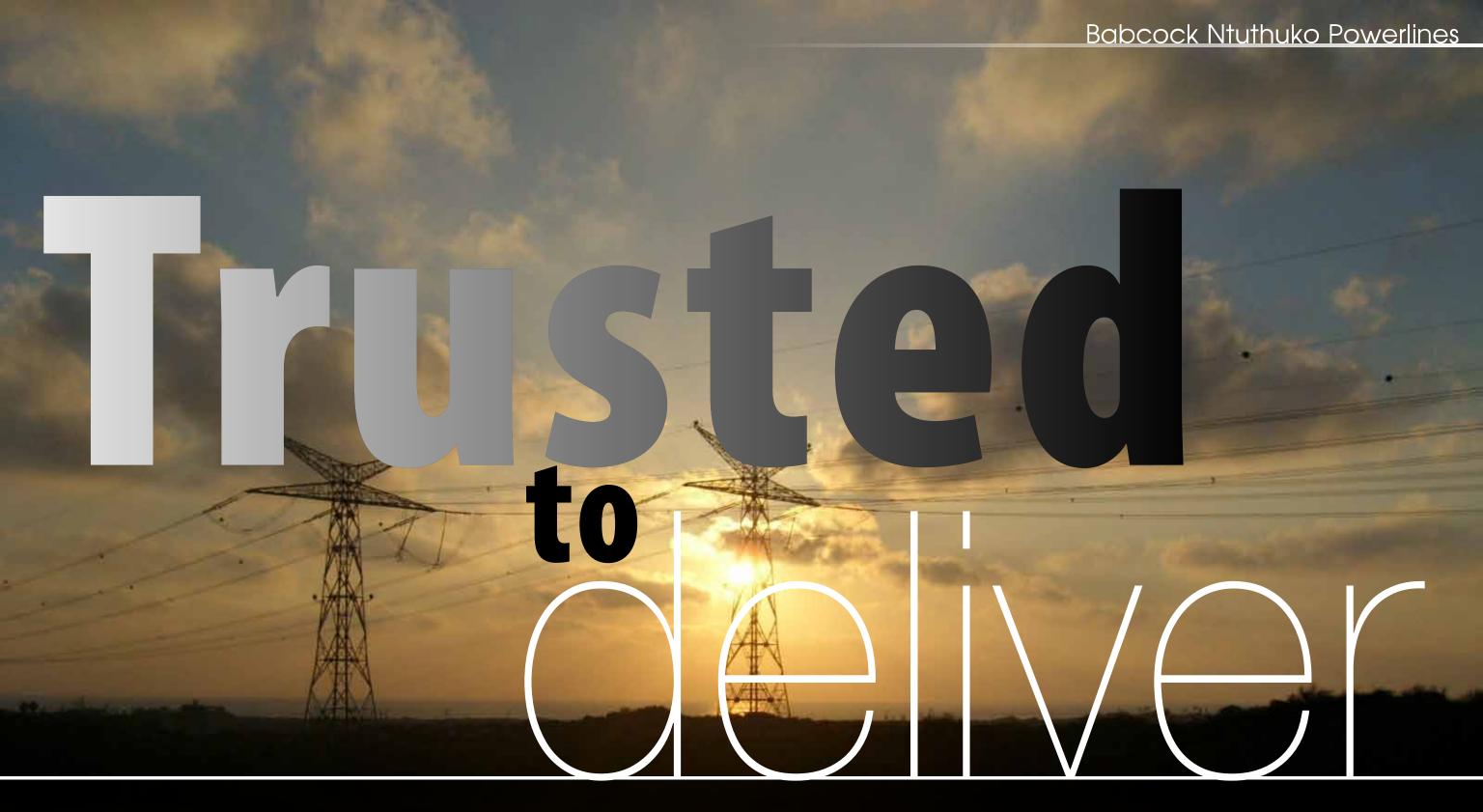
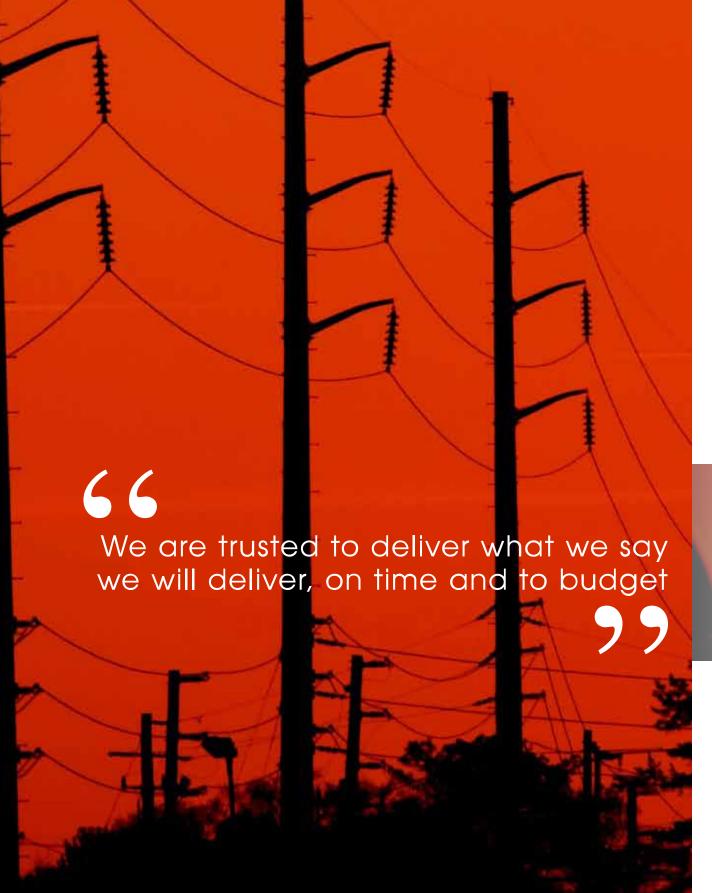
BABCOCK NTUTHUKO POWERLINES

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Gary Whalley, chief operating officer of Babcock Ntuthuko Powerlines, says that the company's long track record of engineering excellence means it is now ideally positioned to expand its footprint across Southern Africa. Jayne Alverca reports





abcock, in conjunction with equity partner Sphere Holdings, purchased the SAE formed Powerlines from ABB five years ago. The acquisition and subsequent formation of Babcock Ntuthuko Powerlines (BNP) was a neat fit and a logical addition to Babcock's existing portfolio of engineering support services to the energy, process, mining and construction industries in Southern Africa. Babcock International Group has operated in these markets for 120 years and is also the exclusive regional distributor for a number of leading international brands including DAF trucks, Tadano mobile cranes and Volvo construction equipment.









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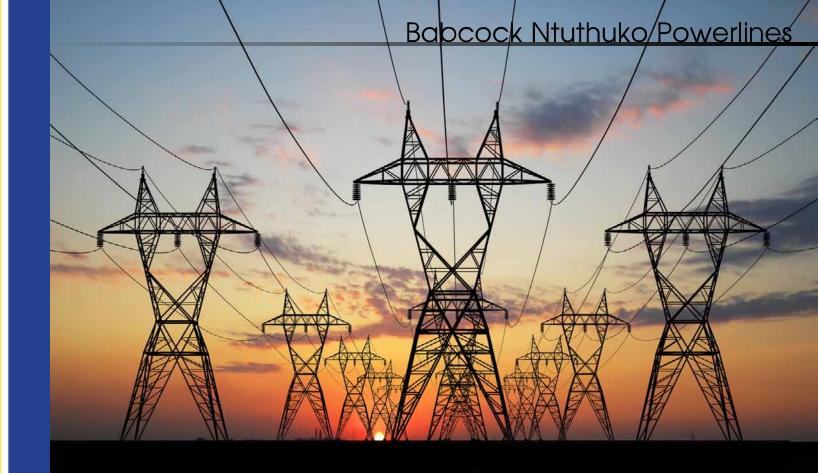
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BNP offers a full turnkey engineering, manufacturing, testing, project management and construction service dedicated to high voltage overhead transmission lines. The business also includes a factory specialising in the manufacture of transmission line components and the galvanizing of high voltage lattice transmission line towers, components and telecommunication towers. BNP was just the second recipient in South Africa of the Galvanizing Diamond Award for quality, with many third party clients making use of the company's component manufacturing capabilities.

Since its inception, BNP has been the driving force behind more than 70 per cent of the high voltage transmission line infrastructure of South Africa for the South African public utility company, Eskom. Other significant clients include NamPower, Electricidade de Mozambique and the Botswana Power Corporation.

"We take great pride in our track record and reputation for engineering excellence, which is what has driven the overall growth of the Babcock Group," states COO Gary Whalley. "That, along with our determination to give value for money and our responsiveness to clients' requirements, is what sets us apart in the marketplace. To put it simply, we are trusted to deliver what we say we will deliver, on time and to budget."

Since Babcock procured Powerlines five years ago, the relationship with Eskom has deepened as South Africa's utility entity struggles to keep pace with the demand for electricity in South Africa and the SADC region. Eskom generates approximately 95 per cent of all the electricity used in South Africa and approximately 45 per cent of the electricity used in Africa, but the demand for more power is seemingly insatiable.

At the moment, BNP is partnering with Eskom on one of the most high-profile, biggest projects to date, supplying and installing two new 400kV transmission lines that form a part of the Medupi integration initiative which will distribute the electricity generated by a new form of super-efficient power station—the first of its kind to be

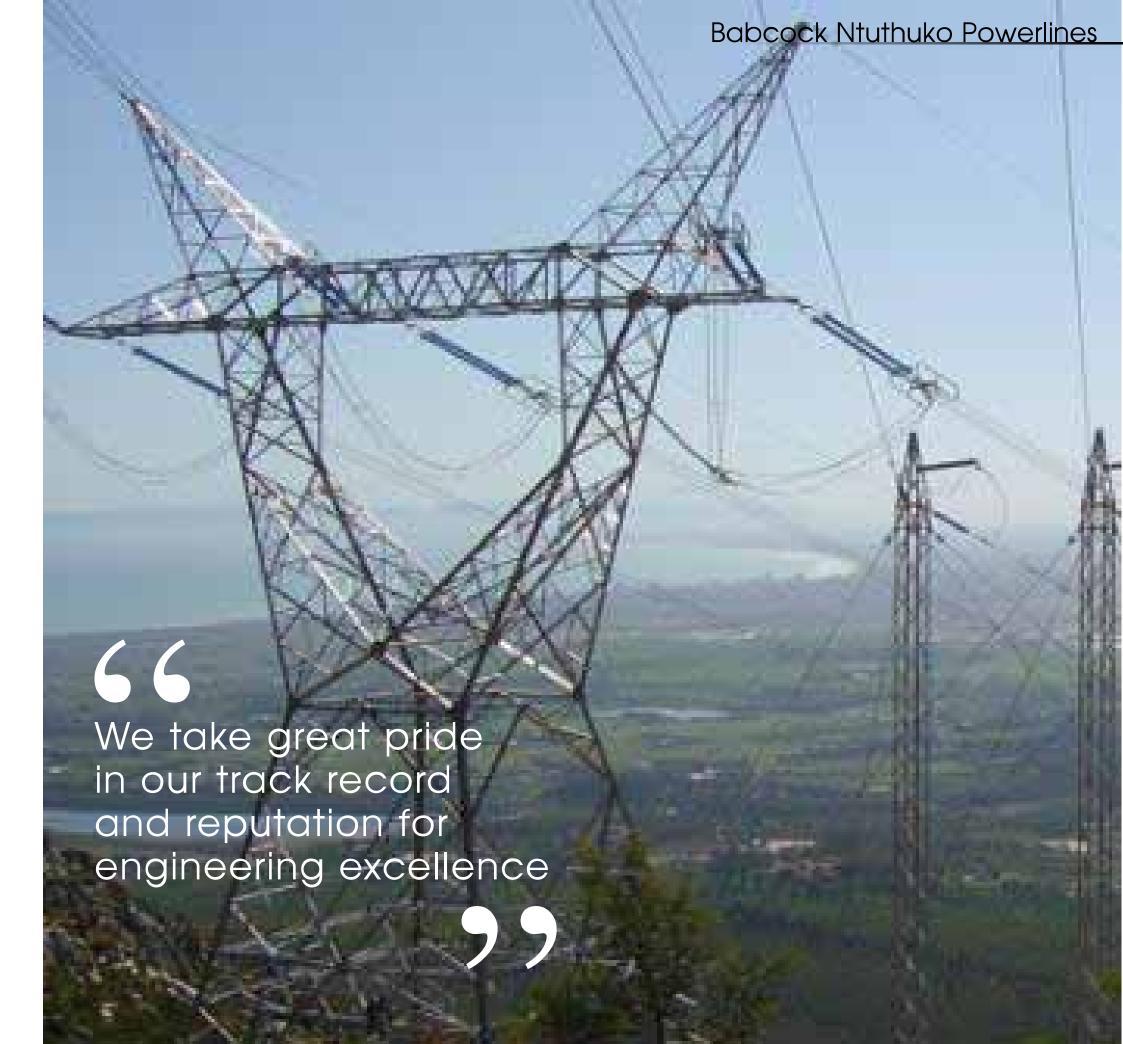
contracted by Eskom. Both the lines involving BNP are now in an advanced stage of construction, with all foundation works completed and erection and tension stringing operations well underway.

Eskom has an aggressive five-year plan to extend South Africa's grid, but while Whalley believes that the company will always be a key partner, he now says the timing is perfect for diversification and greater penetration of other markets in the region. "In terms of high voltage power transmission, we are witnessing a massive drive for electrification in large parts of the world, in both developed but especially less developed states. This trend represents an enormous opportunity for a company such as ours.

"We believe there is no better time than now to expand our customer base within a broader African context," he continues. "Many utilities companies in the region want to increase their infrastructure and we are looking closely at opportunities funded through the World Bank and the African Development Bank in Mozambique, Kenya, Tanzania and Uganda, as well as increasing our presence in traditional markets such as Namibia, Botswana and Zambia, where we have operated for some time."

The difficulty in this sort of environment is certainly not in filling the order book but in finding, training and retaining a skilled workforce. This, Whalley states, is the biggest challenge the sector faces and although the company has several programmes in place to develop young people through on-site work experience, there is still a persistent skills shortage.

Whalley hopes the company's exceptional level of commitment to safety will make BNP an employer of choice for those seeking a career in the industry. "By its very nature, safety is a particular challenge for the business and at present we have a safety record that puts us on a par with our competitors. But we believe there is scope to go much further beyond simple compliance. Our overriding concern, which is almost an obsession, is that staff return home safely after each day; and we have a number of ongoing initiatives





to make sure that this is exactly what happens."

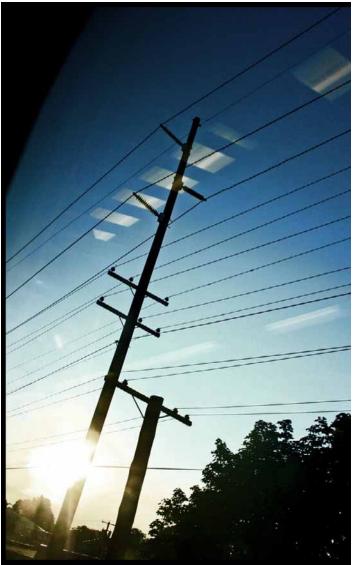
One safety initiative involves section leaders evaluating the working environment of their peers and STEP—Safety Through Empowerment of People—trains workers to identify risks before providing a feedback channel for areas of concern and improvement. "We believe that equipping people with the skills to take responsibility for the safe execution of their tasks is fundamental. In future, we want to see our safety performance set new benchmarks within the industry," he adds.

Commitment to the staff who work for BNP is matched by an equally strong commitment to the company's future in Africa. "We are committed to Africa and think we have a very strong role to play in the future development of the power infrastructure on the continent, which is the backbone of social

and economic development," he states.

Over the next five years, BNP has an ambitious expansion plan to increase turnover organically by 10 to 15 per cent per annum. However, Whalley adds that BNP is a company that wants to move quickly and is also open to opportunities for acquisition, if synergy exists with other players in the sector.

Few companies are in the enviable position of racing to cope with anticipated demand, but Whalley is determined to seize the moment for diversification. "We have to respond to Eskom's aggressive output targets, but we know there is also enormous scope for the business with other utilities clients and to expand our footprint in other countries," he concludes. www.babcock.co.za











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