



# MYANMAR INVESTMENTS



*An active Myanmar-focused investment and management group producing long term capital appreciation and income from active participation in Myanmar's re-emergence*

## Executive Summary

### **A unique opportunity to invest in attractive businesses in Myanmar today**

- Myanmar is investible with opportunities for both short-term gains as well as long term dividends
- In 2013 Myanmar Investments International Limited (AIM: MIL) was listed on AIM and opened in Yangon
- Today MIL has investments in:
  - **Apollo Towers**, Myanmar's second largest independent **telecoms tower company** (\$21m cost for 9.3% shareholding): a high growth sector; strong management; growing co-location; \$250m debt from United States' Overseas Private Investment Corporation ("OPIC"); potential exit in 2 to 3 years
  - **Myanmar Finance International** microfinance joint venture (\$2m for 37.5% shareholding): fast growing and profitable business model; sustainable expansion plan; zero NPLs; JV with Norwegian Government's DFI; hold for long term growth and yield
  - **MIHB**, a pharmacy, health, beauty and personal care franchise with proven foreign partners (45% shareholding); capitalising rapidly growing consumer purchasing power and increasing awareness about health; hold for long term growth
- MIL has **signed an MOU** and is in the process of finalizing an investment in a leading tour operator
- MIL has a **strong pipeline** of opportunities, all at an advanced level of evaluation, in healthcare, financial services, retailing, food and beverage services, and energy
- To consummate the opportunities in MIL's pipeline will require the Company to raise additional capital
- MIL has a strong and experienced management team and an independent Board

### **Strategy**

- Stay focused on the business development process and actively manage risk minimisation / reward maximisation to produce superior long term returns:
  - identifying sectors with strong growth;
  - identifying credible partners with strong senior and line-management;
  - targeting partners who are either 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-leveraged basis

### **MOU**

- Tour company – an investment in a leading tour operator that is diversifying into other tourism assets. A profitable business that provides a platform for other tourism investments

### **Robust pipeline of potential investments**

- Purchase of a controlling stake in a profitable private hospital
- Hire purchase business JV with a leading specialist group
- Mobile financial services JV with one of Myanmar's largest conglomerates and a SWF
- JV with a European energy multinational company to develop a solar farm
- Investment in food and beverage business franchising international brands within Myanmar

### **Strong macro drivers for Myanmar**

- An economy of 51 million people with significant catch-up potential
- Significantly de-risked following the peaceful transition and broad-based reform movement started in 2010
- Economic growth is high (7.5%pa) and with its natural resources, strategic positioning and favourable demographics is projected to remain at this level for the next few years
- Lifting of US sanctions set to catalyse FDI and economic development; reinstated GSP will boost exports

## Apollo Towers Pte Ltd



*Invested US\$21 million (9.3%); first invested July 2015  
(and co-investors for a further US\$10 million = 4.7%)*

### Thesis

- In 2013: one telco and mobile penetration less than 10%
- 3Q 2014: telecommunications companies Telenor and Ooredoo granted licenses and started rolling out
- Mobile penetration would surge and with it demand for towers with high co-location
- Myanmar has an estimated 12,000 towers, but will need up to 30,000 in less than a decade

### Strategy

- Build, own, operate and rent space on towers
- Only build with committed anchor tenant and strong ability to co-locate i.e. add tenants
- Extend coverage and increase co-location rates
- Add leverage through 3<sup>rd</sup> party debt

### Progress

- Mobile penetration has rocketed from under 10% to c75%
- Apollo owns and operates 1,800 towers contracted by Telenor
- Expected to double its tower portfolio in its next phase of development
- Commenced drawdown of US\$250 million loan facility from US Government's OPIC
- Co-location has exceeded expectations
- Entry of 4<sup>th</sup> operator in 2017/18 will be a major boost to co-location
- Entry of ISPs will further boost co-location
- Service levels nearing developed market standards

**Embedded value at a multiple of entry cost**

## Myanmar Finance International Limited ("MFIL")



*Invested US\$2 million (37.5%); first invested 3Q 2014  
(and brought Norfund in as a shareholder in 4Q 2015)*

### Thesis

- Myanmar is significantly underbanked (only c5% have a bank account)
- Commercial microfinance is a profitable business
- Scalable
- Diversification into a broad range of financial services
- Proxy for the banking sector

### Strategy

- Build MFIL into a leading microfinance franchise by sourcing experienced management and scalable systems
- Expand branch network and product range
- Leverage (raise debt financing to improve ROE)
- One of only four microfinance companies approved as a deposit-taking microfinance institution; will advance to deposit taking activities in due course

### Progress\*

- MFIL brought Norfund in as a shareholder in November 2015
- Loan portfolio: increased from US\$800k to US\$6m (CAGR = 145%)
- No. of borrowers: grown from c.10,000 borrowers to c.43,000 borrowers (CAGR = 77%)
- Average loan size increased from US\$90 to US\$133 per borrower (c10 to 20 pax in a Group)
- Currently 8 branches in Yangon and Bago
- Now has US\$2m in Kyat denominated loan facilities in place from Maybank
- Finalizing other 3<sup>rd</sup> party Kyat loans from DFIs
- Year to 31 March 2017 was 2<sup>nd</sup> consecutive year of increasing profits

**On track to grow, leverage and diversify**

\* All MFIL data is as of 31 March 2017

## MIHB



*Invested US\$495,000 for 45% stake in May 2017; with plans to invest an additional US\$5 million as the business expands*

### Thesis

- Consumer spending is expected to triple from US\$35b to US\$100b by 2030
- Elsewhere in Asia the trend has been that consumer spending on lifestyle/convenience goods grows sharply with this increase in discretionary spending
- The highest expected growth is in discretionary and semi-necessity items, especially health related goods

### Strategy

- MIL partnered with (i) an experienced retail group (that runs over 55 pharmacy, health and beauty outlets in a neighbouring Asian country) and (ii) 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
- The JV sets up and manages a new store concept selling beauty, personal care and health related products in Myanmar

### Progress

- The JV is set up with key management in place
- Stores are expected to be up and running early second half of 2017

**Applying international practices & proven track record to Myanmar**

More information can be found at  
[www.myanmarinvestments.com](http://www.myanmarinvestments.com)

*Under no circumstances should this information be considered as an offer, or solicitation, to deal in investments.*