

Investor's Eye (4)

MENA Cable Acquisition Rationale and Milestones

6 August 2018



telecomegypt

Content

Our cable system network

MENA Submarine Cable System

Acquisition rationale

Acquisition milestones

CEO's comments

Joint press release with Airtel

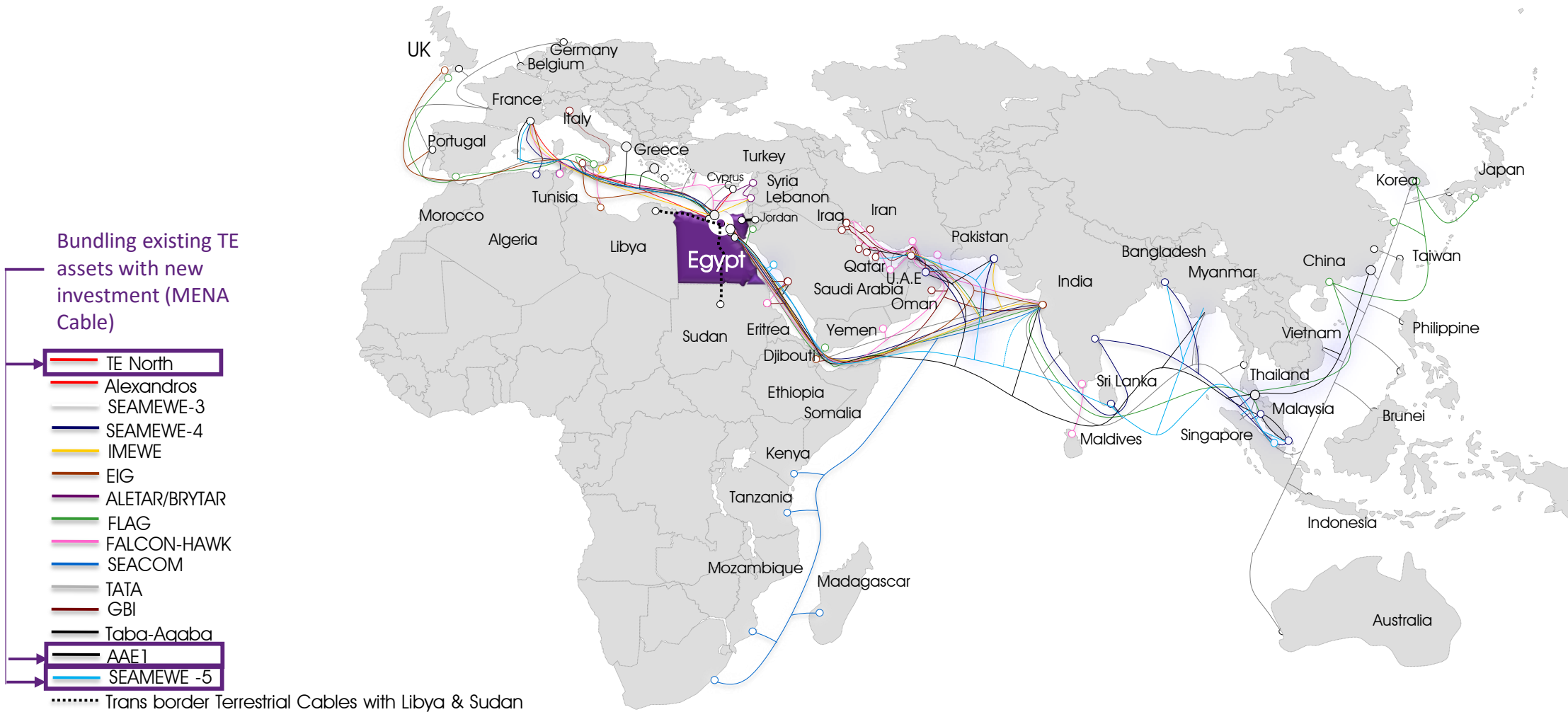
Cable systems revenue generation

Our capacity sales services



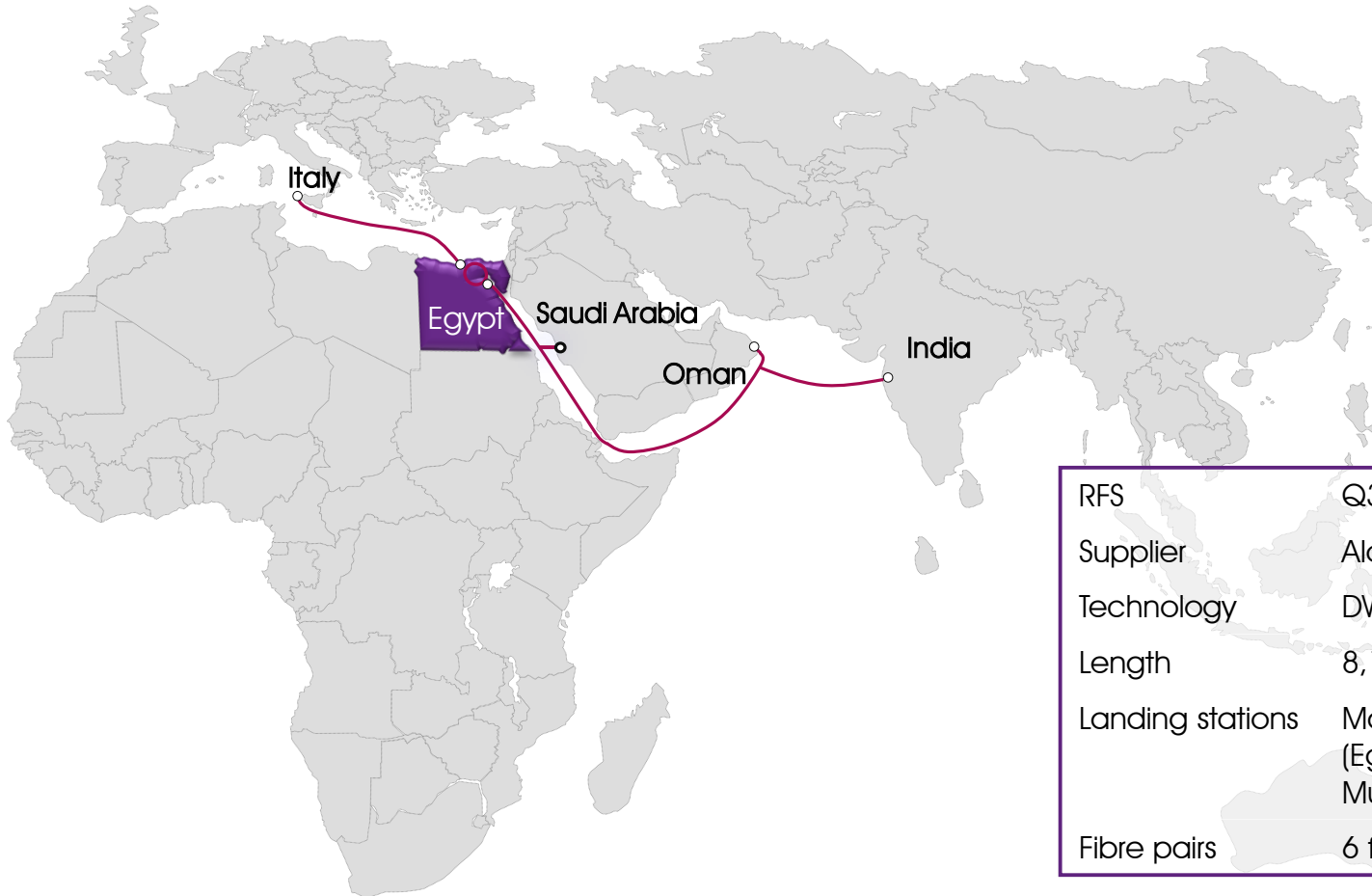
Our cable systems network

offers reach and reliability



MENA Submarine Cable System

Acquiring an asset to further diversify our network and gain a short-term return



Telecom Egypt announced on 21 May 2018 that its 50% owned subsidiary, Egyptian International Submarine Cables Company (EISCC), has executed a Sale and Purchase Agreement with Orascom Telecom Media and Technology Holding S.A.E ("OTMT") for the purchase of OTMT's shareholding of its subsidiary Middle East and North Africa Submarine Cable ("MENA") for a total value of USD 90 million. The transaction aims to be concluded in 60 days, after the fulfillment of all conditions precedents.

RFS	Q3 2014
Supplier	Alcatel-Lucent Submarine Networks (ASN)
Technology	DWDM 100G
Length	8,100 km
Landing stations	Mazara del Vallo (Italy), Abu Talat (Egypt), Zafarana (Egypt), Jeddah (Saudi Arabia), Al Seeb (Oman), Mumbai (India)
Fibre pairs	6 fiber pairs

Acquisition rationale

1

Preserving the revenue stream of the cable systems segments by acquiring MENA Cable's license to operate in Egypt

3

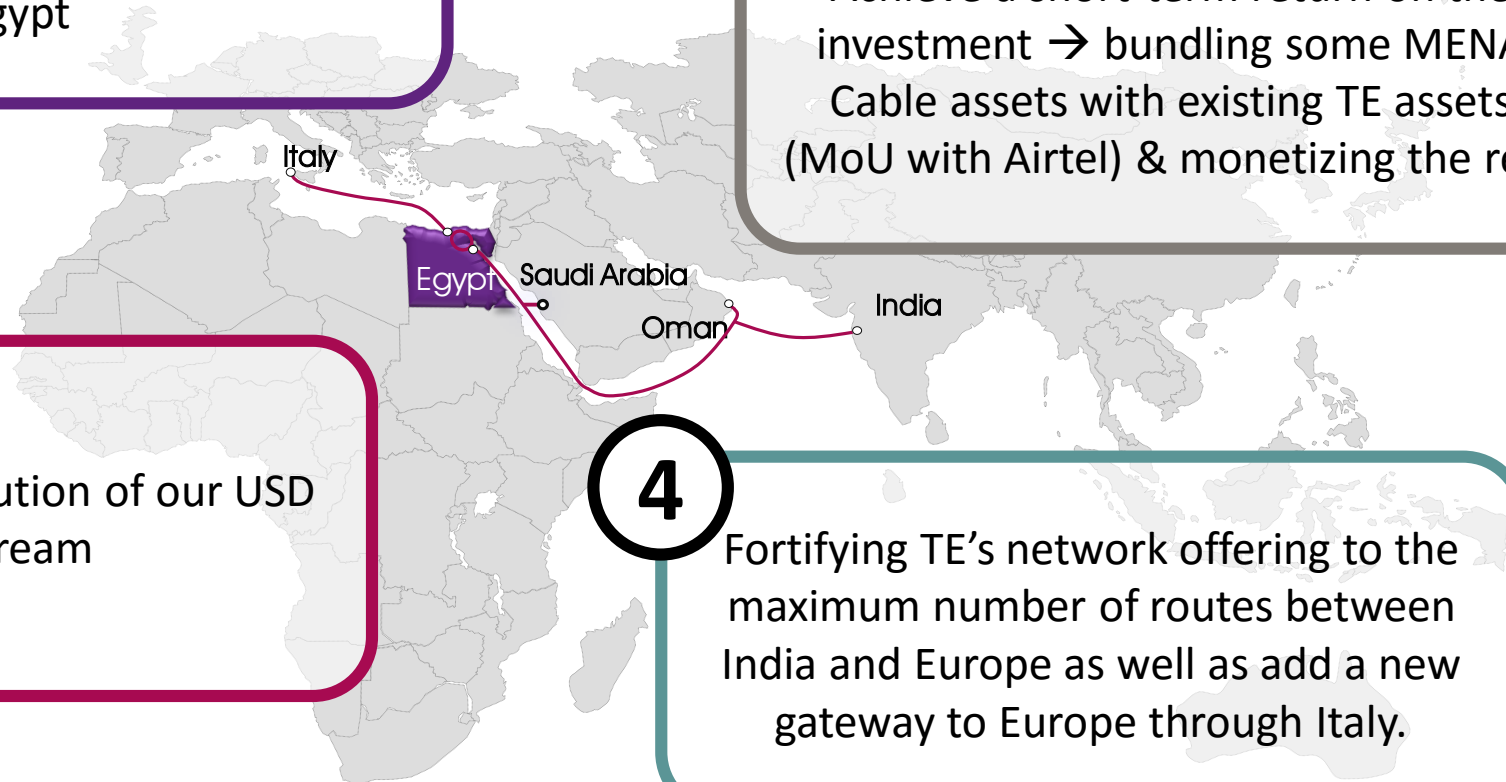
Achieve a short-term return on the investment → bundling some MENA Cable assets with existing TE assets (MoU with Airtel) & monetizing the rest

2

Increasing the contribution of our USD revenue stream

4

Fortifying TE's network offering to the maximum number of routes between India and Europe as well as add a new gateway to Europe through Italy.



Acquisition milestones

Quick steps to execute and monetize the investment



27 March 2018

Announcing a potential submarine cable investment opportunity accordingly the BoD approved the amendment of its FY 2017 dividend proposal

21 May 2018

EISCC executed a Sale and Purchase Agreement with OTMT for the purchase of MENA. The transaction aims to be concluded in 60 days, after the fulfilment of all conditions precedents.

10 May 2018

BoD approved the acquisition of the MENA Cable by EISCC from Orascom Telecom Media and Technology Holding (OTMT) with a total enterprise value of USD 90 million to be financed through a shareholder loan from Telecom Egypt.

6 August 2018

TE and Airtel announce strategic partnership (MOU) to grant Airtel IRUs on MENA Cable and TE North Cable systems. In addition, Airtel will also take large capacities on a long-term basis on two new state-of-the-art cable systems (SMW5 and AAE1).

CEO's comments

On the signing of the SPA with OTMT

“ We are pleased to have concluded the SPA with OTMT. As earlier communicated, the decision to acquire MENA Cable is one of the most important steps towards implementing the company's strategic plan to ensure the sustainability of submarine cable revenues and reinforce the contribution of the USD revenue stream. The new cable will add to Telecom Egypt's network of submarine cables fortifying TE's network offering to the maximum number of routes between India and Europe as well as add a new gateway to Europe through Italy.

”

On the strategic partnership with Airtel

“ Telecom Egypt's global network was built over the years through investments in consortiums as well as private international submarine cable systems. Our reach and position as an international hub with tens of Tbps lit capacity, makes us the partner of choice for Euro-Asian and Euro-African transit traffic. Telecom Egypt signed the agreement with OTMT to acquire MENA Cable with the aim of capitalizing on the growing traffic from India and Saudi Arabia to Europe and to obtain a new gateway to Europe through Italy. We are pleased to be able to sign the MoU with Airtel as well as to be able to bundle MENA's assets with existing assets of the TE network. We aim to come back to the market with more details on the MoU and its financial impact once the deal is closed.

”



Joint press release with Airtel

New partnership offers Bharti a new route for its growing data demand



Cairo/ New Delhi, 6 August 2018: Bharti Airtel (“Airtel”), a leading global telecom services provider, and Telecom Egypt, Egypt’s first integrated telecom operator, announced a strategic partnership, wherein, Airtel will get IRUs (Indefeasible Right of Use) on Middle East North Africa Submarine Cable (MENA Cable) and TE North Cable Systems. In addition, Airtel will also take large capacities on a long-term basis on two new state-of-the-art Cable Systems (SMW5 & AAE1). The transactions aim to be concluded after the fulfillment of all conditions precedents.

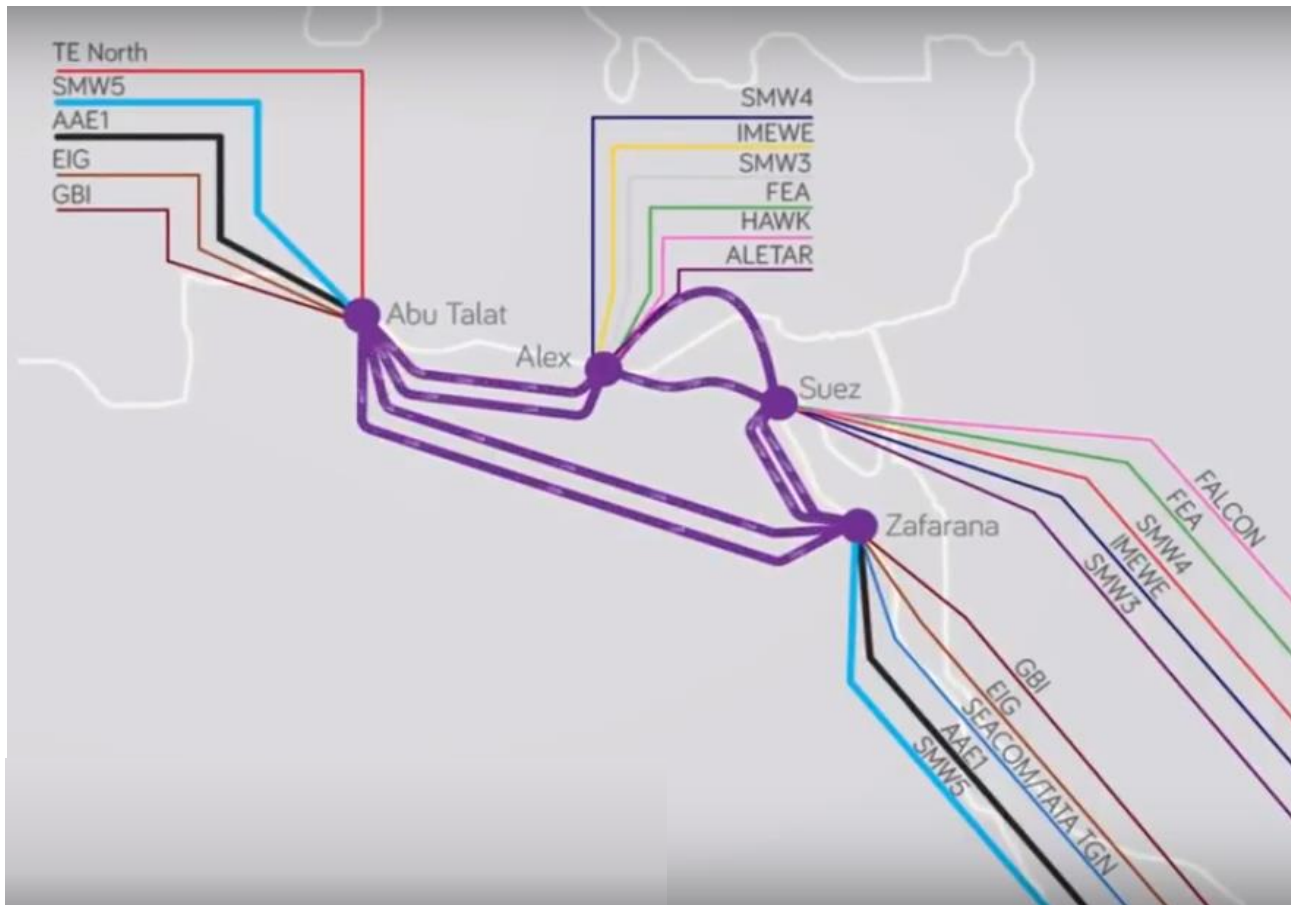
The partnership grants Airtel the right to use fiber pairs of MENA Cable from Egypt to India with access to Saudi Arabia and Oman, and other fiber pairs from Egypt towards Italy. It also extends beyond MENA Cable, where Airtel will get the right to use a fiber pair from Egypt to France on TE North along with capacities on SMW5 and AAE1 cable systems.

With this, Airtel will be able to further diversify its global network to serve the massive growth in demand for data services, particularly in emerging markets across South Asia, Africa and Middle East, while also benefitting from the favorable economics of Telecom Egypt’s existing wide cable systems network.

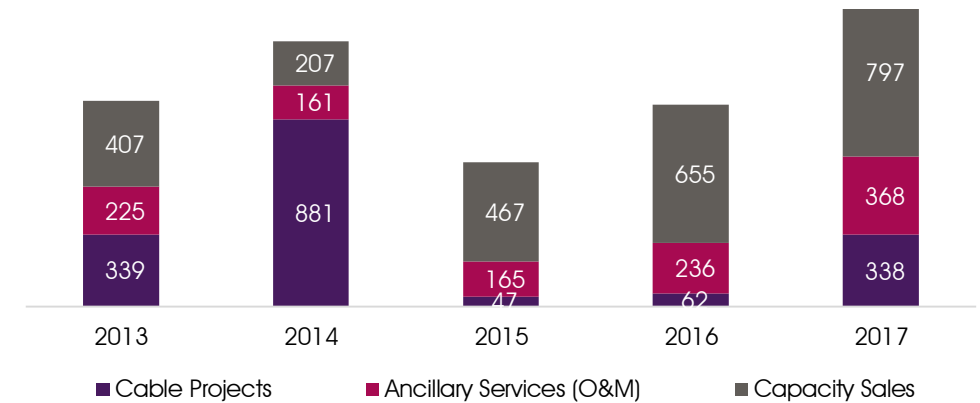
Ajay Chitkara, Director and CEO – Airtel Business, said, “The partnership with Telecom Egypt underlines our commitment to provide world-class service experience to our customers. The partnership including MENA Cable and TE’s network will be a good addition to our global network portfolio and provide us with a high quality and diversified new route to Western Europe and the rest of the world. With the explosion of data usage in emerging markets, including India and Africa, this asset will provide us a scalable and diverse high capacity highway to serve our customers. In particular, it will provide impetus to India’s emergence as a major regional internet hub serving customers across SAARC region, with seamless global connectivity.”

Cable systems revenue generation

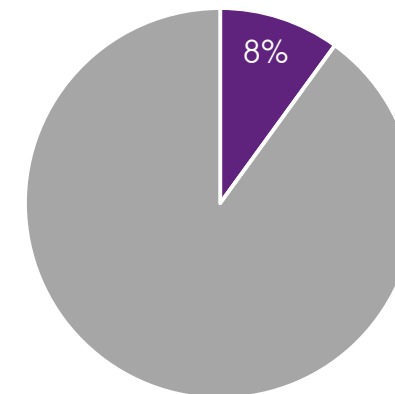
Cables crossing Egypt



Cable revenue breakdown
(In 000's)



Cables contribution to revenue



Our capacity sales services



International Connectivity : Our Footprint, Your Reach

TE Int'l Connectivity services offer dedicated point-to-point bandwidth between customer sites, carrier Points of Presence (PoPs), data centers, internet exchanges and submarine cable landing stations through Telecom Egypt's global network. TE's network extends to more than 60 countries globally.

Benefits :

- Diversified solutions over a range of submarine cable systems connected together in a MESH topology to meet customers' resiliency targets.
- Flexible and scalable bandwidth subscription, from fraction of Mb/s to Multiple 100Gs and dedicated spectrums on dark Fiber Pairs.
- World-class service level standards covering, service lead time, availability and mean time to restore.
- 24/7 service support.

MPLS IP-VPN: Our network, Your needs

TE provides an end to end service with One stop shop partners to offer MPLS IP-VPN covering over more than 200 countries to help enterprise customers to build their global network with adequate quality standards .

IP Transit services: Access the global internet with the best quality and cost effective solutions

TE IP Transit offers IP connectivity to the global internet with high level service performance, built by state-of-the-art resilient and robust international IP infrastructure. Critical global content of the major OTTs and Content Providers is hosted in TE Data-Centers in addition to direct peering in most global IXs to ensure to our customers the best experience.

Hosting: Our Colocation, Your Presence

First in the Middle East and Africa to offer hosting facilities for critical content, streamline video, social networking and carriers nodes, state-of-the-art carrier hub facilities & data centers including those in the Mediterranean Landing Stations which provide easy access to all major international cables.

Thank You

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telecomegypt

