

>> SPECIAL FEATURE 1

# TURNING OVERSEAS ENGINEERING COMPANIES INTO PROFIT CENTERS

In tandem with the recent increase in global resource and energy demands, as well as the increasing sophistication of the industrial structures of emerging nations, capital investments have been made in various kinds of industrial plants in a number of regions around the world.

Going forward, while cooperating with JGC's head office, the Group's overseas manufacturing bases aim to become profit centers based on the autonomous expansion of each company in line with the industrial needs of their respective regions.





Inauguration ceremony of JGC Gulf International, Saudi Arabia

As a pioneer Japanese engineering company, JGC has contributed to the development of the oil refining and petrochemical industries in Japan, and from the 1960s onward, it has expanded the range of its activities to overseas markets and carried out plant construction in various regions of the world. Starting with the establishment of a subsidiary to execute a project in Indonesia in 1974, JGC now has a network of 18 overseas bases around the world.

Some of JGC's overseas bases, such as JGC SINGAPORE PTE LTD and UK-based M.W. Kellogg Limited, are already autonomously operated bases that are firmly entrenched in their regional markets, but most have held the position of cost centers aimed at reinforcing and supporting the engineering, procurement and construction (EPC) functions of JGC's headquarters.

Through the execution of overseas projects over many years, JGC keenly feels that all countries engaged in plant construction have a desire to develop their own engineering industries. In emerging nations as well, there has been an increase in personnel with high skill levels, and basic industries that support those countries, such as manufacturing and construction, are now developing. Accordingly, engineering industries have begun to be created in these countries as well. With the objective of maximizing order volume across the entire Group, JGC aims to turn its overseas bases into profit centers while capturing the vitality of these emerging nations. By working closely with clients in regional areas, each base will be able to provide a more flexible and detailed response to their needs in the case of small and medium-sized projects and operations and maintenance (O&M) services, for which JGC's head office previously found it difficult to bid.

In addition, JGC's head office will strengthen its support system to enable each base to execute entire projects. It will support the fostering of engineers with the "JGC mindset," typified by sincerity, earnestness, and the ability to fulfill promises, for which JGC has been commended by its overseas clients, in particular, as well as the technological capabilities that each base will require.

Saudi Arabia is the world's largest source of petroleum and the location where the world's energy investment is concentrated. Over many years, JGC has continuously handled the construction of many plants in that country and established JGC Gulf International Ltd., a new engineering company. JGC Gulf International will immediately be in charge of part of the operations as a member of the JGC Group in the Manifa Central Processing Facilities Project that JGC was commissioned to undertake by Saudi Aramco in July 2008. As an overseas base with the JGC mindset, JGC Gulf International will contribute to the industrial diversification of Saudi Arabia and, at the same time, actively promote and support business investment by Japanese companies in Saudi Arabia. In the future, JGC will expand its field of activities to all the Gulf countries.

JGC aims to create profit centers in other regions as well. PT. JGC INDONESIA, a JGC subsidiary in Indonesia, which is the largest producer of petroleum and natural gas in Southeast Asia, has been involved in small and medium-scale oil refining and petrochemical projects in that country for some time. Going forward, it intends to further enhance its degree of independence and precisely meet domestic needs to expand the petroleum industry.

While continuing to support the engineering functions of the JGC Group, JGC PHILIPPINES, INC., which is based in the Philippines, aims to win orders for small and medium-sized projects and O&M business in that country in conjunction with Technoserve Construction Company, Inc., a locally-based JGC-affiliated construction business.

In Pakistan, JGC-DESCON ENGINEERING (PRIVATE) LTD. will also seek to establish itself as a profit center based on a long-term perspective.

Meanwhile, in Algeria, the largest producer of natural gas in Africa, JGC has merged two existing local bases into JGC Algeria S.p.A. By leveraging its knowledge and expertise cultivated over many years, it aims to win orders for projects in the petroleum and natural gas sectors as well as in electric power generation.



Signing ceremony for the Manifa Central Processing Facilities Project