



ADVANCING ASIA

Integrated Annual Report 2017

Advancing Asia

2017

REVENUE RM**24.4** billion

PAT RM**1.2** billion

MARKET CAP RM**49.7** billion

CUSTOMERS **~350** million

EMPLOYEES **~27,000**

COUNTRIES **11**

PAKISTAN

NEPAL

INDIA

BANGLADESH

MYANMAR

THAILAND

CAMBODIA

SRI LANKA

MALAYSIA

SINGAPORE

INDONESIA

Digital Telco



Digital Businesses



Infrastructure



The Cultures of Asia

Integrated Annual Report 2017



Asia – a continent characterised by multi-faceted and diverse cultures. As one of the leading telecommunications groups in the region, Axiata, shares many commonalities and traits with the people we serve and the countries we operate within.

The myriad traditional costumes depicted in our Integrated Annual Report 2017 suite represents the diversity and multi-dimensional cultures of our regional footprint. The double imagery treatment, with images of major Asian cityscapes transposed within the costumes and juxtaposed with the Prism, represents our vision of Advancing Asia.



Malaysia Kebaya Songket

A traditional Malay silk woven fabric, with interwoven gold or silver threads in an intricate pattern, the Kebaya Songket was customarily the choice fabric for royal families. Its use has evolved over time, and these days, it is widely used by brides and grooms during their wedding ceremonies.



Indonesia Linto Baro

Aceh's traditional clothing for men, known as the Linto Baro comprises a set of a Meukasah shirt, a pair of Siluweu pants, an Ijo Krong sarong cloth, complemented by headgear known as Meukeutop. When worn, it is usually accompanied by a traditional weapon known as a Siwah or Rencong.



Nepal Gunyo Cholo

The Nepalese celebrate the coming of age of their daughters with a ceremony during which she will be gifted with the traditional outfit of Gunyo Cholo, which is also the name of the ceremony. The ceremonial gifting signifies the girls' transition from childhood to womanhood.



India Sherwani

In India, the Sherwani is primarily worn during traditional family functions such as weddings. Its origins can be traced back to Central Asia, to the times of the Turkish and Persian Nobles in the Delhi Sultanate and Mughal Empire, as their choice of dress code.



Bangladesh Salwar Kameez

Worn by Bangladeshi men, the Salwar Kameez is characterised by a unique pattern of finely woven, quilted or embroidered patchwork. The Salwar Kameez is donned as formal ceremonial wear.



Cambodia Sampot Tep Apsara

Since ancient times, the Sampot Tep Apsara has been the style of dress worn by Khmer. As a famous traditional Sampot from the era of the Khmer empire, it can be found on the bas-reliefs of mythological female beings known as Apsaras, carved on the walls of Cambodia's World Heritage Site, the Angkor Wat temple complex.



Malaysia Marik Empang

The Marik Empang, together with an ornate headdress called the Sugu Tinggi, is the traditional dress worn by Iban women in Sarawak, Malaysia. Usually a bright red, it features a combination of beads and a hand-stitched cotton outer garment, and required to be worn during festivals and special occasions.



Indonesia Daro Baro

As the traditional dress for the women of Aceh, the Daro Baro bears a conservative design, aligned with Islamic principles of dressing. It is generally bright and colourful, and often paired with gold embroidered black trousers, along with a headdress of golden flowers.



Sri Lanka Saree

As the traditional dress of Sri Lankan women, especially for official events and ceremonies, the Saree's bright, colourful and ornate design is draped over a full blouse, and partially tucked in at the front.



Malaysia Sirat

The traditional dress of Iban men is the Sirat, a woven loin-cloth worn together with a Baju Kebat. It is a warrior's outfit, and accompanying accessories include a shield called the Terabai, a sword known as the Parang Ilang, a Lampit belt, a Tumpa Lengan armband and an anklet known as Tumpa Betis, decorated with hornbill and great Argus feathers.



Board of Directors

Tan Sri Datuk Wira Azman Hj. Mokhtar

Chairman

Non-Independent Non-Executive
Director

Tan Sri Jamaludin Ibrahim

Managing Director/President &
Group Chief Executive Officer

Tan Sri Ghazzali Sheikh Abdul Khalid

Independent Non-Executive Director

Datuk Azzat Kamaludin

Senior Independent Non-Executive
Director

Dato' Mohd Izzaddin Idris

Non-Independent Non-Executive
Director

David Lau Nai Pek

Independent Non-Executive Director

Dr David Robert Dean

Independent Non-Executive Director

Dr Muhamad Chatib Basri

Independent Non-Executive Director

Dato Dr Nik Ramlah Nik Mahmood

Independent Non-Executive Director

Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz

Non-Independent Non-Executive
Director

Group Company Secretary

Suryani Hussein
LS0009277

Registered Office

Level 5, Corporate Headquarters
Axiata Tower, 9 Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia
Tel : +603 2263 8888
Fax : +603 2263 8903

Website

www.axiata.com

Investor Relations

Tel : +603 2263 8706
Fax : +603 2263 8882
Email : ir@axiata.com

Stock Exchange Listing

Listed on Main Market of Bursa Malaysia
Securities Berhad
Listing Date : 28 April 2008
Stock Code : 6888
Stock Name : Axiata
Stock Sector : Trading/Services

Share Registrar

Tricor Investor & Issuing House Services
Sdn Bhd (Company No. 11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3 Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : +603 2783 9299
Fax : +603 2783 9222

Auditors

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur, Malaysia
Tel : +603 2173 1188
Fax : +603 2173 1288

24 April 2018



**Notice of 26th Annual
General Meeting
and Issuance of
Annual Report 2017**

25 May 2017

Unaudited consolidated results
for the first quarter ended
31 March 2017

23 November 2017

Unaudited consolidated results
for the third quarter ended
30 September 2017

22 February 2018

Audited consolidated results for
the fourth quarter and financial
year ended 31 December 2017



29 August 2017

Unaudited consolidated results for
the second quarter and half-year
ended 30 June 2017

23 May 2018



**26th Annual General
Meeting**

Dividends

26 May 2017

Notice of Book Closure
for Final Tax Exempt
Dividend under Single-
Tier System of 3 sen
per Ordinary Share

11 July 2017

Payment for Final Tax Exempt
Dividend under Single-Tier System
of 3 sen per Ordinary Share

12 October 2017

Date of Entitlement for Interim Tax
Exempt Dividend under Single-Tier
System of 5 sen per Ordinary Share

13 June 2017

Date of Entitlement for Final Tax
Exempt Dividend under Single-Tier
System of 3 sen per Ordinary Share

27 September 2017

Notice of Book Closure for Interim
Tax Exempt Dividend under Single-
Tier System of 5 sen per Ordinary
Share



9 November 2017

Payment for Interim Tax Exempt
Dividend under Single-Tier System
of 5 sen per Ordinary Share

Reporting Philosophy

This is Axiata Group Berhad's ("Axiata" or "the Group") inaugural Integrated Annual Report 2017 ("IAR"), prepared according to the International Integrated Reporting Council's ("IIRC") International <IR> Framework.

In using the integrated reporting approach, we aim to provide our stakeholders with a concise yet comprehensive account of our business and strategies and demonstrate how value is created and shared.

This 2017 IAR applies global best practice which underpins our commitment to sustainable and long-term value creation through a reporting process that provides greater readability, clarity, coherence, materiality and connectivity of information.

Report Boundary and Scope

Axiata's 2017 IAR covers financial reporting and also includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which significantly influence our value creation abilities. It provides an account of our performance for the Financial Year beginning 1 January 2017 and ending on 31 December 2017 and builds on our previous reporting publications.

The report covers the primary activities of the Group, namely our three core business pillars of Digital Telco, Digital Businesses and Infrastructure.

Assurance

Our Financial Statements ("FS") have been audited as fully disclosed in the Governance & Audited Financial Statements 2017 ("GAFS"). Limited assurance has been provided on selected disclosure in our Sustainability and National Contribution Report 2017 ("SNCR"). Both of those processes make up our 2017 IAR which contains both financial and non-financial indicators.

Approval by the Board

The Board has applied its collective mind in preparing and presenting Axiata's first IAR, as guided by the International <IR> Framework by the IIRC. The Board acknowledges its responsibility in ensuring the integrity of this report, through good governance practices and internal reporting procedures.

Materiality

Our materiality assessment has been conducted in line with Bursa Malaysia Securities Berhad's Listing Requirements. In this IAR, we have linked them with our six capitals as shown below. This approach underlines the relationship between our ability to create impact and the areas where we can make positive change.

Forward Looking Statements

This report contains forward looking statements characterised by words and phrases relating to future performance. Except for statements of historical fact, information contained within this IAR constitutes forward looking statements. These statements are provided to give potential investors and stakeholders the opportunity to understand management's beliefs and opinions in respect of Axiata's future. These statements are not guarantees of future performance and undue reliance should not be placed on them.

Axiata's 6 Capitals



Financial

Our Financial Capital refers to funds available to us.



Human

Our Human Capital refers to our people, a key resource in sustaining our efforts towards becoming a New Generation Digital Champion.



Intellectual

Our Intellectual Capital refers to key intangible resources which differentiate us in the marketplace.



Social & Relationship

Our Social and Relationship Capital refers to our relationships with our stakeholders.



Manufactured

Our Manufactured Capital refers to the infrastructure that is available, built and utilised to create value.



Natural


Our Natural Capital refers to energy and other natural resources used to operate and maintain our networks.

About This Report

Suite of Reports

Axiata's 2017 Annual Report Suite is made up of the following:




 Integrated Annual Report 2017



 Governance & Audited Financial Statements 2017



 Sustainability & National Contribution Report 2017

Reporting Frameworks and Reporting Suite

Reporting Suite	Disclosure	Reporting Framework
Integrated Annual Report 2017	<ul style="list-style-type: none"> Management Discussion and Analysis Abridged Annual Financial Statements Corporate Governance Overview 	<ul style="list-style-type: none"> Malaysian Code on Corporate Governance 2017 Bursa Malaysia Securities Berhad Listing Requirements IIRC Integrated Reporting Framework Companies Act 2016
Governance & Audited Financial Statements 2017	<p>Governance and Compliance Documents</p> <ul style="list-style-type: none"> Full Directors and Management Profile Statement on Risk Management and Internal Control Board Audit Committee Report Additional Compliance Information <p>Financial Statements</p> <ul style="list-style-type: none"> Directors' Report Audited Financial Statements Independent Auditor's Report 	<p>Governance and Compliance Documents</p> <ul style="list-style-type: none"> Malaysian Code on Corporate Governance 2017 Bursa Malaysia Securities Berhad Listing Requirements Companies Act 2016 <p>Financial Statements</p> <ul style="list-style-type: none"> International Financial Reporting Standards ("IFRS")/ Malaysia Financial Reporting Standards ("MFRS") Bursa Malaysia Securities Berhad Listing Requirements Companies Act 2016
Sustainability & National Contribution Report 2017	<ul style="list-style-type: none"> Global Reporting Initiative ("GRI") Standards Third Party Assurance 	<ul style="list-style-type: none"> Bursa Malaysia Securities Berhad Listing Requirements GRI Standards FTSE4Good Bursa Malaysia Index and ASEAN 5 Index MSCI Environmental, Social and Governance ("ESG") Index Dow Jones Sustainability Index

Application of International <IR> Framework by Axiata	
Axiata's Integrated Annual Report 2017	Content Framework as per International <IR> Framework by the IIRC
About This Report	General reporting guidance Basis of preparation and presentation
Our Business	Organisational overview and external environment
Statements and Analysis	Performance & Outlook
Value Creation Model	Business Model
Axiata 3.0	Strategy and resource allocation
Our Operating Environment	Organisational overview and external environment
Management of Material Risks & Opportunities	Risks and opportunities
Operational Performance	Performance
Governance	Governance

All of Axiata's Reports are available online at www.axiata.com and can be downloaded in app form on We welcome feedback on this report at: info@axiata.com



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Notice of AGM

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Notice of Annual General Meeting
Proxy Form

Unless otherwise stated:

- All corporate information in this IAR is at 31 March 2018
- All USD figures used in this IAR are based on the indicative exchange rate of 4.3015



Our Business

Our Business

Integrated Annual Report 2017



The Axiata Group

Axiata is one of the leading telecommunications groups in Asia with approximately 350 million customers in 11 countries in ASEAN and South Asia. The Group is listed on the Main Board of Bursa Malaysia Securities Berhad and ranks as the sixth largest company on the bourse as of 31 December 2017.

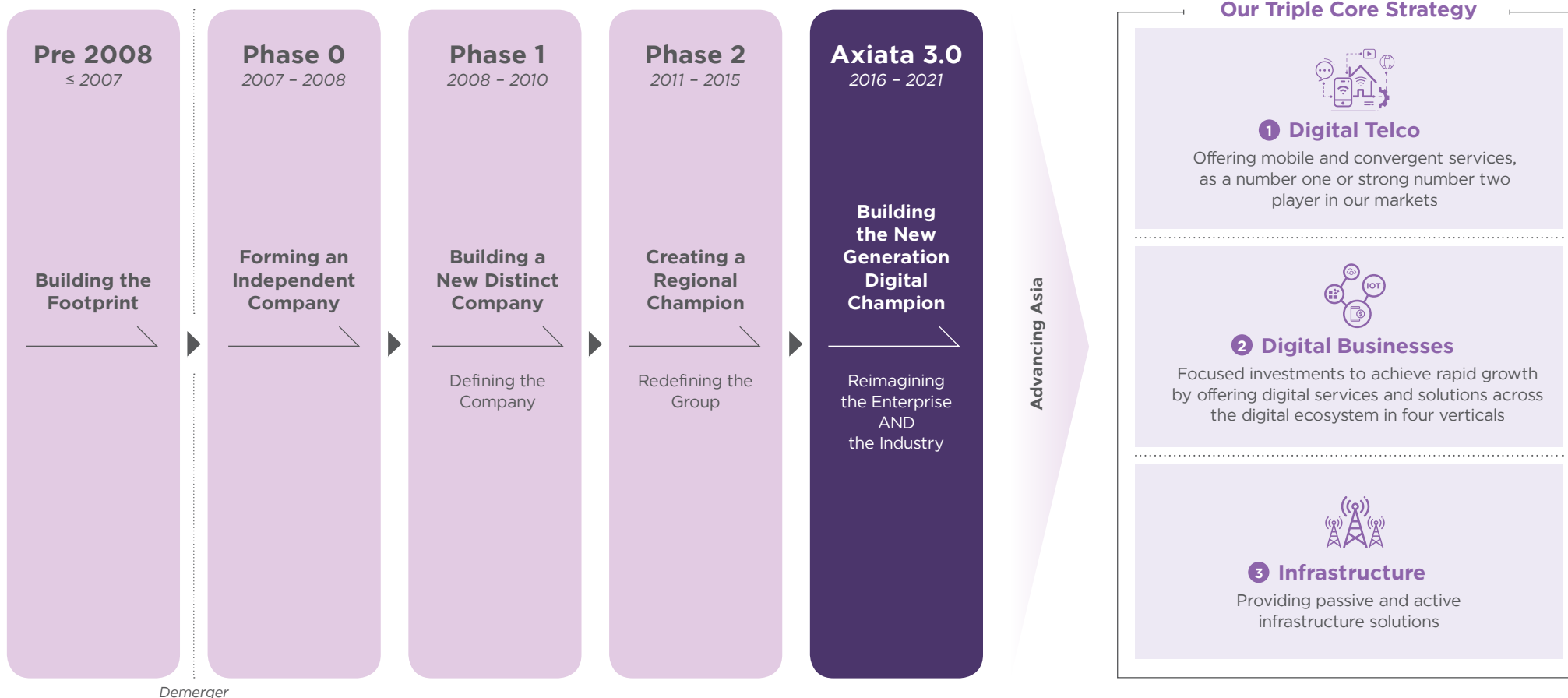
In pursuit of our vision to be a New Generation Digital Champion by 2021, the Group has transformed itself from a holding entity with a portfolio of pure-play mobile assets into a Triple Core Strategy driven business focus to include Digital Telco, Digital Businesses and Infrastructure.

With a broader goal of Advancing Asia, Axiata pieces together the best in the region in terms of innovation, connectivity and talent. As a long-term investor in all our markets, Axiata remains committed to its role as a responsible corporate citizen, to make a difference in people's lives and help transform the countries in which it operates.





Embarking on Axiata 3.0 with a Triple Core Strategy



Axiata has completed two distinct phases of growth since our inception as an independent company in 2008. With the conclusion of Phase 2 in 2015, we have established Axiata as a Regional Champion providing digital and mobile services to approximately 350 million customers across ASEAN and South Asia, as well as being recognised as a responsible corporate citizen and committed long-term investor.

In Phase 3, 'Axiata 3.0' is the playbook guiding the Group's key strategic decisions on Axiata's journey to become a New Generation Digital Champion by 2021. Axiata 3.0 has evolved into a clearer heading of the core composition and priority growth pillars. Aligned with our core business pillars of Digital Telco, Digital Businesses and Infrastructure, Axiata 3.0 has further refined the strategy of the business moving forward.

Our Business

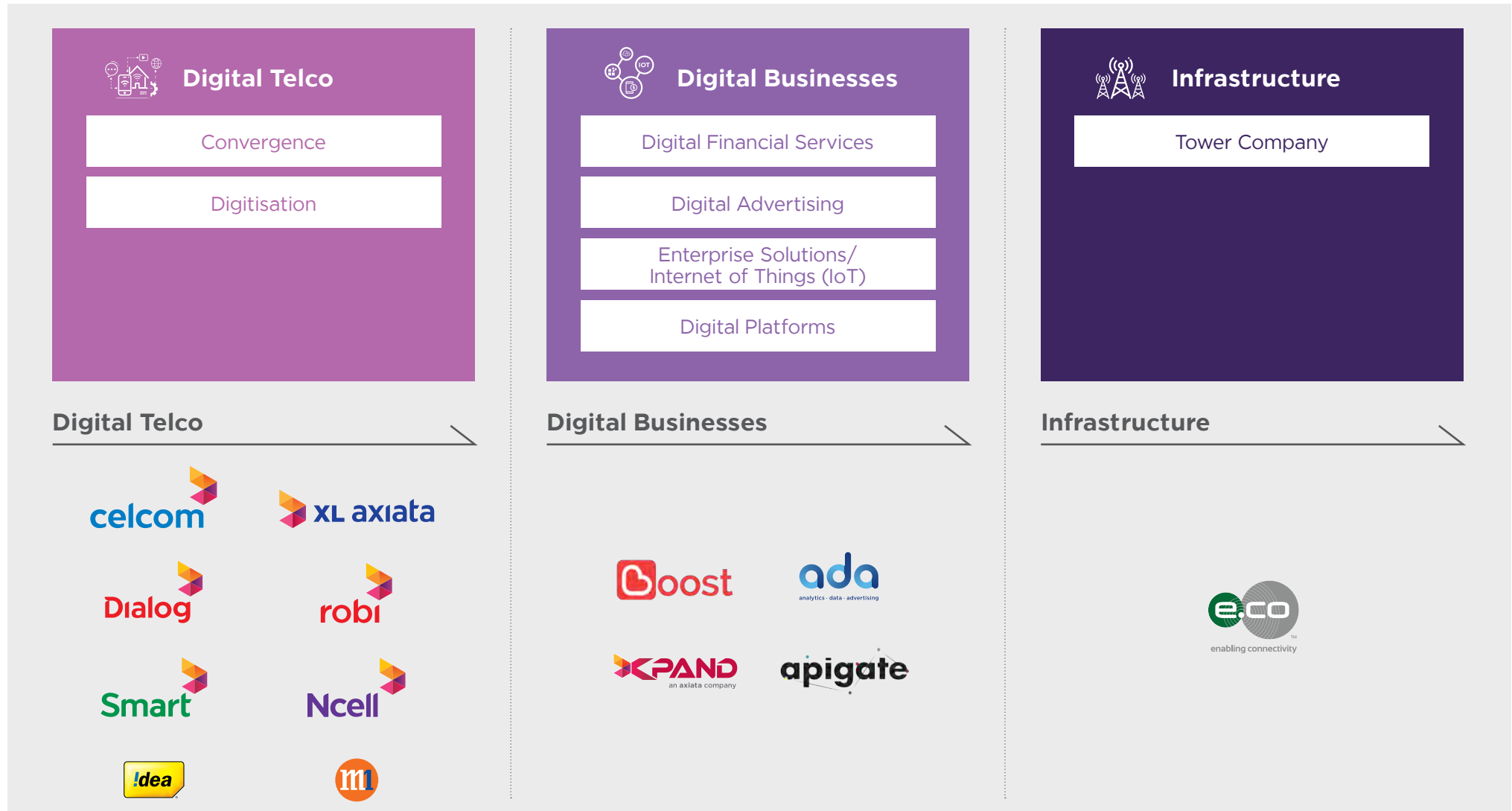
Integrated Annual Report 2017



Triple Core Strategy at Centre Stage

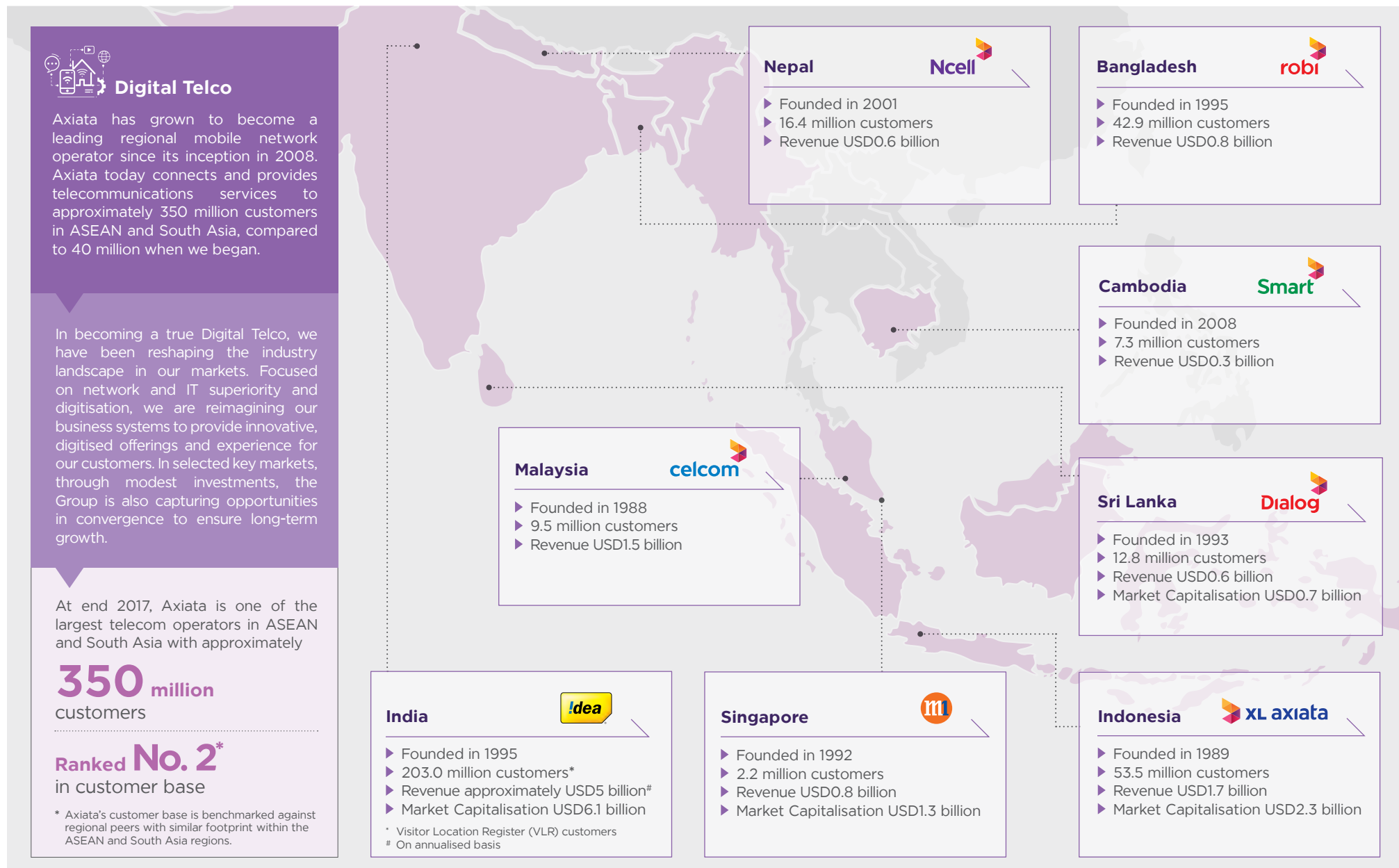
While building a leading regional mobile operations, Axiata also made its move into adjacent businesses in 2013. First, in carving out its tower assets into a regional independent tower company. Second, by building a digital business unit with a portfolio of investments to explore market opportunities in the area.

Today, Axiata's business has been reimagined and redefined into a triple core growth engine with the operational businesses of Digital Telco, Digital Businesses and Infrastructure.





Core 1 ► Transforming Mobile Operators to Digital Telcos with Digitisation and Convergence



Our Business

Integrated Annual Report 2017



Core 2 ► Pivoting into Four Lines of Operational Digital Businesses



Digital Businesses

Axiata's Digital Businesses today spread across two distinct digital operating companies, Axiata Digital Services or Axiata Digital, and Axiata Business Services, which operates under the brand Xpand. Together, these digital businesses are involved in key verticals of Digital Financial Services, Digital Advertising, Enterprise Solutions/Internet of Things (IoT), and Digital Platforms. Under these verticals, our digital portfolio pivots into four lines of operational businesses to capitalise in the multi-billion dollar digital market opportunities.

Through these digital businesses, the Group is creating new sources of revenue stream as part of our New Generation Digital Champion ambitions. The Group targets to create valuations of USD1 billion for each of these lines of digital businesses.



~2.2 million users

>11,000 payment touchpoints

>200% gross value transaction increase

Digital Financial Services



- Building one of the largest Digital Financial Services companies in Asia to provide 5 microservices – payments, remittance, lending, saving and insurance
- Digital and e-wallet services in 4 markets

Digital Advertising



- Focused on data driven digital marketing
- Leverage Axiata's telco channels and data synergies
- Operates in 8 countries across ASEAN and South Asia

Enterprise Solutions/IoT



- Multi-billion dollar addressable market within the Axiata footprint in the underserved Business to Business (B2B) and Business to Consumer (B2B2C) solutions across multiple industries
- Aims to achieve double-digit growth

Digital Platforms



- GSMA Award-winning platform service
- Highly-secure, plug-and-play enablement platform that connects developers and businesses to global consumers
- apigate serves 1.3 billion users and connects >50 Mobile Network Operators (MNO) across Asia, Africa, Europe and South America

Digital Ventures





Core 3 ► Fast-growing Regional Independent Tower Company to Global Scale



Infrastructure

Axiata's infrastructure and services company, edotco, is the first regional and integrated telecommunications infrastructure services company in Asia. Over the last five years, edotco has seen significant portfolio expansion through both organic and inorganic growth to become the 12th largest independent tower company globally.

The Group is determined to make edotco a world-class business and one of the world's largest independent tower companies by 2020. edotco's core innovation focus is in green solutions.

~27,500

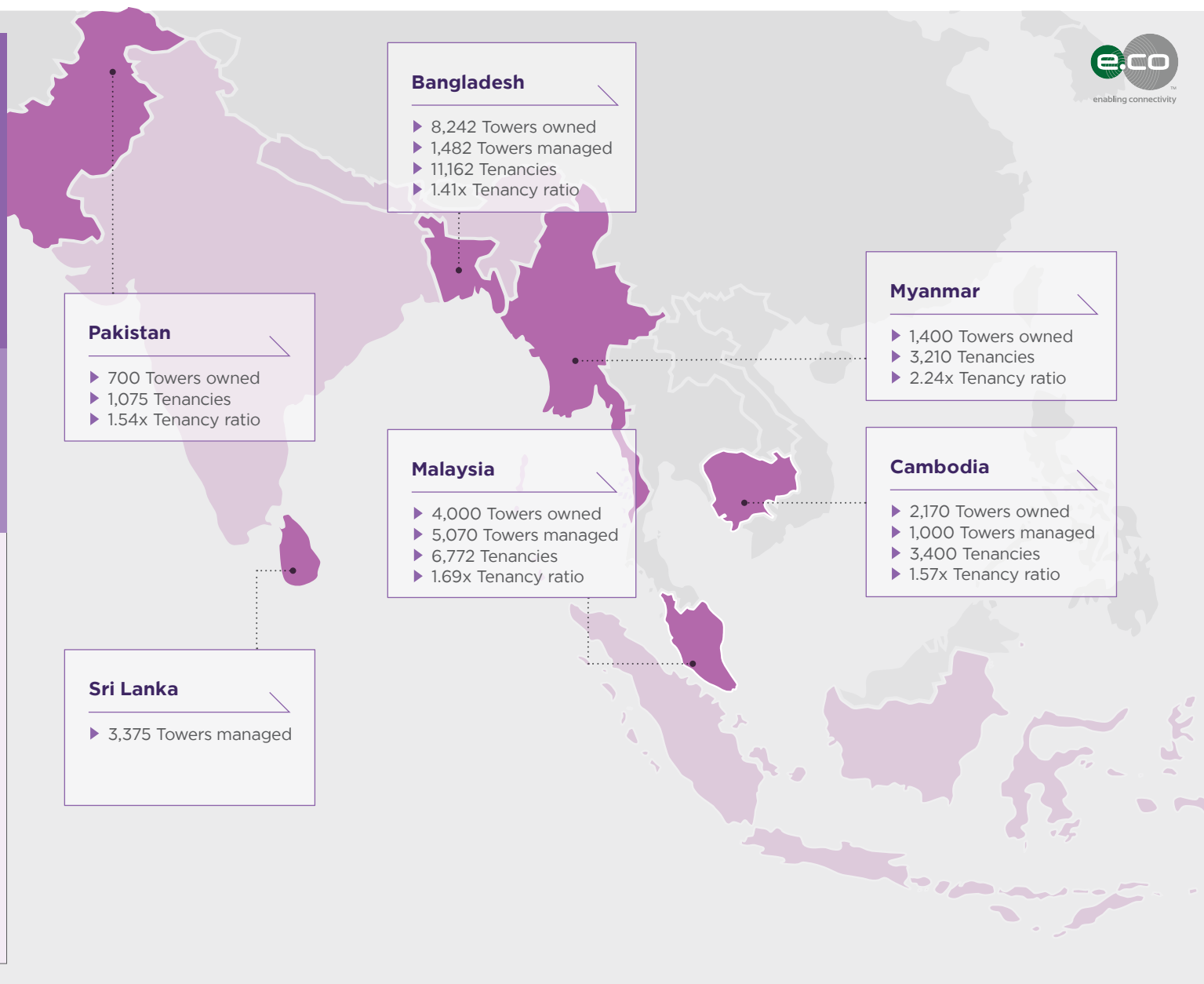
Towers owned, managed & operated

696

Green Sites

Comprising of renewable energy and alternative material sites

All time high Group
tenancy ratio at **1.57x**



Our Business

Integrated Annual Report 2017



Core Values Embraced Across the Group

Code of Conduct

Axiata is committed to conduct its business fairly, impartially and in full compliance with all applicable laws and regulations in Malaysia and in countries where the Group operates.

The Group's professionalism, honesty and integrity must at all times be upheld in all of the Company's business dealings by all employees.

Axiata has a Code of Conduct that serves as our commitment in ensuring our business dealings are conducted in a manner that is efficient, effective and fair. Axiata ensures that it is the responsibility of every employee to act in accordance with the policies detailed in the Group's Code of Conduct.

Full Axiata's Code of Conduct is available at <https://axiata.com/corporate/corporate-governance/>



1

Uncompromising Integrity

Always doing the right thing and fulfilling promises made to earn the trust of our stakeholders

We are committed to upholding the highest standards of lawful and ethical conduct, and in demonstrating honesty, fairness and accountability in all our dealings

2

Exceptional Performance

Always pushing ourselves to deliver benchmarked outstanding performance

We are determined to be the winner, leader and best-in-class in what we do. Whilst we are tough with performance standards, we are compassionate with people – we call it Performance with a Heart

These two values are incorporated into the existing values of the individual Operating Companies (OpCos) which include amongst others **service excellence, teamwork, creativity and customer centricity.**

Shareholding Structure and Portfolio of Investments

Shareholding Structure and Portfolio of Investments

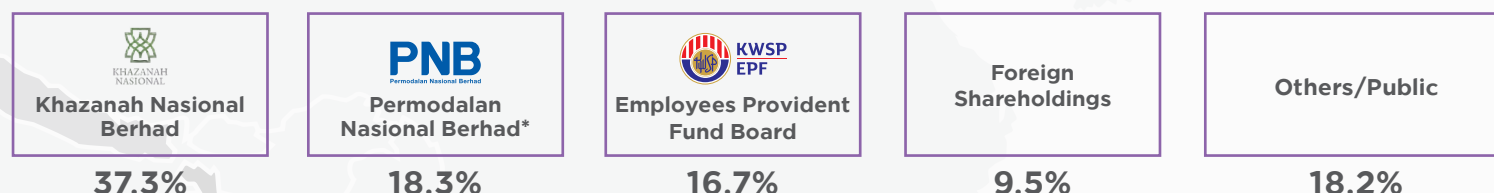
As an emerging leader in Asia's telecommunications landscape, Axiata made an impressive debut on the Main Board of Bursa Malaysia on 28 April 2008. As of 31 December 2017, Axiata is the sixth largest listed entity on the FTSE Bursa Malaysia KLCI (FBMKLCI). With Khazanah Nasional Berhad as its largest shareholder, Axiata's shareholding breakdown constitutes a diverse and balanced mix of both local and foreign institutional investors, a testament to its strong business fundamentals, long-term growth prospects and investor proposition.

As a leading telecommunications group in Asia and with majority stakes in Mobile Operators, Digital Businesses and Infrastructure assets, the Group continuously reviews various strategic portfolio options to ensure long-term value enhancement, and optimal deployment of capital and funding for our growth strategies.

Over the last two years, Axiata has attracted high-quality equity partners in some of its best performing companies.

Equity partnerships:

- November 2016
Bharti Airtel Limited at Robi Axiata Limited
- January 2017
Innovation Network Corporation of Japan at edotco Group Sdn Bhd
- April 2017
Kumpulan Wang Persaraan (Diperbadankan) at edotco Group Sdn Bhd
- May 2017
Mitsui Co., Ltd at Smart Axiata Co., Ltd



axiata

MOBILE SUBSIDIARIES



Year of Investment/
Shareholding:
2008/100.0%



Year of Investment/
Shareholding:
2005/66.4%



Year of Investment/
Shareholding:
1995/83.3%



Year of Investment/
Shareholding:
1996/68.7%



Year of Investment/
Shareholding:
2013/82.5%



Year of Investment/
Shareholding:
2016/80.0%

NON-MOBILE SUBSIDIARIES & ASSOCIATES/AFFILIATES



Year of Investment/
Shareholding:
2014/100.0%



Year of Investment/
Shareholding:
2016/100.0%



Year of Investment/
Shareholding:
2012/63.0%



Year of Investment/
Shareholding:
2008/16.3%



Year of Investment/
Shareholding:
2005/28.7%

MOBILE ASSOCIATES/AFFILIATES

For complete details of Shareholding Statistics, please refer to page 166.



* Comprise of total shareholdings held by trust funds managed by Permodalan Nasional Berhad



Statements and Analysis



Chairman's Statement



**TAN SRI DATUK WIRA
AZMAN HJ. MOKHTAR**

Chairman

Dear Shareholders,

The year 2017 marked a global upswing in economic activity amid rising market optimism and low volatility. We also bore witness to how digital disruption and the advanced use of digital technologies triggered significant shifts in geopolitics and business models.

The rapid increase and ubiquitous use of mobile devices have further unleashed the potential for digital disruptions across many traditional industries, notwithstanding the telecoms industry, challenging the long-held traditional businesses and technologies.

With these events as the backdrop, I am pleased to note that the strategies we have put in place have mitigated some of the industry challenges as we continue to drive the turnaround of some of our key markets.

ONE OF ASIA'S LARGEST TELECOMMUNICATIONS GROUPS

Axiata maintains its standing as **one of the largest telecommunications groups in Asia**, with presence in 11 countries in ASEAN and South Asia, serving approximately 350 million customers as at end 2017. The Group is ranked second in customer base, fourth in revenue and sixth in market capitalisation against regional telecoms operators*.

To further enhance the Group's large and diverse portfolio and to ensure long-term value creation and efficient use of our financial capital for sustainable growth, we successfully undertook **three major corporate development exercises in 2017**:

- ▶ The upsize of **edotco's private placement exercise**, the largest tower sector private placement announced in December 2016, with a further USD100 million in April 2017 to reach USD700 million at close
- ▶ The proposed **acquisition of Deodar Private Limited** and its 13,000 towers in Pakistan to make edotco the eighth largest tower company in the world, upon completion
- ▶ The **strategic partnership with Mitsui Co., Ltd** at Smart Axiata in Cambodia

Our Ranking



* Axiata's customer base, revenue and market capitalisation are benchmarked against regional peers with similar footprint within the ASEAN and South Asia regions.

Statements and Analysis

Chairman's Statement

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COMMITMENT TO LONG-TERM VALUE CREATION

In keeping to our broader goal of Advancing Asia, we create long-term value for all of our stakeholders including;

For Our Shareholders

Share Price Performance for 2017

Axiata's share price was up by 16.3% in 2017, to outperform the benchmark FTSE Bursa Malaysia KLCI's 9.4% growth and to close the year as the sixth largest listed entity in terms of market capitalisation.

Dividend Payout for 2017

Given the improved overall results, the Board has declared a **higher full year dividend payout of 8.5 sen for 2017** against 8.0 sen in 2016. This translates to a Dividend Payout Ratio (DPR) of 64% compared to 50% in the previous year.

Total Shareholder Returns

Axiata's total shareholder return for 2017 was 18.1% compared to peer range of 3.9% to 9.8%.

Axiata remains committed to delivering the value proposition of moderate growth and moderate yield to our shareholders over the longer term. The Board remains prudent to ensure resilience against any market volatility and to support future strategic investments such as 4G/5G spectrum acquisitions.

For Our Customers

- ▶ Across our mobile Operating Companies (OpCos), the Group's networks cover more than 1.3 billion people. On average, 44% of our sites are located in rural areas to support digitally inclusive societies
- ▶ We provide a host of digital financial services including e-wallet and micro insurance services that touches the lives of all levels of society, towards developing a financially inclusive society. With Boost, our e-wallet service in Malaysia, we serve **approximately 2.2 million customers and provide access to over 11,000 payment touchpoints. Over 3.8 million people in Cambodia, Bangladesh, and Sri Lanka are covered with micro insurance** through BIMA

For Our Employees

- ▶ Axiata's Employee Engagement Survey across the Group is at 87%, which is higher than industry norm and within global high-performing companies, demonstrating conducive and inspiring workplace
- ▶ Gender inclusive and flexible benefits, with enhanced new employment benefits especially for women employees such as Flexi Work Time, Flexi Employment and Extended Maternity Leave of three months. Celcom will be implementing shorter work hours for expecting mothers in 2018
- ▶ Continuous investment to build an Asian Talent Factory with over USD38 million spent on training and development
- ▶ An accelerated Digital Talent Transformation with **Asia's Largest Employee Online Activation Day in November 2017** and pledged to spend USD6 million over the next three years in driving this initiative to **create a Modern, Agile and Digital (M.A.D.) workforce** apart from the normal business, technical and professional training programmes

For Our Communities

- ▶ Over the last two years, we have **spent an average of 2.4% of Profit Before Tax (PBT)** to support social and environmental causes across our markets with an average of **1.4% of PBT spent in Malaysia alone**
- ▶ **A RM100 million commitment over 10 years on the Axiata Young Talent Programme (AYTP)**, towards developing talent and nurturing future CEOs of Malaysia. AYTP has spent RM53 million since 2010 and has reached 1,366 students at the end of 2017
- ▶ **edotco's green tower initiatives** have been designed to effectively reduced carbon footprint through the use of fuel cells, solar panels and material innovations
- ▶ **The RM100 million Axiata Digital Innovation Fund** was established in 2014 to spur Malaysia's digital ecosystem and to **create regional digital champions**. In 2017, similar funds were set up at Smart and Dialog with a USD5 million and USD15 million fund size respectively

SUSTAINABILITY AND NATIONAL DEVELOPMENT

The Board has embedded sustainability into the Group's overall strategy and has made it an important agenda to drive our New Generation Digital Champion 2021 vision, with a target of being recognised as an exemplary long-term foreign investor and corporate citizen in all our markets. This has led us to **adopt the International Integrated Reporting Council's framework** which provides a more comprehensive view on how the Group utilises its six capitals towards achieving its financial and non-financial goals, as well as enhance value for our brand, business and stakeholders. In the coming year, the Group will also align our sustainability framework with Key Performance Indicators (KPIs) and targets of the United Nations Sustainable Development Goals (UNSDG), to further demonstrate our commitment to be a national champion in markets where we operate.

Axiata continues to make a substantial contribution to our markets as a long-term committed investor in all our markets, some for over 21 years. Through our investments across the region, the Group is recognised as **one of the largest Foreign Direct Investors, employers, taxpayers and purchasers of local services**.

The Group contributed USD14.7 billion to the GDP of all our mobile markets in 2017 alone and USD43.6 billion cumulatively over the last three years, with every USD1 spent on capex and opex translating to an average GDP contribution of USD1.3. Our activities supported 1.0 million direct and indirect jobs.

Axiata remains an **active member of GSMA's Mobile for Development** platform. A number of our OpCos have committed towards the GSMA Connected Women Initiative, which intends to close the gender gap on digital access. Our commitment to the Humanitarian Connectivity Charter supported local government agencies in Sri Lanka and Nepal by broadcasting over eight million SMS, thus preventing the loss of life and livestock. Humanitarian missions were dispatched to Bangladesh and Sri Lanka as part of our partnership with Mercy Malaysia.



Chairman's Statement

STRONG GOVERNANCE

Axiata has consistently been recognised for upholding strong governance and transparency practices. **The Group ranked second amongst all Malaysian public listed companies** in corporate governance disclosure and continues to receive commendations from the Minority Shareholder Watchdog Group.

In line with the diversification of our business into a Triple Core Strategy, we have strengthened the Board's oversight and efficiency over the course of the year. Additionally, we have re-organised and restructured our management governance structure to ensure efficiencies in capturing market opportunities in new and important growth areas. To improve our Board effectiveness, **a new Board Risk Management Committee has also been set up** to reflect the importance of the Board's role in this area as the Group continues to expand in its breadth and depth of business. We have also combined our remuneration and nomination committees for greater synergies and consistencies.

Changes to the Board

We bid farewell to Bella Ann Almeida and Kenneth Shen who have served us well and we thank them for their dedication and service to the Group. In their place we welcome Dr David Robert Dean and Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz.

We are now well in the third phase of our journey, one that will transition the Group into a truly digital company by 2021. **In building a strong foundation for our New Generation Digital Champion** ambition, we remain keenly focused on redefining and digitising our operating model across the Group to capture value from new opportunities on the horizon. Tan Sri Jamaludin Ibrahim outlines these clear strategies in his message to you on page 14 of this report.

ACKNOWLEDGMENT

On behalf of the Board, thank you to our various stakeholders for their sustained support. Our gratitude goes to governments and regulators of our operating countries for their support and the opportunity to continue to provide digital and telecommunication services to approximately 350 million people.

Our appreciation to our employees for their exemplary work and efforts.

Thank you to our shareholders for your continued belief in Axiata's growth strategy. I am especially pleased to present to you our first Integrated Annual Report.

2018 marks the 10th year of Axiata and as a regional company staking a commanding position in the markets where we operate, I am confident Axiata is poised to further reap the benefits of being one of the early movers in digitisation and adopters of digital technology.

TAN SRI DATUK WIRA AZMAN HJ. MOKHTAR
Chairman

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President & Group CEO's Statement

Dear Shareholders,

Emerging from a challenging 2016 where the Group was affected by a combination of extenuating external circumstances coupled by our own internal challenges, we were determined to make 2017 a great year.

I am pleased to report that 2017 was indeed a year to be recorded as one of our top performing years given all the challenges of the industry. We performed better in all our markets and saw our infrastructure business starting to make a meaningful contribution to the Group's bottom line and our digital businesses making inroads.

RECORDING ONE OF THE GROUP'S BEST PERFORMING YEARS

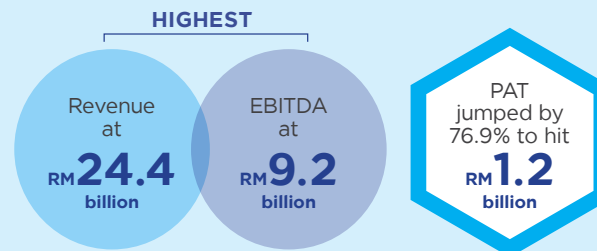
For full year 2017, the Group **achieved all headline Key Performance Indicators (KPIs)** and exceeded revenue and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) targets as the turnaround at Celcom and transformation at XL delivered as planned. All other core mobile operations and businesses performed well with Operating Companies (OpCos) recording better than industry average results and some performed the best in the industry. As a result, we registered our **highest revenue to date at RM24.4 billion** compared to RM21.6 billion the previous year.

In late 2016, we also initiated our ambitious cost optimisation programme with RM800 million in opex and capex savings targeted for 2017 while working towards a RM1.5 billion goal in 2018 and 2019. I am pleased to report that in 2017 alone, the Group successfully **delivered RM1.3 billion in savings**, topping our goal by RM500 million.

On the back of higher revenue and cost optimisation initiatives, the Group recorded a 15.2% increase in EBITDA to reach RM9.2 billion compared to RM8.0 billion in 2016, while EBITDA margin improved by 0.6 percentage points to 37.8%.

Profit After Tax (PAT) for the Group jumped by 76.9% to hit RM1.2 billion compared to RM657 million the previous year, despite significant losses from our associate company, Idea in India, due to unprecedented, super-aggressive competition with entry of a significant disruptive player in the market.

The Group ended 2017 with a strong balance sheet. We successfully brought down our **gross debt/EBITDA level to a healthy limit of 2.1x from 2.6x in 2016 by paring down our US Dollar debt**, which had risen the previous year from the acquisition of Ncell in April 2016, and improved EBITDA. **Available cash for the Group was strong at RM6.8 billion.**



**TAN SRI
JAMALUDIN IBRAHIM**

Managing Director/
President & Group Chief
Executive Officer



President & Group CEO's Statement

STRENGTHENING OUR POSITION AS A LEADING TELECOMMUNICATIONS PLAYER

Celcom Turnaround

Turning around Celcom's performance had been a key focus, as we worked on all the key operational drivers and turnaround elements such as sales and distribution, network and IT, pricing and packaging, branding and marketing, digitisation, organisation and people. I am pleased to say that this is now firmly on track. **Celcom has demonstrated improvements in all these areas resulting in good performance especially against the industry. Celcom captured mobile service revenue market share with service revenue growth of 0.5% Year-on-Year (YoY) against an estimated negative industry growth of -1.3%.**

Anchoring on excellent customer experience as a differentiator in capturing high-value customers, **Celcom's Average Revenue Per User (ARPU) rose with postpaid growing by RM6 and prepaid by RM2.** Competing in a mature and data-centric market, we made significant leaps in our high-speed network coverage, especially with the **expansion of 4G and 4G LTE-Advanced population coverage to 87% and 74% respectively** from 76% and 43% at the beginning of 2017.

Celcom had also introduced a simplified and transparent product portfolio and improved its sales and distribution channels to regain market confidence. One of the most significant progress recorded was in the organisation and culture transformation, by adopting more digital and agile ways of working and dynamic mindset shifts, which enabled Celcom to compete more effectively in the market. These improvements led to Celcom leading the industry in key customer satisfaction indices including relationship Net Promoter Score (rNPS) and transactional Net Promoter Score (tNPS).

Having said all the above, Celcom management is aware that they still have a long way to go to fully turnaround the company, but are confident of doing so given the traction so far.

XL Transformation Agenda

XL continued to make steady progress in its Transformation Agenda which culminated in a strong year of performance in 2017. Revenue grew 7% on the back of data as a key driver for growth, while normalised EBITDA increased by 7% and normalised PAT returned to black.

XL's dual brand strategy has proven to be effective, with both the XL and Axis brands continuing to gain traction in their respective market segments. XL also focused its investments in expanding 4G network coverage in key regions outside Jawa, which resulted in significant improvement in data traffic and monetisation of data. In 2017, XL led the market on share of data revenue and smartphones on its network.

Successful Merger and Integration in Bangladesh

Our strategy and proven track record of strengthening our existing market position through in-country consolidation in Sri Lanka, Cambodia and Indonesia have also been effective in Bangladesh with the first industry merger between Robi and Bharti Airtel back in 2016. **The subsequent integration, currently progressing ahead of schedule and synergies surpassing expectations, has led to Robi strengthening its market position as the significant number two player in the sector.** Robi saw a customer growth of 26.8% to reach a record of 42.9 million, or 29.6% of customer market share. The expected merger synergies have also been achieved in the integration of networks and innovative data offerings to drive data usage within its customer base.

Solidifying our Market Leading Position in Cambodia, Sri Lanka and Nepal

Notwithstanding the hyper-competition and intensifying price war in Cambodia, Smart sustained its exceptional performance record. Similarly, Dialog and Ncell upheld their commanding position despite heightened competition and regulatory challenges. Dialog delivered excellent growth in all segments supported by exceptional cost optimisation to improve EBITDA margin by 2.3 percentage points.

Within these markets, we have invested heavily in data networks and capacity in 2017, which has further solidified our position as the strong number one player in Sri Lanka and Nepal.

Pivoting into Four Lines of Digital Businesses

Since we embarked on our digital services journey in 2013, Axiata Digital has built a diverse portfolio of up to 29 digital brands and services by end of 2016. **In 2017, we refined our digital business strategy to pivot our portfolio investments into four key operational businesses: (i) Digital Financial Services, (ii) Digital Advertising, (iii) Enterprise Solutions/ Internet of Things (IoT) and (iv) Digital Platforms.** Our digital businesses are now spread across two distinct digital operating companies, Axiata Digital and Axiata Business Services, operating under the brand Xpand.

In late 2017, Axiata Digital launched Boost, an e-wallet service, in Malaysia. As of 31 March 2018, **Boost has attracted approximately 2.2 million users and acquired over 11,000 payment touchpoints**, due to an aggressive and effective ecosystem building strategy and first-mover advantage in key target segments. Axiata Digital also sustained its focus on growing its other micro payment services, namely eZCash in Sri Lanka, XL Tunai in Indonesia and SmartLuy in Cambodia.

To grow its mobile insurance business, Axiata Digital made a further investment of USD16.8 million in the leading global insurance technology company, BIMA. We are currently insuring over 3.8 million people in Cambodia, Bangladesh and Sri Lanka, and we are optimistic over our future growth potential with BIMA's presence in 14 countries.

Xpand, set up in 2016, is directing its focus on the fast-growing Enterprise Solutions/IoT business. Within a short period of time, Xpand has established key partnerships and invested in solutions in growth verticals such as transportation, agriculture and Smart City projects. Xpand made a strategic investment with the acquisition of a 65% stake in Suvitech Co Ltd, a Thailand-based operator of mobile virtual network enabler (MVNE) platform, which fits into its mobile virtual network operator and enabler (MVNx) strategic pillar, providing solid ground for future growth.

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President & Group CEO's Statement

Phenomenal Growth at edotco

Our infrastructure services company, edotco, delivered on its growth strategy and ambition to position itself as the leading independent telecommunications infrastructure services provider across Asia. In 2017, edotco made a significant leap in growth through two deals in Pakistan. edotco completed its 100% acquisition of Tanzanite Tower Private Limited (Tanzanite) from Tower Share (Private) Limited, which led the way for the company to expand its presence in Pakistan with a portfolio of approximately 700 towers providing tenancies to all major mobile operators in the country.

Subsequently, edotco entered into the proposed acquisition of Deodar Private Limited (Deodar), a subsidiary of Pakistan Mobile Communications Limited, in partnership with Dawood Hercules Corporation, a leading listed Pakistan investment conglomerate. The transaction is targeted for completion in the second quarter of 2018, with immediate financial accretion for the company.

Deodar has approximately 13,000 towers in Pakistan, which added to edotco's existing tower assets will lead to an enhanced portfolio of approximately 40,000 towers being operated and managed by edotco across the region. This will effectively place edotco as the **eighth largest independent tower company and second largest multi-country tower operator globally by 2018**.

Portfolio Rebalancing

With a large and diverse portfolio of Digital Telcos, Digital Businesses and Infrastructure services, Axiata has continuously reviewed various strategic portfolio options to ensure long-term shareholder value enhancement and optimal allocation of capital and funding for our growth strategies.

edotco's phenomenal growth over the past few years has made it an attractive investment proposition for discerning investors, as evidenced by its USD600 million maiden equity raising exercise announced in December 2016 and

completed in January and April 2017. These investments by Innovation Network Corporation of Japan and Khazanah Nasional Berhad set the benchmark as the largest global tower sector private placement for the year. In April 2017, this was upsized to USD700 million, with Malaysia's pension fund, Kumpulan Wang Persaraan (Diperbadankan) (KWAP) joining the fold of investors.

As existing long-term investors in Axiata, we view Khazanah's and KWAP's direct shareholding in edotco as an endorsement of their trust and validation of our long-term growth strategy, and of edotco's strong business fundamentals and outlook.

In Cambodia, we welcomed a new strategic partner, Mitsui Co., Ltd (Mitsui) to take up 10% equity interest in Smart to cement our leadership in the fast-growing Cambodian telecommunications market.

These deals have effectively helped us monetise our assets and bring financial value to the Group and our shareholders, with the proceeds used for general corporate purposes, repayment of existing debt and further improving our gearing from 2.6x in 2016 to healthy level of 2.1x gross debt/EBITDA.

Cost Optimisation Ahead of Plan

With the continued lowering in data yields in all our markets and our need to fund our growth plans, we implemented a Group-wide cost management programme in late 2016. We targeted RM2.3 billion savings in opex and capex over three years, with RM800 million savings to be delivered in 2017. I am pleased with the progress with **RM1.3 billion already achieved in 2017 and we are on the path to hit our target in the next two years**.

Transforming into a Digital Organisation

With talent as part of our Advancing Asia foundation, Axiata has always been focused on talent development and has been recognised as a talent factory across Asia. We have spent close to USD43 million on formal training and leadership development since 2009.

As our journey moves towards becoming a New Generation Digital Champion, we are dedicating significant resources to address our employees' digital learning needs and to change the way our employees think, act and work to fit the new digital business landscape. This is to create a digital led mindset and the birth of a Modern, Agile and Digital (M.A.D.) workforce across all our businesses.

In November 2017 we kicked off Asia's largest online employee activation and engagement workshop called the Axiata Digital Jam. Over 9,000 employees were simultaneously involved across the Group in a one-day digital awareness exercise. To fully immerse our employees to become a digital driven workforce, Axiata is committed to **invest USD6 million over the next three years to scale up our people's digital expertise and provide critical digital development and capacity building** across all levels and roles.

MOVING FORWARD IN 2018

AXIATA 3.0 - From Regional Champion to Digital Champion

Since our inception in 2008 up to 2015, Axiata has been singularly focused on realising its vision of becoming a Regional Champion. Our achievement was marked by healthy growth in revenue, EBITDA, normalised Profits After Tax and Minority Interests (PATAMI) and market capitalisation, which grew by 2.0x, 1.8x, 1.6x and 2.4x respectively within that period. At the same time, we diversified our portfolio to the triple core business it is today.

On the strength of these foundations, **in 2016 we embarked on a new journey to become a New Generation Digital Champion by 2021**. Axiata 3.0, as our blueprint, aligns the Group's overall execution of the Triple Core Strategy by focusing on:

- (i) Transforming our mobile centric telco into **Digital, Convergent Telcos** through massive digitisation programmes and investments into convergence



President & Group CEO's Statement

- (ii) Pivoting our **Digital Businesses** into four lines of operational businesses in Digital Financial Services, Digital Advertising, Enterprise Solutions/IoT and Digital Platforms
- (iii) Ramping up our independent **Infrastructure Business** from regional presence to global scale

We have also **identified eight action-oriented needle-moving initiatives**, which will support the execution of this strategy. Further details of our transformation journey is available in the Axiata 3.0 chapter of this Integrated Annual Report.

Key Focus for 2018

In 2018, our management execution efforts will be focused on the following key areas:

Superior and Sustainable Performance at all OpCos especially Celcom and XL

As Celcom and XL performed as planned in 2017, both OpCos remain our key focus to continue their respective turnaround and transformation journey. At Celcom, we will continue to be aggressive in recapturing our leadership in crucial areas through improvements in network, customer experience and digitisation. At XL, our focus will be on strengthening our dual-brand strategy and widening our 4G LTE network outside Jawa. For the other OpCos, we will continue delivering on our leadership positions and strengths.

Cost Optimisation and Planning for Investment

High demand for data and continuous investment to support growth requires improvements in cost structures at a sustainable level. Building on the success of last year, we will be focusing on not only tactical level but also strategic ones. Our target is to deliver RM5 billion for the five-year period of 2017 till 2021.

Indian Market

Over the last two years, we have witnessed in India the single biggest telecommunication event that has effectively destroyed the value of its telecommunications industry. Operators were forced to consolidate, exit or file for closure from the disruption. The proposed merger of Idea and

Vodafone India Limited will make it the largest telco in India, and one of the largest in the world, signifying a new era for all. This move will also make India a predominantly three player market. For a market the size of India, consolidation into a three player market will be extremely good for the sector in the long-term.

Since 2008, Axiata has been a strategic investor in Idea and we believe in the long-term intrinsic value of our investment. Consequent to the completion of the proposed merger there will be a technical impairment of our investment. The reclassification of our shareholding from associate to simple investment will be an accounting process resulting in a one-time mark-to-market impairment. This would be non-cash and will not reflect the intrinsic value of the investment and actual performance.

Digitisation of Internal and External Processes

Building on our efforts in 2017, the Group will continue with its massive digitisation programme at both Group and OpCo levels in the coming year. This programme will cover our customer fronting programme elements, processes, platform and people. Our main focus will remain on customer facing digitisation efforts where we will continue to enhance customer's end-to-end experience through deeper analytics. In sales and distribution we aim to manage dealers and distributors digitally using mainly online solutions. Our network modernisation and digitisation of platforms will further support our overall push for digitisation, while our organisational and cultural transformation programme, M.A.D. will help create the digital-driven workforce that is required for Axiata to achieve our New Generation Digital Champion vision.

Execution of Triple Core Strategy

- **Digital Telco:** In line with our convergence strategy of delivering dedicated services into the home, we will begin making modest investments in fixed broadband, both wireless and wireline in Malaysia, Indonesia and Cambodia, while continuing with expansions in Sri Lanka. To cater to the ever increasing demand for mobile data, we will focus on extending our 4G leadership in Cambodia, Sri Lanka and Nepal, with new 4G licenses in Bangladesh, we will start to roll out the 4G network

- **Axiata Digital:** Within the verticals of Digital Financial Services, Digital Advertising and Digital Platforms; the Group plans to invest around RM200 million, whilst monetising all other digital investments

- **Xpand:** We are focusing on providing Enterprise Solutions/IoT within the multi-billion dollar addressable market of Business to Business (B2B) and Business to Business to Consumer (B2B2C) customer segments

- **edotco:** We expect to complete edotco's acquisition of Deodar in Pakistan in the second quarter of 2018, with profit accretion from Year 1 contributing an uplift of 3.6%, 4.0% and 3.2% to Axiata's 2017 revenue, EBITDA and normalised PATAMI respectively. This will effectively make edotco the eighth largest tower company globally

We are confident that our new Triple Core Strategy, coupled with the prudent and disciplined management of our lines of businesses will continue to generate long-term rewards for our shareholders and value creation for our stakeholders.

ACKNOWLEDGMENT

On behalf of my management at Axiata, I would like to thank our Board of Directors for their strong support and guidance, and, for leading us in our journey of becoming a New Generation Digital Champion. To our approximately 27,000 employees across the Group, we thank you for your contribution and dedication that has led to our success in every way.

I would also like to express our gratitude to our investors, partners, media and all our stakeholders. Our appreciation also goes out to the governments and regulators in our markets as we remain committed to driving the digital economies and contributing to the communities in your countries. Most of all, we thank our 350 million customers for their continued support and loyalty.

TAN SRI JAMALUDIN IBRAHIM

Managing Director/President & Group Chief Executive Officer

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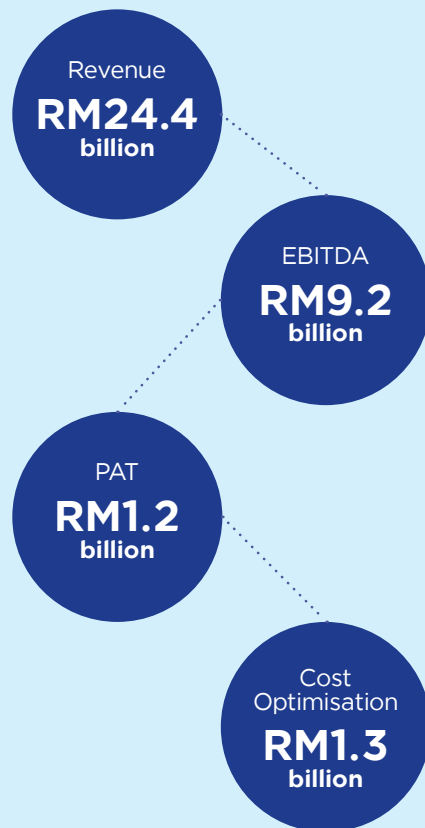


Management Discussion and Analysis

GROUP FINANCIAL ANALYSIS 2017

In 2017, Axiata recorded excellent performance with the highest revenue and EBITDA growth in its history. During the year, Axiata fully consolidated both newly acquired mobile operations, Ncell in Nepal and merged entities Robi and Bharti

Airtel in Bangladesh. The year concluded with the Group's customers growing 9.1% YoY to approximately 350 million.



Revenue

The Group registered its new height of revenue at RM24.4 billion compared to RM21.6 billion in 2016 with 13.2% YoY growth. The improvement in revenue was a result of inorganic growth from the full consolidation of Ncell and Robi and strong organic contribution from all major OpCos underpinned by Celcom turnaround and XL Transformation Agenda executed as planned, and the excellent performance from all core mobile operations. In parallel, the fluctuation of the Ringgit Malaysia against all regional foreign currencies (except SLR) during the year had favorably affected the Group's translated revenue.

Data continues its strong positive traction to drive growth in revenue with 49.5% increase YoY contributing to 45.4% of service revenue, a marked increase of 11.1 percentage points (pp) from 34.3% in 2016, demonstrating that the Group-wide targeted return from data investment is paying off. This growth dynamic is expected to continue to spearhead at a faster pace for the coming years and will drive the future strategic investment return of the Group.

EBITDA

The Group achieved highest growth in its EBITDA, increasing 15.2% to RM9.2 billion with margin improving by 0.6 pp to 37.8%. Aside from the revenue contribution, EBITDA growth was supported by Group-wide cost optimisation initiatives which yielded and overachieved savings of RM1.3 billion against the planned target of RM800 million.

PAT

The Group's PAT for the year was RM1.2 billion, an increase of 76.9% YoY as a result of improved EBITDA and foreign exchange gains in the current year as opposed to foreign exchange losses in the prior year. Share of results from associates and joint ventures declined by more than 100% as the consequence of significant loss contribution from the Group's investment in India. India operation continues to be challenged in the arena of aggressive price competition from the new entrant and sharp reduction in Interconnection Usage Charge (IUC) settlement rates, resulting in a loss of RM450.5 million in the current year as compared to a profit of RM65.1 million in 2016.

Cost Optimisation

With the continued lowering in data yields in all markets and with the need to fund growth plans, Axiata implemented a Group-wide cost management programme in late 2016. The target was to achieve RM2.3 billion savings in opex and capex over three years, with RM800 million savings to be delivered in 2017. The Group successfully over achieved this target with RM1.3 billion saved in 2017 alone. The Group is on track to hit its target in the next two years.



Management Discussion and Analysis

GROUP FINANCIAL POSITION

As at 31 December 2017, the Group's balance sheet has strengthened with gross debt/EBITDA improved to 2.1x as opposed to 2.6x in 2016, resultant of debt repayment and improved EBITDA during the year with proceeds from corporate exercises.

Key Highlights of Group Balance Sheet

Total equity increased by RM1.9 billion mainly due to:

Net profit increased by RM0.5 billion.

Gain on private placement of edotco of RM2.2 billion.

Gain on partial disposal of subsidiaries of RM1.2 billion.

Netted off with foreign exchange losses on translation of costs of investment in subsidiaries, associates and joint ventures of RM2.1 billion.

Dividend via cash payment of RM0.4 billion.

Total assets decreased RM842.0 million driven by:

Intangible assets decreased by RM1.2 billion arising from the amortisation of RM973.4 million, net foreign exchange translation losses of RM949.7 million and partially offset from intangible assets arising from the acquisitions of subsidiaries and additions during the year amounting to RM380.5 million and RM319.1 million respectively.

Property, plant and equipment decreased by RM571.6 million to RM26.9 billion from RM27.5 billion in 2016 as a result of depreciation, impairment and retirement and net foreign exchange translation losses during the financial year, partially lessened by new capital expenditure investment on telecommunication network.

Associates decreased by RM414.2 million mainly as a result of share of losses in Idea amounting to RM450.5 million during the year.

As a result of improved business operations, corporate exercises and cost optimisation, deposits, cash and bank balances has improved by RM1.5 billion.

Gross liabilities stand at RM39.4 billion, reduction of RM2.7 billion from 2016 mainly driven by:

Gross borrowing has reduced by RM3.1 billion during the year to close at RM19.2 billion as at 31 December 2017 arising from the loan repayments during the year, revaluation and foreign exchange translation, net off with the increase in trade and other payables of RM334.1 million.

Cash Position and Dividends

The Group posted a healthy cash balance of RM6.8 billion, an improvement of RM1.5 billion as compared to RM5.3 billion in 2016. The improvement of cash was the result of net cash inflow from operating activities of RM5.7 billion and financing activities of RM1.2 billion from the proceeds of private placement and partial disposal of subsidiaries. During the year, RM5.2 billion was spent on investing activities.

Given the Group's strong financial performance, the Board of Directors has declared a full year total dividend of 8.5 sen per ordinary share, including interim dividend of 5 sen per ordinary share paid in November 2017. Total dividend for 2017 translates to 64% dividend payout ratio which is higher compared to 50% in 2016. The final dividend is subject to shareholders approval at the Axiata's forthcoming Annual General Meeting.

Capital Expenditure Requirements

Total capital expenditure for the year was RM6.3 billion or capex to revenue intensity ratio of 26%, and sourced mainly from internally generated funds. In pursuit of being a clear number one player in 4G and data leadership, the Group has adopted a two year short-term prudent dividend payout in 2016 to balance the Group's resilient cash position with continuous investments for sustainable future business operations.

The Group will continue to focus on the Triple Core Strategy launched in 2017 to transform the legacy mobile business towards convergence and digitisation, consolidating Digital Businesses into four focused digital verticals and to grow the Infrastructure and Tower Company business into global scale. Moving forward, Axiata will continue to invest in enhancing its network to support mobile convergence and digitisation, investing and consolidating in digital businesses, and consolidate and/or expanding its tower portfolio.

Underlying the investment, Group continues to aggressively pursue its Group-wide operational cost optimisation programme driving towards achieving improvements in operational efficiency and business profitability based on a sustainable cost structure.

Capital Structure and Capital Resources

The improved business performance and corporate exercises during the year have resulted in the Group's debt to equity gearing ratio (gross Group borrowings over Group's total equity) to improve by 0.63 times as at the end of 2017 as compared to 0.78 times in the previous year.

Given the economic and currency exposures, the Group continues to undertake various initiatives which include hedging and paring down of debts so as to bring the gearing to a more comfortable level.

Capital Allocation and Balanced Portfolio

Axiata continually strives to maximise shareholders return, with an approach of balancing portfolio, within the Triple Core Strategy. Capital is allocated in line with the strategy, which in 2017 predominantly remains focused on Digital Telco and Mobile Operations. Balance sheet risk is managed by ensuring debt levels are kept within 2.5x gross debt/EBITDA, and to do that all investments are classified and reviewed as Grow and Expand; Monetise; and Monetise or Exit. A balanced approach towards moderate growth and moderate dividend is followed. Forex risks are managed by an active review of transaction and translation exposures. In general, Axiata aims to keep forex exposure at minimum by our hedging wherever possible. Out of USD denominated loan of RM9.7 billion, 52% of it has been hedged and matched to the duration of the loan.

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Management Discussion and Analysis

KEY PERFORMANCE INDICATORS

As a Group, Axiata is firm on setting its Key Performance Indicators (KPIs) based on the Group's strategic direction and vision of being a New Generation Digital Champion. Below is our progress on the KPIs measured and published each year.

	2017 Headline KPIs @Based on constant currency	2017 Achievement @Based on constant currency	2017 Achievement @Actual Currency	2017 Achievement
Revenue growth	8% – 10%	10.9%	13.2%	Exceeded
EBITDA growth	6% – 8%	12.4%	15.2%	Exceeded
ROIC	4.5% – 5.0%	4.6%	4.7%	In line
ROCE	4.0% – 4.5%	4.0%	4.2%	In line
Capex*	RM6.4 billion	RM6.5 billion	RM6.3 billion	

* Capex is not a headline KPI.

2017 has been a strong year for the Group. All our OpCos in Malaysia, Indonesia, Cambodia, Sri Lanka, Bangladesh and Nepal performed better than the mobile telecommunications industry in their respective countries. However the Group's performance was adversely affected by our associate in India. Idea continued to be adversely affected by unprecedented disruption from the new entrant and changing industry dynamics.

Against a backdrop of a still intense competitive landscape in Malaysia, Celcom performed better than its main competitors, and financial performance remains stable. In Indonesia, XL is staging a strong recovery, on the back of improved execution of its transformation agenda and network expansion outside Jawa. Our OpCo in Bangladesh, Robi, has delivered larger-than-expected synergistic benefits from its merger with Airtel Bangladesh Limited;

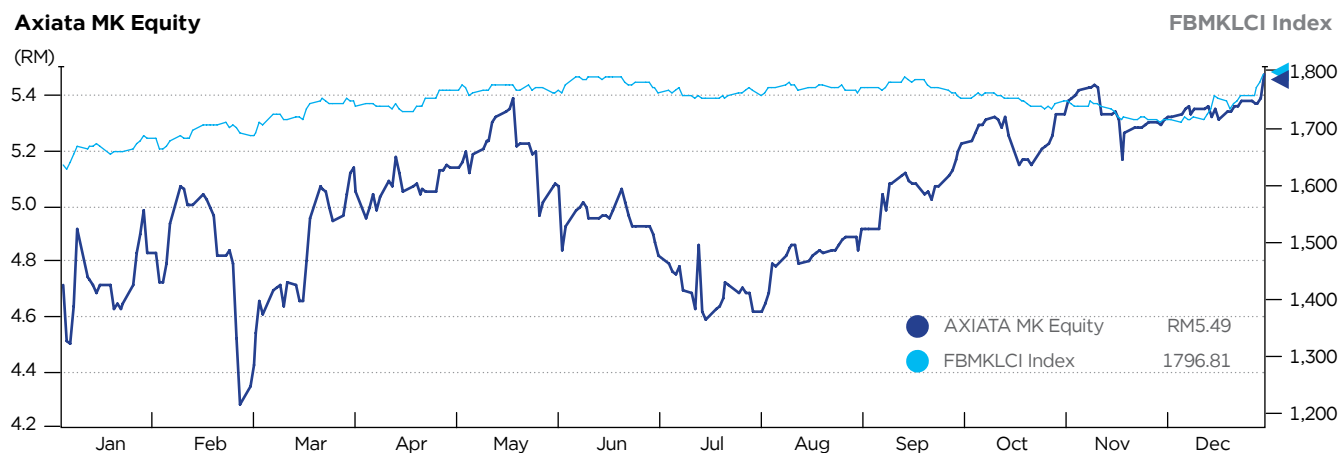
whilst market leaders in Cambodia, Sri Lanka and Nepal continue to deliver excellent performance.

The Group's performance was also lifted by our cost optimisation initiatives which delivered cost savings of RM1.3 billion for 2017, which is well ahead of our initial target of RM800 million.

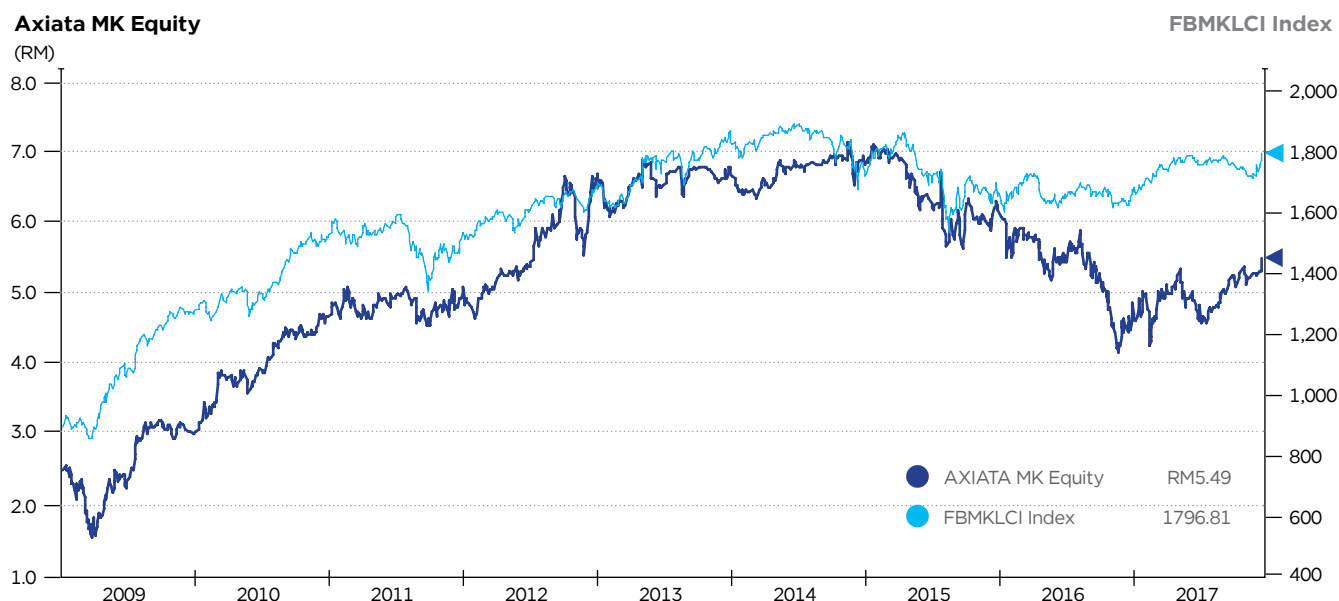


Management Discussion and Analysis

SHARE PRICE PERFORMANCE (2017)



SHARE PRICE PERFORMANCE (2009 - 2017)



INVESTMENT PERFORMANCE

Axiata closed 2017 as the sixth largest company on the FTSE Bursa Malaysia KLCI (FBMKLCI) in terms of market capitalisation at RM49.7 billion. From 2009 to 2017, Axiata's share price had increased 122.7% while the FBMKLCI had increased 104.9%.

In 2017, Axiata's share price surged 16.3% to close at RM5.49 on 31 December 2017, outperforming the FBMKLCI which increased by 9.4%.

Foreign shareholdings remained largely stable at 10.0% as at end 2017, compared to 10.3% in the preceding year.

Axiata's share price performance for the year was influenced by various factors, both internal and external. The earlier part of the year saw share price lowering primarily from a conservative 2016 dividend payout ratio announcement, dipping to RM4.29.

Axiata's share price trended upward thereafter fuelled by announcement of the Idea-Vodafone merger, and positive results from Celcom's turnaround programme and XL's transformation agenda.

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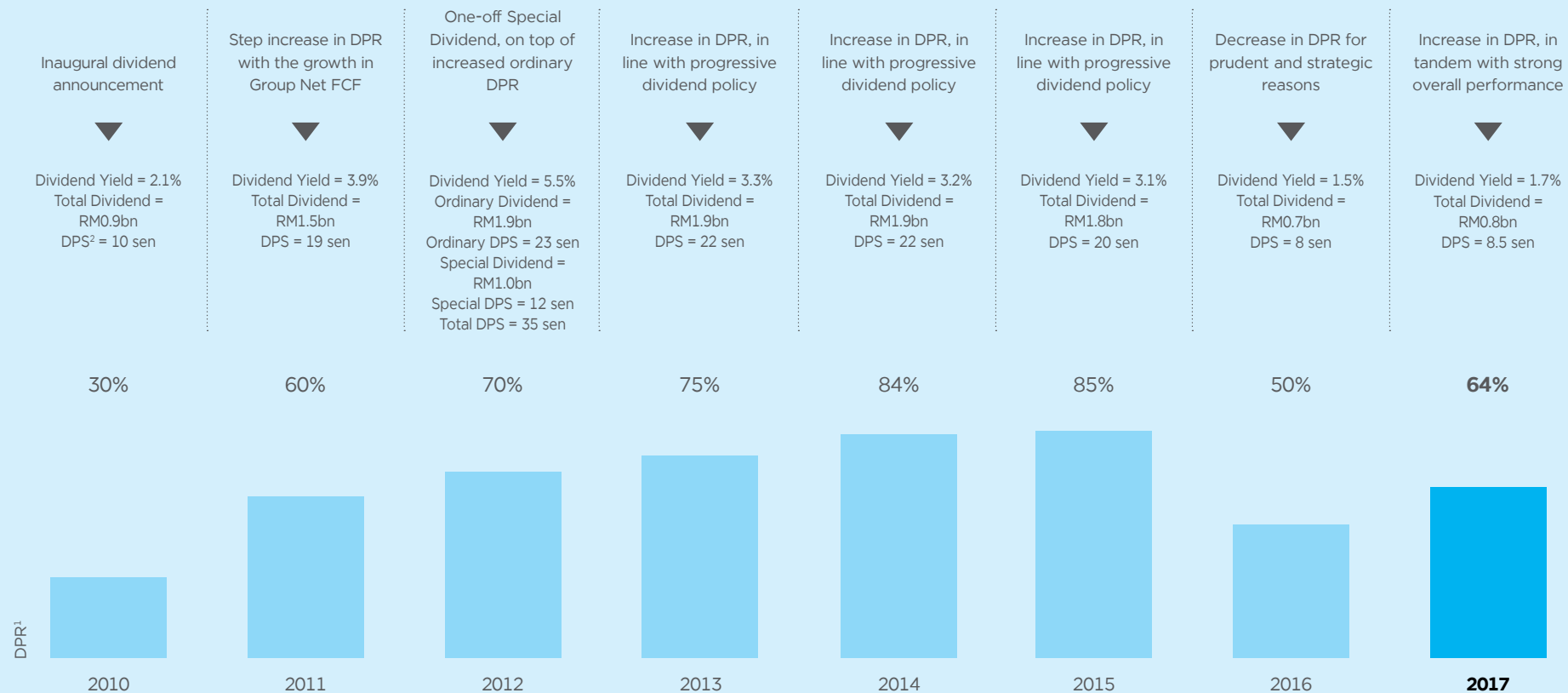


Management Discussion and Analysis

PRUDENT AND DISCIPLINED DIVIDEND PAYOUT

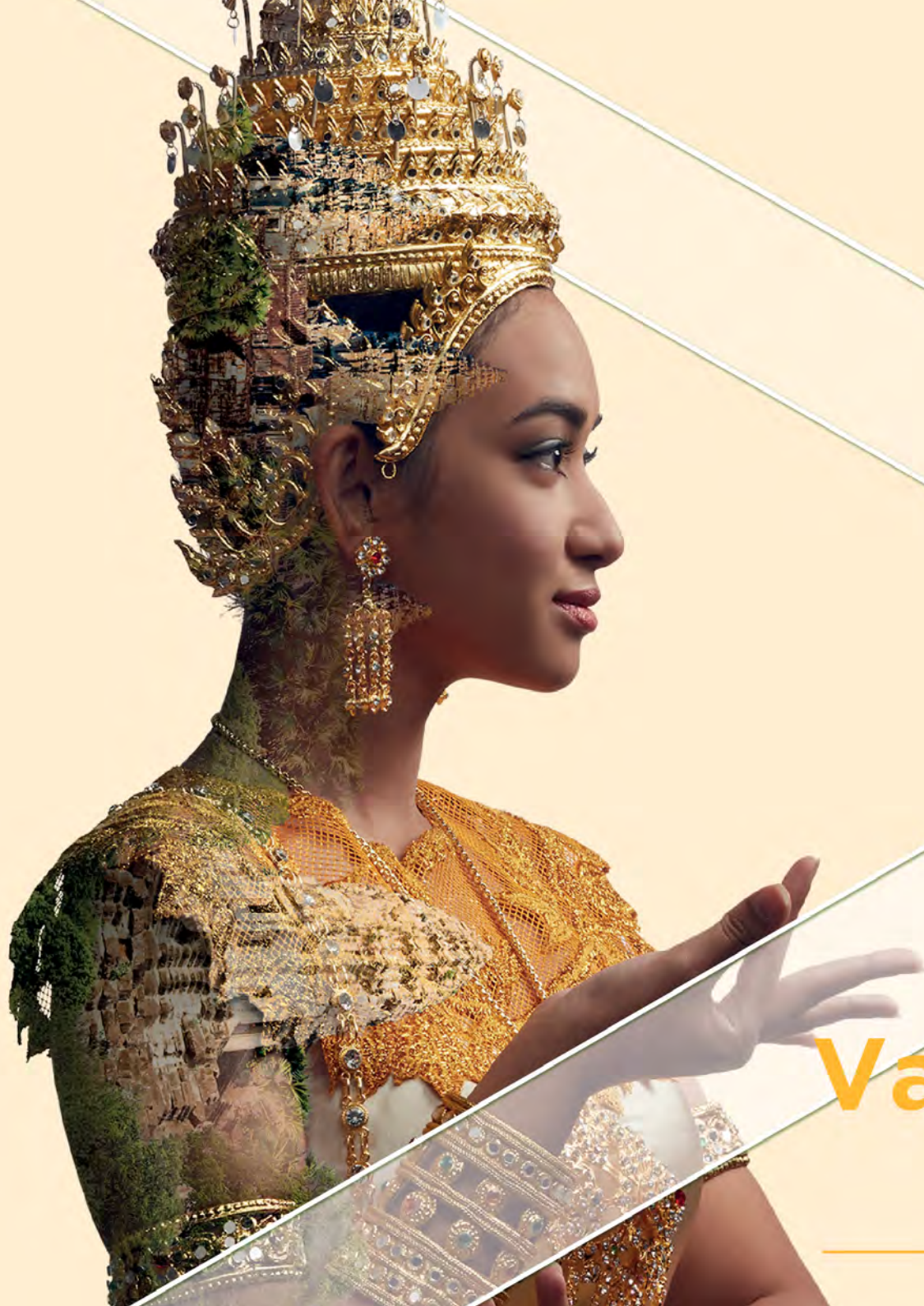
Axiata declared an 8.5 sen per share single tier dividend (including interim dividend of 5 sen per share paid last year), implying a Dividend Payout Ratio (DPR) of 64%.

Given the strong 2017 performance, this is higher than 2016 DPR of 50%. The Board remains committed to our investor proposition of “moderate growth and moderate yield”.



¹ DPR - Dividend payout ratio

² DPS - Dividend per share



Value Creation Model

Value Creation Model

Integrated Annual Report 2017



Long-Term Group Value Creation Model

6 Business Capitals Inputs



Financial Capital



Human Capital



Intellectual Capital



Social & Relationship Capital



Manufactured Capital



Natural Capital

Group Value Creation Model Operating Environment

New Generation
Digital Champion by 2021Axiata 3.0
Triple Core Strategy8 Needle-Moving
Strategic InitiativesEngagement Model &
8 Principles4P Sustainability
Framework

Governance and Values

Value Created Outcomes

Creating value for our shareholders and other stakeholders

- Maximising shareholder value
- Sustained long-term business growth and profitability

Developing and supporting professional growth

- Diverse workforce, with multiple opportunities to advance their career
- Attract and retain talented employees
- Talent development platform geared towards being an Asian Talent Factory

Becoming a New Generation Digital Champion and differentiating ourselves in the marketplace

- Providing amazing customer experience across our regional footprint
- Establish strong brand equity and trust

Contributing to the development of communities within our markets of operation

- Enabling digital and financial inclusion
- Contributing to the socioeconomic development of the countries we operate in through national contributions and social responsibility initiatives

Developing a regional network of Tower Infrastructure and Digital Platform assets

- Increasing population coverage and connecting underserved areas
- Digital Platforms to cater to customer needs for innovative digital products and services

Minimising our impact on the environment

- Focused carbon reduction strategy
- Optimising energy consumption through design innovations and renewable energy sources



Creating Value as One of Asia's Leading Telecommunications Groups



Financial Capital

Our Financial Capital is defined as the pool of funds available to us.

Key Input

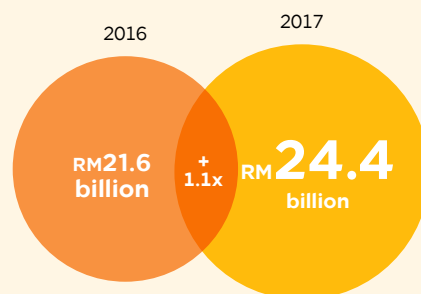
Axiata is the sixth largest listed entity on Bursa Malaysia Securities Berhad. As our business relies upon the financial capital provided by shareholders and investors, it strives to maximise shareholder value through dividends and the shareholder return policy.

Activities & Processes to Create Value

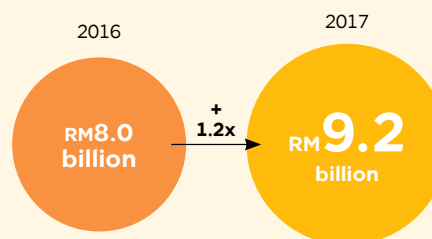
- Cost Management Programme, with RM800 million in operating expenditure (opex) and capital expenditure (capex) savings built into our 2017 plan
- Strengthening our balance sheet via management of US Dollar denominated debt
- Portfolio rebalancing equity partnerships with Bharti Airtel Limited, Innovation Network Corporation of Japan, Kumpulan Wang Persaraan (Diperbadankan) and Mitsui Co., Ltd

Outcomes

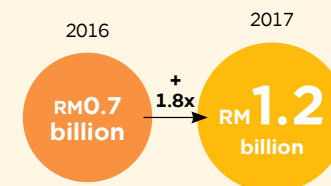
Operating Revenue



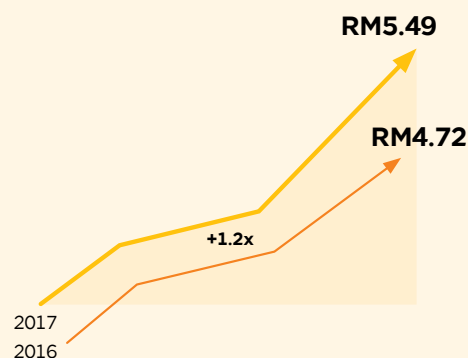
EBITDA



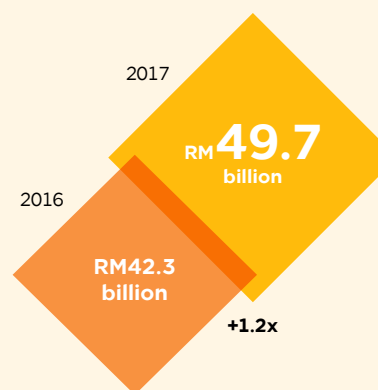
PAT



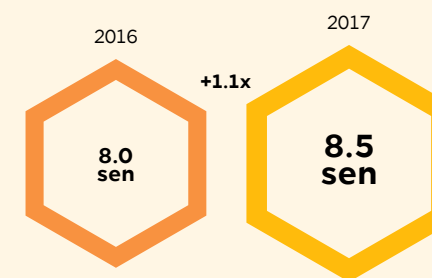
Share Price



Market Capitalisation



Dividend Per Share



Value Creation Model

Integrated Annual Report 2017



Creating Value as Digital Talent Factory



Human Capital

Our Human Capital comprises our people who are Axiata's key resource to sustain our efforts towards our vision of being a New Generation Digital Champion.

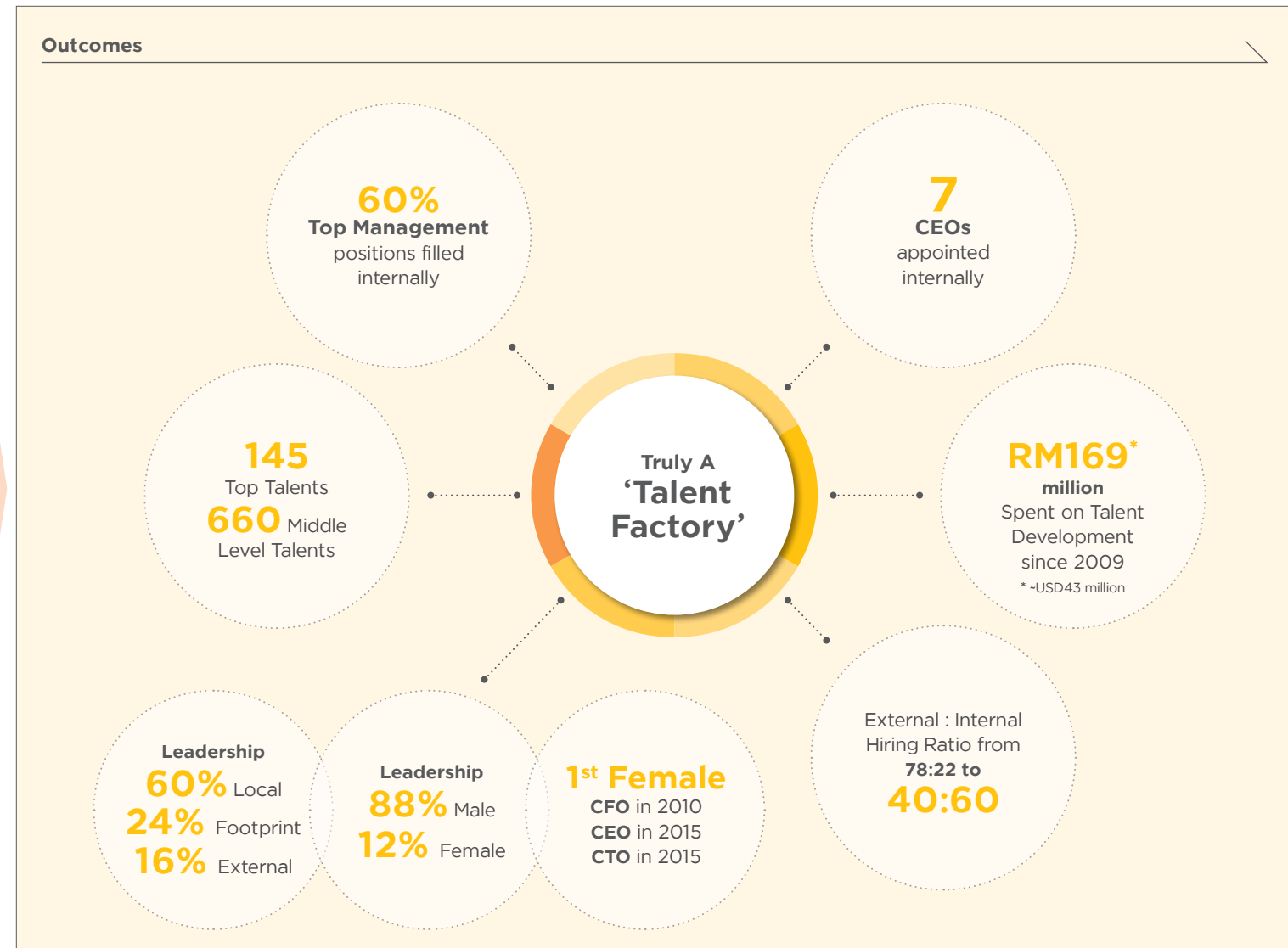
Key Input

Our approximately 27,000 employees across our footprint and businesses are a pivotal part of Axiata's business model, with competent individuals who are customer oriented and innovation driven, contributing to the success of our business. Across the Group, policies and practices are implemented to attract and retain top talent. As an organisation, Axiata is focused on talent development.

Activities & Processes to Create Value

- Investing in our employees' career development, including skillset training and leadership development initiatives such as:
 - Group Accelerated Development Programme (GADP)
 - OpCo Accelerated Development Programme (OADP)
- Establishment and review of succession planning to identify and guide internal talent towards leading the company with the Group Talent Management Framework
- Our external : internal hiring ratio has shifted from 78:22 to 40:60 since 2009, demonstrating our commitment to internal talent development and leadership growth across the Group
- To compete in the digital era and to progress in our digital transformation journey, we aim to complement our internal talent with external talent, especially from non-telco backgrounds

Outcomes





Creating Value through Trust and Customer Experience

Intellectual Capital

Our Intellectual Capital covers our key intangible resources which differentiate us in the marketplace.

Key Input

Our strong brand equity and trust, coupled with our unique engagement models have earned us a widely acknowledged social reputation across the region. To achieve high levels of customer satisfaction, we are continuously enhancing our portfolio of digital products and services. Axiata's achievements within this sphere is evident through the international awards and accolades our Group and OpCos receive each year.

Activities & Processes to Create Value

- Triple Core Strategy approach offering growth areas within Digital Telco, Digital Businesses and Infrastructure
- 8 Strategic Initiatives to drive innovations in processes, products and services to achieve our ambition of being a New Generation Digital Champion by 2021

Outcomes

Prism endorsement across ASEAN and South Asia



Ranked No. 2 regional telecommunications provider by customer base*

Core Values embraced across the Group



Strong Sustainability Framework applied across the Group



Axiata Engagement Model



Delivering excellent customer service

Net Promoter Score	Brand Equity Score	Social Reputation Score
Results <ul style="list-style-type: none"> • No. 1 in four markets • No. 2 in two markets 	Results <ul style="list-style-type: none"> • No. 1 in three markets • No. 2 in two markets • No. 3 in one market • Strong to Dominant on the Brand Equity Index in all markets 	Results <ul style="list-style-type: none"> • Most talked about brands in three markets • Strong brand presence in other markets

Awards & Accolades

Axiata Group

- ▶ PwC Building Trust Awards 2017 Runner Up
- ▶ ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2017 - 2nd Runner Up

Celcom Axiata

- ▶ Frost & Sullivan Malaysia Excellence Awards 2017

XL Axiata

- ▶ Indonesia Prestige Brand Award 2017 for Brand Used Most Often
 - 'XL' brand in Mobile Phone Operator category
 - 'AXIS' in Internet Service Provider category
- ▶ Corporate Social Responsibility Awards 2017

Dialog Axiata

- ▶ SLIM-Nielson PEOPLE's Awards 2017

Robi Axiata

- ▶ GSMA Glomo Award 2017
- ▶ Asia Pacific ICT Alliance (APICTA) Award

Smart Axiata

- ▶ Frost & Sullivan Asia Pacific Best Practices Awards 2017
- ▶ IDG ASEAN Awards

Ncell Axiata

- ▶ Frost & Sullivan Asia Pacific Best Practices Awards 2017
- ▶ Telecom Asia Awards 2017

edotco

- ▶ Frost & Sullivan Asia Pacific Best Practices Awards 2017

Axiata Digital

- ▶ IDC Digital Transformation Awards - BIMA

* Axiata's customer base is benchmarked against regional peers with similar footprint within the ASEAN and South Asia regions.

Value Creation Model

Integrated Annual Report 2017



Creating Value through National Contribution and Social Development



Social & Relationship Capital

Social and Relationship Capital covers our relationships with our stakeholder groups.

Key Input

As we strive to strengthen our relationships with our various stakeholder groups, Axiata's commitment is to improve the lives of communities throughout Asia through social responsibility programmes, and enabling greater digital and financial inclusion. Through sustained national contributions, the Group supports the socioeconomic development of the 11 countries our businesses operate in.

Activities & Processes to Create Value

- Participants in GSMA's Connected Women Commitment Initiative
- Designing products under the 4A Model of Affordability, Availability, Applicability and Accessibility to reach untapped markets and to provide ease of access to network coverage
- Focusing on digital inclusivity through the development of specific services to meet the needs of all communities

Outcomes

National Contribution

USD15.9 billion
GDP Contribution
for 2017

Directly and indirectly supported more than

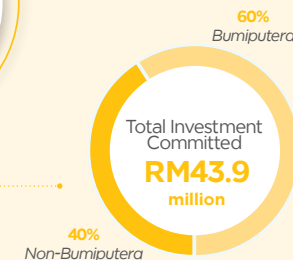
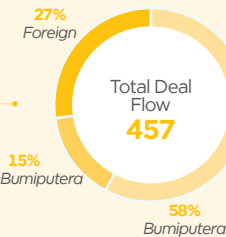
1.0 million
Jobs Across Asia
in 2017

4,473
Direct Jobs Supported

Gross Revenue Generated
RM67.2 million
in 2017

ADIF

Axiata Digital Innovation Fund (ADIF)



Financial Inclusion



~2.2 million
customers;
>11,000 payment touchpoints



3.8 million
customers
in Cambodia, Bangladesh & Sri Lanka

Digital Inclusion

Over
400,000
farmers
registered on Dialog's
'Govi Mithuru' service

Social Responsibility

Axiata Young Talent Programme
1,366 individuals impacted
RM51.4 million spent since 2011

XL Future Leaders
Over **50,000** students reached since 2012

Bumiputera Empowerment Agenda
RM590 million physical distribution by Bumiputera distributors + 3,886 Bumiputera dealers
69% of spend equivalent to RM951 million on Bumiputera companies

Celcom's Vendor Development Programme
supported
50 Bumiputera companies since 2014



Creating Value through Innovation and Connectivity



Manufactured Capital

Manufactured Capital comprises the infrastructure that is available, built and utilised to create value.

Key Input

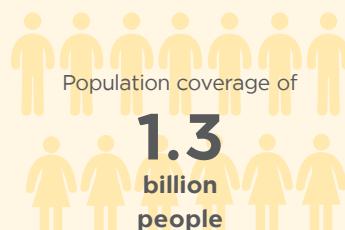
Axiata's triple core businesses depend on our vast regional network of physical Tower Infrastructure and Digital Platform assets, providing reliable digital and communications coverage to the populations of the 11 countries we have presence in. The Group is continuously harnessing the potential of new technological advancements to further the reach and quality of our network.

Activities & Processes to Create Value

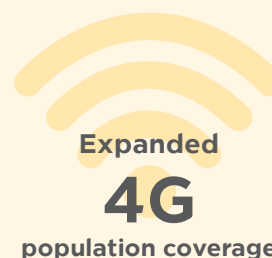
- Maintaining operational efficiency
- Increasing capex from RM6.1 billion in 2016 to RM6.3 billion in 2017
- Focusing capex investment on regional network expansion
- Enhancing network quality through adoption of new technologies

Outcomes

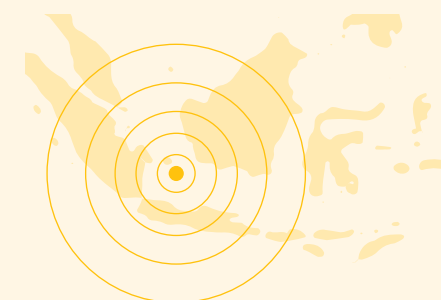
Expanding coverage within our regional footprint



Adopting new technology to enhance quality of network coverage



Connects Underserved Areas in Indonesia with High Throughput Satellite Coverage



Launched in 2017,
which integrates the short-tail and long-tail businesses of MIFE, IdeaMart & WSO2.Telco



edotco

added 700 towers
to tower portfolio through acquisition of Tanzanite Tower Private Limited in Pakistan

to add 13,000 more towers to portfolio with the completion of the acquisition of Deodar Private Limited in Pakistan in the second quarter of 2018



Value Creation Model

Integrated Annual Report 2017



Creating Value through Innovative Energy Saving Infrastructure



Natural Capital

Our Natural Capital covers energy and other natural resources used to operate and maintain our networks.

Key Input

To equip our regional businesses and operational systems with digital technologies and processes, Axiata's network enhancements and improvements focus on minimising our impact on the environment. The Group's environmental capital improvements hinges on a carbon reduction strategy and optimising energy requirements for our regional network operations through design innovations and renewable energy sources.

Activities & Processes to Create Value

- edotco introduces innovative energy saving tower designs to reduce the Group's carbon footprint
- Powering sites with alternative energy sources under edotco's Get Out Of Diesel (GOOD) programme
- Using Remote Monitoring Systems like echo to measure energy parameters of sites and ensure optimised operations

Outcomes

Carbon Reduction Strategy

Introducing optimised tower design
25%-29% reduction in carbon footprint

Remote Monitoring System (echo)
Monitoring & Ensuring Optimised Operation

Powering sites through renewable energy sources;
~25% reduction per site

Installation of additional
200 solar
and **10 wind**
turbine sites in 2017

686
renewable
energy sites

New Design



- Site Optimisation:
- Leaner structure design
 - Tower weight reduction
 - Site layout optimisation

25-29% CO₂ emission reduction

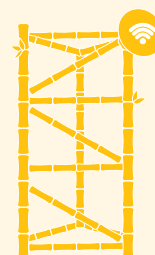


- Alternative materials:
- Carbon Fibre: 20% emission reduction
 - Bamboo Tower: 70%* emission reduction



- Renewables:
- Solar: 24% reduction
 - Wind turbines: 25% reduction

Bamboo Truss Tower Prototype



six metres tall

Capacity to house up to **8** antennas

Withstand wind gusts of up to **210** km/h

Lifespan of approximately **10** years

* The 70% carbon emission based on steel structure vs. bamboo structure



Axiata 3.0

Axiata 3.0

Integrated Annual Report 2017

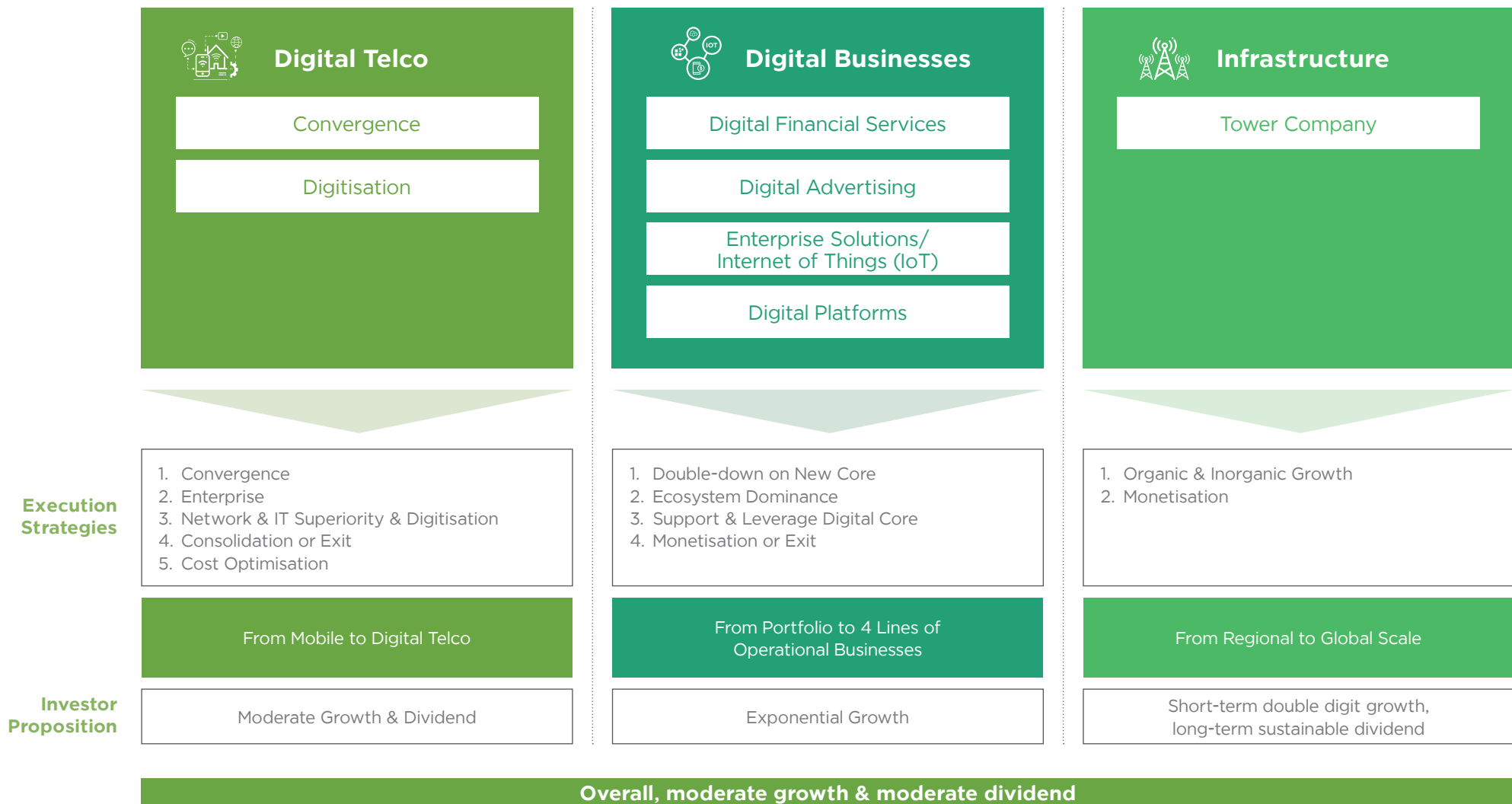


Long-Term Strategy Focused on Becoming New Generation Digital Champion

Our Axiata 3.0 blueprint is focused on our triple core businesses of Digital Telco, Digital Businesses and Infrastructure that will lead us towards becoming a Digital Champion. Axiata 3.0 drives the execution of strategies

we have identified to move from a traditional mobile operator into a Digital Telco; to harness the exponential growth within the four verticals of our digital businesses; and catalyse the expansion of our regional tower company



to become a global entity. Our Axiata 3.0 strategy is targeted towards delivering overall, moderate growth and moderate dividend.





8 Needle-Moving Strategic Initiatives

Based on our Axiata 3.0 blueprint, we have identified 8 needle-moving strategic initiatives to generate outcomes aligned with our New Generation Digital Champion ambition by 2021.

Initiatives	Outcomes By 2021
①  Operational Turnaround Initiatives and Cost Optimisation	Top Performer in all Markets in all Key Metrics
②  New Growth Areas	Triple Core: Digital Telco + Digital Businesses + Infrastructure = Collaboration/Group Synergy
③  Functional Superiority and Digitisation	“Digitised” & “Modernised” functions
④  Distinct Competitive Differentiation and Clear New Business Model	Value Discipline with Clear and Distinct Customer Proposition
⑤  Industry Restructuring and Rationalisation	Sustainable Market Structure
⑥  Optimum Portfolio	Optimum Capital Allocation for Growth and Dividend
⑦  Sustainability and Stakeholder Management	Exemplary Long-term Corporate Citizen, Holistic Focus, Regulatory Fairness
⑧  Organisational and Cultural Changes	Modern, Agile & Digital (M.A.D.) Organisation

Axiata 3.0

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Axiata Engagement Model & 8 Principles

As a telecommunications group with one of the largest and most diverse portfolios of assets in Digital Telco, Digital Businesses and Infrastructure, Axiata operates on a unique engagement model on how it engages and manages the companies under its stake.

The engagement model, developed around eight business critical principles are either centralised or centrally coordinated, as well as standardised and harmonised across the Group. Our engagement model is premised on empowering our businesses and OpCos in implementing

our Axiata 3.0 blueprint and our 8 needle-moving initiatives to collectively achieve our ambition of becoming a New Generation Digital Champion.





Embedding Sustainability into our Strategy

In our broader goal of Advancing Asia, Axiata is increasingly committed towards a digitally sustainable and greener future. We are leveraging on our growing presence in ASEAN and South Asia to play a fundamental role in the socioeconomic development of communities in our markets of operation.

Please refer to our Sustainability & National Contribution Report 2017 for our EES initiatives outcomes.



Sustainability Framework

Our 4P Sustainability Framework was developed aligned to Bursa Malaysia's Sustainability Framework. The framework covers our material issues in Economic, Environmental and Social (EES) impacts of our business. The framework has been refined to align with our New Generation Digital Champion by 2021 ambition and stakeholders' need for greater transparency of disclosure.



Sustainability Governance

The Group Chief Corporate Affairs Officer is responsible for the governance of the Group Sustainability Framework. The Group Sustainability Team, helmed by the Head of Group Corporate Communications and Sustainability, is responsible for the day to day operations. The Sustainability Team ensures compliance of the Group Sustainability Policy, conducts stakeholder engagements, updates material issues, standardises data collection and management systems, and provides advisory support and capacity building to OpCos.

Sustainability Teams at OpCos align and localise the Group's Sustainability Framework to their national context. They are responsible for the daily

operations, implementation of programmes and data collection to support Group's Sustainability Framework. OpCos are encouraged to produce their own Sustainability Report in compliance with the most current Global Reporting Initiative Standards.

Axiata is a member of the Advisory Council of the Global Compact Malaysia, and a Board Member of the GSMA Foundation, which is committed to the development of mobile innovations that empower and enrich local communities.

Axiata 3.0

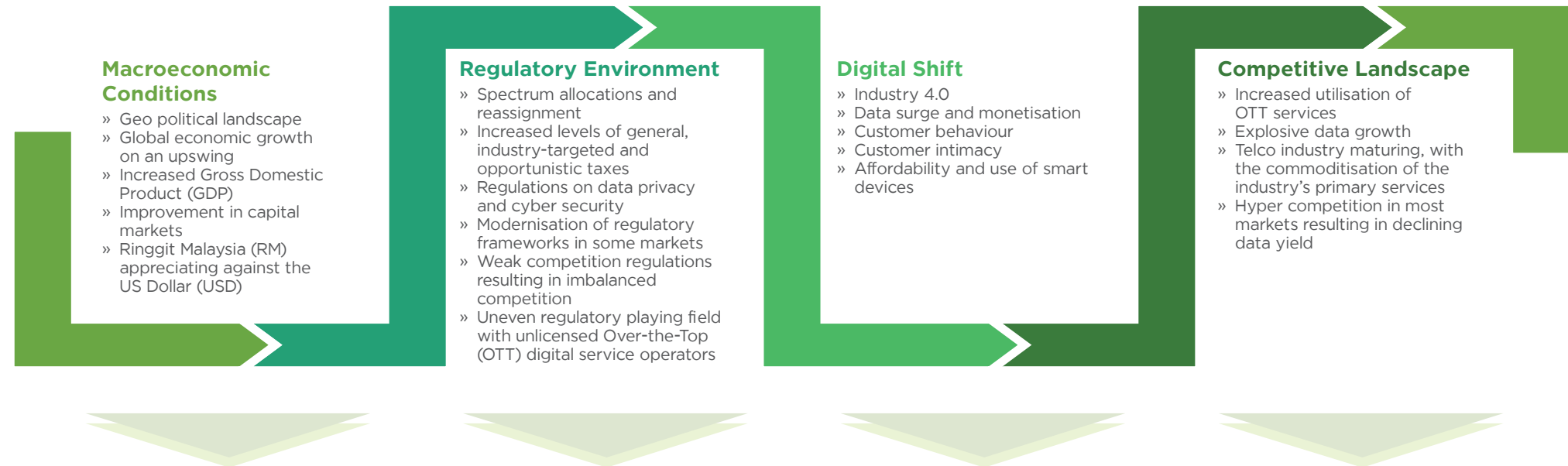
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Our Operating Environment

Axiata operates within a regional operating environment, marked by the complexities of its 11 individual markets of operations, juxtaposed within the overall global economic and telecommunication industry trends and challenges. In 2017, the Group's operational

businesses and OpCos faced multiple challenges arising from macroeconomic conditions, a shifting regulatory environment, the prevalent digital shift and an intensely competitive landscape.



Global economic growth increased from 4.3% in 2016 to 4.6% in 2017¹, resulting in capital market improvements. ASEAN recorded GDP growth of 5.3% in the fourth quarter of 2017 alone², while South Asia GDP growth was 6.9%³. The RM strengthened against the USD, with a 9.3% YoY improvement since January 2017.⁴

As a Group which operates within 11 markets across ASEAN and South Asia, Axiata faces a shifting and risk-biased regulatory environment and addressing the various regulatory challenges that exist remain a key priority. In 2017, we increased our regulatory engagement activities with government ministries and regulators outside the telecommunications sector to further the understanding of the need to create and maintain sustainable and rational telecommunications market structures.

Technological advancements as a result of Industry 4.0 present telco operators with unique opportunities including the development of Internet of Things (IoT) platforms, while the use of OTT digital service operators has increased. While the overall adoption of mobile IoT remains low, the top two applications include in-car entertainment and Smart Home systems.⁵

Growing customer demand for data, driven by increased consumption of social media and Streaming Video on Demand (SVOD) resulted in significant increases in 4G LTE adoption⁶. There was hyper competition in many markets. In India, there was aggressive data price competition; in Cambodia mobile operators are vying for greater market share; and in Indonesia, there was sharp competition which slowed profit margins.⁷

¹ Source : "World Economic Outlook Update", published by the International Monetary Fund in July 2017

² Source : "Economic Snapshot for ASEAN" by David Ampudia, Senior Economist published in FocusEconomics in February 2018

³ Source : "South Asia Regional Update", published by the International Monetary Fund in May 2017

⁴ Source : BMI Research as quoted in the news article "BMI Research: Ringgit to continue to strengthen against USD" published in The Star (Malaysia) on 26 September 2017

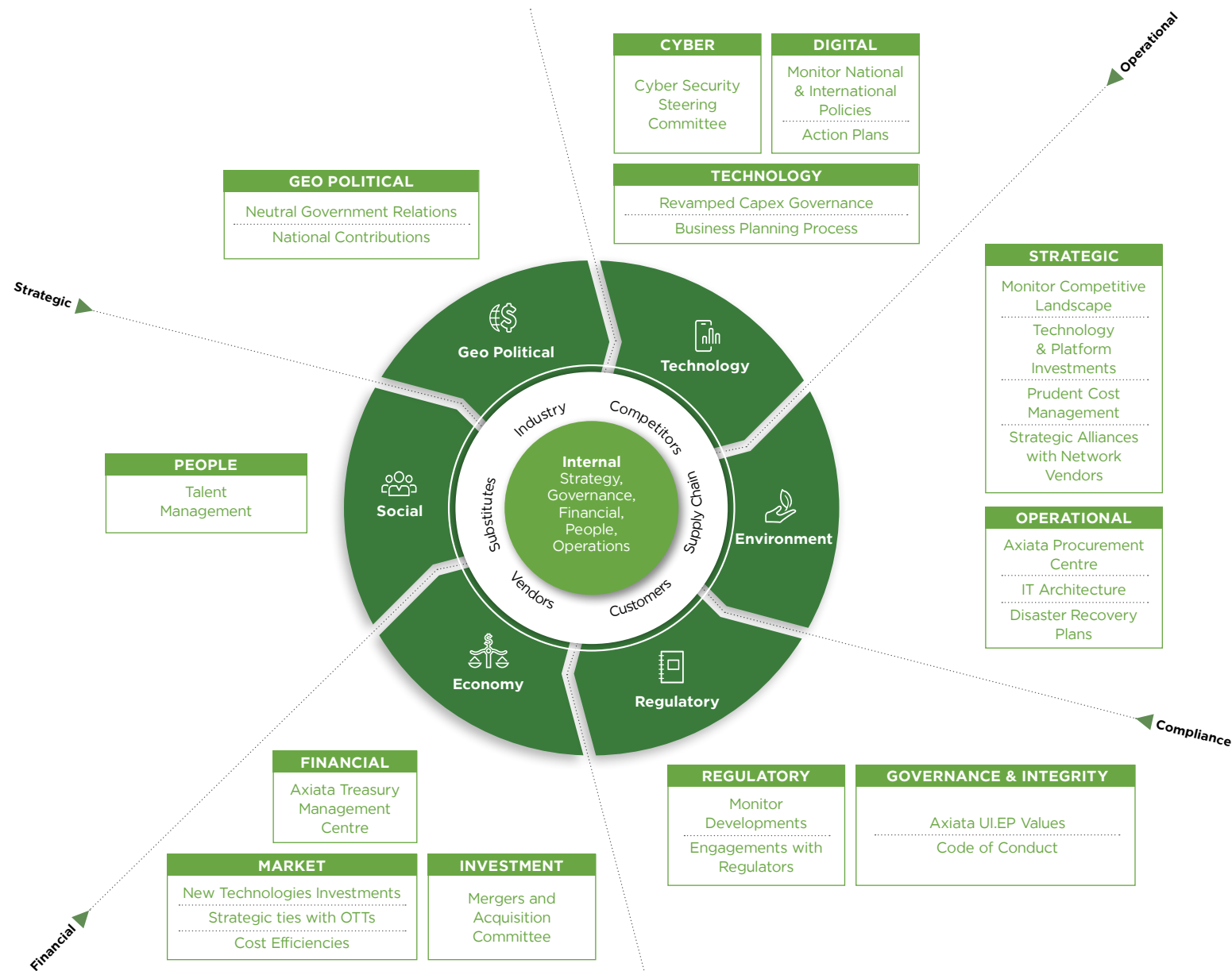
^{5&6} Source : "Global Mobile Consumer Survey : Southeast Asia edition", published by Deloitte published in January 2017

⁷ Source : "Indonesia Country Commercial Guide", published by the U.S. Department of Commerce's International Trade Administration



Management of Material Risks and Opportunities

Axiata uses an integrated assurance methodology to manage our risks and opportunities, to catalyse long-term value creation. The following outlines our material risks, along with our Group's exposure and potential impacts, and identifies mitigation measures which are linked to our Axiata 3.0 strategy and future opportunities.



For complete details of Management of Material Risks and Opportunities, please refer to page 71.



Axiata 3.0

Integrated Annual Report 2017



Stakeholder Engagement

Axiata's ability to create value relies on successful interactions with our diverse groups of stakeholders. Our stakeholder base cuts across our Group presence in ASEAN and South Asia. Each of our stakeholder groups significantly impact our regional business which sees us within multiple roles including being an employer, communications provider, technology innovator and infrastructure developer.

In order to clearly understand our various stakeholder groups' concerns and identify the most effective response to issues raised, we conduct continuous, consistent and targeted stakeholder engagement sessions. The outcomes of these sessions informs our material issues, our strategy development, and our risk management.

For complete details of our Stakeholder Engagement, please refer to page 69.



How We Engage

- Net Promoter Score
- Brand Equity Score
- Social Reputation Score

Subjects Raised

- Customer experience
- Product affordability
- Network availability

Axiata's Response & Results

- Continuously enhancing customer experience
- Digitising processes
- Digital self-care apps
- New digital products and services

Customers



How We Engage

- Employee Engagement Survey
- Town Hall Meetings

Subjects Raised

- Career and talent development
- Employee communication

Axiata's Response & Results

- Group and OpCo Talent Development programmes
- Organisational transformation to Modern, Agile and Digital (M.A.D.) Organisation

Employees



How We Engage

- Annual General Meeting
- Investor Roadshows
- Analyst Meetings

Subjects Raised

- Business performance and strategy

Axiata's Response & Results

- Total Shareholder Return
- Return on Investment
- Share Price

Shareholders



How We Engage

- Proactive engagements
- Payment of taxes
- National contributions

Subjects Raised

- Information security
- Spectrum allocations
- Compliance with regulations

Axiata's Response & Results

- Employment of citizens
- Capex and opex contributions
- Gross Value Added contributions

Regulators & Government



Suppliers



How We Engage

- Biennial Axiata Supplier Awards
- Annual Supplier Forum
- Supplier Performance Management

Subjects Raised

- Procurement practices and payments
- Vendor delivery and performance
- Compliance to the Supplier Code of Conduct

Axiata's Response & Results

- Local vendor sourcing
- Bumiputera Empowerment Agenda
- Axiata Partner Development Programme
- Axiata's Supplier Code of Conduct

Media



How We Engage

- Media interviews
- Press conferences
- Media releases

Subjects Raised

- Corporate developments
- Financial performance

Axiata's Response & Results

- Network updates
- M&A updates
- Triple Core Strategy and performance updates

Community



How We Engage

- News media, social media pages and company website
- Corporate Responsibility Programmes
- Needs assessment of local stakeholders

Subjects Raised

- Digital inclusion to ensure no one is left behind
- Pre and post disaster assistance
- Building capacity of future leaders
- Addressing social needs

Axiata's Response & Results

- Disaster Management and Response Initiatives
- Digital and Financial Inclusion Initiatives
- Axiata Young Talent Programme
- Axiata Digital Innovation Fund
- Major contributor to the economies of the markets we operate in



Operational Performance

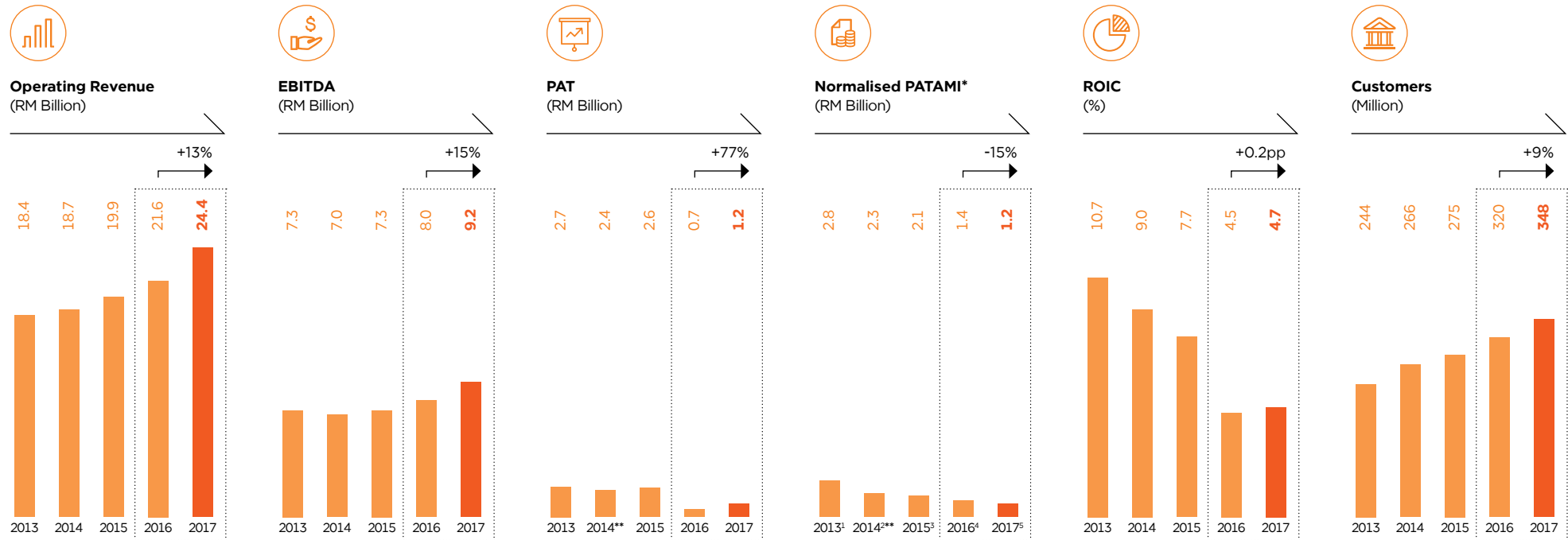
Operational Performance

Integrated Annual Report 2017



Financial Review

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS



Note 1 - 2013 normalised PATAMI excludes Celcom tax incentive (-RM106.0 million), Celcom network impairment (+RM67.5 million), Robi physical count loss and impairment on receivables (+RM16.7 million), Smart asset write-off (+RM31.4 million) and foreign exchange loss (+RM201.3 million).

Note 2 - 2014 normalised PATAMI excludes gain on disposal of Samart i-Mobile (-RM116.7 million), XL gain on disposal of towers (-RM48.2 million) and foreign exchange loss (+RM55.5 million).

Note 3 - 2015 normalised PATAMI excludes XL gain on disposal of towers (-RM399.8 million), Sri Lanka tax impact (+RM49.0 million) and foreign exchange gain (-RM132.3 million).

Note 4 - 2016 normalised PATAMI excludes XL gain on disposal of towers (-RM339.6 million), XL accelerated depreciation (+RM193.3 million), Ncell purchase price allocations (+RM105.5 million), Robi accelerated depreciation (+RM110.5 million), Robi-Airtel merger one-off adjustments (+RM20.2 million) and foreign exchange loss (+RM824.1 million).

Note 5 - 2017 normalised PATAMI excludes XL gain on disposal of towers (-RM91.3 million), Ncell purchase price allocations (+RM159.2 million), loss on asset held-for-sale (+RM161.4 million), XL severance payment (+RM62.8 million), loss on disposal of joint venture (+RM40.1 million) and foreign exchange gain (-RM165.6 million).

* On normalised PATAMI, derivative gains/losses were not normalised prior to 2014. Derivatives in FY14 was RM22.5 million (loss), FY15 RM49.5 million (gain), FY16 RM77.1 million (loss) and FY17 RM73.8 million (loss).

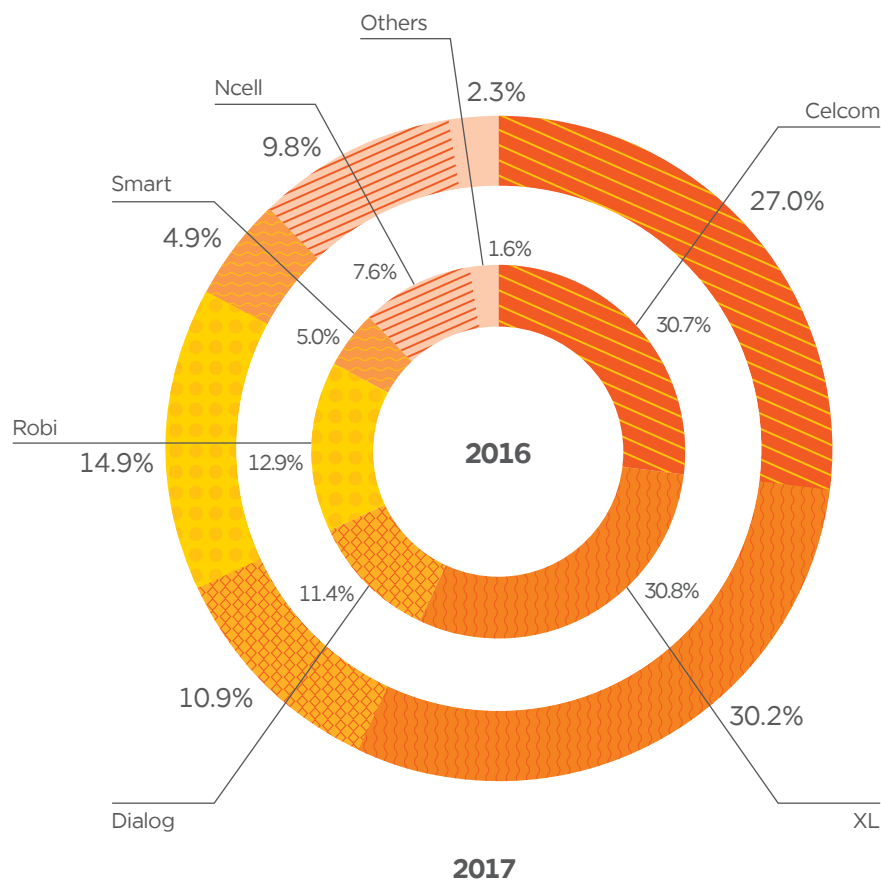
** 2014 are based on restated financials.



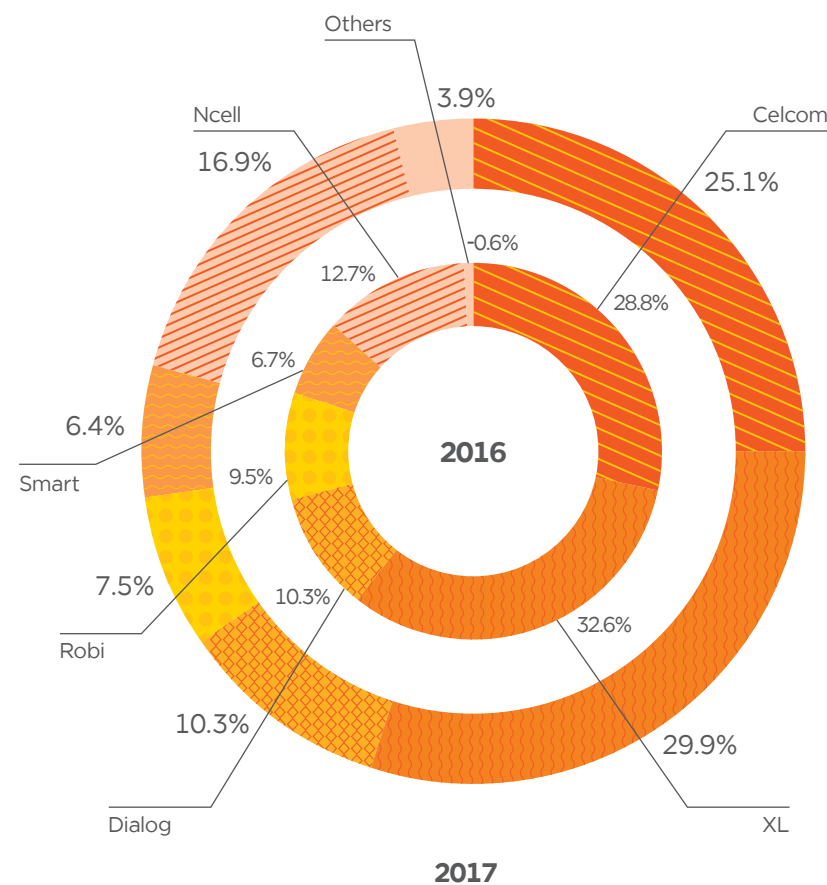
Financial Review

SUMMARY BREAKDOWN OF OPERATING REVENUE AND EBITDA

Operating Revenue



EBITDA



Operational Performance

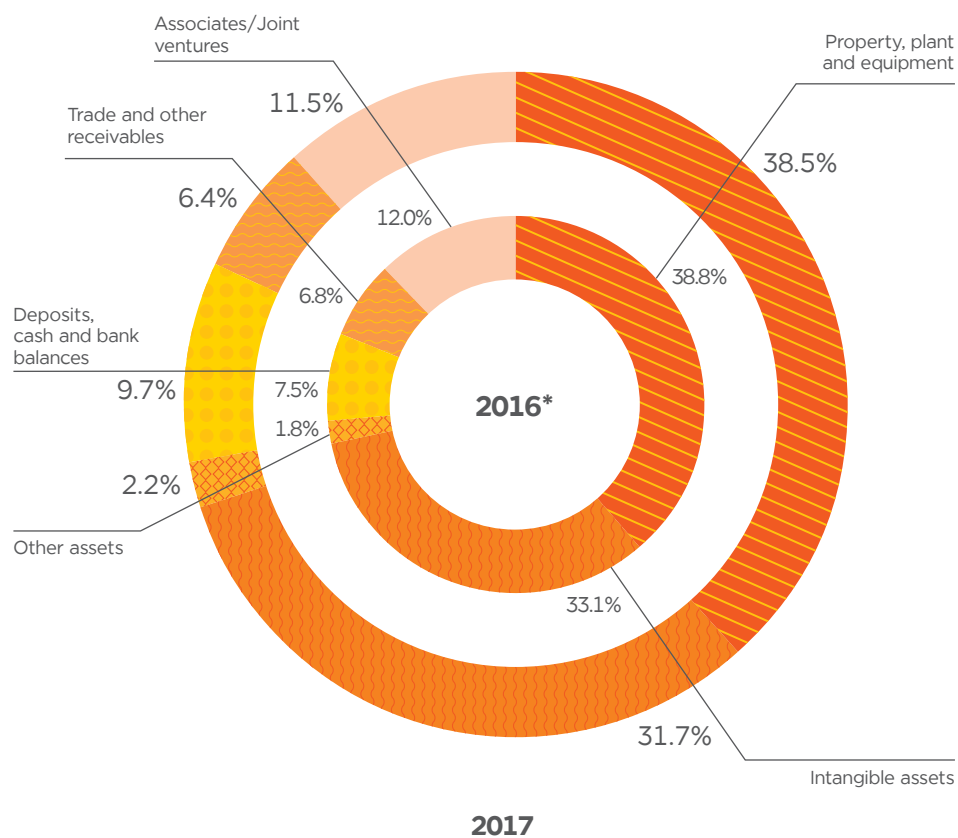
Integrated Annual Report 2017



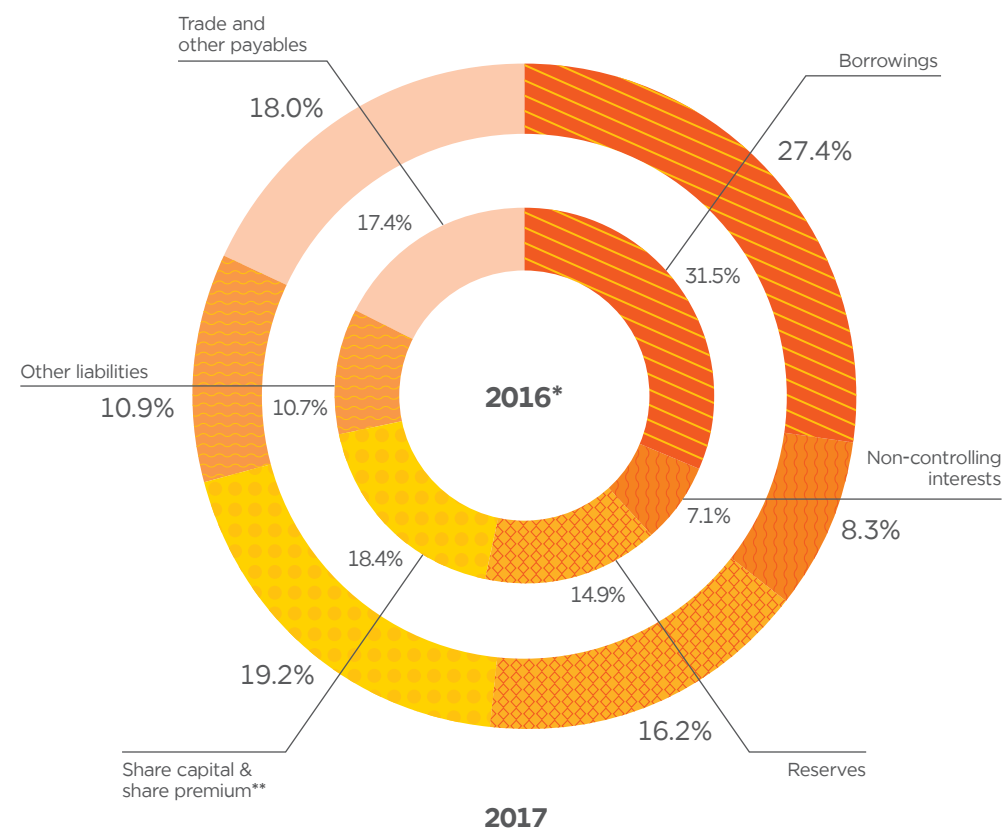
Financial Review

SUMMARY BREAKDOWN OF TOTAL ASSETS AND TOTAL LIABILITIES & EQUITY

Total Assets



Total Liabilities & Equity



* 2016 are based on restated financials.

** Transition to no par value regime under Companies Act 2016 effective on 31 January 2017.



Financial Review

FIVE-YEAR GROUP FINANCIAL SUMMARY

Operational Highlights

All in RM Million unless stated otherwise	FY2017	FY2016 ²	FY2015	FY2014 ²	FY2013
1. Operating Revenue	24,402	21,565	19,883	18,712	18,371
2. Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	9,230	8,013	7,284	6,999	7,271
3. Earnings from Associates & Jointly Controlled Entities	(404)	30	434	339	255
4. Profit Before Tax (PBT)	1,936	1,140	3,331	3,147	3,533
5. Profit After Tax (PAT)	1,162	657	2,636	2,369	2,739
6. Profits After Tax and Minority Interests (PATAMI)	909	504	2,554	2,365	2,550
7. Normalised PATAMI ¹	1,205	1,418	2,071	2,256	2,761
8. Total Shareholders' Equity	24,731	23,581	23,525	20,761	19,622
9. Total Assets	69,911	70,753	56,118	49,106	43,497
10. Total Borrowings	19,184	22,260	16,392	13,893	13,436
11. Customers (million)	348	320	275	266	244
Growth Rates YoY					
1. Operating Revenue	13.2%	8.5%	6.3%	1.9%	4.1%
2. EBITDA	15.2%	10.0%	4.1%	-3.7%	-2.1%
3. Total Shareholders' Equity	4.9%	0.2%	13.3%	5.8%	-2.4%
4. Total Assets	-1.2%	26.1%	14.3%	12.9%	1.3%
5. Total Borrowings	-13.8%	35.8%	18.0%	3.4%	6.1%
Share Information					
1. Per Share					
Earnings (basic) – sen	10.1	5.7	29.5	27.4	29.9
Earnings (diluted) – sen	10.1	5.7	29.3	27.2	29.7
Net Assets – RM	2.7	2.6	2.7	2.4	2.3
2. Share Price information – RM					
High	5.49	6.34	7.22	7.27	7.00
Low	4.29	4.19	5.71	6.44	6.16
Financial Ratio					
1. Return on Invested Capital ³	4.7%	4.5%	7.7%	9.0%	10.7%
2. Gross Debt to EBITDA ⁴	2.1	2.8	2.3	2.0	1.8
3. Debt Equity Ratio ⁵	0.8	0.9	0.7	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, Ncell purchase price allocation, XL gain on disposal of towers & severance payment, Robi-Airtel merger one-off adjustments, XL & Robi accelerated depreciation, Robi physical count loss and impairment on receivables, Celcom asset impairment, tax incentive, Dialog tax impact and Smart asset write-off. From FY14 normalised PATAMI excludes gain/loss on derivatives

² FY16 and FY14 are based on restated financials

³ EBIT less tax over average invested capital

⁴ Gross debt over EBITDA

⁵ Total borrowings over total shareholders' equity

Operational Performance

Consolidated Statement of Comprehensive Income

	Financial Year Ended	
	31/12/2017 RM'000	31/12/2016 RM'000
Operating Revenue	24,402,401	21,565,392
Operating costs		
- depreciation, impairment and amortisation	(5,986,213)	(5,666,505)
- foreign exchange losses	(191,563)	(85,342)
- domestic interconnect and international outpayment	(2,700,723)	(2,096,123)
- marketing, advertising and promotion	(2,108,755)	(1,817,599)
- other operating costs	(8,455,866)	(8,074,312)
- staff costs	(1,906,939)	(1,564,710)
- other losses - net	(57,665)	(68,161)
Other operating income - net	5,370	534,566
Operating profit before finance cost	3,000,047	2,727,206
Finance income	241,807	183,394
Finance cost excluding net foreign exchange losses on financing activities	(1,253,369)	(1,201,184)
Net foreign exchange gains/(losses) on financing activities	352,000	(599,720)
	(901,369)	(1,800,904)
Joint ventures		
- share of results (net of tax)	(48,989)	(95,842)
Associates		
- share of results (net of tax)	(352,670)	131,124
- loss on dilution of equity interests	(2,595)	(5,398)
Profit before taxation and zakat	1,936,231	1,139,580
Taxation and zakat	(773,749)	(482,422)
Profit for the financial year	1,162,482	657,158
Other comprehensive (expense)/income:		
Items that will not be reclassified to profit or loss:		
- actuarial gains on defined benefit plans, net of tax	18,027	14,867
Items that may be reclassified subsequently to profit or loss:		
- currency translation differences	(2,070,454)	1,708,339
- net cash flow hedge	271	(2,196)
- net investment hedge	(15,801)	(67,555)
- available-for-sale reserve	(1,358)	32,631
Other comprehensive (expense)/income for the financial year, net of tax	(2,069,315)	1,686,086
Total comprehensive (expense)/income for the financial year	(906,833)	2,343,244
Profit for the financial year attributable to:		
- owners of the company	909,480	504,254
- non-controlling interests	253,002	152,904
	1,162,482	657,158
Total comprehensive (expense)/income for the financial year attributable to:		
- owners of the company	(586,819)	1,836,063
- non-controlling interests	(320,014)	507,181
	(906,833)	2,343,244
Earnings per share (sen)		
- basic	10.1	5.7
- diluted	10.1	5.7



Consolidated Statement of Financial Position

	As at	
	31/12/2017 RM'000	31/12/2016 RM'000 Restated
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	13,407,253	8,971,415
Share premium	-	4,081,106
Reserves	11,323,883	10,528,131
Total equity attributable to owners of the Company	24,731,136	23,580,652
Non-controlling interests	5,773,447	5,037,449
Total equity	30,504,583	28,618,101
NON-CURRENT LIABILITIES		
Borrowings	14,796,319	15,135,472
Derivative financial instruments	1,441,161	1,165,857
Deferred income	270,915	245,894
Deferred gain on sale and lease back assets	817,073	1,053,855
Trade and other payables	1,644,197	1,581,353
Provision for liabilities	468,920	493,954
Deferred taxation	1,672,496	2,195,955
Total non-current liabilities	21,111,081	21,872,340
	51,615,664	50,490,441
NON-CURRENT ASSETS		
Intangible assets	22,176,286	23,406,105
Property, plant and equipment	26,909,970	27,481,605
Associates	7,985,974	8,400,152
Joint ventures	26,022	109,254
Available-for-sale financial assets	62,030	63,925
Derivative financial instruments	143,777	398,318
Long term receivables	535,157	117,684
Deferred taxation	270,046	291,633
Total non-current assets	58,109,262	60,268,676

	As at	
	31/12/2017 RM'000	31/12/2016 RM'000 Restated
CURRENT ASSETS		
Inventories	174,279	174,747
Trade and other receivables	4,496,637	4,775,304
Derivatives financial instruments	53,109	2,735
Financial assets at fair value through profit or loss	64	18
Tax recoverable	41,615	199,111
Deposits, cash and bank balances	6,812,868	5,332,414
	11,578,572	10,484,329
Assets classified as held-for-sale	223,162	-
Total current assets	11,801,734	10,484,329
LESS: CURRENT LIABILITIES		
Trade and other payables	12,616,963	12,282,899
Deferred gain on sale and lease back assets	126,017	140,817
Borrowings	4,387,670	7,124,409
Derivative financial instruments	152,621	162,650
Current tax liabilities	754,511	551,789
	18,037,782	20,262,564
Liabilities classified as held-for-sale	257,550	-
Total current liabilities	18,295,332	20,262,564
Net current liabilities	(6,493,598)	(9,778,235)
	51,615,664	50,490,441

Operational Performance

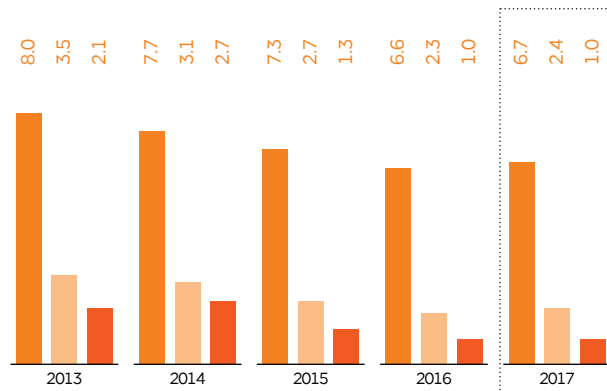
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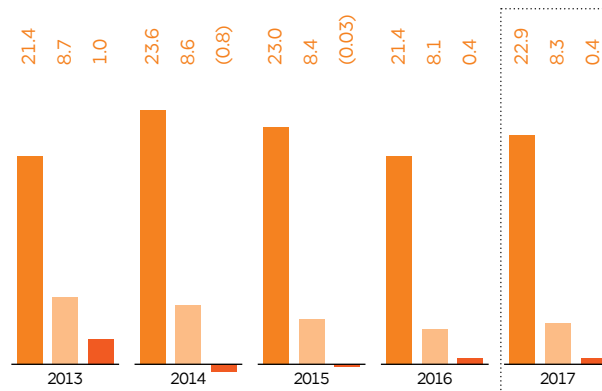
2017 Overview of Operating Companies' Performance

REPORTING BY GEOGRAPHICAL LOCATION¹

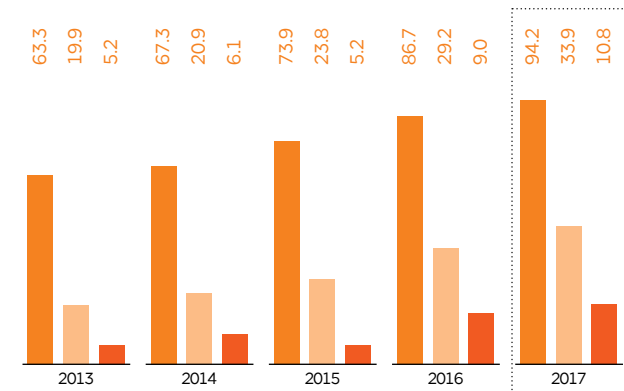
Malaysia (RM Billion)



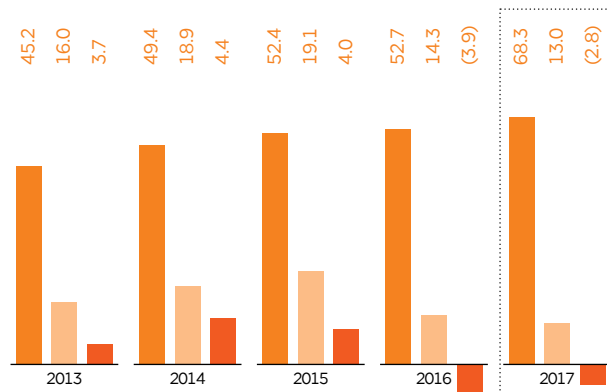
Indonesia (IDR Trillion)



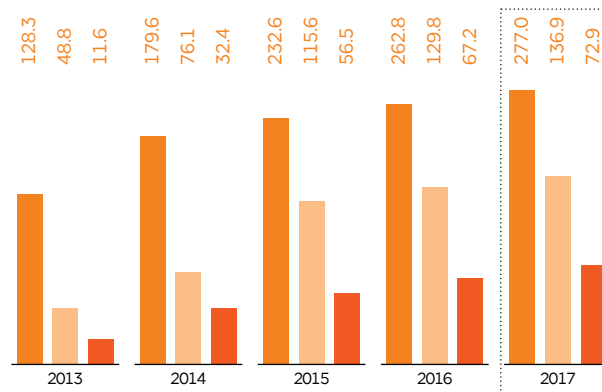
Sri Lanka (SLR Billion)



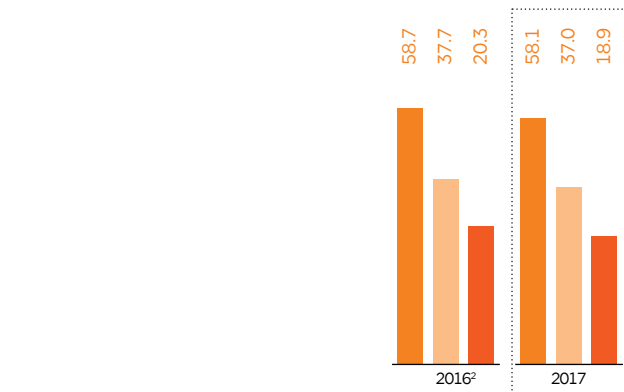
Bangladesh (BDT Billion)



Cambodia (USD Million)



Nepal (NPR Billion)



¹ All financial numbers are based on audited financial figures and follows the respective country GAAP except for Ncell which has a different financial year end.

² Annualised figure based on 8.5 months since acquisition of Ncell on 11 April 2016.



2017 Overview of Operating Companies' Performance

OPERATING COMPANIES



In 2017, Celcom's focused strategies on driving great customer experience led to strong data growth, with data traffic increasing more than 100%. Data revenue comprised 43% of total revenue, with smartphone penetration improving to 74%. Digital customer experiences were transformed through self-care apps, and the new Social Media Experience (smEX) hub, while Blue Cube and retail channels were revamped.

Celcom's turnaround plan delivered strong results, and stabilised its market share in 2017. It recorded strong revenue growth of 1%, and EBITDA and PATAMI growth of 3% and 9% respectively. A strong focus on monetisation and its portfolio revamp resulted in Celcom improving Average Revenue Per User (ARPU) by RM6 for postpaid and RM2 for prepaid. Moving into 2018, Celcom will continue with its customer digitisation drive by leveraging on Advanced Analytics and Data Science capabilities supported by Artificial Intelligence.



Robi emerged post-merger to record strong customer growth in 2017 of 27%, strengthening its position as the second largest operator in Bangladesh. It has 29.6% customer market share, comprising 42.9 million customers. It continued focusing on effective strategies to drive growth which included innovative product offerings, an effective dual brand strategy and superior data network experience.

Robi achieved strong revenue growth of 30% to BDT68.3 billion, with data revenue growth of 89%, driven by smooth post-merger nationwide network integration and innovative data offerings. EBITDA margin stood at 19% impacted by higher network operating costs and intense price competition. It recorded Net Loss After Tax of BDT2.8 billion due to network modernisation, significant opex, high regulatory cost, sector specific taxation, and one-off adjustment relating to de-consolidation of edotco. In 2017, Robi invested BDT24 billion in the expansion of its 2G/3.5G network and 4G readiness.



XL returned to positive gross revenue growth in 2017, driven by strong data revenue as a result of its data-centric Transformation Agenda. Its Dual Brand Strategy resulted in the XL brand gaining traction amongst both white-collar and blue-collar workers, while Axis made inroads into the youth segment. Data was a strong driver of growth, with smartphone penetration rising to 72%. XL's extensive 4G network covers 360 cities and areas across Indonesia.

Service revenue grew 10% to IDR20.3 trillion, driving gross revenue growth of 7% to IDR22.9 trillion, while data revenue grew 61% due to 148% increase in total traffic. Normalised EBITDA increased 7% to IDR8.7 trillion, with margins holding stable at 38%. Although 2017 PAT remained flat at IDR375 billion compared to IDR376 billion previously, on a normalised basis XL recorded net profit of IDR740 billion after adjusting for one-offs, versus a normalised net loss of IDR209 billion in 2016.



In 2017, Smart invested USD80 million to expand its 4G network, and launched 4G+ with HD Voice and 4.5G. It rolled out new products and services in line with its Digital Champion agenda, along with the launch of Cambodia's first digital venture fund, the USD5 million Smart Axiata Digital Innovation Fund (SADIF) investing in technology start-ups.

Despite the intense ongoing price war in the Cambodian telco industry, Smart recorded positive YoY growth fuelled by excellent data customer and revenue growth. Data revenue grew by 28%, with data accounting for 52% of total revenue. During the year, Smart achieved 5% YoY growth in overall revenue, while EBITDA and PAT grew 6% and 8% respectively. Moving into 2018, Smart has earmarked approximately USD80 million in capex for network expansions, aligned with its ambitions of becoming Cambodia's Digital Champion by 2020.



Dialog recorded stellar performance despite intense market competition. Customer share increased 1.1pp, with a customer base of over 12.8 million, while mobile broadband customer base grew 16% and smartphone adoption increased 7pp. It invested SLR9.2 billion to expand its 4G and 3G coverage. In 2017, Dialog demonstrated South Asia's first 5G (Generation) Technology trials and introduced Voice over Long-Term Evolution (VoLTE).

Consolidated revenue grew 9% to SLR94.2 billion, and EBITDA increased 16% to SLR33.9 billion; while EBITDA margin improved 2.3pp to 36%. Net PAT grew 19% to SLR10.8 billion, driven by improved EBITDA and lower non-cash translational forex loss of SLR0.4 billion compared to loss of SLR0.8 billion in 2016. Capital expenditure for 2017 was SLR27.3 billion, directed towards investments in High-Speed Broadband infrastructure focusing on the expansion of 4G alongside the extension of Dialog's Optical Fibre Network to support robust seamless connectivity.



Ncell solidified its leading telco position despite emerging market competition. Its customer base grew 10% to reach 16.4 million customers, driven by the launch of the 'Internet for All' campaign. There was strong data revenue growth of 17.8% driven by 131% growth in data volume, with data revenue contributing 19% of total revenue. Ncell's 3G population coverage reached 53.9%, while 4G services were launched in 21 cities.

It recorded revenue of NPR58.1 billion, despite an International Long Distance (ILD) revenue decline of 19.6%. A major contributor to revenue was core revenue which increased by 8.3% compared to the previous year and strong second half revenue performance in 2017 which was 6.2% higher than the first half of 2017 and 2.4% higher compared to the same period the previous year. Lower operational expenses achieved through effective cost management initiatives resulted in EBITDA of NPR37 billion and PAT of NPR18.9 billion, despite the reduction in ILD revenue.

ASSOCIATES



At Idea, heightened and intense competition within the telco industry, coupled with increased finance cost and higher depreciation and amortisation charges, led to a sharp decline in the share of results for the year by RM515.5 million from prior year profit of RM65.0 million to current year loss of RM450.5 million.



M1's share of results for the year decreased by RM6.4 million to RM122.4 million. M1's dividend contribution to the Group for 2017 was RM92.6 million.

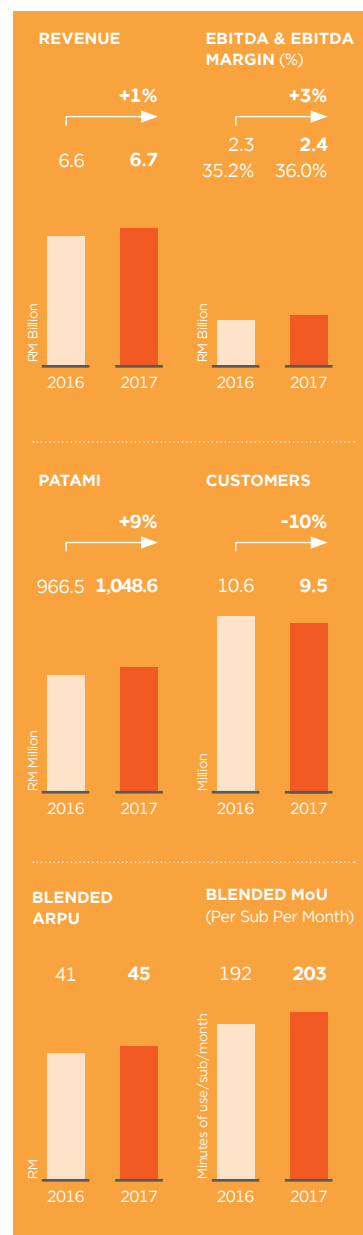
For complete details of our OpCos and Affiliates performance in 2017, please refer to pages 48 to 57.



Operational Performance

Celcom Axiata

Integrated Annual Report 2017



Highlights



- Turnaround and growth in all key metrics with revenue, EBITDA and PATAMI increasing +1%, +3% and +9% respectively
- Service revenue +0.5% YoY against flat industry
- Improved postpaid ARPU +RM6 and prepaid ARPU +RM2
- >RM200 million in cost savings



- #1 in Malaysian Relationship Net Promoter Score (rNPS)
- Retail transactional NPS (tNPS) score of 68, up from 58
- Best in Consumer Satisfaction from Malaysian Communications and Multimedia Commission



- 4-star rating on YouTube video checker in 20 cities in Malaysia



- YoY 4G network population coverage improvement from 76% to 87%



- Launched Fixed Mobile Convergence in East Malaysia
- Digitisation of trade, customer care, channels and workforce

Business Review

- **Focused three pillar strategies to drive great customer experience**
 - Simple, transparent and best value products
 - Consistent and seamless network and device experience
 - Omnichannel customer experience.

- **Transformed digital customer experiences**
Initiatives included customer self-care apps, MyCelcom Postpaid and Xpax. A new Social Media Experience (smEX) hub, among the first of its kind in Asia, enabling quick and engaging responses was introduced. Interactions with channel partners and dealers were transformed with an app to enable better dealer acquisition and retail mobile Internet provisioning experience. A more customer friendly revamped website was launched.

- **Revamped retail outlets**
Complete redesign of retail experience in our Blue Cubes including features such as 3D printing and game consoles.

- **Network Improvements Driving Strong Data Growth**
Competing in a data-centric market, Celcom improved its network experience considerably especially with the expansion of its 4G and 4G LTE-A population coverage to 87% and 74% in the fourth quarter of 2017. Data traffic grew more than 100%, with data revenue representing more than 43% of total revenue, up from over 34% in 2016. Smartphone penetration improved to 74% as of fourth quarter of 2017.

Financial Performance

- **Successful turnaround plan**
The turnaround plan has delivered strong results, with Celcom stabilising its market share in 2017 and returning to revenue growth after three years of decline.
- **Strong financial performance**
Celcom recorded improvements in its key financial metrics with strong revenue growth of 1%, and EBITDA and PATAMI growth of 3% and 9% respectively. This was off the back of higher service revenue and cost optimisation, which also resulted in gains in service revenue market share.
- **Improved Average Revenue Per User (ARPU)**
Continuing with its portfolio revamp and strong focus on monetisation, Celcom further enhanced its postpaid portfolio and revamped its prepaid portfolio, which improved ARPU by RM6 for postpaid and RM2 for prepaid.

Outlook for 2018

Celcom will further digitise customer experience with a revamped e-Store and an integrated app experience, leveraging on Advanced Analytics and Data Science capabilities, supported by Artificial Intelligence. To deliver on the best video experience, network investments will focus on upgrading and optimising radio access and core networks.

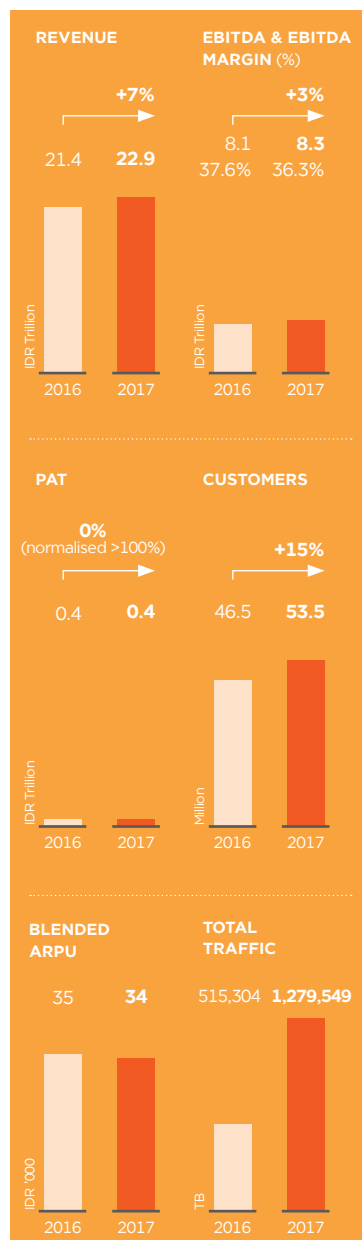
Celcom will continue developing its Digital IT stack and deploy new API capabilities to shorten the time to market and simplify its IT operating environment, while increasing its usage of cloud infrastructure services and software to improve agility and cost structure. Enterprise process automation and cost optimisation remain key.

The company is looking at evolving its product portfolio into an enhanced digital lifestyle proposition, building on new innovative partnerships. Meanwhile, its Enterprise customers will be served with a broader portfolio of ICT and value added services to increase Celcom's wallet share.

Celcom will continue to Champion the Bumiputera Empowerment Agenda while its Culture and People transformation will focus on building new digital skillsets for the future to become a truly Modern, Agile and Digital (M.A.D.) organisation.



XL Axiata



Highlights



- Gross revenue +7% driven by +10% increase in service revenue
- Data revenue +61%, contributing 69% to service revenue
- Normalised Net Profit of IDR740 billion in 2017, compared to a Normalised Net Loss of IDR209 billion in 2016
- Solid profitability with normalised EBITDA +7%
- Healthy balance sheet with net debt to EBITDA of 1.5x



- Landmark 100,000th BTS installed in 2017, with XL ending the year with 101,094 total on-air BTS



- 4G LTE network in 360 cities and areas across Indonesia with >17,000 4G BTS



- Customer smartphone penetration of 72%
- "Gerakan Donasi Kuota" saw 62.64TB of data donated by customers channelled to schools

Business Review

• Successful turnaround with data-centric Transformation Agenda

After a challenging 2016, XL returned to positive gross revenue growth, driven by strong data revenue.

• Gained traction from Dual Brand Strategy

The XL brand gained traction amongst both white-collar and blue-collar workers, while Axis made inroads into the youth segment, with both brands offering innovative and differentiated data-led products catering to its respective markets.

• Data a strong driver of growth

Smartphone penetration rose to 72% in 2017, with rising data consumption leading to total traffic more than doubling and accelerating consumption per customer.

• Sustained network investments

XL's extensive 4G network covers 360 cities and areas across Indonesia with more than 17,000 4G BTS, and almost 46,000 3G BTS. Increased 2016 investment outside of Jawa in 3G U900 and further BTS additions in 2017 contributed to improving traffic and revenue growth.

Financial Performance

• Strong revenue growth

Service revenue grew 10% to IDR20.3 trillion, driving gross revenue growth of 7% to IDR22.9 trillion.

• Increased normalised EBITDA

Normalised EBITDA increased 7% to IDR8.7 trillion with margins holding stable at 38%.

• Turnaround on net profit

While 2017 PAT remained flat at IDR375 billion compared to IDR376 billion previously, on a normalised basis XL recorded net profit of IDR740 billion after adjusting for one-offs, versus a normalised net loss of IDR209 billion in 2016.

• Data driving strong performance

Data revenue rose 61% YoY on the back of 148% increase in total traffic, while customers increased 15% to 53.5 million, and ARPU held steady.

• Healthy balance sheet

Net debt to EBITDA is 1.5x, and XL continues to be free-cash flow positive.

Outlook for 2018

XL's outlook for 2018 remains positive with data continuing to be the main driver of growth as a result of rising 4G penetration coupled with increased consumption of data and the proliferation of affordable smartphones. The Company is well positioned to capitalise on this to become the preferred mobile data provider in Indonesia.

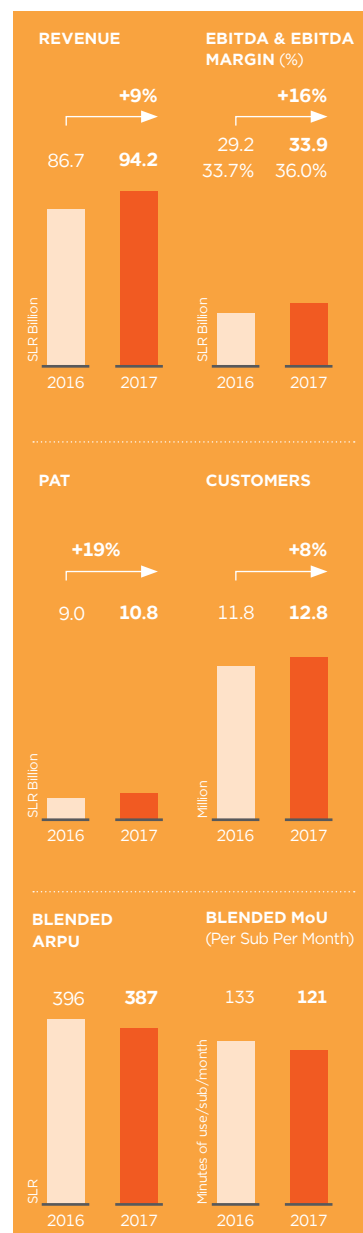
XL will continue to focus on executing its Transformation Agenda with the launch of innovative data-led products coupled with sustained investments in network, especially outside of Jawa. In 2018, XL will continue with its contributions to the nation through CSR activities such as "Gerakan Donasi Kuota" where data donated by company and customers are channelled to schools across Indonesia, XL Future Leaders, Sisternet, Xsmart Village and Nelayan Pintar (NelPin).

2017 OpCo highlights are categorised according to the value creation efforts of our OpCos within our 6 Business Capitals of Financial Capital, Human Capital, Intellectual Capital, Social and Relationship Capital, Manufactured Capital and Natural Capital.

Operational Performance

Dialog Axiata

Integrated Annual Report 2017



Highlights



- Revenue +9% amidst challenging operating environment
- Data revenue +39%
- Strong EBITDA +16%
- Net PAT of SLR10.8 billion, the highest since 2006
- SLR27.3 billion investment in High-Speed Broadband and other infrastructure



- South Asia's first 4.5G commercial launch
- 1st trial of next-generation Massive MIMO (Multiple-Input Multiple-Output) Technology, capable of delivering speeds up to 1 Gbps



- Acquisition of 98.9% stake in Colombo Trust Finance PLC to expand into micro lending and savings



- 1st Narrowband Internet of Things (NB-IoT) in South Asia



- Sri Lanka's 1st digital services corporate venture capital fund, the USD15 million Dialog Axiata Digital Innovation Fund (DADIF)

Business Review

- **Stellar performance despite intense competition**
Customer share increased 1.1pp, with a mobile customer base of approximately 12.8 million. Mobile broadband customer base grew 16%; and smartphone adoption increased 7pp.
- **Expanded network coverage**
Dialog invested in expanding 4G and 3G coverage with over 3,000 2G/3G sites and over 1,500 4G sites; trialed 5G Technology for the first time in South Asia and introduced Voice over Long-Term Evolution (VoLTE) roaming services, another first in the region.
- **Enhanced digital portfolio**
eZ Cash has 3 million registered customers across four mobile networks. MyTV has a total of 1.9 million download base and ViU 0.7 million downloads. Digital advertiser Freezone.lk was launched. IdeaMart is the largest developer platform with over 8,000 developers and 14,630 active apps. Self care app recorded 1.3 million downloads which is a 1.7x growth YoY. First to launch Dialog FB ChatBot in Sri Lanka.
- **Strong performance in fixed and pay-TV operations**
DBN serves over 700,000 individuals and corporates, and launched 4.5G and Prepaid LTE. Fixed LTE customer base grew 59%, while DTV customers grew 17%.

Financial Performance

- **Sustained revenue growth**
Dialog's consolidated revenue grew 9% to SLR94.2 billion.
- **Strong EBITDA**
On the back of substantial revenue growth as well as disciplined cost management and operational efficiencies, EBITDA grew 16% to SLR33.9 billion; while EBITDA margin improved 2.3pp to 36%.
- **Net PAT**
Net PAT grew 19% to SLR10.8 billion, driven by improved EBITDA and lower non-cash translational forex loss of SLR0.4 billion compared to loss of SLR0.8 billion in 2016.
- **Focused capex to strengthen market leadership**
Group capital expenditure was SLR27.3 billion, directed towards investments in High-Speed Broadband infrastructure focusing on the expansion of 4G alongside the extension of Dialog's Optical Fibre Network to support robust seamless connectivity.

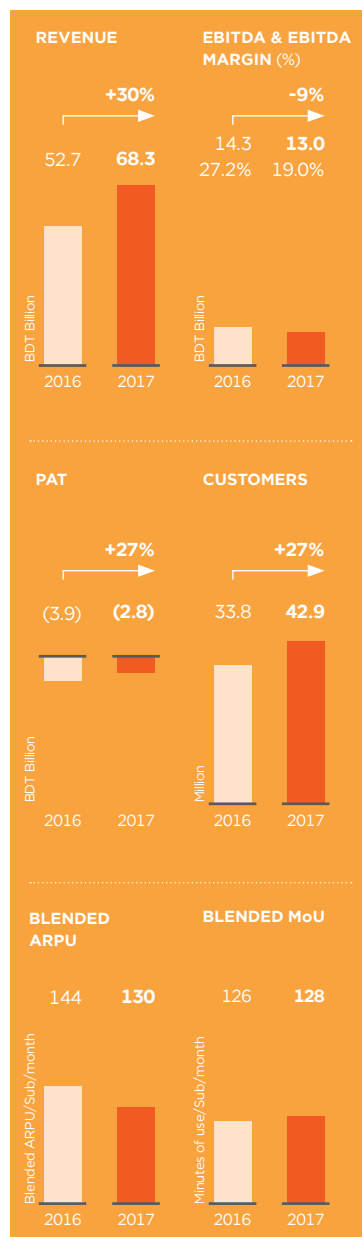
Outlook for 2018

Sri Lanka has witnessed a rapid transformation in the telecommunication space across high-speed data connectivity, cloud storage, digital services and digitisation, with advancements in the Internet of Things (IoT) and OTT content. Within the market, there is greater demand for high-speed data, and ease of access to data. This is underlined by the increase in 3G and 4G adoption rates, and the need to roll out 5G expansion strategies with a steady increase in smartphone penetration.

With the future focus moving towards digital, the telecommunications industry continues to shift its business model from delivering organic telecommunication services, to advancing the digital age. Customer spend on entertainment is expected to increase over the next few years, with the affordability of data and device compatibility. Supplemented by this, an increase in demand for content, both local and International is expected.



Robi Axiata



Highlights



- Total revenue of BDT68.3 billion; +30% driven by the successful merger
- YoY data revenue +89% propelled by nationwide network integration post-merger
- EBITDA of BDT13 billion with margin of 19%, due to higher network operating costs



- Customer base +27% with addition of 9.1 million new customers, the highest in the industry
- Enriched digital portfolio with Video streaming service – iflix; mHealth platform – MyHealth; largest gaming platform in the country – MyPlay; largest digital advertising knowledge sharing platform in the country – re.con; and digital payment solution – RobiCash App



- BDT24 billion capex investment to expand nationwide 2G/3.5G network coverage



- BDT28.9 billion in contributions to Government Exchequer, comprising 42.3% of total revenue



- Expanded Management Council by 5 members to cover new strategic focus roles

Business Review

Strong post-merger customer growth

As the second largest operator in Bangladesh post-merger, Robi delivered strong customer growth of 27% adding 9.1 million customers to reach 42.9 million, representing 29.6% customer market share.

Effective strategies to drive growth

These included innovative product offerings, an effective dual brand strategy and superior data network experience.

Digital talent management

Introduced digital learning platform Lynda.com and employee event Digital Jam was organised.

Focus on digital products and services

Streaming service platform iflix was launched along with new solutions for the Enterprise business portfolio.

Innovative customer-centric products

MyPlan which gives customers the flexibility to customise data and voice products was launched, along with “Just Go” for the international roaming market segment, and special roaming packages for Hajj pilgrims.

Financial Performance

Strong post-merger revenue growth

Robi achieved strong revenue growth of 30% amounting to BDT68.3 billion, with data revenue growth of 89%, driven by smooth post-merger nationwide network integration and innovative data offerings.

Impacts of competition

EBITDA margin stood at 19% impacted by higher network operating costs and intense price competition. Net Loss After Tax of BDT2.8 billion was recorded due to network modernisation, significant opex, high regulatory cost, sector specific taxation, and one-off adjustment relating to de-consolidation of edotco.

Sustained investment to improve network quality

BDT24 billion was invested in expansion of 2G/3.5G network and 4G readiness. Total capex investment since inception is BDT206.7 billion.

Sustained commitment since inception in 1997

Since inception, Robi has paid more than BDT207.8 billion to the Government Exchequer, and BDT2.9 billion in dividend payouts to shareholders.

Outlook for 2018

Moving into 2018, Robi intends to continue with the implementation of its successful dual brand strategy of Robi and Airtel. It has a clearly defined strategy for 2018 till 2021 to accelerate its transformation journey from being a traditional telco to an end-to-end digital service provider. In 2018, Robi will digitalise every aspect of its business, having adopted the Modern, Agile and Digital (M.A.D.) organisational culture as an enabler.

Robi will continue to expand its portfolio of connected services such as Cloud solutions in the Enterprise business segment. It will focus efforts on the emerging IoT segment with partnerships with IoT-based factory solutions for the country's Readymade Garment Industry.

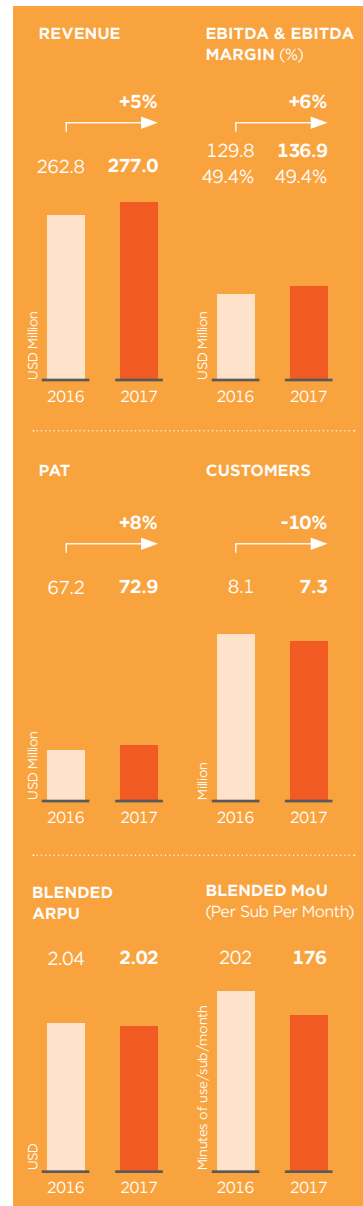
Robi will expand the award winning online Robi 10 Minute School which has established it as the leader in digital education in the country. It will also roll out the Internet4U project in 2018 in partnership with British Council Bangladesh to promote the safe use of the Internet.

2017 OpCo highlights are categorised according to the value creation efforts of our OpCos within our 6 Business Capitals of Financial Capital, Human Capital, Intellectual Capital, Social and Relationship Capital, Manufactured Capital and Natural Capital.

Operational Performance

Smart Axiata

Integrated Annual Report 2017



Highlights



- Continuous strong growth of revenue, PAT, EBITDA and ROIC
- Data revenue +28%
- Data accounted for 52% of total revenue
- Growth of 5% in overall revenue
- 6% increase in EBITDA
- 8% increase in PAT



- Cambodia's Mobile Service Provider 2017 by Frost and Sullivan
- Best Telco and the Best CSR Company in Cambodia 2017 by Global Banking and Finance Review
- IDG ASEAN Cambodia's Best 4G LTE Provider 2017



- 1st Cambodian telco offering 4.5G
- 100% of base stations equipped with 3G
- >88% of 2,333 base stations across all 25 provinces equipped with 4G



- Launched Cambodia's 1st digital venture fund, the USD5 million Smart Axiata Digital Innovation Fund (SADIF)

Business Review

- **Expanded 4G footprint nationwide**
Smart invested USD80 million to expand its 4G network, launched 4G+ with HD Voice and 4.5G.
- **Furthered Digital Champion agenda**
Smart introduced customer self-care app SmartNas; customer reward plan SmartVIP; enhanced video streaming propositions through partnerships with local and international entertainment content providers; and released the iPhone X as the only authorised Cambodian operator distributing Apple iPhones.
- **Launched initiatives to develop the Cambodian digital ecosystem**
Smart launched Cambodia's first digital venture fund, the USD5 million SADIF investing in technology start-ups. It launched SmartStart: Young Innovation Programme, enabling university students to launch their digital ideas. Smart also secured incubator partnerships.
- **Strengthened sustainability initiatives**
Smart expanded its partnership with Sipar Cambodia to improve literacy; doubled its SmartEdu scholarship recipients; launched new sport for development programmes; and remained as key development partner of the Cambodian government, while contributing to the national Capacity Building and Research and Development Fund.

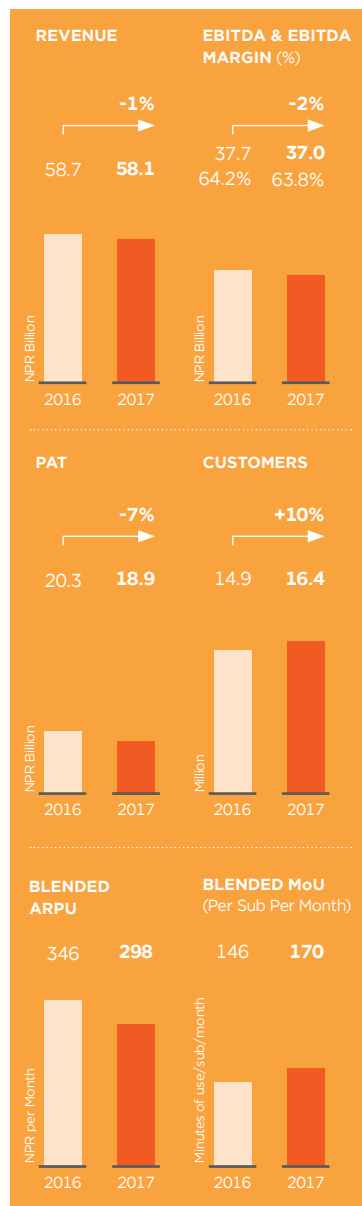
Financial Performance

- **Strong performance despite intense competition**
Despite the intense ongoing price war in the Cambodian telco industry, Smart recorded positive YoY growth fuelled by excellent data customer and revenue growth.
- **Growth in data**
Data revenue grew by 28%, with data accounting for 52% of total revenue.
- **Growth in revenue**
Smart achieved 5% YoY growth in overall revenue.
- **Growth in EBITDA and PAT**
Despite the slight reduction in the number of mobile customers due to regulatory requirements of deactivating no-profile pre-paid SIM cards in the market, strong focus on cost management and capex efficiency resulted in Smart achieving 6% and 8% YoY increase in EBITDA and PAT respectively.

Outlook for 2018

As Cambodia's leading mobile telecommunications operator, Smart remains committed to its customers and the people of Cambodia, in delivering on its promise of enriching their lives through world-class networks and exceptional digital experiences. Moving into 2018, the Company has earmarked approximately USD80 million in capex for network expansions. As Smart strives to become Cambodia's Digital Champion by 2020, the Company expects to strengthen its data leadership while introducing new digital, entertainment and lifestyle offerings to the market.

While several challenges related to the regulatory environment as well as an even further intensified competition remain as concerns for the Cambodian telecommunications market, Smart remains cautiously optimistic about the Company's financial performance for 2018. As the year unfolds, Smart will press ahead while it continues playing a key role in developing the ICT sector and building a digital Cambodia.



Highlights



- +8.3% YoY in core revenue* representing 73% of total revenue in 2017 compared to 67% in 2016
- Maintained a strong EBITDA margin of 63.8%
- Delivered 32.7% PAT margin
- Delivered ROIC of 57%



- Widest nationwide 4G network coverage, 4G launch in 21 cities
- 4G population coverage at 15.5%



- Restructured Sales and Distribution from 3-tier to 2-tier model for better trade control and higher retail channel visibility
- Relative Net Promoter Score (NPS) of 7.4%



- Customers +10% to 16.4 million
- Data customers +19% to 7.1 million

Business Review

• Solidified its leading telco position in Nepal

Ncell's performance and profitability remained strong in 2017.

Customer base grew by 10% to reach 16.4 million customers, driven by the launch of the 'Internet for All' campaign, despite emerging market competition.

• Strong data revenue growth

Data revenue contributed 19% of total revenue, with data revenue growth of 17.8% driven by 131% growth in data volume.

• Expanded network coverage nationwide

3G population coverage reached 53.9%. 4G services were launched in 21 cities resulting in 4G population coverage of 15.5%.

• Enhanced digital services portfolio

New products included Magic Voice, iflix, and Matchstix applications.

• Improvements in network

Capex of NPR12 billion was invested to improve network coverage and quality of service.

• Retail channel improvements

As a result of the successful demarcation of its sales and distribution channel, Ncell gained better control and visibility of its retail channel.

Financial Performance

• Recorded strong revenue

In 2017, Ncell recorded revenue of NPR58.1 billion, despite an International Long Distance (ILD) revenue decline of 19.6%. A major contributor to revenue was core revenue which increased by 8.3% compared to the previous year and strong second half revenue performance in 2017 higher by 6.2% than the first half of 2017 and 2.4% more compared to the same period the previous year.

• Strong EBITDA and PAT

Lower operational expenses achieved through effective cost management initiatives resulted in EBITDA of NPR37 billion and PAT of NPR18.9 billion, despite the reduction in ILD revenue.

PAT was impacted by foreign exchange losses in 2017 to the amount of NPR1.7 billion compared to NPR0.5 billion foreign exchange gain in 2016. Normalise PAT 2017 will be NPR20.6 billion while normalise PAT 2016 would be NPR19.8 billion.

Outlook for 2018

Ncell remains committed to maintain its leadership position with customer intimacy as its core value, coupled with superior network experience. Moving into 2018, Ncell will focus on three key strategies of Growth Initiatives; Transformation; and Expanding into New Core Business including Enterprise Solutions, Digital Services and Convergence.

Growth initiatives will focus on the core telco business to drive data revenue, with digital transformation, network resiliency and cost management contributing to sustainable revenue growth. A focused market segmentation approach will be utilised to better understand consumer needs.

Ncell will continue to focus on extending its data leadership, whilst maintaining voice and ILD revenue contribution. Cost efficiencies remain a priority to ensure sustainability while ensuring highest standards of customer services.

Ncell is embarking on a digital transformation journey, aimed at better serving its customers and expanding its digital services ecosystem. It remains committed to nation building efforts, especially within technopreneurship development, disaster early warning system and improving rural broadband connectivity.

* Core revenue includes revenue from Data, Voice, VAS, digital services and others, but excludes International Incoming Voice revenue.

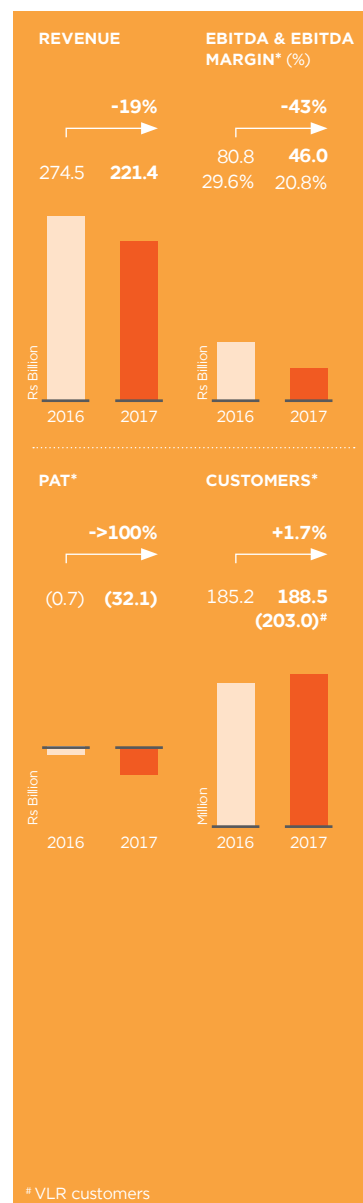
2017 OpCo highlights are categorised according to the value creation efforts of our OpCos within our 6 Business Capitals of Financial Capital, Human Capital, Intellectual Capital, Social and Relationship Capital, Manufactured Capital and Natural Capital.

Operational Performance

Integrated Annual Report 2017



Idea



Highlights



- Upcoming merger with Vodafone India to become largest Indian telco with more than 400 million customers
- Transformation into Digital Idea with integrated Digital Entertainment Apps



- Pan-India wireless broadband network with 4G roll out
- 50,000 broadband sites rolled out

Business Review

• Focused future post-merger plans

Following on from the merger announcement between Idea and Vodafone India, both companies have agreed to sell their respective tower businesses to ATC Telecom Infrastructure Private Limited for an aggregate enterprise value of INR78.5 billion, with Idea receiving INR40.0 billion should the towerco sale precede merger completion.

• Successfully mitigated regulatory challenges

Upon the Indian Government's mandated reverification of mobile users, Idea enabled Aadhaar (Unique ID) based reverification for its customers, successfully navigating challenges such as coordination with multiple government agencies, setting up new IT systems, and training employees to assist customers.

• Transforming into Digital Idea

Idea embarked on its transformation from a pure-play mobile services provider to an integrated digital services and solutions provider by launching new digital entertainment apps, while introducing new content and real-time access to network and coverage on the MyIdea app.

• Expansion of network infrastructure

Idea rolled out its 4G network, while broadband sites have been expanded by a factor of approximately 3x within the last two years, to 143,565. Idea's 3G and 4G population coverage exceeds 634 million people, or 52.4% of the population across 22 service areas, covering over 154,000 towns and villages.

Financial Performance

• Growth in voice traffic

Voice traffic increased approximately 35% YoY during the quarter ending 31 December 2017, as a result of increased adoption of voice telephone and broadband data.

• Intense price competition affecting performance

The Indian telco sector witnessed an intense price war triggered by free/below cost services by the new entrant causing a significant drop in mobile data tariffs across the industry to amongst the world's lowest levels which resulted in severe financial stress for telco operators. Consistent with overall industry performance, Idea recorded a decline in revenue, profitability and cash flows, with overall revenue declining to INR 65.1 billion in the quarter ending 31 December 2017, representing a 12.8% reduction Quarter on Quarter (QoQ). EBITDA reduced 18.5% QoQ in the same quarter, and Idea recorded a loss of INR12.8 billion.

• Regulatory shifts affecting performance

In the quarter ending 31 December 2017, the Indian telecom regulator reduced the 'Mobile Termination Charge' which further affected the industry causing a 57% decline in Interconnection Usage Charge (IUC) settlement rates. This impacted Idea's revenue and EBITDA by INR8.2 billion and INR2.3 billion respectively, in that one quarter alone.

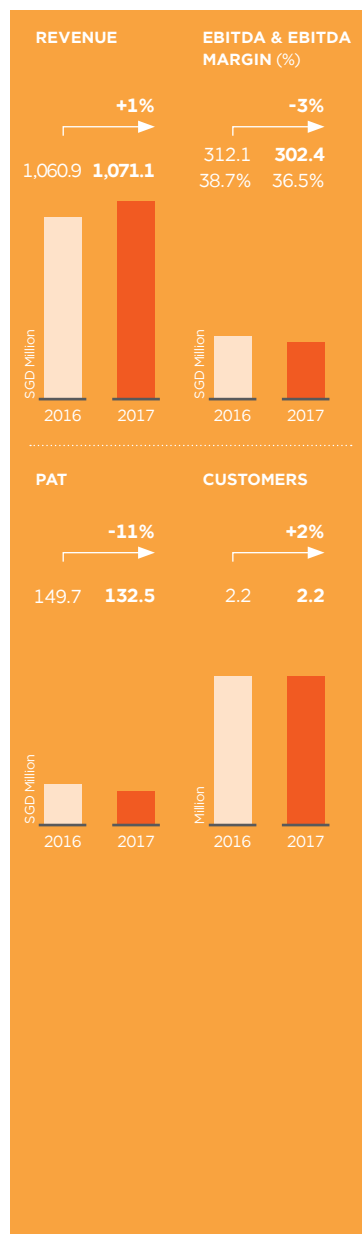
Outlook for 2018

In line with the Indian Government's 'Digital India' vision to deliver significant benefits to 1.3 billion people and creating substantial value for all stakeholders, Idea Cellular and Vodafone Group Plc announced their agreement to merge in 2017. The merger, expected to be completed in the first half of 2018, would result in an entity which will be the largest communications provider in India and one of the largest globally.

Despite the intense competition and regulatory pressures, Idea has remained committed to grow its mobile voice and broadband market through capex infusion, network expansion and product and service enhancement to enable a digital society.

* All financials are for nine months ending December 31 for both years.

2017 OpCo highlights are categorised according to the value creation efforts of our OpCos within our 6 Business Capitals of Financial Capital, Human Capital, Intellectual Capital, Social and Relationship Capital, Manufactured Capital and Natural Capital.



Highlights



- Operating revenue +1% to SGD1,071.1 million
- Service revenue +2.8% to SGD828.1 million
- Fixed services revenue +24.5% SGD129.7 million
- Mobile data revenue +1.7 percentage points YoY to 55.7% of service revenue
- Healthy net debt to EBITDA at 1.3x



- Southeast Asia's 1st and the world's 2nd commercial nationwide Narrowband Internet of Things (NB-IoT) network
- World's 1st symmetrical 10Gbps Passive Optical Network (PON) corporate connectivity service



- Launched mobile remittance service M1 Remit
- Launched MySIM³ 98, Singapore's 1st unlimited local data 4G mobile plan

Business Review

Postpaid mobile segment key contributor to revenue

Postpaid segment made up 63.4% of total mobile customer base and contributed 90.6% of mobile revenue. Customers increased by 45,000 to 1.3 million.

Growth in mobile data

Average data usage per smartphone customer increased to 4.3GB per month in the fourth quarter of 2017, from 3.6GB per month in 2016 driven by faster networks and devices.

Expanded product portfolio

Introduced two new regional Data Passports. Data roaming customers and traffic grew by more than 50% and 150% respectively, in 2017.

Growth in corporate fixed services

Augmented by the launch of the world's first symmetrical 10Gbps PON connectivity service, and next-generation unified operations monitoring centre, the segment contributed 50% of fixed services revenue.

Invested in network enhancements

Initiatives included successful 5G trial demonstration of Singapore's highest transmission speeds of 35Gbps; expanding HetNet; and successful drone trials for 4.5G HetNet.

Financial Performance

Increased revenue across the board

Operating revenue increased 1% to SGD1,071.1 million, while service revenue grew by 2.8% to close the year at SGD828.1 million. Fixed services revenue increased 24.5% to SGD129.7 million, accounting for 15.7% of service revenue compared to 12.9% previously. Mobile data revenue increased 1.7 pp to 55.7% of service revenue.

Reduction in net PAT

Net PAT decreased by 11% to SGD132.5 million, mainly due to higher handset loss, as well as higher depreciation and amortisation, and interest expenses. Net PAT margin on service revenue closed 2.6 pp lower at 16.0%.

Higher capex leading to reductions in free cash flow

Free cash flow decreased 17.9% to SGD106.7 million due to working capital changes and higher capital expenditure. Net debt to EBITDA remained healthy at 1.3x.

Outlook for 2018

M1 remains committed to continuous improvements of its services, by deepening segmented offerings and delivering superior customer experience to attract and retain customers. It is well placed to capture new opportunities in the Internet of Things (IoT) and Smart Nation space, as a leading IoT solutions provider which continues to partner world-class solution providers to expand its IoT products and services portfolio.

Within its Corporate and ICT business, M1 is building and acquiring competencies, and forming key partnerships with technology and solution providers, to strengthen and expand corporate solutions in areas of managed infrastructure and security solutions, Smart Nation initiatives, and cloud and data analytics.

From strengthening its core connectivity infrastructure, building digital and ICT capabilities, to digitalising its operations, M1 is on track to transform into a Smart Communications Provider, and build new revenue streams that will deliver growth and long-term value for its stakeholders.

2017 OpCo highlights are categorised according to the value creation efforts of our OpCos within our 6 Business Capitals of Financial Capital, Human Capital, Intellectual Capital, Social and Relationship Capital, Manufactured Capital and Natural Capital.

Operational Performance

Integrated Annual Report 2017



Digital Businesses - Axiata Digital & Xpand

Highlights



- Refined Digital Strategy pivoting into 4 lines of Digital Businesses



- Boost has ~2.2 million users and >11,000 payment touchpoints
- apigate has 1.3 billion users, connecting >50 MNOs
- Xpand acquired 65% stake in Suvitech, furthering its MVNx strategy
- Increased reach of Digital Advertising services through ada



- Xpand acquired >1Gbps HTS from IPSTAR to provide reliable broadband services



- BIMA – won awards from Wall Street Journal, IDC Digital Transformation Award and Fintech Finals 2017

Business Review

• Axiata's refined digital strategy

Axiata's refined digital strategy is now spread across two distinct digital operating companies, Axiata Digital Services or Axiata Digital and Axiata Business Services, operating under the brand Xpand. Together, these digital businesses are involved in key verticals of Digital Financial Services (DFS), Digital Advertising, Enterprise Solutions/Internet of Things (IoT), and Digital Platforms.

• Axiata Digital's focused investments

Axiata Digital's portfolio of investments is pivoting into three lines of operational businesses of DFS, Digital Advertising and a Digital Platform Business to capitalise on the multi-billion dollar digital market opportunities and creating new revenue stream as part of our New Generation Digital Champion ambitions. Axiata Digital's target is to create valuations of USD1 billion for each of these lines of digital businesses.

• Expanded DFS offerings

Within financial services, Axiata Digital is building one of the largest DFS companies in Asia to provide 5 microservices of payments, remittance, lending, saving and insurance. E-wallet service Boost was launched in Malaysia in January and has approximately 2.2 million users in three months, and over 11,000 payment touchpoints. It has partnerships with major universities, highways concessionaires and large F&B chains. Axiata Digital now has digital wallet services in five markets.

• Increased reach of Digital Advertising services through ada

Axiata Digital launched ada, an integrated digital marketing business focused on data driven advertising model to unlock brand potential in digital. The new business is targeting the multi-billion segment of digital advertising and will provide seamless offerings in data science, technology and creative, all connected to form and deliver a powerful digital ecosystem for our brands and advertisers.

• Capturing growth opportunities in Enterprise Solutions/ IoT through Xpand

Xpand is focused on the multi-billion addressable B2B and B2B2C solutions across multiple industries and aims to achieve double digit growth. In 2017, it acquired 65% stake in Suvitech Co Ltd, a Thailand-based owner and operator of a mobile virtual network enabler (MVNE) platform, to further its strategy as a mobile virtual network operator/enabler (MVNx). Xpand also acquired over 1Gbps High Throughput Satellite (HTS) capacity for a four-year period from IPSTAR International Pte Limited, to catalyse its growth while providing reliable broadband services to all potential customers regardless of location.

• Expanded footprint in Digital Platform

apigate is Axiata Digital's GSMA award-winning platform service, comprising a highly-secure, plug-and-play enablement platform that connects developers and businesses to global consumers. apigate serves 1.3 billion users and connects more than 50 Mobile Network Operators (MNO) across Asia, Africa, Europe and South America.

Outlook for 2018

Moving forward into 2018, Axiata Digital aims to be a key contributor to the Group and a leader in each of its business verticals, while monetising the Company's existing assets to further increase its share of value. Axiata Digital also intends to remain on course with its social commitments, through its digital investments and funds to enable and strengthen the digital ecosystem.

Within the digital financial services segment, Axiata Digital will be focused on payments, remittance, lending, savings and insurance. Meanwhile, it will continue to leverage on telco and external data paired with its existing financial services data to further enhance its Universal Data Hub platform with advanced analytics capability to assist in driving the outcome-based advertisement business and new financial products.



Highlights



- Upsized edotco's 2016 largest global tower sector private placement by USD100 million
- Contributed 5.9% and 6.8% to Group revenue and EBITDA respectively
- Revenue +>100% from higher tenancies and maiden contributions from Tanzanite and consolidation of edotco Bangladesh
- Increase in tenancy ratio of 1.57x in fourth quarter of 2017 compared to 1.44x in fourth quarter of 2016



- Completed acquisition of stake in edotco Cambodia of 62.5%
- Acquired Tanzanite with a portfolio of 700 towers
- Increased edotco Bangladesh shareholding from 49% to 80%
- Acquired Deodar to make edotco the 8th largest independent towerco globally upon completion
- 9.3% YoY growth in towers owned; 7.3% YoY growth on sites managed



- Conferred the Asia Pacific Telecoms Tower Company of the Year 2017 Award by Frost & Sullivan

Business Review

- Upsized 2016's largest global tower sector record equity private placement deal to USD700 million**
edotco's lucrative investment proposition attracted high quality investors in its first round of private placement in 2016 which set the record as the largest global tower sector private placement deal of the year. In its second round of private equity placement in April 2017, Kumpulan Wang Persaraan (Diperbadankan) (KWAP) joined the fold of edotco investors through a USD100 million upsizing, bringing the total private equity placement to USD700 million.
- Significant contributions to Group performance**
edotco significantly contributed to the Group with impressive growth in revenue from 3.0% in 2016 to 5.9% in 2017, and an increase in towers and tenancies of 9% and 19% respectively. edotco also ended the year with an all-time high co-location ratio of 1.57x.
- Acquired Tanzanite to expand tower portfolio**
Through a USD90 million valued acquisition of Tanzanite Tower Private Limited in Pakistan, edotco added 700 towers to its portfolio, providing tenancies to all major mobile operators in the country. It is now Pakistan's largest independent tower company.

Acquisition of Deodar in 2018 to become 8th largest global towerco upon completion

In 2017, edotco announced the acquisition of Deodar Private Limited. Targeted to be completed in the second quarter of 2018, this will add 13,000 towers to edotco's portfolio, taking the company's global tower ranking from 12th to 8th place, and the second largest multi-country tower operator globally.

Solidified regional holdings

During the year, edotco increased its edotco Bangladesh shareholding from 49% to 80%; and completed the acquisition of its stake in edotco Cambodia of 62.5%, further solidifying its regional presence.

Innovations on energy efficient telecoms solutions

edotco's tower innovations in 2017 included the deployment of the first ever innovative Bamboo Telecom Tower in the South Asia region in Bangladesh, and the first ever nine multi-beam antenna in the ASEAN region for the SEA Games in Malaysia.

Received regional and international recognition of exemplary business performance

edotco Group was awarded the Frost and Sullivan 2017 Asia Pacific Telecoms Tower Company of the Year Award for exemplary business growth and performance in Southeast Asia.

Outlook for 2018

In 2018, edotco aims to focus on deepening its customer relationships in its markets. New markets in the Asian region will continue to be of interest. edotco also aims to step up its operations excellence by embracing a greater use of real-time digital platforms, data analytics and introducing drones into service.

As it expands the business organically and inorganically to further strengthen its position as a leading integrated telecommunications infrastructure services provider, edotco remains focused on taking an innovative approach to energy design, sustainable material usage and energy management solutions, in line with its commitment to proactively reducing its carbon footprint and positively impacting the environment.

edotco will continue to champion social responsibility through its Tower to Community projects aimed at the development of communities it is present in, and engagements with relevant stakeholders in nation building initiatives. It takes a holistic business approach as a leader in its field with a clear vision for the next wave of telecommunications, driving innovation to continuously connect people and industries. edotco is determined to become a world-class business and one of the world's largest independent tower companies by 2020.

2017 OpCo highlights are categorised according to the value creation efforts of our OpCos within our 6 Business Capitals of Financial Capital, Human Capital, Intellectual Capital, Social and Relationship Capital, Manufactured Capital and Natural Capital.

Operational Performance

Sustainability Highlights

Integrated Annual Report 2017



Axiata's 4P Sustainability Framework is aligned with our broader vision of Advancing Asia, to create long-term value for all our stakeholders through innovation, connectivity and talent. As we continue with our journey towards becoming a New Generation Digital Champion by 2021, we remain committed to advancing Economic, Environmental and Social (EES) sustainability imperatives within all our countries of operation.

Initiatives within our 4P Sustainability Framework supports the targets of the United Nations Sustainable Development Goals (UNSDG), and through our membership of the GSMA's Mobile for Development platform, and commitment to the Humanitarian Connectivity Charter, we are furthering international missions to advance digital inclusion and provide humanitarian support through our digital products and services.



Beyond Short-Term Profits

Networks cover **1.3 billion** people across our footprint countries

Increased 4G population coverage;
>44% base stations located in rural areas

Creating Digital Champions:

- Axiata Digital Innovation Fund (ADIF)
 - **RM43 million** in 14 Malaysian companies
 - **60%** Bumiputera technopreneur start-ups
- Launched **USD15 million** Dialog Axiata Digital Innovation Fund (DADIF) & **USD5 million** Smart Axiata Digital Innovation Fund (SADIF)

e-wallet 'Boost'

- **~2.2 million** users
- **>11,000 payment touchpoints**



Nurturing People

43 nationalities

Organisational transformation to **Modern, Agile & Digital** (M.A.D.)

Building a **digital talent factory**

- **RM169 million** invested in Talent Development since 2009
- **145** top talents identified across the Group for leadership development
- **60%** top management identified internally

- **12% women** in senior leadership positions
- **3 months** maternity leave



Process Excellence & Governance

- **Enhanced** Group governance to align with digital ambition
- **Digitising** and **modernising** core functions
- **Social Reputation Score** to track real-time brand sentiments
- Enhanced **Supplier Code of Conduct**

Promoting a safe workplace for all:

- Conducted **3,688** safety inspections
- **185** consecutive accident free days

Axiata Partner Development Programme targets by 2020:

- **4** National Champions
- **2** Regional Champions
- **1** Global Champion



Planet & Society

- Installed **200** solar sites & **10** wind turbine sites
- **~25%** carbon emission reduction per renewable energy site

- **"Tower to Power"** project supplies electricity to rural communities near green telco tower sites in Bangladesh

- **>8 million** early warning SMS sent
- Customers received **>16.6 million** free SMS post-disaster
- **RM100,000** support towards Mercy Malaysia's humanitarian missions





National Contribution

As one of the leading telecommunications groups in Asia with a presence in 11 countries and a customer base of approximately 350 million, Axiata makes a substantial contribution to the countries in which the Group operates. Through its investments in its portfolio of regional OpCos, Axiata is recognised as one of the largest Foreign Direct Investors, best employer, significant taxpayer and substantial purchaser of local services.

Axiata's triple core business of Digital Telco, Digital Businesses and Infrastructure have created significant economic value and job opportunities, both directly and indirectly, to almost 1.0 million people in 11 countries across ASEAN and South Asia.

As a committed long-term investor and exemplary corporate citizen in all its countries of operation, Axiata has supported and created socioeconomic value in areas identified as national

priorities and agendas in the countries within its footprint, including furthering the United Nations Sustainable Development Goals (UNSDG).

To continue to make a real economic difference in the countries and communities served, Axiata has been measuring its investment impact in its National Contribution Report annually over the past four years. Below are the key findings of the report for 2017.



For complete details of our National Contributions, please refer to page 47.





Governance



Corporate Governance Overview

The Board of Directors of Axiata Group Berhad ("Board" or "BOD") is pleased to present the Corporate Governance Overview Statement ("CG Overview Statement") which provides key highlights on how Axiata complies with the three principles, 32 practices and four Step-ups of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") during the financial year 2017. This statement has been made in accordance with the authority of the Board dated 22 February 2018 and finalised and updated until the date of the Annual Report ("AR") 2017 with delegated authority to the Board Annual Report Committee ("BARC").

This statement is complemented with a Corporate Governance Report ("CG Report") based on a prescribed format pursuant to paragraph 15.25 of the Main Market Listing Requirements ("MMLR") by Bursa Malaysia Securities Berhad ("Bursa Securities"). The CG Report is available on the Company's website https://axiata.com/files/upload/corporate/Corporate_Governance_Report.pdf as well as via an announcement on the website of Bursa Securities. This statement should also be read in conjunction with the Statement on Risk Management and Internal Control ("SORMIC") and Board Audit Committee ("BAC") Report as well as other information in the Governance & Audited Financial Statements 2017 ("GAFS") and Sustainability and National Contribution Report ("SNCR") accompanying this Integrated Annual Report ("IAR").

For complete details of the SORMIC, please refer to pages 24 to 32.
For complete details of the BAC Report, please refer to pages 33 to 34.



In its vision to become a New Generation Digital Champion by 2021, Axiata has transformed into a Triple Core Strategy of Digital Telco, Digital Businesses and Infrastructure, with long-term value creation opportunities for its shareholders and stakeholders. In the effort to realise this vision, the Board is cognisant of upholding its duties according to the highest principles of accountability and transparency.

The Board remains fully committed to discharging its duties according to the highest standards of corporate governance, whilst pursuing its corporate objectives to enhance shareholders' value and overall competitive positioning.

The Board recognises the importance of governance and plays an active role in administering and reviewing the Group's governance practices and

framework to ensure its relevance and ability to meet future challenges, as it strives to put in place a strong and effective corporate governance system throughout the Group.

As the sixth largest entity listed on the Main Board of Bursa Securities, the Board has always ensured that Axiata remains at the forefront of good corporate governance. The Group has been recognised consistently for its high levels of disclosures, reporting and upholding the strongest governance. Over the last five years, Axiata has consecutively received accolades at the Minority Shareholder Watchdog Group (MSWG) – ASEAN Corporate Governance Recognition Awards. In 2017, the Group received the following awards:

Chairman of the Year Award
Tan Sri Datuk Wira Azman
Hj Mokhtar

**Ranked 2nd in
Excellence Award**
for Corporate Governance
Disclosure

Merit Award
for
Board Diversity

Axiata's Corporate Governance framework has been developed based on the following statutory requirements, best practices and guidelines:-

CORPORATE GOVERNANCE FRAMEWORK				
Companies Act 2016 ("CA 2016")	MMLR of Bursa Securities	MCCG 2017	Manual on Enhancing Board Effectiveness by the Putrajaya Committee on Government Linked Companies ("GLCs") High Performance (Green Book)	Corporate Governance Guide - 3 rd Edition issued by Bursa Malaysia Berhad

Governance

Integrated Annual Report 2017



Corporate Governance Overview

The culture of upholding strong corporate governance principles is embraced across the organisation led by the Board which sets the tone at the top. The release of the MCCG 2017 by the Securities Commission Malaysia ("SC") in April 2017 brought about a fresh review of Axiata's corporate governance practices. Gaps were identified and actions taken to address the same. As at the date of this IAR, Axiata has applied all the practices in MCCG 2017 except for the following:-

- Practice 4.3 - Step-up
The Board has a policy which limits the tenure of its independent director to nine years.
- Practice 4.5
The Board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the Board must have at least 30% women directors.
- Practice 7.2 and 7.3 - Step-up
The Board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000.00. Step-up encourages companies to fully disclose the detailed remuneration of each member of senior management on a named basis.
- Practice 12.3
Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate:
 - Voting in absentia; and
 - Remote shareholders' participation at General Meetings.

Clear and forthcoming explanations are provided for departures from the Practices and measures put in place to apply the departed Practices in the CG Report.

A summary of the Group's corporate governance practices with reference to the MCCG 2017 is described in the following manner:-

GROUP'S CORPORATE GOVERNANCE PRACTICES

Principle A: Board Leadership and Effectiveness -

Group Corporate Governance Structure, Board and Board Committees' Roles and Responsibilities, Board Composition, Effectiveness and Remuneration

Principle B: Effective Audit and Risk Management -

Board Audit Committee and Risk Management and Internal Control Framework

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders -

Communication with Stakeholders and Conduct of General Meeting

For complete details of Principle A, please refer to pages 64 to 80.



For complete details of Principle B, please refer to pages 81 to 83.



For complete details Principle C, please refer to page 84.

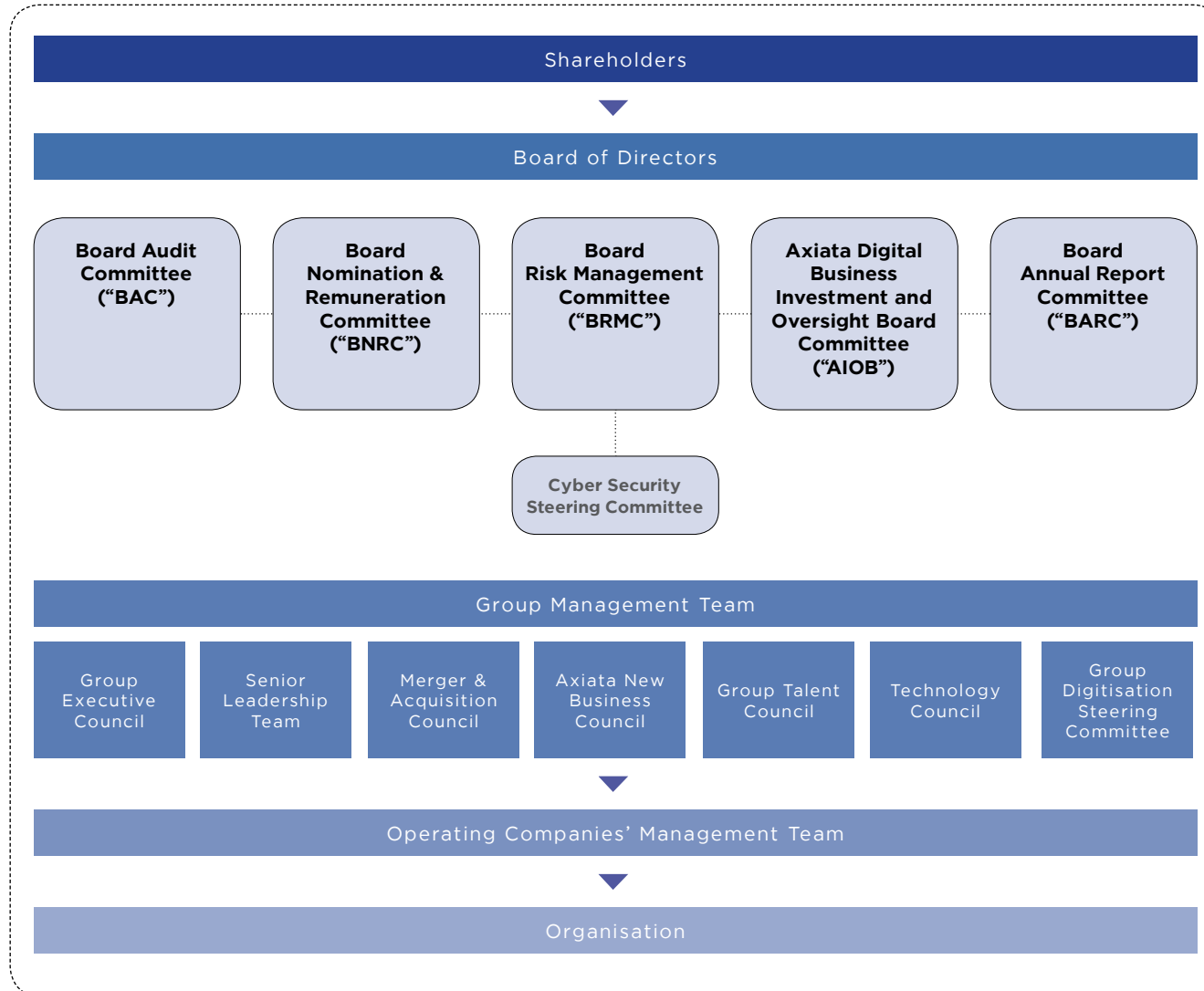




Corporate Governance Framework

COMPLIANCE

- ① MMLR of Bursa Securities & CA 2016
- ② MCCG 2017
- ③ Axiata's Corporate Governance Framework



ASSURANCE

- ① Audit of financial data and review of social and environmental data (*internal & external*)
- ② Facilitation and organisational audit (*internal*)
- ③ Quality audit and inspections (*internal & external*)

Governance

Board of Directors

Integrated Annual Report 2017



Principle A: Board Leadership and Effectiveness

Structural Changes to Board Composition

The year 2017 saw several changes to the Board composition as follows:

- Appointment of Dato Dr Nik Ramlah Nik Mahmood as Independent Non-Executive Director ("INED") on 21 March 2017;
- Resignation of Bella Ann Almeida as INED on 25 May 2017;
- Appointment of Dr David Robert Dean as INED on 11 December 2017; and
- Appointment of Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz as Non-Independent Non-Executive Director ("NINED") representing Khazanah in place of Kenneth Shen on 12 January 2018.

For complete details of the Profile of Directors, please refer to pages 4 to 7.



TAN SRI DATUK WIRA AZMAN HJ. MOKHTAR

*Chairman
Non-Independent
Non-Executive Director
(Representative of Khazanah)*



Age	Nationality	Gender	Date of Appointment	Length of Service
57	Malaysian	Male	3 March 2008	10 years

TAN SRI JAMALUDIN IBRAHIM

*Managing Director/
President & Group Chief Executive
Officer*



Age	Nationality	Gender	Date of Appointment	Length of Service
59	Malaysian	Male	3 March 2008	10 years

TAN SRI GHAZZALI SHEIKH ABDUL KHALID

Independent Non-Executive Director



Age	Nationality	Gender	Date of Appointment	Length of Service
72	Malaysian	Male	24 March 2008	10 years

DATUK AZZAT KAMALUDIN

*Senior Independent Non-Executive
Director*



Age	Nationality	Gender	Date of Appointment	Length of Service
72	Malaysian	Male	24 March 2008	10 years



Board of Directors

DATO' MOHD IZZADDIN IDRIS

Non-Independent Non-Executive Director



Age	Nationality	Gender	Date of Appointment	Length of Service
55	Malaysian	Male	24 November 2016	1 year 4 months

DATO DR NIK RAMLAH NIK MAHMOOD

Independent Non-Executive Director



Age	Nationality	Gender	Date of Appointment	Length of Service
62	Malaysian	Female	21 March 2017	1 year

DAVID LAU NAI PEK

Independent Non-Executive Director



Age	Nationality	Gender	Date of Appointment	Length of Service
65	Malaysian	Male	23 April 2008	10 years

DR DAVID ROBERT DEAN

Independent Non-Executive Director



Age	Nationality	Gender	Date of Appointment	Length of Service
59	British	Male	11 December 2017	3 months

DR MUHAMAD CHATIB BASRI

Independent Non-Executive Director



Age	Nationality	Gender	Date of Appointment	Length of Service
52	Indonesian	Male	25 February 2015	3 years

TENGGU DATO' SRI AZMIL ZAHRUDDIN RAJA ABDUL AZIZ

*Non-Independent Non-Executive Director
(Representative of Khazanah)*



Age	Nationality	Gender	Date of Appointment	Length of Service
48	Malaysian	Male	12 January 2018	3 months

Governance

Integrated Annual Report 2017



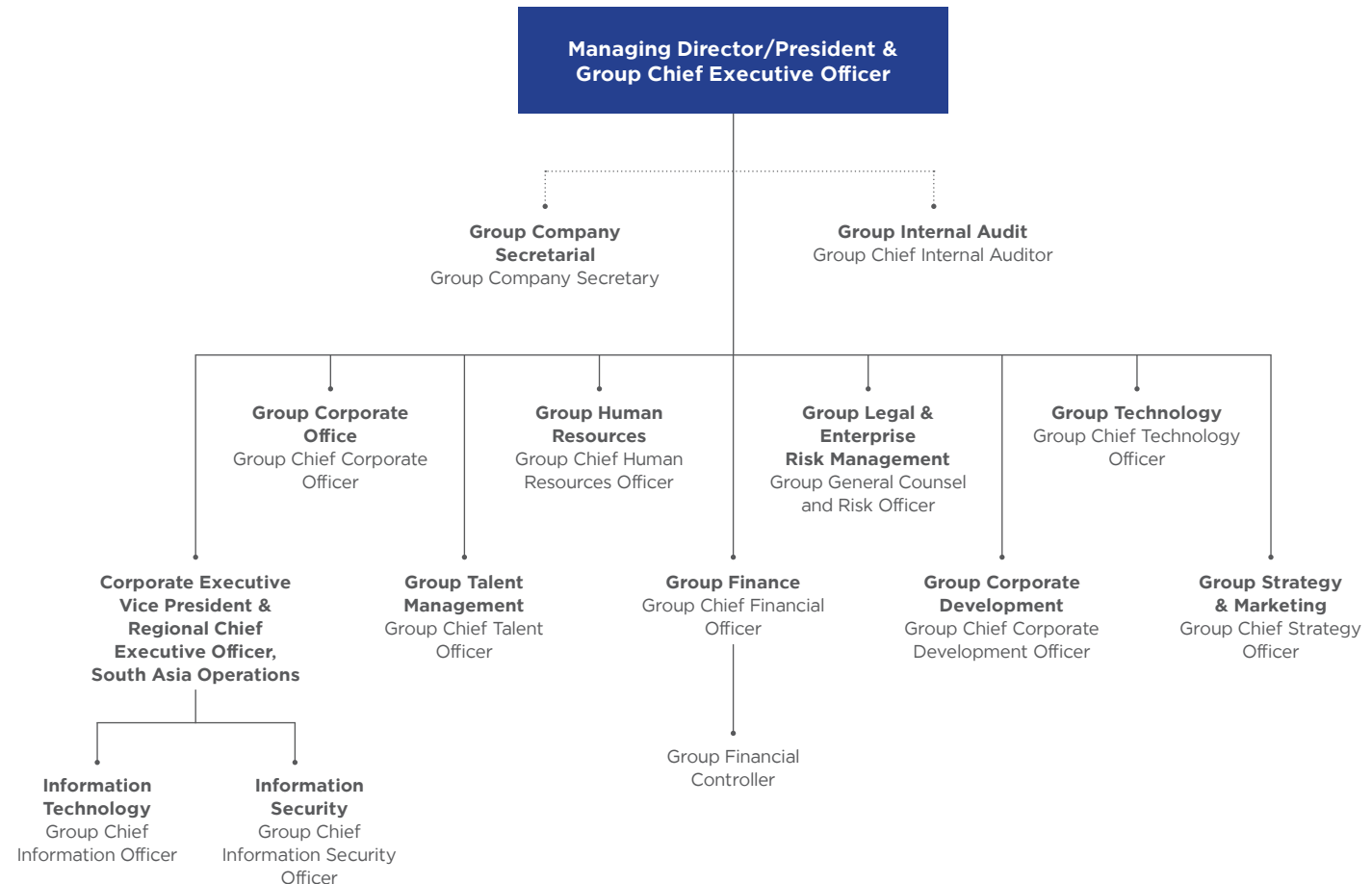
Group Organisational Chart

The Board places great importance in ensuring that Axiata has in place a strong and cohesive Senior Leadership Team (“SLT”) made up of capable individuals who are experts in their own respective fields.

Appointment of top key positions in the Group requires the recommendation of the BNRC and approval of Axiata Board of Directors. A total of 70% of the SLT are from the Axiata footprint and the rest from other countries globally providing a healthy mix of local and foreign nationalities to ensure local and regional knowledge and expertise are balanced with global perspectives.

Several changes were made to the SLT line up in 2017 including the appointment of the Corporate Executive Vice President & Regional Chief Executive Officer, South Asia Operations which allows for better management of operations in view of the growing number of Operating Companies (“OpCo”) in the Group.

A new Group Chief Financial Officer was appointed and the new position of Group Chief Information Officer was filled. The role of Group Chief Information Security Officer was also added reflecting the increasing importance of this area.



For complete details of the Profile of Group SLT, please refer to pages 11 to 15.





Group Senior Leadership Team

TAN SRI JAMALUDIN IBRAHIM

Managing Director/
President & Group Chief Executive
Officer



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
59	Malaysian	Male	3 March 2008	10 years

DR HANS WIJAYASURIYA

Corporate Executive Vice President
& Regional Chief Executive Officer,
South Asia Operations



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
49	Sri Lankan	Male	1 January 2017	24 years

VIVEK SOOD

Group Chief Financial Officer



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
53	Indian	Male	3 April 2017	1 year

DATIN SRI BADRUNNISA MOHD YASIN KHAN

Group Chief Talent Officer



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
58	Malaysian	Female	18 May 2011	10 years

MOHAMAD IDHAM NAWAWI

Group Chief Corporate Officer



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
50	Malaysian	Male	1 March 2013	5 years

NIK NAZIFAH NIK AHMAD

Group Chief Internal Auditor



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
47	Malaysian	Female	1 May 2015	5 years

Governance

Integrated Annual Report 2017



Group Senior Leadership Team

SURYANI HUSSEIN

Group Company Secretary



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
52	Malaysian	Female	1 April 2008	15 years

DARKE M SANI

Group Chief Human Resources Officer



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
62	Singaporean	Male	1 June 2011	6 years

DOMINIC P ARENA

Group Chief Strategy and Marketing Officer



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
41	Australian	Male	1 March 2016	2 years

AMANDEEP SINGH

Group Chief Technology Officer



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
47	Indian	Male	2 November 2012	5 years

ANNIS SHEIKH MOHAMED

Group Chief Corporate Development Officer



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
46	Malaysian	Male	1 July 2011	6 years

TAN GIM BOON

Group General Counsel and Risk Officer



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
45	Malaysian	Male	1 October 2004	14 years

Group Senior Leadership Team

ANTHONY RODRIGO

Group Chief Information Officer



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
50	Sri Lankan	Male	1 August 2017	7 years

YAP WAI YIP

Group Financial Controller



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
61	Malaysian	Male	1 November 2016	10 years

Note:
Years of Service at Axiata refers to tenure within Axiata and its group of companies.

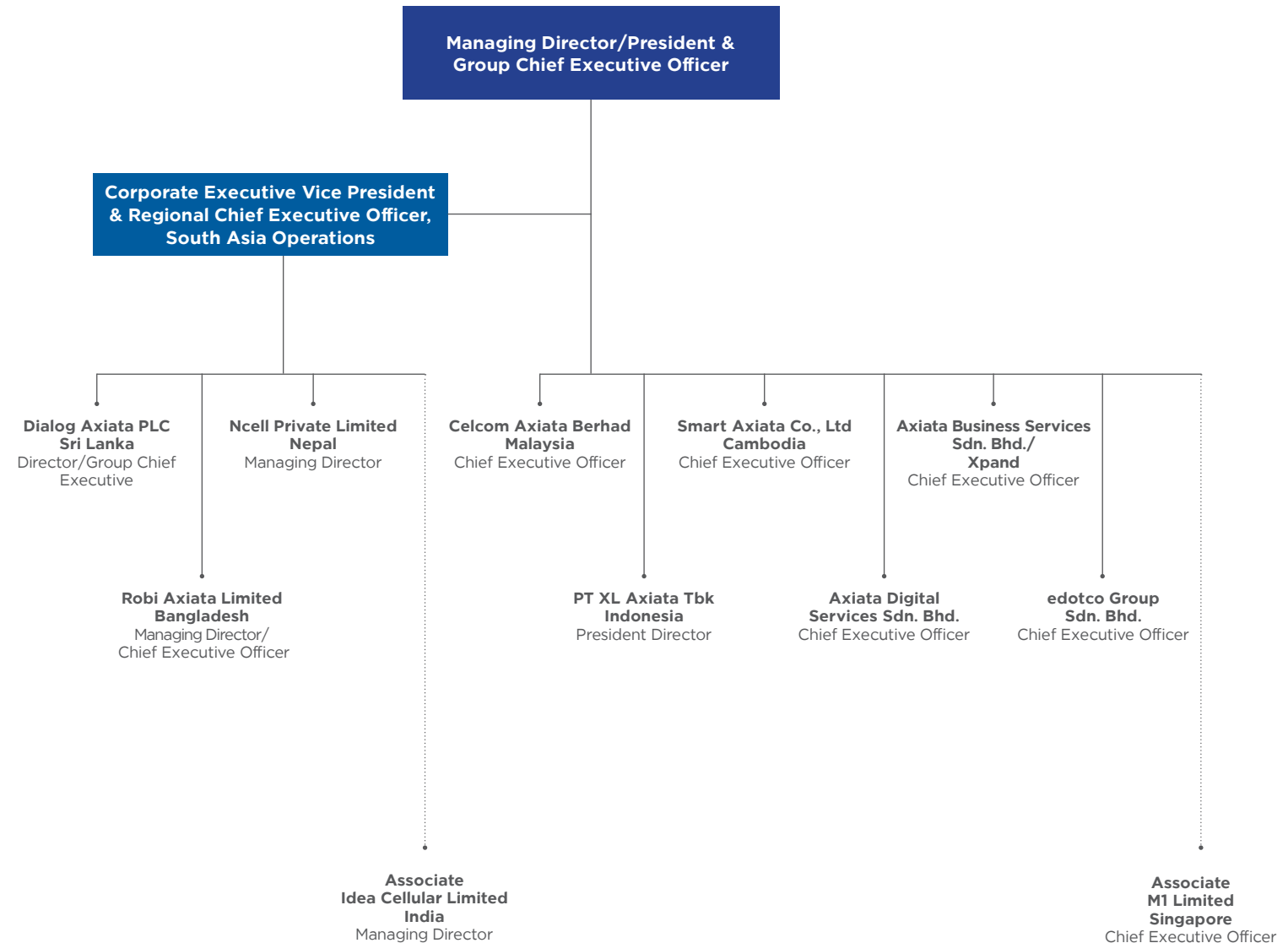
Governance

Integrated Annual Report 2017



Operating Companies' Organisational Chart

In 2017 and early 2018, four new CEOs were appointed at the OpCo level. Three of these were internal appointments demonstrating an orderly succession planning in accordance with the Axiata Talent Management Framework. The succession plans are presented to the Board at least twice a year. The plans include talent (both internal and identified external talent) ready to take on senior roles within different time frames and the intervention required for key talent. The succession planning process provides Axiata a ready pool of talent to plan ahead with and when there is insufficient bench strength, to scour the market and identify promising candidates in advance of the anticipated demand.



For complete details of the Profile of Operating Companies' Management Team, please refer to pages 16 to 18.





Operating Companies' Management Team

MICHAEL KUEHNER

Chief Executive Officer
Celcom Axiata Berhad



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
66	German	Male	1 September 2016	5 years

DIAN SISWARINI

President Director
PT XL Axiata Tbk



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
49	Indonesian	Female	1 April 2015	21 years

SUPUN WEERASINGHE

Director/Group Chief Executive
Dialog Axiata PLC



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
42	Sri Lankan	Male	1 January 2017	18 years

THOMAS HUNDT

Chief Executive Officer
Smart Axiata Co., Ltd.



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
40	German	Male	19 February 2013	5 years

SUREN J. AMARASEKERA

Managing Director
Ncell Private Limited



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
53	Sri Lankan	Male	1 July 2017	1 year

MAHTAB UDDIN AHMED

Managing Director/
Chief Executive Officer
Robi Axiata Limited



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
51	Bangladeshi	Male	1 November 2016	7 years

Governance

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Operating Companies' Management Team

MOHD KHAIRIL ABDULLAH

Chief Executive Officer
Axiata Digital Services Sdn Bhd



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
47	Malaysian	Male	1 January 2015	6 years

ASRI HASSAN SABRI

Chief Executive Officer
Axiata Business Services Sdn Bhd/
Xpand



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
51	Malaysian	Male	1 January 2018	2 years

SURESH SIDHU

Chief Executive Officer
edotco Group Sdn Bhd



Age	Nationality	Gender	Date of Appointment to Executive Position	Years of Service at Axiata
51	Malaysian	Male	26 August 2014	9 years

Associates' Management Team

HIMANSHU KAPANIA

Managing Director
Idea Cellular Limited



Age	Nationality	Gender	Date of Appointment to Executive Position
56	Indian	Male	1 April 2011

KAREN KOOI

Chief Executive Officer
M1 Limited



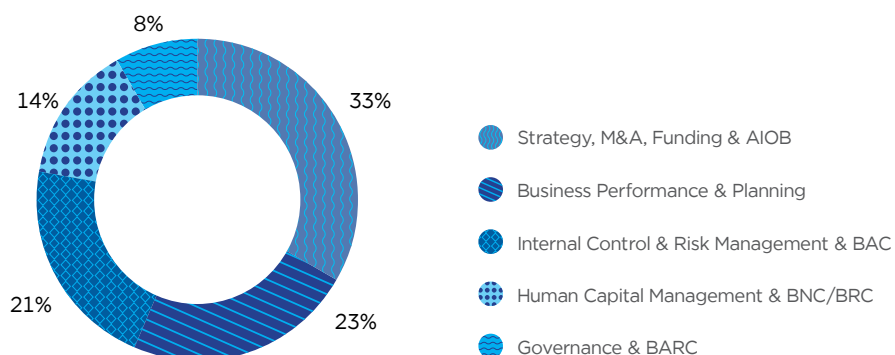
Age	Nationality	Gender	Date of Appointment to Executive Position
63	Singaporean	Female	22 April 2009

Note:
Years of Service at Axiata refers to tenure within Axiata and its group of companies.

Board Leadership

Duties & Responsibilities of the Board

The year 2017 saw the Board and Board Committee meetings clocking in a total 131 hours in the discharge of its key fiduciary duties and leadership functions and responsibilities.



Activities in 2017

- The Board occupied approximately 33% of its time providing the strategic drive for the Company by guiding the SLT in developing the corporate strategy. In pursuit of Axiata's vision to be a New Generation Digital Champion by 2021, the Board during the mid-year retreat in August 2017 had set the tone and provided direction inter alia in the formulation of the Triple Core Strategy to support Axiata 3.0 Transformation and provide impetus to greater innovation.
- At the year-end retreat in December 2017, the Board deliberated on the Strategic and Annual Business Plan and Budget 2018 and provided feedback and direction before the same was approved at subsequent meeting.
- The Board made several key decisions on matters pertaining to Mergers & Acquisitions ("M&A") during the year, an area of strategic focus for the Board. Five out of 13 Board meetings were special Board meetings convened on M&A matters.
- The Board oversaw the conduct of the Company's business and execution of the approved business plan over the short, medium and long-term. 2017 Key Performance Indicators ("KPI") were set and headline KPIs were announced publicly. On quarterly basis, achievements against KPIs were presented and monitored.
- Sustainability and stakeholder management were also topics that constantly cropped up in Board's deliberations in 2017 as Axiata faced regulatory challenges in many of its footprints. Individual Board members were involved in several high level engagements outside the boardroom in an effort to resolve these issues.
- In terms of the organisation, the Board approved the following proposals in response to changes in the business and industry and in support of Axiata 3.0 Transformation.

Organisation

- Nurturing a Modern, Agile & Digital (M.A.D.) organisation.
- Strengthening the OpCo Engagement Model from 'light touch' to 'right touch': centralised or centrally coordinated.
- Establishing the Analytics Centre of Excellence.

People

- Top Management changes across the Group.
- Board refresh and succession planning.

Priorities for 2018

- With a clear vision to be the New Generation Digital Champion by 2021, the Board will continue to refine the Axiata Triple Core Strategy and monitor its execution over the short, medium and long-term.
- Operational turnaround of Axiata's key OpCos, Celcom and XL will continue to be a key focus.
- Overseeing the execution of the cost optimisation and M.A.D. organisation initiatives.
- Execution of Board refresh and succession planning.

Governance

Integrated Annual Report 2017



Board Leadership

Code of Conduct and Ethics

The Directors Code of Ethics adopted in 2011 were reviewed and replaced with a new Board Code of Conduct and Ethics ("Code") approved by the Board in February 2018. Adoption of the new Code is to be in line with the practices in the MCCG 2017 and ensures that the Board continues to shape the ethical culture through its leadership. The provisions of the Code are aligned with the Employees Code of Conduct and the corporate culture of uncompromising integrity and exceptional performance applicable across the Group.

Code is available online at

https://axiata.com/files/upload/corporate/Board_Code_of_Conduct_and_Ethics.pdf

Board Charter

The Board also approved revisions to the Board Charter ("Charter") in February 2018. The revisions took into account the gaps in the Charter in view of the provisions of MCCG 2017, inter alia in the following areas:

- Separation of positions of Chairman and President & GCEO. Observed by Axiata from inception with roles of each position clearly defined and now stated as a clear policy.
- Insertion of a specific provision relating to Company Secretary stating the requirement for a qualified person to be appointed and defining his/her roles as advisor to the Board on governance matters to whom the Board shall have unlimited access. Axiata's Group Company Secretary is a qualified advocate & solicitor and licensed by SSM and hence qualified to act as a Company Secretary under the CA 2016.
- Asserting the Board's aim to appoint 30% women participation on Board in line with Government aspiration, a target BNRC is actively pursuing.
- Specifically stating the requirement that if the Board wishes to retain an INED who exceeds the cumulative term limit of 9 years, he/she shall be redesignated as NED, unless annual shareholders' approval is sought for him/her to remain as INED providing justifications.

The full extent of the Board's responsibilities is available in the Board Charter at https://axiata.com/files/upload/corporate/Board_Charter.pdf

Note:

As the Board is executing its phased retirement plan for INEDs appointed in 2008 from 2016-2020, where one INED will retire each year instead of all at the same time to ensure continuity and stability, it is not possible at this point to adopt a nine-year term limit for INEDs. Axiata INEDs are however not expected to serve as independent beyond 12 years.

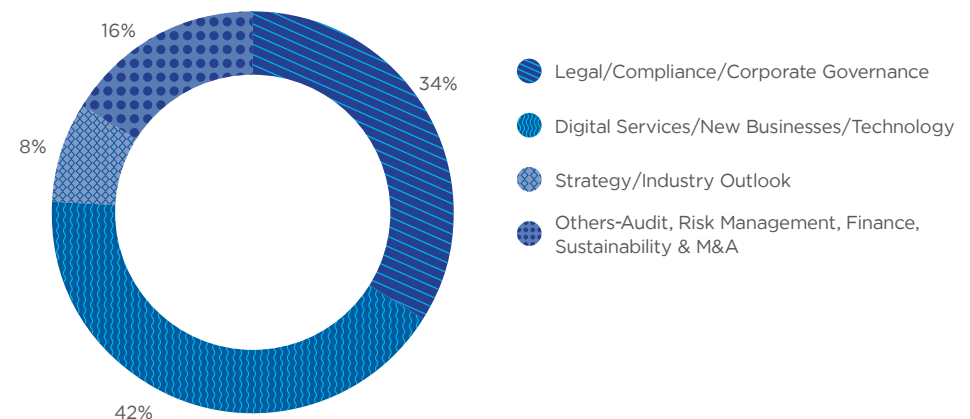
Directors' Professional Development and Education

Other than the Mandatory Accreditation Programme ("MAP") prescribed by Bursa, all newly appointed Directors of Axiata attended an induction programme held before they attend their first Board meeting.

Axiata has a dedicated budget for Board training and a set of guidelines on Board Training Programmes. BNRC undertakes an assessment of the training needs of the Board and each Director and reviews the same on half yearly basis.

The training programmes attended by each of the Director in 2017 are listed on pages 20 to 21 of the GAFS.

2017 Directors' Training Areas



Board Composition

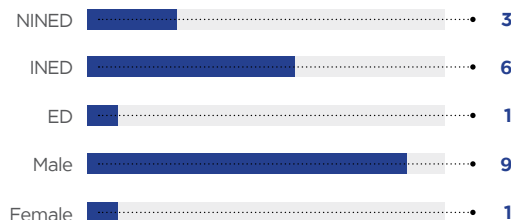
Board Size and Composition

Axiata has in place a Board Composition Framework which takes into consideration, among others, complexity and geographical spread of the Groups businesses.

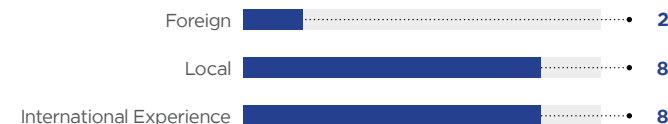
- Maximum of 10 Board members (up to two Executive Directors ("EDs"). In recent discussions, the Board indicated a possibility that the Board composition may be larger than 10 in view of the new businesses and allowing a certain duration for Board transition and refresh;
- Two NINEDs representing Khazanah as the major shareholder;
- More than 50% of the Board to comprise INEDs with various mix of skills, experience and diversity including in terms of nationality and gender; and
- Up to three members with geographical experience matching Axiata's footprint (Indonesia/Indian sub-continent/international).

Current composition of Axiata Board has the appropriate mix of diversity, skills, experience and capabilities:-

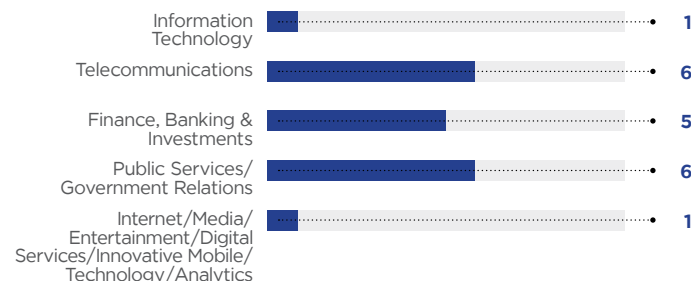
NINED/INED/ED & Gender



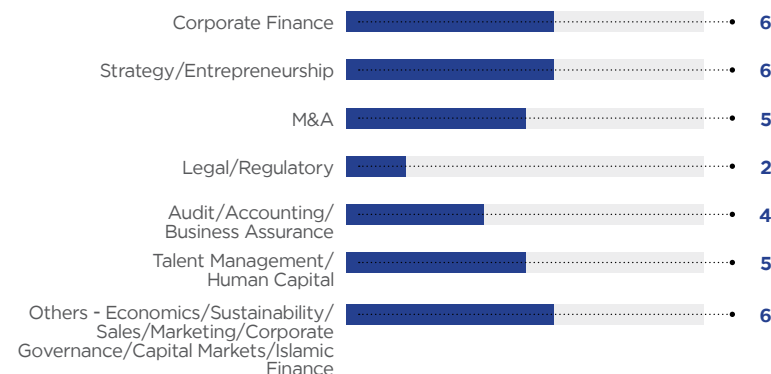
International Experience Nationality



Industry Experience



Functional Experience



The breadth of skillsets and experience of Axiata Board is instrumental to guide Axiata through the next phase of its transformation journey. Thus, the BNRC and the Board are currently actively searching for suitable candidates to strengthen the gender balance and further enhance the Board composition. Priority is to find a female candidate with Information Technology/Digital/Entrepreneur type of experience followed by Human Resources/Government Relations/Others. In the current process, candidates are sourced through the following channels:

- Internal recommendations.
- Women directors pool maintained by LeadWomen and Institute of Corporate Directors Malaysia ("ICDM").
- Appointment of an international recruitment firm.

Axiata has a clear and transparent process for selection, nomination and appointment of suitable candidates to the Board of Axiata as described below:-



Governance

Integrated Annual Report 2017



2017 Meeting Calendar

The overall calendar of meetings of the Board and Committees held in 2017 and attendance of the respective Directors are provided below:-

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
BOD	•	•	• Special • Special	•	•	• Special		• Mid-Year Strategy Retreat • Special			• Special •	• 2-day business planning
BAC	•	•		• Special	•			•			•	
BNC	•	•	• Special	•				•			•	
BRC	•	•	• Special	•				•				
AIOB		•		•		•						
BARC	•	•	• • •									•

	Board (13)	BAC (6)	BNC (6)	BRC (5)	AIOB (3)	BARC (6)
Tan Sri Datuk Wira Azman Hj. Mokhtar	13/13 (100%)	-	-	-	-	-
Tan Sri Jamaludin Ibrahim	13/13 (100%)	-	-	-	3/3 (100%)	4/6 (67%)
Tan Sri Ghazzali Sheikh Abdul Khalid	13/13 (100%)	-	6/6 (100%)	5/5 (100%)	-	-
Datuk Azzat Kamaludin	12/13 (92%)	6/6 (100%)	5/6 (83%)	4/5 (80%)	-	5/6 (83%)
Dato' Mohd Izzaddin Idris	11/13 (85%)	-	-	-	3/3 (100%)	-
David Lau Nai Pek	13/13 (100%)	6/6 (100%)	-	-	3/3 (100%)	6/6 (100%)
Dato Dr Nik Ramlah Nik Mahmood*	9/9* (100%)	-	-	-	-	-
Dr David Robert Dean**	1/1* (100%)	-	-	-	-	-
Bella Ann Almeida***	4/6 (67%)	-	3/4 (75%)	3/5 (60%)	-	-
Dr Muhamad Chatib Basri	11/13 (85%)	-	-	-	-	-
Kenneth Shen	12/13 (92%)	4/6 (67%)	6/6 (100%)	5/5 (100%)	2/3 (67%)	4/6 (67%)

* Appointed on 21 March 2017

** Appointed on 11 December 2017

*** Resigned on 25 May 2017

∞ Number of Board meetings attended from appointment



Board Effectiveness

Board Effectiveness Evaluation (“BEE”)

Similar to the previous years, BNRC appointed an experienced third party, ICDM as facilitator to facilitate its 2017 BEE. The Board believes that an independent party will lend greater objectivity to the assessment process.

A refresher approach based on similar set of criteria and questionnaires were used for the Board to provide their ratings in the following areas measured:-

Board	Self-Peer
<ul style="list-style-type: none"> Group Dynamics and Effectiveness. Overall impressions of the Board <ul style="list-style-type: none"> Effectiveness, Involvement and engagement, Structure and composition. Board Organisation – Agendas, meeting frequency, quality, structure and timeliness of Board materials, discharge of duties, adequacies of time for deliberations, information and support materials, strategic oversight, balance, size, gender diversity, skillsets, independence elements. Board Committees – Organisation, agendas, meeting frequency, performance of members, size, balance of topics discussed and adequacies of report to Board. Succession Planning and Development. Communications. 	<ul style="list-style-type: none"> Knowledge and understanding on strategy, market, critical success factors, business risk, performance measures, financial discussions, awareness, risk management, skills and experience. Analytical skills. Preparation for Board meetings, time commitment and commitment to professional development. Independence – Ability to speak openly, and ability to demonstrate independence exemplified by impartiality, objectivity and consideration of all stakeholders’ interest.

Based on the findings of the 2017 BEE tabled to the Board at its meeting on 27 March 2018, the key themes from the previous years continue to apply. Axiata Board is seen as well run, with an experienced Chair who facilitates constructive challenge and healthy discussion of critical issues. The quality of discussion is high, with a robust exchange of views, appropriate comments and suggestions. Directors are also committed to the highest standards of corporate governance.

On the areas of improvement, pressing need to meet the gender diversity target was highlighted, however, the Board also noted that the matter was being actively looked into by BNRC. Other items requiring attention were also noted and would be appropriately addressed by the Board.

In respect of the directors standing for re-election, the BNRC took into consideration the self-peer ratings and other feedback on the areas evaluated.

Tan Sri Datuk Wira Azman Hj. Mokhtar, as a NINED, has always scrupulously put the interests of Axiata first, while representing the perspectives of Axiata’s shareholder, Khazanah Nasional Berhad where he is the Managing Director. He provides invaluable, objective input to the Board’s strategic thinking processes, reconciling the long-term and short-term priorities of both, Axiata and Khazanah with its “patient capital” philosophy. He is a highly effective Chairman of the Board, providing strong, dynamic and efficient leadership, while at the same time ensuring a collegial atmosphere where directors are encouraged to challenge constructively in a spirit of “disagreeing without being disagreeable”. He is good at sensing the consensus of the Board and is willing to be overruled. He does not tolerate factionalism, emphasising the importance of the integrity of discussions of the Board and its collective responsibility. The Board is of the view that Axiata is fortunate in having such a Chairman and recommends his re-appointment as a NINED.

Tan Sri Ghazzali Sheikh Abdul Khalid achieved the maximum score for independence of thinking, based on the BEE ratings by his peers. This is the result of being rated highly on his understanding of his role as an INED and on the role of the Board in governing Axiata. Collegial in nature, he is able to challenge constructively through his objective chairing of Board committees and his contributions affecting discussions regarding management which are enhanced by his long period of service with Axiata, which has not affected his impartiality and objectivity. The Board is of the view that he should remain as an INED and recommends his re-appointment.

David Lau Nai Pek achieved the maximum score for his independence of thinking based on the BEE ratings by his peers, resulting from his professional financial expertise as an accountant who is thorough, detailed, precise and uncompromising in addressing issues before the Board, with characteristic independence and impartiality. His years of service on the Axiata Board provide a stronger basis for being able to constructively challenge management on the financials and performance measures. The Board believes he is a high-performance Board member, able to reconcile the need to support and challenge management on assumptions regarding strategy, capex and profitability, as well as monitoring results. The Board is of the view that he should remain as an INED and recommends his re-appointment.

Datuk Azzat Kamaludin will retire under Article 93 of the Company’s Articles of Association and will not be seeking re-election.

The assessment in respect of Directors independence in 2017 BEE was carried out using the criteria prescribed under the MMLR of Bursa Securities. Under individual Director Peer and Self-Review INEDs are essentially assessed based on the spirit, intent, purpose and attitude of each INED as well as readiness to challenge and debate which is considered as exhibiting independent judgement and ability to act in the best interest of Axiata.

Governance

Integrated Annual Report 2017



Board Remuneration

Non-Executive Directors (“NED”)

As a regional company, the remuneration philosophy is to develop a remuneration structure that commensurates with the Directors responsibilities at both Board and Board Committee level and is sufficient to attract, incentivise and retain quality Directors. The remuneration packages differentiate the Chairman and ordinary members of the Board and Board Committee to reflect the bigger role played by the Chairman. The last review of the remuneration structure was undertaken in 2014. Since the Board is targeting a five-yearly review, the next review is due to be held in 2019.

The following table outlines the remuneration structure for NEDs of the Group:-

Remuneration	Monthly Fees ¹ (RM)		Meeting Allowances ² (RM)	
	NEC ³	NED	NEC ³	NED
BOD	30,000.00	20,000.00	3,000.00	2,000.00
BAC	4,000.00	2,000.00	3,000.00	2,000.00
BNC	1,200.00	800.00	1,500.00	1,000.00
BRC	1,200.00	800.00	1,500.00	1,000.00
Other Board Committees	Nil	Nil	1,500.00	1,000.00

1. In accordance with shareholders' approval, Axiata pays Board and Board committees' Directors' fees on a monthly basis
2. Meeting allowances are paid on a per meeting basis, notwithstanding any adjournment and number of days
3. NEC refers to Non-Executive Chairman

Benefits

Benefits such as annual overseas business development trips, leave passage, travel allowance, travel allowance for non-resident NEDs, equipment, telecommunication facilities, insurance and medical.

Executive Director (“ED”)

The Company's policy on remuneration for the ED is similar to previous years which is to ensure that the level of remuneration is generally set to provide market competitiveness to attract, retain and motivate an ED of the highest calibre to competently manage the Company.

The remuneration is therefore structured to link various components of the package with corporate and individual performance as well as Total Shareholder Returns (“TSR”). It also takes into account similar packages at comparable companies (of similar size and complexity to Axiata locally; and in the same industry in the region), based on information prepared by independent consultants and survey data.

The current remuneration policy of the ED consists of basic salary, benefits-in-kind and EPF contributions, as a guaranteed component. On top of this, the ED is eligible for two types of performance-based incentives which are the Short-Term Incentive Plan (“STIP”) linked to a particular financial year's targets and the Long-Term Incentive Plan (“LTIP”) which is linked to a 3-year long-term target.

For the STIP, the performance of the ED is measured based on the achievements of his annual KPIs. These KPIs comprise not only quantitative targets, such as annual revenue, EBITDA, PATAMI or Return on Invested Capital (“ROIC”) and relative performance of the OpCos, but also qualitative targets which include strategic milestones and initiatives that need to be achieved and implemented in a given year, on areas such as strategy, innovation, business development, synergy, human capital management, financial management and societal development. The weightage of the qualitative and quantitative targets may be adjusted to accommodate the Group's aspirations.

For the LTIP, the performance of the ED is measured on the achievement of a combination of TSR and ROIC within the vesting period; TSR targets being set in comparison with other high-performing companies on Bursa Securities.



Board Committees

	Roles	Activities in 2017	Priorities for 2018
Board Nomination & Remuneration Committee Members Tan Sri Ghazzali Sheikh Abdul Khalid (Chairman) (INED) Datuk Azzat Kamaludin (Senior INED) Dato Dr Nik Ramlah Nik Mahmood (INED)	Nomination <ul style="list-style-type: none"> Oversee the selection and assessment of Directors and ensure that Board composition meets the needs of Axiata; Propose new nominees to the Board of Directors of Axiata and any Committee of the Board; Facilitate and review Board induction and training programmes; Assess Directors on an ongoing basis; and Recommend or approve, as the case may be based on the terms of reference herein, the key management of Axiata Group. Remuneration <ul style="list-style-type: none"> Recommend to the Board the remuneration of the EDs in all its forms, drawing from outside advice as necessary; Assist the Board in determining the policy and structure for the remuneration of Directors and Senior Management of Axiata Group; and Administer the 'Performance-Based Employee Share Option Scheme and Share Scheme' ("Axiata Share Scheme") in accordance with the Bye-Laws of the Axiata Share Scheme ("Bye-Laws") as approved by shareholders of the Company. 	Nomination <ul style="list-style-type: none"> Undertook a fresh review of Axiata Board composition and identified gaps created as a result of the execution of phased retirement plan for INEDs who have reached the nine-year cumulative term limit in 2017 from 2016-2020. Recommended the appointment of Dato Dr Nik Ramlah as INED in a process that involved the engagement of an external recruitment firm. Twice during the year reviewed reports on directors training including making recommendations thereof. Reviewed changes proposed in respect of the nomination of Axiata nominee directors on OpCo Boards. Reviewed and recommended the extension of employment contracts of key personnel of Axiata Group. Discussed the findings of the 2016 BEE and follow-up actions and approach for 2017 BEE. Recommended the appointment of Board Committee members and other changes as a result of Group Governance Review. Recommended the amalgamation of BNC and BRC into a single committee, BNRC effective 1 January 2018. Recommended the establishment and membership of a new Board Committee, BRMC. Succession Planning and Talent Management Review. Reviewed the suitability of the directors due for re-election at 2017 AGM. Assessed and recommended the three INEDs who have exceeded the nine-year cumulative term limit to continue serving as independent. Recommended the appointment of Dr David Robert Dean. Remuneration <p>The BRC considered and recommended to the Board the following matters:</p> <ul style="list-style-type: none"> Long-Term Incentive Plan ("LTIP") for Axiata and Axiata Digital Services Sdn Bhd. Revision of Group Performance Bonus Matrix. Long-Term Incentive Grant for edotco Group Sdn Bhd. GCEO KPI2016 - Performance Evaluation and Remuneration. Company Bonus Payment and Salary Review Budget. 2017 Restricted Share Plan Grant and Vesting. 	Nomination <ul style="list-style-type: none"> Immediate priority is to achieve the 30% women's participation on Board by end 2018. In doing so, to find suitable candidates that will also address the skillset gap in Board composition. BNRC has appointed an international recruitment firm to assist in the process. To continue overseeing a transparent and orderly execution of Board phased retirement plan and Board refresh. Review of top Management succession planning. Evaluate the need for a Comprehensive BEE last carried out in 2013 and consider the practicality of rolling out on Group-wide basis. Monitor follow-up actions based on 2017 BEE findings. Other routine or new matters proposed by Management/Board. Remuneration <ul style="list-style-type: none"> Routine matters such as:- <ul style="list-style-type: none"> Performance Bonus and Increment for employees; LTIP for Axiata and its subsidiaries; Proposed Headline KPIs for GCEO; and Proposed Company Bonus Payment and Increment and others Decide on the process for the review of NED remuneration due for tabling in 2019.

The ToR of the BNRC is available online at https://axiata.com/files/upload/corporate/Terms_of_Reference_Board_Nomination_and_Remuneration_Committee.pdf

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Board Committees

	Roles	Activities in 2017	Priorities for 2018
Axiata Digital Business Investment and Oversight Board Committee Members Dato' Mohd Izzaddin Idris (Chairman) (INED) David Lau Nai Pek (INED) Tan Sri Jamaludin Ibrahim Dr David Robert Dean (INED) Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz (INED) Dr Hans Wijayasuriya Mohd Khairil Abdullah Javier Santiso Greg Tarr	<ul style="list-style-type: none"> • Approve investments in digital business up to USD20 million, provided that the approved investment is within the budget approved by Axiata Board. • Perform the oversight function on investments made under the ambit of AIOB approval. • Approve divestment of digital business up to USD20 million provided it was an investment previously approved by AIOB. 	<ul style="list-style-type: none"> • Previously known as Axiata Investment Board Committee ("AIB"), the committee made key investment decisions relating to Digital Financial Services, Digital Advertising, Enterprise Solutions/IoT and Digital Platforms within its Limits of Authority ("LoA"). 	<ul style="list-style-type: none"> • The role of AIOB has been enhanced to include oversight function on investments made under its purview. The ToR has also been amended to include decisions on divestments within the same limit of USD20 million. • With the above changes, AIOB will focus on the discipline of tracking the performance of the business against their original business case and to make appropriate decision and/or recommendation in a timely manner.
Board Annual Report Committee Members David Lau Nai Pek (Chairman) (INED) Tan Sri Jamaludin Ibrahim Datuk Azzat Kamaludin (Senior INED)	<ul style="list-style-type: none"> • Review and approve the content design, concept and structure of the IAR and other related reports. • Review and approve the overall content of the IAR and ensure compliance with the MMLR of Bursa Securities. • Review and recommend for the Board's approval of related statements in the IAR as required by the MMLR, some of which may require prior review by the Board Audit Committee or other Board Committee of Axiata. • Review and recommend for the Board's approval additional disclosures to be made in the IAR taking into account the Company and Group's position at any particular time and set the best disclosure framework to reflect the performance and image of the Company which is vital to the shareholders and stakeholders who are the ultimate recipients of the IAR. 	<ul style="list-style-type: none"> • To provide a holistic view of the Group's business and how value is created, the Board has recommended the adoption and application of the globally recognised and best practice reporting framework of the International Integrated Reporting Council's ("IIRC") Integrated Report. • Initiated discussion on applying the IIRC's Integrated Reporting framework as the framework in Axiata's IAR to shareholders and stakeholders. • Engaged with consultants, professional bodies and stakeholders to develop a roadmap towards applying the IIRC framework for its IAR. • Conducted reviews of Axiata's inaugural IAR. 	<ul style="list-style-type: none"> • In 2017, Axiata developed its inaugural IAR. Within the next three to four years, the Board targets to apply 100% of the Integrated Reporting framework. • To improve on the IAR reporting process.

The ToR of the AIOB and BARC are available online at https://axiata.com/files/upload/corporate/Terms_of_Reference_Axiata_Digital_Business_Investment_and_Oversight_Board_Committee.pdf and https://axiata.com/files/upload/corporate/Terms_of_Reference_Board_Annual_Report_Committee.pdf respectively.



Board Audit Committee

Principle B: Effective Audit and Risk Management

Board Audit Committee (“BAC”)

Members

David Lau Nai Pek (Chairman) (INED)
Datuk Azzat Kamaludin (Senior INED)
Dr David Robert Dean (INED)

BAC currently comprise of wholly INED and its Terms of Reference (“ToR”) has been recently reviewed to require a former key audit partner to observe a cooling off period of two years before being appointed as an BAC member.

All BAC Members are financially literate, well above the level needed for an Audit Committee. Their appointments are made by the Board on the recommendation of the BNRC and in consultation with the BAC Chairman.

Group Chief Internal Auditor (“GCIA”) acts as the Secretary of the BAC and meeting dates are synchronized to coincide with the key dates within the financial reporting and audit cycle with ample time for a report to be prepared for the Board, particularly on irregularities and significant finding on matters of concern.

Axiata’s internal audit function reports directly to the BAC and the Internal Audit (“IA”) Charter is also approved by the BAC.

Board Audit Committee

Roles

- Assist the Board in fulfilling its statutory and fiduciary responsibilities.
- Review financial statements and financial reporting process, system of internal controls, audit process and process for monitoring compliance with law and regulations including Bursa Malaysia requirements and the Company’s Code of Conduct.

Activities in 2017

- Reviewed the Group gearing status and portfolio rebalancing, hedging and forex policies, currency exposure and cash management of the Group.
- Reviewed and approved all Related Parties Transactions (“RPT”) in particular:
 - the salient terms of the Share Purchase Agreement between Axiata and Khazanah in relation to the fund-raising exercise by edotco to raise up to USD700 million.
 - the proposed acquisition of Webe Target assets such as roof-top tower portfolio/tenancies.
- Reviewed Axiata Digital investment portfolio including the accounting impact by asset/portfolio.
- Reviewed the proposed policy on “put option” in M&A deals, and recommended to the Board for approval.
- Reviewed and approved the improvement plan for the fraud and investigation function across the Group.
- A Cyber Security Forum initiated by the Cyber Security Steering Committee (“CSSC”) was held on 2nd May 2017 attended by OpCos’ BAC Chairmen and

Senior Management of Axiata and OpCos to discuss the Cyber Strategy as well as progress of improvement initiatives for 2017. This includes the status of improvement initiatives to address the critical issues highlighted in the security review – Cyber Security Posture Assessment (“CSPA”).

- An Axiata BAC Chairman Forum was conducted on 19 September 2017 addressing the common challenges faced by Group Operating units arising from the Axiata Triple Core Strategy focusing on operational turnaround initiatives and cost optimisation, new growth areas and transforming into a M.A.D. organisation. There was also an update on MFRS 9 – Financial Instruments and its impact on the financial statements to ensure consistent adoption across the Group.
- The BAC Chairman visited Ncell in Nepal to understand the challenges faced by Ncell’s management in operating in a challenging political environment as well as to provide the BAC’s perspective on governance and controls.
- Reviewed and approved the revised ToR of the BAC due to the MCGG 2017 introducing “Step-up” practices (MCGG Step-up 9.3) which led to the set up of a BRMC to oversee the company’s risk management framework and policies (previously under the BAC).
- A total of 110 internal audit reviews were completed across the Group.
- Reviewed the financial results quarterly, half yearly and annually prior to tabling the same to the Board for approval.
- Reviewed the potential impairment exposure of major investments.
- Held two private meetings with the external auditors on 12 February 2017 and 28 August 2017 without the presence of management.

- Reviewed 16 business control incidents and identified cases of control weaknesses including fraud for sharing of lessons learnt within the Group to avoid similar incidents.
- Acknowledged, reviewed and investigated 22 defalcation cases across the Group.

Priorities for 2018

- Improve the process for review of the accounting impact of M&A deals, particularly where derivatives are employed including the use and accounting for options.
- Increase the ongoing focus of potential impact on financials arising from divestments, in-country consolidation and M&A. In particular, in 2018 the focus will be on reviewing the potential impairment of Axiata’s investment in Idea following the completion of the merger which will result in dilution of the Group’s stake from associate to simple investment.
- Continue to review the Group foreign currency exposure, the impact of currency translation on Axiata Group’s financial statements, debt level including restructuring where necessary and dividend policy.
- Review the progress and reporting of cost savings under Axiata Group’s Cost Optimisation project.
- “Digitising” the internal audit progress, to experiment the use of data analytics for wider sampling in internal audits.
- Ensure adoption of recently introduced International Accounting standards across the Group, such as MFRS 9 and MFRS 15.
- To attract more Axiata talent across the Group to join IA to ensure a healthy rotation of auditors and audit managers across the Group.

The ToR of the BAC is available online at https://axiata.com/files/upload/corporate/Terms_of_Reference_Board_Audit_Committee.pdf

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Board Audit Committee

Review of the performance of the BAC

Review of the performance of the Board Committees including the BAC form part of the annual BEE. The scope included appropriateness of meeting agenda, frequency and whether committees perform at the level expected by the Board. Also evaluated were the appropriateness of the size of the committees, selection of attendees and whether reporting to the Board was adequate. The self and peer review evaluated individual Directors performance and the BEE questionnaire included comments section inviting specific comments including on committees and members.

For the 2017 BEE, the findings showed general improvement across the board on Board committee organisation and performance. In respect of areas of improvement for the BAC, reporting to the Board could be more comprehensive on key issues. Other than a general proposal to rotate Board committee members, no other concern was raised on performance of individual members.

Relationship with Auditors

2017 saw the continued consultation and dialogue between BAC, IA and Finance and the external auditors. These discussions are always held in a professional manner with different views tabled and discussed openly, and where the auditors are given access to all information.

In 2018, the BAC and Group finance will look at improving the process for the consolidation of OpCos results for quarterly and annual reports, allowing increased time for external auditors to do their audit in a timely and professional manner.

Whistleblowing Policy

The Group has a Whistleblower Policy which enables employees to raise matters in an independent and unbiased manner. As part of this Whistleblower Policy and procedures, there is an anonymous ethics and fraud email, under the administration of the Group Chief Internal Auditor (GCIA), as a mechanism for internal and external parties to channel their complaints or to provide information in confidence on fraud, corruption, dishonest practices or other similar matters by employees of the Group. The objective of such an arrangement is to encourage the reporting of such matters in good faith, with the confidence that employees or any parties making such reports will be treated fairly, their identity remains anonymous and are protected from reprisal.

Dedicated Whistleblowing email address:
whistleblowing@axiata.com



Internal Control & Risk Management

Board Risk Management Committee ("BRMC")

Members

David Lau Nai Pek (Chairman) (INED)
Dato Dr Nik Ramlah Nik Mahmood (INED)
Dr David Robert Dean (INED)
Peter Chambers

BRMC was established effective 1 January 2018 after deliberating on the Step-up 9.3 provision of MCCG 2017. The Board recognised the advantage of having a Board committee separate from the audit committee to focus on risks in the complex and ever changing business landscape.

BRMC takes over from the BAC the role of assisting the Board in evaluating the adequacy of risk management framework.

BRMC which comprises of a majority of INEDs, has the advantage of also having the GCEO as well as a Board representative from a major OpCo as members, thus providing a platform for a more holistic and robust discussion on risks across the Group.

Board Risk Management Committee

Roles

- Review and recommend the risk management methodologies, policies (including framework) and risk tolerance levels for the approval of the appropriate authority in accordance with Axiata LoA and its strategy.
- Review and assess the adequacy of the governing policies, framework and structure in place for managing risks as well as the extent to which these are operating effectively.
- Ensure adequate infrastructure, resources and systems are in place for effective risk management. This includes ensuring that the staff responsible for implementing risk management systems perform their responsibilities independently of the risk-taking activities.
- Review the management's periodic reports on risk management activities, risk exposure and risk mitigating actions.

Activities in 2017

The committee has been established effective 1 January 2018.

Priorities for 2018

- Settling into its role as a newly established Board committee and understanding its areas of focus such as business continuity management and promotion of a healthy risk culture.
- Define and recommend Axiata Group's risk appetite.
- Keeping abreast with new and emerging risks and mitigation.
- Review from time to time and focus on top 10 key risks affecting the Group and the actions taken to mitigate them.
- Execution of Cyber Security Risk Roadmap.

Axiata maintains a high level risk register and the same is reviewed and updated every quarter. This comprises risks specific to the divisional activities of the business as well as more Group-wide risks affecting its long-term strategy and vision.

The Group has established the ERM framework as a standardised approach to rigorously identify, access, report and monitor risks facing the Group. The framework, benchmarked against ISO 31000:2009, is adopted across the Group. Based on the ERM framework, a risk reporting structure has been established to ensure prompt communication to BRMC and the Board.

The ToR of the BRMC is available online at https://axiata.com/files/upload/corporate/Terms_of_Reference_Board_Risk_Management_Committee.pdf

Governance

Integrated Annual Report 2017



Communication with Stakeholders and Investors

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Communication with Shareholders and Investors

The Board acknowledges the importance of effective communication channels between the Board, stakeholders, institutional investors and the investing public at large to provide a clear and complete picture of the Group's performance and position as much as possible. The Group is fully committed in maintaining high standards in the dissemination of relevant and material information on the development of the Group in its commitment to maintain effective, comprehensive, timely and continuous disclosure. There has also been strong emphasis on the importance of timely and equitable dissemination of information. Disclosures of corporate proposals and/or financial results are made not only in compliance with the MMLR of Bursa Securities but also include additional items through media releases and are done on a voluntary basis.

This equitable policy is not only prevalent to financial affairs but also extended to major and/or strategic transactions. Audiocasts of analyst calls on quarterly results and major and/or strategic transactions are also made available on Axiata's website.

For complete details of our Stakeholder Engagement, please refer to page 38.



Axiata uses a number of formal channels to account to shareholders and stakeholders particularly:



Investor Relations

Conferences, non-deal roadshows, large group meetings and one-on-one meetings

Annual Analyst & Investor Day

28 November	Analyst & Investor Day Hilton Hotel, Kuala Lumpur
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One-On-One Meetings/Conferences

28 – 29 March	20th Annual Asian Investment Conference Credit Suisse, Hong Kong
6 – 7 June	Investment Forum Asia 2017 Nomura, Singapore
29 June	Asia Yield 1x1 Forum JP Morgan, Tokyo
6 – 7 September	Asia Pacific CEO-CFO Conference JP Morgan, New York
13 – 14 September	Investors' Forum 2017 CLSA, Hong Kong

Non-deal roadshows and large group meetings

25 April	Kuala Lumpur Axiata CFO – Meet the Analysts
15 – 16 June	Kuala Lumpur CIMB
19 – 20 July	London Deutsche Bank
21 July	Edinburgh Deutsche Bank
8 September	San Francisco JP Morgan
1 December	Singapore BNP Paribas

Entities Across Asia

MOBILE SUBSIDIARIES



MALAYSIA
Celcom Axiata Berhad

Year of Investment/Shareholding:
2008/100.0%

Nature of Business:
Mobile

Customers:
9.5 Million

Technology Deployed:
GSM, GPRS, EDGE, 3G, HSPA+, 4G LTE, LTE-ADVANCED, FIXED BROADBAND (SABAH)

No. of BTS:
33,000

Network Coverage (by population and technology):
2G-95.0%
3G-92.4%
4G-86.9%



INDONESIA
PT XL Axiata Tbk.

Year of Investment/Shareholding:
2005/66.4%

Nature of Business:
Mobile Telecommunications and Multimedia Services

Customers:
53.5 Million

Technology Deployed:
GSM, GPRS, EDGE, 3G, HSPA+, DC-HSPA+, 4G LTE, 4.5G

No. of BTS (2G/3G):
83,666

No. of BTS (4G):
17,428

Network Coverage (by population and technology):
2G-93%
3G-92%
4G-85%



SRI LANKA
Dialog Axiata PLC

Year of Investment/Shareholding:
1995/83.3%

Nature of Business:
Communication Services, Telecommunications Infrastructure Services, Media and Digital Services including Financial Services and Business Process Outsourcing Services

Customers:
12.8 Million

Technology Deployed:
GSM, GPRS, EDGE, 3G, HSPA, 4G LTE (FDD) WiFi, VoLTE, CDMA 2000, WiMAX, 4G LTE (TDD), GPON, XGPON, DTH, IPTV, OTT, MPEG-4, HEVC, SD, HD, 4.5G, NB-IoT

No. of BTS (2G/3G/4GFDD/TDD):
11,473

Network Coverage (by population and technology):
2G-97%
3G-86%
4G FDD-43%
4G-TDD-53%

NON-MOBILE SUBSIDIARIES & ASSOCIATES/AFFILIATES



MALAYSIA
edotco Group Sdn Bhd

Year of Investment/Shareholding:
2012/63.0%

Nature of Business:
Telecommunications Infrastructure and Services



Axiata Business Services Sdn Bhd

Year of Investment/Shareholding:
2016/100.0%

Nature of Business:
Enterprise Solutions/IoT



MALAYSIA
Axiata Digital Services Sdn Bhd

Year of Investment/Shareholding:
2014/100.0%

Nature of Business:
Investment Holding and Operations of Digital Services

MOBILE ASSOCIATES/AFFILIATES



BANGLADESH
Robi Axiata Limited

Year of Investment/ Shareholding:
1996/68.7%

Nature of Business:
Mobile Telecom Operator

Customers:
42.9 Million

Technology Deployed:
GSM, GPRS, EDGE, HSPA+, 3G

No. of BTS:
16,199

Network Coverage (by population and technology):
2G-99%
3.5G-29%



CAMBODIA
Smart Axiata Co., Ltd.

Year of Investment/Shareholding:
2013/82.5%

Nature of Business:
Mobile Telecom Operator

Customers:
7.3 Million

Technology Deployed:
GSM, GPRS, EDGE, 3G, HSPA+, 4G LTE, 4G+, VoLTE, 4.5G

No. of BTS:
2G-2,279
3G-2,332
4G-2,069

Network Coverage (by population and technology):
2G-98.6%
3G-73.0%
4G-66.1%



NEPAL
Ncell Private Limited

Year of Investment/Shareholding:
2016/80.0%

Nature of Business:
Mobile Telecom Operator

Customers:
16.4 Million

Technology Deployed:
GSM, GPRS, EDGE, HSPA+, 3G, 4G

No. of Sites (2G/3G/4G):
2G-3,324
3G-2,699
4G-916

Network Coverage (by population and technology):
2G-92.47%
3G-53.90%
4G-15.47%



INDIA
Idea Cellular Limited

Year of Investment/Shareholding:
2008/16.3%

Nature of Business:
Mobile Services

Customers:
203.0 Million (VRC Customers)



SINGAPORE
M1 Limited

Year of Investment/Shareholding:
2005/28.7%

Nature of Business:
Mobile and Fixed Services

Customers:
2.2 Million



Group Directory



Axiata Group Berhad Corporate Headquarters

Axiata Tower
9 Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel : +603 2263 8888
Website : www.axiata.com



Celcom Axiata Berhad

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Kingdom of Cambodia
Tel : +855 10 201 000
Website : www.smart.com.kh



edotco Group Sdn Bhd

Axiata Tower, Level 30
Tel : +603 2262 1388
Website : www.edotcogroup.com



PT XL Axiata Tbk

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Kuningan Timur-Setiabudi
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Indonesia
Tel : +62 21 576 1881
Website : www.xl.co.id



Ncell Private Limited

Lalitpur Sub-Metropolitan City
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Nakkhu, Nepal
Tel : +977 9805554444
Website : www.ncell.axiata.com



Axiata Digital Services Sdn Bhd

Axiata Tower, Level 32
Tel : +603 2260 9400
Website : www.axiatadigital.com
www.ada-asia.com
www.apigate.com
www.myboost.com.my



Dialog Axiata PLC

No. 475, Union Place
Colombo 2
Sri Lanka
Tel : +94 777 678 700
Website : www.dialog.lk



Idea Cellular Limited

Birla Centurion, 10th Floor
Century Mills Compound
Pandurang Bhudkar Marg
Worli, Mumbai 400030
India
Tel : +91 95 9400 4000
Website : www.ideacellular.com



Axiata Business Services Sdn Bhd

Axiata Tower, Level 23
Tel : +603 2265 6800
Website : www.xpand.asia



Robi Axiata Limited

53 Gulshan South Avenue
Gulshan-1
Dhaka-1212
Bangladesh
Tel : + 88 02 9887146 52
Website : www.robi.com.bd



M1 Limited

10 International Business Park
Singapore 609928
Tel : +65 6655 1111
Website : www.m1.com.sg



Notice of AGM



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF AXIATA GROUP BERHAD ("AXIATA" OR "COMPANY") WILL BE HELD AT NEXUS BALLROOM 2 & 3, LEVEL 3A, CONNEXION@NEXUS, NO. 7 JALAN KERINCHI, BANGSAR SOUTH CITY, 59200 KUALA LUMPUR, MALAYSIA ON WEDNESDAY, 23 MAY 2018 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:

AS ORDINARY BUSINESS:-

- To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Report of the Directors and the Auditors thereon.
- To approve a final tax exempt dividend under single tier system of 3.5 sen per ordinary share for the financial year ended 31 December 2017. **(Ordinary Resolution 1)**
- To re-elect the following Directors, each of whom retires by rotation pursuant to Article 93 of the Articles of Association of the Company ("Articles") and being eligible, offers himself for re-election:-

- Tan Sri Datuk Wira Azman Hj Mokhtar **(Ordinary Resolution 2)**
- David Lau Nai Pek **(Ordinary Resolution 3)**

Datuk Azzat Kamaludin who retires by rotation pursuant to Article 93 of the Articles has expressed his intention of not seeking re-election. Hence he will retain office until the conclusion of the 26th Annual General Meeting.

- To re-elect the following Directors, each of whom retires pursuant to Article 99 (ii) of the Articles and being eligible, offers himself for re-election:-

- Dr David Robert Dean **(Ordinary Resolution 4)**
- Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz **(Ordinary Resolution 5)**

- To approve the following payment by the Company:-

- Directors' fees with effect from the 26th Annual General Meeting until the next Annual General Meeting:-

	Non-Executive Chairman ("NEC")/per month (RM)	Non-Executive Director ("NED")/per month (RM)
i) Directors' fees	30,000.00	20,000.00
ii) Directors' fees of the Board Audit Committee	4,000.00	2,000.00
iii) Directors' fees of the Board Nomination & Remuneration Committee	1,200.00	800.00

(each of the foregoing payments being exclusive of the others).

- Benefits payable to NEC and NEDs from the 26th Annual General Meeting until the next Annual General Meeting. **(Ordinary Resolution 6)**

- To approve the payment of fees and benefits payable by the subsidiaries to the NEDs of the Company from the 26th Annual General Meeting until the next Annual General Meeting. **(Ordinary Resolution 7)**

- To re-appoint PricewaterhouseCoopers PLT having consented to act as the Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

AS SPECIAL BUSINESS:-

- To consider and, if thought fit, to pass the following Ordinary Resolutions:-

- To approve the following Directors, each of whom has served as an Independent Non-Executive Director for a cumulative term of more than nine years, to continue to act as Independent Non-Executive Directors:-

- Tan Sri Ghazzali Sheikh Abdul Khalid **(Ordinary Resolution 9)**
- David Lau Nai Pek **(Ordinary Resolution 10)**

- PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"**THAT**, in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) (Main LR), approval be and is hereby given for Axiata and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, as set out in 'Appendix I' of the Circular to Shareholders dated 24 April 2018 (Circular) despatched together with the Company's Annual Report 2017, which are necessary for the day-to-day operations in the ordinary course of the business of Axiata and/or its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of Axiata;

THAT such approval will continue to be in force and effect until:-

- The conclusion of the next Annual General Meeting at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;
- The expiration of the period within which the next Annual General Meeting is required to be held under Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- Revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier;

AND THAT the Directors be and are hereby authorised to complete and do all such acts, deeds and things (including without limitation, to execute such documents under the common seal in accordance with the provisions of the Articles, as may be required) to give effect to the aforesaid shareholders' mandate and transactions contemplated under this resolution." **(Ordinary Resolution 11)**



Notice of Annual General Meeting

10. PROPOSED RENEWAL OF THE AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES IN THE COMPANY (AXIATA SHARES) IN RELATION TO THE DIVIDEND REINVESTMENT SCHEME THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND ENTITLEMENTS IN NEW AXIATA SHARES (DRS)

“**THAT** pursuant to the DRS approved by the shareholders at the Annual General Meeting held on 28 May 2014 and subject to the approval of the relevant authority (if any), approval be and is hereby given to the Company to allot and issue such number of new Axiata Shares pursuant to the DRS until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company **PROVIDED THAT** the issue price of the said new Axiata Shares shall be fixed by the Directors at not more than 10% discount to the adjusted 5-day volume weighted average market price (VWAMP) of Axiata Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price;

AND THAT the Directors and the Secretary be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRS with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, as they, in their absolute discretion, deem fit and in the best interest of the Company.”

(Ordinary Resolution 12)

11. AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR DIRECTORS TO ALLOT AND ISSUE SHARES

“**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, full authority be and is hereby given to the Directors of the Company to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting, and upon such terms and conditions, and for such purposes, as the Directors may, in their absolute discretion, deem fit including in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force and the Directors be and are hereby further authorised to make or grant offers, agreements or options in respect of the shares of the Company including those which would or might require shares in the Company to be issued after the expiration of the approval hereof, provided that the aggregate number of shares to be issued does not exceed 10% of the issued shares of the Company for the time being and that the Directors be and are hereby empowered to obtain the approval for the listing and quotation for the additional shares so issued on Bursa Securities, subject always to the Companies Act 2016, the Main LR and the approvals of all relevant regulatory authorities, if required, being obtained.”

(Ordinary Resolution 13)

12. To consider and, if thought fit, to pass the following Special Resolution:-

PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY (“PROPOSED ADOPTION”)

“**THAT** approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company (M&A) with immediate effect and in place thereof, the proposed new Constitution of the Company, as set out in ‘Appendix III’ of the Circular to Shareholders dated 24 April 2018 despatched together with the Company’s Annual Report 2017 be and is hereby adopted as the Constitution of the Company (“**Proposed Adoption**”).

AND THAT, the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give effect to the Proposed Adoption.”

(Special Resolution 1)

13. To transact any other ordinary business for which due notice has been given in accordance with the Articles and the Companies Act 2016.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a Member who shall be entitled to attend, speak and vote at this 26th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd (Bursa Depository) in accordance with Article 66 of the Articles and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (SICDA) to issue a General Meeting Record of Depositors as at 14 May 2018. Only a depositor whose name appears in the General Meeting Record of Depositors as at 14 May 2018 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

By Order of the Board

Suryani Hussein (LS0009277)
Group Company Secretary
Kuala Lumpur, Malaysia

24 April 2018



Notice of Annual General Meeting

NOTES:

Proxy and/or Authorised Representative

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy without any restriction to the qualification of the proxy to attend and vote in his/her stead.
2. The Company shall be entitled to reject any instrument of proxy lodged if the member is not shown to have any shares entered against his name in the Register and/or subject to Article 34A of the Articles in relation to the Record of Depositors made available to the Company.
3. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on his/her behalf. Where a Member appoints two proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.

4. Where a Member is an authorised nominee as defined under the SICDA, it may appoint at least one proxy but not more than two proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

Every appointment submitted by an authorised nominee as defined under the SICDA, must specify the CDS Account Number.

5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in respect of each securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall:-
 - a) in the case of an individual, be signed by the appointer or by his/her attorney; or
 - b) in the case of a corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

If the instrument appointing a proxy is signed by an officer on behalf of the corporation, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document, which is still in force, no notice of revocation has been received". If the instrument appointing a proxy is signed by the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney, which is still in force, no notice of revocation has been received".

7. A corporation which is a Member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 89 of the Articles. Pursuant to Section 333 (3) of the Companies Act 2016, if the corporation authorizes more than one person, every one of the representative is entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if every one of the representative was an individual member of the Company. However, if more than one of the representatives do not purport to exercise the power in the same way, the power is treated as not exercised.

8. The instrument appointing the proxy together with the duly registered power of attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than 22 May 2018 at 10.00 a.m.

9. Pursuant to Paragraph 8.29 of the Main LR, all resolutions set out in the Notice of AGM will be put to vote on poll.

Audited Financial Statements

10. The Audited Financial Statements for financial year ended 31 December 2017 (FY17) under Agenda 1 are laid before the shareholders pursuant to the provisions of Section 340(1) of the Companies Act 2016 for discussion only and will not be put forward for voting.

Final Dividend of 3.5 sen per Ordinary Share

11. Axiata's existing dividend policy provides that the Company intends to pay dividends of at least 30% of its consolidated PATAM and endeavours to progressively increase the payout ratio over a period of time, subject to a number of factors including business prospects, capital requirements and surplus, growth/expansion strategy, considerations for non-recurring items and other factors considered relevant by the Board.

As Axiata is a holding company, its income and therefore its ability to pay dividends, is dependent upon the dividends received from its subsidiaries, which in turn would depend on the subsidiaries' distributable profits, operating results, financial condition, capital expenditure plans and other factors that the respective subsidiary Board deems relevant.

On 22 February 2018, for both prudent and strategic reasons, the Board recommended a conservative Final Dividend of 3.5 sen, implying a total dividend payout ratio of 64% (based on FY17 normalised PATAM of RM1,205 million (including the interim dividend of 5 sen per Axiata Share paid last year on 9 November 2017)). The total dividend of 8.5 sen for the FY17 would tantamount to a total payout of approximately RM767 million with a dividend yield of 1.5% (based on a 3-month VWAP). The Final Dividend is subject to the approval of the shareholders at this Annual General Meeting. In accordance with Section 131 of the Companies Act 2016, a company may only make a distribution to the shareholders out of profits of the company available, if it is solvent. In declaring the Final Dividend, the Board as required under Section 132(2) and (3) of the Companies Act 2016, had considered the amount of dividend and is satisfied that the Company will be solvent immediately after the distribution is made and within 12 months immediately after the distribution.

Pursuant to paragraph 8.26 of the Main LR, the Final Dividend, if approved, shall be paid no later than three months from the date of the shareholders' approval. The Book Closure Date will be announced after the AGM.



Notice of Annual General Meeting

Re-election of Directors who retire pursuant to Articles 93 and 99 (ii)

12. Article 93 provides that one-third of the Directors of the Company for the time being shall retire by rotation at an Annual General Meeting of the Company. All the Directors shall retire from office once at least in each three years but shall be eligible for re-election. Tan Sri Datuk Wira Azman Haji Mokhtar and David Lau Nai Pek are standing for re-election as Directors of the Company. David Lau Nai Pek, who is an Independent Non-Executive Director (INED), has reaffirmed his independence based on independence criteria applied by the Company which is also used in the yearly assessment of INEDs independence and fulfilled the independence definitions as prescribed under the Main LR.

Article 99 (ii) provides that any Director appointed during the year shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election. Dr David Robert Dean and Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz who were appointed on 11 December 2017 and 12 January 2018 respectively are standing for re-election as Directors of the Company.

The Board has recommended the re-election of the abovementioned Directors. Details of the assessment of the Directors seeking re-election save for Dr David Robert Dean and Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz, are provided in the Corporate Governance Overview on page 77 of the Integrated Annual Report 2017. Their profiles are set out in the Profile of Directors' section of the Governance & Audited Financial Statements 2017 (GAFS) from pages 4 to 7.

Directors' Fees and Benefits Payable by the Company

13. a) Article 106 (i) provides that the fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting. Such fees cannot be increased except pursuant to an ordinary resolution passed at the Company's general meeting. Therefore, shareholders' approval is required for the payment of Directors' fees.

Shareholders' approval on the Directors' fees for Board and Board Committees was obtained at the 25th Annual General Meeting held on 26 May 2017 and there is no revision to any of the fees. Details of Directors' fees paid to NEDs are set-out on page 8 of the GAFS.

- b) Approval of the shareholders is sought pursuant to Section 230(1) of the Companies Act 2016, stipulating amongst others, that the fees and benefits payable to the directors of a listed company shall be approved at a general meeting. The benefits payable to the NEDs shall comprise the following:-

- i) Meeting Allowance

Board/Board Committees	Meeting Allowance (RM)	
	NEC	NED
Board of Directors	3,000.00	2,000.00
Board Audit Committee	3,000.00	2,000.00
Board Nomination & Remuneration Committee	1,500.00	1,000.00
Other Board Committees	1,500.00	1,000.00

For guidance on estimated amount, the amount of Meeting Allowances paid to NEDs of Axiata for Board and Board Committee meetings held in FY17 are disclosed on page 8 of the GAFS.

- ii) Benefits such as annual overseas business development trips, leave passage, travel allowance, travel allowance for non-resident NEDs, equipment, telecommunication facilities, insurance and medical.



Notice of Annual General Meeting

Directors' Fees and Benefits Payable by the Subsidiaries

14. Approval of the shareholders is sought to comply with the provisions of Section 230(1) of the Companies Act 2016, stipulating amongst others, that the fees and benefits payable to the directors of a listed company by the subsidiaries shall be approved at a general meeting. Ultimately, any decision in respect of the Directors' remuneration of the following subsidiaries will be made by the shareholders of these companies in accordance with the laws applicable in their respective jurisdiction.

i) Fees and Meeting Allowance

Company	Designation	Monthly Fees (MYR unless indicated otherwise)	Meeting Attendance per Meeting (MYR unless indicated otherwise)					
			Board of Directors	BAC	BNC/BRC	Executive Committee	Board Dispute Resolution Committee	Other Board Committees
Celcom	NEC	12,000.00	2,000.00	2,000.00	1,000.00 (BRC Only)	-	750.00	500.00
	NED	8,000.00	1,500.00	1,500.00	750.00 (BRC Only)	-	500.00	350.00
XL	President	IDR120M [@]	IDR5M	-	-	-	-	-
	BOC, Member	IDR84-110M [@]	IDR5M	-	-	-	-	-
	BAC, Member	IDR94M [@]	-	-	-	-	-	-
Dialog	NEC	USD1,463.00 [#]	USD975.00 (AGM: USD650.00)	USD975.00	USD490.00 (BNC & BRC)	USD490.00	-	USD490.00
	NED	USD1,125.00 [#]	USD750.00 (AGM: USD500.00)	USD750.00	USD375.00 (BNC & BRC)	USD375.00	-	USD375.00
Robi	NEC	USD2,500.00	USD300.00	USD300.00	USD150.00 (BRC Only)	-	-	-
	NED	USD2,000.00	USD200.00	USD200.00	USD100.00 (BRC Only)	-	-	-
Ncell	NEC	USD2,500.00	USD300.00	USD300.00	-	-	-	-
	NED	USD2,000.00	USD200.00	USD200.00	-	-	-	-
edotco	NED	8,000.00	1,000.00	1,000.00	750.00	-	-	350.00
	NEC	6,000.00	700.00	700.00	500.00	-	-	250.00
Smart	NEC	USD1,200.00	USD300.00	USD300.00	USD150.00	-	-	-
	NED	USD1,200.00	USD300.00	USD300.00	USD150.00	-	-	-

- ii) Other customary benefits not available and/or provided by Axiata prevalent in these respective jurisdiction.

Notes:-

For reference on the directorship of Axiata NEDs on the Board of subsidiaries and amount paid for the FY17 which provides guidance on estimated amount, please refer to page 8 of the GAFS.

[@] Revised from IDR100M (President), IDR70-100M (BOC, Member) and IDR60M (BAC, Member) applicable from 1 January 2018.

[#] Revised from USD975.00 (NEC) and USD750.00 (NED) applicable from 1 June 2017.

Payment of fees and benefits in notes 13 and 14 will be made by the Company and the respective subsidiary on a monthly basis and/or as and when incurred.



Notice of Annual General Meeting

Re-appointment of Auditors

15. The Board Audit Committee (BAC) and the Board had, at its meeting held on 22 February 2018 considered the re-appointment of PricewaterhouseCoopers PLT (PWC) as Auditors of the Company and collectively agreed that PWC meets the criteria of the adequacy of experience and resources of the firm and the person assigned to the audit as prescribed under Paragraph 15.21 of the Main LR.

EXPLANATORY NOTES - SPECIAL BUSINESS

Approval for Directors to Continue as Independent Non-Executive Directors

1. Tan Sri Ghazzali Sheikh Abdul Khalid and David Lau Nai Pek have reached cumulative 9-year independence limit in 2017. In accordance with the Malaysian Code on Corporate Governance 2017, the Board through the BNRC has undertaken an assessment on the abovementioned INEDs and has recommended for these Directors to continue to serve as Independent Directors. Details of their assessment are provided on page 77 of the Integrated Annual Report 2017.

Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

2. The proposed Ordinary Resolution 11, if approved, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions with related parties in the ordinary course of business which are necessary for the Group's day-to-day operations and are on terms not more favourable to the related parties than those generally available to the public and shall lapse at the conclusion of the next Annual General Meeting unless authority for its renewal is obtained from shareholders of the Company at such general meeting. Detailed information on the Proposed Shareholders' Mandate is set out in the Circular.

Proposed Renewal of Authority for Directors to Allot and Issue New Axiata Shares in relation to DRS

3. The shareholders had, at the 25th Annual General Meeting held on 26 May 2017, approved the renewal of the authority for the Directors to allot and issue new Axiata Shares in relation to DRS and such authority will expire at the conclusion of this Annual General Meeting. The DRS provided shareholders with the opportunity to reinvest the whole or part of cash dividends in new Axiata Shares in lieu of receiving cash subject to the determination by the Directors, shareholders may be offered an option to reinvest such dividends in new Axiata Shares and where applicable, the portion of such dividends to which the option to reinvest applies. Axiata had on 23 February 2018 announced to Bursa Securities on the decision of the Board for the shareholders to be given an option to elect to reinvest the whole or part of the proposed Final Dividend of 3.5 sen per Axiata Share for the FY17 (Final Dividend) into new Axiata Shares in accordance with the DRS. This proposed Ordinary Resolution 12, if approved, will renew the Directors' authority to issue new Axiata Shares in respect of the above Final Dividend and subsequent dividends to be declared, if any, under the DRS, until the conclusion of the next Annual General Meeting. A renewal of this authority will be sought at subsequent Annual General Meeting.

Authority under Sections 75 and 76 of the Companies Act 2016 for Directors to Allot and Issue New Axiata Shares

4. The Company has not issued any new shares under the general mandate for allotment and issuance of shares up to 10% of the issued shares of the Company, which was approved at the 25th Annual General Meeting held on 26 May 2017 and which shall lapse at the conclusion of the 26th Annual General Meeting to be held on 23 May 2018. The proposed Ordinary Resolution 13 is a general mandate pursuant to Sections 75 and 76 of the Companies Act ("CA") 2016 obtained from the shareholders of the Company at the Annual General Meeting and this resolution, if approved, will give the Directors the mandate to allot and issue new shares in the Company or to make or grant offers, agreements or options in respect of such shares to such persons, in their absolute discretion including to make or grant offers, agreements or options which would or might require share in the Company to be issued after the expiration of the approval and flexibility to the Company in respect of any possible fund raising activities without having to seek shareholders' approval via a general meeting subsequent to this 26th Annual General Meeting, provided the aggregate number of shares issued does not exceed 10% of the total number of issued shares of the Company for the time being. The general mandate, unless revoked or varied by the Company at a general meeting, will be valid until the next Annual General Meeting of the Company. The rationale is to avoid delay in the capital raising initiatives including placement of shares for the purpose of funding current and/or future current and/or future investment project, working capital and/or acquisitions as well as in the event of any strategic opportunities involving equity deals which may require the Company to allot and issue new shares on urgent basis and thereby reducing administrative time and relevant cost associated with convening additional general meeting(s). In any event, the exercise of this mandate is only to be undertaken if the Board considers it to be in the best interest of the Company.

Proposed Adoption of the New Constitution of the Company ("Proposed Adoption")

5. The Special Resolution 1, if passed will streamline the Company's Constitution with the new provisions of the CA 2016, amendments made to Main LR and enhance administrative efficiency. The Board proposed that the existing M&A be revoked in its entirety and the proposed new Constitution of the Company as set out in 'Appendix III' of the Circular be adopted as the new Constitution of the Company. The Proposed Adoption shall take effect once it has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the 26th AGM.



Statement Accompanying Notice of Annual General Meeting

Pursuant To Paragraph 8.27(2) Main LR

DIRECTORS STANDING FOR RE-ELECTION AT THE 26TH ANNUAL GENERAL MEETING

The following are Directors retiring pursuant to Article 93 and Article 99 (ii) of the Company's Articles of Association and standing for a re-election:-

Article 93: Retirement by rotation

1. Tan Sri Datuk Wira Azman Hj Mokhtar
2. David Lau Nai Pek

Article 99 (ii): Retirement after appointment to fill casual vacancy

1. Dr David Robert Dean
2. Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz

The profiles of the above Directors are set out in the Profile of Directors' section of the GAFS from pages 4 to 7.

None of the above Directors has any interest in the securities of the Company and its related corporation.



Administrative Notes for 26th Annual General Meeting

Day & Date : Wednesday, 23 May 2018
 Time : 10.00 a.m.
 Venue : Nexus Ballroom 2 & 3, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia
 GPS Coordinates & Position : 3.109603 N, 101.665565 E. A location map of Connexion@Nexus is shown overleaf.

PARKING

Parking is available at the Nexus, Bangsar South City. There are 2 entrances to the car park. The first entrance (next to Capri) will lead you to the Basement car park, whilst the second entrance at the other end of Nexus will lead you to Level 2 & 3 car park. Please exchange your parking ticket for a 'Complimentary Parking Ticket' at our Parking Ticket Counter which will be located at the foyer of the meeting hall on Level 3A, Connexion@Nexus. You are still required to validate the 'Complimentary Parking Ticket' at the autopay machine before you exit the car park.

REGISTRATION

- Registration will start at 8.00 a.m. at the foyer of the meeting hall and will end at the time directed by the Chairman. There will be signages to the registration area and you will have to queue for registration.
- Please produce your original Identity Card (IC) at the registration counter for verification. Please make sure your IC is returned to you thereafter.
- Upon verification, you are required to write your name and sign the Attendance List placed on the registration counter.
- You will be given 1) an identification wristband printed with passcode and 2) a food redemption coupon. You are only allowed to enter the meeting hall if you are wearing the identification wristband. Please retain the identification wristband for voting. There will be no replacement in the event you lose or misplace any one of the aforesaid items (1) to (2).
- If you are attending the Annual General Meeting as shareholder as well as proxy, you will be registered only once and will be given items (1) to (2) once.
- No individual will be allowed to register on behalf of another individual even with the original IC of that other individual.
- The registration counter will handle only verification of identity and registration.
- After registration, please vacate the registration area immediately.

FOOD AND BEVERAGE

- With the food redemption coupon, please proceed to collect your refreshment in the refreshment hall as indicated by signages.
- Coffee and tea will be served in the refreshment hall before the commencement of the Annual General Meeting. Free flow of plain water will be provided at the foyer of the meeting hall throughout the Annual General Meeting.

HELP DESK

- Please proceed to the Help Desk located in the foyer of the meeting hall for any clarification or queries.
- The Help Desk will also handle revocation of proxy's appointment.

ENTITLEMENTS TO ATTEND, SPEAK AND VOTE

Only a Depositor registered in the Register of Members/Record of Depositors and whose name appears in the Register of Members/Record of Depositors as at 14 May 2018 shall be entitled to attend, speak and vote at the Annual General Meeting or appoint proxies to attend, speak and vote on his/her behalf in respect of the number of shares registered in his/her name at that time.

PROXY

- If you are a member of the Company, you are entitled to appoint not more than two (2) proxies to exercise all or any of your rights to attend and vote at the Annual General Meeting. If you are unable to attend the Annual General Meeting and wish to appoint a proxy to attend and vote on your behalf, please submit your Proxy Form in accordance with the notes and instructions printed therein.
- If you wish to attend the Annual General Meeting yourself, please do not submit any Proxy Form. You will not be allowed to attend the Annual General Meeting together with a proxy appointed by you.
- If you have submitted your Proxy Form prior to the Annual General Meeting and subsequently decided to attend the Annual General Meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.
- If you wish to submit your Proxy Form by facsimile, please fax to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Fax No. +603-2783 9222 no later than 22 May 2018 at 10.00 a.m. Please also ensure that the original Proxy Form is deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than 22 May 2018 at 10.00 a.m.

CORPORATE MEMBER

Any corporate member who wishes to appoint a representative instead of a proxy to attend the Annual General Meeting should submit the original certificate of appointment under the seal of the corporation to the office of the Share Registrar at any time before the time appointed for holding the Annual General Meeting or to the registration staff on the day of the Annual General Meeting.

VOTING PROCEDURES

- The voting of the Annual General Meeting will be conducted on a poll in accordance with Paragraph 8.29A of Main LR. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the poll by way of electronic polling ("e-voting") and Deloitte Enterprise Risk Services Sdn Bhd as Scrutineers to verify the poll results.



Administrative Notes for 26th Annual General Meeting

2. E-voting for each of the resolutions as set out in the Notice of the Annual General Meeting will take place only upon the conclusion of the deliberations of all the businesses transacted at the Annual General Meeting. The registration for attendance will be closed, to facilitate the commencement of the e-voting.

Each shareholder/proxy will be directed to the e-voting counter or kiosk for voting using tablet where you must produce the identification wristband issued to you during registration for the Annual General Meeting.

E-voting can also be done using your own smartphone device with access to Tricor e-Vote App, as described below:

- (a) For e-voting using your own smartphone device
- Shareholders and proxies are advised to download Tricor e-Vote App onto your smartphone device before attending the meeting.
 - Tricor e-Vote App download is available at no cost from Google Play Store or Apple App Store.
 - If you require assistance on how to download the Tricor e-Vote App, please contact the Share Registrar stated in Enquiry below.
- (b) For use and access to Tricor e-Vote App
- Shareholders and proxies need to connect the Wi-Fi network provided by Tricor during the voting session:

Wi-Fi Name: Tricor_eVote	Password: axiata235
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- You will be required to use the camera function of your device to capture the passcode on your identification wristband to access Tricor e-Vote App.
- Detailed instruction on e-voting will be provided by Tricor before the commencement of the e-voting session.

ANNUAL REPORT 2017

The Annual Report 2017 is available on Axiata's website of www.axiata.com and Bursa Malaysia's website at www.bursamalaysia.com under Company's announcements. Printed copies are also available for collection on a first come first serve basis at the foyer of the meeting hall.

ENQUIRY

If you have general queries prior to the Annual General Meeting, please contact the Share Registrar during office hours i.e from 8.30 a.m. to 5.30 p.m. (Mondays to Fridays):-

Telephone : General +603-2783 9299
Eric Low +603-2783 9267
Sazali Husin +603-2783 9280

Fax : General +603-2783 9222

Email : is.enquiry@my.tricorglobal.com
Eric.Low@my.tricorglobal.com
Sazali@my.tricorglobal.com

HOW TO GET THERE

By Train

Take the Light Rail Transit (LRT) to Kerinchi LRT Station / Universiti LRT station. Nexus is within 15 – 20 minutes walking distance from both the train stations.

From Kerinchi LRT station, walk along the covered pedestrian bridge and central park (or covered walkway at B1) at Bangsar South towards Nexus. There is also a covered pedestrian bridge to cross Jalan Kerinchi to Nexus.

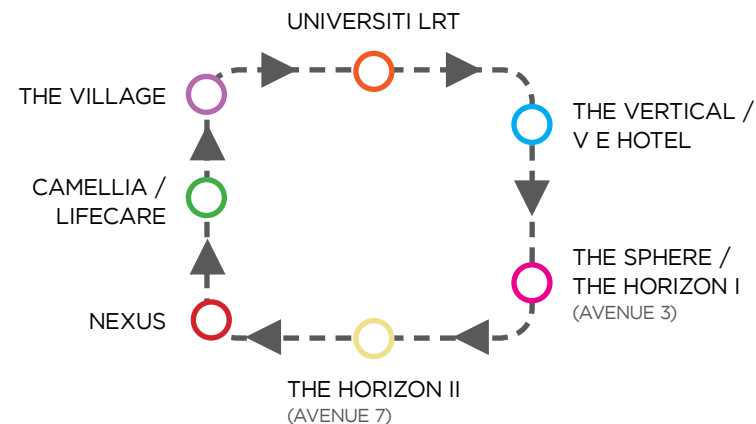
Alternatively, take a ride on the complimentary shuttle service from Universiti LRT station or The Horizon Phase 2 pick up point (if you are coming from Kerinchi LRT station).

By Bus

Take the RapidKL bus T631 from Mid Valley Megamall to Universiti LRT Station or The Village, Bangsar South.

Alternatively, hop on Nexus complimentary shuttle service which will take you right to the doorstep of Nexus.

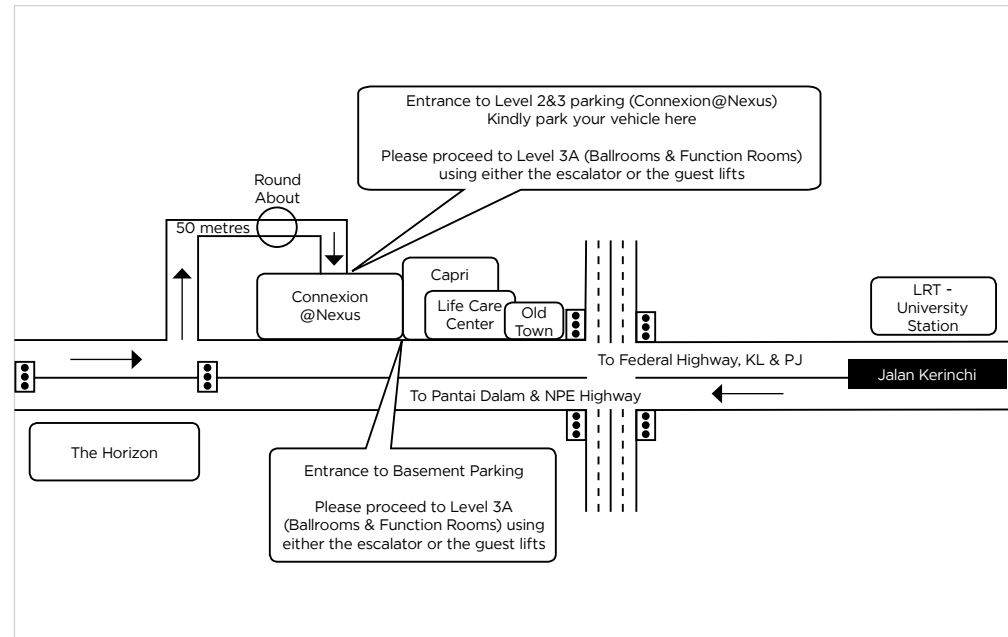
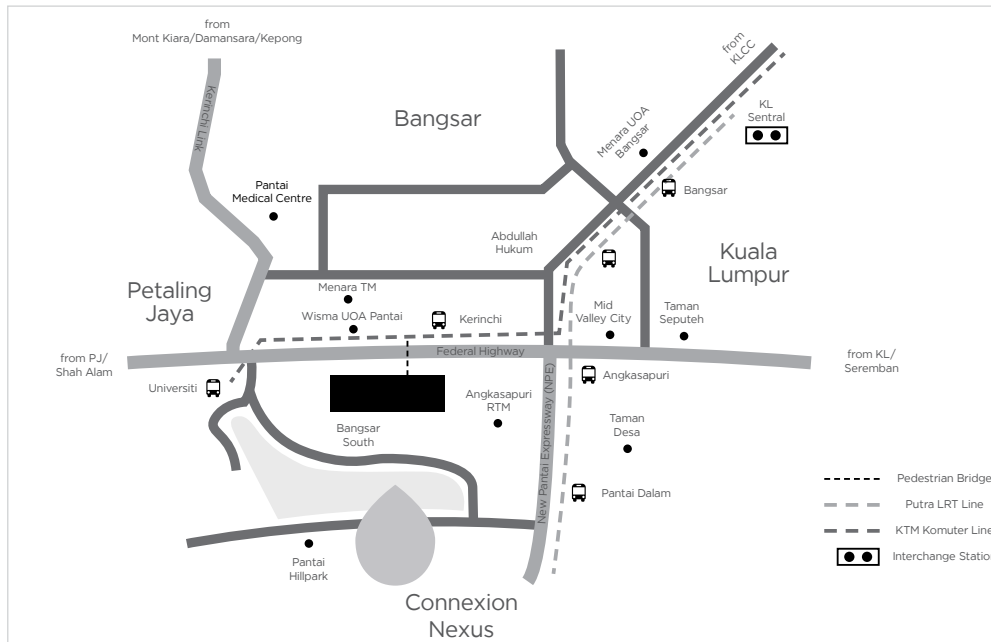
The complimentary shuttle service operates in a circular route around the integrated city development with designated drop-off/pick-up points in and around Bangsar South. It is available on weekdays from 8.00 a.m. to 8.00 p.m. (Mondays – Fridays).



For more information on Nexus complimentary shuttle service, please refer to <http://www.bangsarsouth.com/uoa-property/shuttle-service/>

Administrative Notes for 26th Annual General Meeting

MAP OF CONNEXION@NEXUS



2. Fold this flap to seal

AFFIX STAMP
RM0.80
HERE

The Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

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NOTES:

Proxy and/or Authorised Representative

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy without any restriction to the qualification of the proxy to attend and vote in his/her stead.
2. The Company shall be entitled to reject any instrument of proxy lodged if the member is not shown to have any shares entered against his name in the Register and/or subject to Article 34A of the Articles of Association of the Company ("**Articles**") in relation to the Record of Depositors made available to the Company.
3. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on his/her behalf. Where a Member appoints two proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.
4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint at least one proxy but not more than two proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

Every appointment submitted by an authorised nominee as defined under the SICDA, must specify the CDS Account Number.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in respect of each securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall:-
 - a) in the case of an individual, be signed by the appointer or by his/her attorney; or
 - b) in the case of a corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

If the instrument appointing a proxy is signed by an officer on behalf of the corporation, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document, which is still in force, no notice of revocation has been received". If the instrument appointing a proxy is signed by the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney, which is still in force, no notice of revocation has been received".
7. A corporation which is a Member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 89 of the Articles. Pursuant to Section 333 (3) of the Companies Act 2016, if the corporation authorizes more than one person, every one of the representative is entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if every one of the representative was an individual member of the Company. However, if more than one of the representatives do not purport to exercise the power in the same way, the power is treated as not exercised.
8. The instrument appointing the proxy together with the duly registered power of attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than 22 May 2018 at 10.00 a.m.
9. Pursuant to Paragraph 8.29 of the Main LR, all resolutions set out in the Notice of AGM will be put to vote on poll.

Members Entitled to Attend, Speak and Vote

10. For purposes of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting Bursa Depository, in accordance with Article 66 of the Articles and Section 34(1) of the SICDA, to issue a General Meeting Record of Depositors as at 14 May 2018. Only a depositor whose name appears in the General Meeting Record of Depositors as at 14 May 2018 shall be entitled to attend, speak and vote at the said meeting or appoint a proxy(ies) on his/her behalf.

PROXY FORM

(Before completing the form, please refer to the notes overleaf)



AXIATA GROUP BERHAD

(Company No.: 242188-H)

(Incorporated in Malaysia under the Companies Act, 2016)

"A" I/We, _____ (NAME AS PER NRIC/ CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____ (COMPANY NO.) _____

of _____ (FULL ADDRESS)

_____ (TELEPHONE/MOBILE NO.) _____

being a Member/Members of **AXIATA GROUP BERHAD** hereby appoint _____ (NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____

of _____ (FULL ADDRESS)

or failing him/her, _____ (NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____

of _____ (FULL ADDRESS)

or failing him/her, the Chairman of the Meeting, as my/our **first** proxy to vote for me/us on my/our behalf at the 26th Annual General Meeting of **AXIATA GROUP BERHAD** to be held at Nexus Ballroom 2 & 3, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Wednesday, 23 May 2018 at 10.00 a.m. or at any adjournment thereof.

"B" If you wish to appoint a second proxy, please complete this section.

I/We, _____ (NAME AS PER NRIC/ CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____ (COMPANY NO.) _____

of _____ (FULL ADDRESS)

_____ (TELEPHONE/MOBILE NO.) _____

being a Member/Members of **AXIATA GROUP BERHAD** hereby appoint _____ (NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____

of _____ (FULL ADDRESS)

or failing him/her, _____ (NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____

of _____ (FULL ADDRESS)

or failing him/her, the Chairman of the Meeting, as my/our **second** proxy to vote for me/us on my/our behalf at the 26th Annual General Meeting of **AXIATA GROUP BERHAD** to be held at Nexus Ballroom 2 & 3, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Wednesday, 23 May 2018 at 10.00 a.m. or at any adjournment thereof.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:-	
Proxy* "A"	Percentage (%)
Proxy* "B"	
TOTAL	100%

* Please fill in the proportion of the holding to be presented by each proxy

My/Our proxy/proxies is/are to vote as indicated below:-

Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote or abstain at his/her discretion.

	Resolutions	Proxy "A"		Proxy "B"	
		For	Against	For	Against
	Ordinary Business				
1.	Ordinary Resolution 1 – Final tax exempt dividend under single tier system of 3.5 sen per ordinary share				
2.	Ordinary Resolution 2 – Re-election of Tan Sri Datuk Wira Azman Hj. Mokhtar				
3.	Ordinary Resolution 3 – Re-election of David Lau Nai Pek				
4.	Ordinary Resolution 4 – Re-election of Dr David Robert Dean				
5.	Ordinary Resolution 5 – Re-election of Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz				
6.	Ordinary Resolution 6 – Directors' Fees and Benefits Payable by the Company				
7.	Ordinary Resolution 7 – Directors' Fees and Benefits Payable by the Subsidiaries				
8.	Ordinary Resolution 8 – Re-appointment of PricewaterhouseCoopers PLT as Auditors				
9.	Special Business Ordinary Resolution 9 – Continuation of Tan Sri Ghazzali Sheikh Abdul Khalid to to act as Independent Non-Executive Director ("INED")				
10.	Ordinary Resolution 10 – Continuation of David Lau Nai Pek to act as INED				
11.	Ordinary Resolution 11 – Proposed Shareholders' Mandate				
12.	Ordinary Resolution 12 – Proposed Renewal of the Authority For Directors to Allot and Issue shares in relation to the Dividend Reinvestment Scheme				
13.	Ordinary Resolution 13 – Authority to Allot and Issue shares under Section 75 and 76 of the Companies Act 2016				
14.	Special Resolution 1 – Proposed Adoption of the New Constitution of the Company				

Signed this _____ day of _____ 2018

No. of ordinary shares held	CDS Account No. of Authorised Nominee*									
				-				-		

* Applicable to shares held through a nominee account

Signed this _____ day of _____ 2018

Signature(s)/ Common Seal of Member(s)

