



Digital Telco



Digital Businesses



Infrastructure



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



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

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SEE WHAT WE BASE OUR PRESENTATION ON

Reporting Philosophy

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

Scope and Boundary

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

Assurance

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

Approval by the Board

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

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

Materiality

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

Forward-Looking Statements

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

Information on Exclusions

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

Look out for these throughout the report:



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



Reference to the Sustainability & National Contribution Report 2019



Reference to the Governance & Audited Financial Statements 2019



Reference to online material on www.axiata.com

For more information:



Scan the QR code to view our IAR online

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

Reporting Suites



Integrated Annual Report 2019



Governance & Audited Financial Statements 2019



Sustainability & National Contribution Report 2019

Disclosures

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

Governance and Compliance Documents

- Full Directors and Management Profile
- Statement on Risk Management and Internal Control
- Board Audit Committee Report
- Additional Compliance Information

Financial Statements

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

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

Reporting Frameworks

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

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

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

IMPROVEMENTS IN AXIATA'S IAR IN 2019

General Improvements

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

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

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

Creating Value Through Governance

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

Defined Business Segments

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

10 Key Focus Areas

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

IMAGES FOR THE INTEGRATED ANNUAL REPORT 2019

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



**FIND FURTHER DETAILS
OF WHO WE ARE**

We Are Axiata

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

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

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

With more than 12,976¹ employees from diverse nationalities and cultures forming our dynamic talent base, we are guided by our Uncompromising Integrity, Exceptional Performance (UI.EP) values in all that we do. We are committed to creating value-driven outcomes for our stakeholders in line with our 4P Goals.

KEY CORPORATE INFORMATION

Our Purpose	Our Vision	Our Values
Advancing Asia	New Generation Digital Champion by 2022	Uncompromising Integrity, Exceptional Performance

Our Goals

The 4Ps that define our success

Performance

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

People

To be recognised as a top talent brand and an Asian talent factory

Partnership

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

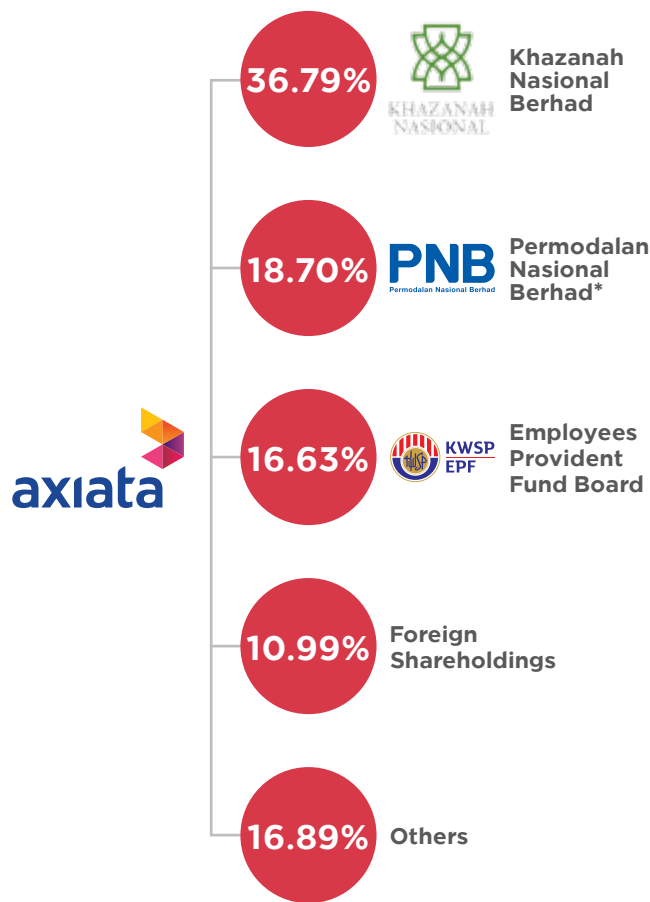
Planet & Society

To be recognised as a responsible Digital Champion, in creating a digitally inclusive society

Our Regional Presence

Malaysia	Indonesia	Sri Lanka	Bangladesh
Cambodia	Nepal	Pakistan	Myanmar
Thailand	Laos	Philippines	

SHAREHOLDING STRUCTURE



CORPORATE FACTS AT A GLANCE

28 April 2008
Listed on the Main Board of Bursa Malaysia

RM37.9 billion
Market Capitalisation as at end 2019

8th largest entity on FTSE Bursa Malaysia KLCI (FMBKLCI)²

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

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

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

Continuous review of our strategic portfolio to achieve the following:

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

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

We Are Axiata

THESE ARE OUR MATERIAL ISSUES

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

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

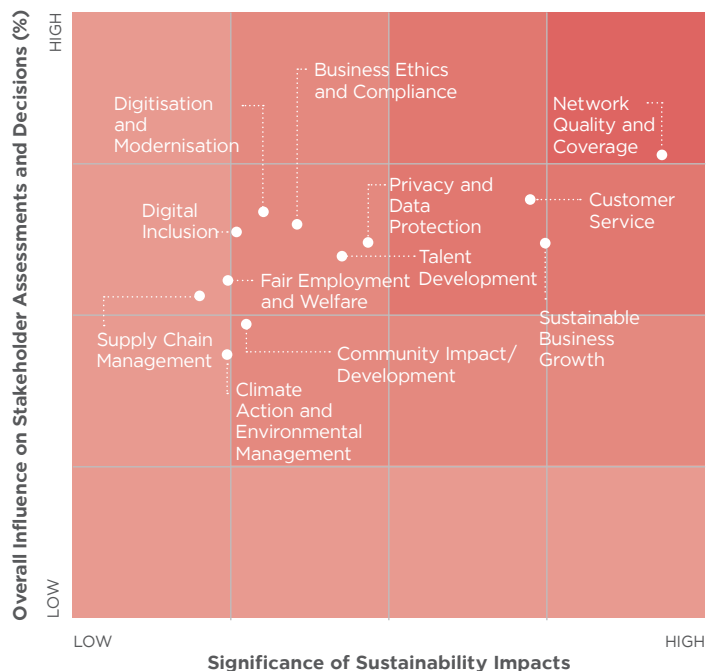
Moving forward for 2020, our materiality assessment will also seek to understand the multifaceted effects of the COVID-19 pandemic on the Group’s key Material Issues. Whilst current public policy responses have evolved from the need to contain the pandemic into economic revival strategies, the next horizon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

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

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


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


Our materiality assessment for 2019 is outlined below:



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

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

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

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

This Is What We Do

BECOMING A NEW GENERATION DIGITAL CHAMPION

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

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

Digital Telco



OUR FOCUS

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

HOW WE CREATE VALUE

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

Digital Businesses



OUR FOCUS

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

HOW WE CREATE VALUE

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

Infrastructure



OUR FOCUS

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

HOW WE CREATE VALUE

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



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

Chairman's Message

DEAR STAKEHOLDERS,

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



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

TAN SRI GHAZZALI SHEIKH ABDUL KHALID
Chairman

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

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

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

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

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

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


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


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

Creating Value Through Trust

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

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

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

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

Chairman's Message

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

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

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

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

Creating Value Through Sustainability

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

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

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

Navigating Challenges

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

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

Moving Forward

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

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

Leadership Changes

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

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

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

Acknowledgements

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

TAN SRI GHAZZALI SHEIKH ABDUL KHALID
Chairman



For more details on:

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



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



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

Our Share Price Performance

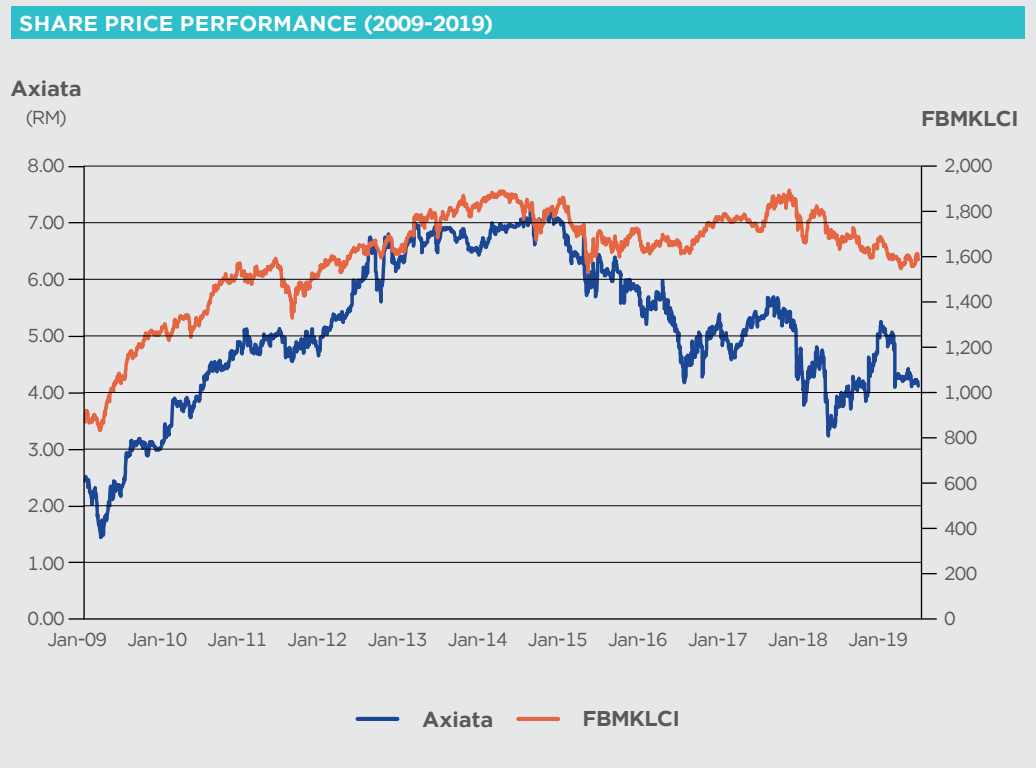
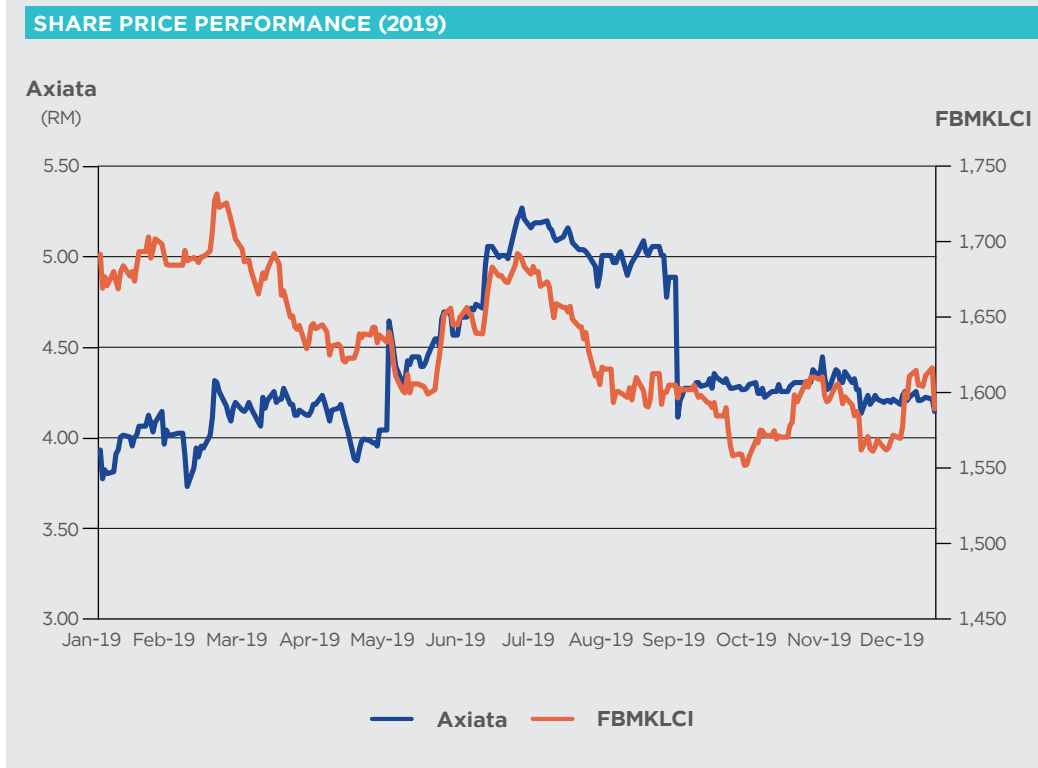
For the year under review, Axiata continued to create shareholder value, through sustained share price performance. Axiata closed 2019 as the eighth largest company on the FBMKLCI in terms of market capitalisation at RM37.9 billion.

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

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

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

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



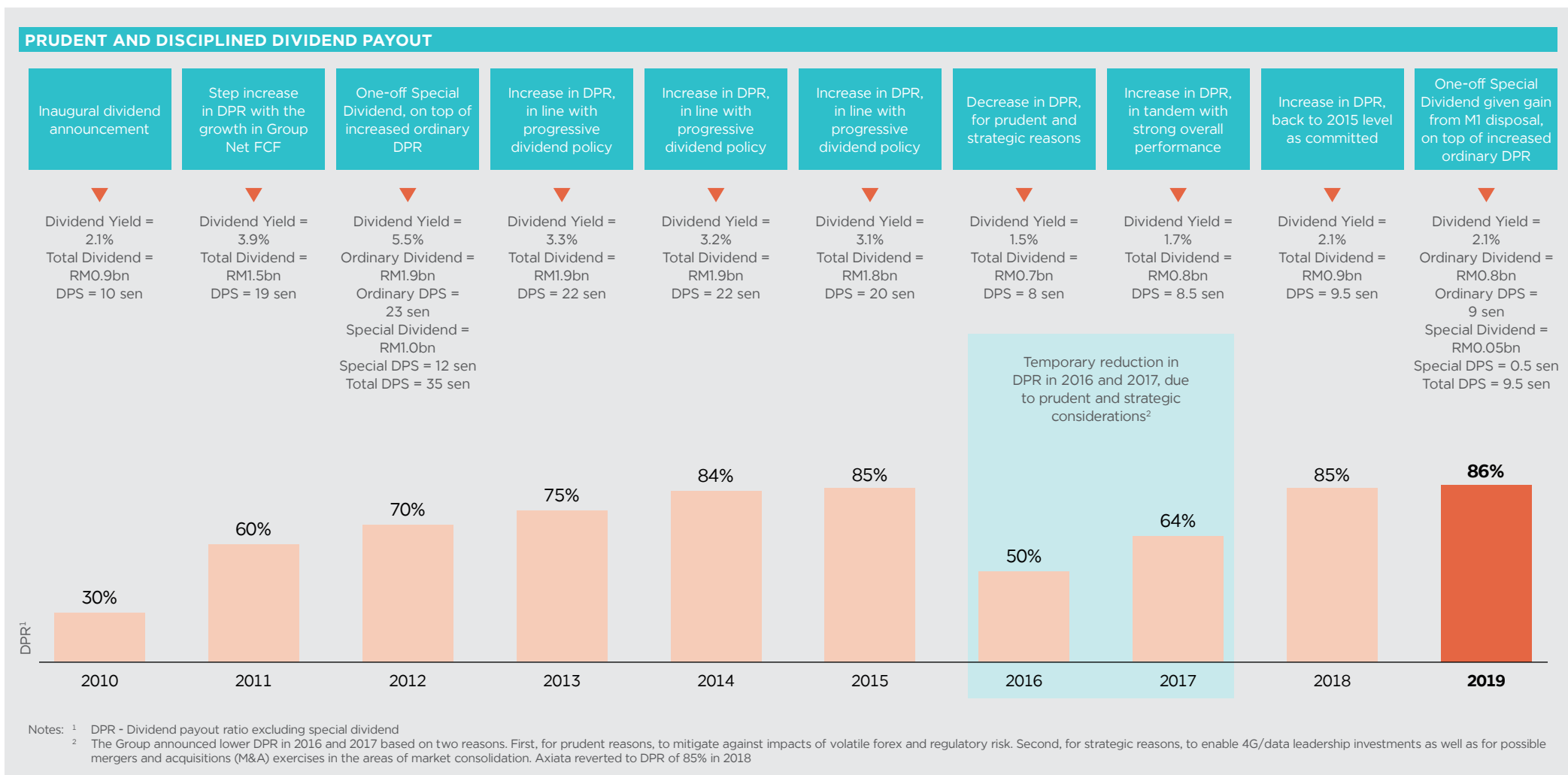
Our Dividend Policy

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

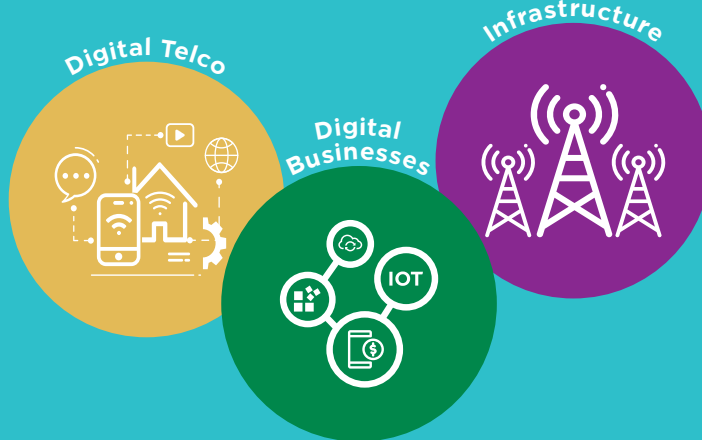
In addition, Axiata also announced a special dividend of 0.5 sen per share in view of one-off gain from disposal of associate, M1 Limited during the financial year. Including the special dividend, FY19 dividend per share (DPS) of 9.5 sen is similar to FY18.

The Board remains committed to our:

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



In Conversation With The President & Group CEO

ADVANCING ASIA AS A
DIGITAL CHAMPION

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

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

CAUTIOUS OUTLOOK WEIGHS ON
STELLAR 2019 PERFORMANCE

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

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

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

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

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

In Conversation With The President & Group CEO



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

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

We closed the year on a high with the highest reported Profit After Tax (PAT) since 2016 at RM1.8 billion, and highest ever Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) at RM10.6 billion. Our reported revenue (excluding devices) grew 5.1%, EBITDA 27.4% and Profit After Tax and Minority Interests (PATAMI) more than 100%. Even eliminating one-offs, the Group's underlying¹ EBITDA also registered solid double-digit improvement of 10.9%, due to better operational performance by almost all Operating Companies (OpCos) and successful containment of costs, whilst underlying PATAMI grew 1.2%. However further adjusting for our portfolio optimisation initiatives and unexpected tax impact in Bangladesh, PATAMI growth was 30.7%.

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

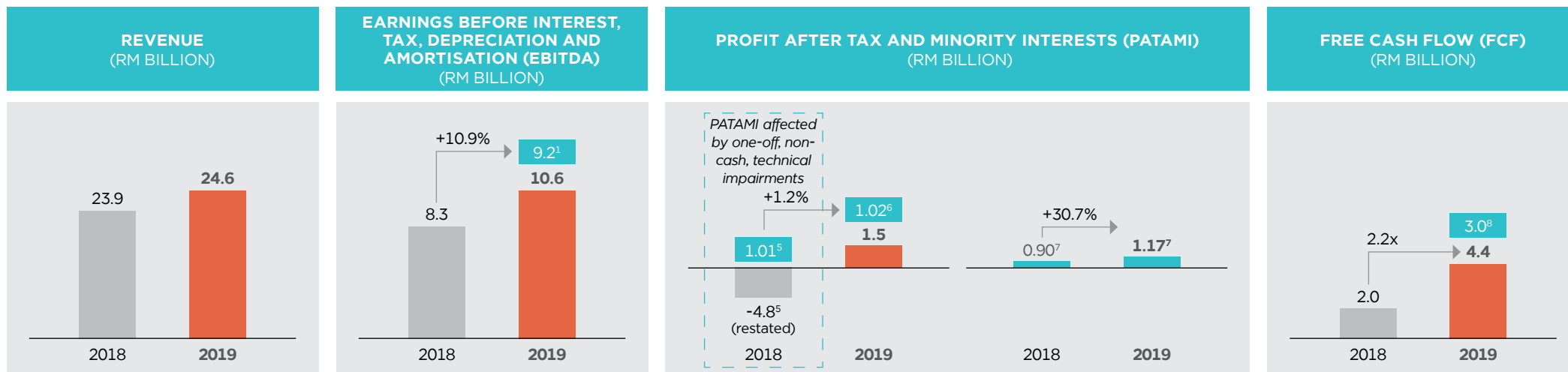
In FY19, Axiata's balance sheet further strengthened as a result of the reduction in gross debt to EBITDA to a healthy 1.8x², compared to 2.3x in FY18. This was achieved through net debt repayment of RM2.3 billion given our strong cash flow. Regardless, our cash balance stood at RM4.2 billion with FCF increasing 2.2x to RM4.4 billion Year on Year (YoY), lifted by double-digit EBITDA growth and flat Capex.

Breaking down numbers³ for performance comparison, it is evident the “Shifting Gear” approach has worked for all OpCos which are now profitable. As a matter of fact, XL and Robi's⁴ profitability surged over 100% and both OpCos stepped up to deliver improved performance across key metrics. Meanwhile, Celcom, XL, Dialog, Smart and edotco achieved double-digit PATAMI and FCF growth.

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

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

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



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

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



In Conversation With The President & Group CEO

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

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

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

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

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

In Conversation With The President & Group CEO

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

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






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

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

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

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

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

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

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

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

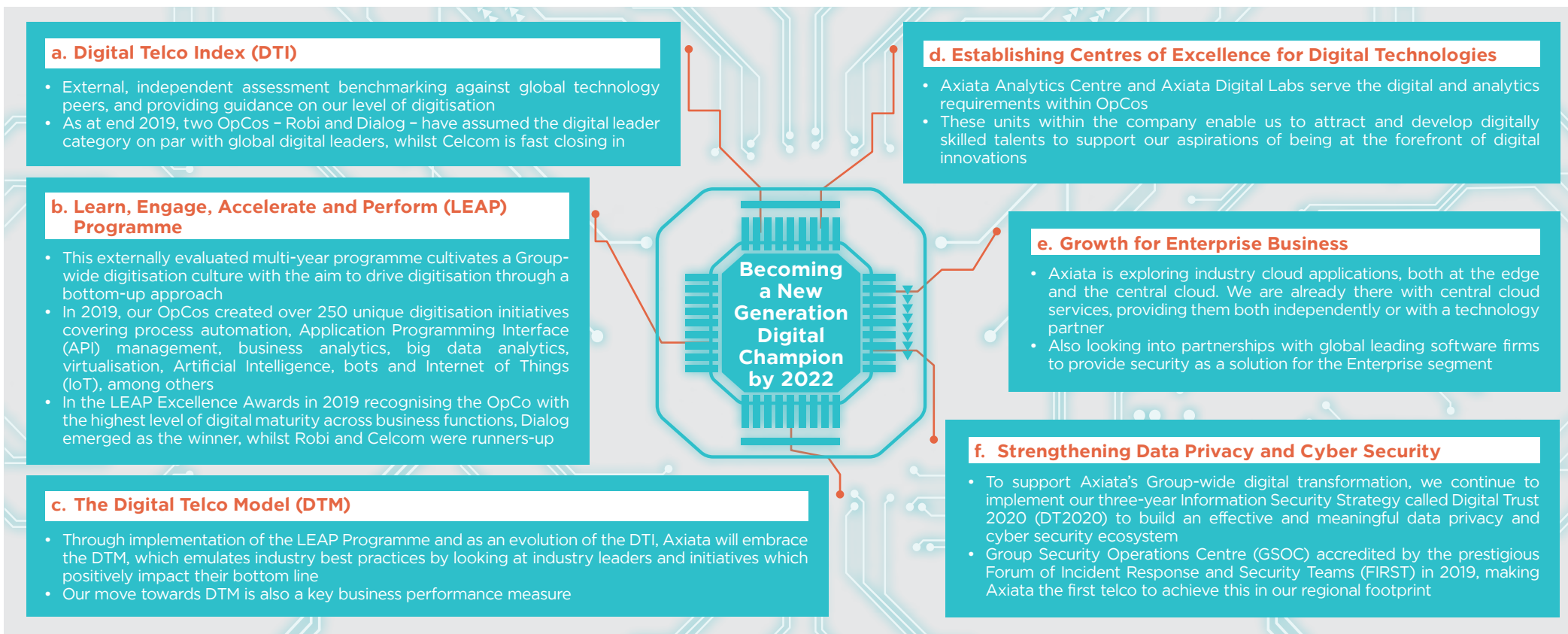
Earlier, we set up Axiata Digital in 2014 to help us innovate into the world of digital, Internet and innovation. One of the latest strategic decisions we've made is to appoint an Executive Vice President for Technology at the Group level to drive greater technological synergies between our OpCos and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

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

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

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

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



In Conversation With The President & Group CEO

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

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

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

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

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

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

KEY INDUSTRY VERTICALS TO BENEFIT FROM 5G TECHNOLOGY

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

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

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

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

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


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

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

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

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



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

In Conversation With The President & Group CEO

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

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

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

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

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

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

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

HOW TELCOS ARE AFFECTED BY COVID-19



Network

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



Digitalisation

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



Ecosystem

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



Business

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



Collaboration

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



For more details on:

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

In Conversation With The President & Group CEO

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

Short-Term

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

Medium-Term

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

Long-Term

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

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

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

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

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

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

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

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



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



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

In Conversation With The President & Group CEO

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TAN SRI JAMALUDIN IBRAHIM
President & Group Chief Executive Officer

Notes: ⁹ Numbers are as of 31 December 2019

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

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



**UNDERSTAND HOW WE
PROGRESS STRATEGY**

The Environment We Operate In

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

Macroeconomic Environment

OPERATING ENVIRONMENT

- Onset of COVID-19¹ pandemic in early 2020, with the IMF² declaring a global recession, and emerging market countries requiring USD2.3 trillion in financial resources to navigate the crisis
- National lockdowns and restricted movement orders in affected countries, severely limiting business activities and eroding consumer confidence
- Forex volatilities with the Ringgit Malaysia weakening against the US Dollar

STRATEGIC IMPLICATIONS

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

WAY FORWARD

- OE³ strategy focused on becoming the lowest cost producer relative to customer promise
- Maintain our OpCos market position across key metrics
- Continue with portfolio rationalisation and optimisation aligned with strategy
- Maintain optimal mix of hedged/unhedged loans, at fixed/floating rates
- Activated Axiata's Business Continuity Management plan in light of COVID-19 crisis, to implement the COVID-19 Pandemic Plan, cutting across all aspects of our business, including instituting "work for home" measures for employees

Regulatory Environment

OPERATING ENVIRONMENT

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

STRATEGIC IMPLICATIONS

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

WAY FORWARD

- Appointed an independent external consultant to conduct a maturity assessment of our ethics, integrity and compliance governance
- To implement a Group-wide integrated ethics, integrity and compliance policy across all OpCos
- New Board Risk and Compliance Committee to replace the Board Risk Management Committee, and provide oversight on risk management, business continuity management, and data privacy and cyber security
- Embedding ethics, integrity and compliance in the OE² strategy

Internalising the Digital Shift

OPERATING ENVIRONMENT

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

STRATEGIC IMPLICATIONS

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

WAY FORWARD

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

Competitive Landscape

OPERATING ENVIRONMENT

- Industry penetration at more than 100% in almost all countries
- Hyper-competition between traditional telcos and non-traditional OTTs
- Mobile services becoming increasingly commoditised
- Intensified competition in the e-wallet space as more players go to market to capitalise on e-wallets' market value of an estimated USD22 billion in 2019⁴

STRATEGIC IMPLICATIONS

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

WAY FORWARD

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

Technology Shifts

OPERATING ENVIRONMENT

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

STRATEGIC IMPLICATIONS

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

WAY FORWARD

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

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

³ OE = Operational Excellence

⁴ Source: e-Conomy SEA 2019 Report

The Importance Of Listening To Our Stakeholders

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



Regulators and Government

WHY THEY ARE IMPORTANT

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

HOW WE ENGAGE

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

SUBJECTS RAISED

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

AXIATA'S RESPONSE AND RESULTS

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



Shareholders

WHY THEY ARE IMPORTANT

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

HOW WE ENGAGE

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

SUBJECTS RAISED

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

AXIATA'S RESPONSE AND RESULTS

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



Customers

WHY THEY ARE IMPORTANT

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

HOW WE ENGAGE

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

SUBJECTS RAISED

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

AXIATA'S RESPONSE AND RESULTS

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

The Importance Of Listening To Our Stakeholders



Suppliers

WHY THEY ARE IMPORTANT

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

HOW WE ENGAGE

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

SUBJECTS RAISED

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

AXIATA'S RESPONSE AND RESULTS

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



Employees

WHY THEY ARE IMPORTANT

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

HOW WE ENGAGE

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

SUBJECTS RAISED

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

AXIATA'S RESPONSE AND RESULTS

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



Community

WHY THEY ARE IMPORTANT

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

HOW WE ENGAGE

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

SUBJECTS RAISED

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

AXIATA'S RESPONSE AND RESULTS

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



Media

WHY THEY ARE IMPORTANT

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

HOW WE ENGAGE

- Media engagement conducted via interviews, press releases and conferences

SUBJECTS RAISED

- Corporate developments
- Financial performance
- Thought leadership

AXIATA'S RESPONSE AND RESULTS

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



Our Risks Linked To Strategy

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

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

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

Financial

CONTEXT

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

RISK LEVEL AND MOVEMENT

High level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

Risk Owners: Axiata Treasury Management Centre (ATMC)

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

KEY RISK INDICATORS

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

LINK TO MATERIAL ISSUES

- Sustainable Business Growth

OUR STRATEGIC RESPONSE

1
2
3
9

Market

CONTEXT

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

RISK LEVEL AND MOVEMENT

High level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

Risk Owners: OpCo CEOs

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

KEY RISK INDICATORS

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

LINK TO MATERIAL ISSUES

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

OUR STRATEGIC RESPONSE

2
3
4
9

Regulatory

CONTEXT

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

RISK LEVEL AND MOVEMENT

High level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

Risk Owners: Group Regulatory

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

KEY RISK INDICATORS

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


LINK TO MATERIAL ISSUES

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

OUR STRATEGIC RESPONSE

4
7

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

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

Our Risks Linked To Strategy

Data Privacy and Cyber Security

CONTEXT

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

RISK LEVEL AND MOVEMENT

High level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Group Cyber Security Steering Committee
- Axiata Supplier Code of Conduct requires vendors and business partners to adhere to high data protection and compliance standards
 - A three-year cyber security strategy, Digital Trust 2020 (DT2020), to improve on people, processes and technology
 - Cyber security KPI for all OpCos, with ongoing regional collaborations
 - In the area of cyber security, adopted the National Institute of Standards and Technology (NIST) framework, to improve incident detection and response maturity
 - In the area of data privacy, the Privacy Maturity Model is aligned to the AICPA/CICA¹ Privacy Maturity Model and the CMMI² maturity levels

KEY RISK INDICATORS

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

LINK TO MATERIAL ISSUES

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

OUR STRATEGIC RESPONSE

2 3 4 7

Digital

CONTEXT

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

RISK LEVEL AND MOVEMENT

Medium level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

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

KEY RISK INDICATORS

Deviation from agreed project timeline

LINK TO MATERIAL ISSUES

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

OUR STRATEGIC RESPONSE

2 3 4 7

Operational

CONTEXT

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

RISK LEVEL AND MOVEMENT

Medium level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

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

KEY RISK INDICATORS

Disruption to service availability

LINK TO MATERIAL ISSUES

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

OUR STRATEGIC RESPONSE

3 4 7 8

Geo-political

CONTEXT

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

RISK LEVEL AND MOVEMENT

High level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

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

KEY RISK INDICATORS

General Election

LINK TO MATERIAL ISSUES

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

OUR STRATEGIC RESPONSE

1 3 7 8

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

Our Risks Linked To Strategy

Strategic and Investment

CONTEXT

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

RISK LEVEL AND MOVEMENT

High level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

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

KEY RISK INDICATORS

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

LINK TO MATERIAL ISSUES

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

OUR STRATEGIC RESPONSE

1 3 6 7 8 9 10

People

CONTEXT

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

RISK LEVEL AND MOVEMENT

Medium level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

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

KEY RISK INDICATORS

Turnover rate of talents and key influencers

LINK TO MATERIAL ISSUES

- Fair Employment and Welfare
- Talent Development

OUR STRATEGIC RESPONSE

3 4 7 8

Technology

CONTEXT

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

RISK LEVEL AND MOVEMENT

Medium level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

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

KEY RISK INDICATORS

ROIC < WACC

LINK TO MATERIAL ISSUES

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

OUR STRATEGIC RESPONSE

2 3 4 5 6

Governance and Integrity

CONTEXT

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

RISK LEVEL AND MOVEMENT

Medium level,
Increased in 2019¹

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

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

KEY RISK INDICATORS

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

LINK TO MATERIAL ISSUES

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

OUR STRATEGIC RESPONSE

3 7 8

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

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

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

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

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

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

OUR VISION: New Generation Digital Champion by 2022

TRIPLE CORE STRATEGY

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

DIGITAL TELCO

Transform from Mobile-Centric Telcos to Converged Digital Operators

Target: #1 / Strong #2 in All Markets

DIGITAL BUSINESSES

Pivot from Portfolio Company to Three Lines of Digital Businesses

Target: 3 “Unicorns”

INFRASTRUCTURE

Advance from Regional Champion to Global Champion

Target: Top 5 in the World

AXIATA 5.0 10 KEY FOCUS AREAS

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

Financial Performance (Near-Term)

Institution Building
(Long-Term Growth and Sustainable Performance)

Structural Changes

Adapting Our Strategy To A New Operating Landscape

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

1 “Shifting Gear”

OUR KEY PROGRESS

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

LINK TO 4P GOALS

- Performance

2 OpCo Transformation¹

OUR KEY PROGRESS

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

LINK TO 4P GOALS

- Performance
- People
- Partnership
- Planet & Society

3 Operational Excellence

OUR KEY PROGRESS

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

LINK TO 4P GOALS

- Performance
- People
- Partnership
- Planet & Society

4 New Group Engagement Model

OUR KEY PROGRESS

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

LINK TO 4P GOALS

- Performance

5 Digitisation and Analytics

OUR KEY PROGRESS

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

LINK TO 4P GOALS

- Performance
- Partnership

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

Adapting Our Strategy To A New Operating Landscape

6 New Growth Areas

OUR KEY PROGRESS

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

LINK TO 4P GOALS

- Performance
- Planet & Society

7 Stakeholder Management

OUR KEY PROGRESS

- Memorandum of Understanding (MOU) with Malaysia Digital Economy Corporation to share best practices, cyber threat scenarios and contribute to national talent development
- Partnered with regulatory bodies and GCERT² in Malaysia to enhance national incident response and threat intelligence
- Strengthened data privacy and cyber security, to achieve a CMMI Maturity Level 3 for all NIST functions Group-wide
- Digital venture funds of ADIF, DADIF and SADIF³ to accelerate the development of the digital ecosystem in Malaysia, Sri Lanka and Cambodia respectively
- Provided innovative digital service solutions for underserved communities to bridge the digital divide
- edotco's focused carbon reduction strategy led to 54% reduction in carbon emission per site

LINK TO 4P GOALS

- Performance
- People
- Partnership
- Planet & Society

8 Organisation 5.0

OUR KEY PROGRESS

- AAC provided technical analytics training and advanced technology courses to enable digital talent transformation
- Fast Forward as a Group-wide intelligent learning technology platform, providing learning modules for employees
- LEAP⁴ focused on advanced technologies of analytics, Artificial Intelligence, Machine Learning, Deep Learning, Augmented Reality and Virtual Reality
- Launched LEAP Awards with eight functional assessments on OpCo digitisation and transformation initiatives

LINK TO 4P GOALS

- People

9 Industry Consolidation

OUR KEY PROGRESS

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

LINK TO 4P GOALS

- Performance

10 Investment & Portfolio Optimisation


OUR KEY PROGRESS


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

LINK TO 4P GOALS

- Performance
- Partnership

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

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

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



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

Our Value Creation Model

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

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



Unfold To See How We Create Value

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

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

Notes: ¹ As at 31 December 2019

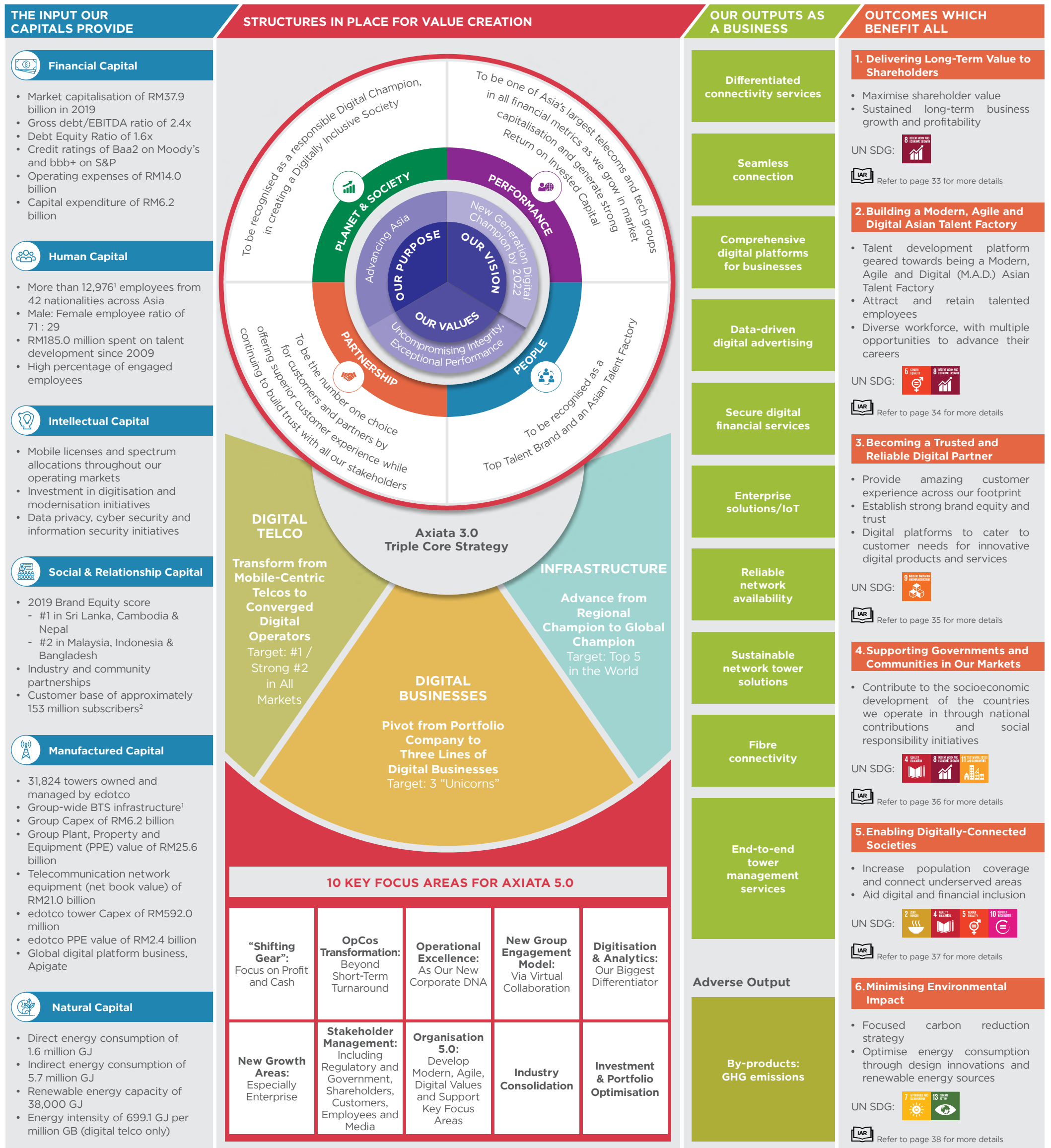
² In line with explanations provided in the IAR 2018, this number excludes Idea and M1 subscribers



For more details on:

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

Our Value Creation Model



TRADE-OFFS

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

Notes: ¹ As at 31 December 2019

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



For more details on:

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

1. Delivering Long-Term Value To Shareholders

RELATED KEY CAPITALS



Link to 4P Goals: Performance

Activities and Processes to Create Value

- Operational Excellence delivered on **sustainable cost structure Group-wide**
- “Shifting Gear” Tactics** delivered on profitability and cash growth
- The Cost Excellence Programme continues to deliver ahead of our expectation and well on course to deliver our target of **RM5.0 billion** by 2021

- Optimised strategic resource allocation towards new growth areas and technology investments in line with becoming a **New Generation Digital Champion** by 2022
- Portfolio rationalisation in 2019:
 - Divested stake in M1 Limited for total cash proceeds of **RM1.65 billion** and an estimated gain of **RM113.4 million**, and shared gains with shareholders

- Gain on disposal of Idea rights with cash proceeds of **RM96.1 million**
- Gain on divestment of non-core digital businesses of **RM367.1 million**

OUTCOMES AND VALUE CREATED

Maximise shareholder value by maintaining sustainable dividend payout

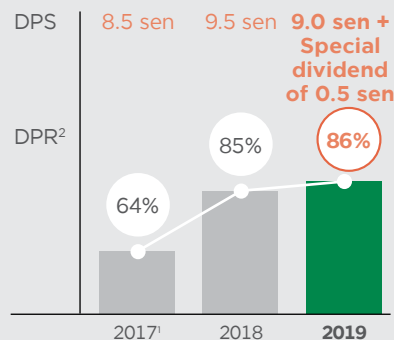
Sustained long-term business growth and profitability by ensuring financial resilience

PERFORMANCE INDICATORS

Operating Revenue



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



Cost Savings

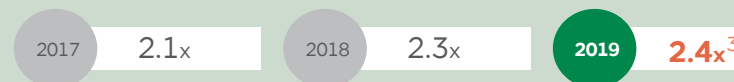
With more than RM4 billion already delivered in the first three years of the programme, we are ahead of our expectation to achieve our target of RM5 billion by 2021



EBITDA



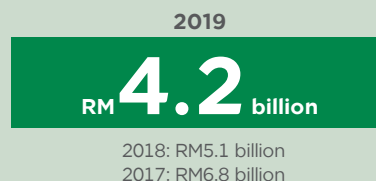
Gross Debt to EBITDA Ratio



Normalised PATAMI



Cash Reserves



Maintained Credit Ratings, despite challenging external environment



Notes: ¹ The Group announced lower DPR in 2016 and 2017 based on two reasons. First, for prudent reasons, to mitigate against impacts of volatile forex and regulatory risk. Second, for strategic reasons, to enable 4G/data leadership investments as well as for possible mergers and acquisitions (M&A) exercises in the areas of market consolidation. Axiata reverted to DPR of 85% in 2018
² DPR - Dividend Payout Ratio excluding special dividend
³ Includes MFRS 16 impact. For comparison purposes, gross debt to EBITDA would be 1.8x on a pre-MFRS 16 basis

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

For our Audited Financial Statements, please refer to the GAFS

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



Scan to watch more from our Group Chief Human Resources Officer

RELATED KEY CAPITALS



Link to 4P Goals: **People**

Activities and Processes to Create Value

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

- Executed initiatives to enhance data privacy and cyber security awareness, knowledge and skills for relevant internal and external stakeholders
 - Conducted the **Cyber Security e-Learning Programme** to enhance cyber security awareness for employees whilst improving cyber security knowledge and skills for vendors
 - Carried out **data privacy training** across all OpCos to ensure strict compliance with the relevant laws and regulations as well as alignment with global best practices in data privacy as follows:
 - Training for **Data Privacy Champions¹ and business owners to identify and mitigate personal data risk**

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

OUTCOMES AND VALUE CREATED

Talent development platform geared towards being a Modern, Agile and Digital (M.A.D.) Asian Talent Factory

Attract and retain talented employees

Diverse workforce with multiple opportunities to advance their career

PERFORMANCE INDICATORS

Building the M.A.D. Culture

Developing Digital Talent Base

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

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

e-Learning Platforms

Online Learning
5,626 learners

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

Cultivating a Digitisation Culture

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

Overall Winner **Runners-up**

Dialog **celcom** **robi**

Building Data Privacy and Cyber Security Awareness

Cyber-aware employees and vendors with the appropriate knowledge

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

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

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

14 Data Privacy Champions participated in the CIPM certification

HSE Key Indicators

Site Inspections and Audits

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

Talent at Axiata

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

Improved External : Internal Hiring Ratio

2019: 23 : 77

2018: 17:83
2017: 40:60

Group Employee Engagement Survey Result

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

Leadership at Axiata

77% filled internally

7 out of 9 CEO positions filled by internal talents

Nationalities of our Leadership³

60%	Local
14%	Footprint
26%	External

Gender Diversity in Leadership

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

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

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

3. Becoming A Trusted And Reliable Digital Partner



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

RELATED KEY CAPITALS



Link to 4P Goals: **Partnership**

Activities and Processes to Create Value

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

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

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

OUTCOMES AND VALUE CREATED

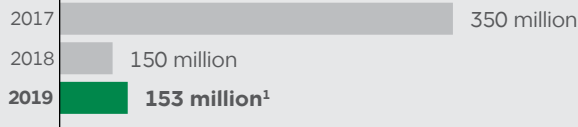
Provide amazing customer experience across our footprint

Establish strong brand equity and trust

Digital platforms to cater to customer needs for innovative digital products and services

PERFORMANCE INDICATORS

Total Number of Mobile Customers (million)



Strengthened Data Privacy and Cyber Security

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

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

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

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

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

ADL



Key Highlights 2019

R&D with Huawei to promote Digital Service Innovation

Facial Recognition Application to identify intruders

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

Digitisation as Enabler²

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

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

Analytics as Enabler²

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

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

Dealer Optimisation

Smart improved new dealer recommendations with 75% accuracy

Brand Equity Score

in 3 markets
Sri Lanka, Cambodia & Nepal

in 3 markets
Malaysia, Indonesia & Bangladesh

Social Reputation Score

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

in 1 market
Sri Lanka

DTI 2019

2 OpCos in digital leader category, on par with global digital leaders - **Robi & Dialog**

1 OpCo very close to the digital leader category - **Celcom**

Notes: ¹ In line with explanations provided in the IAR 2018, this number excludes Idea and M1 subscribers
² Examples of Digitisation and Analytics as Enablers

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

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

4. Supporting Governments And Communities In Our Markets

RELATED KEY CAPITALS



Link to 4P Goals: Partnership Planet & Society

Activities and Processes to Create Value

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

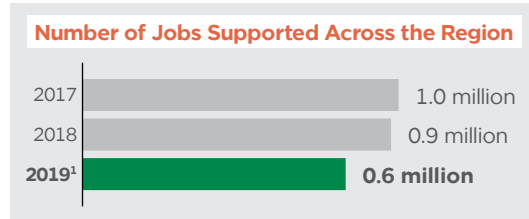
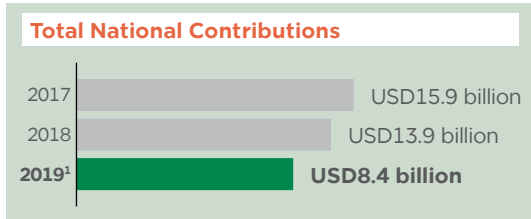
- edotco's innovative energy recycling initiatives:
 - Tower to Community (T2C)** project channels surplus electricity from sites to underserved communities
 - Launched **T2C's vaccination refrigeration programme** in Myanmar

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

OUTCOMES AND VALUE CREATED

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

PERFORMANCE INDICATORS



2019 Contributions to Connected Women Initiative

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

2019 Contributions to Humanitarian Connectivity Charter

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

T2C Impacts

2019
4,567 families in 4 countries

Bangladesh
 Malaysia
 Myanmar

600 families
 560 families
 2,000 families

700 students

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

2018
Malaysia, Bangladesh, Pakistan & Myanmar

1,020 families
 28 schools
 30 mosques
 1 hospital

Partnerships to Strengthen the Cyber Security Ecosystem in 2019:

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

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

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

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



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

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

5. Enabling Digitally-Connected Societies

RELATED KEY CAPITALS



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

Activities and Processes to Create Value

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

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

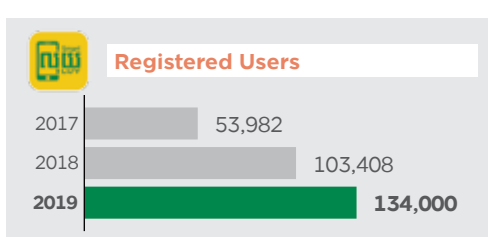
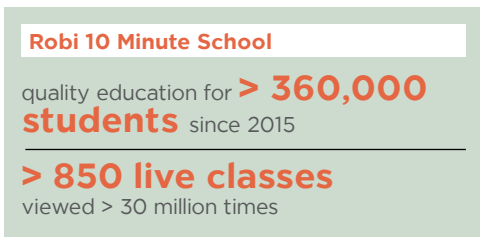
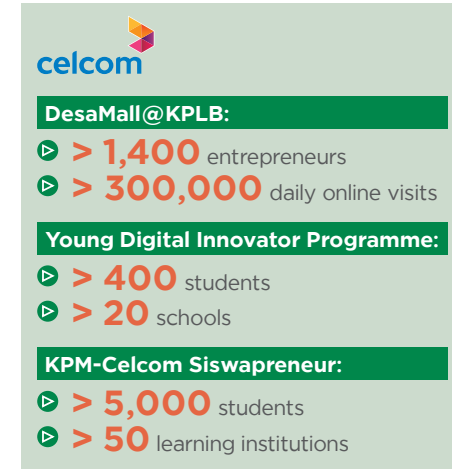
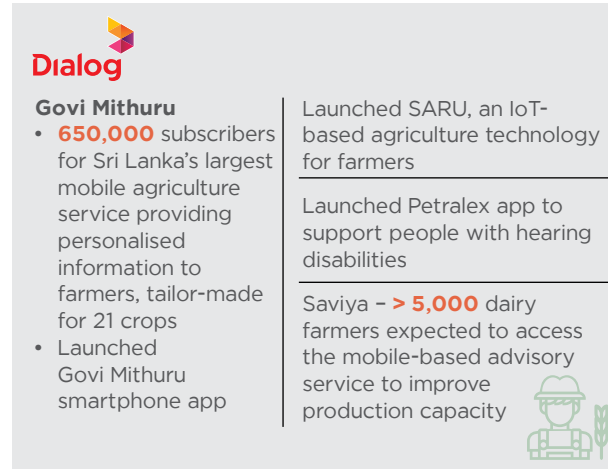
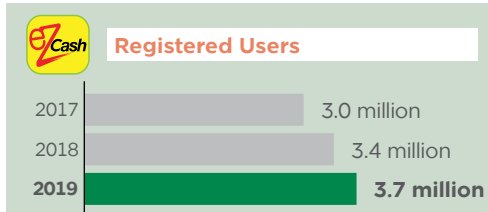
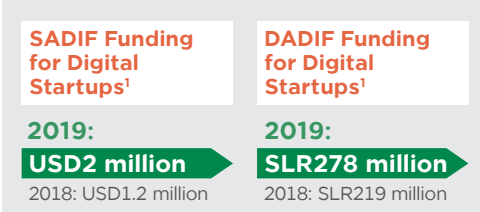
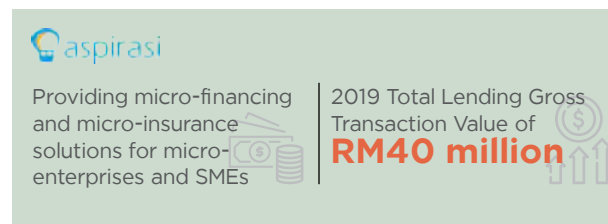
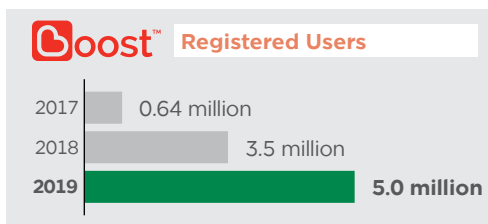
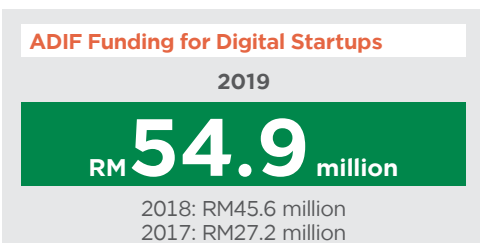
- Provided e-commerce and digital marketing training to small, medium and micro-enterprises through Celcom's support of the **DesaMall@KPLB** public-private initiative
- Nurtured youths on cultivating an innovation mindset and brought them to speed on IoT concepts and digitalisation via Celcom's involvement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

OUTCOMES AND VALUE CREATED

Increase population coverage and connect underserved areas

Aid digital and financial inclusion

PERFORMANCE INDICATORS



Note: ¹ SADIF and DADIF were established in 2017 and 2018 respectively



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

6. Minimising Environmental Impact

RELATED KEY CAPITALS



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

Activities and Processes to Create Value

- Axiata has committed to the **GSMA-led Carbon Disclosure Project**, towards achieving net-zero carbon emissions by 2050, by managing Group energy consumption for networks and buildings¹
- Ongoing **network transformation across our digital telcos** to manage energy consumption with new energy efficient equipment, transferring sites from diesel to grid and installing non air-conditioned cabinets
- edotco launched **Green Office** Initiatives across all **National Tower Companies (NTC)**

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

- Bamboo tower footprint expanded** beyond Bangladesh with two sites deployed in Myanmar, bringing the total to 16 towers
- Total of **135 smart lamp poles** in Sri Lanka, while **3 smart poles** were deployed in Myanmar, and **2** in Bangladesh
- Partnered with **Solar NRJ** to deploy a **hybrid renewable energy service** to power remote, off-grid BTS sites in Sabah
- Monitors 49% of sites with ECHO**, a centralised monitoring system that ensures energy efficiency in passive infrastructure
- Conducts a **tree planting programme** to offset CO₂ production from site build
- A total of **2 bus stop solutions** were deployed in Malaysia

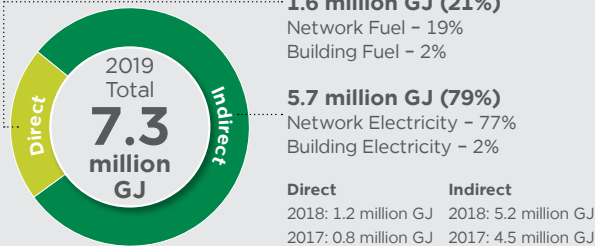
OUTCOMES AND VALUE CREATED

Focused carbon reduction strategy

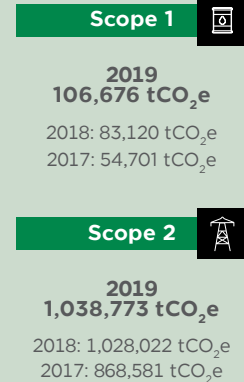
Optimise energy consumption through design innovations and renewable energy sources

PERFORMANCE INDICATORS

Group-wide Total Energy Consumption

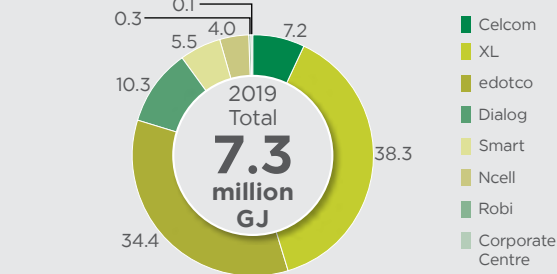


Group-wide GHG Emissions²



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

Group-wide Total Energy Consumption by OpCos



Carbon Footprint Reduction by edotco:

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

edotco's Tree Planting Programme

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

Notes: ¹ Networks account for 96% of total energy consumption
² tCO₂e refers to tonnes carbon dioxide equivalent



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