

Egypt's Broadband Market

Development Drivers

Global Symposium For Regulators
Tunisia, November 2005

TE Data

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Outline

- Broadband Access Background
- Growth Limiting Factors
- Broadband Initiative
- PC for Every Home Initiative
- Other Initiatives
- Initiatives Impact
- What's Next? Rural Areas Development

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Egypt's Broadband Market - Crossing the
Chasm from Early Adopters to
Mainstream

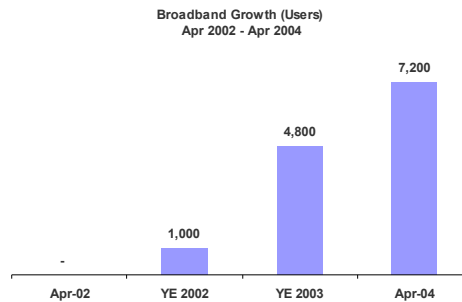
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Broadband Access Background

- Apr 2002 – NTRA formulates Local Loop Unbundling
- YE 2002 – 1 operator providing broadband access
- YE 2003 – 3 operators providing broadband access

Apr 2002–Apr 2004: 7,200 ADSL lines

1 Broadband line for every 1,000 Tel lines
1 New Broadband User every 75 minutes



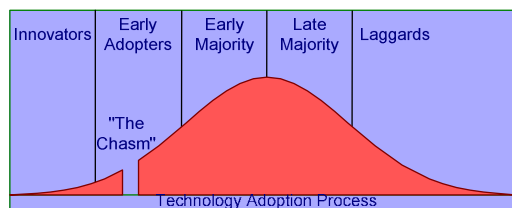
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Growth Limiting Factors

- Market Awareness
 - Low market awareness and demand
 - Developing the mainstream market (early majority + late majority)
- Broadband Prices
 - Too high compared to income
 - Cost components left no margin for price reductions
- Local Loop Unbundling
 - Process was inefficient and time consuming
- PC's Penetration
 - Low PC Penetration rate (1.5% YE 2003)



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Broadband Access Initiative

Inception	
Initiative	Broadband Initiative
Launched	May 2004 in ITU Telecom Africa 2004
Target	40K broadband Users after 1 Year (May 2005)
Empowering the Market / End User	
MCIT	Formulated the initiative Increased market awareness by launching an independent government-sponsored marketing campaign
Telecom Egypt	Empowering operators through transmission and unbundling cost reductions (volume discounts) Provided an online B2B website that enhanced the provisioning / ordering cycle
ISP's	Reduced EUP Price from LE 290 / Month to LE 150 / Month (256 Kbps speeds)

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PC for Every Home Initiative

Initiative	PC for every Home
Launched	Nov-02
By	MCIT / PC Vendors / National Banks / TE
Objective	Affordable PC's Paid on instalments
Target	Distribute 7 Million PC's in 7 Years
Instalments	By TE with regular telephone bills

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Other Initiatives

- Broadband for Schools Project
 - Broadband connect 7,000 schools to the Internet
- Egyptian Universities Network (EUN) Project
 - Internet 2
 - 30 Universities
 - DS3+ Capacities
- Raising Literacy Rate
 - Various governmental and non-governmental initiatives
- Universal Service RFI, NTRA, Sep 2005

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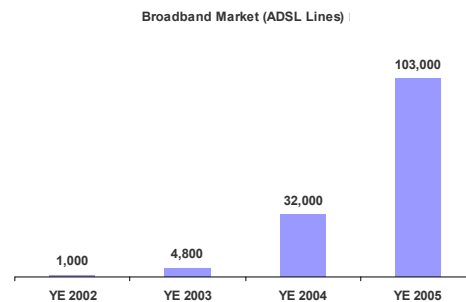
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Initiatives Impact

- YE 2004 – 8 operators providing broadband access
- Rural Areas Broadband Adoption
 - Evolution of local regional resellers
 - Increase in Internet café's numbers

1 Broadband line for every
100 Tel lines
1 Broadband User every 6
minutes

Apr02-Apr04: 7,200 Lines
May04-Aug04: 15,000 Lines
Market Size Doubled



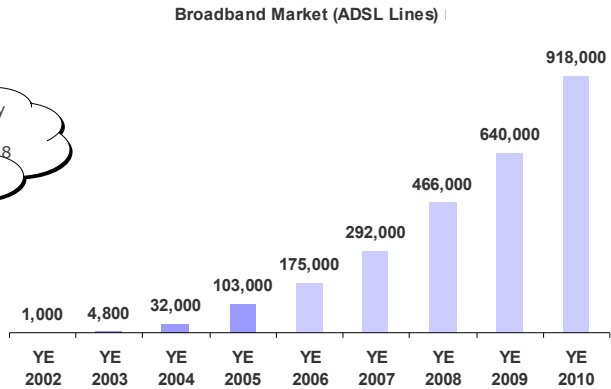
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Initiatives Impact

1 Broadband line for every
10 Tel lines
1 Broadband User every 1.8
minutes



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What's Next? Rural Areas Development

- Social Challenges
 - Literacy Rate
 - Market Awareness
 - Market Need
- Economic Challenges
 - PC Penetration
 - Affordability
 - Business Case to operators (P&L)
- Technology Challenges
 - None

- Opportunities
 - Services
 - VoIP for Consumers;
Postpaid / Prepaid services
 - Internet Café's
 - Technology
 - Wireless Last Mile
Broadband; WiMax
 - Funding
 - Universal Service Fund

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Thank You for your attention...

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