



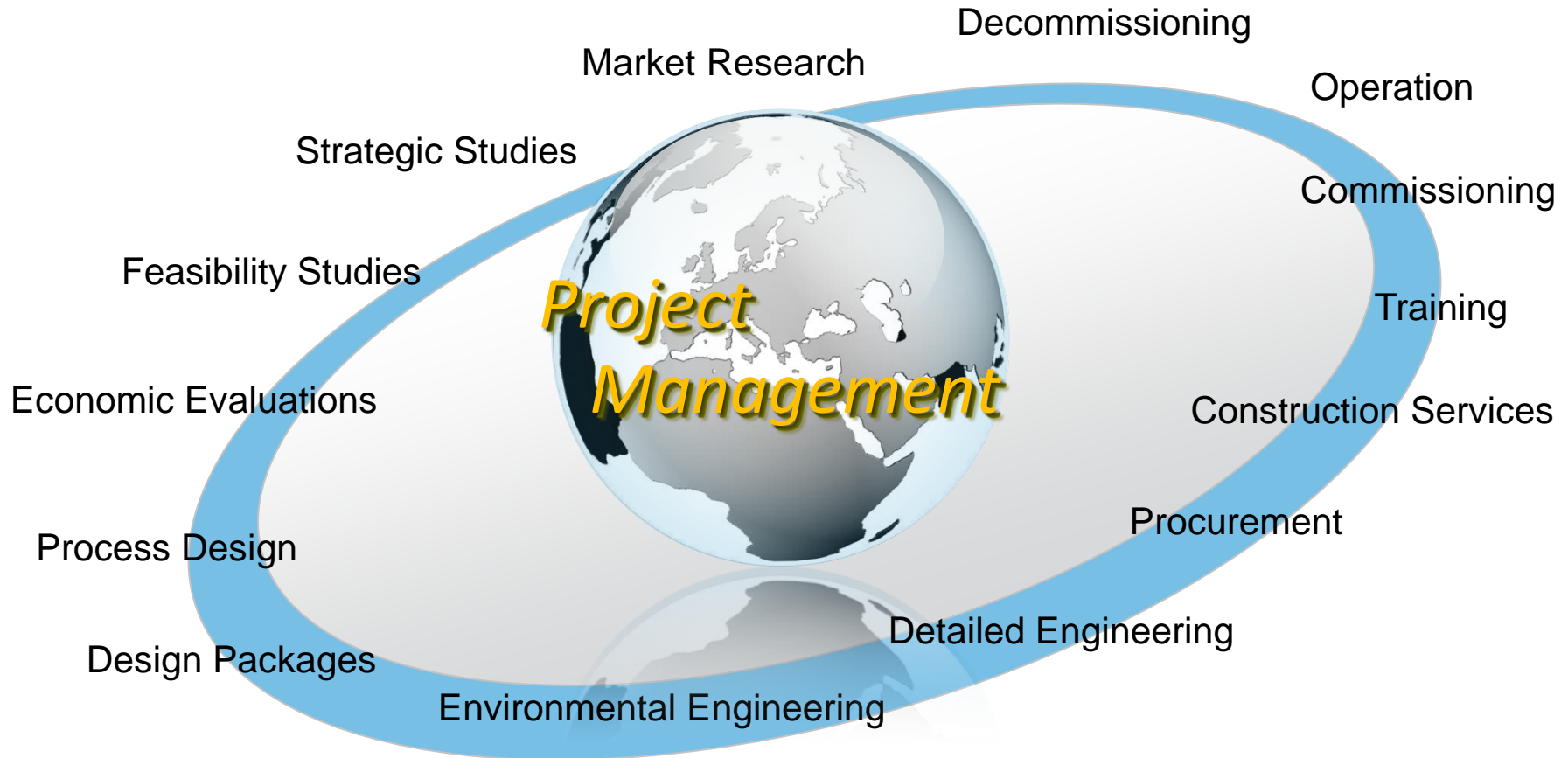
Project Engineering, Design, Procurement and Construction

Andrei Kalyuzhnov, Regional Vice-President Business Development

8 May 2014

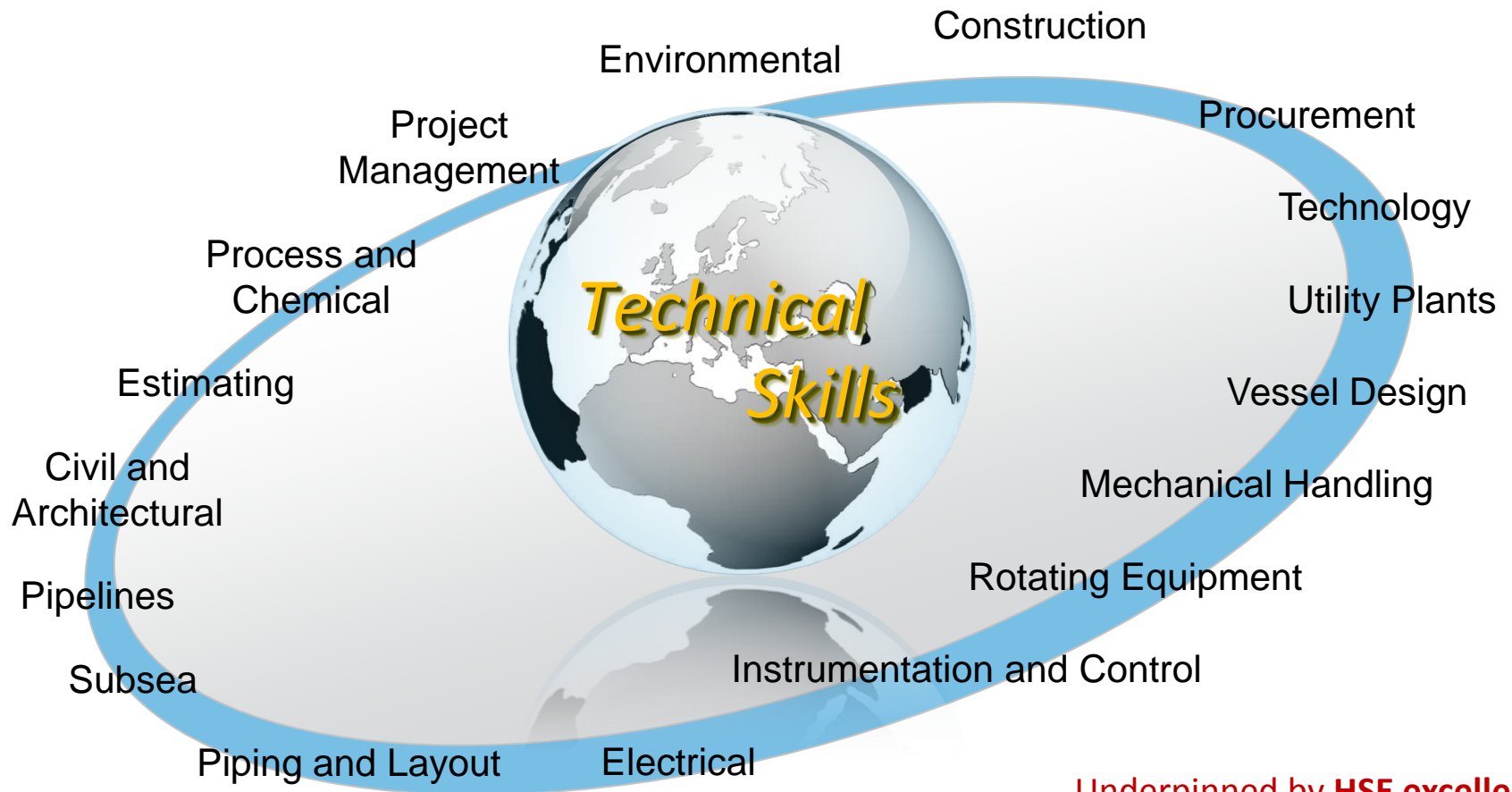
Core Business Strengths

Total Project Capability for Kazakhstan



Underpinned by **HSE excellence**

Technical Capability

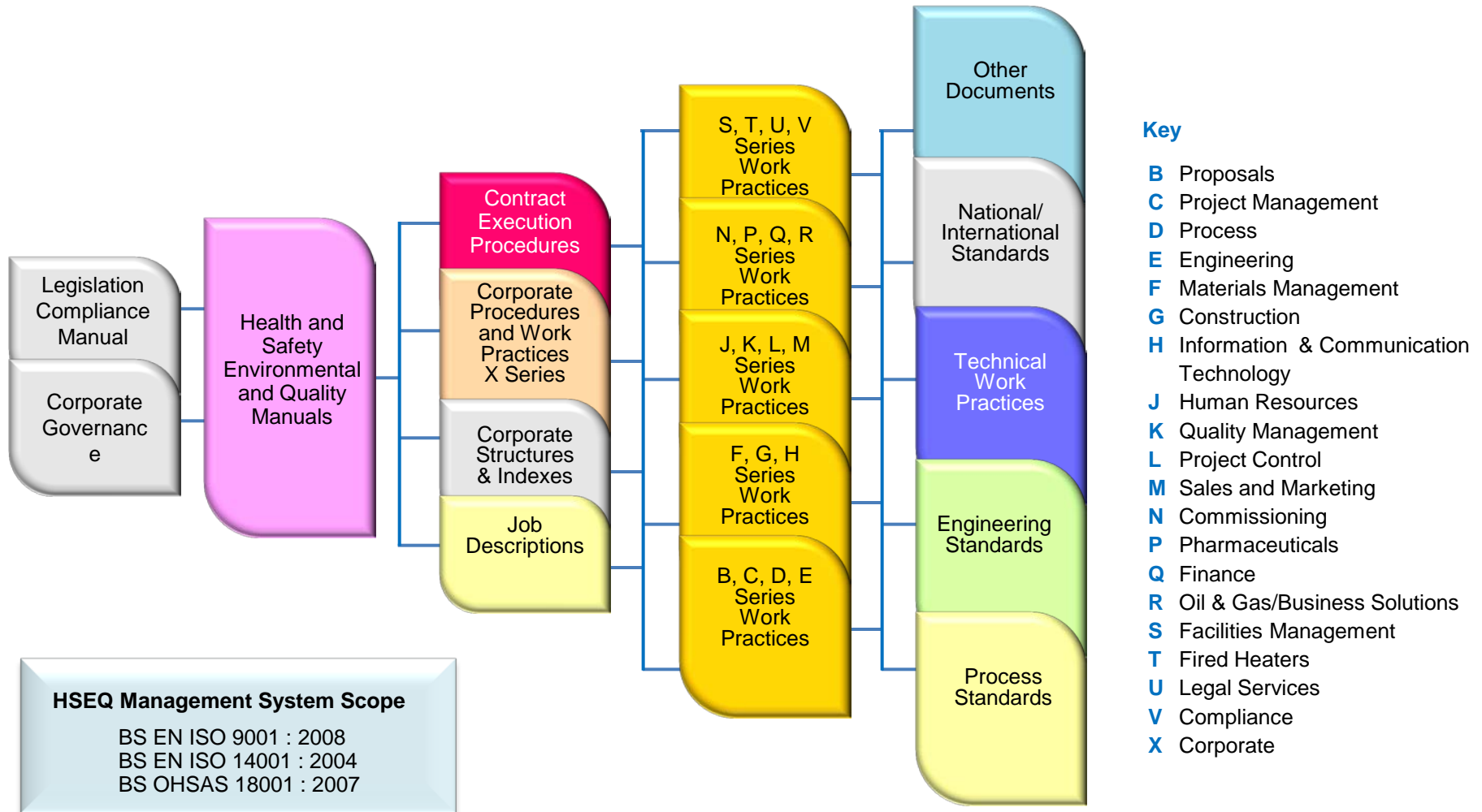


Underpinned by **HSE excellence**

Foster Wheeler for Kazakhstan



Integrated Management System

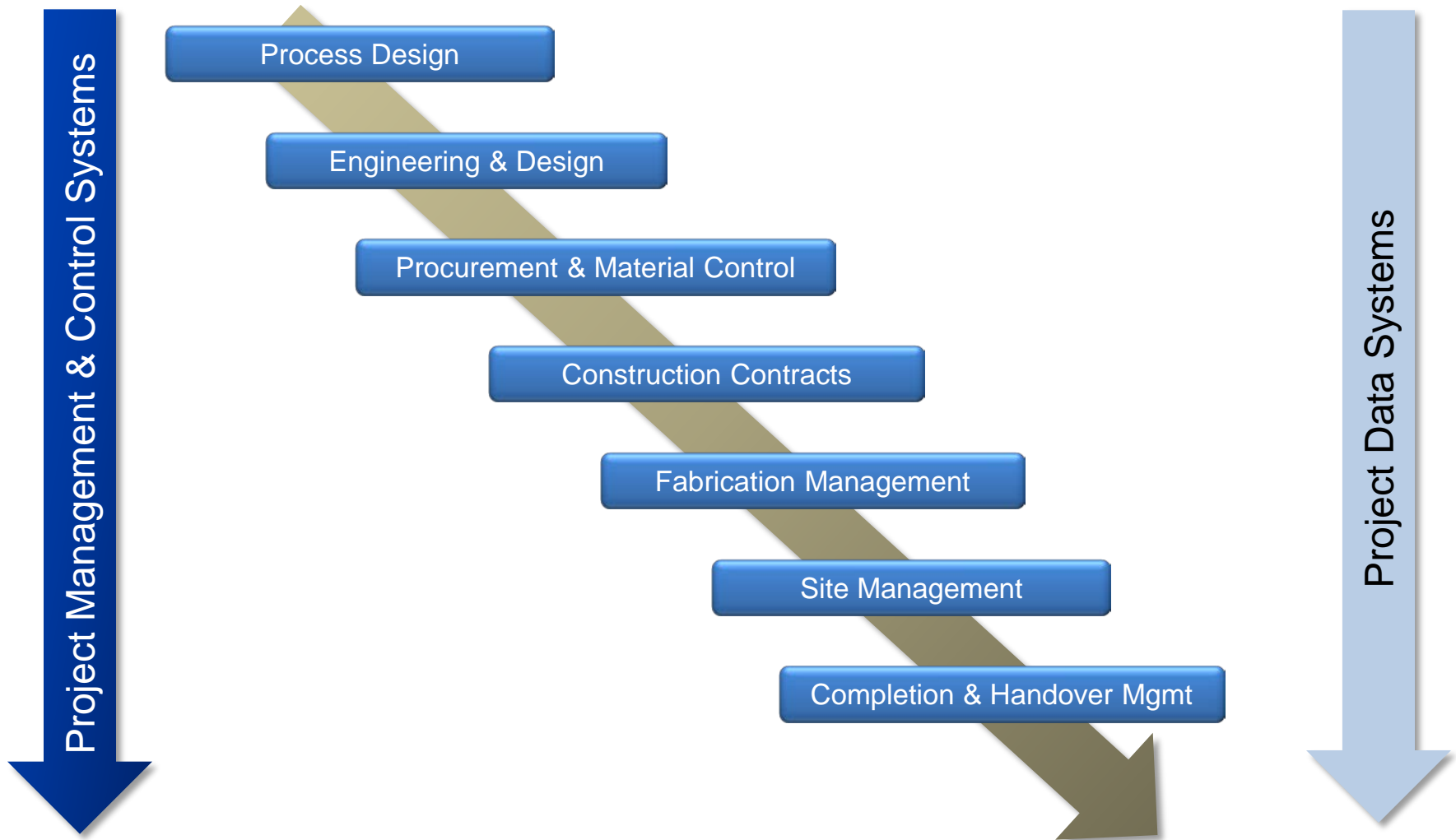




Project Delivery Platform

Kazakhstan

Project Delivery Model



Cost Estimate

Western Style

- User - Owners, Investors, Cost Control
- Allowed contingency
- All the project expenses are included
- Construction part estimate based on past experience and quotes from Construction Contractors – Adequate price
- Quantities of bulk materials can be estimated

Kazakhstan State Style

- User – State Expertise, Government Bodies
- Allowed contingency – 0%
- Some expenses can not be included due to Estimate requirements i.e. procurement management, insurance, office support
- Construction estimate based on approved unit rates that is escalated according to the inflation rate – lower than adequate price
- No estimation on quantities of bulk materials

Cost Estimating Capabilities

What we propose within the cost estimate procedure:

to make resource based and analog based western style cost estimation with price proposals for future EPC execution

to make bridge between two styles of estimate and provide differences for understanding

to give client most convenient and effective way to control cost estimate prepared for state expertise

Challenges, which foreign EPC contractors are experiencing in Kazakhstan, could be mitigated if EPC contractors manage to build cooperation with Kazakhstan contractors

Key challenges existing in the Kazakhstani market

Key challenges

Engineering & project execution

- **Lack of experience** in executing projects through EPC contractors
- **Need to comply** with Kazakhstani standards and norms
- **Language barrier**
- **Lack of effective interaction and integration** between Contractors and Kazakhstan Design Institutes (KDI)

Procurement

- **Limited experience** of EPC contractors working with Kazakhstani equipment and materials suppliers

Logistics

- **Lack of experience** of dealing with Kazakhstani logistic companies

Construction

- **Difficulties experienced by EPC contractors** in managing Kazakhstani construction subcontractors

- EPC contractors still continue to experience challenges that are specific to Kazakhstan market
- Building cooperation with Kazakhstan contractors will allow more effectively mitigate these challenges and ensure EPC success in Kazakhstan

Key conclusions

1

Oil and Gas Industry in Kazakhstan is currently going through development of new and **modernization of existing facilities**. Oil & gas companies are **in decision-making process of choosing the Engineering & Construction companies** to execute the projects

2

Involvement of foreign EPC-contractors allows Kazakhstan oil&gas companies to **manage and execute large projects with minimum increase of own resources**

3

The success on the Kazakhstan EPC market is possible, if foreign contractors are

- Ready to **take project execution risks under the EPC scheme**
- Able to **organize effective management**
- Capable to mitigate challenges, specific to Kazakhstan market, by **building cooperation with Kazakhstan contractors**

4

At the same time **Kazakhstani engineering and construction contractors are also demonstrating a strategic interest in the local EPC market** and are **actively expanding their services towards EPC**. The **winners could be both Kazakhstan and foreign contractors** depending on their level of activeness and determination to propose the optimal project execution and value proposition for the Owner



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