Company profile

Ethiopian Airlines

Our recipe for success

By Tewolde G Mariam – chief operating officer of Ethiopian Airlines

One of the major strategies of Ethiopian Airlines is to position itself as a world class African airline.

The airline constantly seeks to enhance its profitability by reinforcing network development, maximizing load factors and yields. ET envisages achieving cost leadership by undertaking business process re-engineering, maximizing its aircraft fleets' utilisation and providing quality products.

Among the major strategies of ET is the acquisition of new fleet in 2008. Ethiopian is the first African airline to place a firm order for the purchase of 10 B787 Dreamliner jet aircraft. The airline plans to lease at least two aircraft to enhance our domestic fleet.

Ethiopian Airlines takes Africa to its heart. For over 60 years, and more than any other airline, ET has been connecting Africa to the world. The airline has optimised the growth in business and tourism traffic to many African cities. ET's extensive network serves destinations from Dakar to Djibouti, from Cairo to Johannesburg, and many cities in-between. The airline has been growing in a continuous and sustainable manner and that growth is characterised by ET's pioneering use of cutting edge aviation technology.

Focusing on top quality service: Tewolde G Mariam, Ethiopian Airline's chief operating officer.

ET also enjoys an exemplary track record and reputation for the safety of its operations.

Awards

Ethiopian Airlines has received numerous awards from various international organisations and institutions for the outstanding performance and service excellence it provides its customers.

These awards have been received from financiers and Boeing, the WTO, UN, IATA, AFRAA, IOTA and TASOTA as well as the *Comité de l'Excellence Africaine*, Aviation & Allied Business and African Aviation Journal's *African Airline of the year 2006* award.

ET is a successful company principally because, from the outset, the airline adopted a policy of hiring, training, developing and maintaining a highly competent, focused and motivated workforce and management team. ET is also successful because of its strong and sustainable business model. That includes a very strong hub-and-spoke based network, with excellent connections through the Addis Ababa base which is strategically located to provide one of the most suitable gateways to connect our continent with Europe, the Middle East and Asia.

The other important feature of the ET business model is the development of in-house training capabilities for its personnel from pilots and aviation maintenance technicians to sales and service professionals. This has contributed enormously to the success of the company. As a result, Ethiopian is a self-sufficient airline equipped with all the professional skills required to run a successful, modern airline. It also has adequate maintenance, repair and overhaul service facilities and the capacity to serve its own internal requirements and provide these services to other airlines in the region.

ET's success is also due to its uncontested leadership in aviation technology throughout its 60 years of history. Moreover, ET has always been focused on serving Africa's aviation needs and has significantly contributed to the development of African aviation in particular and Africa's economies in general. This has been carried out through our principal motto 'Bringing Africa Together and Closer to the World'. We have connected all the dots with our equally important motto 'Going to Great Lengths to Please'. Ethiopian Airlines (ET) is one of the few profitable airlines in Africa. ET operates to 46 destinations throughout the world – more than any other airline in East Africa. The major activities in which the airline is engaged are passenger and cargo transportation, maintenance and engineering support (air frames/engines/components), technical and management assistance, training (pilots/technicians/marketing/finance/cabin crew and recurrent).

Currently, ET has 4,869 employees in its offices in 49 cities of the world including the hub in Addis Ababa. Focusing on top quality service, Ethiopian operates in 46 destinations in Africa, Middle East, Asia, Europe and North America.

The fleet

Ethiopian Airlines has a fleet of 48 aircraft composed of:
Jet aircraft: B737-700/200 (6); B767-300/200 (8); 757P (5) and 757F (2). Total: 23.
Other Aircraft: Trainers (12); Turbo prop (7) and Sprayer (6). Total 25.

Ethiopian Airlines has the following facilities: Maintenance, repair and engine overhaul workshops; An engine test cell accommodating components of up to 100,000lbs thrust force; ATEC 5000 testing equipment; B757/767 simulator; State of the art cargo terminal; A multi-national aviation training school that offers basic and recurrent training. ■

Company profile

Mumias Sugar Company

Mumias has a growing interest in producing ethanol from sugar cane.

Mumias Sugar Company is the largest sugar manufacturer and leading cultivator, supplying over 60% of Kenya's domestic sugar output. The company started operations in 1971 and has a total of 60,000 registered small-scale cane farmers who supply the bulk of the raw material while the company owns and manages 3,438ha in the nucleus estate.

The company generates income from the sale of its own sugar largely to the domestic market – therefore key earning drivers are domestic sugar prices and production.

The company processed 2.4m/t of cane in 2006 while sugar produced was 275,000t. The gross turnover for the year ending 30 June 2006 was KSh 14.2bn ($193.41m) while the profits before tax was KSh2.2bn ($29m).

Mumias Sugar was listed on the Nairobi Stock Exchange in 2003. It opened trading with market capitalisation of KSh3.8bn ($54.3m) and by May 2006 the company's capitalisation reached KSh32.64bn ($454m) representing a 926% rise within the three years since listing.

Recipe for our success

By Dr Evans Kidero, managing director

The company has signed an agreement for the design of a new power production unit to enable 50% exploitation of the full co-generation potential allowing export of 25MW to the national grid from the current 2MW. Projected demand for electricity in Kenya is expected to grow from 6,561GW in 2005 to 13,920GW in 2014 giving an annual growth in demand of 8.7% over the nine-year period. The project will provide Mumias with an alternative source of revenue to compliment sugar production.

In addition the company has entered into a 10 year agreement with Japan Carbon Finance Company (JFC) which will allow the company to sell its Certified Emission Reduction Credits. The agreement allows JFC to purchase CERS under the provisions of the Kyoto Protocol's Clean Development Mechanism which is designed to help developing countries achieve sustainable development through greenhouse gas-reducing projects.

Mumias Sugar is also looking at expansion through the acquisition of new green fields and existing sugar mills in order to add shareholder value. The company has entered into a joint venture with Tana River Development Authority for a bankable feasibility study for development of a sugar factory with capacity to crush 6,000t of cane a day. The venture is expected to include co-generation and ethanol production.

The company has a workforce of 2,000 employees on permanent basis and around 10,000 seasonal workers on casual basis. The workforce is core to business success and to this end the company has invested heavily in staff development in order to retain high calibre professionals with high degree of corporate business driven culture.

As part of being a responsible corporate citizen, the company is committed to a cleaner and better environment and also delivering on social and economic considerations for environmental sustainability and improved livelihoods. The company is involved in various activities including support to health, education, water, infrastructure and the environment. ■

Financial highlights for the last four years:

Year	2003	2004	2005	2006
Sales/Turnover	KSh7.629bn/$109m	KSh9.793bn/$124m	KSh10.080bn/$131m	KSh11.657bn/$162.29m
Profit/(Loss) before tax	(KSh140m/$2m)	KSh1.445bn/$18.29m	KSh2.073bn/$26m	KSh2.219bn/$30.9m
Profit/(Loss) after tax	(KSh216m/$3.08m)	KSh791m/$10.01m	KSh1.29bn/$16.78m	KSh1,527bn/$21.26m

A homogenous honeypot

Southern Africa

South African companies and their counterparts in the sub-continent are riding boom times. South African firms are not only enjoying robust growth in their home markets but also in those African countries they have ventured into.

They now stand to do even better over the border as sub-Saharan Africa embarks upon a massive infrastructure development programme that will see the spending of billions of dollars in development funds and the economic spin-off that will bring.

It is not all plain sailing, however, and a raft of problems will have to be dealt with. But the fact remains that Africa is about to start spending in a big way, and southern African companies stand to be the biggest winners.

While many international companies view doing business in Africa with apprehension, those that have focused on developing southern African markets are expanding significantly as business conditions and political environments improve and are exhibiting greater confidence in the continent's future.

Companies doing especially well are South African corporations with an appetite for expansion into SADC and Comesa states, especially those in financial services, telecommunications, manufacture, retail, mineral and fossil fuel extraction, and business and leisure hospitality.

The South African economy is expanding briskly and there's much in home markets to keep local businesspeople gainfully occupied, but many are looking northwards where new opportunity is unfolding in a changing political and economic landscape. An overvalued rand also means cheaper set-up costs in most African countries and many are striking while that iron is hot.

The more adventurous of South African big business, notably in mining and oil, ventured over the Limpopo River when the walls of apartheid came crashing down and continental Africa laid out the welcome mat.

The more conservative took a little more time and now, gauging that the time is right, are establishing themselves in primarily sub-equato-

SOUTHERN AFRICAN INCLUDING SOUTH AFRICA

	Company Name	Country	Value in Dollar terms
1	**Anglo American plc**	South Africa	71,895,184,253
2	**Bhp Billiton plc**	South Africa	45,111,699,108
3	**Anglo American Platinum Corp Ltd**	South Africa	26,341,473,570
4	**Sasol Ltd**	South Africa	24,608,971,583
5	**Sabmiller plc**	South Africa	22,742,591,957
6	**Mtn Group Ltd**	South Africa	20,055,824,289
7	**Standard Bank Group Ltd**	South Africa	17,975,293,664
8	**Firstrand Ltd**	South Africa	17,181,773,615
9	**Impala Platinum Holdings Ltd**	South Africa	13,900,068,396
10	**Old Mutual plc**	South Africa	12,997,083,688
11	**Anglogold Ashanti Ltd**	South Africa	12,410,609,170
12	**Remgro Ltd**	South Africa	12,274,912,044
13	**Absa Group Ltd**	South Africa	11,544,413,086
14	**Telkom Sa Ltd**	South Africa	11,171,271,156
15	**Gold Fields Ltd**	South Africa	9,245,549,785
16	**Liberty International plc**	South Africa	8,678,258,664
17	**Lonmin plc**	South Africa	8,254,374,568
18	**Naspers Ltd -n- Ordinary**	South Africa	7,434,294,859
19	**Nedcor Ltd**	South Africa	7,403,144,926
20	**Sanlam Ltd**	South Africa	7,178,713,426
21	**Mittal Steel South Africa Ltd**	South Africa	6,207,586,989
22	**Rmb Holdings Ltd**	South Africa	5,623,280,754
23	**Barloworld Ltd**	South Africa	5,145,881,030
24	**Imperial Holdings Ltd**	South Africa	4,832,382,245
25	**Investec plc**	South Africa	4,740,841,695
26	**Harmony Gold Mining Co Ltd**	South Africa	4,525,172,212
27	**Pretoria Portland Co Ltd**	Zimbabwe	4,443,488,810
28	**Tiger Brands Ltd**	South Africa	4,051,017,995
29	**Sappi Ltd**	South Africa	3,981,651,190
30	**Steinhoff International Holdings Ltd**	South Africa	3,973,473,762
31	**Venfin Ltd**	South Africa	3,516,771,718
32	**Liberty Group Ltd**	South Africa	3,245,612,463
33	**Network Healthcare Holdings Ltd**	South Africa	3,242,727,958
34	**Edgars Consolidated Stores Ltd**	South Africa	2,977,221,883
35	**Pretoria Portland Cement Co Ltd**	South Africa	2,955,662,306
36	**Investec Ltd**	South Africa	2,735,977,098
37	**Kumba Resources Ltd**	South Africa	2,463,574,722
38	**Woolworths Holdings Ltd**	South Africa	2,420,705,070
39	**Reunert Ltd**	South Africa	2,404,227,790
40	**Pick N Pay Stores Ltd**	South Africa	2,268,145,279
41	**Truworths International Ltd**	South Africa	2,185,570,558
42	**Discovery Holdings Ltd**	South Africa	2,030,018,230
43	**Massmart Holdings Ltd**	South Africa	1,981,996,899
44	**Shoprite Holdings Ltd**	South Africa	1,975,910,751
45	**Nampak Ltd**	South Africa	1,975,078,844
46	**Sun International Ltd**	South Africa	1,963,225,958
47	**Foschini Ltd**	South Africa	1,956,683,732
48	**African Bank Investments Ltd**	South Africa	1,934,295,664
49	**Jd Group Ltd**	South Africa	1,905,564,842
50	**Aveng Ltd**	South Africa	1,886,649,644

rial countries, although West Africa finds itself hosting greater numbers of South and southern African companies than ever before.

"The importance of Africa to South Africa is clear for all to see," says Rob Davies, deputy minister of trade and industry. "Twenty per cent of all South African exports went to Africa in 2005 and South Africa is the largest foreign direct investor in Africa."

More importantly, however, is the renewed interest and massive investment in a rejuvenated programme of infrastructure development that takes in the whole of Africa. G8 and other institutions have pledged $250bn in development aid over the next five years and as much again is available through a range of funding bodies keen to underwrite energy, transport, communications and social infrastructure.

Having the funds is one thing, having the capacity to spend it meaningfully is something else entirely.

Enter the PPPs

The major reason for Africa's stunted economic growth is in its basic infrastructure paralysis. It desperately needs more roads, railways and bridges to carry produce to local and foreign markets; it is in dire want of more electrical power to turn the machines and light the way, and increased means of conserving water for consumption and agriculture. It also needs better attention paid to infrastructure maintenance.

Governments have conceded that they cannot tackle the task alone and are increasingly turning to the private sector to bring the required skills into the equation and enhance the level of productivity.

It also has, or can quickly assimilate, the capacity needed to tackle the most complex projects. Big projects also have a higher likelihood of attracting finance if they include a meaningful private component. What all of this means is that, although many forms of public-private arrangements have been developed, they mostly boil down to the fact that the private sector raises the money, supplies the skills and management and does the work while the government supplies the environment, its security and legal and investment protection.

SOUTHERN AFRICA, Excl South Africa

	Company Name	Country	Value in Dollar terms
1	Pretoria Portland Co Ltd	Zimbabwe	4,443,488,810
2	Barclays Bank of Botswana	Botswana	893,135,561
3	First National Bank of Botswana	Botswana	884,633,155
4	Standard Chartered Bank Botswana	Botswana	747,816,358
5	Botswana Insurance Holdings Ltd	Botswana	377,844,725
6	Sechaba Breweries	Botswana	300,268,994
7	Illovo Sugar Malawi	Malawi	248,258,192
8	Delta Corporation Ltd	Zimbabwe	217,949,554
9	Zambia Sugar plc	Zambia	212,181,219
10	Innscor Africa Ltd	Zimbabwe	203,844,553
11	FNB Namibia	Namibia	203,775,180
12	Meikles Africa Ltd	Zimbabwe	201,879,510
13	Letshego	Botswana	193,492,212
14	Zambian Breweries	Zambia	181,747,134
15	Econet Wireless Holdings Ltd	Zimbabwe	149,981,141
16	Standard Chartered Bank of Zambia	Zambia	142,325,791
17	Chilanga Cement Ltd	Zambia	130,279,611
18	African Diamonds	Botswana	128,427,832
19	Engen - Botswana	Botswana	122,332,314
20	Cervejas de Mocambique	Mozambique	99,098,034
21	National Bank of Malawi	Malawi	94,523,864
22	Zambia Consolidated Copper Mines	Zambia	87,233,414
23	Namibian Breweries	Namibia	86,953,477
24	First Mutual Life Assurance Ltd	Zimbabwe	86,812,728
25	National Breweries Ltd	Zambia	82,128,126
26	BP Zambia	Zambia	81,299,931
27	Cotton Company of Zimbabwe Ltd	Zimbabwe	80,826,784
28	Hippo Valley Estates Ltd	Zimbabwe	79,691,010
29	Bindura Nickel Corporation Ltd	Zimbabwe	78,161,440
30	Rio Tinto Zimbabwe Ltd	Zimbabwe	74,281,584
31	Press Corporation Ltd	Malawi	74,020,883
32	First Merchant Bank	Malawi	69,681,258
33	Zambeef Products plc	Zambia	64,723,118
34	Trustco Group Holdings Ltd	Namibia	63,688,866
35	Gallery Gold Ltd	Botswana	59,208,758
36	African Copper	Botswana	57,942,630
37	BAT Zimbabwe Ltd	Zimbabwe	54,607,521
38	First Banking Corporation Ltd	Zimbabwe	53,331,953
39	Sefalana Holdings	Botswana	52,887,871
40	OK Zimbabwe Ltd	Zimbabwe	49,193,879
41	Furniture Mart	Botswana	48,843,490
42	Oryx Properties Ltd	Namibia	47,573,303
43	National Foods Holdings Ltd	Zimbabwe	40,340,634
44	ZSR Corporation Ltd	Zimbabwe	40,031,519
45	African Banking Corp Holdings	Botswana	38,415,365
46	Dairibord Zimbabwe Ltd	Zimbabwe	38,182,594
47	Stanbic Malawi	Malawi	36,884,961
48	Seed Company of Zimbabwe Ltd	Zimbabwe	31,588,330
49	Zimbabwe Reinsurance Co Ltd	Zimbabwe	28,790,812
50	Chemco Holdings Ltd	Zimbabwe	27,213,631

Company Profiles

Murray & Roberts (South Africa)

The start in earnest of Africa's infrastructure boom has boosted Murray & Roberts' order book by 53% to R15.4bn and given it the cash resources to buy 80% of Wade Walk, a major electrical and instrumentation engineering contractor in the SADC.

With the prestigious projects such as the Gautrain rapid rail tied up, along with the Cape Town and Polokwane 2010 soccer stadiums, the South African construction giant is also taking advantage of the projected massive increase in spending on economic infrastructure throughout the region. The group gave a strong signal of confidence in its prospective growth by declaring a 125% increase in the interim ordinary dividend to 45c a share. Revenue increased 55% to R8.58bn with an improved interim operating margin of 6.5% from 5.4%

in 2005. M&R records 29% of its revenue from regional and international markets.

"We have built a formidable performance platform to engage the future potential of all our markets," reports Murray & Roberts CEO Brian Bruce. "There is high demand for investment in the power and energy, water and sanitation, transport and communications sectors. We believe that private and public capital formation in southern Africa is set to increase further before stabilising above existing levels over a number years into the future. There is evidence of strong industrial investment on the horizon that will benefit the group's engineering and fabrication operations and consolidate demand for high-value construction services."

Anglo American (South Africa)

CEO Tony Traher bade farewell to the giant mining company, and did so on a high note. In his final message at the helm he was able to report in the latest annual accounts a 20% increase on dividend and a share buy-back of $3bn (following $6bn in buybacks in 2006). Traher has handed the reins over to Cynthia Carroll and will remain at Anglo as a full-time consultant until July this year.

"In 2006 we achieved the highest ever operating profit of $9,8bn, an increase of 54% over the prior year," says Traher. "Our strong performance was due to increased production across the majority of our businesses and higher prices, in particular for base metals, platinum and iron ore.

"The strong global growth during the year as well as constrained supply in many metals and minerals meant that commodity prices remained strong, though cost pressures continued to be a major area of focus. During 2006, excellent progress was made in developing the group's pipeline of growth opportunities with a number of projects given the go-ahead, including the $1.2bn Barro Alto nickel deposit in Brazil and $1.6bn of platinum projects.

"There are currently $6.9bn of projects under development and we are assessing a further $10bn-$15bn of unapproved opportunities that will provide the group with a profitable platform over the next decade.

"The year 2006 was important for Anglo American with the group making progress on its strategic objectives of further focusing the business on its core mining portfolio, simplifying its structure and enhancing returns. As a more focused, cohesive group, further cost savings and synergies as well as technology and knowledge sharing will be key to success."

Standard Bank (South Africa)

Southern Africa's biggest bank by assets, Standard has its local and global structure to thank for its strong results. Group headline earnings increased by 20% to R10.8bn, return on equity by 25.2% and its efficiency (cost to income) ratio was cut to 53.5%.

Officers say its global footprint, broadened in 2006 by acquisitions in Nigeria, Kenya, Argentina and Turkey is becoming increasingly significant in the organisation's revenue flow and profitability.

The Reserve Bank's credit squeeze through higher interest rates is putting the brakes on a few years of heady retail banking performance, but corporate and investment banking will take up the slack. Opportunity is on offer in the government's Accelerated and Shared Growth Initiative (ASGI), the 2010 soccer World Cup and the billions of rands and dollars waiting to be spent in infrastructure development at home and over-border.

"It's really been a fantastic year for Standard Bank," said CEO Jacko Maree. "Growth of 27% was achieved with strong increases recorded across the group's operations. Personal and business banking was up 25% and corporate and investment banking rose 29% boosted by good growth in operations outside Africa. Net interest income benefited from strong growth in average assets of 36%.

"In the year ahead economic conditions in the markets are likely to be less favourable than in the last few years. We are nevertheless confident that with the high calibre of our staff and our portfolio of growing businesses we will be able to deliver on our financial objectives."

Zambia Breweries

A progressively strengthening kwacha, low inflation and falling interest rates all contributed to another good year for the central African brewer. Operating profits of K75bn represented a 22% increase over the previous year while the annual compound rate of growth in operating profit since 2001 was over 44%. These factors combined to push the share price up from K450 in 2004 to an impressive K1,851 at the end of the 2006 year.

The robustness of the Zambian economy was made apparent when, despite poor rains in 2004/05 and a disruption in fuel supplies, the GDP grew in excess of 5.0% in 2005. The Zambia Kwacha strengthened appreciably in 2005 dropping over K1,000 to the greenback in one month finishing the year at K3,340.

The cancellation of most of Zambia's external debt, strong foreign direct investment increases in output and near record copper prices were the main contributors to Zambia's GDP growth spurt.

"The success story of the year was that of the new Eagle beer, and this success demonstrates the benefits that come from government and private sector joint initiatives," says Zambia Breweries MD Raymond Stark.

"The new brand accounted for a 15% increase in beer sales by the end of March last year, indirectly creating additional new jobs. The strong macroeconomic performance needs to translate into increased disposable income for the general population and there is evidence that this is happening."

Letshego (Botswana)

Trading under the name Letshego, Micro Provident Botswana, was accredited as a Botswana International Financial Services Centre (IFSC) company in March last year so it could expand its operations to other African countries.

It is rapidly becoming one of the more successful financial services operations in the region. Letshego is a listed company that provides short-term finance to low and middle-income people working in the formal employment sector in Botswana.

According IFSC's 2006 Annual Report the company is establishing retail financial services companies as subsidiaries that will offer a range of financial products to employees of government, parastatals and the private sector in a number of African countries.

Operations have already started in Swaziland, Uganda, Tanzania and the company will soon be recruiting for the Zambia office. Total earnings of about $120m or P738m are projected within the first three years of operations.

The main shareholders of Letshego are Pan-African Investment Partners (PAIP), Pan-Commonwealth African Partners (PCAP) and Nederlandse Financierings Maatschappij voor Ontwikkelingslanden NV (FMO), the International Finance Corporation (IFC), Botswana Life Insurance and Micro Provident.

"Botswana is uniquely positioned as the only country in mainland Africa with a liberalised foreign exchange regime and investment grade sovereign credit ratings, both prerequisites for an international financial services centre," says Letshego chairman C.M. Lekaukau.

"The decision was taken to invest in resources to carefully explore and implement the group's regional expansion plans and to simultaneously investigate its restructuring to maximise those benefits that may be available in terms of the International Financial Services Centre status.

"An increasing number of African companies, along with others further afield, are keen to extend their presence across the continent and enter markets in their infant stages in order to gain a foothold.

"More are beginning to gravitate to Botswana as a base for their African operations, drawn to its sound fiscal and monetary policies, respect for the rule of law, socio-political stability and its overall openness to and encouragement of business." ■

Company profile

Standard Chartered

Standard Chartered plc is listed on both the London Stock Exchange and the Hong Kong Stock Exchange and is consistently ranked in the top 25 among FTSE-100 companies by market capitalisation.

Standard Chartered has a history of over 150 years in banking and operates in many of the world's fastest-growing markets with an extensive global network of over 1,400 branches (including subsidiaries, associates and joint ventures) in over 50 countries in the Asia Pacific Region, South Asia, the Middle East, Africa, the UK and the Americas.

As one of the world's most international banks, Standard Chartered employs almost 60,000 people, representing over 100 nationalities, worldwide. This diversity lies at the heart of the bank's values and supports the bank's growth as the world increasingly becomes one market.

With strong organic growth supported by strategic alliances and acquisitions and driven by its strengths in the balance and diversity of its business, products, geography and people, Standard Chartered is well positioned in the emerging trade corridors of Asia, Africa and the Middle East.

Standard Chartered derives over 90% of profits from Asia, Africa and the Middle East. Serving both consumer and wholesale banking customers worldwide, the bank combines deep local knowledge with global capability to offer a wide range of innovative products and services as well as award-winning solutions.

Trusted across its network for its standard of governance and corporate responsibility, Standard Chartered takes a long-term view of the consequences of its actions to ensure the bank builds a sustainable business through social inclusion, environmental protection and good governance. Standard Chartered is also committed to all its stakeholders by living its values in its approach towards managing its people, exceeding customer expectations, making a difference in communities and working with regulators.