



NEWS RELEASE

For immediate publication

Digi delivers solid 18% internet revenue growth in Q3/2015 on Malaysia's widest 4G LTE network

- Best for internet proposition fuels Digi's resilience in Q3 2015, supported by solid postpaid momentum of 2.8% service revenue growth
- Rapid network expansion delivers quality experience to an additional 16.9% internet subscribers in a year, fuelling future internet revenue

SHAH ALAM, 26 October 2015 – Digi.Com Berhad (Digi) delivered solid internet and postpaid revenue growth in the third quarter while significantly strengthened its 4G LTE coverage and keeping a strong focus on quality to cater to the growing demand for reliable, high-speed internet on-the-go nationwide. The company expects its widest 4G LTE network position to give it the edge in accelerating internet adoption, and expanding its postpaid share, to fuel steady subscriber and revenue growth moving forward.

For the quarter under review, internet revenue registered an encouraging growth of 18.0% year-on-year and 4.5% quarter-on-quarter, aided by stronger smartphone penetration at 58.4%. Postpaid internet subscribers rose steadily to 1.4 million or 78.8% of total postpaid subscribers from 68.9%, a year ago. Despite aggressive data pricing and quotas, Digi's postpaid internet revenue rose 14.7% while postpaid service revenue strengthened 2.8%, from a year ago. A similar upward trend is seen on prepaid with internet revenue surging 20.1% year-on-year to RM335 million on the back of higher prepaid internet penetration at 56.8%.

Digi also saw a steady increase in its active internet customers to 7.0 million or 60.2% of its total base, which it believes is a reflection of growing consumer confidence of its network performance. The company's LTE subscribers rose to 1.5 million as at end Q3 2015, an increase by more than two-fold from a year ago, amounting to 13.2% of its total subscriber base. Already reaching potentially one in two Malaysians with a population coverage of 50% at the end of Q3 2015, Digi has aggressive plans to build an additional 1,500 4G LTE sites by the end of this year.

Albern Murty, CEO of Digi explained that the healthy internet growth was a result of its stronger network and customer focus. "We've been persistent in driving quality experience, and have focused effort in completely modernising our network and fiber infrastructure capabilities over the last three years to give us a solid foundation and competitive advantage to fast-track 4G LTE rollout to more than the 28 cities we are already in, and preparedness to accelerate the network in tandem with future needs. 4G LTE is a game changer offering high-speed internet on-the-go, and enabling enjoyment of next generation services and advanced applications, previous confined to fixed line. Taking a leadership position on 4G LTE is therefore crucial for us to make inroads in postpaid and the fast growing mobile internet segment."

Digi today delivers 4G LTE on 1800Mhz and 2600Mhz spectrum bands respectively, and overlays both spectrum bands for 4G LTE in an increasing number of key market centres to provide customers with wider network coverage, greater capacity and significantly improved indoor and outdoor internet experiences.

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Commenting on the quarter's performance, Albern added, "While the prospects for the industry remain optimistic from growing uptake of the internet and opportunities to monetize data, volatile consumer sentiment from GST, shrinking wallet size from weaker Ringgit and fierce competition has brought about a lackluster third quarter.

"Our focus now is to fuel data momentum to drive future growth. In the coming months we will continue to make access to high-speed internet easy through our wide service touchpoints in stores and online, with competitive smart device bundles and plans, and innovative digital service offerings that will allow our customers to enrich their internet experience. We will do this while driving deeper focus on customer experience. Demand for quality internet access will be the key driver, and we are hopeful of increasing revenues from our growing number of internet users going forward," said Albern.

During the quarter, Digi invested another RM223 million with year-to-date cumulative investment of RM616 million in Capex primarily on 4G-LTE network deployment nationwide. The Company has committed to spend around RM900 million in 2015 with aggressive plans to further expand its 4G LTE footprint in the fourth quarter.

Service revenue remained solid at RM1,584 million (Q3 2014: RM1,584 million) against downward pressure from persistent price competition and weak consumer sentiments. Earnings before interest, tax, depreciation and amortisation (EBITDA) moderated to RM719 million from RM789 million a year ago primarily due to adverse FOREX development in the quarter, and intense competition. PAT also narrowed to RM397 million during the quarter (Q3 2014: RM487 million) from moderated EBITDA and higher progressive depreciation from its network expansion exercise.

In keeping with its commitment to deliver shareholder value, Digi announced that it will pay a third interim tax exempt dividend of 5.1 sen per ordinary share equivalent to RM397 million or almost 100% payout ratio to shareholders on 4 December 2015. A total of 17.1 sen dividend per share has been declared year-to-date, which is equivalent to RM1,330 million.

About Digi

Digi provides mobile voice, internet, and digital services to 11.7 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, helps businesses to grow through use of technology, and in doing help accelerate Malaysia's growth. Digi continues to inspire Malaysians 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.

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With this release

1. Digi CEO Albern Murty (second left) out in the market engaging customers



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