



IFC

**International
Finance Corporation**
WORLD BANK GROUP

UN ESCAP Conference

Almaty, Kazakhstan

Joseph Mik (Investment Officer)
IFC Transaction Advisory



Who We Are, What We Do

- IFC is the private-sector arm of the World Bank Group
- We provide the following services:
 - Mergers & acquisitions
 - Commercial lending
 - Equity investment
 - Asset management
- Presence in 109 countries
- \$52.6bn in total assets (2014)

Regional Presence



- Almaty**
- Amman**
- Baku**
- Bishkek**
- Beijing**
- Cairo**
- Delhi**
- Dubai**
- Dushanbe**
- Hanoi**
- Hong Kong**
- Islamabad**
- Istanbul**
- Jakarta**
- Kabul**
- Karachi**
- Moscow**
- Mumbai**
- Riyadh**
- Singapore**
- Tashkent**
- Tbilisi**
- Ulan Bator**

Select Experience in Telecoms



Privatization

Sale of 60% of
Haiti Telecom

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Privatization

Sale fixed-line
operator in
Botswana

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Advisory



Equity

\$22.5m for data
centre in
Russia

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Division



Loan

\$45m for GSM
operator in
Afghanistan

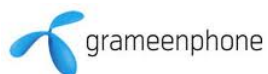
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Loan

\$240m for GSM
operator in
Pakistan

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Loan

\$70m to mobile
operator in
Bangladesh

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Loan

\$120m for mobile
operator in
Turkey

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Equity

\$25m for cable &
broadband operator in
Russia

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Equity

\$20m for telecom
towers operator
In Russia

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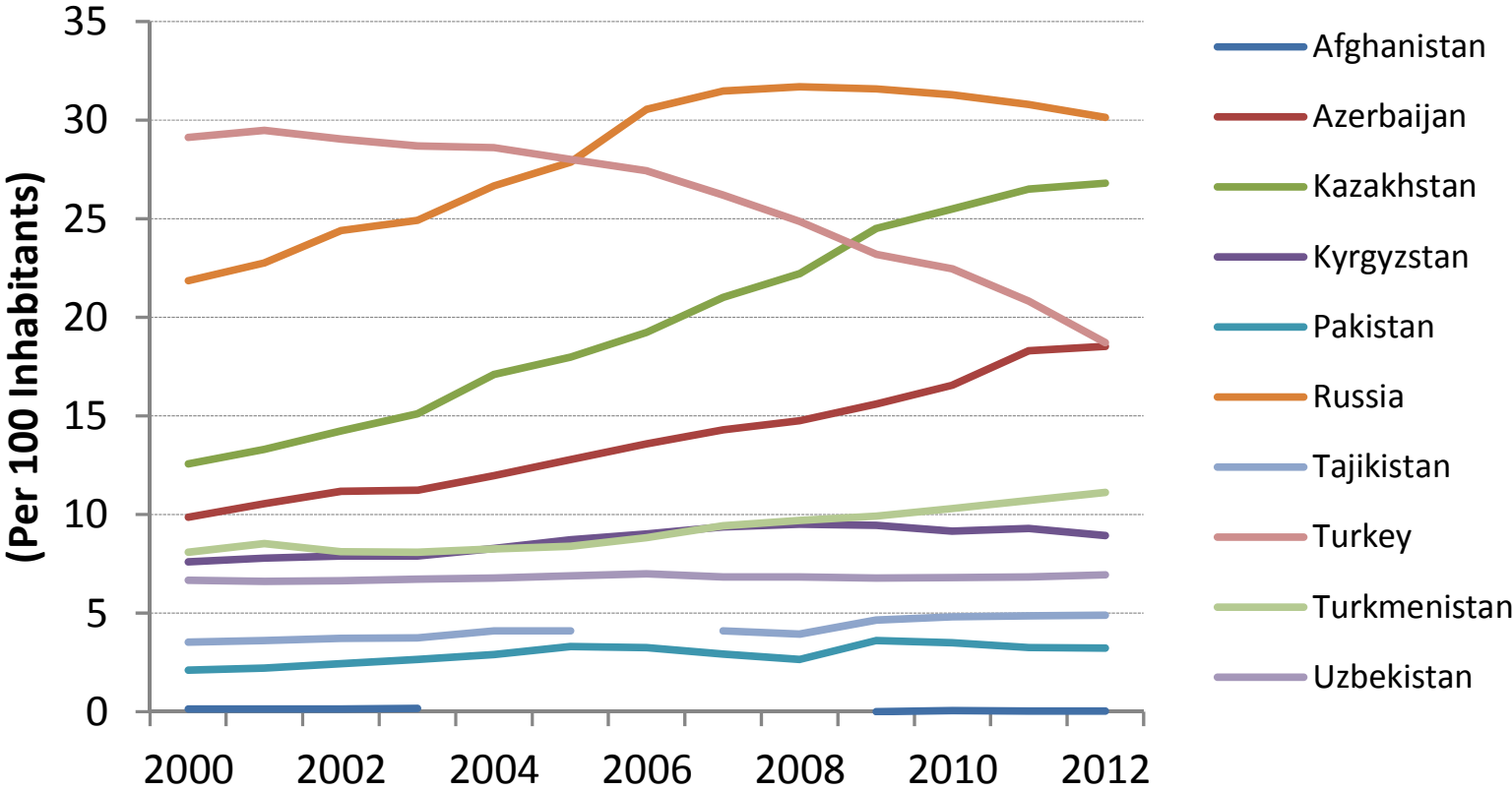
Equity

\$100m for fixed line
operator in
Hungary

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Fixed Line Subscriptions, 2008-12

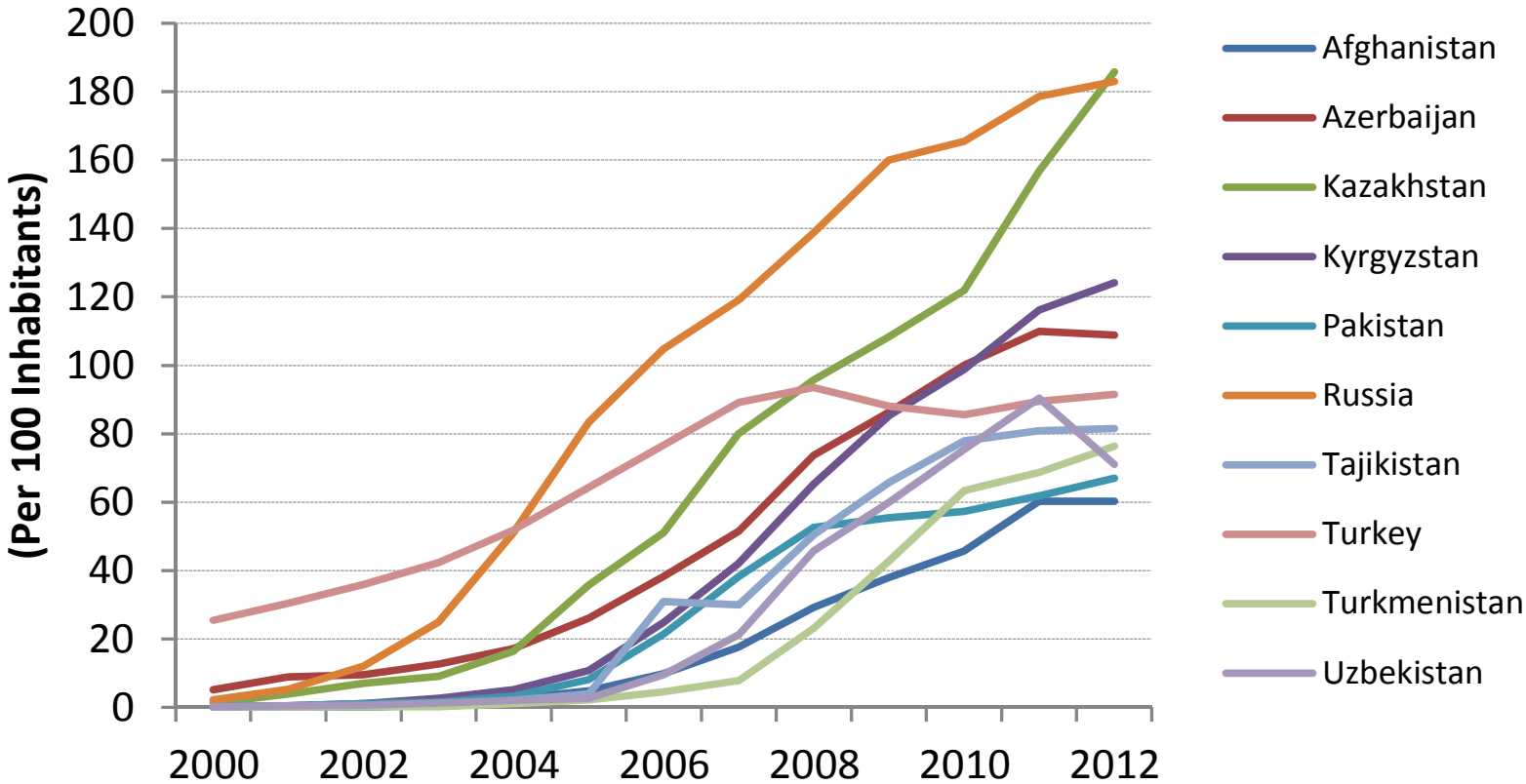
Stagnant or declining except where broadband is making inroads



Source: ITU, 2014.

Mobile Phone Subscriptions, 2000-12

Rapid growth in penetration of preceding years starting to level off



Source: ITU, 2014.

Mobile Phone Market Dynamics, 2013

Central Asia is a lucrative market for service providers

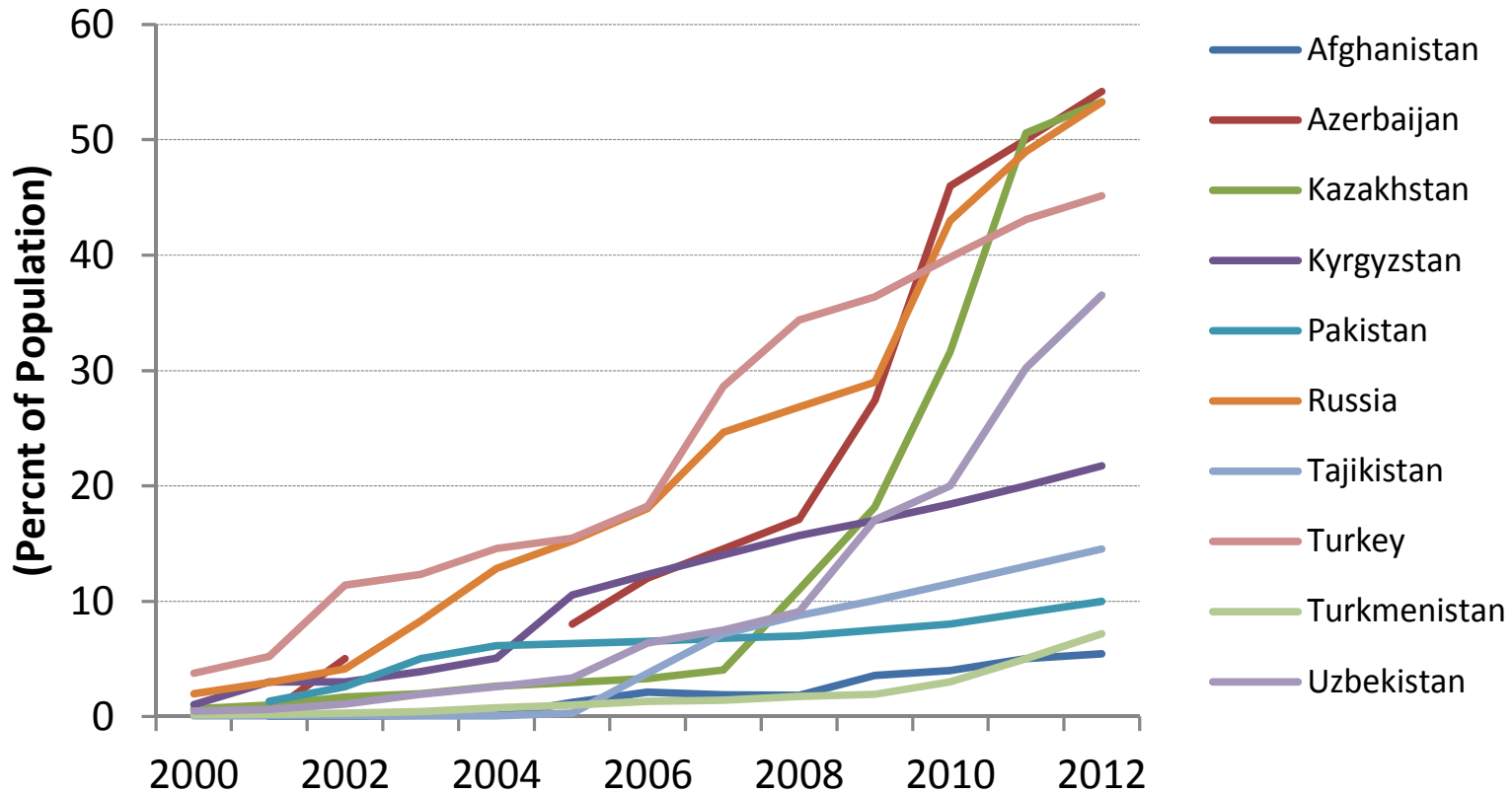
Market	GDP per Capita (\$)	Pop. (Mn)	Subscribers		Svc. Rev./Yr		ARPU/Month		Minutes of Use		Rev./Min.		Annual Churn	EBITDA Margin	No. of Players
			(Mn)	YoY	(\$Bn)	YoY	(\$)	YoY	(Min.)	YoY	(\$)	YoY			
China^	6,897	1,360.8	1,237.0	8.7%	140.1	10.6%	9.9	-1.0%	413	5.0%	0.01	-3.0%	42.0%	36.2%	3
India^	1,525	1,239.3	886.1	2.5%	21.5	9.4%	3.0	9.9%	374	6.8%	0.01	2.0%	49.2%	31.0%	4
Pakistan^	1,253	182.6	132.4	4.3%	3.3	-1.1%	2.1	-0.2%	223	1.0%	0.01	-5.4%	84.0%	40.5%	5
Russia^	15,122	141.4	241.2	8.0%	40.2	5.5%	14.2	2.8%	213	3.0%	0.05	-11.0%	48.0%	45.3%	5
Turkey^	10,842	75.8	69.4	1.3%	9.4	7.4%	11.5	4.6%	313	8.0%	0.03	-3.1%	34.8%	35.3%	3
Tajikistan*	953	8.0	6.5	0.7%	0.6	5.0%	6.3	-4.0%	293	16.0%	0.02	-14.2%	unkown	46.6%	5
Kazakhstan	8,719	16.8	31.1	18.5%	1.3	6.0%	6.3	-4.0%	114	24.3%	0.06	-16.5%	unkown	47.8%	4
Uzbekistan*	1,717	29.8	21.2	11.2%	1.8	4.0%	5.0	2.0%	465	9.0%	0.01	-8.6%	unkown	46.6%	4
Kyrgyzstan*	1,155	5.6	7.0	13.9%	0.3	-5.0%	4.7	-16.0%	214	-15.0%	0.02	-34.6%	unkown	45.2%	4

Source: ^ BAML Global Wireless Matrix 1Q14, * World Bank GDI (GDP/capita, population 2012), ITU (penetration 2012) and Vimpelcom 1Q14 fin. stat.

- Rapid growth in subscribers suggests market not fully saturated
- Drop in ARPU points to competitiveness of market (see also no. of players)
- Falling prices are spurring rapid growth in minutes of use
- Nevertheless EBITDA margins exceed those of larger markets

Access to Internet, 2000-12

Extremely rapid growth in access via mobile phones



Source: ITU, 2014.

Investment in Telecoms Sector, 2008-12

Investment Hasn't Kept Pace with User Growth...

(\$m)	2008	2009	2010	2011	2012
Afghanistan	185.00	60.00	70.00	5.10	101.20
Azerbaijan	474.00	207.90	124.30	87.60	--
Kazakhstan	1,062.60	596.30	596.30	952.70	462.18
Kyrgyzstan	75.00	20.70	29.00	51.50	30.90
Pakistan	2,255.50	1,281.00	388.30	385.60	314.00
Russia	7,004.10	4,887.30	6,410.60	7,363.60	6,125.00
Tajikistan	68.00	61.40	56.00	49.40	115.30
Turkey	3,954.00	3,908.00	2,380.70	3,055.10	2,328.00
Turkmenistan	58.00	52.00	44.40	--	--
Uzbekistan	413.10	627.20	644.36	364.30	137.00

Source: PPI Project Database, 2014.

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Annex: Data

Fixed-line Telephone Subscriptions, 2008-12

	2008	2009	2010	2011	2012
Afghanistan	Unknown	5,130	16,620	13,509	13,500
Azerbaijan	1,310,500	1,401,100	1,506,585	1,683,876	1,724,004
Kazakhstan	3,458,440	3,856,500	4,057,600	4,265,800	4,361,400
Kyrgyzstan	494,503	498,328	489,052	502,020	488,853
Pakistan	4,416,737	6,144,250	6,079,095	5,721,725	5,803,320
Russia	45,539,288	45,379,601	44,915,829	44,151,461	43,154,728
Tajikistan	286,940	347,260	367,693	380,000	393,000
Turkey	17,502,205	16,534,356	16,201,466	15,210,846	13,859,672
Turkmenistan	477,670	494,312	520,002	547,000	575,000
Uzbekistan	1,849,563	1,856,592	1,892,164	1,927,735	1,980,038

Source: national statistics and ITU estimates.

Annex: Data

Mobile-Cellular Telephone Subscriptions, 2008-12

	2008	2009	2010	2011	2012
Afghanistan	7,898,909	10,500,000	13,000,000	17,558,265	18,000,000
Azerbaijan	6,548,000	7,757,120	9,100,113	10,120,105	10,125,200
Kazakhstan	14,910,573	17,063,200	19,402,600	25,240,800	30,235,400
Kyrgyzstan	3,394,016	4,487,123	5,275,477	6,277,108	6,797,852
Pakistan	88,019,742	94,342,030	99,185,844	108,894,518	120,151,237
Russia	199,522,340	230,050,000	237,689,224	256,116,581	261,887,751
Tajikistan	3,673,520	4,900,000	5,940,842	6,324,000	6,528,000
Turkey	65,824,110	62,779,554	61,769,635	65,321,745	67,680,547
Turkmenistan	1,135,150	2,132,890	3,197,624	3,511,000	3,953,000
Uzbekistan	12,375,274	16,417,914	20,952,000	25,441,789	20,274,090

Source: national statistics and ITU estimates.

Annex: Data

Fixed-telephone Subscriptions per 100 Inhabitants, 2008-12

	2008	2009	2010	2011	2012
Afghanistan	Unknown	0.02	0.06	0.05	0.05
Azerbaijan	14.76	15.59	16.57	18.30	18.52
Kazakhstan	22.21	24.50	25.49	26.50	26.80
Kyrgyzstan	9.51	9.46	9.17	9.29	8.93
Pakistan	2.64	3.61	3.51	3.25	3.24
Russia	31.70	31.58	31.27	30.78	30.14
Tajikistan	3.94	4.66	4.82	4.86	4.91
Turkey	24.87	23.21	22.46	20.82	18.73
Turkmenistan	9.71	9.93	10.31	10.71	11.12
Uzbekistan	6.84	6.78	6.81	6.85	6.94

Source: national statistics and ITU estimates.

Annex: Data

Mobile-Cellular Telephone Subscriptions per 100 Inhabitants, 2008-12

	2008	2009	2010	2011	2012
Afghanistan	29.22	37.89	45.78	60.33	60.35
Azerbaijan	73.76	86.32	100.06	109.97	108.77
Kazakhstan	95.78	108.38	121.87	156.79	185.82
Kyrgyzstan	65.30	85.22	98.90	116.17	124.18
Pakistan	52.70	55.46	57.28	61.81	67.06
Russia	138.87	160.10	165.50	178.56	182.92
Tajikistan	50.49	65.79	77.89	80.92	81.51
Turkey	93.55	88.12	85.63	89.41	91.46
Turkmenistan	23.08	42.84	63.42	68.75	76.42
Uzbekistan	45.79	59.94	75.45	90.37	71.03

Source: national statistics and ITU estimates.

Annex: Data

Percentage of Individuals using Internet, 2008-12

	2008	2009	2010	2011	2012
Afghanistan	1.84	3.55	4.00	5.00	5.45
Azerbaijan	17.08	27.40	46.00	50.00	54.20
Kazakhstan	11.00	18.20	31.60	50.60	53.32
Kyrgyzstan	15.70	17.00	18.40	20.00	21.72
Pakistan	7.00	7.50	8.00	9.00	9.96
Russia	26.83	29.00	43.00	49.00	53.27
Tajikistan	8.78	10.07	11.55	13.03	14.51
Turkey	34.37	36.40	39.82	43.07	45.13
Turkmenistan	1.75	1.95	3.00	5.00	7.20
Uzbekistan	9.08	17.06	20.00	30.20	36.52

Source: national statistics and ITU estimates.