

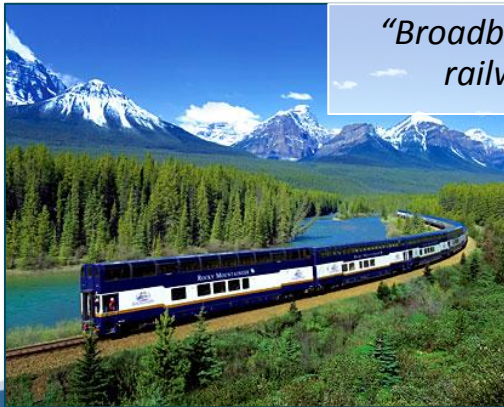


Impact & Market update

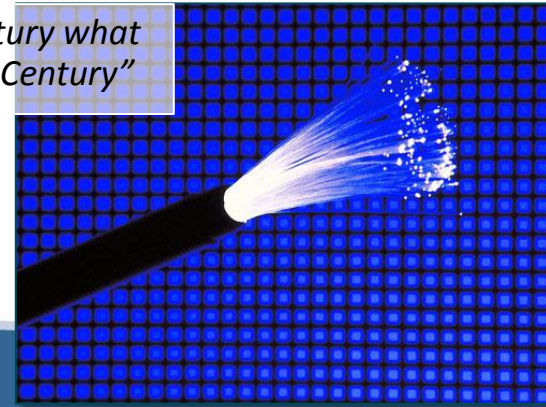
2010 Euro-Africa e-Infrastructure Conference

Date: Dec 9th, 2010

*JL Parmentier
Chief Operating Officer*



*"Broadband is to the 21st Century what
railways were to the 20th Century"*



connecting africa to the world

- An introduction to SEACOM
- Impact of SEACOM on capacity demand in Africa
- How does SEACOM view this inflow of competition?
- What's next

SEACOM is privately funded, carrier neutral, dynamic and 100% committed to the socio-economic development of Africa through the proliferation of broadband

SEACOM's drivers

- Privately owned, autonomous and carrier neutral, wholesale provider of bandwidth from Africa to London & Mumbai (Pop-Pop)
- Be committed to the principles of open and equitable access to broadband through PoP2PoP
- Facilitate the development of high volume, low cost market - encouraging new industries to emerge & driving the ICT sector; BPO, education, eMedicine, eGovernment & m-everything
- Fully funded & majority African owned (76.25%) – all infrastructural and commercial benefits get recycled into Africa
- Launched July 23rd 2009 as first cable in East & South East Africa. More the 100 G in commercial service.

Fibre topography

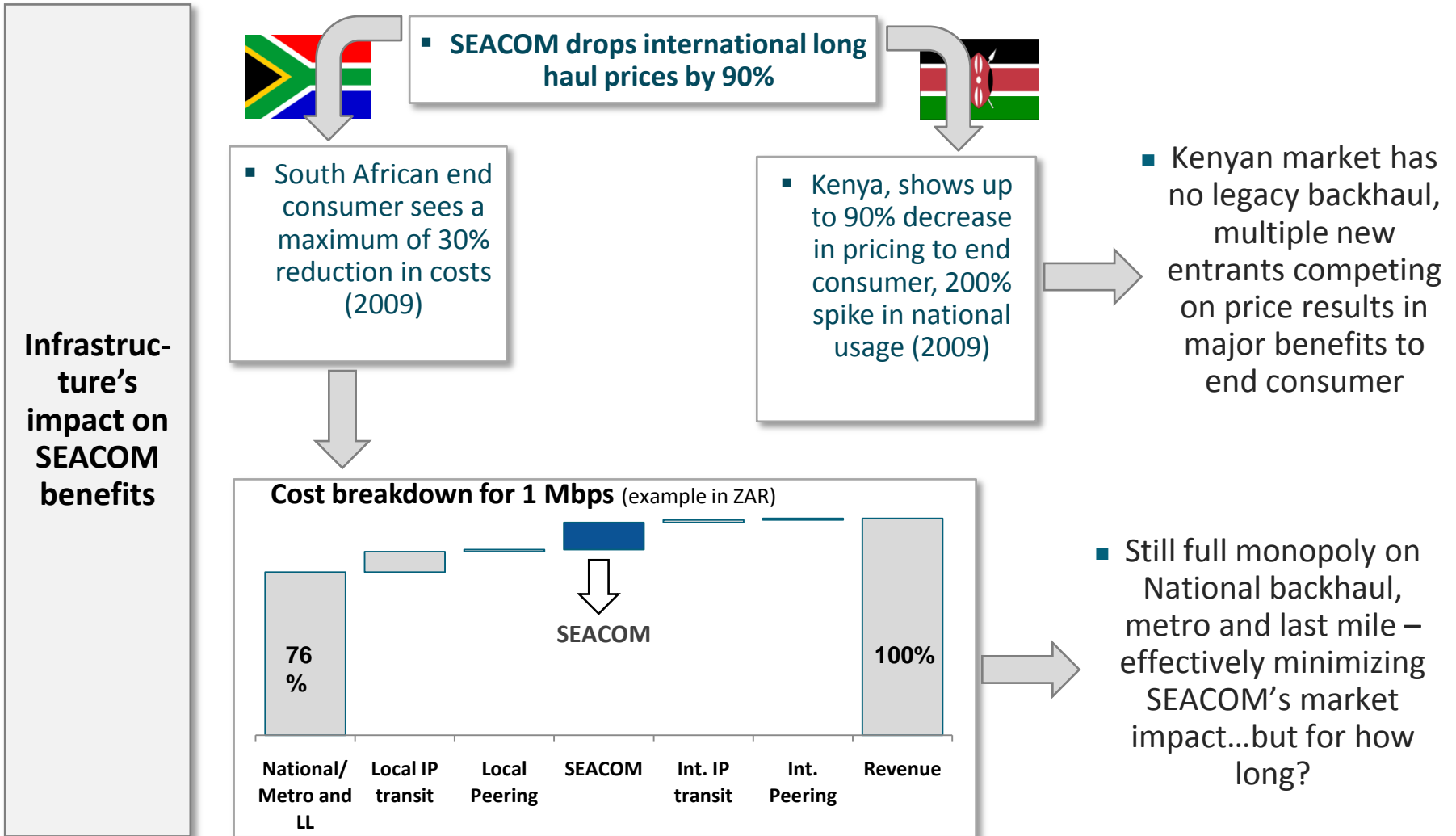


Below depicts the capacity released by SEACOM into our key markets since our launch – the results are staggering...

(Mbps)	Pre SEACOM market ITW 2009 data		SEACOM has activated *	Growth
Tanzania	■ 520 (2008)	▶	■ 3,500 (2010)	670 %
Kenya	■ 1,421 (2008)	▶	■ 14,500 (2010)	1000 %
Uganda	■ 369 (2008)	▶	■ 1,100 (2010)	300 %
Mozambique	■ 72 (2006)	▶	■ 950 (2010)	1200 %
South Africa	■ 3,380 (2007)	▶	■ 34,000 (2010)	900 %
Rwanda	■	▶	■ 600 (2010)	

*Underlying assumption (based on historical results) is that the amount of capacity purchased by SEACOM by a country's CSPs (Communication Service Providers) is the amount that they intend to sell in that year and hence reflects relatively accurate market usage in 2010

Differential Impact on end users: Some legacy in infrastructure limiting the impact of discounts on international bandwidth reaching the end consumer



CYBERSMART
EST. 1998

**Free
Weekend
ADSL Bandwidth**

DSL384, 10GB data, free weekend browsing: R299

Cybersmart makes entry level broadband more affordable with its latest bundled ADSL offerings

Vodacom stunned after MTN's OOB data price cuts?



Vodacom won't commit to price cuts after MTN slashed their Out-of-Bundle data rate

CELL C **SPEAK BLACKBERRY WITH CELL C FROM R169 p/m.** [CLICK HERE](#)

NASHUA MOBILE www.nashuamobile.com

Can Vodacom and MTN afford to compete with Cell C?

iBurst launches student broadband package



Broadband provider pilots new student package with the University of Stellenbosch

Afrihost uncapped pricing revealed

Afrihost unveils its uncapped ADSL offerings, undercutting MWEB's pricing

Uncapped ADSL: R159 per month



MyISP surprises the market with an uncapped ADSL offering for R159 per month; also undercuts competitors on their 4 Mbps service

Broadband wars threaten DSTV



If I had to choose between the Internet and DSTV for my future entertainment it would be no contest: Internet all the way.

8 Mbps uncapped ADSL

Affordable uncapped ADSL offerings have hit South Africa, and some ISPs are already preparing for 8 Mbps uncapped ADSL

Uncapped ADSL: The best deals

MWEB's R219 for an uncapped 384 Kbps ADSL account still the best deal, but they have been undercut for bundled uncapped offerings

Uncapped ADSL: R199 per month



Internet Solutions' uncapped ADSL accounts start to enter the market at very aggressive pricing

SEACOM welcomes the competition to Africa, as supply becomes more abundant, the terrestrial and last mile networks are converted to world-class standards – driving demand that will benefit all

- ***With the multiple cables entering the African continent and prices going down, does this make the SEACOM team nervous?***

- SEACOM's position is simple – No
 - Competition is healthy. It provides much needed resilience to all the submarine networks in Africa, and keeps bandwidth affordable, and further encourages anti-monopolistic behavior

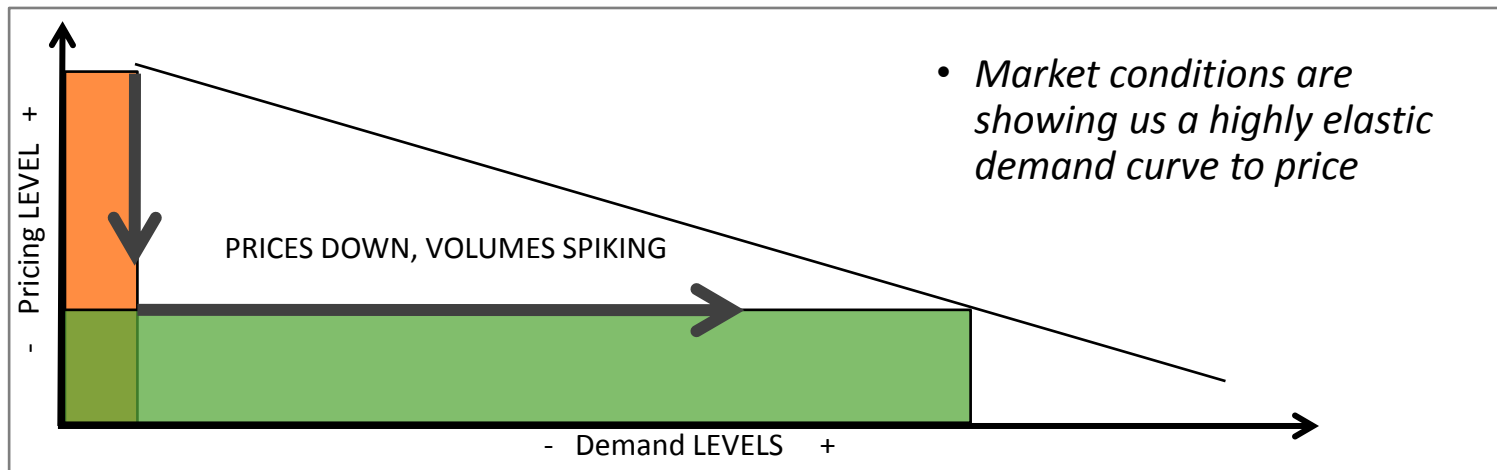
 - A decrease in pricing, drastically reduces the barrier to entry for numerous ISPs and entrepreneurs looking at developing the capabilities of bandwidth in Africa – this drives growth exponentially (*and we are ready for it 10Gbps – 40Gbps upgrade in pipeline*)

 - Many operators historically have believed that high prices mean high margins, low prices represent low margins and a drop in revenues – in Africa this can be no further than the truth

As prices go down, revenues go up!

The demand curve depicted, clearly shows how as prices go down demand expands – further to this, businesses then grow and demand grows further – think Moore’s Law!

Price elasticity of demand



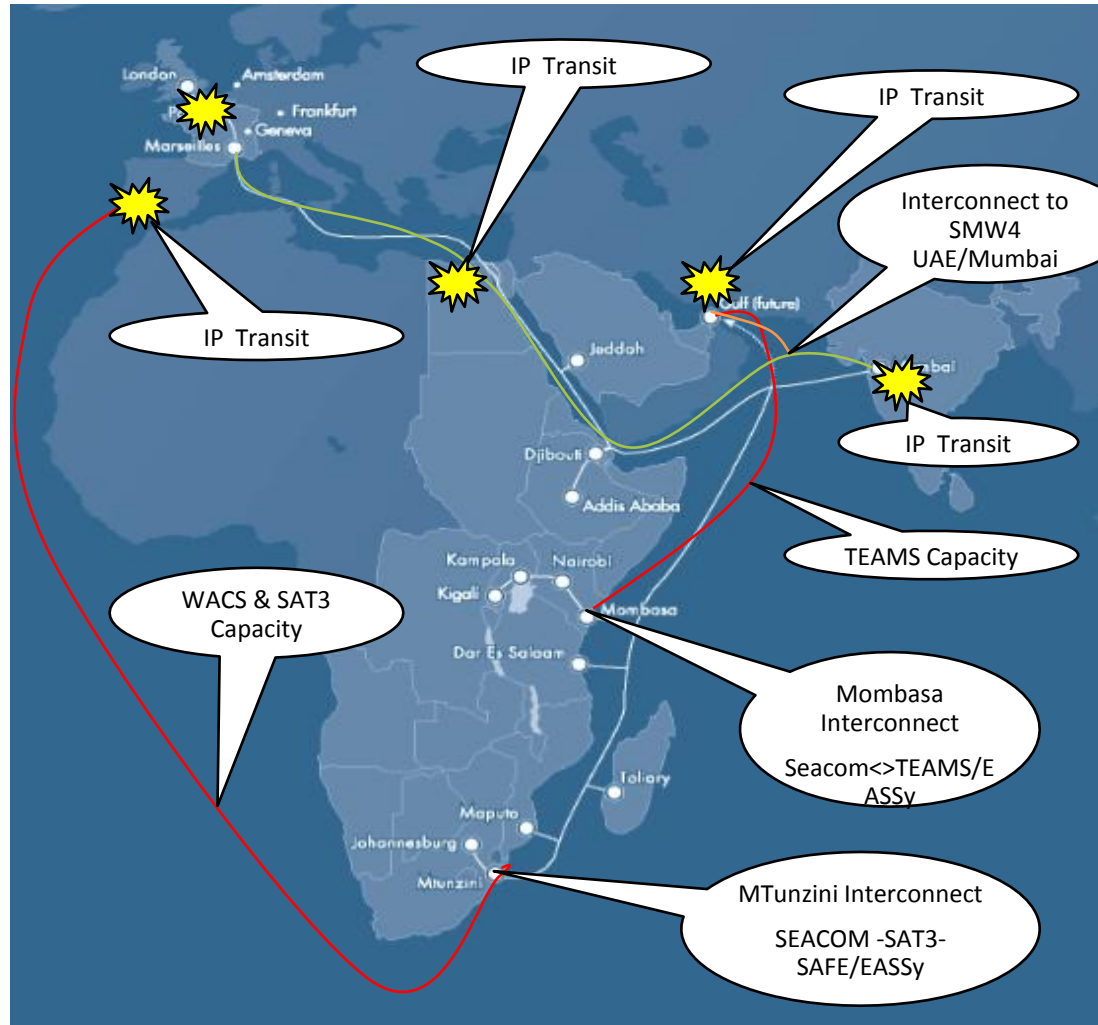
Pricing down & volumes up

- As prices continue a relatively fast downward trend, one has seen a disproportionately large marginal increase in demand
- The result is more customers requiring more capacity, requiring more restoration, requiring more backhaul procurement

SEACOM impact

- SEACOM trend is towards more frequent but incremental purchases as demand continues to increase

SEACOM is growing its network and aims to bring the most reliable and state of the art value propositions Africa – we see ourselves as enablers in Africa



What's next for SEACOM?

- SEACOM is in the midst of finalizing several initiatives to strengthen the resilience of its network
- 1. Acquiring more capacity on alternate cables
- 2. Developing an MPLS network capable of intelligent least latency packet switching
- 3. Multiple breakout points in 3 continents
- Further to this SEACOM is pushing inland where need is critical in bridging the digital divide

○ Thank you

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