

21 May 2018

Minority Shareholder Watchdog Group  
Tingkat 11, Bangunan KWSP  
No. 3, Changkat Raja Chulan  
50200 Kuala Lumpur, Malaysia

**Attention : Mr Devanesan Evanson**

Dear Sir,

**AXIATA GROUP BERHAD (“AXIATA” OR “COMPANY”)  
ANNUAL GENERAL MEETING (“AGM”) OF AXIATA**

We refer to the Minority Shareholder Watchdog Group’s letter dated 17 May 2018. In relation thereto, we are pleased to provide our reply to your queries as follows:-

1. **As reported in the President & Group CEO’s Statement on page 15, Celcom’s average revenue per user (ARPU) rose with postpaid growing by RM6 and prepaid by RM2.**

- i) **What is the current ARPU for both post-paid and prepaid respectively?**

The current ARPU for both post-paid and prepaid of Celcom are RM87 and RM34 respectively.

- ii) **What is the current number of subscribers for both post-paid and prepaid respectively?**

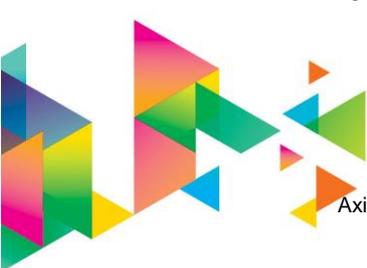
The current number of subscribers for both post-paid and prepaid of Celcom is approximately 2.8 million and 6.7 million respectively.

- iii) **What was the growth rate in the number of subscribers for both post-paid and prepaid respectively for FY2017?**

The growth rate in the number of subscribers for both post-paid and prepaid of Celcom for FY2017 are -4.7% and -11.5% respectively.

- iv) **What is Celcom’s current market share for both post-paid and prepaid market in Malaysia?**

Based on public disclosure by listed competitors in Malaysia, Celcom’s current subscriber market share for both post-paid and prepaid market in Malaysia are 34.4% and 28.0% respectively.



2. **As reported in the President & Group CEO's Statement on page 15, Celcom has made significant leaps in its 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.**

i) **What is the targeted population coverage for both its 4G and 4G LTE Advanced in FY2018?**

We aim to increase the population coverage for LTE to 92% by end-2018. We have not publicly disclosed end-2018 target for LTE-A.

ii) **How much CAPEX will be required to achieve the targeted population coverage?**

Celcom's capex guidance for 2018 is RM1.3 Billion.

3. **As reported in the President & Group CEO's Statement on page 15, 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.**

i) **What is the market share and market position for XL and Axis respectively in Indonesia?**

The revenue market share for XL Axiata in Indonesia in 2017 is 16.3%. There is no separate revenue market share for XL and Axis that is disclosed publicly.

ii) **What is the current ARPU for both XL and Axis respectively?**

The blended ARPU of XL is IDR34,000 (approximately RM10.95). There is no separate ARPU for XL and Axis that is disclosed publicly.

iii) **What is the current population coverage for XL's 4G network?**

As at end 2017, XL's 4G network is 17,428 sites which are held in 360 cities. Currently, XL covers 85% of population with LTE network.

iv) **What is the targeted population coverage?**

As XL continues to expand into regions outside Java, it aims to eventually cover all areas in Indonesia which are commercially viable.

v) **How much does it intend to spend to achieve the targeted population coverage in FY2018?**

Capex guidance for XL for 2018 is around Rp7 Trillion (approximately RM1.9 billion).

**4. As reported in the President & Group CEO’s statement on page 15, the Group is solidifying its market leading position in Cambodia, Sri Lanka and Nepal.**

**i) What is the Group’s market share in each of these countries respectively?**

The Group’s market share in the respective countries are as follows:-

- a) Cambodia: Whilst there is no public information on our competitors in Cambodia, our own internal assessment suggests we are a market leader in that market.
- b) Sri Lanka: Based on public disclosure by listed operators in Sri Lanka, Dialog’s revenue market share for 2017 was approximately 55%.
- c) Nepal: Based on public disclosure by listed operators in Nepal, Ncell’s revenue market share was 59%.

**ii) It was also reported that the Group has invested heavily in data networks and capacity in 2017.**

**What is the current population coverage for its 4G network in each country and what are the targeted population coverage for each country in 2018?**

OpCo	Current LTE Pop Coverage	End 2018 LTE Pop Coverage
Ncell	14%	14%
XL	85%	93%
Robi	50%	66%
Smart	66%	70%
Dialog	73%	89%
Celcom	88%	92%

**Corporate Governance Matters**

- 1. The Company did not disclose the senior management’s remuneration component in bands of RM50,000 as recommended under Practice 7.2 of MCCG and there was no explanation of a suitable alternative practice to meet the intended outcome.

**Under Paragraph 3.2A (b), Practice Note 9 of the Main Market Listing Requirements, the Company must disclose the alternative practice it has adopted and how such alternative practice achieves the Intended Outcome as set out in the MCCG.**

As disclosed in Axiata's Corporate Governance Report, the Board is of the view that disclosing the top five senior management's remuneration is on balance not in the best interest of the Company. Such information may put Axiata in a disadvantageous position in the fierce competition for talent globally in the telecommunication industry.

The Board has given assurance that there is a robust internal process to ensure that the remuneration of senior management is fair and competitive when benchmarked internally for equitability and externally with the market. Further, under Practice 6.1, of the Corporate Governance Report, Axiata has made full disclosure of the philosophy and guiding principles of Senior Management compensation.

The remuneration for top management is guided by strict internal guidelines to ensure that they are paid competitively in order to attract and retain talent but are also constrained on limits by the same guidelines.

We use the Hay Job Evaluation methodology to measure the size of all jobs in the company. This system enables us to ensure that the remuneration of each person commensurate with the size of his/her job.

In order to stay competitive we engage remuneration consultants to benchmark our top management pay against the market at least once every 2 years.

The pay of CEOs in the company have to be approved by the BNRC. The pay of other top management are decided by a rigorous process of comparing against market benchmark and internal equity guideline. Top management pay are usually reviewed upon contract renewal (typically a contract duration is 3 years) or when they are assigned to a different role.

We believe the practice and processes above enable us to pay our employees including our top management fairly.

The Board will explore suitable disclosure practices to enhance the Company's corporate disclosure in the future.

2. The Company is tabling Special Resolution 1 for shareholders' approval to adopt the new Constitution of the Company as set out in a Circular to Shareholders dated 24 April 2018.

**Please highlight the material changes in the Constitution?**

The material changes in the constitution of Axiata Group Berhad include:-

- i) the replacement of the specific object clauses with a wider object clause;
- ii) the introduction of the use of technology (a) in the issuance of notices of meetings and in appointment of proxies through electronic communication/electronic means, (b) for audio and video conferencing for meetings of members, (c) to enable meetings of members to be convened at more than one venue and (d) in signing and/or assenting to the written resolution by means of electronic communication by the directors;
- iii) removal of the concept of "authorised share capital" and "par value"; and
- iv) in respect of the distribution to members (a) the terms "interim dividend" and "final dividend" are amended to "dividend" as the former concept is no longer relevant under the Companies Act 2016 and (b) the distribution to shareholders out of profits is amended as such distribution no longer requires shareholders' approval. The distribution can be made with the directors' authorisation subject to solvency declaration.

Thank You.

Yours faithfully,  
For and on behalf of  
**AXIATA GROUP BERHAD**



**TAN SRI JAMALUDIN IBRAHIM**  
Managing Director/President & Group Chief Executive Officer