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Oil & Gas

MIDDLE EAST



RANKING:

THE TOP 30 EPC
COMPANIES OF 2020

ENGINEERING TRANSFORMATION

TAREQ KAWASH, SENIOR VICE PRESIDENT OF MCDERMOTT'S
RECENTLY FORMED EMEA REGION, DISCUSSES MAJOR
CHANGES AT THE COMPANY AS IT ADAPTS TO A

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ENGINEERING TRANSFORMATION

McDermott's Senior Vice President for EMEA, Tareq Kawash, comments on keeping business up during a pandemic, his vision for the region, and the EPC company's transformation.

WORDS: CARLA SERTIN

Tareq Kawash became the Senior Vice President of McDermott's EMEA business at a difficult time. When he took on the role in July 2020, the COVID-19 pandemic had swept the globe, disrupting virtually all industries. But he has a strong vision for the international EPC firm's growth in the region.

"Obviously, [the pandemic] has had a negative impact globally on businesses in all sectors," Kawash says. "But I am

proud to say that the majority of our fabrication shops and project sites remained active during the pandemic."

He is quick to add that the company ensured that all sites followed local government requirements as well as McDermott's own health and safety guidelines. Kawash noted that the key factors in mitigating COVID-19 risks at McDermott's workplaces were several educational campaigns to help enforce best practices while keeping the business active. He attributes this to the resilience of the company's employees

and project teams, which have kept its projects going throughout the challenging market landscape of 2020.

Still, the pandemic has brought with it a renewed urgency for industry transformation. "The COVID-19 crisis accelerates what was already shaping up to be one of the industry's most transformative moments," writes McKinsey & Company in a May 2020 industry report. McDermott was already deep into its own transformation when the pandemic hit, possibly pushing it ahead of the curve in the EPC space.



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“We recently emerged from financial restructuring with a strong balance sheet,” Kawash says, noting that it did not disrupt any of the company’s ongoing projects. “We have a very solid and diverse backlog of approximately \$15bn. We have made some significant cuts in costs and we have put systems in place that allow us to operate more efficiently and competitively.”

Kawash himself is a good representation of McDermott’s transformation—he has 30 years of experience, but his current position did not exist before July 2020. McDermott recently combined the Europe, Africa,

Russia, and Caspian region (where Kawash was previously the Senior Vice President), with the Middle East and North Africa region to create its EMEA unit, part of its efforts to streamline operations.

“The reorganisation brings together all of the resources and assets necessary to deliver projects across the region

under a single management structure,” he says. “Our onshore centres of excellence in Europe will provide technical expertise and project delivery know-how to the Middle East more seamlessly in combination with our regional fabrication assets as part of an integrated project delivery solution.”

Onshore is a big part of McDermott’s

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portfolio, but the company’s massive backlog spans the offshore upstream segment, onshore midstream, LNG, and refining and petrochemicals. Kawash says that the new EMEA group will also help to protect and focus on the Middle East offshore business as the industry adapts to an oil price shock and the challenges of operating during the COVID-19 pandemic.

“We are also looking to drive cost efficiency through a consolidated region to prepare us for a more competitive, cyclical business,” he says, adding that it will act as a single point of contact for customers in the EMEA region. He

also notes that the combined region will give McDermott employees more career development opportunities with easier mobility across the area.

But transforming on such a large scale comes with its share of challenges, the first of which was creating a joint leadership team for the region. “The other challenge is to adapt to the new and changing market,” Kawash says. “We have been very active in reaching out to our clients not only to communicate the changes we have made but also to understand the effect of the market on their investment plans. That is very high on my agenda right now.”

It is a sensible priority—after the drop in global oil demand and prices, hydrocarbon producers responded by optimising their own operations and cutting their expenses. For EPC companies like McDermott to succeed in a changing landscape, it is imperative that they understand how operators plan to move forward. “The winners will be those that use this crisis to boldly reposition their portfolios and transform their operating models,” the McKinsey report states.

Looking ahead, Kawash sees multiple areas of opportunity in the region. “McDermott EMEA has the full offering



of the McDermott product lines portfolio,” he says. “The shallow water business is the core of our business in the region and following our customers’ significant capital expenditure cuts this year, we anticipate a surge of investment in the coming years, including several major offshore and upstream developments in Saudi Arabia, the UAE and Qatar, either to maintain production levels or to capitalise on the region’s low cost of production to increase market share at a time when global upstream investment is challenged.”

In both the offshore and onshore segments, he says that McDermott is “actively positioning for the next wave of major projects and is optimistic that an improving outlook for product pricing through 2021 will allow several of these

projects to reach financial sanction.”

As the region’s national oil companies bolster their downstream portfolios, EPC companies have stepped up to provide services relevant to refining and petrochemicals. McDermott is currently finishing up a major petrochemicals project for the Liwa Plastics Industry Complex in Oman, which is expected

to start up later this year, and another downstream project for Kuwait National Petroleum Company involving clean fuels.

“These big NOCs which were initially focused on oil production and refining are heavily investing in the petrochemical sector,” Kawash says. “The next step, which has been

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publicly announced by a number of companies, is to get into more specialty chemicals, beyond the basic chemicals, and you can see that in Saudi Arabia and neighbouring countries.”

Kawash added, “In addition to the traditional offshore and onshore segments, we are positioning ourselves for the expanding Energy Transition developments. We will be leveraging our capabilities and expertise into Energy Transition solutions in the areas of Low Carbon Delivery, New Energies, and Circular Economy projects. We’ll continue to look at these new areas for McDermott and provide sustainable solutions to our customers so they can realize their sustainability and net-zero/low carbon ambitions.”

But he also has growth plans outside

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of the GCC—Kawash notes that the company is planning to expand its presence in sub-Saharan Africa. McDermott is already in a joint venture to deliver the first LNG liquefaction facility in East Africa. He also sees opportunities in deep water projects in West Africa, where the Amazon (a recently upgraded deep water vessel) is set to be deployed to an offshore project in Senegal and Mauritania.

“We feel that we are well-positioned for the market post-COVID-19, and I am confident in our ability as a company to operate in diverse geographic markets globally, offering a wide range of project services to the upstream and downstream sectors of the industry,” Kawash says. “It creates a degree of resilience against such disruptive external factors as we have witnessed with COVID-19.”