



National Contribution Report

Introduction



As one of the leading telecommunications groups in Asia with a presence in 11 countries and a customer base of approximately 150 million, Axiata Group Berhad makes a substantial contribution to the countries in which the Group operates. Through its investments in its portfolio of operating companies across the region, Axiata is recognised as one of the largest Foreign Direct Investors, best employer, significant taxpayer and substantial purchaser of local services where it has a digital telecommunications presence.

Over the past five years, Axiata has published an annual National Contribution Report to continuously measure the economic impact and value creation in the markets and communities served. Our national contributions represent the long-term value we have created through our investments in the local telecommunications industry, network infrastructure, talent development, environmental conservation and in society.

Report Scope and Information of the National Contribution Report 2018

This report consists of an economic impact assessment at six of Axiata's major operating companies. The report includes economic and financial analysis of Axiata's operating companies' contribution to the national economy, which includes an assessment of the following¹:

- Economic contribution to the nation
- Investment and innovation for the long-term
- Contribution to public finance
- Talent development
- Labour productivity

Highlights of the National Contribution Report 2018

- ▶ Contributed USD13.9 billion to the national GDPs of eight countries where Axiata has a digital telecommunication presence
- ▶ Collective direct operational and capital expenditures reached USD11.0 billion
- ▶ Every USD1 spent by the Group translated to between USD3.8 and USD11.3 contribution to GDP in six key operating markets
- ▶ Axiata companies support both directly and indirectly, 900,000 jobs across the region.

The National Contribution Report should be read in tandem with Axiata Group's Sustainability Report to understand the context in which we operate and our holistic value creation initiatives.

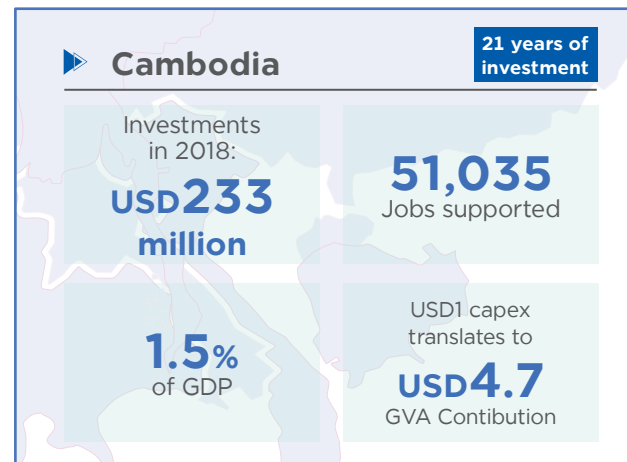
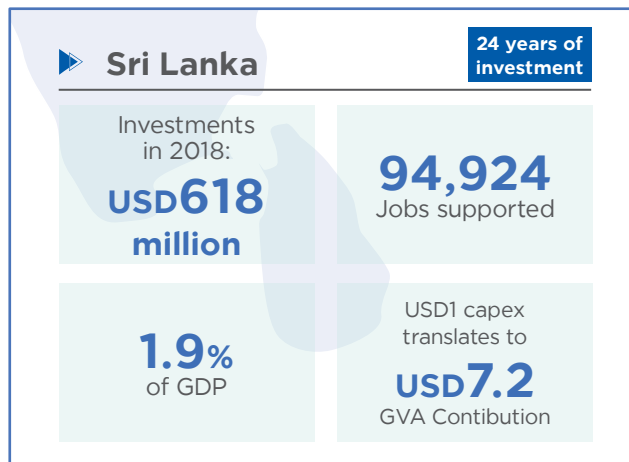
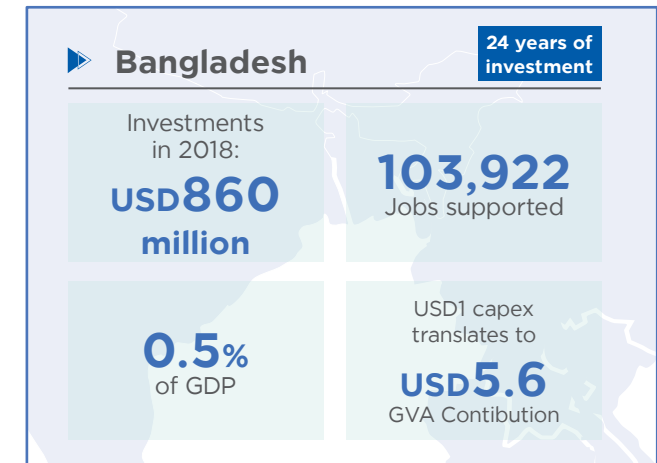
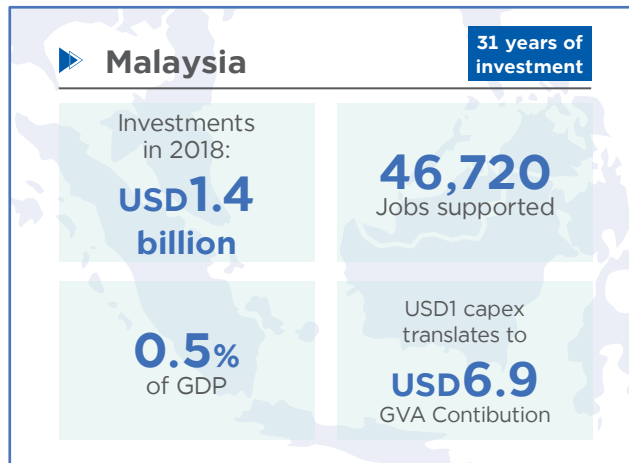


Note: ¹ Total national contributions and jobs supported are for Celcom, XL, Smart, Dialog, Robi, Ncell, Idea and M1 within their respective markets of operation

² Taxes paid in six countries in which we have a digital telco presence

Achievements Across the Group

Supporting **0.9 million** job opportunities across Asia*



Note: Investment in the forms of capital expenditure and operating expenditure



Celcom is Malaysia's first private mobile operator, with over 9 million customers. Established in 1988, it boasts the widest national 2G, 3G and 4G LTE networks, covering over 98% of the population. Celcom is now moving towards integrated multi-access and multimedia services and Internet of Things solutions, in line with evolving

technologies and consumer behaviour in Malaysia. A culture that places the customer FIRST™ is reflected in our award-winning customer service, products, and other corporate accolades at a regional level.

Opportunities in driving the Digital Economy

The Malaysian Government has been heavily involved in promoting the country's digital entrepreneurship ecosystem. Malaysia Digital Economy Corporation (MDEC) is the lead agency tasked with building the digital economy, supported by six ministries and 12 agencies.

Initiatives include the eUsahawan and eRezeki programmes which are dedicated to create opportunities for those in lower income groups, and facilitating the entry of SMEs into e-commerce by simplifying regulations, reducing barriers and providing support.¹

Preparing the workforce with training programmes to equip them with the right skills is key to meeting the increasing demands of the ICT industry. It is expected there will be 185,443 additional jobs² in the digital economy by 2020.

Sources:
¹ Malaysia's Digital Economy: A New Driver of Development
² Digital Talent Report 2017, Malaysia Digital Economy Corporation

National Contribution

Contribution to Gross Value Added

USD1,797 million
 (0.5% of the Nation's GDP)

Operational Direct GVA:
USD812 million

Capital Investment GVA:
USD211 million

Operational Indirect and Induced GVA:
USD774 million

Direct Employees

Total 2,728 staff

Female:
49%

Malaysians:
99.3%

Total Jobs Supported

Total 46,720 jobs

Directly Employed:
2,728

Supported by Capital Investment:
11,297

Operational Indirectly Supported:
32,695

Capital + Operating Expenditure

USD 1,448 million

Capital Expenditure:
USD262 million

Operating Expenditure:
USD1,186 million

Every **USD1** spent on Capex translated to **USD6.9** GVA Contribution

Contribution to Public Finance

USD215 million
 (0.4% of total tax revenue of the Malaysian federal government)



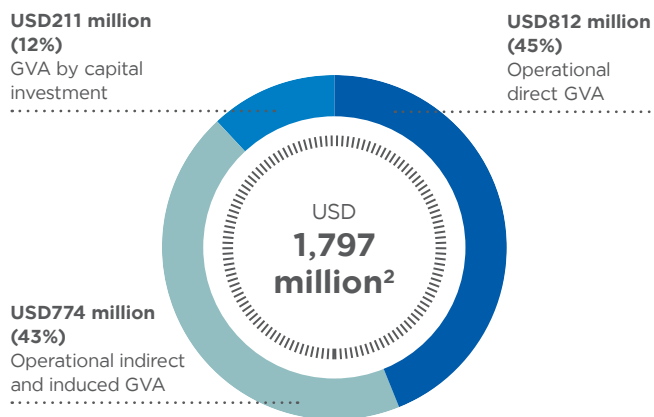
Malaysia

Celcom's total economic contribution to the Malaysian economy

Celcom's substantial operations and investments in Malaysia contributed USD1.8 billion to Malaysia's GDP in 2018. With a total operating expenditure of USD1,186 million and capital investment of USD262 million, Celcom's total Gross Value Added (GVA) contribution to Malaysia's economy was estimated at USD1,797 million in 2018, accounting for 0.5% of national GDP.

Celcom's operations directly contributed USD812 million in 2018, accounting for 45% of total GVA contribution. It also indirectly contributed USD774 million to economic activity in Malaysia through the inputs it purchased from local suppliers. This indicates that for every USD1 Celcom directly added to Malaysia's economy, it generated just under another USD1 indirectly through purchasing goods and services from Malaysian suppliers, higher than the general industry average of USD0.8.¹ A further USD211 million GVA was generated by Celcom's capital investment in 2018. (Figure 1)

Figure 1: GVA contribution to the Malaysia economy 2018



Note: ¹ Based on simple average of general industry
² Totals may not add up due to rounding
 Source: OECD 2011

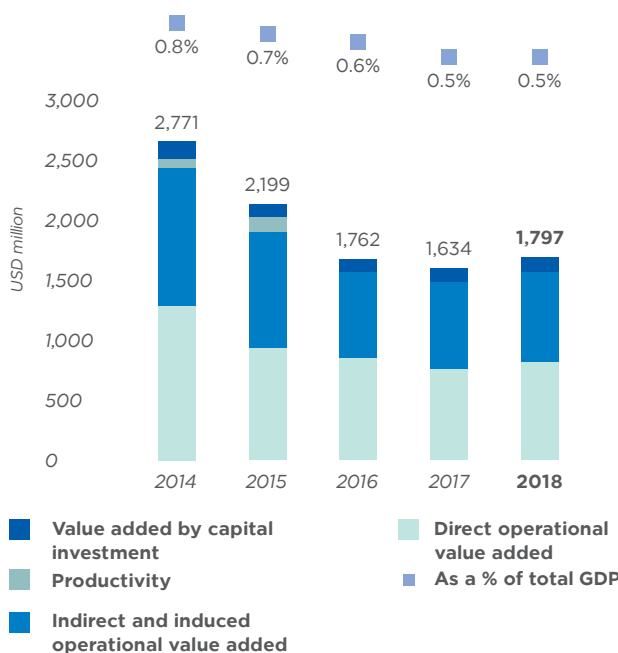
Celcom's total economic contribution over the last five years

Celcom's total GVA contribution fell from USD2,771 million in 2014 to USD1,797 million in 2018 with a decreasing share of the country's GDP from 0.8% to 0.5%. This was mainly due to a decline in Celcom's operating profits and mobile penetration rate in Malaysia. (Figure 2)

Over the last five years, total operating profits contracted by 37.6% and the mobile penetration rate decreased by 12 percentage points. Meanwhile, the market share of Celcom's penetration dropped from 31% to 23%.

However, total GVA contribution increased by 10.0% in 2018 mainly due to a 17.5% increase in Celcom's operating profits.

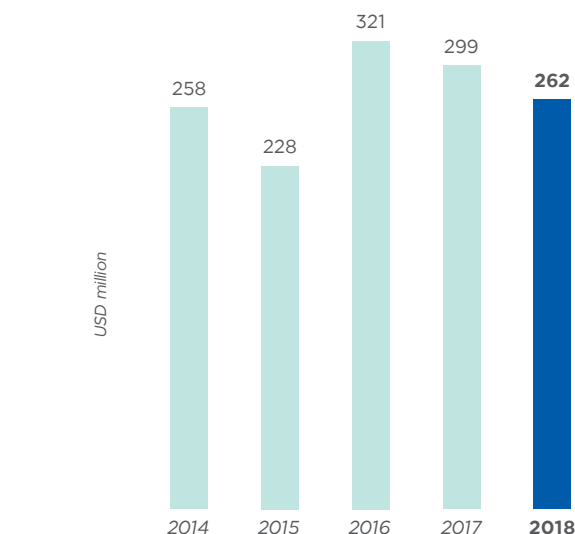
Figure 2: GVA contribution to the Malaysia economy 2014-2018



Investing and innovating for the long-term

Total accumulated capital investment by Celcom over the last five years reached USD1,369 million. In 2018, Celcom continued to make significant investments with increasing revenue and operating profits. This continuous investment supports Celcom's long-term development, and ongoing significant contribution to the Malaysian economy. (Figure 3)

Figure 3: Total capital investment 2014-2018



Source: Axiata



Malaysia

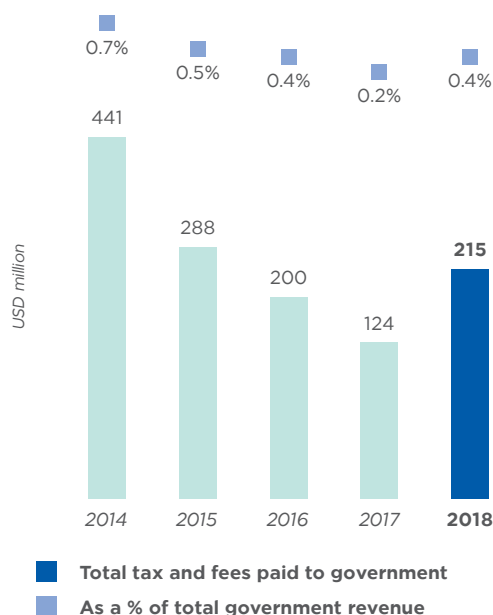


Contributions to public finance

Total accumulated tax contributions to public finance over the last five years reached USD1,267 million. Annual tax contributions have fallen since 2014 due to lower operating profits, but rebounded in 2018. This is mainly due to a 17.5% increase in Celcom's operating profits in 2018.

In 2018, Celcom contributed USD215 million in tax, accounting for 0.4% of total tax revenue of the Malaysian federal government. (Figure 4)

Figure 4: Total tax contributions to public finance 2014-2018



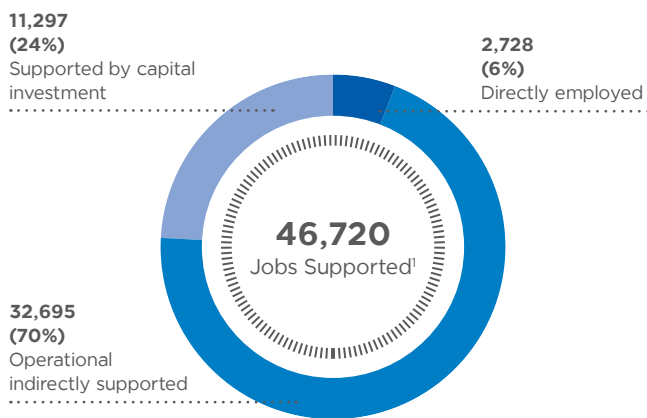
Source: Axiata

Total employment impact

Celcom directly provided 2,728 jobs in 2018. The company was predominantly run by Malaysian citizens who comprised 99.3% of total employees. Around 49% of Celcom employees were women, higher than the national level recorded at 39%. Celcom also engaged 27 new graduates through its HIPA DRIVE and Young Professionals Chapter to develop future talents in digital and data science.

Celcom's operations indirectly supported an additional 32,700 jobs in Malaysia through its suppliers, and a further 11,300 jobs were supported by Celcom's capital investments in 2018. The total number of employees supported slightly decreased from 47,960 in 2017 to 46,720 in 2018. (Figure 5)

Figure 5: Total employment impact 2018



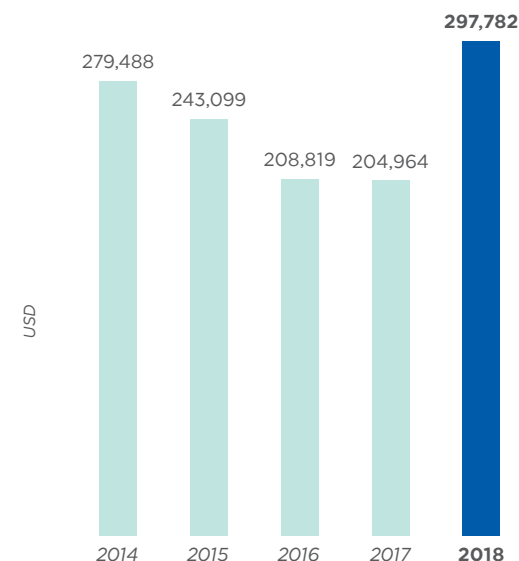
Note: ¹ Totals may not add up due to rounding

Celcom's labour productivity

Celcom's productivity, measured as Gross Value Added (GVA) per employee, reached USD297,782 in 2018, representing a CAGR of 1.6% from USD279,488 in 2014. (Figure 6)

Celcom's productivity increased significantly by 45.3% in 2018. This is mainly due to a 17.5% increase in its operating profits and a 21.6% drop in employment in 2018. The significant increase of productivity likely resulted from Celcom's digital transformation strategy, strong levels of digital diffusion and upskilling of the workforce.

Figure 6: Celcom's labour productivity 2014-2018





Indonesia



XL Axiata is the second largest telecommunications company in Indonesia by market capitalisation. XL Axiata offers an array of innovative telecommunications products and services ranging from voice, SMS, VAS to mobile data covering more than 90% of population throughout Indonesia. With over 20 years' experience,

XL Axiata is credited with bringing cellular services that allow middle and lower-income groups access to cellular services. XL Axiata continues to innovate and transform itself into a leading mobile data provider to serve the burgeoning demand for data amongst Indonesians.

Indonesia's digital economy is poised to become the largest in Southeast Asia by 2025 fuelled by a strong startup scene, growing accessibility of internet and e-Commerce

Indonesia's e-Commerce market is expected to grow to USD130 billion in 2020, registering an annual growth of 50%¹ supported by the rapid increase of smartphone and internet penetration as well as online behavior of Indonesians – almost 75% of Indonesia's online shoppers use mobile devices.²

Fintech revenues in Indonesia are set to increase from USD237.7 million in 2017 to USD1.25 billion in 2022, at a CAGR of 40%.³ Fintech not only enables the digital economy, but also promotes financial inclusion. The increasing financial gap has led to the growth of finance companies offering peer-to-peer lending that enables small businesses to get access to financial capital. Exponential growth in e-Commerce has also increased the need for financial technology and payment gateways.

Sources:

¹ Ministry of Communication and Information Technology

² McKinsey

³ Frost & Sullivan 2018

National Contribution

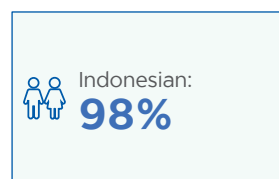
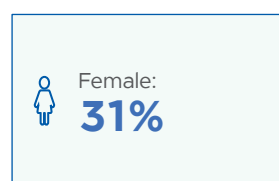
Contribution to Gross Value Added

USD1,824 million
(0.2% of the Nation's GDP)



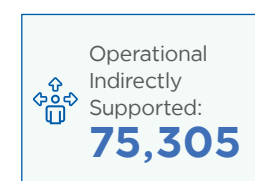
Direct Employees

Total 1,677 staff



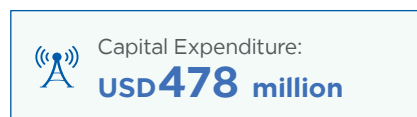
Total Jobs Supported

Total 203,675 jobs



Capital + Operating Expenditure

USD 1,492 million



Every **USD1**
spent on Capex

translated to

USD3.8
GVA Contribution

Contribution to Public Finance

USD214 million
(0.2% of total tax revenue of the Indonesian government)

Indonesia

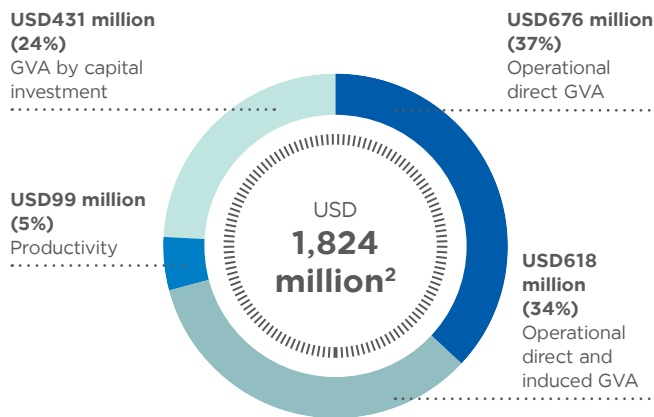
XL's total economic contribution to the Indonesian economy

Led by XL's total operating expenditure of USD1,015 million and capital investment of USD478 million, the company's total Gross Value Added (GVA) contribution to Indonesia's economy was USD1,824 million, accounting for 0.2% of national GDP.

XL's operations directly contributed USD676 million, accounting for 37% of total GVA contribution. Another USD618 million was indirectly generated through the expenditures by XL's suppliers. For every USD1 XL contributed directly to Indonesia's economy, another USD0.9 was generated indirectly through local suppliers, higher than the general industry average of USD0.6.¹

A further USD431 million was contributed by XL's capital investment with a share of 24% of total GVA contribution. GVA contribution from productivity improvement was estimated at USD99 million, accounting for 5% of total GVA contribution. (Figure 1)

Figure 1: GVA contribution to the Indonesian economy 2018



Notes: ¹ Based on simple average of general industry
² Totals may not add up due to rounding
 Source: Statistics Indonesia 2010

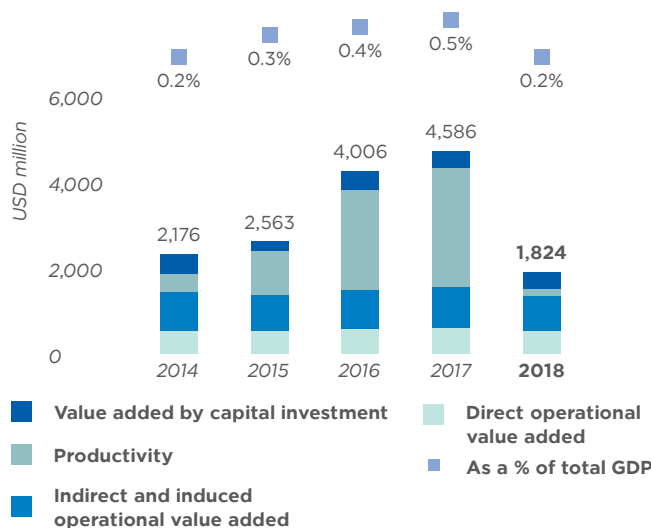
XL's total economic contribution over the last five years

XL's total GVA contribution increased from USD2,176 million in 2014 to USD4,586 million in 2017. However, the contribution decreased to USD1,824 million in 2018, mainly due to a drop in the national mobile subscriptions as a result of the new national SIM card registration decree. The total number of mobile subscribers decreased by 20.6% from 438 million to 348 million over 2017-2018.

The productivity increase from fixed broadband penetration was included in 2018's contribution. For every 10% increase in fixed broadband penetration, there is a 0.5% increase in GDP contribution.¹ In 2018, fixed broadband subscriptions grew by 15.2% with a GVA contribution of USD99 million.

However, XL's operational profit has also slightly contracted from USD738 million in 2014 to USD603 million in 2018. (Figure 2)

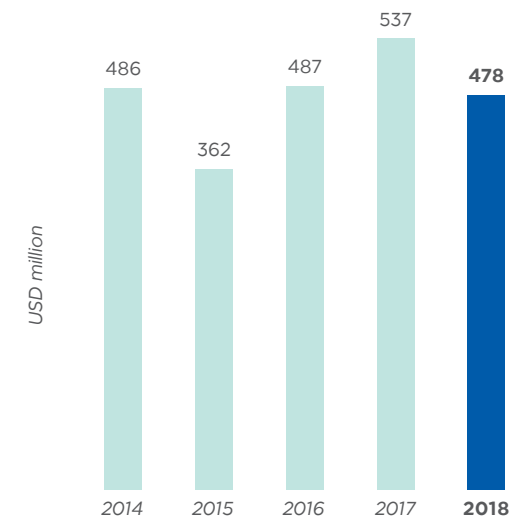
Figure 2: GVA contribution to the Indonesian economy 2014-2018



Investing and innovating for the long-term

Total accumulated capital investment by XL over the last five years reached USD2,349 million. In 2018, capital investment dropped by 11.1% from USD537 million to USD478 million. Over 2014 to 2018, capital investment contracted slightly from USD486 million to USD478 million. (Figure 3)

Figure 3: Total capital investment 2014-2018



Source: Axiata



Indonesia

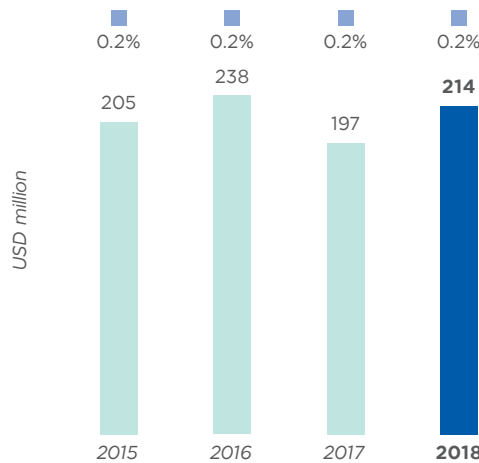


Contributions to public finance

Total accumulated tax contributions to public finance over the last four years¹ reached USD855 million.

Annual tax contribution was quite stable over the last four years. In 2018, it contributed USD214 million, accounting for 0.2% of total tax revenues of the government of Indonesia. (Figure 4)

Figure 4: Total tax contribution to public finance 2015-2018



Total tax and fees paid to government
As a % of total government revenue

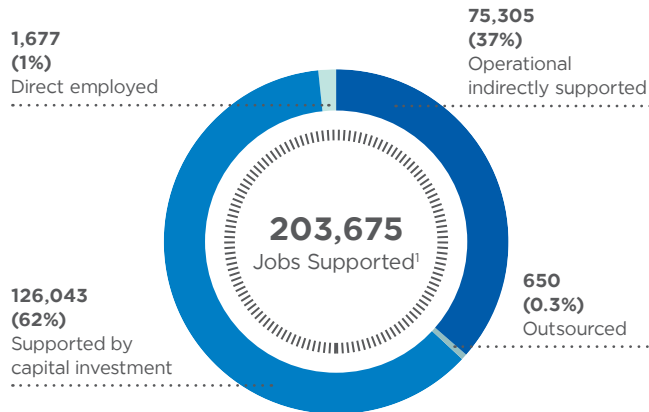
Notes: ¹ Only 2015-2018 total tax paid was provided by XL
 Source: Axiata

Total employment impact

XL directly provided 1,677 jobs in 2018. 98% of total employees were Indonesian and around 31% of XL employees were women. XL also engaged 23 new graduates, apprentices and interns to provide young people with the specialist skills required to operate in the digital economy.

A further 650 jobs were outsourced by XL and 75,305 jobs were supported indirectly by its operations. XL's capital investment supported over 126,043 jobs. (Figure 5)

Figure 5: Total employment impact 2018

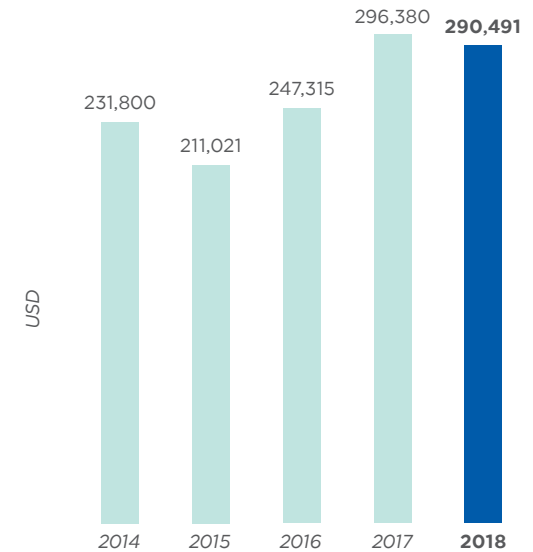


Note: ¹ Totals may not add up due to rounding

XL's labour productivity

XL's productivity, measured as Gross Value Added (GVA) per employee, reached USD290,491 in 2018. It grew by a CAGR of 5.8% from USD231,800 in 2014. Shrinking employment with relatively stable operating profits supported the growth in productivity. (Figure 6)

Figure 6: XL's labour productivity 2014-2018





Dialog Axiata PLC operates Sri Lanka's largest and fastest growing mobile telecommunications network serving over 13.8 million subscribers. Dialog is one of the largest companies by market capitalisation listed on the Colombo Stock Exchange, and represents Sri Lanka's largest Foreign Direct Investment. Dialog has been at the

forefront of innovation in the Sri Lankan mobile industry since the late 1990s, delivering advanced mobile telephony and high speed mobile broadband services, Fixed Telecommunications, and Digital Pay Television through its fully-owned subsidiaries.

Building a hub for ICT Sector with high mobile and internet adoption

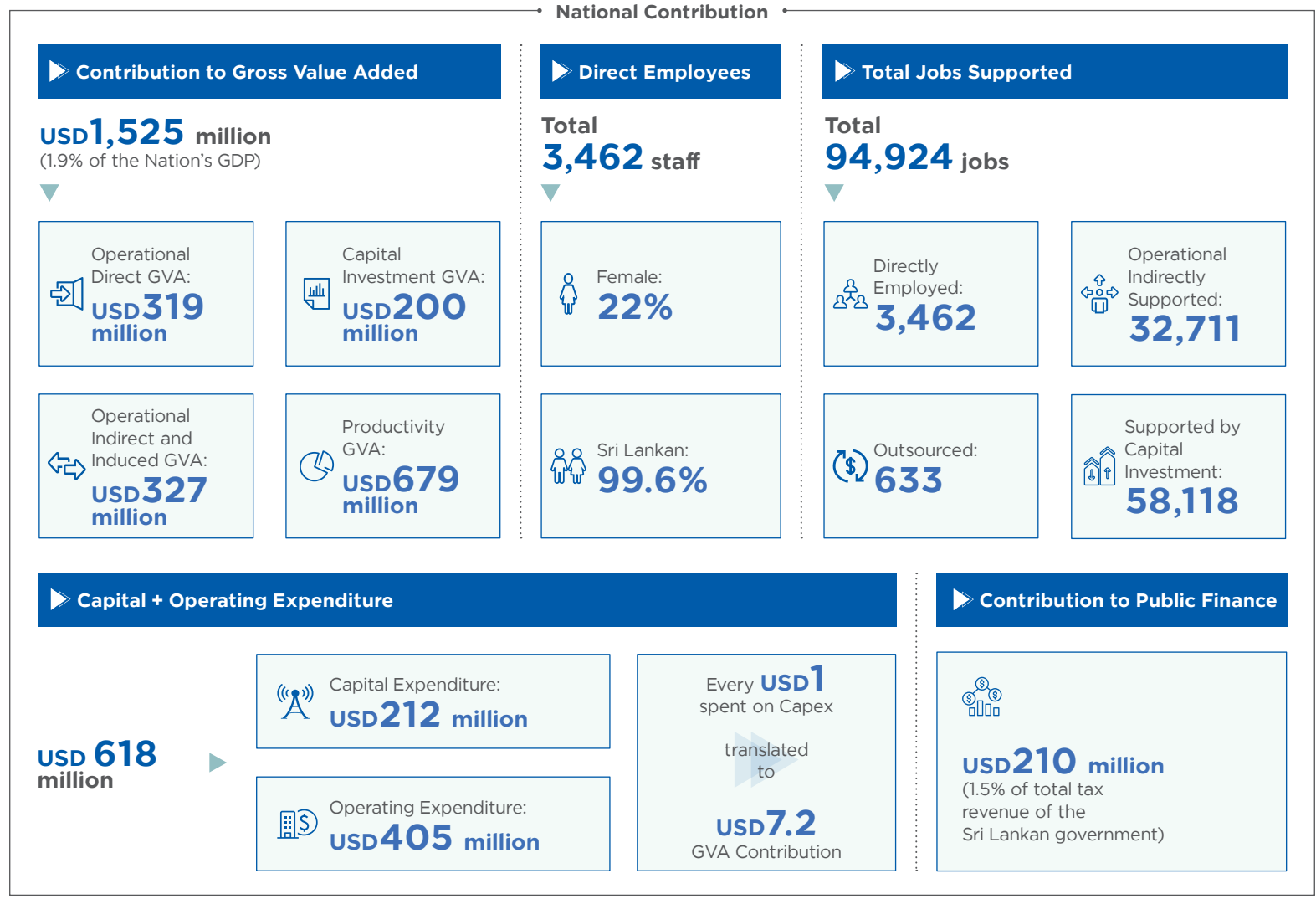
Sri Lanka has the highest mobile penetration rate in South Asia and is the first in South Asia to pilot 5G technology.

The Sri Lankan ICT sector has grown by 34 percent over the past five years making it one of the highest growth areas in the economy and the fourth largest export earner for the country.

Leveraging on a highly talented ICT skill pool, high internet access and improved connectivity, Sri Lanka has emerged as a preferred hub for the ICT sector.

In its Vision 2022 statement, Sri Lanka has set itself targets to expand its digital economy. This includes an export revenue target of USD5 billion, create a skilled workforce of 200,000, and launch 1,000 startups in the ICT sector.¹

Source:
¹ Sri Lanka Export Development Board





Sri Lanka

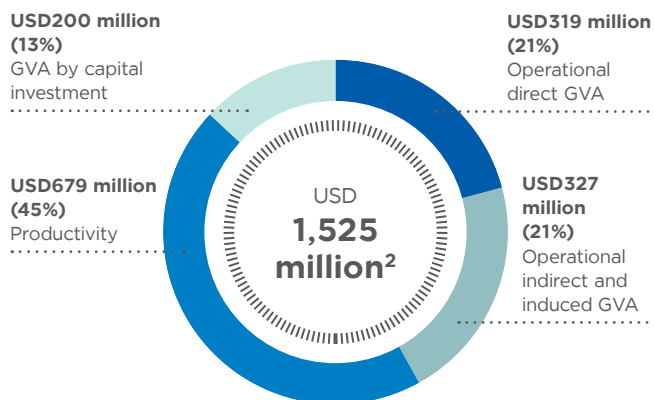
Dialog's total economic contribution to the Sri Lanka economy

Dialog's substantial operational activities and capital investment contributed significantly to the Sri Lanka economy in 2018. Led by Dialog's total operating expenditure of USD405 million and capital investment of USD212 million, Dialog's total Gross Value Added (GVA) contribution to Sri Lanka's economy was USD1,525 million in 2018, accounting for 1.9% of national GDP.

Dialog's operations directly contributed USD319 million, representing a share of 21% of total GVA contribution. Another USD327 million was indirectly generated through the expenditures by Dialog's suppliers, accounting for 21% of total GVA. For every USD1 Dialog contributed directly to the economy, another USD1 was generated indirectly through local suppliers, higher than a general industry average of USD0.4.¹

Productivity improvements contributed USD679 million, accounting for 45% of total GVA contribution. Dialog's capital investment contributed a further USD200 million with a share of 13% of total GVA contribution in 2018. (Figure 1)

Figure 1: GVA contribution to the Sri Lankan economy 2018



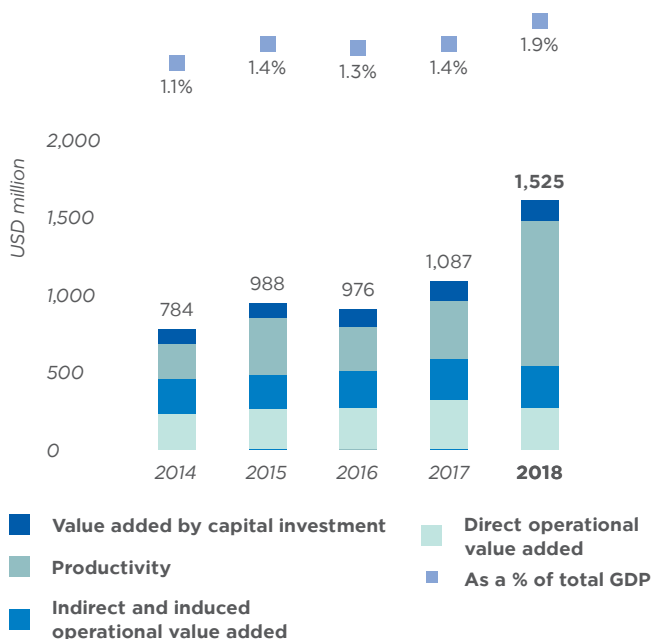
Note: ¹ Based on simple average of general industry
² Totals may not add up due to rounding
 Source: ADB 2006

Dialog's total economic contribution over the last five years

Dialog's total GVA contribution grew at a CAGR of 18.1% from USD784 million to USD1,525 million over the last five years. The contribution accounted for 1.9% of the nation's GDP in 2018, increasing from 1.1% in 2014. This is mainly driven by expanded mobile subscription and increased operating profits. (Figure 2)

Total operational profits increased by 13.8% annually from USD160 million in 2014 to USD268 million in 2018. Sri Lanka's mobile subscription base expanded by 44.9% from 22 million to 32 million over 2014-2018, boosting the national mobile penetration rate from 106% to 148% during the period. Dialog's mobile subscription base also expanded at a similar rate of 44.4% from 10 million to 14 million over the same period.

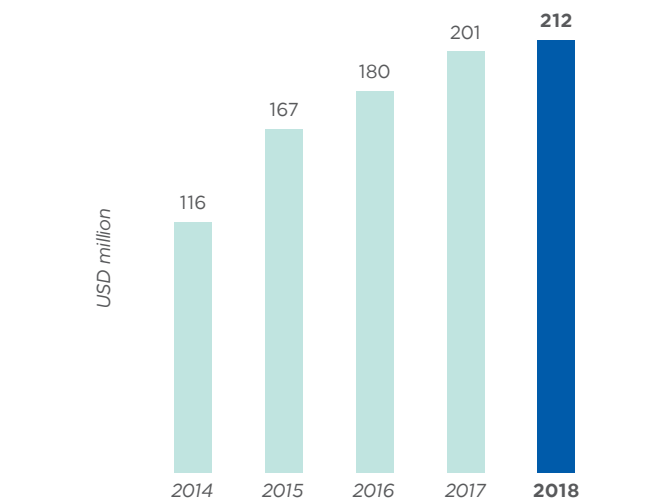
Figure 2: GVA contribution to the Sri Lankan economy 2014-2018



Investing and innovating for the long-term

Dialog's total accumulated capital investment reached USD878 million over 2014-2018. In 2018, Capital investment grew by 5.7% and reached USD212 million. Solid growth of capital investment supports Dialog's long-term development and contributes to the growth of the Sri Lanka economy. (Figure 3)

Figure 3: Total capital investment 2014-2018



Source: Axiata

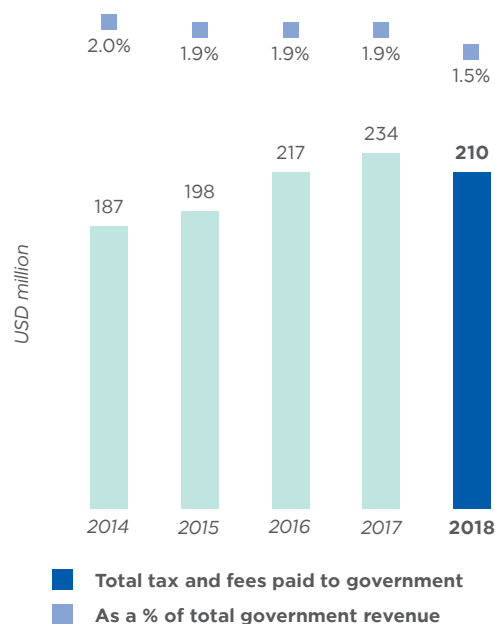


Contributions to public finance

From 2014 to 2018, Dialog contributed a total of USD1,047 million taxes and fees to public finance. Annual tax contributions grew at a CAGR of 2.9% from USD187 million in 2014 to USD210 million in 2018.

In 2018, Dialog contributed USD210 million in tax, accounting for 1.5% of Sri Lankan government's total tax revenue. (Figure 4)

Figure 4: Total tax contribution to public finance 2014-2018



Source: Axiata

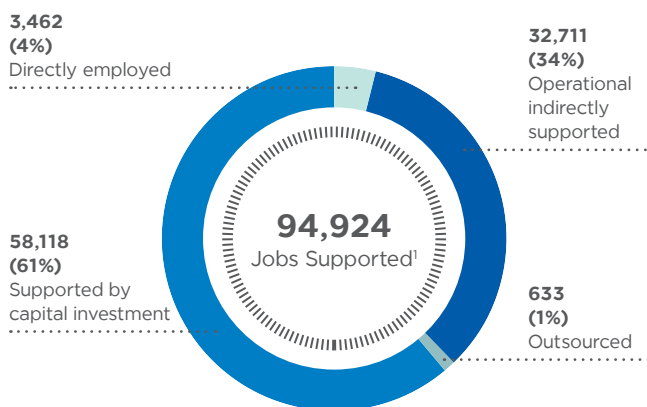
Total employment impact

Dialog's directly employed 3,462 people in 2018. 22% of the total employees were female. Dialog was dominated by Sri Lankans as 99.6% of total employees were locals. Dialog also engaged 183 interns in 2018.

A further 633 jobs were outsourced by Dialog and approximately 32,700 jobs were supported indirectly by its operations.

Dialog's capital investment supported 58,000 jobs. (Figure 5)

Figure 5: Total employment impact 2018



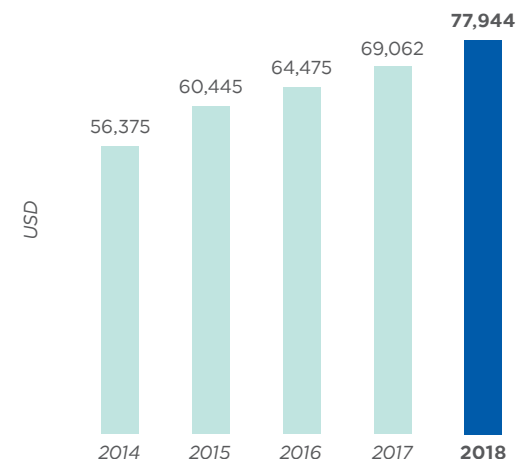
Note: ¹ Totals may not add up due to rounding

Dialog's labour productivity

Dialog's productivity, measured as Gross Value Added (GVA) per employee, grew by 38.3% from USD56,375 in 2014 to USD77,944 in 2018.

Annual growth rate of Dialog's productivity was estimated at around 8.3% over the last five years. Expanding operational profits contributed to the growth of productivity. (Figure 6)

Figure 6: Dialog's labour productivity 2014-2018



Bangladesh



Robi is the second largest mobile network operator, serving more than 46 million subscribers. Robi has been the leader in Bangladesh in rolling out innovative and new solutions. It was the first operator to introduce GPRS, 3.5G services and the first to launch 4.5G service in all the 64 districts of the country. By the end of 2018, Robi

created the largest 4.5G network of the country with nearly 7,400 sites covering 66% of the country. It is the only mobile operator to have successfully conducted the trial run of 5G and Voice over LTE technology on its 4.5G network.

Towards developing a digital economy

The government of Bangladesh has demonstrated strong commitment to supporting progress towards the digital economy. This includes the launch of the Digital Bangladesh 2021 vision with aims to:¹

- Develop human resources ready for the 21st century
- Connect citizens through ICT
- Introduce digital government for pro-poor service delivery
- Improve productivity of the private sector through use of digital technology

It is expected that the digital economy will generate USD17 billion and provide employment to 850,000 by 2020 through mobile internet expansion and growth in content and services.² Efforts to improve digital education continue, such as bringing ICT into schools to deliver hands on training in digital literacy.

Sources:

¹ Bangladesh: Driving mobile-enabled digital transformation by GSMA

² Bangladesh: Mobile industry driving growth and enabling digital inclusion by GSMA

National Contribution

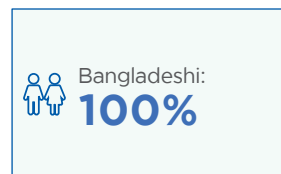
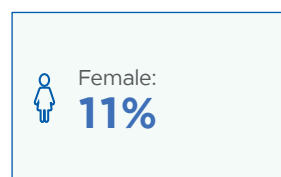
Contribution to Gross Value Added

USD1,406 million
(0.5% of the Nation's GDP)



Direct Employees

Total 1,567 staff



Total Jobs Supported

Total 103,922 jobs



Capital + Operating Expenditure

USD 860 million



Every **USD1** spent on Capex

translated to

USD5.6
GVA Contribution

Contribution to Public Finance

USD367 million
(1.0% of total tax revenue of the government of Bangladesh)

Bangladesh

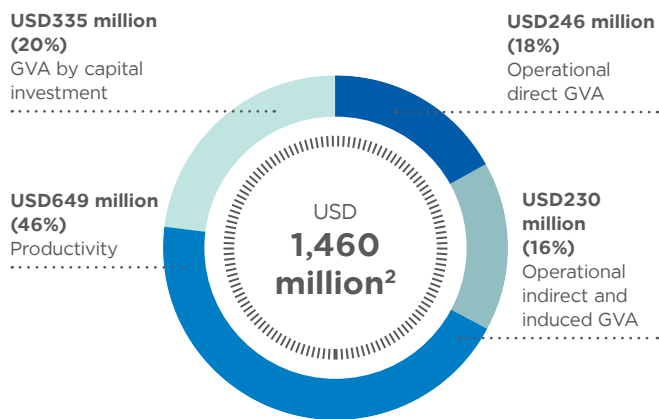
Robi's total economic contribution to the Bangladesh economy

Robi's substantial operations and investments in Bangladesh contributed significantly to the country's economic growth. With a total operating expenditure of USD611 million and capital investment of USD249 million, Robi contributed USD1,406 million to the economy of Bangladesh, accounting for 0.5% of national GDP.

Robi's operations directly contributed USD246 million in 2018, accounting for 18% of total GVA contribution. Another USD230 million was indirectly generated through the expenditures by Robi's suppliers. For every USD1 Robi directly added to the Bangladesh economy, it generated just under another USD1 indirectly from local suppliers, higher than an average of USD0.4 for the general industry.¹

Productivity improvements contributed USD649 million, accounting for 46% of total GVA contribution. Robi's capital investment contributed a further USD282 million, representing a share of 20% of the total GVA in 2018. (Figure 1)

Figure 1: GVA contribution to the Bangladesh economy 2018



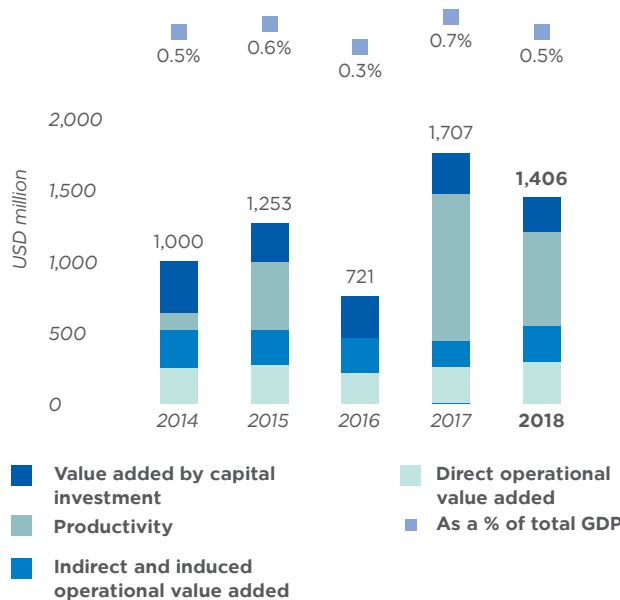
Note: ¹ Based on simple average of general industry
² Totals may not add up due to rounding
 Source: ADB 2006

Robi's total economic contribution over the last five years

Robi's total GVA contribution grew at a CAGR of 8.9% from USD1,000 million in 2014 to USD1,406 million in 2018, representing 0.5% of the national GDP in 2018. Total GVA dropped in 2016 to USD721 million, mainly due to the fluctuation of the mobile penetration rate in Bangladesh. (Figure 2)

Over 2017-2018, Robi's total GVA declined by 18% from USD 1,707 million to USD 1,406 million. This is mainly due to a lower growth of the mobile penetration rate over 2017-2018 compared to the period of 2016-2017.

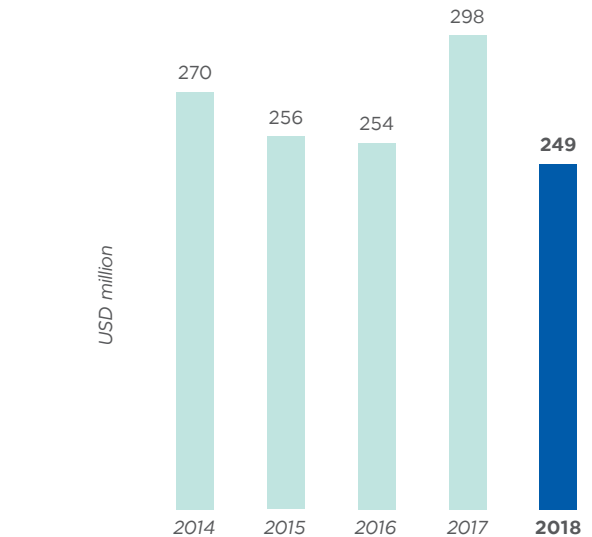
Figure 2: GVA contribution to the Bangladesh economy 2014-2018



Investing and innovating for the long-term

The total accumulated capital investment by Robi over the last five years reached USD1,327 million. In 2018, Robi invested another USD249 million mainly for network expansion. Capital investment plays an important role in facilitating long-term sustainable development of Robi's business and contributing to the growth of the Bangladesh economy. (Figure 3)

Figure 3: Total capital investment 2014-2018



Source: Axiata

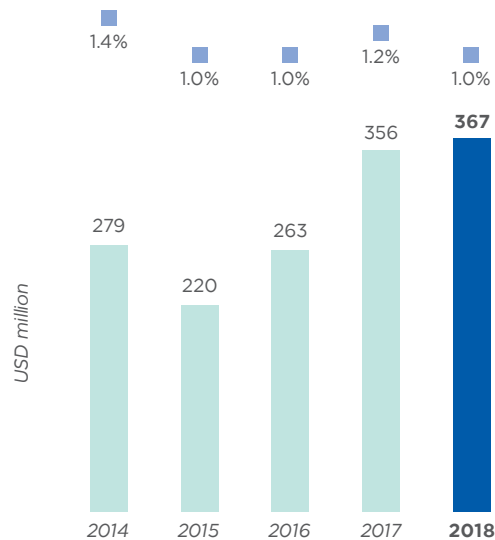
Bangladesh

Contributions to public finance

Total accumulated tax contributions to public finance over the last five years reached USD1,484 million.

Annual tax contributions in 2018 were USD367 million, accounting for 1.0% of the total tax revenue of the government of Bangladesh. (Figure 4)

Figure 4: Total tax contribution to public finance 2014-2018



- Total tax and fees paid to government
- As a % of total government revenue

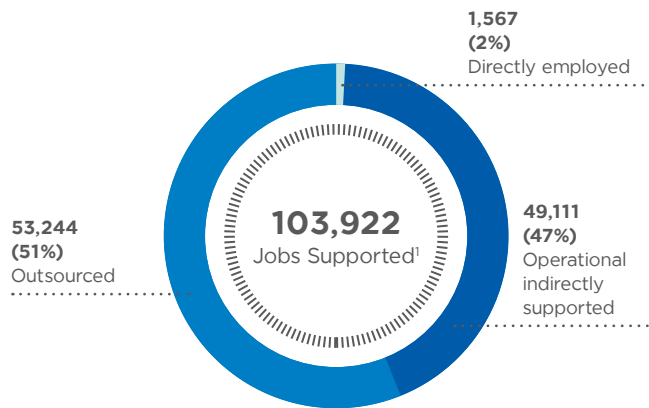
Note: Totals may not add up due to rounding
Source: Axiata

Total employment impact

Robi's direct operations generated 1,567 jobs in 2018. 11% of total employees were female. All of Robi's employees are Bangladeshi citizens. Robi also engaged around 61 interns to provide young people with the specialist skills required to operate in the digital economy.

Robi's operations also indirectly supported 49,100 jobs. A further 53,200 jobs were supported by its capital investment. (Figure 5)

Figure 5: Total employment impact 2018



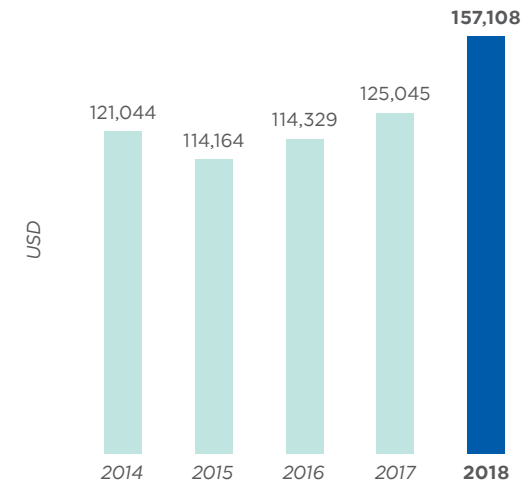
Note: ¹ Totals may not add up due to rounding

Robi's labour productivity

Robi's productivity, measured as Gross Value Added (GVA) per employee, increased by a CAGR of 6.7% to USD157,108 in 2018 from USD121,044 in 2014, mainly due to a decrease in the employment number. (Figure 6)

Robi's productivity grew by 25.6% from USD 125,045 per worker to USD 157,108 per worker over 2017-2018, mainly due to a 26.5% increase in operating profits.

Figure 6: Robi's labour productivity 2014-2018





Smart Axiata Co., Ltd. is Cambodia's leading mobile telecommunications operator, serving 8 million subscribers under the 'Smart' brand. Smart is at the forefront of mobile technology advancement in Cambodia with an extensive nationwide network coverage that stretches to more than 98% of the Cambodian population. Smart is also rapidly transforming itself into a digital lifestyle brand, having introduced many innovative

offerings, entertainment value propositions as well as digital services. Smart was the first network to introduce 4G LTE in 2014, 4G+ in 2016 and 4G+ with HD Voice (VoLTE) in early 2017. In mid-2017, Smart introduced cutting-edge 4.5G, manifesting its data leadership position in Cambodia. Smart aspires to become Cambodia's Digital Champion, while playing an active role in socioeconomic growth.

Vibrant Startup Ecosystem

Cambodia has great potential for the digital economy with more than 300 active tech startups, including in Fintech, Digital Media and Advertising. The number of tech startups is expected to double in the next three-years.¹

There is strong interest from local and international investors in the tech startup ecosystem. The Smart Axiata Digital Innovation Fund has earmarked USD5 million for Cambodian-based digital businesses and startups to spur the digital ecosystem in the country. Universities and training providers are offering more entrepreneurship and technical programmes to support the ecosystem.

The Cambodian government has also adopted initiatives such as drafting a startup policy that will receive input from multiple ministries, awarding startups and individuals, designing new incentives for tech startups and providing new resources for entrepreneurship.

Sources:
¹ Startup Kingdom: Cambodia's Vibrant Tech Startup Ecosystem in 2018

National Contribution

Contribution to Gross Value Added

USD374 million
 (1.5% of the Nation's GDP)

Operational Direct GVA:
USD146 million

Capital Investment GVA:
USD63 million

Operational Indirect and Induced GVA:
USD73 million

Productivity GVA:
USD92 million

Direct Employees

Total
838 staff

Female:
38%

Cambodian:
97%

Total Jobs Supported

Total
51,035 jobs

Directly Employed:
838

Supported by Capital Investment:
23,415

Operational Indirectly Supported:
26,782

Capital + Operating Expenditure

USD 233 million

Capital Expenditure:
USD80 million

Operating Expenditure:
USD153 million

Every **USD1** spent on Capex translated to **USD4.7** GVA Contribution

Contribution to Public Finance

USD86 million
 (2.6% of total tax revenue of the Cambodian government)

Cambodia

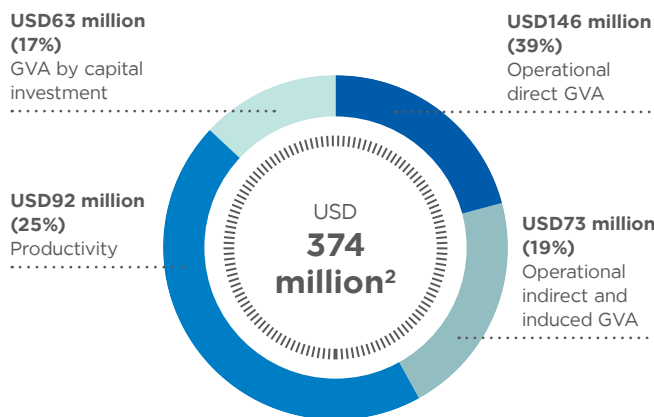
Smart's total economic contribution to the Cambodian economy

Smart's substantial operations and investments in Cambodia had a strong positive impact on the Cambodian economy in 2018. With a total operating expenditure of USD153 million and capital investment of USD80 million, Smart's total Gross Value Added (GVA) contribution to Cambodia's economy was estimated at USD374 million in 2018, accounting for 1.5% of national GDP.

Smart's operations directly contributed USD146 million in 2018, accounting for 39% of total GVA contribution. It also indirectly contributed USD73 million to economic activity in 2018. For every USD1 Smart contributed directly to Cambodia's economy, another USD0.5 was generated indirectly through local suppliers, higher than the general industry average of USD0.4.¹

Capital investment contributed USD63 million in 2018, representing 17% of total GVA. A further USD92 million which was generated from productivity improvement due to the rising mobile data growth and penetration rates, accounted for 25% of total GVA. (Figure 1)

Figure 1: GVA contribution to the Cambodian economy 2018



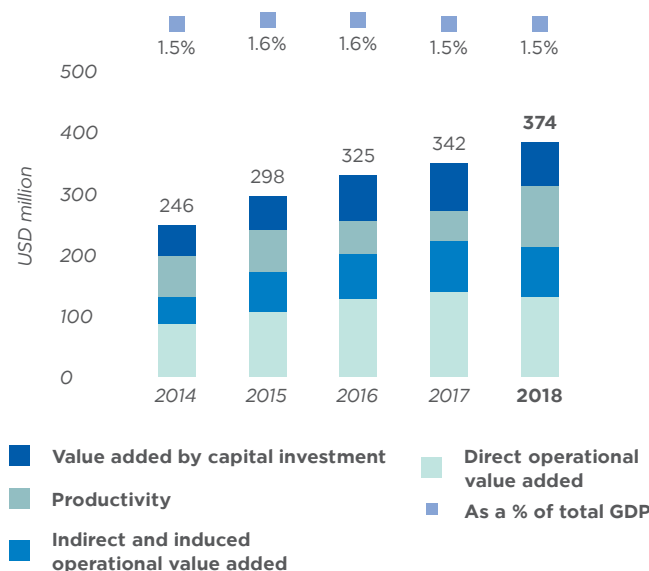
Note: ¹ Based on simple average of general industry
² Totals may not add up due to rounding
 Source: OECD 2011

Smart's total economic contribution over the last five years

Smart's total GVA contribution increased from USD246 million in 2014 to USD374 million in 2018, with a CAGR of 11.1%, representing a stable share of the country's GDP at 1.5%. Strong operational efficiency and significant mobile data growth in Cambodia facilitated the growth of GVA contribution. (Figure 2)

Over the last five years, total operational profits grew from USD77 million to USD134 million, with a CAGR of 15.0%. With the total number of mobile subscribers in Cambodia expanding from 18.6 million in 2017 to 19.4 million in 2018 while internet subscribers grew from 10.8 million to 13.6 million. According to the Telecommunications Regulator of Cambodia, mobile penetration rates increased from 117% to 121% while internet penetration rates increased from 68% to 85%. (Figure 2)

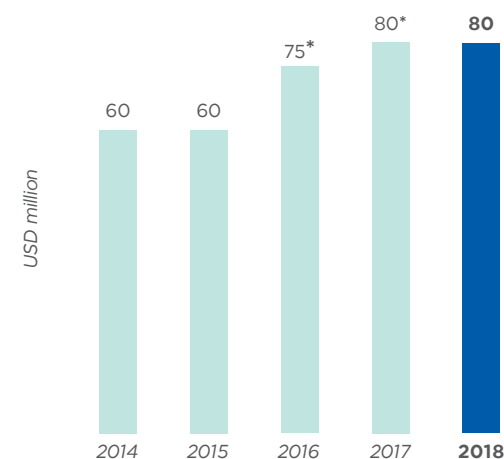
Figure 2: GVA contribution to the Cambodian economy 2014-2018



Investing and innovating for the long-term

The total accumulated capital investment by Smart over the last five years reached USD355 million. In 2018, Smart invested another USD80 million primarily for network expansions. Smart's continuous capital investment over the years is in line with the company's commitment towards developing Cambodia's ICT sector. (Figure 3)

Figure 3: Total capital investment 2014-2018



Note: * Smart's capital investment has been revised from USD 69mn to USD 75mn for 2016 and from USD 74mn to USD 80mn for 2017. As a result of the revision, as well as the updated economic indicators (i.e. current GDP and population) from National Institute of Statistics, total GVA contribution has been revised from USD 316mn to USD 325mn for 2016 and from USD 339mn to USD 342mn for 2017.

Source: Axiata

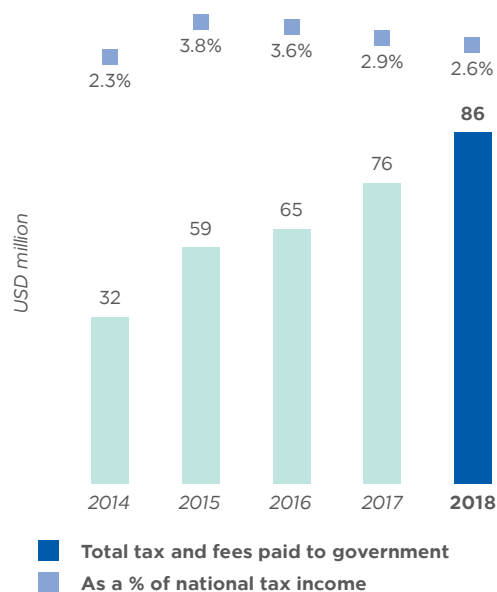


Contributions to public finance

Total tax and fee contributions by Smart over the last five years reached USD319 million. Annual contributions expanded from USD32 million in 2014 to USD86 million in 2018, with a CAGR of 28.0%.

Smart's contribution of USD86 million includes regulatory related fees, levies and payments. Smart's tax contribution alone accounted for 2.6% of national tax income. (Figure 4)

Figure 4: Total tax contribution 2014-2018



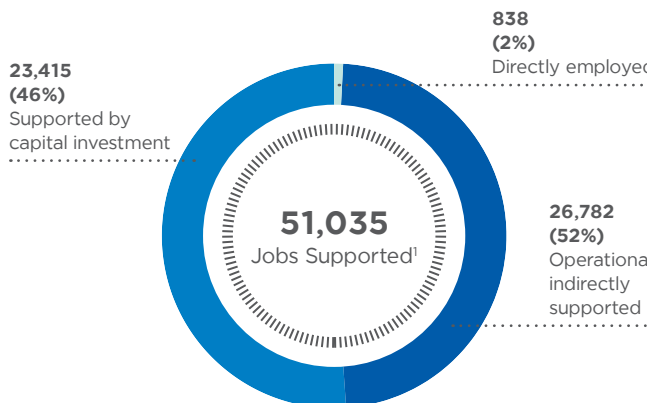
Source: Axiata

Total employment impact

Smart directly provided 838 jobs in 2018. Cambodian citizens accounted for 97% of total employees of the company. Around 38% of Smart employees were women. Smart also engaged 315 interns to provide young people with the specialist skills required in the ICT and digital economy.

Smart's operations indirectly supported an additional 26,782 jobs and a further 23,415 jobs were supported by Smart's capital investments in 2018. (Figure 5)

Figure 5: Total employment impact 2018

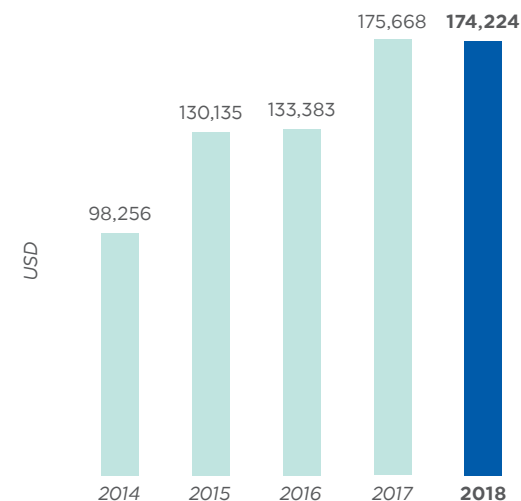


Note: ¹ Totals may not add up due to rounding

Smart's labour productivity

Smart's productivity, measured as Gross Value Added (GVA) per employee, increased from USD98,256 in 2014 to USD174,244 in 2018, with a CAGR of 15.4%. Significant growth in operational profits support the increased productivity. (Figure 6)

Figure 6: Smart's labour productivity 2014-2018





Ncell Private Limited is Nepal's first private sector telecom company to operate GSM service in Nepal. Today, Ncell operates the country's widest 4G network and serves 16.3 million customers, providing high quality, modern and cost-effective services, creating value

for its customers and partners. Contributing to the vision of Digital Nepal and the development of Nepal's economy and infrastructure, Ncell is building a best-in-class network to bring digital services to people living in rural and remote areas of Nepal.

Towards the Vision of Digital Nepal

The mobile penetration in Nepal has grown exponentially in the last decade to reach 133% in 2018. Internet penetration has also grown rapidly over the last decade from 3% to 57%.¹

Improvement in digital adoption creates growth potential for digital marketing, e-commerce and m-commerce, in line with the 2018 Digital Nepal Framework, aimed at driving economic growth as well as addressing challenges by leveraging on digital technologies.

The framework identifies 80 digital initiatives across eight key sectors and provides a roadmap for both private sector and public authorities to formulate a digital environment in the local context to enable potential socio-economic growth. The Digital Nepal programme is expected to deliver an economic impact of up to NPR 800 billion by 2022.²

Sources:

¹ Nepal Telecommunications Authority

² 2018 Digital Nepal Framework, Ministry of Communication and Information Technology

National Contribution

Contribution to Gross Value Added

USD 741 million
(2.7% of the Nation's GDP)

Operational Direct GVA:
USD 377 million

Capital Investment GVA:
USD 52 million

Operational Indirect and Induced GVA:
USD 134 million

Productivity GVA:
USD 178 million

Direct Employees

Total 534 staff

Female:
25%

Nepalese:
98%

Total Jobs Supported

Total 94,550 jobs

Directly Employed:
534

Operational Indirectly Supported:
66,497

Outsourced:
1,589

Supported by Capital Investment:
25,930

Capital + Operating Expenditure

USD 271 million

Capital Expenditure:
USD 66 million

Operating Expenditure:
USD 206 million

Every **USD 1**
spent on Capex

translated to

USD 11.3
GVA Contribution

Contribution to Public Finance

USD 257 million
(4.2% of total tax revenue of the Nepali government)



Nepal



Ncell's total economic contribution to Nepal's economy

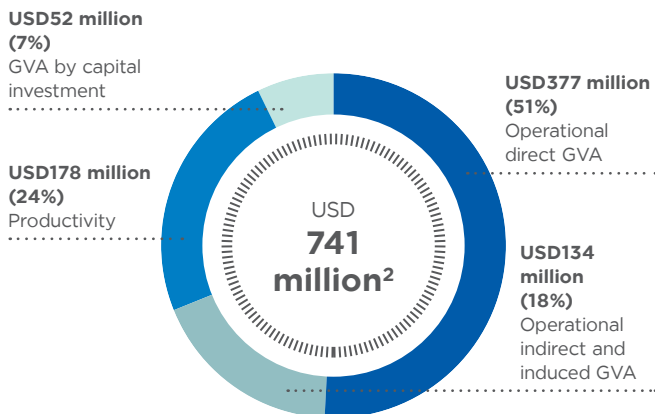
Led by Ncell's total operating expenditure of USD206 million and capital investment of USD66 million, Ncell's total Gross Value Added (GVA) contribution to Nepal's economy was estimated at USD741 million in 2018, accounting for 2.7% of national GDP.

Ncell's operations directly contributed USD377 million GVA, accounting for 51% of total GVA in 2018. A further USD134 million was indirectly generated through the expenditures by Ncell's suppliers, accounting for 18% of total GVA. For every USD1 Ncell directly added to the economy, it generated another USD0.4 indirectly from local suppliers, similar to the general industry average.¹

The contribution from productivity improvements in 2018 was USD178 million, representing a share of 24% of total GVA contribution.

A further USD52 million contribution came from capital investment, accounting for 7% of the total GVA contribution. (Figure 1)

Figure 1: GVA contribution to Nepal's economy 2018



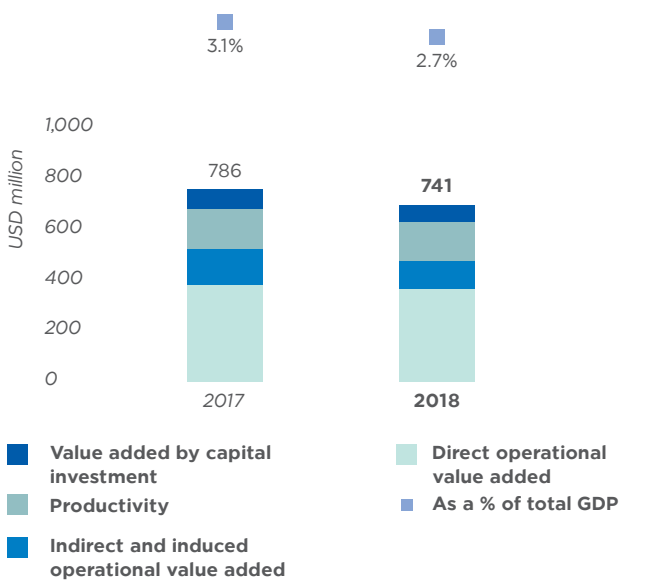
Note: ¹ Based on simple average of general industry
² Totals may not add up due to rounding
Source: OECD 2011

Ncell's total economic contribution over the last two years

Ncell's total GVA contribution dropped by 5.7% from USD786 million in 2017 to USD741 million in 2018, representing a decreased share of the country's GDP from 3.1% to 2.7%. (Figure 2)

Ncell's operational profits decreased from USD351 million to USD346 million over 2017-2018. The number of mobile subscribers in Nepal reached 39 million in 2018, achieving the highest mobile penetration rate ever of 133%.

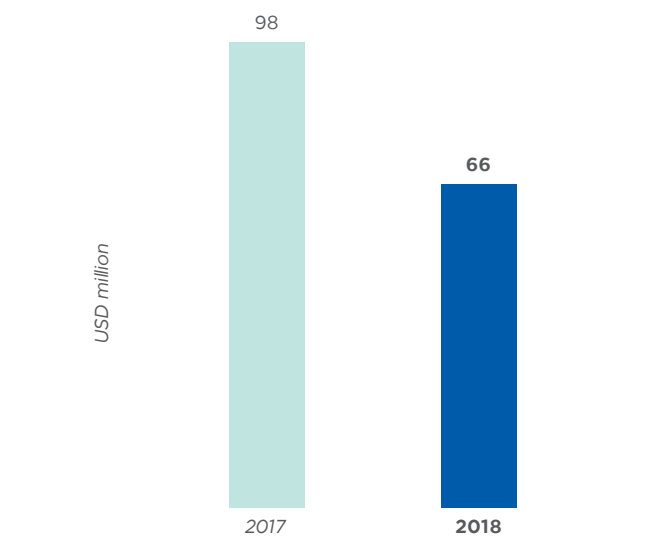
Figure 2: GVA contribution to Nepal's economy 2017-2018



Investing and innovating for the long-term

Ncell's total accumulated capital investment reached USD164 million over the last two years of operations. The capital investment was USD66 million in 2018. Capital investment plays a significant role in enhancing the company's competitiveness and contribution to Nepal's economy. (Figure 3)

Figure 3: Total capital investment 2017-2018



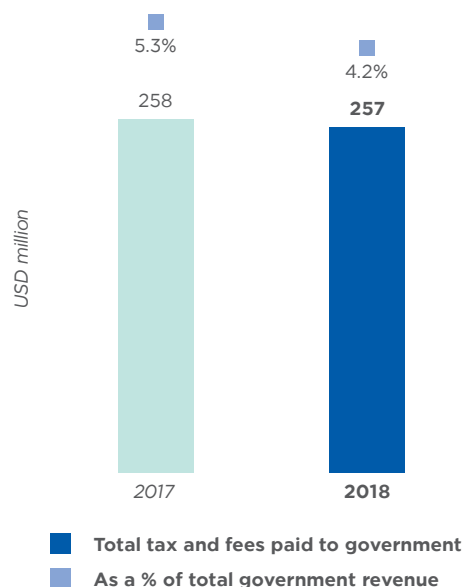
Source: Axiata

Nepal

Contributions to public finance

In 2018, Ncell contributed USD257 million in tax, accounting for 4.2% of total tax revenue of Nepal's government. The accumulated tax contribution was USD515 million for the last two years. (Figure 4)

Figure 4: Total tax contribution to public finance 2017-2018



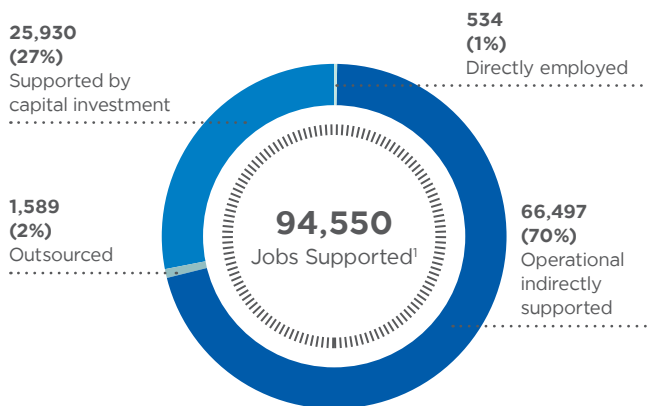
Source: Axiata

Total employment impact

In 2018, there were 94,550 jobs supported by Ncell's business in total. Ncell directly provided 534 jobs in 2018. 98% of the firm's employees were Nepali residents and 25% of the total employees were female.

A further 1,589 jobs were outsourced by Ncell and 66,500 jobs were supported indirectly by its operations. Ncell's capital investment supported 25,900 jobs. (Figure 5)

Figure 5: Total employment impact 2018

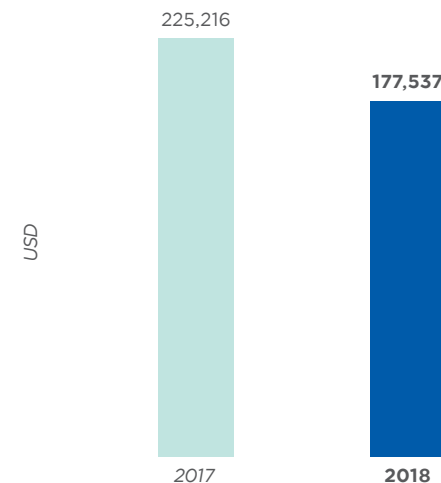


Note: ¹ Totals may not add up due to rounding

Ncell's labour productivity

Ncell's productivity, measured as Gross Value Added (GVA) per employee, was estimated at USD177,537 in 2018, a decrease from USD225,216 in 2017. The decrease was mainly due to an increased number of outsourced employees over 2017-2018.

Figure 6: Ncell's labour productivity 2017-2018



Methodology

1. Methodologies and computational formula

Direct Value Added contributions were estimated based on operational data provided by Axiata regarding operating revenues, operating expenditures, compensation of employees and indirect taxes and levies.

Total Value Added contributions were estimated using an economic multiplier. The total multipliers (Type II) for the Telecom industry were derived from national Input-Output (I-O) tables published by OECD, ADB and national statistical agencies.

Employment is generated through a number of avenues including:

1. Directly through Axiata and related industries.
2. Outsourced support services including customer support and network operations and maintenance.
3. Indirectly through firms that provide services to Axiata's operations.
4. Induced as employees from the above spend their household income thereby generating further rounds of employment.

Total employment impact is estimated using I-O tables and Average Value Added per Worker derived from relevant Departments of Statistics for each country.

2. Capital Investment

1. Total Value Added = Capital Expenditure x Proportion Spent in Host Country x Average Value Added Multiplier

2. (a) **For countries where employment multipliers are available,**
 Total Employment in Host Country = Total Capital Expenditure in Host Country x Average Employment Multiplier

(b) **For countries employment multipliers are not available,**
 Total Employment in Host Country = Total Capital Expenditure Value Added in Host Country/Average Value Added per Worker in Host Country

3. Operational

1. Total Value Added = Direct Value Added x Total Value Added Multiplier

Where,

Direct Value Added = Operating Revenue - Operating Expenditure + Compensation of employees + Indirect taxes and levies

Note: Operating expenditure provided by Axiata excludes depreciation

2. (a) **For countries where employment multipliers are available,**
 Total Employment = Total Operational Expenditure x Average Employment Multiplier

(b) **For countries when employment multipliers are not available,**
 Total Employment = Total Indirect Value added/Average Value Added per worker + Direct Employment
 Direct Employment = As per Axiata data

3. Axiata's labour productivity = Direct Value Added/Number of employees

Note: Number of employees includes both direct and outsourced employees

4. Productivity Analysis

Axiata Contribution to GDP Growth = National Contribution to GDP Growth x Market Share of Axiata

Where,

National Contribution to GDP Growth = National Penetration Growth x Growth Factor Penetration = Number of Customers/Population

Note: Growth Factor was assumed to be 1.2% per 10% change in market penetration for all countries except 0.6% market penetration for Singapore

5. Multiplier Analysis

Capex Multiplier = Total Axiata's Value Added Contribution/Capital Expenditure

Note: Total Axiata's Value Added contribution includes Operational Direct Value Added, Operational Indirect and Induced Value Added, Value Added by capital investment and Productivity impact

