

Atlas Copco

ATLAS COPCO GHANA

THE WEST AFRICAN BOOMER



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THE WEST AFRICAN BOOMER

Atlas Copco Ghana is at the hub of this global industrial technology group's West Africa operations. Regional general manager George Apostolopoulos tells John O'Hanlon where the company is striking gold



Atlas Copco recently reorganised itself into four distinct business areas, and these define clearly enough the markets served by the company that Eduard Franckel founded in Sweden in 1873. They are: Compressor Technique, Industrial Technique, Mining and Rock Excavation Technique and Construction Technique. In all of these areas Atlas Copco has developed sophisticated tools and equipment that share one common denominator – they are designed to boost the sustainable productivity of the firm’s clients.

When it comes to West Africa, three of these are served. The Industrial Technique business area caters for the automotive and aerospace industries, industrial manufacturing and maintenance, and vehicle service. West African industry sustains very little activity of this type. But compressors are another matter; construction is big business; and mining and rock excavation are the economic heart of the entire region, driving a major boom.

Its partnerships within the mineral extraction industry provide Atlas Copco Ghana with 90 percent of its turnover, explains George Apostolopoulos. “We are driven by the mining business in Ghana. We do sell construction equipment and compressors but 90 percent of our business is mining – and here that really means gold mining.”

Before independence Ghana was known as the Gold Coast, and for good reason. It is the second largest gold producer in Africa,



One of the two MT6020s ready to board the Antonov transport aircraft to Ghana for AUMS Kinross Gold project

and contains more estimated reserves than many prolific gold producing nations like Peru and Papua New Guinea. In 2011 it produced 2.2 million ounces of gold, and with prices currently at \$1,660 an ounce and fully expected to reach \$2,000 by the end of the year there can be no doubt that mining companies will continue to invest in Ghana nor that the government will make it easy for them to do that.

Atlas Copco established itself in Ghana back in 1992 specifically to support the Obuasi mine in south western Ghana, now operated by AngloGold Ashanti. Since then it has worked with all the major mining

companies active in Ghana as well as contract mining organisations like African Underground Mining Services (AUMS). “We deal directly with whoever is operating the mine, whether that is the owner or an outsourced mining contractor,” says Apostolopoulos.

The mining division supplies these clients with specialised and innovative equipment ranging from rock bolts and reinforcement tools, mobile crushers and screeners to trucks, drill rigs and rock drills – including boom mounted drills, or ‘boomers’. The applications include production and development work for both underground

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and open pit mines as well as mineral exploration and geotechnical drilling. The market for both equipment and technical services has grown markedly in recent years, he says. “Since 2003, we have had a very steep growth curve, helped by the price of gold globally. In 2006, our annual turnover in Ghana was \$25 million; in 2009, that had doubled to \$50 million.”

The fundamentals of the minerals extraction industry reflect the realities of world economics. The financial downturn has increased the demand for precious metals and Ghana has benefited from this. It’s a situation that has enabled Atlas Copco Ghana to grow consistently right through the recession years that started in 2008, says George Apostolopoulos, who is in his sixth year of leading the regional group of companies, or customer centres as the Atlas Copco Group refers to them. “In 2006 Ghana was the only customer centre for West Africa. Then in 2009 we opened a customer centre at Abuja in Nigeria, and in 2010 we started one in Bamako, the capital of Mali.”

Ghana is not the only West African country to depend on mining but it is definitely the hub and the benchmark for how to operate here. “I would say the economy of Ghana has done extremely well over the last three to four years. Even before that it was not doing badly. While GDP growth in Africa as a whole has been hovering around five per cent Ghana has been consistently doing better than that and last year grew at 13.6 per cent.” That was related to the discovery of oil, which has generated a flow of foreign direct investment (FDI), at the same time stimulating improvements in infrastructure, and this has in turn been reflected in the



Scooptram ST1530

sales figures. “Year on year, all our business lines are showing growth.”

The head office remains in Accra, and the main warehouse in Tema, Ghana’s main port through which most imports come. For historic reasons Atlas Copco’s service operation is centred at Obuasi. “Mining is thriving,” he says, “and that makes for better and longer term relationships between the mine operators and their suppliers. Mining projects typically run for at least five years and are often extended well beyond that.” This is an industry characterised by long investment cycles, and a reliable partner is normally secure for the duration. “Loyalty in this business all boils down to one thing – good aftermarket support.”

This is an attitude that wins contracts. The long-standing relationship with AngloGold Ashanti, the South Africa based company formed in 2004 upon the merger of AngloGold and the Ashanti Goldfields Corporation continues. Obuasi mine is strategically vital to Ghana, having yielded 30 million ounces of gold in its 115 year history, 318,000 of those ounces last year alone, and paying the government \$100 million in 2011. If its other mine at Induapriem is included AngloGold produced 512,000 ounces of gold in Ghana.

Atlas Copco has contracts with other majors such as Goldfields and Newmont

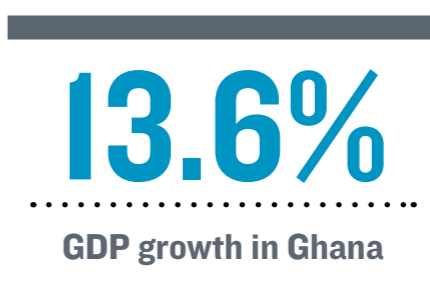


PowerROC T35

whose Ahafo operation and Akyem project comprise about 20 percent of its core assets worldwide. These mines are serving as a catalyst for national development - bringing information technology, communications, education, technology transfer, human resource development, supply chain, electricity and health to the country. The contract mining sector is dominated by AUMS, which has come in very strongly in West Africa where it now claims a 70 per cent market share.

Atlas Copco’s global presence pays off here because the client knows what the equipment can do. Last year this client bought nine new Atlas Copco MT6020 trucks, out of which seven have been

delivered so far, for its operation at Kinross Gold’s Akwaaba Deeps mine. AUMS partner Barmenco was already familiar with this truck and how it can lower the cost per tonne in the deeper mines in Australia through its speed-on-grade capability, excellent power to weight ratio, and braking and safety attributes disproportionate to the size of the truck. Flown from Sweden to Ghana in Antonov transport aircraft, the 60



tonne trucks are expected to increase haulage capacity by as much as 20 per cent over the existing fleet at Akwaaba.

However, having the same level of equipment as Australia is only half

the story, says Apostolopoulos. The client expects to have the same level of support. “We have people on site on a daily basis. We employ around 134 people here, and most of them are travelling out on a daily basis. You really need to keep a constant presence on site and stay close to the mining customers.”

Atlas Copco entered the Nigerian market in 2009 and started selling compressors to the construction industry – Nigeria is the

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Atlas Copco
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biggest industrial market in West Africa, and is at last spending its oil revenues on improving its infrastructure and building hospitals schools and amenities. But despite having considerable mineral resources mining has not increased there as it has in neighbouring states. George Apostolopoulos looks back on the experience as a success but not as great a success as he had hoped.

Mali, a much poorer country in every way, is another matter altogether. “We started the Mali business in December 2010, and in 2011, the first year of operation, we did \$35 million of business. That was fantastic but we are targeting between 55 and 60 million dollars this year!” Atlas Copco Mali takes care of 13 French-speaking countries, many of them hosting gold reserves – he cites Côte d’Ivoire, Burkina Faso, Senegal and Mali as the main potential gold producers. For Niger, and Areva’s uranium operations there, Atlas Copco works through a distributor.

With such a diverse and fast growing region to look after George Apostolopoulos is kept very busy. There are a lot of balls to keep in the air he admits, but West Africa is moving so fast that parts of it seem ready to leapfrog some European countries into the economic premier league. Ghana’s advantages of stability, security and historically proven resources make it an attractive haven for international investment, he believes. **BE**

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