



WE HELP YOU GET THERE

NEWS FROM SANDVIK

OPPORTUNITIES THROUGH COLLABORATION

PHIL CHERRIE, REGIONAL SALES AND MARKETING OIL & GAS
EUROPE, THE MIDDLE EAST AND AFRICA (EMEA), SANDVIK MATERIALS TECHNOLOGY

For the oil and gas industry in the Middle East and the world over, the industry may just be turning the corner. According to Deloitte, the two-year-long downturn in the oil and gas industry may finally be coming to a close. The recently released Deloitte Oil and Gas Industry survey indicated that the majority of Oil and Gas professionals believe that the recovery has already begun or will begin in 2017.

After the deal led by OPEC to cut output for the first time in eight years, the outlook for the oil industry is regaining momentum. Industry experts have shared predictions that the oil price is to range above US\$55 to US\$60 this year if OPEC continues to reduce supply.

The renewed focus on the oil and gas industry in the Middle East will likely drive local demand within the region. According to the Organisation of Petroleum Exporting Countries (OPEC) monthly report in January 2017, oil demand is expected to increase by 1.16 mb/d year-on-year to average 95.60 mb/d this year.

MAKING THE MOST OF THESE OPPORTUNITIES

To make the most of these opportunities in the region, organisations operating here must recognise the challenges that come both upstream and downstream. For example, with increased production requirements in refineries that will in turn place increased stress on the facilities and infrastructure, having the correct materials for the environment is essential. To properly augment operations one must ensure they have the right infrastructure and equipment that are able to handle increased requirements for longer periods of time.

At Sandvik, we are committed to supporting the energy industry with the high-performance materials they need to succeed in today's business environment. Sandvik has a team of 2,700 research and development experts on hand to solve new challenges that the industry is presented with. With our global emphasis on

research and development, we are able to effectively deliver noteworthy solutions at a regional level.

With ever more demanding conditions, our products are developed to simplify and solve challenging processes to secure and extend the life span of assets. Sandvik's long experience, proven track record, dedication towards developing corrosion-resistant alloys (CRA) and alliance with key industry partners such as Tenaris, enhances its product programme offering and harnesses the best capabilities to support customer requirements.

As operators in the region look for new and innovative ways to maximise their returns in the current economic and geopolitical environment, Sandvik continues to hold fast to its promise – we help get you there.

KEY HIGHLIGHTS: ASIA

CHALLENGING YEAR FOR ASIA

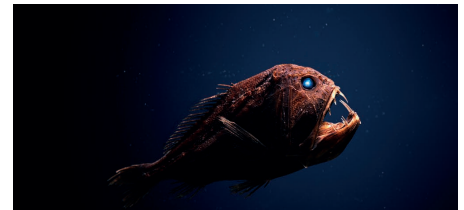
In Asia, we see a situation where the gap between oil and gas demand and supply is widening. Asia Pacific's demand for oil is expected to increase by 800,000 – 900,000 barrels per day in 2017 while oil production within the region will decrease by approximately 330,000 barrels per day over the year.

With higher demand for oil and lower levels of production, the Asia Pacific region is forecast to import oil leading to increased expenditure of over \$500million this year, according to calculations by the International Energy

Agency and a Reuters crude oil price poll in August.

Long-term plans indicate large investment plans for both oil and gas exploration in the region to create less dependency for the supply of hydrocarbons. We are seeing increased levels of activity, largely of gas exploration projects, in the region, but also for enhanced oil recovery as well as well intervention.

Although this is dominantly carried out in shallow waters, we do foresee a growing need for corrosion resistant solutions, driven by critical well conditions as well as high temperatures.



Egypt Petroleum Show 14-16 February 2017

PRODUCTS SHOWCASED:

- Hydraulic & instrumentation tubing
- Hyper-duplex Sandvik SAF 2707 HD™
- Sanicro™ 56Mo
- Alloy 625 – Sanicro™ 60 seamless tube & pipe
- Duplex Sandvik SAF 2507™
- Sandvik SAF 2304™ for ammonia production
- Sanicro™ 25
- Stainless and nickel welding consumables
- OCTG tubing
- Control lines & chemical injection lines
- Umbilical tubing
- Riser & flowline piping
- Tubing for well screens
- Powder metallurgy products

Take the Sandvik survey here:

smt.sandvik.com/survey

KEY HIGHLIGHTS: AMERICAS

GREATER CONFIDENCE WILL LEAD TO MORE DRILLING

There is greater confidence and hope for the oil and gas industry in the U.S. as the world enters 2017 and oil prices are averaging above USD \$50 per barrel. With U.S. oil production on the rise, and fracking costs dropping, the way has been paved for greater profitability.

Furthermore, the new administration has been supportive of the hydrocarbons industry. Successful implementation of his plans could see increased drilling activity and crude oil production in the region.

At Sandvik, we see the deepest hot and sour drilling environments as thrilling new possibilities. That's why we've developed a broad portfolio of lightweight and corrosion-resistant production tubing and casing, drilling risers and control lines that are built to last.

KEY HIGHLIGHTS: EUROPE

COST EFFICIENCY STILL A CONCERN

Overall, Europe is beginning to see the light at the end of the tunnel as the oil and gas industry recovers.

However, the industry remains cautious and is preparing for this year by focusing on cost-cutting measures such as reducing headcount, deferring or cancelling of projects and reducing capital expenditure. Companies are also focusing on research, development and innovation to drive efficiency and long-term value.

Cost-efficiency in terms of both operational capability and life expectancy are key drivers for Sandvik's own research and development activities. The latest hyper-duplex materials such as Sandvik SAF 2707 HD™ are designed to deliver customer savings in both areas.

KEY HIGHLIGHTS: MIDDLE EAST

NEW OPPORTUNITIES ABOUND

With new oil discoveries and project acquisitions, there will be more opportunities for investments and signs of stability within the sector this year. The discovery of the Zohr gas field, in particular, is one major opportunity for Egypt as well as the whole Eastern Mediterranean region.

As exploration and production demands in Egypt and the world over become increasingly complex, Sandvik is investing in products and technologies that boost efficiency and the safety of operations. The company has the capability to meet the needs with a comprehensive product program of seamless control lines and chemical injection lines. We supply quick and effective solutions for straightforward, cut-to-length lines or a multiple tube encapsulated profile, flushed and filled, supplied on customer's own reels and delivered direct to site.

Overall, the Middle East's oil and gas sector has much room for growth especially in its technological and innovation developments to keep up with rising domestic demand and export agreements. The region may have its challenges but with exploration and production deals rolling, the region promises to be a resilient market.

CONTROL LINES AND CHEMICAL INJECTION LINES

Sandvik's range includes control lines and chemical injection lines in seamless or welded condition. We offer a quick and effective solution whether the order is for straightforward, cut-to-length lines or a group of lines, encapsulated, flushed and filled, supplied on customer's own reels and delivered direct to site.

For being a product highly resistant to pressure, high temperature and adverse well conditions, the control lines are already being used on key projects globally, including the Eastern Mediterranean region.

OIL COUNTRY TUBULAR GOODS

In October 2016, Sandvik inaugurated a new, state-of-the-art, fully automated ultrasonic testing facility for pipes in the oil and gas industry.

The new ultrasonic testing facility represents a major investment by Sandvik and signifies the company's enhanced strategic focus on demanding applications within the oil and gas industry.

The facility enhances Sandvik's capabilities and capacity significantly, allowing the company to meet and exceed all customer requirements and puts Sandvik in a world-leading position as a manufacturer of OCTG.

UMBILICAL TUBES

Used for control and operation of oil and gas production facilities, umbilical tubing has higher corrosion resistance and better mechanical properties to cope with extremely adverse situations. The super-duplex seamless tubes are more reliable, resistant, and can withstand higher pressures than thermoplastic hoses.

In the last 20 years, Sandvik has supplied more than 100 million meters of umbilical tubing for projects worldwide.

WELDING

Sandvik has launched its Sandvik Welding Handbook App. The app serves to accompany the digital PDF of the welding handbook, which is continuously updated on the website.

The Sanicro™ portfolio of welding consumables from Sandvik is particularly appropriate for fabricators and customers offering specialist welding services to the oil and gas, chemical and petrochemical industries and on pollution control equipment for thermal power and waste incinerators. In use, they are designed to offer good weld puddle control and low spatter combined with excellent resistance to corrosion.

SANDVIK SECURES NEW PROJECTS IN EASTERN MEDITERRANEAN

Sandvik has secured a strategic project in the Mediterranean Sea to provide a comprehensive scope of Sandvik oil and gas solutions for various organisations' operations in the region. The project consists of a contract that is valued in excess of 100 million Euros.

Phil Cherie, Regional Sales and Marketing Manager, Oil & Gas, EMEA, Sandvik, said, "Operating in an offshore environment such as the Mediterranean Sea requires tools that are able to withstand the harsh conditions that these operations present. Having been chosen by operators to provide these solutions serves as testament to the quality of Sandvik's products and solutions."

As part of the contract, Sandvik will be providing: super-duplex steel umbilical tubing; Sanicro™ 28, a high-alloy austenitic stainless steel for OCTG downhole; seamless alloy 625 control line and chemical injection lines encapsulated with tubing encased conductor through Sandvik alliance partner Tenaris.

Deliveries of these solutions began in 2016 and will continue on throughout 2017.

SANDVIK CONTINUES TO EMBRACES SUSTAINABILITY

Sandvik recently achieved the ISO 50001:2011 certification for its energy management system (EnMS) at Sandvik Chomutov Precision Tubes spol.s.r.o, a production facility based in Chomutov, Czech Republic.

This ISO certification underlines Sandvik's unwavering commitment towards adhering to the international standards of energy efficiency and on a larger scale, reducing any impact on the environment.

In fact, Sandvik was also once again selected as a member of the Dow Jones Sustainability Index. An index that only the top 10% of the most sustainable companies in each respective industry are included.

FURTHER INFORMATION

To request further information relating to our product range, update your contact information or suggest articles of interest for the next issue of our newsletter, please fill out our interactive reply form at: www.smt.sandvik.com/oilgas

