

# **Caribbean International Leadership Summit**

**Barbados  
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# Introduction

- Focus this morning on 5 topics:
  - What is the best way to approach new investment opportunities in a global market?
  - How do you break into and win market share ?
    - The Digicel Experience
  - What are the things you need to do to be No. 1, 2 or 3 player in a new market?
  - How can Caribbean governments help create the right environment?
  - What are the opportunities for Caribbean business leaders globally over the next 10 years?

# What is the best way to approach new investment opportunities in a global market?

- Instinct is everything
- Travel and study trends – don't go against global trends
- Have a strong home position
- Make capital decisions – do you need to raise equity?
- Can you bring something new and compelling to the target market?
- Can you transport your DNA / style of doing business to the new market?
- Can you have a strong management team?
- Start up or buy?
- Find a sleepy market for your first venture
- Sometimes being first is not so smart

# How do you break into and win market share - The Digicel Experience

## ■ Digicel Is Born.....

- January 2000 Jamaica decides to open its Mobile Market
- There were no opportunities in Europe but the Caribbean was a monopoly
- Bid \$47.5 million and purchased a GSM license
- Asked only 3 due diligence questions:
  - How big is the market? Answer: 2.6m
  - How many people have a phone? Answer: 7%
  - How good is the incumbent? Answer: Poor
- But we understood island culture being Irish

# What Were We Thinking?

- The international community was not encouraging
- Investment climate was dismal (2000 - Dot Com Bubble Burst)
- But the research was positive – we listened to the public
- The Jamaican community welcomed us with open arms
- Digicel launched in Jamaica in April 2001, a little over a year after two new mobile licenses were granted to ourselves and Centennial
- Centennial launched 6 months later

**Key was that we build a nation-wide network day one**

# Benefits of Competition - Digicel

## ■ To The Consumer

- Choice
- Reduced call rates { 32% and 73% in real terms since 2001 }
- Access to communication services in rural areas – social benefits

## ■ To Local Non Profit Organisations

- Impact through sponsorships and donations
- Football & Cricket
- The Digicel Foundation

## ■ To The Government

- Infrastructure improvements which facilitates Jamaicans and tourists
- Reputation / case study that business can be successful in Jamaica
- Revenue via taxation, import duties and license fees. { 8\$Jbn / US\$120m p.a. }
- Employment creation – directly and indirectly

# Digicel is a Jamaican based Multi-National

- New local businesses created
  - Fulfilment centres : e.g. Facey Telecom
  - Handset and accessory retailers e.g. Fimi Wireless
  - Mobile Repair Service Centres e.g. CelliFix
  - IT & Top Up Service providers – e.g. DigiPOINT / MCS
  - Calling Card Distributors & retailers – e.g. Coolcards

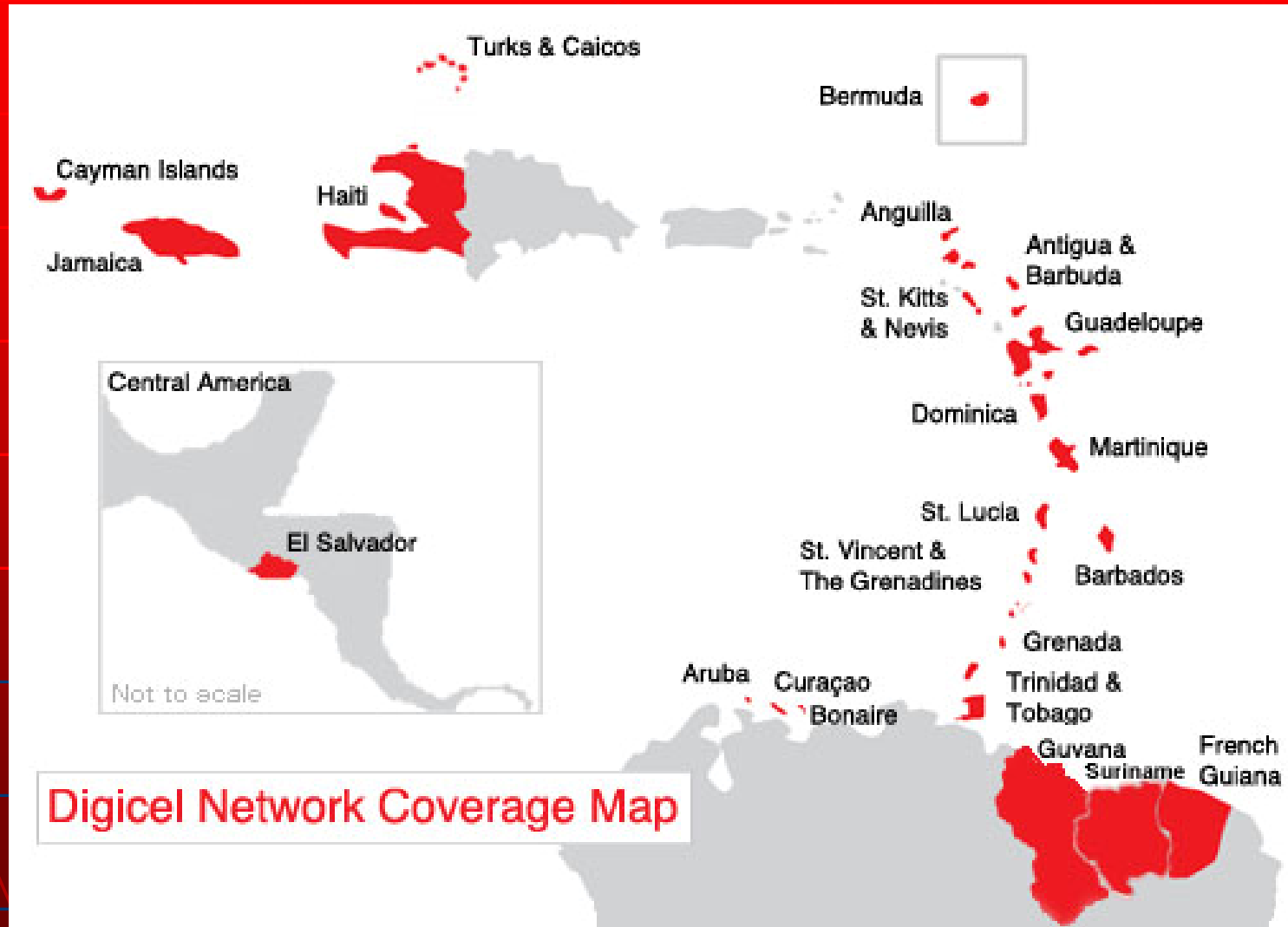


# Digicel - Expansion Into The Caribbean

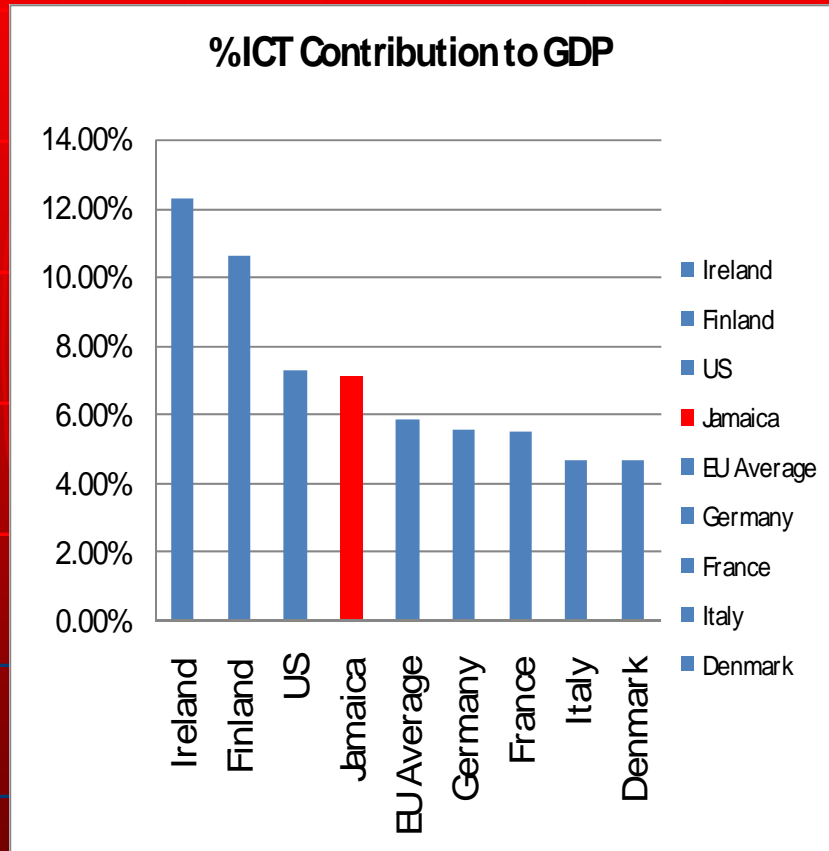
- Born in Jamaica, its first market, just over 6 years ago
- Operates in 23 markets with aggressive growth plans
- Corporate H/Q set up in Kingston
- Haiti exceeded 1m customers in first year of operation
- In excess of 5 million customers – grew by over 100% in a year. Now largest mobile operator in the Caribbean with revenues over \$1.3 billion
- To date invested over US\$750 m in Jamaica and over US\$ 1.9 billion in the region
- Digicel raised US\$1.4 billion in its latest bond issue
- Company-wide staff share option scheme

**Key is Employee participation in equity upside**

# Digicel Network of Operations



# ICT's Economic Importance

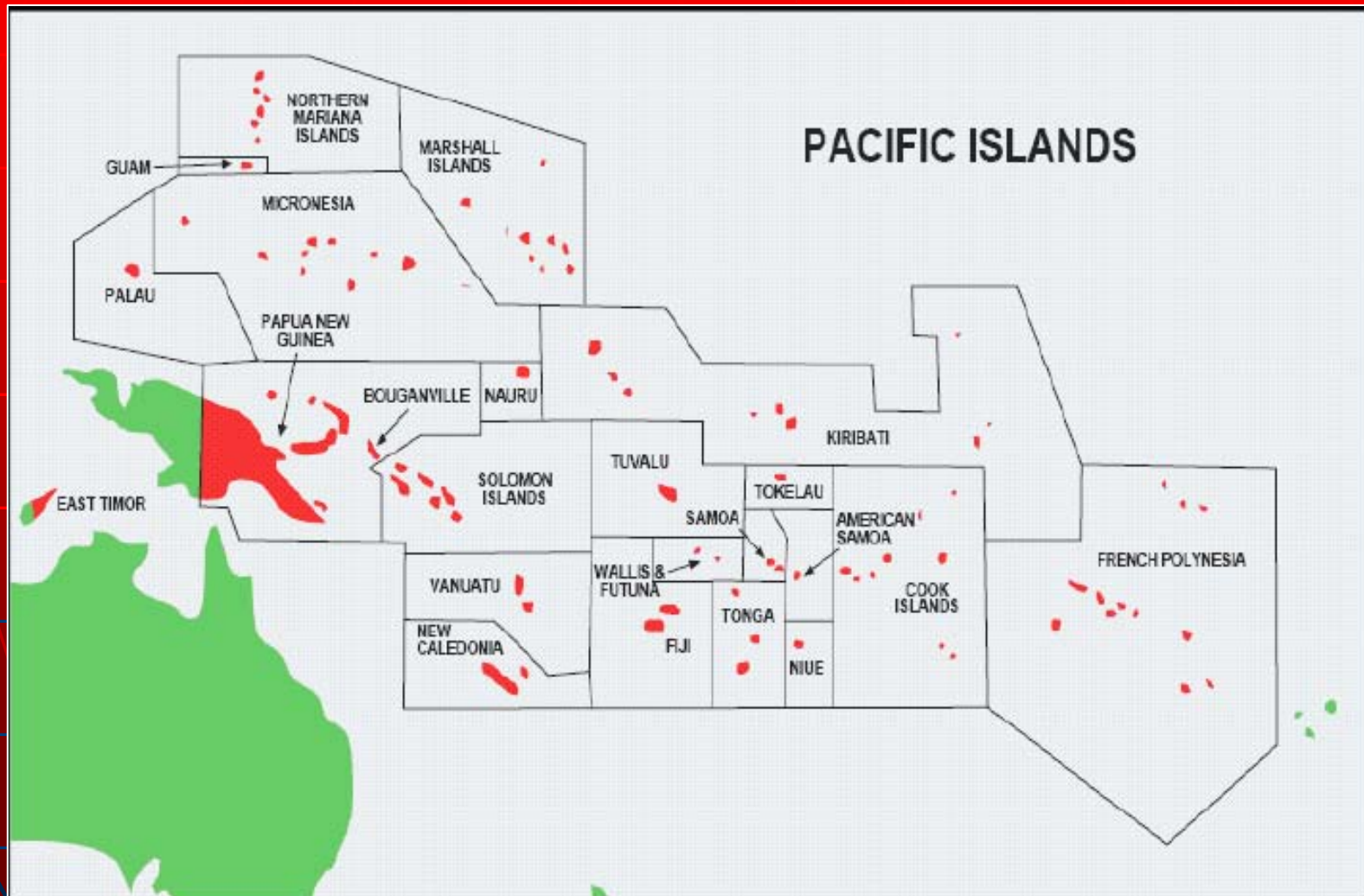


- Globally, ICT spending is estimated at US\$3 Trillion
- Growing at an average of 8.9% per annum
- Representing 6.8% of Global GDP
- ICT Growth has to be a part of a strategic plan which drives an economy
- Essential part of Global Market Participation

# Heading for The Pacific

- Sixteen markets
  - November '06 launched Samoa
  - July '07 launched Papua New Guinea
    - Population 6 million
  - Q1 '08 launching in:
    - Fiji
    - Kiribati
    - Vanuatu
    - Solomon Islands
- Markets very similar to the Caribbean

# Digicel Pacific – Market Overview



# What are the things you need to do to be No.1, 2 or 3 player in a new market?

- Be different and compelling
- Get good people
- Provide financial incentives to employees
- Start Up
  - Keep cost down, no flashy premises, open plan offices
  - Build a team atmosphere
  - Save money for marketing
- Acquired companies
  - Introduce your DNA
- Identify where your competitors are weak
- Buy your competitors and go for 50% market share quickly
- Re engineer the organisation of the company every two years
- Management style – key is urgency and attention to detail
- Train young staff and promote quickly

# How can Caribbean governments help create the right environment?

- Stamping away over regulation and bureaucracy
- Adopting “Green” legislation – Pronto
- Create innovative education policies
  - Fund third level university programmes and research work heavily
  - Retrain every teacher to be able to teach computer skills
  - Teach every child ICT skills from the age of 8
- Completely deregulate the Electricity, Transport, Gas, Airports and sell governments shareholding
- Flat rate corporation tax - 12.5%
- Balance Government spending with Tax / Revenue receipts
- Create a single market powerhouse – develop Caricom more

**Key is each country needs to decide it's positioning**

# What are the opportunities for Caribbean business leaders globally over the next 10 years?

- Use Caricom free trade agreements to develop large scale ethanol production capacity geared towards local and US market
- There is a lot of scope for Distribution companies in emerging markets (example Facey & Kyffin Simpson)
- Green tourism
- Medical Tourism – plastic surgery
- Building and construction
- Retail – only Courts - Opportunity to build a trans Caribbean trusted supermarket chain
- Haiti – ideal Call Centre location with development of ICT – property and distribution companies
- Niche agricultural crops (cocoa, coffee, fruits)
- Financial Services
- Retirement Homes
- Film Industry

**Q&A**

**Thank You**