

2011 08 08

Saadé dispels doubts over CMA CGM's future

▪ By Janet Porter



Jacques Saadé is back doing the job he loves, with no plans to relinquish control in the foreseeable future of the shipping empire he has built up over the past three decades.

Asked about possible retirement thoughts now that CMA CGM's recent problems appear to be resolved, Mr Saadé's reply is emphatic and unambiguous.

"No, never," he responds without a moment's hesitation.

Just as neither Mediterranean Shipping Co boss Gianluigi Aponte, now in his early 70s, nor Evergreen Marine group chairman Chang Yung-fa who is decade older, have any intention of easing up, and 98-year-old Maersk Mc-Kinney Moller continues to come into the office on most days, so Mr Saadé remains equally passionate about his business and still gets a buzz from the world of shipping.

"It's very exciting, there's something new every day," the 74-year-old enthuses over lunch with Lloyd's List.

Nevertheless, that commitment and dedication has been tested to the limit over the past two or three years as the whole industry was plunged into recession after cargo volumes shrank for the first time in the history of containerisation.

CMA CGM, with one of the world's biggest orderbooks, found itself locked in tense negotiations with its bankers who frequently leaked information about the boardroom dramas, fuelling media attention on the embattled French line. During the height of the crisis, Mr Saadé stepped down from the position of chief executive for a year while remaining

chairman. Outsider Philippe Soulié was brought in by creditors to run the company, leaving Mr Saadé a possible exit route should he decide to withdraw permanently from day-to-day control.

Instead, Mr Saadé was reinstated as chief executive earlier this year, with Mr Soulié leaving the company soon after. But in reality, the CMA CGM founder was never far removed from the decision-making process, with immediate family members remaining in key positions, as did many senior executives who had helped to build up the company into the world's third largest box line.

Despite plenty of speculation that CMA CGM could be the one major casualty of the industry slump, Mr Saadé insists he never for one moment thought the business would fail or change ownership.

"No, at no time did I ever consider that we would lose the company. On the contrary, I was always fighting to develop the business. Why? Because we have trust in the company."

By we, Mr Saadé was referring to the tightknit group around him including Farid Salem, who helped to set up Compagnie Maritime d'Affrètement in 1978; his wife Naila who runs the CMA CGM Corporate Foundation; son Rodolphe who is expected to eventually take over from Mr Saadé; daughter Tanya who is in charge of corporate communications; younger son Jacques Junior who is deputy general manager in charge of real estate, fitness and events; plus other family members and a loyal workforce who escaped any lay-offs during the recession.

He remains estranged from his younger brother Johnny, who waged a long campaign against him but who lost all his legal claims for a larger share of the family fortune.

Mr Saadé downplays the reported pressure from banks during the restructuring of CMA CGM's debt that reached \$5.4bn at one stage but is now heading down, with the help of some asset disposals. The banks did not make unreasonable demands, he says.

"Frankly they were not pushing us," he claims. "We had restrictions in terms of not being able to borrow more money for new ships, but the banks did not ask us to do this, this, and this," he explains.

Looking cheerful, relaxed and in good health, Mr Saadé responds to CMA CGM's critics who claim that the company overstretched itself by pointing out that 2009 was by far the worst year in the history of the company. Losses ballooned to \$1.4bn, but then rebounded to a record \$1.6bn profit last year.

CMA CGM is known as a tough negotiator, with shipowners still recalling the time some years ago when they were summoned to a German hotel to be told in no uncertain terms that charter rates were being unilaterally cut.

The line has a reputation for keeping creditors waiting, while there are numerous business associates who have been on the receiving end of a tongue-lashing from the CMA CGM boss. He famously fell out with Claus-Peter Offen over a newbuilding contract, with the German shipowner having a CMA CGM ship arrested in order to force a resolution.

Mr Saadé also speaks his mind about three of the potential investors who expressed interest in providing a capital injection for CMA CGM, but with conditions attached that were considered totally unacceptable. "They were very unpleasant, aggressive," he recalls.

In contrast, Turkish entrepreneur Robert Yildirim, who has pumped \$500m into the company, is described by Mr Saadé as "a very nice person" who has not tried to interfere in the management of the line.

Born in Lebanon, Mr Saadé obtained a degree from the American University of Beirut and completed his studies at the London School of Economics in 1957.

In 1958 he returned to Syria to take over the family's industrial business following the death of his father. But when the family's factories were then nationalised in 1965, he moved back to Beirut to manage his shipping business and various other investments.

The Lebanese war in 1976 drove the family to France where he had expected to stay for just a few months. But 35 years later, the Saadés remain in Marseilles where the 147 m tall CMA CGM Tower is about to be officially opened.

Mr Saadé has proved on more than one occasion that he is a fighter and survivor. So little wonder he is calling the shots once more.

This article is copyright Informa and is reproduced with permission. Reproduction, retrieval, copying or transmission of this article is not permitted without the publisher's prior consent. Informa does not guarantee the accuracy of the information contained in this article nor does it accept responsibility for errors or omissions or their consequences.

This article appeared in Lloyd's List on the 08th August. For more information visit www.lloydslist.com