



MEDIA RELEASE

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Air Namibia adds value to Namibian Economy

“Air Namibia makes a meaningful economic contribution to the Republic of Namibia. In 2015/16 Air Namibia’s operations and aviation-related capital spending made a N\$704 million contribution to the Namibian economy and sustained 4,550 jobs.” These were the findings extracted from a study conducted by Oxford Economics on “Air Namibia’s economic impact to the economy.” The study was presented by Ian Mulheirn from Oxford Economics at Air Namibia’s Annual Stakeholder conference held on Wednesday, 17 May 2017 at Safari Hotel in Windhoek.

The event brought stakeholders together, to provide feedback on developments and challenges faced by the national airline of the Republic of Namibia and the Namibian Aviation sector at large. Furthermore, the event created a platform for the stakeholders to engage with the national airline’s board and management.

The Oxford study focused on the national airline’s core and catalytic impact, while making projections for future growth. The study reports that during the 2015/16 financial year, Air Namibia made a negative direct contribution to the economy of N\$ 263 million, however, during the same reporting period, the national airline sustained 4,550 indirect jobs in the value economy chain; raising N\$316 million in tax revenue; and, contributed N\$ 704 million to GDP. *“The tax revenues generated by the activity sustained by Air Namibia were equivalent to 55 percent of the subsidy the airline received in 2015/16,”* Mulheirn explains. He further added that the national airline’s contribution to the economy is estimated to grow in the next five years.

Putting Air Namibia's operations into perspective, Hon. Alpheus !Naruseb, Minister of Works and Transport noted that Air Namibia operates in a dynamic and highly competitive business environment, and key success factors includes the need to become innovative and embracing technology optimally. *"You compete in a big world against some of the world's biggest and best airlines. You are expected to set yourselves to meet international standards as your market is not only for local travellers but from all corners of the world,"* Hon. !Naruseb stressed. He reassured the airline's Board of Directors and Management that the Government Republic of Namibia, under his Ministry has no intention of mingling in Air Namibia's "day to day" operations, or to interfere in the running of the airline.

Hon. !Naruseb shared some words of wisdom to Air Namibia team as he said; *"We would like to encourage Air Namibia to strengthen itself in order to improve competitiveness in the face of new competition, as well as those other many airlines who may be heading to Namibia in the near future."*

Adv. Mandi Samson, Air Namibia's acting Managing Director gave a report on Air Namibia's performance for the 2015/16 financial year. *"In our quest to attain operational break-even after the development of this five year plan, we have implemented an optimum network and schedule plan."* *"Our Revenue by Available Seat per Kilometre (RASK) this year compared to last year improved slightly by 1.3%, increasing from N\$ 0.76 in 2015/16 to N\$ 0.77 in the current year. The Cost by Available Seat per Kilometre (CASK) remained stable at N\$ 0.98,"* Adv. Samson explained.

She continued by reporting that Air Namibia's route networks are doing better this year when compared to last year, except for one route with a major negative performance which prevented the national airline from gaining increase in RASK of more than 10%. *"This route in focus is Luanda, given the financial crisis in Angola. The Luanda route saw a decline of 31% in passenger totals and a 46% decline in total revenue."*

Airbus representative, Michaël Guiraud gave a presentation on Airbus Global Market Forecast. Air Namibia leases six aircrafts from Airbus: four Airbus A319-100 for some regional routes and two Airbus A330-200 for international routes.

Ethiopian Airlines (ET), as one of the successful airline in Africa gave an overview of their key to success. Mesfin Gebre Gebremariam, Area Manager for ET branch in Namibia noted that their success factor is due to the investment in their own people and infrastructure. Ethiopian Airlines and Air Namibia signed a code sharing agreement in the first quarter of this year (2017). The agreement allows both airlines to expand their global network through the services of each airline and also facilitate the provision of competitive and convenient travel choices to their respective customers.

Adv. Samson concluded by sharing the Air Namibia dream and urging all Namibians to support the national airline. *“My dream and that of the Air Namibia family, is for Air Namibia to achieve a point where its value is also reflected by a sound financial position. We wish to see Air Namibia as the premier of choice of all travellers, when they wish to embark on their trips connecting to the Land of the Brave. To achieve this dream, I would like to call upon all stakeholders in this room and beyond, to continue supporting the National airline.”*

The event was concluded with a panel discussion, held under the theme: *“Aviation as a catalyst for socio-economic development.”* The panel discussion was moderated by Ms Yvonne Dausab, Chairperson of the Law Reform and Development Commission.

ISSUED BY THE CORPORATE COMMUNICATIONS DEPARTMENT

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