



Second Quarter of FY 2021 (2Q 2021) Earnings Presentation

DIGI.COM BERHAD

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16 July 2021

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2Q2021 Highlights



RESPONSIBLE BUSINESS

Continued support to drive inclusive, sustainable digital society through government-led initiatives



GROWTH

Delivered revenue growth and stabilised EBITDA momentum to reflect strategic execution



MODERNISATION

Sustained #1 on network consistency alongside robust customer engagements on digital channels



Performances in 2Q2021

11.4% Y-Y

Total revenue
(Normalised: 8.9%)

1.7% Y-Y

Service revenue

1.9% Y-Y

B2B revenue

-3.5% Y-Y

EBITDA
(Normalised: -0.1%)

-2.8% Y-Y

Profit after tax
(Normalised: 4.4%)

RM43

Blended ARPU
(+RM3 Y-Y)

RM34

Prepaid ARPU
(+RM5 Y-Y)

3.19mil

Postpaid subs
(+153k Y-Y)

+6.9% Y-Y

B2B subs

21.4 GB

GB/user
(+18.9% Y-Y)

Note: Normalised basis exclude non-recurring effects

Network: Maintained network stability and consistency



Growing coverage and network capacity

- 4G LTE and LTE-A coverage now covers up to **92% and 75%**
- Wider fibre network at **10,084 KM**
- Sustained **#1 position** on consistency by Ookla and download speed, video experience & group video calling by OpenSignal
- Recorded **higher** data consumption, **+8.7% Q-Q and +18.3% Y-Y**

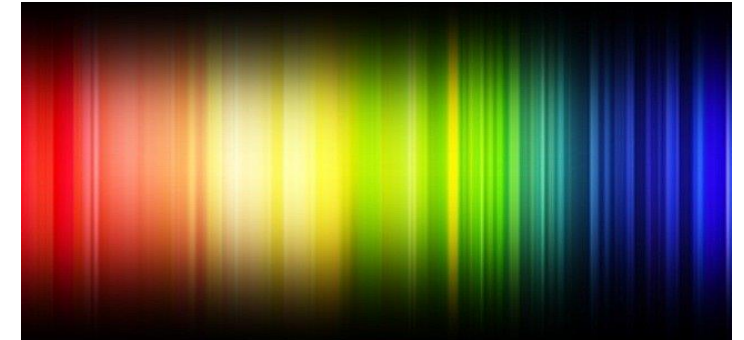


Supporting Jendela for greater digital society

- Site deployments for JENDELA

Year	New Sites	Upgrades
2020	269 (99% met)	2,979 (100% met)
2021 As at 1H21	121 (42% met)	2,129 (62% met)

- New USP Clawback program
 - New sites: **79** sites
 - Upgrade: **1,373** sites
 - New fibre: **1,109** km



Increasing Spectrum Efficiency

- **New 4G integration** in existing 3G sites
- **Completion of 3G shutdown pilot** at Port Dickson, moving onto the next phase
- Facilitate and explore **5G pilots**

Consumer: Portfolio of innovative and affordable offerings



POSTPAID

Increasing acquisition and retention momentum, underpinned by renewed Digi Postpaid portfolio

- **Higher take-up** in mid-level plans
- **Positive response** to service add-on contracts
- **Strong demand** for entry-level plans via PRIHATIN



PREPAID

Growing Malaysian data subscribers through high-speed Internet passes of RM30/35/45

- Malaysian subs grew **+2.2% Q-Q** and **+5.2% Y-Y**
- Prepaid ARPU **+RM1 Q-Q**, **+RM5 Y-Y** to **RM34**
- **Robust demand** for smartphones via PRIHATIN bundles



FIBRE BROADBAND

Increasing cross-selling opportunities to existing subscribers through bundle offerings

- Recently announced attractive offers on mid-level plans



Consumer: Favourable response from PRIHATIN offers



- 1 Special offers to **8 million** Malaysians in B40 segment on 5 May - 31 Aug'21

- 2 **Sales engine** via online channels and on-ground in targeted areas

- 3 Strategic **base management**



RM180 Plan Rebate

RM15 Internet Credit or Bill Rebate
X 12 Months
with all existing Digi Postpaid &
selected Prepaid Plans
+
Free 2GB valid for an hour daily



6 million single or families
without children <18 years old

OR

RM300 Device Subsidy

Choice of free phone or other devices
(RM300 off)
bundled with a Prihatin exclusive
internet plan
+
Free 2GB valid for an hour daily



2 million families
with children <18 years old

B2B: Capture growth opportunities - digitalisation & solutions

2018 to 2021

Product Offerings and Solutions:



Product Partners:



Customers from key sectors:



Financial institutions



Ports



Oil & gas



Manufacturing

2022 and beyond



- SME digitalisation bundles in support of Government's PENJANA
- Accelerate non-mobile connectivity solution proposition
- Digital services and cloud services add-ons

- 5G Smart Enterprise trials launched with partners
- Enhanced connectivity portfolio (*Managed Services, SD-WAN*) with partners
- Expand SME digitalisation partnerships in FinTech, ERP, E-Commerce Marketplaces

- Beyond connectivity - Edge Computing and Cloud propositions
- Resell public cloud IaaS and PaaS, partnering with global hyperscalers
- Expand solutions offerings

Responsible Business: Staying community-focused

Health, Safety and Environment (HSE)

Enabling our workforce to continue working safely and unencumbered during EMCO

Keeping customers and frontliners safe, with stricter monitoring at all retail touchpoints, and at Digi and partner premises

Future skills

Extended partnership with UNICEF to collaborate on projects to reduce inequalities and advocate for children's rights in the digital age



Network availability and consistency

Continued to prioritise data traffic for essential and critical locations, including PPVs and hospitals

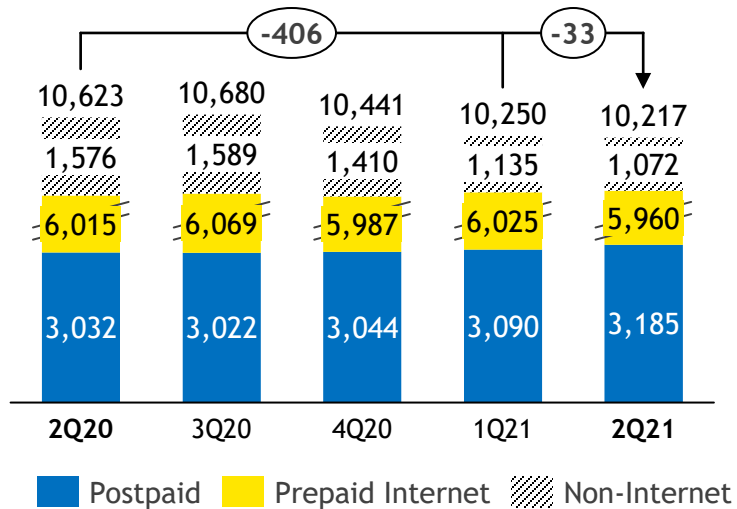
Maintain high stability and quality at all times, especially to enable PDPR

Responsible Business Summit

Annual organisation-wide initiative across spectrum of RB focus areas to anchor commitment, drive internalization, and build competency

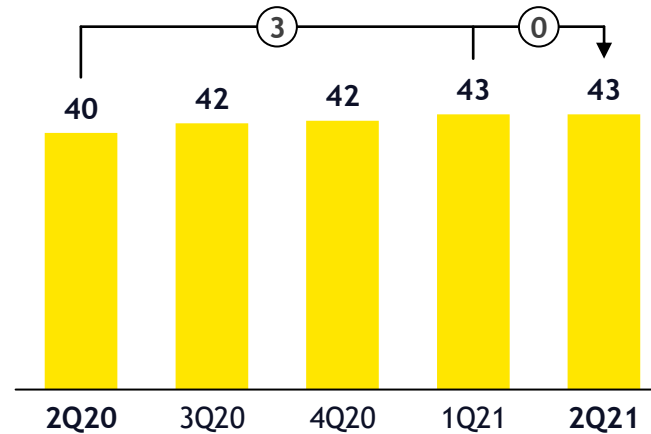
Delivered growth in data users and increased blended ARPU

Subscribers Development ('000)



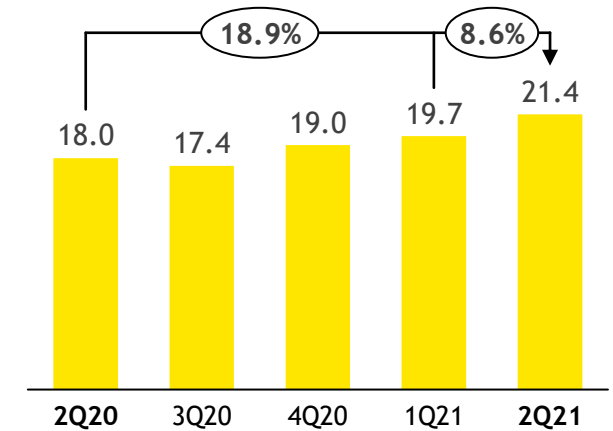
- Growing Malaysian data base of +2.2% Q-Q and +5.2% Y-Y
- Postpaid net adds of 95k Q-Q and 153k Y-Y, a reflection of stabilised acquisitions and lower churn rate
- Favorable responses towards product line-ups for PRIHATIN
- Continued scaling back of rotational migrant subs

Blended ARPU (RM)



- Higher mobile ARPU in line with acceleration of internet adoption
- Prepaid ARPU +RM1 Q-Q to RM34, for 3rd consecutive quarter driven by high-speed internet proposition
- Postpaid ARPU -RM1 Q-Q to RM64 partially due to lower roaming ARPU

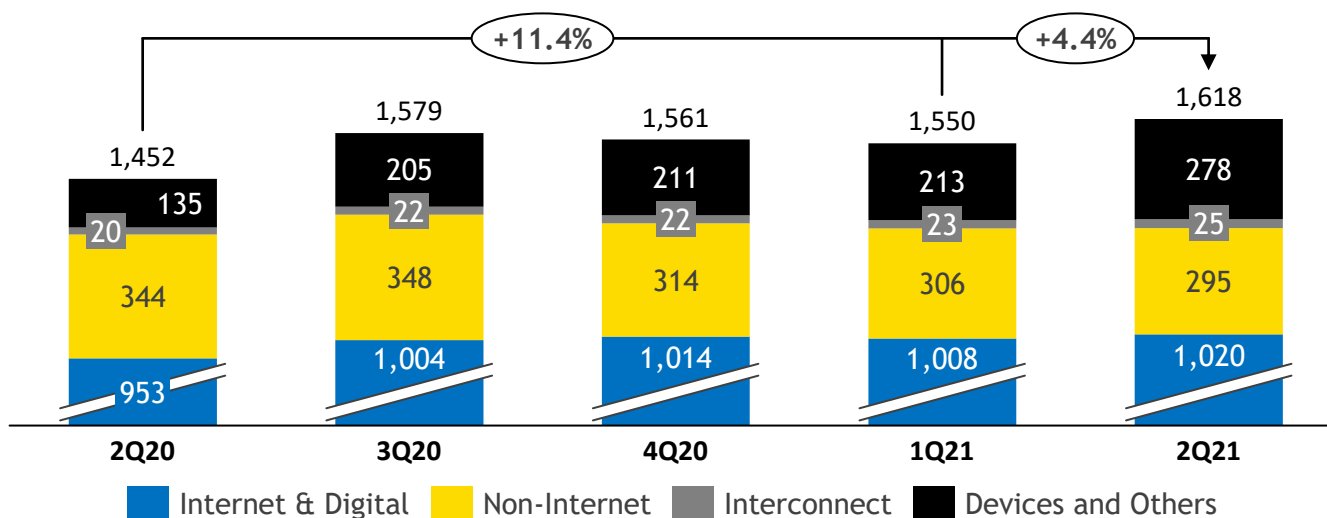
Monthly GB per User



- Highest monthly data usage per user of 21.4GB supported by growing 8.83mil internet subscribers, or 86.4% of total subs (2Q20 of 82.0%)
- Continued network optimisation activities to maximise customer experiences

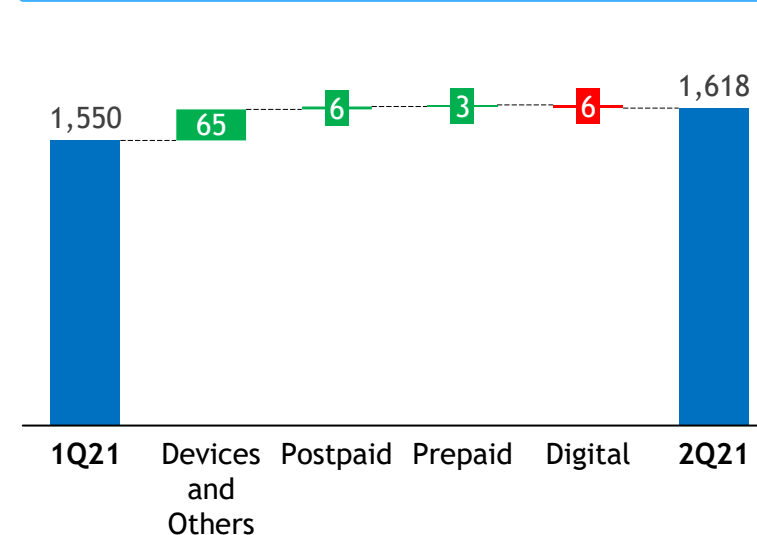
Revenue growth on stronger internet traction

Total Revenue (RM'm)



- Internet and digital revenue rose 7.0% Y-Y, represented higher revenue mix of 76.1% (2Q20: 72.4%)
- Service revenue of RM1,340mil, 1.7% Y-Y due to:
 - Higher data revenue to lift Prepaid revenue by 2.6% Y-Y to RM643mil
 - Offset lower Postpaid revenue of RM617mil by -2.4% Y-Y due to customer spend optimisation and market slowdown
- Device revenue amounted to RM241mil, +78.5% Y-Y if excluded a non-recurring adjustments to device revenue of RM37 million

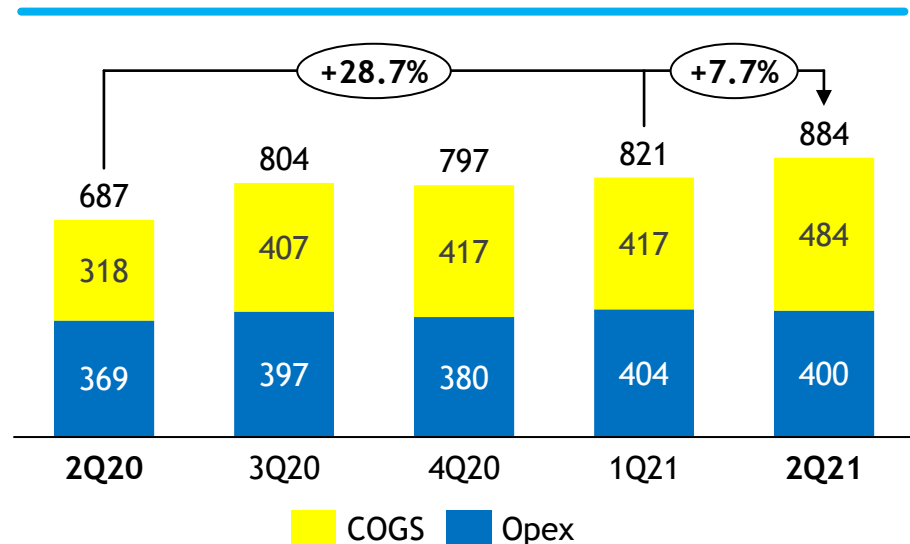
Q-Q Revenue Development (RM'm)



- Improved device and other revenues from encouraging take-ups for smart bundles and newly launched smartphones
 - Devices sold up 139.8% Q-Q
- Both postpaid and prepaid revenue sustained Q-Q momentum (1.0% and 0.5% Q-Q respectively)
- Softer gaming activities

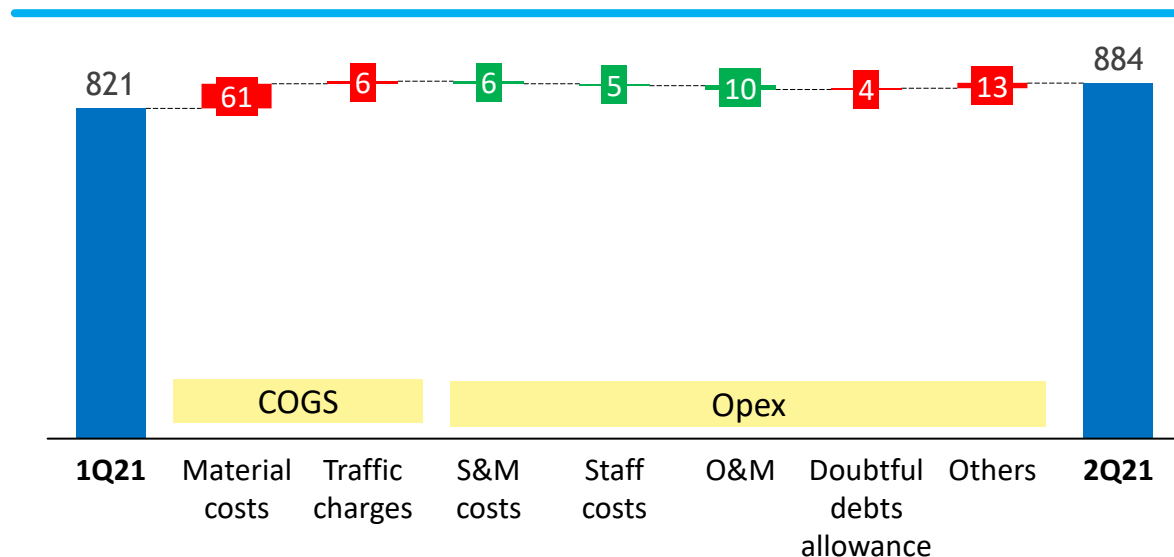
Higher costs to support high customer expectations

Total Costs (RM'm)



- COGS +52.2% Y-Y due to overall robust on-ground activities and rising traffic volumes
 - Included non-recurring corresponding device cost of RM37 mil, which zeroed the one-off device revenue gain
- Opex +8.4% Y-Y due to a non-recurring cost benefit of RM25 million in 2Q20 versus -RM1 million cost adjustment in 2Q21

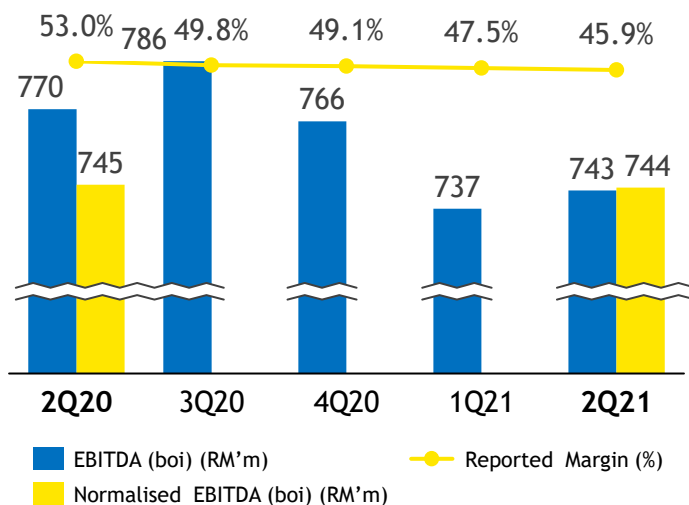
Q-Q Cost Development (RM'm)



- COGS +16.1% Q-Q on higher traffic and materials costs, to offset lower digital costs
 - Included the corresponding device refund asset reversal of RM37 mil
- Opex -1.0% Q-Q on focused cost management in sales and marketing, O&M and staff cost aspects to offset higher provision for doubtful debts allowance and other administrative expenses
- OPEX to service revenue remained healthy at 29.9%

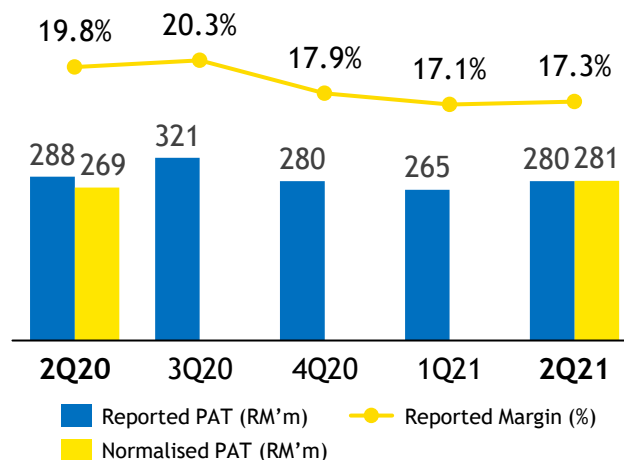
EBITDA momentum stabilised amidst topline growth

EBITDA before other items (boi)



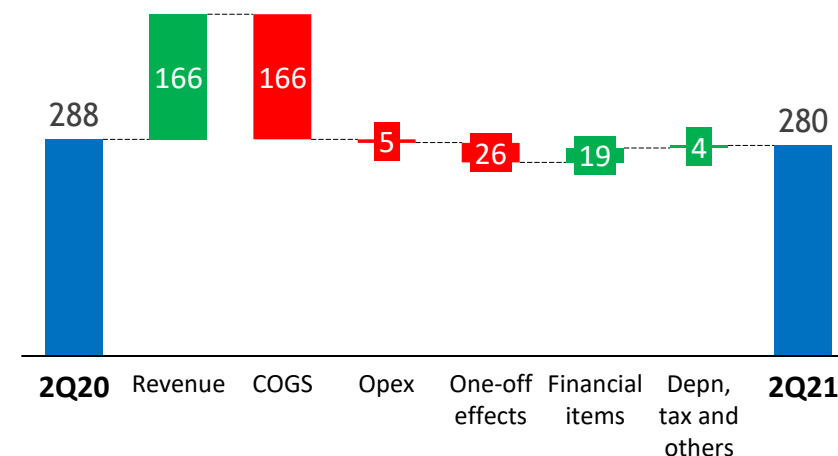
- Normalised EBITDA sustained Q-Q and Y-Y momentum on improved topline development and well managed OPEX expenses
 - Reported EBITDA -3.5% Y-Y as guided
- Normalised EBITDA (boi) margin stood at 47.1%

Profit after tax - PAT



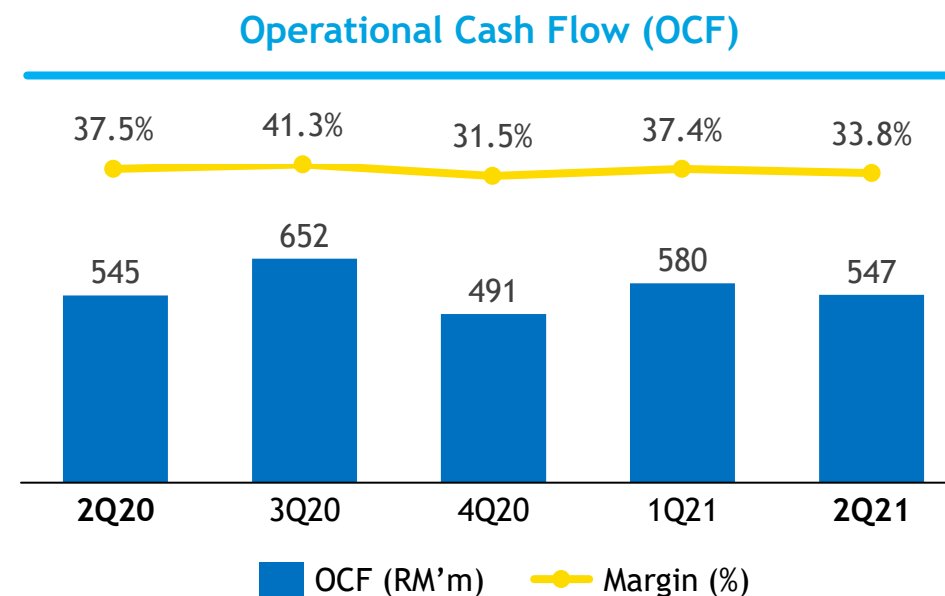
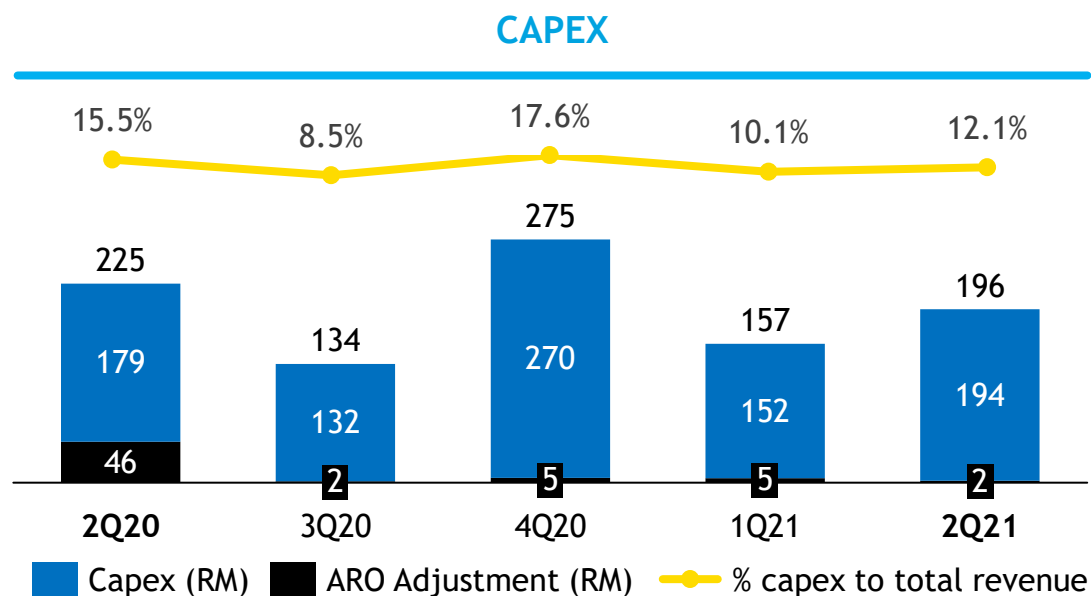
- Q-Q: Normalised PAT up 4.4% Q-Q or 17.8% margin on lower net finance charges as 2Q20 included a RM22 million fair value loss on higher projected forward-looking interest rates
 - Offset higher depreciation and amortisation for increased Rights-Of-Use (ROU) assets
- Y-Y: Normalised PAT +4.4% versus reported PAT of -2.8% amid topline improvement, lower depreciation and net finance costs

Y-Y PAT Development (RM)



Note: EBITDA herein is EBITDA before other incomes and other expenses

Optimal capex and operational cash flow

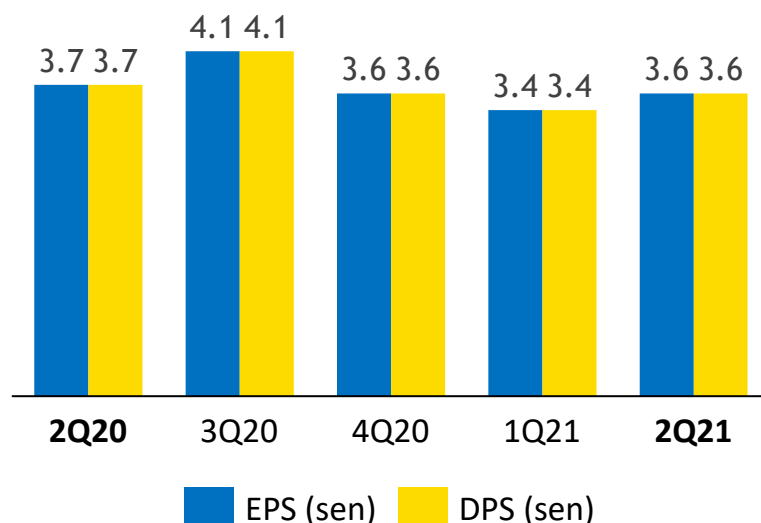


- Higher capex Y-Y of RM196 million or 12.1% of total revenue for network capacity enhancements and new site deployments
- Close monitoring of capex allocation by prioritising near-term modernisation initiatives

- Operational cash flow lowered to RM547 million, or margin of 33.8% after accounting for higher capex

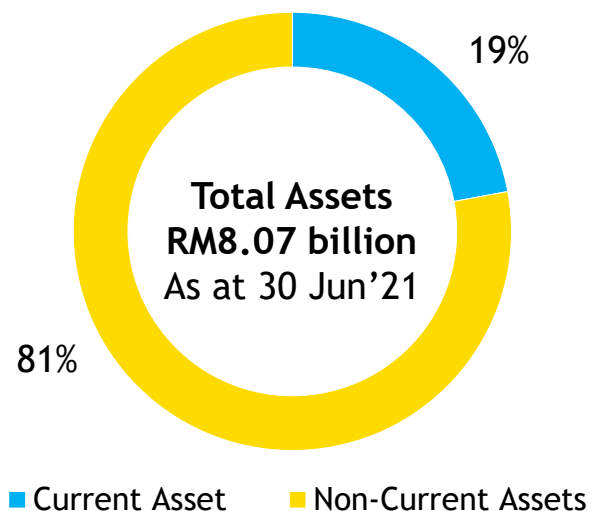
Sustained shareholder return and resilient balance sheet

Shareholder Return (sen)



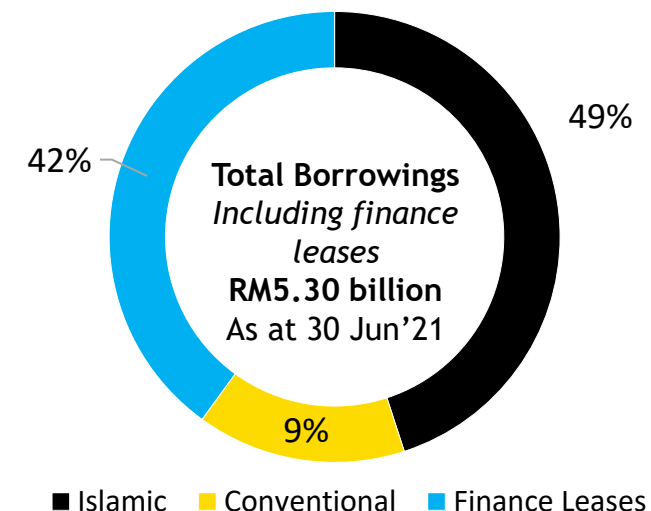
- EPS of 3.6 sen per share, +0.2 sen Q-Q despite -0.1 sen Y-Y
- Second interim dividend of 3.6 sen per share, equivalent to RM280 million of dividend payout

Total Assets (RM)



- Total asset rose 1.1% Q-Q on the back of increased cash and bank deposits
- Continued prioritisation on efficient asset management

Composition of borrowings



- Finance leases enlarged 1.2% Q-Q to RM2.62b while total loans reduced -1.8% Q-Q to RM2.69b
- Conventional debt over total assets of 5.5% below 33% to quality Shariah criteria
- Healthy net debt over EBITDA ratio of 1.6 times

Reiterating FY2021 guidance

	Guidance	1H21 Y-Y %
Service revenue	Low single digit decline	-1.0%
EBITDA	Medium single digit decline	-3.0%
Capex-to-total revenue ratio	14.0% - 15.0%	11.1%

- 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**

Digi signed a conditional share purchase agreement on proposed merger

KEY SALIENT POINTS



Top 5 Bursa stocks, with pre-synergy equity value of ~RM50bil



Digitalising the future

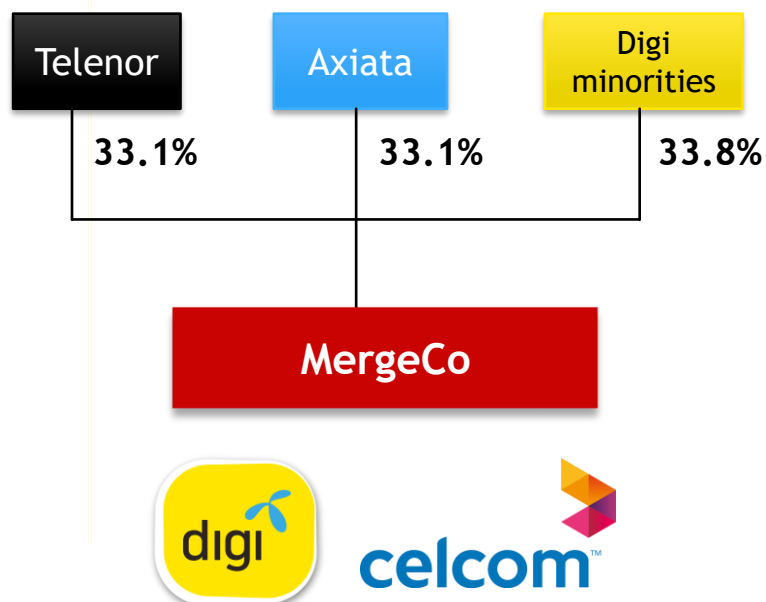


Capturing growth with significant synergies and scale



Talent development

CORPORATE STRUCTURE POST-MERGER



WHAT'S NEXT

Regulatory filings to relevant authorities



Subject to approvals from all parties, including non-interested shareholders



Expected completion within 2Q2022

Key Takeaways

1

Continued our commitments to drive societal support while prioritising safety of employees and all stakeholders

2

Maintained network stability to sustain leading position on consistency and quality

3

Resilient financial performance

4

Committed to improving returns through growth and dividend



Q&A Session



- Use 'raise your hand' function
- Unmute your mic
- Alternatively, post your question(s) in the chatbox

8th - 16th July 2021

RESPONSIBLE BUSINESS SUMMIT

Staying ahead in the digital age.



THANK YOU

Stay safe &
Selamat Hari Raya Haji

Email for further enquiries: Investor_Relations@digi.com.my
Corporate website: www.digi.com.my

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Appendix - Operational Statistics

Operational Statistics	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021	Q-Q	Y-Y
Postpaid ('000)	3,032	3,022	3,044	3,090	3,185	3.1%	5.1%
Prepaid ('000)	7,591	7,658	7,397	7,160	7,032	-1.8%	-7.4%
Total subscribers ('000)	10,623	10,680	10,441	10,250	10,217	-0.3%	-3.8%
Postpaid ARPU (RM)	68	67	66	65	64	-1.0%	-5.5%
Prepaid ARPU (RM)	29	33	32	33	34	1.7%	15.0%
Blended ARPU (RM)	40	42	42	43	43	0.0%	7.2%
Monthly active users for MyDigi ('mil)	4.3	4.3	4.4	4.5	4.9	8.5%	13.8%
Monthly average data per user (GB)	18.0	17.4	19.0	19.7	21.4	8.6%	18.9%
Internet subscribers	82.0%	82.2%	83.5%	85.9%	86.4%	0.6%	5.4%
Smartphone penetration rate	85.9%	85.6%	87.3%	89.2%	90.1%	1.0%	4.9%
Device sold ('000 units)	92.6	135.3	134.9	137.7	330.2	139.8%	261.3%
Population Coverage (%)							
4G (LTE)	90.9%	91.3%	91.6%	91.7%	91.8%		
4G Plus (LTE-A)	73.6%	74.4%	74.8%	75.0%	75.1%		
Fibre Network (km)	9,740	9,847	9,981	10,052	10,084		

Appendix - Summarised Profit & Loss Statement

Income Statement (RM'm)	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021	Q-Q	Y-Y	1H2020	1H2021	Y-Y
Postpaid revenue	638	626	619	617	623	1.0%	-2.4%	1,294	1,240	-4.2%
Prepaid revenue	627	668	642	640	643	0.5%	2.6%	1,313	1,283	-2.3%
Digital revenue	52	80	89	80	74	-7.5%	42.3%	97	154	58.8%
Service revenue	1,317	1,374	1,350	1,337	1,340	0.2%	1.7%	2,704	2,677	-1.0%
Devices and other revenue	135	205	211	213	278	30.5%	105.9%	308	491	59.4%
Total revenue	1,452	1,579	1,561	1,550	1,618	4.4%	11.4%	3,012	3,168	5.2%
Cost of goods and services (COGS)	(318)	(407)	(417)	(417)	(484)	16.1%	52.2%	(715)	(901)	26.0%
<i>Cost of materials</i>	(129)	(218)	(214)	(230)	(291)	26.5%	125.6%	(324)	(521)	60.8%
<i>Traffic charges</i>	(189)	(189)	(203)	(187)	(193)	3.2%	2.1%	(391)	(380)	-2.8%
Gross profit	1,134	1,172	1,144	1,133	1,134	0.1%	0.0%	2,297	2,267	-1.3%
Operating expenditures (OPEX)	(369)	(397)	(380)	(404)	(400)	-1.0%	8.4%	(779)	(804)	3.2%
<i>Sales & marketing</i>	(92)	(107)	(96)	(102)	(96)	-5.9%	4.3%	(202)	(198)	-2.0%
<i>Staff costs</i>	(51)	(59)	(68)	(62)	(57)	-8.1%	11.8%	(115)	(119)	3.5%
<i>Operations & maintenance</i>	(56)	(38)	(39)	(59)	(49)	-16.9%	-12.5%	(114)	(108)	-5.3%
<i>USP fund and license fees</i>	(80)	(77)	(82)	(81)	(79)	-2.5%	-1.3%	(160)	(160)	0.0%
<i>Other expenses</i>	(70)	(86)	(77)	(90)	(105)	16.7%	50.0%	(155)	(195)	25.8%
<i>Credit loss allowances</i>	(20)	(30)	(18)	(10)	(14)	40.0%	-30.0%	(33)	(24)	-27.3%
EBITDA	770	786	766	737	743	0.8%	-3.5%	1,526	1,480	-3.0%
<i>EBITDA (boi) margin</i>	53.0%	49.8%	49.1%	47.5%	45.9%	-1.6%	-7.1%	50.7%	46.7%	-3.9%
Normalised EBITDA excl. cost one-offs¹	745	746	757	742	744	0.3%	-0.1%	1,501	1,486	-1.0%
<i>Normalised EBITDA (boi) margin</i>	51.3%	47.0%	48.5%	47.9%	47.1%	-0.8%	-4.2%	49.8%	47.5%	-2.3%
Depreciation, amortisation and impairment	(328)	(313)	(276)	(309)	(325)	5.2%	-0.9%	(634)	(634)	-
Other items	-	-	(51)	-	1			-	1	
Profits before interests and tax (PBIT)	442	473	439	428	419	-2.1%	-5.2%	892	847	-5.0%
Net finance costs	(65)	(41)	(63)	(69)	(46)	-33.3%	-29.2%	(79)	(115)	45.6%
Profit before tax (PBT)	377	432	376	359	373	3.9%	-1.1%	813	732	-10.0%
Taxation	(89)	(111)	(97)	(94)	(93)	-1.1%	4.5%	(192)	(187)	-2.6%
Profit after tax (PAT)	288	321	280	265	280	5.7%	-2.8%	620	545	-12.1%
<i>PAT margin</i>	19.8%	20.3%	17.9%	17.1%	17.3%	0.2%	-2.5%	20.6%	17.2%	-3.4%
Normalised profit after tax (PAT)	269	291	273	269	281	4.4%	4.4%	601	550	-8.6%
<i>Normalised PAT margin</i>	18.5%	18.3%	17.5%	17.3%	17.8%	2.9%	-3.8%	20.0%	17.6%	-12.0%
Capex	225	134	275	157	196	24.8%	-12.9%	364	353	-3.0%
Operations cash flow	545	652	491	580	547	-5.7%	0.4%	1,162	1,127	-3.0%

¹One-offs referred to all non-recurring items under revenue and costs

Appendix - Summarised Statement of Cash Flows

Income Statement (RM'm)	2Q20	3Q20	4Q20	1Q21	2Q21	Q-Q	Y-Y
Cash at start	307	519	365	303	217	-28.4%	-29.3%
Cash flow from operations	734	812	661	691	722	4.5%	-1.6%
Changes in working capital	110	(333)	(74)	-139	46		
Cash flow used in investing activities	(178)	(134)	(274)	-153	-190		
Cash flow used in financing activities	(453)	(498)	(375)	-485	-392		
Net change in cash	213	(153)	(61)	-86	186		
Cash at end	519	365	303	217	403	85.7%	-22.4%

Appendix - Summarised Balance Sheet and Key Ratios

Summary of Financial Position (RM'm)	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021
Cash and short-term deposits	519	365	303	217	403
Other assets	7,650	7,671	7,884	7,759	7,662
TOTAL ASSETS	8,169	8,036	8,187	7,976	8,065
Conventional borrowings	666	604	555	493	444
Islamic borrowings	2,240	2,166	2,316	2,242	2,242
Finance lease	2,251	2,250	2,581	2,586	2,618
Other liabilities	2,400	2,373	2,129	2,064	2,155
Total liabilities	7,557	7,393	7,581	7,385	7,459
Total equity	612	643	606	591	606
TOTAL LIABILITIES AND EQUITY	8,169	8,036	8,187	7,976	8,065

Key Financial Ratios	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021	1H2020	1H2021
Earnings per share (sen)	3.7	4.1	3.6	3.4	3.6	7.8	7.0
Dividend per share (sen)	3.7	4.1	3.6	3.4	3.6	7.9	7.0
CAPEX to total revenue (%)	15.5%	8.5%	17.6%	10.1%	12.1%	11.8%	11.1%
Operations cash flow margin (%)	37.5%	41.3%	31.5%	37.4%	33.8%	39.5%	35.6%
Conventional debt over total asset (%)	8.2%	7.5%	6.8%	6.2%	5.5%	n/a	n/a
Net debt to EBITDA (times)	1.5	1.5	1.7	1.7	1.6	n/a	n/a