

Murad Al-Katib,
President and CEO,
Alliance Grain Traders



FROM PRODUCER TO THE WORLD

by Penny Eaton

ALLIANCE GRAIN
TRADERS/SASKCAN
PULSE TRADING

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“2008 was the biggest year in our history...so far,” says Murad Al-Katib, president and CEO of Alliance Grain Traders. The company processes and supplies quality lentils, peas and chickpeas to more than 85 countries worldwide.

The last two years have definitely been big for Alliance. Since the fall of 2007, the company has acquired three pulse processing plants in Saskatchewan, one in Australia and one in the U.S., adding to the plant that was already running in Regina. “We had four brand new plants come onstream in 2008,” says Al-Katib. “The capacity of our company went up by 60 per cent.” In June 2009, Alliance completed a \$104-million deal to acquire the Arbel Group, the largest exporter of pulses in Turkey. This latest acquisition cements Alliance’s place as the largest lentil exporter in the world.

Al-Katib is enthusiastic about expanding beyond Canada’s borders. “It allows us to make sounder business decisions here in Canada,” he says. “These operations used to be in competing markets – now they’re part of our company. We’re able to capitalize on our global presence.”

Most people in the business community associate Murad Al-Katib with the name Saskcan Pulse Processing, which is a fully owned subsidiary of Alliance in Canada. The other facilities also operate as subsidiaries: United Pulse Trading in North Dakota, Australia Milling Group in Victoria, Australia, and Arbel Group in Mersin, Turkey. “When we completed the acquisitions, we wanted to rebrand everything under the ‘Alliance’ name, but the world wouldn’t let us,” Al-Katib explains. “The ‘Saskcan’ name is too well-known.”

Revenues rose to \$329 million compared to \$79 million in the previous year, despite the global economic recession that hit last fall. While the slowing economy has affected the company, it has been very manageable

because pulses are a fundamental part of the diet of millions of people around the world. “Our business is really a protein business,” Al-Katib says. “People aren’t really able to sacrifice protein from their diets, so the global recession has had less of an impact in our industry. In fact, overall consumption of staple items, such as pulses, rice and pasta, has actually increased during the financial crisis.”

Is Al-Katib concerned about a shift away from pulse consumption as the economy starts to improve? “Not at all. The beauty of our product is that pulses are ingrained in the consumption patterns of our traditional markets. Pulses are part of the diet.” Even better, he says, is that we are seeing a dramatic shift in consumption patterns in non-traditional markets like Europe and North America. “Pulses are becoming more familiar as food products here. You see hummus in grocery stores all over Saskatchewan, both rural and urban,” Al-Katib points out. “Our lentils are being used in making pasta, and it’s not long before breakfast cereals will contain pea or chickpea flour.”

As well, there are up to 90 million people of Hispanic background in the U.S. alone. This demographic includes beans as an important part of the traditional diet. “There are going to be increasing opportunities for companies like ours,” Al-Katib states.

With this in mind, Alliance has become involved in the commercialization of new bean varieties that are being developed at the University of Saskatchewan. Alliance will plant newly developed breeder seed from Saskatchewan Pulse Growers’ variety release program and grow more seed that will be available to growers within the next few years. “It’s a new venture for us,” Al-Katib says. “But we have the market knowledge to help develop this new product area.”

2008 was Alliance’s first year as a publicly traded company and there seems to be no limits in sight for the pulse company. A new

13,000-square-foot head office was recently completed in Regina, where about 50 staff work. In total, Alliance employs 380 staff; 200 of which are in Saskatchewan. As the company has grown, Al-Katib has been asked with increasing frequency when he will be moving his head office to a larger centre. He says it will not be anytime soon.

“Regina is the best place in the world for our business,” he says. “For one thing, we’re in the heart of Canada’s largest production area for pulse crops. For another, I can be anywhere in the world I need to be from here.”

Saskatchewan is definitely coming into its own. “I’ve seen a dramatic change in opinions of our province in the last 10 years,” says Al-Katib. “Now, when you talk Saskatchewan, the financial community is starting to respond. This is incredibly rewarding.”

Al-Katib, who grew up as the son of the mayor and doctor in Davidson, SK, has always been encouraged to be a leader in his community. After finishing university, Al-Katib moved to the United States to work. “I never planned to come back,” he remembers. “But there’s a lifestyle here that you don’t see anywhere else. And we’ve got a competitive environment and tax structure that is working for business now. We’re doing some great things.”

The future continues to look bright for Alliance Grain. “Canada is really driving the world pulse markets in terms of production and export capacity. Production is shifting out of traditional areas,” Al-Katib says.

“The opportunity is wide open to continue expansion. Our next step is spread our wings on all our pulse products,” he says, hoping to replicate the success they have seen in lentils with chickpeas, peas and beans. “We’re going to be a multi-billion corporation headquartered in Saskatchewan. It’s a long way from my basement back in 2001. I’m having more fun today than ever before.” ♦