Welcome!

Telenor in Myanmar

Distribution & Clusters
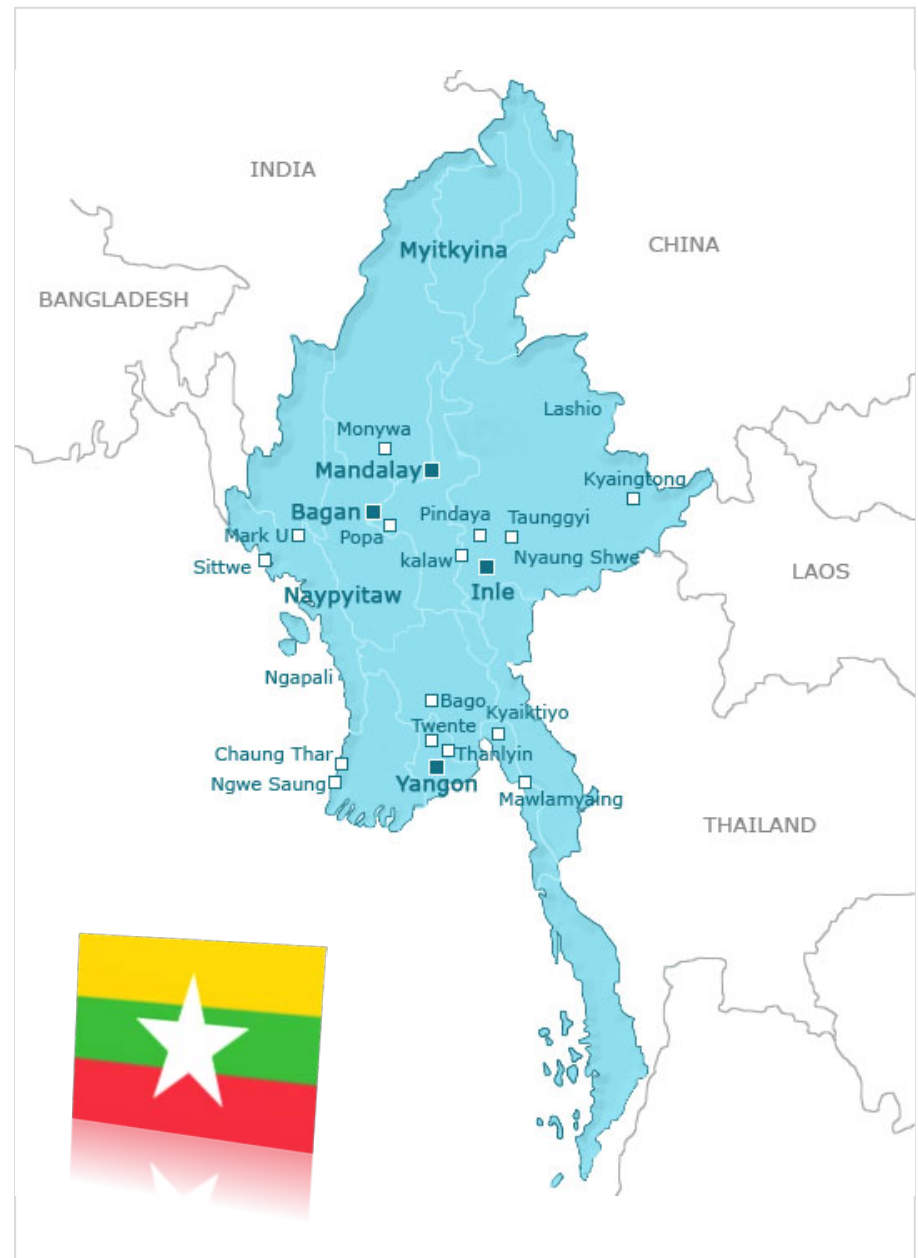
Network & IT model

Sustainability

Market visit

A country in political and economic change

- Largest country in mainland SEA
- 51.4 million people

- Growing economy
- Infrastructure transformation

- Revised investment regime
- Financial environment

- General election upcoming in 2015

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Representing a unique opportunity

- Very last Greenfields in the world – in a core Telenor region

- Leverage greenfield and rollout know-how

- Operational experience from similar Asian cultures

License award in February 2014

- 15 years license with ability to renew for 15 additional years

- Nationwide technology neutral license on both 900 and 2100mhz

- USD 500 million in license fee

- Peak funding of USD 1 billion

- Commitment to launch within 8 months after awarding

Aiming for a market leader position

Mass Market
basic voice & Internet for all

Best In Distribution
cluster performance & wide reach

Open & Winning Culture
low hierarchy & competency building

Sucessful phased launch with high market demand

- Commercial launch in 3 major cities starting 27th September

- Record subscriber growth at Yangon launch

- Reached 2 million subscribers after 5 weeks of operation

- First to launch MMK 25 pricing

- High voice traffic

- 40% data users

Good start but still very early days

- Launched with half of the planned sites

- Rollout speed essential going forward

- Manage network quality

- Promising ARPU development pre mass market adoption

Upholding financial ambitions

- EBITDA break-even within 3 years from license award

- Capex-light operating model due to tower sharing and outsourcing

- USD 1 billion peak funding incl. initial license fee

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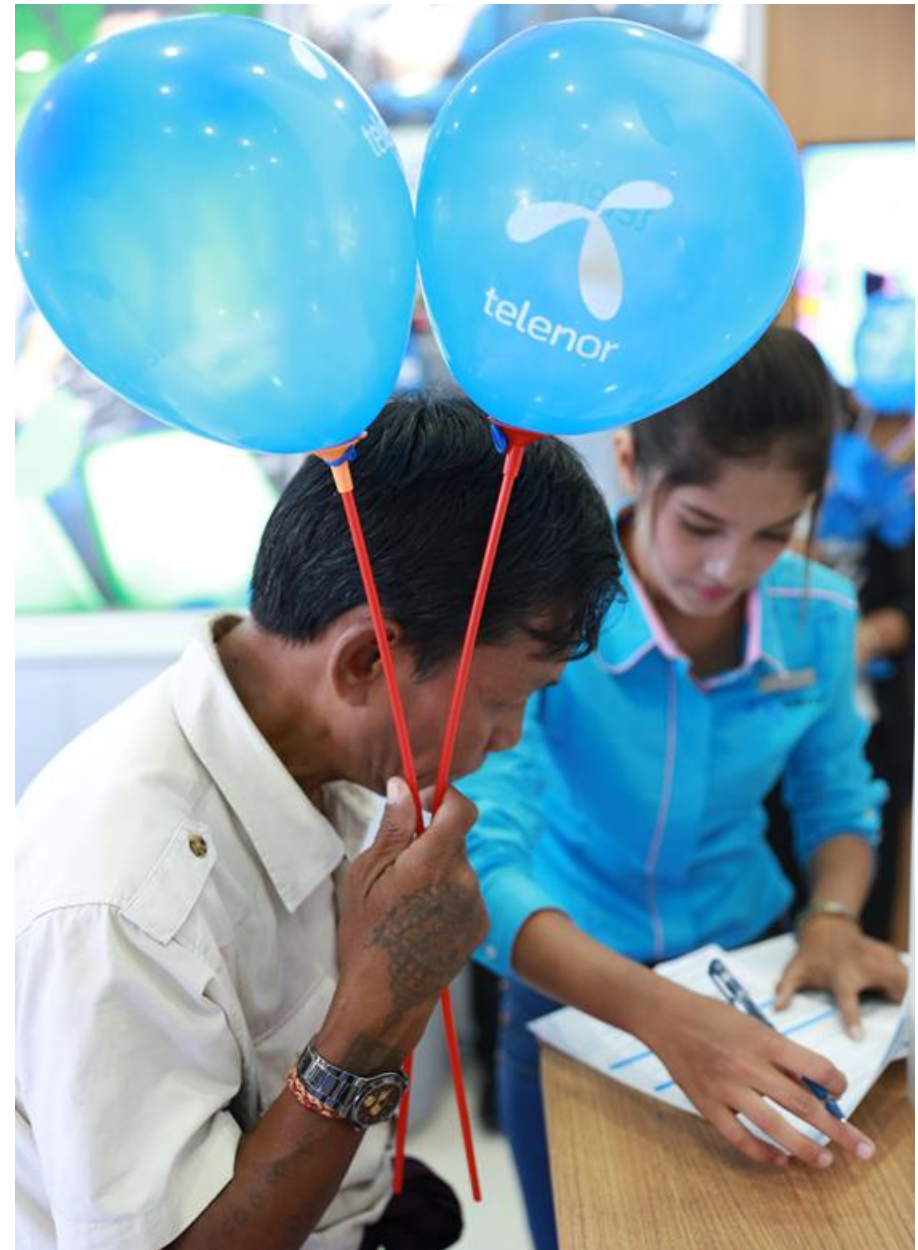
Agenda

Distribution & Clusters

Network & IT model

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Seeking access to affordable telecom services

Pre launch scenario

- Mobile Penetration ~12%

- Elite Phenomenon

- High premium on SIM

- Call rates ~10 times of neighboring markets

Undergoing rapid change

- Projected 50% by 2015-16

- 3-4 operator market

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Telenor market entry is about setting the right foundation

- Mass Market - availability and reach

- Relationship with channels

- Simple and relevant offerings

- Cluster way of working

Distribution is Key

1 — Close to Customers

100,000
Point of Sales (POS)
In Five Years

Distribution Management System
Tracking each Sales and POS

Telenor Stores
Providing Sales and Services to the masses

2 — Relationship Focus

Trained Sales Value Chain

Mass Partners / POS Event Engagements

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Telenor Trade Visibility

Tea Stalls "Wait Marketing" — 1

High Impact

Visibility at POS, Buying Time — 2

Efficient Cost

3 — **Radio, Focused Reach**

Traffic Booths, Travels — 4

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Active Competition

MPT

- Partnership with KDDI (Japan)

- Brand refresh and promotions

- Lead on coverage

Ooredoo

- First to market

- 3G services only

- Network rollout

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Telenor for Everyone

Value Proposition

Best on Voice	Available on all 2G and 3G phones
Internet For All	Affordable data plans and rates
Distributed Everywhere	> 12,000 POS to purchase SIM

| SIM | 1500 kyat / SIM
USD 1.50 / SIM |
|---|---|
| Voice | 25 kyats / minute
USD 25 cents / minute |
| Data | |

| MY Internet (300 kbps) | 6 kyats /MB
USD 0.6 cents / MB |
|---|---|
| Smart Internet (2 mbps) | 10 kyats /MB
USD 1 cent / 1 GB |

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Cluster performance management

Traditional Organization

Country	State	Area

Network

Sales
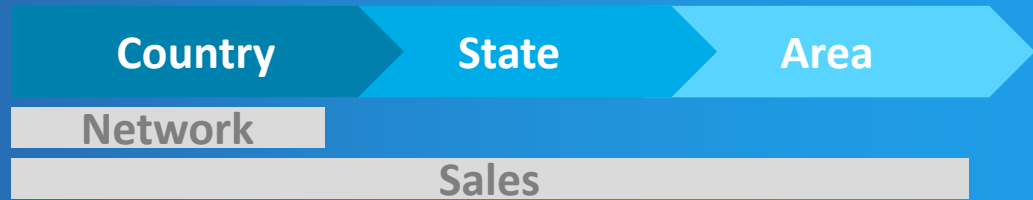
Performance = Country

Cluster way

Country	Cluster	Mini Cluster	Site

Network, Sales, Finance

HR Incentives (one line of sight)

Performance = Sum of Sites

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Network supporting mass-market strategy

2G — **2G as blanket voice coverage with EDGE (2.75G) activated for data**

3G — **Contiguous 3G with HSPA+ in urban areas and hotspots in rural for high speed data**

4G — **Future plan; when the market is ready**

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CAPEX Light Operating Model

Technology Operating Model

| Strategy and Plan | Detailed Design | Implement | Support |

Sourcing Scope

| Towers | Energy Supply | Fiber Bandwidth |

Active Equipment Purchases

| Call Center | IT Support | Field Force |

- High level of sourcing

- Reduces peak funding

- Secures lean and focused organization

- Proves simple and flexible operationally

■ TML CAPEX

☐ Third Party Own/ TML Lease

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Network rollout strategy

- Big cities in first phase to ensure a rapid high density coverage

- Aligned with Myanmar regulatory ambition to maximize connectivity

- Exploring low cost deployments in rural areas to ensure profitability

- Cluster by cluster completeness

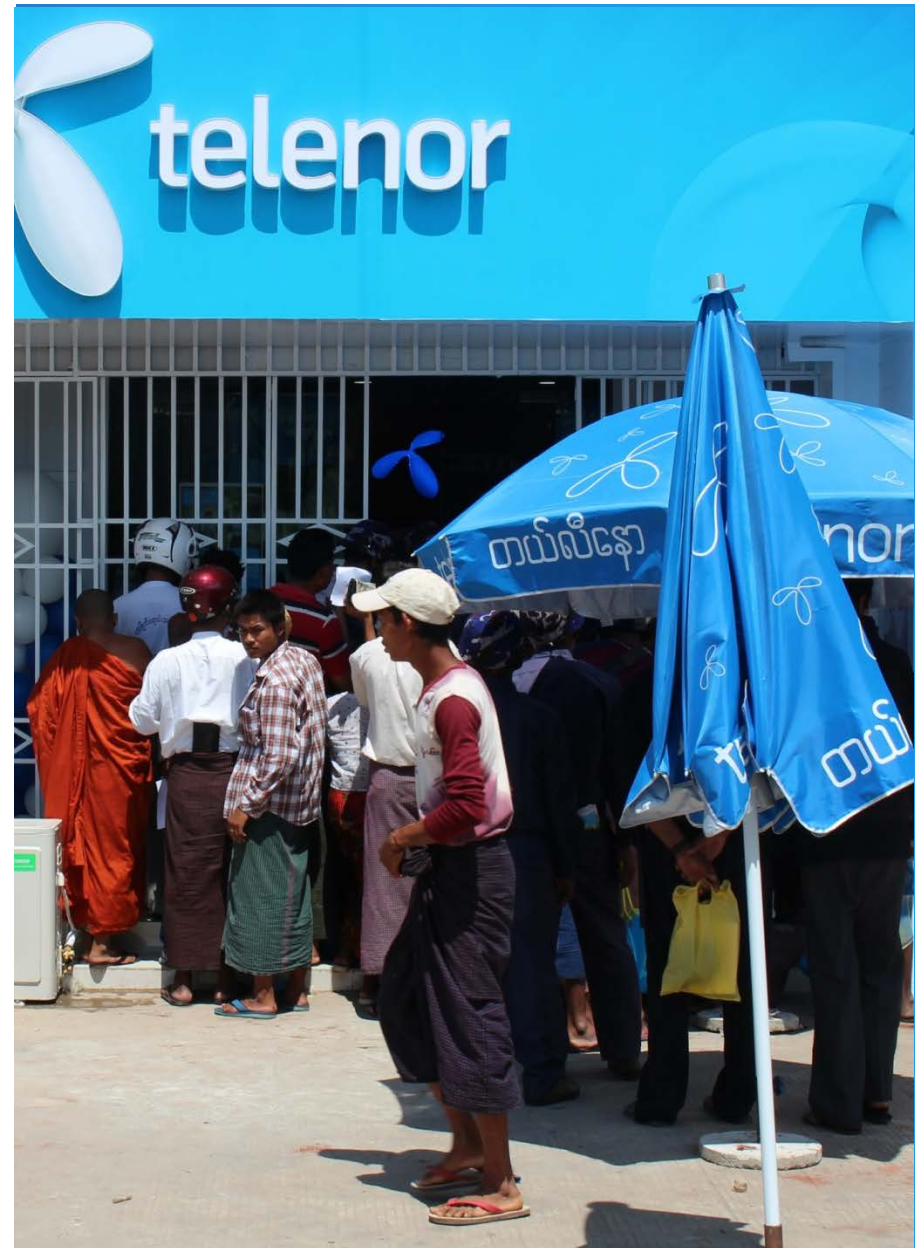**Geographical coverage reach over 5 years**

Urban	Sub-Urban	Rural / Forest

Special Coverage Requirements

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Implementing proven Telenor IT solution

- Replicate proven Uninor IT stack to support extensive distribution network

- 13,000+ point of sales at launch connected to our IT solution

- 1 minute activation process

" **Quick to market with stable platform … "**

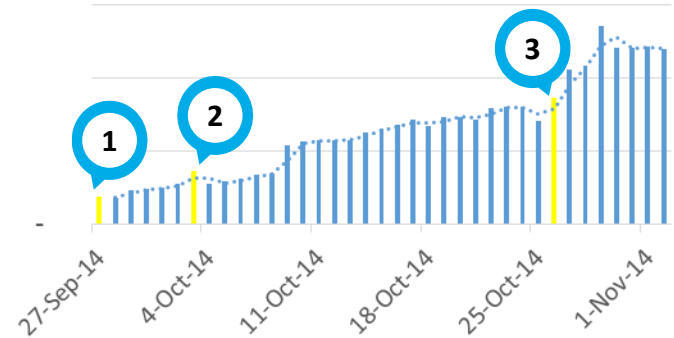telenor

Leveraging Telenor best practices

- Rapid deployment of experts from Asia Business Units

- 25% Technology staffs are under Mobility program

- Group sourcing using global scale

- Connectivity to Telenor Global Services (TGS)

- Collaboration and benchmarking with Asian Business Units

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Strong demand provides pressure on capacity
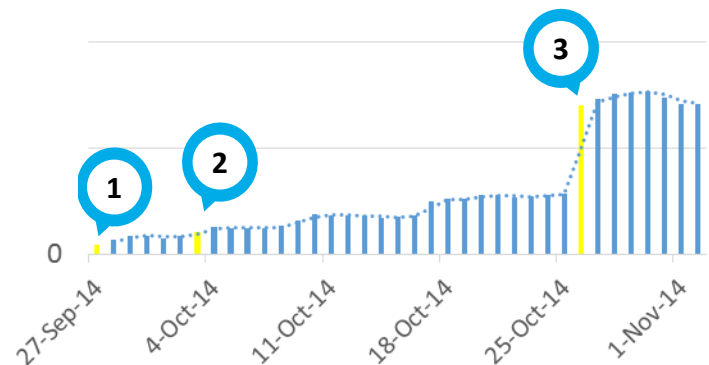
- High and strong traffic growth

- Only alternative 2G/3G operator

- High data uptake

- Capacity challenge with only limited sites compared to plan

Total Voice Traffic Outlook (Erlang)

Download DataTraffic Outlook (Mbps)

1	Mandalay Launch
2	Nay Pyi Taw Launch
3	Yangon Launch

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Agenda

Sustainability

Market visit

Business Sustainability

Empowering Societies

We provide the power of digital communication, enabling everyone to improve their lives, build society and secure a better future for all

Transparency and country challenges

- Clearly communicate Telenor's approach to sustainable business

- Meeting various stakeholders' expectations

- Increasing Telenor's profile in informing public debate

- Proactively share experiences and risk mitigation through cases

Myanmar Sustainability Update at FBU
August 19th, 2014

"It was a very interesting web conference. We believe that your presence in Burma so far has been done in an exemplary manner with respect to the major sustainability risks in the country"

Carina Lundberg Markow, Executive Officer Corporate Governance, Folksam, 20. august 2014

Sustainability focus

Internal action
Policies, principles, guidance, Follow-up

Supply Chain Sustainability
Capacity Building, Monitoring and Continuous Improvement

Community Outreach
Stakeholder engagement, Dialogue with State and non-State Actors

Private & Public Sector engagement
Private Sector, UN, & Civil Society collaboration, CR Partnerships

Transparency
Sustainability Updates & other forums

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Navigating uncertainty

Institutional capacity in development

Legal framework

Corruption

Land issues

Health & Safety

Conflict areas

Institutional capacity in development	▶	• Need more **relevant** expertise • **Delays** with local authorities and Attorney General's Office for permits • Lack of **decision**-making culture
Legal framework	▶	• **Weak** legal framework with old and conflicting laws • Rules & regulations – not yet approved for **Telecoms law**
Corruption	▶	• **Zero tolerance** policy • **Internal**: Code of Conduct and continuous training • **Supplier**: contractual obligations, capacity building, audits and controls

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Zero tolerance in practise

Land rights and land grabbing are risks

Our control systems:

- Contractual obligations - tower companies

- 3 steps to identify rightful ownership (ID, documentation, neighbour consent)

- Established complaint system

- Unannounced site inspections by Telenor's Business Assurance team on 100% of locations

> 678* spot checks conducted

*) unannounced inspections as of August 15, 2014 by Telenor Myanmar's Business Assurance Team visiting land owner, neighbors and community members to ascertain that all the due diligence was done before lease was signed

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Health and Safety

Approach:

International standards and contractual framework as in all other Telenor companies, based on:

- Risk assessments
- Capacity building
- Audits and inspections focused on continuous improvements
- All our partners in Myanmar sign the Supplier Conduct Principles (SCP)

> 2736* employees in our supply-chain have undergone training

> 728* unannounced HSSE inspections at sites and weekly visits to all sites by the Network Rollout Team

*) as of August 15, 2014 conducted by Telenor Myanmar's Business Assurance Team

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Conflict Areas

Background:

- Bilateral ceasefire but fragile

- 135 ethnic groups making up about **1/3** of the population

- Interests related to self-rule, democracy, protection of local language, customs and culture and access to wealth of natural resources

Approach:

- Coverage requirements of >90% in 5 years with 30% of the customer base in ethnic states

- Working both with Government and ethnic groups

- High standards for safety, communication

India

China

Kachin

Sagaing

Chin

Myanmar

Mandalay

Shan

Rakhaing

Magwe

Kayah

Laos

Bago

Irawadi

Yangon   Mon

Kayin

Andaman Sea

Thailand

Tanintharyl

Gulf of Thailand

Ceasefire Liaison Offices
- ALP (Kyauktaw, Paletwa)
- CNF (Tedim, Thantlang, Matupi)
- KNPP (Loikaw, Shadaw, Hpasawng)
- KNU (Kyaukkyi, Myawaddy, Hpayathonesu, Dawei)
- NMSP (Mawlamyine, Mudon, Thanbuzayat, Ye, Yebyu, Hpayathonesu, Kyaikmaraw, Zin Kyaik)
- SSA-S (Kengtung, Taunggyi, Kho Lam, Muse, Tachileik, Monghsat)

Areas of Armed Group Influence
- Shan State Progress Party/Shan State Army (SSPP/SSA)
- Restoration Council of the Shan State (RCSS/SSA)
- National Democratic Alliance Army (NDAA)
- United Wa State Army (UWSA)
- Pa-O National Liberation Organization (PNLO)
- Karenni National Progressive Party (KNPP)
- Karenni Nationalities People's Liberation Front (KNPLF)
- Karenni National Peace & Development Party (KNPDP)
- Democratic Karen Buddhist Army (DKBA)
- Karen Peace Council (KPC)
- New Mon State Party (NMSP)
- Karen National Union (KNU)
- Conflict Affected Area

Illustration

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Unique Community Outreach team

8 State Liaison Officers (SLO) to act as link between Telenor and the ethnic state groups

The SLOs have carried out*:

> 228 stakeholder engagement meetings

> 178 ethnic state relations meetings

> Met more than 17,300 community members

*) as of August 15, 2014

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Corporate Responsibility through connectivity

Telenor Light Houses

- 200 Community Information Centres across Myanmar

- Foster user adoption of mobile services and Internet in rural areas

Mobile Health Services

- Affordable and accessible maternal and child healthcare services

- Partnership with Marie Stopes International Myanmar

Corporate Responsibility through connectivity..

Wikipedia

- Partnership with Wikimedia Foundation

- Access for free for Telenor customers

- Creating initiatives to increase local content

Tea-shop Education

- Joint effort with Marketing Group

- Ensuring access to education for teashop workers ages 13-16

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Q&A

Agenda

Market visit