

Moving Ahead On All Fronts

An Interview with Khalil Sholy,
President and Managing Director, United Development Company



Khalil Sholy



The Pearl Qatar master plan

EDITORS' NOTE Khalil Sholy has been the Managing Director of United Development Company (UDC) since its inception. He led and directed the establishment of UDC in 1999, as a Qatari Public Shareholding Company, and was appointed by the board as its Managing Director and later as President in charge of the initial organization and business development activities of the company. He ensured the successful investment and financing of major innovative projects, such as the multibillion-dollar The Pearl-Qatar Island Project (TPQ) and the greenfield establishment of subsidiaries, including the Middle East Dredging Company (MEDCO), Qatar District Cooling Company (QC), Ronautica Middle East, and several other successful partnerships.

Sholy graduated with a degree in Structural Engineering from University of Evansville, Indiana. He established the Construction Development Company (CDC) in 1982 and developed it into one of the top companies in Qatar, credited with the construction of several famous landmarks such as the Four Seasons Hotel Complex, which includes the Qatar Telecom (Q-Tel) Tower and two residential towers with all facilities in addition to the hotel. Currently, CDC is building more than 10 residential, commercial, and resorts towers, including the St. Regis Hotel Complex, and has more than 6,000 employees of several nationalities.

In addition to the construction field, CDC owns a modern carpentry operation, conducts workshops, provides travel services, and is

involved in other activities such as project development, oil and gas services, consultancy, and materials management, and also has associations with international companies and manufacturers. Sholy is actively involved in investments and project development in the real estate, banking, and retail sectors in Qatar, the UAE, Lebanon, and is expanding into other countries.

Sholy also holds the following posts: Managing Director of CDC; Director of MEDCO; Deputy Managing Director of QC; Chairman of Ronautica Middle East and of Projects Development Company in Lebanon; and Director of Credit Bank SAL Lebanon.

COMPANY BRIEF United Development Company (UDC) (www.udcqatar.com), one of the country's largest private sector shareholding companies, was established in 1999, and was listed on the Doha Securities Market in June 2003. It is one of Qatar's leading public shareholding companies, with an authorized share capital of QR 1.0725 billion (\$294 million), a market capitalization of \$1.039 billion, and total assets of \$2.034 billion as of 31 December 2008. UDC was established with the vision to become an international benchmark for project delivery and value creation, and the first choice partner for private sector joint ventures in Qatar, the Gulf Region, and beyond. The company targets a growing range of sectors for development, including hydrocarbons and energy, infrastructure and utilities, information technology, maritime and

environmental related businesses, urban development, property management, hospitality and leisure, fashion, and marketing services.

Having entered a joint venture with Qatar Fertilizer Company and a number of local partners in the Gulf Formaldehyde Company, a key hydrocarbon business, UDC went on to initiate a flagship project with global impact in April 2003: the development of The Pearl-Qatar, which is a 100-percent-owned, multibillion-dollar urban development project that, by 2012, will provide upscale housing for more than 41,000 people on a meticulously designed, award-winning four million square meter reclaimed island. It is the first urban development in the State of Qatar to allow international freehold ownership.

UDC has established further joint ventures in district cooling (Qatar Cool, with the UAE's Tabreed); dredging, reclamation, and marine logistics (MEDCO, with the State of Qatar and Belgium's Dredging, Environmental & Marine Engineering NV); and concrete production (United Ready-Mix, with BESIX/Six Construct of Belgium). In 2004, UDC partnered with Qatar Petroleum in SEEF Ltd., a petrochemical joint venture for the production of linear alkyl benzene, a detergent precursor. In addition, UDC has established enterprises in marina development and management (Ronautica Middle East, with Spain's Ronautica SA); hospitality (the fully-owned Hospitality Development Company); fashion and retail (the fully-owned United Fashion Company); and property management (fully-



Porto Arabia will be the site of the first residential community on The Pearl-Qatar in summer 2009 (above); Some of the architecture of Porto Arabia (top right); Placido Domingo performs the inaugural concert on The Pearl-Qatar (bottom right)

owned Medina Centrale and Abraj Quartier, and, with UAE's ASTECO, ASTECO Qatar). A marketing services business, an information technology company, and a comprehensive urban facilities management company, including a cashless payment and security card system, are presently in development.

What effect will the global economic crisis have on your business?

Perhaps the best way of viewing this is to let facts speak for themselves. This past year saw businesses around the world firefighting one crisis after another, any of which could have consumed their entire enterprise. For us, it was a year that saw revenues increase by 18 percent to QR 2.1 billion, net profit double to QR 687 million, and earnings per share shoot up by 72 percent to QR 5.44. We confidently expect to continue this performance in 2009.

There are many reasons why UDC is – and will remain – successful. First and foremost, the business environment in Qatar from where we operate is wholly supportive of companies for whom progress and professionalism are bywords. This leadership doesn't recommend such qualities; it insists on them.

The value of the state's underlying support in all respects is vast. Even so, it is a beginning, not an end. Of the many other reasons that justify our confidence in the future, four stand out: the quality of our international partners; a strategy of integrating the activities of the various strands of our business so the whole can leverage the parts; a policy of using the expertise and experience for opportunities outside Qatar

as well as at home; and, last but not least, the talent and hard work of our staff.

There is a trend internationally for really big companies to hive off subsidiaries and return to core business, but you are moving in the opposite direction. Why?

It is important to understand how we view the relationship among all our subsidiaries. On the surface, there appears to be zero connection between producing cement and marketing luxury fashion brands, or between district cooling systems and luxury yachts. This whole question hinges on anyone's definition of core business. We are in the business of adding value all along the chain, to the overall economy of Qatar and, increasingly, further afield. We created the 4 million square meters that The Pearl-Qatar occupies by reclaiming an entire island through a joint venture with one of the world's most experienced dredging companies. From there, we have added expertise all the way through to providing the end consumer with a finished product or service via construction, infrastructure and utilities, hospitality, fashion, marinas, and more.

Our core business has no blinkers and, more and more, it has no boundaries. MEDCO, our dredging joint venture, now has contracts in Abu Dhabi, Dubai, and Ras al Khaimah, as well as being a major shareholder and designer in the Bahrain-Qatar causeway, expected to be the largest of its kind in the world. We are using the expertise we have gained to expand first through the region and then through the world. UDC can supply whole projects on the scale of The Pearl-Qatar or it can carry out many individual parts of the process.

Are you confident for the future?

Absolutely, and we are moving ahead as planned on all fronts. Whenever there are crises, there are also opportunities, and we at UDC are currently looking at a few. In any case, solutions are far more interesting than problems, and we are ready, willing, and able to seize any interesting opportunities.

At home, Qatar has a strong, vibrant economy and is blessed with vast energy reserves. It is now also fast becoming one of the region's leading financial centers, as well as excelling in sports training, science, education, and medical treatment and research. The vision of the Emir is to make Qatar a destination of choice for business, education, tourism, or just exploration. These factors, coupled with the high caliber professionals that are attracted to work in or visit Qatar – whether in education, medical facilities, or financial institutions – add to the demand for a development such as The Pearl-Qatar, which supports the highest quality of life.

What do you anticipate for your 2009 results?

We announced, at our last board meeting, the distribution of cash dividends of 35 percent of the share capital. This is an indication of a positive forecast as well as a good performance last year. We expect 2009 to be as good as 2008. In fact, we have in the past few months established several new subsidiaries in various areas, including IT, marketing, and communications services. We are talking with people about other projects and, as ever, we are always on the lookout. We believe in our vision and our management, and we are confident about moving into new related areas. ●