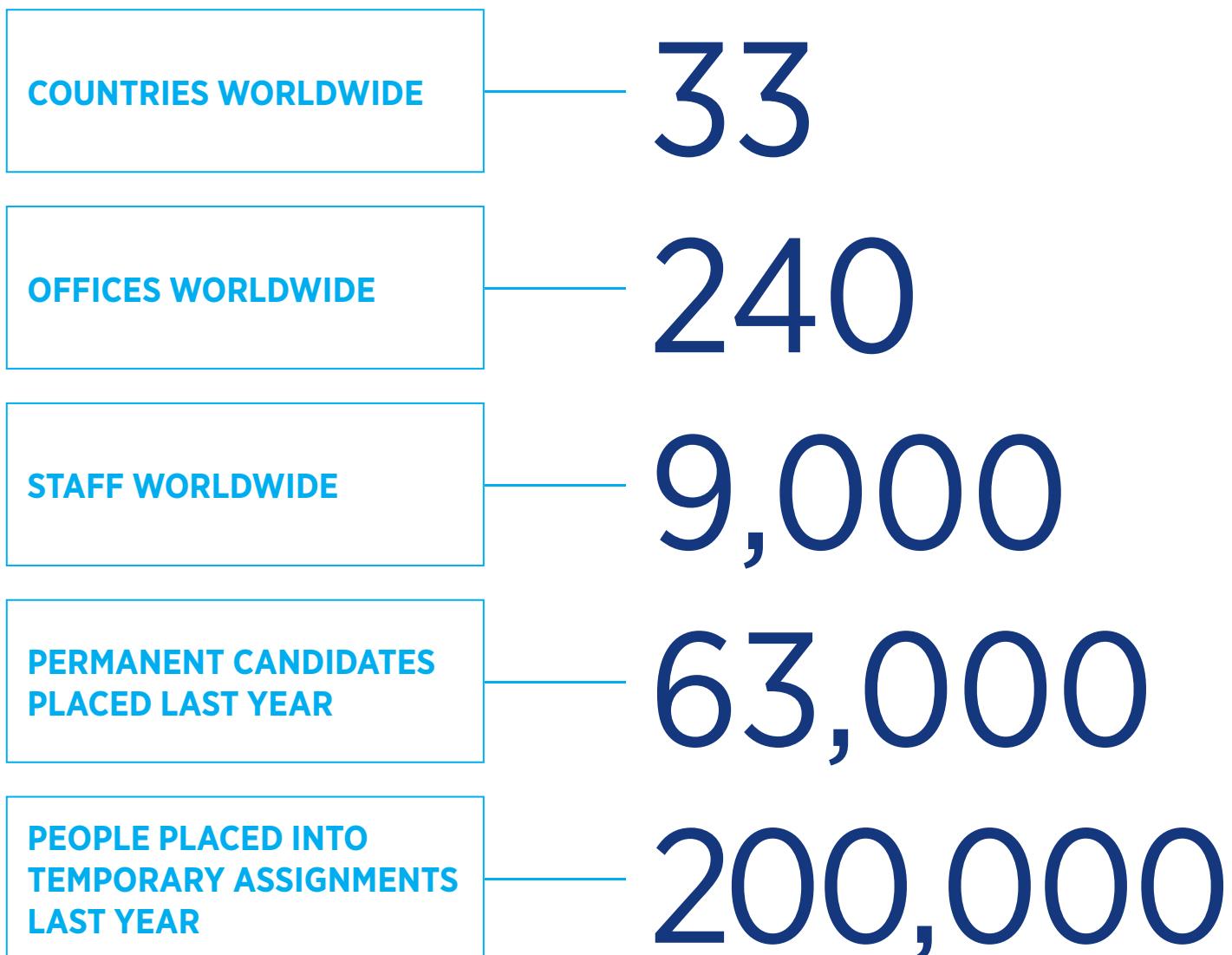
Mike Wilkshire, Director, Hays Oil & Gas

Oil and Gas Job Search

“ The level of confidence in the industry by the employers surveyed has remained robust despite the difficult market conditions. ”

Duncan Freer, Managing Director, Oil and Gas Job Search

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