



Investor and Analyst Day in Yangon

December 1, 2016

“Our customers favorite
partner in digital life”

Agenda



Topic	Presenter
Telenor Myanmar overview	Lars Erik Tellmann - CEO
Financial Performance	Caroline Yin Yin Htay - CFO
Market Updates	Joslin E. Myrthong - CMO
Network Updates	Jai Prakash - CTO
Regulatory Updates	Gunnar Bertelsen - CCAO
2017 Plans	Lars Erik Tellmann - CEO

MARKET LEADERSHIP

- Best Data Network
- Strong Brand
- Growing Cash Flow

GROWTH PRIORITIES

- Digital Enabler
- Broadband Opportunity
- Postpaid

MANAGING COST

- Fit 4 Fight
 - Operating Model
 - Digitalizing Core
-

Growth outlook for Myanmar's telecom industry



World Bank

There are now opportunities for the country to resume its place as one of the most dynamic economies in Asia.

(Source: World Bank, Myanmar Sep '16)

Country

- Large and young population
- Desirable geo-political position
- Urbanization and modernization



Economy

- Fastest growing Economy
- Rising of the middle class
- Increased productivity



Telecom

- 3 to 4 player market
- Limited fixed broadband
- Room for growth of smartphone penetration and LTE



Consumer

- Data-centric consumers
- Everybody on social media
- FB dominant behavior with Streaming growing rapidly



Telenor Myanmar approaching market leadership position



“Myanmar is emerging as one of the world’s first smartphone-only mobile markets. And this development is helping the country make other leaps in market development.”

(Source: WPP, Spotlight on Myanmar: The leapfrog nation, 2016)



85%
population coverage

18
million customers

87k
Point of Sales

39%
GSM SIM market share



Rank #1 on NPS₁

Most Innovative Brand₂

1,088 billion
MMK Revenue
12-m period ended Q316

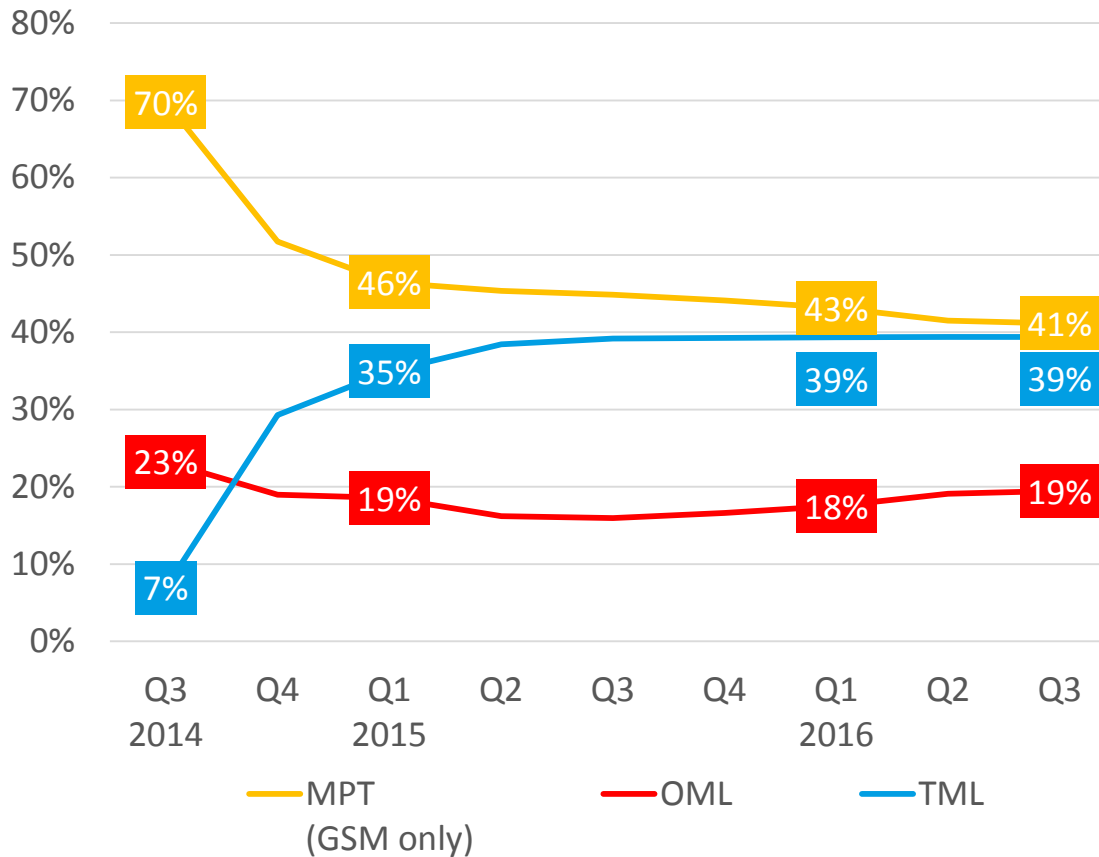
64%
Active data penetration

1. NPS (Source: Brand Health Tracker, Q3 2016)
2. Brand (Source: WPP, Spotlight on Myanmar: The leapfrog nation, 2016)

In record time Telenor Myanmar has come at par with incumbent operator



Subscriber Market Share in Myanmar



Highlights

- MPT has both GSM and CDMA customers on their network
- On GSM only, TML is closing the gap with MPT on subscribers.
- 92% SIM penetration, with 48 million customers (est.)

Proving unmatched financial momentum after only two years in operation



Business Plan Ambitions

Current Status

Peak Funding
USD 1 billion

USD 732 million,
Incl. new spectrum



EBITDA positive
2 years

3 months



Cash Flow positive
3 years

15 months



**Total investment
> USD 1.5 billion**

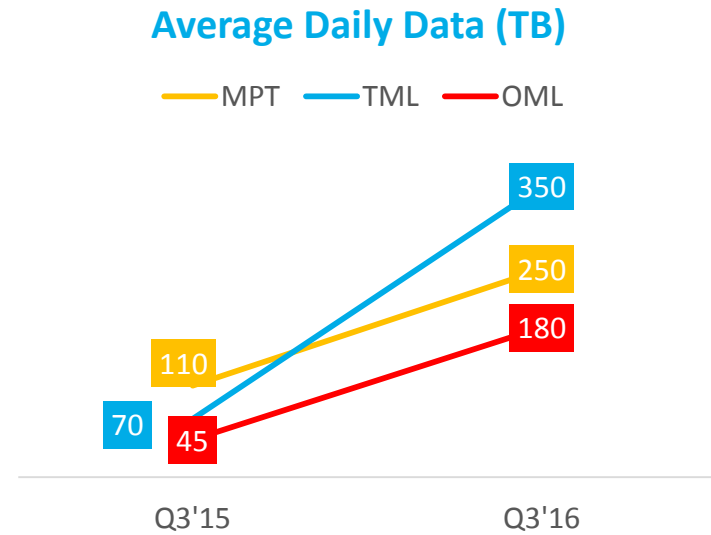
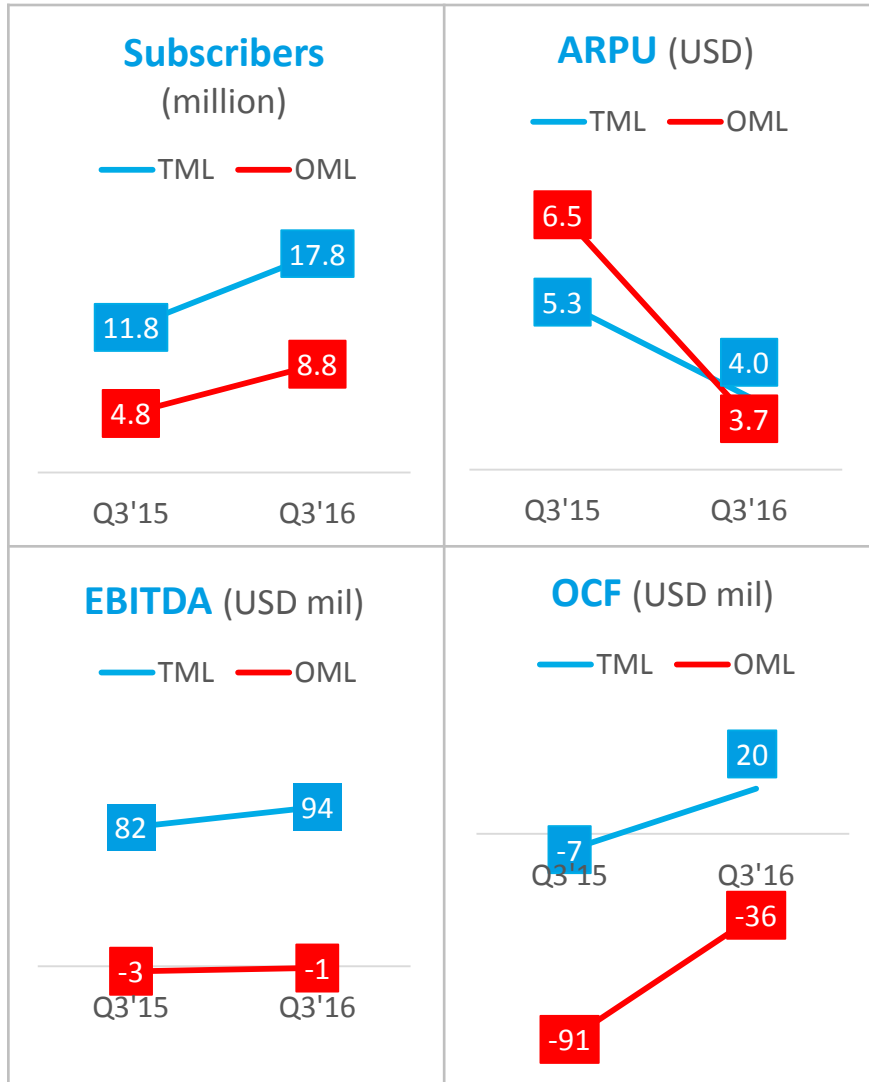
*Including reinvestment of profit
up to Q3 2016*

Dividend payout

- 0 -

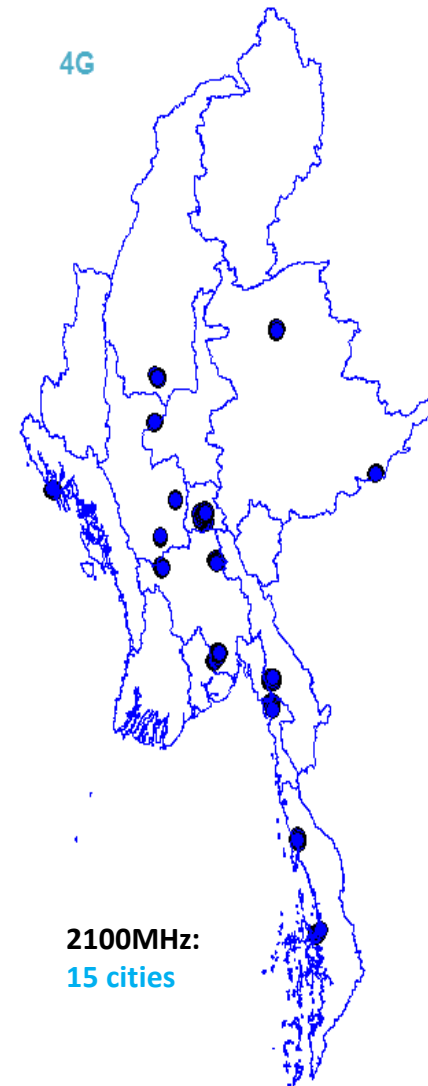
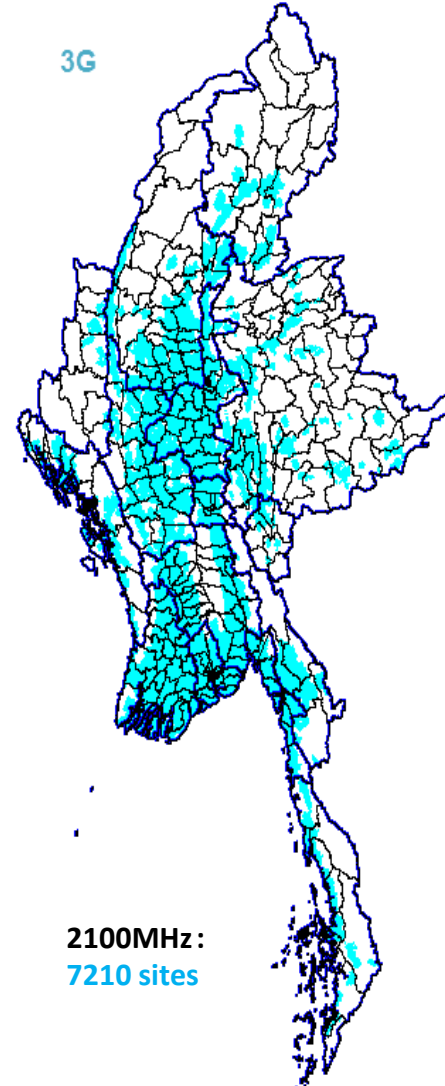
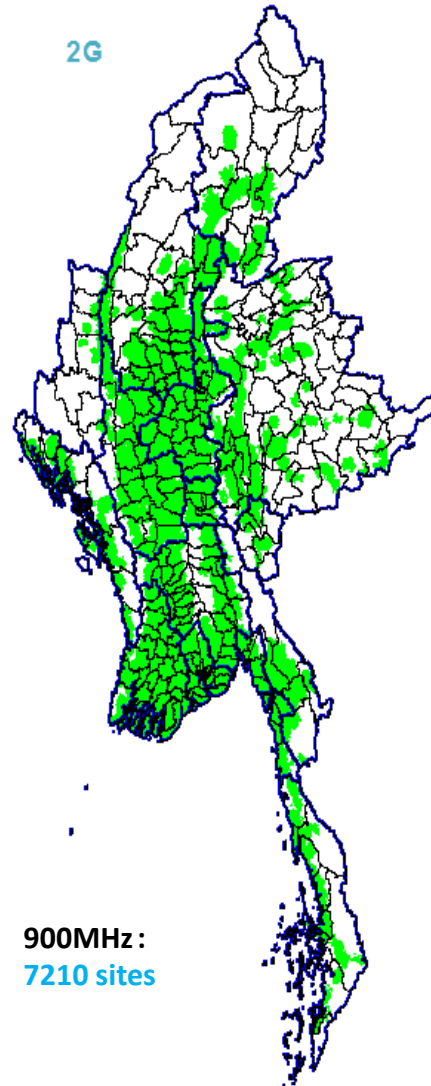
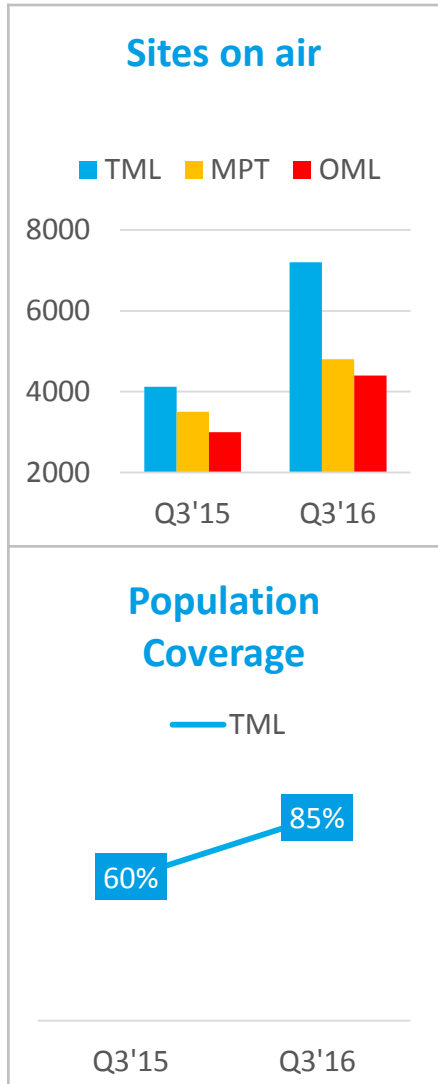
*All profit earned has been
reinvested in Myanmar*

Telenor Myanmar is pulling ahead on key dimensions

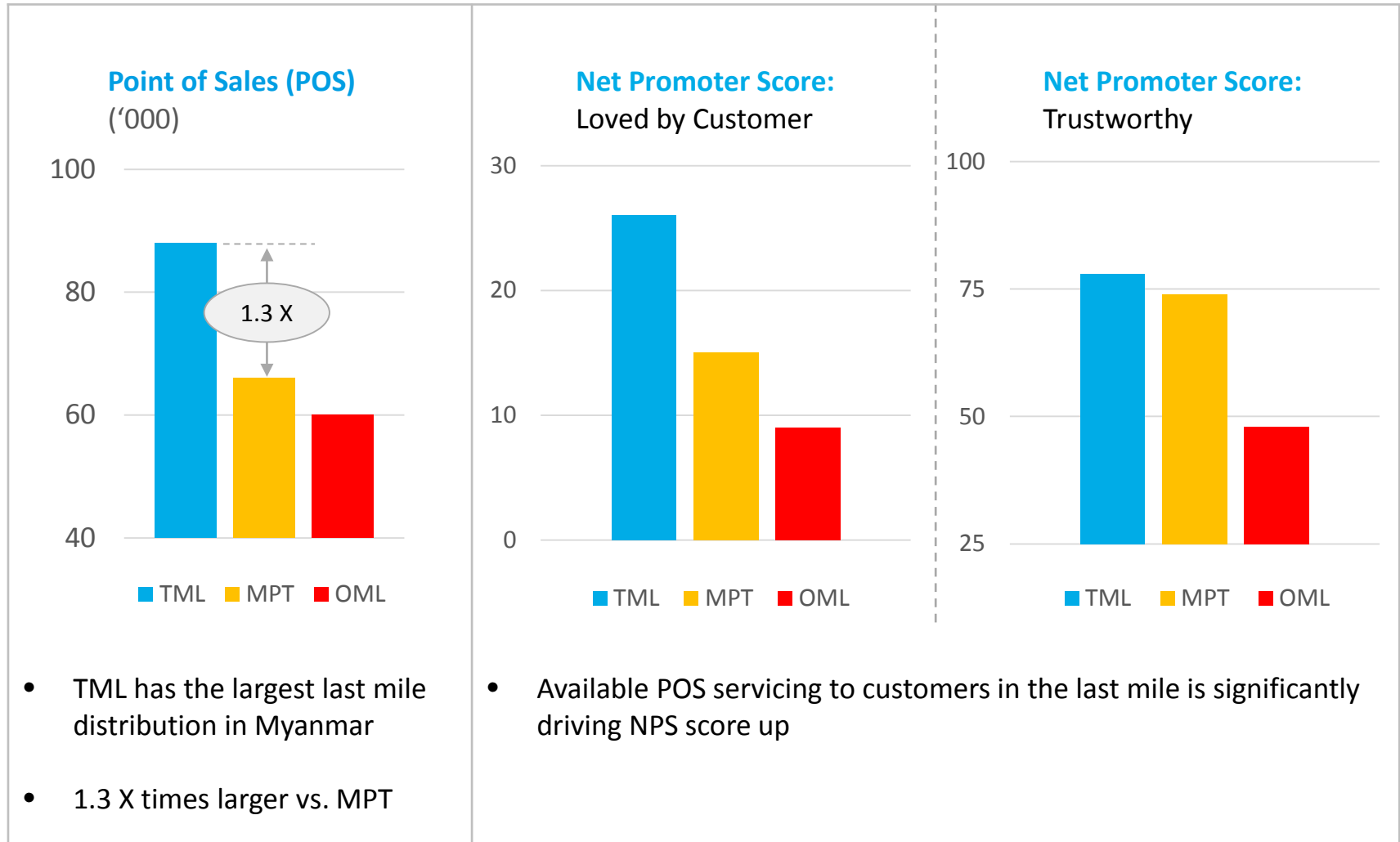


- **Versus OML:** TML has surpassed on all dimensions, which includes subscribers and financial performance indicators¹
- **Versus MPT:** TML carries close to 50% more traffic on daily average and is closing into GSM subscribers market share²

Driven by expanding nationwide network faster than competition



Best position on distribution reach with 87,000 points of sales, and highest service satisfaction rating



Operators in Myanmar are top of mind and liked



Most Innovative Brands	Most Loved Brands	Strongest Proposition
telenor 125	MPT 124	SAMSUNG 129
MPT 124	SAMSUNG 120	125
Ooredoo 118	telenor 118	MPT 118
Coca-Cola 117	HUAWEI 118	telenor 117
SAMSUNG 117	Max+ 116	Coca-Cola 116
<p>Be innovative, and let consumers know it</p>	<p>Be lovable</p>	<p>Make brand proposition clear, and then support it</p>

Telenor vision

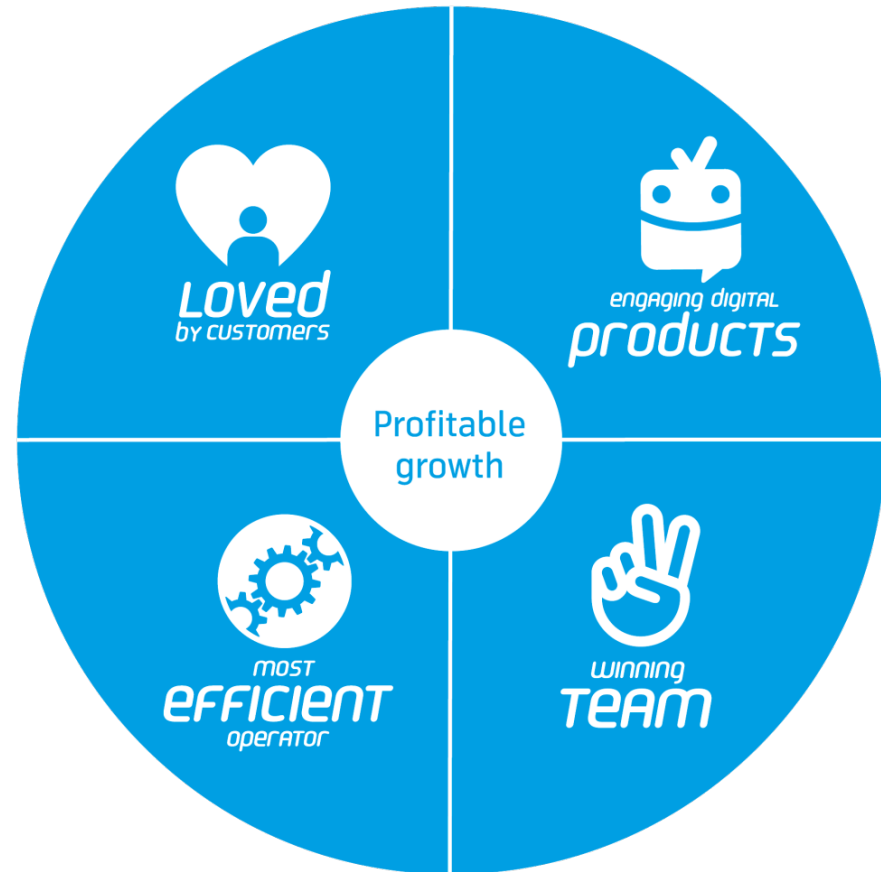
“**Empower society** by connecting people to information, content and services that matter to them, helping to improve their lives, and securing a better future for all”

Telenor mission

“Our customers favorite partner in digital life”

Ambition 2017

“No. 1 **operator** in Myanmar with a leadership position on **data network** and **digital enablement**”





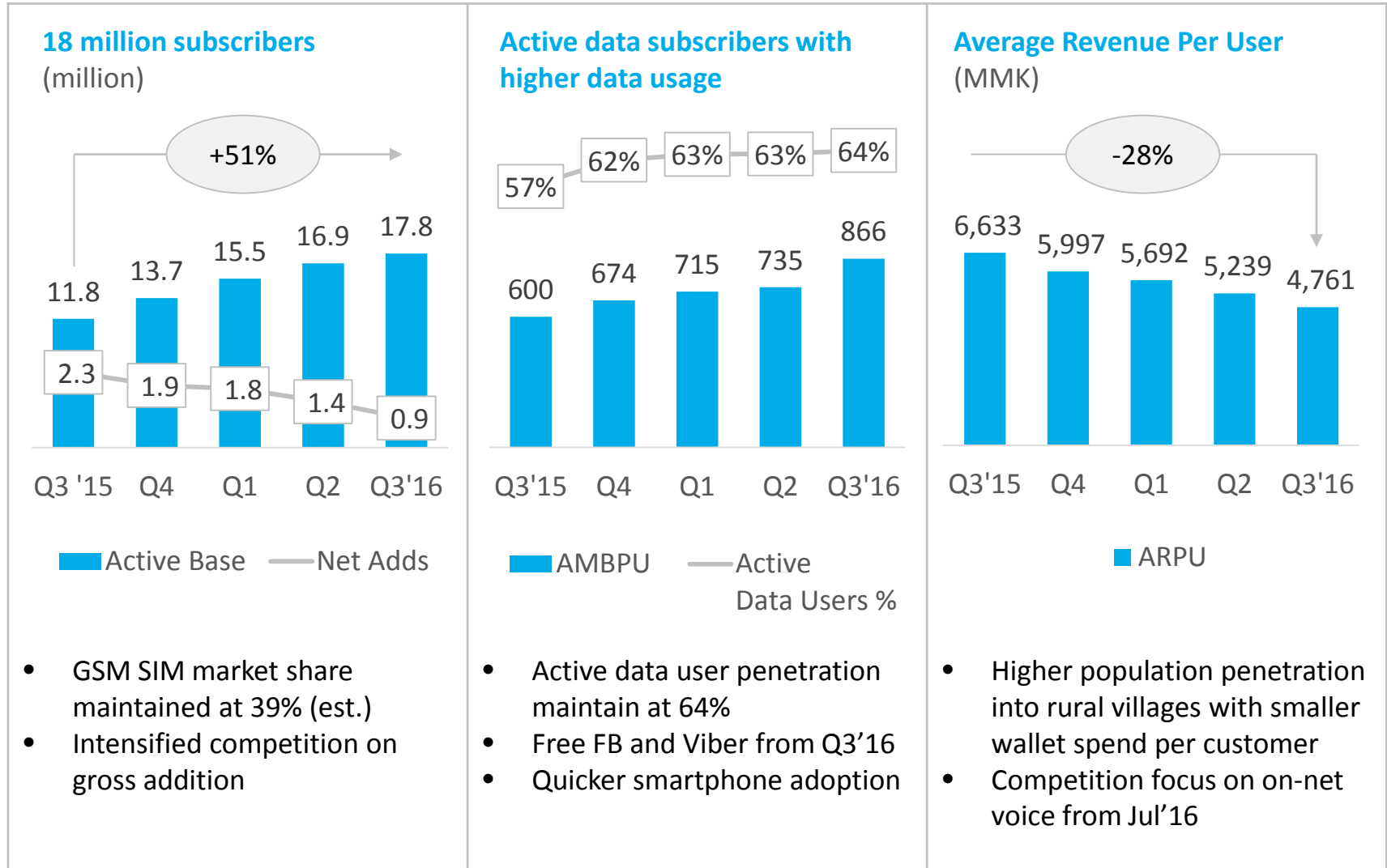
Financial Performance

Presenter

Caroline Yin Yin Htay, CFO

“Strong profitability and
growing cash flow”

Stronger subscriber base with increased data usage, amidst intensified competition

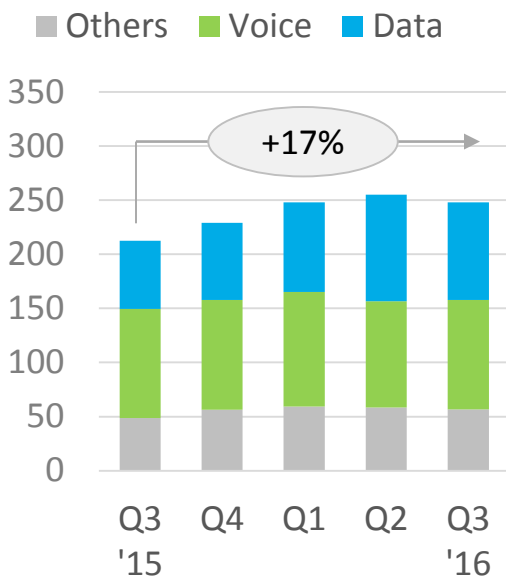


Revenue growth has been driven by data service



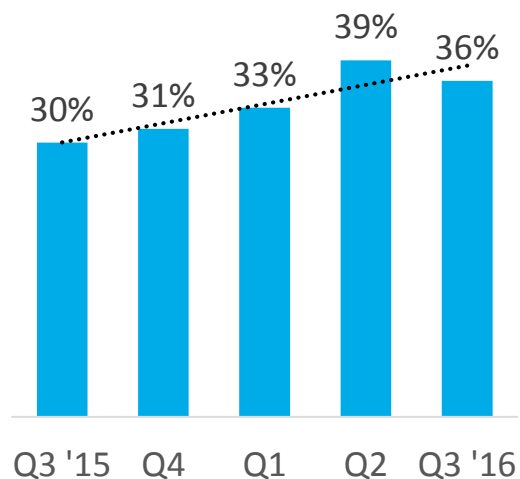
Mobile Revenues Own Subscription

(MMK billion)



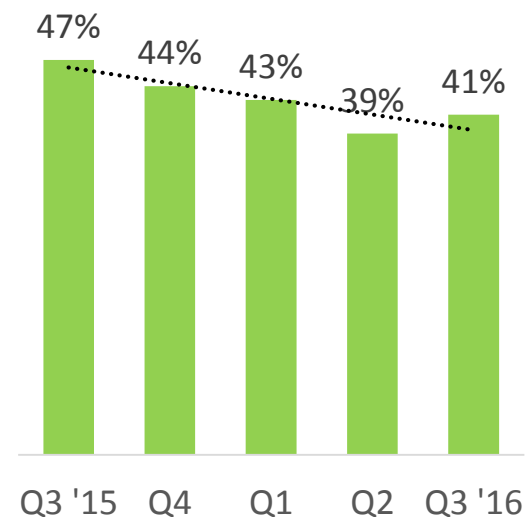
- Voice and data revenue Y-o-Y growth at 43% and 1% respectively
- Seasonality and Sate Kyite impacted Q3'16 revenue

Data as % of mobile revenues own subscription



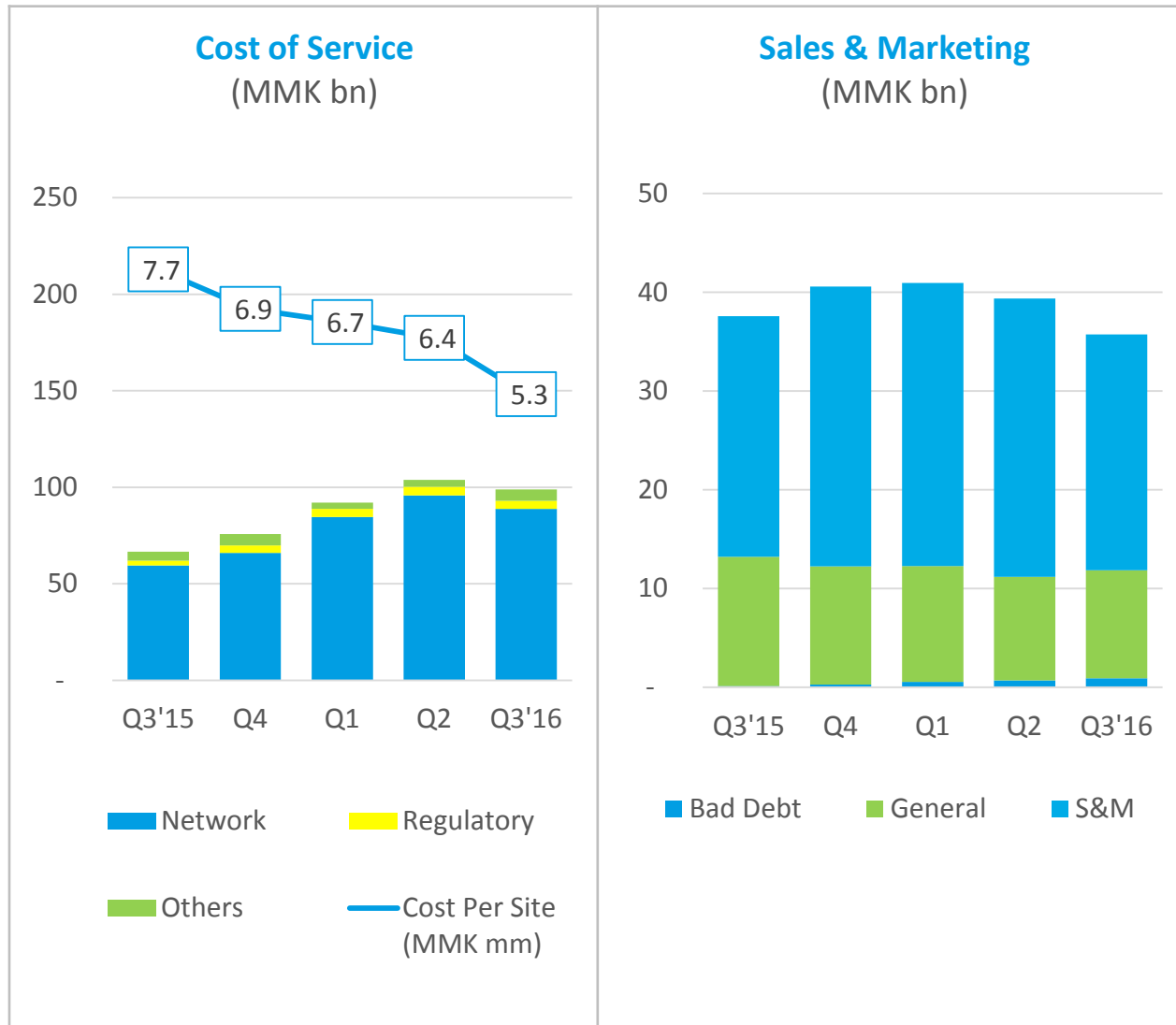
- Free Facebook (Sate Kyite) default product since Q3'16
- Data ARPU increased 13% YoY

Voice as % of mobile revenues own subscription



- Seasonality impact in Q2'16

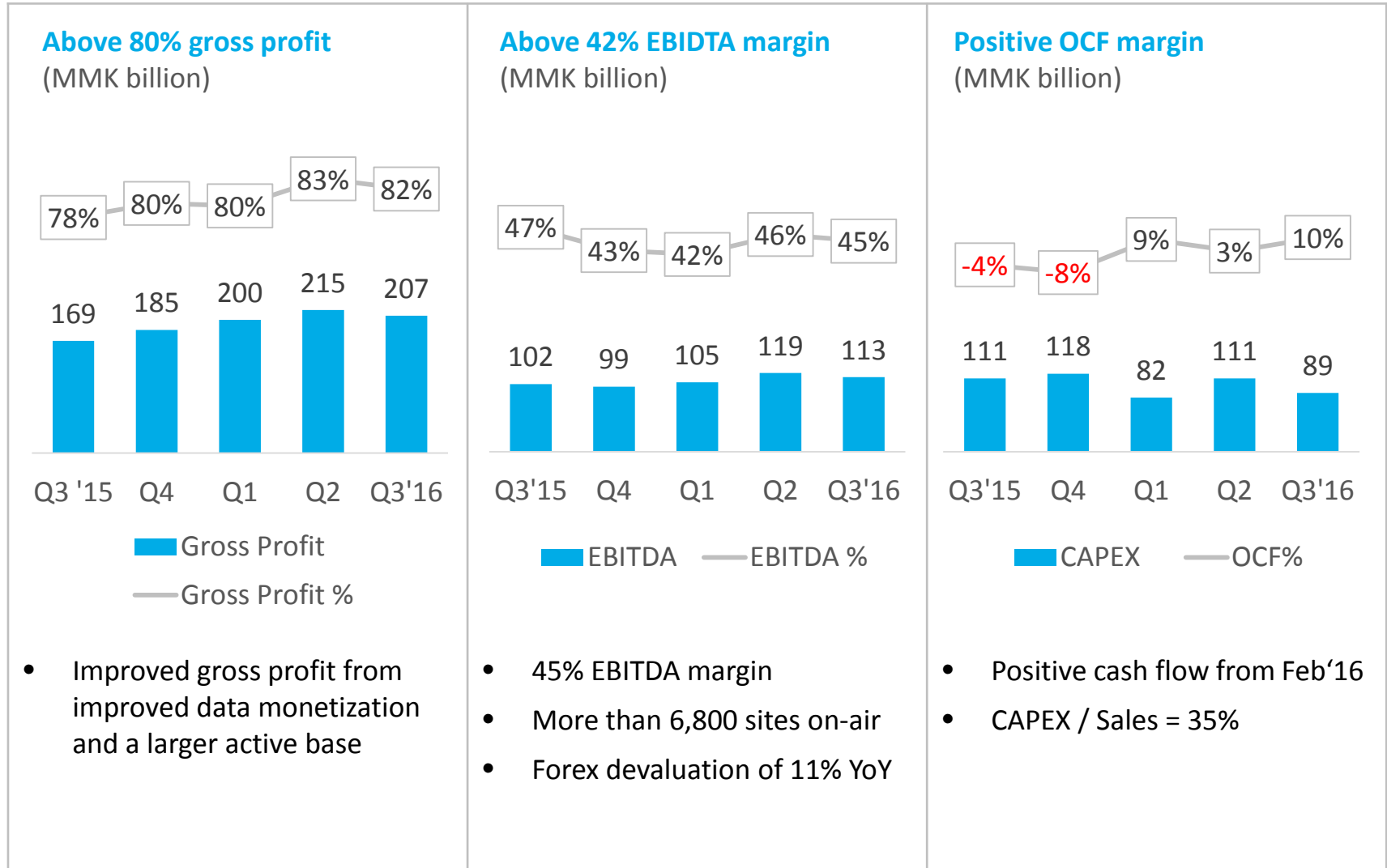
Cost are well under control



Cost per site on a decline trend from improved site sharing and electrification

Sales and Marketing on a declining trend from continuous optimization of advertising and promotion

Strong and stable profitability, with growing cash flow



Maintain 2016 outlook



Financial	Full Year Guidance	Highlights
Revenue (MMK billion)	46% - 47% Y-o-Y Growth	<ul style="list-style-type: none"> • Faster market penetration than planned • Accelerated price pressure towards mobile termination rate (MTR) • Marginal customer on-boarded
Gross Margin	82% - 83%	<ul style="list-style-type: none"> • Gross margin Y-o-Y improved > 5pp • Improved efficiencies
EBITDA Margin	42% - 44%	<ul style="list-style-type: none"> • Same level as in 2015 • Absolute Y-o-Y EBITDA growth > 56% • Local currency devaluation 11% Y-o-Y
Operating Cash Flow Margin	5% - 8%	<ul style="list-style-type: none"> • Positive OCF since Feb'16 • Positive Q-o-Q for 3 quarters



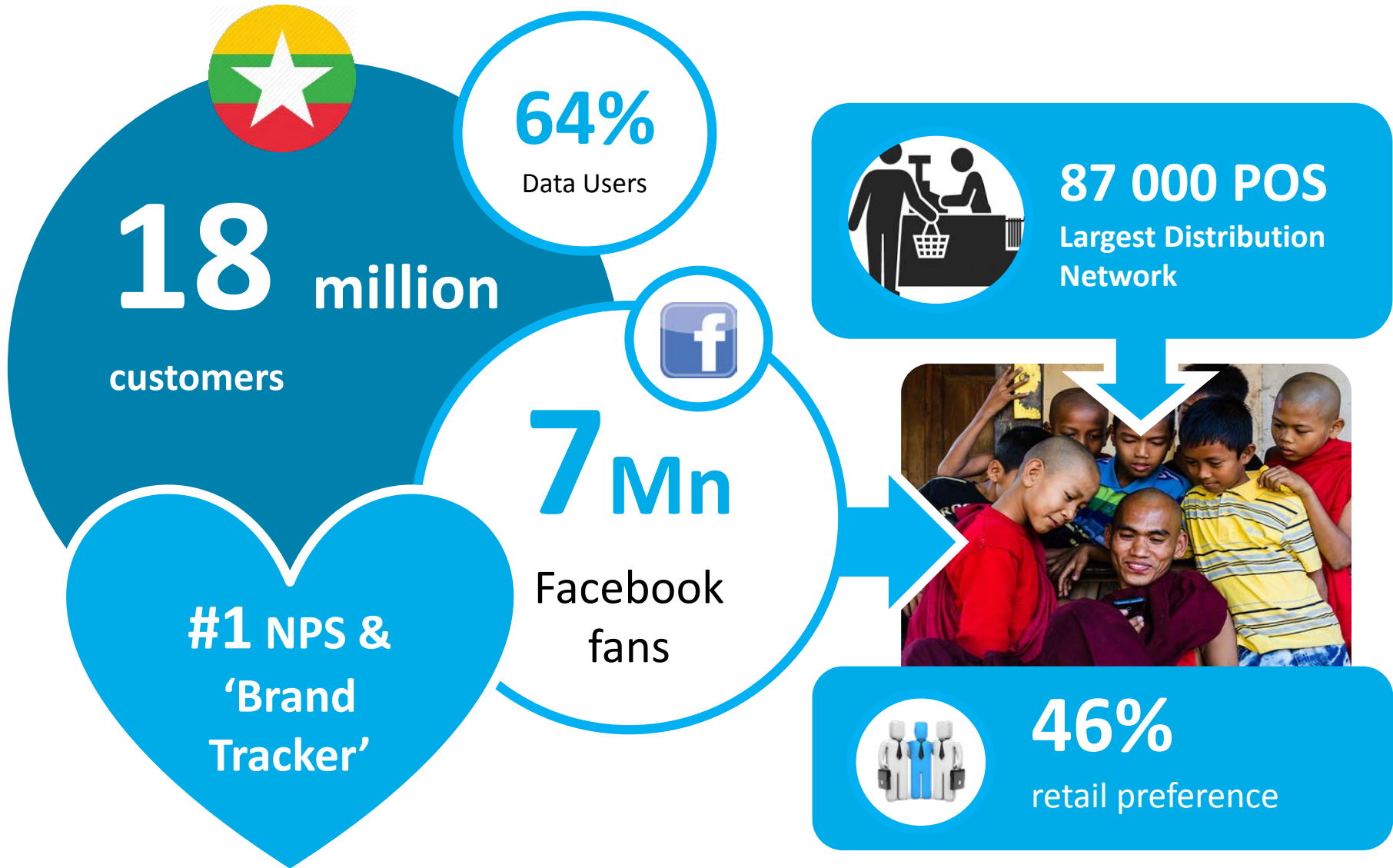
Market Updates

Presenter

Joslin E. Myrthong, CMO

“Evolving competitive landscape
as market matures ...”

Telenor stands on a solid base



Telenor is loved by the Burmese people

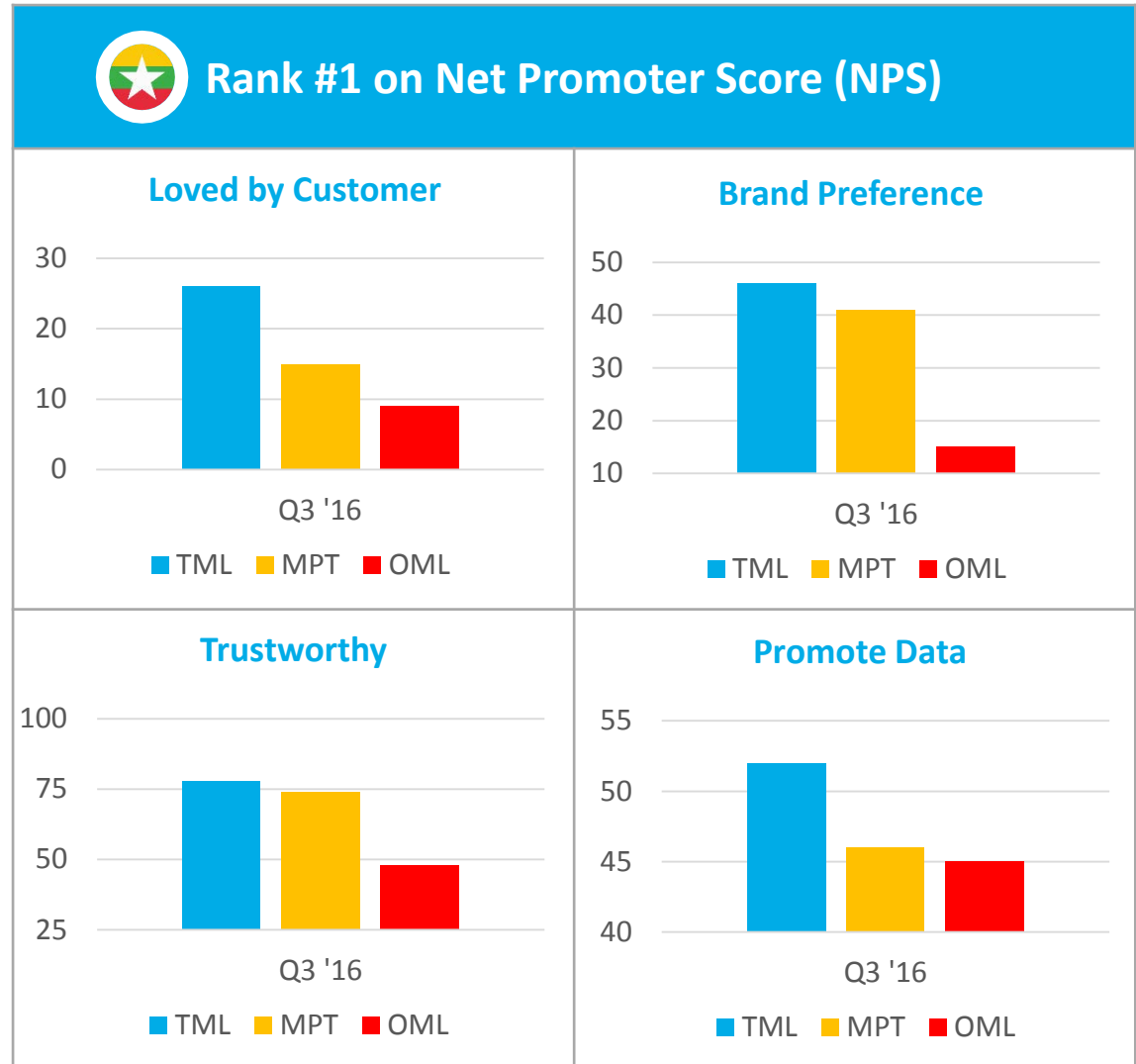


Most Innovative Brands



Telenor scored the highest on the 'Most Innovative Brand' in the BrandZ™ Myanmar study.

Survey Source: WPP, Spotlight on Myanmar: The leapfrog nation, 2016

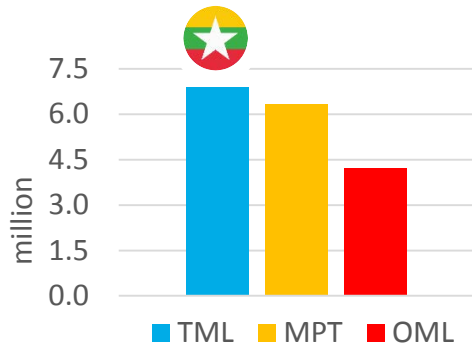


Accelerated digital adoption for Telenor customers

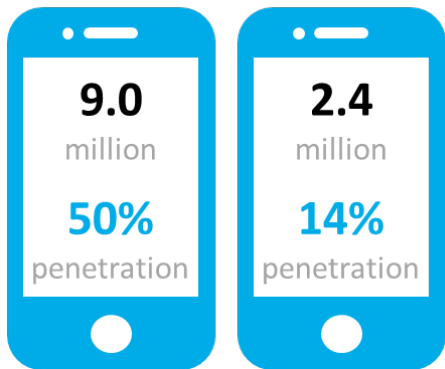


Facebook Fan Base

(as of Nov'16)

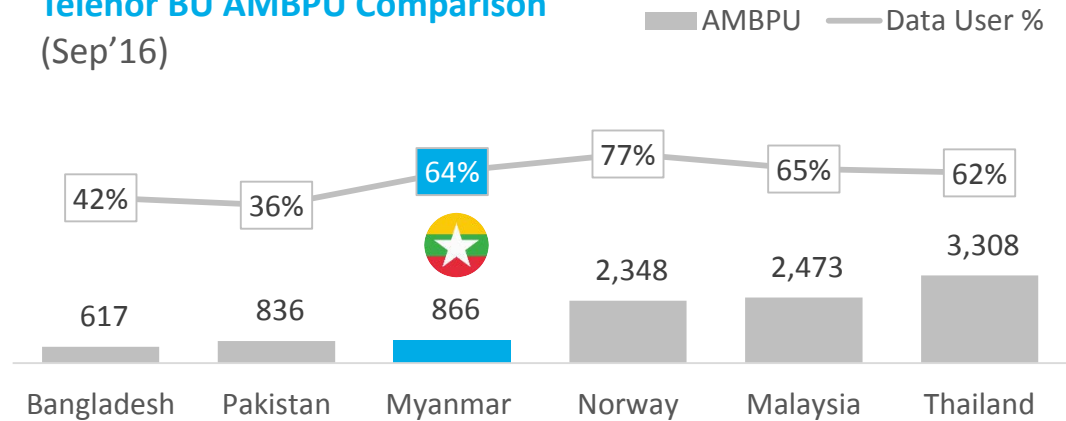


Smartphone 4G Handsets

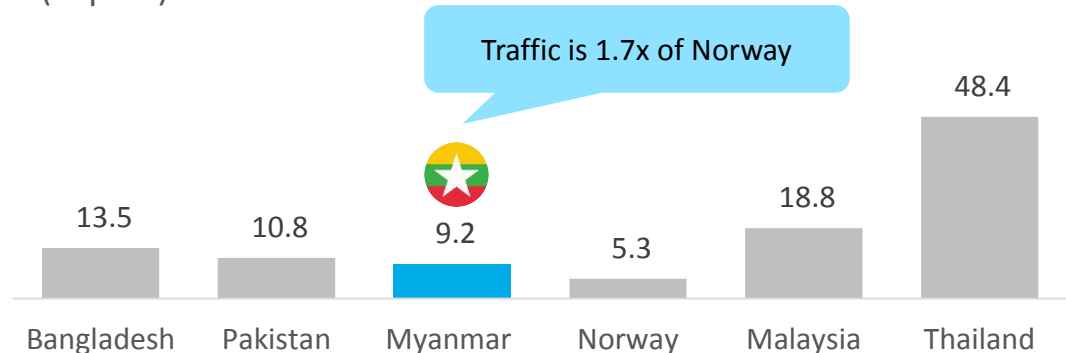


Internet For All

Telenor BU AMBPU Comparison (Sep'16)



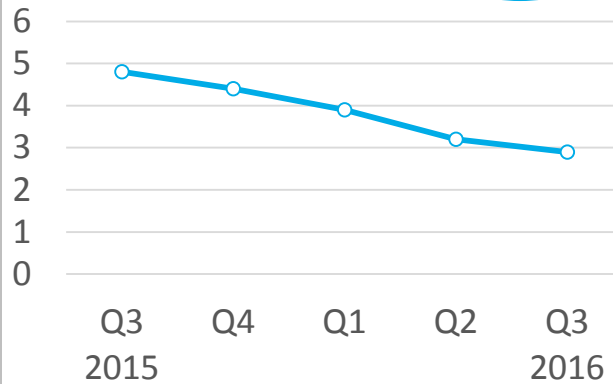
Telenor BU Total Data Traffic Comparison (Sep'16) - TB '000



Hero products lowering data prices ... increase revenue with stabilizing ARPU

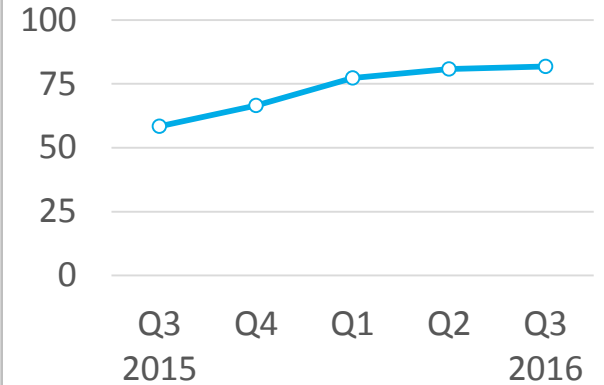


Average Price per MB (MMK per MB)



47%
Market Share*

Data Revenue (MMK billion)



#1
data NPS

23% Data ARPU Growth Y-o-Y

Remain best and widest in distribution



“Available Everywhere”

Widest distribution reach

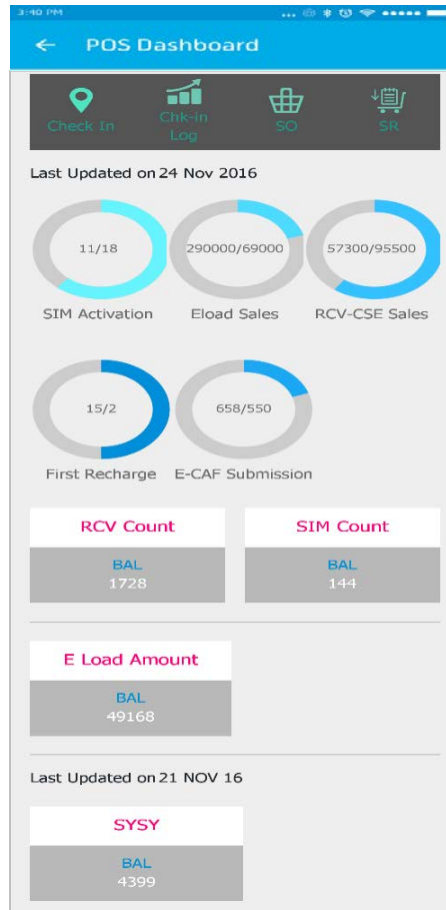
	TML	MPT	OML
DTR	200+	18 - 22 each	
POS	88k	60k each	

- Strong Channel Relationship
 - Direct servicing to all POS
 - Dedicated channel partner for each township

Cluster Model

Last mile reach to POS

Controlled and systematic distribution



Digital transactions

- Online customer registration
- End to end sales transactions

KPIs on the go

- Retailer’s Stock and Sales
- Sales Force Target and achievement

Upsell Services (Enabler)

- Integrating next best offer for customers

Efficient and effective value driven selling by LARGEST distribution of Myanmar

Contextual marketing will be a tactical differentiator for Telenor in Myanmar




Today

- Mass market broadcast
- One size fit all approach
- 'Law of Average' approach

Contextual Marketing

From December 2016

- Personalized offerings
- Real-time offers
- Improved experience = NPS

 Khin Khin	Subscription	Free Facebook (Sate Kyite)
	Data Usage	1,000 MB
	FB Usage	600 MB
	Favorite Purchase Channel	My Telenor App

 Dec 5, 2:03 pm

- Starts browsing Facebook
- Heavy FB user



Dec 5, 2:02 pm

- FB usage limit exhausting soon
- Has enough account balance



Dec 5, 2:03 pm

Receives a limited offer to buy FB data via App

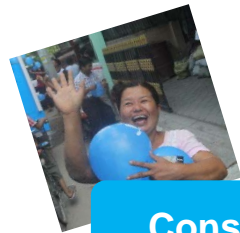


Dec 5, 2:04 pm

One click purchase and smiles away 😊

A powerful digital enabler for consumer and partners

Case study: Suzuki Cup free game with 'Forever Group'



Consumer Value

- Watch anywhere
- For free
- On any device

Offer:
Watch free on mobile, get pack on MyTelenor app

Value to Forever group

- Digital exposure and users
- New G2M channel
- Brand rub-off, innovative Telenor
- Customers payment enabled day 1

Telenor Value

- Brand exposure
- Media deals
- Connect ID & Telenor App users
- Monetize increased streaming use



700,000 activations in one day, 46 times Forever Group's monthly users

3 ambitions to become customers favorite digital partner in 2017/ 18





Network Updates

Presenter

Jai Prakash, CTO

“Going to catch them all!”
Pokémon-GO players in the streets of
Yangon in October 2016

Network supporting mass-market strategy



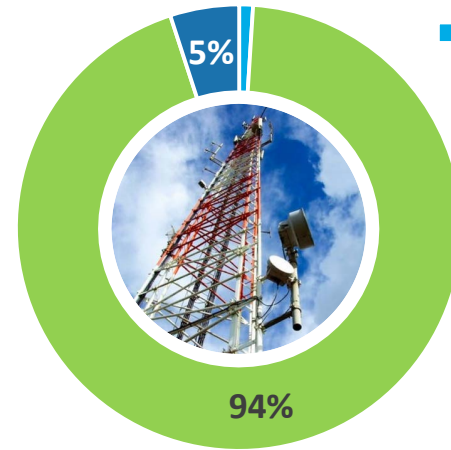
2G Nationwide coverage with EDGE activated for data

3G Nationwide 3G with HSPA+

4G Uniform 4G services in all major cities

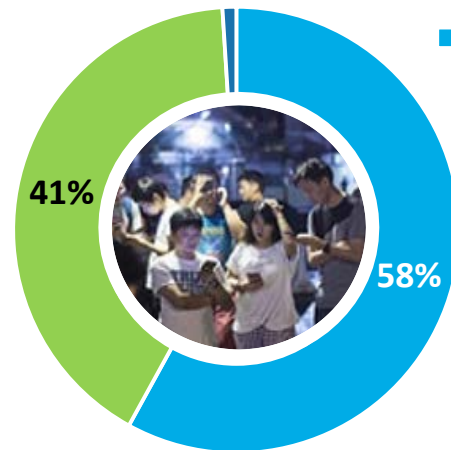
Traffic Distribution%

■ 2G ■ 3G ■ 4G



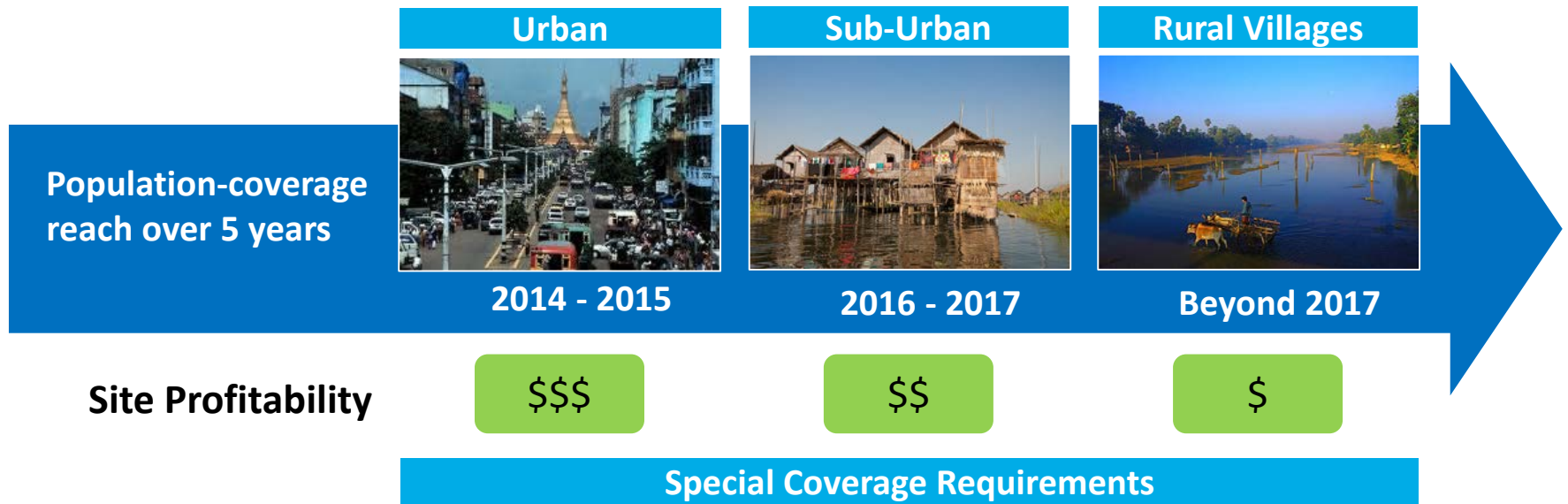
Subscriber Distribution%

■ 2G ■ 3G ■ 4G



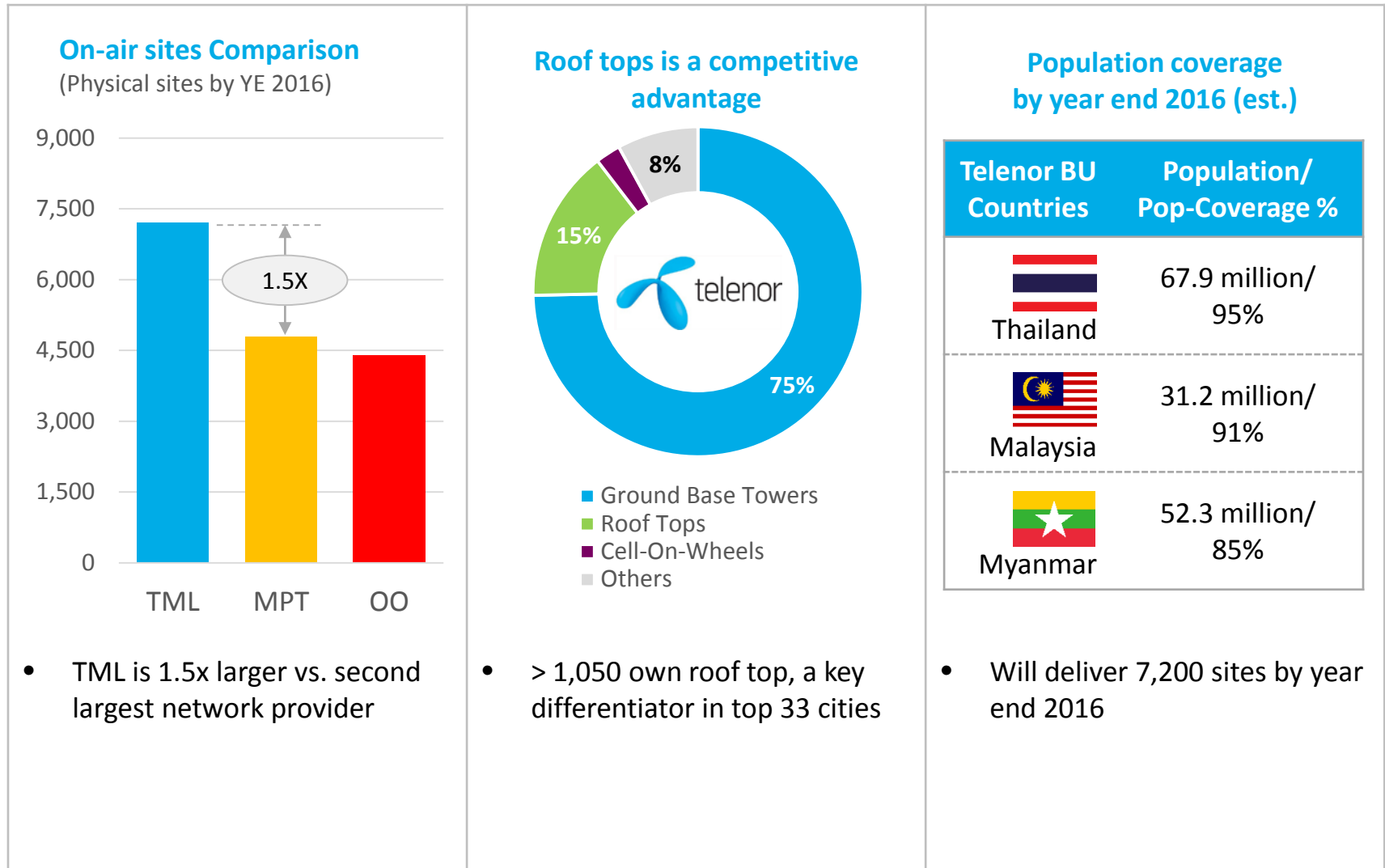
- 2G still relevant in rural and coastal areas
- 26% of low income group still prefers 2G

Network rollout strategy



- Big cities in first phase to ensure a rapid high density coverage
- Aligned with Myanmar regulatory ambition to maximize connectivity
- Implement low cost deployments in rural areas to ensure profitability
- Cluster by cluster completeness

Widest data network in Myanmar

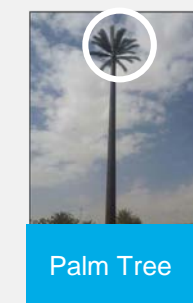
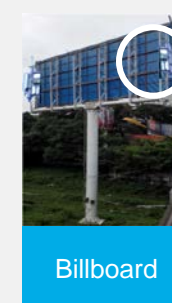
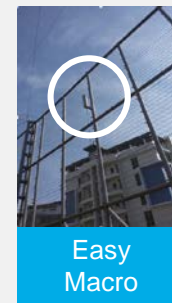
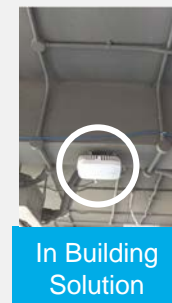
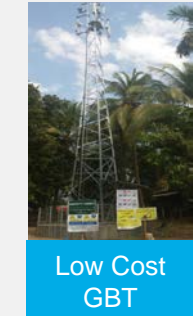
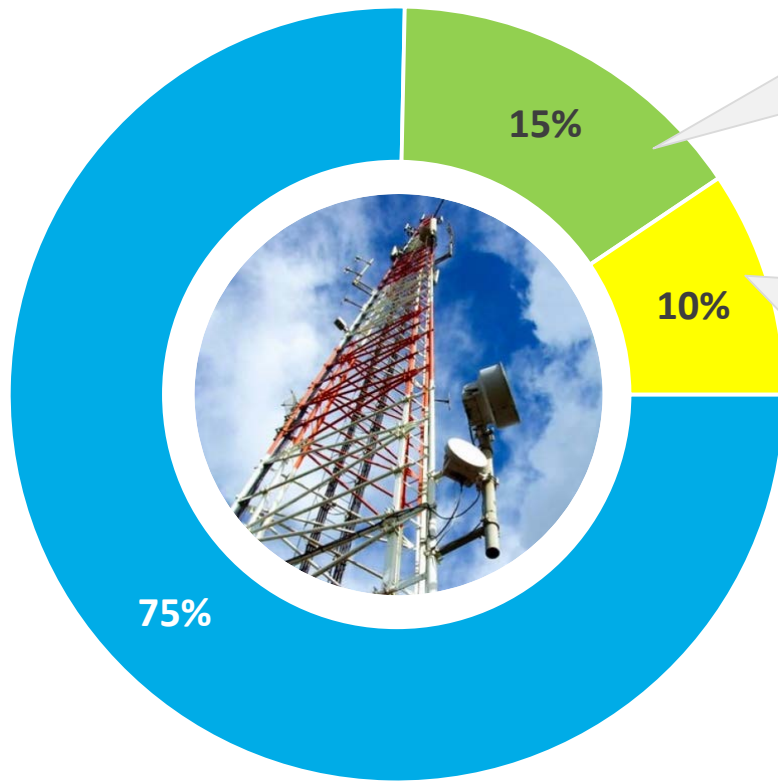


Deployment creativity to ensure network advantage



Tower Type

■ GBT ■ Rooftop ■ Innovative

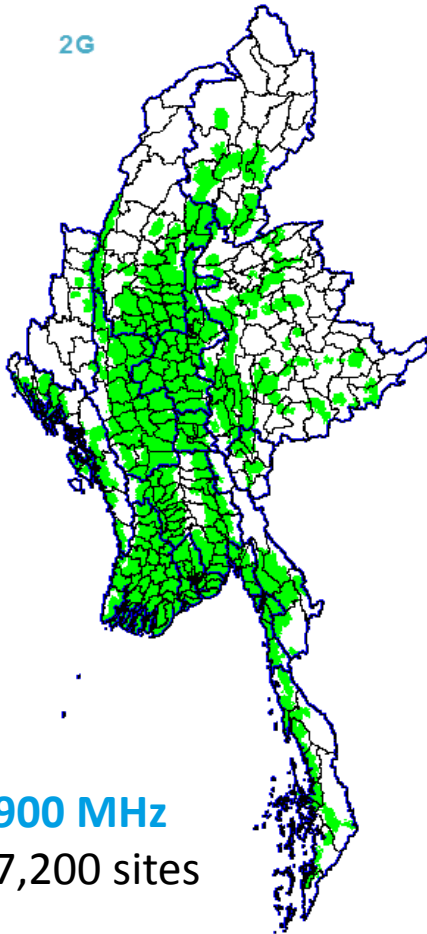


2016 Coverage Plan

3G coverage expansion, 4G on 2100MHz

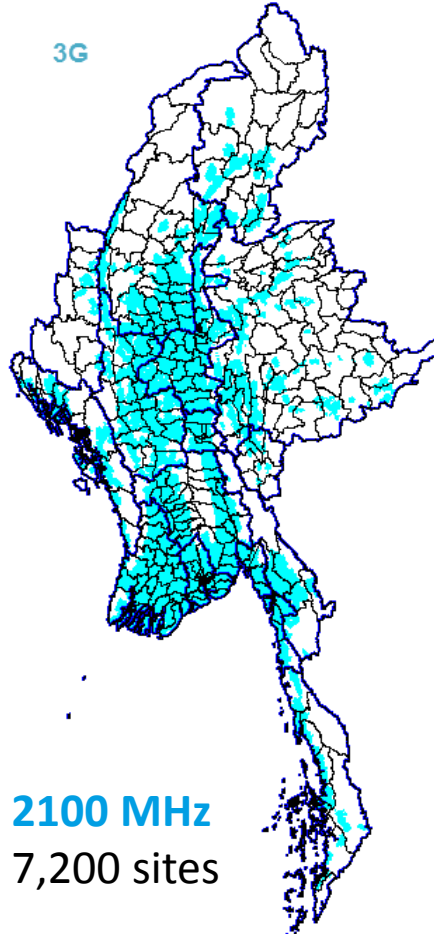


2G



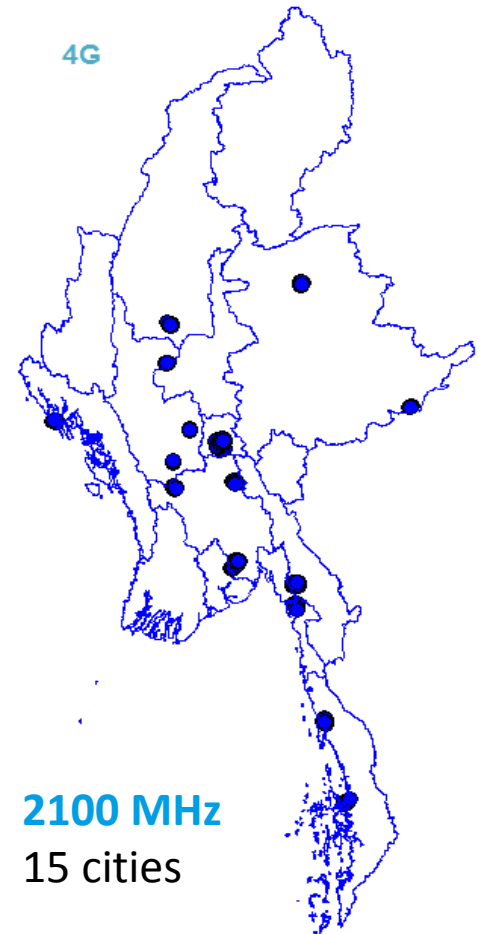
900 MHz
7,200 sites

3G



2100 MHz
7,200 sites

4G



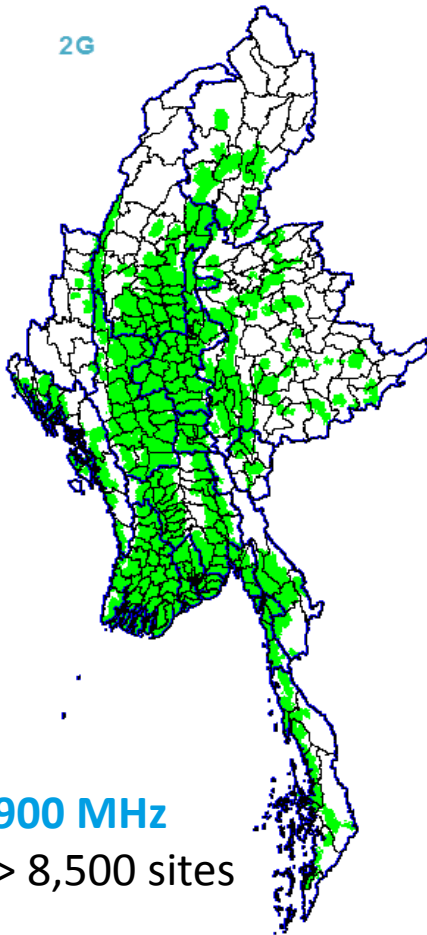
2100 MHz
15 cities

2017 Coverage Plan



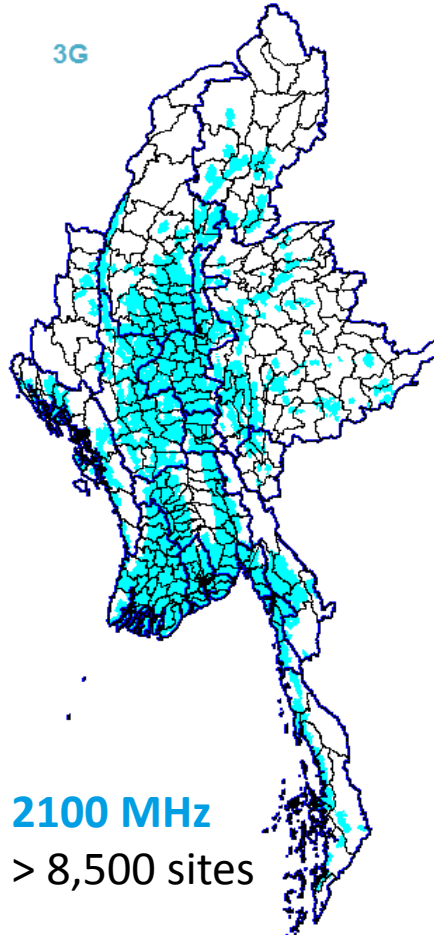
3G coverage expansion, 4G on 1800MHz

2G



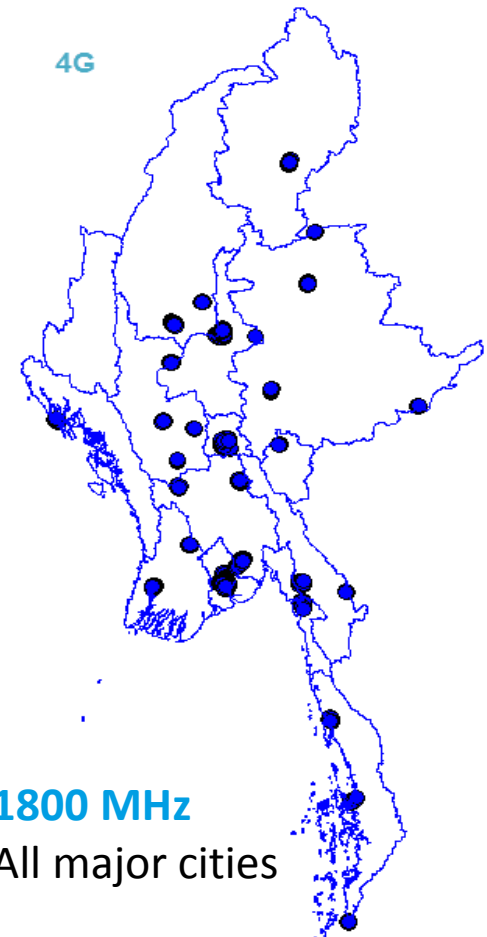
900 MHz
> 8,500 sites

3G



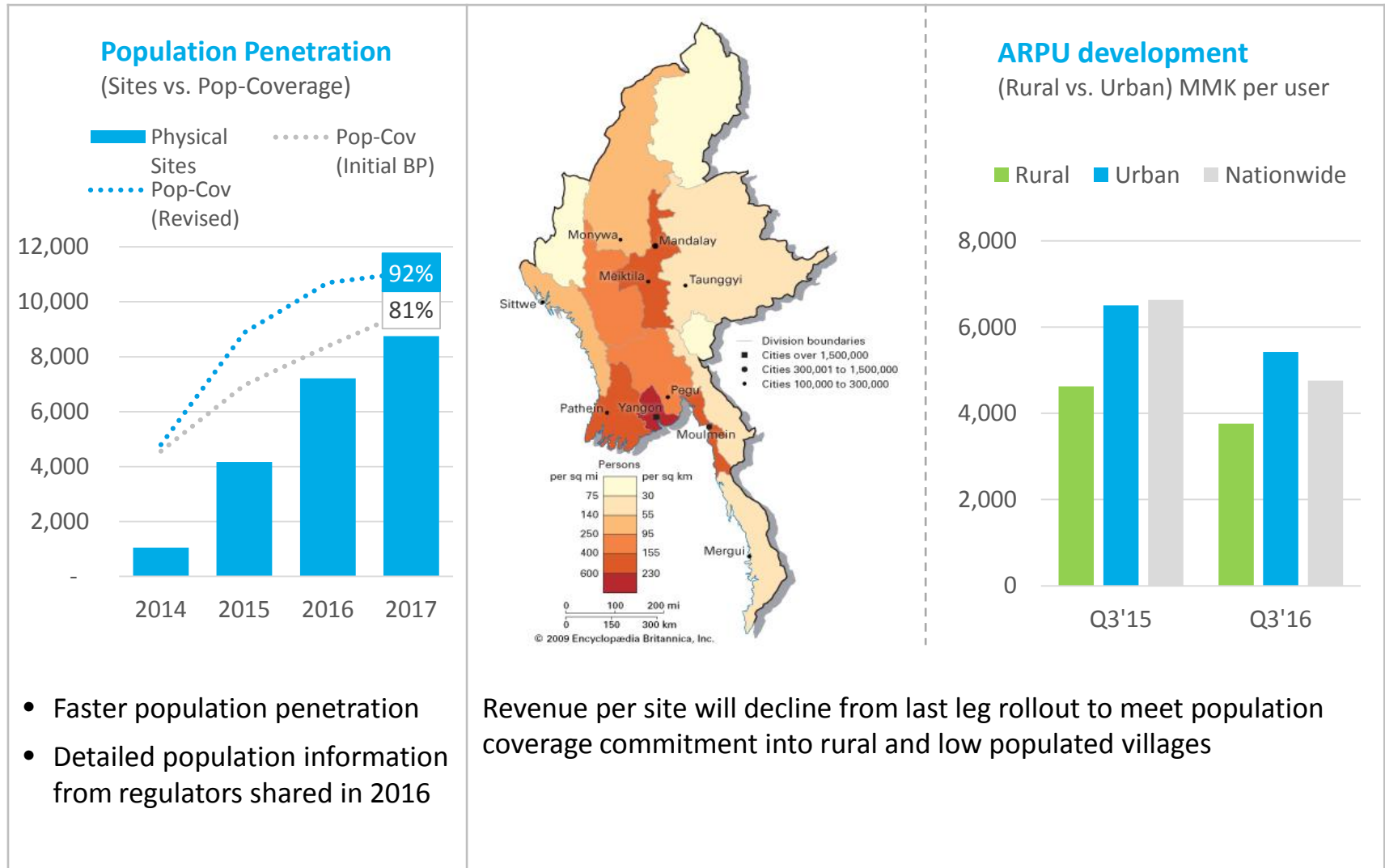
2100 MHz
> 8,500 sites

4G

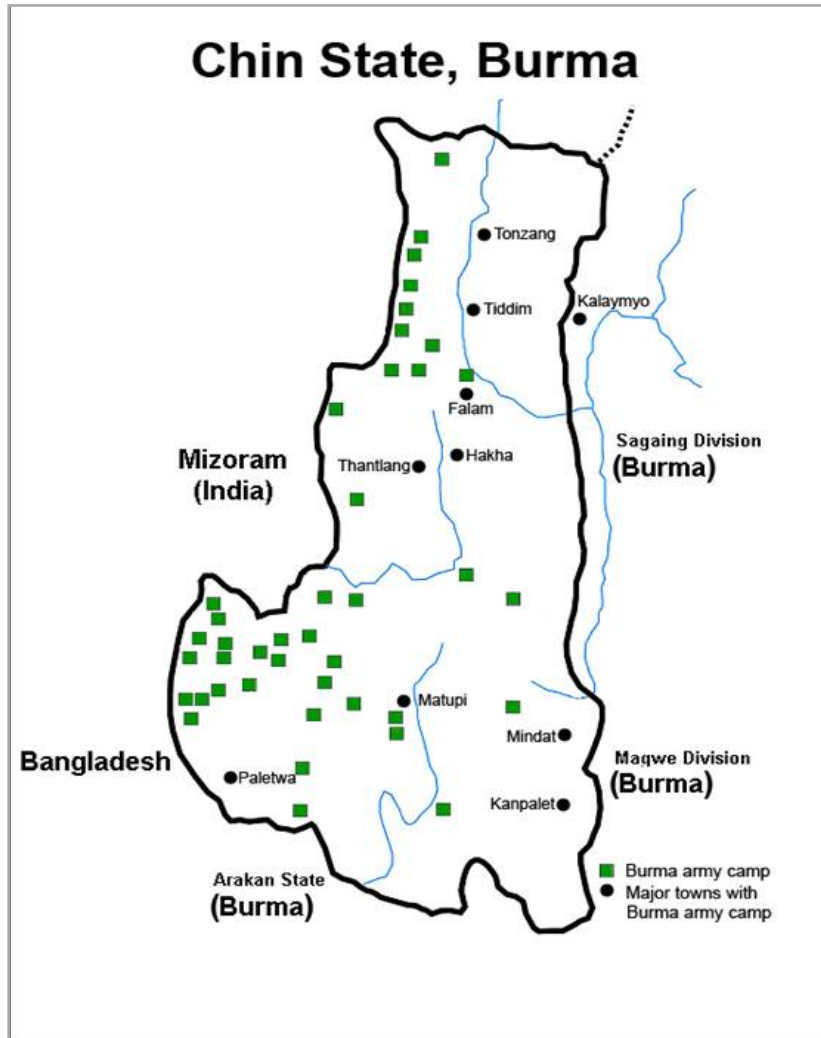


1800 MHz
All major cities

Growth driver: Faster penetration than planned



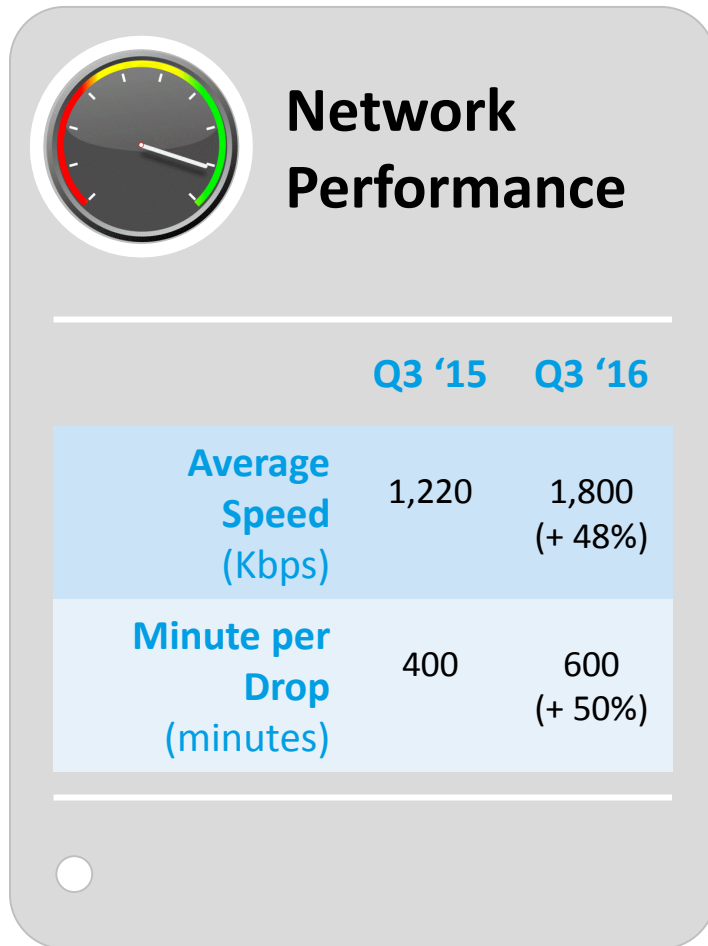
Last leg of rollout is challenging in under-developed states with low population



Observation

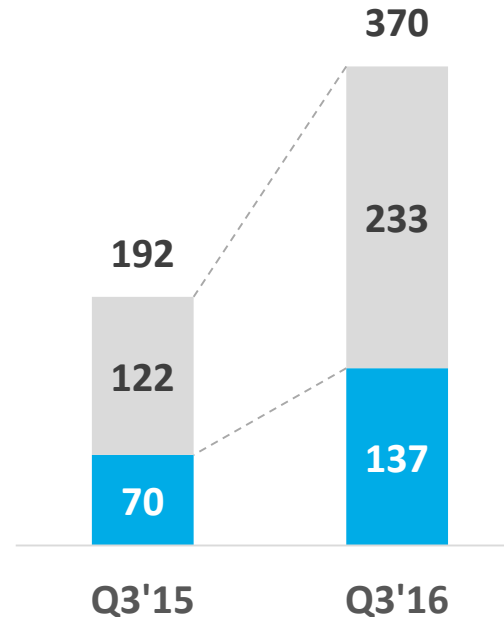
- Chin and Rakhine: 90% of villages has less than 1,000 population
- Average distance between villages is 4 km apart
- Shan and Kachin severely affected by insurgency

Strong network performance despite delivering fastest growing network in Myanmar



Myanmar Total Traffic

■ Yangon ■ Other



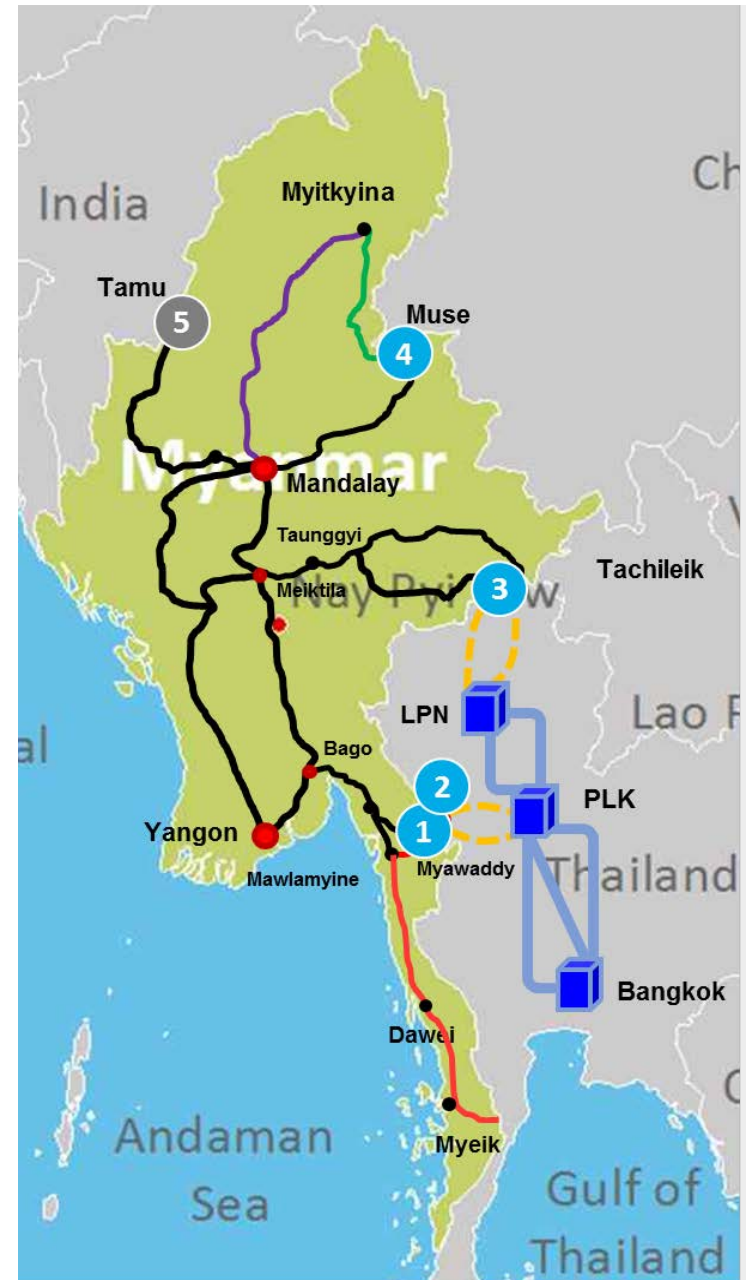
Highlights

- >35% of total data traffic carried by Yangon
- 20% of total sites are build in Yangon
- ~ 15% sites are having split sectors

Robust Network with multiple redundancy setup

#	Border	Border Country	Remarks
1	Myawaddy	Thailand	In service
2	Myawaddy	Thailand	In service
3	Tachileik	Thailand	In service
4	Muse	China	In service
5	Tamu	India	Jan 2017

- International traffic has grown by 80% in the past 6 months, thus the need secure bandwidth
- Network is built up with high redundancy – necessary to mitigate natural catastrophe and frequent fiber cuts



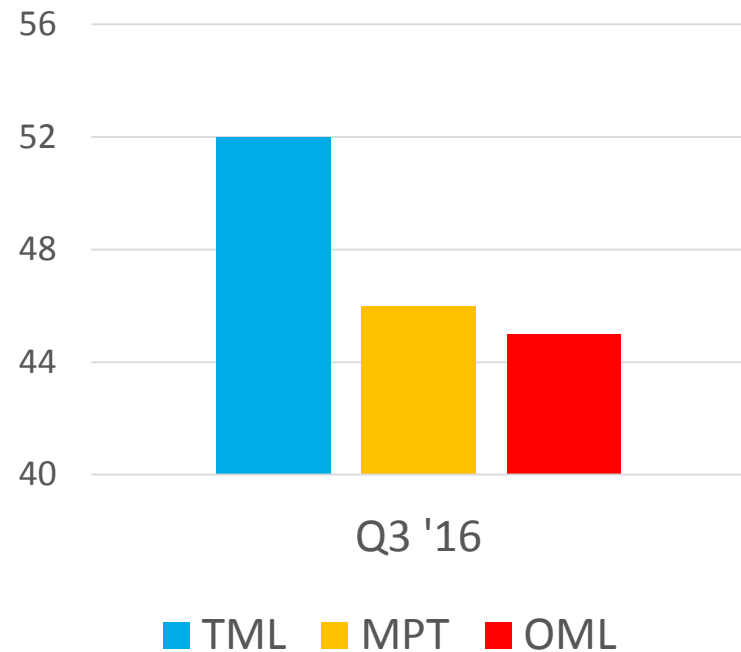
Strong rollout progress and commitment to deliver high quality Network for Myanmar customers



Delivered till Q3 2016

- ✓ Largest and fastest growing data network
- ✓ Highest data traffic in Myanmar
- ✓ Launch of 4G
- ✓ 85% population coverage, expanding to 90% by year end
- ✓ GSMA Innovation Award on world first deployment of 9 sector rollout

Net Promoter Score: Promote Data (Rank #1)



Source: Myanmar Survey Report, Brand Health Tracker (BHT) Sep 2016



Regulatory Updates

Presenter

Gunnar Bertelsen, CCAO

“Securing level of playing field”

Highlights

- Fourth operator (Viettel) ready for licensing
- 1800 MHz auction in Q1 2017
- Operator and regulators working on moving coverage commitments from 'Geographical' to 'Population'.
- Government supported by World Bank working on Universal Service Fund set up, to be in effect from Feb 2017
- Independent Regulator legislation close to finalization – expect visibility by Q1 2017



Current spectrum allocation



Spectrum MHz	MPT	telenor	ooredoo	VIETTEL	
2600	Unassigned. Potential assignment for Broadband Data Services.				94MHz (TDD)
2300				20MHz (TDD)	
2100	15MHz (FDD)	15MHz (FDD)	15MHz (FDD)	10MHz (FDD)	5MHz (option)
1800	Unassigned. Potential for assignment in Q1 2017				
900	10MHz (FDD)	-5MHz (4th OP)	5MHz (FDD)	5MHz (FDD)	+5MHz (FDD)
850	6.25 MHz (FDD)				
700	Unassigned between Mobile and Broadcast – good potential for future mobile broadband (LTE) deployment especially in sub-urban and rural areas.				

- 2600 Spectrum: YTP 94MHz license to be returned for re-assignment
- 2300 Spectrum: Department of Civil Aviation
- 900 Spectrum: 5 MHz to be returned to PTD and to be made available to a 4th operator 2016.
- Exclude 450MHz where MPT has CDMA deployment.

Working positively with Regulator and Government



- Working relationship with past and present Government is constructive and open
- Teelnor engage with both Government and Parliament on major issues
- Ministry has reached out to all operators inquiring bands that could contribute to continued growth
- Industry and Government working on a sustainable expansion of network to deep rural areas – using USF and exploring sharing of spectrum





What's Next in 2017

Presenter

Lars Erik Tellmann, CEO

“Our customers favorite
partner in digital life“



What's next in 2017



Mission

“Our customers favorite partner in digital life”

Network Leadership

- Best Coverage and Data Network in top 33 cities
- Open Network
- New spectrum for real 4G service



2017 Goal

“No. 1 operator in Myanmar with a leadership position on data network and digital enablement”

Fiberization

- 4G fiberization
- Fiber Wholesale
- Fixed Broadband



Digital Enabler

- Digital Enabler
- Analytics
- Postpaid 2.0



Lean Operation

- Fit 4 Fight
- Digitalize Core Business
- Online Sales



10,000

2G/3G sites nationwide

4G

in all key cities

100%

Urban sites fiberized

50%

Total sites fiberized



**Network
Virtualization**

**Innovative
Capacity Mgmt.**
9 & Split Sector



Analytics

Advances Data
Network Probes



1800 MHz

New Spectrum



Video Optimization

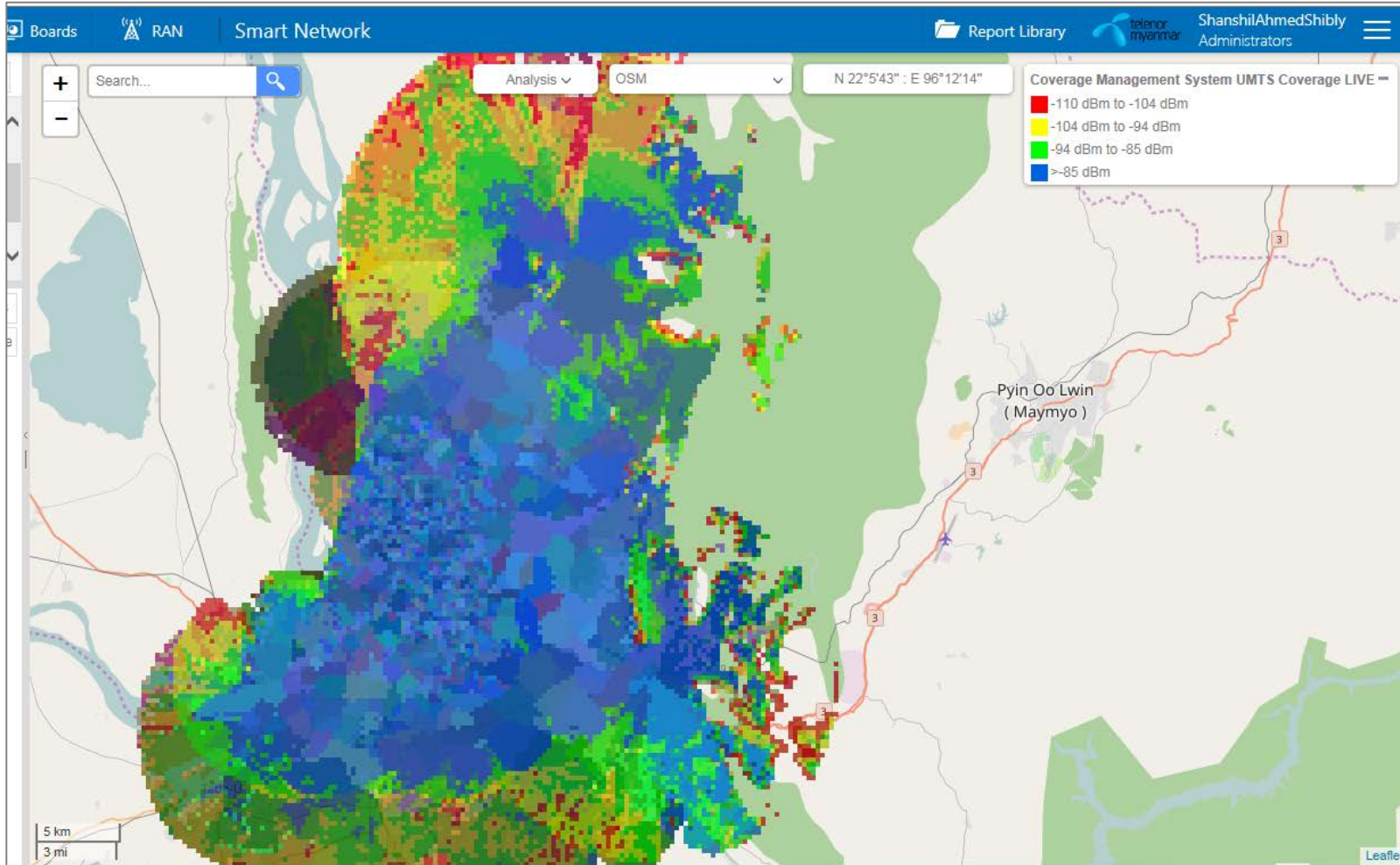
A range of in-app categories...

	<h3>PROBLEM REPORTING</h3> <p><i>Allow subscribers to report a network problem and view reported problems</i></p>
	<h3>GET IN TOUCH</h3> <p><i>Communicate with your subscribers</i></p>
	<h3>NETWORK TESTS</h3> <p><i>Allow subscribers to test network connection at their current location</i></p>
	<h3>MY NETWORK</h3> <p><i>Provide subscribers with easy access to network, handset and location information</i></p>
<p>About</p>	<h3>ABOUT</h3> <p><i>Give all the information your subscribers need, at their fingertips</i></p>

Problem Reporting Example



Developing open network map for customer to know about our network coverage and quality





Providing “Best Data Experience” basis:

- **Best coverage** (indoor and outdoor) to where customers are
- **Shortest** network ping time
- **Fastest load time** on Facebook and top 5 most visited sites
- **Seamless streaming** on video and music

Fiber investments in big cities will strengthen data position and maximize assets and brand



Fragmented market play with low penetration



High Barriers for customers and no mass-market product



Leverage existing network infrastructure for cost efficient deployment

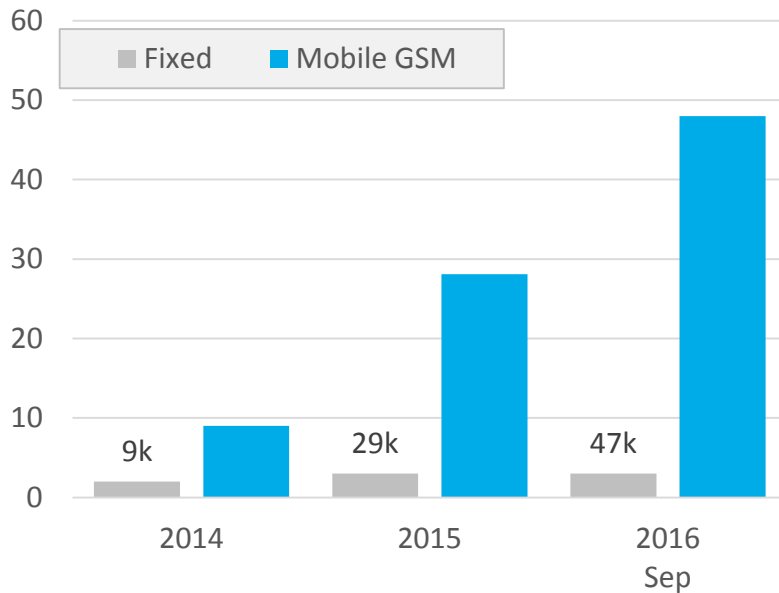


Growing demand for streaming drives need for more capacity at home

Very low penetration on Fixed Broadband and upside potential on in-home consumption

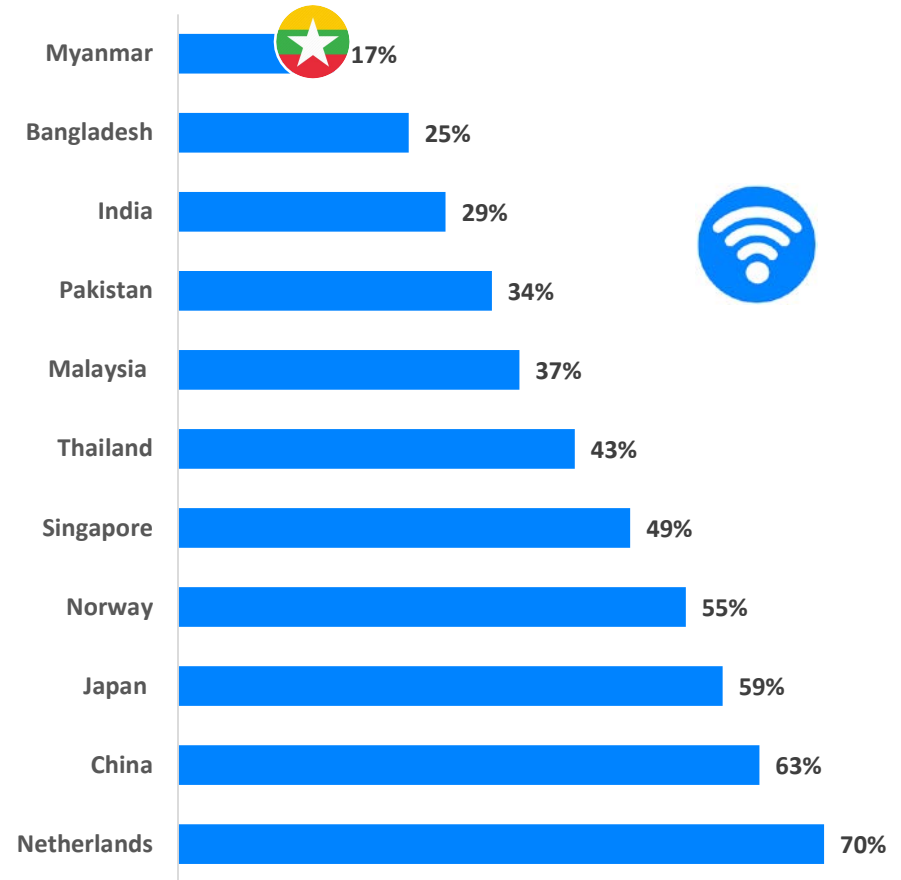


Connectivity Subscriptions in Myanmar
Sub Count between 2012 – Nov 2016



Time on WiFi

(Source: Open Signal: Global State of Mobile Networks (August 2016))

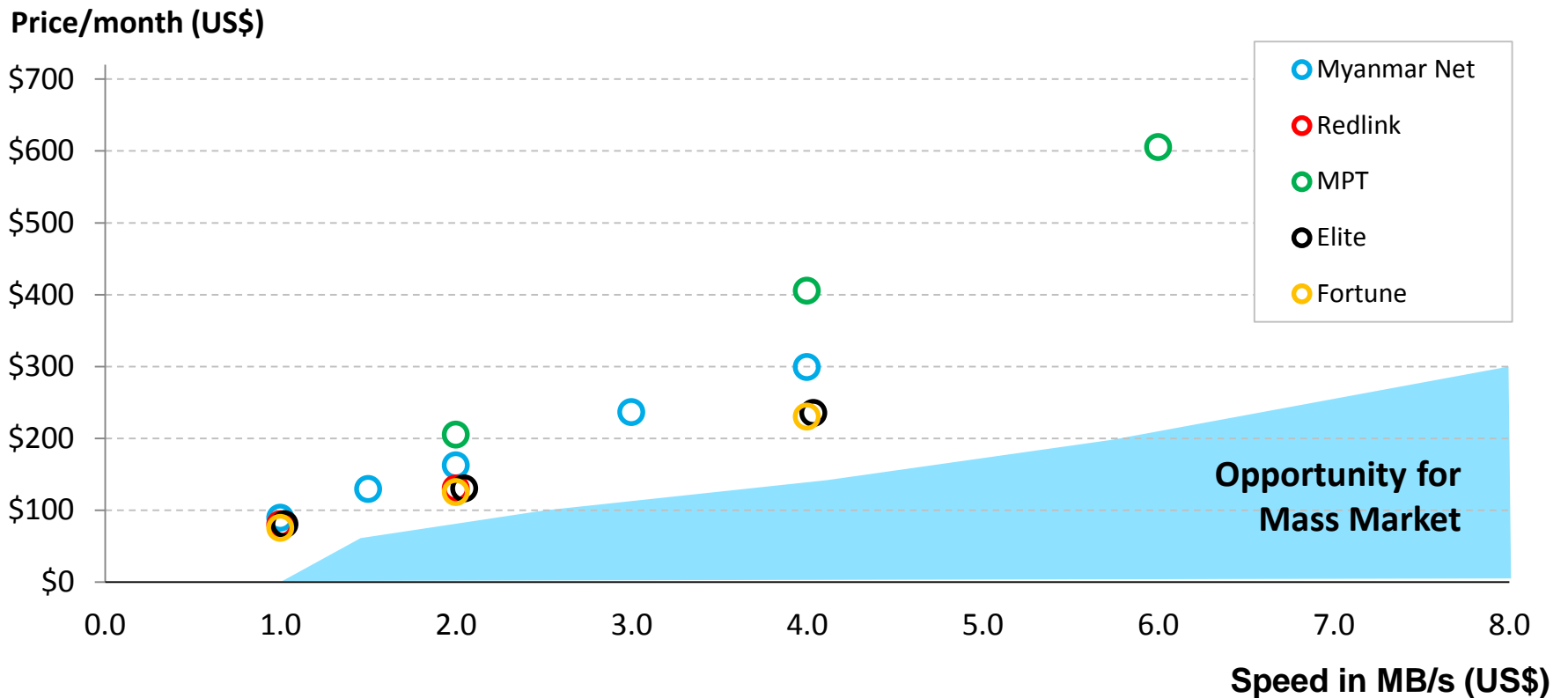



Market prices are high and there is a need and position for a mass market offering



Competitive Landscape - Mass Market Comparison

Speed Range:1-6Mb/s. Price/month include Annual Fee divided by 12 months.





Telenor BroadBand

Cost Control

- Fixed price per month for chosen service
- Same price no matter how much you use it- subject to Fair Usage Policy
- No Annual Charges

Always Stable Quality

- Internet will be delivered with stable quality and speed
- Internet speed will not be affected during peak hours

Speed Differentiation

- Offer in different speeds with different prices
- For different price plan of service - will have different ability for no. of people that can use service with good experience.



HIGHLIGHTS

“Telenor literally crushes the barrier to entry with free installation fees. And it has more likely one of the highest brand awareness and consideration in Myanmar. On top of that, it offers a free trial for the last customers that could be suspicious regarding its capability to perform on broadband.”

Source: Popular tech/telco blogger who also runs a FB page following ITC industry in Myanmar <https://www.telenor.com.mm/page/telenor-broadband/337>



Aim to digitize our distribution as well as
core customer journeys

0 calls

to call center in 2018

50%

of top-up on E-load

100%

of CSE & POS downloaded app

15 million

Connect ID users

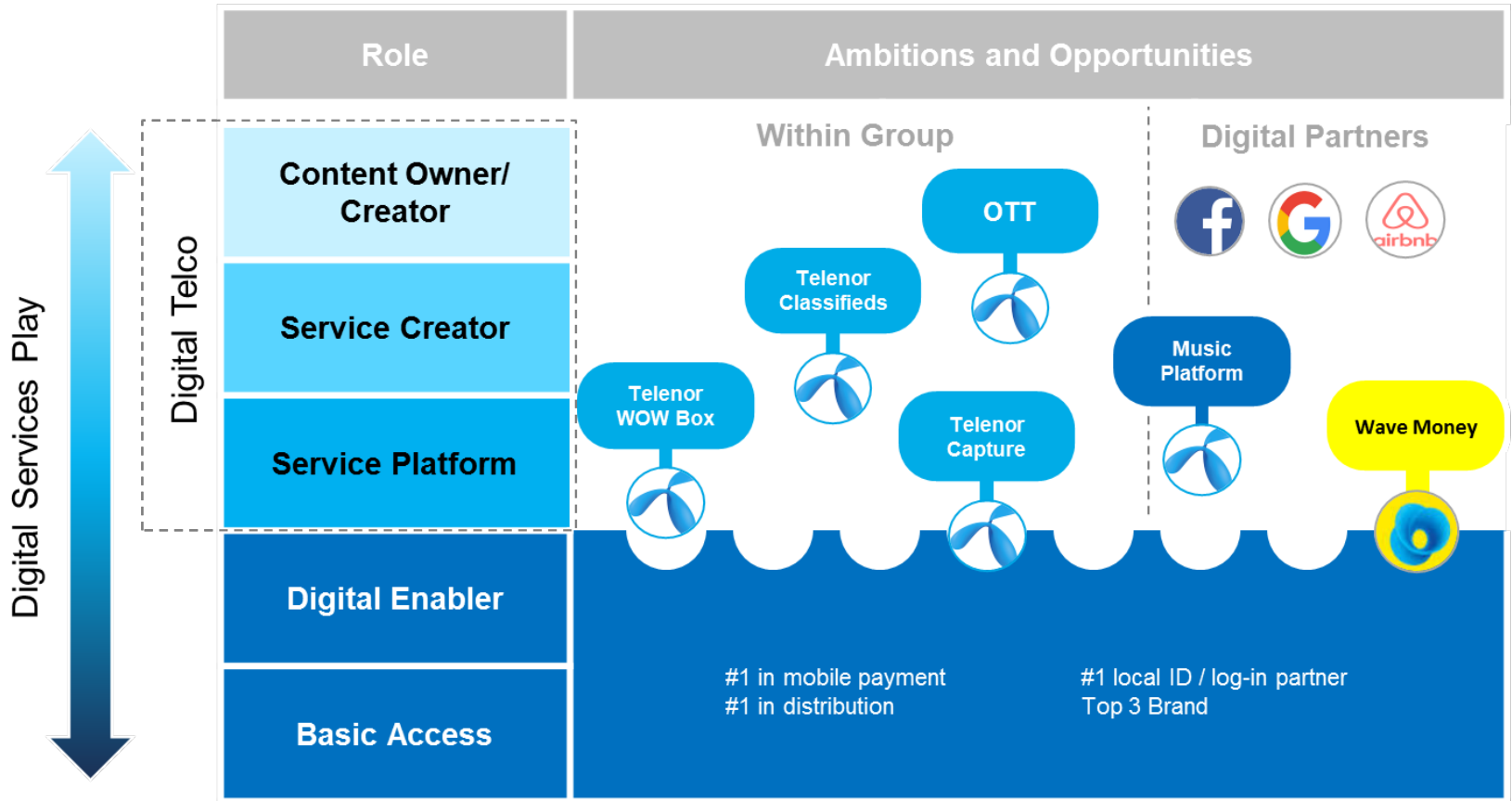
16 million

customers using self-care*

99%

packs sold in digital channel

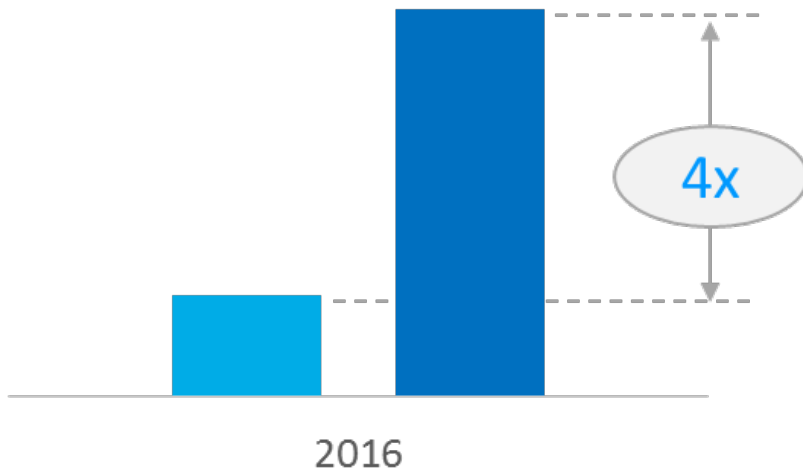
Strong focus on taking successful services to market for partners in an open value chain





TML 2016 ARPU

Prepaid vs. Postpaid ARPU (MMK)



■ Prepaid ■ Postpaid

Postpaid 2.0

100%
Digitalize
Customer Journey



**Upsell
Opportunities**

**Secure Share
of Wallet**

**Leverage on
Lean Operating Model**

“Fit 4 Fight” program to drive efficiencies



Goal

Secure **lowest production cost** for voice and data and develop a strong change and improvement culture

Look for **disruptive changes** in how we compete and operate

Top down targets

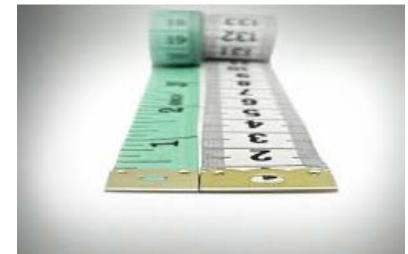
- Saving target set for 2017
- Zero based budgeting

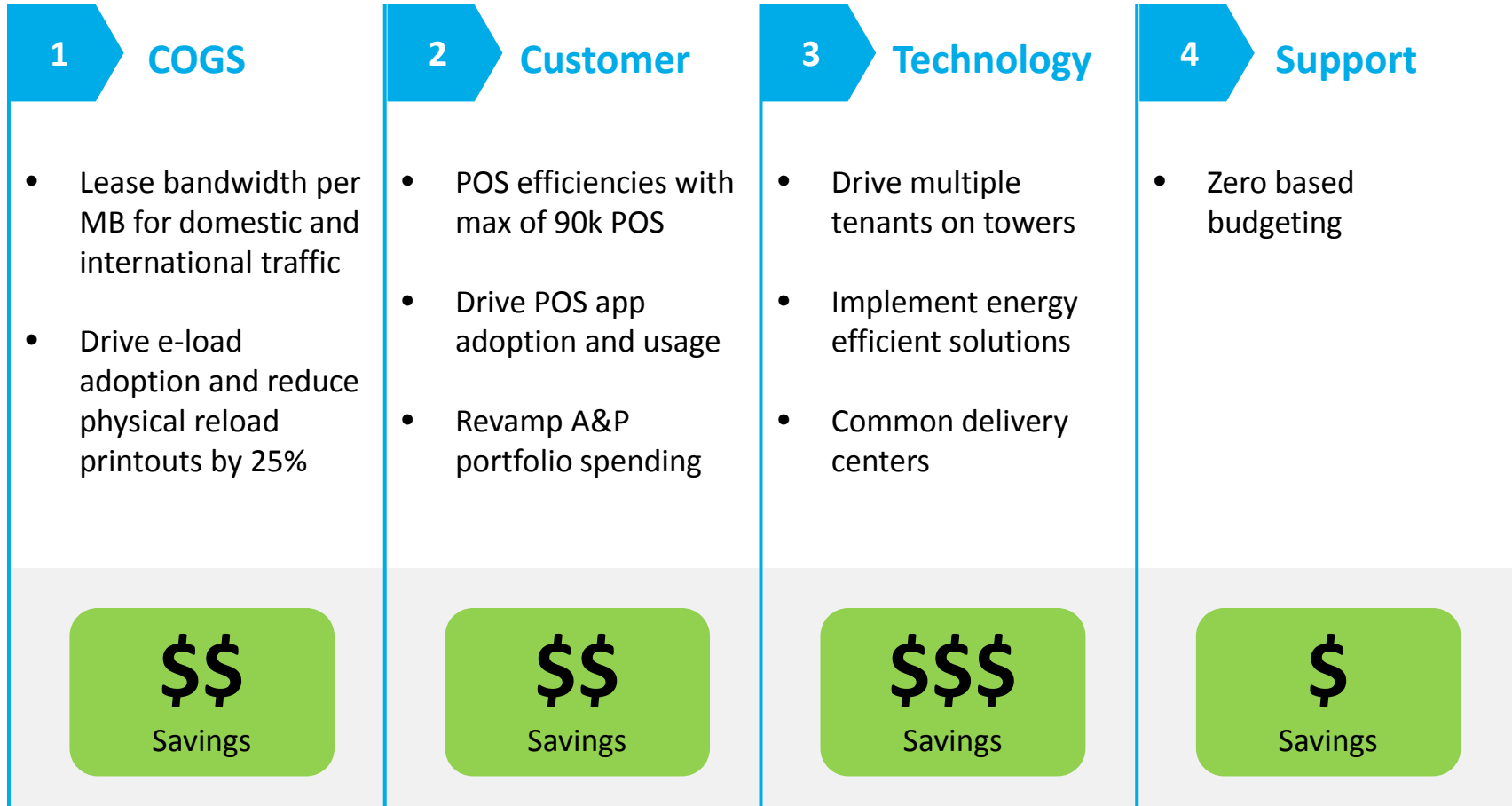
Global benchmark

- Close top-5 cost gaps
- Best practice benchmarks

Leverage Telenor Group scale

- Common Delivery Centers
- Global Sourcing Hub





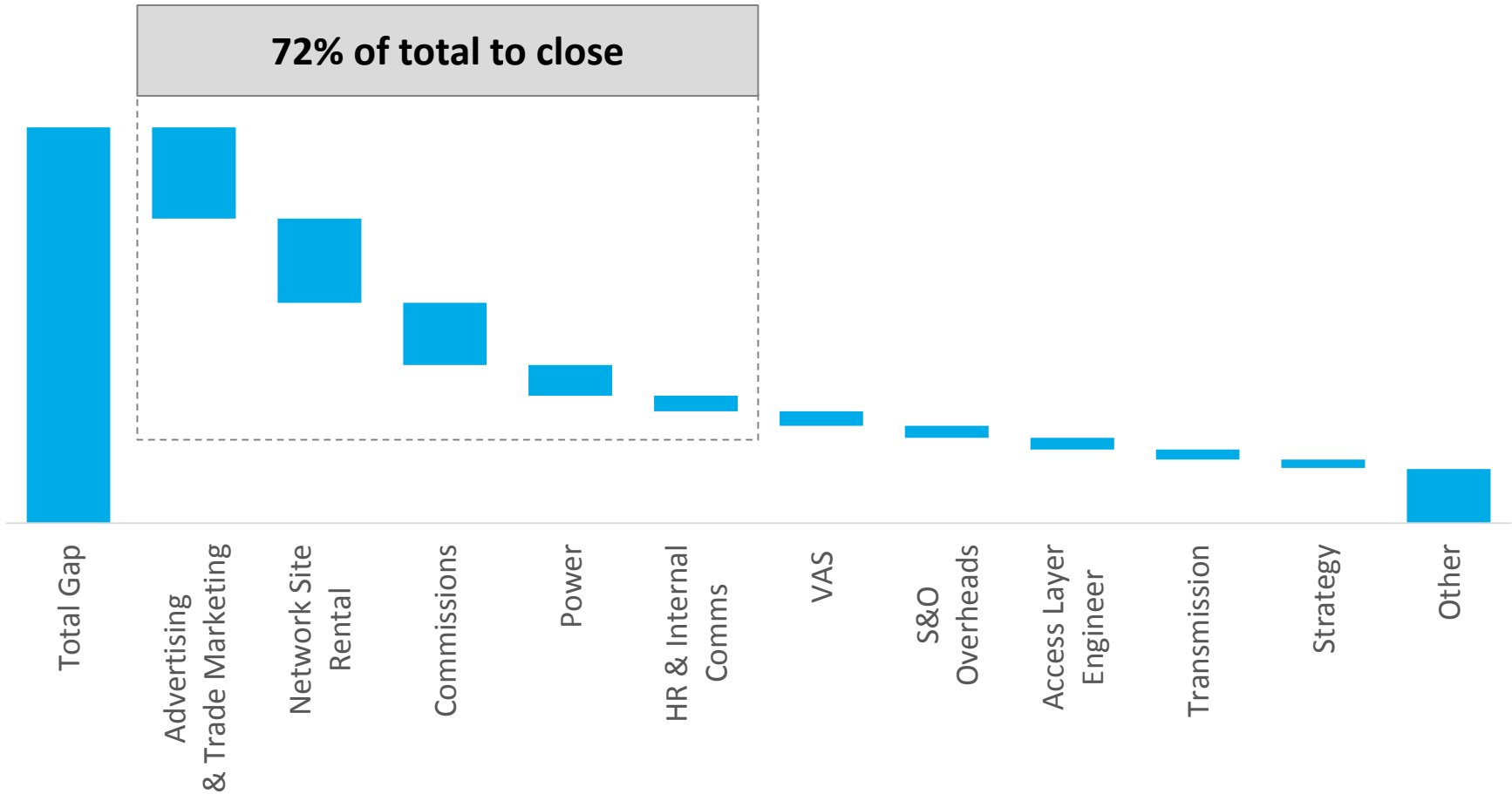
To drive and meet financial targets on EBITDA and Operating Cash Flow

Operating model continues to be centered around working with professional service providers



Scope	Outsourced level					
Tower Infrastructure	■	■	■	■	■	TowerCo's – except Roof Top sites
Network Planning	■	■	■	■	■	MS Ericsson
Network Rollout	■	■	■	■	■	MS Ericsson
Network Management	■	■	■	■	■	MS Ericsson
IT Planning	■	■	■	■	■	MS Wipro
IT Development	■	■	■	■	■	100% to respective IT suppliers
IT Management	■	■	■	■	■	MS Wipro
Travel and Accommodation	■	■	■	■	■	3 rd party supplier
Transportation	■	■	■	■	■	3 rd party supplier
Call Center	■	■	■	■	■	3 rd party supplier
Advertising & Promotion	■	■	■	■	■	Outsource ATL, BTL and merchandise

TML Top 10 Gaps Breakdown



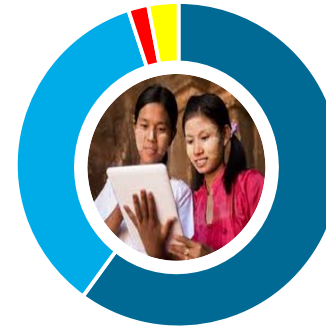
“Zero inbound calls” transforming call centers to profit centers

Goal

Improved customer experience focusing on digital channels whilst saving cost

An OTT experience with an OTT operating model

Why do people call?



> 90% in calls are related to promotions and VAS

- Promotions
- VAS Related
- Complaints
- Others

What

- Re-design digital purchase funnel
- Launch simple digital journeys for top 10 call reasons to customer care
- Chat based customer care, incl. bots

Results

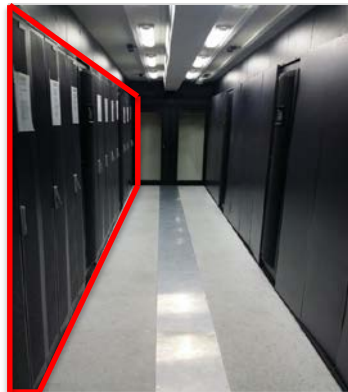
- Digital channel users increased > 300%
- Chat Bot Pilot launch in Dec 2016
- Reduced Inbound calls & higher satisfaction

Virtualization of core infrastructure improves optimization and performance

2016

2017

Infrastructure Management



2017 Ambition

50%

Network Capacity
To Network Cloud

100%

On IT Cloud

85%

Cost Reduction

Data Center Efficiency



PUE = 1.30



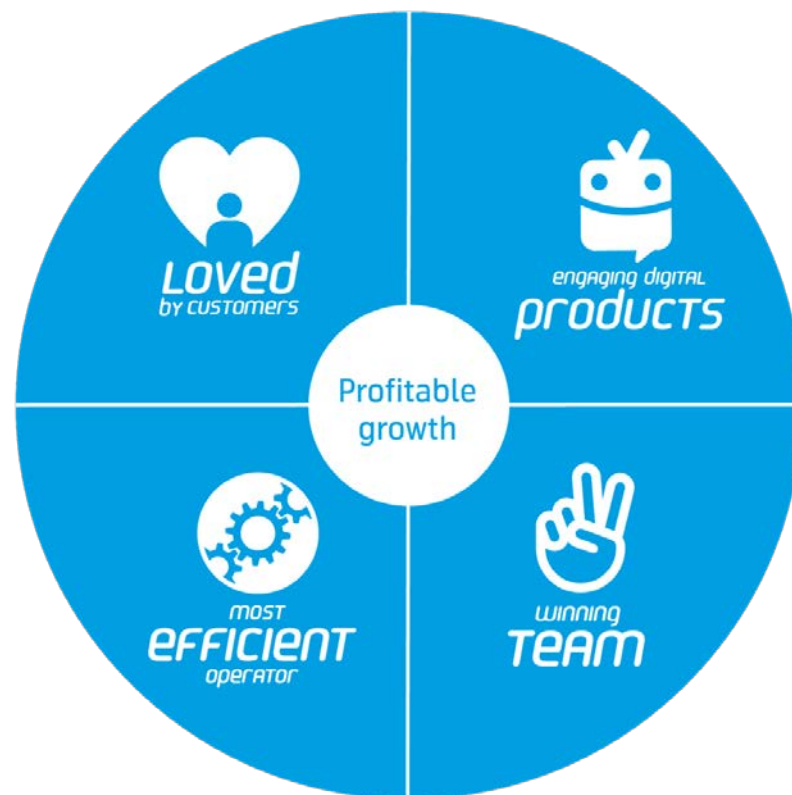
PUE = 1.21



PUE = 1.10

Summary

- **Market share:** #1 position in 2017
- **Strengthening differentiation:** leadership on Network and NPS maintained through network investment and digital servicing
- **Sustained commercial momentum:** carried forward with high data engagement and early digital distribution position
- **Profitable growth:** lean operation with connecting growth opportunities to be explored
- **Return to shareholders:** cash flow positive on core business with uncertain FX impact and spectrum pricing





Next up: Political & Economic brief

December 1, 2016