

## CRAN RELEASES TELECOMMUNICATIONS MARKET REPORT FOR 2021

### FOR IMMEDIATE RELEASE

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The Communications Regulatory Authority of Namibia (CRAN) released the Market Report for 2021, which considers the financial health and performance of the Namibian telecommunications sector, consumer price developments, and changes in the competitive landscape. The first report was released in 2016 and formed the basis of the comparative analysis.

As far as financial performance is concerned, revenues declined in USD terms between 2016 and 2021 by 4%, while profits increased by 31%, and profit margins grew from 12% to 17%. Shareholder's equity increased from USD 95 million to USD 152 million. The state controls 89.4% of Information and Communication Technology (ICT) sector assets and 84.8% of ICT sector revenues. The private sector, while owning 10.6% of the assets, was responsible for 15.2% of the revenues in 2021.

Telecom Namibia managed a modest profit in 2021 and investment increased by 21% between 2016 and 2021. The return on equity for 2021 stood at 6.3%. Mobile Telecommunications Limited's revenue continues to grow annually, and its shareholders' equity in USD terms increased by 50% and net profit by 9% since 2016. MTC also invested in infrastructure to provide new services such as Fibre to the Home. MTC's EBITDA margin of 51% and its return on equity of 33%, makes MTC a good investment. While Paratus is growing rapidly, it is doing so from a low base. In 2021, despite a tenfold increase in shareholder's equity and a quadrupling of assets, it still accounted only for 7% of sector revenues and 9% of sector assets.

The total number of SIM cards increased by 10% over the same period. *"Out of 2.9 million mobile SIM cards currently in Namibia, 1.9 million (66%) used data. The share of mobile broadband SIM cards, increased from 61% in 2016 to 66% in 2021. This points to structural obstacles to cracking the 70% mark, such as lack of digital skills and high prices for mobile data and smartphones,"* remarked Mrs. Emilia Nghikembua, Chief Executive Officer, CRAN.

Voice and SMS revenues are declining while data revenue is growing. The share of data revenue increased from 33.6% in 2016 to 59.3% in 2021. Overall, service revenues increased by 14% from 2016 to 2021. Mobile revenue contributed to 74% of all data revenues in Namibia in 2021. Asymmetric Digital Subscriber Line (ADSL) dropped to only 13.5% of total data revenue, and Fiber-to-the-Home (FTTH) increased to 5.5% market share in 2021. *"This*

clearly demonstrates that Universal Access and Service for broadband can only be achieved using mobile. Fixed broadband is complementary for the high-income segment of the Namibian population,” stated Mrs. Nghikembua.

“Additionally, the use of Voice-over-Internet-Protocol (VoIP) and Over-the-Top (OTT) applications such as Skype, WhatsApp and FaceTime, to make voice calls, has gained popularity globally over the past years. Therefore, fixed voice revenues continue to experience a downward trend as more customers are changing to mobile and VoIP services. Consequently, SMS and landline traffic declined. This indicates the fading of landline relevance for consumers and a replacement of SMS by OTT applications,” added Mrs. Nghikembua.

On the rollout of network infrastructure, population coverage for Namibia is 85% for 4G. Seven out of 14 regions have 4G population coverage of below 80%. Kunene has less than 50% 4G population coverage. MTC owns 73% of all Radio Access Network (RAN) sites, Telecom Namibia 24% and Paratus 3%. MTC and Telecom Namibia have extensive network coverage in all of Namibia’s regions, which contributes to coverage, but there remains room to increase the footprint to ensure 100% population coverage.

“As we prepare for 2023, to the regulator will do more work around the promotion of technological innovation, improved quality of service and customer experience. We shall also issue more spectrum for the deployment of digital infrastructure, and to ensure that the cost to customers for services and devices are just, reasonable, and affordable. We are also preparing to issue spectrum for 5G in March 2023, which will be accompanied by a consumer awareness campaign to address myths and misconceptions and misinformation around 5G. There remain great opportunities for private sector investment and local participation in last-mile connectivity, most notably mobile 4G broadband, especially in underserved communities such as Kunene, Oshikoto, Kavango West, Zambezi, Omaheke, Otjozondjupa and Hardap Regions,” concluded Mrs. Nghikembua.

The full report may be downloaded from our website [www.cran.na](http://www.cran.na).

**“ENDS”**

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