

# CHAIR OF THE BOARD'S STATEMENT

## DEAR SHAREHOLDERS,

At a time of rapid technology innovation and disruption, open exchanges of data are increasingly prevalent, accentuating the need for leading organisations around the world to place more focus on building trust and business integrity in the way we serve customers and manage data.

Network operators like us, as key enablers of today's data-centric, digitally-fuelled market, sit at the crux of the trust economy. We believe that trust is key in all our relationships and have worked hard to lay a strong foundation for a sustainable, responsible business built on the tenets of good corporate governance and trustworthiness. This approach enables us to deliver services to 11.3 million customers on our network and partner with various stakeholders with precision and integrity. This has been the key priority for the Board.

### MAINTAINING FINANCIAL STRENGTH TO DELIVER HEALTHY SHAREHOLDER RETURNS

In spite of operating in a competitive market environment, our focused execution on business and prudent balance sheet management has led the Board to declare a net dividend per share of 18.2 sen, returning a total of RM1.42 billion to shareholders, equivalent to a 99% dividend payout ratio for 2019. Year on year, we continue to exceed the company's dividend policy of distributing a minimum 80% net profits, keeping to our commitment to deliver strong and sustainable returns to our shareholders.

### LEADING IN RESPONSIBLE BUSINESS PRACTICES

The Board places equal importance on steering the Company to achieve its financial targets and continue our leadership in responsible business practices. Guided by the principle of doing good by doing right, these practices have remained a strategic business priority. Our focus has been to maintain high standards of ethics and integrity in our business conduct, develop a future-ready workforce, protect the safety and privacy of our customers while reducing inequalities for society.

 Read more about our responsible business and corporate governance approach in Section 4 and 5 of this report.

### ADOPTING INTEGRATED REPORTING FOR IMPROVED CORPORATE GOVERNANCE

We continuously benchmark our governance approach against the latest in industry best practices and take proactive measures to enhance the way we engage stakeholders. With this, we are pleased to introduce our first Integrated Annual Report for 2019. The Board fully supports the principles underlying the Integrated Reporting (IR) framework – that we must be strategic, future-oriented and transparent on how the Company draws on its capitals to create long-term value for our stakeholders. This is our first step towards IR, and we aim to continue maturing this approach of communicating value in the years to come.

### READY TO MEET FUTURE CHALLENGES

The first few months of 2020 have been challenging on numerous fronts, particularly with the escalating Covid-19 global pandemic. We have become more important in helping people in their daily lives at this time and have quickly implemented a wide range of initiatives to help our fellow Malaysians. The assistance comes in the form of free data, business continuity boosters, 24x7 customer support services and the delivery of a reliable, secure network for customers and authorities at the frontlines of combating this crisis to remain connected.

In the face of these challenges, we are confident in our ability to continue creating value for our stakeholders. Our strategic focus on growth, efficiency and digital transformation has delivered consistent results over the past three years and has laid a strong foundation for us to manage these future developments. The Company's organisational agility will enable us to quickly trial or discontinue new business models as we have done previously, with our digital media and mobile wallet businesses, pivoting as needed in this period of uncertainty.

 Read more about our Operating Landscape and Strategies to Create Value in Section 3 of this report.

### WELL POSITIONED TO WIN IN THE DIGITAL ECONOMY AND CREATE LONG-TERM VALUE

Given the growing focus on the digital economy, the telecommunications sector will continue to evolve rapidly, with significant new opportunities enabled through 5G, AI and IoT. Drawing on our expertise and assets, we remain steadfast to seize these opportunities and pursue what is sustainable for our business. We will deliver on our strategy while being equally resolute to behaving with the highest standards of integrity and staying focused on people development. These matters remain high on the Board's priorities in 2020.



**“ We will deliver on our strategy while being equally resolute to behaving with the highest standards of integrity and staying focused on people development. ”**

The Board is confident we have the appropriate balance of knowledge, skills, experience, diversity and independence to drive the company agenda and govern effectively. The recent appointment of Lars Erik Tellmann as a Non-Independent Non-Executive Director has further strengthened the Board. The Board and I welcome his support moving forward and would also like to thank Tone Ripel for her valued contribution in her time with the Board.

I also wish to express my appreciation to the Management team and all Digizens for their collective contribution to Digi’s continuing strong performance. I would also like to thank our business partners, shareholders and stakeholders for their ongoing engagement and support.

In view of Covid-19, we look to set a new way of shareholder engagement this year that will allow us to prioritise your safety and continue engaging with you. Please see details outlined in our Notice to AGM. We look forward to sharing more on our business at our Annual General Meeting in June.

**Haakon Bruaset Kjoel**  
Chair of the Board