

OMNY CELL – NET LIMITED

Alfoz plaza Gerji Road

Near imperial hotel

7 th floor, No 2

ADDIS ABABA, ETHIOPIA

Lat: 9.0011947 Long: 38.801766

Investment Pitch Deck

The opportunity

Transaction structure

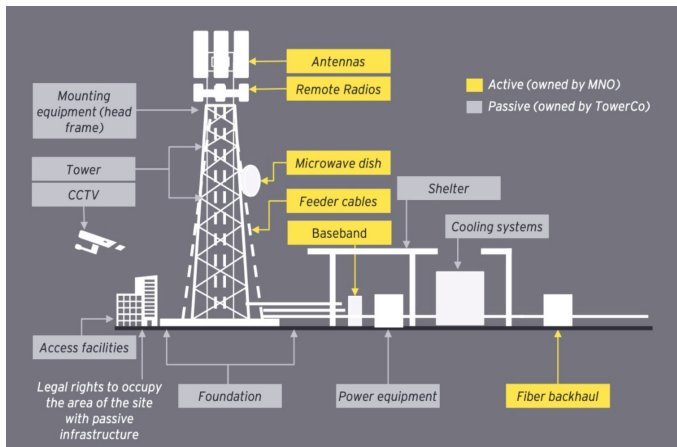
Telecom industry overview

Ethiopia macroeconomic overview

Company overview

Future growth avenues

Disclaimer



Important Notice

This teaser is strictly private and confidential to the Recipient Party.

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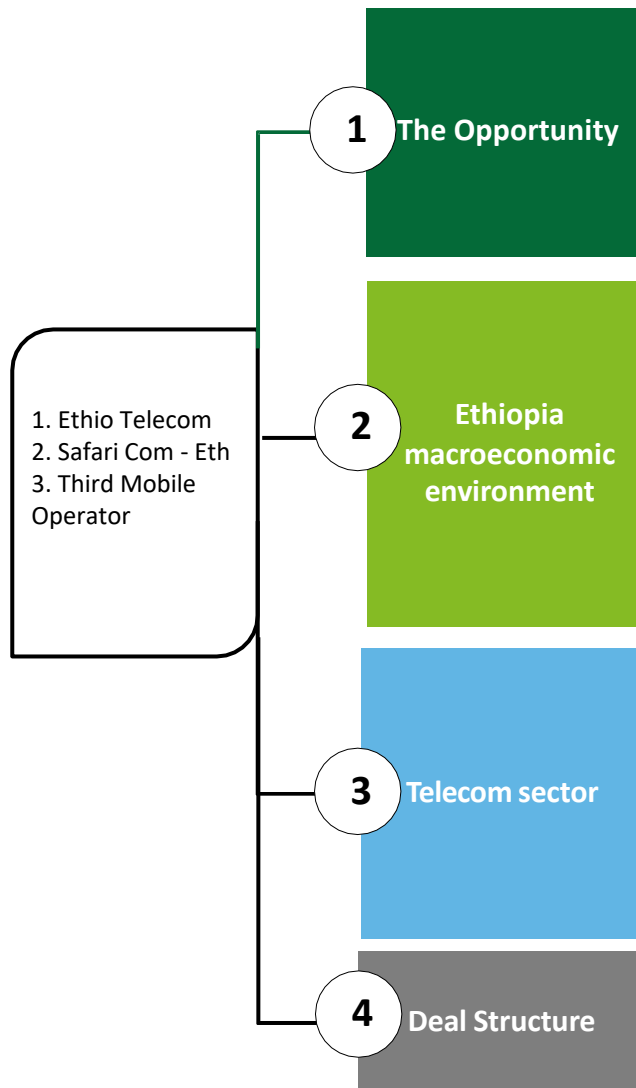
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OSMAN AL-AMIN

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The Opportunity



- Ethio Telecom is the sole provider of integrated telecommunication services in Ethiopia. As of April 2021, Ethio Telecom's total subscriber base was about 54.7m, with 43.7m active subscribers.
- A second mobile operator license has been awarded to the Safaricom led Vodafone consortium. Operations have to be rolled out as early as Jan 2022.
- A third mobile operator license will also be awarded soon .
- The current Mobile operator Ethio Telecom has only 7,300 Towers and which is not adequate to the population of 112 million. Safari com has to build an additional 20,000 towers in the next 6 years
- **Opportunity to provide Passive and Active Infrastructure Services in the Tower Sector and Supply of Fibre Optic Cables and providing Software services to leverage the vast untapped potential offered by Ethiopia's underpenetrated telecom market.**

- Over the last decade to 2019, Ethiopia has become one of the fastest growing economies in Africa and globally, with real GDP growth averaging 9.8% per annum. The economic disruptions caused by the COVID-19 pandemic slowed Ethiopia's real GDP growth to 6.1% in 2020 compared to the 2.1% contraction in Africa's real GDP.
- The real GDP growth is expected to slow down to 4.0% in 2021, mainly due to the prolonged economic impact of COVID-19 pandemic and high inflation levels. However, the economy is expected to gradually recover, with real GDP growth reaching 8.7% in 2022 on the back of sustained reforms in business environment and increased infrastructural spend to spur economic growth.
- Ethiopia's young populace (which accounted for 56.5% of the population as of 2020), low urbanisation levels, high GDP growth rate, the Government's economic liberalisation agenda and increased private sector investment offers valuable organic growth opportunities for telecom players and investors.
- Implementation of 'Digital Ethiopia 2025' Strategy is expected to lead to accelerated adoption of high-speed data services across IoT / M2M and cloud-based solutions finding use cases across multiple industries

- As of April 2021, Ethiopia's telecom sector was largely characterised by (i) low tele-density and mobile penetration (53.5% and more than 50%, respectively) compared to 90+ in major African economies), (ii) low mobile broadband penetration rate (3G and 4G subscribers accounted for c. 46% of total mobile subscriptions. 4G penetration rate stands at a mere c. 2.6%).
- The low tele-density, mobile and internet penetration offer a huge untapped potential for the telecom investors. Further, Ethio Telecom's mobile money services will provide a valuable opportunity for upscaling the financial inclusion of the unbanked population via access to the mobile banking channels. **Mobile money (Telebirr) subscriber number reached 4m in one month after launch in May 2021.**
- The Ethiopian Government's plan to liberalise the telecom sector to spur private sector investment will further accelerate growth in this sector.

- The transaction structure will be in the form of either Equity or Debt.

INVESTMENT NEED

\$ 5.65 M

Pre-commencement Expenditures

These expenses will cost approx. \$945K with inclusion of legal cost, Insurance, travelling and other office setup expenses.

Long-term Assets

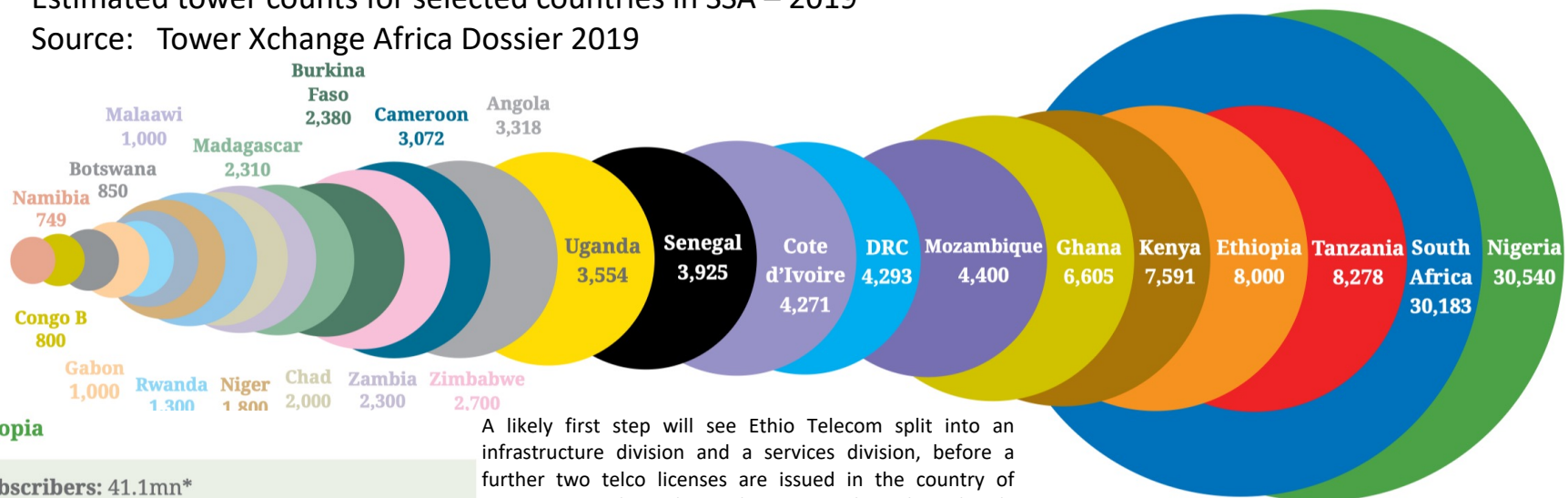
Omny Cell – Net Limited will purchase fixed assets and acquire necessary equipment for commencing its operations, which will cost approx. \$4.03m. This amount will be used to purchase Equipment & Machinery worth \$3.8m, plant installation costing \$200k and vehicles worth \$5,400.

Start-up Assets

The remaining investment proceeds is being raised to having working capital worth \$675k, including cash balance, start-up inventory, other current and long-term assets.

Estimated tower counts for selected countries in SSA – 2019

Source: Tower Xchange Africa Dossier 2019



Ethiopia

Subscribers: 41.1mn*

Tower count: ~8,000

MNOs: One

Towercos: None

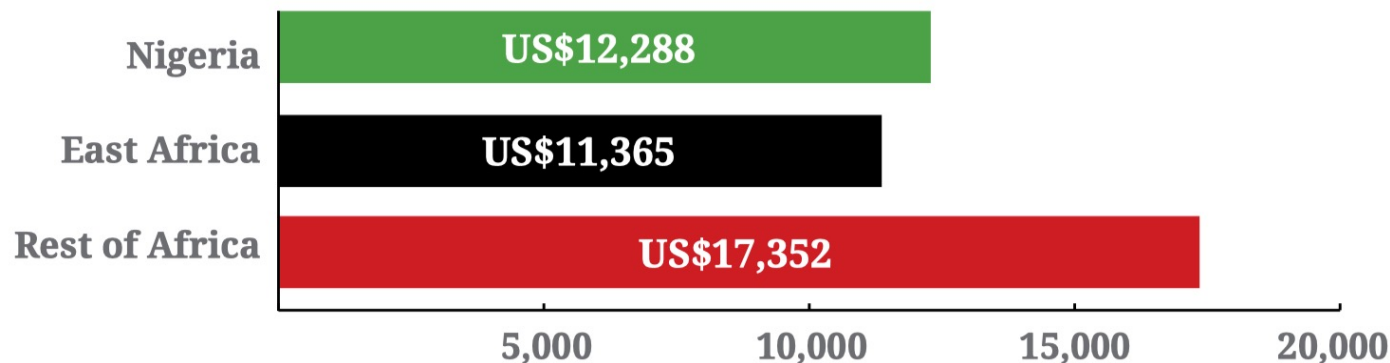
* Source: Ethio Telecom

The reforming government of H.E. Abiy Ahmed has announced a privatisation of Ethio Telecom, one of the world's last monopoly telecoms operators. Tower Xchange understands that the carve-out of its ~8,000 towers is being considered, with a sale and leaseback or partnership arrangement possible.

A likely first step will see Ethio Telecom split into an infrastructure division and a services division, before a further two telco licenses are issued in the country of 108mn. An independent telecoms regulator has already been established to oversee the issuance of the licences, with a further mandate to encourage infrastructure sharing.

Although long a telecoms laggard, a surge in investment from 2013 onwards saw 3G coverage expand from below 30% to around 66% today and 2G to 85%. Further expansion of the network stalled due to a lack of debt capacity by the Ethiopian state to finance further investment. Ethiopia's grid is unreliable and many sites are off-grid, so there is significant demand for energy management for cell sites within the country. Any tower sale would be the first step in a substantial programme of build-to-suit to infill the network and expand geographic coverage.

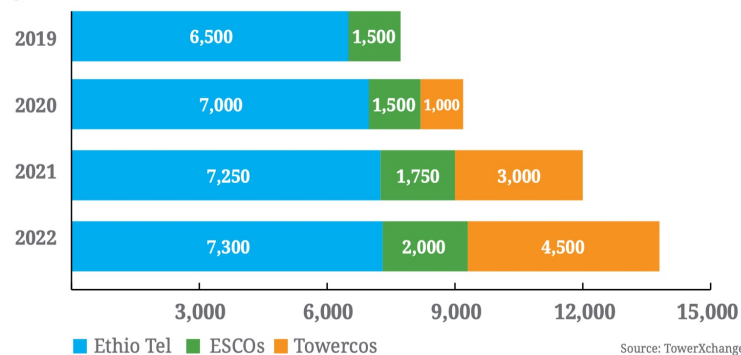
Revenue per site per month (US\$)



Tower Xchange Africa 2019 report

Initial Investment	Pay Back Period
Total Investment Cost: 5,650,000 USD For 40 Sites at an average cost of 141,250 USD.	On the Basis of Build and Operate, the revenue base will be approx $40 \times 11,365 = 454,600$ per month. Hence for 12 months it comes to 5,455,200
It takes an average of 34 days for a 15 meter mast and 45 days for a 30 meter mast assuming all required approvals and materials and equipment are in place.	Pay Back Period is 3 years. Initial Investment is high.

Ethiopia – TowerXchange central projections for cell site and power, year end



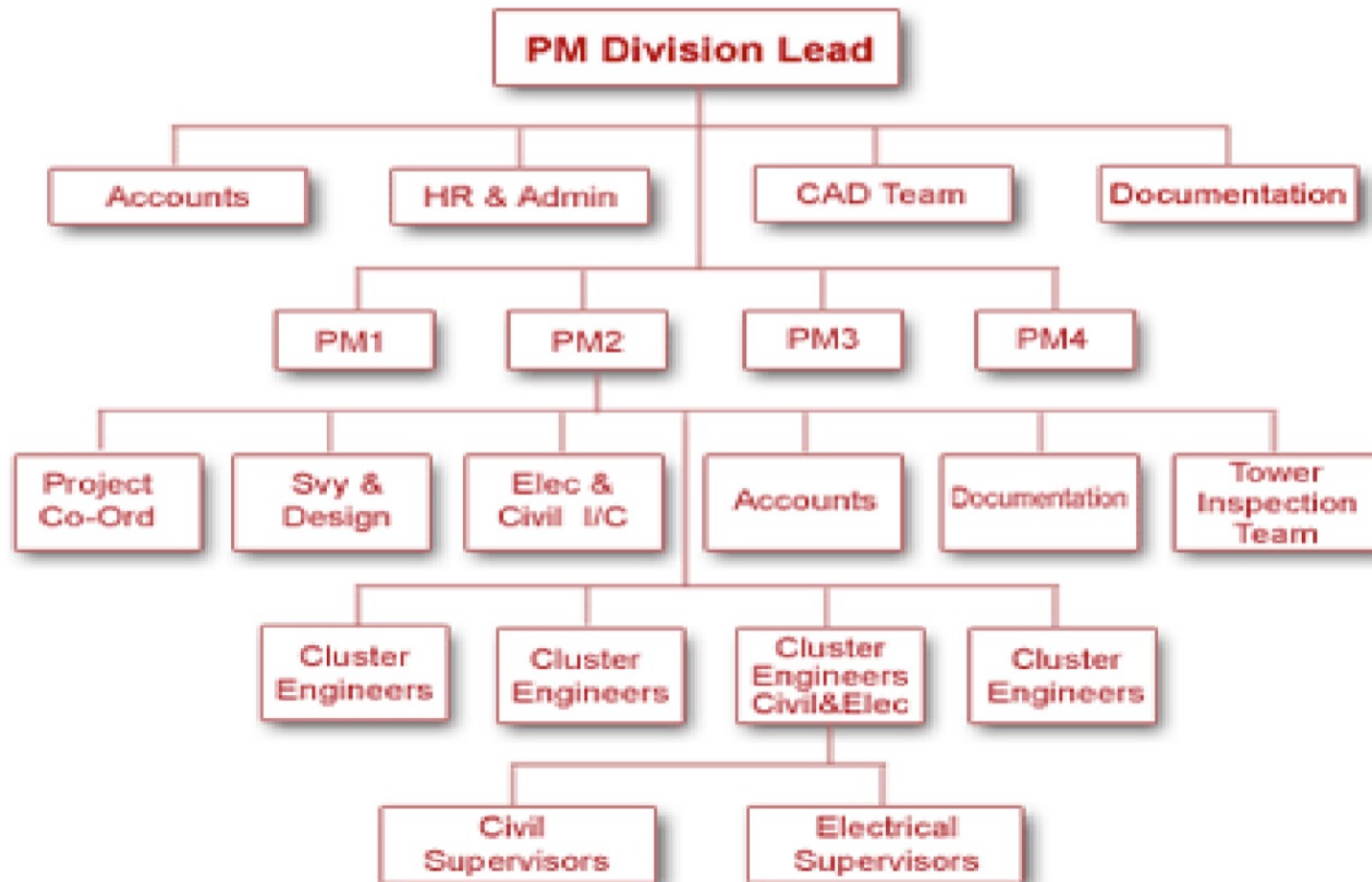
To provide effective 3G and 4G coverage, Ethiopia will require a total inventory of over 30,000 towers by 2029, it was suggested at Tower Xchange's Ethiopia Focus Group. More conservatively, Tower Xchange still predicts 5,800 new sites will be built by 2023, based on each of the three licence holders adding 5001,000 towers per year, inclusive of Ethio Telecom undertaking a substantial programme of rebuilding and strengthening. This is a conservative forecast as Ethiopia added over 1,000 towers in several years between 2013-16, and that was without outside capital, tower co and international mobile operator expertise.

Tower Xchange would conservatively estimate the opportunity for passive telecom infrastructure investment in Ethiopia in 2020 at a quarter of a billion dollars. With ongoing investment at a similar level for a number of years

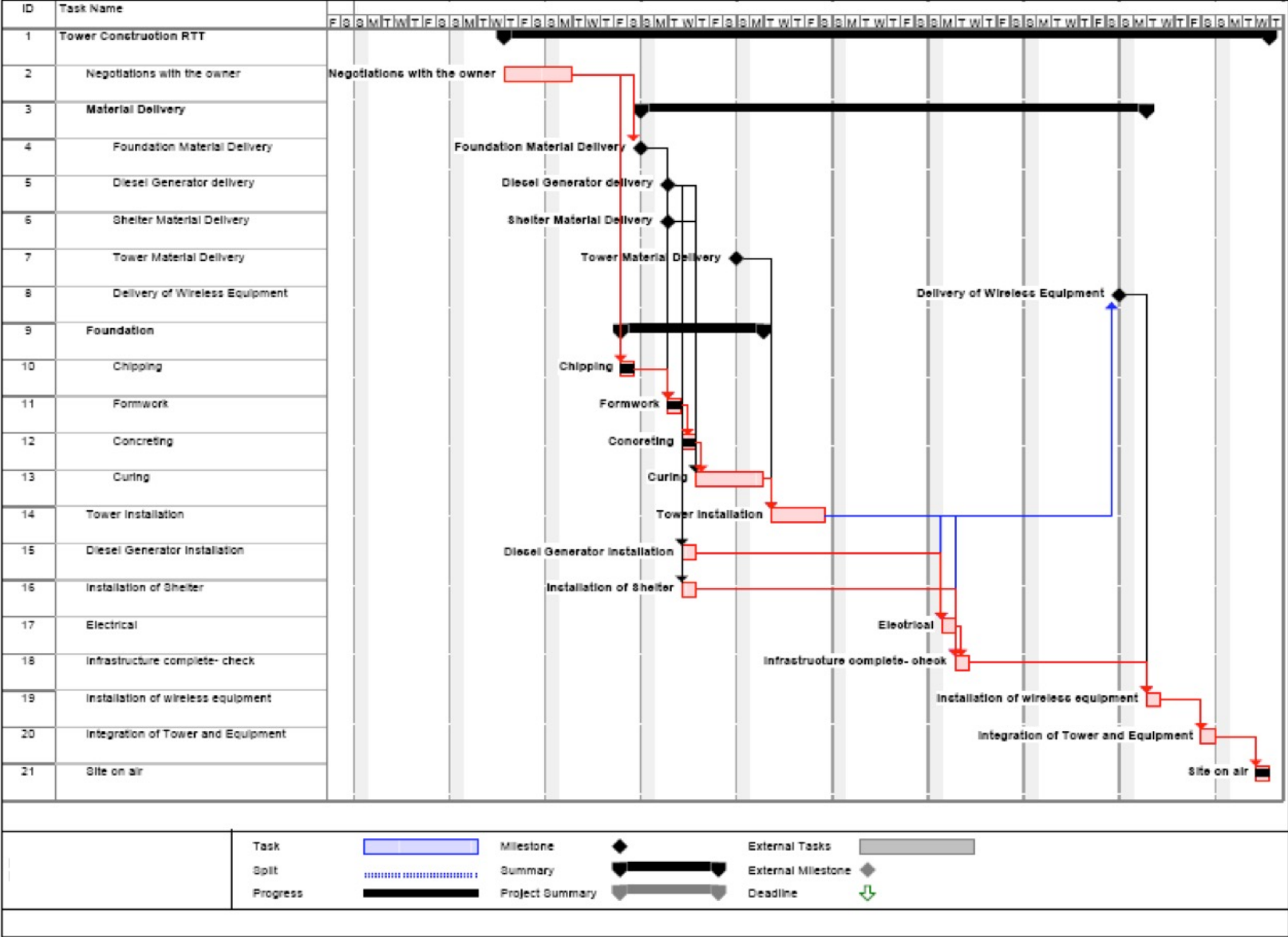
Management of Projects - Structure of Design and Build Teams



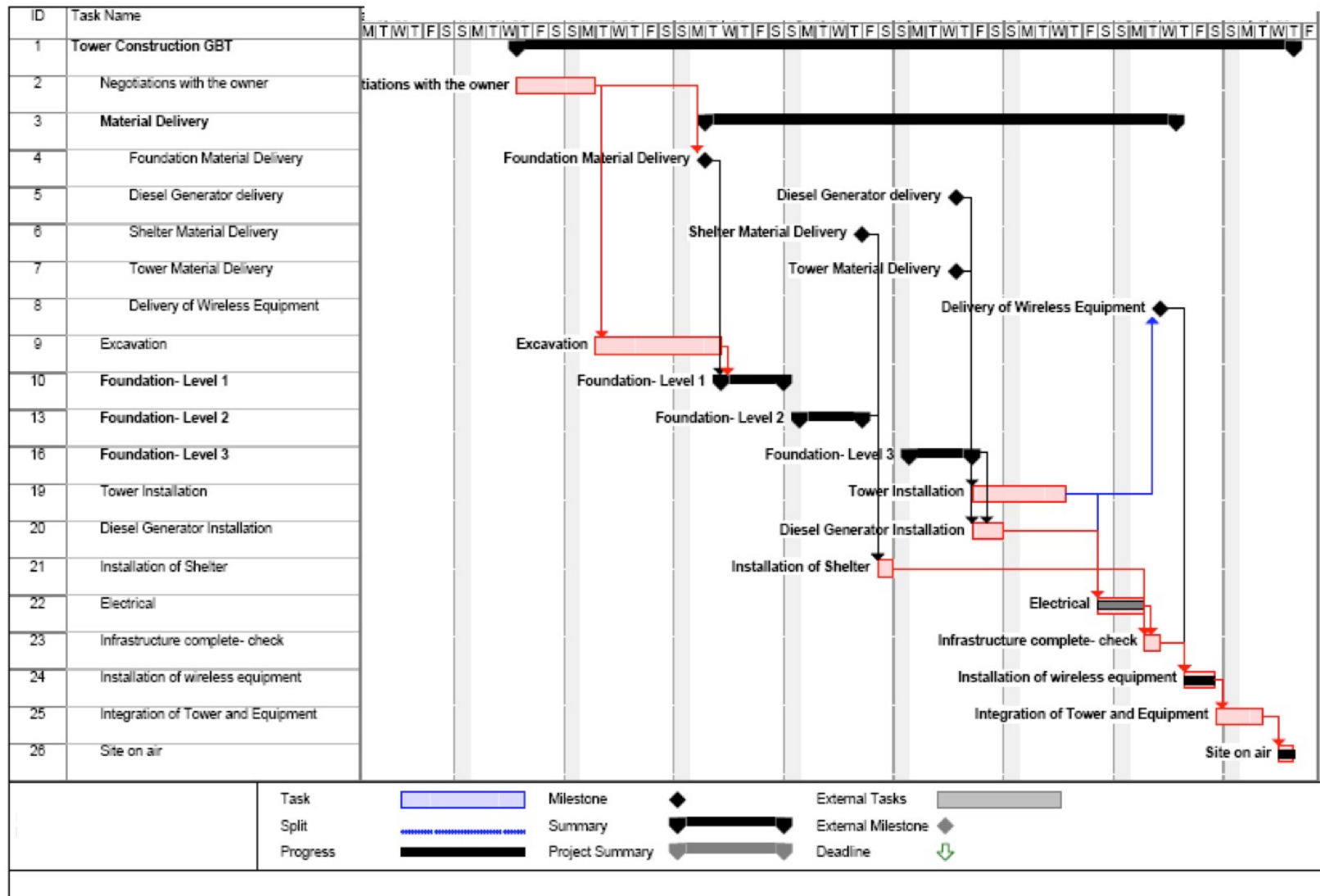
COMMUNICATION TOWER CONSTRUCTION ORGANISATION CHART



Slowest Completed Schedule of a 15m RTT-56 days duration



Average Schedule of a 30m GBT-47 days duration





**Hassen M. Alamoudi –
CEO**

Hassen , is the president and owner of a number of companies specializing in infrastructure, energy, and aviation sectors . He has many years of experience in the investment advisory services industry.

He is a senior aerospace engineer by profession with over 30 years of experience in aircraft integrated systems design. For decades, he led Integrated Product Development & Design Teams at Boeing, Airbus and Bombardier.

Hassen is a visionary and business driver whose entrepreneurial instincts and clarity of vision have carried his companies through rapid and continuous growth. He leverages his unique mix of technical and business know-how to cultivate high-tech opportunities across North America, the Middle East and Africa. He is currently President at OMNY Investment Holdings , Technico and Board member at Merican Group Corporation.



**Guillermo Barrios
COO**

Guillermo Barrios, is an engineer with dual master's degrees in Finance and Digital Systems. He is also a certified Project, Program and Portfolio Manager with more than 30 years of experience as an Oil and Gas executive in Venezuela.

He is also responsible for the development and implementation of structural, support, and reporting functions of the business. Guillermo in his capacity as CFO and Program Director in Nordin investment Group managing more than \$10 billion in project financing.

Guillermo has developed his experience working for leading corporations such as Bombardier Aerospace, Science Applications International Corporation (SAIC) and Petroleos de Venezuela (PDVSA). He has headed diverse and challenging projects across North America, Latin America and Africa



**KRISHANMURTHY KUMAR
CFO**

A chartered Accountant and Certified Public Accountant with more than 30 years of Experience in the Finance Sector.

Served as a CEO for a Stock Broking Firm in Kenya, a member of the Nairobi Securities Exchange. Also served for Central Depository and Settlement Corporation Limited. He was actively involved as a sponsoring stock broker in the Safaricom IPO.

Currently holding two Portfolios of 20 MW and 40MW of solar Project in Kenya. Structured Deal originator in the fields of Solar PV, Oil & Gas and Telecom sector.

MANAGEMENT TEAM



Tedros Kifle
Public Relations & Marketing Manager

Tedros has spent the majority of his 20 year career in the business development and project management sector in the UK. He has worked professionally for Compass Group and JP Morgan/ARAMARK. For the past six years.

Mr. Tedros has conducted extensive project management in the construction sector in Ethiopia as an independent businessman. Currently Managing Director at Tedros Kifle Company and a Board member of TEM Wall company, he has developed his experience working with Governments and leading corporations in Ethiopia.



Osman Al-Amin
Strategy & Business Development manager

Osman has more than 15 years experience in investments, business and new market development. His expertise include strategic partnership development and raising capital in emerging markets. He has a successful track record of driving growth and developing long-term successful customer relationships.

He is currently also a partner and Board Member at Merican Group Corporation & OMNY Investment Holdings, a diversified project development company with focus on Real Estate, Power & Mining Projects in Africa.

He holds a Bsc Degree from the University of Windsor , Canada.



Siddartha Mehta
I.T. Manager

A qualified Engineer in B.E. Electronics, with CERTIFICATIONS & SKILLS in

- Developing websites using frameworks like Bootstrap, MDB, Tailwind CSS based on responsive design & OOPs principles. • HTML, CSS, and JavaScript for Web Developers – Coursera • PHP & MYSQL – Udemy & Coursera
- JQuery, AJAX, Rest API • Bootstrap 4,5 – Udemy • C/C++ – FTE, MSU • Laravel, Codeigniter

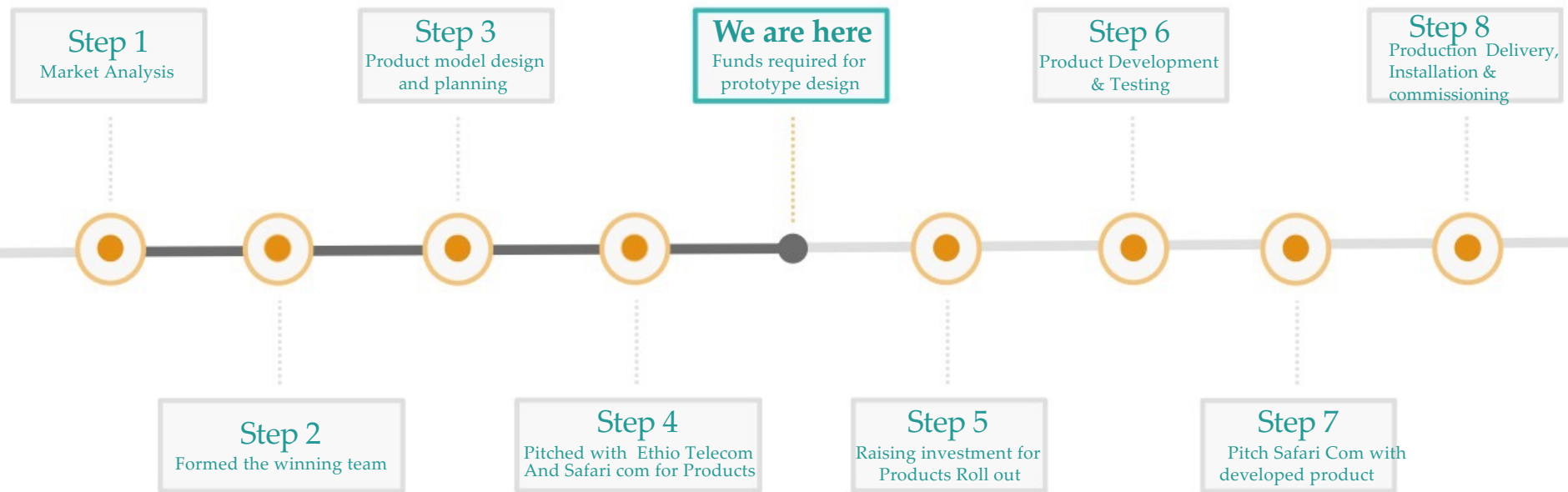


KALPANA KUMAR
PROJECT - MANAGER

A qualified Telecom Engineer, with more than 18 years of Exxperience in the Mobile Industry.

- Served as a Project Engineer / Executive Business Development Global Tele-Systems Ltd. Mumbai, India (4 Years)
- Served as Network Planning Engineer Reliance Infocomm Ltd. Pune, India (3 Years)
- Served as Manager - Projects GTL Limited, Mumbai, India (2 years)
- Served as Consultant GTL Overseas (Middle East) FZ-LLC (2 years)
- Served as Project Manager - MVAS (Mobile Value Added Services) Inmobia Mobile Technology (3 years)
- Served as Transition Program Manager Africa Tower Services Ltd. (part of **Airtel Africa**) (2 years)
- Served as Project Lead - NOC Wipro Technologies (**C Squared - Google**: Project Link) (2 Years)

MILESTONES



STRATEGIC ALLIANCES

OMNY CELL – NET LTD has already entered into various key strategic alliances for the long term sustainability of the business. Each partner has been cherry-picked after careful consideration of the value addition to the product directly and overall group.

Salasar Techno Engineering Limited is a Public incorporated on 24 October 2001. It is classified as Non-govt company and is registered at Registrar of Companies, Delhi. Its authorized share capital is Rs. 205,000,000 and its paid up capital is Rs. 132,852,640. It is involved in Manufacture of refined petroleum products and is part of the Metal Coating, Engraving & Heat Treating Industry. **SALASAR TECHNO ENGINEERING LIMITED** has 652 total employees across all of its locations and generates \$71.39 million in sales (USD)

Directors of Salasar Techno Engineering Limited are Tripti Gupta, Mukesh Kumar Garg, Vijay Jain Kumar, Shashank Agarwal, Anil Kumar Jain, Amit Jain, Sanjay Chandak, Shalabh Agarwal, Alok Kumar,

Salasar Techno Engineering Limited's Corporate Identification Number is (CIN) L23201DL2001PLC174076 and its registration number is 174076. Its Email address is towers@salasartechno.com and its registered address is E-20, South Extension I, New Delhi Delhi South Delhi DL 110049 IN.



Certificate of Registration

This is to certify that

Salasar Techno Engineering Ltd.

Unit 1 - Khasra No. 265, 281 - 283, Village - Pansaun - Duna, P. O. - Jindal Nagar, District - Hapur - 201313 (Uttar Pradesh), India.

has been assessed by RICL and found to comply with the requirements of

ISO 9001 : 2015
Quality Management System

For the following activities:
Manufacture of Galvanized Steel Structures.

This Certificate is Valid from 20/02/2021 Until 03/09/2021

Date of Initial Certification: 04/09/2019
1st Surveillance Successfully Conducted
1st Surveillance on or before: 03/08/2021
Certification Valid Until: 03/09/2022

UAF is a full member of International Accreditation Forum (IAF)



United Accreditation Foundation
3510, Culmer, Norfolk, VA 23069,
United States of America.



Director
Royal Impact Certification Ltd.

823, Tower B, 11th Floor, Plot No. A-40, Sector - 29, Noida - 201301, India.
www.riclinternational.org, info@riclinternational.org
Phone: +91 120 4113800
This Certificate can be verified at www.riclinternational.org

UAF is a full member of International Accreditation Forum (IAF), the membership status can be verified at www.iaf.rs. This Certificate remains the property of Royal Impact Certification Limited. Must be returned on request or if certificate is withdrawn. Validity of this certificate is subject to successful surveillance audits as per dates given above.

Cell On Wheels (COWs)

Our Cell On Wheels (COWs) are versatile products useful in a range of situations. They provide essential cell access for times of need like a crisis situation, or for event-based demands, like a concert. These COWs can be mounted on trucks, vans or trailers and drastically expand network connectivity. The applications of COWs are numerous, typically used as temporary installations, we can also install these as permanent structures. These COWs don't require a foundation and need only grounding and commercial power. The possibilities are limitless.



SALASAR
Building a stronger future

SALASAR
Building a stronger future

Clientele Telecom towers

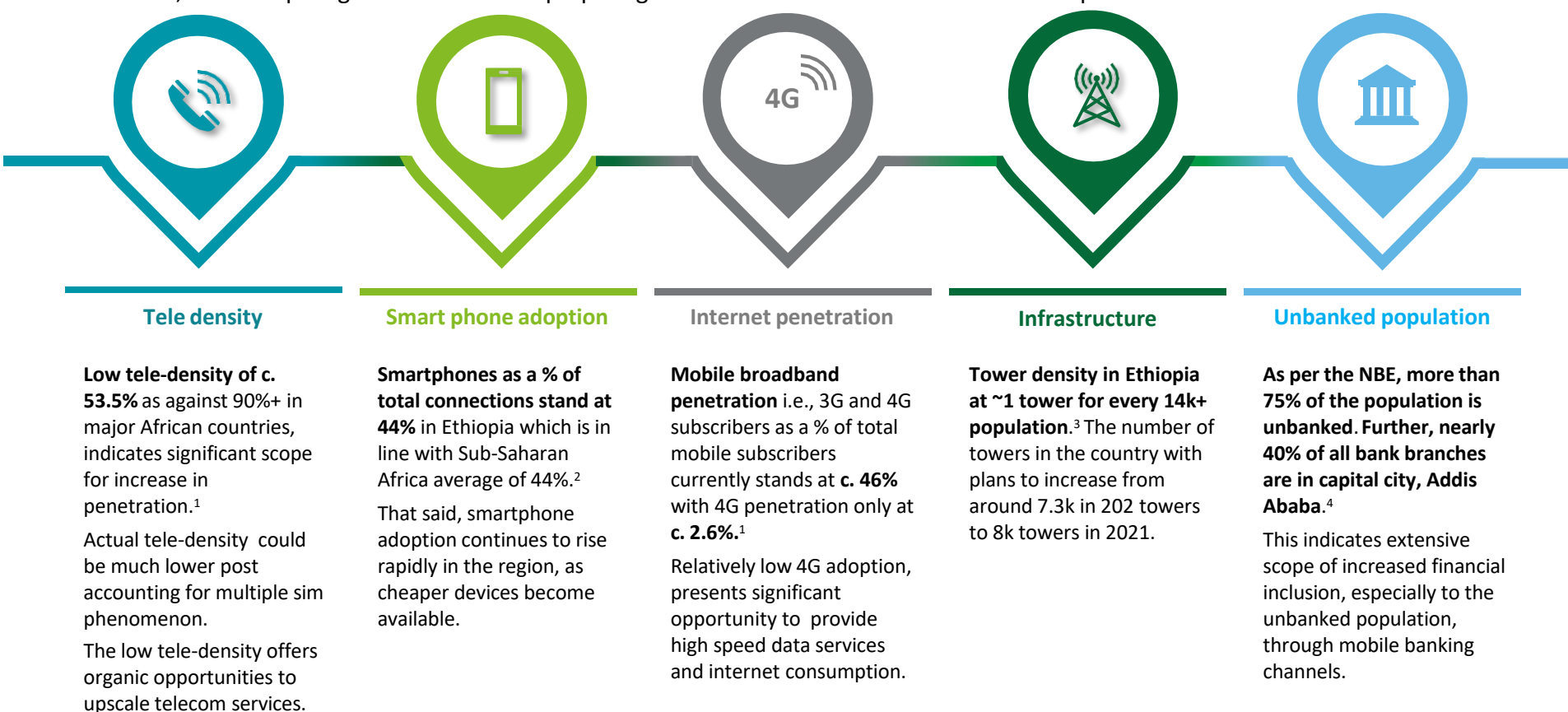


Ethiopia Telecom Industry Overview

Ethio Telecom is currently the sole provider of all telecommunication services and infrastructure in Ethiopia.

A licence to operate telecommunication services in Ethiopia has been awarded to Kenya's telco giant Safaricom in a consortium made up of Vodafone, Japan's Sumitomo and UK finance agency CDC Group.

Meanwhile, the Ethiopian government is also preparing to sell a 45% stake in state-run mobile operator Ethio Telecom.



¹ Source: Figures as at April 2021 as provided by Ethio Telecom management

² Source: The Mobile Economy, Sub-Saharan Africa 2020, GSM Association

³ Source: Towerxchange's Sub-Saharan African guide, Q1 2021 update and Planning and Development Commission FDRE

⁴ Source: National Bank of Ethiopia

Ethiopia Macroeconomic Overview – At a glance

Ethiopia has historically ranked as one of Africa's fastest growing economies, with growth averaging 9.0% between 2015 and 2019. A country with a young population, low urbanisation levels, high GDP growth rate and Government's push to promote private sector investment, offers growth opportunity in ICT services

Political		
Parameter	Rank – Ethiopia	Rank–Avg. EAC ⁽¹⁾
Public perception of Economic Opportunity Foundations (Out of 38)	7	15 ⁽²⁾
Political Stability and Absence of Violence	11	22
Regulatory Quality Index	17	30
<ul style="list-style-type: none"> ✓ The Government has taken steps to improve infrastructure and attract foreign investment and private sector investment in the economy ! Political instability due to conflict in the Tigray region and postponement of the 2020 elections, expected to subside post the elections in June 2021 		

Social		
Parameter	Ethiopia	Avg. EAC
Median Age, Human Development Index ⁽⁴⁾	19.8, 0.5	18.3, 0.5
GINI index ⁽⁵⁾	35	42 ⁽⁶⁾
Level of Urbanisation	22%	23%
<ul style="list-style-type: none"> ✓ Young demographics, improving and lower income inequality in Ethiopia as compared to average EAC countries as indicated by Gini Index • Largely youthful working age population, which accounted for 56.5% of the population as of 2020. This is expected to have a positive impact on the mobile subscriber base, uptake of smartphones and internet 		

Economic		
Parameter	Ethiopia	Avg. EAC
GDP ⁽³⁾ Growth – 2015 to 2019 (%)	9%	8%
FDI – 2015 to 2019 (USD bn)	17	3.4 ⁽⁶⁾
<ul style="list-style-type: none"> ✓ Ethiopia has shown real GDP growth of 9% from 2015 to 2019, which is higher than the average of EAC countries ✓ Ethiopia has witnessed significant FDI inflow over 2015 – 2019 as compared to average EAC countries 		

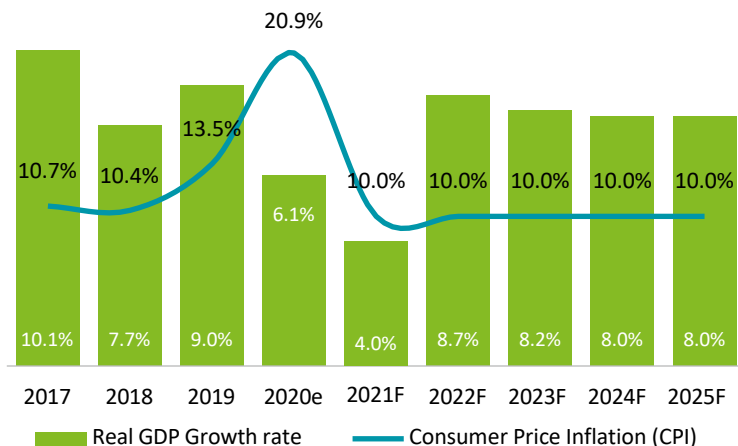
Technological		
Parameter	Ethiopia	Avg. EAC
Overall ICT development Index Rank (Out of 192)	170	156 ⁽⁶⁾
<ul style="list-style-type: none"> ✓ Government has initiated “Digital Ethiopia 2025” digital transformation initiative with the key objectives of job creation, increased forex and inclusive prosperity. The national strategy is set to transform the country's digital space and increase leverage on technology. ! IDI rank continues to be low, which also indicates significant opportunity for Ethiopia to expand ICT infrastructure and access 		

Note(s): (1) EAC Community is an inter governmental organisation of 6 members (Burundi, Kenya, Rwanda, South Sudan, Tanzania, Uganda); (2) Does not include data for South Sudan and Rwanda; (3) GDP Constant LCU; (4) Human Development Index ranges from 0-1: 0 represents “natural zero”, 1 represents “aspirational target”; (5) Gini index of 0 represents perfect income equality, 100 implies perfect inequality; (6) Does not include data for South Sudan; Source(s): World Bank; ITU; African Business; Mo Ibrahim Foundation; United Nations

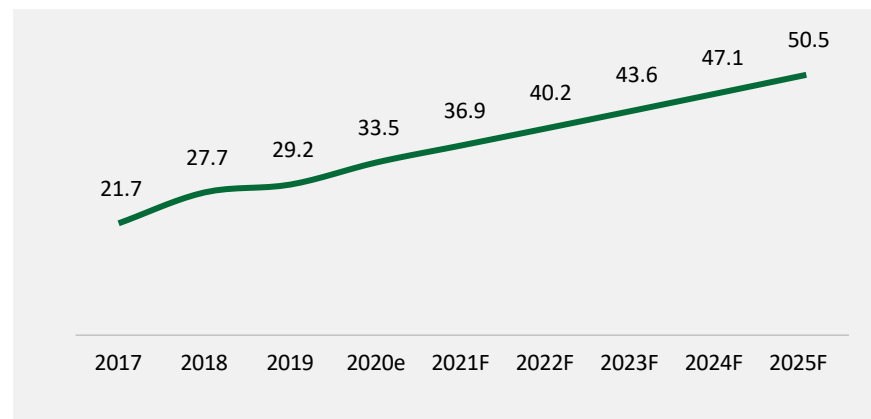
Ethiopia Macroeconomic Overview – Economic Outlook

Real GDP growth is expected to slow down to 4.0% in 2021, mainly due to the prolonged COVID-19 effects on the economy and subdued private consumption. However, sustained reforms in the business environment and infrastructural spend is expected to drive economic growth in the medium term

Ethiopia Real GDP Growth Rate and CPI



ETB/USD Exchange rate



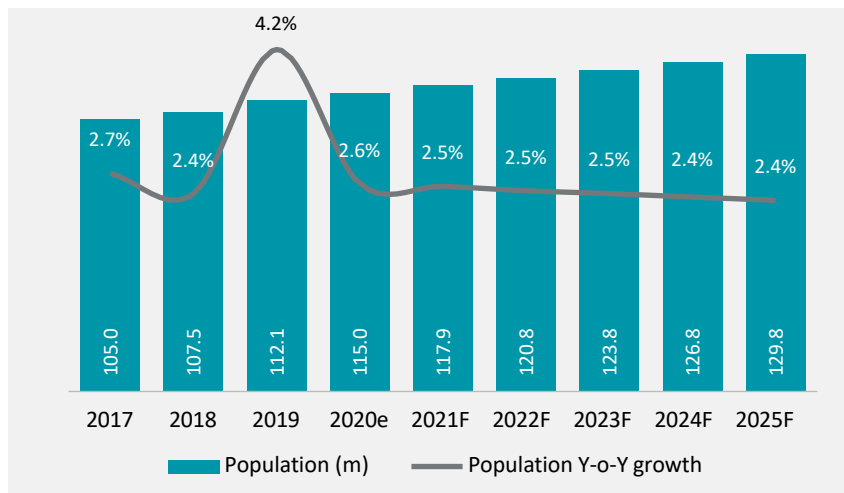
- Ethiopia's recovery in 2021 will remain below pre-historic levels mainly due to constrained private consumption, high inflation levels and subdued economic activity as a result of the prolonged impact of COVID-19 impact.
- The IMF projects the economy's growth to average 8.2% between 2022 and 2025, building on an already strong infrastructure project pipeline (particularly in hydropower, road and rail) and reforms in the business environment to drive growth.
- The rebound in the economic growth in the medium term will lead to increased private consumption levels and thus increased uptake of consumer and enterprise telecom products and services.

- The ETB/USD FX rate averaged ETB/USD 28 between 2017 and 2020. Fitch solutions projects the exchange rate to weaken to an average of ETB/USD 43.7 between 2021 and 2025.
- The NBE is expected to continue managing the ETB in the medium term, only allowing gradual depreciation to prevent inflation from soaring out of control.
- Sustained current-account deficits coupled with a low level of foreign reserves will maintain pressure on the ETB between 2021 and 2025. A depreciating currency will lead to increased costs for telecommunication infrastructure and may delay Ethiopia's adoption of the Digital Ethiopia 2025.

Ethiopia Macroeconomic Overview – Social Outlook

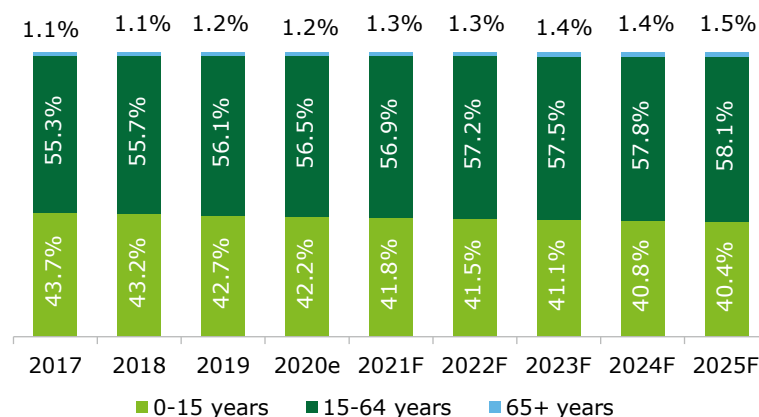
As of 2020, Ethiopia's population was largely youthful with 56.5% of the population aged 15-64 years as of 2020. This is a favourable demographic for the telecom sector since a youthful population is expected to drive growth in the mobile subscriber base and consumption of telecom products and services such as internet, smartphone purchases

Ethiopia population growth

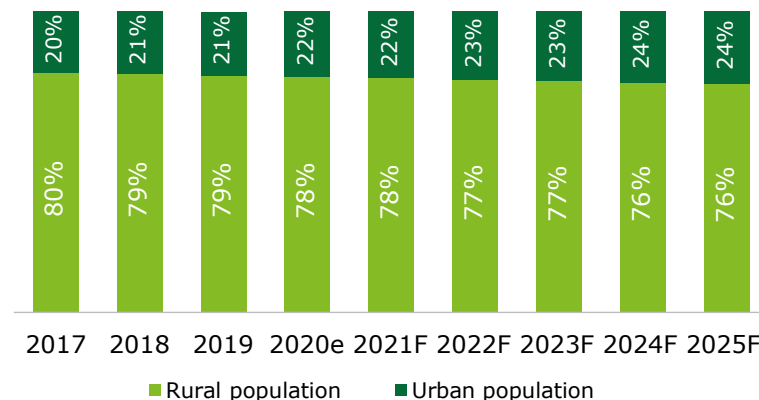


- Ethiopia's population was estimated at 114.9m as of 2020 and is expected to grow at an average rate of 2.5% between 2021 and 2025, to reach 129.7m in 2025.
- The population is largely youthful with 56.5% of the population aged 15-64 years, 42.2% aged between 0-15 years and 1.2% aged 65+ years.
- The digital age population is largely youthful thus providing favourable demographics for Ethio Telecom's medium-term strategy of growing data subscription and internet consumption. However, with most of the population residing in rural areas (c. 78% as of 2020), Ethio Telecom will have to invest on necessary infrastructure to drive subscriber growth in rural areas.

Ethiopia Population by age group (as a % of total population)



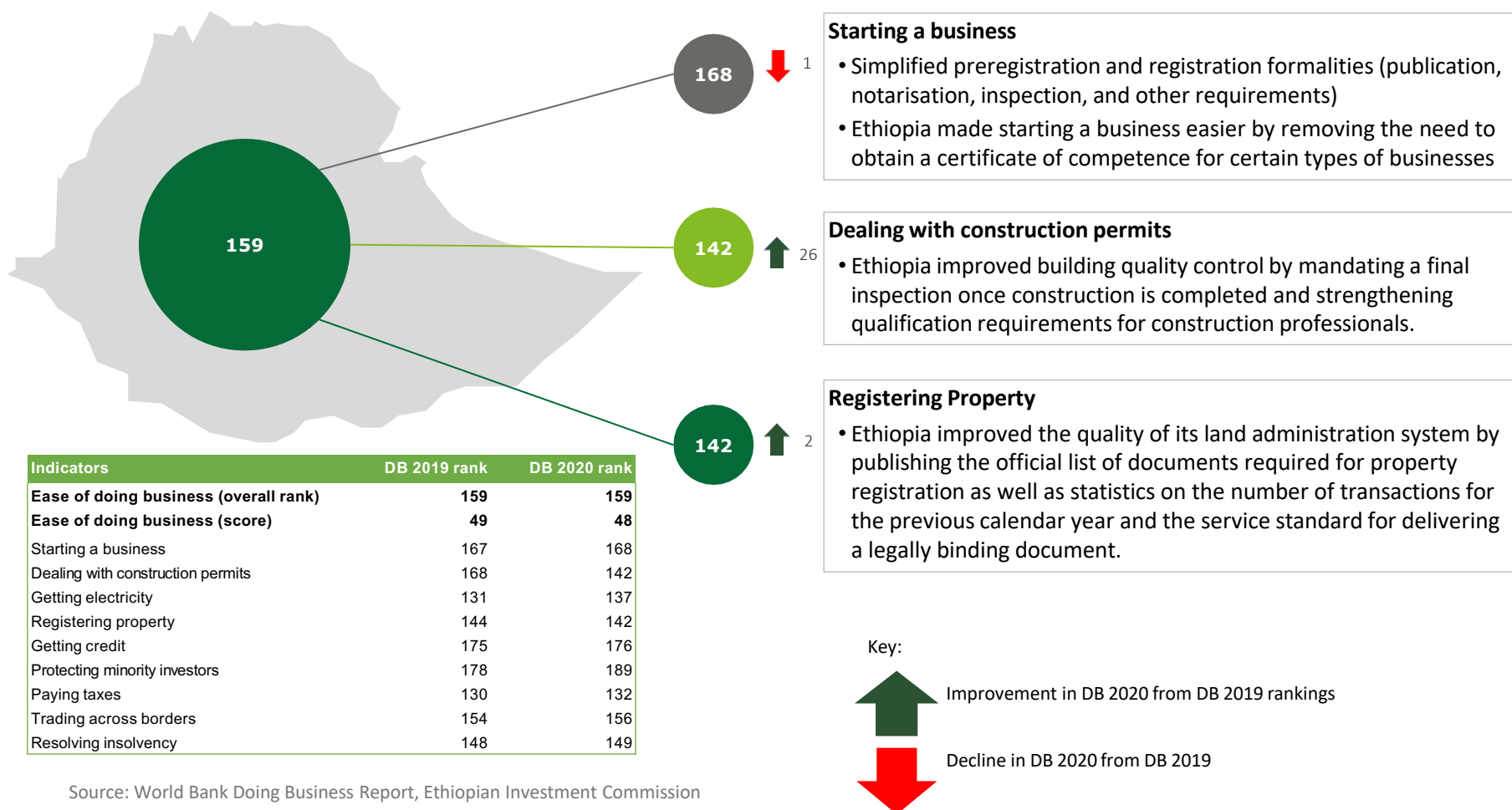
Ethiopia urban vs rural Population (as a % of total population)



Ethiopia Macroeconomic Overview – Operating Environment

According to World Bank Ease of Doing Business Report 2020, Ethiopia was ranked 159 out of 190 countries globally, a similar position to the 2019 rankings.

In 2020, the Ethiopian Investment Commission as a part of economic reforms and to improve the ease of doing business ranking, revised the investment proclamation (including new areas for FDI) to allow more FDI participation in the country.



Ethiopia Macroeconomic Overview – “Digital Ethiopia 2025”

Implementation of ‘Digital Ethiopia 2025’ Strategy would lead to accelerated adoption of high-speed data services across IoT / M2M and cloud-based solutions finding use cases across multiple industries



The Government of Ethiopia has approved the country’s National Digital Transformation Strategy – Digital Ethiopia 2025 in 2020, set to transform the country’s national economy through four major pathways

01

Pathway 1: Unleashing value from Agriculture

- Agriculture accounts for 32.8% of the GDP, 85% of the country’s workforce and 90% of export revenue.
- The key agriculture technologies to be explored are around IoT and Blockchain. The adoption of these technologies creates a substantial market for Ethio Telecom’s enterprise revenue services and will increase financial inclusion.



02

Pathway 2: The Next Version of Global Value Chains in Manufacturing

- Two specific opportunities identified for Ethiopia to succeed on this pathway are; enabling the adoption and creation of new communication technologies in industrial parks to expand access to global markets and enhancing digitally enabled logistics management approaches to boost export.
- The adoption of these opportunities creates a market opportunity for Ethio Telecom’s telecommunication infrastructure and cloud services.



03

Pathway 3: Building the IT enabled services

- Two specific opportunities identified for Ethiopia to succeed on this pathway are; providing infrastructure to high potential talent centers and reframing and operationalising the IT Park to attract leading BPO, specifically ISSPs.
- This pathway paves way for the growth of Ethio Telecom’s telecommunication infrastructure, traditional connectivity, cloud services, and fintech services.



03

Pathway 4: Digital as the driver of tourism competitiveness

- Three specific opportunities identified for Ethiopia to succeed on this pathway are; driving digitalisation across the tourism industry by setting up a tourism digitalisation task force, improving tourist inflow and increasing tourist activity through targeted digital marketing strategies, and building capacity of tourism SMEs to adopt digital technologies (including improving online presence and accepting digital payments). This pathway create an opportunity for the expansion of Ethio Telecom’s mobile money and fintech, and enterprise services.



Ethio Telecom | Company Overview – Profile

Ethio Telecom, Ethiopia's sole integrated telecom service provider, generated ETB 46.2bn revenue in FY2019-20, which represented ETB 11.9bn (16.0% CAGR) increase from FY2017-18, in line with the growth in active subscribers

Overview

- Ethio Telecom, headquartered in Addis Ababa, Ethiopia is 100% owned by the Ethiopian Government and is currently the sole provider of telephone and internet service in the country.
- Ethio Telecom's telecommunication network and infrastructure is spread across 11 administrative regions covering **c. 85%** of the country by geography and **c. 95%** by country's population.

Key service offerings

01 Voice

➤ Mobile – 2G/3G/4G
Fixed – Wired and Wireless

02 Data and Internet

➤ Mobile broadband
Fixed broadband & narrowband
VPN (incl. international services)
Virtual Internet Service Provider

03 Satellite mobile

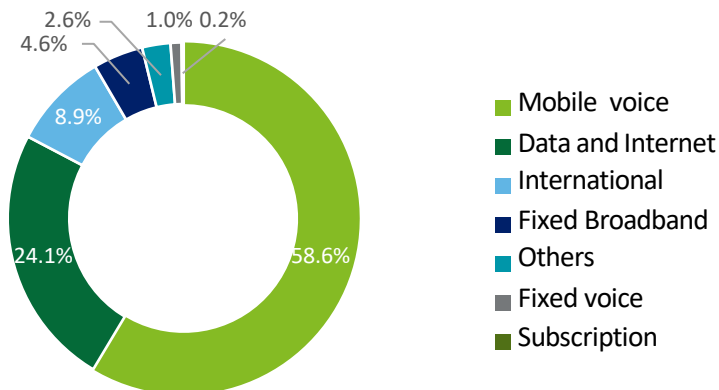
➤ Satellite mobile services

04 Value added services

➤ Mobile VAS
Hosting and DNS Services

Ethio Telecom also has a license to provide Mobile Money services such as domestic P2P transfers, cash outs, payments for goods and services in Ethiopia.

Revenue from telecom services – quick snapshot

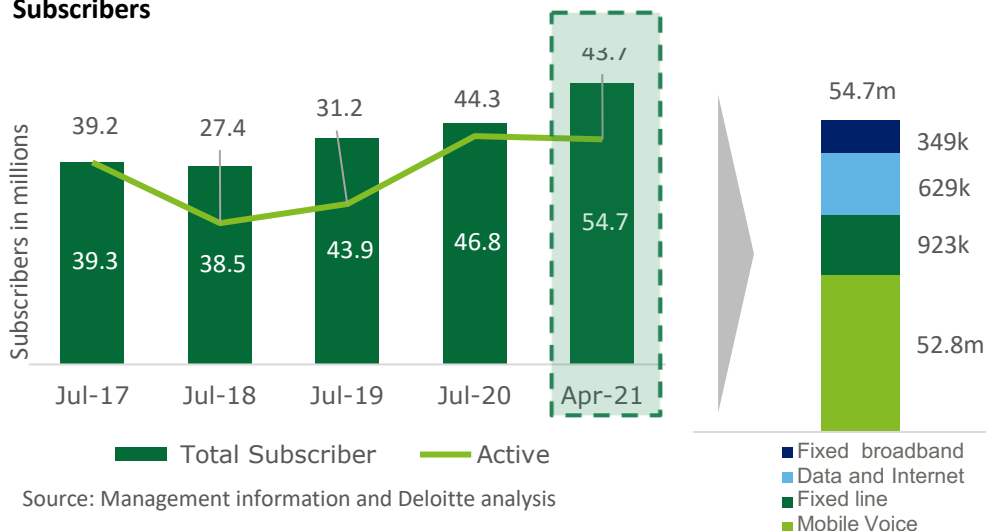


- During FY 2019-20, Ethio Telecom generated telecom revenue of **c. ETB 47.7bn**, comprising of:
 - Voice includes mobile voice revenue of **c. ETB 28.0bn** and ; revenue contribution from prepaid and postpaid stood at c. 97.2% and c. 2.8% respectively.
 - Data and Internet revenue of **c. ETB 11.5bn**, which comprises revenue from data services (broadband and narrowband) availed on all type of devices including mobile handset.
 - Fixed broadband revenue of **c. ETB 2.2bn**.
 - Fixed voice revenue of **c. ETB 47.8mn**.
 - International revenue of **c. ETB 4.3bn**.
 - Subscription revenue of **c. ETB 86.4mn** which is the fee paid by subscribers for new connection or migration from prepaid to postpaid or vice versa and sale of mobile handsets etc.
 - Others (including revenue from sell of device) of **c. 1.25 bn**.

Ethio Telecom | Company Overview – Key Operating Metrics

As of April 2021, Ethio Telecom's total subscriber base was about 54.7m, with 43.7m active subscribers.

Subscribers



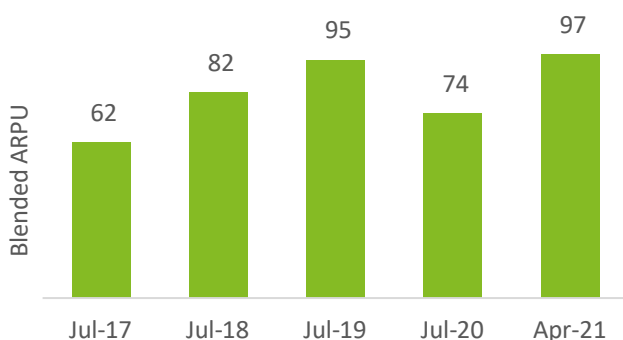
- Of the total mobile subscriber base: c. 99% avail prepaid services
- Of the total subscriber base: c. 97% Residential and Enterprise c. 3%

Data subscribers by technology:

- Mobile voice: 3G c. 43%, 4G c. 3% and 2G c. 1%
- Data and Internet: 3G c. 25%, 4G c. 17% and 2G c. 58%

1. Mobile Voice subscribers include subscribers availing data services on mobile handset.
2. Data and Internet includes subscribers availing data services (broadband and narrowband) on devices other than mobile handset.

Average Revenue Per User (ARPU)



ARPU¹ by offering as at April 2021

Mobile voice	c. ETB 66
Fixed Voice	c. ETB 73
Data and internet ²	c. ETB 45
Fixed broadband	c. ETB 896

Source: Management information

Other KPIs as at April 2021

Avg. revenue/ min (Voice)	c. ETB 0.39
Avg. revenue/MB (data)	c. ETB 0.08
MoUs per user	c. 147mins
Data usage per user	c. 0.55 GB

Source: Management information

1. ARPU has been derived from the active subscriber base.
2. Data and internet includes all subscribers availing data services (broadband and narrowband) on all type of devices including mobile handset.

Ethio Telecom | Company Overview – Key Financial Information

Income Statement

ETB m	FY18	FY19	FY20	YTD21
Revenue	34,376	36,036	46,244	28,446
Direct costs	(3,031)	(3,419)	(4,844)	(3,554)
Gross profit	31,345	32,617	41,400	24,891
EBITDA	26,401	23,592	26,030	14,795
GP margin	91.2%	90.5%	89.5%	87.5%
EBITDA margin	76.8%	65.5%	56.3%	52.0%

Source: FY19, FY20 and YTD21 Management Accounts, Deloitte Analysis
YTD covers: 01 July 2020 to 31 December 2020

Balance Sheet

ETB m	30-Jun-18	30-Jun-19	30-Jun-20	31-Dec-20
Non-current assets	39,494	38,986	40,949	40,933
Current assets	45,722	38,804	37,995	38,889
Total assets	85,216	77,790	78,944	79,822
Equity	18,279	16,606	13,452	25,291
Non-current liabilities	36,954	32,574	32,398	27,232
Current liabilities	29,983	28,610	33,094	27,299
Total equity and liabilities	85,216	77,790	78,944	79,822

Source: FY19, FY20 and YTD21 Management Accounts, Deloitte Analysis
YTD covers: 01 July 2020 to 31 December 2020

Income statement overview

- Revenue, which primarily comprised mobile voice and mobile data revenue, increased by ETB 11.9bn (16.0% CAGR) between FY18 and FY20 due to the 4.5m net increase in active subscriber numbers and the increase in ARPU from ETB 841 to ETB 1,017 over the same period.
- The increase in direct costs was driven by Phase 2 of the Telecom Expansion Project (“TEP”), which commenced in FY18. TEP involved improving network service quality, increasing coverage and capacity on mobile service through purchase of high-speed fibre optic capacity and increased networks maintenance.
- Gross profit, EBITDA and net profit margins averaged 90.4%, 66.2% and 17.1% respectively, between FY18 and FY20.

Balance sheet overview

- Mobile network equipment is the largest non-current asset class constituting 42% of PPE as at 31 December 2020.
- The bulk of the non-current liabilities related to promissory notes, which pertained to vendor financing agreements that Ethio Telecom has with its suppliers for the TEP and next generation projects.
- Ethio Telecom was in a positive net asset position throughout the analysis period. Ethio Telecom made dividend payouts of ETB 6b, ETB 4b and ETB 1b in FY19, FY20 and YTD21 respectively, which represented 82%, 108% and 8% of the profit after tax of those respective periods.

Ethio Telecom | Company Overview – Infrastructure Overview

Spectrum	<ul style="list-style-type: none"> ✓ Total spectrum bandwidth of 300+ MHz across 450, 800, 850, 900, 1800, 2100 and 2600 MHz. ✓ The Company also has 5G spectrum in 500MHz (n78 3.5GHz) and 3300-3800 MHz.
Tower and other IP sites	<p>Tower sites</p> <ul style="list-style-type: none"> ✓ 7400+ tower sites (700+ sites in Addis Ababa); of which c. 96% are greenfield towers and remaining are rooftop towers ✓ Length: Ranges from 2 metres – 102 metres with an average height of 36 metres. ✓ Tower split by power source: Mains + DG: c. 45%, Mains only: c. 29%, Solar only: c. 21% and remaining are combination of mains, DG and solar. <p>Other infrastructure sites</p> <ul style="list-style-type: none"> ✓ 3400+ fixed sites, 1250+ IP sites, 1100+ backbone sites and 500+ other sites (PTP, IBS etc.)
Fibre network	<ul style="list-style-type: none"> ✓ c. 21,000+ km of fibre network spread across Ethiopia; of which Terrestrial c. 57%, OPGW c. 36%, Backhaul c. 5% and ADSS c. 2% ✓ Laying type: Buried c. 85% and Aerial c. 15%
Data centre	<ul style="list-style-type: none"> ✓ 1.28MW data center with c. 99.982 % uptime, <1.6 hours of down time per year, >72-hour power outage protection and N+1 fault tolerant providing ✓ Data center has a total capacity of 160 racks with two backup generators
Satellite and VSAT	<ul style="list-style-type: none"> ✓ 3 satellite hubs in an area with no terrestrial link access and also for customers in need for back up services such as banks, military facility, government offices etc.
Mobile Money License	<ul style="list-style-type: none"> ✓ License to provide Mobile Money services which inter-alia includes domestic P2P transfers, cash outs, payments for goods and services, etc. The Company has launched the Telebirr Mobile Money services in May 2021 and subscriber numbers reached 3.5m in one month to June 2021.
Real-estate	<ul style="list-style-type: none"> ✓ 7,777 real estate properties (including BTS and non BTS sites)

Source: Management information

Ethio Telecom | Future Growth Avenues for Ethio Telecom



Low tele-density of c. 53.5%¹ as against 90%+ in major African countries offers **huge potential for growth on account of customer addition**.

Actual tele-density could be much lower post accounting for multiple sim phenomenon.



Mobile broadband penetration i.e., 3G and 4G subscribers as a % of total mobile subscribers currently stands at c. 46%¹ with 4G penetration only at c. 2.6%¹

Relatively low 4G adoption, presents **significant opportunity to provide high speed data services**.



Enterprises form a very small portion of Ethio Telecom's customer base. Enterprise subscriber base of c. 1.6m¹.

In terms of offerings, Ethio Telecom provides traditional services such as fixed voice, broadband, MPLS-VPN etc.; Going forward, Ethio Telecom can **expand its services to include IoT/M2M and cloud-based offerings**



Significant value unlocking potential through sharing of unutilised tower tenancies and fiber capacity with other telecom players.

With the introduction of new players post completion of liberalisation process, license awardees would depend on sharing Ethio Telecom's infrastructure given existing restrictions on independent tower companies to set up presence in Ethiopia.



Ethio Telecom possesses mobile money license and can provide digital financial services such as domestic P2P services, cash outs, payments for goods and services.

Given vast unbanked population, mobile money can become a **key enabler to enhance financial inclusion** and create significant opportunity for Ethio Telecom by creating an additional revenue stream.



Home broadband penetration in Ethiopia is extremely low. Management discounted prices by up to 79% in 2020, which increased the number of users from 137k in March 2020 to 349k in April 2020.

Currently, out of total population of c. 103m, home broadband subscribers stand at c. **349k¹**. With rise in data consumption taking place indoors, **home broadband segment presents as one of key growth areas** for Ethio Telecom.

¹ Figures as at April 2021; Source: Management information

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