Uncover 2022

Key highlights from APAC telcos

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Table of content

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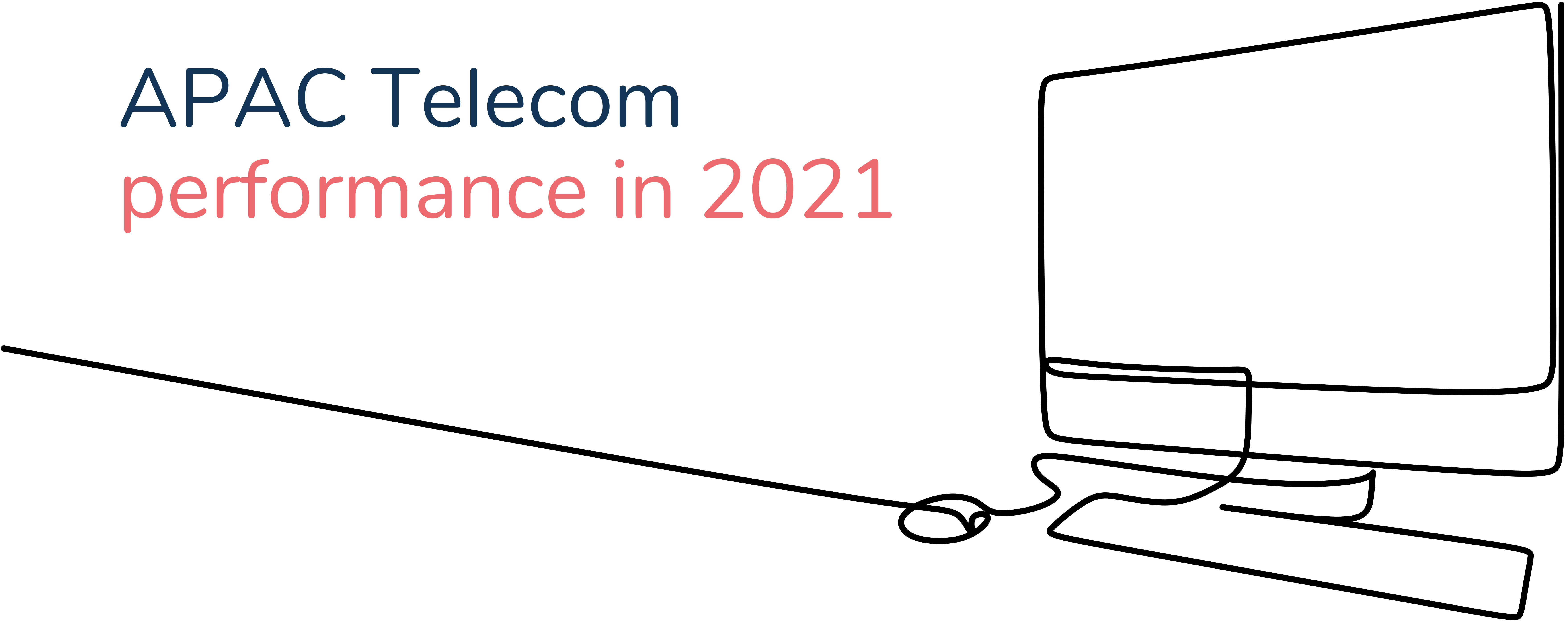
#1

APAC Telecom performance in 2021



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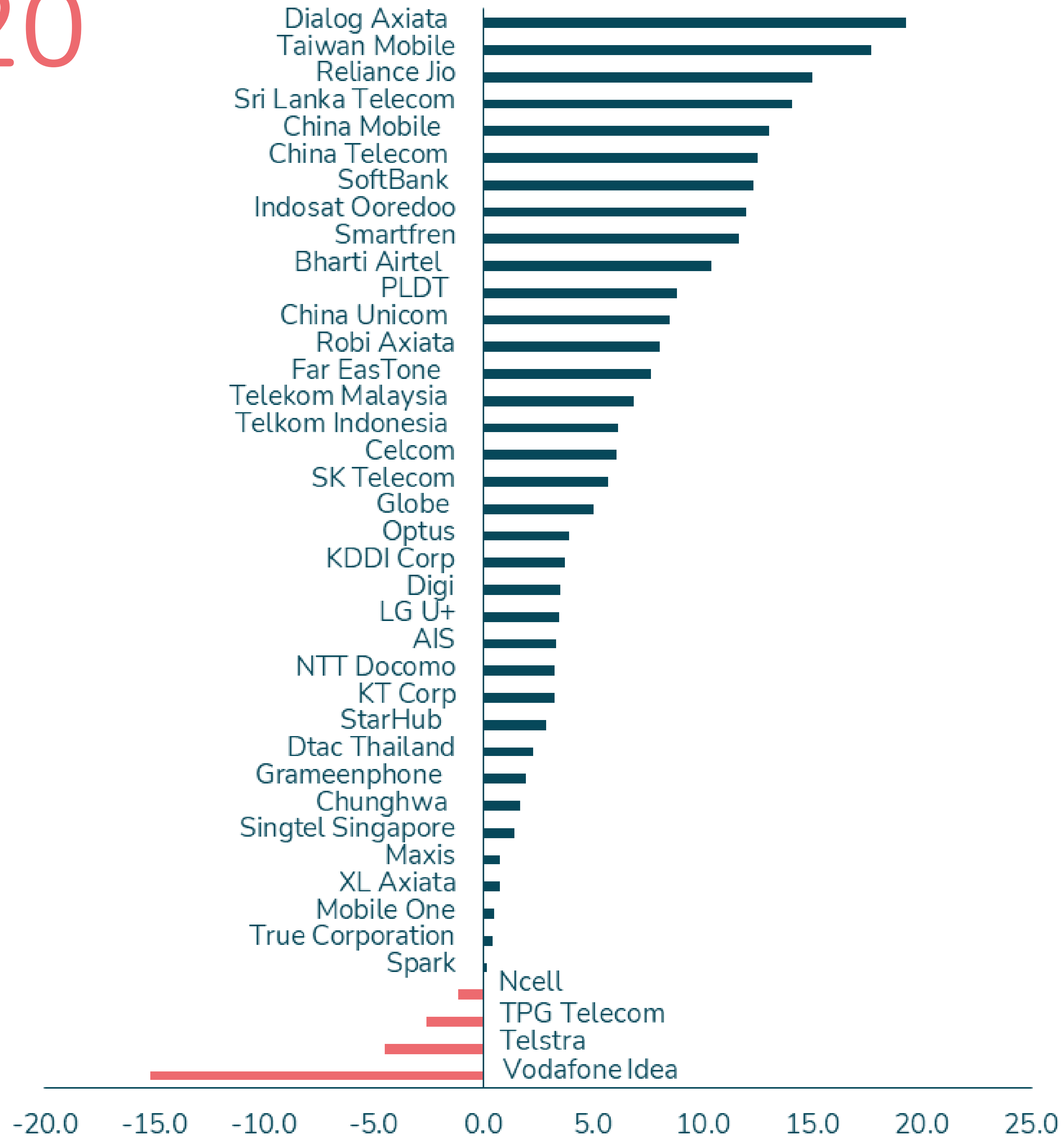
Industry growth at 7.9% in 9M 2021 compared to just 0.9% in 9M 2020

40 APAC telcos added USD 30.5 billion revenues in 9M 2021 compared to just USD 3.4 billon in 9M 2020



% revenue change 9M 2021

Source: operator financials, twimbit analysis

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Top 5 twimbit growth index leaders

The twimbit's growth index recognises leaders based on two parameters:

- Net new revenue
- % revenue growth

#1 & #2

China Mobile & China Telecom

Noted net gains in the number of mobile users mainly because of higher demand for second SIM cards amid increased dual-SIM device adoption

#3

Reliance Jio

Added 34.6 million users in 2021, taking its total subscriber base to 426.5 million mobile users.

#4

SoftBank

Yahoo Japan/line segment revenue grew 27.3% YoY in 9M21 driven by media business

#5

Taiwan Mobile

Revenue from Momo (e-commerce) increased 32% YoY in 9M21 accounting for 55% of the total revenues.

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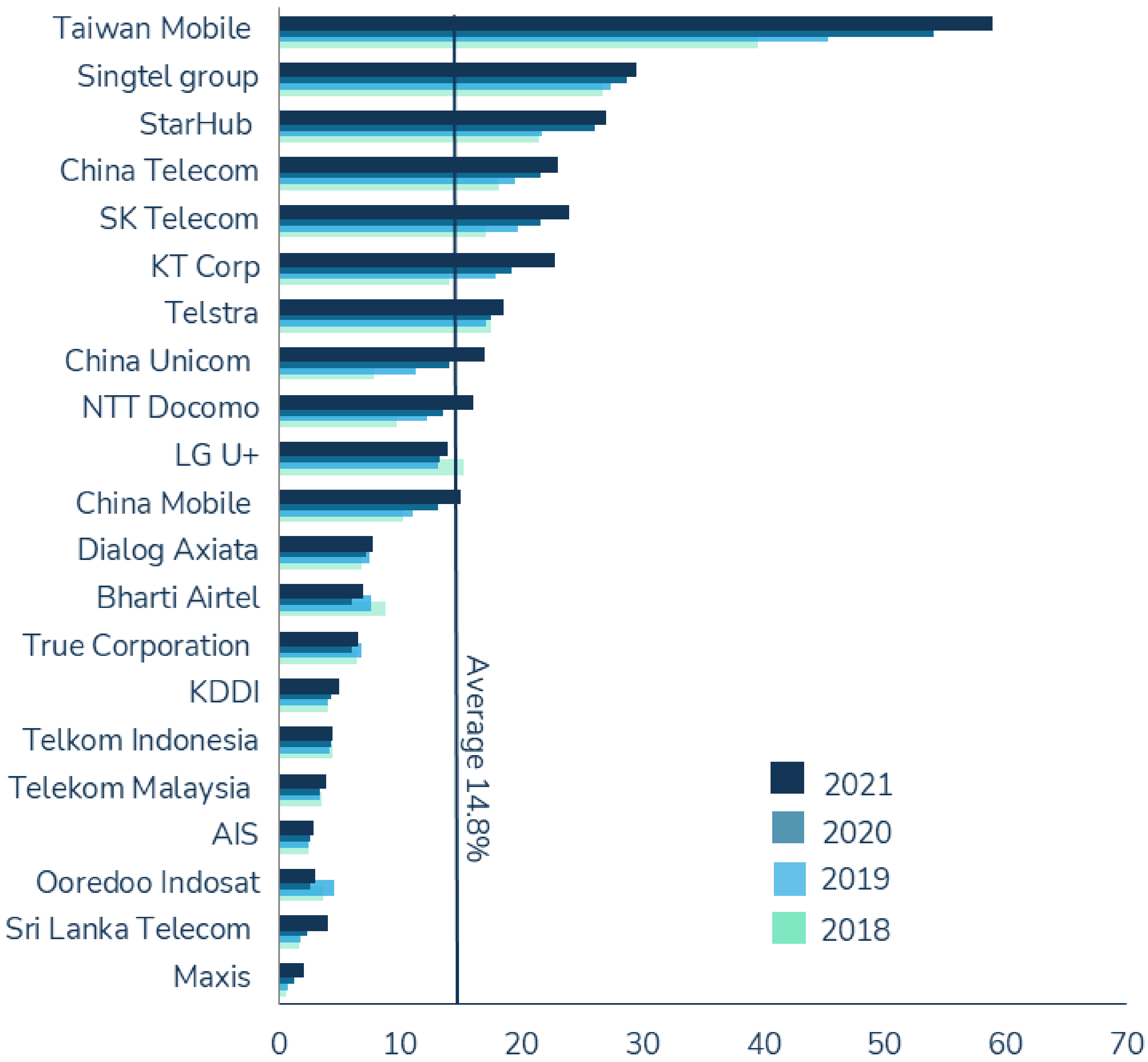
Non-connectivity accounts for 14.8% of total revenue

- Operators recorded better growth from non-connectivity business
- 50% of telcos in APAC have managed to establish and grow non-connectivity business



Telco non-connectivity revenue share, 2018-2021

Source: operator financials, twimbit analysis

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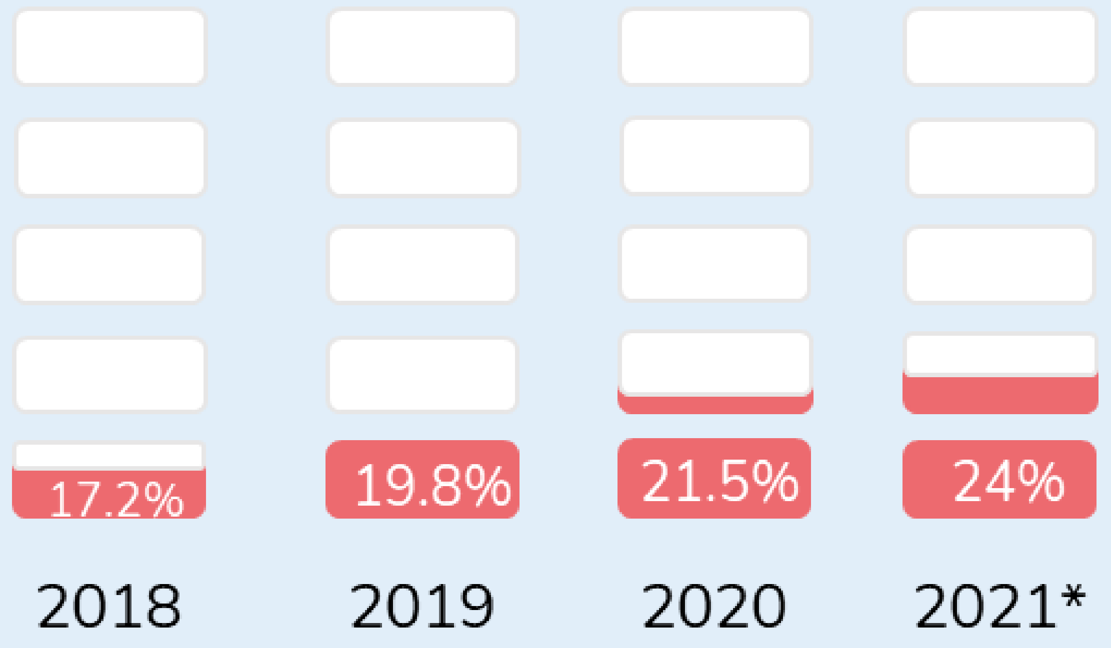
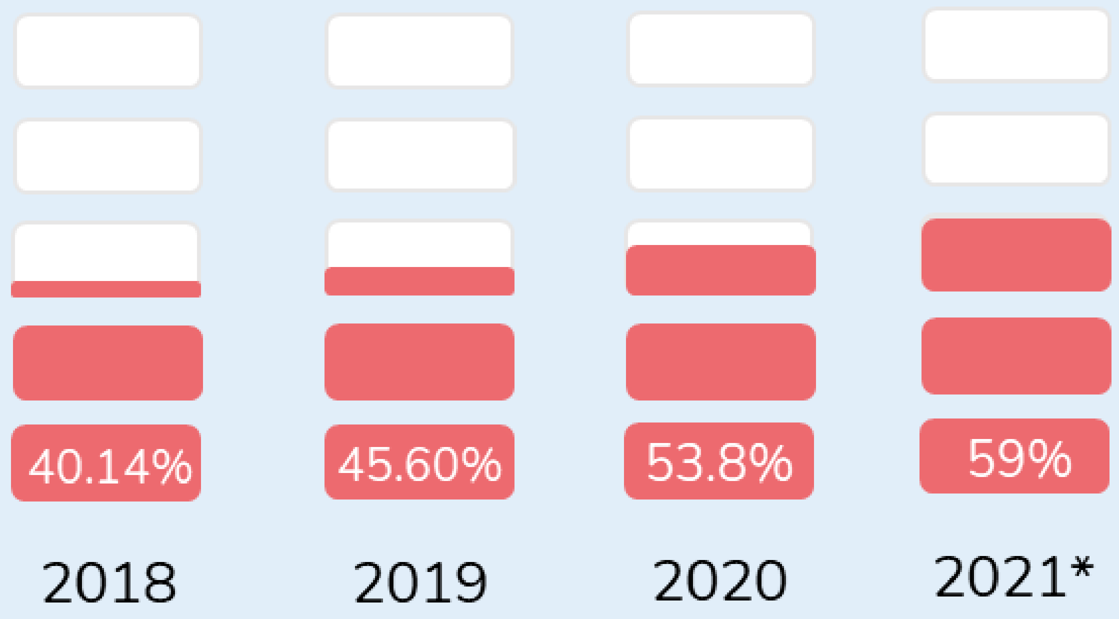
Innovation in non-connectivity business

Case study of SK Telecom and Taiwan Mobile



SK Telecom

- Constantly reviewing and investing in emerging opportunities
- Creating the right organizational structure to grow new businesses
- Following an aggressive growth strategy to support growth aspirations



Taiwan Mobile

- Pandemic, the reason for boom in e-commerce
- Upgrades in logistics and infrastructure
- Expansion into emerging markets- Southeast Asia

non-connectivity revenue as % of total

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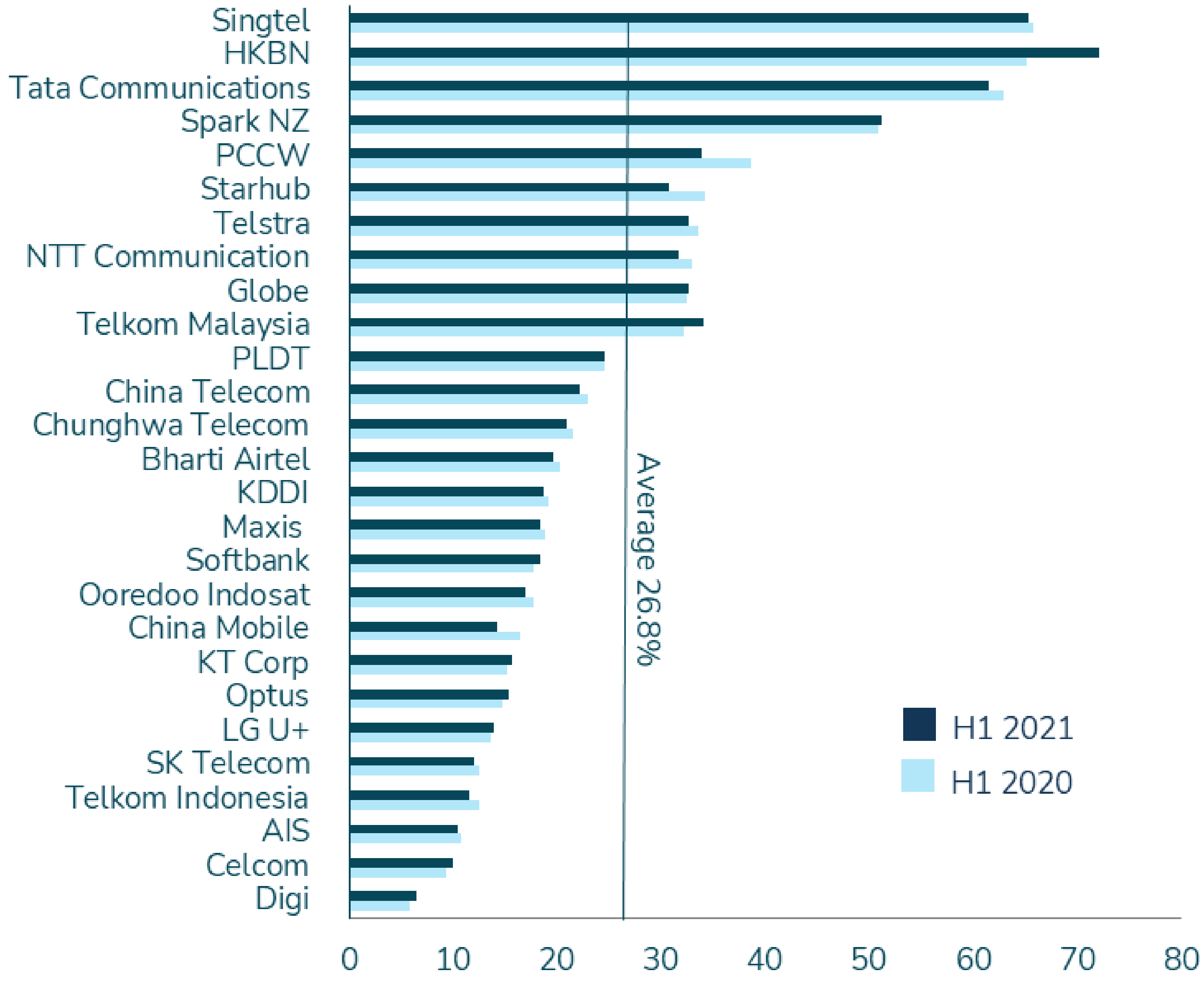
26.8% average contribution of enterprise segment to total revenues in H1 2021

- Demand for connectivity & digital solutions lifted telco enterprise revenues
- Average growth at 7% YoY for H1 2021.
- Majority of operators tracked by twimbit noted growth in revenues from enterprise/B2B segments.



Telco enterprise revenue share, H1 2021 vs H1 2020

Source: operator financials, twimbit analysis

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Top 5 telcos to ace enterprise growth- H1 2021

#1

PCCW

The IT and ICT subsidiary business, PCCW Solutions, grew 51% YoY during 1H2021. PCCW has been early to identify SDN opportunities with Console Connect, which is becoming popular with growing public cloud usage.

#2

StarHub

Growth is attributable to cybersecurity, revenues grew 13.4% YoY in 1H2021. The telco has also expanded its presence as a regional ICT provider following the acquisition of Strateq.

#3

Indosat Ooredoo

The growth of 16.5% has come from its focus on many emerging segments including cloud, security, and ICT services. It also launched iSOC Security solution & Hybrid cloud solution.

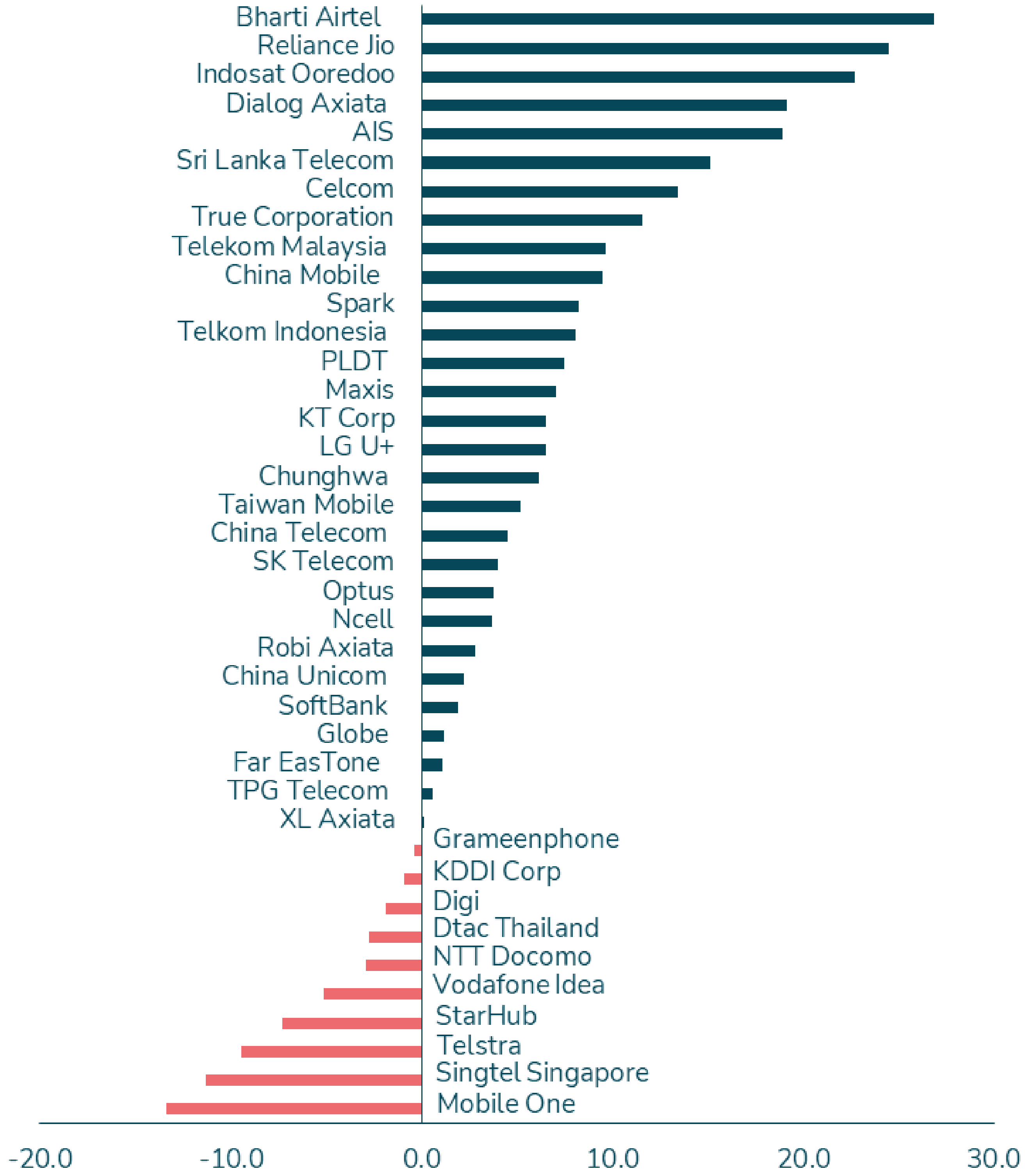
#4 & #5

China Mobile & China Telecom

The growth is driven by intensive industry digitilisation efforts with 5G. There are multiple 5G business uses already implemented across industries (primarily transport, healthcare, and education).

Average EBITDA margin stable at 38%

- 75% of telcos enjoyed positive EBITDA growth
- Average change (YoY) in EBITDA was 4.8% in 9M 2021 as compared to 3.1% in 9M 2020



% EBITDA change 9M 2021

Source: operator financials, twimbit analysis

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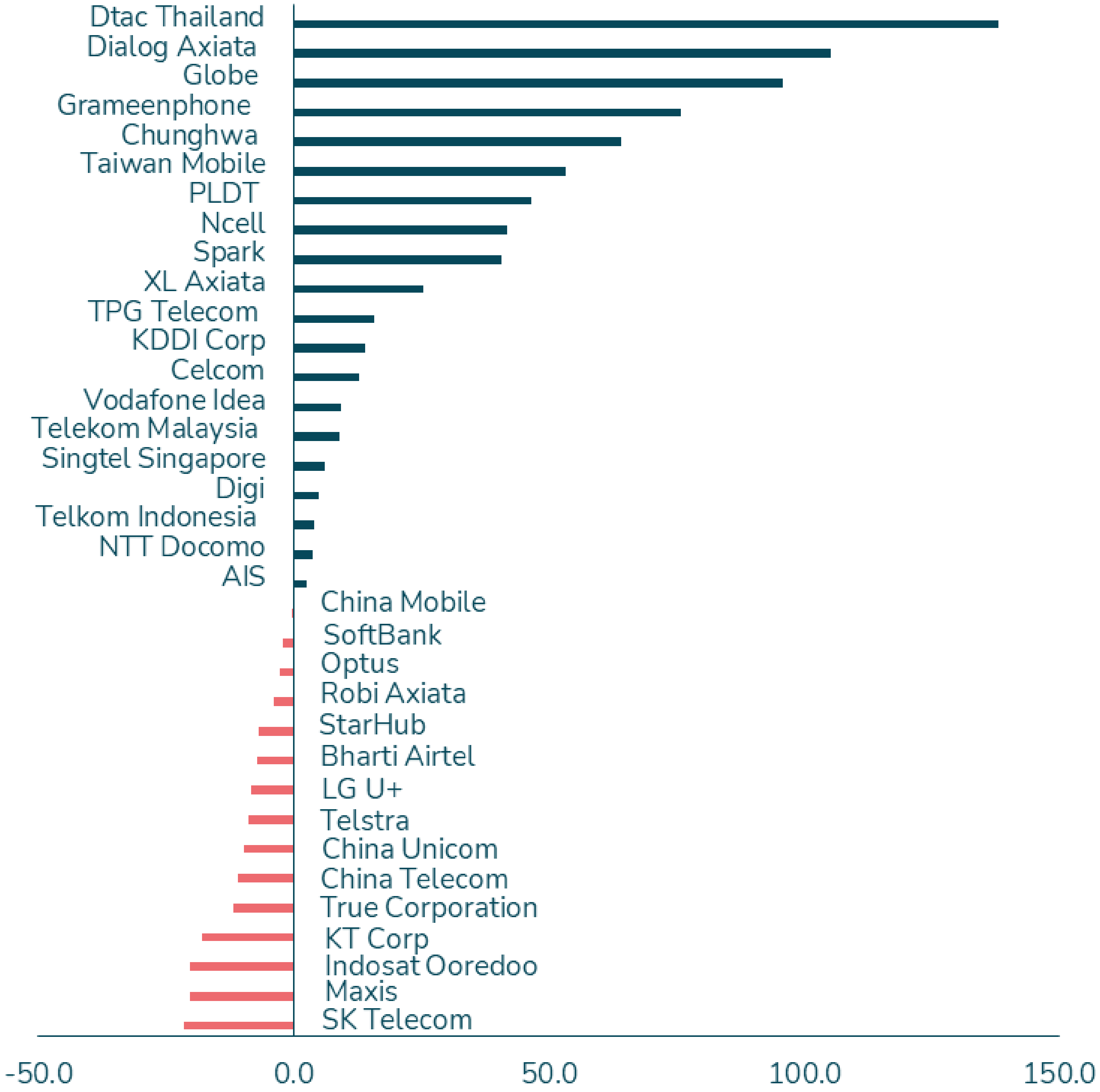
CAPEX intensity dropped to 16.6% in 9M 2021

- CAPEX intensity in 9M 2020 was 17.9%
- Most early adopters of 5G have gone through their peak investment cycles which explains the decline in current CAPEX levels.
- Increased data consumption is one of the key reasons for higher CAPEX spending for many other operators

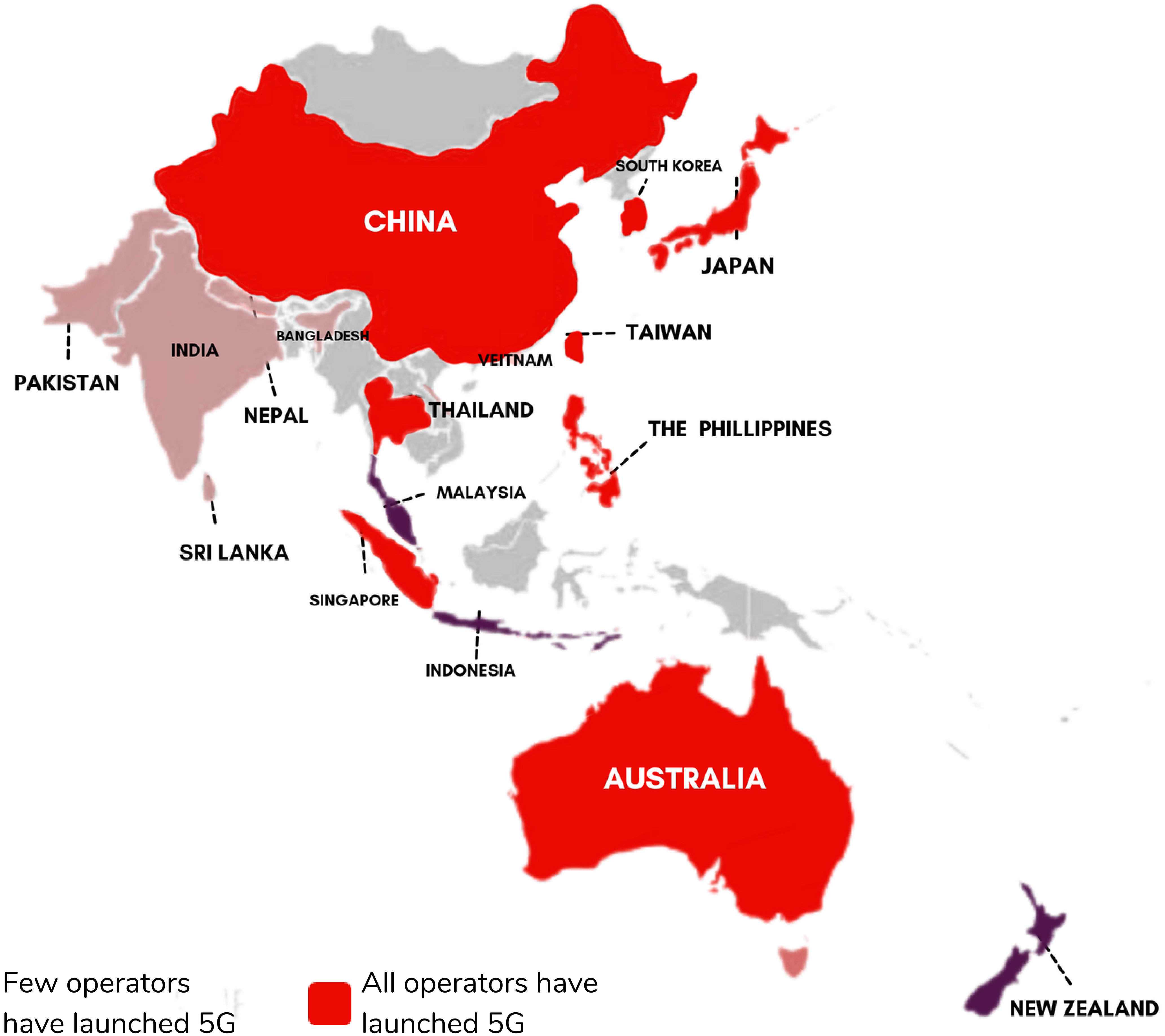


% CAPEX change 9M 2021

Source: operator financials, twimbit analysis

5G trends in the region

Market	Subscribers (millions)
China	490
South Korea	20
Indonesia	15
Japan	14
Phillipines	7
Thailand	5
Taiwan	4
Australia	2.2
Singapore	0.34
Total	**557.5**



No operator has launched 5G

Few operators have launched 5G

All operators have launched 5G

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ARPU uplift with 5G

Case study of China Mobile and China Telecom

Mobile ARPU- USD 8.2
5G ARPU- USD 14.04

China Mobile ended first half of the year with 26.5% penetration for 5G package customers

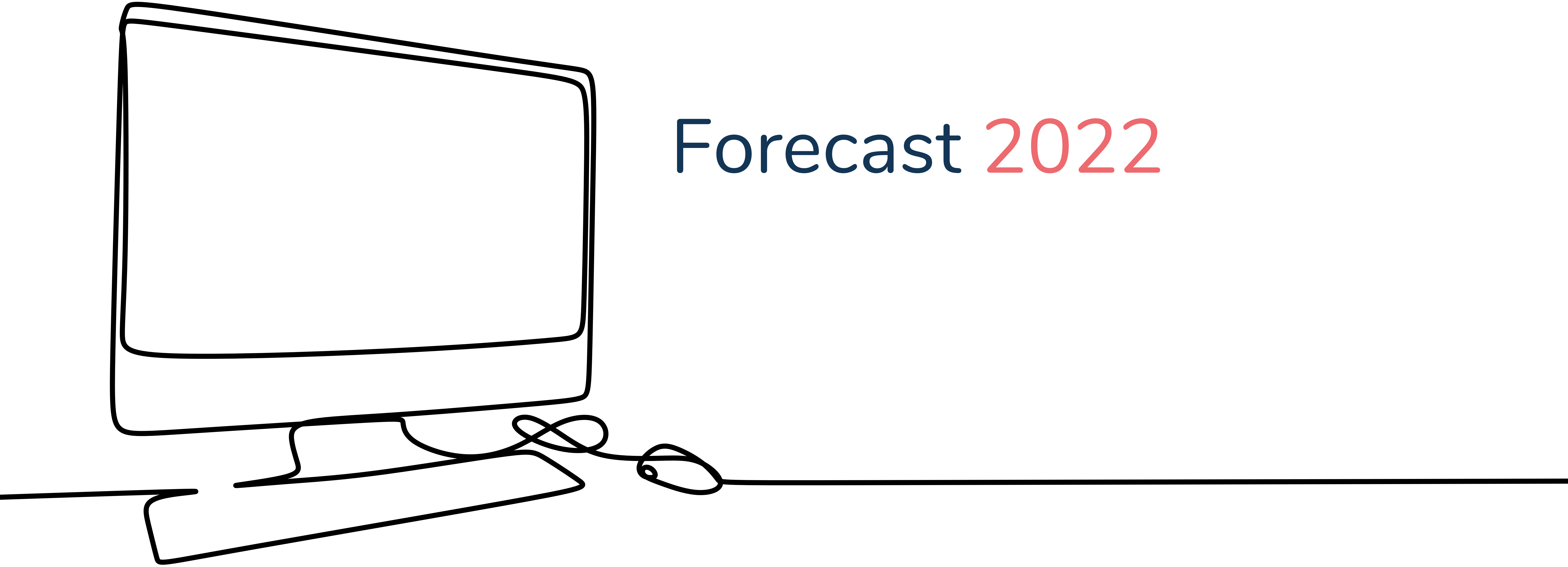
Mobile ARPU- USD 7.2
5G ARPU- USD 9.07

China Telecom in the first half of the year had a 5G penetration rate of 36.2%

Massive increase in data consumption

For China Mobile Handset data traffic for a mobile user was 11.9 GB whereas the same was 20.7 GB for a 5G user.

#2



Forecast 2022

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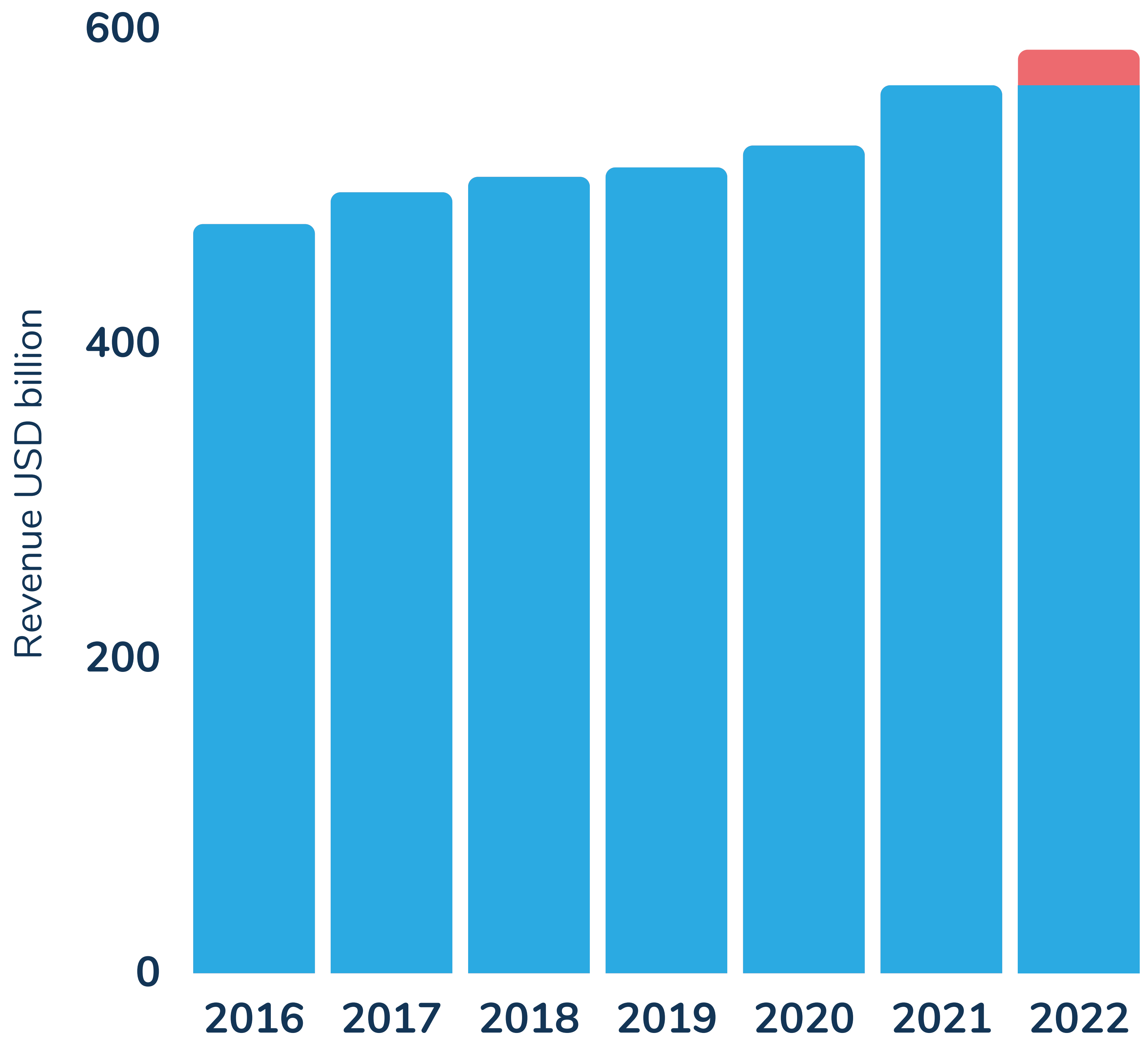
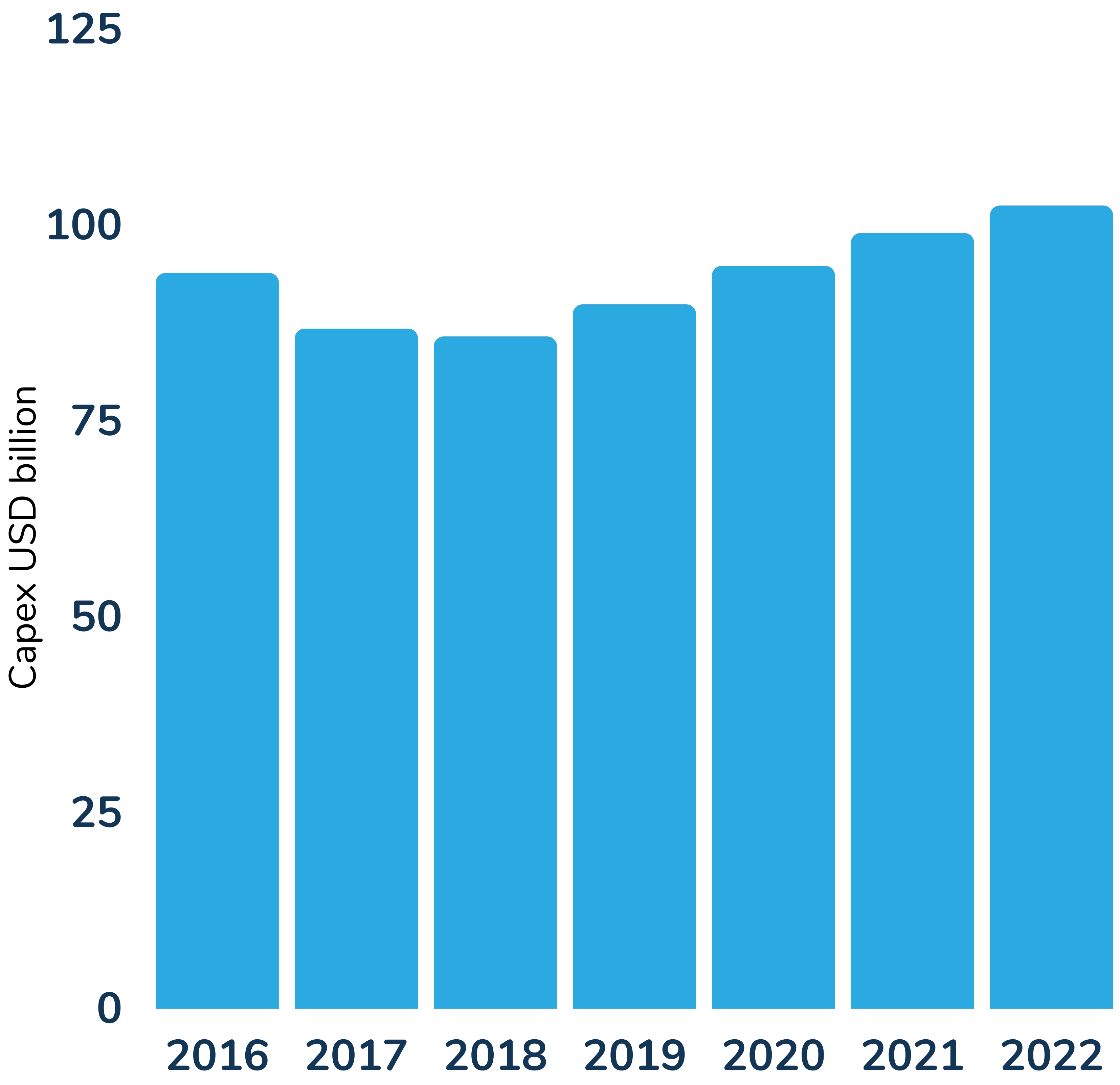
APAC telcos to grow 4.0% (YoY) in 2022

- 2021 saw the industry experience an all-time high growth of 7.3% in the last 5 years (2016-2020).
- We expect the growth to rationalise in the coming year.



CAPEX intensity is expected to decline

- Most markets in the region noted their peak investment in 2019 & 2020 as they rolled out 5G with resulting CAPEX intensity at 17.7% and 18.2% respectively
- We expect the intensity to be at 17.% in 2021 and further decline to 17.3% in 2022



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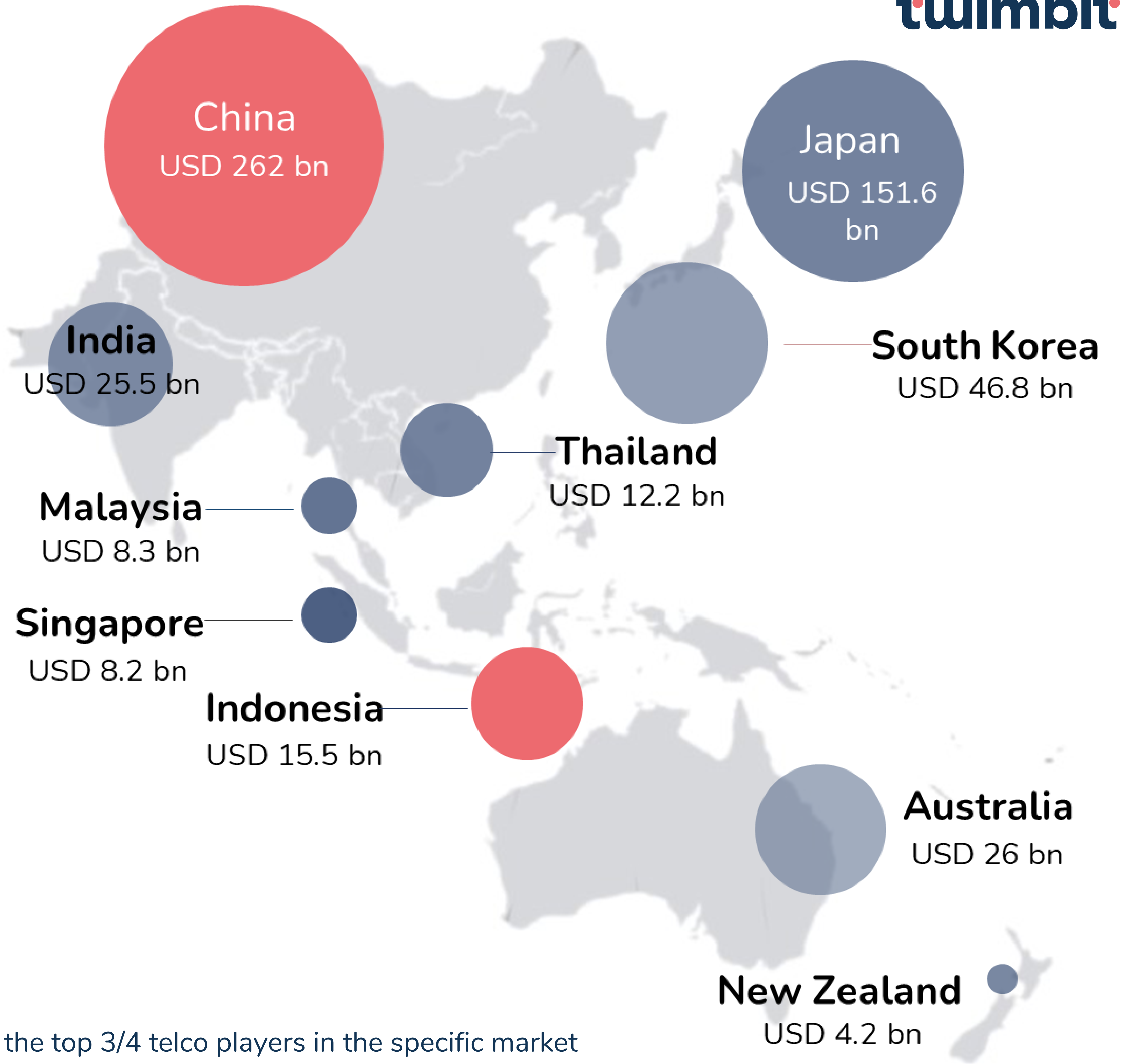
APAC market-growth in 2022

Market	*Growth %
China	6.5%
Indonesia	4.0%
Japan	3.5%
South Korea	3.5%
Malaysia	3.0%
Singapore	2.0%
Thailand	2.0%
New Zealand	1.5%
India	1.0%
Australia	0.5%



*growth is based on the top 3/4 telco players in the specific market

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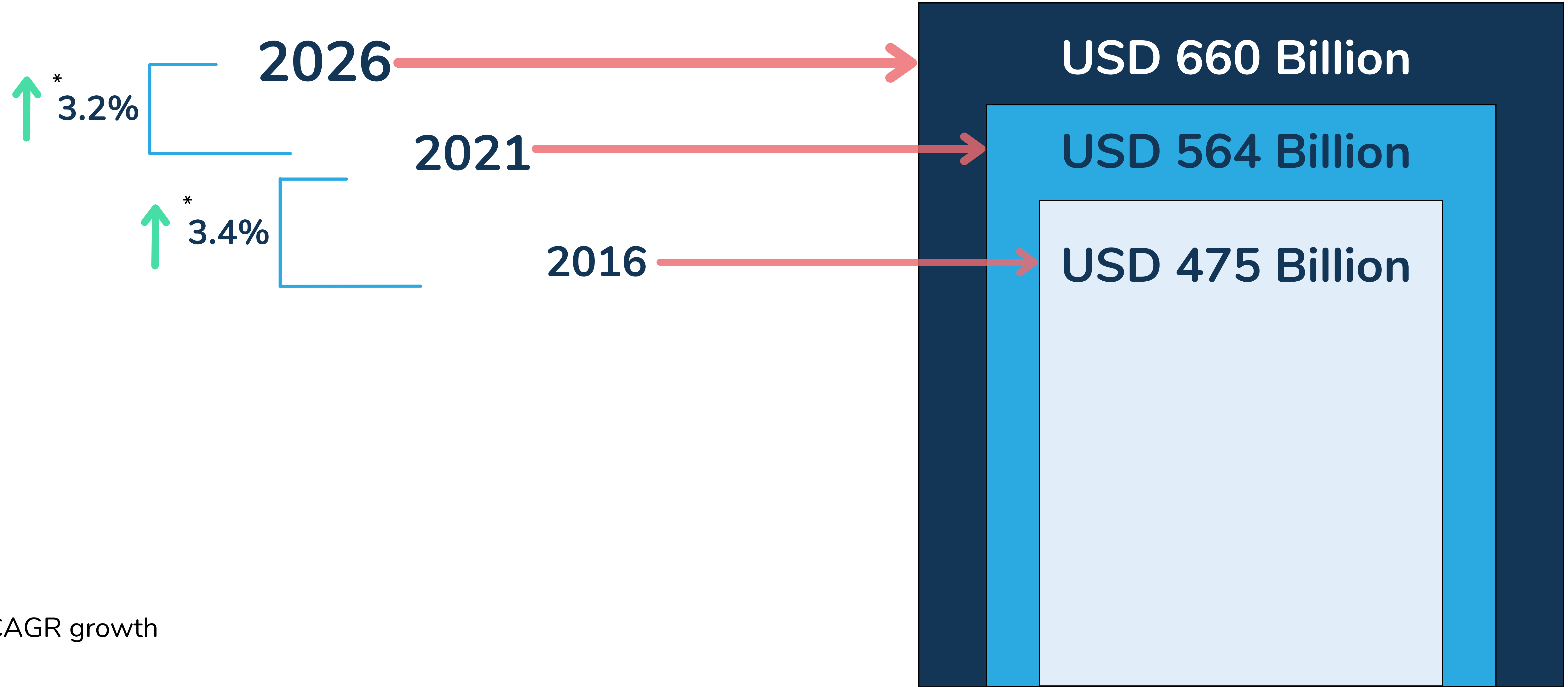
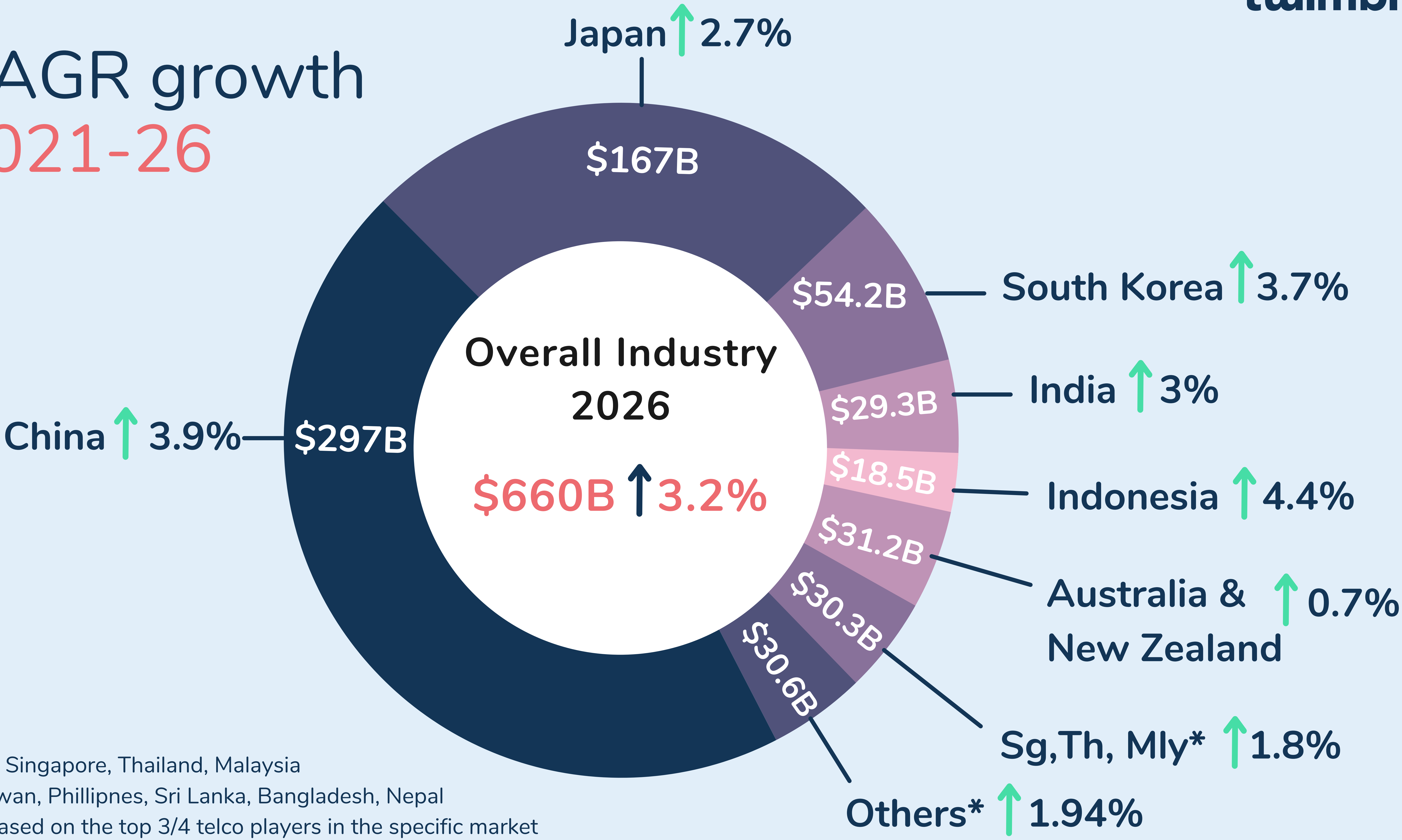
#3

Uncover the future 2026

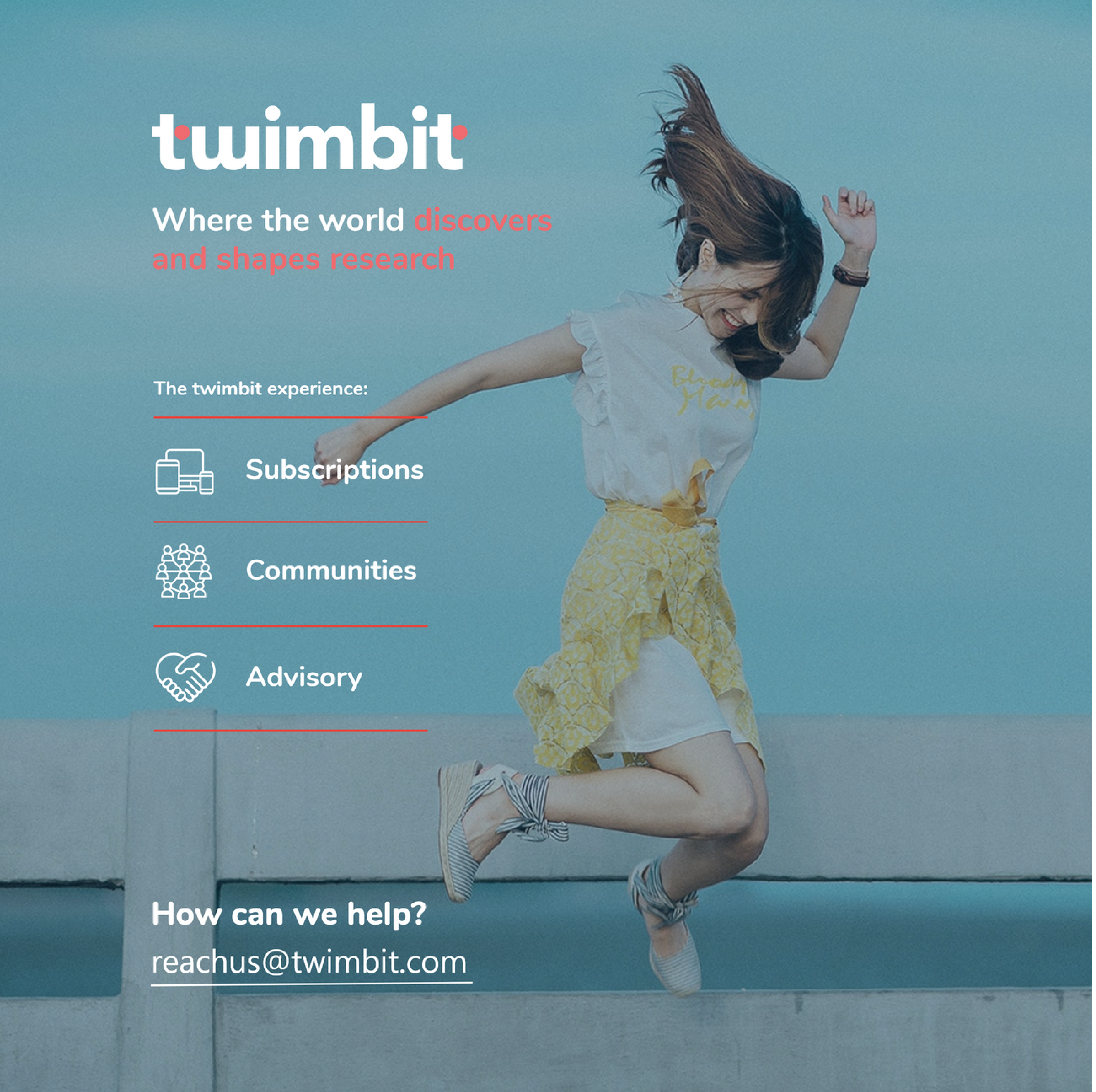


*CAGR growth

CAGR growth 2021-26



*Sg, Th, Mly- Singapore, Thailand, Malaysia
*Others- Taiwan, Phillipnes, Sri Lanka, Bangladesh, Nepal
*growth is based on the top 3/4 telco players in the specific market



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