



Advancing Asia

INTEGRATED ANNUAL REPORT 2020



**axiata**  
advancing asia

**Digital Telcos**



**Digital Businesses**



**Infrastructure**



**advancing  
to zero**

Advancing To Zero marks our response to the global call to achieve a net-zero carbon position as we head towards a more sustainable future.

In Advancing Asia, we now accelerate our climate action even as we champion digital telecommunications, digital businesses and infrastructure across our footprint. Driven by the vision where People and Planet can co-exist, we work to progress with balance.

**IAR** For more details on our regional presence, please refer to page 4 in the "We Are Axiata: This Is Our Investment Case" section

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# About This Report

## Reporting Philosophy

This is Axiata Group Berhad's (Axiata or the Group) 2020 Integrated Annual Report (IAR), prepared in conformity with the International Integrated Reporting Council's (IIRC) International <IR> Framework.

## Scope and Boundary

This IAR provides our stakeholders with a concise and transparent narrative of how we utilise our capitals to generate financial and non-financial performance, assess our risks and opportunities, and the outputs and outcomes of our value creation model encompassing our Triple Core Business of Digital Telco, Digital Businesses and Infrastructure. Unless otherwise stated, it spans the period of 1 January 2020 till 31 December 2020.

## Materiality

Our materiality assessment was conducted in line with Bursa Malaysia Securities Berhad's (Bursa Malaysia) Listing Requirements and incorporates our stakeholders' inputs as well as the business' perspectives. In order to assess the material issues that impact our ability to create value over the short, medium and long term, we have included risks identified through our risk management process. Throughout this IAR, we present our strategic responses to these material issues.

## Forward-Looking Statements

Our business operates in a volatile landscape and is therefore subject to external events that could result in actual future performance differing from those projected in the forward-looking statements throughout this IAR.

### Axiata's 2020 Integrated Annual Report Suite is made up of the following:

	Disclosures	Reporting Frameworks		
<b>Integrated Annual Report 2020</b> 	<b>IAR</b> <ul style="list-style-type: none"> <li>Our Management Discussion and Analysis is covered under the following sections:                             <ul style="list-style-type: none"> <li>Leadership Insights</li> <li>Realising Our Vision</li> <li>Towards Becoming The Next Generation Digital Champion</li> <li>Our Financial Resilience</li> <li>Delivering Our Strategy</li> </ul> </li> <li>Abridged Annual Financial Statements</li> <li>Corporate Governance Overview Statement</li> </ul>	<ul style="list-style-type: none"> <li>Malaysian Code on Corporate Governance 2017</li> <li>Bursa Malaysia Listing Requirements</li> <li>IIRC Integrated Reporting Framework</li> <li>Companies Act 2016</li> </ul>		
<b>Governance &amp; Audited Financial Statements 2020</b> 	<b>GAFS</b> <table border="0"> <tr> <td> <b>Governance &amp; Compliance Documents</b> <ul style="list-style-type: none"> <li>Full Directors and Management Profiles</li> <li>Statement on Risk Management and Internal Control</li> <li>Board Audit Committee Report</li> <li>Additional Compliance Information</li> </ul> </td> <td> <b>Financial Statements</b> <ul style="list-style-type: none"> <li>Directors' Report</li> <li>Audited Financial Statements</li> <li>Independent Auditors' Report</li> </ul> </td> </tr> </table>	<b>Governance &amp; Compliance Documents</b> <ul style="list-style-type: none"> <li>Full Directors and Management Profiles</li> <li>Statement on Risk Management and Internal Control</li> <li>Board Audit Committee Report</li> <li>Additional Compliance Information</li> </ul>	<b>Financial Statements</b> <ul style="list-style-type: none"> <li>Directors' Report</li> <li>Audited Financial Statements</li> <li>Independent Auditors' Report</li> </ul>	<ul style="list-style-type: none"> <li>Malaysian Code on Corporate Governance 2017</li> <li>Bursa Malaysia Listing Requirements</li> <li>Companies Act 2016</li> </ul>
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<b>Sustainability &amp; National Contribution Report 2020</b> 	<b>SNRC</b> <ul style="list-style-type: none"> <li>Sustainability Framework</li> <li>Sustainability Governance</li> <li>Our Commitments</li> <li>Third Party Assurance</li> </ul>	<ul style="list-style-type: none"> <li>Bursa Malaysia Sustainability Reporting Guidelines</li> <li>GRI Standards (Core)</li> <li>AA1000 Stakeholder Engagement</li> <li>ISAE 3000 (Revised) - Limited Assurance Engagement</li> </ul>		

### Improvements in Axiata's Integrated Annual Report 2020:

- ▶ We Are Axiata: This Is Our Investment Case (on page 4) - improved our explanation on our business, and the investment proposition we offer the marketplace
- ▶ And This Was How We Responded To The COVID-19 Pandemic (on page 8) - demonstrates the Group's cohesive and coordinated response to assist governments and communities, as well as our ability to swiftly adapt as a business to the crisis
- ▶ Included Case Studies in Responding To Our Stakeholders (on page 34) and Our Risks Linked To Strategy (on page 38) to provide insights into our management approach and philosophy

### Images for Axiata's Integrated Annual Report 2020:

This report's cover and section dividers depict Team Axiata's efforts to do their part to live more sustainably in their everyday lives. Big or small, we strive to effect meaningful change, whether on a personal or professional level, across our footprint to create multipliers through our OpCos. These form part of our larger efforts in Advancing to Zero towards a net-zero carbon position, with the recognition that #ItBeginsWithMe and #ItBeginsWithUs.

## Assurance

Our Annual Financial Statements (AFS) are disclosed in the Governance and Audited Financial Statements 2020 and have been fully audited. Limited assurance has been provided on selected disclosure(s) within our Sustainability & National Contribution Report (SNCR) 2020.

## Approval by the Board

The Board of Directors (Board) applied its collective mind to ensure the integrity of this IAR as guided by the IIRC's International <IR> Framework and other disclosure requirements.

- |                                       |                              |                                |
|---------------------------------------|------------------------------|--------------------------------|
| • Tan Sri Ghazali Sheikh Abdul Khalid | • Dr David Robert Dean       | • Tan Sri Dr Halim Shafie      |
| • Dato' Izzaddin Idris                | • Khoo Gaik Bee              | • Ong King How                 |
| • Dato Dr Nik Ramlah Nik Mahmood      | • Thayaparan S Sangarapillai | • Syed Ali Syed Salem Alsagoff |

For more information:



Scan the QR code to view our IAR online



**Tina Salleh**  
Head of Sustainability  
Celcom Axiata

I believe in buying local  
and ethically-sourced products.

**#ItBeginsWithMe**

**GET TO  
KNOW US**

# We Are Axiata: This Is Our Investment Case

▶ **Axiata is a leading regional telecommunications Group with a footprint spanning 11 countries in ASEAN and South Asia. Our diverse and purpose driven talent base of more than 12,600<sup>1</sup> employees service the needs of more than 157 million customers.**







We have consistently emphasised on good governance and compliance, as encapsulated in our values of Uncompromising Integrity, Exceptional Performance (UI/EP), in our business conduct and ethics.

Since inception, we have successfully pivoted from a pure-play mobile player, to a resilient Triple Core Business, with Operating Companies (OpCos) in the Digital Telco, Digital Financial Services, Digital Analytics and Artificial Intelligence, and TowerCo space. Armed with a deep understanding of market expectations and

guided by our 4P Goals, we have embedded Environmental, Social and Governance (ESG) factors into our business model to empower our stakeholders.

As the world heads towards new horizons, Axiata is continuously evolving to meet the telecommunication and digital needs of the communities we serve. Through breakthrough innovations in technology, we are bridging the divide to engender greater societal inclusion, whilst also facilitating digital transformation for businesses.


## We Are A Diversified Digital Business

**Digital Telcos**      

**OUR FOCUS**  
With mobile growth on a downtrend, our Digital Telcos are poised to capture valuable opportunities in the digital age, to service the Enterprise, Consumer and Home segments.

**HOW WE CREATE VALUE**

- With Home as the new centre of gravity, retail-at-the-edge and a maturing Gig Economy, we are providing converged digital and technological products and services for rapidly evolving work and lifestyle norms
- Responding to the need for businesses to digitally transform, Axiata Enterprise is providing the following services through our Digital Telcos:
  - Security as a Service (SaaS)
  - Platform as a Service (PaaS)
  - Leveraging on IR 4.0 advanced technologies, Enterprise services are focused on the following four tracks:
    - Connectivity at the Core
    - Business-to-Business (B2B) Marketplace
    - Cloud Technologies
    - Internet of Things (IoT)



**Digital Businesses**   

**OUR FOCUS**  
Hemmed by our digital business holding company, Axiata Digital, our digital businesses are geared towards building two verticals in the areas of Digital Financial Services and Digital Analytics and Artificial Intelligence.

**HOW WE CREATE VALUE**

- Leveraging on Analytics, Artificial Intelligence and Machine Learning as key enablers to drive growth
- Boost, our e-wallet and digital payments platform, provides consumers convenient cashless payments that prevent fraud and save time
- Aspirasi is an end-to-end digital financial services platform offering micro-financing and micro-insurance solutions to help the underserved community achieve their business goals while providing support on their journey of dynamic financial growth
- ADA, our digital analytics and artificial intelligence company, leverages on its data analytics capabilities to advise clients on market segmentation for better conversion rates



**Infrastructure** 

**OUR FOCUS**  
Our regional integrated telecommunications infrastructure company, edotco, is the 16<sup>th</sup> largest TowerCo globally, and aspires to become a Top 5 Global TowerCo by 2024. edotco has been named the “2020 Asia Pacific Telecoms Tower Company of the Year” by Frost & Sullivan for the fourth consecutive year.

**HOW WE CREATE VALUE**

- Providing connectivity services for communities and businesses throughout our regional footprint
- Playing a significant role in preparing nations for 5G roll out
- Leveraging on the use of next generation technology to drive efficient connectivity in the new normal to ensure seamless connection for all
- Championing sustainability and managing environmental impacts by evolving the connectivity business to minimise carbon footprint by:
  - reducing electricity consumption
  - minimising carbon footprint
  - lowering fuel consumption



▶ Since inception, Axiata has successfully adapted its business model in line with evolving industry cycles and worldwide that have resulted from dramatic paradigm shifts in the global social and economic landscape.

Axiata today is a diverse and resilient business with a strong foothold in the three distinct business segments of Digital Telcos, Digital Businesses and Infrastructure. Leveraging on robust foundations and our value-differentiated assets, Axiata is firmly on track towards realising our vision to become The Next Generation Digital Champion.

Note: <sup>1</sup> Includes edotco Group and Axiata Digital employees

# We Are Axiata: This Is Our Investment Case

## We Are Spread Across ASEAN And South Asia



Malaysia



Indonesia



Sri Lanka



Bangladesh



Cambodia



Nepal



Pakistan



Myanmar



Laos



Thailand



Philippines

## Guided By An Evolving Business Model

**Our Purpose**  
Advancing Asia

**Our Vision**  
The Next Generation Digital  
Champion by 2024

**Our Values**  
Uncompromising Integrity, Exceptional  
Performance (UI.EP)

### 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

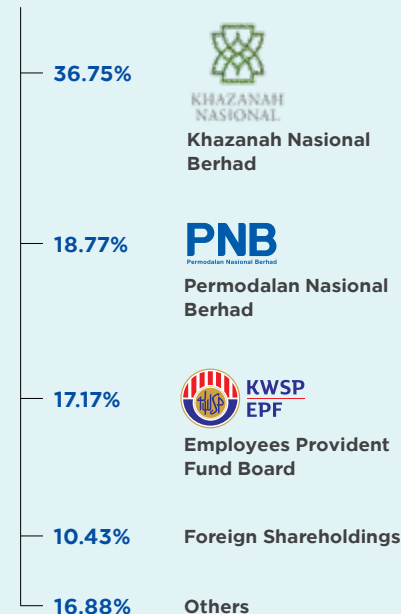
#### Partnership

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 Trusted Shareholders



As of 15 April 2021

## Regional Recognition For Industry Leadership

- Named the **"Asia-Pacific Telecom Group of the Year"** at the 2020 Frost & Sullivan Asia Pacific Best Practices Awards, Axiata's sixth win since 2009
- Ranked in the Top 30% of the Digital Inclusion Benchmark:
  - Fourth highest** of all Digital Tech companies in Asia
  - Third highest** of Telco Companies in Asia
- In April 2021, the Malaysia Board Diversity Study and Index conducted by the Institute of Corporate Directors Malaysia in collaboration with Willis Towers Watson ranked Axiata at:
  - First** in the **"Overall Top 312 Bursa-listed Companies"** category
  - First** in the **"Top 10 Companies By Market Capitalisation"** category for "Large Cap (≥ RM2 Billion)" companies
- Received **"Excellence Award for Corporate Governance Disclosure (fifth position) and "Industry Excellence Award" for Telecommunications and Media** at the MSWG ASEAN Corporate Governance Awards 2020
- Secured awards for **"Companies with More Than 10 Billion in Market Capitalisation" (Silver) and "Best Sustainability Reporting" category (Silver)** at the National Annual Corporate Report Awards 2020
- Recognised as **"Best Company for IR (Large Cap), Best IR Professional (Large Cap), Business Knowledge & Insights of IR Team, Quality of Annual Report/Formal Disclosure, Quality of One-on-One meetings"** by the Malaysian Investor Relations Association
- Awarded **"Islamic Finance Deal of the Year 2020"** by Finance Asia for Axiata's USD600 million and RM867 million Syndicated Multi-Currency Shariah-compliant sustainability-linked financing facilities
- Recognised as **"Best Investment Grade Bond from Malaysia (Best Deals by Country)"** at The Asset Magazine's Triple A Sustainable Capital Markets Country Awards 2020

Led by Axiata Digital, we have well defined digital businesses and are on track to building a strong proposition as a digital bank

- ▶ **Boost** - e-wallet and cashless merchant payment solution leader
- ▶ **Aspirasi** - answering consumer and micro-enterprise demand for insurance and financing solutions

Our digital analytics and AI<sup>1</sup> company, ADA, utilises IR 4.0 technologies to drive growth

- ▶ **Designs and executes** integrated Digital, Analytics and Marketing solutions
- ▶ **Capturing revenue** from large enterprises

edotco is set to become a Top 5 Global TowerCo

- ▶ **Footprint and tower expansion strategy**
- ▶ **IPO<sup>2</sup> targeted** within the next five years

We have strong relationships with regional communities and stakeholders

- ▶ **Contributing to the UN SDGs<sup>3</sup>**
- ▶ **Key partner** in upcoming regional 5G roll outs
- ▶ Empathetic COVID-19 contributions

Notes: <sup>1</sup> AI = Artificial Intelligence <sup>2</sup> IPO = Initial Public Offering <sup>3</sup> UN SDG = United Nations Sustainable Development Goals

# We Are Axiata: This Is Our Investment Case

## The Group is on a strong trajectory towards achieving our Axiata 5.0 Strategy to become The Next Generation Digital Champion by 2024

- ▶ Our Aspirational Targets will drive our journey of repositioning Axiata as a High Dividend Company

<b>5</b>	Achieve these targets within 5 years	<b>10</b>	Reduce cost per GB to < USD0.10
<b>20</b>	Increase Group EBIT margin to > 20%	<b>20</b>	Increase dividend per share to > 20 sen

**ROIC > WACC**

## We are financially resilient

- ▶ Operating Free Cash Flow – **RM3.3 billion in 2020**
- ▶ Total dividend per share of 7 sen in 2020 as Axiata transitions towards becoming a High Dividend Company by 2024
- ▶ **Strengthened liquidity position** via issuance of the 10-year USD500 million Sukuk (10-year Sukuk), 30-year USD1 billion Notes from a Euro Medium Note Programme (30-year Euro Medium Term Notes) and Syndicated Multi-Currency Shariah-compliant sustainability-linked financing<sup>1</sup>
- ▶ **Strengthened capital structure** as average loan tenure at Company level improved to 16 years, and at Group level to 10 years, due to the issuance of the 10-year Sukuk and the 30-year Euro Medium Term Notes

## We have promising growth potential recognised by international investors

In August 2020, Axiata conducted a dual-tranche offering comprising the 10-year Sukuk and 30-year Euro Medium Term Notes:

- ▶ 10-year Sukuk
  - Issued at 2.163%
  - The lowest USD 10-year Sukuk rate from Malaysia
  - The third tightest rate from the telco sector globally
- ▶ 30-year Euro Medium Term Notes
  - Issued at 3.064%
  - Third lowest 30-year coupon offering by a telco issuer globally
  - Lowest 30-year coupon for an Asian corporate
  - Largest 30-year tranche size from an Asian telco
- ▶ Oversubscription from a diversified investor base both by investor type and geographical region
- ▶ High-quality orderbook with oversubscription at:
  - 7.6x on the 10-year Sukuk
  - 3.0x on the 30-year Euro Medium Term Notes

## We are a premium blue chip ESG<sup>2</sup> compliant stock

- ▶ **3-star rating** for ESG compliance on the FTSE4GOOD Bursa Malaysia Index
- ▶ **MSCI<sup>3</sup> ESG Rating A**

## We have strong foundations with great assets

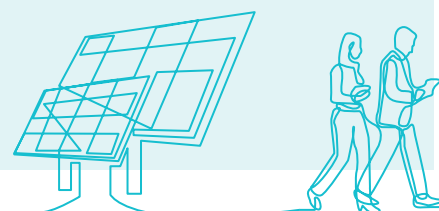
- ▶ **Energetic and skilled leadership** across our regional markets
- ▶ **Diverse and future-proofed** Modern, Agile and Digital workforce

## We have a proven track record of delivering on growth promises

- ▶ **More than doubled revenue from RM11.4 billion** in 2008 to RM24.2 billion in 2020
- ▶ **Improved market capitalisation by 21% to RM34.3 billion as at end 2020**, from RM28.3 billion at closing of first day of trading post IPO in 2008
- ▶ Diversified our business from a pure-play mobile operator in **10 countries** in 2008 to a Triple Core Business of Digital Telcos, Digital Businesses and Infrastructure holding company in **11 countries in 2020**

## We have a resilient and diverse business model, with competitive differentiation

- ▶ **Digital Telcos** – Digital transformation products and services for Enterprises and Consumers
- ▶ **Digital Businesses** – Data analytics, AI and Machine Learning in the digital economy
- ▶ **Infrastructure** – Data analytics to drive 5G growth



Notes: <sup>1</sup> The USD800 million Syndicated Financing, announced on 11 May 2020 underscores Axiata's commitment towards ensuring the alignment of its business strategies and sustainability framework  
<sup>2</sup> ESG = Environmental, Social and Governance  
<sup>3</sup> MSCI = Morgan Stanley Capital International

### IAR

For more details on:  
 - Our financial performance, please refer to pages 50 to 58 of the "Our Financial Resilience" section  
 - Our ESG initiatives and outcomes, please refer to pages 42 to 49 of the "Towards Becoming The Next Generation Digital Champion" section  
 - Our business performance, please refer to pages 15 to 29 of the "In Conversation With The President & Group Chief Executive Officer" section, and pages 59 to 78 of the "Delivering Our Strategy" section  
 - Our COVID-19 contributions, please refer to pages 8 to 9 of the "Get To Know Us" section  
 - For further information on our Aspirational Targets, please refer to page 39 of "Realising Our Vision" section

### SNCR

For more details of our ESG commitments, please refer to the SNCR

### GAFS

For more details on our leadership and financial statements, please refer to the GAFS



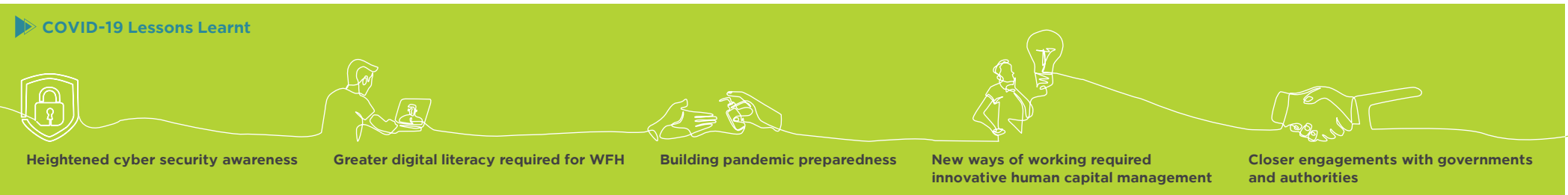
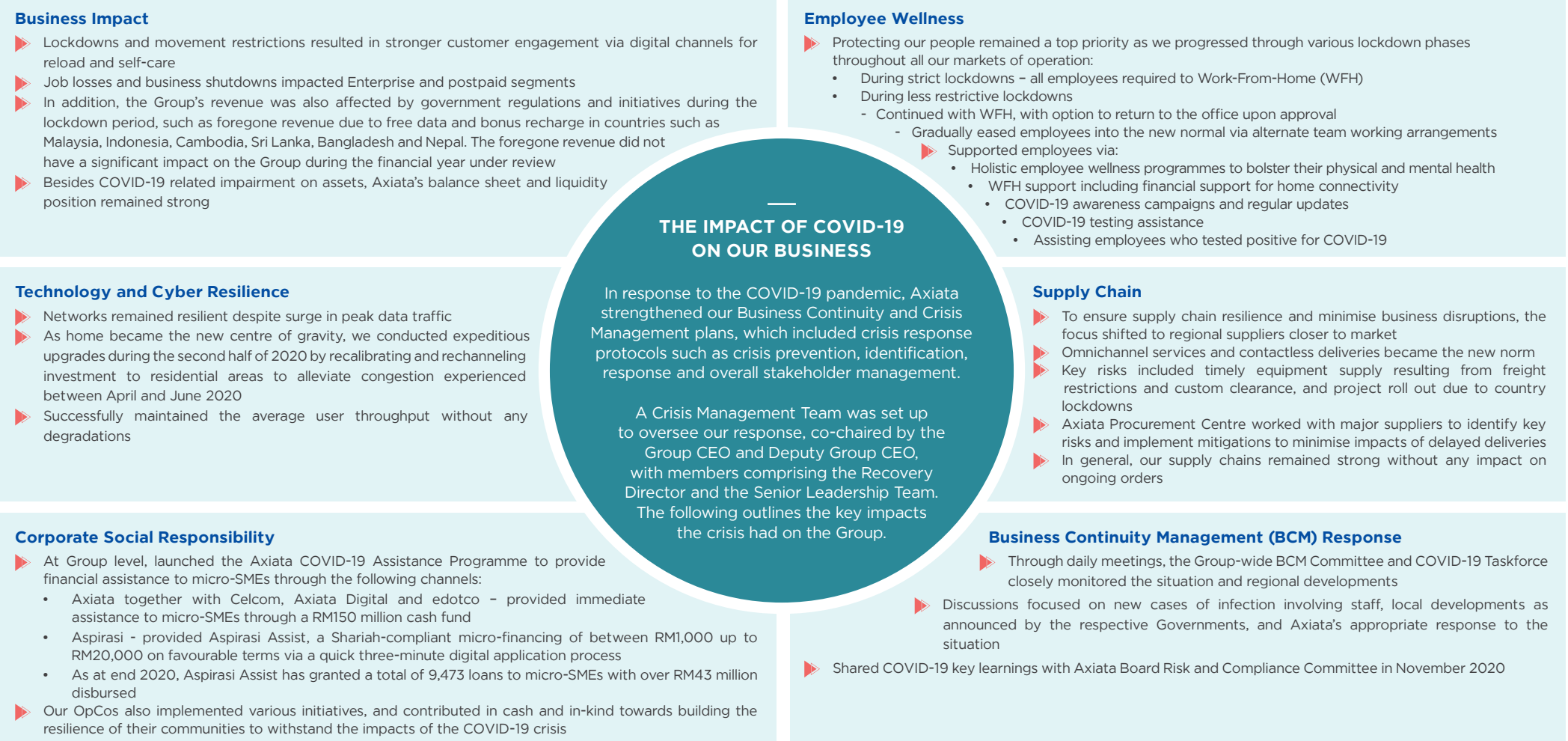
# This Was The Environment We Operated In

Throughout 2020, Axiata and our Operating Companies (OpCos) in 11 markets across ASEAN and South Asia were not spared from the realities of an operating environment that was shaped by the far reaching impacts of the COVID-19 pandemic.

	Operating Environment	Strategic Implications	Way Forward
▶ <b>Key Market/ Industry Trends</b>	<ul style="list-style-type: none"> <li>In the post-COVID-19 world, telcos are now essential utility services, providing business critical connectivity and resiliency</li> <li>Telcos are facilitating Work-From-Home (WFH) arrangements, keeping individuals and societies connected and informed, and enabling access to medical, financial, commercial and other essential services during mandated lockdowns</li> </ul>	<ul style="list-style-type: none"> <li>Axiata has benefitted from these shifts, and is therefore performing better compared to companies in other infrastructure sub-sectors</li> <li>Enterprises seeking digital transformation products and services to accelerate their adoption of technology</li> <li>Need to ensure always on connectivity to provide reliable connection services</li> </ul>	<ul style="list-style-type: none"> <li>Axiata took extensive measures to address challenges and opportunities arising from the new norms</li> <li>Accelerate innovations in digital product and service portfolio for Consumer, Home and Enterprise segments towards capturing new normal opportunities</li> <li>Leverage on the Collective Brain to harness best practices and Group-wide insights and learnings, to chart future growth across the regional footprint</li> </ul>
▶ <b>Macroeconomic Environment</b>	<ul style="list-style-type: none"> <li>The COVID-19 pandemic inflicted multiple shocks on the ASEAN and South Asia regions as domestic shutdowns caused an economic recession</li> <li>Unemployment has risen, and the spending power of consumers and businesses has reduced</li> <li>In many markets, Governments have regulated for telcos to provide free data and bonus recharge to help their population with difficulties they faced</li> </ul>	<ul style="list-style-type: none"> <li>Many high value business customers have either ceased operations or are seeking reductions in services/payments</li> <li>Consumers are looking for more competitively priced packages and value added offers</li> <li>Given the economic uncertainty and difficulty in predicting the pace of recovery, Axiata withdrew its guidance on Headline KPIs<sup>1</sup> on 21 May 2020</li> <li>Foregone revenue due to free data and bonus recharge in Malaysia, Indonesia, Cambodia, Sri Lanka, Bangladesh and Nepal</li> </ul>	<ul style="list-style-type: none"> <li>Maintain strong balance sheet and liquidity position</li> <li>Continue to focus on conserving cash via disciplined cost management and capex efficiency, while building a war chest for new normal opportunities</li> <li>Address customer challenges by catering to their preferences through content windowing, tiered pricing and tailored services according to segmented needs and affordability levels</li> </ul>
▶ <b>Regulatory Environment</b>	<ul style="list-style-type: none"> <li>Uncertainty and volatility in spectrum allocations especially for future 5G network, and approvals to expand digital financial services</li> <li>Modernisation of sectoral legislation and regulatory framework and development of national digital economy blueprints in some markets</li> <li>Greater scrutiny of big tech over digital competition concerns may see introduction of digital regulations, a start to ensure regulatory fairness</li> </ul>	<ul style="list-style-type: none"> <li>Proactive regulatory management as a core component of Stakeholder Management under the 10 Key Focus Areas of the Axiata 5.0 strategy</li> <li>Develop public policy thought pieces on the digital economy and IR 4.0<sup>2</sup></li> <li>Shareholder representatives in key markets who would represent Axiata's interests on the ground</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory compliance a key pillar in ensuring positive reputation with stakeholders</li> <li>Proactively managing stakeholders including support from the Government of Malaysia in protecting investments overseas</li> <li>Conducting joint advocacy campaigns with the GSMA, International Telecommunication Union (ITU) and other international bodies to ensure adequate supply of 4G and 5G spectrum across the footprint</li> <li>Joint advocacy with ITU and the World Bank to assist governments wishing to reform and modernise current legislative and regulatory frameworks</li> </ul>
▶ <b>Digital Shift</b>	<ul style="list-style-type: none"> <li>Homes are now seen as the new centre of gravity, as lockdowns led to WFH and greater utilisation of online platforms</li> <li>As demand for digital connectivity skyrocketed, network traffic surged</li> <li>Even as online activities increased, customers expect their data privacy to be protected</li> <li>5G roll outs delayed in most markets</li> </ul>	<ul style="list-style-type: none"> <li>Provide broadband incentives to businesses and consumers to encourage them to stay at home</li> <li>Improve network stability to enable consumers to adopt to the new ways of working and learning</li> <li>Enhance security capabilities and improve service delivery for our employees to enable them to WFH</li> <li>Axiata's Group Security Operations Centre (GSOC) instrumental in supporting network resilience by discovering and remediating external threats</li> <li>Enhance training and awareness efforts on Privacy and Cyber Security to build a cyber-resilient culture</li> </ul>	<ul style="list-style-type: none"> <li>Axiata continues to support digital agendas within its markets of operation by enhancing technology capabilities</li> <li>Enhance security and data protection capability to provide uninterrupted service and inspire customer confidence</li> <li>Provide more Internet-based services to enable customers to connect and adopt the new norms in working and learning</li> </ul>
▶ <b>Competitive Landscape</b>	<ul style="list-style-type: none"> <li>Industry revenue dropped as consumers and businesses suffered financially from the impacts of the pandemic</li> <li>This intensified competition in the telco sector, as players sought to maintain revenue in a difficult market</li> </ul>	<ul style="list-style-type: none"> <li>While demand for data has increased, intensified competition between telcos have further eroded data prices</li> <li>Need for OpCos to differentiate themselves from their competitors in the market</li> <li>Leveraging on the Collective Brain to gain cost savings that will bolster our financial fundamentals</li> </ul>	<ul style="list-style-type: none"> <li>Focus on the refined strategic approach of the Six Core Business Dimensions within Axiata's 10 Key Focus Areas to capture new normal opportunities</li> <li>Continuously enhance customer experiences and provide value added propositions</li> <li>As digital lifestyles become more entrenched, to provide a distinctive competitive proposition via converged service offerings for the Consumer, Home and Enterprise segments</li> <li>Establish Axiata as the digital transformation product and service provider for businesses</li> </ul>

Notes: <sup>1</sup> KPIs = Key Performance Indicators <sup>2</sup> IR 4.0 = Industrial Revolution 4.0

# And This Was How We Responded To The COVID-19 Pandemic



# And This Was How We Responded To The COVID-19 Pandemic

## COVID-19 NATIONAL CONTRIBUTIONS ACROSS OUR FOOTPRINT

▶ Throughout our regional footprint, all OpCos provided either free or bonus data to customers across the prepaid, postpaid, Home and Enterprise segments, depending on the market.

Over and above, each OpCo provided targeted support for their respective communities, according to identified needs. These predominantly focused on financial assistance to SMEs, cash donations, and connectivity and technology contributions in-kind. The following provides an overview of the contribution by each OpCo in 2020:

- ▶ Shariah-compliant micro-financing through Axiata Digital, riding on the Aspirasi digital platform – from RM1,000 to RM20,000 and on favourable terms
- ▶ Quick three-minute digital application process
- ▶ Aspirasi Assist supported by Ministry of Finance for the RM150.0 million cash fund from Axiata together with Celcom, Axiata Digital and edotco to provide immediate assistance to micro-SMEs



- ▶ Provided relief services, devices, donations, personal protective equipment (PPE), and enhanced network capacity at estimated value of over RM380.0 million
- ▶ Free 1GB data daily for customers, with unlimited WhatsApp and Microsoft365 (M365) access
- ▶ Credit term extension for postpaid customers and SMEs
- ▶ Rebates for tourism operators, logistics companies and frontliners
- ▶ Supported COVID-19 healthcare operations in collaboration with state governments, Ministry of Health, government agencies and quarantine centres
- ▶ Extended financial support to our Trade and Fulfillment partners including PPE
- ▶ Food aid and cash contribution to B40 families
- ▶ Collaborated with e-learning provider to assist students learning from home
- ▶ Free browsing of the Ministry of Health's website for latest updates
- ▶ Free calls to Crisis Preparedness Response Centre and Movement Control Order Hotline
- ▶ 10% e-wallet cashback on reload via Celcom Life App



- ▶ Malaysia - enhanced network coverage with eMOS<sup>1</sup> at Malaysia's main COVID-19 treatment facility, Sungai Buloh Hospital
- ▶ Cambodia - PPE and testing kits for children's hospital
- ▶ Bangladesh - educational sanitation programmes for local communities
- ▶ Pakistan and Laos - mercy flights for stranded Malaysians
- ▶ Sri Lanka - funds to equip hospitals with respiratory machines
- ▶ Philippines - financial assistance for the purchase of medical devices, and medical and food supplies
- ▶ Myanmar - PPE and thermometers to support testing efforts



- ▶ Partnered with Digital Bangladesh's flagship programme a2i and the Health Ministry to design an AI-powered contact tracing app
- ▶ Donated PPE to frontliners and medical workers
- ▶ Provided free monthly 33GB data for doctors for six months
- ▶ Free access to Robi 10-Minute School
- ▶ Free 10-minute talk time and 50MB of data to subscribers unable to recharge, and reduced voice call rates
- ▶ Sent out real-time notifications to customers moving into various COVID-19 hotspots to heighten alertness
- ▶ Provided local administration with geo-mapping support based on real-time telco data to identify heavy movement of people in various parts of the country with the aim of containing the spread of the virus
- ▶ Provided an emergency credit facility to 20,000 retailers



- ▶ Invested RM4.3 million (SLR200.0 million) towards the development of state-of-the-art Intensive Care Units at Homagama Base Hospital and Negombo Hospital
- ▶ Conducted nationwide COVID-19 relief operation – RM1.7 million (SLR78.3 million) of dry rations distributed to > 174,000 people in > 400 villages
- ▶ Provided Telepresence and connectivity solutions to 30 hospitals and Telemedicine Solutions to 16 key hospitals across the country
- ▶ Provided RM151.9 million (SLR7.0 billion) in consumer concessions during lockdown periods
- ▶ Facilitated Distance Learning solutions to 92 schools and extended free access to all State university platforms, Guru.lk and e-thaksalawa
- ▶ Provided 4,000 PCR test kits to enable high-speed Robotic PCR Testing at Bandaranaik International Airport
- ▶ Provided critical connectivity solutions to the National Institute of Infectious Diseases and Quarantine Centres nationwide, and launched a toll-free 1390 COVID-19 national medical advisory hotline



- ▶ Contributed RM3.4 million (NPR100.0 million) to the Coronavirus Infection Prevention, Control and Treatment Fund
- ▶ Collaborated with the Ministry of Health and Population and UNICEF for Mass COVID-19 Awareness Campaign urging key behavioral changes to reduce risk of infection
- ▶ Supported the COVID-19 Crisis Management Committee (CCMC) for Migration Tracking and Contact Tracing
- ▶ Rolled out the Unstructured Supplementary Service Data (USSD or quick codes) and Interactive Voice Response (IVR) survey to identify COVID-19 infected people
- ▶ Conducted COVID-19 awareness messaging leveraging on internal platforms - SMS, OBD calls, call tone, temporary change in network name to #Staysafe, engagement promos
- ▶ Ncell Free Hotline (service was also extended to Nepali migrant workers in Malaysia) and free Ncell Call to Doctor Service provided for COVID-19 consultation with doctors
- ▶ Free access to government hotlines 1133 and 1115
- ▶ Collaborated with the Ministry of Women, Children and Senior Citizen and UN WOMEN to run a Rapid Assessment Survey on how COVID-19 has affected the lives of people in Nepal
- ▶ Supported online education via - Mobile Class Data Pack in collaboration with Tribhuvan University; special monthly plan for online learning; Radio Outreach Programme providing radio education for rural primary students



- ▶ Contributed more than RM2.4 million (USD0.6 million) from its COVID-19 Relief Fund supporting key national initiatives
- ▶ Implemented 5G through the use of trial frequencies at three of Cambodia's main hospitals
- ▶ Bonus data for every e-top up for one month
- ▶ Home segment Fair Usage Policy quota doubled to 500GB and 800GB monthly for standard and premium plan customers respectively
- ▶ Free up to 10GB extra data for Enterprise customers



- ▶ Contributed > RM45.4 million (IDR158.2 billion) towards COVID-19 prevention programmes
- ▶ Contributed > RM2.9 million (IDR10.0 billion) in cash donations to the National Disaster Management Agency (BNPB)
- ▶ 2GB per day for Government sites, e-learning portals, e-Commerce apps and M365 contribution of over RM24.6 million (IDR85.7 billion)
- ▶ Students data quota subsidy to support the Government of over RM12.8 million (IDR44.5 billion)
- ▶ Government hospital connectivity (MiFi and MBB Router) and University Programme (Data Packages for students and staff) of over RM1.7 million (IDR5.8 billion)



Notes: Conversion rates are as of 31 December 2020: IDR1 = RM0.000287, SLR1 = RM0.021700, USD1 = 4.036000, NPR1 = RM0.034402

<sup>1</sup> eMOS is a Cell-on-Wheels/Mobility Solution provided by edotco

### IAR

For more details on other COVID-19 contributions made by OpCos in their markets of operation, please refer to pages 61 to 78 of the "Delivering Our Strategy" section

### SNCR

For comprehensive details of our OpCos' COVID-19 contributions, please refer to the "Emergency and Disaster Response" section in the "Social" chapter



**Sothea Roth Hun**  
Senior Operations Engineer  
edotco Cambodia

Cycling to work to lessen  
my carbon footprint.

**#ItBeginsWithMe**

**LEADERSHIP  
INSIGHTS**

## Chairman's Message

# Delivering Digital Trust



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



Tan Sri Ghazzali Sheikh Abdul Khalid

## Dear Stakeholders,

**On behalf of the Board of Directors (the Board), I present to you Axiata Group Berhad's (Axiata or the Group) Integrated Annual Report for the financial year ended 31 December 2020. As we come into the first full year of surviving the COVID-19 pandemic, Axiata has continued with its purpose of Advancing Asia, and contributed to the resilience of national economies and societies in its markets of operation.**

Stepping into 2021, the crisis continues to dominate the global outlook as new waves of infections prompt renewed national lockdowns and tighter restrictions. Businesses and communities are reeling from the shocks, with the International Labour Organisation estimating total job loss of 81 million across the Asia-Pacific region in 2020.

For telecommunications and digital companies such as Axiata, it has been a time of unprecedented challenges and promising opportunities. On the one hand, job losses and the business slowdown are affecting consumption across all markets. On the other, consumers and enterprises have accelerated their adoption of mobile and digital technologies to

continue with life uninterrupted, whether it be to earn an income, work, study or socialise in safety. Online entertainment is on the rise, as are digital applications (apps) such as food delivery platforms, fintech, e-Commerce and social media. Only businesses that are succeeding in their technology transformation remain relevant and continue to survive.

In the face of this challenging landscape, the Group delivered on its value creation promise to shareholders, with the Board declaring a full year total dividend of 7 sen per ordinary share for 2020.

## Creating Value Through Axiata's Empathetic Response

Axiata has approached the pandemic as a humanitarian crisis which calls for the setting aside of commercial interest and adopting an empathetic and compassionate approach to prioritise the wellbeing of its employees, customers and communities. As soon as movement controls and lockdowns were employed by governments across our markets as part of pandemic containment measures, Axiata swiftly reacted by initiating the Business Continuity Management and Crisis Management Plan across all Operating Companies (OpCos) by 20 March 2020. Key areas considered were the business impact, supply chain management, employee wellness, corporate social responsibility commitments, technology and cyber resilience, and adapting working arrangements to secure business continuity. Axiata successfully reimaged work norms to keep its people safe, while providing them with the support they required for emotional, mental and physical wellbeing. The Group also rolled out a comprehensive regional response to the pressing humanitarian needs that arose from the COVID-19 crisis, placing emphasis on alleviating the burdens of customers, businesses, communities and governments as they adjusted to new norms.

## Building Digital Trust in the New Normal

The Group's trust proposition is founded on solid principles of governance, and robust risk and compliance management practices, underpinned by its values of Uncompromising Integrity, Exceptional Performance (UIEP). Axiata's efforts to foster responsible use of digital technologies by addressing risks, as well as innovating in an open, inclusive and ethical manner, has led to its ranking within the Top 30% of the Digital Inclusion Benchmark, the fourth highest of all digital tech companies in Asia, and the third highest of telco companies in Asia.

With the introduction of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 that came into effect in June 2020,

the Group established comprehensive procedures to ensure full compliance. Axiata adopted a Zero-Tolerance Policy towards bribery and corruption and a No Gift Policy, as reflected in the Anti-Bribery and Anti-Corruption (ABAC) and Gifts, Donations and Sponsorships Policies respectively, which are applicable Group-wide.

Today's digital economy is largely being shaped by consumer attitudes towards security and privacy, as people are becoming increasingly aware of online threats. The Group's forward-looking view of technology trends depicts a scenario of increased complexity, pace, scale and interdependence. Digital security risks have emerged as one of the most important systemic issues for the global economy. The pandemic has exacerbated cyber security risks on an international scale as malicious actors have increased cyber-attacks. An independent assessment has confirmed that the Group has achieved its cyber security maturity level above the world average. To protect increasingly valuable digital assets, the Group has executed its cyber security strategy Digital Trust 2020, and implemented the National Institute of Standards and Technology Maturity Programme across all OpCos.

As part of fostering a strong risk and compliance culture, mandatory training covering the ABAC, Cyber Security and Data Privacy domains were introduced for all employees. In 2020, Axiata achieved over 90% training completion rate throughout the Group across all disciplines. Employees' and suppliers' privacy training and awareness programmes were enhanced through targeted content tailored to current and emerging risks. Additionally, Axiata published the Group Data Privacy Policy, updated Privacy Notices and Cyber Security Advisory for customers to raise their awareness. The Group successfully upskilled privacy teams across all OpCos through the completion of an internationally accredited Certified Information Privacy Manager Certification.

The Board Risk Management Committee has evolved into the Board Risk and Compliance Committee with enhanced roles and responsibilities to

strengthen governance. Management has also strengthened its monitoring of risks by establishing the Risk and Compliance Management Committee. Governance instruments have been revised and the Supplier Code of Conduct and the Supplier Declaration processes have been strengthened to minimise any third-party risks. The Group's T.R.U.S.T. principles embody Axiata's Privacy and Compliance commitment to embed a strong risk and compliance culture.

Axiata's cyber security strategy for the next three years, spanning the period from 2021 till 2023, will leverage and evolve from the existing "Digital Trust 2020" into "Digital Trust and Resilience - DT&R2023". It will be a coherent, defensible cyber security programme based on a clear vision and strategic goals. Apart from serving as a competitive differentiator, Axiata's evolved strategy aims to enhance customer trust.

In 2021, the Group will maintain its proactive approach towards addressing the impacts of the global pandemic and transition to the new normal by continuously discovering, assessing and adapting to ever-changing risk and trust levels. Ultimately, Axiata's aim is to implement granular, data-driven, analytic cyber and privacy risk management, enhance its ability to make rigorous, fact-based decisions about the most critical risks, and ensure compliance with legal and regulatory requirements across the Group.

## Strengthening Environmental, Social and Governance (ESG) Commitments

It is our belief that the incorporation of ESG factors into Axiata's value creation model augments the Group's business fundamentals to withstand volatility and future crises.

In 2020, we established the Group-wide Sustainability Steering Committee chaired by the Group Chief Corporate Officer, with members comprising representatives from all OpCos and departments. The completion of the

### IAR

For more details on:

- Managing COVID-19 impacts to Business Continuity Management, please refer to the Risk Case Study on page 38 of the "Realising Our Vision" section
- COVID-19 related impacts to Axiata and our response, please refer to the "This Was The Environment We Operated In" on pages 7 to 9 of the "Get To Know Us" section

- COVID-19 related employee support, please refer to page 45 of the "Building A Modern, Agile And Digital Asian Talent Factory" section
- COVID-19 related national contributions by OpCos, please refer to page 47 of the "Supporting Governments And Communities In Our Markets" section

## Chairman's Message

Syndicated Multi-Currency Shariah-compliant sustainability-linked financing facilities of USD800 million was a major milestone in furthering Axiata's ESG agenda. Featuring a combination of Islamic financing principles and sustainability parameters, the Islamic Syndicated Financing effort is the first-of-its-kind in Malaysia and the world. Towards enhancing its ESG focus, Axiata will develop a five-year Sustainability Strategy Framework and Net-Zero Carbon Roadmap that will guide its future goals.

### Advancing Asia by Contributing to the United Nations Sustainable Development Goals (UN SDGs)

Axiata has stepped up on digital inclusion efforts for communities across its markets, in line with its commitments to the UN SDGs. Towards ensuring inclusive and equitable quality education in line with UN SDG 4, the Axiata Young Talent Programme which was inceptioned in Malaysia in 2011, has expanded to Indonesia as XL Future Leaders and Cambodia as SmartEdu. As at end 2020, the programme has touched the lives of 2,262 Malaysian, 1,000 Indonesian and 20 Cambodian young and talented youth. OpCo led initiatives focusing on improving education outcomes have played a significant part in sustaining students access to education throughout school closures during the pandemic. Furthermore, through a diverse range of digital and mobile tools that support disadvantaged communities to improve their livelihoods, Axiata is contributing to UN SDG 8 to support decent work and UN SDG 11 to encourage sustainable communities. As a nation building partner, in 2020 the Group has contributed a total of USD7.7 billion<sup>1</sup> to the Gross Domestic Product of the 11 countries where its businesses operate. Through a very difficult year, Axiata continued to directly and indirectly support some 0.6 million<sup>1</sup> jobs across its footprint.

### Creating Environmental Value by Advancing to Zero

With the aim of achieving a net-zero carbon position, "Advancing To Zero" marks Axiata's commitment to balance business growth with sustained climate action across its footprint. In responding to the GSMA's call for industry decarbonisation by 2050, and in alignment with the UN SDG 13 to combat climate change, Axiata has embarked on its Net-Zero Carbon Roadmap. The Roadmap will identify initiatives that will be put in place under the oversight of the Sustainability Steering Committee. The Group's sustained efforts in the environmental space has resulted in Axiata's MSCI ESG Rating of A. The focused execution of Axiata's environmental strategies will further enhance its ESG ratings.

### Addressing Challenges

In relation to a long-standing dispute affecting Ncell, Axiata's subsidiary in Nepal, Ncell paid under protest and on a without prejudice basis, the Capital Gains Tax demanded by the Government of Nepal, driven by the need to keep serving Ncell's customers without being affected by undue pressures. Axiata's wholly owned subsidiary, Axiata Investments (UK) Limited and Ncell commenced proceedings against the Federal Democratic Republic of Nepal for contravention of the Bilateral Investment Treaty between UK and Nepal

and the dispute is scheduled to be heard in August 2021 by an arbitration Tribunal set up under the rules of the International Centre for Settlement of Investment Disputes.

In Myanmar, Axiata is closely monitoring the current developing socio-political climate, given that the country is part of edotco's operating footprint. The Group has been consistently communicating with all stakeholders, including its employees, customers, and vendors in Myanmar to manage impacts amidst the challenging environment. We will continue to assess any business, operational, and financial risks that may arise to effectively mitigate against potential impacts.

### Sustained and Strong Leadership

As of 1 January 2021, Dato' Izzaddin Idris has taken over the reins from Tan Sri Jamaludin Ibrahim as Axiata's President & Group Chief Executive Officer, marking the culmination of a year-long leadership transition process conducted as part of the succession planning programme to facilitate a smooth and seamless handover. On behalf of the Group, I would like to record our deepest appreciation to Tan Sri Jamaludin for steering the Group through both calm and stormy waters, to become the globally renowned regional leader it is today. We warmly welcome Dato' Izzaddin and look forward to continue to work with him to chart the Group's future growth. Our congratulations to Dato' Izzaddin on his appointment as a GSMA Board member for a two-year period beginning January 2021 in a role that enables Axiata to contribute to the development of the global mobile industry.

Tan Sri Jamaludin remains as part of the Axiata fold and will play an important role as one of the inaugural members of the Axiata Advisory Panel (AAP) which was recently established on 5 March 2021. Tan Sri Jamaludin is joined by Bapak Gita Irawan Wirjawan, a former Minister of Trade for Indonesia in 2011 and the current Chairman of the Investment Coordinating Board of Indonesia. Both these individuals have participated in the highest levels of corporate and public life and bring to the table a world of insights and guidance to share on both the telecommunications industry and the digital economy. The AAP will complement the Board's efforts to assess and understand evolving key and complex industry shifts, as well as geopolitical and macroeconomic uncertainties, as Axiata strives towards achieving next level growth.

Axiata's Board Refresh programme which seeks to elevate the Board's capacity to deliver the best standards of corporate governance led to active movements in 2020. In addition to Tan Sri Jamaludin, we must thank outgoing Board members David Lau Nai Pek, Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz and Dr Lisa Lim Poh Lin for their unstinting contributions in strengthening the Group's fundamentals. We welcomed three new members, namely Thayaparan S Sangarapillai, Tan Sri Dr Halim Shafie and Syed Ali Salem Alsagoff, whilst Ong King How who was formerly an alternate director to Tengku Dato' Sri Azmil Zahrudin was redesignated as Non-Independent Non-Executive Director.

On 7 April 2021, the Malaysia Board Diversity Study and Index conducted by the Institute of Corporate Directors Malaysia in collaboration with Willis Towers Watson ranked the Axiata Board first in the "Overall Top 312 Bursalist Companies" category, as well as first in the "Top 10 Companies By Market Capitalisation" category for "Large Cap (≥ RM2 Billion)" companies. This independent external validation reinforces the Group's sterling corporate governance culture, which has been one of the key components of Axiata's sustained strong performance.

As we continue into 2021, the Board's focus is firmly trained on challenging the Axiata management to keep a steady hold on the businesses even as the Group maintains its responsibilities in navigating persisting uncertainties and increasingly competitive markets in a digitally heightened environment.

### Moving Forward

Challenges are expected to persist in 2021, as businesses and communities take stock of new and emerging risks defining the post-COVID-19 landscape. Whilst many expect vaccines will act as a pivotal game-changer, the global community is coming to accept the reality of a vastly altered socio-economic landscape, where recovery will be protracted. Economic revival has been forecast for the second half of 2021, but uncertainty remains as a result of the inequitable distribution of vaccines, and the ebb and surge of the virus from one country to another. As Axiata continues to progress with its journey to achieve the Axiata 5.0 strategy of becoming The Next Generation Digital Champion by 2024, it is incumbent upon the Group to consider life beyond the risks of COVID-19, to make the most of opportunities that arise. The recently proposed Celcom-Digi merger for example, heralds promising growth opportunities for the Group to further its strategic vision and build the leading Malaysian telecommunications service provider that will contribute significantly to advancing the interests of the nation, consumer and industry. Another key value creation proposition the Group has identified for its shareholders and investors involves shifting from a "moderate growth and moderate dividend" investment proposition to a High Dividend Company. Axiata has developed a focused plan to reposition itself in light of changing industry cycles and outlook, whilst also placing greater emphasis on cash and profit.

### Acknowledgements

On behalf of the Group, I would like to take this opportunity to record our sincere appreciation for the unflinching support Axiata has received from the governments and regulators in its markets of operations. To the Group's high performing employees, our deepest gratitude for your sterling work over the past year, to overcome unforeseen challenges and continuing to deliver on Axiata's value creation and value preservation efforts. As for our shareholders, we thank you for your continuous faith in the Group and reaffirm our commitment to create long-term sustainable value.

### TAN SRI GHAZZALI SHEIKH ABDUL KHALID Chairman

**SNCR** For more details of our Sustainability Steering Committee, Climate Action Plan, sustainability activities and outcomes, please refer to the SNCR

**GAFS** For more details on our governance, data privacy and cyber security initiatives and outcomes, please refer to pages 37 to 38 in the "Building Digital Trust Through Data Privacy and Cyber Security" section

Note: <sup>1</sup> Including edotco Group

- IAR** For more details on:
- Islamic Syndicated Financing, please refer to page 58 of the "Our Financial Resilience" section
  - Axiata 5.0, please refer to page 21 of the "In Conversation with the President & Group Chief Executive Officer" section and page 39 of the "Realising Our Vision" section
  - The proposed Celcom-Digi merger, please refer to pages 27 to 28 of the "In Conversation With The President & Group Chief Executive Officer" section
  - High Dividend Company proposition, please refer to page 29 of the "In Conversation With The President & Group Chief Executive Officer" section
  - Sustainability Steering Committee, please refer to page 89 of the "Holding Ourselves Accountable" section

## Our Share Price Performance

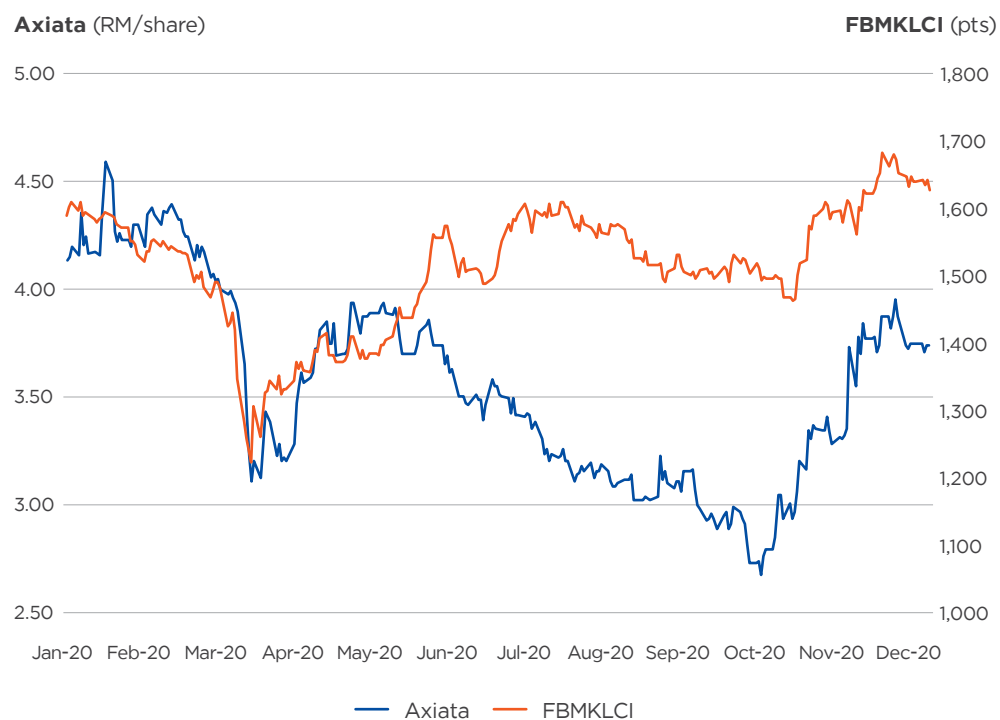
Amidst a challenging pandemic year, Axiata's share price declined by 9.7% to close at RM3.74 on 31 December 2020 versus the local benchmark index FTSE Bursa Malaysia KLCI (FBMKLCI) which was up by 2.4% to 1,627.21. In terms of market capitalisation, Axiata closed the year as the twelfth largest company on FBMKLCI at RM34.3 billion.

Axiata's foreign shareholdings was at 10.4% as at end 2020, compared to 11.1% the preceding year. A similar trend was observed in the local equity market whereby foreign shareholding of Malaysia's equity market fell to 20.7% as at end 2020, compared to 22.3% as at end 2019.

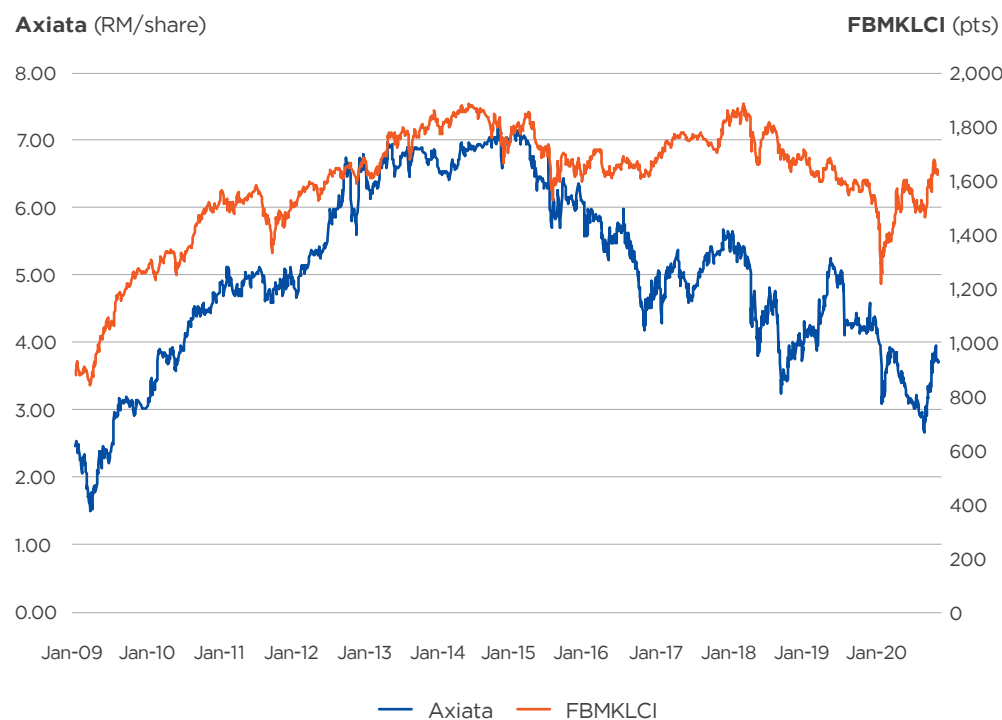
Share price performance for the year was largely influenced by uncertainties brought about by the unprecedented COVID-19 pandemic and its impacts on our OpCos across the footprint, which included accessibility impact from lockdowns and affordability impact from lower economic activities. Additionally, market sentiment on Axiata was also affected by anticipated 5G capex requirements especially in Malaysia and intensified competition in Indonesia since mid-2020. After reaching a low of RM2.66 on 21 October 2020, the share price trended upwards thereafter supported by better-than-expected third quarter results in November.

From 2009 to 2020, Axiata's share price had increased by 52%.

SHARE PRICE PERFORMANCE (2020)



SHARE PRICE PERFORMANCE (2009 - 2020)



# Our Dividend Policy

Showcasing resilient performance during the year amidst a global pandemic, Axiata announced a second interim dividend of 5.0 sen per share in February 2021, bringing full year dividend declared for the financial year ended 31 December 2020 to 7.0 sen per share (including first interim dividend of 2.0 sen per share paid in October 2020).

The Board remains committed to our:

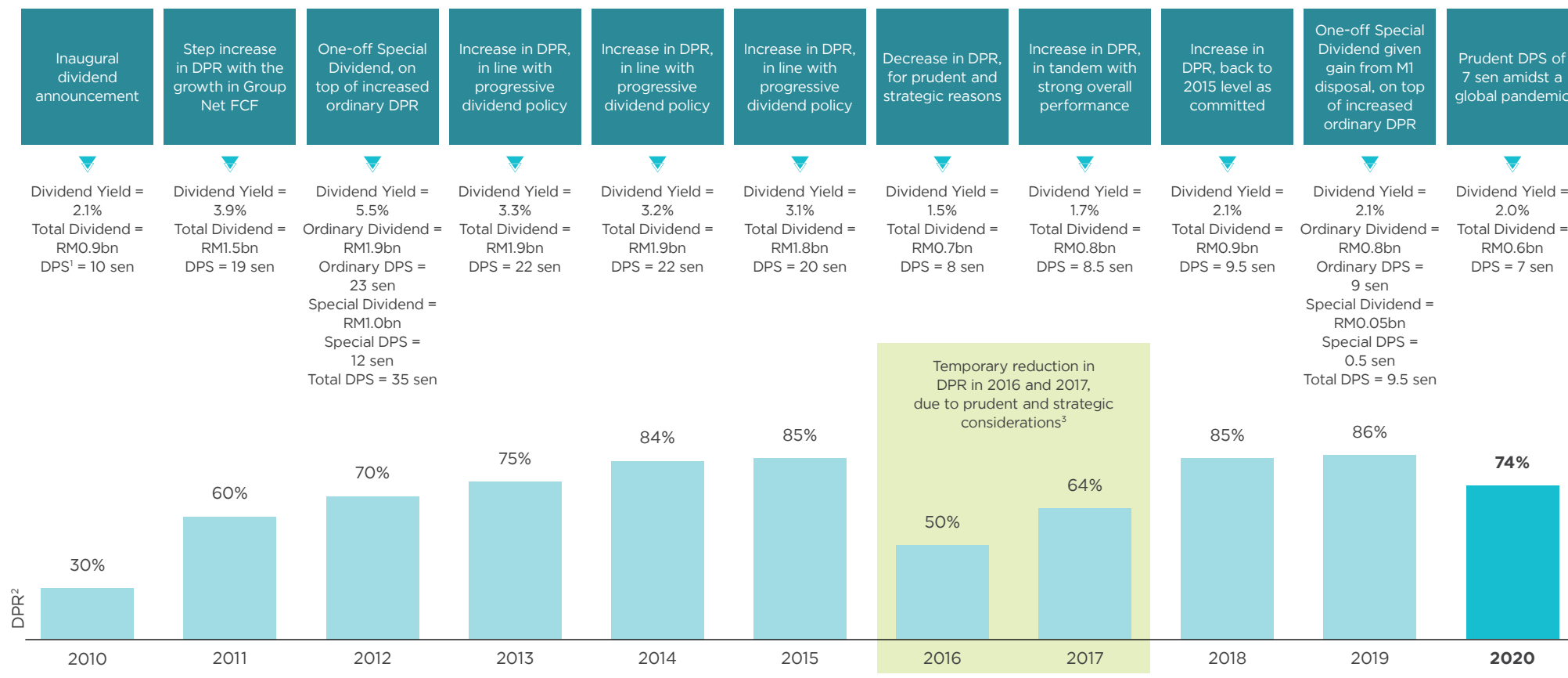
a) Dividend policy: The Company intends to pay dividends of at least 30% of its consolidated normalised PATAMI and endeavours to progressively increase the payout ratio over a period of time, subject to a number of factors including business prospects, capital requirements and

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”.

During Axiata Analyst & Investor Day in December 2020, we announced our new investor proposition to be a High Dividend Company by 2024, with a dividend per share target of more than 20 sen. Supporting this target is Axiata 5.0, which focuses on executing 10 Key Focus Areas to deliver high and sustainable dividends for our shareholders.

## PRUDENT AND DISCIPLINED DIVIDEND PAYOUT



<sup>1</sup> DPS - Dividend per share

<sup>2</sup> DPR - Dividend payout ratio excluding special dividend

<sup>3</sup> The Group announced lower DPR in 2016 and 2017 based on two reasons. First, for prudent reasons, to mitigate against impacts of volatile forex and regulatory risk. Second, for strategic reasons, to enable 4G/data leadership investments as well as for possible mergers and acquisitions (M&A) exercises in the areas of market consolidation. Axiata reverted to DPR of 85% in 2018



# In Conversation With The President & Group Chief Executive Officer



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



Dato' Izzaddin Idris

# Ready For Next

It is said that true character is revealed in the face of abject adversity. The COVID-19 pandemic forced mankind to quickly adjust to life amidst a healthcare crisis, movement controls and the resulting economic slowdown. Never before had the medical science fraternity faced a challenge so grave requiring singular focus on rapidly developing a vaccine for the world. It was also a year that catalysed sharp shifts in consumer and work-life behaviours, as businesses and industries struggled to survive, some collapsing entirely due to their inability to serve customers in restrictive conditions.

Ongoing adjustments within the telecommunications sector to future-proof for the Fourth Industrial Revolution (IR 4.0) enabled the sector to rise seamlessly and immediately to serve as a critical utility provider that kept businesses and communities up and running, enabling people to continue connecting with each

other from the safety of their homes. Employees required to Work-From-Home (WFH) accessed digital work and meeting platforms, students attended online classes, while families and friends remained in touch through online social media and conferencing platforms. Mobile connectivity drove consumption by enabling e-commerce transactions and facilitating digital financial transactions. Cyber security and data privacy became an even greater imperative, and telcos were even more conscious of their obligation to protect customer data.

Even as telcos reorient their business models to survive rapidly evolving technology cycles and disruptive Over-The-Top (OTT) platforms, the pandemic has further upped the ante on digitalisation globally. In keeping with new normal demand shifts, the role of telcos has expanded from being providers of connectivity into the realm of being engines of socioeconomic growth in the digital era.

Bridging the diverse needs of governments, businesses, societies and individuals, the competitive edge for telcos in this new reality lies in their ability to deliver digital and technological convergence through the use of Machine Learning, Internet of Things (IoT), Data Analytics, Artificial Intelligence and other advanced technologies combined with telco products and services.

Against this fluid backdrop of changes, opportunities, and challenges, we speak to Axiata's President & Group Chief Executive Officer Dato' Izzaddin Idris to gain insights into the Group's performance, its plans for continued value creation, his take on new normal dynamics, as well as his vision for the Group's growth trajectory in its transformation into The Next Generation Digital Champion by 2024.

## Overview of the Q&As

<p><b>Q1</b></p> <p>What is your take on the Group's performance in 2020?</p> <p>▶ pg16</p>	<p><b>Q2</b></p> <p>How did Axiata's Operating Companies (OpCos) perform in 2020?</p> <p>▶ pg17</p>	<p><b>Q3</b></p> <p>How did Axiata and its OpCos align to meet with the multi-pronged impacts of the COVID-19 crisis?</p> <p>▶ pg20</p>	<p><b>Q4</b></p> <p>What are key considerations made by Axiata in aligning its strategy to rise above industry competition and capture new opportunities?</p> <p>▶ pg20</p>	<p><b>Q5</b></p> <p>How will Axiata harness Group-wide strengths to execute initiatives under Axiata 5.0?</p> <p>▶ pg21</p>	<p><b>Q6</b></p> <p>How prepared is Axiata for the 5G cycle?</p> <p>▶ pg23</p>	<p><b>Q7</b></p> <p>Given the heightened push towards digitalisation, are Axiata's Digital Businesses ready for greater value creation?</p> <p>▶ pg25</p>	<p><b>Q8</b></p> <p>Is edotco's potential listing still on the cards?</p> <p>▶ pg26</p>	<p><b>Q9</b></p> <p>How does the recently proposed Celcom-Digi merger strengthen Axiata's proposition for value creation?</p> <p>▶ pg27</p>	<p><b>Q10</b></p> <p>What is the outlook for moving forward?</p> <p>▶ pg28</p>
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# In Conversation With The President & Group Chief Executive Officer

## 1. What is your take on the Group's performance in 2020?

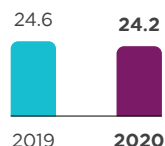
Axiata delivered a credible performance in a challenging year, maintained resilience and remained a trustworthy partner to customers and communities in 2020 thanks to our strong fundamentals, especially the Team. Treading cautiously into the uncharted territory of pandemic impacts, we focused our attention on critical priority areas, namely the unfolding catastrophic humanitarian crisis before us, and prudence in spends and liquidity management.

I am exceptionally proud of how as a Group we prevailed amidst challenging conditions to execute a collective and purposeful response to the diverse needs of our stakeholders from the early onset of COVID-19 challenges.

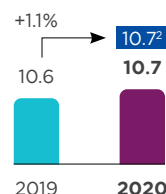
Together with our OpCos, Axiata responded through cash and in-kind contributions to support emergency needs as well as increased demand for connectivity and data volumes.

Transitioning smoothly into digital ways of working, mindful of our employees' safety and wellbeing, we were able to secure the continuity of services across our footprint amidst unexpected movement and travel restrictions. Financially, we took measured steps, focusing on building liquidity, conserving cash mainly through capital expenditure (capex) optimisation and a disciplined approach to manage Group-wide costs, whilst also taking steps to build a war chest to take advantage of new normal growth opportunities.

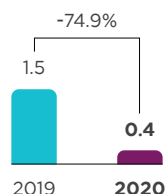
**Revenue**  
(RM Billion)



**EBITDA**  
(RM Billion)

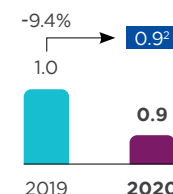


**PATAMI**  
(RM Billion)

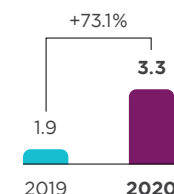


PATAMI for 2020 impacted by accelerated depreciation and assets write-off mainly for 3G and lower one-off gains

**Underlying PATAMI**  
(RM Billion)



**OFCF**  
(RM Billion)



This measured approach with strong resilience yielded better-than-expected results for the Group. Amid pandemic-triggered lockdowns and the resultant economic slowdown across our operating markets even as revenue slipped marginally, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) held steady.

A study of our underlying performance demonstrates that we are on point with our Group-wide initiatives for digitisation, Collective Brain and Operational Excellence which drove results in several areas. All OpCos except Ncell and edotco delivered better than expected results.

Whilst revenue excluding device (ex-device) slipped marginally by 1%<sup>1</sup>, EBITDA rose 1.1%<sup>1</sup> to RM10.7 billion on the back of EBITDA growth at Dialog, Robi and Smart, outpacing revenue ex-device growth with operating expenditure (opex) savings of RM745 million. This resulted in a 0.8 percentage points improvement in EBITDA margin to 44%.

Underlying Profit After Tax and Minority Interest (PATAMI) decreased 9.4%<sup>1</sup> to RM865 million, mainly impacted by higher depreciation and amortisation, lower contributions from Ncell and edotco, and higher marketing spend at Axiata Digital in support of the Government's drive for e-wallet adoption.

Reported PATAMI absorbed the impact of our business-critical decision to accelerate 3G shutdowns across the Group and reform spectrum for better 4G service and lower one-off gains in 2020 compared to 2019 from the disposal of M1 and Idea rights, as well as divestment of non-core digital businesses in 2019. On accelerating 3G shutdowns, we are operating on the basis that as we enter the golden age of digitalisation,

there is little patience for laggards. Despite uncertainties, we are focused on delivering the best available services and solutions to our customers and communities as societies grapple with the new normal.

Moves taken to strengthen the balance sheet in view of external conditions yielded strong operating free cashflow (OFCF) of RM3.3 billion and high cash balance of RM7.2 billion, complemented by a manageable gross debt to EBITDA at 2.6x at Group level.

Strengthening liquidity, the Group issued a dual-tranche offering in August 2020, comprising the 10-year USD500 million Sukuk and 30-year USD1 billion Notes from a Euro Medium Term Note Programme successfully delivering capitalisation on historical low interest rates. Achieving the third tightest coupon globally by a telco in both 10-year and 30-year categories, the average maturity tenure of the Group's borrowings increased to 10 years, with 60%+ at fixed interest at these low levels. A reflection of Axiata's credit standing, the 10-year tranche was issued at 2.163% whilst the 30-year portion was secured at 3.064%. Apart from that, in May 2020, the Group secured a USD800 million Syndicated Multi-Currency Shariah-compliant sustainability-linked financing facilities. Both facilities enhanced the Group's capital position significantly, while breaking new grounds in the financing market locally and globally. At the same time, it was also a clear validation from fixed-income investors in the long-term fundamentals and resilience of Axiata's business model.

Consisting of over 400 unique Group-wide initiatives, Axiata's Cost Excellence programme delivered a total of RM1.8 billion in cost savings in 2020, of which 58% were capex savings and 42% were opex savings. Our rigour and focus in this area over the last four years have resulted in

the Group exceeding the RM5.0 billion savings target one year ahead of schedule, and the Cost Excellence programme has been critical in driving Axiata's momentum towards achieving our target to become the lowest cost producer of data in all our operating markets.

With regards to capex savings, it is important to clarify that the Group's decision to defer some spending in 2020 was not a result of our cash conservation move, but rather because market conditions were un conducive for investment and due to continuing optimisation efforts. There were a variety of other factors that had to be considered. edotco, for example recorded a reduction in its order book as a result of customers deferring new builds, while spectrum constraint in Nepal led to roll outs being held back.

The year in review did not see much corporate activities but Robi made its mark on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in what was Bangladesh's biggest Initial Public Offering in a decade. With an IPO price of BDT10, shares were oversubscribed 5.7x on listing given interest from both retail and institutional investors. Three months in, as of 31 March 2021, the share price continues to hold steady at BDT44.3.

Overall, I am pleased to say that the resilient performance for the year enabled a total dividend payout of 7.0 sen dividend per share for 2020. Our results and achievements despite the overwhelming issues arising from the pandemic, bespeaks the strong will, hard work and positive attitude of every employee across the Group and for this, I am absolutely grateful.

Note: <sup>1</sup> Underlying performance – at constant currency



For more details on our COVID-19 responses across the Group, please refer to pages 8 to 9 of the "And This Was How We Responded to the COVID-19 Pandemic" section

# In Conversation With The President & Group Chief Executive Officer








## 2. How did Axiata's Operating Companies (OpCos) perform in 2020?

Despite the challenging first half due to pandemic triggered lockdowns, ensuing economic downturns across our footprint, as well as ongoing hyper competitive pressures, all our OpCos delivered exceptional performance on the back of disciplined execution of Operational Excellence and cost optimisation initiatives.

In fact, the discipline we have built to focus on cash and profits has paid off and I am pleased to report that apart from edotco and Ncell, all OpCos recorded EBITDA and PATAMI growth<sup>1</sup> in 2020. In terms of Free Cash Flow (FCF), all OpCos recorded growth<sup>2</sup> except Robi, which recorded higher capex from 2020 due to spillover from 2019.

Let us review each OpCo's performance briefly and for your convenience, a summary of the growth of key financial metrics in 2020 is as follows:

### 2020 Growth Rates

2020 vs 2019							
Revenue <sup>3</sup>	-8.8%	+3.8%	+1.4%	+3.0%	-22.6%	+3.8%	+4.0%
EBITDA	+2.4% <sup>2</sup>	+31.0%	+11.8%	+8.9%	-24.8%	+6.6%	-0.8%
PATAMI <sup>1</sup>	+11.5%	+7.8%	+> 100%	+20.2%	-77.9%	+4.2%	-21.3%
FCF	+6.1% <sup>2</sup>	+> 100%	-23.1%	+21.9%	+13.4%	+35.9%	+14.3%

Notes: Growth rates based on results in local currency in respective operating markets

<sup>1</sup> Excluding 3G asset accelerated depreciation and write-off for all Digital Telcos except Ncell, Employee Restructuring Programme for Celcom and gain on tower disposal for XL in 2020

<sup>2</sup> Excluding Employee Restructuring Programme for Celcom in 2020

<sup>3</sup> Revenue ex-device for digital telcos

IAR

For more details on our Operating Companies Performance, please refer to pages 59 to 78 of the "Delivering Our Strategy" section

# In Conversation With The President & Group Chief Executive Officer

## How did Axiata's Operating Companies (OpCos) perform in 2020? (cont'd)

### Digital Telcos



#### Steady recovery at Celcom in second half 2020

- ▶ Celcom's revenue (ex-device) single-digit decline in 2020 is largely due to the loss of subscribers in the first half of 2020 and Average Revenue Per User (ARPU) decline due to pandemic impacts and industry conditions
- ▶ However, since the kick-off of Celcom's Three-Year Transformation Programme in August 2020, encouraging signs of recovery emerged in the second half of the year
- ▶ Improvements in product innovation, go-to market (GTM) strategy and digital channels led Celcom to secure eight consecutive months of positive subscriber net adds, surpassing pre-pandemic levels with the addition of 306,000 new customers Year on Year (YoY). Celcom thus ended 2020 as the biggest gainer of subscribers in the industry
- ▶ Driven by a relentless "customer-first" strategy, we are optimistic about Celcom's 2021 performance which will be driven by razor-sharp execution in improving speed-to-market (physical and digital), enhancing network resilience and monetisation, as well as winning back priority regions



#### Strong performance at XL despite price war and pandemic

- ▶ XL once again punched above its weight to deliver solid results, recording single digit growth in revenue (ex-device) as well as double-digit EBITDA and FCF growth mainly due to effective opex management and calibrated capital investments
- ▶ The aggressive expansion of its 4G network has expanded XL's reach to 458 cities across Indonesia with over 54,000 4G Base Transceiver Stations (BTS), which continues to bode well for its data-led strategy in Indonesia
- ▶ Going into 2021, heightened competition following the proposed in market consolidation remains a key risk factor for XL
- ▶ On the bright side, we expect our ex-Java investments to continue to bear fruits in 2021 and beyond - further supported by potential upsides from the Omnibus law, continued expansion of the Home and Enterprise segments and improved market agility through accelerated digital adoption



#### Solid earnings growth for Dialog

- ▶ Holding the fort against challenging lockdown impacts, Dialog successfully retained market leadership, delivering single-digit revenue (ex-device) and EBITDA growth on the back of higher data revenue
- ▶ Dialog Enterprise continued to record key wins including the acquisition of a 100% stake in H One (Private) Limited, a Microsoft award-winning tier-one partner specialising in analytics as well as modern Cloud/workplace, security and digital advisory services
- ▶ Looking ahead, the impact of Mobile Number Portability (MNP) is the main risk factor for Dialog. As network leadership is key to winning in number portability, the Dialog team has already begun gearing up for the race with analytics-driven network enhancements. Coupled with its customer centricity and strong brand affinity, we believe Dialog is well-positioned to defend its market leadership post-MNP



#### Robi scales new heights

- ▶ Demonstrating strong momentum in 2020, Robi overcame pandemic-related top line challenges to deliver sustained profitability and EBITDA growth
- ▶ Robi continued with 4.5G network expansion in line with plans to grow data market leadership and achieved a significant milestone in terms of subscriber growth, crossing the 50 million mark during the year
- ▶ In 2021, we expect Robi to continue to double down on the monetisation of its non-Comilla, Chittagong and Dhaka (non-CCD) investments to deliver superior growth. Furthermore, the Significant Market Player regulation may also provide some relief to Robi in balancing the existing competitive dynamic in its market



#### Challenging year for Ncell

- ▶ Overall, Ncell's 2020 performance was dampened mainly due to spectrum deficit relative to competition which suppressed its market competitiveness, revenue growth and profitability, in addition to mobile and fixed line competitors
- ▶ Our most critical concern of spectrum disparity is expected to be resolved through the approval of Ncell's L900 application by the second quarter of 2021, with network readiness already in progress to support activation and roll out within the subsequent quarter
- ▶ This will allow Ncell to compete more effectively through better network performance and cost structure, which will in turn improve its data monetisation capability
- ▶ Coupled with double-digit growth from the Home and Enterprise segments, exciting product innovations and higher GTM resilience via digitisation, the outlook for Ncell looks promising



#### Steady pace from Smart

- ▶ Defending against strong economic headwinds, Smart closed the year on a steady footing backed by cost optimisation and increased data consumption amongst Cambodians
- ▶ SmartLuy, Smart's digital wallet, received approval from the National Bank of Cambodia to merge with Pi Pay, the country's flagship payments app, paving the way for enhanced growth in the e-wallet segment
- ▶ In 2021, slower economic recovery and regulatory uncertainties are the main risk factors for Smart. Given its past performance, we are confident that Smart will preserve its market position through continued focus on Operational Excellence, selective 5G investments and tactical suburban expansions to improve data margins and revenue market share
- ▶ Additionally, opportunities in the Home segment may also serve as a stepping stone to accelerate growth in the Enterprise segment

# In Conversation With The President & Group Chief Executive Officer

## How did Axiata's Operating Companies (OpCos) perform in 2020? (cont'd)

### Infrastructure



#### edotco impacted by deferred orders for new roll outs and proactive measures on receivables

- ▶ Impacted by heightened competition, overall slowdown in planned network expansion and further pressure on margin for customers, edotco maintained a strong liquidity position on the back of lower spending on capex and overall costs attributed to the deferment of the planned roll outs by its customers
- ▶ Moving into 2021, edotco will remain focused on cementing its market leadership through inorganic growth in the form of sale and leaseback initiatives, bite-sized M&A<sup>1</sup> deals and opportunistic entries into new markets

### Digital Businesses

#### AXIATA DIGITAL

#### Axiata Digital continues to shape up towards realising Digital Bank aspiration

- ▶ The highlight of the year for Axiata Digital was the RM294.0 million (USD70.0 million) strategic investment from Great Eastern Holdings into Digital Financial services which provided a solid validation for Axiata's digital businesses
- ▶ Proceeds from the investment will fund expansion plans for Axiata Digital's Digital Financial Services business in Malaysia and the region, including securing Boost's next level push to develop its ecosystem of merchants and customers, and enhancing Aspirasi's credit scoring technology to fuel our Digital Bank aspiration
- ▶ Serving as a form of recognition of its leading role in the local e-wallet space, in 2020 Boost was selected by the Malaysian Government to carry out four key national initiatives, namely the e-Tunai Rakyat RM30 incentive, RM50 e-PENJANA Credits Programme, MSME<sup>2</sup> e-Commerce campaign and the Shop Malaysia Online campaign

- ▶ As communities and businesses continue to face challenges from persisting economic uncertainties, Aspirasi remains confidently poised to serve rising demand for micro-financing and micro-insurance services, as well as business digitalisation support services



**Total financing grew more than 5x to RM207 million in 2020**



**Significant uptake with 9,176 merchants applying for loans**



- ▶ ADA, our digital analytics and artificial intelligence company continues to break new ground in enhancing its data, analytics and insights offerings. It has also launched new service lines in Marketing Technology and e-Commerce enablement to offer extensive data services to its growing roster of clients



**Strong YoY EBITDA growth of 161%**



**Remained PAT positive with 7x YoY growth**



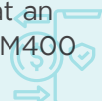
**1.7x YoY growth to 8.8 million users for 2020**



**Merchant touchpoints expanded 1.8x to 224,000**



**Highly engaged, active user base transacting at an average of RM400 per week**



Notes: <sup>1</sup> M&A = Mergers and Acquisitions  
<sup>2</sup> MSME = Micro-SME

# In Conversation With The President & Group Chief Executive Officer

## 3. How did Axiata and its OpCos align to meet with the multi-pronged impacts of the COVID-19 crisis?

From the very outset of the pandemic, the global industry recognised the quickly unfolding COVID-19 crisis as a black swan event of unimaginable depth and duration that would affect most if not all areas considered material to Axiata's businesses.

On our home front, Axiata's Business Continuity and Crisis Management function immediately addressed, among others, crisis-response protocols on crisis prevention, identification, response and overall stakeholder management. The Crisis Management Team was led by the then Group CEO Tan Sri Jamaludin Ibrahim and myself as the Deputy Group CEO, along with the Recovery Director and select Senior Leadership Team (SLT) members. Together, we initiated granular action plans that cut across various aspects of our regional operations with the prime objective of sustaining our businesses.

We identified six key areas to focus on:

- |                                                   |                                           |
|---------------------------------------------------|-------------------------------------------|
| <b>1. Business Impact</b>                         | <b>4. Technology and Cyber Resilience</b> |
| <b>2. Employee Wellness</b>                       | <b>5. Supply Chain</b>                    |
| <b>3. Business Continuity Management Response</b> | <b>6. Corporate Social Responsibility</b> |

Financial and treasury implications were continuously analysed to determine potential impacts on our business goals and from thereon, we zeroed in on initiatives required to ensure firm control of our cash flows and balance sheet.

With the massive surge in network utilisation, it was also critical for the Group to maintain network resiliency, which had increased three- to four-fold. With homes becoming the main location for work, study and entertainment, we recalibrated and rechannelled investments to residential areas with the aim of alleviating congestion. We prioritised network resilience across all our OpCos by ensuring continuous and reliable network services and enhancing our cyber defence capabilities, to provide our customers with trustworthy and stable connectivity. Our state-of-the-art Group Security Operations Centre provided 24/7 security services across Axiata without any interruption during the lockdown period.

Recognising emergency and economic needs from the unprecedented crisis across the region, Axiata and our OpCos enabled connectivity for frontliners as well as other protection and prevention initiatives including contributions to national disaster recovery efforts across our footprint mainly Malaysia, Indonesia, Cambodia, Sri Lanka, Bangladesh and Nepal.

As a result of our concrete and concentrated efforts, we have been able to deliver on our commitment to all our stakeholders, staying true to our purpose of creating value by Advancing Asia, even as we position ourselves for long-term profitability and growth.

## 4. What are key considerations made by Axiata in aligning its strategy to rise above industry competition and capture new opportunities?

Since inception and throughout all our phases of growth, Axiata has demonstrated a long-term mindset to future-proof the Group through various industry cycles. This is clearly embodied in our current push towards becoming The Next Generation Digital Champion by 2024 - our Axiata 5.0 vision. Gazing into the future to anticipate the evolving needs of our stakeholders and guided by our purpose of Advancing Asia, we are striving towards the creation of sustainable digital ecosystems across our footprint to benefit consumers, businesses and societies, as well as over 12,600<sup>1</sup> talents that we employ.

Taking into account the technological traction being built as part of IR 4.0 and aligning it with the massive shifts in consumer behaviours across the digital landscape, in 2020, we have adapted and refined our strategy under Axiata 5.0 to emerge as the winner in the new normal.

Axiata 5.0 encompasses three components - our overarching Vision, the Aspiration for each of our three core businesses, and the main execution levers under Three Core Pillars with 10 Key Focus Areas. All our OpCos are now moving in the direction defined by Axiata 5.0, to enable us to deliver on our vision and aspirations by 2024.

### VISION: THE NEXT GENERATION DIGITAL CHAMPION BY 2024

Supported by the Axiata 5.0 Strategic Initiatives: Three Core Pillars and 10 Key Focus Areas



Note: <sup>1</sup> Includes edotco Group and Axiata Digital employees



For more details on:

- COVID-19 impact and our responses to the crisis across the Group, please refer to pages 8 to 9 of the "And This Was How We Responded To The COVID-19 Pandemic"

- For the results of our latest materiality assessment which includes stakeholder sentiments, please refer to pages 31 to 32 of the "Considering What Matters" section

# In Conversation With The President & Group Chief Executive Officer

## 5. How will Axiata harness Group-wide strengths to execute initiatives under Axiata 5.0?

The shift in lifestyle and work behaviours in the aftermath of the pandemic has created new opportunities for telcos, as the home is now the new centre of gravity for business, work, entertainment and education. The physical change in human behaviour may lead towards de-urbanisation and de-densification, as work-from-home flexibility and social activities shift from an urban base, to suburban, and potentially in the longer term, even rural areas.

This seminal pivot applies to Axiata across our core businesses of Digital Telcos, Digital Businesses and Infrastructure. It unlocks new opportunities for us across the business segments of Individual Consumer, Homes and Enterprise, as well as Digital Financial Services, and Digital Analytics and Artificial Intelligence.

Our OpCos are characteristically champions in establishing sustainable competitive advantage and exhibit an incessant drive for innovation, digitisation, product development and GTM agility, that in combination elevate customer experience.

In coping with the step changes and shorter technology and product lifecycles in these post-pandemic times, the Axiata 5.0 strategy strengthens our Operational Excellence constructs to facilitate greater agility and heightened levels of scale and group synergy. Two other areas that have been strengthened significantly within this thrust are our commitment to world-class Data Privacy and Cyber Security standards to protect our customers globally while simultaneously pursuing our relentless drive towards digital transformation.

Axiata’s refined strategic approach to digital transformation has accelerated the delivery of outcomes from three focus initiatives within the Group-wide Digitisation Strategy:

- ▶ Learn, Engage, Accelerate and Perform (LEAP) programme;
- ▶ Human resource agility initiatives aligned with transforming the Group into a Modern, Agile and Digital (M.A.D.) organisation; and
- ▶ Infrastructure Planning and Delivery Intelligence

Axiata has accordingly focused on extracting Business Outcomes across **Six Core Business Dimensions** as set out below:

### Product and Pricing (Consumer and SME)

- ▶ “Unlimited” and Nomadic Mobility a Norm, Digital a Must – Business to Consumer (B2C) and Business to Business (B2B)
- ▶ Delivering our customer promise profitably via innovative plans and Operational Excellence

### Enterprise

- ▶ Revenue growth from Enterprise business, especially in non-Mobile services

### Sales and Distribution

- ▶ Fulfilling Customers’ Demand Anytime, Anywhere
- ▶ Lean, insights-driven model to optimise physical-digital touchpoints

### Market Imperatives and Execution Strategies

- Customers seeking “unlimited” data as they pivot to new ways of working and living
- Greater focus on digital and technological convergence in the Home segment
- More businesses digitalising their operations to cater to their own customer preferences as well as employees working from home
- To tactically address the above, Digital Telcos can differentiate products by quality of service, time of day and customer category
- Digital Telcos to also develop and offer innovative digital transformation products to the Home and Enterprise segments

### Market Imperatives and Execution Strategies

- Comprehensive services spanning basic connectivity to complex horizontal and vertical solutions
- Strengthen our market proposition by entering into strategic partnerships and conducting acquisitions in the areas of Cloud, Cyber Security and Analytics
- Develop solutions for “Delivery at Scale” for MSMEs, MNCs, Large Enterprises, and the Government/Public sector

### Market Imperatives and Execution Strategies

- Home as the centre of gravity, retail-at-the-edge and a maturing Gig Economy redefining our future
- Prepare for the new normal by ensuring robust digital platform for dealer/trade and distribution management systems, and the digitisation of all sales channel touchpoints as part of our Digital Transformation Strategy

# In Conversation With The President & Group Chief Executive Officer

## How will Axiata harness Group-wide strengths to execute initiatives under Axiata 5.0? (cont'd)

### Customer Care

- ▶ Delighting Our Customers at Every Touchpoint
- ▶ Intelligent Omnichannel Customer Experience (CX) to deliver seamless CX with the lowest cost to serve

### Market Imperatives and Execution Strategies

- Modernising physical and digital channels to fulfil customer expectations anywhere and at anytime - with our customers placed at the heart of our CX strategy
- Set up Group-wide common platforms including a Chatbot Framework and a portfolio of rich and capable self-care apps to deliver this customer experience on demand

### Network and IT

- ▶ Technology Transformation via the Collective Brain

### Market Imperatives and Execution Strategies

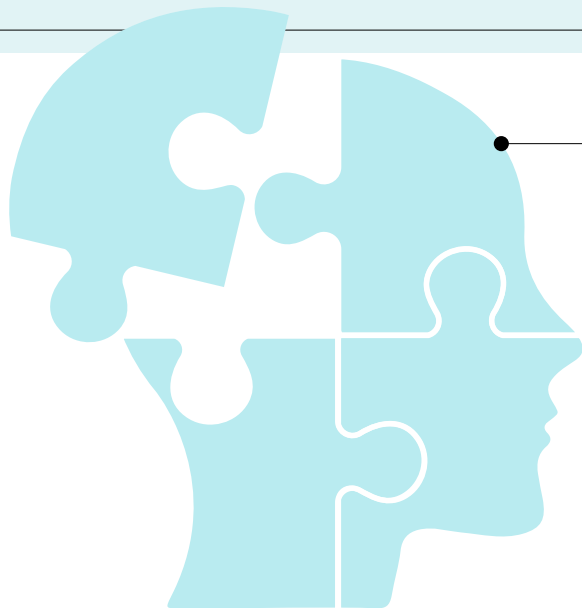
- Collective Brain as a radical new way of working i.e. harnessing the collective experience and capabilities of our Subject Matter Experts located across the Group to extract synergies and drive Group-wide harmonisation via “Virtual Centralisation” - where the “whole” is expected to be greater than the “sum of parts”
- Digitisation and Analytics as Axiata’s core differentiator, with OpCos and our Digital Businesses leveraging on analytics, Artificial Intelligence and Machine Learning as key enablers
- Through its unique digital abilities and Group-wide resources, Axiata Digital Labs (ADL) is well positioned as a pillar of Axiata to transform into The Next Generation Digital Champion

### People and Organisation

- ▶ Transformation into a M.A.D. organisation

### Market Imperatives and Execution Strategies

- Taking on the challenge of becoming The Next Generation Digital Champion by developing our people skills and organisational culture
- Axiata FastForward as a Group-wide intelligent learning technology platform in line with becoming a M.A.D. organisation
- Continuing to live up to our DNA of “Uncompromising Integrity, Exceptional Performance” (UI.EP)



### The Collective Brain concept

A true celebration of the strength of Axiata’s diversity, harnessing the unique perspectives, insights and learnings that our people have gathered throughout the course of their career.

**It enables OpCo leaders from across ASEAN and South Asia to work collectively to make decisions and guide execution across several business dimensions:**

- ▶ **Product and Pricing (Consumer and SME)**
- ▶ **Customer Care**
- ▶ **Enterprise**
- ▶ **Network and IT**
- ▶ **Sales and Distribution**
- ▶ **People and Organisation**

We are confident that our Collective Brain approach will be a needle mover in the years to come. It involves the virtual centralisation of the Group’s best and brightest brains from across all our OpCos, so that our people can collectively make the best decisions for the Group.

With the above construct, we believe that the resulting cross-OpCo harmonisation and standardisation, particularly in Network and IT, will result in better scale for procurement optimisation. In view of its potential, we have set ourselves an ambitious target to achieve cumulative savings of between RM3 billion to RM4 billion by 2024 as a result of our Collective Brain initiative under Network and IT spend.



# In Conversation With The President & Group Chief Executive Officer

## 6. How prepared is Axiata for the 5G cycle?

While the pandemic has somewhat impacted 5G roll outs in our regional markets, the Group through our OpCos have maintained our unwavering support of national 5G ambitions by staying on course and putting in place the necessary components for our OpCos to be 5G ready.

Thus far, Malaysia has demonstrated clear momentum on this front, with the Government announcing, as part of the National Digital Economy Blueprint (MyDIGITAL), the formation of a Special Purpose Vehicle (SPV) that will accelerate 5G roll outs by end 2021. With Malaysia as our home base, Axiata is unmistakably committed and supportive towards the Government's programmes that are in place to improve connectivity and accelerate digitalisation:







▶ **We continue to support the Jalanan Digital Negara (JENDELA)<sup>1</sup> initiative to provide wider coverage and better broadband quality and experience given the digitally-accelerated post-pandemic environment**

On 18 March 2021, Celcom together with Malaysian telco counterparts Digi Telecommunications Sdn Bhd and Maxis Bhd announced a definitive agreement to jointly develop and share fibre infrastructure. The partnership is envisaged as an efficient way forward, especially in enabling faster and more efficient deployment of fibre backhaul to base stations, avoiding duplication of fibre infrastructure in the country, whilst at the same time readying tower infrastructure for 5G deployment.

▶ **We are aligned with the aspirations of the Government's MyDIGITAL initiative to accelerate the shift towards a digital economy and to leverage IR 4.0 opportunities**

Axiata's three lines of business are well-poised to support MyDIGITAL, especially given our Axiata 5.0 Key Focus Areas. Essentially, many parts of our businesses are "components" or "building blocks" that support the plans the Government has mapped out.

### Supporting the Government's aspirations under MyDIGITAL through Axiata's digital ecosystem for Malaysia

MyDIGITAL Thrusts	Our Businesses	Key Focus Areas Under Axiata 5.0
 Drive digital transformation in the public sector	Digital Telcos and Digital Businesses	3 New Growth Area 7 Stakeholder Management
 Boost economic competitiveness through digitalisation	Digital Telcos, Digital Businesses and Infrastructure	1 Positioning for New Norms 3 New Growth Area
 Build enabling digital infrastructure	Infrastructure	1 Positioning for New Norms 3 New Growth Area 7 Stakeholder Management
 Build agile and competent digital talent	Digital Telcos, Digital Businesses and Infrastructure	1 Positioning for New Norms 7 Stakeholder Management 8 Organisation 5.0
 Create an inclusive digital society	Digital Telcos, Digital Businesses and Infrastructure	3 New Growth Area 7 Stakeholder Management
 Build trusted, secure and ethical digital environment	Digital Telcos and Digital Businesses	3 New Growth Area 7 Stakeholder Management

Note: <sup>1</sup> A plan formulated by the Malaysian government to provide wider coverage and better quality of broadband experience for its citizens, whilst preparing the country for 5G technology


**IAR** For more details on Axiata 5.0 and the 10 Key Focus Areas, please refer to page 39 of the "Realising Our Vision" section


# In Conversation With The President & Group Chief Executive Officer

## How prepared is Axiata for the 5G cycle? (cont'd)


There are a number of key areas to consider when determining our OpCos' readiness for 5G deployments. Below, we elaborate further our OpCos' state of preparedness in heralding the dawn of 5G.


- ▶ Was one of the earliest operators to conduct 5G trials and pilots in Malaysia 
- ▶ Engaging with the Malaysian Communications and Multimedia Commission (MCMC), Digital Nasional Berhad, industry players and other stakeholders on the intended technical architecture, operations and wholesale arrangements of the 5G SPV
- ▶ Developing 5G products and use cases, as well as establishing strategic partnerships for B2C and B2B 5G products/innovations

- ▶ Was one of the earliest operators to conduct 5G trials and pilots in Indonesia 
- ▶ Established a team highly skilled in new technologies such as VoLTE, Cloud Infrastructure and 5G, to further develop internal capabilities
- ▶ Increasing fibre footprint in anticipation for 5G
- ▶ Working with Ministry of Communications and IT to ensure sufficient and timely release of 5G spectrum


- ▶ 200MHz trial spectrum given to Dialog Axiata for 5G pilot by Telecommunication Regulatory Commission of Sri Lanka 
- ▶ Launched first 5G pilot network in Colombo, Kandy and Galle
- ▶ Developing 5G awareness and engaging with industry partners to co-innovate
- ▶ 5G awareness campaign in key districts covering industry partners and educational institutes



- ▶ The only operator in Bangladesh to have successfully conducted 5G test runs 

- ▶ Ready to roll out 5G network on the 3.5GHz spectrum 
- ▶ Conducted one-year trial to identify 5G sites, tested various live scenarios and upgraded backhaul links to accommodate 5G network layers
- ▶ Successfully ran 5G trials at 20 different sites in Phnom Penh and Kandal
- ▶ Exploring new use cases beyond enhanced mobile broadband (eMBB) and fixed wireless access (FWA)

- ▶ Technically ready, and awaiting software licences 
- ▶ Commercial spectrum awarded in April 2021
- ▶ Working with regulators to commence 5G trials

- ▶ First 5G private network launched in Langkawi International Airport 

# In Conversation With The President & Group Chief Executive Officer

## 7. Given the heightened push towards digitalisation, are Axiata's Digital Businesses ready for greater value creation?

Axiata Digital focuses on two core verticals, namely Digital Financial Services (DFS) as conducted by Boost, our e-wallet and digital payments platform, and Aspirasi, our micro-financing and micro-insurance business; and ADA, our digital analytics and artificial intelligence (AI) company.

Having successfully incubated early learnings to consolidate its core digital businesses, Axiata Digital is on track to achieve profitability and value capture by 2022. The current emphasis is on driving monetisation through strategic partnerships to further build and extract value from competencies

we have developed. Ultimately, we are keen on unlocking this added value through the prospective future listing of the two potential unicorns we are striving to develop with our DFS and digital analytics and AI businesses. Today, our DFS business has reached the halfway mark, with both our entities attracting an external valuation of approximately RM1.3 billion (USD320.0 million) in early 2020. ADA meanwhile continues to gain significant traction in its evolution into a cutting edge digital analytics and AI driven agency, working alongside leading brands to push the envelope on digital and data maturity across nine markets in South and Southeast Asia.

### Undisputed e-Wallet and Cashless Merchant Payment Solutions



**Boost has also created new revenue streams by taking on commissions from merchants**



Ramping up our DFS offerings, Boost has evolved to become the undisputed e-wallet and cashless merchant payment solution leader in Malaysia, aided further by its ability to provide a safer way for consumers to transact in the pandemic environment. Boost has also created new revenue streams by taking on commissions from merchants, as a result of the market recognising the high utilisation of e-wallets among the population. Achievements by Boost to date signify that we are on the path towards hitting a critical mass, for the business to capture a larger share of the market, without the need to increase costs significantly.

Coupled with the fact that there are low levels of non-performing loans at less than 2%, the digital micro-financing business model has shown resilience during challenging economic times. Overall, for our DFS arm, the scale of transactions that have been achieved in terms of user base and merchant activity for both Boost and Aspirasi place us right on track towards breaking even by 2022.

Strengthened by the RM294.0 million (USD70.0 million) injection from our strategic investor Great Eastern in 2020, we continue to level up our DFS game, leveraging on emerging technologies as well as our capabilities in analytics to develop distinct financial and insurance innovations for consumers, as we continue on our journey to narrow the financial inclusion and protection gap in our country and across the region.

These achievements provide strong impetus to propel Axiata's pursuit of a digital bank license in Malaysia. A commercial bank partner and business plan will be revealed in due course to demonstrate our proposition, centred on bundling various aspects of our Boost and Aspirasi businesses. Having a digital bank under the Group's banner enables Axiata to take in deposits and help customers access new services and innovations. At the same time, it will further our digital inclusion aspirations, particularly in serving the unbanked and underserved segments. Our Malaysia experience will place us in good stead to explore similar digital banking opportunities in the Indonesia and Bangladesh markets, which have large populations with high digitalisation and digital service penetration rates.

### Micro-financing and Micro-Insurance Services



**Aspirasi is proving to be a good platform for Great Eastern to distribute insurance products**



Aspirasi, which was established to serve the micro-financing and micro-insurance needs of micro-SMEs, has strategically pivoted its business in 2020 to co-create insurance packages with Great Eastern, catering to demand from both consumers and microenterprises. The healthy uptake of these differentiated products enabled Aspirasi to reposition some of its products by mid-2020 in line with strategies to drive future growth. Aspirasi is proving to be a good platform for Great Eastern to distribute insurance products, thus adding to market recognition of its strong investment proposition.

### Digital Bank



- Enables:
- ▶ deposits
  - ▶ helping customers access new services
  - ▶ innovations

### DFS

in terms of user base and merchant activity for both Boost and Aspirasi  
**on track to break even by 2022**



# In Conversation With The President & Group Chief Executive Officer

## Given the heightened push towards digitalisation, are Axiata's Digital Businesses ready for greater value creation? (cont'd)

### Digital Analytics and AI Services



Over to our strengths at ADA. Starting out in 2018 as a data-driven digital advertising arm, it has evolved to become a Digital Analytics and AI business that designs and executes integrated digital, analytics and marketing solutions – one of the largest in the Asia Pacific region, operating across nine markets in South and Southeast Asia.

ADA has scaled its top-line and bottom-line in the last three years from single service (digital marketing) to multiple services (data insights, AI services, Marketing Technology, e-Commerce). Moving forward to achieve its unicorn status with a RM4.0 billion (USD1.0 billion) valuation, ADA's key drivers will be centred on:



**Automation in marketing**  
Machine learning for planning, placement and ad spend using data and insights



**Digitisation of distribution channels**  
Shift from offline to online channels for user acquisition in every sector, especially for e-Commerce enablement solutions



**Content at 10x the volume**  
Automation of creative and content generation for brands, delivering data-driven content at 10x the volume



**Convergence of media, content and analytics**  
Disrupting the traditional agency value pods with data and AI

## 8. Is edotco's potential listing still on the cards?

Although edotco is ready for an IPO<sup>1</sup>, we are in no rush to list the company. We believe the best approach is to continue to drive organic and inorganic growth by taking advantage of its low gearing levels which offer much headroom for further borrowings. Given that edotco is in a sweet spot due to the resilient nature of its business, it makes good sense at this juncture to bring in strategic partners to inject fresh capital. We are currently evaluating the interest demonstrated by potential investors.

Axiata has very ambitious plans for edotco and we have focused our energies to drive its growth to become The Next Generation TowerCo, as well as one of the Top 5 Global Tower Companies by 2024. Operational Excellence has always been a core proposition at edotco, as an important means to achieve the lowest cost of capex and opex per site. edotco has been rolling out various innovations that drive down costs whilst at the same time ensuring efficient and productive operations. These include new tower structures, embedding automation within its ground operations and creating a standardised platform and simplified processes. edotco's proprietary Network and Planning Analytics (NaPA) was acknowledged at the Malaysia Technology Awards 2020 for its ability to provide insights of potential locations for new tower sites and reduce build time. As a testament to its ability in the infrastructure and technology space, edotco was named the 2020 Asia Pacific Telecoms Tower Company of the Year by Frost & Sullivan for the fourth consecutive year.

### Towards Becoming the Top 5 Global TowerCo

#### Current regional footprint



Malaysia



Sri Lanka



Cambodia



Pakistan



Laos



Philippines



Myanmar



Bangladesh

#### Eyeing growth within ASEAN and South Asia

As at end 2020:

**22,329** owned towers  
**11,258** managed towers



#### Plan to grow portfolio to a total of 70,000 towers to become among the Top 5 Global TowerCos:

Organic growth  
**10,000** towers

Inorganic growth  
**40,000** towers



### Towards Becoming The Next Generation TowerCo

#### Aspiration

Leveraging on data analytics as a competitive differentiator to drive growth in the 5G era



Transforming from a passive hardware-defined network to a software defined network



#### Updates

In the process of establishing Centre of Excellence for data management, decision driven analysis and reporting, as well as predictive analytics



Exploring areas such as Private Network, Edge Computing, Antenna as a Service, and Network as a Service



Note: <sup>1</sup> IPO = Initial Public Offering

# In Conversation With The President & Group Chief Executive Officer

## 9. How does the recently proposed Celcom-Digi merger strengthen Axiata's proposition for value creation?

Axiata has been consistently advocating the importance of industry consolidation in order to achieve a sustainable industry structure that will benefit both telco players and customers. The proposed merger is an extremely focused transaction that dovetails neatly with our Axiata 5.0 strategy which features industry consolidation as one of the 10 Key Focus Areas. We have made no secret of the fact that we welcome consolidation opportunities both in Malaysia and Indonesia, and the merger will enable the Group to unlock the value illumination of Celcom, in line with another Axiata 5.0 strategy's Key Focus Area.

Over the past two years, competition in the telco sector has ramped up to the point that we find ourselves operating in a hyper-competitive environment with both telcos and MVNOs aggressively vying for mobile subscriber share in an already saturated market. In Malaysia, mobile market penetration is currently at 139% of the population. Long-term structural headwinds dominate the sectoral outlook, with slower growth, increased operating costs and lower profits expected in the future. Even as the price of products and services continue down a slippery slope, capex – especially on network, quality coverage and advanced technology – continues to rise steeply. Against that, data traffic has doubled every year pre-COVID with expectations that it will continue to accelerate even faster in the new norm, thus intensifying data monetisation challenges resulting from low price compared against high cost.

In the near-term future, capex pressures in Malaysia will be influenced by the JENDELA initiative which aims to speed up the roll out of the country's 5G network by requiring telcos to sunset 3G networks and migrate to 4G according to the deadline set. Capex will also be determined by the accelerated 5G roll out in Malaysia, the costs of which will reportedly be borne by the private sector despite the 5G spectrum being owned by the 5G SPV that has been set up, namely Digital Nasional Berhad. The total investment estimated by the Government to develop the 5G network is around RM15 billion.

There is no doubt in our minds that for Axiata to remain ahead of the curve, it is imperative for us to strengthen the foundation to offer continuous high-quality broadband, improve 4G connectivity and support the acceleration of 5G roll out as well as contribute to national ambitions for a Digital Society. There are fresh opportunities for us to capture as a result of JENDELA, MyDIGITAL and the advent of the 5G era in the country. Adding to that, promising new

normal growth abound in the areas of Home broadband, and Enterprise connectivity and solutions. The challenges we foresee coupled with the opportunities on the horizon are the driving force behind the merger, which seeks to create a truly resilient and future-proofed entity that captures the significant value that could be created from synergy realisations between Celcom and Digi.

### Value Created from the Proposed Merger

The proposed merged company, Celcom Digi Berhad, is well placed to create and capture value by leveraging on combined competitive scale, competencies and vast experience; stronger

integrated and cost-efficient networks; and overall efficient and leaner operations. The following form the key pockets of value we foresee:

#### Reigniting Mobile Revenue Growth

- ▶ Utilising the Dual Brand Strategy to effectively target different segments through cross-selling and up-selling
- ▶ Improved cost structure will allow for better product pricing



#### Strengthening Core Distribution

- ▶ Opportunity for reduction in distribution cost
- ▶ These include areas such as overlapping store locations, among others



#### Driving Operational Excellence

- ▶ Capitalising on Axiata's and Telenor's processes to accelerate operational efficiency and digitisation
- ▶ Deriving opex savings from integrating business operations such as IT, sales and marketing



#### Accelerating Home/Convergence Play

- ▶ Leverage on improved financial capabilities to aggressively grow the segment



#### Re-Engineering Network Operations

- ▶ Provide best-in-class network by reducing duplication and improving network operations
- ▶ Extracting procurement synergies, and leveraging on Axiata's and Telenor's scale and capabilities



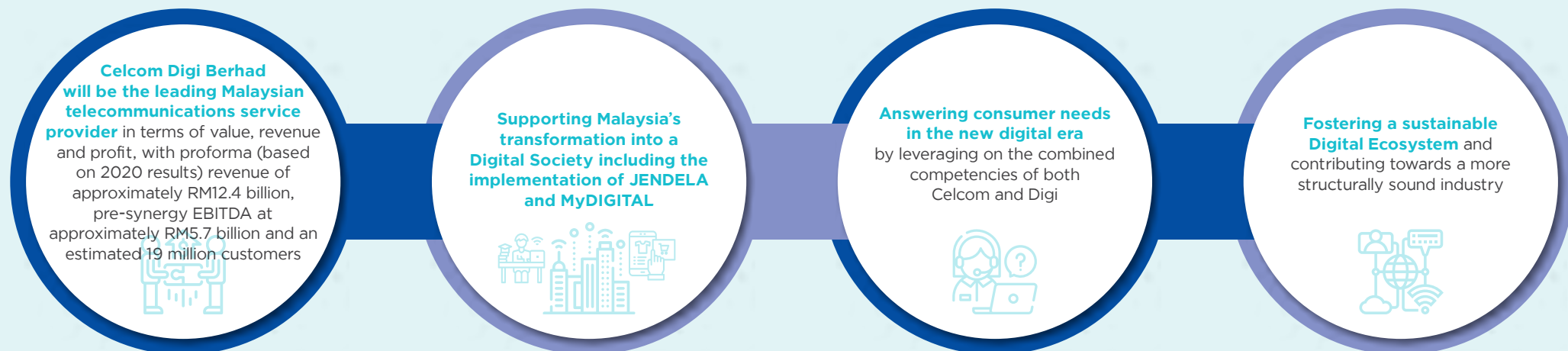
Both Axiata and Telenor are working towards finalising agreements within the second quarter of 2021 following due diligence.

## In Conversation With The President & Group Chief Executive Officer

### How does the recently proposed Celcom-Digi merger strengthen Axiata's proposition for value creation? (cont'd)

#### Supporting the Nation, Consumer and Industry

Set to become one of the top five largest companies on Bursa Malaysia with a potential value of over RM50 billion, the entity is in a sweet spot to contribute to the nation, consumer and industry.



### 10. What is the outlook for moving forward?

Moving forward, our robust financial and structural fundamentals will bolster our defences against current and future uncertainties, as we continue to capture emerging growth opportunities, accelerated digital transformation and continue to invest in cutting edge network infrastructure and deliver on the high dividend expectations of our shareholders. We are hence clear in focus, as well as confident, with respect to our short-, medium- and long-term strategies and outcomes:

#### Short Term

- ▶ Maintain a tightly calibrated approach to business in 2021 given that ongoing global vaccination efforts could stabilise the crisis, although operating markets will require time to regain economic momentum
- ▶ Industry challenges such as network capacity demand, consumer relief imperatives and ongoing regulatory uncertainties will continue
- ▶ Axiata's guidance for 2021 of low single-digit revenue and EBITDA growth reflects our measured sentiment
- ▶ Axiata has allocated a capex of RM6.5 billion to support our growth and future readiness. Moving forward, there are also external dynamics we need to consider in determining our capex such as:
  - Malaysia - impacts of JENDELA, 5G SPV and the early 3G shutdown
  - Indonesia - Indonesian market dynamics resulting from the potential in market consolidation
  - The impact of the spectrum announcement in Nepal made in April 2021
- ▶ Axiata's investment strategy remains aligned to the principle of investing where there is market demand or growth opportunity subject to a favourable regulatory and enabling environment. We expect to continue our investment thrust in Indonesia with an emphasis on regions outside Java (ex-Java), and similarly in regions beyond Comilla, Chittagong and Dhaka (non-CCD) in Bangladesh

## In Conversation With The President & Group Chief Executive Officer

### What is the outlook for moving forward? (cont'd)

#### Medium Term

- ▶ Axiata is committed to establishing a framework for 5G Leadership in each of its operating markets, placing each of its Digital Telcos at the forefront of the 4<sup>th</sup> Industrial Revolution
- ▶ Our Infrastructure business will continue to see expansion opportunities – in-market as well as with respect to new territories as we accelerate towards our vision of establishing one of the world's largest and most efficient Infrastructure companies
- ▶ We will continue to grow our digital business in partnership with regional and global leaders, so as to bring to fruition our innovation and business creation efforts over the past years
- ▶ We will also continue to seek market consolidation opportunities across our territories
- ▶ We are confident that the medium-term will see Axiata consolidate its position as a significant and competitive player in the Home and Enterprise segments across our markets
- ▶ Evolving norms will continue to reshape our ways of working and will demand new competencies in terms of digitisation and automation, process efficiencies, work behaviours and agility
- ▶ Axiata's human capital management proposition is centred on deepening our empathy and appreciation for our diverse regional talent base
- ▶ We are refining the alignment of our human capital strategies to Axiata 5.0, and at the same time curating our culture to nurture a future ready organisation that embraces and embodies our Core Values of UI.EP whilst putting into practice an effective risk and compliance framework
- ▶ We will remain committed to building a sustainable workforce skilled with Enterprise, functional and digital knowledge, empowered with clear career management pathways and fuelled by a conducive work environment especially in the new normal
- ▶ We will place high priority on our Women of Axiata and Male Allies initiative that was established in March 2021 – an initiative which epitomises our conviction in celebrating diversity, equity and inclusion

#### Long Term

- ▶ We believe our short- and medium-term strategies, combined requisite agility and responsiveness to market opportunities and dynamics will accelerate our journey towards the achievement of our fundamental Investor Proposition of a High Dividend Paying, Next Generation Digital Champion
- ▶ We remain committed to our Axiata 5.0 (2024) revenue targets
  - Group revenue > RM30 billion
  - edotco revenue > RM5 billion
  - Enterprise business to contribute 20% of total revenue
  - Mobile revenue comprising 80% of Group revenue
- ▶ We will continue to prioritise cash and profitability
- ▶ We will be relentless in our focus on Group synergies and Operational Excellence, to become the lowest cost producer of data and deliver on our customer promise in all our respective markets

Achieving these targets will feed into Axiata repositioning itself as a High Dividend Company, while creating long-term value for our shareholders. We draw confidence from our historical performance. Our investor proposition of “Moderate Dividend combined with Sustainable Growth” was delivered through the deployment of a portfolio of calibrated strategies – both organic and inorganic. Pivoting on this robust foundation, we have now shifted our gear to transforming into a High Dividend Company. We are confident that we will be able to raise our dividend payout to 20 sen per share by 2024, effectively translating to RM1.8 billion in cash payout for a capital base of 9 billion shares.

In addition to creating financial value for shareholders, we continue to bolster our efforts geared towards generating meaningful value for the communities we serve through our Environmental, Social and Governance (ESG) initiatives. I invite you to delve into the details of our Sustainability and National Contribution Report 2020 in which we share our ESG aspirations and achievements in greater detail.

#### Appreciation

On behalf of the entire Axiata family, I would like to take this opportunity to record our deepest, boundless gratitude and appreciation to our former President & Group Chief Executive Officer Tan Sri Jamaludin Ibrahim, who retired on 31 December 2020. Tan Sri Jamaludin has spent the past 12 years building Axiata from ground up into the formidable Malaysian based regional telco it is today, with a diverse and talented base of employees across our footprint committed to our values of UI.EP.

During the past year, he has been gracious in sharing his insights and perspectives on the business with me, as we worked hand in hand to effect a seamless and smooth leadership transition. Thank you, Tan Sri, from the bottom of our hearts, and we wish you all the best with your future journey.

I would also like to thank the Board of Directors of Axiata and the Group's key shareholders for placing your “amanah” (or trust) and confidence in me to lead as the President & Group Chief Executive Officer.

Gratitude is also in order for all our stakeholders in the respective governments as well as business partners and agencies who have closely collaborated with Team Axiata to keep our momentum steady across our regional footprint.

We remain confident, that despite the uncertainties that lie ahead, we will continue to build on our fundamentals to continue engendering growth, whilst we preserve and create value towards a sustainable future.

**DATO' IZZADDIN IDRIS**  
President & Group Chief Executive Officer

**Yasmin Rose**  
**Binti Isahak @ Azmi**  
Social Media, Associate  
Axiata Digital

Conducting business  
with integrity and ethics.

**#ItBeginsWithUs**



**REALISING  
OUR VISION**



# Considering What Matters

## These Are Our Material Matters

▶ **In 2020, we reviewed our material matters through a refreshed materiality assessment, to gain deeper insight and understanding into key areas of concern for stakeholders. The assessment also took into consideration the impacts of the COVID-19 pandemic which added a new layer of complexity to our business.**

The crisis has affected our key stakeholders in different ways, which in turn has influenced our business by varying degrees. To enhance our business responses, we conducted a new stakeholder engagement and materiality assessment exercise that integrated our risk parameters, to evaluate new developments in our key business areas brought on by the new normal socioeconomic and operating conditions.

The exercise reaffirmed our understanding of our risks and opportunities while allowing us to gain a refreshed perspective on how our business can respond to the dynamic changes we are currently experiencing. Through this assessment, we have succeeded in reinforcing sustainable and integrated thinking across the Group. As a result of our refreshed materiality assessment, we observed a few shifts in stakeholder issues and perceptions. In addition to areas that had increased in priority, new areas were identified and included in the Group's ESG material matters.

### Increased in Priority

- ▶ Climate Action
- ▶ Digital Inclusion
- ▶ Data Privacy
- ▶ Digitisation and Modernisation
- ▶ Supply Chain Management

### New Inclusions for ESG Material Matters

- ▶ Employee Health, Safety and Wellbeing
- ▶ Emergency and Disaster Response
- ▶ Resource and Waste Management
- ▶ Regulatory and Political Risk

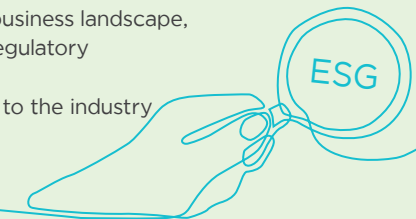
Note: <sup>1</sup> KPIs = Key Performance Indicators

## Our Materiality Assessment Methodology

Guided by Bursa Malaysia's Sustainability Reporting Guidelines and Toolkits as well as the Global Reporting Initiative (GRI) Standards, we employed the following process in assessing our material matters:

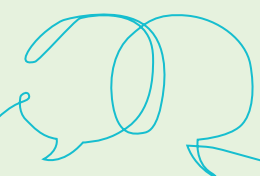
### Review of Sustainability Matters

- Reviewed and updated our material sustainability matters in response to changes in our business landscape, risk environment, internal policies, KPIs<sup>1</sup>, emerging local and global sustainability trends, regulatory developments and stakeholder opinions
- Conducted a materiality assessment across our peers to benchmark our material matters to the industry



### Stakeholder Engagement

- Conducted a structured stakeholder prioritisation exercise by leveraging on insights derived from stakeholder engagements
- Identified the influence and dependence of key stakeholders on the Group
- Engaged with prioritised stakeholders to obtain their feedback on sustainability matters

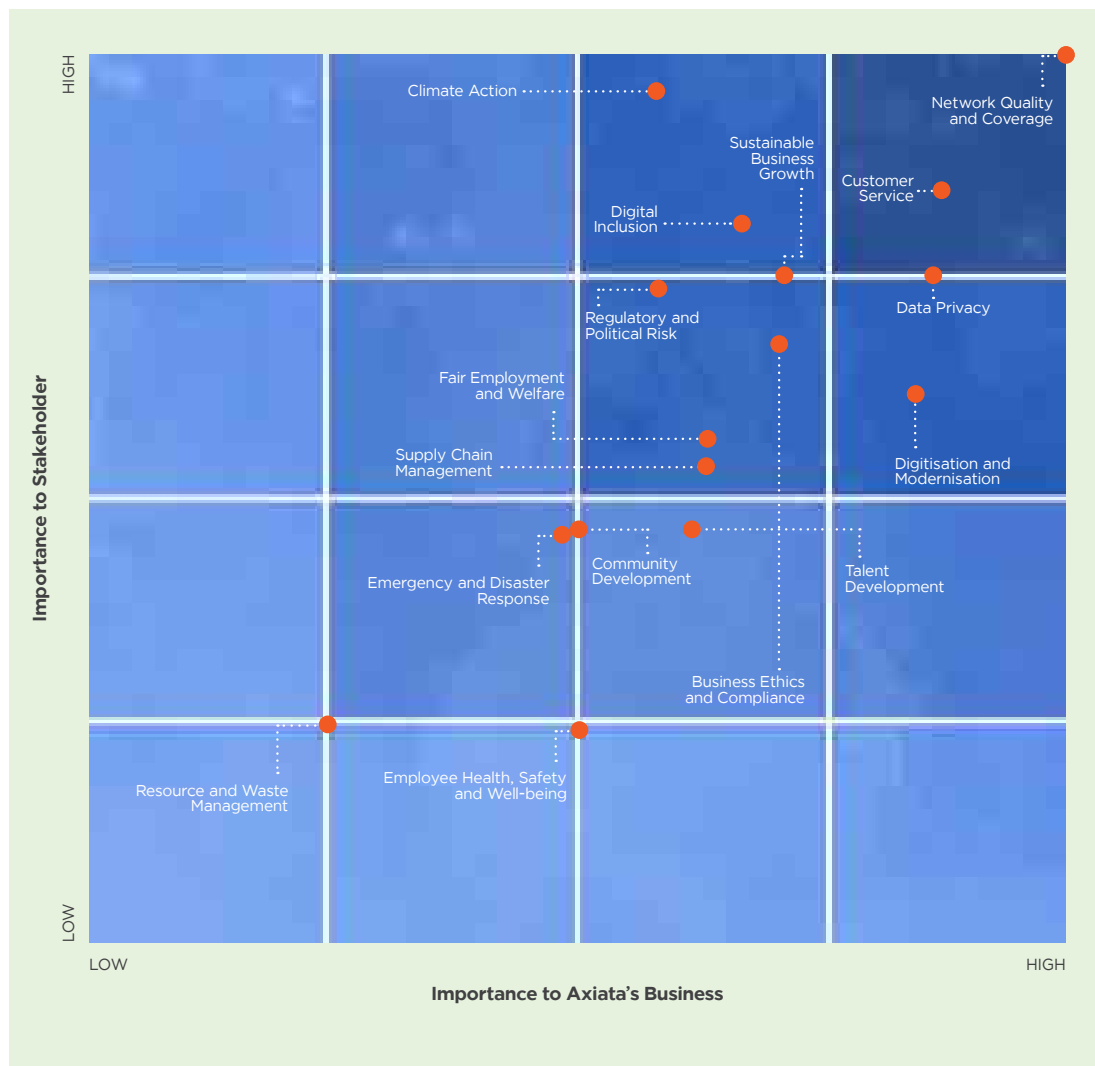


### Sustainability Impact Assessment

Conducted a workshop within the Group to further prioritise sustainability matters from the business perspective



# Considering What Matters



Material Matters	Descriptions
▶ Network Quality and Coverage	Enhancing network quality and coverage through continuous improvements in efficiency, availability and reliability
▶ 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
▶ Data Privacy	Protection of all data, information and intellectual property against cyber security breaches
▶ Digital Inclusion	Providing affordable and innovative products and services in bridging the digital gap
▶ 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
▶ Climate Action	Internal controls and monitoring mechanisms to manage environmental impacts
▶ Business Ethics and Compliance	Enhance business integrity compliance within the ambit of Malaysian and international laws on bribery and corruption
▶ Digitisation and Modernisation	Technological innovation to enhance key internal business functions, improve process efficiency and effectiveness, and promote innovation and business continuity
▶ Talent Development	Promote development and uplift competencies of employees to respond to the rapidly changing and complex business environment
▶ Fair Employment and Welfare	Fostering fair recruitment practices by embracing diversity and inclusion in the workforce, and offering employees fair compensation and benefits
▶ Regulatory and Political Risk	Management of evolving changes in the regulatory landscape and political context
▶ Supply Chain Management	Consideration of EES factors across supply chain management and processes
▶ Community Development	Financial and non-financial contributions to support local communities, and underprivileged and underserved groups
▶ Employee Health, Safety and Well-being	Providing for the health, safety and wellbeing of our employees in ways that address key challenges and bring value to their livelihood in the workplace
▶ Emergency and Disaster Response	Providing society in times of emergency and disaster, through the contribution of our business streams to disaster response initiatives
▶ Resource and Waste Management	Aspiring towards the circular economy within our operations as well as the solutions we can provide our customers and supply chain waste management

**IAR** For more details on:

- Our stakeholder engagements, please refer to pages 33 to 34 in the "Responding To Our Stakeholders" section
- How our material issues are linked to our strategy, please refer to pages 35 to 38 in the "Our Risks Linked to Strategy" section
- Our Sustainability Governance, please refer to page 89 in the "Holding Ourselves Accountable" section

**SNCR** For more details on:

- Our materiality assessments, please refer to pages 14 to 15 in the "Materiality" section
- Our stakeholder engagements, please refer to pages 17 to 19 in the "Responding To Our Stakeholders" section

# Responding 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 2020:

	Customers	Regulators and Government	Shareholders	Employees
<b>Why They Are Important</b>	We value each of our customers and the experience that they have on our network, and impact of our solutions and services. We are committed to delivering optimum performance to meet our customers' expectation and user experience.	Our regulators and authorities specify the national laws and regulations that determine the licence and scope of our activities in the respective countries of our operation. They provide our OpCos access to operating licenses, and impose regulatory measures with potential cost implications for the Group.	As owners of Axiata, shareholders provide us with the financial capital needed to sustain our growth. They are entitled to receive a return on their investment and be apprised of developments in the Group.	Our innovative and diverse workforce is essential to delivering the best digital experience for our customers. We drive a culture of high performance and accountability that attracts, develops, and retains the best talent to deliver our business strategy.
<b>How We Engage</b>	We undertake a range of surveys across our markets to understand customer satisfaction and expectations. Scores are benchmarked against our peers, and the data analyses, among others, drive operational excellence.	We proactively engage with country regulators and authorities through industry meetings, thought leadership platforms, and capacity building workshops to support and enable the digital ecosystem.	We conduct an Annual General Meeting to meet and be accountable to shareholders. We also organise regular investor roadshows and analyst meetings to engage shareholders on current corporate developments.	Axiata conducts an annual Employee Engagement Survey, regular Townhalls and a range of digital platforms to stay engaged with employees across the Group.
<b>Matters Raised</b>	<ul style="list-style-type: none"> <li>• Network quality and availability</li> <li>• Improving customer experience</li> <li>• Price of packages, products and service differentiation</li> </ul>	<ul style="list-style-type: none"> <li>• Spectrum allocations and licensing fees</li> <li>• Compliance with regulations and customer service standards</li> <li>• Information security and data protection</li> <li>• Developing local digital talents and national talent pipelines</li> </ul>	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Long-term business strategy</li> <li>• Board composition</li> <li>• Environmental, Social and Governance (ESG) strategy and performance</li> <li>• Share price performance and outlook</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term business strategy and performance</li> <li>• Career and talent development opportunities</li> <li>• Work-life balance and employee wellbeing support (heightened during pandemic)</li> <li>• Pay and remuneration</li> <li>• Diversity and inclusivity</li> </ul>
<b>Axiata's Response And Results</b>	<ul style="list-style-type: none"> <li>• Be the lowest cost producer relative to our customer promise</li> <li>• Drive operational excellence in relation to customer expectations</li> <li>• Creating digital lifestyle products and self-service customer care solutions</li> <li>• Support during pandemic for customers - for remote assistance on products, product deals and packages, and reliable connectivity</li> </ul>	<ul style="list-style-type: none"> <li>• Investing in development of local telecommunication infrastructure</li> <li>• Contributing directly and indirectly to local and regional digital economy</li> <li>• Supporting digital innovation funds to drive development of local and regional digital ecosystems</li> <li>• Deploying world-class cyber security and privacy practices</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency in corporate reporting and disclosures through multiple platforms, and sharing of these reports for wider public awareness</li> <li>• Briefings and engagements with shareholders on emerging topics in the industry and national landscape</li> </ul>	<ul style="list-style-type: none"> <li>• Providing job opportunities to local citizens</li> <li>• Group and OpCo Talent Development programmes</li> <li>• Transforming towards a Modern, Agile and Digital (M.A.D.) organisation</li> </ul>

# Responding To Our Stakeholders

	Community	Media	Suppliers
<p><b>Why They Are Important</b></p>	<p>We are present in a diverse and fast developing economic region. We recognise that strong community participation and engagement is needed as part of our social licence to operate.</p>	<p>The media provides a platform to communicate with our key stakeholders and local communities. Media channels allow us to promote new products and services, corporate announcements and thought leadership.</p>	<p>Our suppliers provide us business critical products and services that enable us to drive our business strategy. We work in partnership to deliver best value for our operations as well as develop their capabilities and capacity.</p>
<p><b>How We Engage</b></p>	<p>Building relationships with the community through partnerships with local NGOs to foster digital inclusion initiatives, corporate responsibility programmes and needs assessment of local stakeholders. We communicate our initiatives through digital and print media.</p>	<p>We engage with the media through interviews, press releases, conferences and other engagement activities.</p>	<p>We conduct engagement with key suppliers to understand solutions and services that can drive operational excellence. We recognise outstanding suppliers through the Biennial Axiata Supplier Awards, and address opportunities for improvement during performance management and the Annual Supplier Forum.</p>
<p><b>Matters Raised</b></p>	<ul style="list-style-type: none"> <li>• Support of the UN SDGs</li> <li>• Building capacity of future leaders</li> <li>• Pre- and post-disaster assistance</li> <li>• Addressing local social needs</li> <li>• Developments in digital connectivity and of the wider digital ecosystem for society at large during pandemic</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate developments</li> <li>• Financial and market performance</li> <li>• Industry trend and issues</li> <li>• Technology breakthroughs</li> <li>• National policy matters</li> </ul>	<ul style="list-style-type: none"> <li>• Performance against Supplier Code of Conduct</li> <li>• Emerging corporate developments and understanding long-term strategy</li> <li>• Opportunities for vendor development</li> <li>• Supplier support and continuity of services during pandemic</li> </ul>
<p><b>Axiata's Response And Results</b></p>	<ul style="list-style-type: none"> <li>• Digital and Financial Inclusion initiatives covering aspects of digital skills and digital connectivity and inclusivity</li> <li>• Disaster Management and Response initiatives</li> <li>• Developing national talent towards becoming future leaders</li> <li>• Established Digital Innovation Funds in three countries to spur innovation and local entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>• Providing regular performance, network and Merger and Acquisition updates</li> <li>• Implementation of the Axiata 5.0 Strategy to advance our digital footprint</li> </ul>	<ul style="list-style-type: none"> <li>• Sourcing local vendors</li> <li>• Supporting the Bumiputera Empowerment Agenda in Malaysia to build local, regional and global champions</li> <li>• Verticalisation of procurement services across the Group to provide scale</li> <li>• Supporting local direct and indirect employment through our supply chain</li> <li>• Value chain discussions for telco industry to operate during pandemic as an essential infrastructure service</li> </ul>

## An Illustrative Case Study on How We Engaged with Our Suppliers in 2020

**Background**

- Our relationships with suppliers are key to Axiata's ability to respond to challenges, harness opportunities and generate growth as we confront different business environments across our markets
- Our supplier collaborations which span all our markets of operation are mainly focused on the delivery of innovative digital products and services according to our customers' expectations and needs

**The Issue**

As a result of COVID-19, the following key issues were identified:

- **Customer service/experience/satisfaction:**
  - Due to travel and movement restrictions, our suppliers had to engage third-party companies to conduct customer experience surveys
  - The feedback from the surveys are critical for Axiata to improve customer experience

- **Digitisation and innovation:**
  - The pandemic has put further pressure on technology providers/suppliers to swiftly devise innovative solutions for internal Group processes as well as products and solutions we offer customers
- **Digital inclusion:**
  - Digital inclusion, especially of those living in remote or rural areas, has become a greater imperative in the post-pandemic world as WFH, online education and e-Commerce/e-banking transactions have become the new norm
  - In line with corporate social responsibility commitments, there is greater pressure to provide low-cost and innovative solutions, as well as digital capability building programmes for underserved communities

**Our Response**

- Ensuring that our suppliers comply with Axiata's Code of Conduct, in line with international and local laws, as well as regulations that govern consumer protection and rights
- Conducting annual supplier engagements and programmes in line with social distancing/movement restriction requirements, with the most recent held in early 2021
- Updating our suppliers with new policies, any changes in code of conduct, the Group's objectives and direction on all outstanding matters. This includes engaging with our suppliers on Axiata's sustainability commitments so that they understand our sustainability agenda and aspiration
- Maintaining two-way communications by encouraging our suppliers to also share their own business/sustainability agenda and solutions for further engagement

# Our Risks Linked To Strategy

Globally, the COVID-19 crisis has created disruptions to economies and societies at large. Businesses had to manage health crises, employee safety, supply chains, and increased cyber security risks while enabling new ways of working on an unprecedented scale. These developments undoubtedly will have implications on the

long-term risk outlook and preparedness thereof. Axiata has innovated and adapted to rapidly changing circumstances and are placed positively to seize future opportunities. We continue to strengthen and constantly evaluate our risk profile and the risk mitigation strategies to improve our resilience to future shocks.

	Financial Risk	Market Risk	Regulatory Risk
<b>Context</b>	<ul style="list-style-type: none"> <li>Exposure to foreign exchange (forex) currency volatilities across our markets of operation</li> <li>Exposure to funding and cash flow constraints in anticipation of Merger and Acquisition (M&amp;A) activities</li> <li>Challenging COVID-19 operating environment could cause difficulties in meeting financial targets</li> </ul>	<ul style="list-style-type: none"> <li>Operating in emerging markets with challenging macroeconomic and geopolitics</li> <li>Fragmented market structures and high infrastructure costs</li> <li>Rapidly advancing IR 4.0 and telco technologies</li> </ul>	<ul style="list-style-type: none"> <li>Broad range of telco regulations, depending on market maturity</li> <li>Potential increase in tax and levies imposed by the relevant regulatory bodies</li> </ul>
<b>Risk Level and Movement</b>	High level Unchanged	High level Unchanged	High level Unchanged
<b>Impact</b>	<ul style="list-style-type: none"> <li>High risk impact</li> <li>Inability to pay shareholder dividends, ensure sustainable growth and continue as an ongoing business concern</li> </ul>	<ul style="list-style-type: none"> <li>High risk impact</li> <li>Failure to meet financial targets will affect profitability and competitive ability, with greater cost leakages</li> </ul>	<ul style="list-style-type: none"> <li>High risk impact</li> <li>Policies and regulations could disrupt business operations, impair returns and long-term growth prospects, as well as limit our flexibility to respond to market conditions, competition and new technologies</li> </ul>
<b>Mitigating Actions and Opportunities Arising</b>	<p><b>Risk Owners: Axiata Treasury Management Centre</b></p> <ul style="list-style-type: none"> <li>Closely monitoring forex movements and formulates hedging strategies to minimise exposure on foreign loans</li> <li>Monitoring Gross Debt/EBITDA level to ensure it is within the set threshold</li> <li>Revisiting investment/funding plans, reviewing product plans and monitoring OpCo dividend policy</li> <li>Reviewing business structure to identify business leakages and enhance the business model</li> </ul>	<p><b>Risk Owners: OpCo CEOs</b></p> <ul style="list-style-type: none"> <li>Aggressive M&amp;A, focusing on industry consolidations in targeted markets</li> <li>Seeking opportunities for telco infrastructure sharing to reduce investment costs</li> <li>Investing in new technologies for the competitive edge</li> <li>Establishing strategies with digital players to meet evolving customer needs and reap higher revenue yield per customer</li> </ul>	<p><b>Risk Owners: Group Regulatory</b></p> <ul style="list-style-type: none"> <li>Collaborating with other telco players to present a united voice advocating strict compliance, and fair and transparent policies</li> <li>Active engagements and dialogues with regulatory and government officials to anticipate emerging regulations, and highlight and address concerns of the telco sector, to advocate sustainable regulatory regimes</li> <li>Participating in government consultations and industry events to foster collaboration and knowledge sharing for best industry policies and practices</li> <li>Dedicated Subject Matter Experts to monitor regulatory compliance at Group level and across all OpCos</li> </ul>
<b>Key Risk Indicators</b>	<ul style="list-style-type: none"> <li>Composition of local vs foreign currency borrowings across all OpCos</li> <li>Gross Debt/EBITDA level</li> <li>OpCos actual vs budget financial performance</li> </ul>	<ul style="list-style-type: none"> <li>ROIC &lt; WACC</li> <li>Achievement of cost savings target</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory Compliance scorecard</li> <li>Emerging regulatory requirements and government policies that may impact our business</li> <li>Record tax hike/pressures and penalties across all OpCos</li> </ul>
<b>Changes from 2019</b>	<ul style="list-style-type: none"> <li>Strengthened the monitoring of internal processes and governance</li> <li>Reviewed business plans to maximise business outputs/profitability whilst enhancing business cost optimisation initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Improved ways of doing business</li> <li>Strategic move towards digitisation and digital markets</li> </ul>	<ul style="list-style-type: none"> <li>Improved regulatory compliance monitoring and insights</li> <li>More agile responses in adopting and adapting to adverse regulatory changes</li> </ul>
<b>Risk Category</b>	Financial risk	Strategic risk	Compliance risk
<b>Link to Strategy and Material Matters</b>	<p><b>Link to Material Issues</b></p> <ul style="list-style-type: none"> <li>Sustainable Business Growth</li> <li>Emergency Disaster and Response</li> </ul> <p><b>Our Strategic Response</b></p> <p>1 2 3 9</p>	<p><b>Link to Material Issues</b></p> <ul style="list-style-type: none"> <li>Network Quality and Coverage</li> <li>Customer Service</li> <li>Data Privacy</li> <li>Digital Inclusion</li> <li>Sustainable Business Growth</li> <li>Business Ethics and Compliance</li> <li>Regulatory and Political Risk</li> </ul> <p><b>Our Strategic Response</b></p> <p>2 3 4 9</p>	<p><b>Link to Material Issues</b></p> <ul style="list-style-type: none"> <li>Network Quality and Coverage</li> <li>Data Privacy</li> <li>Digital Inclusion</li> <li>Sustainable Business Growth</li> <li>Climate Action</li> <li>Business Ethics and Compliance</li> <li>Digitisation and Modernisation</li> <li>Regulatory and Political Risk</li> <li>Resource and Waste Management</li> </ul> <p><b>Our Strategic Response</b></p> <p>4 7</p>

# Our Risks Linked To Strategy

	Cyber and Data Privacy Risk	Geo-Political Risk	Strategic and Investment Risk
▶ <b>Context</b>	<ul style="list-style-type: none"> <li>Maintaining customer data confidentiality, integrity and system availability</li> <li>Providing protection against cyber security attacks and data privacy breaches</li> <li>Inspiring customer confidence and digital trust as a competitive differentiator</li> </ul>	<ul style="list-style-type: none"> <li>Political instabilities, civil unrest and other social tensions</li> <li>Adverse regulatory changes and uncertainty in policy making</li> </ul>	<ul style="list-style-type: none"> <li>Industry restructuring and rationalisation via market convergence and consolidation</li> <li>Challenges and investment costs of growing the digital and Enterprise business</li> </ul>
▶ <b>Risk Level and Movement</b>	<b>Medium High level</b> Unchanged	<b>High level</b> Unchanged	<b>High level</b> Unchanged
▶ <b>Impact</b>	<ul style="list-style-type: none"> <li>Service interruption resulting in loss of service confidence and market share</li> <li>Business disruption, and exposure to penalties for breach/leakage of confidential information and non-compliance of regulatory requirements such as the Data Protection Act</li> <li>Compromising customers' confidence may lead to business loss</li> </ul>	<ul style="list-style-type: none"> <li>High risk impact</li> <li>Disruption of business operations, with negative market sentiment eroding investor confidence in the longer term</li> </ul>	<ul style="list-style-type: none"> <li>High risk impact</li> <li>Sustainable business growth</li> </ul>
▶ <b>Mitigating Actions and Opportunities Arising</b>	<p><b>Risk Owners: Group Risk and Compliance Management Committee</b></p> <ul style="list-style-type: none"> <li>Maturing cyber security and data privacy across all OpCos against global benchmarks and best practices by adopting and aligning to internationally recognised standards such as the NIST<sup>1</sup> Framework, AICPA/CICA<sup>2</sup> and CMMI<sup>3</sup> Privacy Maturity models</li> <li>Establishing a long-term Data Privacy and Cyber Security Strategy Framework and Roadmap, ensuring alignment and standardisation across all OpCos to meet strategic objectives</li> <li>Embedding Cyber Security and Data Privacy controls by design across all business facets by incorporating the related standards and requirements in:                             <ul style="list-style-type: none"> <li>Protecting our hardware and software</li> <li>Improving Training and Awareness</li> <li>Reducing Third-party risk through the Supplier Code of Conduct and contract clauses</li> <li>Periodic automated assessments and remediation to identify gaps</li> </ul> </li> <li>Incorporating Cyber Security and Data Privacy performance into OpCos KPI scorecards</li> </ul>	<p><b>Risk Owners: OpCo Management, Group Regulatory</b></p> <ul style="list-style-type: none"> <li>Closely collaborate with OpCos to track market geo-political developments, and tap into their local expertise, familiarity and connections to assess changing scenarios</li> <li>Maintain a neutral stance and foster healthy government relations across all markets</li> <li>Contribute to national socioeconomic development through various CSR programmes</li> </ul>	<p><b>Risk Owners: Mergers and Acquisitions Committee, Group Corporate Development</b></p> <ul style="list-style-type: none"> <li>Active M&amp;A activities balanced by robust due diligence to evaluate, manage and anticipate potential risks and challenges</li> <li>Post-acquisition transitional teams to ensure alignment and adoption of Axiata's organisational, operational and cultural values</li> <li>Seeking opportunities for infrastructure sharing to manage cost whilst maintaining strategic alliances</li> <li>Closely monitoring the market landscape to anticipate other developments that may heighten competition</li> </ul>
▶ <b>Key Risk Indicators</b>	<ul style="list-style-type: none"> <li>Monitoring cyber-attacks/breach/incidents and their impacts on business operations</li> <li>Maturity level assessment defined in the Cyber Security and Data Privacy Framework across all OpCos</li> </ul>	<ul style="list-style-type: none"> <li>General elections and key geo-political events that may give rise to political instability and civil unrest</li> </ul>	<ul style="list-style-type: none"> <li>ROIC &lt; WACC</li> </ul>
▶ <b>Changes from 2019</b>	<ul style="list-style-type: none"> <li>Expansion of scope of processes and internal controls</li> <li>Improvement of controls</li> <li>Use of automation for scale and repeatability</li> </ul>	<ul style="list-style-type: none"> <li>Improved monitoring processes of key geopolitical events, and anticipating emerging risks</li> </ul>	<ul style="list-style-type: none"> <li>Improved due diligence exercise with the increased importance of non-quantitative factors, especially anti-bribery and anti-corruption compliance and due diligence</li> </ul>
▶ <b>Risk Category</b>	<b>Operational risk</b>	<b>Strategic risk</b>	<b>Strategic risk</b>
▶ <b>Link to Strategy and Material Matters</b>	<p><b>Link to Material Issues</b></p> <ul style="list-style-type: none"> <li>Network Quality and Coverage</li> <li>Customer Service</li> <li>Data Privacy</li> <li>Sustainable Business Growth</li> <li>Business Ethics and Compliance</li> <li>Regulatory and Political Risk</li> </ul> <p><b>Our Strategic Response</b></p> <p>2 3 4 7</p>	<p><b>Link to Material Issues</b></p> <ul style="list-style-type: none"> <li>Sustainable Business Growth</li> <li>Business Ethics and Compliance</li> <li>Talent Development</li> <li>Fair Employment and Welfare</li> <li>Regulatory and Political Risk</li> <li>Community Development</li> </ul> <p><b>Our Strategic Response</b></p> <p>1 3 7 8</p>	<p><b>Link to Material Issues</b></p> <ul style="list-style-type: none"> <li>Network Quality and Coverage</li> <li>Customer Service</li> <li>Digital Inclusion</li> <li>Sustainable Business Growth</li> <li>Digitisation and Modernisation</li> <li>Talent Development</li> <li>Supply Chain Management</li> </ul> <p><b>Our Strategic Response</b></p> <p>1 3 6 7 8 9 10</p>

Notes: <sup>1</sup> NIST = National Institute of Standards and Technology <sup>2</sup> AICPA = American Institute of Certified Public Accountants; CICA = Canadian Institute of Chartered Accountants <sup>3</sup> CMMI = Capability Maturity Model Integration

# Our Risks Linked To Strategy

	People Risk	Technology Risk	Governance and Integrity Risk
▶ <b>Context</b>	<ul style="list-style-type: none"> <li>Increasing demand for digital and compliance-based talents</li> <li>Loss of key talents remains a pressing concern</li> <li>Health and safety of all employees are a key priority, largely due to COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>Continuous investments in new technologies, upgrades and equipment</li> <li>Rapid technological advances may result in premature obsolescence of key technology and equipment before their end life cycle</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring high ethical standards and good corporate governance</li> <li>Section 17A of the MACC Act came into effect in June 2020 and has taken centre stage in corporate governance focus</li> <li>Heightened investor focus on ESG<sup>5</sup> risks</li> </ul>
▶ <b>Risk Level and Movement</b>	<b>Medium to Medium High level</b> Raised in 2020	<b>Medium level</b> Unchanged	<b>Medium level</b> Unchanged
▶ <b>Impact</b>	<ul style="list-style-type: none"> <li>High risk impact</li> <li>Business disruption</li> </ul>	<ul style="list-style-type: none"> <li>High risk impact</li> <li>Business disruption</li> </ul>	<ul style="list-style-type: none"> <li>High risk impact</li> <li>Loss of investors' confidence</li> <li>Potential material penalties in the event of breach/non-compliance with the MACC Act related to ABAC<sup>6</sup></li> </ul>
▶ <b>Mitigating Actions and Opportunities Arising</b>	<p><b>Risk Owners: Group People Division</b></p> <ul style="list-style-type: none"> <li>Active talent hiring agenda and robust talent development programmes</li> <li>Competitive salary packages benchmarked against peers, attractive performance-based rewards and a positive working environment</li> <li>Imposing stringent working protocols and SOPs<sup>4</sup> for Work-In-Office and Work-From-Home arrangements to combat COVID-19</li> <li>Enhancing the AxiataCares programme at Group and OpCo levels</li> </ul>	<p><b>Risk Owners: Group Technology</b></p> <ul style="list-style-type: none"> <li>Constantly reviewing and refreshing our technology to remain relevant whilst maintaining financial prudence</li> <li>Future-proofing is a critical criterion in network equipment selection and built into the procurement process</li> <li>Increasing digitisation and automation efforts to ensure optimum technology utilisation</li> <li>Proactively conducting studies on technological advancements, especially in 5G, while charting future network strategy</li> <li>Monitoring the implementation of various systems and applications across all divisions and seeking opportunities for consolidation and synergies</li> </ul>	<p><b>Risk Owners: Group Risk and Compliance, Group Human Resource, Group Sustainability</b></p> <ul style="list-style-type: none"> <li>Axiata's Code of Conduct guides personnel conducting business for/on behalf of the Group</li> <li>Implementation of Group-wide Corporate Compliance Programme to build strong governance in conformance to the T.R.U.S.T. principles defined in the Guidelines On Adequate Procedures issued by the Prime Minister's Department, and strengthening Axiata's compliance maturity</li> <li>Establishment of a strong governance structure with the BRCC and the Risk and Compliance Management Committee</li> <li>Appointment of a Group Chief Risk and Compliance Officer reporting to the BRCC and setting up the Compliance function at Group and OpCo levels</li> <li>Establishing the Sustainability Steering Committee and developing the sustainability agenda, ensuring Group-wide efforts towards common goals</li> </ul>
▶ <b>Key Risk Indicators</b>	<ul style="list-style-type: none"> <li>Turnover rate</li> <li>Employee engagement survey</li> </ul>	<ul style="list-style-type: none"> <li>ROIC &lt; WACC</li> <li>Digitisation and automation across all functions</li> </ul>	<ul style="list-style-type: none"> <li>Non-compliance/breach cases/deviation from Group's governance instruments</li> <li>Bribery and corruption charges that may lead to corporate liability charges</li> <li>Regulatory fines</li> </ul>
▶ <b>Changes from 2019</b>	<ul style="list-style-type: none"> <li>Improved employee wellbeing programme</li> <li>Tightened SOPs and daily tracking of employees' health declaration</li> <li>Enhanced AxiataCares programme</li> </ul>	<ul style="list-style-type: none"> <li>Improved processes and internal control</li> </ul>	<ul style="list-style-type: none"> <li>Improving the governance structure, process and culture, especially in the area of Anti-Bribery and Anti-Corruption compliance</li> </ul>
▶ <b>Risk Category</b>	<b>Operational risk</b>	<b>Operational risk</b>	<b>Compliance risk</b>
▶ <b>Link to Strategy and Material Matters</b>	<p><b>Link to Material Issues</b></p> <ul style="list-style-type: none"> <li>Talent Development</li> <li>Fair Employment and Welfare</li> <li>Employee Health, Safety and Wellbeing</li> </ul> <p><b>Our Strategic Response</b></p> <p>3 4 7 8</p>	<p><b>Link to Material Issues</b></p> <ul style="list-style-type: none"> <li>Network Quality and Coverage</li> <li>Digital Inclusion</li> <li>Digitisation and Modernisation</li> <li>Supply Chain Management</li> <li>Community Development</li> </ul> <p><b>Our Strategic Response</b></p> <p>2 3 4 5 6</p>	<p><b>Link to Material Issues</b></p> <ul style="list-style-type: none"> <li>Data Privacy</li> <li>Sustainable Business Growth</li> <li>Climate Action</li> <li>Business Ethics and Compliance</li> <li>Regulatory and Political Risk</li> <li>Resource and Waste Management</li> </ul> <p><b>Our Strategic Response</b></p> <p>3 7 8</p>

Notes: <sup>4</sup> SOP = Standard Operating Procedures <sup>5</sup> ESG = Environmental, Social and Governance

# Our Risks Linked To Strategy

Operational Risk	
<p>▶ <b>Context</b></p> <ul style="list-style-type: none"> <li>Complex end-to-end telco business with three distinct business segments of Digital Telcos, Digital Businesses and Infrastructure</li> <li>Supply chain disruptions due to global lockdowns imposed as a result of the pandemic</li> </ul>	<p><b>An Illustrative Case Study on How We Identified and Mitigated Against Operational Risks in 2020</b></p> <p><b>Managing COVID-19 Impacts to Business Continuity Management</b></p> <p>▶ <b>The Issue</b></p> <ul style="list-style-type: none"> <li>In January 2020, COVID-19 was flagged as an emerging risk that could potentially impact Axiata's regional operations, triggering the Group's response to conduct an in-depth risk impact analysis in close collaboration with OpCo ERM teams. The key areas evaluated are financial and operational implications to the business, and employee health and safety</li> </ul>
<p>▶ <b>Risk Level and Movement</b></p> <p><b>Medium to Medium High level</b> Raised in 2020</p>	<p>▶ <b>Our COVID-19 Response Plan</b></p> <ul style="list-style-type: none"> <li>In February 2020, the results of the risk impact analysis was escalated to the Board Risk and Compliance Committee (BRCC) to ensure close monitoring and reporting of COVID-19 impacts to the Board, as well as Management</li> <li>Following that, potentially affected business functions, such as Finance, Human Resource (HR), Procurement and Technology departments continuously engaged in diagnosing the severity of the issues that may arise from the COVID-19 crisis</li> </ul>
<p>▶ <b>Impact</b></p> <ul style="list-style-type: none"> <li>High risk impact</li> <li>Business disruption</li> </ul>	<p>▶ <b>Our Mitigation Response</b></p> <ul style="list-style-type: none"> <li>To ensure business resilience and maintain our operational continuity, the BRT and BCM Committee put in place mitigation measures within the following six core pillars:                             <ul style="list-style-type: none"> <li>- Business Impact – guidance on expenses and cost management</li> <li>- Supply Chain – closely engaged with key vendors to ensure minimal supply disruptions</li> <li>- Employee Wellness – instituted a range of new ways of working, and health and safety initiatives</li> <li>- Corporate Social Responsibility – all OpCos provided financial and in kind support to the government and communities of their markets of operation</li> <li>- Technology and Cyber Resilience – took action to ensure continuous and reliable network connectivity</li> <li>- BCM – regular meetings to maintain oversight and awareness of any changes across all markets of operation</li> </ul> </li> </ul>
<p>▶ <b>Mitigating Actions and Opportunities Arising</b></p> <p><b>Risk Owners: Group Enterprise Risk Management, Group Technology, Group Procurement</b></p> <ul style="list-style-type: none"> <li>Monitoring vendor performance, especially for major and high risk vendors</li> <li>Monitoring supply availability, according to current and future needs</li> <li>Exploring alternative vendors to reduce dependencies</li> <li>Establishing clear Business Continuity Management (BCM) plans to address supply chain risks, disruptions, and the business recovery strategy based on multiple crisis simulation scenarios</li> </ul>	<ul style="list-style-type: none"> <li>To ensure oversight and monitoring of COVID-19 impacts, the Business Response Team (BRT) and the Business Continuity Management (BCM) Committee were established, and a similar structure was adopted across all OpCos</li> <li>BRT and BCM were regularly updated via weekly meeting updates. Over and above the quarterly reporting to the Board, we also held numerous special Board meetings with additional review as and when required</li> </ul>
<p>▶ <b>Key Risk Indicators</b></p> <ul style="list-style-type: none"> <li>Service/supply disruption and business downtime</li> <li>Performance of major and critical vendors</li> </ul>	<ul style="list-style-type: none"> <li>The six core pillars are also being monitored at the OpCo level, with detailed COVID-19 Risk Scorecards developed</li> <li>Overall aim of mitigation measures:                             <ul style="list-style-type: none"> <li>- To minimise loss and disruption to the business</li> <li>- Close monitoring allows leading risk indicators to be detected quickly, thus ensuring preparedness in managing the risk and maintaining business resilience</li> <li>- Pool Group-wide efforts to develop cohesive mitigation plans across Axiata's footprint</li> <li>- Provide top management and the Board with sufficient data points to make informed decisions</li> <li>- Faster escalation structure, which bridges the information gap at both Group and OpCo levels</li> </ul> </li> </ul>
<p>▶ <b>Changes from 2019</b></p> <ul style="list-style-type: none"> <li>Improved supply chain management strategy</li> <li>Strengthened monitoring process to specifically manage COVID-19 impacts and government sanctions imposed on identified high risk vendors</li> </ul>	<p>▶ <b>On The Ground Scenario</b></p> <ul style="list-style-type: none"> <li>Employee Wellness Pillar – to ensure the physical and mental health and safety of our people, we did the following:                             <ul style="list-style-type: none"> <li>- Implemented Work-From-Home arrangements</li> <li>- In periods when work from the office was allowed, this was done through split team working arrangements, with heightened control on office hygiene and safety</li> </ul> </li> </ul>
<p>▶ <b>Risk Category</b></p> <p><b>Operational risk</b></p>	<p>▶ <b>What's Next?</b></p> <ul style="list-style-type: none"> <li>Future focus on enhancing our ability to react swiftly and in a strategic manner by:                             <ul style="list-style-type: none"> <li>- Anticipating and assessing the materiality risk of COVID-19 within the short, medium and long term, and develop a more sustainable long-term plan</li> </ul> </li> </ul>
<p>▶ <b>Link to Strategy and Material Matters</b></p> <p><b>Link to Material Issues</b></p> <ul style="list-style-type: none"> <li>Network Quality and Coverage</li> <li>Customer Service</li> <li>Data Privacy</li> <li>Digital Inclusion</li> <li>Sustainable Business Growth</li> <li>Digitisation and Modernisation</li> <li>Supply Chain Management</li> <li>Community Development</li> <li>Employee Health, Safety and Wellbeing</li> <li>Emergency Disaster and Response</li> </ul> <p><b>Our Strategic Response</b></p> <p>3 4 7 8</p>	<ul style="list-style-type: none"> <li>Provided support and engagement platforms and programmes – AxiataCares webinars; hotline/counselling support; financial support for connectivity; COVID-19 testing; virtual townhalls/workshops</li> <li>Reflecting on lessons learnt from the current crisis to strategise a harmonised Crisis Plan on global crisis management across the Axiata footprint</li> </ul>



# Evolving And Adapting Our Strategy To Capture New Normal Growth Opportunities

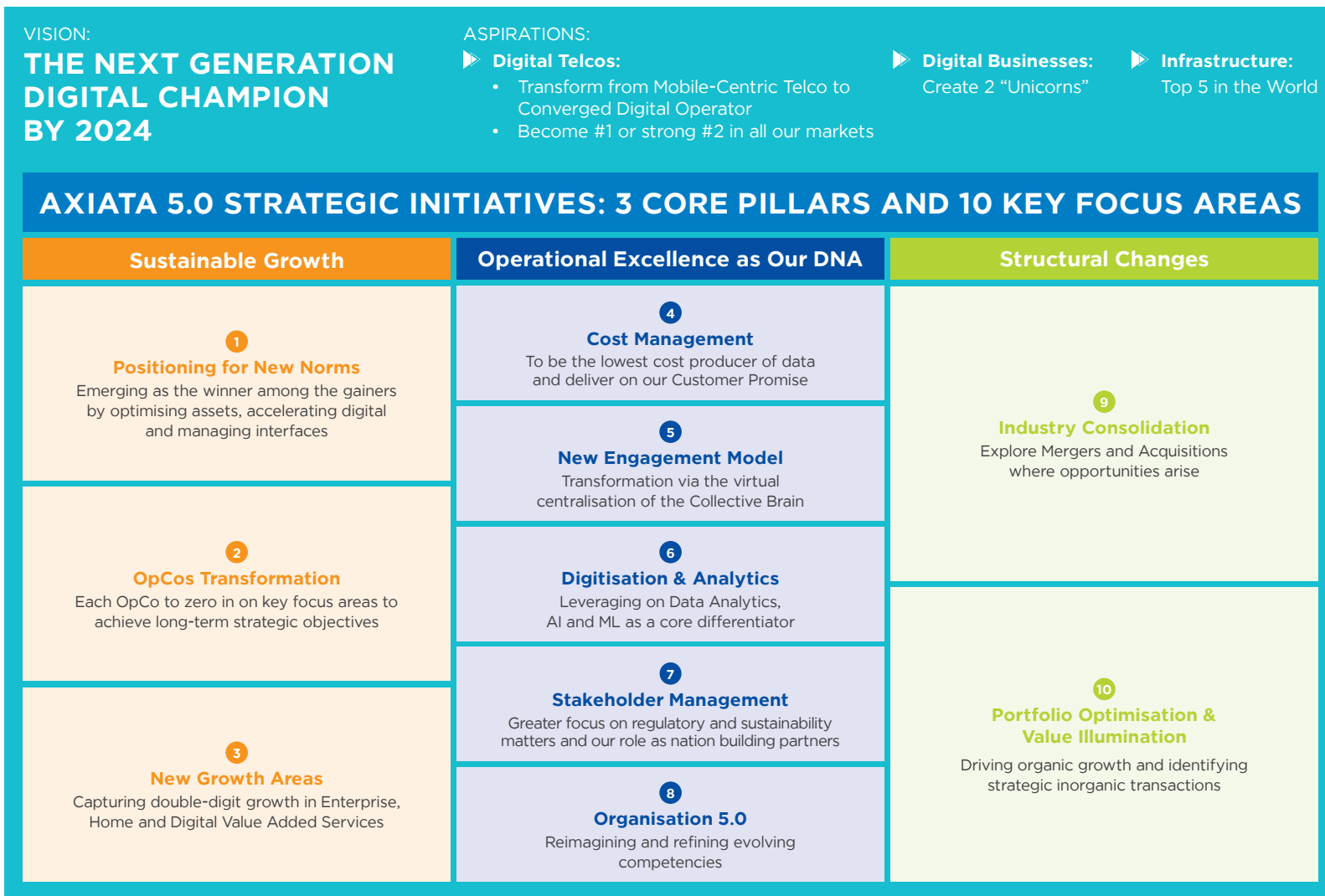
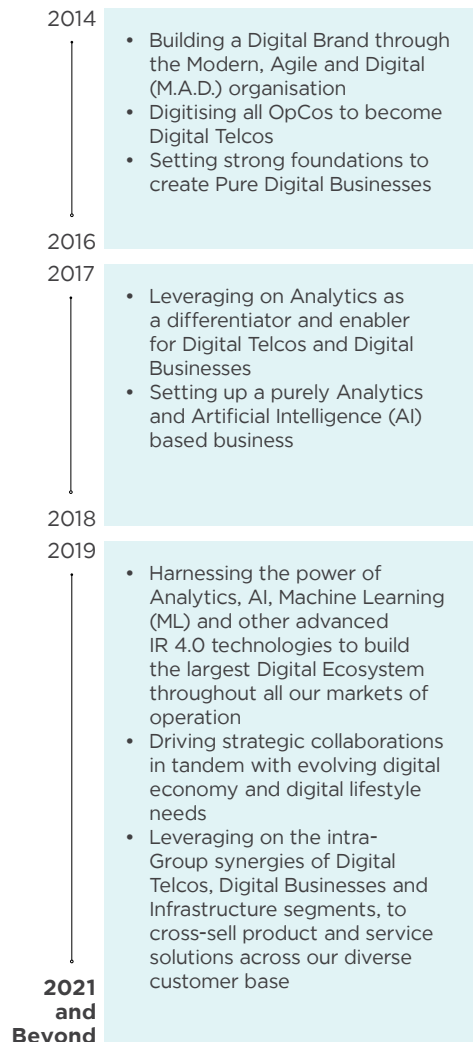
Axiata's efforts to grow our business sustainably over the long term is guided by our vision to become The Next Generation Digital Champion by 2024.

Competencies developed in our long-term value creation journey through our three core businesses have become critical enablers for a hyper-digital world. To paint a picture, the ecosystem we have built leveraging on technological, digital and business acumen has enabled our OpCos to respond steadily in the face of the COVID-19 challenges. As a Group, this puts us on very solid ground to partner societies and businesses as they embrace the transition towards a digital future.

The Axiata 5.0 strategy revealed in our Integrated Annual Report 2019 remains in place, with slight adjustments for new norms, to keep the Group in relentless execution mode towards the realisation of our ambitions.

As our strategy culminates in the realisation of this vision, Axiata has committed to shareholders its intention to transform into a High Dividend Company by 2024.

## Evolution of Our Business Strategy



# Adapting Our Strategy To Capture New Normal Growth Opportunities

The following outlines key highlights of the Group’s progress in 2020 according to our Three Core Pillars and 10 Key Focus Areas:

► **Our Key Progress**

1 Positioning for New Norms	2 OpCos Transformation	3 New Growth Areas	4 Cost Management	5 New Engagement Model
<ul style="list-style-type: none"> <li>All Digital Telcos gearing for 5G readiness to capture new normal growth opportunities with impending 5G roll outs throughout the region</li> <li>Digital Telcos leveraging on “unlimited data” play via new and innovative products and services that cater to customer needs:                             <ul style="list-style-type: none"> <li>XL launched Live.On, a fully digital proposition</li> <li>Dialog introduced Worry-Free Data is Hero, Couple Blaster and Dialog Power Plan as flexible data-based packages</li> </ul> </li> <li>All Digital Telcos accelerated their transition into Fixed Wireless Access (FWA) and driving growth through converged offerings that respond to the shift to Home as the new centre of gravity</li> <li>Augmented the Enterprise proposition to provide relevant products and services that help businesses with their digital transformation by expanding into the areas of Security as a Service (SaaS) and Platform as a Service (PaaS)</li> </ul>	<ul style="list-style-type: none"> <li>All OpCos tasked with specific transformation agendas to engender growth in their markets - e.g. Celcom focusing on Three-Year Transformation Programme to achieve value illumination and XL Axiata focusing on ex-Java growth and convergence</li> <li>Entered into partnerships with tech and telco players such as Google Cloud, Google Suite, Microsoft and Telefonica, to scale up on Enterprise solutions</li> <li>Transforming the digital business by forming Boost Holdings Sdn Bhd comprising Boost, Aspirasi and Apigate, and setting the stage to acquire a digital bank licence in the near future</li> <li>edotco leveraging on data analytics as a critical competitive differentiator in the 5G era, exploring areas such as Private Network, Edge Computing, Antenna as a Service and Network as a Service</li> </ul>	<ul style="list-style-type: none"> <li>Boost, our e-Wallet and cashless merchant payment solution provider:                             <ul style="list-style-type: none"> <li>Boost Malaysia had more than 8.8 million users in 2020, while merchant touchpoints increased by 1.8x to 224,000</li> <li>Boost Indonesia had more than 548,000 merchant touchpoints</li> <li>Boost recorded Gross Transaction Value of RM2.9 billion in Malaysia and RM19.8 million (USD4.9 million) in Indonesia</li> </ul> </li> <li>Aspirasi, our micro-financing and micro-insurance solutions provider:                             <ul style="list-style-type: none"> <li>Launched 15 new insurance products in 2020</li> <li>Total financing disbursed grew more than 5.4x to above RM207 million</li> <li>Total of 9,176 unique merchants applied for loans in 2020</li> </ul> </li> <li>ADA, our Digital Analytics and Artificial Intelligence (AI) solutions provider:                             <ul style="list-style-type: none"> <li>Was PAT positive in 2020, recording YoY growth of 7x</li> <li>Net revenue increased by 45% YoY</li> <li>Launched new service lines in Marketing Technology (MarTech) and e-Commerce enablement</li> </ul> </li> <li>Apigate, our global digital monetisation and customer growth solution provider:                             <ul style="list-style-type: none"> <li>Launched new products in the three markets of Malaysia, Indonesia and Bangladesh</li> <li>Enabled more than 100 digital partners and reached approximately 1 billion consumers globally</li> </ul> </li> <li>XL and Dialog have developed IoT-based digital solutions:                             <ul style="list-style-type: none"> <li>XL – Smart Coffee Monitoring and Smart Aquaculture</li> <li>Dialog – SARU app for farmers, i-Moni and Smart Meter solutions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Focused on conserving cash via disciplined cost management and capex efficiency, whilst building a war chest for new normal opportunities</li> <li>Dual-tranche offering in August 2020, comprising the 10-year USD500 million Sukuk and 30-year USD1 billion Notes from a Euro Medium Note Programme, coupled with the Group securing Syndicated Multi-Currency Shariah-compliant sustainability-linked financing facilities of USD800 million have led to the following outcomes:                             <ul style="list-style-type: none"> <li>Strengthened Balance Sheet</li> <li>Improved Capital Structure</li> <li>Ensured optimum cost and interest savings</li> <li>Strengthened liquidity position</li> </ul> </li> <li>Recorded Operating Free Cash Flow of RM3.3 billion in 2020</li> <li>Cost Excellence Programme delivered RM1.8 billion of savings in 2020, ahead of savings target of RM5.0 billion by 2021</li> <li>Identified 10 Key Initiatives under the Collective Brain to optimise cost structure</li> <li>Leveraging on Collective Brain to become a low-cost producer and reduce cost per GB by 35% to less than USD0.10 by 2024</li> <li>edotco’s Network and Planning Analytics (NaPA) unit has successfully reduced build time and driven down costs</li> </ul>	<ul style="list-style-type: none"> <li>Leveraging on the virtualisation of the Collective Brain to enable OpCos to collectively make decisions towards achieving Group targets, focusing on the areas of technology, Group financial and strategic targets, and OpCo resources</li> <li>Axiata Digital Labs (ADL) deeply engaged in multiple tracks of the Collective Brain to assist OpCos in taking back control from external vendors, retaining Intellectual Patent, reducing cost to serve, and helping build best practices and a software asset library</li> </ul>
<ul style="list-style-type: none"> <li>Performance</li> <li>Partnership</li> <li>Planet &amp; Society</li> </ul>	<ul style="list-style-type: none"> <li>Performance</li> <li>People</li> <li>Partnership</li> <li>Planet &amp; Society</li> </ul>	<ul style="list-style-type: none"> <li>Performance</li> <li>People</li> <li>Partnership</li> <li>Planet &amp; Society</li> </ul>	<ul style="list-style-type: none"> <li>Performance</li> </ul>	<ul style="list-style-type: none"> <li>Performance</li> <li>People</li> </ul>

► **Link to 4P Goals**

Note: Conversion rates are as of 31 December 2020: USD1 = 4.036000

# Adapting Our Strategy To Capture New Normal Growth Opportunities

**Our Key Progress**

6 Digitisation & Analytics	7 Stakeholder Management	8 Organisation 5.0	9 Industry Consolidation	10 Portfolio Optimisation & Value Illumination
<ul style="list-style-type: none"> <li>Digital Telcos operationalising Axiata's IT Blueprint, supported by ADL</li> <li>Group-wide Digital Transformation Strategy driving Digitisation and Analytics as the core differentiator by leveraging on Data Analytics, AI and Machine Learning (ML) as enablers</li> <li>Prepared for the new normal by ensuring robust IT stacks across the dealer management, trade and distribution management systems, and digitising all sales channel touchpoints as part of the Digital Transformation Strategy</li> <li>ADL has delivered more than 150 digital solutions, 15 innovative products and solutions, and over 50 certified Cloud solutions</li> <li>Leveraged on digitisation and analytics to optimise customer experience via a Shared Chatbot Framework - Dialog and Ncell achieved more than 80% resolution without escalation</li> </ul>	<ul style="list-style-type: none"> <li>The Group's success in securing Syndicated Multi-Currency Shariah-compliant sustainability-linked financing facilities of USD800 million is testament of Axiata's commitment to ESG and its valuable contributions as an environmentally and socially sustainable business</li> <li>Established the Group-wide Sustainability Steering Committee and embarked on the Climate Action Plan towards achieving Net Zero by 2050</li> <li>Technology venture funds of ADIF, DADIF, SADIF and r-ventures<sup>1</sup> that contribute to the development of the digital economy throughout our regional markets of operation</li> <li>All OpCos contributed to national and community needs in response to the COVID-19 crisis</li> <li>Digital inclusion apps across our markets of operation to help underserved communities</li> <li>Established Group-wide Anti-Bribery and Anti-Corruption (ABAC) and Gifts, Donations and Sponsorships Policies</li> <li>Published the Group Data Privacy Policy and Cyber Security Advisory for customers to raise their awareness on data privacy and cyber security issues</li> <li>Developing a proactive compliance culture through the Awareness and Behavioural Change Programme (2020 - 2022)</li> <li>Achieved Capability Maturity Model Integration (CMMI) level of 3.5 for National Institute of Standards and Technology (NIST) functions across all OpCos, exceeding the world average</li> </ul>	<ul style="list-style-type: none"> <li>Building strong teams with the right mix of business and technical skills through the Modern, Agile and Digital (M.A.D.) culture initiative</li> <li>Developed over 600 future CXOs<sup>2</sup> through the Group Accelerated Development Programme and OpCo Accelerated Development Programme</li> <li>LEAP Programme encouraging OpCos to create innovative digitisation initiatives through a friendly internal competition</li> <li>Introduced a knowledge hub as a knowledge sharing platform on specific verticals across all OpCos</li> <li>Launched the Women of Axiata and Male Allies (WAMA) initiative as part of the Group-wide drive to create greater equality, equity, diversity and inclusion</li> <li>Launched five Academies as part of Axiata FastForward - Technology; Customer Experience; Leadership; Ways of Working; Leadership and Finance</li> <li>Formalised the Enterprise Academy as part of Axiata FastForward focusing on building sales and marketing capabilities to reach out to the Enterprise segment</li> <li>Implemented mandatory training for all employees on ABAC, cyber security and data privacy domains, achieving over 90% completion rate Group-wide</li> <li>Successfully upskilled privacy teams across all OpCos by completing an internationally accredited certification training of the Certified Information Privacy Manager programme</li> </ul>	<ul style="list-style-type: none"> <li>Dialog acquired 100% stake in H One (Private) Limited, a Microsoft award-winning tier-one partner, in January 2021</li> <li>Smart obtained approval to merge Smart Luy with Pi Pay in Cambodia</li> <li>Axiata in advanced discussions with Telenor Asia on the merger of Celcom and Digi.com, with both parties holding equal equity estimated at 33.1% each. The potential merger will combine scale, competencies, finances and vast experiences to generate significant synergistic value for a commercially stronger and more resilient business, to become the largest telco operator in Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>Successfully listed Robi on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh on 24 December 2020, with shares oversubscribed by 5.7x on listing by both retail and institutional investors, making it the largest IPO<sup>3</sup> in Bangladesh in the past decade</li> <li>Great Eastern made a strategic investment of USD70.0 million (RM294.0 million) for a 21.88% stake in Boost Holdings, the largest fintech investment in Malaysia</li> </ul>
<ul style="list-style-type: none"> <li>Performance</li> <li>Partnership</li> </ul>	<ul style="list-style-type: none"> <li>Performance</li> <li>People</li> <li>Partnership</li> <li>Planet &amp; Society</li> </ul>	<ul style="list-style-type: none"> <li>People</li> </ul>	<ul style="list-style-type: none"> <li>Performance</li> <li>Partnership</li> </ul>	<ul style="list-style-type: none"> <li>Performance</li> <li>Partnership</li> </ul>

**Link to 4P Goals**

Notes: The rate of issuance of shares in RM was USD1 = RM4.2

<sup>1</sup> ADIF = Axiata Digital Innovation Fund; DADIF = Dialog Axiata Digital Innovation Fund; SADIF = Smart Axiata Digital Innovation Fund; r-ventures = Robi Venture <sup>2</sup> CXO refers to any Chief Officer roles that report to the CEO <sup>3</sup> IPO = Initial Public Offering

**IAR** For more details on our strategic activities and outcomes, please refer to pages 42 to 49 in the "Towards Becoming The Next Generation Digital Champion" section, and pages 59 to 78 in the "Delivering Our Strategy" section

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

**GAFS** For more details on our governance, data privacy and cyber security related activities and outcomes that contributed to Axiata's strategic performance, please refer to the GAFS

Bringing online education and accelerating learning for more than 1.5 million students in Bangladesh.

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Robi Axiata 10-Minute School

কেপলারের ২য় সূত্র  
একটি নির্দিষ্ট সময়ে অতিক্রান্ত ক্ষেত্রফল ধ্রুবক।

Robi 10-MINUTE SCHOOL

**TOWARDS BECOMING  
THE NEXT GENERATION  
DIGITAL CHAMPION**

# Our Value Creation Model



## Unfold To See How We Create Value

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 The Next Generation Digital Champion by 2024.

### Our Six Capitals

#### Financial Capital



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

#### Human Capital



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

#### Intellectual Capital



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

#### Social & Relationship Capital



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

#### Manufactured Capital



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

#### Natural Capital



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

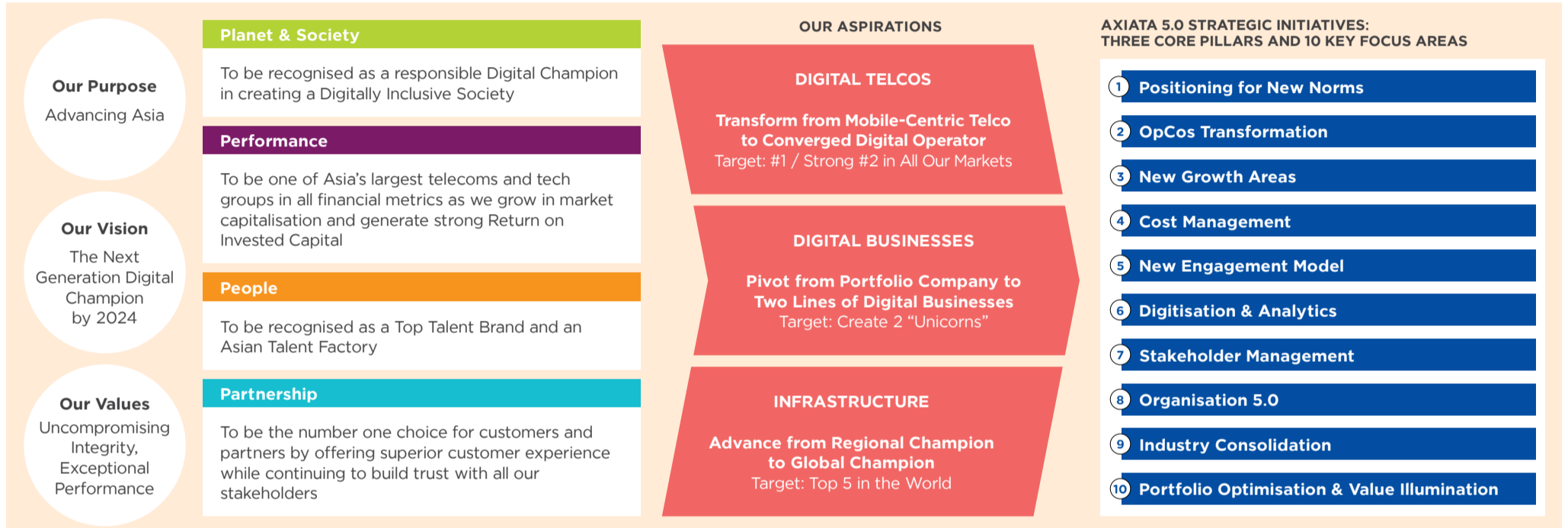


# Our Value Creation Model

THE INPUT OUR CAPITALS PROVIDE

Financial	Human	Intellectual	Social & Relationship	Manufactured	Natural
<ul style="list-style-type: none"> <li>Market capitalisation of RM34.3 billion as at end 2020</li> <li>Gross debt/EBITDA ratio of 2.6x</li> <li>Debt Equity Ratio of 1.6x</li> <li>Credit ratings of Baa2 on Moody's and BBB+ on S&amp;P</li> <li>Operating expenses of RM13.5 billion</li> <li>Capital expenditure of RM5.3 billion</li> </ul>	<ul style="list-style-type: none"> <li>More than 12,600<sup>1</sup> employees from 42 nationalities across Asia</li> <li>Male : Female employee ratio of 69 : 31</li> <li>RM190 million spent on talent development since 2009</li> <li>High percentage of engaged employees</li> </ul>	<ul style="list-style-type: none"> <li>Mobile licenses and spectrum allocations throughout our operating markets</li> <li>Investment in digitisation and modernisation initiatives</li> <li>Data privacy, cyber security and information security initiatives</li> </ul>	<ul style="list-style-type: none"> <li>2020 Brand Power Results:                             <ul style="list-style-type: none"> <li>#1 in Malaysia<sup>2</sup> and Sri Lanka</li> <li>#2 in Bangladesh<sup>3</sup>, Indonesia<sup>4</sup>, Cambodia and Nepal</li> </ul> </li> <li>Industry and community partnerships</li> <li>Customer base of approximately 157 million subscribers</li> </ul>	<ul style="list-style-type: none"> <li>22,329 towers owned by edotco</li> <li>11,258 towers managed by edotco</li> <li>Group-wide BTS infrastructure<sup>5</sup></li> <li>Group capex of RM5.3 billion</li> <li>Group Plant, Property and Equipment (PPE) value of RM24.5 billion</li> <li>Telecommunication network equipment (net book value) of RM20.6 billion</li> <li>edotco tower capex of RM510.2 million</li> <li>edotco PPE value of RM2.43 billion</li> <li>Apigate, our global digital monetisation and customer growth solution provider</li> </ul>	<ul style="list-style-type: none"> <li>Direct energy consumption of 1.5 million GJ</li> <li>Indirect energy consumption of 7.0 million GJ</li> <li>Renewable energy capacity of Total GHG emissions of 1.38 million tCO<sub>2</sub>e</li> <li>Energy intensity of 558.8 GJ per million GB (Digital Telco only)</li> </ul>

STRUCTURES IN PLACE FOR VALUE CREATION



OUR OUTPUTS AS A BUSINESS

Differentiated connectivity services	Seamless connection	Comprehensive digital platforms for businesses	Data-driven digital advertising	Secure digital financial services	Enterprise solutions/IoT	Reliable network availability	Fibre connectivity	Sustainable network tower solutions	End-to-end tower management services	Adverse Output <b>By-products: GHG emissions</b>
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OUTCOMES WHICH BENEFIT ALL

1. Delivering Long-Term Value to Shareholders	2. Building a Modern, Agile and Digital Asian Talent Factory	3. Becoming a Trusted and Reliable Digital Partner	4. Supporting Governments and Communities in Our Markets	5. Enabling Digitally-Connected Societies	6. Minimising Environmental Impact
<ul style="list-style-type: none"> <li>Maximise shareholder value</li> <li>Sustained long-term business growth and profitability</li> </ul> <p>UN SDG: </p> <p><b>IAR</b> Refer to page 44 for more details</p>	<ul style="list-style-type: none"> <li>Talent development platform geared towards being a Modern, Agile and Digital (M.A.D.) Asian Talent Factory</li> <li>Attract and retain talented employees</li> <li>Diverse workforce, with multiple opportunities to advance their careers</li> </ul> <p>UN SDG: </p> <p><b>IAR</b> Refer to page 45 for more details</p>	<ul style="list-style-type: none"> <li>Provide excellent customer experience across our footprint</li> <li>Establish strong brand equity and trust</li> <li>Digital platforms to cater to customer needs for innovative digital products and services</li> </ul> <p>UN SDG: </p> <p><b>IAR</b> Refer to page 46 for more details</p>	<ul style="list-style-type: none"> <li>Contribute to the socioeconomic development of the countries we operate in through national contributions and social responsibility initiatives</li> </ul> <p>UN SDG: </p> <p><b>IAR</b> Refer to page 47 for more details</p>	<ul style="list-style-type: none"> <li>Increase population coverage and connect underserved areas</li> <li>Aid digital and financial inclusion</li> </ul> <p>UN SDG: </p> <p><b>IAR</b> Refer to page 48 for more details</p>	<ul style="list-style-type: none"> <li>Focused carbon reduction strategy</li> <li>Optimise energy consumption through design innovations and renewable energy sources</li> </ul> <p>UN SDG: </p> <p><b>IAR</b> Refer to page 49 for more details</p>

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 & Relationship Capital
- Our Social & 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 & Relationship, Human, Intellectual and Financial Capitals
- Our Manufactured Capital base negatively impacts upon our Natural Capital. However, through concerted efforts to reduce our carbon footprint, we are able to mitigate our business impact on our Natural Capital

Notes: <sup>1</sup> Includes edotco Group and Axiata Digital employees  
<sup>2</sup> Includes Xpax  
<sup>3</sup> Includes Airtel  
<sup>4</sup> Includes Axis  
<sup>5</sup> As at 31 December 2020

**IAR** For more details on:  
 - OpCos' BTS numbers, please refer to pages 61 to 71 in the "Delivering Our Strategy" section  
 - The 10 Key Focus Areas, please refer to page 39 in the "Realising Our Vision" section

# 1. Delivering Long-Term Value To Shareholders

## Outcomes And Value Created

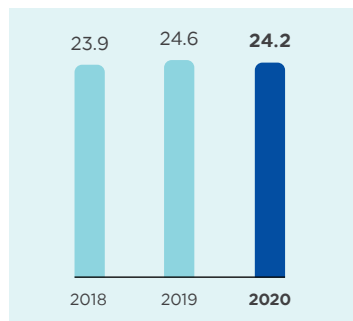
- ▶ **Maximise shareholder value by maintaining sustainable dividend payout**
- ▶ **Sustain long-term business growth and profitability by ensuring financial resilience**

## Activities and Processes to Create Value

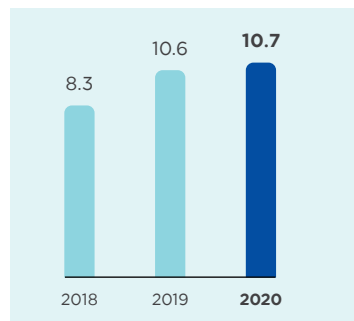
- ▶ In a challenging environment, focused on margin improvement to generate cash in line with the Group's shift to becoming a High Dividend Company
- ▶ Focused on conserving cash via disciplined cost management and capex efficiency, whilst building a war chest for new norm opportunities
- ▶ Maintained Operational Excellence to continue building a sustainable cost structure
- ▶ Cost Excellence Programme delivered RM1.8 billion of savings in 2020 in both opex and capex, exceeding total savings target of RM5.0 billion by 2021 ahead of time
- ▶ Optimisation of spectrum for 4G demand, data uptake from the accelerated depreciation and write-off of 3G assets amounting to RM1.1 billion, resulting in PATAMI impact of RM604.3 million
- ▶ Accelerated digital adoption in OpCos due to COVID-19 new norms
- ▶ Dual-tranche offering in August 2020, comprising the 10-year USD500 million Sukuk and 30-year USD1 billion Notes from a Euro Medium Note Programme, as well as the Group securing Syndicated Multi-Currency Shariah-compliant sustainability-linked financing facilities of USD800 million has resulted in:
  - Strengthened balance sheet
  - Improved capital structure
- Ensured optimum cost and interest savings
- Strengthened liquidity position
- ▶ Successfully listed Robi on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh on 24 December 2020
- ▶ Given the uncertainty surrounding the depth and duration of the pandemic and the difficulty in predicting the pace of recovery, the Group withdrew its guidance on previous Headline KPIs on 21 May 2020
- ▶ Foregone revenue due to free data and bonus recharge by some OpCos in countries such as Malaysia, Indonesia, Cambodia, Sri Lanka, Bangladesh and Nepal

## Performance Indicators

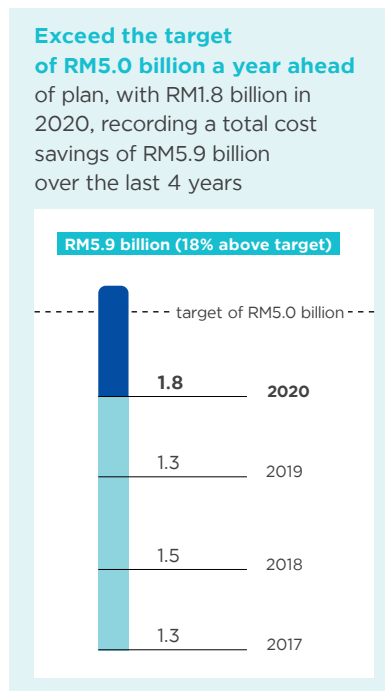
Revenue (RM Billion)



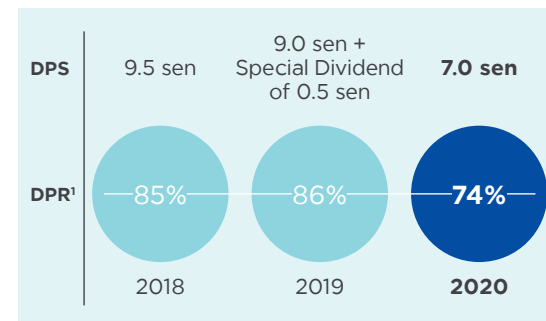
EBITDA (RM Billion)



Cost Savings (RM Billion)



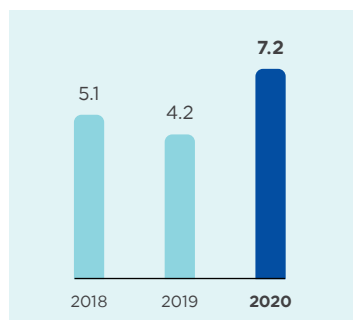
Dividend Per Share (DPS)/Dividend Payout Ratio (DPR)



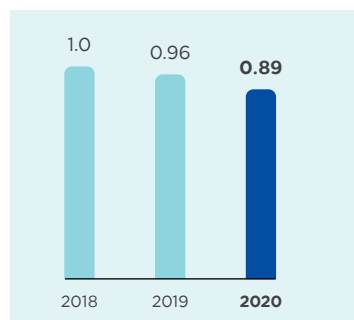
Credit Ratings



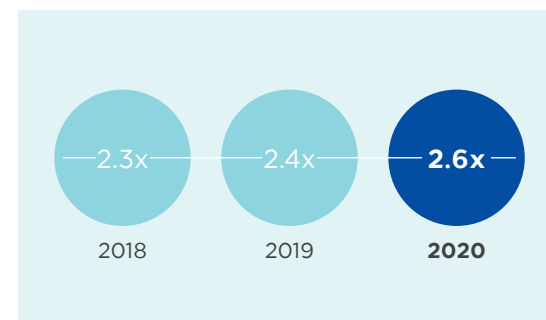
Cash Balance (RM Billion)



Normalised PATAMI (RM Billion)



Gross Debt to EBITDA Ratio



Note: <sup>1</sup> DPR - Dividend Payout Ratio excluding special dividend

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

Related Key Capitals: **Financial, Human** | Link to 4P Goals: **People**

### 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 careers**

### Activities and Processes to Create Value

- ▶ Group-wide robust talent development platform aligned with M.A.D. culture
- ▶ Axiata Digital Labs (ADL) offering a wide-array of specialised digital skills
- ▶ Established Axiata FastForward<sup>1</sup> and instituted the Collective Brain<sup>2</sup>
- ▶ Group-wide LEAP<sup>3</sup> Programme for OpCos to create digitisation initiatives via friendly competition
- ▶ Developed internal and external stakeholders' data privacy and cyber security awareness, knowledge and skills via:

- Group-wide training platform deployed with a repository of curated material for privacy and cyber security aligned with our applicable laws, internal policies, standards and current best practices
- Privacy and security awareness campaigns for our employees including disseminating quarterly internal newsletters, monthly electronic direct mailers, quizzes, online games, contests and other awareness activities
- Upskilled our Data Privacy Officers (DPOs) through a continuous effort of participating in the International Association of Privacy Professionals Certified Information Privacy Manager (CIPM) certification

- Ensured that the privacy and data protection risks are identified and mitigated at the OpCo level by DPOs through continuous Privacy Assessments
- ▶ Developed leadership skills and demonstrated commitment to internal talent development through GADP<sup>4</sup> and OADP<sup>5</sup>
- ▶ Strong employer value proposition – comprehensive HSE<sup>6</sup> programme; robust compensation and benefits; supportive work-life balance initiatives; Sustainability and Diversity, Equity and Inclusion as part of People Policies and Processes

### Performance Indicators

#### Enhancing the M.A.D. Culture

##### e-Learning Platforms

###### Online Learning

- **7,164 learners** activated
- **228,458 courses** viewed
- **74,598 courses** completed
- Top courses were on IoT, Blockchain and IR 4.0

###### Synapse<sup>7</sup>

Visits of knowledge workers  
2019: 25.4%  
**2020: 49.9%**



##### Axiata FastForward

- Launched 5 Academies as part of Axiata FastForward – Technology; Customer Experience; Leadership; Ways of Working; Leadership and Finance

##### Collective Brain

- ADL is deeply engaged in multiple tracks of Collective Brain assisting OpCos to take back control from external vendors, retaining IP, reducing cost to serve, and helping build Best Practices and software asset library
- Enabling OpCo Leaders to make key technology decisions
- Empowering OpCo Resources to deliver financial and strategic targets, and achieve end-to-end project execution

##### Pursuing A Digital Culture

- LEAP Awards 2020 – 150 unique digitisation initiatives submitted by OpCos
- Notable contributions for new normal growth driven initiatives submitted by Celcom, XL, Dialog and Robi



#### Building Digital Trust Through A Robust Data Privacy and Cyber Security Culture

- Enhanced employees' and vendors' **cyber security and privacy awareness, knowledge and skills**
- **Ensured strong alignment with global best practices**, and strict regulatory compliance in the area of data privacy
- Group-wide Cyber Security and Privacy training and awareness programme enhanced employees' and vendors' knowledge and capabilities through updated modules covering data privacy, current digital risks and cyber threats
- **> 90% completion** of training modules Group-wide
- GSOC<sup>8</sup> Offensive Security team:
  - On the Top 5 Global Leader Boards and ranked 1<sup>st</sup> for Asia Pacific region at the Logwars, Capture The Flag (CTF) competition, RhythmWorld Security Conference 2020
  - 2<sup>nd</sup> place, Red Team Village, CTF, Hack in the Box Security Conference 2020



#### HSE

**Average Lost Time Injury Frequency Rate across OpCos range from 0-0.55** (telco industry benchmark is 0.8)



#### GADP/OADP

**> 600** future CXOs<sup>9</sup>

#### Talent at Axiata

##### Top Management



##### Middle Management



#### External : Internal Hiring Ratio

2018 - 17 : 83    2019 - 23 : 77    **2020 - 29 : 71**

#### Group Employee Engagement Survey Result

##### SEI<sup>10</sup>



##### UI.EP



##### Ethics



##### High Performance Culture

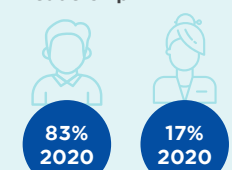


#### Leadership at Axiata

##### Leadership Positions in 2020

- ▶ 71% filled internally
- ▶ 8 out of 9 CEOs filled by internal talents

##### Gender Diversity in Leadership



##### Nationalities of Our Leadership<sup>11</sup>

- ▶ Local – 67%
- ▶ Footprint – 14%
- ▶ External – 19%

2019: 86%    2019: 14%  
2018: 83%    2018: 17%

Notes: <sup>1</sup> Axiata FastForward is a Group-wide intelligent learning technology platform for our employees  
<sup>2</sup> The Collective Brain is the virtual centralisation of the Group's best and brightest brains from across all regional OpCos, so that our people can collectively make the best decisions for the Group  
<sup>3</sup> LEAP = Learn, Engage, Accelerate and Perform  
<sup>4</sup> GADP = Group Accelerated Development Programme  
<sup>5</sup> OADP = OpCo Accelerated Development Programme  
<sup>6</sup> HSE = Health, Safety and Environment

<sup>7</sup> % Visits of knowledge workers is based on Full Time Employees who are Assistant Manager and above across Axiata and our OpCos  
<sup>8</sup> GSOC = Group Security Operations Centre  
<sup>9</sup> CXO refers to any Chief Officer roles that report to the CEO  
<sup>10</sup> SEI = Sustainable Engagement Index  
<sup>11</sup> Locals – Locals working in their respective OpCo country. Footprint – Non-locals from Axiata's footprint countries. External – Non-locals from outside Axiata's footprint countries

#### SNCR

For more details on our:

- Employee engagement activities, please refer to pages 52 to 53 of the "Fair Employment And Welfare" section
- Training and development programmes, please refer to pages 54 to 55 of the "Talent Development" section
- Health and safety performance, please refer to pages 56 to 58 of the "Employee Health, Safety And Wellbeing" section

#### GAFS

For more details on our employee facing data privacy and cyber security initiatives, please refer to pages 37 to 38 of the "Building Digital Trust Through Data Privacy and Cyber Security" section



### 3. Becoming A Trusted And Reliable Digital Partner

#### Outcomes And Value Created

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

#### Activities and Processes to Create Value

- ▶ Refining our strategic approach and repositioning for new normal growth opportunities by identifying the Six Core Business Dimensions aligned with Consumer, Home and Enterprise needs
- ▶ Axiata Digital Labs and Axiata Analytics Centre operationalising Axiata's IT Blueprint
- ▶ Group-wide Digital Transformation Strategy driving Digitisation and Analytics as core differentiator by leveraging on Data Analytics, Artificial Intelligence (AI) and Machine Learning (ML) as enablers
- ▶ Created differentiated products for the Enterprise segment across all OpCos
- ▶ Set up common Group-wide platforms to enhance customer service including a Chatbot Framework and a portfolio of self-care apps

- ▶ Yoodo, a brand under Celcom, is Malaysia's first truly customisable and 100% digital telco
- ▶ Digital Trust 2020 Cyber Security Strategy:
  - Defined and implemented the Group Information Security Operating Model
  - Recruited, retained and developed security teams aligned with our strategic requirements
  - Established strong security collaborations both internally and externally with a broader ecosystem
  - Defined the high-value assets (Crown Jewels) and provided differentiated protection, prioritised Detection and Response capabilities
  - Defined and implemented Group-wide risk assessment capability
  - Ensured cyber resilience throughout the pandemic:
    - Established a state-of-the-art Group Security

- Operation Centre (GSOC) and provided 24/7 security services across Axiata without any interruption during the lockdown period
- Published our Privacy Policy, updated Privacy Notices and Cyber Security Advisory on the corporate website as part of our commitment to transparency and accountability
- Conducted a Group-wide Work-From-Home (WFH) assessment to ensure resiliency and business continuity
- Completed Group-wide crisis simulation exercises to build a robust incident response capability
- Updated our corporate website with information for our customers and subscribers on current threats and malicious trends

#### Performance Indicators

##### Total Number of Mobile Customers (million)



##### Brand Power Results<sup>1</sup>



##### Digital Reputation Score<sup>5</sup>



##### Net Promoter Score



##### ADL Empowering OpCos

- To take back control from external vendors
- Retain Intellectual Property
- Reduce cost to serve
- Build best practices
- Develop a software asset library
- **Delivered > 150 digital solutions**
- **> 1,000 digital experts**
- **> 15 innovative products and platforms**
- **> 50 certified Cloud solutions**

##### Strengthened Data Privacy and Cyber Security

- Improved Capability Maturity Model Integration (CMMI) Maturity to Level 3.5 for NIST functions across all OpCos, **exceeding the global average**
- **GSOC accredited by the Forum of Incident Response and Security Teams (FIRST)**
  - as a recognised global leader in Incident Response
  - Axiata is the only telecommunications company to achieve this accreditation in all countries in which we operate
  - acknowledged as the industry "Leading Specialist in Cyber Threat Management South Asia" by Acquisition International monthly magazine
- **Improved the scope and depth of MBSS to version 2.0**, which features 91 standards and includes automation to achieve scale and consistency in hardening our assets from failure and cyber-attacks

##### Capturing New Normal Growth Opportunities

Unlimited Data and Nomadic Mobility		Optimised Customer Experience		Enhanced Enterprise proposition via partnerships	
<b>All OpCos</b> Offering Beyond Connectivity Enterprise services including Security, Equipment, Cloud, Data Centre, Application and IT services	<b>Celcom</b> Celcom Xpax Truly Unlimited <b>XL</b> Live.On	<b>Celcom</b> Launched Dash4Me, a 24-hour express delivery for purchase via Celcom Online store	<b>Celcom</b> Leveraging on Social Commerce with launch of BeBozz	<b>Google Cloud</b> Cloud platform propositions	<b>Google Suite</b> Access to business productivity suite + Specific partner interconnects in-country for better app experience
<b>Celcom, Dialog, XL &amp; Smart</b> Accelerated Fixed Wireless Access transition	<b>Dialog</b> Dialog Power Plan	<b>Dialog &amp; Ncell</b> Shared Chatbot Framework led to > 80% resolution without escalation	<b>Dialog &amp; Ncell</b> Shared Chatbot Framework led to > 80% resolution without escalation	<b>Microsoft</b> Products and services for larger Enterprise and government sectors	<b>Telefonica</b> Leverage on synergies in Security and IT
<b>Celcom</b> Drive online acquisition resulted in > 400% online activation YoY	<b>Dialog</b> Digitisation of the retail space via the Dialog Retail Hub digital platform, enabling > 35,000 retail partners	<b>Yoodo</b> Features > 2 million mobile plan combinations	<b>Yoodo</b> Rapid growth with > 500,000 app downloads & active online community of > 300,000	<b>Intelligent Omnichannel Customer Experience (CX)</b> Group-wide Digital Interaction Ratio increased by <b>13.4%</b>	
<b>XL</b> Ensured high back end reliability to support own touchpoints: <ul style="list-style-type: none"> <li>• 99.6% uptime</li> <li>• 96.9% own channel transactions success rate</li> </ul>	<b>Robi</b> Used Analytics & AI/ML to address customer concerns and preferences <ul style="list-style-type: none"> <li>• Highest digital recharge contribution among all OpCos at 43%</li> </ul>	<b>Dialog &amp; Ncell</b> Shared Chatbot Framework led to > 80% resolution without escalation	<b>Yoodo</b> Features > 2 million mobile plan combinations		
<b>Smart</b> Generated in-depth customer insights and developed actionable insights to effective target customers					

##### Axiata ranked within Top 30% of Digital Inclusion Benchmark



Notes: <sup>1</sup> As of 2020, Axiata has shifted from using Brand Equity Score to using Brand Power Results to measure customer satisfaction  
<sup>2</sup> Includes Xpax  
<sup>3</sup> Includes Airtel  
<sup>4</sup> Includes Axis

<sup>5</sup> In 2020, Axiata moved on to using the Digital Reputation Score from of the Social Reputation Score in previous years

#### IAR

For more details on:  
 - The Six Core Business Dimensions, please refer to page 21 of the "In Conversation With The President & Group Chief Executive Officer" section  
 - OpCos digitisation and modernisation initiatives and outcomes, please refer to pages 59 to 78 of the "Delivering Our Strategy" section

#### SNCR

For more details on our OpCos digitisation and modernisation initiatives and outcomes, please refer to pages 39 to 40 of the "Digitisation And Modernisation" section  
 For more details on our data privacy and cyber security initiatives and outcomes, please refer to page 80 to 82 of the "Data Privacy" section

#### GAFS

For more details on our cyber security and data privacy programmes and outcomes, please refer to pages 37 to 38 of the "Building Digital Trust Through Data Privacy and Cyber Security" section

# 4. Supporting Governments And Communities In Our Markets

Related Key Capitals: **Financial, Social and Relationship** | Link to 4P Goals: **Partnership, Planet & Society**

## Outcomes And Value Created

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

## Activities and Processes to Create Value

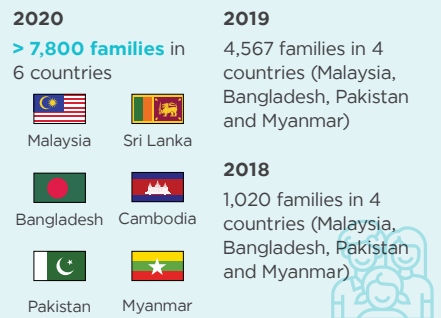
- ▶ Provided COVID-19 funding and support to governments and communities across our markets of operation
- ▶ Supported nations' 5G roll out ambitions and developed digital services that contribute to national digital policies
- ▶ Conducted programmes aligned with Axiata's commitment to GSMA's Humanitarian Connectivity Charter and Connected Women Initiative
- ▶ edotco's innovative community programmes:
  - Tower 2 Community – provided electricity for homes; channelled WiFi connectivity to libraries from the Multi-Purpose Lamp Pole; installed Solar Water Pumps; humanitarian relief for flood victims; and access to safe drinking water for underserved communities
- ▶ Employee Voluntary Engagement Programme (EVE) – two initiatives that contribute to UN SDG 2 zero hunger goals
- ▶ Contributions to tax revenue in countries that our OpCos are present
- ▶ Job creation and supporting national economic growth

## Performance Indicators

### Total National Contribution



### Tower 2 Community Impacts



### Number of Jobs Supported Across the Region



### Total Tax Contributions



### Supporting 5G Roll Outs

- Celcom**
  - 5G demo in PJ Smart City and Langkawi
  - 5G CoE<sup>2</sup> in collaboration with UTM<sup>3</sup> and Ericsson
  - Smart Solutions partnership with Sunway City and Huawei
- Dialog**
  - Launched 5G pilot network in Colombo, Kandy and Galle
- Smart**
  - Trialled 5G at 20 sites in Phnom Penh and Kandal
- edotco**
  - Launched first 5G private network at Langkawi International Airport

### 2020 Contributions to Connected Women Initiative

- Celcom**
  - > 4,000 women in Digital Entrepreneurship Programme
  - > 1,000 female students<sup>4</sup> provided learning assistance
- XL**
  - Sisternet - 30,000 members
  - Represent as **Indonesia Focal Point** at G20 EMPOWER
- Dialog**
  - Yeheli/Thozhi - > 25,000 app downloads and > 24,000 active users
- Robi**
  - Robi-CARE Girls Empowerment Programme - > 100 girls
  - Women-centric package, Ichchedana, had 1.5 million female subscribers
  - > 1,800 active female app developers on Robi's appstore platform, bdapps, representing 20% of the total app developers on the platform
- Smart**
  - Technovation Girls - > 330 girls

### 2020 Contributions to Humanitarian Connectivity Charter

- Smart**
  - Smart Axiata Flood Relief Fund channelling donations from subscribers for flood victims – Smart collected and matched a **total fund of USD66,000** and provided **food packages for 3,360 families**
- edotco**
  - **Hygiene kits and basic necessities for > 2,000 victims** of floods in Malaysia
  - **Humanitarian relief for > 1,200 people** impacted by Cyclone Amphan in Bangladesh

### COVID-19 CSR Programmes

- USD51 million in COVID-19 GDP support**
- 3,486 jobs supported**
- 5,000 Free SIM cards** for Quarantine Centres across 5 countries from COVID-19 activities
- > 100 laptops provided to underprivileged students** to support e-learning
- Celcom**
  - **Supported national COVID-19 operations in 6 states, providing broadband connectivity and devices** through collaborations with the MCMC<sup>5</sup>, State and Federal Governments
- XL**
  - Partnered with Ministry of Religion to **launch Digital Madrasah Virtual Learning** for Islamic school students – **110 students** from 22 Islamic schools
  - **Quota Donation Crowd Funding programme** – empowered customers and communities to donate their data packages to schools across Indonesia – **425 routers, 96,000GB of data and 121,200 students**
- Dialog**
  - **Invested SLR200 million** towards the development of Intensive Care Units at Homagama Base Hospital and Negombo Hospital
- Robi**
  - **Set up national helpline 333** in collaboration a2i<sup>6</sup>
  - **Developed COVID-19 contact tracing app** with a2i
  - **Conducted handwashing campaign with WaterAid** at water treatment facilities set up by Robi at 10 Bangladesh railway stations
- Ncell**
  - **COVID-19 Awareness campaigns** in collaboration with Ministry of Health and Population and UNICEF - **> 45 million SMS** and **> 20 million OBD<sup>7</sup> calls**
  - **Radio Outreach Programme** providing audio classes for students in remote areas
  - **Ncell Call to Doctor service** – free digital connectivity to get in touch with doctors
  - **Free access** to government COVID-19 hotlines
- Smart**
  - **Funded 12 projects in 4 focus areas** via the Smart Axiata USD1 million COVID-19 Relief Fund i.e. ICT for education, personal hygiene, social distancing and crisis management
- edotco**
  - **COVID-19 sanitation and food aid** for families, university students and medical frontliners
  - **Donated PPE suits, surgical gloves and face masks** to 4 hospitals in 3 countries

### Axiata Digital Services

- Together with the Group, Celcom and edotco, **launched the RM150 million Axiata COVID-19 Assistance Programme** providing financial assistance, Aspirasi Assist to micro-SMEs in Malaysia - Total of 9,473 loans have been granted to micro-SMEs with RM43.4 million in micro-financing
- Boost**
  - **Leading e-wallet government partner supporting the e-Tunai Rakyat e-wallet initiative and PENJANA Economic Recovery Plan** through the ePENJANA Credits Programme, Micro-SME e-Commerce campaign and SME Digitalisation Grant by Ministry of Finance/Bank Simpanan Nasional
  - “Tabung COVID-19 by Boost” and “30 Days 30 Practices” initiatives – **collected > RM1.2 million in donations**
- Aspirasi**
  - **Aspirasi Assist micro-financing**
  - **RHB Best Programme in partnership with RHB Islamic Bank** for Muslim micro-SME owners from the B40 segment

Notes: <sup>1</sup> 2020 figures includes edotco Group, unlike previous years  
<sup>2</sup> CoE = Centre of Excellence  
<sup>3</sup> UTM = Universiti Teknologi Malaysia  
<sup>4</sup> Assistance provided through Tuiton Pintar and Mahir Tutor programmes, among others

<sup>5</sup> MCMC = Malaysian Communications and Multimedia Commission  
<sup>6</sup> a2i is a whole of government programme under the ICT Division of the Government, supporting the Digital Bangladesh agenda  
<sup>7</sup> OBD = Outbound Dialler

**IAR** For more details on Our COVID-19 contributions, please refer to pages 8 to 9 of the “And This Was How We Responded To The COVID-19 Pandemic” section

**SNCR** For more details on:  
 • Our COVID-19 community contributions, please refer to pages 68 to 73 of the “Society” section  
 • Our national contributions, please refer to our National Contribution Report

# 5. Enabling Digitally-Connected Societies

Related Key Capitals: **Financial, Social and Relationship, Manufactured** | Link to 4P Goals: **Planet & Society**

## Outcomes And Value Created

- ▶ Increase population coverage and connect underserved areas
- ▶ Aid digital and financial inclusion

## Activities and Processes to Create Value

- ▶ Technology venture funds that support the development of the digital economy – ADIF<sup>1</sup>, SADIF<sup>2</sup>, DADIF<sup>3</sup> and r-ventures<sup>4</sup>
- ▶ Celcom launched national campaign “Celcom Business: Reimagine SME for Tomorrow” to help SMEs accelerate their digitisation and ensuring their business continuity through the pandemic
- ▶ Bangladesh’s largest online school, Robi-10 Minute School continues to provide equitable access to quality education throughout COVID-19 induced school closures
- ▶ Robi’s appstore, bdapps, recognised as the National Appstore by the Government’s ICT Division<sup>5</sup>

- ▶ Robi the first operator in Bangladesh to launch VoLTE services
- ▶ Smart supported Sipar’s mobile library programme, a library on wheels that travels to remote provinces and areas, through a digital corner for students to access via tablets
- ▶ Smart building start-up ecosystem and boosting digital innovation skills in Cambodia via UNDP Bluetribe, Techno Innovation Challenge Cambodia and Smart IoT Challenge Hackathon
- ▶ Boost expanded digital touchpoints to enable greater digital inclusion and convenience

- ▶ Enabling digital financial inclusion, and a more secure transacting experience via e-wallets – Boost in Malaysia and Indonesia; eZ Cash in Sri Lanka; and Smart’s investment in Pi Pay in Cambodia
- ▶ Aspirasi providing micro-financing and micro-insurance solutions for micro-SMEs
- ▶ Empowering micro-entrepreneurs, fishermen and farmers with digital service solutions
- ▶ Apigate is a global digital monetisation and customer growth solution provider, possessing an in-depth understanding of the digital content and services’ landscape with a single point of integration and operations, making it the trusted one-stop partner for digital businesses from around the world

## Performance Indicators

### ADIF Funding for Digital Startups (Malaysia)



- **> 6,000 Bumiputera e-entrepreneurs trained** through Siswapreneur, DesaMall, Mahir Digital Felda, PEDAS and IbuPJ
- **Launched “Celcom Business: Reimagine SME for Tomorrow” campaign** to empower SMEs through digitisation



- **Robi-10 Minute School**
- **> 1 million learners** every day on its free “MasterClasses” programme
- **> 1.5 million learners** on its YouTube channel every day
- **> 1.72 million members** engaging on its Facebook page
- **> 2 million app downloads** in the past 2 years
- **Reduced data packages for students** to support them with online education during COVID-19

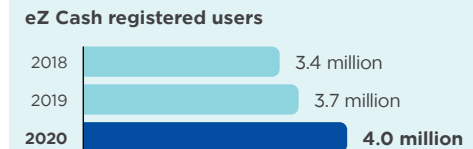


### SADIF Funding for Digital Startups (Cambodia)



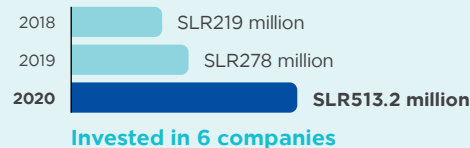
- **Laut Nusantara**
- **45,000 downloads** since launched in 2018
- **30,721 fishermen** using the mobile tool to improve their livelihoods
- **Smart Coffee Monitoring**
- Ready to use **Agriculture IoT-based solution to improve post-harvesting coffee quality**
- **Smart Aquaculture**
- Ready to use **IoT-based precision farming solution to improve the quality of fish and shrimp cultivation**

- **Robi Appstore - bdapps**
- **12,000 app developers & 23,000 apps**
- **Largest appstore** in Bangladesh



- **Enabled > 100 digital partners**
- Has a reach of **approximately 1 billion consumers globally**
- **Launched new products** across 3 markets
  - Armour in Bangladesh and Malaysia
  - Apiflex (Bundling) in Indonesia
  - Apigate Storefront in Malaysia and Cambodia

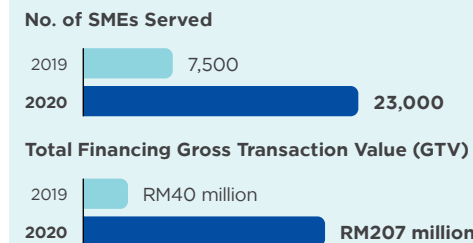
### DADIF Funding for Digital Startups (Sri Lanka)



- **Govi Mithuru**
- **Improving livelihoods of small holder farmers**
- **660,000 users** for interactive voice response service
- **41,000 active app users**
- **Guru.Ik**
- **Leading edutech solution provider** providing digital education transformation and youth empowerment for **731,454 students<sup>6</sup>**
- **Sayuru**
- **Weather warning SMS/voice message service** for fishermen and coastal communities - **> 50,000 users**
- **Saviya**
- **> 10,000 dairy farmers** using the advisory service to improve farming capacity, with 70% of users reporting higher income



- **18 people** UNDP Bluetribe
- **45 participants** SmartSpark
- **43 participants and 11 mentors** Smart IoT Challenge Hackathon
- **11,000 beneficiaries** Sipar Mobile Library



### r-ventures Funding for Digital Startups (Bangladesh)

2020 **BDT7.0 million** invested in 13 companies

Notes: The funding for ADIF, SADIF and DADIF respectively refer to cumulative value from the start of the investments since 2018

<sup>1</sup> Axiata Digital Innovation Fund (ADIF) is a technology venture fund formed by Axiata Group Berhad in collaboration with Malaysia Venture Capital Management Berhad and Johor Corporation  
<sup>2</sup> Smart Axiata Digital Innovation Fund (SADIF) is a venture capital fund developed in collaboration with Forte Insurance as co-investor, and managed by Mekong Strategic partners

<sup>3</sup> DADIF = Dialog Axiata Digital Innovation Fund  
<sup>4</sup> r-ventures = Robi Venture

<sup>5</sup> Recognition was obtained on 4 March 2021  
<sup>6</sup> As at 28 February 2021

# 6. Minimising Environmental Impact

Related Key Capitals: **Financial, Manufactured, Intellectual, Natural** | Link to 4P Goals: **Planet & Society**

## Outcomes And Value Created

- ▶ **Focused carbon reduction strategy**
- ▶ **Optimise energy consumption through design innovations and renewable energy sources**

## Activities and Processes to Create Value

- ▶ In line with the GSMA industry commitment to helping the mobile industry achieve Net Zero Carbon by 2050, Axiata has embarked on our Net-Zero Carbon Roadmap to manage Group energy consumption
- ▶ Established a Group-wide Sustainability Steering Committee that among other matters, oversees the Net-Zero Carbon Roadmap to drive a more coordinated carbon reduction effort across all OpCos
- ▶ Corporate Centre initiatives:
  - Axiata Green Spaces
  - Sustainability Champions
- ▶ OpCo initiatives:
  - XL - launched the Green BTS programme, and conducted various other energy saving initiatives
  - Dialog - passed Stage 1 Audit of the ISO 14001 Environmental Management System
  - All OpCos - continuing with network transformation to manage energy consumption for facilities and network

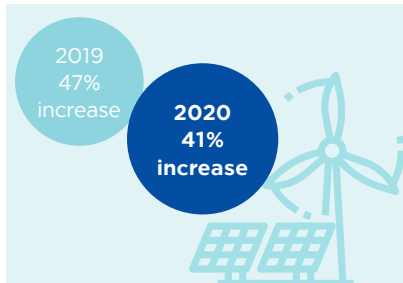
## ▶ edotco initiatives:

- Maintained green energy initiatives across all National Tower Companies (NTCs) and continued to deploy optimised structures and site designs across its footprint
- Implemented Green Office initiatives across 70% of its NTCs in 2020 - recycling activities including e-waste; distributed reusable lunch boxes and wooden storage boxes to all employees; banned plastic bottles and replaced with glassware; installed water aerators, sensor lights and hand dryers, and placed indoor plants at offices; switched labelling and employed sustainable marketing of merchandise
- Conducted an employee engagement programme to raise awareness on green initiatives:
  - Green Champions elected to represent each NTC for discussions on Climate/Environmental plans and agenda
  - Obtained employee feedback via surveys on employee home solarisation and employee green transportation
- Extended target to reduce its carbon emissions per site by 63% by end 2021

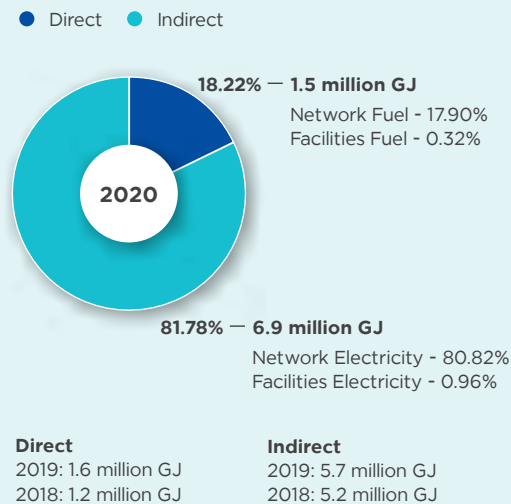
- As at end 2020, edotco has the following green energy solutions in place:
  - 1,677 solar technology sites
  - 12 wind turbine sites
  - 5 solar-wind hybrid sites
  - 125 solar air-conditioner sites
  - 3 fuel cell sites
  - 13,200 lithium ion battery sites
- Added 18 bamboo structures to bring total to 35, and obtained patent certificate for the bamboo tower invention from the Department of Patents in Bangladesh
- Maintained 19 carbon fibre towers
- As at end 2020, had a total of 242 smart lamp poles, by adding the following:
  - 2 in Bangladesh
  - 80 in Sri Lanka
- Tested and commercialised new 180Ah battery capacity in Bangladesh
- Commenced operations at lithium ion battery plant in Bangladesh
- Partnered with SIRIM to develop the SIRIM Product Category Rules Standards providing guidelines for the eco-labelling of telecommunication sites

## Performance Indicators

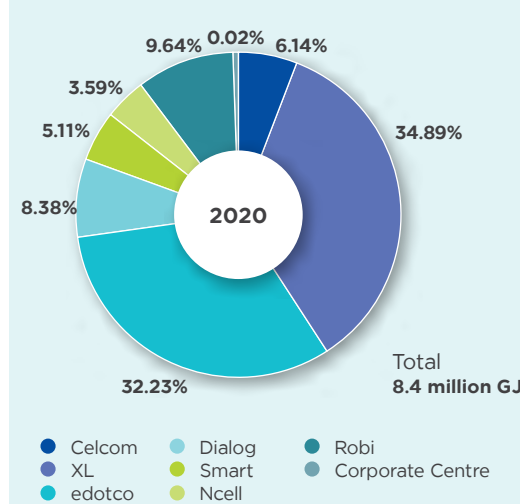
### YoY edotco Renewable Energy Generation



### Group-wide Total Energy Consumption



### Group-wide Total Energy Consumption by OpCos



### Group-wide GHG emissions

Scope 1 <sup>1</sup>	Scope 2 <sup>2</sup>
<b>2020: 102,548 tCO<sub>2</sub>e</b>	<b>2020: 1,276,641 tCO<sub>2</sub>e</b>
2019: 106,676 tCO <sub>2</sub> e	2019: 1,038,773 tCO <sub>2</sub> e
2018: 83,120 tCO <sub>2</sub> e	2018: 1,028,022 tCO <sub>2</sub> e

### Outcomes of edotco's initiatives

Cumulative ~ <b>38,000 trees planted across the footprint</b> since 2018	~ <b>60,000kg waste recycled/reused across the footprint</b> since 2018
<b>Employee Voluntary Programme</b> <b>900+ carbon sequestered from 23,650 trees planted and 25,405kg recyclables collected</b>	<b>20% total cost of ownership savings recorded</b> from Supercapacitor POC

Notes: <sup>1</sup> Direct GHG emissions from sources that are owned or controlled by the Group | <sup>2</sup> Indirect GHG emissions resulting from the generation of electricity, heating and cooling or steam purchased by the Group

**Gurreet Kaur**

Senior Specialist, Rollout, Technical  
Analysis, Sustainability & Innovation,  
edotco Group

Achieving 70% reduction in carbon  
emissions per site through innovative  
use of bamboo towers.

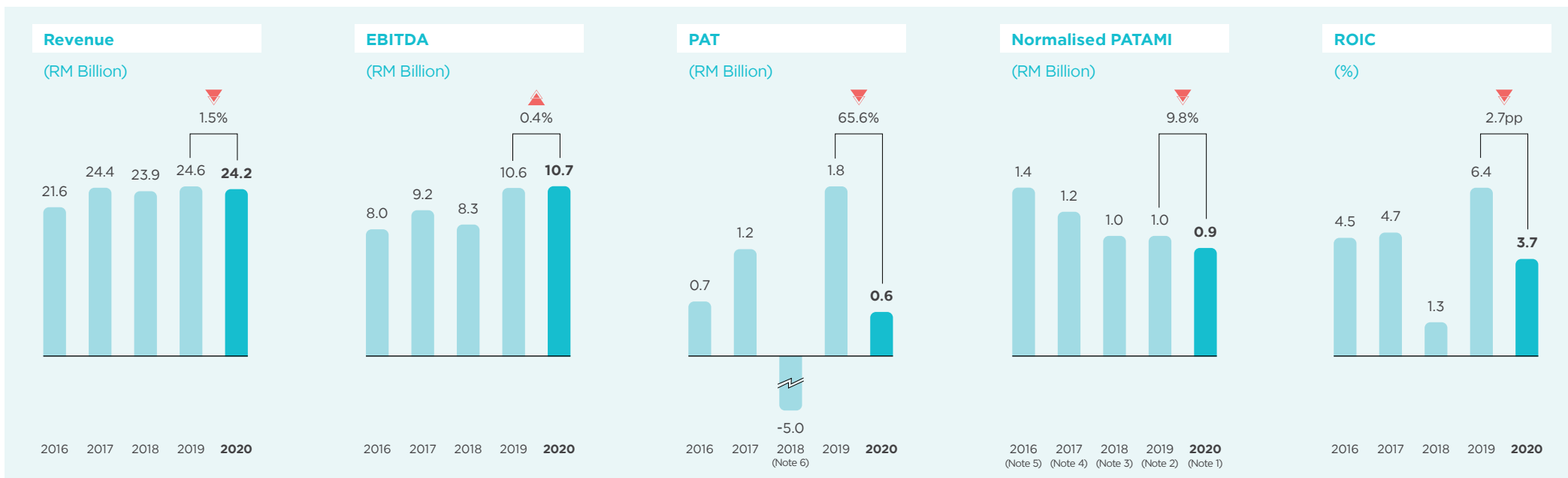
**#ItBeginsWithUs**



**OUR FINANCIAL  
RESILIENCE**

# Financial Review

## FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS



**Note 1** 2020 normalised PATAMI excludes accelerated depreciation and assets write-off (RM604.3 million), gain on disposal of towers (RM367.5 million), purchase price allocations amortisation (RM113.1 million) and foreign exchange losses (RM3.5 million).

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

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

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

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

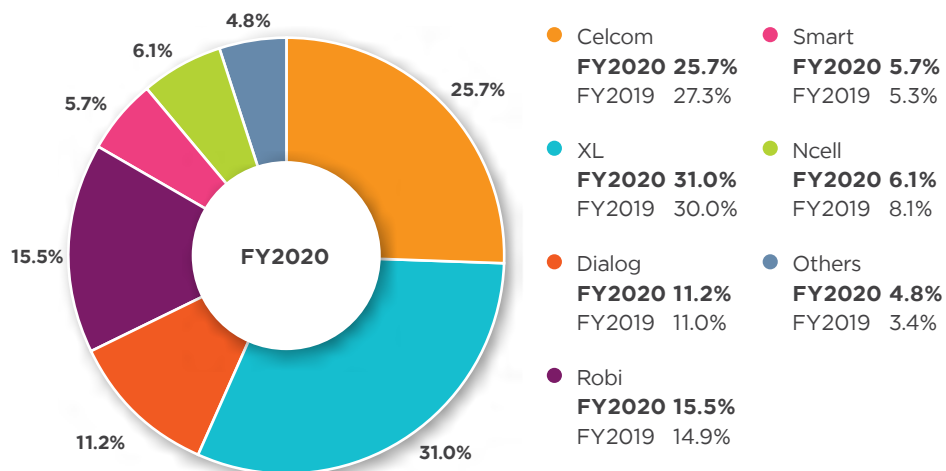
**Note 6** 2018 is based on restated financials.

**Note 7** 2019 and 2020 are based on post MFRS 16 "Leases".

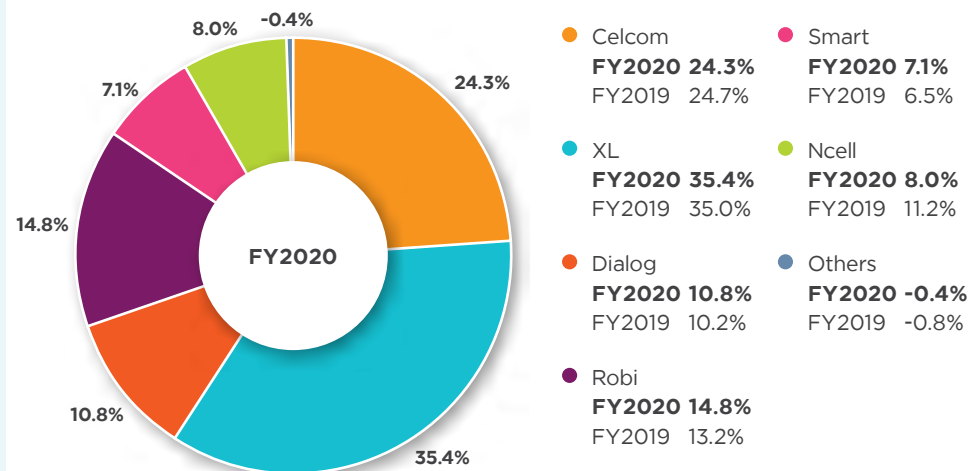
# Financial Review

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

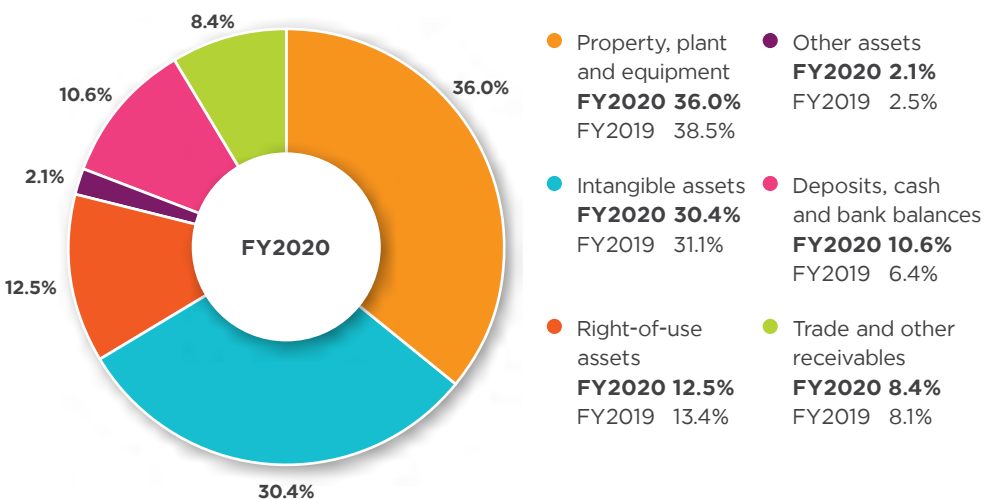
### Revenue



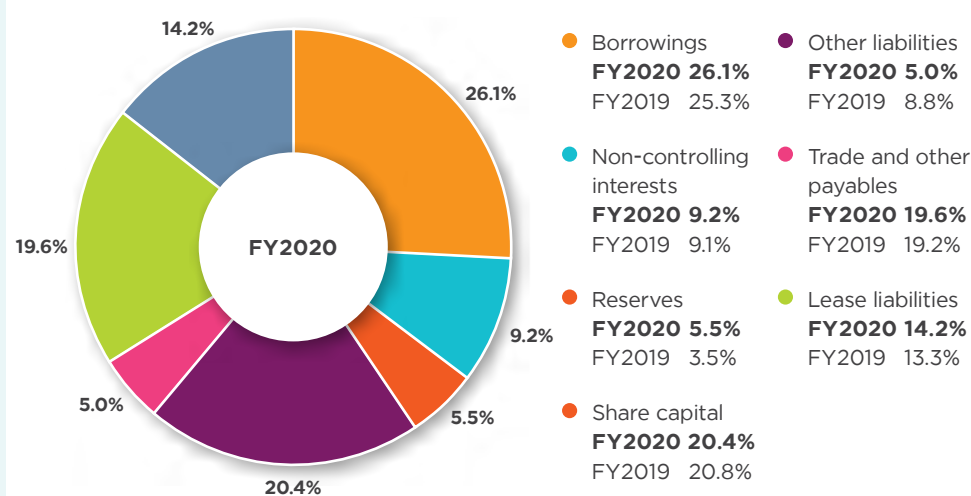
### EBITDA



### Total Assets



### Total Liabilities & Equity



# Financial Review

## FIVE-YEAR GROUP FINANCIAL SUMMARY

### Operational Highlights

All in RM Million unless stated otherwise	FY2020	FY2019 <sup>2</sup>	FY2018 <sup>2</sup>	FY2017	FY2016 <sup>2</sup>
1. Revenue	<b>24,203</b>	24,583	23,886	24,402	21,565
2. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	<b>10,657</b>	10,619	8,334	9,230	8,013
3. Earnings from Associates and Jointly Controlled Entities	<b>19</b>	(3)	(428)	(404)	30
4. Profit Before Tax (PBT)	<b>1,171</b>	2,780	(4,073)	1,936	1,140
5. Profit After Tax (PAT)	<b>624</b>	1,815	(4,975)	1,162	657
6. Profit After Tax and Minority Interests (PATAMI)	<b>365</b>	1,458	(4,762)	909	504
7. Normalised PATAMI <sup>1</sup>	<b>865</b>	960	1,010	1,205	1,418
8. Total Shareholders' Equity	<b>17,641</b>	16,181	17,477	24,731	23,581
9. Total Assets	<b>67,962</b>	66,534	63,855	69,911	70,753
10. Total Borrowings (exclude lease liabilities)	<b>17,745</b>	16,826	19,130	19,184	22,260
11. Total Lease Liabilities	<b>9,629</b>	8,840	N/A	N/A	N/A
12. Customers (million) <sup>3</sup>	<b>157</b>	153	149	348	320

### Growth Rates YoY

1. Revenue	<b>-1.5%</b>	2.9%	-2.1%	13.2%	8.5%
2. EBITDA	<b>0.4%</b>	27.4%	-9.7%	15.2%	10.0%
3. Total Shareholders' Equity	<b>9.0%</b>	-7.4%	-29.3%	4.9%	0.2%
4. Total Assets	<b>2.1%</b>	4.2%	-8.7%	-1.2%	26.1%
5. Total Borrowings (exclude lease liabilities)	<b>5.5%</b>	-12.0%	-0.3%	-13.8%	35.8%

### Share Information

1. Per Share					
Earnings (basic) - sen	<b>4.0</b>	16.0	(52.6)	10.1	5.7
Earnings (diluted) - sen	<b>4.0</b>	16.0	(52.4)	10.1	5.7
Net Assets - RM	<b>1.9</b>	1.8	1.9	2.7	2.6
2. Share Price information - RM					
High	<b>4.60</b>	5.26	5.70	5.49	6.34
Low	<b>2.66</b>	3.73	3.25	4.29	4.19

### Financial Ratio

1. Return on Invested Capital <sup>4</sup>	<b>3.7%</b>	6.4%	1.3%	4.7%	4.5%
2. Gross Debt to EBITDA <sup>5</sup>	<b>2.6</b>	2.4	2.3	2.1	2.8
3. Debt Equity Ratio <sup>6</sup>	<b>1.6</b>	1.6	1.1	0.8	0.9

### Notes:

- <sup>1</sup> Excludes foreign exchange gain/loss, gain/loss on disposal of associates and joint venture, gain on divestment of non-core digital businesses, loss on asset held-for-sale, one-off asset write-off, impairment and accelerated depreciation on property, plant and equipment, purchase price allocations amortisation, gain on disposal of towers, one-off merger adjustments, severance payment and Idea related transactions (loss on derecognition of associate, loss on dilution, operational losses and gain on disposal of rights).
- <sup>2</sup> FY2019, FY2018 and FY2016 are based on restated financials.
- <sup>3</sup> From FY2018 to FY2020 customers exclude Idea and M1 customers.
- <sup>4</sup> EBIT less tax over average invested capital.
- <sup>5</sup> FY2020 and FY2019 (Post MFRS 16): Gross debt (Total borrowings + Lease liabilities) over EBITDA; FY2016 to FY2018: Total borrowings over EBITDA.
- <sup>6</sup> FY2020 and FY2019 (Post MFRS 16): Debt (Total borrowings + Lease liabilities) over total shareholders' equity; FY2016 to FY2018: Total borrowings over total shareholders' equity.
- <sup>7</sup> FY2020 and FY2019 are based on post MFRS 16 "Leases".



# Financial Review

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Financial Year Ended	
	31/12/2020 RM'000	31/12/2019 RM'000 Restated
Revenue	<b>24,203,171</b>	24,583,312
Operating costs:		
- depreciation, impairment and amortisation	<b>(8,484,994)</b>	(7,084,236)
- foreign exchange (losses)/gains	<b>(196,083)</b>	5,421
- domestic interconnect, international outpayment and other direct costs	<b>(1,822,171)</b>	(1,980,257)
- marketing, advertising and promotion	<b>(1,892,272)</b>	(2,001,470)
- other operating costs	<b>(7,305,590)</b>	(7,406,798)
- staff costs	<b>(2,227,532)</b>	(2,220,200)
- net impairment on receivables and amounts due from subsidiaries	<b>(298,731)</b>	(355,437)
Other gains/(losses) - net	<b>2,693</b>	(22,601)
Other income - net	<b>516,393</b>	714,392
Profit before finance cost	<b>2,494,884</b>	4,232,126
Finance income	<b>177,183</b>	230,468
Finance cost excluding net foreign exchange gains on financing activities	<b>(1,693,067)</b>	(1,738,473)
Net foreign exchange gains on financing activities	<b>173,395</b>	59,085
	<b>(1,519,672)</b>	(1,679,388)
Associates		
- share of results (net of tax)	<b>17,862</b>	(647)
Joint ventures		
- share of results (net of tax)	<b>860</b>	(2,819)
Profit before taxation	<b>1,171,117</b>	2,779,740
Taxation and zakat	<b>(547,072)</b>	(964,644)
Profit for the financial year	<b>624,045</b>	1,815,096
Profit for the financial year attributable to:		
- owners of the Company	<b>365,155</b>	1,457,550
- non-controlling interests	<b>258,890</b>	357,546
	<b>624,045</b>	1,815,096
Earnings per share (sen)		
- basic	<b>4.0</b>	16.0
- diluted	<b>4.0</b>	16.0

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial Year Ended	
	31/12/2020 RM'000	31/12/2019 RM'000
Receipt from customers and others	<b>24,167,782</b>	24,875,636
Payments to suppliers, employees and others	<b>(15,053,690)</b>	(13,413,645)
Payment of finance costs	<b>(1,400,405)</b>	(1,689,589)
Payment of income taxes and zakat (net of refunds)	<b>(576,986)</b>	(1,233,788)
Total cash flows from operating activities	<b>7,136,701</b>	8,538,614
Purchase of PPE (net proceeds from disposal)	<b>(4,518,966)</b>	(6,770,736)
Acquisition of intangible assets	<b>(596,723)</b>	(429,628)
Investment in deposits maturing more than three (3) months	<b>601,802</b>	133,618
Investment in subsidiaries (net of cash acquired)	-	21,451
Investment in associates	<b>(16,797)</b>	(14,664)
Investment in joint ventures	<b>(11,169)</b>	-
Disposal of associates	-	1,649,256
Interest received	<b>192,101</b>	230,232
Purchase of other investments	<b>(1,953)</b>	(33,030)
Disposal of other investments	<b>150,582</b>	97,500
Net proceeds from sale of towers	<b>580,790</b>	-
Disposal of rights on right issue of a financial asset at FVTOCI	-	96,149
Payments for ROU assets	<b>(22,495)</b>	(41,336)
Settlement of derivative financial instrument	-	(38,712)
Others	<b>4,237</b>	241
Total cash flows used in investing activities	<b>(3,638,591)</b>	(5,099,659)
Proceeds from/(Repayments of) borrowings and Sukuk (net)	<b>1,393,400</b>	(2,352,263)
Sale and leaseback towers	<b>561,908</b>	-
Additional investment in subsidiaries by the Group	-	(90,704)
Additional investment in subsidiaries by NCI	<b>7,897</b>	82,444
Capital injection in a subsidiary by NCI	<b>294,000</b>	-
Proceed from IPO of a subsidiary	<b>184,092</b>	-
Repayments of lease liabilities	<b>(1,328,392)</b>	(1,207,992)
Share buyback of a subsidiary	<b>(40,469)</b>	-
Dividends paid	<b>(852,732)</b>	(613,669)
Others	<b>9,596</b>	16,389
Total cash flows from/(used in) financing activities	<b>229,300</b>	(4,165,795)
Net increase/(decrease) in cash and cash equivalents	<b>3,727,410</b>	(726,840)
Exchange gains/losses and restricted cash	<b>(20,353)</b>	(45,803)
Cash and cash equivalents at the beginning of the financial year	<b>3,015,105</b>	3,787,748
Cash and cash equivalents at the end of the financial year	<b>6,722,162</b>	3,015,105
Bank overdraft	<b>116,555</b>	134,442
Deposits and others	<b>355,537</b>	1,081,552
Deposits, cash and bank balances	<b>7,194,254</b>	4,231,099

# Financial Review

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	
	31/12/2020 RM'000	31/12/2019 RM'000
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	<b>13,883,028</b>	13,857,268
Reserves	<b>3,758,114</b>	2,323,525
Total equity attributable to owners of the Company	<b>17,641,142</b>	16,180,793
Non-controlling interests	<b>6,238,288</b>	6,039,230
Total equity	<b>23,879,430</b>	22,220,023
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	<b>14,773,895</b>	9,194,490
Derivative financial instruments	<b>121,784</b>	110,818
Deferred income	<b>445,237</b>	383,337
Deferred gain on sale and lease back assets	<b>422,817</b>	559,351
Trade and other payables	<b>1,303,042</b>	607,967
Provision for asset retirement	<b>640,507</b>	517,288
Deferred taxation	<b>1,086,780</b>	1,205,422
Lease liabilities	<b>7,894,276</b>	7,397,617
Total non-current liabilities	<b>26,688,338</b>	19,976,290
	<b>50,567,768</b>	42,196,313
<b>NON-CURRENT ASSETS</b>		
Intangible assets	<b>20,634,399</b>	20,724,361
Contract cost assets	<b>179,801</b>	182,908
Property, plant and equipment	<b>24,495,647</b>	25,633,223
Right-of-use assets	<b>8,518,895</b>	8,937,706
Associates	<b>274,635</b>	207,357
Joint ventures	<b>33,737</b>	21,709
Financial assets at fair value through other comprehensive income	<b>220,978</b>	301,347
Financial assets at fair value through profit or loss	<b>4,467</b>	3,459
Derivative financial instruments	<b>8,343</b>	15,256
Trade and other receivables	<b>1,315,895</b>	656,639
Deferred taxation	<b>310,324</b>	324,187
Total non-current assets	<b>55,997,121</b>	57,008,152

	As at	
	31/12/2020 RM'000	31/12/2019 RM'000
<b>CURRENT ASSETS</b>		
Inventories	<b>141,663</b>	154,328
Trade and other receivables	<b>4,362,395</b>	4,721,973
Derivative financial instruments	<b>-</b>	9,247
Financial assets at fair value through profit or loss	<b>138,113</b>	60,417
Tax recoverable	<b>97,610</b>	70,944
Deposits, cash and bank balances	<b>7,194,254</b>	4,231,099
	<b>11,934,035</b>	9,248,008
Assets classified as held-for-sale	<b>30,593</b>	277,643
Total current assets	<b>11,964,628</b>	9,525,651
<b>LESS: CURRENT LIABILITIES</b>		
Trade and other payables	<b>12,001,948</b>	12,178,262
Deferred income	<b>3,820</b>	-
Deferred gain on sale and leaseback assets	<b>121,365</b>	124,748
Borrowings	<b>2,971,544</b>	7,631,753
Lease liabilities	<b>1,734,320</b>	1,442,700
Derivative financial instruments	<b>10,881</b>	2,041,199
Current tax liabilities	<b>532,947</b>	899,811
	<b>17,376,825</b>	24,318,473
Liabilities classified as held-for-sale	<b>17,156</b>	19,017
Total current liabilities	<b>17,393,981</b>	24,337,490
Net current liabilities	<b>(5,429,353)</b>	(14,811,839)
	<b>50,567,768</b>	42,196,313

# Financial Review

## GROUP FINANCIAL SNAPSHOT

Amidst a challenging COVID-19 pandemic year, Axiata Group concluded the financial year with revenue at RM24,203.2 million, Earning Before Interest, Tax, Depreciation and Amortisation (EBITDA) at RM10,656.9 million and Profit After Tax and Minority Interests (PATAMI) of RM365.2 million.

During the year, the Group recorded accelerated depreciation and write-off of assets mainly for 3G assets, for a total amounting to RM1,065.3 million (PAT: RM821.2 million; PATAMI: RM604.3 million).

### Revenue

- ▶ Group revenue declined by 1.5% to RM24,203.2 million for 2020, mainly due to the COVID-19 pandemic and lockdown measures across Operating Companies (OpCos) markets during the financial year
- ▶ Celcom and Ncell registered a decline in revenue, whereas all other OpCos delivered growth

### EBITDA

- ▶ Despite drop in revenue, Group EBITDA was flat at RM10,656.9 million with improvement from all OpCos, except Celcom, Ncell and edotco due to the Group-wide Cost Excellence Programme

### Cost Optimisation

In 2020, the Cost Excellence Programme incrementally delivered RM1.8 billion of cost savings and avoidance done by over 400 different initiatives.

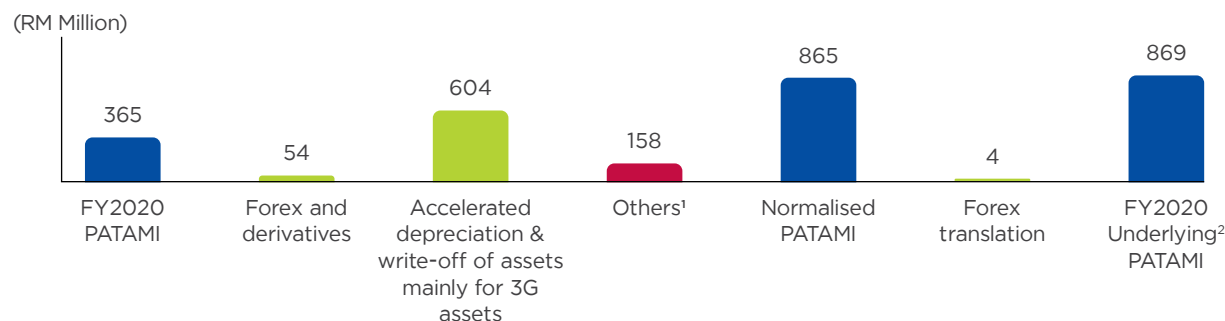
- ▶ The savings comprised operating expenses (opex) at 42% and capital expenditure (capex) at 58% and across functional cost areas with network contributing the most
- ▶ Other areas included customer operations, sales and marketing, new subscriber acquisition and channel commissions. Vendor negotiations and discounts were the largest contributor to savings with increasing contribution of almost 40% coming from automation, digitisation and sustainable efficiency improvements
- ▶ The Group exceeded the RM5.0 billion savings target one year ahead of schedule
- ▶ The Cost Excellence Programme continues to strongly bring about efficiency in line with the Group's target to become the lowest cost producer of data in all operating markets

### PAT/PATAMI

- ▶ Group PAT and PATAMI decreased by 65.6% and 74.9% to RM624.0 million and RM365.2 million respectively impacted by accelerated depreciation and write-off of assets mainly for 3G assets amounting to RM821.2 million, net tax (PATAMI: RM604.3 million), as well as lower one-off gains
- ▶ In 2020, XL recognised a one-off gain on sale and leaseback of telecommunication towers of RM444.2 million (PATAMI: RM294.8 million) as opposed to 2019 when the Group had recognised a one-off gain on disposal of

- ▶ non-strategic investments and disposal of Idea's rights for a total of RM576.7 million
- ▶ Adjusting for one-off items mainly from accelerated depreciation and write-off of assets mainly for 3G assets, forex and derivative, normalised Group PATAMI for FY2020 stood at RM865.4 million
- ▶ Bridging of 2020 PATAMI to normalised and underlying<sup>2</sup> PATAMI as indicated below:

#### Bridging of FY2020 Reported PATAMI to Underlying PATAMI



Notes: <sup>1</sup> Others include gain on disposal of towers, purchase price allocations amortisation  
<sup>2</sup> Numbers are based on constant currency

# Financial Review

## GROUP FINANCIAL POSITION

As at 31 December 2020, the Group's financial position maintains healthy cash balance at RM7.2 billion and gross debt to EBITDA of 2.6x.

### Key Highlights of Group Financial Position

#### Total equity stood at RM23.9 billion

- ▶ Total equity increased by RM1.7 billion
- ▶ The increase in equity balance in 2020 was mainly driven by:
  - Profit for the financial year of RM624.0 million
  - Derecognition of put option liability arising from a transaction with non-controlling interest of RM2.3 billion through reserve but the increase was partially offset by dividends paid to shareholders and non-controlling interest of RM896.5 million

#### Total assets stood at RM68.0 billion

- ▶ Total assets increased by RM1.4 billion
- ▶ Deposits, cash and bank balances increased by RM3.0 billion
- ▶ Property, plant and equipment (PPE) decreased by RM1.1 billion mainly due to:
  - Depreciation and write-off of RM5.9 billion which includes accelerated depreciation and write-off of assets mainly of 3G assets of RM1,065.3 million
  - Currency translation differences of RM514.5 million
  - Reduction was partially offset by addition during the financial year amounting to RM5.3 billion
- ▶ Right-of-use assets (ROU) decreased by RM418.8 million mainly due to:
  - Depreciation of RM1.6 billion
  - Disposal/termination of RM431.4 million
  - Currency translation differences of RM171.6 million
  - Reduction was partially offset by addition during the financial year amounting to RM1.9 billion
- ▶ Assets classified as held-for-sale decreased by RM247.1 million due to:
  - Disposal of remaining investment in Idea of RM106.8 million
  - Completion on sale of telecommunication towers and leaseback of specific tower spaces by XL of RM170.9 million

#### Total liabilities stood at RM44.1 billion

- ▶ Gross liabilities decreased by RM231.5 million
- ▶ Derivative financial instruments decreased by RM2.0 billion due to derecognition of put option liability of RM2.3 billion arising from a transaction with non-controlling interest upon completion of Robi's IPO, offset with a revaluation loss of RM223.0 million during the year
- ▶ Gross borrowing (exclude lease liabilities) increased by RM919.2 million to close at RM17.7 billion mainly due to new loans of RM13.4 billion offsetting loan repayment of RM12.0 billion
- ▶ Lease liabilities increased by RM788.3 million to close at RM9.6 billion mainly due to addition of RM2.4 billion, partly offset by lease payment of RM1.8 billion

#### Capital Investments

- ▶ The Group has incurred capex investment of RM5.3 billion at 22% capex intensity to support its continuous growth. These investments are mainly sourced from internal funds. The spend is in line with Group's Axiata 5.0 strategy as The Next Generation Digital Champion by 2024
- ▶ The Group anticipates continued uncertainties in 2021, however we are hopeful for normalcy to resume in the second half of 2021 as a result of vaccination programme in all our markets
- ▶ The Group remains cognisant and will continue with the momentum already built, to accelerate Group-wide execution that is anchored upon:
  - Sustainable Growth: Position for "New Norms" through opportunistic investments, to continue OpCos transformation agenda and extract value from the new growth areas of Enterprise, Home and Digital VAS
  - Operational Excellence: Embedded in our DNA to be a low-cost producer through our Collective Brain engagement model which will focus on Group-wide digitisation and analytics initiatives for efficient technologies and capex planning
  - Structural Changes: Continued endeavors on portfolio optimisation and value illumination

#### Cash Position and Dividends

- ▶ The Group cash balance remained healthy at RM7.2 billion
- ▶ The increase in cash balance compared to last year by RM3.0 billion driven by net cash inflow from operating activities of RM7.1 billion, partially offset by capital investment in network and cash dividends paid
- ▶ Resilient performance in 2020 amidst a global pandemic, the Board of Directors approved a total dividend of 7 sen per ordinary share which translated to 74% dividend payout ratio

#### Capital Structure and Capital Resources

- ▶ The Group's debt to equity gearing ratio (gross borrowing including lease liabilities over total shareholder's equity) stood at 1.6 as at 31 December 2020

#### Capital Allocation and Balanced Portfolio

- ▶ The Group is re-positioning its investor proposition to be a High Dividend Company
- ▶ The aspiration to pay more than 20 sen DPS by 2024 to be delivered via disciplined execution of ongoing and planned activities
- ▶ Balanced portfolio is represented by profitability, revenue growth and ROIC focus

# Financial Review

## KEY PERFORMANCE INDICATORS

On 21 February 2020, the Group announced its Headline KPIs guidance for the financial year ended 31 December 2020. The Group's 2020 Headline KPIs announced were as below:

	FY 2020
	Headline KPIs @ Constant rate <sup>1</sup>
Revenue Growth <sup>2</sup>	3.5 - 4.5%
EBITDA Growth	4.0 - 5.5%
Return on Invested Capital <sup>3</sup> (ROIC)	5.5 - 6.0%

Notes:

<sup>1</sup> Constant rate is based on the FY19 Average Forex Rate (e.g. 1 USD = RM4.142)

<sup>2</sup> Revenue is based on Revenue excluding device

<sup>3</sup> ROIC is defined as (EBIT - Tax + Share of Assoc) / Average Invested Capital (excluding cash)

In the wake of the COVID-19 pandemic, given the uncertainty surrounding the depth and duration of this pandemic and the difficulty in predicting the pace of recovery, the Group withdrew its guidance on the above Headline KPIs on 21 May 2020.

The Group nonetheless recorded resilient performance amidst the challenging year with better than expected results. Revenue declined by low single-digit percentage whilst EBITDA remained flat on the back of cost measures implemented Group-wide. ROIC stood at 3.7%, (5.7% based on adjustments for Celcom's employee restructuring programme and accelerated depreciation/write-off involving mainly 3G assets).

As part of its corporate social responsibility, Axiata continued to support its customers via free data and connectivity plans to access healthcare, education, entertainment, enterprise, and government websites providing aid to communities across its markets.

During this challenging year, the Group's key focus was to conserve cash via disciplined cost management and capex efficiency, whilst also building a war chest for opportunities in the "new norm". It ended the year with RM3.3 billion operating free cash flow and cash in hand of RM7.2 billion.

The Group strengthened its liquidity position with the completion of the issuances of USD500.0 million Multi-Currency Sukuk and USD1.0 billion Euro Medium Term Note Programme on 19 August 2020, which were utilised for refinancing and corporate purposes. In addition, on 24 December 2020, Robi was successfully listed on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh.

Overall, Axiata achieved relatively balanced results with strong cash generated.