

AccessKenya

GROUP

March, 2009

2009 / 10 – An Enormous

Opportunity

AccessKenya Group – 2009 / 10 - An Enormous Opportunity

The arrival of international fibre, coupled with AccessKenya's strategy to build on its market leadership position in the under-penetrated Kenyan data market will deliver exceptional growth opportunities for the Group in 2009 and 2010.

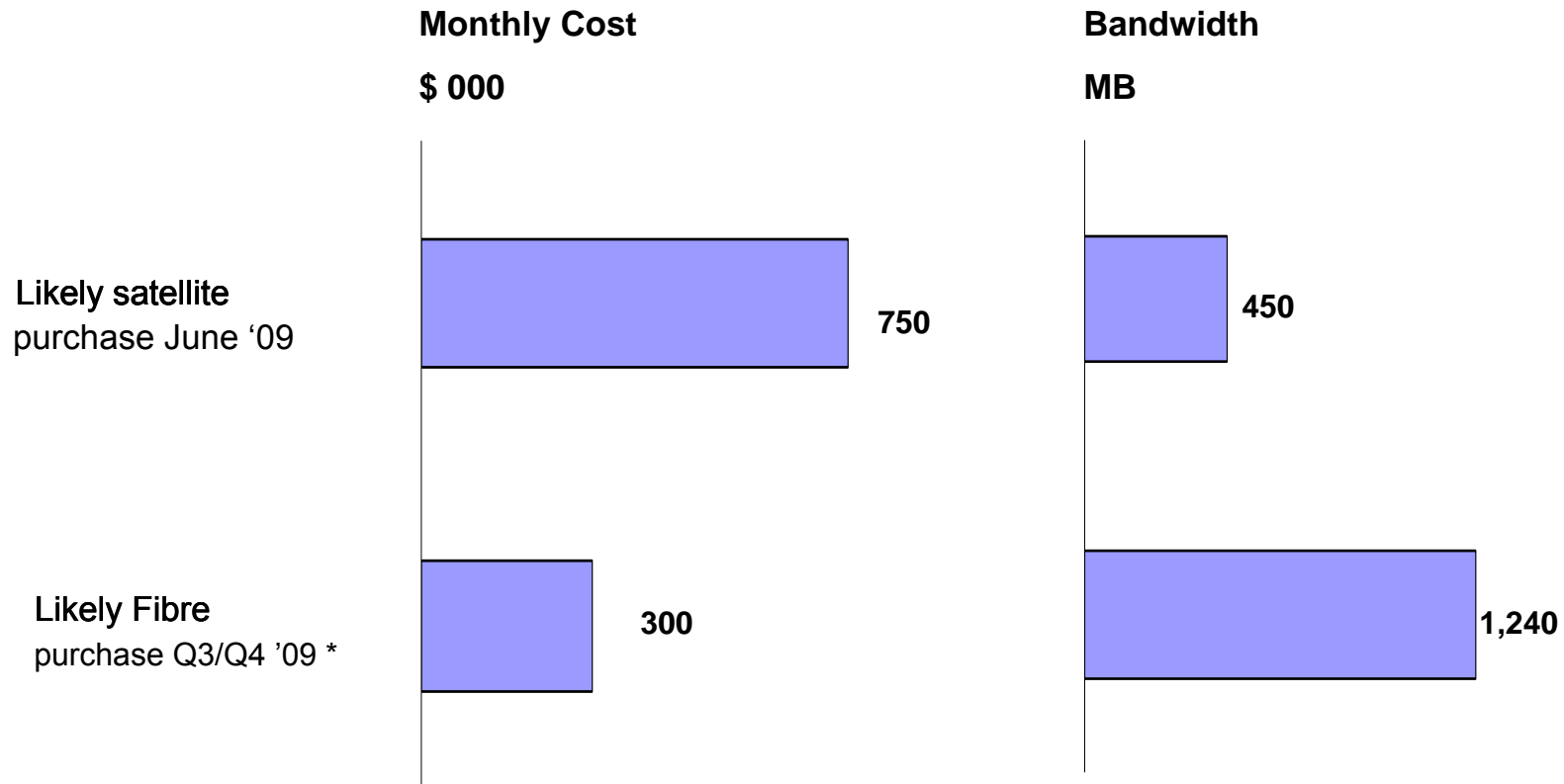
- The arrival of international fibre will significantly improve the customer experience and open up the market for explosive growth at the same time as greatly increasing AK's profitability
- AK is the clear market leader in data services in Kenya with strong USPs in the corporate, SoHo and high end residential segments of a highly under-penetrated market
- AK has a clear strategy to build on the strong progress we have made post IPO to continue to deliver high levels of growth

International Fibre

The arrival of international fibre will significantly improve the customer experience and open up the market for explosive growth at the same time as greatly increasing AK's profitability

- The arrival of international fibre is likely to give AccessKenya approximately triple the international capacity for not more than 40% of current cost
- This will allow AK to offer customers improved speeds and prices which will stimulate strong growth in the market
- As the largest buyer of satellite bandwidth in Kenya today, AK will be the primary beneficiary of the arrival of fibre in terms of cost savings which will be significant

Impact of International Fibre



* SEACOM fibre three year lease ; pre negotiation

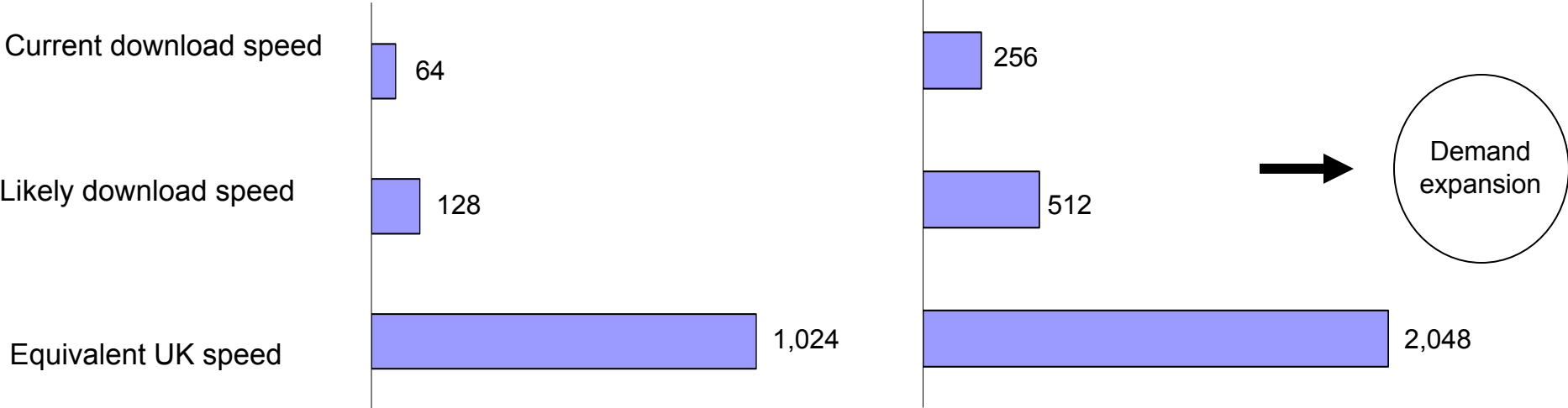
Customer Impact of International Fibre

Kbps

Current Monthly Price

\$125

\$500



Monthly Cost Savings to AK from International Fibre Estimated K Shs M

	Satellite P&L *	Fibre P&L **
Revenue	140	140
Cost of sale	59	28
Gross Margin (%)	81 58%	112 80%
Opex	58 (41%)	60 (43%)
Tax	5	12
Net profit (%) **	18 (13%)	40 (28%)



Annualised profit post fibre rises by K Shs 264m c.f. 2008 estimated profit of K Shs 215M

* See appendix for detailed P&L assumptions

** Cost of sale falls from \$750k - \$300k ; bandwidth increases from 450Mb – 1,240Mb; Opex increases due to metro fibre
NOTE: Internet business only, exchange rate K Shs 70 : \$1

AccessKenya is the Clear Data Market Leader

AccessKenya is the clear market leader in data services in Kenya with strong USPs in the corporate, SoHo and high end residential segments of a highly under-penetrated market

- AK is the clear market leader in its target corporate, SoHo and high end residential segments
- AK is differentiated from its competitors with very clearly defined USPs and focus.
- The market remains greatly under-penetrated with enormous growth potential

Mission Statement

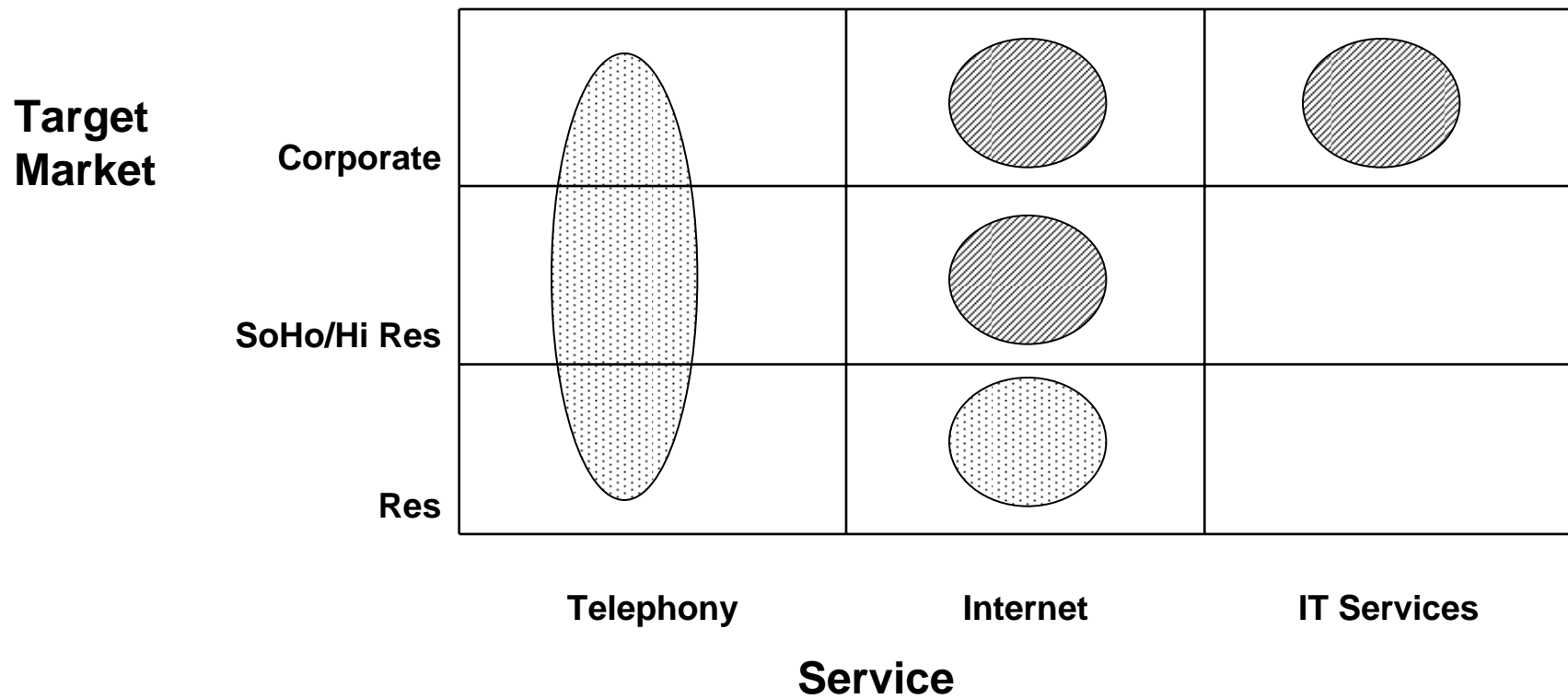
“To build on our market leadership position in the corporate internet market to become Kenya’s leading provider of ICT services to corporate, SoHo and high end residential customers.

We shall achieve this goal by continuously improving the value for money of our customer proposition, by offering high levels of customer service, and by attracting, developing and retaining outstanding personnel”

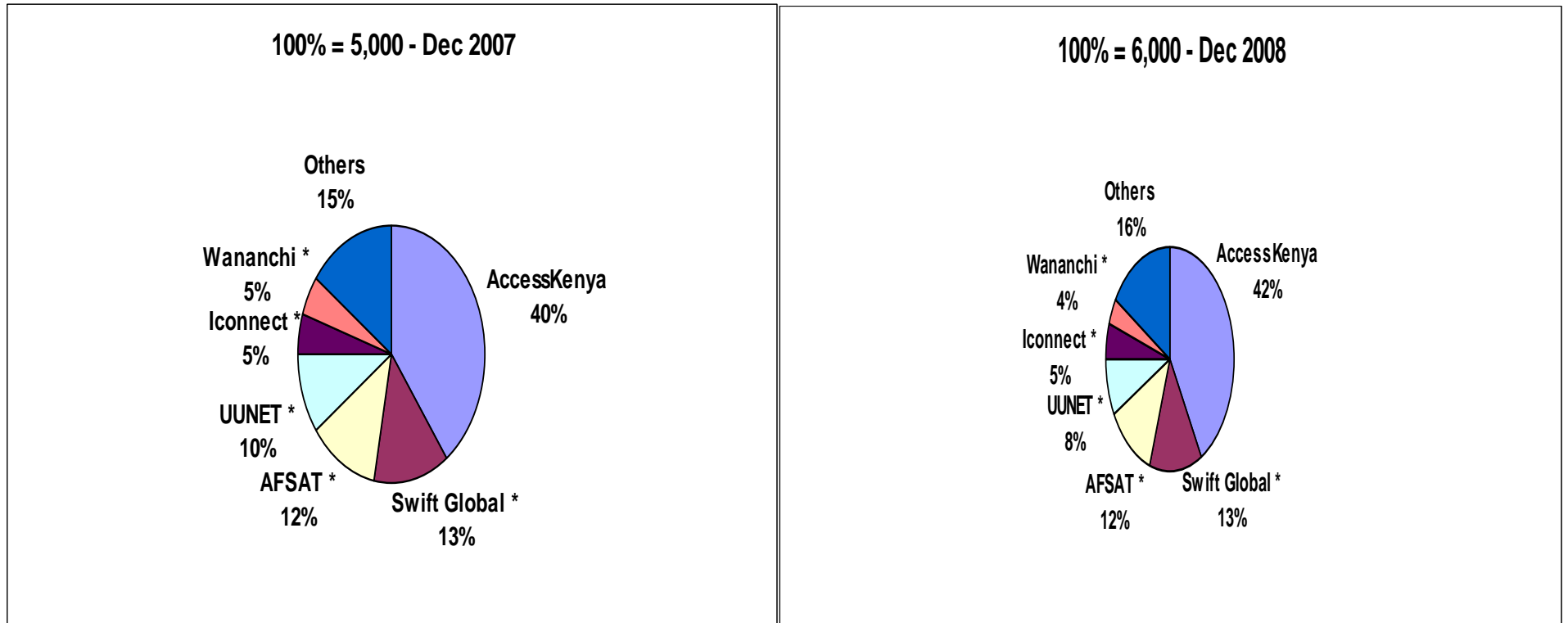
Market Overview

 = AK Focus

 = "Big boy" Focus



Corporate Broadband Connections in Kenya



* = Foreign Owner

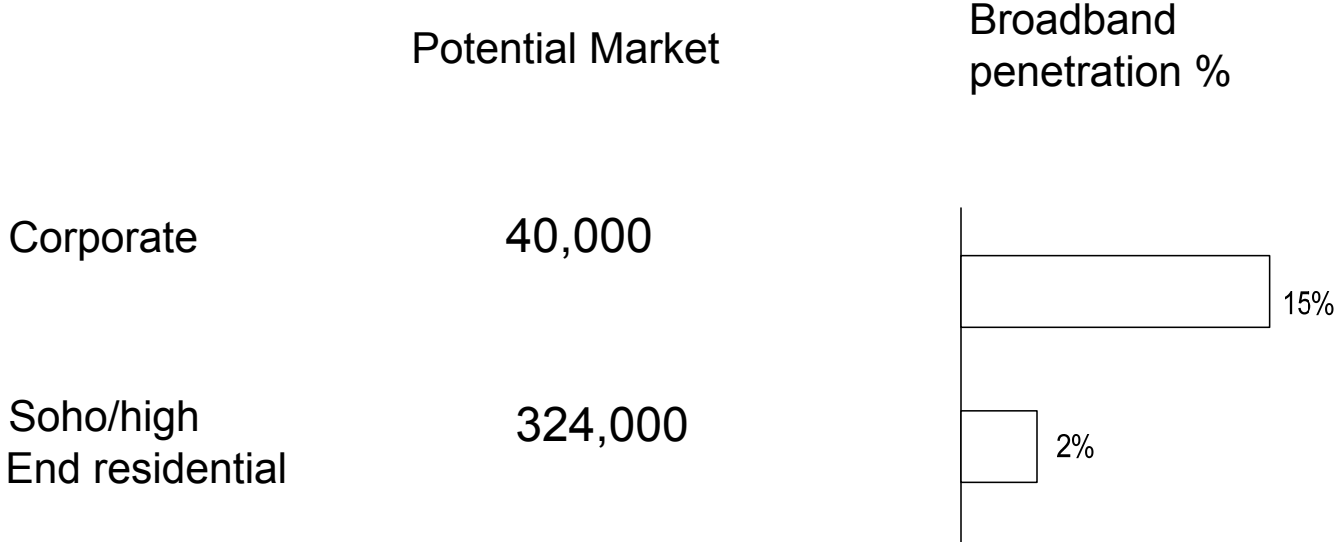
Source: Africa Analysis ; AK group estimates

Residential Competitor Summary

	AK	Africa Online	Safaricom	Telkom	Zuku
Guaranteed speed	√	X	X	X	X
No data Cap	√	√	X	√	√
Fixed price	√	√	X*	√	√
Corporate grade service	√	√	X	?	X
Data prioritisation	√	√	X	√	√
Price range	4 – 6k	8k	2k	6k	2 - 3k
Market focus	Hi-end	Hi – end	Mass	Mass	Mass

* if exceed data cap.

Kenyan Market Size and Penetration



Source: Africa Analysis, AK group estimates



Clear Strategy will Continue to Deliver High Levels of Growth

AK has a clear strategy to build on the strong progress we have made post IPO to continue to deliver high levels of growth

- In the less than two years since our IPO, AK has made enormous progress on many fronts
- We have a clear and focused strategy in all areas of the business to build on this strong foundation
- The upside potential from the strategy is significant

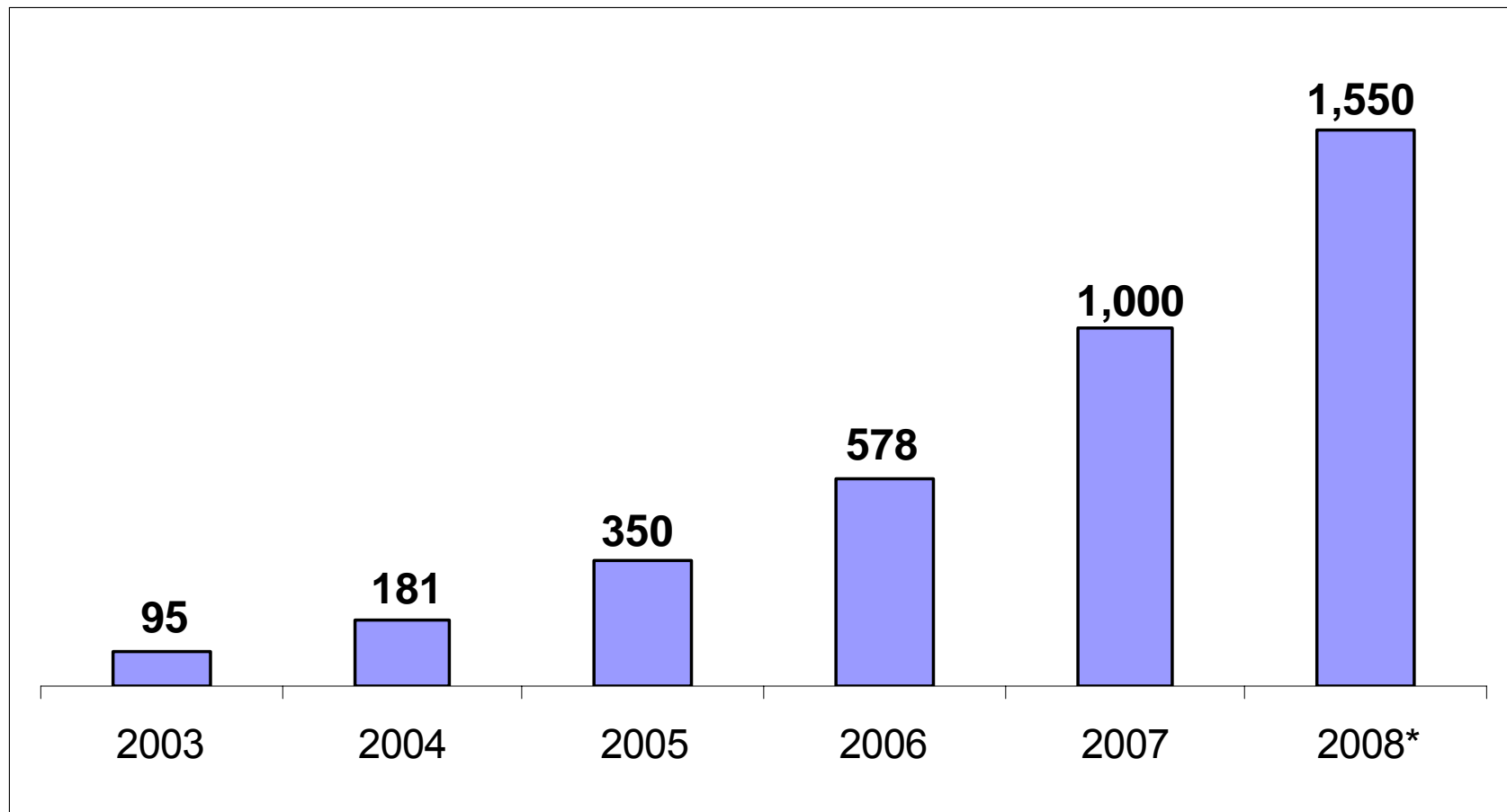
Post IPO Track Record

2006 vs 2008

- Corporate leased lines : 1,250 → 2,550
- Residential customers : 0 → 750
- Corporate ARPU : \$525 → \$590
- Residential ARPU : n/a → \$70
- Network POPs : 13 → 40
- Wimax coverage : 0 → 3,000 sq km
- National coverage : Nbi & Msa → all major towns
- Satellite bandwidth : 180Mb → 400Mb

Track Record - Turnover

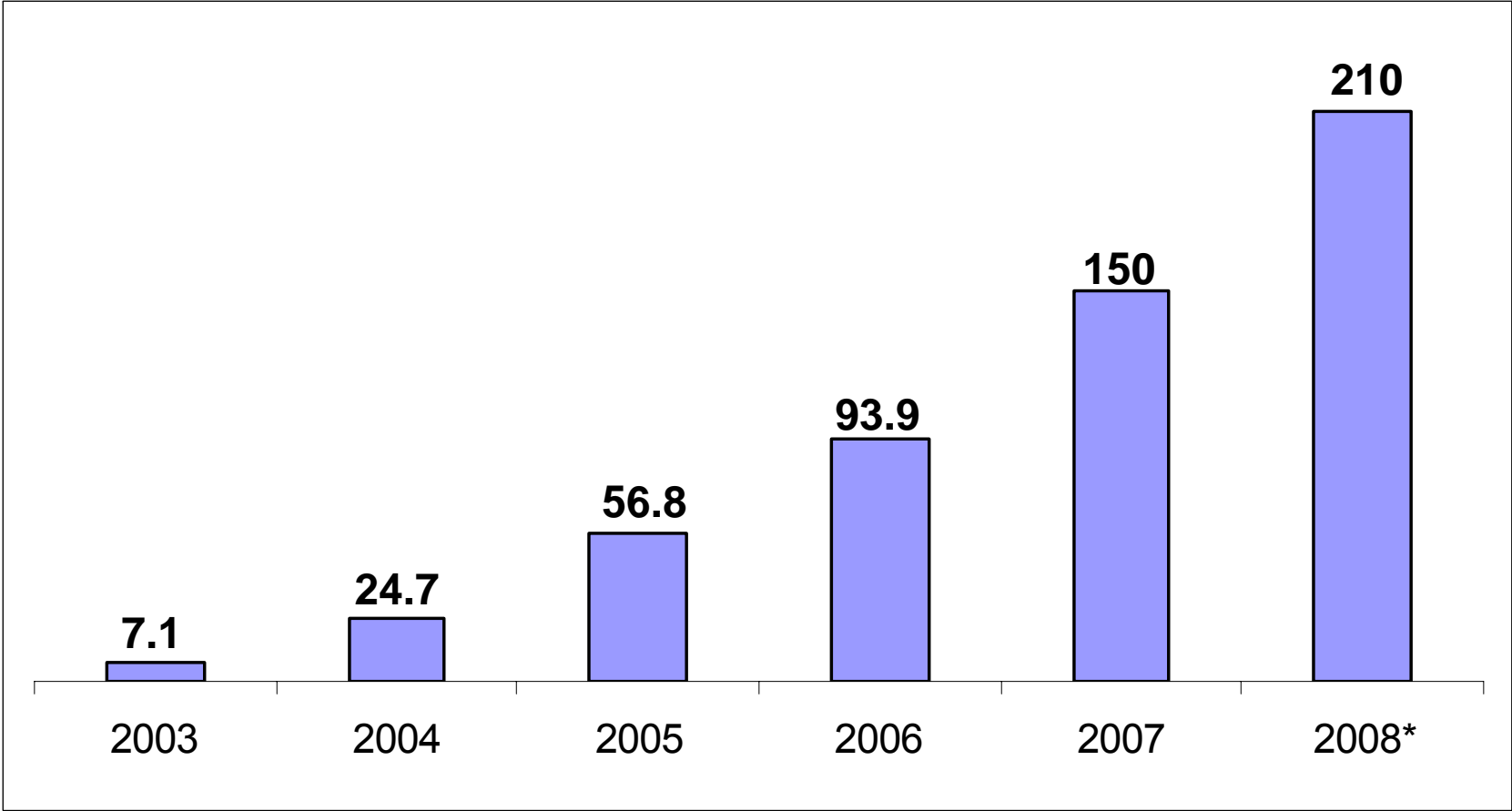
KShs M



* Estimate

Track Record - Profit after Tax

KShs M



* Estimate

Strategy

Operating Strategy

- Continue to build core corporate internet business
- Move aggressively into residential broadband
- Expand and professionalise IT services
- Develop “ wholesale” carriers’ carrier business

Infrastructure Strategy

- Operationalise TEAMS & SEACOM international fibre
- Roll out metro – fibre in Nairobi
- Deploy Wimax network phase 2

Financing Strategy

- Cash and existing bank facilities of KShs 400M
- New five year debt facilities of KShs 400M agreed
- Cash generation 2009: KShs 250 - 300M
- Total Investments of KShs 800M planned.

Residential Broadband “The” Opportunity

- Night bandwidth “free” – high gross margin
- 300,000 market potential – 2% penetration
- Over 1,000 customers signed and installed
- Aggressive sales acceleration programme being implemented
- Target of 3,250 residential customers in 2009

“Carriers’ carrier” – The Opportunity

- AK will have capacity on both TEAMS & SEACOM
 - AK building only “IP – based” metro fibre network
 - AK will buy National fibre from the “FONN” project
 - KDN functioning currently as “de facto” fibre monopoly provider
- Opportunity to compete with KDN offering services to all licensed telecom operators

2009 Forecasts *

KShs M

	<u>2007</u>	<u>2008**</u>	<u>2009F</u>
Revenues	1,000	1,550	2,000 – 2,100
PAT	150	210	275 – 330 ***

* Based on Management's best estimates

** Estimate

*** Large variation based on exact arrival date of fibre

Conclusion

- International fibre will greatly improve profitability & position AK for explosive growth
- AK is the clear data market leader and will benefit strongly from the fibre
- Upside potential for 2009/2010 significant
- AK remains only sizeable “independent” ICT player in Kenya today

Appendix

Financial Statistics

- High growth stock: 2004-2008 approx 850%
- One of the most liquid stocks on the NSE
- IPO value KShs 2.0BN; current market cap KShs 3.0BN
- Estimated PAT 2008 = KShs 210M
- 2009 forward PE = Approx. 10 – 11 times