

SUBSEA UK NEWS

THE NEWSLETTER FROM SUBSEA UK

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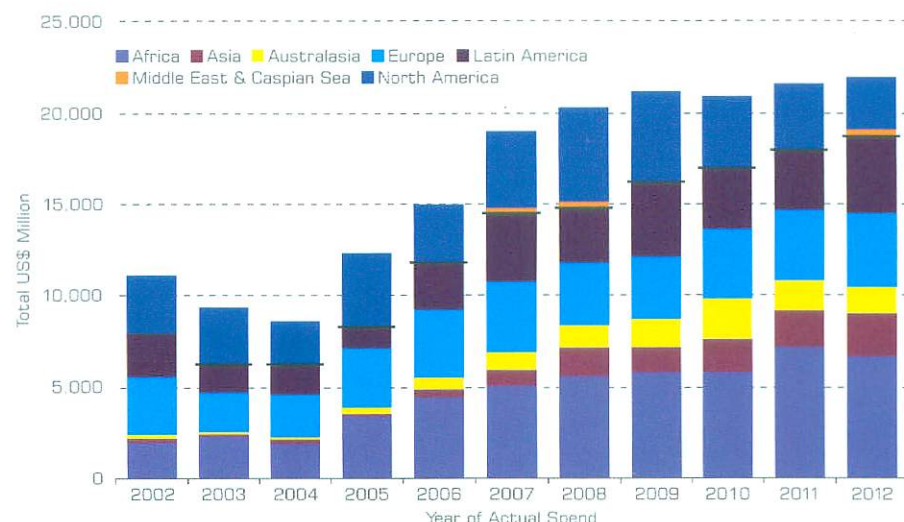
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Forecast Growth in Subsea Tempered by Supply Constraints in Service Sector

It is no secret that the subsea sector has experienced a tremendous growth over the last decade. Global subsea Capex is anticipated to double from US\$11 billion in 2002 to nearly US\$22 billion in 2012. This forecast is based upon the fourth edition of the Global Perspectives Subsea Market Update published by Infield Systems Limited.

Global Subsea Capex (US\$m) by Region 2002-2012

Source: Global Perspectives Subsea Market Update 2008-2012, ©Infield Systems Limited, London



The Global Market, 2008-2012

The world subsea sector is expected to see a total investment of US\$106 billion over the period 2008-2012. West Africa is anticipated to be the region with the highest share in subsea expenditure with close to a quarter of operators' total investment being directed there.

The recent strong growth has put the supply-side of the market under pressure and bottlenecks in the supply-chain are causing delays in projects. Long lead times and rapidly escalating costs are being experienced on many essential pieces of equipment and assets and this is impacting on the level of growth in activity over later years. In part this has been very beneficial for contractors. Many are now using

their increased revenues to expand their capacity and build speculative vessels anticipating that the boom in the subsea market is going to persist. As these assets come on stream it will be important to monitor what impact they will have on becalming the cost increase and the level of activity.

After 2012

The shift of operators' attention to deepwater, frontier and hostile areas has proved a major incentive for investing in technologies like subsea compression and separation. By 2013, subsea compression should become a viable option for prolonging the field life of long distance offshore tie-backs to shore.

Subsea activity is expected to remain robust after 2012, with Brazil, West Africa and Europe attracting most of the subsea investment.

- For further information please visit www.infield.com

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Surface to seabed



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