The Europe-East Asia Backbone Transport Market in 2021

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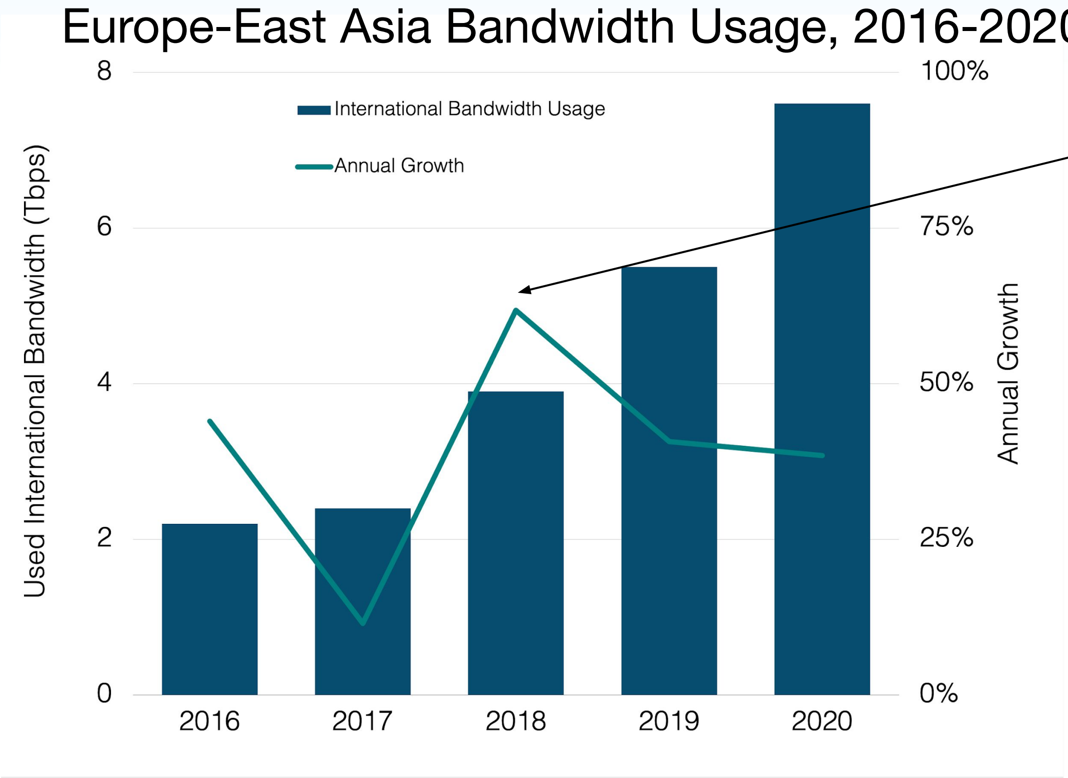
What we'll cover

- Demand growth
- The impact of content providers
- Subsea route capacity development
- Network pricing trends

Demand Growth

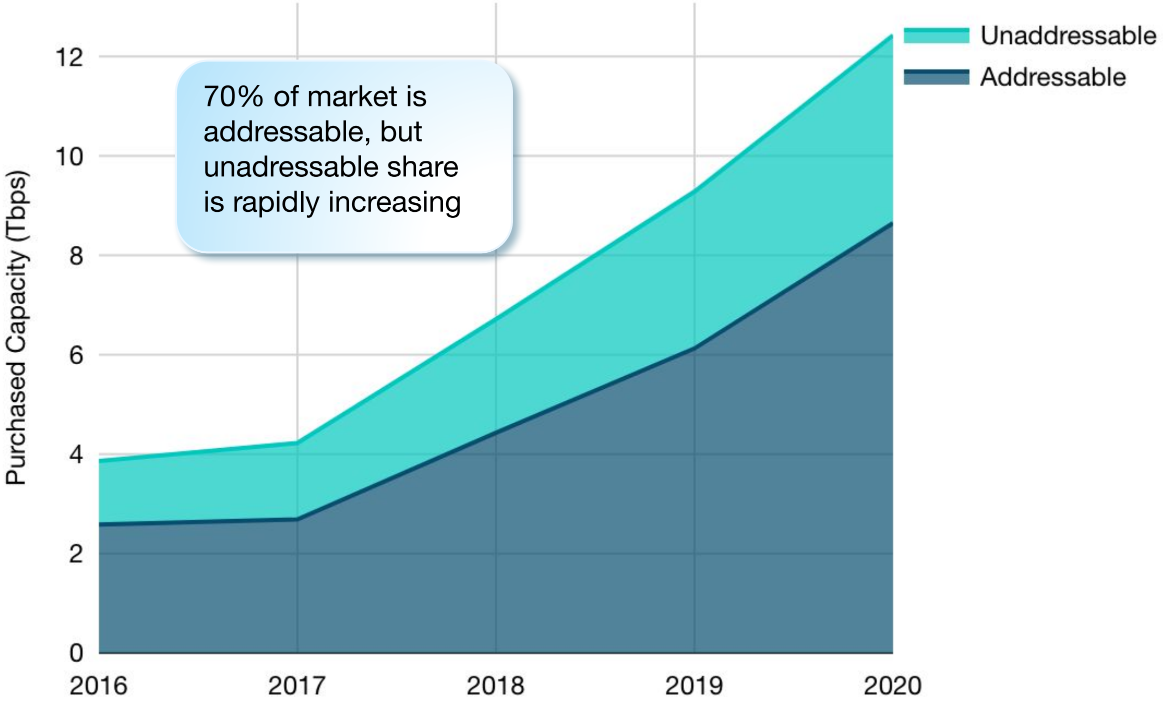
Demand growth peaks in 2018



Follows AAE-1 and SMW-5 launches

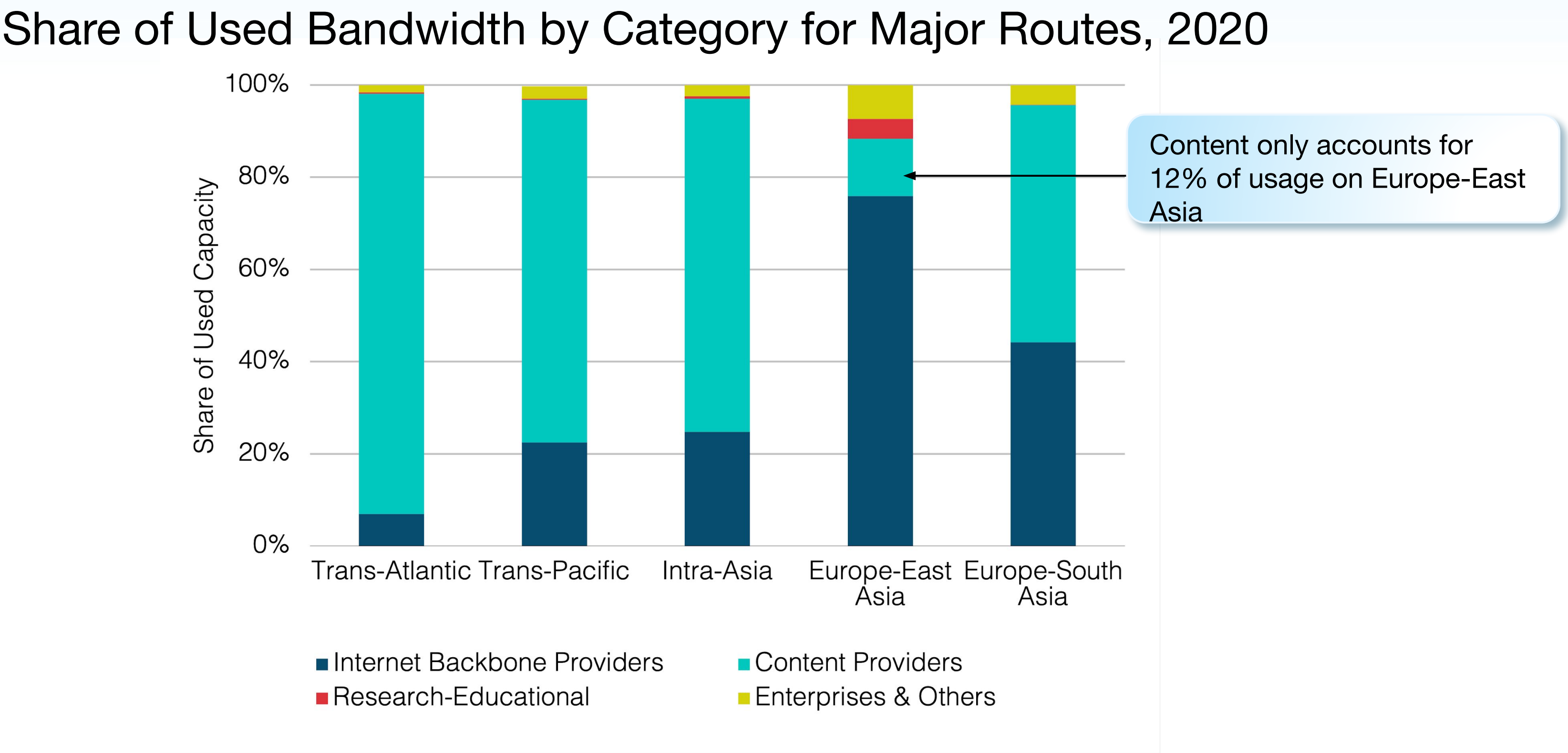
Demand is largely in addressable market but shifting

Addressable Europe-East Asia Capacity, 2020



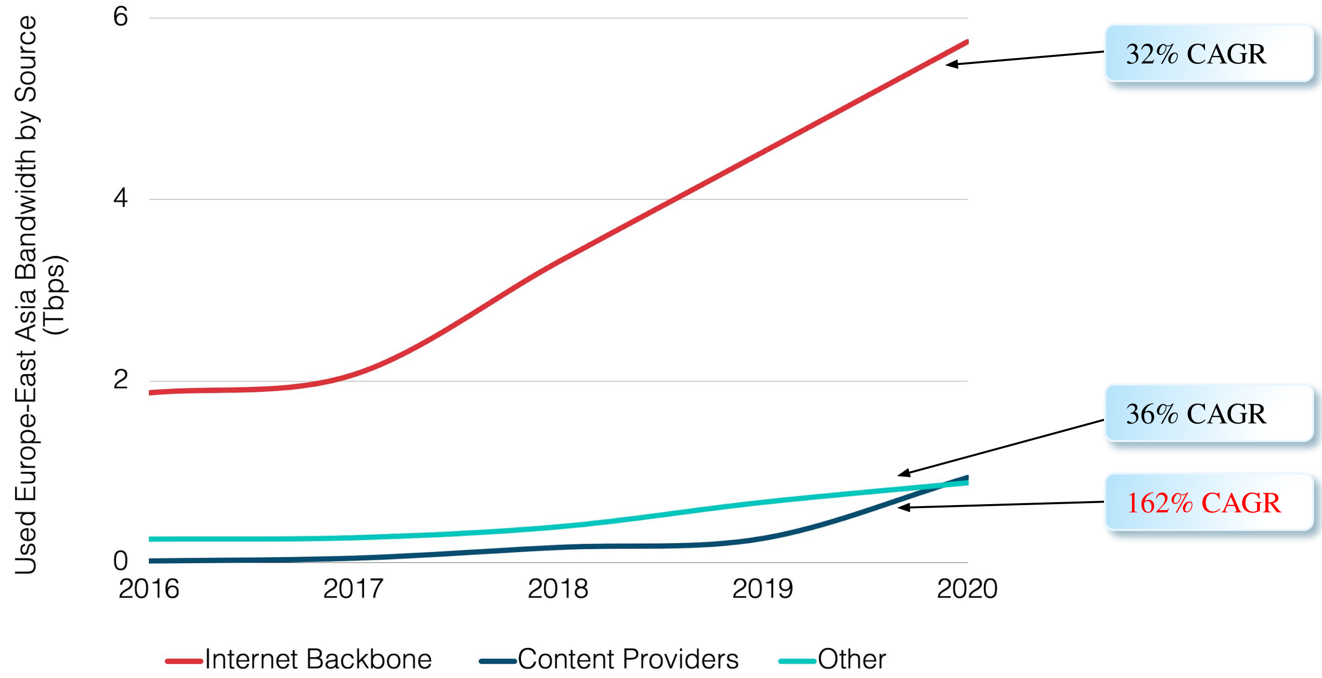
The Impact of Content Providers

Content dominates across *most* routes



...but they're quickly increasing capacity on the route

Growth of Used Europe-East Asia Bandwidth by Source, CAGR 2016-20



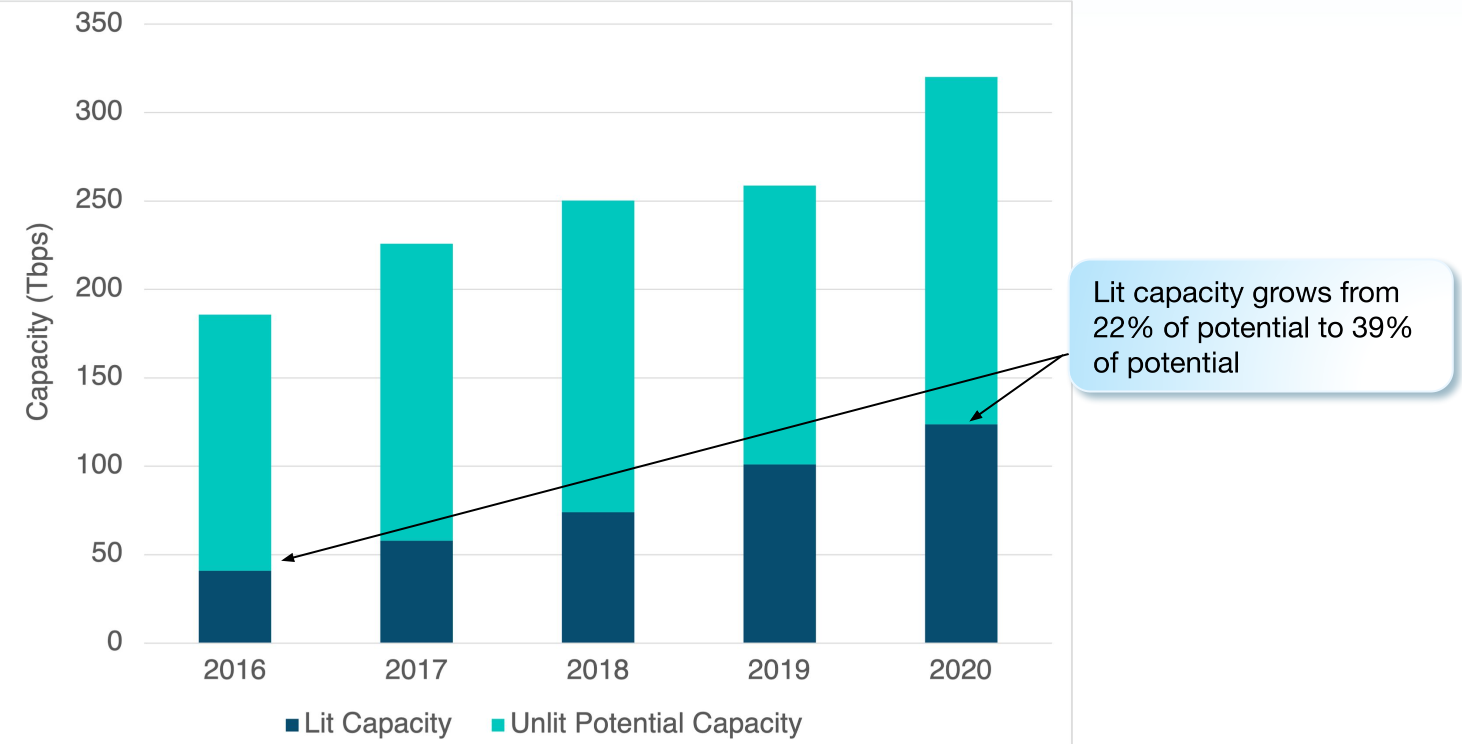
How will content players affect the route?

- Will increasingly influence project terms, routing, and partnerships
- As content providers invest directly in new cables, their appetite to buy capacity from carriers will decrease

Subsea Route Capacity Development

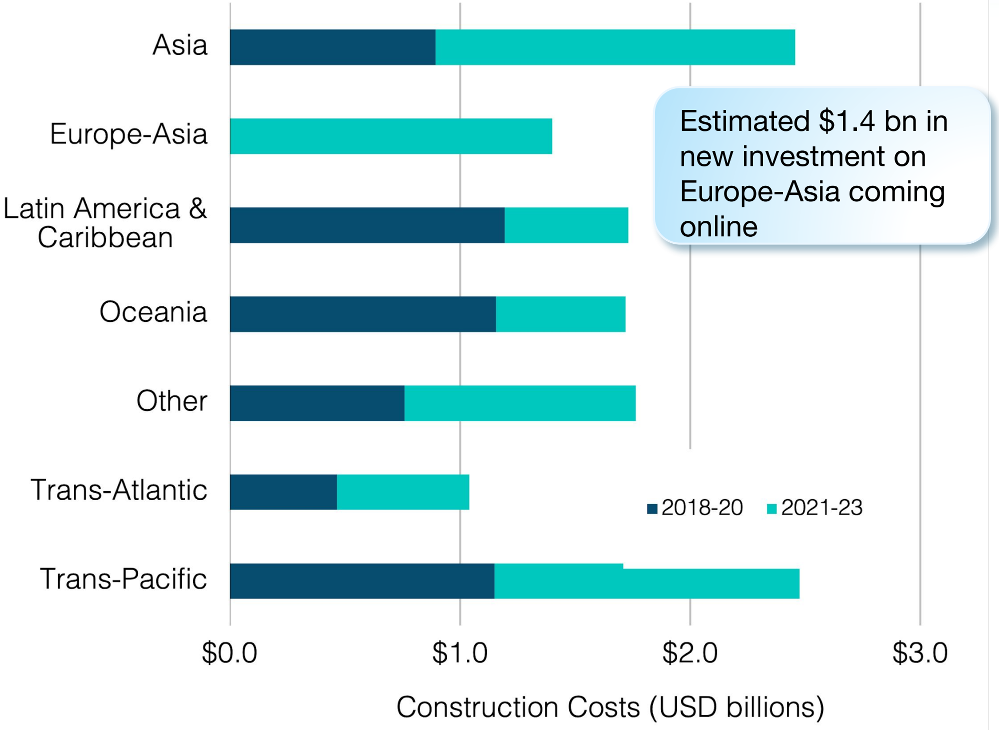
Lit capacity growing rapidly

Lit and Potential Europe-Asia via Egypt Bandwidth, 2020



New investment in the pipeline

Construction Cost of New Submarine Cables Entering Service by Region, 2018-23



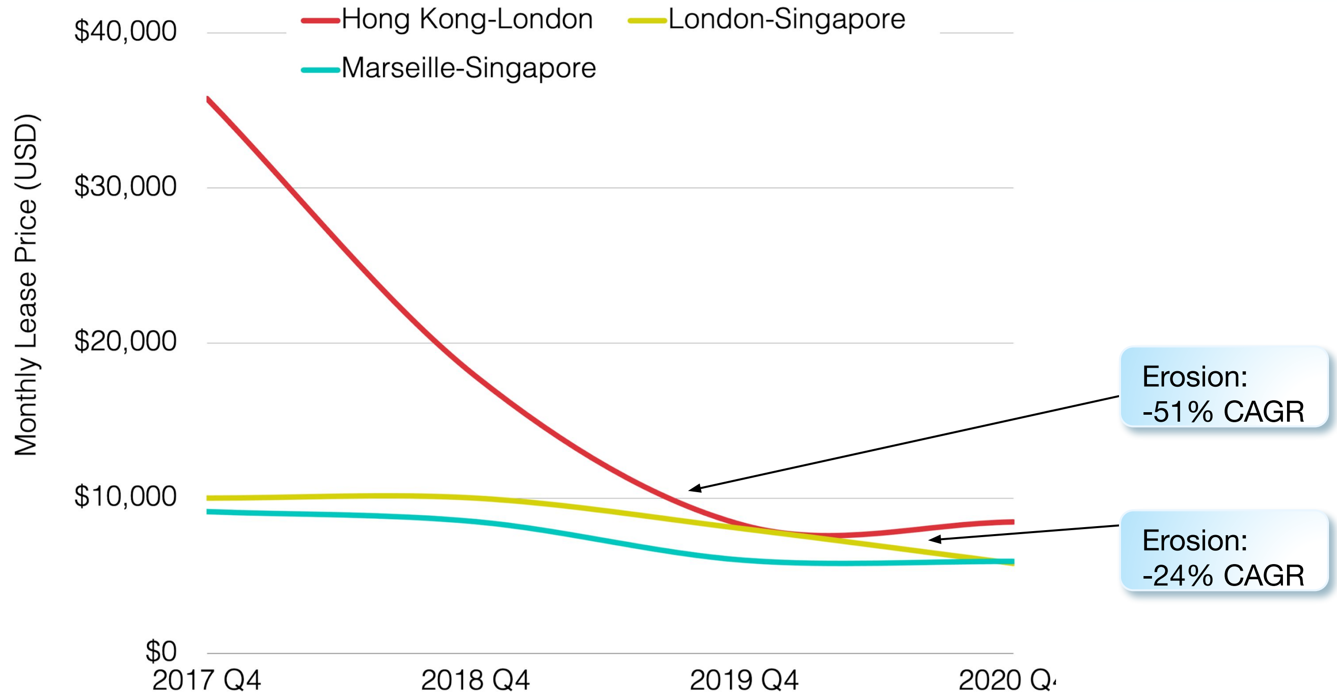
What comes next on Europe-Asia routes?

- PEACE Cable and Africa-1
  - Both will span Marseille to Pakistan with branches to east Africa
- Blue Raman
  - Will ultimately span Italy-India, bypassing Egypt
- IEX
  - Marseille to India…then on to Singapore with IAX
- SMW6?
  - Still in talks
- Arctic Connect surveys underway
  - Norway-Russia-Japan
- Trans-Caspian Fiber Optic Cables
  - Trying to spur development of a diverse route skirting south of Russia

Network Pricing Trends

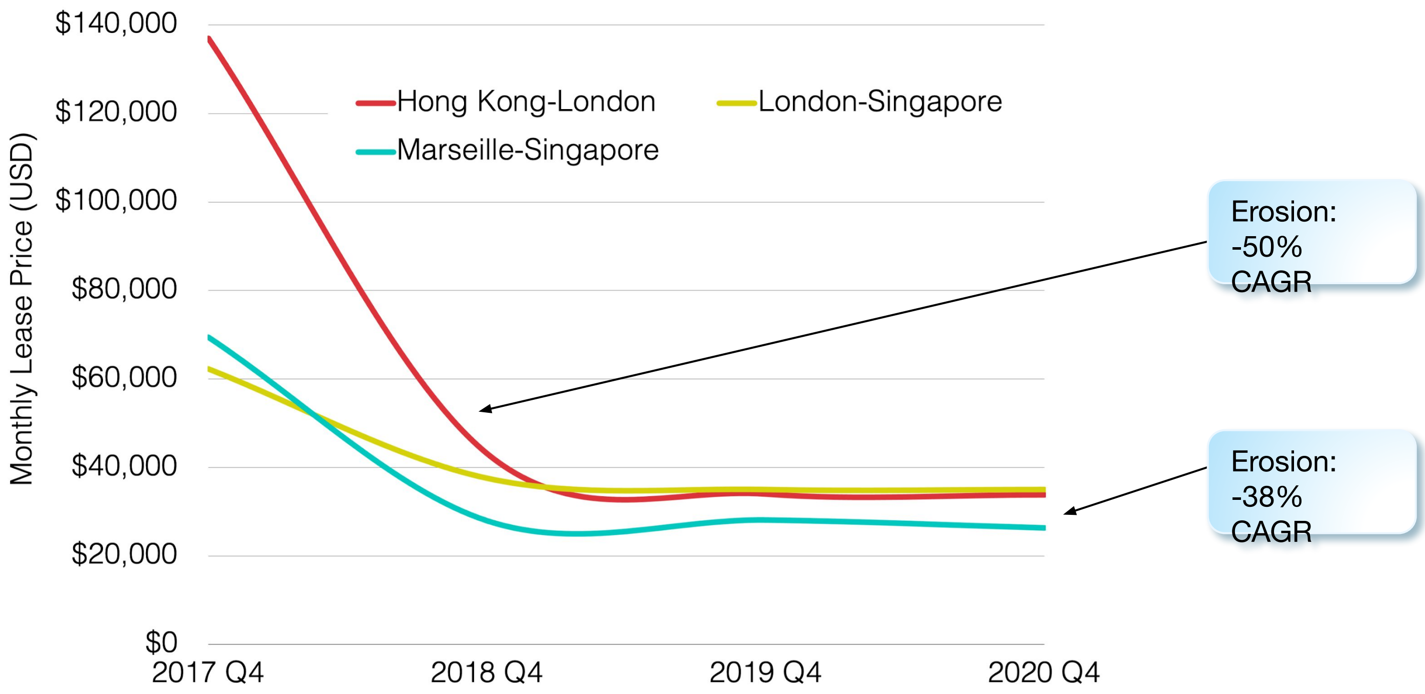
Route pricing gaining competitiveness

Weighted Median Europe-East Asia Subsea 10 Gbps Wavelength Prices, Q4 2017-Q4 2020



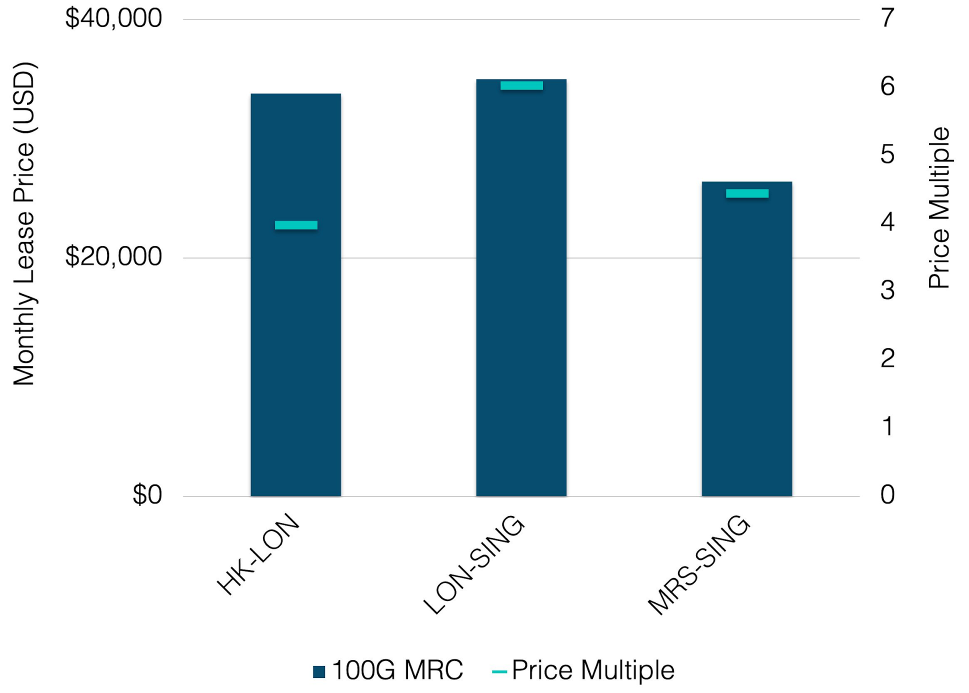
Route pricing gaining competitiveness

Weighted Median Europe-East Asia Subsea 100 Gbps Wavelength Prices, Q4 2017-Q4 2020



100G pricing stagnates as 10G continues to fall

Weighted Median Subsea 100 Gbps Wavelength Prices and Price Multiples



A few concluding thoughts

- Steady demand for more lit capacity on the Europe-Asia route
- Carriers continue to dominate demand
- Route development is becoming increasingly diverse

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