

Steady 4Q2021 results within guidance

- 4Q2021 total revenue of RM1,584 million grew 1.5% Y-Y supported by healthy devices revenue growth and positive momentum in core segments
- New billing platform module successfully migrated as part of modernisation strategy while service interruptions that impacted full revenue potential were quickly mitigated to ensure service recovery for our customers
- Postpaid revenue up 1.6% Y-Y following the fifth consecutive quarter with solid subscriber growth
- Prepaid revenue down -2.6% Y-Y due to lower migrant segment and service interruptions from migration of a new module in customer billing platform, while supported by good underlying momentum and continued growth in Malaysian base
- Digi's network again acknowledged as the fastest and most consistent network in Malaysia
- 4Q2021 EBITDA down -3.4% Y-Y to RM740 million mainly due to higher costs from enhanced network efforts
- Profit After Tax up 8.6% Y-Y through operational efficiency priorities and focus on driving growth in core segments
- Fourth interim dividend of 3.9 sen declared to sum 2021 total dividend to 14.9 sen, or near 100% of payout ratio

4Q 2021 OPERATIONAL SUMMARY

Network performance

During the quarter under review, we continued investing in strengthening Digi's 4G network quality and capacity including spectrum re-farming and fibre network expansion to improve 4G network experience for all customers nationwide. The gradual 3G network shutdown under Jalanan Digital Negara (JENDELA)'s initiative has now been successfully completed by January 2022, following the recent floods in December 2021. Our 3G customers were able to smoothly transit from 3G to 4G through a range of affordable mobile plans and 4G voice-over-LTE (VoLTE) device offers. With the shutdown of 3G, Digi has in tandem strengthened its 4G network with new sites and upgraded existing sites to meet JENDELA targets, underlining our commitment to accelerate Malaysia's 4G coverage in line with the national digitalisation plans. Digi is also working very closely with MCMC on the receipt of Universal Service Provision (USP) projects that we believe will significantly improve our network coverage and quality, particularly in rural and remote areas (Zone 3 and Zone 4).

During the full year, we have delivered an additional 10.5% Y-Y of new and upgraded 4G sites in 2021 which led to wider 4G LTE and LTE-A network coverages of 93.1% and 75.9% of populated areas, respectively, alongside a strong fiber network of over 10.1K KM. We are also proud that our network resilience and quality were recognised by external benchmarks as the Most Consistent Network and Best Download Speed Experience.

Lastly, Digi was able to manage the network well and ensure service availability in flood-impacted areas in the last weeks of December 2021, despite challenges brought upon by power outages and accessibility restrictions. In line with our Responsible Business commitment, we have also swiftly extended critical connectivity needs at temporary flood relief centers nationwide alongside robust humanitarian efforts and much needed aid to flood victims. We remain committed to work with the Ministry, MCMC and industry players to rehabilitate the affected areas with necessary network equipment upgrades, connectivity enhancements and offer critical post-flood recovery efforts.

Subscriber development

The total subscriber base decreased by -47K Q-Q in 4Q2021 to 10,318K subs with continued good growth in Postpaid and quality improvement of the Prepaid base. The strong momentum in Postpaid continued throughout the quarter as consumers reacted positively to Digi's product offerings focused on high speed delivered on an award-winning network and on attractive smart bundles and entry-level plans. The Postpaid base grew by 50K Q-Q and by 253K for the whole of 2021 to 3,297K subscribers, whilst our Prepaid base declined by -97K Q-Q following continued churn from low-quality subs. The Prepaid decline was partially due to weaker market momentum following the conclusion of the government stimulus programs and the temporary impact from the migration of a new module in customer billing platform. Core ARPU remained resilient, but lower voice usages as more Malaysian consumers returned to

work on easing Covid-19 restrictions as well as continued low roaming reduced the overall blended ARPU by -RM1 Q-Q. Our internet subscribers base grew to over 9.0 million, alongside higher smartphone penetration rate of 92.0% (2020: 87.3%) reflecting a data-hungry subscriber base. On the Business (B2B) segment, our efforts to support Malaysian businesses through a range of digitalisation solutions have enlarged the B2B subscriber base by 9.8% Y-Y and 3.9% Q-Q with improvements in both SME and large enterprise segments.

4Q 2021 FINANCIAL SUMMARY

Revenues

Service revenue had a mild contraction of -2.1% Y-Y and -1.6% Q-Q to RM1,321 million mainly due to softer traditional voice usages and a temporary impact from a migration of a new module in customer billing platform. This planned upgrade was in line with our modernisation journey to improve overall customer experiences.

Prepaid revenue declined by -2.6% Y-Y and -3.1% Q-Q to RM625 million despite healthy gross additions from the growing Malaysian base through successful acquisition efforts to leverage on high-speed internet proposition in under-penetrated segments. Meanwhile, postpaid revenue of RM629 million grew 1.6% Y-Y driven by positive subs growth and lower churn rate. B2B continued the good trend with revenue increasing by a healthy 8.0% Y-Y in 4Q2021 and by 4.8% for FY2021 despite the adverse Covid-19 impact.

The favourable devices and other revenue growth of 24.6% Y-Y and 9.1% Q-Q to RM263 million reflected the strong momentum in Phone Freedom 365 and device bundling plans, and more than offset marginally lower service revenue trend. Digital revenue saw an increase of 3.1% Q-Q to RM67 million, though declined -24.7% Y-Y due to measures implemented in early 2021 as part of our 2021 strategy.

As a result, total revenue in 4Q2021 grew 1.5% to RM1,584 million, whereas total revenue for the FY2021 year was up by 3.0% to RM6,336 million.

Cost Of Goods and Services (COGS)

COGS increased by 6.2% Y-Y and 8.0% Q-Q to RM443 million mainly due to higher volume of 4G devices sold to an increasingly data hungry consumer base, partly offset by lower traffic cost partially attributed to softer on-ground activities amid ongoing Covid-19 challenges. For FY2021, COGS of RM1,754 million was 14.0% higher in line with the growth in device and digital businesses.

Operating Expenditures (OPEX) excluded other items

OPEX registered an increase of 6.1% Y-Y and 3.9% Q-Q to RM401 million attributed mainly to higher advertising and promotion spend due to timing of campaigns and the gradual reopening of the Malaysian economy after Covid-19 lockdown, alongside higher operation and maintenance costs in the quarter. Excluding one-off effects, underlying OPEX trend of 2.1% Y-Y and -1.2% Q-Q reflected our focus to drive growth and modernisation initiatives with prudent cost management.

Finally, OPEX to service revenue ratio for the full year remained healthy at 29.5%, highlighting Digi's cost discipline and efficient operations while at the same time allowing for improving and expanding an industry leading network.

EBITDA Before Other Items (boi)

4Q2021 EBITDA (boi) amounted to RM740 million or a margin of 46.7%, down -3.4% Y-Y following higher costs in the quarter, whilst the FY2021 EBITDA (boi) of RM3,009 million represented a decline of -2.3%. Excluding non-recurring effects, the normalised EBITDA for the whole year improved by 0.1% to RM3,022 million, with a resilient normalised margin of 48.0% reflecting Digi's leadership in running efficient and modernised operations.

Profit After Tax (PAT)

Digi registered a Y-Y improvement in PAT of 8.6% to RM304 million despite the sequential reduction of -2.9% driven by lower EBITDA and higher net finance costs. These were more than offset by positive adjustments in deferred taxes pertaining to tax penalties and Cukai Makmur.

As such, PAT for FY2021 summed to RM1,162 million, a decrease of -4.8%, or margin of 18.3% partially attributed to higher depreciation charges for 3G network shutdown and increased finance costs.

Capex And Operations Cash Flow (OCF)

Our 4Q2021 capex expanded to RM291 million, to close FY2021 with a total of RM814 million or 12.8% of total revenue, close to the guiding of 13%-14%. Digi continue to execute disciplined capital allocation process, prioritising robust LTE and LTE-A network coverage to support national digitalisation plans whilst enhancing our digital capabilities.

Shareholder Returns

Earnings for the quarter amounted to 3.9 sen per share, an increase of 0.3 sen Y-Y and a marginal drop of -0.1 sen Q-Q. This led to total earnings per share for the year of 14.9 sen. Based on the solid earnings in 4Q2021 and a robust balance sheet, the Board of Directors approved the final interim dividend of 3.9 sen per share, equivalent to RM303 million of dividend payout. As such, a total of RM1.16 billion of dividend was distributed to valued shareholders in 2021, reflecting our commitment to deliver sustainable attractive shareholder returns.

Proposed merger between Celcom Axiata Berhad and Digi Telecommunications Sdn Bhd

The proposed transaction is progressing as planned and its completion is subject to receipt of regulatory approvals, approval by all shareholders, and other customary terms and conditions. Expected dates for approval and completion of the transaction within the second quarter of 2022 remain unchanged.

Prospects For The Financial Year Ending 31 December 2022

Our solid performance during 2021 has been in line with our expectations amidst a challenging and difficult environment, and reflected the resilience of our operating model. Our effort to strengthen the quality of the Malaysian base and to reduce the reliance on low quality high churn segments have showed results. Furthermore, the pandemic has emphasised our role to accelerate digitalisation and connectivity needs of businesses and society.

We enter the year with a strong momentum in key customer segments, anchored by our strong foundation and clear brand purpose. We remain cognisant of the ongoing developments surrounding the proposed merger and MyDigital initiatives, and work pro-actively to grasp opportunities and mitigate risks related to these events.

For 2022, we are committed on delivering our priorities which comprises the following components:

- Continue to deliver focused offerings in core and near-core connectivity solutions, with Postpaid, B2B and fibre segments as important growth drivers
- Continue to innovate and be a leader in modernisation in both customer touchpoints and organisation processes
- Raising responsible business standards while continuing efforts to drive inclusive digital society

Lastly, our 2022 guidance is summarised as followed:

Service Revenue	• Return to growth underpinned by momentum in postpaid, B2B and fibre
EBITDA	• Around FY2021 level driven by ongoing OE discipline
Capex-to-total revenue ratio	• Around FY2021 level with prioritised focus on enhancing network and digital capabilities

SUMMARISED PROFIT & LOSS STATEMENT

Income Statement (RM'm)	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021	Q-Q %	Y-Y %	FY2020	FY2021	Y-Y
Postpaid revenue	619	617	623	633	629	-0.6%	1.6%	2,539	2,502	-1.5%
Prepaid revenue	642	640	643	645	625	-3.1%	-2.6%	2,623	2,553	-2.7%
Digital revenue	89	80	74	65	67	3.1%	-24.7%	266	286	7.5%
Service revenue	1,350	1,337	1,340	1,343	1,321	-1.6%	-2.1%	5,428	5,341	-1.6%
Devices and other revenue	211	213	278	241	263	9.1%	24.6%	725	995	37.2%
Total revenue	1,561	1,550	1,618	1,584	1,584	0.0%	1.5%	6,153	6,336	3.0%
Cost of goods and services (COGS)	(417)	(417)	(484)	(410)	(443)	8.0%	6.2%	(1,539)	(1,754)	14.0%
Cost of materials	(214)	(230)	(291)	(235)	(284)	20.9%	32.7%	(756)	(1,040)	37.6%
Traffic charges	(203)	(187)	(193)	(175)	(159)	-9.1%	-21.7%	(783)	(714)	-8.8%
Gross profit	1,144	1,133	1,134	1,174	1,141	-2.8%	-0.3%	4,614	4,582	-0.7%
GP margin	73.3%	73.1%	70.1%	74.1%	72.0%	-2.1%	-1.3%	75.0%	72.3%	-2.7%
Operating expenditures (OPEX)	(378)	(395)	(391)	(386)	(401)	3.9%	6.1%	(1,534)	(1,573)	2.5%
Sales & marketing	(96)	(102)	(96)	(82)	(97)	18.3%	1.0%	(405)	(377)	-6.9%
Staff costs	(68)	(62)	(57)	(64)	(61)	-4.7%	-10.3%	(242)	(244)	0.8%
Operations & maintenance	(39)	(59)	(49)	(47)	(66)	40.4%	69.2%	(191)	(221)	15.7%
USP fund and license fees	(82)	(81)	(79)	(84)	(83)	-1.2%	1.2%	(319)	(327)	2.5%
Other expenses	(75)	(81)	(96)	(92)	(80)	-13.0%	6.7%	(296)	(349)	17.9%
Credit loss allowances	(18)	(10)	(14)	(17)	(14)	-17.6%	-22.2%	(81)	(55)	-32.1%
EBITDA	766	738	743	788	740	-6.1%	-3.4%	3,080	3,009	-2.3%
EBITDA (boi) margin	49.1%	47.6%	45.9%	49.7%	46.7%	-3.0%	-2.4%	50.1%	47.5%	-2.6%
Normalised EBITDA excl. cost one-offs	757	743	744	766	740	-3.4%	-2.2%	3,019	3,022	0.1%
Normalised EBITDA (boi) margin	48.5%	47.9%	47.1%	48.6%	46.5%	-2.1%	-2.0%	49.1%	48.0%	-1.1%
Depreciation, amortisation and impairment	(276)	(309)	(325)	(322)	(307)	-4.7%	11.2%	(1,222)	(1,263)	3.4%
Other items	(51)	(1)	-	(2)	(14)	600.0%	-72.5%	(53)	(17)	-67.9%
Profits before interests and tax (PBIT)	439	428	418	464	419	-9.7%	-4.6%	1,805	1,729	-4.2%
Operating model transition costs	-	-	1	-	-			-	1	
Net finance costs	(63)	(69)	(46)	(46)	(54)	17.4%	-14.3%	(183)	(215)	17.5%
Profit before tax (PBT)	377	359	373	418	365	-12.7%	-3.2%	1,622	1,515	-6.6%
Taxation	(97)	(94)	(93)	(105)	(61)	-41.9%	-37.1%	(401)	(353)	-12.0%
Profit after tax (PAT)	280	265	280	313	304	-2.9%	8.6%	1,221	1,162	-4.8%
PAT margin	17.9%	17.1%	17.3%	19.8%	19.2%	-0.6%	1.3%	19.8%	18.3%	-1.5%
Normalised profit after tax (PAT)	285	270	287	295	253	-14.2%	-11.2%	1,175	1,134	-3.5%
Normalised PAT margin	18.3%	17.4%	18.2%	18.7%	15.9%	-2.8%	-2.4%	19.1%	18.0%	-1.1%
Capex	275	157	196	170	291	71.2%	5.8%	773	814	5.3%
Capex / Revenue %	17.6%	10.1%	12.1%	10.7%	18.4%	7.7%	0.8%	12.6%	12.8%	0.2%
Operations cash flow	491	581	547	618	449	-27.3%	-8.6%	2,307	2,195	-4.9%

OPERATIONAL STATISTICS AND KEY FINANCIAL RATIOS

Operational Statistics	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021	Q-Q	Y-Y
Postpaid ('000)	3,044	3,090	3,185	3,247	3,297	1.5%	8.3%
Prepaid ('000)	7,397	7,160	7,032	7,118	7,021	-1.4%	-5.1%
Total subscribers ('000)	10,441	10,250	10,217	10,365	10,318	-0.5%	-1.2%
Postpaid ARPU (RM)	66	65	64	63	62	-2.5%	-6.1%
Prepaid ARPU (RM)	32	33	34	34	33	-2.7%	2.2%
Blended ARPU (RM)	42	43	43	43	42	-2.6%	0.5%
Monthly active users for MyDigi ('mil)	4.4	4.5	4.9	4.7	4.7	0.2%	7.3%
Monthly average data per user (GB)	19.0	19.7	21.4	22.4	20.7	-7.6%	8.9%
Internet subscribers	83.5%	85.9%	86.4%	86.7%	87.3%	0.7%	4.6%
Smartphone penetration rate	87.3%	89.2%	90.1%	90.9%	92.0%	1.2%	5.4%
Device sold ('000 units)	135	138	330	353	155	-56.2%	14.7%
Population Coverage (%)							
4G (LTE)	91.6%	91.7%	91.8%	92.2%	93.1%	0.9%	1.5%
4G Plus (LTE-A)	74.8%	75.0%	75.1%	75.4%	75.9%	0.5%	1.1%
Fibre Network (km)	9,981	10,052	10,084	10,131	10,173	0.4%	1.9%

Key Financial Ratios	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021	FY2020	FY2021
Earnings per share (sen)	3.6	3.4	3.6	4.0	3.9	15.7	14.9
Dividend per share (sen)	3.6	3.4	3.6	4.0	3.9	15.6	14.9
CAPEX to total revenue (%)	17.6%	10.1%	12.1%	10.7%	18.4%	12.6%	12.8%
Operations cash flow margin (%)	31.5%	37.5%	33.8%	39.0%	28.3%	37.5%	34.6%
Conventional debt over total asset (%)	6.8%	6.2%	5.5%	4.7%	4.2%		
Net debt to EBITDA (times)	1.7	1.7	1.6	1.5	1.6		

Summary of Financial Position (RM'm)	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021
Cash and short-term deposits	303	217	403	590	205
Other assets	7,884	7,759	7,662	7,575	7,635
TOTAL ASSETS	8,187	7,976	8,065	8,165	7,840
Conventional borrowings	555	493	444	382	333
Islamic borrowings	2,316	2,242	2,242	2,167	2,168
Finance lease	2,581	2,586	2,618	2,589	2,459
Other liabilities	2,129	2,064	2,155	2,388	2,247
Total liabilities	7,581	7,385	7,459	7,526	7,207
Total equity	606	591	606	639	633
TOTAL LIABILITIES AND EQUITY	8,187	7,976	8,065	8,165	7,840