



# 24<sup>th</sup> ANNUAL GENERAL MEETING

18 MAY 2021



**PRESENTATION  
BY  
MANAGEMENT**

**1** Digi at a glance

**2** Our response to Covid-19

**3** 2020 in review

**4** Moving forward

# FY2020 A Truly Unprecedented Year

## MACRO IMPACT

- GDP **-5.6%**
- High unemployment rate **4.5%**
- **Weaker** economic recovery
- **Borders closed** since Q1 2020
- **Extended** lockdown periods
- **Limited inflow of foreign workers**

## PRESSURE ON INDUSTRY

- **Weaker** consumer spend with shrinking wallet
- **Reduction in traffic** to physical stores
- Sustained **price competition**
- **Full impact on usage** from tourist, roaming and migrants

# Delivering Our Purpose

Empowering  
Societies

Connecting  
Customers To  
What Matters  
Most



# Our Response to Covid-19



## Driving Inclusivity To Build Socio-economic Recovery

Underscores our commitment and leadership in Responsible Business

Maintain quality network



Promote safe internet and digital inclusion



Curate special plans and digital channels



Help businesses digitalise for business continuity



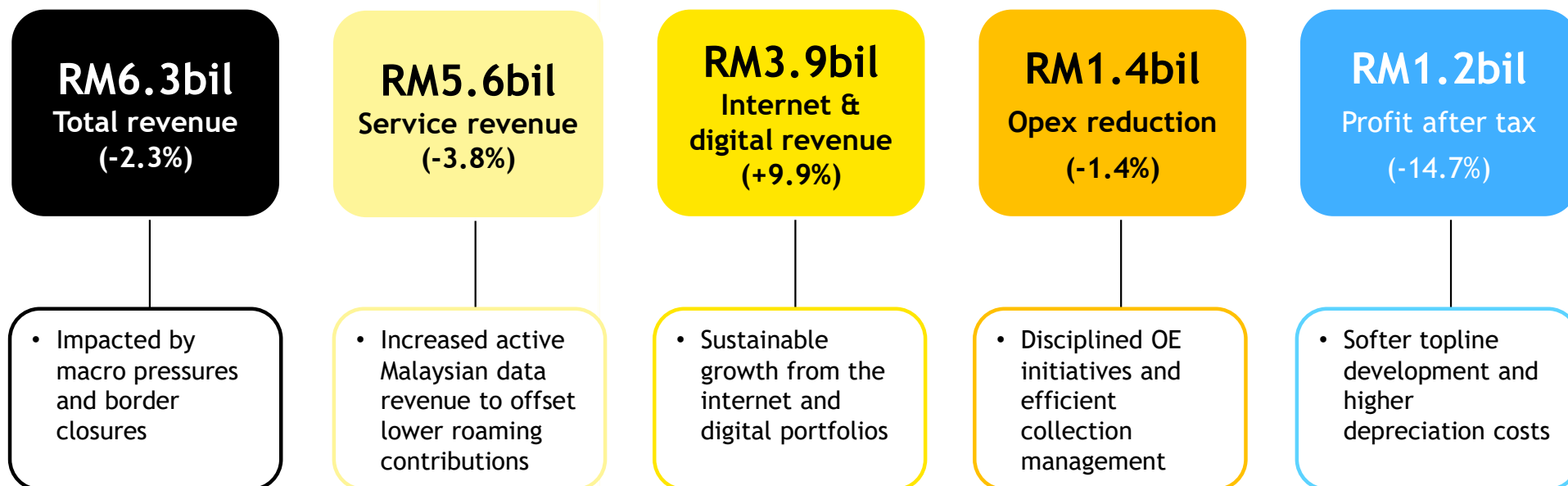
Support community and emergency relief efforts



Prioritise employees' safety and wellbeing



# 2020 Financial Highlights



## 2020 Operational Highlights

**RM31**

Prepaid ARPU  
(+RM1)

- Driven by affordable and flexible high speed internet passes

**RM41**

Blended ARPU  
(+RM1)

- Sharp focus on acquisition and contracting efforts in Malaysian base

**8.7mil**

Internet subs, or  
87.3% of  
subscribers

- Leveraging on growth in internet adoption

**+7.0% Y-Y**

B2B subs

- Strong digital uptick and take-ups in Go Digital and Penjana bundles

**+28.2% Y-Y**

Total data traffic

- Higher data consumption growth for remote working and e-learning

# The Values We Created

## For our customers

Delivered most consistent and reliable network



<b>92%</b> 4G LTE	<b>75%</b> 4G LTE-A	<b>9,890</b> sites
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Increased self-serve transaction on digital channels

**+16%** 4.4mil monthly users on MyDigi app

**+7%** RM242.5mil of upsell volume transacted

## For our investors



Recorded the highest return on equity over three years for Big Cap companies in Telco and Media

**3.8%** Dividend yield

**Near 100%** Payout ratio





# The Values We Created

## For our employees

### Building critical competencies and talent



**86,420 online learning hours**

**+10%**

Through a range of online learning resources

### Inclusion in global indices for equality standards



With 100% disclosure score above global average



**#37** in Global Diversity and Inclusion Index 2020

## For our suppliers

### Managing our supply chain responsibly



**1,919 suppliers** signed Agreement on Business Conduct

**511 inspections** to ensure compliance

## For our environment

### Achieving lower carbon footprint and energy usage

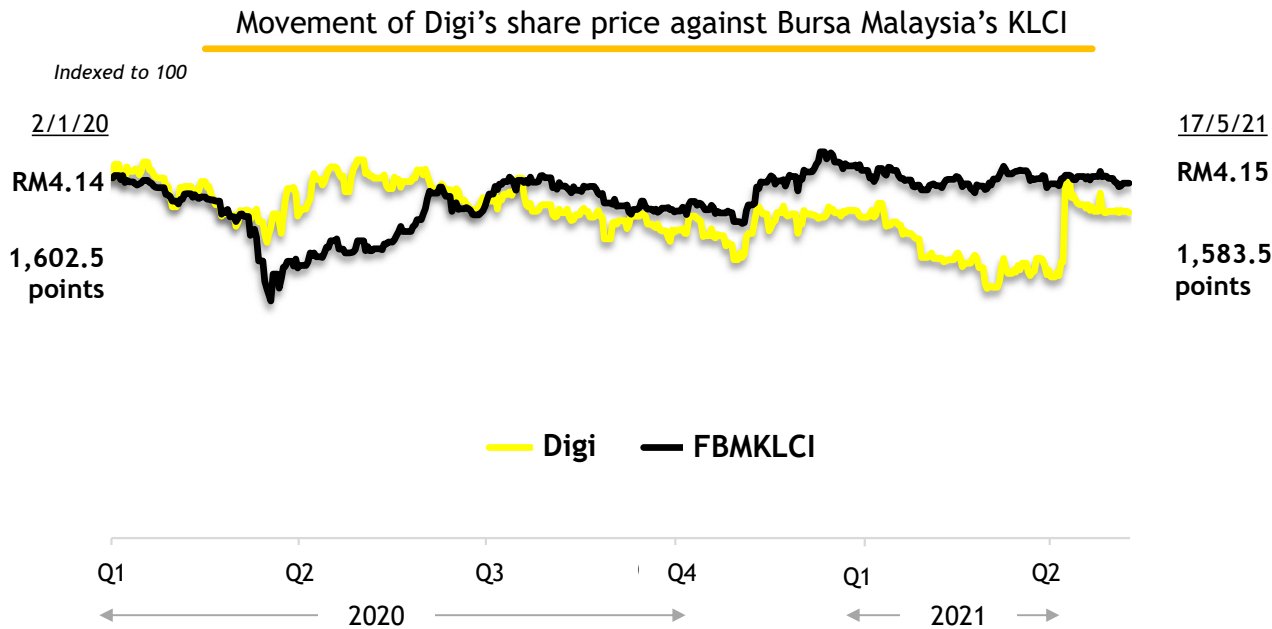
**↓ 5%**  
in total carbon emissions

**↓ 31%**  
in carbon intensity per data usage

**↓ 27%**  
in in energy usage per data terabyte



# Resilient Share Price Performance in line with KLCI



**#12**

Listed on KLCI

**RM32.3b**

Market Cap

**28.2x**

P/E Ratio

**12.2x**

EV/EBITDA Ratio

## Shareholder Value Creation Despite The Pandemic

**Near 100%**

Dividend payout ratio for  
FY2020

**15.6 sen**

Dividend per share

**RM1.21bil**

Total payout

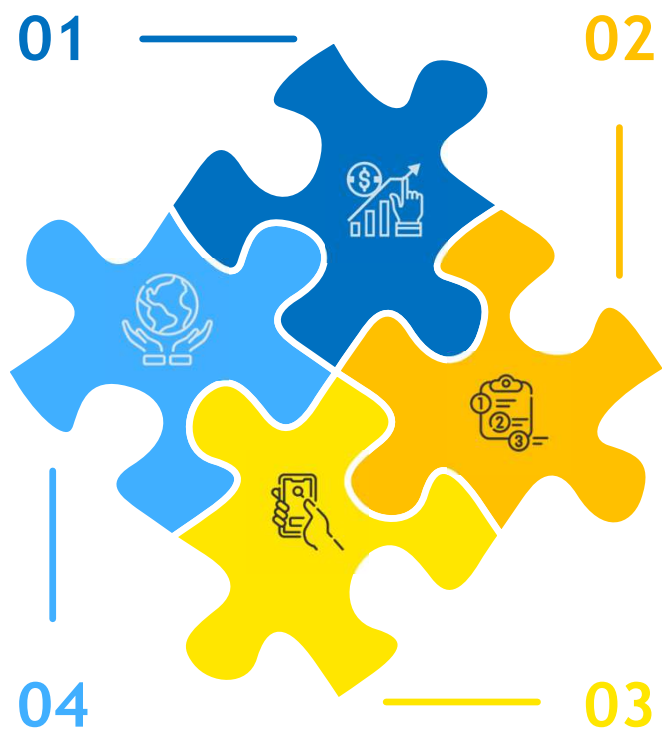


Underpinned by our focused execution on business and prudent financial management



Continue to exceed our dividend policy of distributing a minimum 80% of net profits

# 2021 Outlook



## Macroeconomic

- Uncertainty on the duration of the ongoing MCO
- Weaker consumer sentiment and affordability
- Intense market competition

## Regulatory

- JENDELA initiative to upgrade Malaysia's digital infrastructure
- Tighter compliance for data protection and anti-graft

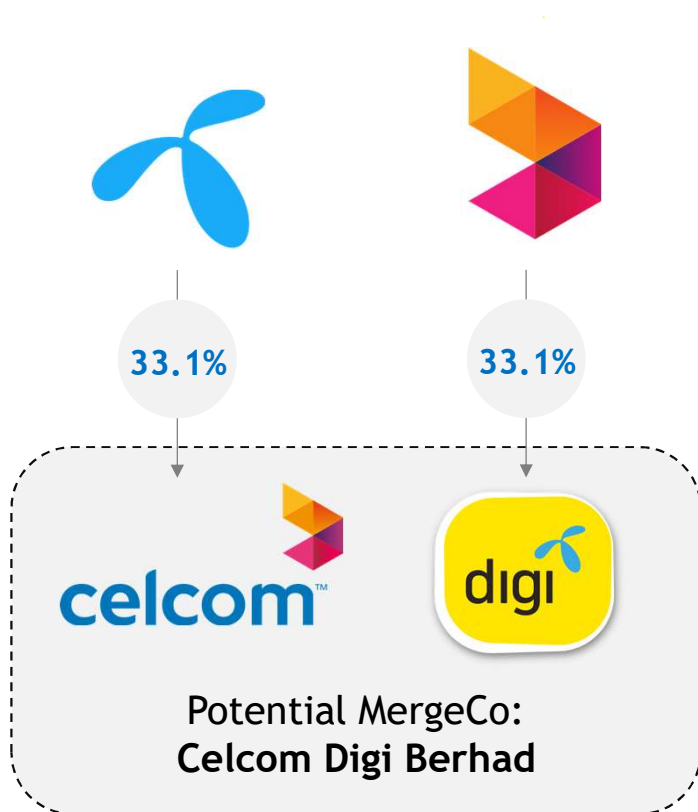
## Technology and Digital

- More digital-savvy customers and changing consumer behaviour
- 5G, data analytics and artificial intelligence to reshape industry
- Cyber-security and data privacy concerns

## Health, Safety and Environment

- Continue protecting our customer's and employee's safety with strict SOPs and business continuity plans to manage Covid-19
- Enhancing focus in driving environmental friendly solutions

## Axiata & Telenor in advanced discussions on a possible merger



- **On track** in current process
- To obtain **necessary approvals** from all shareholders and other stakeholders
- **Business as usual** and focus on our 2021 priorities

# Committed on delivering 2021 priorities



## OUR STRATEGY

- Build core mobile and strengthen with FTTH across Malaysian base
- Pioneer innovative solutions to digitalise enterprises in key verticals (ports, oil & gas)
- Invest to deliver competitive and consistent network experience



Growth



Responsible Business

- Raise ESG standards and continued responsible business focus
- Develop digital resilience and future skills competencies



Modernisation

- Improve ease of performing self-serve transactions across digital channels
- Modernise enterprise IT platforms to serve B2B customers efficiently
- Leverage automation and AI/Machine Learning to enhance Digi's lean operating model

# FY2021 guidance

## Guidance

Service revenue

Low single digit decline

EBITDA

Medium single digit decline

Capex-to-total revenue ratio

14.0% - 15.0%

- Remain steadfast and committed on **delivering 2021 priorities** to reach our strategic ambitions
- Built on **robust financials, organisational agility, trusted brand and responsible business standards**

# Note of appreciation



To our **Heroes** on the frontlines,

Thank you for your dedication in serving our customers and the nation.

To our **Customers, Business Partners, Investors and the Community,**

Thank you for your continued support.



## Note of appreciation



**Lastly, the Board, Management and all Digizens extend our deepest gratitude and appreciation to Tan Sri Saw Choo Boon, who served as Senior Independent Non-Executive Director for more than 9 years.**

**We are grateful for his commitment, wisdom and guidance throughout his tenure with the Company.**

**Best wishes to Tan Sri Saw!**



# THANK YOU

**DIGI.COM BERHAD**

199701009694 (425190-X)

18 MAY 2021

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# Q&A Session



LET'S INSPIRE

Digi.Com Berhad | Registration No. 199701009694 (425190-X)

## 24<sup>th</sup> ANNUAL GENERAL MEETING

TUESDAY 10:00AM | 18<sup>th</sup> MAY 2021



▶ Responses to questions raised by Minority Shareholder Watch Group (MSWG)

# Responses to questions from MSWG

1. To achieve its targets which are aligned with its long-term strategic ambitions, Digi uses financial and non-financial indicators to measure the achievements as highlighted below:

- Positive service revenue growth
- Positive subscriber growth for B2B and Fibre-to-the-home (FTTH)
- Improve 4G capacity (Page 19 of Integrated Annual Report - IAR)

What are the respective achievements and targets for FY2020 for each of the indicators?

What are the targets for FY2021?

- Delivered FY2020 service revenue of RM5.43 billion and EBITDA of RM3.08 billion in line with our 2020 revised guidance

	2020 Guidance	2020 Performance	Commentary
Service revenue	Low-to-medium single digit decline	-3.8%	<ul style="list-style-type: none"> <li>• Continuing revenue growth in targeted areas of Internet, Digital and B2B revenues, alongside enlarged Malaysian active data base to offset,</li> <li>• Effects from border closures impacted roaming and migrant contributions</li> </ul>
EBITDA	Medium-to-high single digit decline	-6.8%	<ul style="list-style-type: none"> <li>• Flowthrough from revenue decline and mix change</li> <li>• Disciplined cost control efforts led by optimisation and transformation agendas</li> </ul>
Capex-to-total revenue ratio	Similar to 2019 level	RM753mil	<ul style="list-style-type: none"> <li>• Prioritisation of CAPEX and investments to drive superior network experience</li> </ul>

- FY2021 guidance: Low single digit decline for service revenue, medium single digit decline for EBITDA and capex-to-total revenue ratio of 14% to 15%

# Responses to questions from MSWG

## 2. Digi's response to competition included:

- Focusing on high-speed prepaid internet plans with easy entry starting at RM15, and monetisation of high-speed data
- Expanding presence in fixed connectivity by bundling postpaid plans with fibre-to-the-home via More@Home position
- Introducing best-in-value Go Digital Bundles to boost recovery and growth for SMEs as part of PENJANA (Page 26 of IAR)

What is the status and achievements for each of the aforesaid initiatives?

- Prepaid: The only telco focusing on high-speed proposition via affordable internet passes to deliver the best network experiences.
  - Led to enlarged active Malaysian data base of +2.1 % Q Q and +6.3 % Y-Y in 1QFY2021
  - Prepaid ARPU uplifted by RM1 Q-Q and RM2 Y-Y to RM33
- Fibre broadband: Expanded ultra-fast and unlimited fibre-to-the-home services as part of bundled product proposition for customers, SMEs and large enterprises
  - Increasing cross selling opportunities to the existing subscriber base
- Go Digital bundles for B2B: Registered strong digital uptick and take-ups in Go Digital and PENJANA bundles
  - Growth of B2B subs and B2B revenue excluding roaming by 7.0% Y-Y and 3.3% Y-Y, respectively in 1QFY2021
  - Focused on providing greater savings and productivity through mobile bundling plans and actively raising awareness and digital adoption
  - Gaining industry market share to achieve double digit growth aspiration in FY2021

# Responses to questions from MSWG

3. For 2021 outlook, one of the initiatives is to prioritise capex and investment to support exponential data growth and upcoming 5G infrastructure rollout. (Page 27 of IAR)

What are the major tasks undertaken to face the 5G rollout? How ready is the Company in countering the competition?

- Our capex guidance in FY2021 of 14% to 15% of our total revenue is prioritised on driving network modernisation and digitalisation of internal processes
- Has been building readiness for 5G by modernising our network and IT platforms with 5G-ready features and improve capabilities of self-serve and digital channels to deliver seamless customer journeys
- Have embarked on several partnerships with industry vertical partners and selected corporate customers to conduct 5G demonstration projects and 5G trials such as virtual tourism and real-time medical data transfer
- The government has established of Digital Nasional Berhad as the national 5G special purpose vehicle (SPV), and will be given the relevant spectrum to own, execute, and manage 5G infrastructure
- Digi will be provided with equal access to 5G infrastructure via fair wholesale arrangement
- We will be leveraging on 5G technologies with our partners via our efficient distribution and sales network to capture new growth opportunities and deliver greater customer experiences by offering innovative 5G solutions

# Responses to questions from MSWG

4. Rising global concerns over climate change has compelled mobile operators to adopt climate friendly and energy-efficient solutions amidst expansive roll-out of mobile networks to meet the exponential demands for connectivity. (Page 28 of IAR)

What specific green-tech innovative solutions have been adopted? What is the efficient resource consumption deployed to address such concerns? How successful have these been?

- Driving utilisation of more efficient technologies for better energy management, which include:
  - Leveraging on partners' expertise to adopt Artificial Intelligence/Machine-Learnings-based system to manage our Radio Access Network (RAN) energy consumption
  - Invest to expand fibre-based backhaul and last mile solutions in our network and service offerings
  - Converting indoor sites from air-conditioning to fan/filter free cooling systems
  - Converting fuel powered off-grid sites to grid power
  - Reviewing more remote off-grid sites for feasibility to use PV solar and hybrid solutions as power source
- Our carbon emission has decreased by 5% in 2020, attributed to these on-going network modernisation and operational efficiency (OE) initiatives, while carbon intensity per data usage also improved by 31%

# Responses to questions from MSWG

5. One of the emerging opportunities is to accelerate digitalization of SMEs through development and provision of digital solutions beyond Digi's core connectivity business. (Page 41 of IAR)

How successful has Digi been in seizing this opportunity? What was the growth rate in capturing the SMEs business in FY2020 compared to FY2019?

- Encouraging development in the SMEs segment as a trusted digital business solutions provider
- Is also a certified technology solution provider to support SMEs in digital adoption under the SME business digitalisation grant
- Recent initiatives include:
  - Acted as a one-stop digitalisation hub for SMEs by providing relevant digital solutions and simplifying grant application
  - Tailored solutions to help businesses during lockdown periods
  - Launched Digi's Business Continuity Digitalisation (BCD) Programme in partnership with MDEC
- Recorded strong take-ups in our digital solutions and customised offerings reflecting our sharp execution



# Responses to questions from MSWG

6. Digi targeted that in 2023 the Company will have 20% growth in Postpaid and Fixed subscribers (vs. 2020 baseline) and 33% growth in B2B revenue (vs. 2020 baseline). (Page 42 of IAR)

What were the growth rates in these two areas in 2020 compared to 2019?  
What are the expected growth rates in 2021 vs 2020?

## Postpaid and Fixed:

- Despite store closures and macro-related pressures, postpaid and fixed subscribers registered net adds of 12k Y-Y to close FY2020 with 3.04 million of subs underpinned by our efforts to grow active Malaysian base via affordable and flexible bundles
- We will continue to drive focused acquisition and build contracted base through our newly launched Digi Postpaid portfolio as well as creating new revenue opportunities

## B2B:

- Our priorities to focus on accelerating digital adoption for B2B have escalated our B2B revenue growth by 4.0% Y-Y
- We will continue to:
  - Provide relevant product offerings addressing current business needs
  - Grow traction in the large enterprise segment across various industries through customised connectivity and solution offerings
  - Raise Digi Business brand through strategic partnerships

# Responses to questions from MSWG

7. Practice 1.4 of Malaysian Code on Corporate Governance (as at 28 April 2021) stipulates that the Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

Guidance G1.4 states:

Having the same person assume the positions of Chairman of the board, and Chairman of the Audit Committee, Nomination Committee or Remuneration Committee gives rise to the risk of self-review and may impair the objectivity of the Chairman and the board when deliberating on the observations and recommendations put forth by the board committees. Thus, the Chairman of the board should not be involved in these committees to ensure there is check and balance as well as objective review by the board.

Please take note.

- The revised Malaysian Code on Corporate Governance as at 28 April 2021 (“Revised MCCG 2021”) was issued after the Company has finalised and released its Integrated Annual Report 2020 and Corporate Governance Report on 15 April 2021.
- Nonetheless, Digi will conduct a thorough review to the content of the Revised MCCG 2021 to comprehend the intention behind each Principle and each Practice, and to adopt the new best practices, where relevant in order to achieve the intended outcomes of having a strong corporate governance culture in Digi.

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▶ Responses to pre-submitted questions by shareholders

# Responses to questions on door gifts

We understand that Digi has decided not to give door gifts to shareholders this year. Would the Board consider giving out Digi's e-vouchers instead?

- There will be no distribution of AGM door gifts physical or electronically this year. As part of our commitment towards responsible business, we have prioritised our resources to ensure our customers and frontliners can stay connected especially in the midst of C-19 crisis and to ensure our network is optimised to support the increase in data traffic demands.
- In that respect, Digi have given free 1GB productivity data daily and Covid-19 insurance coverage to our customers during the MCO period, amongst a list of other Covid-19 initiatives which we believe will benefit our esteemed shareholders who are also our customers and Malaysia society at large.

# Responses to questions on potential merger

Can we know the current stage of progress towards finalising agreements in relation to the proposed transaction within the second quarter of 2021 following due diligence?

- We are on track in current process.
- We will be making announcement upon completion of the process.
- The Board and Management will be obtaining the necessary approvals from all shareholders and other stakeholders.

# Responses to questions on MCO 3.0

What is the outlook and guidance for 2021, given the latest announcement on MCO 3.0?

- We have seen steady commercial momentum through our agility to pivot key positioning, and effective cost optimisation initiatives to secure resilient cash flow.
- Hence, we are better prepared as we are proactively performing scenario planning to adapt and execute based on consumer demand and market condition - based on Covid-19 learnings.
- Digi continues to focus on digitalisation and innovation, in supporting SMEs and enterprises with our Go Digital bundles, in-house solutions and tailored connectivity solutions, while actively collaborating with partners to deliver best customer experiences.

# Q&A Session



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▶ Questions from  
livestream



# THANK YOU

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