



result briefing Q2 2011

Henrik Clausen, CEO
Terje Borge, CFO

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For everyone

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Internet For All™

DiGi PREPAID™
Internet Unlimited 15
For those who hate lugging a laptop around, but still need the Internet.
RM15/week
To subscribe, dial *116*1#

DiGi PREPAID™
BlackBerry Prepaid Social
For the sociable ones who are always on-the-go.
RM1/day
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DiGi PREPAID™
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For the ones who only need a little bit of Internet a day.
RM3/day
To subscribe, dial *116*2#

BROADBAND
Discover Day
For those always on the move and already have a fixed broadband line at home.
RM38/month

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Prepaid Internet
For folks who don't need or use the Internet every day.
RM25/SIM pack

SMARTPHONES
DG Smart Plan™
For those who needs more data for their smartphones.
RM68/month

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Always the smarter choice

DiGi Internet™
Internet For All™
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Q2 – strong revenue performance

- ✓ continued strong data growth
- ✓ voice revenue rebounded
- ✓ strong stable quarterly margin
- ✓ high operating cash-flow on low capex
- ✓ 30 sen/share net 2nd interim dividend



DiGi Music Play

SMARTPHONE Specials

Enjoy free music downloads on unlimited mobile Internet.

All for RM63/month*

Get real smart value with the world's best smartphones, free unlimited music and DG Smart Plan™.

The smarter plan for smartphones.

HTC Incredible S
RRP RM4499 Now RM1199
EPP 24-month RM122.05*

BlackBerry Bold™ 9780
RRP RM1799 Now RM999
EPP 24-month RM113.70*

HTC Sensation
RRP RM4299 Now RM1399
EPP 24-month RM130.35*

LG Optimus Black
RRP RM4699 Now RM799
EPP 24-month RM105.35*

HTC Wildfire S
RRP RM4499 Now RM499
EPP 24-month RM92.85*

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

Surf SMART RM63* Monthly unlimited internet plan	Call SMART No minimum call usage	Save SMART 100% rebate Unlimited internet plan	30 days FREE DiGi Music Play™ SMS ON MUSIC to 2020
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Add on RM10/month to enjoy BlackBerry® Internet Service.

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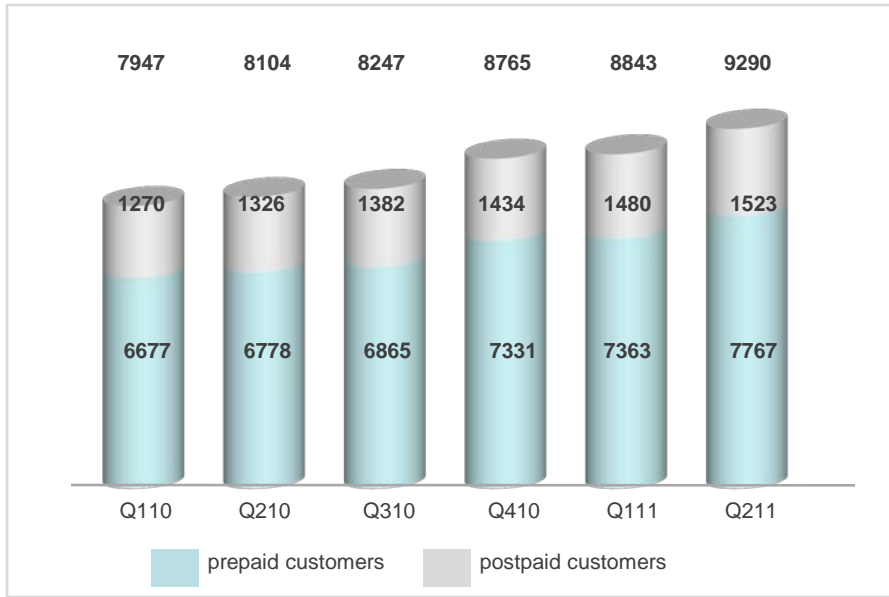
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Q2 financial highlights

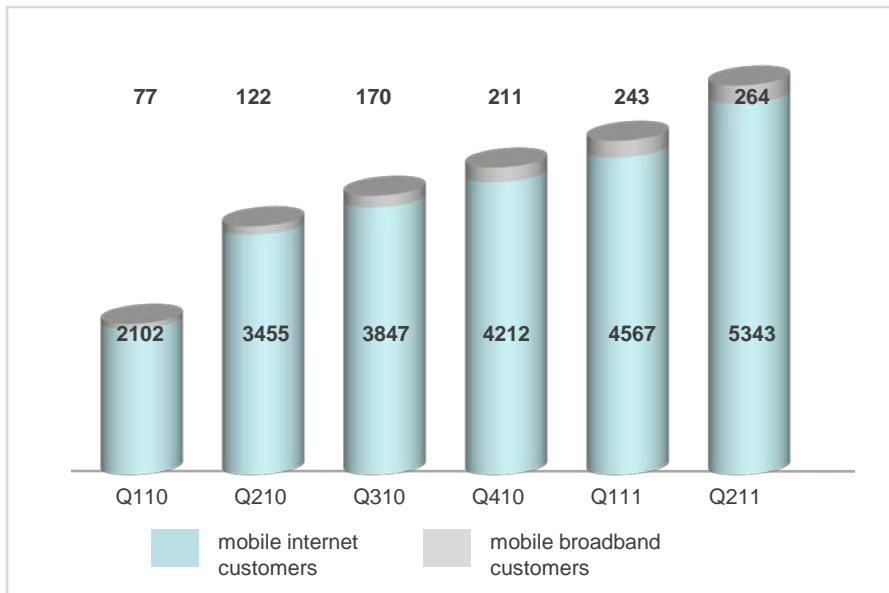
- ✓ +2.6% q-o-q revenue growth
- +10.0% y-o-y growth
- ✓ 45.8% EBITDA margin
- 45.9% YTD EBITDA margin
- ✓ -28.7% q-o-q PAT decline
- 15.1% y-o-y decline
- ✓ RM597 mil OpCF
- 40.7% OpCF margin





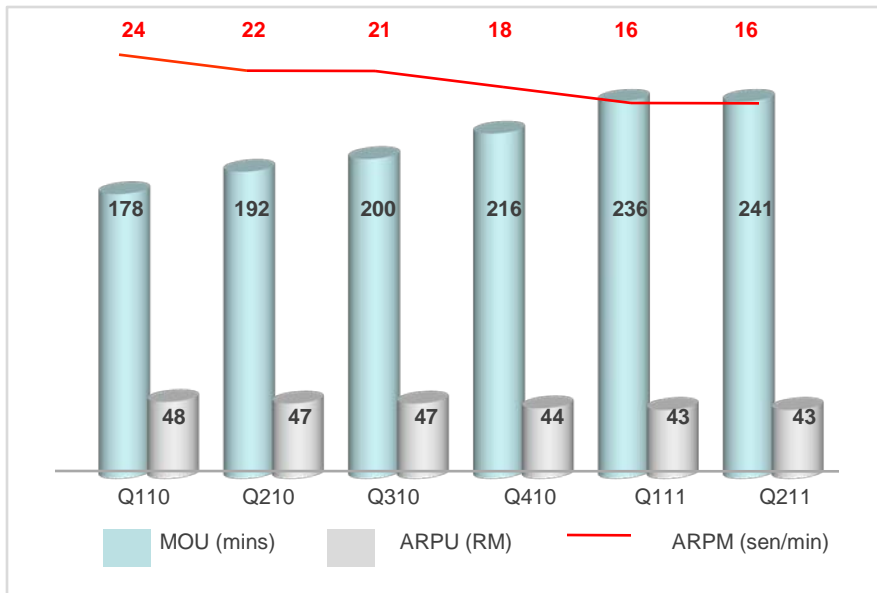
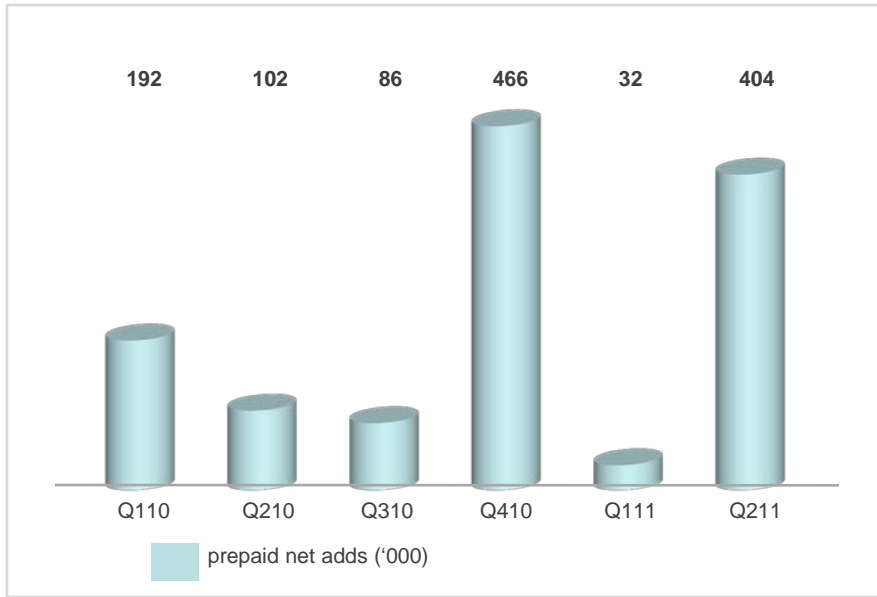
Healthy customer growth

- added 447k new customers on strong prepaid acquisition momentum
- small screen users up by 776k to >5.3 million of which 21k are new broadband customers



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



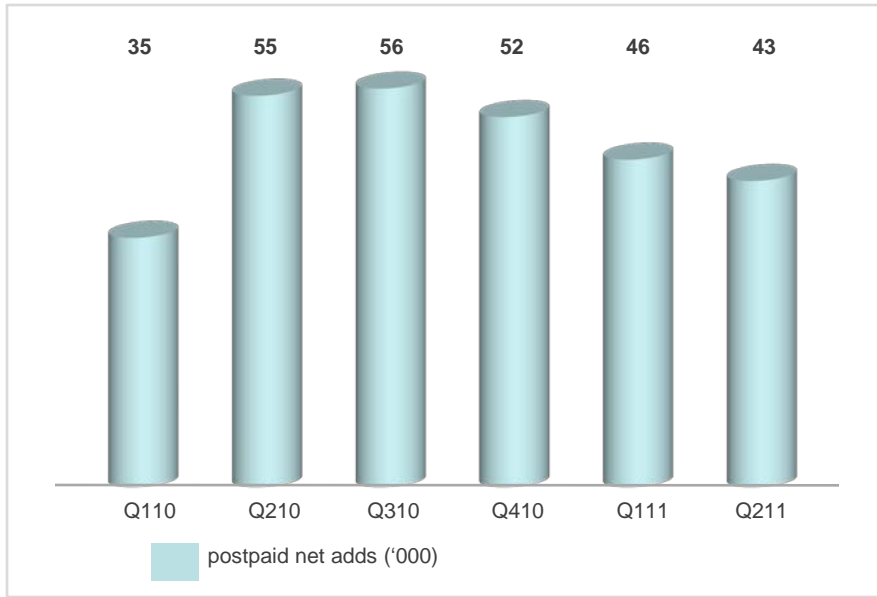


Prepaid momentum driven by strong value propositions

- higher net adds from improved DiGi Easy Prepaid sales combined with lower rotational churn
 - added 404k new prepaid customers of which 15k are new prepaid mobile broadband users

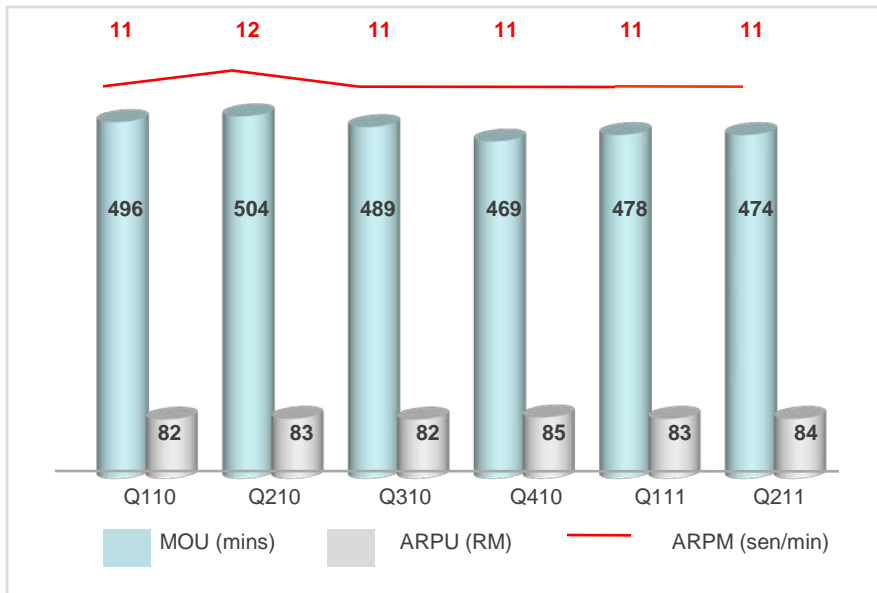
- prepaid ARPU holding up on stable ARPM & higher data ARPU

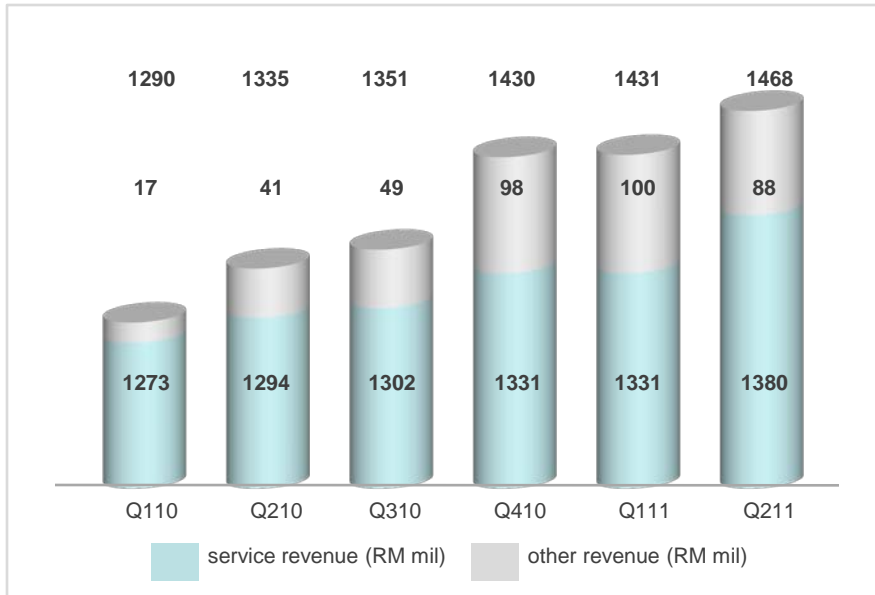




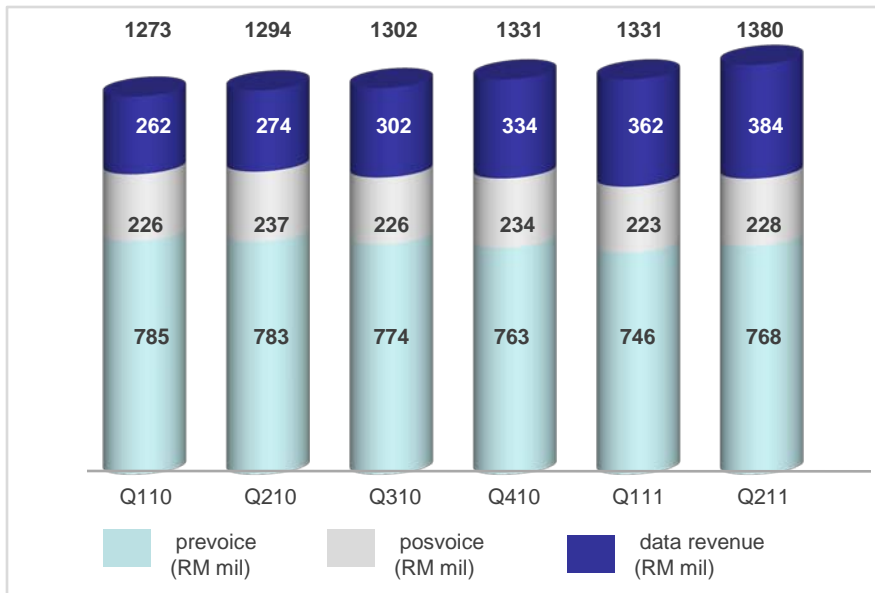
Maintaining good momentum on Postpaid

- added 43k new postpaid customers of which 6k are broadband customers
- lower broadband net adds this quarter due to limited coverage expansion & increased competition
- ARPU holding up on higher data ARPU





* handset sales included in other revenue



Data contribution increasing & voice revenue rebounded

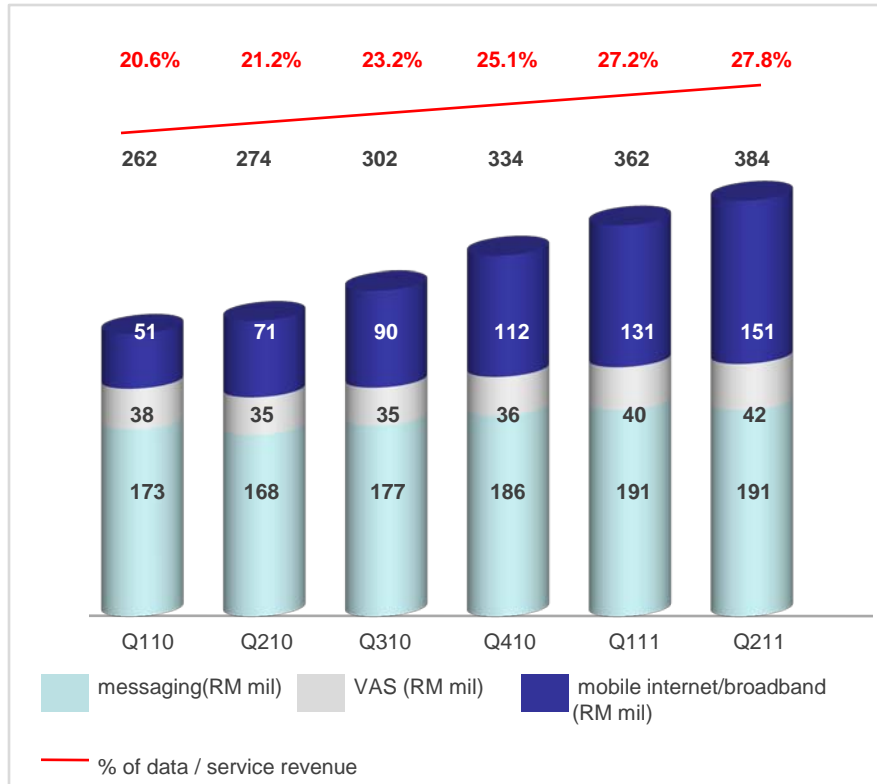
- +3.7% q-o-q service revenue growth
 - +6.1% data revenue growth
 - +2.8% voice revenue growth

- revenue improvement driven by increased usage & larger subscriber base

- slightly lower handset sales this quarter

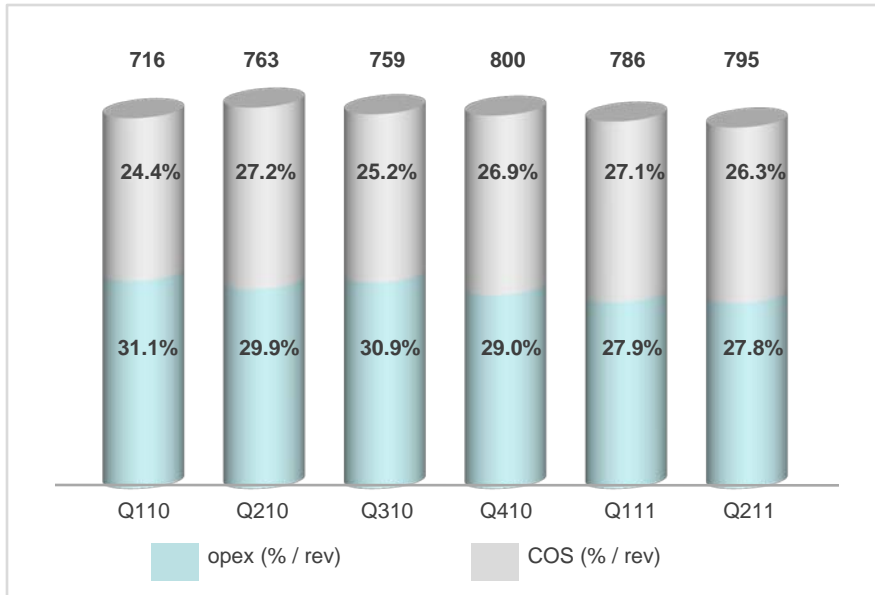


“Internet For All” driving strong data monetization

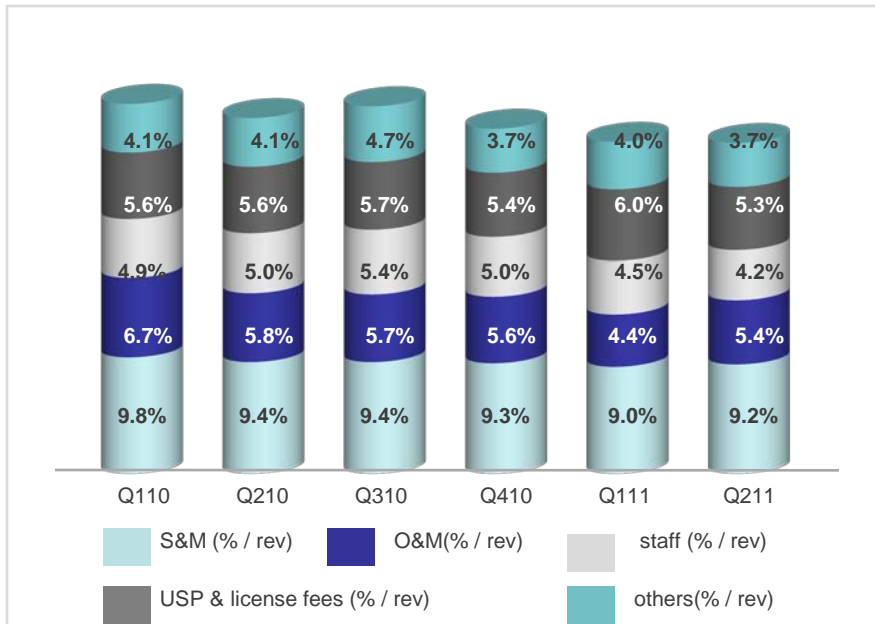


- +6.1% q-o-q data revenue growth and +40.1% y-o-y growth
- growth drivers:
 - “Internet For All” proposition
 - “Super Reload” - innovation to drive prepaid usage
 - smart bundling
- ~17% overall customers are smart-phone users





* numbers at the top refers to total cost for the respective quarters in RM million

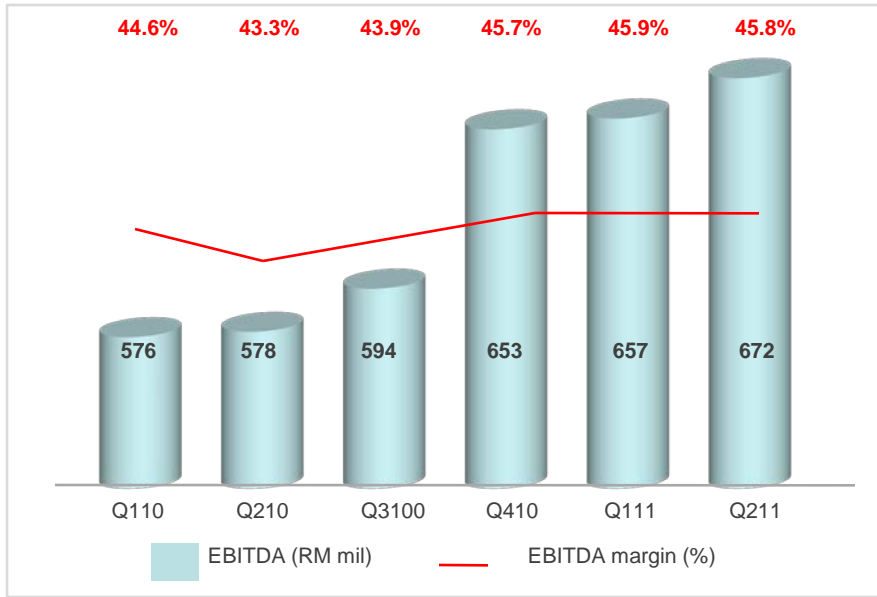


Costs remained fairly stable

- slight increase in absolute total cost base this quarter
 - mainly driven by normalisation of O&M expenses this quarter

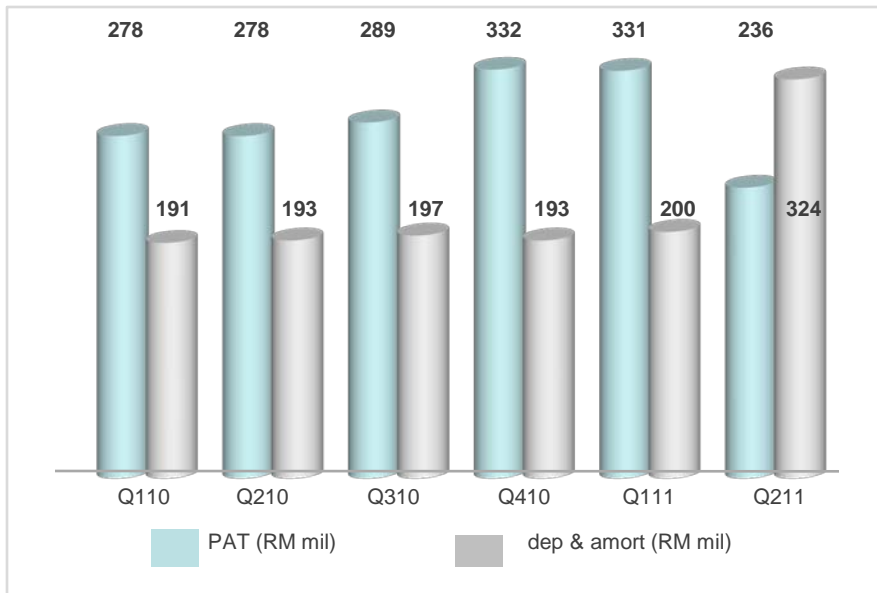
- stable absolute cost of sales q-o-q:
 - higher traffic off-set by lower handset costs

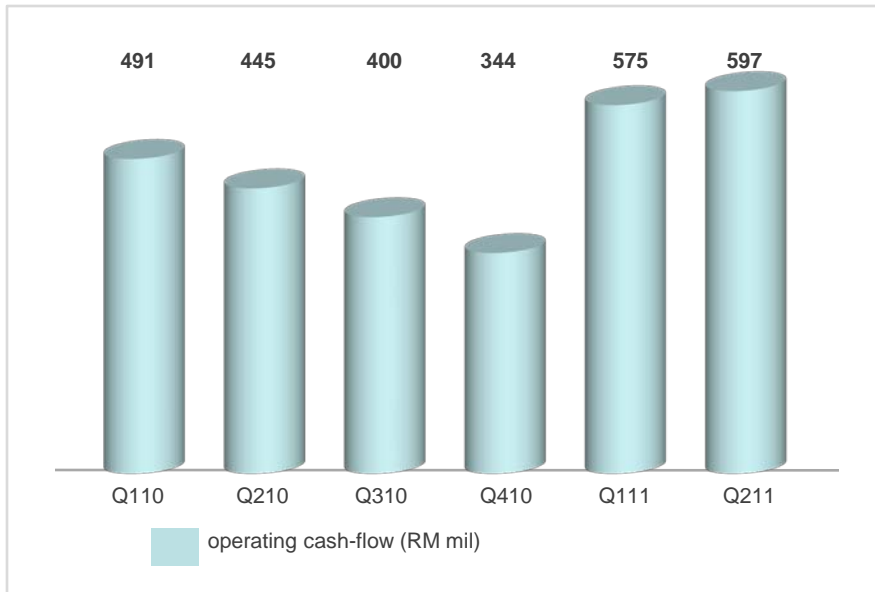
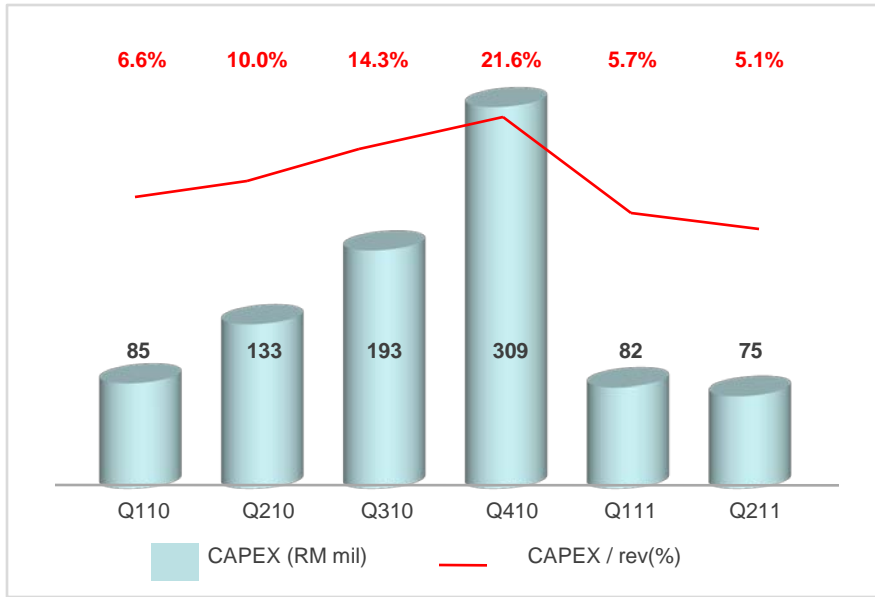




Improving EBITDA

- +2.2% q-o-q improvement in EBITDA & stable EBITDA margin
- PAT impacted by accelerated depreciation & one-off higher finance costs related to redemption of Medium-Term Notes (MTNs)



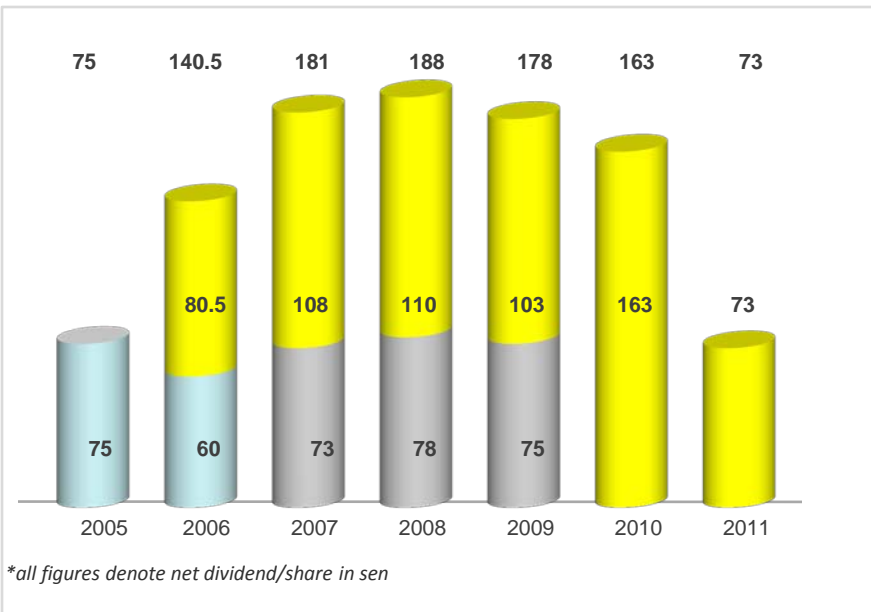


Network transformation on track

- network collaboration
 - good progress on site consolidation (initial phase)
 - on track to achieve estimated savings
 - exploring additional initiatives to increase savings; further updates next two quarters

- network modernisation
 - completed all planning & commenced testing
 - RAN swap to start in Sept/Oct; end 2012 completion on track
 - fully enabled LTE- network will facilitate quick LTE services roll-out when spectrum is available





Focus on improving shareholder returns

- recent MTNs redemption part of debt & cash-flow rationalization
- continuing to explore capital management initiatives
- high cash balance remains; pending payment of regulatory-related expenses

(RM mil)	Q211	Q111	2010	2009
Interest-bearing debts	1,023.5	1,023.2	1,023.0	921.8
Cash & equivalents	1,015.7	1,000.2	850.6	440.7
Payout ratio	98.7%	101.0%	100.0%	138.3%

(RM mil)	Q211*	2010	2009	2008
Total Return to Shareholder (TRS)	18.0%	12.0%	0.7%	-12.1%
ROE	75.9%	87.5%	65.8%	60.1%

•Q211 TRS for the first six months of 2011 (simple share price appreciation) (source: Bloomberg)

•Q211 ROE annualised



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World's First QWERTY
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RRP RM2099 **DiGi Exclusive**
RM1399 HTC
Desire HD
World's Best
Android Phone

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

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Surf SMART	Call SMART	Save SMART	Roam SMART
RM68.23 <small>Monthly unlimited Internet plan</small>	No minimum call usage	100% rebate <small>Unlimited Internet plan*</small>	RM36 <small>30 day Unlimited Internet Roaming**</small>

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Internet Done Right™

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Phone rate is for first 6 months and includes RM40 rebate on auto-billing.

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Updates

- Regulatory
 - spectrum



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The smarter plan for smartphones.

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HTC Incredible S
RPP E644-990
RM **499**
Best for Social Networking
EPP 24-month RM92.85**

Nokia X7
RPP E644-990
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Best for Gaming & Entertainment
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HTC Incredible S
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Best HD Features
EPP 24-month RM122.05**

BlackBerry Bold
RPP E644-990
RM **999**
Best QWERTY BlackBerry
EPP 24-month RM113.70**

LG Optimus Black
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Best Display Screen
EPP 24-month RM105.35**

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2011 outlook – status quo

- **Key priorities**
 - keep growth momentum
 - drive cost improvements
 - optimise OpCF & shareholders' value

- **Guidance**
 - high single digit revenue growth
 - improve margins
 - capex around 10% lower than 2010
 - targeting higher OpCF



Appendices



Y-o-Y key numbers

	Q22011	Q22010	Q-o-Q vs 2010
Customer base	9.3 mil	8.1 mil	+14.8%
Revenue	RM1,468 mil	RM1,335 mil	+10.0%
EBITDA	RM672 mil	RM578 mil	+16.3%
EBITDA margin	45.8%	43.3%	+2.5pp
PAT	RM236 mil	RM278 mil	-15.1%
Operating cash-flow	RM597 mil	RM445 mil	+34.1%

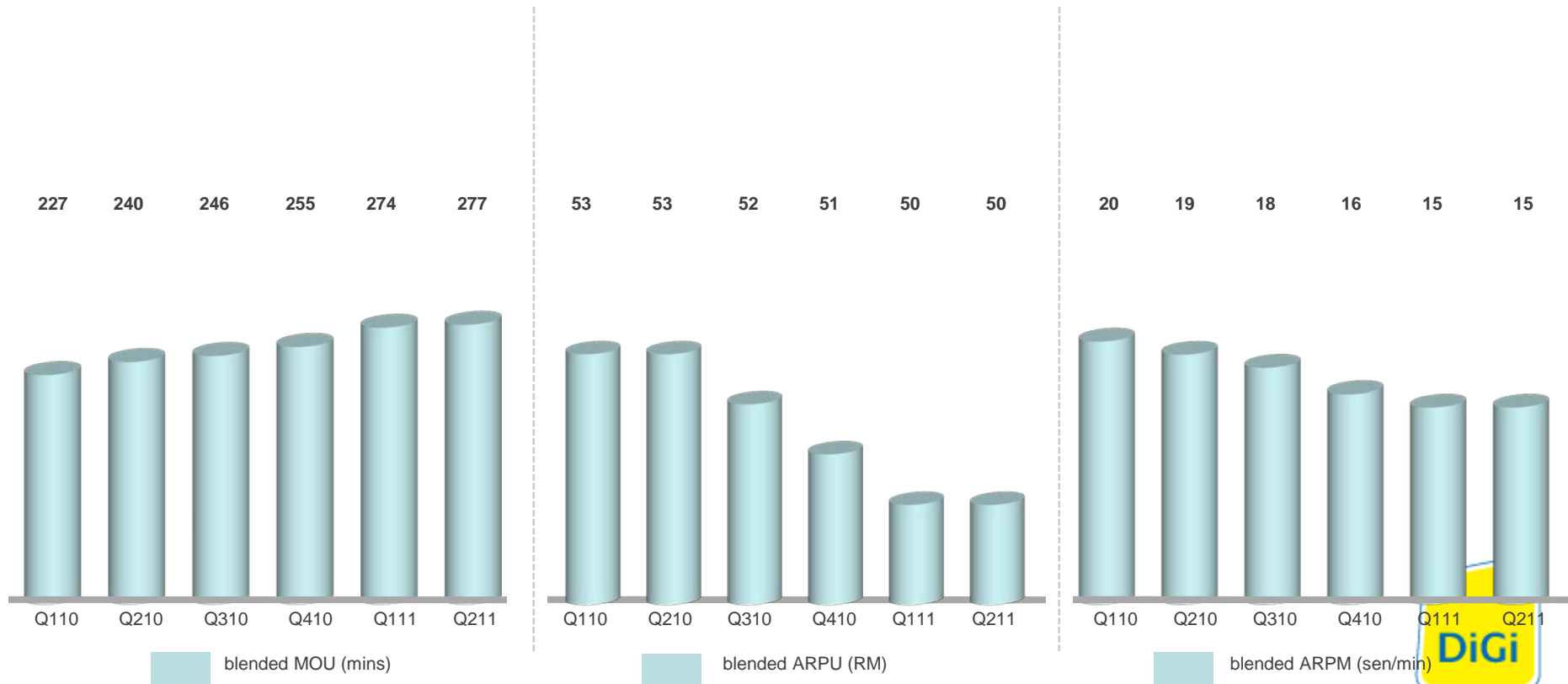


Y-o-Y key numbers

	Q22011	Q22010	Q-o-Q vs 2010
Prepaid ARPU	RM43	RM47	-8.5%
Postpaid ARPU	RM84	RM83	+1.2%
Blended ARPU	RM50	RM53	-5.7%
Prepaid Revenue	RM986 mil	RM949 mil	+3.9%
Postpaid Revenue	RM395 mil	RM345 mil	+14.5%
Data Revenue	RM384 mil	RM274 mil	+40.1%



Blended MOU, ARPU & ARPM



Reported P&L

(RM mil)	Q211	Q111	Q410	Q310	Q210	Q110
EBITDA	671.9	657.2	653.4	593.8	578.4	575.8
Depreciation & Amortisation	(323.8)	(200.5)	(193.3)	(196.7)	(192.7)	(190.6)
EBIT	348.1	456.7	460.1	397.1	385.7	385.2
Net finance (costs)/income	(22.8)	(9.5)	(9.8)	(6.7)	(7.7)	(6.7)
- <i>finance costs</i>	(30.6)	(15.4)	(15.7)	(12.9)	(12.9)	(10.2)
- <i>interest income</i>	7.8	5.9	5.9	6.2	5.2	3.5
PBT	325.3	447.2	450.3	390.4	378.0	378.5
Taxation	(89.0)	(115.8)	(118.2)	(101.1)	(99.6)	(100.2)
PAT	236.3	331.4	332.1	289.3	278.4	278.3
EPS (sen)	30.4	42.6	42.7	37.2	35.8	35.8



COS & OPEX breakdown

(RM mil)	Q211	Q111	Q410	Q310	Q210	Q110
COS	386.4	387.4	384.8	341.1	363.7	314.6
- cost of materials	90.9	96.1	96.6	49.1	56.5	15.5
- traffic charges	295.5	291.3	288.2	292.0	307.1	299.1
OPEX	408.2	398.8	414.7	418.0	398.9	401.8
- sales & marketing	134.7	128.2	133.2	127.2	125.9	126.5
- staff costs	61.5	63.7	71.5	72.4	66.8	63.2
- operations & maintenance	79.9	63.0	80.4	76.8	77.5	86.9
- other expenses	132.1	143.9	129.6	141.6	128.7	125.2
• USP fund and license fees	77.3	85.4	77.2	77.5	74.6	72.3
• credit loss allowances	10.9	6.7	8.2	18.4	14.3	18.0
• others	43.9	51.8	44.2	45.7	39.8	34.9
TOTAL	794.6	786.2	799.5	759.1	762.6	716.4



Cash-flow

(RM mil)	Q211	Q111	Q410	Q310	Q210	Q110
Cash at start	1000.2	850.6	888.8	680.4	682.5	430.2
Cash-flow from operations	609.4	593.5	427.9	486.6	529.4	494.3
Changes in working capital	(193.1)	(32.2)	169.7	172.6	(31.0)	59.1
Cash-flow used in investing activities	(63.3)	(74.2)	(222.4)	(178.8)	(128.4)	(81.2)
- Capex	(74.6)	(81.8)	(308.6)	(194.1)	(133.2)	(84.6)
Cash-flow used in financing activities	(337.5)	(337.5)	(413.4)	(272.1)	(372.1)	(219.9)
Net change in cash	15.5	149.6	(38.2)	208.4	(2.1)	252.3
Cash at end	1,015.7	1,000.2	850.6	888.8	680.4	682.5
Operational cash-flow <i>(EBITDA – Capex)</i>	597.3	575.4	344.9	399.7	445.2	491.2

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