

1Q 2016 RESULTS

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Key Highlights
Strategic Focus
Performance Review
2016 Outlook
Q&A

Stronger sequential returns and underlying operational momentum

Operational deliverables



73%

4G LTE
coverage

33%

LTE –A
coverage



7.9 mn

Internet
subscribers

2.9 mn

4G LTE
subscribers



61.3%

Smartphone
penetration

MyDigi

Modernised self-
care capabilities

SOLID POSTPAID REVENUE GROWTH

6.9% y-y and 3.1% q-q

RESILIENT SERVICE REVENUE

RM1,560 million

ROBUST EBITDA

RM704 million @ 43% margin

HEALTHY SHAREHOLDERS RETURN

5.1 sen dividend per share
equivalent to RM397 million or 100% payout
ratio

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Sharpening our strategic focus for sustainable business opportunities

Aims to capitalise on new opportunities from integrated digital services and experiences as the industry transitions from traditional mobile voice and data

2016 –2020

**CUSTOMERS' FAVOURITE PARTNER
IN DIGITAL LIFE**



LOVED BY CUSTOMERS



ENGAGING DIGITAL PRODUCTS



MOST EFFICIENT OPERATOR



WINNING TEAM

*This new journey will require us
to drive growth and digitise our core business,
while acquiring and developing
new capabilities*

70%



30%

Exciting value propositions to tap on Digi's strong 4G LTE network



LOVED BY CUSTOMERS

High quality, user friendly and personalised customer propositions and experiences

The widest 4G LTE coverage. Now this is blazing.
Get the new Mi4i by 4G LTE. Advanced internet on-the-go at any MCDM room.

6% DISCOUNT

KEGEMBRAMAN ADALAH PILIHAN, DAN SEMESTINYA IA PERCUMA!
Dapatkan lebih banyak perkhidmatan dan data percuma sehingga 1GB. Memerlukan perkhidmatan Digi+1111 untuk melanggan.

1.5GB 500MB

500MB 500MB

FREE 1.5GB

JOM BERGEMBRAS!

Beyond Internet

Best Apps & Services

Widest 4G LTE Network

Account Control

- Relentless campaigns leveraging on Digi's strong 4G LTE network presence nationwide and new Digi Postpaid plans
- Postpaid value proposition based on customers' trends including
 - Internet quota rollover and relevant digital services
 - Promotional internet quota top-up options
 - RM10/day worry-free data roaming for social messaging and light data users
- Tactical prepaid reload campaigns with internet quotas
 - Digi Wow reload coupons for IDD calls and internet
 - Prudent steps on products with unsustainable pricing
- Convenience of mobile sales app on smartphones or tablets to support more efficient sim registration and accurate ID verification at customer touchpoints
- 4G LTE-A mobile broadband bundles to complement the growing digital lifestyle of Malaysians

Creating building blocks for integrated digital service ecosystem



ENGAGING DIGITAL PRODUCTS

Integrated digital services and experiences through strong digital positions and ecosystem



Seed funding, regional and global exposure, as well as commercialisation support

Music



All your favourite tracks. All day long.

Video



Watch your way. Non-stop video streaming is finally here.

Games



Google play

Direct Billing for Google Play™

Cloud



Convenient photos and videos storage and free up your phone space

- Partnerships with global and local content providers while relentlessly enhance new capabilities on digital channels to strengthen our customers' journey
 - Wide-range of digital lifestyle services with freedom to enjoy music, video and games of choice and cloud storage for photos
 - Empower customers on MyDigi for real-time access to account monitoring, payment, subscription and personal administration
- Single login solution on Mudah NiagaPro via Mobile Connect for customers to create and manage their digital identity with their mobile number for easy, private and safe log-in
- Pro-active venture for digital verticals opportunities
 - Fast track digital innovation startups through Digi Accelerator programme in collaboration with Dtac and Telenor Myanmar
- Leverage on Telenor Group's digital investment and use of stronger predictive insights and intelligence for contextual offers

Relentless drive for resilience and sustainable growth



MOST EFFICIENT OPERATOR

Drive profitable growth by optimising the way we work, and ensuring future-proof operating models

Tech efficiency

Modernised network & IT

Modernised distribution

New operating model

Sourcing and managed service

Infrastructure collaboration

Efficient use of spectrum

Network	License obtained	Nationwide pop. coverage	No. of subscribers
4G LTE / LTE-A	Dec 2012	73% / 33%	2.9 million
3G	May 2008	88%	7.9 million

- Accelerate technology efficiency, pursue process simplification and deploy new operating models to drive greater efficiency to compete sustainably
- Fastest growing data network with efficient use of spectrum to enrich the lives of more Malaysians and serve the growing internet demand of more than 12.3 million subscribers
- Solid track record and commitment to accelerate national digital ambition while delivering affordable and quality internet services
 - Critical need for fair share of the remaining spectrum bands under review
- Future-ready infrastructure to support Digi's innovative offerings in LTE-Advanced (LTE-A), Voice-over-LTE (VoLTE) and Voice-over-WiFi (VoWiFi)
- Collaboration with edotCo to access over 3,600 network sites nationwide and new built sites to accelerate Digi's network expansion efficiently

Developing TALENTS for our digital journey



WINNING TEAMS

Future ready talents, and culture that inspires everyday innovation

Freedom to Inspire the Next

TALENT

Future Ready Talent

Acquiring future talents and developing current talents to be digitally savvy and future ready

DIGITAL HR

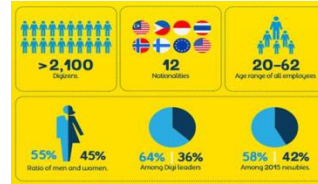
Digital Employee Experiences

Making it easy and hassle free for employees to work at Digi as digital natives/citizens

CULTURE

Business of Innovation 360

A people & customer centric culture that inspires everyday innovation and collaboration



Leverage on diversity to drive digital ambition and develop NextGen digital talents

- 43% female BOD composition

‘Diverse Leadership’ with the Women Inspirational Network (WIN)

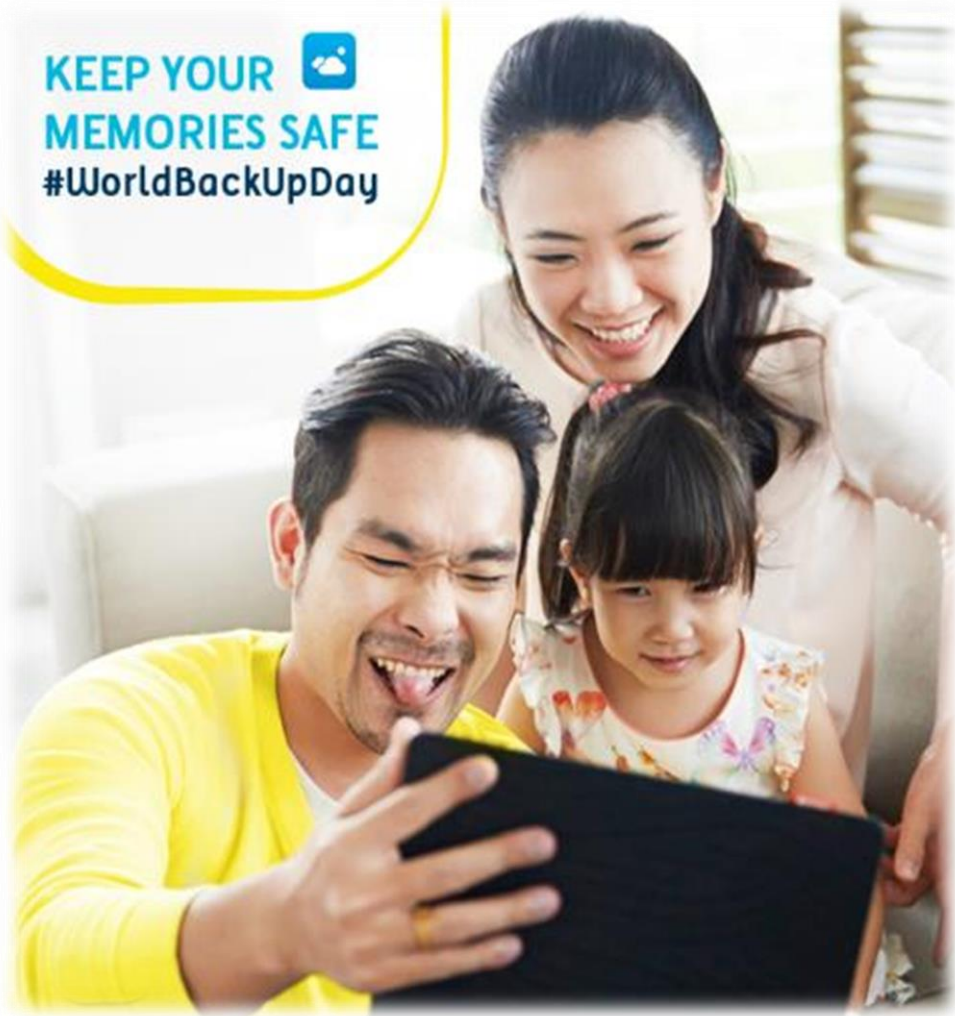


Digi CXO Apprentice program



Telenor Group CEO engaging Malaysian Student Leaders on ‘Leadership in the Age of Digital Disruption’

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Key Highlights

Strategic Focus

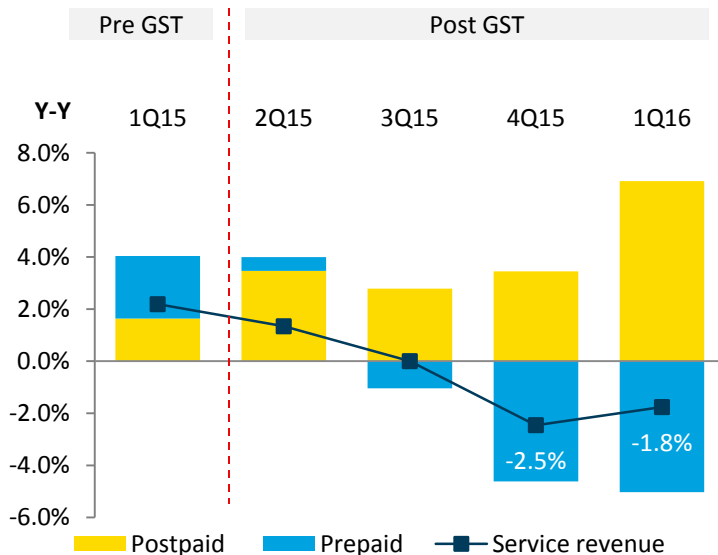
Performance Review

2016 Outlook

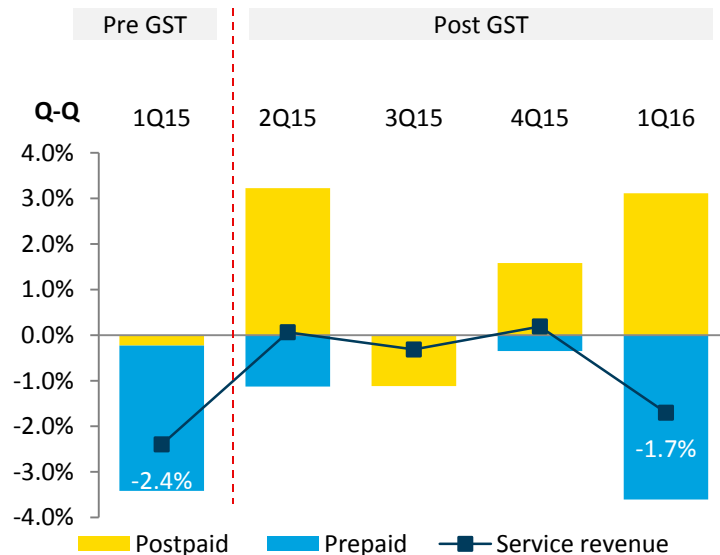
Q&A

Solid postpaid growth bolstered service revenue development

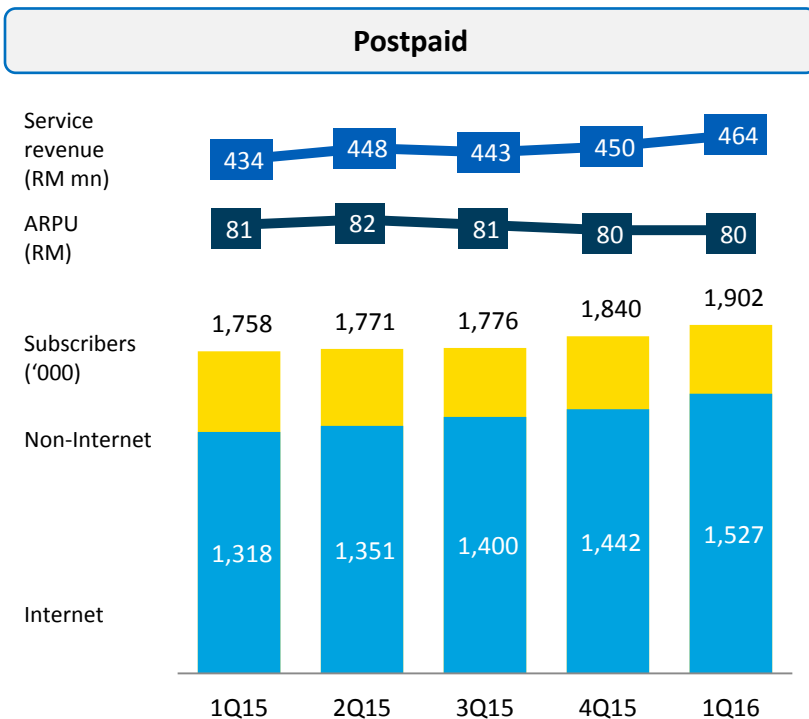
Positive turnaround with narrowing y-y decline to 1.8% from 2.5%



Improved q-q seasonal decline to 1.7% from 2.4%

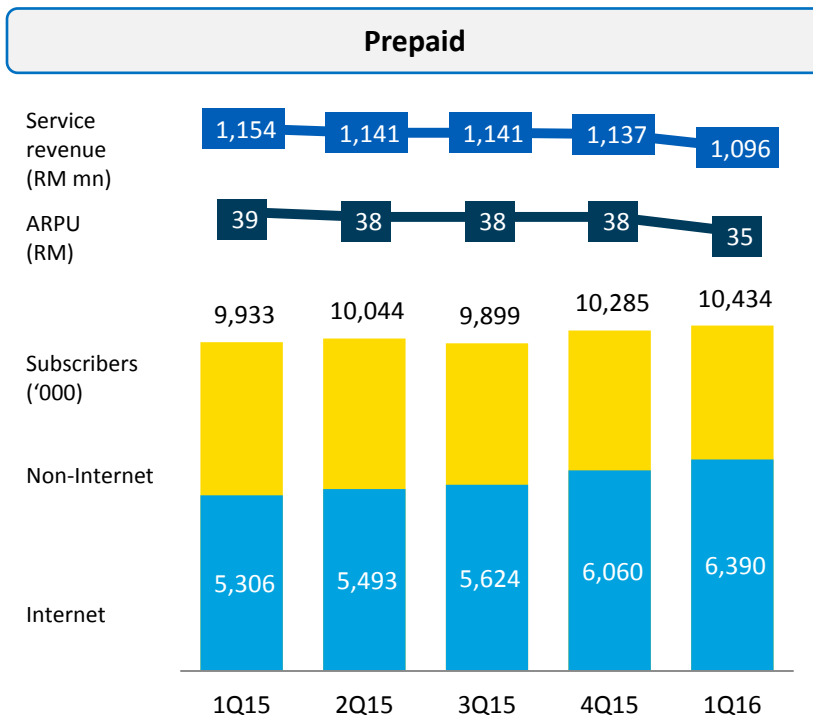


Robust postpaid growth fuelled by stronger data network and new postpaid plans



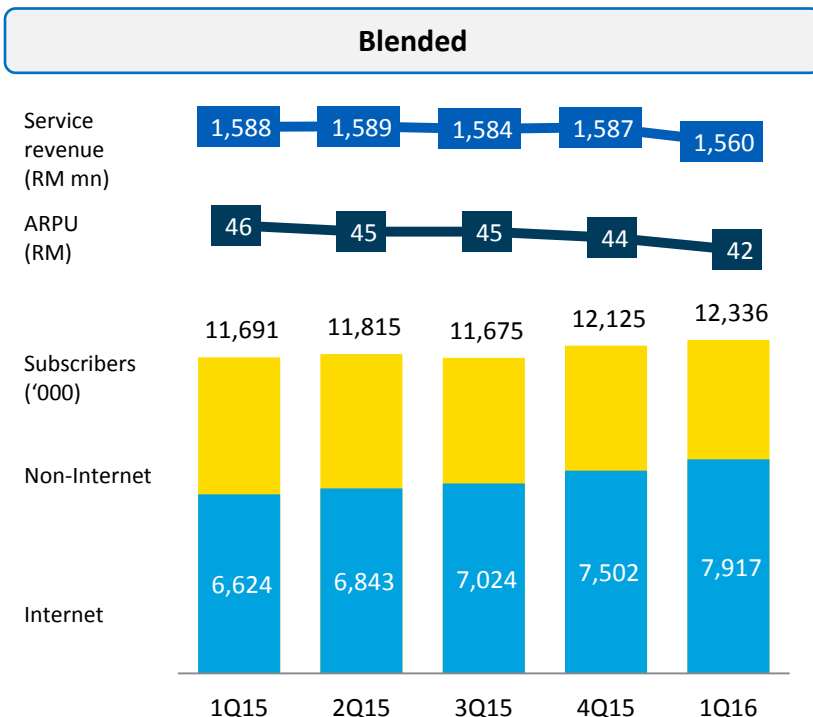
- Continued solid demand for Digi postpaid services from stronger data network and customer centric postpaid offers
- 3.4% q-q and 8.2% y-y growth in postpaid subscribers
 - Strong take-up from sim-only packages, new Digi postpaid plans, prepaid-to-postpaid conversion
 - Steady increase in postpaid internet subscribers to 1.5 million or 80.3%
- Postpaid ARPU stable at RM80 on a growing postpaid subscriber base
 - Resilient against a backdrop of lower entry price, rich internet quotas and unlimited voice plans
 - Increasing internet usage demand well-supported by robust data network coverage and capacity
 - Opportunity for better data monetisation
- Positive trajectory on postpaid service revenue with record growth of 3.1% q-q and 6.9% y-y to RM464 million

Steady prepaid stronghold and growing Malaysian subscribers



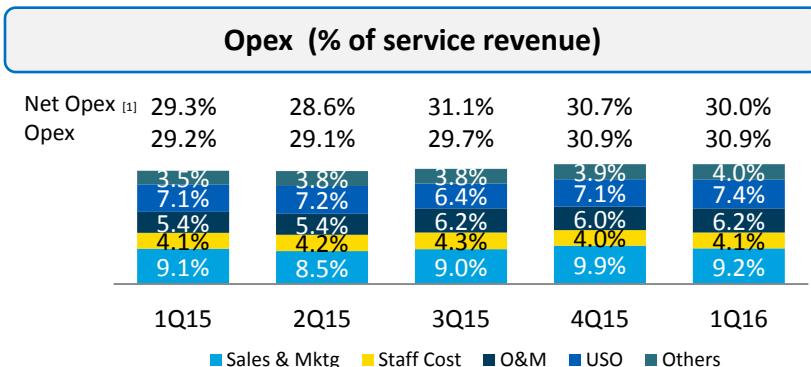
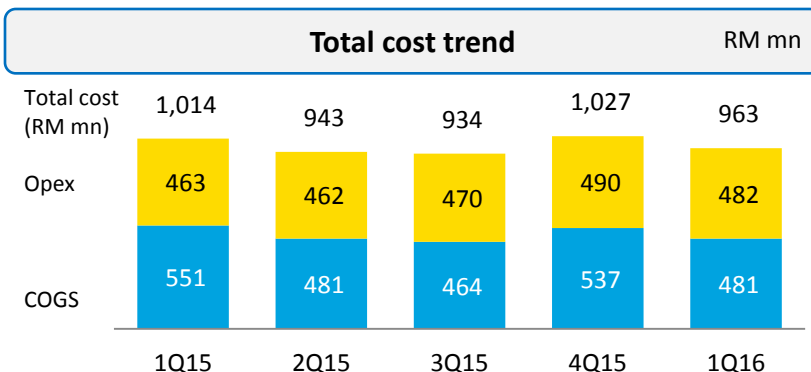
- Prepaid growth remained robust with increasing usage and subscribers although competition intensified with
 - Freebies induced reload campaigns
 - Persistent IDD price competition
- Nonetheless, prepaid stronghold remained steady with increasing Malaysian prepaid subscribers while growing prepaid internet penetration to 61.2%
- Aggressive reload freebies in the market trimmed prepaid ARPU and increased exposure to multi-sim prepaid subscribers
- Consistent with seasonal sequential development in 1Q, prepaid service revenue declined 3.6% sequentially or 5.0% y-y when compared against pre-GST market conditions and healthier competition, a year ago
- Priorities focused on innovative value propositions based on customers' trends and behaviours to stay ahead in the game sustainably

Resilient on core service revenue while growing digital services opportunities



- Internet subscribers increased 5.5% q-q and 19.5% y-y to 7.9 million or 64.2% of total subscribers while smartphone penetration rose to 61.3%
- Steady development on both internet and smartphone penetration contributed to stronger internet revenue to 34.6% of total service revenue, from 31.8% a year ago
- Service revenue resilient at RM1,560 million against aggressive price competition and weak data monetisation
 - Robust postpaid growth momentum cushioned seasonal decline in service revenue and narrowed y-y decline when compared against pre-GST market conditions
- ARPU moderated to RM42 over a larger subscriber base, diluted by higher multi-sim prepaid subscribers

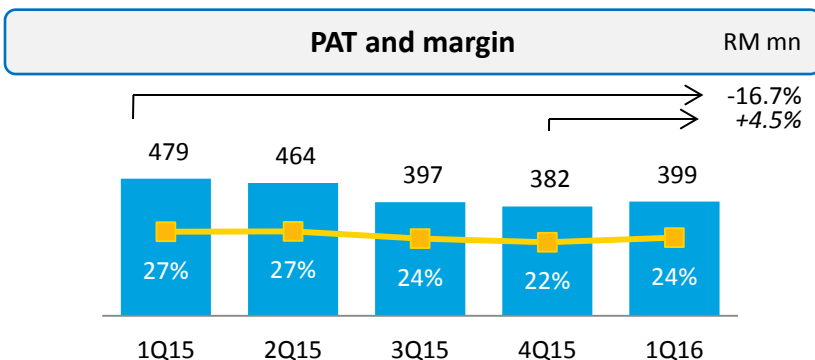
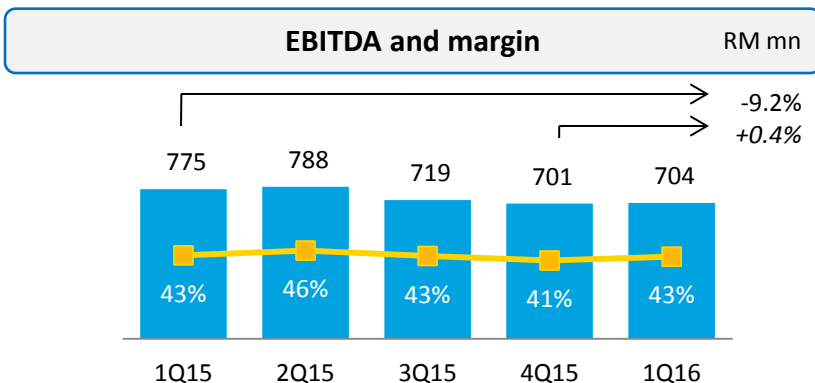
Efficient opex development and improved cost base from lower device sales



- COGS moderated from lower sales of smartphones
 - Increased focus on sim-only packages and shift in demand for more affordable range smartphones
- Traffic cost remained relatively stable sequentially at RM378 million, 17.0% higher from a year ago mainly from higher IDD traffic and cost hike from weaker MYR currency
- Opex to service revenue ratio remained steady at 30.9% on the back of aggressive 4G and 4G LTE-A network expansion and resilient against margins pressure from persistent price competition
- Initiated the review and re-negotiation of major vendor contracts for more sustainable and future-ready operating model
- Operational excellence remained a core priority and discipline for Digi to drive profitable growth and resilience to deliver reliable and affordable services sustainably

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

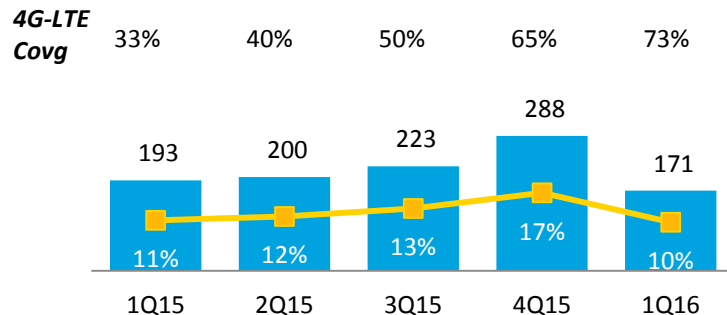
EBITDA and PAT strengthened sequentially



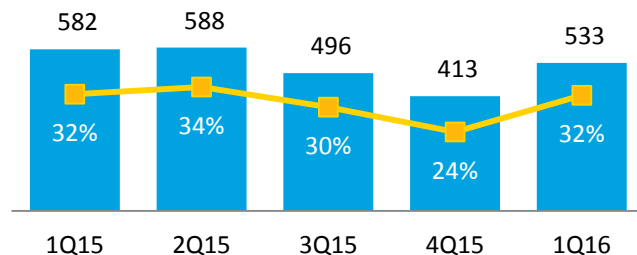
- Relentless drive on operational efficiency and the stronger MYR currency development during the quarter cushioned margins pressure
 - Improved sequential EBITDA to RM704 million or 43% margin
 - Moderated absolute EBITDA from a year ago after persistent intense competition and relatively weaker consumer sentiment against pre-GST market conditions
- Depreciation trimmed 7.7% q-q to RM156 million following the cessation of accelerated depreciation for data centre migration but traced 11.4% higher y-y from continuous investment in stronger infrastructure capabilities
- Consequentially, PAT improved 4.5% q-q to RM399 million although 16.7% lower y-y after accounting for tax rate closer to corporate tax rate

Healthy Ops cashflow margin at 32% with continued investment for growth

Capex and Capex/revenue RM mn

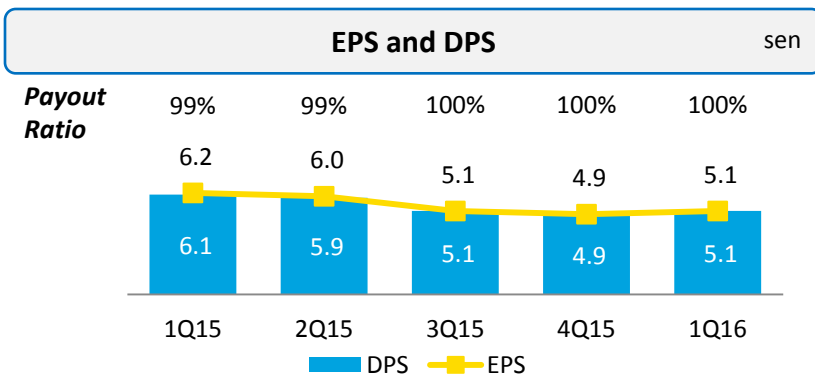


Ops cashflow and margin RM mn



- With a significant portion of the 4G LTE network deployment frontloaded in the final quarter of 2015, capex for the current quarter moderated to RM171 million as planned
- Digi's 4G-LTE network continued to reach many more Malaysians with 73% population coverage nationwide, backed by 6,700 km of fiber network
- 4G LTE-A network reached 33% of population nationwide with deployment focused on key market centres before stretching out to secondary towns
- Ops cashflow strengthened to RM533 million or 32% margin as a flow through from stronger sequential EBITDA and lower capex

Delivered healthy shareholders' returns



Balance sheet RM mn

	1Q15	2Q15	3Q15	4Q15	1Q16
Total Assets	4,143	4,441	4,449	4,662	4,922
Total Equity	606	596	534	519	537
Interest-bearing debts	1,048	1,246	1,296	1,294	1,631
Cash & cash equivalents	357	303	306	234	503

- Sequentially stronger earnings per share (EPS) at 5.1 sen although challenged by intense price competition and weak consumer sentiment
- Close to 100% dividend payout for 1st interim dividend at 5.1 sen per share (net) equivalent to RM397 million, payable to shareholders on 24 June 2016
- Total assets strengthened to RM4,922 million on the back of progressive infrastructure investments and relatively higher cash and cash equivalents from loans drawn down to fund working capital commitments
- Balance sheet remained robust on the back of prudent net debt to EBITDA ratio at 0.4x with continued investments on network and IT infrastructure capabilities to drive growth opportunities

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Positive start for 2016 with more firepower to compete sustainably

Focus on sustainable game-plan to compete in changing market landscape



- Commit to resilient performance although external challenging landscape continues with competition remains intense in both prepaid and postpaid
- Stay focus on delivering the 4 strategic pillars and
 - Drive growth and profitability from core services with the robust 4G LTE network and innovative product value propositions
 - Unlock new capabilities and opportunities from growing digital services demand
 - Prudent approach on data monetisation and drive profitable growth
- Access to fair and balanced spectrum portfolio to continue the journey to empower the nation with affordable and high quality internet services
- Relentless focus on efficient operations across all business value chains
- In 2016, Digi aims to sustain service revenue, EBITDA margin and Capex at 2015 level

Q&A

Heavy or light, roam free of worry.

Choose how you want to roam with Digi in 10 countries, at RM10 or RM36/day - there's always something for your appetite.

Stay in touch even when you're abroad!



AFFORDABLE
Only RM10 for 24 hours



UNLIMITED SOCIAL MESSAGING
Get on WhatsApp, Texter, Facebook Messenger and other messaging apps - all day long



ADDITIONAL SIM QUOTA
Subscribe to this limited-time offer to surf on any sites



LET'S
INSPIRE

The new
**Digi
Postpaid™**

**Your next plan gives
you experiences
beyond Internet.**

➤ **Extra
Internet** ➤ **Internet
Rollover** ➤ **Unlimited
Social**



Thank you
See you next quarter!

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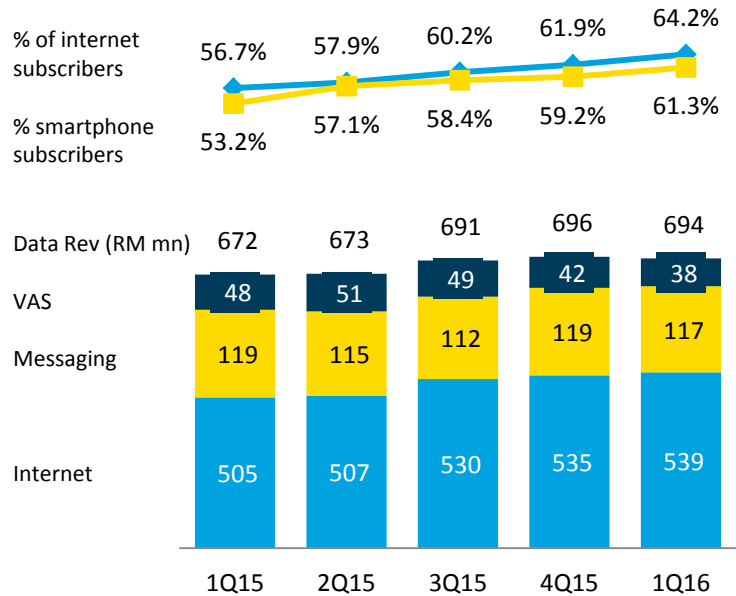
Appendix



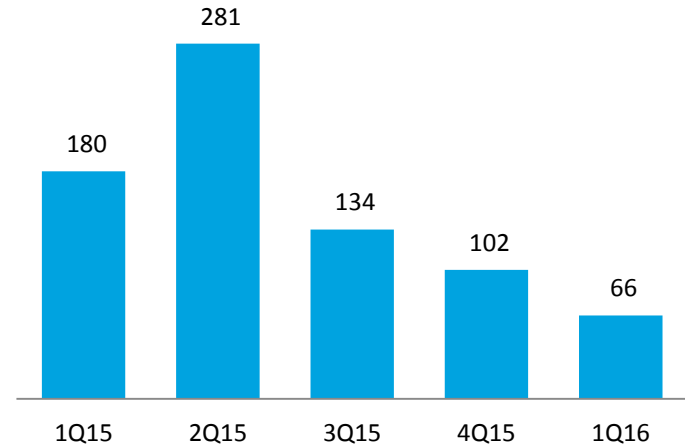
LET'S
INSPIRE

Higher internet and smartphone penetration albeit stronger focus on sim-only plans

Penetration and data revenue



No. of smartphones & devices sold '000



Key operating performance KPIs

(RM mn)	1Q16	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14	2Q14	1Q14	Q-o-Q	Y-o-Y
Subscribers ('000)	12,336	12,125	11,675	11,815	11,691	11,421	11,345	10,903	10,885	1.7%	5.5%
Internet subscribers ('000)	7,917	7,502	7,024	6,843	6,624	6,452	6,011	5,384	5,072	5.5%	19.5%
MOU	217	221	226	240	235	248	252	251	249	-1.8%	-7.7%
Revenue	1,653	1,725	1,675	1,723	1,791	1,799	1,756	1,746	1,718	-4.2%	-7.7%
Service revenue	1,560	1,587	1,584	1,589	1,588	1,627	1,584	1,568	1,554	-1.7%	-1.8%
EBITDA	704	701	719	788	775	801	789	795	778	0.4%	-9.2%
<i>EBITDA margin</i>	43%	41%	43%	46%	43%	45%	45%	46%	45%	2.0pp	-0.7pp
Depreciation & Amortisation	(156)	(169)	(170)	(150)	(140)	(132)	(127)	(115)	(118)	-7.7%	11.4%
EBIT	548	532	549	638	635	669	662	680	660	3.0%	-13.7%
Net finance (costs)/income	(14)	(13)	(12)	(12)	(9)	(9)	(5)	(6)	(6)	7.7%	55.6%
Profit Before Tax	534	519	537	626	626	660	657	674	654	2.9%	-14.7%
Taxation	135	137	140	162	147	100	170	175	169	-1.5%	-8.2%
Profit After Tax	399	382	397	464	479	560	487	499	485	4.5%	-16.7%
EPS (sen)	5.1	4.9	5.1	6.0	6.2	7.2	6.3	6.4	6.2	4.1%	-17.7%
Prepaid ARPU (RM)	35	38	38	38	39	41	41	41	41	-7.9%	-10.3%
Postpaid ARPU (RM)	80	80	81	82	81	83	82	83	81	0.0%	-1.2%
Blended ARPU (RM)	42	44	45	45	46	47	47	48	47	-4.5%	-8.7%

Revenue composition

(RM mn)	1Q16	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14	2Q14	1Q14	Q-o-Q	Y-o-Y
REVENUE	1,653	1,725	1,675	1,723	1,791	1,799	1,756	1,746	1,718	-4.2%	-7.7%
Service Revenue	1,560	1,587	1,584	1,589	1,588	1,627	1,584	1,568	1,554	-1.7%	-1.8%
Voice revenue	866	891	893	916	916	973	957	970	983	-2.8%	-5.5%
Data revenue	694	696	691	673	672	654	627	598	571	-0.3%	3.3%
Internet	539	535	530	507	505	480	449	409	374	0.7%	6.7%
Messaging	117	119	112	115	119	126	131	142	148	-1.7%	-1.7%
VAS	38	42	49	51	48	48	47	47	49	-9.5%	-20.8%
Device and other revenue	93	138	91	134	203	172	172	178	164	-32.6%	-54.2%
Prepaid Revenue	1,096	1,137	1,141	1,141	1,154	1,192	1,153	1,135	1,127	-3.6%	-5.0%
Voice revenue	680	708	713	728	731	777	763	772	784	-4.0%	-7.0%
Data revenue	416	429	428	413	423	415	390	363	343	-3.0%	-1.7%
Postpaid Revenue	464	450	443	448	434	435	431	433	427	3.1%	6.9%
Voice revenue	186	183	180	188	185	196	194	198	199	1.6%	0.5%
Data revenue	278	267	263	260	249	239	237	235	228	4.1%	11.6%

COGS and OPEX

(RM mn)	1Q16	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14	2Q14	1Q14	Q-o-Q	Y-o-Y
COGS	481	537	464	481	551	525	536	524	514	-10.4%	-12.7%
Cost of materials	103	156	98	157	228	197	177	183	165	-34.0%	-54.8%
Traffic charges	378	381	366	324	323	328	359	341	349	-0.8%	17.0%
OPEX	482	490	470	462	463	473	428	432	436	-1.6%	4.1%
Sales & marketing	144	157	142	135	145	140	133	133	129	-8.3%	-0.7%
Staff costs	64	63	68	67	64	72	58	58	60	1.6%	0.0%
Operations & maintenance	96	96	98	85	86	85	76	81	84	0.0%	11.6%
Other expenses	178	174	162	175	168	176	161	160	163	2.3%	6.0%
<i>USP fund and license fees</i>	<i>116</i>	<i>112</i>	<i>102</i>	<i>115</i>	<i>113</i>	<i>112</i>	<i>107</i>	<i>107</i>	<i>105</i>	<i>3.6%</i>	<i>2.7%</i>
<i>Credit loss allowances</i>	<i>14</i>	<i>14</i>	<i>12</i>	<i>8</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>6</i>	<i>8</i>	<i>0.0%</i>	<i>75.0%</i>
<i>Others</i>	<i>48</i>	<i>48</i>	<i>48</i>	<i>52</i>	<i>47</i>	<i>55</i>	<i>44</i>	<i>47</i>	<i>50</i>	<i>0.0%</i>	<i>2.1%</i>
TOTAL	963	1,027	934	943	1,014	998	964	956	950	-6.2%	-5.0%

Cashflow

(RM mn)	1Q16	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14	2Q14	1Q14	Q-o-Q	Y-o-Y
Cash at start	234	306	303	357	526	259	403	372	411	-23.5%	-55.5%
Cashflow from operations	546	535	523	744	551	524	780	770	664	2.1%	-0.9%
Changes in working capital	(77)	72	98	(327)	29	1	93	(65)	(68)	-206.9%	-365.5%
Cashflow used in investing activities	(168)	(280)	(218)	(198)	(189)	(226)	(271)	(191)	(192)	-40.0%	-11.1%
Cashflow used in financing activities	(31)	(396)	(409)	(277)	(561)	(37)	(746)	(483)	(443)	-92.2%	-94.5%
Net change in cash	270	(69)	(6)	(58)	(170)	262	(144)	31	(39)	-491.3%	-258.8%
Effect of exchange rate changes on cash and cash equivalents	(1)	(3)	9	4	1	5	0	0	0	-66.7%	-200.0%
Cash at end	503	234	306	303	357	526	259	403	372	115.0%	40.9%
Capex	171	288	223	200	193	233	276	193	202	-40.6%	-11.4%
Ops cashflow (EBITDA – Capex)	533	413	496	588	582	568	513	602	576	29.1%	-8.4%
<i>Ops cashflow margin</i>	<i>32%</i>	<i>24%</i>	<i>30%</i>	<i>34%</i>	<i>32%</i>	<i>32%</i>	<i>29%</i>	<i>34%</i>	<i>34%</i>	<i>8.3pp</i>	<i>-0.2pp</i>