

BILFINGER TEBODIN



**BILFINGER**

# PRODUCTION ALLOCATION IN RUSSIA

Bilfinger Tebodin

Business Mission to Japan

Tokyo-Kyoto | 14-15 March 2018



## Professional consultant in engineering and project management



Founded in 1945,  
the Hague, the Netherlands



> 75% of turnover –  
repetitive business



35 offices in 17 countries



Part of Bilfinger Group  
since 2012



About 3,200 consultants  
and engineers worldwide



[www.tebodin.bilfinger.com](http://www.tebodin.bilfinger.com)

## World presence



### North West Europe

Belgium, Germany, The Netherlands, United Kingdom

### Central and Eastern Europe

Czech Republic, Hungary, Poland,  
Romania, Serbia, Russia, Ukraine

### Middle East

Bahrain, Oman, Qatar, Saudi Arabia,  
United Arab Emirates

### North America

United States of America

# Bilfinger Tebodin in Russia



## 6 STEPS to allocation of production in Russia



Go / no go?



Direct investment or partnership?



Region selection



Site selection



Cost estimation



Project strategy

## STEP 1. Go / no go decision

### Market-driven factors

- market volume;
- growth rates.

### Regulatory environment-driven factors

- import restrictions;
- incentives for local manufacturers.

### Industries that have impact from regulatory environment:

- Pharma
- Chemicals
- Machine-building
- Food & Agro



**Public procurement system**



## STEP 2. Direct investment or partnership

	Building own production facilities	Partnership with local producers
Pros	<ul style="list-style-type: none"><li>• Relative independence</li><li>• Full control over production process</li><li>• Relative flexibility in terms of management</li></ul>	<ul style="list-style-type: none"><li>• Short-term localization</li><li>• Lower entry costs</li><li>• Availability of qualified personnel</li><li>• Established networking and sales channels</li></ul>
Cons	<ul style="list-style-type: none"><li>• High investment costs</li><li>• Long-term</li><li>• Requires significant sales volumes</li></ul>	<ul style="list-style-type: none"><li>• Limited control</li><li>• Heavy dependence on local partner</li></ul>

## STEP 3. Select a region

Main factors for selection are:

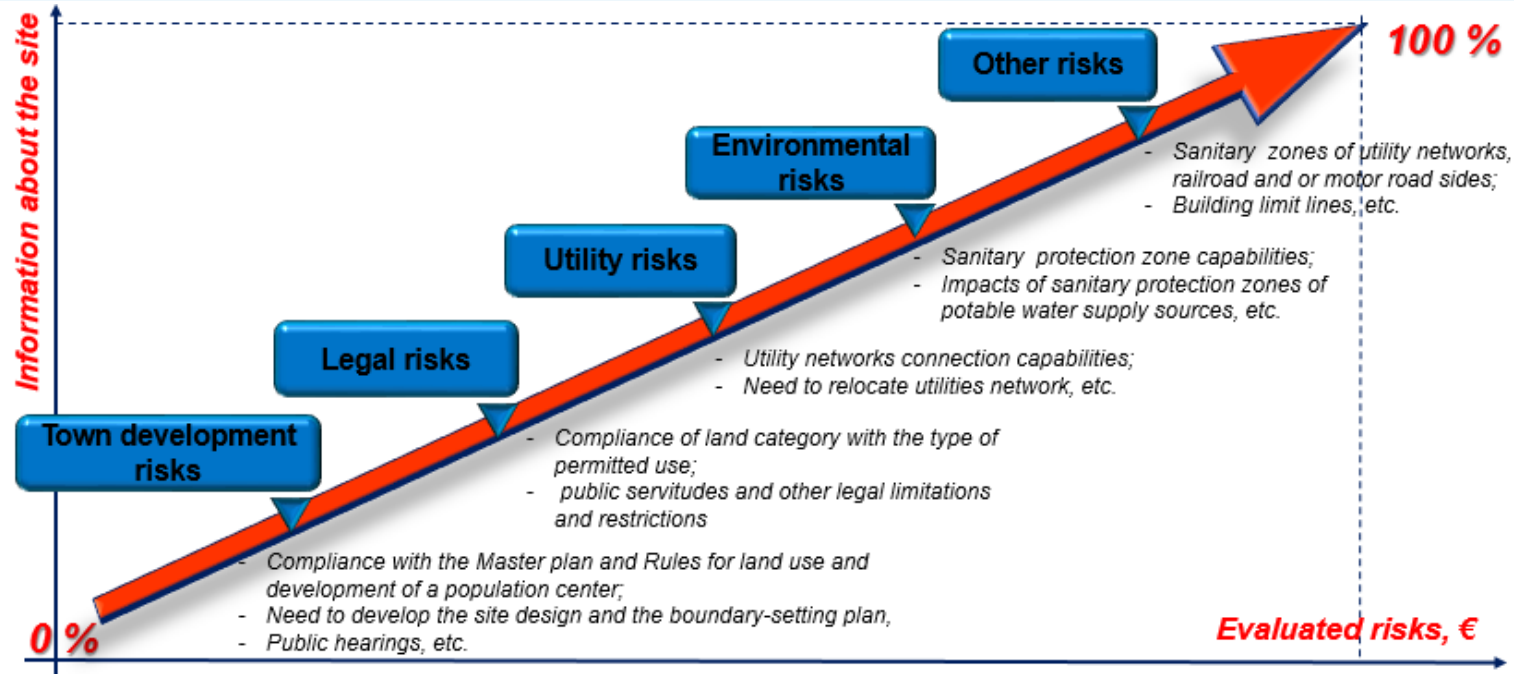
- proximity to consumers/ suppliers;
- availability of qualified employees.

Ratings of Russian regions evaluating investment potential and business climate are available: *the NRA report "Investment attractiveness rating of Russian regions"*

There is strong competition for investors among Russian regions



## STEP 4. Select a site





## STEP 5. Make cost estimate

Type of cost estimate	Basis of cost estimate	Accuracy	Tools
Indicative estimate	Feasibility study	> +/-40%	Similar projects
Budget estimate	Conceptual Design	+/- 40%	Bill of Quantities, Unit rates, BIM
Definitive estimate	Basic design	+/- 25%	
Control estimate	Detail design	+/- 10%	

## STEP 6. Select project strategy

### Reutgers

**PMC**

**+ design & build contractor**

**Project:** Tar pitch production plant

**Scope:**

- Procurement of General Contractor
- Project and Construction management over multiple contractors (nominal function of General Contractor)

Cherepovets, 2015-2016

### Viessmann

**EPCm**

**Project:** Construction of a new production facility of boilers

**Scope:**

- Conceptual design
- Basic design,
- Tender package
- Author supervision
- Construction management

Lipetsk, 2015-2017

### Bridgestone

**EPCm**

**+ nominated subs**

**Project:** Tire manufacturing plant

**Scope:**

- Conceptual, Basic and Detail design
- Procurement of General contractor
- Construction management (incl. site management, permitting, construction supervision, commissioning management)

Ulyanovsk, 2013-2016

## Our clients



**TOYOTA**



**BRIDGESTONE**

**AGC**



**KOMATSU**

**Mazak**



**HITACHI**

**SUMITOMO**



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