The JV (Joint Venture) between POSCO E&C and Public Investment Fund (PIF) provides major construction businesses such as railway, architecture and plant invested by PIF, Saudi Arabian government and the others. Both parties expect to create a synergy effect under the mutual Win-Win Cooperation in Middle Eastern Market.
On 15th June, POSCO E&C has entered into joint venture agreement with Saudi Arabia’s sovereign Public Investment Fund (PIF) on establishment of Saudi Arabia’s state-run construction company which will provide many opportunities in Saudi’s major government construction businesses including railways, architectures and plants.

This agreement was derived from a share transfer agreement between POSCO, a mother company of POSCO E&C, and PIF for selling of its 38% common stocks of POSCO E&C worth of KRW 1.24 trillion (sale of 10,802,850 POSCO-owned shares and issuance of 5,083,694 new shares), which was made on the same day as JV agreement in a presence of representatives from each party, President Hwang, Taehyun from POSCO E&C, CEO Kwon, Oh-joon from POSCO and Secretary General Abdulrahman Almofadhi from PIF. It took about 9 months of work since PIF’s Indicative Offer in last August followed by due diligence and negotiation.

This strategic cooperation plan was expedited by the President of Korea, Park, Geun-Hye’s visit to 4 Middle East nations along with the full support of Saudi Arabian government. During her visit to Saudi Arabia, she has expressed a strong interest and provided a positive comment on the proposed business plans among the three parties and this concluded to MOU agreement between POSCO and PIF regarding the share transfer on March, Riyadh.

Saudi Arabia has been planning to further develop its manufacturing and industrial infrastructure sectors with PIF as a major agent, in order to respond to the rapidly changing energy and environment markets and has selected POSCO as its business partner in recognition of its experiences and competitiveness which has been the base of Korean economic growth.

Established under a Royal Decree, PIF invests in Saudi Arabia’s major manufacturing and infrastructure sectors. It was originally a sovereign wealth fund under Finance Department but after the government restructuring by the new crowned King, Salman bin Abdulaziz, it is now under the Council of Economic Development Affairs (CEDA), comprised of 22 ministers, directly reports to the King and takes a full charge of Saudi Arabia’s economic development.

As per the JV agreement, two directors appointed by PIF will be involved in the management of POSCO E&C and it is expected that its management transparency and efficiency of management system will be further advanced to comply with the international standards.

Furthermore, the agreement will attract PIF’s investment and is expected to bring a positive effect to POSCO E&C and its constant efforts to lower the debt ratio for the past 3 years and upgraded credit rating.

In addition, POSCO E&C and PIF are expected to build up a win-win relationship through this JV as both POSCO E&C and Saudi JV can secure profitability and stability from such projects while the Saudi JV will receive additional benefit in form of technology transfers from POSCO E&C which translates into improved capabilities within Saudi construction sector in due course.

This joint venture can be viewed as the ‘Opening of 3.0 era in Middle East Market’. The period from 1970s to 80s was called as 1.0 era with low risk and low profits as cheap labor forces are provided. 2.0 era in 1990s~2000s was the period of high risks & high profits as Korean construction companies worked solely on EPC (Engineering, Procurement and Construction) projects. Now POSCO E&C is opening 3.0 era, creating a low-risk & stable-profit construction business model through a joint venture with local companies.

On the signing ceremony, CEO Kwon quoted an old Arabic saying, “You must choose whom to travel with before embarking on a journey” and said that Korea was first known to the world by Arabians who visited Byeokrando, which was a harbor only 50km away from Songdo. He also added “Our cooperative relationship for the future couldn’t have been possible without over 1000 years of historical relationship between the two countries.”
Technological Jump-up with 6HI TCM Rolling Simulator

POSCO E&C’s continuous endeavor for better technology finally bore its fruit of 6HI TCM Rolling Simulator, after 2 years of research. In addition to heat/surface treatment facilities of the cold rolled sheet, POSCO succeeded in enhancing its own EPC capabilities of cold rolling mill, skin pass mill and hot rolling mill.

As it is very important to select the appropriate pass schedule and predict ROLL FORCE and MOTOR POWER, TORQUE. Under the condition of high speed, high-strength and high pressure, cold rolling mill is required to control the thickness with accuracy of several micrometers. With this invention, POSCO E&C has proved its ability of accurate engineering and cost-competitiveness.

Recently developed 6HI TCM rolling simulator software tool is based on the existing cold rolling theory with the collaboration of the POSCO Research Institute and the actual operation data. Repeating procedure for the correction could improve reliability of the calculated data. POSCO E&C has been developing its own brand of TCM model line with this rolling simulator. POSCO E&C’s strong capabilities of cold rolled sheet plant such as CGL, from design to construction, are now approaching to the higher standard of technology.

Opening new era of the biggest Blast Furnace in Korea

POSCO E&C has wrapped up 95-day renovation project on No. 2 Blast Furnace at Pohang Steel Works in South Korea - the third renovation for the facility, which is the biggest in Korea and the fourth-largest in the world.

It has resumed the operation of a blast furnace after refurbishment had improved its annual production capacity to 2.1 million tons from 1.7 million: Additionally, the renovated blast furnace with POSCO E&C’s efforts which adopted ‘Cyclone Gas cleaning system’ improved more than 50% of dust collection efficiency and ‘Slag Granulation Treatment System without Steam’ was installed for non-emission of water vapor.

Reduction of Revamping Period for Client’s Productivity

POSCO E&C celebrated successful completion of revamping of No. 2 Sinter Plant at Pohang Steel Works last April. The project was performed during client’s shutdown period for maintenance and the company has completed 4 days earlier than the scheduled date, which has brought an increase of the client’s opportunity benefit by minimizing a reduction of the production.

It also has contributed to make a stable supply of sintered ore to No. 2 B.F. to prevent air pollution and to manage the proper mail power. Modification was largely consisted of two sections: i) replacement of 5 main equipments, ii) establishment of new Dust Collector only for cooler.
Active Participation in International Iron & Steel Expositions as Top Ranked EPC Contractor

After the active participation in the number of steel conferences last year, POSCO E&C is now seeking more opportunities to actively deliver its core technology and know-how from the accumulated experience to the customers by its on-going presence in the global expositions.

The first participation of 2015 took place in Mumbai Exhibition Center of India from 16th to 18th April and around 180 companies including major steelmakers attended. POSCO E&C presented POSCO E&C’s previous steel works, particularly the works in India, and delivered the concept and capability of FINEX and CEM technologies with PEPCOM strategy. Numerous guests showed high interest discussing technical issues and potential projects. The presentation from the team and the professional engineers from POSCO successfully delivered the details of POSCO E&C’s steel works, FINEX and CEM technologies. About 150 visitors visited the booth per day and it has been a great opportunity to provide a better understanding about POSCO E&C and its core technologies.

Award Moolarben Coal Stage 2 Expansion Project

POSCO E&C has been awarded from Moolarben Coal Operations Pty. Ltd. for Moolarben Mine Stage Two project, which amounts to AUD 48 million approximately. The project is to expand its production from 8 million to 12 million tons per annum of Run of Mine (ROM) coal for a period of 15 months in New South Wales and potentiality create up to 120 new jobs for people within the region. Through this project, RMH (Raw Material Handling) facilities such as Primary Sizer & Apron Feeder, Overland Conveyor(2.8km), Surge Bin, etc. are newly constructed in the mine area.

The target completion date is the third quarter of 2016 and the project has been executed based on the mutual agreement of company since July, 2015.

The representative of POSCO E&C said, "We recently signed the contract on a Lump Sum Turn Key (LSTK) basis and the signing ceremony was held in Australia on the 21st April, 2015. POSCO E&C understands the importance of the project to Moolarben Coal mining as well as to local community. And we commit to providing our best people working in a collaborative approach with Moolarben Coal Operations dedicated to deliver the highest standards with world-class safety and environmental standards.”

With this opportunity, POSCO E&C expects to consistently maintain an amicable relationship with Moolarben Coal Operations to look for potential chances to participate in other upcoming projects in Australia. POSCO E&C regards this project as a stepping stone for expanding new mining plant business field and is committed to put much efforts to offer a well-packaged total engineering, procurement and construction solution to the wide range of customers in the long run.

Meanwhile, if POSCO E&C accomplishes this project successfully, POSCO E&C will secure its first track record for coal handling plant in Australia. Through the successful project award, POSCO E&C expects to be a leading EPC contractor in mining plant business field in Australia.

CONTACT

Name  HO-SEONG LEE / Director
POSCO E&C Tower 1, 241 Incheon tower-dae-ro, Yeonsu-Gu, Incheon, 406-732, Korea
E-mail  lhs@poscoenc.com
Phone  82 32 748 2365