As one of the leading telecommunications groups in Asia in pursuit of its vision to be the New Generation Digital Champion by 2022, Axiata has transformed itself from a holding entity with a portfolio of pure-play mobile assets into a Triple Core Strategy driven business focusing on converged Digital Telco, Digital Businesses and Infrastructure.

Today, Axiata’s operations include Enterprise business solutions, digital financial services and digital advertising across 11 countries, as well as a global digital platform business that connects services and content providers to 3.5 billion consumers.
## Corporate Information

### Group Company Secretary
Suryani Hussein
LS0009277

### Registered Office
Level 5, Corporate Headquarters
Axiata Tower, 9 Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia
Tel : +603 2263 8888
Fax : +603 2263 8903

Website
www.axiata.com

### Board of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tan Sri Ghazzali Sheikh Abdul Khalid</td>
<td>Chairman</td>
</tr>
<tr>
<td></td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Tan Sri Jamaludin Ibrahim</td>
<td>Managing Director/President &amp; Group Chief</td>
</tr>
<tr>
<td></td>
<td>Executive Officer</td>
</tr>
<tr>
<td>David Lau Nai Pek</td>
<td>Senior Independent Non-Executive Director</td>
</tr>
<tr>
<td>Dr Muhamad Chatib Basri</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Dato' Mohd Izzaddin Idris</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Dato Dr Nik Ramlah Nik Mahmood</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Dr David Robert Dean</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Dr Lisa Lim Poh Lin</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Khoo Gaik Bee</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Tengku Dato’ Sri Azmil Zahruddin Raja Abdul Aziz</td>
<td>Non-Independent Non-Executive Director</td>
</tr>
</tbody>
</table>

### Investor Relations
Tel : +603 2263 8706
Fax : +603 2278 3337
Email : ir@axiata.com

### Stock Exchange Listing
Listed on Main Market of Bursa Malaysia Securities Berhad
Listing Date : 28 April 2008
Stock Code : 6888
Stock Name : Axiata
Stock Sector : Telecommunications & Media

### Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd (Company No. 11324-H)
Unit 32-01, Level 32, Tower A Vertical Business Suite
Avenue 3 Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : +603 2783 9299
Fax : +603 2783 9222
Email : is.enquiry@my.tricorglobal.com

### Auditors
PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur, Malaysia
Tel : +603 2173 1188
Fax : +603 2173 1288
Email : pwcmsia.info@my.pwc.com
## Entities Across Asia

### MOBILE SUBSIDIARIES

**MALAYSIA**
- **Celcom Axiata Berhad**
  - Year of Investment/Shareholding: 2008/100.0%
  - Nature of Business: Mobile Telecommunications
  - Customers: 9.1 million
  - Technology Deployed:
    - Mobile: GSM/GPRS/EDGE, 3G/HSPA+, LTE/LTE-A
    - Fixed Network: FTTx, LTE
  - No. of BTS: 2G – 8,256
  - 3G – 14,775
  - 4G – 13,269
  - Network Coverage (by population and technology):
    - 2G – 95.2%
    - 3G – 93.1%
    - 4G – 90.6%

**INDONESIA**
- **PT XL Axiata Tbk.**
  - Year of Investment/Shareholding: 2005/66.4%
  - Nature of Business: Mobile Telecommunications and Multimedia Services
  - Customers: 54.9 million
  - Technology Deployed:
    - Mobile: GSM/EDGE, 3G/HSPA+, LTE/LTE-A
    - Fixed Network: FTTx, DOCSIS, LTE, WIFI, CDMA, WiMAX, IPTV, DTH (satellite TV)
  - No. of BTS: 2G – 37,426
  - 3G – 51,398
  - 4G – 29,772
  - Network Coverage (by population and technology):
    - 2G – >93%
    - 3G – >95%
    - 4G – 92%

**SRI LANKA**
- **Dialog Axiata PLC**
  - Year of Investment/Shareholding: 2014/100.0%
  - Nature of Business: Investment Holding and Operations of Digital Services
  - Customers: 13.8 million
  - Technology Deployed:
    - Mobile: GSM/EDGE, 3G/HSPA+, LTE/LTE-A
    - Fixed Network: FTTx, LTE
  - No. of BTS: 2G – 2,460
  - 3G – 2,504
  - 4G – 2,391
  - Network Coverage (by population and technology):
    - 2G – 98.7%
    - 3G – 98.4%
    - 4G – 92%

**BANGLADESH**
- **Robi Axiata Limited**
  - Year of Investment/Shareholding: 1996/68.7%
  - Nature of Business: Mobile Telecom Operator
  - Customers: 46.9 million
  - Technology Deployed:
    - Mobile: GSM/EDGE, 3G/HSPA+, LTE/LTE-A
  - No. of BTS: 2G – 10,614
  - 3G – 9,648
  - 4G – 7,396
  - Network Coverage (by population and technology):
    - 2G – 97.0%
    - 3G – 76.0%
    - 4G – 79.7%

**CAMBODIA**
- **Smart Axiata Co., Ltd.**
  - Year of Investment/Shareholding: 2013/72.5%
  - Nature of Business: Mobile Telecom Operator
  - Customers: 7.5 million
  - Technology Deployed:
    - Mobile: GSM/EDGE, 3G/HSPA+, LTE/LTE-A
    - Fixed Network: LTE
  - No. of BTS: 2G – 2,460
  - 3G – 2,504
  - 4G – 2,391
  - Network Coverage (by population and technology):
    - 2G – 98.7%
    - 3G – 83.8%
    - 4G – 73.3%

**NEPAL**
- **Ncell Private Limited**
  - Year of Investment/Shareholding: 2012/63.0%
  - Nature of Business: Mobile Telecom Operator
  - Customers: 7.5 million
  - Technology Deployed:
    - Mobile: GSM/EDGE, 3G/HSPA+, LTE/LTE-A
    - Fixed Network: LTE
  - No. of BTS: 2G – 2,460
  - 3G – 2,504
  - 4G – 2,391
  - Network Coverage (by population and technology):
    - 2G – 98.7%
    - 3G – 83.8%
    - 4G – 73.3%

### NON-MOBILE SUBSIDIARIES & ASSOCIATES / AFFILIATES

**MALAYSIA**
- **Axiata Digital Sdn Bhd**
  - Year of Investment/Shareholding: 2017/100.0%
  - Nature of Business: Digital Financial Services Company
  - Providing e-wallet Services

**MALAYSIA**
- **Apigate Sdn Bhd**
  - Year of Investment/Shareholding: 2012/63.0%
  - Nature of Business: Telecommunications Infrastructure and Services

**MALAYSIA**
- **eCode Sdn Bhd**
  - Year of Investment/Shareholding: 2017/100.0%
  - Nature of Business: Global API Solutions Provider

**MALAYSIA**
- **edotco Group Sdn Bhd**
  - Year of Investment/Shareholding: 2014/81.7%
  - Nature of Business: Integrated Digital Advertising Agency
Financial Calendar

30 April 2019

Notice of 27th Annual General Meeting and Issuance of Integrated Annual Report 2018

22 May 2018
Unaudited consolidated results for the first quarter ended 31 March 2018

24 August 2018
Unaudited consolidated results for the second quarter and half-year ended 30 June 2018

23 November 2018
Unaudited consolidated results for the third quarter ended 30 September 2018

22 February 2019
Unaudited consolidated results for the fourth quarter ended 31 December 2018

30 April 2019
Issuance of audited financial statements for the financial year ended 31 December 2018

Dividends

29 May 2019

27th Annual General Meeting

5 June 2018
Notice of Book Closure for Final Tax Exempt Dividend under Single-Tier System of 3.5 sen per Ordinary Share

21 June 2018
Date of Entitlement for Final Tax Exempt Dividend under Single-Tier System of 3.5 sen per Ordinary Share

19 July 2018
Payment for Final Tax Exempt Dividend under Single-Tier System of 3.5 sen per Ordinary Share

27 September 2018
Notice of Book Closure for Interim Tax Exempt Dividend under Single-Tier System of 5 sen per Ordinary Share

12 October 2018
Date of Entitlement for Interim Tax Exempt Dividend under Single-Tier System of 5 sen per Ordinary Share

12 November 2018
Payment for Interim Tax Exempt Dividend under Single-Tier System of 5 sen per Ordinary Share
About This Report

Reporting Philosophy

This is Axiata Group Berhad’s (“Axiata” or “the Group”) second Integrated Annual Report (‘IAR’), which has been prepared according to the International Integrated Reporting Council’s (‘IIRC’) International <IR> Framework. In using the integrated reporting approach, we aim to provide our stakeholders with a concise yet comprehensive account of our business and strategies, and demonstrate how value is created and shared.

Scope and Boundary

Axiata’s 2018 IAR extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributed to or associated with our key stakeholders, all of which have a significant influence on our ability to create value.

The 2018 IAR covers the period from 1 January 2018 to 31 December 2018 and builds on our previous publications. The report covers the primary activities of the Group, namely our three core business pillars of Digital Telco, Digital Businesses and Infrastructure.

Assurance

Our Annual Financial Statements (“AFS”) have been audited as fully disclosed in the Statutory Annual Financial Report 2018. Limited assurance has been provided on selected disclosure(s) within our Sustainability and National Contribution Report (“SNCR”) 2018. Both of those processes make up our 2018 IAR, which contains both financial and non-financial indicators.

Improvements in Axiata’s IAR 2018

In 2018, the Group improved our disclosures through the following actions:

<table>
<thead>
<tr>
<th>Section</th>
<th>2018 Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Value We Create</td>
<td>• Reporting three-year trends for indicators where data is available</td>
</tr>
<tr>
<td></td>
<td>• Providing an explanation on the trade-offs between capitals</td>
</tr>
<tr>
<td>Operating Environment</td>
<td>• Comparison of external economic and market factors against Axiata’s strategic</td>
</tr>
<tr>
<td></td>
<td>response, implications on our strategy and the way forward for the Group</td>
</tr>
<tr>
<td>Risks and Materiality</td>
<td>• Detailed descriptions of each risk, including risk matrix, risk level and</td>
</tr>
<tr>
<td></td>
<td>movement, mitigating actions, risk owners, impacts and key risk indicators</td>
</tr>
<tr>
<td>Eight Needle-Moving Strategic</td>
<td>• Using Axiata’s 4P Goals as the framework for our Triple Core Strategy disclosure</td>
</tr>
<tr>
<td>Initiatives</td>
<td>of the Group’s progress against the Eight Needle-Moving Strategic Initiatives</td>
</tr>
</tbody>
</table>

Approval by the Board

The Board of Directors (“Board”) has applied its collective mind in preparing and presenting Axiata’s IAR 2018 as guided by the IIRC’s International <IR> Framework. The Board acknowledges its responsibility in ensuring the integrity of this report, through good governance practices and internal reporting procedures.

Materiality

We have conducted our materiality assessment in line with Bursa Malaysia Securities Berhad’s (“Bursa”) Listing Requirements. We have sought our stakeholders’ input in addition to the business’ perspectives. These include risks identified through our risk management framework in determining the material issues which impact our ability to create value over the short, medium and long-term. Our strategic responses to these material issues are presented throughout this report.

Forward-Looking Statements

This report contains forward-looking statements characterised by the use of words and phrases such as “might”, “forecast”, “anticipate”, “project”, “may”, “believe”, “predict”, “expect”, “continue”, “will”, “estimate”, “target” and other similar expressions. As our business operates in a perpetually shifting and changing environment, it is subject to uncertainties that could cause actual results to differ from those reflected in the forward-looking statements.

Information on Exclusions

Our disclosure appetite guides the limitations of information available in this report. We seek to balance between positive and negative information, and information withheld based on competitive advantage. Requirements of the <IR> International Framework have not been excluded due to the unavailability of reliable information or specific legal prohibitions.
About This Report

Axiata’s Integrated Annual Report 2018 suite is made up of the following:

- **Integrated Annual Report 2018**
- **Governance & Audited Financial Statements 2018**
- **Sustainability & National Contribution Report 2018**

All of Axiata’s Reports are available online at [www.axiata.com](http://www.axiata.com)

We welcome feedback on this report at [info@axiata.com](mailto:info@axiata.com)

**Cover Rationale**
By delivering on our vision of being a New Generation Digital Champion, we fast-forward progress in Asia for the next generation, helping them achieve their true potential and build a better future.

**Images for the Integrated Annual Report 2018**
The images in this year’s Integrated Annual Report cover and section separators were inspired by the new Axiata brand film titled Kites 2.0. Please visit [https://bit.ly/2IAnyJV](https://bit.ly/2IAnyJV) to watch the video.

**Reporting Frameworks and Reporting Suites**

|------------------|--------------------------------|---------------------------------------------|-----------------------------------------------|
| **Disclosure**   | • Management Discussion and Analysis  
                   • Abridged Annual Financial Statements  
                   • Corporate Governance Overview Statement | **Governance and Compliance Documents**  
                   • Full Directors and Management Profile  
                   • Statement on Risk Management and Internal Control  
                   • Board Audit Committee Report  
                   • Additional Compliance Information | • Global Reporting Initiative Standards  
                   • Third Party Assurance |
| **Reporting Frameworks** | • Malaysian Code on Corporate Governance 2017  
                                • Bursa Listing Requirements  
                                • IIRC Integrated Reporting Framework  
                                • Companies Act 2016 | • Malaysian Code on Corporate Governance  
                                • Bursa Listing Requirements  
                                • Companies Act 2016 | • Bursa Malaysia Sustainability Reporting Guidelines  
                                • GRI Standards (Core)  
                                • AA1000 Stakeholder Engagement  
                                • ISAE 3000 (Revised) - Limited Assurance Engagement |
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- What We Do 04
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Our Business
The Axiata Group

As one of the leading telecommunications groups in Asia, Axiata continues to evolve its business in line with dynamically shifting industry trends and developments. The Group’s current focus is on transforming into a New Generation Digital Champion by 2022, to capture growth and opportunities arising from the Fourth Industrial Revolution (IR 4.0).

Our Vision
New Generation Digital Champion by 2022

Phase 1: 2008-2010
Building A New Distinct Company

Phase 2: 2011-2015
Creating A Regional Champion

Phase 3: 2016-2022
Becoming A New Generation Digital Champion

Our Goals

Performance
To be one of Asia’s largest telecoms and tech groups in all financial metrics as we grow in market capitalisation and generate strong Return on Invested Capital

People
To be recognised as a Top Talent Brand and an Asian Talent Factory

Partnership
To be the number one choice for customers and partners by offering superior customer experience while continuing to build trust with all our stakeholders

Planet & Society
To be recognised as a responsible Digital Champion, in creating a Digitally Inclusive Society

Our Purpose
Advancing Asia

Our Values
Uncompromising Integrity, Exceptional Performance

Our Goals
The 4Ps that define our success

Our Stragegy
Statements and Analysis

The Value We Create
Our Performance
Our Governance
Other Information

Integrated Annual Report 2018
Shareholding Structure and Portfolio of Investments

- Axiata debuted on the Main Board of Bursa Malaysia on 28 April 2008
- Tenth largest entity on the FTSE Bursa Malaysia KLCI (FMKBKLCI) with a market capitalisation of RM35.6 billion as of 31 December 2018
- One of Top 10 constituents by market capitalisation within the FTSE4Good Bursa Malaysia Index
- Balanced mix of local and foreign institutional investors as a result of the Group’s strong fundamentals, long-term growth prospects and attractive investment proposition
- Continuous review of strategic portfolio options to ensure long-term value enhancement, optimal deployment of capital and funding for growth strategies

### OUR SHAREHOLDERS

<table>
<thead>
<tr>
<th>Shareholding Structure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khazanah Nasional Berhad</td>
<td>37.16%</td>
</tr>
<tr>
<td>PNB Permudalan Nasional Berhad*</td>
<td>18.42%</td>
</tr>
<tr>
<td>Employees Provident Fund Board</td>
<td>16.16%</td>
</tr>
<tr>
<td>Foreign Shareholdings</td>
<td>10.55%</td>
</tr>
<tr>
<td>Others/Public</td>
<td>17.71%</td>
</tr>
</tbody>
</table>

### MOBILE SUBSIDIARIES

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Year of Investment/Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>celcom</td>
<td>2008/100.0%</td>
</tr>
<tr>
<td>xl axiata</td>
<td>2005/66.4%</td>
</tr>
<tr>
<td>Dialog</td>
<td>1995/83.3%</td>
</tr>
<tr>
<td>robi</td>
<td>1996/68.7%</td>
</tr>
<tr>
<td>Smart</td>
<td>2013/72.5%</td>
</tr>
<tr>
<td>Ncell</td>
<td>2016/80.0%</td>
</tr>
</tbody>
</table>

### NON-MOBILE SUBSIDIARIES

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Year of Investment/Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axiata Digital</td>
<td>2014/100.0%</td>
</tr>
<tr>
<td>Ooot</td>
<td>2017/100.0%</td>
</tr>
<tr>
<td>ada</td>
<td>2014/81.7%</td>
</tr>
<tr>
<td>apigate</td>
<td>2017/100.0%</td>
</tr>
<tr>
<td>eCO</td>
<td>2012/63.0%</td>
</tr>
</tbody>
</table>

Note:
- *Comprises of total shareholdings held by trust funds managed by Permodalan Nasional Berhad

For complete details of Shareholding Statistics, please refer to page 190.
What We Do

- Current phase is guided by the Axiata 3.0 strategic blueprint, launched in 2016
- Focused on developing our Triple Core Business - Digital Telco, Digital Businesses and Infrastructure - through our Operating Companies (OpCos) in footprint markets
- Ongoing Group-wide digital transformation to enhance our competitive advantage through the adoption of IR 4.0 principles and technologies
- This digital transformation framework consists of:
  - developing digital products and services
  - digitising external interfaces
  - digitising internal processes
  - modernising platforms and network infrastructure
  - aligning the organisation to an Agile culture and mindset

### Becoming A New Generation Digital Champion

#### TRIPLE CORE BUSINESS

<table>
<thead>
<tr>
<th>Digital Telco</th>
<th>OUR FOCUS</th>
<th>PROGRESS UPDATES</th>
<th>OUR OPERATING COMPANIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transforming from pure-play mobile service providers to converged digital telcos</td>
<td>• Creating a diversified portfolio of services focusing on new growth value drivers of Home and Enterprise&lt;br&gt;• Home segment captures new revenues in mobile and fixed wireless broadband services, digital and TV entertainment, and Smart Home services&lt;br&gt;• Enterprise Business focus has been accelerated with a clear vision of becoming in-market champions, by leveraging on in-house capabilities to provide cutting-edge solutions in Internet of Things, Cloud and Cyber Security within the Business-to-Business (B2B) and Business-to-Government (B2G) Enterprise segments</td>
<td></td>
<td>celcom, Dialog&lt;br&gt;XL axiata, Smart&lt;br&gt;Ncell, robi</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Digital Businesses</th>
<th>OUR FOCUS</th>
<th>PROGRESS UPDATES</th>
<th>OUR OPERATING COMPANIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advancing our three core digital businesses towards profitability</td>
<td>• Axiata’s digital business arm, Axiata Digital Services (ADS) has transitioned from being a venture builder of tech startups to become an operator of digital companies&lt;br&gt;• Currently, ADS is spearheading the growth of Axiata’s three core digital business verticals - Digital Financial Services (DFS) which houses Boost, eZ Cash and SmartLuy; Digital Advertising through ada; and our digital platform business, Apigate. All three businesses are targeted to be profitable by the year 2021/2022&lt;br&gt;• In April 2019, ADS obtained a strategic minority investment from Mitsui &amp; Co., Ltd.&lt;br&gt;• Non-strategic digital venture assets will be carved-out to an independent Singapore-based fund for a valuation of USD140 million in 2019</td>
<td></td>
<td>boost, ada, Apigate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>OUR FOCUS</th>
<th>PROGRESS UPDATES</th>
<th>OUR OPERATING COMPANIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Award-winning regional tower company poised for global growth</td>
<td>• edotco is Axiata’s regional integrated telecommunications infrastructure company that is now the 13th largest independent tower company globally&lt;br&gt;• Specialises in end-to-end solutions in the tower services sector, including co-locations, built-to-suit, energy, transmission, and operations and maintenance (O&amp;M)&lt;br&gt;• As one of the fastest growing regional tower companies, edotco is eyeing new opportunities in the other markets including the Philippines and Laos&lt;br&gt;• Poised for growth from regional to global scale, to become the fifth largest tower company in the world by 2022&lt;br&gt;• Received the Frost &amp; Sullivan’s “Asia Pacific (APAC) Telecoms Tower Company of the Year” award for the third year running in 2019</td>
<td></td>
<td>eco</td>
</tr>
</tbody>
</table>
Core 1: Transforming from Pure-Play Mobile Service Providers to Converged Digital Telcos

2018 Key Highlights

- Celcom, XL, Dialog and Smart launched Home broadband services
- Celcom on track with digital transformation via digitisation of customer touchpoints and automated customer service using robotics and Artificial Intelligence with the launch of Chatbots
- Celcom was the first telecommunications operator globally to be certified under the ISO standard 18295-2:2017
- Dialog leveraged on Internet of Things (IoT) and Blockchain use cases to create Connected Weather Systems, Connected Agriculture, Smart Poultry Farming and e-Know-Your-Customer
- Smart used Spatial Analytics and AI to better serve customers by optimising retail locations
- Robi’s Salesforce Automation services - >300,000 outlets, with ~300,000 paperless transactions and 60,000 user interactions digitally every day

- Nepal
  - Ncell
    - Founded in 2001
    - 16.3 million customers
    - Revenue NPR57.5 billion
    - Market ranking - No.1
    - Network Technology Deployed:
      Mobile - GSM/EDGE, 3G/HSPA+

- Sri Lanka
  - Dialog
    - Founded in 1993
    - 13.8 million customers
    - Revenue SLR109.2 billion
    - Market Capitalisation SLR82.3 billion
    - Market ranking - No.1
    - Network Technology Deployed:
      Mobile - GSM/EDGE, 3G/HSPA+, LTE/LTE-A, 5G Pilot
      Fixed Network - FTTx, DOCSIS, LTE, WIFI, CDMA, WIMAX, IPTV, DTH (satellite TV)

- Malaysia
  - clocom
    - Founded in 1988
    - 9.1 million customers
    - Revenue RM73 billion
    - Market ranking - No.2
    - Network Technology Deployed:
      Mobile - GSM/GPRS/EDGE, 3G/HSPA+, LTE/LTE-A
      Fixed Network - FTTx, LTE

- Cambodia
  - Smart
    - Founded in 2008
    - 7.5 million customers
    - Revenue USD0.3 billion
    - Market ranking - No.1
    - Network Technology Deployed:
      Mobile - GSM/EDGE, 3G/HSPA+, LTE/LTE-A
      Fixed Network - LTE

- Bangladesh
  - robi
    - Founded in 1995
    - 46.9 million customers
    - Revenue BDT68.0 billion
    - Market ranking - No.2
    - Network Technology Deployed:
      Mobile - GSM/EDGE, 3G/HSPA+, LTE/LTE-A

- Indonesia
  - XL Axiata
    - Founded in 1989
    - 54.9 million customers
    - Revenue IDR230.0 billion
    - Market Capitalisation USD2.3 billion
    - Market ranking - No.2
    - Network Technology Deployed:
      Mobile - GSM/EDGE, 3G/HSPA+, LTE/LTE-A

Notes:
- All OpCo market rankings are based on revenue market share for 2018
- Based on internal estimations

More details on our OpCos can be found on pages 48-53 of the “Our Performance” chapter in this IAR.
Core 2: Advancing Our Three Core Digital Businesses Towards Profitability

2018 Key Highlights

**Boost**
- Largest e-wallet in Malaysia
- >3.5 million customers and >61,500 merchants
- 21x YoY Gross Transaction Value (GTV) growth in 2018
- Transaction value per user has increased 10x since launch

**ada**
- 1.2x net revenue growth in 2018, and expected strong growth in 2019
- In July 2018, ada secured USD20 million funds from new strategic partner Sumitomo Corporation

**Apigate**
- Enhanced global reach through partnerships with telco groups such as Zain and Etisalat, to game publishers and content providers such as Tencent and Gameloft
- Future-ready APIs on one seamless platform allowing local businesses to scale globally for SMS, Operator and e-wallet Billing
- YoY GTV growth of 3.1x
- Net revenue growth of 4.8x

**eZ Cash (Sri Lanka)**
- Leading e-wallet provider in Sri Lanka
- >3.4 million customers, across three mobile networks
- 32% YoY growth in transactions
- >25 million transactions in 2018

**SmartLuy (Cambodia)**
- Leading e-wallet provider in Cambodia
- >103,400 users, with 625,673 transactions nationwide
- >1,470 merchants
- 52% YoY growth in transactions

**Dialog Finance Company (Sri Lanka)**
- Finance company acquired by Dialog to facilitate the expansion of the scope of Digital Financial Services offered
- Revamped into a digital bank offering licenced financial services

**Boost Malaysia (Malaysia)**
- >3.5 million customers
- >61,500 merchants
- >14 million transactions nationwide

**Boost Indonesia (Indonesia)**
- Launched in 2018 focusing on merchant services
- >458,000 merchants

**Axiata Digital Capital (Malaysia & Indonesia)**
- Providing micro-finance solutions
- 375 merchants (Malaysia and Indonesia)

**ada (Across South and Southeast Asia)**
- Largest independent data-powered digital marketing agency across nine countries in South and Southeast Asia
- With a team of more than 300 people comprising data scientists and engineers, and digital optimisation specialists
- Services over 200 large accounts on digital buying, programmatic advertising and social media management

**Apigate (Across Asia, Africa, Europe and South America)**
- In-house developed GSMA Award-winning API platform
- Axiata’s home-grown global API business
- Serves Northbound content and service providers and Southbound telco operators
- Connects >110 MNOs
- Reach of 3.5 billion consumers

More details on our digital businesses can be found on pages 55-57 of the “Our Performance” chapter in this IAR.
Core 3: Award-Winning Regional Tower Company Poised for Global Growth

2018 Key Highlights

More than 29,800 towers owned and managed across six countries
- Expanded tower portfolio in Malaysia, providing tenancies to all major mobile operators in the country
- Significant growth in Myanmar, ending 2018 with tenancy ratio of 2.09x

Optimised infrastructure design to reduce capex by up to 15%
- Signed agreement to enter the Laos market with a local partner
- Deployed the world’s first multi-tenant, multi-operator small cells solution in KL Sentral, Malaysia

Digitised preventive maintenance for towers using drone technology to improve reporting time by 50%, and reduce inspection turnaround time by 35%
- Received Frost & Sullivan’s “Asia Pacific (APAC) Telecoms Tower Company of the Year” award for the third year running in March 2019

- More details on edotco can be found on page 54 of the “Our Performance” chapter in this IAR

Pakistan
- 870 Towers owned
- 1,183 Tenancies
- 1.36x Tenancy ratio

Myanmar
- 1,900 Towers owned
- 3,973 Tenancies
- 2.09x Tenancy ratio

Cambodia
- 2,301 Towers owned
- 3,559 Tenancies
- 1.55x Tenancy ratio

Bangladesh
- 8,562 Towers owned
- 12,428 Tenancies
- 1.45x Tenancy ratio

Sri Lanka
- 22 Towers owned
- 3,375 Tenancies
- 1.00x Tenancy ratio

Malaysia
- 4,575 Towers owned
- 8,407 Tenancies
- 1.84x Tenancy ratio

Statements and Analysis
- 2018 Key Highlights
- Core 3: Award-Winning Regional Tower Company Poised for Global Growth

More details on edotco can be found on page 54 of the “Our Performance” chapter in this IAR
Dear Shareholders,

The year 2018 marked Axiata’s tenth anniversary as a regional mobile telecommunications provider delivering on our promise of Advancing Asia. Having commenced with an operational footprint spanning 10 countries providing pure-play mobile services, the Group today is present in 11 countries in ASEAN and South Asia. Our services portfolio in tandem, has expanded to include Digital Telco, Digital Businesses and Tower Infrastructure in line with our aspirations to become a New Generation Digital Champion by 2022.

ADJUSTING TO A NEW NORMAL FOR THE INDUSTRY

The year 2018 can be described as pivotal for Axiata as the Group responded to volatile macroeconomic conditions, technological and market disruptions, demand shifts and regulatory uncertainties across the region.

As the Fourth Industrial Revolution inspires a continuous cycle of technological breakthroughs, the demand for digital services is exploding across developed and developing economies. Advancements in cloud technology, Internet of Things (IoT) and Artificial Intelligence (AI) are creating new waves of opportunities. There have also been commercial deployments of 5G technologies in developed markets such as the United States, Australia and Korea, and it will only be a matter of time before our markets are ready for 5G deployment. Telecommunications players are naturally placed to backbone infrastructure and connectivity needs but it is also imperative to move swiftly to address business model and industry structure issues to take advantage of this technological revolution.

Hypercompetition is pervasive within the industry, as mobile network operators struggle to retain or capture growth. Disruptive competition from Over-The-Top (OTT) providers is increasingly encroaching spaces traditionally occupied by telcos. Adjusting to this new norm requires more than just competing on price, coverage and customer relationship management. In Axiata’s case, future-proofing the Group calls for a paradigm shift in talent management, portfolio optimisation as well as actively implementing digitisation initiatives across the businesses in order to capitalise on new growth opportunities.
Chairman’s Statement

PAVING THE WAY FOR FUTURE GROWTH

In building resilience for the long-term, Axiata will continue with its portfolio rebalancing and rationalisation exercise to prioritise capital allocation to core businesses and markets in supporting Group-wide digital transformation. This will include transforming mobile telco-centric Operating Companies (OpCo) into converged solutions providers, modernising the Group’s IT and network infrastructure, digitising operations across all functions, producing “unicorns” from amidst our digital businesses and becoming one of the top five global tower companies by 2022.

At the same time, in staying grounded with the realities of our current operating environment, the Group is keeping a very close eye on maintaining a robust balance sheet that supports our ambitious digital transformation by embarking on profitable growth and cash focus initiatives for the short-term.

OUR COMMITMENT TO THE HIGHEST STANDARDS OF RESPONSIBLE BUSINESS PRACTICES

Axiata has consistently upheld the highest principles of transparency and accountability within a robust governance framework. Efforts within this sphere involves ensuring our OpCos aspire to the best global standards pertaining to corporate governance, including tax licensing and data privacy requirements.

Our leadership position across the region provides an excellent opportunity for Axiata to contribute towards socioeconomic development initiatives in our markets. As much as we are a Malaysian company at heart, we partner governments as a National Champion committed to strengthening the digital ecosystem, nurturing the next generation of digital innovators, and building local communities. Axiata will also continue to drive best practices and sustainability principles in line with the United Nations’ Sustainable Development Goals (UN SDG) framework and Global Compact principles in addition to our very own Sustainability Framework.

CHANGES TO THE BOARD

We bid farewell to Tan Sri Dato’ Wira Azman Hj. Mokhtar after 10 years of service as Chairman of the Board. Tan Sri Azman has been an inspiring leader for many and I can only hope to do justice in continuing to carry this torch that I have accepted in ensuring Axiata remains relevant and at the forefront at all times. We are deeply indebted to him for his guidance and insights in steering Axiata forward through the years and we wish him well with his future endeavours.

Our gratitude also to Datuk Azzat Kamaludin who retired as Board member on 23 May 2018 after serving as its Senior Independent Non-Executive Director for over 10 years. We are grateful for his invaluable contributions to the Group and unwavering commitment to the highest standards of governance and performance.

It also gives me great pleasure to announce we now have 30% female representation on the Board, having appointed Ms Khoo Gaik Bee as Independent Non-Executive Director on 1 January 2019. Ms Khoo joins Dato’ Dr Nik Ramlah Nik Mahmood and Dr Lisa Lim Poh Lin who were appointed to the Board on 21 March 2017 and 8 June 2018 respectively.

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to thank all our stakeholders for their continued support towards Axiata. Our gratitude goes to governments and regulators of our OpCos for their support and the opportunity to continue to serve in their markets and partner in their developmental efforts. We also extend our appreciation to our employees across the Group for their exemplary work and efforts. Lastly, we thank our shareholders for their continued support and belief in Axiata.

TAN SRI GHAZZALI SHEIKH ABDUL KHALID
Chairman
Axiata Shifts Gear to Realise Digital Ambitions

The global telecommunications industry is confronting some of its toughest hours as massive technological, competitive and consumer changes occur in response to the demands and trends of the Fourth Industrial Revolution (IR 4.0).

Having begun its journey in 2008, and as it marked its tenth anniversary, Axiata Group Berhad (Axiata or the Group) has become one of the leading telecommunications groups in Asia. Since 2016, the Group embarked on an ambitious Axiata 3.0 roadmap aimed at transforming itself into a New Generation Digital Champion by 2022. The aim as highlighted by Tan Sri Jamaludin Ibrahim, is for Axiata to continue its growth story to remain successful and sustainable.

2018 appeared to be, by any measurement, a watershed year for Axiata. In this interview, Tan Sri Jamaludin shares about the Group’s performance in 2018, and how all the work done in that year helped position Axiata very well for the future and its long-term plans.

To read the interview, please flip this page outwards.
Average Revenue Per User (ARPU) YoY – validating the successful execution of its strategy. Furthermore, cost optimisation initiatives at Celcom led to a concerted push with Quarter on Quarter QoQ EBITDA growth of 6% and an EBITDA margin uplift of 2ppt in the fourth quarter (4Q) of 2019, allowing Celcom to kickstart 2019 with a healthier cost base. Having said that, this is still an area that requires a lot more work.

Due to the concerted efforts to improve its network in the past three years, Celcom has since achieved major progress in network availability and quality – LTE and LTE-A coverage are now at 91% and 78% respectively, delivering better video experience to its customers. Identified as a key turnaround area back in 2016, Celcom has now shown significant improvement in its distribution, achieving the number one position in Dealer Satisfaction nationwide in 2018. Since 2016, it remains a focus on driving organisational and digital transformation has also produced encouraging results. In parallel, Celcom continues to be recognised for its customer centricity, taking the top spot in Net Promoter Score and being recognised by Forbes as one of the “Top 10 Most Customer-Focused Companies in Asia”. Meanwhile, XL is a great example of the competition punching above its weight. Despite the industry being hit by higher competitive pressures from the mandatory presold SIM registration in 2018, XL’s consistent strategy execution delivered exceptional results. In 2018, it was the only major telco to achieve positive revenue growth.

c. Aipta, our digital enablement platform expanded its global reach in 2018 through partnerships with telco groups such as Zain and Etisalat, Tencent and Gameloft, giving it access to 3.5 billion consumers and over 110 MNOs, compared to 350 million consumers and eight MNOs in 2017. It is a truly global player, with future ready APIs on one seamless platform allowing businesses to scale globally for SMS, location services, e-wallet and operator billing. Having consolidated the business, we have seen a rapid rise in YoY gross transaction value at 31.6% and net revenue at 4.8x.

d. Additionally, we have also signed up to transfer our non-core digital ventures investment portfolio at a USD1 million to a private equity firm, which we are targeting to conclude within Q2 2019.

e. edotco has secured a robust position as a strong challenger in the global tower market. In the last 3 years, edotco has rapidly expanded its footprint to cover six countries including a recent expansion in to Pakistan, with more than 25,800 towers.

Our Digital Transformation Strategy focuses on driving improvements through the adoption of IR 4.0 principles. We conduct both external and internal validation to track our progress. While acknowledging that we have a lot more to do, I am happy to report that we have progressed significantly from where we started in 2017.

1. Digital Product and Services

This involves transforming our product and service portfolio to include a rich suite of digital offerings, with a focus on simplicity of use. We currently estimate improvements in this area by approximately 70%.

2. Transforming our External Interface and Internal Processes

The transformation of external interfaces through which the above products and services are delivered to our customers, both existing and new customers, is one of the most critical customer touchpoints to digital engagements with our customer. Lately, we have started to bring our internal processes online and digitise our internal processes. Since 2017, we have recorded between 45% and 50% progress on each of these fronts.

3. Transforming our Infrastructure & Platforms

Complete modernisation and digitisation of our network, IT and platforms involves new architecture, including all Internet Protocol (IP), virtualisation and mostly software-driven, ensuring we pre-empt the demands of IR 4.0 as well as advanced forms of video communications to include Augmented Reality (AR) and Virtual Reality (VR). Today, we have embedded the technology and infrastructure in our platforms by 50%.

What are your 2019/2020 plans? Will they be any different from the past?

TSJI: Firstly, the operational progress and momentum gathered from the Group’s performance will provide us with a significant boost to pave the way for a “Prospering” 2018 in fact, most of the very issues that made the headlines in 2018 will be in great shape in 2019/2020.

1. With all OpCos growing market share and delivering the best revenue performance in their respective markets, we exited 2018 with a strong market position as we active 2019 targets. Following two very successful years in delivering operating expenditure (opex) and capital expenditure (capex) savings through our internal cost optimisation programmes, we are on track in our journey to continue improving our cost base, and meet our RM5 billion cumulative savings target by 2020.

2. Our OpCos had delivered significant progress in digitalising critical areas including Products and Services, Internal Processes, Infrastructure and Platform, as well as Organisation and Culture. With each of our OpCos now outperforming their in-market peers in terms of digital maturity, we are optimistic our continuous improvements in this area will serve as a competitive advantage in our markets.

3. Axiata’s performance in 2018, each of the new growth areas we identified in our Triple Core Strategy are now expected to generate double-digit growth:

a. Digital Telco: In addition to Digital, in 2018 we launched Phone/Converged offerings in Celcom, XL and Smart – predominantly via fixed wireless access (FWA). This also allowed leverage on our existing mobile network for further upsides through cross-selling to existing customers. In capturing the Enterprise segment, we have built a strong sales funnel for actualisation in 2019 and refined our strategy through our 2018 key learnings.

b. Digital Marketplace: Edotco and Aipta initiated 2018 with substantial top-line growth and are expected to maintain this exciting momentum in 2019/2020. Each of these core digital businesses are now on an encouraging path towards profitability.

c. Infrastructure: With a consistent track record of delivering financial results since its inception, we expect edotco to continue its steady growth and build a strong brand identity.

4. The cash proceeds from the divestment of our stake in HI will strengthen our balance sheet, putting Axiata in a more robust position to fund future growth opportunities.

5. The reclassification of our Indian asset as a pure investment into the balance sheet means it’s overall performance will no longer drag our profitability. In fact, there are now more upsides given our belief in the long-term future of the merged company.

Acknowledgements

All our stakeholders have contributed towards our success and led to our ability to continue with our planned and moving journey. On behalf of the Management at Axiata Group, we like to express our collective gratitude to our Board of Directors, in fulfilling their fiduciary responsibility to our shareholders, in providing strategic direction to the company by observing the highest standards of governance, ethics and integrity at all times. To our more than 12,000 employees throughout our regional footprint, we thank you for your dedicated contributions towards enabling our Next Generation Digital Champion vision.

Our deepest gratitude also goes to our investor partners for their patience and all stakeholders. As for the governments and regulators in our various markets of operation, thank you for your continuing faith, and allowing us to contribute to your countries, and drive the digital economies of your countries. Most of all, we would like to thank our subscribers and users across South Asia for their continued loyalty and support.
In Conversation with the President & Group CEO

Axiata President & CEO shares the highlights and lowlights of 2018 and future plans

TAN SRI JAMALUDIN IBRAHIM
Managing Director/ Group President & Group CEO
Executive Officer

A 2018 RESULTS

1. How would you describe Axiata’s performance in 2018?

On the face of it, the headline numbers exceeded expectations on all fronts. On the other, the underlying performance was resilient, and the company’s future position as positioned very well for our future.

2. How do you feel about the 2018 outlook in light of year-on-year at all levels, and your legacy?

The year was marked by the transformation of our TeraSakti strategy into a powerful digit business model. As of today, our Axiata’s brand portfolio, as measured by global brand rankings, is one of the largest in the region.

3. How do you feel about the 2018 outlook as a whole?

2018 was a year of good performance, and we are looking forward to 2019 with renewed optimism.

B 2019 / 2020 PLANS

1. Can you elaborate on Axiata’s vision and strategy to achieve the 2019/2020 targets?

Our vision is to become a truly global digital service provider and transform our business to the world’s top 5 digital service providers by 2020.

2. What are your 2019/2020 plans? Will they be different from the past?

Our focus for the next two years will be on digit transformation and digit strategy, which we believe will enable us to be a world-class player and one of the top five globally.

3. How do you think Axiata’s performance will compare to other companies in the region?

We believe Axiata’s performance will be better than others, as we are elevating competencies across all areas and have made “people development” a priority in our strategy.

4. Can you share the expectations for 2019/2020 and the key areas of focus?

Our focus for the next two years will be on digit transformation and digit strategy, which we believe will enable us to be a world-class player and one of the top five globally.
“Shifting Gear” towards Profitability and Cash Focus

1. Focus on **profit growth** relatively more than revenue market share growth
2. Spotlight on **opex and capex efficiency** - RM5 billion savings over five years
3. **Reprioritise or re-scope some investments** with long payback (unless short-term financial impact from upfront investment requirement can be mitigated)
4. **Fund investments in new growth areas** mostly through strategic partnerships or financial investors
5. **Monetise existing investments** for cash and validation; and ‘sweat’ existing assets
6. **Accelerate structural changes** through industry consolidation, network sharing and productivity initiatives
7. Aggressive Network and IT Modernisation to drive data leadership and improve its economics
8. **Reflect the above in 2019 KPIs** for the Group and all OpCos
Management Discussion and Analysis

GROUP FINANCIAL ANALYSIS 2018

During the year, Axiata successfully concluded its most massive portfolio rationalisation with reclassification of Idea from an associate to simple investment, reclassification of M1 from an associate to assets held-for-sale and one-off non-cash asset write-off, impairment and accelerated depreciation as a result of network modernisation.

Revenue

- In 2018, Ringgit Malaysia strengthened against all regional currencies leading to an adverse forex translation impact for the Group. Group revenue declined 2.1% to RM23.9 billion.
- At constant currency, Group revenue grew 6.2% for the year on the back of growth from most of its subsidiaries.
- All six OpCos delivered highest revenue growth in their respective markets. edotco and Dialog, in particular, achieved double digit growth of 13.3% and 15.9% respectively at constant currency.
- Data continued to register a strong growth and contributed 51.8% of service revenue which increased 6.4 percentage points (ppt) from 45.4% in 2017.

EBITDA

- As consequence of the strengthening Ringgit Malaysia, Group EBITDA declined 9.7% from RM9.2 billion to RM8.3 billion, while EBITDA margin retracted 2.9 ppt from 37.8% to 34.9%.
- Excluding foreign currency translation impact, drop in EBITDA narrowed to 1.0%.
- Four OpCos recorded the highest EBITDA growth in their respective markets.

PATAMI

- Group’s PATAMI dropped to a loss position of RM5.0 billion as it absorbed the one-off, non-cash, technical items mainly Idea-related losses of RM3.9 billion, the RM1.8 billion assets write-off, impairment and accelerated depreciation as a result of network modernisation primarily at XL and Celcom, and forex and derivatives losses of RM0.5 billion.
- Adjusting for one-off items, Group normalised PATAMI stood at net profit of RM1.0 billion.
- The diagram below depicts the bridging of 2018 PATAMI results to normalised PATAMI and underlying PATAMI:

Cost Optimisation

- In 2018, the Cost Optimisation programme incrementally delivered RM1.5 billion of savings and avoidance across the Group, aided by over 175 distinct initiatives.
- The programme has been carefully balanced between capital expenditure (capex) and operating expenditure (opex), with each contributing nearly 50% of overall savings delivery.
- While most of these savings originated from the Network domain (capex and opex), traction is building up from digitisation, IT and sales and marketing, reflecting well for the future.
- On profit and loss impact for 2018, the programme has helped expand (underlying) EBIT by 2.7%, which in turn, has mitigated the impact of the Group’s network and other investments (on a constant currency basis).
- The Group continues to progress well on the RM5 billion goal by 2021, having achieved more than half the target within the first two of five years.
GROUP FINANCIAL POSITION
As at 31 December 2018, the Group’s balance sheet held up steadily against the barrage of external challenges to maintain its strong investment grade rating with gross debt/EBITDA of 2.3x, and a solid cash position of RM5.1 billion.

Key Highlights of Group Balance Sheet

**Total equity decreased by RM7.3 billion**
- Total equity stood at RM23.2 billion
- The decrease in equity balance in 2018 was caused by:
  - Loss for the financial year of RM5.2 billion
  - Negative impact to reserve from:
    - Dividend of RM0.9 billion
    - Negative translation impact of investment in subsidiaries and associates amounting to RM1.4 billion
    - Partially negated by gain on partial disposal and dilution of subsidiaries of RM0.8 billion

**Total assets decreased by RM6.1 billion**
- Total assets balance stood at RM63.9 billion
- Intangible assets decreased by RM1.2 billion due to:
  - Amortisation of intangible assets of RM836.8 million and further diminished by RM839.1 million from translation
  - Adjustment of RM192.5 million from adoption of MFRS 15
  - Partly offset with intangible asset from newly acquired subsidiary and additions during the year amounting to RM132.5 million and RM502.8 million respectively
  - Property, plant and equipment increased by RM380.5 million driven by:
    - New capital investments on telecommunication network; and
    - Partially netted off with depreciation, impairment, written off and foreign exchange translation losses during the financial year which include RM1.8 billion of one-off assets written off, impairment and accelerated depreciation

**Capital Investments**
- The Group has spent RM6.1 billion, or 26% of revenue in capital asset investment for the year to support its continuous growth. These investments were sourced from internal generated funds
- In line with the vision to be the New Generation Digital Champion, the Group is continuing with the execution of the Axiata 3.0 Triple Core Strategy comprising of three pillars, namely Digital Telco, Digital Business and Infrastructure
- In the short-term, the Group is placing an immediate emphasis on "Shifting Gear" towards profitable growth and cash focus
  - Capex and opex efficiencies;
  - Reprioritisation and monetisation of investments;
  - Acceleration of structural changes to achieve an optimal portfolio spanning the core business, Enterprise, Home, digital business and infrastructure;
  - Higher profit growth relative to top-line, reflecting the rigorous cost optimisation programme to exceed the RM5 billion cost target for the period spanning 2017 till 2021; and
  - Continue legacy objective to win the market whilst sweating its assets
- In the meantime, the Group remains cautious of challenges in the telco industry and macro landscape, with heightened regulatory, political and competitive environments expected in some of the Group markets of operation, in addition to the prolonged uncertainties on global and regional economic outlooks
Management Discussion and Analysis

KEY PERFORMANCE INDICATORS

On 22 February 2018, the Group announced its Headline Key Performance Indicators (KPIs) guidance for the financial year ended 31 December 2018. The Group’s 2018 Headline KPIs announced were as follows:

<table>
<thead>
<tr>
<th>Headline KPIs</th>
<th>FY 2018 Statutory Revenue Growth (%)</th>
<th>FY2018 Headline KPIs EBITDA Growth (%)</th>
<th>FY2018 Achievement Return on Invested Capital (“ROIC”) (%)</th>
<th>FY2018 Headline KPIs Return on Capital Employed (“ROCE”) (%)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>-2.1%</td>
<td>-9.7%</td>
<td>-4.4%</td>
<td>1.3%</td>
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<tr>
<td>Post MFRS 15 &amp; 9 @ actual currency</td>
<td></td>
<td>Flat</td>
<td>6.3%</td>
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<td>3.7%</td>
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<td>-4.4%</td>
<td>-6.1%</td>
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<td>5.0% - 5.5%</td>
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<td>FY2018 Achievement</td>
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<td>5.6%</td>
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</table>

Note:
- Constant rate is based on the FY17 Average Forex Rate (e.g. 1 USD = RM4.30), Bloomberg rate is based on 2018 Forex Forecast as at 24th January 2018 (e.g. 1 USD = RM3.90)

2018 has been a challenging year for the Group. On a Statutory basis, the Group posted Revenue and EBITDA growth of -2.1% and -9.7% Year on Year (YoY), while ROIC and ROCE stood at 1.3% and 1.2% respectively.

Externally, the Group was materially affected by the strengthening of the Ringgit Malaysia which resulted in lower translated results, as well as from the adoption of Malaysian Financial Reporting Standards 15 and 9 (MFRS 15 and 9). The Group also recorded losses from Idea investments and one-off assets write-off due to modernisation and technical obsolescence.

From August 2018, the Group has guided the market based on Adjusted Headline KPIs, which excludes the impact from Deodar (acquisition in Pakistan) uplift and Idea related losses. On a like for like basis, the Group’s FY2018 underlying achievement is above the Adjusted Headline KPIs (post normalisation from forex translation losses, MFRS 15 and 9, all Idea related losses, assets write-off and restructuring costs i.e. Celcom Employee Life Plan (ELP)).

On the back of a declining industry in Malaysia, Celcom gained revenue market share in FY2018. Meanwhile, XL weathered the SIM registration impact significantly better than peers, with top-line growth in a contracting Indonesian market, demonstrating its successful transformation agenda and uplift from its expansion outside Java. Dialog and Robi recorded impressive Revenue and EBITDA growth, whilst Ncell, Smart and edotco continued to deliver excellent performance. Digital Businesses however, impacted the Group’s profitability, but tracked better than expected.

Overall, Axiata recorded good underlying performance, pushed by its Group-wide cost initiatives which delivered RM1.5 billion optimisation, well ahead of 2018 target of RM1.4 billion, in this difficult year.
INVESTMENT PERFORMANCE

Axiata closed 2018 as the tenth largest company on the FBMKLCI in terms of market capitalisation at RM35.6 billion. From 2009 to 2018, Axiata’s share price had increased 59% while the FBMKLCI had increased 93%.

In 2018, Axiata’s share price dropped 28% to close at RM3.93 on 31 December 2018, underperforming the FBMKLCI which decreased by 6%.

Foreign shareholdings increased marginally to 10.5% as at end 2018, compared to 10.0% in the preceding year.

Axiata’s share price performance during the year was largely impacted by external headwinds. A challenging operating environment for telecommunications players in the region also weighed on Axiata’s share price performance in 2018.
Management Discussion and Analysis

PRUDENT AND DISCIPLINED DIVIDEND PAYOUT

Axiata declared a 9.5 sen per share single tier dividend (including interim dividend of 5 sen per share paid last year) in respect of the financial year ended 31 December 2018, implying a Dividend Payout Ratio (DPR) of 85%. 2018 Dividend Per Share (DPS) of 9.5 sen is modest but higher than 2016 of 8.0 sen and 2017 of 8.5 sen.

The Board remains committed to our:
- Dividend policy: The Company intends to pay dividends of at least 30% of its consolidated normalised PATAMI and endeavours to progressively increase the payout ratio over a period of time, subject to a number of factors including business prospects, capital requirements and surplus, growth/expansion strategy, considerations for non-recurring items and other factors considered relevant by the Board.
- Investor proposition: Our value proposition to investors of “moderate growth and moderate dividend”

### Dividend Payout Ratio (DPR)

<table>
<thead>
<tr>
<th>Year</th>
<th>DPR</th>
<th>Total Dividend</th>
<th>Ordinary Dividend</th>
<th>Special Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>30%</td>
<td>RM0.9bn</td>
<td>RM1.5bn</td>
<td>RM0.0bn</td>
</tr>
<tr>
<td>2011</td>
<td>60%</td>
<td>RM1.5bn</td>
<td>RM1.9bn</td>
<td>RM0.6bn</td>
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<tr>
<td>2012</td>
<td>70%</td>
<td>RM1.5bn</td>
<td>RM1.9bn</td>
<td>RM0.6bn</td>
</tr>
<tr>
<td>2013</td>
<td>75%</td>
<td>RM1.5bn</td>
<td>RM1.9bn</td>
<td>RM0.6bn</td>
</tr>
<tr>
<td>2014</td>
<td>84%</td>
<td>RM1.5bn</td>
<td>RM1.9bn</td>
<td>RM0.6bn</td>
</tr>
<tr>
<td>2015</td>
<td>85%</td>
<td>RM1.5bn</td>
<td>RM1.9bn</td>
<td>RM0.6bn</td>
</tr>
<tr>
<td>2016</td>
<td>50%</td>
<td>RM0.7bn</td>
<td>RM0.8bn</td>
<td>RM0.1bn</td>
</tr>
<tr>
<td>2017</td>
<td>64%</td>
<td>RM0.8bn</td>
<td>RM0.8bn</td>
<td>RM0.2bn</td>
</tr>
<tr>
<td>2018</td>
<td>85%</td>
<td>RM1.5bn</td>
<td>RM1.9bn</td>
<td>RM0.6bn</td>
</tr>
</tbody>
</table>

1. DPR - Dividend payout ratio
2. DPS - Dividend per share
Our Strategy
Our Long-Term Strategy Towards Digital Market Leadership

- Guided by the Axiata 3.0 strategic blueprint, the Group is currently focused on executing our Triple Core Strategy to become a globally competitive Digital Champion in the IR 4.0 era.
- Eight Needle-Moving Strategic Initiatives were identified within the Axiata 3.0 playbook to generate outcomes aligned with our New Generation Digital Champion ambition, including the execution of a Group-wide Digital Transformation Strategy which pervades all aspects of our business and operations to drive end-to-end digitisation.
- Without taking our foot off the pedal in delivering our long-term goals, in the short-term, the Group will prioritise profitable growth and cash focus between 2019-2020 through our “Shifting Gear” initiatives as part of our commitment to maximise value creation in an increasingly challenging business landscape.

AXIATA 3.0: BECOMING A NEW GENERATION DIGITAL CHAMPION BY 2022

Our Purpose of Advancing Asia

Our UI.EP Values

Our 4P Goals

Long-term Strategy 2016-2022

- Eight Needle-Moving Strategic Initiatives
  1. Operational Performance and Cost Optimisation
  2. New Growth Areas
  3. Functional Superiority and Digitisation
  4. Distinct Competitive Differentiation and Clear New Business Model
  5. Industry Restructuring and Rationalisation
  6. Optimum Portfolio
  7. Sustainability and Stakeholder Management (incorporating Regulatory, Digital Privacy and Trust, and Cyber Security)
  8. Organisational and Cultural Changes

Short-term Focus 2019-2020

- “Shifting Gear” Initiatives
  1. Focus on profit growth relatively more than revenue market share growth
  2. Spotlight on opex and capex efficiency
  3. Reprioritise or re-scope some investments with long payback
  4. Fund investments in new growth areas mostly through strategic partnerships or financial investors
  5. Monetise existing assets to extract more value
  6. Accelerate structural changes
  7. Aggressive Network and IT Modernisation
  8. Reflect the above in Key Performance Indicators
### Operating Environment

Axiata operates in a complex environment exposed to macroeconomic and geo-political shifts, a tightening regulatory landscape, rapidly evolving telecommunications and technology trends, and disruptive competition, among others.

<table>
<thead>
<tr>
<th>Operating Environment</th>
<th>Implications for Our Strategy</th>
<th>Way Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Macroeconomic Environment</strong></td>
<td>• Exposure to unfavourable forex translation from regional OpCo contributions, and forex and derivatives losses • Efficient cost management and optimum capital allocation is required to enable long-term growth</td>
<td>• Disciplined implementation of “Shifting Gear” initiatives • Continue to be a top performer in all metrics and capture or retain market leadership • Continue portfolio optimisation and rationalisation in line with business goals</td>
</tr>
<tr>
<td><strong>Regulatory Environment</strong></td>
<td>• Axiata employs studies on the impact of our businesses and corporate responsibility initiatives in all in-country engagements with policy makers and regulators • Ensuring high levels of Cyber Security, Data Protection and Customer Privacy Group-wide to inspire customer trust and maintain network integrity</td>
<td>• Axiata is working with like-minded industry partners to develop advocacy on issues and topics related to the digital economy and digital technologies • Proactive engagements with relevant stakeholders including regulators and governments</td>
</tr>
<tr>
<td><strong>Internalising the Digital Shift</strong></td>
<td>• In order to maintain market relevance, the Group has to adopt and embed rapidly evolving IR 4.0 technologies to capture growth opportunities in our Triple Core Business segments</td>
<td>• Disciplined execution of Group-wide Digital Transformation Strategy • Leveraging on Internet of Things (IoT) capabilities within the Group to capture high growth opportunities in Home and Enterprise segments • Developing the three core digital businesses towards profitability by 2022</td>
</tr>
<tr>
<td><strong>Competitive Landscape</strong></td>
<td>• In addition to achieving cost competitiveness and efficiencies, it is becoming increasingly critical to identify collaboration and partnership opportunities to adapt in this competitive environment • Tapping into explosive data growth trends by expanding our digital product portfolio, as well as providing customers seamless connectivity via network upgrades and enhancements</td>
<td>• To continue investing in network modernisation to offer best-in-class connectivity for customers • Offer a clear and distinctive value driven customer proposition through product leadership and leading the way in innovative data-led products via collaborative opportunities and partnerships in the marketplace</td>
</tr>
<tr>
<td><strong>Technology Shifts</strong></td>
<td>• 5G is the next evolutionary step in global mobile connectivity, bringing ultra-fast, high capacity and low latency broadband and IoT connectivity services. This aligns with Axiata’s Digital Telco business which is focused on converged telecom and digital solutions for our Consumer, Home, Business and Government customers</td>
<td>• In the medium-term, Axiata will follow a 5G “hot-spot” approach in 5G deployment combined with continual upgrading of the existing 4G networks to 4G LTE AdvancedPro with 5G plug-ins • To explore 5G network sharing models to address some of the business challenges</td>
</tr>
</tbody>
</table>

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Note: 1. World Economic Outlook Update, July 2018, published by the International Monetary Fund
Stakeholder Engagement

Axiata’s continuous value creation efforts take into consideration our interactions and engagements with a diverse base of stakeholders across our regional footprint in ASEAN and South Asia. In developing and maintaining strong relationships, we take into account the Group’s multiple roles within our different groups of stakeholders, including being an employer, communications provider, technology innovator and infrastructure developer. We engage our stakeholders through various channels on an annual basis. Details of our engagements for the year 2018 can be found in our standalone Sustainability and National Contribution Report (SNCR) 2018, as well as our website at www.axiata.com

In addition to these engagements, in 2018 we undertook a structured process to prioritise our stakeholder groups. The purpose of this exercise was to gain deeper insights into the nature of the relationships we have with our stakeholders and identify the Group’s key stakeholders. For further information on our Stakeholder Prioritisation Exercise, please refer to the SNCR 2018.

The prioritisation exercise provided greater clarity on the degree of influence and dependence our stakeholders have on our business. Based on this, we were able to more effectively understand investor concerns as well as respond to legitimate needs and interests. The top seven priority stakeholder groups identified through this exercise were the Senior Management Team, Investors and Shareholders, Board of Directors, Regulators and Government, Employees, Business Partners and Customers.

In addition, Axiata, facilitated by an independent sustainability consultant, engaged our seven key stakeholder groups through a survey to gauge their perception and views on the relative importance of an array of matters which the Group should focus on, which was also a step within our materiality assessment process. Apart from providing an effective platform to address stakeholders’ needs and concerns within the context of our operations, the survey provided an opportunity to exchange views and ideas, and explore new opportunities. We engaged a total of 120 stakeholders from these seven stakeholder groups.

As our different stakeholder groups are concerned with specific and particular matters, and have diverse ideas about what creates the most value, we understand these matters cannot be treated separately but rather as a coherent whole to the entire business. Descriptions of how the Group has taken into account and responded to the key stakeholders’ legitimate needs and interests are available in the SNCR 2018.

Highlights of insights we obtained from the stakeholder engagement

1. Senior Management Team and the Board of Directors
   - Both stakeholder groups view technological innovation, and the development of new products and services as priorities to ensure network quality and coverage which are essential components of the Group’s main business.
   - These diversified and new products should also have the ability to respond to current socioeconomic and environmental needs.
   - They are also focused on maintaining the Group’s competitive edge and ensuring sustainable business growth, including strategic investment and partnerships to build on the expertise of one another.

2. Employees
   - Through the prioritisation process and engagements, we recognise that our employees are seeking for us to provide them with a dynamic, fair and safe working environment in which they are able to grow and develop, as well as maintain their relevance in this ever changing industry.
   - We see the intrinsic relationship between the satisfaction of our employees and the satisfaction of our customers.

3. Investors/Shareholders and Regulators/Government
   - Both groups are concerned about climate change, digital and online safety, and the empowerment of the local community.
   - Investors are now moving towards impact investments which refer to investments made into companies that are able to generate a social and/or environmental impact, and are therefore naturally more concerned about social and environmental impacts that companies can make across their entire value chain.
   - Regulators and governments too are concerned with these matters, as they contribute to their national priorities and goals, and give access to digital services to underserved and marginalised segments of the populace.

4. Customers
   - This stakeholder group expects high-quality and diverse products and services, and are concerned with non-failures in network coverage and quick response to complaints and concerns.

5. Business Partners
   - This stakeholder group expects good and long-lasting relationships with Axiata, as we explore greater opportunities collaboratively.
   - The focus is on industrial alliances and the consolidation of industrial resources to jointly promote innovations based on the technological advancements of 5G and IoT.
Management of Material Business Risks & Opportunities

To drive our value creation efforts, Axiata uses an integrated assurance methodology to manage our material risks, which focuses on risk identification, along with the Group’s exposure and potential impacts. Based on this, we identify mitigation measures and opportunities which are aligned with our New Generation Digital Champion ambition. The Group adopts the Axiata Enterprise Risk Management (ERM) Framework as a standardised approach for timely identification, reporting and management of principal business risks and ensures implementation, tracking and review of effectiveness of mitigation actions for the risks identified.

Risk Governance Structure

The Board of Directors is at the apex of our risk governance structure, and is assisted by the Board Audit Committee in evaluating the adequacy of our risk management and internal control framework. A Board Risk Management Committee, which is supported by the Group Risk Management Department, oversees and assists our OpCos with the adoption of appropriate mitigations for material risks raised at OpCo level.

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### Our Risk Profile

#### Magnitude of Impact

<table>
<thead>
<tr>
<th>Magnitude of Impact</th>
<th>Insignificant</th>
<th>Minor</th>
<th>Moderate</th>
<th>Major</th>
<th>Catastrophic</th>
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</thead>
<tbody>
<tr>
<td>Almost Certain</td>
<td>10</td>
<td>9</td>
<td>7</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Likely</td>
<td>6</td>
<td>11</td>
<td>10</td>
<td>4</td>
<td>8</td>
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<tr>
<td>Moderate</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
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<tr>
<td>Unlikely</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Rare</td>
<td>2</td>
<td>8</td>
<td>7</td>
<td>9</td>
<td>1</td>
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</tbody>
</table>

#### Likelihood of Impact

<table>
<thead>
<tr>
<th>Likelihood of Impact</th>
<th>Extreme (E)</th>
<th>Significant (S)</th>
<th>High (H)</th>
<th>Moderate (M)</th>
<th>Low (L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rare</td>
<td>2</td>
<td>9</td>
<td>11</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Unlikely</td>
<td>3</td>
<td>10</td>
<td>7</td>
<td>2</td>
<td>8</td>
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<tr>
<td>Likely</td>
<td>4</td>
<td>5</td>
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<td>1</td>
<td>1</td>
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<tr>
<td>Almost Certain</td>
<td>5</td>
<td>6</td>
<td>11</td>
<td>9</td>
<td>7</td>
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</table>

#### Category

1. Strategic and Investment Risk
2. Geo-Political Risk
3. Regulatory Risk
4. Market Risk
5. Financial Risk
6. People Risk
7. Operational Risk
8. Technology Risk
9. Governance and Integrity Risk
10. Cyber and Data Privacy Risk
11. Digital Risk

#### Legend

- **Extreme (E)**
- **Significant (S)**
- **High (H)**
- **Moderate (M)**
- **Low (L)**

For detailed explanation on our management of material risks and opportunities, as well as our Risk Governance Structure, please refer to the Statement on Risk Management and Internal Control in our GAFS 2018.

Note:

1. The above Risk Profile reflects the aggregated risk rating across 2018.
Risks and Materiality

Material Convergence Process

In 2018, Axiata harmonised the risk assessment and materiality processes by integrating our risk assessment parameters as part of our materiality assessment. Additionally, we strengthened our approach in conducting stakeholder engagements specific for materiality assessment purposes. These efforts signify a key milestone in our journey towards cultivating integrated thinking Group-wide. The convergent pathways and/or integration points between the Group’s business risks and material matters are illustrated in the figure below. These material issues are centrally managed through the implementation of our Eight Needle-Moving Strategic Initiatives and are discussed in detail throughout the IAR 2018, SNCR and GAFS 2018. A comprehensive discussion of our materiality assessment is disclosed in the SNCR 2018.

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<tr>
<td>Network Quality &amp; Coverage</td>
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<td>Digital Inclusion</td>
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<td>Sustainable Business Growth</td>
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<td>Customer Service</td>
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<td>Fair Employment &amp; Welfare</td>
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<td>Talent Development</td>
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<td>Privacy &amp; Data Protection</td>
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<td>Business Ethics &amp; Compliance</td>
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<td>Supply Chain Management</td>
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<tr>
<td>Digitisation &amp; Modernisation</td>
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<tr>
<td>Climate Action &amp; Environment Management</td>
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<tr>
<td>Community Impact/Development</td>
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</table>

Convergent Pathways - Integration points between Group’s Key Business Risks and Sustainability Risks and Opportunities
## Risks and Opportunities

The table below presents a summary of our most material business risks for the year 2018, along with mitigations taken, and opportunities identified arising from these risks. We have also defined our risk levels, indicating if the risk has increased, decreased or remained stable from the previous year, as well as linked each risk to our material issues. For a detailed discussion on other linked material issues, please refer to the GAFS and SNCR 2018.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Context</th>
<th>Risk Level and Movement</th>
<th>Mitigating Actions and Opportunities Arising</th>
<th>Key Risk Indicators</th>
<th>Link to Material Issues</th>
</tr>
</thead>
</table>
| Strategic and Investment | Venturing into new growth areas to create additional revenue streams such as participating in digital and OTT initiatives, and investing in new markets and connectivity services | High level, unchanged since 2017 | • The Mergers and Acquisition Committee oversees all acquisitions and divestments, whilst maintaining a robust due diligence process to evaluate and manage the potential risks involved  
• Risk Owner: Mergers and Acquisition Committee | Return on Invested Capital (ROIC) < Weighted Average Cost of Capital (WACC) | • Sustainable business growth  
Other linked material issues:  
• Digitisation and modernisation  
• Network quality and coverage  
• Digital inclusion  
• Customer service |
| Geo-Political | The Group operates in markets affected by political instability, civil unrest and other social tensions | High level, unchanged since 2017 | • Working closely with OpCos and leveraging on their local expertise, knowledge and ability to continually assess the changing political scenario, with various measures in place to ensure a timely response in the event of such occurrences  
• Risk Owner: OpCo Management | General Election | • Business ethics and compliance  
Other linked material issues:  
• Fair employment and welfare  
• Talent development  
• Community impact/development |
| Regulatory | The telecoms sector is subjected to a range of rules and regulations by various regulatory bodies. Telcos are subject to high tax rates and significant spectrum acquisition costs in auctions, in addition to multiple levies such as service taxes, excise duties and Value Added Tax (VAT) | High level, unchanged since 2017 | • Advocating strict compliance, and fair and transparent practices of government policies  
• Dedicated personnel and resources to constantly monitor all relevant developments, and maintain regular contact and relationships with the authorities  
• Continuously enhancing process flows to encourage quick and cost-effective responses to changing regulations  
• Regularly engaging with regulatory officials to implement sustainable regulatory regimes which will lead to the development of healthy regimes  
• Participating in government consultations and industry association events to foster collaboration and knowledge sharing for best industry policies and practices  
• Risk Owner: Group Regulatory | Change in regulatory regime due to change in government or introduction of new laws | • Business ethics and compliance  
Other linked material issues:  
• Climate action and environmental management  
• Sustainable business growth  
• Digital inclusion  
• Network quality and coverage |
## Risks and Materiality

<table>
<thead>
<tr>
<th>Risk</th>
<th>Context</th>
<th>Risk Level and Movement</th>
<th>Mitigating Actions and Opportunities Arising</th>
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<th>Link to Material Issues</th>
</tr>
</thead>
</table>
| Market        | Our key markets are predominantly emerging markets generally characterised as being economically less developed, prone to economic uncertainties and sensitive towards any changes in developed countries. Our OpCos continue to be challenged by stiff price competition with little certainty of possible market consolidation in certain markets. In some markets, overall industry revenue suffered a Year on Year decline | High level, unchanged since 2017 | • Taking the necessary measures to drive efficiencies and innovations by investing in new technologies  
• Cost efficiency programmes  
• Establishing strategic ties with OTT and other digital product developers to create products and services that meet evolving customer needs, increase the Group's share of customer wallet, retain customers and maintain our Profit After Tax  
• Risk Owner: OpCo CEOs | ROIC < WACC | • Network quality and coverage  
• Digital inclusion  
• Sustainable business growth  
• Customer service  
Other linked material issues:  
• Digitisation and modernisation |
| Financial     | As a global player with presence across 11 countries, Axiata is exposed to foreign currency exchange volatilities which could adversely affect our cash flow and financial performance. The Group has borrowings in foreign currencies and are cognisant of our foreign exchange and interest rates exposures | High level, unchanged since 2017 | • Axiata Treasury Management Centre oversees and controls the Group's treasury and funding matters, and develops hedging strategies governed strictly by treasury policies, taking into consideration current and future outlook of the relevant economies and foreign exchange markets with the ultimate objective of preserving the Group's profitability and sustainability  
• Risk Owner: Treasury Management Centre | 50:50 mix of local currency borrowings and foreign currency borrowings | • Sustainable business growth  
Other linked material issues:  
• Network quality and coverage  
• Digital inclusion |
| People        | People are one of the key pillars of success for the Group as it underpins our ability to implement our strategy and deliver superior services to our customers | Medium level, unchanged since 2017 | • Actively seek people who are capable and motivated to live the Group's values, and having in place robust talent development programmes, attractive performance-based rewards, and providing a safe and healthy work environment  
• Risk Owner: Talent Management Team | Turnover rate of talents and key influencers | • Fair employment and welfare  
• Talent development |
| Operational   | As a result of our reliance on third party vendors in many aspects of our business, their performance will have an impact on our operations. As the industry is dominated by a handful of vendors, loss of supply due to a key vendor suffering business failure may significantly affect our core business and operations. The Group's operations and assets span across wide geographical locations and are subject to risks of technical failures, partner failures, human errors, willful acts and natural disasters | Medium level, unchanged since 2017 | • Axiata Procurement Centre's key role is to manage these risks, monitor the performance of vendors and develop new relationships to reduce dependencies  
• Group Enterprise Risk Management continuously addresses issues such as network congestion, dropped calls and upgrades to network coverage to ensure better quality network and service delivery. Operating procedures with appropriate incident escalation procedures and adequate disaster recovery plans are in place at each OpCo to ensure seamless business continuity, as well as a global insurance programme to mitigate business losses  
• Risk Owner: Group Enterprise Risk Management | Disruption to service availability | • Network quality and coverage  
• Sustainable supply chain  
• Customer service  
Other linked material issues:  
• Business ethics and compliance  
• Supply chain management  
• Digitisation and modernisation  
• Climate action and environmental management |
# Risks and Materiality

<table>
<thead>
<tr>
<th>Risk</th>
<th>Context</th>
<th>Risk Level and Movement</th>
<th>Mitigating Actions and Opportunities Arising</th>
<th>Key Risk Indicators</th>
<th>Link to Material Issues</th>
</tr>
</thead>
</table>
| Technology              | Constantly striving to be at the forefront of technology and innovation in all our operating markets | Medium level, unchanged since 2017 | • To remain relevant, it is imperative that we constantly review and refresh our technology, and yet maintain financial prudence. Our capital expenditure intensity remains high as a result of the need to constantly invest in technology  
• Risk Owner: Group Finance, Group Technology | ROIC < WACC | • Digital inclusion  
• Digitisation and modernisation  
• Network quality and coverage |
| Governance and Integrity| The Group is driven by our key values of UI.EP to maintain high ethical standards and good corporate governance, which we believe to be a key success factor when conducting business in a global, highly competitive, regulated and changing market | Low level, unchanged since 2017 | • The Axiata Code of Conduct sets out rules and guidelines on how personnel acting for or on behalf of the Group are expected to conduct business  
• Risk Owner: Group Human Resource, Group Company Secretary | Deviation from Group's set standards and governance framework | Business ethics and compliance  
Other linked material issues:  
• Supply chain management  
• Climate action and environmental management  
• Community impact/development |
| Cyber and Data Privacy  | Axiata is cognisant of the sensitivity of our customers’ information, which includes their personal data, records of communications information, Internet behaviours and locations, as well as digital applications. We recognise the importance of having effective and meaningful privacy protection in place when we collect, use and share personal data. We aim to instill digital trust and confidence in our customers through robust Privacy and Information Security policies, frameworks and management. Our vendors and business partners too must adhere to a high standard of data protection and compliance with the Axiata Supplier Code of Conduct principles | High level, unchanged since 2017 | • Established the Axiata Privacy Council in 2018 to set the Privacy and Data Protection baseline expectations in all OpCos  
• Defined an aggressive three-year cyber security strategy - Digital Trust 2020 - to improve our processes, technology and people by 2020  
• Adopted the National Institute of Standards and Technology (NIST) framework and targeting improvement to our ability to effectively detect and respond to incidents  
• Risk Owner: Group Cyber Security Steering Committee | The Group’s cyber security maturity as measured using the NIST Cybersecurity Framework | Privacy and data protection  
Customer service  
Business ethics and compliance |
| Digital                 | As the telco industry continues to digitise, relevant laws and regulations may not have caught up with the new lines of businesses in the digital economy. Local governments within the Group’s footprint are looking to impose OTT regulations requiring OTT players’ compliance to create a level playing field for telcos. However, as the Group embraces Digital Businesses within our Triple Core Strategy, we will be affected by these new regulations as well | Medium level, unchanged since 2017 | • Given the uncertainties and inconsistencies in legal and regulatory requirements, it is important for the Group to keep pace with policy initiatives at national and international levels, and expedite the implementation of action plans to ensure compliance, as well as strengthening cyber security measures to safeguard data security and integrity  
• Risk Owner: Group Executive Vice President | Deviation from agreed project timeline | Privacy and data protection  
Customer service  
Business ethics and compliance  
Other linked material issues:  
• Digitisation and modernisation |
Eight Needle-Moving Strategic Initiatives

Based on the Axiata 3.0 blueprint, we have identified Eight Needle-Moving Strategic Initiatives which form the measures and actions we are undertaking operationally to execute the Triple Core Strategy. All our strategic initiatives are aligned Group-wide, with our OpCos having clear Key Performance Indicators (KPIs) to ensure they remain on track. Our Eight Needle-Moving Strategic Initiatives are mapped against our overarching 4P Goals of Performance, People, Partnership, and Planet and Society.

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Our Key Progress in 2018</th>
<th>Score</th>
<th>Targets by 2022</th>
<th>Link to 4P Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Operational Performance and Cost Optimisation</td>
<td>• Cost optimisation programme delivered RM1.5 billion savings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• All OpCos performed best in their markets for revenue growth</td>
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</tr>
<tr>
<td>2 New Growth Areas</td>
<td>• Refined Digital Telco focus in the Home/Convergence segments with a fixed wireless led strategy</td>
<td></td>
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<tr>
<td></td>
<td>• Built a strong sales funnel for actualisation of Enterprise Businesses in 2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Functional Superiority and Digitisation</td>
<td>• Using Robotics Process Automation and AI to improve our customer experience responsiveness, as well as Analytics and Contextual marketing to better serve them</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Simplified our Internal Processes and modernised IT and Network Systems</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Digitised backend processes to provide significantly improved and paperless customer onboarding, at less than one minute, via e-Know-Your-Customer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Distinct Competitive Differentiation and Clear New Business Model</td>
<td>• All OpCos have now established their respective value discipline and are tracking well in their chosen focus of either Customer Intimacy, Product Innovation or Price Leadership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Industry Restructuring and Rationalisation</td>
<td>Rationalised non-core portfolio in line with Triple Core Strategy as follows:</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Deconsolidated idea investment through reclassification as a simple investment from associate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Optimum Portfolio</td>
<td>• Smart’s strategic partner, Mitsui Co., Ltd. (Mitsui), exercised its call option of 10% on Smart at USD929.4 million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• edotco secured USD20 million funds from new strategic partner Sumitomo Corporation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 7 Sustainability and Stakeholder Management (Incorporating Regulatory, Digital Privacy and Cyber Security) | • Enhanced and strengthened cyber security and data privacy through the following measures:  
  - Established Group Cyber Security Steering Committee and Group Security Operations Centre  
  - Implemented three-year cyber security strategy Group-wide + Digital Trust 2020  
  - Devised innovative solutions to bridge the digital divide, including new digital products beyond pure connectivity such as IoT solutions in Connected Weather Systems, Connected Agriculture and Smart Poultry Farming to assist entrepreneurs and rural communities, and Social Reseller App to help our customers generate income  
  - Digital venture funds providing investment to new startups in Malaysia, Sri Lanka and Cambodia, namely Axiata Digital Innovation Fund, Dialog Axiata Digital Innovation Fund and Smart Axiata Digital Innovation Fund  
  - Launched Axiata Young Talent Programme in Cambodia to identify and nurture future leaders with a digital mindset  
  - edotco’s life cycle assessment of its leaner tower design found that it exceeded its 40% carbon reduction target  
  - edotco’s life cycle assessment of its leaner tower design found that it exceeded its 40% carbon reduction target  |       |                                                                                                      |                                                                                 |
| 8 Organisational and Cultural Changes                                      | Progressed with our ambition to empower a Modern, Agile and Digital (M.A.D.) workforce through the following initiatives:  
  - Two OpCos have started to implement Agile methodology  
  - Launched Knowledge Sharing Platform to enable and empower our employees to contribute and share ideas across the group  |       |                                                                                                      |                                                                                 |

Legend:  
- Achieved targets or on track  
- Progressing on track with some near-term risks  
- At risk of falling behind target  
- Off Track

Note:  
1. As assessed and validated by an independent third party in 2018
The Value We Create
Long-Term Group Value Creation Model

Axiata requires input from our six capitals to produce output and create outcomes and value in the short, medium and long-term for our stakeholders. At the same time, our Group-wide efforts are contributing to advancing some of United Nations Sustainable Development Goals (UN SDGs). Due to the nature of the trade-offs and interconnectivity of our six capitals, this year we have enhanced our reporting on the activities and outcomes of our value creation efforts, by focusing on key activities generating outcomes aligned with achieving our ambition of becoming a New Generation Digital Champion by 2022.

**INPUT**

- Business Capital*
  - Financial Capital
  - Human Capital
  - Intellectual Capital
  - Social & Relationship Capital
  - Manufactured Capital
  - Natural Capital

**VALUE CREATION PROCESS**

- Vision, Purpose & Values
- Triple Core Strategy
- Governance
- Digital Telco
- Digital Businesses
- Infrastructure

**OUTCOMES AND VALUE CREATED**

1. Delivering Long-Term Value as a Regional and Global Player
   - Maximising shareholder value
   - Sustained long-term business growth and profitability

2. Building a Modern, Agile and Digital Asian Talent Factory
   - Talent development platform geared towards being a Modern, Agile and Digital (M.A.D.) Asian Talent Factory
   - Attract and retain talented employees
   - Diverse workforce, with multiple opportunities to advance their career

3. Becoming a Trusted and Reliable Digital Partner
   - Providing amazing customer experience across our footprint
   - Establish strong brand equity and trust
   - Digital platforms to cater to customer needs for innovative digital products and services

4. Supporting Governments and Communities in Our Markets
   - Contributing to the socioeconomic development of the countries we operate in through national contributions and social responsibility initiatives

5. Enabling Digitally-Connected Societies
   - Increasing population coverage and connecting underserved areas
   - Aiding digital and financial inclusion

6. Minimising Environmental Impact
   - Focused carbon reduction strategy
   - Optimising energy consumption through design innovations and renewable energy sources

Note:
* Refer to next page for breakdown of our six capitals and inputs
Our Six Capitals

**Financial Capital**

- Capital providers supply us with the necessary funding for our business, in addition to cash generated from operations and investment.

**Human Capital**

- Our skilled workforce is a pivotal part of Axiata’s business model. Our engaged, diverse, and innovation-driven employees contribute to the success of our business.

**Intellectual Capital**

- Our strong brand equity and trust, culture, partnerships, know-how as well as our procedures and processes differentiate us in the marketplace.

**Manufactured Capital**

- Our network infrastructures, data centres and software applications are an important source of competitive differentiation. Our Manufactured Capital also includes the office buildings housing our workforce.

**Natural Capital**

- We consume energy in our operations, and use land to house our towers and other infrastructure.

**Social & Relationship Capital**

- Trusted relationships with customers, communities, governments and regulators, suppliers, trade unions, industry bodies, among others, are key towards ensuring that we maintain strong relationships of trust with our stakeholders.

**Trade-off**

- The expansion of our networks increases our base of Manufactured Capital, while reducing our Financial Capital in the short-term. However, in the long-term, our investments expand our business’ capacities, and therefore grows our Financial Capital.

- Our Intellectual Capital investments reduces our Financial Capital in the short-term. However, it expands the value of our Human, Financial, and Social and Relationship Capital in the long-term.

- The investments we make in Social and Relationship Capital reduces our Financial Capital in the short-term. However, in the long-term, our efforts to close the digital divide, and contribute to the national development of our markets of operation as well as the socioeconomic development of our footprint communities, builds upon our Social and Relationship, Human, Intellectual and Financial Capitals.

- Our base of Manufactured Capital negatively impacts upon our Natural Capital. However, through our carbon footprint reduction initiatives, as well as concerted efforts to build green infrastructure solutions, we are able to mitigate our impact on our Natural Capital.

**Notes:**

1. Total borrowings over total shareholders’ equity
2. Axiata’s operating expenses represent the difference between statutory post-MFRS 15 & 9 revenue of RM23.9 billion and EBITDA of RM8.3 billion
3. Excluding Idea and M1
4. For details of BTS at OpCos, please refer to the Entities Across Asia section in this IAR
1. Delivering Long-Term Value as a Regional and Global Player

Related Key Capitals

- Activities and Processes to Create Value
  - Conducted a Group-wide cost optimisation programme, with a goal to deliver RM5 billion across savings and avoidance by 2021
  - Strengthened balance sheet via management of US Dollar debt
  - Optimised resource allocation towards new growth and expansion areas in line with the Triple Core Strategy
  - Apigate partnered with major telco groups such as Zain, Etisalat, Tencent and Gameloft by leveraging on its future-ready APIs on one seamless platform which allows local businesses to scale globally for SMS, Operator and e-wallet Billing
  - Reclassified Idea investment to simple investment from associate to remove drag on future profitability
  - M1 divestment resulted in total cash proceeds of approximately RM1.65 billion and estimated gain of RM126.5 million in 2019

- Outcomes and Value Created
  - Maximising shareholder value
  - Sustained long-term business growth and profitability

Performance Indicators

<table>
<thead>
<tr>
<th>Operating Revenue</th>
<th>EBITDA</th>
<th>Normalised PATAMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016: RM2.16 billion</td>
<td>2016: RM8.0 billion</td>
<td>2016: RM1.4 billion</td>
</tr>
<tr>
<td>2017: RM24.4 billion</td>
<td>2017: RM9.2 billion</td>
<td>2017: RM1.2 billion</td>
</tr>
<tr>
<td>2018: RM23.9 billion</td>
<td>2018: RM8.3 billion</td>
<td>2018: RM1.0 billion</td>
</tr>
</tbody>
</table>

Dividend per Share/Dividend Payout Ratio

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.0 sen</td>
<td>64%</td>
<td>85%</td>
</tr>
<tr>
<td>8.5 sen</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>9.5 sen</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cash Reserves

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM5.3 billion</td>
<td>RM6.8 billion</td>
<td>RM5.1 billion</td>
</tr>
</tbody>
</table>

Gross Debt to EBITDA Ratio

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.78x</td>
<td>2.08x</td>
<td>2.29x</td>
</tr>
</tbody>
</table>

Credit Ratings

- Moody’s - Baa2 S&P - bbb+
- Moody’s - Baa2 S&P - bbb+
- Moody’s - Baa2 S&P - bbb+

More details on our financial performance can be found in ‘Our Performance’ section of this IAR, under Financial Highlights

Our Audited Financial Statements are available in our GAFS 2018
2. Building a Modern, Agile and Digital Asian Talent Factory

Related Key Capitals

- Activities and Processes to Create Value
  - Introduced initiatives to align organisational culture to M.A.D. values:
    - Piloted Axiata Academy in Celcom
    - Launched Group-wide Learning, Engagement, and Accelerating Performance (LEAP) Awards for employees as ongoing motivators for accelerated adoption of digital initiatives
  - Provided our employees access to online learning platform Lynda.com, to empower them with their lifelong learning and professional development efforts
  - Axiata Analytics Center (AAC) provided technical analytics training for data scientists and data engineers Group-wide
  - Continued investment in our employees’ career development through programmes like the Group Accelerated Development Programme and OpCo Accelerated Development Programme
  - Robust compensation philosophy was practised to attract and retain quality talent

- Link to 4P Goals

Outcomes and Value Created

- Talent development platform geared towards being a Modern, Agile and Digital (M.A.D.) Asian Talent Factory
- Attract and retain talented employees
- Diverse workforce, with multiple opportunities to advance their career

Performance Indicators

Building the M.A.D. Culture

- Axiata Academy uses an intelligent learning technology platform to curate learning modules for employees
- 8 thematic awards under LEAP encapsulating the M.A.D. organisation ethos and IR 4.0
- AAC trained 170 data scientists and data engineers in 2018, and targets to increase to 300 people in 2019

Employee utilisation of Lynda.com in 2018:
- Top courses included digital privacy, cyber security and big data techniques and concepts
- 100% activation of licenses were given to employees
- 35% growth in active users over the first 6 months
- >64,600 courses completed in 2018

To embed the digital mindset across the organisation:
- “Synapse” allows our employees to contribute and share ideas across the Group, and accelerates best practice transfers

Leadership at Axiata

- 83% were filled internally
- 54% are locals
- 22% were footprint talents
- 24% were external talents

7 out of 9 Top Management positions filled by internal talents

Gender Diversity in Leadership

- 88% Male
- 12% Female

Notes:

1. Local: Locals working in their respective OpCo country. Footprint: Non-locals from Axiata’s footprint countries. External: Non-locals from outside Axiata’s footprint countries
2. SEI refers to Sustainable Engagement Index
3. Becoming a Trusted and Reliable Digital Partner

**Related Key Capitals**

- **Activities and Processes to Create Value**
  - Executed Group-wide Digital Transformation Strategy
  - Developed digital products and services to enhance customer experiences
  - Conducted Group-wide cyber security enhancements
    - Implemented three-year “Digital Trust 2020” (DT2020) cyber security strategy
  - Established Group Cyber Security Steering Committee
  - Adopted internationally recognised security standards, namely the National Institute of Standards and Technology (NIST) and Group-wide Minimum Baseline Security Standards (MBSS)
  - Implemented Group Security Operations Centre (GSOC)
  - Signed MoU with Malaysia Digital Economy Corporation to promote sharing of best practices, cyber threat scenarios and support talent development
  - Trained cross-functional Privacy and Information Security Team
  - Conducted Threat and Vulnerability Management Programme:
    - Performed “Red Teaming” Group-wide
    - Implemented “Bug Bounty” initiative

- **Outcomes and Value Created**
  - Providing amazing customer experience across our footprint
  - Establish strong brand equity and trust
  - Digital platforms to cater to customer needs for innovative digital products and services

**Performance Indicators**

- **Total Number of Mobile Customers**
  - 2016: ~320 million
  - 2017: ~350 million
  - 2018: ~150 million

- **Brand Equity Score 2018**
  - No.1 in Sri Lanka and Cambodia
  - No.2 in Indonesia, Bangladesh and Nepal
  - No.3 in Malaysia

- **Social Reputation Score 2018**
  - No.1 in Malaysia, Indonesia, Nepal and Bangladesh
  - Strong No.2 in Sri Lanka and Cambodia

- **Net Promoter Score in Mobile Markets 2018**
  - No.1 in 5 markets
    - Malaysia, Sri Lanka, Bangladesh, Cambodia and Nepal
  - No.2 in 1 market
    - Indonesia

- **Expanded OpCos digital portfolio with digital products beyond pure connectivity via:**
  - IoT solutions such as Connected Weather Systems, Connected Agriculture and Smart Poultry Farming to help entrepreneurs and rural customers with their businesses
  - Enhanced digital customer touchpoints through Robotics Process Automation and Artificial Intelligence to on-board our customers faster
  - Social Reseller App to assist customers to generate income
  - Experimenting with Blockchain technology to ensure irrefutable authentication of customer identity
  - Enhanced Data Privacy and Cyber Security

**Digitising core functions using a best practice framework approach**

- Average of 50% improvement amongst OpCos in 2018
- 1 OpCo measured on par with Emerging Market Top Quartile Average

**Notes:**

1. Approximate number of customers excluding Idea and Mi
2. Based on Digital Telco Index, as assessed by independent third party in 2018, against a 2017 baseline

More details on our efforts to become a New Generation Digital Champion are discussed in the “Our Business” and “Our Strategy” chapters in this IAR.

More information on our Data Privacy and Cyber Security measures can be found in our GAFS 2018.

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**Link to 4P Goals**

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More information on our Data Privacy and Cyber Security measures can be found in our GAFS 2018.
4. Supporting Governments and Communities in Our Markets

Related Key Capitals

Activities and Processes to Create Value

- Focused on the development of digital services to meet the socioeconomic needs of communities
- Partnership with the GSMA in the Humanitarian Connectivity Charter and the Connected Women Initiative
- Actively engaged with national regulatory authorities and policy makers on key regulatory topics, and encouraged the development of national-level policies and regulations based on global best practice
- edotco rolled out Tower to Community project providing electricity to underserved communities in Bangladesh and Myanmar
- As part of running operations in our OpCo markets, Axiata continued to be a responsible corporate citizen, and contributed taxes to all national Governments of the countries where we operate
- Our investment in the form of capital expenditure and operating expenditure in our markets of operation resulted in the Group contributing towards job creation, and supporting the national economy of the countries in our regional footprint

Outcomes and Value Created

- Contributing to the socioeconomic development of the countries we operate in through national contributions and social responsibility initiatives

Performance Indicators

<table>
<thead>
<tr>
<th>Total National Contribution</th>
<th>In 2018, Tower to Community impacted</th>
<th>Number of Jobs Supported Across the Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 13.8 billion</td>
<td>1,020 families</td>
<td>1.2 million</td>
</tr>
<tr>
<td>USD 15.9 billion</td>
<td></td>
<td>1.0 million</td>
</tr>
<tr>
<td>USD 13.9 billion</td>
<td></td>
<td>0.9 million</td>
</tr>
</tbody>
</table>

Connected Women Initiative (CWI)

<table>
<thead>
<tr>
<th></th>
<th>Dialog</th>
<th>Robi</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Dialog and Robi the first GSMA members to commit to CWI projects</td>
<td></td>
</tr>
</tbody>
</table>
| 2017                     | • 49 Regional Women Development Offices from the Ministry of Women and Child Affairs trained as trainers  
|                          | • 675 women in villages empowered to use digital services related to education, health, entrepreneurship and Internet safety |                                                                      |
| 2018                     | • Launched Yeheli/Thozhi messaging platform for women seeking advice on social and personal issues |                                                                      |
|                          | • 25,343 women in 64 districts and villages trained in digital literacy and entrepreneurship |                                                                      |
|                          | • 450,000 monthly users accessed “Maya Apa Plus”                       |                                                                      |
|                          | • Partnered with Cignifi and Bank Asia to increase digital financial inclusion among women |                                                                      |

Humanitarian Connectivity Charter

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Initiated a Group-wide Disaster Response Plan</td>
<td>Over 8 million SMS sent by Dialog and Ncell in partnership with local authorities to evacuate danger areas</td>
<td>XL donated digital services worth over USD1.8 million to connect customers after three disasters in Indonesia</td>
</tr>
<tr>
<td></td>
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</table>

Total Tax Contributions

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD 1.19 billion</td>
<td>USD 1.26 billion</td>
<td>USD 1.40 billion</td>
</tr>
</tbody>
</table>

Notes:
1. Total national contributions and jobs supported are for Celcom, XL, Smart, Dialog, Robi, Ncell, Idea and MI within their respective markets of operation
2. Total tax contributions for Celcom, XL, Smart, Dialog, Robi and Ncell to their respective Governments

Information on our GSMA partnerships can be found in the “Beyond Short-Term Profits” chapter of the SNCR
5. Enabling Digitally-Connected Societies

Related Key Capitals

- Activities and Processes to Create Value
  - Invested in building base stations in rural areas to narrow the digital divide and boost connectivity
  - Provided digital services and solutions for fishermen and farmers
  - Axiata Digital Innovation Fund (ADIF), Smart Axiata Digital Innovation Fund (SADIF) and Dialog Axiata Digital Innovation Fund (DADIF) were established to support and drive the growth of the digital ecosystem in Malaysia, Cambodia and Sri Lanka respectively, by providing venture capital for digital startups
  - Provided digital inclusion initiatives namely e-wallet services such as Boost in Malaysia, eZ Cash in Sri Lanka, and SmartLuy in Cambodia
  - Axiata Digital Capital launched micro-financing products in Malaysia and Indonesia to support micro-entrepreneurs grow their businesses
  - BIMA in Cambodia, Bangladesh and Sri Lanka offered mobile-micro insurance in life insurance, hospitalisation and personal accident

- Link to 4P Goals

Notes:
1 SADIF and DADIF were established in 2017 and 2018 respectively
2 The 2.2 million registered users reported in IAR 2017 was as at 31 March 2018

Outcomes and Value Created
- Increasing population coverage and connecting underserved areas
- Aiding digital and financial inclusion

Performance Indicators

<table>
<thead>
<tr>
<th>ADIF Funding for Digital Startups</th>
<th>Percentage of Base Stations in Rural Areas</th>
<th>Micro-financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 RM30 million</td>
<td>2016 44%</td>
<td>Indonesia: Supply Chain Credit for Boost merchants ranging from IDR500,000 - IDR5.0 million</td>
</tr>
<tr>
<td>2017 RM43.9 million</td>
<td>2017 44%</td>
<td>Malaysia: Working Capital Loan for Boost merchants ranging from RM500 - RM20,000</td>
</tr>
<tr>
<td>2018 RM48.9 million</td>
<td>2018 46%</td>
<td></td>
</tr>
</tbody>
</table>

Govi Mithuru - Sri Lanka
- Over 500,000 subscribers for voice message services to farmers to help improve crop cultivation

Laut Nusantara - Indonesia
- Subsidised 1,200 smartphones for fishermen to access maritime digital solutions through the Laut Nusantara app featuring information on waterways, navigation rules, coastal information and tagging of locations to optimise potential catch

Registered Users

<table>
<thead>
<tr>
<th>Registered Users</th>
<th>Registered Users</th>
<th>Registered Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 3.0 million</td>
<td>2017 103,408</td>
<td>2017 3.5 million</td>
</tr>
<tr>
<td>2018 3.4 million</td>
<td>2018 53,982</td>
<td>2018 645,414</td>
</tr>
</tbody>
</table>

BIMA in Cambodia, Bangladesh and Sri Lanka offered mobile-micro insurance in life insurance, hospitalisation and personal accident

More details on our efforts to digitally connect societies can be found in the “Beyond Short-Term Profits” chapter of our SNCR
6. Minimising Environmental Impact

Related Key Capitals

Activities and Processes to Create Value

- Undertook various strategies amongst OpCos Group-wide to reduce greenhouse gas (GHG) emissions, including integrating network equipment at base stations, replacing old air-conditioners, and adjusting air-conditioning and heating systems.
- edotco, as the infrastructure company operating most of the networks in our regional operations, is one of the primary contributors to GHG emissions. Having committed to reduce its carbon footprint by 40% in 2018 from a 2013 baseline, edotco surpassed the target to achieve a 44% reduction one year ahead of plan.
- In 2018, edotco conducted the following activities towards managing its environmental footprint responsibly:
  - Total of 1,112 green sites utilising renewable energy or alternative material
  - Added an additional 317 solar sites, raising the total to 982 under its management
  - Deployed 92 solar air conditioner sites in Malaysia
  - Pioneered the first hybrid solar wind turbine energy solution in Myanmar
  - Deployed the first-ever smart lamp pole in Sri Lanka, and have deployed 22 to date
  - Currently has four variations of bamboo towers since the first deployment in Bangladesh in 2017
  - Conducting research in Malaysia, Cambodia and Myanmar to utilise local bamboo for towers

Outcomes and Value Created

- Focused carbon reduction strategy
- Optimising energy consumption through design innovations and renewable energy sources

Performance Indicators

<table>
<thead>
<tr>
<th>Group-wide Total Energy Consumption</th>
<th>Group-wide GHG Emissions</th>
<th>Energy from Renewable Sites Group-wide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct 1.2 million GJ 2018</td>
<td>Scope 1 83,130 tCO2e 2018</td>
<td>Solar 36,280 GJ Renewable Energy: 0.5%</td>
</tr>
<tr>
<td>Indirect 5.7 million GJ</td>
<td>Scope 2 1,028,022 tCO2e 2018</td>
<td>Wind 23 GJ</td>
</tr>
<tr>
<td>Direct 2017: 0.8 million GJ 2016: 0.6 million GJ</td>
<td>2017: 54,701 tCO2e 2016: 65,756 tCO2e</td>
<td></td>
</tr>
</tbody>
</table>

Carbon Footprint Reduction by edotco

- 25% - 70% reduction in carbon footprint with use of edotco’s green tower designs
- 41% - 100% reduction in carbon footprint with site optimisation and renewable energy use

Structure Design

- 41m 4-legged GFRT vs 41m 3-legged GFRT
  - 25% reduction in carbon footprint

Site Layout Optimisation

- 45m 3-legged (Pre Opti) vs 45m 3-legged (Post Opti)
  - 41% reduction in carbon footprint

Carbon Fibre Structures

- 30m Steel lampole site vs 30m Carbon fibre site
  - 20% reduction in carbon footprint

Bamboo Structures

- 6m Steel structure vs 6m bamboo structure
  - 70% reduction in carbon footprint

Link to 4P Goals

- Solar Energy: 36,280 GJ
  - 100% reduction in energy use
- Wind Energy: 23 GJ
  - 100% reduction in energy use
- Site Electrification: Off-grid vs Grid site
  - 41% reduction in energy use
- Free Cooling System: Air-conditioner vs Free cooling system
  - 78% reduction in energy use

Notes:

1. tCO2e refers to tonnes carbon dioxide equivalent
2. Energy used by Celcom, XL, Smart, Dialog, Robi, Ncell and edotco
3. edotco embarked on its carbon footprint reduction programme in 2013 with the goal of reducing its footprint by 40% by 2018. Three studies were conducted to establish and monitor data; the first in 2013 to establish baseline, the second in 2016 to monitor progress at the midway point, and the final one in 2018 to measure outcomes of the programme. The results are based on a Life Cycle Assessment study by SIRIM in four countries of edotco’s operations.

More details on our environmental sustainability efforts can be found in the “Strategy” chapter in this IAR and in the “Planet and Society” chapter of the SNCR report.
Our Performance
Financial Review

Five-Year Group Financial Highlights

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Revenue (RM Billion)</th>
<th>EBITDA (RM Billion)</th>
<th>PAT (RM Billion)</th>
<th>Normalised PATAMI (RM Billion)</th>
<th>ROIC (%)</th>
<th>Customers (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>18.7</td>
<td>9.2</td>
<td>1.2</td>
<td>9.0</td>
<td>9.0</td>
<td>266</td>
</tr>
<tr>
<td>2015</td>
<td>19.9</td>
<td>7.3</td>
<td>1.0</td>
<td>7.7</td>
<td>7.7</td>
<td>275</td>
</tr>
<tr>
<td>2016</td>
<td>21.6</td>
<td>8.0</td>
<td>1.4</td>
<td>4.5</td>
<td>4.5</td>
<td>320</td>
</tr>
<tr>
<td>2017</td>
<td>20.4</td>
<td>2.6</td>
<td>0.7</td>
<td>4.7</td>
<td>4.7</td>
<td>386</td>
</tr>
<tr>
<td>2018</td>
<td>28.9</td>
<td>8.3</td>
<td>5.2</td>
<td>1.3</td>
<td>1.3</td>
<td>422</td>
</tr>
</tbody>
</table>

Note 1 - 2018 normalised PAT of RM1.3 billion excludes Idea related losses (RM3,862.5 million), write-off, impairment and accelerated depreciation on property, plant and equipment (gross: RM1,816.6 million), foreign exchange loss (RM501.5 million), gain on disposal of towers (RM121.3 million) and purchase price allocations amortisation (RM295.4 million).

Note 2 - 2018 normalised PATAMI excludes Idea related losses (RM3,862.5 million), write-off, impairment and accelerated depreciation on property, plant and equipment (gross: RM1,816.6 million), foreign exchange loss (RM481.4 million), gain on disposal of towers (RM80.5 million) and purchase price allocations amortisation (RM236.3 million).

Note 3 - FY2018 reported ROIC is 1.3%. At pre-MFRS 15 and 9 and at constant currency, exclude all Idea related losses, assets write-off and restructuring costs, FY2018 ROIC would be 5.6%.

Note 4 - FY2018 customers exclude Idea and M1. For FY2017, customers of Idea and M1 are 203 million and 2 million respectively.

Note 5 - 2017 normalised PATAMI excludes gain on disposal of towers (RM91.3 million), purchase price allocations amortisation (RM159.2 million), loss on asset held-for-sale (RM161.4 million), severance payment (RM62.8 million), loss on disposal of joint venture (RM40.1 million) and foreign exchange gain (RM165.6 million).

Note 6 - 2016 normalised PATAMI excludes gain on disposal of towers (RM339.6 million), accelerated depreciation (RM303.8 million), purchase price allocations amortisation (RM105.5 million), merger one-off adjustments (RM20.2 million) and foreign exchange loss (RM824.1 million).

Note 7 - 2015 normalised PATAMI excludes gain on disposal of towers (RM399.8 million), one-off tax impact (RM490.0 million) and foreign exchange gain (RM132.3 million).

Note 8 - 2014 normalised PATAMI excludes gain on divestment of associate company (RM116.7 million), gain on disposal of towers (RM48.2 million) and foreign exchange loss (RM55.5 million).

Note 9 - 2014 are based on restated financials as reported in 2015.
Financial Review

Summary Breakdown of Operating Revenue and EBITDA

Operating Revenue

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Celcom</td>
<td>30.7%</td>
<td>27.0%</td>
</tr>
<tr>
<td>Others</td>
<td>2.3%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Ncell</td>
<td>8.8%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Smart</td>
<td>14.9%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Robi</td>
<td>13.7%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Dialog</td>
<td>10.9%</td>
<td>10.3%</td>
</tr>
<tr>
<td>XL</td>
<td></td>
<td>27.3%</td>
</tr>
</tbody>
</table>

EBITDA

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Celcom</td>
<td>22.9%</td>
<td>25.1%</td>
</tr>
<tr>
<td>Others</td>
<td>2.2%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Ncell</td>
<td>15.6%</td>
<td>16.9%</td>
</tr>
<tr>
<td>Smart</td>
<td>6.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Robi</td>
<td>29.9%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Dialog</td>
<td></td>
<td>13.0%</td>
</tr>
<tr>
<td>XL</td>
<td></td>
<td>30.3%</td>
</tr>
</tbody>
</table>
Financial Review

Summary Breakdown of Total Assets and Total Liabilities & Equity

Total Assets

- Intangible assets: 32.8%
- Deposits, cash and bank balances: 7.9%
- Other assets: 7.0%
- Trade and other receivables: 9.1%
- Associates/Joint ventures: 0.5%
- Property, plant and equipment: 42.7%

Total Liabilities & Equity

- Borrowings: 30.0%
- Other liabilities: 9.5%
- Other assets: 27.4%
- Intangible assets: 19.2%
- Deposits, cash and bank balances: 16.2%
- Trade and other payables: 6.2%
- Non-controlling interests: 9.0%
- Share capital: 21.1%
- Reserves: 24.2%
# Operational Highlights

<table>
<thead>
<tr>
<th>All in RM Million unless stated otherwise</th>
<th>FY2018</th>
<th>FY2017</th>
<th>FY2016</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Operating Revenue</td>
<td>23,886</td>
<td>24,402</td>
<td>21,565</td>
<td>19,883</td>
<td>18,712</td>
</tr>
<tr>
<td>2. Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)</td>
<td>8,334</td>
<td>9,230</td>
<td>8,013</td>
<td>7,284</td>
<td>6,999</td>
</tr>
<tr>
<td>3. Earnings from Associates &amp; Jointly Controlled Entities</td>
<td>(428)</td>
<td>(404)</td>
<td>30</td>
<td>434</td>
<td>339</td>
</tr>
<tr>
<td>4. Profit Before Tax (PBT)</td>
<td>(4,346)</td>
<td>1,936</td>
<td>1,140</td>
<td>3,331</td>
<td>3,147</td>
</tr>
<tr>
<td>5. Profit After Tax (PAT)</td>
<td>(5,247)</td>
<td>1,162</td>
<td>657</td>
<td>2,636</td>
<td>2,369</td>
</tr>
<tr>
<td>6. Profits After Tax and Minority Interests (PATAMI)</td>
<td>(5,035)</td>
<td>909</td>
<td>504</td>
<td>2,554</td>
<td>2,365</td>
</tr>
<tr>
<td>7. Normalised PATAMI(^1)</td>
<td>1,010</td>
<td>1,205</td>
<td>1,418</td>
<td>2,071</td>
<td>2,256</td>
</tr>
<tr>
<td>8. Total Shareholders’ Equity</td>
<td>17,477</td>
<td>24,731</td>
<td>23,581</td>
<td>23,525</td>
<td>20,761</td>
</tr>
<tr>
<td>9. Total Assets</td>
<td>63,855</td>
<td>69,911</td>
<td>70,753</td>
<td>56,118</td>
<td>49,106</td>
</tr>
<tr>
<td>10. Total Borrowings</td>
<td>19,130</td>
<td>19,184</td>
<td>22,260</td>
<td>16,392</td>
<td>13,893</td>
</tr>
<tr>
<td>11. Customers (million)(^3)</td>
<td>1.49</td>
<td>3.48</td>
<td>3.20</td>
<td>2.75</td>
<td>2.66</td>
</tr>
</tbody>
</table>

## Growth Rates YoY

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Operating Revenue</td>
<td>-2.1%</td>
<td>13.2%</td>
<td>8.5%</td>
<td>6.3%</td>
<td>1.9%</td>
</tr>
<tr>
<td>2. EBITDA</td>
<td>-9.7%</td>
<td>15.2%</td>
<td>10.0%</td>
<td>4.1%</td>
<td>-3.7%</td>
</tr>
<tr>
<td>3. Total Shareholders’ Equity</td>
<td>-29.3%</td>
<td>4.9%</td>
<td>0.2%</td>
<td>13.3%</td>
<td>5.8%</td>
</tr>
<tr>
<td>4. Total Assets</td>
<td>-8.7%</td>
<td>-1.2%</td>
<td>26.1%</td>
<td>14.3%</td>
<td>12.9%</td>
</tr>
<tr>
<td>5. Total Borrowings</td>
<td>-0.3%</td>
<td>-13.8%</td>
<td>35.8%</td>
<td>18.0%</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

## Share Information

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Per Share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings (basic) - sen</td>
<td>(55.6)</td>
<td>10.1</td>
<td>5.7</td>
<td>29.5</td>
<td>27.4</td>
</tr>
<tr>
<td>Earnings (diluted) - sen</td>
<td>(55.4)</td>
<td>10.1</td>
<td>5.7</td>
<td>29.3</td>
<td>27.2</td>
</tr>
<tr>
<td>Net Assets - RM</td>
<td>1.9</td>
<td>2.7</td>
<td>2.6</td>
<td>2.7</td>
<td>2.4</td>
</tr>
<tr>
<td>2. Share Price information - RM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>5.70</td>
<td>5.49</td>
<td>6.34</td>
<td>7.22</td>
<td>7.27</td>
</tr>
<tr>
<td>Low</td>
<td>3.25</td>
<td>4.29</td>
<td>4.19</td>
<td>5.71</td>
<td>6.44</td>
</tr>
</tbody>
</table>

## Financial Ratio

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Return on Invested Capital(^4)</td>
<td>1.3%</td>
<td>4.7%</td>
<td>4.5%</td>
<td>7.7%</td>
<td>9.0%</td>
</tr>
<tr>
<td>2. Gross Debt to EBITDA(^5)</td>
<td>2.3</td>
<td>2.1</td>
<td>2.8</td>
<td>2.3</td>
<td>2.0</td>
</tr>
<tr>
<td>3. Debt Equity Ratio(^6)</td>
<td>1.1</td>
<td>0.8</td>
<td>0.9</td>
<td>0.7</td>
<td>0.7</td>
</tr>
</tbody>
</table>

### Notes:
1. Excludes foreign exchange gain/loss, gain/loss on disposal of an associate & joint venture, loss on asset held-for-sale, write-off, impairment and accelerated depreciation on property, plant and equipment, purchase price allocations, gain on disposal of towers and severance payment, merger one-off adjustments, one-off tax impact and Idea related losses.
2. FY2016 and FY2014 are based on restated financials.
4. EBIT less tax over average invested capital.
5. At pre-MFRS 15 and 9 and at constant currency, excluding all Idea related losses, assets write-off and restructuring costs, FY2018 ROIC would be 5.6%.
6. Gross debt over EBITDA.
7. Total borrowings over total shareholders’ equity.

---

*Financial Review*
Financial Review

Consolidated Statement of Comprehensive Income

<table>
<thead>
<tr>
<th>Financial Year Ended</th>
<th>31/12/2018</th>
<th>31/12/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>23,885,781</td>
<td>24,402,401</td>
</tr>
<tr>
<td>Operating costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- depreciation, impairment and amortisation</td>
<td>(7,644,816)</td>
<td>(5,986,213)</td>
</tr>
<tr>
<td>- foreign exchange gains/(losses)</td>
<td>8,389</td>
<td>(191,563)</td>
</tr>
<tr>
<td>- domestic interconnect and international outpayment</td>
<td>(2,408,317)</td>
<td>(2,700,723)</td>
</tr>
<tr>
<td>- marketing, advertising and promotion</td>
<td>(2,147,698)</td>
<td>(2,108,755)</td>
</tr>
<tr>
<td>- other operating costs</td>
<td>(8,927,499)</td>
<td>(8,455,866)</td>
</tr>
<tr>
<td>- staff costs</td>
<td>(2,068,133)</td>
<td>(1,906,939)</td>
</tr>
<tr>
<td>- other losses - net</td>
<td>(297,790)</td>
<td>(57,665)</td>
</tr>
<tr>
<td>Other (expenses)/income - net</td>
<td>(3,057,592)</td>
<td>5,370</td>
</tr>
<tr>
<td>Operating (loss)/profit before finance cost</td>
<td>(2,657,675)</td>
<td>3,000,047</td>
</tr>
<tr>
<td>Finance income</td>
<td>221,459</td>
<td>241,807</td>
</tr>
<tr>
<td>Finance cost excluding net foreign exchange (losses)/gains on financing activities</td>
<td>(1,272,385)</td>
<td>(1,253,369)</td>
</tr>
<tr>
<td>Net foreign exchange (losses)/gains on financing activities</td>
<td>(208,689)</td>
<td>352,000</td>
</tr>
<tr>
<td>Joint ventures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- share of results (net of tax)</td>
<td>1,678</td>
<td>(48,989)</td>
</tr>
<tr>
<td>Associates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- share of results (net of tax)</td>
<td>(26,364)</td>
<td>(352,670)</td>
</tr>
<tr>
<td>- loss on dilution of equity interests</td>
<td>(403,712)</td>
<td>(2,595)</td>
</tr>
<tr>
<td>(Loss)/Profit before taxation</td>
<td>(4,345,688)</td>
<td>1,936,231</td>
</tr>
<tr>
<td>Taxation and zakat</td>
<td>(901,552)</td>
<td>(773,749)</td>
</tr>
<tr>
<td>(Loss)/profit for the financial year</td>
<td>(5,247,240)</td>
<td>1,162,482</td>
</tr>
</tbody>
</table>

Consolidated Statement of Cash Flows

<table>
<thead>
<tr>
<th>Financial Year Ended</th>
<th>31/12/2018</th>
<th>31/12/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipt from customers</td>
<td>24,510,506</td>
<td>23,648,914</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(16,222,297)</td>
<td>(15,884,795)</td>
</tr>
<tr>
<td>Payment of finance costs</td>
<td>(1,176,600)</td>
<td>(1,297,431)</td>
</tr>
<tr>
<td>Payment of income taxes (net of refunds) and zakat</td>
<td>(1,417,763)</td>
<td>(733,737)</td>
</tr>
<tr>
<td>Total cash flows from operating activities</td>
<td>5,969,846</td>
<td>5,732,951</td>
</tr>
<tr>
<td>Purchase of PPE (net of proceeds from disposal)</td>
<td>(6,613,083)</td>
<td>(4,885,106)</td>
</tr>
<tr>
<td>Acquisition of intangible assets</td>
<td>(540,640)</td>
<td>(99,372)</td>
</tr>
<tr>
<td>Investment in deposits maturing more than three months</td>
<td>(970,029)</td>
<td>140,068</td>
</tr>
<tr>
<td>Investment in subsidiaries</td>
<td>(103,510)</td>
<td>(489,236)</td>
</tr>
<tr>
<td>Investment in associates and a joint venture</td>
<td>(59,551)</td>
<td>(164,199)</td>
</tr>
<tr>
<td>Interest received</td>
<td>223,962</td>
<td>239,343</td>
</tr>
<tr>
<td>Dividends received from associates</td>
<td>90,187</td>
<td>92,587</td>
</tr>
<tr>
<td>Others</td>
<td>(395)</td>
<td>(624)</td>
</tr>
<tr>
<td>Total cash flows used in investing activities</td>
<td>(7,973,059)</td>
<td>(5,166,539)</td>
</tr>
<tr>
<td>Repayments of borrowings and Sukuk (net of proceeds)</td>
<td>(257,425)</td>
<td>(1,446,774)</td>
</tr>
<tr>
<td>Proceeds from private placements of a subsidiary (net of transaction costs)</td>
<td>-</td>
<td>2,178,986</td>
</tr>
<tr>
<td>Partial disposal of subsidiaries (net of transaction costs)</td>
<td>367,434</td>
<td>1,162,440</td>
</tr>
<tr>
<td>Additional investment in a subsidiary by NCI</td>
<td>396,456</td>
<td>-</td>
</tr>
<tr>
<td>Repayment of finance lease</td>
<td>(208,300)</td>
<td>(153,693)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(855,445)</td>
<td>(494,388)</td>
</tr>
<tr>
<td>Others</td>
<td>9,674</td>
<td>1,095</td>
</tr>
<tr>
<td>Total cash flows (used in)/from financing activities</td>
<td>(547,606)</td>
<td>1,247,666</td>
</tr>
<tr>
<td>Net (decrease)/increase in cash and cash equivalents</td>
<td>(2,550,819)</td>
<td>1,814,078</td>
</tr>
<tr>
<td>Exchange losses and restricted cash</td>
<td>(133,091)</td>
<td>8,158</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the financial year</td>
<td>6,471,658</td>
<td>4,649,422</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the financial year</td>
<td>3,787,748</td>
<td>6,471,658</td>
</tr>
<tr>
<td>Bank Overdrafts</td>
<td>103,300</td>
<td>92,824</td>
</tr>
<tr>
<td>Deposits and others</td>
<td>1180,400</td>
<td>248,386</td>
</tr>
<tr>
<td>Deposits, cash and bank balances</td>
<td>5,071,448</td>
<td>6,812,868</td>
</tr>
</tbody>
</table>
Financial Review

Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>As at 31/12/2018 RM’000</th>
<th>As at 31/12/2017 RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OF THE COMPANY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>13,502,368</td>
<td>13,407,253</td>
</tr>
<tr>
<td>Reserves</td>
<td>3,974,431</td>
<td>11,323,883</td>
</tr>
<tr>
<td>Total equity attributable to owners of the Company</td>
<td>17,476,799</td>
<td>24,731,136</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>5,737,907</td>
<td>5,773,447</td>
</tr>
<tr>
<td>Total equity</td>
<td>23,214,706</td>
<td>30,504,583</td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>14,646,553</td>
<td>14,796,319</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>1,698,722</td>
<td>1,441,161</td>
</tr>
<tr>
<td>Deferred income</td>
<td>363,196</td>
<td>817,073</td>
</tr>
<tr>
<td>Deferred gain on sale and lease back assets</td>
<td>663,228</td>
<td>270,915</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>2,987,844</td>
<td>1,644,197</td>
</tr>
<tr>
<td>Provision for assets retirement</td>
<td>487,394</td>
<td>468,920</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>1,391,214</td>
<td>1,672,496</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>22,238,151</td>
<td>21,111,081</td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>20,926,703</td>
<td>22,176,286</td>
</tr>
<tr>
<td>Contract acquisition costs</td>
<td>108,503</td>
<td>-</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>27,290,458</td>
<td>26,909,970</td>
</tr>
<tr>
<td>Associates</td>
<td>266,475</td>
<td>7,985,974</td>
</tr>
<tr>
<td>Joint ventures</td>
<td>27,699</td>
<td>26,022</td>
</tr>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td>1,659,412</td>
<td>-</td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td>-</td>
<td>62,030</td>
</tr>
<tr>
<td>Derivatives financial instruments</td>
<td>-</td>
<td>143,777</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>686,804</td>
<td>535,157</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>586,961</td>
<td>270,046</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>51,553,015</td>
<td>58,109,262</td>
</tr>
</tbody>
</table>

**CURRENT ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>As at 31/12/2018 RM’000</th>
<th>As at 31/12/2017 RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>219,130</td>
<td>174,279</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>5,115,230</td>
<td>4,496,637</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>238,506</td>
<td>53,109</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>38</td>
<td>64</td>
</tr>
<tr>
<td>Tax recoverable</td>
<td>54,860</td>
<td>41,615</td>
</tr>
<tr>
<td>Deposits, cash and bank balances</td>
<td>5,071,448</td>
<td>6,812,886</td>
</tr>
<tr>
<td>Assets classified as held-for-sale</td>
<td>10,699,212</td>
<td>11,578,572</td>
</tr>
<tr>
<td>Total current assets</td>
<td>12,302,012</td>
<td>223,162</td>
</tr>
</tbody>
</table>

**LESS: CURRENT LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th>As at 31/12/2018 RM’000</th>
<th>As at 31/12/2017 RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>12,484,444</td>
<td>12,616,963</td>
</tr>
<tr>
<td>Deferred gain on sale and lease back assets</td>
<td>120,942</td>
<td>126,017</td>
</tr>
<tr>
<td>Borrowings</td>
<td>4,483,197</td>
<td>4,387,670</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>155,901</td>
<td>152,621</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>1,157,686</td>
<td>754,511</td>
</tr>
<tr>
<td>Liabilities classified as held-for-sale</td>
<td>18,402,170</td>
<td>18,037,782</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>18,402,170</td>
<td>257,550</td>
</tr>
<tr>
<td>Net current liabilities</td>
<td>45,452,857</td>
<td>51,615,664</td>
</tr>
</tbody>
</table>
2018 Overview of Operating Companies’ Performance

Reporting by Geographical Location

**Malaysia (RM Billion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7.7</td>
<td>7.1</td>
<td>3.1</td>
<td>2.7</td>
<td>7.3</td>
</tr>
<tr>
<td>EBITDA</td>
<td>7.3</td>
<td>6.6</td>
<td>2.3</td>
<td>1.0</td>
<td>6.6</td>
</tr>
<tr>
<td>PAT</td>
<td>6.6</td>
<td>6.6</td>
<td>2.3</td>
<td>1.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>

**Indonesia (IDR Trillion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>23.6</td>
<td>8.6</td>
<td>(0.6)</td>
<td>8.4</td>
<td>(0.09)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>23.0</td>
<td>8.4</td>
<td>(0.09)</td>
<td>21.4</td>
<td>8.1</td>
</tr>
<tr>
<td>PAT</td>
<td>22.9</td>
<td>8.3</td>
<td>0.4</td>
<td>22.9</td>
<td>8.3</td>
</tr>
</tbody>
</table>

**Sri Lanka (SLR Billion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>23.0</td>
<td>19.5</td>
<td>16.7</td>
<td>13.0</td>
<td>22.3</td>
</tr>
<tr>
<td>EBITDA</td>
<td>20.9</td>
<td>16.7</td>
<td>13.0</td>
<td>22.3</td>
<td>22.3</td>
</tr>
<tr>
<td>PAT</td>
<td>18.9</td>
<td>15.3</td>
<td>12.7</td>
<td>22.3</td>
<td>22.3</td>
</tr>
</tbody>
</table>

**Bangladesh (BDT Billion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>68.3</td>
<td>68.3</td>
<td>68.3</td>
<td>68.3</td>
</tr>
<tr>
<td>EBITDA</td>
<td>68.3</td>
<td>68.3</td>
<td>68.3</td>
<td>68.3</td>
</tr>
<tr>
<td>PAT</td>
<td>68.3</td>
<td>68.3</td>
<td>68.3</td>
<td>68.3</td>
</tr>
</tbody>
</table>

**Cambodia (USD Million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>179.6</td>
<td>179.6</td>
<td>179.6</td>
<td>179.6</td>
<td>179.6</td>
</tr>
<tr>
<td>EBITDA</td>
<td>179.6</td>
<td>179.6</td>
<td>179.6</td>
<td>179.6</td>
<td>179.6</td>
</tr>
<tr>
<td>PAT</td>
<td>179.6</td>
<td>179.6</td>
<td>179.6</td>
<td>179.6</td>
<td>179.6</td>
</tr>
</tbody>
</table>

**Nepal (NPR Billion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>58.7</td>
<td>58.7</td>
<td>58.7</td>
<td>58.7</td>
<td>58.7</td>
</tr>
<tr>
<td>EBITDA</td>
<td>58.7</td>
<td>58.7</td>
<td>58.7</td>
<td>58.7</td>
<td>58.7</td>
</tr>
<tr>
<td>PAT</td>
<td>58.7</td>
<td>58.7</td>
<td>58.7</td>
<td>58.7</td>
<td>58.7</td>
</tr>
</tbody>
</table>

Notes:
- All financial numbers are based on audited financial figures and follows the respective country’s GAAP except for Ncell which had a different financial year end.
- Axiata’s reporting by geographical location is conducted for its OpCos: Celcom, XL, Smart, Dialog, Robi and Ncell.
- 2017 figures have been restated to exclude edotco Cambodia’s results, for like to like comparison with 2018 figures.
- Annualised figure based on 8.5 months since acquisition of Ncell on 11 April 2016.
2018 Overview of Operating Companies’ Performance

Operating Companies

Celcom

Celcom’s continued efforts in operational transformation yielded solid results in 2018, outperforming all Mobile Network Operators (MNO) peers with a service revenue growth of 11.1% Year on Year (YoY) and a market share gain of 0.5 ppt1. It was the only MNO to have grown both prepaid and postpaid Average Revenue Per User (ARPU) YoY – validating the successful execution of its strategy. Its cost optimisation initiatives delivered a commendable trend with Quarter on Quarter (QoQ) EBITDA growth of 6.0% and an EBITDA margin uplift of 2 ppt in the fourth quarter of 2018, allowing Celcom to kickstart 2019 with a healthier cost base.

In 2018, Celcom showed major progress in its network, with LTE and LTE-A coverage now at 91% and 78% respectively. The company also delivered significant improvement in distribution, achieving the #1 position in Dealer Satisfaction nationwide. Celcom continues to pride itself in its customer centricity – ending the year with the #1 spot in Net Promoter Score in addition to being recognised by Forbes as one of the “Top 10 Most Customer-Focused Companies In Asia”.

XL Axiata

XL’s consistent strategy execution led to superior performance even as the industry declined due to the implementation of SIM registration. It was the only MNO to have grown subscribers (+2.6%), revenue (+0.4%) and EBITDA (+2.3%) in a market which saw 84 million subscribers wiped out in 2018, beating its peers as the #1 performer in all three metrics. XL was also the most data-centric operator with 80% smartphone penetration and 82% data revenue contribution in the fourth quarter of 2018.

The continued investment in XL’s 4G network significantly improved both the user experience as well as the economics of providing mobile data services. Its 4G coverage has now expanded to around 400 cities and areas, leading to double-digit growth in subscribers and revenue for ex-Java. XL’s Dual Brand Strategy is tracking well with both XL and Axis brands recording all-time high Net Promoter Scores in 2018. At the Frost & Sullivan 2018 Asia Pacific ICT Awards, XL was recognised as the “Best Asia-Pacific Mobile Data Service Provider of the Year”.

Robi

Following the completion of its merger with Airtel in late 2016, Robi continues to monetise its Dual Brand Strategy by winning both the high-value segment via the “Airtel” brand and youth segment via the “Robi” brand. Service revenue and EBITDA grew by 9.3% and 28.0% respectively, outperforming all other players for both metrics. Due to exemplary integration between the two entities and diligent execution of its cost optimisation programme, Robi delivered a successful profit turnaround in 2018 from a loss position in 2017 after the acquisition of a loss-making company.

On the back of its rapid 4G network roll out, Robi emerged as the 4G market leader with nearly 7,400 4G sites by end 2018 and was recognised by Ookla’s 2018 Speedtest Award. It also took a major step forward by launching South Asia’s first fully standards-based 5G pilot service. In the third quarter of 2018, Dialog also launched “Genie”, Sri Lanka’s first Payment Card Industry Data Security Standard (PCI-DSS) certified mobile payment app.

Smart

Despite intense price competition, Smart outperformed all its peers with a revenue and EBITDA growth of 7.2% and 6.0% YoY respectively. This was mainly fueled by an outstanding 28.3% growth in data revenue due to healthy subscriber growth and aggressive 4G adoption. Due to the company’s strict discipline in “sweating” existing network assets, Smart managed to end the year with a flattish PAT in spite of higher regulatory costs and one-off asset write-off.

In its transformation journey to become a converged operator, Smart launched its first home broadband offering, Smart@ Home, in March 2018. As the industry leader, Smart continues to drive innovation to develop attractive products and services. In 2018, it was the first operator in Cambodia to launch eSIM, Voice over WiFi (VoWi-Fi) and direct operator billing services with Apple and Google (SmartPay).

In 2018, Smart was recognised as the “Best Emerging Market Operator 2018” by Telecom Asia.

Dialog

As the undisputed market leader, Dialog emerged victorious as the #1 performer in a fiercely competitive market – delivering double-digit growth in revenue (+15.2%), EBITDA (+17.4%) and normalised PAT (+15.8%). As Axiata’s first converged operator, this excellent result was contributed by strong revenue growth across its main segments of mobile (+11.8%), fixed (+44.5%) and TV (+7.3%).

Dialog’s superior network experience was validated with Ookla’s 2018 Speedtest Award. It also took a major step forward by launching South Asia’s first fully standards-based 5G pilot service. In the third quarter of 2018, Dialog also launched “Genie”, Sri Lanka’s first Payment Card Industry Data Security Standard (PCI-DSS) certified mobile payment app.

As one of the most recognised brands in Sri Lanka, Dialog continues to receive numerous accolades including “Sri Lanka’s Top Telecommunications Brand” by Brand Finance and “Best Digital Experience” by the Customer Excellence Award 2018.

Ncell

In 2018, Ncell was impacted by multiple regulatory challenges within a competitive operating environment. This includes a 2 ppt increase in Telecommunications Service Charge (TSC) for voice and other services, introduction of an unprecedented 13% TSC for data services and a 5 ppt increase in corporate tax rate. Coupled with the expected decline in the high-margin International Long Distance (ILD) business as consumers switch to OTT alternatives, Ncell’s 2018 full year revenue, EBITDA and PAT declined by 1.0%, 4.9% and 19.3% respectively.

Nonetheless, if we dive into the underlying operational performance, Ncell continues to deliver healthy progress in its core business due to the exponential growth in data consumption. In 2018, its core revenue and EBITDA grew by 5.4% and 4.2% YoY respectively while data revenue alone grew by 18% YoY. Today, its smartphone penetration stands at 59% while only 47% of Ncell subscribers are data subscribers – indicating significant headroom for future growth.

Notes:

Growth numbers based on results in local currency in respective operating markets, excluding MFRS 9 and 15 impact in Malaysia/SLFRS 9 and 15 impact in Sri Lanka.

For like to like comparison, 2017 numbers for Smart exclude edotco Cambodia’s results.

1 Based on internal estimates
2 Normalised for forex losses in 2017/2018, and asset impairment in 2018
Our Performance

Performance
- Service revenue growth of 1.1% mainly driven by revenue from prepaid and postpaid
- Industry leading NPS score
- Automated Customer Service using robotics and Artificial Intelligence with the launch of Chatbots

Operating Environment
- The Malaysian mobile industry remained flat with intensifying competition from smaller players
- Changes in the regulatory landscape with the introduction of regulated wholesale broadband pricing to make broadband services more affordable at higher speeds to consumers nationwide, resulting in significant reduction in retail pricing
- Several key policies were reviewed including the 700 MHz spectrum which was originally planned for issuance in 2018
- The environment remains challenging for the mobile sector, with growth primarily driven by strong demand for data consumption and digital lifestyle related services

Business Review
- Prepaid and postpaid revenues continued to grow despite aggressive pricing competition from key market players. As a result, Celcom continued to grow its market share amongst the top three mobile operators
- Capital investments focused on expanding LTE reaching 91% population coverage nationwide

People
- Adopted Agile Way of Working (WoW) company-wide
- To date, more than 500 employees are Agile trained

Financial Performance
- Service revenue growth of 1.1% driven by increased postpaid and prepaid revenue
- EBITDA of RM2.2 billion, with EBITDA margin of 33.2%
- Postpaid and prepaid ARPU saw an increase in 2018 with postpaid showing a RM51 increase to RM89, while prepaid ARPU increased by RM3 to RM35

Outlook for 2019 and Beyond
- Digitisation of customer experience will continue to be a key focus area with more self service capabilities made available via digital customer interfaces for both consumer and Enterprise customers
- Personalisation of products, services, rewards and offerings, with digital lifestyle driven propositions beyond voice and data
- Enhanced focus on monetising Celcom’s superior network experience to grow core revenues and improve profitability
- Continue growing contribution from Home segment with convergence proposition
- Growing Enterprise Solutions and IoT capabilities and portfolio to lead in the Digital Economy and IR 4.0 era
- Sustain our commitments towards nation building as a catalyst for Malaysia’s Digital Economy and IR 4.0, while championing the existing Bumiputera national agenda and Vendor Development Programme
- Continue with talent development programmes towards transforming Celcom into a truly Modern, Agile and Digital (M.A.D.) organisation

Partnership
- Collaboration with Microsoft in Enterprise products and in developing AI Chatbots utilising machine learnings and cloud solutions
- Partnership with Google in cloud infrastructure for digital front-end applications
- Celcom Blue Cube was re-designed, with more than 20 outlets adopting new in-store concepts that provided enhanced customer experiences
- Established an award-winning Social Media Experience centre (SMeX) to respond to customers’ changing behaviours
- Celcom continued to lead the industry in terms of Net Promoter Score (NPS) and received external recognition for its superior customer experience with 14 awards in 2018
- Continued to champion the national agenda with multiple programmes aimed at empowering the underserved to encourage digital adoption. Among key programmes were Tuisyen Rakyat, Internet Access to Rural Community and Siswapreneurs

Planet & Society
- Encouraged digital adoption through programmes such as Tuisyen Rakyat, Internet Access to Rural Community, and Siswapreneurs in 2018

Notes:
1 Numbers exclude MFRS 9 and 15 impact for 2018
Our Performance

- Revenue growth of 0.4% to IDR23.0 trillion driven by data revenue growth
- Cost optimisation resulted in total operating expenses declining by 1% and contributing to better EBITDA margins

Operating Environment

- Implementation of prepaid SIM registration regulation in the first half of 2018 led to increased price competition for operators to register customers
- Rationalisation of industry pricing in the second half of 2018 led to stabilisation
- Strong demand for data drove data traffic growth, with more customers switching to 4G as affordable handsets are widely available
- Legacy services continued to decline with voice and SMS on a downtrend

Business Review

- Sustained execution of Dual Brand Strategy, with XL and Axis brands addressing different market segments with varied and targeted offers
- Continued with 4G network investments, especially in ex-Java, resulting in strong growth in subscriber numbers, traffic and revenue
- Expanded into Enterprise business as a new growth area with offers to attract SME businesses

People

- Deployed digital capability improvements aligned towards M.A.D. organisation culture
- Embedded digital culture through the digitisation of business processes and an open workspace to encourage collaborations
- Managed supplier relationships via Integrated Supply Chain Management, supported by updated e-procurement towards ensuring supplier quality and long-term relationships of mutual benefits

Partnership

- Continued contributing to community development by equipping communities with technology and capacity building programmes to increase their well-being

Financial Performance

- Revenue grew by 0.4% to IDR23.0 trillion driven by growth in data
- EBITDA grew by 2% to IDR8.5 trillion, driven by growth in revenue and cost efficiencies
- PAT declined to a net loss of IDR3.3 trillion due to a one-off accelerated depreciation charge. Normalised PAT recorded at a loss of IDR9 billion
- Average Revenue per User (ARPU) down 6% to IDR32,000 due to aggressive price war in the first half of the year although pricing started to recover in the second half

Outlook for 2019 and Beyond

- Positive outlook for 2019, with data as the main driver of growth on the back of rising 4G penetration coupled with increased consumption of data and proliferation of affordable smartphones
- XL is well positioned to capitalise on its market access to almost 2 billion Indonesians through sustained network roll out ex-Java, towards becoming the most preferred data provider in Indonesia
- Continue to focus on executing our data-centric strategies of the Dual Brand Strategy and sustained network investments across Indonesia
- To sustain our social and nation building contributions in Indonesia
Integrated Annual Report 2018

Performance
• Recorded double-digit growth with revenue growth of 16%, and EBITDA growth of 28%.
• Commissioned South Asia’s first fully functional and standards compliant 5G transmission.
• Invested in expanding 3G and 4G coverage with over 3,200 2G, 3G and 4G sites, and won the Ookla speedtest award for 2018.

People
• Launched KPISOFT, a unified employee performance management system.

Partnership
• DBN entered into partnership with Orion City to build and manage Sri Lanka’s first High-Density Data Centre.

Planet & Society
• Contributing to financial inclusion through eZCash, with 3.4 million subscribers.
• Smart school programme Headstart added 100 new schools and introduced a unique digital education transformation product in collaboration with Microsoft.

Operating Environment
• Maintained market leadership despite intense competition and strengthened subscriber market share.
• Market focus predominantly on high speed networks, evident through 4G adoption rates, and the need for 5G expansion strategies.

Business Review
• Remained as market leader, strengthening subscriber market share by 0.5 pp during the year with a subscriber base of 13.8 million.
• 40% of data subscribers on 4G network.
• Expanded 3G and 4G coverage with over 3,200 2G, 3G and 4G sites.
• Won the Ookla speedtest award for 2018.
• Commissioned South Asia’s first fully functional and standards compliant 5G transmission using commercial grade base stations.
• Expanded mobile roaming capacity through collaborations to reach 676 operators and 230 countries.
• e-wallet service eZ Cash has a customer base of 3.4 million subscribers, and launched a new feature enabling customers to top-up their eZ Cash wallets via bank accounts.
• Launched Genie - Sri Lanka’s first PCI-DSS certified mobile payment app in 2018.

Financial Performance
• Continued with growth momentum across all key business segments of Mobile, Fixed, Digital Pay Television, International and Tele-infrastructure businesses to record consolidated revenue of SLR109.2 billion, demonstrating a growth of 16% YoY.
• EBITDA grew by 28% to reach SLR43.5 billion, translating to an EBITDA margin of 40% for 2018.

Outlook for 2019 and Beyond
• Sri Lanka continues to see rapid transformation in the telecommunication space, ranging from high speed data connectivity, Cloud service, Emerging Digital Services and Digitisation.
• Market focus is predominantly on high speed networks, as evident through 4G adoption rates and the requirement of 5G expansion strategies.
• Future is firmly focused on digital and the telecommunications industry is shifting its business model from delivering organic telecommunication services, to advancing digital services.
• Telco industry is expected to witness an increase in demand for content and will move towards digital services.
• Bearing all these factors in mind, Dialog will maintain its strategies towards capturing opportunities for profitability and growth in line with Axiata’s 3.0 strategic blueprint.
Our Performance

**Performance**
- Airtel and Robi are #1 and #2 brands respectively in NPS for 2018
- Due to its Cost Efficiency Programme, Robi saved more than 10% on capex budget and exceeded opex savings target significantly

**People**
- New guiding principles, digital learning tools and a revamped performance management system were introduced to align with the M.A.D. organisation culture

**Business Review**
- Robi aggressively expanded its 4.5G network, which led to business expansion in markets it had struggled historically
- Leadership position in 4.5G and introduction of MNP resulted in significant gains in customer base
- Robi’s Digital Transformation Index (DTI) score reached 6.5 at the end of 2018. Compared to 2017, this score had improved by 60% in a year indicating that the company is delivering on its digital transformation strategy
- Successfully monetised its Dual Brand Strategy following excellent merger integration
- Sustained focus on process efficiency and simplification, as well as digitisation, to optimise cost structure
- Focus on Enterprise Business and Digital Services resulted in double digit growth in Enterprise and 2x growth in Digital Businesses
- Explored new innovative partnerships to create new revenue streams
- Explored passive infrastructure sharing by reconciling 100+ sites; Robi is focused on collaborating with the industry in this regard
- Introduced a number of initiatives geared towards the M.A.D. transformation of the organisation
- Introduction of new guiding principles, digital learning tools, such as, Lynda.com, and revamping the performance management system are key highlights in this connection

**Operating Environment**
- Technology neutrality was introduced as a game changer in optimising network resources for ensuring Quality of Service (QoS). The QoS regulation was revised, with new QoS benchmarks for telcos
- Launch of 4G in February 2018 led to significant growth in data consumption
- Introduction of unified floor price for voice created a level playing field in the voice call market
- Introduction of Mobile Number Portability (MNP) Service in October 2018
- The regulator introduced Significant Market Player (SMP) guidelines, setting a threshold of 40% market share in terms of subscriber, revenue or spectrum holding to ensure there was no monopoly in the telco sector
- Introduction of session based pricing for Mobile Financial Services (MFS), with MFS to pay MNOs for both revenue generating and non-revenue generating transactions
- Regulator increased transaction amount on subscribers purchase of digital services via direct operators billing
- Introduction of Electronic Telecom Subscriber Acquisition Form (ETSAF) for e-registration of subscribers from September 2018, making it more convenient for customers to acquire a SIM

**Financial Performance**
- Robi’s revenue reached BDT68 billion following a decline of 0.5% from last year
- Robi also saved more than 10% on capex budget and exceeded opex savings target significantly on the back of its Cost Efficiency Programme, leading to EBITDA improving to BDT16.7 billion in 2018 from BDT15.0 billion in 2017
- Successful profit turnaround, with PAT positive of BDT2.1 billion, from Loss After Tax of BDT 2.8 billion in 2017
- Minutes of use per subscriber per month (MoU) decreased from 128 in 2017 to 104 in 2018, while blended ARPU declined to BDT 119 per user in 2018 from BDT130 per user in 2017

**Partnership**
- Established in-house Development Operations team for business process simplification and automation to reduce time-to-market and grow business

**Outlook for 2019 and Beyond**
- Introduction of a unified call rate by abolishing the differential on-net and call rates has created space for a sustainable business environment, while a heavy taxation regime and a lack of floor price for data service remain as areas of concern
- To focus on digitisation and cost optimisation to remain competitive in the market
- To improve profitability, Robi will focus on revamping its cost structure through process efficiency, active infrastructure sharing and industry collaborations
- In order to strengthen its core telco revenue stream, Robi will solidify its leading position in Dhaka, and expand growth to other areas
- To meet evolving customer needs, Robi will expand its digital services, especially in capturing opportunities in Enterprise and IoT, as well as Convergent telco services
- Sustain its momentum in building a digital talent factory by incubating the DNA of digitisation, analytics and innovation to future-proof the business in line with Axiata 3.0
- Leveraging on digitisation as the key enabler to facilitate functional superiority and business growth
- Maintain its commitment to establish Robi as the national champion in Bangladesh through strong corporate governance and socially responsible initiatives
**Performance**

- Maintaining a positive growth of revenue, EBITDA, market share and ARPU
- Perceived industry leader in cyber security initiatives

**People**

- Increased investment in people development through Smart Education Sponsorship Programme, Functional Competence Building, First Line Manager Training Programme
- Promoted digital learning through Lynda.com and Coursera

**Operating Environment**

- Increasing smartphone adoption rate, digital literacy and social media, as well as mobile data usage
- Intense price war and growing regulatory cost burden

**Business Review**

- Launched fixed wireless broadband proposition, Smart @Home
- First to launch VoWi-Fi and eSIM
- Extended SmartPay, a direct operator billing service to Apple ecosystem
- Entered the IoT space in the areas of remote security, vehicle monitoring and asset tracking
- Provided the most affordable mobile bundles, with leadership in digital lifestyle and entertainment services
- Expanded rural roll out through Universal Service Obligation Fund while more than 95% of total base stations were equipped with 4G
- Perceived industry leader in cyber security protections and safeguards
- Smart’s selfcare app, SmartNas - a single touchpoint for all Smart subscribers’ transactions, is not limited to managing plans and services, but expands to managing VAS and Smart’s loyalty programme.
- SmartNas is currently fully managed by the internal DevOps team
- Superior Video Mean Opinion and DTI scores
- Sustained investment in people development through employee sponsorship programmes, competency training and promoting online learning
- Experimented with new Agile WoW such as cross-functional teams across commercial, customer experience and IT with new features being developed using scrum
- Introduced the Smart Employee Volunteer Programme to incentivise great CSR and sustainability programmes initiated by Smart’s employees
- Signed a USD1.5 million Memorandum of Understanding (MoU) with the Ministry of Education, Youth and Sports and Ministry of Posts and Telecommunications to develop future talents and digital corporate leaders for the next three years
- Launched SmartEd University Student Development Programme, mirroring Axiata Young Talent Programme, which focuses on nurturing future CEOs
- More than 1% of revenue committed to CSR initiatives in line with Government priorities

**Financial Performance**

- Strong focus on cost management, asset utilisation and capex efficiency resulted in Smart achieving a strong double-digit EBITDA margin and PAT. Although PAT declined marginally due to higher regulatory cost share and one-off asset write-off, EBITDA grew by 6%
- Recorded strong YoY performance fueled by positive customer growth and outstanding data revenue contributions. Overall revenue grew 7.2% in tandem with customer and ARPU increases
- Outstanding data growth of 28%, with data accounting for 60% of total revenue. Data traffic more than doubled YoY

**Outlook for 2019 and Beyond**

- The Asian Development Bank expects Cambodia’s economy to remain strong over the next two years, with 7% growth estimated for 2019, as it moves from a lower-middle-income nation to upper-middle-income in the next decade
- The government’s National Rectangular Strategy IV has identified the digital economy and IR 4.0 as priority focus areas. The digital economy, tech innovation and SME agendas are gaining traction within the ICT sector and amongst multiple ministry policy makers, with policy incentives being explored to catalyse the development of early and medium-stage digital startups. There are huge opportunities in digital services, with many companies targeting Digital Financial Services in line with enabling digital financial inclusion
- ICT policy makers are looking towards enabling 5G, with clarity on standardisation of spectrum policies in progress. Further industry consolidation is expected in future
- Promoting ICT education along with its elements, such as coding, literacy and entrepreneurship at various levels, is generating more youth human resource talents, with more than 50% under the age of 25 years old
- In line with capturing opportunities in this new digital environment, Smart will press ahead with its strategies to drive profitability, whilst playing a key role in developing the ICT sector and building a Digital Cambodia

**Partnership**

- First telco to launch direct operator billing with Apple and Google
- First telco to launch eSIM and VoWi-Fi
- Launched fixed wireless broadband proposition

**Planet & Society**

- Signed USD1.5 million MoU with Ministry of Education, Youth and Sports and Ministry of Posts and Telecommunications to develop future talents and digital corporate leaders over the next three years
- Launched SmartEd University Student Development Programme
- More than 1% of annual revenue committed to CSR initiatives

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**Note:**

* For like to like comparison, 2017 numbers excluded edotco Cambodia’s results
**Performance**
- Growth in core revenue and data revenue by 5.4% and 18% respectively

**People**
- 80% of employees participated in Ignite Session towards transforming into a M.A.D. organisation

**Partnership**
- Expanded data population coverage to over 55%
- Expansion of broadband coverage in rural and remote areas in line with the National Broadband Policy

**Operating Environment**
- Multiple challenges within a competitive operating environment, with telcos’ growth prospects impacted by an increase in the Telecommunications Service Charge (TSC) from 11% to 13% for voice and other services, and from no tax to 13% for data. This resulted in shrinking revenue share for operators, and a trade-off in consumer spending from voice to data is expected in the future
- Spectrum limitation in the low spectrum bandwidth of 1800 MHz, resulting in telcos expanding network roll out to compensate for limited spectrum compounded with import license delays
- Decline in International Long Distance (ILD) revenue, with traffic reducing by 33% in 2018
- Increase in Corporate Tax rate from 25% to 30%, impacting upon companies’ PAT
- New labour law introduced, with additional benefits and an increase in the minimum wage, affecting salaries costs for companies

**Business Review**
- Expanded data population coverage to over 55%
- Implemented digital initiatives such as Customer Lifecycle Management which supports customer acquisition, retention and customer win-back, Travel Management, Chatbots, Social Listening and employee Gamification and Ticketing, towards achieving functional superiority and digitisation
- Began exploring options for growth in the area of Digital Financial Services (DFS)
- Achieved superior brand tracker index compared to competitors
- In line with expanding into IoT, Ncell partnered with Aeris to successfully conduct a pilot launch of vehicle tracking with local company SixT
- Conducted cultural workshops for team heads, unit heads and section managers, as well as staff towards transforming into a M.A.D. organisation
- Expanded broadband coverage in rural and remote areas in line with the goals of the National Broadband Policy; and sustained efforts in Disaster Response and Technopreneurship
- Ncell also contributed towards enabling digital literacy via Ncell Digital Libraries

**Financial Performance**
- Recorded revenue of NPR57.5 billion, with data revenue of NPR12.97 billion
- PAT decreased by 19.3% to NPR15.3 billion, mainly due to expected decline in high-margin ILD business, but this impact was mitigated by opex savings of NPR618 million contributed by reducing expenses in recharge cards, IP Transit, VSAT Bandwidth, Network and IT AMCs, and SIM cards. Additionally, Ncell recorded capex savings of over NPR2 billion in 2018
- Lower operational expenses achieved through effective cost management initiatives resulting in EBITDA of NPR35.5 billion, with a healthy margin of approximately 62%
- ARPU decreased from NPR298 in 2017 to NPR286 in 2018

**Outlook for 2019 and Beyond**
- With YoY decline of 2.0% expected in voice for 2019, Ncell is focused on driving profitability in new growth areas such as Device Bundling, Enterprise, Convergence and DFS
- Expect revenue decline in domestic voice usage for fixed wallet segment to be offset by higher data usage to access OTT services, with projections of data revenue and subscribers to increase by 29% and 16% respectively
- Target opex savings of NPR506 million, and capex savings of over NPR600 million for 2019
- Sustain talent development and employee engagement programmes towards establishing a M.A.D. organisation
- Driving customer-centric strategies of Customers to Fans (C2F), Retailers to Advocates (R2A) and Employees to Cheerleaders (E2C)
- To maintain engagement with regulatory authorities, and work collaboratively to reduce spectrum gap, mitigate voice, data tariff corrosion and other associated compliance risks, and shape the ILD and interconnection regime
- Maintain commitment towards Digital Nepal initiatives by building partnerships and alliances with global and in-country partners towards nation building
Our Business | Our Governance | Other Information | Our Performance
--- | --- | --- | ---

### Our Performance

#### Performance
- Achieved revenue of RM1.8 billion^1 for 2018, resulting in double digit growth for the year
- Contributed 7.4% and 8.2% to Group revenue and EBITDA respectively^1
- Increase in tenancy ratio to 1.62x by end of 2018 compared to 1.57x in 2017
- New tower build increased by 10.3% by end of 2018, compared to 9.3% in 2017

#### People
- Enhanced people platforms via increased use of engagement initiatives including digitising office work processes and improving benefits

#### Partnership
- Signed partnerships with Sumitomo Corporation and JTower Inc to advance next generation technology solutions to improve connectivity offerings
- Signed partnership with Huawei Malaysia to deploy the world’s first multi-tenant, multi-operator small cells solution in Malaysia

#### Planet & Society
- Achieved 44% reduction in carbon emission, surpassing target set by Group by 4% a year in advance
- Impacted a total of 1,020 families, 30 mosques, 28 schools and one hospital in Bangladesh through the Tower to Community project

#### Operating Environment
- With accelerating demand for 4G, nearly all MNOs in the region are turning to towers to provide shareable infrastructure
- Growth in data demand in more mature markets such as Malaysia and Bangladesh, among others, led to greater need for next generation solutions like In-Building Solutions (IBS), small cells and BTS among others

#### Business Review
- Significant contributions to Group performance:
  - edotco significantly contributed to the Group with a growth in revenue from 5.9% in 2017 to 7.4%^1 in 2018, and an increase in towers and tenancies of 10.3% and 14.3% respectively
  - End of the year with an all-time high co-location ratio of 1.62x
  - Ended 2018 with total tower count of 29,837 towers owned and managed, an addition of 2,373 from 2017
  - Ended 2018 with 29,572 tenancies, an addition of 3,694 from 2017
- Significant growth in portfolio:
  - Signed agreement to enter the Laos market with a local partner
  - Successfully received tower sharing license in Bangladesh, allowing edotco to build and manage telecommunications towers for multiple mobile operators in the country
  - Acquired 325 towers from South East Asia Telecom (Cambodia) Co. Ltd, expanding portfolio in Cambodia to over 3,600 towers
  - Acquired Yiked Bina Sdn Bhd, expanding portfolio into Kedah, Malaysia with 225 towers
  - Operationalised On Site Services Sdn Bhd, the largest independent First Line Maintenance entity with 400 employees, managing over 10,000 network sites throughout Malaysia
  - Innovating the industry across the footprint:
    - Deployed next generation IBS – four in Cambodia, 14 in Malaysia and three in Myanmar
    - Deployed the world’s first multi-tenant, multi-operator small cells solution in Kuala Lumpur, Malaysia
    - Digitised preventive maintenance for towers using drone technology, resulting in 50% improvement in reporting time and 35% reduction in turnaround for data collection and report generation

#### Outlook for 2019 and Beyond
- To focus on taking an innovative approach by deploying next generation technology solutions, both with customers as well as internally with our teams
- To continuously explore opportunities to expand the business organically and inorganically to further strengthen our position as a leading integrated telecommunications services provider
- Committed to continue championing social responsibility by proactively reducing the carbon footprint and impacting the environment positively through sustainable infrastructure design and business practices
- Aim to continuously develop the communities in which we are present through our Tower to Community projects and other nation building engagement initiatives

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^1 Excluding MFRS impact in 2018
**Performance**
- Gross Transaction Value: 21x growth YoY
- Registered Users: nearly 6x growth from 645,414 in 2017 to 3.5 million in 2018
- Registered Merchants: 24x growth from 2,500 in 2017 to more than 61,500 in 2018

**People**
- Doubled employee headcount for rapid business expansion

**Partnership**
- Rolled out new lifestyle features 2018 including peer-to-peer money transfers, street parking payments, bill payments, transportation ticket payment and bookings, and e-vouchers

**Planet & Society**
- First e-wallet to introduce e-donation for users to contribute to charitable causes

**Operating Environment**
- Sensing the future potential of e-wallets due to the rise in Internet and smartphone penetration rates, as well as Bank Negara Malaysia’s (BNM) push for a cashless society, competition in this space is increasing
- Adoption of e-wallets are not expected to surpass other payment options such as debit cards and credit transfers, due to cyber security concerns

**Business Review**
- Worked collaboratively with stakeholders such as BNM to raise public awareness on e-wallets as a simpler and more secure transaction
- Adhered to financial sector regulations to ensure sound business practices

**Outlook for 2019 and Beyond**
- Continue to grow user and merchant base in the short-term
- Explore micro-financing and micro-insurance for small businesses through partnerships with other Axiata Group entities, contributing to financial inclusivity for micro-businesses lacking support from conventional banks in the longer term
- Expand beyond Malaysian borders through partnerships to bring about cross-border e-wallet interoperability

**What We Do**
- Boost is a proudly homegrown lifestyle e-wallet that revolutionises the way consumers transact daily, bringing convenience and security through a cashless ecosystem
- Backed by Axiata Digital’s vast expertise in digital technology, Boost is at the forefront of the Malaysian digital economy and now the leading e-wallet in the country with an ambition to become Malaysia’s preferred lifestyle e-wallet

By the end of 2018, Boost saw a surge in users with over 3.5 million registered users embracing digital payments.

In 2018, Boost registered more than 61,500 merchant e-wallet touchpoints generating over 1210% YoY growth in transactions.
What We Do

• Largest independent data-powered digital marketing agency across South and Southeast Asia combining the best of data science, media and content to unlock potential from digital branding for businesses across the region
• Well positioned to disrupt traditional agencies given unique approach of both product marketing and services

• Three business pillars include Integrated Planning & Delivery, Deep Media Integration and Merged Analytics
• Operates across nine countries (Malaysia, Thailand, Indonesia, Philippines, Singapore, Korea, Sri Lanka, Bangladesh and Cambodia)

Operating Environment

• 2018 was a challenging year for the advertising industry with structural market changes especially due to technology disruption, regulatory developments, increasing competition and shifts in how consumers engage with brands
• Despite these challenges, the market expected to see double digit growth in digital advertising spending within Southeast Asia

Business Review

• Launched “Agency of the Future” through the roll out of new products and data-driven offerings as follows:
  - Outcomes: Outcome or acquisition business model delivering specific business outcomes at zero risk to marketers
  - Creative: Data-driven creatives for better targeting and conversion
  - Programmatic: Automated delivery of ads across multiple channels
  - Data-as-a-Service: Data insights and visualisations which address key industry and business problems
  - Advertising video-on-demand (AVOD): Advertising video inventory through exclusive partnerships with iflix, Hooq and Viu
• Established major partnerships with Google, iflix, Hooq, FreedomPop and Intelligence Machine
• Rolled out ada’s own regional industry event, Re.Con, in partnership with Campaign Asia
• Attracted a diverse mix of talent from global agencies, consulting firms, technology and analytics practices across our nine markets and hired key leaders going into 2019
• Developed our product stack from one product, Adparlor, to a full suite of products across Service, Automation, Omni-Channel Engagement, Business Insights and Data
• Developed deep data assets where we now have data from 280 million unique devices and more than 200 data attributes
• Initiated a Corporate Social Responsibility (CSR) initiative for CLC Saga Kampung Likas in Kota Kinabalu, Sabah where about 250 people worked together to repair the school with teachers and students as part of ada’s company retreat activity
• Embarked on collaborations with Payong on ideas to uplift awareness on refugees leveraging our digital advertising capabilities

Outlook for 2019 and Beyond

• Bright prospects ahead in 2019 as more businesses shift from traditional advertising budgets to digital advertising budgets
• ada plans to grow its team headcount in line with business growth and invest into our people to facilitate the development of a more mature organisation
What We Do

• Apigate is Axiata’s homegrown global Application Programming Interface (API) platform that connects businesses to a world-class ecosystem and customers from around the globe.

• Combines the innovative insights of a telco group and the technology of an award-winning open source Middleware to unlock new streams of revenue for MNOs while connecting digital merchants to find the right customers at the right time and the right place.

Operating Environment

• While telco revenue and profitability have been under pressure in an increasingly competitive environment driven by data service commoditisation, Over-The-Top (OTT) digital services offer the opportunity to generate new revenue streams and to create a new phase of growth for telcos globally.

• Near ubiquitous 4G deployment and rising smartphone penetration in Asia continued to drive the proliferation of mobile entertainment services such as mobile gaming, music streaming and Video-On-Demand (VOD).

• Western markets for digital services such as VOD have become heavily saturated, while China last year imposed heavy restrictions on new game release, forcing digital merchants and game developers to seek growth in our region.

• Low credit card penetration remained a key challenge for monetisation and carrier-billing continued to be a viable payment option to serve millions of users in these markets.

• The multi-billion-dollar acquisitions of API behemoth Mulesoft by Salesforce and open-source software giant Redhat by IBM in 2018 also highlighted the pivotal roles of these technologies to the wider Enterprise Software industry, and Software as a Service (SaaS), specifically.

Business Review

• Evolved from being an ‘internal’ division exposing Axiata OpCos’ APIs to being a fully-independent entity serving telcos across the region.

• Consolidated business under ‘One Brand, One Team’.

• Completed the acquisition of WSO2 Telco and consolidated the engineering team into our global R&D team under our new ‘One Apigate’ company; we have crafted a set of Core values – One Team; Trust; Be An Expert; Act Now; Customer Success.

• Dr afted a new full-suite of end-to-end services to better serve our digital service merchants across the customer journey to provide ‘frictionless payment’ and drive revenue maximisation.

Outlook for 2019 and Beyond

• In line with current industry trends and developments, Apigate, with its open-source API platform, is well-positioned to capture opportunities as a telco API layer enabling global digital merchants to access users in ASEAN and Southeast Asia, and local telecom operators to generate new revenue streams from their existing subscribers.

• In the medium-term, Apigate will further improve operational efficiency to increase scalability and expand partnerships, as we build a replicable playbook that will become the cornerstone of our expansion to other emerging markets.

• As we scale globally, we are progressively building a global team that can serve our customers in the three main markets where we will operate - Asia, Africa, Latin America.
Our Governance
Corporate Governance Overview

The Board of Directors of Axiata Group Berhad ("Board" or "BOD") strongly advocate and support the principles of good corporate governance. The Board has continually strived to enhance and strengthen the Group’s governance system and processes, to ensure that the highest levels of corporate governance is practised Group-wide. This Corporate Governance Overview Statement ("CG Overview Statement") presents key governance highlights for the financial year 2018 outlining how Axiata complies with the three principles, 32 practices and four Step-ups of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") during the year under review.

This statement has been made in accordance with the authority of the Board dated 21 February 2019 and finalised and updated until the date of the publication of the Integrated Annual Report ("IAR") 2018 with delegated authority to the Board Annual Report Committee ("BARC").

This statement is complemented with a Corporate Governance Report ("CG Report") based on a prescribed format pursuant to paragraph 15.25 of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The CG Report is available on the Company’s website https://www.axiata.com/files/upload/corporate/Corporate_Governance_Report.pdf as well as via an announcement on the website of Bursa Securities. This statement should also be read in conjunction with the Statement on Risk Management and Internal Control ("SORMIC") and the Board Audit Committee ("BAC") Report as well as other information in the Governance and Audited Financial Statements 2018 ("GAFS") and the Sustainability and National Contribution Report ("SNCR") accompanying this IAR.

In pursuing its vision to become a New Generation Digital Champion by 2022, Axiata is implementing its Triple Core Strategy to develop its Digital Telco, Digital Businesses and Infrastructure Businesses, alongside its Digital Transformation Strategy aimed at digitising and modernising its internal and external value chains. In efforts to realise this vision, the Board is cognisant of upholding its duties according to the highest principles of accountability and transparency.

The Board maintains its commitment towards discharging its duties according to the highest standards of corporate governance, whilst pursuing its corporate objectives to enhance shareholders’ value and overall competitive positioning.

The Board recognises the importance of practicing the highest levels of governance and plays an active role in administering and reviewing the Group’s governance practices and framework to ensure its relevance and ability to meet future challenges. The Board prioritises the necessity to ensure that there is a robust and effective corporate governance system employed throughout the Group, in line with its governance commitments.

As one of the top 10 largest entities listed on the Main Board of Bursa Securities as at end of March 2019, the Board has always ensured that Axiata remains at the forefront of good corporate governance. Through the years, the Group has been consistently recognised for its high levels of disclosures, reporting and upholding the strongest principles of governance. Over the last many years, Axiata has consecutively received accolades at the Minority Shareholder Watch Group (MSWG) - ASEAN Corporate Governance Recognition Awards. In 2018, the Group received the following awards:

Axiata’s Corporate Governance Framework is developed based on the following:

<table>
<thead>
<tr>
<th>CORPORATE GOVERNANCE FRAMEWORK</th>
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<tbody>
<tr>
<td>Companies Act 2016 (&quot;CA 2016&quot;)</td>
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</table>

For complete details of the SORMIC, please refer to pages 23 to 32.
For complete details of the BAC Report, please refer to pages 33 to 34.
Corporate Governance Overview

The culture of upholding strong corporate governance principles is embraced across the organisation and is led by the Board which sets the tone at the top. The release of the MCCG 2017 by the Securities Commission Malaysia in April 2017 brought about a review of Axiata’s corporate governance practices with continuous efforts undertaken to identify and close the gaps. A major achievement through relentless effort in 2018 is to meet the requirement under Practice 4.5 to have at least 30% women representation on the Board with the appointment of Dr Lisa Lim Poh Lin and Khoo Gaik Bee on 8 June 2018 and 1 January 2019 respectively.

As at the date of this IAR, Axiata has applied all the practices in MCCG 2017 except for the following:

- **Practice 4.3 - Step-up**
  The Board has a policy which limits the tenure of its independent directors to 9 years.

  In 2016, Axiata had put in place a phased retirement plan for Independent Non-Executive Directors (“INEDs”) where one INED reaching or completing the 9-year tenure will retire each year. This will stagger INEDs’ retirement, most of whom were appointed in the same year, in order to maintain continuity and stability. The objective is to have a fully refreshed Board by year 2020. As the phased retirement plan is still ongoing, it is currently not possible for Axiata to adopt a 9-year term limit for INEDs. However, INEDs are not expected to serve as independent beyond 12 years.

- **Practice 7.2 and 7.3 - Step-up**
  Practice 7.2 requires the disclosure of the remuneration of the top 5 named senior management while the Step-up in Practice 7.3 encourages disclosure for all members of senior management on a named basis.

  The Board is of the view that due to the sensitivity of the information, disclosing the remuneration of senior management is not in the best interest of Axiata at this point in time. The Board will however re-evaluate this requirement for disclosure annually.

- **Practice 12.3**
  Practice 12.3 requires companies with a large number of shareholders or which have meetings in remote locations to utilise technology to facilitate voting in absentia and remote shareholders’ participation at General Meetings.

  The availability and suitability of a reliable system able to provide the required services to facilitate voting in absentia and remote participation by shareholders will be explored.

A summary of the Group’s corporate governance practices with reference to the MCCG 2017 is described in the following manner:

**GROUP’S CORPORATE GOVERNANCE PRACTICES**

**Principle A:**
*
Board Leadership and Effectiveness

Group Corporate Governance Structure, Board and Board Committees’ Roles and Responsibilities, Board Composition, Effectiveness and Remuneration.

For complete details of Principle A, please refer to pages 62 to 77.

**Principle B:**
*
Effective Audit and Risk Management

Board Audit Committee and Risk Management and Internal Control Framework.

For complete details of Principle B, please refer to pages 78 to 81.

**Principle C:**
*
Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Communication with Stakeholders and Conduct of General Meeting.

For complete details of Principle C, please refer to page 82.

More details and explanations for these departures are provided in the CG Report as well as the measures put in place to address such departures.
Board of Directors

Principle A: Board Leadership and Effectiveness

Structural Changes to Board Composition

The year 2018 and the early part of 2019 saw several changes to the Board composition as follows:

- Appointment of Tengku Dato’ Sri Azmil Zahrudin Raja Abdul Aziz as Non-Independent Non-Executive Director (“NINED”) replacing Kenneth Shen on 12 January 2018
- Retirement of Datuk Azzat Kamaludin as Senior Independent Non-Executive Director (“SINED”) on 23 May 2018
- Appointment of Dr Lisa Lim Poh Lin as INED on 8 June 2018
- Resignation of Tan Sri Datuk Wira Azman Hj Mohktar as Chairman on 3 August 2018
- Appointment of Tan Sri Ghazzali Sheikh Abdul Khalid as Interim Chairman on 23 August 2018
- Redesignation of Tan Sri Ghazzali Sheikh Abdul Khalid as Chairman on 1 November 2018
- Appointment of David Lau Nai Pek as SINED on 1 November 2018
- Appointment of Khoo Gaik Bee as INED on 1 January 2019
- Redesignation of Dato’ Mohd Izzaddin Idris as INED on 27 March 2019

For complete details of the Profiles of Directors, please refer to pages 4 to 7.
Board of Directors

DATO DR NIK RAMLAH
NIK MAHMOOD
Independent Non-Executive Director

Age
63
Nationality
Malaysian
Gender
Female
Length of Service
3 years
Date of Appointment
21 March 2017

DR DAVID ROBERT DEAN
Independent Non-Executive Director

Age
60
Nationality
British
Gender
Male
Length of Service
1 year 3 months
Date of Appointment
11 December 2017

DR MUHAMAD CHATIB
BASRI
Independent Non-Executive Director

Age
53
Nationality
Indonesian
Gender
Male
Length of Service
4 years
Date of Appointment
25 February 2013

TENGKU DATO’ SRI AZMIL
ZAHRUDDIN RAJA ABDUL AZIZ
Non-Independent Non-Executive Director
(Representative of Khazanah)

Age
48
Nationality
Malaysian
Gender
Male
Length of Service
1 year 3 months
Date of Appointment
12 January 2018

DR LISA LIM POH LIN
Independent Non-Executive Director

Age
42
Nationality
Malaysian
Gender
Female
Length of Service
9 months
Date of Appointment
8 June 2018

KHOO GAIK BEE
Independent Non-Executive Director

Age
61
Nationality
Malaysian
Gender
Female
Length of Service
3 months
Date of Appointment
1 January 2019
The Board places great importance in ensuring that Axiata has in place a strong and cohesive Senior Leadership Team (“SLT”) made up of capable individuals who are experts in their own respective fields.

Appointment of top key positions in the Group requires the recommendation of the BNRC and approval of Axiata Board of Directors. The members of the SLT comprise a healthy mix of Malaysians and other nationalities to ensure that local and regional knowledge and expertise are balanced with global perspectives.

In 2018 and early 2019, the SLT line up saw the appointments of the Group Chief Corporate Officer, the Deputy Group Chief Financial Officer and the Group Chief Internal Auditor. These appointments are of talent that were serving in other capacities in the Axiata Group and assumed roles on the SLT as part of the Axiata Talent Management Framework.

For complete details of the Profile of Group SLT, please refer to pages 11 to 15
## Group Senior Leadership Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Age</th>
<th>Nationality</th>
<th>Gender</th>
<th>Years of Service at Axiata</th>
<th>Date of Appointment to Current Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAN SRI JAMALUDIN IBRAHIM</td>
<td>Managing Director/President &amp; Group Chief Executive Officer</td>
<td>60</td>
<td>Malaysian</td>
<td>Male</td>
<td>11 years</td>
<td>3 March 2008</td>
</tr>
<tr>
<td>DR HANS WIJAYASURIYA</td>
<td>Corporate Executive Vice President &amp; Regional Chief Executive Officer, South Asia Operations</td>
<td>50</td>
<td>Sri Lankan</td>
<td>Male</td>
<td>25 years</td>
<td>1 January 2017</td>
</tr>
<tr>
<td>VIVEK SOOD</td>
<td>Group Chief Financial Officer</td>
<td>54</td>
<td>Indian</td>
<td>Male</td>
<td>2 years</td>
<td>3 April 2017</td>
</tr>
<tr>
<td>AZWAN KHAN OSMAN KHAN</td>
<td>Deputy Group Chief Financial Officer</td>
<td>49</td>
<td>Malaysian</td>
<td>Male</td>
<td>14 years</td>
<td>1 November 2018</td>
</tr>
<tr>
<td>DATIN SRI BADRUNNISA MOHD YASIN KHAN</td>
<td>Group Chief Talent Officer</td>
<td>59</td>
<td>Malaysian</td>
<td>Female</td>
<td>11 years</td>
<td>1 June 2011</td>
</tr>
<tr>
<td>ASRI HASSAN SABRI</td>
<td>Group Chief Corporate Officer</td>
<td>52</td>
<td>Malaysian</td>
<td>Male</td>
<td>3 years</td>
<td>1 September 2018</td>
</tr>
</tbody>
</table>
Group Senior Leadership Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Age</th>
<th>Nationality</th>
<th>Gender</th>
<th>Years of Service at Axiata</th>
<th>Date of Appointment to Current Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>HADI HELMI ZAINI SOORIA</td>
<td>Group Chief Internal Auditor</td>
<td>49</td>
<td>Malaysian</td>
<td>Male</td>
<td>22 years</td>
<td>15 October 2018</td>
</tr>
<tr>
<td>SURYANI HUSSEIN</td>
<td>Group Company Secretary</td>
<td>53</td>
<td>Malaysian</td>
<td>Female</td>
<td>16 years</td>
<td>1 April 2008</td>
</tr>
<tr>
<td>DARKE M SANI</td>
<td>Group Chief Human Resources Officer</td>
<td>63</td>
<td>Singaporean</td>
<td>Male</td>
<td>7 years</td>
<td>1 June 2011</td>
</tr>
<tr>
<td>ANIS SHEIKH MOHAMED</td>
<td>Group Chief Corporate Development Officer</td>
<td>47</td>
<td>Malaysian</td>
<td>Male</td>
<td>7 years</td>
<td>1 July 2011</td>
</tr>
<tr>
<td>TAN GIM BOON</td>
<td>Group General Counsel and Risk Officer</td>
<td>46</td>
<td>Malaysian</td>
<td>Male</td>
<td>15 years</td>
<td>14 April 2014</td>
</tr>
<tr>
<td>ANTHONY RODRIGO</td>
<td>Group Chief Information Officer</td>
<td>51</td>
<td>Sri Lankan</td>
<td>Male</td>
<td>8 years</td>
<td>1 August 2017</td>
</tr>
<tr>
<td>YAP WAI YIP</td>
<td>Group Financial Controller</td>
<td>62</td>
<td>Malaysian</td>
<td>Male</td>
<td>11 years</td>
<td>1 November 2016</td>
</tr>
</tbody>
</table>
In 2018, Celcom welcomed a new CEO, who was an internal talent.

This appointment, along with the three Operating Companies’ (OpCos) CEOs promoted through internal ranks in 2017, demonstrate orderly succession planning undertaken in accordance with the Axiata Talent Management Framework.

The succession plans are presented to the Board at least twice a year. The plans include talent (both internal and identified external talent) ready to take on senior roles within different time frames and the intervention required for key talent. The succession planning process provides Axiata a ready pool of talent to plan ahead with and when there is insufficient bench strength, to scour the market and identify promising candidates in advance of the anticipated demand.

For complete details of the Profile of Operating Companies’ Management Team, please refer to pages 16 to 17.
## Operating Companies’ Management Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Nationality</th>
<th>Gender</th>
<th>Years of Service at Axiata</th>
<th>Date of Appointment to Current Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOHAMAD IDHAM Nawawi</td>
<td>51</td>
<td>Malaysian</td>
<td>Male</td>
<td>6 years</td>
<td>1 September 2018</td>
</tr>
<tr>
<td>DIAN SISWARINI</td>
<td>50</td>
<td>Indonesian</td>
<td>Female</td>
<td>22 years</td>
<td>1 April 2015</td>
</tr>
<tr>
<td>Supun Weerasinghe</td>
<td>43</td>
<td>Sri Lankan</td>
<td>Male</td>
<td>19 years</td>
<td>1 January 2017</td>
</tr>
<tr>
<td>Thomas Hundt</td>
<td>41</td>
<td>German</td>
<td>Male</td>
<td>6 years</td>
<td>19 February 2013</td>
</tr>
<tr>
<td>Suren J. Amaratseker</td>
<td>54</td>
<td>Sri Lankan</td>
<td>Male</td>
<td>2 years</td>
<td>1 July 2017</td>
</tr>
<tr>
<td>Mahtab Uddin Ahmed</td>
<td>52</td>
<td>Bangladeshi</td>
<td>Male</td>
<td>8 years</td>
<td>1 November 2016</td>
</tr>
<tr>
<td>Mhd Khairil Abdullah</td>
<td>48</td>
<td>Malaysian</td>
<td>Male</td>
<td>7 years</td>
<td>1 January 2015</td>
</tr>
<tr>
<td>Suresh Sidhu</td>
<td>52</td>
<td>Malaysian</td>
<td>Male</td>
<td>10 years</td>
<td>26 August 2014</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Nationality</th>
<th>Gender</th>
<th>Years of Service at Axiata</th>
<th>Date of Appointment to Current Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mohd Khairil Abdullah</td>
<td>50</td>
<td>Malaysian</td>
<td>Male</td>
<td>10 years</td>
<td>26 August 2014</td>
</tr>
<tr>
<td>Suresh Sidhu</td>
<td>52</td>
<td>Malaysian</td>
<td>Male</td>
<td>10 years</td>
<td>26 August 2014</td>
</tr>
</tbody>
</table>
Duties & Responsibilities of the Board

The year 2018 saw the Board and Board Committee meetings clocking in a total of 162 hours in the discharge of its key fiduciary duties and leadership functions and responsibilities. The following sets out the total hours for the conduct of Board & Board Committee Meetings:

**Total Hours for Board & Board Committee Meetings**

<table>
<thead>
<tr>
<th>Board (Including Board Retreats)</th>
<th>106 hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAC</td>
<td>11 hours</td>
</tr>
<tr>
<td>BNRC</td>
<td>21 hours</td>
</tr>
<tr>
<td>BRMC</td>
<td>8 hours</td>
</tr>
<tr>
<td>AIOB</td>
<td>6 hours</td>
</tr>
<tr>
<td>BARC</td>
<td>10 hours</td>
</tr>
</tbody>
</table>

The topics of discussion at the meetings are as follows:

- Strategy, M&A, Funding & AIOB
- Business Performance & Planning
- Human Capital Management & BNRC/BRMC
- Internal Control, Risk Management & BAC
- Governance & BARC

**Activities in 2018**

- The Board occupied approximately 36% of its time providing the strategic direction for the Company by guiding the SLT in developing the corporate strategy to be employed by Axiata Group in pursuit of Axiata’s vision to be a New Generation Digital Champion by 2022.
- During the mid-year retreat in July 2018, the Board was updated on the Axiata 3.0 Triple Core Transformation and the status of the Eight Needle-Moving Strategic Initiatives, which were broadly on track.
- At the year-end retreat in November 2018, the Board deliberated on the need for key adjustments in execution of the planned strategies in 2018/2019 with focus on Shifting Gear in new businesses and convergence.
- The Board also deliberated on the Strategic and Annual Business Plan and Budget 2019 and provided feedback and direction before subsequently approving the same.
- The Board made several key decisions on matters pertaining to Mergers & Acquisitions (“M&A”) during the year, an area of strategic focus for the Board. Three out of 13 Board meetings were special Board meetings convened on M&A matters. As a matter of good practice, post-mortem reviews of completed M&A transactions would be carried out by the Board periodically.
- The Board oversaw the conduct of the Company’s business and execution of the approved business plan over the short, medium and long-term. 2018 Key Performance Indicators (“KPI”) were set and headline KPIs were announced publicly. On a quarterly basis, achievements against KPIs were presented and monitored.
- Sustainability and stakeholder management were also topics that constantly cropped up in the Board’s deliberations in 2018 as Axiata faced regulatory challenges in many of its footprints.
- In terms of the organisation, the Board approved the following proposals in response to changes in the business and industry and in support of Axiata 3.0 Transformation.

**Priorities for 2019**

- With a clear vision to be the New Generation Digital Champion by 2022, the Board will continue to monitor its execution over the short, medium and long-term.
- Shifting Gear agenda with short-term focus towards profitability and cash flows.
- Overseeing the execution of the cost optimisation and M.A.D. organisation initiatives.
- Execution of Board refresh and succession planning.
The Directors Code of Ethics adopted in 2011 were reviewed and replaced with a new Board Code of Conduct and Ethics ("Code") approved by the Board in February 2018. Adoption of the new Code is to be in line with the practices in the MCCG 2017 and ensures that the Board continues to shape the ethical culture through its leadership. The provisions of the Code are aligned with the Employees Code of Conduct and the corporate culture of uncompromising integrity and exceptional performance applicable across the Group.


The Directors Code of Ethics approved by the Board in February 2018. Adoption of the new Code is to be in line with the practices in the MCCG 2017 and ensures that the Board continues to shape the ethical culture through its leadership. The provisions of the Code are aligned with the Employees Code of Conduct and the corporate culture of uncompromising integrity and exceptional performance applicable across the Group.


The Board also approved revisions to the Board Charter ("Charter") in February 2018. The revisions took into account the gaps in the Charter in view of the provisions of MCCG 2017, inter alia in the following areas:

- Separation of the positions of Chairman and President & GCEO. Observed by Axiata from inception with roles of each position clearly defined and now stated as a clear policy.
- Insertion of a specific provision relating to Company Secretary stating the requirement for a qualified person to be appointed and defining his/her role as advisor to the Board on governance matters to whom the Board shall have unlimited access. Axiata's Group Company Secretary is a qualified advocate & solicitor and licensed by Suruhanjaya Syarikat Malaysia ("SSM") and hence qualified to act as a Company Secretary under the CA 2016.
- Asserting the Board’s aim to appoint 30% women participation on the Board in line with the Government’s aspiration which target has been attained as of 1 January 2019.
- Specifically stating the requirement that if the Board wishes to retain an INED who exceeds the cumulative term limit of 9 years, he/she shall be redesignated as a NINED, unless annual shareholders’ approval is sought for him/her to remain as INED providing justifications.

The full extent of the Board’s responsibilities is available in the Board Charter at https://www.axiata.com/files/upload/corporate/Board_Charter.pdf

Other than the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities, all newly appointed Directors of Axiata will attend an in-house Axiata Group induction programme. This induction programme helps newly appointed Directors of Axiata familiarise themselves with the strategies and operations of the Group. The programme includes site visits and meetings with senior management as appropriate, to enable them to have a full understanding of the nature of the Group’s businesses, current issues and challenges as well as the structure and management of the Group. Newly appointed Directors who are not familiar with the telco industry will also undergo a Telco Primer Programme.

Axiata has a dedicated budget for Board training and a set of guidelines on Board Training Programmes. BNRC undertakes an assessment of the training needs of the Board and each Director and reviews the same on half yearly basis.

The training programmes attended by each of the Director in 2018 are listed on pages 9 to 10 of the GAFS.
Axiata has in place a Board Composition Framework which takes into consideration, among others, the complexity and geographical spread of the Group’s businesses.

i) Maximum of 10 Board members (up to two Executive Directors (“EDs”)). In recent discussions, the Board indicated a possibility that the Board composition may be larger than 10 in view of the new businesses and allowing a certain duration for Board transition and refresh;

ii) Two NINEDs representing Khazanah as the major shareholder;

iii) More than 50% of the Board to comprise INEDs with various mix of skills, experience and diversity including in terms of nationality and gender; and

iv) Up to three members with geographical experience matching Axiata’s footprint (Indonesia/Indian sub-continent/international).

The breadth of skill sets and experience of the Axiata Board is instrumental to guide Axiata through the next phase of its transformation journey.

Axiata has a clear and transparent process for the selection, nomination and appointment of suitable candidates to the Board of Axiata as described below:

<table>
<thead>
<tr>
<th>Identify Gaps/Vacancy</th>
<th>Identification of Candidates</th>
<th>Evaluation of Suitability of Candidates</th>
<th>Meeting Shortlisted Candidates</th>
<th>Final Deliberation by BNRC</th>
<th>Recommend to Board</th>
</tr>
</thead>
</table>

The current composition of Axiata Board has the appropriate mix of diversity, skills, experience and capabilities:
The overall calendar of meetings of the Board and Committees held in 2018 and attendance of the respective Directors are provided below:

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOD</td>
<td>*</td>
<td>#</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>•</td>
<td>#</td>
<td>#</td>
<td>#</td>
<td>*</td>
<td>#</td>
<td>#</td>
</tr>
<tr>
<td>BAC</td>
<td>#</td>
<td>*</td>
<td>#</td>
<td>*</td>
<td>#</td>
<td>#</td>
<td>*</td>
<td>#</td>
<td>#</td>
<td>*</td>
<td>#</td>
<td>#</td>
</tr>
<tr>
<td>BNRC</td>
<td>*</td>
<td>*</td>
<td>#</td>
<td>*</td>
<td>#</td>
<td>#</td>
<td>*</td>
<td>#</td>
<td>#</td>
<td>*</td>
<td>#</td>
<td>#</td>
</tr>
<tr>
<td>BRMC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AIOB</td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>BARC</td>
<td>*</td>
<td></td>
<td>*</td>
<td>*</td>
<td></td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td></td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

* = Scheduled Meeting
# = Special Meeting

<table>
<thead>
<tr>
<th></th>
<th>Board (13)</th>
<th>BAC (8)</th>
<th>BNRC (15)</th>
<th>BRMC (4)</th>
<th>AIOB (3)</th>
<th>BARC (6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tan Sri Ghazzali Sheikh Abdul Khalid</td>
<td>13/13 (100%)</td>
<td>-</td>
<td>13/15 (87%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tan Sri Jamaludin Ibrahim</td>
<td>13/13 (100%)</td>
<td>-</td>
<td>-</td>
<td>4/4 (100%)</td>
<td>3/3 (100%)</td>
<td>6/6 (100%)</td>
</tr>
<tr>
<td>Dato’ Mohd Izzaddin Idris</td>
<td>13/13 (100%)</td>
<td>4/4 (100%)</td>
<td>-</td>
<td>-</td>
<td>2/3 (67%)</td>
<td>-</td>
</tr>
<tr>
<td>David Lau Nai Pek</td>
<td>13/13 (100%)</td>
<td>8/8 (100%)</td>
<td>-</td>
<td>4/4 (100%)</td>
<td>3/3 (100%)</td>
<td>6/6 (100%)</td>
</tr>
<tr>
<td>Dato Dr Nik Ramlah Nik Mahmood</td>
<td>13/13 (100%)</td>
<td>-</td>
<td>15/15 (100%)</td>
<td>4/4 (100%)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dr David Robert Dean</td>
<td>13/13 (100%)</td>
<td>8/8 (100%)</td>
<td>-</td>
<td>4/4 (100%)</td>
<td>3/3 (100%)</td>
<td>-</td>
</tr>
<tr>
<td>Dr Muhamad Chatib Basri</td>
<td>12/13 (92%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dr Lisa Lim Poh Lin†</td>
<td>8/8 (100%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tengku Dato’ Sri Azmil Zahruddin Raja Abdul Aziz‡</td>
<td>13/13 (100%)</td>
<td>-</td>
<td>5/5 (100%)</td>
<td>-</td>
<td>3/3 (100%)</td>
<td>-</td>
</tr>
<tr>
<td>Tan Sri Datuk Wira Azman Hj. Mokhtar††</td>
<td>7/7 (100%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Datuk Azzat Kamaludin‡‡</td>
<td>5/5 (100%)</td>
<td>4/4 (100%)</td>
<td>10/10 (100%)</td>
<td>1/2 (50%)</td>
<td>-</td>
<td>6/6 (100%)</td>
</tr>
<tr>
<td>Kenneth Shen§</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

1. Appointed on 8 June 2018
2. Appointed on 12 January 2018
3. Resigned on 3 August 2018
4. Retired on 23 May 2018
5. Resigned on 12 January 2018
6. Number of Board meetings attended from appointment
7. Number of Board meetings attended until retirement/resignation

** 2018 Meeting Calendar

The Value We Create
Our Strategy
Statements and Analysis
Our Performance
Our Governance
Other Information
Board Effectiveness Evaluation ("BEE")

The Board believes that an independent party will lend greater objectivity to the assessment process of the Board. As such, continuing Axiata’s practice of appointing professional consultants annually for this exercise, the BNRC appointed KPMG Management & Risk Consulting Sdn Bhd (“KPMG”) as facilitator of its 2018 Board Effectiveness Evaluation (2018 BEE).

KPMG facilitated the 2018 BEE by conducting assessments and analyses on Axiata’s Board, Board Committees and individual directors. This was undertaken through questionnaires and interviews with individual directors as well as selected key management personnel. Assessment in respect of Directors’ independence was also carried out in the 2018 BEE using the criteria prescribed under the Main LR of Bursa Securities.

The specific assessments included an assessment of the Board and each Board member’s skill sets and was structured along both self assessment and peer reviews extending also specifically to independent directors and the President & GCEO. In addition, the BEE 2018 also included an assessment of each of the Board’s committees.

The findings and results of the 2018 BEE was tabled to the Board at its meeting on 27 March 2019.

A summary of the BEE 2018 results are categorised into the following segments:

A. Strengths - Strengths and numerous positive highlights were identified in the BEE 2018 and these includes and may be categorised as follows:

1: Board Room Commitment and Resilience
The Board of Axiata is seen as a collegial, fully-committed and resilient unit of professionals that is “dedicated to the cause”.

2: Rigour of Board Deliberation
Board deliberations are conducted with due rigour and professionalism. Board deliberations are focused and discussions are often without the shackles of fear or censure.

3: Working Relationship between the Board and the President & GCEO
The findings highlight that there is unanimity within the Board that the President & GCEO possesses sound leadership and technical and social skills in acting as the bridge between Management and Board.

B. Improvements – Areas that require improvement were also identified in the BEE 2018 and these includes and may be categorised as follows:

1: Boardroom configuration across the Group
A suggestion was made for the Board to review its current philosophy on appointments of Axiata’s representatives on OpCo Boards and Committees.

2: Oversight of Operating Companies
Interviews with both Directors and Senior Management shed light on the necessity for heightened awareness and attentiveness towards Operating Companies nestled in frontier markets.

3: Strategic Deliberations
Views garnered from the Directors revealed that there is a need for strategic deliberations to be more catalytic.

4: Information Flow and Board Administration
Insights obtained from the assessment and interviews point towards improvements that can be made over time management of Board meetings, scheduling of Board meetings, induction of new Directors and the facilitation of in-camera sessions.

The Board has taken note of these identified areas for improvement and would address them in the appropriate manner.
Board Effectiveness

Board Effectiveness Evaluation ("BEE")

In respect of the directors standing for re-election, the BNRC took into consideration the self-peer ratings and other feedback on the areas evaluated.

**Tan Sri Ghazzali Sheikh Abdul Khalid** is acknowledged for his role as a patient and effective, but fair mediator at Board deliberations. In addition, he fosters a democratic boardroom allowing dissenting and alternative voices to be expressed without censure while being able to balance micro and macro arguments. Notwithstanding his long tenure on the Board, he continues to display objectivity and is able to effectively probe senior management.

The Board is of the view that Axiata is fortunate in having such a Chairman and recommends for him to continue to act as an INED.

**Tan Sri Jamaludin Ibrahim** is regarded as an astute leader and a passionate individual who is highly visionary. He has been described by fellow Board members as a leader who works in a synergistic and engaging manner with the Board fostering a strong sense of camaraderie amongst Board members. His ability to command the respect of the Board is a product of his stature and vast experience in the telecommunications industry.

The Board is of the view and recommends that he should remain as the Managing Director/President & GCEO and recommends his re-election.

**David Lau Nai Pek** is acknowledged as exhibiting strong professionalism and objectivity as well as demonstrating active participation in boardroom and Axiata affairs. He commands the respect of the boardroom and is responsive to matters brought to his attention. His expertise in finance and accounting brings effectiveness to his chairmanship of the Board Audit Committee and Board Risk Management Committee. Despite his long length of service on the Board, he remains objective with the ability to effectively probe senior management.

The Board is of the view and recommends he should remain as an INED.

**Dato’ Mohd Izzaddin Idris** is recognised for demonstrating active individual participation in the boardroom and Axiata affairs. His experience as a former chief executive officer of a large government linked company equips him with the ability to make proactive contribution to boardroom deliberations and high level management probing and scrutiny. He is also strongly acknowledged for his ability to avert blind spots in the boardroom from a business management perspective.

The Board recommends his re-election as an INED.

The assessment in respect of Directors independence in 2018 BEE was carried out using the criteria prescribed under the Main LR of Bursa Securities. All Independent Directors assessed have declared adherence to all the relevant regulatory stipulations in accordance with paragraph 1.01 and Practice Note 13 of the Main LR of Bursa Securities. Notwithstanding the long tenure of two of the Independent Directors, namely Tan Sri Ghazzali Sheikh Abdul Khalid and David Lau Nai Pek, the said Directors were adjudged to demonstrate continued objectivity and professional skepticism.
Board Remuneration

Non-Executive Directors (“NED”)

As a regional company, the remuneration philosophy is to develop a remuneration structure that commensurates with the Directors’ responsibilities at both Board and Board Committee level and is sufficient to attract, incentivise and retain quality Directors. The remuneration packages differentiate the Chairman and ordinary members of the Board and Board Committee to reflect the bigger role played by the Chairman.

The following table outlines the remuneration structure for NEDs of the Group:

<table>
<thead>
<tr>
<th>Remuneration</th>
<th>NEC(^1)</th>
<th>NED</th>
<th>NEC(^1)</th>
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<td>Board of Directors</td>
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<td>Other Board Committees</td>
<td>Nil</td>
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<td>1,500.00</td>
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</tr>
</tbody>
</table>

Benefits

Benefits such as annual overseas business development trips, leave passage, travel allowance, travel allowance for non-resident NEDs, equipment, telecommunication facilities, insurance and medical.

Executive Directors (“ED”)

The Company’s policy on remuneration for the ED is formulated to ensure that the level of remuneration is generally set to provide market competitiveness to attract, retain and motivate an ED of the highest calibre to competently manage the Company.

The remuneration is therefore structured to link various components of the package with corporate and individual performance as well as Total Shareholder Returns (“TSR”). It also takes into account similar packages at comparable companies (of similar size and complexity to Axiata locally; and in the same industry in the region), based on information prepared by independent consultants and survey data.

The current remuneration policy of the ED consists of basic salary, benefits-in-kind and EPF contributions, as a guaranteed component. On top of this, the ED is eligible for two types of performance-based incentives which are the Short-Term Incentive Plan (“STIP”) linked to a particular financial year’s targets and the Long-Term Incentive Plan (“LTIP”) which is linked to a 3-year long-term target.

For the STIP, the performance of the ED is measured based on the achievements of his annual KPIs. These KPIs comprise not only quantitative targets, such as annual revenue, EBITDA, PATAMI or Return on Invested Capital (“ROIC”) and relative performance of the OpCos, but also qualitative targets which include strategic milestones and initiatives that need to be achieved and implemented in a given year, on areas such as strategy, innovation, business development, synergy, human capital management, financial management and societal development. The weightage of the qualitative and quantitative targets may be adjusted to accommodate the Group’s aspirations.

For the LTIP, the performance of the ED is measured on the achievement of a combination of TSR and ROIC within the vesting period; TSR targets being set in comparison with other high-performing companies on Bursa Securities.

Complete details of remuneration of NEDs and ED for 2018 are provided on page 8 of GAFS.

1. In accordance with shareholders’ approval, Axiata pays Board and Board committees’ Directors’ fees on a monthly basis.
2. Meeting allowances are paid on a per meeting basis, notwithstanding any adjournment and number of days.
3. NEC refers to Non-Executive Chairman.
### Board Committees

#### Board Nomination and Remuneration Committee ("BNRC")

**Members**
- Dato Dr Nik Ramlah Nik Mahmood (Chairman) (INED)
- Tengku Dato’ Sri Azmil Zahrudin Raja Abdul Aziz (NINED)
- Khoo Gaik Bee (INED)

**Roles**
- **Nomination**
  - Oversee the selection and assessment of Directors and ensure that Board composition meets the needs of Axiata;
  - Propose new nominees to the Board of Directors of Axiata and any Committee of the Board;
  - Facilitate and review Board induction and training programmes;
  - Assess Directors on an ongoing basis; and
  - Recommend or approve, as the case may be, the key management of Axiata Group.
- **Remuneration**
  - Recommend to the Board the remuneration of the EDs in all its forms, drawing from outside advice as necessary;
  - Assist the Board in determining the policy and structure for the remuneration of Directors and Senior Management of Axiata Group; and
  - Administer the Performance-Based Employee Share Option Scheme and Restricted Share Plan ("Axiata Share Scheme") in accordance with the Bye-Laws of the Axiata Share Scheme ("Bye-Laws") as approved by shareholders of the Company.

**Activities in 2018**
- **Nomination**
  - Considered the significant changes to the Board of Axiata in 2018 and early 2019 involving the appointments of 3 new directors, the resignation of 2 directors and the retirement of a director and recommended the phased retirement plan to be kept in abeyance in 2019.
  - Twice during the year reviewed reports on directors training including making recommendations thereof.
  - Reviewed changes proposed in respect of the nomination of Axiata nominee directors on OpCo Boards.
  - Reviewed and recommended the extension of employment contracts of key personnel of Axiata Group.
  - Discussed the findings of the 2017 BEE and follow-up actions and approach for 2018 BEE.
  - Recommended the appointment of Board Committee members and other changes.
  - Reviewed and recommended the amalgamation of BNC and BRC into a single committee, BNRC effective 1 January 2018.
  - Recommended the establishment and membership of a new Board Committee, BRMC.
  - Succession Planning and Talent Management Review.
  - Reviewed the suitability of the directors due for re-election at the 2018 AGM.
  - Assessed and recommended the INEDs who have exceeded the nine-year cumulative term limit to continue serving as independent.
  - Reviewed and recommended the appointments of Tengku Dato’ Sri Azmil Zahrudin Raja Abdul Aziz, Dr Lisa Lim Poh Lin and Khoo Gaik Bee as Axiata Board members where the search for the women directors involved the engagement of an external recruitment firm.

**Priorities for 2019**
- **Nomination**
  - To re-evaluate execution of Board phased retirement plan and Board refresh.
  - Review of top Management succession planning.
  - Monitor follow-up actions based on 2018 BEE findings and decide on the approach for 2019 BEE.
  - Other routine or new matters proposed by Management/Board.

**Remuneration**
- Review and approve a revised compensation scheme for senior management and other employees.
- Routine matters such as:
  - Performance Bonus and Increment for employees;
  - LTIP for Axiata and its subsidiaries;
  - Proposed Headline KPIs for GCEO; and
  - Proposed Company Bonus Payment and Increment and others.

**Note:**
The ToR of the BNRC is available online at [https://www.axiata.com/files/upload/corporate/Terms_of_Reference_Board_Nomination_and_Remuneration_Committee.pdf](https://www.axiata.com/files/upload/corporate/Terms_of_Reference_Board_Nomination_and_Remuneration_Committee.pdf)
Board Committees

<table>
<thead>
<tr>
<th>Role</th>
<th>Activities in 2018</th>
<th>Priorities for 2019</th>
</tr>
</thead>
</table>
| Axiata Digital Business Investment and Oversight Board Committee (“AIOB”) | • Approve investments in digital business up to USD20 million provided that the approved investment is within the budget approved by Axiata Board.  
• Perform the oversight function on investments made under the ambit of AIOB approval.  
• Approve divestment of digital business up to USD20 million provided it was an investment previously approved by AIOB.  
The committee made key investment decisions relating to Digital Businesses and monitors its performance within its Limits of Authority. | • Focus on the discipline of tracking the performance of the business against their original business case and to make appropriate decision and/or recommendation in a timely manner. |
| Members | | |
| Dato’ Mohd Izzaddin Idris (Chairman) (INED) | | |
| David Lau Nai Pek (SINED) | | |
| Tan Sri Jamaludin Ibrahim | | |
| Dr David Robert Dean (INED) | | |
| Tengku Dato’ Sri Azmil Zahrudin Raja Abdul Aziz (NINED) | | |
| Dr Hans Wijayasuriya | | |
| Mohd Khairil Abdullah | | |
| Vivek Sood | | |
| Board Annual Report Committee (“BARC”) | • Review and approve the content design, concept and structure of the annual report and other related reports.  
• Review and approve the overall content of the annual report and ensure compliance with the Main LR of Bursa Securities.  
• Review and recommend for the Board’s approval of related statements in the annual report as required by the Main LR of Bursa Securities, some of which may require prior review by the Board Audit Committee or other Board Committee of Axiata.  
• Review and recommend for the Board’s approval additional disclosures to be made in the annual report taking into account the Company and Group’s position at any particular time and set the best disclosure framework to reflect the performance and image of the Company which is vital to the shareholders and stakeholders who are the ultimate recipients of the annual report.  
To provide a holistic view of the Group’s businesses and how value is created, the Board has recommended the adoption and application of the globally recognised and best practice reporting framework of the International Integrated Reporting Council’s (“IIRC”) Integrated Report.  
Initiated discussion on applying the IIRC’s Integrated Reporting framework as the framework in Axiata’s annual report to shareholders and stakeholders.  
Engaged with consultants, professional bodies and stakeholders to develop a roadmap towards applying the IIRC framework for its annual report.  
Conducted reviews of Axiata’s inaugural integrated annual report. | • In 2017, Axiata developed its inaugural integrated annual report. Within the next three to four years, the Board targets to apply 100% of the Integrated Reporting framework and this remains the focus for 2019.  
• To improve on the integrated annual report reporting process and the quality of information. |
## Board Audit Committee

### Principle B: Effective Audit and Risk Management

#### Board Audit Committee (“BAC”)

**Members**
- David Lau Nai Pek (Chairman) (SINED)
- Dr David Robert Dean (INED)
- Dato’ Mohd Izzaddin Idris (INED)

BAC currently comprises wholly INEDs and all BAC Members are financially literate, well above the level needed for an Audit Committee. Their appointments are made by the Board on the recommendation of the BNRC and in consultation with the BAC Chairman.

Group Chief Internal Auditor (“GCIA”) acts as the Secretary of the BAC and in consultation with the BAC on the recommendation of the BNRC, appointments are made by the Board.

Axiata’s internal audit function reports directly to the BAC and the Internal Audit (“IA”) Charter is also approved by the BAC.

### Activities in 2018

- A Cyber Security Forum initiated by the Cyber Security Steering Committee (“CSSC”) was held on 18 July 2018 attended by OpCos’ BAC Chairmen and Senior Management of Axiata and OpCos to discuss the Cyber Strategy as well as progress of improvement initiatives for 2018. This includes the status of improvement initiatives to address the critical issues highlighted in the security review - Cyber Security Posture Assessment (“CSPA”).
- Reviewed the set up for the fraud and investigation function across the Group.
- The BAC Chairman visited PT XL Axiata Tbk (“XL”) in Indonesia to review the challenges faced by XL’s management in operating in a challenging environment and XL’s perspective on governance and controls.
- A total of 124 internal audit reviews were completed across the Group.
- Reviewed the financial results quarterly, half yearly and annually prior to tabling the same to the Board for approval.
- Reviewed the potential impairment exposure of major investments.

### Roles

<table>
<thead>
<tr>
<th>Roles</th>
<th>Board Audit Committee</th>
<th>Priorities for 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Assist the Board in fulfilling its statutory and fiduciary responsibilities.</td>
<td>• Held private meetings with the external auditors without the presence of management.</td>
<td>• Ensure adoption of recently introduced International Financial Reporting Standards (“IFRS”) and Malaysian Financial Reporting Standards (“MFRS”) across the Group, such as MFRS 16.</td>
</tr>
<tr>
<td>• Review financial statements and financial reporting process, system of internal controls, audit process and process for monitoring compliance with law and regulations including Bursa Securities’ requirements and the Company’s Code of Conduct.</td>
<td>• Reviewed business control incidents and identified cases of control weaknesses including fraud for sharing of lessons learnt within the Group to avoid similar incidents.</td>
<td>• Post mortem on major acquisitions to learn from the past acquisitions in terms of governance, risks, and controls.</td>
</tr>
<tr>
<td>• Conduct.</td>
<td>• Acknowledged and reviewed investigated defalcation cases across the Group.</td>
<td>• Review carrying value of assets as required by IFRS and MFRS and in line with Axiata’s Eight Needle-Moving Strategic Initiatives for 2019.</td>
</tr>
<tr>
<td>• Conducted a review into the impact of Bursa’s Reforms on Axiata’s internal and corporate governance, risk and controls.</td>
<td>• Improved the process for review of the accounting impact of M&amp;A deals, particularly where derivatives are employed including the use and accounting for options.</td>
<td>• Establish a dedicated Internal Audit Team for Axiata Digital Services (ADS) Group to strengthen the independent assessment capability and capacity to better manage the governance, risks and controls in view of ADS businesses expanding rapidly.</td>
</tr>
<tr>
<td>• Conducted a review on the implementation of the Group’s Cost Optimisation project.</td>
<td>• Increased the ongoing focus of potential impact on financials arising from divestments, in-country consolidation and M&amp;A. In particular, in 2018 the focus was the impairment of Axiata’s investment in Idea following the completion of the merger which resulted in dilution of the Group’s stake from associate to simple investment.</td>
<td>• Review Cyber Security programmes and related internal controls of the Group.</td>
</tr>
<tr>
<td>• Conducted a review of the Group’s impairment policies and procedures and reviewed the carrying value of assets as required by IFRS.</td>
<td>• Reviewed the Group foreign currency exposure, the impact of currency translation on Axiata Group’s financial statements, debt level including restructuring where necessary and dividend policy.</td>
<td>• Review Data Privacy programmes and related controls.</td>
</tr>
<tr>
<td>• Conducted a review into the impact of Bursa’s Reforms on Axiata’s internal and corporate governance, risk and controls.</td>
<td>• Reviewed the progress and reporting of cost savings under Axiata Group’s Cost Optimisation project.</td>
<td>• Continue to review the Group foreign currency exposure, the impact of currency translation on Axiata Group’s financial statements, debt level including restructuring where necessary and dividend policy.</td>
</tr>
<tr>
<td>• Conducted a review of the Group’s impairment policies and procedures and reviewed the carrying value of assets as required by IFRS.</td>
<td>• Ensured the adoption of recently introduced International Accounting standards across the Group, such as MFRS 9 and MFRS 15.</td>
<td>• Continue to review the progress and reporting of cost savings under Axiata Group’s Cost Optimisation project in line with Axiata’s 8 Focus Areas For 2019.</td>
</tr>
<tr>
<td>• Conducted a review of the Group’s impairment policies and procedures and reviewed the carrying value of assets as required by IFRS.</td>
<td>• Reviewed the Purchase Price Allocation (PPA), Goodwill and Capital Gain Tax (CGT) of Ncell Private Limited in Nepal.</td>
<td>• Review capex efficiency programme/practices in line with Axiata’s 8 Focus Areas for 2019.</td>
</tr>
<tr>
<td>• Conducted a review of the Group’s impairment policies and procedures and reviewed the carrying value of assets as required by IFRS.</td>
<td>• Reviewed the accounting impact arising from the sale of M1 Limited in Singapore.</td>
<td>• Agile audit: Encourage use of “analytics based audit (ABA)” in internal audit works across the Group to deliver a more efficient, accurate, holistic and effective assessment on internal controls risks.</td>
</tr>
</tbody>
</table>

*Note: The ToR of the BAC is available online at [https://www.axiata.com/files/upload/corporate/Terms_of_Reference.Board_Audit_C committee.pdf](https://www.axiata.com/files/upload/corporate/Terms_of_Reference.Board_Audit_C ommittee.pdf)*
Board Audit Committee

Review of the performance of the BAC

Review of the performance of the Board Committees including the BAC forms part of the annual BEE. The scope of coverage included BAC composition and governance, meeting administration and conduct, group synergy and reporting line, as well as oversight of financial reporting process, internal controls and the audit function.

From the 2018 BEE, it was found that the BAC continued to maintain its performance by demonstrating rigour and professional scepticism in discharging its responsibilities. The BAC members were acknowledged to possess an appropriate range of experience and qualifications, including the appropriate financial literacy to meet the objectives of the BAC in Axiata. The BAC also displayed a commitment to competence, integrity and a climate of trust. The BAC was also found to be able to benefit from improvements in focus on corporate culture across the Group and demonstrating greater leadership effort in directing the digitising of audit procedures.

Relationship with Auditors

2018 saw the continued consultation and dialogue between BAC, IA and Finance and the external auditors. These discussions are always held in a professional manner with different views tabled and discussed openly, and where the auditors are given access to all information.

In 2019, the BAC and Group finance will look at improving the process for the consolidation of OpCos results for quarterly and annual reports, allowing increased time for external auditors to do their audit in a timely and professional manner.

Whistleblowing Policy

The Group has a Whistleblower Policy which enables employees to raise matters in an independent and unbiased manner. As part of this Whistleblower Policy and procedures, there is an anonymous ethics and fraud email, under the administration of the GCIA, as a mechanism for internal and external parties to channel their complaints or to provide information in confidence on fraud, corruption, dishonest practices or other similar matters by employees of the Group. The objective of such an arrangement is to encourage the reporting of such matters in good faith, with the confidence that employees or any parties making such reports will be treated fairly, their identity remains anonymous and are protected from reprisal.
Internal Control & Risk Management

Board Risk Management Committee (“BRMC”)

Members
David Lau Nai Pek (Chairman) (SINED)
Dato' Dr Nik Ramlah Nik Mahmood (INED)
Tan Sri Jamaludin Ibrahim
Dr David Robert Dean (INED)
Dato’ Mohd Izzaddin Idris (INED)
Peter Chambers

BRMC was established effective 1 January 2018 after deliberating on the Step-up 9.3 provision of MCCG 2017. The Board recognised the advantage of having a Board committee separate from the audit committee to focus on risks in the complex and ever changing business landscape.

BRMC takes over from the BAC the role of assisting the Board in evaluating the adequacy of risk management framework.

BRMC which comprises of a majority of INEDs, has the advantage of also having the President & CEO as well as a Board representative from a major OpCo as members, thus providing a platform for a more holistic and robust discussion on risks across the Group.

Roles

Risk Management
• Review and recommend the risk management methodologies, policies (including framework) and risk appetite for adoption throughout the Group.
• Review and assess the adequacy of the governing policies, framework and structures for managing risks as well as the extent to which these are operating effectively.
• Ensure adequate infrastructure, resources and systems are in place for effective risk management. This includes ensuring that the staff responsible for implementing risk management systems perform their responsibilities independently of the risk-taking activities.
• Review the management’s periodic reports on risk management activities, risk exposure and risk mitigating actions.

Business Continuity Management
• Ensure Axiata Group adopt sound and effective Business Continuity Management (“BCM”) policies, procedures and practises to improve its resilience and preparedness for any eventualities.
• Ensure a comprehensive BCM framework which includes an appropriate and workable Business Continuity Plan (“BCP”), Disaster Recovery Plan (“DRP”) and crisis management have been formulated, implemented, tested and maintained by Axiata Group.

Board Risk Management Committee

Priorities for 2019
• Drive alignment of Axiata Group and Opco’s Risk profile to the organisation strategy in ensuring the right and relevant risks are appropriately managed.
• Ensure cyber and data privacy risks are appropriately managed through effective monitoring at BRMC and CSSC of Management initiatives and relevant projects.
• Ensure Axiata Group BCM programmes are executed and continually improved across the Group.
• Strengthen BRMC oversight and governance function of risk management to enable the effective discharge by the Axiata Board of its responsibility in risk oversight.

Activities in 2018
• The committee has been established effective 1 January 2018.
• 4 BRMC meetings were held in 2018 to discuss the Group’s risk agenda.
• Among key discussions of the BRMC includes:
  - Establishment of Axiata Group Risk Appetite Statement.
  - Axiata Group and Opcos key risks and the relevant mitigation strategy.
  - Cyber threat and risks faced by the Group in protecting and safeguarding our customer’s data privacy.
  - Business Continuity Programme and its maturity status across Axiata Opcos.

Axiata maintains a high level risk register and the same is reviewed and updated every quarter. This comprises risks specific to the divisional activities of the business as well as more Group-wide risks affecting its long-term strategy and vision.

The Group has established the ERM framework as a standardised approach to rigorously identify, access, report and monitor risks facing the Group. The framework, benchmarked against ISO 31000:2009, is adopted across the Group. Based on the ERM framework, a risk reporting structure has been established to ensure prompt communication to BRMC and the Board.

Note:
The ToR of the BRMC is available online at https://www.axiata.com/files/upload/corporate/Terms_of_Reference_Brboard_Risk_Management_Committee.pdf


### Cyber Security Steering Committee ("CSSC")

#### Members
Peter Chambers (Chairman)
Khatijah Shah Mohamed
Kenneth Shen

The Cyber Security Steering Committee ("CSSC") is established as a sub-committee of the BRMC to assist the BRMC in focusing on the implementation of the cybersecurity initiatives in the Group and ensuring a standardised and aligned implementation is adopted across the Group. This focused approach was essential with the numerous cyber-attacks and the level of sophistication of these attacks experienced by many organisations across the globe.

#### Roles
The CSSC is authorised by the BRMC to:
- Review, challenge and propose recommendations on any of the proposed cybersecurity initiatives including recommendation of new initiatives.
- Have full and unrestricted access to any of the Axiata Group’s information, records, properties and personnel.
- Obtain external independent professional advice where necessary.
- Escalate issues to the BRMC for immediate action and with approval from the BRMC Chairman, the CSSC can change the Cyber Security priorities accordingly.

#### Responsibilities
- Review the proposed Global Internal Audit Plans in respect of cyber security audit across the Group and make recommendations to the BAC.
- Oversight of the Chief Information Security Officer (CISO) Function whereby the CISO shall report to the CSSC on matters of cybersecurity.

#### Board Risk Management Committee

The CSSC shall:
- Oversee the implementation of the Cyber Security Objectives.
- Improve the Cyber Security maturity across the group and is benchmarked against other telecoms and leading organisation’s best practices.
- Be advised on the Cyber risk and programme delivery issue and the actions taken by the CISO to resolve them.
- Monitor the progress and quality of the Cyber Security programme and provide assurance to the BRMC.

#### Activities in 2018
- Implemented an Internationally recognised National Institute of Standards and Technology (NIST) Cybersecurity Framework across the Group.
- Implemented a programme to ensure all critical assets are compliant to a Minimum Baseline Security Standard.
- Conducted a Group-wide Red Team cyber assessment exercise and reported to the Axiata Board with priority actions to improve Cyber resilience.
- Implemented a Bug Bounty programme to identify and remediate software vulnerabilities/bugs on our web and mobile channels.
- Implemented a Group Security Operations Centre ("GSOC") that provides real-time visibility of cyber-attacks for all our OpCos to a single world class platform which provides real-time visibility of cyber-attacks.

#### Priorities for 2019
- Review existing Operating Model to improve synergy, cost, risk profile and reduce duplication.
- Increase cyber awareness, focus on Insider threats and Third-Party risk.
- Double our efforts on improving foundational/hygiene controls.
- Test and improve our crisis management process.
- Continue to build our Detection and Response capabilities.
Communication with Shareholders and Investors

Axiata uses a number of formal channels to account to shareholders and stakeholders particularly:

- Direct Shareholder Communication & Engagement
- Announcements to Bursa Securities
- Website Updates on all corporate communication
- Annual General Meeting
- Media Interviews on Corporate Developments
- Social Media reach and engagement on all key channels
- Regional Media Summit
- Press Conference on Financial Results and Corporate Developments
- Targeted media engagement and networking
- Media Release on Financial Results and Corporate Developments
- Conference Calls on Financial Results and Corporate Development
- Analyst & Investor Day
- Analysts/Investor Meetings
- Conferences/Non-Deal Roadshows
- Investor Relations Website
- 29 Equity Research coverage
- IAR, Sustainability Report, GAFS and Notice of AGM Website/Mobile Apps/Print at Request/Press Advertisement

The Board acknowledges the importance of effective communication channels between the Board, stakeholders, institutional investors and the investing public at large to provide a clear and complete picture of the Group’s performance and position as much as possible. The Group is fully committed in maintaining high standards in the dissemination of relevant and material information on the development of the Group in its commitment to maintain effective, comprehensive, timely and continuous disclosure. There has also been strong emphasis on the importance of timely and equitable dissemination of information. Disclosures of corporate proposals and/or financial results are made not only in compliance with the Main LR of Bursa Securities but also include additional items through media releases and are done on a voluntary basis.

For complete details of our Stakeholder Engagement, please refer to page 23

Investor Relations
Conferences, non-deal roadshows (“NDR”), large group meetings and one-on-one meetings

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
<th>Location</th>
</tr>
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<tbody>
<tr>
<td>24 January</td>
<td>Invest Malaysia</td>
<td>Maybank &amp; Bursa Malaysia, Kuala Lumpur</td>
</tr>
<tr>
<td>1 - 5 March</td>
<td>London NDR</td>
<td>UBS</td>
</tr>
<tr>
<td>12 - 16 March</td>
<td>Axiata OpCos Reverse NDR</td>
<td>Maybank</td>
</tr>
<tr>
<td>20 - 21 March</td>
<td>21st Annual Asian</td>
<td>Credit Suisse, Hong Kong</td>
</tr>
<tr>
<td>6 - 7 June</td>
<td>Investment Forum Asia 2018</td>
<td>Nomura, Singapore</td>
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<td>10 - 11 September</td>
<td>Investors’ Forum 2018</td>
<td>CLSA, Hong Kong</td>
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<tr>
<td>17 - 18 September</td>
<td>London NDR</td>
<td>CLSA</td>
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<tr>
<td>26 November</td>
<td>Analyst &amp; Investor Day</td>
<td>Kuala Lumpur</td>
</tr>
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<td>30 November</td>
<td>Singapore NDR</td>
<td>BofAML</td>
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<td>4 - 6 December</td>
<td>USA NDR</td>
<td>HSBC</td>
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### Group Directory

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<tr>
<th>Company Name</th>
<th>Address</th>
<th>Phone</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axiata Group Berhad</td>
<td>Corporate Headquarters Axiata Tower 9 Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia</td>
<td>+603 2263 8888</td>
<td><a href="http://www.axiata.com">www.axiata.com</a></td>
</tr>
<tr>
<td>Celcom Axiata Berhad</td>
<td>@celcom No 6 Persiaran Barat Seksyen 52 46200, Petaling Jaya Selangor Darul Ehsan Malaysia</td>
<td>+603 7200 2222</td>
<td><a href="http://www.celcom.com.my">www.celcom.com.my</a></td>
</tr>
<tr>
<td>PT XL Axiata Tbk.</td>
<td>XL Axiata Tower Jl. H.R. Rasuna Said X5 Kav. 11-12 Kuningan Timur Setiabudi Jakarta Selatan 12950</td>
<td>+62 21 5761881</td>
<td><a href="http://www.xl.co.id">www.xl.co.id</a></td>
</tr>
<tr>
<td>Dialog Axiata PLC</td>
<td>No 475 Union Place Colombo 02 Sri Lanka</td>
<td>+94 777 678 700</td>
<td><a href="http://www.dialog.lk">www.dialog.lk</a></td>
</tr>
<tr>
<td>Robi Axiata Limited</td>
<td>53 South Gulshan South Avenue Gulshan-1 Dhaka-1212 Bangladesh</td>
<td>+88 02 9887146 52</td>
<td><a href="http://www.robi.com.bd">www.robi.com.bd</a></td>
</tr>
<tr>
<td>Smart Axiata Co., Ltd.</td>
<td>464A Monivong Blvd Sangkat Tonle Bassac Khan Chamkarmorn 12301 Phnom Penh Kingdom of Cambodia</td>
<td>+855 10 201 000</td>
<td><a href="http://www.smart.com.kh">www.smart.com.kh</a></td>
</tr>
<tr>
<td>Ncell Private Limited</td>
<td>Lalitpur District Lalitpur Metropolitan City Ward No 4 Nakkhu, Nepal</td>
<td>+977 9805554444</td>
<td><a href="http://www.ncell.axiata.com">www.ncell.axiata.com</a></td>
</tr>
<tr>
<td>Axiata Digital Services Sdn Bhd</td>
<td>Level 32 Axiata Tower 9 Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia</td>
<td>+603 2260 9400</td>
<td><a href="http://www.axiatadigital.com">www.axiatadigital.com</a></td>
</tr>
<tr>
<td>Apigate Sdn Bhd</td>
<td>Level 29 Axiata Tower 9 Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia</td>
<td>+603 2260 9400</td>
<td><a href="http://www.apigate.com">www.apigate.com</a></td>
</tr>
<tr>
<td>edotco Group Sdn Bhd</td>
<td>Level 30 Axiata Tower 9 Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia</td>
<td>+603 2262 1388</td>
<td><a href="http://www.edotcogroup.com">www.edotcogroup.com</a></td>
</tr>
<tr>
<td>Axiata Digital Advertising Sdn Bhd</td>
<td>Level 32 Axiata Tower 9 Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia</td>
<td>+603 2260 9400</td>
<td>ada-asia.com</td>
</tr>
<tr>
<td>Apigate Sdn Bhd</td>
<td>Level 29 Axiata Tower 9 Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia</td>
<td>+603 2260 9400</td>
<td><a href="http://www.apigate.com">www.apigate.com</a></td>
</tr>
</tbody>
</table>
Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE TWENTY-SEVENTH ANNUAL GENERAL MEETING OF AXIATA GROUP BERHAD ("AXIATA" OR "COMPANY") WILL BE HELD AT NEXUS BALLROOM 2 & 3, LEVEL 3A, CONNEXION@NEXUS, NO. 7 JALAN KERINCHI, BANGSAR SOUTH CITY, 59200 KUALA LUMPUR, MALAYSIA ON WEDNESDAY, 29 MAY 2019 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:

AS ORDINARY BUSINESS:


2. To re-elect the following Directors, each of whom retires by rotation pursuant to Clause 104 of the Constitution of the Company ("Constitution") and being eligible, offers himself for re-election:

   i) Tan Sri Ghazzali Sheikh Abdul Khalid
   ii) Tan Sri Jamaluddin Ibrahim
   iii) Dato' Mohd Izazadin Idris

3. To re-elect the following Directors, each of whom retires pursuant to Clause 110 (i) of the Constitution and being eligible, offers herself for re-election:

   i) Dr. Lisa Lim Poh Lin
   ii) Khoo Gaik Bee

4. To approve the following payment by the Company:

   a) Directors’ fees with effect from the 27th Annual General Meeting until the next Annual General Meeting:

<table>
<thead>
<tr>
<th></th>
<th>Non-Executive Chairman (&quot;NEC&quot;)/per month (RM)</th>
<th>Non-Executive Director (&quot;NED&quot;)/per month (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Directors’ fees</td>
<td>30,000.00</td>
<td>20,000.00</td>
</tr>
<tr>
<td>ii) Directors’ fees of the Board Audit Committee</td>
<td>4,000.00</td>
<td>2,000.00</td>
</tr>
<tr>
<td>iii) Directors’ fees of the Board Nomination and Remuneration Committee</td>
<td>1,200.00</td>
<td>800.00</td>
</tr>
</tbody>
</table>

   (each of the foregoing payments being exclusive of the others).

   b) Benefits payable to NEC and NEDs from the 27th Annual General Meeting until the next Annual General Meeting.

5. To approve the payment of fees and benefits payable by the subsidiaries to the NEDs of the Company from the 27th Annual General Meeting until the next Annual General Meeting.

6. To re-appoint PricewaterhouseCoopers PLT having consented to act as the Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS:

7. To approve the following Directors, each of whom has served as an Independent Non-Executive Director for a cumulative term of more than nine years, to continue to act as Independent Non-Executive Directors:

   i) Tan Sri Ghazzali Sheikh Abdul Khalid
   ii) David Lau Nai Pek

   (Ordinary Resolution 9)

8. PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

   "THAT, in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) (Main LR), approval be and is hereby given for Axiata and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, as set out in ‘Appendix I’ of the Circular to Shareholders dated 30 April 2019 (Circular) which is made available together with the Company’s Integrated Annual Report 2018 at https://axiata.com/investors/agm.html which are necessary for the day-to-day operations in the ordinary course of the business of Axiata and/or its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of Axiata;

   THAT such approval will continue to be in force and effect until:

   i) The conclusion of the next Annual General Meeting at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;
   ii) The expiration of the period within which the next Annual General Meeting is required to be held under Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
   iii) Revoked or varied by resolution passed by the shareholders in general meeting, whichever is earlier;

   AND THAT the Directors be and are hereby authorised to complete and do all such acts, deeds and things (including without limitation, to execute such documents under the common seal in accordance with the provisions of the Constitution, as may be required) to give effect to the aforesaid shareholders’ mandate and transactions contemplated under this resolution.”

   (Ordinary Resolution 11)
9. **PROPOSED RENEWAL OF THE AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES IN THE COMPANY (AXIATA SHARES) IN RELATION TO THE DIVIDEND REINVESTMENT SCHEME THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND ENTITLEMENTS IN NEW AXIATA SHARES (DRS)**

"THAT pursuant to the DRS approved by the shareholders at the Annual General Meeting held on 28 May 2014 and subject to the approval of the relevant authority (if any), approval be and is hereby given to the Company to allot and issue such number of new Axiata Shares pursuant to the DRS until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the best interest of the Company provided that the issue price of the said new Axiata Shares shall be fixed by the Directors at not more than 10% discount to the adjusted 5-day volume weighted average market price (VWAMP) of Axiata Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price;

AND THAT the Directors and the Secretary be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRS with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, as they, in their absolute discretion, deem fit and in the best interest of the Company.

(Ordinary Resolution 12)

10. **AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR DIRECTORS TO ALLOT AND ISSUE SHARES**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, full authority be and is hereby given to the Directors of the Company to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting, and upon such terms and conditions, and for such purposes, as the Directors may, in their absolute discretion, deem fit including in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force and the Directors be and are hereby further authorised to make or grant offers, agreements or options in respect of the shares of the Company including those which would or might require shares in the Company to be issued after the expiration of the approval hereof, provided that the aggregate number of shares to be issued does not exceed 10% of the issued shares of the Company for the time being and that the Directors be and are hereby empowered to obtain the approval for the listing and quotation for the additional shares so issued on Bursa Securities, subject always to the Companies Act 2016, the Main LR and the approvals of all relevant regulatory authorities, if required, being obtained.”

(Ordinary Resolution 13)

11. To transact any other ordinary business for which due notice has been given in accordance with the Constitution and the Companies Act 2016.

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a Member who shall be entitled to attend, speak and vote at this 27th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 75 of the Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (SICDA) to issue a General Meeting Record of Depositors as at 16 May 2019. Only a depositor whose name appears in the General Meeting Record of Depositors as at 16 May 2019 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

**By Order of the Board**

Suryani Hussein (L.S00092777)
Group Company Secretary
Kuala Lumpur, Malaysia
30 April 2019

**NOTES:**

*Proxy and/or Authorised Representative*

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy without any restriction to the qualification of the proxy to attend and vote in his/her stead.

2. The Company shall be entitled to reject any instrument of proxy lodged if the member is not shown to have any shares entered against his name in the Register and/or subject to Clause 41 of the Constitution in relation to the Record of Depositors made available to the Company.

3. A Member entitled to attend and vote at the Meeting is not entitled to appoint more than two proxies to attend and vote on his/her behalf. Where a Member appoints two proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.

4. Where a Member is an authorised nominee as defined under the SICDA, it may appoint at least one proxy but not more than two proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

Every appointment submitted by an authorised nominee as defined under the SICDA, must specify the CDS Account Number.
Notice of Annual General Meeting

5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in respect of each securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy shall:
   a) in the case of an individual, be signed by the appointor or by his/her attorney; or
   b) in the case of a corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

If the instrument appointing a proxy is signed by an officer on behalf of the corporation, it should be accompanied by a statement reading “signed as authorised officer under an Authorisation Document, which is still in force, no notice of revocation has been received”. If the instrument appointing a proxy is signed by the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading “signed under a power of attorney, which is still in force, no notice of revocation has been received”.

Any alteration to the instrument appointing a proxy must be initialed.

7. A corporation which is a Member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Clause 101 of the Constitution. Pursuant to Section 333 (3) of the Companies Act 2016, if the corporation authorizes more than one person, every one of the representative is entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if every one of the representative was an individual member of the Company. However, if more than one of the representatives do not purport to exercise the power in the same way, the power is treated as not exercised.

8. The instrument appointing a proxy together with the duly registered power of attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”), Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than 28 May 2019 at 10.00 a.m. The proxy appointment may also be lodged electronically via Tricor’s TIIH Online website at: https://tiih.online no later than 28 May 2019 at 10.00 a.m. For further information on the electronic lodgment of Proxy Form, kindly refer to the Annexure of the Administrative Notes.

9. Pursuant to Paragraph 8.29A of the Main LR, all resolutions set out in the Notice of AGM will be put to vote on poll.

Audited Financial Statements

10. The Audited Financial Statements for financial year ended 31 December 2018 (FY18) under Agenda 1 are laid before the shareholders pursuant to the provisions of Section 340(1) of the Companies Act 2016 for discussion only and will not be put forward for voting.

Re-election of Directors who retire pursuant to Clauses 104 and 110 (ii) of the Constitution

11. Clause 104 provides that one-third of the Directors of the Company for the time being shall retire by rotation at an Annual General Meeting of the Company. All the Directors shall retire from office once at least in each three years but shall be eligible for re-election. Tan Sri Ghazzali Sheikh Abdul Khalid, Tan Sri Jannaludin Ibrahim and Dato’ Mohd Izzaddin Idris are standing for re-election as Directors and being eligible, have offered themselves for re-election.

Clause 110 (ii) provides that any Director appointed during the year shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election. Dr Lisa Lim Poh Lin and Khoo Gaik Bee who were appointed on 8 June 2018 and 1 January 2019 respectively are standing for re-election as Directors of the Company.

The Board has recommended the re-election of the abovementioned Directors. Details of the assessment of the Directors seeking re-election and re-appointment , save for Dr Lisa Lim Poh Lin and Khoo Gaik Bee, are provided in the Corporate Governance Overview on page 74 of the Integrated Annual Report 2018. Their profiles are set out in the Profile of Directors’ section of the Governance & Audited Financial statement 2018 (“GAFS”) from pages 4 to 7.

Any Director referred to in Ordinary Resolution 1 to 5 who is a shareholder of the Company will abstain from voting on the resolution in respect of his/her re-election at the 27th Annual General Meeting.

Directors’ Fees and Benefits Payable by the Company

12. a) Clause 117(i) of the Constitution provides that the fees of Director and any benefits payable to the Directors shall be subject to annual shareholder approval at a meeting of members. Therefore, shareholders’ approval is required for the payment of Directors’ remuneration.

Shareholders’ approval on the Directors’ fees for Board and Board Committees and benefits payable was obtained at the 26th Annual General Meeting held on 23 May 2018 and there is no revision to any of the fees. Details of Directors’ fees and benefits paid to NEDs are set-out on page 8 of the GAFS.

b) Approval of the shareholders is sought pursuant to Section 230(1) of the Companies Act 2016, stipulating amongst others, that the fees and benefits payable to the directors of a listed company shall be approved at a general meeting. The benefits payable to the NEDs shall comprise the following:

   i) Meeting Allowance

<table>
<thead>
<tr>
<th>Board/Board Committees</th>
<th>Meeting Allowance (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEC</td>
<td>NED</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>3,000.00</td>
</tr>
<tr>
<td>Board Audit Committee</td>
<td>3,000.00</td>
</tr>
<tr>
<td>Board Nomination and Remuneration Committee</td>
<td>1,500.00</td>
</tr>
<tr>
<td>Other Board Committees</td>
<td>1,500.00</td>
</tr>
</tbody>
</table>

For guidance on estimated amount, the amount of Meeting Allowances paid to NEDs of Axiata for Board and Committee meetings held in FY18 are disclosed on page 8 of the GAFS.

ii) Benefits such as annual overseas business development trips, leave passage, travel allowance, travel allowance for non-resident NEDs, equipment, telecommunication facilities, insurance and medical.

iii) Any NEDs who are shareholders of the Company will abstain from voting on Ordinary Resolution 6 regarding the Directors’ Fees and Benefits Payable by the Company.
Notice of Annual General Meeting

Directors’ Fees and Benefits Payable by the Subsidiaries

13. a) Approval of the shareholders is sought to comply with the provisions of Section 230(1) of the Companies Act 2016, stipulating amongst others, that the fees and benefits payable to the directors of a listed company by the subsidiaries shall be approved at a general meeting. Ultimately, any decision in respect of the Directors’ remuneration of the following subsidiaries will be made by the shareholders of these companies in accordance with the laws applicable in their respective jurisdiction.

i) Fees and Meeting Allowance

<table>
<thead>
<tr>
<th>Company</th>
<th>Designation</th>
<th>Monthly Fees (MYR unless indicated otherwise)</th>
<th>Board of Directors</th>
<th>BAC</th>
<th>BNC/BRC</th>
<th>Board Dispute Resolution Committee</th>
<th>Other Board Committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Celcom</td>
<td>NEC</td>
<td>12,000.00</td>
<td>2,000.00</td>
<td>2,000.00</td>
<td>1,000.00 (BRC Only)</td>
<td>750.00</td>
<td>500.00</td>
</tr>
<tr>
<td></td>
<td>NED</td>
<td>8,000.00</td>
<td>1,500.00</td>
<td>1,500.00</td>
<td>750.00 (BRC Only)</td>
<td>500.00</td>
<td>350.00</td>
</tr>
<tr>
<td>XL</td>
<td>President</td>
<td>IDR120M</td>
<td>IDR800 (BRC Only)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>BOC, Member</td>
<td>IDR884-110M</td>
<td>IDR500 (BRC Only)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>BAC, Member</td>
<td>IDR84M</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dialog</td>
<td>NEC</td>
<td>USD1,463.00</td>
<td>USD975.00 (AGM: USD850.00)</td>
<td>USD975.00</td>
<td>USD690.00 (BNC &amp; BRC) -</td>
<td>USD375.00</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>NED</td>
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<td>USD750.00 (AGM: USD500.00)</td>
<td>USD750.00</td>
<td>USD550.00 (BNC &amp; BRC) -</td>
<td>USD375.00</td>
<td>-</td>
</tr>
<tr>
<td>Robi</td>
<td>NEC</td>
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<td>USD300.00</td>
<td>USD300.00</td>
<td>USD150.00 (BRC Only) -</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>NED</td>
<td>USD2,000.00</td>
<td>USD200.00</td>
<td>USD200.00</td>
<td>USD100.00 (BRC Only) -</td>
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<td>-</td>
</tr>
<tr>
<td>Ncell</td>
<td>NEC</td>
<td>USD2,500.00</td>
<td>USD300.00</td>
<td>USD300.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>NED</td>
<td>USD2,000.00</td>
<td>USD200.00</td>
<td>USD200.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>edotco</td>
<td>NEC</td>
<td>USD8,000.00</td>
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<td>750.00</td>
<td>-</td>
<td>350.00</td>
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<td>700.00</td>
<td>700.00</td>
<td>500.00</td>
<td>-</td>
<td>250.00</td>
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<tr>
<td>Smart</td>
<td>NEC</td>
<td>USD1,200.00</td>
<td>USD300.00</td>
<td>USD300.00</td>
<td>USD150.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>NED</td>
<td>USD1,200.00</td>
<td>USD300.00</td>
<td>USD300.00</td>
<td>USD150.00</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

ii) Other customary benefits not available and/or provided by Axiata prevalent in these respective jurisdiction

Notes:

For reference on the directorship of Axiata NEDs on the Board of subsidiaries and amount paid for the FY18 which provides guidance on the estimated amount, please refer to page 8 of the GAFS.

Payment of fees and benefits in notes 12 and 13 will be made by the Company and the respective subsidiary on a monthly basis and/or as and when incurred.

iii) Any NEDs who are shareholders of the Company will abstain from voting on Ordinary Resolution 7 regarding the Directors’ Fees and Benefits Payable by the Subsidiaries.
Notice of Annual General Meeting

Re-appointment of Auditors

14. The Company and the Board Audit Committee (BAC) has an External Auditors Evaluation and Rotation Assessment to assess the performance of external auditors. This assessment is undertaken when deciding on the re-appointment of external auditors and takes into account the following criteria:

1. Independence
2. Scope of audit
3. Audit fee
4. Expertise and experience
5. Methodologies, techniques and audit facilities
6. Performance based on the annual audit scope and planning

The BAC and the Board had, at its meetings held on 20 and 21 February 2019 respectively, evaluated the re-appointment of PricewaterhouseCoopers PLT (PWC) as Auditors of the Company, in the course of which the criteria of assessment were duly considered. The BAC and the Board were satisfied with the performance of PWC based on the criteria of assessment and that the requirements for consideration as prescribed under Paragraph 15.21 of the Main LR are duly met. A recommendation is made for the appointment of PWC as external auditors of the Company for the financial year ending 31 December 2019.

EXPLANATORY NOTES - SPECIAL BUSINESS

Approval for Directors to Continue as Independent Non-Executive Directors

Tan Sri Ghazzali Sheikh Abdul Khalid and David Lau Nai Pek have reached cumulative 9-year independence limit in 2017. In accordance with the Malaysian Code on Corporate Governance 2017, the Board through the BNRC has undertaken an assessment on the abovementioned INEDs and has recommended for these Directors to continue to serve as Independent Directors. Details of their assessment are provided on page 74 of the Integrated Annual Report 2018.

Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 11, if approved, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions with related parties in the ordinary course of business which are necessary for the Group’s day-to-day operations and are on terms not more favourable to the related parties than those generally available to the public and shall lapse at the conclusion of the next Annual General Meeting unless authority for its renewal is obtained from shareholders of the Company at such general meeting. Detailed information on the Proposed Shareholders’ Mandate is set out in the Circular.

Proposed Renewal of Authority for Directors to Allot and Issue New Axiata Shares In relation to DRS

The shareholders had, at the 26th Annual General Meeting held on 23 May 2018, approved the renewal of the authority for the Directors to allot and issue new Axiata Shares in relation to DRS and such authority will expire at the conclusion of this Annual General Meeting. The DRS provided shareholders with the opportunity to reinvest the whole or part of cash dividends in new Axiata Shares in lieu of receiving cash subject to the determination by the Directors, shareholders may be offered an option to reinvest such dividends in new Axiata Shares and where applicable, the portion of such dividends to which the option to reinvest applies. This proposed Ordinary Resolution 12, if approved, will renew the Directors’ authority to issue new Axiata Shares in respect of the Dividend and subsequent dividends to be declared, if any, under the DRS, until the conclusion of the next Annual General Meeting. A renewal of this authority will be sought at subsequent Annual General Meeting.

Authority under Sections 75 and 76 of the Companies Act 2016 for Directors to Allot and Issue New Axiata Shares

The Company has not issued any new shares under the general mandate for allotment and issuance of shares up to 10% of the issued shares of the Company, which was approved at the 26th Annual General Meeting held on 23 May 2018 and which shall lapse at the conclusion of the 27th Annual General Meeting to be held on 29 May 2019. The proposed Ordinary Resolution 13 is a general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 obtained from the shareholders of the Company at the Annual General Meeting and this resolution, if approved, will give the Directors the mandate to allot and issue new shares in the Company or to make or grant offers, agreements or options in respect of such shares to such persons, in their absolute discretion including to make or grant offers, agreements or options which would or might require share in the Company to be issued after the expiration of the approval and flexibility to the Company in respect of any possible fund raising activities without having to seek shareholders’ approval via a general meeting subsequent to this 27th Annual General Meeting, provided the aggregate number of shares issued does not exceed 10% of the total number of issued shares of the Company for the time being. The general mandate, unless revoked or varied by the Company at a general meeting, will be valid until the next Annual General Meeting of the Company. The rationale is to avoid delay in the capital raising initiatives including placement of shares for the purpose of funding current and/or future current and/or future investment project, working capital and/or acquisitions as well as in the event of any strategic opportunities involving equity deals which may require the Company to allot and issue new shares on urgent basis and thereby reducing administrative time and relevant cost associated with convening additional general meeting(s). In any event, the exercise of this mandate is only to be undertaken if the Board considers it to be in the best interest of the Company.
Statement Accompanying Notice of Annual General Meeting

DIRECTORS STANDING FOR RE-ELECTION AT THE 27TH ANNUAL GENERAL MEETING

The following are Directors retiring pursuant to Clause 104 and Clause 110(i) of the Company’s Constitution and standing for re-election:

Clause 104: Retirement by rotation

1. Tan Sri Ghazzali Sheikh Abdul Khalid
2. Tan Sri Jamaludin Ibrahim
3. Dato’ Mohd Izzaddin Idris

Clause 110(i): Retirement after appointment to fill casual vacancy

1. Dr Lisa Lim Poh Lin
2. Khoo Gaik Bee

The profiles of the above Directors are set out in the Profile of Directors’ section of the GAFS from pages 4 to 7.

Save for Tan Sri Jamaludin Ibrahim, none of the above Directors has any interest in the securities of the Company and its related corporation. The securities holdings of Tan Sri Jamaludin Ibrahim are disclosed on page 191 of the GAFS.
I, ___________________________________________________________________________________________________
(NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)
with (NEW NRIC NO.) _______________________ (OLD NRIC NO.) ____________________ (COMPANY NO.) ____________________
of ______________________________________________________________________________________________________
(FULL ADDRESS)
________________________________________ (TELEPHONE/MOBILE NO.) _________________________________________
being a Member/Members of AXIATA GROUP BERHAD hereby appoint_______________________________________________
(NAME AS PER NRIC IN CAPITAL LETTERS)
with (NEW NRIC NO.) ______________________________________ (OLD NRIC NO.) ___________________________________
of ______________________________________________________________________________________________________
(FULL ADDRESS)
or failing him/her, __________________________________________________________
(NAME AS PER NRIC IN CAPITAL LETTERS)
with (NEW NRIC NO.) ______________________________________ (OLD NRIC NO.) ___________________________________
of ______________________________________________________________________________________________________
(FULL ADDRESS)
or failing him/her, the Chairman of the Meeting*, as my/our first proxy to vote for me/us on my/our behalf at the 27th Annual
General Meeting of AXIATA GROUP BERHAD to be held at Nexus Ballroom 2 & 3, Level 3A, Connexion@Nexus, No. 7 Jalan
Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Wednesday, 29 May 2019 at 10.00 a.m. or at any adjournment
thereof.

"B". If you wish to appoint a second proxy, please complete this section.

I, ___________________________________________________________________________________________________
(NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)
with (NEW NRIC NO.) _______________________ (OLD NRIC NO.) ____________________ (COMPANY NO.) ____________________
of ______________________________________________________________________________________________________
(FULL ADDRESS)
________________________________________ (TELEPHONE/MOBILE NO.) _________________________________________
being a Member/Members of AXIATA GROUP BERHAD hereby appoint_______________________________________________
(NAME AS PER NRIC IN CAPITAL LETTERS)
with (NEW NRIC NO.) ______________________________________ (OLD NRIC NO.) ___________________________________
of ______________________________________________________________________________________________________
(FULL ADDRESS)
or failing him/her, __________________________________________________________
(NAME AS PER NRIC IN CAPITAL LETTERS)
with (NEW NRIC NO.) ______________________________________ (OLD NRIC NO.) ___________________________________
of ______________________________________________________________________________________________________
(FULL ADDRESS)
or failing him/her, the Chairman of the Meeting*, as my/our second proxy to vote for me/us on my/our behalf at the 27th Annual
General Meeting of AXIATA GROUP BERHAD to be held at Nexus Ballroom 2 & 3, Level 3A, Connexion@Nexus, No. 7 Jalan
Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Wednesday, 29 May 2019 at 10.00 a.m. or at any adjournment
thereof.

Note:
*Strike out if inapplicable.
1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy without any restriction to the qualification of the proxy to attend and vote in his/her stead.

2. The Company shall be entitled to reject any instrument of proxy lodged if the member is not shown to have any shares entered against his name in the Register and/or subject to Clause 41 of the Constitution of the Company in relation to the Record of Depositors made available to the Company.

3. A Member entitled to attend and vote at the Meeting is not entitled to appoint more than two proxies to attend and vote on his/her behalf. Where a Member appoints two proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.

4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”), it may appoint at least one proxy but not more than two proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

5. Every appointment submitted by an authorised nominee as defined under the SICDA, must specify the CDS Account Number.

6. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in respect of each securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

7. The instrument appointing a proxy shall:
   a) in the case of an individual, be signed by the appointer or by his/her attorney; or
   b) in the case of a corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

8. The instrument appointing a proxy, together with the duly registered power of attorney referred to in Note 6 above, if any, shall be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”), Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than 28 May 2019 at 10.00 a.m. You may also refer to the Annexure of the Administrative Notes for further information on the electronic lodgement of Proxy Form.

9. Any alteration to the instrument appointing a proxy must be initialed.

10. For purposes of determining a member who shall be entitled to attend, speak and vote at the next AGM, the Company shall be requesting Bursa Depository to issue a General Meeting Record of Depositors as at 16 May 2019. Only a Member, whose name appears in the General Meeting Record of Depositors as at that date and who is resident in Hong Kong, shall be entitled to attend, speak and vote at the said meeting of the Company.
For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

<table>
<thead>
<tr>
<th>Percentage (%)</th>
<th>Proxy* &quot;A&quot;</th>
<th>Proxy* &quot;B&quot;</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td></td>
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</table>

Please fill in the proportion of the holding to be presented by each proxy.

My/Our proxy/proxies is/are to vote as indicated below:

Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote or abstain at his/her discretion.

Resolutions

<table>
<thead>
<tr>
<th>Resolutions</th>
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<tbody>
<tr>
<td>1. Ordinary Resolution 1 – Re-election of Tan Sri Ghazzali Sheikh Abdul</td>
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<tr>
<td>Khalid</td>
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<tr>
<td>2. Ordinary Resolution 2 – Re-election of Tan Sri Jamaludin Ibrahim</td>
</tr>
<tr>
<td>3. Ordinary Resolution 3 – Re-election of Dato' Mohd Izzaddin Idris</td>
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<tr>
<td>4. Ordinary Resolution 4 – Re-election of Dr Lisa Lim</td>
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<tr>
<td>5. Ordinary Resolution 5 – Re-election of Tan Chuan Teik</td>
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<td>6. Ordinary Resolution 6 – Re-election of Tan Meng Zhe</td>
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<tr>
<td>7. Ordinary Resolution 7 – Re-election of Tan Chuan Teik</td>
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<td>8. Ordinary Resolution 8 – Re-election of Tan Chuan Teik</td>
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<tr>
<td>9. Ordinary Resolution 9 – Continuation of Tan Chuan Teik to act as INED</td>
</tr>
<tr>
<td>10. Ordinary Resolution 10 – Continuation of Tan Chuan Teik to act as INED</td>
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</tbody>
</table>

Signed this _________ day of ___________________ 2019

No. of ordinary shares held

CDS Account No. of Authorised nominee

Signed this _________ day of ___________________ 2019

Signature(s)/Common Seal of Member(s)