



## result briefing Q1 2011

**Henrik Clausen, CEO**  
**Terje Borge, CFO**

# FASTER BROWSING FOR ALL

**Opera Mini™** The best Internet browser for any mobile phone.

- ✓ One-click access to your favourite websites
- ✓ Surf up to 6 x faster
- ✓ Supports almost any mobile phone

When you have Opera Mini™, powered by DiGi Internet™, you get... Internet For All™

**Get Opera Mini absolutely FREE!**  
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No internet charges.

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HTC Mozart  
up for grabs!

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## Q1 - data driven quarter

- ✓ revenue on par with seasonally high Q4
- ✓ success in data & smart phone compensates for lower voice revenue
- ✓ further improvement in EBITDA margin; high operating cash-flow
- ✓ 43 sen/share net 1<sup>st</sup> interim dividend





**Still the most  
affordable iPhone 4 plans.  
From RM**58**/month**

**0%**  
Installment  
Up to 36 months

Available with the following participating banks:  
**Ambank, CIMB, Citibank, HSBC, Maybank  
and Public Bank.**

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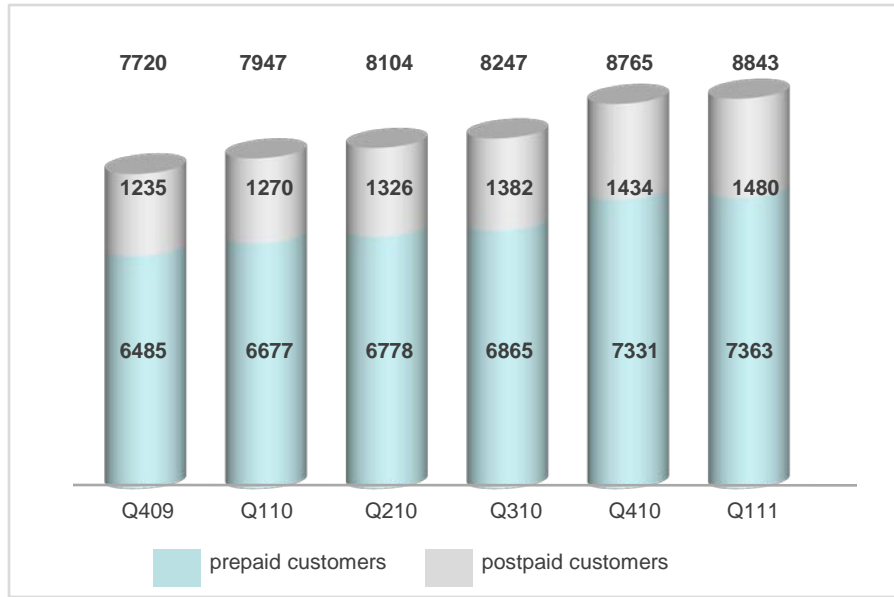
**iPhone 4**

Terms and conditions apply.  
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## Q1 financial highlights

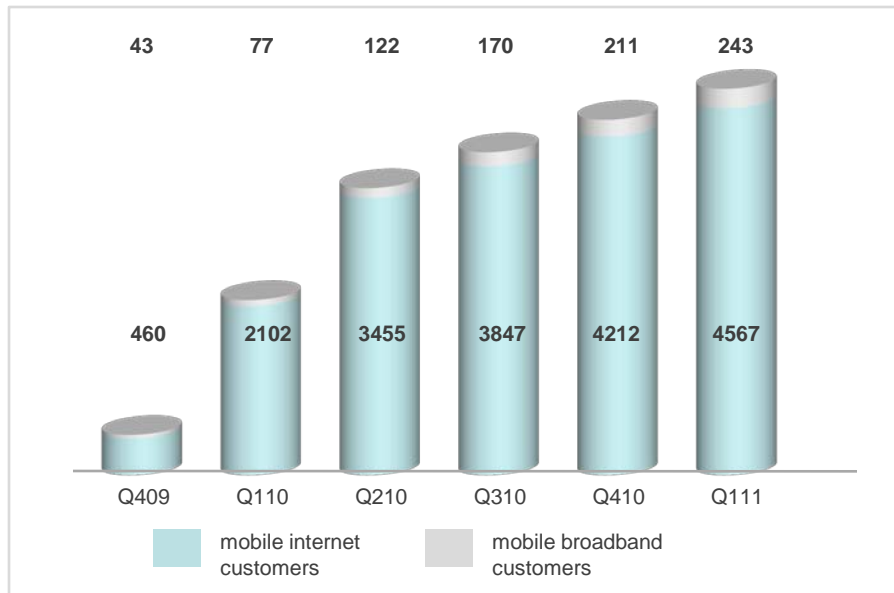
- ✓ +0.1% q-o-q revenue growth  
+10.9% y-o-y growth
- ✓ 45.9% EBITDA margin
- ✓ -0.2% q-o-q PAT growth  
+19.1% y-o-y growth
- ✓ RM575 mil OpCF  
+67% q-o-q





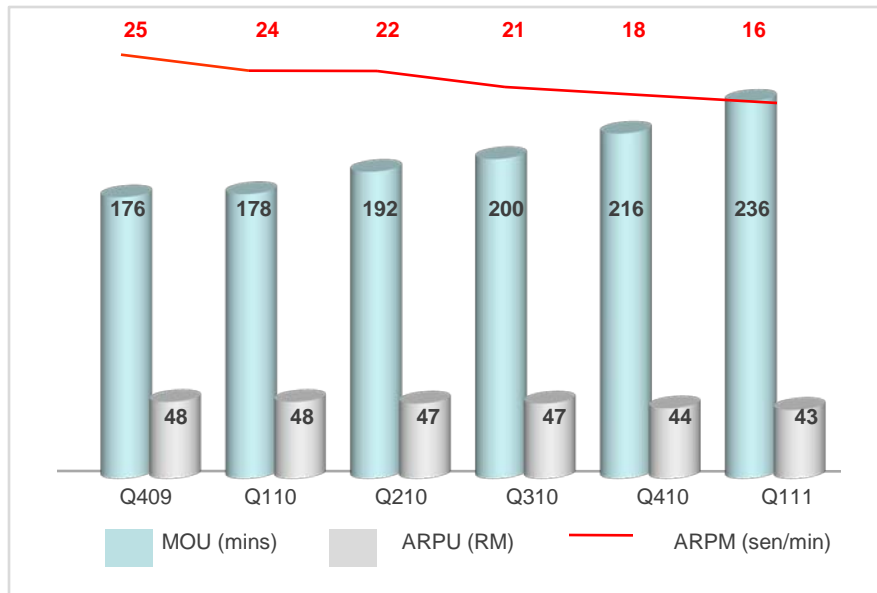
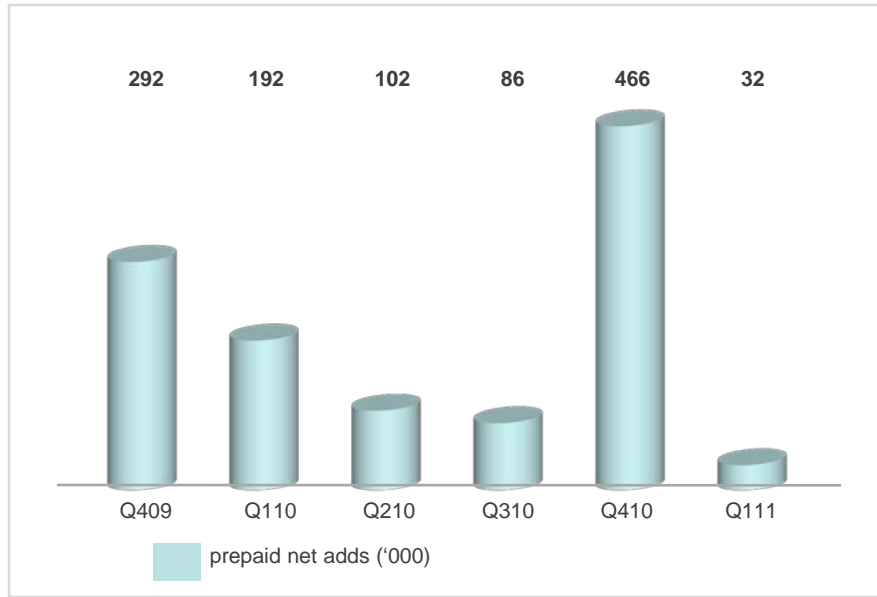
## Strong data customer growth

- added 78k new customers of which 32k are new broadband users
- small screen users up by 355k to ~4.6 million



\*mobile internet & mobile broadband customers included in prepaid & postpaid customers respectively

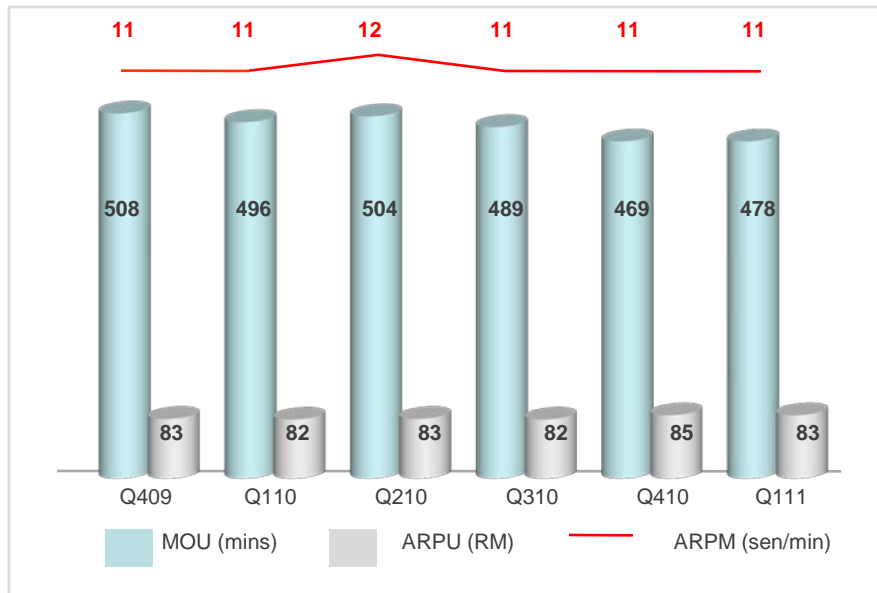
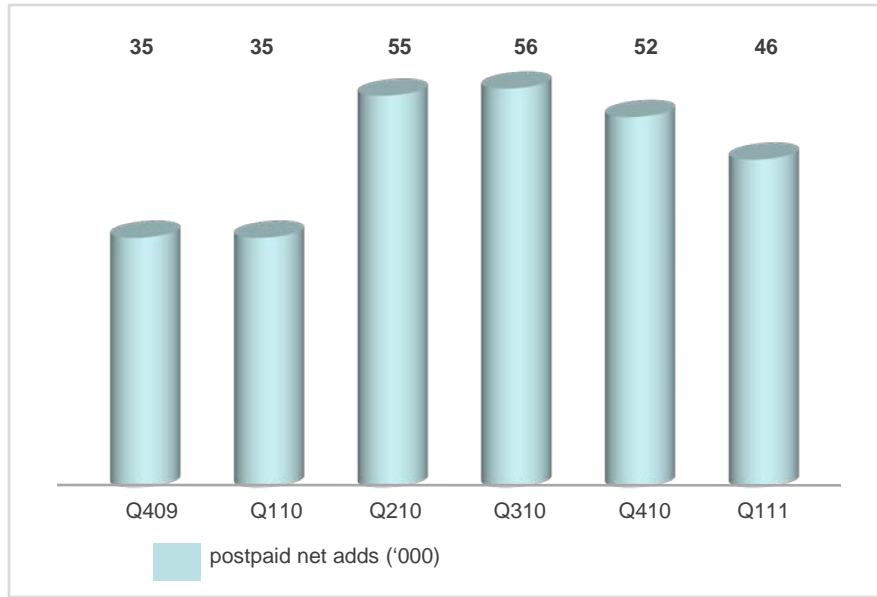




## Prepaid hit by higher rotational churn

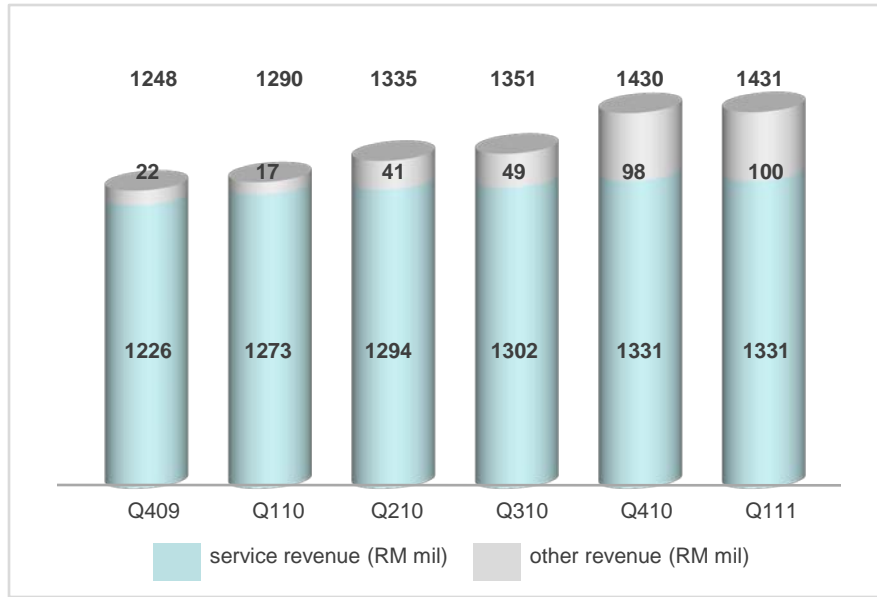
- low net adds from controlled DiGi Easy Prepaid sales combined with higher rotational churn (effect from Q4)
- added 32k new prepaid customers; of which 19k are new prepaid mobile broadband users
- slightly lower ARPU; higher usage not able to fully compensate for prepaid price pressure; ongoing reassessment of value propositions



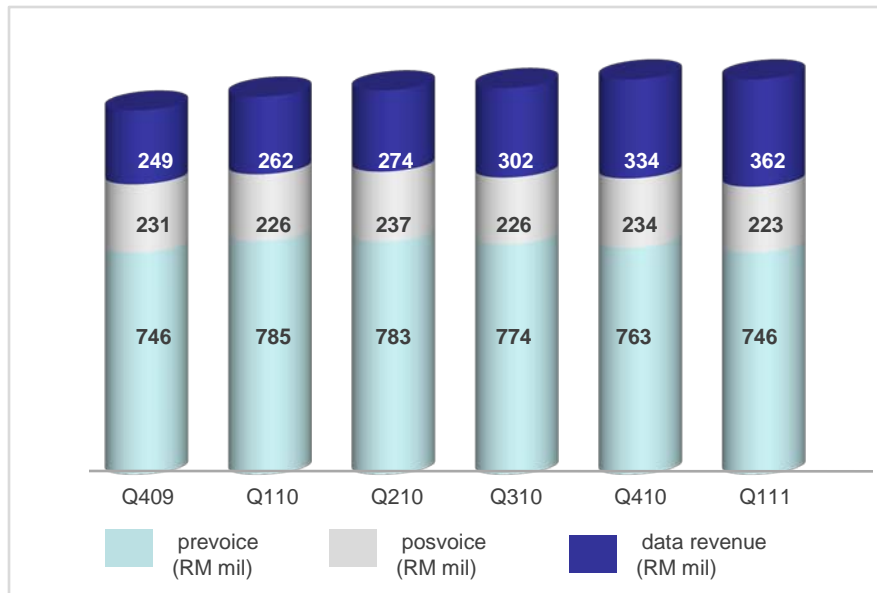


## Postpaid trend stable

- added 46k new postpaid customers
- stable mobile broadband uptake; added 13k new broadband customers
- lower reported ARPU in Q1:
  - Q4 ARPU impacted by one-off revenue from customer loyalty program
  - Q1 ARPU in-line with normalised Q4 ARPU



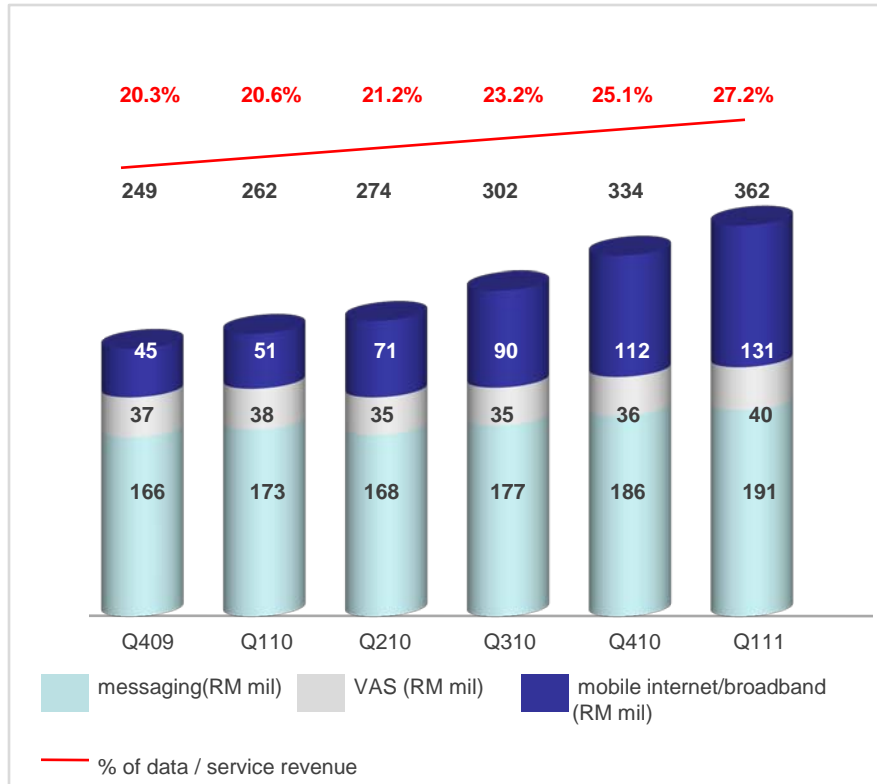
\* handset sales included in other revenue



## Small incremental revenue growth in Q1

- revenue on par with seasonally high Q4
- data revenue growth compensated for voice revenue decline
- good take-up of handset/device bundles



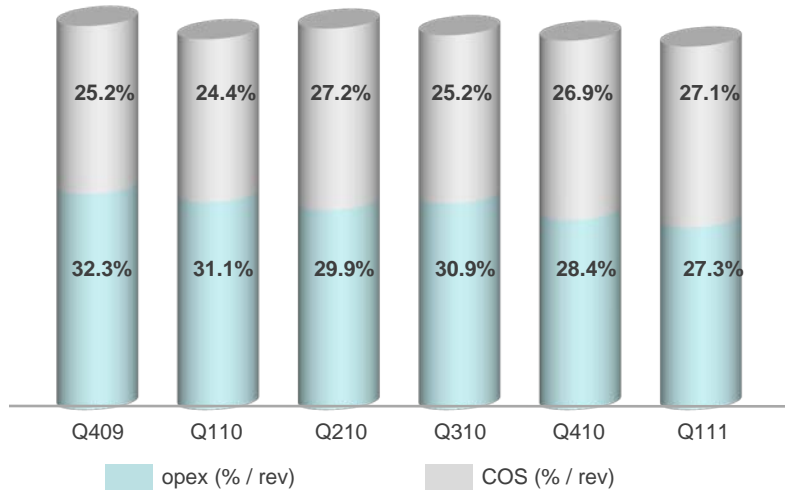


## Across-the-board growth in data revenue

- +8.3% q-o-q data revenue growth  
+38.2% y-o-y growth
- higher smart-phone adoption & expanding coverage footprint driving mobile internet & mobile broadband growth
- ~15% overall customers are smart-phone users
- festive driven messaging & VAS revenue improvements

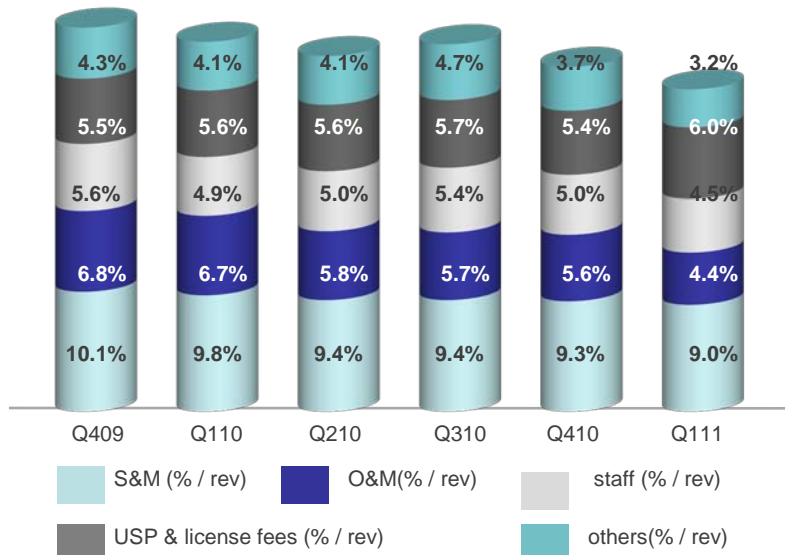


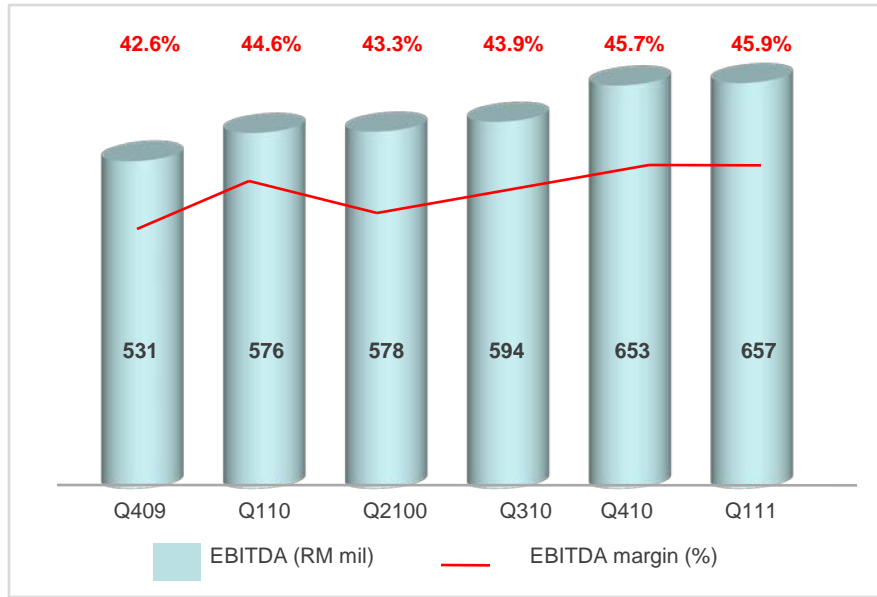




## Positive OPEX/revenue trend

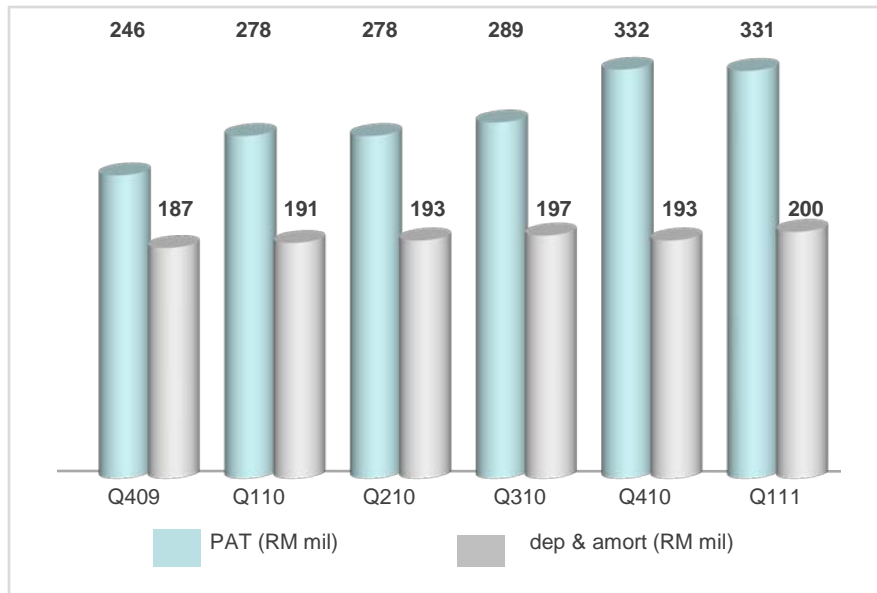
- effective cost control measures resulting in:
  - ~2% q-o-q reduction in total cost base on same revenue base as previous quarter
  - ~4% q-o-q decline in absolute OPEX base
- increase in COS due mainly to traffic-related costs

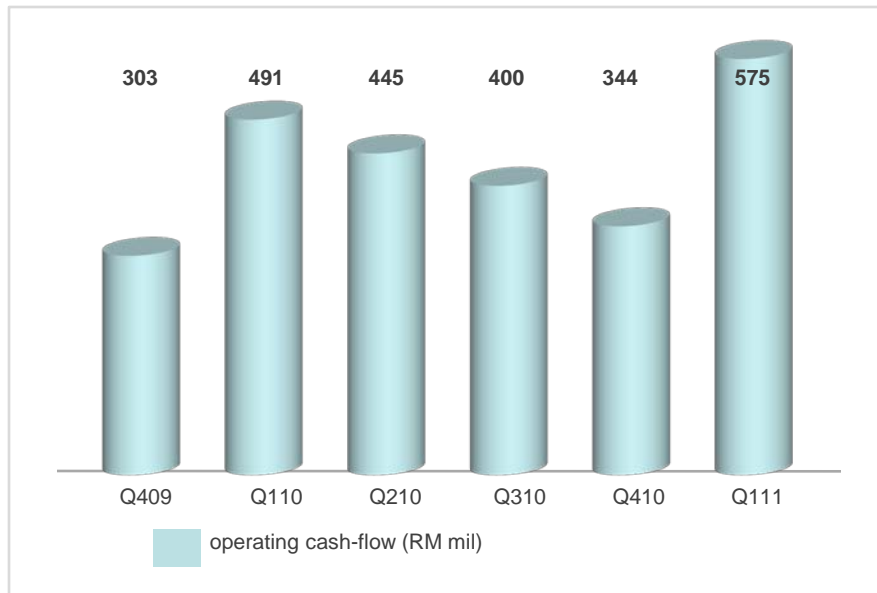
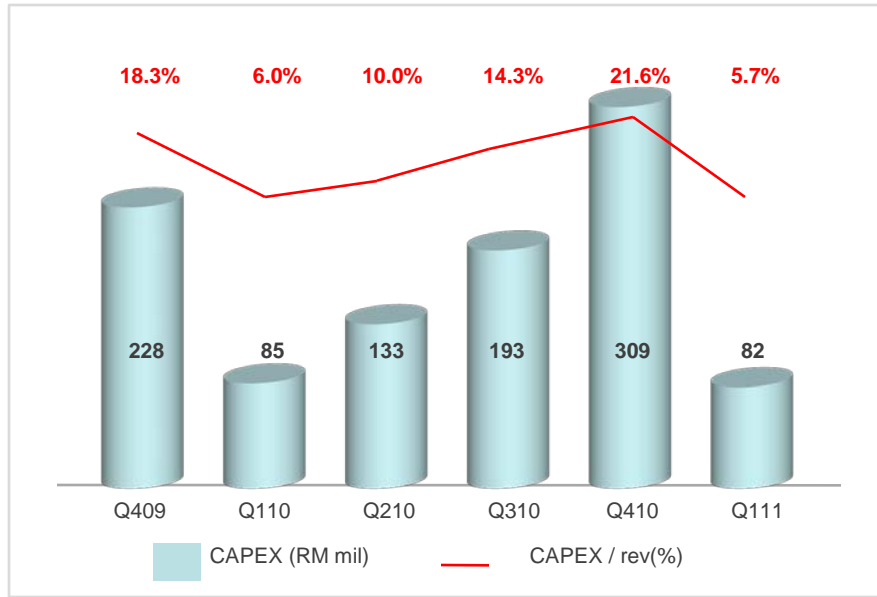




## Stable EBITDA

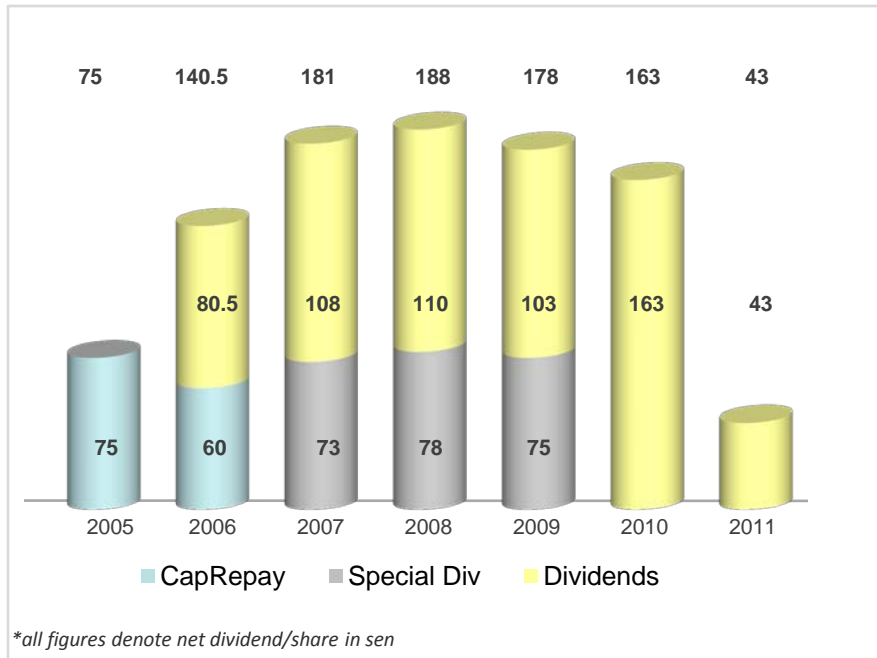
- +0.2ppt margin improvement due to lower absolute OPEX except for higher regulatory cost & professional fees
- PAT at par with previous quarter





## Planned low capex this quarter

- network investment optimised towards 2H 2011 due to network modernisation
- commencing work on initial phase of network collaboration covering >200 sites in Perak
  - *network modernization complements network collaboration*



## 43 sen 1<sup>st</sup> interim dividend

- ~RM7.1bil cumulative net payout since 2005 including 1<sup>st</sup> interim dividend
- high cash balance remains due to timing differences for regulatory-related payments

(RM mil)	Q111	2010	2009	2008
Interest-bearing debts	1,023.2	1,023.0	921.8	397.8
Cash & equivalents	1,000.2	850.6	440.7	341.6
Payout ratio	101.0%	100.0%	138.3%	128.1%
Capital Structure	<b>2:98</b>	<b>11:89</b>	<b>25:75</b>	<b>9:91</b>



**Are the kids craving a thrill?**

Treat them to a day full of thrills this school holiday at Genting Theme Park!

We're giving away **40% off** the Theme Park Fun Combo.

 **GENTING THEME PARK**  
Fun at the Peak!

 **Theme Park Fun Combo**  
**RM 75.45**

Theme Park Fun Combo includes an Outdoor Theme Park 1 Day Unlimited Ride Pass with Flying Coaster ride pass. Just flash your DiGi screen at any Genting Theme Park Ticketing Counter when you purchase. Promo period is 10 March – 10 May 2016. Terms and conditions apply.

**Rewards All-year Round**

<b>DiGi Postpaid/Broadband™</b>	<b>DiGi Prepaid™</b>
Collect BonusLink Points when you pay for your DiGi usage.	Best Bonuses Reload Bonus: 4K/year up to 12% for each payout. Birthday Bonus: 50% more.

 SMS 'OR' to 2016 for more rewards.

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## Updates

- **Regulatory**
  - *spectrum re-farming*
  - *Malaysia-Singapore roaming rates*
- **Others**
  - *Konsortium Rangkaian Serantau*
  - *network modernization*

**SMARTPHONE Deals**

World's best smartphones with unlimited Internet for only **RM23/month**

Get the world's best smartphones on the best packages. Sign up before 31 March 2011 and pay only RM23/month for the first 6 months for DG Smart Plan™.

The smarter plan for smartphones.

**RRP RM2299** **BlackBerry Torch 9600** **RM1499**  
World's First QWERTY and Touchscreen BlackBerry

**RRP RM2099** **HTC 7 Mozart** **RM1249**  
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**RRP RM2299** **HTC Desire HD** **RM1399** **DiGi Exclusive**  
World's Best Android Phone

**RRP RM1499** **BlackBerry Bold 9700** **RM1099**  
World's Best QWERTY BlackBerry

Sign up for the most affordable all-in-one Internet and call plan.

<b>Surf SMART</b> RM68 <b>23</b> Monthly unlimited Internet plan	<b>Call SMART</b> No minimum call usage	<b>Save SMART</b> 100% rebate Unlimited Internet plan*	<b>Roam SMART</b> RM36/day Unlimited International Roaming**
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Add on RM10/month to enjoy BlackBerry® Internet Service.

**DiGi Internet™**  
Broadband/3G/WiFi  
Internet Done Right™

\*Terms and conditions apply. Phone rate is for first 6 months and includes RM10 rebate on auto-tolling.

Switch to DiGi and keep your existing number. It's easy!  
Enquiries: 016 221 1800 or [digi.com.my/smartplan](http://digi.com.my/smartplan)

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## ‘Konsortium Rangkaian Serantau’

- **WHAT:** consortium formed to obtain cost efficient domestic & international bandwidth
- **HOW:** consortium to act as bandwidth aggregator by buying long term bulk capacity & re-selling to consortium members
- **BENEFITS:**
  - *reduced cost of international & domestic connectivity for internet services*
  - *create competitive pressure on current providers*



**Want mobile Internet,  
but forced to commit  
to a call plan?  
Maybe it's time for  
DG Smart Plan™.**

It's the only mobile Internet plan that lets you make calls without the burden of a call plan. Say 'I do' to mobile Internet with the smarter plan for smartphones.



Sign up now and enjoy the most wallet-friendly Internet and call plan.

Surf SMART		Call SMART	Save SMART	Roam SMART
DG Smart Plan™ Lite	DG Smart Plan™	No minimum call usage	100% rebate	RM36/day
RM28	RM63		Unlimited Internet plan*	Unlimited Internet Roaming*
Monthly 300MB quota	Monthly unlimited Internet plan			

After RM5 extra rebate on monthly fee with Auto Billing subscription.

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## Network modernization

- immediate brand new unified network capable of delivering download speeds of up to 42Mbps using HSPA+
- thereafter up to 4x faster when 4G/LTE spectrum becomes available
- major network enhancement: quality & efficiency enabling improved customer experience & strengthening competitiveness
- other benefits:
  - *predictable prices going forward*
  - *energy efficient equipment*





## The HTC Incredible S has arrived.



HTC Sense™ displays your friends' latest Facebook status whenever they call.

The new HTC Incredible S and HTC Desire HD come preloaded with Facebook and other social media apps. Both have all the best smartphone features: super fast processor, cinema quality screen. Powered by DiGi Internet™, with accessibility and affordability, it delivers Internet For All™. DG Smart Plan™. The smarter plan for smartphones.

**NEW**



**1199**  
RRP RM ~~1999~~  
DiGi Exclusive  
HTC Incredible S  
with DG Smart Plan™

**1399**  
RRP RM ~~2299~~  
DiGi Exclusive  
HTC Desire HD  
with DG Smart Plan™

Sign up for the most affordable all-in-one Internet and voice plan.

Surf SMART	Call SMART	Save SMART	Roam SMART
RM <b>68.63</b> Monthly unlimited Internet plan	No minimum call usage	100% rebate Internet Unlimited plan*	RM <b>36</b> /day Unlimited Internet roaming*

After RM5 extra rebate on monthly fee with Auto Billing subscription.

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## .... cont'd Network modernization

- financial impact:
  - *accelerated depreciation to impact 2011 to 2013 net profit; effect will be front-loaded effective Q211*
    - *est. accelerated depreciation subject to periodic review & assessment:*
      - ~RM400mil – RM450mil for 2011
      - ~RM500mil – RM550mil for 2012
      - less than RM100mil for 2013
  - *lower capex spend & improved operating cash-flow going forward*
  - *working on capital management initiatives to improve current pay-out ratio*







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to the whole country!

**DiGi Prepaid™  
BEST!  
PENANG SPECIAL**

**BEST! Local Rates**  
9 sen /min  
to Friends and Family™

**BEST! Rewards**  
Reload Bonus™  
4x /year  
Birthday Bonus™  
50% more

**BEST! IDD Rates**  
No. 1  
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Rate is applicable only for calls from Penang Island to Friends and Family™ numbers only.  
Not applicable for DiGi8 Easy Prepaid customers.  
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## 2011 outlook

### ■ Key priorities

- *keep growth momentum*
- *drive margin improvement*
- *optimise OpCF & shareholders' value*

### ■ Guidance

- *high single digit revenue growth*
- *drive margin improvement*
- *capex ~10% lower than 2010*
- *targeting higher OpCF*



## Appendices

## Y-o-Y key numbers

	Q12011	Q12010	Q-o-Q vs 2010
Customer base	8.8mil	7.9 mil	+11.4%
Revenue	RM1,431mil	RM1,290 mil	+10.9%
EBITDA	RM657 mil	RM576 mil	+14.1%
EBITDA margin	45.9%	44.6%	+1.3pp
PAT	RM331mil	RM278 mil	+19.1%
Operating cash-flow	RM575 mil	RM491 mil	+17.1%

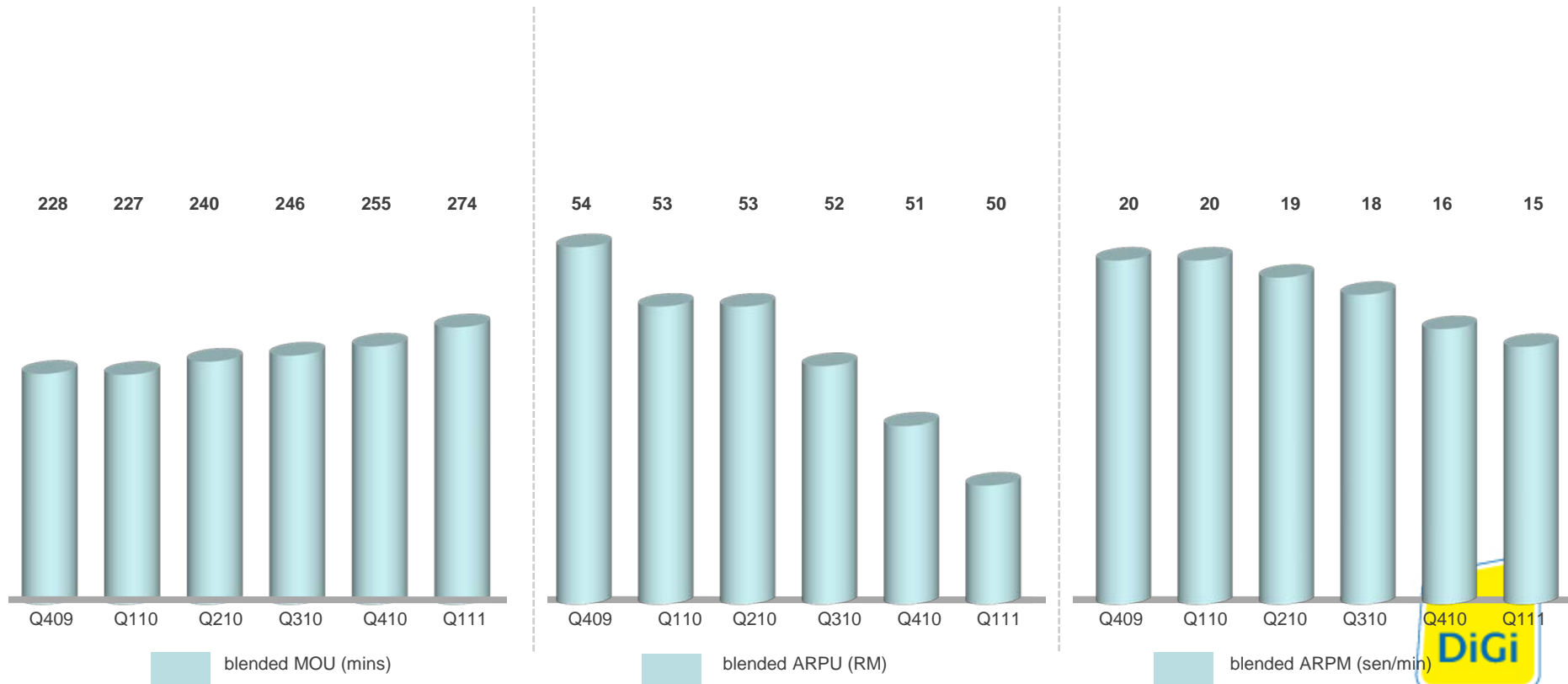


## Y-o-Y key numbers

	Q12011	Q12010	Q-o-Q vs 2010
Prepaid ARPU	RM43	RM48	-10.4%
Postpaid ARPU	RM83	RM82	+1.2%
Blended ARPU	RM50	RM53	-5.6%
Prepaid Revenue	RM952 mil	RM947 mil	+0.5%
Postpaid Revenue	RM379 mil	RM326 mil	+16.3%
Data Revenue	RM362 mil	RM262 mil	+38.2%



## Blended MOU, ARPU & ARPM



## Reported P&L

(RM mil)	Q111	Q410	Q310	Q210	Q110	2010
EBITDA	657.2	653.4	593.8	578.4	575.8	2401.4
Depreciation & Amortisation	(200.5)	(193.3)	(196.7)	(192.7)	(190.6)	(773.3)
EBIT	456.7	460.1	397.1	385.7	385.2	1628.1
Net finance (costs)/income	(9.5)	(9.8)	(6.7)	(7.7)	(6.7)	(30.9)
- <i>finance costs</i>	(15.4)	(15.7)	(12.9)	(12.9)	(10.2)	(51.7)
- <i>interest income</i>	5.9	5.9	6.2	5.2	3.5	20.8
PBT	447.2	450.3	390.4	378.0	378.5	1597.2
Taxation	(115.8)	(118.2)	(101.1)	(99.6)	(100.2)	(419.1)
PAT	331.4	332.1	289.3	278.4	278.3	1178.1
EPS (sen)	42.6	42.7	37.2	35.8	35.8	151.5



## COS & OPEX breakdown

(RM mil)	Q111	Q410	Q310	Q210	Q110	2010
<b>COS</b>	<b>387.4</b>	<b>384.8</b>	<b>341.1</b>	<b>363.7</b>	<b>314.6</b>	<b>1404.2</b>
- cost of materials	96.1	96.6	49.1	56.5	15.5	217.7
- traffic charges	291.3	288.2	292.0	307.1	299.1	1186.5
<b>OPEX</b>	<b>398.8</b>	<b>414.7</b>	<b>418.0</b>	<b>398.9</b>	<b>401.8</b>	<b>1624.5</b>
- sales & marketing	128.2	133.2	127.2	125.9	126.5	512.8
- staff costs	63.7	71.5	72.4	66.8	63.2	273.9
- operations & maintenance	63.0	80.4	76.8	77.5	86.9	321.6
- other expenses	143.9	129.6	141.6	128.7	125.2	516.2
• USP fund and license fees	85.4	77.2	77.5	74.6	72.3	301.5
• credit loss allowances	6.7	8.2	18.4	14.3	18.0	58.9
• others	451.1	44.2	45.7	39.8	34.9	155.8
<b>TOTAL</b>	<b>786.2</b>	<b>799.5</b>	<b>759.1</b>	<b>762.6</b>	<b>716.4</b>	<b>3028.7</b>



## Cash-flow

(RM mil)	Q111	Q410	Q310	Q210	Q110	2010
Cash at start	850.6	888.8	680.4	682.5	430.2	430.2
Cash-flow from operations	593.5	427.9	486.6	529.4	494.3	1938.3
Changes in working capital	(32.2)	169.7	172.6	(31.0)	59.1	370.4
Cash-flow used in investing activities	(74.2)	(222.4)	(178.8)	(128.4)	(81.2)	(610.8)
- Capex	(81.8)	(308.6)	(194.1)	(133.2)	(84.6)	(720.5)
Cash-flow used in financing activities	(337.5)	(413.4)	(272.1)	(372.1)	(219.9)	(1277.5)
Net change in cash	149.6	(38.2)	208.4	(2.1)	252.3	420.4
Cash at end	1,000.2	850.6	888.8	680.4	682.5	850.6
Operational cash-flow (EBITDA – Capex)	575.4	344.9	399.7	445.2	491.2	1681.0



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