

MYANMAR INVESTMENTS

Press Release

10 April 2017

Myanmar Investments International Limited

Strategic and Trading Update

Myanmar Investments International Limited [AIM: MIL] (“MIL” or the “Company”), the AIM-quoted Myanmar focused investment company, today announces a Strategic and Trading Update which gives detail on the Company’s recent performance for the year ended 31 March 2017 and prospects for the next stage of growth. All financial estimates are based on unaudited initial management estimates.

Overview and Financial Update

- MIL’s two existing joint venture businesses have achieved positive results over the last year.
 - Apollo Towers Pte Ltd (“Apollo”), one of Myanmar’s leading telecom tower companies, has now built 1,800 towers, giving it an approximate 15% share of the Myanmar telecom tower market, and is expected to benefit from the imminent entry of a fourth mobile telecom operator.
 - Myanmar Finance International Limited (“MFIL”), the Company’s microfinance joint venture, has continued its strong growth on the back of securing additional debt funding. As a result, its loan book increased by 148% to US\$5.7 million and the number of borrowers has increased to over 42,000 since the initial investment.
 - The Company has recently signed two non-binding memoranda of understandings (“MOU”) based on which the Company expects to sign definitive contracts within the next few months: the first being with a pharmacy, healthcare and personal care product joint venture; the second being a tour operator and travel agency joint venture.
- MIL continues to keep its cash overheads tightly under control. In the year to 31 March 2017, management estimates cash overheads at around US\$1.9 million which is the same as the previous year. On a per share basis this equates to a 25% reduction year-on-year.
- As at 31 March 2017, management estimates that the Company had cash resources of approximately US\$3.2 million (2016: \$1.4 million).
- The Company continues to develop its proprietary business pipeline in segments of the economy where the Directors see investment and growth opportunities arising; currently this includes prospective investments in the healthcare, retailing, mobile financial services, technology and energy sectors.
- Myanmar’s new administration, under the guidance of Daw Aung San Sui Kyi, has now been in office for a year and has made progress on a number of initiatives designed to streamline foreign investment including the revised Myanmar Investment Law passed in October 2016 and a revised Companies Act being finalised and expected to be passed in the near future.

Apollo Towers Pte Ltd (“Apollo”)

- The telecoms sector continues to experience rapid growth in Myanmar with strong demand for capacity expansion. Myanmar’s mobile penetration rate continues to grow with estimates currently as high as 75%.
- Apollo has nearly doubled its tower portfolio to 1,800 towers since MIL’s investment in 2015 and the company has plans for 2,000 more towers to be constructed in its next phase of development.
- 15% of Myanmar’s telecom towers are now under Apollo’s management.
- Apollo expects to experience a significant increase in the number of co-tenants on its towers from both the imminent entry of Myanmar’s new operator, MyTel, and also the country’s multiple new internet service providers.

MIL first invested in Apollo in July 2015 when it led a consortium of investors that invested US\$30 million for a 14.18% shareholding in Apollo. The other shareholders are Sanjiv Ahuja, the ex-Orange CEO, and TPG Growth, the middle market and growth equity investment platform of TPG (formerly Texas Pacific Group), the global investment firm. As at 31 March 2017, MIL’s indirect shareholding in Apollo was 9.3% for a cost of US\$21 million. In June 2016, Apollo successfully secured a US\$250 million loan from the United States’ Overseas Private Investment Corporation (“OPIC”) marking OPIC’s first financing in the country.

Myanmar Finance International Limited (“MFIL”)

- MFIL continues its strong growth trajectory with its borrower base now at over 42,000 and its loan book up to MMK 7.8 billion (US\$5.7 million) as of February 2017, a Combined Annual Growth Rate (“CAGR”) of 78% and 148% respectively since MIL’s initial investment in September 2014.
- The average loan size provided by MFIL has increased by 129% to MMK 183,000 (US\$135) from MMK 80,000 at the time of the initial investment.
- MFIL has now launched a new micro-business product to complement the strong growth in group loans.
- Seven branches are now open, including four in Yangon and three in Bago; an additional Yangon branch is scheduled to open by May 2017.
- MFIL has US\$2 million worth of Kyat-denominated debt facilities now in place.
- For the year ending 31 March 2017 MFIL expects to see the second consecutive year of increased net profitability.

MFIL is a joint venture established in August 2014 by MIL and Myanmar Finance Company Limited (“MFC”) a company controlled by U Htet Nyi, a Myanmar entrepreneur and honorary consul for Norway and Finland. In November 2016, the Norwegian Investment Fund for Developing Countries (“Norfund”), the Norwegian development finance institution, also became a shareholder such that the shareholdings today are MIL 37.5%, MFC 37.5% and Norfund 25%, with total paid up capital of nearly US\$ 5 million.

Potential Pharmaceutical Investment

- MIL signed an MOU in February 2017 to set up a pharmacy, healthcare and personal care product joint venture in Myanmar.
- The two joint venture partners are an experienced retail group (that runs over 50 pharmacy, health and beauty outlets in a neighbouring Asian country) and an industry veteran with significant experience leading Asian-based retail concepts including Wal-Mart in Korea and India, VinMart in Vietnam and Reliance Markets in India.
- MIL is in the process of negotiating final terms with the joint venture partners and is aiming to finalise contracts for this investment within the next few months.
- MIL is excited at the prospects for the pharmacy, healthcare and personal care retail sector given the expected rise in consumer spending power. McKinsey has predicted that the middle and affluent classes in Myanmar are set to boom in the coming years and this segment could grow to 19 million people by 2030, tripling consumer spending from US\$35 billion to US\$100 billion.

Potential Investment in a Tour Company

- In March 2017 MIL signed an MOU with a well-established local tour operator and travel agency to set up a joint venture company that will develop the business further as well as invest in tourism related assets.
- The tourism sector in Myanmar is experiencing rapid growth with the number of arrivals growing at a CAGR of 40% between 2010 and 2016 to six million and continued growth over the next several years.
- MIL is in the process of negotiating final terms and is aiming to finalise contracts for this investment within the next few months.
- The proposed joint venture tour operator and travel agency is profitable and will act as a spring board for further investments that will benefit from the growth in tourist arrivals.

Pipeline

- Leveraging off its network of relationships in Myanmar and the immediate Asia region, MIL continues to see a flow of exciting business opportunities each of which demonstrate an acute imbalance between the supply and demand of investment funding in their various sectors. Many of these potential investee businesses are attractively priced and are in either the consumer or capacity-constrained sectors.
- Many of the consumer opportunities offer the prospect of a modest initial investment with scale-up potential once the business model has been proven. The rise in spending power of the middle and affluent class in Myanmar is expected to make this a very attractive sector.

- Capacity-constrained opportunities benefit from the ability to partner with proven international operators as well as introduce significant offshore-sourced leverage, both of which MIL is able to provide.
- MIL is looking specifically at identified opportunities in the healthcare, retailing, fintech and traditional financial services platforms, technology and energy sectors.
- Having determined its “sweet spot” MIL actively sources opportunities from its own network of relationships both within Myanmar and the immediate Asia region.

Strategic Update

MIL is an active Myanmar-focused investment and management group producing long term capital appreciation and income from proactive participation in Myanmar’s re-emergence.

MIL has a clear business strategy for its current and potential investments in Myanmar.

- To stay focused on the business development process and actively manage risk minimisation / reward maximisation to produce superior long term returns. This starts by:
 - identifying sectors with strong growth;
 - identifying credible partners with strong senior and line-management;
 - the partners might be proven local entrepreneurs or foreign companies looking to enter Myanmar; and
 - looking to de-risk the business where needed through bringing in new managers, mentors and strategic partners.
- MIL’s permanent capital structure allows it to optimise returns by determining the point and method of monetisation.
- MIL targets returns of 30%+ and / or 3x capital, on a pre-leverage basis:
 - this can come from capital gains; dividends and/or fee generation;
 - aiming to maximise returns by exiting at the right time; and
 - focusing on value creation and monetisation.
- Investment yields are complemented by generating revenue from fee earning activities.

In essence, MIL’s strategy is to build net asset value per share as well as to generate dividends when it becomes commercially appropriate. Over time this will provide an attractive total return to its shareholders.

In continuing MIL’s clearly defined strategy, the Company may raise additional capital as and when required.

Furthermore, as part of increasing liquidity and visibility of the Company’s shares, the Board is considering a dual listing in the Asian region.

Commenting on the Strategic and Trading Update, Mr. Aung Htun, Managing Director of Myanmar Investments International Limited, said:

“We are exceptionally proud of the businesses that we are building in Myanmar. Like all frontier economies, especially a country that has been isolated for over 50 years, there are many challenges. I am pleased that the unsustainable euphoria of 2012 has now given way to more realistic expectation of the time required for change. However, as MIL has been on the ground now for nearly four years we see the determination, continual progress and significant growth potential in many different sectors. We are confident in the prospects of Myanmar for the future.”

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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Notes to Editors:

Myanmar Investments International Limited (“MIL”) is the first Myanmar-focused investment company to be admitted to trading on the AIM market of the London Stock Exchange. It was established in 2013 to act as a conduit for overseas investors to invest in businesses led by dynamic and visionary Myanmar entrepreneurs and foreign companies investing in the country. MIL is led by co-founders Aung Htun and Mike Dean, private equity professionals and entrepreneurs with a strong regional track record of investment and profitable exits in Southeast Asia.

MIL aims to identify investments with strong growth which if necessary can be “de-risked” through the introduction of experienced senior line-management, mentors and / or strategic partners sourced by its Founders. Key sectors are those experiencing acute supply versus demand imbalances, such as consumer and other capacity-constrained sectors.

With its strong proprietary investment pipeline of deals, MIL provides investors with a highly disciplined and conservative investment process into one of the most promising growth opportunities of this era.

To date, MIL has invested in Apollo Towers, one of Myanmar's top telecom towers companies with 1,800 towers, and MFIL, a top 10 microfinance company.

Myanmar, a country of approximately 51.4 million people and roughly the size of France, has been isolated for much of the last 50 years. Once it was one of the more prosperous countries in Southeast Asia as it has an abundance of natural resources including oil, natural gas, arable land, tourist attractions and a long coastline. It is now one of the least developed countries in the world.

The country has undergone a transformational reform process, kick-started by U Thein Sein's Administration and now continued under the fully civilian democracy in half a century led by Daw Aung San Suu Kyi. While the process is still underway, significant progress has been made to the economic prospects of the country.

In October 2016, the United States government lifted all remaining sanctions against Myanmar and re-admitted the country into its preferred tariff system.

For more information about MIL, please visit www.myanmarinvestments.com

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