

# Ethiopian birthday



Busy flightline at Bole International Airport

**This month Ethiopian Airlines celebrates half a century in the business — and it has turned in net profits during each of the last 14 years.**

ALFRED PRICE/LONDON

**F**OR MANY WESTERNERS, the word Ethiopia conjures up haunting images of starving men, women and children. That famine ended a decade ago, however, and the civil war which caused it has been over for half a decade. Since those tragic times, Ethiopia has staged a steady recovery. The nation's flag carrier, Ethiopian Airlines, is the oldest operator in equatorial Africa and, uniquely in the region, it has generated net profits in every one of the last 14 years.

Although Ethiopian Airlines is owned wholly by the Government, it has considerable freedom to manage its affairs along normal business lines and the airline appears to operate with a far higher level of business acumen and flair than is evident in the rest of the country.

Chief executive Dr Ahmed Kellow, who gained a PhD at the Manchester Business School in the UK before lecturing in accounting and finance at the Cardiff Business School, was appointed in 1994. Since then, his twin strategies to cut unnecessary costs and increase revenue have started to bear fruit. During the financial year ending in 1995, the airline made a net profit of 186 million Birr (\$35 million), just over double the previous year's figure of 91 million Birr. In the same period, the airline's annual turnover increased to 1.6 billion Birr, from 1.26 billion Birr, and the passenger load-factor increased to 58.5% from 55.7%. Cost reductions have reduced the break-even load-factor to 42.8% from 43.1%.

Kellow's rolling five-year plan for the airline envisages an increase in carrying capacity of 70% by the end of that period. He is keen to change the mix of aircraft in its mainly Boeing fleet, which now consists of three 767-200s, four 757-200s, Boeing 737-200, plus two ATR 42s, one de Havilland Canada DHC-5 and four DHC-6s. There are also one Boeing 707F, one Boeing 757F and two Lockheed L-100 Commercial Hercules in its cargo fleet. He says: "We now see that the composition of our international fleet is not what we really require. The 757 is a good aircraft, very economical, but its hold is too small. We are thinking of leasing in two more 767s, the -300 version, and leasing out two 757s."

The change will provide a useful increase in freight capacity, especially on those African routes which do not justify the use of a dedicated freighter. The same is true of its routes to Europe where the main export cargoes (flowers and vegetables), are seasonal. The airline now flies to 26 destinations in sub-Saharan Africa, and to a further 19 destinations in North Africa,