



**Investor Update**  
**Q312 Earnings Conference Call**

# Agenda

---

Quick summary

---

Financials

---

Updates & Outlook

---

Q&A

---



NEW

## DG Prepaid SmartPlan™

### The smarter prepaid plan for smartphones.

For as little as a RM10 reload, surf, call and SMS with zero commitment and zero surprise charges.



The all-in-one Internet, Calls and SMS prepaid plan for smartphones.

**4X More**

Internet + Calls + SMS  
with every reload

**0 Commitment**

Reload only when  
you need to

**0 Surprise  
Charges**

No nasty  
after-quota charges

Terms and conditions apply.

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



Always the  
smarter choice



## Q3 - challenging quarter

- ✓ moderate q-o-q revenue growth from *'lost revenue opportunities'*
- ✓ EBITDA margin at guided level
- ✓ high dividend payout
  - ✓ 4.0 sen net/share 3<sup>rd</sup> interim dividend
  - ✓ 8.0 sen net/share special dividend

Be Creative. Be Expressive.  
**Samsung GALAXY Note II**

ONLY  
RM

**1,399**

with DG Smart Plan™ 88 (24-month)

Pre-Order Now!



## ‘lost revenue opportunities’

- arising from ongoing network modernisation
  - *prolonged post-swap optimisation; particularly in the Klang Valley*
  - *mainly impacting voice revenues*
  
- estimated revenue impact RM40 million – RM50 million in Q3:
  - *lower net adds from cautious acquisition approach & higher churn*
  - *less rated traffic & delay in 3G site roll-outs*
  
- regaining momentum moving into Q4
  - *mitigation measures implemented; improvement since September*

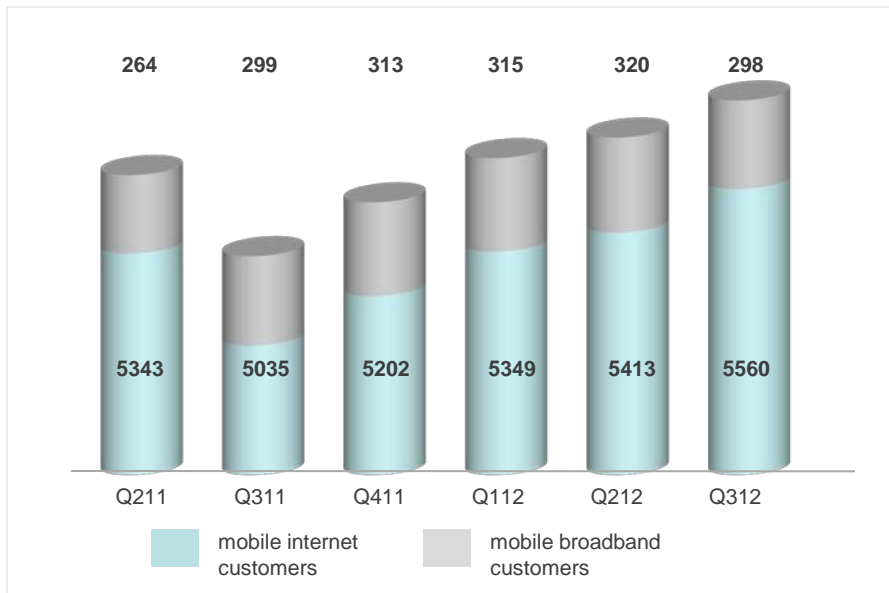
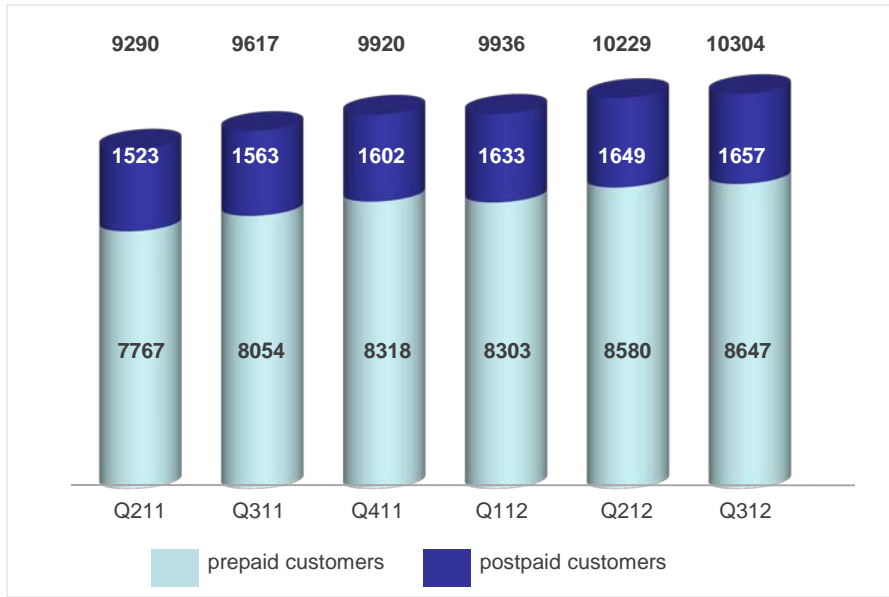


## Q3 - financial highlights



- ✓ +0.2% q-o-q revenue growth  
*+7.1% YTD*
- ✓ 45.2% EBITDA margin  
*46.6% EBITDA margin YTD*
- ✓ -2.8% q-o-q PAT growth  
*+11.8% YTD*
- ✓ RM565 mil OpCF  
*+1.4% YTD*

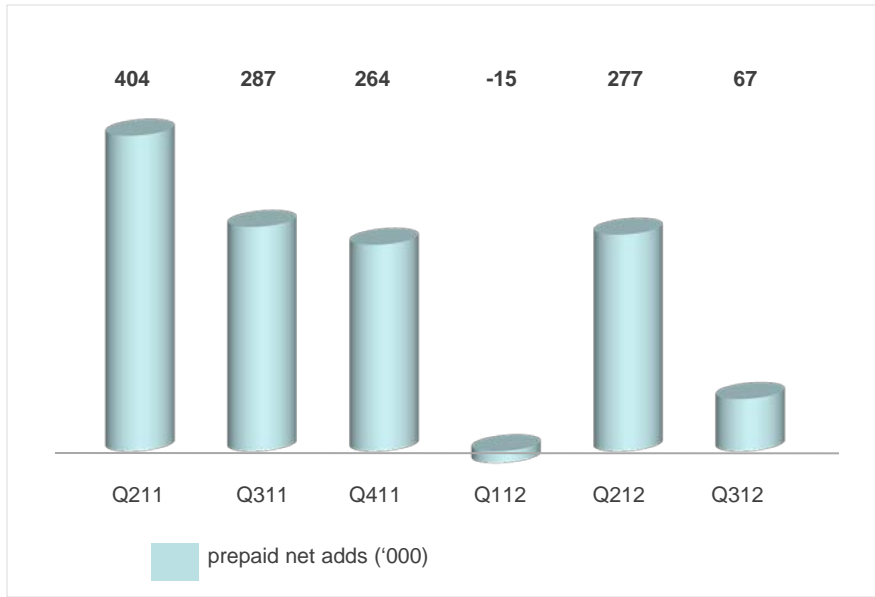




## Modest net adds in Q3: Prioritizing customer usage experience

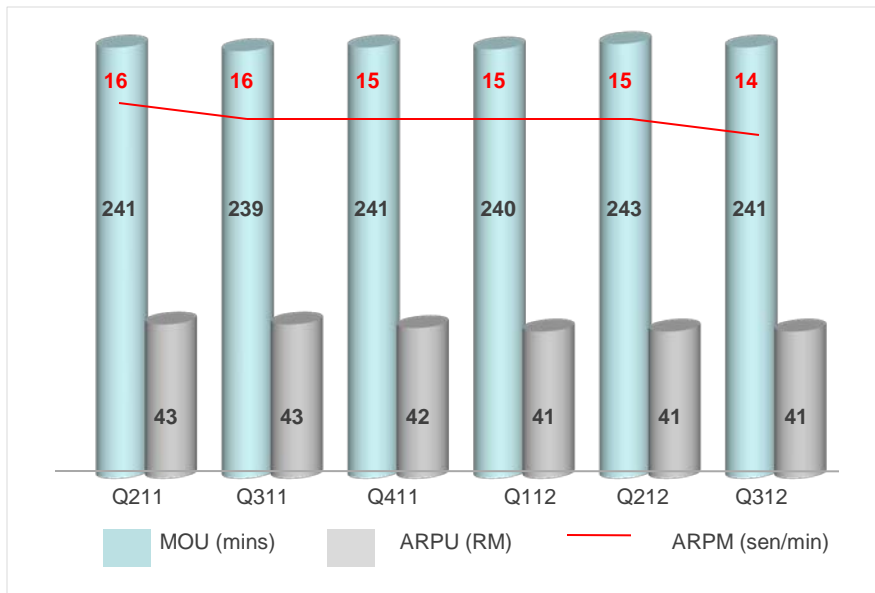
- aligned customer acquisition pace with ongoing network swap & optimisation program
- added 75k new customers of which:
  - 67k are new prepaid customers
  - 8k are new postpaid customers
- ~5.6 million small screen users

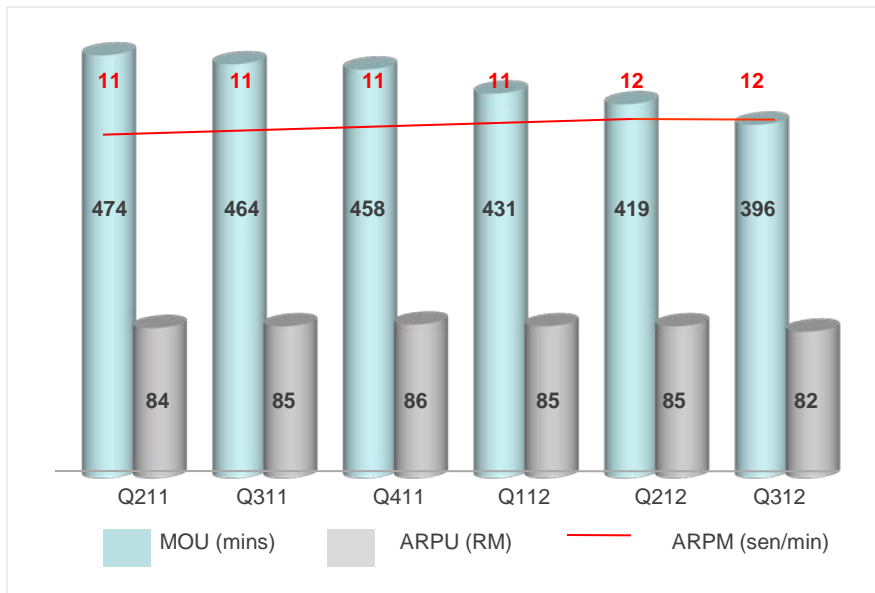
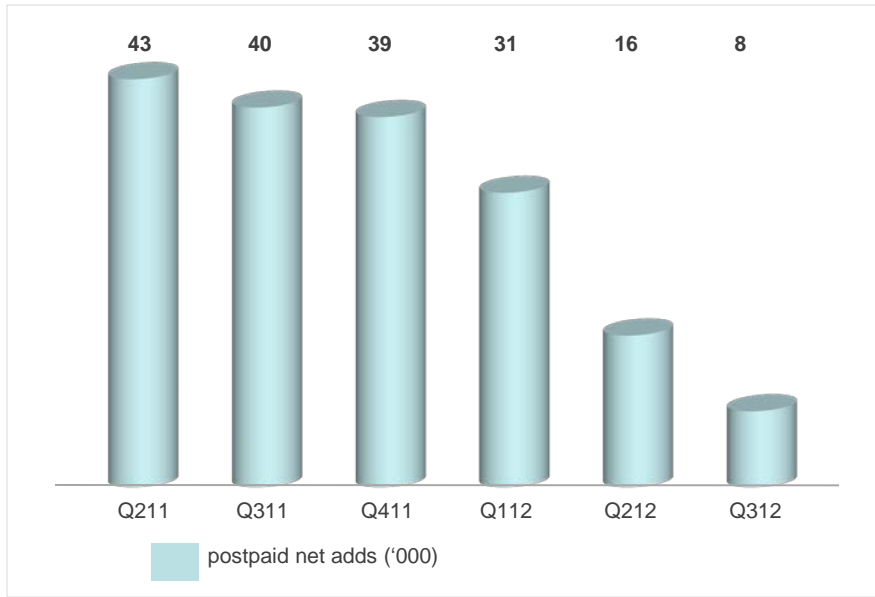




## Stable prepaid performance in a competitive environment

- added 67k new prepaid customers, all in core prepaid
  - *launched refreshed prepaid plans*
  - *higher churn in Q3*
  
- stable q-o-q ARPU & ARPM; driven by new usage & reload campaigns
  
- stronger momentum on net adds expected going forward



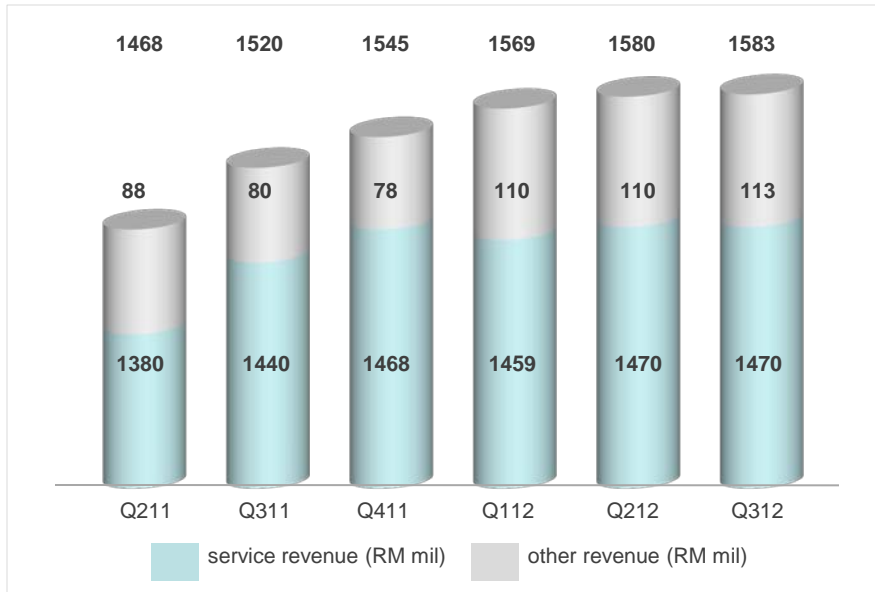


## Subsidized device bundles driving postpaid acquisition/retention

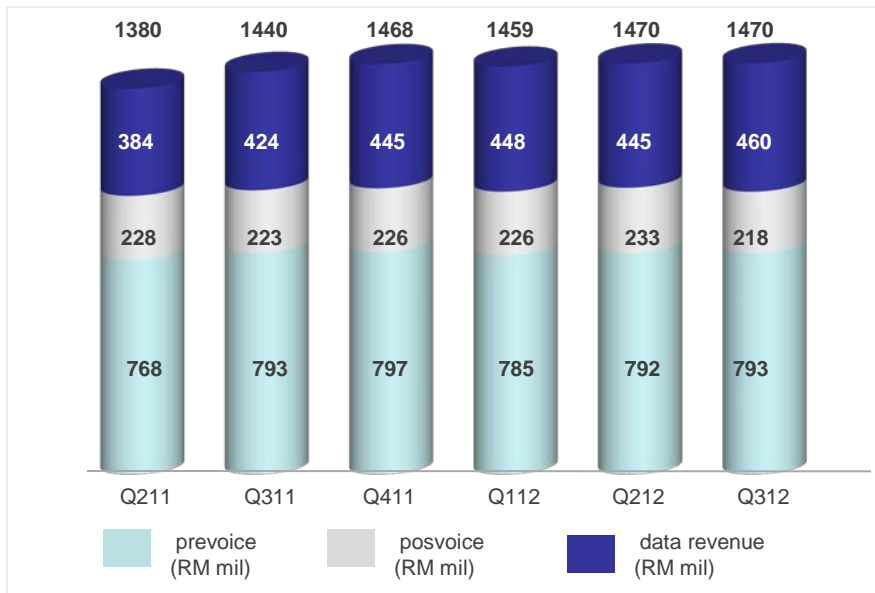
- added 8k new customers; all in core postpaid
  - *ongoing focus on re-contracting higher-end customers*
  
- q-o-q ARPU and MOU decline on network related issues & festive business closures
  
- expects improved subscriber & revenue momentum going forward on the back of wider network coverage, quality & capacity improvements







\* handset sales included in other revenue

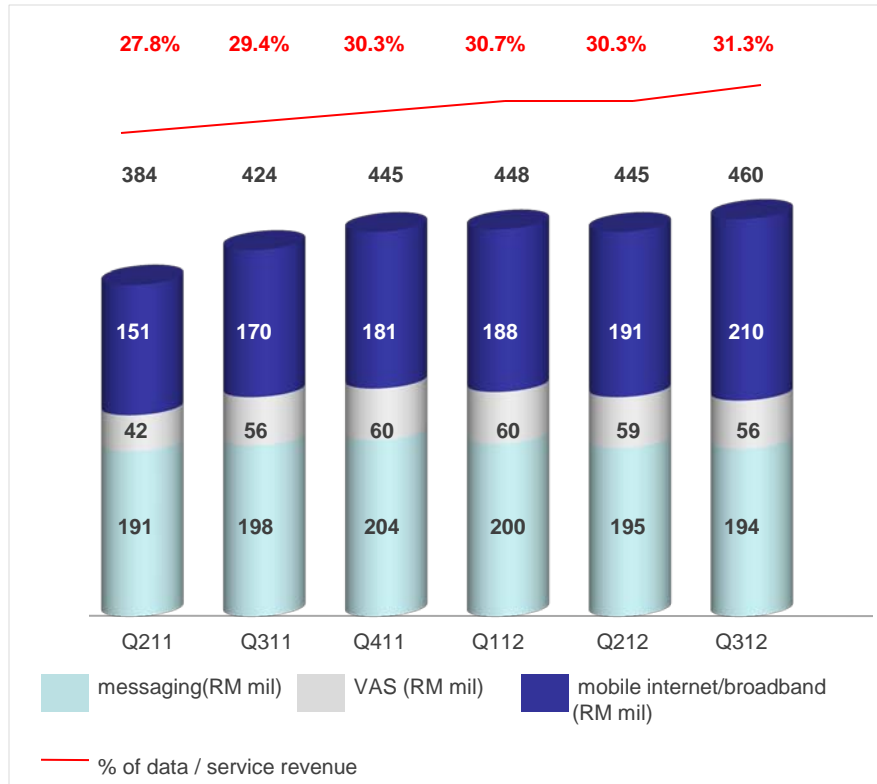


## Total revenue up by 0.2% in Q3

- Q3 service revenue driven by data revenues; voice revenues slightly lower than previous quarter
- handset revenues in-line with previous quarter
- ‘lost revenue opportunities’
  - from ongoing network modernisation
  - delayed roll-out of new 3G sites
- expects better revenue momentum in Q4 from network improvement & seasonality

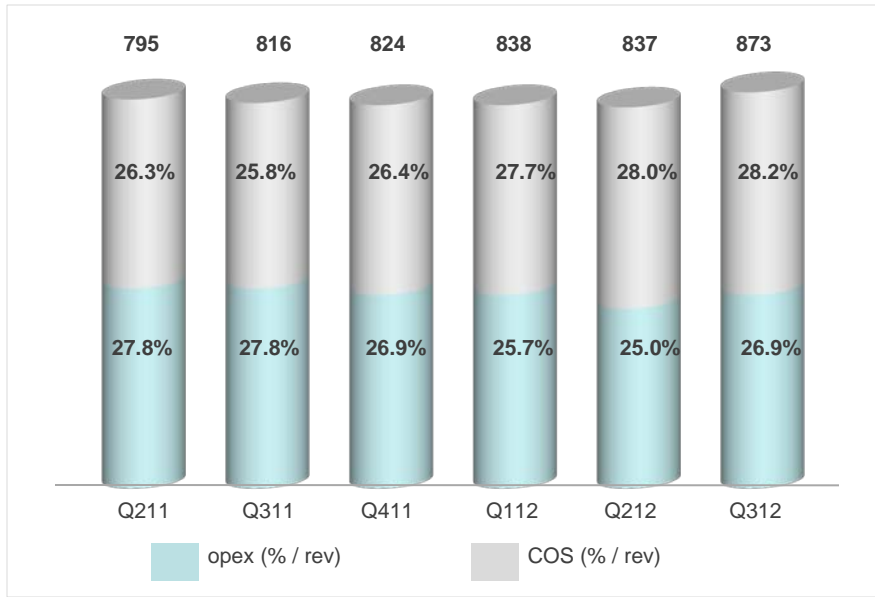


## Stronger data performance in Q3

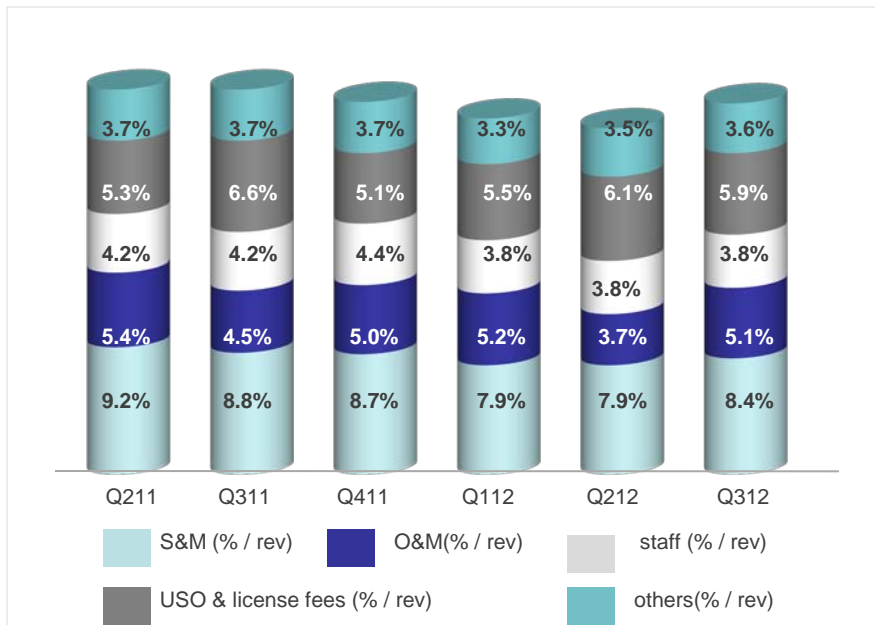


- mobile data contributions now at 31.3% of service revenue
  - *strong mobile internet usage growth (small screen)*
  - *all other data revenue streams stable*
  
- mobile internet usage driven by:
  - *higher take-up of smart-phone plans & bundles, higher PAYU usage & refreshed propositions*
  - *further expansion of smart-phones penetration to 24.8% of customer base (Q2: 23.5%)*





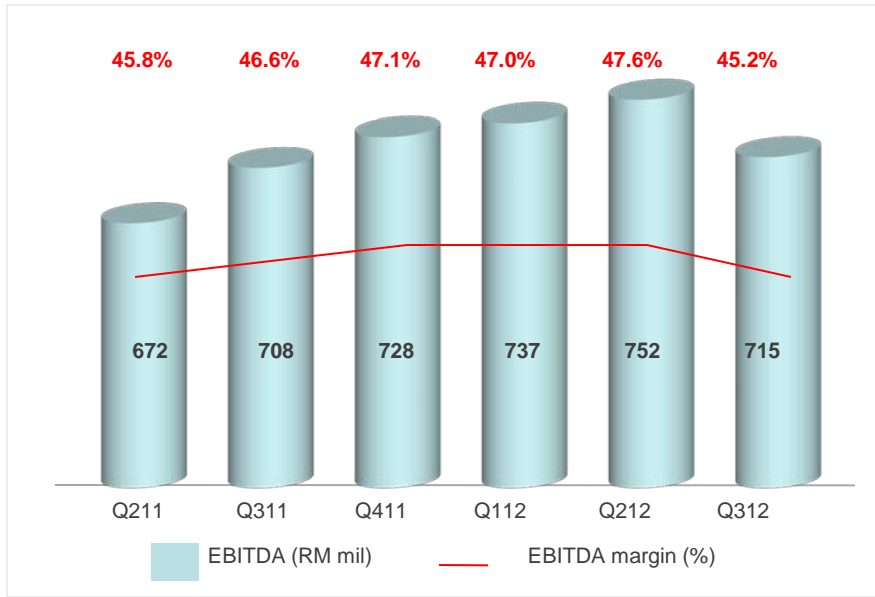
\* numbers at the top refers to total cost for the respective quarters in RM million



## Q3 cost increase driven by traffic & marketing spend

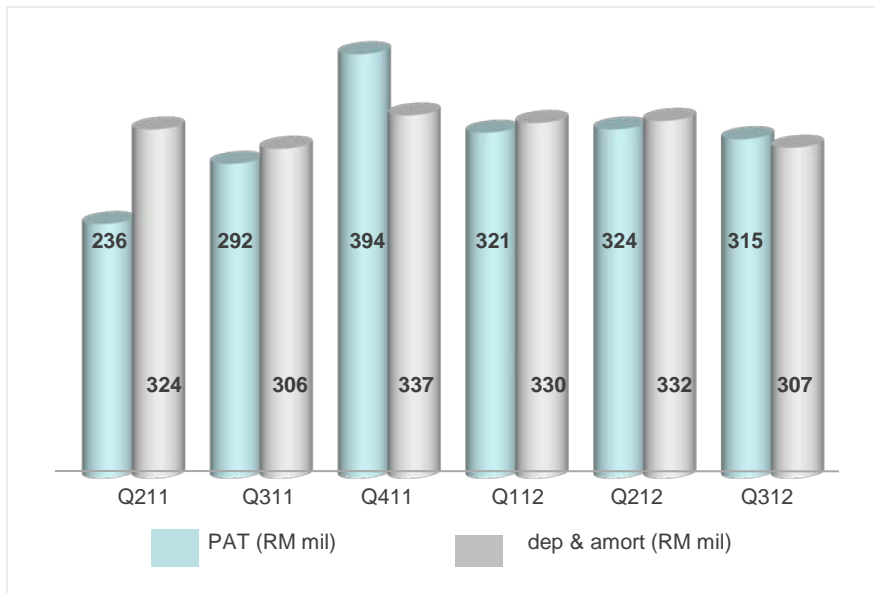
- 4.3% q-o-q increase in total cost base
  - +1.1% q-o-q increase in COS
  - +7.6% q-o-q increase in OPEX
  
- increase in COS mainly driven by higher international traffic related expenses
  
- higher q-o-q OPEX driven mainly by:
  - increased sales & marketing spend in the quarter to drive usage & customer retention
  - O&M expenses at normalised level post Q2 one-off

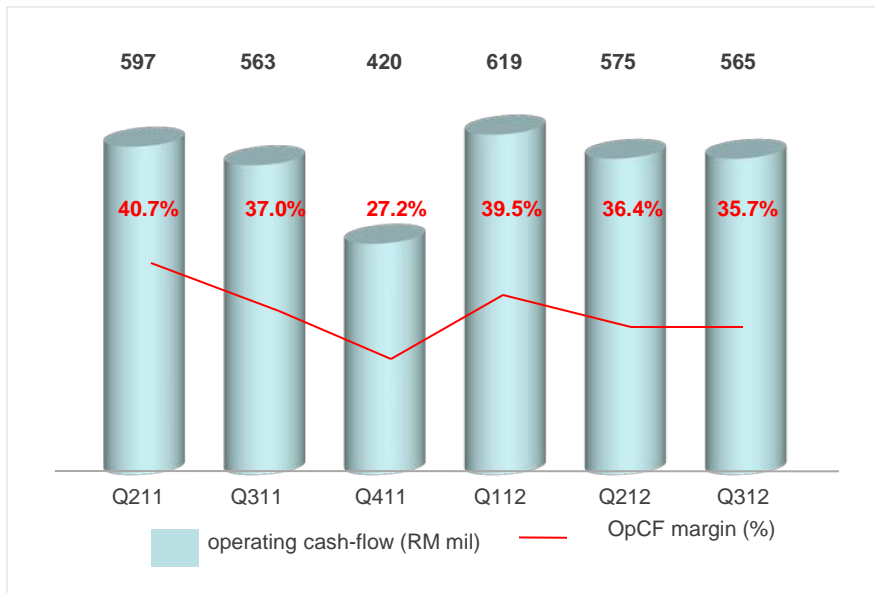
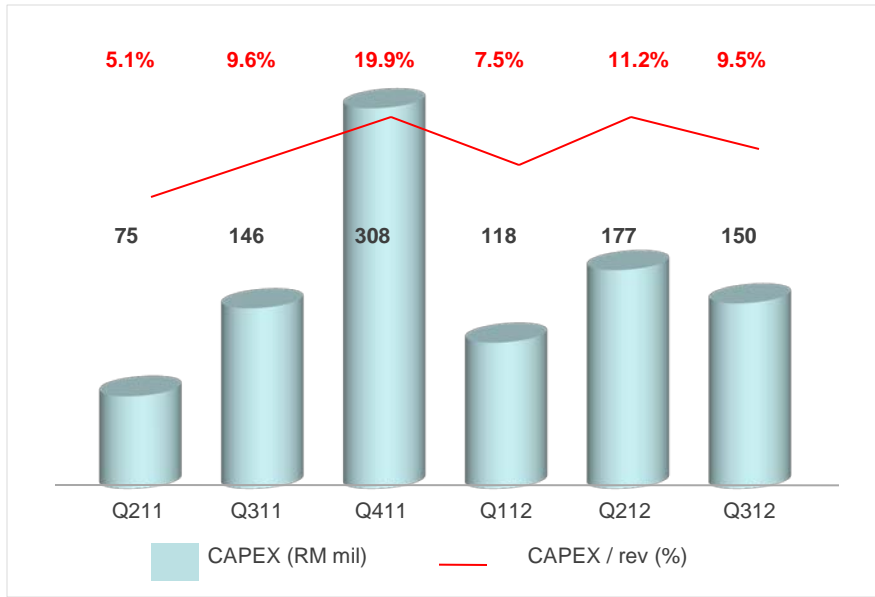




## EBITDA margin at guided level

- EBITDA and EBITDA margin dropped on account of 'lost revenue opportunities' & IDD margin pressure
- PAT in line with revenue & EBITDA development in the quarter

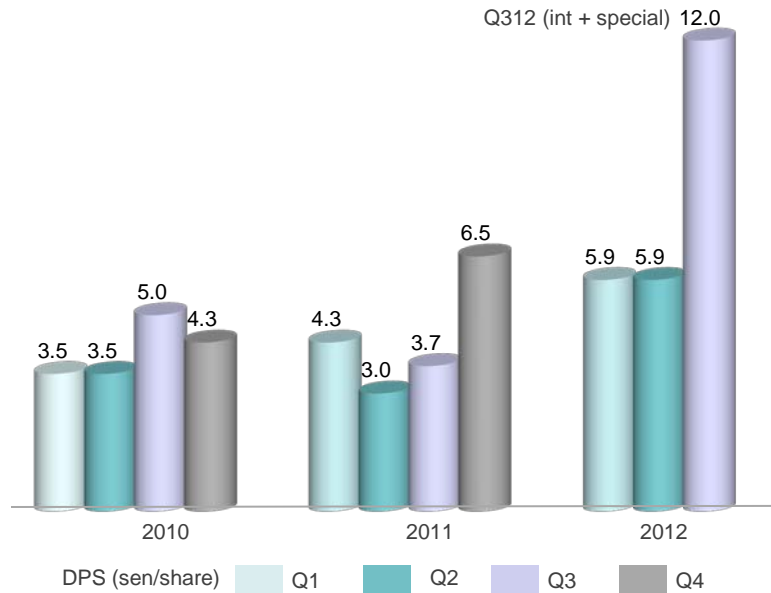




## Our Tomorrow Network: approaching 50% milestone on sites upgraded

- network modernisation: upgraded >2,500 sites to-date
  - *Klang Valley upgrades completed; ongoing post-swap optimisation*
  - *going forward, prioritizing network optimization followed by enlarging 3G footprint*
  
- network collaboration:
  - *good progress on site sharing & joint-fiber build*
  - *cost savings on track*





## Capital Management Update

- capital distribution from DiGiTel to DiGi.Com took effect on 19 Sept
- declared 3<sup>rd</sup> interim dividend of 4.0 sen net/share payable to shareholders on 7 Dec 2012
- rewarding shareholders with one-off special dividend of 8.0 sen net/share payable to shareholders on 7 Dec 2012

(RM mil)	Q312	Q212	Q112	Q411
Total Assets	4,707.9	4,928.6	5,066.3	4,863.3
Total Equity	948.8	1,092.2	1,226.7	1,411.4
Interest-bearing debts	1,021.9	1,021.6	1,021.3	670.9
Cash & equivalents	1,453.1	1,516.6	1,517.8	1,098.2
Payout ratio	295.8%	141.5%	143.1%	128.2%

(RM mil)	Q312	Q212	2011	2010
Total Return to Shareholder (TRS)	24.2%	20.0%	56.5%	12.0%
*ROE	133.0%	118.7%	88.9%	87.5%

\*ROE - annualised

•TRS based on simple share price appreciation of the first nine month ended 30 Sept 2012 annualised (source: Bloomberg)



The hottest devices  
money can buy,  
at only  
**RM 699**

Sign up for our **24-month contract**  
and pay only **RM148/month** for calls,  
SMS and Internet.

[Find Out More](#)



## Other Updates

---

- **Regulatory**
    - *spectrum*
    - *LTE trials*
    - *accounting separation*
-

## Nano SIM Card with DiGi

Get it now with DG Smart Plan™/  
DG Postpaid™ Plus, **OR** get the  
SIM card only at RM20.



## 2012 Outlook (maintained)

- mid-to-high single digit revenue growth
- sustained EBITDA & operating cash-flow margins
- capex at lower end of RM700 million – RM750 million range





# Introducing DG Prepaid Smart Plan™

The smarter prepaid plan for smartphones



## 2013 Priorities & Ambitions

---

- build stronger 'Internet For All' propositions to capitalise on data growth
  - continue to expand data coverage
    - *significant increase in 3G pop coverage*
    - *quick LTE launch subject to spectrum allocation*
  - continuous operational efficiency
  - optimising shareholder returns
- 

## 2013 Preliminary Outlook

---

- 5% - 7% revenue growth
  - sustaining EBITDA & cash-flow margin at 2012 levels
- 



Q & A



# Appendices

## Y-o-Y key numbers

	Q312	Q311	Y-o-Y
Customer base	10.3mil	9.6mil	+7.3%
Revenue	RM1,583mil	RM1,520 mil	+4.1%
EBITDA	RM715mil	RM708 mil	+1.0%
EBITDA margin	45.2%	46.6%	-1.4ppt
Profit After Tax	RM315mil	RM292 mil	+7.9%
Operating CF	RM565 mil	RM563 mil	+0.4%

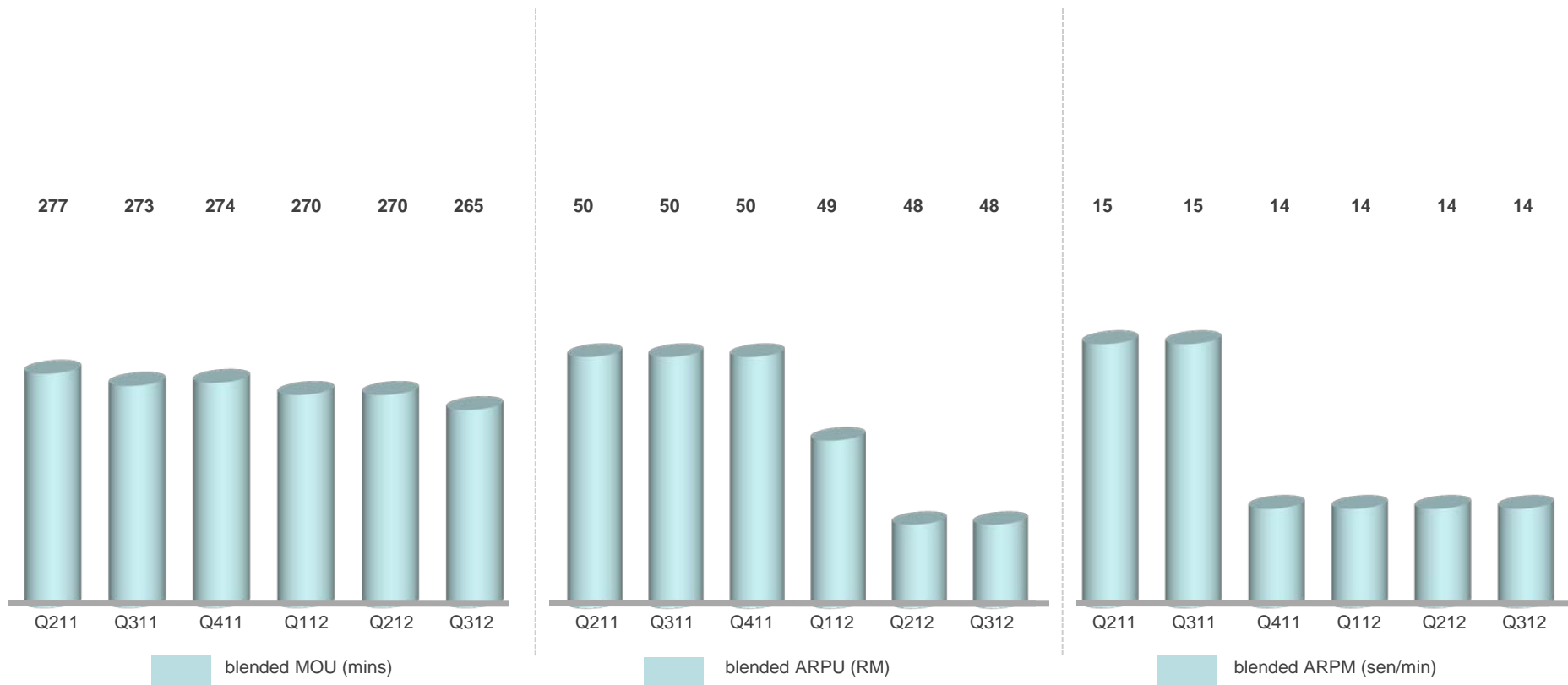


## Y-o-Y key numbers

	Q312	Q311	Q-o-Q vs 2011
Prepaid ARPU	RM41	RM43	-4.7%
Postpaid ARPU	RM82	RM85	-3.5%
Blended ARPU	RM48	RM50	-4.0%
Prepaid Revenue	RM1,050mil	RM1,029 mil	+2.0%
Postpaid Revenue	RM420 mil	RM411 mil	+2.2%
Data Revenue	RM460 mil	RM424 mil	+8.5%



## Blended MOU, ARPU & ARPM



## Reported P&L

(RM mil)	Q312	Q212	Q112	Q411	Q311	Q211
Revenue	1,582.5	1,579.7	1,569.4	1545.4	1520.0	1468.0
EBITDA	714.9	752.4	736.9	727.6	708.3	671.9
Depreciation & Amortisation	(306.9)	(332.0)	(330.1)	(337.3)	(306.1)	(323.8)
EBIT	408.0	420.4	406.8	390.3	402.2	348.1
Net finance (costs)/income	(1.9)	(1.1)	(1.0)	(1.0)	(3.7)	(22.8)
- finance costs	(14.2)	(14.1)	(9.4)	(10.4)	(9.7)	(30.6)
- interest income	12.3	13.0	8.4	9.4	6.0	7.8
PBT	406.1	419.3	405.8	389.3	398.5	325.3
Taxation	90.7	95.1	85.2	4.9	(106.1)	(89.0)
PAT	315.4	324.2	320.6	394.2	292.4	236.3
*EPS (sen)	4.1	4.2	4.1	5.1	3.8	3.0

• EPS adjusted for completion of 10-for-1 share split in Nov 2011



## COS & OPEX breakdown

(RM mil)	Q312	Q212	Q112	Q411	Q311	Q211
<b>COS</b>	<b>447.1</b>	<b>441.6</b>	<b>434.6</b>	<b>407.7</b>	<b>392.8</b>	<b>386.4</b>
- cost of materials	106.3	104.6	116.8	82.6	85.8	90.9
- traffic charges	340.8	337.0	317.8	325.1	307.0	295.5
<b>OPEX</b>	<b>425.9</b>	<b>395.6</b>	<b>403.5</b>	<b>416.1</b>	<b>422.9</b>	<b>408.2</b>
- sales & marketing	133.7	125.0	123.9	134.0	133.8	134.7
- staff costs	60.9	60.2	59.1	67.9	63.1	61.5
- operations & maintenance	81.5	58.2	81.9	77.7	69.5	79.9
- other expenses	149.9	152.2	138.6	136.5	156.5	132.1
• USP fund and license fees	92.7	96.2	86.3	79.0	101.0	77.3
• credit loss allowances	10.1	8.2	11.0	15.7	11.3	10.9
• others	47.1	47.8	41.3	41.8	44.2	43.9
<b>TOTAL</b>	<b>873.0</b>	<b>837.2</b>	<b>838.1</b>	<b>823.8</b>	<b>815.7</b>	<b>794.6</b>





## Cash-flow

(RM mil)	Q312	Q212	Q112	Q411	Q311	Q211
<b>Cash at start</b>	<b>1,516.6</b>	<b>1,517.8</b>	<b>1,098.1</b>	<b>987.1</b>	<b>1,015.7</b>	<b>1,000.2</b>
Cash-flow from operations	477.1	681.6	636.7	588.8	554.5	609.4
Changes in working capital	55.1	(59.2)	46.8	107.4	140.2	(193.1)
Cash-flow used in investing activities	(137.0)	(164.9)	(108.4)	(297.5)	(140.0)	(63.3)
- Capex	(150.0)	(177.3)	(117.5)	(308.5)	(145.5)	(74.6)
Cash-flow used in financing activities	(458.7)	(458.7)	(155.4)	(287.7)	(583.3)	(337.5)
Net change in cash	(63.5)	(1.2)	419.7	111.0	(28.6)	15.5
<b>Cash at end</b>	<b>1,453.1</b>	<b>1,516.6</b>	<b>1,517.8</b>	<b>1,098.1</b>	<b>987.1</b>	<b>1,015.7</b>
<b>Operational cash-flow</b> <i>(EBITDA – Capex)</i>	<b>564.9</b>	<b>575.1</b>	<b>619.3</b>	<b>419.1</b>	<b>562.8</b>	<b>597.3</b>



# 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**