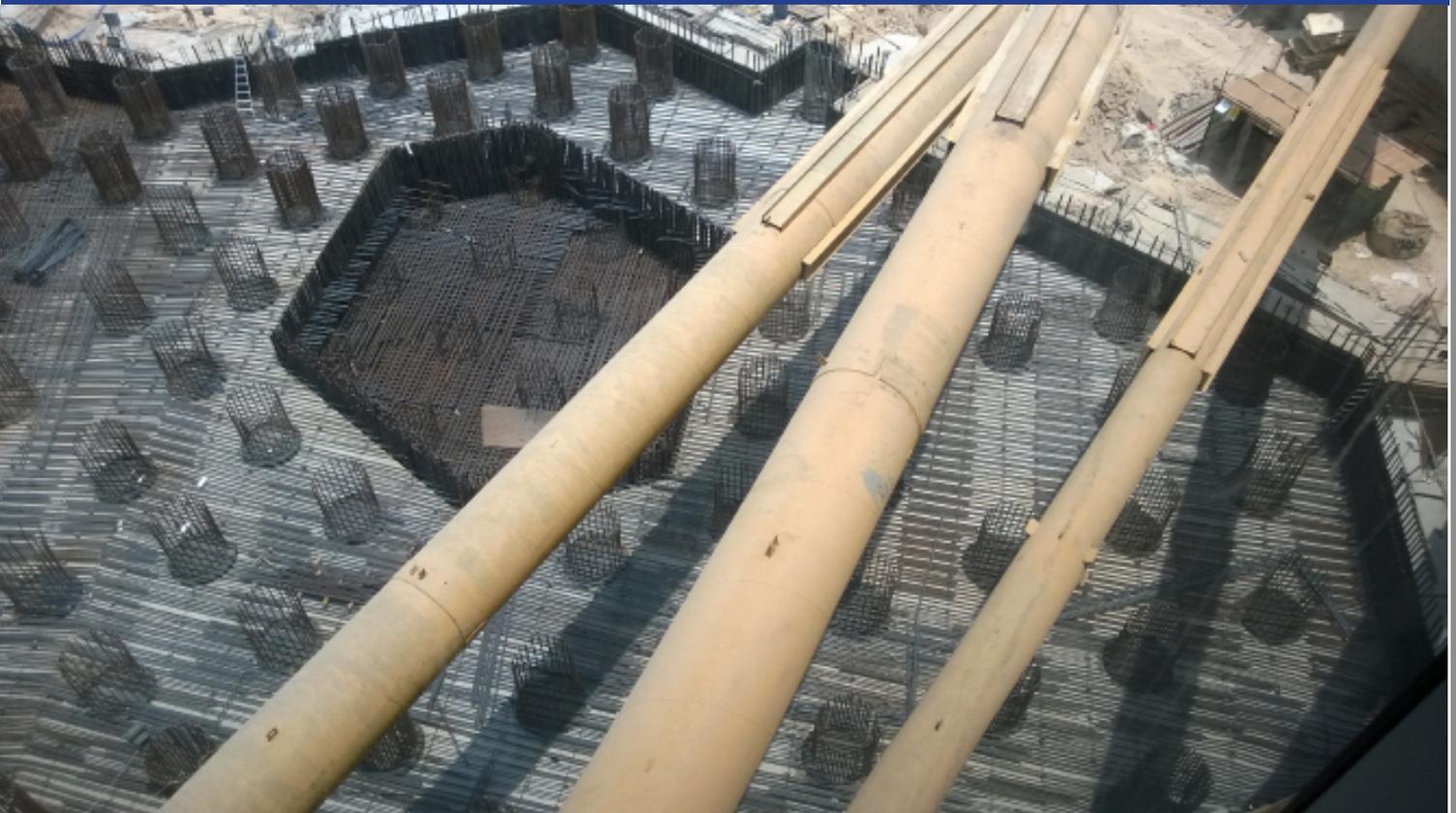


HEAVY INDUSTRIES

Market Snapshot

▶ **What are the drivers of the heavy industry fabrication sector in the Middle East?**



In this issue:

The drivers of competitiveness and how to identify the value chain in a complex market

“The Sales Channel Development Company”

Buoyant demand from local projects fuels the growth

Countries in the Arabian Gulf have grown their local heavy engineering and fabrication industries around local large scale projects in oil and gas and infrastructure. A number of Middle Eastern businesses, particularly in the UAE have also been successful in supplying a variety projects globally. Heat exchangers, piping units, steel structures and topsides fabricated or installed in Jebel Ali are used in projects as far a field as North Sea, Nigeria and Brazil.

Also, other regional countries have their own pools of manufacturing. The level of diversification from oil and gas as well as the level of international trade varies from country to country. Manufacturing pools such as Dubai's Jebel Ali, industrial cities of Jubail and Yanbu in Saudi Arabia, Ras Laffan and Salwa areas in Qatar are growing in phases and receiving investments in new facilities.

Arabian Gulf region has currently **5 major oil field projects** in construction phase. Projects such as Upper Zakum (UAE), Barzan (Qatar) and Hasbah (Saudi Arabia) have joint procurement bill of over **\$10 billion** dollars worth of **equipment** and about **\$12 billion** in **services**. A number of **power plants, GCC wide railway network, chemical plants, refineries and pipelines** will require over **\$200 billion investments** in the coming 7 years.

The overall **infrastructure spending** in the GCC countries is expected to grow very sharply, as the glut of financial crisis of 2008 and uncertainty of the Arab spring is left behind. The projected awards for infrastructure projects in 2014 featured **\$29,3 billion in Saudi Arabia, \$15.2 billion in the UAE** and **\$7,4 billion in Oman**.

"Considering that an average oilfield project takes about 10 years to complete and a major power plant between 3-7 years, there will be a substantial aggregate demand in both fabrication and engineering for heavy industries and infrastructure in the coming years." says Mr. Antti Multanen of Nordic Industries Development Middle East. Based on facts and general market sentiment in the region, new investments fuelling fabrication boom are evident in coming years.

Key Market Drivers

4+1 drivers

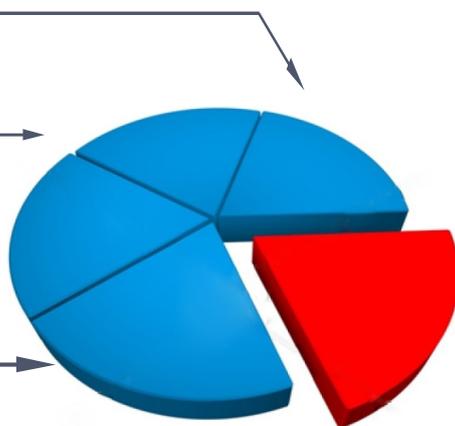
Oil & Gas field new developments and maintenance for existing fields + Massive power plant projects

Strategic position to expand "local" project base to Africa

Fabrication for local and regional heavy industries such as chemical plants, smelters and refineries.

Substantial spend in the infrastructure like railroads, roads, bridges, ports, power lines, pipelines and steel construction.

Need to diversify from oil and gas. Challenge to keep competitive with Asian emerging countries.

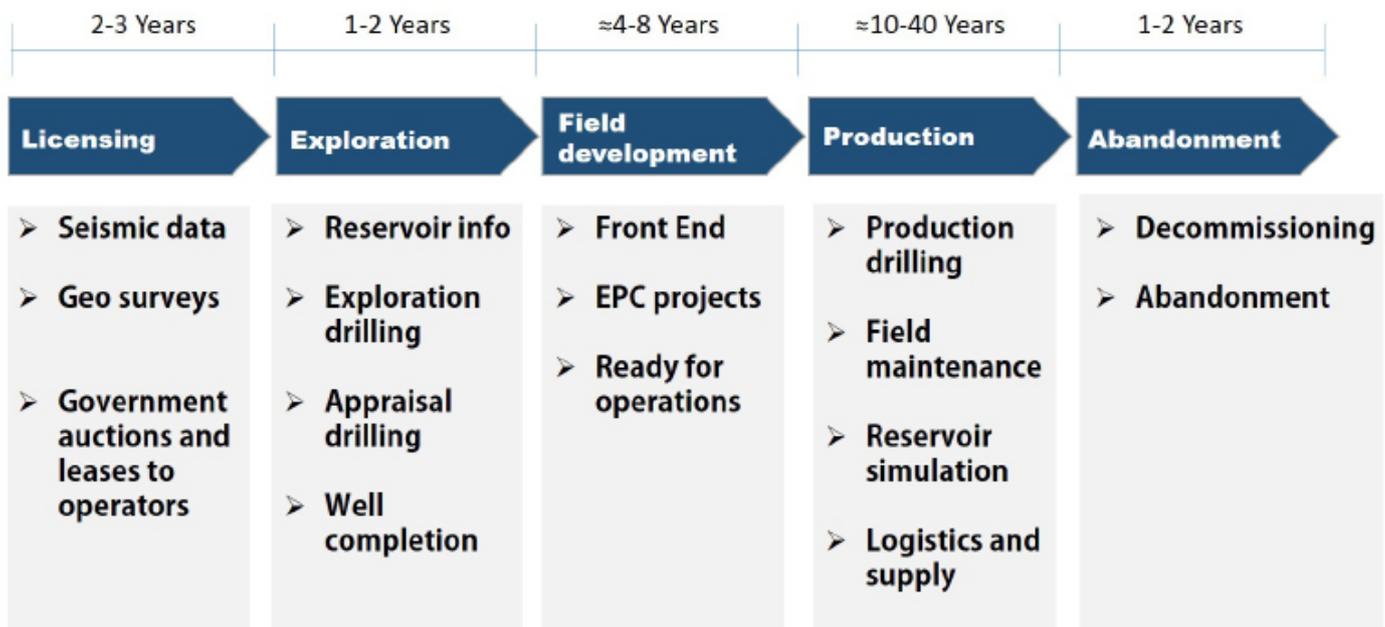


Regional demand with global twist

- \$58.8 billion new project awards in 2014
- Freezones and industrial cities main source of hardware and detailed engineering in mega projects
- The maintenance and overhaul of existing infrastructure carried out in the region
- Need to diversify from oil and gas. In order to achieve that on a global scale, need to invest in knowledge intensive industries and production methods

Nordic Industries Development in the Middle East

A typical mega project - How to identify the best sales channel ?



The sample picture illustrates procurement phases of a typical oil field development. Similarly, power plants and major infrastructure overhauls are hugely complex and span over years. Different phases of projects involve a number of companies and their sector specific competitive ecosystems.

When it is business as usual, companies know their potential partners and channels to reach them. However, competitive landscape changes constantly, even the best companies need to grow and search for the new markets. In those situations there is a need to identify and assess sales channels and new business opportunities fast.

This is the expertise of Nordic Industries Development.

Sector specific sales channel development

Nordic Industries Development will help you understand where your product, service or expertise stand in the value chain. We will map out potential customers, competition, system integrators and decision makers specific to your business proposition.

Nordic has a track record in promoting our clients business in complex projects, identifying right people, scope and concrete, actionable business opportunities.

The company has been present in the Middle East since 2006 drawing on the expertise of the local office, business community, global knowledge centers and networks of clients and professionals.

Disclaimer: Forward looking statements

This document may contain statements related to future business and financial performance and future events or developments involving third parties such as companies, projects and sovereign countries. What is said here may constitute forward-looking statements. These statements may be identified by words such as “expects,” “looks forward to,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “will,” “project” or words of similar meaning. Such statements are based on the current expectations and certain assumptions of Nordic Industries Development Oy’s management, and are, therefore, subject to certain risks and uncertainties. These uncertainties may cause the actual future results to be materially different than those expressed in our forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We do not undertake to update our forward-looking statements.

Nordic Industries Development Oy is not liable for the outcome of any business decisions based on the information provided in this report.

www.nordic-industries.com**NORDIC INDUSTRIES DEVELOPMENT OY****Kauppakatu 14B7****33210 Tampere FINLAND****Tel: + 358 10 420 22 99****NORDIC INDUSTRIES DEVELOPMENT
MIDDLE EAST FZE****SM-Office-EI-1906B****AJMAN FREE ZONE, UAE****Tel: +971 5 6936 107**