

Press release
For immediate release

Africa Cellular Towers Final Results

Africa Cellular Towers Limited (ACTOWERS), one of the largest in-house, full turnkey manufacturing and supply companies of telecommunication support systems in Africa and other emerging markets, released their final results for the year ended 28 February 2007. ACTOWERS listed on 29 November 2006 on the Alternative Exchange of the JSE Limited.

The business has grown from strength to strength and this year ACTOWERS managed to increase revenue by 52.4%, earnings before interest, taxation and depreciation ("EBITDA") by 49.3% and profit after tax by a satisfactory 48.7% from the year ended 28 February 2006. In comparison to the forecast that ACTOWERS released in their prospectus dated 21 November 2006, the actual revenue for the period exceeded the forecast revenue by 25.5%, EBITDA by 23.7% and profit after taxation by 22.9%. Diluted headline earnings per share of 15.8 cents were achieved, which exceeded the forecast headline earnings per share by 21.5%.

Financial results

Revenue increased by 52.4% from R129.4 million in 2006 to R197.3 million and this was as a result of large contracts being awarded to ACTOWERS in Nigeria, Ghana and Congo Brazzaville.

Gross profit grew by 28.4% from R47.9 million in 2006 to R61.6 million, but the gross profit margin declined from 37.0% in 2006 to 31.2% as result of greater competition and an increase in the steel price that could not immediately be passed on to ACTOWERS' customers.

Furthermore, the Company is currently working on a contract for Huawei (a cellular operator in the DRC). R10.3 million in revenue was recognised during the 2007 year. Because of the uncertainty of the volatile position in the DRC, the Company took a very conservative view on the contract and provided for an equal amount of costs, leaving no gross profit on the contract. They believe that this view is very conservative but prudent.

EBITDA increased by 49.3% from R29.3 million in 2006 to R43.8 million. EBITDA margin decreased marginally from 22.7% (2006) to 22.2% (2007). The 2006 year end was characterised by more "supply-only" type contracts as opposed to the 2007 year end which saw more "supply and install" contracts, which impacted on the Group's EBITDA margin. Chris Kruger stated that: "We are still very happy with these levels of gross profit and EBITDA margins which we believe could be maintained or even improved on with the introduction of our galvanising plant."

As a result of the private placement undertaken prior to the listing, whereby ACTOWERS raised R50 million, the balance sheet was significantly strengthened. The capital proceeds raised enabled the Company to increase raw materials substantially from 2006 to ensure a higher work-in-process in the factory to meet demand. The reason for the unusually high increase in work-in process regarding contracts is that during January and February 2006, two big projects in Chad and the DRC were completed and signed off. These projects were invoiced in the 2006 year

end. ACTOWERS also had further roll-outs of new contracts in Chad and the DRC which commenced in 2007 and are therefore still uncompleted as at the 2007 year end.

The year was further characterised by 5 new licences awarded to major licenced operators, that are of interest to ACTOWERS, in Africa, which is an indication of the importance of the market in terms of growth on this continent.

“We worked very hard in reducing our exposure to Celtel and as a result, have gained new cellular operators as clients. We added Madagascar to the list of countries we service and we have been able to negotiate a lucrative contract with a reputable client. We were also rewarded large contracts in Nigeria as well as Ghana and Congo Brazzaville” says Chris Kruger, CEO.

Subsequent year end events

On 13 February 2007, ACTOWERS announced that they have entered into Heads of Agreement to purchase JK Shelters (Pty) Limited (“JKS”) for an indicative purchase consideration of R40 million, based on a profit after tax amount of R8 million, which equates to a 5x PE ratio. The transaction was effective 1 March 2007. The details of the transaction are to be published in a circular to be distributed to shareholders

A further exciting development in the life of ACTOWERS is the go-ahead ACTOWERS received from the Ghanaian Government in May 2007, which will allow ACTOWERS to occupy space in the Free Zone and to keep inventory in Ghana. ACTOWERS is seriously considering establishing a manufacturing operation in Ghana in the future to supply the whole of the West & North Africa. The rationale is to find solutions to improving efficiencies as well as the turn around time of delivery of components to customers. The Free Zone also provides ACTOWERS with certain tax benefits and exports from the zone are exempt of charges. Ghana is seen as the gateway to the sub-region giving the company access to the market with a population of about 250 million.

The end

Issued and released by: **Keyter Rech Investor Solutions**
Marlize Keyter (011) 283-0043
Vanessa Rech (011) 283-0096
Gina Bonmariage (011) 283-0048

Contact: **Africa Cellular Towers Limited**
Chris Kruger, Executive Chairman and CEO
Tel: (011) 907-7364

Issue date: 22 May 2007

Background information

Nature of the business

ACTOWERS, based in Johannesburg, is an in-house, full turnkey manufacturing and supply company of telecommunication support systems in Africa and other emerging markets. The operations can be divided into two main areas, namely Manufacturing and Sales and Installations.

Manufacturing

ACTOWERS' main business consists of their manufacturing operation, located in a 3,200m² factory based in Johannesburg, manufacturing:

- steel communication towers (cellular and microwave masts);
- steel structures for manufacturing and warehouse facilities (general steel engineering);
- steel portal factories to house the electronics required at a telecoms site;
- steel palisade fencing for the telecoms site;
- diesel and water tanks for the telecoms site; and
- solar structures, also used at the telecoms site.

ACTOWERS is in the process of expanding the Johannesburg manufacturing facility and adding 1,200m² to the existing factory, which will be completed by end June 2007.

ACTOWERS uses 1,200 tons of steel per month and the current production capacity at ACTOWERS per week is:

- 10 x 100 meter towers; or
- 15 x 80 meter towers; or
- 20 x 50 meter towers; or
- 25 x 30 meter towers

The production capacity is also being expanded by the acquisition of six new fully automated cut, punch and marking machines, of which two have already arrived, which will push the usage of steel up to 2,000 tons of steel per month.

ACTOWERS is also in the process of building its own galvanising plant and the kettle required to galvanise the steel is being shipped at the end of May 2007.

Sales and Installations

The Sales and Installation teams are responsible for all pole-related support systems, which include:

- the management of turnkey telecommunications network projects including GSM, WLL, fixed wireless and VSAT technology;
- providing turnkey solutions or tower parts only for tower construction in Africa and other emerging markets, such as the Gulf States and India;
- ensuring that the tower parts are properly installed; and
- assist with the testing of these towers.

All tower components are pre-manufactured in South Africa as a modular system, which minimises rigging on site and at this stage.