

Date : 19 May 2015

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

Attention : Mdm Rita Benoy Bushon

Dear Madam,

AXIATA GROUP BERHAD ("AXIATA" OR "COMPANY")
TWENTY-THIRD ANNUAL GENERAL MEETING ("AGM") OF AXIATA

We refer to the Minority Shareholder Watchdog Group ("**MSWG**")'s letter dated 14 May 2015. In relation thereto, we are pleased to provide our reply to your queries as follows:-

Strategic and Financial Matters

1. **As stated in the President and GCEO's Business Review, the Group's EBITDA dipped by 3.7% to RM7 billion and PATAMI was RM2.3 billion, down 7.9% affected by Celcom's performance, Axis acquisition costs at XL and the weakening Indonesian currency which fell 9% against Malaysian Ringgit.**

Is the Board expecting XL Axiata to improve its earnings in 2015?

With the changing market dynamics and focus on value creation, XL started 2015 by embarking on a shift from volume to value. This will be a 3-wave transformation which encompasses: re-anchoring the core with data at the center; moving up the value ladder and going beyond core. These are expected to have a near-term impact on XL; but are necessary for XL to transform into a new business model focusing on long-term value creation. Led by XL's new CEO, Ibu Dian Siswarini supported by experienced management and newly appointed chiefs of various business units, 2015 will be a transformational year for XL.

2. **It was stated in the President and GCEO's Business Review that after an unprecedented 31 consecutive quarters of excellent growth, Celcom's performance was primarily impacted by system related issues and other internal issues which saw revenue dip by 4% and normalised EBITDA by 6%.**

- (a) **Could the Board elaborate further on the system related issues and other internal issues?**

Celcom embarked on IT Transformation exercise two and a half years ago to enhance its end to end customer experience and the transformation went fairly well initially, however, due to system related issues primarily, its performance was impacted. The systems did not interface well with the network and IT equipment and this resulted in poor data migration. This is seen clearly when Celcom faced problems in trying to migrate its customer database onto the new system, or even when customers opt for new sets of plans. Internally this system related issue resulted in the provider not being able to roll out new products throughout the transformation phase and this did affect the company's financial performance. A

lesson learnt was to pay more attention to the importance of interfaces between the network equipment and new system.

(b) Have these issues been resolved to-date?

Largely the issues have been resolved and this has led Celcom to launch new product I.O.X in late 2014 and First Basic 38 in early 2015. Moving forth, Celcom is gearing to launch more attractive products and services in the near future while continuing to fix minor data migration issues in relation to legacy systems which is expected to be fully resolved within the second half of 2015.

(c) What is the Board's expectation on the performance of Celcom for 2015?

Celcom's IT system issues are by and large resolved with platform stabilization as the key focus area. Concurrently, major initiatives are being undertaken to recover some lost ground in dealer and customer confidence. We expect the impact to the revenue and margin will start showing positive traction gradually from Q3 onwards.

3. Earlier this year, it was reported that the Company would be investing RM100 million to ensure continuous connectivity for its valued customers in flood risk areas in the East Coast of Peninsular Malaysia.

To what extent has the East Coast Floods affected the performance of Celcom for the first quarter 2015?

Eastern region represents 20% of Celcom's subscriber base and the flood had negative impact on Celcom's Q1 performance.

Celcom had more than 450 sites affected by the East Coast Flood. During the flood, Celcom sent teams to keep the sites active to ensure continuous connectivity wherever possible. Revenue impact was close to RM 500,000 every day.

All the affected sites were reinstated in January 2015.

Trade channel was significantly affected by the East Coast Flood. The dealers' shop were flooded and closed for business during this period. Celcom had also assisted our dealers to reinstate their business as soon as the flood subsided. Most of the dealers needed assistance to get back to business.

In general the east costs flood affected and dampen Malaysia GDP.

4. It was reported in the Press earlier this year that Axiata was looking into entering the Vietnam market through a stake in MobiFone.

Could the Board provide an update on the matter?

The meeting between our Head of Corporate Development and the Permanent Deputy Minister, HE Le Nam Thang, was a regular courtesy visit to introduce Axiata Group and explore collaboration opportunities between Axiata Group and the telco companies in Vietnam. This is a common exercise that we do for all countries that is within our target market but yet to be our footprint.

Among the opportunities discussed was the proposed privatization exercise to be undertaken by Vietnam Post and Telecommunication Group (“VNPT”), a state owned enterprise (“SOE”), for one of its mobile telephony subsidiary, Mobifone.

Axiata highlighted its interest to the Ministry of Information and Communication (“MIC”), to assist and be part of the proposed privatization exercise, given its own experience during the demerger exercise in 2008.

Should we decide to pursue this opportunity further, it will go through the normal stringent assessment and evaluation process similar to other M&A activities undertaken by Axiata in the past.

5. What would be the Group’s total budgeted capital expenditure (capex) for 2015 and how would the capex be utilised?

The 2015 guidance on Group CAPEX is around RM4.8bn. This is primarily spent on network expansion and quality improvement, IT platforms, and investments in the data network. Data leadership across Axiata’s geographical footprint is our strategy to redefine the competitive landscape.

Corporate Governance Matters

We noted that Mr Juan Villalonga Navarro attended only 2 out of 5 Audit Committee (“AC”) meetings during the financial year, which was below 50% attendance.

What was the reason for him not being able to attend the AC meetings held during the financial year?

The reason for his absence is mainly attributed to the time difference as the Board Audit Committees (“BAC”) meetings are normally held in the morning on the same day as the Axiata Board meetings. This is early hours for Mr Villalonga who is based in Europe.

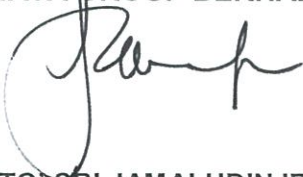
For the Board meetings which were held in the afternoon on the same day, Mr Villalonga was usually able to participate via conference call. This arrangement is unavoidable to accommodate other members. Nevertheless, since at the Board meetings, the Chairman of the BAC will update the Board on key items and issues. Mr Villalonga is able to provide his input/feedback at the Board meeting despite his absence at BAC.

Thank you.

Yours faithfully,

For and on behalf of

AXIATA GROUP BERHAD



DATO SRI JAMALUDIN IBRAHIM

Managing Director/President & Group Chief Executive Officer