

**Press release
For immediate release**

**STRONG SIGNALS FROM ACTOWERS IN THE FACE OF TOUGH
TRADING CONDITIONS**

Highlights

- Revenue up 54.8% to R505.4 million (2008: R326.6 million)
- Headline earnings up 13.6% to R51.1 million (2008: R45.0 million)
- Headline earnings per share up 10.4% to 19.5 cents (2008: 17.7 cents)
- Net tangible asset value per share up 46.8% to 94.8 cents (2008: 64.6 cents)
- Improvement of 35% in debtor days from 167 days to 109 days
- Empowerment shareholding 25.1%, held by TisoGroup

Africa Cellular Towers Limited (ACTOWERS) offers turn-key solutions in the telecommunications industry inclusive of tower design, manufacture and installation and GSM site shelter manufacture in Africa. Chris Krüger, Chairman and CEO of ACTOWERS, says that the 2009 financial year has been a tough trading year impacted by the deterioration of the world economy, as a consequence of, *inter alia*, the sub-prime crisis and credit crunch emanating from the United States of America, which has begun to affect the business. He further states that the South African rand also weakened considerably against major foreign currencies such as the US Dollar and Euro. Despite difficult trading conditions, he is very pleased with the final results for the year ended 28 February 2009.

Revenue increased by a more than satisfactory 54.8% to R505.4 million (2008: R326.6 million). The growth in revenue was mainly as a result of the continued demand for cellular towers and equipment shelters in Africa in the first half of the year as well as the increase in the steel price that led to higher selling prices. The company has seen, in the latter part of the year, a decline in the number of orders from their main customers throughout Africa as projects have been either delayed or cancelled.

Gross profit only increased by 13.0% from R88.2 million in 2008 to R99.6 million in 2009. The price of steel, which contributes approximately 70% to 85% of the total input costs of the lattice towers, peaked in the 3rd quarter of 2008 and has since then decreased significantly by more than 30% from August 2008 to February 2009. The impact of this fluctuation in the steel price, which the company has been able to pass on to its customers, still had a negative impact on the gross profit margin of the company. Krüger says that project losses on some of their African installation operations have further impacted gross profit negatively, but efforts are being made to address this issue.

EBITDA decreased by 2.2% to R65.0 million (2008: R66.5 million) for the 2009 year end. EBITDA margins decreased to 12.9% (2008: 20.4%) mainly as a result of bad debt written-off to the amount of R10 million and an additional amount provided for doubtful debts of R18.7m.

The other income line in the income statement mainly relates to foreign exchange gains of R35.5 million (2008: R13.5 million) of which R21.0 million is unrealised foreign exchange profits at year end.

On the issue of long outstanding debtors, Chris Krüger is passionate: "We have received in excess of R42.9 million on 2008's long outstanding disputed debtors and we have managed to reduce our debtor days by 35% from 169 days at the end of the 2008 financial year to 109 days at the end of the present financial year. It has taken a lot of hard work and remains one of the key focus areas in the group. We have managed to negotiate more favourable payment terms on new installation and full turn-key contracts as well as on manufacturing and supply contracts. We are also insisting on Letters of Credit before shipment is made. On old historic debt, the vast majority of which relates to only one customer, decisive steps were taken to improve, the as yet unresolved issue, and we have had a series of meetings with senior management of the company in question. However, despite all these efforts, we have decided to make substantial provisions and write-offs against this debtor. Our total provision for bad debts for the 2009 year end amounts to R31.3 million."

ACTOWERS has successfully concluded its empowerment transaction with Tiso Telecom, a subsidiary of TisoGroup, whereby Tiso Telecom acquired a 25.1% interest in ACTOWERS for a total consideration of R116 million.

Chris Krüger says, "The Power Lines division has been successfully established, and together with the introduction of Tiso Telecom, ACTOWERS can now tender for contracts as a lead, turnkey provider, complying with all the relevant requirements for parastatal contracts." This division has tendered on contracts for several hundred million rands, and has been short listed on substantial tenders. This division successfully completed its first construction contract as lead contractor in April 2009 and has already achieved revenue of R15.5 million in its first year of operation.

Krüger reiterates: "We have always stated that we will pursue opportunities for the group which will be complementary to our existing product offering. We have therefore expanded our product offering into the Optic Fiber market by introducing services to install Optic Fiber links in South Africa and also in other Sub-Saharan countries. This division, which currently falls under the Cellular Towers division, is expected to be a major income contributor for the 2010 financial year with a confirmed order book amounting to approximately R35 million."

"We experienced a decline in orders during the latter part of the 2009 financial year in both lattice towers and equipment shelters, as a result of the global economic turmoil. Since year end however, the company has begun to see an increase in enquiries and some have turned into supply only, profitable orders. All indications are there that the global downturn has not affected the telecoms as much as was initially feared," says Krüger.

"We have taken proactive steps and are offering operators lower cost rapid deployment sites and have also designed new technology to reduce operating costs per site. This has been welcomed by operators and this will have a positive effect on turnover. The company has received orders that will keep us busy, well into the second half of the 2010 financial year. The Power Lines division is also establishing itself and building up a pleasing order book." concludes Krüger.

Ends

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