



## *Machine-building complex of Tyumen region*

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# Strategy of investment development of machine-building complex of Tyumen region:

The main goal of development of "Strategy of Machine-building complex"- definition of priorities and the conditions providing accelerated and stable development on long-term prospect of machine-building branch of the Tyumen region and formation on its base competitive machine-building cluster.

The practical purpose of the present research is formation of motivated and coordinated list of intermediate-term investment projects and offers which realization will provide creation of the new enterprises of machine-building structure, increase of efficiency and diversification of activity of machine-building enterprises of the Tyumen region and will promote formation of competitive machine-building cluster.



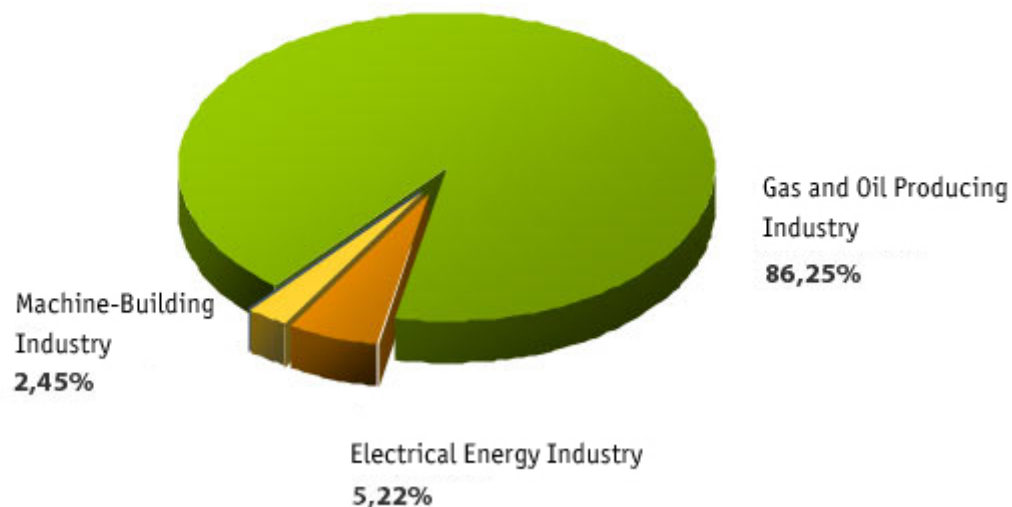
## The system decision of the problems put in strategy is carried out with account of number of prepotent strategic factors which presence a priori admits the Government of the region:

- 1) necessity of deepening of industrial activity specialisation in the south of the Tyumen region under requirements of base sector of regional economy - an oil and gas complex and definition of corresponding projects of invest-innovative development of mechanical engineering;
- 2) economic feasibility of attraction in region the service organisations which are in the lead in global division of services for the oil and gas companies of the world;
- 3) necessity of activization of cooperation and integration processes for a machine-building complex of the Tyumen region, integrated in world economy;
- 4) expediency of new directions development of machine-building manufacture with a view of construction high-grade machine-building cluster in the Tyumen region;
- 5) possibility of system state support of development of the enterprises of a machine-building complex of the Tyumen region, effective invest-innovative projects providing realisation.

## The Level and the Structure of Tyumen Region Machine-Building Complex

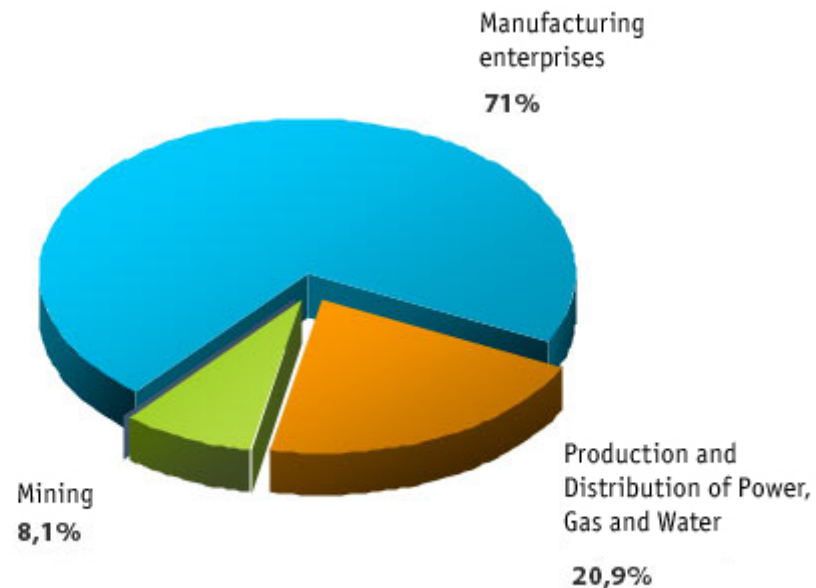
According to the results of 2007, Tyumen region industry (with the autonomous okrugs) produced the output of 67,5 milliards Euro, that is 15,2 % of all industrial production of the Russian Federation

Tyumen Region Industry Branches Structure  
According to the Output of 2007



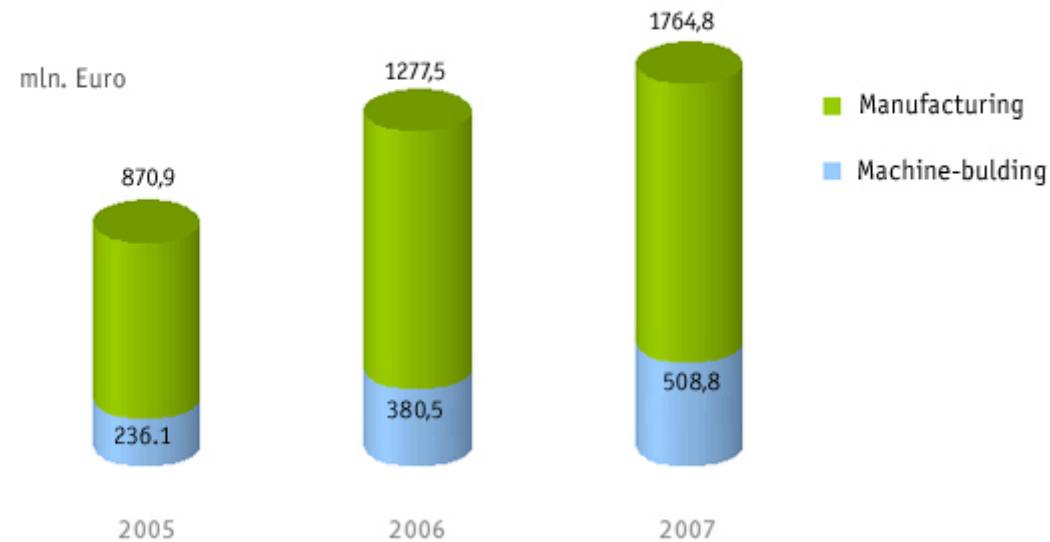
## **The Level and the Structure of Tyumen Region Machine-Building Complex**

In the South of Tyumen region territory, manufacturing industries prevail in the industry structure, and during the last 3 years their share has grown up in terms of value up to the level of 71% of industry annual output amounts, the index growth is 7,5% for 2007



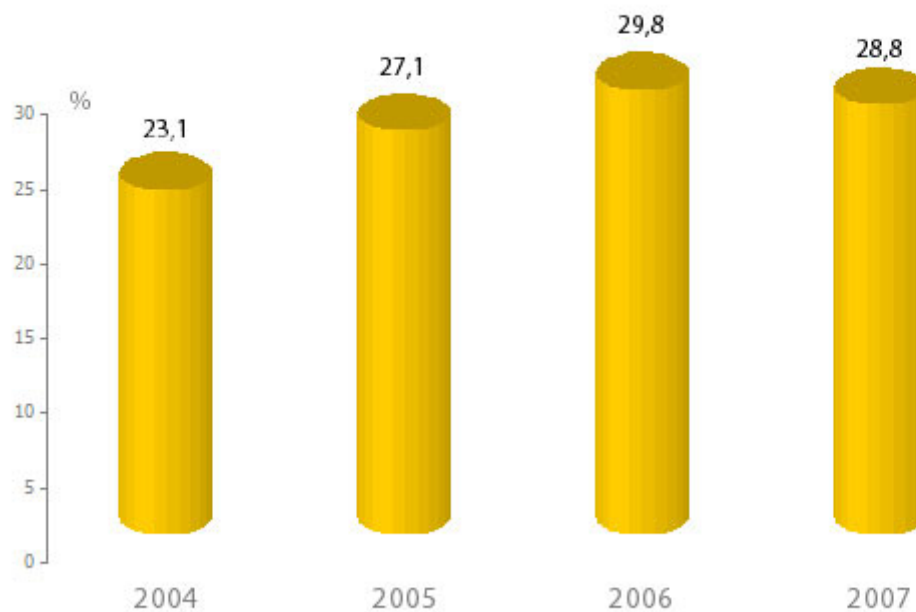
# The Level and the Structure of Tyumen Region Machine-Building Complex

The Output of Manufacturing and Machine-Building Industries in the South of Tyumen Region



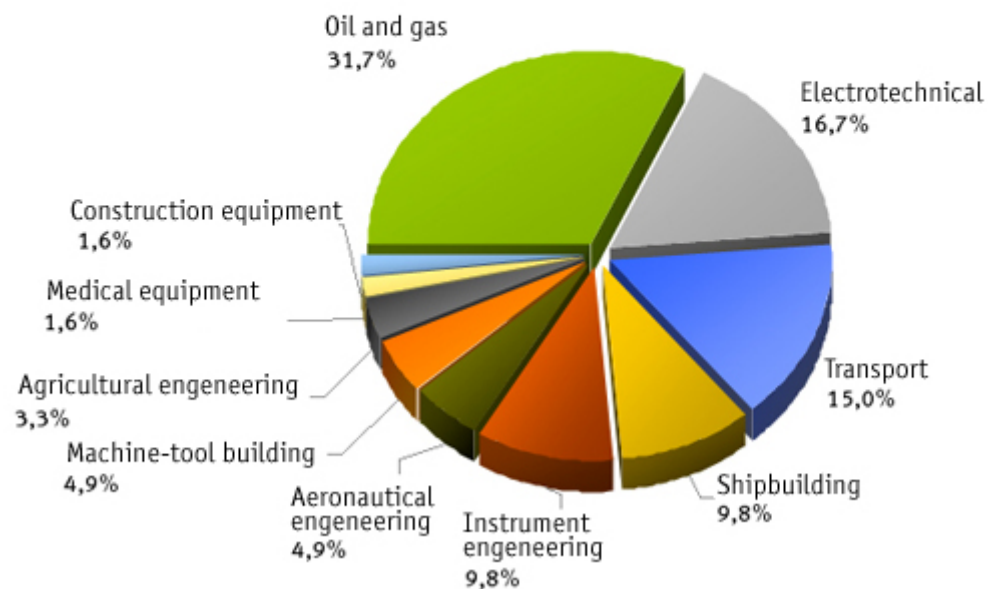
## *The Level and the Structure of Tyumen Region Machine-Building Complex*

Machine-Buidung Industry Percentage in the Overall Amount  
of Output of Manufacturing Industries Operating  
in the South of Tyumen Region



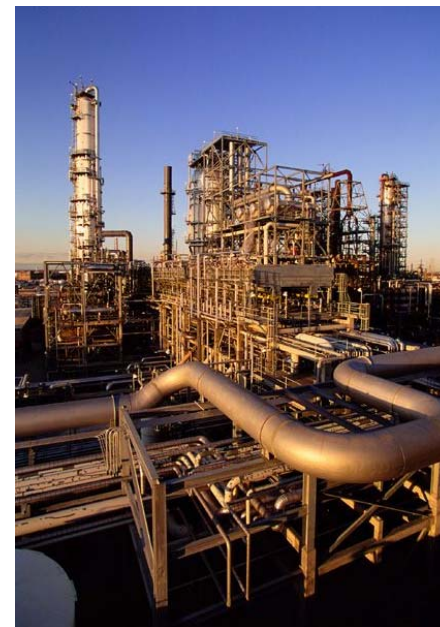
# The Level and the Structure of Tyumen Region Machine-Building Complex

The Structure of Machine-Building Complex  
of the South of Tyumen Region  
(with enterprises division into Subindustrial Segments)



## **Growth in volume of manufacture of the enterprises of oil-and-gas mechanical engineering**

- SJSC "Uralmash – Rigging Equipment" - 310%
- JSC "Tyumen experimental plant of geophysical industry" - 130%
- JSC "BKU Plant" - 111,6%
- JSC "Pilot plant Electron" - 66,8%
- JSC "Ishim engineering plant" - 62,5%



## *Growth in volume of manufacture of the enterprises of oil-and-gas mechanical engineering*

- JSC "UtAir-Ingeneering" - 227,7%
- JSC "Tyumen shipbuilding and repairing plant" - 159,8%
- JSC "Tyumen medical facility and instruments works" - 77,7%
- JSC "Tyumen electromechanic plant" - 72,8%
- LLC "Sibir-trailer" - 69,1%
- "Ishim mechanical plant" of JSC Russian Railways – 61,7%
- JSC "Zavodoukovsk engeneering plant" - 61%
- JSC "Tyumenremdormash" - 56,4%
- LLC "Uralsibargo" - 49,7%



## *Dynamics of development of machine-building branch*

The total increase in 2007 was 34% compared to 8,9% of the whole Russia's machine-building complex development during the same period.

The production grew by 19,2% during the last year.



## **Strengths of machine-building branch**

1. **Advantageous geographic position:**  
neighbourhood of resource base – the Urals, of domestic production distribution markets – the North of the region (the autonomous okrugs), East Siberia and of foreign production distribution markets – Kazakhstan Republic.
2. **High level of infrastructure development:**  
there is a federal railway – the Trans-Siberian Railway; a highway “Moscow - Vladivostok”, a highway “Siberian transport corridor” which connects the North and the South of Tyumen region; a river transport system, connecting the North and the South of Tyumen region and providing an exit to Northern Sea Route; developing regional airline companies.
3. **Granting of state support to the enterprises of machine-building complex:**  
presence of the grants, indemnification of charges on advertising, certifications, introduction of new technologies.

## **Strengths of machine-building branch**

4. High political stability of the region
5. **Appealing industrial, social and investment potential of the region:**  
the region has a diversified economy, integration in the world economy, high GRP per person (higher than the average across Russia), big amount of the region's own profits, leading position in attracting permanent investments, presence of machine-building and services developing cluster.
6. **Legislative state support for capital investment project-holders:**  
grants-in-aid and subventions, income and real estate and transport tax privileges, help at plot of land letting.



**There are 7 investment and innovative-investment projects and 34 investment offers put forward for potential investors to consider.**

Capital investment projects and offers that are initialised to machine-building enterprises of the South of Tyumen region can be divided into three trends:

- Investments in arranging new production for boosting output or for new items production;
- Investments in renovating equipment in order to increase the efficiency of the current production;
- Investments in innovative produce establishment.

Investment Project No 1

**«Creation of an up-to-date metalwork production and technical complex (a complex of quick production setup, CQPS)»**

**Project sponsors:**

Tyumen region Government represented by the Department of investment policy and business support

**The amount of requested investments:**

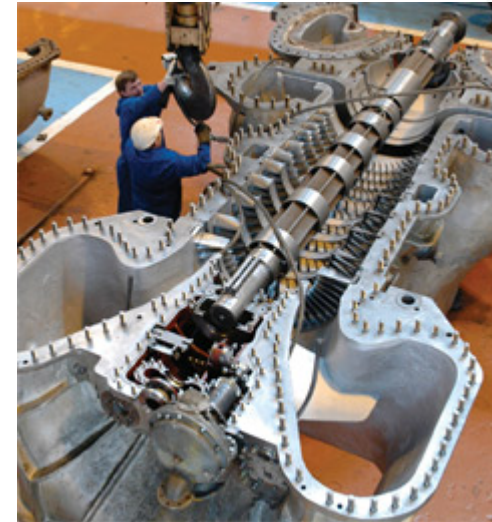
€ 6 660 971 is generally needed for CQPS.

**The purpose of the investment:**

to create processing capability for prototype production of innovative output ordered by machine-building enterprises and venture companies of the South of Tyumen region, and to create a new innovative metal objects and complex engineering facilities mass production as soon as possible.

**Implementation stage on 01 March 2008:**

a business offer.



## **«A workshop construction and German equipment purchase for electroplating enlargement»**

### **The Project's location:**

JSC «Tyumendormash», village Utjashevo, Tyumen district, Tyumen region

### **The amount of requested investments:**

the total amount is €6,5 bln, including:

- Skeletonized type workshop purchase and construction – €1 mln.
- Purchase and supervised installation of electrodeposited equipment – € 5,5 mln.

**The purpose of the investment:** to enlarge production and refinement electrodeposit coating service and increase the size of metal structures up to 12 meters.

**Calculated period of project payback:** 4,3 years.



Investment project No 3

**«Development of Tipping Bodies production (up to 20 tonns carrying capacity) for foreign automobiles on the basis of Iveko, Mercedes Volvo, Scania frames»**

**Place of project implementation:**

“Siberia Trailer” factory, Tyumen

**The amount of requested investments:**

total requested investment for the licensed tipping bodies production is € 562 000, including: welding equipment purchase - 10 “Kempi” units for manual welding – € 45 000, «VANAD» plasma cutting unit installation - € 275 000, «DURMA» duplex press brake - € 200 000, roller sheet-straightener, production tools manufacture (5 units) – € 42 000.



**Accounting period of project payback: 2,5 years**

Investment project No 4

## **«Manufacture of modern cruise motor ships for 70-250 passengers for the rivers of Western Siberia and Europe»**

### **The Project's location:**

JSC «Shibbuilding and repairing yard» tyumen, Tyumen region.

### **The amount of requested investments:**

Investment expenses: € 12,8 Million (for 2 70-seater cruise motor ships), (or € 7 Million for one).

### **Technical and economical indexes for project:**

Payback period in months: 58 (or for one motor ship 3 years)

Discounted payback period in months: 68

Net present value (NPV): 4,5 ml. euro.

Profitability index (PI): 1, 57

The project business-plan is at the project proponent's.



Investment project No 5

## **Production of dredgers for swap of soil and sand mixture for building motor roads, forming new industrial grounds and residential building**

### **The Project's location:**

Tyumen region, city Tyumen, open joint-stock company "Shipbuilding and repairing Plant".

### **The amount of requested investments:**

Investment expenditures: 824 3240 euro per unit – a dredger.

### **Technical and economical indexes for project:**

Payback period (PB), monthly – one dredger – 2 years

Discontinued payback period (DPB), monthly – 24

Profitability index (PI) – 2.0

The business-plan is held by the Project Initiator.



Investment project No 6

## «Opening manufacture of ladder-type trench-digger ECN-181U»

### **The Project's location:**

Tyumen region, city Ishim

### **The amount of requested investments:**

the total amount is 973 000 euro, including:

- Construction engineering and manufacture of pre-production model – 0,4 ml. euro.
- Expenditure for reconstruction of production area – 151 000 euro.
- Procurement of technological equipment – 381 000 euro.
- Manufacture of technological rigging and tools – 32 500 euro.

**Calculated period of project payback:** 4,6 years.



Investment project No 7

## «Production Of Non-Airfield Light Aircraft (BELLA)»

### **The amount of requested investments:**

for the trial mastering of production and manufacture of 5 different modifications of BELLA – 5,06 ml. euro for the period of 3.5 years, including Scientific Exploratory and Experiment Construction Engineering and certification of aircrafts – 1,82 ml. euro, for the production of aircrafts – 3,38 mln. euro . The project initiator takes on responsibility for circulating assets of the project realization.



**Calculated period of project payback:** 1.5 years from the start of exploitation of aircrafts.

The investment project: "Modernization and updating of a fixed capital of JSC «Zavod geologorazvedochnogo oborudovaniya i mashin» (the factory of the prospecting equipment and machines) with the organization of a batch production of the spherical cranes, locking-regulating armature and pumps.

**The Project's location:**

Tyumen region, 625031, Tyumen, JSC «Zavod geologorazvedochnogo oborudovaniya i mashin» (the factory of the prospecting equipment and machines, GROM)

**Investment outlay:** 2,7 mln. Euro.

**Suggested form of colaboration with the investor:**

The basic variant considers cooperation on granting credit resources, but the administration is ready to negotiations about the other forms of interaction with the investor. Return of investments with percents is planned in a year after the beginning of modernization of manufacture, in current of 5 years full repayment of investments with percents for all term of use. Offers with low rates on extra financial resources are expected by administration of the factory.

## ***The South of Tyumen Region Machine-Building Industry Investment Offers***

1. Basic funds modernization of the LLC "Mechanicheskij Zavod" for metal reservoirs, radiators, central heating boilers production  
Required Investment Resources: **2, 705 mln. euro** for a period of three-years.
2. Shipbuilding Industry Development  
Investment Layout: **135 000 euro** for a two-years' term.
3. «Designing and production launching for the Tractor Semitrailer with carrying capacity of 23 tons»  
Investment Outlay: **1, 81 mln. euro**  
Payoff Period, months: **66**
4. «Designing and production launching of the Tractor Semitrailer with carrying capacity of 18 tons»  
Investment Outlay: **2 mln. euro**  
Payoff Period, months: **67**



## *The South of Tyumen Region Machine-Building Industry Investment Offers*

5. «The launching of the motor and tractor transport shift to compressed natural gas usage, gas station construction, the purchase of two mobile gas stations»

Investment Outlay: **3, 25 mln. euro**

The Payoff Period, months – **101**

6. The launching of the pipelaying crane for polyethylene pipe driving production.

The required investment sum: **460 000 euro.**

7. The launching of the soil-drift machines ГПА-1 for polyethylene pipes (55-100 millimetres in diameter) driving.

The required investment sum: **94 600 euro.**



## *The South of Tyumen Region Machine-Building Industry Investment Offers*

8. The launching of the hydraulic elevator ПГТ-7 used for repair and construction works.  
The required investment sum: **94 600 euro.**
9. Providing technological equipment for the mobile buildings ("coach-houses") production.  
The required investment sum: **1 650 000 euro.**
10. The purchase of colouring and siccative equipment for the output products surface preparation, colouring and drying.  
The required investment sum: **450 000 euro.**



## *The South of Tyumen Region Machine-Building Industry Investment Offers*

11. The launching of electric rotary pumps production applying the technology of Schlumberger Company for oil and gas industry.  
Investment Outlay: **540 540 euro**. The Payoff Period: **8 years**.
12. The launching of blowout preventer equipment production.  
Investment Outlay: **946 000 euro**. The Payoff Period: **5 years**.
13. The launching of mud system muck treatment, muck's transfer to storage sites or to the transporter, chemical treatment, storage and shipping.  
Investment Outlay: **1,36 mln. euro**. The Payoff Period: **5 years**.
14. The launching of bottom engines production designed to render the spin to the bit.  
Investment Outlay: **405 500 euro**. The Payoff Period: **3 years**.



## *The South of Tyumen Region Machine-Building Industry Investment Offers*

### 15. Dredging Complex Construction including:

- Shoal pusher-tug «P» and «O» category - 110 kWt with a wheel mover – 555 000 euro.
- Hopper barge 100 m3. – 276 000 euro.
- Buoyant guard ship – dormitory for 50-100 people – 541 000 euro.

Investment Outlay: **2,315 mln. euro**. The Payoff Period: **3 years**.



### 16. Passenger landing-stages construction – buoyant river-boat stations, hotels with restaurants, VIP rooms and cabins, three-decker in the style of old-fashioned steamers.

Investment Outlay: **2,7 mln. euro**. The Payoff Period: **2 years**.

## ***The South of Tyumen Region Machine-Building Industry Investment Offers***

The productive capacity restoring Public Corporation "Tyumen Shipbuilding Shipyard":

17. Harbor wall construction for river boats' fitting-out, material handling (up to 350 tons)  
Investment Outlay: **1,351 mln. euro**. The Payoff Period: **5 years**.
18. Reconstruction of the functioning ship-elevator with a hydraulic cavity of the river Tura 150 p.m.  
Investment Outlay: **411 000 euro**. The Payoff Period: **5 years**.
19. New equipment Purchase  
Investment Outlay: **0,5 mln. euro**. The Payoff Period: **3 years**.



## ***The South of Tyumen Region Machine-Building Industry Investment Offers***

20. «Production Of Polymer-Composite Mufts FARF (Flexible Anisotropic Rolled Fiberglass)»

Investment Outlay: **1,5 mln. euro**

The Payoff Period: **3,5 years**



21. The launching of a serial production of the borehole sucker-rod pump

Investment outlay: **0,44 mln. euro**

Payback period (PB), months. – **39**

Discounting Payback Period (DPB), months. – **40**

Net Profit (NPV) – **440 000 euro**

Profitability Index (PI) – **2,08**

22. «The Launching of a serial production of the Cable Rod Sets»

Investment Outlay: **486 500 euro**

Payback Period (PB), months. – **45**

Discounting Payback Period (DPB), months. – **48**

Net Profit (NPV) – **310 610 euro**

Profitability Index (PI) – **1,69**

## ***The South of Tyumen Region Machine-Building Industry Investment Offers***

23. «The Launching of a serial production of the Sucker Rod, which can be used when the oil producing is performed with oil well rod pumping units»

Investment Outlay: **460 000 euro**

Discounting Rate – **10%**.

Payback Period (PB), months – **40**

Discounting Payback Period (DPB), months. – **41**

Net Profit (NPV) – **400 500 euro**

Profitability Index (PI) – **2,12**



24. «The Launching of a serial production of ball cranes, locking and regulating equipment and pumps».

Investment Outlay: **1,76 mln. euro**

Discounting Rate – **10%**.

Payback Period (PB), months. – **45**

Discounting Payback Period (DPB), months. – **48**

Net Profit (NPV) – **310,6 euro**

Profitability Index (PI) – **1,69**

## ***The South of Tyumen Region Machine-Building Industry Investment Offers***

### 25. «The Launching of the Pneumatic Electric Generators Production».

Investment Outlay: **3,43 mln. euro**

Discounting Rate – **12%**.

Payback Period (PB), moths. – **39**

Discounting Payback Period (DPB), months. – **40**

Net Profit (NPV) – **440 000 euro**

Profitability Index (PI) – **2,08**



### 26. «The Launching of Machinery and Agricultural Equipment Production».

The Project's main Assets :

1. Establishment of novel highly productive agricultural grain-crops tallage and tith equipment production;
2. Establishment of initially small-batch attached implements mini-tractors production.

The investor defines the project funding.

## ***The South of Tyumen Region Machine-Building Industry Investment Offers***

27. The Investment Offer of the Public Corporation «Zavod Sibneftemash» «Depreciated Equipment Modernization and Replacement”.
28. The Investment Offer of the Public Corporation «Zavod Sibneftegasmash» «Depreciated Equipment Modernization and Replacement”.
29. The Public Corporation «GROM» Investment Offer «Depreciated Equipment Modernization and Replacement».



## *The South of Tyumen Region Machine-Building Industry Investment Offers*

Machinery Modernization Performed to Enable Foreign Agricultural Equipment Servicing, Mastering New Product Output at the Public Corporation "Ishimselmash".



30. Investment Offer «The launching of high pressure hosepipes fitting Italian equipment production».
31. Investment Offer «The launching of mowing-crushing machines «ИКП 225/90» production».
32. Investment Offer «The launching of reeling balers «R-12 Super» production or assembling».
33. Investment Offer «The launching of high pressure hosepipes 32 mm. in diameter production».
34. Investment Offer «Machinery modernization performed to enable foreign agricultural equipment servicing».



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