



**UNDERSTAND HOW WE
PROGRESS STRATEGY**

The Environment We Operate In

Operating within 11 markets across ASEAN and South Asia, Axiata faces a complex and challenging operating environment in an industry marked by rapidly evolving trends and demands.

Macroeconomic Environment

OPERATING ENVIRONMENT

- Onset of COVID-19¹ pandemic in early 2020, with the IMF² declaring a global recession, and emerging market countries requiring USD2.3 trillion in financial resources to navigate the crisis
- National lockdowns and restricted movement orders in affected countries, severely limiting business activities and eroding consumer confidence
- Forex volatilities with the Ringgit Malaysia weakening against the US Dollar

STRATEGIC IMPLICATIONS

- Efficient cost management and effective strategic resource allocation to maintain long-term growth
- Exposure to unfavourable forex translation from regional OpCo contributions, and forex and derivatives losses
- Measures to mitigate the adverse impacts of COVID-19 to Axiata's business, and capturing opportunities arising due to greater utilisation of digital technologies

WAY FORWARD

- OE³ strategy focused on becoming the lowest cost producer relative to customer promise
- Maintain our OpCos market position across key metrics
- Continue with portfolio rationalisation and optimisation aligned with strategy
- Maintain optimal mix of hedged/unhedged loans, at fixed/floating rates
- Activated Axiata's Business Continuity Management plan in light of COVID-19 crisis, to implement the COVID-19 Pandemic Plan, cutting across all aspects of our business, including instituting "work for home" measures for employees

Regulatory Environment

OPERATING ENVIRONMENT

- Spectrum allocations and reassignment, renewal of key operating licenses, and increased tax levels
- Regulatory framework modernisation and national connectivity blueprints in some markets
- Weak competition regulations, and unregulated OTT players, resulting in imbalanced competition

STRATEGIC IMPLICATIONS

- Regulatory management as a core component of the 10 Key Focus Areas of Axiata 5.0 under Stakeholder Management
- Develop public policy thought pieces on the digital economy and IR 4.0

WAY FORWARD

- Appointed an independent external consultant to conduct a maturity assessment of our ethics, integrity and compliance governance
- To implement a Group-wide integrated ethics, integrity and compliance policy across all OpCos
- New Board Risk and Compliance Committee to replace the Board Risk Management Committee, and provide oversight on risk management, business continuity management, and data privacy and cyber security
- Embedding ethics, integrity and compliance in the OE² strategy

Internalising the Digital Shift

OPERATING ENVIRONMENT

- Lack of the right digital talent to effect organisational digital transformation strategies
- Need for telcos to adapt operating and business models to capture IR 4.0 opportunities

STRATEGIC IMPLICATIONS

- Skilled digital talent required to drive strategic digital initiatives that seek to transform customer experience, generate new revenue streams and enable organisational efficiencies
- Continuously evolving the business and operational model in line with rapidly evolving technology trends and consumer expectations

WAY FORWARD

- Group-wide talent development towards becoming a Modern, Agile and Digital (M.A.D.) organisation
- Group-wide Digital Transformation Strategy
- Evolving Axiata's business model from a one dimensional traditional telco to an innovative three dimensional business model, the Triple Core Business
- Innovating the operating model to target Consumer, Enterprise and Home segments

Competitive Landscape

OPERATING ENVIRONMENT

- Industry penetration at more than 100% in almost all countries
- Hyper-competition between traditional telcos and non-traditional OTTs
- Mobile services becoming increasingly commoditised
- Intensified competition in the e-wallet space as more players go to market to capitalise on e-wallets' market value of an estimated USD22 billion in 2019⁴

STRATEGIC IMPLICATIONS

- Rising demand for intelligent connectivity leading to new alternative network providers making inroads into customer base of Consumer, Enterprise and Home segments
- Impending introduction of 5G will accelerate the shift in IoT revenue towards applications and services, adding to industry disruption
- Consolidation required in some markets for profitable growth

WAY FORWARD

- Network modernisation, towards ensuring 5G readiness, for the Consumer and Enterprise segments
- Moving beyond the traditional telco Consumer segment to target Enterprise and aid businesses in their transformations by leveraging on technologies such as Artificial Intelligence, Cloud and automation
- Leveraging on digitisation and analytics to improve internal processes, and enhance product value and proposition

Technology Shifts

OPERATING ENVIRONMENT

- High levels of Capex required to invest in exponential data growth and new technologies, including impending 5G deployment
- As technology advances, data privacy and cyber security are becoming increasingly critical

STRATEGIC IMPLICATIONS

- Uncertain returns on Capex investments, with many 5G use cases still in its infancy
- Underestimating changing imperatives in privacy, security and trust could lead to the deterioration of Axiata's digital trust in the marketplace

WAY FORWARD

- Continue to evaluate and right-size our existing operating structures, increase cyber-awareness, accelerate the coverage and scale of technology and standard implementation, enable a more secure Cloud journey and employing more standardised technologies Group-wide
- Deploying 5G concepts such as virtual RAN, distributed core network, multi-access edge computing, and software and hardware decoupling, into our current 4G networks to optimise cost structure and better serve our Consumer segment
- Deploying standalone 5G architecture to serve our Enterprise segment

Notes: ¹ As at 30 March 2020, a total of 721,512 people worldwide have been diagnosed with COVID-19, with 33,956 deaths and 151,004 recoveries. (Source: www.covidvisualizer.com)
² As at 20 March 2020, total reported COVID-19 cases within Axiata's footprint stands at 2,198, with no cases involving any of the Group's employees

² IMF = International Monetary Fund

³ OE = Operational Excellence

⁴ Source: e-Conomy SEA 2019 Report

The Importance Of Listening To Our Stakeholders

Axiata's commitment to create long-term value for our ecosystem of stakeholders throughout our regional footprint in ASEAN and South Asia, takes into account the feedback we receive from our continuous engagements with our stakeholders which are conducted through multiple channels. The table below provides highlights of engagement activities and outcomes in 2019.



Regulators and Government

WHY THEY ARE IMPORTANT

- Legislate on laws and regulations that determine the license and scope of our business activities in the countries we operate in
- Provide OpCos access to operating licenses, and impose regulatory measures with potential cost implications for the Group

HOW WE ENGAGE

- Proactively engage with national regulators and authorities through industry meetings, thought leadership, and capacity building workshops to support and enable the digital ecosystem

SUBJECTS RAISED

- Spectrum allocations and licensing fees
- Compliance with regulations and customer standards
- Information security and data protection
- Developing local digital talents

AXIATA'S RESPONSE AND RESULTS

- Investing in development of local communication infrastructure
- Direct and indirect contributions to the local digital economy
- Supporting digital innovation funds to drive development of local digital ecosystem
- Deploying best data privacy and cyber security practices



Shareholders

WHY THEY ARE IMPORTANT

- Essentially comprising our owners, shareholders provide the financial capital required to sustain our business growth
- Consequently, they are entitled to receive a return on their investment, and be apprised of developments in the Group

HOW WE ENGAGE

- Conduct an Annual General Meeting to meet and be accountable to shareholders
- Organise regular investor roadshows and analyst meetings to provide updates on corporate developments

SUBJECTS RAISED

- Current financial performance
- Long-term business strategy
- Board composition
- Environmental, Social and Governance (ESG) strategy and performance
- Share price

AXIATA'S RESPONSE AND RESULTS

- Transparency in corporate reporting and disclosures through multiple platforms
- Conduct briefing and engagement with shareholders



Customers

WHY THEY ARE IMPORTANT

- We value each of our customers and their customer experience journey with us
- Axiata is committed to deliver optimum performance to meet customer needs and expectations

HOW WE ENGAGE

- Conduct a range of surveys across our markets to understand customer satisfaction and expectations
- Scores are benchmarked against our peers, and drives our operational excellence

SUBJECTS RAISED

- Network quality and availability
- Improving customer care experience
- Product affordability and innovation

AXIATA'S RESPONSE AND RESULTS

- Be the lowest cost producer relative to our customer promise
- Drive operational excellence in relation to customer expectations
- Creating digital lifestyle products and self-care services
- Digitising processes to provide seamless customer experience

The Importance Of Listening To Our Stakeholders



Suppliers

WHY THEY ARE IMPORTANT

- Provide us business critical products and services that enable us to drive our business strategy
- We partner with our suppliers to deliver best value for our operations, as well as developing their capabilities and capacity

HOW WE ENGAGE

- Engaging key suppliers to understand solutions and services that can drive operational excellence
- Recognising outstanding suppliers through the Biennial Axiata Supplier Awards, and address opportunities through Performance Management and the Annual Supplier Forum

SUBJECTS RAISED

- Emerging corporate developments, and understanding the long-term strategy
- Opportunities for vendor development
- Performance against Supplier Code of Conduct

AXIATA'S RESPONSE AND RESULTS

- Sourcing local vendors
- Supporting the Bumiputera Empowerment Agenda to build local, regional and global champions
- Verticalisation of procurement services across the Group to provide scale



Employees

WHY THEY ARE IMPORTANT

- Innovative and diverse workforce is essential to deliver the best digital customer experience
- We drive a culture of high performance and accountability that attracts, develops, and retains the best talent to deliver on our strategy

HOW WE ENGAGE

- Conducting annual Employee Engagement Surveys, quarterly Town Hall Meetings and a range of digital employee engagement platforms

SUBJECTS RAISED

- Long-term business strategy and performance
- Career and talent development opportunities
- Work-life balance

AXIATA'S RESPONSE AND RESULTS

- Group and OpCos Talent Development programmes
- Organisational transformation to Modern, Agile and Digital (M.A.D.) Organisation
- Providing job opportunities to local citizens



Community

WHY THEY ARE IMPORTANT

- Axiata is present in a diverse and fast developing economic region
- Strong community participation and engagement is required as part of our social license to operate

HOW WE ENGAGE

- Maintaining strong community relationships through digital inclusion initiatives, corporate responsibility programmes and local stakeholders' needs assessment
- Communicating initiatives through digital and print media

SUBJECTS RAISED

- Support of the UN SDGs
- Pre and post disaster assistance
- Build capacity for future leaders
- Address local social needs

AXIATA'S RESPONSE AND RESULTS

- Local direct and indirect employment through the supply chain
- Digital and Financial Inclusion initiatives
- Disaster Management and Response initiatives
- Axiata Young Talent Programme
- Digital Innovation Funds



Media

WHY THEY ARE IMPORTANT

- Provides a platform to communicate with our key stakeholders and local communities
- Publicise new products and services, corporate events and thought leadership

HOW WE ENGAGE

- Media engagement conducted via interviews, press releases and conferences

SUBJECTS RAISED

- Corporate developments
- Financial performance
- Thought leadership

AXIATA'S RESPONSE AND RESULTS

- Providing regular performance, network and Merger and Acquisition updates
- Implementation of the "Shifting Gear" strategy to advance our digital footprint



Our Risks Linked To Strategy

Axiata's risk identification and mitigation actions and controls are a critical component of the Group's growth strategies. We are cognisant of the risks that challenge our business model, future performance and financial standing, and ensure sufficient mitigations are in place to minimise our risk exposure.

To demonstrate how Axiata has evolved our strategy to address business risks in line with industry developments, we have included our strategic responses to each risk category based on the 10 Key Focus Areas under Axiata 5.0.

The impact of the COVID-19 pandemic is unprecedented and remains to be fully understood the world over. To date, Axiata has been monitoring the risks associated with this across multiple angles including business, supply chain, technology, and employee safety in ensuring the continuity of our business. While it remains uncertain what the new normal will be at the end of this crisis, or the full impact of this pandemic to our business operations, Axiata will continue to monitor this risk area.

Financial

CONTEXT

- Exposure to foreign currency exchange volatilities across 11 markets of operations could adversely affect cash flow and financial performance
- The Group's borrowings are in foreign currencies, subject to foreign exchange and interest rates exposures

RISK LEVEL AND MOVEMENT

High level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

Risk Owners: Axiata Treasury Management Centre (ATMC)

- Oversees and controls the Group's treasury and funding matters, and develops hedging strategies strictly governed by treasury policies
- Takes into consideration current and future outlook of relevant economies and foreign exchange markets to preserve our profitability and sustainability

KEY RISK INDICATORS

50:50 mix of local currency borrowings and foreign currency borrowings

LINK TO MATERIAL ISSUES

- Sustainable Business Growth

OUR STRATEGIC RESPONSE

1
2
3
9

Market

CONTEXT

- Axiata's OpCos operate predominantly in emerging markets which are exposed to economic uncertainties and sensitive towards changes in developed countries
- OpCos challenged by stiff price competition with little certainty of market consolidation in some markets, and industry revenue declining in others

RISK LEVEL AND MOVEMENT

High level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

Risk Owners: OpCo CEOs

- Driving efficiencies and innovation via investment in new technologies
- Cost efficiency programmes
- Establishing strategic ties with Over-the-Top (OTT) and digital product developers to create products and services that meet evolving customer needs, increase customers' wallet share, and maintain PAT

KEY RISK INDICATORS

Return on Invested Capital (ROIC) < Weighted Average Cost of Capital (WACC)

LINK TO MATERIAL ISSUES

- Sustainable Business Growth
- Network Quality and Coverage
- Customer Service
- Digital Inclusion

OUR STRATEGIC RESPONSE

2
3
4
9

Regulatory

CONTEXT

- Telcos are subjected to a broad range of rules and regulations across different markets, high tax rates, spectrum acquisition costs and multiple levies
- These factors could potentially disrupt business operations, impair returns and long-term growth, and limit flexibility to respond to market conditions, competition and new technologies

RISK LEVEL AND MOVEMENT

High level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

Risk Owners: Group Regulatory

- Advocate strict compliance, fair and transparent practices of government policies
- Dedicated personnel and resources to constantly monitor developments
- Continuously enhance process flows for quick and cost-effective response to regulatory changes
- Regulatory engagement advocating sustainable regulatory regimes for healthy sectoral development
- Participate in government consultations and industry events, to collaborate and share knowledge for best industry policies and practices

KEY RISK INDICATORS

Shifts in regulatory requirements and policy uncertainty due to change in government or introduction of new laws


LINK TO MATERIAL ISSUES

- Network Quality and Coverage
- Sustainable Business Growth
- Business Ethics and Compliance
- Climate Action and Environment Management
- Digital Inclusion

OUR STRATEGIC RESPONSE

4
7

 For more details on how our strategic response links to our 10 Key Focus Areas, please refer to pages 29 and 30 in the "Adapting Our Strategy To A New Operating Landscape" section

 For more details on our risks and mitigations, please refer to pages 26 to 35 in the "Statement Risk Management And Internal Control" section

Our Risks Linked To Strategy

Data Privacy and Cyber Security

CONTEXT

- Digital companies will have to be sensitive towards customers' information encompassing personal data, communication records, behaviours, locations, Internet use and digital applications
- To protect customers and foster trust amongst stakeholders, there is need for effective data privacy and information security policies, frameworks and management that guide how Axiata collects, uses and shares personal data

RISK LEVEL AND MOVEMENT

High level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Group Cyber Security Steering Committee
- Axiata Supplier Code of Conduct requires vendors and business partners to adhere to high data protection and compliance standards
 - A three-year cyber security strategy, Digital Trust 2020 (DT2020), to improve on people, processes and technology
 - Cyber security KPI for all OpCos, with ongoing regional collaborations
 - In the area of cyber security, adopted the National Institute of Standards and Technology (NIST) framework, to improve incident detection and response maturity
 - In the area of data privacy, the Privacy Maturity Model is aligned to the AICPA/CICA¹ Privacy Maturity Model and the CMMI² maturity levels

KEY RISK INDICATORS

The Group has adopted indicators from applicable privacy regulations and standards, and industry best practices

LINK TO MATERIAL ISSUES

- Privacy and Data Protection
- Customer Service
- Business Ethics & Compliance
- Sustainable Business Growth

OUR STRATEGIC RESPONSE

2 3 4 7

Digital

CONTEXT

- As Axiata's digital portfolio grows, business could be impacted by new regulations being considered by Governments within our footprint for digital companies and OTT players to create a more level-playing field
- Digitisation of functions and processes has expanded Axiata's compliance to new cyber regulations

RISK LEVEL AND MOVEMENT

Medium level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Group Executive Vice President
- Uncertainties and inconsistencies in legal and regulatory requirements requires Axiata to keep pace with national and international policy initiatives
 - Expedite implementation of action plans to ensure compliance, and strengthening cyber security measures to safeguard data security and integrity

KEY RISK INDICATORS

Deviation from agreed project timeline

LINK TO MATERIAL ISSUES

- Sustainable Business Growth
- Business Ethics and Compliance
- Privacy and Data Protection
- Customer Service

OUR STRATEGIC RESPONSE

2 3 4 7

Operational

CONTEXT

- Telecoms industry is dominated by a handful of vendors, and a loss of supply due to a key vendor suffering business failure may significantly affect our core business and operations
- The global COVID-19 pandemic and subsequent issuance of restricted movement orders could impact various aspects of our operations and business activities, and Axiata's ability to achieve its business goals and targets

RISK LEVEL AND MOVEMENT

Medium level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Group Enterprise Risk Management
- In relation to vendors, Axiata Procurement Centre manages risks, monitors performance and develops new relationships to reduce dependencies
 - Axiata's Business Continuity Management (BCM) Plan addresses risks of supply chain disruptions, technical failures, partner failures, human errors, wilful acts and natural disasters, through systematic identification of critical business processes and adequate recovery actions
 - Conducted COVID-19 Preparedness Process based on BCM Framework, to implement an integrated Pandemic Plan that addresses risk points across all aspects of our operations

KEY RISK INDICATORS

Disruption to service availability

LINK TO MATERIAL ISSUES

- Digital Inclusion
- Digitisation and Modernisation
- Network Quality and Coverage

OUR STRATEGIC RESPONSE

3 4 7 8

Geo-political

CONTEXT

- The markets Axiata operates in stand the risk of being impacted by political instability, civil unrest and other social tensions which may cause business disruptions, and undermine market sentiment and investor confidence

RISK LEVEL AND MOVEMENT

High level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: OpCo Management
- Work closely with OpCos and leverage on their local expertise, knowledge and ability to continually assess changing scenarios
 - Various measures in place to ensure timely response in the event of such occurrences
 - Emphasis on maintaining neutral government relations and contribute to national socio-economic development

KEY RISK INDICATORS

General Election

LINK TO MATERIAL ISSUES

- Sustainable Business Growth
- Business Ethics and Compliance
- Community Impact/ Development
- Fair Employment and Welfare
- Talent Development

OUR STRATEGIC RESPONSE

1 3 7 8

Notes: ¹ AICPA = American Institute of Certified Public Accountants; CICA = Canadian Institute of Chartered Accountants ² CMMI = Capability Maturity Model Integration

Our Risks Linked To Strategy

Strategic and Investment

CONTEXT

- Keeping pace with changing consumer expectations and competitive pricing has become a common challenge for the Group across our markets
- In entering new digital growth ventures, the Group recognises the risk and repercussions involved in poor investment decisions and the management of these new initiatives post-acquisition

RISK LEVEL AND MOVEMENT

High level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Mergers and Acquisitions Committee
- Oversees all acquisitions and divestments, with robust due diligence process to evaluate and manage potential risks
 - Post-acquisition transition teams to ensure implementation of organisational, cultural and mindset changes
 - Closely monitors competitive landscape, to make appropriate technology and network investments
 - Prudently managing cost, whilst maintaining strategic alliances with network vendors

KEY RISK INDICATORS

Return on Invested Capital (ROIC) < Weighted Average Cost of Capital (WACC)

LINK TO MATERIAL ISSUES

- Sustainable Business Growth
- Digitisation and Modernisation
- Network Quality and Coverage
- Digital Inclusion
- Customer Service

OUR STRATEGIC RESPONSE

1 3 6 7 8 9 10

People

CONTEXT

- The need for and retention of digital talents underpins Axiata's ability to implement our strategy and deliver superior customer service
- Hiring the right employee and loss of key talent remain a challenge, especially in the digital economy
- Ensuring the health and safety of our employees at all times, to protect their welfare and well-being

RISK LEVEL AND MOVEMENT

Medium level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Talent Management Team
- Actively seek suitable employees who are capable and motivated to live Axiata's values
 - Robust talent development programmes, continuous employee engagement, attractive performance based rewards and providing a safe and healthy work environment to ensure employee retention
 - Empower staff to respond to rapidly changing customer demands and work processes
 - Business Continuity Management plan implemented in light of national lockdowns to contain the COVID-19 pandemic, enabling all employees to work remotely from home

KEY RISK INDICATORS

Turnover rate of talents and key influencers

LINK TO MATERIAL ISSUES

- Fair Employment and Welfare
- Talent Development

OUR STRATEGIC RESPONSE

3 4 7 8

Technology

CONTEXT

- As Axiata strives for market leadership and for continued competitive advantage, Axiata will need to be able to invest in new technologies, upgrades and equipment
- Rapid technological advances may result in premature obsolescence of key technology and equipment before the end of their useful life cycle
- Lagging deployment of new technologies may result in the group falling behind its competitors

RISK LEVEL AND MOVEMENT

Medium level,
Unchanged since 2017

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Group Finance, Group Technology
- Constantly reviewing and refreshing our technology to remain relevant, as we maintain financial prudence
 - Future proofing a critical criteria in network equipment selection, and is built into the procurement process
 - Closely studying new technological advancements, especially 5G, whilst crafting the future network strategy

KEY RISK INDICATORS

ROIC < WACC

LINK TO MATERIAL ISSUES

- Digital Inclusion
- Digitisation and Modernisation
- Network Quality and Coverage

OUR STRATEGIC RESPONSE

2 3 4 5 6

Governance and Integrity

CONTEXT

- Axiata's values of Uncompromising Integrity, Exceptional Performance (UI.EP) drive our efforts to ensure high ethical standards and good corporate governance, to maintain our continued success
- To come into effect in June 2020, the Malaysian Anti-Corruption Commission (Amendment) Act 2018 on corporate liability for bribery and corruption heightens corporate liability risks

RISK LEVEL AND MOVEMENT

Medium level,
Increased in 2019¹

MITIGATING ACTIONS AND OPPORTUNITIES ARISING

- Risk Owners: Group Risk and Compliance, Group Human Resource, Group Company Secretary
- Axiata's Code of Conduct guides personnel conducting business for/on behalf of the Group
 - Developing a strong ethics and governance platform to support Axiata's business integrity
 - Ensuring a strong anti-bribery and anti-corruption culture by revising policies and procedures, realigning processes with appropriate control mechanisms, establishing automated systems, and conducting staff awareness programmes

KEY RISK INDICATORS

Deviation from Group's set standards and governance framework, Corporate liability charges/Regulatory fines

LINK TO MATERIAL ISSUES

- Sustainable Business Growth
- Business Ethics and Compliance
- Supply Chain Management
- Climate Action and Environment Management
- Community Impact/ Development

OUR STRATEGIC RESPONSE

3 7 8

Note: ¹ Risk level changed from low (2017-2018) to medium following maturity level gaps assessment conducted in 2019

Advancing Asia: Evolving And Adapting Our Strategy To A New Operating Landscape

In 2016, we announced our aspiration to become a “New Generation Digital Champion” by 2022 powered by our three core businesses. Since then, Axiata has continued to evolve our response to changes and shifts in the global and regional telecommunications industry.

Bringing together all our learnings over the past four years, we are now embarking on Axiata 5.0 to reimagine the Group’s future. To translate the Axiata 5.0 vision into execution, we will double down

on strengthening leadership towards accelerating improvements in 10 Key Focus Areas. In parallel, we will deploy a new Group engagement model that harnesses critical learnings from all our Operating Companies (OpCos) by leveraging off our “collective brains” to unlock maximum Group synergies and drive elevated levels of cross-functional and OpCo collaboration.

Our strategy will be further reassessed in light of the impacts arising from the COVID-19 pandemic.

OUR VISION: New Generation Digital Champion by 2022

TRIPLE CORE STRATEGY

Business Model Innovation: Expansion from one dimensional pure-play mobile services business to Triple Core portfolio to capture new revenue streams

DIGITAL TELCO

Transform from Mobile-Centric Telcos to Converged Digital Operators

Target: #1 / Strong #2 in All Markets

DIGITAL BUSINESSES

Pivot from Portfolio Company to Three Lines of Digital Businesses

Target: 3 “Unicorns”

INFRASTRUCTURE

Advance from Regional Champion to Global Champion

Target: Top 5 in the World

AXIATA 5.0 10 KEY FOCUS AREAS

- 1 **“Shifting Gear”**: Focus on Profit and Cash
- 2 **OpCos Transformation**: Beyond Short-Term Turnaround
- 3 **Operational Excellence**: As Our New Corporate DNA
- 4 **New Group Engagement Model**: Virtual Centralisation via the “Collective Brain”
- 5 **Digitisation and Analytics**: Our Biggest Differentiator
- 6 **New Growth Areas**: Especially Enterprise
- 7 **Stakeholder Management**: Including Regulatory and Government, Shareholders, Customers, Employees and Media
- 8 **Organisation 5.0**: Develop Modern, Agile, Digital Values and Support Key Focus Areas
- 9 **Industry Consolidation**
- 10 **Investment and Portfolio Optimisation**

Financial Performance (Near-Term)

Institution Building
(Long-Term Growth and Sustainable Performance)

Structural Changes

Adapting Our Strategy To A New Operating Landscape

Our 2019 achievements are mapped according to the 10 Key Focus Areas.

1 “Shifting Gear”

OUR KEY PROGRESS

- Recorded the highest reported PAT since 2016
- ROIC improved by 5.1ppt to hit 6.4% as a result of the successful implementation of our divestment strategy in 2018
- All OpCos (Digital Converged Telcos) are now profitable with:
 - Double digit EBITDA growth at XL, Robi, Smart and edotco
 - Double digit PATAMI and FCF growth in Celcom, XL, Dialog, Smart and edotco
 - ADA delivered on commitment to be PAT positive in 2019
- Cost Excellence programme to deliver on its savings goal of RM5 billion by 2021 ahead of time. With RM1.4 billion of savings in 2019, the Group has recorded more than RM4.0 billion in the first three years of the programme (since 2017)

LINK TO 4P GOALS

- Performance

2 OpCo Transformation¹

OUR KEY PROGRESS

- All OpCos are either #1 or #2 Performers in EBITDA, Profit and Cash in their markets, while still maintaining respective revenue market share positions
- All OpCos continued to deliver on Triple Core Strategy transformation targets, network modernisation and digitisation initiatives

LINK TO 4P GOALS

- Performance
- People
- Partnership
- Planet & Society

3 Operational Excellence

OUR KEY PROGRESS

- Delivering Operational Excellence through a combination of:
 - Profitable Growth
 - Optimum Customer Satisfaction
 - Sustainable Cost Structure
 - Digitisation and Analytics
 - Organisational Excellence
- Maintained investments in network modernisation to upgrade network architecture and support digital businesses
- Driving through the value proposition of becoming the lowest cost producer relative to customer promise across all OpCos
- All OpCos on track to deliver value discipline in Price Leadership, Product Innovation and Customer Intimacy

LINK TO 4P GOALS

- Performance
- People
- Partnership
- Planet & Society

4 New Group Engagement Model

OUR KEY PROGRESS

- Effectuated the Virtual Centralisation via the “Collective Brain” engagement model across all OpCos to allow for more efficient ways of working and better cross-pollination of learning
- Identified Network, IT and Procurement as three priority areas for virtual centralisation to realise incremental strategic and financial value across all OpCos
- OpCo Chief Technology Officers (CTOs) and Chief Information Officers (CIOs) to collaborate within a Virtual CTO/CIO Council to jointly develop solutions for Network and IT related issues across the Group

LINK TO 4P GOALS

- Performance

5 Digitisation and Analytics

OUR KEY PROGRESS

- Axiata Analytics Centre (AAC) trained 300 data scientists and data engineers
- Axiata Digital Labs collaborated with OpCos to enhance Enterprise digital offerings
- Independent and externally assessed DTI ranked Dialog and Robi as digital leaders, on par with global technology companies
- Improved internal processes across all OpCos with process simplification and digitisation
- Enhanced customer experiences using digitisation as an enabler to automate customer registrations, and analytics to identify Next Best Action and optimise dealer experience

LINK TO 4P GOALS

- Performance
- Partnership

Note: ¹ Applies to Digital Converged Telco subsidiaries Celcom, XL, Smart, Dialog, Robi and Ncell

Adapting Our Strategy To A New Operating Landscape

6 New Growth Areas

OUR KEY PROGRESS

- Growth in Home/Convergence business at Celcom, XL, Smart and Dialog
- Growth in Enterprise business at Celcom, XL and Dialog
- Launched Enterprise solutions at Ncell
- Dialog developed IoT-based digital solutions — smart electricity meters and SARU app for farmers
- Digital businesses on track to profitability, with ADA PAT positive in 2019
- Axiata Analytics Centre and Axiata Digital Labs continued to expand on digitally skilled talents to strengthen the Group's digitisation and analytics focus
- Launched Aspirasi providing micro-financing and micro-insurance
- Apigate refocused on Payment and Application-to-person Messaging to drive future growth

LINK TO 4P GOALS

- Performance
- Planet & Society

7 Stakeholder Management

OUR KEY PROGRESS

- Memorandum of Understanding (MOU) with Malaysia Digital Economy Corporation to share best practices, cyber threat scenarios and contribute to national talent development
- Partnered with regulatory bodies and GCERT² in Malaysia to enhance national incident response and threat intelligence
- Strengthened data privacy and cyber security, to achieve a CMMI Maturity Level 3 for all NIST functions Group-wide
- Digital venture funds of ADIF, DADIF and SADIF³ to accelerate the development of the digital ecosystem in Malaysia, Sri Lanka and Cambodia respectively
- Provided innovative digital service solutions for underserved communities to bridge the digital divide
- edotco's focused carbon reduction strategy led to 54% reduction in carbon emission per site

LINK TO 4P GOALS

- Performance
- People
- Partnership
- Planet & Society

8 Organisation 5.0

OUR KEY PROGRESS

- AAC provided technical analytics training and advanced technology courses to enable digital talent transformation
- Fast Forward as a Group-wide intelligent learning technology platform, providing learning modules for employees
- LEAP⁴ focused on advanced technologies of analytics, Artificial Intelligence, Machine Learning, Deep Learning, Augmented Reality and Virtual Reality
- Launched LEAP Awards with eight functional assessments on OpCo digitisation and transformation initiatives

LINK TO 4P GOALS

- People

9 Industry Consolidation

OUR KEY PROGRESS

- Explored a strategic merger with Telenor ASA's Asian operations to leapfrog growth in local and regional operations but did not proceed due to technical complexities of a merger of this magnitude

LINK TO 4P GOALS

- Performance

10 Investment & Portfolio Optimisation


OUR KEY PROGRESS


- Portfolio rationalisation in 2019:
 - Divested stake in M1 Limited
 - Disposed Idea rights
 - Divested non-core digital businesses
- Axiata Digital obtained a strategic minority investment from Mitsui & Co. Ltd, with a pre-money enterprise value of USD500 million
- Agreement with Princeton Digital Group to acquire 70% equity in XL Axiata Data Centre
- Announced plans to list Robi on the Bangladesh Stock Exchange in 2020

LINK TO 4P GOALS

- Performance
- Partnership

Notes: ² GCERT = Government Computer Emergency Response Team
³ ADIF = Axiata Digital Innovation Fund; DADIF = Dialog Axiata Digital Innovation Fund; SADIF = Smart Axiata Digital Innovation Fund
⁴ LEAP = Learn, Engage, Accelerate and Perform

 For more details on our strategic activities and outcomes, please refer to pages 48 to 68 in the "Assess How Our Operating Companies Have Contributed To Creating Value" section, and pages 32 to 38 in the "See How We Intend To Create Long-Term Value" section

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