

Corporate Info

Digi.Com Berhad is listed on Bursa Malaysia Berhad and is part of the global telecommunications provider, Telenor Group. Its mobile service operations are undertaken by its wholly-owned subsidiary, Digi Telecommunications Sdn Bhd.

Digi commenced operations in May 1995 when it launched its fully digital GSM1800 services, the first digital mobile communications service in Malaysia.

Digi continued to deliver solid performance with RM7.0 billion in revenue in 2014. Over the years, the consistent focus on *Internet For All* across all its value chain has contributed to a stronger market position and enabled its mobile services to more than 11.4 million subscribers at end 2014.

At end 2014, Digi's 3G and LTE network coverage reached 86% and 32% population, supported by 4,700 km of fibre network. The stronger data network coupled with modernized IT billing platform continued to support the always-on, consistent high-speed data experience for the customers and enabled Digi to capture data growth opportunities sustainably.

Digi's presence as a leader in prepaid services has spearheaded in a number of industry benchmarks for simplicity and innovation. In addition, Digi has also revitalised its postpaid services under Digi Postpaid and Digi Business to deliver quality voice and mobile internet services to individuals and corporate customers.

Through its corporate initiative, Deep Green, Digi is committed to a sustainable business that is financially and ecologically responsible to all stakeholders.

Corporate Address Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Subang Jaya, Selangor, Malaysia Tel: +603-5721 1800 (General Line) www.Digi.com.my	Registered Office Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan Tel: +603-7720 1188 Fax: +603-7720 1111
Share Registrar Tricor Investor Services Sdn Bhd Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur Tel: +603-2264 3883 Fax: +603-2282 1886	Auditors Messrs Ernst & Young Chartered Accountants, Level 23A Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara 50490 Kuala Lumpur
Bankers	
<ul style="list-style-type: none"> • Standard Chartered Bank Malaysia Berhad • AmBank (M) Berhad • CIMB Bank Berhad • Malayan Banking Berhad 	<ul style="list-style-type: none"> • OCBC Bank (Malaysia) Berhad • Hong Leong Bank Berhad • UOB Bank Berhad • Sumitomo Mitsui Banking Corporation Malaysia Berhad

Background

Digi is the third largest mobile operator in Malaysia.

Digi.Com Berhad (Digi) commenced operations in Malaysia in May 1995 when it launched its fully digital GSM 1800 MHz services, the first digital mobile communications service offering in Malaysia. Digi offers mobile voice, roaming and value-added services on both prepaid and contract bases. Digi is currently one of the leading operators in the prepaid segment, which is the largest consumer segment in the Malaysian mobile market. On 7 May 2008, Digi obtained a 3G spectrum licence with all of its rights and benefits via a transfer from TIME dotCom (TdC) for a consideration of 27.5 million new shares. In March 2009 Digi launched 3G broadband services for PCs, while 3G voice and data services for mobile phones were introduced in October 2009.

In 2001, when Telenor increased its shareholding in Digi from 32.9% to 61.0% through a voluntary partial take-over offer, the transaction was approved by the Foreign Investment Committee and the Ministry of Energy, Communication and Multimedia on the following conditions:

- Telenor's equity interest in Digi must be reduced to 49% within five years; and
- Digi must have at least 30% Bumiputra (indigenous Malays) equity shareholding before 31 December 2006.

The deadline to comply was later extended to 30 June 2008. As a result of the 3G spectrum transfer in May 2008 and an earlier placement exercise, TdC's shareholding in Digi at that point in time increased to 10%, which later has been reduced to 3.5%. At the same time, Telenor's ownership interest in Digi was reduced to 49%. As a result, Digi is now in compliance with the 49% foreign equity condition and has been exempted from the need to comply with the 30% Bumiputra equity condition imposed by the Foreign Investment Committee. In the Economic Transformation Programme update on 16 November 2012, the Prime Minister of Malaysia announced that up to 70% foreign equity would be allowed for individual class Network Facilities Provider (NFP) and Network Service Provider (NSP) licences.

As at 31 December 2014, Digi had 11.4 million mobile subscriptions and the estimated mobile penetration (SIM cards) and number of inhabitants in Malaysia were 145% and 30 million, respectively.

Network and licences

Digi currently holds a NFP licence and a NSP licence, both of which are valid until January 2025, and an Application Service Provider (ASP) licence, which is renewed every year. These licences are effectively technology and service neutral. A licensee may apply for the renewal of its individual licence prior to expiry.

Digi operates a 2G network, utilising spectrum in the 1800 MHz band and also limited spectrum in the GSM 900 MHz band. Digi has been assigned spectrum in the 2100 MHz spectrum band, expiring April 2018, which is the basis for its 3G network. The Malaysian Minister of Information, Communications and Culture, on recommendation by the Malaysian Communications and Multimedia Commission (SKMM), has the power to approve the renewal of individual licences. In December 2012, 2x10 MHz of the 2600 MHz spectrum was allocated to Digi for the provision of LTE-related services. The 2600 MHz spectrum allocation is valid from 1 January 2013 to 31 December 2017. In order to deliver LTE services in the most cost effective manner, Digi aims to free-up and re-farm its existing 1800 MHz spectrum for wider LTE coverage whilst relying on 2600 Mhz spectrum for LTE capacity in densely populated areas.

Digi’s LTE services has been launched in July 2013 with initial coverage in key market areas in Klang Valley, Johor Baru, Kota Kinabalu and progressively expand to more locations nationwide.

Spectrum Holding	Bandwith (Mhz)	Expiry
900 MHz	2×2	The tenure of the spectrum allocation is valid so long as the license (s) under which it is used is valid
1,800 MHz	2×25	The tenure of the spectrum allocation is valid so long as the license (s) under which it is used is valid
2,100 MHz	2×15 + 1×5	2018
2,600 MHz	2×10	2017

Competition

There are two other GSM network operators in Malaysia: Celcom (a subsidiary of Axiata) and Maxis. Both Celcom and Maxis have licences to operate GSM 900 MHz and GSM 1800 MHz networks. There are four 3G service providers, with U Mobile being the fourth licensee in addition to Digi, Celcom and Maxis. Under the terms of the spectrum assignments, 3G licence holders are required to offer access to their 3G networks to MVNOs. At present, Celcom is providing 3G/2G access to several MVNOs through roaming agreements and Maxis has a 2G and 3G roaming agreement with U Mobile. Both Maxis and Telekom Malaysia launched their 3G services in the first half of 2005. U Mobile launched its 3G service in the second half of 2008. In December 2012, the Malaysian Communications and Multimedia Commission announced the allocation of the 2600 MHz spectrum band for the telecommunication industry. A total of eight companies were given access to the band for the provision of LTE related services. These companies include Celcom, Digi, Maxis, Packet One Networks, Puncak Semangat, REDtone Marketing, U Mobile and YTL Communications.

In February 2013, Maxis secured access to 3×20 MHz of contiguous 2600 Mhz spectrum on the back of LTE spectrum sharing collaborations with U Mobile and REDtone.

As of April 2013, both Maxis and Celcom have commercially launched its LTE services in selected locations.

Regulatory matters

Digi currently annually contributes 6% of “weighted net revenue” to the Universal Service Provision Fund (the USP Fund). All licensed operators are able to bid for SKMM issued tenders utilising this USP Fund to build and operate specific types of services in underserved areas and communities. Digi has won various bids to provide mobile and broadband services on this basis, including building 14 community broadband centres.

SKMM has implement lower termination rates as at 1 January 2013 with gradual reduction in these rates in 2014 and 2015 respectively.

Chairman's Statement



Dear shareholders,

On behalf of the Board of Directors, I am pleased to report that Digi has again delivered solid growth in 2014, continuing the company's strong performance track record. During the year, Digi made significant progress in bringing its promise of *Internet For All* to more customers in Malaysia, fueling a healthy increase in mobile internet customers to 56.5% of its total customer base and internet revenue growth of 39.6%.

Internet Powering Digital Future

One in every two of the world's population today has access to mobile connectivity. This is an increase from just one in five 10 years ago according to GSMA, with an additional 1 billion users expected to get online on top of the current 3.6 billion mobile subscribers by 2020¹. Asia alone is expected to account for more than half of the world's internet users, and consume as much as 40% of global mobile data traffic by 2016².

Rapid expansion of advanced data network, and access to affordable smartphones have been the catalyst for the exponential adoption and consumption of the internet. This trend is further encouraged by the widespread appetite for digital services and content innovation which will continue to redefine consumer experiences in many aspects of daily life, as well as promote the creation of a range of new business opportunities and services.

In Malaysia, smartphone ownership has risen to over 60%, with users spending an average of three hours a day on the internet³. There are also some 35% of smartphone users who exclusively use their devices as the only means of accessing the internet, making Malaysia the number one country in the world with the most number of customers using only their smartphones to access the internet⁴. This presents significant opportunities for Digi. The stronger internet-centric business we have built over the years, with a deep focus on quality of service, customer excellence, and an inspiring refreshed brand positions Digi well to serve the growing demand for internet connectivity, and realise its ambition of becoming the best mobile internet provider for mass market.

Embracing Responsible Business Practices

Digi believes that mobile internet is a key driver for economic and social improvements, and has profound impact on national economies worldwide. While extending the benefits of mobile internet to more people from all walks of life, Digi continues to actively promote a safe experience of its products and services. It is also committed to minimising impact on the environment, and creating a dynamic working culture and environment for its people. Digi, through Telenor Group, is a member of the UN Global Compact (UNGC), and adheres to the UNGC principles on human and labour rights, environmental protection, and anti -corruption.

Digi continues to engage with employees and business partners around its Code of Conduct and Agreement for Business Conduct respectively, with mandatory compliance to all principles, while ensuring it adheres to exemplary business practices in all aspects of its operations. I would like to invite shareholders to read about these and other efforts in Digi's 2014 Sustainability Report, available at www.digi.com.my/sustainability.

Creating Value For Shareholders

In 2014, Digi continues to be acknowledged in the market for its strong performance through its successive recognition at The Edge Billion Ringgit Club Awards. Digi again received top honours for the Most Profitable Company (in the Trading & Services sector), and Most Profitable Company overall for companies with market capitalisation of above RM10 billion. Both awards were in recognition of Digi's continued ability to turn in the highest return on equity over the past three years.

Digi was also the only Malaysian company and telecoms operator in Asia to be listed as one of Forbes World's Most Innovative Companies in 2014. This is the second time Digi has been recognised in a Forbes list; having been acknowledged as one of Asia Pacific's 50 best publicly traded companies in the Forbes Asia's Fabulous 50 list in 2012. These awards demonstrate the Company's solid track record in driving performance excellence and innovation.

Over the years, Digi has also proven its ability to deliver shareholder value through its consistently strong returns to shareholders. In view of the company's solid performance, I am pleased to share that Digi's shareholders were rewarded a net dividend per share of 26.0 sen, or a total dividend of RM2.0 billion for 2014. The dividend pay-out ratio of close to 100% exceeds the Company's dividend policy of distributing a minimum 80% of its net profits.

A Local, Seasoned Telecommunications Executive Takes Helm

In February 2015, the Board of Directors appointed Digi's Chief Operating Officer Albern Murty as the company's new Chief Executive Officer. This follows the appointment of its incumbent Chief Executive Officer Lars Norling as Chief Executive Officer of dtac (Total Access Communication PCL), Telenor Group's business unit in Thailand. Albern has grown through the ranks of Digi, and was instrumental in shaping the vision and establishing clear strategies in driving the company's continued growth over the past 12 years. The Board continues to assess the strength of its executive team and succession plan for key management roles, and feels confident that in Albern, Digi has a strong leader who shares the same tenacity for performance excellence to continue steering the Company towards further growth.

Acknowledgements

Digi's strong performance amidst increasing competition in the marketplace is a reflection of the tireless effort and perseverance of the company's dedicated employees, able leadership of the management team, and good support from its partners. The Board and I would like to thank all Digizens for their contribution, and to Lars Norling and his predecessor Henrik Clausen for their visionary leadership as CEOs.

On behalf of the Board, we would also like to extend our appreciation to the government of Malaysia, particularly to the Ministry of Communications and Multimedia (KKMM), the Malaysian Communications

and Multimedia Commission (SKMM), and to the various agencies who continue to work with us in building a progressive telecoms ecosystem for the country.

Lastly, I would like to convey our appreciation to all shareholders for your confidence in Digi. We look forward to your continued support in the years ahead. See you at our Annual General Meeting in May.

1 GSMA Mobile Economy 2015

2 Forbes, Cisco Visual Networking Index

3 Nielsen Report

4 Consumer Barometer by Google and TNS

Sigve Brekke
Chairman

Board of Directors



Morten Karlsen Sorby

Chairman
(Non-Independent Non-Executive Director, and Chairman of the Remuneration Committee)
56 years of age, Norwegian



Datuk Seri Saw Choo

Boon

(Independent Non-Executive Director, member of Nomination Committee and Chairman of Audit & Risk Committee)
68 years of age, Malaysian



Lars-Ake Valdemar Norling

(Non-Independent Non-Executive Director)
47 years of age, Swedish



Yasmin Binti Aladad Khan

(Independent Non-Executive Director, Chairman of Nomination Committee)
57 years of age, Malaysian



Tore Johnsen

(Non-Independent Non-Executive Director and member of the Audit & Risk Committee and Remuneration Committee)
67 years of age, Norwegian



Vimala Menon

(Independent Non-Executive Director, member of the Audit & Risk Committee)
61 years of age, Malaysian

Senior Management Team



Albern Murty
Chief Executive Officer



Christian Thrane
Chief Marketing Officer



Loh Keh Jiat
Chief Sales Officer



Karl Erik Brøten
Chief Financial Officer



Eugene Teh
Chief Corporate Affairs
Officer



Haroon Bhatti
Chief Human Resource
Officer



Kesavan Sivabalan
Chief Network Officer



Orsolya Sekerka
Chief IT Officer

Shareholding

Domicile Stock Exchange	Main Market of Bursa Malaysia Securities Berhad
Share Capital	Share Capital - RM1,000,000,000.00 divided into 100,000,000,000 ordinary shares of RM0.01 each Outstanding Shares- RM77,750,000.00 divided into 7,775,000,000 ordinary shares of RM0.01 each
Stock Short Name	Digi (6947), Digi:MK, DSOM:KL:

Top 20 Shareholders as at 29 JANUARY 2016

Shareholdings	No. of Shares	%
1. CITIGROUP NOMINEES (ASING) SDN BHD TELENOR ASIA PTE LTD (DIGI)	3,809,750,300	49.00
2. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	1,018,812,250	13.10
3. AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	486,189,900	6.25
4. KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	243,555,700	3.13
5. AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	98,141,200	1.26
6. AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	77,000,000	0.99
7. CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD	76,335,600	0.98
8. HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	60,662,600	0.78
9. LEMBAGA TABUNG HAJI	60,599,450	0.75
10. CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	58,629,330	0.73
11. DATO AHMAD SEBI BIN BAKAR	56,938,200	0.64
12. TIME DOTCOM BERHAD	49,568,050	0.63
13. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	48,790,545	0.57

14. AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM DIDIK	44,601,600	0.57
15. CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	44,351,600	0.57
16. MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	44,165,900	0.57
17. MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	43,653,700	0.56
18. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	43,000,000	0.55
19. AMANAHRAYA TRUSTEES BERHAD AS 1MALAYSIA	42,802,800	0.55
20. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	41,675,490	0.54
TOTAL	6,392,720,115	82.94

Foreign Shareholding

Foreign shareholding (%) (excl. Telenor)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010	6.9%	7.2%	7.7%	7.9%	8.0%	8.0%	8.4%	8.6%	8.9%	8.8%	8.7%	8.7%
2011	8.9%	9.1%	10.2%	10.9%	10.4%	10.4%	10.8%	10.9%	11.5%	12.0%	12.4%	12.4%
2012	12.6%	12.9%	13.2%	12.9%	12.7%	12.5%	12.6%	12.4%	12.7%	12.6%	12.2%	12.7%
2013	12.6%	12.6%	12.4%	12.8%	12.9%	13.0%	13.0%	13.0%	13.2%	13.2%	13.0%	12.5%
2014	12.1%	13.2%	13.7%	14.0%	14.6%	14.7%	15.0%	15.6%	15.5%	15.2%	15.5%	15.6%
2015	15.7%	15.9%	15.5%	15.8%	15.3%	14.9%	13.6%	12.4%	11.8%	11.6%	10.6%	10.1%
2016	9.9%											

Corporate Governance

Digi.Com Berhad's ("Digi" or the "Company") Group objective is to create long-term shareholder value through providing innovative, easy-to-use and best-value telecommunications services in the Malaysian Market.

In pursuing this corporate objective, the Board of Directors ("Board") of Digi is committed to high standards of corporate governance which it believes is critical to business integrity and performance as there is a link between high-quality governance and creation of shareholders' value.

The Board is committed to strengthen the Company's governance practices to safeguard the best interests of its shareholders and other stakeholders. In its commitment to sustainable business practice, the Board has endorsed its strategy where sustainability and corporate responsibility forms part of Digi's business fundamentals. Digi's sustainability strategy comprises three key focus areas, namely on empowerment through connectivity, ethical and responsible business standards and addressing climate change.

Digi continues to refine and improve its corporate governance systems. The Board evaluates, and where appropriate, implements relevant proposals with the aim of ensuring that it continues to demonstrate its commitment to good corporate governance, having regard to developments in market practice expectations and regulation.

This Statement explains how the Company has applied the key principles and the extent of its compliance with the best practices set out in the Malaysian Code on Corporate Governance (Revised 2007) (the "Code").

[\(A\) Establish Clear Roles and Responsibilities of the Board and Management](#)

[\(B\) Strengthen Composition of the Board](#)

[\(C\) Reinforce Independence](#)

[\(D\) Foster Commitment](#)

[\(E\) Uphold Integrity In Financial Reporting](#)

[\(F\) Recognise and Manage Risks](#)

[\(G\) Ensure Timely and High Quality Disclosure](#)

[\(H\) Strengthened relationship between Company and shareholders](#)

[\(I\) Board Diversity Policy](#)

(J) Terms of Reference

- [Board](#)
- [Audit & Risk Committee](#)
- [Nomination Committee](#)
- [Remuneration Committee](#)

Key Financial Summary - Quarter

Financial Highlights		2013		2014				2015		
		3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
REVENUE	RM'mln	1,700	1,733	1,718	1,746	1,756	1,799	1,791	1,723	1,675
Service Revenue	RM'mln	1,553	1,577	1,554	1,568	1,584	1,627	1,588	1,589	1,584
Others	RM'mln	147	157	164	178	172	172	203	134	91
EBITDA	RM'mln	766	810	778	795	789	801	775	788	719
EBITDA Margin	%	45%	47%	45%	46%	45%	45%	43%	46%	43%
PBT	RM'mln	539	683	654	674	657	660	626	626	537
Taxation	RM'mln	90	135	169	175	170	100	147	162	140
PAT	RM'mln	449	548	485	499	487	560	479	479	397
TOTAL EQUITY	RM'mln	556	661	602	619	608	686	606	596	534
TOTAL ASSETS	RM'mln	3,788	3,752	3,629	3,759	3,785	4,303	4,143	4,441	4,449
EARNINGS PER SHARE (Basic)	Sen	5.8	7.1	6.2	6.4	6.3	7.2	6.2	6.0	5.1
GROSS DIVIDEND PER SHARE	Sen	5.7	7	6.2	6.4	6.2	7.2	6.1	5.9	5.1
NET ASSETS PER SHARE	Sen	7	9	8	8	8	9	8	8	7
RETURN ON ASSETS	%	37%	45%	51%	53%	53%	47%	49%	45%	43%
SHARE PRICE										
High	RM	5.05	5.07	5.43	5.79	5.88	6.47	6.65	6.47	5.85
Low	RM	4.58	4.72	4.56	5.18	5.55	5.59	6.10	5.34	4.86
Close	RM	4.86	4.96	5.39	5.73	5.85	6.17	6.30	5.36	5.55

Key Financial Summary - Annual

Financial Highlights		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
REVENUE	RM'mln	4,910	5,406	5,964	6,361	6,733	7,019
EBITDA	RM'mln	2,125	2,401	2,765	2,929	3,043	3,163
EBITDA Margin	%	43%	44%	46%	46%	45%	45%
EBIT	RM'mln	1,393	1,628	1,597	1,599	2,165	2,671
Interest cost	RM'mln	41	52	66	52	43	39
PBT	RM'mln	1,366	1,597	1,560	1,591	2,140	2,645
PAT	RM'mln	1,000	1,178	1,254	1,206	1,706	2,031
CAPEX[1]	RM'mln	718	720	610	700	741	904
OPS CASH-FLOW	RM'mln	1,406	1,681	2,155	2,229	2,302	2,259
TOTAL ASSETS	RM'mln	4,732	5,137	4,863	4,014	3,752	4,303
NON CURRENT LIABILITIES	RM'mln	1,185	1,518	859	1,030	657	534
TOTAL BORROWINGS	RM'mln	922	1,077	728	1,080	749	1,048
TOTAL EQUITY	RM'mln	1,521	1,347	1,411	261	661	686
RETURN ON EQUITY	%	65.7%	87.5%	88.9%	462.1%	258.1%	296.1%
RETURN ON TOTAL ASSET	%	21.1%	22.9%	25.8%	30.0%	45.5%	47.2%
EARNINGS PER SHARE[2]	Sen	12.9	15.2	16.1	15.5	21.9	26.1
DIVIDEND PER SHARE[2]	Sen	17.8	16.3	17.5	26.3	21.3	26.0
NET ASSETS PER SHARE[2]	Sen	19.6	17.3	18.0	3.4	8.5	8.8
Gearing ratio (debts/share equity)	(x)	0.6	0.8	0.5	4.1	1.1	1.5
Interest cover	(x)	34.0	31.3	24.2	30.8	50.3	69.3

[1] 2008 capex and ops cash-flow included cost of spectrum

[2] Adjusted for share split