



# Investor Update

## Q412 Earnings Conference Call

# Agenda

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Quick summary

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Financials

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Updates & Outlook

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Q&A

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## Q4 - a positive end to 2012

- ✓ regained and improved q-o-q revenue momentum
  - *Q3 network issues mitigated*
- ✓ sustained EBITDA margin
- ✓ 2.5 sen net/share 4<sup>th</sup> interim dividend



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## Q4 - financial highlights

- ✓ +2.9% q-o-q revenue growth
- ✓ 44.5% EBITDA margin
- ✓ -21.9% q-o-q PAT decline
- ✓ RM470 mil OpCF





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## 2012 targets

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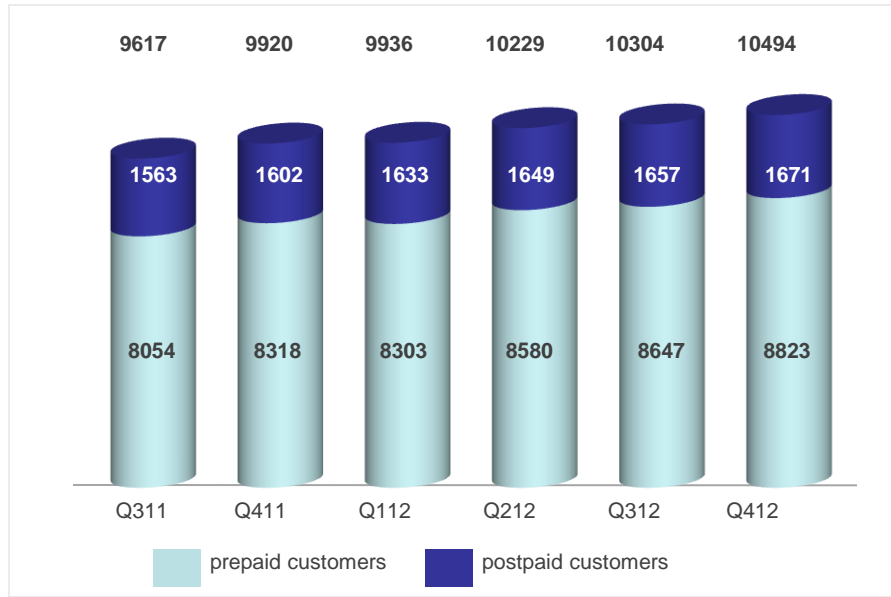
- mid-to-high single digit revenue growth
- sustained EBITDA & operating cash-flow margins
- capex at lower end of RM700 million – RM750 million range

## ... delivered on all targets

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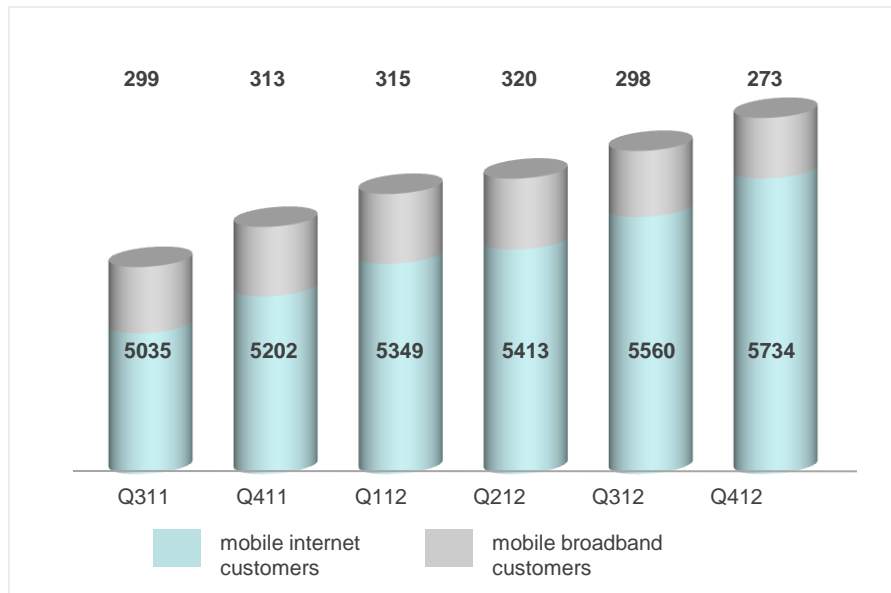
- ✓ +6.7% revenue growth
- ✓ 46.0% & 35.0% EBITDA & operating cash-flow margins
- ✓ capex of RM700 million





## Customer growth rebounded as expected

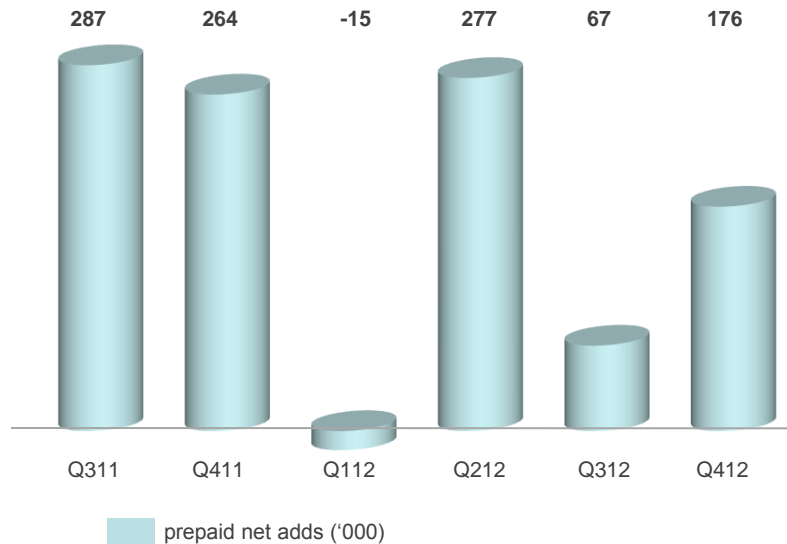
- added 190k new customers of which:
  - 176k are new prepaid customers
  - 14k are new postpaid customers
- growth drivers:
  - new & refreshed offerings gaining traction
  - improved network quality & market access
- ~5.7 million small screen users



\*mobile internet & mobile broadband customers included in prepaid & postpaid customers respectively # stricter definition to exclude non-data revenue generating customers effective Q311

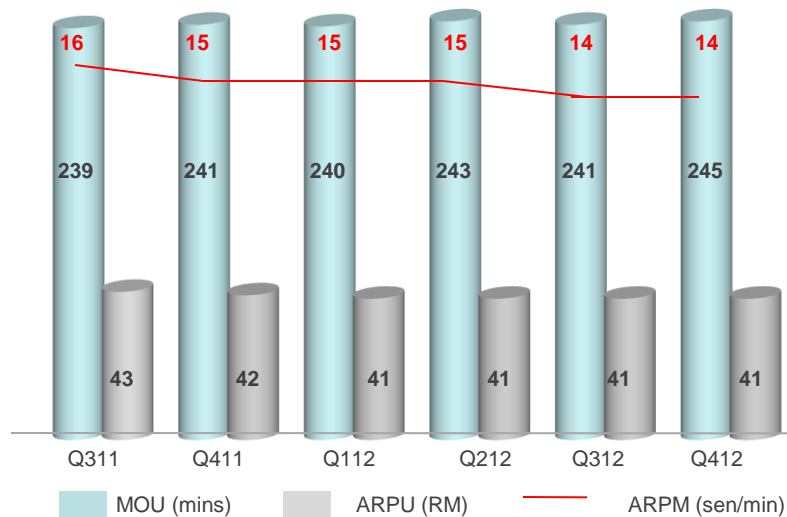


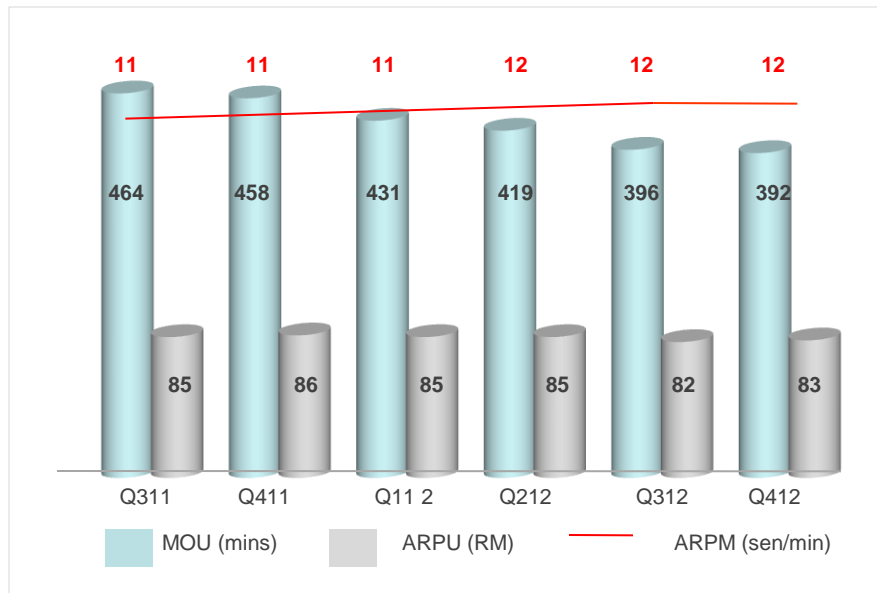
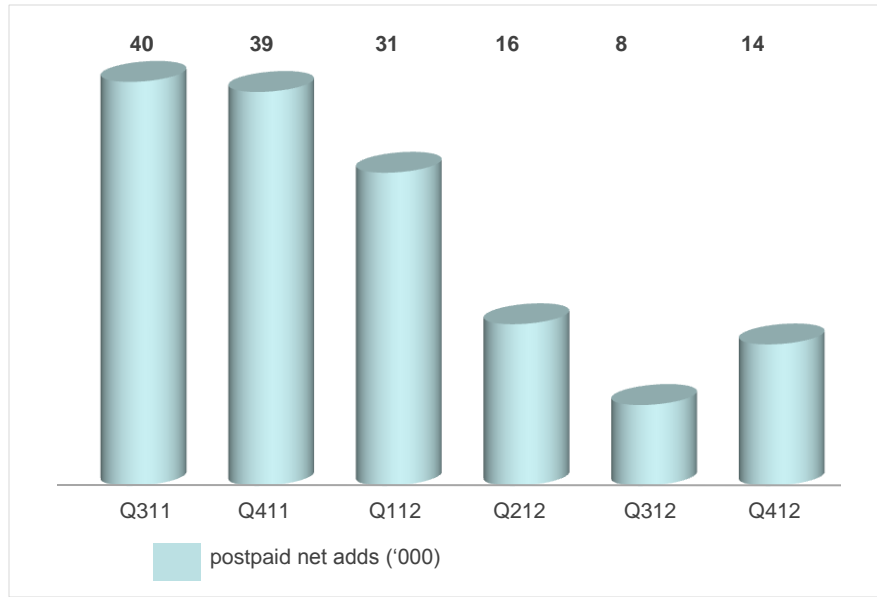




## Strong pick-up in prepaid; market remains highly competitive

- added 176k new prepaid customers, all in core prepaid
  - *refreshed prepaid plans well received*
- stable q-o-q ARPU & ARPM driven by:
  - *ongoing usage & reload campaigns*
  - *aided by festive usage*



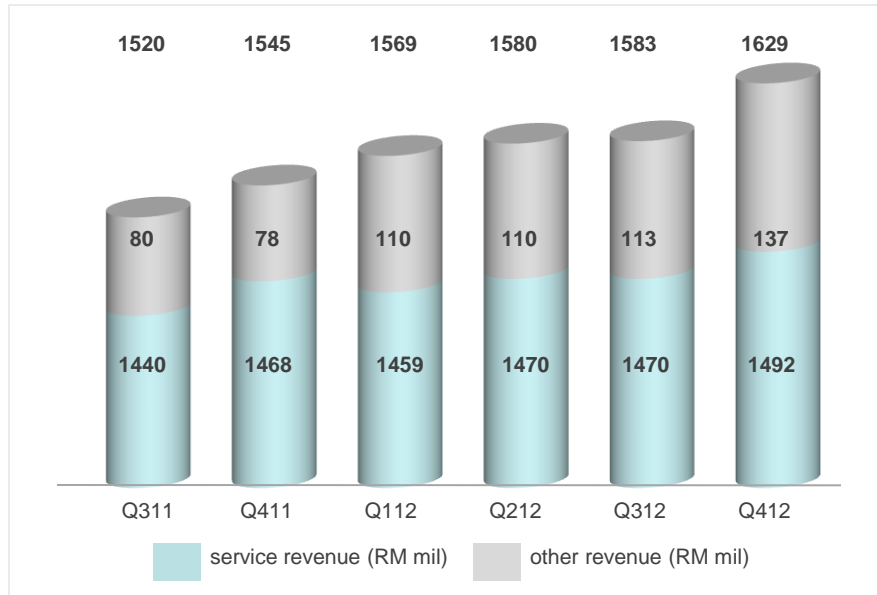


## Postpaid: Success with bundled offers & re-contracting

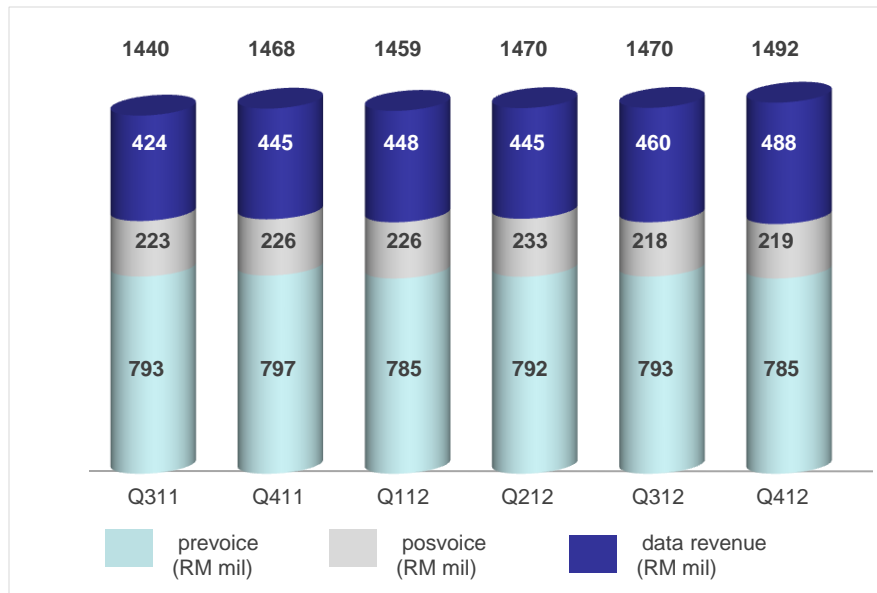
- added 14k new customers; all in core postpaid
- improved subscriber & revenue momentum on the back of wider network coverage, quality & capacity improvements
- q-o-q ARPU slightly up; MOU decline on continuous data shift & festive business closures







\* handset sales included in other revenue

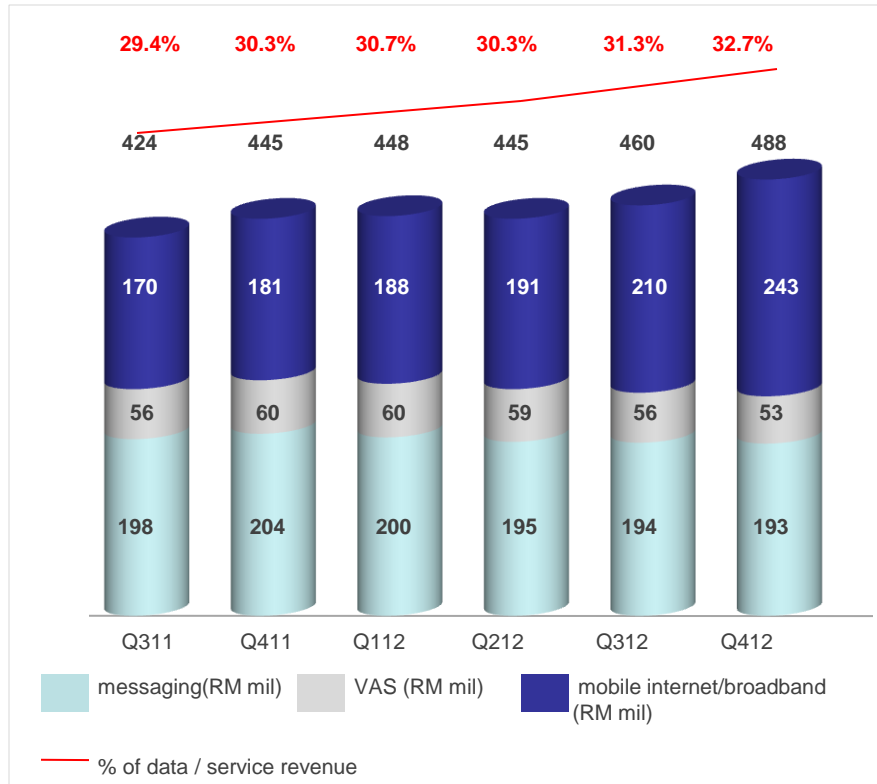


## Total revenue up by 2.9% in Q4

- +1.5% q-o-q service revenue growth
  - +6.1% data revenues
  - -0.6% voice revenues
  
- higher handset revenues this quarter; driven by launch of “in-demand” handsets (*Samsung Galaxy Note II & iPhone 5*)

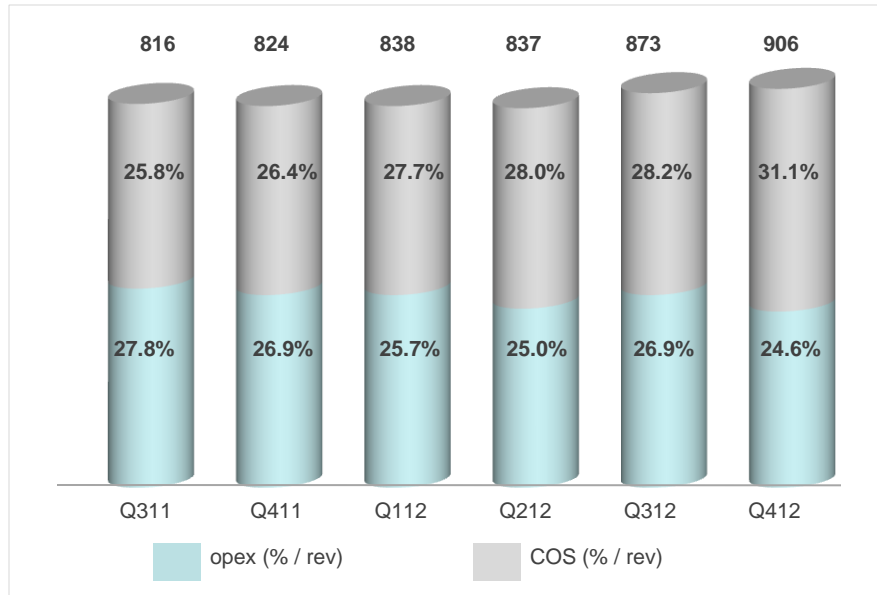


## Stronger data revenues & higher smart-phone penetration in Q4

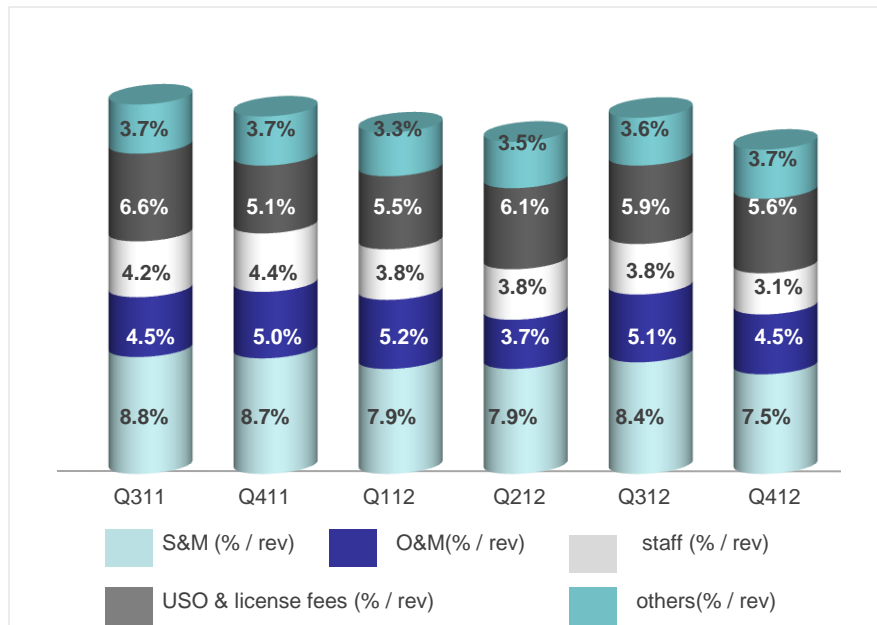


- mobile data contributions now at 32.7% of service revenue
  - *mobile internet usage accelerating*
  - *all other data revenue streams stable*
  
- mobile internet usage driven by:
  - *higher take-up of smart-phone bundles & higher PAYU usage*
  - *smart-phones penetration at 26.4% of customer base vis-à-vis 24.8% last quarter*



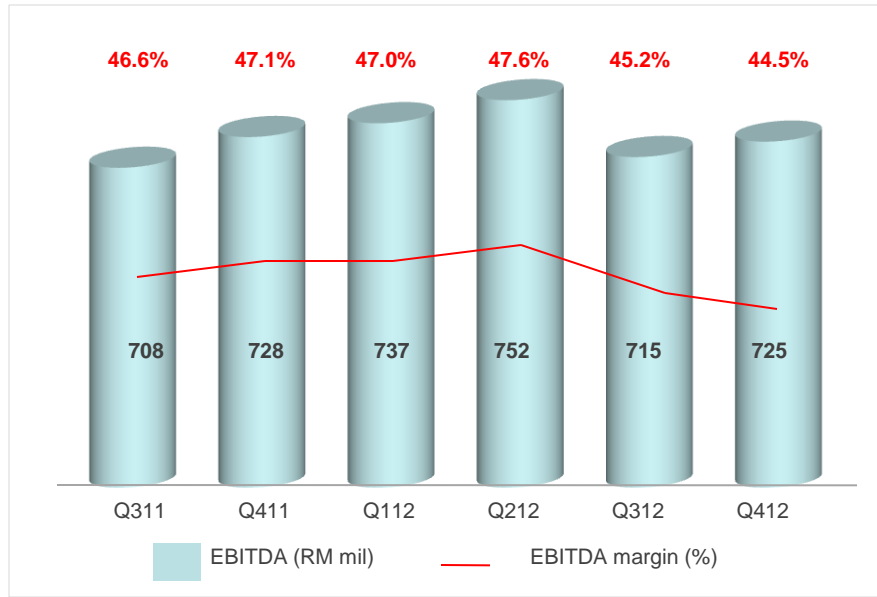


\* numbers at the top refers to total cost for the respective quarters in RM million



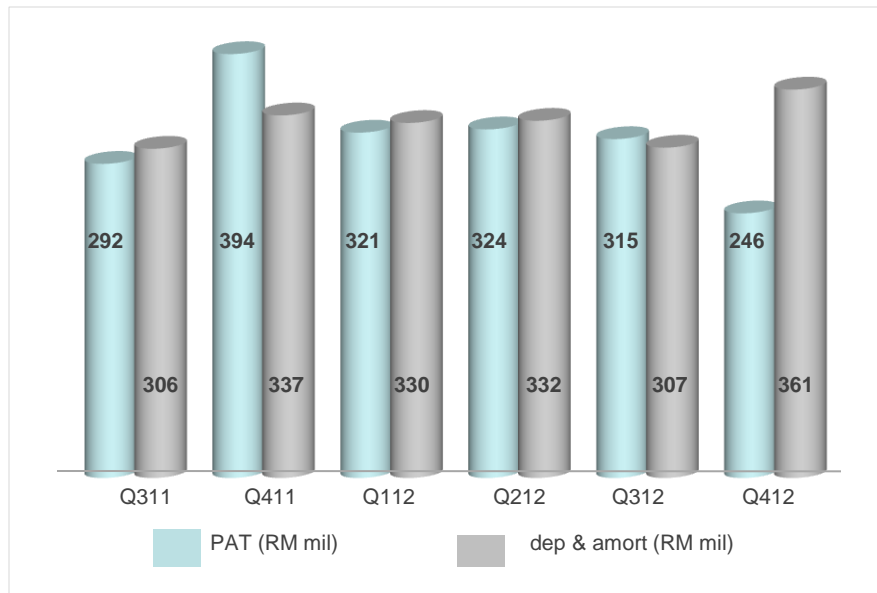
## Q4 total cost base driven up by higher COS

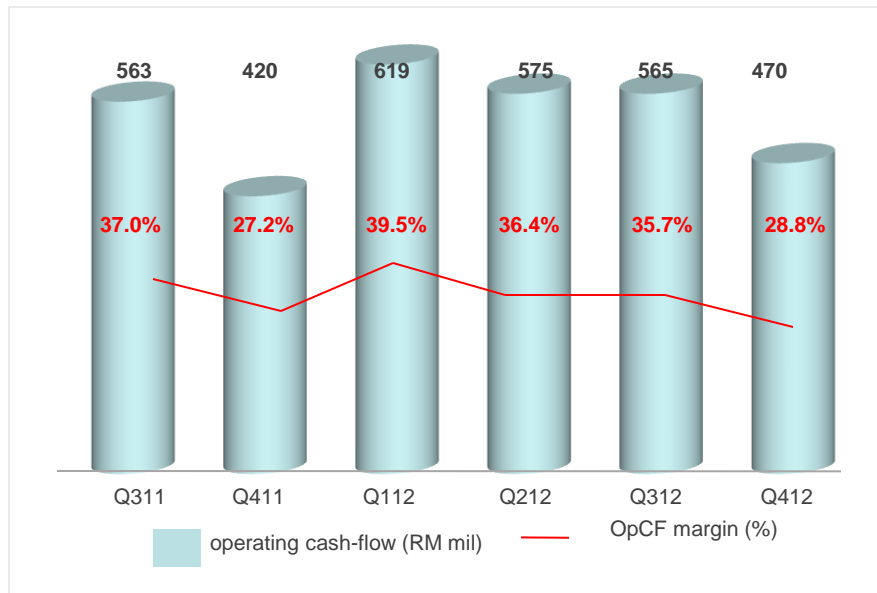
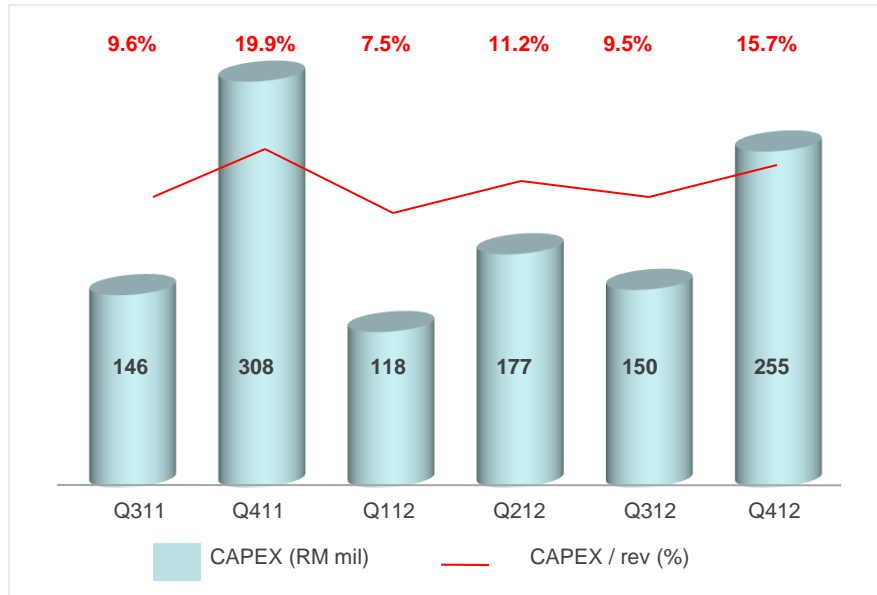
- +3.8% q-o-q increase in total cost base
  - +13.2% q-o-q increase in COS
  - -6.1% q-o-q decline in OPEX
- increase in COS mainly driven by higher handset related expenses & a small increase in traffic related expenses
- significant data growth managed with lower OPEX; lower spend across all OPEX categories



## EBITDA up on effective cost savings; full year EBITDA margin in-line with guidance

- EBITDA margin dropped on account of IDD margin pressure & higher handset sales
- Q-o-Q PAT decline due to higher accelerated depreciation & amortisation charges and higher tax expense

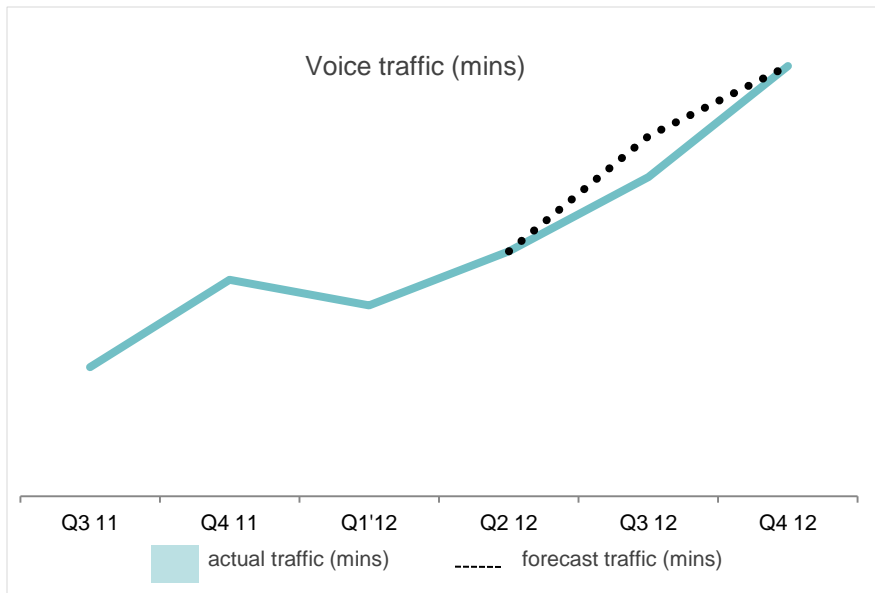
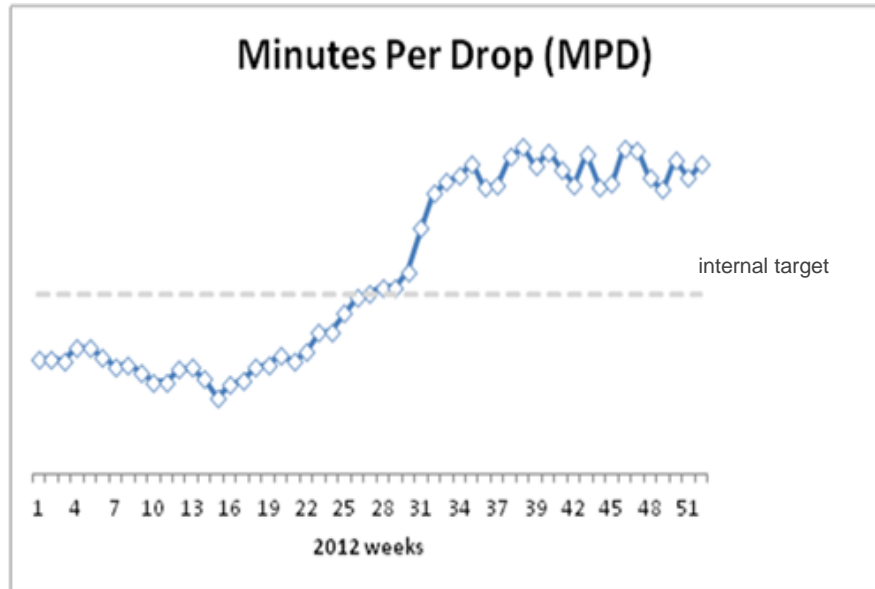




## Our Tomorrow Network: approaching the 60% milestone on sites upgraded

- network modernisation: upgraded >3,200 sites to-date
  - *Klang Valley upgrades & optimisation completed*
  - *key priorities: aligning swap-optimization pace & enlarging 3G coverage*
  
- network collaboration:
  - *good progress on site sharing & joint-fiber build*
    - *first 1,000km fiber build near completion (own & joint)*

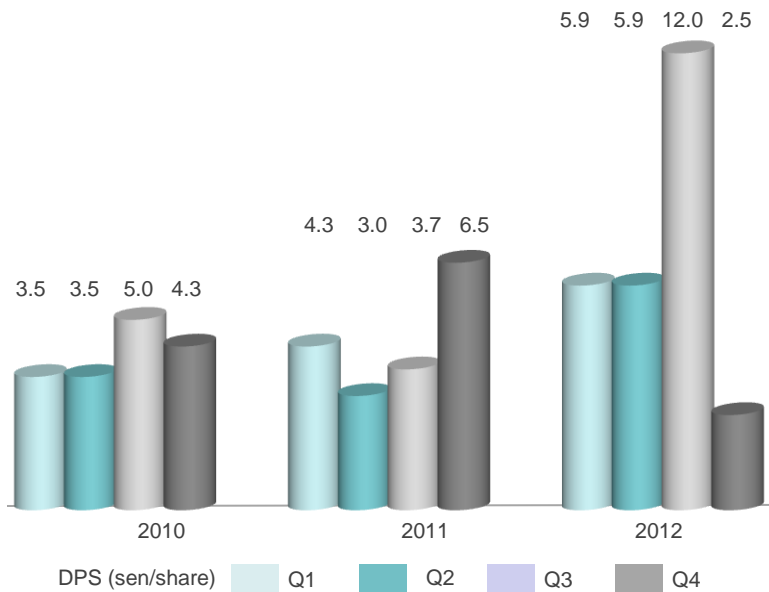




## Network swap – quick updates

- positive trending in Klang Valley clusters post-swap & post-optimisation
  - *improved voice quality*
  - *improved successful call set-up*
- pick-up in traffic minutes evident post-Q3
  - *swap-optimisation alignment effective*
- significant increase in 3G & EDGE population coverage
  - *67% 3G coverage*
  - *80% EDGE coverage*





Q312 (int + special)

(RM mil)	2012	2011	2010	2009
Total Assets	4,013.9	4,863.3	5,136.6	4,732.4
Total Equity	261.3	1,411.4	1,346.6	1,521.5
Interest-bearing debts	1,080.1	670.9	1,076.9	921.8
Cash & equivalents	708.8	1,098.2	850.6	430.2
Payout ratio	169.6%	108.5%	107.6%	138.4%

(RM mil)	2012	2011	2010	2009
Total Return to Shareholder (TRS)	36.3%	57.7%	12.0%	-0.7%
ROE	462.1%	88.9%	87.5%	65.8%

## Strong shareholder returns

- ongoing assessment of alternatives to optimise balance sheet & return excess cash to shareholders
- declared 4<sup>th</sup> interim dividend of 2.5 sen net/share payable to shareholders on 8 Mar 2013
- 2012 total cash pay-out of 26.3 sen net/share to shareholders; equivalent to a net yield of 5.0%\*

\* TRS based on simple share price appreciation of the first nine month ended 30 Sept 2012 annualised (source: Bloomberg)

\* Based on end-2012 closing price of RM5.29/share







## Other Updates

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- **Regulatory**
    - *access pricing*
    - *youth package*
-

# 3G Prepaid

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## 2013 Priorities & Ambitions

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- build stronger 'Internet For All' propositions to capitalise on data growth
  - continue to expand data coverage
    - *significant increase in 3G pop coverage*
    - *LTE launch*
  - continuous operational efficiency
  - optimising shareholder returns
- 

## 2013 aims to deliver ....

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- 5% - 7% revenue growth
  - sustaining EBITDA & cash-flow margin at 2012 levels
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Q & A

## Appendices

## Q412: Y-o-Y key numbers

	Q412	Q411	Y-o-Y
Customer base	10.5mil	9.9mil	+6.1%
Revenue	RM1,629mil	RM1,545 mil	+5.4%
EBITDA	RM725mil	RM728 mil	-0.4%
EBITDA margin	44.5%	47.1%	-2.6ppt
Profit After Tax	RM246mil	RM394 mil	-37.6%
Operating CF	RM470 mil	RM420 mil	+11.9%



## Q412: Y-o-Y key numbers

	Q412	Q411	Q-o-Q vs 2011
Prepaid ARPU	RM41	RM42	-2.4%
Postpaid ARPU	RM83	RM86	-3.5%
Blended ARPU	RM47	RM50	-6.0%
Prepaid Revenue	RM1,067mil	RM1,045mil	+2.1%
Postpaid Revenue	RM425 mil	RM423 mil	+0.5%
Data Revenue	RM488 mil	RM445 mil	+9.7%



## 2012: YTD key numbers

	2012	2011	Y-o-Y
Customer base	10.5mil	9.9mil	+6.1%
Revenue	RM6,361mil	RM5,964 mil	+6.7%
EBITDA	RM2,929mil	RM2,765 mil	+5.9%
EBITDA margin	46.0%	46.4%	-0.4ppt
Profit After Tax	RM1,206 mil	RM1,254 mil	-3.8%
Operating CF	RM2,229 mil	RM2,154 mil	+3.5%



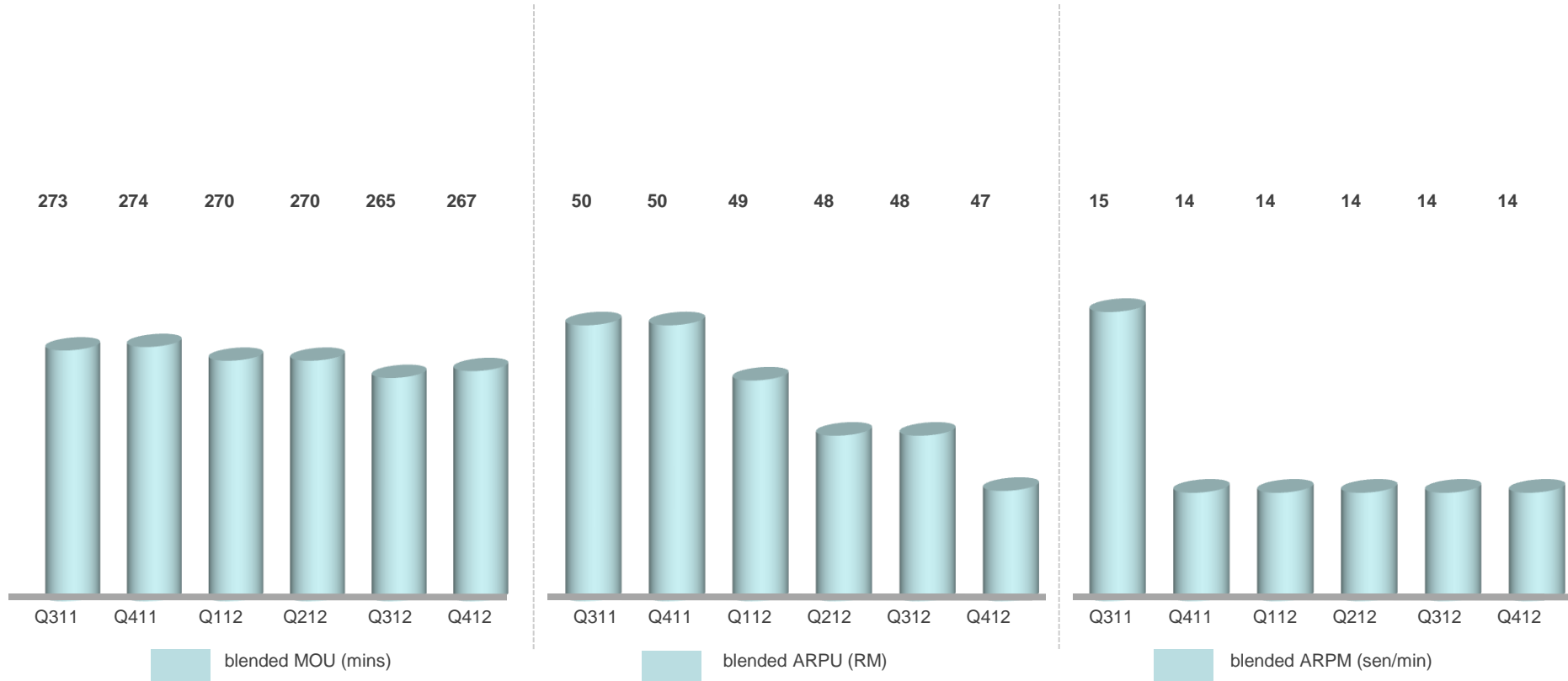


## 2012: YTD key numbers

	2012	2011	Q-o-Q vs 2011
Prepaid ARPU	RM41	RM43	-4.7%
Postpaid ARPU	RM84	RM84	0.0%
Blended ARPU	RM48	RM50	-4.0%
Prepaid Revenue	RM4,183mil	RM4,011 mil	+4.3%
Postpaid Revenue	RM1,708 mil	RM1,608 mil	+6.2%
Data Revenue	RM1,841 mil	RM1,615 mil	+14.0%



## Blended MOU, ARPU & ARPM



## Reported P&L

(RM mil)	Q412	Q312	Q212	Q112	2012	2011
Revenue	1,629.3	1,582.5	1,579.7	1,569.4	6,360.9	5,964.0
EBITDA	724.8	714.9	752.4	736.9	2,929.1	2,764.9
Depreciation & Amortisation	(360.8)	(306.9)	(332.0)	(330.1)	(1,329.8)	(1,167.6)
EBIT	364.0	408.0	420.4	406.8	1,599.3	1,597.3
Net finance (costs)/income	(4.2)	(1.9)	(1.1)	(1.0)	(8.3)	(37.1)
- <i>finance costs</i>	(14.1)	(14.2)	(14.1)	(9.4)	(51.8)	(66.1)
- <i>interest income</i>	9.9	12.3	13.0	8.4	43.5	29.0
PBT	359.8	406.1	419.3	405.8	1,591.0	1,560.2
Taxation	114.2	90.7	95.1	85.2	(385.2)	(305.9)
PAT	245.6	315.4	324.2	320.6	1,205.8	1,254.3
*EPS (sen)	3.2	4.1	4.2	4.1	15.5	16.1

• EPS adjusted for completion of 10-for-1 share split in Nov 2011



## COS & OPEX breakdown

(RM mil)	Q412	Q312	Q212	Q112	2012	2011
<b>COS</b>	<b>506.4</b>	<b>447.1</b>	<b>441.6</b>	<b>434.6</b>	<b>1,829.6</b>	<b>1,574.2</b>
- cost of materials	157.4	106.3	104.6	116.8	485.1	355.4
- traffic charges	349.0	340.8	337.0	317.8	1,344.5	1,218.8
<b>OPEX</b>	<b>400.0</b>	<b>425.9</b>	<b>395.6</b>	<b>403.5</b>	<b>1,625.0</b>	<b>1,646.1</b>
- sales & marketing	122.7	133.7	125.0	123.9	505.3	530.6
- staff costs	50.7	60.9	60.2	59.1	230.8	256.2
- operations & maintenance	73.7	81.5	58.2	81.9	295.2	290.2
- other expenses	152.9	149.9	152.2	138.6	593.7	569.1
• USP fund and license fees	91.9	92.7	96.2	86.3	367.1	342.7
• credit loss allowances	8.4	10.1	8.2	11.0	37.8	44.6
• others	52.6	47.1	47.8	41.3	188.7	181.8
<b>TOTAL</b>	<b>906.4</b>	<b>873.0</b>	<b>837.2</b>	<b>838.1</b>	<b>3,454.6</b>	<b>3,220.3</b>

## Cash-flow

(RM mil)	Q412	Q312	Q212	Q112	2012	2011
<b>Cash at start</b>	<b>1,453.1</b>	<b>1,516.6</b>	<b>1,517.8</b>	<b>1,098.1</b>	<b>1,098.2</b>	<b>850.6</b>
Cash-flow from operations	542.1	477.1	681.6	636.7	2,337.4	2,345.0
Changes in working capital	(110.1)	55.1	(59.2)	46.8	(67.4)	22.3
Cash-flow used in investing activities	(243.1)	(137.0)	(164.9)	(108.4)	(653.5)	(573.9)
- Capex	(255.0)	(150.0)	(177.3)	(117.5)	(699.9)	(610.4)
Cash-flow used in financing activities	(933.0)	(458.7)	(458.7)	(155.4)	(2,005.8)	(1,545.9)
Net change in cash	(744.2)	(63.5)	(1.2)	419.7	(389.3)	247.6
<b>Cash at end</b>	<b>708.9</b>	<b>1,453.1</b>	<b>1,516.6</b>	<b>1,517.8</b>	<b>708.9</b>	<b>1,098.2</b>
<b>Operational cash-flow</b> <b>(EBITDA – Capex)</b>	<b>469.9</b>	<b>564.9</b>	<b>575.1</b>	<b>619.3</b>	<b>2,229.2</b>	<b>2,154.5</b>



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