

## National Contribution

### Contribution to Gross Value Added

**USD1,646 million**  
(0.5% of the nation's GDP)



Operational Direct GVA  
**USD770 million**



Capital Investment  
**USD142 million**



Operational Indirect and Induced GVA  
**USD733 million**

### Direct Employees

**3,687 Staff**



Total Employees  
**44% Female**



**99.5% Malaysian Citizens**

### Total Jobs Supported

**46,181 Jobs**



Directly Employed **3,687**



Supported Indirectly - Operations **34,872**



Supported Indirectly - Capital Investment **7,622**

### Capital and Operational Expenditure

**USD1,311 million**  
in 2016



Capital Expenditure  
**USD321 million**



Operational Expenditure  
**USD990 million**

Every

**USD1**

Spent on Capex and Opex

translated to

**USD1.4**

GVA Contribution

Contributed

**USD200 million in taxes in 2016**

(0.5% of the total tax revenue of the Malaysian Government)

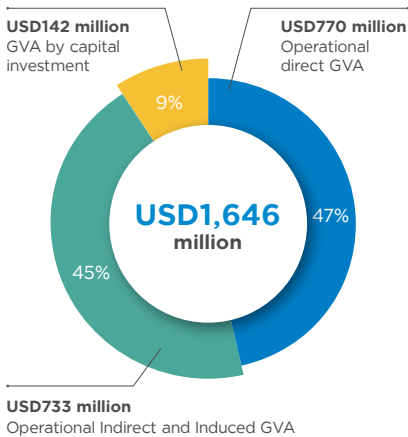
Celcom Axiata Bhd is Malaysia's premier mobile telecommunications company and provides postpaid mobile and digital services to close to 11 million subscribers. Celcom has the widest network in Malaysia with population coverage of 95% for 2G, 90% for 3G and 90% for 4G/LTE networks.

Malaysia continues to make steady progress towards becoming a high-income nation by 2020. In 2016, the Malaysian economy expanded by 4.2% driven mainly by domestic demand and government-led infrastructure projects under the National Transformation Programme.

Due to growing affluence, Malaysian consumers have become increasingly tech savvy resulting in a highly competitive telecommunications market. The mobile penetration rate in Malaysia in 2016 was approximately 141.6% comprising 43.9 million subscribers, while the broadband penetration rate reached 77.9%.

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**Figure 1: GVA contribution to the Malaysia economy 2016**



### Economic and Financial Contributions

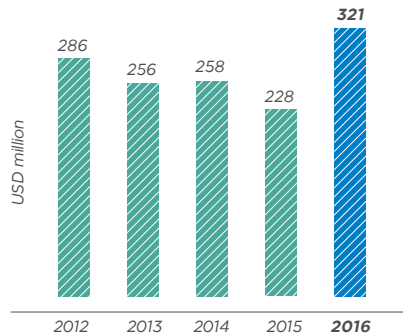
Celcom's Gross Value Added (GVA) in 2016 was estimated at USD1,646 million comprising direct operational contributions of USD770 million, indirect operational contributions of USD733 million and capital investments of USD142 million (see Figure 1). Total GVA of USD1,646 million was derived from Celcom's total opex of USD990 million and capex of USD321 million, which means that every USD1 spent by Celcom in Malaysia through its operations and capital investment added USD1.4 to the Malaysian economy.

### Investing and Innovating for the Long Term

Celcom invested a total of USD1,350 million between 2012 and 2016 towards improving its products and services, expanding its network coverage, introducing new technology and enhancing its infrastructure for the Malaysian market. Total investment of USD321 million in 2016 represented a 41% increase compared to USD228 million in 2015 (see Figure 2). The strong trend of investment supports the OpCo's long-term development and continuing contributions to the Malaysian economy.

Note: As a % of total GVA contribution; Numbers may not balance due to rounding

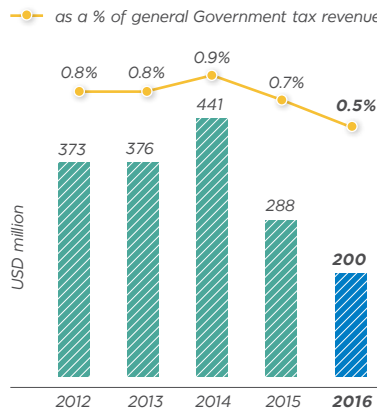
**Figure 2: Total capital investment: 2012-2016**



### Contributions to Public Finance

Total tax contributions for Celcom over the last five years totalled USD1,677 million. In 2016, Celcom contributed USD200 million in tax, accounting for 0.5% of the Malaysian Government's total tax revenue (see Figure 3). Celcom's tax commitments in Malaysia include direct taxes such as corporate and withholding tax, as well as indirect taxes such as value-added tax and licensing fees.

**Figure 3: Total tax contributions to public finance, 2012-2016**

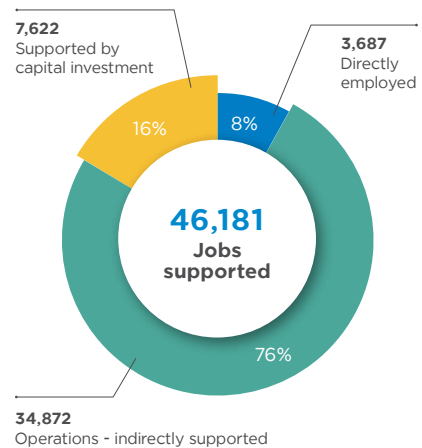


Note: Total tax revenue for the Federal Government. (Source: 2012-2016 budget, Ministry of Finance)

### Talent Development

Celcom provided 3,687 direct jobs in 2016 of which 99.5% were staffed by Malaysian citizens (see Figure 4). About 44% of Celcom employees were women, which is higher than the national average of 38%. During the year, Celcom engaged six graduate management trainees as part of its goal to provide young people with specialist skills required in the digital economy. Celcom's operations also indirectly supported an additional 34,900 jobs through its engagement with suppliers, and a further 7,622 jobs through Celcom's capital investments.

**Figure 4: Total employment impact 2016**



### In Support of the National Agenda

Celcom is committed to forwarding the national agenda of developing the capacities and capabilities of Bumiputera and other stakeholders. In addition to its vendor development programme, Celcom sets key performance indicators benchmarking its contribution to national development. These include:

- (i) **Developing Entrepreneurs**
  - Measuring procurement spend through Bumiputera vendors (73% or RM606 million in 2016)

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- Partnerships with Anchor Partners including Government regulatory agencies to fund Bumiputera SME and SMI companies, as well as funding through Axiata Digital Innovation Fund (ADIF)

(ii) **Developing Employees**

- Trained 127 employees under the Celcom Accelerated Development Programme
- Hired 622 Skim Latihan 1Malaysia (SLIM) trainees to provide fresh graduates with practical working experience
- Conducted an entrepreneurship training programme with the Ministry of Higher Education (MoHE) in 2016 to develop student entrepreneurial abilities

(iii) **Contributing to Society**

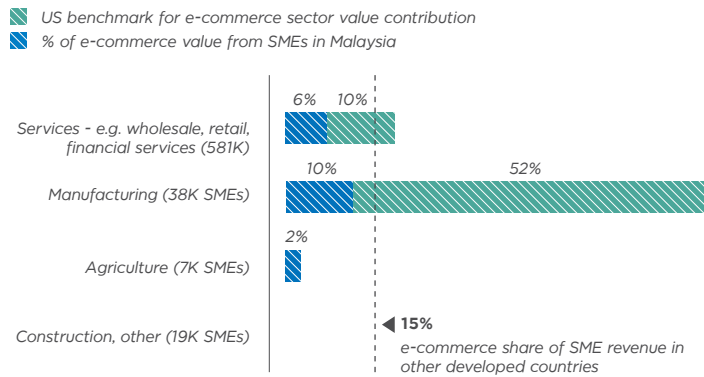
- Contributed RM8 million to the Badminton Association of Malaysia (BAM) to develop the sport

**Supporting our Local Business Partners and SMEs**

At the Group level, Axiata established ADIF, to fund and develop local digital businesses. ADIF has also been directed to ensure that 50% of its investees are Bumiputera majority-owned businesses. By end 2016, ADIF has invested RM23 million in 12 companies.

At the OpCo level, Celcom supports local industry development through its Local Partner Development Programme (LPDP) and its Vendor Development Programme (VDP). The LPDP is focused on developing Bumiputera vendors while the VDP expands its scope to include all Malaysian vendors. These programmes are designed to help vendors become more competitive by providing guidance and creating networking opportunities in the industry. Celcom also runs development programmes for its business and strategic partners through its Business Development Programme (BDP) and Strategic Partners Development Programme (SDP).

**Figure 5: % e-commerce value from SMEs in Malaysia - by SME sector**



Source: Jehangir et al., "Towards Digital Economy: The Development of ICT and E-Commerce in Malaysia", 2011

*SMEs - the engine of the Malaysian economy*

SMEs contributed 36% of Malaysia's total GDP in 2014, and this is expected to reach 41% by 2020. However, many SMEs have yet to take advantage of e-commerce to grow their business.

The National eCommerce Strategic Roadmap seeks to increase e-commerce penetration among SMEs to improve their productivity and ability to compete with domestic and international brick-and-mortar stores. Specific goals include:

- (i) Establishment of a one-stop eBusiness resource for SMEs
- (ii) Increased promotion and marketing of e-commerce to SMEs.

The Roadmap estimates e-commerce to account for 6% of SMEs' total revenues by 2020 (see Figure 5).

*Digitisation increases productivity and competitiveness of SMEs*

Only 20-25% of Malaysia's SMEs have adopted ICT in their business operations, partly due to a lack of awareness of the benefits of digital platforms. This hampers their productivity and competitiveness,

and prevents SMEs from offering their products to online consumers. As a result, less than 10% of SMEs' GDP contribution is derived via e-commerce, although this could rise with increased engagement with ICT.

Dialog offers the best Tourist Mobile Plans for tourists to get connected when enjoying the beauty of this paradise island.

The Malaysia External Trade Development Corporation uses ICT in its eTRADE programme to help SMEs to reach out to new buyers in international e-marketplaces. The programme includes training and online assistance to participating SMEs, and on-boarding them onto the e-marketplace.

**Expanding Connectivity to Underserved Areas**

The Malaysian Government implemented its National Broadband Initiative in 2010 to make high-speed internet accessible and affordable to all Malaysians, with particular emphasis on rural populations. Online access has been viewed by the Government as necessary for the social and economic uplift of rural Malaysia, particularly in the areas of commerce and education.

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As a leading provider of connectivity services in the country, Celcom has been playing a key role supporting the Government initiative through various programmes including its Kampung Tanpa Wayar (KTW) and Pusat Internet 1Malaysia (Pi1M) programmes. Through KTW and Pi1M, Celcom is bridging the digital divide of the underserved communities, and promoting greater use of technology and digitisation.

### Talent Development

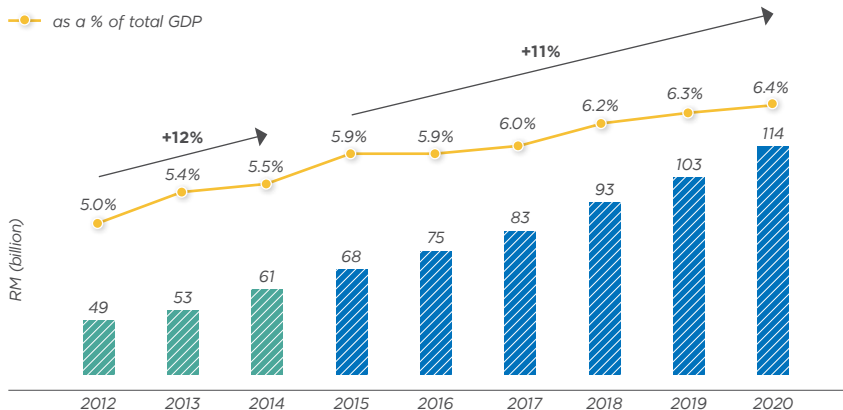
Our efforts to develop talent in Malaysia is delivered primarily through our Axiata Young Talent Programme (AYTP), which provides training and grooming to youths at different stages of development. Celcom also develops partnerships with relevant education authorities such as the MoHE to hold training classes on selected topics. In 2016, Celcom collaborated with MoHE to develop greater entrepreneurship in university students by providing workshops as well as by providing distribution access through its e-commerce platform 11Street.

Celcom continues to be a keen participant of the Government's SLIM programme, which is designed to provide fresh graduates with practical working experience. SLIM trainees are taken by Celcom to give them valuable exposure in various aspects of the business. Successful trainees may be offered full-time positions upon the completion of the programme.

### E-commerce

ICT is one of the most important determinants for the rapid growth of e-commerce which is being driven by the rising growth of internet users, online spending and adoption of new technologies such as mobile wallets. Celcom is contributing significantly to Malaysia's position as an e-commerce hub by creating a secure ICT infrastructure for vendors and consumers.

**Figure 6: E-commerce contribution to GDP**



Source: IDC Bullish on Malaysia's digital economy potential, Enterprise Innovation, November 2016; Department of Statistics Malaysia; National eCommerce Strategic Roadmap

### National eCommerce Strategic Roadmap

The Government of Malaysia launched the National eCommerce Strategic Roadmap in October 2016. The Roadmap highlights the need to provide good and affordable broadband and mobile phone penetration for connectivity, physical infrastructure and the widespread use of payment cards, eWallets and mobile wallets for convenient electronic payments.

The Roadmap forecasts that e-commerce's contribution to GDP will increase at a CAGR of 11% from RM68 billion in 2015 to RM114 billion under a business-as-usual scenario (see Figure 6).

### ICT supports the implementation of the Roadmap

Data from International Data Corporation (IDC) indicates that total IT spending, including infrastructure, software and services, will grow by 3.3% to USD21.6 billion in 2017. This is expected to boost the adoption of e-commerce. Key foundations for this are strong internet penetration (68%), and the 16 million Malaysians who are already digital consumers.

Celcom has launched three new e-commerce portals since 2013. They are Bachabooku (an online store providing local electronic books and magazines), Buzzaar (an online specialty store that offers delivery of popular regional specialties) and Crescent (an Islamic lifestyle hub). The portals are aligned with Celcom's goal to develop more online business avenues as a key revenue pillar, and support the development of a dynamic e-commerce ecosystem in Malaysia.

Celcom is also the owner of 11street, an optimised e-commerce platform launched together with SK Planet Ltd, a South Korean e-commerce company. This initiative underlined Celcom's expanding digital services portfolio, and increased revenue streams that would eventually benefit customers, service providers and content developers, as well as the traditional brick-and-mortar merchants.