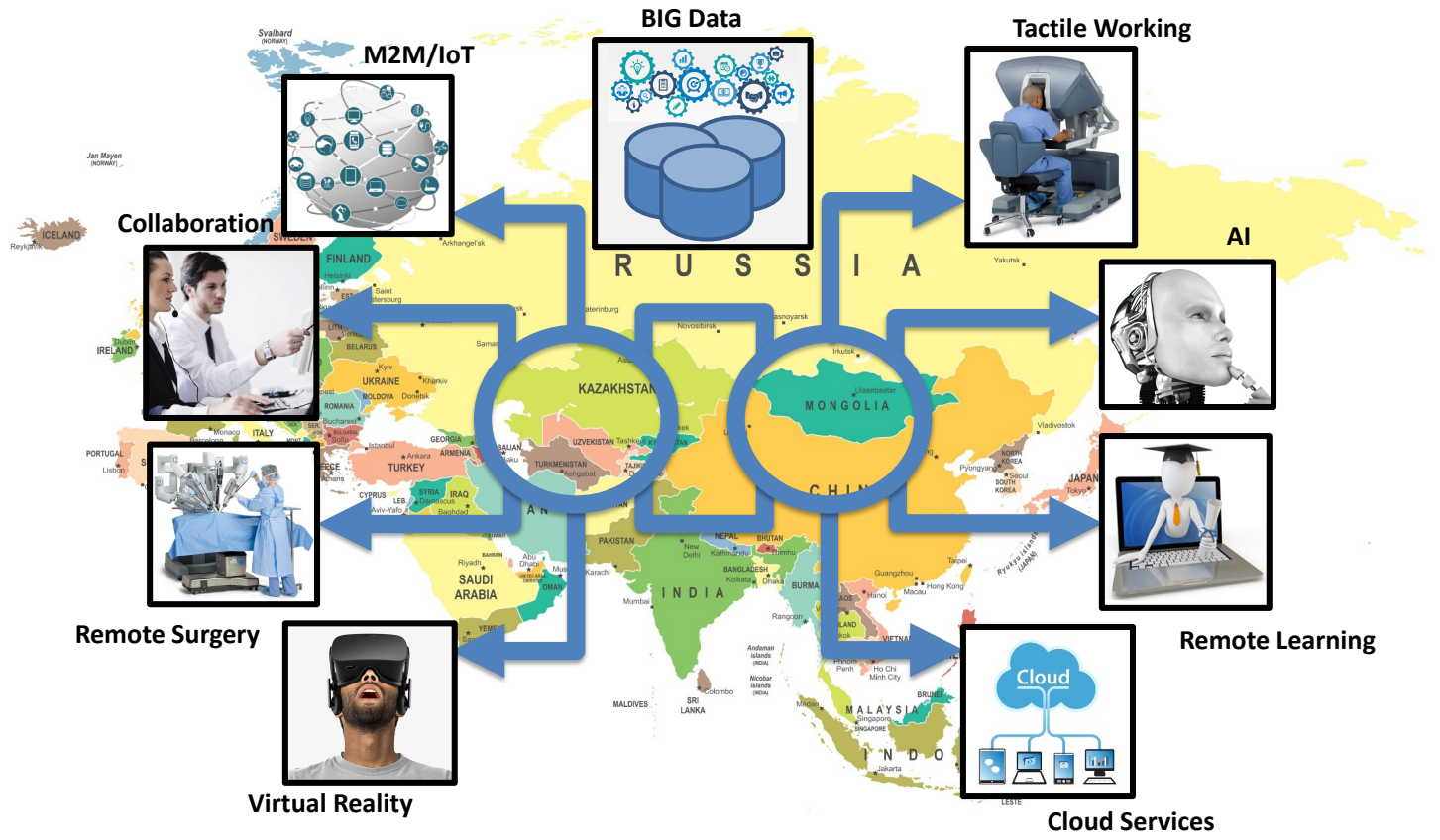




# CAFO CENTRAL ASIA

Critical to Central Asia driven by One Belt  
One Road (Silk Route) and Digital CASA

# Unlimited Service Potential



# WHY CAFO IN CENTRAL ASIA?

GOVERNMENTS ARE FORCED TO INTRODUCE  
SOME FORM OF COMPETITION



Cost Savings for Mobile operators of Over \$300m compared to the price points they have today



Increased dependency on Afghan and Tajik Telecom; cost too high to be viable and quality too poor.



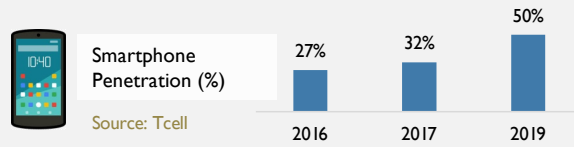
From 2016 to 2018, data revenue as a percentage of total revenue increased by more than 55% and 90% for Afghanistan and Tajikistan.



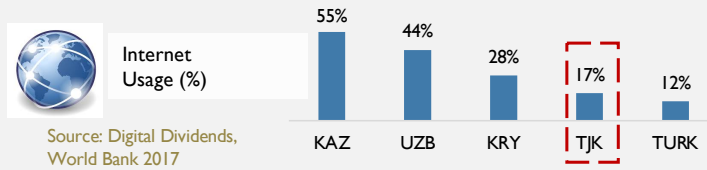
LTE and 5G is essential to remain competitive and cannot be done without Fiber.

# CAFO CENTRAL ASIA: CLOSING THE DIGITAL DIVIDE

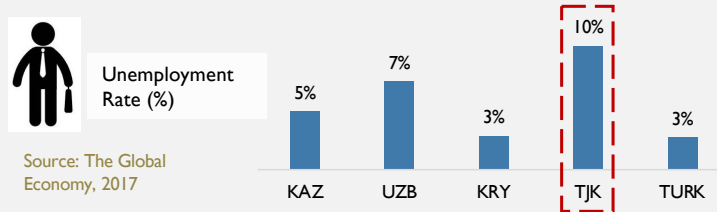
Digital technologies have been spreading in Tajikistan.



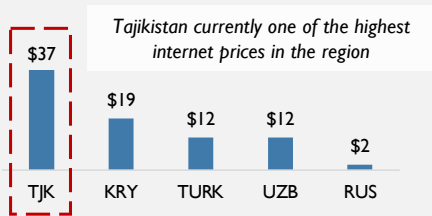
However, only 17% of Tajikistan Population uses internet regularly due to the high prices and low connectivity



Therefore, digital dividends — Growth, jobs and service delivery—have lagged behind



# CAFO CENTRAL ASIA: REAPING DIGITAL DIVIDENDS



Source: Terabit Consulting, Roshan, Tcell



Access to healthcare is limited in Tajikistan due to poor infrastructure. Telemedicine – enabled by accessible and affordable internet – will fill this gap.

CAFO Tajikistan aims to make the internet

Accessible

Affordable

Open and safe

Lowering the cost of economic and social transactions for hospitals, universities, firms, individuals and the public sector through

Search and information

Automation and coordination

Scale economies and platforms

INCLUSION

EFFICIENCY

INNOVATION

Source: Digital Dividends, World Bank 2017

# CAFO CENTRAL ASIA: SOCIAL IMPACT



~10,000

Jobs Created:  
*Construction & Maintenance*



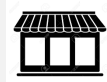
~\$70m

Taxes over 10Years:  
*Payment to Government*

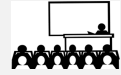


~8,000

Businesses Connected:  
*Fixed Data Subscriptions*



Small and Growing  
Businesses



Schools and  
Universities



Hospitals and  
Clinics



~95%

Population coverage Year 5:  
*Internet/data availability*



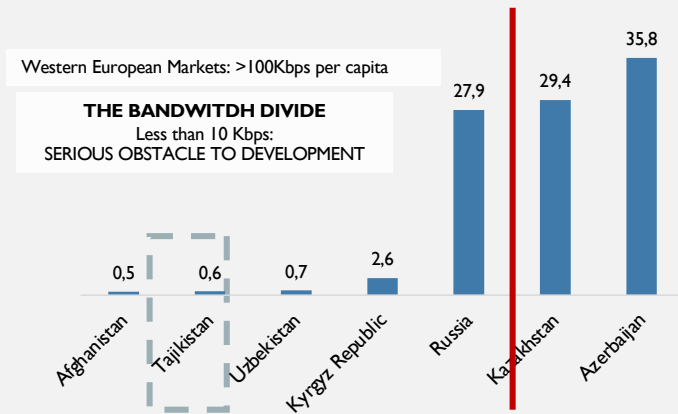
~200,000

Households Connected:  
*Fixed Data Subscriptions*

# CENTRAL ASIA CURRENT REGULATORY CONTEXT

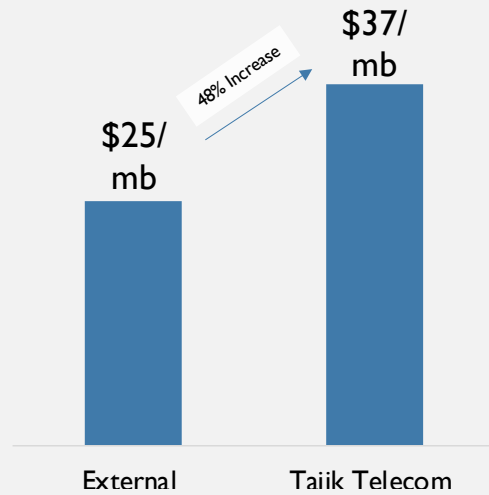
According to the Tajik and Afghan regulation, all cross-border bandwidth have to be purchased from Government entities; this has resulted in higher cost and lower quality for all Tajik Operators. The market is now opening

Internet Bandwidth per Capita (Kbps)

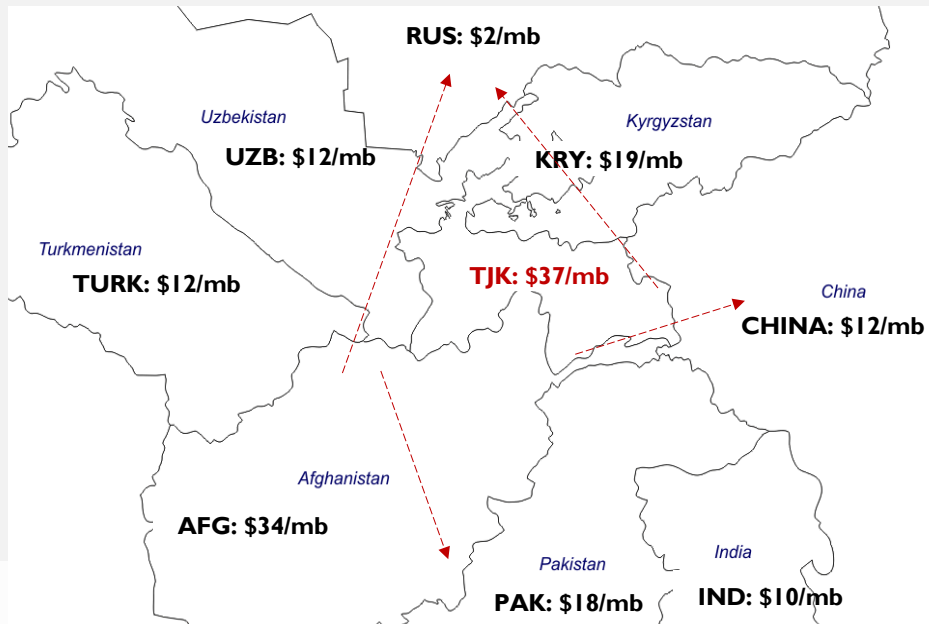


Source: Terabit Consulting, World Bank Digital CASA

ISP Cost per MB



# CAFO CENTRAL ASIA: CURRENT OPPORTUNITY



Source: Terabit Consulting, Mobile Operators in Central Asia



# CAFO CENTRAL ASIA:

BACKBONE FIBER FOR INTERNET ACCESS ACROSS BORDERS. FOSTERING ECONOMIC GROWTH BY INCREASING ACCESS TO AFFORDABLE INTERNET

TeVXXXXXXXXXX  
VVxt

**1**

**Silk Route, One Road One Belt is the Number one priority for China**

**2**

**Only 20% of Central Asia uses internet. Internet is 2500% more expensive than the West.**

**3**

**New opportunity presented by the Government of Afghanistan and Tajikistan to build fiber-optics and connect to the internet cloud in Russia, Europe, China and Pakistan.**

**4**

**Equity 24% : \$42M  
Debt 56% : \$98M  
Grant 20% : \$35M**

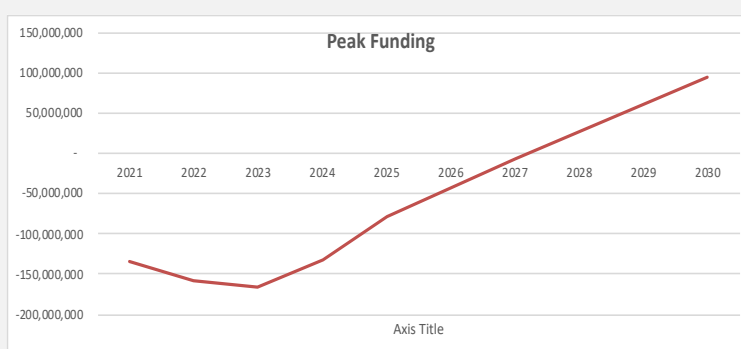
**5**

**Equity IRR : 31%  
Payback : 7.21 Years**

# CAFO CENTRAL ASIA: FINANCIALS

KPI's in \$M's	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenues	12.5	15.1	20.5	35.6	56.4	57.1	57.8	57.3	58.0	57.2
EBITDA	10.2	10.5	13.0	25.4	43.0	43.7	42.2	41.7	40.8	40.0
CAPEX	94.8	36.2	36.8	27.4	27.4					
Profit Before Tax	5.2	3.7	4.4	14.1	29.1	30.0	28.6	28.2	27.5	26.8
Net Income/Loss	4.0	2.9	3.4	10.8	22.4	23.1	22.0	21.7	21.2	20.7

Central Asia Fibre	
Project IRR	16.7%
Breakeven	2024
Payback	7.21 Years



# CAFO CENTRAL ASIA: FINANCIALS

## Base Case:

<b>IRR</b>	16.7%
<b>Pay Back</b>	7.21 Years
<b>Break Even</b>	2024

### Market Share of Afghan and Tajik Market *10pp decrease in each year*

<b>IRR</b>	14.7%
<b>Pay Back</b>	8.00 years
<b>Break Even</b>	2024

### Data Growth Rate *decrease by 25%*

	<b>Y5</b>
<b>IRR</b>	14.6%
<b>Pay Back</b>	7.91 Years
<b>Break Even</b>	2024

### CAPEX Assumption: *10% increase in Build Cost*

<b>IRR</b>	15.5%
<b>Pay Back</b>	7.65 Years
<b>Break Even</b>	2024

### Operating Costs are 10% higher

<b>IRR</b>	16.1%
<b>Pay Back</b>	7.37 Years
<b>Break Even</b>	2024

# CAFO CENTRAL ASIA:

## RISK PROFILE

AWARE OF THE RISKS AND MITIGATIONS THAT SHOULD BE EMPLOYED TO ENSURE CONTINUED SUCCESS OF THE PROJECT

*Fostering economic growth by increasing access to affordable internet*

Key risks	Mitigating Strategy
<b>Regulatory</b> Acquiring a license to build fiber .... this is in direct contrast to government's ambition of owning all gateways.	Share fiber capacity with the government for official use to align their interest with that of the company; Build state-of-the art infrastructure that can be sold to the government or a third party as a potential Plan B; Ensure Fast Payback is generated on the License; Use the Licence to join into the World Bank Digital CASA project, thereby increasing government incentive to work with CAFO.
<b>Political</b> While the licences allows CAFO to connect to a foreign operator, a political issue may further restrict partnership with certain countries. CAFO could be forced to settle into sub-optimal partnerships with other foreign operators, or even government owned entities.	Use Development Bank and allow them to influence government.
<b>Financial</b> Inability to meet revenue targets; Political insecurity could result in closing of social media and stricter sanctions on internet media, curtailing data demand. Reduced cost savings; A decrease in current ISP costs from Tajik Telecom or an increase in termination costs by cross-border providers will decrease CAFO Cost savings. Increased CAPEX costs; this is a multi-year project and an increase in this price could lead to shortage of capital in subsequent years.	CAFO will have a diversified customer base, including international organizations; CAFO will have anchor tenants like Tcell and Megafon and AWCC; Enter into long-term contracts with customers/partners leveraging the anchor tenants; Enter into long term contracts with vendors to ensure costs are managed over the life of infrastructure development; Ensure contingency is built on funding requirements and costs.