Earnings Conference Call

1st Quarter 2014

Henrik Clausen, CEO
Karl Erik Broten, CFO

25 Apr 2014

part of telenor group

Key highlights

Operational highlights

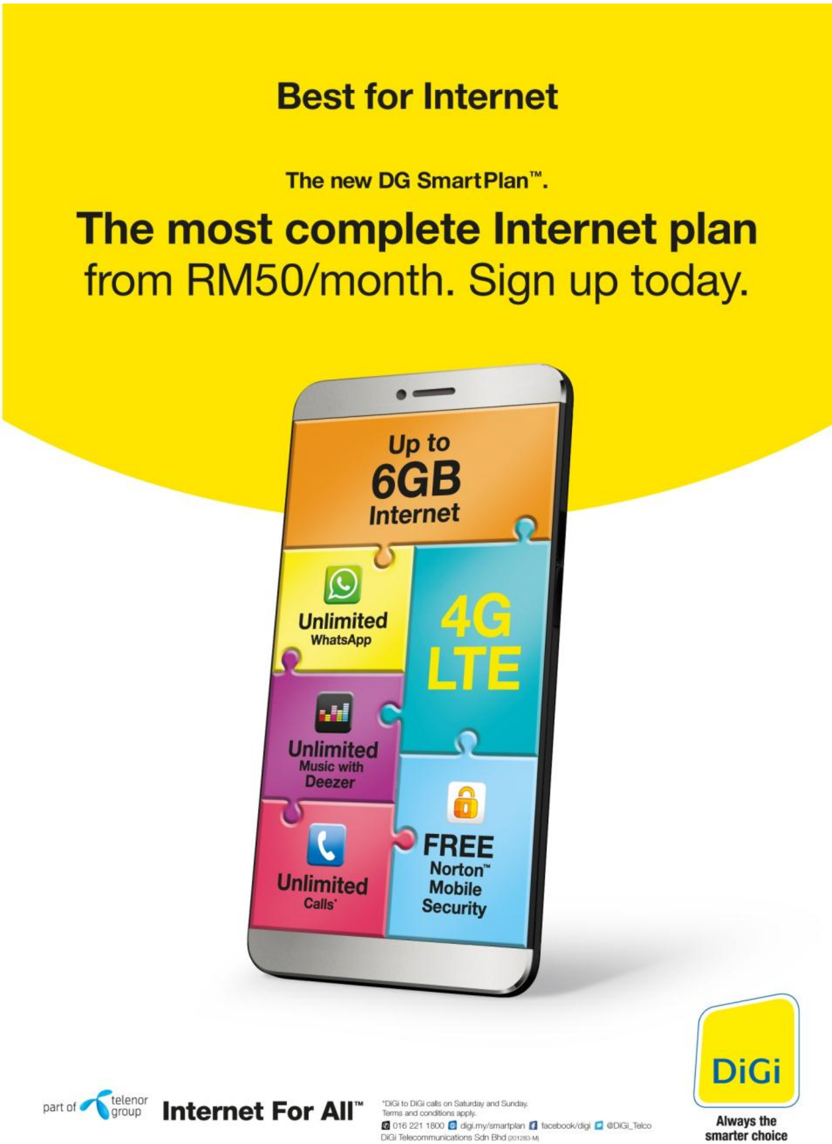
Financials updates

Guidance and outlook

Q&A

1Q 2014

Solid development with additional 47.4% PAT y-o-y



Revenue
RM1,718 million
▲ 4.3% Y-o-Y

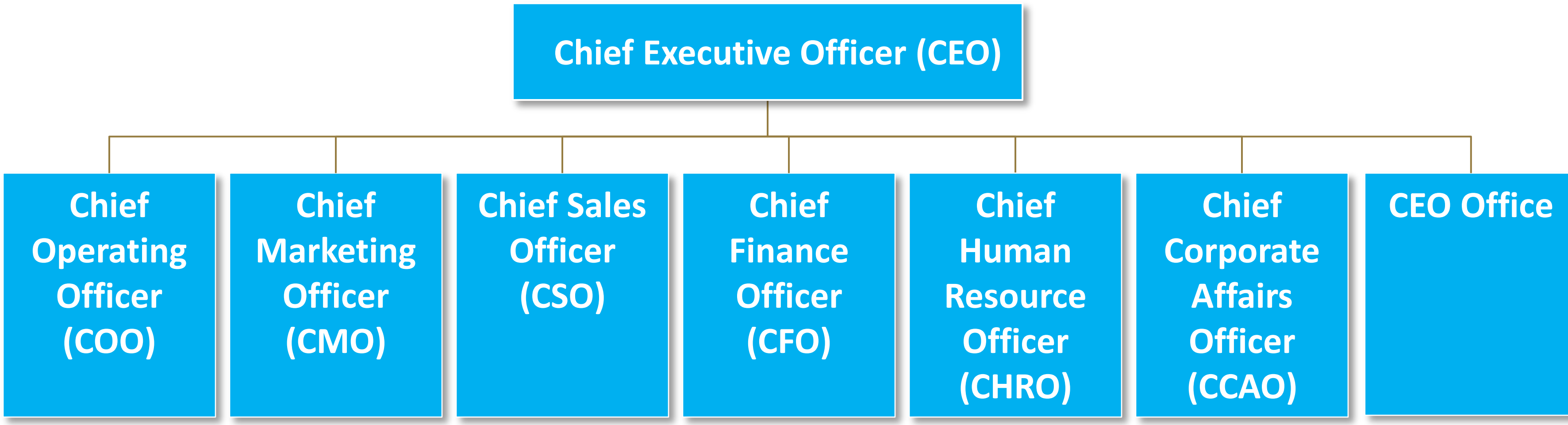
Service Revenue
RM1,554 million
▲ 5.3% Y-o-Y

45% EBITDA Margin
RM778 million
▲ 8.1% Y-o-Y

34% Ops Cash-Flow Margin
RM576 million
▲ 8.9% Y-o-Y

28% PAT Margin
RM485 million
▲ 47.4% Y-o-Y

Renewed organisation focus to drive, execute and deliver day-to-day



- COO to ensure better coherence in delivering DiGi's end-to-end *Customer First* ambitions as well as to strengthen network performance, business processes, and new operating models
- Dedicated Chief Sales Officer in top management for continued pressure on day-to-day sales
- More focused Corporate Affairs to lead strategy and stakeholder engagement
- Strengthening Business Intelligence (BI) and analytical decision making across Marketing and Finance
- Disciplined operational efficiency focus and control structure
- HR focus on strengthening leadership and winning the war for talent

1Q 2014

Bringing the *Best For Internet* services

Best For Internet Campaigns

- *Thank You* campaign continued on through the quarter
- *Best For Internet* services launched in Mar 2014 with more relevant, affordable and reliable internet plans
- Flexible, bite-sized weekly prepaid internet subscriptions
  - Attractive entry-level plans to enjoy popular digital service applications
- Re-vitalised DG Postpaid Smart Plans
  - Featured with unlimited access on selected digital services and bundled with mobile security application
- Continued to ride on smart device proliferation and internet induced opportunities

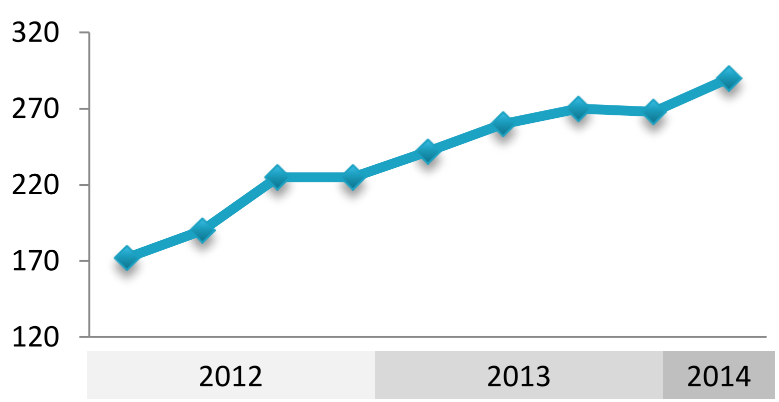
1Q 2014

Delivered consistent data speed and quality

Ranked #1 on consistent data speed [1]

Location	# of hotspots	Rank
Ipoh	30	#1
Johor Baru	30	
Kota Kinabalu	20	
Kuantan	10	
Kuching	20	
Klang Valley	60	
Seremban	20	
Malacca	20	#2
Penang	30	

Better voice stability Minutes per drop (MPD)



- Ranked #1 for consistent data speed in most key market centres surveyed
  - Extended reliable high speed internet (HSPA+/3G) experience to 82.2% of population
  - More 4G-LTE sites in KV, JB, KK and Kampar
  - > 4,100KM access to fibre network
- Better voice stability achieved through visible improvements in MPD rates
- Further improvement opportunity especially for network quality in major highways and in-building
- Committed to enhance infrastructure capabilities for greater customer experience

[1] Benchmarking conducted by independent external party, Respontrade

Strengthened organisational capabilities across distribution and product offering

Integrated distribution management

Cluster performance management	✓ Effective sales distribution
Productivity driven team	✓ Optimise revenue and resource utilisation
Channel expansion	✓ Better customer experience

Core products offering

Relevance	✓ Competitive offers
Value	✓ Drive growth opportunities
Service quality	✓ Enhance customer experience

- Integrated distribution approach across DiGi's owned shops, exclusive stores, dealers and alternate channels
- In-depth cluster performance management in driving prepaid while strengthening postpaid and broadband
  - Maximize revenue with optimised infrastructure use
  - Segmented offerings and tailored below-the-line (BTL) campaigns and engagement
- Leverage on predictive tools for re-contracting, retention and usage stimulation
- Small screen internet drive targeting non-internet base

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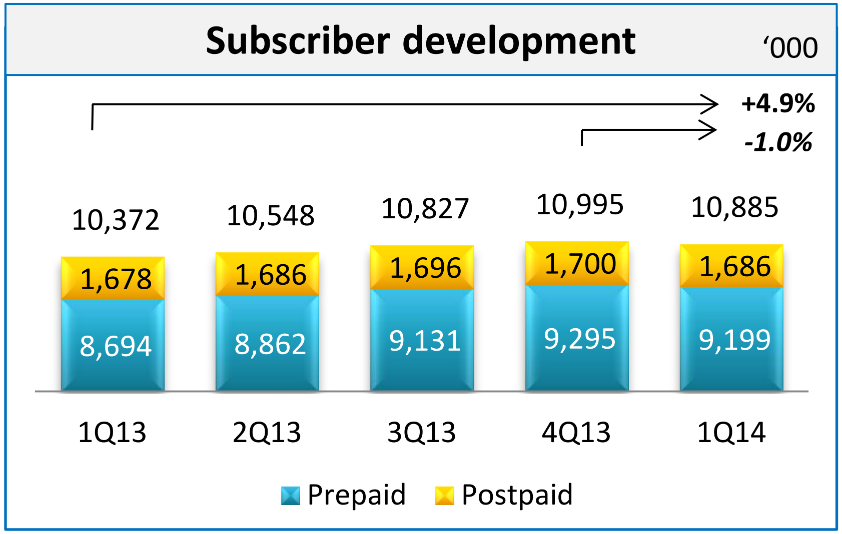
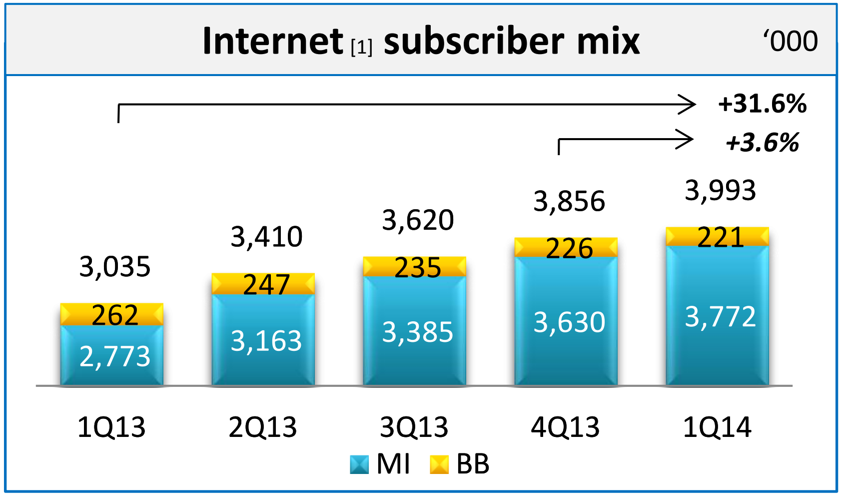
Seasonal low with stronger traction on new internet bundled plans

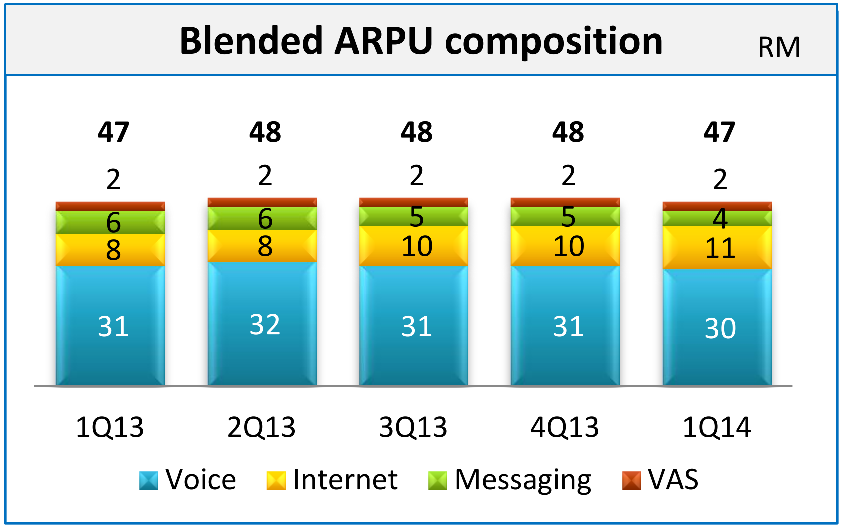


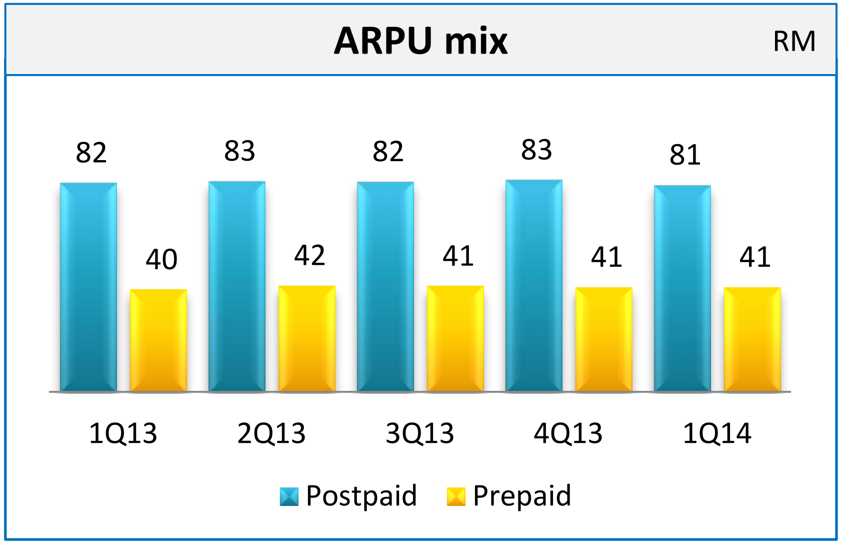


- Continued pressure from levelling postpaid demand coupled with seasonal churn and lower gross adds resulted in marginal q-o-q dilution on the subscriber base
- The new internet bundled plans delivered on stronger organisational capabilities led stronger net adds momentum into following quarters
- Remained resilient with close to 4.0 million active internet[1] subscriber stimulated by
  - Consistent internet drive and affordable packages over a stronger data network
  - Availability of affordable smartphones, popular digital services and social network applications

[1] Refined to excl. unique subs with usage below 50kB /month

Steady ARPU with positive uplift from internet





- Relatively stable ARPU throughout the last 5 quarters
  - Higher internet ARPU backed by rising internet adoption and usage
  - Seasonal dilution q-o-q in addition to effects from termination rates revision
- Traditional voice and messaging ARPU trended lower
  - Sufficiently cushioned by gains from internet services
- Reasonably sustained both postpaid and prepaid ARPU
  - While delivering additional subscriptions on secondary devices and expansion into new geographical coverage opportunities

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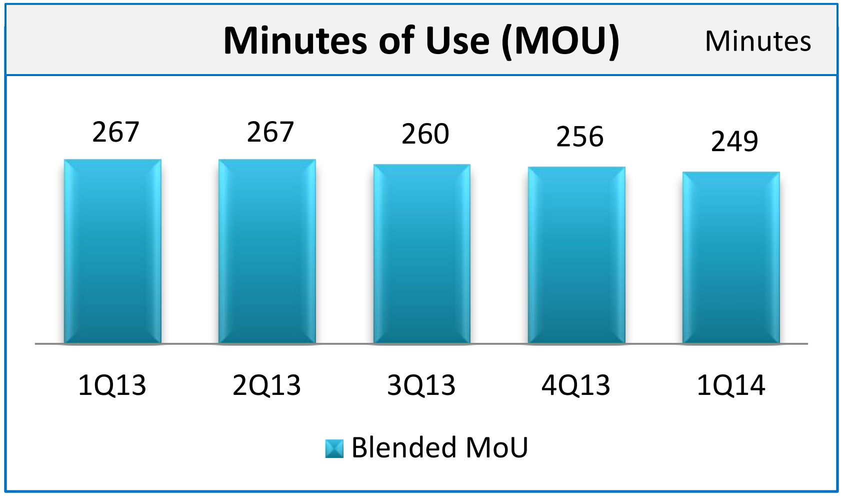
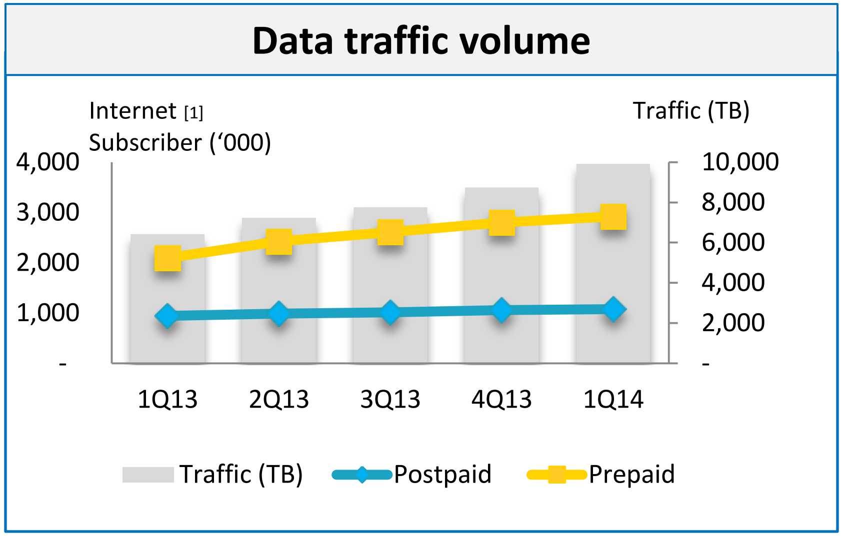
Strong data growth mitigated levelling voice usage

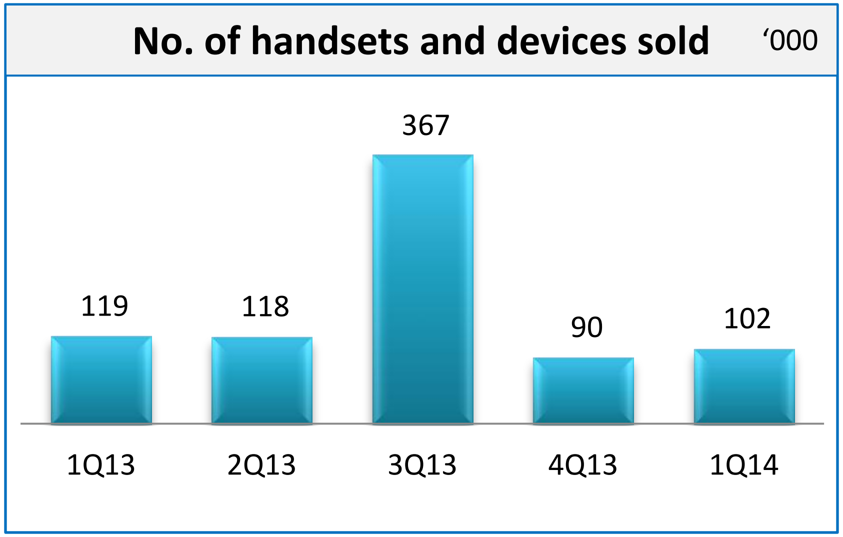


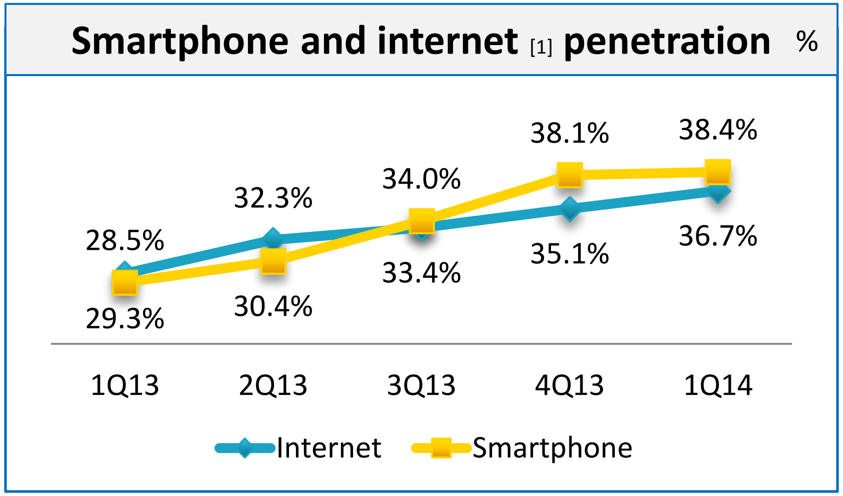


- Blended MOU remained resilient though trended lower over time
  - Data transition managed diligently through pricing and service bundling
- Voice price maintained at 13 sen q-o-q and y-o-y undeterred by the reduction in termination rates effective 1 January
- Growth on data traffic volume substantially driven by prepaid usage
  - 73% of total data traffic volume
- Further data growth opportunity imminent as 71% of internet[1] subscribers consumed less than 1GB monthly currently

[1] Refined to excl. unique subs with usage below 50kB /month

Increased demand for affordable smart devices





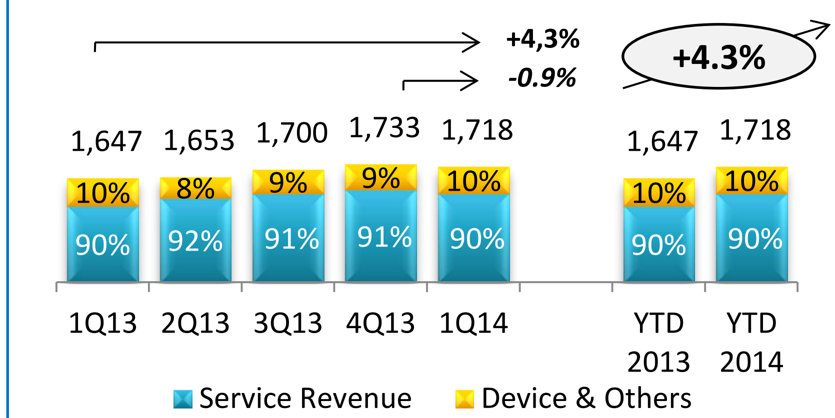
- Sales of handsets and devices driven by a combination of affordable android handsets and iPhones
  - Increased sales volume through prepaid smartphone bundles
- Internet[1] penetration continued to rise steadily to 36.7%, an increase of 7.4 pp y-o-y
- Smartphone penetration remained rather flat at 38.4% due to seasonal churn effects
  - Potential further upside with growing digital services demands and increasingly affordable smart devices choices

[1] Refined to excl. unique subs with usage below 50kB /month

Paved the way to deliver stronger service revenue

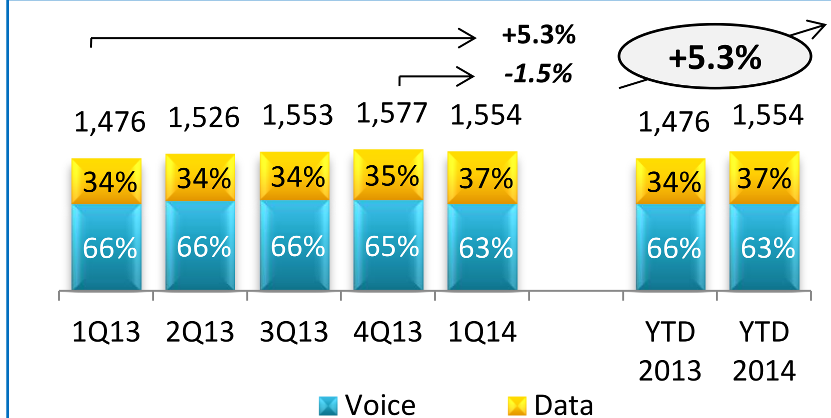
Revenue composition

RM mln

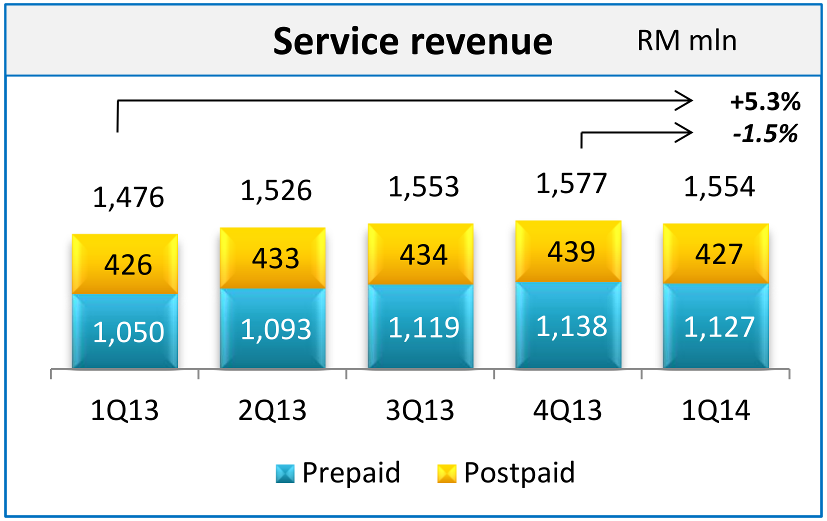


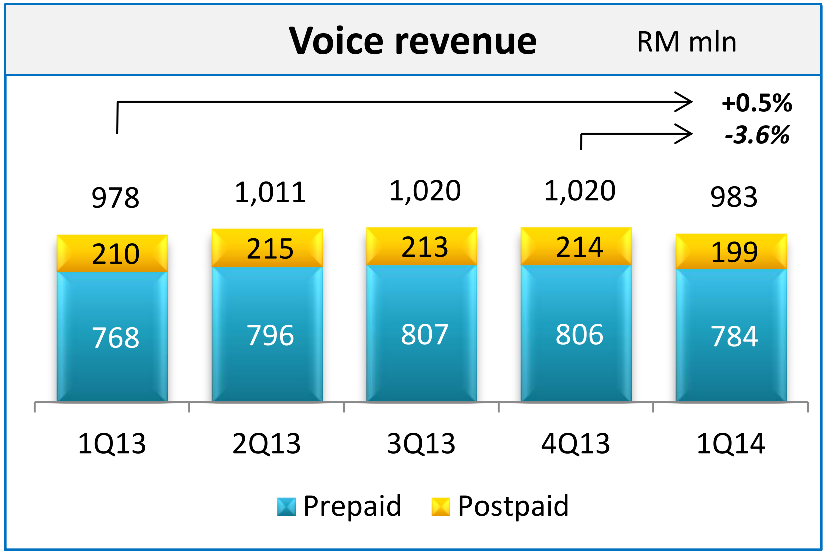
Service revenue composition

RM mln



Service revenue driven by solid momentum on prepaid

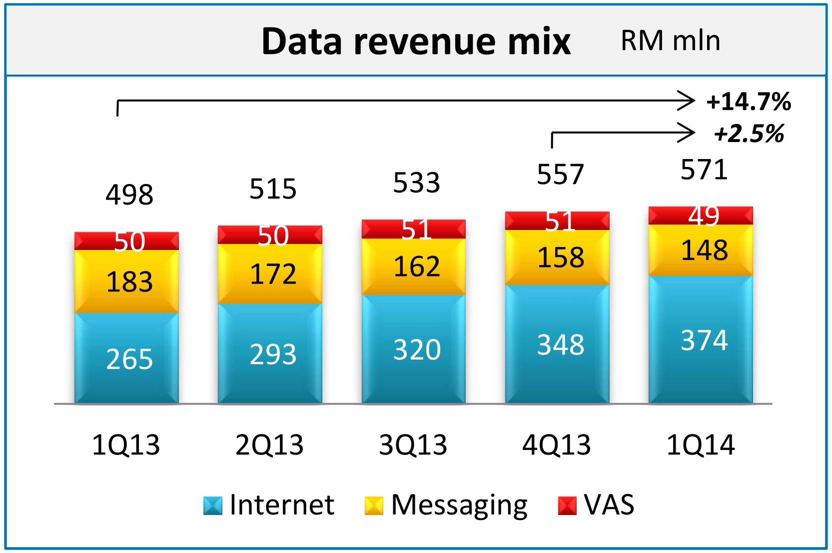


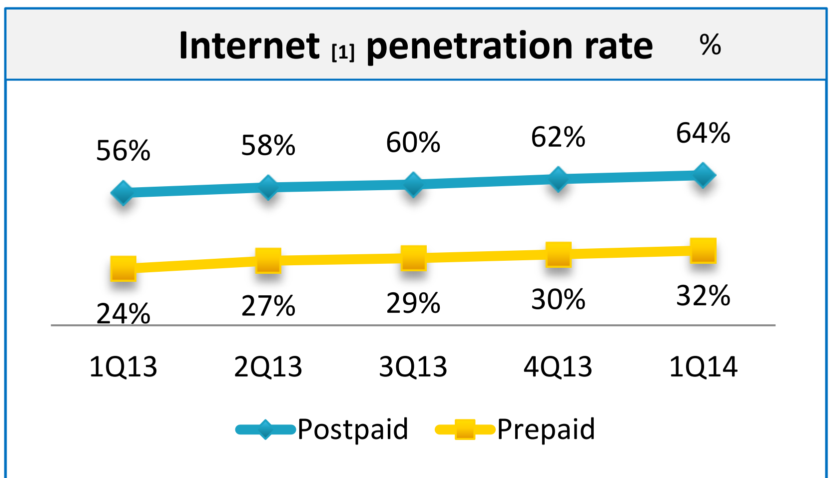


- Service revenue rose 5.3% y-o-y and flat q-o-q on normalised 92-day quarter
- Prepaid service revenue surged 7.3% y-o-y with 1.2% growth q-o-q on normalised 92-day quarter benefited from consistent internet and usage campaigns
- Postpaid service revenue registered negligible y-o-y growth and declined 2.7% q-o-q as a result of flat postpaid demand, seasonally lower voice and roaming traffic
  - Stronger q-o-q growth imminent through strengthened organisation capabilities and new internet bundled plans
- Voice revenue remained challenged by increased internet usage, revised termination rates and shorter traffic days q-o-q, although sufficiently mitigated with incremental internet revenue

1Q 2014

Riding on the waves of *Internet For All*

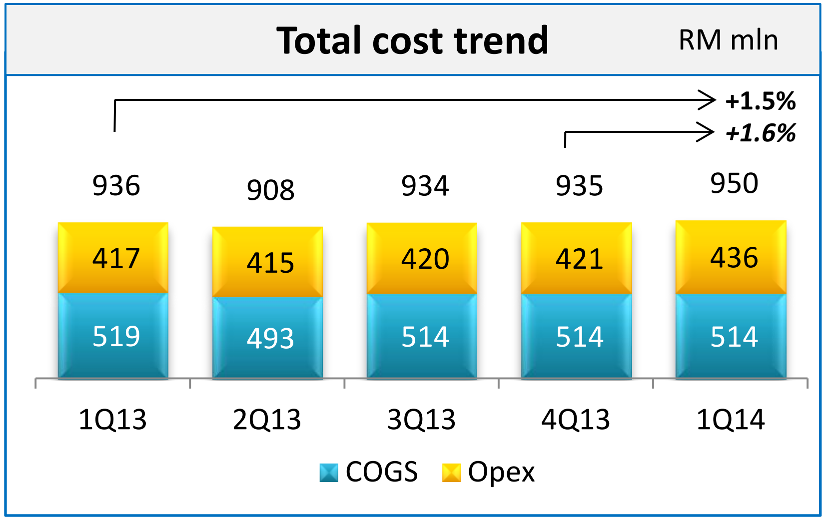


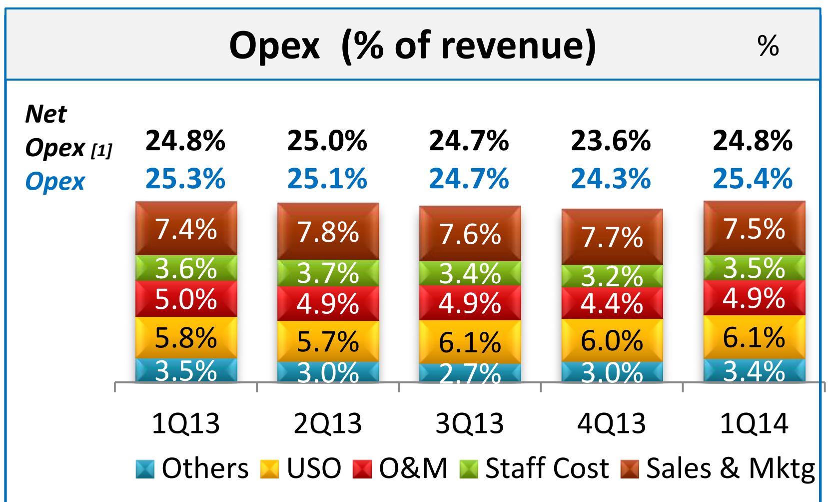


- Internet revenue continued to surge 41.1% y-o-y and 7.5% q-o-q
  - Backed by increased internet usage on stronger data network coverage and quality
- Internet penetration advanced steadily by 2pp q-o-q for both postpaid and prepaid
- Traditional messaging revenue fell 19.1% y-o-y and 6.3% q-o-q, although well cushioned by gains from internet
- Total data revenue gained 14.7% y-o-y and 2.5% q-o-q , strengthening the overall service revenue for the quarter

[1] Refined to excl. unique subs with usage below 50kB /month

Efficient cost structure with good operational execution



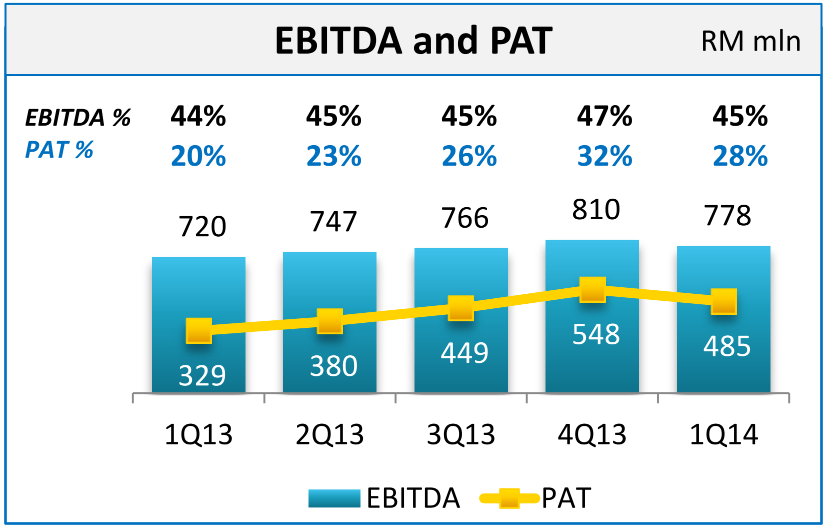


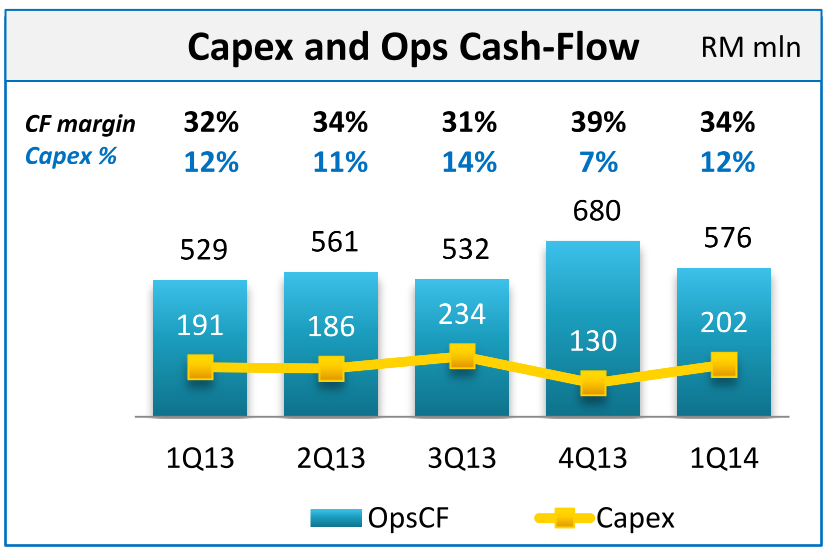
- Stable Cost of Good Sold (COGS)
  - Efficiency secured on IDD cost mitigated foreign currency exposure
- Slightly higher q-o-q opex from
  - continuous network expansion effects on site rental, licenses and utilities expenses
- Both Opex and Net Opex ratios remained resilient y-o-y supported by strong cost discipline and efficiencies from infrastructure modernisation

[1] Net Opex = Opex + Forex/FV changes + Other Income

1Q 2014

Sustained EBITDA margin at 45%



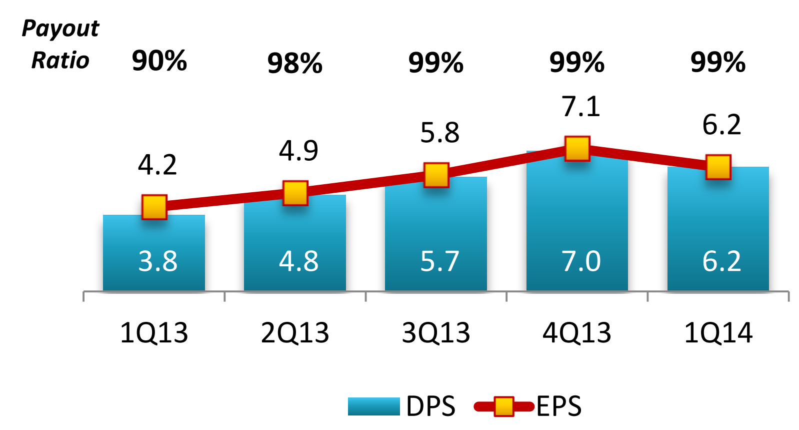


- EBITDA gained 8.1% y-o-y while PAT advanced 47.4% y-o-y
  - supported by stronger service revenue growth and benefited from efficient cost structure
- Q-o-Q EBITDA development affected by seasonal effects on revenue and higher network expansion-related opex
- Capex investment in line with planned network and infrastructure expansion aspirations
- Sites rollout were delivered ahead of schedule to capture growth opportunities
- Ops Cash-Flow remained healthy at 34%

1Q 2014

Sustainable flow of healthy earnings and dividend

EPS and DPS sen



Balance sheet RM mln

	1Q13	2Q13	3Q13	4Q13	1Q14
Total Assets	3,809	3,923	3,788	3,752	3,667
Total Equity	396	480	556	661	602
Interest-bearing debts	928	927	951	749	853
Cash & cash equivalents	579	761	550	411	372

- EPS strengthened 47.6% y-o-y
- Declared 1st interim dividend of 6.2 sen/per share (net), payable on 6 June 2014
  - 68.2% higher dividend y-o-y
  - Equivalent payout of RM482 million or 99.4%
- YTD share price appreciated by 6.45%[1] and reached 52-Week Hi at RM5.43
- Solid balance sheet with low gearing and sizeable cash-pile
  - Net debt/EBITDA within 0.1x
  - On-going drive on capital management efficiency

[1] Updated as at 14 Apr 2014

Tracking well within 2014 ambition and priorities

2014 Guidance

- ✓ **4 – 6% Revenue growth**
- ✓ **Sustain EBITDA margin at 2013 level**

- 1st Quarter performance marked solid head start for 2014 with continuous focus on *Customer First*
- Continue relentless drive on delivering *Best For Internet* aspiration through an integrated plan across customer service, sales and network to support growth
- Leverage on core distribution strength and affordable smartphone demands
- Invest up to RM900 million capex to boost network coverage, quality and IT capabilities with the aim to deliver
  - 86% pop coverage on HSPA+ enabled 3G network
  - 1,500 LTE sites
  - Greater fibre network connectivity through established partnership and collaborations

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Thank you

See you next quarter!

Appendix

1Q 2014

Key operating performance KPIs

(RM mln)	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12	Q-o-Q	Y-o-Y
Subscriber base	10,885	10,995	10,827	10,548	10,372	10,494	10,304	10,229	9,936	-1%	5%
Revenue	1,718	1,733	1,700	1,653	1,647	1,629	1,583	1,580	1,569	-1%	4%
EBITDA	778	810	766	747	720	725	715	752	737	-4%	8%
EBITDA margins	*45%*	*47%*	*45%*	*45%*	*44%*	*44%*	*45%*	*48%*	*47%*	-1.5pp	1.6pp
Depreciation & Amortisation	(118)	(122)	(221)	(247)	(288)	(361)	(307)	(332)	(330)	-3%	-59%
EBIT	660	688	545	500	432	364	408	420	407	-4%	53%
Net finance (costs)/income	(6)	(5)	(6)	(6)	(8)	(4)	(2)	(1)	(1)	20%	-25%
Profit Before Tax	654	683	539	494	424	360	406	419	406	-4%	54%
Taxation	169	135	90	114	95	114	91	95	85	25%	78%
Profit After Tax	485	548	449	380	329	246	315	324	321	-11%	47%
*EPS (sen)	6.2	7.1	5.8	4.9	4.2	3.2	4.1	4.2	4.1	-13%	48%
Prepaid ARPU	41	41	41	42	40	41	41	41	41	0%	2%
Postpaid ARPU	81	83	82	83	82	83	82	85	85	-2%	-1%
Blended ARPU	47	48	48	48	47	47	48	48	49	-2%	0%

Revenue composition

(RM mln)	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12	Q-o-Q	Y-o-Y
REVENUE	**1,718**	**1,733**	**1,700**	**1,653**	**1,647**	**1,629**	**1,583**	**1,580**	**1,569**	**-1%**	**4%**
Service Revenue	**1,554**	**1,577**	**1,553**	**1,526**	**1,476**	**1,492**	**1,470**	**1,470**	**1,459**	**-1%**	**5%**
Voice revenue	983	1,020	1,020	1,011	978	1,004	1,010	1,025	1,011	-4%	1%
Data revenue	571	557	533	515	498	488	460	445	448	3%	15%
Internet	374	348	320	293	265	242	210	191	188	7%	41%
Messaging	148	158	162	172	183	193	194	195	200	-6%	-19%
VAS	49	51	51	50	50	53	56	59	60	-4%	-2%
Device and other revenue	**164**	**156**	**147**	**127**	**171**	**137**	**113**	**110**	**110**	**5%**	**-4%**
Prepaid Revenue	**1,127**	**1,138**	**1,119**	**1,093**	**1,050**	**1,067**	**1,050**	**1,034**	**1,032**	-1%	7%
Voice revenue	784	806	807	796	768	785	792	792	785	-3%	2%
Data revenue	343	332	312	297	282	282	258	242	247	3%	22%
Postpaid Revenue	**427**	**439**	**434**	**433**	**426**	**425**	**420**	**436**	**427**	-3%	0%
Voice revenue	199	214	213	215	210	219	218	233	226	-7%	-5%
Data revenue	228	225	221	218	216	206	202	203	201	1%	6%

1Q 2014

Reported COGS and OPEX

(RM mln)	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12	Q-o-Q	Y-o-Y
COGS	**514**	**514**	**514**	**493**	**519**	**506**	**447**	**442**	**435**	**0%**	**-1%**
Cost of materials	165	151	144	139	182	157	106	105	117	9%	-9%
Traffic charges	349	363	370	354	337	349	341	337	318	-4%	4%
OPEX	**436**	**421**	**420**	**415**	**417**	**400**	**426**	**396**	**403**	**4%**	**5%**
Sales & marketing	129	133	130	129	122	122	134	125	124	-3%	6%
Staff costs	60	57	57	61	60	51	61	61	59	5%	0%
Operations & maintenance	84	76	84	81	83	74	81	58	82	11%	1%
Other expenses	163	155	149	145	152	153	150	152	138	5%	7%
USP fund and license fees	105	104	103	95	96	92	93	96	86	1%	9%
Credit loss allowances	8	7	7	7	6	8	10	8	11	14%	33%
Others	50	44	39	43	50	53	47	48	41	14%	0%
TOTAL	**950**	**935**	**934**	**908**	**936**	**906**	**873**	**838**	**838**	**2%**	**1%**

1Q 2014

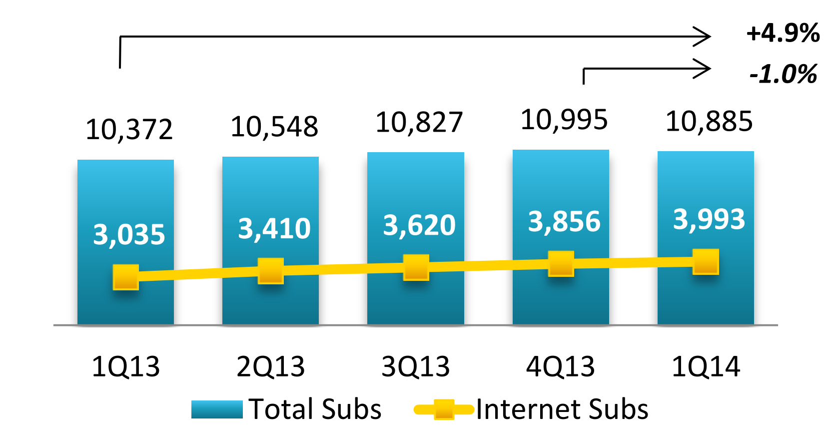
Reported Cash-Flow

(RM mil)	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12	Q-o-Q	Y-o-Y
Cash at start	**411**	**550**	**761**	**579**	**709**	**1,453**	**1,517**	**1,518**	**1,098**	**-25%**	**-42%**
Cash-flow from operations	664	826	616	651	543	542	477	682	637	-20%	22%
Changes in working capital	(68)	(197)	(248)	9	(142)	(110)	55	(59)	47	-65%	-52%
Cash-flow used in investing activities	(192)	(126)	(227)	(180)	(186)	(243)	(137)	(165)	(108)	52%	3%
Capex	(202)	*(130)*	*(234)*	*(186)*	*(191)*	*(255)*	*(150)*	*(177)*	*(118)*	55%	6%
Cash-flow used in financing activities	(443)	(642)	(352)	(298)	(346)	(933)	(459)	(459)	(156)	-31%	28%
Net change in cash	(39)	(139)	(211)	182	(130)	(744)	(64)	(1)	420	-72%	-70%
Cash at end	**372**	**411**	**550**	**761**	**579**	**709**	**1,453**	**1,517**	**1,518**	**-9%**	**-36%**
Operational cash-flow (EBITDA – Capex)	**576**	**680**	**532**	**561**	**529**	**470**	**565**	**575**	**619**	-15%	9.1%
Cash-flow margin	**34%**	**39%**	**31%**	**34%**	**32%**	**29%**	**36%**	**36%**	**39%**	**5.4pp**	**1.6pp**

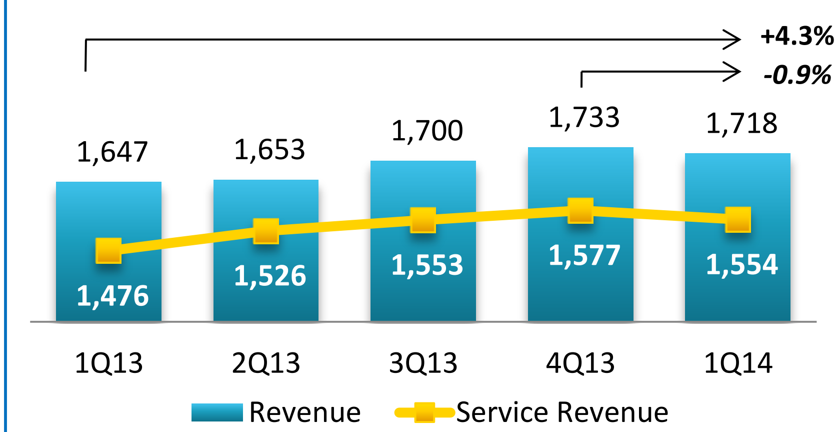
1Q 2014

Performance summary

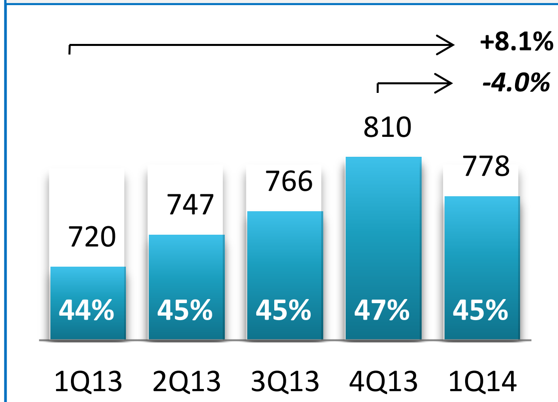
36.7% active internet subscribers [1] '000



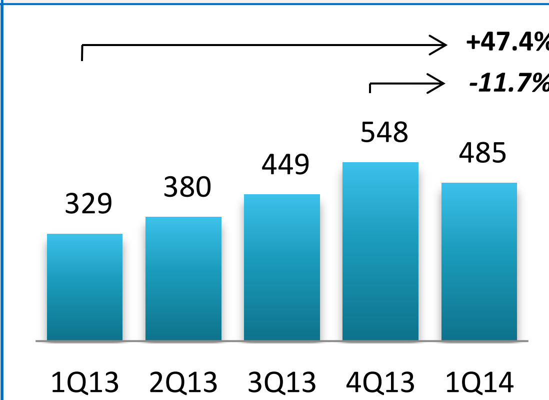
Revenue development RM mln



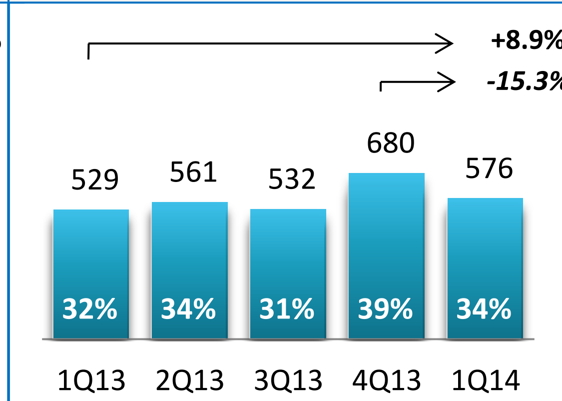
45% EBITDA margin



28% PAT margin



34% Ops Cash-Flow margin



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