

Nuqul Goes For Growth

Not content with its already strong position in Jordan and the wider region, the Nuqul Group is undertaking an ambitious expansion plan which aims to take the multifaceted company to the next level.

NUQUL GOES FOR GROWTH

BY ELISA ODDONE

Ghassan Nuqul made a pledge to himself: make a difference in family, business, and country. As Vice Chairman of Jordan's Nuqul Group, a conglomerate of some 30 companies established by his father more than 60 years ago, he has achieved those goals.

What began as a family business has become one of the region's leading paper manufacturers, with exports reaching 40 countries and investments that span various social projects. Now Nuqul is determined to make an even larger difference.

He said his group is preparing to undertake an "aggressive" expansion



drive into the MENA region to further boost the group's growth and cement its leading position.

With plans underway to sell off

around 25 percent of Nuqul Group's Fine Hygienic Holdings, one of the region's largest tissue and paper products manufacturers, the group could rake in some \$200 million to fulfill its bid.

"We have major plans to expand in the region ... So we decided to invite a potential financial investor to inject capital and take between 24 and 26 percent of Fine Hygienic Holding to finance this ambitious growth plan," Nuqul said from his group's headquarters that sits in the shadow of the Abdoun Bridge.

Hinting at concrete movements, he declined to confirm details of



potential buyers. "Until now, we are talking to different parties," he said. "We haven't signed any agreement yet but things are moving well."

However, Reuters reported that US-based private equity firm KKR & Co, Dubai-based Fajr Capital, and shopping mall developer Majid Al Futtaim had all shown interest in buying the stake.

DECADE-LONG STRATEGY

The move is part of a 10-year business plan the group launched last summer. Injecting cash into the business from the sale of the Fine stake would considerably accelerate the company's expansion strategy, which also includes a plan for an IPO which could take place within three to five years. "I would like to get someone on our board to give us new and challenging ideas. A top notch partner could make a big difference," Nuqul explained.

Transforming challenges into opportunities seems to be in the family's DNA. Nuqul's father, Elia Nuqul, established his first business after entering Jordan as a refugee following the 1948 Arab-Israeli war.

Elia Nuqul, who still serves as the group's chairman, initially established a small food trading company before launching Fine Hygienic which, after a bumpy start, saw its operations prospering over the years.

"As a Palestinian refugee, he arrived in Jordan with nothing, but determination, dedication, and a great clarity of vision. I was proud to contribute to his work, build on his achievements, and continue his journey," Nuqul said.

Nuqul joined his father's firm in 1985. He was 22. Back then the group had five companies. A decade later, they were 26.

Over this time, barriers that had helped local businesses flourish in Jordan began being lifted as the country inked international free trade agreements in the late 1990s. This dealt a major blow to a large number of Jordanian firms that mostly relied on those policies for

their existence.

"The removal of these measures posed a challenge for the industry. We had to re-adjust," Nuqul said.

Fine's plants were built outside Jordan shortly after its establishment. Problems regulating business visas and export permits used to change at rulers' whims back in the early days, Nuqul recounted, thus causing delays, losses, and unfulfilled entrepreneurs' plans. But the move proved to be rewarding in the long-term.

"Since we were operating in different markets, our business was not largely dependent on these policies, so we have swiftly overcome the problem," Nuqul said.

"Protection policies are good only until a business can stand on its own feet but, if they last for longer, may become a liability leading a firm to completely rely on them for its operations rather than improving its efficiency, competitiveness, and equipment," he added.

Egypt, Jordan, and Morocco. We could not manage all businesses at the same time. We started investing in top people, offering international salary scales, profit sharing, empowering them and new IT platforms."

The change has fuelled the group's growth making Fine Hygienic the second largest company in the sector in the Middle East, while Promise Holding, Nuqul's investment group, spans interests in the automotive, banking, insurances, and real estate sectors.

Despite successful examples like the Nuqul Group, several Jordanian sectors have suffered a general downturn amid the soaring running costs in recent months, leading people to question whether it is still profitable to run a business in the Kingdom.

Jordanian companies have seen operational costs skyrocket in the past few years due to the disruption of the Egyptian gas flow, which previously generated 80 percent of

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A NECESSARY SPLIT

But a few years on, the group's expansion reached a point where the entrepreneurship of the father and son could no longer cope with the daily drill of running a company with thousands of employees and operations spread across multiple international markets and sectors. In 2004 they decided to separate management from ownership.

"We realized that my father and I have become some sort of a bottleneck. We had new plants under construction in Yemen, Dubai,

the county's electricity, and ever more increasing labor costs.

Nuqul doesn't see high running costs as a problem in itself, but if the high costs don't lead a company to seize huge profits, then the game might not be worth the candle. But he maintains a positive outlook. "Energy is a major challenge as well as water and politics around us ... but if Jordan solves its energy issues, also in light of the stability it enjoys, miracles can be done," he said.

Nuqul also believes Jordan

could improve its performance if it seriously embarks on economic and educational reforms. Laws should be investment friendly and stable, while the judicial procedures need to be faster, Nuqul said.

But he believes the country also needs investments in the humanitarian sector, and any successful business should entail social responsibility.

With this in mind, Nuqul invested in the poverty-stricken, northern

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Jordanian village of al Koura, giving the community tools to establish businesses of their own.

The group established a legal clinic in the village to help people understand their rights in civic legal issues, such as divorce and inheritance. They also supported the establishment of chemical-free farming infrastructure, creating a sustainable business now capable of distributing its products throughout Jordan. "We need to give back to our community," he said. "Don't give people the money but give them the tools."

Time will tell if Nuqul Group's ambitious 10-year expansion plan proves successful. But there's no denying the company has got off to a confident start. v