

Opportunities in a Converged World

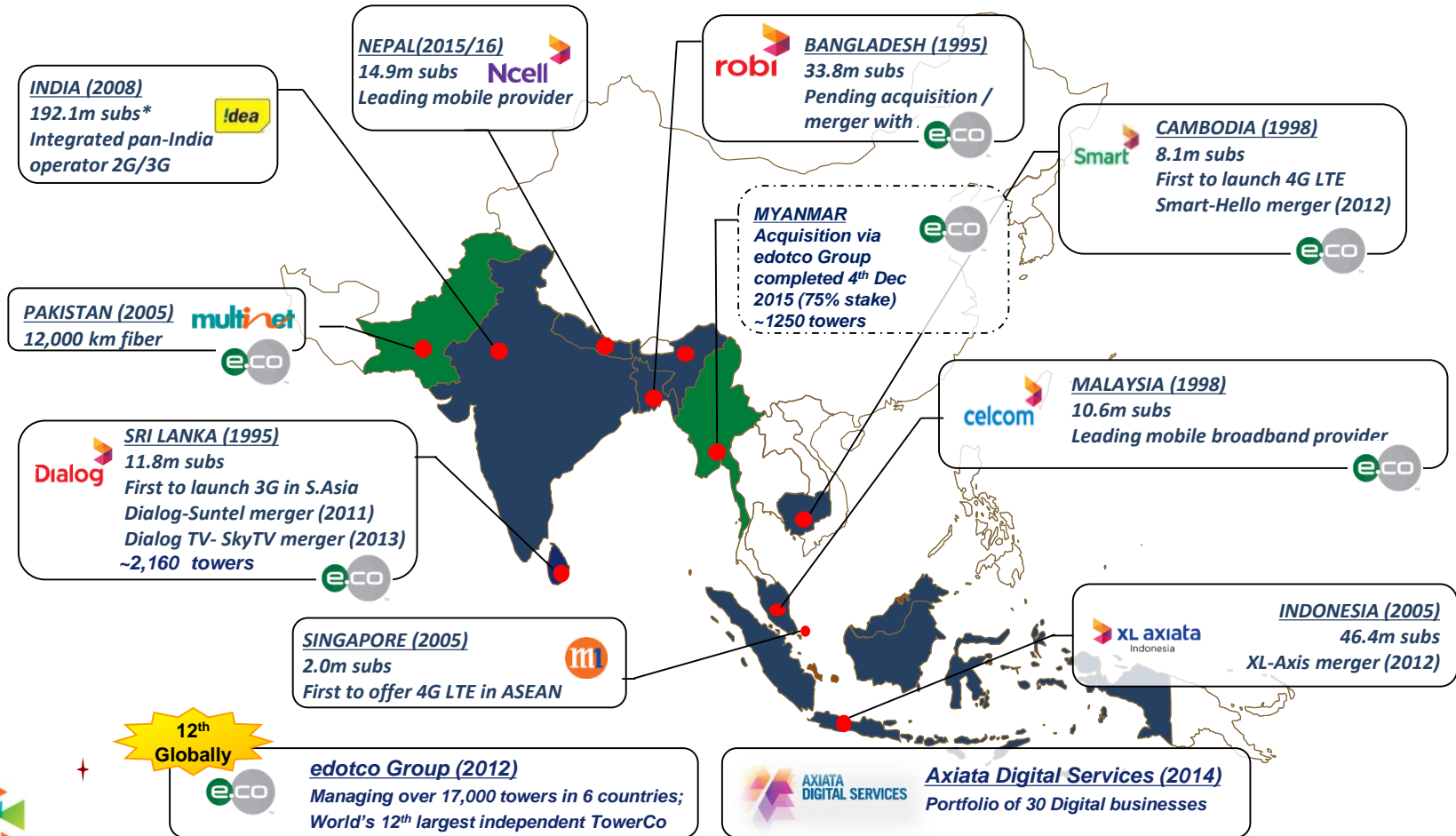
Manila, Philippines

21st Aug 2017

company confidential

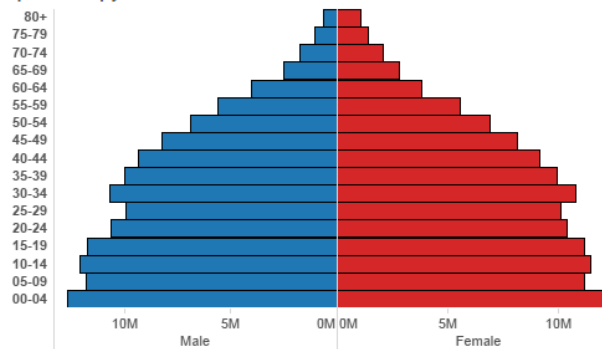


At end 2016, Axiata is one of the largest telecom operator in South Asia & ASEAN, with approx. 320 million customers & 25,000 staff in 10 countries...



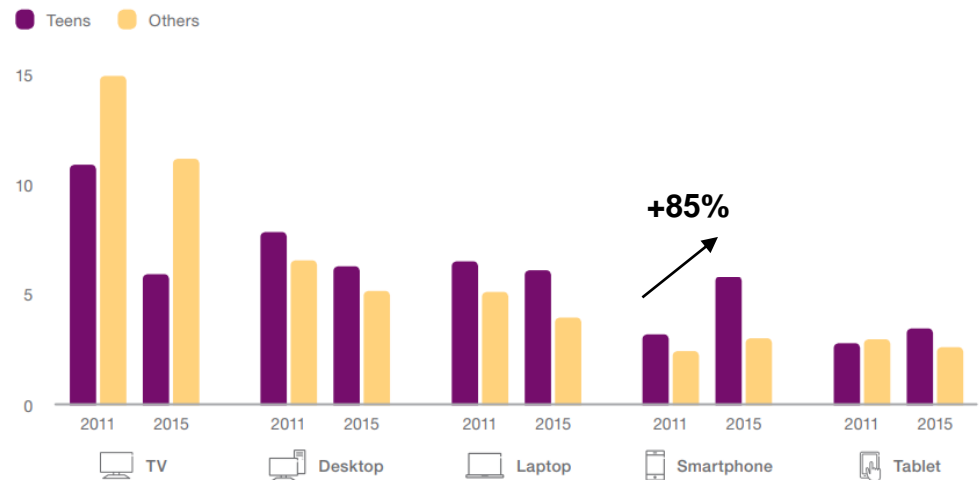
ASEAN's young and relatively high IT literate population have now substituted traditional linear media for digital, largely on the mobile device

Population pyramids



40%-50% of population in South-East Asia is below 30 years

Total weekly hours of TV/video viewing at home



Source: Ericsson ConsumerLab, TV and Media (2011, 2015)

Base: 9,000 respondents aged 16-59 in Brazil, China, Germany, South Korea, Spain, Sweden, Taiwan, UK and US

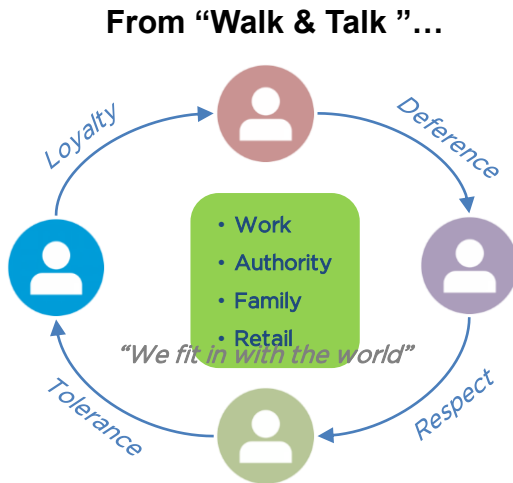
Global vs South-East Asia

Literacy **85%: 94%**

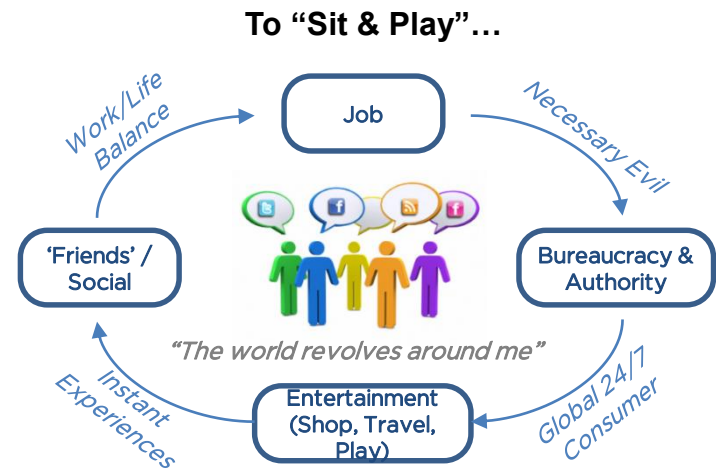
Social Media **37% : 49%**

Young people, in particular are switching away from traditional TV

... and as Digital Natives, they have a vastly different approach and attitude in buying our products and services

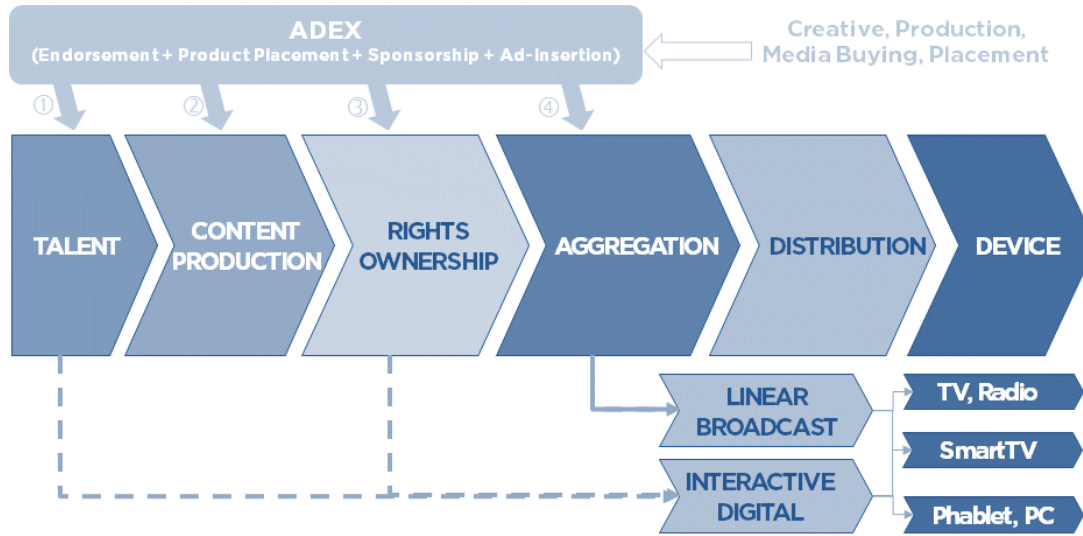


- I respect authority and loyal to your company
- I come to your shop to buy when it is open
- I will talk to you first about complaints / issues
- I welcome good value generic promotions
- I value a stable job and plan my life in stages



- My (online) social circle influences me – *not your ads*
- Make information available and *I will find it when ready*
- *I will inform my social network* of complaints & likes
- Offer me *relevant promotions at the right time*
- *I seek experiences* in short bursts to share with friends

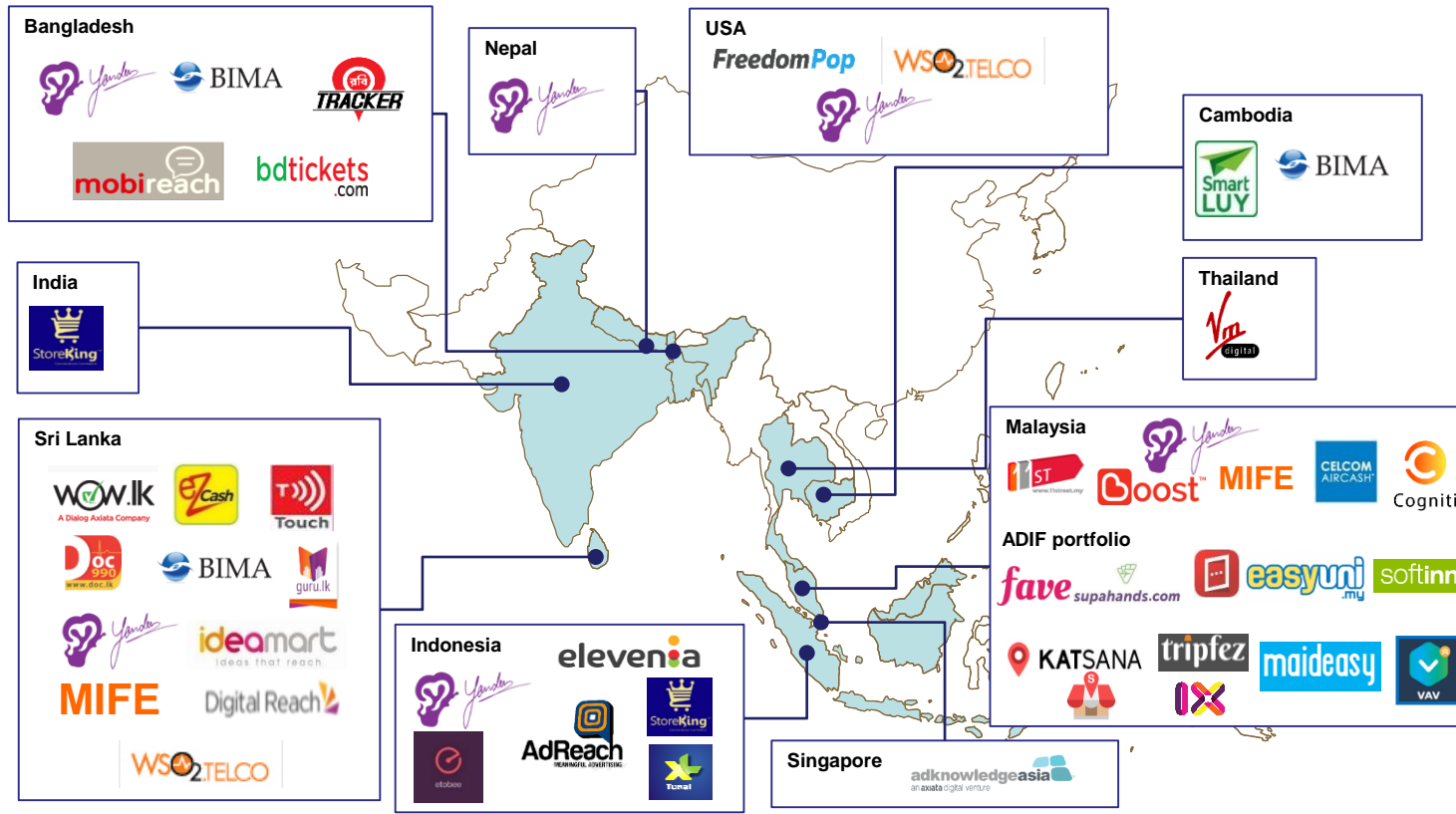
Consequently, global telco players have pursued Media/Content investment for network-independent incremental revenues. In addition, telco networks have to be built to carry massive amounts of data



Netflix data use based on an average 10 hours of TV per week

	Data Per Hour	Monthly Usage	Suggested Plan
Standard Definition	1GB	40GB	100GB
High Definition (HD)	3GB	120GB	200GB
Ultra HD	7GB	280GB	500GB+

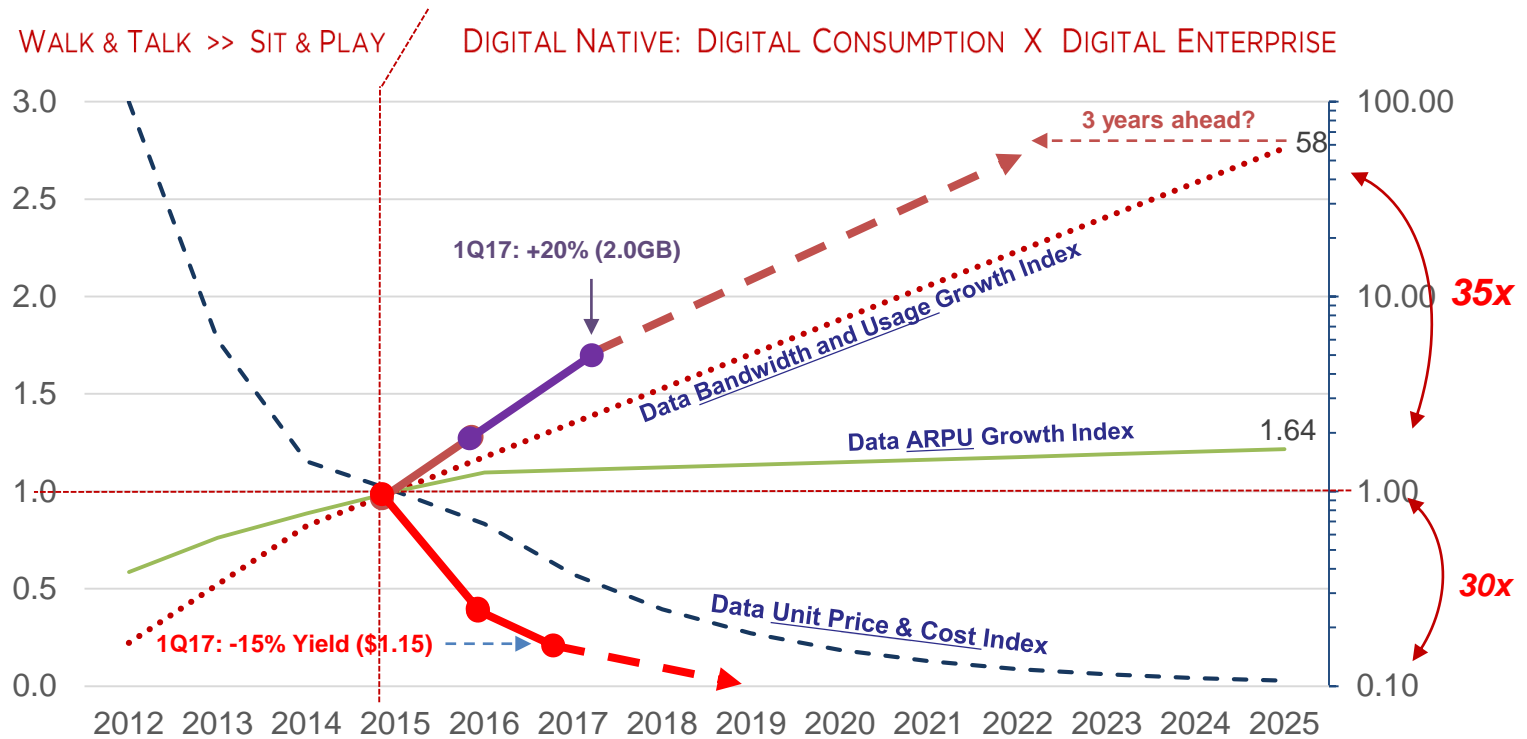
At Axiata, we now have 27 digital companies across 10 countries and 7 digital verticals as well as forging partnerships with Media/Content providers



- ### Key highlights
- Gross revenue of ~USD250 mil (growth of 9x over 3 years)
 - 49 million customers across portfolio (within OpCos & JVs)
 - 1,228 employees (85% non-Telco)



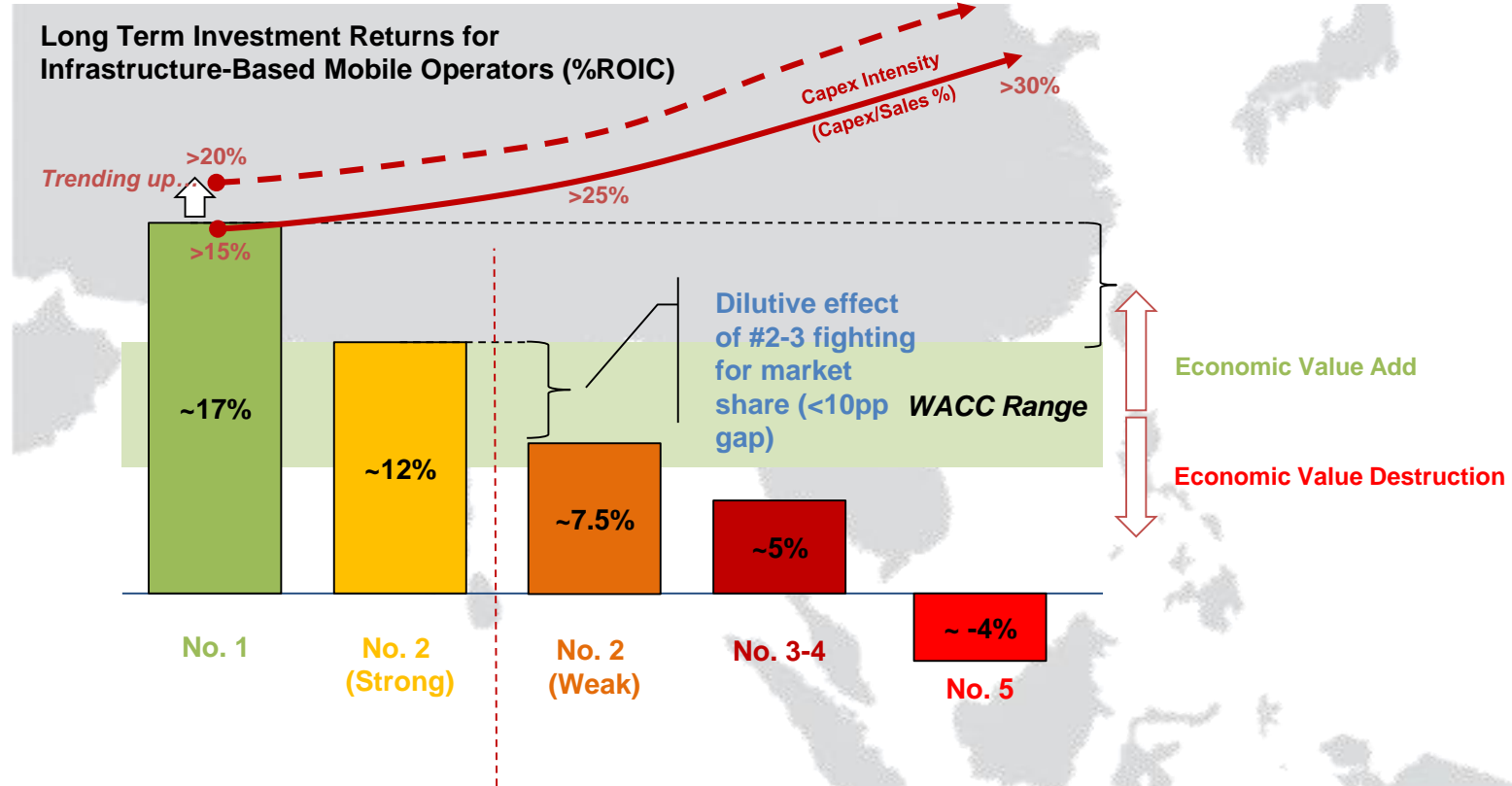
Over 2016-17 average data usage has risen faster, and Data Yield has fallen faster than we had forecast in early 2016



Notes: Applies Nielsen's Bandwidth Law driven by AR/VR, UHD, 5G and IoT; Data Pricing and ARPU analysed using Malaysia operator data 2012-15



In the New Data Reality, network & industry economics strongly favor a 2-3 player market only



Source: ATKearney – based on a global survey of 54 operators over past 3 years using Bloomberg, GSMA and operator data and Axiata Group Strategy Analysis

Therefore, *Certainty and Sustainability* are the two key drivers of long term investments

▪ Regulatory Frameworks

- Rational **Regulatory Fees** (e.g. license, spectrum) and minimize **sector-specific taxes** (e.g. telecom service levies, import duties on smartphones, local content quotas)
- **Convergence, non-technology specific Regulatory** approach (e.g. Same Service Same Rules)

▪ Return on Investment

- Sustainable market structures and supportive Regulation such as **active infrastructure sharing** (MORAN, MOCN), **spectrum pooling and sharing**, facilitative **Mergers/Consolidation rules**

▪ Spectrum

- Certainty of **Spectrum Availability and Allocation** (Low-band: 700MHz, 800MHz and High-band: L-Band, 2.3GHz, 2.6GHz, etc) and spectrum for 5G
- Allow zero-cost **Spectrum Re-farming / Neutrality** for upgrading to more efficient (lower cost, higher performance)



Thank You

