



MEDIA STATEMENT

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MTC Namibia announces strong financial results in the midst of a global recession

MTC Namibia has stuck to a three-pronged business strategy which yielded the desired financial results for the financial year 2008-2009. The company retained its key customers, attained significant growth of new business and maintained its market leadership position in the data business. This was said today by Mr Geraldles, Managing Director of MTC Namibia at a media briefing in the Namibian capital Windhoek.

WIDNHOEK, Namibia – (11 March 2010) – Mr Geraldles is quoted as informing a breakfast gathering of Namibian business and government leaders that “Last year I enunciated MTC’s three strategic pillars as: 1. Retaining existing costumers, 2. capturing 60 percent of all new connections, and 3. building a respectable presence in terms of Internet access in Namibia. In all three instances, MTC has performed above expectations and we are championing the maintenance of those three strategic focus areas, especially keeping focus on the pure Mobile telecommunications subscribers (current customers’ as well new subscribers). Simultaneously, MTC will also increase its focus on Internet access where we have already achieved a very strong market leadership position.”

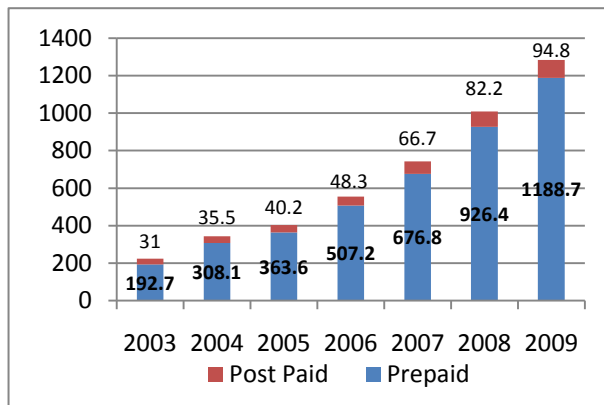
The Annual Report thus details achievements under testing market conditions along those key measurables.

Subscribers

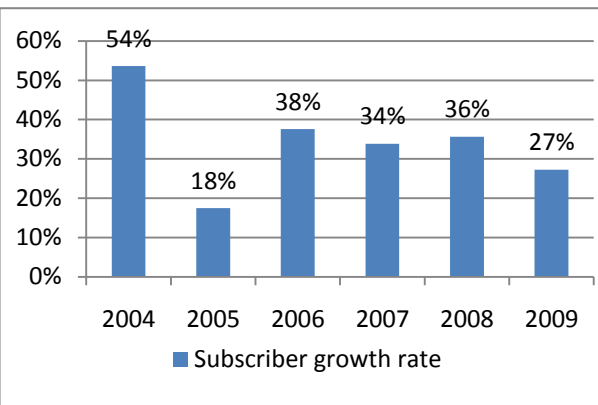
The Namibian Mobile Telecoms industry as a whole reached a penetration rate of 76% during the period under review, up 14% from the previous financial year. This makes Namibia's penetration rate the third highest in the region after South Africa and Botswana.

Despite competitive pressures during the financial year under review, MTC has managed to increase its subscriber base by 27.3 percent (2008: 35.7 percent). This resulted in a total active customer base of 1,283,530 (2008: 1,008,658). Active subscribers are customers who undertake a chargeable event over a 90 day period on MTC's network. Failure to do so results in customers being disconnected.

MTC Subscribers



Subscriber growth rate



MTC was faced with several challenges during the financial year, of which the impact of the regulation with the decrease of the interconnect termination rate and the volatility of the Namibian dollar versus the US Dollar and the Euro were the most prominent. These factors put tremendous strain on the EBITDA and Net profit margins. However, those pressures were partially alleviated by a focus on cost management, the drive to maintain the current customers and to acquire the majority of the new customers compared to other competitors.

EBITDA

An EBITDA margin of 53.8 percent was reported compared to 50.9 percent for the previous financial year. This growth is mainly a result of an introduction of a more accurate way (depreciated through the term of the contract period) to capitalize handsets offered to contract customers, now reflecting an investment in retention of the post-paid customers instead of a cost.

Capital Expenditure

Capital expenditure decreased compared to the previous financial year mainly as a result of the delay in capital projects for capitalization thereof. The effect will be accounted for in the next financial year. The major portion of the investments was undertaken on the technical side to guarantee quality of service for our customers. As a result of a positive cash flow all capital projects were funded out of own resources. Worth noting is that MTC has invested N\$260 million (76%) of its profits into the business whilst paying N\$367 million in dividends to its shareholders.

Regulatory environment

Numerous challenges are reported in this area of national life as well. Whilst the new Communication Act was still under discussions in Parliament, the Namibia Communications Commission (NCC) reduced the Mobile Termination Rates (MTRs). MTC highlighted the sudden reduction of some 44 percent of the mobile termination rates with effect from July 2009, and the apparent discriminatory treatment in favour of Telecom Namibia when fixed termination rates were aligned to mobile termination rates. Furthermore, the announcement of a sliding scale, which will reduce the mobile termination rates to half of the SADC average, in 1.5 years from 1 July 2009 was a premature decision from an MTC perspective as well. This is primarily because Namibia shall have the lowest MTRs on the Continent

The issue of 100 percent ownership of the second mobile operator by a foreign company is has also created uneasiness in the industry. Whilst national laws and the relevant licence conditions regarding company ownership by foreign entities, stipulate that such a state of affairs is not permissible at the present, this requirement has not been complied with. MTC especially recorded its concern with regard to the low levels of tangible investment by the new owners of the second mobile operator. During the first nine months of 2009. The issue is even more y worrisome given the fact that the acquisition of ownership was done under a non-recourse agreement, i.e. where the new owner does not take full responsibility for the debts of the previous owner.

MTC welcomes and favours competitors with tangible and long term commitments to Namibia, not investment with short term objectives that is driven by short terms gains which may destroy business value in the long run i.e. such developments, in turn, impact the quality and affordability of telecommunications services in the medium-to-longer term for Namibians.

Affirmative Action

Whilst we continue to receive Affirmative Action Compliance Certificates every year, we have been aggressive in the empowerment of competent formerly disadvantaged members of our society at management level as well as making the physical workplace more friendlier for the physically challenged. At the moment, we have a 53 percent to 46 percent male to female ratio in our entire workforce, while only 2 percent of our work-force are expatriates.

Training & Development (Scholarships):

MTC has continued with its commitment to nation-building and developing a competitive Namibian workforce, the Company introduced its Bursary Scheme in 2004. To date, the programme has already benefitted 39 students. Unveiled In 2008, 11 students were awarded full bursaries in various fields that were deemed necessary not just for MTC, but for the Namibian environment as well. A total amount of **N\$500,000** was budgeted for scholarships in 2009 and 70 percent of the graduating students have successfully been integrated and offered jobs by the company. The Company has also continued to invest in its own employees through training and development to the tune of **N\$2.5 million**.

ISO 9001:2008 Certification

In March 2009, MTC made history by obtaining the world's most prestigious standards certification by obtaining the ISO 9001: 2008 compliance certificate. The company has through this certification joined the world's most successful companies in the world. The certification was a stamp of approval of the quality of our systems, processes and ability to serve our customer base to satisfaction.

Going forward

Mr Gerald's concludes that the future of MTC will be characterized by a "Yes We can" attitude. According to him MTC is ready and geared to serve the 081-Nation by providing future-proof and robust technological solutions through carefully targeted investments in capacity and coverage.

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