

## **Business Snippets**

### **Economic City to attract \$53bn investment**

TradeArabia .com the webservice provided by Al Hilal Publishing and Marketing Group published news in October that the King Abdullah Economic City (KAEC) in Rabigh, about 200 km north of Jeddah, is expected to attract investments totaling SR200 billion (\$53.3 billion), following the decision to increase the size of the project's area.

When the project was launched last year, it was expected to draw an investment of SR100 billion.

Custodian of the Two Holy Mosques King Abdullah has agreed to increase the city's area from 55 to 168 million sq. m. Economic analysts said this decision to increase KAEC's area by three times would double the investments.

As a result, the company is likely to hike its capital from SR8.5 billion to SR16 billion, said the report. Meanwhile, Mohamed Ali Alabbar, Chairman of Emaar Economic City Company, said an international airport will be built at Rabigh to serve the city and nearby areas.

For more information see the article on Page 18.

### **New Country Manager for UPS**

EIRAD Trading & Contracting Co. Ltd., the authorized service contractor for UPS in Saudi Arabia, has announced the appointment of James O'Gara as its new country manager to better serve its growing list of commercial and individual customers as it continues to expand its operations in the Kingdom, following the announcement late last year that Saudi Arabia would soon become a World Trade Organisation (WTO) member.

Saudi Arabia, the core of the Middle East economy, is widely seen by industry sources as a major growth market for distribution services, one of the most hotly-contested segments in Saudi Arabia's WTO accession agreement.

"EIRAD/UPS is the Kingdom's leading package delivery company and one of the country's few premier supply chain services providers," said Dr. Mamdouh F. Ghazzawi, EIRAD's Managing Director.

He added: "By taking onboard management consultants like James O'Gara, with his extensive international experience, as our new country manager, we are able to offer the Kingdom's booming economy with the very best in sophisticated synchronized commerce solutions. WTO entry will enable the Kingdom's already strong economy to flourish, and we expect synchronized commerce to be at the heart of that economic surge."

### **Good response to Alhokair IPO**

Fawaz Abdulaziz Alhokair & Company have announced that it has received very strong response to its IPO which opened on October 7.

A total of SR429.833 million has been collected within the first three days of the IPO, said Dr Abdulmajeed Alhokair, Chief Executive Officer.

Ioannis Karapatakis, Managing Director, Global Investment Banking Advisory of HSBC Saudi Arabia Limited, said: "The phenomenal response to Fawaz Abdulaziz Alhokair & Company IPO proves that companies with sound fundamentals will continue to enjoy the confidence of investors. Potential investors clearly see the value in being part of a growth story. "Investors seem to appreciate the fact that the IPO is priced at 14.6 times price to earnings ratio (based on 31 March 2006 results) compared to the market, which is trading around 23 times. Although this suggest that the IPO is priced at a discount, the company continues to grow its business by expanding its retail store network throughout the Kingdom and translating this into revenue and cash."

For the fiscal year ended March 2006, F. A. Alhokair & Company had sales of SR1.3 billion.

James O'Gara brings more than 10 years of experience with UPS to the Saudi market, having served in various operational and management positions in UPS U.K., one of the largest UPS Districts in the world. Jim has extensive operations and logistics knowledge and will use this experience to full effect to increase the UPS network and market share coverage in the Kingdom.

"Saudi Arabia is growing at an exponential rate, and EIRAD/UPS is ideally positioned to service its needs. But the challenge for me will be to make certain that our service levels continue to climb and that we work closely with our Saudi National employees to make certain that their skills continue to develop in parallel with our increase in market share," said Jim.

"WTO entry will present Saudi businesses with increased competition in the services space, but it will also enable us to show the world how competitive we can be as well. Service and distribution is one area where Saudi businesses really excel, and EIRAD/UPS is no exception," O'Gara concluded.

EIRAD Trading and contracting Co. Ltd. Authorized Service contractor for UPS was recently awarded "Best Courier Company of the Year" in Saudi Arabia for 2005.

*Read an interview with James overleaf - Ed*