

19 December 2016

## Ziptel Signs Landmark Distribution Agreement to Enter Myanmar Telco Market with Zifi and International Calling Solutions

- Memorandum of Understanding and exclusive Zifi distribution agreement signed with leading company in Myanmar - Yandayar Trading Co. Ltd ("**Yandayar**")
- Yandayar is a Myanmar company, wholly locally owned and operated since 1996, representing some of the world's largest brands **including Panasonic**
- Distribution agreement with Yandayar will allow ZipTel to exploit Myanmar's **multibillion dollar** growth telecommunications sector with its highly disruptive Zifi site based and International calling solutions
- Myanmar's recent socioeconomic and political reforms open up significant first mover opportunities in a country of **54 million people**
- Myanmar is experiencing unprecedented growth in mobile internet usage:
  - total internet users growing 100% year on year;
  - despite this internet, mobile, and telephone usage rates are still Southeast Asia's lowest;
  - internet users are almost exclusively mobile with fixed line internet very rare
- With Myanmar's Information and communication technology infrastructure inadequate and the industry is still in its infancy, Wi-Fi is emerging as the alternative giving Zifi a clear first mover advantage

ZipTel Limited ("**ZipTel**" or "the **Company**", ASX: ZIP) is pleased to announce that it has executed a Memorandum of Understanding (MOU) and exclusive Zifi distribution agreement with leading company in Myanmar - Yandayar Trading Co., Ltd.

### Yandayar Trading Co., Ltd ("**Yandayar**")

Yandayar has been sole distributor of Panasonic Eco Solution products for more than two decades in Myanmar. Yandayar is also an exclusive distributor of domestic and bulk water meters from B-Meters SRL, Italy. All imported goods are distributed through **a nationwide channel network of more than 350 dealers.**

Recent tender approvals for Yandayar include **\$40 Million World Bank approval** to install solar panels throughout Yandayar distribution channels.

Yandayar is an enterprise class solution provider and system integrator for SCADA, Energy Management Systems (EMS), Advanced Distribution Management Systems (ADMS), Trouble Call Systems (TCS), Smart Grid Advanced Metering Infrastructure (AMI) in the energy sector.

### Terms Of Agreement

5 Year Exclusive Distribution and Manufacturing Rights Deal:

1. Building of Hardware devices through existing manufacturing contacts including and not limited to:

- Push to talk devices and handsets;
  - Micro Servers for Mass Deployment of Zifi;
  - Bluetooth cameras (mountable for security applications)
2. Yandayar to distribute and manage on-ground sales team for an initial period of 5 years.
  3. Revenue Model to be built in collaboration with Yandayar over the course of the development phase in January – February 2017 with commercial roll out in Q2 2017 across the country.

## Myanmar

After decades of economic isolation, Myanmar is striving to integrate better into the world economy. The country has strong potential for broad economic expansion, possessing a large, mostly young population of 54 million, and a sizable market with wide-ranging investment opportunities.<sup>1</sup>

Mobile phone use has increased significantly in Myanmar, from just 12.8% in 2013 to 61.7% in 2015 as a percentage of the population with mobile phone subscriptions<sup>2</sup>. Despite this, Myanmar's internet, mobile, and telephone usage rates are Southeast Asia's lowest. Its Information and communication technology ("ICT") infrastructure is inadequate and the industry is still in its infancy.<sup>3</sup>

While large ICT infrastructure projects are underway, wireless technology has provided alternative telecommunications access. The increased use of wireless technology is helping to expand access to ICT particularly in the rural areas of Myanmar.

Even in metropolitan areas, 3G and 4G mobile reception remains poor with international calling being rather costly. The Zifi solution coupled with Zipt's extremely competitive International calling rates will be extremely disruptive when made available to consumers and businesses across the country.

### Opportunities for Zifi in Myanmar

Yandayar has conducted market research into 4 key sectors where it considers Zifi to have substantial room for disruption in a **multibillion dollar** telecommunication sector experiencing unprecedented growth.

The hotel industry is a primary target for Zifi solutions in Myanmar. There are 15 five star, 22 four star and 83 three star hotels in the country. Leveraging Yandayar's distribution channels, Zifi will be presented to these businesses to enhance their guests' digital experience. For example, guests can use their Zifi enabled smartphones to perform all in house communications digitally and get information about hotel facilities, make local and international calls or order room service from the customer's personal device.

In Zifi, an 'out of the box' solution is offered that addresses many hospitality industry needs and fits with the trend toward mobile applications. Hotels will be able to quickly and cost effectively roll out a branded Zifi solution. Lower bandwidth usage is another unique selling proposition which extends not only to remote facilities but also to those located in urban, well serviced areas.

Similar opportunities have been identified in **banking, agriculture and mining** verticals.

Keaton Wallace, Executive Director, ZipTel commented:

*“Yandayar is a highly reputable partner for us in the exploding Myanmar market. Myanmar represents a massive opportunity for first movers and further strengthens Zipt’s proposition and competitive advantage in the emerging markets. We will look to utilise Yandayar’s distribution channels to their utmost to gain penetration for ZiFi and Zipt’s International calling solutions.”*

Myint Soe, Managing Director of Yandayar Trading commented:

*“We have spent 2 months reviewing both the technology and the opportunity to distribute such technology in Myanmar. Our feedback has been overwhelming with several opportunities already secured by Yandayar in some of the leading hotels in the country. We are very excited about what this will mean for the modernisation of the ICT industry in Myanmar.”*

**-Ends-**

For more information please contact:

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### **About ZipTel**

ZipTel is an Australian owned and operated telecommunications business focused on providing international roaming and calling solutions to consumers and businesses, using state of the art technologies developed and wholly owned by ZipTel Limited. ZipTel listed on the ASX in July 2014 with its core focus the Zipt mobile based communications application for consumers and the Zipt Systems Enterprise suite for businesses.

### **About Yandayar**

Yandayar Trading Co., Ltd. is fully owned and managed by a family of Myanmar citizens since 1996. The company started as a family business utilising our family members' expertise in the field of engineering science related to building construction, mechanical and electrical works. We specialise in construction of high quality and affordable residential and commercial buildings. We are also the sole importer and distributor of “Panasonic, Japan” building electrical products and Italian building products.

Source:

- 1: <http://www.tradingeconomics.com/myanmar/population>
- 2: <https://www.techinasia.com/myanmar-internet-revolution-startups>
3. Asian Development Bank Report: Developing Myanmar's Information and Communication Technology Sector Toward Inclusive Growth <https://www.adb.org/sites/default/files/publication/176518/ewp-462.pdf>