



### Digital Telco



### Digital Businesses



### Infrastructure



Guided by our broader purpose of Advancing Asia, Axiata Group Berhad together with our Operating Companies throughout our footprint of 11 countries in ASEAN and South Asia champion digital inclusion for communities through the provision of digital and connectivity solutions. This is achieved through the Group's Triple Core Businesses namely Digital Telco, Digital Businesses and Infrastructure.



For more details on our regional presence, please refer to page 4 in the "Find Further Details Of Who We Are" section

# IN THIS INTEGRATED ANNUAL REPORT 2019

<p><b>SEE WHAT WE BASE OUR PRESENTATION ON</b></p>	<p><b>FIND FURTHER DETAILS OF WHO WE ARE</b></p> <ul style="list-style-type: none"> <li>We Are Axiata 4</li> <li>This Is What We Do 6</li> </ul>	<p><b>READ HOW OUR LEADERS CONTINUE TO CREATE VALUE</b></p> <ul style="list-style-type: none"> <li>Chairman's Message 8</li> <li>Our Share Price Performance 10</li> <li>Our Dividend Policy 11</li> <li>In Conversation With The President &amp; Group CEO 12</li> </ul>	<p><b>UNDERSTAND HOW WE PROGRESS STRATEGY</b></p> <ul style="list-style-type: none"> <li>The Environment We Operate In 22</li> <li>The Importance Of Listening To Our Stakeholders 23</li> <li>Our Risks Linked To Strategy 25</li> <li>Advancing Asia: Evolving And Adapting Our Strategy To A New Operating Landscape 28</li> <li>Adapting Our Strategy To A New Operating Landscape 29</li> </ul>
<p><b>BE ASSURED OF OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY</b></p> <ul style="list-style-type: none"> <li>Governance Is At The Heart Of Delivering To All Stakeholders 70</li> <li>Our Governance Structure 71</li> <li>Who Governs Us 72</li> <li>An Experienced Leadership 74</li> <li>Our Governance At A Glance 78</li> <li>Embedding Sustainability Into Our Governance Structures 79</li> <li>Board Leadership And Effectiveness 80</li> <li>Board Committees 83</li> <li>Board Accountability 85</li> <li>Internal Control And Risk Management 87</li> <li>Cyber Security Steering Committee 88</li> <li>Communication With Stakeholders 89</li> </ul>	<p><b>ASSESS HOW OUR OPERATING COMPANIES HAVE CONTRIBUTED TO CREATING VALUE</b></p> <ul style="list-style-type: none"> <li>2019 Overview Of Operating Companies' Performance 49</li> <li>Celcom Axiata 50</li> <li>XL Axiata 52</li> <li>Dialog Axiata 54</li> <li>Robi Axiata 56</li> <li>Smart Axiata 58</li> <li>Ncell Axiata 60</li> <li>edotco Group 62</li> <li>Axiata Digital 64</li> <li>Boost 65</li> <li>Aspirasi 66</li> <li>ADA 67</li> <li>Apigate 68</li> </ul>	<p><b>TAKE MEASURE OF OUR FINANCIAL PERFORMANCE</b></p> <ul style="list-style-type: none"> <li>Financial Review 40</li> <li>Consolidated Statement Of Comprehensive Income 43</li> <li>Consolidated Statement Of Cash Flows 43</li> <li>Consolidated Statement Of Financial Position 44</li> <li>Group Financial Analysis 2019 45</li> <li>Group Financial Position 46</li> <li>Key Performance Indicators 47</li> </ul>	<p><b>SEE HOW WE INTEND TO CREATE LONG-TERM VALUE</b></p> <ul style="list-style-type: none"> <li>Our Value Creation Model 32</li> <li>Delivering Long-Term Value To Shareholders 33</li> <li>Building A Modern, Agile And Digital Asian Talent Factory 34</li> <li>Becoming A Trusted And Reliable Digital Partner 35</li> <li>Supporting Governments And Communities In Our Markets 36</li> <li>Enabling Digitally-Connected Societies 37</li> <li>Minimising Environment Impact 38</li> </ul>
<p><b>ADDITIONAL INFORMATION</b></p> <ul style="list-style-type: none"> <li>Corporate Information 92</li> </ul>			

# SEE WHAT WE BASE OUR PRESENTATION ON

## Reporting Philosophy

This is Axiata Group Berhad's (Axiata or the Group) 2019 Integrated Annual Report (IAR), prepared according to the International Integrated Reporting Council's (IIRC) International <IR> Framework.

## Scope and Boundary

This IAR provides an account of our financial and non-financial performance, opportunities, risks and outcomes relating to our value creation abilities. It covers the activities of our Triple Core Business of Digital Telco, Digital Businesses and Infrastructure, for the period of 1 January 2019 till 31 December 2019.

## Assurance

Our Annual Financial Statements (AFS) have been audited as fully disclosed in the accompanying Governance and Audited Financial Statements 2019. Limited assurance has been provided on selected disclosure(s) within our Sustainability & National Contribution Report (SNCR) 2019.

## Approval by the Board

The Board of Directors (Board) has applied its collective mind in preparing and presenting Axiata's 2019 IAR as guided by the IIRC's International <IR> Framework.

- Tan Sri Ghazzali Sheikh Abdul Khalid
- Tan Sri Jamaludin Ibrahim
- Dato' Mohd Izzaddin Idris
- David Lau Nai Pek
- Dato Dr Nik Ramlah Nik Mahmood
- Dr David Robert Dean
- Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz
- Khoo Gaik Bee
- Thayaparan S Sangarapillai
- Ong King How

## Materiality

We have conducted our materiality assessment in line with Bursa Malaysia Securities Berhad's (Bursa Malaysia) 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

As our business operates in a perpetually changing environment, it is subject to uncertainties that could cause actual results to differ from those reflected in the forward-looking statements presented in this report.

## Information on Exclusions

Our disclosure appetite guides the limitations of information available in this report.

## Look out for these throughout the report:



Reference to another section or page in this Integrated Annual Report 2019



Reference to the Sustainability & National Contribution Report 2019



Reference to the Governance & Audited Financial Statements 2019



Reference to online material on [www.axiata.com](http://www.axiata.com)

## For more information:



Scan the QR code to view our IAR online

## AXIATA'S 2019 INTEGRATED ANNUAL REPORT SUITE IS MADE UP OF THE FOLLOWING:

### Reporting Suites



Integrated Annual Report 2019



Governance & Audited Financial Statements 2019



Sustainability & National Contribution Report 2019

### Disclosures

- Our Management Discussion and Analysis is covered under the following sections:
  - Read How Our Leaders Continue to Create Value
  - Understand How We Progress Strategy
  - Assess How Our Operating Companies Have Contributed to Creating Value
  - See How We Intend to Create Long-Term Value
- 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

### Financial Statements

- Directors' Report
- Audited Financial Statements
- Independent Auditor's Report

- Sustainability Framework
- Sustainability Governance
- Our Commitments
- Third Party Assurance

### Reporting Frameworks

- Malaysian Code on Corporate Governance 2017
- Bursa Malaysia Listing Requirements
- IIRC Integrated Reporting Framework
- Companies Act 2016

- Malaysian Code on Corporate Governance 2017
- Bursa Malaysia Listing Requirements
- Companies Act 2016

- Bursa Malaysia Sustainability Reporting Guidelines
- GRI Standards (Core)
- AA1000 Stakeholder Engagement
- ISAE 3000 (Revised) - Limited Assurance Engagement

## IMPROVEMENTS IN AXIATA'S IAR IN 2019

### General Improvements

- Our narrative flow provides better insight into the Group's strategy, and how it relates to the Group's ability to create value in the short, medium and long-term.

- This year we show a more holistic picture of the combination, interrelatedness and dependencies between the factors that affect the Group's ability to create value over time.

- The IAR is more concise and includes sufficient context to understand our strategy, governance, performance and prospects without repetition.

### Creating Value Through Governance

- We answer how our Group's governance structure supports our ability to create value over time.

### Defined Business Segments

- We clearly define our operating units with our digital business verticals.

### 10 Key Focus Areas

- We detail the Group's strategic focus, from our Triple Core Strategy to the new 10 Key Focus Areas and progress on those 10 Key Focus Areas.

## IMAGES FOR THE INTEGRATED ANNUAL REPORT 2019

The images used in our cover and section separators are aimed at showcasing our impact and purpose across Axiata's footprint markets, by depicting individuals interacting with technology within real-life settings, while not losing touch with their culture, heritage and communities.



**FIND FURTHER DETAILS  
OF WHO WE ARE**

# We Are Axiata

As one of the leading regional telecommunications groups, Axiata is driven by our purpose of Advancing Asia through digital innovation and technology.

digital financial services, digital advertising and digital platform; and our towerco provides infrastructure solutions and services.

In order to capitalise on opportunities from the global digital revolution, Axiata has evolved from a holding entity with a portfolio of pure-play mobile assets. Today Operating Companies (OpCos) across our footprint provide digital telco services to mobile, home and enterprise customers; digital businesses offer

With more than 12,976<sup>1</sup> employees from diverse nationalities and cultures forming our dynamic talent base, we are guided by our Uncompromising Integrity, Exceptional Performance (UI.EP) values in all that we do. We are committed to creating value-driven outcomes for our stakeholders in line with our 4P Goals.

## KEY CORPORATE INFORMATION

### Our Purpose

Advancing Asia

### Our Vision

New Generation Digital Champion by 2022

### Our Values

Uncompromising Integrity, Exceptional Performance

### Our Goals

The 4Ps that define our success

#### 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

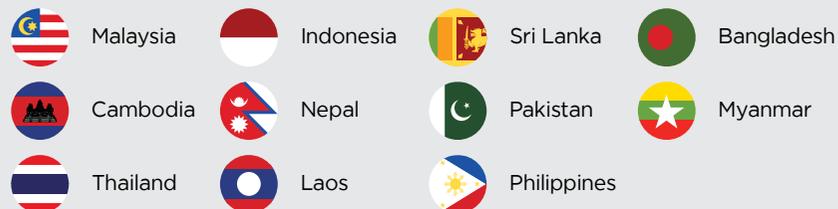
#### Partnership

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 Regional Presence



## SHAREHOLDING STRUCTURE



## CORPORATE FACTS AT A GLANCE

**28 April 2008**  
Listed on the Main Board of Bursa Malaysia

**RM37.9 billion**  
Market Capitalisation as at end 2019

**8th** largest entity on FTSE Bursa Malaysia KLCI (FMBKLCI)<sup>2</sup>

**Top 10** constituents by market capitalisation on the FTSE4Good Bursa Malaysia Index

Balance of local and foreign institutional investors, attracted by our:

- Strong fundamentals
- Long-term and sustainable growth prospects
- Attractive investment proposition

Continuous review of our strategic portfolio to achieve the following:

- Enhance our long-term value
- Optimally deploy capital and funding for growth strategies

Notes: <sup>1</sup> As at 31 December 2019 \* Comprises of total shareholdings held by trust funds managed by Permodalan Nasional Berhad  
<sup>2</sup> As of 31 March 2020

# We Are Axiata

## THESE ARE OUR MATERIAL ISSUES

Axiata's materiality assessments are conducted biennially and include all the Group's businesses comprising digital telcos, digital businesses and towerco, with the most recent assessment conducted in 2018. In order to ensure that our materiality assessment accurately reflects stakeholder sentiments, we have in place a robust stakeholder engagement process, which focuses on key material matters.

In 2019, Axiata's Sustainability team conducted a desktop validation of our material issues, with peer-to-peer benchmarking that provided the Group insights into industry best practices.

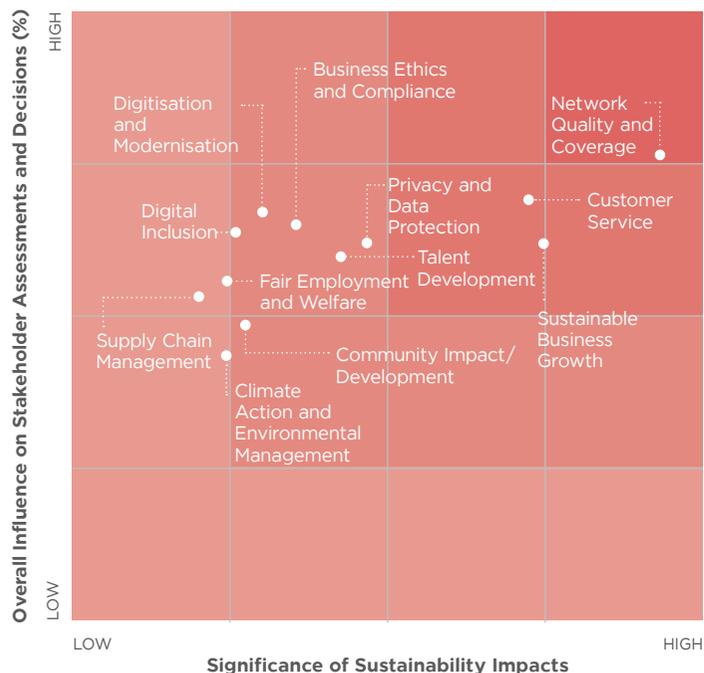
Moving forward for 2020, our materiality assessment will also seek to understand the multifaceted effects of the COVID-19 pandemic on the Group's key Material Issues. Whilst current public policy responses have evolved from the need to contain the pandemic into economic revival strategies, the next horizon for businesses is clouded by volatility and uncertainties. In its wake, the COVID-19 crisis has destabilised various traditional systems the world over that enabled businesses to function at pre-COVID-19 levels. No industry appears to be spared from the implications of the economic recession

triggered by the outbreak which will redefine capital availability and allocation, and pressure supply-demand chains.

On the other hand, the inequalities this crisis widens will create inclusion opportunities through the use of innovative technologies, and digital platforms and solutions. This ties in well with our purpose of Advancing Asia through digital inclusion.

There is thus a strong impetus for an in-depth assessment of the short, medium and long-term impacts on our Material Issues. In addition to posturing Axiata for growth in the "new normal", we believe findings will be relevant to align our value creation efforts with the considerable shifts we expect in stakeholder sentiments and expectations across our footprint.

Our materiality assessment for 2019 is outlined below:



Material Issues	Description
<b>E</b> ▶ <b>Network Quality and Coverage</b>	Enhancing network quality and coverage through continuous improvements in efficiency, availability and reliability
<b>E</b> ▶ <b>Customer Service</b>	Delivering a differentiated user experience for customers, and offering the most affordable products and services relative to customer promise in our highly competitive markets
<b>E</b> ▶ <b>Sustainable Business Growth</b>	Consideration of Economic, Environmental and Social (EES), and positive direct and indirect value creation in our strategic investment decisions to enhance our shareholder returns
<b>E</b> ▶ <b>Privacy and Data Protection</b>	Protection of all data, information and intellectual property against cyber security breaches
<b>E</b> ▶ <b>Digitisation and Modernisation</b>	Technological innovation to enhance key internal business functions, improve process efficiency, effectiveness, promote innovation and business continuity
<b>E</b> ▶ <b>Business Ethics and Compliance</b>	Enhance business integrity compliance within the ambit of Malaysian and international laws on bribery and corruption
<b>S</b> ▶ <b>Talent Development</b>	Promote development and uplift competencies of employees to respond to the rapidly changing and complex business environment
<b>S</b> ▶ <b>Digital Inclusion</b>	Providing affordable and innovative products and services in bridging the digital gap
<b>S</b> ▶ <b>Fair Employment and Welfare</b>	Fostering fair recruitment practices by embracing diversity and inclusion in the workforce, and offering employees fair compensation and benefits
<b>E</b> ▶ <b>Supply Chain Management</b>	Consideration of EES factors across supply chain management and processes
<b>S</b> ▶ <b>Community Impact/Development</b>	Financial and non-financial contributions to support local communities, underprivileged and underserved groups
<b>E</b> ▶ <b>Climate Action and Environmental Management</b>	Internal controls and monitoring mechanisms to manage environmental impacts

Legend: **E** Economic **E** Environmental **S** Social



For more details on:  
 - Our stakeholder engagements, please refer to pages 23 and 24 in the "Understand How We Progress Strategy" section  
 - How our material issues are linked to our strategy, please refer to pages 25 to 27 in the "Understand How We Progress Strategy" section  
 - Our Sustainability Governance, please refer to page 79 in the "Be Assured Of Our Commitment To Transparency And Accountability" section



For more details on:  
 - Our stakeholder engagements, please refer to pages 13 and 14 in the "Our Business" section  
 - Our Materiality Assessments, please refer to page 12 in the "Our Business" section

# This Is What We Do

## BECOMING A NEW GENERATION DIGITAL CHAMPION

In tandem with the adoption of IR 4.0 technologies and paradigm shifts in the telco industry, Axiata has evolved from a pure-play telco business that relied solely on mobile customer revenue, to a Triple Core Business. Aligned with our New Generation Digital Champion ambition, our Triple Core Business

capitalises on new areas of growth across our portfolio to diversify our revenue streams, and ensures our long-term business growth and sustainability.

### Digital Telco



#### OUR FOCUS

Converged digital telcos with a diversified portfolio focused on new growth value drivers of Home and Enterprise.

#### HOW WE CREATE VALUE

- Enabling **consumers' digital lifestyles**
  - Mobile and fixed wireless broadband services
  - Digital and TV entertainment
  - Smart Home services
- Driving productivity and business efficiency improvements for Enterprises through the application of **IR 4.0 advanced technologies**
  - Internet of Things (IoT) solutions
  - Cloud and Cyber Security solutions in the Business to Business (B2B) and Business to Government (B2G) segments

### Digital Businesses



#### OUR FOCUS

Our digital business holding company, Axiata Digital (AD), is focused on three core digital businesses: Digital Financial Services (DFS), Digital Advertising and Digital Platform.

#### HOW WE CREATE VALUE

- Enabling **digital inclusion**
  - Value-added, seamless and integrated DFS - Boost
  - Accessible micro-financing and micro-insurance for small business owners - Aspirasi
- Helping businesses through their **digital transformation journey** by tapping into new growth areas
  - Designing and executing integrated digital, analytics, and marketing solutions - Data and Artificial Intelligence company, ADA
  - Powering the ecosystem for stakeholders in the application development value-chain to develop and monetise their products and services - Digital Platform business, Apigate

### Infrastructure



#### OUR FOCUS

Our regional integrated telecommunications infrastructure company, edotco, is currently the 13th largest independent global tower company.

#### HOW WE CREATE VALUE

- Enabling **communications for communities and industries**
  - Innovative next generation shared and agile infrastructure
- **Addressing and managing environmental impacts**
  - Evolving the connectivity business to minimise carbon footprint



**READ HOW OUR LEADERS  
CONTINUE TO CREATE VALUE**

# Chairman's Message

## DEAR STAKEHOLDERS,

“ ON BEHALF OF THE BOARD OF DIRECTORS (THE BOARD OR DIRECTORS), I PRESENT AXIATA GROUP BERHAD'S (AXIATA OR THE GROUP) RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019. KEEPING WITH ITS PURPOSE OF ADVANCING ASIA, AXIATA CONTINUED TO PROGRESS INTO ONE OF THE LEADING REGIONAL TELECOMMUNICATIONS GROUPS THAT CONTRIBUTES TO THE DEVELOPMENT OF ECONOMIES, ADVANCED TECHNOLOGY AND SOCIETIES ACROSS ITS FOOTPRINT OF 11 COUNTRIES IN ASEAN AND SOUTH ASIA. ”



Scan to watch a multimedia version of the Chairman's Message

**TAN SRI GHAZZALI SHEIKH ABDUL KHALID**  
Chairman

Operating in challenging and competitive regional markets, multinational businesses were not spared the pressures of local geopolitical uncertainty and the fallout from the US-China trade war in 2019. Most recently, the world is confronted by the unprecedented COVID-19 pandemic and the damaging economic fallout threatening global growth and stability. The unfolding 'black swan' event delivered a triple blow to markets, as it negatively impacted global demand and supply chains, as well as financial markets throughout the world.

Companies are undergoing volatile and seismic shifts in the way they do business, as they grapple to respond and adapt to different stages of the pandemic. Whilst the telco industry has been somewhat cushioned by the higher demand for data and connectivity in the immediate term, we are also bracing for the mid-term impacts of the pandemic which are disrupting lives, livelihoods, communities and businesses everywhere. The enterprise segment will also be adversely affected as Small and Medium-sized Enterprises in tourism, retail and manufacturing-related businesses, amongst others, face the financial crunch of social movement restrictions that in turn has triggered a deep global recession.

As this dire situation continues to unfold, the telco industry as an essential and utilitarian service, must get its priorities right.

I am heartened to note that this industry has its heart in the right place as globally, we have responded remarkably to the heightened demand for connectivity, bandwidth and digital solutions. We have put aside commercial considerations to prioritise humanitarian and emergency needs. From the onset of the Coronavirus outbreak, our OpCos have contributed unstintingly to alleviate the difficulties faced by customers and communities in their markets.

Our challenge as a business to move forward under such difficult and unimaginable circumstances is to find our path of recovery in the face of uncertainty. We recognise we are navigating uncharted waters, but as a Group, we are hopeful for the future even as we continue to refine and adjust our strategies to define how we operate in this new world.

We are thankful that 2019, by all key indicators, can be described as successful. Our OpCos stepped up against heightened market competition, to significantly contribute to the Group's excellent financial performance.

As such, the Group emerged stronger to deliver shareholder value, enabling the Board to approve a total dividend of 9.5 sen per ordinary share. This includes an interim dividend of 5.0 sen per ordinary share,

and a special dividend of 0.5 sen to share gain from disposal of the M1 investment.

### Creating Value Through Trust

Since inception, Axiata has consistently emphasised on good governance and compliance. In further maturing its corporate governance, Axiata has now set up a Corporate Compliance Steering Committee to chart the roadmap towards a best-in-class ethics, integrity and compliance culture integral to trust building. A Group-wide maturity assessment exercise was conducted to identify and close gaps. Following the assessment, a new Compliance function has been established to execute the remedial actions and ensure appropriate governance, supporting procedures, and relevant training and awareness programmes are in place.

Further, we take pride in our belief and core value of "Uncompromising Integrity" and are committed to attaining zero-tolerance against any forms of bribery and corruption in our business. A concerted effort has been made in ensuring all our stakeholders, including our employees and other business associates, whether employed directly or indirectly (including customers, suppliers, agents, distributors, and others working for or on behalf of the Company), understand and embrace

 For more details on:  
 - How the Group is responding to the COVID-19 pandemic, please refer to page 18 of the "In Conversation With The President & Group CEO" section  
 - Our governance enhancements during the year, please refer to pages 69 to 90 in the "Be Assured Of Our Commitment To Transparency And Accountability" section

 For more details on how the Group is responding to the COVID-19 pandemic, please refer to page 32 in the "Nurturing People" section

## Chairman's Message

Axiata's ethos on the need to act professionally, ethically and with integrity in all circumstances. The prevention, detection and reporting of any forms of bribery and corruption are the responsibility of all stakeholders across the Company; each stakeholder is required and mandated to avoid any activity that might constitute, lead to, or perceive, bribery and/or corruption activities. Axiata also further enhanced our whistle blowing channels across all OpCos into a unified platform in 2019. In addition to providing a robust and transparent solution for better oversight, the initiative has led to greater confidence among employees to exercise internal vigilance, driving us closer towards our aim of achieving the highest standards of governance.

The Company's Board is committed to upholding the highest standards of lawful and ethical conduct both in the letter and spirit of the laws, regulations and international standards that apply to its operations within all jurisdictions in which we operate.

Moving forward, at the Board level, a new Board Risk and Compliance Committee (BRCC) replaced the Board Risk Management Committee (BRMC) to provide oversight on risk management, data privacy, cyber security, and ethics and compliance. On ethics and compliance, a Group Chief Risk and Compliance Officer has been appointed to provide leadership, including preparations for the new Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

As Axiata closes in on realising our Digital Champion ambitions, data privacy is a priority. In addition to strengthening our cyber security measures for the protection of personal data, Axiata embarked on its Privacy Programme in 2019 to uplift the Group's privacy posture, by adopting robust privacy practices in order to increase customers' trust. Moving into 2020, Axiata will be introducing its Privacy Commitment based on the principles of T.R.U.S.T., underlining the Group's position as a trusted regional telecommunications and digital services provider, fully committed to building a more resilient data privacy and cyber security ecosystem, that protects and respects the privacy of customers, employees and other stakeholders.

### Creating Value Through Sustainability

Axiata's sustainability agenda is focused on improving the quality of life of its customers and communities throughout its regional footprint. By practicing the universal value to "leave no one behind", the Group serves to contribute to advancing the United Nations' Sustainable Development Goals through its business operations, and digital inclusion products and services. Seeing through its wider

responsibility as a nation building partner, in 2019 Axiata contributed a total of USD8.4 billion to the Gross Domestic Product (GDP) of six countries where its digital telcos are present. The OpCos also directly and indirectly supported approximately 600,000 jobs across the region.

An agenda of increasing critical importance in today's world is the need to address the impact of climate change. In late 2019, the GSMA announced the industry's ambition to be zero carbon emissions by 2050. Towards supporting this ambition, Axiata is actively exploring the necessary systems, processes and partnerships to effectively achieve this outcome.

### Navigating Challenges

Considering the intense industry challenges, telcos globally are increasingly looking towards collaborative partnerships that lend synergies for sustainable long-term business growth. In 2019, Axiata made global headlines by exploring a merger with Telenor ASA's Asian operations, with both parties seeking value creation synergies envisaged for shareholders, the region and customers. On the back of several technical complexities, the proposed transaction was eventually called off four months into the due diligence exercise, but Axiata as a Group has learnt a lot from this exercise.

A material issue encountered in 2018/2019 was the capital gains tax dispute with the Government of Nepal concerning Axiata's 2016 indirect acquisition of 80% shareholding in Ncell Private Limited (Ncell). Axiata's subsidiaries commenced international arbitration proceedings against the Government of Nepal pursuant to the bilateral investment treaty between UK and Nepal. Despite this ongoing dispute, Axiata and Ncell remain fully committed to serving their customers in Nepal and will take all reasonable actions to avoid any disruption to its services and operations.

### Moving Forward

Moving into 2020, Axiata 5.0 is the next evolutionary phase that will guide the Group's digital transformation journey by institutionalising the building of a new corporate DNA that delivers sustainable growth in key critical business areas. With 5G on the horizon, and as more 4.0 technologies go to market, we will be facing heavier investment cycles ahead of us. Axiata 5.0 will guide the Group towards creating future value by striking the complex balance in achieving profitability and business growth, whilst delivering on customer and stakeholder expectations.

A culmination of all the learnings gained since embarking on the Triple Core Strategy, this new phase involves greater emphasis on building world-class Operational Excellence across the Group, with Axiata focusing its strategic execution towards achieving optimum efficiency across the value chain.

### Leadership Changes

Succession planning has always been a priority in the Board's agenda. As part of the plan to ensure business continuity, Tan Sri Jamaludin Ibrahim retires as President and Group CEO at the end of 2020, and hands over the mantle to Dato' Izzaddin Idris who is no stranger to Axiata, having served on its Board since 2016. To facilitate the transition into his new role as Deputy Group CEO and CEO-designate of Axiata, Dato' Izzaddin has been re-designated as Non-Independent Director.

On behalf of everyone at Axiata, I would like to express our deepest appreciation to Tan Sri Jamaludin for his sterling leadership since Axiata's inception to become the regional force it is today, standing shoulder-to-shoulder with the world's top telcos. We look forward to Dato' Izzaddin's leadership, confident in his ability to continue driving the Group forward in realising our vision of becoming a New Generation Digital Champion.

We also wish to thank Dr Muhamad Chatib Basri and Dr Lisa Lim Poh Lin for their exemplary service, with both having resigned in December 2019 and February 2020 respectively. During the year, the Board welcomed two new Independent Non-Executive Directors namely, Khoo Gaik Bee who joined on 1 January 2019, and Thaya Sangarapillai who joined on 18 March 2020. The Board also welcomed Ong King How on 27 November 2019 as an alternate director to Tengku Dato' Sri Azmil Zahrudin Bin Raja Abdul Aziz who serves on the Group's Board as a Non-Independent Non-Executive Director (NINED) representing Khazanah Nasional Berhad.

### Acknowledgements

Our gratitude to the governments and regulators in our markets for their steadfast support. We are indebted to our regional base of employees for their dedication towards the Group's value creation journey. Finally, our deepest appreciation to our shareholders for their sustained faith in Axiata.

### TAN SRI GHAZZALI SHEIKH ABDUL KHALID

Chairman



For more details on:

- Axiata 5.0, please refer to page 14 of the "In Conversation With The President & Group CEO" section and page 28 of the "Understand How We Progress Strategy" section
- Operational Excellence, please refer to page 15 in the "In Conversation With The President & Group CEO" section
- Changes to the Board, please refer to pages 69 to 90 in the "Be Assured Of Our Commitment To Transparency And Accountability" section



For more details on our sustainability activities and outcomes, please refer to the SNCR



For more details on T.R.U.S.T. and our data privacy and cyber security commitments, please refer to pages 38 and 39 in the "Strengthening Data Privacy And Cyber Security In 2019" section

## Our Share Price Performance

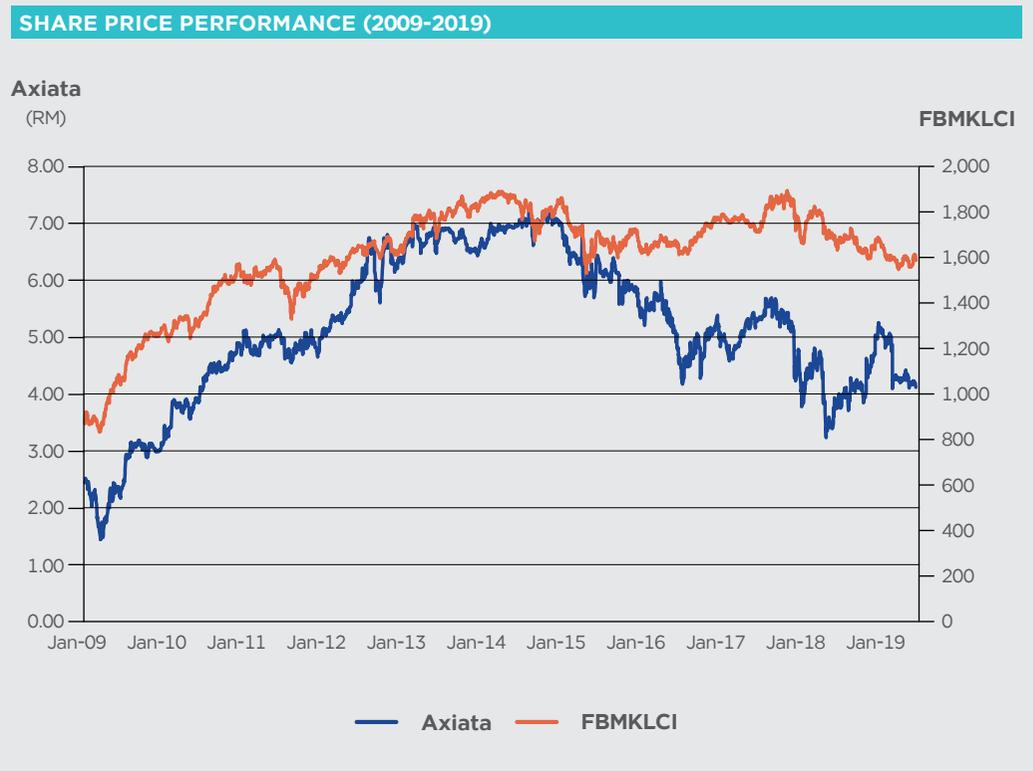
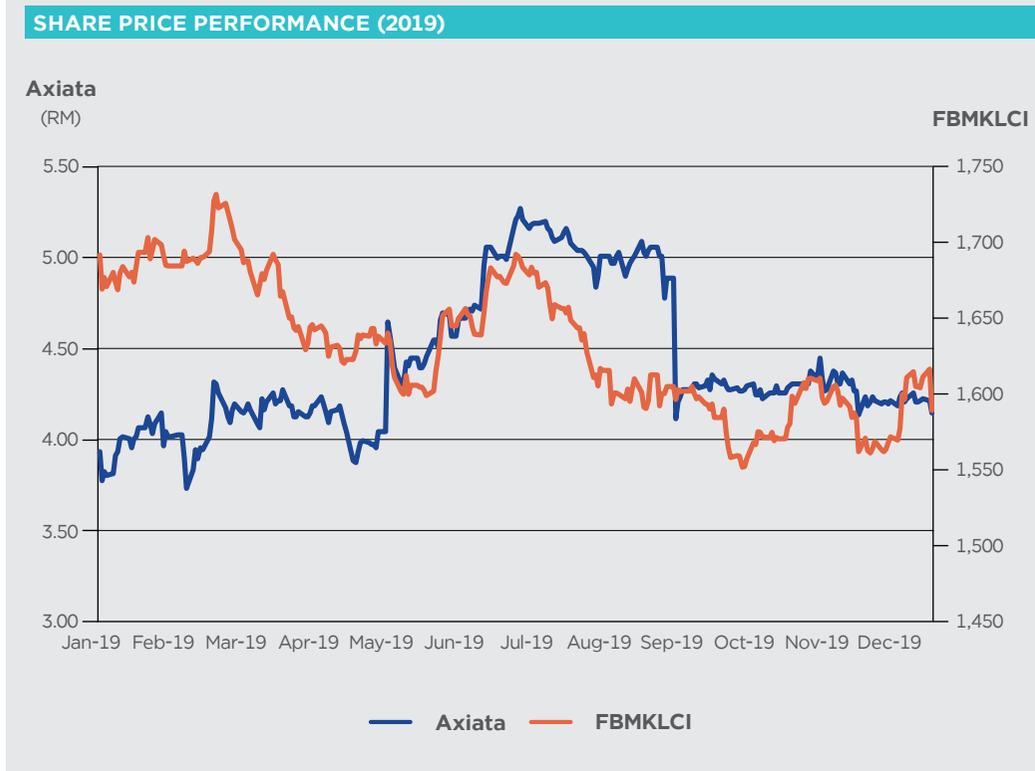
For the year under review, Axiata continued to create shareholder value, through sustained share price performance. Axiata closed 2019 as the eighth largest company on the FBMKLCI in terms of market capitalisation at RM37.9 billion.

In 2019, Axiata's share price was up 5% to close at RM4.14 on 31 December 2019, outperforming the FBMKLCI which was down by 6%.

Foreign shareholdings increased to 11.1% as at end 2019, compared to 10.5% in the preceding year.

Axiata's share price performance during the year was largely influenced by the announcement of the proposed merger of Axiata and Telenor's Asian operations in May 2019, and the subsequent mutual agreement to end discussions on the proposed transaction in September 2019. Post the end of merger talks, focus had been on the results of our "Shifting Gear" emphasis towards profitability and cash.

From 2009 to 2019, Axiata's share price had increased 68%.



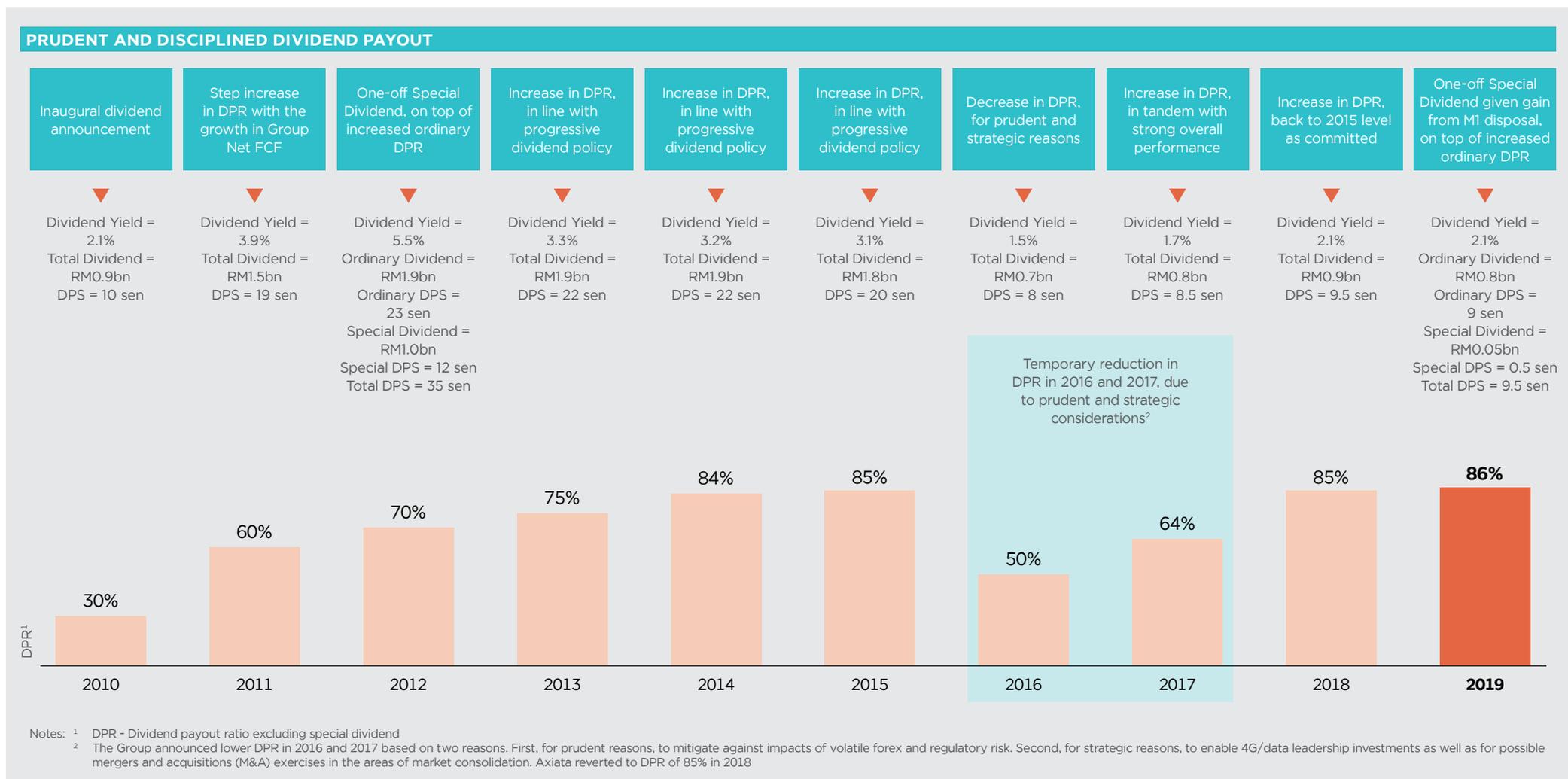
# Our Dividend Policy

In 2019, Axiata maintained its commitment to create sustainable value for shareholders and investors, by delivering on prudent and disciplined dividend payout. In February 2020, Axiata announced a second interim dividend of 4.0 sen per share, bringing total dividend for the financial year ended 31 December 2019 to 9.0 sen per share (including first interim dividend of 5.0 sen per share paid in November 2019). This translates to a full year Dividend Payout Ratio (DPR) of 86%, higher than the 85% payout last year.

In addition, Axiata also announced a special dividend of 0.5 sen per share in view of one-off gain from disposal of associate, M1 Limited during the financial year. Including the special dividend, FY19 dividend per share (DPS) of 9.5 sen is similar to FY18.

The Board remains committed to our:

- a) 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.
- b) Investor proposition: Our value proposition to investors of “moderate growth and moderate dividend”.



## In Conversation With The President &amp; Group CEO

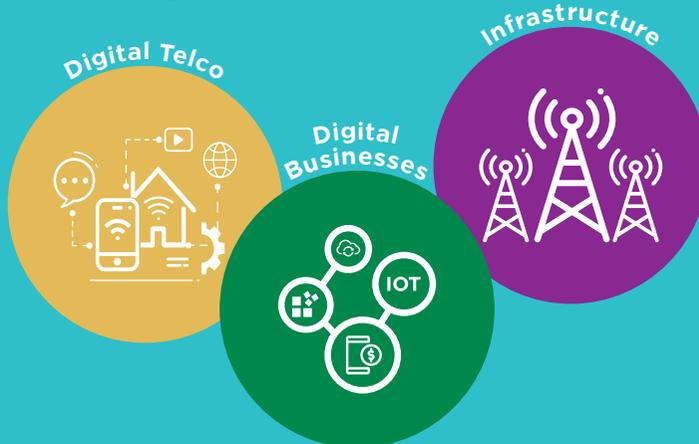


## ADVANCING ASIA AS A DIGITAL CHAMPION



**axiata**

OUR TRIPLE CORE BUSINESS



Scan to watch a multimedia version of the President & Group Chief Executive Officer's Message

**TAN SRI JAMALUDIN IBRAHIM**

President & Group Chief Executive Officer

## CAUTIOUS OUTLOOK WEIGHS ON STELLAR 2019 PERFORMANCE

**As COVID-19 cases begin to plateau and fall, governments around the world are examining exit strategies from movement restrictions in order to get people back to work. Companies will have to rethink their survival in the new normal as they confront major shifts in almost all aspects of operations. Overcoming challenges to post a stellar 2019 performance, Axiata Group Berhad (Axiata or the Group) will now have to prepare to scale the recovery and safeguard its business and operations as it attempts to bounce back from the recession with resilience and maintain its capacity for growth.**

The past decade has seen global telcos struggling with sluggish organic growth and heightened hyper-competition between traditional and disruptive Over-The-Top (OTT) players. Amidst the various macroeconomic and geopolitical tensions adding to the heightened mix of market and industry volatility, the global COVID-19 pandemic tipped many nations into distressed social and economic conditions never witnessed in modern history. Public and private sectors are grappling with rising complexities, each trying to do their part to adjust to this shocking reality.

Even as the operating environment grows more complex, the pressure for telcos to invest for growth remains, especially in the post-COVID-19 world and its implications for how institutions, industries and businesses should reinvent themselves. Telco players will turn to regulators to shed clarity on how the regulatory and competitive environment may shift to the “next normal” as companies seek to emerge from the recession and find their path to recovery.

Whilst it is too soon to reveal detailed plans to return the business back to scale quickly, we can appreciate the rigour and disciplined actions the Group had undertaken in 2018 and 2019 chiefly on ensuring a stronger balance sheet from debt reduction and improved Free Cash Flow (FCF), an optimised portfolio through the divestment of its non-core businesses, and staying focused on its profitability and cash generation initiatives. Taking on these early and hard moves in the last two years to deliberately strengthen the Group's financials and fundamentals have in turn, placed Axiata in a stronger position to weather the unprecedented global catastrophe.

We speak to Axiata's President and Group Chief Executive Officer, Tan Sri Jamaludin Ibrahim to find out how the Group has worked towards shoring up its edge and continues to chart its future to deliver sustainable value creation for stakeholders.

# In Conversation With The President & Group CEO



## 1. Has Axiata's focus on cash and profits in 2019 borne results?

Absolutely! The “Shifting Gear” focus has been on point, enabling us to post record results for FY19.

We closed the year on a high with the highest reported Profit After Tax (PAT) since 2016 at RM1.8 billion, and highest ever Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) at RM10.6 billion. Our reported revenue (excluding devices) grew 5.1%, EBITDA 27.4% and Profit After Tax and Minority Interests (PATAMI) more than 100%. Even eliminating one-offs, the Group's underlying<sup>1</sup> EBITDA also registered solid double-digit improvement of 10.9%, due to better operational performance by almost all Operating Companies (OpCos) and successful containment of costs, whilst underlying PATAMI grew 1.2%. However further adjusting for our portfolio optimisation initiatives and unexpected tax impact in Bangladesh, PATAMI growth was 30.7%.

At the same time, Return on Invested Capital (ROIC) improved significantly by 5.1 percentage points (ppt) in FY18 to 6.4% in FY19.

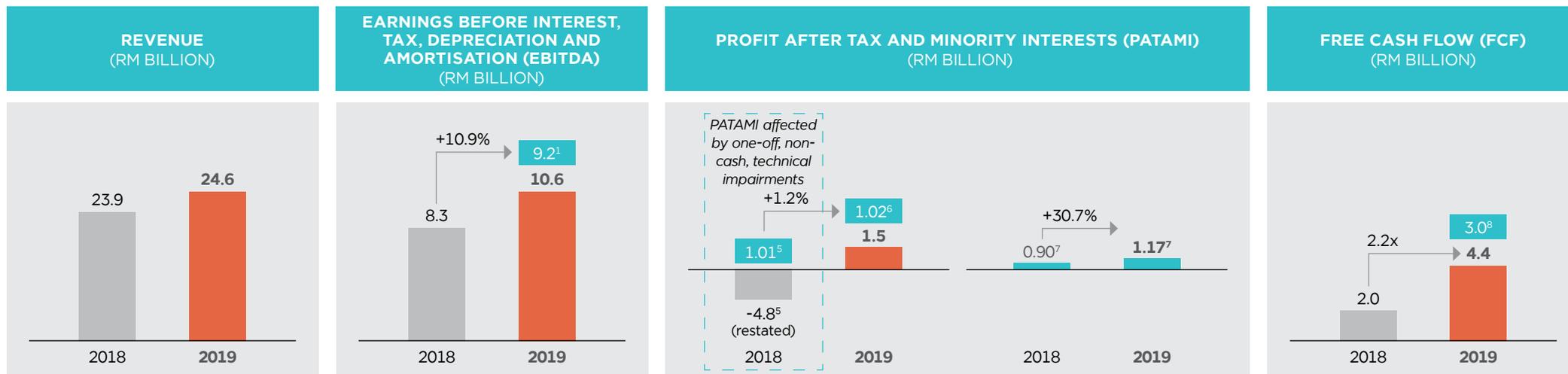
In FY19, Axiata's balance sheet further strengthened as a result of the reduction in gross debt to EBITDA to a healthy 1.8x<sup>2</sup>, compared to 2.3x in FY18. This was achieved through net debt repayment of RM2.3 billion given our strong cash flow. Regardless, our cash balance stood at RM4.2 billion with FCF increasing 2.2x to RM4.4 billion Year on Year (YoY), lifted by double-digit EBITDA growth and flat Capex.

Breaking down numbers<sup>3</sup> for performance comparison, it is evident the “Shifting Gear” approach has worked for all OpCos which are now profitable. As a matter of fact, XL and Robi's<sup>4</sup> profitability surged over 100% and both OpCos stepped up to deliver improved performance across key metrics. Meanwhile, Celcom, XL, Dialog, Smart and edotco achieved double-digit PATAMI and FCF growth.

Interestingly, our focus on profit did not in any way erode our OpCos' ability to maintain market share, with most OpCos gaining substantially during the year.

All this was achieved despite heightened challenges both externally and internally. We did not take our foot off the pedal throughout the complex proposed mega M&A process explored in 2019, reflecting strong operational discipline across the Group.

Importantly, our focus on “Operational Excellence” (OE) in FY19 delivered on a sustainable cost structure Group-wide, enabling us to secure RM1.3 billion savings from cost excellence initiatives.



Notes: <sup>1</sup> Based on constant currency and excluding Malaysian Financial Reporting Standards (MFRS) 16 impact  
<sup>2</sup> Gross debt to EBITDA excludes MFRS 16 impact  
<sup>3</sup> Growth numbers for OpCos are based on results in local currency in respective operating markets and exclude MFRS 16 impact  
<sup>4</sup> Adjusting to exclude one-offs in 2018  
<sup>5</sup> The Group's PATAMI dropped to loss position of RM4.8 billion (restated) in FY2018, due to the impacts of one-off, non-cash, technical items including Idea-related losses, assets write-off, impairment and accelerated depreciation as a result of network modernisation primarily at XL and Celcom, and forex and derivatives losses. Adjusting for one-offs, PATAMI was RM1.01 billion

<sup>6</sup> Adjusting for one-offs and excluding MFRS 16 impact; at constant currency  
<sup>7</sup> FY2018 adjusting for one-offs under Note 5 and excluding M1 share of results (for the purpose of like-for-like comparison with FY2019). FY2019 adjusting for one-offs, excluding MFRS 16 impact, Merger & Acquisition costs and Robi tax impact (due to changes in tax rates since FY2018); at constant currency  
<sup>8</sup> Excluding MFRS 16 impact



# In Conversation With The President & Group CEO

## 2. What is your long-term strategy to ensure you stay the course on growth and profitability?

As a Group, we are single-minded in maintaining the balance between financial results and “institution building” to ensure long-term profitability. At the same time, it is important to strike an equal balance between organic and inorganic focus.

markets and leveraging off our “collective brains” since embarking on the Axiata Triple Core Strategy in 2016, we launched the Axiata 5.0 roadmap that aims to ensure sustainable business growth through prioritising the following 10 Key Focus Areas:

Our strategy has continued to evolve and adjust in line with rapid industry developments that have continued to challenge business models over the years. Bringing together critical learning across the

 <p><b>“Shifting Gear”</b></p> <p>Our performance will continue to be guided by the <b>“Shifting Gear” focus (2019-2020)</b> on ensuring profitability and cash generation.</p>	 <p><b>OpCos Transformation</b></p> <p>Moving from mobile to convergence with the goal to be the <b>top performer in key metrics in all our respective markets</b>, special attention will be given to our top two largest OpCos – <b>Celcom and XL</b>.</p>	 <p><b>Operational Excellence</b></p> <p>Becoming the <b>“lowest cost producer relative to customer promise”</b> will be embedded as the Group DNA or culture.</p>	 <p><b>New Group Engagement Model</b></p> <p>To optimise Group-wide efficiency, we need a <b>major game-changing and more structured Group-OpCo engagement model</b>, to achieve maximum Group synergy. This calls for institutionalising cohesive collaboration amongst OpCos, now more than ever before. To kick-start, our prime focus are the areas of <b>network, information technology (IT) and procurement</b>.</p>	 <p><b>Digitisation and Analytics</b></p> <p>In many of today’s businesses, the use of Digitisation and Analytics (D&amp;A) is primarily expected to meet the basic standards in order to compete. We are, however, now <b>embarking on a programme to leapfrog our competitors by leveraging on D&amp;A</b> to be far more sophisticated in identifying growth opportunities based on data modelling. D&amp;A is also one of the major components to deliver Operational Excellence.</p>
 <p><b>New Growth Areas</b></p> <p>While we can still grow our mobile business, we believe that to <b>ensure a sustainable high pace of growth, aggressive expansion</b> is required in the areas of Enterprise and the Infrastructure/Tower businesses across the Group. We should also <b>expand on Home and Digital businesses</b> but in very selected markets and geographies.</p>	 <p><b>Stakeholder Management</b></p> <p><b>Development of Group-wide positions on key issues impacting the business</b>, especially in the regulatory sphere, as well as engaging with regulatory agencies and governments in our markets of operation, and other key stakeholders. Taking care of our stakeholders also means ensuring high sustainability through our initiatives that contribute to the Sustainable Development Goals.</p>	 <p><b>Organisation 5.0</b></p> <p><b>Given numerous and massive improvements in our plans to future-proof the organisation in line with IR 4.0</b>, we intend to make significant organisational changes. This includes changes in organisational structure, management culture and skillsets.</p>	 <p><b>Industry Consolidation</b></p> <p>While organic growth and performance are of utmost priority, consolidation is required to rationalise some markets as well as for us to <b>grow profitably to future-proof our business against a very competitive and uncertain environment</b>.</p>	 <p><b>Investment and Portfolio Optimisation</b></p> <p>Our portfolio will have to be further optimised to <b>improve returns (ROIC) and reallocate our capital and resources</b> accordingly.</p>

## In Conversation With The President & Group CEO

### 3. Will the focus on OE be at odds with satisfying what customers want, especially given the pressure to reduce cost?

If customer needs and wants are defined as a combination of products and services at the right price, or commonly simplified as “value for money”, then it is not contradictory. We understand that customer satisfaction is a function of both customer experience and customer expectations, so by enhancing our targeting and segmentation through data and analytics, we can serve all segments to achieve optimum customer satisfaction. On one extreme, some are willing to pay a premium for premium quality network and services, while others on the other end of the spectrum prefer to pay a much lower price yet expect a reasonable level of network and services.

Our task, through proper segmentation and analytics, is to find an optimum level of service and price point for each segment and better yet, for each customer, a “Segment of One”.

But in any case, our OE thinking is driven by the need to be the “lowest cost producer relative to customer promise”. It implies our focus on ensuring we have the lowest cost per GB, per minute, per transaction and so forth. We can achieve this by not necessarily reducing our costs per se. We can also do it through process improvements, by scaling up, through digitisation and better use of analytics and Artificial Intelligence (AI), as well as the drive and support of efficient and productive employees.

All without losing our ability to compete and sacrificing our promise to customers!

### 4. You mentioned OE as Axiata’s new DNA or culture. What do you mean by OE?

OE will be infused and embedded into Axiata’s corporate DNA, and this is best explained in terms of its five “Building Blocks”.

<p><b>Profitable Growth</b></p> <p>We still want to grow revenue but not at all costs. Our challenge is to strike a balance between investing for growth and ensuring it is profitable. As such, we must allocate capital where we can derive the best and most profitable returns.</p> 	<p><b>Optimum Customer Satisfaction</b></p> <p>In order to deploy investments more effectively, we must know exactly what our customers prefer and be able to deliver consistently, all the while achieving the optimum point of giving the right services at the right price. This is by no means an easy feat, but whoever can do this best will be the most successful player in today’s world.</p> 	<p><b>Sustainable Cost Structure</b></p> <p>With a focus on keeping costs as flat as possible, Capex and Opex spend will be directed to areas that matter.</p> 	<p><b>Digitisation and Analytics</b></p> <p>D&amp;A can help achieve growth, profitability, optimum customer satisfaction and reduce cost effectively by being surgical and targeted in all our initiatives. Our investments to build Axiata’s digital businesses since 2015, were more than just about venturing into a new area. It was also meant to fuel our learning on how digital technologies can be exploited to drive efficiency gains Group-wide.</p> 	<p><b>Organisation Excellence</b></p> <p>With Axiata’s ongoing transformation into a Modern, Agile and Digital (M.A.D.) organisation, we can achieve high productivity with less resources.</p> 
---	--	--	--	---

## In Conversation With The President & Group CEO

### 5. As a digital company, how are you pushing the envelope on innovation and new technologies?

Technology is critical for digital players and including it as part of our strategy places it at the core of everything we do here at the Group. We are constantly looking to embed a technology-driven, innovation-centric culture across the organisation, and this is an ongoing journey between Axiata and our strategic technology partners.

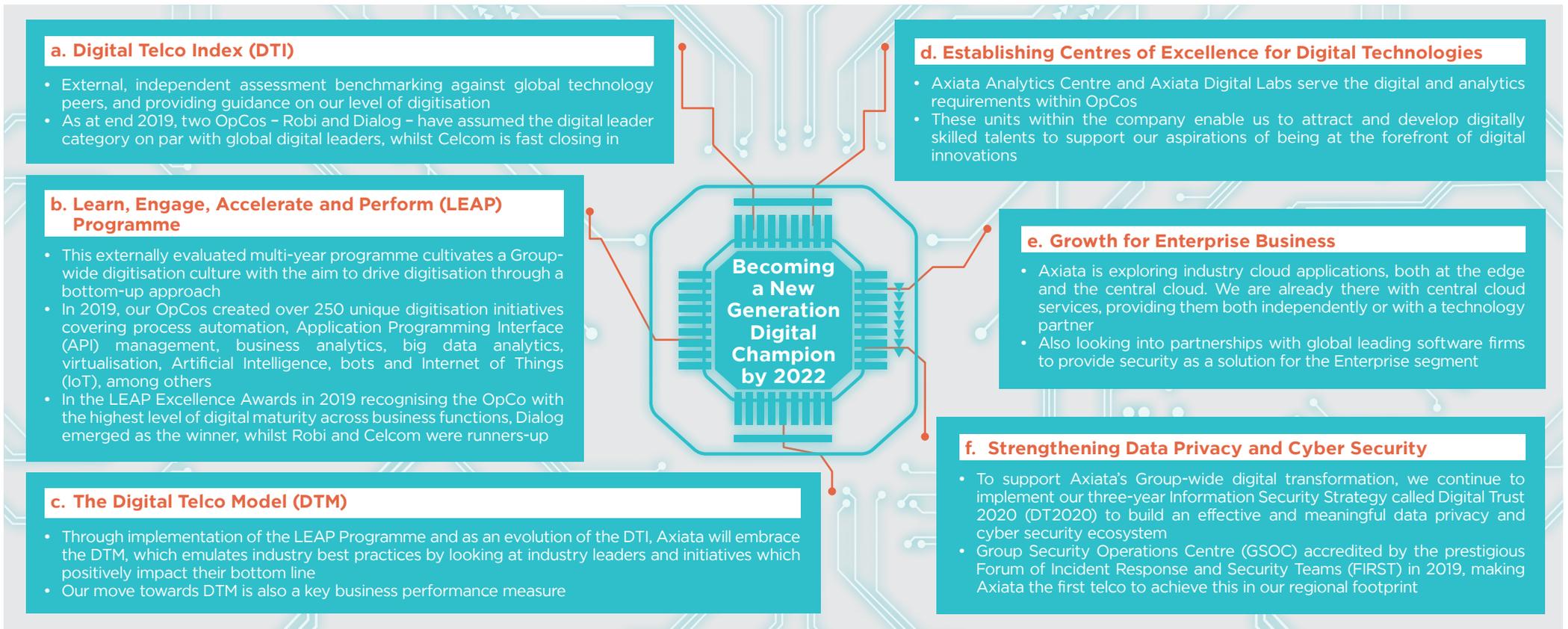
Earlier, we set up Axiata Digital in 2014 to help us innovate into the world of digital, Internet and innovation. One of the latest strategic decisions we've made is to appoint an Executive Vice President for Technology at the Group level to drive greater technological synergies between our OpCos and different segments of the business.

Becoming the digital organisation that we're evolving into with our three lines of businesses means that opportunities are abundant for cross-pollination of ideas, knowledge and initiatives which can be

monetised or used to improve Group efficiency. For example, our Digital Telcos can leverage on the strengths of our Enterprise unit to deliver cutting-edge IR 4.0 based solutions to customers. Our digital businesses can build on the reach of our telcos for further traction across our digital inclusion efforts.

Operationally, the Group has put in place exciting initiatives to keep our tech game sharp. We're applying artificial intelligence, robotics and other IR 4.0 principles across our digital products and services, and all our external interfaces, internal processes, as well as infrastructure and platforms as part of an ongoing Group-wide digitisation exercise.

To inspire our people and help them accelerate the company's transformation into a digital company, we have also embarked on an organisational culture and mindset transformation to be aligned with our M.A.D. (modern, agile and digital) values.



## In Conversation With The President & Group CEO

### 6. Speaking of new technologies, Malaysia is one of the leading countries in the region pushing for 5G deployment as early as 2020. Are Axiata and Celcom ready?

At this juncture, assessments are being made on how the momentum for 5G implementation could be impacted as economic priorities shift and sharpen in the face of COVID-19 challenges. Findings from these assessments will inform our decisions moving forward on 5G implementation across our markets.

Prior to this, Malaysia, Sri Lanka and Cambodia were preparing to start in 2020, as other markets appear to lack maturity and have not provided any indications on spectrum availability.

To date, Celcom has been involved in the Malaysian Government’s National 5G Task Force from the get-go since 2018, working closely to support the Government’s aspiration and provide industry feedback towards a win-win implementation scenario for all.

Celcom has already been running live 5G trials. In fact, Malaysia’s first 5G Live Cluster was tested for six months since July 2019 at Celcom’s headquarters for the surrounding areas. Earlier this year, during the 5G trial run in Langkawi, Celcom deployed its IoT solutions for an enhanced security monitoring system in collaboration with Langkawi’s Royal Malaysian Police, in a bid to transform Langkawi into a more secure tourist destination.

So far, the Government’s intention is to commercially rollout 5G technology in the third quarter of 2020, to leapfrog the country’s digital economy, improve the quality of life for citizens and bring about efficiencies for businesses including small and medium-sized enterprises, as well as the public sector. In total, 100 5G use cases have been identified under nine verticals.

#### KEY INDUSTRY VERTICALS TO BENEFIT FROM 5G TECHNOLOGY

- Agriculture
- Education
- Entertainment/Media
- Digital Healthcare
- Manufacturing and Processing
- Oil and Gas
- Smart City
- Smart Transportation
- Tourism

We are very much aligned to these aspirations through our Advancing Asia purpose, and encouraged by the Government’s readiness to explore different options for the commercial rollout. The industry’s concerns have been primarily centred on the commercial viability of 5G due to intensive Capex requirements against a dragged-out payback period as they struggle with margins. The consortium-led approach that will see two or more players collaborating to implement 5G as proposed by the Government could be a solution, and it will be interesting to learn more details on how the Government plans to run this, should it be the way forward.

As a general indication of our position, we are excited about 5G opportunities, especially in the Home and Enterprise segments. Axiata is open to exploring suggestions that are aligned to our interest for a sustainable cost structure, whilst meeting with 5G aspirations across all our markets. At the same time, we will be prudent with timing our 5G investments to match demand for new services when it emerges, thereby ensuring a balance in line with our focus on profitable growth. We also believe our business case will be best achieved by collaborating with one or more players.

### 7. Companies are now held to higher standards on sustainability. What position has Axiata taken?

Yes, the sustainability agenda has increased in prominence. Our investors are increasingly focused not only on business governance and profitability, but how resilient our business is in adapting to climate change, and how we prioritise digital inclusion in our business strategy.

Our digital telcos work with local partners to deliver digitally inclusive services and content that are relevant to young children, women and rural communities, towards closing the digital divide. Aspirasi, our digital business, is rolling out micro-finance and micro-insurance services to support underserved

communities achieve their business goals. We hope to secure a digital banking license in 2020 in Malaysia, to expand our reach to serve marginalised communities.

Across the Group, we focus on increasing the energy efficiency of our network and installing renewable energy wherever feasible. edotco Group has managed to reduce carbon emissions in the life cycle of their towers by 54%. However, despite these efforts to reduce carbon intensity, we expect our overall emissions to increase due to our expanding footprint, as well as operating in a region where coal still fuels the grid.

Sustainability at Axiata is about driving a profitable business, without compromising future generations. Our sustainability framework, which is made up four pillars, as follows:



 Over the years, we have invested over **RM200 million** in digital innovation funds across the region to grow local digital entrepreneurship. This complements our **RM100 million** commitment to the **Axiata Young Talent Programme** that looks to build future CEOs. Fifteen of our Malaysian alumni are already CEOs of digital start-ups.

## In Conversation With The President & Group CEO

### 8. What adjustments can we expect from Axiata in dealing with economic shocks as a result of the COVID-19 pandemic?

The impacts of COVID-19 are far more devastating than the 2008 global financial crisis which primarily led to a worldwide economic fallout. Today, we are staring in the faces of multiple global crises further compounded by public health concerns, escalating job losses and emerging social issues that will add further pressure on an already challenged global economy. This situation is unprecedented and fraught with uncertainties.

I believe that the telco industry has responded extraordinarily well to the many tests thrown at it, from meeting bandwidth challenges, to addressing the multifaceted needs of societies grappling to survive the near collapse of sectors and businesses.

As a regional telco player, Axiata's fundamental commitment is to ensure that our networks are able to cater to shifts in usage patterns, economic activities and data traffic surges. We regard this as basic

to fulfilling societies and businesses current needs and will do all that is required to ensure optimum network reliability. Beyond that, as part of our commitment to the communities we serve, we continue to find meaningful ways to deliver real value by leveraging on our technological capabilities as a digital telco to solve some of the more pressing issues.

To adjust Axiata to the new normal, we are brainstorming on what the future will look like. If we prepare right - in terms of our network, products, distribution and customer service - we believe we might be in an even better position in two years' time compared to pre-COVID-19.

Broadly speaking, the impacts on the telco industry fall within five distinct categories, while the impacts on Axiata will occur within the short, medium and long-term. Our analysis will guide us in strategising our business activities moving forward.

#### HOW TELCOS ARE AFFECTED BY COVID-19



##### Network

- Changes in user patterns due to movement restrictions imposed in countries worldwide, such as the Movement Control Order (MCO) in Malaysia
- Movement restrictions have led to companies implementing Work-From-Home (WFH) measures
- Changes in user patterns include:
  - More use of data than voice
  - Topographic shift in network congestion, that now centres in residential areas, rather than business centres and office buildings
  - A shift in daily usage patterns, from previous peak usage that began from late afternoon till late evening, to current peak usage that begins in the early afternoon till late evening
  - Dramatic increase in use of digital tools and software such as Office 365, Microsoft Teams, Zoom and Whatsapp, as well as Over-The-Top (OTT) entertainment such as Netflix



##### Digitalisation

- COVID-19 is the biggest driver to date to fuel digitisation, as people rapidly familiarise themselves with the tools necessary to effectively WFH
- Businesses are leveraging on digitisation to effect their continuity management plans and run their businesses online
- SMEs that are not fully digitised will be adversely impacted, as they struggle to connect with their customers and suppliers, and meet the basic business-as-usual requirements



##### Ecosystem

- The supply chain ecosystem comprising dealers, vendors and customers is in a state of flux
- Many dealers, especially in some of Axiata's more developing markets, have seen their physical premises shut down, resulting in prepaid mobile customers being unable to access top-up services
- With relatively high digital adoption rates, Malaysian customers can access online platforms quite easily. However, many customers in Axiata's South Asian markets are not online, thus limiting their access to digital solutions



##### Business

- We are fortunate that the telco industry is relatively not as badly affected as other sectors such as the aviation, tourism and hospitality, food and beverage sectors. From being regarded as a "sunset industry" we are now witnessing a rebirth of telcos' utilitarian role. As a critical infrastructure, telcos are rising to the challenge to double down on its commitment to customers, to deliver continuous and reliable quality across shifts in topography
- Telcos, therefore, are seeing a resurgence in their role to provide essential services to ensure continuity in business and consumer activities
- Within the telco sector, we foresee short, medium and long-term impacts



##### Collaboration

- We are witnessing greater collaboration between industry players, and the private and public sectors, as they come together to support each other to provide the various services essential for society as a whole to weather and recover from the crisis



For more details on:

- How Axiata is leveraging on its digital and technological capabilities to create value for communities, please refer to page 36 in the "See How We Intend To Create Long-Term Value" section
- Impacts on Axiata, please refer to the infographic "Axiata's Business Impacts From COVID-19: Short, Medium and Long-Term" on page 19 in the "In Conversation With The President & Group CEO" section

# In Conversation With The President & Group CEO

## AXIATA'S BUSINESS IMPACTS FROM COVID-19: SHORT, MEDIUM AND LONG-TERM

### Short-Term

- Network traffic surges ranging between 12% and 40% throughout all OpCos, with Celcom network traffic up by 30%
- Malaysian telcos are impacted by the “freebie” 1GB per day mobile data use which has seen an extension beyond the initial 14-day MCO period. As customers use the “freebie” 1GB before utilising their data plan, we can expect this to dampen revenue for the entire industry. Net impact for Axiata varies according to our market; between 0% and 40%
- Prepaid mobile revenue affected by closure of customer contact centres in our other markets
- Although telcos are considered an essential service, we need to ensure our employees’ and vendors’ health and safety. Axiata switched to WFH, teleworking and virtual meetings, providing our people with the digital tools and platforms to deliver on their tasks

### Medium-Term

- Post-MCO, we expect network traffic to continue to increase. However, as more people return to work, traffic will eventually even out though not likely to be the same as before
- With an economic recession, we expect many of our customers, especially those from the prepaid segment, to face job losses or salary cuts. This, in turn, will increase churn significantly
- Net impact on Axiata and all telcos may potentially be more negative as compared to during the MCO period, and we expect to see a decline in our customer base
- As we are wholeheartedly committed to doing our part, as responsible corporate citizens and national champions, we need to balance that while protecting our revenue and profit

### Long-Term

- Traffic will continue on an uptrend, as people grow accustomed to digitisation in both their personal and work use, resulting in a new normal
- WFH becomes ever more ubiquitous as more companies encourage its adoption
- Expectations that unemployment will reduce as customers regain their jobs and businesses start to flourish again on the back of a recovering economy

In a post-COVID-19 world, there will be both winners and losers. The new normal will be driven by changes in consumer behaviour, as people strike the balance between health concerns, with work obligations and lifestyle needs.

We foresee e-commerce as one of the big winners in the future, driven by more evolved digital lifestyles. Business norms will change, as corporations choose to conduct online video conferences instead of travelling to other countries for short meetings, which in turn will adversely impact the aviation and tourism sectors.

Over the next year or two within the short and medium-term, telcos will be relatively better off compared to other sectors, but will still be negatively impacted. However, beyond that period of time, I believe telcos will be one of the strongest drivers of economic growth. Telcos will not only be the connectivity platform as a required basic utility for a functioning society, similar to the water and electricity utilities sectors, but also provide many digital solutions and services to businesses.

In a post-COVID-19 world, SMEs will have no recourse but to digitise their solutions in order to effectively manage daily operations and supply chains. The underlying basic need for both consumers and enterprise will predominantly be broadband and mobile services. Some businesses will choose to engage alternative telco suppliers to ensure continuous service.

For Axiata, opportunities lie in selling fixed wireless access and broadband to the enterprise segment. Axiata’s Enterprise business will be well placed to equip SMEs with the digital tools and platforms they need in the new normal, such as software to conduct online meetings and Cloud applications to access files online, as well as the knowledge and skills to adapt to working and conducting businesses digitally.

The possibility for innovations in industry solutions such as logistics, healthcare, agriculture and tourism are immense and exceedingly exciting! We will be looking at different ways of selling our products and services, leveraging on IR 4.0 technologies such as virtualisation to meet new demands in retail, healthcare and education.

On the financial aspect, while we expect some short-term impact to our profit and loss, in the longer term we believe we will emerge far stronger. Axiata kickstarted 2020 from a position of great strength, with a solid profit trajectory, robust balance sheet and cost management well on track. Given that we are starting on a strong footing and fundamentals, we are confident that we are able to navigate the storm ahead.



For more details on how our OpCos are dealing with the impacts of COVID-19, please refer to pages 50 to 68 in the “Assess How Our Operating Companies Have Contributed To Creating Value” section



For more details on Axiata’s COVID-19 responses, please refer to page 32 in the “Nurturing People” section

## In Conversation With The President & Group CEO

### 9. You will pass the baton to Dato' Izzaddin Idris by end 2020. What does this leadership transition signal to investors?

We are looking forward to leadership transition that gives a good balance between continuity and fresh leadership. Being on the Axiata Board over the last three years, as well as Chairman of one OpCo and Board member at three OpCos, Izzaddin is not only well versed with the Group but also involved with many of its subsidiaries and companies. In the time he has been with us, Izzaddin as Board member, has worked on crafting and approving Axiata's long-term strategy that provides some continuity.

As a non-executive director who was unconstrained by the minutiae of day-to-day operations, he was able to step back and look at the business from a fresh angle. For the most part, he will not be "beholden" to the same execution tactics or even strategy, should there be a reason to make necessary changes, especially given the ever-changing business, social and technology demands. He will be able to provide the fresh leadership that Axiata needs in the future. Hence, by appointing Izzaddin, together with his vast experience and skills, we are getting the "best of both worlds" to inspire confidence in all our stakeholders.

### 10. You will be ending an illustrious 12-year tenure as CEO of one of Malaysia's more admired companies. What are your parting words?

The last twelve years have been exciting, challenging and incredibly demanding, to say the very least. Time has flown past in the blink of an eye! To an extent, my more than a decade at Axiata can best be described as a mini-rollercoaster ride of almost 50 financial quarters of rigour and scrutiny, with its ups and downs and unexpected twists and turns, as we battled heightened competition, unpredictable regulatory environments and global events beyond our control.

Back in 2007, when Tan Sri (then Dato') Azman Mokhtar pitched the leadership role in Axiata (or TMI and Celcom as it was known then), I was intrigued by the once-in-a-lifetime opportunity to transform a homegrown GLC up from an already good company into a great multinational group that is globally recognised and respected. As a Malaysian who is grateful for the countless opportunities the country had provided me to develop my own professional growth, I was confident we had the talent, capacity and vision to put Malaysia on the world map as one of the top telecom players in the region, and well known globally.

Putting it in perspective, the Axiata of today is present in 11 countries in ASEAN and South Asia with revenue almost 2.5 times larger since inception. Our local companies are fierce competitors, fighting hard to stake their number one and strong number two positions in their markets. As a Regional Champion,

we take pride in how Smart has leapfrogged to grow by five times in the Cambodian market within a short time span. The same can be said for Robi in Bangladesh, XL in Indonesia and Dialog in Sri Lanka, all of which have tripled in size since we first started. All our OpCos are now recognised as one of their countries' best performers, if not the best in their respective markets.

If I were to pick a guiding principle that has been Axiata's stealth weapon that drove our performance, it would be our obsessive adoption of diversity as one of our key differentiating strategies. Diversity in Axiata is very gratifying on all fronts, as we see talents from various nationalities, cultures and races working closely together towards achieving a common goal. We have 42 nationalities working across the Group, with 31 Malaysians serving in other countries.<sup>9</sup> It reminds us that the world is much larger and more complex than we imagine it to be, filled with people who have unique perspectives and viewpoints from what we may be ordinarily used to. It is in that difference diversity offers, that Axiata has found our edge and confidence to challenge ourselves, stay ahead of the curve and create sustainable value throughout all our markets of operation. We could not have performed as well without the strength of our diversity. It is also an excellent experience for all our staff to work in this diverse environment, reflecting the globalised world, and providing the impetus to get out of the "*katak di bawah tempurung*"<sup>10</sup> and "*jaguh kampung*"<sup>11</sup> mindsets.

**“What I will miss most is the people I have been working with. That is the saddest part of leaving Axiata. But on the other hand, one of my happiest memories is to look back and see how many talents have grown and flourished over the years.”**

What I will miss most is the people I have been working with. That is the saddest part of leaving Axiata. But on the other hand, one of my happiest memories is to look back and see how many talents have grown and flourished over the years. I know hundreds of examples – people who have grown in their career from clerks to managers, rookies to senior managers, managers to heads of operations or CxOs, and for some, all the way to CEOs of our OpCos. In fact, all the CEOs in all our eight major OpCos and many smaller Strategic Business Units (SBU) were groomed within the Company.

Hence, the term "illustrious" career is quite misleading, as it is only "illustrious" because of the people who made up the Axiata family. I happened to be the "stem", but they are the colourful "flowers" that blossomed and collectively made the plant so beautiful! My parting words are simply to thank each and every one of them, for contributing to the growth and success of the company. They are a great, collegial, high performing team. I will miss them!

I am grateful to Tan Sri Azman for giving me the opportunity to lead Axiata, and Tan Sri Ghazzali for continuing to have faith in me during all the good and challenging times, as well as the long list of people who have guided and helped me throughout this entire journey. It has been the role of a lifetime, and I especially thank all the Axiata teams across our footprint for working alongside and rallying to the cause.

It is my humble hope we have built an iconic Malaysian multinational with the right balance of systems, people and culture, that will achieve our vision to be a Digital Champion by 2022, while upholding our values of Uncompromising Integrity and Exceptional Performance within a humane and people-oriented organisation. I hope we will continue to have highly motivated talent contributing to all our markets and unstintingly serving our communities, especially here in Malaysia. After all, this company, in the end, is mostly about its people.

**TAN SRI JAMALUDIN IBRAHIM**  
President & Group Chief Executive Officer

Notes: <sup>9</sup> Numbers are as of 31 December 2019

<sup>10</sup> A Malay proverb literally translating to "frog underneath a coconut shell". It refers to an ignorant or unknowledgeable person, with a very limited world view, outlook and experience

<sup>11</sup> A Malay idiom literally translating to "village champion". It refers to an individual who can only succeed at the village/home ground level, and lacks the ability to take it further



**UNDERSTAND HOW WE  
PROGRESS STRATEGY**

# The Environment We Operate In

Operating within 11 markets across ASEAN and South Asia, Axiata faces a complex and challenging operating environment in an industry marked by rapidly evolving trends and demands.

## Macroeconomic Environment

### OPERATING ENVIRONMENT

- Onset of COVID-19<sup>1</sup> pandemic in early 2020, with the IMF<sup>2</sup> declaring a global recession, and emerging market countries requiring USD2.3 trillion in financial resources to navigate the crisis
- National lockdowns and restricted movement orders in affected countries, severely limiting business activities and eroding consumer confidence
- Forex volatilities with the Ringgit Malaysia weakening against the US Dollar

### STRATEGIC IMPLICATIONS

- Efficient cost management and effective strategic resource allocation to maintain long-term growth
- Exposure to unfavourable forex translation from regional OpCo contributions, and forex and derivatives losses
- Measures to mitigate the adverse impacts of COVID-19 to Axiata's business, and capturing opportunities arising due to greater utilisation of digital technologies

### WAY FORWARD

- OE<sup>3</sup> strategy focused on becoming the lowest cost producer relative to customer promise
- Maintain our OpCos market position across key metrics
- Continue with portfolio rationalisation and optimisation aligned with strategy
- Maintain optimal mix of hedged/unhedged loans, at fixed/floating rates
- Activated Axiata's Business Continuity Management plan in light of COVID-19 crisis, to implement the COVID-19 Pandemic Plan, cutting across all aspects of our business, including instituting "work for home" measures for employees

## Regulatory Environment

### OPERATING ENVIRONMENT

- Spectrum allocations and reassignment, renewal of key operating licenses, and increased tax levels
- Regulatory framework modernisation and national connectivity blueprints in some markets
- Weak competition regulations, and unregulated OTT players, resulting in imbalanced competition

### STRATEGIC IMPLICATIONS

- Regulatory management as a core component of the 10 Key Focus Areas of Axiata 5.0 under Stakeholder Management
- Develop public policy thought pieces on the digital economy and IR 4.0

### WAY FORWARD

- Appointed an independent external consultant to conduct a maturity assessment of our ethics, integrity and compliance governance
- To implement a Group-wide integrated ethics, integrity and compliance policy across all OpCos
- New Board Risk and Compliance Committee to replace the Board Risk Management Committee, and provide oversight on risk management, business continuity management, and data privacy and cyber security
- Embedding ethics, integrity and compliance in the OE<sup>2</sup> strategy

## Internalising the Digital Shift

### OPERATING ENVIRONMENT

- Lack of the right digital talent to effect organisational digital transformation strategies
- Need for telcos to adapt operating and business models to capture IR 4.0 opportunities

### STRATEGIC IMPLICATIONS

- Skilled digital talent required to drive strategic digital initiatives that seek to transform customer experience, generate new revenue streams and enable organisational efficiencies
- Continuously evolving the business and operational model in line with rapidly evolving technology trends and consumer expectations

### WAY FORWARD

- Group-wide talent development towards becoming a Modern, Agile and Digital (M.A.D.) organisation
- Group-wide Digital Transformation Strategy
- Evolving Axiata's business model from a one dimensional traditional telco to an innovative three dimensional business model, the Triple Core Business
- Innovating the operating model to target Consumer, Enterprise and Home segments

## Competitive Landscape

### OPERATING ENVIRONMENT

- Industry penetration at more than 100% in almost all countries
- Hyper-competition between traditional telcos and non-traditional OTTs
- Mobile services becoming increasingly commoditised
- Intensified competition in the e-wallet space as more players go to market to capitalise on e-wallets' market value of an estimated USD22 billion in 2019<sup>4</sup>

### STRATEGIC IMPLICATIONS

- Rising demand for intelligent connectivity leading to new alternative network providers making inroads into customer base of Consumer, Enterprise and Home segments
- Impending introduction of 5G will accelerate the shift in IoT revenue towards applications and services, adding to industry disruption
- Consolidation required in some markets for profitable growth

### WAY FORWARD

- Network modernisation, towards ensuring 5G readiness, for the Consumer and Enterprise segments
- Moving beyond the traditional telco Consumer segment to target Enterprise and aid businesses in their transformations by leveraging on technologies such as Artificial Intelligence, Cloud and automation
- Leveraging on digitisation and analytics to improve internal processes, and enhance product value and proposition

## Technology Shifts

### OPERATING ENVIRONMENT

- High levels of Capex required to invest in exponential data growth and new technologies, including impending 5G deployment
- As technology advances, data privacy and cyber security are becoming increasingly critical

### STRATEGIC IMPLICATIONS

- Uncertain returns on Capex investments, with many 5G use cases still in its infancy
- Underestimating changing imperatives in privacy, security and trust could lead to the deterioration of Axiata's digital trust in the marketplace

### WAY FORWARD

- Continue to evaluate and right-size our existing operating structures, increase cyber-awareness, accelerate the coverage and scale of technology and standard implementation, enable a more secure Cloud journey and employing more standardised technologies Group-wide
- Deploying 5G concepts such as virtual RAN, distributed core network, multi-access edge computing, and software and hardware decoupling, into our current 4G networks to optimise cost structure and better serve our Consumer segment
- Deploying standalone 5G architecture to serve our Enterprise segment

Notes: <sup>1</sup> As at 30 March 2020, a total of 721,512 people worldwide have been diagnosed with COVID-19, with 33,956 deaths and 151,004 recoveries. (Source: www.covidvisualizer.com)  
As at 20 March 2020, total reported COVID-19 cases within Axiata's footprint stands at 2,198, with no cases involving any of the Group's employees

<sup>2</sup> IMF = International Monetary Fund

<sup>3</sup> OE = Operational Excellence

<sup>4</sup> Source: e-Conomy SEA 2019 Report

# The Importance Of Listening To Our Stakeholders

Axiata's commitment to create long-term value for our ecosystem of stakeholders throughout our regional footprint in ASEAN and South Asia, takes into account the feedback we receive from our continuous engagements with our stakeholders which are conducted through multiple channels. The table below provides highlights of engagement activities and outcomes in 2019.



## Regulators and Government

### WHY THEY ARE IMPORTANT

- Legislate on laws and regulations that determine the license and scope of our business activities in the countries we operate in
- Provide OpCos access to operating licenses, and impose regulatory measures with potential cost implications for the Group

### HOW WE ENGAGE

- Proactively engage with national regulators and authorities through industry meetings, thought leadership, and capacity building workshops to support and enable the digital ecosystem

### SUBJECTS RAISED

- Spectrum allocations and licensing fees
- Compliance with regulations and customer standards
- Information security and data protection
- Developing local digital talents

### AXIATA'S RESPONSE AND RESULTS

- Investing in development of local communication infrastructure
- Direct and indirect contributions to the local digital economy
- Supporting digital innovation funds to drive development of local digital ecosystem
- Deploying best data privacy and cyber security practices



## Shareholders

### WHY THEY ARE IMPORTANT

- Essentially comprising our owners, shareholders provide the financial capital required to sustain our business growth
- Consequently, they are entitled to receive a return on their investment, and be apprised of developments in the Group

### HOW WE ENGAGE

- Conduct an Annual General Meeting to meet and be accountable to shareholders
- Organise regular investor roadshows and analyst meetings to provide updates on corporate developments

### SUBJECTS RAISED

- Current financial performance
- Long-term business strategy
- Board composition
- Environmental, Social and Governance (ESG) strategy and performance
- Share price

### AXIATA'S RESPONSE AND RESULTS

- Transparency in corporate reporting and disclosures through multiple platforms
- Conduct briefing and engagement with shareholders



## Customers

### WHY THEY ARE IMPORTANT

- We value each of our customers and their customer experience journey with us
- Axiata is committed to deliver optimum performance to meet customer needs and expectations

### HOW WE ENGAGE

- Conduct a range of surveys across our markets to understand customer satisfaction and expectations
- Scores are benchmarked against our peers, and drives our operational excellence

### SUBJECTS RAISED

- Network quality and availability
- Improving customer care experience
- Product affordability and innovation

### AXIATA'S RESPONSE AND RESULTS

- Be the lowest cost producer relative to our customer promise
- Drive operational excellence in relation to customer expectations
- Creating digital lifestyle products and self-care services
- Digitising processes to provide seamless customer experience

# The Importance Of Listening To Our Stakeholders



## Suppliers

### WHY THEY ARE IMPORTANT

- Provide us business critical products and services that enable us to drive our business strategy
- We partner with our suppliers to deliver best value for our operations, as well as developing their capabilities and capacity

### HOW WE ENGAGE

- Engaging key suppliers to understand solutions and services that can drive operational excellence
- Recognising outstanding suppliers through the Biennial Axiata Supplier Awards, and address opportunities through Performance Management and the Annual Supplier Forum

### SUBJECTS RAISED

- Emerging corporate developments, and understanding the long-term strategy
- Opportunities for vendor development
- Performance against Supplier Code of Conduct

### AXIATA'S RESPONSE AND RESULTS

- Sourcing local vendors
- Supporting the Bumiputera Empowerment Agenda to build local, regional and global champions
- Verticalisation of procurement services across the Group to provide scale



## Employees

### WHY THEY ARE IMPORTANT

- Innovative and diverse workforce is essential to deliver the best digital customer experience
- We drive a culture of high performance and accountability that attracts, develops, and retains the best talent to deliver on our strategy

### HOW WE ENGAGE

- Conducting annual Employee Engagement Surveys, quarterly Town Hall Meetings and a range of digital employee engagement platforms

### SUBJECTS RAISED

- Long-term business strategy and performance
- Career and talent development opportunities
- Work-life balance

### AXIATA'S RESPONSE AND RESULTS

- Group and OpCos Talent Development programmes
- Organisational transformation to Modern, Agile and Digital (M.A.D.) Organisation
- Providing job opportunities to local citizens



## Community

### WHY THEY ARE IMPORTANT

- Axiata is present in a diverse and fast developing economic region
- Strong community participation and engagement is required as part of our social license to operate

### HOW WE ENGAGE

- Maintaining strong community relationships through digital inclusion initiatives, corporate responsibility programmes and local stakeholders' needs assessment
- Communicating initiatives through digital and print media

### SUBJECTS RAISED

- Support of the UN SDGs
- Pre and post disaster assistance
- Build capacity for future leaders
- Address local social needs

### AXIATA'S RESPONSE AND RESULTS

- Local direct and indirect employment through the supply chain
- Digital and Financial Inclusion initiatives
- Disaster Management and Response initiatives
- Axiata Young Talent Programme
- Digital Innovation Funds



## Media

### WHY THEY ARE IMPORTANT

- Provides a platform to communicate with our key stakeholders and local communities
- Publicise new products and services, corporate events and thought leadership

### HOW WE ENGAGE

- Media engagement conducted via interviews, press releases and conferences

### SUBJECTS RAISED

- Corporate developments
- Financial performance
- Thought leadership

### AXIATA'S RESPONSE AND RESULTS

- Providing regular performance, network and Merger and Acquisition updates
- Implementation of the "Shifting Gear" strategy to advance our digital footprint



# Our Risks Linked To Strategy

Axiata's risk identification and mitigation actions and controls are a critical component of the Group's growth strategies. We are cognisant of the risks that challenge our business model, future performance and financial standing, and ensure sufficient mitigations are in place to minimise our risk exposure.

To demonstrate how Axiata has evolved our strategy to address business risks in line with industry developments, we have included our strategic responses to each risk category based on the 10 Key Focus Areas under Axiata 5.0.

The impact of the COVID-19 pandemic is unprecedented and remains to be fully understood the world over. To date, Axiata has been monitoring the risks associated with this across multiple angles including business, supply chain, technology, and employee safety in ensuring the continuity of our business. While it remains uncertain what the new normal will be at the end of this crisis, or the full impact of this pandemic to our business operations, Axiata will continue to monitor this risk area.

## Financial

**CONTEXT**

- Exposure to foreign currency exchange volatilities across 11 markets of operations could adversely affect cash flow and financial performance
- The Group's borrowings are in foreign currencies, subject to foreign exchange and interest rates exposures

**RISK LEVEL AND MOVEMENT**

**High level,**  
Unchanged since 2017

**MITIGATING ACTIONS AND OPPORTUNITIES ARISING**

Risk Owners: Axiata Treasury Management Centre (ATMC)

- Oversees and controls the Group's treasury and funding matters, and develops hedging strategies strictly governed by treasury policies
- Takes into consideration current and future outlook of relevant economies and foreign exchange markets to preserve our profitability and sustainability

**KEY RISK INDICATORS**

50:50 mix of local currency borrowings and foreign currency borrowings

**LINK TO MATERIAL ISSUES**

- Sustainable Business Growth

**OUR STRATEGIC RESPONSE**

1
2
3
9

## Market

**CONTEXT**

- Axiata's OpCos operate predominantly in emerging markets which are exposed to economic uncertainties and sensitive towards changes in developed countries
- OpCos challenged by stiff price competition with little certainty of market consolidation in some markets, and industry revenue declining in others

**RISK LEVEL AND MOVEMENT**

**High level,**  
Unchanged since 2017

**MITIGATING ACTIONS AND OPPORTUNITIES ARISING**

Risk Owners: OpCo CEOs

- Driving efficiencies and innovation via investment in new technologies
- Cost efficiency programmes
- Establishing strategic ties with Over-the-Top (OTT) and digital product developers to create products and services that meet evolving customer needs, increase customers' wallet share, and maintain PAT

**KEY RISK INDICATORS**

Return on Invested Capital (ROIC) < Weighted Average Cost of Capital (WACC)

**LINK TO MATERIAL ISSUES**

- Sustainable Business Growth
- Network Quality and Coverage
- Customer Service
- Digital Inclusion

**OUR STRATEGIC RESPONSE**

2
3
4
9

## Regulatory

**CONTEXT**

- Telcos are subjected to a broad range of rules and regulations across different markets, high tax rates, spectrum acquisition costs and multiple levies
- These factors could potentially disrupt business operations, impair returns and long-term growth, and limit flexibility to respond to market conditions, competition and new technologies

**RISK LEVEL AND MOVEMENT**

**High level,**  
Unchanged since 2017

**MITIGATING ACTIONS AND OPPORTUNITIES ARISING**

Risk Owners: Group Regulatory

- Advocate strict compliance, fair and transparent practices of government policies
- Dedicated personnel and resources to constantly monitor developments
- Continuously enhance process flows for quick and cost-effective response to regulatory changes
- Regulatory engagement advocating sustainable regulatory regimes for healthy sectoral development
- Participate in government consultations and industry events, to collaborate and share knowledge for best industry policies and practices

**KEY RISK INDICATORS**

Shifts in regulatory requirements and policy uncertainty due to change in government or introduction of new laws

**LINK TO MATERIAL ISSUES**

- Network Quality and Coverage
- Sustainable Business Growth
- Business Ethics and Compliance
- Climate Action and Environment Management
- Digital Inclusion

**OUR STRATEGIC RESPONSE**

4
7

 For more details on how our strategic response links to our 10 Key Focus Areas, please refer to pages 29 and 30 in the "Adapting Our Strategy To A New Operating Landscape" section

 For more details on our risks and mitigations, please refer to pages 26 to 35 in the "Statement Risk Management And Internal Control" section

# Our Risks Linked To Strategy

## Data Privacy and Cyber Security

### CONTEXT

- Digital companies will have to be sensitive towards customers' information encompassing personal data, communication records, behaviours, locations, Internet use and digital applications
- To protect customers and foster trust amongst stakeholders, there is need for effective data privacy and information security policies, frameworks and management that guide how Axiata collects, uses and shares personal data

### RISK LEVEL AND MOVEMENT

**High level,**  
Unchanged since 2017

### MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Group Cyber Security Steering Committee
- Axiata Supplier Code of Conduct requires vendors and business partners to adhere to high data protection and compliance standards
  - A three-year cyber security strategy, Digital Trust 2020 (DT2020), to improve on people, processes and technology
  - Cyber security KPI for all OpCos, with ongoing regional collaborations
  - In the area of cyber security, adopted the National Institute of Standards and Technology (NIST) framework, to improve incident detection and response maturity
  - In the area of data privacy, the Privacy Maturity Model is aligned to the AICPA/CICA<sup>1</sup> Privacy Maturity Model and the CMMI<sup>2</sup> maturity levels

### KEY RISK INDICATORS

The Group has adopted indicators from applicable privacy regulations and standards, and industry best practices

### LINK TO MATERIAL ISSUES

- Privacy and Data Protection
- Customer Service
- Business Ethics & Compliance
- Sustainable Business Growth

### OUR STRATEGIC RESPONSE

**2 3 4 7**

## Digital

### CONTEXT

- As Axiata's digital portfolio grows, business could be impacted by new regulations being considered by Governments within our footprint for digital companies and OTT players to create a more level-playing field
- Digitisation of functions and processes has expanded Axiata's compliance to new cyber regulations

### RISK LEVEL AND MOVEMENT

**Medium level,**  
Unchanged since 2017

### MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Group Executive Vice President
- Uncertainties and inconsistencies in legal and regulatory requirements requires Axiata to keep pace with national and international policy initiatives
  - Expedite implementation of action plans to ensure compliance, and strengthening cyber security measures to safeguard data security and integrity

### KEY RISK INDICATORS

Deviation from agreed project timeline

### LINK TO MATERIAL ISSUES

- Sustainable Business Growth
- Business Ethics and Compliance
- Privacy and Data Protection
- Customer Service

### OUR STRATEGIC RESPONSE

**2 3 4 7**

## Operational

### CONTEXT

- Telecoms industry is dominated by a handful of vendors, and a loss of supply due to a key vendor suffering business failure may significantly affect our core business and operations
- The global COVID-19 pandemic and subsequent issuance of restricted movement orders could impact various aspects of our operations and business activities, and Axiata's ability to achieve its business goals and targets

### RISK LEVEL AND MOVEMENT

**Medium level,**  
Unchanged since 2017

### MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Group Enterprise Risk Management
- In relation to vendors, Axiata Procurement Centre manages risks, monitors performance and develops new relationships to reduce dependencies
  - Axiata's Business Continuity Management (BCM) Plan addresses risks of supply chain disruptions, technical failures, partner failures, human errors, wilful acts and natural disasters, through systematic identification of critical business processes and adequate recovery actions
  - Conducted COVID-19 Preparedness Process based on BCM Framework, to implement an integrated Pandemic Plan that addresses risk points across all aspects of our operations

### KEY RISK INDICATORS

Disruption to service availability

### LINK TO MATERIAL ISSUES

- Digital Inclusion
- Digitisation and Modernisation
- Network Quality and Coverage

### OUR STRATEGIC RESPONSE

**3 4 7 8**

## Geo-political

### CONTEXT

- The markets Axiata operates in stand the risk of being impacted by political instability, civil unrest and other social tensions which may cause business disruptions, and undermine market sentiment and investor confidence

### RISK LEVEL AND MOVEMENT

**High level,**  
Unchanged since 2017

### MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: OpCo Management
- Work closely with OpCos and leverage on their local expertise, knowledge and ability to continually assess changing scenarios
  - Various measures in place to ensure timely response in the event of such occurrences
  - Emphasis on maintaining neutral government relations and contribute to national socio-economic development

### KEY RISK INDICATORS

General Election

### LINK TO MATERIAL ISSUES

- Sustainable Business Growth
- Business Ethics and Compliance
- Community Impact/ Development
- Fair Employment and Welfare
- Talent Development

### OUR STRATEGIC RESPONSE

**1 3 7 8**

Notes: <sup>1</sup> AICPA = American Institute of Certified Public Accountants; CICA = Canadian Institute of Chartered Accountants <sup>2</sup> CMMI = Capability Maturity Model Integration

# Our Risks Linked To Strategy

## Strategic and Investment

### CONTEXT

- Keeping pace with changing consumer expectations and competitive pricing has become a common challenge for the Group across our markets
- In entering new digital growth ventures, the Group recognises the risk and repercussions involved in poor investment decisions and the management of these new initiatives post-acquisition

### RISK LEVEL AND MOVEMENT

**High level,**  
Unchanged since 2017

### MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Mergers and Acquisitions Committee
- Oversees all acquisitions and divestments, with robust due diligence process to evaluate and manage potential risks
  - Post-acquisition transition teams to ensure implementation of organisational, cultural and mindset changes
  - Closely monitors competitive landscape, to make appropriate technology and network investments
  - Prudently managing cost, whilst maintaining strategic alliances with network vendors

### KEY RISK INDICATORS

Return on Invested Capital (ROIC) < Weighted Average Cost of Capital (WACC)

### LINK TO MATERIAL ISSUES

- Sustainable Business Growth
- Digitisation and Modernisation
- Network Quality and Coverage
- Digital Inclusion
- Customer Service

### OUR STRATEGIC RESPONSE

**1 3 6 7 8 9 10**

## People

### CONTEXT

- The need for and retention of digital talents underpins Axiata's ability to implement our strategy and deliver superior customer service
- Hiring the right employee and loss of key talent remain a challenge, especially in the digital economy
- Ensuring the health and safety of our employees at all times, to protect their welfare and well-being

### RISK LEVEL AND MOVEMENT

**Medium level,**  
Unchanged since 2017

### MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Talent Management Team
- Actively seek suitable employees who are capable and motivated to live Axiata's values
  - Robust talent development programmes, continuous employee engagement, attractive performance based rewards and providing a safe and healthy work environment to ensure employee retention
  - Empower staff to respond to rapidly changing customer demands and work processes
  - Business Continuity Management plan implemented in light of national lockdowns to contain the COVID-19 pandemic, enabling all employees to work remotely from home

### KEY RISK INDICATORS

Turnover rate of talents and key influencers

### LINK TO MATERIAL ISSUES

- Fair Employment and Welfare
- Talent Development

### OUR STRATEGIC RESPONSE

**3 4 7 8**

## Technology

### CONTEXT

- As Axiata strives for market leadership and for continued competitive advantage, Axiata will need to be able to invest in new technologies, upgrades and equipment
- Rapid technological advances may result in premature obsolescence of key technology and equipment before the end of their useful life cycle
- Lagging deployment of new technologies may result in the group falling behind its competitors

### RISK LEVEL AND MOVEMENT

**Medium level,**  
Unchanged since 2017

### MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Group Finance, Group Technology
- Constantly reviewing and refreshing our technology to remain relevant, as we maintain financial prudence
  - Future proofing a critical criteria in network equipment selection, and is built into the procurement process
  - Closely studying new technological advancements, especially 5G, whilst crafting the future network strategy

### KEY RISK INDICATORS

ROIC < WACC

### LINK TO MATERIAL ISSUES

- Digital Inclusion
- Digitisation and Modernisation
- Network Quality and Coverage

### OUR STRATEGIC RESPONSE

**2 3 4 5 6**

## Governance and Integrity

### CONTEXT

- Axiata's values of Uncompromising Integrity, Exceptional Performance (UI.EP) drive our efforts to ensure high ethical standards and good corporate governance, to maintain our continued success
- To come into effect in June 2020, the Malaysian Anti-Corruption Commission (Amendment) Act 2018 on corporate liability for bribery and corruption heightens corporate liability risks

### RISK LEVEL AND MOVEMENT

**Medium level,**  
Increased in 2019<sup>1</sup>

### MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Group Risk and Compliance, Group Human Resource, Group Company Secretary
- Axiata's Code of Conduct guides personnel conducting business for/on behalf of the Group
  - Developing a strong ethics and governance platform to support Axiata's business integrity
  - Ensuring a strong anti-bribery and anti-corruption culture by revising policies and procedures, realigning processes with appropriate control mechanisms, establishing automated systems, and conducting staff awareness programmes

### KEY RISK INDICATORS

Deviation from Group's set standards and governance framework, Corporate liability charges/Regulatory fines

### LINK TO MATERIAL ISSUES

- Sustainable Business Growth
- Business Ethics and Compliance
- Supply Chain Management
- Climate Action and Environment Management
- Community Impact/ Development

### OUR STRATEGIC RESPONSE

**3 7 8**

Note: <sup>1</sup> Risk level changed from low (2017-2018) to medium following maturity level gaps assessment conducted in 2019

# Advancing Asia: Evolving And Adapting Our Strategy To A New Operating Landscape

In 2016, we announced our aspiration to become a “New Generation Digital Champion” by 2022 powered by our three core businesses. Since then, Axiata has continued to evolve our response to changes and shifts in the global and regional telecommunications industry.

Bringing together all our learnings over the past four years, we are now embarking on Axiata 5.0 to reimagine the Group’s future. To translate the Axiata 5.0 vision into execution, we will double down

on strengthening leadership towards accelerating improvements in 10 Key Focus Areas. In parallel, we will deploy a new Group engagement model that harnesses critical learnings from all our Operating Companies (OpCos) by leveraging off our “collective brains” to unlock maximum Group synergies and drive elevated levels of cross-functional and OpCo collaboration.

Our strategy will be further reassessed in light of the impacts arising from the COVID-19 pandemic.

## OUR VISION: New Generation Digital Champion by 2022

### TRIPLE CORE STRATEGY

Business Model Innovation: Expansion from one dimensional pure-play mobile services business to Triple Core portfolio to capture new revenue streams

#### DIGITAL TELCO

Transform from Mobile-Centric Telcos to Converged Digital Operators

Target: #1 / Strong #2 in All Markets

#### DIGITAL BUSINESSES

Pivot from Portfolio Company to Three Lines of Digital Businesses

Target: 3 “Unicorns”

#### INFRASTRUCTURE

Advance from Regional Champion to Global Champion

Target: Top 5 in the World

### AXIATA 5.0 10 KEY FOCUS AREAS

- 1 **“Shifting Gear”**: Focus on Profit and Cash
- 2 **OpCos Transformation**: Beyond Short-Term Turnaround
- 3 **Operational Excellence**: As Our New Corporate DNA
- 4 **New Group Engagement Model**: Virtual Centralisation via the “Collective Brain”
- 5 **Digitisation and Analytics**: Our Biggest Differentiator
- 6 **New Growth Areas**: Especially Enterprise
- 7 **Stakeholder Management**: Including Regulatory and Government, Shareholders, Customers, Employees and Media
- 8 **Organisation 5.0**: Develop Modern, Agile, Digital Values and Support Key Focus Areas
- 9 **Industry Consolidation**
- 10 **Investment and Portfolio Optimisation**

Financial Performance (Near-Term)

Institution Building  
(Long-Term Growth and Sustainable Performance)

Structural Changes

# Adapting Our Strategy To A New Operating Landscape

Our 2019 achievements are mapped according to the 10 Key Focus Areas.

## 1 “Shifting Gear”

### OUR KEY PROGRESS

- Recorded the highest reported PAT since 2016
- ROIC improved by 5.1ppt to hit 6.4% as a result of the successful implementation of our divestment strategy in 2018
- All OpCos (Digital Converged Telcos) are now profitable with:
  - Double digit EBITDA growth at XL, Robi, Smart and edotco
  - Double digit PATAMI and FCF growth in Celcom, XL, Dialog, Smart and edotco
  - ADA delivered on commitment to be PAT positive in 2019
- Cost Excellence programme to deliver on its savings goal of RM5 billion by 2021 ahead of time. With RM1.4 billion of savings in 2019, the Group has recorded more than RM4.0 billion in the first three years of the programme (since 2017)

### LINK TO 4P GOALS

- Performance

## 2 OpCo Transformation<sup>1</sup>

### OUR KEY PROGRESS

- All OpCos are either #1 or #2 Performers in EBITDA, Profit and Cash in their markets, while still maintaining respective revenue market share positions
- All OpCos continued to deliver on Triple Core Strategy transformation targets, network modernisation and digitisation initiatives

### LINK TO 4P GOALS

- Performance
- People
- Partnership
- Planet & Society

## 3 Operational Excellence

### OUR KEY PROGRESS

- Delivering Operational Excellence through a combination of:
  - Profitable Growth
  - Optimum Customer Satisfaction
  - Sustainable Cost Structure
  - Digitisation and Analytics
  - Organisational Excellence
- Maintained investments in network modernisation to upgrade network architecture and support digital businesses
- Driving through the value proposition of becoming the lowest cost producer relative to customer promise across all OpCos
- All OpCos on track to deliver value discipline in Price Leadership, Product Innovation and Customer Intimacy

### LINK TO 4P GOALS

- Performance
- People
- Partnership
- Planet & Society

## 4 New Group Engagement Model

### OUR KEY PROGRESS

- Effected the Virtual Centralisation via the “Collective Brain” engagement model across all OpCos to allow for more efficient ways of working and better cross-pollination of learning
- Identified Network, IT and Procurement as three priority areas for virtual centralisation to realise incremental strategic and financial value across all OpCos
- OpCo Chief Technology Officers (CTOs) and Chief Information Officers (CIOs) to collaborate within a Virtual CTO/CIO Council to jointly develop solutions for Network and IT related issues across the Group

### LINK TO 4P GOALS

- Performance

## 5 Digitisation and Analytics

### OUR KEY PROGRESS

- Axiata Analytics Centre (AAC) trained 300 data scientists and data engineers
- Axiata Digital Labs collaborated with OpCos to enhance Enterprise digital offerings
- Independent and externally assessed DTI ranked Dialog and Robi as digital leaders, on par with global technology companies
- Improved internal processes across all OpCos with process simplification and digitisation
- Enhanced customer experiences using digitisation as an enabler to automate customer registrations, and analytics to identify Next Best Action and optimise dealer experience

### LINK TO 4P GOALS

- Performance
- Partnership

Note: <sup>1</sup> Applies to Digital Converged Telco subsidiaries Celcom, XL, Smart, Dialog, Robi and Ncell

# Adapting Our Strategy To A New Operating Landscape

## 6 New Growth Areas

### OUR KEY PROGRESS

- Growth in Home/Convergence business at Celcom, XL, Smart and Dialog
- Growth in Enterprise business at Celcom, XL and Dialog
- Launched Enterprise solutions at Ncell
- Dialog developed IoT-based digital solutions — smart electricity meters and SARU app for farmers
- Digital businesses on track to profitability, with ADA PAT positive in 2019
- Axiata Analytics Centre and Axiata Digital Labs continued to expand on digitally skilled talents to strengthen the Group's digitisation and analytics focus
- Launched Aspirasi providing micro-financing and micro-insurance
- Apigate refocused on Payment and Application-to-person Messaging to drive future growth

### LINK TO 4P GOALS

- Performance
- Planet & Society

## 7 Stakeholder Management

### OUR KEY PROGRESS

- Memorandum of Understanding (MOU) with Malaysia Digital Economy Corporation to share best practices, cyber threat scenarios and contribute to national talent development
- Partnered with regulatory bodies and GCERT<sup>2</sup> in Malaysia to enhance national incident response and threat intelligence
- Strengthened data privacy and cyber security, to achieve a CMMI Maturity Level 3 for all NIST functions Group-wide
- Digital venture funds of ADIF, DADIF and SADIF<sup>3</sup> to accelerate the development of the digital ecosystem in Malaysia, Sri Lanka and Cambodia respectively
- Provided innovative digital service solutions for underserved communities to bridge the digital divide
- edotco's focused carbon reduction strategy led to 54% reduction in carbon emission per site

### LINK TO 4P GOALS

- Performance
- People
- Partnership
- Planet & Society

## 8 Organisation 5.0

### OUR KEY PROGRESS

- AAC provided technical analytics training and advanced technology courses to enable digital talent transformation
- Fast Forward as a Group-wide intelligent learning technology platform, providing learning modules for employees
- LEAP<sup>4</sup> focused on advanced technologies of analytics, Artificial Intelligence, Machine Learning, Deep Learning, Augmented Reality and Virtual Reality
- Launched LEAP Awards with eight functional assessments on OpCo digitisation and transformation initiatives

### LINK TO 4P GOALS

- People

## 9 Industry Consolidation

### OUR KEY PROGRESS

- Explored a strategic merger with Telenor ASA's Asian operations to leapfrog growth in local and regional operations but did not proceed due to technical complexities of a merger of this magnitude

### LINK TO 4P GOALS

- Performance

## 10 Investment & Portfolio Optimisation

### OUR KEY PROGRESS

- Portfolio rationalisation in 2019:
  - Divested stake in M1 Limited
  - Disposed Idea rights
  - Divested non-core digital businesses
- Axiata Digital obtained a strategic minority investment from Mitsui & Co. Ltd, with a pre-money enterprise value of USD500 million
- Agreement with Princeton Digital Group to acquire 70% equity in XL Axiata Data Centre
- Announced plans to list Robi on the Bangladesh Stock Exchange in 2020

### LINK TO 4P GOALS

- Performance
- Partnership

Notes: <sup>2</sup> GCERT = Government Computer Emergency Response Team  
<sup>3</sup> ADIF = Axiata Digital Innovation Fund; DADIF = Dialog Axiata Digital Innovation Fund; SADIF = Smart Axiata Digital Innovation Fund  
<sup>4</sup> LEAP = Learn, Engage, Accelerate and Perform

 For more details on our strategic activities and outcomes, please refer to pages 48 to 68 in the "Assess How Our Operating Companies Have Contributed To Creating Value" section, and pages 32 to 38 in the "See How We Intend To Create Long-Term Value" section

 For more details on our sustainability related activities and outcomes that contributed to Axiata's strategic performance, please refer to the SNCR



**SEE HOW WE INTEND TO  
CREATE LONG-TERM VALUE**

# Our Value Creation Model

Axiata utilises input from our six capitals to drive through our strategies in our value creation process. Our efforts lead to output, as well as outcomes and value created in the short, medium and long-term for our base of stakeholders. The Group’s efforts are also contributing to advancing some of the

UN SDGs. As a result of the nature of the trade-offs and interconnectivity of our six capitals, Axiata’s value creation reporting focuses on the key activities that lead to the outcomes aligned with achieving our ambition of becoming a New Generation Digital Champion by 2022.



Unfold To See How We Create Value

term, it leads to increasing the value of our Human, Financial, and Social and Relationship Capital

concerted efforts to reduce our carbon footprint, we are able to mitigate our business impact on our Natural Capital

Notes: <sup>1</sup> As at 31 December 2019

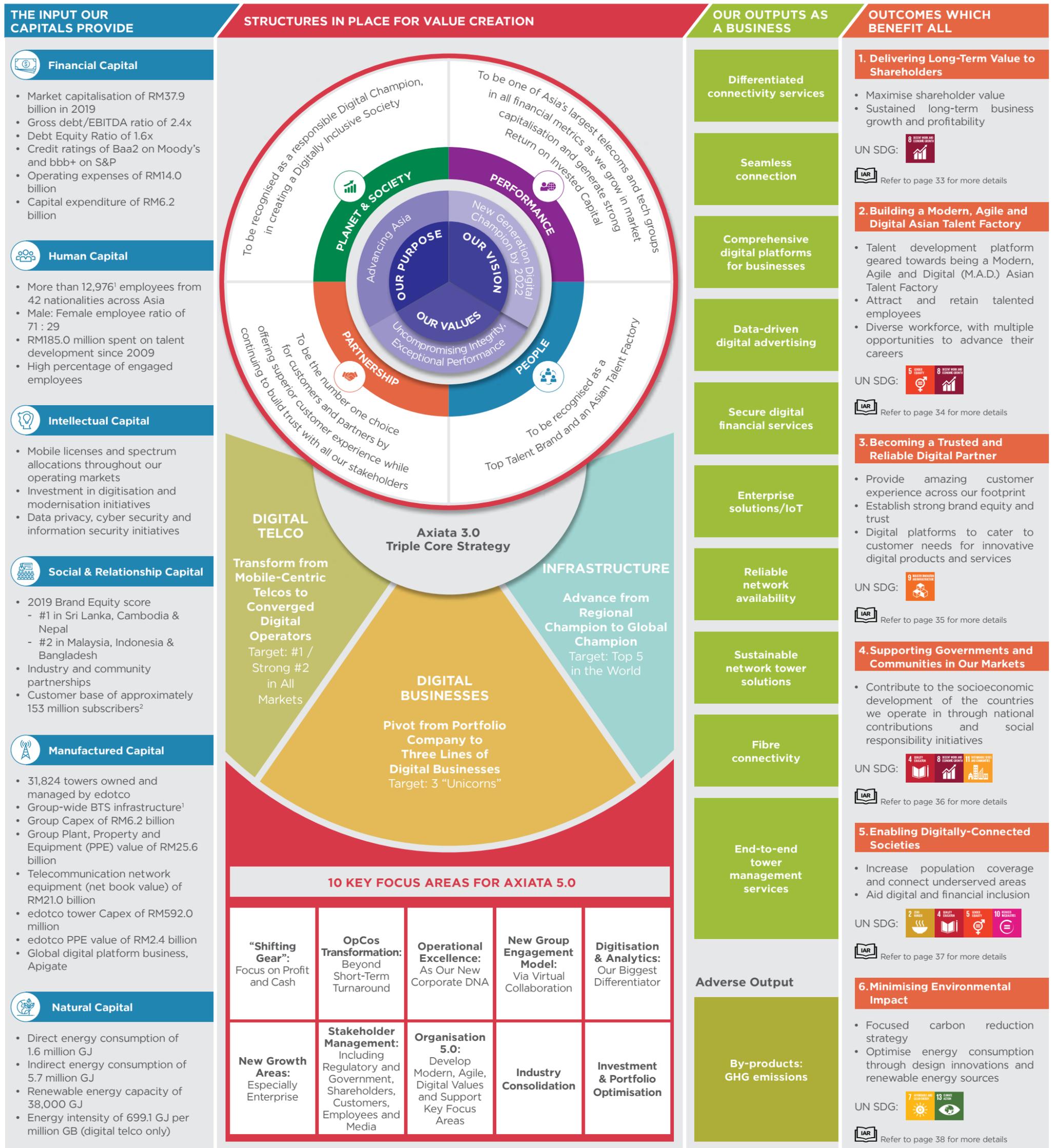
<sup>2</sup> In line with explanations provided in the IAR 2018, this number excludes Idea and M1 subscribers



For more details on:

- OpCos’ BTS numbers, please refer to pages 50 to 61 in the “Assess How Our Operating Companies Have Contributed To Creating Value” section
- The 10 Key Focus Areas, please refer to page 28 in the “Understand How We Progress Strategy” section

# Our Value Creation Model



## TRADE-OFFS

- In the short-term, expanding and modernising our networks will increase our base of Manufactured Capital, but reduce our Financial Capital. However in the long-term, these investments expand our business' capacities, and therefore grow our Financial Capital
- Investments in Intellectual Capital reduces our Financial Capital in the short-term. However in the long-term, it leads to increasing the value of our Human, Financial, and Social and Relationship Capital
- Our Social and Relationship Capital investments reduces our Financial Capital in the short-term. However in the long-term, our efforts to bridge the digital divide and foster regional socioeconomic development augments the value of our Social and Relationship, Human, Intellectual and Financial Capitals
- Our Manufactured Capital base negatively impacts upon our Natural Capital. However, through concerted efforts to reduce our carbon footprint, we are able to mitigate our business impact on our Natural Capital

Notes: <sup>1</sup> As at 31 December 2019

<sup>2</sup> In line with explanations provided in the IAR 2018, this number excludes Idea and M1 subscribers



For more details on:

- OpCos' BTS numbers, please refer to pages 50 to 61 in the "Assess How Our Operating Companies Have Contributed To Creating Value" section
- The 10 Key Focus Areas, please refer to page 28 in the "Understand How We Progress Strategy" section

# 1. Delivering Long-Term Value To Shareholders

## RELATED KEY CAPITALS



Link to 4P Goals: Performance

### Activities and Processes to Create Value

- Operational Excellence delivered on **sustainable cost structure Group-wide**
- “Shifting Gear” Tactics** delivered on profitability and cash growth
- The Cost Excellence Programme continues to deliver ahead of our expectation and well on course to deliver our target of **RM5.0 billion** by 2021
- Optimised strategic resource allocation towards new growth areas and technology investments in line with becoming a **New Generation Digital Champion** by 2022
- Portfolio rationalisation in 2019:
  - Divested stake in M1 Limited for total cash proceeds of **RM1.65 billion** and an estimated gain of **RM113.4 million**, and shared gains with shareholders
  - Gain on disposal of Idea rights with cash proceeds of **RM96.1 million**
  - Gain on divestment of non-core digital businesses of **RM367.1 million**

## OUTCOMES AND VALUE CREATED

Maximise shareholder value by maintaining sustainable dividend payout

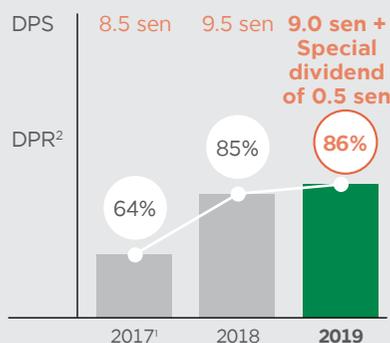
Sustained long-term business growth and profitability by ensuring financial resilience

## PERFORMANCE INDICATORS

### Operating Revenue

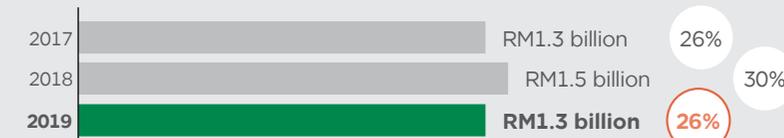


### Dividend Per Share (DPS)/ Dividend Payout Ratio (DPR)



### Cost Savings

With more than RM4 billion already delivered in the first three years of the programme, we are ahead of our expectation to achieve our target of RM5 billion by 2021



### EBITDA



### Gross Debt to EBITDA Ratio



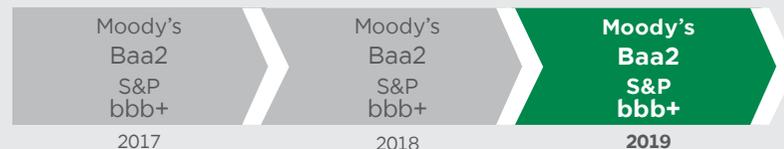
### Normalised PATAMI



### Cash Reserves



### Maintained Credit Ratings, despite challenging external environment



Notes: <sup>1</sup> The Group announced lower DPR in 2016 and 2017 based on two reasons. First, for prudent reasons, to mitigate against impacts of volatile forex and regulatory risk. Second, for strategic reasons, to enable 4G/data leadership investments as well as for possible mergers and acquisitions (M&A) exercises in the areas of market consolidation. Axiata reverted to DPR of 85% in 2018

<sup>2</sup> DPR - Dividend Payout Ratio excluding special dividend

<sup>3</sup> Includes MFRS 16 impact. For comparison purposes, gross debt to EBITDA would be 1.8x on a pre-MFRS 16 basis

For more details on our financial performance, please refer to pages 39 to 47 in the "Take Measure Of Our Financial Performance" section

For our Audited Financial Statements, please refer to the GAFS

## 2. Building A Modern, Agile And Digital Asian Talent Factory



Scan to watch more from our Group Chief Human Resources Officer

### RELATED KEY CAPITALS



Link to 4P Goals: **People**

#### Activities and Processes to Create Value

- Robust talent development platform aligned with M.A.D. culture
- Axiata Digital Labs houses highly skilled digital talent providing innovative advanced technology enterprise solutions for most of Axiata's Operating Companies (OpCos)
- Conducted **Group-wide Learn, Engage, Accelerate and Perform (LEAP)** Programme to cultivate a digitisation culture by leveraging on friendly competition amongst OpCos
- Comprehensive **Health, Safety and Environment (HSE)** programme
- Enhanced **cyber-aware culture** by refreshing Employee Code of Conduct to include data privacy and cyber security

- Executed initiatives to enhance data privacy and cyber security awareness, knowledge and skills for relevant internal and external stakeholders
  - Conducted the **Cyber Security e-Learning Programme** to enhance cyber security awareness for employees whilst improving cyber security knowledge and skills for vendors
  - Carried out **data privacy training** across all OpCos to ensure strict compliance with the relevant laws and regulations as well as alignment with global best practices in data privacy as follows:
    - Training for **Data Privacy Champions<sup>1</sup> and business owners to identify and mitigate personal data risk**

- Group-wide **Certified Information Privacy Manager (CIPM)** certification from the **International Association of Privacy Professionals (IAPP)** for **Data Privacy Officers (DPOs)**
- Distributed internal quarterly newsletters on **data privacy and cyber security**
- Demonstrated our commitment to internal talent development and leadership growth through the **Group Accelerated Development Programme and OpCo Accelerated Development Programme**, to improve our external : internal hiring ratio from a 2009 baseline of 78 : 22
- Robust compensation philosophy and benefits** to attract and retain quality talent

### 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

##### Developing Digital Talent Base

**AAC**  
AAC trained **300** data scientists and data engineers in 2019, and targets to increase to **600** in 2020

**ADL**  
Digital talent employee base growth of 3x to **650** employees as at end 2019

##### e-Learning Platforms

**Online Learning**  
5,626 learners

**Synapse**  
Accelerates learning across the Group  
> **1,000** visits/month

##### Cultivating a Digitisation Culture

OpCos submitted > **250** Unique digitisation initiatives under the LEAP Awards 2019

**Overall Winner** **Runners-up**

#### Building Data Privacy and Cyber Security Awareness

**Cyber-aware employees and vendors** with the appropriate knowledge

**Built a team of capable incident handlers** who can respond decisively in the event of a cyber-attack

Axiata's Group-wide cyber security training and awareness programme covering **> 12,800 employees** and **> 1,300 vendors** resulted in **96% of the employees** and **100% of the vendors** being trained and tested on their knowledge of cyber security

Employees > 12,800	96%
Vendors > 1,300	100%

**14 Data Privacy Champions** participated in the CIPM certification

#### HSE Key Indicators

##### Site Inspections and Audits

8,728	2,121	3,688
2019	2018	2017

#### Talent at Axiata

Top Management		
125	174	145
2019	2018	2017
Middle Management		
438	513	660

#### Improved External : Internal Hiring Ratio

**2019: 23 : 77**

2018: 17:83  
2017: 40:60

#### Group Employee Engagement Survey Result

SEI <sup>2</sup>	UI.EP	Ethics	High Performance Culture
2019: <b>89%</b>	2019: <b>89%</b>	2019: <b>85%</b>	2019: <b>81%</b>
2018: 88%	2018: 90%	2018: 84%	2018: 82%
2017: 88%	2017: 90%	2017: 84%	2017: 80%

#### Leadership at Axiata

77% filled internally

7 out of 9 CEO positions filled by internal talents

##### Nationalities of our Leadership<sup>3</sup>

60%	Local
14%	Footprint
26%	External

##### Gender Diversity in Leadership

Year	Male	Female
2019	86%	14%
2018	83%	17%
2017	88%	12%

Notes: <sup>1</sup> Data Privacy Champions are Data Privacy Officers and their teams  
<sup>2</sup> SEI refers to Sustainable Engagement Index  
<sup>3</sup> Locals - Locals working in their respective OpCo country. Footprint - Non-locals from Axiata's footprint countries. External: Non-locals from outside Axiata's footprint countries

SNCR For more details on our training and development programmes, please refer to pages 27 to 33 in the "Nurturing People" section

# 3. Becoming A Trusted And Reliable Digital Partner



Scan to watch more from our Chief Executive Officer - Telecommunications Business/ Group Executive Vice President

## RELATED KEY CAPITALS



Link to 4P Goals: **Partnership**

### Activities and Processes to Create Value

- **Axiata Digital Labs (ADL)** continued to serve as one of the Group's technology hubs providing disruptive digital platforms and highly advanced digital solutions to help businesses advance in the digital era
- **Group-wide Digital Transformation Strategy** leveraging on digitisation and analytics to provide differentiated digital products and services, and enhanced customer experience
- Conducted the **Digital Telco Index (DTI)** assessment, an independent evaluation that benchmarks Axiata against global technology peers

- **Digital Trust 2020 (DT2020)** cyber security strategy:
  - Established a Joint **Cyber Security and Privacy (CaP) Committee**
  - Tightened third-party data processing obligation
  - Conducted an assessment based on the **National Institute of Standards and Technology (NIST)** cyber security compliance and maturity programme
  - Enforced the **Minimum Baseline Security Standard (MBSS)** as the Group-wide default security hardening guidelines for IT and telecoms systems

- Adopted **Machine Learning** and **Artificial Intelligence-based tools** to measure cyber risks
- **Group Security Operations Centre (GSOC)** monitors all OpCos on a single platform, with a world-class Endpoint Detection and Response (EDR)
- Maintained our **Group-wide Threat and Vulnerability Management Programme**
  - **"Red Teaming" exercise** - identified threat targets Group-wide and executed a prioritised and effective improvement programme
  - **"Bug Bounty"** initiative - identified software vulnerabilities

## OUTCOMES AND VALUE CREATED

Provide 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 (million)



### Strengthened Data Privacy and Cyber Security

**CaP established stronger co-operation** between cyber and privacy domains to protect all stakeholders' data privacy and security

**Achieved Capability Maturity Model Integration (CMMI) Maturity Level 3** for all NIST functions Group-wide

**GSOC** accredited by the Forum of Incident Response and Security Teams (FIRST)

Enhanced our threat hunting capability to **improve our mobile and web applications**

**More robust cyber defence** to improve detection, response and recovery capability

### ADL



### Key Highlights 2019

R&D with Huawei to promote Digital Service Innovation

Facial Recognition Application to identify intruders

Launched FinPal, a personal loan system with cross-channel/ omni-channel banking capabilities

### Digitisation as Enabler<sup>2</sup>

**Process Automation in Customer Experience** chatbots at XL, Celcom & Dialog

**Digitisation of Customer Registration & Activation** Smart, Robi & Dialog utilising user-friendly digital customer onboarding to significantly improve customer onboarding process

### Analytics as Enabler<sup>2</sup>

Celcom used **Next Best Action** to identify unique personalised offers for each prepaid customer

- Increased take-up rate by 4x
- Increased Average Revenue Per User (ARPU) by 20%-25%

### Dealer Optimisation

Smart improved new dealer recommendations with 75% accuracy

### Brand Equity Score

**in 3 markets**  
Sri Lanka, Cambodia & Nepal

**in 3 markets**  
Malaysia, Indonesia & Bangladesh

### Social Reputation Score

**in 5 markets**  
Malaysia, Indonesia, Cambodia, Nepal & Bangladesh

**in 1 market**  
Sri Lanka

### DTI 2019

2 OpCos in digital leader category, on par with global digital leaders

**Robi & Dialog**

1 OpCo very close to the digital leader category

**Celcom**

Notes: <sup>1</sup> In line with explanations provided in the IAR 2018, this number excludes Idea and M1 subscribers

<sup>2</sup> Examples of Digitisation and Analytics as Enablers



For more details on data privacy and cyber security, please refer to pages 38 and 39 in the "Strengthening Data Privacy And Cyber Security in 2019" section



For more details on:  
- Our training and development programmes, please refer to pages 27 to 33 in the "Nurturing People" section  
- Our digitisation initiatives, please refer to pages 34 to 39 in the "Process Excellence & Governance" section

# 4. Supporting Governments And Communities In Our Markets

## RELATED KEY CAPITALS



Link to 4P Goals: Partnership Planet & Society

### Activities and Processes to Create Value

- Developed digital services aligned with **national digital policies and aspirations**
- Maintained our commitments to the **GSMA's Humanitarian Connectivity Charter** and **Connected Women Initiative**

- edotco's innovative energy recycling initiatives:
  - **Tower to Community (T2C)** project channels surplus electricity from sites to underserved communities
  - Launched **T2C's vaccination refrigeration programme** in Myanmar

- Axiata **contributed taxes** to all Governments of the countries we operate in
- Contributed to **job creation** and **supported national economies** in all our markets

## OUTCOMES AND VALUE CREATED

Contribute to the socioeconomic development of the countries we operate through national contributions and social responsibility initiatives

## PERFORMANCE INDICATORS

### Total National Contributions



### Number of Jobs Supported Across the Region



### 2019 Contributions to Connected Women Initiative

OpCos	Initiatives
<b>Celcom</b>	<ul style="list-style-type: none"> <li>• <b>&gt; 1,000</b> women underwent Digital Entrepreneurship Training</li> <li>• Tuisyen Pintar <b>&gt; 2,700</b> female students from B40 were provided with after-class learnings</li> </ul>
<b>Dialog</b>	<ul style="list-style-type: none"> <li>• Yeheli Thozhi <b>&gt; 5,000</b> app downloads</li> </ul>
<b>Robi</b>	<ul style="list-style-type: none"> <li>• Robi-CARE Girls Empowerment Programme - <b>100</b> girls</li> <li>• Robi Digital Bus - <b>16,780</b> students</li> <li>• Robi Maya Apa - <b>2 million</b> active monthly users</li> </ul>
<b>Smart</b>	<ul style="list-style-type: none"> <li>• Technovation - <b>&gt; 150</b> girls</li> </ul>
<b>XL</b>	<ul style="list-style-type: none"> <li>• Sisternet - <b>&gt; 23,000</b> active members</li> </ul>

### 2019 Contributions to Humanitarian Connectivity Charter

OpCos	Initiatives
<b>Celcom</b>	<ul style="list-style-type: none"> <li>• <b>Flood Aid</b> - Johor &amp; Kelantan</li> <li>• Early Flood Warning - <b>&gt; 350,000</b> alerts</li> <li>• Engaged with <b>National Disaster Management Agencies</b> on global best practices for mobile use during national disasters</li> </ul>
<b>Dialog</b>	<ul style="list-style-type: none"> <li>• Dialog Foundation rolled out <b>Rally to Care</b> to assist Easter bombing victims</li> <li>• Early Warning Network - close to <b>6 million</b> alerts</li> </ul>
<b>Ncell</b>	<ul style="list-style-type: none"> <li>• Early warning SMS system - <b>2.6 million</b> flood alerts</li> </ul>
<b>XL</b>	<ul style="list-style-type: none"> <li>• <b>Reconstructed school</b> - Northern Lombok</li> <li>• <b>Post-tsunami aid</b> - Palu, Central Sulawesi</li> <li>• <b>Drought relief</b> - West Java</li> <li>• <b>Flood aid</b> - Java &amp; Sumatra</li> </ul>

### T2C Impacts

#### 2019

**4,567** families in 4 countries

Bangladesh Malaysia Myanmar

**600** families **560** families **2,000** families

**700** students

- ▶ **> 4,600** families in rural areas in Malaysia, Bangladesh, Pakistan & Myanmar
- ▶ **> 2,500** families in Myanmar
- ▶ Benefiting **> 800** students in Cambodia & Bangladesh

#### 2018

**Malaysia, Bangladesh, Pakistan & Myanmar**

**1,020** families **28** schools

**30** mosques **1** hospital

### Partnerships to Strengthen the Cyber Security Ecosystem in 2019:

Collaborated with **national regulatory bodies and Government Computer Emergency Response Team (GCERT)** in Malaysia to improve incident response and threat intelligence

Axiata signed Memorandum of Understanding (MOU) with **Malaysia Digital Economy Corporation** to promote sharing of best practices, cyber threat scenarios, and support national agenda on talent development

Celcom signed a MOU with **CyberSecurity Malaysia (CSM)** to collaborate on incident response and provide a lab for IoT testing

In line with industry best practices, Robi implemented GSMA standards addressing community concerns on impersonation attacks and fraudulent activities, and **enhanced mobile communications protection by 90%**

Note: <sup>1</sup> Total National Contributions for 2019 excludes economic contributions from M1 and Idea, following our divestment in shareholdings in these two companies in 2019



For more details on:

- Our national contributions please refer to pages 47 to 67 in the "National Contribution Report" section
- On advancing GSMA initiatives, please refer to pages 17 to 26 in the "Beyond Short-Term Profits" section

## 5. Enabling Digitally-Connected Societies

### RELATED KEY CAPITALS



Link to 4P Goals: **Planet & Society**

#### Activities and Processes to Create Value

- Technology venture funds to catalyse the growth of tech start-ups: **ADIF**, **DADIF**, **SADIF**
- Since 2015, **Robi 10 Minute School** has provided quality education and skills training for free to students of all ages and backgrounds in Bangladesh

- Provided digital financial inclusion initiatives through e-wallets: **Boost in Malaysia and Indonesia**, **eZ Cash in Sri Lanka**, **SmartLuy in Cambodia**
- Micro-financing platform and fintech services provider, Aspirasi, **teamed up with eCommerce platform Lazada Malaysia** to provide financing support to micro-enterprises and SME merchants
- Provided **digital service solutions** for micro-entrepreneurs, fishermen and farmers

- Provided e-commerce and digital marketing training to small, medium and micro-enterprises through Celcom's support of the **DesaMall@KPLB** public-private initiative
- Nurtured youths on cultivating an innovation mindset and brought them to speed on IoT concepts and digitalisation via Celcom's involvement in the **Young Digital Innovator Programme**
- The **KPM-Celcom Siswapreneur** entrepreneurship training programme endorsed by the Ministry of Higher Education aims to equip students with entrepreneurship mindset & skills

### OUTCOMES AND VALUE CREATED

Increase population coverage and connect underserved areas

Aid digital and financial inclusion

### PERFORMANCE INDICATORS

#### ADIF Funding for Digital Startups

2019

**RM 54.9 million**

2018: RM45.6 million  
2017: RM27.2 million

#### SADIF Funding for Digital Startups<sup>1</sup>

2019: **USD2 million**

2018: USD1.2 million

#### DADIF Funding for Digital Startups<sup>1</sup>

2019: **SLR278 million**

2018: SLR219 million

#### Robi 10 Minute School

quality education for **> 360,000 students** since 2015

**> 850 live classes** viewed > 30 million times

#### Boost<sup>TM</sup> Registered Users



#### eZCash Registered Users



#### SmartLuy Registered Users



Providing micro-financing and micro-insurance solutions for micro-enterprises and SMEs

2019 Total Lending Gross Transaction Value of **RM40 million**



#### Govi Mithuru

- 650,000** subscribers for Sri Lanka's largest mobile agriculture service providing personalised information to farmers, tailor-made for 21 crops
- Launched Govi Mithuru smartphone app

Launched SARU, an IoT-based agriculture technology for farmers

Launched PetraleX app to support people with hearing disabilities

Saviya - **> 5,000** dairy farmers expected to access the mobile-based advisory service to improve production capacity



Laut Nusantara - **> 25,000** downloads, with **8,433** participating fishermen accessing mobile tool to improve their livelihoods



#### DesaMall@KPLB:

- > 1,400** entrepreneurs
- > 300,000** daily online visits

#### Young Digital Innovator Programme:

- > 400** students
- > 20** schools

#### KPM-Celcom Siswapreneur:

- > 5,000** students
- > 50** learning institutions

Note: <sup>1</sup> SADIF and DADIF were established in 2017 and 2018 respectively



For more details on our digital inclusion initiatives, please refer to pages 17 to 26 in the "Beyond Short-Term Profits" section

# 6. Minimising Environmental Impact

## RELATED KEY CAPITALS



Link to 4P Goals: **Planet & Society**

### Activities and Processes to Create Value

- Axiata has committed to the **GSMA-led Carbon Disclosure Project**, towards achieving net-zero carbon emissions by 2050, by managing Group energy consumption for networks and buildings<sup>1</sup>
- Ongoing **network transformation across our digital telcos** to manage energy consumption with new energy efficient equipment, transferring sites from diesel to grid and installing non air-conditioned cabinets
- edotco launched **Green Office** Initiatives across all **National Tower Companies (NTC)**

- edotco has extended its commitment to **reduce its carbon footprint to 60%** by the end of 2020, from a 2013 baseline
- As at end 2019, edotco had **1,430 green sites** comprising:
  - 1,395** renewable energy sites, including:
    - 1,262** solar sites
    - 12** wind turbine sites
    - 4** hybrid solar and wind turbine sites
    - 2** methanol fuel sites
    - 1** onsite hydrogen generation fuel site
    - 114** solar air conditioned sites
  - 35** sites built from alternative materials
  - 16** Bamboo structures
  - 19** Carbon fibre

- Bamboo tower footprint expanded** beyond Bangladesh with two sites deployed in Myanmar, bringing the total to 16 towers
- Total of **135 smart lamp poles** in Sri Lanka, while **3 smart poles** were deployed in Myanmar, and **2** in Bangladesh
- Partnered with **Solar NRJ** to deploy a **hybrid renewable energy service** to power remote, off-grid BTS sites in Sabah
- Monitors 49% of sites with ECHO**, a centralised monitoring system that ensures energy efficiency in passive infrastructure
- Conducts a **tree planting programme** to offset CO<sub>2</sub> production from site build
- A total of **2 bus stop solutions** were deployed in Malaysia

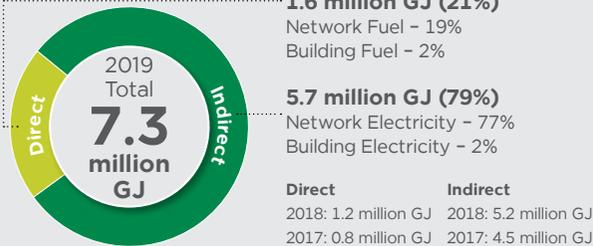
## OUTCOMES AND VALUE CREATED

Focused carbon reduction strategy

Optimise energy consumption through design innovations and renewable energy sources

## PERFORMANCE INDICATORS

### Group-wide Total Energy Consumption

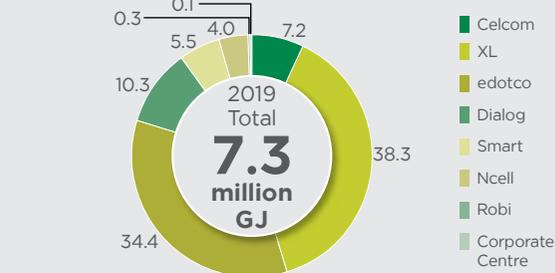


### Group-wide GHG Emissions<sup>2</sup>



**54%** reduction in carbon emission per site, surpassing target by 14%

### Group-wide Total Energy Consumption by OpCos



### Carbon Footprint Reduction by edotco:

- Carbon fibre towers compared to steel towers** ↓ 20%
- Bamboo towers compared to steel towers** ↓ 70%
- Eliminating the use of diesel generators in hard to reach sites** ↓ 41%
- Transitioning from 4-legged to 3-legged towers** ↓ 25%
- Smaller innovative designs using less materials** ↓ 30% / 60%
- Replacing diesel generators with renewable energy** ↓ 100%

### edotco's Tree Planting Programme

- Malaysia** 1,300 mangrove saplings, 600 bamboo trees and 535 other trees
- Myanmar** 1,000 bamboo and 520 other trees
- Bangladesh** 350 trees
- Cambodia** 500 trees
- Sri Lanka** 500 bamboo trees
- Pakistan** 9,000 trees

Notes: <sup>1</sup> Networks account for 96% of total energy consumption  
<sup>2</sup> tCO<sub>2</sub>e refers to tonnes carbon dioxide equivalent



For more details on our climate change and environmental management initiatives, please refer to pages 40 to 46 in the "Planet & Society" section

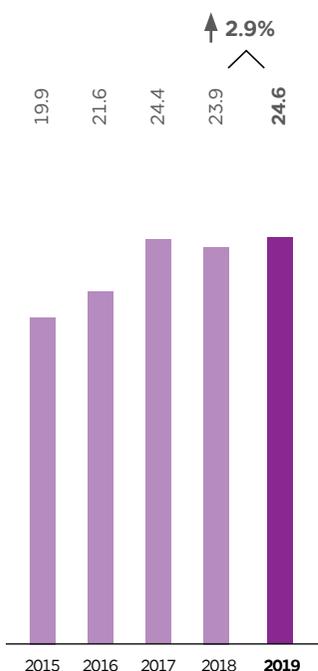


**TAKE MEASURE OF OUR  
FINANCIAL PERFORMANCE**

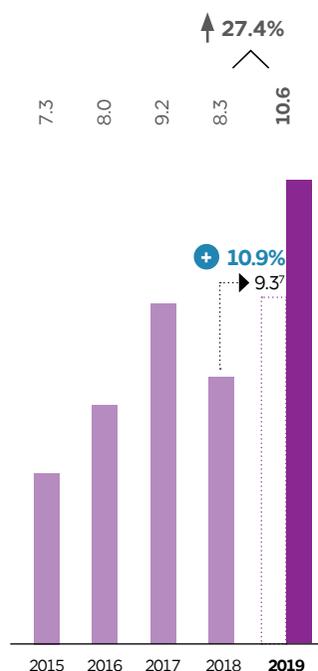
# Financial Review

## FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

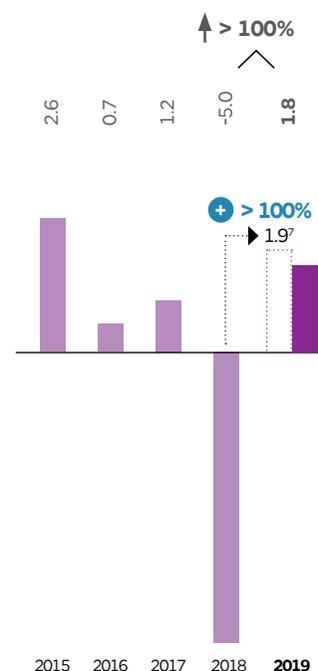
### Operating Revenue (RM Billion)



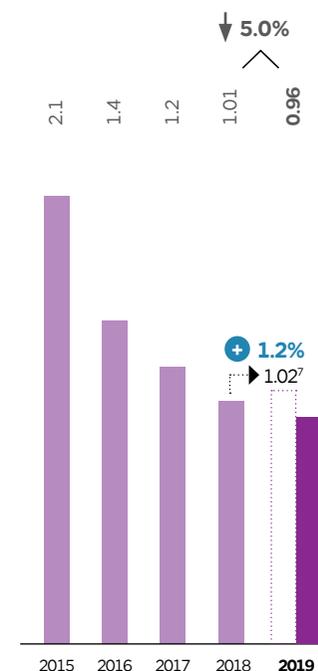
### EBITDA (RM Billion)



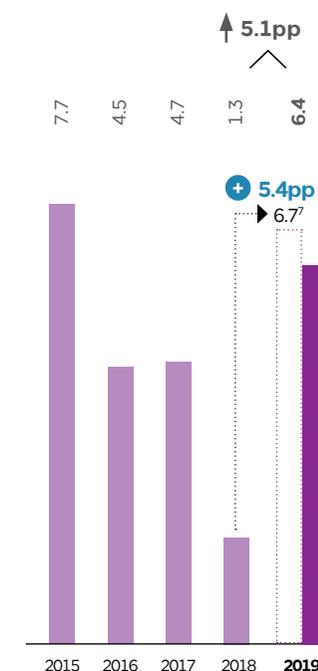
### PAT (RM Billion)



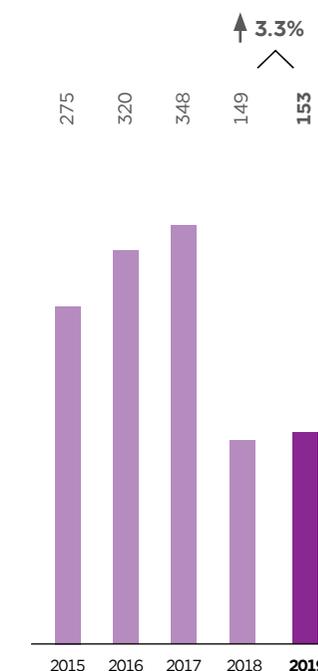
### Normalised PATAMI (RM Billion)



### ROIC (%)



### Customers (Million)



Note 1 - 2019 normalised PATAMI excludes gain on divestment of non-core digital businesses (RM367.1 million), gain on disposal of associate (RM113.4 million), gain on disposal of Idea rights (RM96.1 million), foreign exchange gains (RM51.7 million), gain on disposal of towers (RM82.2 million) and purchase price allocations amortisation (RM121.8 million).

Note 2 - 2018 normalised PATAMI excludes Idea related losses (RM3,862.5 million), one-off asset write-off, impairment and accelerated depreciation on property, plant and equipment (gross: RM1,816.6 million), foreign exchange loss (RM208.9 million) <sup>Note 6</sup>, gain on disposal of towers (RM80.5 million) and purchase price allocations amortisation (RM236.3 million).

Note 3 - 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 4 - 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 5 - 2015 normalised PATAMI excludes gain on disposal of towers (RM399.8 million), one-off tax impact (RM49.0 million) and foreign exchange gain (RM132.3 million).

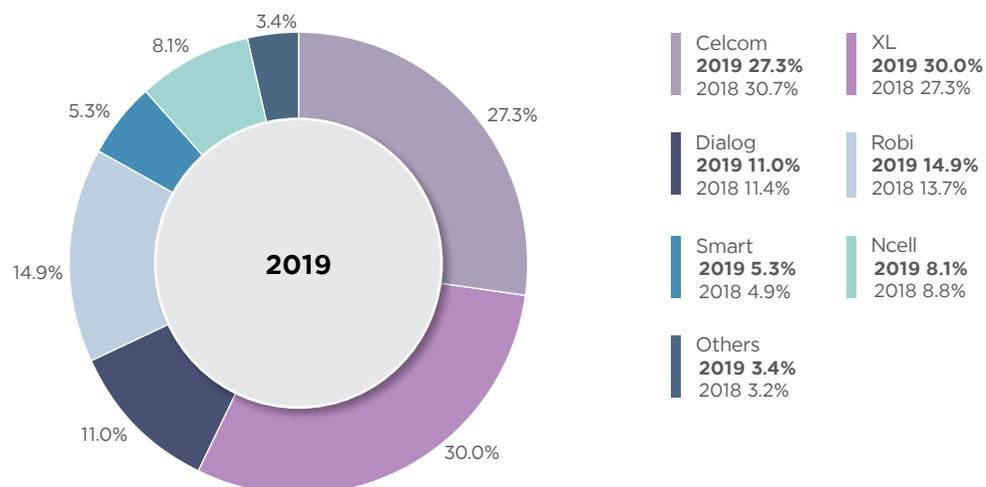
Note 6 - 2018 are based on restated financials.

Note 7 - Number are based on pre MFRS 16 "Leases" and growth rate at constant currency of 2018.

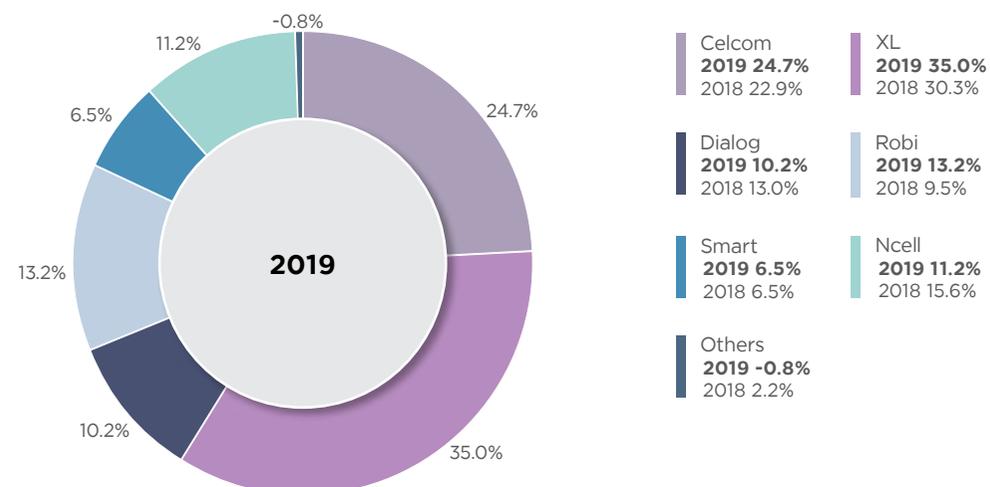
# Financial Review

## SUMMARY BREAKDOWN OF OPERATING REVENUE, EBITDA, TOTAL ASSETS AND TOTAL LIABILITIES & EQUITY

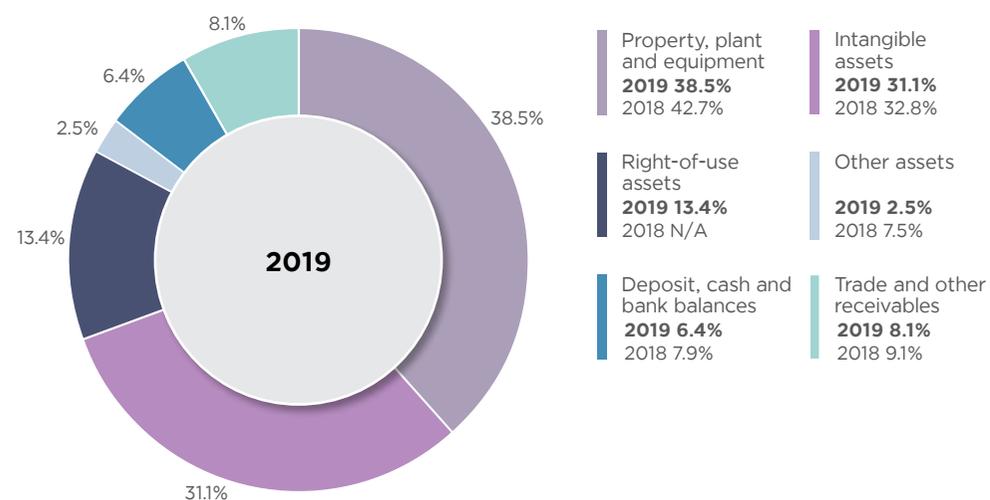
### Operating Revenue



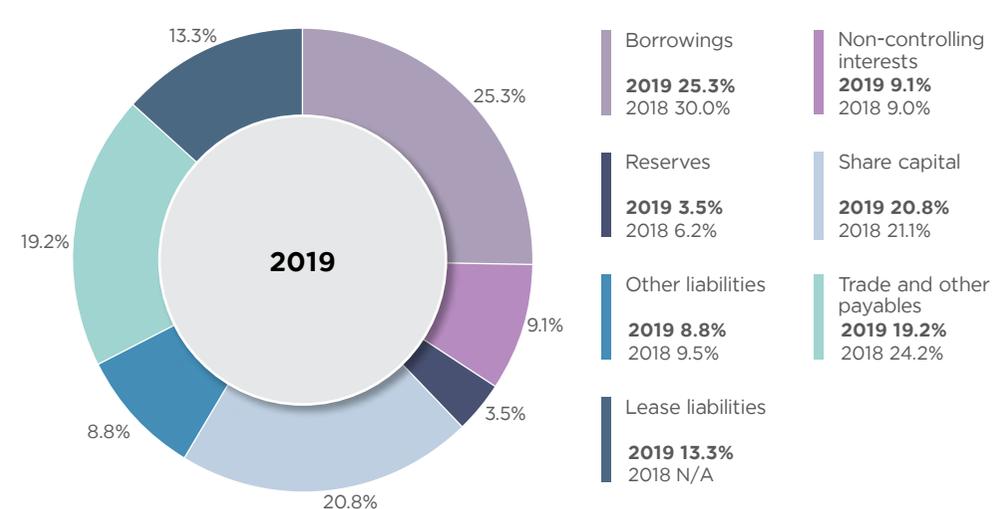
### EBITDA



### Total Assets



### Total Liabilities & Equity



# Financial Review

## FIVE-YEAR GROUP FINANCIAL SUMMARY

### Operational Highlights

All in RM Million unless stated otherwise

	FY2019	FY2018 <sup>2</sup>	FY2017	FY2016 <sup>2</sup>	FY2015
1. Operating Revenue	24,583	23,886	24,402	21,565	19,883
2. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	10,619	8,334	9,230	8,013	7,284
3. Earnings from Associates and Jointly Controlled Entities	(3)	(428)	(404)	30	434
4. Profit Before Tax (PBT)	2,872	(4,073)	1,936	1,140	3,331
5. Profit After Tax (PAT)	1,815	(4,975)	1,162	657	2,636
6. Profit After Tax and Minority Interests (PATAMI)	1,458	(4,762)	909	504	2,554
7. Normalised PATAMI <sup>1</sup>	960	1,010	1,205	1,418	2,071
8. Total Shareholders' Equity	16,181	17,477	24,731	23,581	23,525
9. Total Assets	66,534	63,855	69,911	70,753	56,118
10. Total Borrowings (exclude lease liabilities)	16,826	19,130	19,184	22,260	16,392
11. Total Lease Liabilities	8,840	N/A	N/A	N/A	N/A
12. Customers (million) <sup>3</sup>	153	149	348	320	275

### Growth Rates YoY

1. Operating Revenue	2.9%	-2.1%	13.2%	8.5%	6.3%
2. EBITDA	27.4%	-9.7%	15.2%	10.0%	4.1%
3. Total Shareholders' Equity	-7.4%	-29.3%	4.9%	0.2%	13.3%
4. Total Assets	4.2%	-8.7%	-1.2%	26.1%	14.3%
5. Total Borrowings (exclude lease liabilities)	-12.0%	-0.3%	-13.8%	35.8%	18.0%

### Share Information

1. Per Share					
Earnings (basic) - sen	16.0	(52.6)	10.1	5.7	29.5
Earnings (diluted) - sen	16.0	(52.4)	10.1	5.7	29.3
Net Assets - RM	1.8	1.9	2.7	2.6	2.7
2. Share Price information - RM					
High	5.26	5.70	5.49	6.34	7.22
Low	3.73	3.25	4.29	4.19	5.71

### Financial Ratio

Return on Invested Capital <sup>4</sup>	6.4%	1.3%	4.7%	4.5%	7.7%
Gross Debt to EBITDA <sup>5</sup>	2.4	2.3	2.1	2.8	2.3
Debt Equity Ratio <sup>6</sup>	1.6	1.1	0.8	0.9	0.7

#### Notes:

<sup>1</sup> Excludes foreign exchange gain/loss, gain/loss on disposal of associates & joint venture, gain on divestment of non-core digital businesses, loss on asset held-for-sale, one-off asset write-off, impairment and accelerated depreciation on property, plant and equipment, Ncell purchase price allocations, XL gain on disposal of towers, Robi-Airtel merger one-off adjustments, XL and Robi severance payment, Dialog tax impact and Idea related transactions (loss on derecognition of associate, loss on dilution, operational losses and gain on disposal of rights).

<sup>2</sup> FY2018 and FY2016 are based on restated financials.

<sup>3</sup> FY2019 and FY2018 customers exclude Idea & M1.

<sup>4</sup> EBIT less tax over average invested capital.

<sup>5</sup> FY2019 (Post MFRS 16): Gross debt (Total borrowings + Lease liabilities) over EBITDA; FY2015-FY2018: Total borrowings over EBITDA.

<sup>6</sup> FY2019 (Post MFRS 16): Debt (Total borrowings + Lease liabilities) over total shareholders' equity; FY2018: Total borrowings over total shareholders' equity.

<sup>7</sup> 2019 are based on post MFRS 16 "Leases".

## Financial Review

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Financial Year Ended	
	31/12/2019 RM'000	31/12/2018 RM'000 Restated
Operating Revenue	24,583,312	23,885,781
Operating costs		
- depreciation, impairment and amortisation	(7,084,236)	(7,644,816)
- foreign exchange gains	5,421	8,389
- domestic interconnect and international outpayment	(1,980,257)	(2,408,317)
- marketing, advertising and promotion	(2,001,470)	(2,147,698)
- other operating costs	(7,762,235)	(8,927,499)
- staff costs	(2,220,200)	(2,068,133)
- other losses - net	(22,601)	(25,242)
Other operating income/(expenses) - net	806,853	(3,057,592)
Operating profit/(loss) before finance cost	4,324,587	(2,385,127)
Finance income	230,468	221,459
Finance cost excluding net foreign exchange gains/(losses) on financing activities	(1,738,473)	(1,272,385)
Net foreign exchange gains/(losses) on financing activities	59,085	(208,689)
	(1,679,388)	(1,481,074)
Joint ventures		
- share of results (net of tax)	(2,819)	1,678
Associates		
- share of results (net of tax)	(647)	(26,364)
- loss on dilution of equity interests	-	(403,712)
Profit/(Loss) before taxation	2,872,201	(4,073,140)
Taxation and zakat	(1,057,105)	(901,552)
Profit/(Loss) for the financial year	1,815,096	(4,974,692)
Profit/(Loss) for the financial year attributable to:		
- owners of the Company	1,457,550	(4,762,025)
- non-controlling interests	357,546	(212,667)
	1,815,096	(4,974,692)
Earnings per share (sen)		
- basic	16.0	(52.6)
- diluted	16.0	(52.4)

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial Year Ended	
	31/12/2019 RM'000	31/12/2018 RM'000
Receipt from customers	24,875,636	24,510,506
Payments to suppliers and employees	(13,413,645)	(16,222,297)
Payment of finance costs	(1,689,589)	(1,176,600)
Payment of income taxes and zakat (net of refunds)	(1,233,788)	(1,141,763)
Total cash flows from operating activities	8,538,614	5,969,846
Purchase of PPE (net of proceeds from disposal)	(6,770,736)	(6,613,083)
Acquisition of intangible assets	(429,628)	(540,640)
Investment in deposits maturing more than three months	133,618	(970,029)
Investment in subsidiaries (net of cash acquired)	21,451	(103,510)
Investment in associates	(14,664)	(59,551)
Disposal of associates	1,649,256	-
Interest received	230,232	223,962
Disposal of rights on right issue of a financial asset at FVTOCI	96,149	-
Dividends received from an associate	-	90,187
Settlement of derivative financial instrument	(38,712)	-
Others	23,375	(395)
Total cash flows used in investing activities	(5,099,659)	(7,973,059)
Repayments of borrowings and Sukuk (net of proceeds)	(2,352,263)	(257,425)
Partial disposal of subsidiaries (net of transaction costs)	-	367,434
Additional investment in a subsidiary by NCI	82,444	396,456
Repayment of lease liabilities	(1,207,992)	(208,300)
Dividends paid	(613,669)	(855,445)
Others	(74,315)	9,674
Total cash flows used in financing activities	(4,165,795)	(547,606)
Net decrease in cash and cash equivalents	(726,840)	(2,550,819)
Exchange gains/losses and restricted cash	(45,803)	(133,091)
Cash and cash equivalents at the beginning of the financial year	3,787,748	6,471,658
Cash and cash equivalents at the end of the financial year	3,015,105	3,787,748
Bank overdraft	134,442	103,300
Deposits and others	1,081,552	1,180,400
Deposits, cash and bank balances	4,231,099	5,071,448

## Financial Review

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	
	31/12/2019 RM'000	31/12/2018 RM'000
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	13,857,268	13,502,368
Reserves	2,323,525	3,974,431
Total equity attributable to owners of the Company	16,180,793	17,476,799
Non-controlling interests	6,039,230	5,737,907
Total equity	22,220,023	23,214,706
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	9,194,490	14,646,553
Derivative financial instruments	110,818	1,698,722
Deferred income	383,337	363,196
Deferred gain on sale and lease back assets	559,351	663,228
Trade and other payables	607,967	2,987,844
Provision for asset retirement	517,288	487,394
Deferred taxation	1,205,422	1,391,214
Lease liabilities	7,397,617	-
Total non-current liabilities	19,976,290	22,238,151
	42,196,313	45,452,857
<b>NON-CURRENT ASSETS</b>		
Intangible assets	20,724,361	20,926,703
Contract cost assets	182,908	108,503
Property, plant and equipment	25,633,223	27,290,458
Right-of-use assets	8,937,706	-
Associates	207,357	266,475
Joint ventures	21,709	27,699
Financial assets at fair value through other comprehensive income	301,347	1,659,412
Financial assets at fair value through profit or loss	3,459	-
Derivatives financial instruments	15,256	-
Trade and other receivables	656,639	686,804
Deferred taxation	324,187	586,961
Total non-current assets	57,008,152	51,553,015

	As at	
	31/12/2019 RM'000	31/12/2018 RM'000
<b>CURRENT ASSETS</b>		
Inventories	154,328	219,130
Trade and other receivables	4,721,973	5,115,230
Derivative financial instruments	9,247	238,506
Financial assets at fair value through profit or loss	60,417	38
Tax recoverable	70,944	54,860
Deposits, cash and bank balances	4,231,099	5,071,448
Assets classified as held-for-sale	277,643	1,602,800
Total current assets	9,525,651	12,302,012
<b>LESS: CURRENT LIABILITIES</b>		
Trade and other payables	12,178,262	12,484,444
Deferred gain on sale and lease back assets	124,748	120,942
Borrowings	7,631,753	4,483,197
Lease liabilities	1,442,700	-
Derivative financial instruments	2,041,199	155,901
Current tax liabilities	899,811	1,157,686
Liabilities classified as held-for-sale	19,017	-
Total current liabilities	24,337,490	18,402,170
Net current liabilities	(14,811,839)	(6,100,158)
	42,196,313	45,452,857

# Financial Review

## GROUP FINANCIAL ANALYSIS 2019

Through disciplined execution of “Shifting Gear” to deliver cash and profit as well as initiatives under “Operational Excellence”, Axiata Group concluded the financial year with revenue at RM24,583.3 million, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) at RM10,619.1 million and Profit After Tax and Minority Interests (PATAMI) at RM1,457.5 million.

During the year, the Group successfully realised gains of RM367.1 million from divestment of non-core digital businesses and gain of RM113.4 million from disposal of stake in M1. In addition, the Group also recognised gain of RM96.1 million from sale of Idea rights.

### Revenue

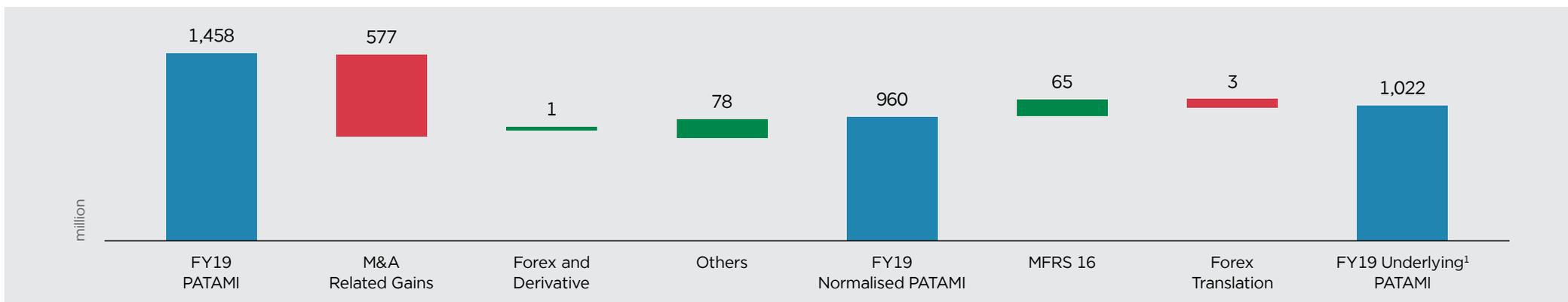
- Driven by strong growth in data revenue, the Group’s total revenue expanded by 2.9% in FY19 to RM24.6 billion
- All Operating Companies (OpCos) delivered growth except Celcom and Ncell

### EBITDA

- Group EBITDA grew 27.4% to RM10.6 billion
- At constant currency and excluding MFRS 16 impact, Group EBITDA registered solid growth of 10.9% as a result of improved performance by all OpCos except Ncell
- Excluding MFRS 16 impact, double-digit growth from XL, Robi, Smart and edotco

### PAT/PATAMI

- Group registered Profit After Tax (PAT) and PATAMI of RM1,815.1 million and RM1,457.5 million respectively driven by better underlying performance, lower depreciation, amortisation and assets written off, foreign exchange gain, discontinuation of Idea related losses, gain on disposal of non-strategic investments and gain on disposal of Idea’s rights, partly being offset by higher finance cost and tax
- Adjusting for one-off items mainly from merger and acquisition (M&A) related gains, forex and derivative, Group normalised PATAMI stood at net profit of RM960 million
- Bridging of 2019 PATAMI to normalised/underlying<sup>1</sup> PATAMI:



### Cost Optimisation

In 2019, the Cost Excellence programme incrementally delivered RM1.3 billion of savings and avoidance across the Group, aided by over 200 distinct initiatives

- The programme continues to be balanced between capital expenditure (capex) and operating expenditure (opex), with each contributing nearly 50% of overall savings delivery

The Network domain (capex and opex) continues to drive the majority of savings, with improving contributions from Sales and Marketing, and Support functions. Negotiation is the major driver with increasing weightage from Operational Excellence and Digitisation

The Group continues to trend ahead of our expectation to deliver RM5.0 billion goal by 2021, having delivered more than RM4 billion in the first three years of the programme

Note: <sup>1</sup> Numbers are based on constant currency and pre MFRS 16

# Financial Review

## GROUP FINANCIAL POSITION

As at 31 December 2019, the Group's financial position maintains its strong investment grade rating with gross debt/EBITDA of 2.4x, and a solid cash position of RM4.2 billion after net loan repayment of RM2.3 billion. Excluding MFRS 16 impact, the Group's gross debt/EBITDA is 1.8x.

## Key Highlights of Group Financial Position

### Total equity stood at

RM  
22.2  
billion

- Total equity decreased by RM1.0 billion
- Despite profit for the financial year of RM1.8 billion, the decrease in equity balance in 2019 was mainly due to the following:
  - dividend via cash payment to shareholders and NCI of RM613.7 million
  - revaluation of financial assets at fair value through other comprehensive income of RM1.6 billion

### Total assets balance stood at

RM66.5  
billion

- Total assets increased by RM2.7 billion
- Property, plant and equipment (PPE) decreased by RM1.7 billion driven by:
  - depreciation of RM4.5 billion
  - RM3.3 billion was reclassified to right-of-use assets as a result of adoption of MFRS 16
  - reduction was partially offset by additions during the year amounting to RM6.2 billion
- Group recorded right-of-use assets of RM8.9 billion as at year end, which includes reclassification from intangible assets and PPE
- Assets classified as held-for-sale decreased by RM1.3 billion to RM277.6 million mainly due to disposal of stake in M1
- Financial assets at fair value through other comprehensive income decreased by RM1.4 billion to RM301.3 million mainly due to revaluation of assets marked-to-market

### Total liabilities stood at

RM  
44.3  
billion

- Gross liabilities increased by RM3.7 billion
- As a result of adoption of MFRS 16, Group recorded lease liabilities of RM8.8 billion, which includes RM3.0 billion reclassified from finance lease payables
- Gross borrowing (excluding lease liabilities) reduced by RM2.3 billion to close at RM16.8 billion mainly due to net loan repayment of RM2.3 billion

### Cash Position and Dividends

- The Group cash balance remained healthy at RM4.2 billion
- The decrease in cash balance compared to last year by RM840.3 million was the result of:
  - cash dividend payment
  - capital investment in network
  - repayment of loans
- As a result of the Group's steady FY19 performance, the Board of Directors approved a total dividend of 9.0 sen per ordinary share. Total dividend for FY19 translated to 86% dividend payout ratio (DPR) compared to 85% in FY18. The Board also approved a special dividend of 0.5 sen to share gain from disposal of M1 investment

### Capital Investments

- The Group has spent RM6.2 billion, at 25% capex intensity ratio. The spend is in line with our aspiration to be New Generation Digital Champion by 2022 in enhancing customer experience, expanding non-urban areas (ex-Java in Indonesia and non-CCD in Bangladesh) and digitisation business

- These investments were mainly sourced from internal generated funds
- The Group continues to execute Triple Core Strategy - Digital Operators, Digital Businesses and Infrastructure
- The Group intensified the "Shifting Gear" initiatives focusing on sustainable profit and cash growths through Operational Excellence, with overarching emphasis on profitable growth, optimum customer satisfaction, sustainable cost structure, Digitisation/Analytic and organisation excellence
- At the same time, the Group will continue its initiatives on structural changes and collaborations to accelerate the delivery of an optimal portfolio across core business, enterprise, home, digital business and infrastructure

### Capital Structure and Capital Resources

- The Group's debt to equity gearing ratio (gross borrowing including lease liabilities over total shareholder's equity) recorded at 1.6 as at 31 December 2019

### Capital Allocation and Balanced Portfolio

- The Group continually strives to maximise shareholder return, with "Shifting Gear" tactics focusing on profit and cash
- Capital is allocated in line with the strategy to reprioritise or re-scope investment with long payback
- The Group follows a balanced approach towards moderate growth and moderate dividend

# Financial Review

## KEY PERFORMANCE INDICATORS

On 22 February 2019, the Group announced its Headline KPIs guidance for the financial year ended 31 December 2019. The Group's 2019 Headline KPIs announced were as below:

Headline KPIs	FY19 Statutory	FY19 Headline KPIs	FY19 Achievements
	Post MFRS16 @ Actual rate	Pre MFRS16 @ Constant rate <sup>1</sup>	
Revenue Growth	2.9%	3 - 4%	<b>2.3%</b>
EBITDA Growth	27.4%	5 - 8%	<b>10.9%</b>
Return on Invested Capital <sup>2</sup> (ROIC)	6.4%	5.2 - 5.6%	<b>6.7%</b>

Notes: <sup>1</sup> Constant rate is based on the FY18 Average Forex Rate (e.g. 1 USD = RM4.034)

<sup>2</sup> ROIC is defined as EBIT - tax + Share of Assoc / Average Invested Capital (excluding cash)

FY19 has been a strong year for the Group despite the challenges faced by the OpCos namely difficult macro-economic conditions, regulatory changes and intense competition. On a statutory reporting basis, the Group posted revenue and EBITDA growth of 2.9% and 27.4% Year on Year (YoY), while Return on Invested Capital (ROIC) stood at 6.4%.

On a like for like basis, (pre MFRS16 at constant rate), the Group exceeded the EBITDA and ROIC KPIs at 10.9% and 6.7% respectively. Although Axiata recorded lower revenue growth of 2.3% YoY, the Group revenue excluding device sales rose by 5.1% YoY.

In Malaysia, Celcom grew profitability YoY on the back of a subdued industry in addition to adverse impact from mobile termination rates, devices and wholesale revenue. In Indonesia, XL once again demonstrated exceptional execution of its dual brand and data led strategy. XL performance is further uplifted by its ex-Java investments and network expansions. 4G services are currently available in more than 400 cities. Smart in Cambodia, continued to deliver sustained excellent performance during the year.

In Bangladesh, Robi recorded strong results reaping the benefit from investments in 4G as well as the Airtel merger in FY16, despite the adverse impact from changes in taxes introduced during the National Budget in June 2019. Dialog in Sri Lanka performed better than peers despite being impacted by price competition arising from new regulations and subdued economic conditions following Easter Sunday incident. In Nepal, Ncell performance was dragged by multiple regulatory challenges and slow pick up of domestic data volumes and declining ILD revenue as earlier expected.

The digital business recorded top line growth in FY19 with reduced losses. Our infrastructure business, edotco continued delivering excellent performance underpinned by YoY growths in most markets.

The Group's performance in FY19 was supported by the cost excellence programme, which delivered RM1.3 billion savings (capital and operating expenditures).

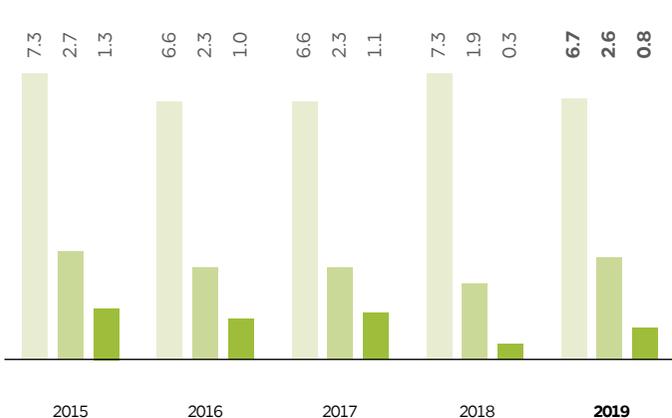


**ASSESS HOW OUR  
OPERATING COMPANIES  
HAVE CONTRIBUTED TO  
CREATING VALUE**

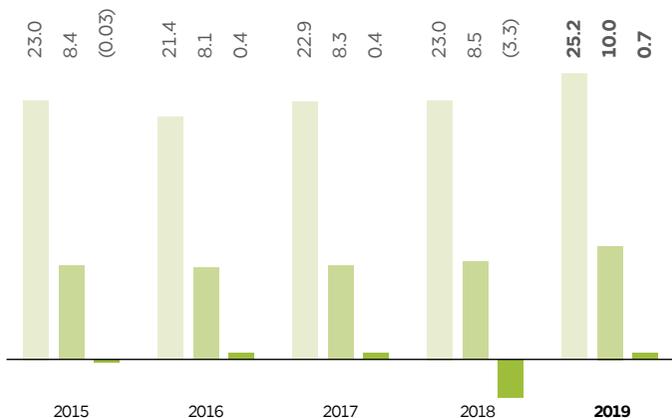
# 2019 Overview Of Operating Companies' Performance

## REPORTING BY GEOGRAPHICAL LOCATION<sup>1</sup>

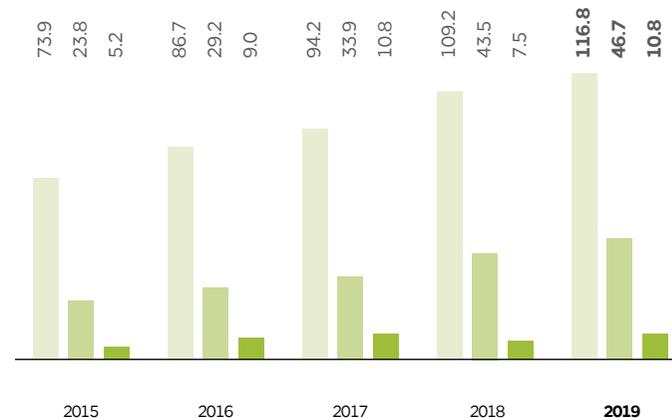
### Malaysia (RM Billion)



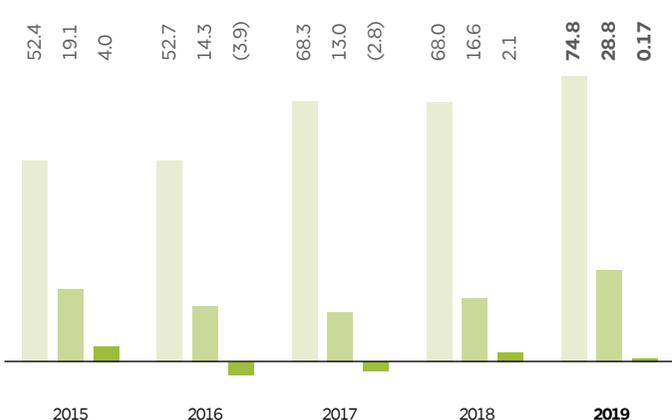
### Indonesia (IDR Trillion)



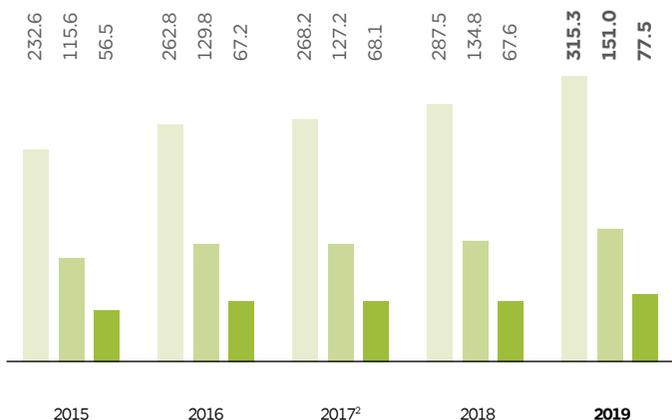
### Sri Lanka (SLR Billion)



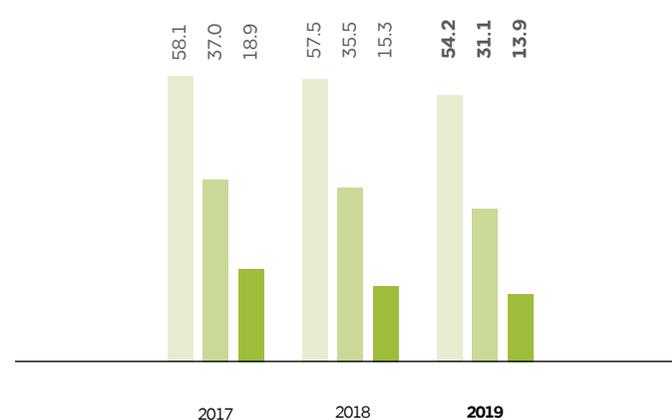
### Bangladesh (BDT Billion)



### Cambodia (USD Million)



### Nepal (NPR Billion)



 Revenue  EBITDA  PAT

Notes: All financial numbers are based on audited financial figures and follows the respective country's local GAAP except for Ncell which had a different financial year end  
 2019 numbers are post-International Financial Reporting Standards 16 (IFRS 16) except for Indonesia, Cambodia and Nepal as the entities have yet to adopt the standard  
<sup>1</sup> Axiata's reporting by geographical location is conducted for its OpCos: Celcom, XL, Smart, Dialog, Robi and Ncell  
<sup>2</sup> 2017 figures have been restated to exclude edotco Cambodia's results, for like to like comparison with 2018 figures



**Year of Investment/  
Shareholding:**  
2008/100.0%

**Nature of Business:**  
Mobile Telecommunications

**Customers:**  
8.4 million<sup>4</sup>

**Technology Deployed:**  
Mobile - GSM/GPRS/  
EDGE, 3G/  
HSPA+, LTE/  
LTE-A/VoLTE  
Fixed Network - FTTx, WTTx

**No. of BTS:**  
2G : 8,227  
3G : 15,043  
4G : 15,968

**Network Coverage  
(by population and technology):**  
2G : 95.22%  
3G : 94.14%  
4G : 93.23%



Scan to watch more  
from our Chief Executive  
Officer, Celcom Axiata



Scan QR code to visit  
Celcom's website

**Performance**



**Revenue (RM Billion)**



**EBITDA (RM Billion)**



**EBITDA Growth (%)**



**EBITDA Margin (%)**



**PATAMI (RM Billion)**



**PATAMI Growth (%)**



**Customers (Million)**



**Blended ARPU (RM)**



**Smartphone Penetration**



**Data Usage (Per Data Sub  
Per Month) (GB)**



**Key Highlights 2019**

- Strong focus on Operational Excellence and cost optimisation delivered results
- Stringent cost management delivered 7.8% EBITDA growth and double-digit YoY PATAMI growth
- Mobile service revenue declined 3.9% due to lower Mobile Termination Rates, wholesale revenue and a challenging market environment
- FCF grew 21.9% due to EBITDA expansion whilst Capex reduced 3.6%
- Despite being a new entrant in the fixed wireless market for the Home segment, the company recorded encouraging growth in this area
- Non-mobile Enterprise revenue delivered double-digit growth in key Business to Business (B2B) verticals
- Maintained leadership position in the Internet of Things (IoT) and Machine to Machine (M2M) services and solutions
- Digital transformation efforts resulted in excellent growth in digital customer engagements, with a +20pp increase in digital transactions and double-digit growth in online sales
- Significant enhancements to the Celcom Life App, including in-app personalised offerings, drove higher customer adoption and doubled subscriber base penetration rate amongst Smartphone users
- Doubled subscriber base penetration on the back of increased customer adoption of the Celcom Life app which was enhanced with new in-app personalised offerings
- Focused execution of its customer centric strategy resulted in stellar customer experience metrics to retain its #1 industry leading Relational Net Promoter Score (rNPS)
- Opensignal Awards 2019 acknowledged Celcom as the clear #1 mobile leader in "Latency Experience", "4G Availability" and "Video Experience"
- YouTube Malaysia crowned Celcom with "The Ad of the Year" award for its witty and heart-warming "Guna Celcom" campaign during the festive season
- Efforts to empower underserved communities and ensure environmental sustainability were recognised by the "Asia Responsible Enterprise Award 2019 - Green Leadership Category"

**People**



- Ranked as Top 4 Employer in Malaysia by Ranstad
- Launched Axiata Virtual Academy, a fully virtual integrated learning platform
- Digitalising employee experience with the launch of employee app We@Celcom
- Culture infusion of Celcom's new vision and purpose through the introduction of Celcom's Compass

**Partnership**



- Demonstrated real 5G applications in collaboration with eco-systems partners and government agencies during Langkawi 5GDP
- Launched Innovation Centre for 5G with Universiti Teknologi Malaysia and Ericsson - 1st University campus in Malaysia with 5G
- Celcom as the preferred ICT partner in Kwasa Damansara
- > 10 partnerships/MoU for IR 4.0/5G including MRCB for Smart Building and MDEC for various solutions

**Planet & Society**



- Enhanced Vendor Development Programme (VDP) 2.0 to develop capable suppliers for sustainable growth
- Multiple digital inclusion platforms for students, graduates, entrepreneurs, local start-ups and rural communities, in line with Bumiputera empowerment agenda

Notes: <sup>1</sup> All growth figures in 2018 are based on pre-MFRS 15 <sup>2</sup> All absolute Revenue, EBITDA and PATAMI in 2018 are post-MFRS 15 and <sup>3</sup> EBITDA Margin in 2018 is post-MFRS 15 and <sup>4</sup> This excludes MVNO subscribers on Celcom's Network



**OPERATING ENVIRONMENT**

Year on Year (YoY) decline in industry revenue. **Intense competition** and **challenging macro conditions** in Malaysia

**Growth opportunities in fixed broadband and Enterprise segments.** Consumer preferences shifting from prepaid to postpaid

**5G and IR 4.0 gaining traction** with strong government push

Regulatory focus on **ensuring Quality of Service (QoS) and bridging the digital divide**

**BUSINESS REVIEW IN 2019**

**Flat mobile service revenue YoY**

when normalised for wholesale and interconnect impacts



**Growth in postpaid revenue**

despite marginal dip in subscriber base. **Prepaid growth in line with market trend.**

Addressing lower end of the market through Mobile Virtual Network Operator (MVNO)



**Improved profitability, with > RM280 million of annualised savings**

from cost optimisation



**Reduced operating expenditure (opex)**

by executing cost optimisation initiatives



**Serving > 13 million users,**

the largest in the country, and continued to maintain network leadership position



**Launched new regional operating model**

to empower employees for faster time to market



**Enhanced digital platforms**

to support customer service



**Outlook for 2020 and Beyond**

Following the Government's economic stimulus announcement in response to challenges due to the COVID-19 pandemic, Celcom launched a comprehensive COVID-19 Relief Programme for consumers, the Ministry of Health, state operations and frontline organisations; and in collaboration with Axiata and its other subsidiaries - a RM150 million micro-SME financing fund

Activation of comprehensive Business Continuity Management framework to mitigate pandemic-related impacts on operations and customers through deployment of alternative digital channels, enhanced network operations and QoS management, and the use of digital tools enabling employees to Work-From-Home (WFH)

Continuous pursuit of Operational Excellence, and driving growth through innovation, digitisation and new business areas

Conducting smart investments to enhance network infrastructure towards delivering the best customer experience

Enhancing cost and Operational Efficiency by transforming cost base to deliver YoY improvements in EBITDA and PATAMI

Focusing on new growth areas and innovations namely 5G, Home, Enterprise and IR 4.0. Continue building on our success in 2019

Continuous Digital Journey focusing on End-to-End Digitisation to become the nation's most inspiring digital organisation

Leverage on Data Science, Analytics and Artificial Intelligence capabilities in all core processes and daily operations

To focus talent and people development on enhancing skills towards becoming an exemplary high performing organisation

Maintain our commitment to develop the local vendor ecosystem through VDP2.0 to fulfil our purpose of Advancing Our Societies and building an Inclusive Digital Nation





**Year of Investment/  
Shareholding:**  
2005/66.3%

**Nature of Business:**  
Mobile

**Customers:**  
56.7 million

**Technology Deployed:**  
Mobile - GSM,GPRS,  
EDGE, 3G,  
HSPA+,  
DC-HSPA+,  
4G LTE, 4,5G

**No. of BTS:**  
2G/3G : 89,953  
4G : 40,264

**Network Coverage  
(by population and technology):**  
2G Population Coverage : > 92%  
3G Population Coverage : > 94%  
4G Population Coverage : > 94%

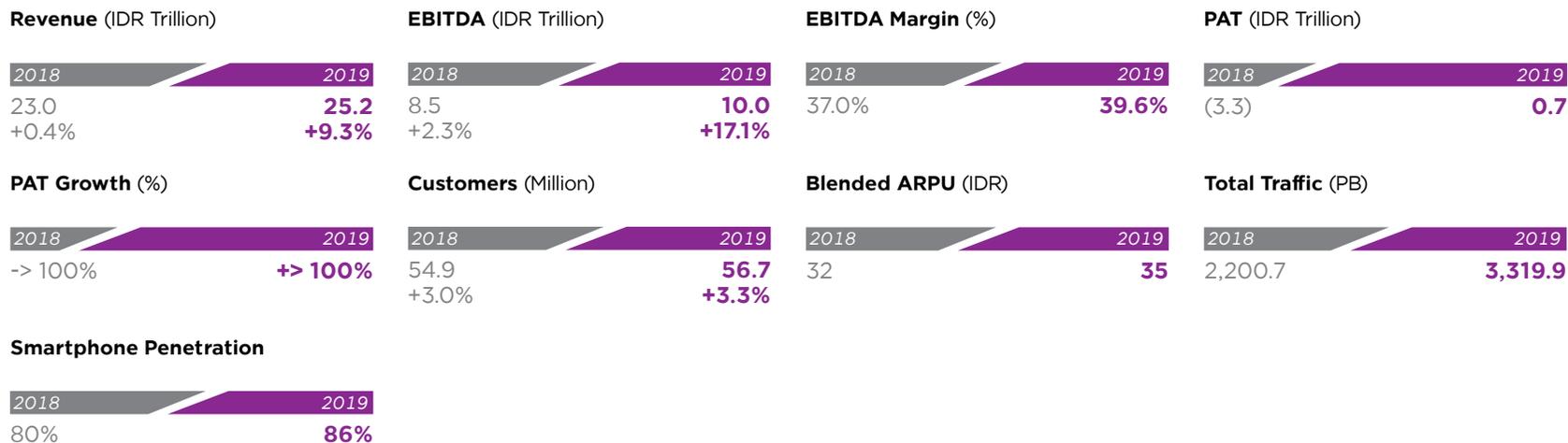


Scan to watch more  
from our President  
Director, XL Axiata



Scan QR code to visit  
XL's website

**Performance** 



**Key Highlights 2019**

- Revenue driven by data monetisation and upselling
- ROIC improved by 4.1ppt to 6.7%
- Free cash flow (FCF) surged up by 14.6%, due to improved EBITDA
- Sustained focus on network investments and product innovations resulted in the company's recognition as one of the leading brands in the industry
- Data revenue contributed 89% to service revenue, with smartphone penetration at 86%
- Network investments geared towards growing its data business, resulted in more than 40,000 4G BTS, and expansion of reach to 425 cities
- Obtained the "Best Network Transformation", "Best B2B Service" and "CEO of the Year" awards at the Selular Award 2019
- Product and technology innovation for XL PRIORITAS acknowledged with the "Apresiasi Inovasi" award from Koran Sindo
- Strong corporate governance led to its recognition as a "Top 20 Company" in the "Top 50 of the Biggest Market Capitalisation Public Listed Companies" category at the 11th Indonesian Institute for Corporate Director (IICD) Corporate Governance Conference and Awards 2019

**People** 

- Implemented Operational Excellence as part of XL's DNA

**Partnership** 

- Partnered with Vocus Group and Alcatel Submarine Networks to operate the Australia-Indonesia-Singapore cable communication system
- Princeton Digital Group to acquire 70% interest in XL Axiata Data Centre, and enable growth by targeting hyperscalers, domestic unicorns, corporations and telecommunications companies

**Planet & Society** 

- Developed and improved the XL Axiata Sustainability Framework to increase and improve Environmental, Social and Governance measures



**OPERATING ENVIRONMENT**

**Telco market recovery in 2019**



Estimated **market revenue growth of around 6%**



**Strong demand for data** as more customers migrate to 4G smartphones, with increasing online activities such as video and music streaming, online gaming, e-commerce and online transport

**Data growth expected in the short to medium-term**, while in the long-term, 5G roll out likely to lead to recovery in data pricing and consolidation/collaboration between industry players

**BUSINESS REVIEW IN 2019**

Expanded BTS count, focusing on ex-Java

> **130,000** BTS  
 > **40,000** 4G BTS

**Ex-Java remained key growth area**, as well as the Home and Enterprise segments



**Optimum mobile portfolio with growth in ex-Java**, whilst protecting Java stronghold



Invested in network fiberisation to:

Meet **rising data** needs  
 Prepare for **5G** roll out

**Expanded network reach by 289 points** located in remote areas through the Universal Service Obligation scheme

**Quality data services** & **4G LTE network** in Anambas and Riau Islands, Kalimantan and Sumatra

**Increased digitisation of business processes**

for simpler and more efficient ways of working



**Partnered with content providers such as Netflix** to drive demand for data



**Outlook for 2020 and Beyond**

As a result of the COVID-19 pandemic, in the short-term XL is benefiting from more people and students working from home, with network traffic increasing

In the medium to long-term, a drawn out pandemic would impact business growth as increased unemployment erodes consumer spending

To maintain profitable growth, and improve shareholder return, with a target for ROIC to exceed Weighted Average Cost of Capital (WACC) by 2022

Expanding mobile business to strengthen mobile revenue, whilst driving revenue growth in Home and Enterprise segments

Drive further industry consolidation and restructuring by consistently engaging with key stakeholders

Embed Operational Excellence as the business DNA, and within the employee work culture

Ensuring a healthy, happy and safe work environment to continue to attract the best talents in the industry

Continue internal digitisation initiatives, whilst involving key external stakeholders such as business partners and vendors, to further improve efficiencies in the ways of working

Continue to build partnerships and expand product portfolio, while remaining abreast of the latest industry development and incorporate insights into future business plans

Maintain stakeholder engagements and meeting emissions targets responsibly

Enhancing corporate governance standards, by regularly reviewing and updating the framework





**Year of Investment/  
Shareholding:**  
1995/83.3%

**Nature of Business:**  
Communication Services,  
Telecommunications Infrastructure  
Services, Media and Digital  
Services including Financial  
Services and Dialog Enterprise

**Customers:**  
14.9 million

**Technology Deployed:**  
Mobile - GSM/EDGE, 3G/  
HSPA+, LTE/  
LTE-A, 5G Pilot  
Fixed Network - FTTx, DOCSIS,  
LTE, WIFI,  
CDMA, WiBAS  
TV - DTH (Satellite  
TV), IPTV, ViU  
Hub Mini  
(Android TV),  
ViU Hub (Hybrid  
Satellite & IPTV)

**No. of BTS:**  
2G : 5,163  
3G : 3,325  
4G LTE FDD : 3,467  
4G LTE TDD : 2,436

**Network Coverage  
(by population and technology):**  
2G : 98%  
3G : 86%  
Mobile 4G  
(FDD) : 92%  
Fixed 4G  
(TDD) : 68%



Scan QR code to visit  
Dialog's website

**Performance** 

**Revenue (SLR Billion)**



**EBITDA (SLR Billion)**



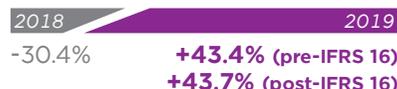
**EBITDA Margin (%)**



**PAT (SLR Billion)**



**PAT Growth (%)**



**Customers (Million)**



**Blended ARPU (SLR)**



**Blended MOU (Per Sub Per Month)  
(Minutes of Use Per Sub Per Month)**



**Data Usage**

(Per Data Sub Per Month) (GB)



**Key Highlights 2019**

- Revenue growth led by TV at +17%, fixed at +7.1% and mobile at +0.6%
- More than 100% OFCF growth
- Spearheaded a technology first in South Asia and Sri Lanka, by commissioning the first fully functional and standards compliant 5G pilot transmission which showcased next generation technology to establish its position as a regional 5G leader. Recorded the fastest mobile 5G speeds in the region
- Pioneered the launch of Sri Lanka's first Google certified Android TV device ViU hub mini, Sri Lanka's first fully managed SD WAN Product, Sri Lanka's first eLTE network at Colombo International Port Terminals and Sri Lanka's first data science hackathon on Smart City planning
- Postpaid power plan with voice flat rates
- Partnered with Samsung to offer unlimited data for YouTube and Dialog ViU Premium
- Per day home broadband plans for wide affordability
- Exclusive Netflix partnership
- Winner of the "Industrial IoT Initiative of the Year" in the "IoT Solutions for Industries in Emerging Markets" category at the Global Telecoms Awards 2019
- SLIM-Nielson Peoples Awards 2019 named Dialog as the "Internet Service Provider of the Year" for the seventh consecutive year, and "Telecom Service Provider of the Year" for the eighth year running
- Awarded Sri Lanka's "Most Valuable Brand" by BrandFinance

**People** 

- Enhanced digital culture via:
  - Digital skills development
  - Agile at scale measures
  - Driving digital engagement through gamification
  - Digitising HR processes
- Ensured that Dialog's Enterprise and organisational transformation were aligned with talent development objectives

**Partnership** 

- The first telco in South Asia to demonstrate a fully standards-based Live 5G Showcase that integrated 5G network infrastructure with a mobile 5G device featuring holographic video call, holographic remote music production, 360° 8K video calling, and 360° 8K Live Virtual Reality enabled video streaming, 'AI powered Digital Twins' mechanism and 'Robotic Arm'
- Set up a regional connectivity hub connecting Maldives and Sri Lanka in partnership with Dhivehi Raajjeyge Gulhun PLC and Ooredoo Maldives PLC

**Planet & Society** 

- Dialog Axiata Digital Innovation Fund (DADIF) - invested in 7 start-ups, and created 400 jobs
- Kickstarted the implementation of the ISO 14001 Environmental Management System, which upon completion will make Dialog the first mobile operator in South Asia with this certification
- Established Rally to Care initiative to assist families affected by 4/21 incidents by providing immediate term out-patient support, psychosocial rehabilitation and awarding long-term scholarships to 353 affected children



**OPERATING ENVIRONMENT**

**Fall in economic growth** to 2.3% due to the unfortunate Easter Sunday incident and policy uncertainty



Easter Sunday incident led to slowdown in tourism that **affected allied businesses**



**Subdued consumer/business confidence** as a result of the impending election cycle and reduced economic growth

The removal of the floor rate in 2018 led to **aggressive industry competition in data and voice services** which resulted in a drop in their respective prices by around 36% and 33% during 2019

**BUSINESS REVIEW IN 2019**

**+2.3pp growth in mobile market share** despite intense competition and unfavourable macroeconomic environment

**Expanded 2G, 3G and 4G coverage with > 3,500 sites**



Maintained product innovation

**Triple Blaster product**

product with >1 million activations

**MyDialog App**

reached 4 million registrations

**Retail Hub**

the 1st digital retail platform in Sri Lanka, 100% E2E customer onboarding

**Expanded roaming coverage collaborations** - 681 operators and 230 countries worldwide

**Deployed IoT based smart prepaid electricity meters** in collaboration with Lanka Electricity Company and the Ministry of Power and Renewable Energy

Strong performance in the Fixed and TV space

Dialog Broadband Networks (DBN) serves **888,000** individuals and corporates, providing multiple services including broadband, Internet Data Centre, converged ICT solutions, transmission and backbone services

Dialog TV's (DTV) subscribers increased by **26% to 1.4 million**, and has **72% market share**

Digital portfolio growth

eZ Cash - **> 3.7 million** subscribers; **> 22,000** merchant partners

Multi-award winning financial inclusion app, Genie, is Sri Lanka's first and only PCI-DSS certified mobile payment app - **> 300,000** downloads; **> 20,000** merchant touch points; Annual Transaction Value of **> SLR2 billion**

InsureTech vertical, 1st of its kind in Sri Lanka, partnered with the largest insurers to offer exclusive value-added services to customers - **> 4.5 million** subscribers

Ideamart launched an innovative product, **'APPMAKER'**, an award winning Android application creation solution

Digital health vertical:

Established 'Digital Health Innovation Laboratory' to incubate innovative digital solutions for the healthcare sector

Online doctor appointment platform, Doc990 - **> 2 million** bookings; **126** leading hospitals; **> 1,500** network partners

**Outlook for 2020 and Beyond**

COVID-19 pandemic led to market downturn in Sri Lanka

Dialog providing community and enterprise support during the pandemic, including emergency support of 1GB offer, free remote medical consultations via 1390, free access and data for educational platforms and ViU, free access to > 130 DTV channels, WFH support, double data, free emergency reloads and loans, and increased credit limits

Supporting the nation and communities through LKR200 million pledge to enhance ICU capacities in hospitals and > LKR50 million in relief aid to > 360 villages across 19 districts

Sri Lanka's telecommunications industry continues to rapidly transform, with greater focus on emerging digital services and digitisation

Market focus is predominantly on providing the best experience supported via aggressive 4G and 5G expansion strategies

Dialog's strategy will focus on building value at the core, synergies in convergence, common market operations and technology

Focusing on mobile data leadership, capturing greater market share and monetisation of Home broadband

offerings, driving Enterprise growth via connectivity and ICT platforms, and Digital Transformation and Analytics at Scale

Dialog will leverage on its transformational progress in 2019 to further improve performance in 2020

Organisational transformation efforts will be further matured, towards developing and driving Dialog's digital culture

Continue to focus on Lean implementation and agile at scale

Maintain people investments in building digital skills towards achieving the New Generation Digital Champion ambition





**Year of Investment/  
Shareholding:**  
1996/68.7%

**Nature of Business:**  
Mobile Telecom Operator

**Customers:**  
49 million

**Technology Deployed:**  
Mobile - GSM/EDGE, 3G/  
HSPA+, LTE/  
LTE-A

**No. of BTS:**  
2G BTS : 11,237  
3G BTS : 10,524  
4G BTS : 8,910

**Network Coverage  
(by population and technology):**  
2G : 98.6%  
3G : 91.1%  
4G : 93.1%



Scan QR code to visit  
Robi's website

**Performance** 

Service Revenue (BDT Billion)	Device Revenue (BDT Billion)	Total Revenue (BDT Billion)	Total Revenue Growth (%)																		
<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>67.4</td><td><b>73.9</b></td></tr> <tr><td>9.5%</td><td><b>9.7%</b></td></tr> </table>	2018	2019	67.4	<b>73.9</b>	9.5%	<b>9.7%</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>0.6</td><td><b>0.9</b></td></tr> </table>	2018	2019	0.6	<b>0.9</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>68.0</td><td><b>74.8</b></td></tr> </table>	2018	2019	68.0	<b>74.8</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>-0.4%</td><td><b>10.0%</b></td></tr> </table>	2018	2019	-0.4%	<b>10.0%</b>
2018	2019																				
67.4	<b>73.9</b>																				
9.5%	<b>9.7%</b>																				
2018	2019																				
0.6	<b>0.9</b>																				
2018	2019																				
68.0	<b>74.8</b>																				
2018	2019																				
-0.4%	<b>10.0%</b>																				
EBITDA (BDT Billion)	EBITDA Margin (%)	PAT (BDT Billion)	PAT Growth (%)																		
<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>16.6</td><td><b>24.0 (pre-IFRS 16)</b> <b>28.8 (post-IFRS 16)</b></td></tr> </table>	2018	2019	16.6	<b>24.0 (pre-IFRS 16)</b> <b>28.8 (post-IFRS 16)</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>24.5%</td><td><b>32.0% (pre-IFRS 16)</b> <b>38.5% (post-IFRS 16)</b></td></tr> </table>	2018	2019	24.5%	<b>32.0% (pre-IFRS 16)</b> <b>38.5% (post-IFRS 16)</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>2.1</td><td><b>0.8 (pre-IFRS 16)</b> <b>0.2 (post-IFRS 16)</b></td></tr> </table>	2018	2019	2.1	<b>0.8 (pre-IFRS 16)</b> <b>0.2 (post-IFRS 16)</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>+&gt; 100%</td><td><b>-62.8% (pre-IFRS)</b> <b>-92.1% (post-IFRS)</b></td></tr> </table>	2018	2019	+> 100%	<b>-62.8% (pre-IFRS)</b> <b>-92.1% (post-IFRS)</b>		
2018	2019																				
16.6	<b>24.0 (pre-IFRS 16)</b> <b>28.8 (post-IFRS 16)</b>																				
2018	2019																				
24.5%	<b>32.0% (pre-IFRS 16)</b> <b>38.5% (post-IFRS 16)</b>																				
2018	2019																				
2.1	<b>0.8 (pre-IFRS 16)</b> <b>0.2 (post-IFRS 16)</b>																				
2018	2019																				
+> 100%	<b>-62.8% (pre-IFRS)</b> <b>-92.1% (post-IFRS)</b>																				
Customers (Million)	Blended ARPU <sup>2</sup> (Blended ARPU/Sub/Month)	Blended MOU <sup>3</sup> (Minutes of Use/Sub/Month)	Data Usage <sup>4</sup> (Per Data Sub Per Month) (MB)																		
<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>46.9</td><td><b>49.0</b></td></tr> <tr><td>+9.3%</td><td><b>+4.5%</b></td></tr> </table>	2018	2019	46.9	<b>49.0</b>	+9.3%	<b>+4.5%</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>120</td><td><b>124</b></td></tr> </table>	2018	2019	120	<b>124</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>134</td><td><b>121</b></td></tr> </table>	2018	2019	134	<b>121</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>1,080</td><td><b>1,913</b></td></tr> </table>	2018	2019	1,080	<b>1,913</b>
2018	2019																				
46.9	<b>49.0</b>																				
+9.3%	<b>+4.5%</b>																				
2018	2019																				
120	<b>124</b>																				
2018	2019																				
134	<b>121</b>																				
2018	2019																				
1,080	<b>1,913</b>																				

**Key Highlights 2019**

- ROIC improved 5.2pp to 4.8%<sup>5</sup>
- FCF turned positive to BDT14.6 billion<sup>6</sup>
- PATAMI declined in 2019 due to the absence of gain of the sale of tower assets to edotco and higher taxation in Bangladesh in 2019. Had the sale to edotco been excluded from 2018, PATAMI would have risen more than 100%
- Digital Telco Index (DTI) 2019 score of 7.4, an increase of +1.6 from 2018, resulted in Robi upgraded to a “Digital Telco” as a global digital company
- The national information centre (333) is a collaborative initiative of Robi, the Government’s Aspire to Innovate (a2i) programme under the ICT Division, and

a prominent call center company, and helps citizens to conveniently receive information on how to obtain public services and provides a window for them to seek assistance from Government institutions to address various social problems. This innovative national platform was lauded as the Best Citizen Engagement project in Asia by GovInsider, an international organisation that promotes innovation in the public sector.

- Exemplary human resource management was recognised with the “Asia’s Best Employer Brand 2019” award by CHRO-Asia, and the “Global Best Employer Brand 2020”

**People** 

- Maintained Modern, Agile and Digital (M.A.D.) initiatives to accelerate people transformation
- Focus on digital talent development, led to employees scoring 93% on the digital readiness assessment, shifting from ‘Digital Bachelor’ to ‘Digital Professors’

**Partnership** 

- Deployed Machine Learning based Dynamic Spectrum Sharing for better spectral efficiency
- Focused on analytics readiness, scoring 91% on the Analytics Maturity Index as an ‘Innovative Leader’

**Planet & Society** 

- Bangladesh’s largest free online school, Robi-10 Minute School, continued to improve educational outcomes amongst students
- Strong Social Reputation Score

Notes: <sup>1</sup> All 2019 figures are pre- and post-IFRS 16, while 2018 figures are pre-IFRS 16  
<sup>2</sup> For 2019, Blended ARPU/Sub was calculated based on a new method of average active sub-base. In previous years, the average active sub-base was calculated by adding the average prepaid active base and average postpaid HLR base (180 days rolling sub-base). As at 2019, the average postpaid active base (90 days rolling sub-base) is used instead of the average postpaid HLR base as per the industry practice. The figure for 2018 has been restated based on this calculation  
<sup>3</sup> For 2019, Blended MoU/Sub was calculated based on a new method of average active sub-base. In previous years, the average active sub-base was calculated by adding the average prepaid active base and average postpaid HLR base (180

days rolling sub-base). As at 2019, the average postpaid active base (90 days rolling subbase) is used instead of the average postpaid HLR base as per the industry practice. The figure for 2018 has been restated based on this calculation  
<sup>4</sup> For 2019, Data Usage/Sub was calculated based on average Internet sub-base as per industry practice. In previous years, only the closing sub-base was used. The figure for 2018 has been restated based on this calculation  
<sup>5</sup> Based on post-IFRS 16. Pre-IFRS 16, ROIC improved 4.7pp to 4.3%  
<sup>6</sup> Based on post-IFRS 16. Pre-IFRS 16, FCF was BDT9.75 billion



**OPERATING ENVIRONMENT**

**Competitive landscape expected to change** with enforcement of Significant Market Player regulations' threshold of 40% subscriber/revenue market share



**Increased data usage nationwide,** as market leader ramped up 4G investments in 2019



**Unified floor price for voice services led to more level playing field**



Absence of data pricing regulations led to **data pricing war**



**BUSINESS REVIEW IN 2019**

**Robust execution of Dual-brand Strategy led to both brands growing faster than market**



**Fastest roll out of 4G sites** in all districts nationwide



**Substantial gains in Corporate and SME segment** via Mobile Number Portability (MNP) service, with 5 out of 7 MNP customers choosing Robi

**Growth across all metrics:**

Core service revenue from digital services  
**+44%**

Revenue from Robi's appstore, bdapps.com  
**+85%**

Revenue from MIFE, Robi's premier and B2B API platform  
**+111%**

Robi significantly increased its spectral efficiency, data capacity and user speed experience by 3x, by **being the first operator to adopt Dynamic Spectrum Sharing**



**Sustained focus on process efficiency, simplification and digitisation** led to optimised cost structure



**Implemented data governance and data privacy initiatives** for secure customer experience



Strict compliance with **cyber security regulations**



**Outlook for 2020 and Beyond**

Despite the impact of COVID-19, Asian Development Bank projects Bangladesh economy to grow at 7.9% in 2020<sup>1</sup>

Garments and other exports to the European Union expected to fall dramatically as a result of COVID-19 pandemic, leading to job losses<sup>2</sup>

Smartphone penetration expected to take a hit due to the economic downturn caused by COVID-19

Robi to maintain focus on its core business, while expanding its digital services and exploring commercial deployment of IR 4.0 technologies

With firm focus on cost optimisation, Robi is set to drive Operational Excellence, internal process digitisation, and introduce digital innovation to drive growth

Focus on beefing up its capabilities in data analytics to emerge as the preferred solution provider in the Enterprise segment

Upcoming Initial Public Offering (IPO) for Robi to be held in 2020. Based on IPO volume, Robi will be the largest listed company in Bangladesh in terms of the size of the IPO. Listing of Robi's share on the stock market is projected to increase the country's market cap to GDP by 2%

Maintain focus on digital talent development with the aim of unlocking employees' zeal for innovation and operational excellence, by further embracing digital culture in the workplace

Conduct job rotations at different levels to ensure employees better understand emerging technologies and ongoing business transformation

Continue to focus on National Champion aspirations through strong corporate governance and socially responsible initiatives

Notes: <sup>1</sup> Source: <https://www.adb.org/countries/bangladesh/main>

<sup>2</sup> Source: Dr Ahsan H Mansur, economist and executive director of the Policy Research Institute (PRI) in Bangladesh, in the article "Corona could hit Bangladesh's employment sector too" published in The Business Standard on 19 March 2020



For more details on Robi's response to the COVID-19 pandemic, please refer to page 32 in the "Nurturing People" section



**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, 5G Pilot  
Fixed Network - LTE

**No. of BTS:**  
2G : 2,650  
3G : 2,697  
4G : 2,685

**Network Coverage  
(by population and technology):**  
2G : 99.2%  
3G : 84.9%  
4G : 75.0%



Scan QR code to visit the Smart's website

**Performance** 

Revenue (USD Million)		EBITDA (USD Million)		EBITDA Margin (%)		PAT (USD Million)	
2018	2019	2018	2019	2018	2019	2018	2019
287.5	<b>315.3</b>	134.8	<b>151.0</b>	46.9%	<b>47.9%</b>	67.6	<b>77.5</b>
+7.2%	<b>+9.7%</b>						

PATAMI Growth (%)		Customers (Million)		Blended ARPU (USD)		Blended MOU (Per Sub Per Month) (Minutes of use/sub/month)	
2018	2019	2018	2019	2018	2019	2018	2019
-0.8%	<b>+14.9%</b>	7.5	<b>7.5</b>	2.32	<b>2.68</b>	171	<b>137</b>
		+3.0%	<b>0</b>				

Data Usage (Per Data Sub Per Month in GB)	
2018	2019
11	<b>14</b>

**Key Highlights 2019**

- Smart continued with its excellent performance track record, delivering another year of solid double digit growth across all metrics
- FCF increased by 47%
- Robust focus on cost management, asset utilisation and Capex efficiency led to strong EBITDA margin and PAT
- Recorded superior data growth, with data subscribers increasing by 6.9%, and contributing 68% towards overall revenue
- Smart remains the overall market leader in Cambodia, with a strong #2 position in Home Broadband
- First OpCo in the Group, as well as the first telco in Cambodia, to launch Google Mobile Data Plan
- First telco to host a 5G live network showcase in Cambodia
- Rebranded its music streaming app to Pleng by Smart which hosts more than 1 million songs, further cementing its leading lifestyle provider tag in the country
- Industry leader in cyber security protections and safeguards, with each NIST Function having met or exceeded a score of 3.0 as at end 2019
- 2019 Frost & Sullivan Asia Pacific Best Practices Awards recognised Smart as “Cambodia’s Mobile Service Provider of the Year 2019” and “Cambodia’s Mobile Data Service Provider of the Year 2019”
- Obtained “Best Telecommunications Company Cambodia 2019” and “Best Corporate Social Responsibility (CSR) Company Cambodia 2019” awards from Global Banking and Finance Review

**People** 

- Enhanced people development programmes to improve digital competencies and address skill gaps
- Strengthened data privacy and cyber security culture via Cyber Security Awareness and internal capabilities
- Promoted and incentivised online learning

**Partnership** 

- Launched innovative new products - Google Mobile Data Plan, GigaGigs by Smart, Ideamart by Smart and Smart WeChat Go SIM
- Improved customers’ digital experience with robot shop assistant, Oun Smart, offering voice interaction services
- 2-year partnership agreement with Cambodia’s largest football club, Phnom Penh Crown Football Club; launched the Smart Youth League and acquired stadium naming rights

**Planet & Society** 

- Launched digital literacy pilot programme encouraging responsible digital citizenship with Google and GSMA, reaching out to 1,500 students
- Launched the three-month accelerator programme with Seedstands, MSP and DI, SmartScale, with 11 early stage start-ups
- Piloted the Seedstars Lean Launchpad to encourage ideation among high-school students



**OPERATING ENVIRONMENT**

**Mobile-led telco industry**, with top three mobile operators dominating > 90% of market share

**Industry growth led by a self-regulated environment**

**Hyper-competition and increased regulatory cost burden**

Encouraging **smartphone adoption rates, digital literacy, social media usage** and **mobile Internet proliferation**

**BUSINESS REVIEW IN 2019**

**> 120 rural BTS sites committed to date through the Universal Service Obligation Fund**



**Retained leadership as the lifestyle and entertainment provider** through affordable and innovative content bundles, digital services and promoting local artists

**Upgraded and rebranded Smart Music to Pleng by Smart** with > 1 million songs in the catalogue



**Comprehensive talent development platform**– Smart Talent Programme, Smart Leader Programme, CTO/CIO Competency Training, Smart Shop SOP Training and AI for Everyone, developing English competencies, LinkedIn Learning and Telco Mini-MBA

**Launched SmartEdu Induction Camp to equip SmartEdu scholars** with 3C (Creativity, Critical Thinking and Communication) skills to be future ready

**Piloted a 6-week coding programme**, Tiny Coding Cats with Raintree, reaching out to 100 students aged between 8 and 12



**Piloted Seedstars Lean Launchpad** to inspire high school students to solve education and environment issues through entrepreneurship

4 new SADIF investees in 2019, bringing total to 8:



**Extended partnership with Cambodia's largest football club and launched Smart Youth League** to develop young football talent by 2 years



**Maintained Corporate Social Responsibility (CSR) leadership in industry**, awarded Best Capacity Building and Research and Development Fund Contributor in Cambodia

**Outlook for 2020 and Beyond**

Muted economic growth expected due to ongoing China-US trade war, COVID-19 virus, withdrawal of the Everything But Arms (EBA) scheme and slow economic diversification

Service, tourism, and garment and footwear sectors especially heavily impacted by the COVID-19 pandemic. Cambodia's economic growth is projected to slow sharply to 2.5% in 2020 due to the impact of the COVID-19 outbreak, according to a World Bank report as of 31st March 2020

Cambodian government has identified the digital economy and IR 4.0 as priorities under the National Rectangular Strategy IV

Digital economy, technology innovation and SME growth are gaining traction, as policy incentives are released to catalyse growth of digital start-ups

5G roll out expected in 2020, once government provides regulatory clarity

Smart has earmarked USD80 million in Capex for network expansion and upgrades to enable advanced mobile technologies including the first phase of its 5G rollout

In line with its aim to be Cambodia's #1 and most loved communication tech brand in Cambodia by 2022, Smart will further strengthen its mobile data leadership while introducing new digital, entertainment and lifestyle offerings

Smart will continue playing a key role in developing the ICT sector as well as building a Digital Cambodia and advancing national socio-economic growth through a strong CSR and sustainability agenda





**Year of Investment/  
Shareholding:**  
2016/80%

**Nature of Business:**  
Mobile Telecom Operator

**Customers:**  
16.9 million

**Technology Deployed:**  
Mobile - GSM, EDGE, 3G/  
HSPA+

**No. of BTS:**  
2G : 3,567  
3G : 3,179  
4G : 2,963

**Network Coverage  
(by population and technology):**  
2G Population Coverage : 92.47%  
3G Population Coverage : 59.88%  
4G Population Coverage : 51.52%



Scan QR code to visit  
Ncell's website

**Performance** 

Revenue (NPR Billion)	EBITDA (NPR Billion)	EBITDA Margin (%)	PAT (NPR Billion)																		
<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>57.5</td><td><b>54.2</b></td></tr> <tr><td>-1.0%</td><td><b>-5.7%</b></td></tr> </table>	2018	2019	57.5	<b>54.2</b>	-1.0%	<b>-5.7%</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>35.5</td><td><b>31.1</b></td></tr> </table>	2018	2019	35.5	<b>31.1</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>61.7%</td><td><b>57.4%</b></td></tr> </table>	2018	2019	61.7%	<b>57.4%</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>15.3</td><td><b>13.9</b></td></tr> </table>	2018	2019	15.3	<b>13.9</b>
2018	2019																				
57.5	<b>54.2</b>																				
-1.0%	<b>-5.7%</b>																				
2018	2019																				
35.5	<b>31.1</b>																				
2018	2019																				
61.7%	<b>57.4%</b>																				
2018	2019																				
15.3	<b>13.9</b>																				
PAT Growth (%)	Customers (Million)	Blended ARPU (NPR Per Month)	Blended MOU (Per Sub Per Month) (Minutes of Use/Sub/Month)																		
<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>-19.3%</td><td><b>-8.9%</b></td></tr> </table>	2018	2019	-19.3%	<b>-8.9%</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>16.3</td><td><b>16.9</b></td></tr> <tr><td>-0.6%</td><td><b>+3.7%</b></td></tr> </table>	2018	2019	16.3	<b>16.9</b>	-0.6%	<b>+3.7%</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>286</td><td><b>269</b></td></tr> </table>	2018	2019	286	<b>269</b>	<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>179.5</td><td><b>178.0</b></td></tr> </table>	2018	2019	179.5	<b>178.0</b>
2018	2019																				
-19.3%	<b>-8.9%</b>																				
2018	2019																				
16.3	<b>16.9</b>																				
-0.6%	<b>+3.7%</b>																				
2018	2019																				
286	<b>269</b>																				
2018	2019																				
179.5	<b>178.0</b>																				
Data Usage (Per Data Sub Per Month)																					
<table border="1"> <tr><th>2018</th><th>2019</th></tr> <tr><td>702</td><td><b>963</b></td></tr> </table>	2018	2019	702	<b>963</b>																	
2018	2019																				
702	<b>963</b>																				

**Key Highlights 2019**

- Remained Nepal's market leader with more than 60% of revenue market share in 2019
- Reduction in revenue primarily due to lower revenue contributions from International Long Distance (ILD), Voice and Data, which decreased by 10.6%, 5.6% and 6.6% respectively
- Unavailability of additional spectrum for most of the year impacted Ncell's revenue growth and profitability
- Recorded growth in digital services revenue, which increased more than 40%
- Active subscribers increased by 2%, with data subscriber growth rate of 7%
- In 2019, Ncell reached an agreement with the Institute of Engineering (IOE), Pulchowk Campus to give continuity to the coveted 'Ncell Scholarships and Excellence Awards' worth NPR13 million for the next five years
- Ncell also strengthened its collaboration with the Department of Hydrology and Meteorology to further enhance its much appreciated early warning system (EWS) - a lifesaver initiative that improves disaster preparedness

**People** 

- Organised 3 M.A.D. Leadership Conferences
- Conducted Train the Trainer workshops sharing Ncell's mission, vision and purpose

**Partnership** 

- Good performance in digitisation and transformation:
  - DTI Score: 4.9
  - Data Population Coverage (3G/4G): 65.84%
  - Mobile Video Mean Opinion Score (vMOS) :
    - o Dense urban - 3.02
    - o Suburban - 3.06
- Brand Tracker Index: 83%

**Planet & Society** 

- Obtained additional spectrum in 1800 band in December 2019
- In October 2019, Ncell signed a MOU with the Ministry of Health and Population to increase health awareness on epidemic/non-epidemic diseases. Ncell supported public service announcements on dengue awareness by the Ministry, UNICEF and WHO
- Collaborated with Dhulikhel Hospital for Telemedicine and Health Informatics Centre to connect 22 rural villages and provide quality healthcare services to 8 health centers under Dhulikhel Hospital by using connectivity, modern telemedicine kits



**OPERATING ENVIRONMENT**

**Sluggish subscriber market growth** with mobile market penetration at > 100%



**Smart phone penetration > 60%**



**Reduction in Voice and ILD segments**



**Steady growth in digital services,** despite reduction in data revenue



**BUSINESS REVIEW IN 2019**

Opex savings of NPR706 million due to:

First line maintenance with **Z&H**

**BSS AMC**

Huawei and ZTE Corporation **Care Support**

Reduction in **scratch card** unit price

Capex savings of NPR1,175 million due to:

**Radio supply** from Huawei and ZTE Corporation

**CSS service** for 781 sites

**IT consolidation and migration**

**Launched pilot FWA in Tikapur, and sold 1,000 units with positive customer feedback**

**Launched Ncell for Business (N4B) in July 2019,** with product portfolio comprising Ncell National Connect, Ncell International Connect, Ncell Biz Fiber Broadband, Field Force Automation, IP Transit, Data Centre Colocation and Vehicle Tracking



Completed digital initiatives:

Finalisation of **UI/UX Ncell app**

**Retailer app**

**Employer portal**

**RPA implementation** for back office digitisation

Enhanced cyber security:

**100%** compliance with CJ

Achieved **NIST Function of 3.0**



**Outlook for 2020 and Beyond**

Disruption of telco market as a result of the COVID-19 pandemic, with overall telco revenue estimated to decline by 15% to 20%

Fixed broadband business expected to grow, while voice and roaming decline

Ncell to focus on data and digital services as growth areas in 2020, offering QoS, competitive pricing and new data-led products

Consolidate and monetise the 4G network, and restructure the IT Blueprint

Focus on new growth areas:

- Consumer fixed wireless access
  - Establish a strong Home proposition
  - Maximise subscriber and revenue growth by optimising network capacity
- Enterprise segment
  - Providing low complexity connectivity solutions focused on key verticals to establish credibility and build scale
- Digital Financial Services
  - Initial focus on e-top-up and international remittance

Opex and Capex savings target of > NPR1 billion.

People development strategy to focus on 4 main pillars of Talent Management, Engagement, Performance and Reward, and Process Improvements

Digitisation efforts to focus on customer service, improving sales and distribution, and app enhancement

Maintain CSR focus on health, education and environment





**Year of Investment/  
Shareholding:**  
2012/63%

**Nature of Business:**  
Telecommunications  
Infrastructure and Services



Scan QR code to visit  
edotco's website

**Performance** 

Revenue (RM Billion)		Revenue Growth (%)		Tenancies (No. of Tenancies)		Tenancy Growth (%)	
2018	2019	2018	2019	2018	2019	2018	2019
1.5	1.8	+23.0%	+17.9%	29,572	32,728	+14.3%	+10.7%

**Key Highlights 2019**

- Recorded adjusted EBITDA growth of 21.7%, and expanded adjusted EBITDA margin by 1.6ppt to 50.2% on improved revenue assurance, new tenancy growth and improved service revenue
- EBITDA improvement lifted PATAMI by 23.9%
- Recorded 11.4% increase in the number of towers whilst sustaining a stable tenancy ratio of 1.61x
- Successfully entered and secured local partners in two new markets - the Philippines and Laos
- IBS colocations and tenancy recorded growth of 300% and 130% respectively
- Focused execution of cost optimisation measures led to maintenance opex per site per month reducing by 27% YoY, while average yield per site increased by 6.4%
- Further strengthened its commitment to sustainability throughout its operational footprint with a total of 1,419 green sites, comprising 1,384 sites using renewable energy and 35 structures built from alternative materials
- In 2019, edotco was awarded the Frost & Sullivan “Asia Pacific Telecoms Tower Company of the Year Award” for its demonstrated exemplary business growth and performance in Southeast Asia

**Tower Portfolio** 

Malaysia		Sri Lanka		Bangladesh	
4,607 towers owned	8,884 tenancies	161 towers owned	1.01x tenancy ratio	9,105 towers owned	13,394 tenancies
8,394 towers managed	1.93x tenancy ratio	162 tenancies		1,102 towers managed	1.47x tenancy ratio
Cambodia		Myanmar		Pakistan	
2,713 towers owned	2,097 towers owned	1,617 towers owned			
1,000 towers managed	1,027 towers managed	2,097 tenancies			
3,907 tenancies	4,283 tenancies	1.30x tenancy ratio			
1.44x tenancy ratio	2.04x tenancy ratio				
Laos					
1 tower owned					
1 tenancy					
1.00x tenancy ratio					

**People** 

- Accelerated progress towards becoming a people centric organisation:
  - Developed and implemented Succession Planning framework
  - Launched Coaching and Mentoring programme with 21 employees trained as mentors
  - Established the Centre of Design Excellence to enhance efficiency in sustainable design, roll out, Capex optimisation and innovation
- Launched Hero 2.0, with automated key HR functions

**Partnership** 

- Completed Tower Preventive Maintenance of over 2,700 towers, of which 400 sites used drones
- Successfully implemented NIST Cyber Security Framework to improve overall cyber security maturity

**Planet & Society** 

- Launched first Tower To Community (T2C) project in Malaysia in Pos Lemoi, Cameron Highlands to channel surplus electricity from BTS sites to a clinic serving some 600 indigenous villagers
- Launched Green Office Initiatives across all National Tower Companies (NTC) towards reducing its carbon footprint



**OPERATING ENVIRONMENT**

Opportunities emerging from anticipated **5G roll outs** in advanced markets and **4G catch up** in developing markets

**Quick adoption to industry shifts** with service diversification, responding to the growing demand for fibre to tower, IBS and small cells

**Good uptake of low cost solutions** in certain markets, and **healthy co-location traction** across the footprint

**Declining customer financial health** in certain markets, while regulatory restrictions heightened in Bangladesh

**BUSINESS REVIEW IN 2019**

**Increased non-anchor revenue to 65% of total revenue, with non-Axiata tenancies at 52%**



**Improvement of DC Uptime across the Group by 0.02pp to 99.77% in 2019**



NTCs:

Implemented revenue assurance functions in 4 NTCs

Implemented ePIC BI Analytics and eQUIP WFM at all NTCs

Design optimisation and sourcing efficiencies across all NTCs enabled Capex savings of

**> RM35 million**

Innovative structures:

Deployed

**2**

smart bus stops in Malaysia

**370**

smart multipurpose lamp poles across the footprint

Expanded tower portfolio:

Took over energy assets and management of

**930**

self-built sites in Myanmar

Acquired

**1,318**

towers in Pakistan

Built-to-suit sites:

Rolled out an additional

**500**

built-to-suit sites in Pakistan

Signed built-to-suit contracts with all MNOs in Pakistan

**Acquired 20% stake in edotco Cambodia** from Southern Coast Ventures



**Designed and implemented new KPI framework**

towards more holistic performance management, with a new culture fit assessment tool as part of recruitment process



Key collaborations:

**Fiberail Sdn Bhd** to provide telco-neutral wireless infrastructure services in Malaysia

**Intelsat SA** to advance connectivity capabilities and expand remote site monitoring and surveillance

**Outlook for 2020 and Beyond**

With the onset of COVID-19, key focus was given to Operation and Maintenance (O&M), with corrective maintenance, Tower Operation Centre and selective preventive maintenance given the highest priority

Towards ensuring employee health and safety, only staff with critical functions worked at all offices that remained open, while all other employees adopted WFH

To ensure employees health and safety, appropriate measures were implemented across all NTCs in response to the pandemic. All offices remained open, staffed by critical functions, while remaining employees worked from home

In 2019, edotco identified 17 areas for simplification and automation towards achieving business efficiency, which it will implement in 2020, known as Project Proteus

edotco will continue to explore opportunities to expand the business organically and inorganically, towards further strengthen the company's position as the leading integrated telecommunications infrastructure services provider

To focus on deploying next generation technology solutions towards enabling countries it operates within to be 5G ready

To focus on developing a 5G ecosystem, towards establishing edotco as nation building partners contributing to the digital ambitions of the nations within its footprint

To continue championing sustainability in all aspects of the business, including infrastructure design, practices and social responsibility

To maintain strict focus on Operational Excellence through digitisation and automation, and provide an enhanced customer experience



# AXIATA DIGITAL

**Year of Investment/Shareholding:**  
2014/96.47%

**Nature of Business:**  
Investment Holding and Operations of Digital Services



Scan QR code to visit Axiata Digital's website

### WHAT WE DO

Axiata Digital Services (AD), the digital services arm of Axiata Group Berhad (Axiata), was established to support the increasingly digital lifestyle of Axiata consumers. AD's role has evolved from an investor of 30 brands to a business operator with portfolios concentrated on three strategic businesses. These include digital financial services such as e-wallets, micro-financing and micro-insurance, digital advertising that use data driven solutions to enhance business success, and platform services focused on API's (Application Programming Interface) that redefine the way businesses communicate with consumers. Flagship brands within the portfolio are Boost, Aspirasi, ADA, and Apigate.

### Digital Financial Services



Boost is a proudly homegrown lifestyle e-wallet that revolutionises the way consumers transact daily, bringing convenience and security through a cashless ecosystem



Aspirasi is a digital financing services provider that serves and empowers micro-enterprises and SMEs. We offer a range of micro-financing and micro-insurance solutions to help the underserved community achieve their life and business goals without having to worry about financial support and protection no matter where they are at in their journey of dynamic financial growth

### Digital Advertising



ADA is a data and artificial intelligence company that designs and executes integrated digital, analytics, and marketing solutions

### Digital Platform



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

As at end 2019, within ASEAN:

**360 million**

Internet users

**90%**

connect primarily through mobile phones

**Paradigm shift**

in how consumers communicate, work and purchase products and services

Booming Internet/digital economy:

Primary growth areas – **e-Commerce** and **Ride Hailing**

Internet economy growth:

**> 40%** annually



**20% and 30%** annually



### Gearing digital financial services towards becoming a "Digital Bank"

Established Aspirasi, a digital financing services provider that empowers micro-enterprises and SMEs in Malaysia with a range of micro-financing and micro-insurance solutions

Obtained a strategic minority investment from Mitsui & Co. Ltd, that established a **pre-money enterprise value of USD500 million** for AD's core digital businesses

Built **strong HR foundation and strengthened the digitisation journey**

Received a No Objection Certificate from Bangladesh Bank to setup a mobile financial services business in **partnership with Trust Bank Limited**

Carved out non-strategic digital venture assets to an independent Singapore-based **fund at a valuation of USD140 million**

**Sourced for the right talent** for Boost and Aspirasi in terms of capability and culture fit

**Reviewed and refined policies** based on gaps identified in the HR Assessment and Employee Engagement Survey

### Enhanced data privacy and cyber security:

Adopted NIST framework to identify and mitigate cyber risks

Identified programme for asset classification and enhanced protection for Critical Assets

Adopted Minimum Baseline Security Standard (MBSS) to fortify systems against threats

Integrated systems to Group Security Operations Center (GSOC) to enhance threat and security monitoring

Launched Cyber Security Awareness Training programme across all businesses

BUSINESS REVIEW IN 2019

OUTLOOK FOR 2020 AND BEYOND

Seeking investors and strategic partners in the digital financial services business

- 3 key areas of focus for people development in 2020:
- Driving a culture of high-performance and accountability by accurately and effectively cascading business goals across all levels
  - Creating an Employee Value Proposition, including reviewing the Total Rewards Philosophy, Culture and Values

- Establishing robust talent development programmes, focusing on communications and first-line manager training
- Enhancing threat protection capability
- Ensuring regulatory compliance for the Digital Financial Services businesses
- Driving active collaboration to standardise adoption of controls across all businesses

SPEARHEADING THE GROWTH OF 3 CORE DIGITAL BUSINESS VERTICALS



**Year of Investment/Shareholding:**  
2017/100.0%

**Nature of Business:**  
Digital Financial Services  
Company Providing e-wallet Services



Scan QR code to visit Boost's website

**WHAT WE DO**

A proudly homegrown venture, Boost is Malaysia's own rewarding lifestyle e-wallet that is revolutionising consumers' daily transactions, in line with the Government's agenda of a cashless society. Backed by Axiata's vast expertise in digital technology, Boost is at the frontier of the Malaysian digital economy and is now the country's preferred lifestyle e-wallet. As a relatively new industry, Digital Financial Services (DFS) is regulated by Bank Negara Malaysia (BNM). Over the past year, Boost has worked closely with BNM to raise public awareness and build up this nascent space.

While keeping to the sound practices of any business operating in the financial sector, Boost is also a disruptor that is reimagining the future of the country and taking bold steps to drive the adoption of a cashless ecosystem that makes daily transactions simpler and more rewarding, as well as safer, secure and more transparent. In keeping with its ambition, Boost is continuing to provide DFS for underserved and unbanked Malaysians, with the hopes of transforming itself together with other AD subsidiaries, into a Digital Bank of the future that offers a wider range of services.



Merchant growth of 2x YoY

Secured partnerships with Malaysian Government Ministries and leading consumer brands



Increased competition within the industry

Stronger acceptance for e-wallets from the Government sector

**Performance**



- Achieved significant growth:
  - 5 million users
  - 125,000 merchants
  - 46.5 million transactions
- Rolled out new use cases targeting customers' daily behaviour and lifestyles

**People**



- Focused employee engagement led to stronger employee affinity
- Ramped up talent acquisition by 97% to cater to rapidly growing business

**Partnership**



- Boost selected as an official e-wallet for the Government's e-Tunai Rakyat initiative
- New Boost loyalty rewards programme and Cash UP online shopping discounts have successfully engaged high quality users

**Planet & Society**



- Pioneer e-wallet donation platform in Malaysia, Do Good with Boost, registered 58 non-profit organisations and 140 religious institutions, to collect > RM800,000 in public donations
- First e-wallet in Malaysia to be accepted at four public health clinics in the Klang Valley

OPERATING ENVIRONMENT

**Increased competition**

within the industry

Recorded an **increase in weekly spend per active user from RM114 in 2018 to RM323 in 2019**,

denoting higher user confidence in e-wallet technology

Made a strategic decision to move away from customer rewards focusing on instant gratification, to a more **sustainable loyalty rewards programme** that drives engagement over the customer lifecycle, and reduces operating expenses

**Stronger acceptance for e-wallets** from the Government sector

**New use cases**

included indoor gated parking, Boost UP Loyalty Rewards, Cash UP online shopping cashback, travel packages, purchases for ferry tickets, roadside assistance and insurance premium payments

Continued to build a robust platform that can quickly tailor new offerings based on dynamic trends, such as **providing insurance coverage for the COVID-19 pandemic**

BUSINESS REVIEW IN 2019

**Reinvented payment experiences**, to create a seamless experience for users

**Partnered with insurance providers** to differentiate from competitors, with **Prudential** one of the largest GTV contributors

Boost is a **payment option for 22 universities and colleges nationwide**

**Active engagement with BNM and Government Ministries** via industry engagement sessions, knowledge sharing sessions and informal discussions on pertinent issues

OUTLOOK FOR 2020 AND BEYOND

**Customer focus:**

- Promote higher engagement through the Boost UP loyalty programme
- Introduce new use cases and reimagine users' daily payment experiences

**For merchants:**

- Enhance the Real-time Payment Platform to complete merchant payment settlement faster
- Diversify partnerships with major supermarkets, grocery stores and fuel stations

Boost has been selected as Samsung's exclusive partner and will integrate its e-wallet into Samsung Pay to broaden use cases

Continue to drive the employee value proposition to incentivise performance and talent retention

Driving higher adoption of employee e-learning for upskilling and future proofing

Extend payment coverage for educational institutions

Enhance digital donations by expanding charity base

Maintain close regulatory engagements with key authorities and drive collaborations with state governments, most notably Sabah and Kedah





**Year of Investment/Shareholding:**  
2016/100%

**Nature of Business:**  
Fintech Financier and Insurtech Provider



Scan QR code to visit Aspirasi's website

**WHAT WE DO**

Aspirasi is an end-to-end digital financing services provider that serves and empowers micro-enterprises and SME businesses. Offering a range of micro-financing solutions such as working capital, supply chain financing and invoice financing, along with micro-insurance products that include credit insurance, health insurance, term life insurance and travel insurance, Aspirasi's aim is to help the underserved community achieve their business goals while providing support on their journey of dynamic financial growth.

**Products Launched**

**Working Capital Financing**

for underbanked micro-enterprises to support purchases of simple fixed-assets and raw materials

**Supply Chain Financing**

for small-enterprises via tri-partite factoring arrangement with principal distributor

**Invoice Financing**

for e-commerce merchants to address cash flow management issues by enabling receipt of cash before the invoice settlement date

**Insurtech Products**

Aspirasi Protect, Aspirasi Travel Local and Aspirasi Travel Worldwide

**Performance**



- Total Lending GTV growth of > 4x to RM40 million, benefitting 8,000 SMEs
- Growth of 25% per month, to disburse a total of RM60 million

**People**



- Invested in people and processes to scale financing and insurance business

**Partnership**



- Serving the underserved SME and micro-enterprise segments with low cost digital loans
  - Loan amount: RM500 - RM150,000
  - Tenures: 2 weeks - 12 months
- Providing SME customer base with a quick and convenient service:
  - 3 minute digital journey
  - Instant approval and funds disbursed within 48 hours

**Planet & Society**



- Promoting financial literacy in underserved business communities
- Providing underserved communities with digital bite-sized insurance policies at affordable prices and at key moments of need

**OUTLOOK FOR 2020 AND BEYOND**

**OPERATING ENVIRONMENT**

**SMEs lack meaningful access to financing across ASEAN**, with only a limited portion able to access financing from financial institutions:

**Trust deficit between micro-SMEs and financial institutions, leading to lack of financing opportunities**

Major growth area, with **digital lending estimated to grow 33% annually to reach USD18 billion by 2025**

**Initiated first regional collaboration between a bank and a digital services provider to launch Aspirasi's micro-lending platform, towards fuelling the growth of SMEs**

**Created a valuable product proposition for existing captive customer base of 700,000 SMEs, and launched multiple new products with new partners**

Algorithmic lending using alternative data source:

**Credit bureau data**

**Telco data**

**Wallet transaction**

**Partner transaction data**

**Strictly focused on positive unit economics** even at low ticket sizes, to keep acquisition and collections completely digital or success-fee based

**Partnered with industry giants such as CIMB and Lazada** to help narrow financial inclusion gap, and **inked a strategic partnership with Great Eastern** to offer innovative insurtech solutions

Continue to fine-tune the business model and drive lower costs at scale

Identify premises for a rapidly growing team

Expand product base by increasing numbers of partners, deepening partnerships and expanding access to partner bases as competitive differentiator  
Remittance solutions a key product in the pipeline

Continue to nurture start-up culture even as the team grows  
Continuously improve the customer experience and design journey across all products

Accelerate the growth of financing, by improving data science models to better underwrite and offer cheaper financing to customers



**Year of Investment/  
Shareholding:**  
2014/81.7%

**Nature of Business:**  
Integrated Digital Advertising and  
Analytics Agency



Scan QR code to visit  
ADA's website

**WHAT WE DO**

**ADA is a data and artificial intelligence company that designs and executes integrated digital, analytics, and marketing solutions.**

Operating across 9 markets in South and Southeast Asia, ADA partners with leading brands to drive their digital and data maturity, and achieve their business goals.

**We are anchored on the following main services:**

Providing business insights, data enrichment, and advanced analytics

Understanding the consumer mindset and designing data-driven creative marketing strategies

Executing end-to-end digital marketing solutions for growth hacking, funnel optimisation, and goal optimisation

ADA complements its unique digital expertise with deep proprietary data of 375 million consumers.

> 450 data scientists, digital media gurus, agency experts and management consultants

Helped 1,917 clients to achieve their business goals

**Performance**



- Strong financial growth
  - PAT positive
  - Revenue grew by 1.5x
  - Client base grew by 2.5x with over 60% on multi-product
- Launched innovative Business Insights for data-driven decision making in telecoms, mobile electronics, retail and financial services
- Scaled outcome-based products for telecoms and financial services

**People**



- Built our digital talent pool from a mix of different backgrounds and expertise
  - media and creative talent, software engineers, data scientists and management consultants
- ADA Leadership Principles are built on a strong culture around Leadership, Collaboration and Innovation to infuse a growth mindset

**Partnership**



- Efficiently delivered quality data to monetise our data assets and maximise ROI for our clients
- Built our AI maturity through delivering value enhancing marketing insights and decisioning for both clients and ADA

**Planet & Society**



- Regionally-driven pro bono digital marketing work to help change misconceptions towards refugees
- In-market support for local communities and refugee schools for community needs

OPERATING ENVIRONMENT

**Shift from traditional media to digital advertising** – from 19% in 2017 to estimated 22% in 2022

**Digitisation of the customer purchase funnel** – growth of digital purchases in Consumer Packaged Goods, Finance, Insurance and Telco to 25% by 2023

**Increasing analytical and digital maturity in clients** - 75% emerging

**Explosion of video content and creation at scale** – from 15 videos uploaded per minute in January 2009 to 500 videos uploaded per minute in May 2019

BUSINESS REVIEW IN 2019

Delivered on commitment to be PAT positive, with revenue growing at around 150%

Secured notable clients from Indonesia, Thailand, the Philippines, Singapore, Cambodia, Bangladesh and Sri Lanka

New partnerships with media and creative agencies

Product innovation:

Expanded services in creative agency offerings for content strategy and creative insight

Developed insights on digital video consumption

Won a total of 14 awards in 2019, including Campaign Asia's APAC Tech Agency of the Year

Focused investments to differentiate itself as an Analytics Driven Agency of the Future:

Digital Customer Acquisitions

Client Data Maturity

Creative Creation

OUTLOOK FOR 2020 AND BEYOND

Plan to win major accounts, by focusing account planning towards excellence in client delivery

To seek new opportunities with shareholders, agencies and media houses

New products, engagement and awareness focusing on state-of-the-art product innovation

Implement comprehensive data strategy and governance, enhance data platform and improve data sources

Produce service platforms to automate systems for clients and internal processes to lead in automation

Utilising tech and automation to improve people experience and enhance employer branding, and employee engagement and wellbeing





**Year of Investment/  
Shareholding:**  
2017/100%

**Nature of Business:**  
Global API  
Solutions Provider



Scan QR code to visit  
Apigate's website

**WHAT WE DO**

Originally conceptualised as an in-house operating unit supporting Axiata's core telecommunication business, Apigate has evolved into a new-breed Application Programming Interface (API) platform that connects businesses to a world-class ecosystem and customers from around the globe. Apigate enables connectivity and monetisation, by seamlessly integrating the innovative insights of a telco group and the technology of an award-winning open-source middleware. It unlocks new streams of revenue for Mobile Network Operators (MNO) while connecting digital merchants to find the right customers at the right time.

**3.5 billion**  
user reach

**> 110**  
MNOs

Around  
**200**  
connected merchants

**Performance** 

- Refocused on 2 key pillars of Payment and Application-to-person (A2P) messaging
- Demerged AXP in Apigate Sri Lanka, and launched turnaround plan focusing on Operational Excellence and cost rationalisation

**People** 

- Restructured organisation to support turnaround, and reconstructed job roles and department structures post-AXP demerger
- Implemented Objectives and Key Results (OKR) system to create transparency and improve accountability and alignment, with clear focus on measurable goals and execution

**Partnership** 

- Tested and validated anti-fraud solutions to address unauthorised payment issues and minimise end-user complaints
- Adopted MBSS and NIST security standards to maintain and improve data privacy and cyber security

OPERATING ENVIRONMENT

**Increased spend on mobile games driven** by increased smartphone penetration, near ubiquitous 4G coverage and global expansion of Chinese gaming companies

**Emergence of Bundling as key customer acquisition tool** for digital merchants driven by expansion of Video / OTT entertainment

**Growth of A2P messaging** driven by increasing need for secure Two-factor Authentication to access digital services

BUSINESS REVIEW IN 2019

85% increase in GTV, driven by:  
**72%** increase in monthly active users for Payment

**180%** increase in traffic A2P

Attractive value proposition:

**3.79 million** monthly active users

**200 merchants**

**Refined company positioning around customer intimacy and geographic focus in ASEAN and South Asia**

**Capitalised on opportunities in e-wallet proliferation in key markets of Malaysia and Indonesia** to increase reach beyond telcos to OTT/ telco-agnostics

**Deployed firewall solutions in A2P Messaging** to prevent use of 'grey routes' and address revenue leakage

Provided a secure platform and customer interaction:

**Secure software development lifecycle**

**Proactive internal and external security monitoring**

**Prevented external hacks through "Bug Bounty" programme**

**External audits and assessments**

OUTLOOK FOR 2020 AND BEYOND

Maintain focus on Operational Excellence, towards becoming PAT neutral in 2020

Further capitalise on market trends by launching new products to enrich existing service proposition to digital merchants beyond payment processing for cost-effective customer acquisition and retention

Explore deployment of Rich Communication Services to expand A2P Messaging services and create synergies with Payment services

Use the OKR system to ensure clear direction, constant communication, to track individual performance and organisational results

Increase employee engagement activities to create a great company culture and making Apigate a great place to work

Deploy selected solutions across the telco partner ecosystem



**BE ASSURED OF  
OUR COMMITMENT TO  
TRANSPARENCY AND  
ACCOUNTABILITY**

# Governance Is At The Heart Of Delivering To All Stakeholders

**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 Groupwide.**

This Corporate Governance Overview Statement (“CG Overview Statement”) presents key governance highlights for the financial year 2019 and up to the date of this IAR, 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 20 February 2020 and finalised and updated until the date of the publication of the Integrated Annual Report (“IAR”) 2019 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/sites/default/files/docs/Axiata-Group-Berhad-Corporate-Governance-Report-2019.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 2019 (“GAFS”) and the Sustainability and National Contribution Report (“SNCR”) accompanying this IAR.

Throughout the Financial Year Ended 31 December 2019 and continuing until the date of this IAR 2019, the Company has complied with the provisions of the MCCG 2017 save for Practice 7.2 and Practice 7.3 and Practice 12.3, respectively relating to disclosure on senior management remuneration and

remote participation and voting in-absentia at general meetings. A more thorough description of the manner in which the Company is addressing these departures is set out in the CG Report.

The Board is committed to maintaining the highest standards of good governance to promote quality decision making and the execution of those decisions within a disciplined framework of policies and procedures.

Good governance exists in an environment where roles and responsibilities are clearly defined, forums are conducive to robust debate and performance is regularly reviewed. We outline our progress and describe our governance efforts over the next few pages. The Board provides effective leadership to the Group and embraces the principles of ethical leadership in setting and implementing the Group’s strategy.

To ensure we make and execute good decisions and direction in the interest of the Group, its shareholders and other stakeholders, the Board works continuously to maintain and develop its governance framework. We exercise independent judgement on all issues reserved for our review and approval, while simultaneously considering the needs of all stakeholders, and take full responsibility for the management, direction and performance of the Group.

## HOW OUR CORPORATE GOVERNANCE ACTIVITIES CONTRIBUTE TO VALUE CREATION

Good corporate governance contributes to value creation by ensuring accountability through reporting and disclosure, effective risk management, clear performance management, transparency and ethical and effective leadership. In addition, the diversity of our directors in terms of gender, race and professional background (refer page 78) facilitates an environment for constructive dialogue and enables the Board to consider the needs of a wide range of stakeholder interests.

The Board believes these qualities of governance, which are aligned with the principles of the MCCG 2017, enable the Group to create value for

stakeholders in a sustainable manner over the short, medium and long term as described in the strategy section of this Report.

## CHANGES IN OUR GOVERNANCE FRAMEWORK

At its Meeting on 20 February 2020, the Board resolved to change the name of the Board Risk Management Committee (“BRMC”) to the BRCC. This change was to better reflect the expansion to the scope of the committee to encompass not just matters of risk but matters of compliance as well. The areas of responsibility for the BRCC encompass Enterprise Risk Management, Compliance, Ethics and Cyber Security & Data Privacy. The additional functions of Compliance and Ethics have been combined with the existing Enterprise Risk Management function to provide an integrated focus on all risk and compliance matters, directly and indirectly, and a single, consistent interface with all other functions in the organisation and in the OpCos.

This expanded role followed the introduction of corporate liability brought about by Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which comes into effect on 1 June 2020. The provision of corporate liability will render directors and senior management personally liable for acts of corruption committed by the company, either by personnel or parties acting on behalf the company unless the company has in place “adequate procedures” designed to prevent persons associated with it from undertaking such conduct. Axiata has put in place such a framework. The purpose of compliance management is to ensure the Group complies, in letter and spirit with all the laws, regulatory requirements and internal standards of protecting our company and management and supporting our employees in doing the right things, detecting and responding to situations of potential non-compliance and driving a corporate culture of integrity.

Our commitment to these important functions led to the appointment of **Abid Abdul Adam** to the newly created role of **Group Chief Risk and Compliance Officer**. He will oversee and ensure the framework remains sound and proactive.

## OUR GOVERNANCE PRACTICES

### Leadership

The Company is headed by an effective Board of Directors, whose roles and responsibilities are all clearly defined. The roles of Chairman and the GCEO are held by separated individuals. The Chairman takes responsibility for leading the Board, whilst day-to-day management of the Group is delegated to the GCEO.

 For more details on the Board of Directors and the Board’s role and activities during the year, please refer to pages 72 to 88 in the “Be Assured Of Our Commitment To Transparency And Accountability” section

### Effectiveness

The Nomination and Remuneration Committee oversees many of the activities which, together, underpin the effectiveness of the Board. It takes the lead on succession planning, taking account of the size and structure of the Board, evaluates the balance of skills, experience, independence and knowledge of the Company on the Board, and reviews outputs from the annual effectiveness evaluation of the Board.

 For more details on Board activities, please refer to page 83 in the “Board Committees” section

### Accountability

The Audit Committee plays a primary role in supporting the Board’s compliance with the accountability principles. It takes responsibility for assessing whether the Company’s position and prospects are fair, balanced and understandable, monitoring the integrity of corporate reporting, ensuring that the necessary safeguards are in place through effective risk management and internal control systems and advises the Board in this regard. Additionally, the Audit Committee regulates its relationship with the external Auditor through a number of policies and procedures.

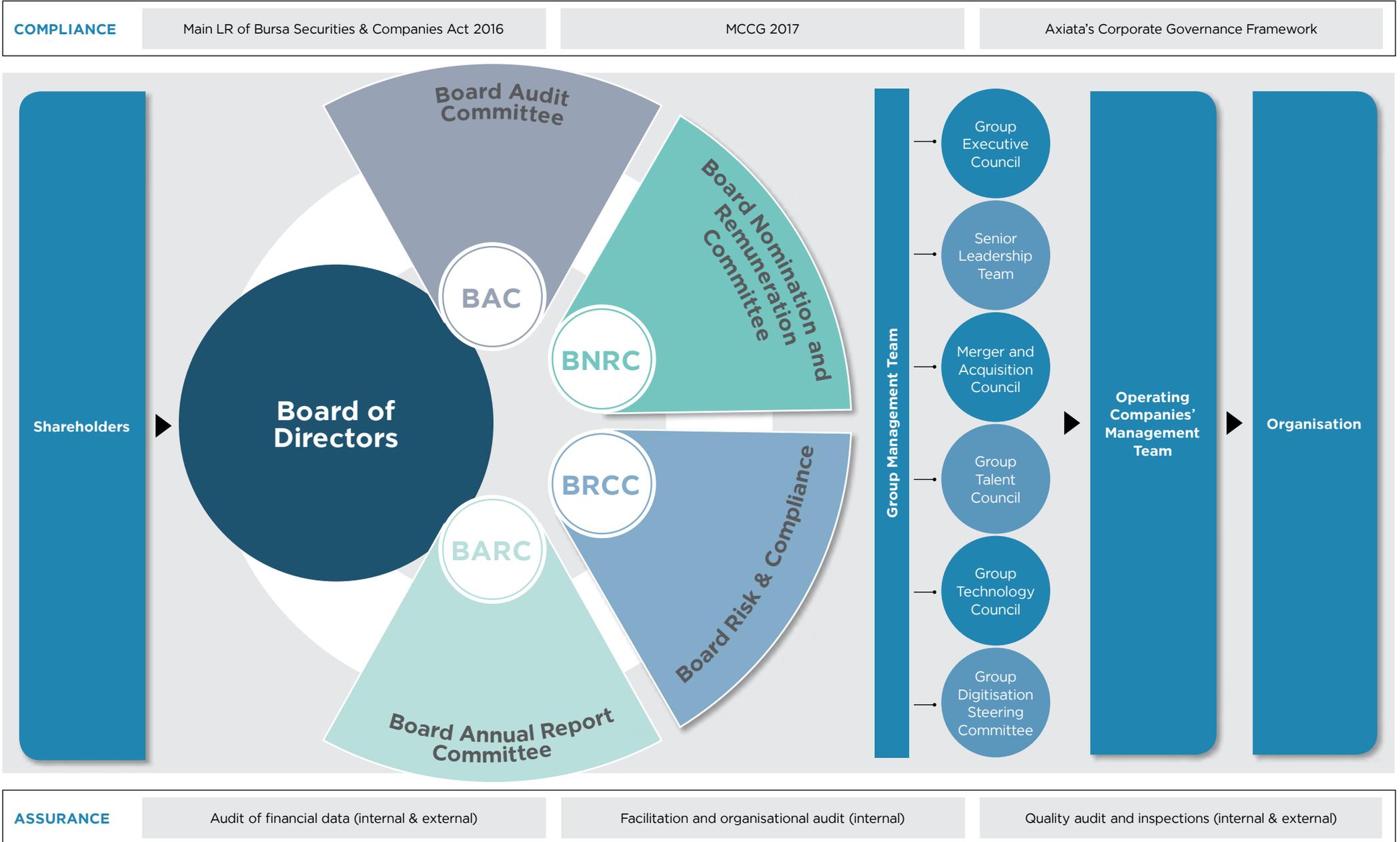
 For more details on the Audit Committee, please refer to pages 85 and 86 in the “Board Accountability” section

### Relations with Shareholders

An open dialogue is maintained with shareholders regarding strategic, governance and other objectives. This is led by the GCEO and the GCFO, whilst the Chairman and other Non-Executive Directors also engage with shareholders as necessary. The views and concerns of shareholders, as well as engagement with them more generally, is considered by the whole Board.

 For more details on our stakeholder relationships, please refer to pages 89 and 90 in the “Communication With Stakeholders” section

# Our Governance Structure



# Who Governs Us

## BOARD OF DIRECTORS



**TAN SRI GHAZZALI SHEIKH ABDUL KHALID**

**Age**  
74

**Nationality**  
Malaysian

**Gender**  
Male

**Length of Service**  
12 years

**Date of Appointment**  
24 March 2008

*Appointed as Chairman on 1 November 2018  
Re-designated as Non-Independent Non-Executive Director on 24 March 2020*



**TAN SRI JAMALUDIN IBRAHIM**

**Age**  
61

**Nationality**  
Malaysian

**Gender**  
Male

**Length of Service**  
12 years

**Date of Appointment**  
3 March 2008



**DATO' MOHD IZZADDIN IDRIS**

**Age**  
57

**Nationality**  
Malaysian

**Gender**  
Male

**Length of Service**  
3 years 4 months

**Date of Appointment**  
24 November 2016

*Re-designated to Executive Director / Deputy Group Chief Executive Officer on 24 January 2020*



**DAVID LAU NAI PEK**

**Age**  
67

**Nationality**  
Malaysian

**Gender**  
Male

**Length of Service**  
12 years

**Date of Appointment**  
23 April 2008



**DATO DR NIK RAMLAH NIK MAHMOOD**

**Age**  
64

**Nationality**  
Malaysian

**Gender**  
Female

**Length of Service**  
3 years

**Date of Appointment**  
21 March 2017

# Who Governs Us

## BOARD OF DIRECTORS



Independent Non-Executive Director

**DR DAVID ROBERT DEAN**

**Age**  
61

**Nationality**  
British

**Gender**  
Male

**Length of Service**  
2 years 3 months

**Date of Appointment**  
11 December 2017



Independent Non-Executive Director

**KHOO GAI BEE**

**Age**  
62

**Nationality**  
Malaysian

**Gender**  
Female

**Length of Service**  
1 year 3 months

**Date of Appointment**  
1 January 2019



Independent Non-Executive Director

**THAYAPARAN S SANGARAPILLAI**

**Age**  
65

**Nationality**  
Malaysian

**Gender**  
Male

**Length of Service**  
13 days

**Date of Appointment**  
18 March 2020



Non-Independent Non-Executive Director (Representative of Khazandh)

**TENGKU DATO' SRI AZMIL ZAHRUDDIN RAJA ABDUL AZIZ**

**Age**  
49

**Nationality**  
Malaysian

**Gender**  
Male

**Length of Service**  
2 years 2 months

**Date of Appointment**  
12 January 2018



Alternate Director to Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz

**ONG KING HOW**

**Age**  
45

**Nationality**  
Malaysian

**Gender**  
Male

**Length of Service**  
4 months

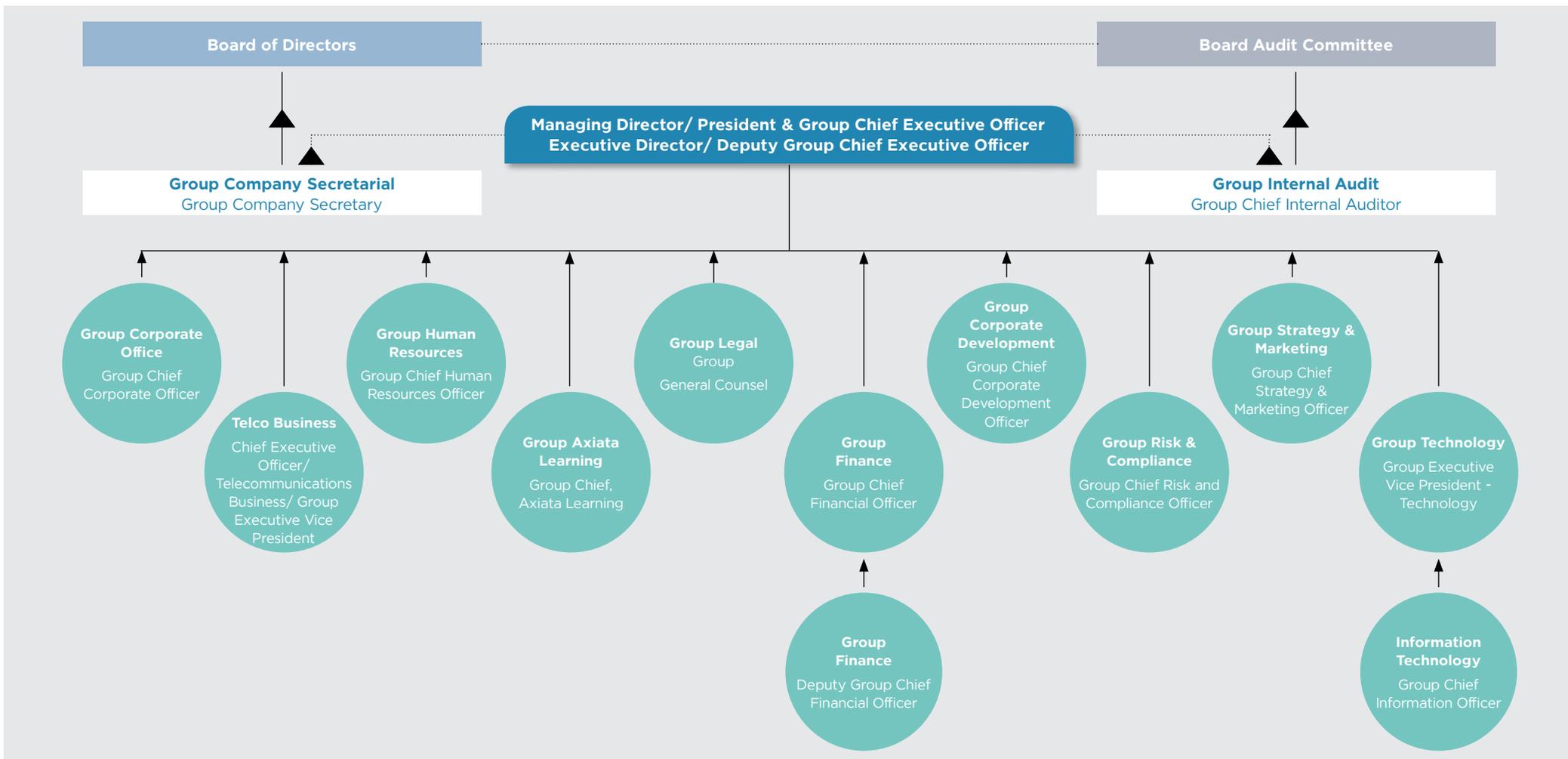
**Date of Appointment**  
27 November 2019

# An Experienced Leadership

## GROUP ORGANISATIONAL CHART

Our people are core to our success. We are specialists in our markets because we recruit, nurture, motivate, develop and reward talented, professional people. This contributes profoundly to our reputation and our market presence. It supports our ability to work closely with our clients in strong partnerships where trust and reliability are essential. We aim to create a positive experience for all our people with responsive and caring management, effective technology, quality working environments and supportive, collegiate colleagues. This enables us to deliver a professional, high-quality, consistent and compliant work product.

To this end, our senior leadership team leads the charge in the implementation of strategy, progress made towards meeting targets and the management of risk, human resources and Group-wide issues and initiatives. They are responsible for the maintenance of and compliance with Group operating standards. They also discuss issues faced by individual businesses in addition to those common across the Group to ensure that best practice and experience are pooled in meeting the Group's goals.



# An Experienced Leadership



## TAN SRI JAMALUDIN IBRAHIM

*Managing Director/  
President & Group Chief Executive Officer*

<b>Age</b>	<b>Nationality</b>	<b>Gender</b>	<b>Length of Service</b>
61	Malaysian	Male	12 years
<b>Date of Appointment to Current Position</b>			
3 March 2008			



## DATO' MOHD IZZADDIN IDRIS

*Executive Director/  
Deputy Group Chief Executive Officer*

<b>Age</b>	<b>Nationality</b>	<b>Gender</b>	<b>Length of Service</b>
57	Malaysian	Male	2 months (as Deputy Group Chief Executive Officer)
<b>Date of Appointment to Current Position</b>			
24 January 2020			

## DR HANS WIJAYASURIYA

*Chief Executive Officer - Telecommunications Business/  
Group Executive Vice President*

<b>Age</b>	<b>Nationality</b>	<b>Gender</b>	<b>Length of Service</b>
51	Sri Lankan	Male	26 years 2 months
<b>Date of Appointment to Current Position</b>			
24 January 2020			



## VIVEK SOOD

*Group Chief Financial Officer*

<b>Age</b>	<b>Nationality</b>	<b>Gender</b>	<b>Length of Service</b>
55	Indian	Male	2 years 11 months
<b>Date of Appointment to Current Position</b>			
3 April 2017			



## AZWAN KHAN OSMAN KHAN

*Deputy Group Chief Financial Officer*

<b>Age</b>	<b>Nationality</b>	<b>Gender</b>	<b>Length of Service</b>
50	Malaysian	Male	14 years 9 months
<b>Date of Appointment to Current Position</b>			
1 November 2018			
<i>Resigned as Deputy Group Chief Financial Officer with effect from 15 April 2020</i>			



## THOMAS HUNDT

*Group Executive Vice President - Technology*

<b>Age</b>	<b>Nationality</b>	<b>Gender</b>	<b>Length of Service</b>
42	German	Male	11 years 8 months
<b>Date of Appointment to Current Position</b>			
24 January 2020			

## DATIN SRI BADRUNNISA MOHD YASIN KHAN

*Group Chief, Axiata Learning*

<b>Age</b>	<b>Nationality</b>	<b>Gender</b>	<b>Length of Service</b>
60	Malaysian	Female	11 years 11 months
<b>Date of Appointment to Current Position</b>			
10 June 2019			
<i>Retired as Group Chief, Axiata Learning with effect from 1 April 2020</i>			



## ASRI HASSAN SABRI

*Group Chief Corporate Officer*

<b>Age</b>	<b>Nationality</b>	<b>Gender</b>	<b>Length of Service</b>
53	Malaysian	Male	4 years 2 months
<b>Date of Appointment to Current Position</b>			
1 September 2018			



## An Experienced Leadership



### DARKE M SANI

*Group Chief Human Resources Officer*

**Age** 64    **Nationality** Singaporean    **Gender** Male    **Length of Service** 8 years 9 months

**Date of Appointment to Current Position**

1 June 2011



### ANNIS SHEIKH MOHAMED

*Group Chief Corporate Development Officer*

**Age** 48    **Nationality** Malaysian    **Gender** Male    **Length of Service** 8 years 8 months

**Date of Appointment to Current Position**

1 July 2011

### ANTHONY RODRIGO

*Group Chief Information Officer*

**Age** 52    **Nationality** Sri Lankan    **Gender** Male    **Length of Service** 9 years 6 months

**Date of Appointment to Current Position**

1 August 2017



### DOMINIC P ARENA

*Group Chief Strategy and Marketing Officer*

**Age** 43    **Nationality** Australian    **Gender** Male    **Length of Service** 4 years

**Date of Appointment to Current Position**

1 March 2016



### HADI HELMI ZAINI SOORIA

*Group Chief Internal Auditor*

**Age** 50    **Nationality** Malaysian    **Gender** Male    **Length of Service** 22 years 8 months

**Date of Appointment to Current Position**

15 October 2018



### ABID ABDUL ADAM

*Group Chief Risk and Compliance Officer*

**Age** 38    **Nationality** South African    **Gender** Male    **Length of Service** 2 years 4 months

**Date of Appointment to Current Position**

2 March 2020

### SURYANI HUSSEIN

*Group Company Secretary*

**Age** 54    **Nationality** Malaysian    **Gender** Female    **Length of Service** 17 years 3 months

**Date of Appointment to Current Position**

1 April 2008



### TAN GIM BOON

*Group General Counsel and Risk Officer*

**Age** 47    **Nationality** Malaysian    **Gender** Male    **Length of Service** 15 years 5 months

**Date of Appointment to Current Position**

1 April 2008 (Heading Group Risk from 2014 until 1 March 2020)



# An Experienced Leadership

## OPERATING COMPANIES' ORGANISATIONAL CHART

In 2019, Ncell welcomed Andy Chong as its new CEO. Andy, an internal talent, was Ncell's Chief Marketing Officer before helping his new role in 2019.

This appointment, along with the three Operating Companies' (OpCos) CEOs promoted through internal ranks in 2016, 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 scout the market and identify promising candidates in advance of the anticipated demand.



Note: <sup>1</sup> Resigned as Chief Executive Officer edotco Group Sdn Bhd with effect from 1 May 2020

# Our Governance At A Glance

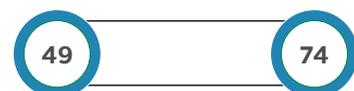
## BOARD OF DIRECTORS

- 5 Independent
- 2 Non-Independent
- 2 Executive Directors

## DIVERSITY OF GENDER<sup>1</sup>



## DIVERSITY OF AGE



## SKILL AND EXPERIENCE OF DIRECTORS

### Industry Experience

- Information Technology
- Telecommunications
- Finance, Banking & Investments
- Public Services/ Government Relations
- Internet/ Media/ Entertainment/ Digital Services/ Innovative Mobile/ Technology/ Analytics

### Functional Experience

- Corporate Finance
- Strategy/ Entrepreneurship
- M&A
- Legal/ Regulatory
- Audit/ Accounting/ Business Assurance
- Talent Management/ Human Capital
- Others - Economics/ Sustainability/ Sales/ Marketing/ Corporate Governance/ Capital Markets/ Islamic Finance

## DIVERSITY OF TENURE

- 11% Less than 1 year
- 56% 1-6 years
- 33% More than 6 years

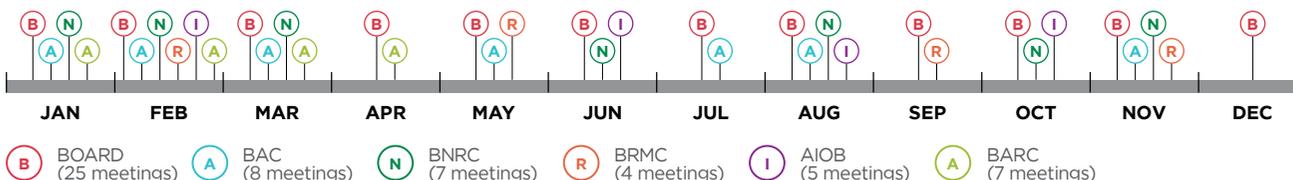
## NATIONALITY

- Malaysia
- British
- Indonesia<sup>2</sup>

Calendar of meetings of the Board and Committees held in 2019 and attendance of the respective Directors are provided below:

NAME OF BOARD MEMBERS	B	A	N	R	I	A
Tan Sri Ghazzali Sheikh Abdul Khalid	25/25					
Tan Sri Jamaludin Ibrahim	25/25			4/4	5/5	7/7
Dato' Mohd Izzaddin Idris	24/24**	8/8		4/4	5/5	5/5
David Lau Nai Pek	24/25	8/8		4/4	5/5	7/7
Dato Dr Nik Ramlah Nik Mahmood	23/25		7/7	4/4		
Dr David Robert Dean	24/25	8/8		4/4	4/5	
Khoo Gaik Bee	23/25		6/7			
Thayaparan S Sangarapillai*						
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz	25/25		6/7		4/5	
Ong King How#						

Notes: \* There is no attendance records for Thayaparan S Sangarapillai as he was not on the Board of Directors during Financial Year 2019. He was appointed on the Board only on 18 March 2020  
 # Alternate director attends meeting only if the principal director is not present  
 \*\* Recused from attending a Special Board Meeting relating to his proposed appointment as Executive Director/ Deputy Group Chief Executive Officer



## BOARD ROLES AND THEIR RESPONSIBILITIES

### Chairman

The Chairman is responsible for the operation and leadership of the Board, ensuring its effectiveness and setting its agenda.

### Chief Executive Officer

The CEO is responsible for leading and managing the Group's business within a set of authorities delegated by Group's Board and for the implementation of the Group strategy and policy.

### Independent Non-Executive Directors

The primary responsibility of an Independent Non-Executive Director is to protect the interests of minority Shareholders and other stakeholders. In addition, the Independent Non-Executive Directors play a key role in strategy and business performance.

### Company Secretary

The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, policies and procedures and compliance with the relevant regulatory requirements.

For more details on the Chairman, please refer to page 72 in the "Who Governs Us" section

For more details on the President & Group CEO, please refer to page 72 in the "Who Governs Us" section

For more details on Directors, please refer to pages 72 and 73 in the "Who Governs Us" section

For more details on the Company Secretary, please refer to page 76 in the "An Experienced Leadership" section

Notes: <sup>1</sup> As of December 2019

<sup>2</sup> Dr Muhamad Chatib has resigned as Director with effect from 13 December 2019

# Embedding Sustainability Into Our Governance Structures

As an inherent part of our business, we have integrated sustainability and stakeholder management as one of our Ten NEW FOCUS AREAS, which represent our operational activities towards achieving our vision of becoming a New Generation Digital Champion.

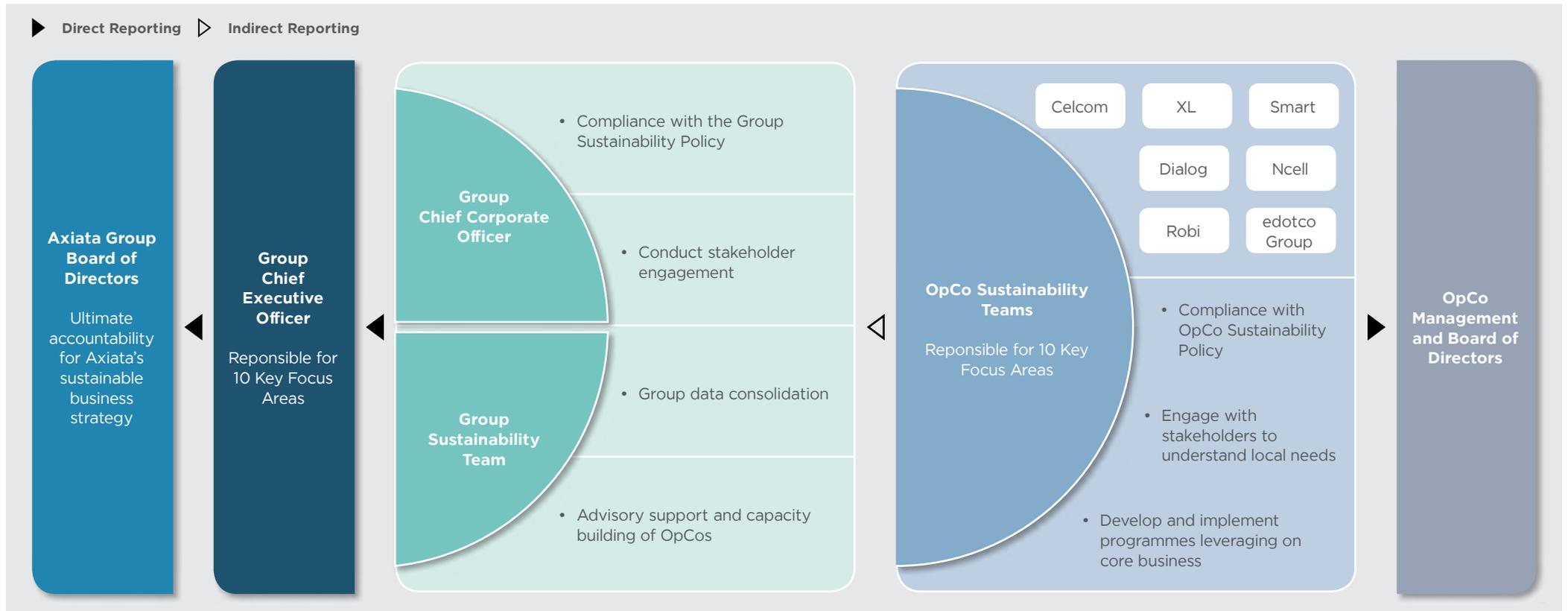
To this end, we have included sustainability-related KPIs in the annual KPIs of our Group CEO and OpCo CEOs. Annually, all OpCo CEOs sign off on sustainability-related governance as part of internal control assurance. This reflects our top-down approach to embracing sustainability Group-wide, with our top management demonstrating our commitment through leading by example.

The governance of our Group Sustainability Framework is overseen by our Group Chief Corporate Officer, who leads the Group Corporate Office. The Group Sustainability team is part of the Group Corporate Office and is led by the Head of Group Corporate Communications and Sustainability. The Axiata Sustainability framework encompasses core material environmental, social and governance issues which we have categorised under the four pillars of Beyond Short-Term Profits, Nurturing People,

Process Excellence & Governance; and Planet & Society. We disclose our sustainability activities according to these four pillars.

The Group Sustainability team is tasked with ensuring Axiata complies with our Group Sustainability Policy. It also conducts stakeholder engagement, updates material issues, standardises data collection and management systems as well as provides advisory support and capacity building to the sustainability teams in our OpCos, which indirectly report to the Group Sustainability team.

The sustainability teams in our OpCos play a vital role in engaging with local stakeholders to identify material issues, aligning and localising the Group Sustainability Framework to ensure its relevance in their unique market. The OpCos are responsible for the governance, daily management and operations, implementation of programmes and data collection in line with the Group Sustainability Framework. They are also encouraged to produce their own Sustainability Report in compliance with the Global Reporting Initiative's Sustainability Reporting Standards.



# Board Leadership And Effectiveness

## ROLE OF THE BOARD

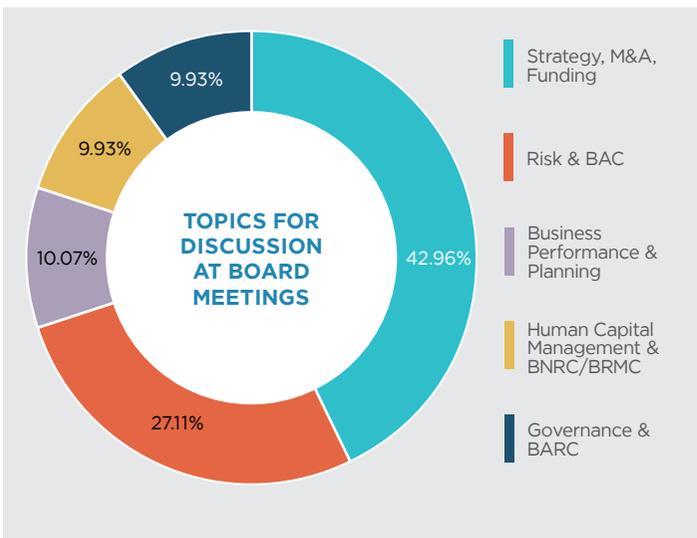
The Board is responsible for setting the vision and strategy for the Company to deliver value to its shareholders through implementing its strategic business plan. Under the Chairman’s leadership, Board members share collective responsibility for corporate governance arrangements. The Board’s roles and responsibilities are detailed in the Board Charter, which is available online at <https://www.axiata.com/sites/default/files/docs/Board-Charter-2.pdf>. The last revision of the Board Charter was on 20 February 2020.

## CODE OF CONDUCT AND ETHICS (“CODE”)

The Code is 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 Code is available online at <https://www.axiata.com/sites/default/files/docs/Board-Code-of-Conduct-and-Ethics.pdf>



## TOTAL HOURS FOR BOARD & BOARD COMMITTEE MEETINGS 2019



## BOARD FOCUS AREAS

Monitoring of the company’s performance and business planning for the year remain a priority for Board’s deliberation despite a considerable amount of time and attention being devoted to strategic matters and M&A, which included the proposed merger between Axiata and Telenor ASA.

The Board also considered the Long Range Plan (“LRP”) Framework, which was a shift from a focus on revenue growth to an emphasis on profit and cash. The LRP takes into consideration organic and inorganic levers to deliver Axiata’s aspiration. The core value driver is on Operational Excellence (“OE”) to evolve into delivering the best customer proposition within Axiata’s chosen value discipline.

The new growth areas include developing the digital financial services segment which the Company will focus on in 2020.

## BOARD ACTIVITIES IN 2019

- Strategic matters and M&A were the main focus of the Board, spending approximately 42.96% of their time during Board meetings developing corporate strategy for the development of Axiata group of companies
- At the mid-year retreat in July 2019, the Board was briefed on the current industry outlook, how it impacted Axiata and what Axiata can do to further improve its position in the market. Specifically, the Board was brought through Axiata’s Triple Core Strategy as well as the LRP 2019 and the strategy and execution updates on new growth areas. Operational Excellence took centrestage with its corresponding impact on operational decisions and network KPIs
- At the year-end retreat in November 2019, a recap of Axiata’s 3.0 strategy was presented and progressing into the Axiata 5.0 roadmap towards sustainable business growth aided and strengthened by the “collective brain” and verticalization initiatives

## PRIORITIES FOR 2020

The Board’s focus and priority in 2020 would be ensuring the continuing execution of the “Shifting Gears” strategy which emphasises Operational Excellence while aided and strengthened by the “collective brains” initiative.

The year-end retreat in 2019 had also commenced the Axiata 5.0 roadmap that aims to ensure sustainable business growth for the group.

There will also be focus on maintaining the journey towards long term growth and profitability through the prioritisation of certain drivers, which include amongst others, operational performance, operational and organisational excellence, transformation of OpCos, and a focus on digitisation & analytics and on new growth areas.

During the year 2020, the Board will also ensure the seamless transition of leadership where Tan Sri Jamaludin Ibrahim will pass the baton of leading Axiata to Dato’ Mohd Izzaddin Idris by the end of the year.

## Board Leadership And Effectiveness

The Board engaged the services of KPMG Management and Risk Consulting Sdn Bhd (KPMG) to assist with the 2019 evaluation of Board performance on a refresher basis. KPMG is a corporate governance advisory firm that specialises in facilitating board reviews. Board members were invited to complete a questionnaire and selected Board members were invited to participate in interviews,

which addressed the performance of the Board and its Committees. The specific assessments included those of the Board and each Board members' skill set. These were structured along both self assessment and peer reviews extending specifically to independent directors and the President & Group Chief Executive Officer ("GCEO").

# OUR PROCESS WAS DIVIDED INTO 4 STAGES



### STRENGTHS

The Board Effectiveness Evaluation ("BEE") for 2019 was undertaken by KPMG Management & Risk Consulting Sdn Bhd ("KPMG") as a refresher to the BEE conducted in 2018. During the 2019 BEE, KPMG conducted analyses based on the responses received from all nine Directors and interview sessions with three selected Directors, being the Chairman, the Managing Director/ President & Group Chief Executive Officer, and the newest Independent Non-Executive Director. Some of the key findings of the 2019 BEE are:-

- Axiata Board's commitment and resilience remain a distinct "personality" within the market comparators whilst strategy planning remains a reverberating flagged theme for Axiata, akin to other comparators
- The efficacy of the Board Chairman and high concentration of Independent Directors have led to a continuity of "robust and full-throttled" deliberations amongst Board members
- The collaborative working relationship between the Board and the Managing Director/ President & GCEO continues to be a stand-out feature for Axiata, with the GCEO being an effective bridge between Management and Board
- The Board of Axiata remains a dedicated and collective unit with independent thought clearly shown through the Board's devotion of long hours and proximate involvement in overseeing the proposed Axiata-Telenor merger
- The Board's clear succession model known as the Phased Retirement Plan is a novel market practice amongst peers, both locally and globally, allowing for the Board composition to be revitalised
- The succession planning for the GCEO was crafted since 2014 through a methodical and well-thought-out succession plan which involved a series of well-crafted strategies including implanting shortlisted candidates to the Board itself and overseeing a smooth "change of guard" by enlisting the final contender as a Deputy President

### IMPROVEMENT

The findings of the 2019 BEE also have recommended areas for improvement, the salient points of which are as follows: -

- There is a need for focused education and development programmes on Company-specific issues with such training aligned to Axiata's strategies
- To consider qualitative audits on its Operating Companies in inspecting similar adoption of the Group's ethical and compliance culture and transformational efforts
- To consider conducting more comprehensive and detailed feasibility studies and country-risk analysis of its operations and businesses

## Board Leadership And Effectiveness

### PROFESSIONAL DEVELOPMENT AND EDUCATION

New Directors receive a comprehensive and tailored induction programme in order that they are fully informed about the Group’s activities on joining the Board. They are apprised of the business environment, fiduciary duties and responsibilities, and the Board’s expectations in respect of a director’s commitment, ethical behaviour and keeping abreast of regulatory changes and trends.

Training is an area delegated to the Board Nomination and Remuneration Committee as part of its brief to ensure that the Board continues to possess the skills, experience and knowledge to meet the needs of the business. Training requirements are discussed and relevant and suitable training programmes are periodically made known to the directors all of which are facilitated and assisted by the Group Company Secretary.

### BRIEFINGS DURING THE YEAR INCLUDE:

Some of the in-house presentations by external speakers in the course of the year are as follows:

Industry Outlook & Analyst Expectation	Enterprise Business Expectations	New Business Models for Disruptive Digital Telcos	Telco Primer Workshop “Essentials of Telecoms”
--	----------------------------------	---	--

There is also a Telco Primer organised for new directors appointed to the Board of Axiata if the person is not from the telco industry.

OpCos Induction Programme – all new directors appointed on the Board of Axiata will have the opportunity to attend an Axiata Board Induction as well as induction programmes and field trips organised and conducted by OpCos. These programmes by the OpCos are conducted once a year and Axiata Directors are encouraged to participate in at least one of these visits depending on their availability.

### 2019 Directors’ Training Areas

Number of Training Programmes Disseminated by Group Company Secretary in 2019 amounted to 21, which includes 3 on digital services, new business and technology compiled by Strategy/ Axiata Digital Services/ Technology



### REMUNERATING FAIRLY

#### Non-Executive Directors (“NEDs”)

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:

Remuneration	Monthly Fees <sup>1</sup> (RM)		Meeting Allowances <sup>2</sup> (RM)	
	NEC <sup>3</sup>	NED	NEC <sup>3</sup>	NED
Board of Directors	30,000.00	20,000.00	3,000.00	2,000.00
BAC	4,000.00	2,000.00	3,000.00	2,000.00
BNRC	1,200.00	800.00	1,500.00	1,000.00
Other Board Committees	Nil	Nil	1,500.00	1,000.00

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

#### Benefits

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

#### Executive Directors (“EDs”)

The Company’s policy on remuneration for the EDs 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 EDs consists of basic salary, benefits-in-kind and EPF contributions, as a guaranteed component. On top of this, the EDs are 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 EDs 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 EDs 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.

## 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)

#### 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”) and Axiata Group Performance-Based Long Term Incentive Plan in accordance with the Bye-Laws of the Axiata Share Scheme and Axiata Group Performance-Based Long Term Incentive Plan (“Bye-Laws”) as approved by shareholders of the Company

### Activities in 2019

#### Nomination

- Considered the significant changes to the Board of Axiata in 2019 and early 2020 involving the appointments of 1 new director and one alternate director and the resignation of 2 directors
- Year reviewed reports on directors training including making recommendations thereof
- Reviewed changes proposed in respect of the nomination of Axiata nominee directors on OpCos’ Boards
- Reviewed and recommended the extension of employment contracts of key personnel of Axiata Group
- Discussed the findings of the 2018 BEE and follow-up actions and approach for 2019 BEE
- Recommended the appointment of Board Committee members and other changes
- Recommended the renaming of BRMC to BRCC effective 20 February 2020
- Recommended the change of Chairman of the new Board Committee, BRCC
- Succession Planning and Talent Management Review
- Reviewed the suitability of the directors due for re-election at the 2019 AGM
- Assessed and recommended the INEDs who have exceeded the 9 year cumulative term limit to be reappointed as INEDs by shareholders
- Reviewed and recommended the appointment of Thaya S Sangarapillai as Axiata Board members who brings with him accounting and finance background as part of phase retirement plan
- Reviewed and recommended the GCEO’s succession plan including the re-designation of Dato’ Mohd Izzaddin Idris from INED to Executive Director/ Deputy Group Chief Executive Officer of Axiata which will succeed as Group CEO of Axiata by December 2020
- Reviewed and recommended the appointment of Top Management and Members of Ethics and Compliance Committee
- Reviewed and recommended revisions to the Board Composition Framework of Axiata

#### Remuneration

The BNRC considered and recommended to the Board the following matters:

- Revision of Group Performance Bonus Matrix
- Long-Term Incentive Grant for edotco Group
- GCEO KPI 2018 - Performance Evaluation and Remuneration
- Company Bonus Payment and Salary Review Budget
- 2019 Restricted Share Plan Grant and Vesting
- Reviewed and recommended 2019 OpCo’s CEO Shares Award for XL
- Reviewed and recommended the reward and retention programme (implementation details) and proposed new compensation framework
- Reviewed and recommended the 1H incentive for FY2019
- Top Management Remuneration Revision

#### Structural Changes to Board Composition

In early 2019 and throughout the year saw several changes to the Board composition as follow:

- Appointment of Vivek Sood as Director of Dialog
- Appointment of Dato’ Mohd Izzaddin Idris as Director and Chairman of Robi in place of Tan Sri Ghazzali Sheikh Abdul Khalid
- Appointment of Dr David Robert Dean as Director and Chairman of Ncell in place of Tan Sri Ghazzali Sheikh Abdul Khalid
- Resignation of Rene Werner as Director and appointment of new director as Director of Smart in place of Rene Werner
- Appointment of Azwan Khan Osman Khan as Director of Smart in place of Vivek Sood
- Appointment of Vivek Sood as Member of Axiata Digital Business Investment & Oversight Board Committee of Axiata (“AIOB”)
- Resignation of Javier Santiso as Member of AIOB and Axiata Board Advisory Council (“ABDAC”)
- Resignation of Greg Tarr as member of AIOB, but will remain as sole member of ABDAC
- Appointment of Dato’ Mohd Izzaddin Idris as member of the Board Annual Report Committee

Axiata has in place a Board Composition Framework which takes into consideration, the complexity and geographical spread of the Group’s businesses.

#### Priorities for 2020

##### Nomination

- To undertake the necessary action to implement the recently adopted policy to restrict the tenure of independent directorships to a 9-year limit
- To undertake the necessary changes to the composition of the Board and its Committees, following retirements, resignations and re-designations as the same arises from time to time
- To manage the seamless transition of leadership where Tan Sri Jamaludin Ibrahim will pass the baton of leading Axiata to Dato’ Mohd Izzaddin Idris by the end of the year
- To review top Management succession planning
- To monitor follow-up actions based on the 2018 BEE findings and the refresher 2019 BEE as well as decide on the approach for 2020 BEE
- Other routine or new matters proposed by Management/ Board

##### Remuneration

- Review and approve compensation schemes 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 DGCEO; and
  - Proposed Company Bonus Payment and Increment and others as applicable

## Board Committees

### Axiata Digital Business Investment and Oversight Board Committee<sup>1</sup> (“AIOB”)

#### Members

Dato’ Mohd Izzaddin Idris (Chairman) (INED)<sup>2</sup>

Tengku Dato’ Sri Azmil Zahrudin Raja Abdul Aziz (NINED)

David Lau Nai Pek (SINED)

Dr Hans Wijayasuriya

Tan Sri Jamaludin Ibrahim

Mohd Khairil Abdullah

Dr David Robert Dean (INED)

Vivek Sood

- Approve investments in digital business up to USD20.0 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 USD20.0 million provided it was an investment previously approved by AIOB

#### Activities in 2019

- The committee made key investment decisions relating to Digital Businesses and monitors its performance within its Limits of Authority

### Board Annual Report Committee (“BARC”)

#### Members

David Lau Nai Pek (Chairman) (SINED)

Tan Sri Jamaludin Ibrahim

Dato’ Mohd Izzaddin Idris (INED)

- 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

#### Activities in 2019

- 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

#### Priorities for 2020

- In 2017, Axiata developed its inaugural integrated annual report with the goal to apply 100% of the Integrated Reporting framework over the next three to four years. This remains the focus for the year 2020
- To improve on the integrated annual report reporting process and the quality of information

Notes: <sup>1</sup> The AIOB was dissolved as of 25 March 2020

<sup>2</sup> Dato’ Mohd Izzaddin Idris assumed the chairmanship of the AIOB throughout the financial year 2019 in the capacity of an Independent Non-Executive Director. He was re-designated as an Executive Director on 24 January 2020

# Board Accountability

## 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)<sup>1</sup>

Thayaparan S Sangarapillai (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 meeting dates are synchronised to coincide with

the key dates within the financial reporting and audit cycle with ample time for a report to be prepared for the Board, particularly on irregularities and significant finding on matters of concern.

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

#### Roles

- Assist the Board in fulfilling its statutory and fiduciary responsibilities
- 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

#### Activities in 2019

- Post-acquisition review on major acquisitions i.e. Robi-Airtel merger and Ncell purchase, were carried out and lessons were taken from the aspect of governance, risks, commercial/deal structuring, terms and conditions as well as financial impacts
- Reviewed the Group gearing status and portfolio rebalancing, hedging and forex currency exposure and cash management of the Group and the impact of currency translation on Axiata Group’s financial statements, debt level including restructuring where necessary and dividend policy
- Established a dedicated Internal Audit Team for Axiata Digital Services (“ADS”) Group to strengthen the independent assessment consequent to rapid business, operations and organisation growth in ADS businesses
- Reviewed carrying value of assets as required by IFRS and MFRS and agree that no further major impairment is required in 2019 after assets major impairments were done in 2018.
- Axiata Group-wide BAC Forum was held on the 28th March 2019; assembling all OpCos BAC Chairmen to align on 2019 priorities
- Reviewed cost savings initiatives (“Project Arise”) under Axiata Group’s Cost Optimisation and Capex Efficiency direction and satisfied with the governance and internal controls in place with consistent results Year on Year, including for 2019

- Initiated a review on “Anti-Bribery and Anti-Corruption” (“ABAC”) policies and execution in the Group resulting in the formation of the BRCC in February 2020, the appointment of a Group Chief Risk and Compliance Officer and the establishment of Ethics and Compliance Committee at Management level
- Initiated the review of whistleblowing 2.0 (“WB 2.0”) channel across the Group and OpCos aimed at enhancing governance, transparency, integrity, and management of whistle blowing channel and cases
- A Cyber Security Forum initiated by the Cyber Security Steering Committee (“CSSC”) was held on 10th July 2019 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 2019
- Supported extensive internal audits assignments in the area of cyber security across all OpCos which have contributed in a marked improvement in cyber security internal controls across the Group by end of 2019
- Reviewed the Data Privacy programmes for the Group
- The BAC Chairman visited XL Axiata in Indonesia to understand and discuss XL’s perspective on governance and controls
- Reviewed Capital Gain Tax (“CGT”) matter of Ncell in Nepal
- A total of 128 internal audit reviews were completed across the Group

#### Other recurring works include:

- Reviewed and recommended the Corporate Governance Overview Statement, Statement on Risk Management and Internal Control and BAC Report for the Annual Report to the Board for approval
- Reviewed the financial results quarterly, half yearly and annually prior to the Board for approval
- Discussed and resolved all “Key Accounting Matters” raised by external auditors
- Reviewed the accounting impact and accounting entries arising from merger and acquisition deals and revised accounting policies when required for better governance and controls

Note: <sup>1</sup> Dato’ Mohd Izzaddin Idris has resigned from the BAC with effect from 24 January 2020 following his re-designation to Executive Director

## Board Accountability

### Board Audit Committee (“BAC”)

- Reviewed and satisfied that Axiata Group and its OpCos have fully adopted relevant accounting standards required by International Financial Reporting Standards (“IFRS”) and Malaysian Financial Reporting Standards (“MFRS”), such as MFRS 16
- Reviewed the potential exposure of major investments and divestments made by the Group
- Reviewed on a quarterly basis the related party transaction entered into by Axiata pursuant to the shareholders mandate on Recurrent Related Party Transactions (“RRPT”) procured at the 27th AGM of the Company held on 29 May 2019 and the reporting of these transactions in the 2019 Annual Report
- During the financial year ended 31 December 2019, Axiata has granted a total of 2,903,000 shares under the Performance-Based Employee Share Options and Share scheme (details provided under Notes 14 of the Audited Financial Statements) at the Share Reference Price of RM4.44 for 21 February 2019 Regular Stock Purchase (“RSP”) grant. The BAC has reviewed the allocation of the above shares granted to eligible employees (as defined in the Bye-Laws of the Performance-Based Employee Share Option and Share Scheme) and noted its compliance with the conditions for the allocation of share options/shares as approved
- Held two (2) private meetings with the external auditors on 20 February 2019 and 27 August 2019 without the presence of management. The topics that were discussed were key matters noted from audits, the sufficiency and adequacy of information provided to external auditors to perform the audit and cooperation provided by the management
- Reviewed and approved appointment of external auditors, taking into consideration their competencies, commitments, objectivity and independence
- Reviewed and approved the Annual Internal Audit plan and budget
- Assessed the quality of internal audit staff, experience, discipline and length of service
- Reviewed 10 business control incidents and identified cases of control weaknesses including fraud
- Acknowledged, reviewed and ensured investigations into 96 whistle blowing cases across the Group
- Encouraged and pushed for the use of data analytics-based audit (“ABA”) among the internal audit team across the Group to deliver agile audit reporting which provides a more holistic and effective assessment on internal controls risks
- Pushed for competency development of auditors specifically on certified internal auditor (“CIA”), information system auditing, cyber security, and analytics in audit across the Group
- Supported the launch of Auditors Analytics Certification programme in Q4 2019 and the investments to be made to get all auditors to be trained in analytics competency for auditing
- Supported the application of digital technology in internal audit and investigation domains e.g. Whistle Blowing 2.0 channel as well as internal controls surveys were carried out on digital platforms

### Priorities for 2020

- Review of BAC membership composition across the Group for continuity in leadership and roles
- Review of BAC Terms of Reference across the Group to harmonise with the establishment of BRCC
- Together with the newly constituted BRCC, BAC will review the effectiveness of the Group’s governance structure, and whether the policies, risk management, procedures, and internal controls are meeting the requirements of Cyber Security, Data Privacy, and Adequate Procedures under Section 17A of MACC Act 2009, including the consistent application of the act throughout all OpCos
- Assures Axiata’s Financial Statements reflect true and fair view of the business results and the financial position of the Group, and that they are in line with International Financial Reporting Standards (“IFRS”) and Malaysian Financial Reporting Standards (“MFRS”)
- Review of the Group foreign currency exposure, the impact of currency translation on Axiata Group’s financial statements, and debt level including restructuring on financial risks of the Group in light of ongoing US-China trade war, COVID-19, oil price crash, and currency volatility
- Reviews the carrying value of assets, in particular those assets which are still on the old technology (2G, 3G and 3.5G) as OpCos move more and more data traffic onto 4G network and soon to 5G
- Reviews Axiata Group’s Cost Optimisation and Capex Efficiency projects with the advent of Group “Operational Efficiency” strategic direction coupled with “collective brain” and “verticalization” initiatives
- Continues to assess adequacy and effectiveness of cyber security programmes as cyber security risks continue to evolve and escalate
- Review of Data Privacy governance, risks management and internal controls implementation
- Review of the execution of all 2020 Audit Plan across the Group in terms of audit findings and timely closure of major audit issues
- Continues to ensure that auditors are given the right training on relevant and new competencies such as cyber security, data privacy, and the use of analytics in audits
- Review of security, trust and independence of whistle blowing channel established by Management for employees and other stakeholders to speak up against any misconduct across the Group
- Continues to support the application of digital technology in internal audit and investigation domains e.g. Whistle Blowing cases management across OpCos as well as explore use of technology for continuous auditing

# Internal Control And Risk Management

## Board Risk and Compliance Committee (“BRCC”)

### Members

Dr David Robert Dean (Chairman) (INED)

Dato Dr Nik Ramlah Nik Mahmood (INED)

Tan Sri Jamaludin Ibrahim

David Lau Nai Pek (SINED)

Dato’ Mohd Izzaddin Idris

BRCC (previously 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.

This change was to better reflect the expansion to the scope of the committee to encompass not just issues of risk but matters of compliance as well. The areas of responsibility for the BRCC encompass Enterprise Risk Management, Compliance, Ethics and Data Privacy and Cyber Security. The additional functions

of Compliance and Ethics have been combined with the existing Enterprise Risk Management function to provide an integrated focus on all risk and compliance matters, directly and indirectly, and a single, consistent interface with all other functions in the organisation and in OpCos.

BRCC which comprises of a majority of INEDs, has the advantage of also having the President & GCEO 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

- BRCC duties and responsibilities include areas of Enterprise Risk Management (including Business Continuity and Crisis Management), Cyber Security, Data Privacy, Ethics & Integrity Compliance, and Regulatory Compliance which include but not limited to requirements imposed by capital market authority, central bank (e.g. e-money, forex controls, AMLA, etc), Local Authorities (e.g. site permits, health and safety), and domestic trade (e.g. anti-profitsteering and commercial dealings of our dealers/ distributors)
- Ensure Axiata Group (which includes all its subsidiaries/ OpCos) adopts sound and effective policies, procedures and practices for all its Risk and Compliance functions and ensure adequate testing to improve its resilience and preparedness for any eventualities
- Review and recommend the risk management and compliance methodologies, policies (including framework) and risk tolerance levels for the approval of the appropriate authority in accordance with Axiata Limits of Authority
- Review and assess the adequacy of the governing policies, framework and structure in place for managing risks and compliance as well as the extent to which these are operating effectively
- Ensure adequate infrastructure, resources and systems are in place for effective risk and compliance management. This includes ensuring that the staff responsible for implementing risk

and compliance management systems perform their responsibilities independently of the risk-taking activities

- Review the management’s periodic reports on risk and compliance management activities, exposure and mitigating/remedial actions
- Ensure that all governance instruments are reviewed and updated continuously to reflect changes in the operating environment
- Ensure ongoing awareness programmes, communication, training and education on risk and compliance management
- Provide advice to the Board on risk and compliance strategies and coordinate the activities of various standing board committees for risk oversight
- Promote a healthy risk and compliance culture and behaviours that ensures the effectiveness of the risk and compliance management processes (e.g. discourage excessive risk-taking, bribery and corruption due to misaligned key performance indicators and remuneration schemes)
- Consider other matters relating to risk and compliance management, including relevant legislature applicable in all operating areas of Axiata Group as referred to by the Board or by BRCC by its own accord

### Activities in 2019

- Four BRMC (now called BRCC) meetings were held in 2019 to discuss the Group’s risk agenda
- Among key discussions of the BRMC includes:
  - Axiata Group and OpCos key risks and the relevant mitigation strategy

- Cyber threat and risks faced by the Group in protecting and safeguarding the data privacy of our customers, employees and other stakeholders
- Business Continuity Programme and its maturity status across Axiata OpCos
- Enhanced Data Privacy and Cyber Security Governance
- Ensured a Robust Cyber Security Framework
- Strengthened Cyber Risk Management
- Maintained Threat Detection Programmes
- Leveraged on Advanced Technology to Drive our Cyber Capabilities
- Built our Employees’ and Vendors’ Cyber Capabilities
- Strengthened our Cyber Partner Ecosystem

### Priorities for 2020

- Establishing an Integrated Risk & Compliance governance function for Axiata Group and OpCos
- Ensure all risks of the Group are appropriately managed through effective monitoring at BRCC encompassing all relevant Management initiatives and projects
- Ensure Axiata Group BCM programmes are executed and continually improved across the Group
- Strengthening of Anti-Bribery and Anti-Corruption environment across the Group to support adequate procedures requirement
- Moving into 2020, we will continue to implement Digital Trust 2020 (“DT2020”) with emphasis on people, processes and technology, to fortify our data privacy and cyber-aware culture

Axiata maintains a 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 BRCC and the Board.

Note: The BRMC has been renamed as BRCC effective from 20 February 2020

# Cyber Security Steering Committee

## 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 Board Risk Management Committee (“BRMC”) of the Axiata Group Berhad (“Axiata”) Board.

The objectives of the CSSC is to assist the BRMC in focusing on the implementation of the cyber security initiatives, and ensuring implementation of standards 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.

Scan to find out more about our commitments to Cyber Security



### Roles

The CSSC is authorised by the BRMC to:

- Review, challenge and propose recommendations on any of the proposed Cyber Security initiatives including recommendation of new initiatives
- Have full and unrestricted access to any of the Axiata’s Group and any other companies within the Axiata Group 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 Axiata Board Audit Committee.

Oversight of the Chief Information Security Officer (“CISO”) function whereby the CISO shall report directly to the CSSC.

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
- To monitor the progress and quality of the Cyber Security programme and provide assurance to the BRMC

### Activities in 2019

- Improve the Cyber Security maturity of Axiata’s adoption of the Internationally recognised National Institute of Standards and Technology (“NIST”) Cyber Security Framework across the Group from Level 2 to Level 3
- Ensure all critical assets are compliant to a Minimum Baseline Security Standard (“MBSS”) and extend coverage to non-critical and larger base of telecoms assets
- Ran the Bug Bounty programme consecutively for two years to identify and remediate software vulnerabilities/bugs on our web and mobile channels
- The Group Security Operations Centre (“GSOC”) was accredited as a member of the Forum of Incident Response and Security Teams (“FIRST”), the first in the regions in which we operate

### Priorities for 2020

- Review existing Operating Model to improve synergy, cost, risk profile and reduce duplication in line with the group verticalisation programme
- Focus on automation and improve on the speed and accuracy to detect and recover from incidents
- Double our efforts on improving foundational/hygiene controls and expand the coverage of baseline security controls on our assets
- Focus on implementing a holistic, regulatory compliant Data Privacy programme across the group
- Test and improve our crisis management process with simulation exercise for senior leadership and response teams

### CSSC evolved to Cyber Security and Privacy (“CaP”)

In August 2019, the CSSC was dissolved due to expansion of the scope. The CSSC remit was primarily on Cyber Security matters, and given the importance of Data Privacy, a broadened remit committee was required to cover both Data Privacy and Cyber Security matters.

During the November 2019 BOD meeting, the Board endorsed the new CaP Committee with the focus of promoting Data Privacy and Cyber Security matters across the Group.

The new Cyber Security and Privacy Management Committee was approved with the following responsibilities:

- CaP is tasked with executing on BRMC Directives as well as ensuring execution of the Data Privacy and Cyber Security imperatives;
- Composition of the CaP shall include representatives from Axiata senior leadership, and advisor/observer from the BRMC;
- CaP reports into the BRMC to ensure appropriate management of risks associated with Data Privacy and Cyber Security;
- Participation from relevant senior management from cross-functional representation (Internal Audit, Finance, IT/Network, HR, Legal and Regulatory) will be made compulsory, with an OpCo representative also to be considered; and
- BRMC representative in CaP will be in an advisory capacity to the management team

The following amendments were adopted by the BRMC for the CaP:

#### Data Privacy and Cyber Security Risks

- Data Privacy and Cyber Security risks, similar to all other risks of Axiata, shall be part of BRMC scope
- Cybersecurity and Privacy Management Committee, or a similar forum at Axiata senior management level, manage the associated risks
- The Cybersecurity and Privacy Management Committee will report to the BRMC on a quarterly basis, and as appropriate to ensure that BRMC is kept abreast of the developments

# Communication With Stakeholders

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

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 Board is therefore, fully committed to maintaining high standards in the dissemination of relevant and material information

on the development of the Group in view of its commitment to effective, comprehensive, timely and continuous disclosures. Disclosures of corporate proposals and/or financial results are made not only in compliance with the Main LR of Bursa Securities but additionally include items through media releases, sent on a voluntary basis.

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

Direct Shareholder Communication & Engagement			Communication via Mass Media		Communication to Analysts and Investors	
<b>IAR, Sustainability Report, GAFS and Notice of AGM</b> Website/Mobile Apps/ Print at Request/Press Advertisement	<b>Website Updates on all corporate communication</b>	<b>Announcements to Bursa Securities</b>	Regional Media Summit	Media Interviews on Corporate Developments	Analyst & Investor Day	Analysts/ Investor Meetings
<b>Annual General Meeting</b>			Media Release on Financial Results and Corporate Developments	Social Media Reach and Engagement on all key channels	Conference Calls on Financial Results and Corporate Development	Investor Relations Website
<ul style="list-style-type: none"> <li>• Primary engagement platform between the Board and the shareholders of the company</li> <li>• 28 days’ notice was given for the AGM held on 29 May 2019</li> <li>• Accessible venue at Connexion@Nexus</li> <li>• Attended by all Board members</li> <li>• Business presentation by the Managing Director/ President &amp; GCEO and active engagement during Q&amp;A session</li> <li>• Electronic poll voting on all resolutions and immediate announcement of results</li> </ul>			Press Conference on Financial Results and Corporate Developments	Targeted Media Engagement and Networking	Conferences/ Non-Deal Roadshows	27 Equity Research Coverage

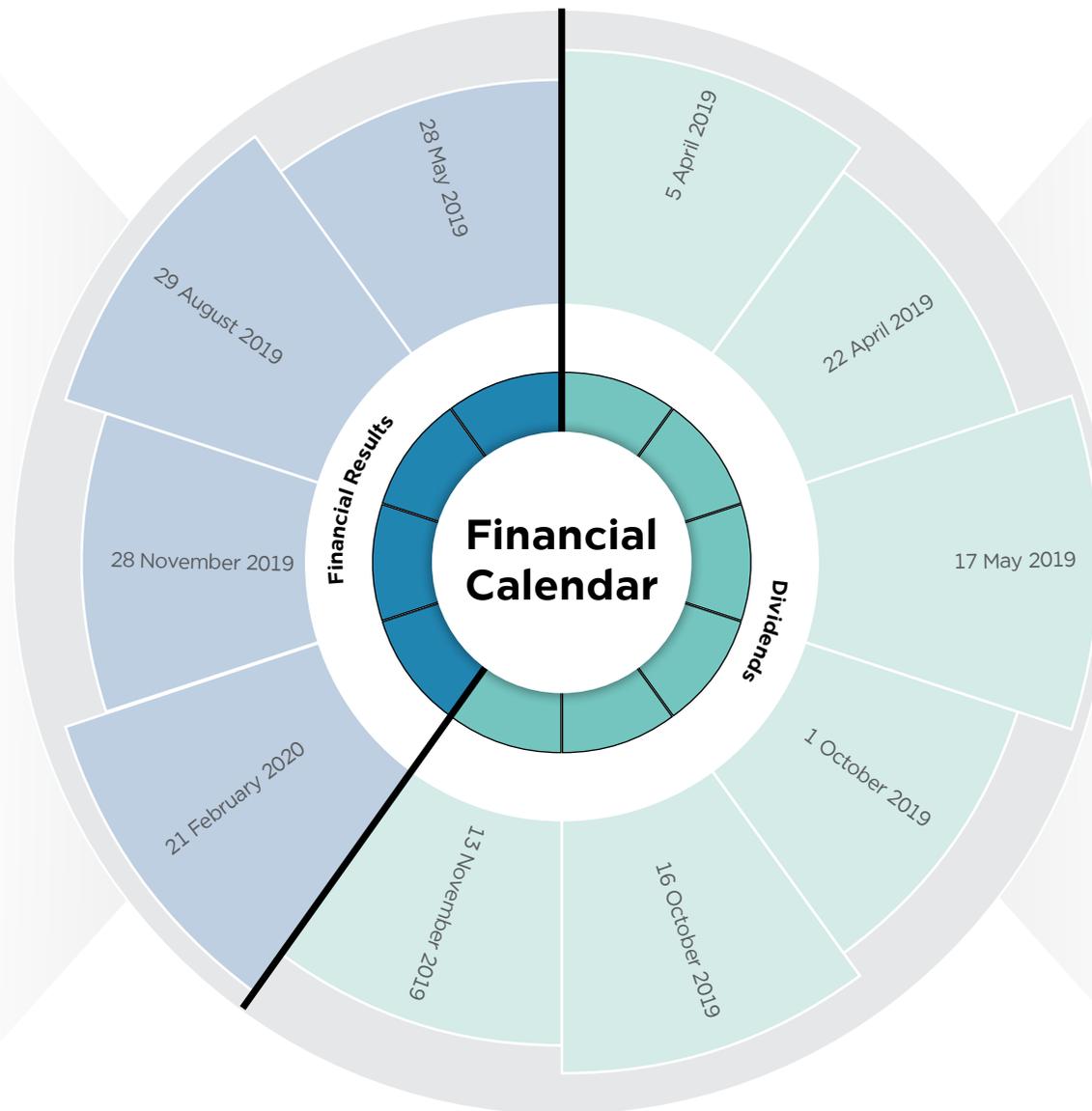
## INVESTOR RELATIONS

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

5-6 March	19 March	25-26 March	16-18 April	24 June	4 September	12 September	25 & 27 September	14-16 October	17-18 October	2 December	12 December
<b>JP Morgan ASEAN TMT 1x1 Forum</b> - Kuala Lumpur	<b>Bursa Malaysia &amp; Maybank Invest Malaysia</b> - Kuala Lumpur	<b>Credit Suisse Asian Investment Conference</b> - Hong Kong	<b>London NDR</b> - HSBC	<b>Morgan Stanley ASEAN Corporate Day</b> - Singapore	<b>Citi Malaysia Investor Symposium</b> - Kuala Lumpur	<b>CLSA Investors’ Forum</b> - Hong Kong	<b>Kuala Lumpur NDR</b> - Maybank	<b>Edinburgh and London NDR</b> - UBS	<b>New York &amp; Chicago NDR</b> - HSBC	<b>Axiata Analyst &amp; Investor Day</b> - Kuala Lumpur	<b>Singapore NDR</b> - JP Morgan

# Communication With Stakeholders

Date	Venue
28 May 2019	Unaudited consolidated results for the first quarter ended 31 March 2019
29 August 2019	Unaudited consolidated results for the second quarter and half-year ended 30 June 2019
28 November 2019	Unaudited consolidated results for the third quarter ended 30 September 2019
21 February 2020	Unaudited consolidated results for the fourth quarter ended 31 December 2019



Date	Venue
5 April 2019	Notice of Book Closure for Interim Tax Exempt Dividend under Single-Tier System of 4.5 sen per Ordinary Share
22 April 2019	Date of Entitlement for Interim Tax Exempt Dividend under Single-Tier System of 4.5 sen per Ordinary Share
17 May 2019	Payment for Interim Tax Exempt Dividend under Single-Tier System of 4.5 sen per Ordinary Share
1 October 2019	Notice of Book Closure for Interim Tax Exempt Dividend under Single-Tier System of 5 sen per Ordinary Share
16 October 2019	Date of Entitlement for Interim Tax Exempt Dividend under Single-Tier System of 5 sen per Ordinary Share
13 November 2019	Payment for Interim Tax Exempt Dividend under Single-Tier System of 5 sen per Ordinary Share



**ADDITIONAL  
INFORMATION**

# Corporate Information

## BOARD OF DIRECTORS

### Tan Sri Ghazzali Sheikh Abdul Khalid

Chairman  
Non-Independent Non-Executive Director

### Tan Sri Jamaludin Ibrahim

Managing Director/ President & Group Chief Executive Officer

### Dato' Mohd Izzaddin Idris

Executive Director/ Deputy Group Chief Executive Officer

### David Lau Nai Pek

Senior Independent Non-Executive Director

### Dato Dr Nik Ramlah Nik Mahmood

Independent Non-Executive Director

### Dr David Robert Dean

Independent Non-Executive Director

### Khoo Gaik Bee

Independent Non-Executive Director

### Thayaparan S Sangarapillai

Independent Non-Executive Director

### Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz

Non-Independent Non-Executive Director

### Ong King How

Alternate Director to Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz

## Group Company Secretary

Suryani Hussein  
LS0009277

## Investor Relations

Tel : +603 2263 8706  
Fax : +603 2278 3337  
Email : [ir@axiata.com](mailto:ir@axiata.com)

## Share Registrar

Tricor Investor & Issuing House  
Services Sdn Bhd  
Registration No.: [197101000970 (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](mailto: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](mailto:pwcmsia.info@my.pwc.com)

## 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

## 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

## Website

[www.axiata.com](http://www.axiata.com)

### **Our Gratitude to David Lau & Tan Sri Jamal!**

Over the last many years, your stewardship of the corporate reporting process has been characterised by innovative ideas, strategic thinking, and genuine efforts to consistently improve on the work we do. You have taught us what it means to care about the details and work with integrity.

As 2019 marks the final occasion to shoulder alongside, we are grateful for your patience, leadership and gentle humour.

With much gratitude,  
The Axiata Corporate Reporting Working Committee

