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Research

Investment Projects and Engineering in Oil-and-Gas Industry of Russia

Trends of 2013. Forecast till 2016

Demo-version

- Condition of oil-and-gas industry in Russia: reserves, production, consumption, prices, investment activities
- Comparative analysis of investment activities of the largest enterprises of oil-and-gas industry
- Analysis of governmental regulation of Russian oil-and-gas industry: production, transportation, processing and sales
- Forecast for development of oil-and-gas industry in Russia for 2012-2020: production industry, oil refining and petrochemical industry, oil transportation
- Description of the largest investment projects in the industry and investment volumes forecast by segments till 2016



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INFOLine information agency was established in 1999, its aim was to render information and advisory services to commercial organizations. The agency renders permanent information support to more than 1000 companies in Russia and world-wide. On daily basis INFOLine IA monitors publications in more than 5 000 MSM and carries out analytical research according to 80 subjects of RF economy. Since 2003 INFOLine IA has been conducting various desk researches of the markets both on the customer's request and on the Agency's own initiative. When working on a market research, the Agency's analysts make extensive use of their unique data support and their years-long experience of operating various data flows. Research materials of INFOLine IA are used in their activities by major companies of oil and gas industry, leaders of extracting segment (NK Rosneft JSC, Gazprom JSC, Surgutneftegaz JSC, TAIF-NK JSC and others), leading companies in the segment of hydrocarbon processing and petro- and gas chemistry (SIBUR Holding JSC, BASF Group, Baker Petrolite and others), suppliers of industrial equipment and service companies (Trest Koksohimmontazh CJSC, Endress+Hauser LLC, Yokogawa Electric Corporation, Mitsubishi Corporation, Schneider Electric, Mitsui & Co. Moscow LLC and others), leading engineering companies of Russia and the world (IMS Industries LLC, Promstroy JSC, GSK VIS LLC, Intehenergoresurs CJSC and others), leading scientific research organizations of fuel and energy sector – Gazprom VNIIGAZ LLC, VNIPIneft JSC, NIIGazekonomika LLC, NIPIgazpererabotka JSC.



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Surgutneftegaz JSC, TAIF-NK JSC and others), **leading companies in the segment of hydrocarbon processing and petro- and gas chemistry** (SIBUR Holding JSC, BASF Group, Baker Petrolite and others), **suppliers of industrial equipment and service companies** (Trest Koksohimmontazh CJSC, Endress+Hauser LLC, Yokogawa Electric Corporation, Mitsubishi Corporation, Schneider Electric, Mitsui & Co. Moscow LLC and others), **leading engineering companies** of Russia and the world (IMS Industries LLC, Promstroy JSC, GSK VIS LLC, Intehenergoresurs CJSC and others), **leading scientific research organizations of fuel and energy sector** – Gazprom VNIIGAZ LLC, VNIPIneft JSC, NIIGazekonomika LLC, NIPIgazpererabotka JSC.

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About this Research

The Objective of the **Investment Projects and Engineering in Oil and Gas Industry in Russia** report is a comprehensive, integrated study of development dynamics of oil-and-gas industry of Russia, key trends of governmental regulation of this sector, dynamics of investment activities of the major companies in oil-and-gas sector in Russia, assessment of the current volume of investments in oil-and-gas industry as a whole and by its segments, making a forecast for volume of investments in oil-and-gas industry till 2016, taking into account the progress of companies' investment projects implementation.

In the process of preparation of **Investment Projects and Engineering in Oil and Gas Industry in Russia** the key trends that determine the oil-and-gas industry's development in Russia were revealed and analysed, as well as trends of the engineering design and facilities' construction markets in this sector. Active implementation of programmes for production capacities improvement by the major players of O&G and petrochemical sectors raised the relevance of the following issues: monitoring and assessment of investment activities in the fuel and energy complex, prospects and investment projects' velocity in the field of hydrocarbons extraction, transportation and processing. A positive tendency of oil industry's development is establishment of new oil producing centers in the Western and Eastern Siberia, Republic of Sakha (Yakutia), at Sakhalin's shelf, in the Caspian Sea. The commissioning of new hydrocarbons deposits required corresponding development of systems for utilisation of associated oil-well gas, condensate and other hydrocarbon crude materials, since their extraction volumes exceed the existing production capacities of petroleum chemistry enterprises, as well as pipeline transportation facilities. Therefore oil-and-gas industry companies have formed excessive volume of demand which can't be met by Russian construction and engineering markets. This factor has become the main driver of growth for construction and design engineering organisations; it stimulates processes of assets' integration and competence buildup through creation of full-cycle engineering companies.

Investment Projects and Engineering in Oil and Gas Industry in Russia report contains an introductory part, which describes the objectives, tasks and structure of the Research, main prerequisites and results of the product's development. It is followed by 2 main parts divided into 7 main sections. report contains an introductory part, which describes the objectives, tasks and structure of the Research, main prerequisites and results of the product's development and is followed by 2 main parts divided into 7 main sections.

Part I is available in printed and electronic formats and contains the following sections:

Section I provides the deals of the current condition of oil-and-gas industry in Russia; the key trends and stimuli of oil-and-gas industry development which are formed by the government; analysis of investment activities in oil-and-gas industry and their outlook till 2016. Investment activities was analysed and presented according to their macroeconomic (the industry in toto, on a national scale) and microeconomic (broken down by investment programs of oil-and-gas companies) levels; by segments of production, processing, transportation, oil-and-gas chemistry and gas liquefaction. The calculations, made by INFOLine, regarding the investment activities, take into consideration measures of governmental stimulation for development of the fuel and energy complex; data on regional programs for social and economic development; parameters of vertically-integrated oil companies development strategies, Gazprom Group, independent producers; indicators of financial and management accounting of companies; information about tender procedures of governmental and private companies of this sector; information about rates, specific features and prospects for implementation of the largest investment projects in Russia; results of survey conducted by INFOLine, information from other open sources.

Section II is devoted to description of the specific features and dynamics of market formation in the segment of engineering design services for oil-and-gas industry in Russia and global market of integrated engineering services, description of the current condition of the Russian market of engineering design services for oil-and-gas industry and key trends of its development.

Section III contains description of the specific features and dynamics of market formation in the segment of construction services for oil-and-gas industry in Russia, development strategy of market's players, its key trends and development prospects. In order to give the most precise description of the market the Research quotes expert interviews with the Chief Officers of the leading enterprises of this sector.

Part II is available in electronic format only and consists of the following sections:

Section IV deals with the structured description of more than 150 largest investment projects in the sectors of oil-and-gas industry, which determine the development prospects of its production, transportation and processing capacities in Russia in the long term. This description includes detailed contact information about all announced project's participants (investors, prime contractors, design engineers, suppliers), planned investment volumes, project's implementation region, technical specifications of production capacities under construction, structure of investment projects at the moment of update, deadline for reaching the design capacity, completion deadlines of project's separate stages and the project as a whole.

Sections V, VI and VII include reference data on companies operating in the field of engineering design and construction of facilities for oil-and-gas industry. The companies were selected by the volume of revenue generated and availability of the company's portfolio, as of 2013, of large-scale projects in segments of production, processing or transportation of hydrocarbon materials, as well as in the segments of oil-and-gas chemistry.

Section V contains the rating and structured reference data on the largest Russian scientific-research and engineering design organisations; in 2011 total revenue of the described companies exceeded 2.2 billion US dollar. In



order to determine the largest companies the range of more than 20 thousand design engineering companies in all federal districts of Russia were observed. The resulting rating includes 12 companies, whose revenue for the period of 2009-2012 exceeded 130 million US dollars; the section contains reference data about each of these companies.

Section VI contains the rating and structured reference data on the largest Russian construction companies, specialising in building and installation services for oil-and-gas industry segments. In order to determine the largest companies the range of more than 50 thousand design engineering companies in all federal districts of Russia were observed. The resulting rating includes 19 companies, their revenue for the period of 2011 exceeded 400 million US dollars; the section contains reference data on each of these companies.

Section VII contains the rating and structured reference data on foreign engineering companies whose activities in Russia maximally correspond to those criteria of revenue volumes and number of perspective projects. The selection consists of 14 companies; the revenue of each company from their projects in Russia exceeded 110 million US dollars during the period of 2010-2012.

For the purpose of verification and update of the information about the companies included in this Research, in May 2013 the specialists of INFOLine carried on the following activities:

- phone polling of 150 companies operating in the segment of engineering design and construction of facilities for oil-and-gas industry
- survey among more than 100 companies – contractors of vertically-integrated oil companies, enterprises of Gazprom Group, SIBUR, NOVATEK and other players of this market (design engineers, contractors and suppliers)
- adjustment of data in reference entries according to the information received from the described companies.

Investment Projects and Engineering in Oil and Gas Industry in Russia Research makes it possible for the consumer of this information product to solve wide range of problems, which otherwise would take too much time to solve using internal resources or be very costly:

- Analysis of the current level and prospects of investment activities in oil-and-gas, oil-and-gas processing and petrochemical segments
- Analysis of financial indicators of the largest companies- industry leaders
- Description of investment projects of oil, gas and petrochemical companies in the field of production, transportation and processing
- Description of investment activities of companies of the fuel and energy complex in Russia
- Appraisal of development outlooks of this sector in Russia, along with demand for services of engineering design and construction companies from the point of implementation of large investment projects

The potential consumers of the Research prepared by the specialists of INFOLine IA could be as follows:

- Management and sales departments of companies, manufacturing equipment and other products, as well as providing services for oil producing and oil refining companies
- Investment companies, Russian and foreign investors
- Management and marketing departments of oil producing companies and oil refining enterprises in Russia

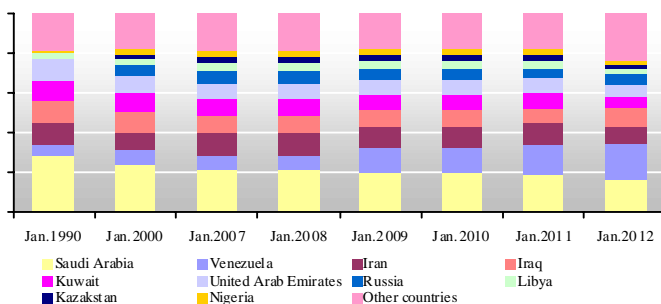
Section I. Investment activities in oil-and-gas industry

1.1. Current condition of oil-and-gas industry in Russia

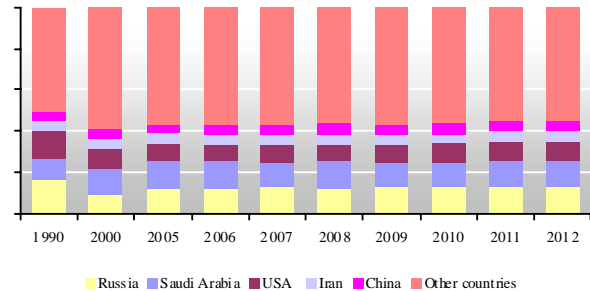
1.1.1. Condition of oil and oil refining sector in Russia

According to Statistical Review of World Energy,¹ Russia belongs to the first ten countries with the largest oil reserves, giving way to countries of Middle East and Venezuela only. <...> In Russian Federation the oil reserves of industrial grade (ABC₁+C₂) in the volume of ... billion tons of oil can ensure the current level of production during next ... years. <...>

Dynamics and structure of proven oil reserves in Russia and world countries in 1990-2012, %

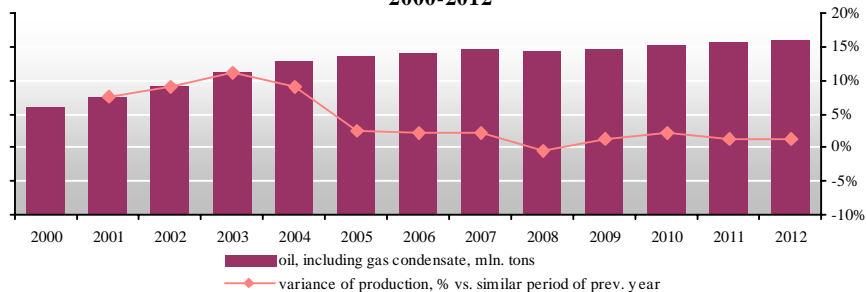


Dynamics and structure of oil production in Russia and world countries 1990-2012, %



In 2012 oil-and-gas condensate production in Russia increased: 518.0 million tons of oil were produced, that exceeds the results of 2011 by 1.3%. Growth rates of oil production practically did not change since 2011, and then the oil production grew by 1.23% against 2010. <...>

Oil production dynamics, including gas condensate, in Russia in 2000-2012



Russia reached a stage when it needs to maintain the existing production level under conditions of much worse reserves' structure. The primary focus of the government policy with the regard to develop the oil industry is to motivate exploration and development of new large oil deposits in Russia and improvement of hydrocarbons transportation system. <...>

The oil export from Russia to non-CIS countries in 2012 declined by ...%, coming to ... million tons. To CIS countries ... million tons of Russian oil there were exported (decrease by ... %). Volume of oil deliveries for refinement, on the contrary, increased – up to...million tons (+... %).

Demo-version

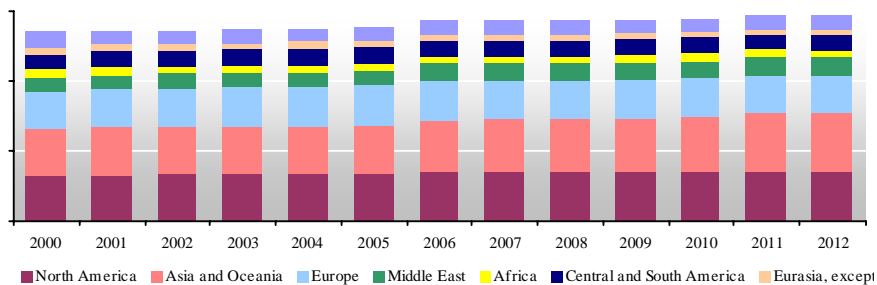
¹ Annual statistic survey prepared by British Petroleum plc.





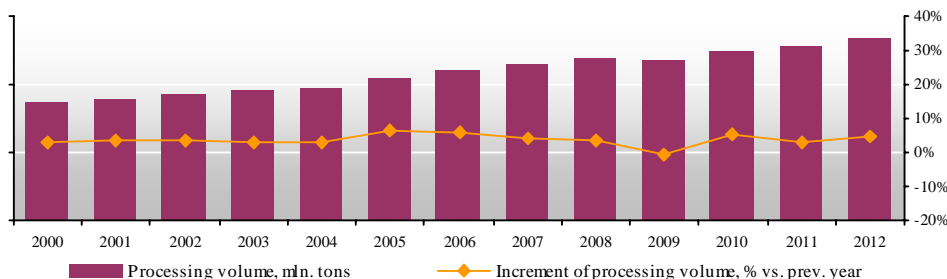
The structure of global oil refining industry in 1995-2011 experienced noticeable technology shifts, the growth rates increased for processes of deeper oil refinement, processes of hydroskimming, as well as for processes of improvement of the quality of motor gasoline; their growth rates considerably outrun the growth rates of oil refinement volumes. <...>

Dynamics and structure of primary oil processing capacities in Russia and world regions in 2000-2012, mln. barr./day



In 2012 the volumes of primary crude oil distillation in Russia increased by 4.9%, to ... million tons (while the governmental measures of oil industry regulations provided for decrease by ... million tons – to ... million tons). <...>

Dynamics of primary oil processing in Russia in 2000-2012



1.1.2. Analysis of the governmental regulation of gas-and-oil industry in Russia

The section contains description of the measures taken by the Government in order to stimulate the development of this industry in following directions:

- Regulation of oil production (in regions with declining production volumes; in new regions of Siberia and Far East; on shelf; production development programs)
- Regulation of oil and oil products transportation (tariffs formation, regulation of access to pipeline transportation system – oil and oil products pipelines; programs aimed at development of oil and oil products transportation systems).
- Regulation of oil refining (tax burden; price formation; operation of enterprises – licensing, safety, modernization; refining development programs).
- Regulation of oil and oil products export, sales in RF

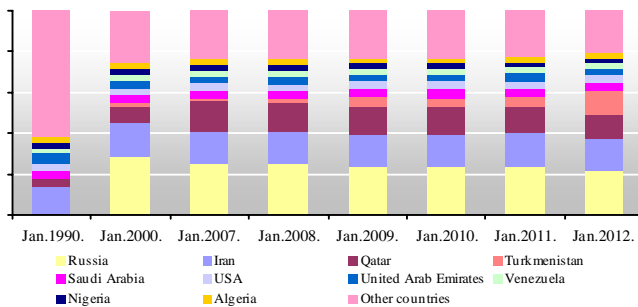
and assessment of their influence on the investment activities in the oil industry.

1.1.3. Condition of gas and gas processing industry in Russia

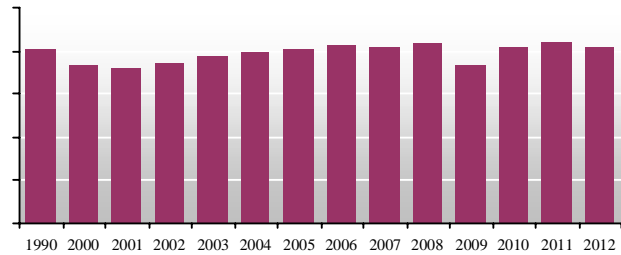
The aggregate volume of mineral resources base of free gas in Russia is estimated as ... trillion cubic meters. <...> About 68% of the free gas balance

reserves are concentrated in the West Siberian oil-and-gas bearing basin, situated on the territory of Urals federal region, including the western part of Siberian FR and near-Yamal shelf of the Kara Sea. <...>

Dynamics of structure of proven gas reserves in Russia and worlds countries in 1990-2012, %



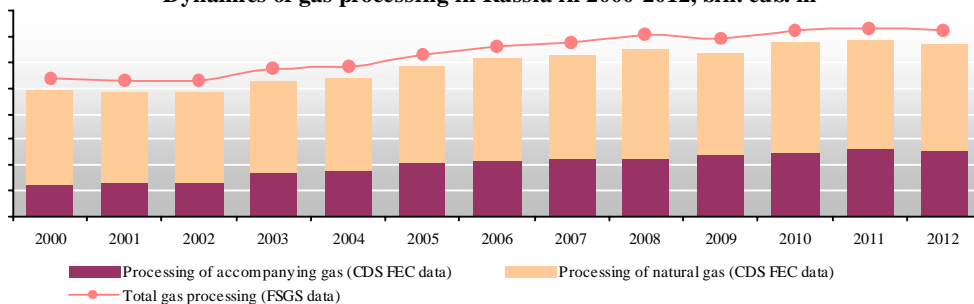
Dynamic of gas production in Russia in 1990-2012, bln. cub. m



In 2012 gas production index came up to ... billion cubic meters, declining by ...% in comparison to 2011 (in 2011 gas production in Russia increased by ... %). <...>

In 2012 gross production of oil associated gas in Russia came up to ... billion cubic meters, among them ... billion cubic meters were flare burned, ... billion cubic meters (...%) were used. The structure of oil associated gas consumption in Russia includes about ... billion cubic meters (...% of total production) delivered to gas processing plants; ... billion cubic meters (... %) were used by oil companies for gas injection and electrical energy generation. In 2012 investments into efficient utilisation of oil associated gas in Russia came up to about ... billion roubles, there were commissioned about ... electrical energy industry facilities, ... facilities for treatment of oil associated gas, about ... kilometers of pipelines were built. <...>

Dynamics of gas processing in Russia in 2000-2012, bln. cub. m



Export of pipeline gas to non-CIS countries decreased in 2012 by ...% – to ... billion cubic meters, export to CIS countries decreased by ...% – to ... billion cubic meters. Export of liquefied natural gas (LNG) to countries of Asia-Pacific Region (APR) came up to ... billion cubic meters in 2012 (growth by ... million cubic meters). <...>

1.1.4. Analysis of governmental regulation of gas industry in Russia

The section contains description of the measures taken by the Government in order to stimulate the development of this sector in following directions:

- Gas production regulation
- Gas transportation regulation
- Gas processing regulation
- Gas consumption regulation
- Gas export regulation
- Regulation of internal price formation

and assessment of their influence on the investment activities in the gas industry.

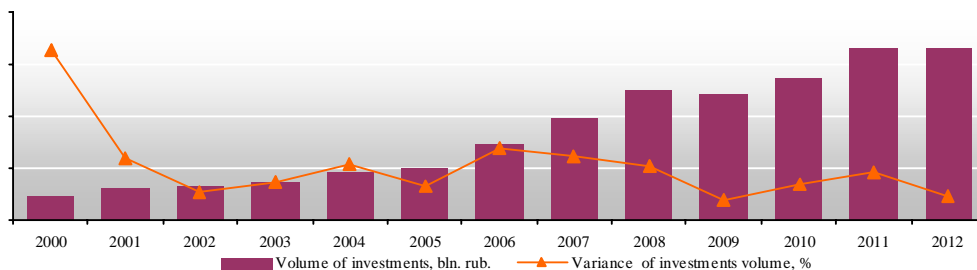


1.2. Overlook of investment activities in oil-and-gas and petrochemical sectors in Russia for the period till 2016

1.2.1. Overall description of investment activities in the fuel and energy complex in Russia

The dynamics analysis of investments into production of crude oil and natural gas demonstrates stage-by-stage increase of basic capital reproduction volumes. Cumulatively, during 12 years the volume of investments increased 16 times (in 1999 this volume was 81.3 billion roubles.). <...>

Dynamics of investment into basic capital of oil- and gas-producing enterprises in Russia in 2000-2012, bln. rub. (current prices)



1.2.2. Investment activities and largest investment projects in oil and petrochemical sectors

Forecast for investments volume in oil industry by segments

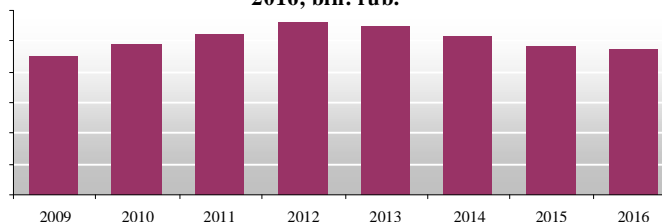
Aggregate volume of investment during 2012-2016 into oil industry projects is estimated by the specialists of INFOLine as ... billion roubles (... billion US dollars), including:

- into oil production facilities – ... billion roubles (... billion US dollars)
- into oil refining facilities – ... billion roubles (... billion US dollars)
- into oil and oil products transportation facilities – ... billion roubles (... billion US dollars)
- into facilities of petrochemistry – ... billion roubles. (... billion US dollars) <...>

Investments into oil production facilities

The goal of the Government's strategy in this sector is to maintain the existing volumes of oil production, which, in long-term perspective, requires additional investments and creations of governmental economic incentives for oil production in all fields. <...>

Dynamics of investments into development of oil production facilities in 2009-2012 and forecast till 2016, bln. rub.



Demo-version

The full text of this section contains aggregate result of calculations made by INFOLine on the basis of planned investment volumes announced by the companies of oil industry, monitoring of the current status of projects at the stage of implementation in segments of construction and modernisation of industrial facilities, investment attractiveness and cost of the projects. Corresponding investments dynamics and forecast diagrams are presented in each subsection and describe the situation in every sub-segment of oil industry in Russia.

Investments into oil refining facilities

Russia has a considerable potential for development of its oil refining industry through decreasing the export share of crude oil and increasing it for oil refining share, with simultaneous introduction of advanced oil refining processes. <...>

Investments into oil and oil products transportation facilities

Milestones of oil transportation system development in Russia are determined, in the first place, by the Program of Strategic Development of AK Transneft JSC for the period till 2020², which was formulated on the basis of:

- Master plan for development of oil industry till 2020
- Program for retrofitting, overhaul and development of oil trunk pipelines facilities of AK Transneft JSC³
- Program for innovative development of AK Transneft JSC for the period till 2017⁴
- Program for energy saving and improvement of energy efficiency of AK Transneft JSC for the period till 2015⁵ <...>

Investments into petrochemistry facilities

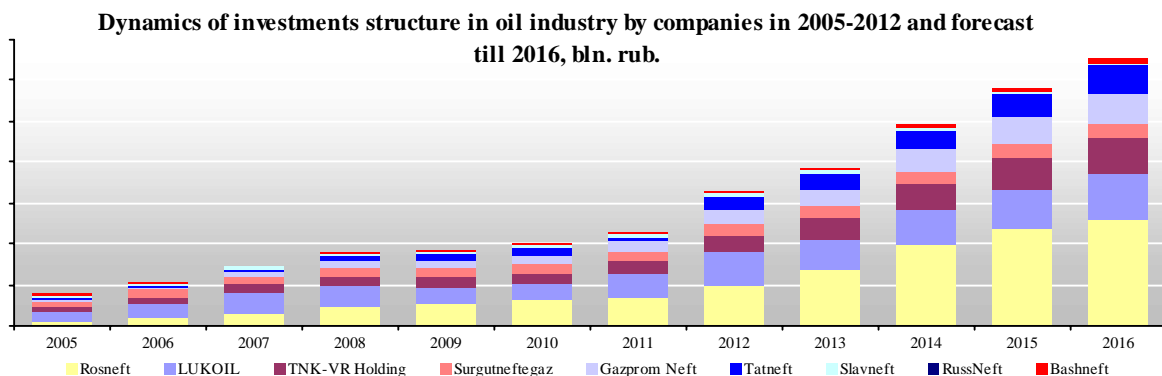
As a part of the Plan for Development of Gas and Petrol Chemistry in Russia for the Period till 2030 (I stage) there were defined 6 key clusters: West Siberian, Volga, Caspian, North-Western, East Siberian and Far Eastern. <...>

Demo-version

The full text of this section contains aggregate result of calculations made by INFOLine on the basis of planned construction volumes announced by the companies of oil sector, monitoring of the current status of projects at the stage of implementation in segments of construction and reconstruction of industrial facilities, investment attractiveness and cost of the projects.

1.2.3. Indicators of investment activities of companies in oil industry

The leaders of the total volumes of investment into oil production capacities development among oil companies are such companies as NK Rosneft JSC, Lukoil JSC and Surgutneftegaz JSC, which collectively account for up to 80% of investment volumes into oil production in Russia <...>



1.2.4. Investment activities and largest investment projects in gas and gas chemical sectors

² Approved by the Board of Directors of AK Transneft JSC (minutes No.2 of 31.01.2012)

³ Approved by the management board of AK Transneft JSC

⁴ Approved by the Board of Directors of management board AK Transneft JSC, by the Ministry of Energy of RF, Ministry of Education and Science of RF, Ministry of Economic Development of RF, by the working group for development of private-governmental partnership in the field of innovations at the Government Commission on high technology and innovation (minutes No.15-AK of 13.04.2011)

⁵ Approved by the Board of Directors of AK Transneft JSC and Department of Governmental Energy Policy and Energy Efficiency of the Ministry of Energy of RF



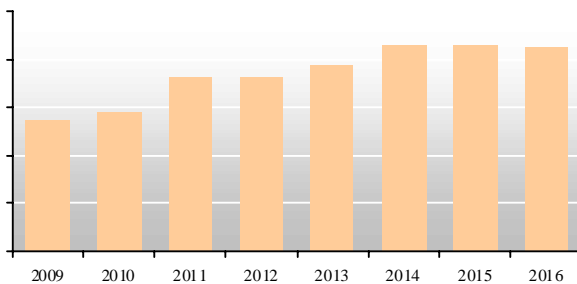
Forecast for investments volume in gas industry by segments

Aggregate volume of investments during 2012-2016 into gas industry projects is estimated by the specialists of INFOLine as ... billion roubles (... billion US dollars), including:

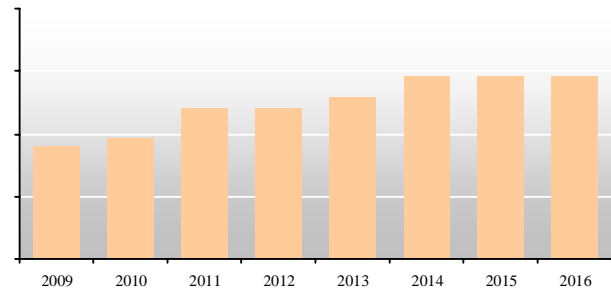
- into facilities of gas production – ... billion roubles. (... billion US dollars)
- into facilities of gas processing – ... billion roubles. (... billion US dollars)
- into facilities of gas transportation – ... billion roubles. (... billion US dollars)
- into facilities of gas chemistry – ... billion roubles. (... billion US dollars)
- into facilities of liquefaction gas – ... billion roubles. (... billion US dollars) <...>

Forecast of investments into gas industry projects, in Russian roubles and US dollar (rate of exchange 1 US dollar = 30 roubles), is presented on the following diagrams. <...>

Dynamics of investments into gas industry development projects in 2009-2012 and forecast till 2016, trl. rub.



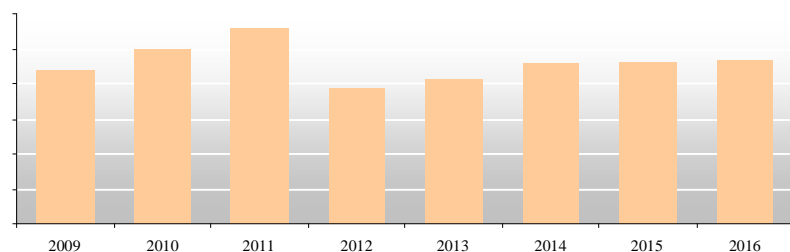
Dynamics of investments into gas industry development projects in 2009-2012 and forecast till 2016, bln. USD



Investments into facilities of gas production

The volume of investments into construction and development of gas production facilities during 2012-2016 will come up to ... billion roubles (... billion US dollars). In the long-term perspective Nadym-Pur-Taz region of Western Siberia will remain the main gas producing region of Russia, the main gas reservoirs, already exploited and those to be developed in the short-term perspective, are concentrated there. The further gas extraction in this region depends on exploitation of deep-level oil- and condensate-containing deposits, defined by complicated mining and geological conditions and multicomponent composition of formation fluid. <...>

Dynamics of investments into gas production development facilities in 2009-2012 and forecast till 2016, bln. rub.



Demo-version

The full text of this section contains aggregate result of calculations made by INFOLine on the basis of planned investment volumes announced by the companies of gas industry, monitoring of the current status of projects at the stage of implementation in segments of construction and reconstruction of industrial facilities, investment attractiveness and cost of the projects. Similar investments dynamics

and forecast diagrams are presented in each subsection and describe the situation in every sub-segment of gas industry in Russia.

Investments into facilities of gas processing

The volume of investments into construction and development of gas production facilities during 2012-2016 will come up to ... billion roubles (... billion US dollars). The investment forecast is presented at the following diagram. <...>

Investments into gas chemistry facilities

The volume of investments into construction and development of gas chemistry facilities during 2012-2016 will come up to ... billion roubles (... billion US dollars). The development of the world market shows that to make natural gas a global energy resource it is required to introduce an economically-efficient way to convert it into liquid motor fuel or hydrocarbon material for petrochemical industry. In connection with such trends during several past decades the gas chemistry singled out into an independent industry branch, in some countries – even more priority-oriented than petrochemistry. <...>

Investments into facilities of gas liquefaction

The volume of investments into construction and development of gas liquefaction facilities during 2012-2016 will come up to ... billion roubles (... billion US dollars). At the existing gas transportation technology level it is difficult to determine natural gas as a global energy resource: while the global oil market is supported by a powerful tanker fleet, the natural gas market is tied to the existing pipelines, and transportation of liquefied natural gas requires investments that make this energy resource affordable to the most wealthy countries only. <...>

Investments into facilities of gas transportation

The volume of investments into construction and development of gas transportation facilities during 2012-2016 will come up to ... billion roubles (... billion US dollars). Annual volume of investments of Gazprom JSC into gas transportation in the long-term perspective is planned to reach ... billion roubles (among them about ... billion roubles annually will be required for implementation of retrofitting and modernization program, about ... billion roubles annually will be required for expansion of existing capacities and construction of new gas transportation systems). <...>

Demo-version

The full text of this section contains aggregate result of calculations made by INFOLine on the basis of planned construction volumes announced by the companies of gas industry, monitoring of the current status of projects at the stage of implementation in segments of construction and reconstruction of industrial facilities, investment attractiveness and cost of the projects. The section includes analysis of influence on segments of oil-and-gas industry of those key factors that determine the investment activities in this industry, among them the Government's resolutions regarding stimulation of development of various segments of this industry.



Section II. Market of engineering design services for oil-and-gas industry in Russia

2.1. Current conditions of Russian market of design engineering services for oil-and-gas industry in Russia

International market of engineering services for oil-and-gas industry

On the basis of McGraw-Hill Construction's data the specialists of INFOLine compiled a rating of the largest engineering design organisations at the international market of engineering design for oil-and-gas industry facilities. The ranking of the companies takes into account the scale of their business beyond the country of origin, reflecting their contribution into implementation of international projects, as well as the share of oil-and-gas industry projects in the revenue structure of the international market. In 2011 the revenue of TOP 20 companies in the segment of oil-and-gas industry came up to ... billion US dollars, meanwhile TOP 10 accounted for ...% of the aggregate revenue of leading companies. <...>

Table 1. Rating of TOP 20 international companies at the world market of engineering design in oil-and-gas segment

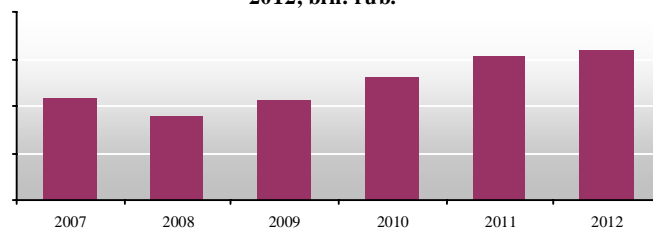
Company name	Country of origin	Company type	Revenue from engineering design, million US dollars			2012 ranking in the segment
			total	international (beyond the country of origin)	international in oil-and-gas industry	
Fluor Corp.	USA	EC	3463	2978	2918	1
WorleyParsons Ltd.	Australia	EC	3414	2629	1971	2
KBR	USA	EC	1885	1621	1378	3
...
...

Data source: Data of McGraw-Hill Construction, calculations of INFOLine

Market of engineering services for oil-and-gas industry in Russia

In 2012 the volume of Russian market of engineering services for oil-and-gas industry came up to about ... billion roubles. <...>

Dynamics of volume of engineering services market for oil-and-gas complex in Russia in 2007-2012, bln. rub.

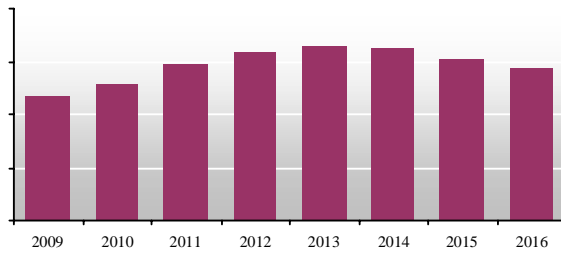


Data source: INFOLine IA data

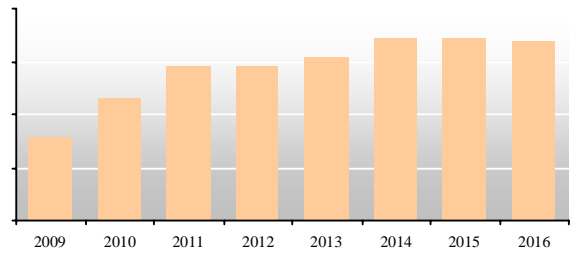
The main body of orders for engineering services is formed by such groups of companies as Rosneft, Gazprom, Surgutneftegaz and Lukoil, jointly they accounted for ...% of the market in 2010-2011. <...>

Total investments into development of gas industry (including gas treatment, transportation, processing, gas liquefaction and development of gas chemistry facilities) till 2016 will reach about ... billion roubles, total investments into development of oil industry (including treatment, transportation, oil refining and development of petrochemical facilities) – about ... billion roubles. <...>

Dynamics of investment into oil industry development projects in 2009-2012 and forecast till 2016, trl. rub. (prices of 2011)



Dynamics of investment into gas industry development projects in 2009-2012 and forecast till 2016, trl. rub. (prices of 2011)



Data source: Data and calculations of INFOLine IA

Detailed structure of investments into oil-and-gas projects is described in the table:

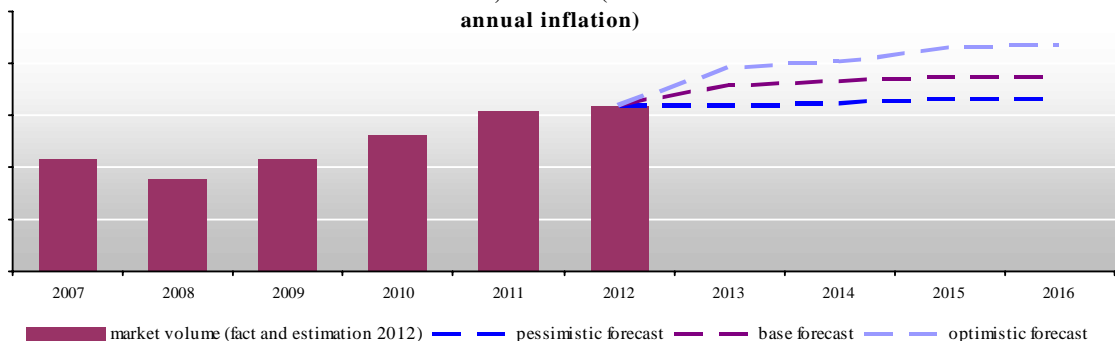
Table 2. Forecast for investments volume in oil-and-gas industry of Russia by its main segments for the period till 2016, billion roubles (prices of 2011)

Branch	Segment of industry	2011	2012	2013	2014	2015	2016
Oil	Oil production	...	...	...	...	...	...
	Oil refining	...	...	...	...	...	...
	Petrochemistry	...	...	...	...	...	...
	Transportation of oil and oil products ⁶	...	...	...	...	...	...
	Aggregate volume of investments	...	...	...	...	...	...
Gas	Primary gas treatment	...	...	...	...	...	...
	Gas processing	...	...	...	...	...	...
	Liquefaction of natural gas	...	...	...	...	...	...
	Gas chemistry	...	...	...	...	...	...
	Transportation of gas ⁷	...	...	...	...	...	...
Aggregate volume of investments	...	...	...	...	...	...
Total	Investments volume	...	...	...	...	...	...

Data source: Data of RF Government, Ministry of Energy, companies, calculations of INFOLine IA

In 2010-2011 the volume of Russian market of engineering in oil-and-gas sector steadily came up to about ...% of the total volume of investments into oil-and-gas industry in Russia. As long as this ratio remains the same, till 2016 (with variation within 0.2%), the growth of investment activities in oil-and-gas sector of Russia will result in corresponding growth of the engineering services market. At the same time, periods of investments maximisation don't match the pick periods of the engineering services market growth, which are calculated based on the number of finished projects, because the most finance-consuming stage is the initial one <...>

Dynamics of volume of engineering services market for oil-and-gas complex in Russia in 2007-2012 and forecast till 2016, bln. rub. (forecast takes into account 10% of annual inflation)



Data source: Data of INFOLine, Strategy Partners, RPI Research, calculations of INFOLine

⁶ The segment includes such facilities as oil trunk and gathering pipelines, oil products trunk pipelines, pumping stations, storage facilities as well as railroad and water transport infrastructure.

⁷ The segment includes such facilities as gas trunk and pipelines, oil products trunk pipelines, compressor plants, trunk product pipelines and condensate pipelines, facilities for storage and shipment of liquefied hydrocarbon gases.



2.2. Market development trends of engineering design services for oil-and-gas industry in Russia

Over the next decade Russia, together with other CIS countries and Northern America, is going to be the largest market of oil-and-gas construction. The plans for increase of production capacities in gas and petrochemistry sectors act as a demand growth factor for services of engineering design organizations. The key factors of oil-and-gas industry development:

- High level of oil prices
- Depletion of the developing reserves in Russia
- Exploration of new regions for minerals extraction
- ...; <...>

The key projects and development factors of engineering services market in oil-and-gas industry in Russia:

- ...; <...>

Specific features and problems of engineering services market in Russia

The development of the world market of engineering services in oil-and-gas industry started from the creation of engineering structural subdivisions inside the largest production companies in the oil-and-gas industry. Evolution of competence and activities scale of such subdivisions led to their extraction from the production holdings' structure into independent players of the engineering services market. Newly created engineering companies aggressively participated in mergers and acquisitions of competitors and organizations, operating at adjacent markets. The accelerated development of the international market of engineering services took places in conditions of high standardisation, unification, growing consistency of service delivery at this market, joint investment of R&D and amalgamation of engineering companies as a result of consolidation. <...>

The proces of the engineering services market development in Russia was quite self-contained from the world-wide processes from business-processes organisation and scientific activity point of veiew. <...>

Section III. Market of construction services in oil-and-gas industry in Russia

3.1. Current condition and development prospects of construction services market in oil-and-gas industry in Russia

In 2012 the growth of investments into construction of industrial facilities for oil-and-gas sector continued, and in combination with the remaining trends of growing cost of construction materials and construction and mounting works it determined the increase of the market's capacity by at least ...%. <...>

3.2. Recommendations regarding promising business activities of engineering companies in Russia

Demo-version




The full text of this section contains a rating of companies engaged in construction of oil-and-gas industry facilities: prospecting work and engineering design, supply and procurement, construction work (including general construction work, pipeline construction, oil treatment facilities, gas treatment facilities, oil refineries, gas processing plants and so on), assembly work, commissioning, putting into operation and allied services. The ranking of companies was done according to revenue indicators of 2012; in relation of companies that do not disclose their financial records the section contains estimations made by INFOLine, the leading rating agencies of Russia and the world.

Section IV. Rating of engineering companies in the segment of oil-and-gas industry in Russia

4.1. Rating of engineering design companies in the segment of oil-and-gas industry in Russia

In Russia the leading positions at the market of industrial construction for oil-and-gas sector are taken by the main contractors of Gazprom JSC, engaged in development of gas deposits and gas transportation systems. <...>




Table 3. Rating of the largest engineering design organisations in Russia by revenue in 2010-2012, million US dollars (provisional exchange rate 30 roubles/1 US dollar)

Company's logo	Company's name	2010	2011	2012	Ranking in 2012	Dynamics in 2011	Dynamics in 2012
	Giprotruboprovod JSC	*	*	*	1	*	*
	Giprospetsgaz JSC	*	*	*	2	*	*
	VNIPIgazdobycha JSC	*	*	*	3	*	*
*	*	*	*	*	*	*	*

Data source: Companies' data, calculations and estimations of INFOLine IA

4.2. Rating of construction companies in the segment of oil-and-gas industry in Russia




Table 4. Rating of construction companies in the segment of oil-and-gas industry in Russia by revenue in 2010-2012, million US dollars excluding VAT (provisional exchange rate 30 roubles /1 US dollar)

Company's logo	Beneficiary	Company's name	2010	2011	2012	Ranking in 2012	Dynamics in 2011	Dynamics in 2012
	Ziyad Manasir	Stroyigazkonsalting, LLC	*	*	*	1	*	*
	Arkadiy Romanovich Rotenberg	Stroyigazmontazh, LLC	*	*	*	2	*	*
	Valeriy Leonidovich Kolikov	Mezhregiontruboprovodstroyi, JSC	*	*	*	3	*	*
*	*	*	*	*	*	*	*	*

Data source: Companies' data, calculations and estimations of INFOLine IA

4.3. Rating of foreign engineering companies on the market of engineering design of oil-and-gas industry facilities in Russia

Table 5. Rating of foreign engineering companies on the market of engineering design of oil-and-gas industry facilities in Russia, by revenue in 2010-2012, million US dollars (provisional exchange rate 30 roubles/1 US dollar)

Company's logo	Company's name	2010	2011	2012	Ranking in 2012	Dynamics in 2011	Dynamics in 2012
	SNC Lavalin	*	*	*	1	*	*
	LINDE AG	*	*	*	2	*	*
	Chicago Bridge & Iron Company N.V.	*	*	*	3	*	*
*	*	*	*	*	*	*	*

Data source: Companies' data, calculations and estimations of INFOLine IA

Demo-version