



# Statements and Analysis



# Chairman's Statement

**TAN SRI GHAZZALI SHEIKH  
ABDUL KHALID**  
Chairman



Dear Shareholders,

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

### ADJUSTING TO A NEW NORMAL FOR THE INDUSTRY

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

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

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



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### PAVING THE WAY FOR FUTURE GROWTH

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

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

### OUR COMMITMENT TO THE HIGHEST STANDARDS OF RESPONSIBLE BUSINESS PRACTICES

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

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

### CHANGES TO THE BOARD

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

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

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

### ACKNOWLEDGEMENTS

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

### TAN SRI GHAZZALI SHEIKH ABDUL KHALID

Chairman

