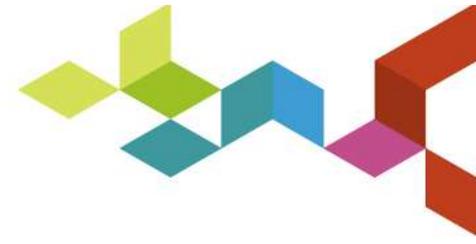


Welcome and Overview 2015

27 July 2015

Digicel



Introduction

- Welcome to CANTO
- Update on Digicel's broadband projects
- Broadband investment and the impact of OTTs
- Legal & Regulatory framework for investment



Digicel Broadband – Where are we?

Mobile

- 4G data launched 2013-2014
- LTE services in a number of markets and looking to roll out

Acquisitions

- Anguilla, Bermuda
- Dominica, Jamaica
- St Kitts & Nevis, Turks & Caicos

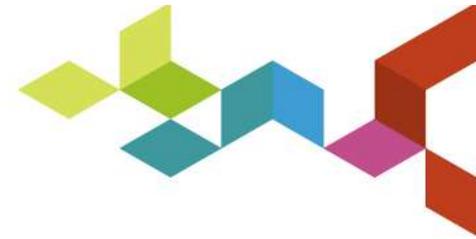
New rollout

- Jamaica, Trinidad, Monserrat, Barbados (possible acquisition of divested assets)
- Hoping to rollout in other markets

SAT – Post Acquisition

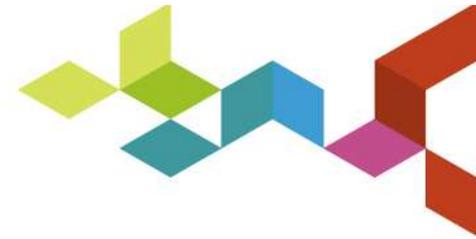
- US\$15m investment since acquisition through March 2015
 - 32,500 household passed for high speed broadband.
 - US\$5m lined up in 2015 for further improvements.
 - Brand new all digital TV platform - features such as Programme Guide, DVR, Video on Demand, Catch up TV & Multi-screen capabilities
 - Citizens now have access to world class TV with legal content
- Employment generation
 - 20 additional permanent staff Indirect employment generated for more than 130 Dominicans
- Increased broadband competitiveness and market transparency
 - 4x speed at the same market price as competition thereby enabling more people to access next gen broadband
 - No setup, connection or installation fees charged removing all barriers to connectivity and reducing costs to consumers
 - No unnecessary charges such as fixed line rental without usage of a fixed line

We want to invest but need the right regulatory environment



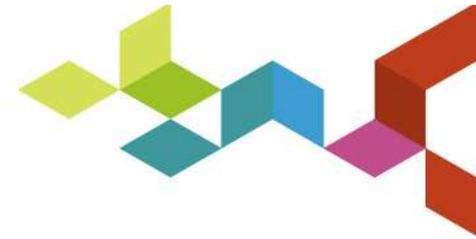
The OTT Challenge

- Voice OTTs raise key concerns under existing telecommunications framework
- The combination of:
 - mobile broadband access
 - smartphones
 - internet technology
- has led to the emergence of a new breed of consumer mobile voice and messaging communication services provided by internet-based companies, often referred to as over-the-top service providers (OTTs)
 - Viber: a startup in 2010 to over 680 million users by June 2015.
 - WhatsApp: over 800 million users + adding 100 user million every six months.
 - The combined Facebook/WhatsApp conglomerate currently has over 2 billion users of its services.



4 Key Problems

- Law is applied unevenly
 - Telecommunications Acts: A licence is required to offer voice services
 - Unfair competitive advantage: OTT not subject to the same regulatory requirements, pay no taxes, licence fees etc.
- National Governments
 - Government revenues decrease as licensed operators lose market share
 - Organized crime: legal interception is not possible



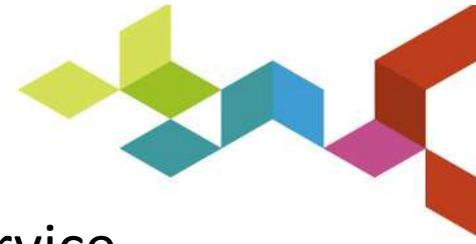
4 Key Problems

➤ Consumer rights

- Data Protection
- Consumer law protections
- Calls to emergency services
- Cyberbullying, malicious calling, scams

➤ Impact on Operators

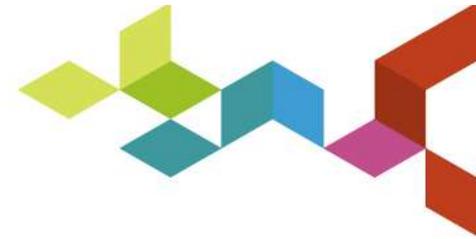
- In Europe predicted: Voice & SMS revenues will decline by 30% & 40% by 2017
- Data revenues will not make up the difference: overall revenues will decrease by approx. 25%
- India - 50% of operators voice and SMS revenues will be lost to OTT (Credit Suisse)
- Caribbean problem: incoming international calls
- Investment needed: faster mobile networks for the Internet of Things



Securing Investment in Broadband

“Everybody knows today that with telecom service providers and OTT [players], there are unbalanced relations and we have to find a better balance,” ... “Financing of broadband networks is crucial”.

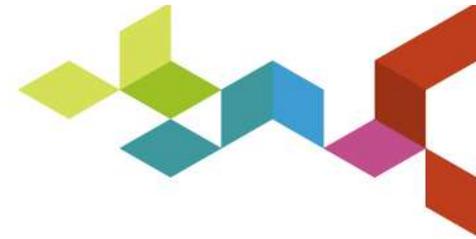
- Andrus Ansip, EU Digital Single Market Commissioner
- European Commission is working on a review of the existing EU regulatory framework which would focus on encouraging investment in infrastructure.
- Legislative proposals to reform the current EU telecoms rules in 2016 – may apply the regulatory framework to OTTs.



What is Required?

- Transparent evidence based regulation
 - EU review ongoing
 - TRAI in India
 - TRA Bahrain
 - TATT in Trinidad & Tobago

- To incentivize investment in Broadband
 - “Same rules for the same service” – The regulatory framework must apply equally
 - Internet conglomerates must contribute towards network costs: investing in local economies
 - A fair commercial solution is required – unfair contracts not acceptable

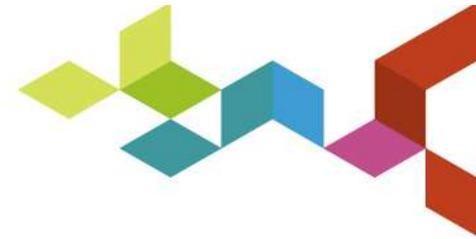


Disincentives: “Net Neutrality”

"a solution that won't work to a problem that simply doesn't exist"

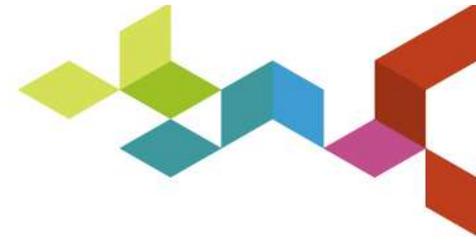
- Mr. Ajit Pai, FCC Commissioner

- US rules suit US based content providers - “The most effective cartel is one that the government itself supervises for its members by force of law.” – Prof. Sidak
- EU: Net Neutrality a disincentive to investment - allow Operators prioritize certain services for optimum use of networks
- Caribbean - current policy must aim at boosting penetration which gives people access: commercial freedom is important
- Crucial issue – separate from OTT discussion



Conclusions

- Priority must be increasing broadband penetration
- “Same rules for the same services” – OTTs must be within the regulatory framework
- The reality of OTTs must be recognized – the internet is not a “free for all”
- Prioritize Investment - transparent evidence based approach to regulation is required
- Solutions that are appropriate for the Caribbean are required



END

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