

**Bridge Facenet
Business Plan Model
- Overview -**

**Axel Busch
Managing Director**

**Bridge Facenet Ltd.
Rochusstrasse 217**

53123 Bonn, Germany

COPYRIGHT BEL

Table of Contents

A.Introduction..... 3

B.Business Plan Objectives 4

1. Coordination and Control 4

2. Communication 4

3. Empowerment..... 5

C. Major Elements of a Business Plan 5

1. Market and Competition 5

 The market 5

 Competitors..... 6

 Existing competitors 6

 New entrants 6

2. Trends 7

3. Own subscriber forecast and revenues estimates..... 7

4. Marketing and sales 7

5. Technical Infrastructure 8

6. Operations 8

7. Finance..... 8

8. Profit and loss account..... 8

9. Cash Flow 10

 Classification 10

 Benefits from using Cash flow 11

 Operating cash flow as proxy for income..... 11

10. Balance Sheet..... 11

 Balance sheet structure 13

D. BRIDGE Business Plan (Sample) 14

Pictures

▪ Chart 120

▪ Chart 222

▪ Chart 3a23

▪ Chart 3b24

▪ Chart 424

▪ Chart 5a25

▪ Chart 5 b26

▪ Chart 627

▪ Chart 728

▪ Chart 829

A. Introduction

Either StartUp's, companies which have already a proven track record or those in situations of turnaround and restructuring need reliable information about their business for controlling purpose, business evaluation and forecast of the company's future.

Core is a business plan as a set of numbers, tables, graphs by illustrating:

- business idea, vision or strategy,
- market conditions, under which the company is working (market development, legal, economic constraints etc.),
- the products and services, the company is going to offer and their prices
- customers and their demand,
- technical and economic goals to be achieved,
- resources needed (human resources, tangible, intangible goods, sources of funding, etc.).

In general the business plan doesn't concentrate on the past. For this purpose the balance sheet is sufficient. The business plan to be described in the following focusses on future actions. The content and complexity of a business plan is very different. It depends on the occasion and the recipients and also on the kind of business of the company. It can be part of an "INFO MEMEORANDUM" in case of special funding search as StartUp's want to do, it can be part of ongoing controlling process in an established and well working company.

A "good" business plan is a long time "partner" for the company and is always in a move to answer questions for positioning of the strategy, analysis of the environment and development of the company.

Among the prose description the core of the **BRIDGE** business plan is a PC based model which incorporates all above listed elements. For a time period of 10 to 15 years the outcome of the model gives an overview of all technical and economical relevant aspects, including the viability and value of the business. It is used for many years in companies and projects in ICT industries, utilities and health care sectors.

B. Business Plan Objectives

The instantaneous objectives of a business plan are as follows:

1. Coordination and Control

The business plan can be used as a way of measuring the business or the performance against the objectives and milestones that have been established, either for the entire company for each individual department. The comparison can be used to refine / adjust and redefine objectives and timescales.

The objectives established for an overall business lead on to setting objectives for the departments and activities within the business that will support the achievement of that overall plan.

Licence issuer – in case of telco operations e.g. - get the chance at the beginning to fix the value of the licence, considering so called Key Performance Indicators (KPI) like Roll Out, Revenues, Subscribers etc., in the process of operations it allows to monitor the performance of the licence holder up to the determination of any revenue share figures.

2. Communication

In many ways, communication is the most important role for an internal business plan:

- Amongst the top management team, it provides a focus for them to get together to discuss and take decisions, to share ideas, to clarify each other's role and maybe to bring out and deal with any underlying conflicts.
- Any organisation is advised to get the next level down and possibly the level below which then contribute to the development of the plan. This creates ownership and makes for a better-quality plan, as well as providing communication and team-building opportunities.

- The most common failures of planning occur when senior managers plan in isolation, not realising that they have no longer the understanding of the customer and customer dynamics that they once had. They must have the input and involvement of people who are in direct contact with the customers and they will need it at an early stage.

All effective communication leads to changing of behaviour. A business plan with clear, measurable objectives keeps the communication in an organisation alive. By taking the business plan as a guideline, the needs for improvements, the process and success in achieving the goals can be identified and communicated.

3. Empowerment

Once communicated, the plan can prove to be a powerful motivator. It makes staff more involved, more confident and therefore more inclined to take personal responsibility and to take personal risks. Above all, staff know what they must do to contribute to achieving the plan – and may be able to put forward ideas, within the context of the plan.

C. Major Elements of a Business Plan

As mentioned in the Introduction already the business plan covers different aspects.

1. Market and Competition

The market

Briefly, a business plan has to outline what the market you compete in or propose to compete in is. The essence is, why do or will people buy your goods or services? What essential benefits does it give them? An industrial product, a service, anything that is sold must have benefits that make the customer want to buy it

- Who are the customers? Which customer subgroups can be identified?
- What are they willing to pay for products and services, to what extent?

- How big is the entire market? How is it split to different services/product groups?

Competitors

It is amazing how many plans seem to describe business without competitors. Even if there are some acknowledged competitors they are usually blighted by having inferior products. Just because a competitor has an inferior product that does not mean that you will beat them in the struggle in the marketplace. These competitors are people, who are intent on driving you out of business. They are important. What are you going to do to get the upper hand against them? What will they do to strike at you?

Existing competitors and new entrants

Existing competitors

What do you know about their size, strength, weakness and means of operation? What will you do to defeat them?

New entrants

New entrants to the market can be the dangerous ones. You feel you are tougher than the existing competitors including those from another country with similar business?

- Even in telecommunications, operators from mature countries often only provide opportunities for growth in other countries that may be less well developed or have smaller competitors;
- Industries like telecommunications that exhibit high technological change may stimulate new competitors with no or less experience from this sector but from other markets..

Issues such as distribution, pricing, packaging and promotion, as well as how strong competitors are, are the determinants of success!

2. Trends

What trends are observable in your market? What changes can occur?

You absolutely must discuss the trends in your market. These are measures of things that may be increasing or decreasing or just changing, and must include:

- Market size and structure
- Prices
- Competition
- Technology
- Legal environment

3. Own subscriber forecast and revenues estimates

Based on market observations part of the business plan has to be a forecast of services/products to be sold by own company, estimate number and structure of own customers, prices realized and forecast of the revenue streams for the entire period of the business plan.

4. Marketing and sales

In order to meet the customers demand how will products and services be designed, priced, positioned in the market, what are the most efficient marketing tools, how will distribution/sales of own services/products be organised (direct or indirect sale force etc.), what kind of customer care systems will be established to keep the customers satisfied with own product/service performance etc.

5. Technical Infrastructure

The Business Plan has to take into account the technical requirements needed to offer the product/service portfolio as mentioned before. For a telecommunications operator like a third licence holder in Iran the basic network infrastructure, its design and major network elements, roll out and coverage for the entire time span of the business plan have to be specified including the corresponding costs, mainly investment cost or capital expenditures (CAPEX).

6. Operations

To get a realistic picture of the operations of a company, all corresponding costs for running the business have to be identified and listed. In case of a telecommunications operator, positions like staffing, site rental and maintenance, office rental, maintenance, transportation, interconnection etc. have to be considered.

7. Finance

The amount of financial information being needed to put into a plan will vary with circumstances and depends upon:

- The size, complexity and development of the business which will determine the amount of money/funds needed to run the operations, mainly in the start up or launching phase.
- The fact, whether and to what extent different sources of funding can be activated, either equity or loans, partly from banks or from vendors.

8. Profit and loss account

In principle, the profit and loss is very simple and the key to the success of a commercial organisation. It comprises of a listing and sum of its income first, and then it deducts its costs to reach a net profit or loss.

In a form, even used in the **BRIDGE** Business Model, profit and loss may be set out as follows:

<p>(+) Revenues (excl. VAT)</p> <p>(-) OPEX (excl. VAT)</p> <p>EBITDA Ebitda Margin</p> <p>(-) Depreciation</p>
<p>EBIT Ebit margin</p> <p>Interest</p>
<p>EBT acc. EBT</p> <p>(-) Tax</p>
<p>net profit after tax acc. net profit after tax</p>
<p>Dividends</p> <p>profit after dividends and reserve</p> <p>acc. profit after dividends and reserve</p> <p>additional withdraw</p>
<p>net profit acc. net profit</p>

Profit and Loss Statement (P&L) shows to management and investors whether the company made or lost money during the period being reported.

9. Cash Flow

Cash flow is an accounting term that refers to the amounts of cash being received and spent by a business during a defined period of time, sometimes tied to a specific project. Measurement of cash flow can be used

- to evaluate the state or performance of a business or project.
- to determine problems with liquidity. Being profitable does not necessarily mean being liquid. A company can fail because of a shortage of cash, even while profitable.
- to generate project rate of return. The time of cash flows into and out of projects are used as inputs to financial models such as internal rate of return, and net present value.
- to examine income or growth of a business when it is believed that accrual accounting concepts do not represent economic realities.
- Cash flow as a generic term may be used differently depending on context, and certain cash flow definitions may be adapted by analysts and users for their own uses. Common terms (with relatively standardized definitions) include operating cash flow and free cash flow.

Classification

Cash flows can be classified into:

1. Operational cash flows: Cash received or expended as a result of the company's core business activities.
2. Investment cash flows: Cash received or expended through capital expenditure, investments or acquisitions.
3. Financing cash flows: Cash received or expended as a result of financial activities, such as receiving or paying loans, issuing or repurchasing stock, and paying dividends.

All three together are necessary to reconcile the beginning cash balance to the ending cash balance.

Benefits from using Cash flow

The cash flow statement is one of the four main financial statements of a company. The cash flow statement can be examined to determine the short-term sustainability of a company. If cash is increasing (and operational cash flow is positive), then a company will often be deemed to be healthy in the short-term. Increasing or stable cash balances suggest that a company is able to meet its cash needs, and remain solvent. This information cannot always be seen in the income statement or the balance sheet of a company. For instance, a company may be generating profit, but still have difficulty in remaining solvent.

The cash flow statement breaks the sources of cash generation into three sections: operational cash flows, investing and financing. This breakdown allows the user of financial statements to determine where the company is deriving its cash for operations.

Operating cash flow as proxy for income

Many investors have lost faith in the value of published income statements. One way to by-pass them is to use cash flows instead. The feeling is that:

- cash flows cannot be forged. This presumption may be inaccurate.
- cash liquidity is necessary for survival. This is true, and even more important for businesses with limited access to financing.
- cash is tangible proof of income

10. Balance Sheet

In formal bookkeeping and accounting, a balance sheet is a statement of the book value of all of the assets and liabilities (including equity) of a business or other organization or person at a

particular date, such as the end of a "fiscal year." It is known as a balance sheet because it reflects an accounting identity:

the components of the balance sheet must (by definition) be equal, or in balance; in the most basic formulation, assets must equal liabilities and net worth, or equivalently, net worth must equal assets minus liabilities.

A balance sheet is often described as a "snapshot" of the company's financial condition on a given date. Of the four basic financial statements, the balance sheet is the only statement which applies to a single point in time, instead of a period of time.

A simple business, operating entirely in cash could measure its profits by simply withdrawing the entire bank balance at the end of the period, plus any cash in hand. However, real business is not paid immediately; it builds up inventories of goods to sell and they acquire buildings and equipment. In other words: businesses have assets and so they could not, even if they wanted to, immediately turn these into cash at the end of each period. Real business also owe money to suppliers and to tax authorities, and the proprietors do not withdraw all their original capital and profits at the end of each period. In other words businesses also have liabilities.

A modern balance sheet usually has three parts: assets, liabilities and shareholders' equity. The main categories of assets are usually listed first and are followed by the liabilities. The difference between the assets and the liabilities is known as the 'net assets' or the 'net worth' of the company.

The net assets shown by the balance sheet equals the third part of the balance sheet, which is known as the shareholders' equity. Formally, shareholders' equity is part of the company's liabilities: they are funds "owing" to shareholders (after payment of all other liabilities); usually, however, "liabilities" is used in the more restrictive sense of liabilities excluding shareholders' equity. The balance of assets and liabilities (including shareholders' equity) is not a coincidence. Records of the values of each account in the balance sheet are maintained using a system of accounting known as double-entry bookkeeping. In this sense, shareholders' equity by construction must equal assets minus liabilities, and are a residual.

Balance sheet structure

The following balance sheet shows how assets, liabilities and equity are structured in the **BRIDGE** Business Plan. It does not show all possible kinds of assets, equity and liabilities, but it shows the most useful ones for our case:

ASSETS

Fixed Assets
Invest
acc. Invest
Depreciation
acc. Depreciation
Net Fixed Assets



Accounts Receivable
Advances and Prepayments
Inventory
Deferred Tax Payments
Other Current Assets
Cash in Hand or at Bank
Current Assets

TOTAL ASSETS

Liabilities & Equity

New Equity
acc. Equity

Compulsory Reserve
Optional Reserve
Dividends

Retained Earnings
Loss Carried Forward
(no tax impact)
Equity

Longterm Liabilities

Accounts Payable
Accrued Liabilities
Shortterm borrowings

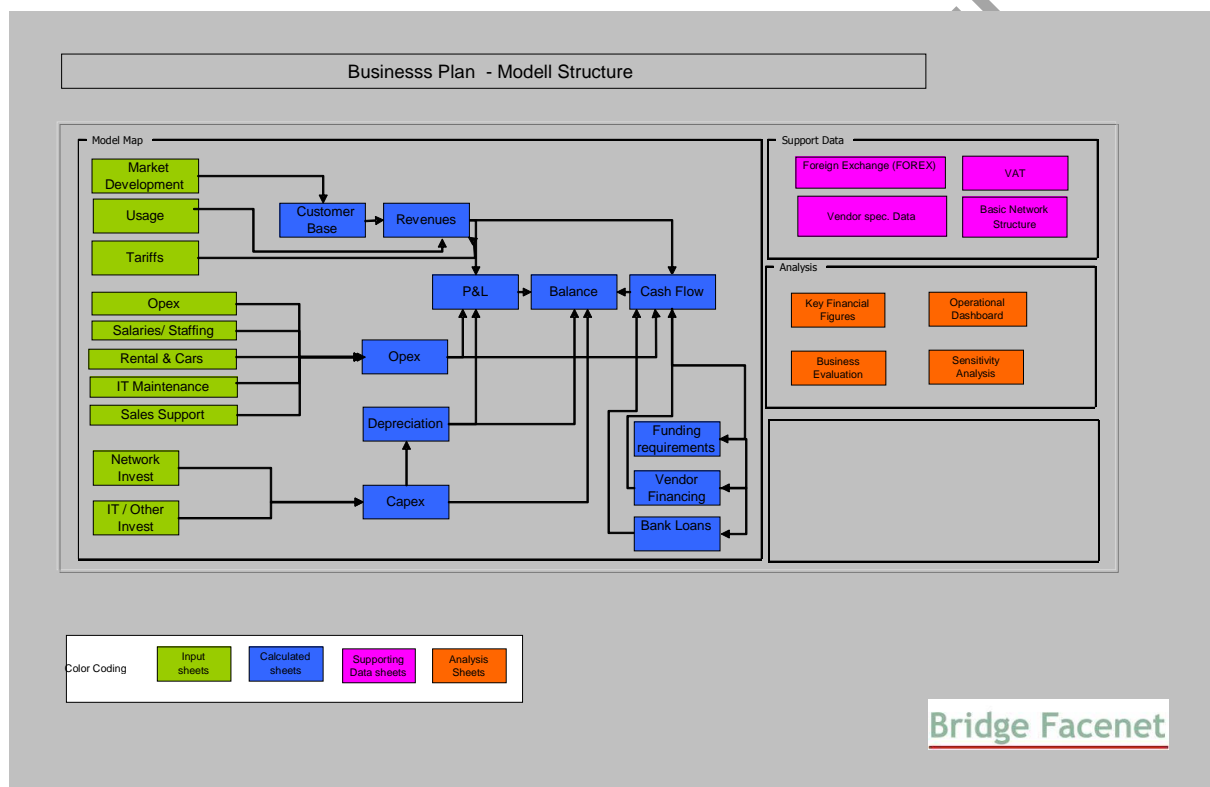
Due to related parties/shareholder loan
Deferred revenues
Other current liabilities
Overdraft
Current Liabilities

TOTAL LIABILITIES& EQUITY

COPI

D. BRIDGE Business Plan (Sample)

The business plan is built up by the Microsoft EXCEL software tool, and consists of different worksheets linked to each other where needed, consolidated into certain groups of sheets, each group in a different colour to make the plan more readable. The principal structure can be demonstrated by the following model map:



The business plan is based on a set of so called input sheets - green-coloured in the model map and in the EXCEL file - covering all data needed to calculate the business plan results. The data from the green coloured section are linked to blue coloured sheets, which are representing the major outcome of the business plan, in pink colour supporting data are listed, the red ones are summarizing the key results of the basic business plan calculations, outcome of the valuation (NPV, IRR) and of the sensitivity analysis.

Example: The relevant subscribers (in case of a ICT project) are calculated in the market development sheet (green), representing together with the usage patterns (green) and tariffs set by licence holder and regulatory conditions as defined by local telecommunications authorities (green) the input for the revenue calculation (blue). Based on corresponding sheets (green) all OPEX items (headcount/salaries, marketing, sales, IT/technical maintenance, etc.) and CAPEX/Depreciation (blue) are calculated and lead together with revenues to Profit/Loss and Cash Flow (blue). CAPEX expenses are considering all relevant investment cost for building up the network, IT environment and other equipment (vehicles, office building/furniture/IT) for providing telecommunications goods and services. Based on the cash flow streams the financial requirements will be calculated, either to be covered by equity, loans or vendor funding (blue). One additional impact to be noticed are interest payments, and repayment schemes which will influence Profit/Loss and Cash Flow in an iterative process. At the end of this complex process the balance sheet will be generated, which shows the assets and liabilities, debt and equity ratios for each year

To understand better the structure and working of the BRIDGE Business Plan model and to the make an interpretation of the results easier to understand, all relevant work sheets, their major content and functions are listed below:

The input section (green coloured) consists of:

#	Name	Major Content	Function	Remarks
1	BP Input tariffs Local Currency/USD	Tariffs for service segments	Input for revenue calculation	Including planned tariff changes
2	BP Input usage	Usage (MoU)	Input for revenue calculation	Considering historical data and forecast
3	BP Input revenues	Different revenue elements	Listing of different revenue sources (voice, data etc.)	Compilation in “BP Revenues”

4	BP Input market development	Development of Total Mobile Market, Competition	Basis for company subscriber development/market share (“BP Customer Base”) (#23)	Long term perspective , based on BCL forecast model, not part of this BP model
5	BP input Capex	Detailed listing of network components (in monetary terms)	Input for CAPEX calculation, Depreciation	Based on actual prices and benchmarks
6	BP input Opex	Detailed Listing of all OPEX items	Input for OPEX calculation (summary)	
7	BP input salaries/staffing	Human resource cost , total and per department (fixed, variable) , staffing figures	Input for OPEX calculation (#6)	
8	BP input R & C	Cost for data for staff-based office rental and vehicle cost	Input for OPEX calculation (#6)	
9	BP IT maintenance	IT maintenance cost per year, based on staffing and customer figures	Input for OPEX calculation	Not applicable to this Biz Plan, corresponding elements in Input Opex (# 6)
10	BP sales support	Sales cost	Input for OPEX calculation	Not applicable to this Biz Plan, corresponding figures in Input Opex (#6)

Four other sheets are providing additional data to the model (pink coloured)

#	Name	Major Content	Function	Remarks
11	BP VAT	VAT for Revenues, CAPEX and OPEX	Input for #3, # 18, # 24, #25	Not applicable explicitly to this Biz Plan as already considered in corresponding figures/work sheets
12	BP FOREX	Foreign exchange rate development	Conversion from Rial to USD and vice versa	
13	BP Vendor spec. data	Vendor specific funding data	Input to #19	Not applicable to this Biz Plan
14	BP basic network data	Technical Data of Network structure (# sites, TRX, etc.)	Input for CAPEX and part of OPEX calculation	Not applicable to this Biz Plan explicitly

The green coloured input sheets are linked to the blue coloured output sheets which represent the core results of the business plan:

#	Name	Major Content	Function	Remarks
15	BP P& L	OPEX, Revenues, EBITDA,	P/L , profitability of company	

		EBIT, P&L after tax		
16	BP Cash Flow	Status of cash received and spent,	Liquidity status of company/Evaluation	
17	BP Balance Sheet	Assets and Liabilities	Book value of the company	
18	BP Revenues	Revenues differentiated by type and source	Revenue streams	Summary of # 3
19	BP Funding Requirements	Funding needs (loans, equity)	Input for Loan calculation, cash flow	Input from # 16, 21, 20 etc.
20	BP Bank Loans	Bank Loans, Repayments, interests	Funding , not covered by equity and vendor financing	
21	BP Vendor Financing	Different sources of vendor financing (CAPEX), repayment, interests	Input for Loan calculation, cash flow	Not applicable in this Biz Plan, to be defined after vendor negotiations
22	BP Working Capital	Payables, receivables,		Input to Cash Flow (# 13)
23	BP Customer Base	Number of customer differentiated by customer segments		Input from #4, input for revenue calculation (#15)

24	BP CAPEX	Summary Investment cost	Input to P/L, cash flow	
25	BP OPEX	Summary OPEX	Input to P/L, Cash Flow	
26	BP Depreciation	Changes in Asset value	Input to P/L, Balance Sheet	Input from # 6

Even if the output sheets listed above already give an impression of economic results of the company for an 15 year time period, the model provides four other sheets which support the final evaluation of the company and its business (red colour)

#	Name	Major Content	Function	Remarks
27	Key Financial Figures	Major financial findings	Summary Sheet	
28	Operational Dashboard	Major Findings, including technical data (network figures etc.)	Summary Sheet	
29	Valuation	NPV, IRR calculation including terminal value	Calculation of profitability , long-term value of business	In this Biz Plan not applicable explicitly, but part of BP Cash Flow (#16)
30	Sensitivity Analysis	Key driver for changing business results	Risk assessment	

To illustrate the structure of the model and its results the following sheets are extracted from an approved GSM/UMTS-Business Plan, showing:

- BP Input market development (#4)
- Input Usage (# 2)
- Revenues (# 18)
- OPEX (# 25)
- CAPEX (# 24)
- Profit/Loss Account (# 15)
- Cash Flow /Evaluation (# 16)
- Key financial figures (# 27)

▪ **Chart 1: “BP Input Market Development” - sheet**

Subscriber Development

Model Map

year	2005	2006	2007	2008	2009	2010	2011	2012
index					0	1	2	3
pop growth			1,61%	1,61%	1,61%	1,61%	1,61%	1,61%
population	69.568.509	70.473.000	71.607.615	72.760.498	73.931.942	75.122.246	76.331.714	77.560.655
pop 0-14	23%	16.349.736	16.612.967	16.880.436	17.152.211	17.428.361	17.708.958	17.994.072
pop 15-64	71%	50.317.722	51.127.837	51.950.996	52.787.407	53.637.284	54.500.844	55.378.308
pop 65+	5%	3.805.542	3.866.811	3.929.067	3.992.325	4.056.601	4.121.913	4.188.275
	100,0%							
decline in in-activity (1)	3,0%	30,0%	29,1%	28,2%	27,4%	26,6%	25,8%	25,0%
in-active pop		21.141.900	20.837.816	20.538.106	20.242.706	19.951.555	19.664.592	19.381.756
addressed pop		50.317.722	51.127.837	51.950.996	52.787.407	53.637.284	54.500.844	55.378.308
Market Growth								
Total Market	8.510.000	17.477.279	19.282.548	20.713.000	30.219.000	36.935.000	47.691.000	54.656.000
net growth	0	8.967.279	1.805.269	1.430.452	9.506.000	6.716.000	10.756.000	6.965.000
growth%	0%	105%	10%	7%	46%	22%	29%	15%
penetration total	12,23%	24,80%	26,93%	28,47%	40,50%	49,70%	61,98%	69,80%
penetration addressed pop	0,00%	34,73%	37,71%	39,87%	57,25%	68,86%	87,51%	98,70%
New Ceiling Forecast	25,0%	25,0%	27,4%	29,6%	40,5%	49,7%	62,0%	69,8%

.....

TCI								
GSM EOY subs	8510000	16927279	17789202	18684149	24088803	26303664	28451361	29958449
net adds	0	8.417.279	861.923	894.947	5.404.654	2.214.862	2.147.697	1.507.088
churn	0,0%	4,0%	4,0%	4,0%	4,0%	10,0%	15,0%	12,0%
disconnects	0	0	0	0	0	0	0	0
switching to others	100%	340.400	677.091	711.568	747.366	2.408.880	3.945.550	3.414.163
gross adds	0	0	0	894.947	5.404.654	4.623.742	6.093.247	4.921.251
penetration total	0,00%	24,02%	24,84%	25,68%	32,58%	35,01%	37,27%	38,63%
Iran Cell								
GSM EOY subs	0	550.000	1.493.346	2.028.851	5.104.861	7.777.009	12.719.749	15.753.869
net adds	0	550.000	943.346	535.505	3.076.010	2.672.148	4.942.740	3.034.120
churn	0%	0%	0%	0%	0%	2%	5%	10%
disconnects	0	0	0	0	0	0	0	0
switching to others	100%	0	0	0	0	102.097	388.850	1.271.975
gross adds	0	0	0	535505	3076010	2774245	5331591	4306095
penetration total	0,00%	0,78%	2,09%	2,79%	6,90%	10,35%	16,66%	20,31%
Newco								
EOY subs	0	0	0	0	1.025.337	2.854.327	6.519.889	8.943.682
average in year		0	0	0	512.668	1.939.832	4.687.108	7.731.786
net adds	0	0	0	0	1.025.337	1.828.990	3.665.563	2.423.793
churn	0%	0%	0%	0%	0%	2%	5%	10%
disconnects	0	0	0	0	0	0	0	0
switching to others	1	0	0	0	0	20.507	142.716	651.989
gross adds	0	0	0	0	1.025.337	1.849.497	3.808.279	3.075.782
penetration total	0%	0%	0%	0%	1%	4%	9%	12%

Derived from historical data on population and macroeconomic development and expectations for the next 15 years the number of subscribers and expected market share for the operator and its competitors are calculated.

▪ **Chart 2: "Input usage"-Sheet**

Based on subscriber development usage patterns for different client segments in terms of post/prepaid, incoming/outgoing, etc. are calculated.

Short Message Service (SMS)	SMS/sub/monat		80	80	78	78	78	77
Monthly Usage per Subscriber								
Annual usage change								
Postpaid								
outgoing	%		-7%	-7%	-5%	-5%	-5%	-5%
incoming	%		-5%	-5%	-5%	-5%	-5%	-5%
Prepaid								
outgoing	%		-5%	-5%	-5%	-5%	-5%	-5%
incoming	%		-5%	-5%	-5%	-5%	-5%	-5%
Postpaid								
outgoing	min	350	326	303	288	273	260	247
incoming	min	175	166	158	150	143	135	129
Prepaid								
outgoing	min	130	124	117	111	106	101	96
incoming	min	65	62	59	56	53	50	48
blended average outgoing		196	184	172	162	153	145	137
blended average incoming		98	93	88	83	78	74	70
Erlangs in the Busy Hour								
Busy hour percentage	%	13%	13%	13%	13%	13%	13%	13%
Weighted Postpaid share busy hour								
outgoing	mErl	9,48	8,82	8,03	7,48	6,96	6,48	6,04
incoming	mErl	4,74	4,50	4,19	3,90	3,63	3,38	3,15
Weighted Prepaid share busy hour								
outgoing	mErl	8,22	7,80	7,48	7,16	6,86	6,57	6,29
incoming	mErl	4,11	3,90	3,74	3,58	3,43	3,28	3,14
Average billable mErl	mErl	26,54	25,03	23,44	22,13	20,89	19,72	18,62
Network dimensioning with overhead	mErl	28,67	27,03	25,32	23,90	22,56	21,30	20,11
Overhead	%	8%	8%	8%	8%	8%	8%	8%
Postpaid	mErl	47,40	44,39	41,59	39,51	37,53	35,66	33,87
Prepaid	mErl	17,60	16,72	15,89	15,09	14,34	13,62	12,94
Total Erlangs needed			12830	45476	103714	161498	185313	191582

The consolidation of the two former sheets will be done in the so called “Input Revenues” sheet and “BP revenues sheet”:

- **Chart 3a: “Input Revenues” - sheet**

Revenue Calculation			Model Map					
	year index	0	2009 1	2010 2	2011 3	2012 4	2013 5	2014 6
Usage Revenues (by user)	Mio USD	0,00	64,46	217,46	473,47	703,94	771,36	761,63
Postpaid	Mio USD	0,00	32,00	105,42	226,57	332,53	359,71	350,64
Peak	Mio USD	0,00	22,40	73,79	158,60	232,77	251,80	245,45
Off-Peak	Mio USD	0,00	9,60	31,63	67,97	99,76	107,91	105,19
Prepaid	Mio USD	0,00	32,46	112,03	246,90	371,41	411,65	410,99
Peak	Mio USD	0,00	17,85	61,62	135,79	204,28	226,41	226,05
Off-Peak	Mio USD	0,00	14,61	50,42	111,10	167,14	185,24	184,95
Usage Revenues (by destination)	Mio USD	0,00	64,46	217,46	473,47	703,94	771,36	761,63
Peak	Mio USD	0,00	40,26	135,41	294,39	437,05	478,20	471,50
Mobile-Mobile on-net Local	Mio USD	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Mobile-Mobile on-net National	Mio USD	0,00	1,80	11,60	31,13	49,17	56,58	58,09
Mobile-Mobile off-net Local	Mio USD	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Mobile-Fixed Local	Mio USD	0,00	14,56	42,31	85,37	126,26	137,58	135,16
Mobile-Mobile off-net / Fixed National	Mio USD	0,00	20,86	70,90	153,87	224,47	241,70	234,76
Mobile-International	Mio USD	0,00	3,04	10,60	24,02	37,15	42,35	43,50
Off-Peak	Mio USD	0,00	24,21	82,04	179,07	266,90	293,16	290,14
Mobile-Mobile on-net Local	Mio USD	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Mobile-Mobile on-net National	Mio USD	0,00	1,09	7,09	19,11	30,31	35,03	36,13
Mobile-Mobile off-net Local	Mio USD	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Mobile-Fixed Local	Mio USD	0,00	9,03	26,56	53,94	80,11	87,67	86,50
Mobile-Mobile off-net / Fixed National	Mio USD	0,00	12,50	42,83	93,37	136,81	147,94	144,31
Mobile-International	Mio USD	0,00	1,58	5,57	12,66	19,66	22,50	23,20
Subscription Revenues	Mio USD	0,00	1,48	5,47	12,96	20,96	24,96	26,79
New Subscriber Connection Revenues	Mio USD	0,00	31,58	48,07	82,63	63,80	35,79	35,44
Postpaid	Mio USD	0,00	21,53	30,45	55,30	43,77	25,14	25,46
Prepaid	Mio USD	0,00	10,05	14,62	27,33	20,02	10,65	9,98
Roaming Revenues	Mio USD	0,00	0,72	2,39	5,15	7,58	8,22	8,04
as a % of usage revenues (Postpaid)	%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
as a % of usage revenues (Prepaid)	%	0,25%	0,25%	0,25%	0,25%	0,25%	0,25%	0,25%
Postpaid	Mio USD	0,00	0,64	2,11	4,53	6,65	7,19	7,01
Prepaid	Mio USD	0,00	0,08	0,28	0,62	0,93	1,03	1,03
SMS Revenues	Mio USD	0,00	10,34	37,99	85,02	133,24	153,85	158,00
as a % of usage revenues	%	1%	0%	0%	0%	0%	0%	0%
Postpaid	Mio USD	0,00	3,10	11,17	24,50	37,62	42,57	42,84
Prepaid	Mio USD	0,00	7,23	26,82	60,53	95,62	111,28	115,15
Data Revenues (WAP, GPRS, MMS, UMTS)	Mio USD	0,00	0,96	4,28	11,53	20,34	25,70	32,76
as a % of usage revenues (Postpaid)	%	2%	3%	4%	5%	6%	7%	
as a % of usage revenues (Prepaid)	%	2%	1%	1%	1%	1%	2%	
Postpaid	Mio USD	0,00	0,64	3,16	9,06	16,63	21,58	24,54
Prepaid	Mio USD	0,00	0,32	1,12	2,47	3,71	4,12	8,22
TOTAL SUBS. BASED REVENUES	Mio USD	0,00	109,54	312,67	670,76	949,86	1019,88	1022,66
Bad Debt	Mio USD	0,00	0,55	1,56	3,35	4,75	5,10	5,11
as a % of subscriber revenues	%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%
Interconnection Revenues	Mio USD	0,00	10,93	37,14	82,46	126,96	144,20	147,71
Postpaid	Mio USD	0,00	6,75	22,69	49,81	75,83	85,15	86,23
Prepaid	Mio USD	0,00	4,18	14,45	32,65	51,13	59,05	61,48
TOTAL REVENUES	Mio USD	0,0	119,9	348,2	749,9	1072,1	1159,0	1165,3

▪ Chart 3b: „BP Revenues“- sheet

Revenues	USD	year	1000000						
			1	2	3	4	5	6	7
Activation / Connection revenues			31.580.367	45.074.457	82.628.226	63.795.636	35.785.705	35.435.406	34.821.669
Subscription revenues			1.476.485	5.474.981	12.964.316	20.958.034	24.964.568	26.789.835	28.438.748
voice revenues			64.464.327	217.455.334	473.467.216	703.944.631	771.359.196	761.634.278	744.101.695
roaming (visitors)		2,0%	1.544.818	5.304.059	11.659.720	17.569.657	19.517.501	19.583.681	19.363.795
Data / SMS			964.690	4.282.973	11.531.809	20.340.655	25.698.959	32.764.785	35.175.353
other Data			10.335.393	37.989.663	85.022.641	133.239.516	153.852.339	157.995.141	160.473.957
Bad Debt			-547.713	-1.563.330	-3.353.814	-4.749.288	-5.099.420	-5.113.299	-5.053.953
Interconnection			10.928.528	37.139.189	82.458.143	126.960.473	144.198.779	147.709.534	149.823.005
TOTAL REVENUES			120.746.895	351.157.327	756.378.256	1.082.059.313	1.170.277.627	1.176.799.361	1.167.144.269

▪ Chart 4: “BP OPEX” – Sheet

All OPEX items are calculated in detail, either based on subscriber figures, staffing numbers, network related data or as hard coded figures and compiled in the following sheet:

OPEX

Model Map	year	1E+06					
		1	2	3	4	5	6
		2009	2010	2011	2012	2013	2014
1 NSS/BTS/IT Site Rental		4.193.081	10.715.596	22.873.836	33.461.421	40.851.891	46.960.077
2 O&M for Network		47.487.284	37.915.344	76.502.951	101.952.388	109.986.923	121.853.579
3 Marketing & Sales		78.074.295	119.559.187	96.378.051	52.267.433	56.074.137	56.993.806
4 IT-Administration		3.824.812	1.490.060	3.625.592	6.001.109	7.422.232	8.107.961
5 Administration Expenses & Overhead		2.372.845	4.849.723	11.979.856	19.398.952	26.833.495	33.435.322
6 Human Ressources		2.917.819	15.862.875	29.905.299	55.324.619	85.443.194	111.627.640
7 Interconnection		19.750.659	64.080.357	137.111.691	203.036.376	221.834.188	218.640.059
8 Licence Costs (Revenue Sharing)		0	0	0	0	0	0

▪ Chart 5a: “BP CAPEX” – Sheet

CAPEX	Model Map	year	2009	2010	2011	2012	2013	2014	2015
		1000000	1	2	3	4	5	6	7
INPUT SHEET			1,0000	1,0000	1,0000	1,0000	1,0000	1,0000	1,0000
		depr.							
upfront Licence fee (incl. Software)		15	0	0	0	0	0	0	0
Network (NSS)		4	37.336.050	56.655.158	102.589.361	63.197.732	20.150.613	21.272.225	19.882.288
Network (BSS)		4	38.050.176	62.890.439	141.307.182	119.692.110	39.925.318	21.685.365	18.243.769
Backhaul/Transmission		4	10.794.541	18.266.046	34.793.553	21.914.199	7.828.422	7.095.791	6.406.511
Information Technology (Operator)+Billing		4	17.354.730	7.564.276	24.827.977	21.386.033	3.412.901	2.898.914	2.794.346
Other NW related capex		4	18.341.734	25.464.424	52.891.919	39.479.933	12.542.112	9.346.594	8.359.979
Other Infrastructural Invest		5	31.084.925	49.408.126	84.853.187	55.730.526	27.439.075	27.553.313	27.442.419
Additional equipment		4	0	0	0	0	0	0	0
Buildings		15	0	0	0	0	0	0	0
GROSS FIXED ASSETS			152.962.156	220.248.469	441.263.178	321.400.534	111.298.441	89.852.202	83.129.312

For ongoing business normally CAPEX calculations are made on a detailed network rollout plan. For a startup business as in this case BRIDGE is calculating CAPEX on a standardised network plan considering subscriber development as shown in chart 1 and actual benchmark prices for network/IT equipment.

COPYRIGHT BRIDGE

▪ Chart 5b: “BP Input CAPEX” – Sheet

Network Investments

Model
Map

Price erosion	5,0%	1,0	0,95	0,90	0,86	0,81	0,77
	Phase	2009	2010	2011	2012	2013	2014
	Year	1	2	3	4	5	6
Pre-paid Subs EOY		717.736	2.015.155	4.641.379	6.418.366	7.125.823	7.819.946
Post-paid Subs EOY		307.601	839.172	1.878.511	2.525.317	2.726.141	2.909.597
Total Subs EOY		1.025.337	2.854.327	6.519.889	8.943.682	9.851.964	10.729.543
BHCA	1,25						
BHCA margin	120%						
BHCA		1.538.005	4.281.490	9.779.834	13.415.524	14.777.946	16.094.314
PDP Context	30%	307.601	856.298	1.955.967	2.683.105	2.955.589	3.218.863
Network related Investments							
Core CS							
Required # of MSC (legacy type)		3	6	1	1	1	1
New p.a.		3	3	-5	0	0	0
legacy MSC		9,00	9,00	-15,00	0,00	0,00	0,00
legacy MSC upgrade	10%			2,3			
HLR # based upon max config		1	2	4	5	5	6
HLR # new in year		1	1	2	1	0	1
HLR additional capacity	20%	1.130.404	2.094.788	4.198.675	2.808.551	1.089.938	953.094
HLR capacity		1.230.404	3.425.192	7.823.867	10.732.419	11.822.357	12.875.451
HLR		1,73	2,93	5,58	3,50	1,24	1,15

Chart 6: "BP Profit / Loss Account" – Sheet

Profit & Loss	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
(+) Revenues	120.746.895	351.157.327	756.378.256	1.082.059.313	1.170.277.627	1.176.739.361	1.167.144.269	1.147.789.803	1.121.922.214	1.103.200.055	1.082.788.702	1.105.153.982	1.104.891.957	1.125.282.980	1.125.665.402
(-) OPEX	156.620.794	254.473.143	378.377.276	471.442.299	548.446.060	597.618.444	630.987.595	668.012.907	675.401.099	702.240.527	726.996.218	733.164.589	768.419.959	806.593.362	836.486.378
EBITDA	-37.873.899	96.684.184	378.000.980	610.617.015	621.831.567	579.120.917	536.156.674	489.776.896	446.521.116	400.959.528	355.792.483	371.989.392	336.471.997	318.689.617	289.179.024
Ebitda Margin	-31%	28%	50%	56%	53%	49%	46%	43%	40%	36%	33%	34%	30%	28%	26%
(-) Depreciation	18.343.146	62.982.148	142.314.571	234.132.942	270.906.420	254.977.252	201.269.451	130.016.016	92.345.922	82.696.021	71.711.567	56.288.801	40.658.462	28.925.088	22.158.965
EBIT	-56.217.045	33.702.036	235.686.409	376.484.072	350.925.147	324.203.666	334.887.224	359.760.880	354.175.194	318.263.507	284.080.916	315.700.591	295.813.536	291.764.549	267.020.059
Ebit margin	-47%	10%	31%	33%	30%	28%	29%	31%	32%	29%	26%	29%	27%	26%	24%
Interest	80.000	-32.811.103	-45.478.358	-29.331.721	-2.267.228	26.366.515	52.908.091	75.217.879	93.570.149	111.760.838	129.137.000	147.982.630	166.586.916	165.167.073	203.194.826
EBT	-56.137.045	890.933	190.208.051	347.152.351	348.657.919	350.570.180	387.795.315	434.978.760	447.745.343	430.024.346	413.217.946	463.683.221	462.400.452	476.931.622	470.214.885
(-) Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
net profit after tax	-56.137.045	890.933	190.208.051	347.152.351	348.657.919	350.570.180	387.795.315	434.978.760	447.745.343	430.024.346	413.217.946	463.683.221	462.400.452	476.931.622	470.214.885
acc. net profit after tax	-56.137.045	-55.246.113	134.961.938	482.114.290	830.772.208	1.181.342.389	1.569.137.703	2.004.116.463	2.451.861.806	2.881.886.151	3.295.104.097	3.758.787.318	4.221.187.771	4.698.119.392	5.168.334.277
Dividends	0,0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compulsory Reserve	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
acc. Comp. Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Optional Reserve	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
acc. Optional Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
profit after dividends and reserve	-56.137.045	890.933	190.208.051	347.152.351	348.657.919	350.570.180	387.795.315	434.978.760	447.745.343	430.024.346	413.217.946	463.683.221	462.400.452	476.931.622	470.214.885
acc. profit after dividends and reserve	-56.137.045	-55.246.113	134.961.938	482.114.290	830.772.208	1.181.342.389	1.569.137.703	2.004.116.463	2.451.861.806	2.881.886.151	3.295.104.097	3.758.787.318	4.221.187.771	4.698.119.392	5.168.334.277
additional withdraw	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
net profit	-56.137.045	890.933	190.208.051	347.152.351	348.657.919	350.570.180	387.795.315	434.978.760	447.745.343	430.024.346	413.217.946	463.683.221	462.400.452	476.931.622	470.214.885
acc. net profit	-56.137.045	-55.246.113	134.961.938	482.114.290	830.772.208	1.181.342.389	1.569.137.703	2.004.116.463	2.451.861.806	2.881.886.151	3.295.104.097	3.758.787.318	4.221.187.771	4.698.119.392	5.168.334.277

Chart 7: "BP Cash Flow" – Sheet

OPERATING CASH FLOW

	1.000.000	year	1	2	3	4	5
			2009	2010	2011	2012	2013
REVENUES							
Total Cash In			120.746.895	351.157.327	756.378.256	1.082.059.313	1.170.277.627
OPEX			158.620.794	254.473.143	378.377.276	471.442.299	548.446.060
CAPEX			152.962.156	220.248.469	441.263.178	321.400.534	111.298.441
Working Capital			-17.472.842	-1.429.029	-3.180.102	12.970.683	7.215.644
Total Cash Out			294.110.707	473.292.583	816.460.352	805.813.516	666.960.145
Taxes on E B T	0,0%		0	0	0	0	0
CASH FLOW (net operational)			-173.363.212	-122.135.256	-60.082.096	276.245.798	503.317.483
acc. Cash-Flow			-173.363.212	-295.498.469	-355.580.564	-79.334.767	423.982.716
Discounted Cash Flow	15,0%		-173.363.212	-106.204.571	-45.430.696	181.636.096	287.773.404
acc. Disc. Cash Flow			-173.363.212	-279.567.783	-324.998.479	-143.362.383	144.411.021
Risk free rate	4,0%						
Industry risk	3,0%						
Country Risk	6,0%						
Company risk	2,0%						
+ E B I T			-56.217.045	33.702.036	235.686.409	376.484.072	350.925.147
- Tax on E B I T			0	0	0	0	0
= NOPAT			-56.217.045	33.702.036	235.686.409	376.484.072	350.925.147
+ Depreciation			18.343.146	62.982.148	142.314.571	234.132.942	270.906.420
- Capex			152.962.156	220.248.469	441.263.178	321.400.534	111.298.441
- Working Capital			-17.472.842	-1.429.029	-3.180.102	12.970.683	7.215.644
Free Cash-Flow			-173.363.212	-122.135.256	-60.082.096	276.245.798	503.317.483
acc. free CF			-173.363.212	-295.498.469	-355.580.564	-79.334.767	423.982.716
IRR/NPV (year 1 starts in June, year 11 contributes 50%)			-173.363.212	-122.135.256	-60.082.096	276.245.798	503.317.483
IIR FINANCIAL YEAR			- 234.430.840	- 91.108.676	108.081.851	389.781.640	498.082.519

IRR (incl. TV)	57,4%
NPV (incl. TV)	Mio USD 1.334,3
break even	year 4
pay back	year 5
peak funding	Mio USD -355,6

1.105,5 exc TV

Chart 8: “BP Key Financial Figures” – Sheet

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Bridge Facenet																
Key Financial Figures																
Subscriber Development (EoY)	Mio #	2,854	6,520	8,944	9,852	10,730	11,565	12,361	13,124	13,447	13,773	14,104	14,437	14,773	15,112	15,115
Total Net Revenues p.a.	Mio USD	120,7	351,2	756,4	1.082,1	1.170,3	1.176,8	1.167,1	1.147,8	1.121,9	1.103,2	1.082,8	1.105,2	1.104,9	1.125,3	1.125,7
Revenues per sub p.a.	USD	62,2	74,9	97,8	115,1	113,7	105,6	97,6	90,1	84,4	81,1	77,7	77,4	75,7	75,3	74,5
Monthly revenues per subs.	USD	5,2	6,2	8,2	9,6	9,5	8,8	8,1	7,5	7,0	6,8	6,5	6,5	6,3	6,3	6,2
Investment per Year	Mio USD	153,0	220,2	441,3	321,4	111,3	89,9	83,1	87,4	84,2	60,4	53,7	48,0	41,1	42,2	44,8
Cumulated Investment	Mio USD	153,0	373,2	814,5	1.135,9	1.247,2	1.337,0	1.420,2	1.507,5	1.591,7	1.652,1	1.705,8	1.753,8	1.794,9	1.837,2	1.881,9
Capex per Subscriber	USD	298	192	174	147	133	130	127	126	125	124	125	126	126	126	126
NSS Capex per Sub.	USD	13	14	22	26	26	26	26	26	27	28	28	28	28	28	29
BSS Capex per Sub.	USD	17	20	34	45	46	45	44	44	45	45	45	45	45	45	45
Operating Costs per Year	Mio USD	158,6	254,5	378,4	471,4	548,4	597,6	631,0	658,0	675,4	702,2	727,0	733,2	768,4	806,6	836,5
Opex per Sub	USD	309	131	81	61	58	58	57	55	53	53	53	53	54	55	56
Number of Staff (EoY)	#	334	874	2312	4087	5553	6317	6664	6871	6985	7087	7168	7168	7114	7055	7004
Subscriber per Employee	#	8.546	7.463	3.869	2.410	1.932	1.831	1.855	1.910	1.925	1.944	1.968	2.014	2.077	2.142	2.158
Capex/Revenue	%	126,68	62,72	58,34	29,70	9,51	7,64	7,12	7,61	7,50	5,47	4,96	4,35	3,72	3,75	3,98
Cash Flow per Year	Mio USD	-173,4	-122,1	-60,1	276,2	503,3	492,8	456,5	406,3	365,2	343,0	305,3	323,2	298,5	279,3	247,5
Cumulative Cash Flow (EoY)	Mio USD	-173,4	-295,5	-355,6	-79,3	424,0	916,8	1.373,3	1.779,6	2.144,9	2.487,9	2.793,1	3.116,3	3.414,8	3.694,2	3.941,7
Paid In Capital	Mio USD	56,1	56,1	56,1	56,1	56,1	56,1	56,1	56,1	56,1	56,1	56,1	56,1	56,1	56,1	56,1
Total Loan	Mio USD	119,1	274,1	379,7	301,3	213,5	115,2	38,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Dividends	Mio USD	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Licence Fees	Mio USD	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Balance sheet equity share	%	0%	0%	30%	60%	76%	87%	94%	97%	97%	98%	98%	98%	98%	98%	98%
Balance sheet debt share	%	100%	100%	70%	40%	24%	13%	6%	3%	3%	2%	2%	2%	2%	2%	2%

IRR incl. TV	%	57,4%
NPV incl. TV	Mio USD	1.334,3
NPV excl. TV	Mio USD	1.105,5
Break Even (year)	year	4
Pay back (year)	year	5
Peak Funding	Mio USD	-355,58