Our
Performance

Financial Review

Five-Year Group Financial Highlights

Operating Revenue (RM Billion) — -2%
- 2014: 18.7
- 2015: 19.9
- 2016: 21.6
- 2017: 24.4
- 2018: **23.9**

EBITDA (RM Billion) — -10%
- 2014: 7.0
- 2015: 7.3
- 2016: 8.0
- 2017: 9.2
- 2018: **8.3**

PAT (RM Billion) — -100%
- 2014: 2.4
- 2015: 2.6
- 2016: 0.7
- 2017: 1.2 (Note 9)
- 2018: **-5.2** (Note 1)
- -33%; 1.9; 1.3

Normalised PATAMI (RM Billion) — -16%
- 2014: 2.3 (Note 8, 9)
- 2015: 2.1 (Note 7)
- 2016: 1.4 (Note 6)
- 2017: 1.2 (Note 5)
- 2018: **1.0** (Note 2)

ROIC (%) — -3.4pp
- 2014: 9.0
- 2015: 7.7
- 2016: 4.5
- 2017: 4.7
- 2018: **1.3** (Note 3)
- +0.9pp; 5.6%

Customers (Million) — -57%
- 2014: 266
- 2015: 275
- 2016: 320
- 2017: 348 (Note 4) (Idea / M1)
- 2018: **149** (Note 4)

Note 1 - 2018 normalised PAT of RM1.3 billion excludes Idea related losses (RM3,862.5 million), write-off, impairment and accelerated depreciation on property, plant and equipment (gross: RM1,816.6 million), foreign exchange loss (RM501.5 million), gain on disposal of towers (RM121.3 million) and purchase price allocations amortisation (RM295.4 million).

Note 2 - 2018 normalised PATAMI excludes Idea related losses (RM3,862.5 million), write-off, impairment and accelerated depreciation on property, plant and equipment (gross: RM1,816.6 million), foreign exchange loss (RM481.4 million), gain on disposal of towers (RM80.5 million) and purchase price allocations amortisation (RM236.3 million).

Note 3 - FY2018 reported ROIC is 1.3%. At pre-MFRS 15 and 9 and at constant currency, exclude all Idea related losses, assets write-off and restructuring costs, FY2018 ROIC would be 5.6%.

Note 4 - FY2018 customers exclude Idea and M1. For FY2017, customers of Idea and M1 are 203 million and 2 million respectively.

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

Note 7 - 2015 normalised PATAMI excludes gain on disposal of towers (RM399.8 million), one-off tax impact (RM49.0 million) and foreign exchange gain (RM132.3 million).

Note 8 - 2014 normalised PATAMI excludes gain on divestment of associate company (RM116.7 million), gain on disposal of towers (RM48.2 million) and foreign exchange loss (RM55.5 million).
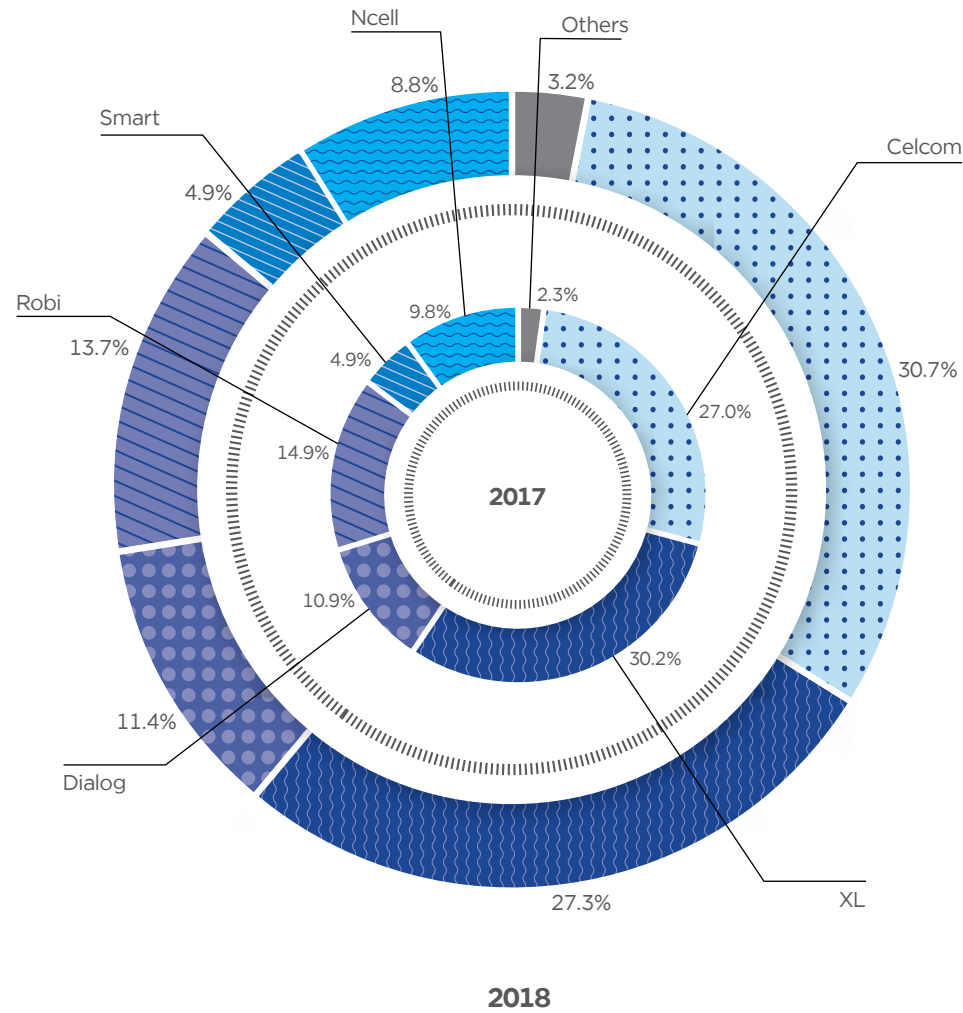
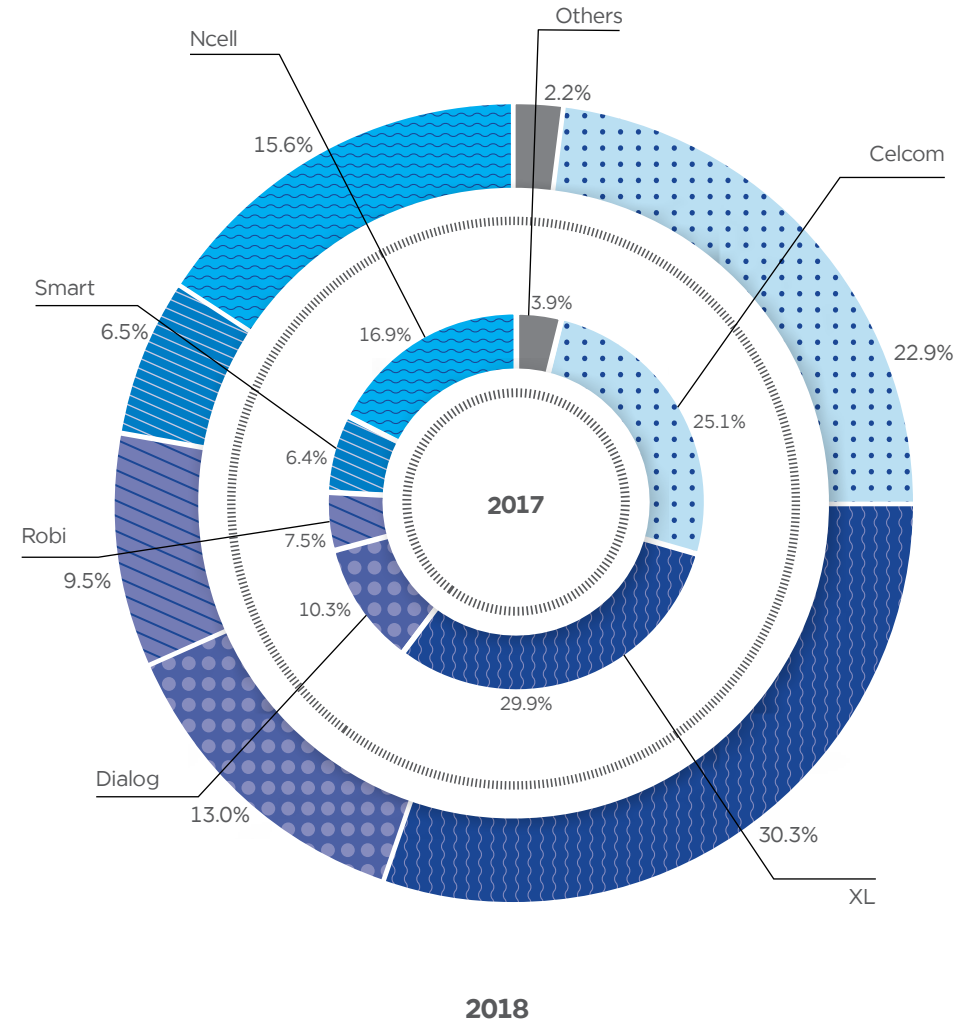Note 9 - 2014 are based on restated financials as reported in 2015.

Financial Review

Summary Breakdown of Operating Revenue and EBITDA
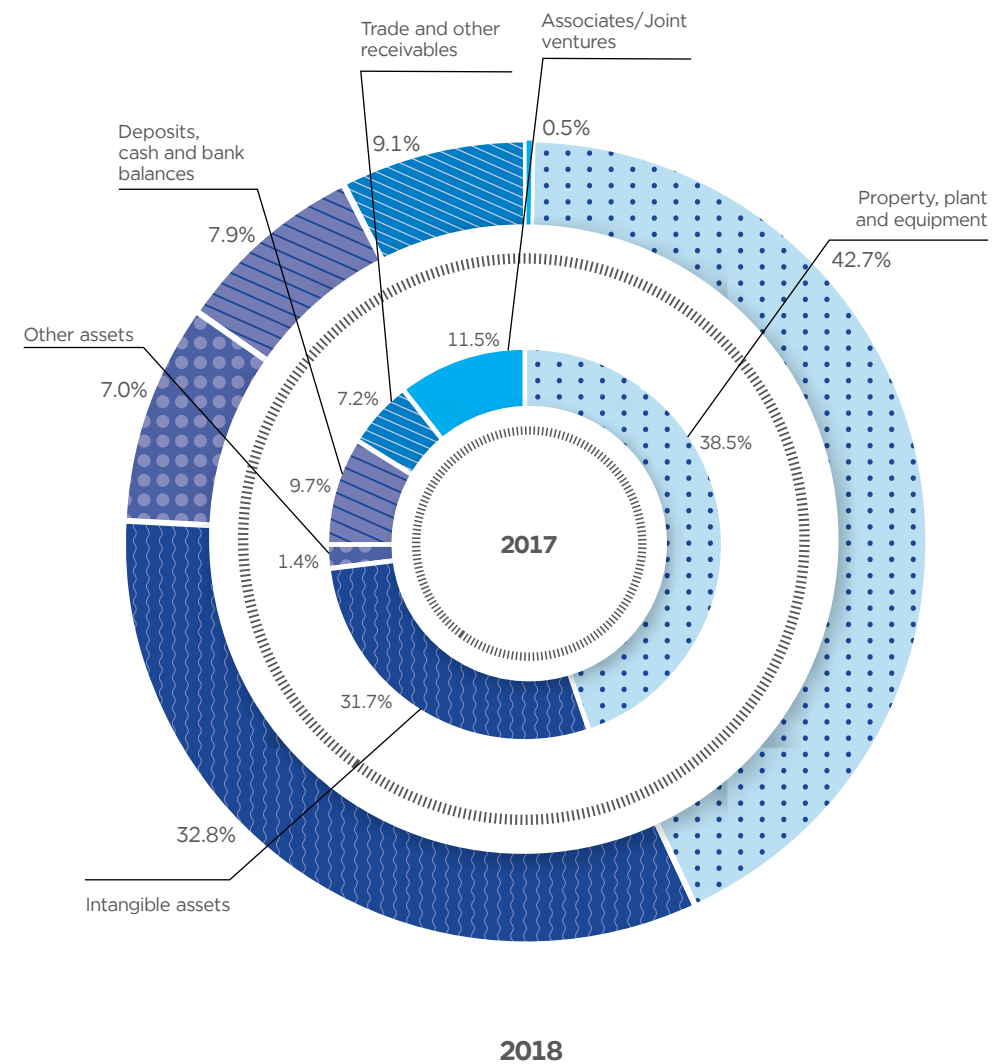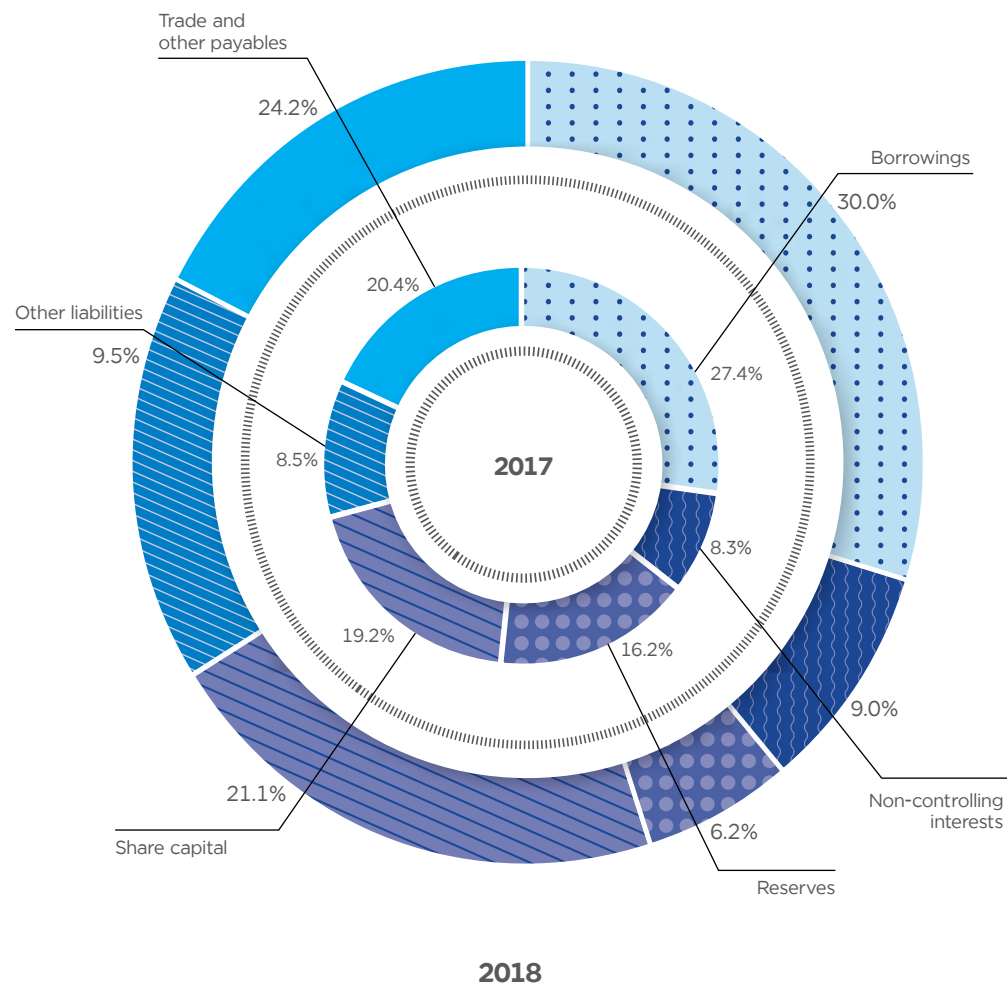
Operating Revenue

Ncell 8.8%
Smart 4.9%
Robi 13.7%
Dialog 11.4%
Others 3.2%
Celcom 30.7%

9.8%
4.9%
14.9%
10.9%
2.3%
27.0%
30.2%

27.3%
XL

2017

2018

EBITDA

Ncell 15.6%
Smart 6.5%
Robi 9.5%
Dialog 13.0%
Others 2.2%
Celcom 22.9%

16.9%
6.4%
7.5%
10.3%
3.9%
25.1%
29.9%

30.3%
XL

2017

2018

Financial Review

Summary Breakdown of Total Assests and Total Liabilities & Equity

Total Assets

Trade and other receivables
Associates/Joint ventures
Deposits, cash and bank balances
Property, plant and equipment
Other assets
Intangible assets

9.1%
0.5%
7.9%
7.2%
11.5%
7.0%
9.7%
1.4%
42.7%
38.5%
31.7%
32.8%

2017

2018

Total Liabilities & Equity

Trade and other payables
Borrowings
Other liabilities
Share capital
Reserves
Non-controlling interests

24.2%
20.4%
9.5%
8.5%
19.2%
21.1%
16.2%
6.2%
8.3%
9.0%
30.0%
27.4%

2017

2018

Financial Review

Five-Year Group Financial Summary

Operational Highlights

All in RM Million unless stated otherwise	FY2018	FY2017	FY2016[2]	FY2015	FY2014[2]
1. Operating Revenue	23,886	24,402	21,565	19,883	18,712
2. Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	8,334	9,230	8,013	7,284	6,999
3. Earnings from Associates & Jointly Controlled Entities	(428)	(404)	30	434	339
4. Profit Before Tax (PBT)	(4,346)	1,936	1,140	3,331	3,147
5. Profit After Tax (PAT)	(5,247)	1,162	657	2,636	2,369
6. Profits After Tax and Minority Interests (PATAMI)	(5,035)	909	504	2,554	2,365
7. Normalised PATAMI[1]	1,010	1,205	1,418	2,071	2,256
8. Total Shareholders' Equity	17,477	24,731	23,581	23,525	20,761
9. Total Assets	63,855	69,911	70,753	56,118	49,106
10. Total Borrowings	19,130	19,184	22,260	16,392	13,893
11. Customers (million)[3]	149	348	320	275	266
Growth Rates YoY					
1. Operating Revenue	-2.1%	13.2%	8.5%	6.3%	1.9%
2. EBITDA	-9.7%	15.2%	10.0%	4.1%	-3.7%
3. Total Shareholders' Equity	-29.3%	4.9%	0.2%	13.3%	5.8%
4. Total Assets	-8.7%	-1.2%	26.1%	14.3%	12.9%
5. Total Borrowings	-0.3%	-13.8%	35.8%	18.0%	3.4%
Share Information					
1. Per Share					
Earnings (basic) – sen	(55.6)	10.1	5.7	29.5	27.4
Earnings (diluted) – sen	(55.4)	10.1	5.7	29.3	27.2
Net Assets – RM	1.9	2.7	2.6	2.7	2.4
2. Share Price information – RM					
High	5.70	5.49	6.34	7.22	7.27
Low	3.25	4.29	4.19	5.71	6.44
Financial Ratio					
1. Return on Invested Capital[4]	1.3%	4.7%	4.5%	7.7%	9.0%
2. Gross Debt to EBITDA[5]	2.3	2.1	2.8	2.3	2.0
3. Debt Equity Ratio[6]	1.1	0.8	0.9	0.7	0.7

Notes:
[1] Excludes foreign exchange gain/loss, gain/loss on disposal of an associate & joint venture, loss on asset held-for-sale, write-off, impairment and accelerated depreciaiton on property, plant and equipment, purchase price allocations, gain on disposal of towers and severance payment, merger one-off adjustments, one-off tax impact and Idea related losses
[2] FY2016 and FY2014 are based on restated financials
[3] FY2018 customers exclude Idea & M1
[4] EBIT less tax over average invested capital. At pre-MFRS 15 and 9 and at constant currency, excluding all Idea related losses, assets write-off and restructuring costs, FY2018 ROIC would be 5.6%
[5] Gross debt over EBITDA
[6] Total borrowings over total shareholders' equity

Financial Review

Consolidated Statement of Comprehensive Income

	Financial Year Ended	
	31/12/2018 RM'000	31/12/2017 RM'000
Operating Revenue	23,885,781	24,402,401
Operating costs		
- depreciation, impairment and amortisation	(7,644,816)	(5,986,213)
- foreign exchange gains/(losses)	8,389	(191,563)
- domestic interconnect and international outpayment	(2,408,317)	(2,700,723)
- marketing, advertising and promotion	(2,147,698)	(2,108,755)
- other operating costs	(8,927,499)	(8,455,866)
- staff costs	(2,068,133)	(1,906,939)
- other losses - net	(297,790)	(57,665)
Other (expenses)/income - net	(3,057,592)	5,370
Operating (loss)/profit before finance cost	(2,657,675)	3,000,047
Finance income	221,459	241,807
Finance cost excluding net foreign exchange (losses)/gains on financing activities	(1,272,385)	(1,253,369)
Net foreign exchange (losses)/gains on financing activities	(208,689)	352,000
	(1,481,074)	(901,369)
Joint ventures		
- share of results (net of tax)	1,678	(48,989)
Associates		
- share of results (net of tax)	(26,364)	(352,670)
- loss on dilution of equity interests	(403,712)	(2,595)
(Loss)/Profit before taxation	(4,345,688)	1,936,231
Taxation and zakat	(901,552)	(773,749)
(Loss)/profit for the financial year	(5,247,240)	1,162,482
(Loss)/Profit for the financial year		
- owners of the Company	(5,034,573)	909,480
- non-controlling interests	(212,667)	253,002
	(5,247,240)	1,162,482
Earnings per share (sen)		
- basic	(55.6)	10.1
- diluted	(55.4)	10.1

Consolidated Statement of Cash Flows

	Financial Year Ended	
	31/12/2018 RM'000	31/12/2017 RM'000
Receipt from customers	24,510,506	23,648,914
Payments to suppliers and employees	(16,222,297)	(15,884,795)
Payment of finance costs	(1,176,600)	(1,297,431)
Payment of income taxes (net of refunds) and zakat	(1,141,763)	(733,737)
Total cash flows from operating activities	5,969,846	5,732,951
Purchase of PPE (net of proceeds from disposal)	(6,613,083)	(4,885,106)
Acquisition of intangible assets	(540,640)	(99,372)
Investment in deposits maturing more than three months	(970,029)	140,068
Investment in subsidiaries	(103,510)	(489,236)
Investment in associates and a joint venture	(59,551)	(164,199)
Interest received	223,962	239,343
Dividends received from associates	90,187	92,587
Others	(395)	(624)
Total cash flows used in investing activities	(7,973,059)	(5,166,539)
Repayments of borrowings and Sukuk (net of proceeds)	(257,425)	(1,446,774)
Proceeds from private placements of a subsidiary (net of transaction costs)	–	2,178,986
Partial disposal of subsidiaries (net of transaction costs)	367,434	1,162,440
Additional investment in a subsidiary by NCI	396,456	–
Repayment of finance lease	(208,300)	(153,693)
Dividends paid	(855,445)	(494,388)
Others	9,674	1,095
Total cash flows (used in)/from financing activities	(547,606)	1,247,666
Net (decrease)/increase in cash and cash equivalents	(2,550,819)	1,814,078
Exchange losses and restricted cash	(133,091)	8,158
Cash and cash equivalents at the beginning of the financial year	6,471,658	4,649,422
Cash and cash equivalents at the end of the financial year	3,787,748	6,471,658
Bank Overdrafts	103,300	92,824
Deposits and others	1,180,400	248,386
Deposits, cash and bank balances	5,071,448	6,812,868

Financial Review
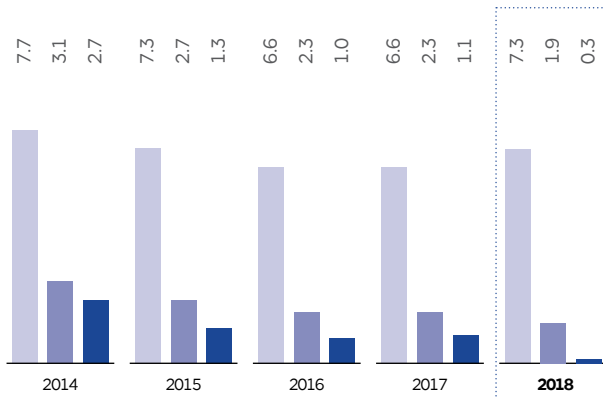
Consolidated Statement of Financial Position

	As at	
	31/12/2018 RM'000	31/12/2017 RM'000
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS		
OF THE COMPANY		
Share capital	13,502,368	13,407,253
Reserves	3,974,431	11,323,883
Total equity attributable to owners of the Company	17,476,799	24,731,136
Non-controlling interests	5,737,907	5,773,447
Total equity	23,214,706	30,504,583
NON-CURRENT LIABILITIES		
Borrowings	14,646,553	14,796,319
Derivative financial instruments	1,698,722	1,441,161
Deferred income	363,196	270,915
Deferred gain on sale and lease back assets	663,228	817,073
Trade and other payables	2,987,844	1,644,197
Provision for assets retirement	487,394	468,920
Deferred taxation	1,391,214	1,672,496
Total non-current liabilities	22,238,151	21,111,081
	45,452,857	**51,615,664**
NON-CURRENT ASSETS		
Intangible assets	20,926,703	22,176,286
Contract acquisition costs	108,503	-
Property, plant and equipment	27,290,458	26,909,970
Associates	266,475	7,985,974
Joint ventures	27,699	26,022
Financial assets at fair value through other comprehensive income	1,659,412	-
Available-for-sale financial assets	-	62,030
Derivatives financial instruments	-	143,777
Trade and other receivables	686,804	535,157
Deferred taxation	586,961	270,046
Total non-current assets	51,553,015	58,109,262

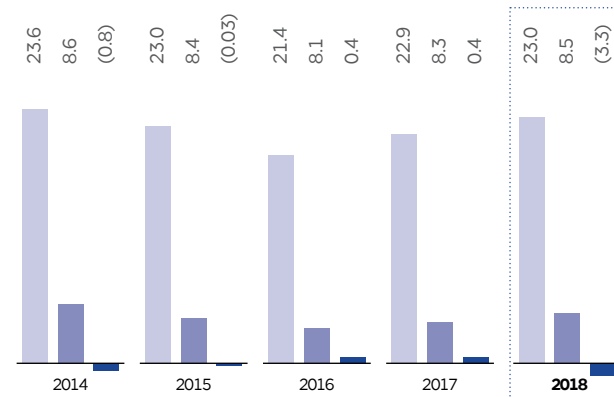|	As at	
	31/12/2018 RM'000	31/12/2017 RM'000
CURRENT ASSETS		
Inventories	219,130	174,279
Trade and other receivables	5,115,230	4,496,637
Derivative financial instruments	238,506	53,109
Financial assets at fair value through profit or loss	38	64
Tax recoverable	54,860	41,615
Deposits, cash and bank balances	5,071,448	6,812,868
	10,699,212	11,578,572
Assets classified as held-for-sale	1,602,800	223,162
Total current assets	12,302,012	11,801,734
LESS: CURRENT LIABILITIES		
Trade and other payables	12,484,444	12,616,963
Deferred gain on sale and lease back assets	120,942	126,017
Borrowings	4,483,197	4,387,670
Derivative financial instruments	155,901	152,621
Current tax liabilities	1,157,686	754,511
	18,402,170	18,037,782
Liabilities classified as held-for-sale	-	257,550
Total current liabilities	18,402,170	18,295,332
Net current liabilities	(6,100,158)	(6,493,598)
	45,452,857	**51,615,664**

2018 Overview of Operating Companies' Performance
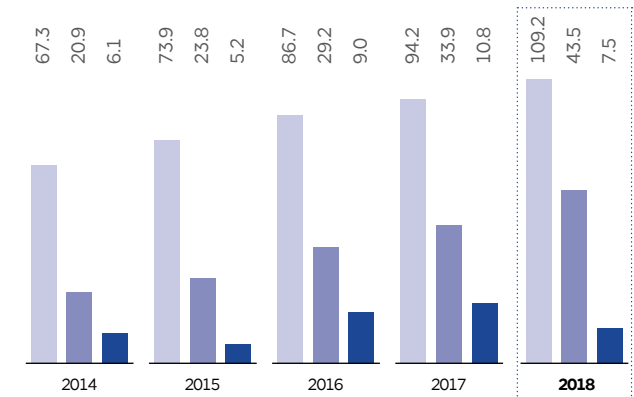
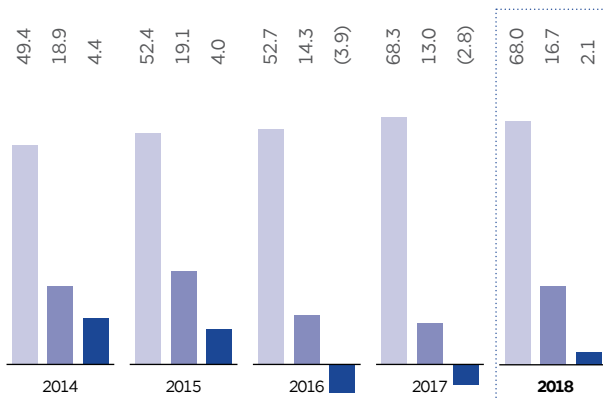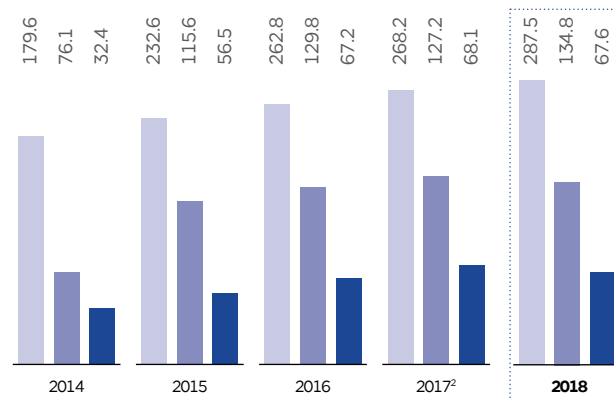## Reporting by Geographical Location[1]

▶ Malaysia
(RM Billion)

	2014	2015	2016	2017	**2018**
Revenue	7.7	7.3	6.6	6.6	7.3
EBITDA	3.1	2.7	2.3	2.3	1.9
PAT	2.7	1.3	1.0	1.1	0.3

▶ Indonesia
(IDR Trillion)

	2014	2015	2016	2017	**2018**
Revenue	23.6	23.0	21.4	22.9	23.0
EBITDA	8.6	8.4	8.1	8.3	8.5
PAT	(0.8)	(0.03)	0.4	0.4	(3.3)

▶ Sri Lanka
(SLR Billion)

	2014	2015	2016	2017	**2018**
Revenue	67.3	73.9	86.7	94.2	109.2
EBITDA	20.9	23.8	29.2	33.9	43.5
PAT	6.1	5.2	9.0	10.8	7.5

▶ Bangladesh
(BDT Billion)

	2014	2015	2016	2017	**2018**
Revenue	49.4	52.4	52.7	68.3	68.0
EBITDA	18.9	19.1	14.3	13.0	16.7
PAT	4.4	4.0	(3.9)	(2.8)	2.1

▶ Cambodia
(USD Million)

	2014	2015	2016	2017[2]	**2018**
Revenue	179.6	232.6	262.8	268.2	287.5
EBITDA	76.1	115.6	129.8	127.2	134.8
PAT	32.4	56.5	67.2	68.1	67.6

▶ Nepal
(NPR Billion)

	2016[3]	2017	**2018**
Revenue	58.7	58.1	57.5
EBITDA	37.7	37.0	35.5
PAT	20.3	18.9	15.3

Legend: Revenue | EBITDA | PAT

Notes:
All financial numbers are based on audited financial figures and follows the respective country's GAAP except for Ncell which had a different financial year end
1   Axiata's reporting by geographical location is conducted for its OpCos: Celcom, XL, Smart, Dialog, Robi and Ncell
2   2017 figures have been restated to exclude edotco Cambodia's results, for like to like comparison with 2018 figures
3   Annualised figure based on 8.5 months since acquisition of Ncell on 11 April 2016

2018 Overview of Operating Companies' Performance

Operating Companies

celcom

Celcom's continued efforts in operational transformation yielded solid results in 2018, outperforming all Mobile Network Operators (MNO) peers with a service revenue growth of 1.1% Year on Year (YoY) and a market share gain of 0.5 ppt[1]. It was the only MNO to have grown both prepaid and postpaid Average Revenue Per User (ARPU) YoY – validating the successful execution of its strategy. Its cost optimisation initiatives delivered a commendable trend with Quarter on Quarter (QoQ) EBITDA growth of 6.0% and an EBITDA margin uplift of 2 ppt in the fourth quarter of 2018, allowing Celcom to kickstart 2019 with a healthier cost base.

In 2018, Celcom showed major progress in its network, with LTE and LTE-A coverage now at 91% and 78% respectively. The company also delivered significant improvement in distribution, achieving the #1 position in Dealer Satisfaction nationwide. Celcom continues to pride itself in its customer centricity – ending the year with the #1 spot in Net Promoter Score in addition to being recognised by Forbes as one of the "Top 10 Most Customer-Focused Companies In Asia".

XL axiata

XL's consistent strategy execution led to superior performance even as the industry declined due to the implementation of SIM registration. It was the only MNO to have grown subscribers (+2.6%), revenue (+0.4%) and EBITDA (+2.3%) in a market which saw 84 million subscribers wiped out in 2018, beating its peers as the #1 performer in all three metrics. XL was also the most data-centric operator with 80% smartphone penetration and 82% data revenue contribution in the fourth quarter of 2018.

The continued investment in XL's 4G network significantly improved both the user experience as well as the economics of providing mobile data services. Its 4G coverage has now expanded to around 400 cities and areas, leading to double-digit growth in subscribers and revenue for ex-Java. XL's Dual Brand Strategy is tracking well with both XL and Axis brands recording all-time high Net Promoter Scores in 2018. At the Frost & Sullivan 2018 Asia Pacific ICT Awards, XL was recognised as the "Best Asia-Pacific Mobile Data Service Provider of the Year".

Dialog

As the undisputed market leader, Dialog emerged victorious as the #1 performer in a fiercely competitive market – delivering double-digit growth in revenue (+15.2%), EBITDA (+17.4%) and normalised PAT (+15.8%[2]). As Axiata's first converged operator, this excellent results was contributed by strong revenue growth across its main segments of mobile (+11.8%), fixed (+44.5%) and TV (+7.3%).

Dialog's superior network experience was validated with Ookla's 2018 Speedtest Award. It also took a major step forward by launching South Asia's first fully standards-based 5G pilot service. In the third quarter of 2018, Dialog also launched "Genie", Sri Lanka's first Payment Card Industry Data Security Standard (PCI-DSS) certified mobile payment app.

As one of the most recognised brands in Sri Lanka, Dialog continues to receive numerous accolades including "Sri Lanka's Top Telecommunications Brand" by Brand Finance and "Best Digital Experience" by the Customer Excellence Award 2018.

robi

Following the completion of its merger with Airtel in late 2016, Robi continues to monetise its Dual Brand Strategy by winning both the high-value segment via the "Robi" brand and youth segment via the "Airtel" brand. Service revenue and EBITDA grew by 9.3% and 28.0% respectively, outperforming all other players for both metrics. Due to exemplary integration between the two entities and diligent execution of its cost optimisation programme, Robi delivered a successful profit turnaround in 2018 from a loss position in 2017 after the acquisition of a loss-making company.

On the back of its rapid 4G network roll out, Robi emerged as the 4G market leader with nearly 7,400 4G sites by end 2018 and was recognised by Ookla's 2018 Speedtest Award for "Best Download Speed". This competitive advantage contributed to a 9.3% growth in subscribers as customers seek to experience Robi's superior network.

Due to its successful Dual Brand Strategy, Airtel and Robi ended the year as the #1 and #2 brands respectively in Net Promoter Scores.

Smart

Despite intense price competition, Smart outperformed all its peers with a revenue and EBITDA growth of 7.2% and 6.0% YoY respectively. This was mainly fueled by an outstanding 28.3% growth in data revenue due to healthy subscriber growth and aggressive 4G adoption. Due to the company's strict discipline in "sweating" existing network assets, Smart managed to end the year with a flattish PAT in spite of higher regulatory costs and one-off asset write-off.

In its transformation journey to become a converged operator, Smart launched its first home broadband offering, Smart@Home, in March 2018. As the industry leader, Smart continues to drive innovation to develop attractive products and services. In 2018, it was the first operator in Cambodia to launch eSIM, Voice over WiFi (VoWi-Fi) and direct operator billing services with Apple and Google (SmartPay).

In 2018, Smart was recognised as the "Best Emerging Market Operator 2018" by Telecom Asia.

Ncell

In 2018, Ncell was impacted by multiple regulatory challenges within a competitive operating environment. This includes a 2 ppt increase in Telecommunications Service Charge (TSC) for voice and other services, introduction of an unprecedented 13% TSC for data services and a 5 ppt increase in corporate tax rate. Coupled with the expected decline in the high-margin International Long Distance (ILD) business as consumers switch to OTT alternatives, Ncell's 2018 full year revenue, EBITDA and PAT declined by 1.0%, 4.9% and 19.3% respectively.

Nonetheless, if we dive into the underlying operational performance, Ncell continues to deliver healthy progress in its core business due to the exponential growth in data consumption. In 2018, its core revenue and EBITDA grew by 5.4% and 4.2% YoY respectively while data revenue alone grew by 18% YoY. Today, its smartphone penetration stands at 59% while only 47% of Ncell subscribers are data subscribers – indicating significant headroom for future growth.
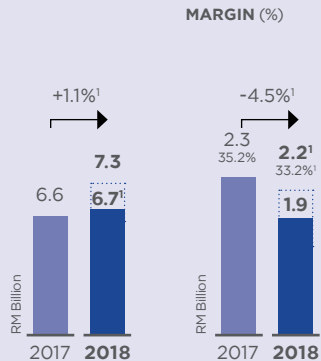
Notes:
Growth numbers based on results in local currency in respective operating markets, excluding MFRS 9 and 15 impact in Malaysia/SLFRS 9 and 15 impact in Sri Lanka
For like to like comparison, 2017 numbers for Smart exclude edotco Cambodia's results

[1] Based on internal estimates
[2] Normalised for forex losses in 2017/2018, and asset impairment in 2018
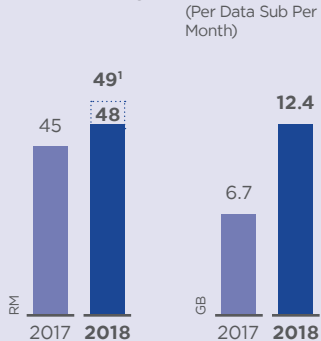
REVENUE

RM Billion

+1.1%[1]

6.6 (2017)
7.3 / **6.7**[1] (2018)

EBITDA & EBITDA MARGIN (%)

RM Billion

-4.5%[1]

2.3 / 35.2% (2017)
2.2[1] / 33.2%[1] / **1.9** (2018)

PATAMI

RM Billion

-64.4%[1]

1.0 (2017)
0.4[1] / **0.3** (2018)

CUSTOMERS

Million

-4.9%

9.5 (2017)
9.1 (2018)

BLENDED ARPU

RM

45 (2017)
49[1] / **48** (2018)

DATA USAGE (Per Data Sub Per Month)

GB

6.7 (2017)
12.4 (2018)

Performance

- Service revenue growth of 1.1%[1] mainly driven by revenue from prepaid and postpaid
- Industry leading NPS score
- Automated Customer Service using robotics and Artificial Intelligence with the launch of Chatbots

People

- Adopted Agile Way of Working (WoW) company-wide
- To date, more than 500 employees are Agile trained

Partnership

- Collaboration with Microsoft in Enterprise products and in developing AI Chatbots utilising machine learnings and cloud solutions
- Partnership with Google in cloud infrastructure for digital front-end applications

Planet & Society

- Encouraged digital adoption through programmes such as Tuisyen Rakyat, Internet Access to Rural Community, and *Siswapreneurs* in 2018

Operating Environment

- The Malaysian mobile industry remained flat with intensifying competition from smaller players
- Changes in the regulatory landscape with the introduction of regulated wholesale broadband pricing to make broadband services more affordable at higher speeds to consumers nationwide, resulting in significant reduction in retail pricing
- Several key policies were reviewed including the 700 MHz spectrum which was originally planned for issuance in 2018
- The environment remains challenging for the mobile sector, with growth primarily driven by strong demand for data consumption and digital lifestyle related services

Business Review

- Prepaid and postpaid revenues continued to grow despite aggressive pricing competition from key market players. As a result, Celcom continued to grow its market share amongst the top three mobile operators
- Capital investments focused on expanding LTE reaching 91% population coverage nationwide

- Launched Yoodo in early 2018, a truly digital and customisable mobile brand, with encouraging market response
- Launched fixed wireless broadband to enter the Home market, with positive subscriber uptake
- Collaboration with Microsoft in Enterprise products and in developing AI Chatbots utilising machine learnings and cloud solutions
- Partnership with Google in cloud infrastructure for digital front-end applications
- Adopted Agile Way of Working (WoW) company-wide through Cross Functional Team programmes, with more than 500 employees achieving Agile certifications
- Invested significantly in digital transformation focused on customer interfaces and touchpoints, leading to the launch of a brand new website, self-service app, online store and digital trade interfaces
- Automated Customer Service using robotics and Artificial Intelligence with the launch of Chatbots
- Transformed legacy Business Intelligence platforms and launched new analytics and insight tools to give the company the competitive advantage in advanced analytics and data science

- Celcom Blue Cube was re-designed, with more than 20 outlets adopting new in-store concepts that provided enhanced customer experiences
- Established an award-winning Social Media Experience centre (SMEx) to respond to customers' changing behaviours
- Celcom continued to lead the industry in terms of Net Promoter Score (NPS) and received external recognition for its superior customer experience with 14 awards in 2018
- Continued to champion the national agenda with multiple programmes aimed at empowering the underserved to encourage digital adoption. Among key programmes were Tuisyen Rakyat, Internet Access to Rural Community and *Siswapreneurs*

Financial Performance

- Service revenue growth of 1.1%[1] driven by increased postpaid and prepaid revenue
- EBITDA of RM2.2 billion[1], with EBITDA margin of 33.2%[1]
- Postpaid and prepaid ARPU saw an increase in 2018 with postpaid showing a RM5[1] increase to RM89, while prepaid ARPU increased by RM3 to RM35

Outlook for 2019 and Beyond

- Digitisation of customer experience will continue to be a key focus area with more self service capabilities made available via digital customer interfaces for both consumer and Enterprise customers
- Personalisation of products, services, rewards and offerings, with digital lifestyle driven propositions beyond voice and data
- Enhanced focus on monetising Celcom's superior network experience to grow core revenues and improve profitability
- Continue growing contribution from Home segment with convergence proposition
- Growing Enterprise Solutions and IoT capabilities and portfolio to lead in the Digital Economy and IR 4.0 era
- Sustain our commitments towards nation building as a catalyst for Malaysia's Digital Economy and IR 4.0, while championing the existing Bumiputera national agenda and Vendor Development Programme
- Continue with talent development programmes towards transforming Celcom into a truly Modern, Agile and Digital (M.A.D.) organisation

Notes:
[1] Numbers exclude MFRS 9 and 15 impact for 2018

XL axiata

REVENUE

+0.4%

22.9 **23.0**

IDR Trillion

2017 **2018**

EBITDA & EBITDA MARGIN (%)

+2.0%

8.3   **8.5**
36.3% 37.0%

IDR Trillion

2017 **2018**

PAT

->100%

0.4 **(3.3)**

IDR Trillion

2017 **2018**

CUSTOMERS

+3.0%

53.5 **54.9**

Million

2017 **2018**

BLENDED ARPU

34 **32**

IDR '000

2017 **2018**

TOTAL TRAFFIC ('000PB) (includes data, voice & SMS)

2.3

1.3

PB

2017 **2018**

Performance

- Revenue growth of 0.4% to IDR23.0 trillion driven by data revenue growth
- Cost optimisation resulted in total operating expenses declining by 1% and contributing to better EBITDA margins

People

- Deployed digital capability improvements aligned towards M.A.D. organisation culture
- Embedded digital culture through the digitisation of business processes and an open workspace to encourage collaborations

Partnership

- Managed supplier relationships via Integrated Supply Chain Management, supported by updated e-procurement towards ensuring supplier quality and long-term relationships of mutual benefits

Planet & Society

- Continued contributing to community development by equipping communities with technology and capacity building programmes to increase their well-being

Operating Environment

- Implementation of prepaid SIM registration regulation in the first half of 2018 led to increased price competition for operators to register customers
- Rationalisation of industry pricing in the second half of 2018 led to stabilisation
- Strong demand for data drove data traffic growth, with more customers switching to 4G as affordable handsets are widely available
- Legacy services continued to decline with voice and SMS on a downtrend

Business Review

- Sustained execution of Dual Brand Strategy, with XL and Axis brands addressing different market segments with varied and targeted offers
- Continued with 4G network investments, especially in ex-Java, resulting in strong growth in subscriber numbers, traffic and revenue

- Expanded into Enterprise business as a new growth area with offers to attract SME businesses
- Organisation-wide implementation of "Its XL" core values which comprise "Uncompromising Integrity; Team Synergy; Simplicity and Exceptional Performance"
- Sustained our human capital management focus on including employees as stakeholders and strategic partners in XL's transformation journey
- Developed competency, managerial and technical development programmes and maintained talent management programmes for human capital development
- Embedded the digital culture within the organisation through the digitisation of business processes and an open workspace to encourage greater collaborations
- Maintained focus on developing products and services to provide enhanced customer experience
- Met sustainability objectives through a variety of initiatives aimed at driving sustainable business solutions. This included external initiatives related to

customer satisfaction as well as ensuring stable network quality and vendor management. Internal programmes included introducing agile customer service, talent development, and energy saving initiatives related to our business
- Contributed to the development of youth leaders in Indonesia through soft skills improvement and digital activities
- Provided free access to the Internet for students

Financial Performance

- Revenue grew by 0.4% to IDR23.0 trillion driven by growth in data
- EBITDA grew by 2% to IDR8.5 trillion, driven by growth in revenue and cost efficiencies
- PAT declined to a net loss of IDR3.3 trillion due to a one-off accelerated depreciation charge. Normalised PAT recorded at a loss of IDR9 billion
- Average Revenue per User (ARPU) down 6% to IDR32,000 due to aggressive price war in the first half of the year although pricing started to recover in the second half
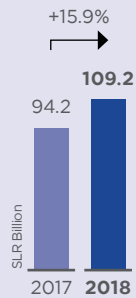
- Drove cost optimisation through cost efficiencies programme resulting in total operating expenses declining by 1% and contributing to better EBITDA margins
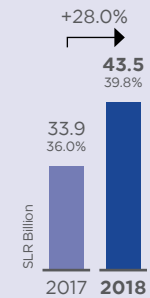
Outlook for 2019 and Beyond

- Positive outlook for 2019, with data as the main driver of growth on the back of rising 4G penetration coupled with increased consumption of data and proliferation of affordable smartphones
- XL is well positioned to capitalise on its market access to almost 2 billion Indonesians through sustained network roll out ex-Java, towards becoming the most preferred data provider in Indonesia
- Continue to focus on executing our data-centric strategies of the Dual Brand Strategy and sustained network investments across Indonesia
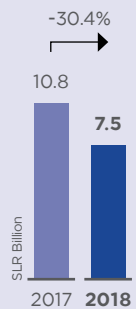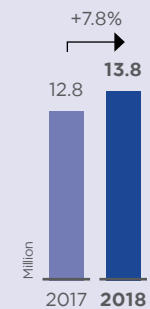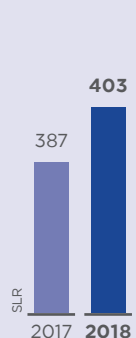- To sustain our social and nation building contributions in Indonesia

Dialog

REVENUE

+15.9%

109.2

94.2

SLR Billion

2017 **2018**

EBITDA & EBITDA MARGIN (%)

+28.0%

43.5
39.8%

33.9
36.0%

SLR Billion

2017 **2018**

PAT

-30.4%

10.8

7.5

SLR Billion

2017 **2018**

CUSTOMERS

+7.8%

13.8

12.8

Million

2017 **2018**

BLENDED ARPU

403

387

SLR

2017 **2018**

BLENDED MOU
(Per Sub Per Month)

121

117

Minutes of use/sub/month

2017 **2018**
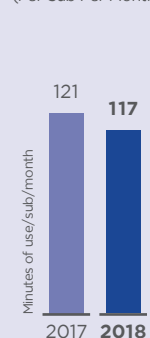
Performance

- Recorded double-digit growth with revenue growth of 16%, and EBITDA growth of 28%
- Commissioned South Asia's first fully functional and standards compliant 5G transmission
- Invested in expanding 3G and 4G coverage with over 3,200 2G, 3G and 4G sites, and won the Ookla speedtest award for 2018

People

- Launched KPISOFT, a unified employee performance management system

Partnership

- DBN entered into partnership with Orion City to build and manage Sri Lanka's first High-Density Data Centre

Planet & Society

- Contributing to financial inclusion through eZCash, with 3.4 million subscribers
- Smart school programme Headstart added 100 new schools and introduced a unique digital education transformation product in collaboration with Microsoft

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Operating Environment
- Maintained market leadership despite intense competition and strengthened subscriber market share
- Market focus predominantly on high speed networks, evident through 4G adoption rates, and the need for 5G expansion strategies

Business Review
- Remained as market leader, strengthening subscriber market share by 0.5 pp during the year with a subscriber base of 13.8 million
- 40% of data subscribers on 4G network
- Expanded 3G and 4G coverage with over 3,200 2G, 3G and 4G sites
- Won the Ookla speedtest award for 2018
- Commissioned South Asia's first fully functional and standards compliant 5G transmission using commercial grade base stations
- Expanded mobile roaming capacity through collaborations to reach 676 operators and 230 countries
- e-wallet service eZ Cash has a customer base of 3.4 million subscribers, and launched a new feature enabling customers to top-up their eZ Cash wallets via bank accounts
- Launched Genie - Sri Lanka's first PCI-DSS certified mobile payment app in 2018

- IdeaMart continues to be the largest developer platform with 11,000 developers and 17,500 active apps
- First South Asian telco to launch eSIM technology in partnership with Huawei
- First in Sri Lanka to launch VoWi-Fi
- Movie content ViU app recorded approximately 850,000 downloads
- Launched new music app, Hungama Music
- Expanded into new growth areas with the launch of Avidhrt Sense, the country's first portable vital monitor
- Doc990 holds over 40% market share, with 195,000 customers
- Sri Lanka's largest booking platform 444, grew 63% YoY
- Strong performance in the Fixed and TV space, with DBN Services (Dialog Broadband Network) in over 800,000 corporate and individual customers, and TV presence surpassing 1 million subscribers (17% YoY customer base growth)
- DBN entered into a joint venture partnership with Orion City to build and manage Sri Lanka's first High-Density Data Centre (200 racks) at the Orion City IT Park in Colombo
- Launched Dialog PlayExpo, Sri Lanka's largest video games and eSports championship and the first Augmented Reality (AR) calendar showcasing Dialog's commitment to cutting-edge technology to strengthen brand recognition

- E-commerce site wOw.lk has over 8,000 products in its portfolio, and launched the country's first line of "Inspired Gifts" in partnership with the United Nations Children's Fund (UNICEF) to support and improve the lives of children and communities
- Dialog Axiata Digital Innovation Fund (DADIF) invested SLR144 million in three startups in 2018
- Smart school programme Headstart added 100 new schools and introduced a unique digital education transformation product in collaboration with Microsoft
- Launched a unified performance management system for employees, KPISOFT, based on Agile Performance Management along with a mobile app featuring online and real time feedback
- Incorporated Agile WoW within the company focusing on digitisation initiatives

Financial Performance
- Continued with growth momentum across all key business segments of Mobile, Fixed, Digital Pay Television, International and Tele-infrastructure businesses to record consolidated revenue of SLR109.2 billion, demonstrating a growth of 16% YoY
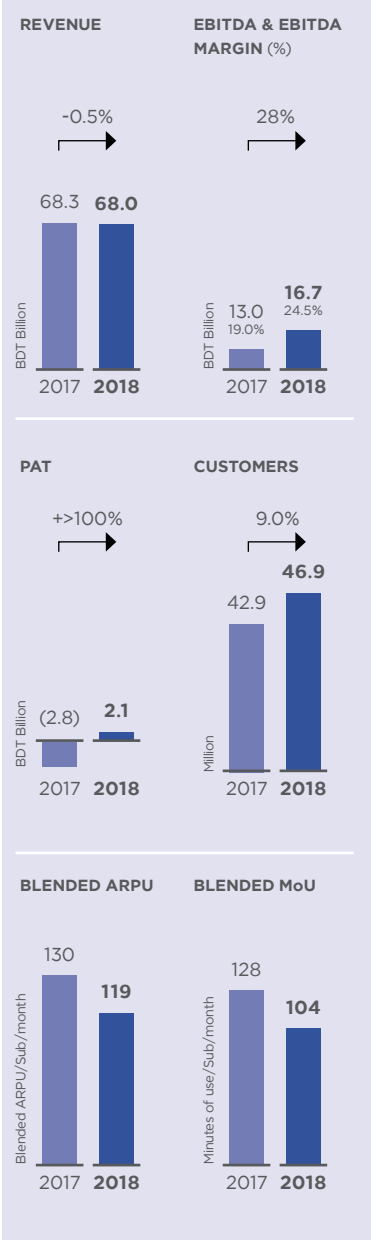- EBITDA grew by 28% to reach SLR43.5 billion, translating to an EBITDA margin of 40% for 2018

- Dialog's Net Profit After Tax (NPAT) was impacted by currency volatilities and declined by 30% to SLR7.5 billion. NPAT post normalisation for non-cash translational foreign exchange losses stood at SLR12.2 billion, representing a YoY increase of 9%
- Driven by accelerated growth in data revenue, blended ARPU grew over 4% to reach SLR403

Outlook for 2019 and Beyond
- Sri Lanka continues to see rapid transformation in the telecommunication space, ranging from high speed data connectivity, Cloud service, Emerging Digital Services and Digitisation
- Market focus is predominantly on high speed networks, as evident through 4G adoption rates and the requirement of 5G expansion strategies
- Future is firmly focused on digital and the telecommunications industry is shifting its business model from delivering organic telecommunication services, to advancing digital services
- Telco industry is expected to witness an increase in demand for content and will move towards digital services
- Bearing all these factors in mind, Dialog will maintain its strategies towards capturing opportunities for profitability and growth in line with Axiata's 3.0 strategic blueprint

REVENUE

-0.5%

BDT Billion

68.3 **68.0**

2017 **2018**

EBITDA & EBITDA MARGIN (%)

28%

BDT Billion

13.0
19.0%

16.7
24.5%

2017 **2018**

PAT

+>100%

BDT Billion

(2.8) **2.1**

2017 **2018**

CUSTOMERS

9.0%

Million

42.9

46.9

2017 **2018**

BLENDED ARPU

Blended ARPU/Sub/month

130

119

2017 **2018**

BLENDED MoU

Minutes of use/Sub/month

128

104

2017 **2018**

Performance

- Airtel and Robi are #1 and #2 brands respectively in NPS for 2018
- Due to its Cost Efficiency Programme, Robi saved more than 10% on capex budget and exceeded opex savings target significantly

People

- New guiding principles, digital learning tools and a revamped performance management system were introduced to align with the M.A.D. organisation culture

Partnership

- Established in-house Development Operations team for business process simplification and automation to reduce time-to-market and grow business

Planet & Society

- Launched new employee entrepreneurship programme, r-ventures
- Robi-10 Minute School is the largest online school in Bangladesh providing quality educational content to youth for free

Operating Environment

- Technology neutrality was introduced as a game changer in optimising network resources for ensuring Quality of Service (QoS). The QoS regulation was revised, with new QoS benchmarks for telcos
- Launch of 4G in February 2018 led to significant growth in data consumption
- Introduction of unified floor price for voice created a level playing field in the voice call market
- Introduction of Mobile Number Portability (MNP) Service in October 2018
- The regulator introduced Significant Market Player (SMP) guidelines, setting a threshold of 40% market share in terms of subscriber, revenue or spectrum holding to ensure there was no monopoly in the telco sector
- Introduction of session based pricing for Mobile Financial Services (MFS), with MFS to pay MNOs for both revenue generating and non-revenue generating transactions
- Regulator increased transaction amount on subscribers purchase of digital services via direct operators billing
- Introduction of Electronic Telecom Subscriber Acquisition Form (ETSAF) for e-registration of subscribers from September 2018, making it more convenient for customers to acquire a SIM

Business Review

- Robi aggressively expanded its 4.5G network, which led to business expansion in markets it had struggled historically
- Leadership position in 4.5G and introduction of MNP resulted in significant gains in customer base
- Robi's Digital Transformation Index (DTI) score reached 6.5 at the end of 2018. Compared to 2017, this score had improved by 60% in a year indicating that the company is delivering on its digital transformation strategy
- Successfully monetised its Dual Brand Strategy following excellent merger integration
- Sustained focus on process efficiency and simplification, as well as digitisation, to optimise cost structure
- Focus on Enterprise Business and Digital Services resulted in double digit growth in Enterprise and 2x growth in Digital Businesses
- Explored new innovative partnerships to create new revenue streams
- Explored passive infrastructure sharing by reconciling 100+ sites; Robi is focused on collaborating with the industry in this regard
- Introduced a number of initiatives geared towards the M.A.D transformation of the organisation. Introduction of new guiding principles, digital learning tools, such

as, Lynda.com, and revamping the performance management system are key highlights in this connection
- Launched an employee entrepreneurship programme, r-ventures, with a view to encourage digital entrepreneurship among the employees
- The largest online school of Bangladesh, Robi-10 Minute School continues to grow with ever more students from across the country. It continues to introduce innovating digital learning tools and content to help youth get ready for IR 4.0
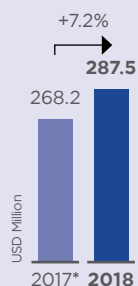
Financial Performance

- Robi's revenue reached BDT68 billion following a decline of 0.5% from last year
- Robi also saved more than 10% on capex budget and exceeded opex savings target significantly on the back of its Cost Efficiency Programme, leading to EBITDA improving to BDT16.7 billion in 2018 from BDT13.0 billion in 2017
- Successful profit turnaround, with PAT positive of BDT2.1 billion, from Loss After Tax of BDT 2.8 billion in 2017
- Minutes of use per subscriber per month (MoU) decreased from 128 in 2017 to 104 in 2018, while blended ARPU declined to BDT 119 per user in 2018 from BDT130 per user in 2017
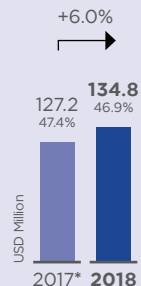
Outlook for 2019 and Beyond

- Introduction of a unified call rate by abolishing the differential on-net and call rates has created space for a sustainable business environment, while a heavy taxation regime and a lack of floor price for data service remain as areas of concern
- To focus on digitisation and cost optimisation to remain competitive in the market
- To improve profitability, Robi will focus on revamping its cost structure through process efficiency, active infrastructure sharing and industry collaborations
- In order to strengthen its core telco revenue stream, Robi will solidify its leading position in Dhaka, and expand growth to other areas
- To meet evolving customer needs, Robi will expand its digital services, especially in capturing opportunities in Enterprise and IoT, as well as Convergent telco services
- Sustain its momentum in building a digital talent factory by inculcating the DNA of digitisation, analytics and innovation to future-proof the business in line with Axiata 3.0
- Leveraging on digitisation as the key enabler to facilitate functional superiority and business growth
- Maintain its commitment to establish Robi as the national champion in Bangladesh through strong corporate governance and socially responsible initiatives
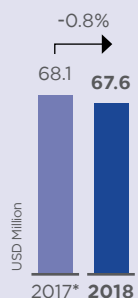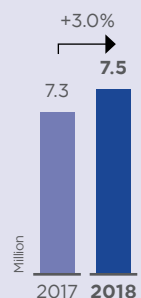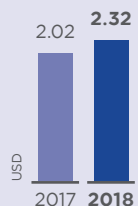
Smart

REVENUE

USD Million

+7.2%

287.5
268.2

2017* **2018**

EBITDA & EBITDA MARGIN (%)

USD Million

+6.0%

127.2
47.4%
134.8
46.9%

2017* **2018**

PAT

USD Million

-0.8%

68.1
67.6

2017* **2018**

CUSTOMERS

Million

+3.0%

7.3
7.5

2017 **2018**

BLENDED ARPU

USD

2.02
2.32

2017 **2018**

BLENDED MOU
(Per Sub Per Month)

Minutes of use/sub/month

176
171

2017 **2018**
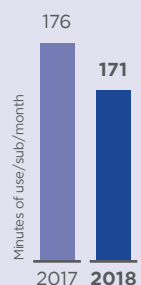
Performance

- Maintaining a positive growth of revenue, EBITDA, market share and ARPU
- Perceived industry leader in cyber security initiatives

People

- Increased investment in people development through Smart Education Sponsorship Programme, Functional Competence Building, First Line Manager Training Programme
- Promoted digital learning through Lynda.com and Coursera

Partnership

- First telco to launch direct operator billing with Apple and Google
- First telco to launch eSIM and VoWi-Fi
- Launched fixed wireless broadband proposition

Planet & Society

- Signed USD1.5 million MoU with Ministry of Education, Youth and Sports and Ministry of Posts and Telecommunications to develop future talents and digital corporate leaders over the next three years
- Launched SmartEdu University Student Development Programme
- More than 1% of annual revenue committed to CSR initiatives

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Operating Environment

- Increasing smartphone adoption rate, digital literacy and social media, as well as mobile data usage
- Intense price war and growing regulatory cost burden

Business Review

- Launched fixed wireless broadband proposition, Smart @Home
- First to launch VoWi-Fi and eSIM
- Extended SmartPay, a direct operator billing service to Apple ecosystem
- Entered the IoT space in the areas of remote security, vehicle monitoring and asset tracking
- Provided the most affordable mobile bundles, with leadership in digital lifestyle and entertainment services
- Expanded rural roll out through Universal Service Obligation Fund while more than 95% of total base stations were equipped with 4G
- Perceived industry leader in cyber security protections and safeguards
- Smart's selfcare app, SmartNas - a single touchpoint for all Smart subscribers' transactions, is not limited to managing plans and services, but expands to managing VAS and Smart's loyalty programme.

SmartNas is currently fully managed by the internal DevOps team
- Superior Video Mean Opinion and DTI scores
- Sustained investment in people development through employee sponsorship programmes, competency training and promoting online learning
- Experimented with new Agile WoW such as cross-functional teams across commercial, customer experience and IT with new features being developed using scrum
- Introduced the Smart Employee Volunteer Programme to incentivise great CSR and sustainability programmes initiated by Smart's employees
- Signed a USD1.5 million Memorandum of Understanding (MoU) with the Ministry of Education, Youth and Sports and Ministry of Posts and Telecommunications to develop future talents and digital corporate leaders for the next three years
- Launched SmartEdu University Student Development Programme, mirroring Axiata Young Talent Programme, which focuses on nurturing future CEOs
- More than 1% of revenue committed to CSR initiatives in line with Government priorities

- Perceived industry leader in Tech Innovation initiatives through involvement in the Tech Summit, international pitch competitions and the SmartStart as well as SmartSpark programmes

Financial Performance

- Strong focus on cost management, asset utilisation and capex efficiency resulted in Smart achieving a strong double-digit EBITDA margin and PAT. Although PAT declined marginally due to higher regulatory cost share and one-off asset write-off, EBITDA grew by 6%
- Recorded strong YoY performance fueled by positive customer growth and outstanding data revenue contributions. Overall revenue grew 7.2% in tandem with customer and ARPU increases
- Outstanding data growth of 28%, with data accounting for 60% of total revenue. Data traffic more than doubled YoY
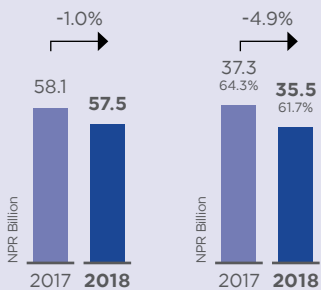
Outlook for 2019 and Beyond

- The Asian Development Bank expects Cambodia's economy to remain strong over the next two years, with 7% growth estimated for 2019, as it moves from a lower-middle-income nation to upper-middle-income in the next decade
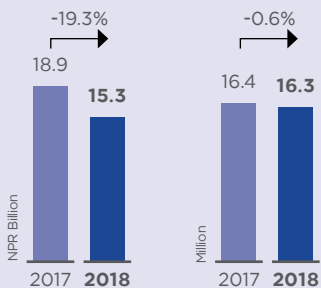
- The government's National Rectangular Strategy IV has identified the digital economy and IR 4.0 as priority focus areas. The digital economy, tech innovation and SME agendas are gaining traction within the ICT sector and amongst multiple ministry policy makers, with policy incentives being explored to catalyse the development of early and medium-stage digital startups. There are huge opportunities in digital services, with many companies targeting Digital Financial Services in line with enabling digital financial inclusion
- ICT policy makers are looking towards enabling 5G, with clarity on standardisation of spectrum policies in progress. Further industry consolidation is expected in future
- Promoting ICT education along with its elements, such as coding, literacy and entrepreneurship at various levels, is generating more youth human resource talents, with more than 50% under the age of 25 years old
- In line with capturing opportunities in this new digital environment, Smart will press ahead with its strategies to drive profitability, whilst playing a key role in developing the ICT sector and building a Digital Cambodia

Note:
* For like to like comparison, 2017 numbers excluded edotco Cambodia's results

REVENUE

-1.0%

58.1

57.5

2017 **2018**

NPR Billion

EBITDA & EBITDA MARGIN (%)

-4.9%

37.3
64.3%

35.5
61.7%

2017 **2018**

NPR Billion

PAT

-19.3%

18.9

15.3

2017 **2018**

NPR Billion

CUSTOMERS

-0.6%

16.4 **16.3**

2017 **2018**

Million

BLENDED ARPU

298

286

2017 **2018**

NPR per Month

BLENDED MoU (Per Sub Per Month)

170 **173**

2017 **2018**

Minutes of use/sub/month
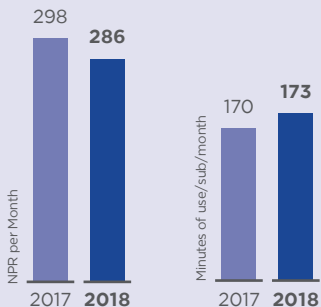
Performance
- Growth in core revenue and data revenue by 5.4% and 18% respectively

People
- 80% of employees participated in Ignite Session towards transforming into a M.A.D. organisation

Partnership
- Expanded data population coverage to over 55%
- Expansion of broadband coverage in rural and remote areas in line with the National Broadband Policy

Planet & Society
- Sustained efforts in Disaster Response and Technopreneurship
- Enabling digital literacy via Ncell Digital Libraries

Operating Environment
- Multiple challenges within a competitive operating environment, with telcos' growth prospects impacted by an increase in the Telecommunications Service Charge (TSC) from 11% to 13% for voice and other services, and from no tax to 13% for data. This resulted in shrinking revenue share for operators, and a trade-off in consumer spending from voice to data is expected in the future
- Spectrum limitation in the low spectrum bandwidth of 1800 MHz, resulting in telcos expanding network roll out to compensate for limited spectrum compounded with import license delays
- Decline in International Long Distance (ILD) revenue, with traffic reducing by 33% in 2018
- Increase in Corporate Tax rate from 25% to 30%, impacting upon companies' PAT
- New labour law introduced, with additional benefits and an increase in the minimum wage, affecting salaries costs for companies

Business Review
- Expanded data population coverage to over 55%
- Implemented digital initiatives such as Customer Lifecycle Management which supports customer acquisition, retention and customer win-back, Travel Management, Chatbots, Social Listening and employee Gamification and Ticketing, towards achieving functional superiority and digitisation
- Began exploring options for growth in the area of Digital Financial Services (DFS)
- Achieved superior brand tracker index compared to competitors
- In line with expanding into IoT, Ncell partnered with Aeris to successfully conduct a pilot launch of vehicle tracking with local company SixT
- Conducted cultural workshops for team heads, unit heads and section managers, as well as staff towards transforming into a M.A.D. organisation
- Expanded broadband coverage in rural and remote areas in line with the goals of the National Broadband Policy; and sustained efforts in Disaster Response and Technopreneurship
- Ncell also contributed towards enabling digital literacy via Ncell Digital Libraries

- With the aim of providing our stakeholders an account of our sustainability initiatives and value creation efforts, Ncell finalised the process for its Sustainability Report

Financial Performance
- Recorded revenue of NPR57.5 billion, with data revenue of NPR12.97 billion
- PAT decreased by 19.3% to NPR15.3 billion, mainly due to expected decline in high-margin ILD business, but this impact was mitigated by opex savings of NPR618 million contributed by reducing expenses in recharge cards, IP Transit, VSAT Bandwidth, Network and IT AMCs, and SIM cards. Additionally, Ncell recorded capex savings of over NPR2 billion in 2018
- Lower operational expenses achieved through effective cost management initiatives resulting in EBITDA of NPR35.5 billion, with a healthy margin of approximately 62%
- ARPU decreased from NPR298 in 2017 to NPR286 in 2018

Outlook for 2019 and Beyond
- With YoY decline of 2.0% expected in voice for 2019, Ncell is focused on driving profitability in new growth areas such as Device Bundling, Enterprise, Convergence and DFS
- Expect revenue decline in domestic

voice usage for fixed wallet segment to be offset by higher data usage to access OTT services, with projections of data revenue and subscribers to increase by 29% and 16% respectively
- Target opex savings of NPR506 million, and capex savings of over NPR600 million for 2019
- Sustain talent development and employee engagement programmes towards establishing a M.A.D. organisation
- Driving customer-centric strategies of Customers to Fans (C2F), Retailers to Advocates (R2A) and Employees to Cheerleaders (E2C)
- To maintain engagement with regulatory authorities, and work collaboratively to reduce spectrum gap, mitigate voice, data tariff corrosion and other associated compliance risks, and shape the ILD and interconnection regime
- Maintain commitment towards Digital Nepal initiatives by building partnerships and alliances with global and in-country partners towards nation building

Integrated Annual Report 2018

REVENUE

TENANCIES & TENANCY GROWTH
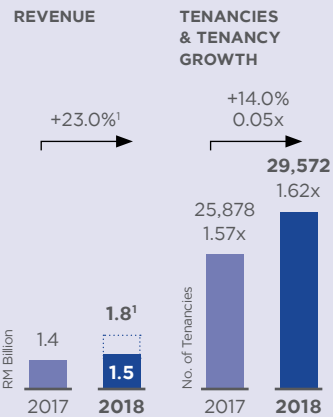
Performance

- Achieved revenue of RM1.8 billion[1] for 2018, resulting in double digit growth for the year
- Contributed 7.4% and 8.2% to Group revenue and EBITDA respectively[1]
- Increase in tenancy ratio to 1.62x by end of 2018 compared to 1.57x in 2017
- New tower build increased by 10.3% by end of 2018, compared to 9.3% in 2017

People

- Enhanced people platforms via increased use of engagement initiatives including digitising office work processes and improving benefits

Partnership

- Signed partnerships with Sumitomo Corporation and JTower Inc to advance next generation technology solutions to improve connectivity offerings
- Signed partnership with Huawei Malaysia to deploy the world's first multi-tenant, multi-operator small cells solution in Malaysia

Planet & Society

- Achieved 44% reduction in carbon emission, surpassing target set by Group by 4% a year in advance
- Impacted a total of 1,020 families, 30 mosques, 28 schools and one hospital in Bangladesh through the Tower to Community project

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Operating Environment
- With accelerating demand for 4G, nearly all MNOs in the region are turning to towercos to provide shareable infrastructure
- Growth in data demand in more mature markets such as Malaysia and Bangladesh, among others, led to greater need for next generation solutions like In-Building Solutions (IBS), small cells and BTS among others

Business Review
- Significant contributions to Group performance
  - edotco significantly contributed to the Group with a growth in revenue from 5.9% in 2017 to 7.4%[1] in 2018, and an increase in towers and tenancies of 10.3% and 14.3% respectively
  - Ended the year with an all-time high co-location ratio of 1.62x
  - Ended 2018 with total tower count of 29,837 towers owned and managed, an addition of 2,373 from 2017
  - Ended 2018 with 29,572 tenancies, an addition of 3,694 from 2017

- Significant growth in portfolio
  - Signed agreement to enter the Laos market with a local partner

- Successfully received tower sharing license in Bangladesh, allowing edotco to build and manage telecommunications towers for multiple mobile operators in the country
- Acquired 325 towers from South East Asia Telecom (Cambodia) Co. Ltd, expanding portfolio in Cambodia to over 3,600 towers
- Acquired Yiked Bina Sdn Bhd, expanding portfolio into Kedah, Malaysia with 225 towers
- Operationalised On Site Services Sdn Bhd, the largest independent First Line Maintenance entity with 400 employees, managing over 10,000 network sites throughout Malaysia

- Innovating the industry across the footprint
  - Deployed next generation IBS – four in Cambodia, 14 in Malaysia and three in Myanmar
  - Deployed the world's first multi-tenant, multi-operator small cells solution in Kuala Lumpur, Malaysia
  - Digitised preventive maintenance for towers using drone technology, resulting in 50% improvement in reporting time and 35% reduction in turnaround for data collection and report generation

- Signed partnerships with Sumitomo Corporation and JTower Inc to advance next generation technology solutions to improve connectivity offerings

- Championed sustainability in the business
  - Took over energy assets and management on 1,250 telecommunications tower sites across Myanmar from Ooredoo Myanmar Limited
  - Ended 2018 with a total of 1,112 green sites utilising renewable energy and alternative materials for tower construction
  - Achieved 44% reduction in carbon emission, surpassing target set by Group by 4% a year in advance
  - Impacted a total of 1,020 families, 30 mosques, 28 schools and one hospital in Bangladesh through the Tower to Community project

- Received regional and international recognition
  - Awarded the Frost and Sullivan Asia Pacific Tower Company of 2018 for exemplary business performance

Outlook for 2019 and Beyond
- To focus on taking an innovative approach by deploying next generation technology solutions, both with customers as well as internally with our teams
- To continuously explore opportunities to expand the business organically and inorganically to further strengthen our position as a leading integrated telecommunications infrastructure services provider
- Committed to continue championing social responsibility by proactively reducing the carbon footprint and impacting the environment positively through sustainable infrastructure design and business practices
- Aim to continuously develop the communities in which we are present through our Tower to Community projects and other nation building engagement initiatives

Note:
[1] Excluding MFRS impact in 2018

Performance

- Gross Transaction Value: 21x growth YoY
- Registered Users: nearly 6x growth from 645,414 in 2017 to 3.5 million in 2018
- Registered Merchants: 24x growth from 2,500 in 2017 to more than 61,500 in 2018

People

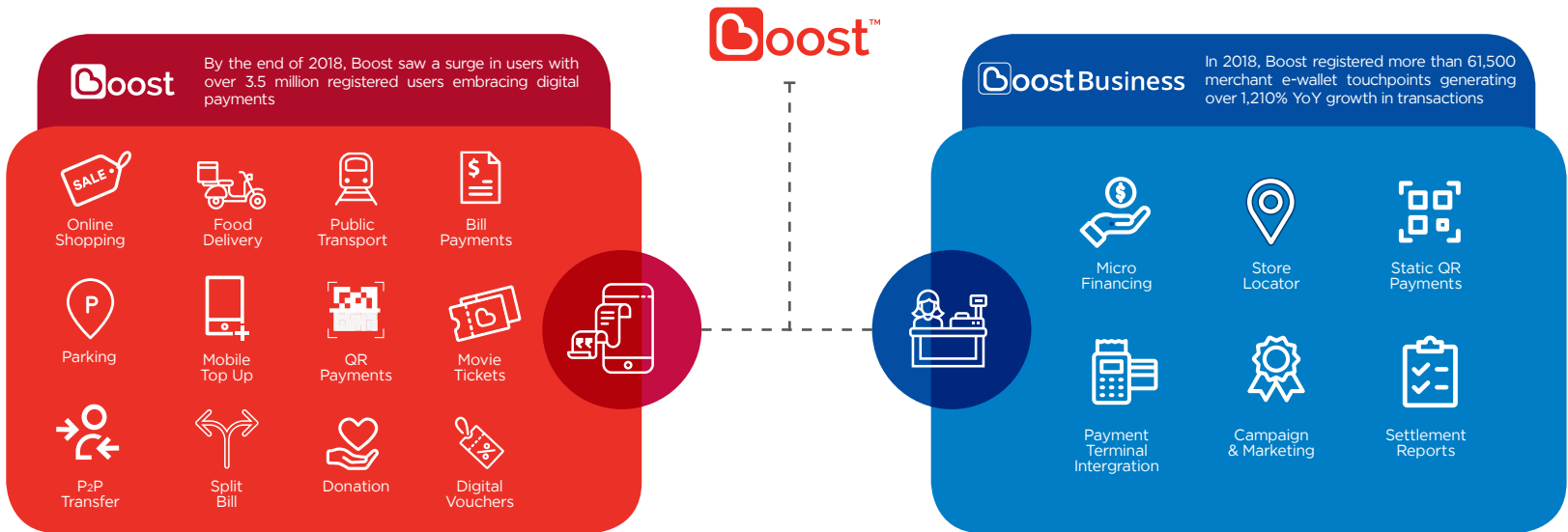- Doubled employee headcount for rapid business expansion

Partnership

- Rolled out new lifestyle features 2018 including peer-to-peer money transfers, street parking payments, bill payments, transportation ticket payment and bookings, and e-vouchers

Planet & Society

- First e-wallet to introduce e-donation for users to contribute to charitable causes

What We Do

- Boost is a proudly homegrown lifestyle e-wallet that revolutionises the way consumers transact daily, bringing convenience and security through a cashless ecosystem

- Backed by Axiata Digital's vast expertise in digital technology, Boost is at the frontier of the Malaysian digital economy and now the leading e-wallet in the country with an ambition to become Malaysia's preferred lifestyle e-wallet

By the end of 2018, Boost saw a surge in users with over 3.5 million registered users embracing digital payments

Online Shopping | Food Delivery | Public Transport | Bill Payments
Parking | Mobile Top Up | QR Payments | Movie Tickets
P_2P Transfer | Split Bill | Donation | Digital Vouchers

Boost Business — In 2018, Boost registered more than 61,500 merchant e-wallet touchpoints generating over 1,210% YoY growth in transactions

Micro Financing | Store Locator | Static QR Payments
Payment Terminal Intergration | Campaign & Marketing | Settlement Reports

Operating Environment

- Sensing the future potential of e-wallets due to the rise in Internet and smartphone penetration rates, as well as Bank Negara Malaysia's (BNM) push for a cashless society, competition in this space is increasing
- Adoption of e-wallets are not expected to surpass other payment options such as debit cards and credit transfers, due to cyber security concerns

Business Review

- Worked collaboratively with stakeholders such as BNM to raise public awareness on e-wallets as a simpler and more secure transaction
- Adhered to financial sector regulations to ensure sound business practices

- Expanded partnerships with merchants nationwide, providing a mix of small cash-based businesses and big brands to reach different user segments
- Expanded service offerings to include peer-to-peer money transfers, street parking payments, bill payments, transportation ticket payment and bookings, e-vouchers and e-donations, pioneering a majority of these functionalities that have since become industry standard
- Doubled employee headcount in line with aggressive ramp-up in operations to support its expansion
- Use of data analytics to monitor team performances
- First e-wallet to introduce e-donations for users including for mosques and temples in several states across the country, as part of its commitment towards contributing to the well-being of communities

Outlook for 2019 and Beyond

- Continue to grow user and merchant base in the short-term
- Explore micro-financing and micro-insurance for small businesses through partnerships with other Axiata Group entities, contributing to financial inclusivity for micro-businesses lacking support from conventional banks in the longer term
- Expand beyond Malaysian borders through partnerships to bring about cross-border e-wallet interoperability

Performance

- Net revenue growth rate of 122% YoY
- Advertiser billings growth rate of 96% YoY

People

- Attracted a diverse mix of talent from global agencies, consulting firms, technology and analytics practices across our nine markets
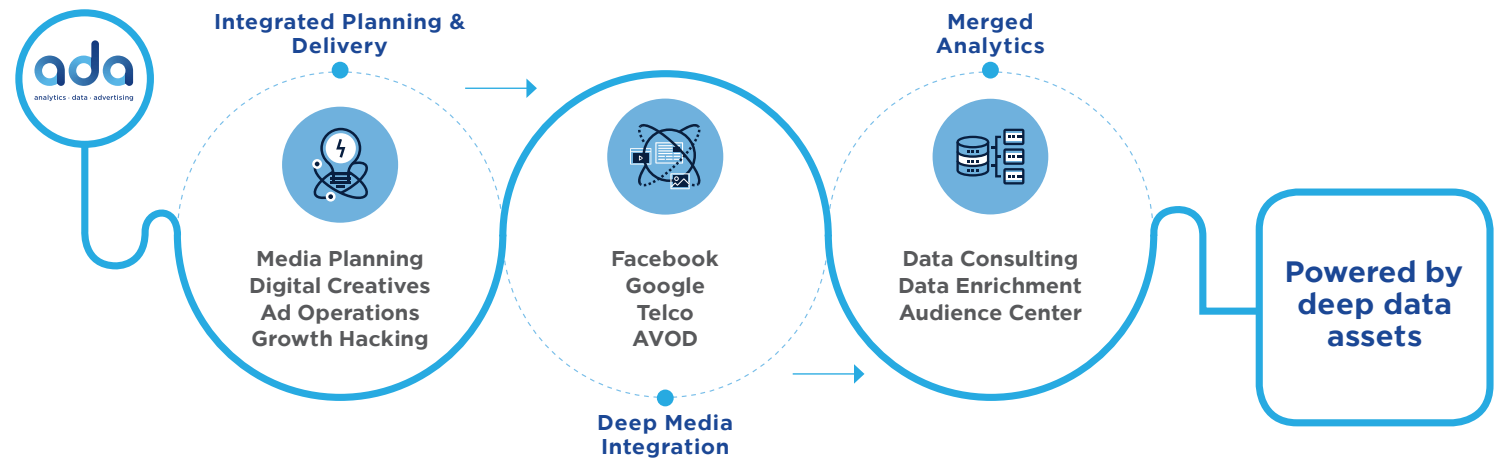
Partnership

- Established major partnerships with Google, iflix, Hooq, FreedomPop and Intelligence Machine

Planet & Society

- Initiated CSR initiative for CLC Saga Kampung Likas in Kota Kinabalu, Sabah

What We Do

- Largest independent data-powered digital marketing agency across South and Southeast Asia combining the best of data science, media and content to unlock potential from digital branding for businesses across the region
- Well positioned to disrupt traditional agencies given unique approach of both product marketing and services
- Three business pillars include **Integrated Planning & Delivery, Deep Media Integration** and **Merged Analytics**
- Operates across nine countries (Malaysia, Thailand, Indonesia, Philippines, Singapore, Korea, Sri Lanka, Bangladesh and Cambodia)

Integrated Planning & Delivery

Media Planning
Digital Creatives
Ad Operations
Growth Hacking

Deep Media Integration

Facebook
Google
Telco
AVOD

Merged Analytics

Data Consulting
Data Enrichment
Audience Center

Powered by deep data assets

Operating Environment

- 2018 was a challenging year for the advertising industry with structural market changes especially due to technology disruption, regulatory developments, increasing competition and shifts in how consumers engage with brands
- Despite these challenges, the market expected to see double digit growth in digital advertising spending within Southeast Asia

Business Review

- Launched "Agency of the Future" through the roll out of new products and data-driven offerings as follows:
  - Outcomes: Outcome or acquisition business model delivering specific business outcomes at zero risk to marketers
  - Creative: Data-driven creatives for better targeting and conversion
  - Programmatic: Automated delivery of ads across multiple channels
  - Data-as-a-Service: Data insights and visualisations which address key industry and business problems
  - Advertising video-on-demand (AVOD): Advertising video inventory through exclusive partnerships with iflix, Hooq and Viu
- Established major partnerships with Google, iflix, Hooq, FreedomPop and Intelligence Machine
- Rolled out ada's own regional industry event, Re.Con, in partnership with Campaign Asia
- Attracted a diverse mix of talent from global agencies, consulting firms, technology and analytics practices across our nine markets and hired key leaders going into 2019
- Developed our product stack from one product, Adparlor, to a full suite of products across Service, Automation, Omni-Channel Engagement, Business Insights and Data
- Built data-driven products in-house via our proprietary data management platform, Xact
- Developed deep data assets where we now have data from 280 million unique devices and more than 200 data attributes
- Initiated a Corporate Social Responsibility (CSR) initiative for CLC Saga Kampung Likas in Kota Kinabalu, Sabah where about 250 people worked together to repair the school with teachers and students as part of ada's company retreat activity
- Embarked on collaborations with Payong on ideas to uplift awareness on refugees leveraging our digital advertising capabilities

Outlook for 2019 and Beyond

- Bright prospects ahead in 2019 as more businesses shift from traditional advertising budgets to digital advertising budgets
- ada plans to grow its team headcount in line with business growth and invest into our people to facilitate the development of a more mature organisation

apigate

Performance

- YoY GTV of 3.1x
- YoY Net revenue growth of 4.8x

People

- Crafted a set of Core Values under our new One Apigate company
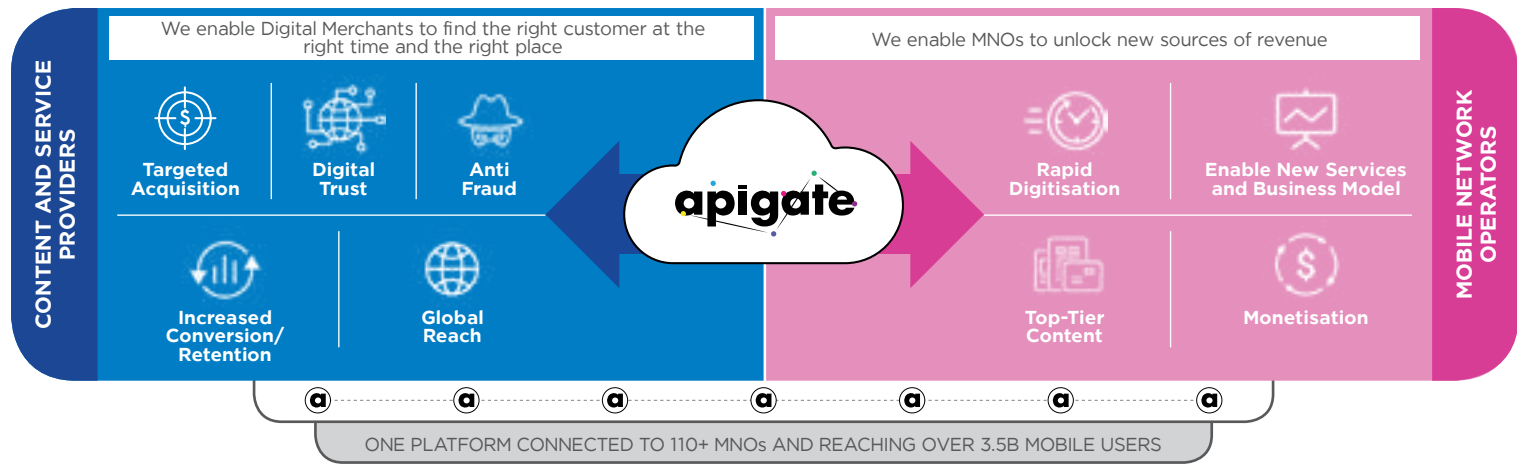
Partnership

- Apigate enables connectivity and monetisation with a reach of 3.5 billion consumers, over 110 MNOs and approximately 250 connected merchants as of 31 March 2019

Planet & Society

- ApigateGo - a suite of educational and enablement programmes designed to bring early stage companies, developers and students to the API economy

What We Do

- Apigate is Axiata's homegrown global Application Programming Interface (API) platform that connects businesses to a world-class ecosystem and customers from around the globe

- Combines the innovative insights of a telco group and the technology of an award-wining open source Middleware to unlock new streams of revenue for MNOs while connecting digital merchants to find the right customers at the right time and the right place

CONTENT AND SERVICE PROVIDERS

We enable Digital Merchants to find the right customer at the right time and the right place

- Targeted Acquisition
- Digital Trust
- Anti Fraud
- Increased Conversion/ Retention
- Global Reach

We enable MNOs to unlock new sources of revenue

- Rapid Digitisation
- Enable New Services and Business Model
- Top-Tier Content
- Monetisation

MOBILE NETWORK OPERATORS

ONE PLATFORM CONNECTED TO 110+ MNOs AND REACHING OVER 3.5B MOBILE USERS

Operating Environment

- While telco revenue and profitability have been under pressure in an increasingly competitive environment driven by data service commoditisation, Over-The-Top (OTT) digital services offer the opportunity to generate new revenue streams and to create a new phase of growth for telcos globally
- Near ubiquitous 4G deployment and rising smartphone penetration in Asia continued to drive the proliferation of mobile entertainment services such as mobile gaming, music streaming and Video-On-Demand (VOD)
- Western markets for digital services such as VOD have become heavily saturated, while China last year imposed heavy restrictions on new game release, forcing digital merchants and game developers to seek growth in our region
- Low credit card penetration remained a key challenge for monetisation and carrier-billing continued to be a viable payment option to serve millions of users in these markets

- The multi-billion-dollar acquisitions of API behemoth Mulesoft by Salesforce and open-source software giant Redhat by IBM in 2018 also highlighted the pivotal roles of these technologies to the wider Enterprise Software industry, and Software as a Service (SaaS), specifically

Business Review

- Evolved from being an 'internal' division exposing Axiata OpCos' APIs to being a fully-independent entity serving telcos across the region
- Consolidated business under 'One Brand, One Team'
- Completed the acquisition of WSO2 Telco and consolidated the engineering team into our global R&D team under our new 'One Apigate' company, we have crafted a set of Core values – One Team; Trust; Be An Expert; Act Now; Customer Success
- Drafted a new full-suite of end-to-end services to better serve our digital service merchants across the customer journey to provide 'frictionless payment' and drive revenue maximisation

Outlook for 2019 and Beyond

- In line with current industry trends and developments, Apigate, with its open-source API platform, is well-positioned to capture opportunities as a telco API layer enabling global digital merchants to access users in ASEAN and Southeast Asia, and local telecom operators to generate new revenue streams from their existing subscribers
- In the medium-term, Apigate will further improve operational efficiency to increase scalability and expand partnerships, as we build a replicable playbook that will become the cornerstone of our expansion to other emerging markets
- As we scale globally, we are progressively building a global team that can serve our customers in the three main markets where we will operate - Asia, Africa, Latin America

axiata

advancing asia