



## **PRESS RELEASE**

**For immediate publication**

### **Digi records 1.8pp y-o-y EBITDA margin improvement and solid internet growth**

*Steady operational performance delivering healthy 46% EBITDA margin, 23% PAT margin and dividend of 4.6 sen per share equivalent to almost 100% payout*

**SUBANG JAYA, 12 July 2017** – Digi.Com Berhad (Digi) today reported a quarter of resilient results fuelled by robust postpaid and internet revenue growth while delivering better EBITDA margin, revealing that the company is making headway in its plans to capitalise on the growing demand for data among Malaysians despite continued competition within the telco sector.

For the quarter, Digi postpaid subscriber growth continued with net additions of 103,000 to 2.3 million, representing a 4.7% increase sequentially while its prepaid subscriber base also strengthened 151,000 to 9.7 million, bringing its overall subscriber base to a strong 12.0 million. An overall growth stimulated by the increasing adoption of Digi's 4G+ services accounting for 5.3 million 4G LTE subscribers now on its network using 1.4 times more data than last year. The company attributes Malaysians' increasing confidence in Digi as a preferred digital partner to its focus on providing a compelling combination of relevant digital products and services, and the improved quality of its nationwide 4G+ network further strengthened by the recent launch of its LTE 900Mhz sites on 1 July 2017.

Digi's CEO Albern Murty said, "While this continued to be a challenging quarter for the industry, we have delivered resilient performance to sustain healthy margins and returns, with earnings driven by the strong uptake momentum of our internet and digital services offerings in both our postpaid, prepaid, enterprise businesses, and most recently, our IoT business. What's behind our performance is our #FreedomtoInternet range of offerings that delivers great value in meeting our customers' entertainment and roaming needs, and we have stayed focused on delivering on the quality of those live digital experiences on our stronger, more robust network, retail and self-serve touchpoints."

#### **Healthy margins, earnings and dividends**

"Operational excellence remained a core priority for the quarter to ensure long-term sustainable growth, to drive market resilience while delivering relevant affordable services to customers. Importantly, the business delivered resilient EBITDA with 46% margin and sound improvements in cost efficiency, while seeing uplifts in customer base and steady ARPUs."

Opex trimmed 8.8% y-o-y from the company's relentless focus on driving efficient operations. Ops cash flow remained healthy at RM488 million or 31% margin with 37.1% higher year-on-year capex of RM229 million frontloaded to maximise spectrum opportunities with the deployment of LTE 900Mhz sites in addition to 4G LTE and LTE-A network and fiber network expansion, as planned. These factors have led the company to declare a healthy 4.6 sen per share dividend, equivalent to almost 100% dividend payout. Digi's net debt to EBITDA ratio also remained healthy at 0.7 times while balance sheet continued to reflect solid financial capability and flexibility to fund operational commitments as well as immediate and future investments.

"Our newly minted LTE 900Mhz network will be a significant game-changer for us, enabling our customers to enjoy stronger indoor coverage and better network capacity in delivering what is most important to our customers to fuel future growth," concluded Albern.



## Q2 Financials

RM million	2Q17	1Q17	Q-o-Q	Y-o-Y
Service revenue	1,453	1,472	(1.3%)	(6.7%)
EBITDA	717	711	0.8%	(2.4%)
EBITDA margin	46%	45%	1.0pp	1.8pp
PAT	359	373	(3.8%)	(14.7%)

### Key Highlights (Y-o-Y)

- Resilient service revenue of RM1,453 million on the back of stronger sequential postpaid growth and stabilising prepaid operations, supported by stronger subscriber and ARPU development
- Internet revenue grew 13.3% from last year and 2.6% q-on-q from a larger active internet subscriber base of 69.1% and 68.6% smartphone adoption
- Postpaid revenue surged 8.9% y-o-y and 3.1% q-o-q to RM536 million, on the back of robust postpaid internet revenue contribution of RM302 million
- Prepaid revenue moderated to RM917 million; with significantly improved q-o-q decline that narrowed to 3.7%, backed by a broader 9.7 million subscriber base and 3.7% y-o-y growth in prepaid internet revenue
- Earnings before interest, tax, depreciation and amortisation (EBITDA) strengthened q-o-q by 0.8% to RM717 million with a 1.0pp increase in EBITDA margin at 46%
- Profit After Tax (PAT) traced to RM359 million while PAT margin stood healthy at 23%
- Healthy second interim dividend of 4.6 sen per share or RM358 million, payable to shareholders on 29 September 2017

### Compelling combination of quality digital, network and customer services reinforces Malaysians' confidence in Digi as preferred digital partner:

- Invested additional upfront capex of RM229 million to accelerate LTE 900Mz sites deployment, and strengthening the footprint of our nationwide 4G LTE: 86%, 4G+: 45% and 8,000km fiber network.
- Launched new #FreedomtoInternet range of internet and digital service offerings delivering innovation for on-demand data needs ranging from music, video, gaming to roaming.
- Monthly active users on MyDigi have grown 400,000 to 2.0 million with over RM13 million up sell transactions made during the quarter.
- Mobile Sales App (MSA) has seen almost 100% adoption across retail and controlled channels, empowering agents and dealers to serve customers significantly faster by completing new registrations within 20 seconds at least.

More information on Digi's Q2 performance is available at [www.digi.com.my/investors](http://www.digi.com.my/investors).

#### About Digi

We are a mobile connectivity and internet services provider enabling 12.0 million Malaysians to get the most benefit out of an increasingly connected world. With a strong legacy of product and service innovation delivered on Malaysia's widest 4G+ network, Digi has an ambition to become customers' favourite digital partner, providing relevant, personalised and engaging digital products and services that will further enable all Malaysians' digital lifestyles. This is because we believe digital communication empowers everyone to improve their lives, build societies and secure a better future for all. Listed on Bursa Malaysia, Digi is part of global telecommunications provider Telenor Group and is a leader in driving progressive and responsible business practices. For more information about Digi, visit [www.digi.com.my](http://www.digi.com.my).

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