

**Cajutel Sarl**

Bissau, Guinea-Bissau

**Whitepaper / Business plan**

August 2017  
Version 1.6b

# 1. Executive Summary

Cajutel sarl is a Guinea-Bissau company under Swiss ownership. Its major shareholder also owns DataCell ehf , which built and operated a crypto mining datacenter and assisted Wikileaks in credit card payments in 2010. Furthermore he started Icell ehf, a mobile operator in Iceland in 2007 and operated Emax a rural area wireless internet access network using 4G technology and Backbone ehf which operates a encrypted backbone network in multiple continents and is laying fiber. The know how on how to operate a wireless network in harsh environments can be easily transplanted into other countries. In this project we are envisaging to build up a countrywide access network for Guinea-Bissau and with a future expansion to neighboring countries to allow the large public to be able to access the internet. Customers who have never had access to the internet before ever. This is a pretty unique situation to touch such a virgin market and gives us the opportunity to grab the market completely. Our vision is to build the most cost effective broadband access network and to provide state of the art communications for its customers and thus create a big boost to the education and economy. CAJUTEL will bring affordable, reliable internet communication to the local market and is focused to provide the best performing mobile data network for Guinea-Bissau and Guinea. CAJUTEL will be the fastest internet provider in the area for the public, outperforming the existing operators offering by a factor of 10x to 100x with an at least 30% cheaper price. This enables internet technologies not present in West Africa simply due to lack of bandwidth and too high prices. It makes it affordable for the general public to get access to the internet. Thats why only less than 2% have access today. So there's 98% available to be grabbed by us.

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## *People*

The CAJUTEL management have strong telecommunication backgrounds and have all started up several successful companies before, especially in mobile and internet.

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## *Network & Infrastructure*

At the time of writing, CAJUTEL is in process of acquiring all the needed licenses for its operation and is working on a draft rollout plan and all the contacts needed to start operation nation wide. The plan is to cover 75% of the population with highest speed internet access within 2 years. The network infrastructure is in the final stage of being chosen based on previous experiences of the various vendors picked. Network planning is done in house and completed for the first phase of the network.

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## *Marketing*

CAJUTEL has a well thought through marketing plans to address the needs of the local market. The main differentiators to the other operators are speed, availability and service quality. Given there are currently only very weak low level players in the market, we are early field players backed up with over 25 years of experience. This gives CAJUTEL a very good handle to address the local market quickly. The marketing message will be heard loud and clear and people will understand in a split second and we can take the market by storm. The demand is there, the competitors are almost non existent. It's gaining market share by acquiring new customers in a market which just have started to feel the need for the service. A unique position. Its similar to what AOL did in the US when the internet boom started, except, that this boom will be 10x faster growing due to the wide availability of modern affordable technology.

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## *Sales*

Sales will be through direct sales in different of sale locations of CAJUTEL and through partner companies such as computer vendors, Kiosks and the like. Word of mouth marketing is very easy and will spread like a wildfire in such underserved markets.

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## *Market Potential*

Even though the market in Guinea-Bissau is relatively limited (there are 2million potential customers), and the business case is aiming for a very pessimistic 5% population share in 4 years it still provides a high return of investment and a high profitability. Adding Guinea with 10 times the population and very similar situation increases the potential by a factor of 10. The key element in this is to keep the operating costs down to the minimum while grabbing as many new customers as possible during the time people start to use internet for the first time. The whole CAJUTEL business case is optimized that way. This will give CAJUTEL a competitive edge which the existing operators have no way of matching without similar investments. As these players ar big companies and have slow processes, we will outperform them by large, meaning our infrastructure will be amortized by the time they get to the market and we have a competitive advantage they can't easily catch up.

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## *Funds Requested*

At this time, CAJUTEL is looking for an investment of 30M\$ to cover Guinea-Bissau and Guinea (the big plan) or a minimum of 12M\$ for the slower building plan to only cover Guinea-Bissau.

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## *Use of Funds Requested*

The funds will be used to build up the initial network and to fuel expansion an operating losses for a year until the break even point is reached from where on CAJUTEL can fund its own expansion.

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## *Financial Projection*

Break Even: less than a year, Return of Investment: under 4 years  
For a full view of the financial projections a deeper look at the spreadsheet is recommended.

## 2. Introduction

### 2.1 Vision and Mission

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#### 2.1.1 Vision

We have the vision of a world full of communication - a world in which people are brought together by technology which helps overcome borders.

A society in which individuals, organizations, and communities have unlimited access to one another and to a world of knowledge; via a multiplicity of communications technologies, including voice, data, mobile, internet - regardless of nationality, culture, class, or education.

Our job is to facilitate effective communication, irrespective of geography, distance, time, or complexity.

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#### 2.1.2 Mission

To provide mobile internet subscribers in Guinea-Bissau and Guinea with a never before seen feature-rich platform of mobile broadband services, while providing excellent coverage, crystal clear voice quality phone calls and high-speed internet access anytime, anywhere. Our affordable flat rates will provide the country with unprecedented quality of service to fill a fastly growing market demand.

Our dedicated team of experts will guarantee excellent service quality; plus our cutting edge technology will provide the basis for CAJUTEL to achieve this mission. We will insure our position at the forefront of technology through both in-house developments and by scouting-out new developments in the global telecommunications markets.

We are fully dedicated to providing the best service to all our customers worldwide.

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#### 2.1.3 Values

- We provide excellent customer service.
- We work as one team.
- We respect each other.
- We are professional.
- We are committed to continuous improvement.

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## 2.2 Background

Cajutel is currently owned by two individuals, Mr. Andreas Fink, a telecommunication expert who have started mobile networks before and Mr. David Vine who lives and has operated wireless MMDS TV networks in the region and has all the high level contacts needed to make things work in Africa.

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## 2.3 Guinea Bissau



Guinea-Bissau is a country of west Africa. It is adjacent to Senegal towards the north and Guinea towards the south. It's size is 36'125 km<sup>2</sup>.



The population of Guinea-Bissau is 1.647 million (est. 2010).

Guinea-Bissau's GDP per capita is one of the lowest in the world, and its Human Development Index is one of the lowest on earth. More than two-thirds of the population lives below the poverty line. The economy depends mainly on agriculture; fish, cashew nuts and ground nuts are its major exports. A long period of political instability has resulted in depressed economic activity, deteriorating social conditions, and increased macroeconomic imbalances.

Guinea-Bissau has started to show major economic advances after a pact of stability was signed by the main political parties of the country, leading to an IMF-backed structural reform program. The key challenges for the country in the period ahead would be to achieve fiscal discipline, rebuild public administration, improve the economic climate for private investment, and promote economic diversification. Latest development have confirmed that the country is well on its path. After several years of economic downturn and political instability, in 1997, Guinea-Bissau entered the CFA franc monetary system, bringing about some internal monetary stability.

Guinea-Bissau is a member of the Organization for the Harmonization of Business Law in Africa (OHADA). [39]

Guinea-Bissau has a natural resources of oil but it is currently not being harvested but development to do so is in progress which will bring additional busines to the country.

The currency is the west African CFA which is tied to the Euro ( 655.957 CFA = 1€)

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## 2.4 Guinea



Guinea is the country adjacent to the south of Guinea-Bissau. It also touches Senegal, Mali, Ivory coast, Liberia and Sierra Leone.



The population of Guinea is 10.5 million and a size of 245'860 square kilometers. Its economic and political situation is very similar to Guinea-Bissau. Geographically is more mountaneous than Guinea-Bissau. The language spoken in Guinea is French. The capital is Conakry. The main export articles are Bauxite, Gold, Diamonds and other mining products as well as offshore petroleum products. The literacy rate of Guinea is one of the lowest in the world: in 2010 it was estimated that only 41% of adults were literate (52% of males and 30% of females). Primary education is compulsory for 6 years, but most children do not attend for so long, and many do not go to school at all.

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## 2.5 Telecommunications

Telecommunications has recently developed mainly in the mobile field. Guinea-Bissau is equipped with only 4'844 telephone lines while the number of mobile phones have reached 1.2 millions [1].

The latest increase in mobile phone use has been occurred only in the last few years as 10 years ago, there was no mobile network at all. Despite the wide availability of telephony today, the quality of service on mobile telephony is very bad. Call succeed rate is around 20%. Calls between carriers are often not possible.

Internet usage is currently very low. There are approximately 15'000 internet users and they are paying a very high price (approx 60\$ per month for an advertised speed of 300kbps (measured 100kbps) and get a very slow connection which fails often. It can take up to 20 minutes to load the Google web page.

Guinea-Bissau currently does not have access to sea cable. Even though there where plans to connect a sea fiber cable, it has not occurred yet. All telecommunications thus have to go over neighboring countries or over satellite links.

Reference:

[1] <http://arn-gb.com/mercado/numero-de-assinantes/2013-1-trimestre>

### 3. People

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#### Andreas Fink, CEO



Andreas has 25 years of experience in telecommunications. In 1992 he has started up an internet provider named Ping Net GmbH in Switzerland, in the very early days of the internet. Ping Net GmbH was the first ISP focusing on individuals in the country. It became 1998 a full featured telecommunications company before it was sold to World Online International a pan European internet service provider which went IPO shortly after. Andreas worked for Cisco Systems in the area of SS7 signaling and telco switching until in 2001 he started Global Networks Switzerland AG (now SMSRelay AG) which develops and builds GSM infrastructure for mobile operators and provides messaging services. Global Networks Switzerland AG also have established a GSM network in Antarctica. In 2003 Andreas has launched BebbiCell AG, a mobile virtual network operator (MVNO) initiative with combined GSM/VoIP services offerings which was successfully sold a couple of years later. In 2007 he acquired a GSM License in 2007 and built a network there. In 2010 purchased the failing e-max network in Iceland to converge it into mobile high speed network for the country. e-max has been sold in September 2013 to 365 ehf, the new 4G LTE license holder in Iceland and will serve as the base of their network rollout. The e-max network had over 500 base stations covering a big portion of the population, especially in the rural areas.

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#### David Vine, CTO



David is of British origin but has lived the last 25 years in various west african countries. He currently holds a Guinea Bissauian passport and a British one. He has build TV and radio broadcast stations and MMDS relays in Senegal and Guinea-Bissau and knows very well on how to build low cost networks and how to deal with African government and institutions. He is well networked within the region which is vital for this project. He currently lives in Dakar, Senegal, but is in the process to move to Bissau to handle this project.

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## Anita Lokica, Procurement Manager



Anita has worked for Andreas Fink on various infrastructure projects in Iceland in the past. She is very experienced in dealing with suppliers from around the world and make sure the needed infrastructure elements arrive in time. Her experience in Icell ehf and DataCell ehf are very valuable to building up the network in the fastest time possible

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## Sachin Bhargava, Social Media & Marketing



Sachin has joined us recently to deal with all the marketing aspects of our ICO and the social media. He has over 10 years of experience in information and telecommunication industry. After completing his degree in technical, he started his career with a reputed Telecom Company Infratel and his hard work and performance was really appreciable. Later, he worked in leading multinational company Wipro on the designation senior project manager and currently he is the project manager in the leading IT Company and manages the projects and highly focused to serve the best work to their client. He is fully dedicated to Cajutel.

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## Third parties

We work with a lot of third parties which we have been working on in the past. Especially during the buildup phases, we pull in experts from various companies to plow fiber into the ground, do radio propagation calculations and similar things. Our extensive network of partners is long and well proven in previous projects.

## 4. Feasibility Study

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### 4.1 Market Analysis

By 2014, 70% of the population has a cell phone but only 2% have internet access.

The internet market is currently underserved and extremely overpriced. The current mobile operators are not serving the public well. The main issue is that they do not have enough capacity into the country which our plan is solving by setting up our own infrastructure to the border and to the sea cable landing stations.

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### 4.2 Competitor Analysis

The market is currently divided between the 2 mobile operators MTN and Orange

Internet speeds offered are limited to 256kbps (60\$/month). Business offerings go up to 1Mbps (1400\$/month).

<http://www.orange-bissau.com/index.php?nav=6&ctg=17&m=3&sm=0&prod=19>

### 4.3 SWOT Analysis

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#### 4.3.1 Strengths

- Strong technical experience among the shareholders
- New staff, thus able to build a highly motivated culture.
- Innovative technical solution to cellular infrastructure.
- Market wanting a new Network to increase coverage.
- Low fixed costs.
- No legacy costs.
- Comparable first mover advantage due to widely untapped market
- Many of the systems are turnkey solutions with a fast time-to-market
- Well networked with suppliers, building partners, government

#### 4.3.2 Weaknesses

- Board of directors live in different continents.
- Need to fill key positions in the short build-up timeframe
- Low GDP in country (but only on paper, in reality its much higher)

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### 4.3.3 Opportunities

- Access to International customers (increasing amount of tourists and visitors).
- Competitors in Guinea Bissau are mainly thinking voice only
- Strongly underserved market / totally new market

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### 4.3.4 Threats

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#### 4.3.4.1 Customers *Low Threat*

- Guinea Bissau target market is retail customers, therefore they are fragmented and lack power.
- The youth market is quite fickle, and thus churn could become an issue once market saturation becomes reality.

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#### 4.3.4.2 Suppliers *Low Threat*

- To provide service to international customers CAJUTEL needs to be a member of the GSM Association.
- Rapidly changing technology.

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#### 4.3.4.3 Competitors *Medium Threat*

- Financially strong competitors in the mobile area

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#### 4.3.4.4 New Entrants *Medium Threat*

- New entrants in Guinea-Bissau are possible but unlikely.

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#### 4.3.4.5 Substitutes *Low Threat*

- Fiber, ADSL, Wimax are obviously substitutes. Due to the almost non existence of phone lines, ADSL is not a viable option. Fiber would have to be built first as well and is not a current option for residential.
- Satellite services are also a substitute, but these are more expensive and carry a high propagation delay.

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4.3.4.6 Government

*Low Threat*

- The regulator is a major factor for CAJUTEL. The regulator has welcomed new licensees and is begging for new service providers to give them internet. The world bank has given investment guarantees (see <http://www.cajutel.gw/investor/IGGenglish.pdf> )

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4.3.4.7 Weather

*Medium Threat*

- Harsh weather (strong rain) could delay rollout.

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4.3.4.8 Consequences

- Marketing and Technology are the key pillars to CAJUTEL business and need to be the response to these threats

## 4.4 Dealing with Africa

Doing business in Africa has a few challenges for the people who are not familiar with the culture and people in Africa. We would like to point out a few things which are maybe not too obvious to some readers who don't deal with Africa a lot.

First of all, if you read GDP values of countries and you will see that people earn 60\$ per month on average. The reality is very different however. GDP figures are calculated out of tax returns divided by the population. This however doesn't reflect the fact that a lot of people don't pay tax at all but still make a living. Often taxes are not based on income but on import and export. So a local farmer who sells his potatoes on a daily basis to his neighbors, basically shows up with 0\$ income in the statistic. Secondly, these statistics often don't reflect changes in the last few years which can be dramatic increases due to political changes (end of a war for example). From our experience on the ground in Guinea Bissau, the average normal person earns around 250-350\$ a month while the statistics show 60\$. 50'000 people in Senegal were able to afford a 50\$ payTV subscription in 2004 which would be impossible if you read the GDP statistics.

In 2004, there was no GSM in Guinea-Bissau, only 5'000 wired phones. In 2014 there were 1.4 million subscribers out of 1.7 inhabitants. Take away the underage children and you can safely say that *everyone* had a mobile phone. This pickup of a new service is extremely fast and it's because they are so far behind that they go from zero to the newest generation almost instantly while in Europe, we had several decades of small improvement step by step. So while it took like 25 years for everybody in Europe to basically have internet, the same thing will happen in Africa in 10 years or even less. Also Africans spend a lot more for their GSM phones (in relation to their income) compared to other countries.

There are also special risks, depending on the country you are in. In some places people try to dig up copper wires so they can sell the metal in it. Given we don't use copper but fiber, there is no value for the digger at the end but the damage is still there.

The solution to that is not obvious to the non-African. You use a local religious priest to saint the cable and then nobody will touch it ever. Similar to protection of radio towers you simply hire the local village chief to take care of it and pay him like 10\$ a month and then no one would even dare to take it down.

These kind of African specialities need sometimes innovative ideas. Our David, knows it all since he lives in the area since over 20 years. Andreas also has been dealing with African companies since 2003. This know-how is crucial to have. If you come as European or American newcomer to the market with a bulldozer attitude, you would fail due to such small issues or at least it would slow you down a lot. Given we all deal with Africa since a very long time, we are very used to these issues and can deal with them with ease.

## 5. Marketing Plan

### 5.1 CAJUTEL Compelling Reasons

Guinea-Bissau has a moderate size population (only 1.6 million inhabitants) and a high cellphone and internet users increase rate. So CAJUTEL doesn't even need to come up with very strong compelling reasons for customers to choose CAJUTEL instead of the competitors for their first internet connection. As internet use is very small, this marketing resource is widely unused. Competitors are focusing on phone use only.

CAJUTEL has decided to focus upon 4 focused selling points, which will be difficult for the competitors to match.

1. Best Speed (2Mbps as minimum level, can go to several 100Mbps)
2. Best Customer Service
3. Better coverage
4. Best Quality
5. Best Price.

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#### 5.1.1 Flat Rate Subscription

CAJUTEL customers offers free calls inside the network, free SMS inside the network and unlimited data. The free calls/SMS can be a driving force to converge existing mobile users of other networks into CAJUTEL's network. This will become a substitute to a traditional fixed network telephony.

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#### 5.1.2 Free Device

Offering a free phone or CPE gives the advantage of low entry cost to get the service. CAJUTEL will offer each customer a free device, when they sign a 24 month contract. This will bind customers to the company long term. However as this is mainly a prepaid market, we estimate this option to be only valuable for fixed installations.

### 5.2 CAJUTEL Price

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#### 5.2.1 Subscription

CAJUTEL charges a standard subscription fee of approx USD 50US\$ per month, and will be lowered in steps down to 9\$ per month. This entitles the customer to unlimited use of the CAJUTEL network. In addition to that additional fees are charged for phone calls over that network and similar.

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### 5.2.2 Other Services

The basic internet service can be completed with a telephony service, IP-TV and other IP based services. This is not been calculated into the business plan as it requires the availability of the matching devices which is still limited for telephony services for example. This is why those additional revenue streams have been left out in the calculation for now. The focus is on pure ISP access. However once the devices and services are available, those services can be launched if it makes commercial sense generating even more revenue.

## 5.3 CAJUTEL Rollout

Many cellular networks make the mistake claiming that their network is commercially ready before it is, and believe that despite its nascent stage it can handle more volume than is realistic.

CAJUTEL knows that it will not be able to meet the demand generated by its offerings, thus CAJUTEL must resist starting the network before it has a certain coverage and capacity. It is easier to handle applicant queries, about when they will be able to become customers, than customer complaints about quality which spread bad word of mouth. People talking about how good the service is and how happy they are is the best advertisement you can have.

Obviously CAJUTEL needs to quickly rollout their network, whilst holding back customer demand. The rollout has been estimated at 1-4 new city distribution site per month depending on building speed variant (which depends mainly on total investment)

The first site to be covered will be in Saõ Domingos, Canchungo and then the capital Bissau. This is required as the connection point to the international network is from Banjul in Gambia from which we can reach Saõ Domingos within 2 Microwave point to point links. This path gives us excessive bandwidth starting at 1Gbps. At a later stage, the connection will move south into Guinea until it reaches Conakry to connect to the landing station there too. A third path is into the eastern part of Senegal to then ride on a existing fiber of Tigo into Dakar where many seacables land.

(see also section 9 with updated exact dates)

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## 5.4 CAJUTEL Promotion

Prior to deciding to offer free phones/CPEs, CAJUTEL had identified youth and small businesses as ideal target groups.

But, the offer of free devices will generate such large demand that the market segments will self-select CAJUTEL.

Heavy advertising will not be necessary to inform the market of CAJUTEL's offering. Viral marketing will spread the message quickly. This will be supported by 'sign-up rallies' at targeted events, and joint promotions with sponsors.

- Awareness
  - The press will be running articles about CAJUTEL
- Interest
  - The Public is expecting CAJUTEL to give better coverage and speed
- Desire
  - Free devices, free downloads, and free use within the CAJUTEL network will create pent-up desire.
- Action
  - Customers will be queuing to fill in the applications.

This matches experiences from the past when TV services was started to be offered.

## 5.5 CAJUTEL Distribution

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### 5.5.1 Application

Customers will apply mainly via stores / kiosks carrying CAJUTEL service point.

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### 5.5.2 Approval

- Full validation will be performed as the application is captured.
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### 5.5.4 Customer

As the customers are approved they will be sent/given

- ✓ A welcome pack
- ✓ Their SIM Card (if applicable)
- ✓ Their CPE access device or portable device.

Usually fixed CPE's will be installed by one of our service engineers for a fixed install fee to make sure its properly set up.

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## 5.6 ARPU

Average Revenue Per User (ARPU) is the most common benchmark for Cellular companies [see section 6.4].

CAJUTEL's ARPU is based on the monthly subscription fee which is initially 50\$ and later down to 9\$ for private individuals. Compared to usual 7\$ ARPU in african countries just based on voice, its rather high.

## 6. Business Plan

### 6.1 Guinea-Bissau Network

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#### 6.1.1 Cells

CAJUTEL will use the latest 4G Cell technology. This gives CAJUTEL an enormous speed advantage!

Each complete Cell base station will consists of:

- 2.1GHz, 2.6GHz, 3.5Ghz and 5GHz 4G Equipment
- 3 to 16 sectors with 2 transceivers per sector
- 48V Power Supply with battery backup for 72 hours, plus redundant charger and controller. Solar panel to provide the needed electricity.
- Ethernet Switch
- Microwave Point to Point links (initially) and later fiber to the tower.

A dedicated guaranteed bandwidth of 5.4Mbps per customer is planned with theoretical peak performances of up to 270Mbps. This will permit for IP-TV streaming in full HD quality to all customers at all times. For pure mobile use, the LTE systems gives great mobility and coverage while providing reasonable internet access speeds of up to 150Mbps.

Picture of typical cell equipments used in 3.5 and 5GHz bands



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#### 6.1.2 Data

CAJUTEL intends to supply the best of 4G speed for data.

This will be a major marketing factor as most internet offerings are limited to 300kbp/s today (due to use of GPRS) while with above equipment this can peak above 270MB/sec. Only Fiber to the Home will be able to compete with that which involves costly construction and thus a much slower rollout.

## 7. Cash Flow Projections

### 7.1 Financial Projections

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#### 7.1.1 CAJUTEL Network

Speed is of the essence for CAJUTEL to gain market share in Guinea-Bissau, thus by the end of Year 2 the full complement of cells will be installed – giving coverage to 90% of the population in the country

Initially, as the cells are installed a few customers will be signed up; the Marketing Launch will only be after a month of testing.

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#### 7.1.2 Turnover

CAJUTEL's main source of income is their monthly subscription fee.

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#### 7.1.3 Cost of Sale

The cost of the free end user devices has been treated as a Capital requirement.

There are four groups of costs in the Cost of Sale

- Running costs
  - The ongoing costs of linking each Cell to the Network
  - Rental of cell site
  - Backbone costs
- License costs
  - The Spectrum License payable to the regulator
- The cost of messages / calls sent to other networks
- The international backhaul cost (sea fiber capacity)

This results in a very profitable business

## 7.1.4.1 Income Summary

Values in USD	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
No of customers at end	31'455	88'472	199'257	422'843	848'324	1'686'605
Market Share	0.27%	0.76%	1.72%	3.65%	7.31%	14.54%
<b>Total sales</b>	<b>\$9'393'000</b>	<b>\$31'740'006</b>	<b>\$60'619'092</b>	<b>\$100'850'029</b>	<b>\$161'554'713</b>	<b>\$283'779'772</b>
<b>Cashflow projection</b>						
at beginning of year	\$29'500'000	\$4'806'083	\$900'787	\$16'440'448	\$44'504'344	\$82'397'279
at end of year	\$4'806'083	\$900'787	\$16'440'448	\$44'504'344	\$82'397'279	\$139'450'786
Infrastructure Buildup Costs	\$22'273'600	\$13'382'400	\$13'382'400	\$13'243'000	\$11'709'600	\$11'709'600
Staff Related Costs	\$962'628	\$1'419'491	\$2'206'035	\$3'664'569	\$6'489'633	\$11'943'576
Network Operating Costs	\$6'152'989	\$12'528'579	\$13'500'086	\$23'589'554	\$43'937'380	\$81'895'564
Total General Operating Costs	\$74'000	\$200'400	\$457'100	\$962'900	\$1'933'900	\$3'816'200
Total Marketing Costs	\$4'623'700	\$8'114'432	\$15'533'810	\$31'326'109	\$59'591'265	\$117'361'326
Operating Expenses	\$11'813'317	\$22'262'902	\$31'697'031	\$59'543'132	\$111'952'178	\$215'016'665
Capital Expenses	\$22'273'600	\$13'382'400	\$13'382'400	\$13'243'000	\$11'709'600	\$11'709'600
Cash at end of year	\$4'806'083	\$900'787	\$16'440'448	\$44'504'344	\$82'397'279	\$139'450'786
Hardware Assets	\$19'303'352	\$26'160'171	\$31'280'007	\$34'963'474	\$36'384'888	\$37'446'227
Remaining Loan	\$-	\$-	\$-	\$-	\$-	\$-
Equity	\$100'245	\$2'751'417	\$23'134'212	\$54'553'484	\$93'791'056	\$151'620'991
EBITA	\$-2'420'317	\$9'477'104	\$28'922'061	\$41'306'896	\$49'602'535	\$68'763'107
Net income	\$-5'899'755	\$2'406'360	\$18'072'002	\$27'859'725	\$34'566'546	\$51'118'603
Average Return Per User	\$48.78	\$46.56	\$36.55	\$27.30	\$21.37	\$18.88
Earnings per customer	\$-187.56	\$27.20	\$90.70	\$65.89	\$40.75	\$30.31
Profit per customer per month	\$-15.63	\$2.27	\$7.56	\$5.49	\$3.40	\$2.53
Profit Margin	-32.04%	4.87%	20.68%	20.11%	15.89%	13.37%

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## 7.2 Capital

The Guinea-Bissau business has four types of capital requirements:

- The cell towers including the backhaul microwaves / fiber.
- Free devices
- Office costs,
- Core Switching and Billing Infrastructure.

A new free device will be required for each new Subscriber.

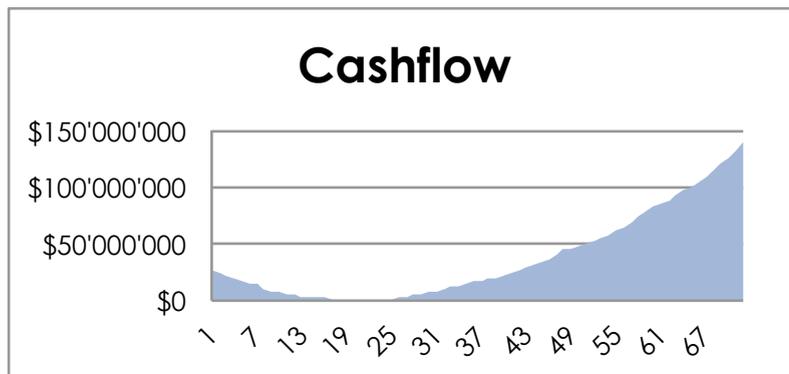
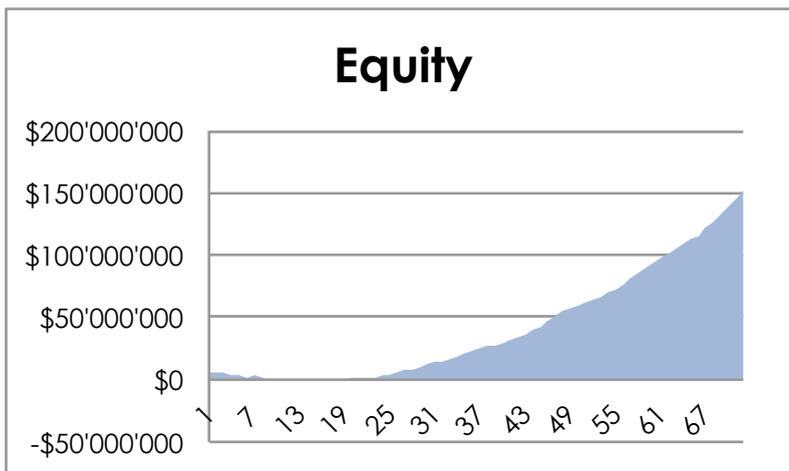
The Core Switching and Billing infrastructure will be implemented at start

The hardware will be written off over 4 years, and thus could be replaced in Year 5.  
The software will be kept current by the annual Software Licenses.

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## 7.3 Payback

CAJUTEL's combined operations are profitable, and despite high initial capital requirements and free devices, the business will be self sustaining in Year 4 and able to replace equipment from operating profits. These graphs are based on a pure 100% investment. A mix including loans is also possible.



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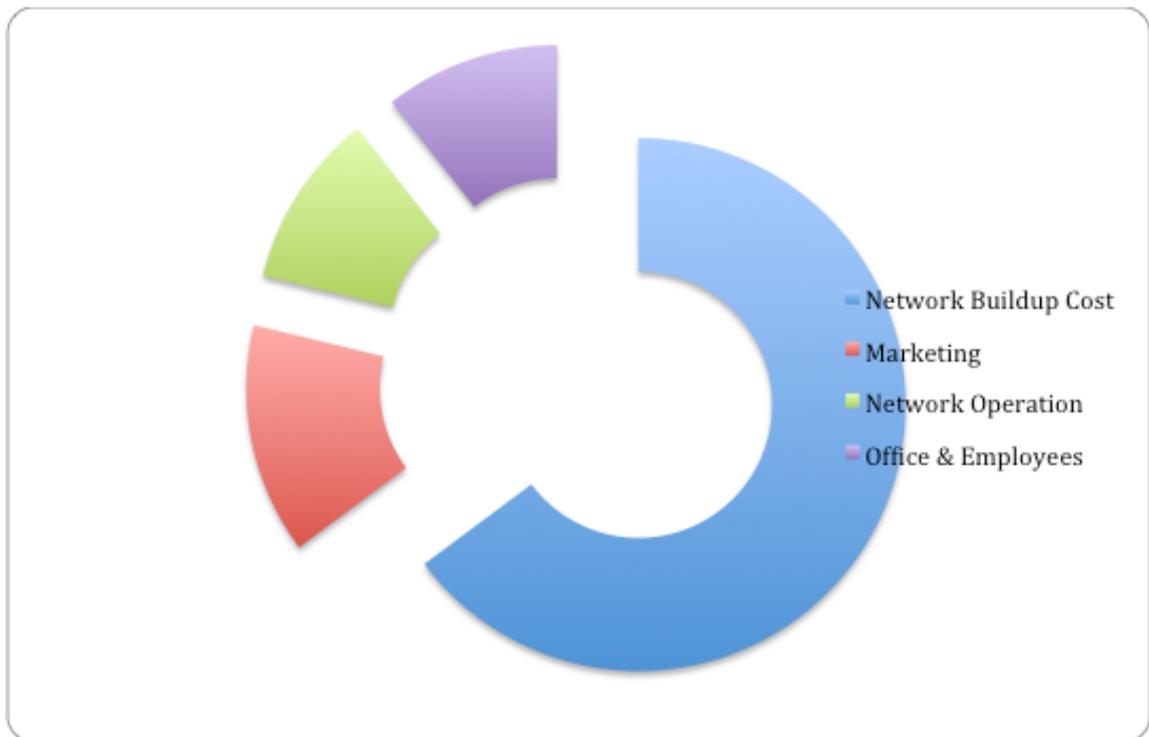
## 7.4 Cash Utilization

The full amount of the loan or investment depends on the chosen variant.

We have calculated variants to build Guinea-Bissau and Guinea (big), and Guinea-Bissau only with a slower buildup (small). The big variant requires 30M\$, the small variant 12M\$. Anything in between is possible. The more cash we raise, the faster we build, the more customers we get, the more return we get.

Most of the cash is required for capital expenditure, however, as CAJUTEL only becomes profitable after one year, there are still some initial operating losses to be covered.

The largest area of expenditure is network buildup, this is primarily all the back end equipment, the cell towers to reach the coverage and the backhaul. This is the long term investment which will also be unique to the market and secure long term profits.



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## 7.5 Financial Statements

see Excel documents <https://www.cajutel.gw/investor/>

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## 7.6 Exit Strategy

CAJUTEL is in the fortunate position of having several viable exit strategies to repay the Investment.

1. Limiting further growth to retained profit.

2. Extend the facility.

With such a sound investment and track record, it is likely that CAJUTEL can continue its facility into the future and expand into neighboring countries.

3. Sell to another company.

CAJUTEL will be an attractive proposition for an International cellular company, especially for its license and customer base.

4. Listing.

Listing on a Stock Exchange or other stock markets was originally also an exit strategy but due to the initial coin offering (see section 8) this has basically been done now.

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## 7.7 Assumptions

Depreciation has not been put in the projections, as this is not a cash item; but rather the full replacement cost is shown in the projections.

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### 7.7.1 Operational Assumptions - Guinea-Bissau

Whilst CAJUTEL's pricing structure encourages customers to get their frequent contacts to also convert to CAJUTEL, these projections assume that there is not a concentration of contacts.

International Calls are only 3% of Guinea-Bissau traffic, so they have not been included in these projections.

The Guinea-Bissau business will be run from Guinea-Bissau.

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### 7.7.3 Financial Assumptions

Inflation has not been applied tariffs will be increased inline with costs .

Tax has been applied at full rate in the Income Statement, although financial management should permit significant tax savings and cash flow improvements.

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## 8. Initial Cryptocurrency Offering

Cajutel has decided to raise financing for this project by issuing Ethereum based tokens as share certificates. This means every token is representing a share in the company and equal voting right.

The company has authorised 720'000 additional shares to be sold for this ICO and 60'000 shares to be allocated for bounties and for advertisement costs. 1'000'000 tokens are retained by the existing shareholders which makes a total supply of 1'780'000 tokens in circulation. This number will not grow unless the shareholders agree to issue additional shares which is envisaged to be needed in the near future.

These Shares are distributed in 5 Phases

Phase 1	10'000 Shares/Tokens	sold at 0.05 Ether per token (75% Discount)
Phase 2	10'000 Shares/Tokens	sold at 0.075 Ether per token (62.5% Discount)
Phase 3	100'000 Shares/Tokens	sold at 0.10 Ether per token (50% Discount)
Phase 4	200'000 Shares/Tokens	sold at 0.15 Ether per token (25% Discount)
Phase 5	400'000 Shares/Tokens	sold at 0.20 Ether per token

*Reaching funding phase 4 allows us to build the network in Guinea-bissau.  
Reaching funding phase 5 allows us to expand the plan into Guinea as well.*

*The date for the ICO to start is set to Unix Timestamp 1503045000  
2017-08-18 08.30:00 UTC*

*and will last until 2017-11-18 08.30:00 UTC*

*The smartcontract used is 0x2F50AB197F950e0c2184CF5d804f4141502Cd987*

*Main Project Website: [www.cajutel.gw](http://www.cajutel.gw)*

*Main ICO Website: [www.cajutel.io](http://www.cajutel.io)*

*Full businessplans: [www.cajutel.gw/investor/](http://www.cajutel.gw/investor/)*

*The smart-contract used has been written by external experts recommended to us by ICORating. The sourcecode of it is public and can be downloaded and verified. The source is in this repository:*

*<https://github.com/andreasfink/cajutel-smartcontract>*

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## 9. Roadmap Dates

ICO Start 18. August 2017 08:30 UTC  
ICO End 18. November 2017 08:30 UTC

Construction of first 6 radio towers to link up Bissau to Banjul begin in December 2017  
First customers to be online and sales of services to start: February 2018

Month Number 1 in the excel sheet becomes November 2017 and the rollout of new radio towers continue according to the excel sheet (every month a couple of towers more).

First financial year ending will be end of 2018. A payout of dividends will be agreed by the general assembly of the shareholders. We expect that end of 2018 we will rather want to use the earnings to refinance the expansion and don't pay out a dividends at this time unless we are exceptionally successful. First payout of dividends is expected end of year 3 when the company has reached the return of investment and can finance its expansion on its own.

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## 10. Investment Return Estimates.

The company will be profitable in year one and in year 3 the return of Investment is reached. This means the company can pay dividends. The exact dividend values will depends on the operating profit and need for reserves for further expansion. If the company pays out 60% of the EBITA as dividend, then the earnings per share in year 4: would be 13\$, in year 5: 16\$, in year 6: 23\$.

So someone buying a token in the beginning would earn in 6 years 52\$. Depending on in which phase he invests, this can be a increase of value of 1.86x up to 5.31x. The interesting is the following years as you can expect dividends far above the 20\$ per share every year as the capital expenditure to build up new infrastructure drastically decreases.

Besides the dividend, the token itself represents a value as it is creating money for the investor. Should he sell such a token on the free market, then it can be sold at prices of 8x - 20x EBITA. These are the factors which are seen on publicly traded stock market companies in this business area. This means an investor investing into one token today could potentially earn 52\$ in 6 years and then sell it for 300\$ to 772\$ range.

All those figures are pure guesstimates as it depends on the buyers view of course but these values are based on how other telecom companies such as AT&T are currently valued at the stock exchanges.

So an investor investing into one token, holds 6 years and then sells the token, could earn up to 824\$. Given it took GSM 10 years to get to 100% market in this area, our 14% market penetration after 6 years is a very pessimistic estimation. It could be easily be that we reach a lot more which makes the returns and the value of the token a lot higher even, way over the 1000\$ mark.