



PRESS RELEASE

For immediate publication

Digi strengthens postpaid growth momentum in Q2 2016

- *Strong focus on product innovation, digitising customer experiences and delivering network service quality fueled steady postpaid growth of 6.0% q-on-q and 9.8% y-on-y*
- *Solid sequential EBITDA and PAT at RM735 million and RM421 million*

SHAH ALAM, 11 July 2016 – Digi.Com Berhad (Digi) recorded solid postpaid revenue growth in the second quarter, reflecting customers' growing confidence in the company's comprehensive postpaid internet and digital service proposition, delivered on its continuously expanding high-quality 4G LTE and 4G LTE-A network.

In Q2 2016, Digi recorded steady sequential service revenue at RM1.56 billion. Earnings before interest, tax, depreciation and amortisation (EBITDA) for the quarter improved 4.4% to RM735 million (Q1 2016: RM704 million) or a 44% margin anchored by solid growth in postpaid and stronger data monetisation efforts. Consequently, PAT strengthened 5.5% to RM421 million (Q1 2016: RM399 million).

Digi's postpaid service revenue registered a record growth of 9.8% year-on-year and 6.1% quarter-on-quarter while its postpaid subscriber base strengthened 10.3% year-on-year to almost 2.0 million subscribers. Postpaid internet subscribers increased to 1.6 million, representing 81.7% of the company's postpaid subscriber base and contributed to higher postpaid internet revenue of RM239 million (Q1 2016: RM207 million). Despite challenged by the industry's aggressive internet quotas and heavy discounts, Digi's postpaid ARPU strengthened to RM82 over a larger subscriber base.

Digi's CEO Albern Murty said, "In spite of intense competition in the industry, we continued to build a strong postpaid portfolio by delivering relevant smart plans and digital services on a high-quality 4G LTE network, and innovations that put customers in charge of their digital experience. Customers have full control in managing their accounts, deciding on their own internet usage or sharing with others, and more at their fingertips. This comprehensive proposition has unlocked growth opportunities for us with postpaid customers who are increasingly confident we can deliver this kind of value to them."

During the quarter, the company intensified its network service quality and coverage, where its 4G LTE and 4G LTE-A network footprint now stands at 76% and 34% of the population nationwide respectively. This has resulted in higher usage of internet services among customers, with increased data traffic to 27% on its 4G LTE network compared to 6% a year ago. Active internet subscribers rose steadily to 8.0 million, representing 64.5% of total subscriber base alongside an increase in smartphone adoption to 62.0% while 4G LTE subscribers grew 395,000 to 3.3 million. This fuelled internet revenue to increase to 36.1% of total service revenue for the quarter.

The company has been focused on digitising and fueling innovation within its core telco business to propel organic growth while developing new capabilities to unlock opportunities in the adjacent digital ecosystem.

According to Albern, a key part of digitising its core business is revolutionising the entire customer experience across its touchpoints. "We plan to have 80% of our customer interactions through digital channels by 2020; where each offering or service will be mobile-first, easy to use, fast, personalised and relevant to the individual customer no matter where or how they engage with us.



"We have begun building these innovations into our robust self-serve MyDigi app, which puts our customers in complete control of their accounts from not only paying for their own but friends and family bills to enabling roaming services, and more recently with our mobile service agent app that has eased customer registrations at retail stores to 20 seconds per transaction. We will focus on introducing more of these innovations in the next few quarters to continuously improve on the quality of our customers experiences."

While enabling growth from its core business, the company also made notable progress in building new capabilities to begin exploring digital opportunities beyond telco with the formation of Digi-X. The new division is mandated to create standalone digital businesses, develop new business streams through acquisitions and investments, deepen digital partnerships and footprint in the startup ecosystem, and build and monetise digital platforms for the core business. The establishment of Digi-X was a major move in Digi's digital playbook, and the company plans to take giant leaps forward in this area in months to come.

"For the second half of 2016, we will build on the momentum to deliver on our promise to enable growth and profitability from our core services while we transform our business, unlock new capabilities and opportunities to strengthen our play in digital. We will do this by continuing to deepen our focus on providing excellent, digitised and seamless customer experiences across all touchpoints, innovating and strengthening our digital products and services portfolio, and delivering high-quality services on our far-reaching network, towards becoming our customer's favourite partner in digital life."

In keeping with its commitment to shareholder value creation, the company announced a second interim dividend of 5.4 sen per share equivalent to RM420 million or 100% payout ratio that it will pay to shareholders on 30 September 2016.

About Digi

Digi provides mobile voice, internet, and digital services to 12.3 million customers in Malaysia. It is known as a game-changer for the Malaysian telecommunications industry with a solid history of product and service innovation. Over the years Digi has built a solid mobile internet business that enables true connectivity for all Malaysians, creates socio-economic development, and helps businesses to grow through use of technology. Digi continues to inspire by giving customers' access to fun and uplifting internet content, and empowering them to share what means most to them. Listed on Bursa Malaysia, it is part of global telecommunications provider Telenor Group and is a leader in driving progressive and responsible business practices. Digi was recognised as one of Forbes' 100 World's Most Innovative Companies in 2014. For more information about Digi, visit www.digi.com.my.

For media enquiries, please contact Quah Yean Nie (ynquah@digi.com.my | +6014 669 0825) or Chew Hwee Yen (hychew@digi.com.my | +6012 395 3398).