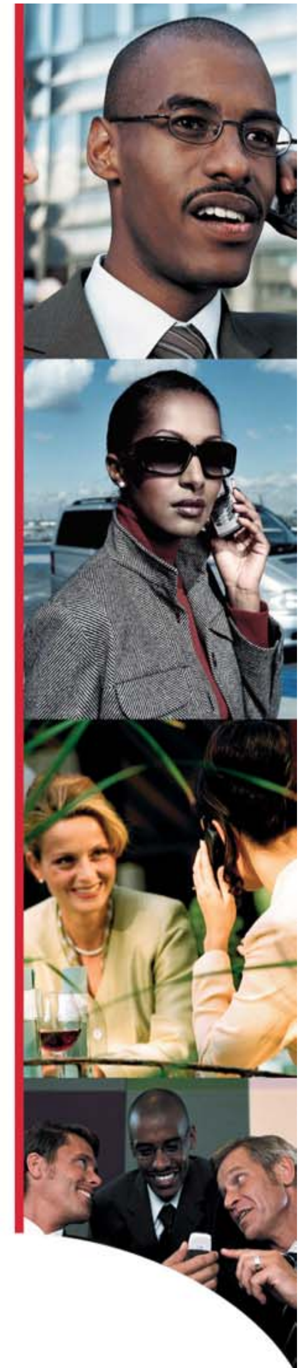
Nashua Mobile

July 2005

www.nashuamobile.com

NASHUA MOBILE

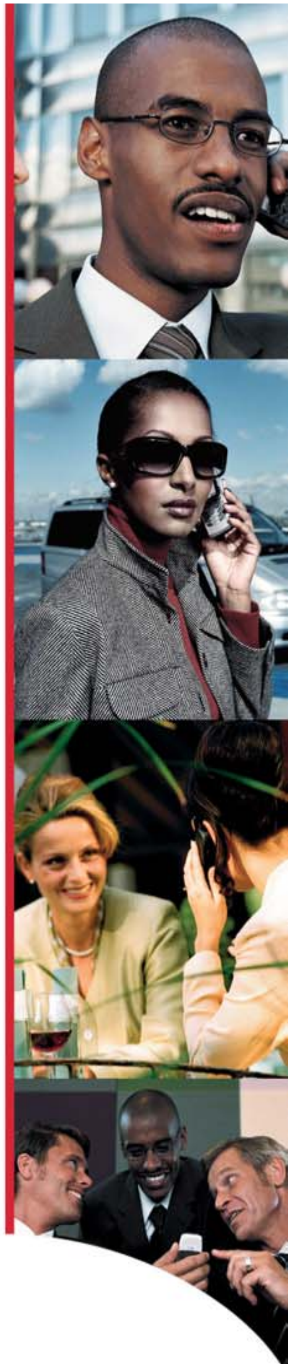
All the PHONES • All the NETWORKS • All the TARIFFS • All the TIME



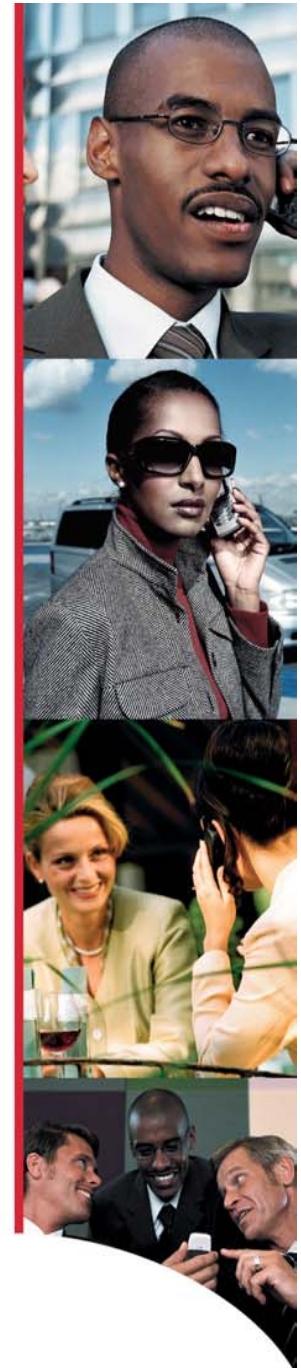
OVERVIEW

- 11 year old company (started with MTN in 1994)
- MTA activity to Nashua Mobile
- Over 400 000 customers
- Positioning - Focused on contract market (11% market share)
  - Balance between corporate and other high value users
  - Ultimate choice and advice
  - Impartial, honest, expert broker
  - "All the phones, All the networks, All the tariffs, All the Time"
- Industry characterised by rapid change / fast-paced
- Cellular evolution (increasing functionality)

Phone
Voice
Device → **Voicemail**
Answer
Machine → **SMS**
Text
Device → **Colour**
Still &
Video
Camera → **Media**
Games
Ring tones
Visuals → **Multi-purpose Mobile Device**
E-mail
Fax
Organisers



INTERESTING STATISTICS



Our people

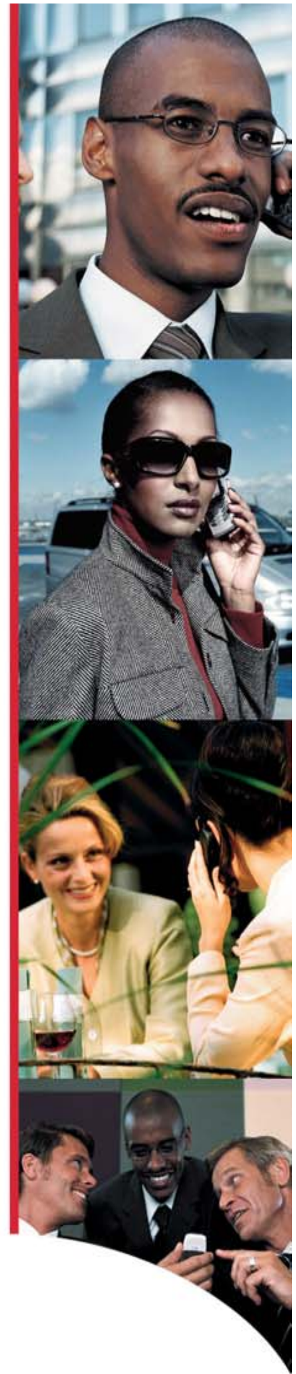
- Staff complement – 655 people (incl. temps and contractors)
- Empowerdex process on track
- Vision and Values – strong culture
- Active social responsibility programme
    - Adopted 2 schools (750 children fed daily and have tracksuits)
    - 1200 items (foods, toys, clothing) – collected by staff for shelters
    - R300 000 donated (in lieu of corporate gifts)

- Refined performance management system in place
- Mentorship programme (3 learners from Reunert College have permanent posts)
- 6000 training and development interventions

-

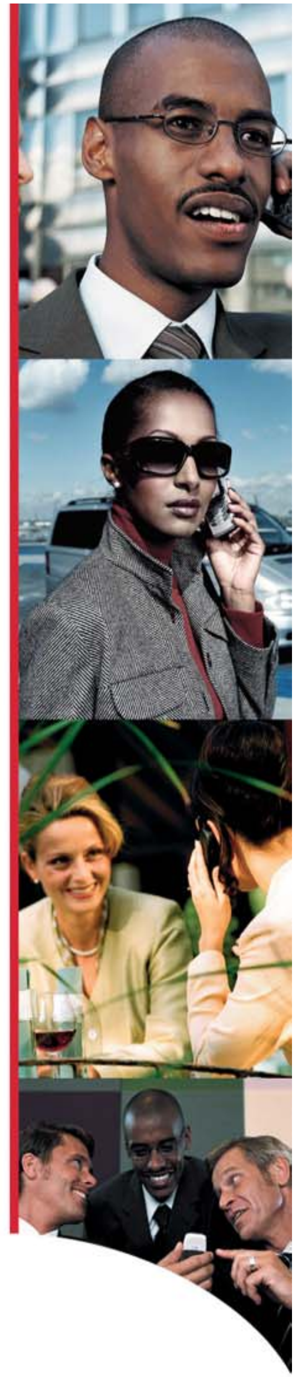
KEY INDICATORS

Key Indicators	2003 (ACT)	2004 (ACT)
Turnover	R2.01bn	R2.37bn
ARPU	R549	R538
Gross sales	70 804	87 025
Upgrades	74 000	87 013
Churn	13%	11%
Base	313 185	361 491
Handsets moved	141 808	171 317
Calls taken by Client Care	467 037	718 496



OVERVIEW - CREDIT

	2003	2004
Debit order accounts	123 000	143 000
Debit order rejections	559	386
Bad debt	0.60%	0.56%



INDUSTRY DEVELOPMENTS – RISKS AND OPPORTUNITIES

• Decreasing ARPU, as more lower-spend users get attracted (conversion from pre-paid and sale of hybrid packages).

• Mobile number portability, and the potential of increased churn.

• A change (decrease) in handset subsidies, and an associated slowing of the market, with potentially shorter term contracts and a rate reduction.

• The licensing of Virgin Mobile (in a joint venture with Cell C), as an aggressive, Enhanced Service Provider

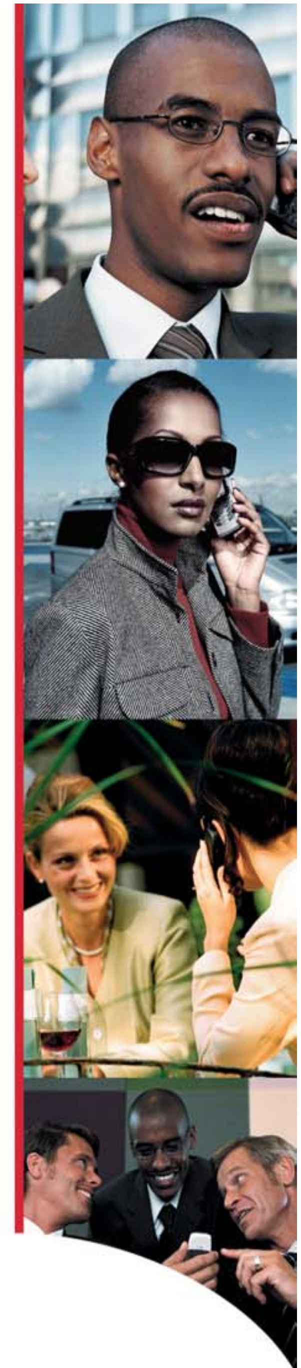
INDUSTRY DEVELOPMENTS – RISKS AND OPPORTUNITIES

- The growth in data services and sales (3G, Blackberry etc), and an even greater move towards technology convergence.

- Autopage becoming a Mobile Virtual Network Operator, and repositioning itself to compete with the Networks.

- A greater internal focus on improved sales and service levels, an increased distribution footprint, a projected rise in corporate discounts, greater sales focus in three specific areas (Corporate and Franchise, Retail, Specialised Services), and moving towards solution sales with new partners e.g. BT.

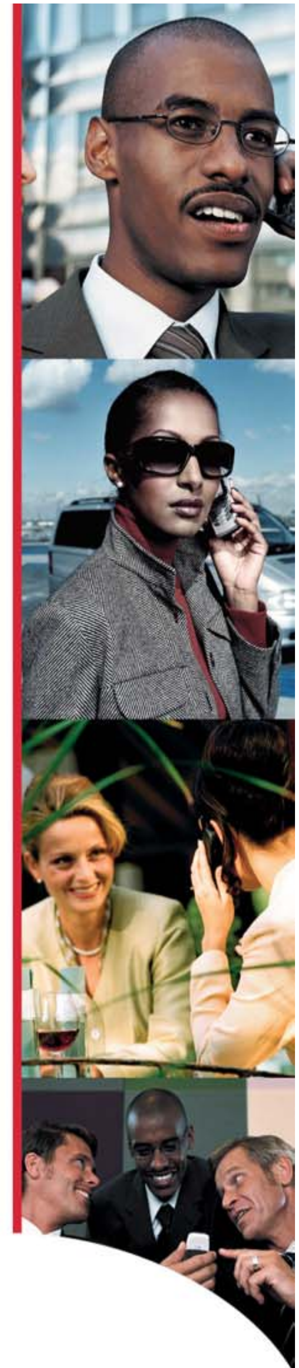
- The network-owned Service Providers becoming even more aggressive and stronger - an even greater reason for us to have strong Network relationships.



LEAST COST ROUTING

•The year 2004 / 2005 has shown a slowing of least cost routing.

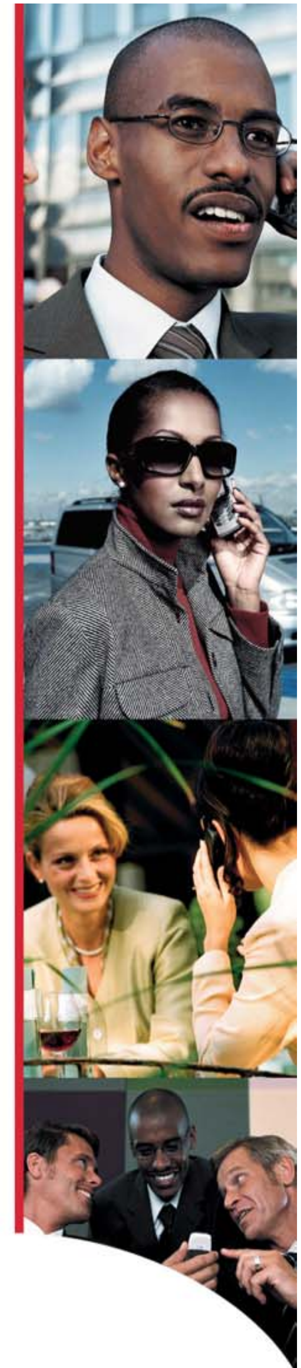
Least Cost Routing	Actual 2003 / 2004
Sales	8 818
Number of Dealers	114
ARPU	R1 628 (per month)
Turnover	R619 mil (per annum)
Base (Oct 2004)	31 673



LEAST COST ROUTING

There are many reasons why the growth did not exceed expected projections

- Increased margins from opposition to the dealers.
- Voice over Internet Protocol. Market perception and understanding. Customers are not wanting to sign contracts over a 24-month period.
- SIM FARMS.
- Phoneshop "dumping".
- Billing techniques / Zero based subscription packages.
- Call Direct. A non simcard based solution.
- Nashua Mobile's stance with regards to Phoneshops.
- Load Balancing – Increased simcards, but reduced ARPU.

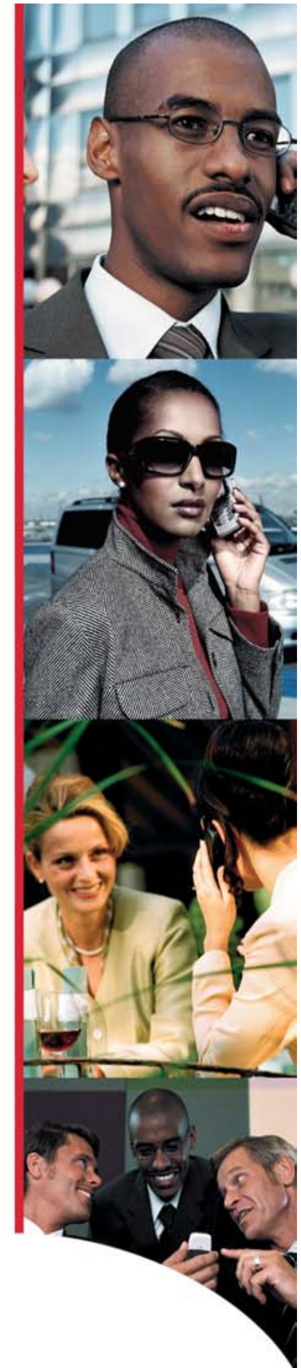


TELEMETRY

- The year 2004 / 2005 has shown an increased interest in the procurement of telemetry based solutions.

Telemetry	Actual 2003 / 2004
Sales	4 393
Number of Dealers	5
ARPU (Oct 2004)	R206 (per month)
Turnover	R71 mil (per annum)
Base (Oct 2004)	28 537

- The excellent figures can be attributed to Nashua Mobile's increased focus and market update.
- Majority of the simcards have been placed in vehicles (Fleet management and Tracking) as well as Meter Monitoring (Automatic Water and Electricity meter readings)
- The market is growing and with the development of 3G, EDGE and GPRS we will see a continued increase in demand.



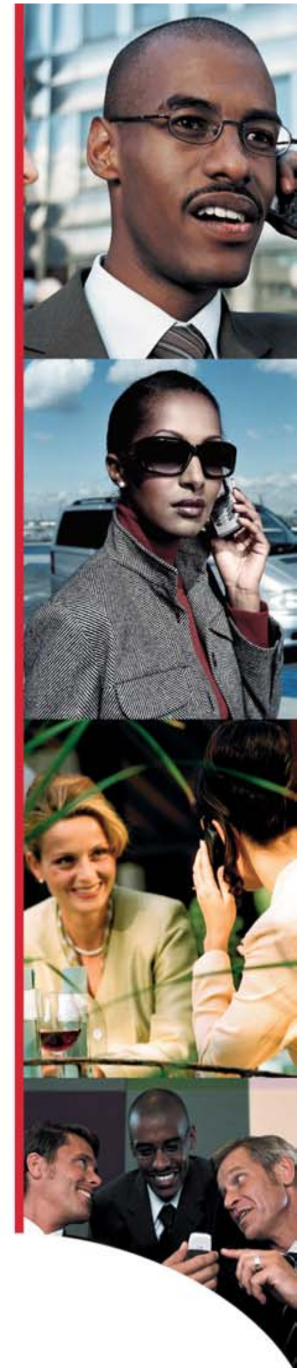
OVERVIEW BUSINESS UNIT STRATEGY

Retail	Corporate & Franchise	Specialised Services

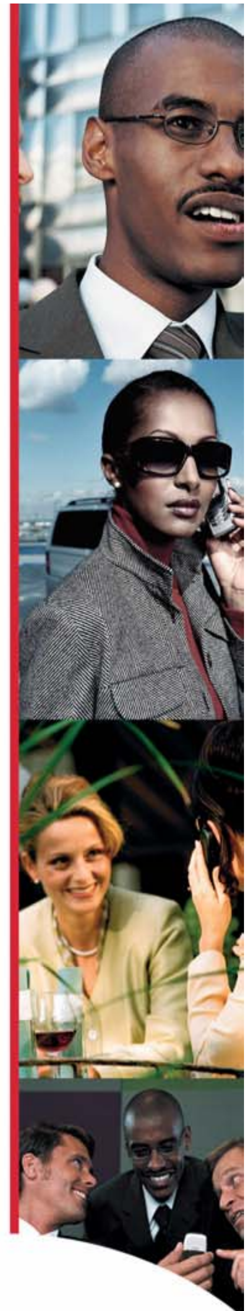
- **Retail** - Increase physical footprint
  - Different distribution models
  - Flagship Sandton store

- **Corporate & Franchise** - Our traditional strength
  - Increasingly competitive area (increased discounts, network focus, integrated solutions)

- **Specialised Services** - Won LCR court case (critical part of our business)
  - Deregulation (1 Feb 2005)
  - New opportunities, partnerships, products and services (full telecoms company-managed services, VIOP, fixed / mobile convergence, number portability, MVNO)



FUTURE



Will ISP's continue to exist

• Irrespective of the changes in the connectivity arena, ISP's will continue to offer specialised services:

- VPN's
- Corporate LAN's / WAN's
- Network Planning etc.
- Web Hosting.
- One Bill

• Multiple "Bearers" provide opportunities for ISP's to become Virtual Least Cost Routers:

- Iburst
- Sentech
- GSM
- Landline

FUTURE

- Number portability
  - Will unlikely have an impact on Nashua Mobile
  - It will be an opportunity to strengthen our relationship with the Networks

- Nashua Mobile will not compete with the Networks, and will not become a Mobile Virtual Network Operator in the foreseeable future.

www.nashuamobile.com

NASHUA MOBILE

All the PHONES • All the NETWORKS • All the TARIFFS • All the TIME

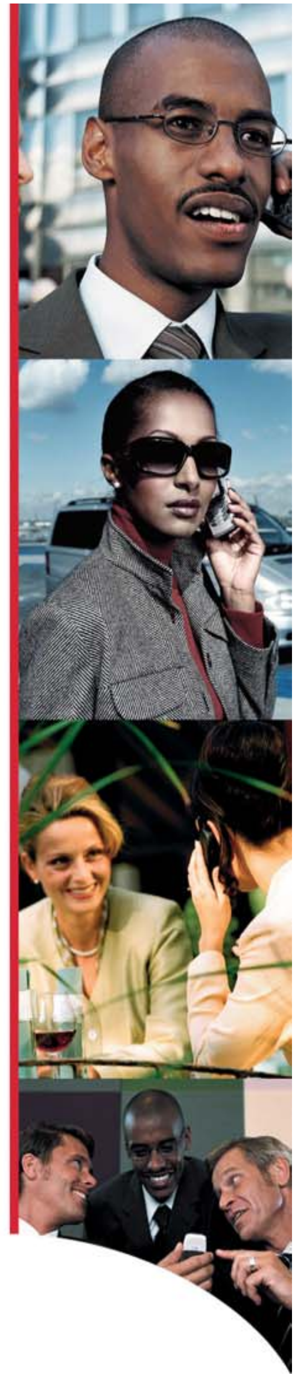
MARKETING STATISTICS

- Aggressive, continuous marketing activities (blend of corporate and retail message).

- Placed the following advertisements / exposures (Jan-July 2005)
  - 450 print (16 newspapers and Sunday Times / Rapport Sports page)
  - 1300 radio (9 stations and 94.7 Highveld Stereo Morning Sports)
  - 56 TV (Summit and ETV – tactical)

- Website
  - 96500 lines administered via the web
  - Web refresh project (even greater interactivity and fundability on the web)

- Messaging Gateway
  - Premium-rated SMS competitions (increasing volume)
  - Managing FNB “In Contact” sms’ – over 7 mil messages in June 2005



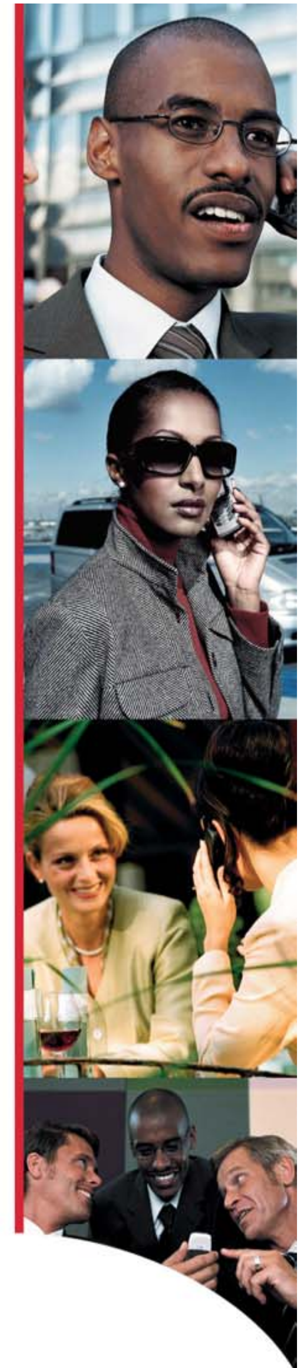
MARKETING STATISTICS

- Pricing
  - 3 Networks
  - 10 Handset manufacturers
  - 55 Current models
  - 68 Tariffs
  - 101 Specials
  - 7052 Pricing options

- Products
  - Constant development and evaluation of new products and services e.g. rise in data, convergence, etc.

- Customer Intelligence
  - Greater focus on customer knowledge and volume

- Nashua Mobile has a very strong relationship with the Networks



www.nashuamobile.com

NASHUA MOBILE

All the PHONES • All the NETWORKS • All the TARIFFS • All the TIME