



EGYPT-EU INVESTMENT CONFERENCE

Investments Repository for Technology and
Entrepreneurship

JUNE 2024

Investments and targeted reform have driven progress along key tech & digital indicators



16.3%

Growth in ICT GDP output,
2nd highest growth across
sectors



77 MBPS

Avg broadband speed,
ranking 1st in Africa
(vs 6 MBPS in 2019 –
40th in Africa)



54% growth

In nearshoring exports in
2024 compared to 2023



81 million

Mobile internet users
(vs 40 million in 2019)



"A" ranking

In World Bank Government
Tech Maturity Index
(vs "C" ranking in 2018)



30 - 40%

Female inclusion in the ICT
sector in Egypt



EGP 10 Trillion

In digital transactions
(vs EGP 6.4 Tr in 2022)



\$6.2Bn

of digital exports in 2023
from Egypt

Multiple opportunities to capitalize on Egypt's value proposition in technology, serving both global and domestic markets

Services

Infrastructure



Serving global markets

Technology service nearshoring

Tapping into Egypt's highly skilled and cost-competitive labor market to export services to EU markets (i.e., BPO, IT Delivery centers, Engineering Research & Design)



Data centers

Leveraging Egypt's robust global connectivity, competitive energy costs, and abundance of green energy potential to serve growing data center demand

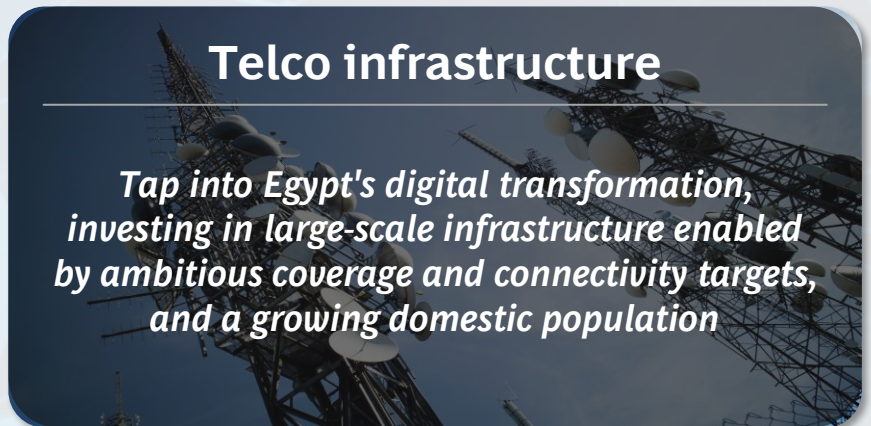


Serving Egypt's domestic market



Digital banking

Championing financial inclusion among Egypt's growing, and increasingly connected, domestic population, enabled by a favorable regulatory landscape



Telco infrastructure

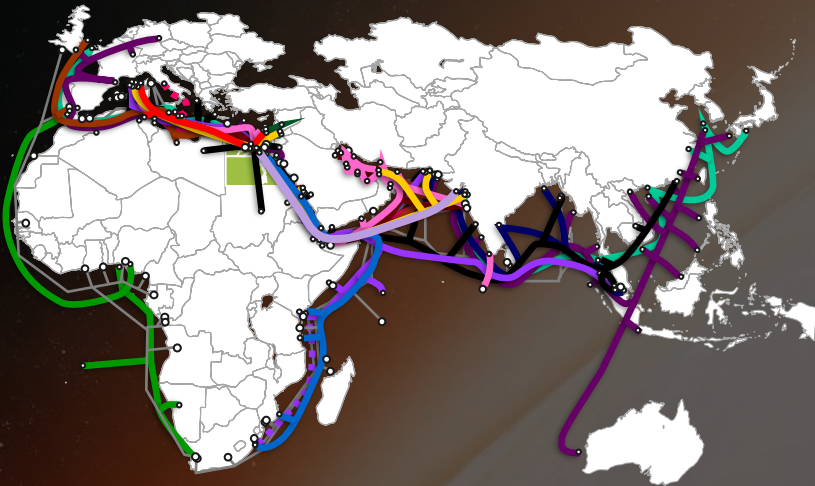
Tap into Egypt's digital transformation, investing in large-scale infrastructure enabled by ambitious coverage and connectivity targets, and a growing domestic population



Data Centers

Data centers | Egypt is uniquely positioned at the cross-roads of Asia and Europe, managing ~90% of traffic between the 2 continents

Egypt handles **90% of internet traffic** between EU and Asia



Egypt's robust connectivity provides **several benefits**



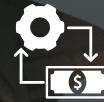
Lower latency increasingly more critical for AI applications



Higher redundancy and reliability crucial for maintaining uptime and reliability



Higher bandwidth availability for easier scaling of operations



Cost efficiency resulting in lower per-unit costs and bulk discounts

16+ Landing stations by 2026
20 Submarine cables by 2026
200Tbps Int'l traffic from East to West

Title

RDH (Regional Data Hub) Data center phase II expansion through an SPV

Sector

Data Centers

Type

Greenfield
Brownfield

Opportunity Description



Telecom Egypt built and operates 10 Commercial Data Centers, the most recent of which being the Regional Data Hub (RDH) with a capacity of 4 halls up to 20 MW – 2,000 racks. Telecom Egypt offers an investment opportunity with the expansion of its existing Tier-III RDH data center.

Responsible Entities



Location and Infrastructure



Dedicated facility in Smart Village Technology Park, Giza



Dark fiber for inter data center connectivity available for Cloud Service Providers (CSPs)



Direct connection from data center zone to marine cable landing stations in place

Opportunity Details



TE currently operates RDH1, **Egypt's largest data center**, with capacity of 400 Racks operating at 2.4MW IT load, up to 8KW/rack which has been mostly fully utilized since inception, for which ~75% of customers are international, RDH1 incurring:



TE wants to expand RDH1 operations by establishing RDH2 with a capacity of 380 to 500 racks, operating at 4.6MW IT, entailing:



TE is open to different investment options, proposed is the compiling RDH1 and RDH2 under a new SPV to be established in ADGM. The new SPV will have full ownership of RDH1 and RDH2 from day 1.

Title

Establishing greenfield data center clusters in SCZone

Sector

Data Centers

Type

Greenfield

Opportunity Description



Greenfield investment to establish a data center with the capacity of 5-7MW in the SCZone

Responsible Entities



Location and Infrastructure



(4-6k sq m) dedicated land in **SCZone** to establish data center clusters



Full services in the SCZone available to serve the data center, including a water lift plant, electricity power distributor, ...



Telecom's RED2MED cable, along the western bank of the Suez Canal, is the **shortest and fastest route connecting Europe, Africa, and Asia**

Opportunity Details



Establishing a 5-7MW data center over 4-6k sqm land in the SCZone, **capturing 2-5% of global market demand** at end state



Financial Indicators:

Investment Details

~\$50-60 Mn
Total Capex

10y
Investment Schedule

~26-30%
IRR over 10y

~5-6y
Payback period

~50%
Tax Exemption

~\$140 Mn
NPV

Financial Performance

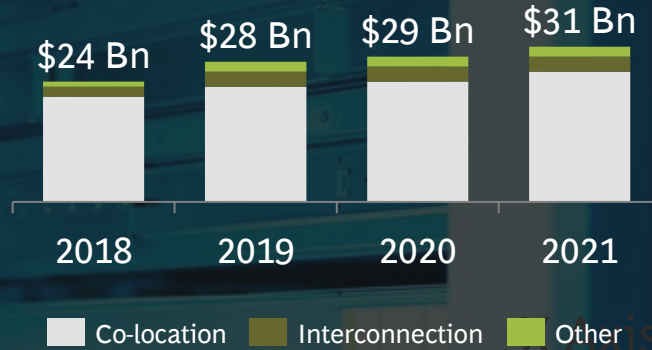
~\$80-90 Mn
End-state revenue

~14-16%
Net profit margin

Value Proposition

450 TW (2x Current)

Expected additional demand for data centers globally by 2030...



...with global market size increasing at 9% CAGR over last 4y

Applicable incentives



35-55% potential tax reduction based on scope of operations for a set number of years



+150 ms

Unique geographical position, significantly reducing latency vs Gulf and Far East routes






Telecom Egypt's RED2MED cable is the *shortest and fastest route* connecting Europe, Africa, and Asia

Egypt is more cost efficient on energy vs main data center hubs (\$/kWh)



Subsector 1 – Data Centers | Additional high potential investment opportunities to be explored

Opportunity	Description	Location	POCs	
1 Regional Data Hub Data center phase II expansion through an SPV	Telecom Egypt offers an investment opportunity with the expansion of its existing Tier-III RDH data center with additional capacity set to commence in Q3 2025 as well as ownership stakes in its current data center operations	West Cairo (Smart Village)	Telecom Egypt	Greenfield/ Capex Heavy  Brownfield/ Equity play 
2 Establishing greenfield data center clusters in SCZONE	Greenfield investment to establish a data center with the capacity of 5-7MW in the SCZONE	SCZONE	SCZONE	Greenfield/ Capex Heavy 

 Flagship  Other High potential opportunities

Note: As a second point of contact, you can reach out to GAFI (The General Authority for Investment in Egypt)

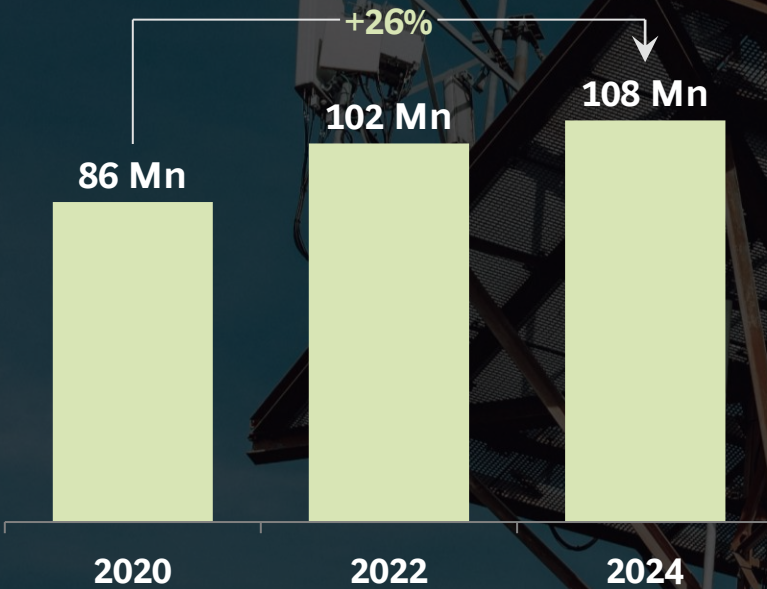


Telecom

Telco infrastructure | Egypt's growing population and rising cellular penetration necessitating investments in TelCo towers

2nd largest market for cellular subscriptions in Africa

Number of cellular subscriptions in Egypt, 2019 - 2023



100%

Penetration of 4G network in Egypt, with 5G rollout necessitating increase of Telecom towers

3.9k

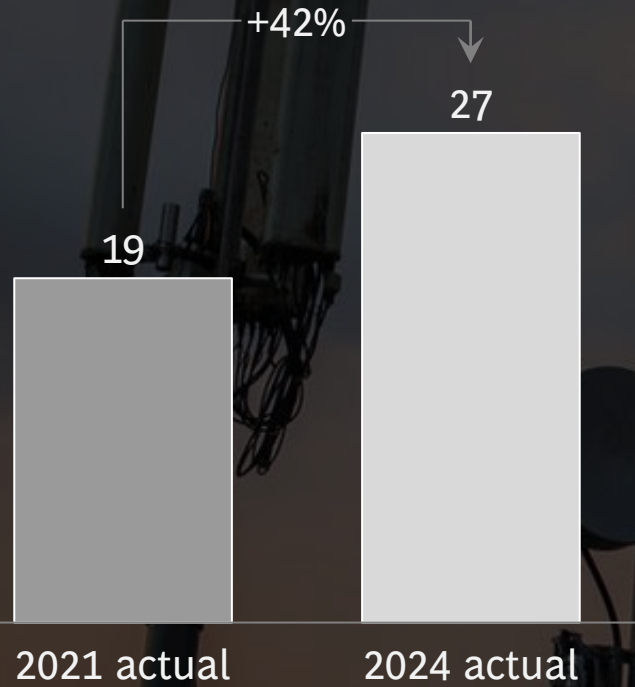
Average number of subscribers per tower, nearly double global average of 1.5k – k, necessitating additional investments into telco infra

1. Mobile Network Operators
Source: NTRA, Telecom Egypt

Telco infrastructure | 20k additional telco towers targeted by 2028, with significant opportunity space for private sector investment

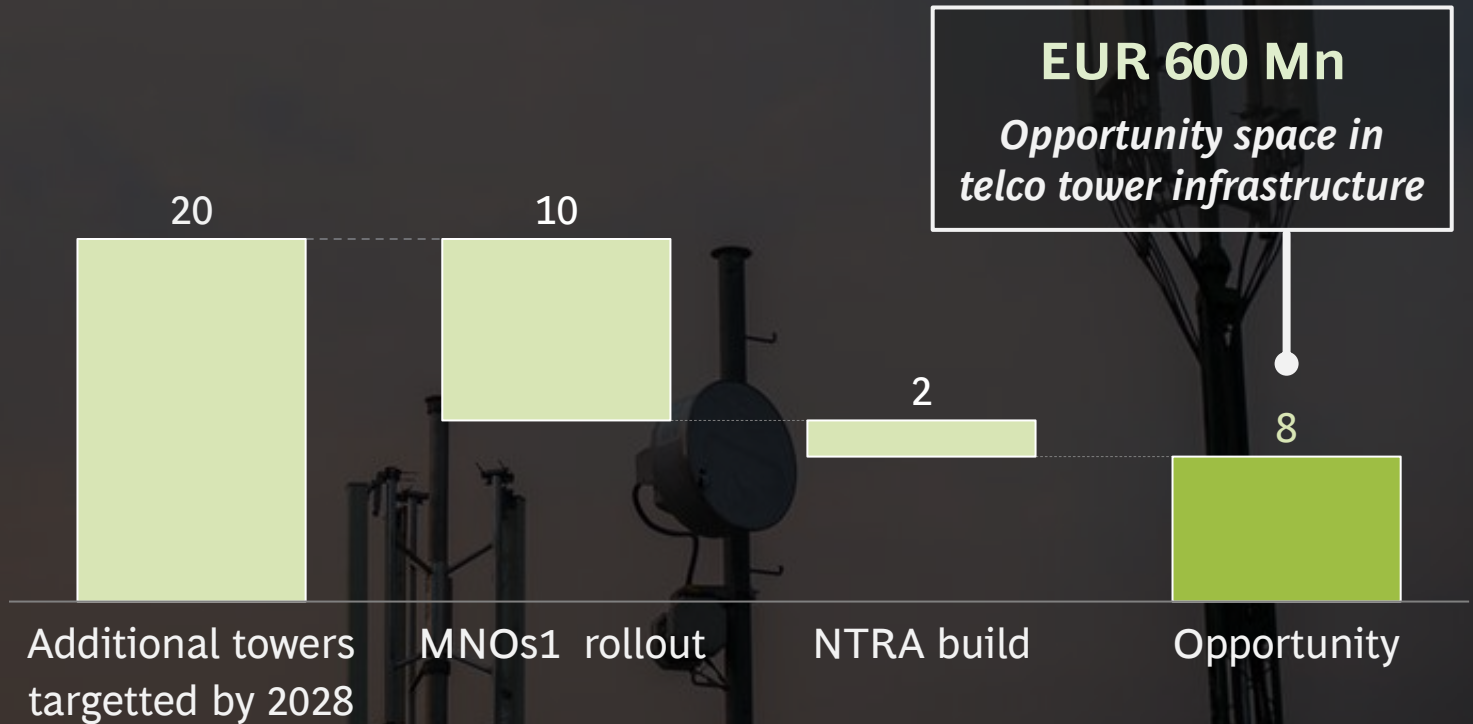
+42% increase in active mobile network towers vs 2021

(# of telco towers, 000s)



Clear opportunity for private sector investment to enable Egypt to deliver on its network infrastructure ambitions

(# of telco towers, 000s)

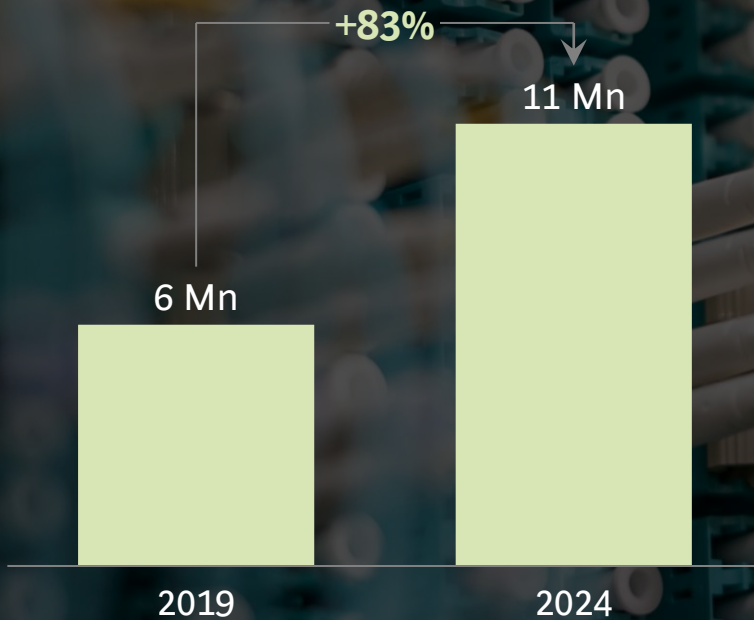


EUR 600 Mn
Opportunity space in telco tower infrastructure

TelCo infrastructure | Last-mile fiberization following significant investments to maximize fiber-to-the-curb coverage

83% increase in household internet penetration since 2019

(Number of households with fixed broadband, 2019 – 2023)



4%

Current fiber-to-the-home (FTTH) penetration vs global average of ~20%



94%

Of households with fiber to the curb (FTTC) pending last mile infrastructure, expected to reach 100% by 2025



8x

Average internet speed increase achieved in the past 3 years



46%

Higher ARPU generated from fiber-connected homes on average

Title	Telcom Tower Investment and Operatorship		
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Sector	Telco Infra	Type	Infra Operatorship
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Opportunity details



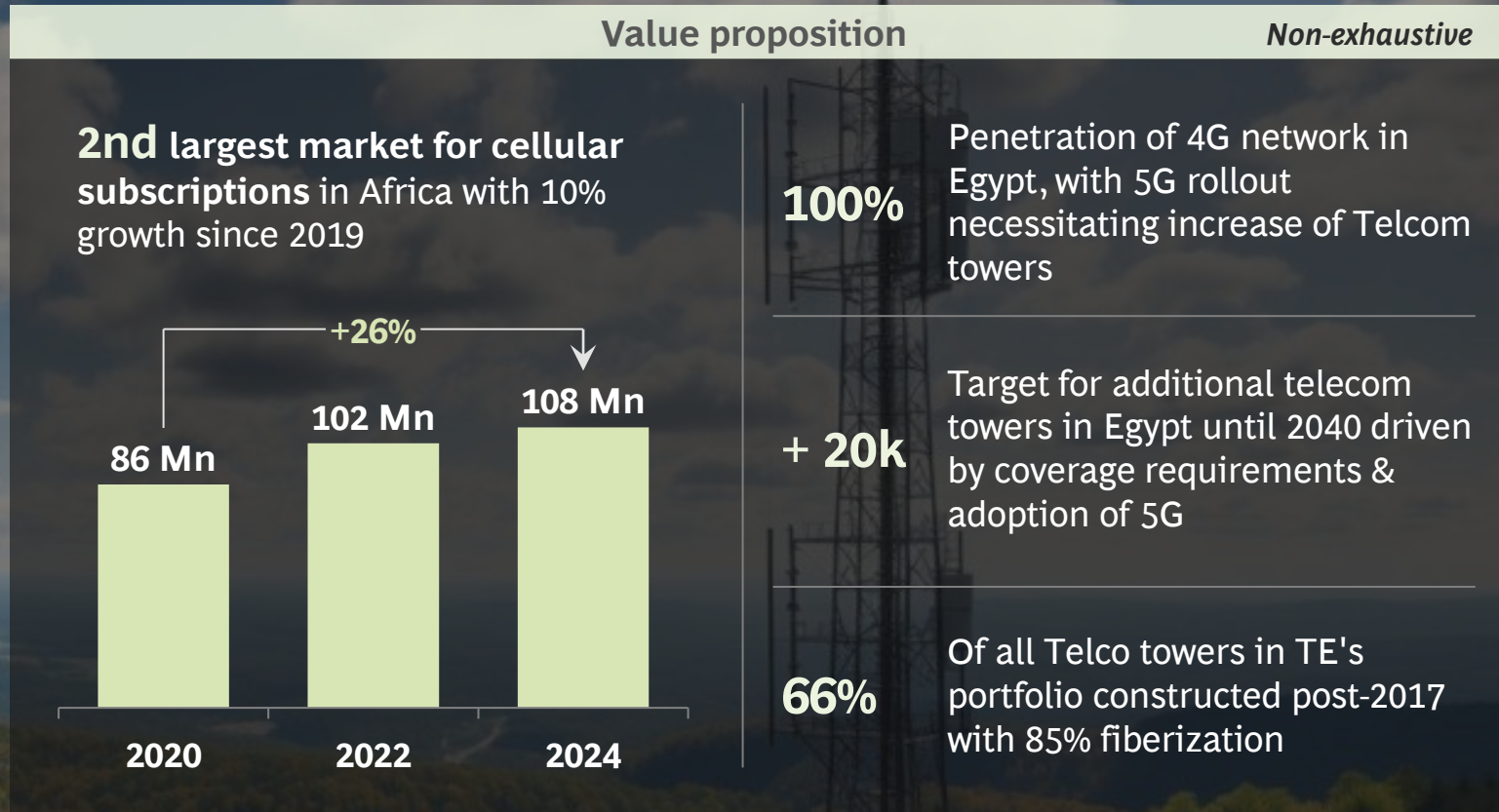
2 opportunities to invest in telco infrastructure in partnership with Telecom Egypt

1. Sale and Leaseback (SLB) and commitment to build towers (BTS)

- Up to 100% of TE's owned telecom infra assets (2,748 sites, 3,647 structures)
- 1500 BTS sites to be committed on take or pay commitment over 3 years
- 11,338 sites to be built over 20 years

2. Newly established JV to build, own, and operate Telco towers

- New JV to build, own and operate towers while assuring neutrality and targeting optimized tenancy ratios



Applicable incentives



Streamlining tower infrastructure deployment process, **shortening lead time from 12 months to 3 months**

Title	Fiber-to-home last mile (FTTH)
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Sector	Telco Infra	Type	Greenfield Brownfield Operatorships
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Opportunity details



Nationwide expansion of fiber networks, deploying last mile fiber for 1-2 Million home passes per annum until 2028 through a JV with TE.



License provided by NTRA, covering last-mile fiber passive digging, civil work, etc., and leasing to a licensed wholesale infrastructure operator or ISP directly. TE will remain the wholesaler for bitstream, FTTS, and other services



TE has a call option after 15 years, conditional on achieving a minimum agreed IRR, with the price according to the book value at that time

Value proposition Non-exhaustive

Household internet penetration in Egypt growing at 8% CAGR

(Number of households with internet access, 2019 – 2023)



4% Current fiber-to-the-home (FTTH) penetration vs global average of ~20%



94% Of households with fiber to the curb (FTTC) pending last mile infrastructure









46% Higher ARPU generated from fiber-connected homes on average



8x Average internet speed increase achieved in the past 3 years

Subsector 2 – Telecom | Additional high potential investment opportunities to be explored

Opportunity	Description	Location	POCs	Type
1 Telcom Tower Investment and Operatorship	<p>Opportunities for Towers, including Sale & leaseback of tower assets, & commitment to build new towers (BTS), potential JVs</p>	<p>Across Egypt</p>	<p>Telecom Egypt</p>	<p>Greenfield/ Capex Heavy </p> <p>Asset ownership/ Operation </p>
2 Fiber to Home Last mile	<p>TE aims at expanding the FTTx nation wide and is approaching various potential investors to deploy the passive last mile fiber network for 1-2 Million home pass per annum, then lease it to ISPs on open access basis. TE will provide the bitstream from the GPON as a demarcation point.</p>	<p>Across Egypt</p>	<p>Telecom Egypt</p>	<p>Greenfield/ Capex Heavy </p> <p>Asset ownership/ Operation </p>

 *Flagship*  *Other High potential opportunities*

Note: As a second point of contact, you can reach out to GAFI (The General Authority for Investment in Egypt)



Neobanking

Title	Establishing a digital bank in partnership with Egypt Post		
Sector	Digital banking	Type	Greenfield/brownfield

Existing Assets and



Extensive network of 2,000 ATMs 4,300 branches across the country, **~5x the reach of the leading public bank in Egypt**



Already offering saving accounts to 25 Million customers, **~30% more than the leading public sector bank**



Already offering multiple financial services such as micro-financing and money transfers, implying **established financial trust** with customers

Opportunity Description



A strategic opportunity with Egypt Post to establish a digital bank, leveraging its existing customer base and extensive network

Opportunity Details

Egypt Post is seeking **financial and technical partnerships**, specifically:



A financial partner to provide essential capital, strategic guidance, and, if an FI, banking expertise and involvement in financial operations.



A technical partner to develop and maintain the digital banking platform, providing continuous technical support and driving innovation

The venture will **leverage Egypt Post's existing assets to bank the unbanked and meet the unmet and upcoming needs of the banked**, utilizing Egypt Post's:



Geographical footprint Ensuring direct support to customers with onboarding services, digital & financial literacy, & convenient access to ATMs



Large base of non-borrowing customers, presenting a ready market for digital banking and a significant untapped profit potential through loan offerings

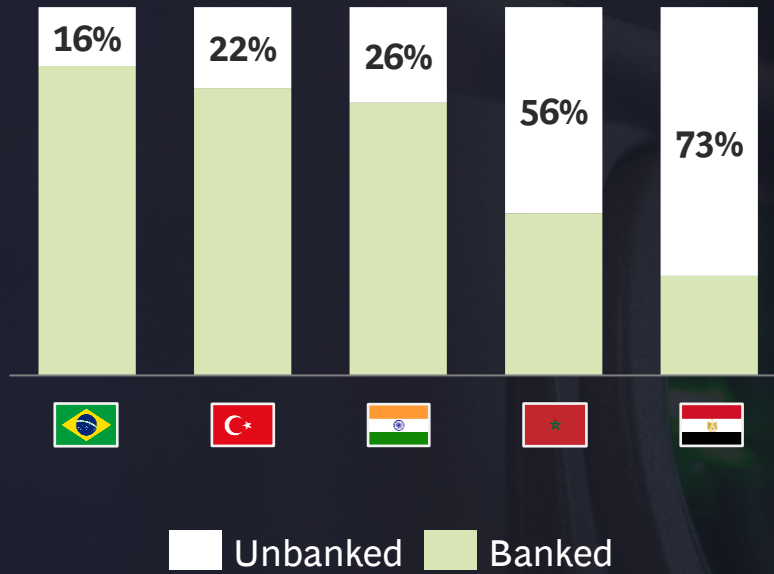


Established financial trust with a large portion of population compared to banks, given current financial services offering effectively banking the unbanked, guaranteeing a high conversion rate from Egypt post customers to its Neobank

Value Proposition

73%

Of Egypt's population remains unbanked...



Traditional banking unable to tackle key barriers to banking penetration in Egypt, i.e.,:

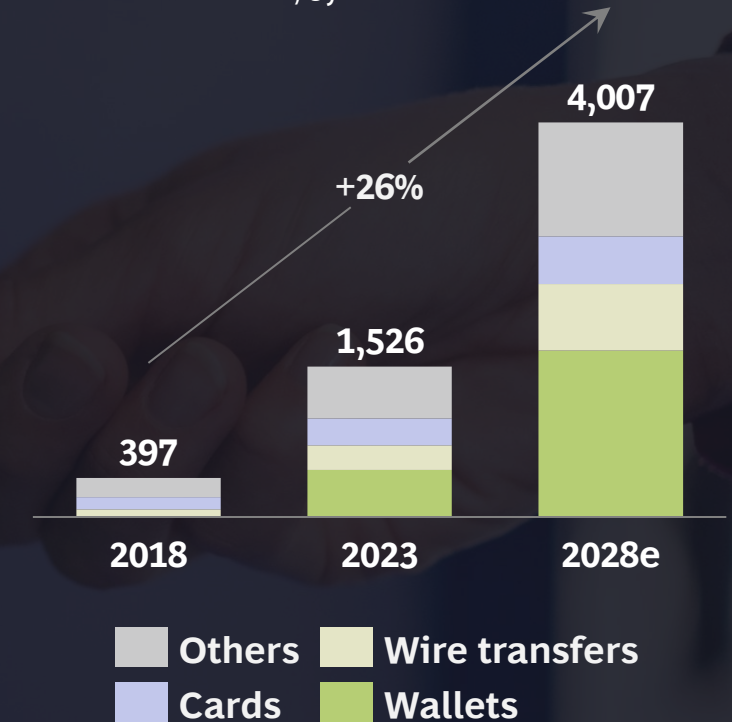
- High overheads leading to high fees & min balances
- Low branch network penetration
- Lack of banking awareness and informal means
- Strict identification requirements for all services

Digital Banking presents an opportunity to accelerate digital inclusion and penetrate untapped markets in Egypt:

- **Lower fees** due to reduced overhead
 - **Accessible products** with low min. balance tailored to low-inc. persons
- **Full services remotely eliminating geographical constraints**
 - **Utilizing robust Egypt Post branch network.**, with strong presence in rural areas
- **Building on strong brand equity of Egypt Post** to spearhead penetration
- **Deploying innovative tiered system enabling** more basic services with simpler registration requirements to boost penetration



38% growth rate in non-cash transactions in last 5 years

Mn transactions, 5y CAGR




Digital payment means are expected to increase by 28% over next 5 years

Subsector 3 – Neobanking | Additional high potential investment opportunities to be explored

Opportunity	Description	Location	POCs	Type
1 Establishing a digital bank in partnership with Egypt Post	A strategic opportunity with Egypt Post to establish a digital bank, leveraging its existing customer base and extensive network	NA	Post for Investment	Greenfield/ Capex Heavy  Brownfield/ Equity play 

Note: As a second point of contact, you can reach out to GAFI (The General Authority for Investment in Egypt)

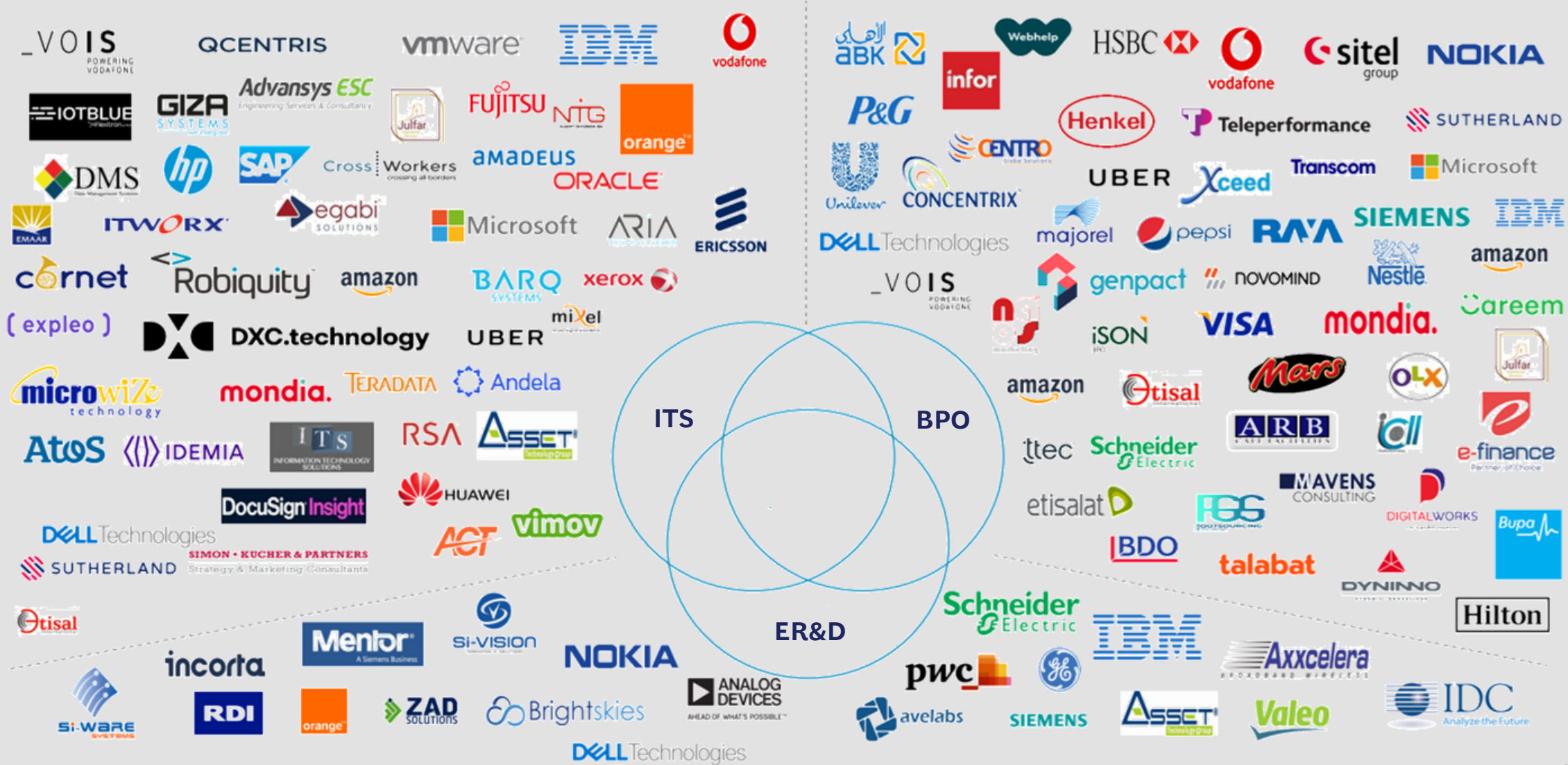
 *Flagship*  *Other High potential opportunities*



Nearshoring

Business Process Outsourcing, IT Delivery Centres, Engineering R&D

Over 400 offshoring players currently present in Egypt across ITS, BPO, and ER&D



Service nearshoring | Abundance of skilled IT and Tech talent at competitive cost vs comparable tech hubs

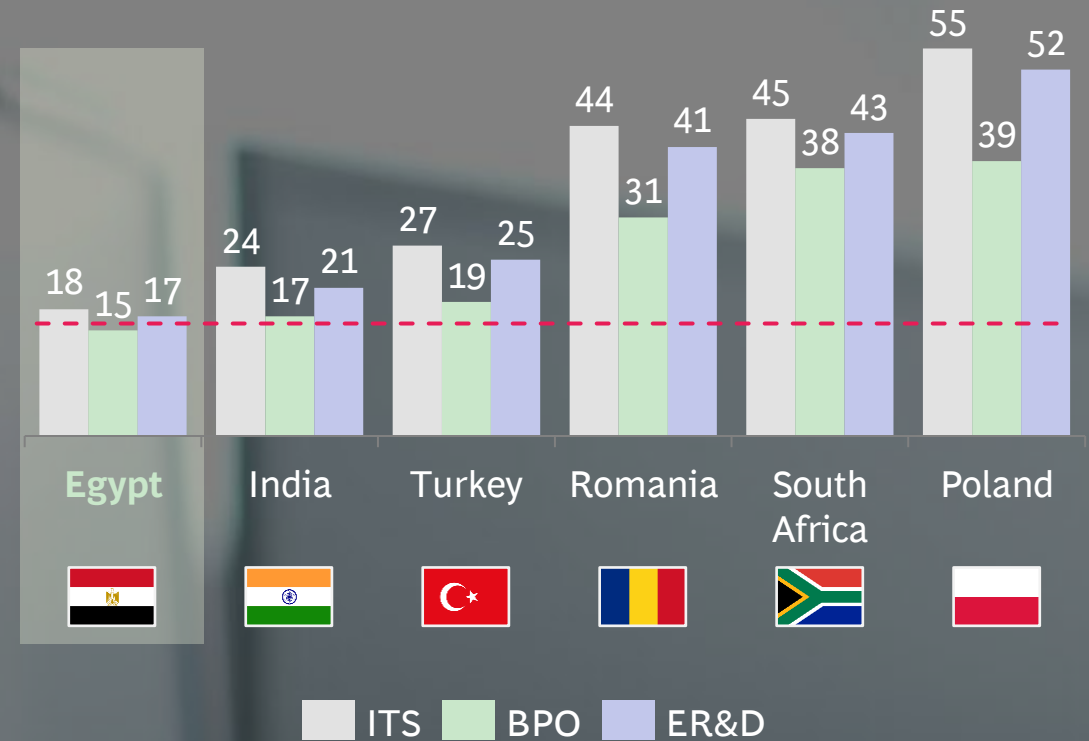


Strong pipeline of ICT graduates driven by a young population ...



... while remaining highly cost competitive

Average annual operating costs, \$k/FTE



220k

Annual business process related graduates

50k

Annual ICT university graduates

>75%

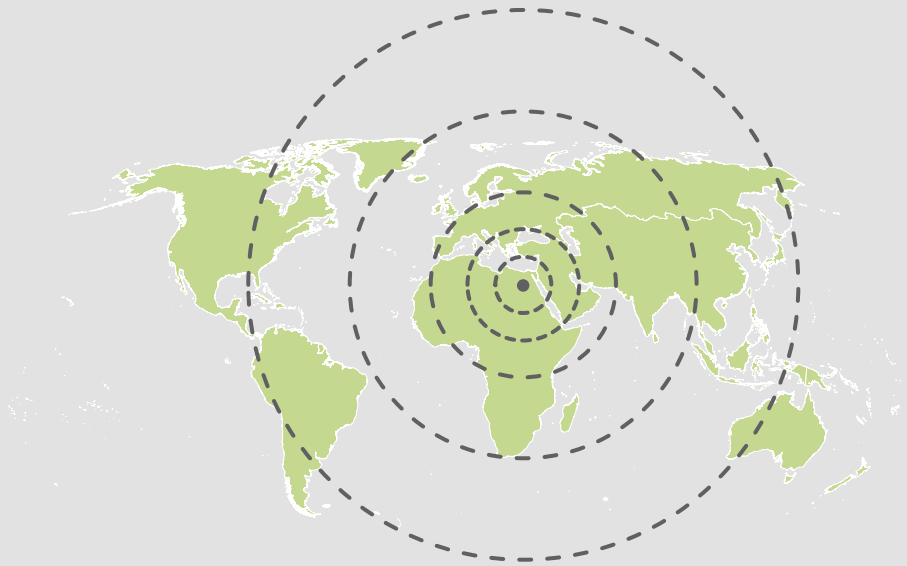
of population below 40 years of age

400k

Trainees of capacity building programs in 2024, 100x increase vs program launch in 2018

Service nearshoring | Egypt's unique location enables business continuity, with government support to enable seamless setup

Egypt's pivotal location is ideal for the European time-zones ...



... and enables seamless business continuity with US and Asia (i.e., follow-the-sun approach) ...

... with government support available to enable setup and operations



Market insights & decision support

On-ground due diligence support and coordination, active responses to RFIs



Legal and regulatory setup

Support in engaging local ecosystem necessary for business setup (i.e., legal firms, real estate advisory, etc.)



Operations setup support








Support in sourcing skilled talent through gov't-led upskilling initiatives, coordinating with local recruitment firms, etc.




Dedicated account management

Dedicated point of contact from GoE to support in coordination with broader ecosystem conflict resolution, etc.

Subsector 4 – Technology service nearshoring | Additional high potential investment opportunities to be explored

Opportunity	Description	Location	POCs	Type
1 Establish ER&D centers	Nearshoring technical services and product development leveraging pipeline of skilled & affordable tech talent, dedicated technology parks with attractive incentives, and compatible time-zone with EU markets	Greenfield – multiple locations	ITIDA	Talent-focus/ Service export 
2 Establish IT Delivery Centers	Establish IT delivery centers leveraging abundance of skilled technical talent and affordable labor costs, capitalizing on rising demand to serve EU markets	Greenfield – multiple locations	ITIDA	Talent-focus/ Service export 
3 BPO - Outsourcing Building	Multiple available facilities across Egypt to establish BPO centers (i.e., call centers, technical support, premium services)	Sadat City	ITIDA	Talent-focus/ Service export 
4 BPO - Outsourcing Building		Beni Suef	ITIDA	Talent-focus/ Service export 
5 BPO - Outsourcing Building		Beni Suef	ITIDA	Talent-focus/ Service export 
6 BPO - Call Center Building		New Assuit	ITIDA	Talent-focus/ Service export 
7 BPO - Call Center Building		New Borg El Arab City	ITIDA	Talent-focus/ Service export 

 Flagship  Other High potential opportunities

Note: As a second point of contact, you can reach out to GAFI (The General Authority for Investment in Egypt)

Contact details

Investment repository POCs | Contact details

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Thank you