

Africa's Top 200 companies
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African Business magazine is proud to present its annual ranking of the top 200 African companies. This was an excellent year for most African economies, reflecting robust global growth and exceptional prices for the continent's hard and soft commodities. South Africa's mining oriented companies lead the chart, as they have done in previous years and other South

African companies easily dominate the top 50.

However, North African companies, especially in the telecoms sector, are beginning to nudge their way up the chart, with Egypt's Orascom breaking the South African grip of the Top 10. Nigerian banks, with a very successful restructuring behind them, are beginning to flex their muscles regionally - First Bank

breaks into the Top 50 and other Nigerian banks are bound to follow. Kenya remains the East African giant but Mauritius is gaining steadily. The sun is shining on Africa's economies and the continent's most competitive companies are making hay, as they should.

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Given South Africa's undeniable command of the African economy, it is no surprise that the continent's economic superpower dominates our survey of the Top 200 African companies.

As in previous years, South African companies fill almost all the positions at the top end of our table. An impressive 38 out of the top 50 firms in our survey are registered in South Africa, exactly the same number as last year. It seems that no matter how strongly the largest companies in the rest of the continent are able to grow, their South African rivals are able to maintain their lead.

Anglo American plc remains at the top of the tree, with market capitalisation of \$71.8bn, up from \$49.8bn in last year's survey.

This is a remarkable increase by any standards and demonstrates the continued strength of the South African mining sector, although the firm also has interests in several other African states. As one of the world's biggest mining companies, Anglo American is focusing heavily on emerging markets, such as Brazil, India and China.

Tony Trahar, the company's former chief executive who stepped down on 1 March, commented: "In 2006, we achieved the highest ever operating profit of \$9.8bn, an increase of 54% over the prior year. 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."

The company's success is replicated by South Africa's other major mining companies, such as BHP Billiton plc, Anglo American Platinum and Impala Platinum, all of which figure in our pan-African top 10. BHP Billiton's market capitalisation rose by \$5bn to \$45bn, Impala's by \$4.2bn to \$13.9bn and Anglo American Platinum's by \$11bn to \$26bn, a huge jump, which has enabled the company to leap from eighth to third in this year's survey. However, AngloGold Ashanti drops out of our top 10, demonstrating that mining industry success is not entirely down to market conditions

All have benefited from strong global economic growth, strategic expansion and, in particular, very high prices for almost all commodities. Rapidly rising consumption in China is often quoted as the main cause of the price rises but demand has also been strong in Western Europe and North America over the past 12 months. A



South Africa still reigns supreme

spokesperson for Anglo American commented: "Global economic growth was especially rapid in the first half of 2006, with all the major regions of the world growing rapidly over this period. Commodity prices reacted positively to this environment, with new highs being recorded for a number of products. In the second half, global growth began to moderate, particularly in the US."

He continued: "European markets are im-

proving and emerging markets, in particular China and India, are growing strongly. Continued growth in these regions in 2007 is likely to largely offset weaker US growth and thus the decline in global growth from the strong level achieved in 2006 should be fairly modest. This should provide a supportive climate for commodities in the near term." As a result, it would not be a surprise to see South Africa's mining giants continue to grow over the next



Anglo American's gigantic Waterval platinum smelter dwarfs the figures in the background. Rising global demand for industrial commodities has contributed considerably to excellent results for Africa's big companies.

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breaks the South African monopoly of the top 10 and also underlines the fact that the main challenge to South African domination comes from North Africa. Aside from Orascom Telecom, four other Egyptian firms make the top 50: Orascom Construction Industries, Telecom Egypt, Vodafone Egypt and Egyptian Mobile Service (MOBNIL).

However, four out of the five Egyptian high flyers come from the telecoms sector, so their ranking should not be taken as proof that Egyptian firms in general are in the same league as their South African counterparts. Rather, it confirms the importance of deregulation and competition in creating large companies. The mobile sector in most of Africa has been developed by private sector companies, many of which now rank as the largest firms within their domestic markets.

The ongoing reform and withdrawal of the state from the Egyptian banking sector could result in the growth of the newly privatised banks – some of which should begin to make their way up our table over the next few years.

Beyond South Africa and Egypt, only two of the other companies in the top 50 are based outside North Africa. Morocco's Itissalat Al Maghrib confirms the importance of large telecoms operators and rises from 16th position last year to 12th in the latest survey on the back of an increase in market capitalisation from \$9.3bn to \$13.3bn. The other four Moroccan companies in the top 50 include two banks: Attijariwafa Bank and Banque Marocaine du Commerce Extérieur.

One of the two other sub-Saharan companies to rank in the top 50 is Pretoria Portland Co of Zimbabwe, which fell from 30th to 32nd position, despite a rise in its market capitalisation. Zimbabwean companies were a far more muscular presence among Africa's top companies in the past, but their value has declined in line with the shrinkage of the country's economy over the past few years. Unless international investors regain their confidence in the management of the country, by whichever government, they are unlikely to regain their former ranking.

Nigerian banks dominate

First Bank of Nigeria also makes it into the top 50, in 46th position, with market capitalisation of \$2.6bn. Improved regulation and greater investment in the Nigerian economy should see more companies from the West African giant enter the top 50 over the next five years.

A successful round of elections in April followed by continued economic reform and continued political stability should convince the international community that Nigeria has

turned the corner. Both international and Nigerian investors will be more inclined to invest in Nigerian firms against the backdrop of a stable political and economic situation.

If the initial signs of redevelopment of the country's creaking infrastructure become a long-term trend, then domestic firms could also benefit from improved transport and power services. However, in the short term, the most likely new entrants to our top 50 from West Africa are other Nigerian banks. A period of almost forced mergers and acquisitions has yielded a number of far stronger banks that should have the potential to grow in tandem with the national economy. Seven of the dozen largest firms in West Africa are Nigerian banks and all have the potential to move up our table in the near future.

Foreign companies dominate the Nigerian mobile telecoms sector but another West African country could provide a telecoms operator to compete at the highest level. Sonatel of Senegal is currently the third biggest company in West Africa. Nigerian Breweries has fallen out of our top 50 but it too has the potential to grow within Africa's largest market and within a growing economy. None of East Africa's firms are yet on the verge of joining the top 50 but Barclays Bank Kenya experienced a huge leap in value from \$735m last year to \$1.49bn in this year's survey, taking it up to 82nd position.

South Africa accounts for a far larger proportion of African GDP than any other economy and the country's economic wealth is based in and around Johannesburg, so it is unsurprising that companies listed on the JSE – formerly the Johannesburg Securities Exchange – dominate the upper reaches of our table.

The JSE is the 16th largest stock exchange in the world and had market capitalisation of \$579.1bn at the end of 2006. This is far larger than any other bourse on the continent and the JSE plans to set up a pan-African exchange, initially encompassing Ghana, Namibia, Zambia and Zimbabwe.

It will be interesting to see whether any non-South African firms seek a listing on the JSE and, if so, how they fare. Although they are starting from a lower base, most African countries are recording higher rates of economic growth than South Africa. As a result, their largest companies might be expected to be closing the gap upon the JSE's finest. Yet much of their economic growth is based upon the success of foreign companies. If Africa as a whole is to develop a stock of companies of global importance, then it is vital that at least a significant proportion of their success is rooted in domestic enterprise. ■

year, helping them to maintain their domination of our table.

Breaking S African monopoly

Aside from the rising mining companies, the rest of our top 10 remains much the same as last year, with one notable exception. North Africa's largest company, Orascom Telecom of Egypt has risen two places to ninth, on the back of a rise in value from \$11.4bn to \$13.9bn. This