



**CHAMPIONING DIGITAL
INNOVATION & TECHNOLOGY
TO ADVANCE ASIA**

INTEGRATED ANNUAL REPORT 2018

ADVANCING ASIA

AS A NEW GENERATION DIGITAL CHAMPION

PAKISTAN

NEPAL

INDIA

BANGLADESH

MYANMAR

CAMBODIA

THAILAND

SRI LANKA

MALAYSIA

SINGAPORE

INDONESIA

▶ Digital Telco



▶ Digital Businesses



▶ Infrastructure



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

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



Corporate Information

Board of Directors

Tan Sri Ghazzali Sheikh Abdul Khalid

Chairman
Independent Non-Executive Director

Tan Sri Jamaludin Ibrahim

Managing Director/President & Group Chief
Executive Officer

David Lau Nai Pek

Senior Independent Non-Executive Director

Dr Muhamad Chatib Basri

Independent Non-Executive Director

Dato' Mohd Izzaddin Idris

Independent Non-Executive Director

Dato Dr Nik Ramlah Nik Mahmood

Independent Non-Executive Director

Dr David Robert Dean

Independent Non-Executive Director

Dr Lisa Lim Poh Lin

Independent Non-Executive Director

Khoo Gaik Bee

Independent Non-Executive Director

Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz

Non-Independent Non-Executive Director

Group Company Secretary

Suryani Hussein
LS0009277

Investor Relations

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(LLP0014401-LCA & AF 1146)
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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



Entities Across Asia

MOBILE SUBSIDIARIES



MALAYSIA
Celcom Axiata Berhad

Year of Investment/Shareholding:
2008/100.0%

Nature of Business:
Mobile Telecommunications

Customers:
9.1 million

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

No. of BTS:
2G - 8,256
3G - 14,775
4G - 13,269

Network Coverage (by population and technology):
2G - 95.2%
3G - 93.1%
4G - 90.6%



INDONESIA
PT XL Axiata Tbk.

Year of Investment/Shareholding:
2005/66.4%

Nature of Business:
Mobile Telecommunications and Multimedia Services

Customers:
54.9 million

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

No. of BTS:
2G - 37,426
3G - 51,398
4G - 29,772

Network Coverage (by population and technology):
2G - >93%
3G - >95%
4G - >92%



SRI LANKA
Dialog Axiata PLC

Year of Investment/Shareholding:
1995/83.3%

Nature of Business:
Communication Services, Telecommunications Infrastructure Services, Media and Digital Services including Financial Services and Business Process Outsourcing Services

Customers:
13.8 million

Technology Deployed:
Mobile - GSM/EDGE, 3G/HSPA+, LTE/LTE-A, 5G Pilot
Fixed Network - FTTx, DOCSIS, LTE, WIFI, CDMA, WIMAX, IPTV, DTH (satellite TV)

No. of BTS:
2G - 4,705
3G - 3,311
4G - 3,138

Network Coverage (by population and technology):
2G - 98%
3G - 86%
4G FDD - 91%
4G TDD - 67%



BANGLADESH
Robi Axiata Limited

Year of Investment/Shareholding:
1996/68.7%

Nature of Business:
Mobile Telecom Operator

Customers:
46.9 million

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

No. of BTS:
2G - 10,614
3G - 9,648
4G - 7,396

Network Coverage (by population and technology):
2G - 97.0%
3G - 76.0%
4G - 79.0%



CAMBODIA
Smart Axiata Co., Ltd.

Year of Investment/Shareholding:
2013/72.5%

Nature of Business:
Mobile Telecom Operator

Customers:
7.5 million

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

No. of BTS:
2G - 2,460
3G - 2,504
4G - 2,391

Network Coverage (by population and technology):
2G - 98.7%
3G - 83.8%
4G - 73.3%



NEPAL
Ncell Private Limited

Year of Investment/Shareholding:
2016/80.0%

Nature of Business:
Mobile Telecom Operator

Customers:
16.3 million

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

No. of BTS:
2G - 3,361
3G - 2,955
4G - 943

Network Coverage (by population and technology):
2G - 92.5%
3G - 58.6%
4G - 15.6%

NON-MOBILE SUBSIDIARIES & ASSOCIATES / AFFILIATES



MALAYSIA
Axiata Digital Services Sdn Bhd

Year of Investment/Shareholding:
2014/100.0%

Nature of Business:
Investment Holding and Operations of Digital Services



MALAYSIA
Axiata Digital eCode Sdn Bhd

Year of Investment/Shareholding:
2017/100.0%

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



MALAYSIA
Axiata Digital Advertising Sdn Bhd

Year of Investment/Shareholding:
2014/81.7%

Nature of Business:
Integrated Digital Advertising Agency



MALAYSIA
Apigate Sdn Bhd

Year of Investment/Shareholding:
2017/100.0%

Nature of Business:
Global API Solutions Provider

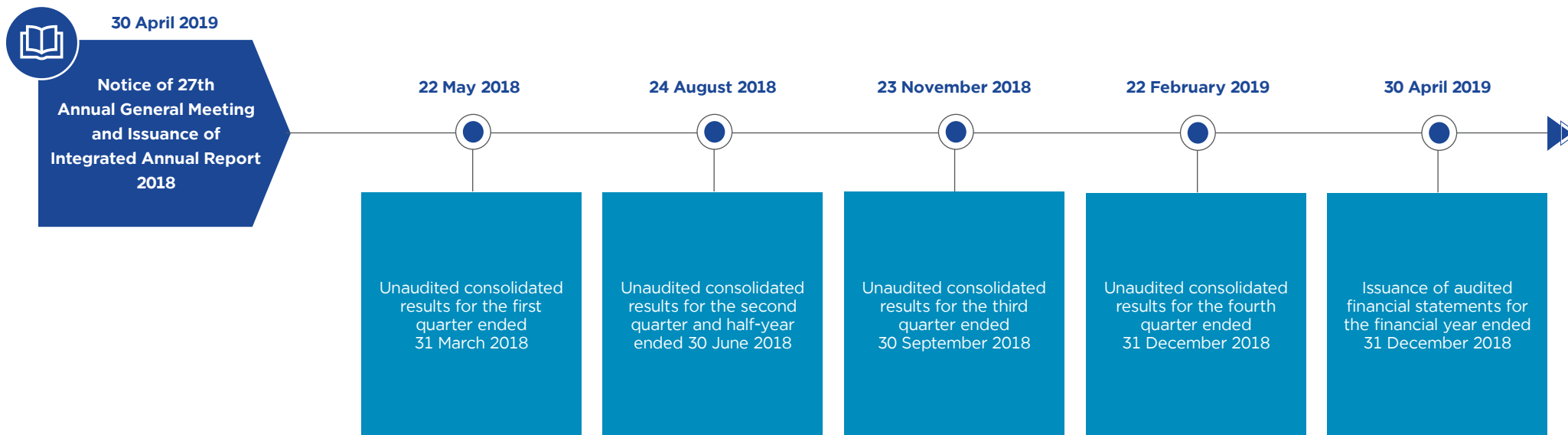


MALAYSIA
edotco Group Sdn Bhd

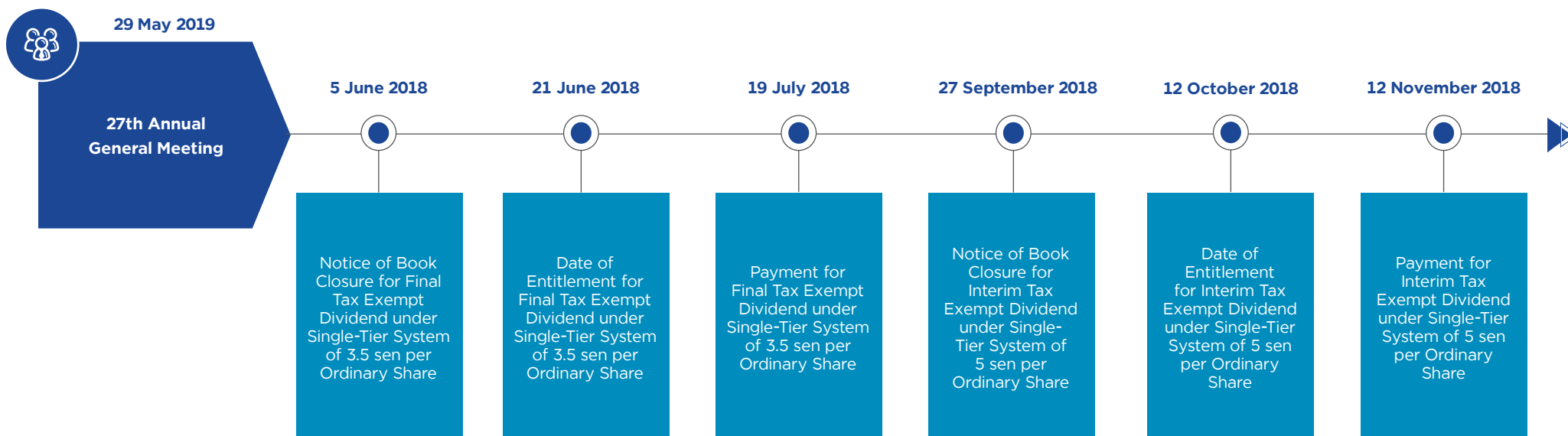
Year of Investment/Shareholding:
2012/63.0%

Nature of Business:
Telecommunications Infrastructure and Services

Financial Calendar



Dividends



About This Report

Reporting Philosophy

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

Scope and Boundary

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

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

Assurance

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

Improvements in Axiata’s IAR 2018

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

Section	2018 Improvements
The Value We Create	<ul style="list-style-type: none"> Reporting three-year trends for indicators where data is available Providing an explanation on the trade-offs between capitals
Operating Environment	<ul style="list-style-type: none"> Comparison of external economic and market factors against Axiata’s strategic response, implications on our strategy and the way forward for the Group
Risks and Materiality	<ul style="list-style-type: none"> Detailed descriptions of each risk, including risk matrix, risk level and movement, mitigating actions, risk owners, impacts and key risk indicators
Eight Needle-Moving Strategic Initiatives	<ul style="list-style-type: none"> Using Axiata’s 4P Goals as the framework for our Triple Core Strategy disclosure of the Group’s progress against the Eight Needle-Moving Strategic Initiatives

Approval by the Board

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

Materiality







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

Forward-Looking Statements

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

Information on Exclusions

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

Axiata’s 6 Capitals	
 Financial	 Human
 Intellectual	 Social & Relationship
 Manufactured	 Natural

Axiata’s 4P Goals	
 Performance	 Partnership
 People	 Planet & Society



About This Report

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



IAR Integrated Annual Report 2018



GAFS Governance & Audited Financial Statements 2018



SNCR Sustainability & National Contribution Report 2018

All of Axiata's Reports are available online at www.axiata.com
We welcome feedback on this report at info@axiata.com

Cover Rationale

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

Images for the Integrated Annual Report 2018

The images in this year's Integrated Annual Report cover and section separators were inspired by the new Axiata brand film titled Kites 2.0. Please visit <https://bit.ly/2lAnyJV> to watch the video.

Reporting Frameworks and Reporting Suites

Reporting Suites	Integrated Annual Report 2018	Governance & Annual Financial Statements 2018	Sustainability & National Contribution Report 2018
Disclosure	<ul style="list-style-type: none"> Management Discussion and Analysis Abridged Annual Financial Statements Corporate Governance Overview Statement 	<p>Governance and Compliance Documents</p> <ul style="list-style-type: none"> Full Directors and Management Profile Statement on Risk Management and Internal Control Board Audit Committee Report Additional Compliance Information <p>Financial Statements</p> <ul style="list-style-type: none"> Directors' Report Audited Financial Statements Independent Auditor's Report 	<ul style="list-style-type: none"> Global Reporting Initiative Standards Third Party Assurance
Reporting Frameworks	<ul style="list-style-type: none"> Malaysian Code on Corporate Governance 2017 Bursa Listing Requirements IIRC Integrated Reporting Framework Companies Act 2016 	<ul style="list-style-type: none"> Malaysian Code on Corporate Governance Bursa Listing Requirements Companies Act 2016 	<ul style="list-style-type: none"> Bursa Malaysia Sustainability Reporting Guidelines GRI Standards (Core) AA1000 Stakeholder Engagement ISAE 3000 (Revised) - Limited Assurance Engagement

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**Our
Business**



The Axiata Group

As one of the leading telecommunications groups in Asia, Axiata continues to evolve its business in line with dynamically shifting industry trends and developments.

The Group's current focus is on transforming into a New Generation Digital Champion by 2022, to capture growth and opportunities arising from the Fourth Industrial Revolution (IR 4.0).



Our Goals



Performance

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



People

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



Partnership

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

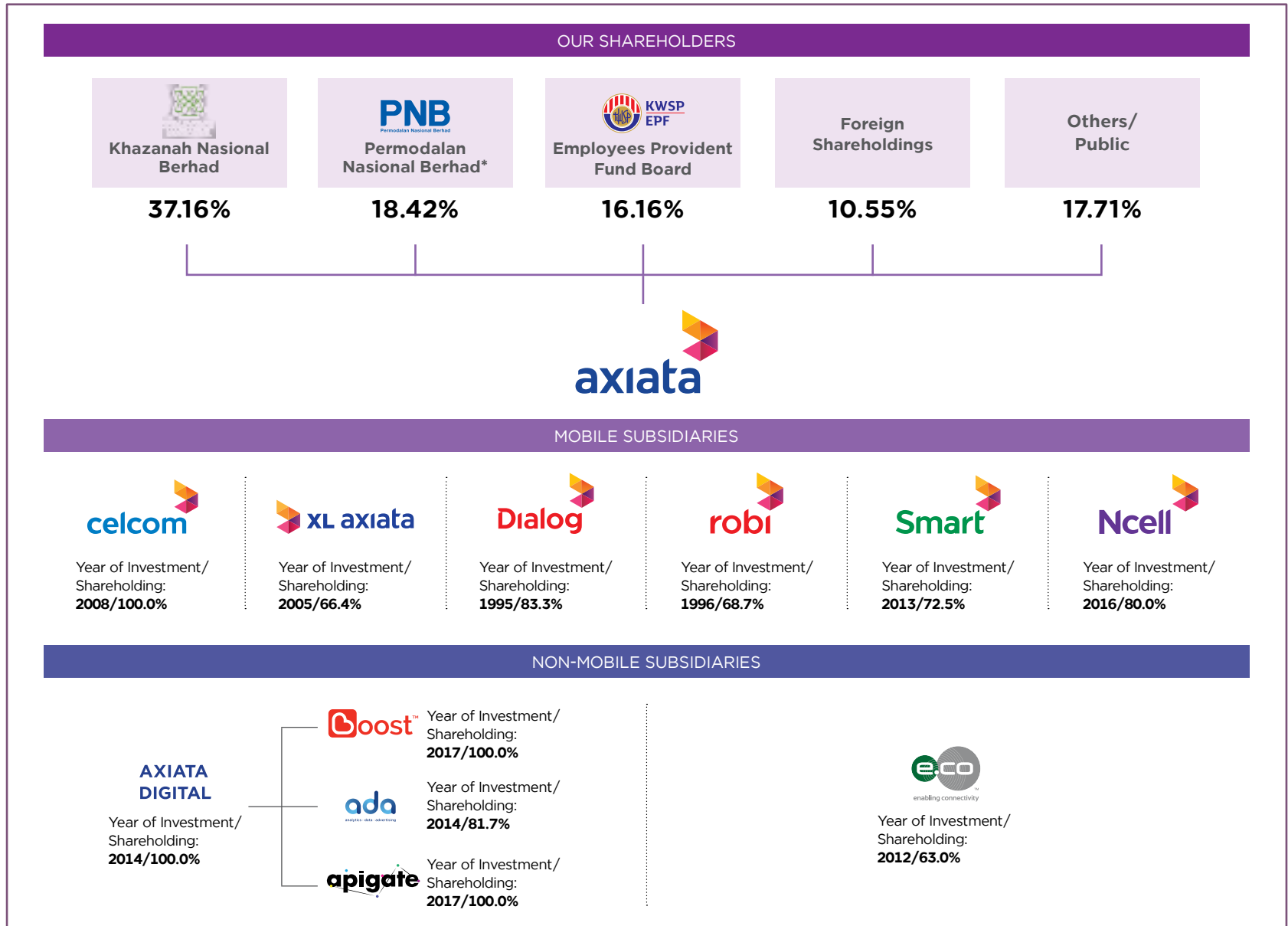


Planet & Society

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

Shareholding Structure and Portfolio of Investments

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



For complete details of Shareholding Statistics, please refer to page 190

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

What We Do

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

Becoming A New Generation Digital Champion

TRIPLE CORE BUSINESS	OUR FOCUS	PROGRESS UPDATES	OUR OPERATING COMPANIES
1 Digital Telco 	Transforming from pure-play mobile service providers to converged digital telcos	<ul style="list-style-type: none"> • Creating a diversified portfolio of services focusing on new growth value drivers of Home and Enterprise • Home segment captures new revenues in mobile and fixed wireless broadband services, digital and TV entertainment, and Smart Home services • Enterprise Business focus has been accelerated with a clear vision of becoming in-market champions, by leveraging on in-house capabilities to provide cutting-edge solutions in Internet of Things, Cloud and Cyber Security within the Business-to-Business (B2B) and Business-to-Government (B2G) Enterprise segments 	
2 Digital Businesses 	Advancing our three core digital businesses towards profitability	<ul style="list-style-type: none"> • Axiata's digital business arm, Axiata Digital Services (ADS) has transitioned from being a venture builder of tech startups to become an operator of digital companies • Currently, ADS is spearheading the growth of Axiata's three core digital business verticals - Digital Financial Services (DFS) which houses Boost, eZ Cash and SmartLuy; Digital Advertising through ada; and our digital platform business, Apigate. All three businesses are targeted to be profitable by the year 2021/2022 • In April 2019, ADS obtained a strategic minority investment from Mitsui & Co., Ltd. • Non-strategic digital venture assets will be carved-out to an independent Singapore-based fund for a valuation of USD140 million in 2019 	
3 Infrastructure 	Award-winning regional tower company poised for global growth	<ul style="list-style-type: none"> • edotco is Axiata's regional integrated telecommunications infrastructure company that is now the 13th largest independent tower company globally • Specialises in end-to-end solutions in the tower services sector, including co-locations, built-to-suit, energy, transmission, and operations and maintenance (O&M) • As one of the fastest growing regional tower companies, edotco is eyeing new opportunities in the other markets including the Philippines and Laos • Poised for growth from regional to global scale, to become the fifth largest tower company in the world by 2022 • Received the Frost & Sullivan's "Asia Pacific (APAC) Telecoms Tower Company of the Year" award for the third year running in 2019 	

Core 1: Transforming from Pure-Play Mobile Service Providers to Converged Digital Telcos

2018 Key Highlights

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

Nepal



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

Sri Lanka



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

Bangladesh



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

Malaysia



- ▶ Founded in 1988
- ▶ 9.1 million customers
- ▶ Revenue RM7.3 billion
- ▶ Market ranking - No.2
- ▶ Network Technology Deployed: Mobile - GSM/GPRS/EDGE, 3G/HSPA+, LTE/LTE-A
Fixed Network - FTTx, LTE

Cambodia



- ▶ Founded in 2008
- ▶ 7.5 million customers
- ▶ Revenue USD0.3 billion
- ▶ Market ranking - No.1¹
- ▶ Network Technology Deployed: Mobile - GSM/EDGE, 3G/HSPA+, LTE/LTE-A
Fixed Network - LTE

Indonesia



- ▶ Founded in 1989
- ▶ 54.9 million customers
- ▶ Revenue IDR23.0 trillion
- ▶ Market Capitalisation USD2.3 billion
- ▶ Market ranking - No.2
- ▶ Network Technology Deployed: Mobile - GSM/EDGE, 3G/HSPA+, LTE/LTE-A

Notes:
All OpCo market rankings are based on revenue market share for 2018
¹ Based on internal estimations

More details on our OpCos can be found on pages 48-53 of the "Our Performance" chapter in this IAR

Core 2: Advancing Our Three Core Digital Businesses Towards Profitability

2018 Key Highlights

Boost

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

ada

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

Apigate

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

eZ Cash (Sri Lanka)



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

Dialog Finance Company (Sri Lanka)

- ▶ Finance company acquired by Dialog to facilitate the expansion of the scope of Digital Financial Services offered
- ▶ Revamped into a digital bank offering licenced financial services

SmartLuy (Cambodia)



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

Boost Malaysia (Malaysia)



- ▶ >3.5 million users
- ▶ >61,500 merchants
- ▶ >14 million transactions nationwide

Boost Indonesia (Indonesia)

- ▶ Launched in 2018 focusing on merchant services
- ▶ >458,000 merchants

Axiata Digital Capital (Malaysia & Indonesia)

- ▶ Providing micro-finance solutions
- ▶ 375 merchants (Malaysia and Indonesia)

ada (Across South and Southeast Asia)



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

Apigate (Across Asia, Africa, Europe and South America)



- ▶ In-house developed GSMA Award-winning API platform
- ▶ Axiata's home-grown global API business
- ▶ Serves Northbound content and service providers and Southbound telco operators
- ▶ Connects >110 MNOs
- ▶ Reach of 3.5 billion consumers

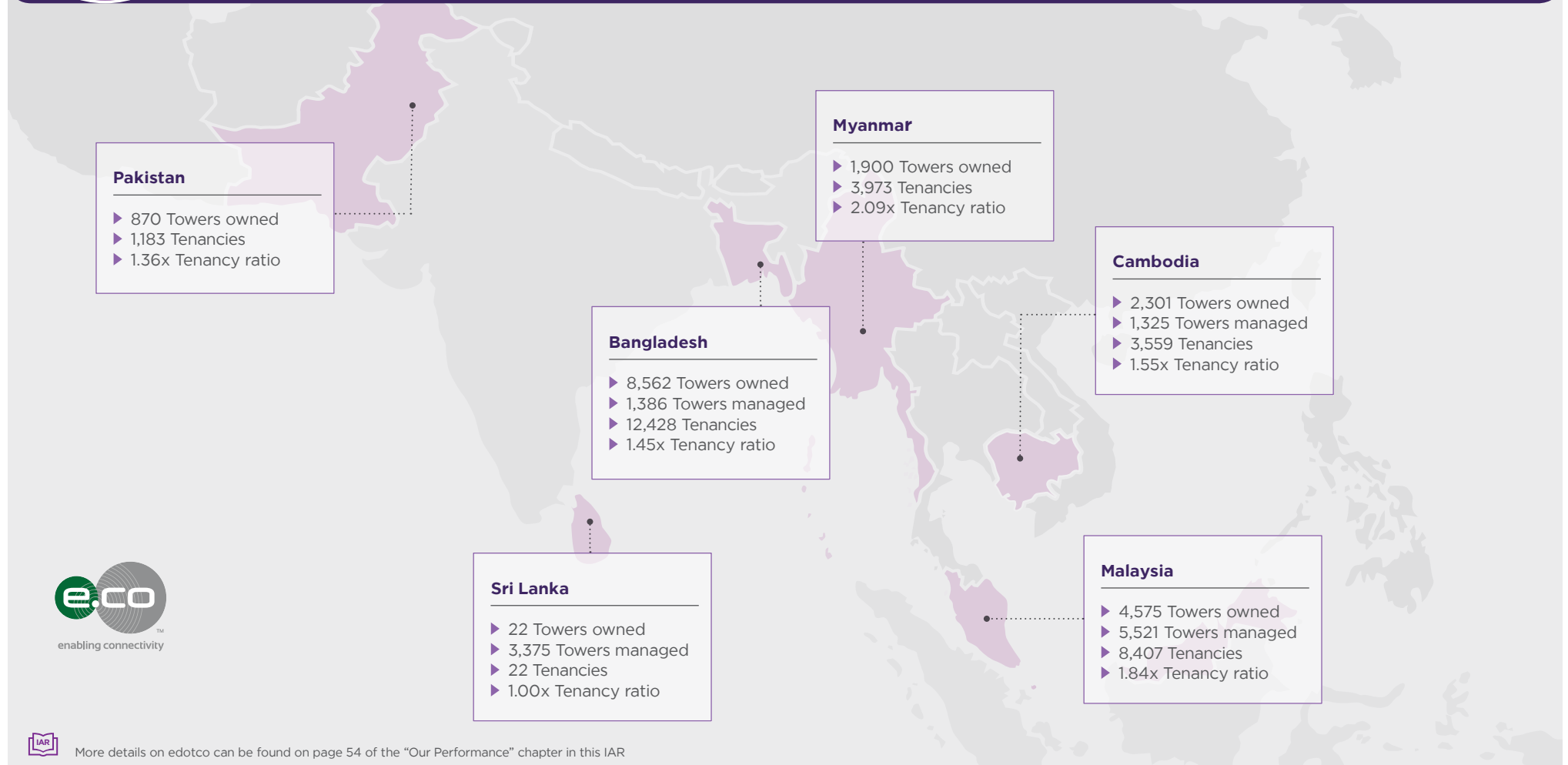




Core 3: Award-Winning Regional Tower Company Poised for Global Growth

2018 Key Highlights

- ▶ More than 29,800 towers owned and managed across six countries
- ▶ Expanded tower portfolio in Malaysia, providing tenancies to all major mobile operators in the country
- ▶ Significant growth in Myanmar, ending 2018 with tenancy ratio of 2.09x
- ▶ Optimised infrastructure design to reduce capex by up to 15%
- ▶ Signed agreement to enter the Laos market with a local partner
- ▶ Deployed the world's first multi-tenant, multi-operator small cells solution in KL Sentral, Malaysia
- ▶ Digitised preventive maintenance for towers using drone technology to improve reporting time by 50%, and reduce inspection turnaround time by 35%
- ▶ Received Frost & Sullivan's "Asia Pacific (APAC) Telecoms Tower Company of the Year" award for the third year running in March 2019



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



Statements and Analysis



Chairman's Statement

**TAN SRI GHAZZALI SHEIKH
ABDUL KHALID**
Chairman



Dear Shareholders,

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

ADJUSTING TO A NEW NORMAL FOR THE INDUSTRY

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

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

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



Chairman's Statement

PAVING THE WAY FOR FUTURE GROWTH

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

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

OUR COMMITMENT TO THE HIGHEST STANDARDS OF RESPONSIBLE BUSINESS PRACTICES

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

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

CHANGES TO THE BOARD

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

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

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

ACKNOWLEDGEMENTS

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

TAN SRI GHAZZALI SHEIKH ABDUL KHALID

Chairman

Axiata Shifts Gear to Realise Digital Ambitions

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

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

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

To read the interview, please flip this page outwards.





Axiata President & GCEO shares the highlights and lowlights of 2018 and the Group's future plans

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

2018 RESULTS

1 How would you describe Axiata's performance in 2018?

TSJI: It certainly was a noteworthy year at many levels. A watershed year, to say the least!

On one hand, the headline numbers may come across as alarming, on the other, the underlying performance was excellent, and all the groundwork done has positioned us very well for our future.

Let me start with a short financial summary. On constant currency basis, adjusting for one-offs and excluding Malaysian Financial Reporting Standard (MFRS) 15 and 9, revenue grew by 3.7% to RM25.3 billion whilst Earnings Before Interest, Tax Depreciation and Amortisation (EBITDA) rose 2%. Underlying Profit After Tax and Minority Interest (PATAMI) stood at RM1.2 billion. Axiata ended the year with a solid cash position of RM5.1 billion and a very comfortable gross debt/EBITDA at 2.3x.

Now we peel through the numbers. I must say, one of our proudest achievements in 2018 is the excellent operational performance recorded by our six OpCos

Average Revenue Per User (ARPU) YoY - validating the successful execution of its strategy. Furthermore, cost optimisation initiatives at Celcom led to a commendable trend with Quarter on Quarter (QoQ) EBITDA growth of 6%² and an EBITDA margin uplift of 2 ppt² in the fourth quarter (4Q) of 2018, allowing Celcom to kickstart 2019 with a healthier cost base. Having said that, this is still an area that requires a lot more work.

Due to the concerted efforts to improve its network in the past three years, Celcom has since achieved major progress in network availability and quality - LTE and LTE-A coverage are now at 91% and 78% respectively, delivering better video experience to its customers. Identified as a key turnaround area back in 2016, Celcom has now shown significant improvement in its distribution, achieving the number one position in Dealer Satisfaction nationwide in 2018. Since 2016, its relentless focus on driving organisational and digital transformation has also produced encouraging results. In parallel, Celcom continues to be recognised for its customer centricity, taking the top spot in Net Promoter Score and being recognised by Forbes as one of the "Top 10 Most Customer-Focused Companies in Asia".

Meanwhile, XL is a great example of the competition punching above its weight. Despite the industry being mired by hyper competitive pressures from the mandatory prepaid SIM registration in 2018, XL's consistent strategy execution delivered exceptional results. In a market which saw 84 million subscribers

- c. Apigate, our digital enablement platform expanded its global reach in 2018 through partnerships with telco groups such as Zain and Etisalat, Tencent and Gameloft, giving it access to 3.5 billion consumers and over 110 MNOs, compared to 350 million consumers and eight MNOs in 2017. It is a truly global player, with future ready APIs on one seamless platform allowing businesses to scale globally for SMS, location services, e-wallet and operator billing. Having consolidated the business, we have seen a rapid rise in YoY gross transaction value at 3.1x and net revenue at 4.8x
- d. Additionally, we have also signed up to transfer our non-core digital ventures investment portfolio at a value of USD140 million to a private equity firm, which we are targeting to conclude within Q2 2019
- 4. edotco has secured a robust position as a strong challenger in the global towerco market, now the third fastest growing towerco among global peers. It has also expanded its footprint to cover six countries including a recent expansion in to Pakistan, with more than 29,800 towers

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

1. Digital Products and Services

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

2. Transforming our External Interface and Internal Processes

The transformation of external interfaces through which the above products and services are delivered to our customers and partners ranges from customer touchpoints to digital engagements with channel partners, suppliers and external networks. In addition to that, we have also worked hard to radically simplify and digitise our internal processes. Since 2017, we have recorded between 45% and 50% progress on both these fronts

3. Transforming our Infrastructure & Platforms

Complete modernisation and digitisation of our network, IT and platforms involves new architecture, making them all Internet Protocol (IP), virtualisation and mostly software-driven, ensuring we pre-empt the demands of IR 4.0 as well as of advanced forms of video communications to include Augmented Reality (AR) and Virtual Reality (VR). Today we have enhanced the digitisation of our infrastructure and platforms by 30%

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

TSJI: Firstly, the operational progress and momentum gathered from the Group's 2018 performance will provide us with a significant boost to pave the way for a "promising" 2019. In fact, some of the very issues that made the headlines in 2018 will help us materially in 2019 especially in the following aspects:

1. With all OpCos growing market share and delivering the best revenue performance in their respective markets, we exited 2018 with a strong market position to meet our 2019 targets. Following two very successful years in delivering operating expenditure (opex) and capex savings through our internal cost optimisation programme, we are on track in our journey to continue improving our cost base, and meet our RM5 billion cumulative savings target by 2021
2. Our OpCos had delivered significant progress in digitising critical areas including Products and Services, Internal Processes, Infrastructure and Platform, as well as Organisation and Culture. With each of our OpCos now outperforming their in-market peers in terms of digital maturity, we are optimistic our continuous improvements in this area will serve as a competitive advantage in our markets
3. With the efforts and progress made in 2018, each of the new growth areas we identified in our Triple Core Strategy are now expected to generate double-digit growth in 2019:
 - a. **Digital Telco:** In addition to Dialog, in 2018 we launched Home/Converged offerings in Celcom, XL and Smart - predominantly via fixed wireless access (FWA). This allows us to leverage on our existing mobile network for further upsides through cross-selling to existing customers. In capturing the Enterprise segment, we have built a strong sales funnel for actualisation in 2019 and refined our strategy through our 2018 key learnings
 - b. **New Digital Businesses:** Boost, ada and Apigate exited 2018 with exponential top-line growth and are expected to maintain this exciting momentum in 2019 and beyond. Each of these core digital businesses are now on an encouraging path towards profitability by 2020/2021
 - c. **Infrastructure:** With a consistent track record of double-digit growth across all financial metrics since its inception, we expect edotco to continue its "towering" growth story in 2019 and beyond
4. The cash proceeds from the divestment of our stake in M1 will strengthen our balance sheet, putting Axiata in a more robust position to fund future growth opportunities
5. The reclassification of our Indian asset as a pure investment into the balance sheet means Idea's performance will no longer drag our profitability. In fact, there are now more upsides given our belief in the long-term future of the merged company

Retrospection

9 Looking back how do you think Axiata has performed financially and operationally since its inception?

TSJI: Generally, Axiata's operational performance in all of our operating markets has been favourable. From 2008 to 2018, Compounded Annual Growth Rate (CAGR) for revenue was at 8.4%, EBITDA at 7.2% and normalised PATAMI at 4.2%. However, Total Shareholder Returns (TSR) since 28 April 2008 to 31 December 2018 recorded at -1.5%.

Having said that, Axiata's performance can be examined from two lenses: time-period and portfolio.

For the first seven years, the Group performed extremely well. From 2008 to 2015, CAGR for revenue was 8.8%, EBITDA 8.0% and normalised PATAMI 20.7%. TSR from 28 April 2008 to 31 December 2015 was 50.3%.

However, major shifts have occurred across the industry globally since then. Our operations have been further affected by numerous external macroeconomic factors especially regulatory uncertainties and forex volatility, compounded by weak performances at Celcom (2015-2016) and XL (2013-2016) and recently, after years of exceptional performance, at Idea (2016-2018). This was also the period where the Group boosted capital investments with additional RM1 billion to RM2 billion per year in Axiata Digital Services, Robi, XL, edotco and even Celcom, thus increasing our D&A and reducing our PATAMI. Hence, from 2015 to 2018, while Axiata's CAGR for revenue grew 7.2% and EBITDA 5.4%, normalised PATAMI was down by 21.0%. TSR from 31 December 2014 to 31 December 2018 was down by 38.3%.

If we exclude OpCos that require intensive short-term capital deployments but with long-term returns, like Axiata Digital Services, Robi, XL, as well as Idea, performance was reasonable especially given all the external challenges. From 2015 to 2018, CAGR for revenue grew 8.5%, EBITDA was up 13.4% and normalised PATAMI remained flat.

Generally, from inception to 2018, our OpCos have done very well, with all OpCos recording increased market share, growing revenue and EBITDA higher than the market and in most cases, performing the best in their respective markets. However, there is much room for improvement in Profit After Tax (PAT) as we believe this could have been better. Needless to say, this issue is being addressed.

Another way to look at our performance over the last 10 years is through the following positive outcomes:

1. Delivered total dividends of RM12.9 billion to shareholders, out of which RM10.6 billion was in cash. This excludes RM4.1 billion paid to TM in 2009 as part of the demerger deal which had indirectly benefited our shareholders as most have shares in TM as part of the demerger formula
2. Recorded a cumulative PAT of RM14.3 billion
3. Paid total taxes of RM9.2 billion in the countries we operate in
4. Invested total capex and opex amounting to USD87.2 billion⁵ in the countries where we operate, supporting approximately one million direct and indirect jobs annually in our footprint markets

On hindsight, we could have done better in some areas, but given all the external challenges that we had to navigate, we are happy with our overall performance so far.

Acknowledgements

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

Our deepest gratitude also goes to our investors, partners, media and all stakeholders. As for the governments and regulators in our markets of operation, thank you for your continuing faith, and allowing us to contribute to your communities, and drive the digital economies of your countries. Most of all, we would like to thank our subscribers and users across our ASEAN and South Asian footprint for their continued loyalty and support.

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

Note:
⁵ Source: Independent Third-Party Assessment of Axiata's National Contribution, 2018



In Conversation with the President & Group CEO

AXIATA IN 2019:

“Shifting Gear” towards Profitability and Cash Focus

1

Focus on **profit growth** relatively more than revenue market share growth

2

Spotlight on **opex and capex efficiency** - RM5 billion savings over five years

3

Reprioritise or re-scope some investments with long payback (unless short-term financial impact from upfront investment requirement can be mitigated)

4

Fund investments in **new growth areas** mostly through **strategic partnerships or financial investors**

5

Monetise existing investments for cash and validation; and ‘sweat’ existing assets

6

Accelerate structural changes through industry consolidation, network sharing and productivity initiatives

7

Aggressive Network and IT Modernisation **to drive data leadership and improve its economics**

8

Reflect the above in 2019 KPIs for the Group and all OpCos

Management Discussion and Analysis

GROUP FINANCIAL ANALYSIS 2018

During the year, Axiata successfully concluded its most massive portfolio rationalisation with reclassification of Idea from an associate to simple investment, reclassification

of M1 from an associate to assets held-for-sale and one-off non-cash asset write-off, impairment and accelerated depreciation as a result of network modernisation.

Revenue

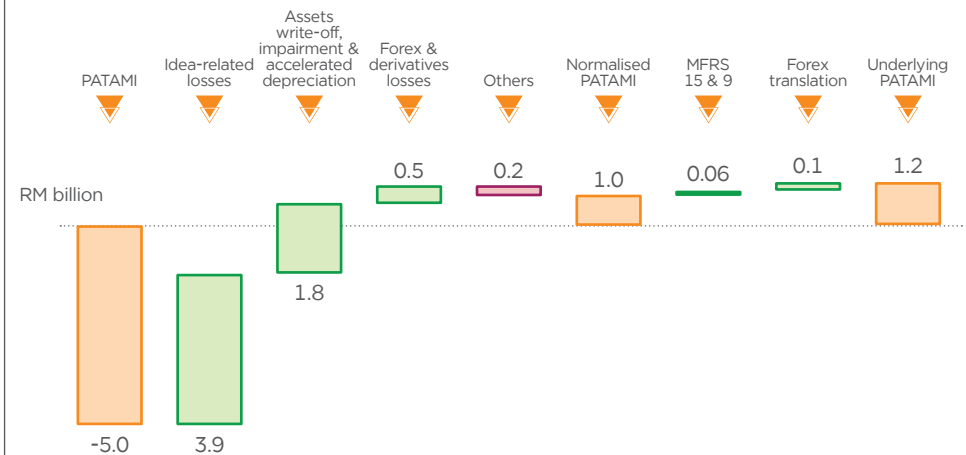
- In 2018, Ringgit Malaysia strengthened against all regional currencies leading to an adverse forex translation impact for the Group. Group revenue declined 2.1% to RM23.9 billion
- At constant currency, Group revenue grew 6.2% for the year on the back of growth from most of its subsidiaries
- All six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

EBITDA

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

PATAMI

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



Cost Optimisation

- In 2018, the Cost Optimisation programme incrementally delivered RM1.5 billion of savings and avoidance across the Group, aided by over 175 distinct initiatives
- The programme has been carefully balanced between capital expenditure (capex) and operating expenditure (opex), with each contributing nearly 50% of overall savings delivery
- While most of these savings originated from the Network domain (capex and opex), traction is building up from digitisation, IT and sales and marketing, reflecting well for the future
- On profit and loss impact for 2018, the programme has helped expand (underlying) EBIT by 2.7%, which in turn, has mitigated the impact of the Group's network and other investments (on a constant currency basis)
- The Group continues to progress well on the RM5 billion goal by 2021, having achieved more than half the target within the first two of five years

Management Discussion and Analysis

GROUP FINANCIAL POSITION

As at 31 December 2018, the Group's balance sheet held up steadily against the barrage of external challenges to maintain its strong investment grade rating with gross debt/EBITDA of 2.3x, and a solid cash position of RM5.1 billion.

Key Highlights of Group Balance Sheet

Total equity decreased by RM7.3 billion

- Total equity stood at RM23.2 billion
- The decrease in equity balance in 2018 was caused by:
 - Loss for the financial year of RM5.2 billion
 - Negative impact to reserve from:
 - Dividend of RM0.9 billion;
 - Negative translation impact of investment in subsidiaries and associates amounting to RM1.4 billion;
 - Revaluation of Idea post reclassification as simple investment of RM0.6 billion;
 - RM101.7 million adjustment arising from the adoption of MFRS 15 and MFRS 9; and
 - Partially negated by gain on partial disposal and dilution of subsidiaries of RM0.8 billion

Total assets decreased by RM6.1 billion

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

- Associates decreased by RM7.7 billion to RM266.5 million due to:
 - reclassification of Idea from associate to Financial assets at fair value through other comprehensive income; and
 - reclassification of M1 from associate to Assets Held-for-sale
- As a result of adoption of MFRS 15, the Group recorded contract assets of RM0.2 billion
- Deposits, cash and bank balances decreased by RM1.7 billion to RM5.1 billion mainly due to cash outflow from investing activities

Gross liabilities increased by RM1.2 billion

- Total liabilities stood at RM40.6 billion
- Gross borrowing reduced by RM54.2 million to close at RM19.1 billion due to loan repayments and foreign exchange translation, partly offset against new loan
- Trade and other payables increased by RM1.2 billion arising from network investment
- As a result of adoption of MFRS 15, the Group recorded contract liabilities of RM1.3 billion which include deferred revenue reported previously

Cash Position and Dividends

- The Group cash balance remained healthy and stable at RM5.1 billion
- As compared to 2017, the decrease in cash balance by RM1.7 billion was the result of:
 - cash dividend payment
 - capital investment in network
 - repayment of loans
- Based on normalised performance, the Board of Directors had, on 22 February 2019 declared dividend of 4.5 sen per ordinary share making total dividend of 9.5 sen, which represents dividend payout ratio of 85%

Capital Investments

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

Capital Structure and Capital Resources

- The Group's debt to equity gearing ratio (gross Group borrowings over Group's total equity) recorded at 0.82x as at 31 December 2018 compared to 0.63x the previous year

Capital Allocation and Balanced Portfolio

- Axiata continually strives to maximise shareholders return, with an approach of balancing portfolio within the Triple Core Strategy
- Capital is allocated in line with the strategy, which in 2018 predominantly focused on portfolio rationalisation
- The Group follows a balanced approach towards moderate growth and moderate dividend



Management Discussion and Analysis

KEY PERFORMANCE INDICATORS

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

Headline KPIs	FY 2018 Statutory	FY2018 Headline KPIs	FY2018 Achievement	FY2018 Headline KPIs	FY2018 Achievement
	Post MFRS 15 & 9 @ actual currency	Pre MFRS 15 & 9 @ Bloomberg rate		Pre MFRS 15 & 9 @ constant currency	
Revenue Growth (%)	-2.1%	Flat	-4.4%	6.3%	3.7%
EBITDA Growth (%)	-9.7%	Flat	-6.1%	5.8%	2.0%
Return on Invested Capital ("ROIC") (%)	1.3%	4.8% - 5.2%	5.4%	5.0% - 5.5%	5.6%
Return on Capital Employed ("ROCE") (%)	1.2%	4.1% - 4.6%	4.7%	4.5% - 5.0%	4.9%

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

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

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

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

Adjusted Headline KPIs	FY2018 Adjusted Headline KPIs	FY2018 Underlying Achievement
	(Pre MFRS 15 & 9 @ constant currency)	
Revenue Growth (%)	2.8%	3.7%
EBITDA Growth (%)	1.7%	2.0%
ROIC (%)	5.0% - 5.5%	5.6%*
ROCE (%)	4.3% - 4.8%	4.9%*
Capex**	RM7.2 billion	RM6.7 billion

Notes:
* Achievement based on exclusion of all Idea related losses
** Capex is not a headline KPI

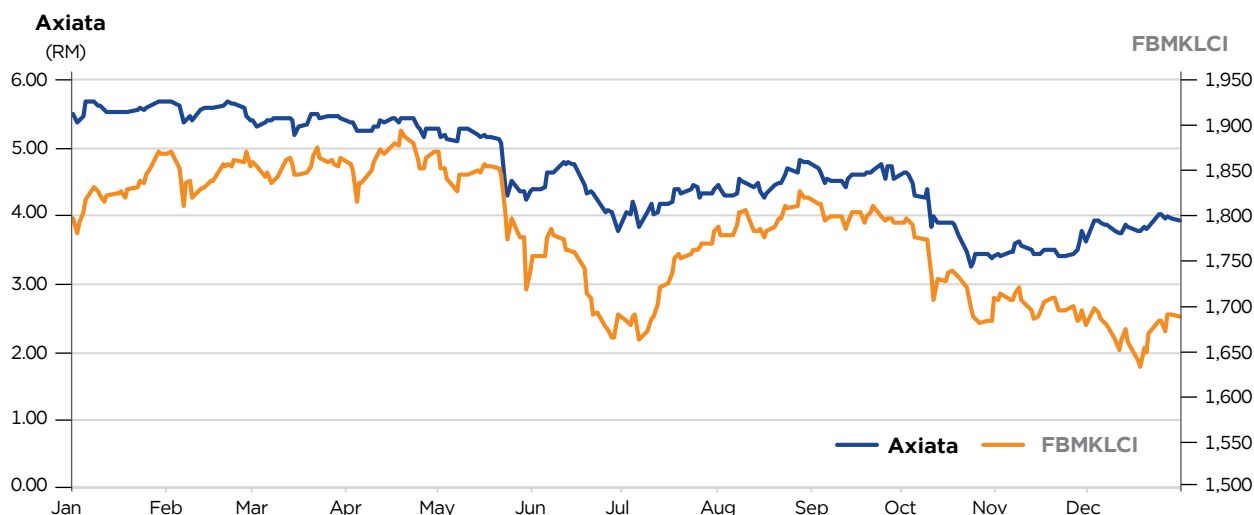
On the back of a declining industry in Malaysia, Celcom gained revenue market share in FY2018. Meanwhile, XL weathered the SIM registration impact significantly better than peers, with top-line growth in a contracting Indonesian market, demonstrating its successful transformation agenda and uplift from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

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



Management Discussion and Analysis

SHARE PRICE PERFORMANCE (2018)



INVESTMENT PERFORMANCE

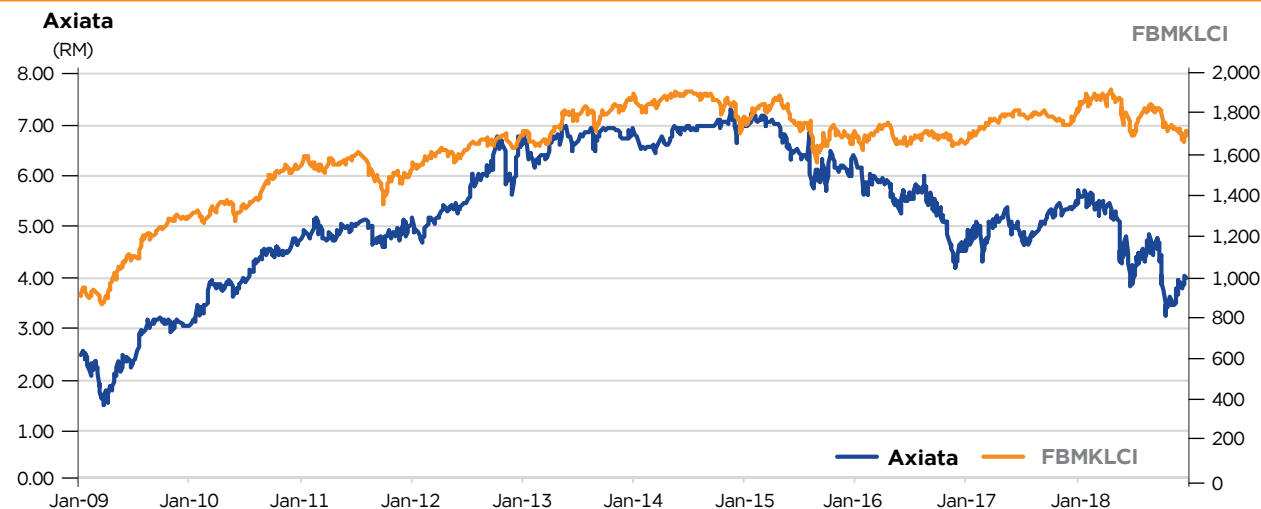
Axiata closed 2018 as the tenth largest company on the FBMKLCI in terms of market capitalisation at RM35.6 billion. From 2009 to 2018, Axiata's share price had increased 59% while the FBMKLCI had increased 93%.

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

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

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

SHARE PRICE PERFORMANCE (2009-2018)



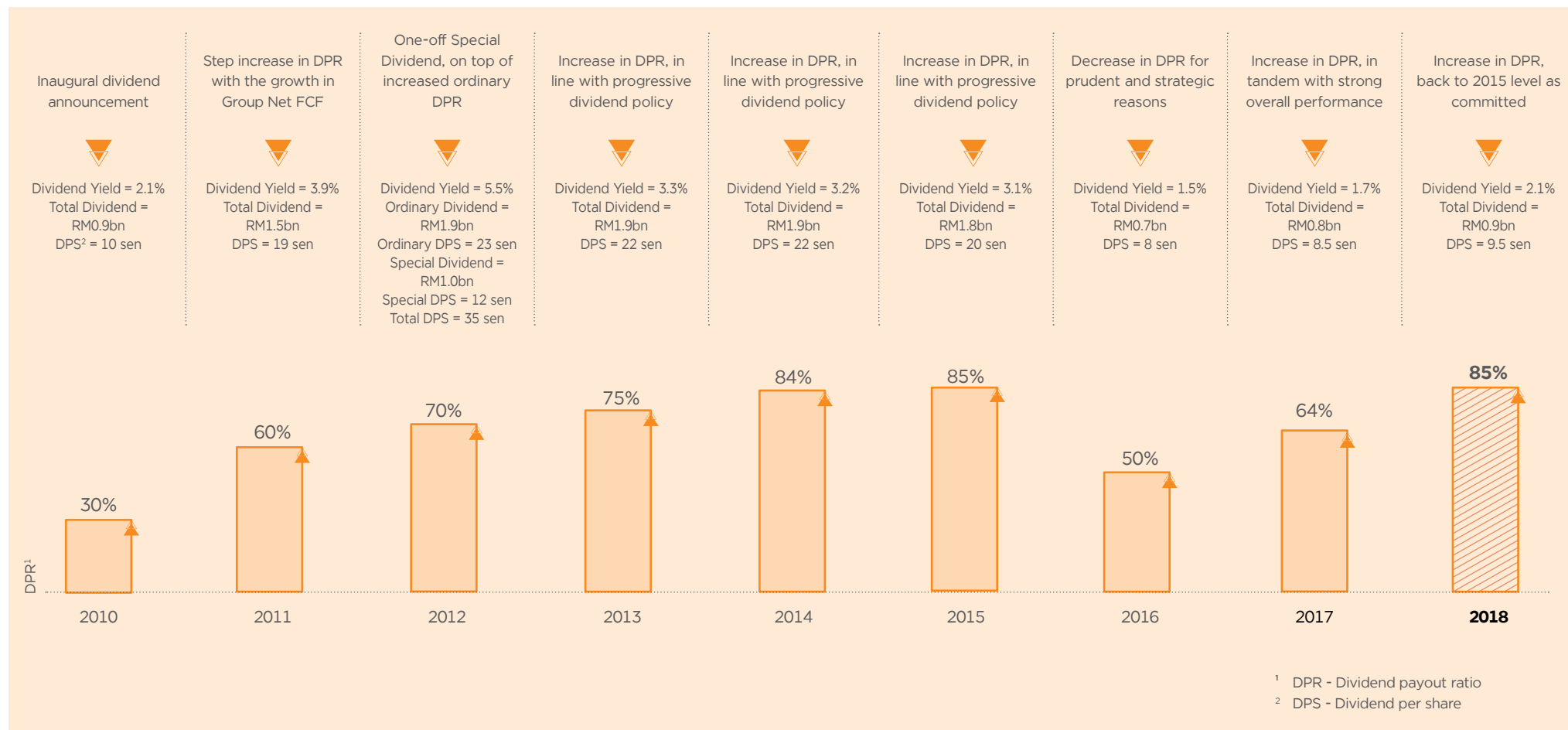
Management Discussion and Analysis

PRUDENT AND DISCIPLINED DIVIDEND PAYOUT

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

The Board remains committed to our:

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





Our Strategy

Our Long-Term Strategy Towards Digital Market Leadership

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

AXIATA 3.0: BECOMING A NEW GENERATION DIGITAL CHAMPION BY 2022



Financial Capital • Human Capital

LONG-TERM STRATEGY 2016-2022
Eight Needle-Moving Strategic Initiatives
1. Operational Performance and Cost Optimisation
2. New Growth Areas
3. Functional Superiority and Digitisation
4. Distinct Competitive Differentiation and Clear New Business Model
5. Industry Restructuring and Rationalisation
6. Optimum Portfolio
7. Sustainability and Stakeholder Management (incorporating Regulatory, Digital Privacy and Trust, and Cyber Security)
8. Organisational and Cultural Changes

SHORT-TERM FOCUS 2019-2020
“Shifting Gear” Initiatives
1. Focus on profit growth relatively more than revenue market share growth
2. Spotlight on opex and capex efficiency
3. Reprioritise or re-scope some investments with long payback
4. Fund investments in new growth areas mostly through strategic partnerships or financial investors
5. Monetise existing assets to extract more value
6. Accelerate structural changes
7. Aggressive Network and IT Modernisation
8. Reflect the above in Key Performance Indicators

Natural Capital • Manufactured Capital



Operating Environment

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

Operating Environment		Implications for Our Strategy	Way Forward
Macroeconomic Environment	<p>Global growth estimated at 3.9% in 2018, with increasing risks to the outlook for 2019¹:</p> <ul style="list-style-type: none"> ▶ Increased growth anxieties in Asian emerging markets as spillover effect of US-China trade policy tensions ▶ Forex volatilities where the Ringgit Malaysia strengthened against regional OpCo currencies, whilst at the same time depreciating against the US Dollar 	<ul style="list-style-type: none"> • Exposure to unfavourable forex translation from regional OpCo contributions, and forex and derivatives losses • Efficient cost management and optimum capital allocation is required to enable long-term growth 	<ul style="list-style-type: none"> • Disciplined implementation of “Shifting Gear” initiatives • Continue to be a top performer in all metrics and capture or retain market leadership • Continue portfolio optimisation and rationalisation in line with business goals
Regulatory Environment	<p>Axiata’s regional OpCos operate within differing regulatory environments impacted by various factors:</p> <ul style="list-style-type: none"> ▶ Regulations pertaining to Cyber Security, Data Protection and Customer Privacy ▶ Changing taxation structures and doing business fees to accommodate needs of emerging markets ▶ Political shifts in operating markets ▶ More stringent environmental regulations aimed at reducing radiation emissions from base transceiver stations (BTS) 	<ul style="list-style-type: none"> • Axiata employs studies on the impact of our businesses and corporate responsibility initiatives in all in-country engagements with policy makers and regulators • Ensuring high levels of Cyber Security, Data Protection and Customer Privacy Group-wide to inspire customer trust and maintain network integrity 	<ul style="list-style-type: none"> • Axiata is working with like-minded industry partners to develop advocacy on issues and topics related to the digital economy and digital technologies • Proactive engagements with relevant stakeholders including regulators and governments
Internalising the Digital Shift	<p>It will be necessary for telco players to shift their operating models, processes and organisational culture to cope with the proliferation of Fourth Industrial Revolution (IR 4.0) technologies and related developments in order to remain competitive</p>	<ul style="list-style-type: none"> • In order to maintain market relevance, the Group has to adopt and embed rapidly evolving IR 4.0 technologies to capture growth opportunities in our Triple Core Business segments 	<ul style="list-style-type: none"> • Disciplined execution of Group-wide Digital Transformation Strategy • Leveraging on Internet of Things (IoT) capabilities within the Group to capture high growth opportunities in Home and Enterprise segments • Developing the three core digital businesses towards profitability by 2022
Competitive Landscape	<p>Telco companies operate in an environment rife with hypercompetition and structural challenges:</p> <ul style="list-style-type: none"> ▶ The onset of IR 4.0, explosion in demand for data and technological disruptions by non-telco players such as Over-The-Top (OTT) players contribute to an overwhelmingly competitive environment ▶ Overcrowding in the telco industry in some markets is expected to further pressure telco players’ bottom lines in countries such as Malaysia, Indonesia and Sri Lanka 	<ul style="list-style-type: none"> • In addition to achieving cost competitiveness and efficiencies, it is becoming increasingly critical to identify collaboration and partnership opportunities to adapt in this competitive environment • Tapping into explosive data growth trends by expanding our digital product portfolio, as well as providing customers seamless connectivity via network upgrades and enhancements 	<ul style="list-style-type: none"> • To continue investing in network modernisation to offer best-in-class connectivity for customers • Offer a clear and distinctive value driven customer proposition through product leadership and leading the way in innovative data-led products via collaborative opportunities and partnerships in the marketplace
Technology Shifts	<p>Commercial deployments of 5G technologies have begun in more developed markets such as the US, Korea and Australia, and 5G smartphone releases have been announced by major manufacturers. IoT devices, custom business application and use cases will soon emerge. Key factors constraining rapid 5G deployment in emerging markets include access to affordable and sufficient spectrum, and a weak business case for deployment in markets where 4G is still only just reaching mass market adoption and coverage</p>	<ul style="list-style-type: none"> • 5G is the next evolutionary step in global mobile connectivity, bringing ultra-fast, high capacity and low latency broadband and IoT connectivity services. This aligns with Axiata’s Digital Telco business which is focused on converged telecom and digital solutions for our Consumer, Home, Business and Government customers 	<ul style="list-style-type: none"> • In the medium-term, Axiata will follow a 5G “hot-spot” approach in 5G deployment combined with continual upgrading of the existing 4G networks to 4G LTE AdvancedPro with 5G plug-ins • To explore 5G network sharing models to address some of the business challenges

Note:

¹ World Economic Outlook Update, July 2018, published by the International Monetary Fund

Stakeholder Engagement

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

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






The prioritisation exercise provided greater clarity on the degree of influence and dependence our stakeholders have on our business. Based on this, we were able to more effectively understand investor concerns as well as respond to legitimate needs and interests. The top seven priority

stakeholder groups identified through this exercise were the Senior Management Team, Investors and Shareholders, Board of Directors, Regulators and Government, Employees, Business Partners and Customers.

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

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

Highlights of insights we obtained from the stakeholder engagement

 <p style="text-align: center;">1</p> <p style="text-align: center;">Senior Management Team and the Board of Directors</p> <ul style="list-style-type: none"> ▶ Both stakeholder groups view technological innovation, and the development of new products and services as priorities to ensure network quality and coverage which are essential components of the Group's main business ▶ These diversified and new products should also have the ability to respond to current socioeconomic and environmental needs ▶ They are also focused on maintaining the Group's competitive edge and ensuring sustainable business growth, including strategic investment and partnerships to build on the expertise of one another 	 <p style="text-align: center;">2</p> <p style="text-align: center;">Employees</p> <ul style="list-style-type: none"> ▶ Through the prioritisation process and engagements, we recognise that our employees are seeking for us to provide them with a dynamic, fair and safe working environment in which they are able to grow and develop, as well as maintain their relevance in this ever changing industry ▶ We see the intrinsic relationship between the satisfaction of our employees and the satisfaction of our customers 	 <p style="text-align: center;">3</p> <p style="text-align: center;">Investors/Shareholders and Regulators/Government</p> <ul style="list-style-type: none"> ▶ Both groups are concerned about climate change, digital and online safety, and the empowerment of the local community ▶ Investors are now moving towards impact investments which refer to investments made into companies that are able to generate a social and/or environmental impact, and are therefore naturally more concerned about social and environmental impacts that companies can make across their entire value chain ▶ Regulators and governments too are concerned with these matters, as they contribute to their national priorities and goals, and give access to digital services to underserved and marginalised segments of the populace 	 <p style="text-align: center;">4</p> <p style="text-align: center;">Customers</p> <ul style="list-style-type: none"> ▶ This stakeholder group expects high-quality and diverse products and services, and are concerned with non-failures in network coverage and quick response to complaints and concerns 	 <p style="text-align: center;">5</p> <p style="text-align: center;">Business Partners</p> <ul style="list-style-type: none"> ▶ This stakeholder group expects good and long-lasting relationships with Axiata, as we explore greater opportunities collaboratively ▶ The focus is on industrial alliances and the consolidation of industrial resources to jointly promote innovations based on the technological advancements of 5G and IoT
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Risks and Materiality

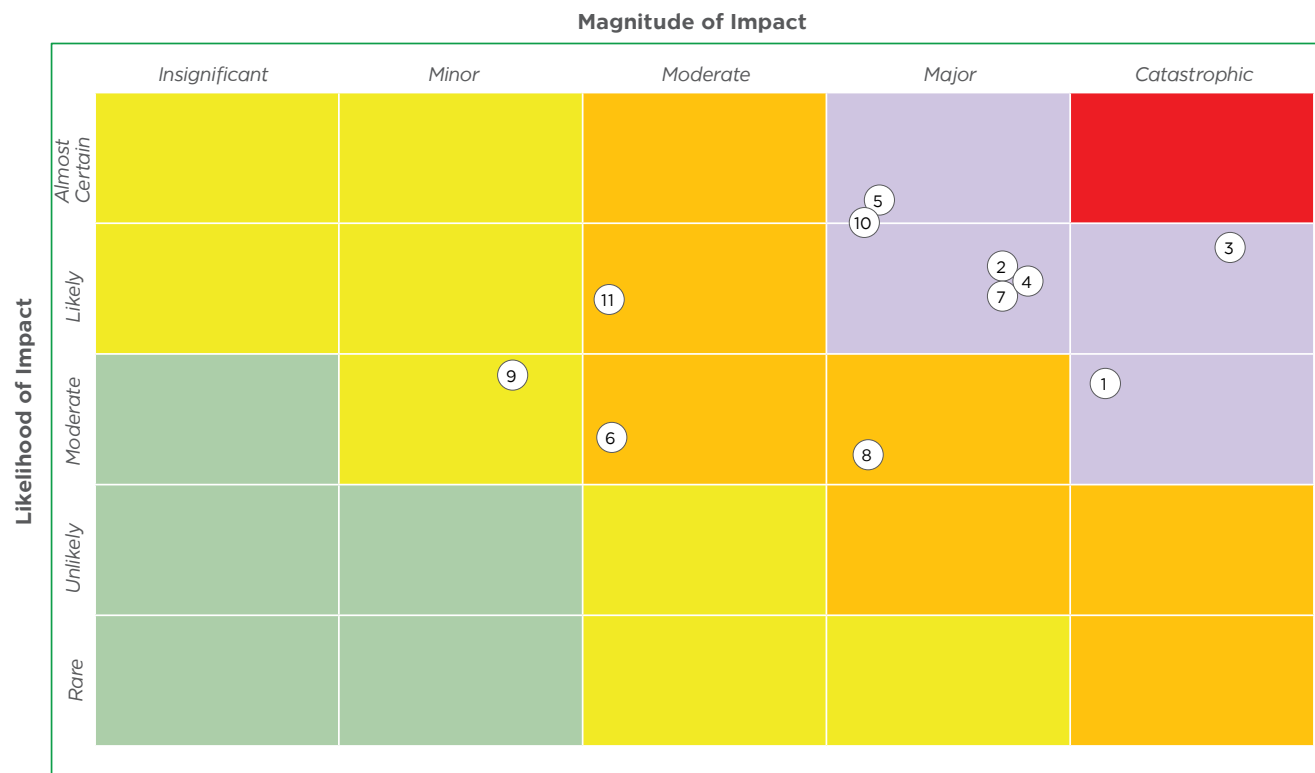
Management of Material Business Risks & Opportunities

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

Risk Governance Structure

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

Our Risk Profile¹



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

Legend

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

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

Note:
¹ The above Risk Profile reflects the aggregated risk rating across 2018



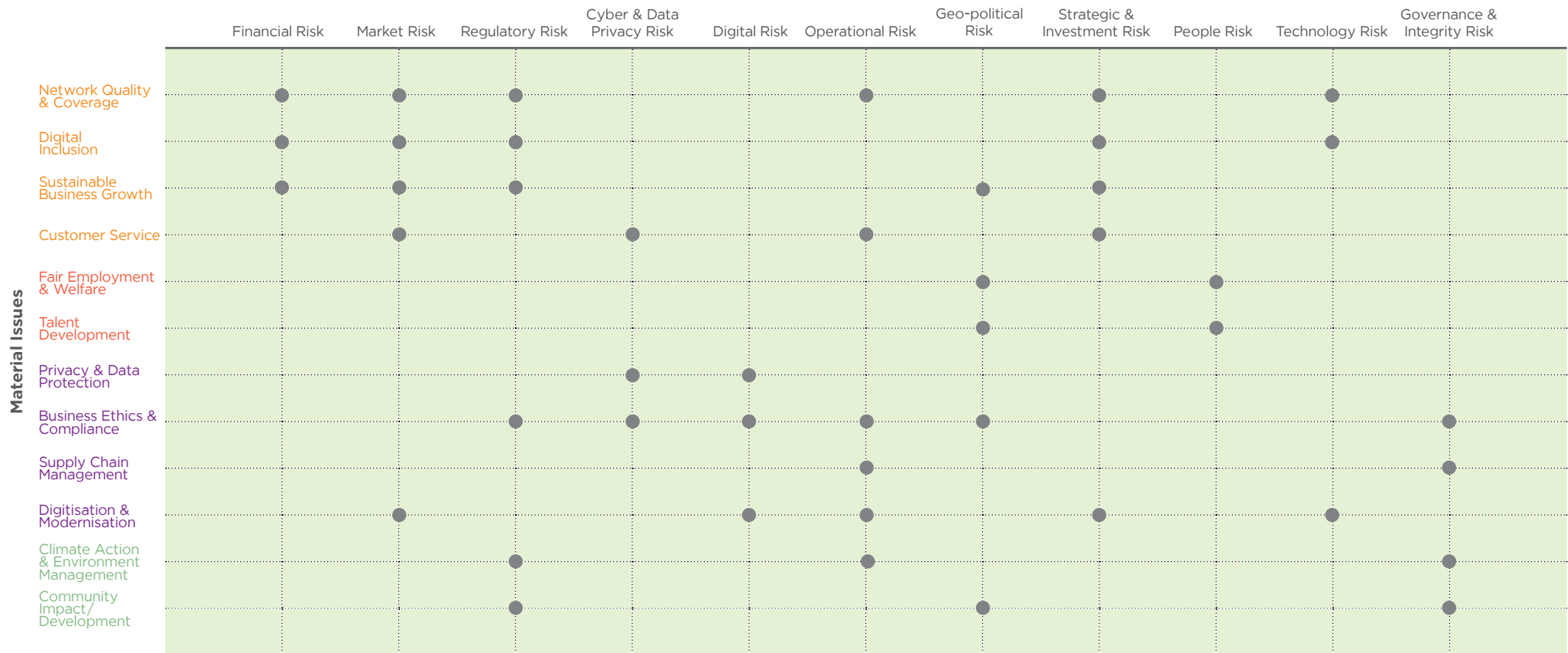
Risks and Materiality

Material Convergence Process

In 2018, Axiata harmonised the risk assessment and materiality processes by integrating our risk assessment parameters as part of our materiality assessment. Additionally, we strengthened our approach in conducting stakeholder engagements specific for materiality assessment purposes. These efforts signify a key milestone in our journey towards cultivating integrated thinking Group-wide. The convergent pathways and/or integration points between the Group's business risks and

material matters are illustrated in the figure below. These material issues are centrally managed through the implementation of our Eight Needle-Moving Strategic Initiatives and are discussed in detail throughout the IAR 2018, SNCR and GAFS 2018. A comprehensive discussion of our materiality assessment is disclosed in the SNCR 2018.

Our Key Business Risks



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



Risks and Materiality

Risks and Opportunities

The table below presents a summary of our most material business risks for the year 2018, along with mitigations taken, and opportunities identified arising from these risks. We have also defined our risk levels, indicating if the risk has increased, decreased or remained stable from the previous

year, as well as linked each risk to our material issues. For a detailed discussion on other linked material issues, please refer to the GAFS and SNCR 2018.

Risk	Context	Risk Level and Movement	Mitigating Actions and Opportunities Arising	Key Risk Indicators	Link to Material Issues
Strategic and Investment	Venturing into new growth areas to create additional revenue streams such as participating in digital and OTT initiatives, and investing in new markets and connectivity services	High level, unchanged since 2017	<ul style="list-style-type: none"> The Mergers and Acquisition Committee oversees all acquisitions and divestments, whilst maintaining a robust due diligence process to evaluate and manage the potential risks involved Risk Owner: Mergers and Acquisition Committee 	Return on Invested Capital (ROIC) < Weighted Average Cost of Capital (WACC)	<ul style="list-style-type: none"> Sustainable business growth Other linked material issues: <ul style="list-style-type: none"> Digitisation and modernisation Network quality and coverage Digital inclusion Customer service
Geo-Political	The Group operates in markets affected by political instability, civil unrest and other social tensions	High level, unchanged since 2017	<ul style="list-style-type: none"> Working closely with OpCos and leveraging on their local expertise, knowledge and ability to continually assess the changing political scenario, with various measures in place to ensure a timely response in the event of such occurrences Risk Owner: OpCo Management 	General Election	<ul style="list-style-type: none"> Business ethics and compliance Other linked material issues: <ul style="list-style-type: none"> Fair employment and welfare Talent development Community impact/development
Regulatory	The telecoms sector is subjected to a range of rules and regulations by various regulatory bodies. Telcos are subject to high tax rates and significant spectrum acquisition costs in auctions, in addition to multiple levies such as service taxes, excise duties and Value Added Tax (VAT)	High level, unchanged since 2017	<ul style="list-style-type: none"> Advocating strict compliance, and fair and transparent practices of government policies Dedicated personnel and resources to constantly monitor all relevant developments, and maintain regular contact and relationships with the authorities Continuously enhancing process flows to encourage quick and cost-effective responses to changing regulations Regularly engaging with regulatory officials to implement sustainable regulatory regimes which will lead to the development of healthy regimes Participating in government consultations and industry association events to foster collaboration and knowledge sharing for best industry policies and practices Risk Owner: Group Regulatory 	Change in regulatory regime due to change in government or introduction of new laws	<ul style="list-style-type: none"> Business ethics and compliance Other linked material issues: <ul style="list-style-type: none"> Climate action and environmental management Sustainable business growth Digital inclusion Network quality and coverage



Risks and Materiality

Risk	Context	Risk Level and Movement	Mitigating Actions and Opportunities Arising	Key Risk Indicators	Link to Material Issues
Market	Our key markets are predominantly emerging markets generally characterised as being economically less developed, prone to economic uncertainties and sensitive towards any changes in developed countries. Our OpCos continue to be challenged by stiff price competition with little certainty of possible market consolidation in certain markets. In some markets, overall industry revenue suffered a Year on Year decline	High level, unchanged since 2017	<ul style="list-style-type: none"> • Taking the necessary measures to drive efficiencies and innovations by investing in new technologies • Cost efficiency programmes • Establishing strategic ties with OTT and other digital product developers to create products and services that meet evolving customer needs, increase the Group's share of customer wallet, retain customers and maintain our Profit After Tax <p>• Risk Owner: OpCo CEOs</p>	ROIC < WACC	<ul style="list-style-type: none"> • Network quality and coverage • Digital inclusion • Sustainable business growth • Customer service <p>Other linked material issues:</p> <ul style="list-style-type: none"> • Digitisation and modernisation
Financial	As a global player with presence across 11 countries, Axiata is exposed to foreign currency exchange volatilities which could adversely affect our cash flow and financial performance. The Group has borrowings in foreign currencies and are cognisant of our foreign exchange and interest rates exposures	High level, unchanged since 2017	<ul style="list-style-type: none"> • Axiata Treasury Management Centre oversees and controls the Group's treasury and funding matters, and develops hedging strategies governed strictly by treasury policies, taking into consideration current and future outlook of the relevant economies and foreign exchange markets with the ultimate objective of preserving the Group's profitability and sustainability <p>• Risk Owner: Treasury Management Centre</p>	50:50 mix of local currency borrowings and foreign currency borrowings	<ul style="list-style-type: none"> • Sustainable business growth <p>Other linked material issues:</p> <ul style="list-style-type: none"> • Network quality and coverage • Digital inclusion
People	People are one of the key pillars of success for the Group as it underpins our ability to implement our strategy and deliver superior services to our customers	Medium level, unchanged since 2017	<ul style="list-style-type: none"> • Actively seek people who are capable and motivated to live the Group's values, and having in place robust talent development programmes, attractive performance-based rewards, and providing a safe and healthy work environment <p>• Risk Owner: Talent Management Team</p>	Turnover rate of talents and key influencers	<ul style="list-style-type: none"> • Fair employment and welfare • Talent development
Operational	As a result of our reliance on third party vendors in many aspects of our business, their performance will have an impact on our operations. As the industry is dominated by a handful of vendors, loss of supply due to a key vendor suffering business failure may significantly affect our core business and operations The Group's operations and assets span across wide geographical locations and are subject to risks of technical failures, partner failures, human errors, willful acts and natural disasters	Medium level, unchanged since 2017	<ul style="list-style-type: none"> • Axiata Procurement Centre's key role is to manage these risks, monitor the performance of vendors and develop new relationships to reduce dependencies • Group Enterprise Risk Management continuously addresses issues such as network congestion, dropped calls and upgrades to network coverage to ensure better quality network and service delivery. Operating procedures with appropriate incident escalation procedures and adequate disaster recovery plans are in place at each OpCo to ensure seamless business continuity, as well as a global insurance programme to mitigate business losses <p>• Risk Owner: Group Enterprise Risk Management</p>	Disruption to service availability	<ul style="list-style-type: none"> • Network quality and coverage • Sustainable supply chain • Customer service <p>Other linked material issues:</p> <ul style="list-style-type: none"> • Business ethics and compliance • Supply chain management • Digitisation and modernisation • Climate action and environmental management



Risks and Materiality

Risk	Context	Risk Level and Movement	Mitigating Actions and Opportunities Arising	Key Risk Indicators	Link to Material Issues
Technology	Constantly striving to be at the forefront of technology and innovation in all our operating markets	Medium level, unchanged since 2017	<ul style="list-style-type: none"> To remain relevant, it is imperative that we constantly review and refresh our technology, and yet maintain financial prudence. Our capital expenditure intensity remains high as a result of the need to constantly invest in technology Risk Owner: Group Finance, Group Technology 	ROIC < WACC	<ul style="list-style-type: none"> Digital inclusion Digitisation and modernisation Network quality and coverage
Governance and Integrity	The Group is driven by our key values of UI.EP to maintain high ethical standards and good corporate governance, which we believe to be a key success factor when conducting business in a global, highly competitive, regulated and changing market	Low level, unchanged since 2017	<ul style="list-style-type: none"> The Axiata Code of Conduct sets out rules and guidelines on how personnel acting for or on behalf of the Group are expected to conduct business Risk Owner: Group Human Resource, Group Company Secretary 	Deviation from Group's set standards and governance framework	<ul style="list-style-type: none"> Business ethics and compliance <p>Other linked material issues:</p> <ul style="list-style-type: none"> Supply chain management Climate action and environmental management Community impact/development
Cyber and Data Privacy	Axiata is cognisant of the sensitivity of our customers' information, which includes their personal data, records of communications information, Internet behaviours and locations, as well as digital applications. We recognise the importance of having effective and meaningful privacy protection in place when we collect, use and share personal data. We aim to instill digital trust and confidence in our customers through robust Privacy and Information Security policies, frameworks and management. Our vendors and business partners too must adhere to a high standard of data protection and compliance with the Axiata Supplier Code of Conduct principles	High level, unchanged since 2017	<ul style="list-style-type: none"> Established the Axiata Privacy Council in 2018 to set the Privacy and Data Protection baseline expectations in all OpCos Defined an aggressive three-year cyber security strategy - Digital Trust 2020 - to improve our processes, technology and people by 2020 Adopted the National Institute of Standards and Technology (NIST) framework and targeting improvement to our ability to effectively detect and respond to incidents Risk Owner: Group Cyber Security Steering Committee 	The Group's cyber security maturity as measured using the NIST Cybersecurity Framework	<ul style="list-style-type: none"> Privacy and data protection Customer service Business ethics and compliance
Digital	As the telco industry continues to digitise, relevant laws and regulations may not have caught up with the new lines of businesses in the digital economy. Local governments within the Group's footprint are looking to impose OTT regulations requiring OTT players' compliance to create a level playing field for telcos. However, as the Group embraces Digital Businesses within our Triple Core Strategy, we will be affected by these new regulations as well	Medium level, unchanged since 2017	<ul style="list-style-type: none"> Given the uncertainties and inconsistencies in legal and regulatory requirements, it is important for the Group to keep pace with policy initiatives at national and international levels, and expedite the implementation of action plans to ensure compliance, as well as strengthening cyber security measures to safeguard data security and integrity Risk Owner: Group Executive Vice President 	Deviation from agreed project timeline	<ul style="list-style-type: none"> Privacy and data protection Customer service Business ethics and compliance <p>Other linked material issues:</p> <ul style="list-style-type: none"> Digitisation and modernisation

Eight Needle-Moving Strategic Initiatives

Based on the Axiata 3.0 blueprint, we have identified Eight Needle-Moving Strategic Initiatives which form the measures and actions we are undertaking operationally to execute the Triple Core Strategy. All our strategic initiatives are aligned Group-wide, with our OpCos having clear Key

Performance Indicators (KPIs) to ensure they remain on track. Our Eight Needle-Moving Strategic Initiatives are mapped against our overarching 4P Goals of Performance, People, Partnership, and Planet and Society.

Initiatives	Our Key Progress in 2018		Score	Targets by 2022	Link to 4P Goals
① Operational Performance and Cost Optimisation	<ul style="list-style-type: none"> Cost optimisation programme delivered RM1.5 billion savings All OpCos performed best in their markets for revenue growth 	<ul style="list-style-type: none"> Four OpCos performed best in their markets for EBITDA growth Two OpCos performed best in their markets for profit growth 	●	Top Performer in all Markets in all Key Metrics	
② New Growth Areas	<ul style="list-style-type: none"> Refined Digital Telco focus in the Home/Convergence segments with a fixed wireless led strategy Built a strong sales funnel for actualisation of Enterprise Businesses in 2019 	<ul style="list-style-type: none"> Launched home broadband in four OpCos - Celcom, XL, Dialog and Smart Digital businesses delivered the strongest operational performance to-date and established path to profitability 	●	Triple Core: Digital Telco + Digital Businesses + Infrastructure = Collaboration/Group Synergy	
③ Functional Superiority and Digitisation	<ul style="list-style-type: none"> Using Robotics Process Automation and AI to improve our customer experience responsiveness, as well as Analytics and Contextual Marketing to better serve them Simplified our Internal Processes and modernised IT and Network Systems Digitised backend processes to provide significantly improved and paperless customer onboarding, at less than one minute, via e-Know-Your-Customer 	<ul style="list-style-type: none"> All OpCos improved in digitising and modernising the core, with a blended average of approximately 50%¹ from a 2017 baseline measurement. One OpCo measured on par with the Emerging Market Top Quartile Average 	●	Digitised and Modernised functions	
④ Distinct Competitive Differentiation and Clear New Business Model	<ul style="list-style-type: none"> All OpCos have now established their respective value discipline and are tracking well in their chosen focus of either Customer Intimacy, Product Innovation or Price Leadership 	<ul style="list-style-type: none"> edotco partnered with Aerodyne Group, a leading Unmanned Aerial Systems (UAS) solutions provider, to implement innovative drone technology in its business operations 	●	Value Discipline with Clear and Distinct Customer Proposition	
⑤ Industry Restructuring and Rationalisation	<p>Rationalised non-core portfolio in line with Triple Core Strategy as follows:</p> <ul style="list-style-type: none"> Deconsolidated Idea investment through reclassification as a simple investment from associate 	<ul style="list-style-type: none"> Disposed of entire non-strategic stake in M1 for approximately RM1.65 billion and estimated gain of RM126.5 million (completed in February 2019) 	●	Sustainable Market Structure	
⑥ Optimum Portfolio	<ul style="list-style-type: none"> Smart's strategic partner, Mitsui Co., Ltd. (Mitsui), exercised its call option of 10% on Smart at USD92.4 million ada secured USD20 million funds from new strategic partner Sumitomo Corporation 	<ul style="list-style-type: none"> ADS' non-strategic digital venture assets were carved-out to an independent Singapore-based fund (completed in February 2019) Axiata Digital Services (ADS) obtained a strategic minority investment from Mitsui (completed in April 2019) 	●	Optimum Capital Allocation for Growth and Dividend	
⑦ Sustainability and Stakeholder Management (incorporating Regulatory, Digital Privacy and Trust, and Cyber Security)	<ul style="list-style-type: none"> Enhanced and strengthened cyber security and data privacy through the following measures: <ul style="list-style-type: none"> Established Group Cyber Security Steering Committee and Group Security Operations Centre Implemented three-year cyber security strategy Group-wide - Digital Trust 2020 Devised innovative solutions to bridge the digital divide, including new digital products beyond pure connectivity such as IoT solutions in Connected Weather Systems, Connected Agriculture and Smart 	<ul style="list-style-type: none"> Poultry Farming to assist entrepreneurs and rural communities, and Social Reseller App to help our customers generate income Digital venture funds providing investment to new startups in Malaysia, Sri Lanka and Cambodia, namely Axiata Digital Innovation Fund, Dialog Axiata Digital Innovation Fund and Smart Axiata Digital Innovation Fund Launched Axiata Young Talent Programme in Cambodia to identify and nurture future leaders with a digital mindset edotco's life cycle assessment of its leaner tower design found that it exceeded its 40% carbon reduction target 	●	Exemplary Long-term Corporate Citizen, Holistic Focus, Regulatory Fairness	
⑧ Organisational and Cultural Changes	<p>Progressed with our ambition to empower a Modern, Agile and Digital (M.A.D.) workforce through the following initiatives:</p> <ul style="list-style-type: none"> Two OpCos have started to implement Agile methodology Launched Knowledge Sharing Platform to enable and empower our employees to contribute and share ideas across the Group 	<ul style="list-style-type: none"> Launched the Learning, Engagement and Accelerating Performance (LEAP) programme New performance management system "IGNITE" to boost performance and development 	●	Modern, Agile and Digital (M.A.D.) Organisation	

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

Note:
¹ As assessed and validated by an independent third party in 2018

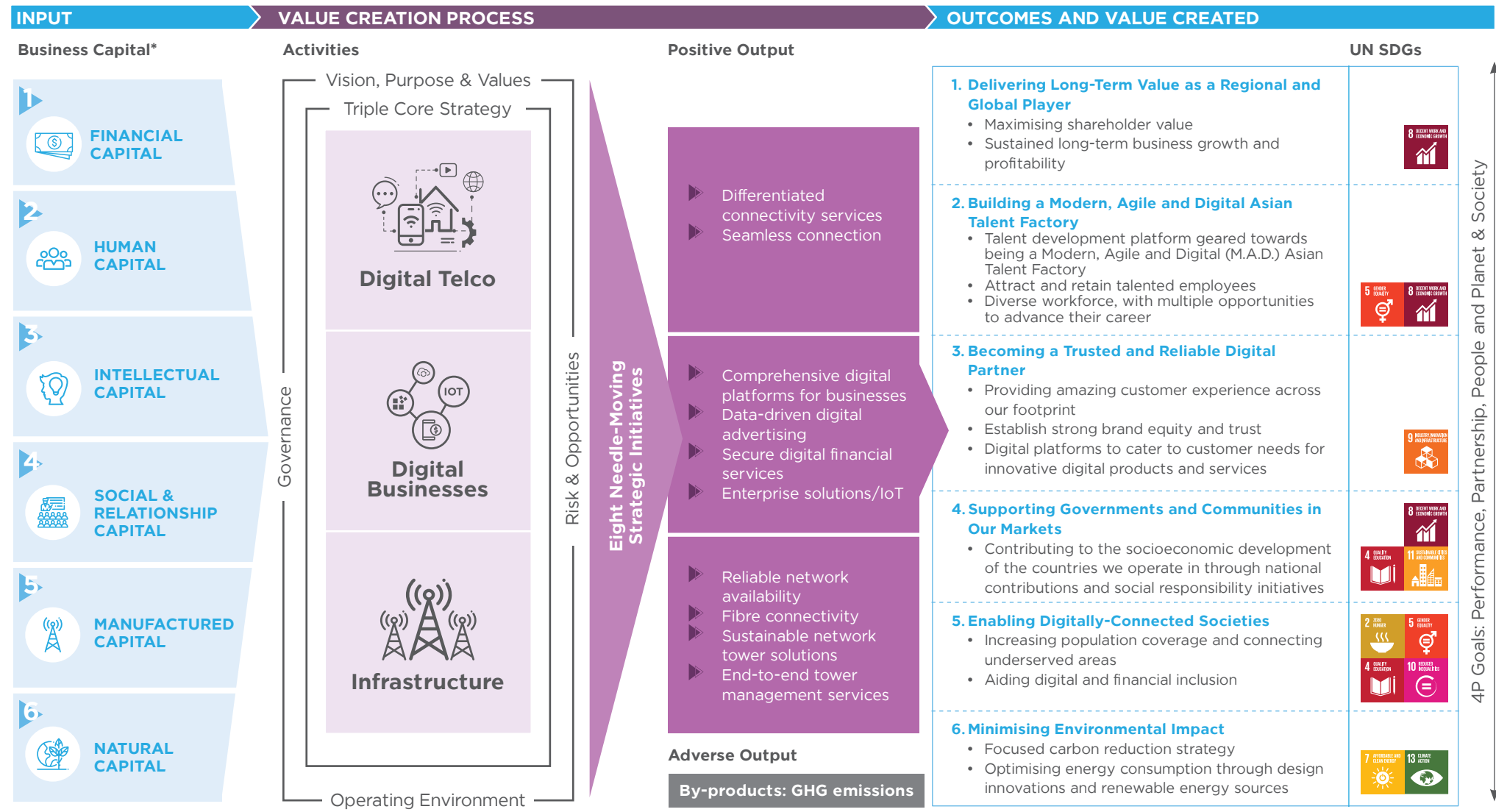


**The Value
We Create**

Long-Term Group Value Creation Model

Axiata requires input from our six capitals to produce output and create outcomes and value in the short, medium and long-term for our stakeholders. At the same time, our Group-wide efforts are contributing to advancing some of United Nations Sustainable Development Goals (UN SDGs). Due to the nature of the trade-offs and

interconnectivity of our six capitals, this year we have enhanced our reporting on the activities and outcomes of our value creation efforts, by focusing on key activities generating outcomes aligned with achieving our ambition of becoming a New Generation Digital Champion by 2022.



4P Goals: Performance, Partnership, People and Planet & Society

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

Our Six Capitals

1 Financial Capital

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

Input

- Market capitalisation of RM35.6 billion in 2018
- Gross debt/EBITDA ratio of 2.3x in 2018
- Debt Equity Ratio of 1.1¹ in 2018
- Credit ratings of Baa2 on Moody's and bbb+ on S&P in 2018
- Operating expenses of RM15.6 billion² in 2018

2 Human Capital

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

Input

- More than 12,000³ employees from 38 nationalities across Asia
- Male: Female employee ratio of 2.4:1
- RM178 million spent on talent development since 2009
- High percentage of engaged employees

3 Intellectual Capital

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

Input

- Mobile licenses and spectrum allocations throughout our operating markets
- Investment in digitisation and modernisation initiatives
- Cyber security, data privacy and information security initiatives

4 Social & Relationship Capital

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

Input

- 2018 Brand Equity score
 - No.1 in Sri Lanka and Cambodia
 - No.2 in Indonesia, Bangladesh and Nepal
 - No.3 in Malaysia
- Industry and community partnerships
- Customer base of approximately 150 million³ subscribers in 2018

5 Manufactured Capital

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

Input

- >29,800 towers owned and managed by edotco
- Group-wide BTS Infrastructure⁴
- Group capex of RM6.1 billion
- Group Plant, Property and Equipment (PPE) value of RM27.3 billion
- Telecommunication network equipment (net book value) of RM22.7 billion
- edotco tower capex of RM753 million
- edotco PPE value of RM2.2 billion
- Global digital platform business, Apigate

6 Natural Capital

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

Input

- Direct energy consumption of 1,210,358 GJ
- Indirect energy consumption of 5,705,809 GJ
- 0.5% of energy consumed coming from renewable sources
- Energy intensity of 290 GJ/RM million in 2018

Trade-off

- The expansion of our networks increases our base of Manufactured Capital, while reducing our Financial Capital in the short-term. However, in the long-term, our investments expand our business' capacities, and therefore grows our Financial Capital
- Our Intellectual Capital investments reduces our Financial Capital in the short-term. However, it expands the value of our Human, Financial, and Social and Relationship Capital in the long-term

- The investments we make in Social and Relationship Capital reduces our Financial Capital in the short-term. However, in the long-term, our efforts to close the digital divide, and contribute to the national development of our markets of operation as well as the socioeconomic development of our footprint communities, builds upon our Social and Relationship, Human, Intellectual and Financial Capitals
- Our base of Manufactured Capital negatively impacts upon our Natural Capital. However, through our carbon footprint reduction initiatives, as well as concerted efforts to build green infrastructure solutions, we are able to mitigate our impact on our Natural Capital

Notes:

¹ Total borrowings over total shareholders' equity

² Axiata's operating expenses represent the difference between statutory post-MFRS 15 & 9 revenue of RM23.9 billion and EBITDA of RM8.3 billion

³ Excluding Idea and M1

⁴ For details of BTS at OpCos, please refer to the Entities Across Asia section in this IAR

1. Delivering Long-Term Value as a Regional and Global Player

Related Key Capitals



Activities and Processes to Create Value

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

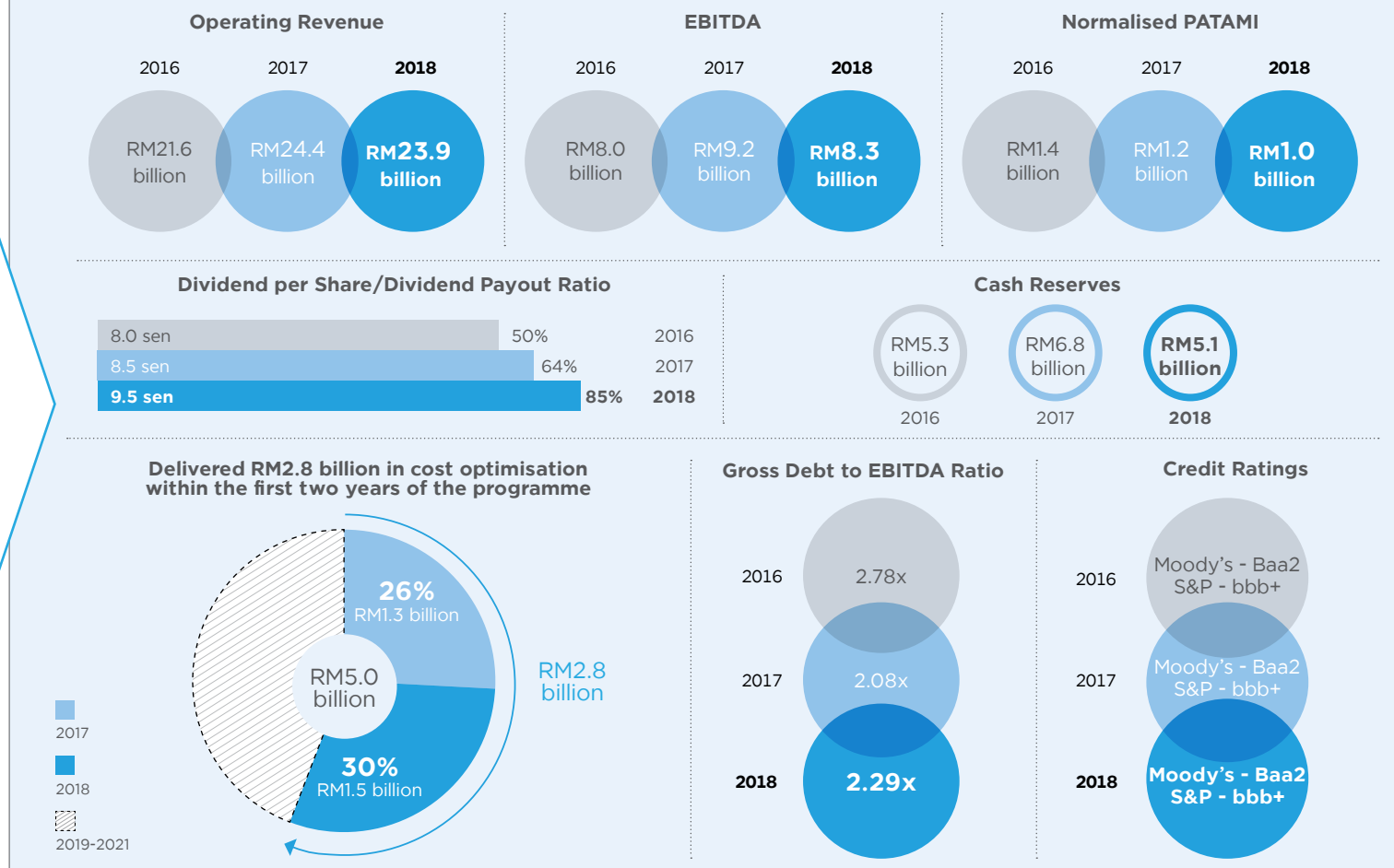
Link to 4P Goals



Outcomes and Value Created

- Maximising shareholder value
- Sustained long-term business growth and profitability

Performance Indicators



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

Our Audited Financial Statements are available in our GAFS 2018



2. Building a Modern, Agile and Digital Asian Talent Factory

Related Key Capitals



Activities and Processes to Create Value

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

Link to 4P Goals



Outcomes and Value Created

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

Performance Indicators

Building the M.A.D. Culture

Axiata Academy uses an intelligent learning technology platform to curate learning modules for employees

8 thematic awards under LEAP encapsulating the M.A.D. organisation ethos and IR 4.0

AAC trained **170** data scientists and data engineers in 2018, and targets to increase to **300** people in 2019

Employee utilisation of Lynda.com in 2018:

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

To embed the digital mindset across the organisation:

- "Synapse" allows our employees to contribute and share ideas across the Group, and accelerates best practice transfers

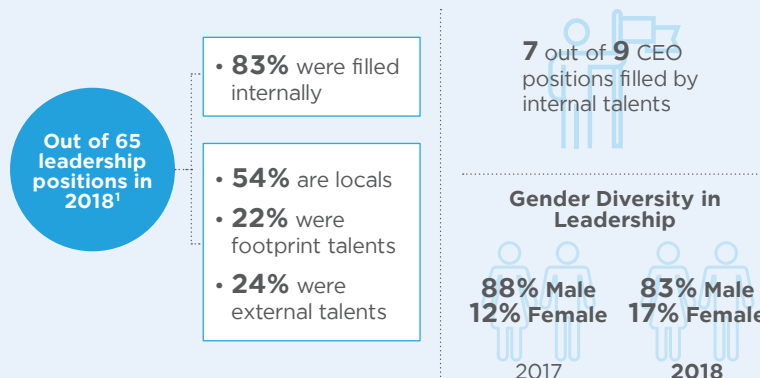
Talent at Axiata

	2017	2018
Top Management	145	174
Middle Management	660	513

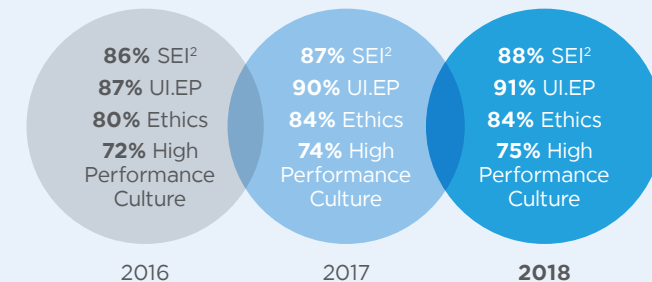
External : Internal Hiring Ratio



Leadership at Axiata



Group Employee Engagement Survey Result:



Creating a highly engaged and conducive workplace for employees



More details on our efforts to develop and support professional growth are discussed in the "Nurturing People" chapter of our SNCR

Notes:

¹ Local: Locals working in their respective OpCo country. Footprint: Non-locals from Axiata's footprint countries. External: Non-locals from outside Axiata's footprint countries
² SEI refers to Sustainable Engagement Index

3. Becoming a Trusted and Reliable Digital Partner

Related Key Capitals



Activities and Processes to Create Value

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

Link to 4P Goals

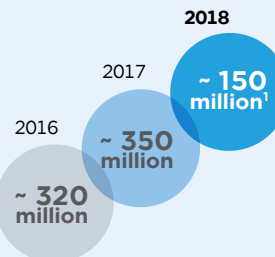


Outcomes and Value Created

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

Performance Indicators

Total Number of Mobile Customers



Brand Equity Score 2018

Strong to dominant on the Brand Equity Index in all mobile markets

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

Social Reputation Score 2018

Strong brand presence on social media in all mobile markets

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

Net Promoter Score in Mobile Markets 2018



Digitising core functions using a best practice framework approach

- Average of **50%** improvement amongst OpCos in 2018²
- 1 OpCo measured on par with Emerging Market Top Quartile Average²

Expanded OpCos digital portfolio with digital products beyond pure connectivity via:

IoT solutions such as Connected Weather Systems, Connected Agriculture and Smart Poultry Farming to help entrepreneurs and rural customers with their businesses

Enhanced digital customer touchpoints through Robotics Process Automation and Artificial Intelligence to on-board our customers faster

Social Reseller App to assist customers to generate income

Analytics and Contextual Marketing is used to provide our customers with intuitive solutions at the highest levels of data privacy

Experimenting with Blockchain technology to ensure irrefutable authentication of customer identity

Enhanced Data Privacy and Cyber Security

- Strengthened oversight and provided assurance to the Board Risk Management Committee on cyber security maturity
- Consolidated all OpCo security functions and provided a common direction to improve and reduce cyber risk
- Standardised approach to implement cyber security across all OpCos to improve maturity level
- Implemented GSOC to provide early warning on threats and cyber attacks
- Established stronger links and collaborations with local regulators and stakeholders, as well as global industry peers and leaders to share threat intelligence
- Implemented cyber and privacy programmes to ensure our staff and key third parties are cyber savvy
- Boosted our cyber resilience via continuous security assessments to identify and improve our cyber risk profile

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

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

Notes:

¹ Approximate number of customers excluding Idea and M1

² Based on Digital Telco Index, as assessed by independent third party in 2018, against a 2017 baseline

4. Supporting Governments and Communities in Our Markets

Related Key Capitals



Activities and Processes to Create Value

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

Link to 4P Goals

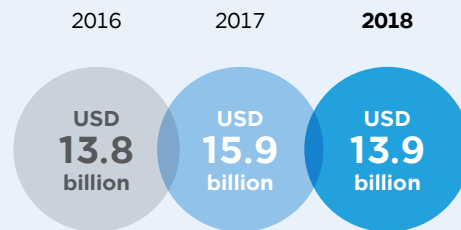


Outcomes and Value Created

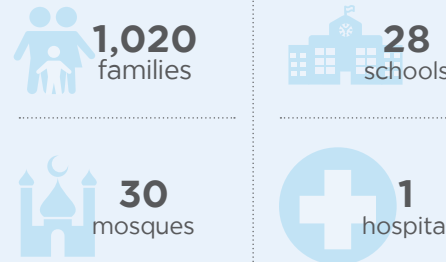
► Contributing to the socioeconomic development of the countries we operate in through national contributions and social responsibility initiatives

Performance Indicators

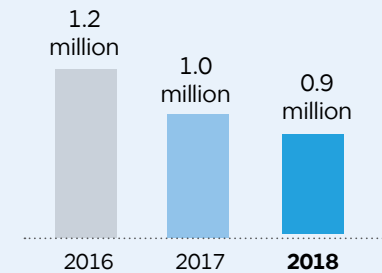
Total National Contribution¹



In 2018, Tower to Community impacted



Number of Jobs Supported Across the Region²



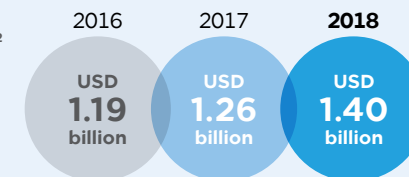
Connected Women Initiative (CWI)

	Dialog	Robi
2016	Dialog and Robi the first GSMA members to commit to CWI projects	
2017	<ul style="list-style-type: none"> • 49 Regional Women Development Officers from the Ministry of Women and Child Affairs trained as trainers • 675 women in villages empowered to use digital services related to education, health, entrepreneurship and Internet safety 	<ul style="list-style-type: none"> • 17,755 women in 64 districts and villages trained in digital literacy and entrepreneurship • 400,000 monthly users on 'Maya Apa Plus', an on demand information service on health, psychosocial and legal issues
2018	<ul style="list-style-type: none"> • Launched Yeheli/Thozhi messaging platform for women seeking advice on social and personal issues 	<ul style="list-style-type: none"> • 25,343 women in 64 districts and villages trained in digital literacy and entrepreneurship • 450,000 monthly users accessed 'Maya Apa Plus' • Partnered with Cignifi and Bank Asia to increase digital financial inclusion among women

Humanitarian Connectivity Charter

- 2016 ► Initiated a Group-wide Disaster Response Plan
- 2017 ► Over 8 million SMS sent by Dialog and Ncell in partnership with local authorities to evacuate danger areas
- 2018 ►
 - XL donated digital services worth over USD1.8 million to connect customers after three disasters in Indonesia
 - Celcom signed a letter of co-operation with National Disaster Management Agency to support sending SMS alerts in disaster events
 - Ncell extended partnership with Department of Hydrology and Meteorology for another five years

Total Tax Contributions²



Notes:

¹ Total national contributions and jobs supported are for Celcom, XL, Smart, Dialog, Robi, Ncell, Idea and M1 within their respective markets of operation

² Total tax contributions for Celcom, XL, Smart, Dialog, Robi and Ncell to their respective Governments

5. Enabling Digitally-Connected Societies

Related Key Capitals



Activities and Processes to Create Value

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

Link to 4P Goals

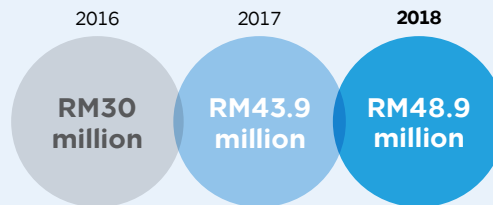


Outcomes and Value Created

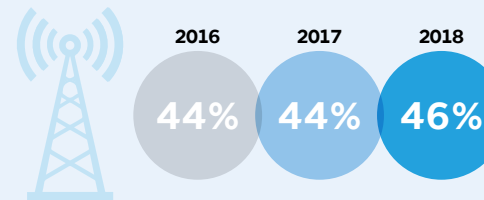
- Increasing population coverage and connecting underserved areas
- Aiding digital and financial inclusion

Performance Indicators

ADIF Funding for Digital Startups



Percentage of Base Stations in Rural Areas

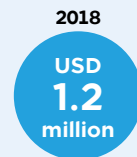


Micro-financing

Indonesia:
Supply Chain Credit for Boost merchants ranging from **IDR500,000 - IDR5.0 million**

Malaysia:
Working Capital Loan for Boost merchants ranging from **RM500 - RM20,000**

SADIF Funding for Digital Startups¹



DADIF Funding for Digital Startups¹



Govi Mithuru - Sri Lanka

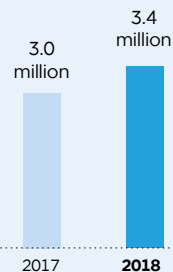
- Over 500,000 subscribers for voice message services to farmers to help improve crop cultivation

Laut Nusantara - Indonesia

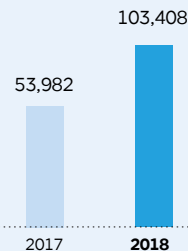
- Subsidised 1,200 smartphones for fishermen to access maritime digital solutions through the Laut Nusantara app featuring information on waterways, navigation rules, coastal information and tagging of locations to optimise potential catch



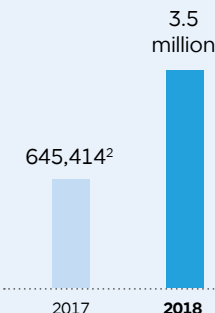
Registered Users



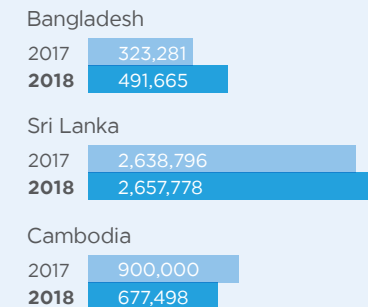
Registered Users



Registered Users



Total Registered Customers and Policies



Notes:

¹ SADIF and DADIF were established in 2017 and 2018 respectively

² The 2.2 million registered users reported in IAR 2017 was as at 31 March 2018



More details on our efforts to digitally connect societies can be found in the "Beyond Short-Term Profits" chapter of our SNCR

6. Minimising Environmental Impact

Related Key Capitals



Activities and Processes to Create Value

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

Link to 4P Goals

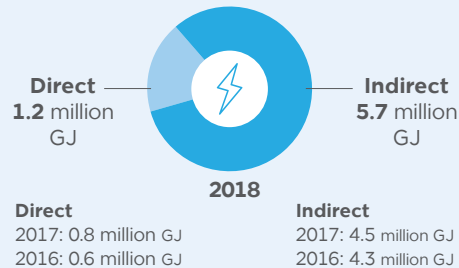


Outcomes and Value Created

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

Performance Indicators

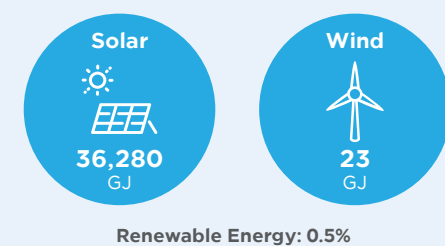
Group-wide Total Energy Consumption



Group-wide GHG Emissions¹



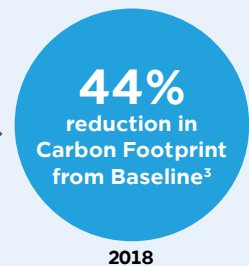
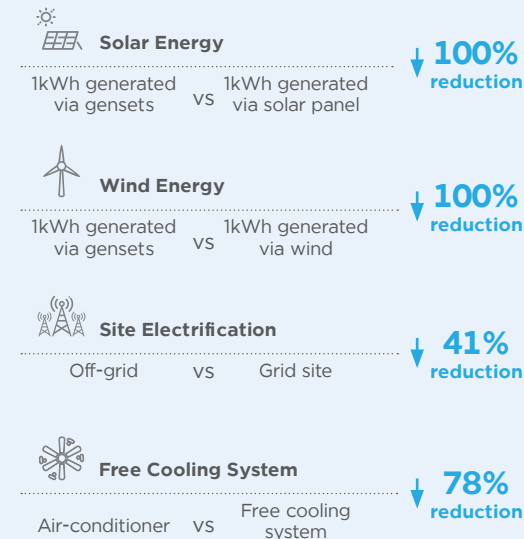
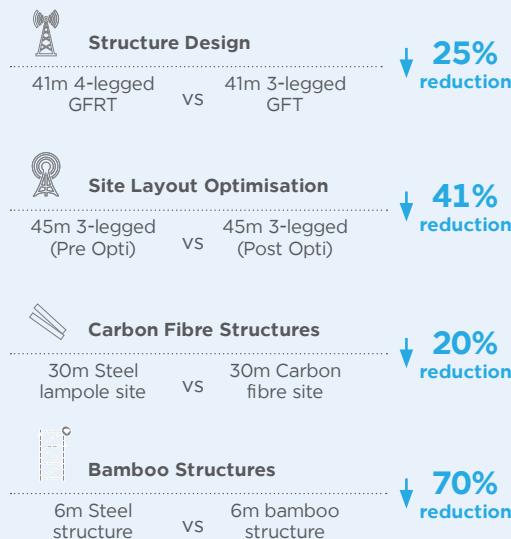
Energy from Renewable Sites² Group-wide



Carbon Footprint Reduction by edotco

25% - 70% reduction in carbon footprint with use of edotco's green tower designs

41% - 100% reduction in carbon footprint with site optimisation and renewable energy use



Notes:

¹ tCO₂e refers to tonnes carbon dioxide equivalent

² Energy used by Celcom, XL, Smart, Dialog, Robi, Ncell and edotco

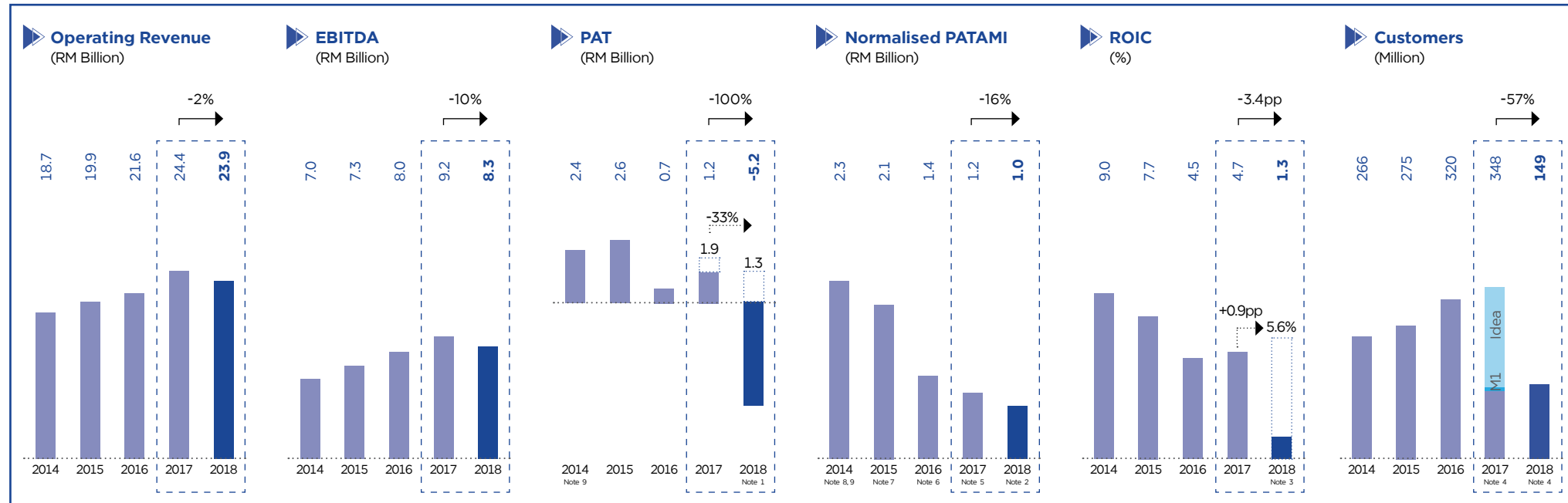
³ edotco embarked on its carbon footprint reduction programme in 2013 with the goal of reducing its footprint by 40% by 2018. Three studies were conducted to establish and monitor data; the first in 2013 to establish baseline, the second in 2016 to monitor progress at the midway point, and the final one in 2018 to measure outcomes of the programme. The results are based on a Life Cycle Assessment study by SIRIM in four countries of edotco's operations



Our Performance

Financial Review

Five-Year Group Financial Highlights



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

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

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

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

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

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

Note 7 - 2015 normalised PATAMI excludes gain on disposal of towers (RM399.8 million), one-off tax impact (RM49.0 million) and foreign exchange gain (RM132.3 million).

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

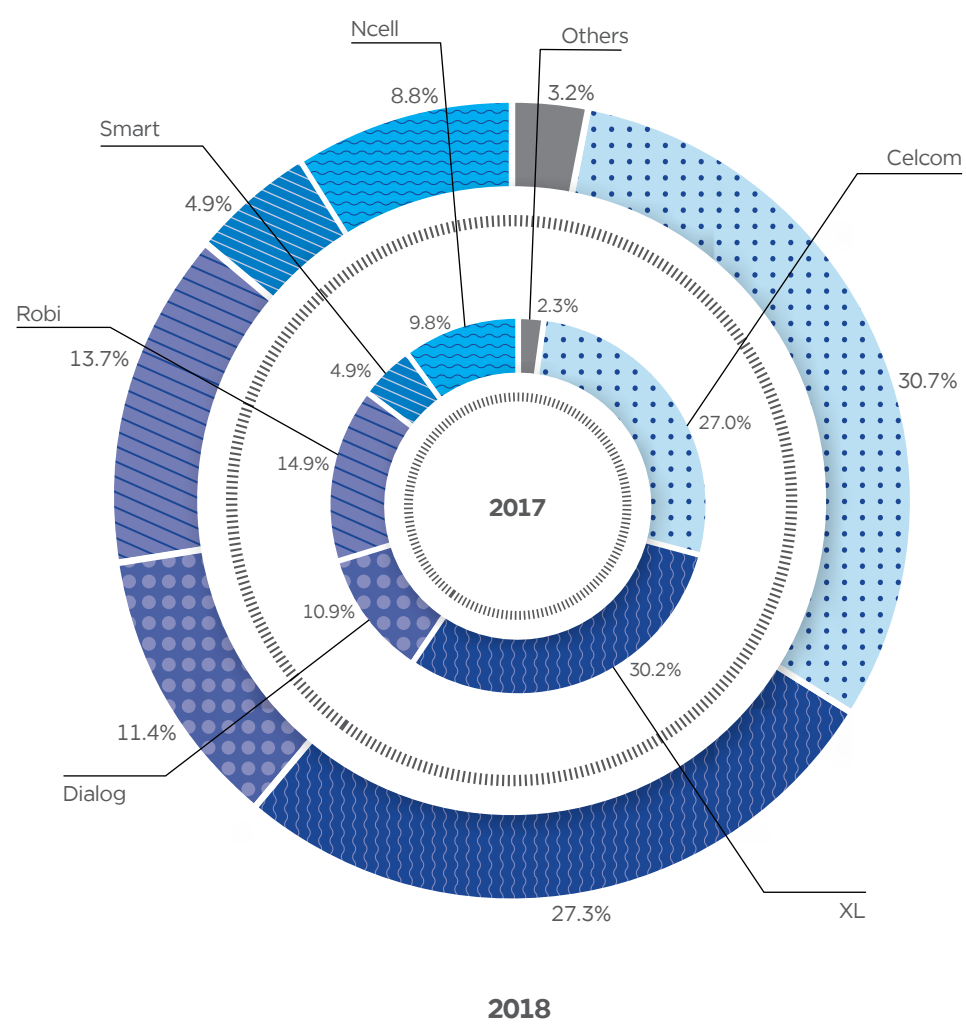
Note 9 - 2014 are based on restated financials as reported in 2015.



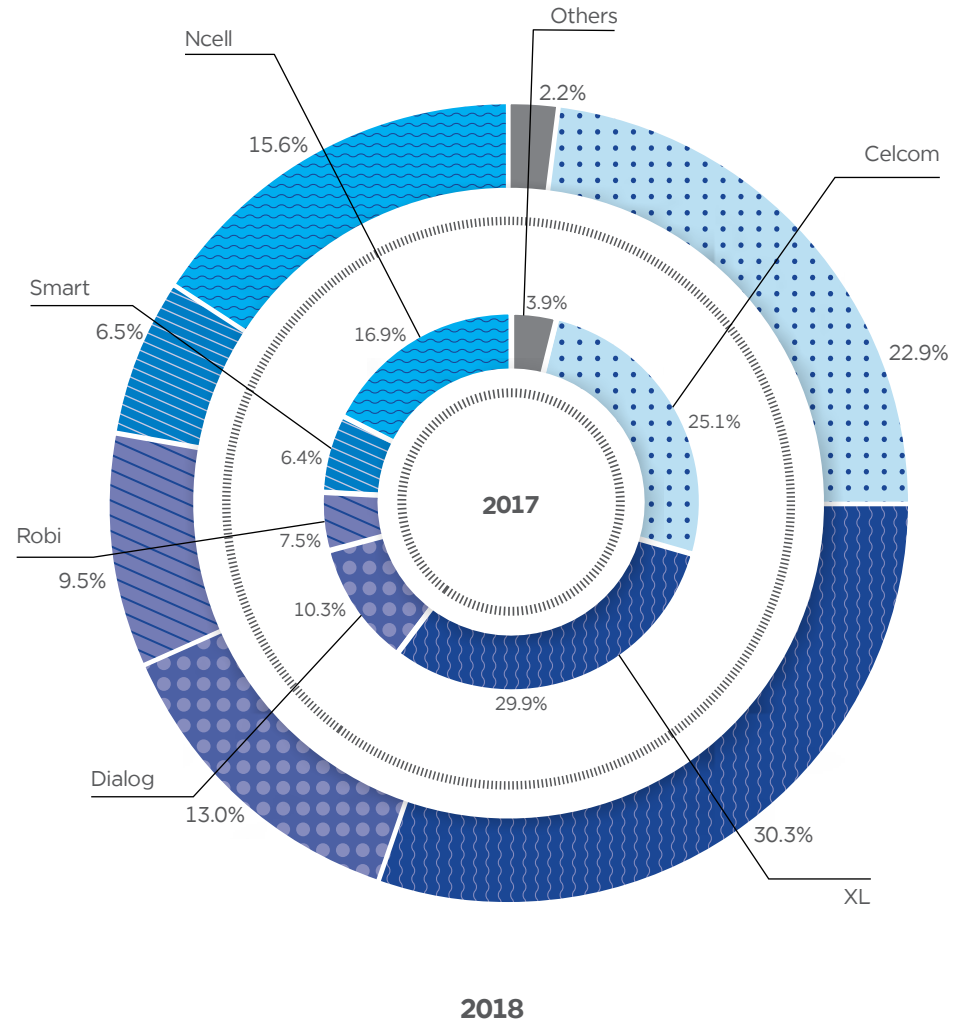
Financial Review

Summary Breakdown of Operating Revenue and EBITDA

Operating Revenue



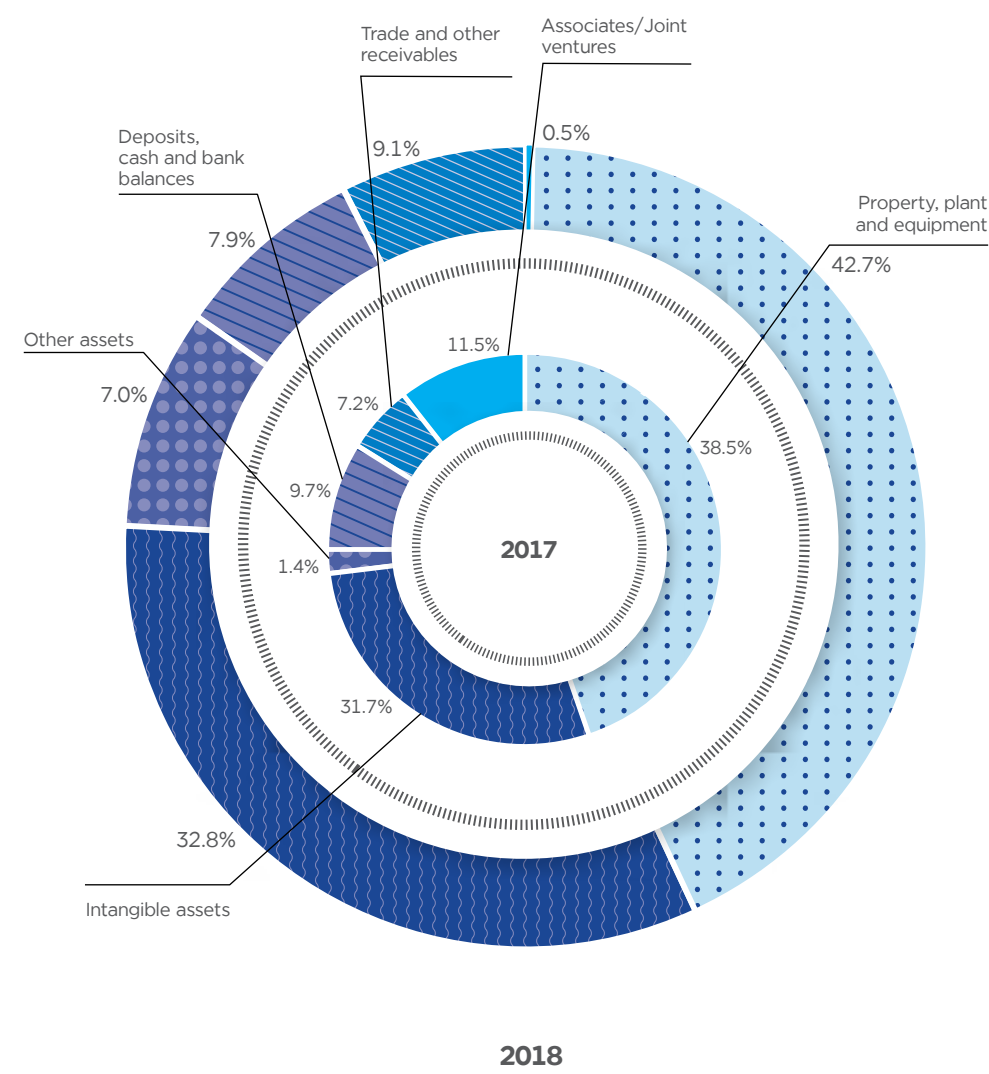
EBITDA



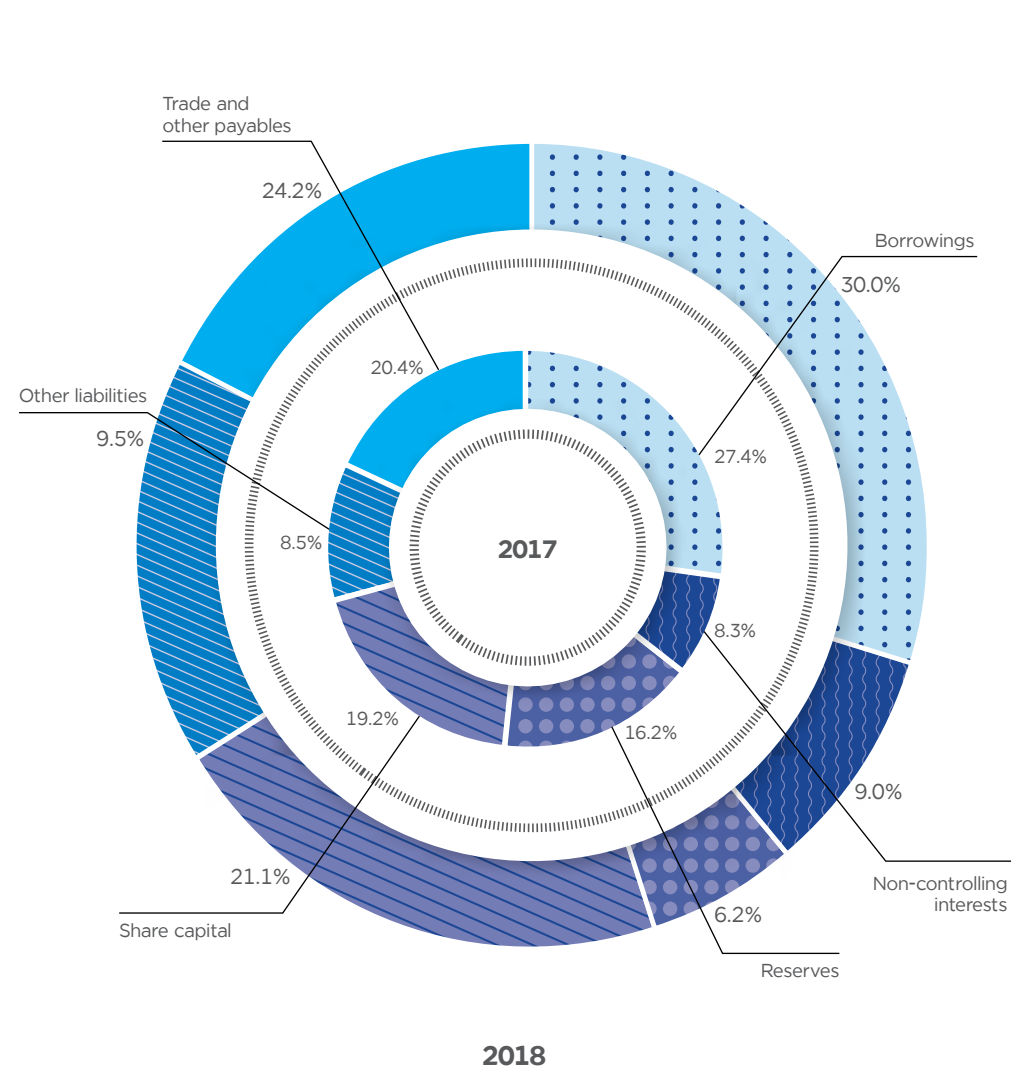
Financial Review

Summary Breakdown of Total Assets and Total Liabilities & Equity

Total Assets



Total Liabilities & Equity





Financial Review

Five-Year Group Financial Summary

Operational Highlights

All in RM Million unless stated otherwise	FY2018	FY2017	FY2016 ²	FY2015	FY2014 ²
1. Operating Revenue	23,886	24,402	21,565	19,883	18,712
2. Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	8,334	9,230	8,013	7,284	6,999
3. Earnings from Associates & Jointly Controlled Entities	(428)	(404)	30	434	339
4. Profit Before Tax (PBT)	(4,346)	1,936	1,140	3,331	3,147
5. Profit After Tax (PAT)	(5,247)	1,162	657	2,636	2,369
6. Profits After Tax and Minority Interests (PATAMI)	(5,035)	909	504	2,554	2,365
7. Normalised PATAMI ¹	1,010	1,205	1,418	2,071	2,256
8. Total Shareholders' Equity	17,477	24,731	23,581	23,525	20,761
9. Total Assets	63,855	69,911	70,753	56,118	49,106
10. Total Borrowings	19,130	19,184	22,260	16,392	13,893
11. Customers (million) ³	149	348	320	275	266
Growth Rates YoY					
1. Operating Revenue	-2.1%	13.2%	8.5%	6.3%	1.9%
2. EBITDA	-9.7%	15.2%	10.0%	4.1%	-3.7%
3. Total Shareholders' Equity	-29.3%	4.9%	0.2%	13.3%	5.8%
4. Total Assets	-8.7%	-1.2%	26.1%	14.3%	12.9%
5. Total Borrowings	-0.3%	-13.8%	35.8%	18.0%	3.4%
Share Information					
1. Per Share					
Earnings (basic) - sen	(55.6)	10.1	5.7	29.5	27.4
Earnings (diluted) - sen	(55.4)	10.1	5.7	29.3	27.2
Net Assets - RM	1.9	2.7	2.6	2.7	2.4
2. Share Price information - RM					
High	5.70	5.49	6.34	7.22	7.27
Low	3.25	4.29	4.19	5.71	6.44
Financial Ratio					
1. Return on Invested Capital ⁴	1.3%	4.7%	4.5%	7.7%	9.0%
2. Gross Debt to EBITDA ⁵	2.3	2.1	2.8	2.3	2.0
3. Debt Equity Ratio ⁶	1.1	0.8	0.9	0.7	0.7

Notes:

- ¹ Excludes foreign exchange gain/loss, gain/loss on disposal of an associate & joint venture, loss on asset held-for-sale, write-off, impairment and accelerated depreciation on property, plant and equipment, purchase price allocations, gain on disposal of towers and severance payment, merger one-off adjustments, one-off tax impact and Idea related losses
- ² FY2016 and FY2014 are based on restated financials
- ³ FY2018 customers exclude Idea & M1
- ⁴ EBIT less tax over average invested capital. At pre-MFRS 15 and 9 and at constant currency, excluding all Idea related losses, assets write-off and restructuring costs, FY2018 ROIC would be 5.6%
- ⁵ Gross debt over EBITDA
- ⁶ Total borrowings over total shareholders' equity

Financial Review

Consolidated Statement of Comprehensive Income

	Financial Year Ended	
	31/12/2018 RM'000	31/12/2017 RM'000
Operating Revenue	23,885,781	24,402,401
Operating costs		
- depreciation, impairment and amortisation	(7,644,816)	(5,986,213)
- foreign exchange gains/(losses)	8,389	(191,563)
- domestic interconnect and international outpayment	(2,408,317)	(2,700,723)
- marketing, advertising and promotion	(2,147,698)	(2,108,755)
- other operating costs	(8,927,499)	(8,455,866)
- staff costs	(2,068,133)	(1,906,939)
- other losses - net	(297,790)	(57,665)
Other (expenses)/income - net	(3,057,592)	5,370
Operating (loss)/profit before finance cost	(2,657,675)	3,000,047
Finance income	221,459	241,807
Finance cost excluding net foreign exchange (losses)/gains on financing activities	(1,272,385)	(1,253,369)
Net foreign exchange (losses)/gains on financing activities	(208,689)	352,000
	(1,481,074)	(901,369)
Joint ventures		
- share of results (net of tax)	1,678	(48,989)
Associates		
- share of results (net of tax)	(26,364)	(352,670)
- loss on dilution of equity interests	(403,712)	(2,595)
(Loss)/Profit before taxation	(4,345,688)	1,936,231
Taxation and zakat	(901,552)	(773,749)
(Loss)/profit for the financial year	(5,247,240)	1,162,482
(Loss)/Profit for the financial year		
- owners of the Company	(5,034,573)	909,480
- non-controlling interests	(212,667)	253,002
	(5,247,240)	1,162,482
Earnings per share (sen)		
- basic	(55.6)	10.1
- diluted	(55.4)	10.1

Consolidated Statement of Cash Flows

	Financial Year Ended	
	31/12/2018 RM'000	31/12/2017 RM'000
Receipt from customers	24,510,506	23,648,914
Payments to suppliers and employees	(16,222,297)	(15,884,795)
Payment of finance costs	(1,176,600)	(1,297,431)
Payment of income taxes (net of refunds) and zakat	(1,141,763)	(733,737)
Total cash flows from operating activities	5,969,846	5,732,951
Purchase of PPE (net of proceeds from disposal)	(6,613,083)	(4,885,106)
Acquisition of intangible assets	(540,640)	(99,372)
Investment in deposits maturing more than three months	(970,029)	140,068
Investment in subsidiaries	(103,510)	(489,236)
Investment in associates and a joint venture	(59,551)	(164,199)
Interest received	223,962	239,343
Dividends received from associates	90,187	92,587
Others	(395)	(624)
Total cash flows used in investing activities	(7,973,059)	(5,166,539)
Repayments of borrowings and Sukuk (net of proceeds)	(257,425)	(1,446,774)
Proceeds from private placements of a subsidiary (net of transaction costs)	-	2,178,986
Partial disposal of subsidiaries (net of transaction costs)	367,434	1,162,440
Additional investment in a subsidiary by NCI	396,456	-
Repayment of finance lease	(208,300)	(153,693)
Dividends paid	(855,445)	(494,388)
Others	9,674	1,095
Total cash flows (used in)/from financing activities	(547,606)	1,247,666
Net (decrease)/increase in cash and cash equivalents	(2,550,819)	1,814,078
Exchange losses and restricted cash	(133,091)	8,158
Cash and cash equivalents at the beginning of the financial year	6,471,658	4,649,422
Cash and cash equivalents at the end of the financial year	3,787,748	6,471,658
Bank Overdrafts	103,300	92,824
Deposits and others	1,180,400	248,386
Deposits, cash and bank balances	5,071,448	6,812,868



Financial Review

Consolidated Statement of Financial Position

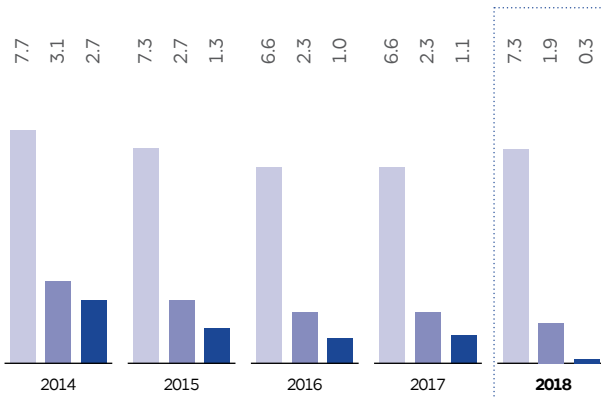
	As at	
	31/12/2018 RM'000	31/12/2017 RM'000
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	13,502,368	13,407,253
Reserves	3,974,431	11,323,883
Total equity attributable to owners of the Company	17,476,799	24,731,136
Non-controlling interests	5,737,907	5,773,447
Total equity	23,214,706	30,504,583
NON-CURRENT LIABILITIES		
Borrowings	14,646,553	14,796,319
Derivative financial instruments	1,698,722	1,441,161
Deferred income	363,196	270,915
Deferred gain on sale and lease back assets	663,228	817,073
Trade and other payables	2,987,844	1,644,197
Provision for assets retirement	487,394	468,920
Deferred taxation	1,391,214	1,672,496
Total non-current liabilities	22,238,151	21,111,081
	45,452,857	51,615,664
NON-CURRENT ASSETS		
Intangible assets	20,926,703	22,176,286
Contract acquisition costs	108,503	-
Property, plant and equipment	27,290,458	26,909,970
Associates	266,475	7,985,974
Joint ventures	27,699	26,022
Financial assets at fair value through other comprehensive income	1,659,412	-
Available-for-sale financial assets	-	62,030
Derivatives financial instruments	-	143,777
Trade and other receivables	686,804	535,157
Deferred taxation	586,961	270,046
Total non-current assets	51,553,015	58,109,262

	As at	
	31/12/2018 RM'000	31/12/2017 RM'000
CURRENT ASSETS		
Inventories	219,130	174,279
Trade and other receivables	5,115,230	4,496,637
Derivative financial instruments	238,506	53,109
Financial assets at fair value through profit or loss	38	64
Tax recoverable	54,860	41,615
Deposits, cash and bank balances	5,071,448	6,812,868
	10,699,212	11,578,572
Assets classified as held-for-sale	1,602,800	223,162
Total current assets	12,302,012	11,801,734
LESS: CURRENT LIABILITIES		
Trade and other payables	12,484,444	12,616,963
Deferred gain on sale and lease back assets	120,942	126,017
Borrowings	4,483,197	4,387,670
Derivative financial instruments	155,901	152,621
Current tax liabilities	1,157,686	754,511
	18,402,170	18,037,782
Liabilities classified as held-for-sale	-	257,550
Total current liabilities	18,402,170	18,295,332
Net current liabilities	(6,100,158)	(6,493,598)
	45,452,857	51,615,664

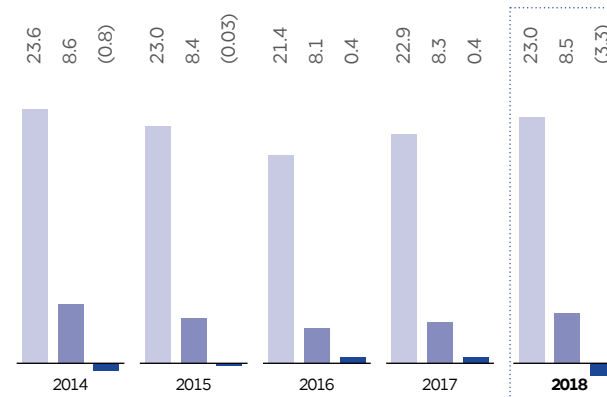
2018 Overview of Operating Companies' Performance

Reporting by Geographical Location¹

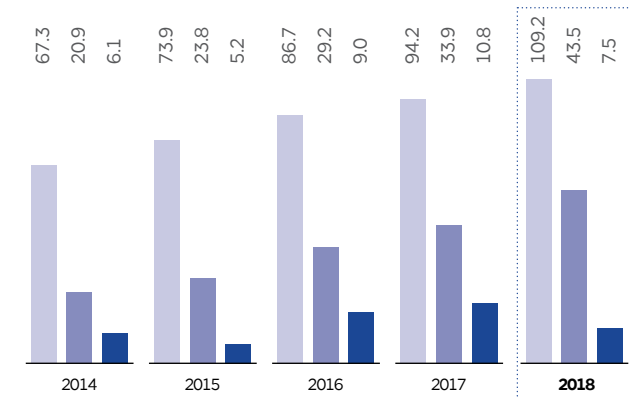
Malaysia (RM Billion)



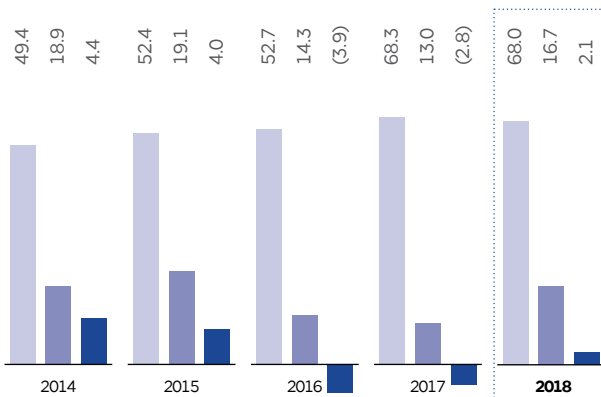
Indonesia (IDR Trillion)



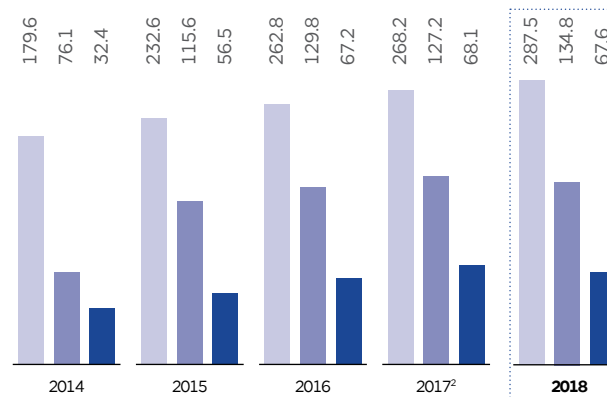
Sri Lanka (SLR Billion)



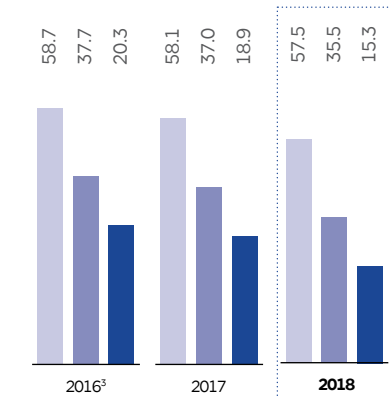
Bangladesh (BDT Billion)



Cambodia (USD Million)



Nepal (NPR Billion)



Notes:

All financial numbers are based on audited financial figures and follows the respective country's GAAP except for Ncell which had a different financial year end

¹ Axiata's reporting by geographical location is conducted for its OpCos: Celcom, XL, Smart, Dialog, Robi and Ncell

² 2017 figures have been restated to exclude edotco Cambodia's results, for like to like comparison with 2018 figures

³ Annualised figure based on 8.5 months since acquisition of Ncell on 11 April 2016

Revenue EBITDA PAT

2018 Overview of Operating Companies' Performance

Operating Companies

celcom

Celcom's continued efforts in operational transformation yielded solid results in 2018, outperforming all Mobile Network Operators (MNO) peers with a service revenue growth of 1.1% Year on Year (YoY) and a market share gain of 0.5 ppt¹. It was the only MNO to have grown both prepaid and postpaid Average Revenue Per User (ARPU) YoY - validating the successful execution of its strategy. Its cost optimisation initiatives delivered a commendable trend with Quarter on Quarter (QoQ) EBITDA growth of 6.0% and an EBITDA margin uplift of 2 ppt in the fourth quarter of 2018, allowing Celcom to kickstart 2019 with a healthier cost base.

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

robi

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

On the back of its rapid 4G network roll out, Robi emerged as the 4G market leader with nearly 7,400 4G sites by end 2018 and was recognised by Ookla's 2018 Speedtest Award for "Best Download Speed". This competitive advantage contributed to a 9.3% growth in subscribers as customers seek to experience Robi's superior network.

Due to its successful Dual Brand Strategy, Airtel and Robi ended the year as the #1 and #2 brands respectively in Net Promoter Scores.

XL axiata

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

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

Smart

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

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

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

Dialog

As the undisputed market leader, Dialog emerged victorious as the #1 performer in a fiercely competitive market - delivering double-digit growth in revenue (+15.2%), EBITDA (+17.4%) and normalised PAT (+15.8%²). As Axiata's first converged operator, this excellent results was contributed by strong revenue growth across its main segments of mobile (+11.8%), fixed (+44.5%) and TV (+7.3%).

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

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

Ncell

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

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

Notes:

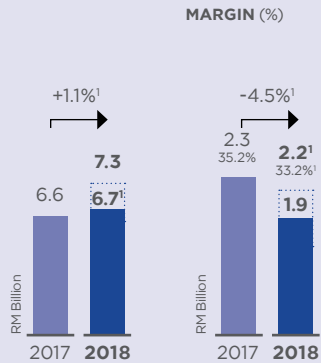
Growth numbers based on results in local currency in respective operating markets, excluding MFRS 9 and 15 impact in Malaysia/SLFRS 9 and 15 impact in Sri Lanka. For like to like comparison, 2017 numbers for Smart exclude edotco Cambodia's results

¹ Based on internal estimates

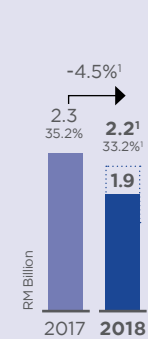
² Normalised for forex losses in 2017/2018, and asset impairment in 2018



REVENUE



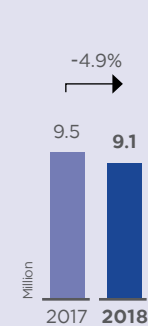
EBITDA & EBITDA MARGIN (%)



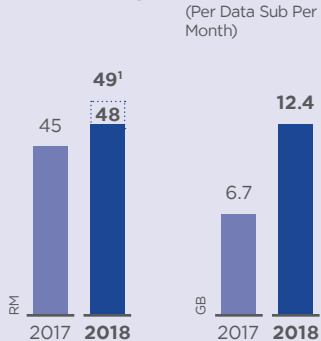
PATAMI



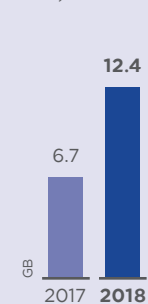
CUSTOMERS



BLENDED ARPU



DATA USAGE (Per Data Sub Per Month)



Performance

- Service revenue growth of 1.1%¹ mainly driven by revenue from prepaid and postpaid
- Industry leading NPS score
- Automated Customer Service using robotics and Artificial Intelligence with the launch of Chatbots



People

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



Partnership

- Collaboration with Microsoft in Enterprise products and in developing AI Chatbots utilising machine learnings and cloud solutions
- Partnership with Google in cloud infrastructure for digital front-end applications



Planet & Society

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

Operating Environment

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

Business Review

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

- Launched Yoodo in early 2018, a truly digital and customisable mobile brand, with encouraging market response
- Launched fixed wireless broadband to enter the Home market, with positive subscriber uptake
- Collaboration with Microsoft in Enterprise products and in developing AI Chatbots utilising machine learnings and cloud solutions
- Partnership with Google in cloud infrastructure for digital front-end applications
- Adopted Agile Way of Working (WoW) company-wide through Cross Functional Team programmes, with more than 500 employees achieving Agile certifications
- Invested significantly in digital transformation focused on customer interfaces and touchpoints, leading to the launch of a brand new website, self-service app, online store and digital trade interfaces
- Automated Customer Service using robotics and Artificial Intelligence with the launch of Chatbots
- Transformed legacy Business Intelligence platforms and launched new analytics and insight tools to give the company the competitive advantage in advanced analytics and data science

- Celcom Blue Cube was re-designed, with more than 20 outlets adopting new in-store concepts that provided enhanced customer experiences
- Established an award-winning Social Media Experience centre (SMEx) to respond to customers' changing behaviours
- Celcom continued to lead the industry in terms of Net Promoter Score (NPS) and received external recognition for its superior customer experience with 14 awards in 2018
- Continued to champion the national agenda with multiple programmes aimed at empowering the underserved to encourage digital adoption. Among key programmes were Tuisyen Rakyat, Internet Access to Rural Community and *Siswapreneurs*

Financial Performance

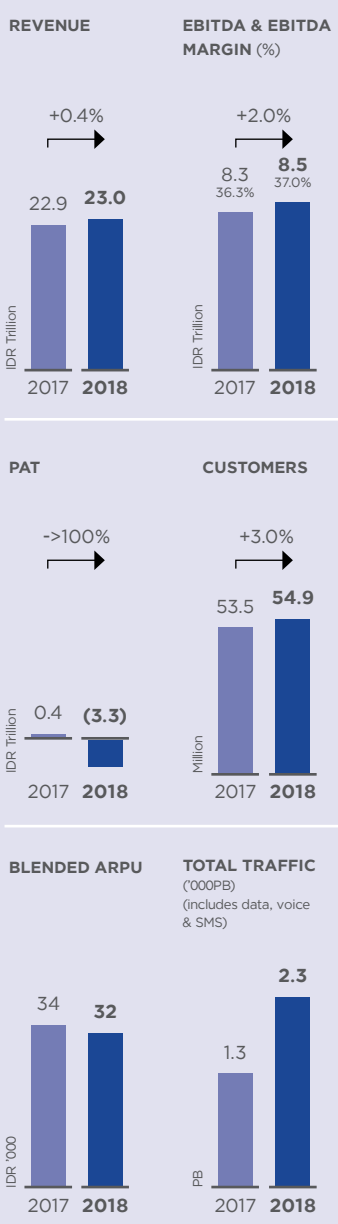
- Service revenue growth of 1.1%¹ driven by increased postpaid and prepaid revenue
- EBITDA of RM2.2 billion¹, with EBITDA margin of 33.2%¹
- Postpaid and prepaid ARPU saw an increase in 2018 with postpaid showing a RM5¹ increase to RM89, while prepaid ARPU increased by RM3 to RM35

Outlook for 2019 and Beyond

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

Notes:

¹ Numbers exclude MFRS 9 and 15 impact for 2018



Performance

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

People

- Deployed digital capability improvements aligned towards M.A.D. organisation culture
- Embedded digital culture through the digitisation of business processes and an open workspace to encourage collaborations

Partnership

- Managed supplier relationships via Integrated Supply Chain Management, supported by updated e-procurement towards ensuring supplier quality and long-term relationships of mutual benefits

Planet & Society

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

Operating Environment

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

Business Review

- Sustained execution of Dual Brand Strategy, with XL and Axis brands addressing different market segments with varied and targeted offers
- Continued with 4G network investments, especially in ex-Java, resulting in strong growth in subscriber numbers, traffic and revenue

- Expanded into Enterprise business as a new growth area with offers to attract SME businesses
- Organisation-wide implementation of "Its XL" core values which comprise "Uncompromising Integrity; Team Synergy; Simplicity and Exceptional Performance"
- Sustained our human capital management focus on including employees as stakeholders and strategic partners in XL's transformation journey
- Developed competency, managerial and technical development programmes and maintained talent management programmes for human capital development
- Embedded the digital culture within the organisation through the digitisation of business processes and an open workspace to encourage greater collaborations
- Maintained focus on developing products and services to provide enhanced customer experience
- Met sustainability objectives through a variety of initiatives aimed at driving sustainable business solutions. This included external initiatives related to

- customer satisfaction as well as ensuring stable network quality and vendor management. Internal programmes included introducing agile customer service, talent development, and energy saving initiatives related to our business
- Contributed to the development of youth leaders in Indonesia through soft skills improvement and digital activities
- Provided free access to the Internet for students

Financial Performance

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

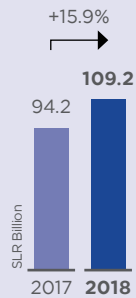
- Drove cost optimisation through cost efficiencies programme resulting in total operating expenses declining by 1% and contributing to better EBITDA margins

Outlook for 2019 and Beyond

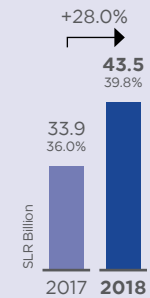
- Positive outlook for 2019, with data as the main driver of growth on the back of rising 4G penetration coupled with increased consumption of data and proliferation of affordable smartphones
- XL is well positioned to capitalise on its market access to almost 2 billion Indonesians through sustained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



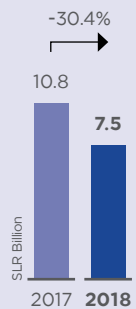
REVENUE



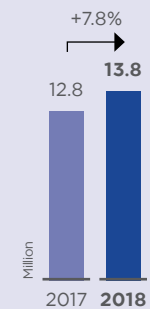
EBITDA & EBITDA MARGIN (%)



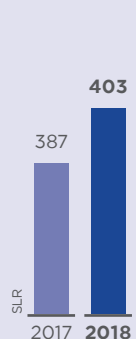
PAT



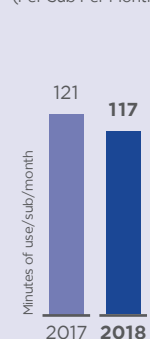
CUSTOMERS



BLENDED ARPU



BLENDED MOU



Performance

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

Operating Environment

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

Business Review

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



People

- Launched KPISOFT, a unified employee performance management system



Partnership

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



Planet & Society

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

- IdeaMart continues to be the largest developer platform with 11,000 developers and 17,500 active apps
- First South Asian telco to launch eSIM technology in partnership with Huawei
- First in Sri Lanka to launch VoWi-Fi
- Movie content ViU app recorded approximately 850,000 downloads
- Launched new music app, Hungama Music
- Expanded into new growth areas with the launch of Avidhrt Sense, the country's first portable vital monitor
- Doc990 holds over 40% market share, with 195,000 customers
- Sri Lanka's largest booking platform 444, grew 63% YoY
- Strong performance in the Fixed and TV space, with DBN Services (Dialog Broadband Network) in over 800,000 corporate and individual customers, and TV presence surpassing 1 million subscribers (17% YoY customer base growth)
- DBN entered into a joint venture partnership with Orion City to build and manage Sri Lanka's first High-Density Data Centre (200 racks) at the Orion City IT Park in Colombo
- Launched Dialog PlayExpo, Sri Lanka's largest video games and eSports championship and the first Augmented Reality (AR) calendar showcasing Dialog's commitment to cutting-edge technology to strengthen brand recognition

- E-commerce site wOw.lk has over 8,000 products in its portfolio, and launched the country's first line of "Inspired Gifts" in partnership with the United Nations Children's Fund (UNICEF) to support and improve the lives of children and communities
- Dialog Axiata Digital Innovation Fund (DADIF) invested SLR144 million in three startups in 2018
- Smart school programme Headstart added 100 new schools and introduced a unique digital education transformation product in collaboration with Microsoft
- Launched a unified performance management system for employees, KPISOFT, based on Agile Performance Management along with a mobile app featuring online and real time feedback
- Incorporated Agile WoW within the company focusing on digitisation initiatives

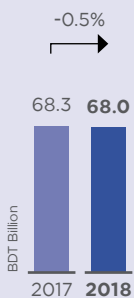
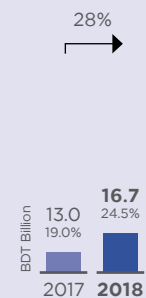
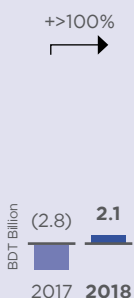
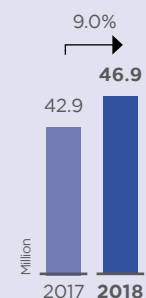
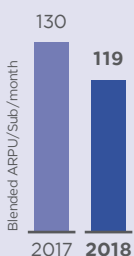
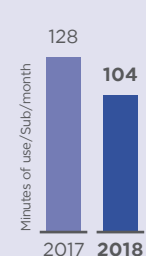
- Dialog's Net Profit After Tax (NPAT) was impacted by currency volatilities and declined by 30% to SLR7.5 billion. NPAT post normalisation for non-cash translational foreign exchange losses stood at SLR12.2 billion, representing a YoY increase of 9%
- Driven by accelerated growth in data revenue, blended ARPU grew over 4% to reach SLR403

Outlook for 2019 and Beyond

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

Financial Performance

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


REVENUE

EBITDA & EBITDA MARGIN (%)

PAT

CUSTOMERS

BLENDED ARPU

BLENDED MoU

Performance

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


People

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


Partnership

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


Planet & Society

- Launched new employee entrepreneurship programme, r-ventures
- Robi-10 Minute School is the largest online school in Bangladesh providing quality educational content to youth for free

Operating Environment

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

Business Review

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

- as, Lynda.com, and revamping the performance management system are key highlights in this connection
- Launched an employee entrepreneurship programme, r-ventures, with a view to encourage digital entrepreneurship among the employees
- The largest online school of Bangladesh, Robi-10 Minute School continues to grow with ever more students from across the country. It continues to introduce innovating digital learning tools and content to help youth get ready for IR 4.0

Financial Performance

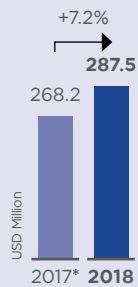
- Robi's revenue reached BDT68 billion following a decline of 0.5% from last year
- Robi also saved more than 10% on capex budget and exceeded opex savings target significantly on the back of its Cost Efficiency Programme, leading to EBITDA improving to BDT16.7 billion in 2018 from BDT13.0 billion in 2017
- Successful profit turnaround, with PAT positive of BDT2.1 billion, from Loss After Tax of BDT 2.8 billion in 2017
- Minutes of use per subscriber per month (MoU) decreased from 128 in 2017 to 104 in 2018, while blended ARPU declined to BDT 119 per user in 2018 from BDT130 per user in 2017

Outlook for 2019 and Beyond

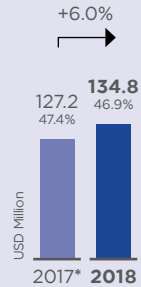
- Introduction of a unified call rate by abolishing the differential on-net and call rates has created space for a sustainable business environment, while a heavy taxation regime and a lack of floor price for data service remain as areas of concern
- To focus on digitisation and cost optimisation to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



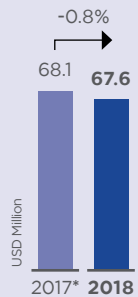
REVENUE



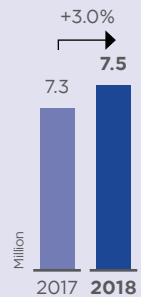
EBITDA & EBITDA MARGIN (%)



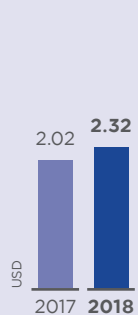
PAT



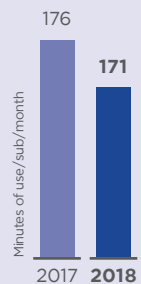
CUSTOMERS



BLENDED ARPU



BLENDED MOU (Per Sub Per Month)



Performance

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



People

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



Partnership

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



Planet & Society

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

Operating Environment

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

Business Review

- Launched fixed wireless broadband proposition, Smart @Home
- First to launch VoWi-Fi and eSIM
- Extended SmartPay, a direct operator billing service to Apple ecosystem
- Entered the IoT space in the areas of remote security, vehicle monitoring and asset tracking
- Provided the most affordable mobile bundles, with leadership in digital lifestyle and entertainment services
- Expanded rural roll out through Universal Service Obligation Fund while more than 95% of total base stations were equipped with 4G
- Perceived industry leader in cyber security protections and safeguards
- Smart's selfcare app, SmartNas - a single touchpoint for all Smart subscribers' transactions, is not limited to managing plans and services, but expands to managing VAS and Smart's loyalty programme.

SmartNas is currently fully managed by the internal DevOps team

- Superior Video Mean Opinion and DTI scores
- Sustained investment in people development through employee sponsorship programmes, competency training and promoting online learning
- Experimented with new Agile WoW such as cross-functional teams across commercial, customer experience and IT with new features being developed using scrum
- Introduced the Smart Employee Volunteer Programme to incentivise great CSR and sustainability programmes initiated by Smart's employees
- Signed a USD1.5 million Memorandum of Understanding (MoU) with the Ministry of Education, Youth and Sports and Ministry of Posts and Telecommunications to develop future talents and digital corporate leaders for the next three years
- Launched SmartEdu University Student Development Programme, mirroring Axiata Young Talent Programme, which focuses on nurturing future CEOs
- More than 1% of revenue committed to CSR initiatives in line with Government priorities

- Perceived industry leader in Tech Innovation initiatives through involvement in the Tech Summit, international pitch competitions and the SmartStart as well as SmartSpark programmes

Financial Performance

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

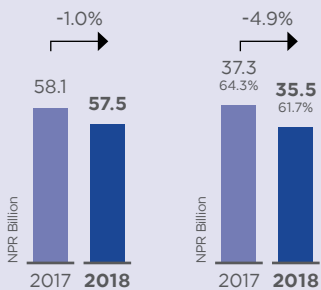
Outlook for 2019 and Beyond

- The Asian Development Bank expects Cambodia's economy to remain strong over the next two years, with 7% growth estimated for 2019, as it moves from a lower-middle-income nation to upper-middle-income in the next decade

Note:

* For like to like comparison, 2017 numbers excluded edotco Cambodia's results

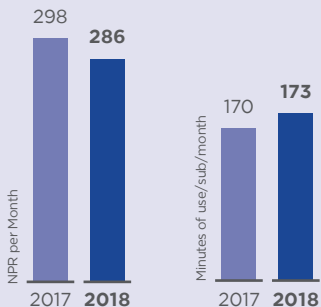
REVENUE **EBITDA & EBITDA MARGIN (%)**



PAT **CUSTOMERS**



BLENDED ARPU **BLENDED MoU (Per Sub Per Month)**



Performance

- Growth in core revenue and data revenue by 5.4% and 18% respectively



People

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



Partnership

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



Planet & Society

- Sustained efforts in Disaster Response and Technopreneurship
- Enabling digital literacy via Ncell Digital Libraries

Operating Environment

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

Business Review

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

- With the aim of providing our stakeholders an account of our sustainability initiatives and value creation efforts, Ncell finalised the process for its Sustainability Report

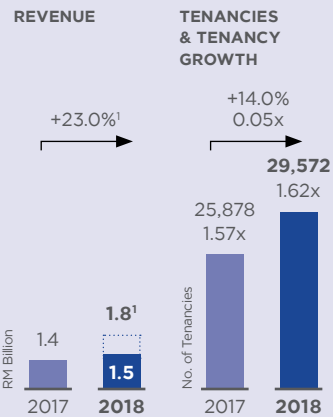
Financial Performance

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

Outlook for 2019 and Beyond

- With YoY decline of 2.0% expected in voice for 2019, Ncell is focused on driving profitability in new growth areas such as Device Bundling, Enterprise, Convergence and DFS
- Expect revenue decline in domestic

- voice usage for fixed wallet segment to be offset by higher data usage to access OTT services, with projections of data revenue and subscribers to increase by 29% and 16% respectively
- Target opex savings of NPR506 million, and capex savings of over NPR600 million for 2019
- Sustain talent development and employee engagement programmes towards establishing a M.A.D. organisation
- Driving customer-centric strategies of Customers to Fans (C2F), Retailers to Advocates (R2A) and Employees to Cheerleaders (E2C)
- To maintain engagement with regulatory authorities, and work collaboratively to reduce spectrum gap, mitigate voice, data tariff corrosion and other associated compliance risks, and shape the ILD and interconnection regime
- Maintain commitment towards Digital Nepal initiatives by building partnership and alliances with global and in-country partners towards nation building



Performance

- Achieved revenue of RM1.8 billion¹ for 2018, resulting in double digit growth for the year
- Contributed 7.4% and 8.2% to Group revenue and EBITDA respectively¹
- Increase in tenancy ratio to 1.62x by end of 2018 compared to 1.57x in 2017
- New tower build increased by 10.3% by end of 2018, compared to 9.3% in 2017



People

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



Partnership

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



Planet & Society

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

Operating Environment

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

Business Review

- Significant contributions to Group performance
 - edotco significantly contributed to the Group with a growth in revenue from 5.9% in 2017 to 7.4%¹ in 2018, and an increase in towers and tenancies of 10.3% and 14.3% respectively
 - Ended the year with an all-time high co-location ratio of 1.62x
 - Ended 2018 with total tower count of 29,837 towers owned and managed, an addition of 2,373 from 2017
 - Ended 2018 with 29,572 tenancies, an addition of 3,694 from 2017
- Significant growth in portfolio
 - Signed agreement to enter the Laos market with a local partner

- Successfully received tower sharing license in Bangladesh, allowing edotco to build and manage telecommunications towers for multiple mobile operators in the country
- Acquired 325 towers from South East Asia Telecom (Cambodia) Co. Ltd, expanding portfolio in Cambodia to over 3,600 towers
- Acquired Yiked Bina Sdn Bhd, expanding portfolio into Kedah, Malaysia with 225 towers
- Operationalised On Site Services Sdn Bhd, the largest independent First Line Maintenance entity with 400 employees, managing over 10,000 network sites throughout Malaysia

- Innovating the industry across the footprint
 - Deployed next generation IBS – four in Cambodia, 14 in Malaysia and three in Myanmar
 - Deployed the world's first multi-tenant, multi-operator small cells solution in Kuala Lumpur, Malaysia
 - Digitised preventive maintenance for towers using drone technology, resulting in 50% improvement in reporting time and 35% reduction in turnaround for data collection and report generation

- Signed partnerships with Sumitomo Corporation and JTower Inc to advance next generation technology solutions to improve connectivity offerings

- Championed sustainability in the business
 - Took over energy assets and management on 1,250 telecommunications tower sites across Myanmar from Ooredoo Myanmar Limited
 - Ended 2018 with a total of 1,112 green sites utilising renewable energy and alternative materials for tower construction
 - Achieved 44% reduction in carbon emission, surpassing target set by Group by 4% a year in advance
 - Impacted a total of 1,020 families, 30 mosques, 28 schools and one hospital in Bangladesh through the Tower to Community project
- Received regional and international recognition
 - Awarded the Frost and Sullivan Asia Pacific Tower Company of 2018 for exemplary business performance

Outlook for 2019 and Beyond

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

Note:

¹ Excluding MFRS impact in 2018



Performance

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

People

- Doubled employee headcount for rapid business expansion

Partnership

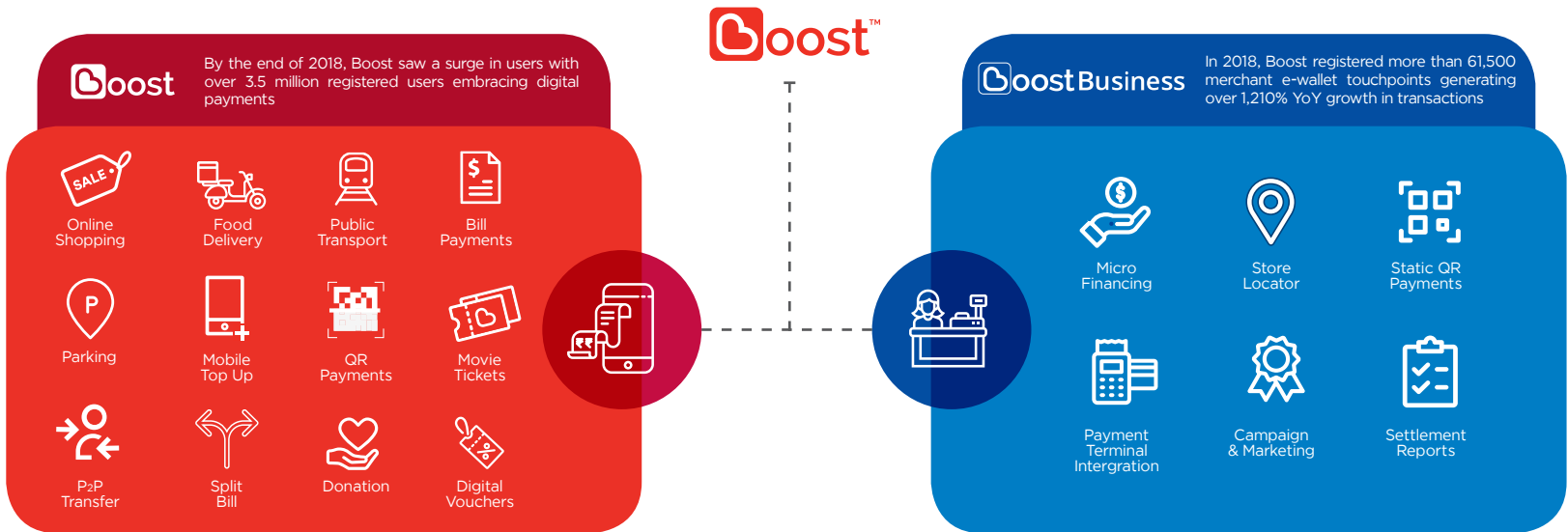
- Rolled out new lifestyle features 2018 including peer-to-peer money transfers, street parking payments, bill payments, transportation ticket payment and bookings, and e-vouchers

Planet & Society

- First e-wallet to introduce e-donation for users to contribute to charitable causes

What We Do

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



Operating Environment

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

Business Review

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

- Expanded partnerships with merchants nationwide, providing a mix of small cash-based businesses and big brands to reach different user segments
- Expanded service offerings to include peer-to-peer money transfers, street parking payments, bill payments, transportation ticket payment and bookings, e-vouchers and e-donations, pioneering a majority of these functionalities that have since become industry standard
- Doubled employee headcount in line with aggressive ramp-up in operations to support its expansion
- Use of data analytics to monitor team performances
- First e-wallet to introduce e-donations for users including for mosques and temples in several states across the country, as part of its commitment towards contributing to the well-being of communities

Outlook for 2019 and Beyond

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



Performance

- Net revenue growth rate of 122% YoY
- Advertiser billings growth rate of 96% YoY

People

- Attracted a diverse mix of talent from global agencies, consulting firms, technology and analytics practices across our nine markets

Partnership

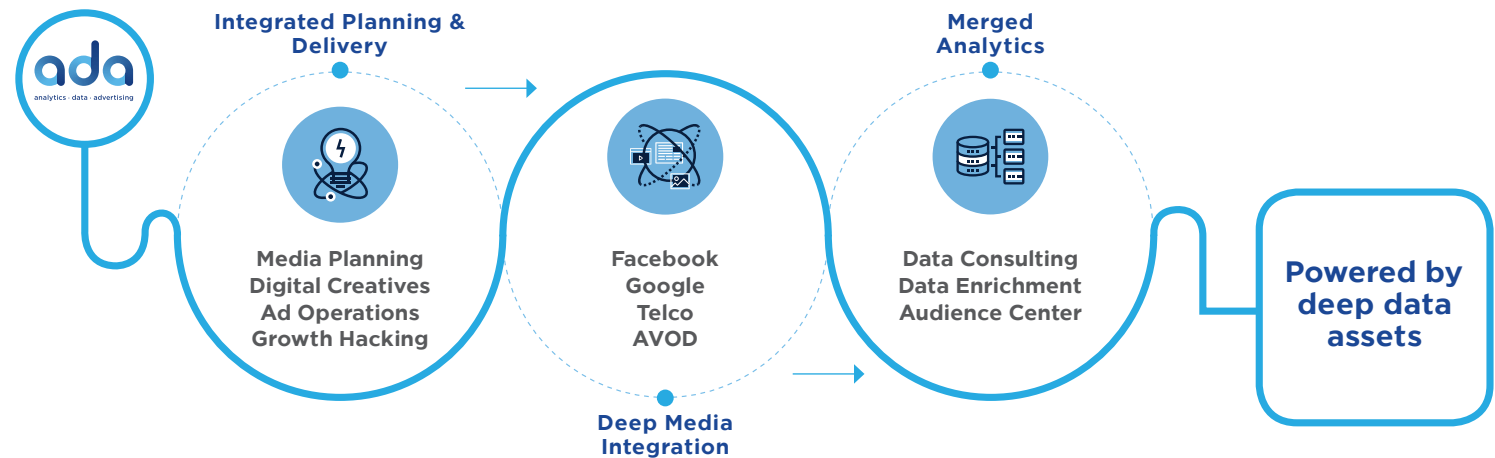
- Established major partnerships with Google, iflix, Hooq, FreedomPop and Intelligence Machine

Planet & Society

- Initiated CSR initiative for CLC Saga Kampung Likas in Kota Kinabalu, Sabah

What We Do

- Largest independent data-powered digital marketing agency across South and Southeast Asia combining the best of data science, media and content to unlock potential from digital branding for businesses across the region
- Well positioned to disrupt traditional agencies given unique approach of both product marketing and services
- Three business pillars include **Integrated Planning & Delivery**, **Deep Media Integration** and **Merged Analytics**
- Operates across nine countries (Malaysia, Thailand, Indonesia, Philippines, Singapore, Korea, Sri Lanka, Bangladesh and Cambodia)



Operating Environment

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

Business Review

- Launched “Agency of the Future” through the roll out of new products and data-driven offerings as follows:
 - Outcomes: Outcome or acquisition business model delivering specific business outcomes at zero risk to marketers
 - Creative: Data-driven creatives for better targeting and conversion
 - Programmatic: Automated delivery of ads across multiple channels

- Data-as-a-Service: Data insights and visualisations which address key industry and business problems
- Advertising video-on-demand (AVOD): Advertising video inventory through exclusive partnerships with iflix, Hooq and Viu

- Established major partnerships with Google, iflix, Hooq, FreedomPop and Intelligence Machine
- Rolled out *ada's* own regional industry event, Re.Con, in partnership with Campaign Asia
- Attracted a diverse mix of talent from global agencies, consulting firms, technology and analytics practices across our nine markets and hired key leaders going into 2019
- Developed our product stack from one product, Adparlor, to a full suite of products across Service, Automation, Omni-Channel Engagement, Business Insights and Data
- Built data-driven products in-house via our proprietary data management platform, Xact

- Developed deep data assets where we now have data from 280 million unique devices and more than 200 data attributes
- Initiated a Corporate Social Responsibility (CSR) initiative for CLC Saga Kampung Likas in Kota Kinabalu, Sabah where about 250 people worked together to repair the school with teachers and students as part of *ada's* company retreat activity
- Embarked on collaborations with Payong on ideas to uplift awareness on refugees leveraging our digital advertising capabilities

Outlook for 2019 and Beyond

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



Performance

- YoY GTV of 3.1x
- YoY Net revenue growth of 4.8x

People

- Crafted a set of Core Values under our new One Apigate company

Partnership

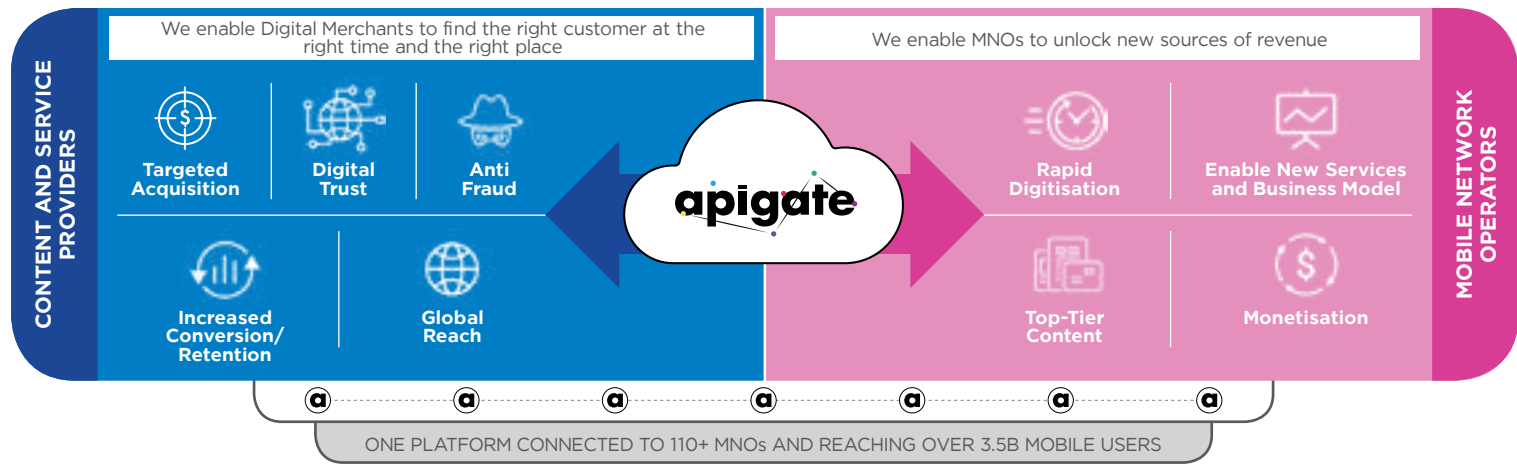
- Apigate enables connectivity and monetisation with a reach of 3.5 billion consumers, over 110 MNOs and approximately 250 connected merchants as of 31 March 2019

Planet & Society

- ApigateGo - a suite of educational and enablement programmes designed to bring early stage companies, developers and students to the API economy

What We Do

- Apigate is Axiata's homegrown global Application Programming Interface (API) platform that connects businesses to a world-class ecosystem and customers from around the globe
- Combines the innovative insights of a telco group and the technology of an award-winning open source Middleware to unlock new streams of revenue for MNOs while connecting digital merchants to find the right customers at the right time and the right place



Operating Environment

- While telco revenue and profitability have been under pressure in an increasingly competitive environment driven by data service commoditisation, Over-The-Top (OTT) digital services offer the opportunity to generate new revenue streams and to create a new phase of growth for telcos globally
- Near ubiquitous 4G deployment and rising smartphone penetration in Asia continued to drive the proliferation of mobile entertainment services such as mobile gaming, music streaming and Video-On-Demand (VOD)
- Western markets for digital services such as VOD have become heavily saturated, while China last year imposed heavy restrictions on new game release, forcing digital merchants and game developers to seek growth in our region
- Low credit card penetration remained a key challenge for monetisation and carrier-billing continued to be a viable payment option to serve millions of users in these markets

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

Business Review

- Evolved from being an 'internal' division exposing Axiata OpCos' APIs to being a fully-independent entity serving telcos across the region
- Consolidated business under 'One Brand, One Team'
- Completed the acquisition of WSO2 Telco and consolidated the engineering team into our global R&D team under our new 'One Apigate' company, we have crafted a set of Core values - One Team; Trust; Be An Expert; Act Now; Customer Success
- Drafted a new full-suite of end-to-end services to better serve our digital service merchants across the customer journey to provide 'frictionless payment' and drive revenue maximisation

Outlook for 2019 and Beyond

- In line with current industry trends and developments, Apigate, with its open-source API platform, is well-positioned to capture opportunities as a telco API layer enabling global digital merchants to access users in ASEAN and Southeast Asia, and local telecom operators to generate new revenue streams from their existing subscribers
- In the medium-term, Apigate will further improve operational efficiency to increase scalability and expand partnerships, as we build a replicable playbook that will become the cornerstone of our expansion to other emerging markets
- As we scale globally, we are progressively building a global team that can serve our customers in the three main markets where we will operate - Asia, Africa, Latin America



**Our
Governance**

Corporate Governance Overview

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

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

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

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

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

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

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



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

CORPORATE GOVERNANCE FRAMEWORK			
Companies Act 2016 (“CA 2016”)	Main LR of Bursa Securities	MCCG 2017	Corporate Governance Guide: 3rd Edition issued by Bursa Malaysia Berhad

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

Corporate Governance Overview

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

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

- **Practice 4.3 - Step-up**

The Board has a policy which limits the tenure of its independent directors to 9 years.

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

- **Practice 7.2 and 7.3 - Step-up**

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

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

- **Practice 12.3**

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

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

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

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

GROUP'S CORPORATE GOVERNANCE PRACTICES

Principle A: Board Leadership and Effectiveness

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



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

Principle B: Effective Audit and Risk Management

Board Audit Committee and Risk Management and Internal Control Framework.



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

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

Communication with Stakeholders and Conduct of General Meeting.



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

Corporate Governance Framework

COMPLIANCE



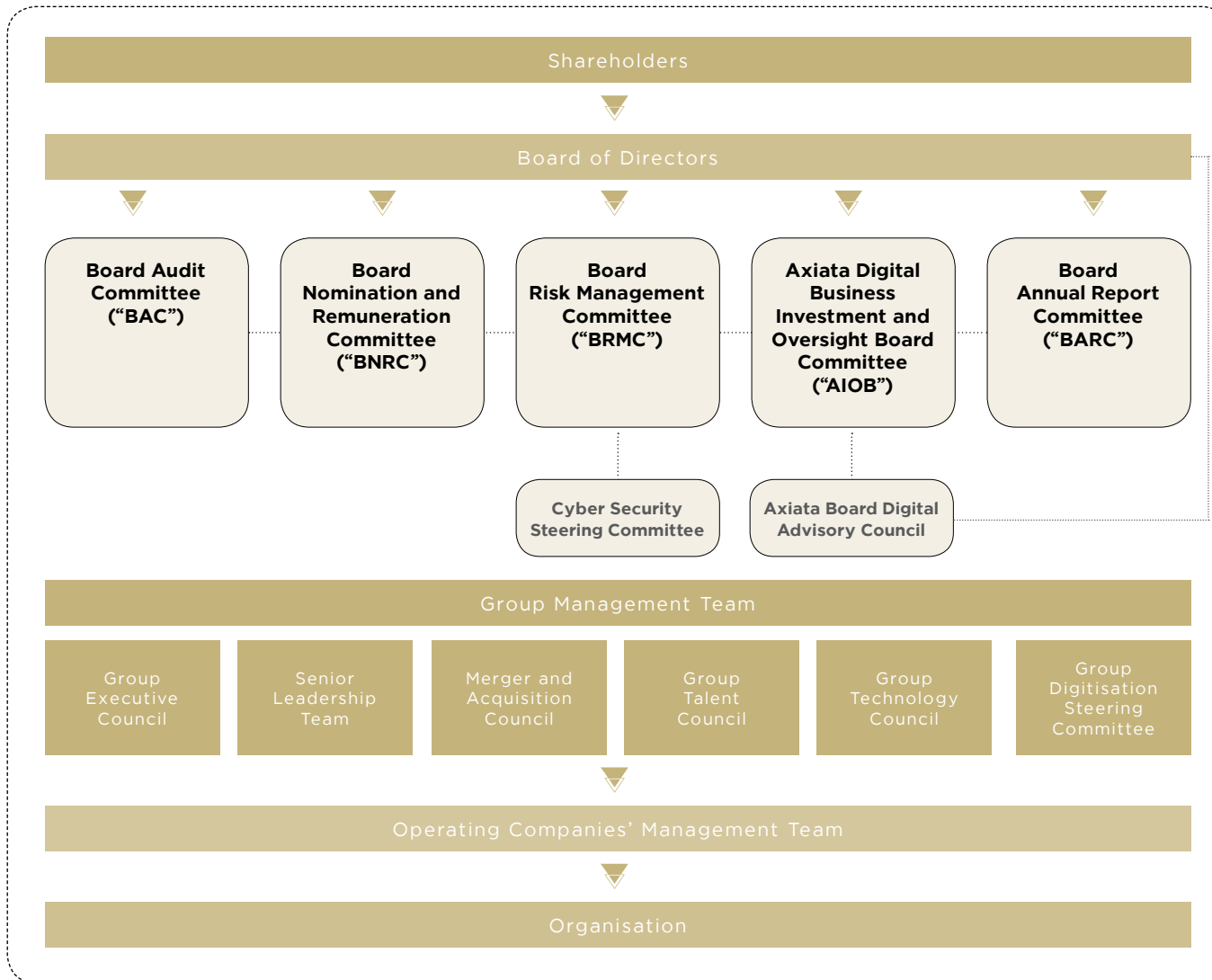
1 Main LR of Bursa Securities & Company Act 2016



2 MCGG 2017



3 Axiata's Corporate Governance Framework



ASSURANCE



1 Audit of financial data and review of social and environmental data (internal & external)



2 Facilitation and organisational audit (internal)



3 Quality audit and inspections (internal & external)

Board of Directors

Principle A:

Board Leadership and Effectiveness

Structural Changes to Board Composition

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

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



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



**TAN SRI GHAZZALI
SHEIKH ABDUL KHALID**

*Chairman
Independent Non-Executive Director*

Age	Nationality	Gender
73	Malaysian	Male
Length of Service		Date of Appointment
11 years		24 March 2008 <i>Appointed as Chairman on 1 November 2018</i>



**TAN SRI JAMALUDIN
IBRAHIM**

*Managing Director/
President & Group Chief Executive Officer*

Age	Nationality	Gender
60	Malaysian	Male
Length of Service		Date of Appointment
11 years		3 March 2008



DAVID LAU NAI PEK

Senior Independent Non-Executive Director

Age	Nationality	Gender
66	Malaysian	Male
Length of Service		Date of Appointment
11 years		23 April 2008



**DATO' MOHD IZZADDIN
IDRIS**

Independent Non-Executive Director

Age	Nationality	Gender
56	Malaysian	Male
Length of Service		Date of Appointment
2 years 4 months		24 November 2016

Board of Directors



**DATO DR NIK RAMLAH
NIK MAHMOOD**
Independent Non-Executive Director

Age 63	Nationality Malaysian	Gender Female
Length of Service 2 years	Date of Appointment 21 March 2017	



DR DAVID ROBERT DEAN
Independent Non-Executive Director

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



**DR MUHAMAD CHATIB
BASRI**
Independent Non-Executive Director

Age 53	Nationality Indonesian	Gender Male
Length of Service 4 years	Date of Appointment 25 February 2015	



**TENGGU DATO' SRI AZMIL
ZAHRUDDIN RAJA ABDUL AZIZ**
*Non-Independent Non-Executive Director
(Representative of Khazanah)*

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



DR LISA LIM POH LIN
Independent Non-Executive Director

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



KHOO GAIK BEE
Independent Non-Executive Director

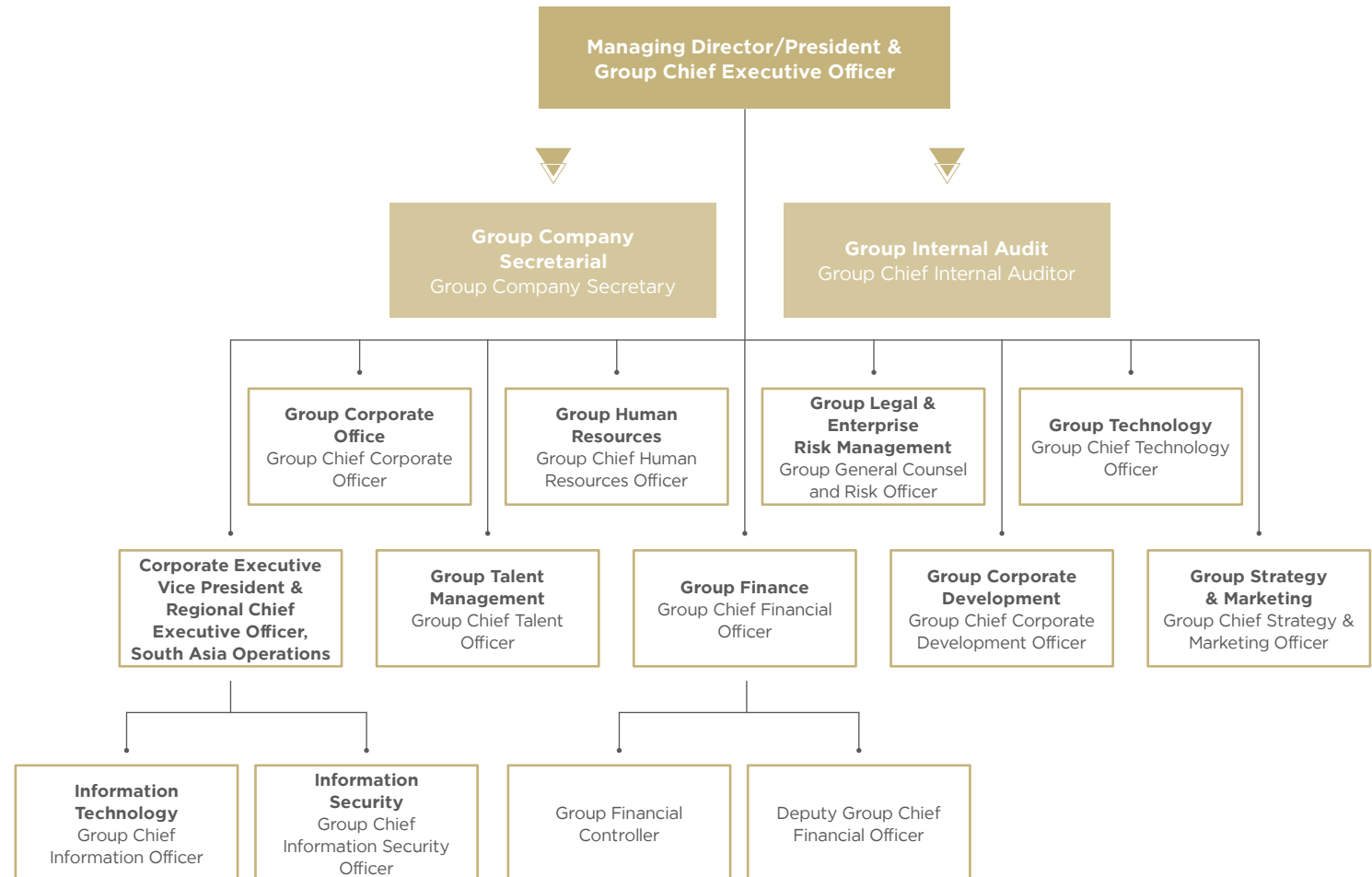
Age 61	Nationality Malaysian	Gender Female
Length of Service 3 months	Date of Appointment 1 January 2019	

Group Organisational Chart

The Board places great importance in ensuring that Axiata has in place a strong and cohesive Senior Leadership Team (“SLT”) made up of capable individuals who are experts in their own respective fields.

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

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



For complete details of the Profile of Group SLT, please refer to pages 11 to 15



Group Senior Leadership Team



TAN SRI JAMALUDIN IBRAHIM

*Managing Director/
President & Group Chief Executive Officer*

Age 60	Nationality Malaysian	Gender Male
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Years of Service at Axiata 11 years	Date of Appointment to Current Position 3 March 2008
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DR HANS WIJAYASURIYA

*Corporate Executive Vice President
& Regional Chief Executive Officer,
South Asia Operations*

Age 50	Nationality Sri Lankan	Gender Male
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Years of Service at Axiata 25 years	Date of Appointment to Current Position 1 January 2017
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VIVEK SOOD

Group Chief Financial Officer

Age 54	Nationality Indian	Gender Male
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Years of Service at Axiata 2 years	Date of Appointment to Current Position 3 April 2017
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AZWAN KHAN OSMAN KHAN

Deputy Group Chief Financial Officer

Age 49	Nationality Malaysian	Gender Male
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Years of Service at Axiata 14 years	Date of Appointment to Current Position 1 November 2018
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DATIN SRI BADRUNNISA MOHD YASIN KHAN

Group Chief Talent Officer

Age 59	Nationality Malaysian	Gender Female
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Years of Service at Axiata 11 years	Date of Appointment to Current Position 1 June 2011
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ASRI HASSAN SABRI

Group Chief Corporate Officer

Age 52	Nationality Malaysian	Gender Male
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Years of Service at Axiata 3 years	Date of Appointment to Current Position 1 September 2018
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Group Senior Leadership Team



HADI HELMI ZAINI SOORIA

Group Chief Internal Auditor

Age	Nationality	Gender
49	Malaysian	Male

Years of Service at Axiata	Date of Appointment to Current Position
22 years	15 October 2018



SURYANI HUSSEIN

Group Company Secretary

Age	Nationality	Gender
53	Malaysian	Female

Years of Service at Axiata	Date of Appointment to Current Position
16 years	1 April 2008



DARKE M SANI

Group Chief Human Resources Officer

Age	Nationality	Gender
63	Singaporean	Male

Years of Service at Axiata	Date of Appointment to Current Position
7 years	1 June 2011



DOMINIC P ARENA

Group Chief Strategy and Marketing Officer

Age	Nationality	Gender
42	Australian	Male

Years of Service at Axiata	Date of Appointment to Current Position
3 years	1 March 2016



ANNIS SHEIKH MOHAMED

Group Chief Corporate Development Officer

Age	Nationality	Gender
47	Malaysian	Male

Years of Service at Axiata	Date of Appointment to Current Position
7 years	1 July 2011



TAN GIM BOON

Group General Counsel and Risk Officer

Age	Nationality	Gender
46	Malaysian	Male

Years of Service at Axiata	Date of Appointment to Current Position
15 years	14 April 2014



ANTHONY RODRIGO

Group Chief Information Officer

Age	Nationality	Gender
51	Sri Lankan	Male

Years of Service at Axiata	Date of Appointment to Current Position
8 years	1 August 2017



YAP WAI YIP

Group Financial Controller

Age	Nationality	Gender
62	Malaysian	Male

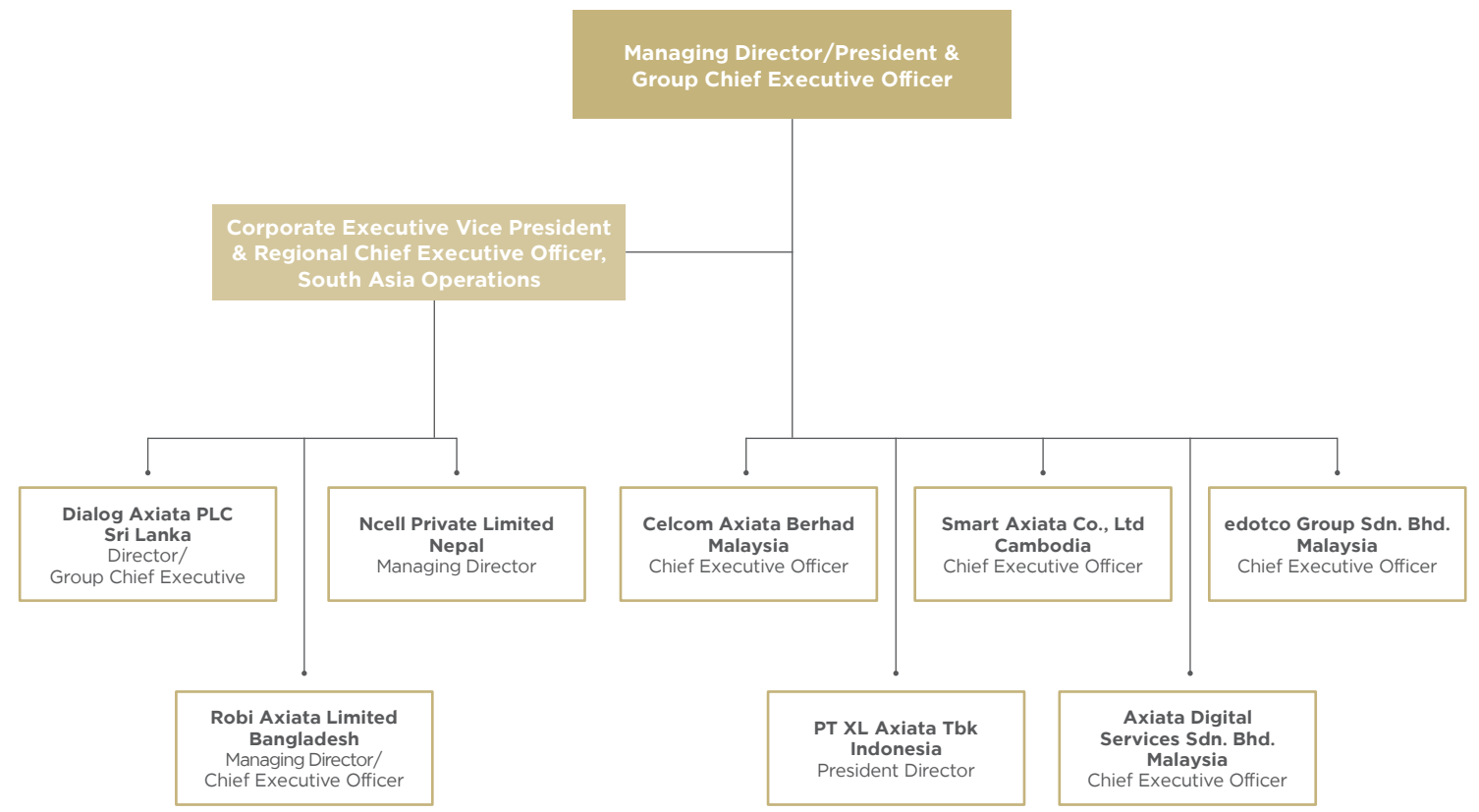
Years of Service at Axiata	Date of Appointment to Current Position
11 years	1 November 2016


Operating Companies' Organisational Chart

In 2018, Celcom welcomed a new CEO, who was an internal talent.

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

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



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



Operating Companies' Management Team

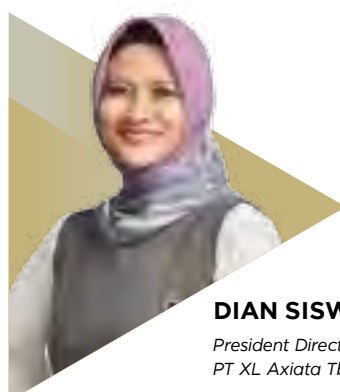


**MOHAMAD IDHAM
NAWAWI**

*Chief Executive Officer
Celcom Axiata Berhad*

Age	Nationality	Gender
51	Malaysian	Male

Years of Service at Axiata	Date of Appointment to Current Position
6 years	1 September 2018



DIAN SISWARINI

*President Director
PT XL Axiata Tbk*

Age	Nationality	Gender
50	Indonesian	Female

Years of Service at Axiata	Date of Appointment to Current Position
22 years	1 April 2015



SUPUN WEERASINGHE

*Director/Group Chief Executive
Dialog Axiata PLC*

Age	Nationality	Gender
43	Sri Lankan	Male

Years of Service at Axiata	Date of Appointment to Current Position
19 years	1 January 2017



THOMAS HUNDT

*Chief Executive Officer
Smart Axiata Co., Ltd.*

Age	Nationality	Gender
41	German	Male

Years of Service at Axiata	Date of Appointment to Current Position
6 years	19 February 2013



**SUREN J.
AMARASEKERA**

*Managing Director
Ncell Private Limited*

Age	Nationality	Gender
54	Sri Lankan	Male

Years of Service at Axiata	Date of Appointment to Current Position
2 years	1 July 2017



MAHTAB UDDIN AHMED

*Managing Director/
Chief Executive Officer
Robi Axiata Limited*

Age	Nationality	Gender
52	Bangladeshi	Male

Years of Service at Axiata	Date of Appointment to Current Position
8 years	1 November 2016



**MOHD KHAIRIL
ABDULLAH**

*Chief Executive Officer
Axiata Digital Services Sdn Bhd*

Age	Nationality	Gender
48	Malaysian	Male

Years of Service at Axiata	Date of Appointment to Current Position
7 years	1 January 2015



SURESH SIDHU

*Chief Executive Officer
edotco Group Sdn Bhd*

Age	Nationality	Gender
52	Malaysian	Male

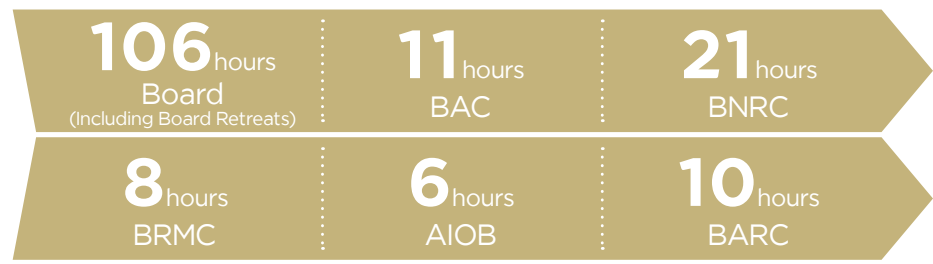
Years of Service at Axiata	Date of Appointment to Current Position
10 years	26 August 2014

Board Leadership

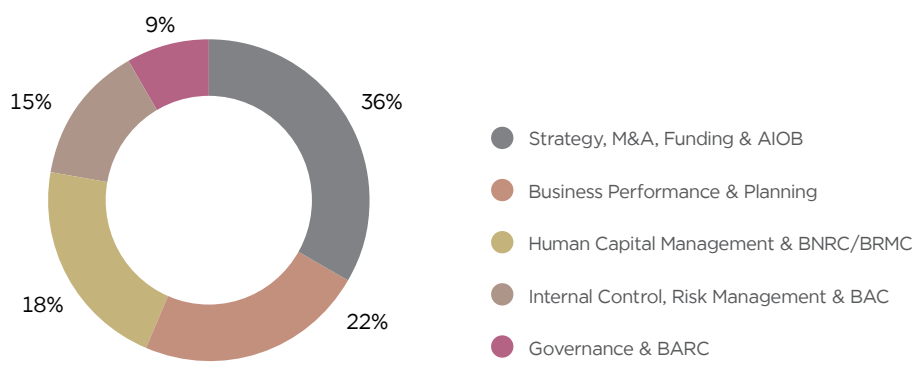
Duties & Responsibilities of the Board

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

Total Hours for Board & Board Committee Meetings



The topics of discussion at the meetings are as follows:



Activities in 2018

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

Organisation

- Nurturing a Modern, Agile & Digital (M.A.D.) organisation.
- Framework targeting functional superiority or best practice across main functions covering:
 - Digitisation
 - Analytics
 - IT & network modernisation

People

- Top Management changes across the Group.
- Board refresh and succession planning across the Axiata Group.

Priorities for 2019

- With a clear vision to be the New Generation Digital Champion by 2022, the Board will continue to monitor its execution over the short, medium and long-term.
- Shifting Gear agenda with short-term focus towards profitability and cash flows.
- Overseeing the execution of the cost optimisation and M.A.D. organisation initiatives.
- Execution of Board refresh and succession planning.



Board Leadership

Code of Conduct and Ethics

The Directors Code of Ethics adopted in 2011 were reviewed and replaced with a new Board Code of Conduct and Ethics (“Code”) approved by the Board in February 2018. Adoption of the new Code is to be in line with the practices in the MCCG 2017 and ensures that the Board continues to shape the ethical culture through its leadership. The provisions of the Code are aligned with the Employees Code of Conduct and the corporate culture of uncompromising integrity and exceptional performance applicable across the Group.

The Code is available online at https://www.axiata.com/files/upload/corporate/Board_Code_of_Conduct_and_Ethics.pdf

Board Charter

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

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

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

Directors’ Professional Development and Education

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

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

The training programmes attended by each of the Director in 2018 are listed on pages 9 to 10 of the GAFS.

2018 Directors’ Training Areas



Board Composition

Board Size and Composition

Axiata has in place a Board Composition Framework which takes into consideration, among others, the complexity and geographical spread of the Group's businesses.

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

ii) Two NINEDs representing Khazanah as the major shareholder;

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

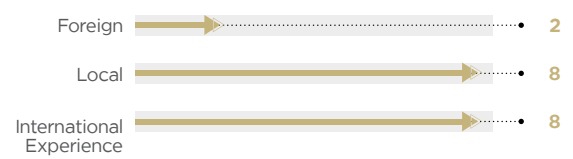
iv) Up to three members with geographical experience matching Axiata's footprint (Indonesia/ Indian sub-continent/international).

Current composition of Axiata Board has the appropriate mix of diversity, skills, experience and capabilities:

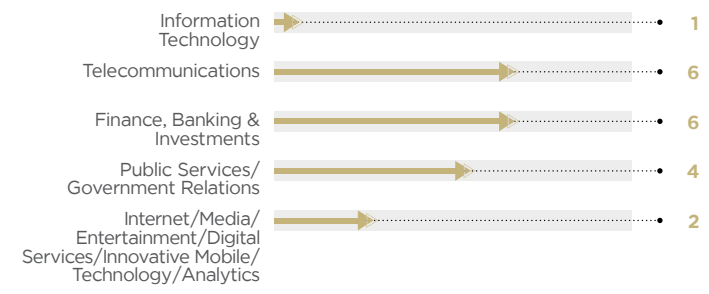
NINED/INED/ED & Gender



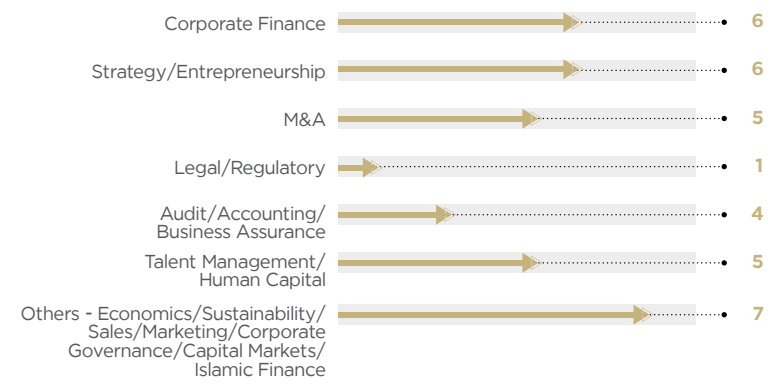
Nationality/International Experience



Industry Experience



Functional Experience



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

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



2018 Meeting Calendar

The overall calendar of meetings of the Board and Committees held in 2018 and attendance of the respective Directors are provided below:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
BOD	• #	•	•		•		# • (Mid-Year Strategy Retreat)	# •		# #	• • (2-day business planning)	
BAC	#	•	#		•		#	•		# #	•	
BNRC	•	•	• # # #	#	• # #		#	•		# #	•	
BRMC		•			•			•				
AIOB				•					•			•
BARC	•	•	• • •	•								

- Scheduled Meeting
- # Special Meeting

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

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



Board Effectiveness

Board Effectiveness Evaluation (“BEE”)

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

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

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

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

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

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

1: Board Room Commitment and Resilience

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

2: Rigour of Board Deliberation

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

3: Working Relationship between the Board and the President & GCEO

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

4: Succession Planning

The Board has consciously established a premeditated and timely succession plan to generate progressive renewal of the Board. Additionally, as part of the broader succession management, the BNRC plays a proactive role in bridging any void in regards to skill set and gender diversity.

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

1: Boardroom configuration across the Group

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

2: Oversight of Operating Companies

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

3: Strategic Deliberations

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

4: Information Flow and Board Administration

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

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



Board Effectiveness

Board Effectiveness Evaluation (“BEE”)

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

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

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

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

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

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

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

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

The Board recommends his re-election as an INED.

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



Board Remuneration

Non-Executive Directors (“NED”)

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

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

Remuneration	Monthly Fees ¹ (RM)		Meeting Allowances ² (RM)	
	NEC ³	NED	NEC ³	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

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

Benefits

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

Executive Directors (“ED”)


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

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

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

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

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

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



Board Committees

	Roles	Activities in 2018	Priorities for 2019
<p>► Board Nomination and Remuneration Committee (“BNRC”)</p> <p>Members Dato Dr Nik Ramlah Nik Mahmood (Chairman) (INED) Tengku Dato’ Sri Azmil Zahrudin Raja Abdul Aziz (NINED) Khoo Gaik Bee (INED)</p>	<p>Nomination</p> <ul style="list-style-type: none"> 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. <p>Remuneration</p> <ul style="list-style-type: none"> Recommend to the Board the remuneration of the EDs in all its forms, drawing from outside advice as necessary; Assist the Board in determining the policy and structure for the remuneration of Directors and Senior Management of Axiata Group; and Administer the ‘Performance-Based Employee Share Option Scheme and Restricted Share Plan (“Axiata Share Scheme”) in accordance with the Bye-Laws of the Axiata Share Scheme (“Bye-Laws”) as approved by shareholders of the Company. 	<p>Nomination</p> <ul style="list-style-type: none"> Considered the significant changes to the Board of Axiata in 2018 and early 2019 involving the appointments of 3 new directors, the resignation of 2 directors and the retirement of a director and recommended the phased retirement plan to be kept in abeyance in 2019. Twice during the year reviewed reports on directors training including making recommendations thereof. Reviewed changes proposed in respect of the nomination of Axiata nominee directors on OpCo Boards. Reviewed and recommended the extension of employment contracts of key personnel of Axiata Group. Discussed the findings of the 2017 BEE and follow-up actions and approach for 2018 BEE. Recommended the appointment of Board Committee members and other changes. Recommended the amalgamation of BNC and BRC into a single committee, BNRC effective 1 January 2018. Recommended the establishment and membership of a new Board Committee, BRMC. Succession Planning and Talent Management Review. Reviewed the suitability of the directors due for re-election at the 2018 AGM. Assessed and recommended the INEDs who have exceeded the nine-year cumulative term limit to continue serving as independent. Reviewed and recommended the appointments of Tengku Dato’ Sri Azmil Zahrudin Raja Abdul Aziz, Dr Lisa Lim Poh Lin and Khoo Gaik Bee as Axiata Board members where the search for the women directors involved the engagement of an external recruitment firm. <p>Remuneration</p> <p>The BNRC considered and recommended to the Board the following matters:</p> <ul style="list-style-type: none"> Not to undertake a review of NED remuneration in the immediate term. Long-Term Incentive Plan (“LTIP”) for Axiata and Axiata Digital Services Sdn Bhd. Revision of Group Performance Bonus Matrix. Long-Term Incentive Grant for edotco Group Sdn Bhd. GCEO KPI2017 - Performance Evaluation and Remuneration. Company Bonus Payment and Salary Review Budget. 2018 Restricted Share Plan Grant and Vesting. 	<p>Nomination</p> <ul style="list-style-type: none"> To re-evaluate execution of Board phased retirement plan and Board refresh. Review of top Management succession planning. Monitor follow-up actions based on 2018 BEE findings and decide on the approach for 2019 BEE. Other routine or new matters proposed by Management/Board. <p>Remuneration</p> <ul style="list-style-type: none"> Review and approve a revised compensation scheme for senior management and other employees. Routine matters such as: <ul style="list-style-type: none"> Performance Bonus and Increment for employees; LTIP for Axiata and its subsidiaries; Proposed Headline KPIs for GCEO; and Proposed Company Bonus Payment and Increment and others.



Board Committees

	Roles	Activities in 2018	Priorities for 2019
<p>▶ Axiata Digital Business Investment and Oversight Board Committee (“AIOB”)</p> <p>Members Dato’ Mohd Izzaddin Idris (Chairman) (INED) David Lau Nai Pek (SINED) Tan Sri Jamaludin Ibrahim Dr David Robert Dean (INED) Tengku Dato’ Sri Azmil Zahrudin Raja Abdul Aziz (NINED) Dr Hans Wijayasuriya Mohd Khairil Abdullah Vivek Sood</p>	<ul style="list-style-type: none"> • Approve investments in digital business up to USD20 million provided that the approved investment is within the budget approved by Axiata Board. • Perform the oversight function on investments made under the ambit of AIOB approval. • Approve divestment of digital business up to USD20 million provided it was an investment previously approved by AIOB. 	<p>The committee made key investment decisions relating to Digital Businesses and monitors its performance within its Limits of Authority.</p>	<ul style="list-style-type: none"> • Focus on the discipline of tracking the performance of the business against their original business case and to make appropriate decision and/or recommendation in a timely manner.
<p>▶ Board Annual Report Committee (“BARC”)</p> <p>Members David Lau Nai Pek (Chairman) (SINED) Tan Sri Jamaludin Ibrahim Dato’ Mohd Izzaddin Idris (INED)</p>	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • In 2017, Axiata developed its inaugural integrated annual report. Within the next three to four years, the Board targets to apply 100% of the Integrated Reporting framework and this remains the focus for 2019. • To improve on the integrated annual report reporting process and the quality of information.

Board Audit Committee

Principle B: Effective Audit and Risk Management

Board Audit Committee ("BAC")

Members

David Lau Nai Pek (Chairman) (SINED)
Dr David Robert Dean (INED)
Dato' Mohd Izzaddin Idris (INED)

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

Group Chief Internal Auditor ("GCIA") acts as the Secretary of the BAC and meeting dates are synchronized 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.

Board Audit Committee

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 2018

- A Cyber Security Forum initiated by the Cyber Security Steering Committee ("CSSC") was held on 18 July 2018 attended by OpCos' BAC Chairmen and Senior Management of Axiata and OpCos to discuss the Cyber Strategy as well as progress of improvement initiatives for 2018. This includes the status of improvement initiatives to address the critical issues highlighted in the security review - Cyber Security Posture Assessment ("CSPA").
- Reviewed the set up for the fraud and investigation function across the Group.
- The BAC Chairman visited PT XL Axiata Tbk ("XL") in Indonesia to review the challenges faced by XL's management in operating in a challenging environment and XL's perspective on governance and controls.
- A total of 124 internal audit reviews were completed across the Group.
- Reviewed the financial results quarterly, half yearly and annually prior to tabling the same to the Board for approval.
- Reviewed the potential impairment exposure of major investments.
- Held private meetings with the external auditors without the presence of management.
- Reviewed business control incidents and identified cases of control weaknesses including fraud for sharing of lessons learnt within the Group to avoid similar incidents.
- Acknowledged and reviewed investigated defalcation cases across the Group.
- Improved the process for review of the accounting impact of M&A deals, particularly where derivatives are employed including the use and accounting for options.
- Increased the ongoing focus of potential impact on financials arising from divestments, in-country consolidation and M&A. In particular, in 2018 the focus was the impairment of Axiata's investment in Idea following the completion of the merger which resulted in dilution of the Group's stake from associate to simple investment.
- Reviewed the Group foreign currency exposure, the impact of currency translation on Axiata Group's financial statements, debt level including restructuring where necessary and dividend policy.
- Reviewed the progress and reporting of cost savings under Axiata Group's Cost Optimisation project.
- Ensured the adoption of recently introduced International Accounting standards across the Group, such as MFRS 9 and MFRS 15.
- Reviewed the Purchase Price Allocation (PPA), Goodwill and Capital Gain Tax (CGT) of Ncell Private Limited in Nepal.
- Reviewed the accounting impact arising from the sale of M1 Limited in Singapore.

Priorities for 2019

- Ensure adoption of recently introduced International Financial Reporting Standards ("IFRS") and Malaysian Financial Reporting Standards ("MFRS") across the Group, such as MFRS 16.
- Post mortem on major acquisitions to learn from the past acquisitions in terms of governance, risks, and controls.
- Review carrying value of assets as required by IFRS and MFRS and in line with Axiata's Eight Needle-Moving Strategic Initiatives for 2019.
- Establish a dedicated Internal Audit Team for Axiata Digital Services (ADS) Group to strengthen the independent assessment capability and capacity to better manage the governance, risks and controls in view of ADS businesses expanding rapidly.
- Review Cyber Security programmes and related internal controls of the Group.
- Review Data Privacy programmes and related controls.
- Continue to review the Group foreign currency exposure, the impact of currency translation on Axiata Group's financial statements, debt level including restructuring where necessary and dividend policy.
- Continue to review the progress and reporting of cost savings under Axiata Group's Cost Optimisation project in line with Axiata's 8 Focus Areas For 2019.
- Review capex efficiency programme/practices in line with Axiata's 8 Focus Areas for 2019.
- Agile audit: Encourage use of "analytics based audit (ABA)" in internal audit works across the Group to deliver a more efficient, accurate, holistic and effective assessment on internal controls risks.



Board Audit Committee

Review of the performance of the BAC

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

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

Relationship with Auditors

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

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

Whistleblowing Policy

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

Internal Control & Risk Management

Board Risk Management Committee ("BRMC")

Members

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

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

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

BRMC which comprises of a majority of INEDs, has the advantage of also having the President & 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.

Board Risk Management Committee

Roles

Risk Management

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

Business Continuity Management

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

- Ensure that the BCP and DRP are reviewed and updated continuously to reflect changes in the operating environment.

Other Responsibilities

- Ensure ongoing awareness programmes, communication, training and education on risk management, BCM and compliance.
- Provide advice to the Board on company activities that involve risk.
- Promote a healthy risk culture and watch for dysfunctional behaviour that could undermine the effectiveness of the risk management process (e.g. excessive risk-taking due to misaligned key performance indicators and remuneration schemes).
- Consider other matters relating to risk management as referred to by the Board of Axiata or by BRMC by its own accord.

Activities in 2018

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

Priorities for 2019

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

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

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

Note:

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



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 BRMC to assist the BRMC in focusing on the implementation of the cyber security initiatives in the Group and ensuring a standardised and aligned implementation is adopted across the Group. This focused approach was essential with the numerous cyber-attacks and the level of sophistication of these attacks experienced by many organisations across the globe.

Board Risk Management Committee

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 Group's information, records, properties and personnel.
- Obtain external independent professional advice where necessary.
- Escalate issues to the BRMC for immediate action and with approval from the BRMC Chairman, the CSSC can change the Cyber Security priorities accordingly.

Responsibilities

Review the proposed Global Internal Audit Plans in respect of cyber security audit across the Group and make recommendations to the BAC.

Oversight of the Chief Information Security Officer (CISO) Function whereby the CISO shall report to the CSSC on matters of cyber security.

The CSSC shall:

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

Activities in 2018

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


Priorities for 2019

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

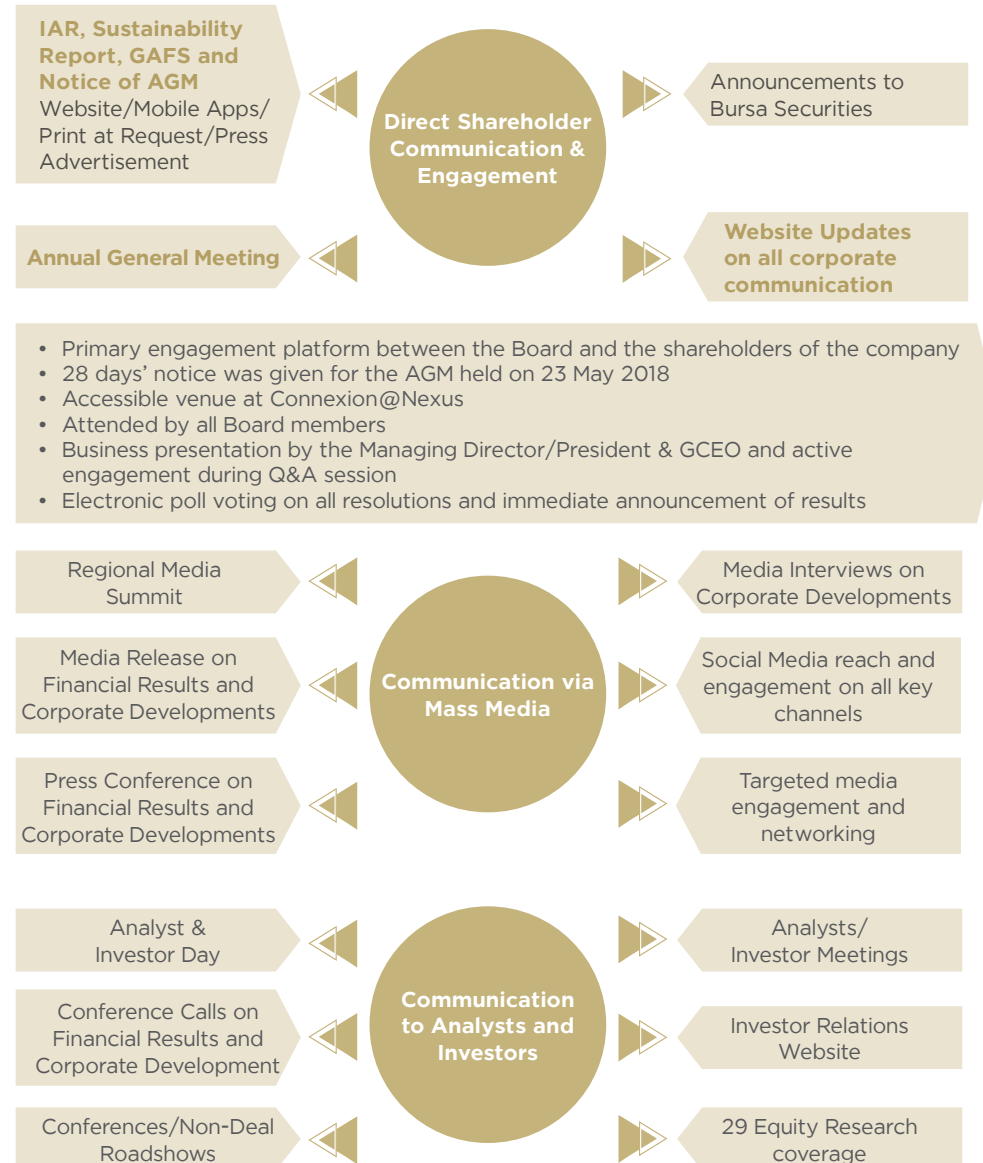
Communication with Shareholders and Investors

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 Group is fully committed in maintaining high standards in the dissemination of relevant and material information on the development of the Group in its commitment to maintain effective, comprehensive, timely and continuous disclosure. There has also been strong emphasis on the importance of timely and equitable dissemination of information. Disclosures of corporate proposals and/or financial results are made not only in compliance with the Main LR of Bursa Securities but also include additional items through media releases and are done on a voluntary basis.

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

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



Investor Relations

Conferences, non-deal roadshows ("NDR"), large group meetings and one-on-one meetings

24 January	Invest Malaysia Maybank & Bursa Malaysia, Kuala Lumpur
1 - 5 March	London NDR UBS
12 - 16 March	Axiata OpCos Reverse NDR Maybank
20 - 21 March	21st Annual Asian Investment Conference Credit Suisse, Hong Kong
6 - 7 June	Investment Forum Asia 2018 Nomura, Singapore
10 - 11 September	Investors' Forum 2018 CLSA, Hong Kong
17 - 18 September	London NDR CLSA
26 November	Analyst & Investor Day Kuala Lumpur
30 November	Singapore NDR BofAML
4 - 6 December	USA NDR HSBC



Group Directory



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**Other
Information**



Notice of Annual General Meeting

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

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Report of the Directors and the Auditors thereon.
2. To re-elect the following Directors, each of whom retires by rotation pursuant to Clause 104 of the Constitution of the Company (“Constitution”) and being eligible, offers himself for re-election:

- | | |
|---|--------------------------------|
| i) Tan Sri Ghazzali Sheikh Abdul Khalid | (Ordinary Resolution 1) |
| ii) Tan Sri Jamaludin Ibrahim | (Ordinary Resolution 2) |
| iii) Dato’ Mohd Izzaddin Idris | (Ordinary Resolution 3) |

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

- | | |
|------------------------|--------------------------------|
| i) Dr Lisa Lim Poh Lin | (Ordinary Resolution 4) |
| ii) Khoo Gaik Bee | (Ordinary Resolution 5) |

4. To approve the following payment by the Company:

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

	Non-Executive Chairman (“NEC”)/per month (RM)	Non-Executive Director (“NED”)/per month (RM)
i) Directors’ fees	30,000.00	20,000.00
ii) Directors’ fees of the Board Audit Committee	4,000.00	2,000.00
iii) Directors’ fees of the Board Nomination and Remuneration Committee	1,200.00	800.00

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

- b) Benefits payable to NEC and NEDs from the 27th Annual General Meeting until the next Annual General Meeting. **(Ordinary Resolution 6)**
5. To approve the payment of fees and benefits payable by the subsidiaries to the NEDs of the Company from the 27th Annual General Meeting until the next Annual General Meeting. **(Ordinary Resolution 7)**
6. To re-appoint PricewaterhouseCoopers PLT having consented to act as the Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

AS SPECIAL BUSINESS:

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

- | | |
|---|---------------------------------|
| i) Tan Sri Ghazzali Sheikh Abdul Khalid | (Ordinary Resolution 9) |
| ii) David Lau Nai Pek | (Ordinary Resolution 10) |

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

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

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

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

- iii) Revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier;

AND THAT the Directors be and are hereby authorised to complete and do all such acts, deeds and things (including without limitation, to execute such documents under the common seal in accordance with the provisions of the Constitution, as may be required) to give effect to the aforesaid shareholders’ mandate and transactions contemplated under this resolution.” **(Ordinary Resolution 11)**



Notice of Annual General Meeting

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

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

AND THAT the Directors and the Secretary be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRS with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, as they, in their absolute discretion, deem fit and in the best interest of the Company.”
(Ordinary Resolution 12)

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

“**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, full authority be and is hereby given to the Directors of the Company to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting, and upon such terms and conditions, and for such purposes, as the Directors may, in their absolute discretion, deem fit including in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force and the Directors be and are hereby further authorised to make or grant offers, agreements or options in respect of the shares of the Company including those which would or might require shares in the Company to be issued after the expiration of the approval hereof, provided that the aggregate number of shares to be issued does not exceed 10% of the issued shares of the Company for the time being and that the Directors be and are hereby empowered to obtain the approval for the listing and quotation for the additional shares so issued on Bursa Securities, subject always to the Companies Act 2016, the Main LR and the approvals of all relevant regulatory authorities, if required, being obtained.”
(Ordinary Resolution 13)

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

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

By Order of the Board

Suryani Hussein (LS0009277)
Group Company Secretary
Kuala Lumpur, Malaysia

30 April 2019

NOTES:

Proxy and/or Authorised Representative

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy without any restriction to the qualification of the proxy to attend and vote in his/her stead.
2. The Company shall be entitled to reject any instrument of proxy lodged if the member is not shown to have any shares entered against his name in the Register and/or subject to Clause 41 of the Constitution in relation to the Record of Depositors made available to the Company.
3. A Member entitled to attend and vote at the Meeting is not entitled to appoint more than two proxies to attend and vote on his/her behalf. Where a Member appoints two proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.
4. Where a Member is an authorised nominee as defined under the SICDA, it may appoint at least one proxy but not more than two proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

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



Notice of Annual General Meeting

5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in respect of each securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall:
 - a) in the case of an individual, be signed by the appointer or by his/her attorney; or
 - b) in the case of a corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

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

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

7. A corporation which is a Member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Clause 101 of the Constitution. Pursuant to Section 333 (3) of the Companies Act 2016, if the corporation authorizes more than one person, every one of the representative is entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if every one of the representative was an individual member of the Company. However, if more than one of the representatives do not purport to exercise the power in the same way, the power is treated as not exercised.
8. The instrument appointing a proxy together with the duly registered power of attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor"), Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than 28 May 2019 at 10.00 a.m. The proxy appointment may also be lodged electronically via Tricor's TIH Online website at: <https://tih.online> no later than 28 May 2019 at 10.00 a.m. For further information on the electronic lodgment of Proxy Form, kindly refer to the Annexure of the Administrative Notes.
9. Pursuant to Paragraph 8.29A of the Main LR, all resolutions set out in the Notice of AGM will be put to vote on poll.

Audited Financial Statements

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

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

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

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

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

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

Directors' Fees and Benefits Payable by the Company

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

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

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

- i) Meeting Allowance

Board/Board Committees	Meeting Allowance (RM)	
	NEC	NED
Board of Directors	3,000.00	2,000.00
Board Audit Committee	3,000.00	2,000.00
Board Nomination and Remuneration Committee	1,500.00	1,000.00
Other Board Committees	1,500.00	1,000.00

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

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

- c) Any NEDs who are shareholders of the Company will abstain from voting on Ordinary Resolution 6 regarding the Directors' Fees and Benefits Payable by the Company.

Notice of Annual General Meeting

Directors' Fees and Benefits Payable by the Subsidiaries

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

i) Fees and Meeting Allowance

Company	Designation	Monthly Fees (MYR unless indicated otherwise)	Meeting Attendance per Meeting (MYR unless indicated otherwise)				
			Board of Directors	BAC	BNC/BRC	Board Dispute Resolution Committee	Other Board Committees
Celcom	NEC	12,000.00	2,000.00	2,000.00	1,000.00 (BRC Only)	750.00	500.00
	NED	8,000.00	1,500.00	1,500.00	750.00 (BRC Only)	500.00	350.00
XL	President	IDR120M	IDR5M	-	-	-	-
	BOC, Member	IDR84-110M	IDR5M	-	-	-	-
	BAC, Member	IDR94M	-	-	-	-	-
Dialog	NEC	USD1,463.00	USD975.00 (AGM: USD650.00)	USD975.00	USD490.00 (BNC & BRC)	-	USD490.00
	NED	USD1,125.00	USD750.00 (AGM: USD500.00)	USD750.00	USD375.00 (BNC & BRC)	-	USD375.00
Robi	NEC	USD2,500.00	USD300.00	USD300.00	USD150.00 (BRC Only)	-	-
	NED	USD2,000.00	USD200.00	USD200.00	USD100.00 (BRC Only)	-	-
Ncell	NEC	USD2,500.00	USD300.00	USD300.00	-	-	-
	NED	USD2,000.00	USD200.00	USD200.00	-	-	-
edotco	NEC	8,000.00	1,000.00	1,000.00	750.00	-	350.00
	NED	6,000.00	700.00	700.00	500.00	-	250.00
Smart	NEC	USD1,200.00	USD300.00	USD300.00	USD150.00	-	-
	NED	USD1,200.00	USD300.00	USD300.00	USD150.00	-	-

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

Notes:

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

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

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



Notice of Annual General Meeting

Re-appointment of Auditors

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

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

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

EXPLANATORY NOTES - SPECIAL BUSINESS

Approval for Directors to Continue as Independent Non-Executive Directors

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

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

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

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

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

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

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



Statement Accompanying Notice of Annual General Meeting

Pursuant To Paragraph 8.27(2), Main LR

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

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

Clause 104: Retirement by rotation

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

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

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

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

Save for Tan Sri Jamaludin Ibrahim, none of the above Directors has any interest in the securities of the Company and its related corporation. The securities holdings of Tan Sri Jamaludin Ibrahim are disclosed on page 191 of the GAFS.

PROXY FORM

(Before completing the form, please refer to the notes overleaf)

"A" I/We, _____ (NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)
with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____ (COMPANY NO.) _____
of _____ (FULL ADDRESS)
being a Member/Members of **AXIATA GROUP BERHAD** hereby appoint _____ (NAME AS PER NRIC IN CAPITAL LETTERS)
with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____
of _____ (FULL ADDRESS)
or failing him/her, _____ (NAME AS PER NRIC IN CAPITAL LETTERS)
with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____
of _____ (FULL ADDRESS)

or failing him/her, the Chairman of the Meeting*, as my/our **first** proxy to vote for me/us on my/our behalf at the 27th Annual General Meeting of **AXIATA GROUP BERHAD** to be held at Nexus Ballroom 2 & 3, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Wednesday, 29 May 2019 at 10.00 a.m. or at any adjournment thereof.

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

I/We, _____ (NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)
with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____ (COMPANY NO.) _____
of _____ (FULL ADDRESS)
_____ (TELEPHONE/MOBILE NO.) _____
being a Member/Members of **AXIATA GROUP BERHAD** hereby appoint _____ (NAME AS PER NRIC IN CAPITAL LETTERS)
with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____
of _____ (FULL ADDRESS)
or failing him/her, _____ (NAME AS PER NRIC IN CAPITAL LETTERS)
with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____
of _____ (FULL ADDRESS)

or failing him/her, the Chairman of the Meeting*, as my/our **second** proxy to vote for me/us on my/our behalf at the 27th Annual General Meeting of **AXIATA GROUP BERHAD** to be held at Nexus Ballroom 2 & 3, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Wednesday, 29 May 2019 at 10.00 a.m. or at any adjournment thereof.

Note:

* Strike out if inapplicable

NOTES:

Proxy and/or Authorised Representative

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy without any restriction to the qualification of the proxy to attend and vote in his/her stead.
2. The Company shall be entitled to reject any instrument of proxy lodged if the member is not shown to have any shares entered against his name in the Register and/or subject to Clause 41 of the Constitution of the Company in relation to the Record of Depositors made available to the Company.
3. A Member entitled to attend and vote at the Meeting is not entitled to appoint more than two proxies to attend and vote on his/her behalf. Where a Member appoints two proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.
4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one proxy but not more than two proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
Every appointment submitted by an authorised nominee as defined under the SICDA, must specify the CDS Account Number.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in respect of each securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall:
 - a) in the case of an individual, be signed by the appointer or by his/her attorney; or
 - b) in the case of a corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

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

Any alteration to the instrument appointing a proxy must be initiated.
7. A corporation which is a Member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Clause 101 of the Constitution. Pursuant to Section 333 (3) of the Companies Act 2016, if the corporation authorizes more than one person, every one of the representative is entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if every one of the representative was an individual member of the Company. However, if more than one of the representatives do not purport to exercise the power in the same way, the power is treated as not exercised.
8. The instrument appointing a proxy together with the duly registered power of attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor"), Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than 28 May 2019 at 10:00 a.m. You also have the option of lodging the proxy appointment electronically via Tricor's TIIH Online website at <https://tiah.online> no later than 28 May 2019 at 10:00 a.m. For further information on the electronic lodgement of Proxy Form, kindly refer to the Annexure of the Administrative Notes.
9. Pursuant to Paragraph 8.29 of the Main LR, all resolutions set out in the Notice of the 27th AGM will be put to vote on poll.

Members Entitled to Attend, Speak and Vote

10. For purposes of determining a member who shall be entitled to attend, speak and vote at the 27th AGM, the Company shall be requesting Bursa Depository, in accordance with Clause 75 of the Constitution and Section 34(1) of the SICDA, to issue a General Meeting Record of Depositors as at 16 May 2019. Only a depositor whose name appears in the General Meeting Record of Depositors as at 16 May 2019 shall be entitled to attend, speak and vote at the said meeting or appoint a proxy(ies) on his/her behalf.

For appointments of two proxies, percentage of shareholdings to be represented by the proxies:	
	Percentage (%)
PROXY* "A"	
PROXY* "B"	
TOTAL	100%

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

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

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

	Resolutions	Proxy "A"		Proxy "B"	
		For	Against	For	Against
	Ordinary Business				
1.	Ordinary Resolution 1 - Re-election of Tan Sri Ghazzali Sheikh Abdul Khalid				
2.	Ordinary Resolution 2 - Re-election of Tan Sri Jamaludin Ibrahim				
3.	Ordinary Resolution 3 - Re-election of Dato' Mohd Izzaddin Idris				
4.	Ordinary Resolution 4 - Re-election of Dr Lisa Lim Poh Lin				
5.	Ordinary Resolution 5 - Re-election of Khoo Gaik Bee				
6.	Ordinary Resolution 6 - Directors' Fees and Benefits Payable by the Company				
7.	Ordinary Resolution 7 - Directors' Fees and Benefits Payable by the Subsidiaries				
8.	Ordinary Resolution 8 - Re-appointment of PricewaterhouseCoopers PLT as Auditors				
9.	Special Business Ordinary Resolution 9 - Continuation of Tan Sri Ghazzali Sheikh Abdul Khalid to act as Independent Non-Executive Director (" INED ")				
10.	Ordinary Resolution 10 - Continuation of David Lau Nai Pek to act as INED				
11.	Ordinary Resolution 11 - Proposed Shareholders' Mandate				
12.	Ordinary Resolution 12 - Proposed Renewal of the Authority For Directors to Allot and Issue shares in relation to the Dividend Reinvestment Scheme				
13.	Ordinary Resolution 13 - Authority to Allot and Issue shares under Section 75 and 76 of the Companies Act 2016				

Signed this _____ day of _____ 2019

No. of ordinary shares held	CDS Account No. of Authorised Nominee*									

* Applicable to shares held through a nominee account

Signed this _____ day of _____ 2019

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

2. Fold this flap to seal

AFFIX STAMP
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The Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

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