

AFRICA'S TIME HAS COME

A LOOK AT LONRHO'S SUCCESS

BY PAUL TRUSTFULL



Freeport project, Luba mud-drilling facility



Lonrho agriculture processing line, South Africa

Lonrho is a conglomerate listed on both the London and Johannesburg stock exchanges. The company has been in Africa contributing to its development since 1909—more than 100 years. Lonrho's director and CEO Geoffrey White, a seasoned executive, says the message to the rest of the world is simple: "Africa is open for business."

New Economic Opportunities Abound

Sub-Saharan Africa is rapidly upending ingrained stereotypes to present a new picture of economic opportunity. Driven by three rapidly expanding economic sectors—agriculture, oil and gas, and minerals—sub-Saharan Africa is experiencing wide-scale employment and a healthy consumer market that is projected to reach \$1.6 trillion by 2020. With a strong corporate philosophy of bringing world-class practices and standards to the marketplace, Lonrho is integral to enhancing that growth.

On the agricultural front, growing demand from both domestic and foreign markets is putting pressure on output. A vertically integrated supplier known for stocking the world's supermarket shelves, Lonrho agribusiness is poised to make a difference. Lonrho produces and procures large volumes of produce, and then processes, packs and ships the produce to retail chains within Africa and abroad to Europe, the United States, the Middle East and, increasingly, the Far East. It is also a major supplier of fruit, meat and fish.

Oil and Gas Industry Spurs Infrastructure Development

African oil and gas infrastructure is another of Lonrho's core competencies. Africa is reputed to have 25% of the world's oil and gas reserves, requiring a great investment in infrastructure to meet production needs. This is particularly true given its role in supplying 20% of U.S. imported oil and 35% of China's.

The Lonrho oil services terminal in Luba Freeport in Equatorial Guinea supplies logistical support and infrastructure to 99% of the oil and gas industry operating in the country. Current tenants include major oil giants such as

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ExxonMobil, Schlumberger, Hess, SBM, Noble, and CNOOC, among others.

Lonrho Ports has also signed a memorandum of understanding with the government of Ghana, allowing it to conduct feasibility studies and granting it exclusive rights to develop the country's oil and gas infrastructure as part of a joint venture. Ghana is forecast to become a significant African oil producer by 2015, and early indications from the oil services industry show a need for this strategic infrastructure to be developed as quickly as possible.

Lonrho is negotiating with several other governments on the east and west coasts to develop more ports and logistics infrastructure capable of supporting growth of the oil and gas sectors across the continent.

A Strong Outlook for Growth

When asked about Lonrho's future and its work in Africa, White says, “We are going to concentrate on our existing core businesses and continue to develop them. They are tried and tested. We understand them well, we have had

good results with them, and they are all in strongly growing markets. We can deliver strong year-on-year growth in turnover and profits for the next decade doing what we are doing.”

Moving forward, Lonrho is constantly seeking and creating new opportunities in Africa. Along the eastern coastline, there is significant interest in Tanzania and Mozambique on account of their significant oil and gas reserves. Similarly, Lonrho sees great potential in Ghana on the west coast. With significant oil revenues driving the economy, new gold resources being found, and strong agricultural opportunities to develop further, Ghana boasts a relatively high and stable base, a strong political system and a good international reputation.

Clear Strategic Objectives Will Carry Lonrho Into the Future

Africa is a significant market containing seven of the ten fastest-growing global economies and a population approaching 1 billion. Within this marketplace, Lonrho remains committed to meeting growing demand. Despite wide market shifts and many new opportunities, Lonrho's strategic objectives remain the same as they were a century ago. With the priority of supporting sub-Saharan African economic growth by providing services and infrastructure, Lonrho is focused on delivering quality management and international standards and building long-term businesses that will create employment and prosperity for years to come. ■



Lonrho delivering John Deere tractors in East Africa