

Petroleum Engineering PLC–Case Facts



Petroleum Engineering PLC supplies plant and machinery to the oil and gas industry

Revenue Streams

Product Sales

Supply of parts to the oil and gas industry. Increased oil prices tend to result in new exploration with new extraction plants opening, increasing demand (and therefore sales).

Services

Renovation and upgrade of previously supplied parts. Decreases in oil prices drives customers to take plants offline for upgrades, increasing demand for services.

Margins

Margins for Services are greater than those for Product Sales because the entity utilises its staff to fulfil Services (only incurring payroll costs and incidental expenses).

Other

Annual bonuses for management are awarded based on reported revenue.