result briefing Q1 2011

Henrik Clausen, CEO
Terje Borge, CFO

part of telenor group

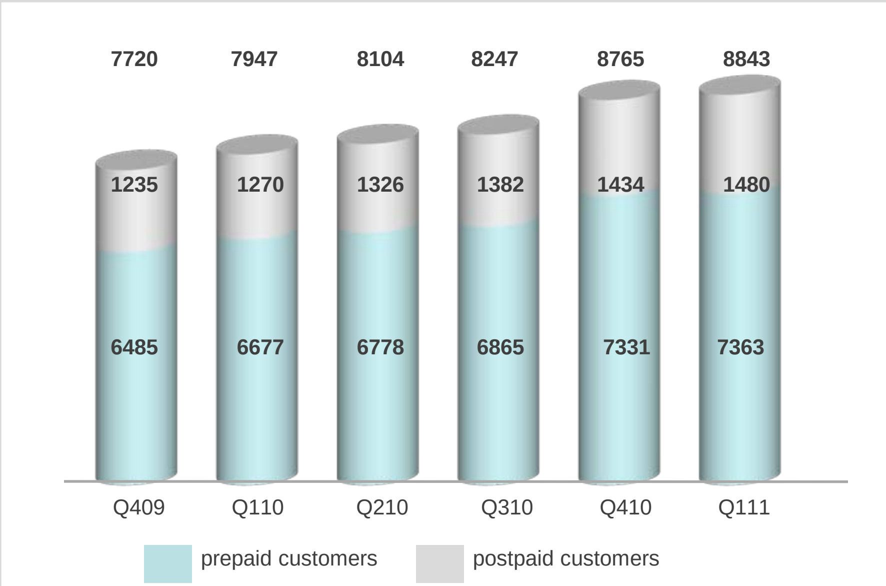
29th April 2011

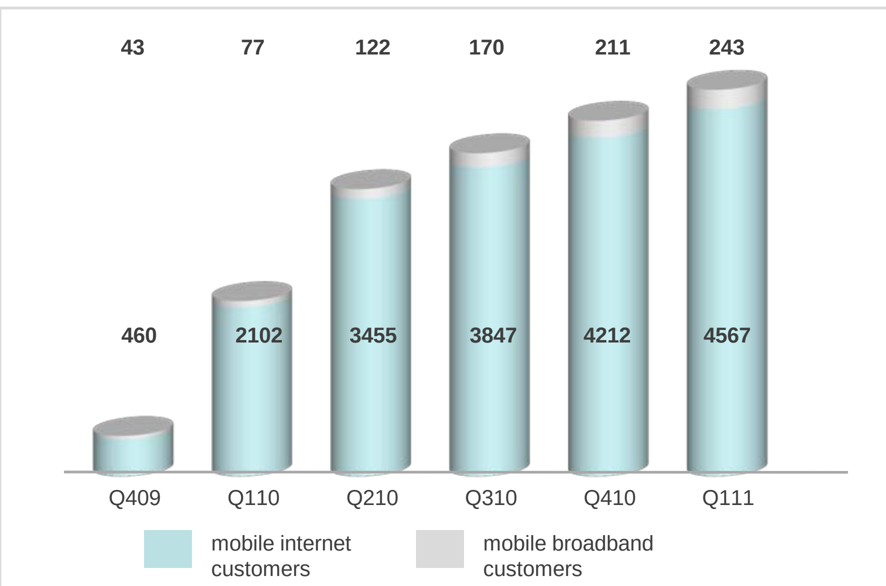
Q1 - data driven quarter

- ✓ 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 1st interim dividend

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



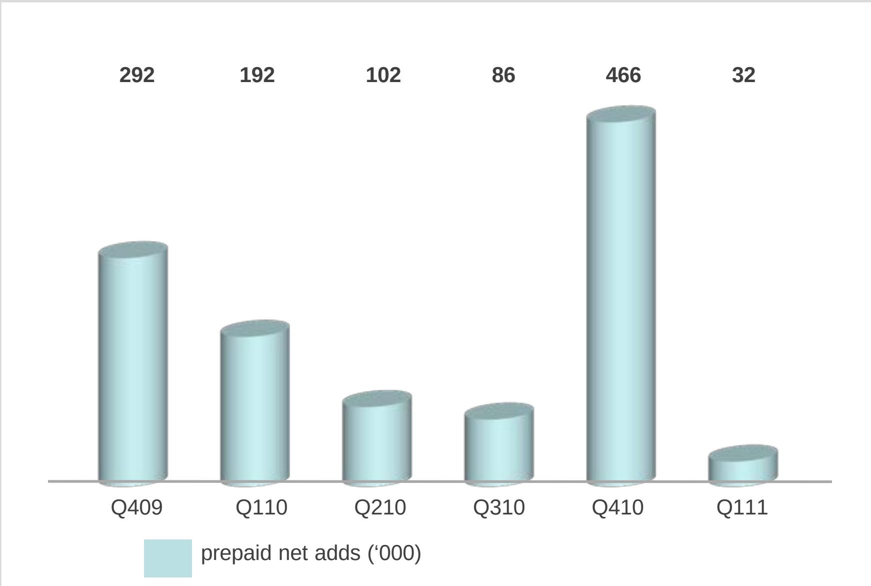


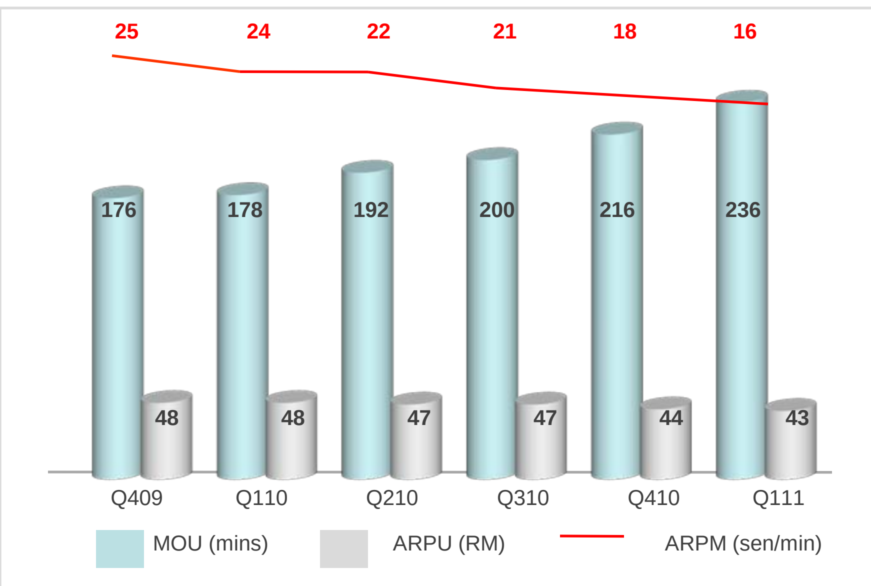
**mobile internet & mobile broadband customers included in prepaid & postpaid customers respectively*

Strong data customer growth

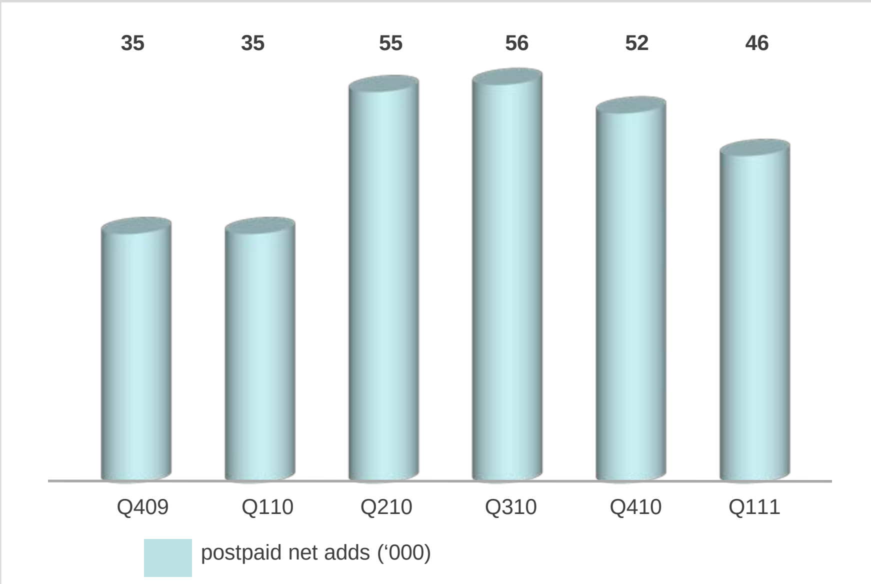
- added 78k new customers of which 32k are new broadband users
- small screen users up by 355k to ~4.6 million

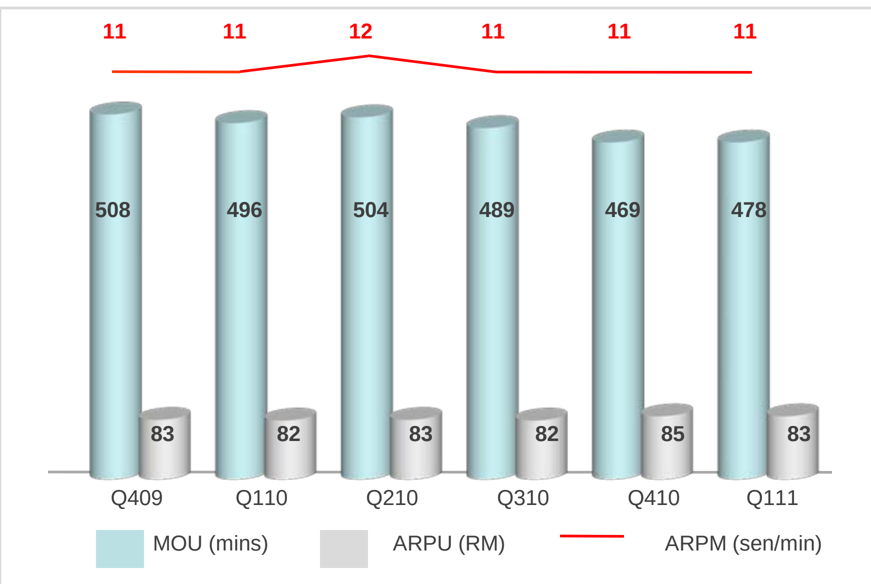
Prepaid hit by higher rotational churn





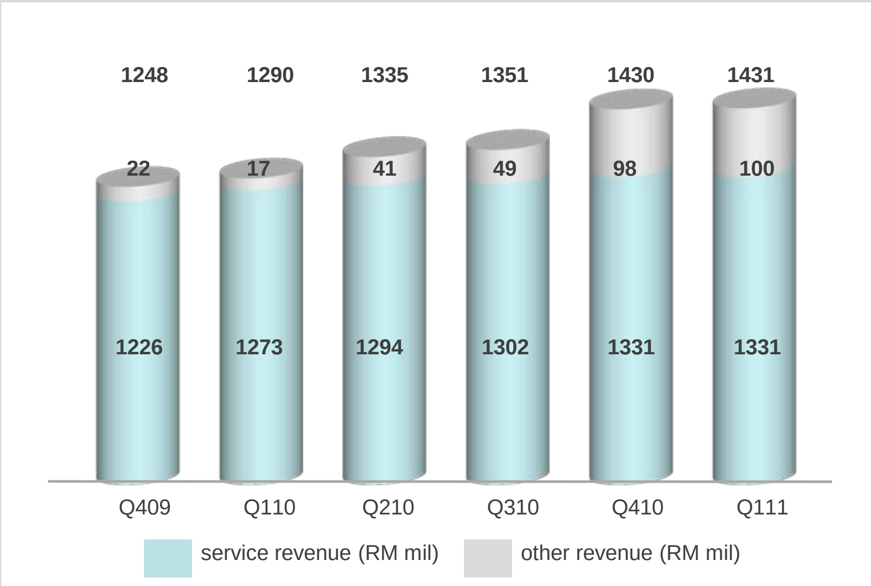
- low net adds from controlled DiGi Easy Prepaid sales combined with higher rotational churn (effect from Q4)
- added 32k new prepaid customers; of which 19k are new prepaid mobile broadband users
- slightly lower ARPU; higher usage not able to fully compensate for prepaid price pressure; ongoing reassessment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



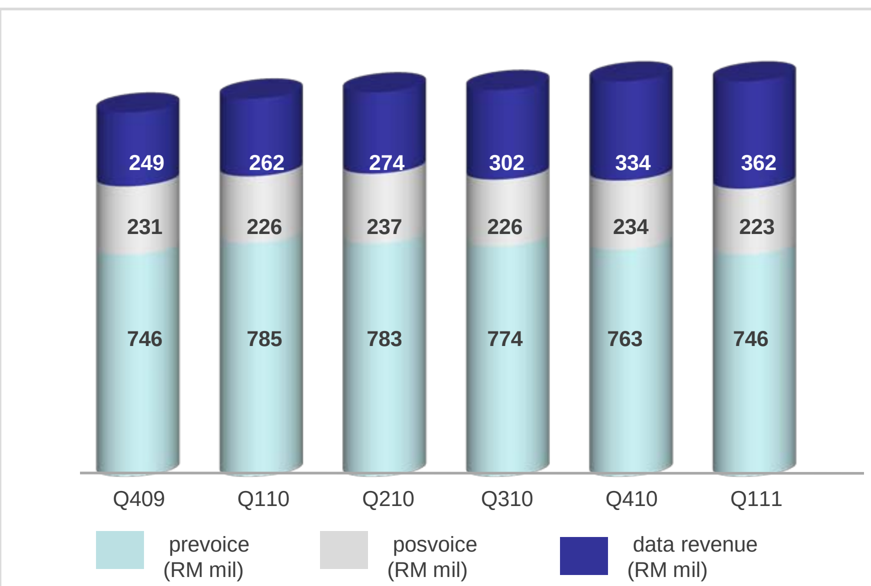


Postpaid trend stable

- 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*

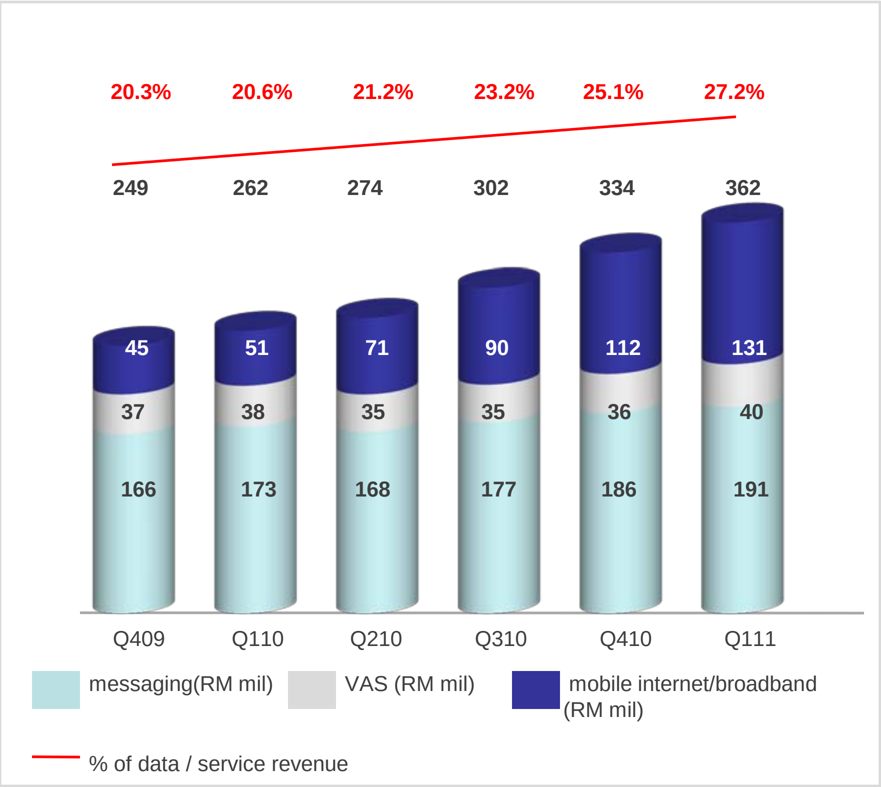


Small incremental revenue growth in Q1

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

DiGi

Across-the-board growth in data revenue



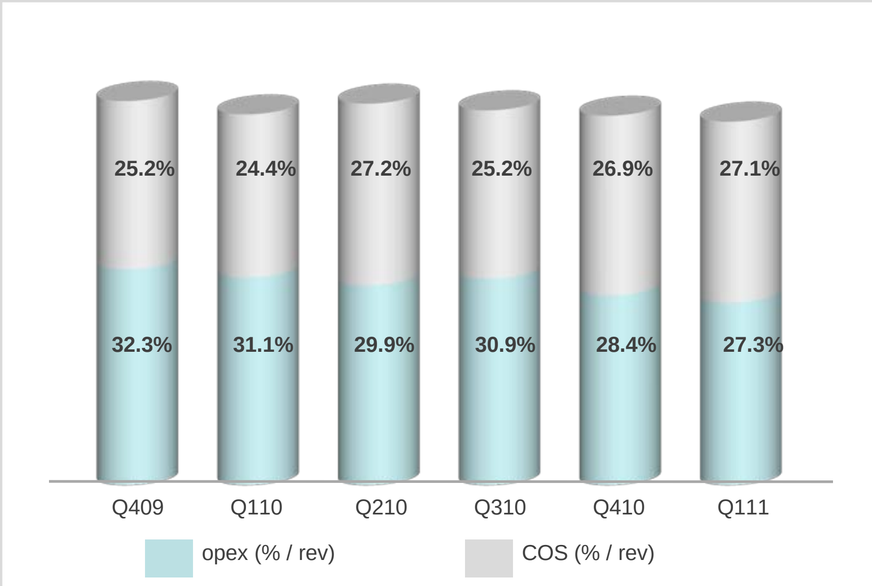
- +8.3% q-o-q data revenue growth

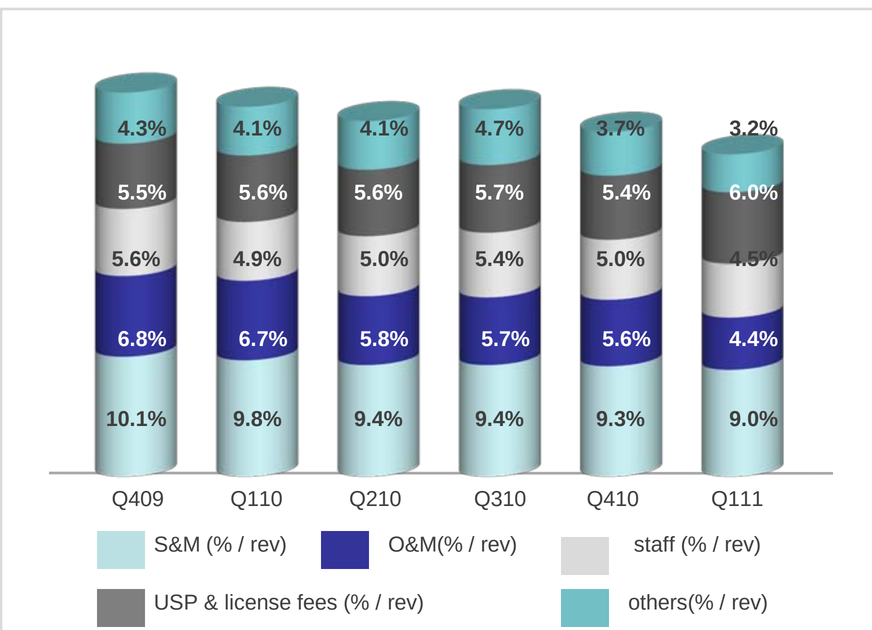
  +38.2% y-o-y growth

- 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

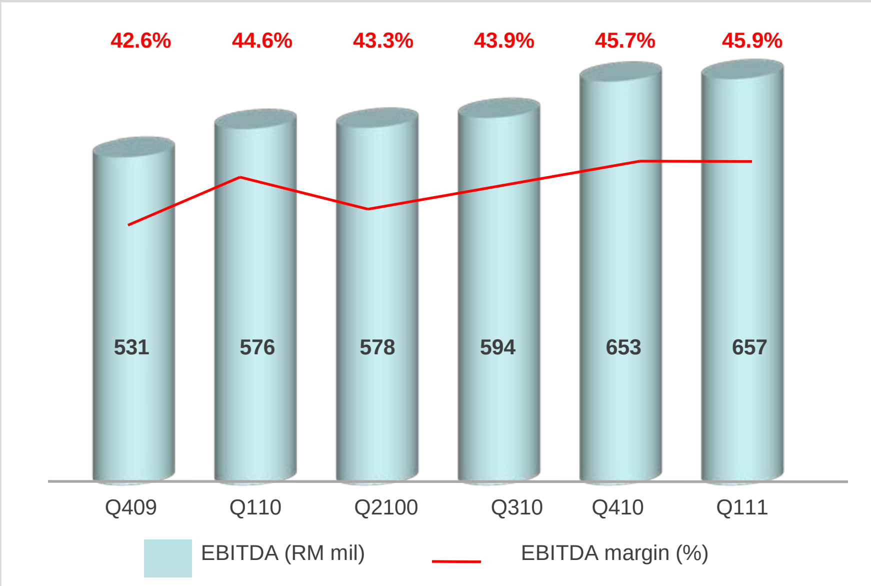


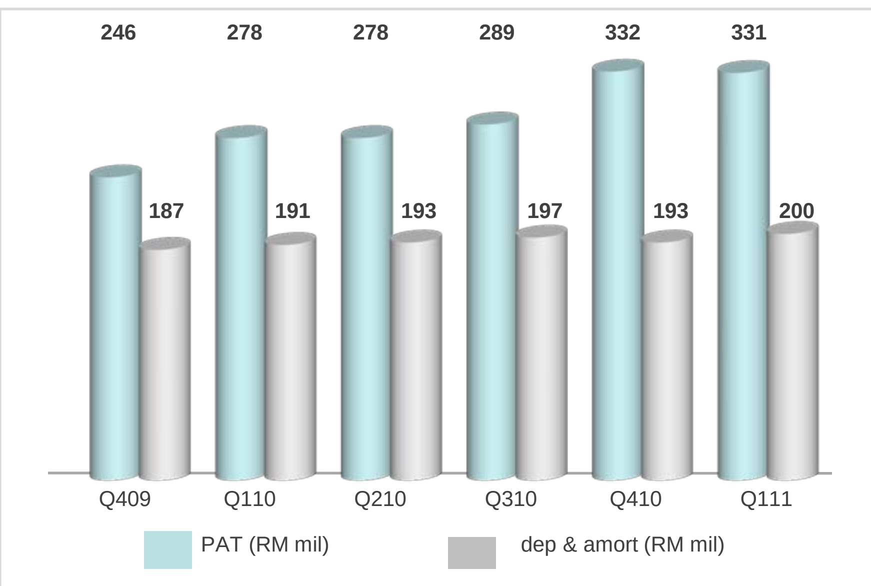


Positive OPEX/revenue trend

- 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*

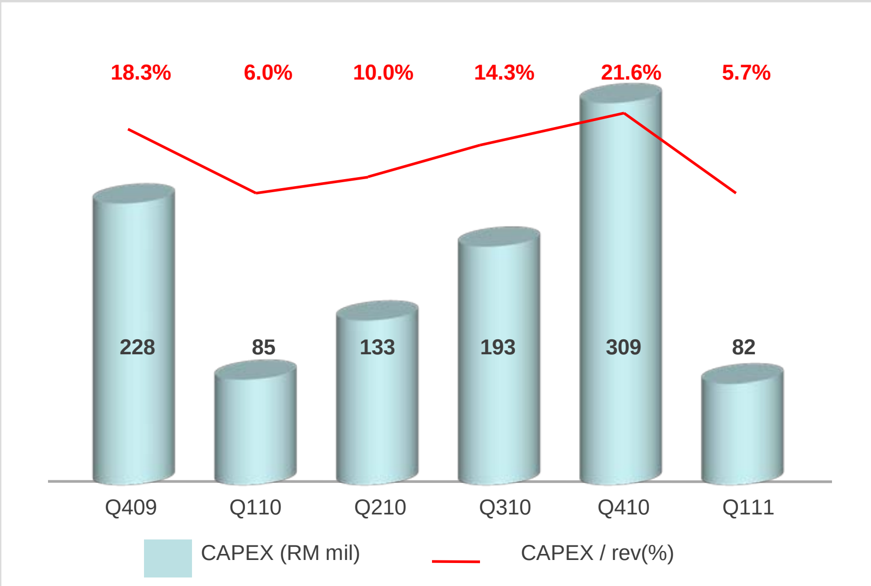
- increase in COS due mainly to traffic-related costs

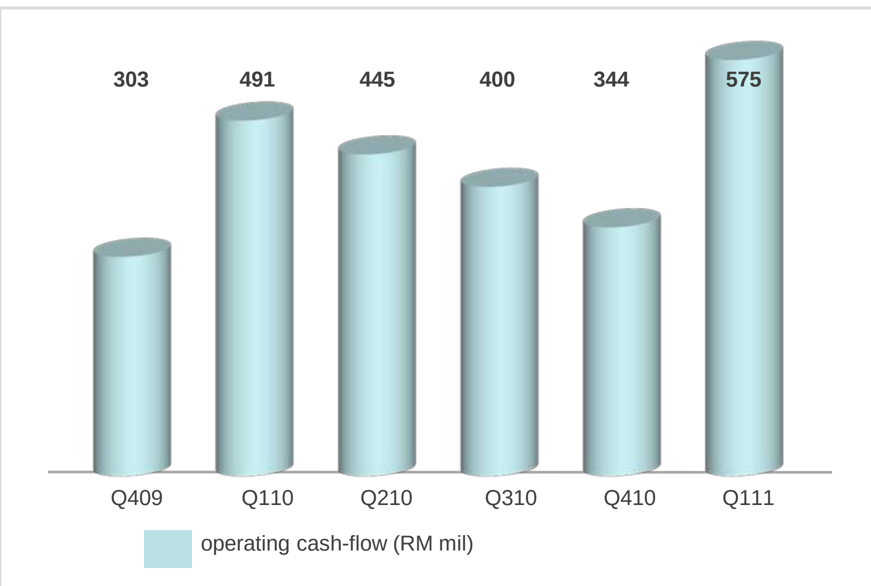




Stable EBITDA

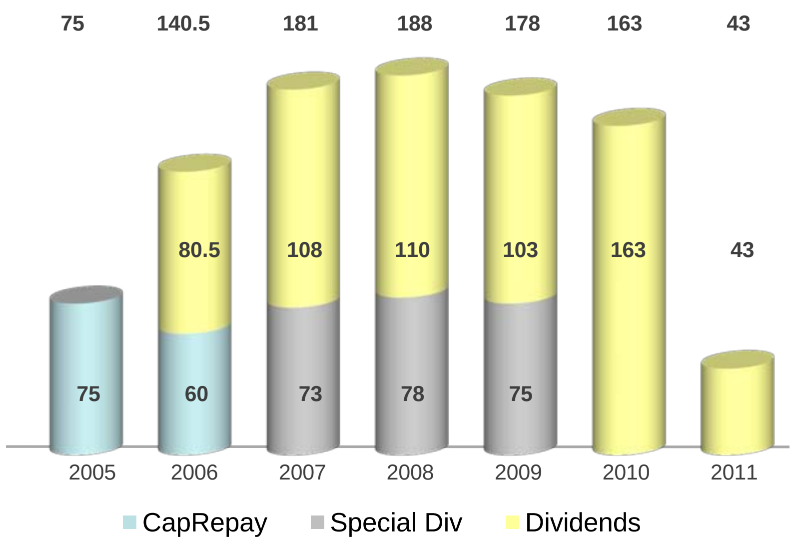
- +0.2ppt margin improvement due to lower absolute OPEX except for higher regulatory cost & professional fees
- PAT at par with previous quarter





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 1st interim dividend*

*all figures denote net dividend/share in sen

43 sen 1st interim dividend

- ~RM7.1bil cumulative net payout since 2005 including 1st 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	**2:98**	**11:89**	**25:75**	**9:91**

Updates

- **Regulatory**
  - *spectrum re-farming*
  - *Malaysia-Singapore roaming rates*

- **Others**
  - *Konsortium Rangkaian Serantau*
  - *network modernization*

‘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*

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*

…. 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*

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*

DiGi

Appendices

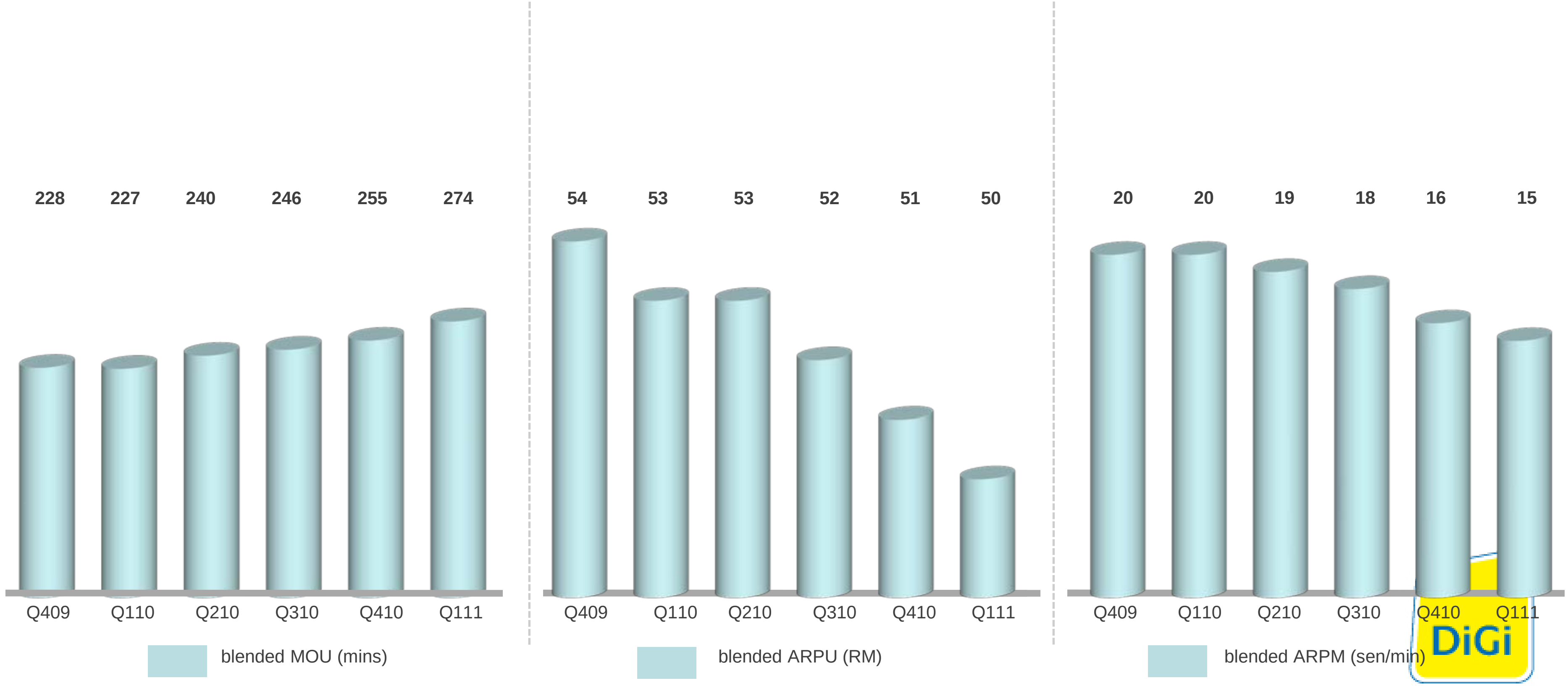
Y-o-Y key numbers

	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)
- finance costs	*(15.4)*	*(15.7)*	*(12.9)*	*(12.9)*	*(10.2)*	*(51.7)*
- interest income	*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
COS	**387.4**	**384.8**	**341.1**	**363.7**	**314.6**	**1404.2**
- 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*
OPEX	**398.8**	**414.7**	**418.0**	**398.9**	**401.8**	**1624.5**
- 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*
TOTAL	**786.2**	**799.5**	**759.1**	**762.6**	**716.4**	**3028.7**

DiGi

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**

Disclaimer

This presentation and the following discussion may contain forward looking statements by DiGi.Com Berhad ("DiGi") related to financial trends for future periods.

Some of the statements contained in this presentation or arising from this discussion which are not of historical facts are statements of future expectations with respect to financial conditions, results of operations and businesses, and related plans and objectives. Such forward looking statements are based on DiGi's current views and assumptions including, but not limited to, prevailing economic and market conditions and currently available information. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not and, should not be construed, as a representation as to future performance or achievements of DiGi. In particular, such statements should not be regarded as a forecast or projection of future performance of DiGi. It should be noted that the actual performance or achievements of DiGi may vary significantly from such statements.

thank you

see you next quarter

part of telenor group