

# Chairman's Review



**Joseph S lita**

Telecom Namibia is a truly a home-grown company, touching the lives of thousands of Namibians every day. On behalf of the Board of Directors, it is my pleasure to provide you with an update on how our business has performed during the 2008/09 financial year.

As a Board, we strive to maintain and strengthen the high level of corporate governance, continuously improving the corporate transparency, ensuring the healthy development of our company and endeavouring to enhance the corporate value. Our continuous efforts in corporate governance are set out on pages 31 - 37 in this report.

During the year, virtually each of Telecom Namibia's lines of business have been characterised by extremely competitive conditions. Pleasingly, our market shares remain relatively stable and, during the last few months, the company has witnessed positive momentum as we have moved into the broadband space with the continued deployment of 3G-EVDO & WiMAX wireless, ADSL wireline and Metro-Ethernet fibre based access technologies.

## Challenges

Against the backdrop of an unfavourable economic climate, our management team under Frans Ndoroma's leadership is focused on repositioning Telecom Namibia as a fully fledged information communication technology (ICT) service provider by 2013. This new route requires the business to re-align strategically, while transforming its technical, commercial and organisational arrangements.

Telecom Namibia continued to be on the short end of a skewed interconnect regime, which favours the mobile operators. With the much higher call volumes terminating on mobile networks,

Telecom Namibia remained a net payer to these operators. We are looking forward to the next financial year to reap the benefit of the new symmetrical interconnect regime as laid down by the Namibian Communication Commission.

As part of our transformation drive, the focus is to create a lean operator with a unified service delivery capability and driving down operational costs while improving profit margins. The other focus is on talent management, specifically to recruit, develop and retain crucial skills for the new Next Generation Network (NGN) environment. I am happy to report that progress in this regard has been encouraging over the past three years.

Furthermore, competition for Telecom Namibia is still on the increase with the two mobile operators now fully licensed to offer their own international gateway services, both voice and data. The limited Namibian market now has 12 licenses issued in the telecommunication space.

## Prospects

As we enter 2010, the economic climate remains uncertain. However, we remain positive about the national economy and our company's growth prospects. We expect that competition will remain strong across most of the revenue streams. In the meantime, Telecom Namibia will continue to actively manage its cost base, seek to improve its service quality and develop growth initiatives wherever possible.

Our aim is to continue to obtain the maximum value from our existing assets. Our strategies are flexible enough to enable us to achieve this value by increasing activity in those lines of business that offer the best growth prospects; leveraging our assets through alliances or partnerships; or divesting assets which do not meet our financial or strategic objectives.

## Acknowledgments

We have done well despite the problems brought about by the global financial crisis. The directors acknowledge with gratitude the outstanding work and ongoing dedication of the Telecom Namibia management and staff in a very difficult trading environment. I would also like to thank our shareholder, my fellow directors, stakeholders and partners for their support.

A handwritten signature in black ink, appearing to read 'Joseph S lita'. The signature is stylized and written in a cursive-like font.

**Joseph S lita**  
**CHAIRMAN**