



Fakhry Ali Eid

Created in 1982 as the country's first EPC contractor, ENPPI has gone onto become a pillar of the local petroleum landscape. Present in over 11 countries and with a turnover of 800 million US dollars in 2008, the company has been instrumental in taking "Egypt PLC" to the world.

The Oil & Gas Year: *How did you come to be the chairman of ENPPI and over the years how have you seen the company grow?*

Fakhry Ali Eid: I joined ENPPI in 1982, four years after it was founded. Over the years I occupied several positions until I became Vice Chairman in 2002 and ENPPI Chairman and CEO in 2006. Thus, I witnessed the success story of ENPPI; a story we are all proud of.

Before the foundation of the company, we did not have an Egyptian Engineering company specialized in the oil and gas business. The Minister of Petroleum at that time decided to establish a local engineering firm, ENPPI. Our first major project was a large EPCM refinery in 1985. Since then we have been involved in almost every major oil and gas project in Egypt. Amongst many notable operations, we built up considerable experience through our work on the Arab gas pipeline project phases I and II.

As well as our core competencies in gas processing, refining and petrochemicals, we are involved in water treatment, storage and pipelines as well. We also successfully completed work on two power stations with EDF Energy.

TOGY: *How did you grow the company abroad and what percentage of your revenue do you currently derive from overseas operations?*

FAE: We have grown considerably over the past 31 years and now have 1700 employees with branches/offices in the USA, Venezuela, Abu Dhabi, Yemen, Qatar, Syria, Jordan, Libya, Sudan and a subsidiary company in Saudi Arabia.

We started our operations outside Egypt in 1996 and by the end of 2008, 55 percent of our workload was from outside Egypt. We aim to expand further internationally and hope to further champion the name of ENPPI outside of Egypt. We are proud of several projects exe-

Key involvement

TOGY talks to

**Fakhry Ali EID, Chairman and CEO
ENGINEERING FOR THE PETROLEUM
AND PROCESS INDUSTRIES (ENPPI)**

cuted in Saudi Arabia; the Al Khafji Field Development Project for Al Khafji Joint Operations, the Yanbu Gas Expansion Project and the Safaniya Water Disposal System Upgrade Project for Saudi Aramco. We also undertook the PAGMI Project for PDVSA Gas SA in Venezuela and worked with Total E&P in Syria and Yemen and QP in Qatar.

These projects have enabled ENPPI to archive a turnover of 800 million US dollars in 2008, compared with 100 million US dollars in 2004.

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TOGY: *Many companies we have spoken to have, over the last five years, seen an acute 'brain drain' of prized engineers from their organisations. How do you go about retaining your work force in such a competitive market?*

FAE: Indeed, one of our biggest challenges at ENPPI is to tackle employee turnover. It has become very common to find ex-ENPPI engineers in many international companies whether inside or outside Egypt. In Abu Dhabi for instance, there are more than 400 ex-ENPPI personnel holding key positions. On the bright side, we consider such talent emigration as a good reflection of the quality of our work and our employees.

However, to combat such a brain drain we established ENPPI Engineering Academy. Besides

this, we recently established a variable and dynamic compensation bonus system that would relatively balance our employees' salaries with others in the same industry.

TOGY: *As a government-owned entity with what some might term 'exclusive' access to contracts you hold a unique position in the domestic market. How would you counter accusations that ENPPI occupies a monopolistic position here?*

FAE: The oil and gas market is not dominated anymore; it is perfectly competitive rather than monopolistic. Though we are the only Egyptian company in that line of business, there are many foreign companies competing in Egypt and abroad.

TOGY: *As a fully-fledged EPC firm integral to the Egyptian hydrocarbon sector, where are you seeing the greatest demand for your services?*

FAE: Recent gas discoveries ensure that the majority of our work would be focused in the gas industry. All our petrochemical work is based in Egypt and, over the last few years, we have seen a shift towards petrochemicals as a means of adding value to Egyptian natural gas. To this end we are continuously working with overseas companies to develop the petrochemical industry in Egypt and are now negotiating a huge project in Damietta.

TOGY: *How has the financial crisis impacted the Egyptian industrial engineering business?*

FAE: As a result of the financial crisis, many of the projects we were involved in were postponed or cancelled. With the limited number of new opportunities and the large number of international companies competing, the competition for acquiring new contracts is fierce. The crisis certainly affected us, but we are trying to diversify our work in several regions to compensate for any setbacks. On a more positive note, energy demand is growing worldwide. This creates new business opportunities and, with low material and equipment prices, really underlines the fact that this is the time to build large-scale projects.

TOGY: *As the business environment in Egypt becomes more investor-friendly, how has ENPPI adjusted to the shifting competitive landscape?*

FAE: An increasing number of new companies opening in Egypt creates many opportunities but, as you say, fierce competition, too. At ENPPI we don't mind competition since it is always good that the country is attracting such interest. We are very well-established in Egypt and ready to co-operate with international companies and even competitors whenever the occasion arises.

TOGY: *Does the future for ENPPI lie in Egypt or overseas?*

FAE: Close monitoring of the oil and gas markets would indicate that the greatest growth



ENPPI envisions most of its future growth from overseas operations

lies in Gulf Countries and South America. At the moment we are bidding for new projects in Saudi Arabia, Oman and Qatar.

According to our five-year plan, more than 55 percent of our business will come from overseas contracts. In South America we would like to utilise Venezuela as a hub while searching for future opportunities in Kazakhstan, Angola, Sudan and Libya. Recently we participated in a conference in Ethiopia in the presence of business leaders from Africa and South America. We hope this will help drum up more business in these areas.

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TOGY: *ENPPI has significant investments in a range of government companies involved in related and unrelated industries. What strategy do you employ in your external investments and how do they benefit ENPPI?*

FAE: We are investing 180 million US dollars as shares in many Egyptian national oil and gas companies. Our investments are a commitment to the Egyptian petroleum sector and to the growth of the country.

TOGY: *Where do you want to take ENPPI in the short term?*

FAE: I have a clear vision to be classified as an “A” class EPC contractor not only in the MENA region and South America but worldwide.