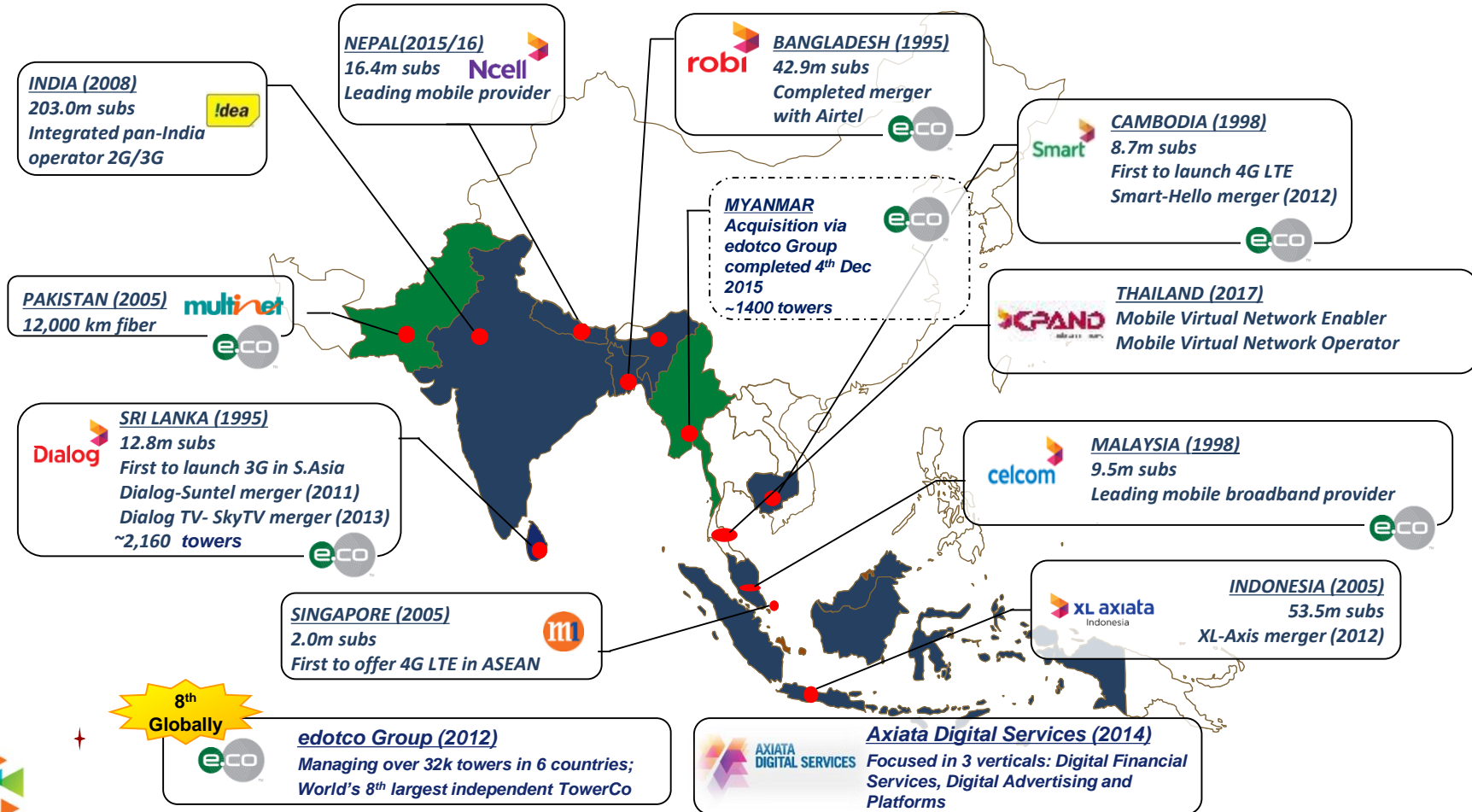


Session 5: Enabling policy & regulatory environment - an ASEAN Digital Revolution

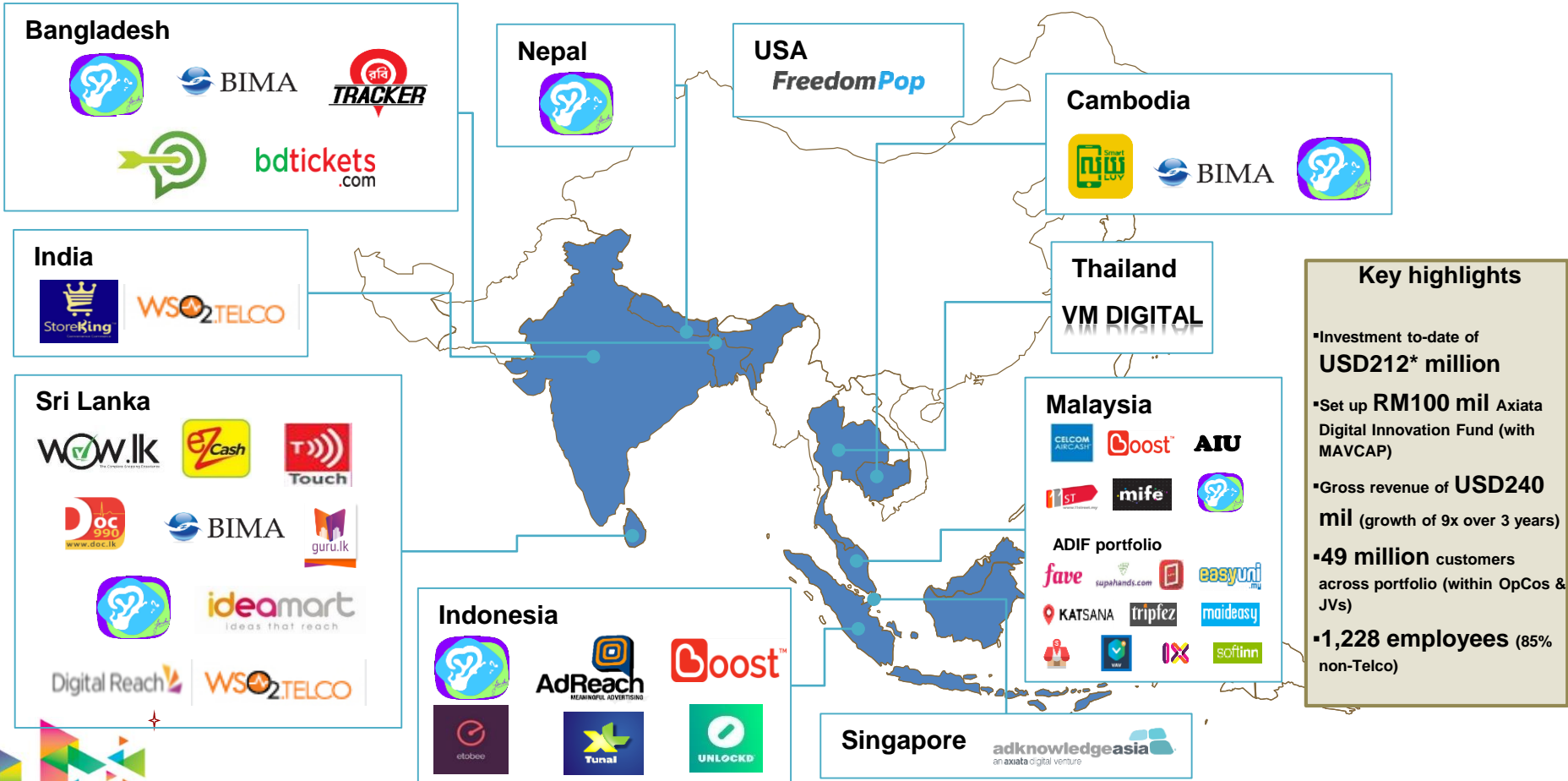
ITU Asia-Pacific Regional Development
Forum 2018
21-22 May 2018



At end 2017, Axiata is one of the largest telecom operator in South Asia & ASEAN, with approx. 350 million customers & 25,000 staff in 11 countries...



We Now Have 29 Digital Companies Across 10 Countries And 7 Digital Verticals With An Investment To-date Of ~ USD212* Million Since Inception In 2014



Key highlights

- Investment to-date of **USD212* million**
- Set up **RM100 mil** Axiata Digital Innovation Fund (with MAVCAP)
- Gross revenue of **USD240 mil** (growth of 9x over 3 years)
- **49 million** customers across portfolio (within OpCos & JVs)
- **1,228 employees** (85% non-Telco)

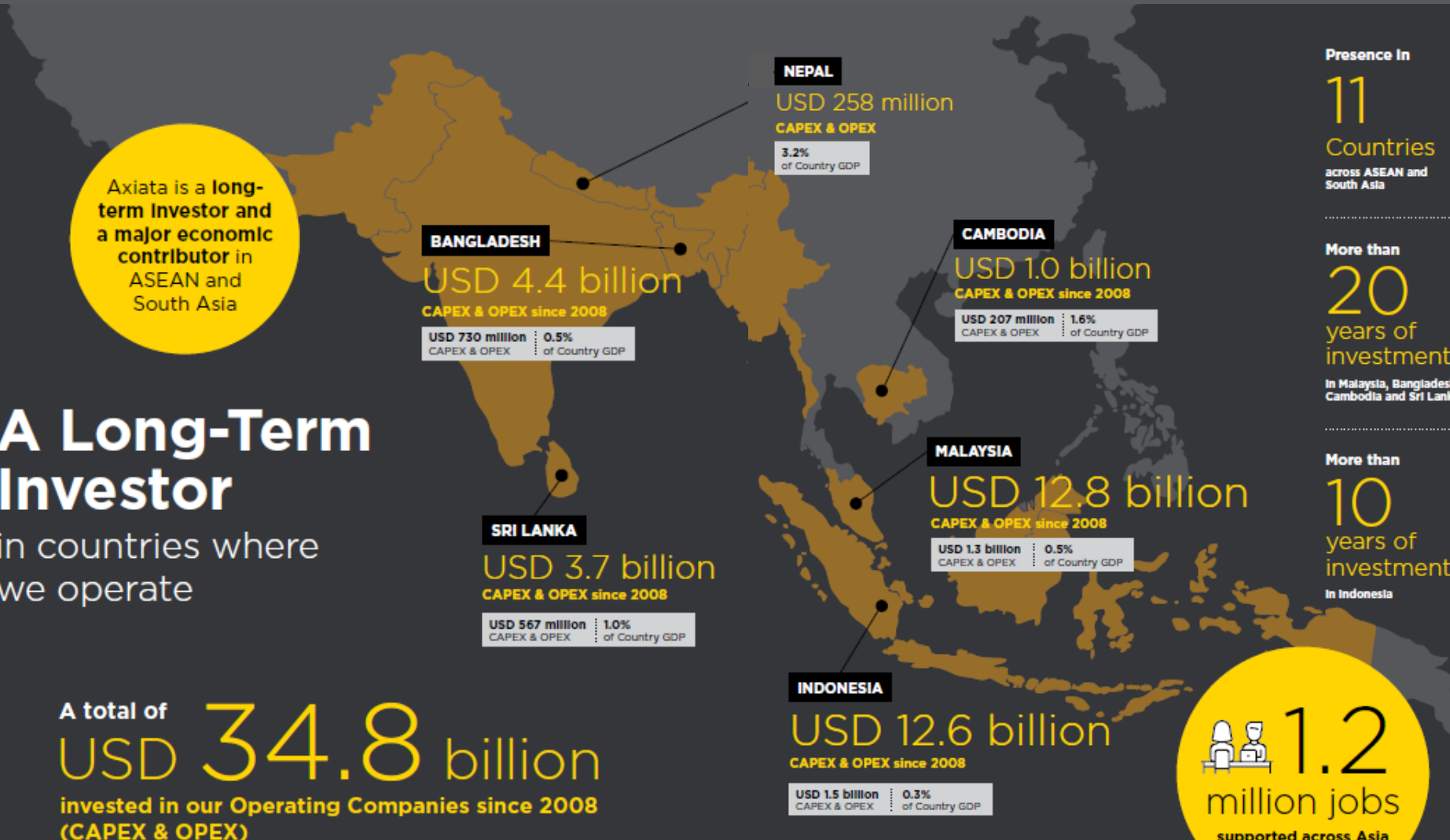
Note: *Includes External Investments and Internal CAPEX for digital businesses

Axiata is a **long-term investor** and a **major economic contributor** in ASEAN and South Asia

A Long-Term Investor

in countries where we operate

A total of **USD 34.8 billion** invested in our Operating Companies since 2008 (CAPEX & OPEX)



Presence In **11** Countries across ASEAN and South Asia

More than **20** years of investment in Malaysia, Bangladesh, Cambodia and Sri Lanka

More than **10** years of investment in Indonesia

1.2 million jobs supported across Asia

ASEAN Has Great Foundation To Become A Global Leader In The Emerging Digital Economy



**Young Connected
Population**

40%¹

*...with >90% of them
connected to the Internet*



AEC Implementation

\$2.5tn GDP²

...as a single market



Huge ICT Investments

\$100bn (2015)³

... with ~15%+ CAGR over the past 5 years



High Literacy

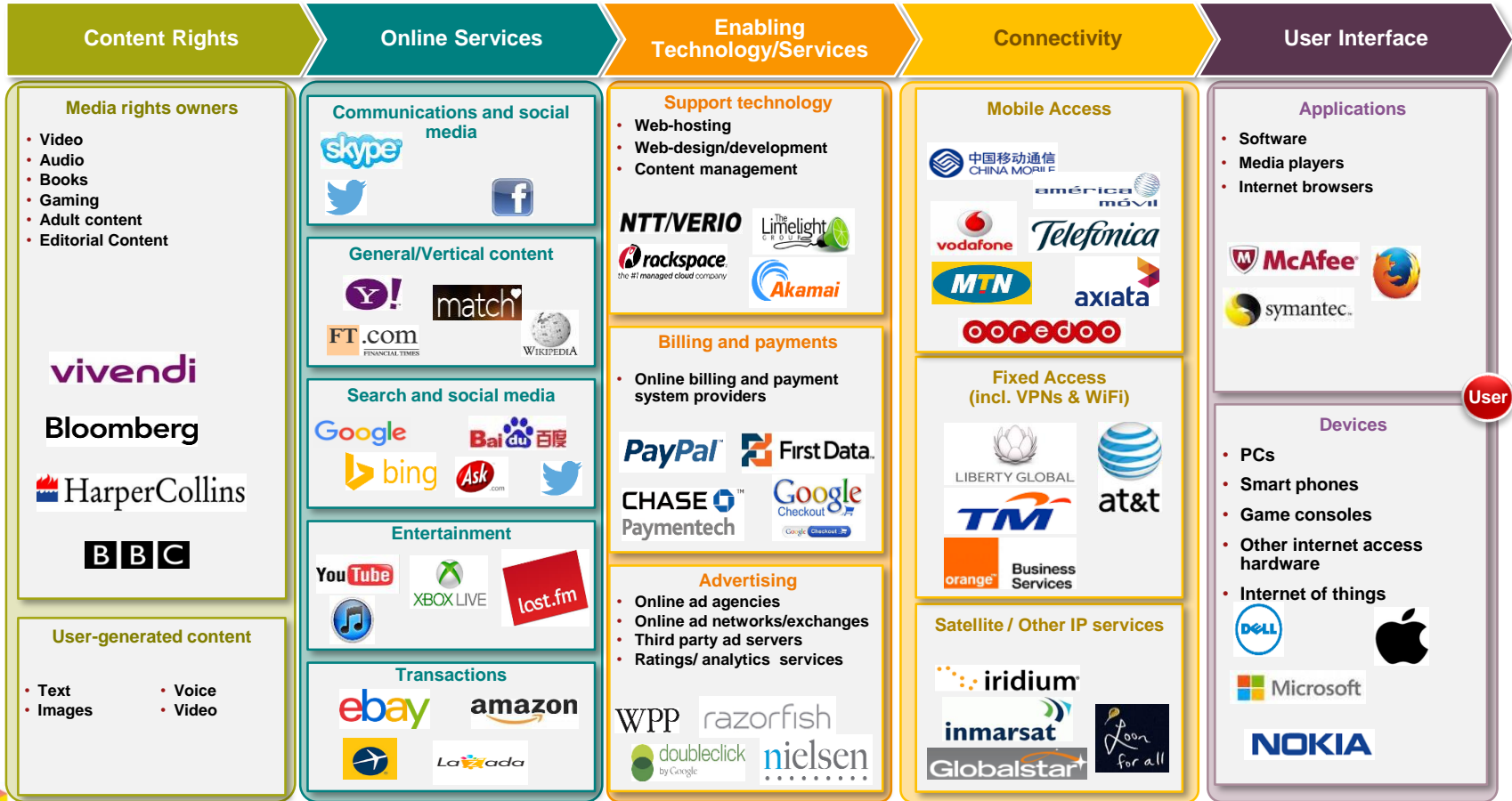
94%⁴

*...which is 10% above
global average of 84%*

1. Percentage of population under 30 years old
2. Combined GDP of ASEAN Member States in 2015
3. Government-planned ICT investment for year 2015
4. Percentage of adults above 15 years old who is literate by UN definition (ability to write, with understanding, a short simple statement about everyday life)

Source: EIU; World Bank; Press reports; UN ICT Index; A.T. Kearney

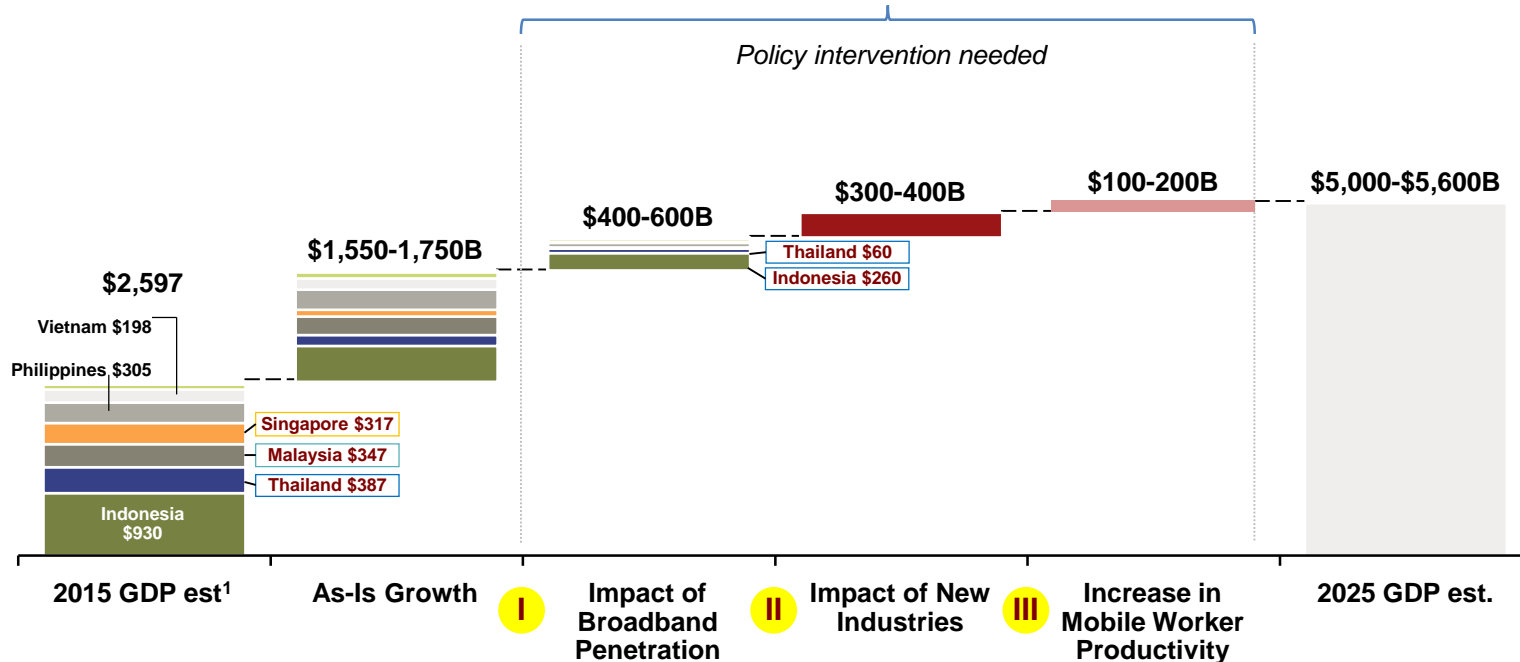
The Digital Economy And Value Chain Have Become Very Complex And Global



User

If All Recommended Measures Are Adopted, The Digital Economy Has Potential To Add Up To USD 1TRILLION To Asean GDP Over The Next 10 Years

Up to USD 1Trillion in incremental GDP over the next 10 years



Based on current prices: uses 2015 as baseline to project future nominal GDP growth

Source: GSMA, World Bank, Broadband Commission for Digital Development, IMF, ITU, Deloitte Telenor, Jones Lang LaSalle, Warsaw Institute for Economic Studies, A.T. Kearney

Five Key Policy Imperatives Are Critical To Enable Asean To Achieve Full Potential

Broadband Revolution



Release digital dividend (700MHz) by 2017, >20MHz for top operators



Technology neutrality allows operators to maximize technological benefits



4 or less operators per country means healthy operator economics

Mobile Financial Serv & E-commerce



Operator-led non-banks



Clear simple regulations harmonized across ASEAN



35 connected smart cities with tax incentives for M2M

Trust & Security



National e-ID based on mobile numbers for delivery of public services



Interoperability of national ID's across ASEAN



Harmonize cybersecurity, data protection, privacy laws

Local Digital Economy



Level playing field with OTT providers



Fair tax regime and local employment



Tax the provider (Diverted Profits Tax)
Tax the consumer at consumption

Digital Innovation



100% broadband access at all schools and colleges by 2020



New ways of teaching: blended learning, MOOC, entrepreneurship



Promote digitalization of sectors e.g. SMEs



Certainty and Sustainability are the two key drivers of long term Mobile Broadband infrastructure investment...

▪ Regulatory Frameworks

- Clear & Forward-Looking **Industry Development Masterplan** – Consultative, transparent, evidence-based analysis
- Rational **Regulatory Costs** (spectrum reserve prices, license fees) and **Industry Specific Taxation** (industry & consumer facing)
- **Convergence Regulation:** Technology agnostic, Level-Playing Field approach (e.g. Fixed & Mobile, Access, Gateway & Transmission)

▪ Return on Investment

- Sustainable market structures and supportive Regulation such as **Spectrum Pooling / Trading, Active NetCo, Facilitative Mergers/Consolidation Rules**

▪ Access to Capital

- Liquidity and depth of **Local Capital Markets** (access to debt and equity)
- **Currency** (monetary policy) stability and limited capital controls

▪ Ability to Launch New Services

- Certainty of **Spectrum Availability and Allocation** for LTE, IoT and 5G
- **Spectrum Re-farming** / Neutrality for upgrading to more efficient (lower cost, higher performance) technologies
- Enabling **FinTech related authorizations** for telecom operators (payments, deposits, remittances, insurance) and level-playing field between banks and non-banks



Thank You

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