



Earnings Conference Call

Quarter 3, 2013

Henrik Clausen, CEO
Karl Erik Broten, CFO

28 Oct 2013

Key highlights

Operational highlights

Financials updates

Guidance and outlook

Q&A



Internet your tablet anywhere.

Sign up for the affordable DiGi Tablet Plans
from RM15/month.

Unlimited
surfing via
Opera Mini

No bill
shock

No
contract

FREE 1 month tablet plan for limited time only.

Internet For All™

While stocks last. Terms and conditions apply.
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DiGi Telecommunications Sdn Bhd (2022) S.B.

DiGi

Always the
smarter choice

Q3 2013

Key highlights

Higher y-o-y growth

- **+7%** revenue
- **+6%** service revenue

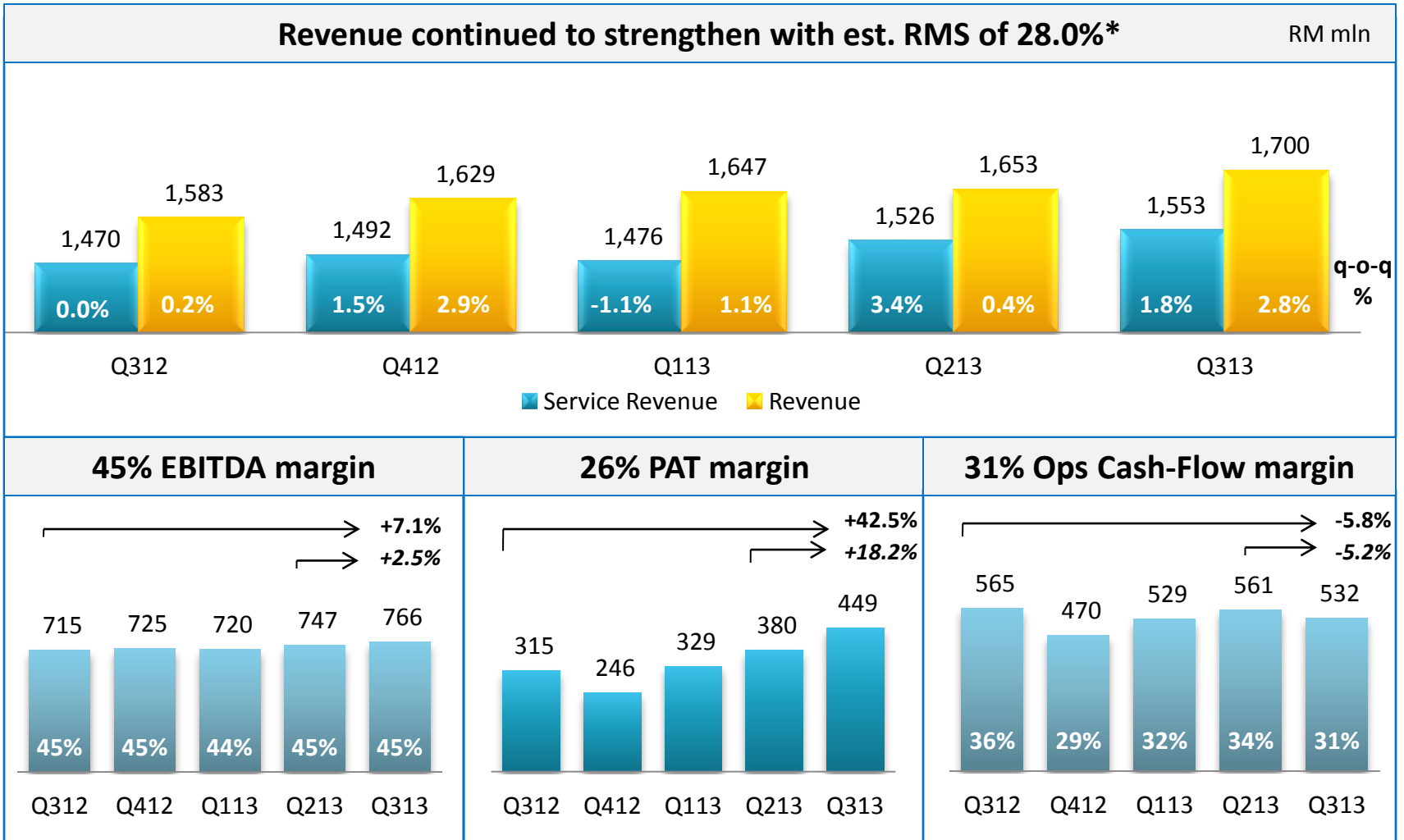
- **Completion of network swap**
- **Acceleration of 3G coverage to 76.1%**

45% EBITDA margin

Highest PAT margin @ 26%



Revenue growth delivered on healthy margins



*Estimated Revenue Market Share ("RMS") calculated based on published statistics available at the time of submission

Q3 2013

Consistent internet-focused campaigns gained traction

Core campaigns

DG Postpaid Simple
The simple plan that comes with the most calls and SMS at only RM30/month. Add a free internet and you get FREE smartphones.

- 1 simple plan
- 2 times more calls and SMS
- 3 FREE smartphones

Share, surf and message, anytime, all the time with **UNLIMITED Internet Surfing and Social Messaging**

All New! UP TO **6GB INTERNET**

UP TO **600 SMS** **600 SMS** **Unlimited Surfing via Opera Mini**

Win **60 Vespa** in 60 days.

FREE Internet + Calls + SMS to 5 Buddyz™
Enjoy Worry-Free Internet now!

24 Hours **FREE** UNLIMITED Buddyz Bonus

- Driving prepaid acquisition with emphasis on mobile internet (“MI”) and close groups
- Leveraging on smart plans with bundled devices to drive MI adoption
- Introducing entry-level smartphones via Postpaid Simple with bite-sized MI add-ons
- Launched MyAndroid Hub,
 - partnering Google to deliver best android experience on device, apps and support
- Best IDD 133 positioning with club rewards and Internet

Relevant devices bundling

Help yourself to the smartphone that helps you from RM1,319!

Internet your tablet anywhere.

MALAYSIA, LET'S MARCH!

UP TO **4GB** **300 SMS**

Smartphone	Price
Samsung Galaxy Note 3	RM1,319
Samsung Galaxy S3	RM1,069
Samsung Galaxy S2	RM1,159
Samsung Galaxy S1	RM1,419

Q3 2013

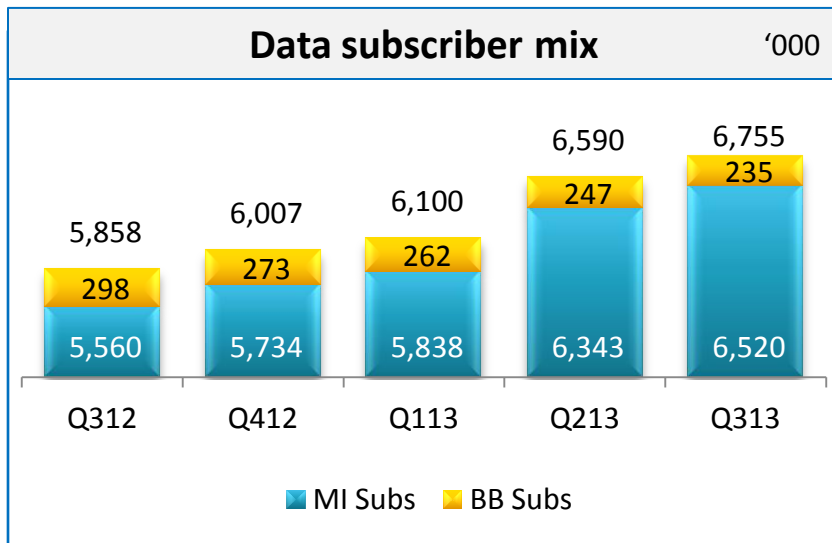
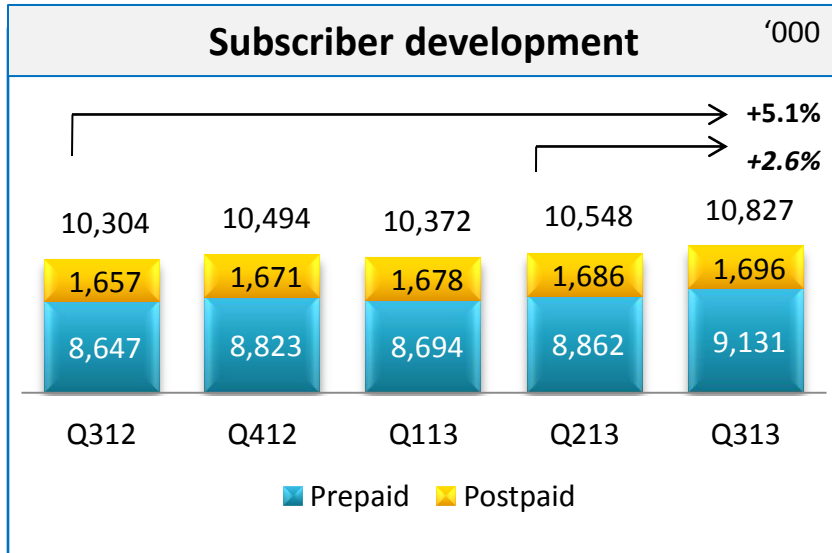
“Customer 1st Day” Thank you, Dear Customers



- Exerting true DiGi-spirit in winning the hearts and minds of customers on 23 Sep 2013
- Participated by > 1,500 DiGizens and top management
 - connect and engage with customers in an Amazing Race-like challenge
 - appreciation for customers continued support
- Telenor Board of Directors and Group Executive Management also supported the inaugural on-ground activity:
 - to gain better perspective of the local market and business

Q3 2013

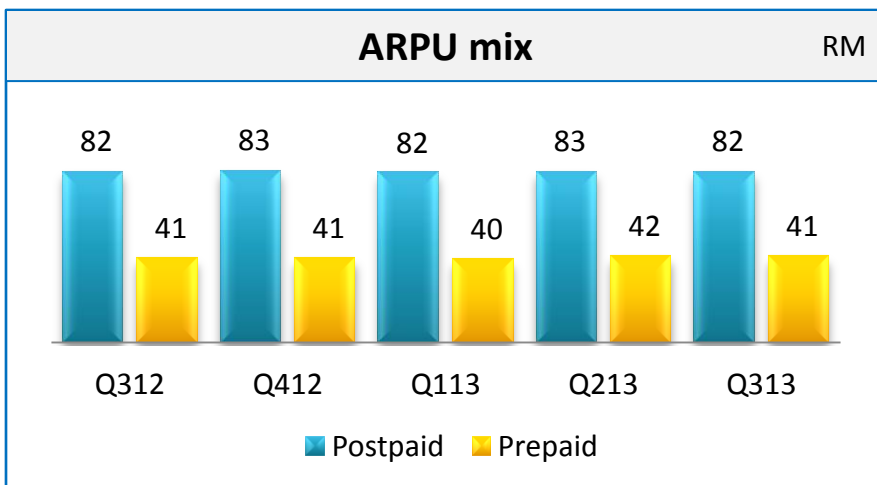
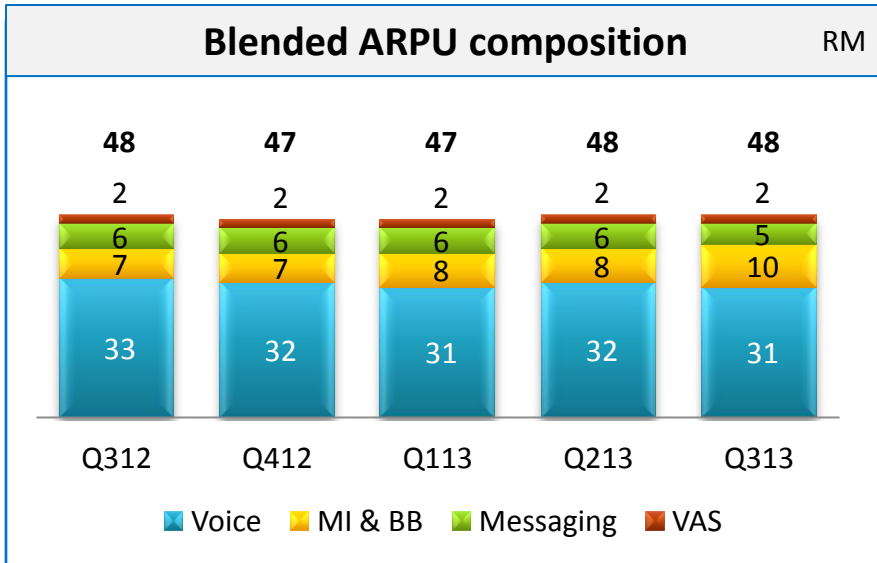
Subscriber base enlarged to 10.8 million



- +279K net adds to total base mainly from prepaid:
 - higher acquisition on affordable smartphone bundles and MI plans
 - capturing opportunities from improved network quality and coverage
 - stronger retention via relevant BTL campaigns
- Postpaid subscriber re-gaining traction on stronger network and retention efforts
- MI subscribers continued to rise by 17.3% y-o-y and 2.8% q-o-q to 6.5 million
- 'Internet For All' with customer centricity focus to increase sustainable MI adoption and usage

❖ Note: Q213 MI subscribers re-stated to exclude promotional complimentary prepaid MI usage

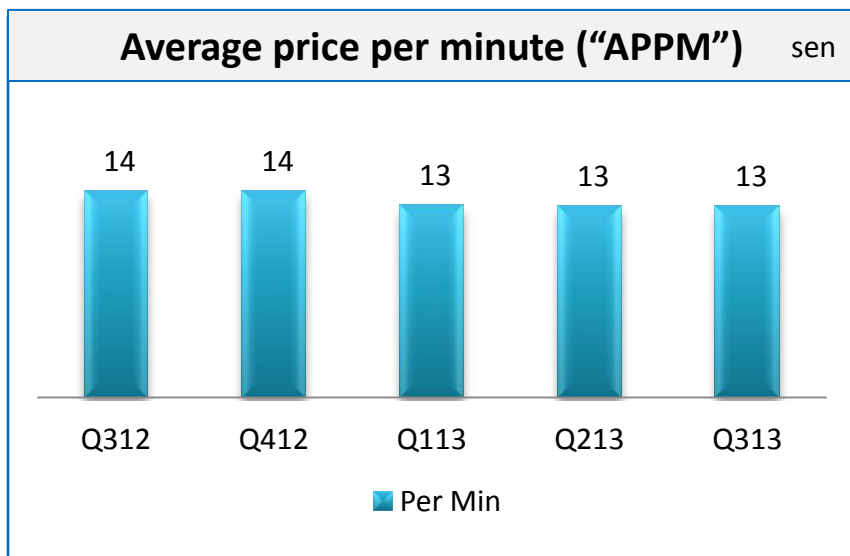
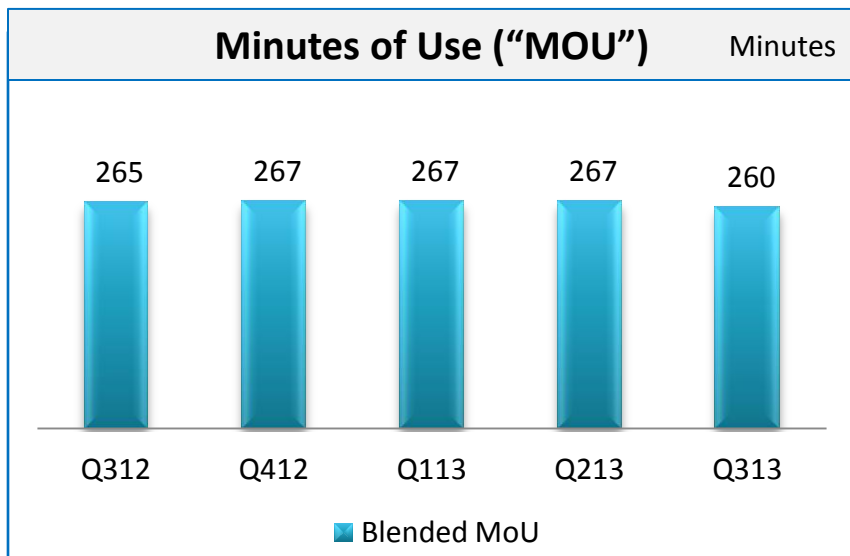
Stable blended ARPU on larger subscriber base



- Although, extending subscriptions to new and secondary markets, blended ARPU remained resilient
- MI ARPU continued to grow on increasing smartphone users
- However, voice ARPU declined marginally due to lower voice usage
- Rising MI demand on supplementary devices drove incremental revenue albeit diluting overall ARPU

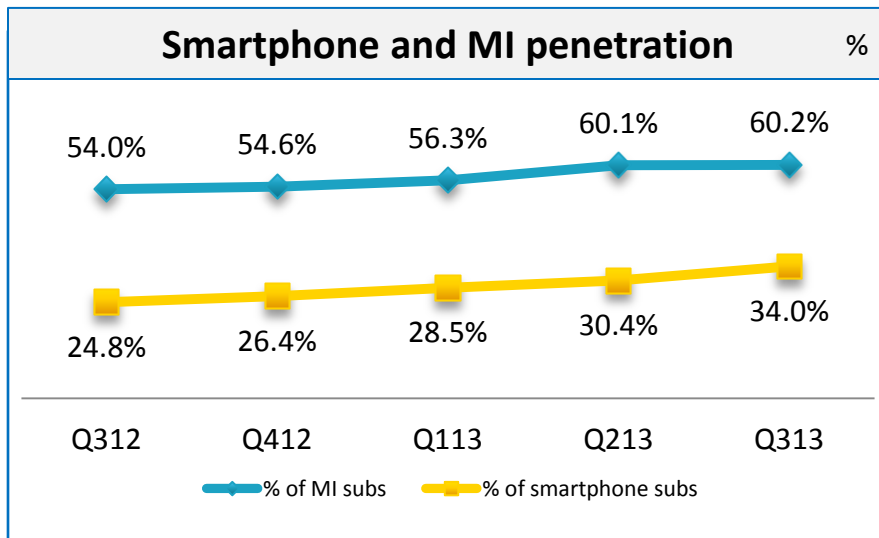
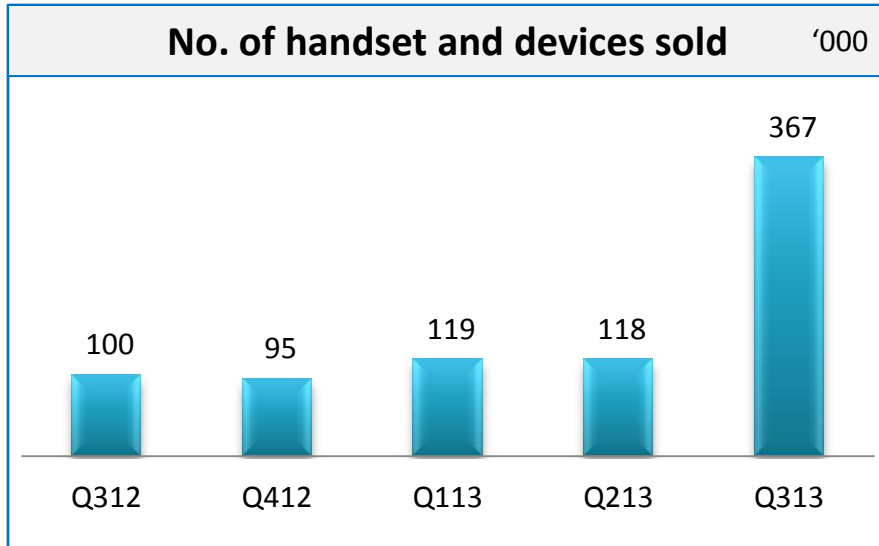
Q3 2013

Slight reduction on voice MOU



- Voice MOU remained within the stable range though declined slightly due to:
 - relatively higher mix of prepaid subscribers
 - pro-longed business closure during festive period
- Sustainable voice to data transition by way of bundled service packages and retaining stronghold in the voice centric segments
- APPM unchanged at 13 sen

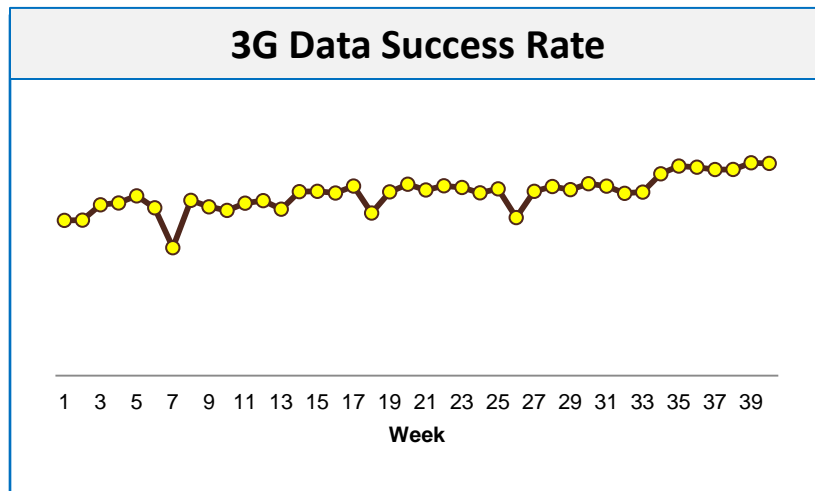
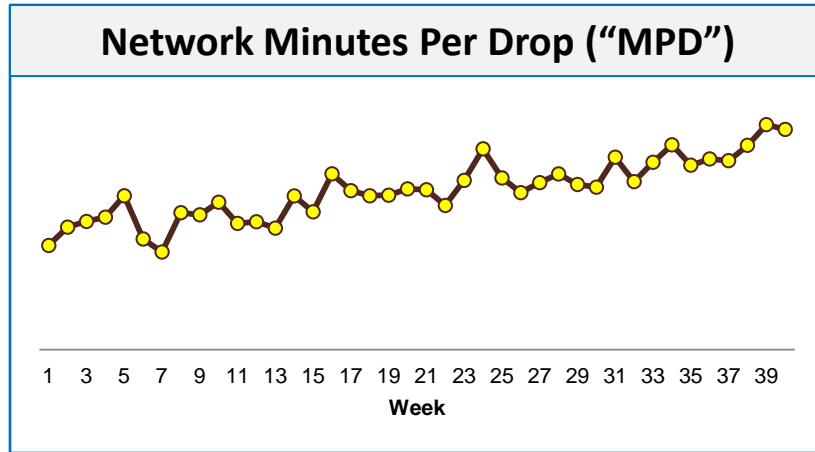
More affordable handset mix to reach greater mass



- Affordable handset bundles gained mass popularity
 - surged by SKMM Youth smartphone bundles
- Higher handset sales managed prudently with:
 - priority focused on delivering best value to customers
 - securing healthy service revenue commitments with rationale subsidy
- Smartphone penetration jumped 3.6 pp to 34.0%
 - contributing to higher MI usage and revenue
 - MI penetration rate remained constant on larger subscriber base

❖ Note: Q213 MI subscribers re-stated to exclude promotional complimentary prepaid MI usage

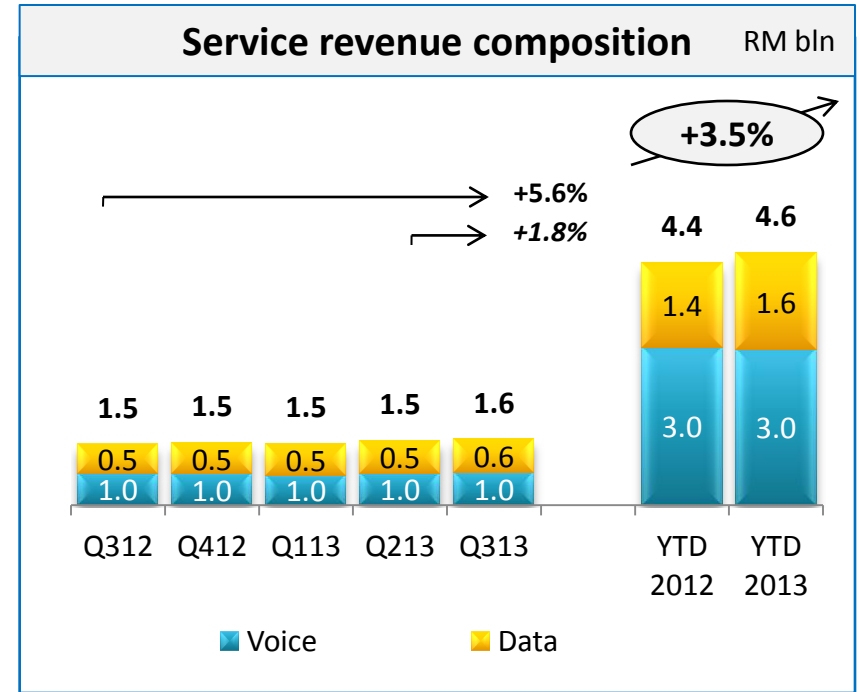
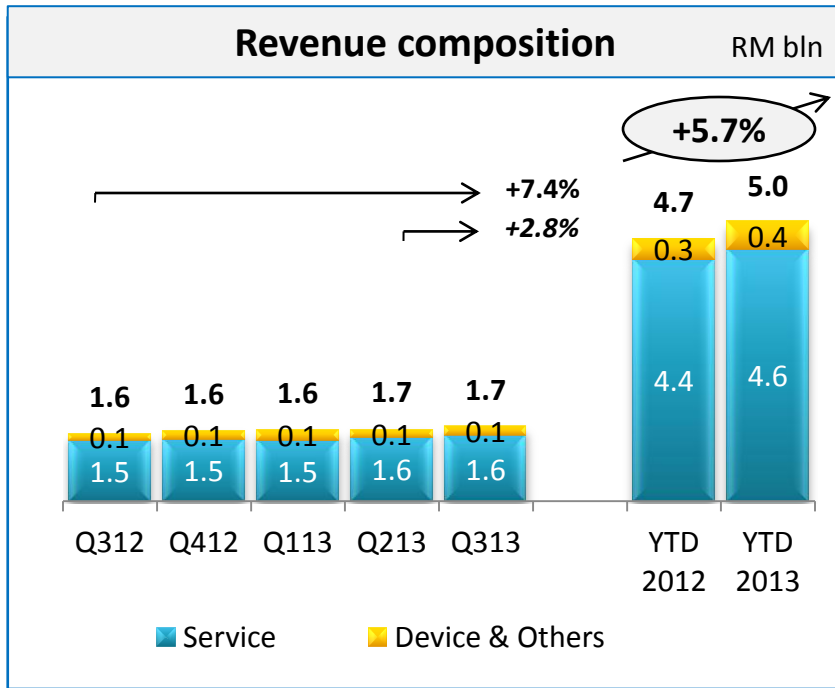
Network fully swapped and 3G coverage expanded to 76.1%



- Significant milestone with final completion of network modernisation nationwide
- Greater stability and quality delivered for both voice and data
 - MPD improved by 59% post swap
- Accelerated 3G population coverage to 76.1% ahead of year end (Q213: 71.6%)
- Equipped with HSPA+ nationwide while gradually extending LTE coverage to other parts of Malaysia
- Steady but slower progress on joint built fiber due to less favourable weather conditions

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+7.4% stronger y-o-y revenue growth



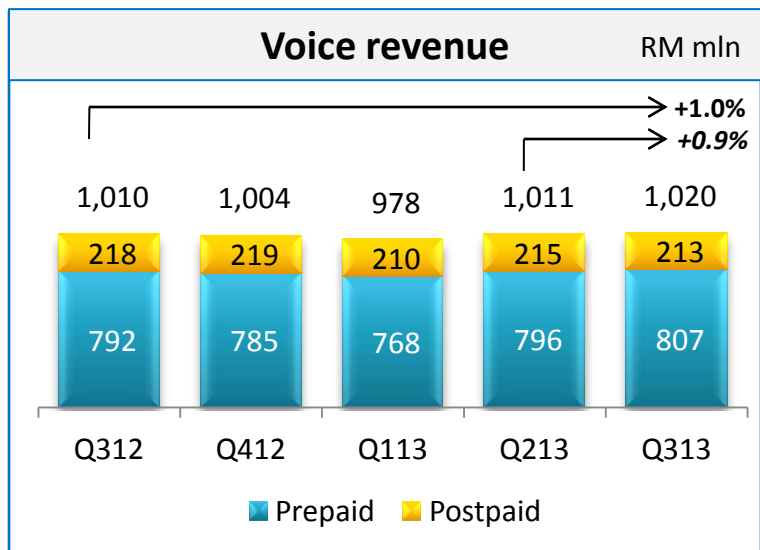
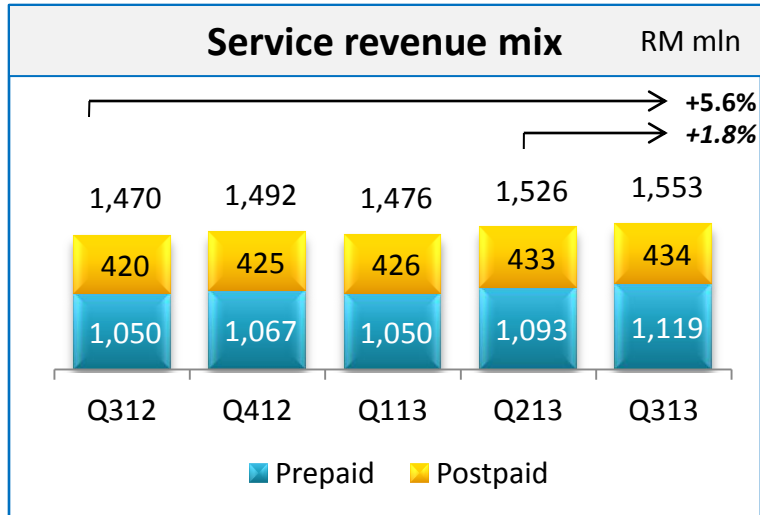
Prepaid Mobile Internet

Enjoy Unlimited Social Messaging & Internet Surfing with our Mobile Internet plans!



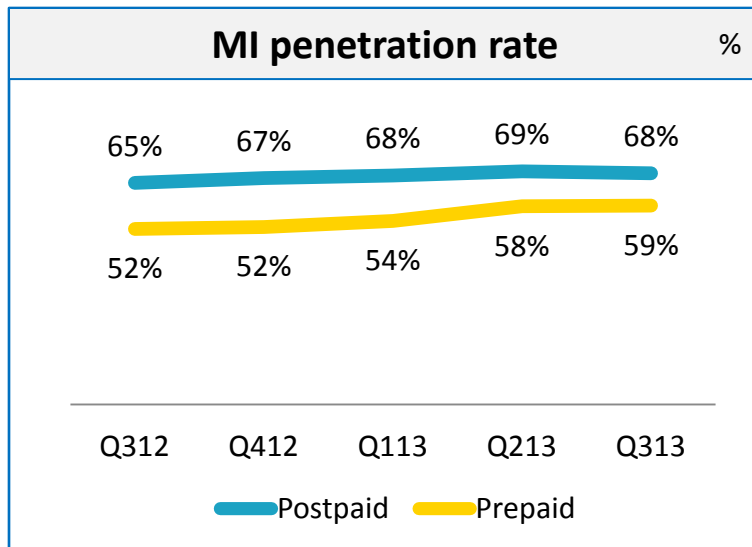
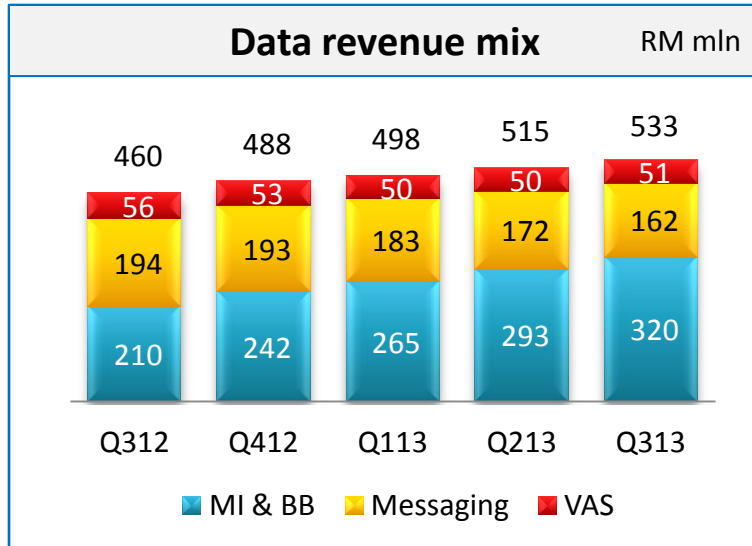
Q3 2013

Higher service revenue mainly from prepaid



- Prepaid service revenue grew 6.6% y-o-y and 2.4% q-o-q
 - +20.9% data revenue y-o-y
 - +1.9% voice revenue y-o-y
- Postpaid service revenue grew 3.3% y-o-y and 0.2% q-o-q
 - +8.9% data revenue y-o-y
 - -2.3% voice revenue y-o-y
- Postpaid growth remained fairly modest but expecting better traction with completion of network swap post Q313 and expanded 3G coverage
- Higher voice revenue from usage on larger subscriber base

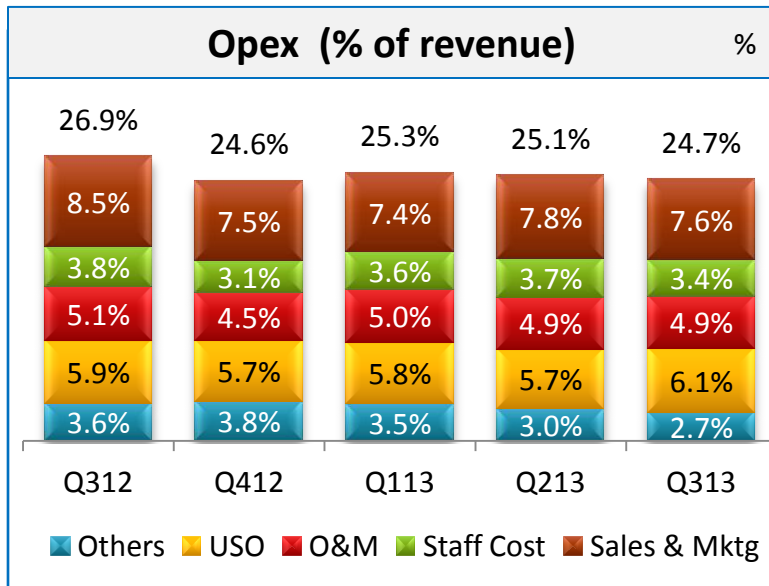
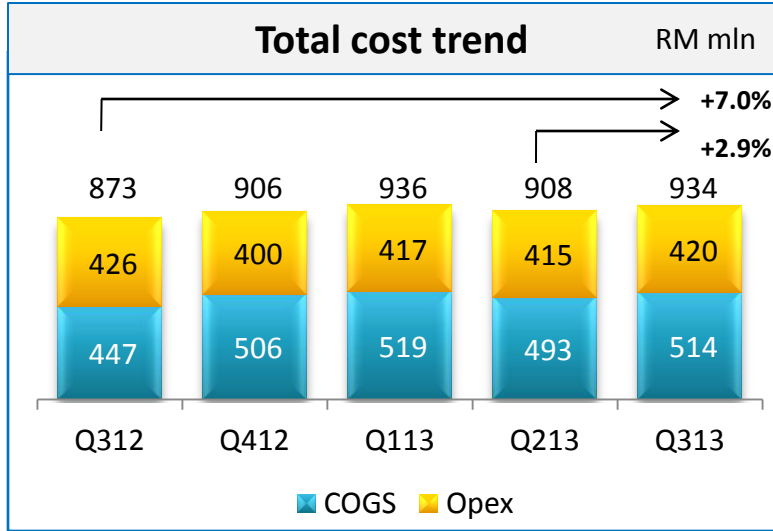
Data revenue continued to grow 15.9% y-o-y



- MI & BB continued to deliver solid growth:
 - +52.4% y-o-y and +9.2% q-o-q
 - fueled by increased MI usage by smartphone users in the network
- Declining messaging revenue due to data shift
 - manage transition through bundled services and strategic partnerships
 - compensate with higher MI usage and revenue
- MI penetration rate flattish but MI usage and revenue improved positively
- Continued to gain traction on the “Internet For All” positioning

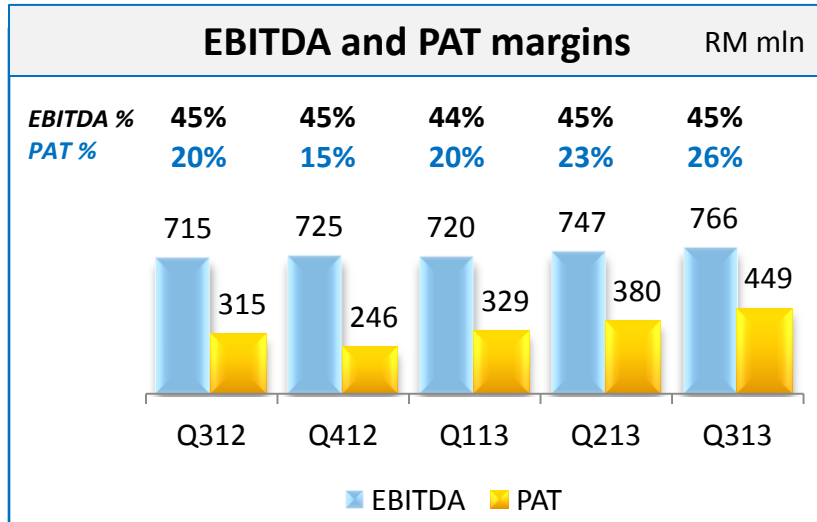
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Higher direct cost with opex kept stable

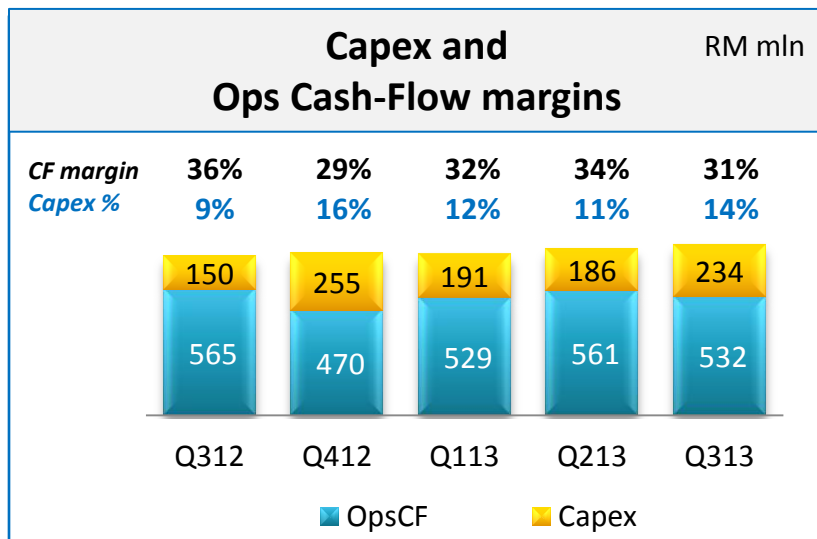


- 15.0% y-o-y and 4.3% q-o-q increase in COGS, relatively steeper against revenue growth due to:
 - higher handset related expenses
 - higher IDD traffic cost on weaker MYR (while maintaining steady APPM)
- Solid opex efficiency management
 - improved 2.2 pp y-o-y and 0.4 pp q-o-q to 24.7%
- New regulatory charges included in current quarter's USO and license costs
 - payment for IMEI blocking of RM1.50/subs/p.a.

Profit After Tax (“PAT”) rose 42.5% y-o-y



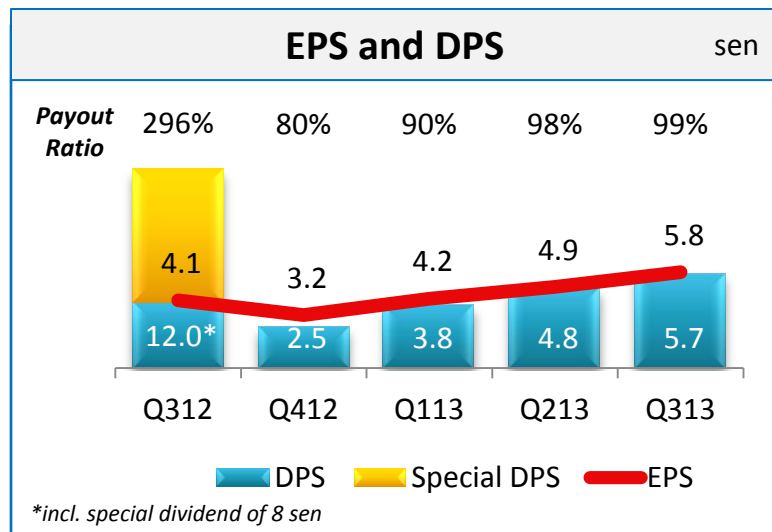
- 7.1% y-o-y and 2.5% q-o-q higher EBITDA from stronger service revenue as well as improved opex efficiency
- Highest PAT contributed by:
 - higher qualifying last mile tax incentives
 - lower accelerated depreciation (Q313: RM16 mln; Q312: RM120 mln)



- Higher capex spent to deliver:
 - 3G coverage expansion ahead of year end
 - final completion of network swap
- Ops Cash-Flow declined to 31% due to higher capex in the quarter
- Full year capex within guidance of 11% to revenue

Q3 2013

Earnings per share (“EPS”) grew 41.5% y-o-y and 18.4% q-o-q



- Declared 3rd interim dividend of 5.7 sen/share, payable on 6 Dec 2013
 - equivalent to 4.9% dividend yield on average stock price of RM4.70
 - 18.8% q-o-q higher dividend per share (“DPS”)
- Solid financial position with low leverage (net debt to EBITDA: 0.3x)
- Business trust development
 - a new and fairly complex structure
 - ensure all aspects of the structure have been thoroughly considered before reverting
 - committed to optimise shareholders’ returns and increase capital efficiency sustainably

Balance sheet RM mln

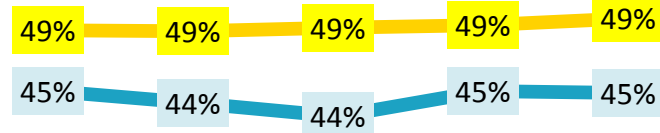
	Q312	Q412	Q113	Q213	Q313
Total Assets	4,708	4,014	3,809	3,923	3,788
Total Equity	949	261	396	480	556
Interest-bearing debts	1,083	1,080	928	927	951
Cash & cash equivalents	1,453	709	579	761	550

Revenue on-track but lower margins

2013 Outlook

Guidance	YTD Actual
5% - 7% revenue growth	5.7%
~1pp dilution on EBITDA & cash-flow margin from 2012 levels (revised)	EBITDA = 45% Ops CF = 32%

Steady EBITDA as % of service revenue



Q312 Q412 Q113 Q213 Q313

— % of total revenue — % of service revenue

- Revenue growth momentum to continue for the year:
 - growing MI revenue on improved network quality and coverage
 - capturing demands on relevant smartphone bundle
 - driving absolute service revenue and margins growth
- Dilutive top line margins pressure from higher handsets sales and IDD margins pressure from MYR weakness



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Thank you
See you next quarter!

Appendix



Q3 2013

Key operating performance KPIs

(RM mln)	Q313	Q213	Q113	Q412	Q312	Q212	Q112	Q411	Q311	Q-o-Q	Y-o-Y
Subscriber base	10,827	10,548	10,372	10,494	10,304	10,229	9,936	9,920	9,617	3%	5%
Revenue	1,700	1,653	1,647	1,629	1,583	1,580	1,569	1,545	1,520	3%	7%
EBITDA	766	747	720	725	715	752	737	728	708	3%	7%
<i>EBITDA margins</i>	45%	45%	44%	44%	45%	48%	47%	47%	47%	-0.1pp	-0.1pp
Depreciation & Amortisation	(221)	(247)	(288)	(361)	(307)	(332)	(330)	(337)	(306)	-11%	-28%
EBIT	545	500	432	364	408	420	407	390	402	9%	34%
Net finance (costs)/income	(6)	(6)	(8)	(4)	(2)	(1)	(1)	(1)	(4)	0%	>100%
Profit Before Tax	539	494	424	360	406	419	406	389	399	9%	33%
Taxation	90	114	95	114	91	95	85	5	(106)	-21%	-1%
Profit After Tax	449	380	329	246	315	324	321	394	292	18%	43%
*EPS (sen)	5.8	4.9	4.2	3.2	4.1	4.2	4.1	5.1	3.8	18%	41%
Prepaid ARPU	41	42	40	41	41	41	41	42	43	-2%	0%
Postpaid ARPU	82	83	82	83	82	85	85	86	86	-1%	0%
Blended ARPU	48	48	47	47	48	48	49	50	50	0%	0%

Q3 2013

Revenue composition

(RM mln)	Q313	Q213	Q113	Q412	Q312	Q212	Q112	Q411	Q311	Q-o-Q	Y-o-Y
REVENUE	1,700	1,653	1,647	1,629	1,583	1,580	1,569	1,545	1,520	3%	7%
Service Revenue	1,553	1,526	1,476	1,492	1,470	1,470	1,459	1,468	1,440	2%	6%
Voice revenue	1,020	1,011	978	1,004	1,010	1,025	1,011	1,023	1,016	1%	1%
Data revenue	533	515	498	488	460	445	448	445	424	3%	16%
<i>MI & BB</i>	320	293	265	242	210	191	188	181	170	9%	52%
<i>Messaging</i>	162	172	183	193	194	195	200	204	198	-6%	-16%
VAS	51	50	50	53	56	59	60	60	56	2%	-9%
Device and other revenue	147	127	171	137	113	110	110	77	80	16%	30%
Prepaid Revenue	1,119	1,093	1,050	1,067	1,050	1,034	1,032	1,045	1,029	2%	7%
Voice revenue	807	796	768	785	792	792	785	797	793	1%	2%
Data revenue	312	297	282	282	258	242	247	248	236	5%	21%
Postpaid Revenue	434	433	426	425	420	436	427	423	411	0%	3%
Voice revenue	213	215	210	219	218	233	226	226	223	-1%	-2%
Data revenue	221	218	216	206	202	203	201	197	188	1%	9%

Q3 2013

Reported COGS and OPEX

(RM mln)	Q313	Q213	Q113	Q412	Q312	Q212	Q112	Q411	Q311	Q-o-Q	Y-o-Y
COGS	514	493	519	506	447	442	435	408	393	4%	15%
Cost of materials	144	139	182	157	106	105	117	83	86	4%	36%
Traffic charges	370	354	337	349	341	337	318	325	307	5%	9%
OPEX	420	415	417	400	426	396	403	416	423	1%	-1%
Sales & marketing	130	129	122	122	134	125	124	134	134	2%	-3%
Staff costs	57	61	60	51	61	61	59	68	63	-7%	-7%
Operations & maintenance	84	81	83	74	81	58	82	78	70	4%	4%
Other expenses	149	145	152	153	150	152	138	136	156	3%	-1%
<i>USP fund and license fees</i>	103	95	96	92	93	96	86	79	101	8%	11%
<i>Credit loss allowances</i>	7	7	6	8	10	8	11	15	11	0%	-30%
<i>Others</i>	39	43	50	53	47	48	41	42	44	-9%	-17%
TOTAL	934	908	936	906	873	838	838	824	816	3%	7%

Reported Cash-Flow

(RM mil)	Q313	Q213	Q113	Q412	Q312	Q212	Q112	Q411	Q311	Q-o-Q	Y-o-Y
Cash at start	761	579	709	1,453	1,517	1,518	1,098	987	1,016	31%	-50%
Cash-flow from operations	616	651	543	542	477	682	637	532	554	-5%	29%
Changes in working capital	(248)	9	(142)	(110)	55	(59)	47	163	140	<-100%	<-100%
Cash-flow used in investing activities	(227)	(180)	(186)	(243)	(137)	(165)	(108)	(296)	(140)	26%	66%
<i>Capex</i>	<i>(234)</i>	<i>(186)</i>	<i>(191)</i>	<i>(255)</i>	<i>(150)</i>	<i>(177)</i>	<i>(118)</i>	<i>(309)</i>	<i>(146)</i>	26%	56%
Cash-flow used in financing activities	(352)	(298)	(346)	(933)	(459)	(459)	(156)	(288)	(583)	18%	-23%
Net change in cash	(211)	182	(130)	(744)	(64)	(1)	420	111	(29)	<-100%	>100%
Cash at end	550	761	579	709	1,453	1,517	1,518	1,098	987	-28%	-62%
Operational cash-flow (EBITDA – Capex)	532	561	529	470	565	575	619	419	563	-5%	-6%
Cash-flow margin	31%	34%	32%	29%	36%	36%	39%	27%	37%	-2.6%	-4.4%

* Included in changes in working capital in Q313 are annual USP payments to SKMM of RM368 mln