

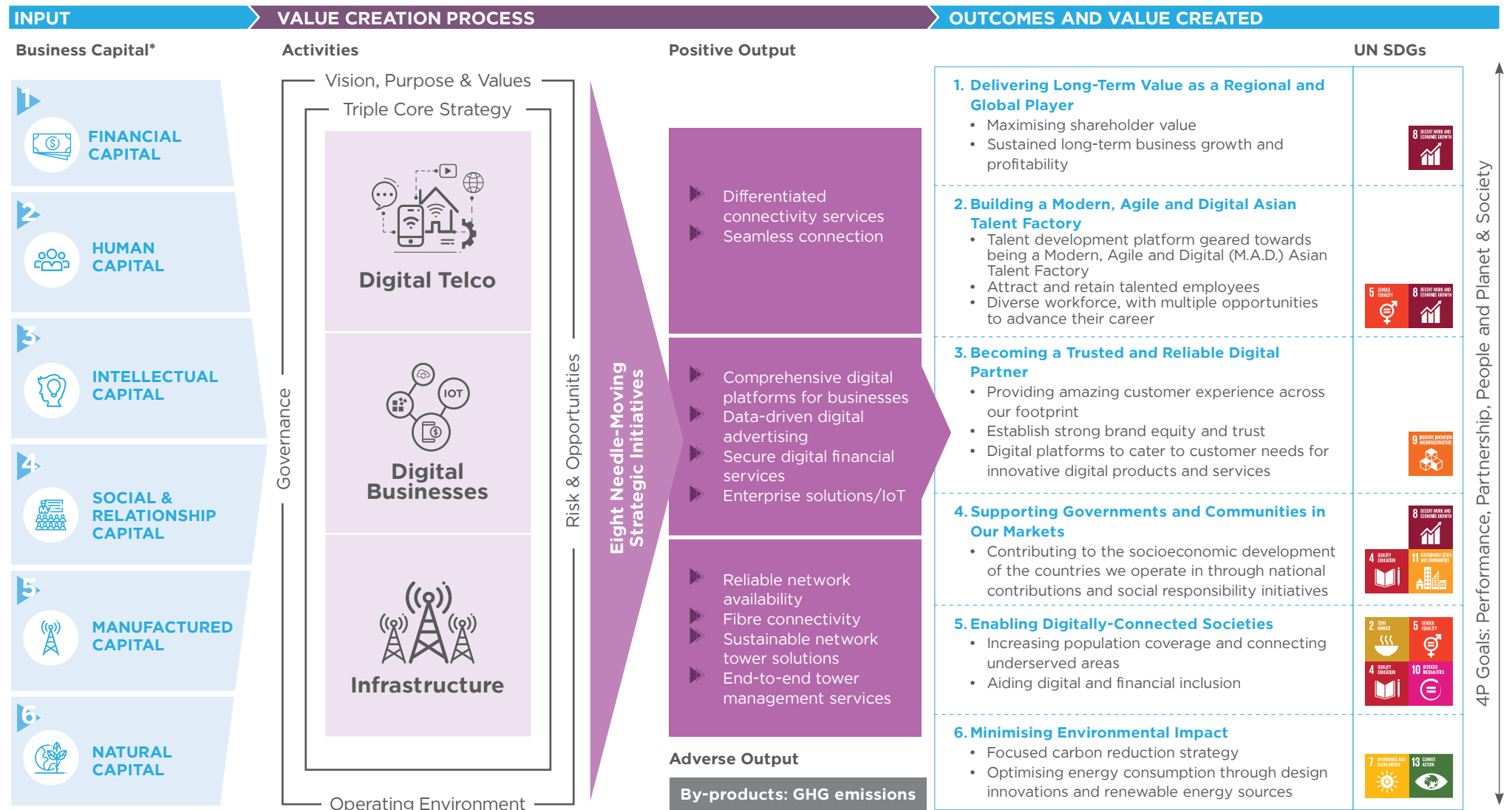


**The Value
We Create**

Long-Term Group Value Creation Model

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

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



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

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

Our Six Capitals

1 Financial Capital

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

Input

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

2 Human Capital

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

Input

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

3 Intellectual Capital

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

Input

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

4 Social & Relationship Capital

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

Input

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

5 Manufactured Capital

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

Input

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

6 Natural Capital

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

Input

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

Trade-off

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

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

Notes:

¹ Total borrowings over total shareholders' equity

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

³ Excluding Idea and M1

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

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

Related Key Capitals



Activities and Processes to Create Value

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

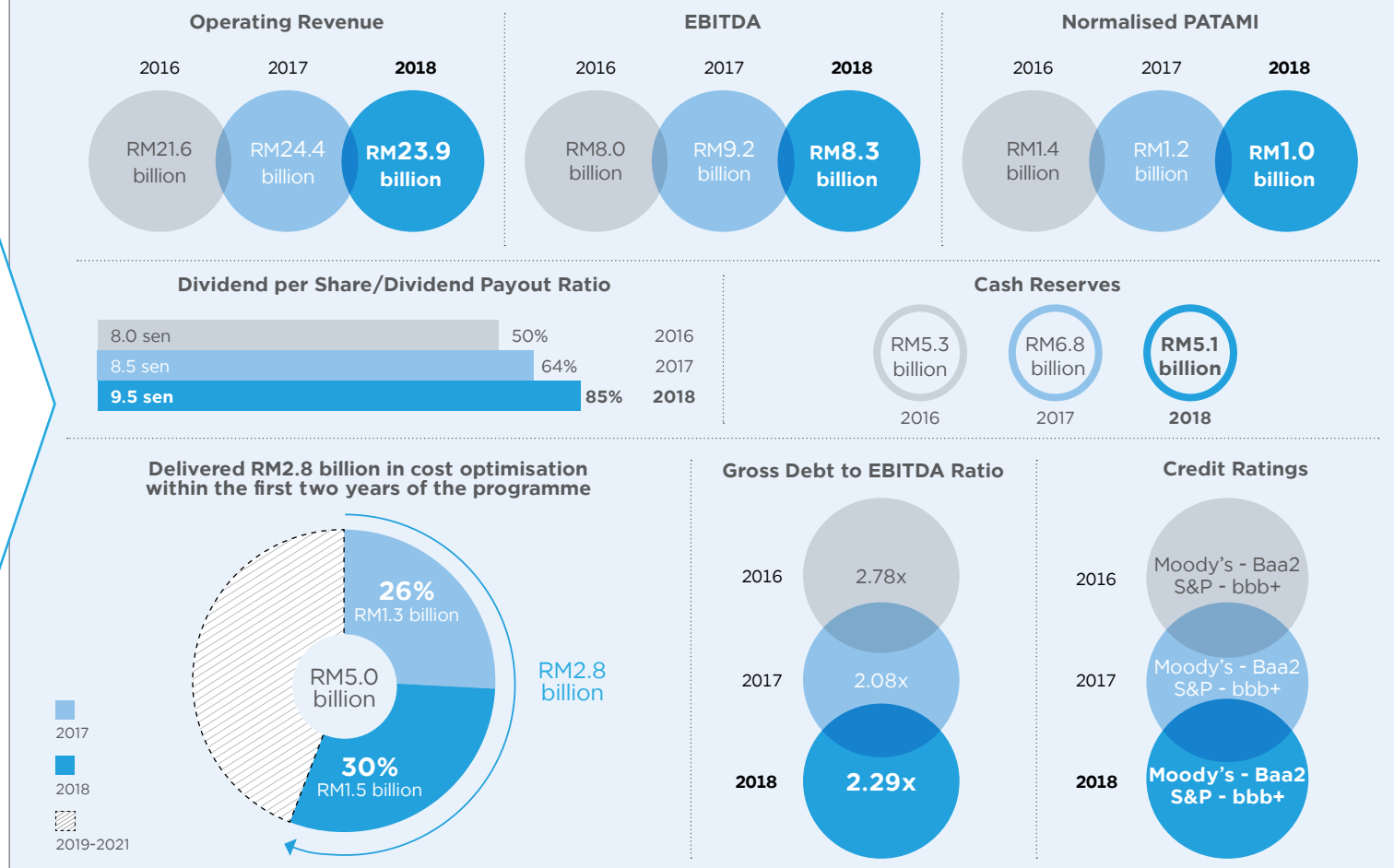
Link to 4P Goals



Outcomes and Value Created

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

Performance Indicators



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

Our Audited Financial Statements are available in our GAFS 2018



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

Related Key Capitals



Activities and Processes to Create Value

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

Link to 4P Goals



Outcomes and Value Created

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

Performance Indicators

Building the M.A.D. Culture

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

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

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

Employee utilisation of Lynda.com in 2018:

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

To embed the digital mindset across the organisation:

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

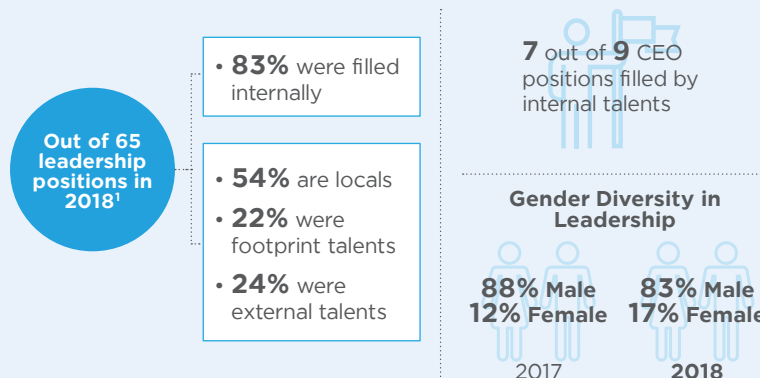
Talent at Axiata

| | 2017 | 2018 |
|-------------------|------|------|
| Top Management | 145 | 174 |
| Middle Management | 660 | 513 |

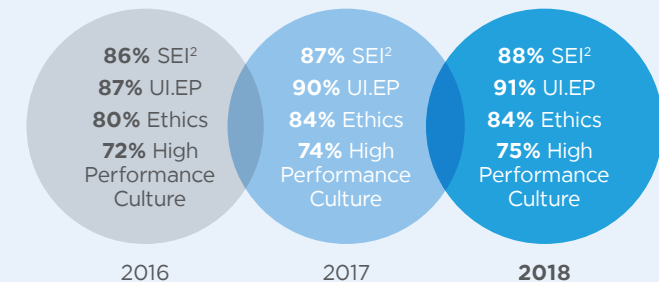
External : Internal Hiring Ratio



Leadership at Axiata



Group Employee Engagement Survey Result:



Creating a highly engaged and conducive workplace for employees



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

Notes:

¹ Local: Locals working in their respective OpCo country. Footprint: Non-locals from Axiata's footprint countries. External: Non-locals from outside Axiata's footprint countries

² SEI refers to Sustainable Engagement Index

3. Becoming a Trusted and Reliable Digital Partner

Related Key Capitals



Activities and Processes to Create Value

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

Link to 4P Goals

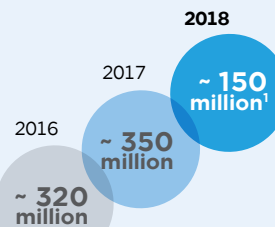


Outcomes and Value Created

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

Performance Indicators

Total Number of Mobile Customers



Brand Equity Score 2018

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

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

Social Reputation Score 2018

Strong brand presence on social media in all mobile markets

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

Net Promoter Score in Mobile Markets 2018



Digitising core functions using a best practice framework approach

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

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

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

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

Social Reseller App to assist customers to generate income

Experimenting with Blockchain technology to ensure irrefutable authentication of customer identity

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

Enhanced Data Privacy and Cyber Security

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

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

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

Notes:

¹ Approximate number of customers excluding Idea and M1

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

4. Supporting Governments and Communities in Our Markets

Related Key Capitals



Activities and Processes to Create Value

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

Link to 4P Goals

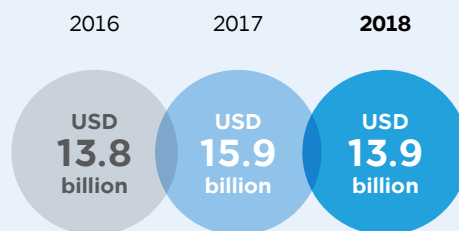


Outcomes and Value Created

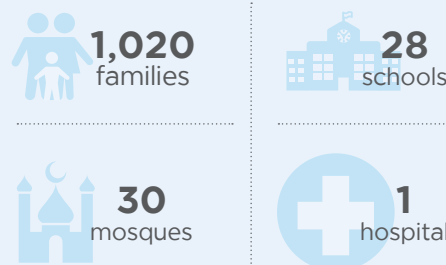
► Contributing to the socioeconomic development of the countries we operate in through national contributions and social responsibility initiatives

Performance Indicators

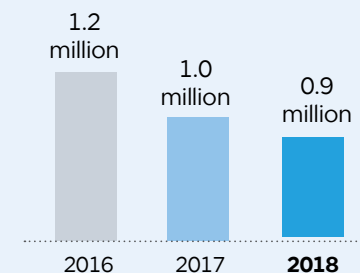
Total National Contribution¹



In 2018, Tower to Community impacted



Number of Jobs Supported Across the Region²



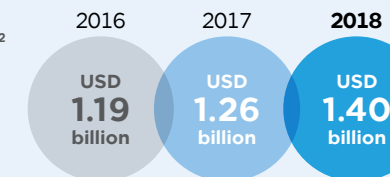
Connected Women Initiative (CWI)

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

Humanitarian Connectivity Charter

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

Total Tax Contributions²



Notes:

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

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

5. Enabling Digitally-Connected Societies

Related Key Capitals



Activities and Processes to Create Value

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

Link to 4P Goals

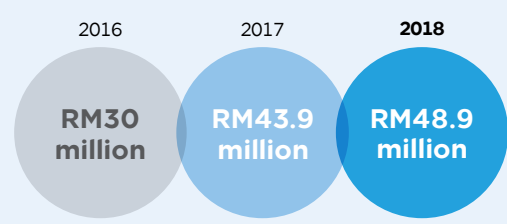


Outcomes and Value Created

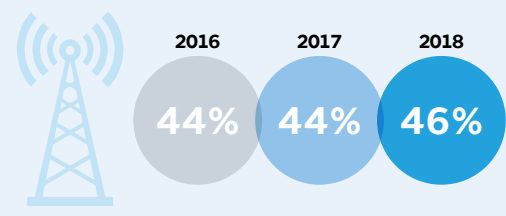
- Increasing population coverage and connecting underserved areas
- Aiding digital and financial inclusion

Performance Indicators

ADIF Funding for Digital Startups



Percentage of Base Stations in Rural Areas

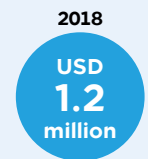


Micro-financing

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

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

SADIF Funding for Digital Startups¹



DADIF Funding for Digital Startups¹



Govi Mithuru - Sri Lanka

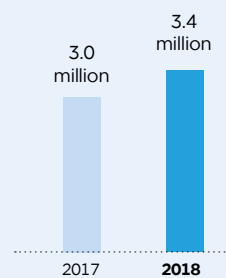
- Over 500,000 subscribers for voice message services to farmers to help improve crop cultivation

Laut Nusantara - Indonesia

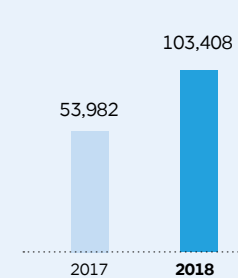
- Subsidised 1,200 smartphones for fishermen to access maritime digital solutions through the Laut Nusantara app featuring information on waterways, navigation rules, coastal information and tagging of locations to optimise potential catch



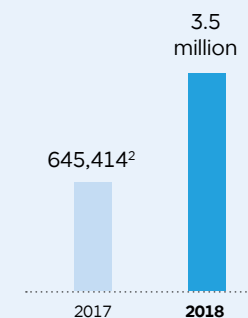
Registered Users



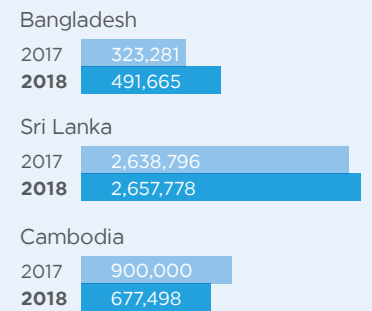
Registered Users



Registered Users



Total Registered Customers and Policies



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



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

6. Minimising Environmental Impact

Related Key Capitals



Activities and Processes to Create Value

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

Link to 4P Goals

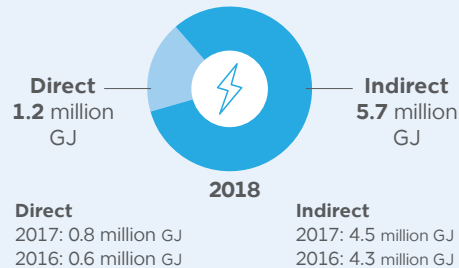


Outcomes and Value Created

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

Performance Indicators

Group-wide Total Energy Consumption



Direct
2017: 0.8 million GJ
2016: 0.6 million GJ

Indirect
2017: 4.5 million GJ
2016: 4.3 million GJ

Group-wide GHG Emissions¹



2017: 54,701 tCO₂e
2016: 65,756 tCO₂e

2017: 868,581 tCO₂e
2016: 919,354 tCO₂e

Energy from Renewable Sites² Group-wide

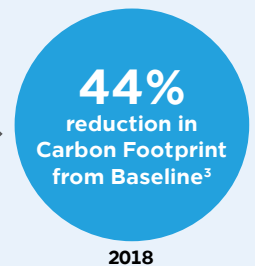
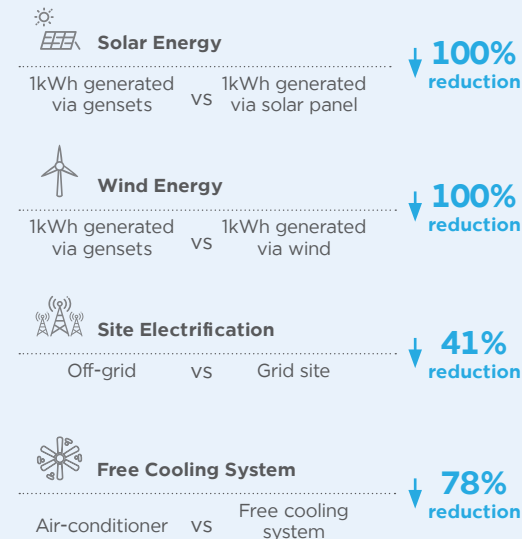
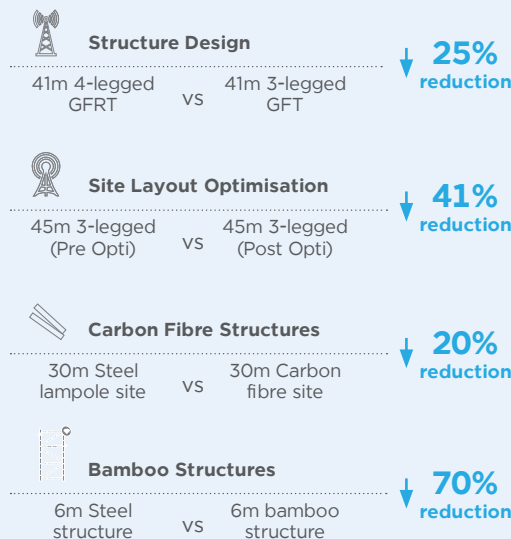


Renewable Energy: 0.5%

Carbon Footprint Reduction by edotco

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

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



Notes:

¹ tCO₂e refers to tonnes carbon dioxide equivalent

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

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

