



**Our
Business**

The Axiata Group


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


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




Our Goals

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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
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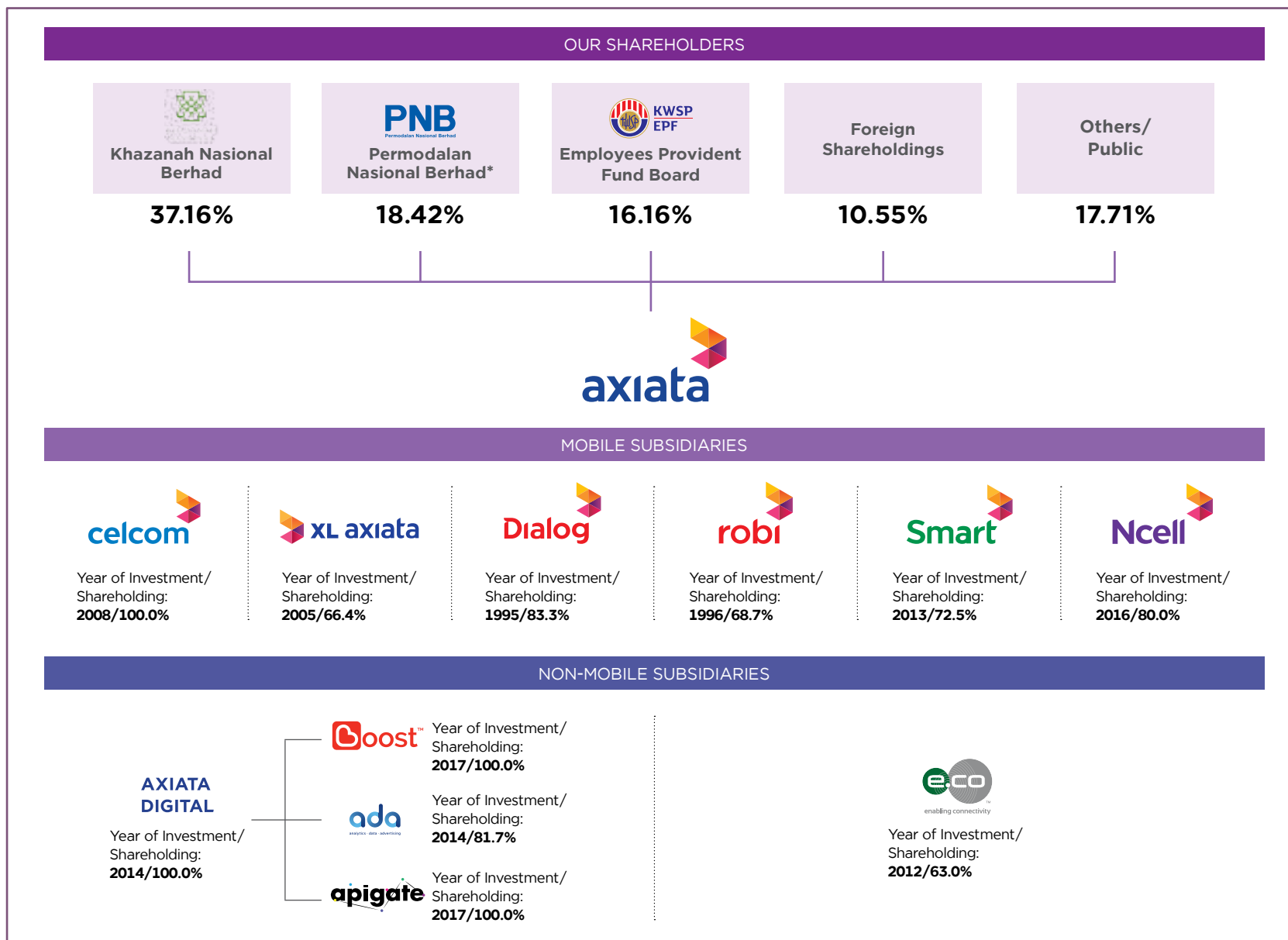
People
To be recognised as a Top Talent Brand and an Asian Talent Factory
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Partnership
To be the number one choice for customers and partners by offering superior customer experience while continuing to build trust with all our stakeholders
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Planet & Society
To be recognised as a responsible Digital Champion, in creating a Digitally Inclusive Society

Shareholding Structure and Portfolio of Investments

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



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

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



What We Do

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

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

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

2018 Key Highlights

- ▶ Celcom, XL, Dialog and Smart launched Home broadband services
- ▶ Celcom on track with digital transformation via digitisation of customer touchpoints and automated customer service using robotics and Artificial Intelligence with the launch of Chatbots

- ▶ Celcom was the first telecommunications operator globally to be certified under the ISO standard 18295-2:2017
- ▶ Dialog leveraged on Internet of Things (IoT) and Blockchain use cases to create Connected Weather Systems, Connected Agriculture, Smart Poultry Farming and e-Know-Your-Customer

- ▶ Smart used Spatial Analytics and AI to better serve customers by optimising retail locations
- ▶ Robi's Salesforce Automation services
 - >300,000 outlets, with ~300,000 paperless transactions and 60,000 user interactions digitally every day

Nepal



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

Sri Lanka



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

Bangladesh



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

Malaysia



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

Cambodia



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

Indonesia



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

Notes:

All OpCo market rankings are based on revenue market share for 2018

¹ Based on internal estimations



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

Core 2: Advancing Our Three Core Digital Businesses Towards Profitability

2018 Key Highlights

Boost

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

ada

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

Apigate

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

eZ Cash (Sri Lanka)



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

Dialog Finance Company (Sri Lanka)

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

SmartLuy (Cambodia)



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

Boost Malaysia (Malaysia)



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

Boost Indonesia (Indonesia)

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

Axiata Digital Capital (Malaysia & Indonesia)

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

ada (Across South and Southeast Asia)



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

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



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

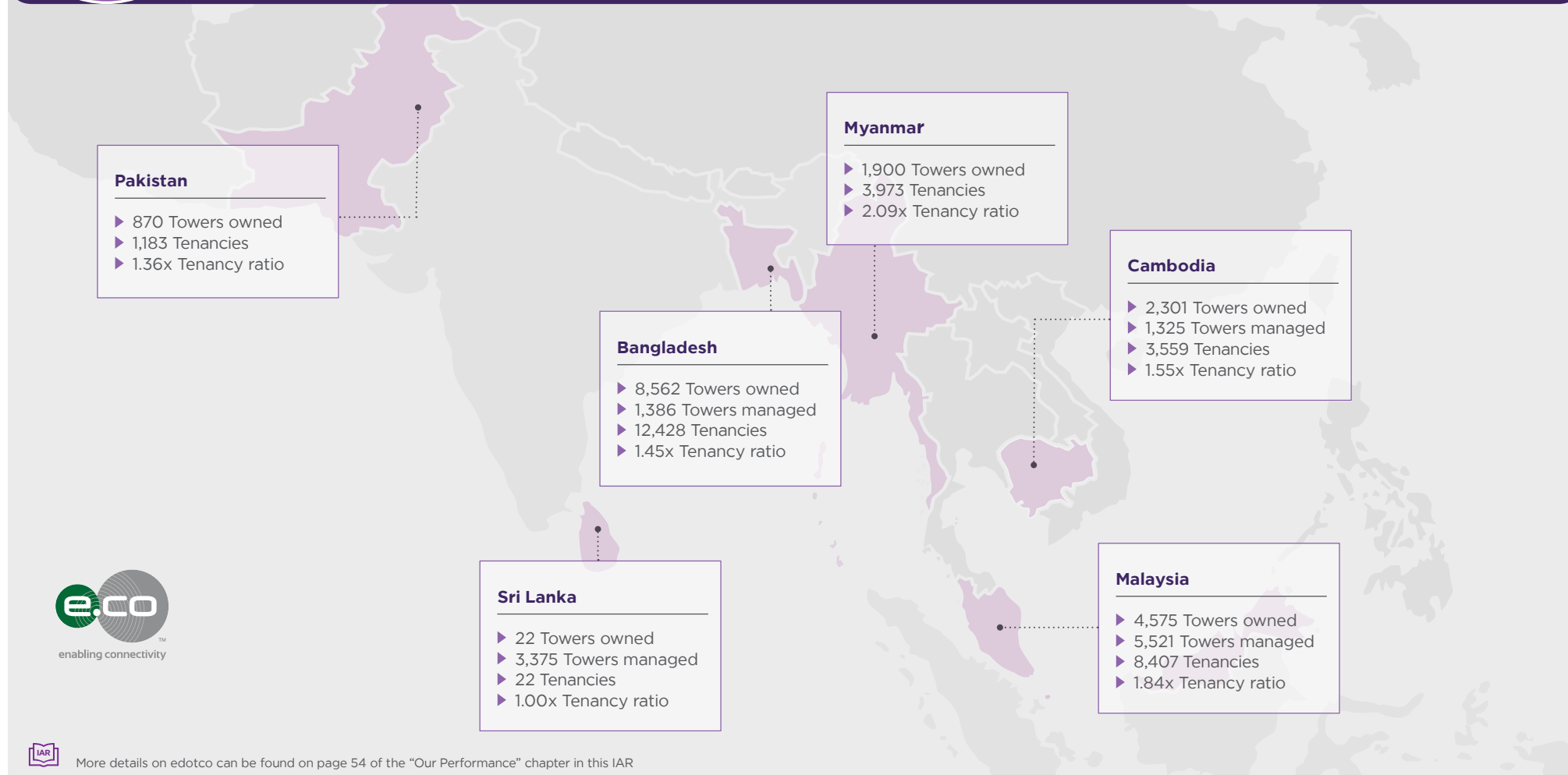


More details on our digital businesses can be found on pages 55-57 of the "Our Performance" chapter in this IAR

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

2018 Key Highlights

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



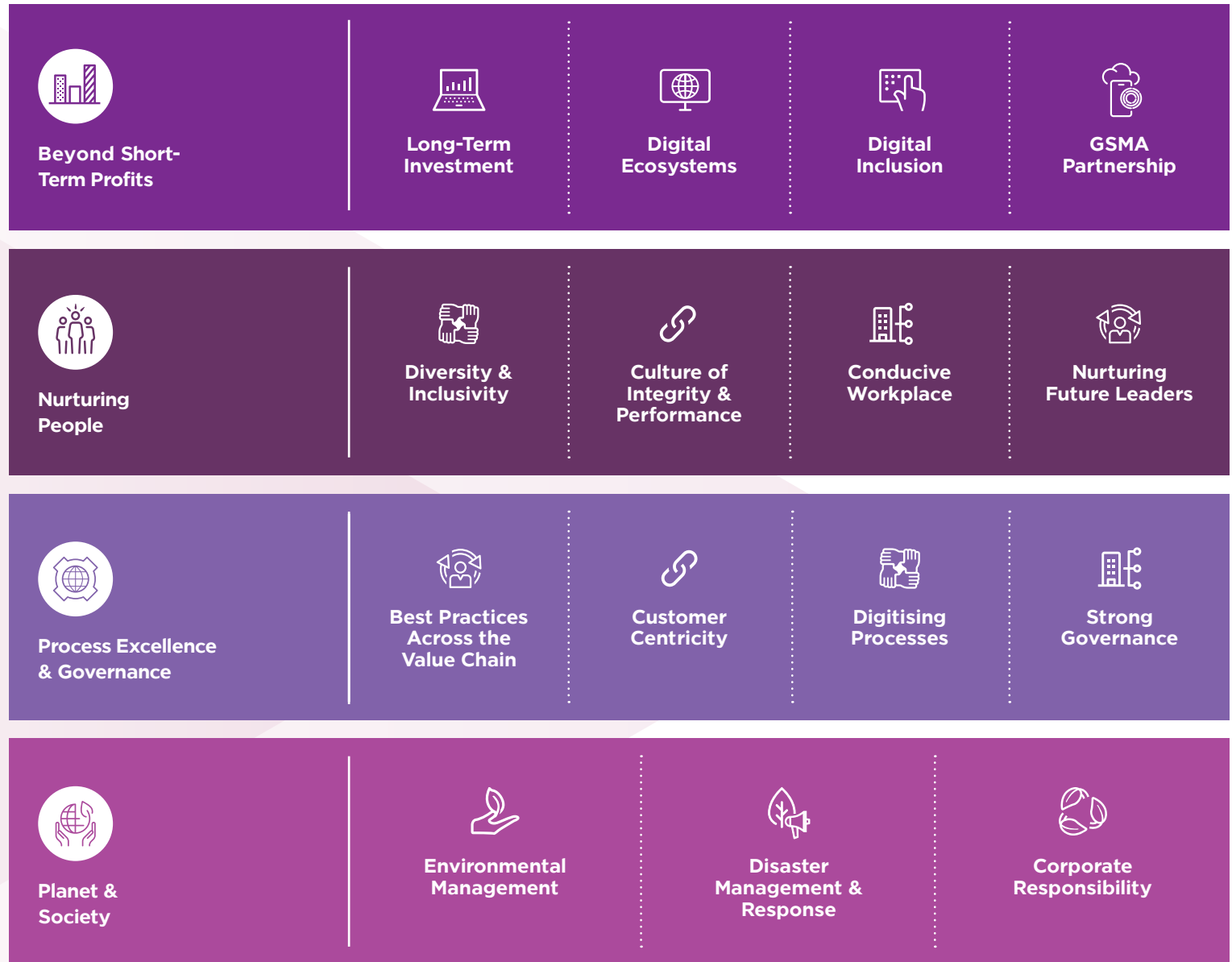
4P Sustainability Framework

Guided by our purpose of Advancing Asia throughout our footprint of 11 countries across ASEAN and South Asia, Axiata has focused our sustainability agenda on improving the quality of life for our customers and communities by providing digital connectivity services and driving the proliferation of emerging regional digital economies.

Our sustainability efforts are anchored on our 4P Sustainability Framework. Our approach to sustainability takes a long-term and holistic view of ensuring sustainable business practices, to create long-term value for all our stakeholders, underpinned by our vision to become a New Generation Digital Champion.

Our sustainability initiatives and disclosures are aligned with the Global Reporting Initiative Standards, as well as Bursa Malaysia's Sustainability Reporting Guidelines.

We are committed to embed the 10 principles of the United Nations Global Compact (UNGC) and support the 17 United Nations Sustainable Development Goals (UN SDGs) in our operations. This year, we have linked our key sustainability matters to the UN SDGs. Our future journey will see us focusing on identifying and implementing Key Performance Indicators (KPIs) which monitors our progress against UN SDG targets and indicators, in line with our commitment to contribute towards the UNGC.



Sustainability Governance Structure

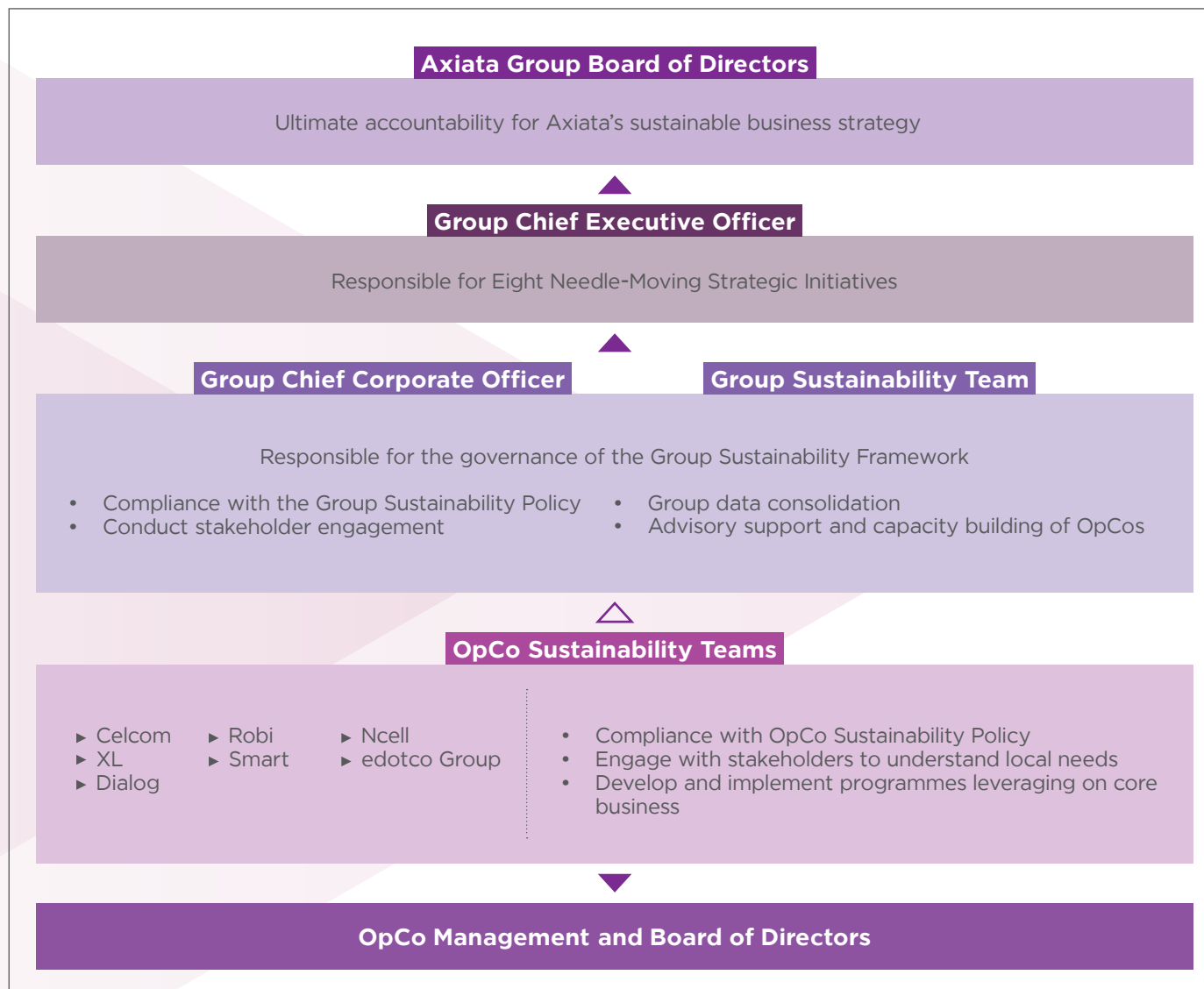
Axiata has embedded sustainability into our business, by incorporating sustainability and stakeholder management as one of our Eight Needle-Moving Strategic Initiatives, which form the operational measures we are undertaking to drive our vision of becoming a New Generation Digital Champion. We have integrated KPIs related to our sustainability initiatives into the annual KPIs of the Group Chief Executive Officer (GCEO), as well as our OpCo CEOs, towards ensuring a strong and committed tone from the top which cascades throughout the Group.

The Group Chief Corporate Officer is responsible for the governance of the Group Sustainability Framework. He oversees the Group Sustainability team, which is part of the Group Corporate Office and led by the Head of Group Corporate Communications and Sustainability.

The sustainability team ensures compliance with the Group Sustainability policy, conducts stakeholder engagement, updates material issues, standardises data collection and management systems, and provides advisory support and capacity building to OpCo sustainability teams.

OpCo sustainability teams report indirectly to the Group Sustainability team. Engaging with local stakeholders to identify material issues, they align and localise the Group's Sustainability Framework to their national context. OpCos are responsible for the governance, daily management and operations, implementation of programmes, and data collection to support the Group's Sustainability Framework. OpCos are encouraged to produce their own Sustainability Report in compliance with the most current Global Reporting Initiative standard.

▲ Direct Reporting △ Indirect Reporting



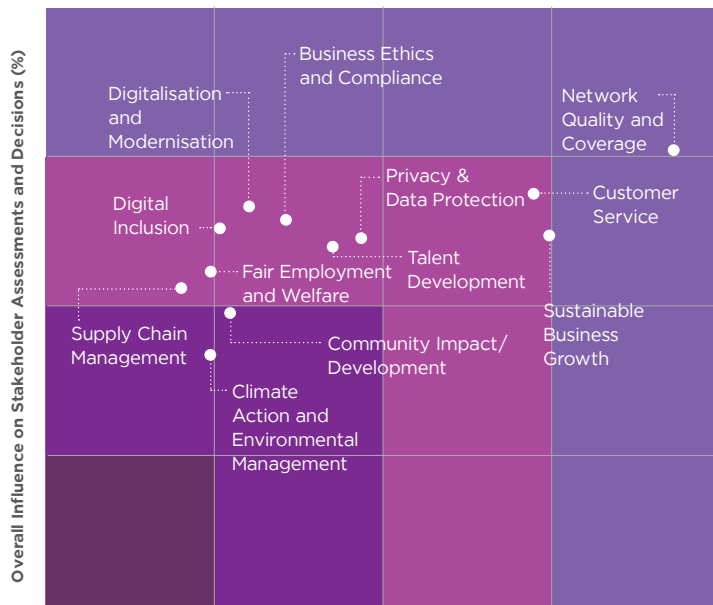
Materiality

There is a growing need for organisations to align their enterprise risk management and materiality assessment processes. This allows us to better understand our full spectrum of risks and opportunities, and potentially pave new ways to protect our business against emerging challenges.

In 2018, we took the initial step to harmonise both processes by integrating our risk assessment parameters as part of our materiality assessment. This marks a key milestone in our journey towards cultivating integrated thinking across the Group and its subsidiaries. Guided by Bursa Malaysia's Sustainability Reporting Guidelines and Toolkits,

the enhanced methodology provided us with a refreshed perspective of the intrinsic connections between financial and non-financial impacts, coupled with a deep dive into how our OpCos are using the business case of sustainability to respond to dynamic changes in the operating environment.

We further strengthened our approach by conducting sustainability-focused stakeholder engagements. The scope of entities covered for the materiality assessment includes Axiata Group and its major digital telcos, edotco Group and Axiata Digital Businesses. More information on the process can be found on Page 73-74 of this report.



Significance of Axiata Group's Sustainability Impacts

Material Issue	Description
1 Network Quality and Coverage	Enhancing network quality and coverage through continuous improvements in efficiency, availability and reliability
2 Customer Service	Delivering a differentiated user experience for customers
3 Sustainable Business Growth	Consider Economic, Environmental and Social (EES), and positive direct and indirect value creation in making strategic investment
4 Privacy and Data Protection	Protection of all data, information and intellectual property against cyber security breaches
5 Digitalisation and Modernisation	Technological innovation to enhance key internal business functions, improve process efficiency, effectiveness, promote innovation and business continuity
6 Business Ethics and Compliance	Maintain business integrity through compliance with internal company, local and cross-border regulatory requirements
7 Talent Development	Promote development and uplift competencies of employees to respond to the rapidly changing and complex business environment
8 Digital Inclusion	Providing affordable and innovative products and services in bridging the digital gap
9 Fair Employment and Welfare	Fostering fair recruitment practices by embracing diversity and inclusion in a diversified workforce
10 Supply Chain Management	Consideration of EES factors across processes involved in supply chain management
Community Impact/Development	Monetary and non-monetary contributions to support local communities, underprivileged and underserved groups
Climate Action and Environmental Management	Internal controls and monitoring mechanisms to manage environmental impacts

Review of Sustainability Matters → Sustainability Focused Stakeholder Engagement → Sustainability Impact Assessment

Existing material sustainability matters were reviewed and updated pursuant to changes in our business landscape, risk environment, internal policies, Key Performance Indicators, emerging national and global sustainability trends, regulatory development and stakeholders opinions.

Stakeholders Prioritisation

Our dialogue with various stakeholders on our sustainability matters formed the basis of a structured stakeholder prioritisation exercise to determine the level of influence and dependence of key stakeholders on the Group.

Stakeholders Engagement

The identified key stakeholders were then obtain feedback on the sustainability matters.

A series of workshops were conducted across the Group to prioritise sustainability matters from the business perspective.

More details on Risks and Materiality can be found in the "Appendices" of this report, and in 'Our Strategy' section of our IAR

Stakeholder Management

Guided by the AA1000 Stakeholder Engagement Standard, our Stakeholder Engagement Framework sets out our approach to identify and prioritise stakeholders, the mechanisms we use to ensure meaningful engagement as well as how we communicate our progress in relation to concerns.

The following diagram contains the key mechanisms for engagement in 2018. The Framework is designed to help us gain a clear understanding of the views and

expectations of our stakeholders, and the current risks and future opportunities these create. The information from our stakeholder engagement provides essential input to our biennial materiality assessment which guides our focus for reporting and informs our strategic approach. This is outlined in the following section and includes a summary of the concerns and interests of various stakeholder groups. More detailed information on our stakeholder engagement can be found on Page 73 to 74 of this report.



