



PRESS RELEASE
For immediate publication

Digi records 1.6% q-o-q service revenue¹ growth in Q4 2019

SUBANG JAYA, 22 January 2020 – Digi.com Berhad (Digi) closed 2019 with fourth-quarter results highlighted by a 1.6% q-o-q and 0.4% y-o-y service revenue¹ growth to RM1,488 million, showing that the business delivered against its key financial and operational targets for the year. FY 2019 service revenue stood at RM5.84 billion with a healthy EBITDA of RM2.92 billion or 46.3% margin.

The company attributed these results to the strong performance in growth areas, namely postpaid, internet and digital businesses, and making strategic investments to support this growth while keeping focused on its digitisation and efficiency agenda. In the year, Digi invested a total RM753 million capex for IT and network upgrades, innovated new services, matured its device financing programme and continued to transform its digital and physical channels. The combined effort to improve overall customer experience further shifted its revenue mix from voice to internet and digital services, building a more sustainable runway for growth, profitability and healthy shareholder returns for the long-term.

“We close 2019 with good momentum, delivering steady financial and operational performance by having executed well on our 5-year strategy. Moving forward into 2020 and the era of 5G, we remain focused on driving sustainable growth, efficiency and digital transformation for our customers, as we upgrade our network to deploy next-generation technologies to connect customers to what matters most. We have initiated several partnerships via Malaysia’s first 5G OpenLab in Cyberjaya and 5G Demonstration Project (5GDP) in Langkawi to test and find viable use cases to accelerate the country’s 5G development in the near future.”

Stronger Q4 and FY 2019 performance

| RM million | 4Q18 | 3Q19 | 4Q19 | Q-o-Q | Y-o-Y | FY18 | FY19 | FY-o-FY |
|------------------------------------|-------|-------|--------------|--------|--------|-------|--------------|---------|
| Total revenue | 1,674 | 1,562 | 1,678 | 7.4% | 0.2% | 6,527 | 6,297 | -3.5% |
| Service revenue¹ | 1,482 | 1,464 | 1,488 | 1.6% | 0.4% | 5,924 | 5,843 | -1.4% |
| EBITDA | 740 | 725 | 717 | -1.1% | -3.1% | 3,033 | 2,916 | -3.9% |
| EBITDA margin | 44% | 46% | 43% | -3.7pp | -1.5pp | 46% | 46% | -0.2pp |
| PAT | 378 | 362 | 353 | -2.5% | -6.6% | 1,541 | 1,495 | -3.0% |

¹ Revenue ex- contract asset amortisation.

All analysis and comparisons are based on post MFRS 9 and MFRS 15.

Key Financial Highlights (Y-o-Y)

- Service revenue¹ grew 1.6% q-o-q and 0.4% y-o-y to RM1,488 million, supported by postpaid revenue and internet and digital revenue growth
- Internet and digital revenue grew 9.9% y-o-y to RM933 million or 64.9% of service revenue. Now with 9.4 million subscribers, each using 13.8 GB of data monthly
- Postpaid revenue¹ grew 9.6% y-o-y to RM731 million, now with 3.0 million subscribers
- Prepaid revenue decline narrowed to -9.7% y-o-y to RM736 million alongside ongoing revenue mix shift from voice (45%) to internet (55%). This revenue mix shift will stabilise the segment to drive more sustainable returns for the long-term
- OPEX remained flat y-o-y aided by non-recurring cost effects, operating model shifts and efficiency benefits, in tandem with ongoing network investments to deliver solid customer experience in the quarter
- EBITDA moderated to RM717 million or 43% margin while Profit After Tax (PAT) traced to RM353 million or 21% margin; due to higher investments into driving higher customer contracts and improvements in network experience for customers
- Ops cash flow moderated to RM512 million or 31% margin after investing another RM205 million capex, as planned, for network enhancements to unlock future growth opportunities



- Net debt to EBITDA ratio healthy at 0.9 times while conventional debt over total assets steadied at 10.2%, remaining well-within the Shariah threshold
- Final dividend per share of 4.4 sen or RM342 million, payable to shareholders on 27 March 2020. FY2019 cumulative dividend per share stands at 18.2 sen

Connecting Malaysians with more affordable options and a stronger network nationwide in Q4 2019:

- **Deepening customer engagements with personalised services**
 - MyDigi app now serves 3.8 million active users, with 21 million upsell transactions on the app in the final quarter of 2019.
 - Introduced MyDigi subscriptions by EasyAdd, offering the convenience of subscribing and managing multiple subscription services from a single hub.
- **Providing Malaysians more connectivity options to suit their lifestyle**
 - Launched a refreshed Digi Postpaid 80 plan upgraded with 30GB of data, and an additional loyalty bonus of up to 40GB of data.
 - Introduced a new RM50 7-day roaming pass available in 8 countries, continuing our innovation on roaming sachets to suit our customers’ travel needs.
 - Introduced Digi AirSIM that lets customers use the same number on multiple devices. This eSIM capability will become more prevalent as customers want to connect more things to the internet.
 - Enabled Whatsapp Business for customers on our virtual business phone solution, Omni. It is used for automated responses, sending quick replies and responses to common FAQs, and broadcasting messages on ongoing promotions or announcements.
- **Building 5G together with industry**
 - Partnered with MDEC to ensure more entrepreneurs, startups and developers obtain access to perform trials on next-generation 5G technology at Malaysia’s first 5G OpenLab in Cyberjaya.
 - Partnered with Telekom Malaysia (TM) to test the capabilities, possibilities and limitations of 5G network sharing between multiple network service operators during the 5GDP in Langkawi.
 - Exploring 5G technology and benefits with a Virtual Tourism use case at Langkawi Aiport and Real-time medical data transfer use case in Hospital Sultanah Maliha in Langkawi for the 5GDP.

2020 Outlook Guidance

Digi expects to deliver:

- Network for Best Internet Experience and 5G readiness
- Best in Value and Digital Experience in connecting customers to what matters most
- Discipline OE execution and operating model innovation to create value, and
- Leadership in responsible business conduct, including a safe and inclusive digital lifestyle for all

The company’s 2020 guidance is as follows:

| | 2020 Guidance² |
|------------------------|----------------------------------|
| Service revenue | Flat - low |
| EBITDA | single digit decline |
| Capex | Similar to FY2019 |

² 2020 Guidance includes impact of MFRS 16: Leases

For more on Digi’s Q4-FY 2019 performance, visit www.digi.com.my/investors.

About Digi

Digi is a mobile connectivity and internet services provider enabling 11.3 million Malaysians on our advanced 4G+ network. We have an ambition to provide relevant, personalised, and engaging digital products and services that will fully enable our customer’s digital lifestyles. Listed on Bursa Malaysia, Digi is part of global telecommunications provider Telenor Group, and is a leader in driving responsible business practices. For more information, visit www.digi.com.my.

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