



## PRESS RELEASE

For immediate publication

### Digi caps Q4-FY2018 with excellent customer experience driving better returns

*Postpaid, data growth engines and disciplined financial management delivers solid y-o-y performance*

- EBITDA rose 2.2% to RM747 million with 44% margin
- PAT grew 6.9% to RM385 million
- Healthy dividend of 4.8 sen per share or RM373 million

**SUBANG JAYA, 24 January 2019** – Digi.com Berhad (Digi) delivered steady performance in Q4-FY 2018 with strong contributions from its postpaid and internet businesses, underlined by its well-implemented digitisation and efficiency strategy. The company closed the quarter with RM1,482 million in service revenue, now serving 11.7 million customers on its network. FY 2018 service revenue stood at RM5.92 billion with a healthy EBITDA of RM2.96 billion or 46% margin.

Postpaid revenue grew 15.0% y-o-y to RM667 million, adding 75,000 customers to its now 2.8 million postpaid base. The company registered its best performing postpaid revenue growth of 14.8% ahead of the industry to close FY 2018 at RM2.52 billion, representing 43% of total service revenue.

Data traffic grew 70% y-o-y with customers' monthly data usage averaging at 9.9GB. The network serves an expanded 9.2 million internet and 7.9 million 4G LTE customer base, with an increased smartphone adoption of 79.6%. Higher data consumption across its prepaid, postpaid and digital businesses drove overall internet revenue up by 13.7% y-o-y to RM849 million, constituting 57.3% of service revenue. FY 2018 internet revenue totalled RM3.23 billion, 19.9% higher than last year.

Digi's CEO Albern Murty said, "2018 was a strong year of execution for the business. We kept disciplined on driving growth, efficiency and digital transformation while staying focused on service delivery excellence to customers. This combined strategy has led us to deliver value for customers and shareholders alike. We plan to continue making smart investments to redefine our customer experience and offer affordable, meaningful connectivity for all, while enhancing targeted efficiencies."

### Stronger Q4 and FY 2018 Financials

RM million	4Q18	3Q18	Q-o-Q	4Q17	Y-o-Y	FY18	FY17	FY-o-FY
Service revenue	1,482	1,475	0.5%	1,513	(2.0%)	5,924	5,914	0.2%
Total revenue	1,679	1,572	6.8%	1,645	2.1%	6,436	6,341	1.5%
EBITDA	747	725	3.0%	731	2.2%	2,956	2,886	2.4%
EBITDA margin	45%	46%	(1.6pp)	44%	0.1pp	46%	46%	0.4pp
PAT	385	368	4.6%	360	6.9%	1,464	1,477	(0.9%)

*All analysis and comparisons are made based on old accounting principles.*

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

- Service revenue at RM1,482 million fuelled by solid postpaid and internet revenue growth
- Internet revenue grew 13.7% y-o-y to RM849 million
- Postpaid revenue grew 15.0% y-o-y to RM667 million, now with 2.8 million subscribers
- Prepaid revenue trimmed to RM815 million with overall decline for the year narrowing to 8.5%
- OPEX to service revenue healthy at 33.7%
- EBITDA rose to RM747 million or 44% margin
- Profit After Tax (PAT) steady at RM385 million with 23% margin



- Ops cash flow declined 7.8% y-o-y to RM517 million or 31% margin due to higher spend on network expansion
- Net debt to EBITDA ratio healthy at 0.8 times while conventional debt over total assets steady at 21%, well within the Shariah threshold
- Final dividend per share of 4.8 sen or RM373 million, payable to shareholders on 29 March 2019

#### **Enabling meaningful connections with affordable, innovative digital services and a consistent network experience in Q4 2018:**

- Invested RM230 million capex for IT, network capacity and quality upgrades in preparation for customer needs in 2019. Network coverage footprint is now at 4G LTE: 89% and LTE-A: 65% with 8,400km of fibre network. Total FY 2018 capex investment is RM685 million or 11.6% of service revenue, meeting guided capex commitment of between 11%-12% of service revenue.
- Upsized mobile broadband plans with up to 50% larger data quotas from RM45/month, to meet the need for more affordable connectivity services enjoyed at home
- Launched PhoneFreedom 365, a device ownership programme offering customers free upgrades to the latest smartphones every 18-24 months with RM0 upfront payment and 0% interest rates.
- MyDigi app active user base grew over 20% y-o-y to 3.0 million, contributing to 23.4 million upsell transactions on the app. 10% of total transactions were driven by the personalised Box of Surprise feature launched last quarter.
- Introduced Digi WiFi hotspot beta with passes as low as RM0.70, made available at about 300 locations in the Klang Valley and Seremban. The trial is part of our active exploration to bring more connectivity options to Malaysians in the future.
- Created as part of Digi's Yellow Heart philosophy to provide equal access to education:
  - Digi Academy: future skills building with coding and programming classes for underprivileged secondary school students. Curriculum taught at internet centres managed by Digi nationwide.
  - JomStudi: digital learning hub for all students, particularly in underserved areas as an additional learning aid. A partnership with Astro and Media Prima, the hub aggregates school syllabus content for students who will and are undergoing major national exams.

#### **2019 Outlook Guidance**

Digi expects to deliver sustainable service revenue growth and EBITDA development by better serving the existing base, growing the high ARPU base, maintaining network parity and operational excellence initiatives. Digi's 2019 guidance<sup>1</sup> is as follows:

- Service revenue growth: around 2018 levels
- EBITDA: low single digit growth
- Capex to service revenue ratio: 11%-12%

<sup>1</sup> *Guidance above exclude impact of MFRS 16: Leases.*

For more on Digi's Q4-FY 2018 performance, visit [www.digi.com.my/investors](http://www.digi.com.my/investors).

#### **About Digi**

Digi is a mobile connectivity and internet services provider enabling 11.7 million Malaysians on our advanced 4G+ network. We have an ambition to provide relevant, personalised, and engaging digital products and services that will fully enable our customer's digital lifestyles. Listed on Bursa Malaysia, Digi is part of global telecommunications provider Telenor Group, and is a leader in driving responsible business practices. For more information, visit [www.digi.com.my](http://www.digi.com.my).

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