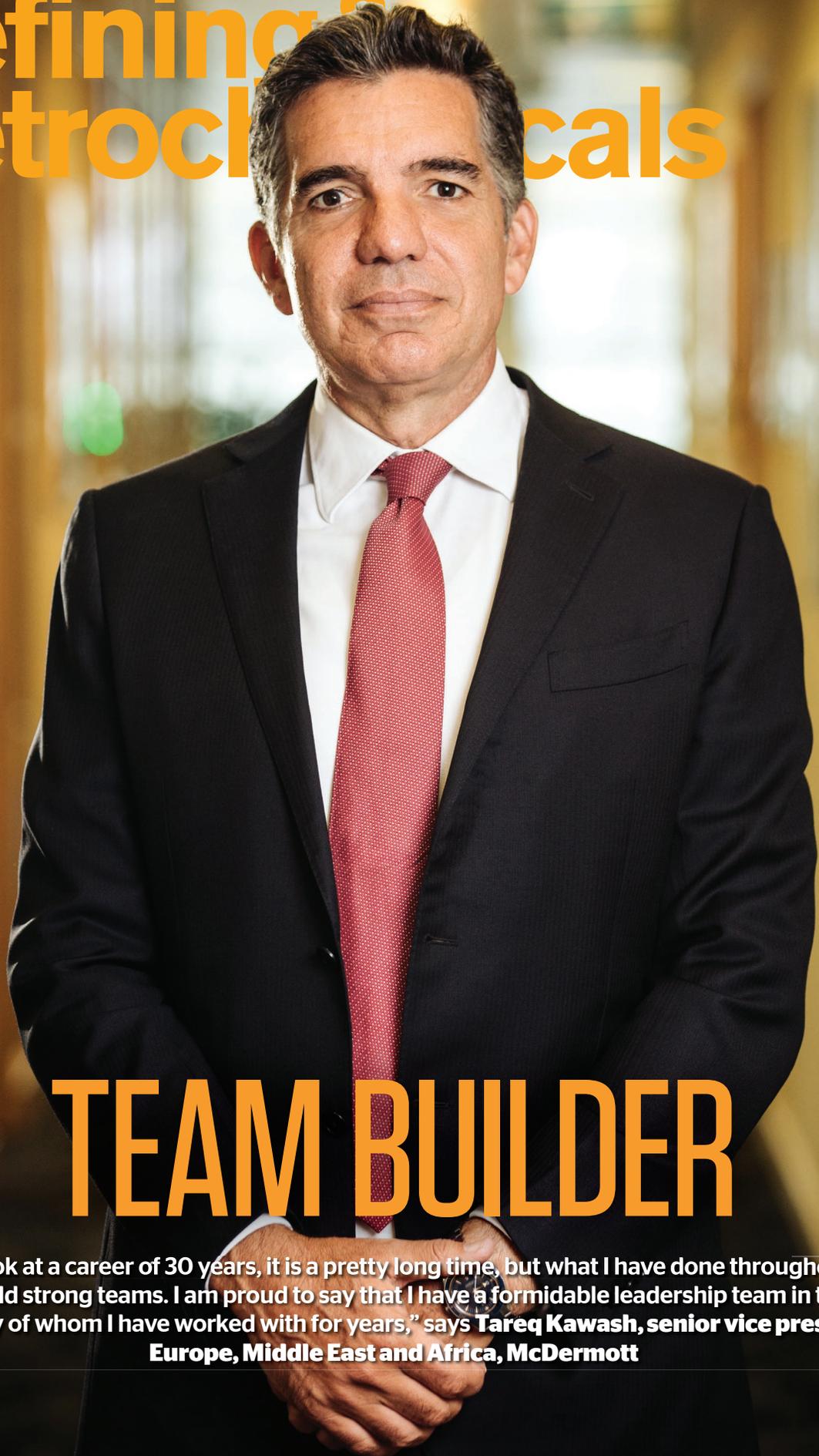


Refining & Petrochemicals

MIDDLE EAST



TEAM BUILDER

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BUILDING STRONG TEAMS

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WORDS: MARTIN MENACHERY



Tareq Kawash walking in McDermott's Jebel Ali fabrication yard recently with employees.

In the end of June, McDermott announced that the company has successfully completed its restructuring process. The comprehensive balance sheet restructuring equitized nearly all of McDermott's \$4.6bn of funded debt. McDermott emerged with \$2.4bn in letter of credit capacity and \$544mn of funded debt.

Also, McDermott has completed the sale of Lummus Technology, having received all required regulatory approvals and pursuant to the company's plan of reorganisation. Proceeds from the sale of Lummus Technology will repay the debtor-in-possession financing in full, as well as fund emergence costs and provide cash to the balance sheet for long-term liquidity.

Further to this, in a strategic move on 1 July, McDermott announced Tareq Kawash as senior vice president for its Europe, Middle East and Africa (EMEA) region. Kawash was formerly the senior vice president for the Europe, Africa, Russia and Caspian (EARC) region, which

FACTBOX

\$15bn backlog

McDermott has a very solid and diverse backlog of approximately \$15bn.

has been combined with the Middle East and North Africa (MENA) region, creating the combined EMEA region.

Asked about the key objectives and challenges in front of him immediately, Kawash says: "The first challenge was to build a joint leadership team for the EMEA region, which we have already done. We are now operating as a single area and not as two separate areas. The other challenge is to adapt to the new and changing market. 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. I am also looking at the market as a

whole, at our resources, and whether we need to consider relocating certain resources to those markets that are more active, and how we will be investing in the short to medium term."

Strategy behind the combination

Many of the company's customers and partners operate from the EMEA region. When McDermott considers the onshore side of its business, which is a big part of its portfolio, it allows the company to provide a single interface and point of contact for customers across the EMEA region. The reorganisation brings together under a single management structure all the resources and assets necessary to deliver projects across the region.

For example, the company's onshore centres of excellence, which are located in Europe, will provide technical expertise and project delivery know-how into the Middle East market more seamlessly in combination, where necessary, with



Tareq Kawash meeting with his EMEA leadership team.

McDermott's regional fabrication assets as part of an integrated project delivery solution for the customers. Another reason is to protect and focus the company's core MENA offshore business, as the industry responds to the oil shock and Covid-19 challenges.

"We are also looking to drive cost efficiency through a consolidated region to prepare us for a more competitive, cyclical business. And lastly, it provides enhanced opportunities for our employees, providing them with more opportunities for career development with a greater possibility for mobility across the region. So, there are benefits to our customers as well as to our employees," explains Kawash.

Operations in the Covid-19 scenario

"We are still in the Covid-19 environment. Obviously, it has had a negative impact globally on businesses. Within McDermott, we have been very proactive in trying to get ahead of it. We have implemented many educational campaigns on how to handle and mitigate Covid risks at our project sites, our fabrication shops and our offices to meet the local government requirements as well as our internal health and safety requirements," Kawash details.

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

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a tribute to the resilience of our project teams and workforce that we have kept projects going, which is key to our operations. Many of our customers have complimented us on our efforts made to keep the projects going ahead despite the challenging conditions."

"Covid had not only a negative impact on our day-to-day mobility, but also had a massive impact on our markets. We recently emerged from financial restructuring with a very strong balance sheet. 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," comments Kawash.

The company's backlog spans the offshore upstream, onshore midstream, LNG, and downstream on the refining and petrochemicals segment. According to

McDermott, the company is well-positioned for the market post-Covid-19 and its ability as an organisation to operate in diverse geographic markets globally, offering a wide range of project services to the upstream and downstream sectors of the industry and creating a degree of resilience against such disruptive external factors as witnessed with Covid.

The future plans

"McDermott EMEA has the full offering of the McDermott product lines portfolio. We will start with shallow water business, which is the core of our business in the region. We have a robust backlog and will continue to consolidate and grow our position with key customers in the region leveraging our proven track record, network of local project offices, fabrication facilities and our marine assets deployed into the region," Kawash asserts.



Tareq Kawash is joined by some of his leadership team in McDermott's Jebel Ali fabrication yard.

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"We also plan to expand our onshore footprint in the Middle East as we have had many successes in the past in the region. We are now finishing a major petrochemical project for Liwa Plastics Industry Complex in Oman and for Kuwait National Petroleum Company, and we are wrapping up a clean fuels project. We are actively positioning for the next wave of major onshore projects and are optimistic that an improving outlook for product pricing through 2021 will allow several of

these projects to reach financial sanction. We are also looking to expand our footprint in sub-Saharan Africa where we are in joint venture delivering the first LNG liquefaction facility in East Africa."

McDermott is looking for more opportunities in sub-Saharan Africa on the onshore side. The last area which the company is focussing on is on deep water West Africa, which is enabled by the Amazon, a deep water vessel recently upgraded and will shortly be deployed to an offshore project

in Senegal and Mauritania. There is tremendous potential for the Amazon in other the deep water markets such as Ghana, Senegal and Nigeria, for example.

An accomplished career

"If you look at a career of 30 years, it is a pretty long time, but what I have done throughout my career is build strong teams. I am proud to say that I have a formidable leadership team in the EMEA region, many of whom I have worked with for years. I was able to select a very talented team for the region and I know that success comes with strong teamwork," opines Kawash.

"I have undertaken many international project assignments in locations including Houston, New Jersey, Athens, Seoul, Bahrain, Saudi Arabia, Abu Dhabi, and most recently in London. I have eagerly accepted many challenging assignments, which built a fantastic experience base for me that helps inform daily decisions in my current role. More importantly, I met many people who are now friends as well as colleagues."



From a project perspective, one of the projects Tareq Kawash is most proud of is the Liwa Plastics Project in Oman.

From a project perspective, one of the projects Kawash is most proud of is Liwa Plastics Project in Oman. He was involved from the very outset of the project in the company's selection for the key technology licences across the facility, the award of the FEED for the entire integrated project from the gas field to the petrochemical complex and then for the selection as the EPC contractor to build the ethylene plant.

Having then taken operational responsibility for the delivery of the project, Kawash can proudly report that this flagship project, for both Oman and McDermott, will start up later this year having been constructed by McDermott's joint venture without a single lost-time injury to date in over 73 million hours worked, which is a fantastic accomplishment for all involved.

The industry experience

"A lot of my experience has been on the downstream side, one of my early assignments was with our technology group, which we recently divested. Spending a year in our technology group allowed me to get to know the process and licensing side of the downstream sector," Kawash remarks.

"I also worked on three large downstream projects from start to finish over a 10-year period. While I was there, I was able to experience multiple technologies all the way

to EPC and start-up. Through that experience, I built strong relations with companies like SABIC, OQ, and some of the private petrochemical companies as well as construction contractors and suppliers."

There has been massive expansion in the downstream sector in the Middle East region. According to Kawash, there is a recognition especially by the national oil companies (NOCs) like Saudi Aramco, OQ, Kuwait Petroleum and others that the downstream side, especially the petrochemical side, is a big revenue generator. There is a big change and switch in the way they have adapted to in this new market.

These big NOCs, which were initially focused on oil production and refining, are heavily investing in the petrochemical sector, which has been happening for many years now. They have built up a very strong talent base in those companies. They are making wise investment decisions, and through the competitive feedstock, they offer cost-competitive products in the market.

The next step that has been publicly announced by a number of companies is to get into more specialty chemicals, beyond the basic chemicals, as seen now in Saudi Arabia and neighbouring countries.

Sale of Lummus Technology

The technology company operating under the ownership McDermott was recently

divested, and now is under the joint ownership of Haldia Petrochemical, a flagship company of The Chatterjee Group and Rhone Capital.

"We believe this transaction presents the best path forward for both McDermott and Lummus Technology and brings out the value of Lummus Technology. We have a strategic agreement in place between McDermott and Lummus Technology that preserves our access to the EPC opportunities," states Kawash.

"What that means is we can still offer our clients the full technology led EPC solutions. Our onshore business, especially downstream business, is very much linked to this strategic agreement, which is supported by the new owners of Lummus Technology."

The restructuring process

"We just came out of the restructuring process, which was completed swiftly with the support of our stakeholders. The McDermott leadership team worked diligently with our clients and suppliers, who were incredibly supportive to complete it without disruption to our projects, which was critical to us as well as to our clients. We now have a strong balance sheet and a strong backlog, ready for all the opportunities the future holds," Kawash concludes. [ENR](#)