

# DIGI.COM BERHAD

*First Quarter of FY 2022 (1Q 2022)*  
*Earnings Presentation*

*29 April 2022*





## GROWTH

- **Strong EBITDA margin of 48.7%** despite slight topline decline
- **Growth in core** Postpaid, B2B and FTTH segments, compensating for some softness in Prepaid
- On track with ambition to **return to core Service Revenue growth**



## MODERNISATION

- **Boosted network** leadership, +8.5% in download speeds
- **Efficient site deployments**
- Enhancing **IT systems & customer digital touchpoints**
- **Full delivery** of JENDELA ambitions



## RESPONSIBLE BUSINESS

- Corporate leadership in **gender diversity and inclusion**
- Continued **prioritisation for climate agenda**
- **Building impactful initiatives** supporting UN Sustainable Development Goals (SDGs)



### Proposed Merger with Celcom Axiata

**Proceeding as planned**

Full completion of the transaction  
expected **within the second half of 2022**



### Discussion on single wholesale network model

Committed to realising **national ambition**

**Constructive dialogues**



# #1 NETWORK POSITION DRIVEN BY STRATEGIC EXECUTION & MODERNISATION

Rollout on-track according to targets

Network Rollout

**Full Delivery**  
of JENDELA ambitions

**10,316 km**  
Total fibre network

Improved 4G performance & spectrum utilisation

Data Performance

**#1**  
**Download Speeds**  
(from independent mobile analytics firms)

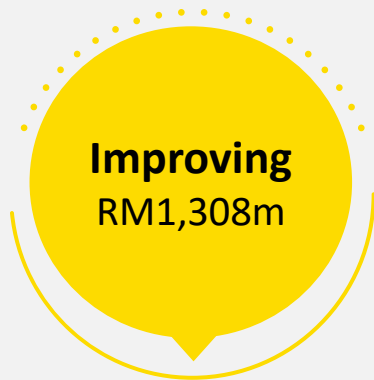
**99.8%**  
Data traffic on 4G  
**21GB**  
Data consumption/user

Modernised network sites & advanced operations

Network Innovation

**22%**  
Sites modernised with 4 Transmit & 4 Receive (4T4R)

**83%**  
Touch-free operations for network

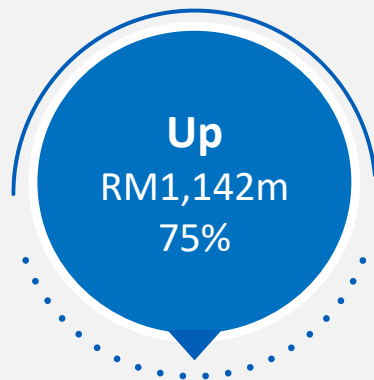


## SERVICE REVENUE

-2.2% / -0.7% Y-Y\*  
-1.0% / -0.5% Q-Q\*

Positive trend,  
continued growth in  
Postpaid, B2B & Fibre

\*Service Revenue excl.  
Digital declined -2.1% in  
FY2021



## GP

+0.8% Y-Y  
+0.1% Q-Q

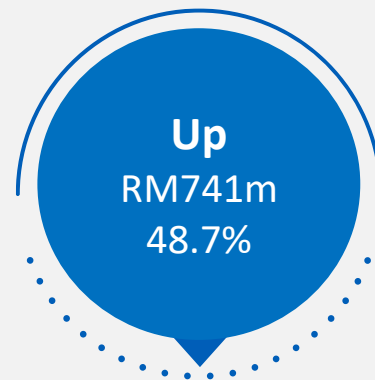
Gross profit boosted by  
focus on higher value  
segments & careful  
handset spending



## OPEX

+1.5% Y-Y  
Flat Q-Q

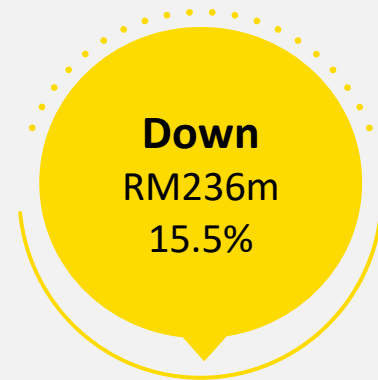
Continuous modernisation  
initiatives offset network  
expansion & inflation



## EBITDA

+1.1% Y-Y  
+2.0% Q-Q

Margin growth from  
strategic focus and  
modernisation

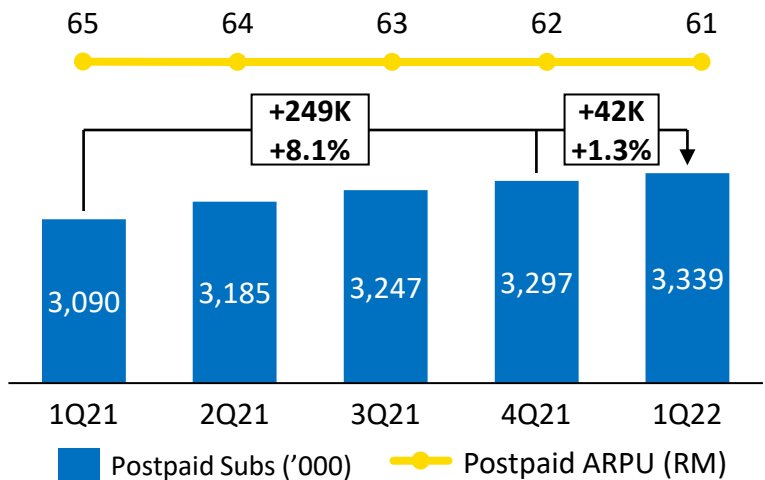


## PAT

-10.9% Y-Y  
-22.4% Q-Q

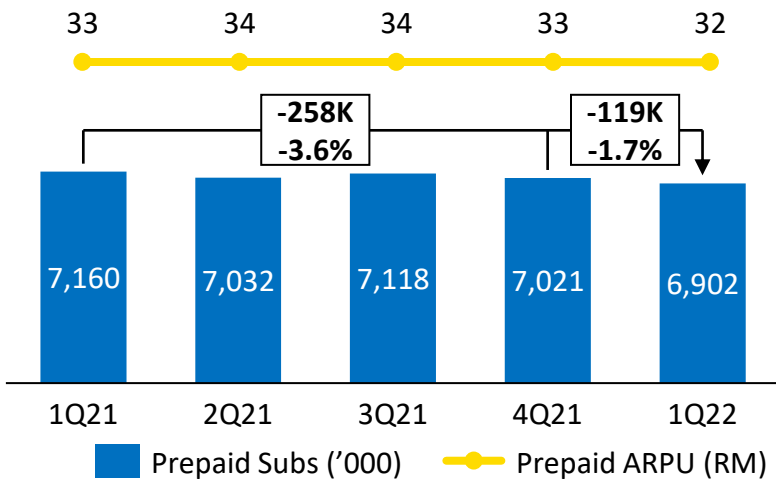
Sustained EBITDA  
offset by effect from  
new temporary tax  
rate hike

## POSTPAID



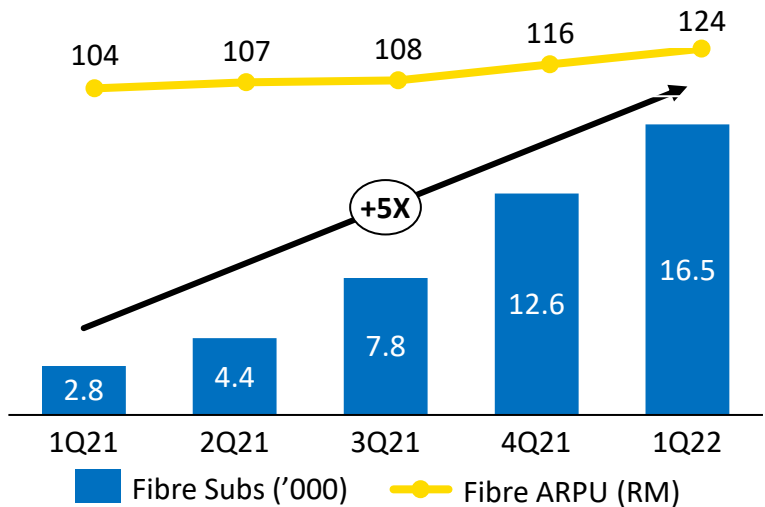
Sustained growth momentum with **quality acquisitions**

## PREPAID



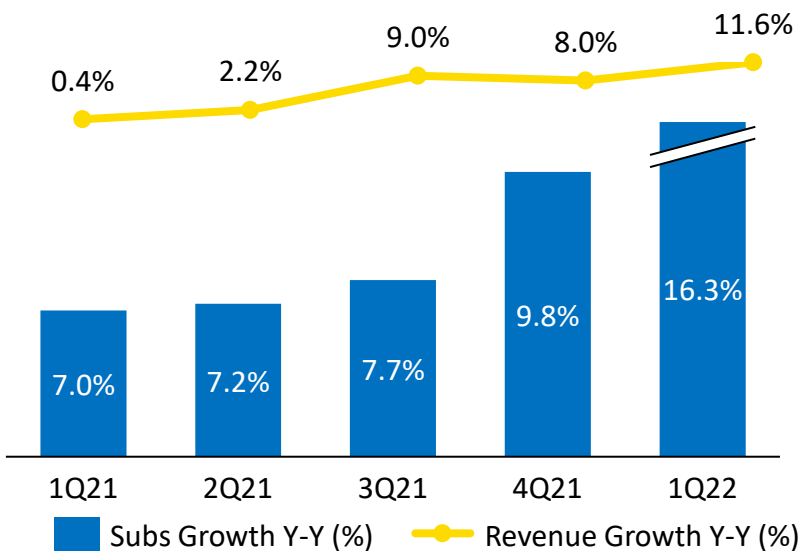
Softer acquisitions amid increased competition

## FIBRE BROADBAND



Continued gaining momentum via **upselling**

## B2B

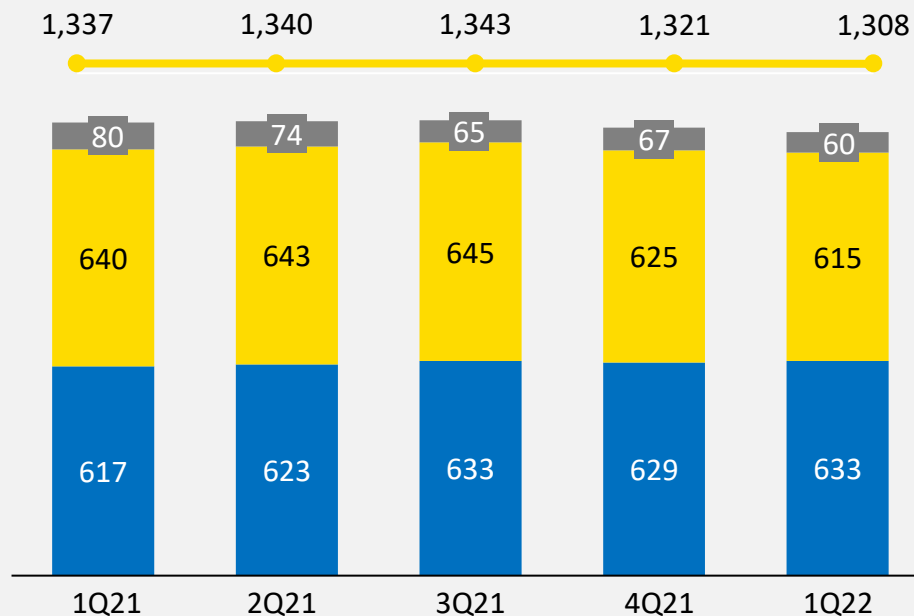


Built **strong trust** and **brand appreciation**



# CONTINUED STRONG POSTPAID REVENUE MOMENTUM, SOFTER PREPAID

## SERVICE REVENUE



■ Postpaid Revenue (RM'm) ■ Digital Revenue (RM'm)  
■ Prepaid Revenue (RM'm) ● Service Revenue (RM'm)

\* Service revenue excluding digital

Q-Q	Y-Y
-1.0%	-2.2%
-0.5%*	-0.7%*

-10.4%	-25.0%
-1.6%	-3.9%
+0.6%	+2.6%

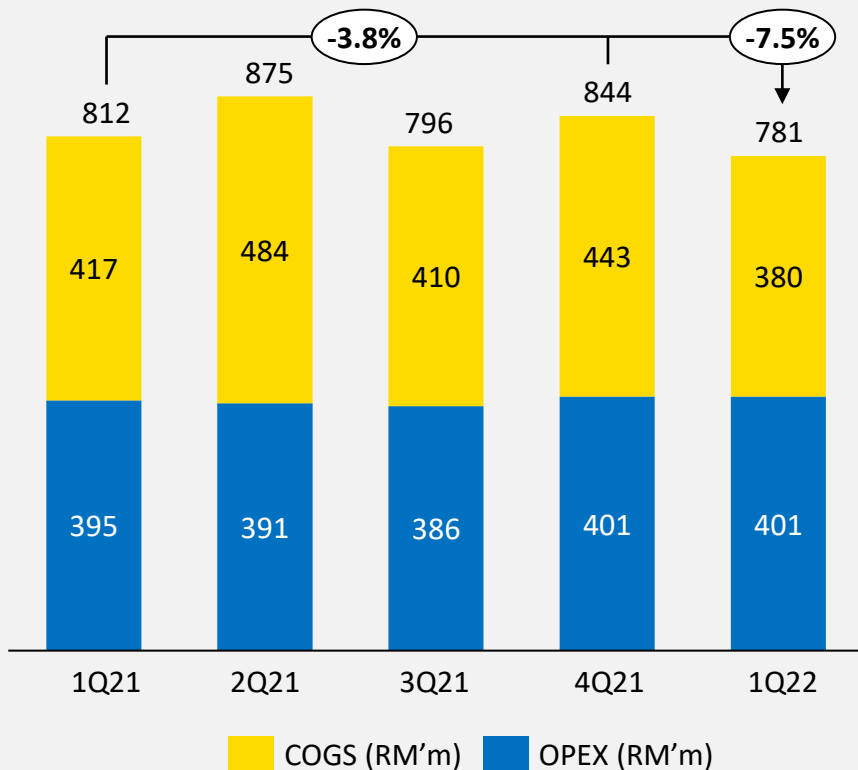
### Y-Y

- Excluding Digital, **core service revenue down marginally** by -0.7%
- Prepaid revenue **mainly from lower migrant segment**
- Postpaid revenue up on **higher subs and resilient ARPU**
- **Reduced focus** in lower-margin **Digital segment**

### Q-Q

- Sequential decline due to **normal seasonal pattern**
- **Softer prepaid usage** for internet passes and lower non-internet usages
- **Growth in Postpaid & Fibre-to-Home**
- **Higher take-up** of mobile and digital services **from SMEs and corporates**

## COGS &amp; OPEX



Q-Q	Y-Y
-14.2%	-8.9%
Flat	+1.5%

## COGS

Y-Y & Q-Q

- Digital and device costs declined in line with softer sales volume

## OPEX

Y-Y

- Steady underlying Opex, **cost reduction from modernisation initiatives** cushioning network expansion costs and inflation

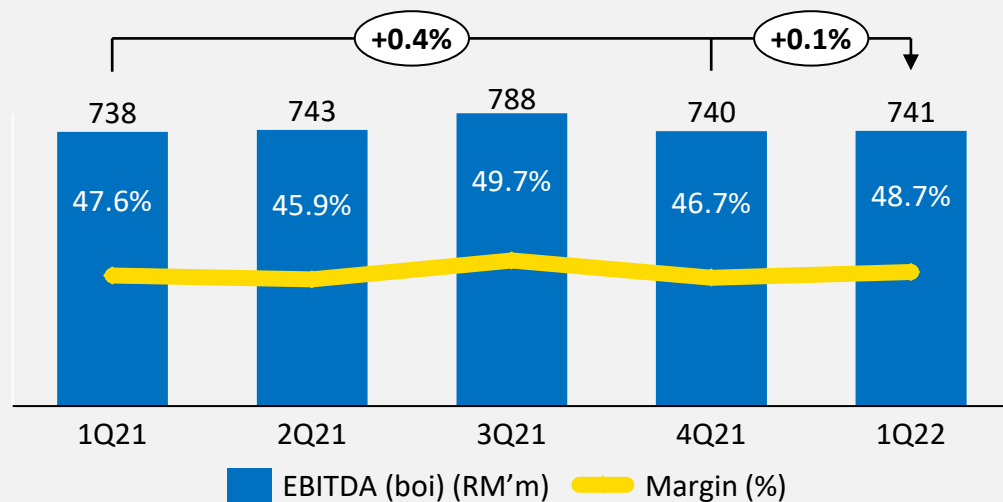
Q-Q

- Disciplined cost management**, savings in credit loss allowances from **robust collection** management, offsetting higher staff cost spend timing
- OPEX to service revenue remained **healthy at 30.7%**



# IMPROVED EBITDA MARGIN CUSHIONING ONE-OFF TAX EFFECTS

## EBITDA BEFORE OTHER ITEMS



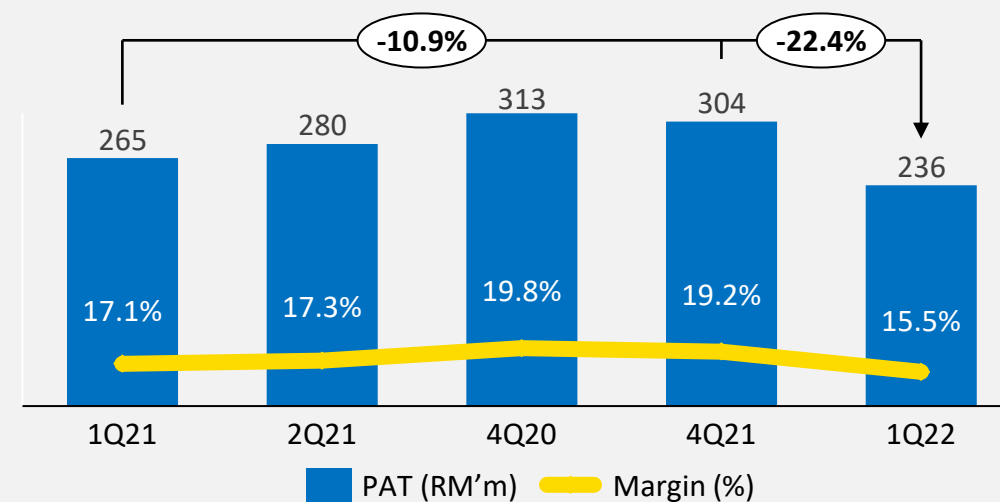
### Y-Y

- Softer topline development cushioned by optimised spending
- **Resilient normalised EBITDA margin of 48.9%** boosted by focus on higher value segments

### Q-Q

- **Flattish EBITDA**, flowthrough from lower costs
- Maintained resilient margin in competitive market

## PAT



### Y-Y

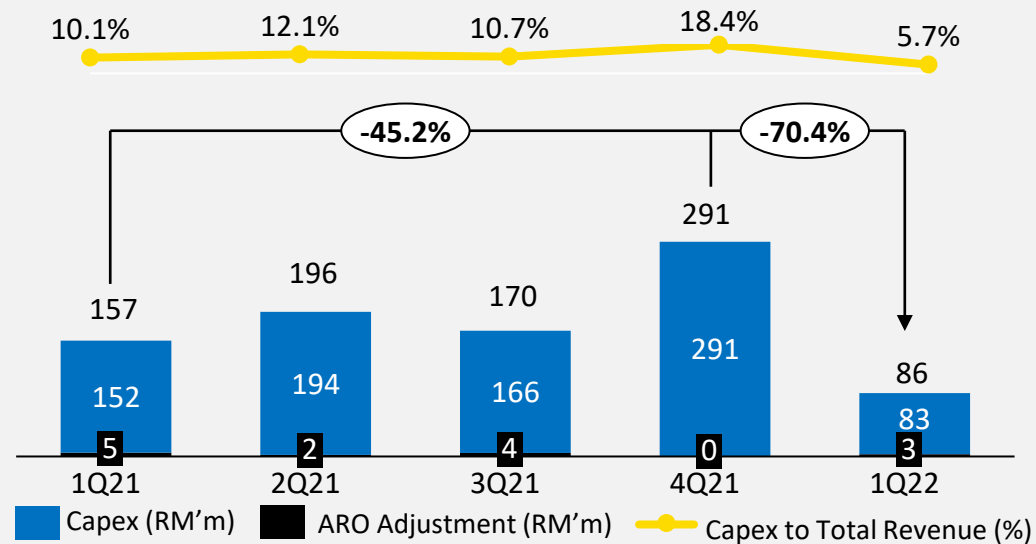
- **Changes in tax rate** mitigated by lower net finance costs and depreciation costs

### Q-Q

- Impacted by one-time tax rate hike
- Lower depreciation & amortisation costs by -2.9%

# PRIORITISING INVESTMENTS FOR FUTURE GROWTH

## CAPEX



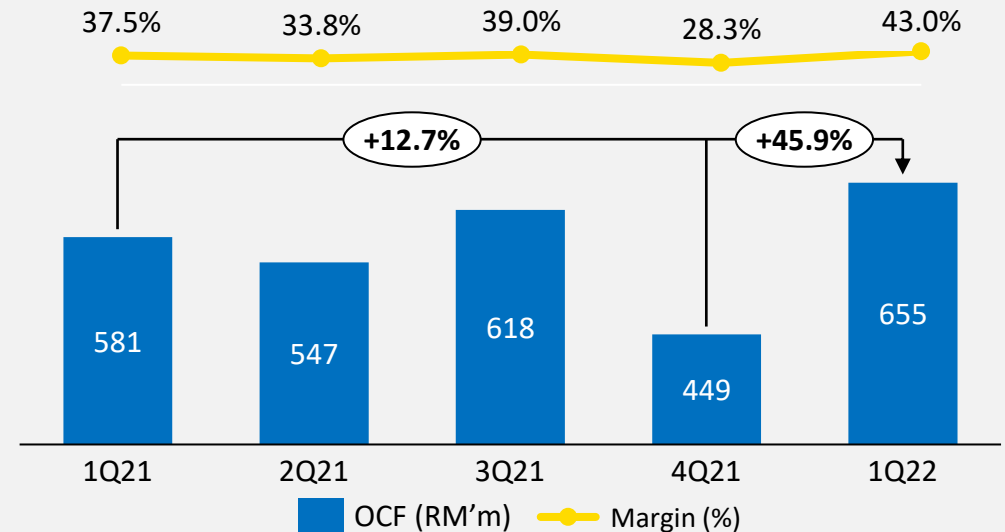
### Y-Y

- Continuous network enhancements and modernisation of in-house digital capabilities

### Q-Q

- Lower spend due to timing of investments and project deferments

## OPERATING CASH FLOW (OCF)



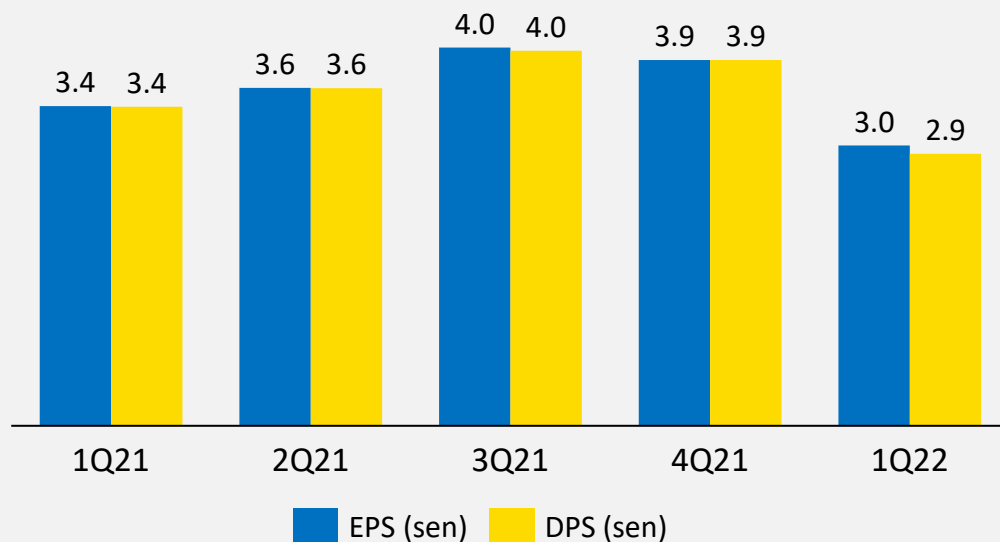
### Y-Y

- Strong OCF margin of 43.0%

### Q-Q

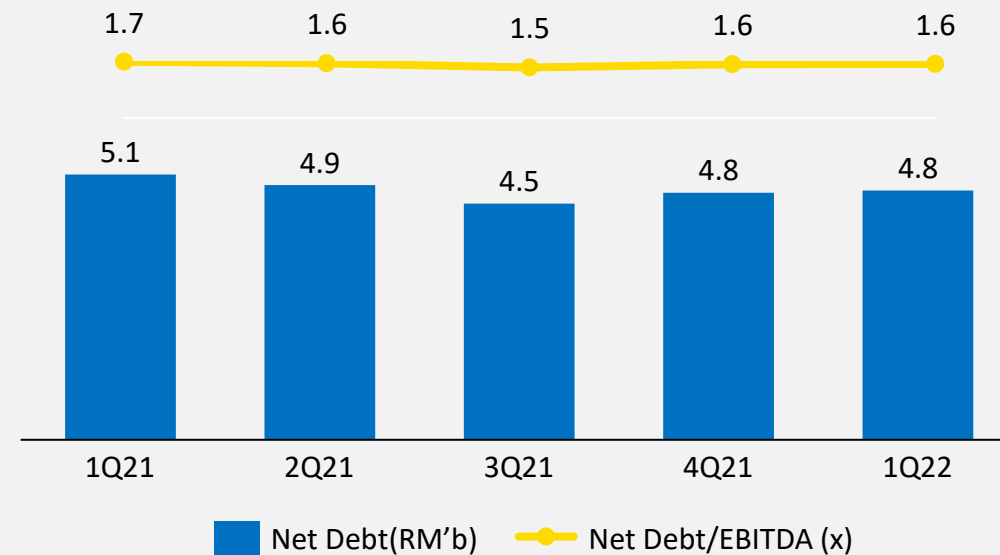
- OCF rose to RM655 million given the low capex

## SHAREHOLDER RETURN



- Committed to pay **more than 80%**
- RM225 million** or **95.5% payout**

## NET DEBT & NET DEBT / EBITDA



- Net debt to EBITDA ratio remains at **1.6x**, supported by strong balance sheet position

## 2022 GUIDANCE MAINTAINED



**Service  
Revenue**



**Return to growth**



**Normalised  
EBITDA**



**Around FY2021 level (RM3,009million)**



**Capex-total  
revenue**



**Around FY2021 level (12.8%)**





Steady 1Q2022 financial achievements



Positive momentum in core segments



#1 Network leadership – faster and sharper



Leading Responsible Business standards

## External Links

Integrated Annual Report 2021

[Click here](#)

1Q FY2022 Earnings Pack

[Click here](#)

Notice to AGM 2022

[Click here](#)

## Upcoming Events

Annual General Meeting 2022

13<sup>th</sup> May

2Q FY2022 Results

15<sup>th</sup> July

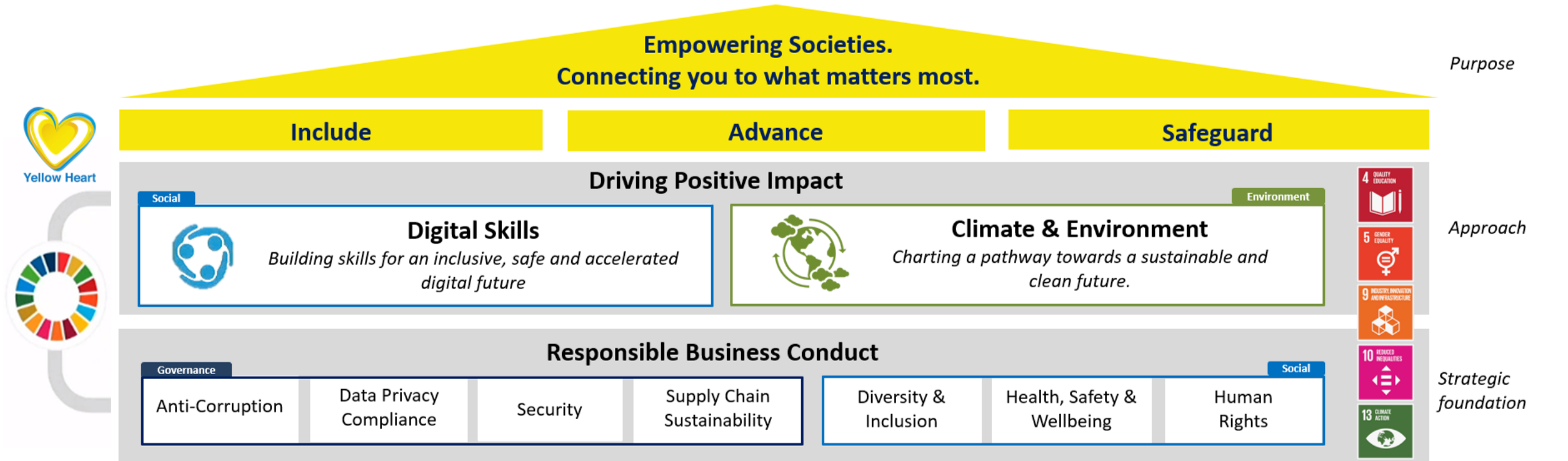


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**We aspire to be a brand that customers trust, and therefore will prefer.**

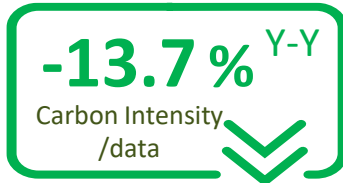
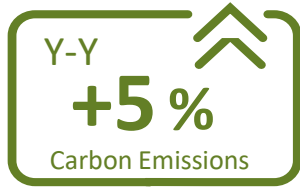
**We believe customers will choose brands that operate with the highest standards, one that conforms to the same values that they can relate to.**







## Climate and Environment



*More climate action* needed to combat challenge in energy growth due to rising data demand and usage

- 01** Board endorsed climate roadmap to **assume greater responsibility and drive sustainable practices.**
- 02** Digi's plans moving forward include:
  - Modernise network, more fibre efficiency
  - Adopt more solar and hybrid solutions
  - Drive fuel-to-grid power conversion at sites
  - Reduce diesel consumption by pairing genset with lithium ion batteries



## Social Responsibility and Nation Building



*Build impactful* initiatives to support the UN Sustainable Development Goals

- 01** Recognition for championing women's equality in **Bloomberg Gender Equality Index (GEI) 2022**
- 02** Contributed RM130,000 for **COVID-19 recovery** at rural hospital in Sarawak
- 03** Advancing **Human Rights dialogues** with ILO, UNICEF & IO Foundation
- 04** **Scam and Phishing awareness campaigns** with customers and communities

## APPENDIX: NET DEBT/EBITDA RECONCILIATION

RM'mil	1Q2021	2Q2021	3Q2021	4Q2021	1Q2022
<b>Borrowings*</b>	<b>2,735</b>	<b>2,686</b>	<b>2,549</b>	<b>2,501</b>	<b>2,514</b>
Term Loan (Islamic)	443	443	368	369	294
Term Loan (Conventional)	493	444	382	333	271
Islamic Medium-Term Note (IMTN)/ Sukuk	1,799	1,799	1,799	1,799	1,799
Revolving Credit (Islamic)	-	-	-	-	25
Revolving Credit (Conventional)	-	-	-	-	125
<b>Lease Liabilities**</b>	<b>2,586</b>	<b>2,618</b>	<b>2,589</b>	<b>2,459</b>	<b>2,464</b>
<b>Total Debt</b>	<b>5,321</b>	<b>5,304</b>	<b>5,138</b>	<b>4,960</b>	<b>4,978</b>
Cash and Bank Balances	217	403	590	205	182
<b>Net Debt</b>	<b>5,104</b>	<b>4,901</b>	<b>4,548</b>	<b>4,755</b>	<b>4,796</b>
4Q Rolling EBITDA	3,062	3,035	3,035	3,009	3,012
<b>Net Debt/EBITDA</b>	<b>1.7</b>	<b>1.6</b>	<b>1.5</b>	<b>1.6</b>	<b>1.6</b>

\* Net of capitalised transaction costs

\*\* Lease Liabilities are recognized as interest bearing debt under MFRS 16 and included in the Net Debt calculations

- Flat Q-Q net debt over EBITDA ratio on the back of sufficient financial borrowings to fund future growth opportunities
- Deterioration in 1Q22 rolling EBITDA from softer service revenue trend