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**\$139bn bonanza in pipeline for oil services providers in Middle East –
published in Arab News (online media)**



- **Revival in the price of crude means Middle Eastern producers are spending again - good news for service providers**
- **Flurry of deals during the summer has bolstered market sentiment and investment**

LONDON: GCC and global oil services and equipment providers are cashing in on an upswing in capital spending in Middle Eastern oil and gas-producing countries, senior executives have told Arab News.

There has been a flurry of deals during the summer, bolstering market sentiment and investment, they said.

Steve Connolly, regional managing director for Altrad in the MENA region, said that the group's pipeline of potential new business was "probably 25 percent higher than this time last year."

Infrastructure and expansion projects linked to existing or new wells and refineries were mothballed during the oil price slump, but the cycle has turned, said executives.



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Duncan Anderson, CEO at Abu Dhabi-based Gulf Marine Services, said: “Countries that were restricting their production are now accelerating it. Saudi Arabia is producing (more oil) per day and that all needs the support of oil services. It’s a similar story in Kuwait, the UAE and Iraq.”

The executives said that as the oil price picks up, there is generally a time lag of about 12 months before a more robust trading environment transfers to the order book, but that moment was now.

“We have a secured orders backlog of over \$120 million and are confident that will increase significantly as we move forward,” said Anderson.

Altrad’s showcase Middle Eastern project links to a deal with Saudi Aramco’s construction of the huge Jazan Economic City that lies on the south coast of the Red Sea. The development, creating thousands of new jobs and involving new refineries and terminals has seen Altrad secure work linked to both construction and maintenance post-construction. “It’s a great endorsement from Aramco,” said Connolly.

Elsewhere, Weir Oil and Gas Dubai signed \$50 million multi-year contracts in Iraq with two international oil companies at the end of August, further cementing its position in the region.

Petrofac clinched deals this summer highlighting a healthy forward order book. It won a \$600 million contract with Algeria’s Sonatrach to help further development of the Tinhert gas fields in the southeast of the country. It also signed a \$369 million Iraqi contract with state-run Basra oil company to help build a new crude-processing facility in the Majnoon oilfield that will have the capacity to produce 200,000 barrels per day.

In an emailed response to Arab News, Petrofac CEO Ayman Asfari said he expected an increased focus on downstream and petrochemical projects in the Middle East, and forecast that the company would bid for about \$8 billion of “petrochem” projects in the region over the next three years.

“There is a wave of downstream spend both on refining and petrochem developments as MENA economies continue to industrialize,” he said.

Middle Eastern clients were also spending on upstream oil opportunities to offset natural decline and to maintain spare capacity. There was also a “very big push to develop gas resources, particularly in the UAE and Saudi Arabia, which are short of gas, with Saudi planning to double gas production capacity by 2030,” said Asfari.

Jordan’s Cabinet recently approved a pipeline to supply oil and gas from Basra in southern Iraq to the kingdom’s Aqaba port, as Baghdad seeks alternative routes to bring its crude to market.

Spencer Walsh, senior analyst at IHS Markit, told Arab News that the oil market had tightened and that countries which were restricting production were now ramping up.

“As that happens, countries such as Kuwait, Iraq and UAE need the support of oil services and equipment groups, but by far the biggest market for actors was KSA where investment is strong,” he said.

UAE-based oil rig construction and maintenance firm Lamprell is ramping up work at the state-of-the-art King Salman Global Maritime Industries Complex, a shipyard in KSA’s Ras Al-Khair which, on completion, will be the largest shipyard in the Arabian Gulf. The nearly 12 million square meter facility



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will build offshore oil and gas rigs, offshore support vessels and commercial vessels, including very large crude carriers. Lamprell is part of an Aramco-spearheaded consortium whose other members include the National Shipping Company of Saudi Arabia (Bahri), and South Korea's Hyundai Heavy Industries.

The chief executives of US oil support giants Schlumberger and Baker Hughes said customers were moving forward with large projects and even preparing to increase exploration for future ones, the Wall Street Journal reported last month.

"The international recovery has finally started," Schlumberger CEO Paal Kibsgaard said during the company's earnings call with analysts. WSJ cited him as saying that "the backlog on integrated drilling projects is the most we've ever seen."

The global oil field services market is expected to be valued at \$139 billion by 2025, according to a report last year by US consultancy Grand View Research. The compound annual growth rate was put at 3.4 percent.

ABOUT ALTRAD GROUP

Altrad is a global leader in the provision of industrial services, generating high added value solutions principally for the Oil & Gas, Energy, Power Generation, Process, Environment and Construction sectors. The group is also a recognised leader in the manufacturing of equipment dedicated to the Construction and Building market. Altrad's multidisciplinary services range from engineering and technical services to maintenance, access solutions and specialised services for industry leaders. The Group, headquartered in France, employs around 42,000 people and owns established international brands including Cape, Hertel and Prezioso Linjebygg.

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