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Research

Shipbuilding Industry of Russia and Ukraine, Results of 2012 and Forecast till 2020

Demo version

- Description of shipbuilding enterprises of Russia and Ukraine
- Conditions of navy, civil, river and fishing fleets of Russia
- Defense orders, plans and outlooks for renewal of their fleets by Russian shipowners
- Prospects for implementation of Shipbuilding Industry Development Strategy
- Factorial analysis of shipbuilding industry development



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Additional facts about INFOLine information agency

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 2004 INFOLine IA has been conducting various desk researches of the construction and finishing materials 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. Our researches of markets and business branches have been approved by and relied upon by FGUP Krylovskiy State Research Center, Severnoe PKB JSC, Krasnoe Sormovo JSC, Leningrad Shipbuilding Pella Plant JSC, Zvezdochka JSC, Vympel Shipbuilding Plant JSC, PSZ Yantar JSC, Morskie Navigatsionnye Pribory CJSC, MKB Compass JSC, Novaya Era JSC and others.

For additional information, please, visit our sites at www.infoline.spb.ru and www.advis.ru

About the Shipbuilding Industry in Russia and Ukraine, Results of 2012 and Forecast till 2020 Research Report

The main objective of the **Shipbuilding Industry in Russia and Ukraine, Results of 2012 and Forecast till 2020 Research** was to carry out all-inclusive comprehensive analysis of the current conditions of shipbuilding industry in Russia and Ukraine and to develop a long-term forecast for the industry's development and the demand for the production of various shipbuilding segments.

The current position of present-day Russian shipbuilding industry at the world shipbuilding market is quite modest. While in 2013, according to expert assessments, the world-wide market expects delivery of vessels with about 100 million tons of deadweight, Russian shipbuilding is able to supply to customers just about 200 thousand deadweight tons. Or, taking into account the navy shipbuilding, about 560 thousand tons of displacement tonnage. The major Russian shipowners, such as Sovkomflot or Primorie Shipping Company, place the bigger share of orders for their new vessels with foreign shipyards. In 2013 the portfolio of orders of these two companies exceeds 1.3 million deadweight tons. The reason for this is the simple inability of Russian shipyards to build large-size vessels. Meanwhile civil ships and small tonnage ships can be built by foreign shipyards not only faster, but also according to more modern designs and, more often than not, at a lower cost than in Russia.

According to the [Shipbuilding Orders of Shipyards in Russia](#) data base compiled by INFOLine IA, in 2011-2012 Russian shipyards built more than 190 ships with aggregate tonnage over 710 thousand tons. In 2013 it is planned to commission over 140 vessels and ships with total tonnage of about 565 thousand tons. As a result, Russian shipyards demonstrate low level of their capacities utilization (30-50%), which negatively influences their financial stability and efficiency of production. For instance, while in 2011 the aggregate revenue of 40 largest enterprises was about 177 billion roubles, the average net profit margin turned out to be negative and came up to approximately 2.1%.

There is a number of problems which hinder the development of Russian shipbuilding enterprises and improvement of their production and financial indicators:

- high level of both physical and moral wear and tear of the capital funds
- long-lasting stagnation of production and lack of investments
- outdated technological and engineering solutions
- low labor productivity and shortage of qualified engineers, workers and administrative human resources
- low efficiency of the existing management model of the industry and individual enterprises
- aftermaths of the ownership changes and economic recession in the 1990s and 2000s
- absence of substantial motivation to invest into innovations, replacement of competition by administrative leverage; high level of corruption, especially in the segment of state defense orders
- directivity at military production and absence of efficient arrangements in the segment of civil shipbuilding
- less advantageous, as compared with foreign shipyards, conditions of financing for ship construction projects
- high level of tax and customs pressure, low efficiency and high level of corruption among the customs bodies
- low quality and irregularity of components and accessories supply, as well as degradation of national enterprises supplying those components and equipment
- risks connected with Russia's entry to WTO
- failure to meet the planned deadlines of the major investment projects for construction of new shipyards
- impossibility for OSK JSC to set up efficient partnership with foreign companies under the existing terms and arrangements

The measures being taken by the Government of RF to solve the problems of shipbuilding industry and its development render contradictory results. By creating OSK (Associate Shipbuilding Corporation) JSC it managed to stop the crisis within the industry and even to start-up investment projects aimed at construction of modern shipyards. At the same time OSK monopolizes the market by the very fact of its existence. The absence of equal competition results in poor quality of orders, including the segment of military export.

Federal act No. 305-FZ of 07 November 2011 On Introduction of Amendments into Individual Legislative Acts of Russian Federation in Connection with Introduction of State Support Measures for Shipbuilding and Navigation, not only represents a number of half-measures, which are unable to improve the situation in the industry but also contains some negative issues. In particular, the measures directed at the support of shipbuilding are tied to the instrument of special manufacturing economic zones. And the suggested ways of zones' formation carry a potential for corruption. The increase of financing for government orders, both in segments of navy shipbuilding and building of special and auxiliary vessels should, it would seem, form extremely favorable conditions for development of shipbuilding industry – in the first place in the field of renewal of RF Navy fleet and building of vessels and off-shore structure for development of the continental shelf deposits. For instance, before 2020 it is planned to appropriate about 4.44 trillion roubles for purchasing of ships and armaments for the Navy of RF. At the same time, because of the system-level problems that have accumulated in the shipbuilding during the last 20-25 years, the effectiveness of the fund's utilization may turn out to be insufficient. Among other things – because of problems with the industry's management and unfavorable general economic situation.

All these and other circumstances of shipbuilding industry's operation in Russia are subject of this Research.

The branch research report **Shipbuilding Industry of Russia and Ukraine, Results of 2013 and Forecast till 2020** represents a logical development of the Shipbuilding Industry of Russia and Ukraine, Trends of 2011 and Forecast till

2011 report, which was prepared by the specialists of INFOLine IA in November 2011. The main objective of the Research is the all-inclusive comprehensive analysis of conditions of the shipbuilding industry in Russia and Ukraine in 2012 and beginning of 2013, and development of a long-term forecast for the industry's development and demand in various segments of shipbuilding.

The **Shipbuilding Industry of Russia and Ukraine, Results of 2013 and Forecast till 2020** consists of two parts. Part 1 includes 7 sections and contains the overall analysis of the situation in the shipbuilding industry in Russia and Ukraine and forecast of development of Russian shipbuilding during next years. Part 2 has 4 sections and contains reference materials regarding 50 shipbuilding enterprises of Russia and 16 enterprises of Ukraine, as well as 8 design-construction offices in Russian Federation and 3 main Russian shipping companies. The reference materials contain detailed descriptions of shipbuilding enterprises in Russia and Ukraine, including information about the owners of shipyards, their association with holding structures, types of vessels, building and repair operations being carried on in those shipyards. It also contains data on financial indicators of enterprises, on the largest completed projects, portfolio of orders and development outlooks for the industry.

The **Shipbuilding Industry of Russia and Ukraine, Results of 2013 and Forecast till 2020** compares favorably with the preceding reports due to the expanded and improved section devoted to ratings of shipbuilding enterprises and holdings of Russia. Ratings were compiled on the ground of the [Shipbuilding Orders of Shipyards in Russia](#) and [Shipbuilding Orders of Shipyards in Ukraine](#) data bases developed and supported by INFOLine IA. The ranking was executed by financial performance indicators of enterprises, by indicators of aggregate tonnage and aggregated cost of vessels commissioned and being built. The report contains an expanded list of the described shipbuilding enterprises, which provides a more in-depth understanding of the situation in the industry.

The Research report includes an expanded section devoted to the outlooks of development of the shipbuilding industry and development forecasts for separate segments of civil and navy shipbuilding. In the context of the Research there have been analyzed the factors that determine the conditions of the shipbuilding industry of Russia and influence its development. There has been provided the factorial and quantitative forecast for the main segments of Navy surface and submarine shipbuilding, civil transport and fishing shipbuilding, building of icebreakers and other types of specialized vessels, as well as facilities for off-shore resources exploitation.

The **Shipbuilding Industry of Russia and Ukraine, Results of 2013 and Forecast till 2020** report makes use of the following main data sources:

- [Shipbuilding Orders of Shipyards in Russia](#) and [Shipbuilding Orders of Shipyards in Ukraine](#) data bases – these are unique products developed by INFOLine IA. They contain data regarding the portfolio of orders of the leading shipbuilding enterprises on Russia beginning from 2009. As of the date of the report's publication the data base included information about more than 970 orders related to the shipbuilding industry. The data base contains entries on each vessel being built, indicating the main building enterprise, the holding to which it belongs, the customer and its national identity, the type of the order (navy/civil), the vessel's type, its deadweight, tonnage, the declared deadlines and order's status
- data of Federal State Statistics Service
- materials of Ministry of Transportation, Ministry of Industry and Power, Federal Agency for Fishery, RF Government
- legislative acts and Federal Target Programs of the Government of Russian Federation
- data from shipbuilding enterprises and cargo companies (materials from their sites, financial reports, press-releases and interviews)
- materials of more than 1000 Russian and foreign mass media (federal and regional printed press, news agencies, electronic mass media)

Part 1. Analysis of the shipbuilding industry in Russia and Ukraine

Section 1. Description of shipbuilding industry in Russia

Structure and dynamics of the global shipbuilding market

Current condition and certain trends of the global shipbuilding

The volume of the global shipbuilding market exceeds 200 billion US dollars annually, and the cost of the sea freight comes up to about 220 billion US dollars. Meanwhile, at the present time the Russian shipbuilding industry does not occupy any significant positions at the world market dominated by South Korea, Japan, China and EU.

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Demo-version

Full text of this section contains analytical and statistical information about dynamics and structure of the shipbuilding industry in Russia.

The general opinion about the position of Russia in the world shipbuilding amounts to the absence of any real perspective for equal competition in the segment of mass-volume vessels. At the same time there are certain perspectives in the segments of the special-purpose ships, icebreakers, tug boats, maritime facilities for operation at polar latitudes and in the field of navy shipbuilding. The main segments of the Russian shipbuilding industry are as follows:

- Navy ships built in the context of the governmental defense orders or programs of military-technical cooperation programs (export of military production)
- Sea transport vessels

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Section 2. Conditions and outlooks of Russian civil fleet

Demo-version

Full text of this section contains information about operations of Russian civil fleet, main shipowners and assessment of industry's development

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The demand for production of shipbuilding industry in Russia is formed by the three major groups of companies:

- freight owners, which determine the demand for assortment and volumes of freight
- sea and river shipping companies, as well as other transport companies – shipowners
- the state, which forms the orders for building of ships for the Navy purposes, icebreaking fleet, as well as research organizations

These sections contain description of the current conditions of Russian civil fleet by segments of sea, river and fishing fleets.

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Demo-version

Sea fleet

Sea transport represents the main instrument for external trade and international economic affairs of Russia. About 60% of the external trade turnover of Russia is carried out with the help of the existing material-technical base of sea transport of the Russian Federation: transport and supporting fleet, sea ports and freight transfer complexes, transportation corridors and modern systems of navigation safety ensuring.

Russia-controlled sea transport fleet as of the fourth quarter of 2012

Registration fleet / company	Number of vessels	Deadweight thousand tons	Gross tonnage (GT)
------------------------------	-------------------	-----------------------------	-----------------------

Registration fleet / company	Number of vessels	Deadweight, thousand tons	Gross tonnage (GT)
***	***	***	***
Palмали, LLC	***	***	***
Sovkomflot Varandey, LLC	***	***	***
***	***	***	***
Dalnevostochnoe Morskoe Parohodstvo (FESCO), JSC	***	***	***
Sakhalinskoye Morskoe Parohodstvo (Sakhalin Shipping Company), JSC	***	***	***

Data source: ***

The bigger part of the transport fleet controlled by the Russian Federation flies the foreign flags and transports freight for foreign consignors. The following diagram demonstrates the distribution of the Russia-controlled merchant sea fleet by the largest groups of shipowners.

The fleet operating under the Russian flag mainly consists of physically and morally obsolete vessels with an average age of 23 years. In this way the obsolescence of its fleet deprives Russia of the opportunity to use its fleet under the Russian flag for foreign trade shipments.

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Type of fleet	Type of vessels	Number of vessels	Gross tonnage (GT)	Main engines power, kW
Emergency	emergency, total	***	***	***
	rescue tug	***	***	***
	diver support vessel	***	***	***
	fire-fighting vessel	***	***	***
Hydrographic	hydrographic, total	***	***	***
	lights servicing vessel	***	***	***

Data source: ***

According to the Sea Transport Subprogram of the Federal Target Program For Development of Transport System of Russia (2010-2015) the subsequent renewal of the supporting fleet provides for building of a considerable number of emergency, environmental, hydrographic and icebreaking vessels. Among them:

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Fishing fleet

Russian fishing fleet represents the corner-stone of the material-technical base of the sea bioresources exploitation and processing industry. Usage of morally obsolete vessels under the market economy conditions imposes limitations on the possibility of efficient fishing operations, especially beyond the exclusive economic zone of the Russian Federation. As a result, the main part of the fleet is concentrated in the exclusive economic zone of the Russian Federation and surrounding areas – the most cost-effective ones from the point of view of aquatic biological resources.

Port of registry	Availability of fleet		
	Number of vessels	Gross tonnage (GT)	Main engines power, kW
Arkhangelsk	***	***	***
***	***	***	***

Data source: ***

Low economic efficiency of the existing operating fleet makes it impossible to obtain more than *** million tons of aquatic bioresources in the exclusive economic

zone of the Russian Federation.

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Plans of fleet building for the purposes of national needs in the field of fishery till 2013, units

Type of vessel	Assumed number, units
Building of research vessels, among them:	***
- on the basis of project ***	***
- on the basis of project ***	***

Data source: ***

Building and modernization of fishing vessels by Russian shipbuilding enterprises provides for implementation of 16 commercial projects financed from extra-budgetary resources. Building of such vessels is essential not only for replacement of departing parts of the fleet operating currently in the exclusive economic zone of the Russian Federation, but for resumption of expeditionary fishing in the World ocean.

Building and modernization of fishing vessels		
Type of vessel	Number	Customers
***	***	***

Data source: ***

Section 3. Conditions of the state owned navy and civil fleet

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Demo-version

Full text of this section contains information about the main surface and submarine forces of RF Navy, as well as size and structure of icebreaking and research fleets of Russia

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Icebreaking fleet

The specific feature of Russia, as the sea power, is the necessity to carry on economic activity at its Arctic coast and high-latitude aquatic areas. Such activity, in the first place, involves smooth-running operation of Sevmorput (Northern Sea Route) essential for transportation needs of the Far North areas and arrangement of hydrocarbon production at Arctic sea shelves, as well as securing of year-around navigation in the White and Baltic seas. Such circumstances determine the necessity to have a well-developed modern Russian icebreaking fleet.

...

Structure of FGUP Atomflot (Atomflot Federal State Unitary Enterprise) fleet as of the end of 2012

Name	Project	Ice trafficability, m	Capacity of nuclear power plant, thousand h.	Endurance, months	Commissioning year	Assumed term of working time exhaustion (including modernization)
***	***	***	***	***	***	***
***	***	***	***	***	***	***

Demo-version

Section 5. Outlooks for construction of new shipbuilding enterprises

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This section contains information about main projects of new Russian shipbuilding enterprises, as well as implementation of those projects.

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What is crucially important for customers ordering large tonnage vessels is not the national identity of shipyards but their ability to build fast and with good quality. However, the priority position of Russian shipyards (in case they gain a possibility to build large tonnage ships) is declared by the management of the companies in accordance with the government program. The table below contains description of factors influencing the outlooks for Russian large tonnage shipbuilding.

Factors influencing the outlooks for large tonnage shipbuilding in Russia

Motivating factors	Hindering factors
--------------------	-------------------

- | | |
|--------|--|
| 1. *** | |
| 2. *** | |

- | | |
|--------|--|
| 1. *** | |
| 2. *** | |

...

But, as it happened in the end, OSK failed to become a reliable partner for foreign investors for construction of such shipyards as Vostok-Raffles and Novo-Admiralteyskie. Though, partly, it can be explained by the delay of development of Shtokmanovskoe field, determined by the situation at the world oil and gas market.

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Vostok-Raffles (Primorie Territory)

Vostok-Raffles, one of the new shipyards of OSK, was to be constructed in the Far East jointly with Yantai Raffles Shipyard Limited (Singapore)

...

The shipyard was to produce modern drilling rigs of the fifth and sixth generation, supporting ships as well as drilling equipment and equipment for liquefied natural gas production plants.

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But it proved to be an impossible task to raise loans for the project's development. The government, represented by OSK, refused to guarantee the loans. The state banks did not get involved into the shipyard's construction. The implementation of Vostok-Raffles project was postponed for an indefinite period.

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Section 6. Forecast for shipbuilding industry's development

Analysis of factors influencing conditions and development of the industry

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This section is devoted to analysis of factors influencing conditions and development of shipbuilding in Russia, and assessment of the further major development directions of shipbuilding industry

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The development of shipbuilding industry, both short- and long-term, is subject to several contradictory factors. On the one hand, moral ageing and physical deterioration of ships and vessels comprising the Navy and civil fleets form prerequisites for revitalization of design and engineering activities and shipbuilding operations as well. The developing segments of Russian economics demand new modern vessels and maritime facilities – for mining operations at sea shelves and sea transportation of hydrocarbon material.

...

Outlooks for navy submarine shipbuilding

Reinforcement and renewal of Russian nuclear-powered submarine fleet during next years will be carried out due to building of nuclear-powered ballistic missile submarines of project 955 Boreas and all-purpose nuclear-power submarines – GM heavy cruisers of project 885 Ash Tree.

...

Project	Name of NPS	Plant	Commissioning plan	Current status
***	***	***	***	***
Nuclear-powered ballistic missile submarine of project 955 Boreas	***	***	***	***
***	***	***	***	***

Demo-version

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Quantitative forecast of shipbuilding at Russian shipyards

Submarine building

The distinctive feature of navy submarines building, both nuclear-powered and diesel-powered, is long time terms of production. The hull construction is the most labor and metal consuming stage. Since submarine construction is an expensive kind of production, terms and speed of construction strongly depend upon financing. As a result, any assessment of construction time terms will be of provisional nature. For instance the hull construction of Yuri Dolgorukiy nuclear-powered ballistic missile submarine took more than 11 years, and for similar project of Alexander Nevskiy – 6 years upon the laying.

...

Plans for submarine fleet building of RF Navy as of the first quarter of 2013

Project	Name of NPS	Planned year of launch	Order's status
***	***	***	***
Diesel-powered submarine of project 636.3 Varshavyanka	Vietnam Navy	***	***
***	***	***	***

...

Special-purpose vessels and structures

Icebreakers

Baltiyskiy plant is the only specialized enterprise in Russia for building of nuclear-powered icebreakers.

On commissioning of the Ministry of Transportation there has been developed the engineering design of a new type of a nuclear-powered ice-breaker, its launch into serial production is scheduled for 2013 (the ice-breaker's concept was developed by the Central Scientific Research Institute of Sea Fleet). In August 2010 OKBM Afrikantov JSC (Experimental Design Machine Building Office named after Afrikantov) prepared and got approved the engineering design for a nuclear reactor's manufacture – specifically for construction of such vessels. The reactor's construction takes 2-2.5 years and the icebreaker itself is planned to be completed by 2017.

The Sea Transport Subprogram of the Federal Target Program For Development of Transport System of Russia for 2010-2015 provides for construction and modernization of the coastal infrastructure to ensure operations of diesel-powered icebreakers in the ports of St. Petersburg and Ust-Lug.

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Demo-version

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Forecast for number of launched special-purpose nuclear-powered and diesel-electric icebreakers during 2012 – 2015 (as of 01. 01.2013)

Type	Minimum assessment	Maximum assessment	Provisional term of construction, years
Nuclear-powered	***	***	***
Diesel-electric	***	***	***

Data source: Mass media based estimation by INFOline IA

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Section 7. Conditions of shipbuilding industry in Ukraine

Shipbuilding industry in Ukraine during independence

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Demo-version

This section contains analytical information about current conditions of Ukrainian shipbuilding industry, main customers of the industry and measures aimed at its development

...

The main factor determining activities of shipbuilding industry of Ukraine after 1991, in conditions of independence, became sharp decline of orders in comparison with the Soviet period – in the first place as a result of closing of the Russian Federation's market.

The hasty privatization also contributed, in a destructive way, to the present-day situation in this industry. During the 1990s Ukrainian shipbuilding companies were sold to foreign corporations. New owners concentrated on orders that would have paid off in a short time – small and medium-size vessels, technical support ships. They were reluctant to invest into modernization of production capacities, into technological development, the production was of mediocre quality. Besides, the Ukrainian ship builders were chiefly assigned the rough work – production of individual components, hulls, provision of required materials storage. Ships themselves were completed abroad. In this way Ukraine received just a small share of the total price of the completed vessels. It resulted in financial inability and degradation of Ukrainian production.

...

Distribution of shipbuilding enterprises by regions of Ukraine

Enterprise

Regional area

Enterprise	Regional area
Chernomorskiy Sudostroitelnyy Zavod, PJSC (Chernomorskiy Shipbuilding Plant)	Nikolayev region
Khersonskiy Sudostroitelnyy Zavod, PJSC (Khersonskiy Shipbuilding Plant)	Kherson region
Nikolaevskiy Sudostroitelnyy Zavod Ocean, PJSC (Nikolaevskiy Shipbuilding Plant) судостроительный завод Ocean)	Nikolayev region
Sudostroitelnyy Zavod Imeni 61 Kommunara, GP (Shipbuilding Plant named after 61 Communards, State Enterprise)	Nikolayev region
Feodosiyiskaya Sudostroitel'naya Kompaniya More, PJSC (More Feodosiyiskaya Shipbuilding Company)	Autonomous Republic of Crimea
Sevastopolskiy Morskoy Zavod, PJSC (Sevastopol Maritime Plant)	Autonomous Republic of Crimea
Zavod Leninskaya Kuznitsa, PJSC (Leninskaya Kuznitsa Plant)	Kiev region
Sudostroitelnyy Zavod Zaliv, PJSC (Zaliv Shipbuilding Plant)	Autonomous Republic of Crimea
Kievskiy Sudostroitelnyy Sudoremontniy Zavod, CJSC (Kiev Shipbuilding and Shiprepairing Plant)	Kiev region
Khersonskiy Gosudarstvenniy Zavod Pallada, GP (Pallada State Plant in Kherson)	Kherson region
Kiliyskiy Sudostroitel'no-Sudoremontniy Zavod, HOSP PJSC UDP (Shipbuilding and Shiprepairing Plant in Kiliya, Odessa region)	Odessa region
Dobrynya & Co, LLC	Autonomous Republic of Crimea
Sudostroitelnyy Zavod Primorets, PJSC (Primorets Shipbuilding Plant)	Autonomous Republic of Crimea
Ukrrechflot, ASK (Ukrainian River Fleet, Joint Stock Shipping Company)	Kiev region
Morskoy Industrialnyy Kompleks, PJSC (Maritime Industrial Complex)	Autonomous Republic of Crimea

Part 2. Description of major shipbuilding enterprises of Russia and Ukraine

Section 8. Rating of shipbuilding enterprises of Russia

Demo-version

This section contains comparative analysis of shipbuilding industry enterprises on the basis of their financial and performance indicators

The shipbuilding industry enterprises of Russia feature significant differences in production volumes and production capacities, as well as in production efficiency. It is necessary to take into account that the rating contains just those enterprises that published annual financial results of their activity.

Rating by financial indicators

Demo-version

Comparison by revenue indicators

Rating of enterprises according to sales revenue in 2009-2012, billion roubles

Designation	Revenue, billion roubles							Position			Variations of rating 2010/2011	
	2009	2010	2011	1-2 qtr. 2011	1-3 qtr. 2011	1-2 qtr. 2012	1-3 qtr. 2012	2009	2010	2011		
***	***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***	***
Sudostroitelnyy Zavod Severnaya Verf JSC (Severnaya Verf Shipbuilding Plant)	***	***	***	***	***	***	***	***	***	***	***	***

Data source: Companies' data

Being the largest shipbuilding association in Russia, according to results of 2011 Obyedinennaya Sudostroitel'naya Korporatsiya (Associate Shipbuilding Corporation) retains its first position by volumes of revenue among other holdings in shipbuilding industry.

Rating of shipbuilding holdings according to revenue in 2009-2011, billion roubles

Designation	Revenue, billion roubles			Position			Variations of rating 2010/2011
	2009	2010	2011	2009	2010	2011	
***	***	***	***	***	***	***	***

Designation	Revenue, billion roubles			Position			Variations of rating 2010/2011	
	2009	2010	2011	2009	2010	2011	2010	2011
GK Morskoe Neftegazovye Proekty (Sea Gas&Oil Projects, State Enterprise)	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***

Data source: Companies' data

...

Demo-version

Rating of 30 best enterprises by net profit in 2009-2012, billion roubles

Designation	Net profit, million roubles			Net profit margin, %			Position			Variations of rating 2010/2011	
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2010	2011
***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***
Zavod Krasnoe Sormovo JSC	***	***	***	***	***	***	***	***	***	***	***

Data source: Companies' data

...

Rating by specifications of completed orders

As it can be seen in the following table, the distribution of ranking positions by estimated value of vessels launched in 2012 by the leading Russian shipbuilding holdings did not change. Obyedinennaya Sudostroitelnaya Korporatsiya remains the largest among them

Rating of 5 largest holdings by aggregated value of vessels launched by the end of 2012, million roubles

Designation	Number of vessels under construction as of beginning of 2013	Aggregate value of launched vessels, million roubles			Rating by aggregated value of launched vessels, million roubles			Variations 2011/2012	
		2010	2011	2012	2010	2011	2012	2010	2011
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
Universal Cargo Logistics Holding B.V.	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***

...

GK Morskoe Neftegazovye Proekty remains at the first position by the aggregate launched tonnage due to construction of a tanker series

Rating of 5 largest holdings by aggregated tonnage of vessels launched by the end of 2012, tons

Designation	Number of vessels under construction as of beginning of 2013	Aggregate tonnage of launched vessels, tons			Position by aggregated tonnage of launched vessels			Variations 2011/2012	
		2010	2011	2012	2010	2011	2012	2010	2011
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
Universal Cargo Logistics Holding B.V.	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***

Data source: Companies' data

Demo-version

Rating of Russian shipbuilding enterprises by specifications of shipbuilding orders completed by the end of 2012 is presented in the tables. The enterprises are ranked by aggregated value and tonnage of commissioned vessels. ...

Rating of 30 largest holdings by aggregated value of vessels launched by the end of 2012, million roubles

Enterprise	Holding	Number of vessels under construction as of	Aggregate estimated value of launched vessels, million roubles	Rating by aggregated value of launched vessels			Variations of rating 2011/2012	
				2010	2011	2012	2010	2011

		beginning of 2013	2011	2012	2011	2012		
***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***
Sudostroitel'naya Firma Almaz, JSC (Almaz Shipbuilding Firm)	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***

...
According to the aggregate tonnage of commissioned vessels the leading positions in 2012 remained with Oka Shipyard and Krasnoe Sormovo shipbuilding plant. The growth of Baltic plant's ranking can be explained by ...

Rating of 30 best enterprises by aggregated tonnage of vessels launched by the end of 2012, tons

Enterprise	Holding	Number of vessels under construction as of beginning of 2013	Aggregate tonnage of launched vessels, tons		Position by aggregated tonnage of launched vessels		Variations 2011/2012	
			2011	2012	2011	2012		
***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***
Verf Brat'yev Nobel, LLC (Nobel Brothers' Shipyard)	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***

Demo-version

...
The shipbuilding order in the Russian Federation in 2011-2012 was formed mainly due to construction of ships and auxiliary vessels for RF Navy. The following table demonstrates the ratio between navy and civil shipbuilding by such indicators as vessels tonnage and construction cost.

Ratio of navy and civil orders in shipbuilding of Russia in 2011-2012

Type of shipbuilding	Ships built, units		Tonnage (for submarines - submerged displacement)		Type's share by tonnage, %		Value (million roubles)		Type's share by value, %	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Navy shipbuilding including export	***	***	***	***	***	***	***	***	***	***
Civil shipbuilding	***	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***	***

Demo-version

Rating by specifications of projects being executed

...
The biggest shipbuilding holding of Russia is Obyedinennaya Sudostroitel'naya Korporatsiya (Associated Shipbuilding Corporation) or OSK. As it can be seen from the following table, the share of this corporation according to the indicator of estimated value reaches ...

Distribution of vessels at the construction stage between the largest shipbuilding holdings of Russia as of the first quarter of 2013

Name	Customers	Number of vessels under construction	Aggregate estimated value, million roubles
***	***	***	***
Kaspiyiskaya Energiya GC	***	***	***

...
As of the first quarter of 2013 the largest enterprises in terms of aggregated value of projects under construction are the shipyards of OSK ... the upper lines of the

table are occupied the corporation's enterprises that execute major Russian defense orders of high value.

Rating of 30 largest enterprises by aggregated value and tonnage of vessels under construction by the first quarter of 2013

Enterprise	Holding	Customers	Number of vessels under construction	Aggregate estimated value, million roubles	Aggregate tonnage, tons
PO Severnoe Mashinostroitelnoe Predpriyatie JSC	***	***	***	***	***
Baltiyskiy Zavod – Sudostroenie, LLC (before November 2012 - Baltiyskiy Zavod, JSC)	***	***	***	***	***
Sudostroitelny Zavod Severnaya Verf JSC	***	***	***	***	***
Pribaltiyskiy Sudostroitelny Zavod Yantar JSC	***	***	***	***	***
***	***	***	***	***	***

Data source: Companies' data

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Demo-version

...

Section 9 . The largest Russian shipbuilding holdings and their associated enterprises

Demo-version

Section contains information about activity of the main Russian shipbuilding enterprises

Zavod Krasnoe Sormovo, JSC (Krasnoe Sormovo Plant)

Address: 603950, Nizhniy Novgorod, ul. Barrikad, 1 Phones: +7 8312 730 649, 730-641, 296-127 Faxes: +7 8312 730649 E-Mail: bureau_krsormovo@sinn.ru; Web: www.krsormovo.nnov.ru. Executive officer: Nikolay Sergeevich Zharkov, CEO

Demo-version

History of development and brief description of the enterprise

The shipbuilding enterprise was founded in 1849 as a multi-industry facility to execute domestic government orders. During the century and the half of its operations the plant built hundreds of ships and vessels of various types and purposes, from river barges to modern submarines. During various periods it built bridges, railway locomotives and cars, during the war years – tanks and submarines, in time of peace – it built ships, produced machine-building and metallurgic products, high quality electrodes.

...

Equity capital structure

Shareholders of Zavod Krasnoe Sormovo JSC as of 31 July 2012

Designation	Share in registered capital, %
***	***
***	***

Data source: ***

Company's structure

The following diagram presents the structure of Zavod Krasnoe Sormovo JSC as of the first quarter of 2012.

...

Production capacities

At the present time the company specializes in construction of vessels for civil fleet with deadweight of up to 20 thousand tons, including tankers, dry cargo carriers, builder's barges and container carriers, technical equipment modules for exploitation of sea shelves and submarine shipbuilding. The technical capabilities of the plant make it possible to carry out construction of up to 150-meter long and 25-meter wide vessels (for

the Caspian Sea navigation) and up to 17.5-meter wide vessels (for the Baltic and Black seas navigation), with launching mass up to 6 thousand tons. The maximum annual volume of metalworking comes to 25 thousand tons.

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Demo-version

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Operational indicators and products produced

In 2011 the main volume of operations was connected with construction of a series of 8 tankers for mixed navigation, project 19614, for V. F. Tanker LLC. The contract for construction of five river product carrier tankers of project RST27 was concluded in summer 2011. In October 2011 the second contract was concluded for another five vessels of these type, they are to be built for Volgo-Balt-Tanker LLC in 2012-2013.

...

Portfolio of Russian orders of Zavod Krasnoe Sormovo JSC, executed in 2011- 2012 and being executed as of the first quarter of 2013

Customers	Type of vessel	Terms of delivery	Order's status
***	***	***	***
***	***	***	***
***	***	***	***

Data source: ***

Foreign economic activity

During the period of 2009 – 2012 Zavod Krasnoe Sormovo JSC executed a great number of orders placed by foreign companies. The same way as for the Russian market, during the described period the plant built liquid cargo vessels with deadweight from 5.6 to 12.7 thousand tons.

Foreign orders executed by Krasnoe Sormovo plant in 2009-2012

Customer's designation, country of affiliation	Vessel	Commissioning year
***	***	***
***	***	***
***	***	***

Data source: ***

Financial indicators

The two following diagrams contain dynamics of revenue received by Zavod Krasnoe Sormovo JSC and dynamics of financial efficiency of the enterprise.

...

Demo-version

Section 11. Description of leading shipbuilding enterprises of Ukraine

Chernomorskiy Sudostroitelnyy Zavod, PJSC (Chernomorskiy Shipbuilding Plant)

Demo-version

Section contains information about the main direction of activity and financial conditions of the largest Ukrainian shipbuilding plants

Address: 54002, Ukraine, Nikolaevskaya obl., g. Nikolayev, ul. Industrialnaya, 1.
Phones: +38 0512 476-492. Fax: +38 0512 476-492. E-Mail: om@chsz.biz, oves@chsz.biz. Web: www.chsz.biz. Executive officer: Valeriy Nikolaevich Kalashnikov, CEO

Development history of the enterprise

The origins of the plant are traced to two enterprises founded in 1895 – Naval



Shipbuilding, Mechanical and Foundry Plant and Chernomorskiy Boiler Manufacturing Plant. In 1908 Chernomorskiy Plant was acquired by Naval. Before the revolution the main direction of the plant's operations was navy shipbuilding.

After the nationalization of the plant in 1919 the navy shipbuilding remained its main sphere of activities. Beginning from 1935 the plant was relieved from all non-shipbuilding orders and from 1936 commenced construction of cruisers, destroyers, icebreakers and submarines for needs of Pacific and Black Sea Navy fleets, as well as the Northern Sea Route. ...

Equity capital structure

Demo-version

Production capacities

...

To carry out vessels' launching the plant is equipped with two slipways, which are capable of launching vessels with launching mass of up to ***tons from slipway 1 and *** tons from slipway 2. ...

Most significant implemented projects and portfolio of orders

...

Due to considerable investments and relatively developed production capacities the plant was able to execute both domestic and foreign orders, including those from European countries. It built tankers, barges, tugs and vessel hulls.

...

Portfolio of orders of Chernomorskiy Sudostroitelnyy Zavod, PJSC

Customers	Type of vessel	Terms of delivery	Order's status
BUE Marine	***	***	***
Damen Shipyards Bergum	***	***	***
	***	***	***
Preobrazhenskaya Trawling Fleet Base	***	***	***
	***	***	***

Data source: INFOLine IA ,according to mass media publications

Financial indicators

The tables contain indicators of the plant's financial performance.

Demo-version