



# **DiGi Today and Tomorrow**

KAF Corporate Day

7<sup>th</sup> August 2008

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# Changing macro environment

- Recent fuel and electricity price hikes
- Rising inflation
- Consumer confidence and spending patterns



**Important Notice**

**Price Increase**

The cost of the following items will be increased next month due to increased printing costs. If you wish to purchase any of these items at the current price, you will need to order them by May 31st.

- The Comprehensive Guide to Nature's Sunshine Products will increase from \$25.00 to \$28.00.
- Nature's Choice brochures will increase from \$0.75 per bundle of 25 copies (27¢ ea.) to \$1.00 per bundle (40¢ ea.)

# Q208

2% revenue growth

46.7% EBITDA margin

57 sen interim dividend



# Q208 – key numbers

	Q208	Q-o-Q vs Q108		Y-o-Y vs Q207	
Customer base	6.6mil	+1%	(6.6 mil)	+10%	(6.0 mil)
Revenue	RM1,194 mil	+2%	(RM1,166 mil)	+13%	(RM1,058 mil)
EBITDA	RM557 mil	+0%	(RM556 mil)	+11%	(RM502 mil)
EBITDA margin	46.7%	-1.0pp	(47.7%)	-0.7pp	(47.4%)
PAT	RM298 mil	+3%	(RM290 mil)	+19%	(RM250mil)
EPS	* 38.9 sen		38.7 sen		33.4 sen

\* Based on 766.6 mil weighted no. of shares



# Recent DiGi key market activities

- Driving value through communities
- Tactical promotions and rewards to drive usage and loyalty
- Postpaid revamped



## Q2 market overview



- Competitive market



- Industry gearing for MNP



- Increased focus on broadband



# High level of commoditization in traditional mobile services



more competition =  
pressure on tariffs  
and margins

maturing  
market; high  
SIM  
penetration

pressure to  
differentiate  
products and  
services

slow uptake of new  
data services

# DiGi now has 3G license to compete !



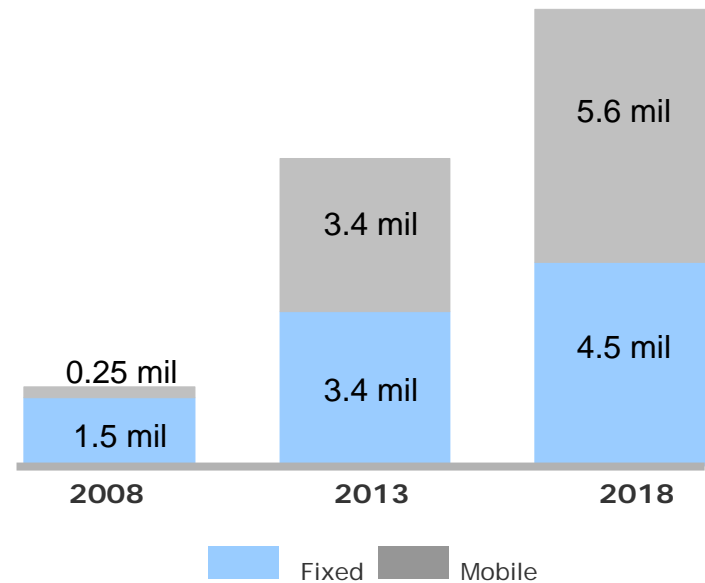
- Completed 3G spectrum transfer
- Joint business initiatives
- Good prospects for broadband growth
- Some key benefits:
  - *additional spectrum capacity*
  - *increased network & spectrum efficiencies*
  - *positive brand impact & customer retention*



# Immature broadband market; huge upside

- Current household penetration 16%
- Demand to be stimulated by Govt initiatives
- ~12 mill dial-up users
- High mobile penetration

## Broadband Subscribers in Malaysia

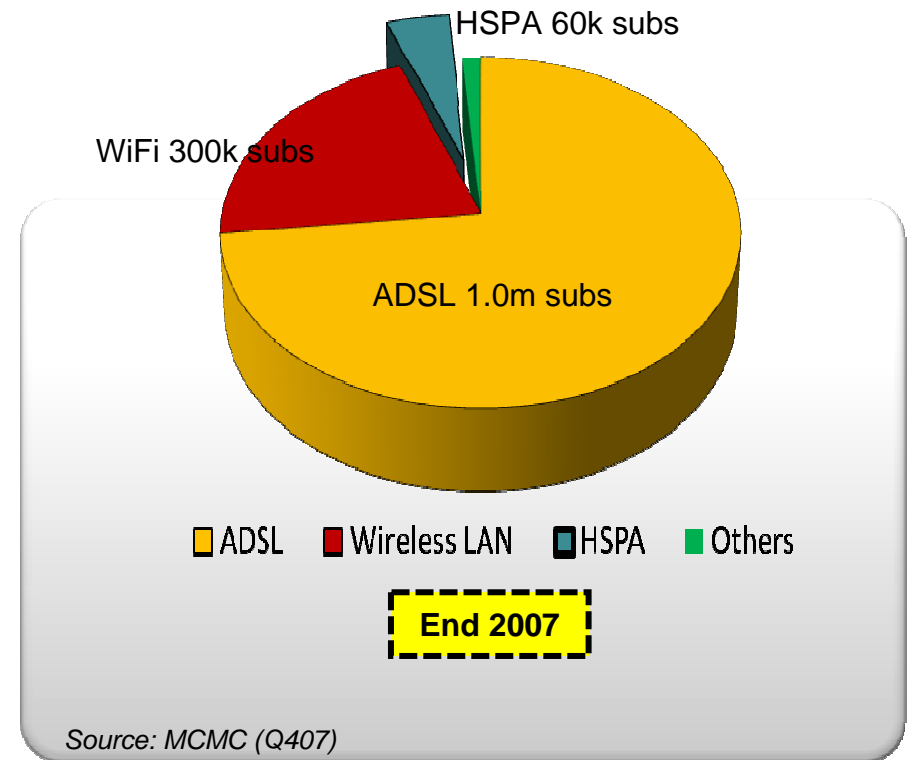


Source: MCMC Q407/Q108

Source: DiGi estimates

# Broadband market currently dominated by DSL

- Existing ADSL services
  - Widely available in urban & suburban areas
  - But take-up impacted by perceived poor quality
- Wireless broadband momentum picking up
  - Services mainly provided by Maxis, Celcom and UMobile HSPA services
  - WiMAX operators due to launch in coming months; impact still uncertain



# Targeting commercial launch in Q109



## Technology

- Currently rolling out trial network
- Vendor(s) to be awarded shortly
- Seamless HSPA /3G/EDGE network



## Segments

- Youth, young professionals, business
- DiGi's mobile base and EDGE users
- Big screens and small screens

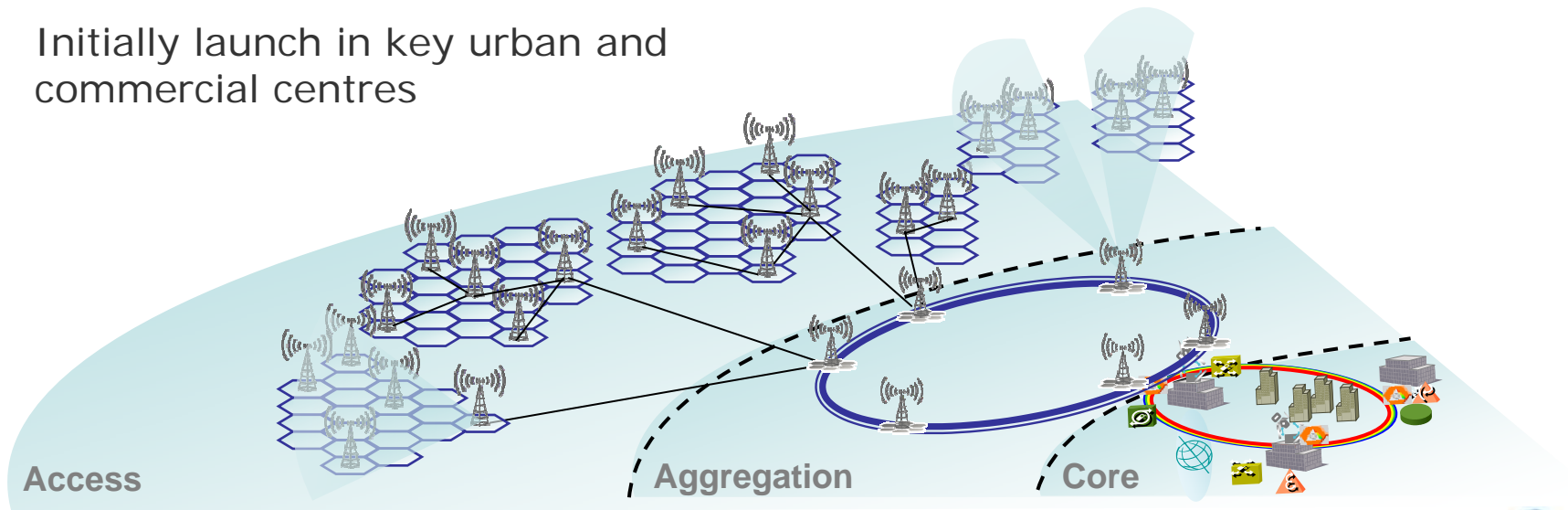


## Services

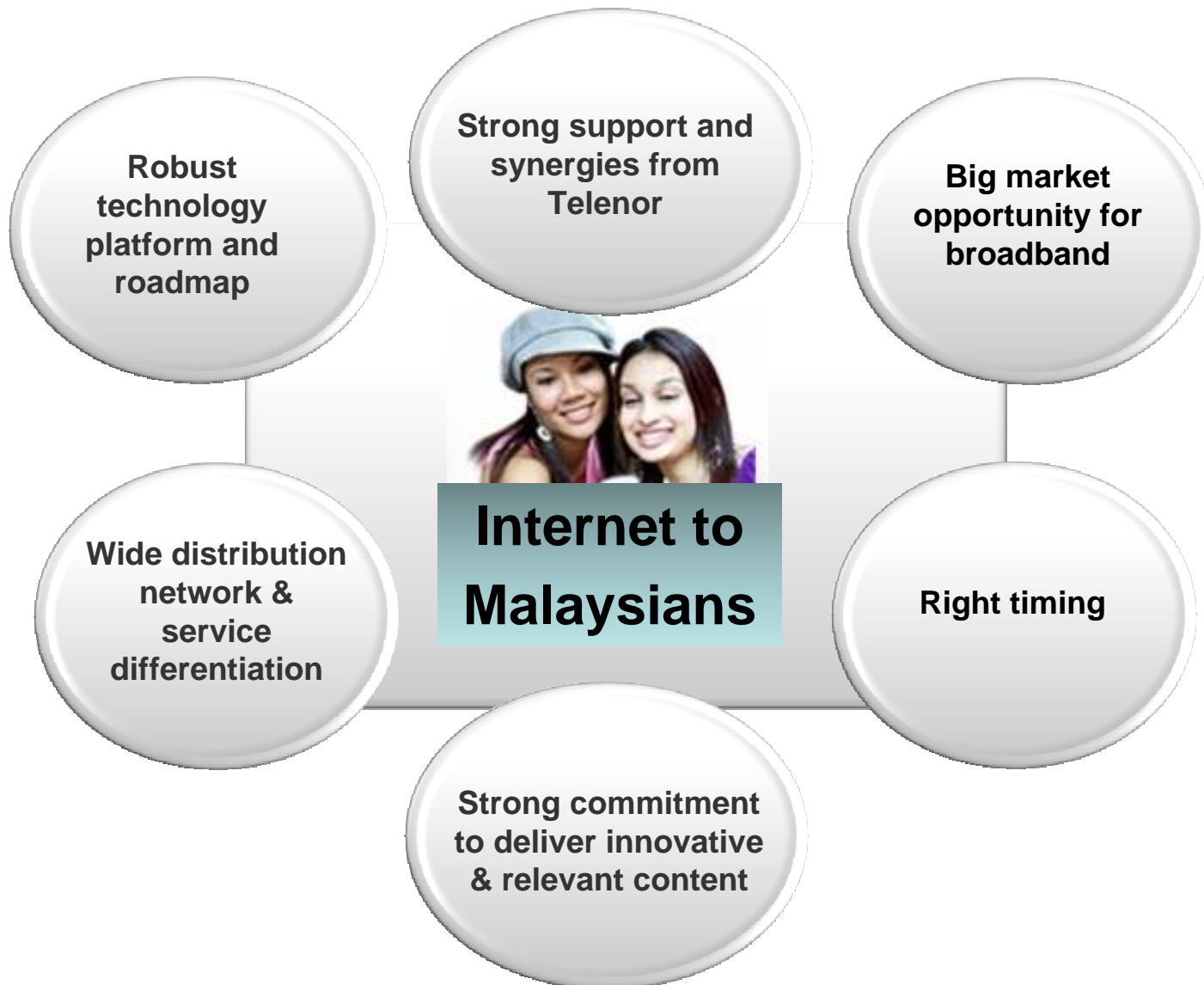
- ISP access with basic, enhanced services
- Strategic partnerships with content and service providers
- Value for money – good quality at affordable price

# How DiGi will deliver on this ...

- Build quality network supporting both broadband and 3G-services
- Maximise existing 2G radio, access and core network & service platforms
- Initially launch in key urban and commercial centres
- Leverage on existing distribution channels
- Capitalise on Telenor's support and synergies



# DiGi is well positioned to succeed ...



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