



**Quarter 1 2006  
Analyst Teleconference**

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# Q106 – steady progress

<b>STATEMENTS FROM APRIL 5th</b>	<b>Q106</b>	<b>Q405</b>
<b>Lower subscriber growth and lower net adds</b>	+6% 292,000	+15% 608,000
<b>Lower ARPU</b>	RM51 prepaid RM96 postpaid	RM55 prepaid RM99 postpaid
<b>Positive but lower revenue growth</b>	+4%	+11%
<b>EBITDA margins showing strength</b>	45.3%	43.6%
<b>PAT consequently also strong</b>	RM185 mil	RM157 mil

# Q106 – key numbers show strength

	Q106	Q-on-Q vs Q405	Y-o-Y vs Q105
<b>Customer base</b>	<b>5.09 mil</b>	+ 6% (4.79 mil)	+47% (3.46 mil)
<b>Revenue</b>	<b>RM861 mil</b>	+4% (RM828 mil)	+ 38% (RM626 mil)
<b>EBITDA</b>	<b>RM390 mil</b>	+8% (RM361 mil)	+42% (RM275 mil)
<b>EBITDA margin</b>	<b>45.3 %</b>	+1.7pp (43.6%)	+1.3pp (44.0%)
<b>PAT</b>	<b>RM185 mil</b>	+18% (RM157 mil)	+219% (RM58 mil)
<b>EPS</b>	<b>24.6 sen</b>	20.9 sen	7.7 sen

# Competitive market

## Market dynamics

- competitive in all aspects
- strong emphasis on events for share of voice/mind
- higher levels of activities in prepaid vis-à-vis postpaid

## DiGi focus

- acquisition driven mainly by VAS, not price
- segmented approach to events/acquisitions/promotions
- targeted approach to sectors with low market share
- pushing a relevant data strategy
- revitalising the propositions for corporates

## Value propositions

- innovative
- simple
- best value

# Recent innovations by DiGi



**WHAT IF A CALLER TUNE CAUGHT YOUR EAR?**  
We'll capture it for you with CatchTunes™ from CallerTunes™.

**1st in Malaysia**



New exciting Mobile Broadband™ plans & packages to choose from



**Spice up your conversations with FunVoice™!**

Make every call a fun-packed one with FunVoice™ that lets you change your voice, add background music & even sound effects!

**1st in Malaysia**



**Ran out of talktime?**

With Talktime Services, get credit from us and stay active without reloading.



**DiGi Business Makes Perfect Sense**

**HALVE YOUR PHONE BILL EVERY MONTH**

And that's just one of the endless possibilities of the all-new DiGi Business Plan.

Time to change



**INTERNATIONAL CALLS @ LOCAL RATES**

[ Sorry, applicable to planet Earth only. ]

**DIRECT DIAL! NO PIN CODES OR PREFIXES!**

Be the **1<sup>st</sup> in the World** to enjoy a seamless multiplatform gaming experience



**DiGi destination GERMANY 06**

What if we prepared you for the biggest football event of the year with a volley of free kicks?

**FREE 100 SMS**



# DiGi - perspectives going forward

- ✓ Competitive performance in Q1 and aiming to keep up the speed
- ✓ Expecting intensified competition
- ✓ Fully committed to the mobile broadband future
- ✓ Proactive capital management initiatives – increase shareholders' value



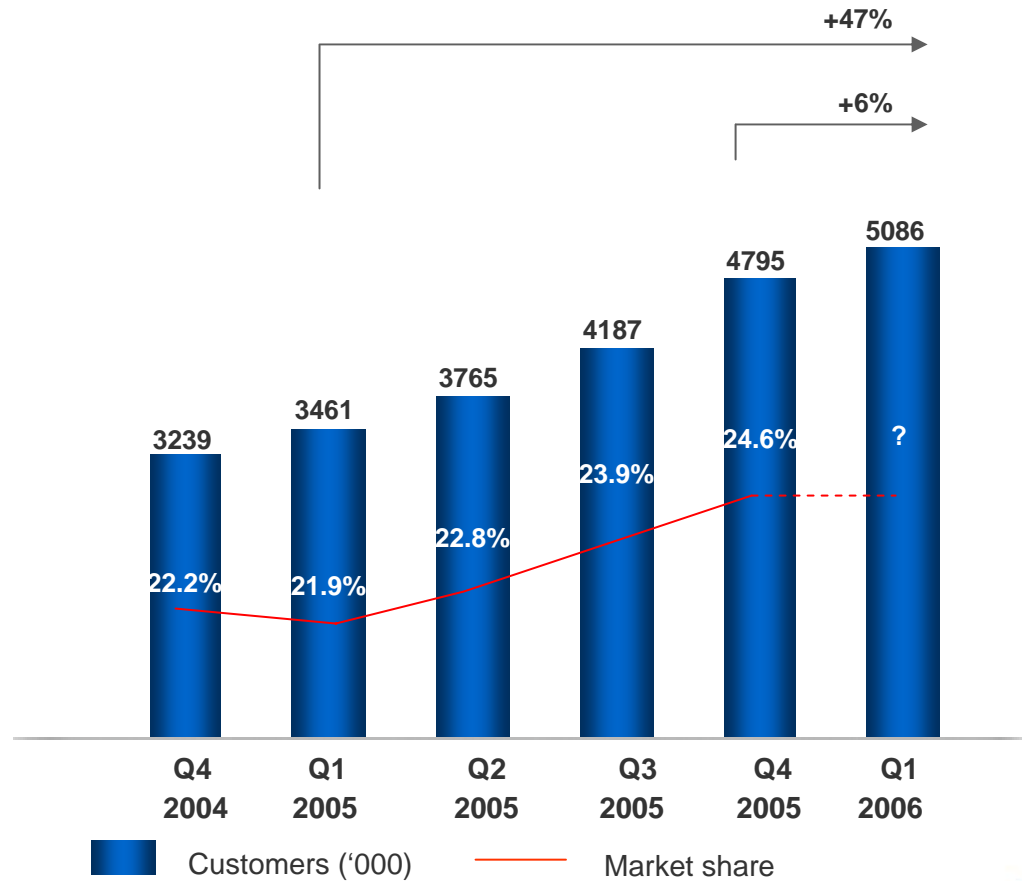
# key numbers



# Subscribers surpassed 5 million mark

## Customers

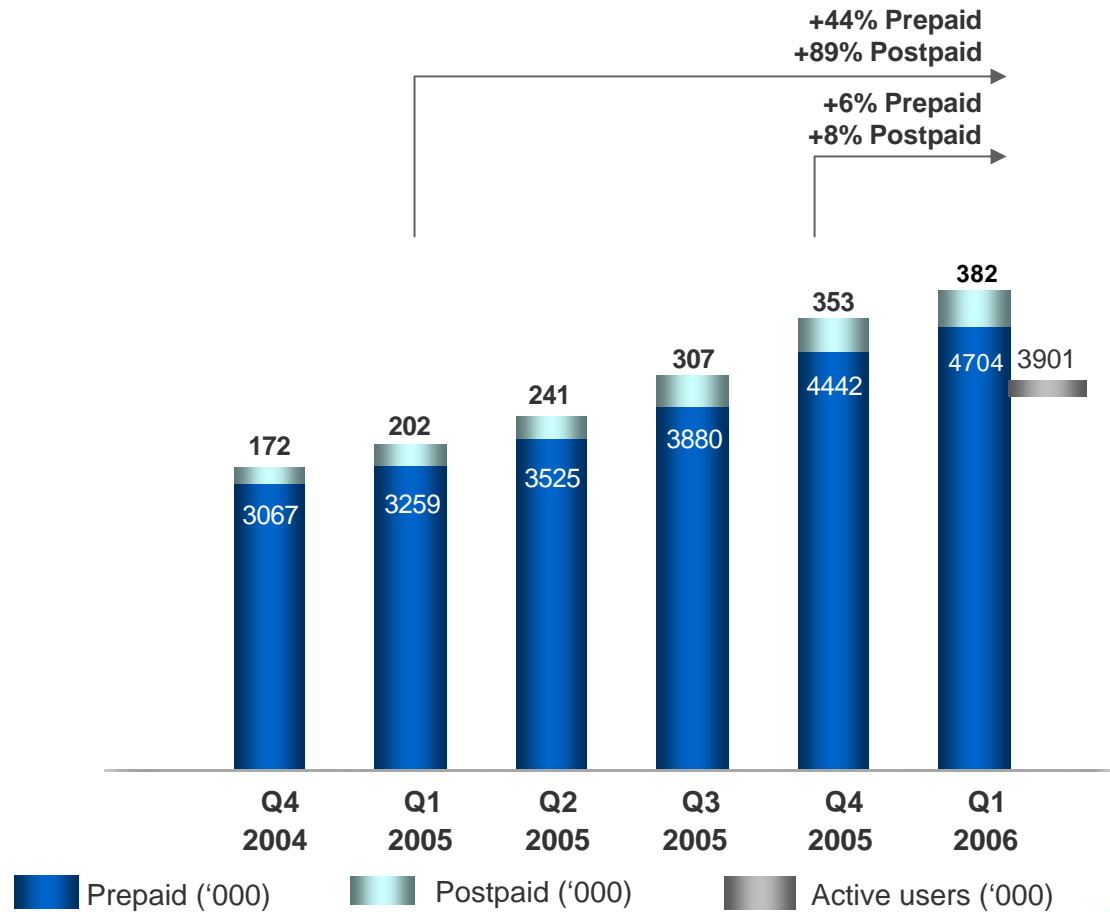
- 292k net additions
- Key drivers: promotions, enhanced data strategy, targeted segment marketing and coverage expansion
- Expects stable SIM card market share



# Good growth pace for pre- and postpaid

## Subscribers

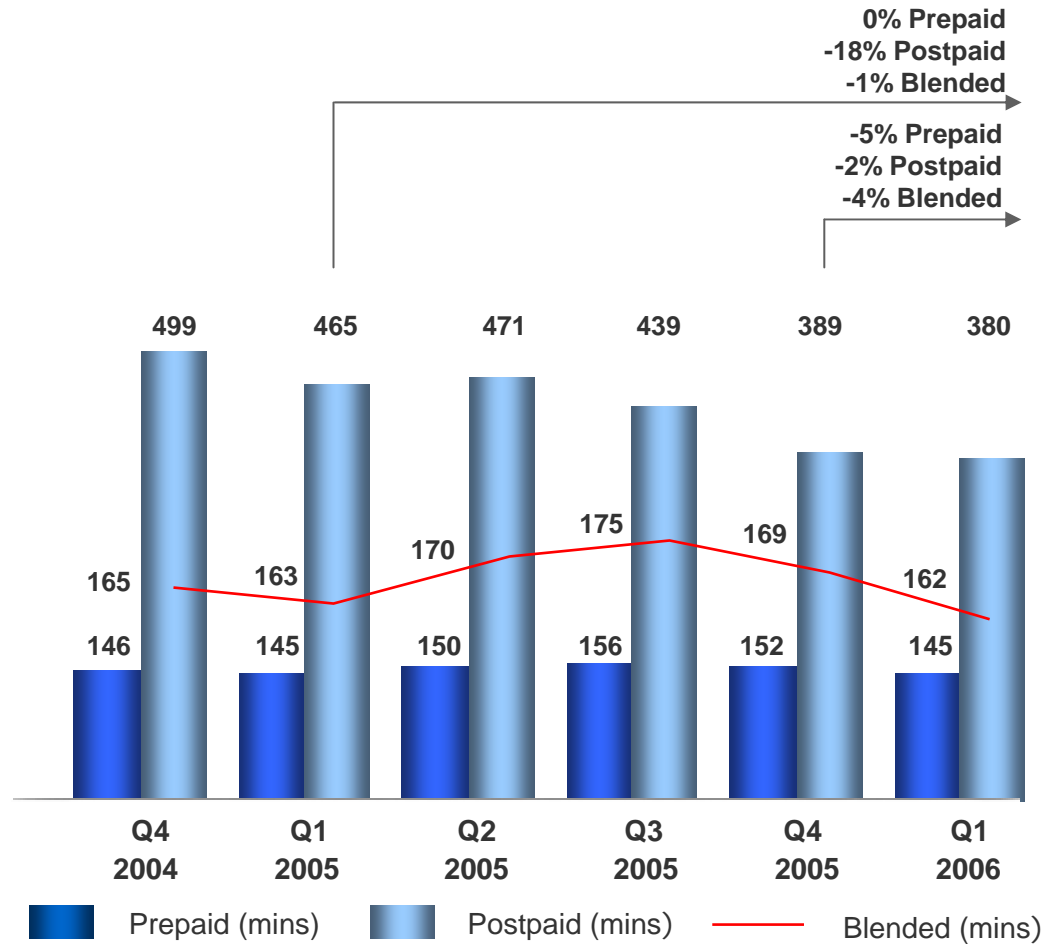
- Prepaid growth pace satisfactory
- Postpaid growth slowed down
- Market responsive to proposition: lowest barriers, highest value, simplicity and innovation



# AMPU decline marginally

## AMPU

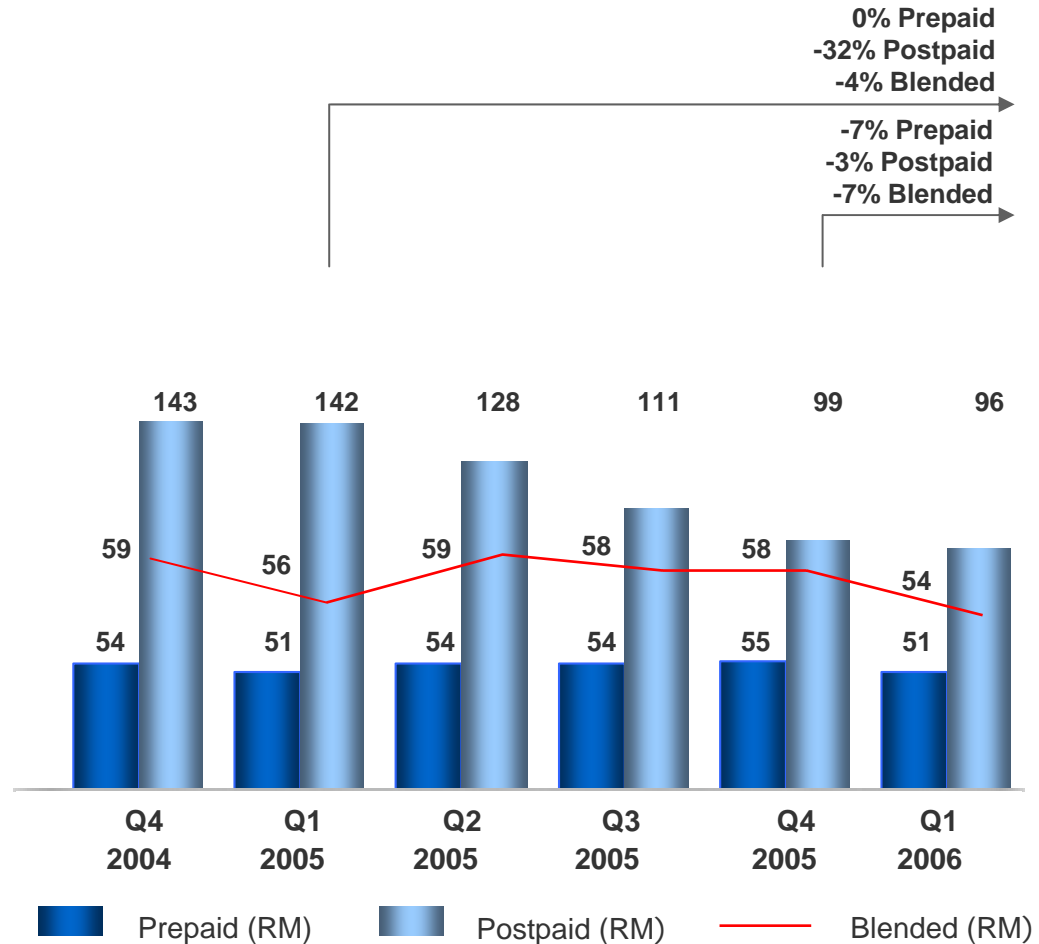
- Traditionally slower Q1 drive down AMPU
- Outgoing minutes lower due to fewer days
- Postpaid AMPU is stable (reflection of quality of new customers)



# Stable price but lower usage = lower ARPU

## ARPU

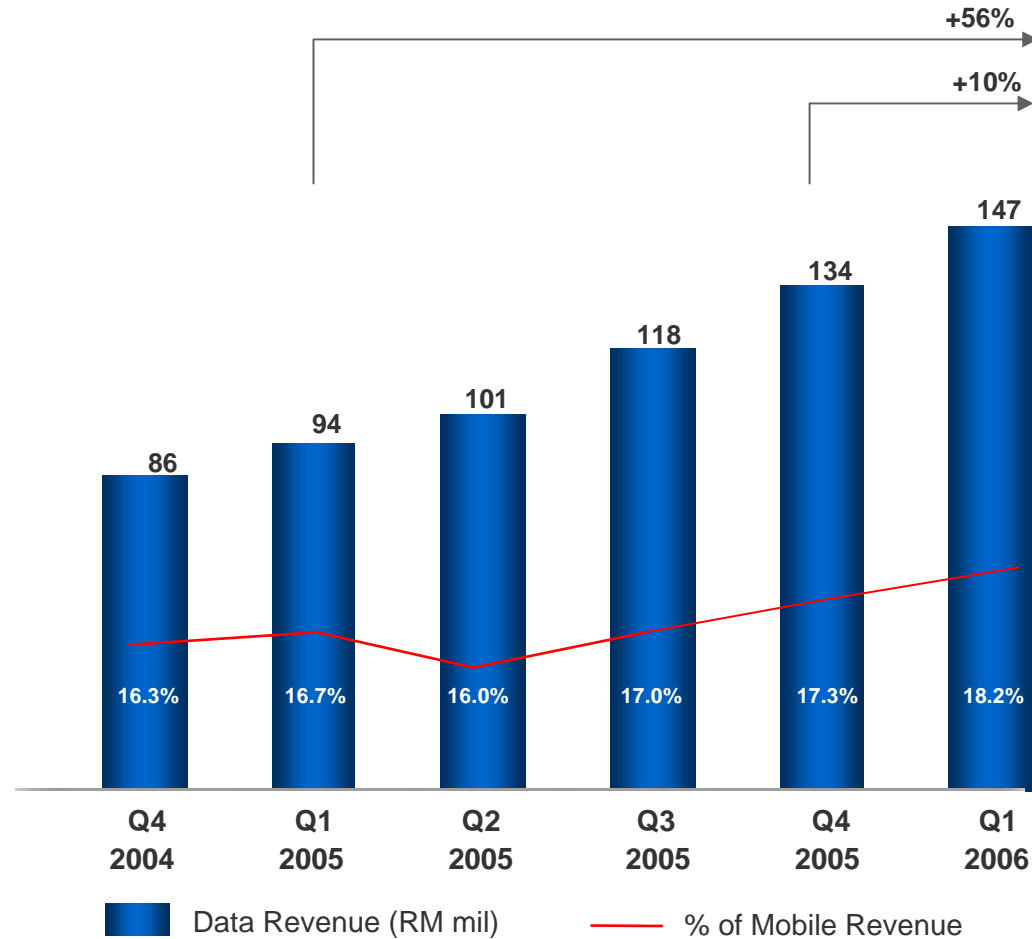
- Blended ARPU decline due to shorter quarter and new access price
- Postpaid ARPU stable despite festive period



# Data revenue – higher non-SMS contributions

## Data revenues

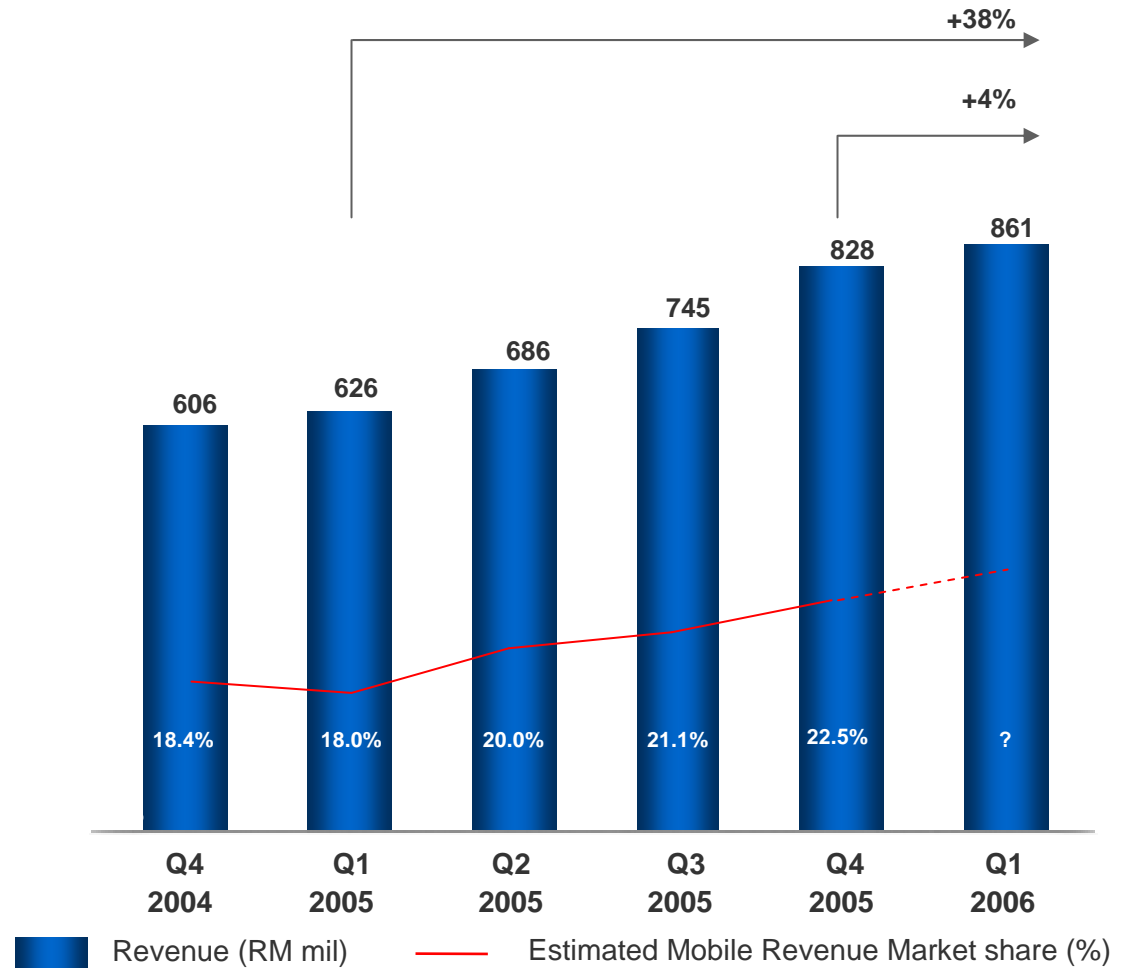
- SMS still key contributor
- Seeing higher contributions from non-SMS applications
- EDGE expansion position to capture new trend



# Revenue growth still solid

## Revenue

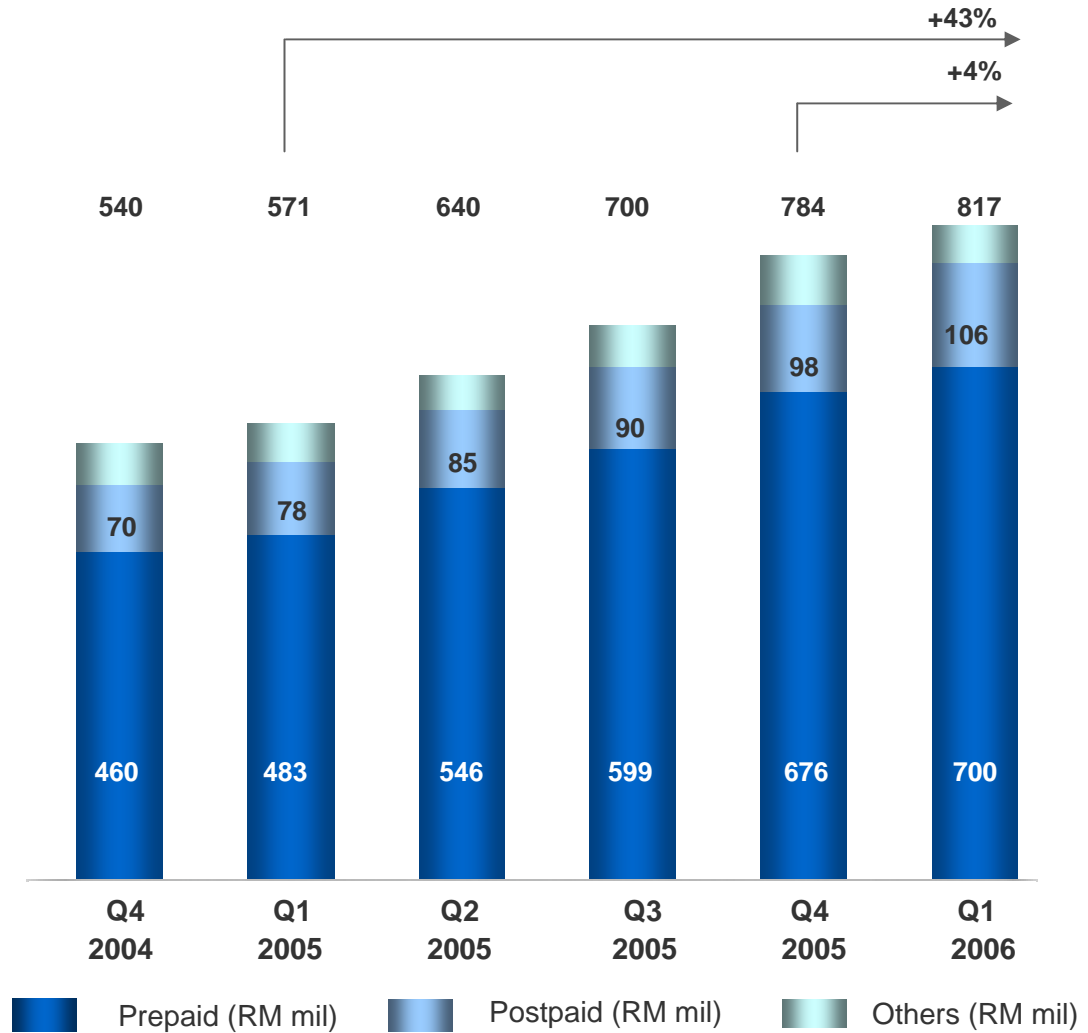
- Strong growth momentum continue but at slower pace
- New customers pushed revenue to new high
- Continuous improvement in revenue market share



# Steady contributions from mobile revenue

## Mobile revenues

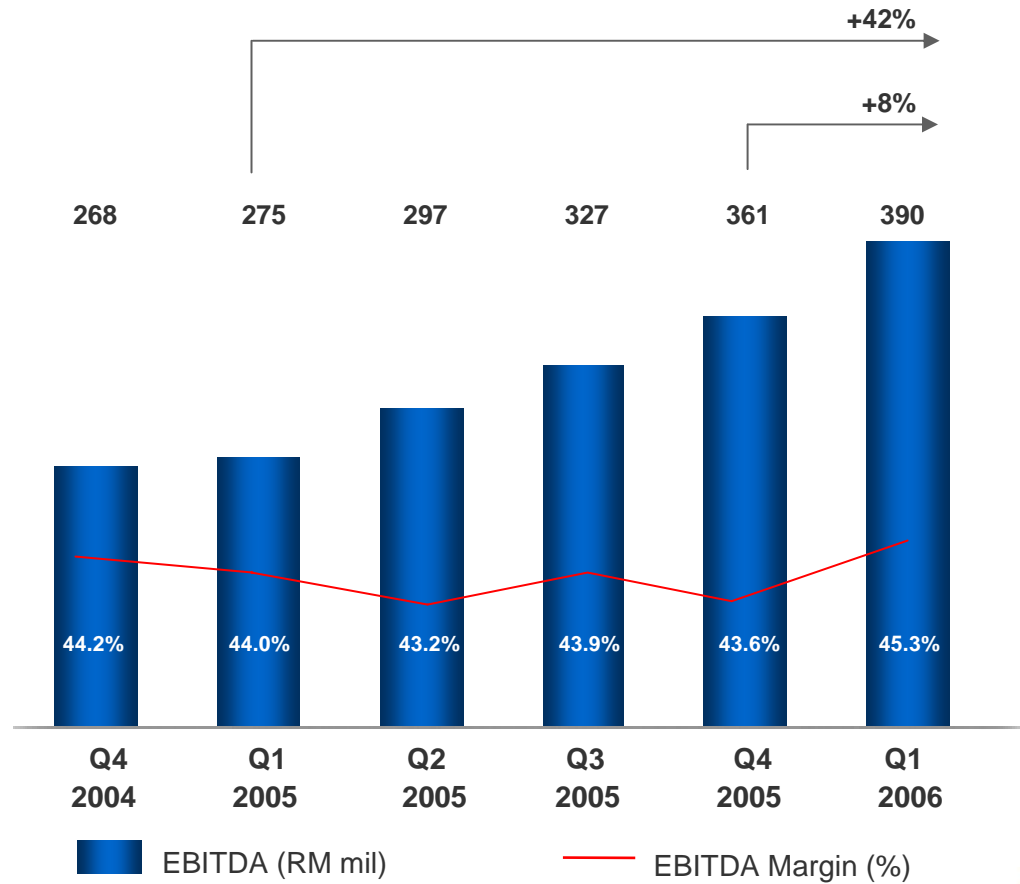
- 43% growth in mobile revenue
- Mobile revenue now 95% of total
- New access price impacting mobile revenue negatively



# EBITDA growing strongly

## EBITDA

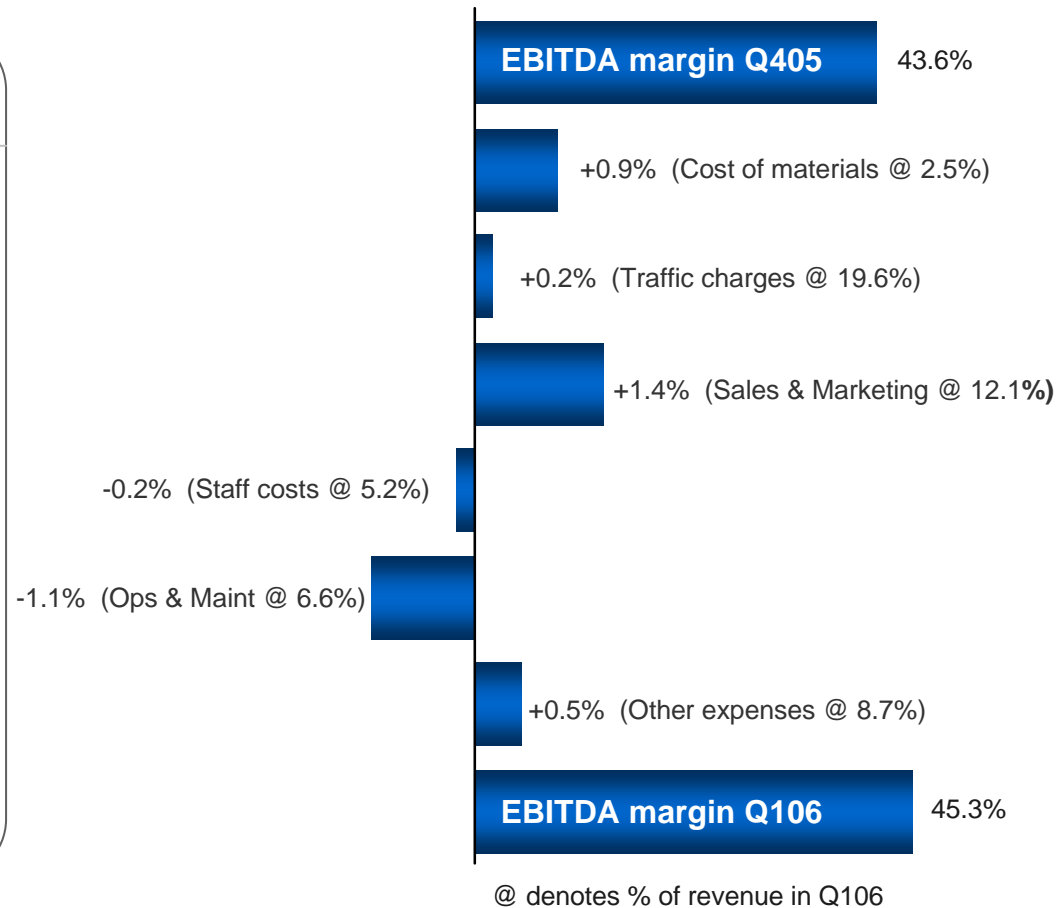
- Strong incremental EBITDA Q4 to Q1
- Driven by higher revenue and lower A&P



# EBITDA margin strengthens

## EBITDA margin

- Relatively slower sales & marketing activities this quarter
- Cost of materials affected by seasonality



# Strong growth in PAT

## PAT

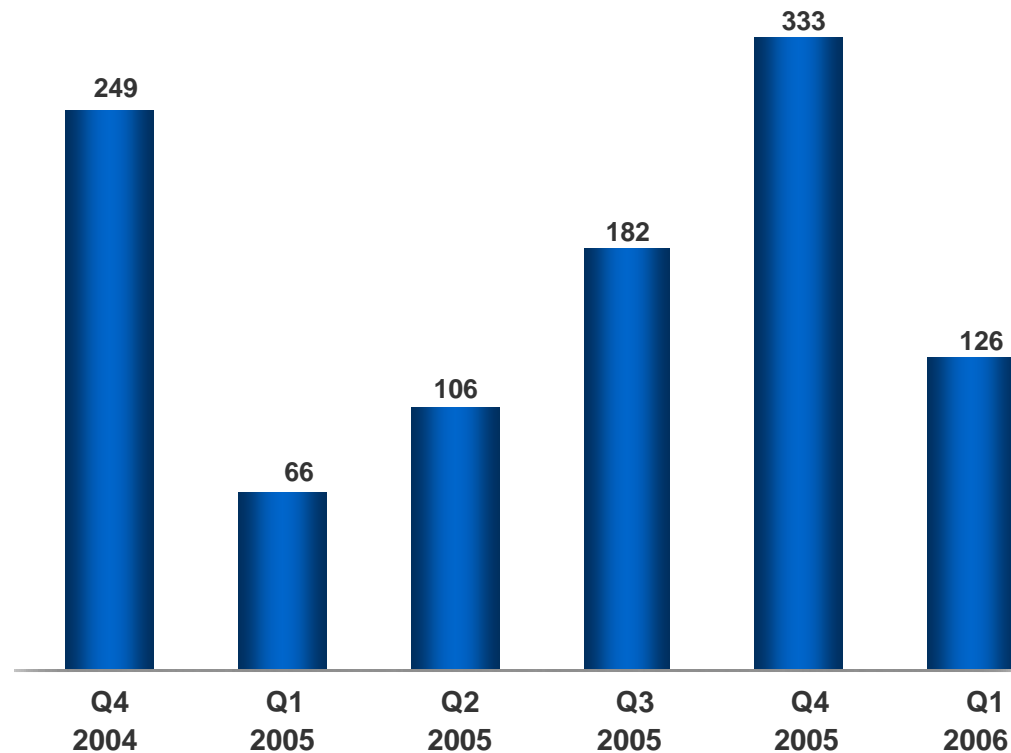
- Stronger PAT due to higher revenue and EBITDA growth
- Depreciation normalised after accelerated effect last year
- PAT and EPS increase 18% q-o-q

(RM mil)	Q106	Q405	% chg
EBITDA	390.0	360.8	+8.1
Depreciation & Amortization	(138.0)	(145.4)	+5.1
EBIT	252.0	215.4	+17.0
Net finance income	5.3	3.2	+65.6
- <i>Finance costs</i>	(3.7)	(3.7)	0.0
- <i>Interest income</i>	9.0	6.9	+30.4
PBT	257.3	218.6	+17.7
Taxation	(72.6)	(62.0)	-17.1
PAT	184.7	156.6	+17.9
EPS (sen)	24.6	20.9	

# Roll out program on track

## Capex (RM mil)

- Network investment and expansion on track
- Coverage now at 82% nationwide
- 51% capex on coverage; 19% on capacity and balance on maintenance



# High cash generation capacity

## Free cash-flow

- Strong operational cash flow
- 1st capital repayment payout in Q2
- Cash flow expected to remain strong

(RM mil)	Q106	Q405
Cash at start	1,183.0	888.9
Cash-flow from operations	383.7	339.6
Changes in working capital	(37.3)	279.2
Cash-flow used in investing activities	(116.5)	(324.7)
- Capex	(125.6)	(333.0)
Cash-flow used in financing activities	0.0	0.0
Net change in cash	229.9	294.1
Cash at end	1,412.9	1,183.0
Operational cash-flow (EBITDA – Capex)	264.4	27.8

# Strong balance sheet

## Balance sheet

- Restated in line with adoption of new/revised FRSs
- Computer software as intangible assets and leasehold land as prepaid lease payments
- Net current assets strengthen further

(RM mil)	31 Mar 2006	31 Dec 2005
Property, plant & equipment	2,690.7	2,701.4
Intangible Assets	110.1	111.8
Other Non- current Assets	13.4	13.4
Current Assets	1,639.2	1,405.6
- <i>Cash and its equivalent</i>	1,412.9	1,183.0
	<u>4,453.4</u>	<u>4,232.2</u>
Financed by:-		
Shareholders' Funds	2,432.8	2,248.1
Non-current Liabilities	677.6	681.5
- <i>Long-term borrowings</i>	300.0	300.0
Current Liabilities	1,343.0	1,302.6
- <i>Short-term borrowings</i>	0.0	0.0
	<u>4,453.4</u>	<u>4,232.2</u>

# Improvements in key ratios

## Key ratios

- Current ratio improving
- Strong cash flow parameters

	Q106	Q405
ROE (%)	7.6%	7.0%
ROCE (%)	8.1%	7.4%
Current ratio (x)	1.2x	1.1x
Net debt-to-equity (%)	Net cash	Net cash
Net debt-to-EBITDA (x)	Net cash	Net cash
Interest Coverage	NA	NA
FCF/share	35.3 sen	3.7 sen
FCF yield (%)*	3.1%	0.3%
Capex/Sales (%)	14.6%	40.3%

\* Based on share price of RM11.30 (closing on 2 May 2006)

# updates and outlook

# Balance sheet initiatives

## Dividend policy

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- payout of minimum 50% of net earning beginning FY2006
- first interim expected in second half of 2006

## Borrowings

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- no impact from rising interest rates
- average borrowing costs at less than 5% per annum
- no draw down on CP/MTN (RM700mil)

## 75 sen capital repayment

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- expect cash payout in Q206
- current share price indicates net yield of 6.6%

## 60 sen capital repayment

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- expect cash payout in Q406
- current share price indicates net yield of 5.3%

# Maintaining revised guidance

	Revised guidance (as of 5 April 2006)
<i>Revenue growth (%)</i>	mid teens
<i>ARPU</i>	lower
<i>EBITDA margin</i>	lower than 2005
<i>Capex</i>	RM750 mil – RM850 mil
<i>PAT / EPS growth (%)</i>	<i>(if negatively impacted by SOA / AoUL) in the 20's</i>

SOA – Sarbanes-Oxley Act Section 404

AoUL – Assessment of Useful Life



**see you next quarter**  
**20<sup>th</sup> July 2006**

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