Q309
analyst briefing

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part of telenor group

Financial highlights

- 3% q-o-q revenue growth
- 43% EBITDA margin
- 4% q-o-q PAT growth
- RM321 mil operating cash-flow
- 75 sen/share net special dividend & a revised dividend policy of minimum 80%

3rd Quarter – back to growth

- economy improving slowly; usage not back to pre-recession level
- DiGi brand stands strong in tough times
- renewed growth momentum; partly driven by festive season
- early success in mobile broadband; *3G* for small screen just launched
- margin still under pressure; mainly driven by higher bad debts & expansion of 3G/broadband business
- solid cash-flow in-line with guidance

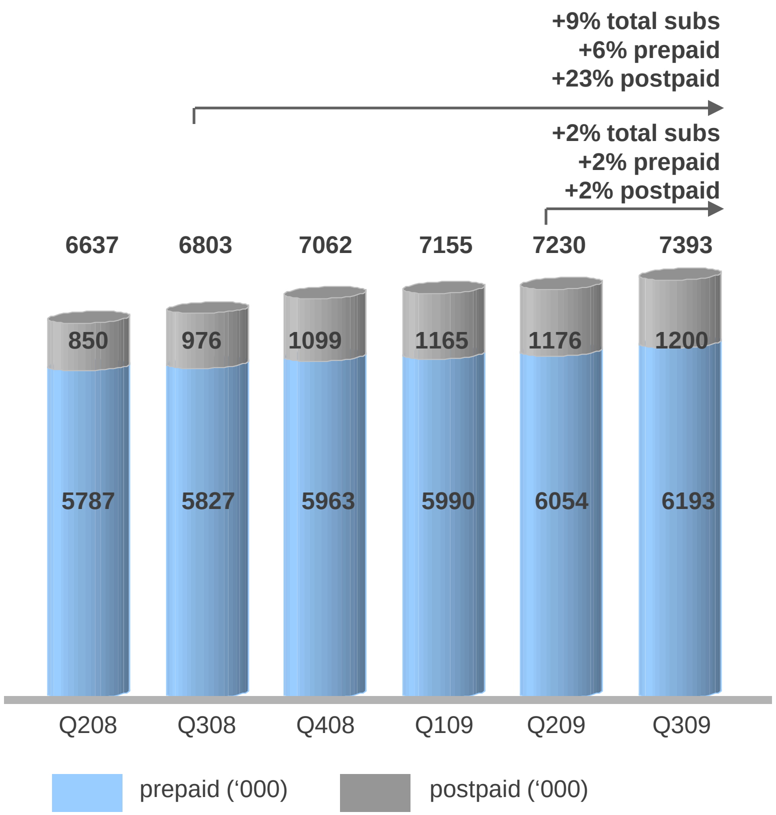
Q309 key numbers

	Q309	Q-on-Q vs Q209		Y-o-Y vs Q308	
Customer base	**7.4 mil**	*+2%*	(7.2 mil)	*+9%*	(6.8mil)
Revenue	**RM1,239 mil**	*+3%*	(RM1,205 mil)	*+1%*	(RM1,223 mil)
EBITDA	**RM528 mil**	*+1%*	(RM522 mil)	*+1%*	(RM522 mil)
EBITDA margin	**42.7%**	*-0.6pp*	(43.3%)	*0pp*	(42.7%)
PAT	**RM244 mil**	*+4%*	(RM235 mil)	*-10%*	(RM270 mil)
Operating cash-flow	**RM321 mil**	*-17%*	(RM385 mil)	*-2%*	(RM327 mil)

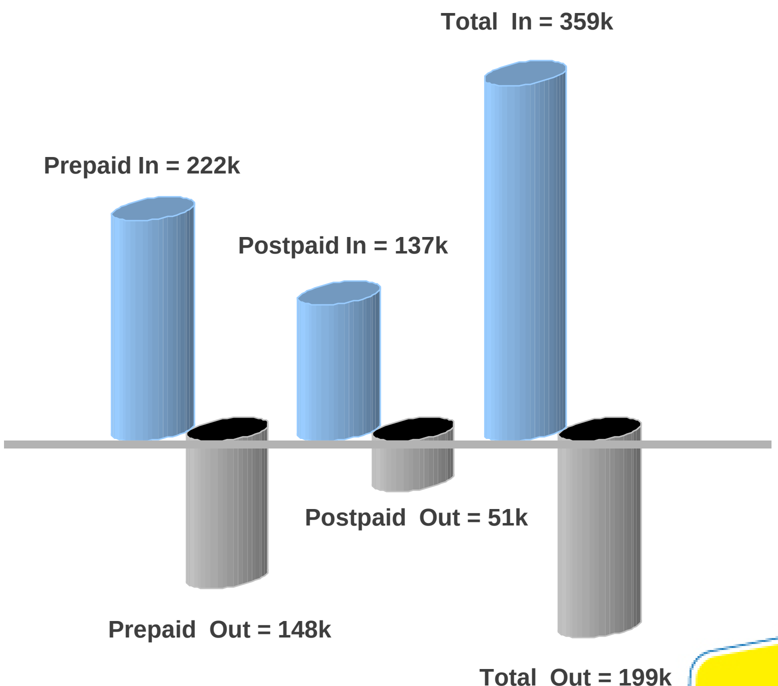
Higher net adds

- added 163k new customers
- positive broadband net additions; 200k cumulative 3G/BB customers as at today

- net adds driven by strong acquisition & retention focus
- high involuntary churn on postpaid



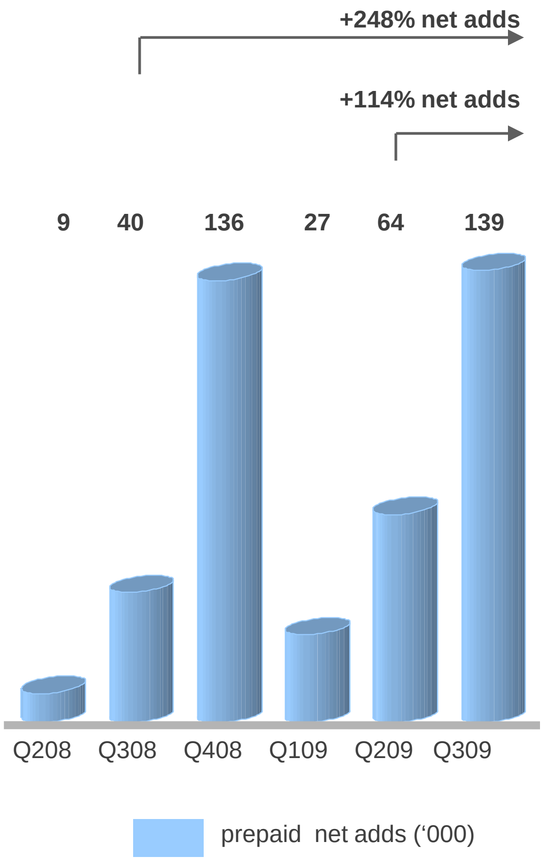
broadband customers tabulated as postpaid subs

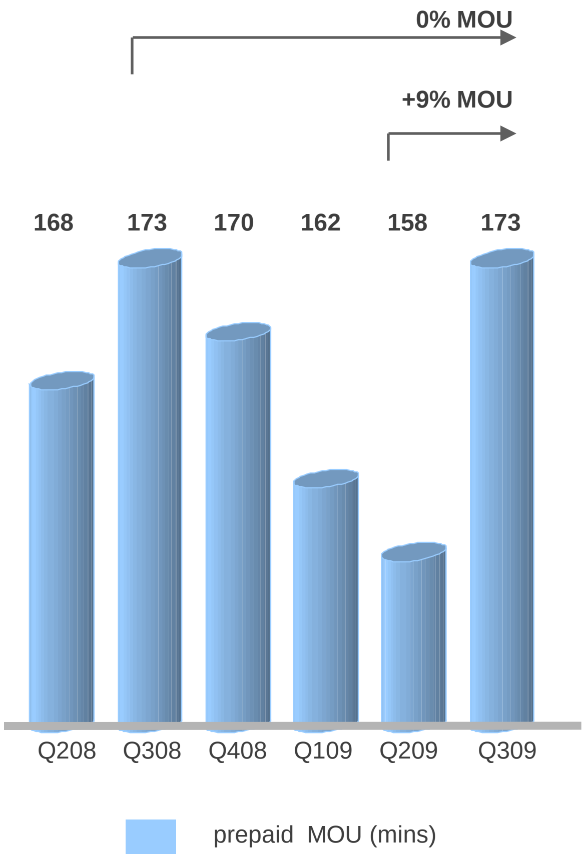


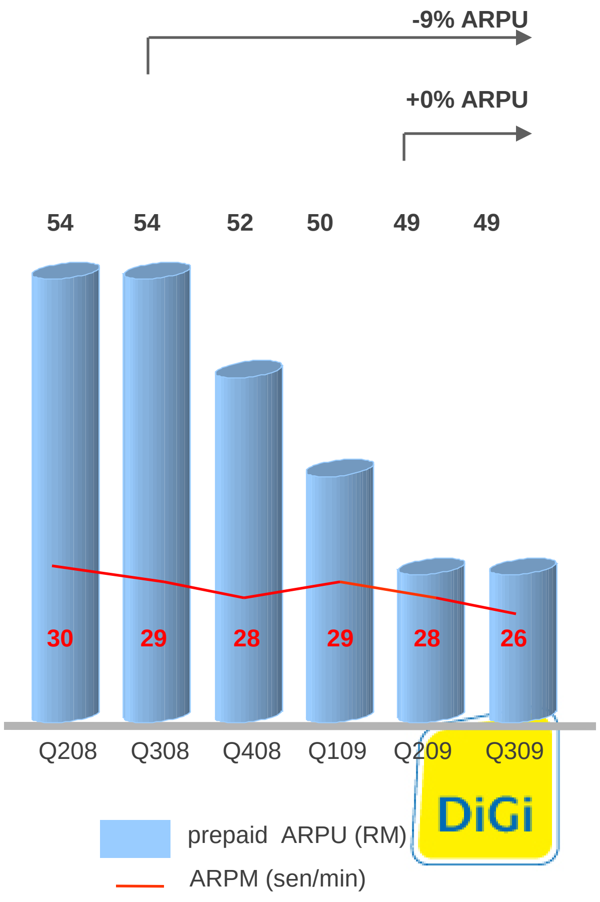
Prepaid - regaining growth momentum

- added139k new customers
- acquisition & retention driven by segmented offerings

- ARPU stable on increased usage; helped by festive

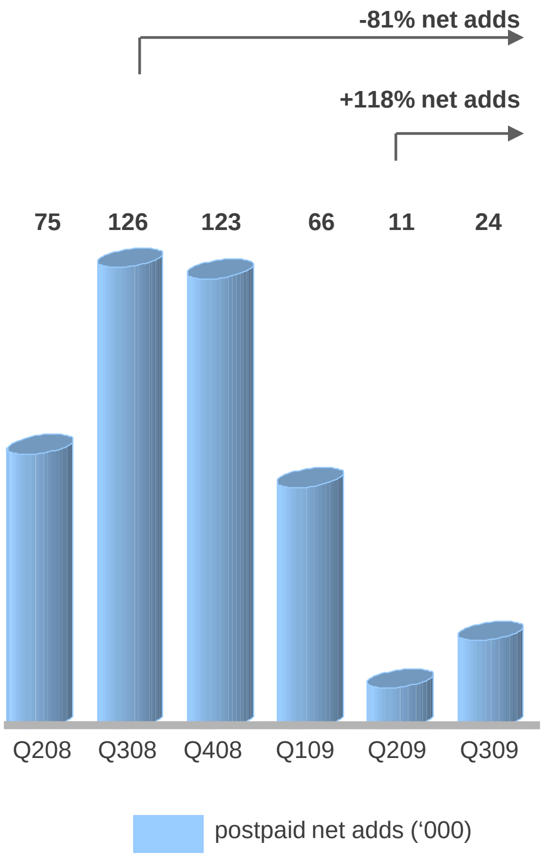


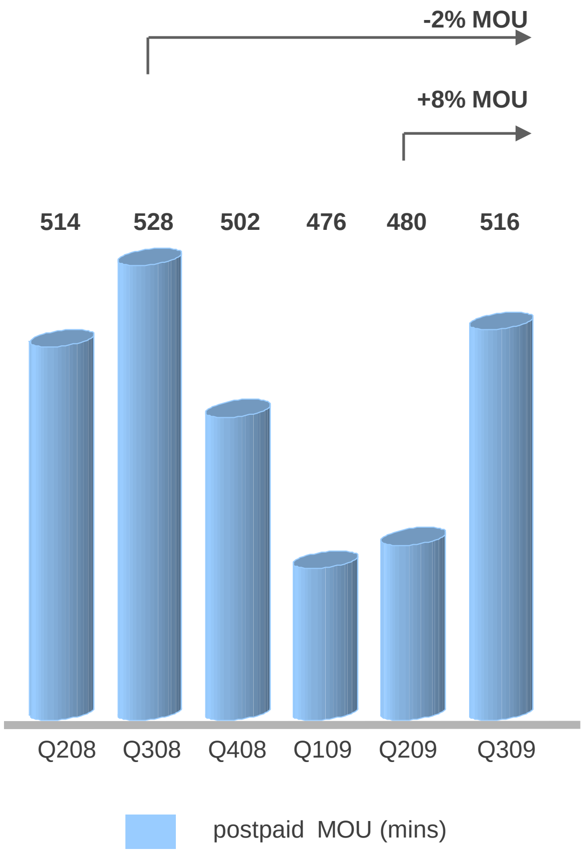


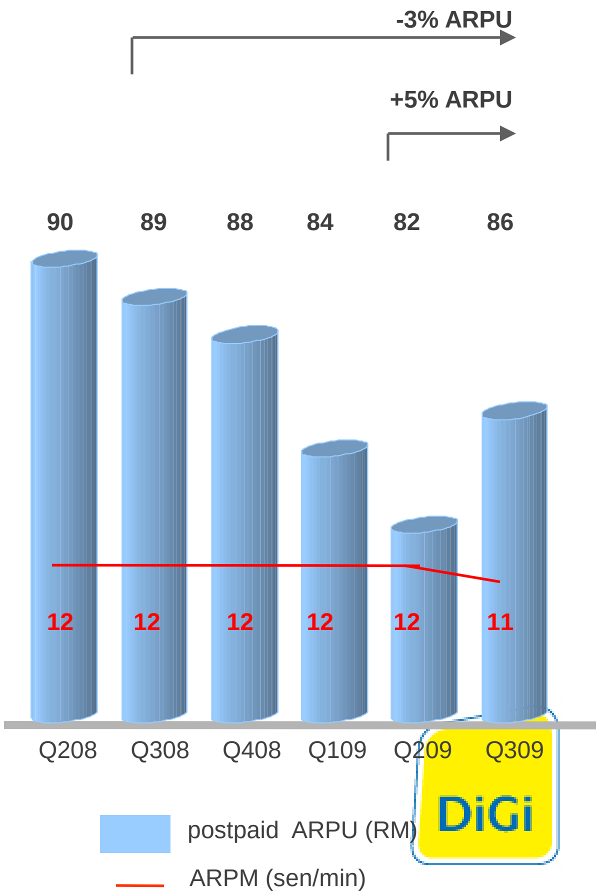


Postpaid – focus on profitable growth

- added 24k new customers
- ARPU improvement driven by domestic voice & data usage
- involuntary churn high but trending down
- measures in place to curb fraud & defaulters



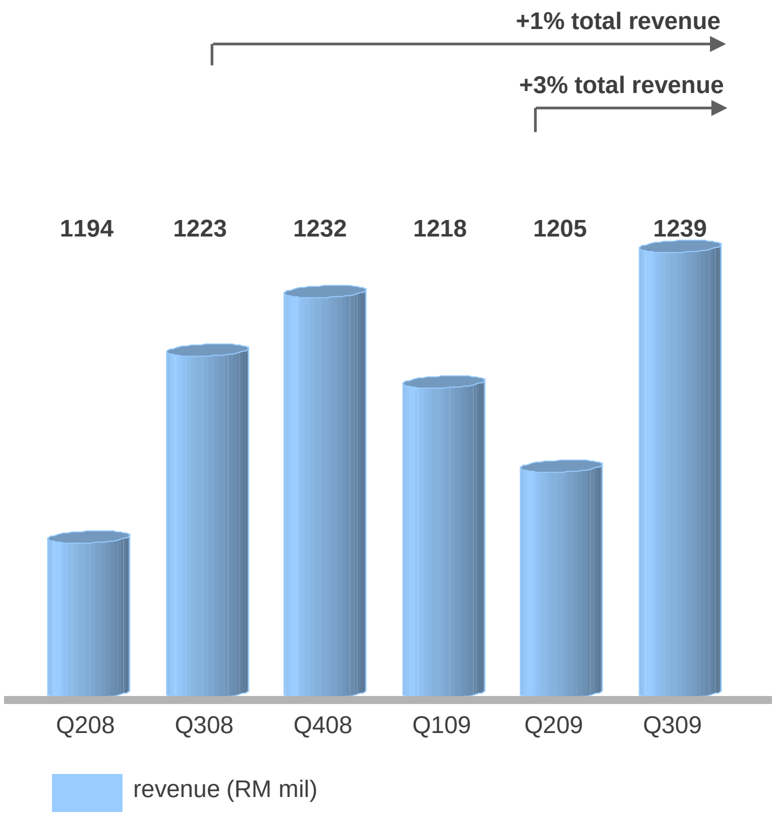


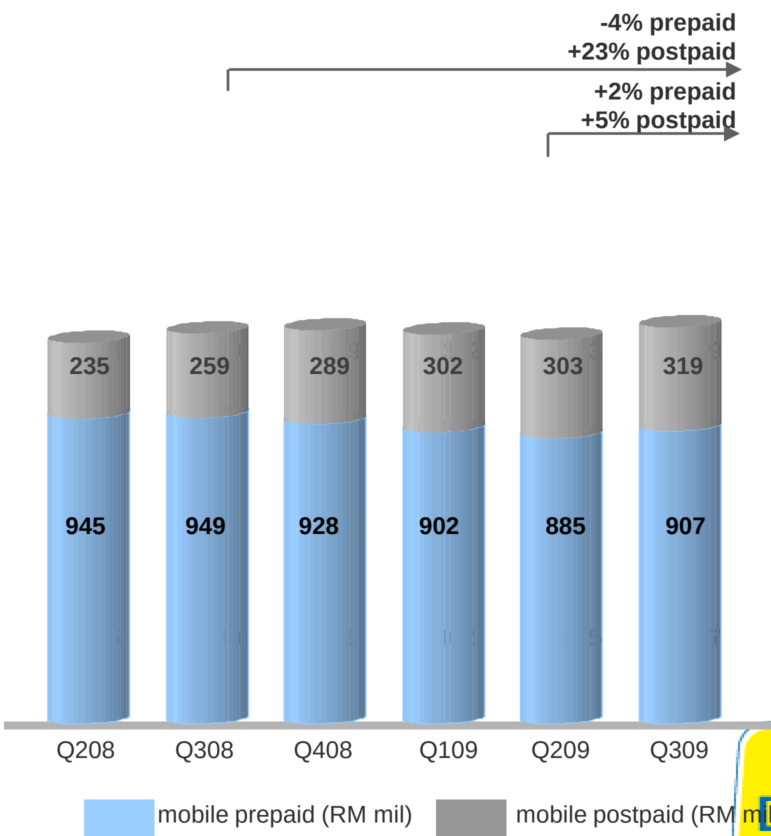


*broadband customers tabulated as postpaid subs

Underlying revenue growth strengthened

- q-o-q, postpaid revenue grew by 5%; prepaid grew by 2%
- 3% growth in data revenue

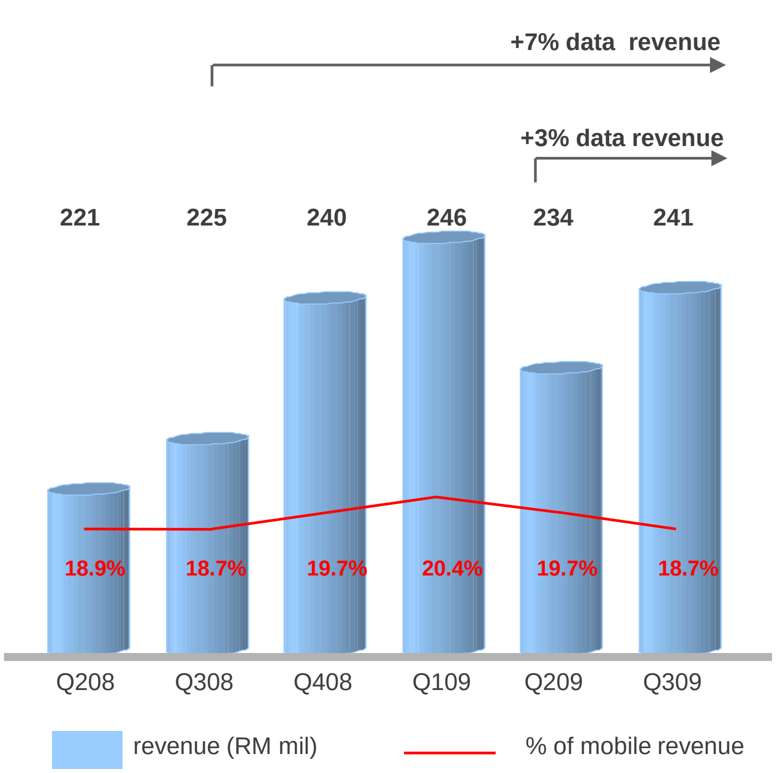


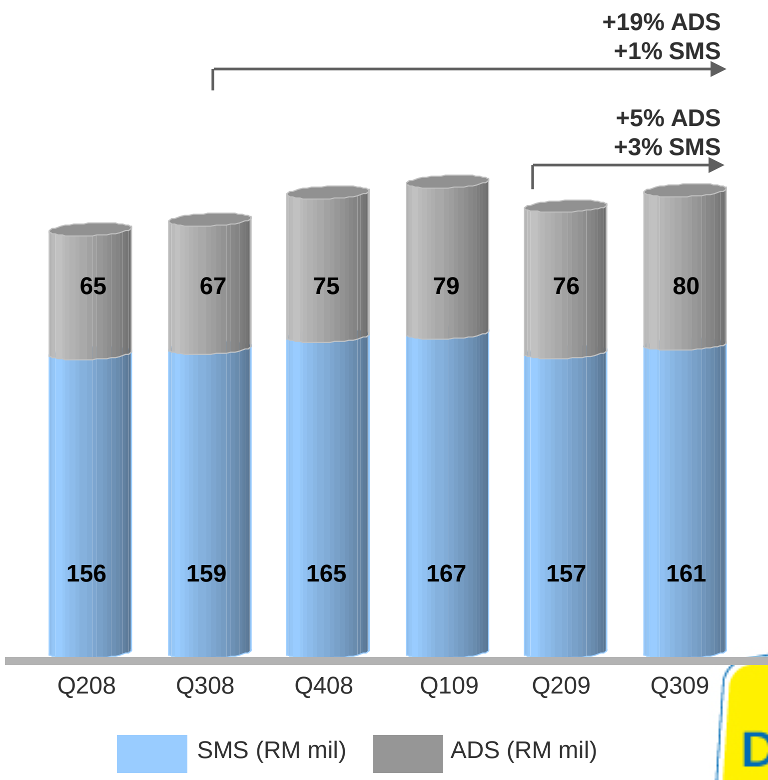


**broadband revenue included in postpaid revenue*

Moderate data revenue growth

- q-o-q, postpaid data revenue grew by 13%; prepaid data revenue flat
- low SMS revenue growth; impacted by price pressure
- higher ADS revenue contribution expected with wider 3G-mobile internet footprint





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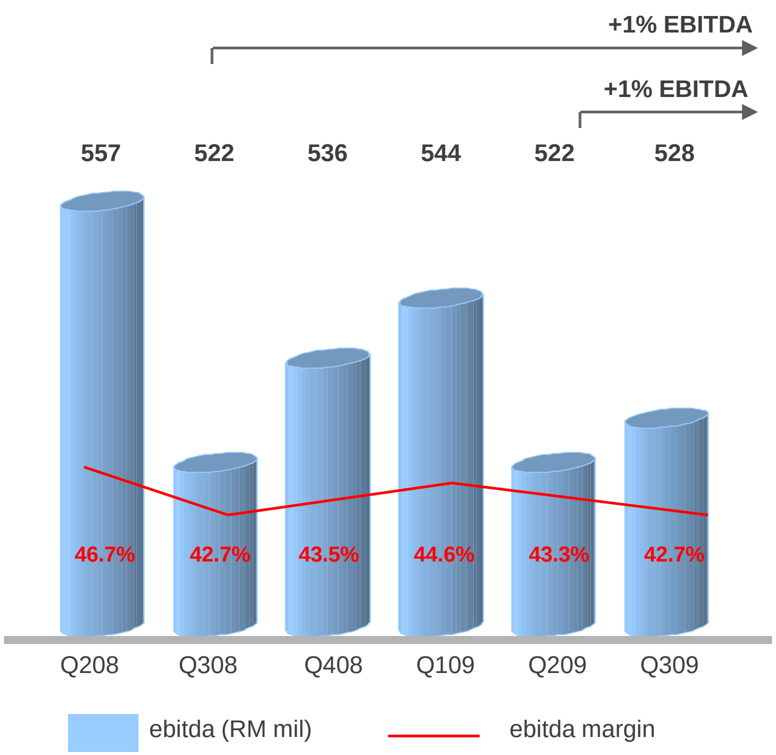
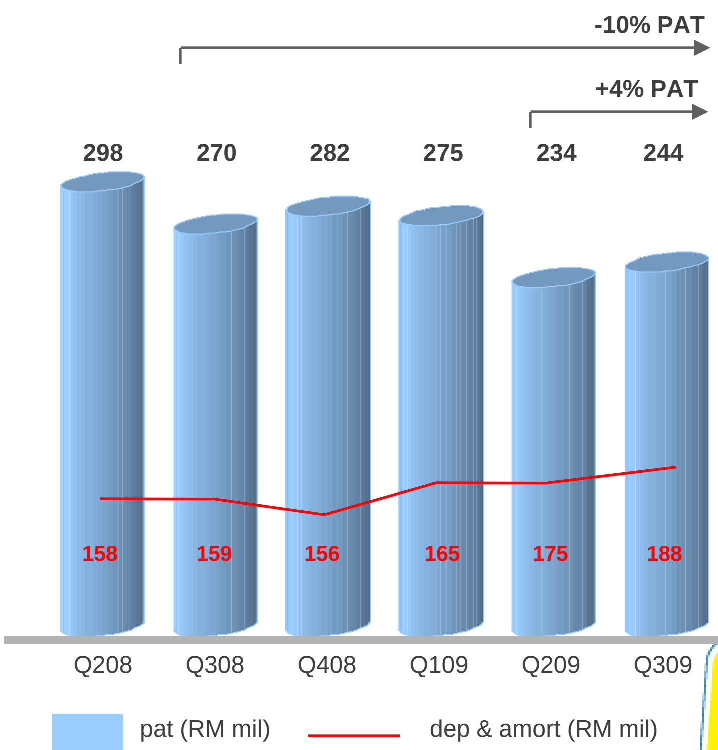
Improved EBITDA and PAT

- q-o-q: lower margin due to higher traffic & network costs, higher S&M expenses as well as increased doubtful debt allowances

- higher PAT due to lower amortisation & depreciation charges & slightly lower effective tax rate this quarter

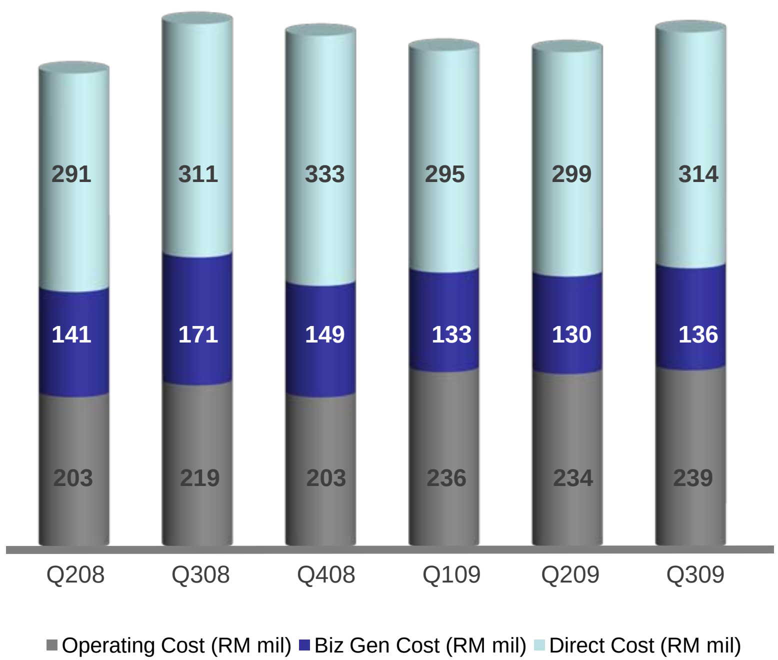




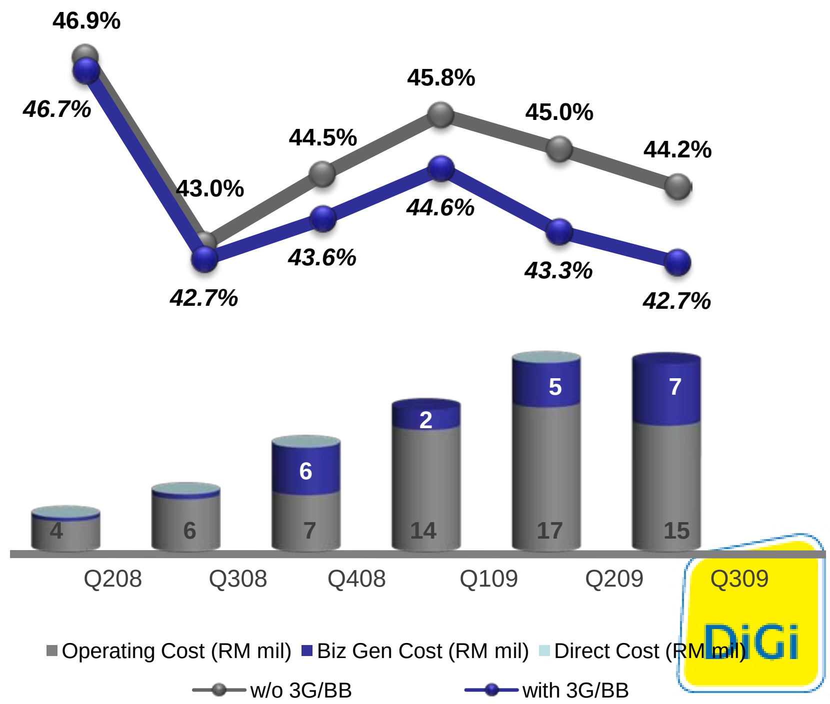
Opex growth driven mainly by 3G/BB expansion

- existing business becoming more efficient, but impact from higher traffic cost & bad debts allowances in Q309
- staff costs and S&M key parts of 3G/BB expansion costs so far; EBITDA margin affected by -1.0% to -1.7% over past quarters

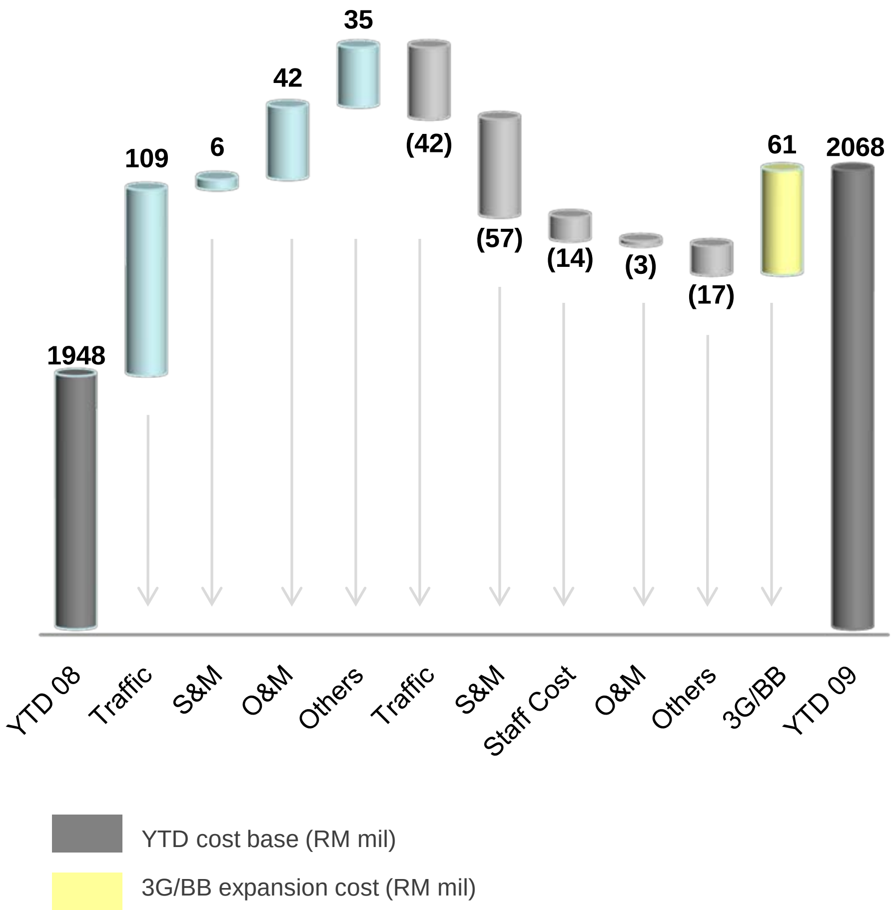
Existing business



3G/BB Cost & EBITDA margin



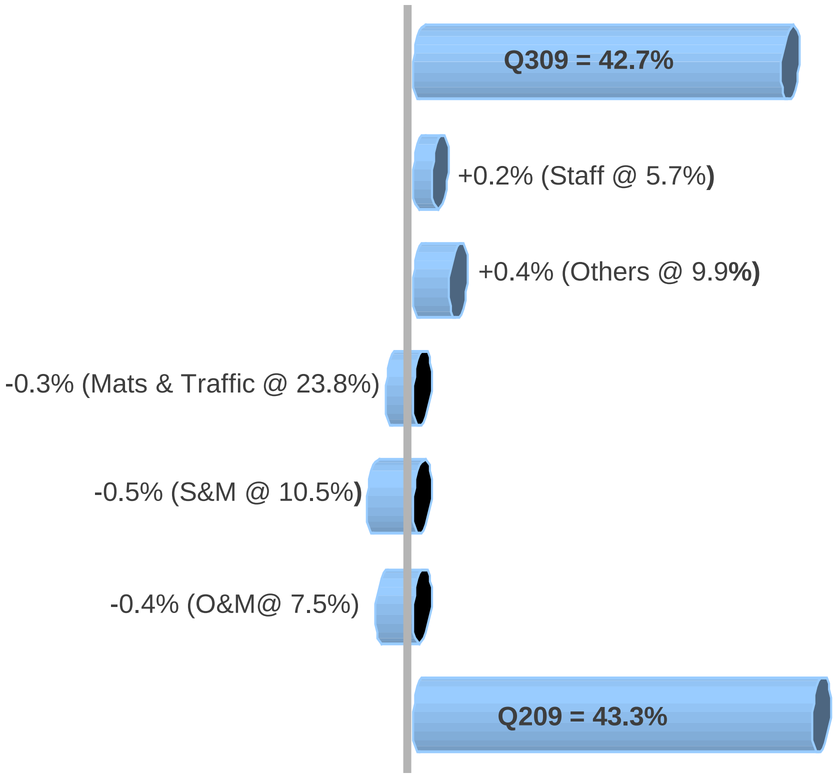
Cost efficiency program gaining traction



- total gross savings YTD approx RM130 mil
- savings achieved within the following areas:
  - more efficient & targeted A&P expenses
  - reduced travel & staff costs
  - repair and maintenance savings through procurement efforts
  - reduced IAS cost through renegotiations
- offset by increased traffic cost, bad debt allowances and 3G/BB expansion costs

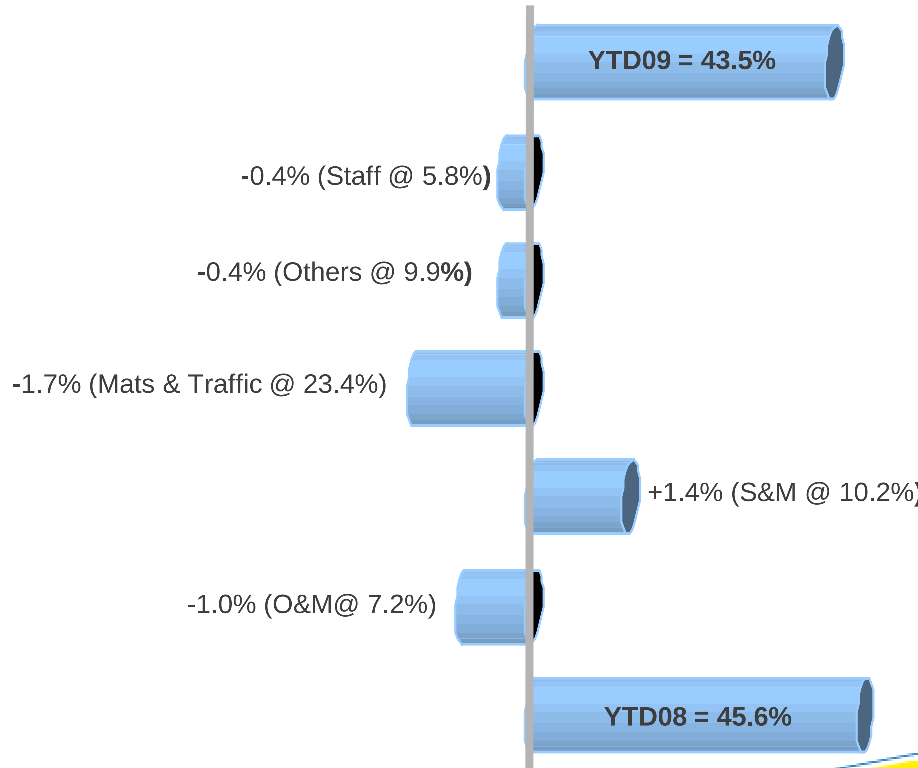
Key changes impacting EBITDA margin

q-o-q changes



@ denotes % of Q309 revenue

ytd changes

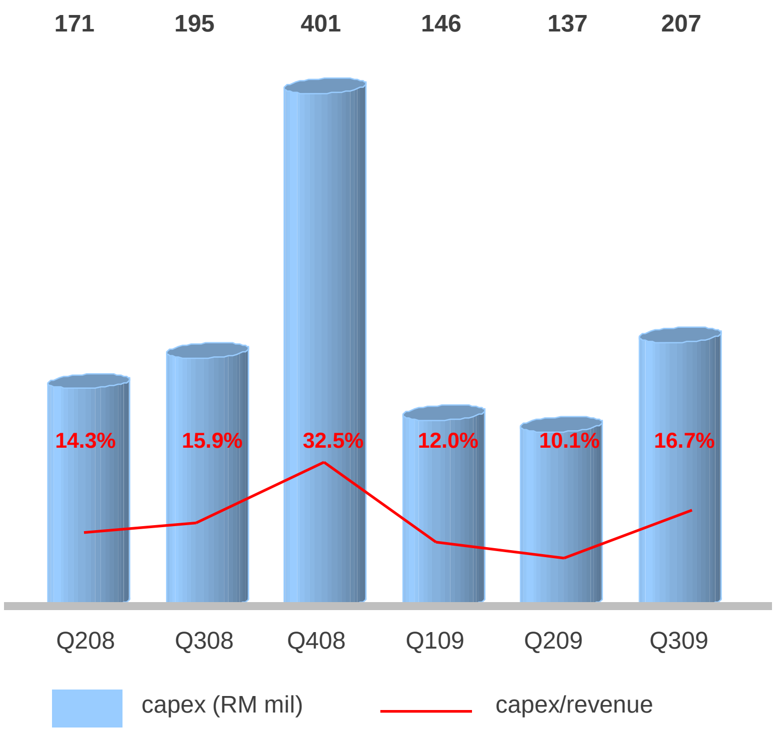


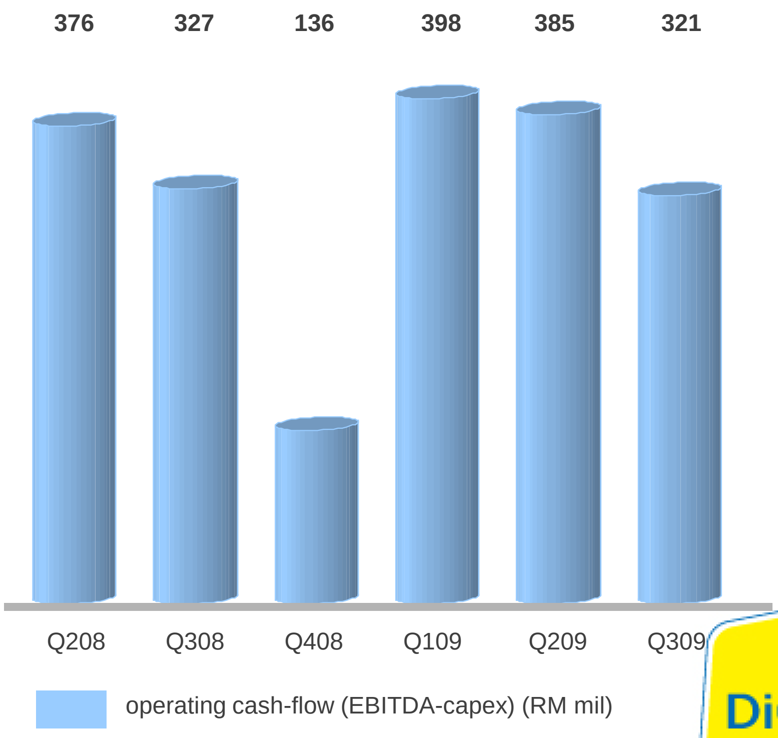
@ denotes % of revenue YTD09

High 3G roll-out pace in Q3

- 2G investments optimized; main focus on quality improvements
- 3G/HSPA wireless network roll-out progressing according to plan

- capex savings of approx. RM200mil from lower capacity, procurement efforts & prioritization





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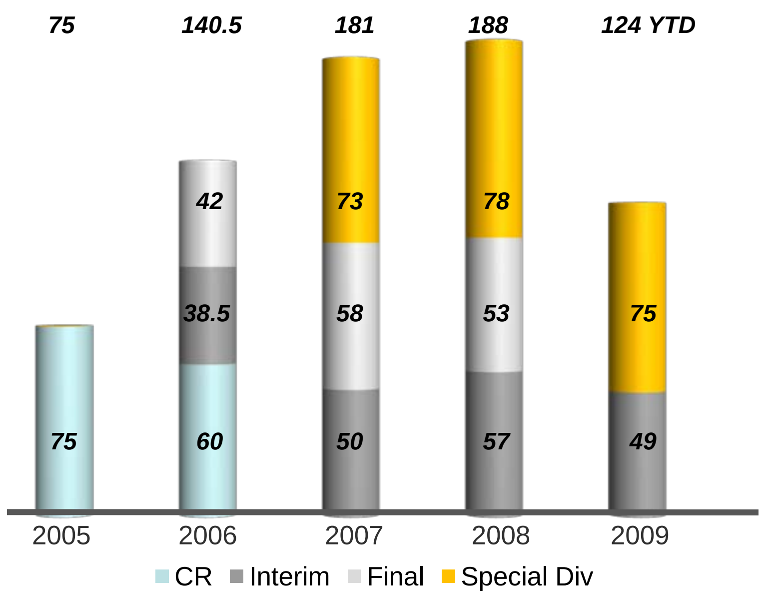
Committed to capital management

- announcing special dividend of 75 sen/share net
- total pay-out YTD including special dividend RM1.24/share or 5.9% yield

cumulative net payout RM5.4 bil to-date

(all figures denotes net dividend/share in sen)



(RM mil)	Q309	Q209	Q109	2008
Interest-bearing debts	871.8	571.7	671.5	397.8
Cash & cash equivalents	617.7	398.1	593.8	331.3
Interest coverage ratio	33.7x	35.2x	38.6x	123.8x
#ROE	54.1%	51.1%	50.7%	60.1%
#Net-debt to EBITDA	0.12x	0.08x	0.04x	0.03x
#Net-debt to Equity	0.14x	0.09x	0.04x	0.04x
*OpCF/share (sen)	41.3	49.5	51.1	164.4
^#OpFCF yield	7.7%	9.2%	9.5%	7.6%

*# annualised, * OpCF = EBITDA – Capex, ^# based on RM21.50 share price*

Revising dividend policy

- good revenue growth prospects, strong cash flow and solid balance sheet
- improving macro outlook & better visibility on capex & OpCF trend
- provide sustainable attractive long-term yield to shareholders; aim to match or outperform market yields
- minimum 80% dividend pay-out ratio from 2010 to be paid quarterly

Strategic focus

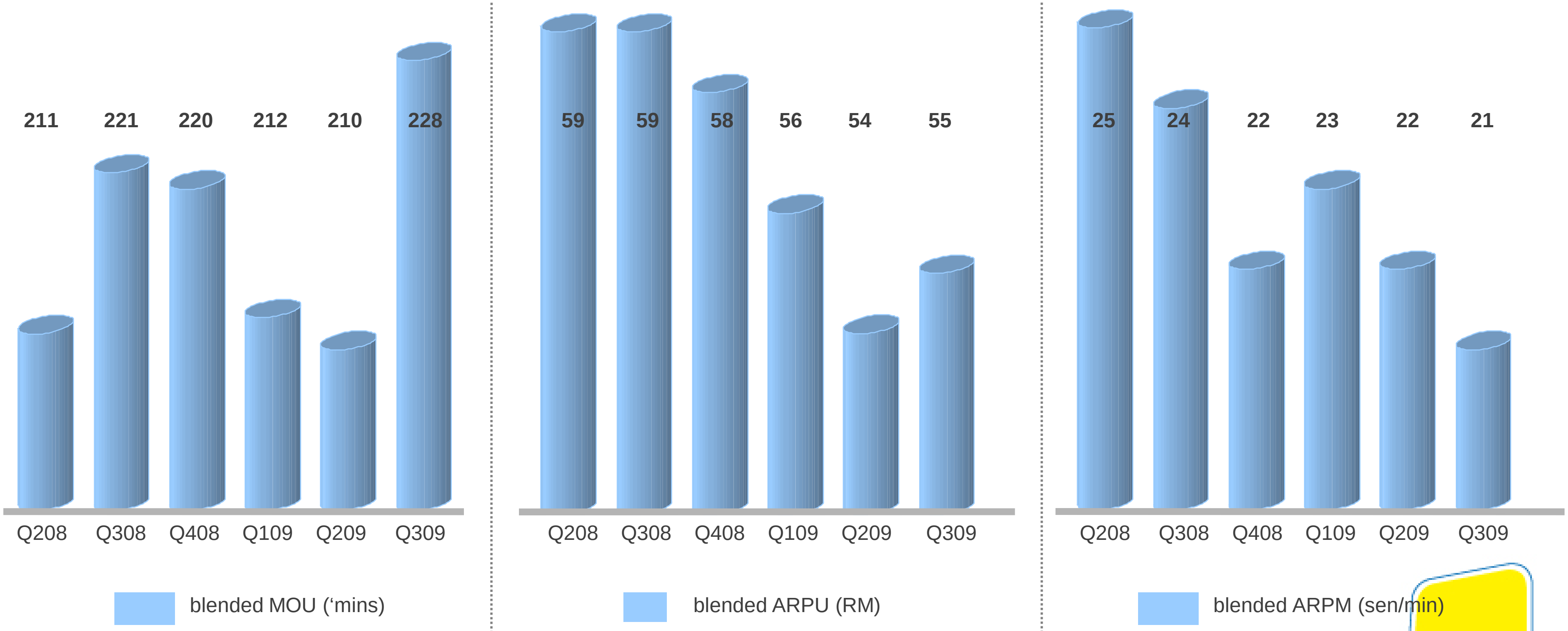
- capture segment growth opportunities
- capitalize on strong 3G/broadband market growth
- being truly customer & value centric
- continue cost & “asset smart” initiatives for further operational efficiency
- optimise balance sheet; ensure strong shareholder value

Financial outlook

- no change in 2009 guidance
- preliminary 2010 outlook:
  - *intensified competition; further pressure on ARPM & ARPU*
  - *EBITDA margin pressure but aiming for stable margin with cost efficiency uplift*
  - *continued high investment pace in 3G/broadband network roll-out*
  - *absolute operating CF equal to or higher than ‘09*

Appendices

Blended MOU, ARPU & ARPM



Reported Profit & Loss

(RM mil)	Q309	Q209	Q109	Q408	Q308
EBITDA	528.4	521.5	543.5	536.3	521.7
Depreciation & Amortisation	(188.3)	(190.9)	(165.1)	(156.4)	(158.6)
EBIT	340.1	330.6	378.4	379.9	363.1
Net finance income	(6.9)	(6.7)	(5.9)	2.0	2.3
– *finance costs*	*(10.1)*	*(9.4)*	*(9.8)*	*(3.0)*	*(2.4)*
– *interest income*	*3.2*	*2.7*	*3.9*	*5.0*	*4.7*
PBT	333.2	323.9	372.5	381.8	365.4
Taxation	(89.1)	(89.4)	(97.0)	(99.6)	(95.5)
PAT	244.1	234.5	275.5	282.2	269.9
EPS (sen)	31.4	30.2	35.4	36.3	34.7

Opex breakdown

(RM mil)	Q309	Q209	Q109	Q408	Q308
Cost of materials	12.9	13.9	15.5	19.1	14.2
Traffic charges	282.0	269.1	263.6	292.9	268.5
Sales & Marketing	130.7	121.5	119.8	135.2	157.1
- *advertising & promotions*	*47.8*	*42.2*	*41.6*	*53.4*	*72.8*
- *commissions*	*82.9*	*79.3*	*78.2*	*81.8*	*84.3*
Staff Costs	70.1	70.5	73.4	48.5	65.0
Operations & Maintenance	92.6	85.0	86.3	84.6	82.8
Other expenses	123.0	125.0	122.6	116.9	120.2
- *USP fund and license fees*	*65.5*	*66.9*	*64.0*	*72.2*	*72.1*
- *provision for bad & doubtful debts*	*25.5*	*15.6*	*11.0*	*10.4*	*8.7*
- *others*	*32.0*	*42.5*	*47.6*	*34.3*	*39.4*
TOTAL	711.3	685.0	681.2	697.2	707.8

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Cash-flow

(RM mil)	Q309	Q209	Q109	Q408	Q308
Cash at start	398.1	593.8	331.3	512.3	704.8
Cash-flow from operations	453.6	414.0	445.1	453.6	355.5
Changes in working capital	51.3	35.5	(314.1)	172.8	85.2
Cash-flow used in investing activities	*(204.3)*	*(133.1)*	*(142.3)*	*(399.2)*	*(190.5)*
- *Capex*	*(207.5)*	*(136.9)*	*(146.1)*	*(400.8)*	*(194.7)*
Cash-flow used in financing activities	(81.0)	(512.1)	273.8	(408.5)	(443.2)
Net change in cash	219.6	(195.7)	262.5	(181.0)	(192.5)
Cash at end	617.7	398.1	593.8	331.3	512.3
Operational cash-flow *(EBITDA – Capex)*	320.9	384.6	397.4	135.5	327.0

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