Q109

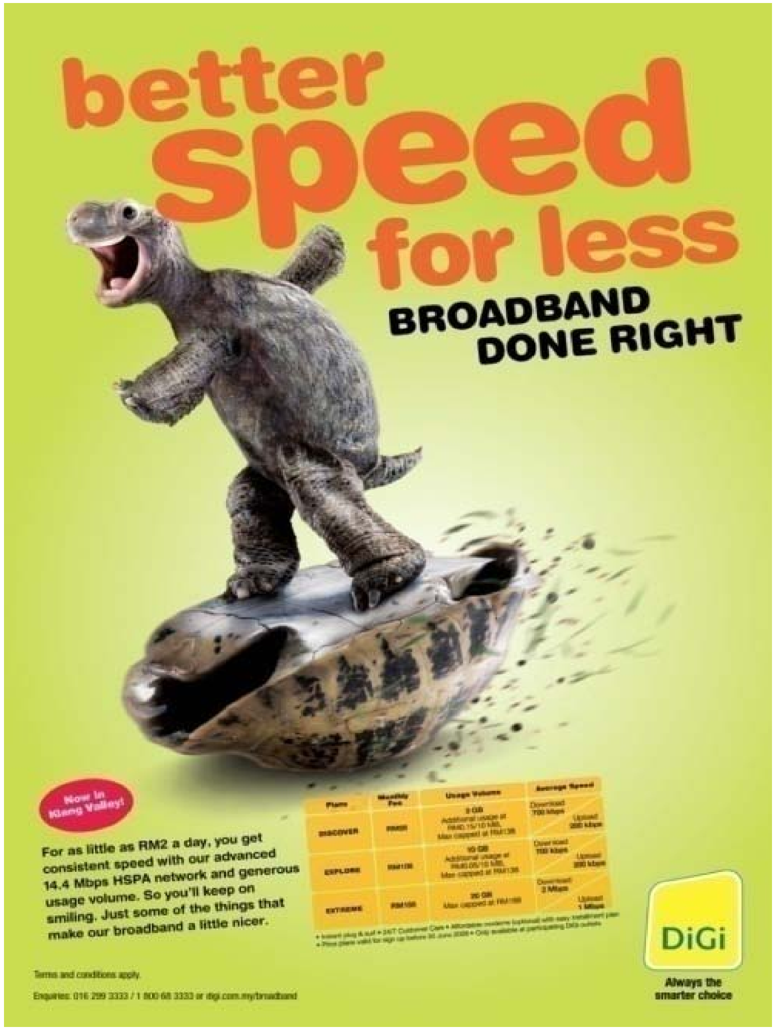
ANALYST TELECONFERENCE

30th April 2009

Q109 a challenging quarter

- **Macro/Political**
  - new Ministry & Minister
  - lower GDP growth forecasts
  - exports still falling; slower pace of investments
  - rising unemployment; weakness in consumer spending
- **Market**
  - no major shift in core tariffs
  - more tactical & segmented market activities
  - increased focus on mobile broadband

Focus and highlights



- slower subscribers growth; postpaid growth still good
- impact from lower spend by low income segments across customer base
- DiGi *"broadband done right"* launched
- strong youth focus; music & lifestyle promotions *(Music Telegrams, IM, DiGi Rap)*
- ongoing cost efficiency program

Q1 in-line with guidance

- 4% y-o-y revenue growth;
  1% decline q-o-q
- 44.6% EBITDA margin
- RM146 mil capex
- RM398 mil operating cash-flow

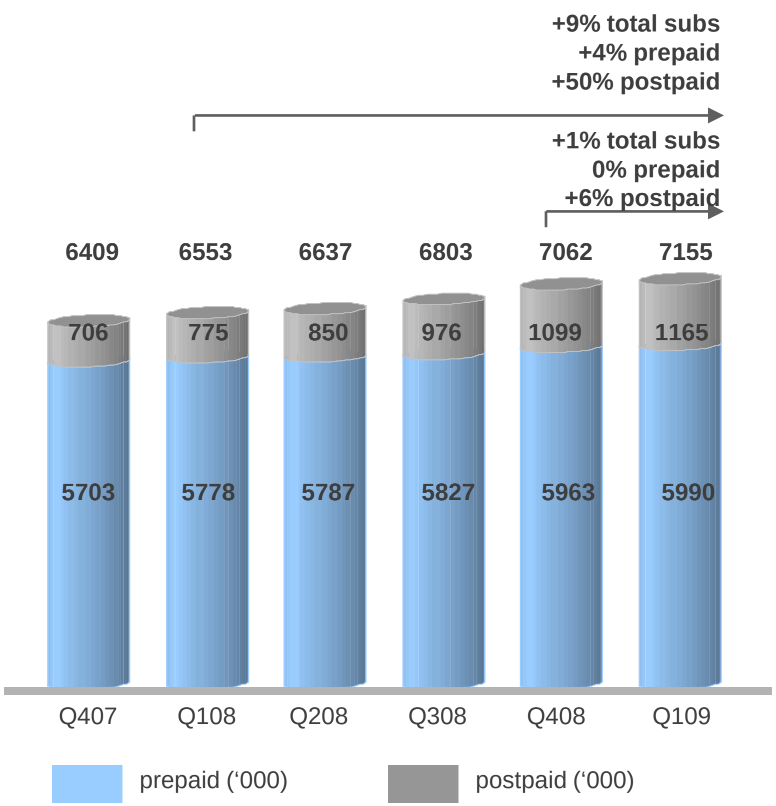
Q109 key numbers

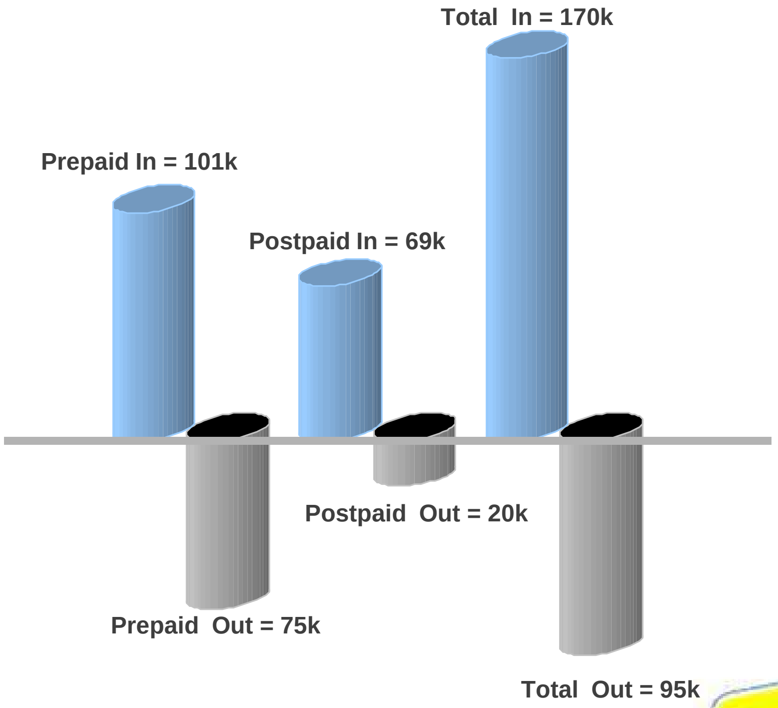
	Q109	Q-on-Q vs Q408		Y-o-Y vs Q108	
Customer base	**7.2 mil**	*+1%*	(7.1 mil)	*+9%*	(6.6mil)
Revenue	**RM1,218 mil**	*-1%*	(RM1,232 mil)	*+4%*	(RM1,166 mil)
EBITDA	**RM544 mil**	*+2%*	(RM536 mil)	*-2%*	(RM556 mil)
EBITDA margin	**44.6%**	*+1.1pp*	(43.5%)	*-3.1pp*	(47.7%)
PAT	**RM275 mil**	*-2%*	(RM282 mil)	*-5%*	(RM290 mil)
EPS	**35.4 sen***		36.3 sen*		38.7 sen

** EPS based on fully enlarged base of 777.5 mil shares*

Net adds impacted by high churn

- added 93k new customers
- high churn this quarter partially caused by postpaid involuntary churn
- MNP net gainer

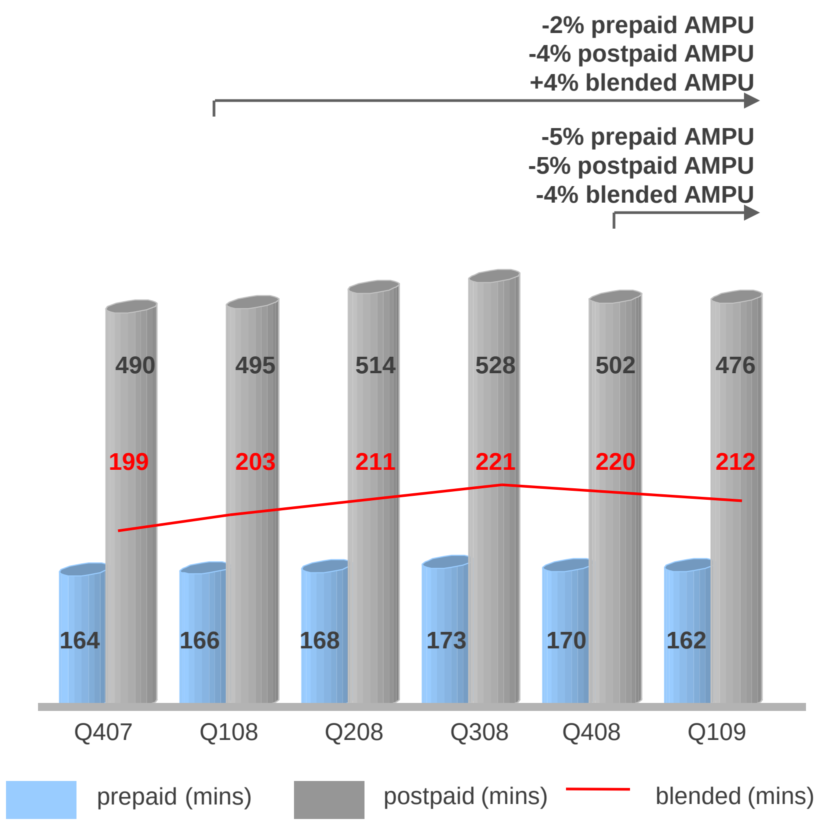


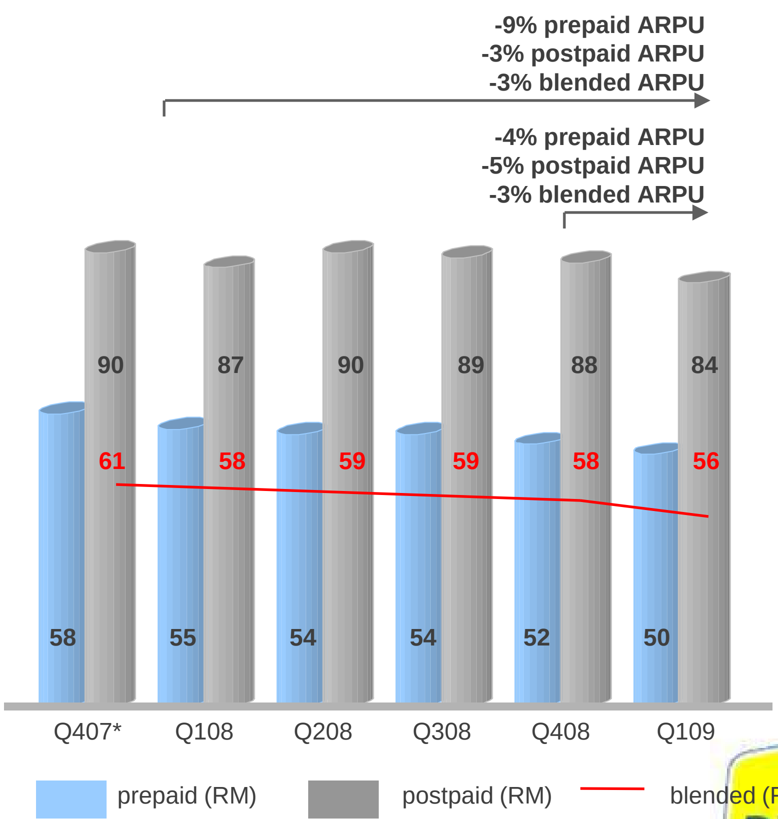


Lower MOU & ARPU

- overall usage lower due to lower spend by low income segments

- average revenue per minute (ARPM) relatively stable

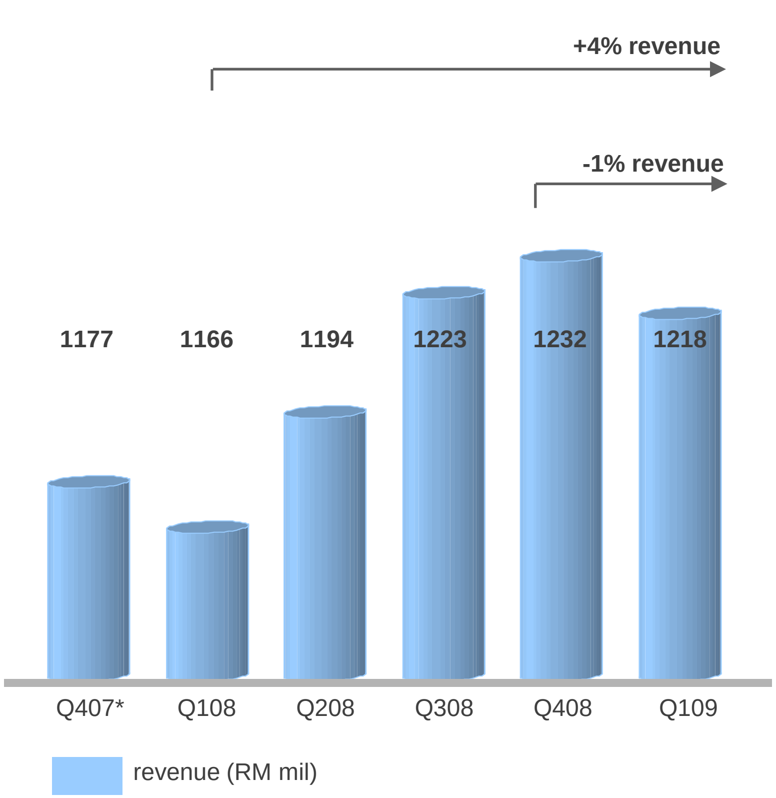




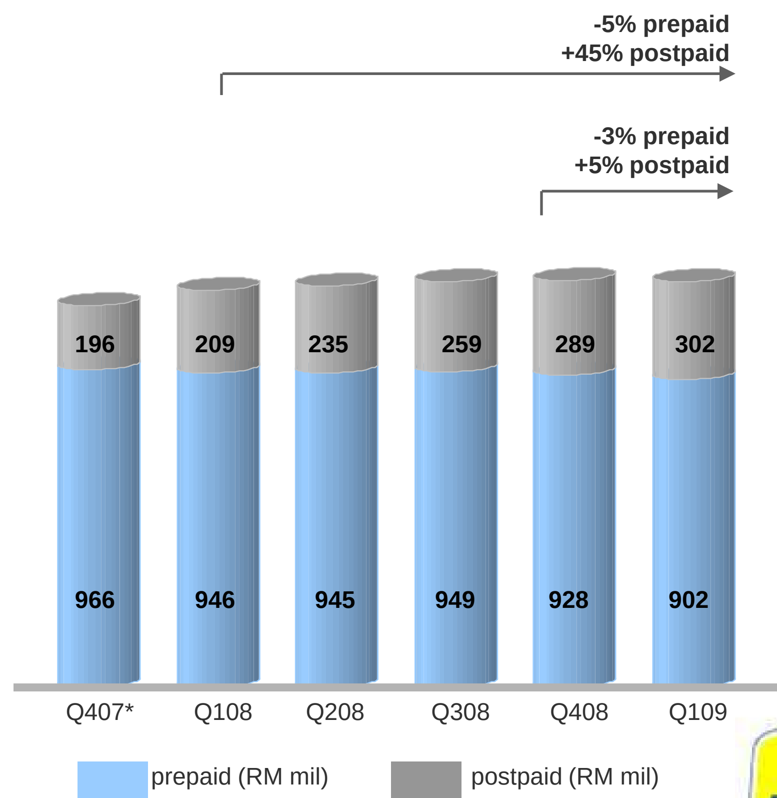
*Q407: normalised prepaid ARPU RM56 / blended RM60

1% revenue decline this quarter

- Q-o-Q, postpaid voice revenue up 5%; data revenue up 15%
- Q-o-Q, prepaid voice revenue down 3%; data revenue down 2%



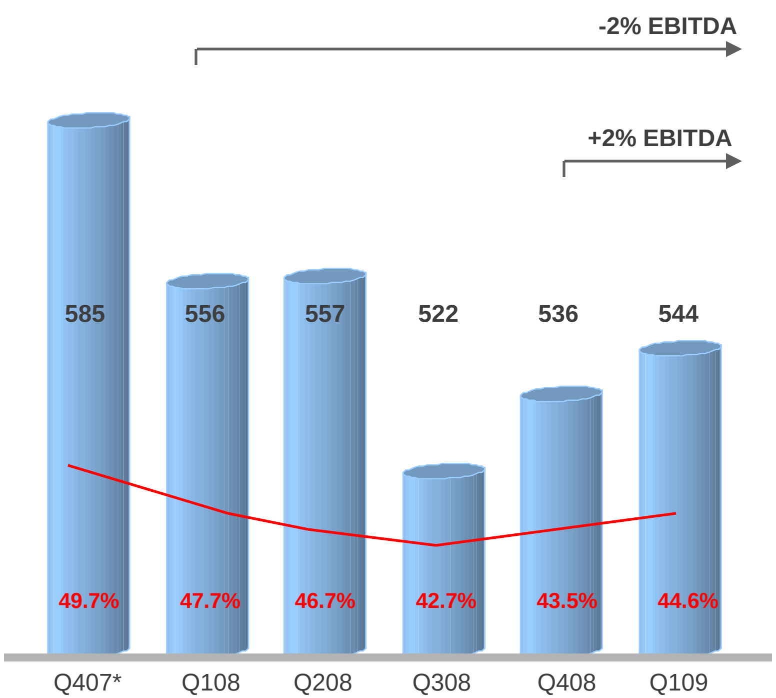
*Q407 normalised revenue RM1,147 mil



*Q407 & 2007 includes one-off RM30mil positive prepaid revenue adjustment

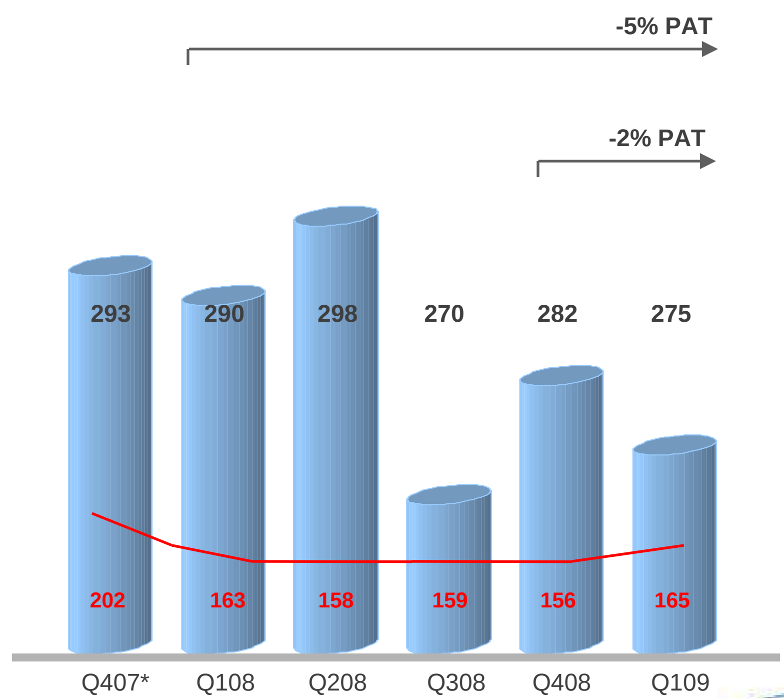
Higher EBITDA and margin in Q1

- margin improvement in Q1 due to lower S&M expenses as well as lower traffic costs
- PAT impacted by 3G spectrum amortisation



ebitda (RM mil) ebitda margin

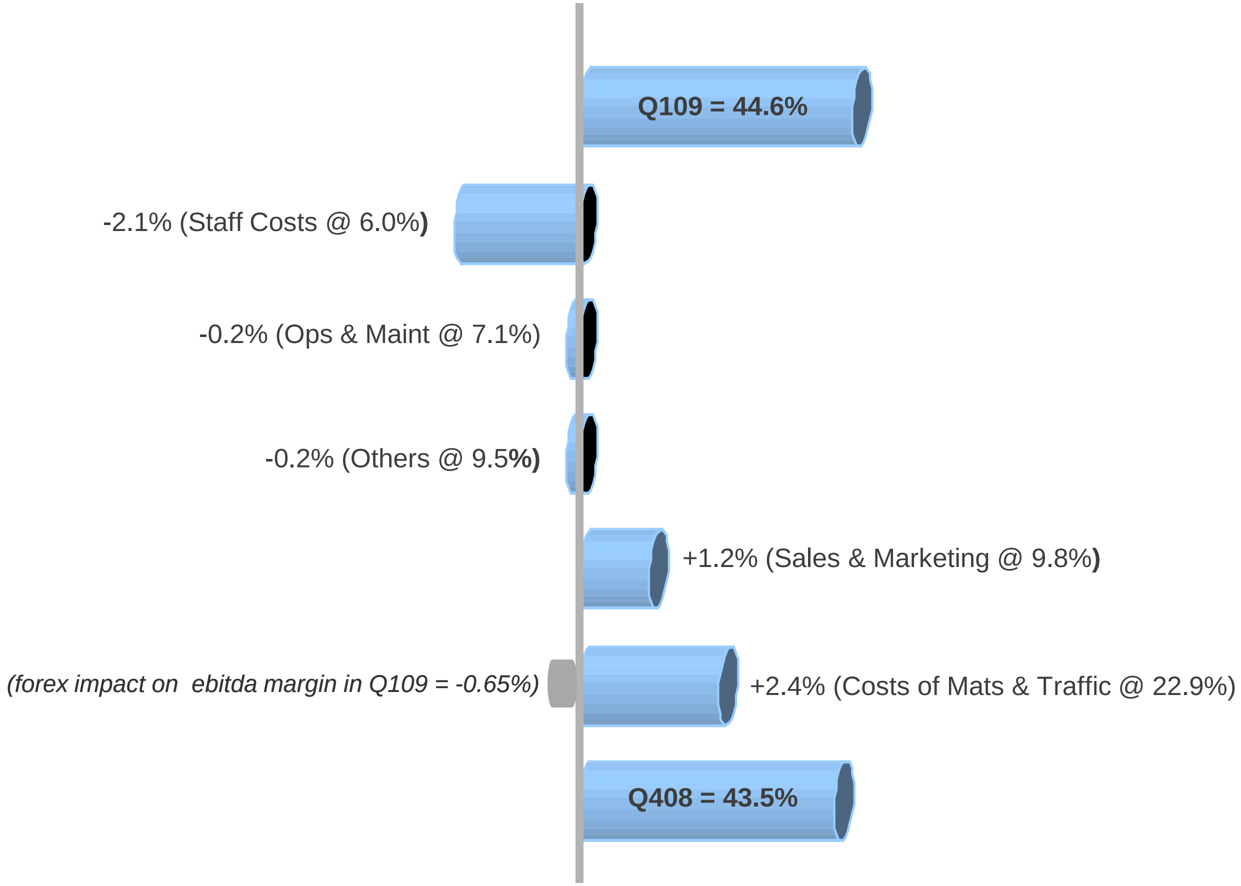
Q407 normalised EBITDA RM556 mil, EBITDA margin 48.5%



pat (RM mil) dep & amort (RM mil)

Q407 dep & amort impacted by RM27 mil one-time charge

Opex in focus; some efficiencies achieved

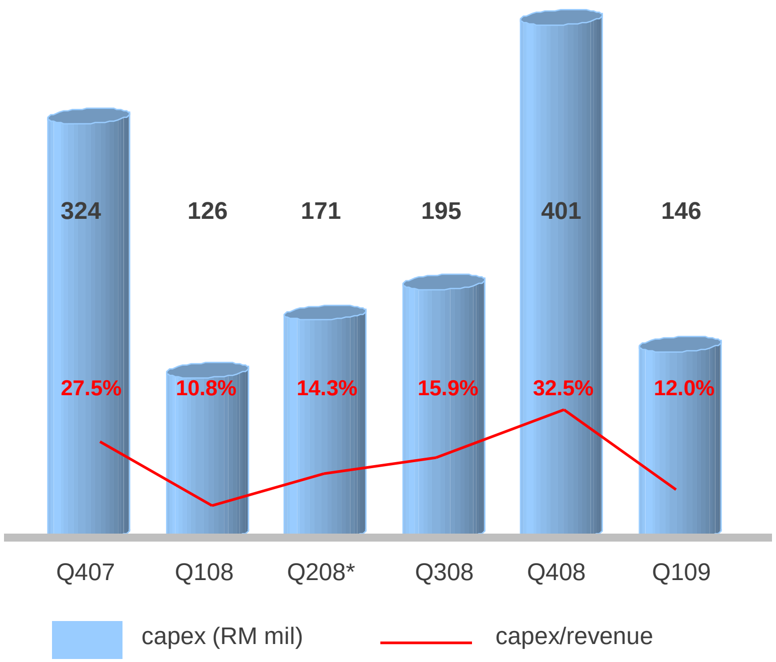


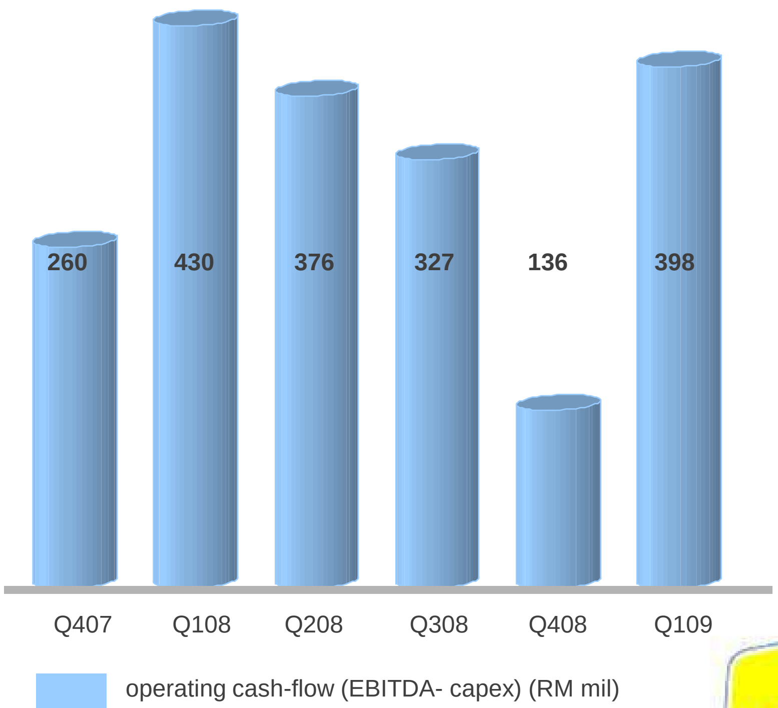
@ denotes % of revenue in Q109

2G and 3G network investment on track

- new prepaid billing platform in place
- 2G focus on strategic coverage & quality

- 3G/mobile broadband network roll-out on track
- 3G/small screen launch to follow in later part of 2009





*Booked RM695mil in 3G spectrum license in total reported capex in Q208 & 2008

Strong shareholders' value creation

Comparative Returns

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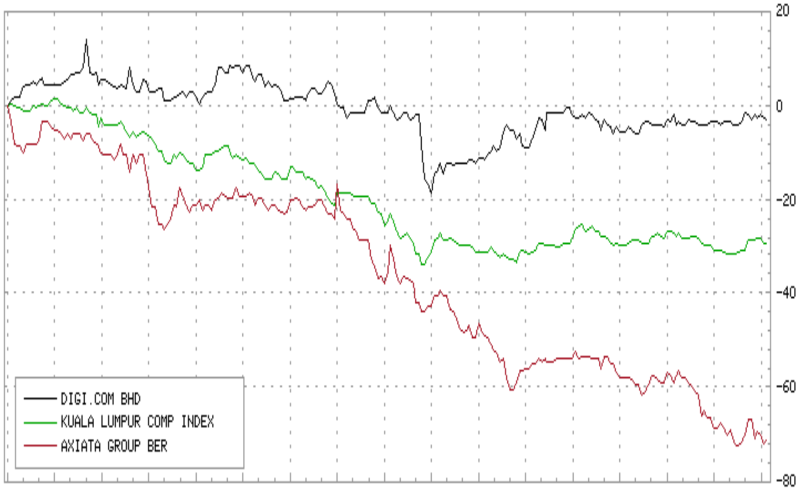
Range 4/25/08 - 3/31/09 Period D Daily 340 Day Period

	Securities	Crncy	Prc Appr	Total Ret	Difference	Annual Eq
1	DIGI MK Equity	MYR	-10.92 %	-3.18 %	26.06 %	-3.41 %
2	KLCI Index	MYR	-32.26 %	-29.24 %		-31.02 %
3	AXIATA MK Equity	MYR	-71.21 %	-71.21 %	-41.97 %	-73.73 %

(* = No dividends or coupons)



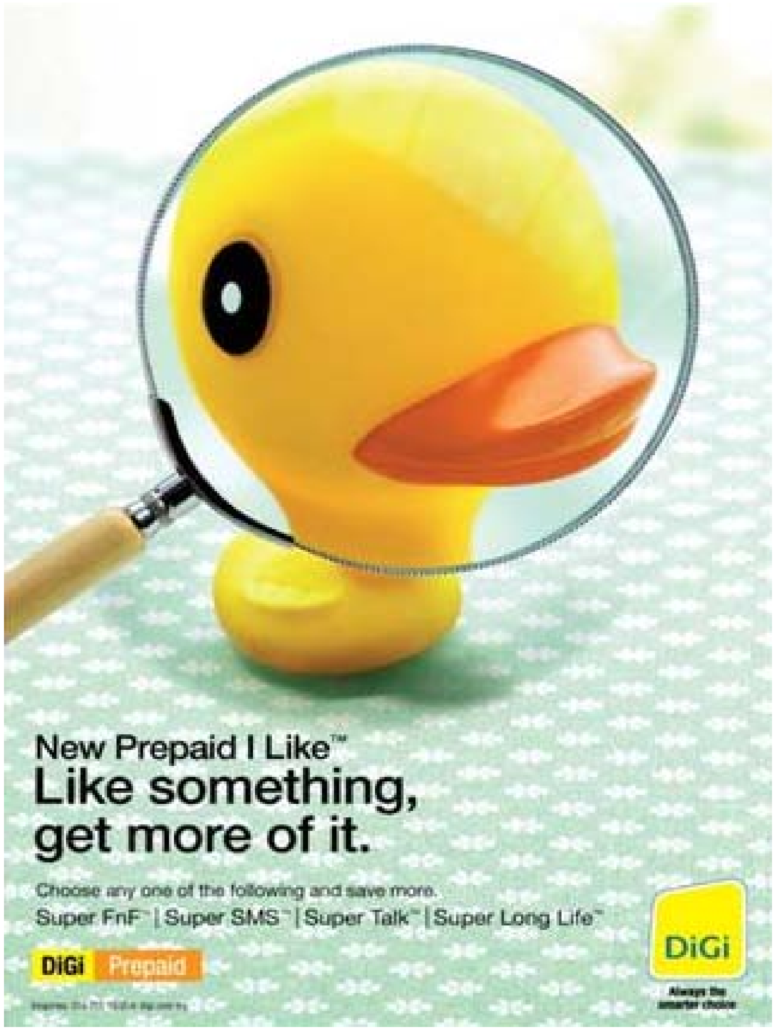
Key Financial Ratios

	Q109	FY2008
Total borrowings	#RM671.5 mil	RM397.8 mil
Cash & cash equivalents	RM593.8 mil	RM331.3 mil
ROE	12.7%	60.1%
ROCE	12.0%	64.3%
*FCF/share	51.1 sen	164.4 sen

** FCF = EBITDA – Capex (on 777.5 million shares)*

#includes draw-down of RM475mil fixed rate term loan in Jan 2009 which is repayable on a bullet basis of RM150mil each in Jan 2012 and Jan 2013 and a final payment of RM175mil in Jan 2014

Near term focus



- re-invigorate prepaid
- mass/enterprise postpaid important growth driver
- expand broadband & 3G footprint
- continue cost efficiency program

Regulatory update - verbal

HSBB

USP

spectrum

access pricing

2009 outlook

- continued revenue pressure; postpaid key revenue driver
- margin pressure from tariff & 3G/broadband ; positive uplift from cost efficiency program
- capex likely lower or around ‘08 level due to efficiencies & savings
- absolute operating CF equal or higher than 2008 level

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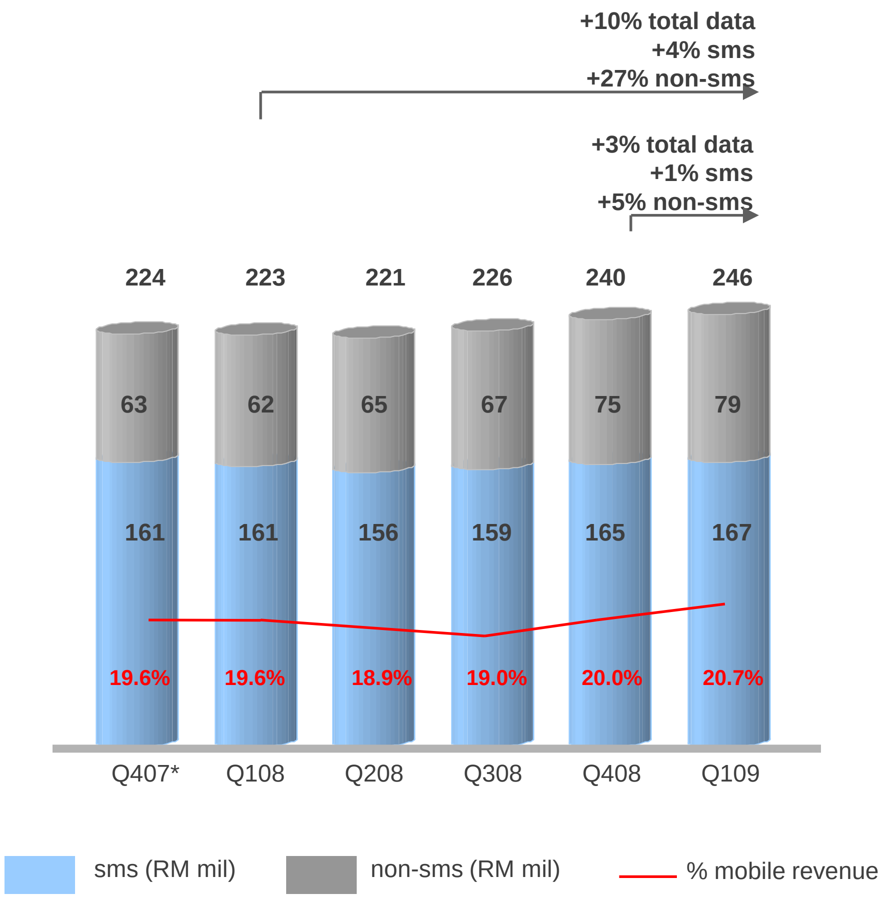
Appendices

Data revenue breakdown



**Q407 normalised data revenue RM219 mil*

Reported Profit & Loss

(RM mil)	Q109	Q408	Q308	2008	2007
EBITDA	543.5	536.3	521.7	2171.1	2110.0
Depreciation & Amortisation	(165.1)	(156.4)	(158.6)	(636.0)	(681.2)
EBIT	378.4	379.9	363.1	1535.1	1428.8
Net finance income	(5.9)	2.0	2.3	11.8	16.5
– *finance costs*	*(9.8)*	*(3.0)*	*(2.4)*	*(12.3)*	*(15.3)*
– *interest income*	*3.9*	*5.0*	*4.7*	*24.1*	*31.8*
PBT	372.5	381.8	365.4	1546.9	1445.3
Taxation	(97.0)	(99.6)	(95.5)	(406.2)	(382.7)
PAT	275.5	282.2	269.9	1140.7	1062.6
EPS (sen)	35.4	36.3	34.7	148.5	141.7

Opex breakdown

(RM mil)	Q109	Q408	Q308	2008	2007
Cost of materials	15.5	19.1	14.2	57.1	59.3
Traffic charges	263.6	292.9	268.5	1033.6	829.6
Sales & Marketing	119.8	135.2	157.1	547.6	503.1
- *advertising & promotions*	*41.6*	*53.4*	*72.8*	*232.2*	*218.3*
- *commissions*	*78.2*	*81.8*	*84.3*	*315.4*	*284.8*
Staff Costs	73.4	48.5	65.0	242.1	226.6
Operations & Maintenance	86.3	84.6	82.8	307.8	256.6
Other expenses	122.6	116.9	120.2	466.4	390.1
- *USP fund and license fees*	*64.0*	*72.2*	*72.1*	*285.1*	*242.1*
- *provision for bad & doubtful debts*	*11.0*	*10.4*	*8.7*	*33.3*	*21.5*
- *others*	*47.6*	*34.3*	*39.4*	*148.0*	*126.5*
TOTAL	681.2	697.2	707.8	2654.6	2265.3

Cash-flow

(RM mil)	Q109	Q408	Q308	2008	2007
Cash at start	331.3	512.3	704.8	577.1	869.5
Cash-flow from operations	445.1	453.6	355.5	1797.2	1794.1
Changes in working capital	(314.1)	172.8	85.2	241.3	(204.5)
Cash-flow used in investing activities	*(142.3)*	*(399.2)*	*(190.5)*	*(881.6)*	(644.6)
- Capex	*(146.1)*	*(400.8)*	*(194.7)*	*(892.7)*	*(682.7)*
Cash-flow used in financing activities	273.8	(408.5)	(443.2)	(1402.7)	(1237.4)
Net change in cash	262.5	(181.0)	(192.5)	(245.8)	(292.4)
Cash at end	593.8	331.3	512.3	331.3	577.1
Operational cash-flow *(EBITDA – Capex)*	397.4	135.5	327.0	1278.4	1427.3

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