

Ethiopian Airlines

Freight division to go it alone

The East African carrier Ethiopian Airlines aims to spin off key business units. Freight marks the start. ITJ correspondent Heiner Siegmund met managing director Daniel Mebrate for an interview at the airline's headquarters in Addis Abeba.

Daniel Mebrate has been in the driver's seat of Ethiopian Airlines Cargo since 1 January – and is likely to stay there, though probably with the new title of CEO, as the freight division is set to become legally autonomous soon, with its own management and profit responsibility. An exact date for this has not been set yet, but all-out preparations are now underway. The freight division will thus become a pioneer, because it should pave the way to entrepreneurial autonomy for other divisions too – such as ground services, catering or technology. «In the process, we are modelling our development on the organisation of our Star Alliance partner Lufthansa», the passenger division's sales manager Esayas Hailu underscored to the *ITJ*.

Clear rules, higher revenues

According to freight manager Mebrate the legal independence of the division he is in charge of is further cranking up its business. Cost transparency is higher, decision-making processes are becoming leaner and strategic resolutions can now be put into practice faster. «As soon as we



Daniel Mebrate, Ethiopian Cargo's head.

obtain full budget accountability, we will invoice the passenger unit, for the transport of aircraft spare parts or engines, for example,» the manager said, looking forward to clear rules – and additional revenues. Today, the division still transports all components and equipment that Ethiopian needs for no financial compensation. One key element of the forthcoming declaration of independence is the fact that the cargo entity will have to rent belly hold space in the parent company's 42-aircraft fleet in order for it to be able to make use of Ethiopian's capacities for its cargo shipments.

Ethiopian is not only restructuring organisationally, but also with regard to its freighter fleet. The company's owned MD-11F and B757F, as well as two leased

B747Fs, are set to be phased out and gradually replaced by six brand-new B777Fs. The reorganisation will start with the delivery of the first two B777Fs in October.

Strong in Africa and Central Europe

The airline, founded in 1945, plays a leading role in African air transport. This is especially thanks to its long-standing president, Girma Wake, who operated an expansive network and business policy and who wholeheartedly and passionately dedicated himself to the liberalisation of airfreight in Africa. This is now paying off, as is verified by the approximately 40 routes that Ethiopian serves between Cairo and Johannesburg today. Mebrate said that, in principle, Africa is a market that is still capable of being substantially developed for airfreight business. Imports by far outweigh exports, signifying that the fleet's capacity utilisation fluctuates substantially. «Our planes are generally fully packed with shipments on continental outbound flights, but this is unfortunately not the case for return flights to our hub in Addis Abeba,» is how Mebrate describes the state of affairs.

The airline's core market is Central Europe, where the freight division has been collaborating intensively with the distribution agent ATC Aviation Services for 13 years now. «We've tripled revenues with Ethiopian Cargo on all of the company's routes since 2009,» reported ATC CEO Ingo Zimmer. He sees tremendous developmental potential for the Ethiopian carrier. «It's already the most important airline in Africa today and moreover, is expanding its intercontinental network on a continuous basis.» The airfreight revenues harnessed thanks to Ethiopian Cargo should thus swing up further.

Heiner Siegmund



Ethiopian Airlines is planning some major organisational changes. The carrier's airfreight business, managed from Addis Abeba airport, will play a leading role in these developments.

Ethiopian Cargo

Transport volume 2011	160,000 t (+42% vis-à-vis 2010)
Cargo's contribution to total sales	18%
Average load factor	67%
Profits in H2/2011	EUR 1.5 million
Fleet	six full-freighters

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