

Sri Lanka freight firm builds logistics network across Africa

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Jan 16, 2007 (LBO) – A Sri Lankan firm, which has built a freight forwarding network spanning eight coastal African nations plans to rapidly expand further into the African hinterland this year.

Expolanka Holdings of Sri Lanka already has offices in Kenya, Tanzania, Uganda, Ghana, Madagascar, Mauritius, Rwanda and South Africa.

"This year we want to go to Burundi, Sudan, Congo, Zambia." says Expolanka President Hanif Yusoof told LBO.

"I have shipments moving from Congo to Dar-es-Salaam port. I need to cover the entire line, so that across the borders our presence is there."

Expolanka which started as a fruit and vegetables exporter when Sri Lanka's economy was liberalized 1978, now has interests in freight forwarding, manufacturing, business process outsourcing and aviation.

The family-owned company which has kept a low profile until now says it has 40 offices in 16 countries, spanning the Indian subcontinent, Middle East and Africa.

Its overseas expansion started with Bangladesh when it followed Sri Lankan apparel manufacturers into the country in 1993.

Freight forwarding has now become its flagship business, bringing in more than 60 percent of revenues.

Last year 7 billion out of Expolanka's 11 billion rupee revenues came from freight operations.

Yusoof says the International Air Transport Association (IATA) has named it the top freight forwarder in Sri Lanka with a 20 percent market share.

In Bangladesh its freight forwarding venture has also moved into pole position. Expo also has offices in India and Pakistan.

Its forays into Africa started with Kenya.

"When I finished with the Indian subcontinent I thought I should go into the next level of developing countries," says Yusoof.

"I do not really have a vision of moving into developed countries and starting business. I found Africa with vast resources, and I thought there must be a logistics requirement there, where the garment factories from Sri Lanka have already opened bases there."

Yusoof found a ready market among export manufacturing firms that wanted fast reliable logistics to meet tight deadlines in Europe and United States.

When the apparel industry in Kenya hit a rough spot, Expo soon branched into perishables such as flowers.

Yusoof says growth in Africa is very high, with the newer markets with a low base growing by 100 to 200 percent a year. Expanding trade between Africa and China is boosting business.

Expolanka has learnt to handle the uncertainties of the continent. As a service industry it does not have to risk a lot of capital on the ground. It can move into a country quickly once.

"In a way the whole world is unstable and risky, I do not have to put in machinery, its an office and people," says Yusoof.

"We have a dare-to-do spirit. Africa was quite challenging and an uncharted frontier for many people. Lot of people are worried about all the stories about Africa's problems. Every country has its problems. But every country has its opportunities. And Africa certainly has vast opportunities."

It's offices are now run by native Africans, with only two senior Sri Lanka regional managers overseeing East and South Africa.

Last year Expolanka kicked off a process of transforming what was previously a clutch of disparate family owned firms into a modern corporate, creating a holding company structure.

It is readying itself to bringing in outside investment in the future if needed, possibly through a public listing.

In the next two years, Yusoof says revenues are expected to grow by 70 to 80 percent, with most of the growth coming from outside Sri Lanka.

"Our Sri Lankan business is still growing. Despite the problems, even garments exports are growing and we see our business also progressing," says Hanif.

"But we have to spread our wings outside Sri Lanka to grow."