



# Third Quarter of FY 2021 (3Q 2021) Earnings Presentation

**DIGI.COM BERHAD**

199701009694 (425190-X)

21 October 2021

# Shape the Future of the Industry Today.

Let Digi Business and its purpose-built solutions be your catalyst for new possibilities.

Driven by a vision to excel, you've kept your organisation at the forefront of change. You've pioneered new ways and pushed business transformation ahead of the industry. Thriving on this shared vision, Digi Business is constantly innovating, raising the bar with a purpose-built network and business solutions designed to support your corporate goals. Together, let's create new possibilities and shape the future of the industry today.



### PURPOSE-BUILT SOLUTIONS

Customising connectivity & providing managed services for business transformation.



### NEXT-GEN IOT

Empowering digitalisation for smart automation & advanced business operations.



### A.I. IMPLEMENTATION

Powering big data & machine learnings for Artificial Intelligence applications.



### MEF 3.0 CERTIFIED

A leading ecosystem of international industry experts driving enterprise digital transformation.

For enquiries, please call our friendly Business Solutions Specialist at 016-299 8888, email [bsc@diqi.com.my](mailto:bsc@diqi.com.my) or visit our website at [diqi.my/biz](http://diqi.my/biz).

## Agenda - 3.00pm to 4.00pm

Performance Highlights

CEO,  
*Albern Murty*

Financial Review

CFO,  
*Otto Risbakk*



LET'S INSPIRE

Malaysia's No.1 | Fastest Mobile Network

# Executing strategic priorities in 9M2021



## Modernisation

- Improving network coverage; **92% 4G LTE and 75% LTE-A**
- **Supporting JENDELA**, national digitalisation plan
  - **Met 100% JENDELA target**
  - **3G shutdown** on track
- Touch-free operations at **78%**



## Growth

- Data traffic growth of **+25.5% Y-Y**
- Malaysian subscribers **+9.9% Y-Y**
- **Segmented** internet offering and continued **postpaid net adds**
- B2B revenue growth of **+3.8% Y-Y**
- Dividend per share of **11.0 sen**



## Responsible Business

- Contribution to support **Covid-19 relief efforts**
- **Free 1GB productivity data and continued support** on government initiatives
- Improved **MSCI ESG rating** from 'A' to 'AA'
- Retail employees are **100% vaccinated**

# Stable Performances in 3Q2021

**-2.1% Q-Q**

Total revenue  
(0.3% Y-Y)

**0.2% Q-Q**

Service revenue  
(-2.3% Y-Y)

**-3.5% Q-Q**

OPEX reduction  
(-2.8% Y-Y)

**6.1% Q-Q**

EBITDA  
(Normalised: 3.4% Y-Y)

**11.8% Q-Q**

Profit after tax  
(Normalised: 10.1% Y-Y)

**RM43**

Blended ARPU  
(in line Q-Q)

**10.4 mil**

(+148k subs Q-Q)

**3.3 mil**

Postpaid subs  
(+62k Q-Q)

**+1.6% Q-Q**

B2B subs

**22.4 GB**

GB/user  
(4.7% Q-Q)

*Note: Normalised basis exclude non-recurring effects*

# Network: Deliver attractive value-add services on our network



## High quality and performance

- Sustained leading positions on network consistency and speed
- Stable network performance despite record high data traffic of +6.3% Q-Q, +30.7% Y-Y in 3Q21

 **MALAYSIA'S NO.1**  
FASTEST MOBILE NETWORK



## Supporting national digitalisation plans

- Met **100%** of greenfield site targets and brownfield site targets for JENDELA
- **On track** to meet targets under USP Clawback programme
- 4G LTE and LTE-A coverage at **92% and 75%**, respectively, alongside extensive fibre network of **over 10,000 KM**



## Focusing on spectrum efficiency

- **Less than 300k of 3G-only subscribers** on the network
- New 4G integration in existing 3G sites in line with modernisation ambition
- Facilitate and explore **5G pilots for B2B segments**



# Consumer: Re-defining core growth opportunities

## Focus and Priorities



Quality  
gross adds

- Base management activities to yield higher Malaysian **subs development** and resilient **ARPU**
- **Bundling deals** with daily necessities
- **Segmented** internet offerings and sharpened **device bundle deals**



Focus on  
retailing

- **Wider reach of online retailing** to provide targeted services in rural areas
- Dedicated sales force i.e. **Fibre Fleet**
- **Modernised** and re-energised **channel focus**



Boost digital  
experience

- Improved **billing convenience**
- Increased **digital transactions** on MyDigi app and Digi Store Online

## Recent Launches

### POSTPAID

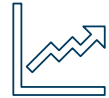
### PREPAID

### FIBRE

# B2B: Growing market share of SME and Large Enterprises

## Focus and Priorities

Growth in revenue



and subs

▲ 9.0% Y-Y 3Q21

▲ 7.4% Y-Y 3Q21

- Healthy acquisitions of digitalisation bundles and higher contract wins



Focus on core growth

- Focus on **SME PENJANA** digitalisation bundles
- Accelerate **non-mobile connectivity solution** proposition
- Securing **higher solution deals** from large corporations



Building Digi Business brand

- **Aggressive marketing and branding** activities
- **Strategic partnerships** to drive value-add services such as Astro Radio, Oracle NetSuite and MEF 3.0 certification

## Recent Partnerships and Deals



## MEF 3.0 CERTIFICATION

ORACLE®  
NETSUITE



# Responsible Business: Continuing efforts to drive societal recovery

## Support Government Initiatives

- Yellow Heart **Covid-19 Aid**
- **Free 1GB** productivity data daily
- Ongoing campaigns: **Pakej Remaja**, **Pakej Peranti Keluarga Malaysia**, and **#MYBaikHati** to improve internet accessibility



## Diversity and ESG Focus

- Improved MSCI's ESG rating from **A to AA**
- A signatory to the **UN Women's Empowerment Principles**
- A member in the **30% Club**



## Future Skills & Digital Safety

- **#BolehCode** coding competition in partnership with Ministry of Education, UNICEF & MDEC
- **Yellow Heart** 'Life Under COVID-19 for Children Online: Values and Challenges' survey



## Climate Action

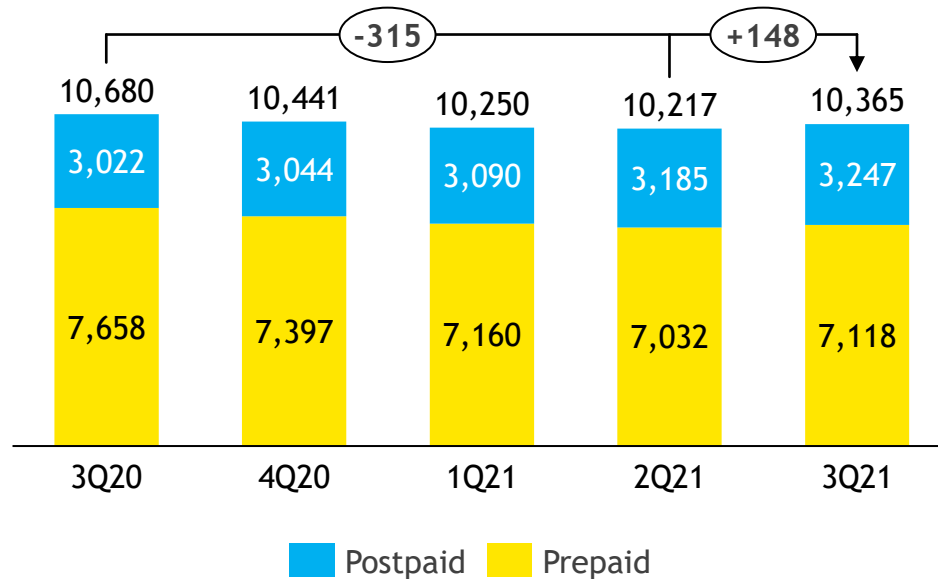
- Inaugural '**Telco Roundtable on Climate Change**' with Climate Governance Malaysia and the CEO Action Network



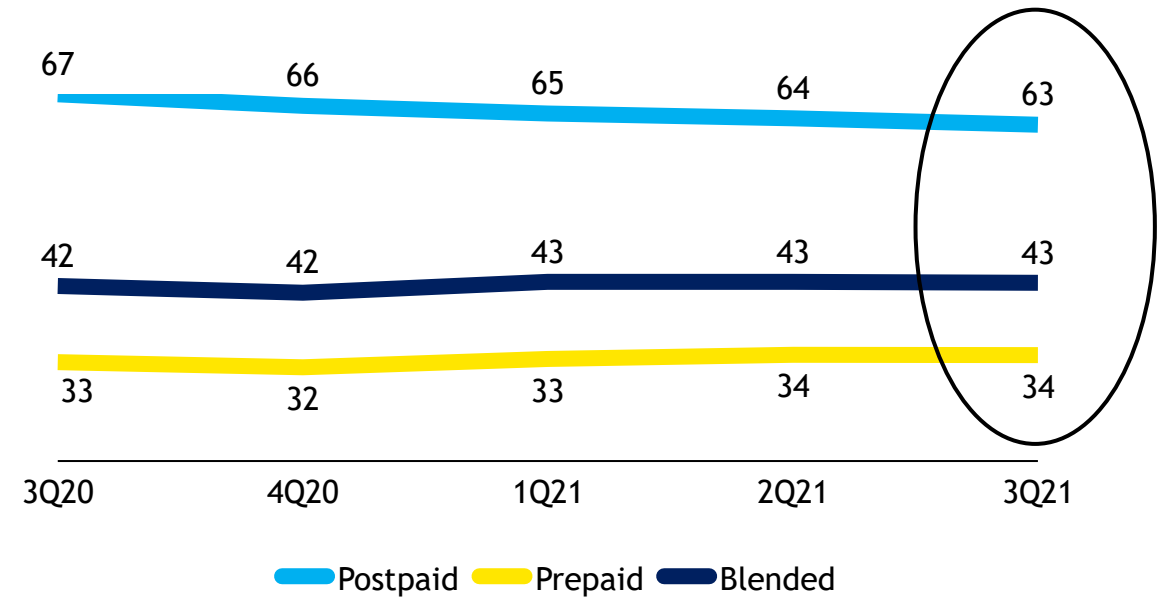


# Delivered subscriber growth and sustained ARPU

Subscribers Development ('000)



ARPU (RM)

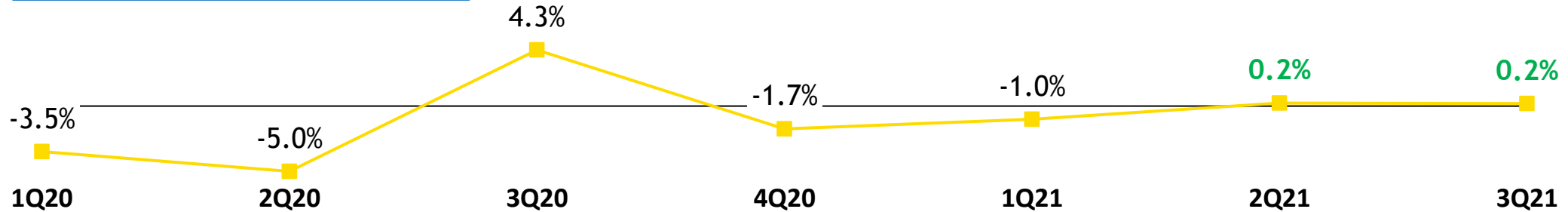


- Q-Q net adds from **postpaid and prepaid of +62k and +86k**, respectively
- Higher Malaysian subs by **4.0% Q-Q and 9.9% Y-Y**

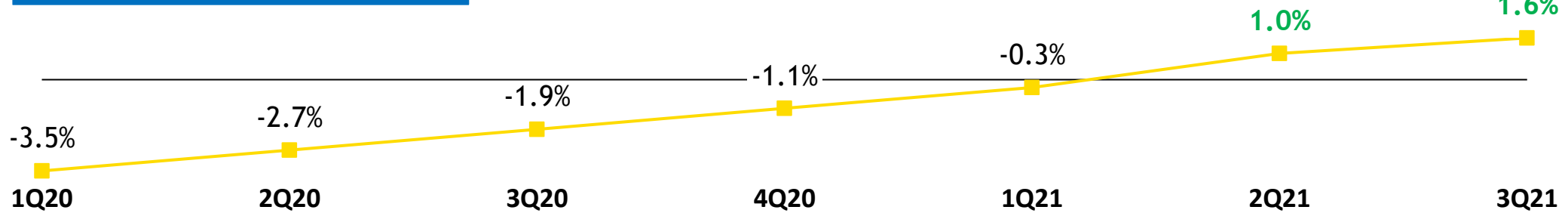
- Steady Y-Y growth and Q-Q momentum for **prepaid and blended ARPU** whilst postpaid ARPU reduced on **declining voice usages**

# Stable topline development

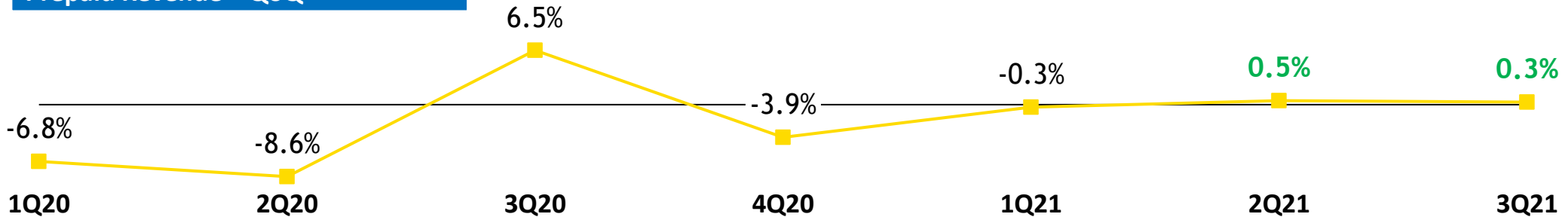
## Service Revenue - QoQ



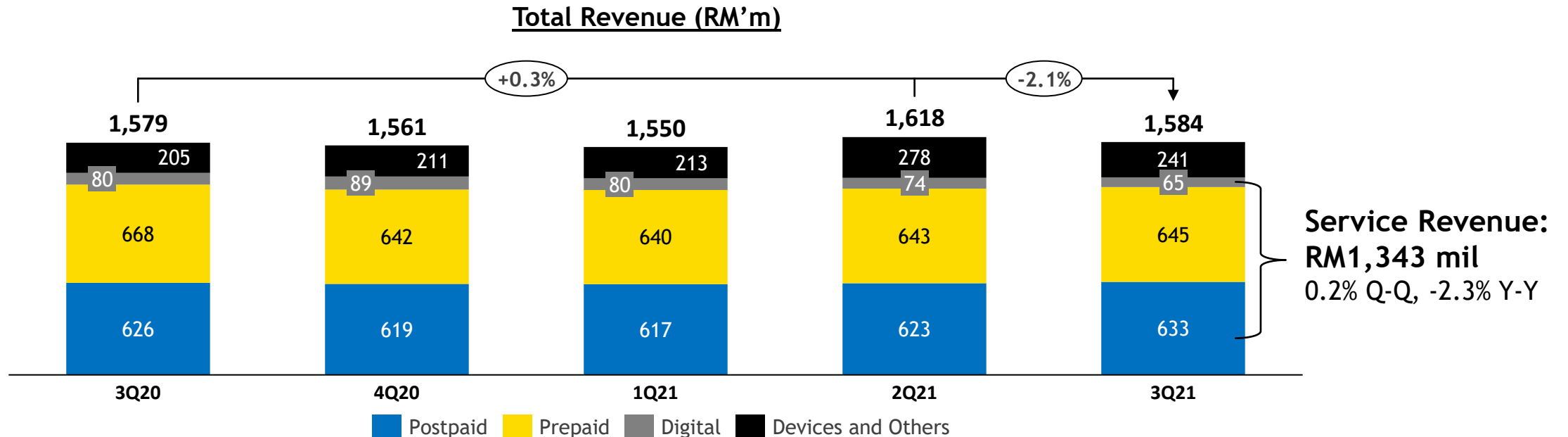
## Postpaid Revenue - QoQ



## Prepaid Revenue - QoQ



# Service revenue rebounded to offset weaker device revenue



## YoY

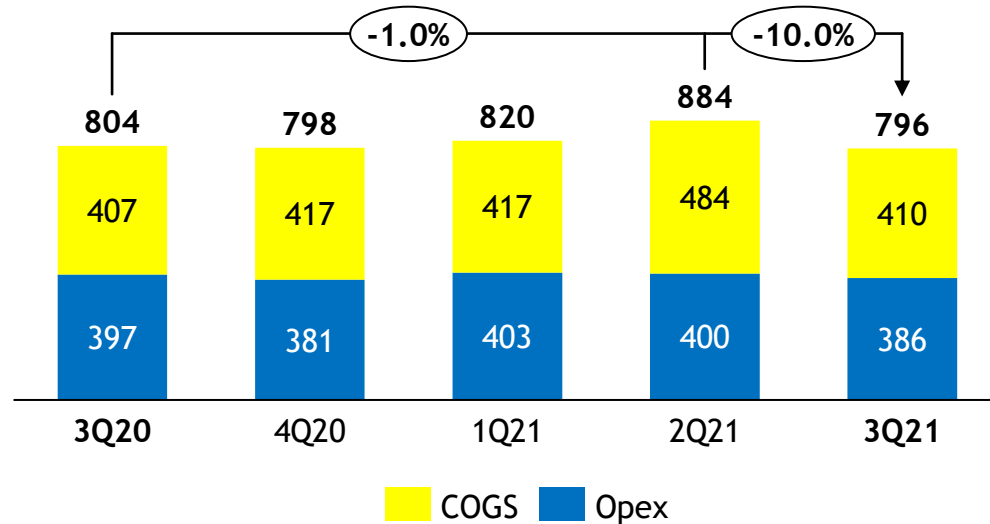
- Prepaid revenue -3.4% despite higher data monetisation to offset weaker voice and non-internet usages
- Steady postpaid growth of 1.1%

## QoQ

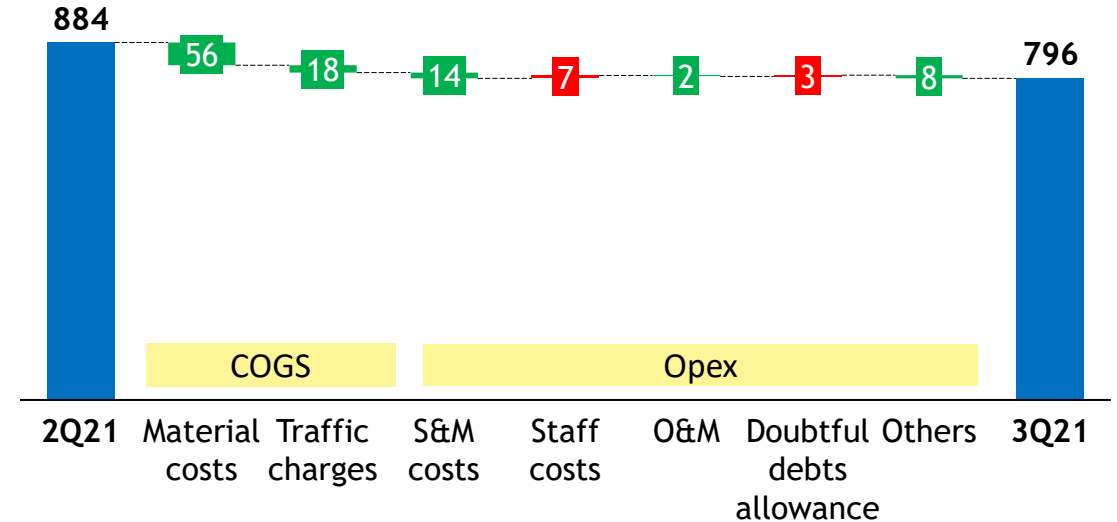
- Prepaid and postpaid revenue up 0.3% and 1.6%, respectively elevated by recent government campaigns
- Softer digital revenue by -12.2% due to lower gaming demand

# Focused and optimised cost allocation

Total Costs (RM'm)



QoQ Cost Developments



## YoY

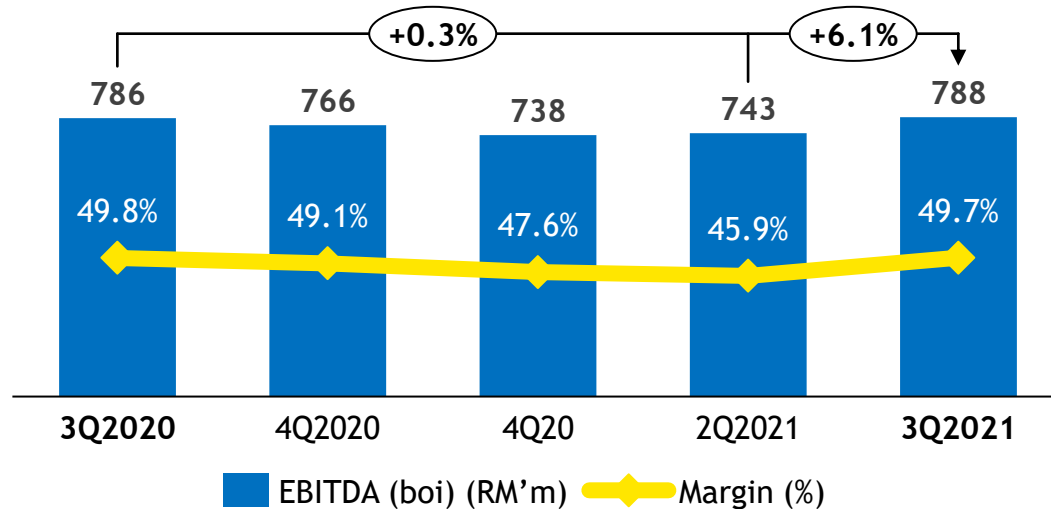
- **Lower digital costs and traffic charges** to cushion higher device costs
  - Despite one-off COGS benefits of RM14mil in 3Q20
- **Improved Opex** on better collection process and lower advertising and promotion spend

## QoQ

- **Sharp reduction of -15.3% for COGS** as digital and device costs declined in line with softer sales volume
- **Lower OPEX by -3.5%** on savings in sales and marketing to offset higher costs in staff cost and doubtful debts allowance

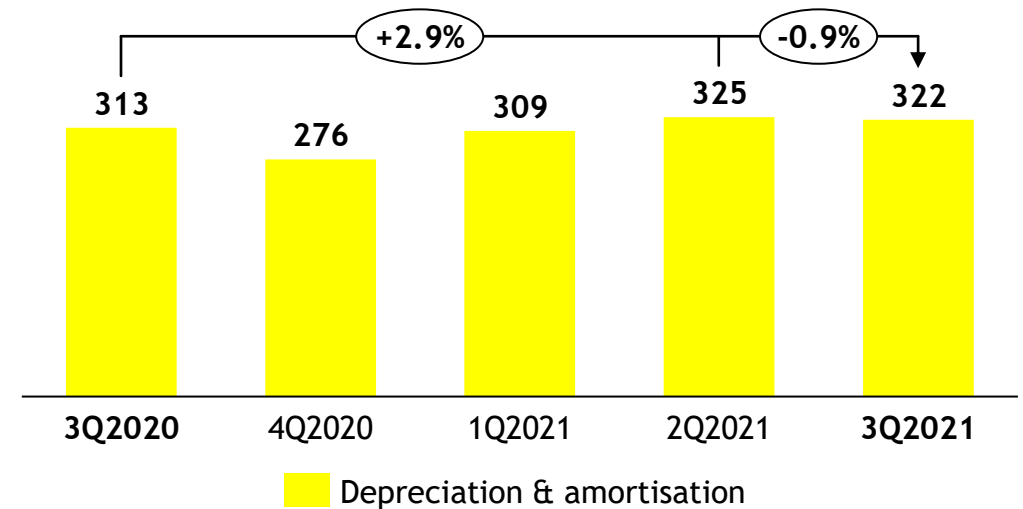
# EBITDA recovery underscored our efficiencies

EBITDA (RM'm)



- Flowthrough from **improved topline and well managed OPEX** to deliver resilient **EBITDA margin of 49.7%**

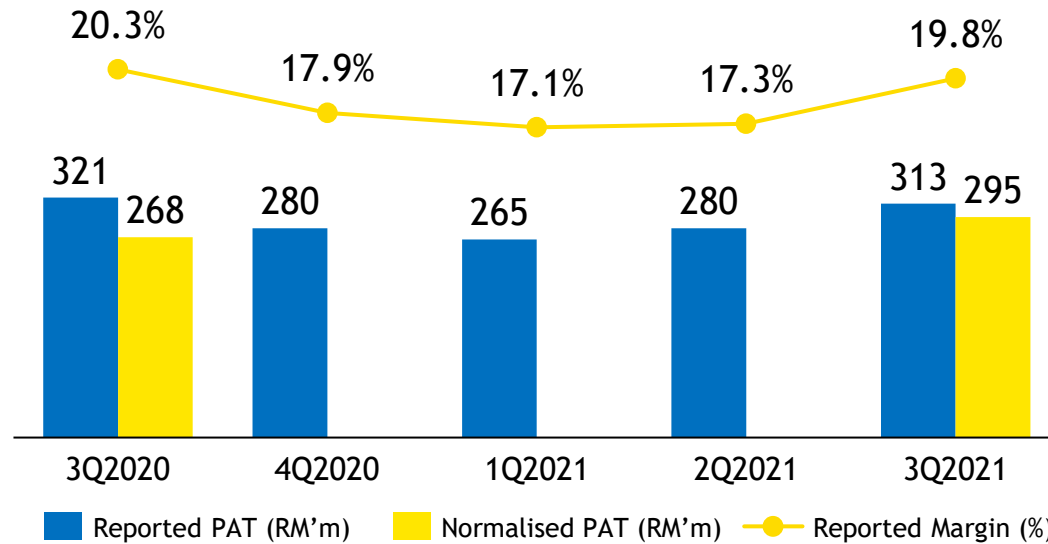
Depreciation and Amortisation (RM'm)



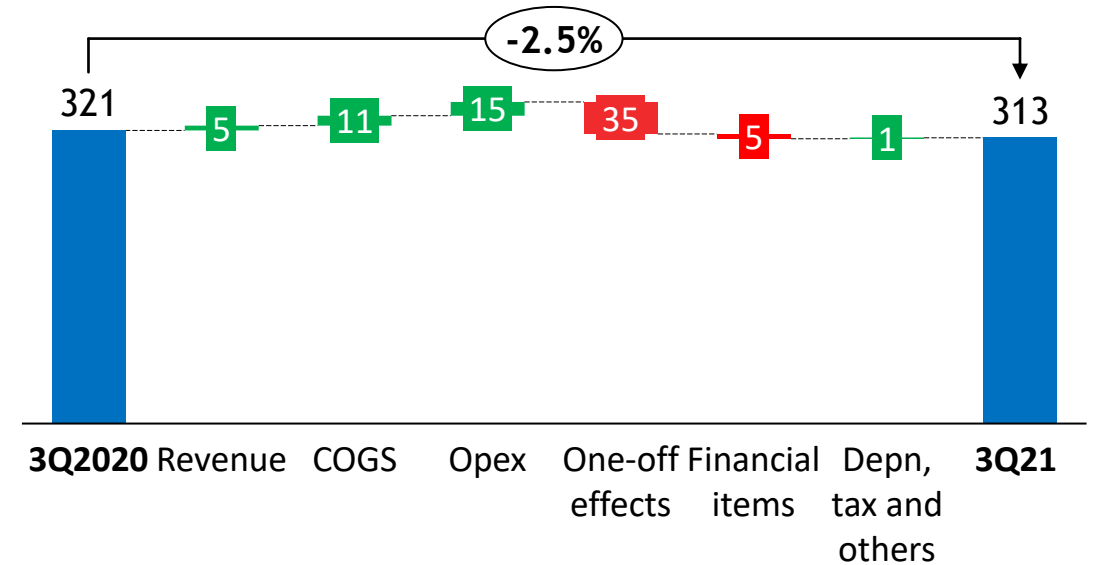
- Slight YoY increment due to **enlarged intangible and right-of-use ("ROU") assets base**, whilst maintaining QoQ trend

# PAT improvement fortified by sharper execution

PAT (RM'm)



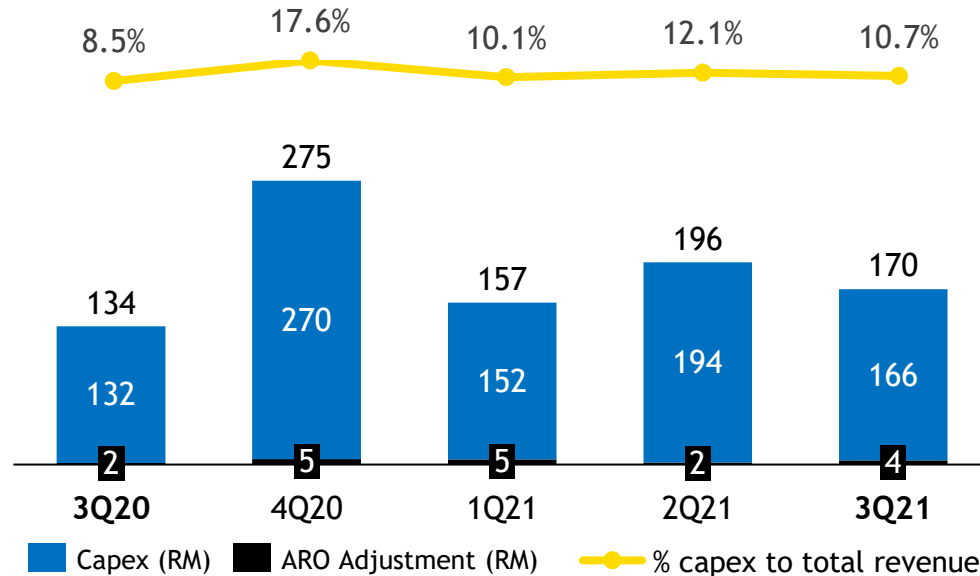
YoY PAT Development



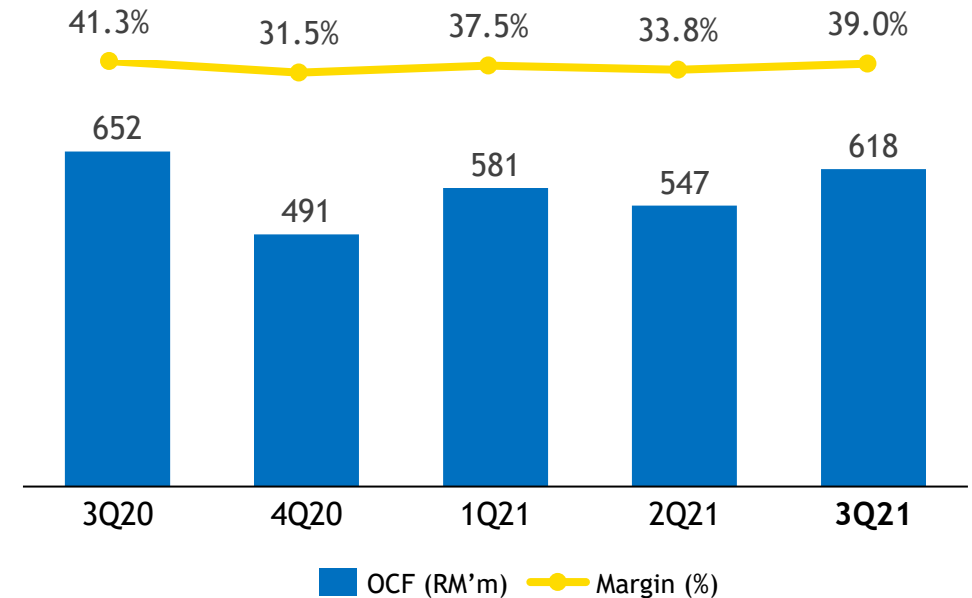
- **Profitability improved** to deliver **higher PAT margin of 19.8%** against a challenging operating backdrop
- Net finance cost maintained at RM46m QoQ, albeit a slight increase of RM5m YoY

# Prioritised investments and steady operating cash flow

CAPEX (RM'm)



Operating Cash Flow - OCF (RM'm)

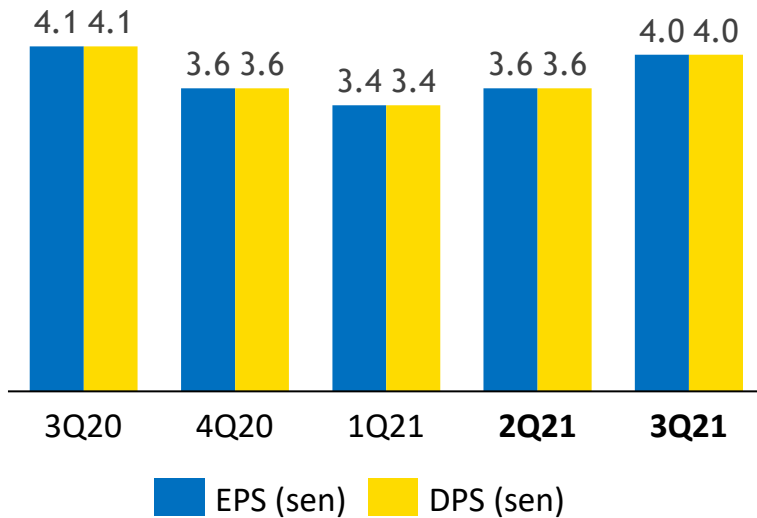


- Catered for **strategic modernisation initiatives** for network capacity enhancements and digitalisation of operations

- **Higher OCF from solid EBITDA improvement**, translating to healthy OCF margin of 39.0%

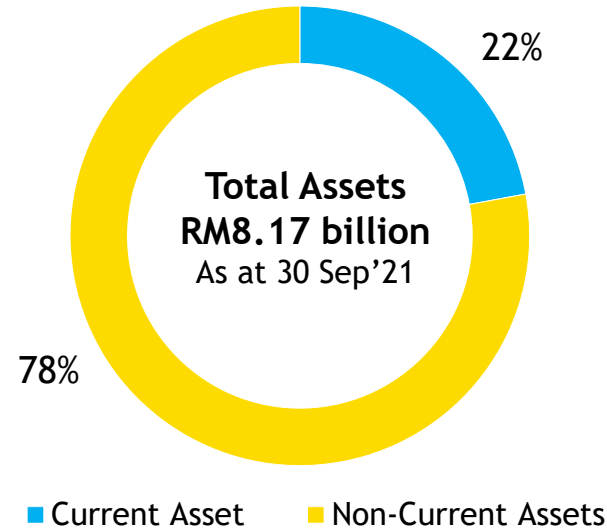
# Stable financial position and sustainable shareholder return

Shareholder Return (sen)



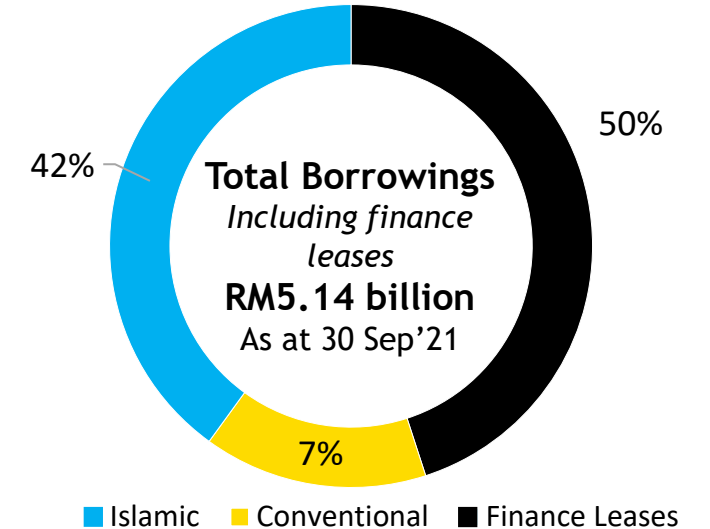
- Sustainable return with **dividend payout of RM311 million or 100% of payout ratio**

Total Assets



- **Strong balance sheet** backed by higher cash and short-term deposits

Composition of Borrowings



- Net debt/EBITDA of **1.5x**
- Conventional debt over total asset of **4.7%**



# Reaffirming 2021 outlook

	Previous	YTD	Revised
<b>Service Revenue</b>	Low single digit decline	-1.4%	Low single digit decline
<b>EBITDA</b>	Mid single digit decline	-1.9%	Low-to-mid single digit decline
<b>Capex-total revenue ratio</b>	14.0% - 15.0%	11.0%	13.0% - 14.0%

# 3Q2021 Key Messages



Improvement in results from continued service revenue recovery and efficiency focus



Continued our commitments to drive connectivity and societal support via Jendela while prioritising the safety of employees and our customers



Maintained network superiority to sustain leading position on consistency and quality

# Q&A Session

- Use 'raise your hand' function
- Unmute your mic
- Kindly introduce yourself (Name and institution)
- Alternatively, post your question(s) in the chatbox





# THANK YOU & HAPPY DIWALI

*21 Oct 2021*

Email for further enquiries:  
[Investor\\_Relations@digi.com.my](mailto:Investor_Relations@digi.com.my)

3Q2021 Earnings Pack:  
<https://digi.listedcompany.com/financials.html>

Corporate website: [www.digi.com.my](http://www.digi.com.my)

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