



DiGi.Com Berhad Q1-2005 results

April 26, 2005

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DiGi in Q1 2005

By
Morten Lundal, CEO



DiGi in Q1 2005

- Positive start for the year
- Good subscriber growth
- Stable revenue growth
- EBITDA margin holding up; pressure on ARPUs
- High cash flow
- Product innovations & customer segmentation key growth drivers

Numbers in brief

Customer base at 3.46 mil

Up 7% from Q4 04 (3.24 mil) ; Up 43% from Q1 04 (2.41 mil)

Revenues at RM 626 mil

Up 3% from previous quarter; Up 21% from same period last year

Mobile revenue up 6% from last quarter

EBITDA at RM 275 mil

Up 3% from last quarter; Up 17% from same period last year

Profit after tax at RM 58 mil

Down 39% q-on-q; Down 21 % from same period last year

Q105 decline due to accelerated depreciation

EPS at 7.7 sen

Versus 9.8 sen in the same period last year

Innovation & segmentation drive DiGi's growth

2004

YTD 2005



1st High Speed Mobile Network EDGE



RM10 reload coupon



RM18 SIM pack launch



flexi@load and Talktime transfer services



1/15" FnF rates



BubbleTalk™

Bubble Talk



48/sen IDD Call



0 Monthly Fee



DiGi Business - the way business communications should be



Tailor Made for SMEs



it's 25 sen / MMS
Send a MMS at only 25 sen per message to any 016 number.

MMS Frenzy

new EDGE coverage areas

You can now surf web and WAP sites via EDGE in more places! It's been extended to cover Putrajaya, Cyberjaya, Penang and Johor Bahru. Enjoy even speedier and more reliable mobile broadband™ connections while in DiGi's EDGE coverage areas.

DiGi - always the smarter choice



DiGi Q1 2005





Key Financials & Operational Indicators

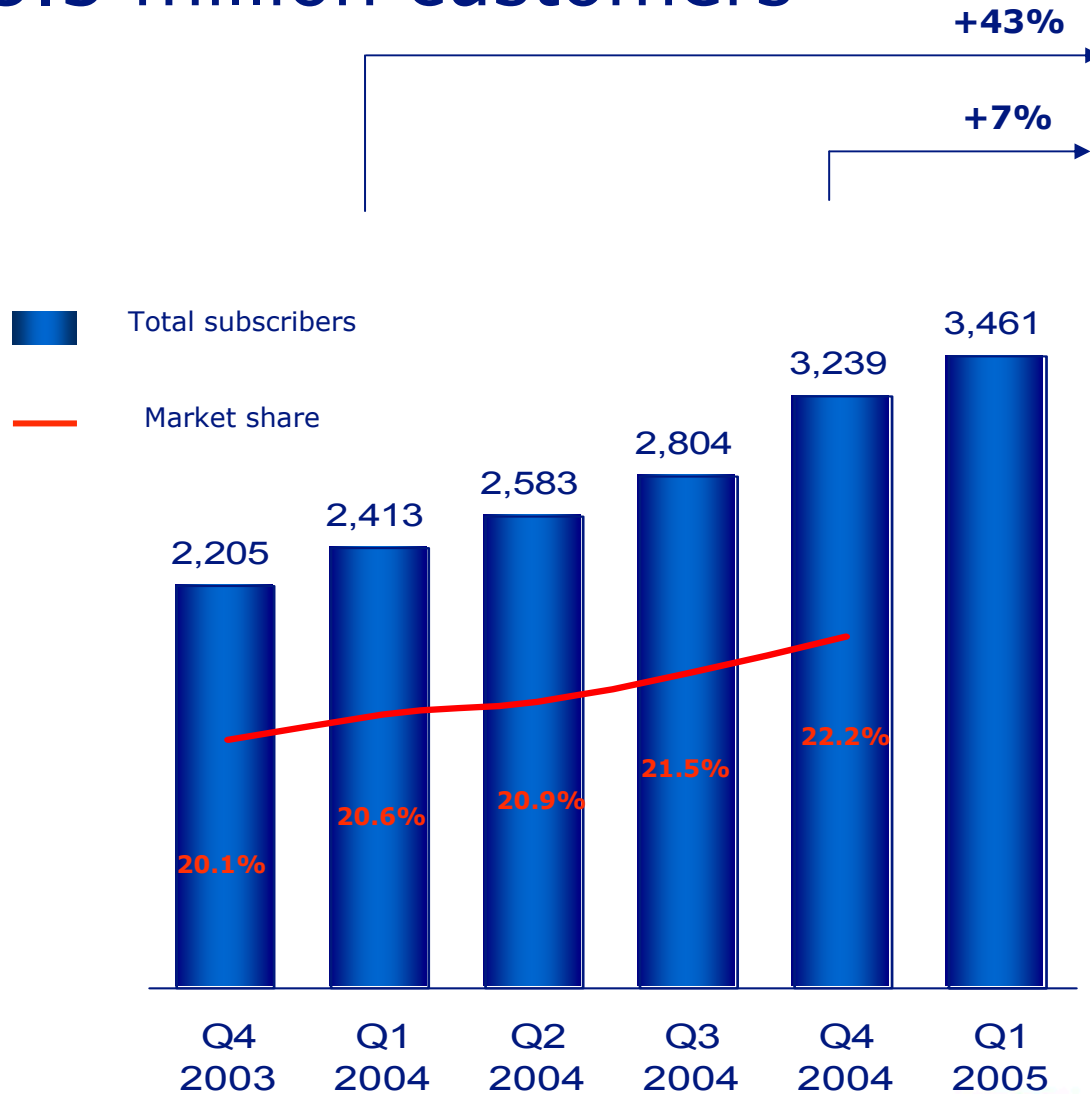
By
Johan Denielind, CFO

Approaching 3.5 million customers

Customers* ('000)

- Subscriber growth still high but lower than Q4

* Restated based on new definition

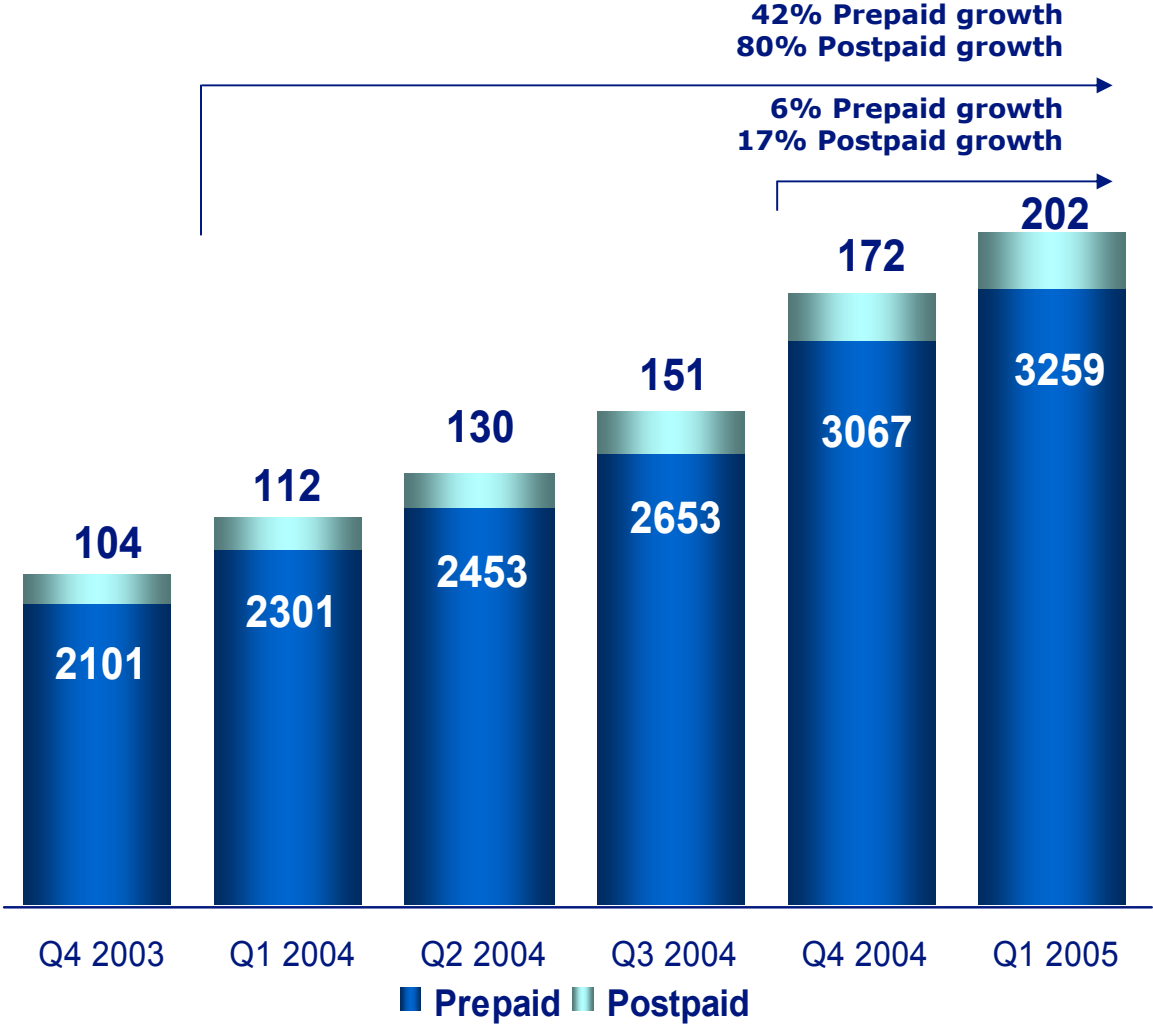


Growth in both postpaid and prepaid

Customers* ('000)

- Prepaid growth still high, but lower than Q4
- Growth in postpaid gaining momentum

* Restated based on new definition

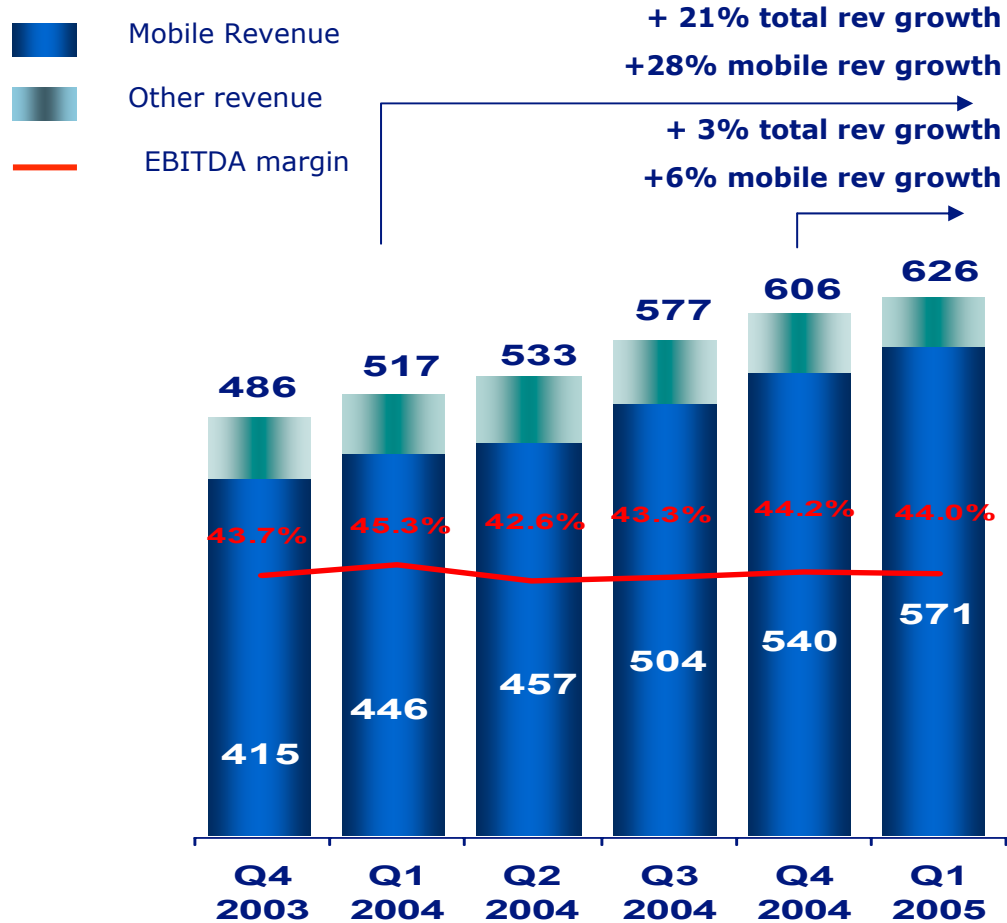


Sound quarterly revenue growth

Revenues* (RM mil)
EBITDA %

- Revenue growth driven by subscriber growth
- EBITDA margin stable at 44%

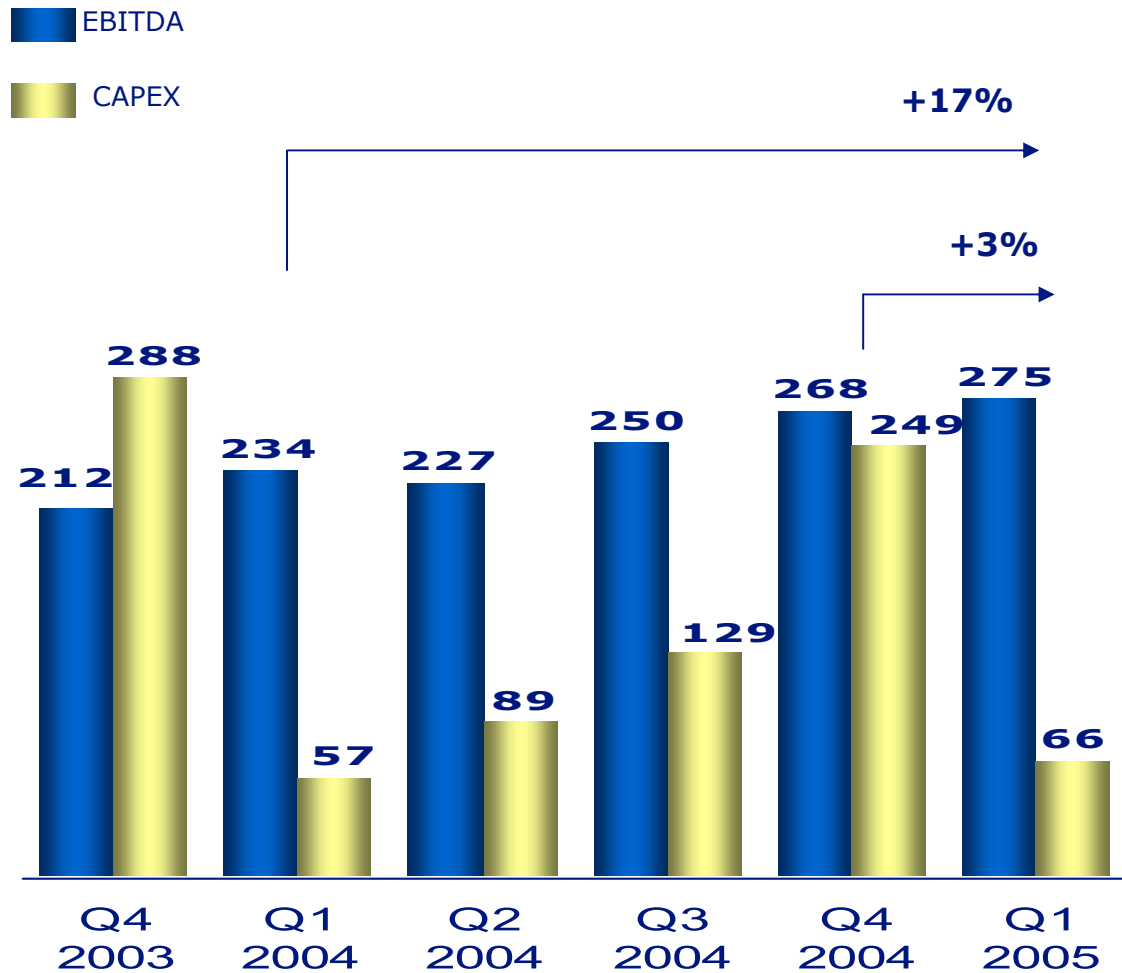
* Restated based on new definition



EBITDA continues to improve

EBITDA \ CAPEX RM mil

- EBITDA growth in line with revenue growth
- Higher A&P held back EBITDA somewhat
- Network expansion on target, lower capex in line with historic pattern

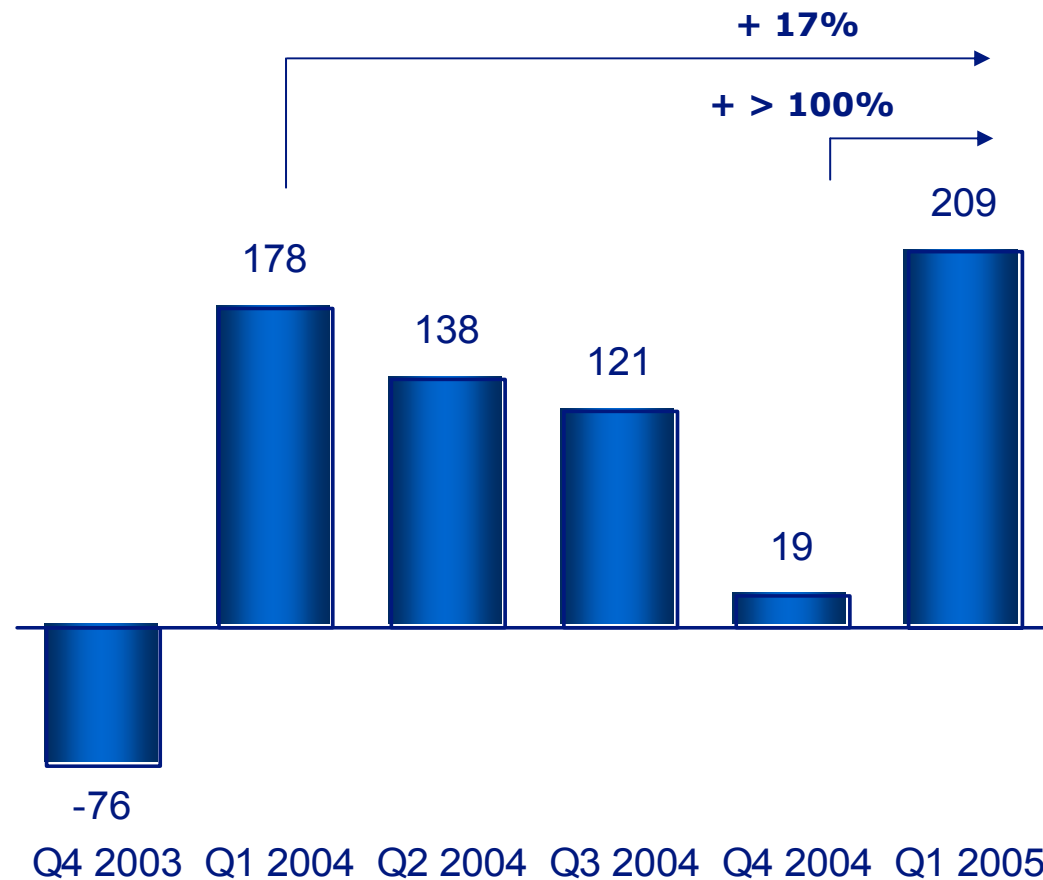


Very strong quarterly cash flow improvement

RM mil
operating cash flow*

- High Q105 cash flow due to lower CAPEX and higher EBITDA
- Cash used for prepaying RM300 million of existing debt

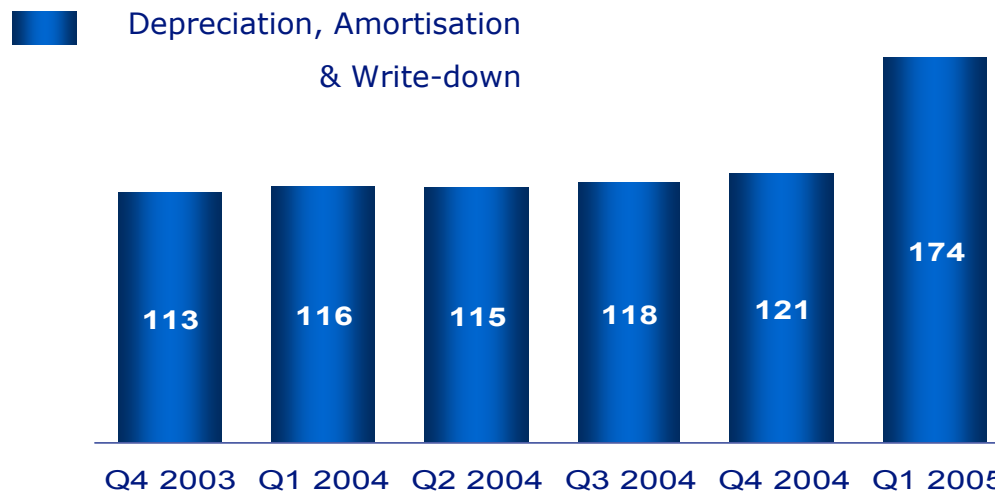
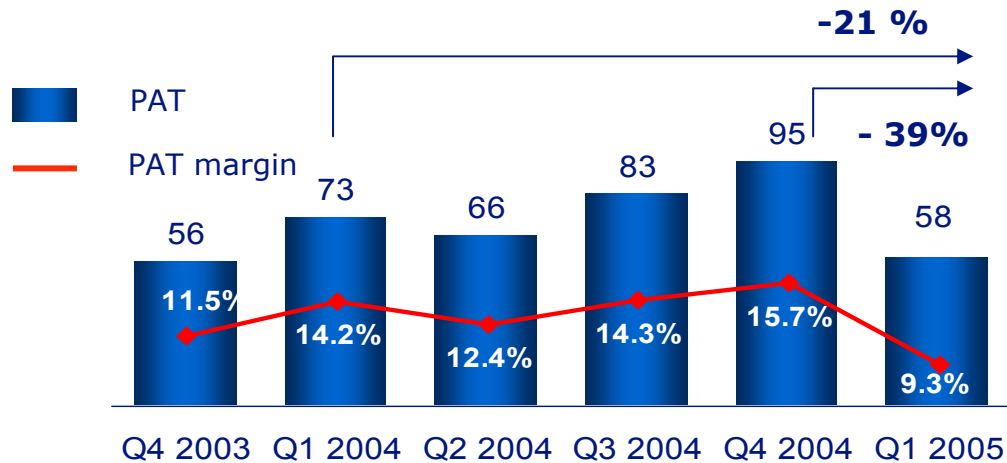
* Operating Cash Flow = EBITDA - CAPEX



Profit after tax declined 21% (YoY)

PAT (RM mil) & margin %

- Net profit affected by accelerated depreciation & higher finance costs
- EPS declined to 7.7 sen against 9.8 sen in previous corresponding period

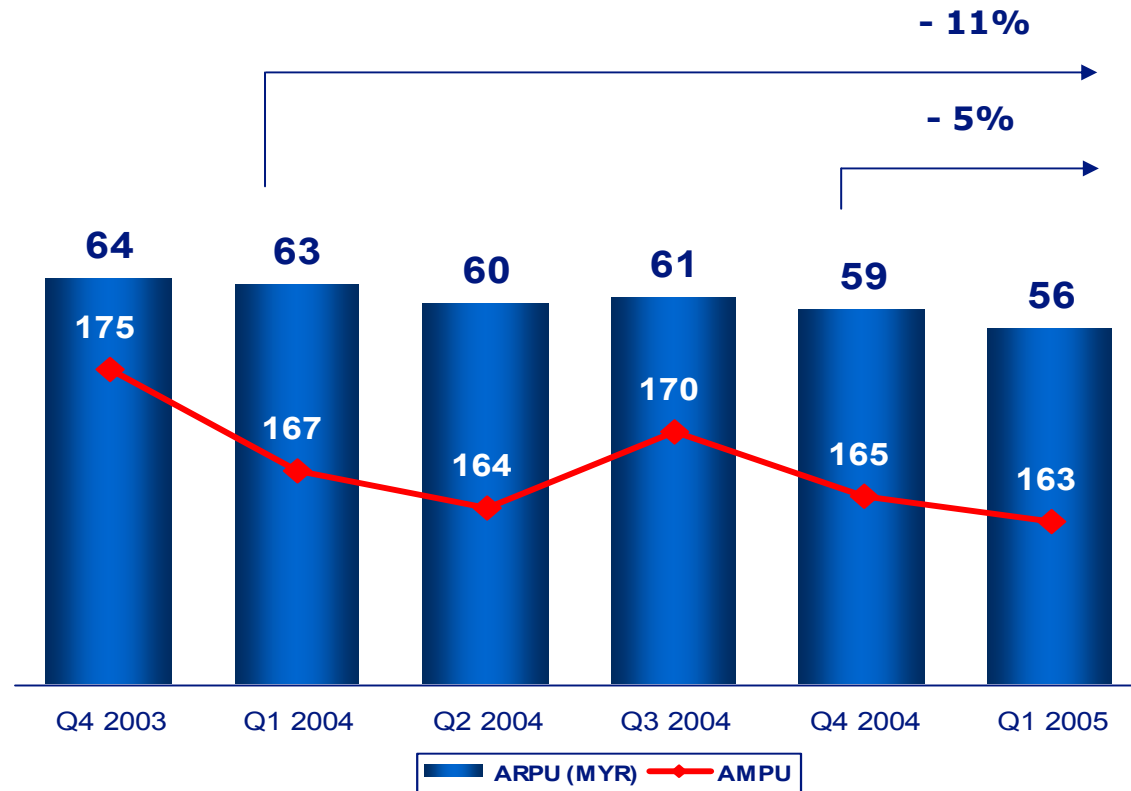


ARPU and AMPU under pressure

blended ARPU* (RM)

- ARPU lower due to high uptake of new subscribers
- Chinese New Year and shorter quarter impact ARPU/AMPU
- Restated figures exclude inbound roaming

* Restated based on new definition

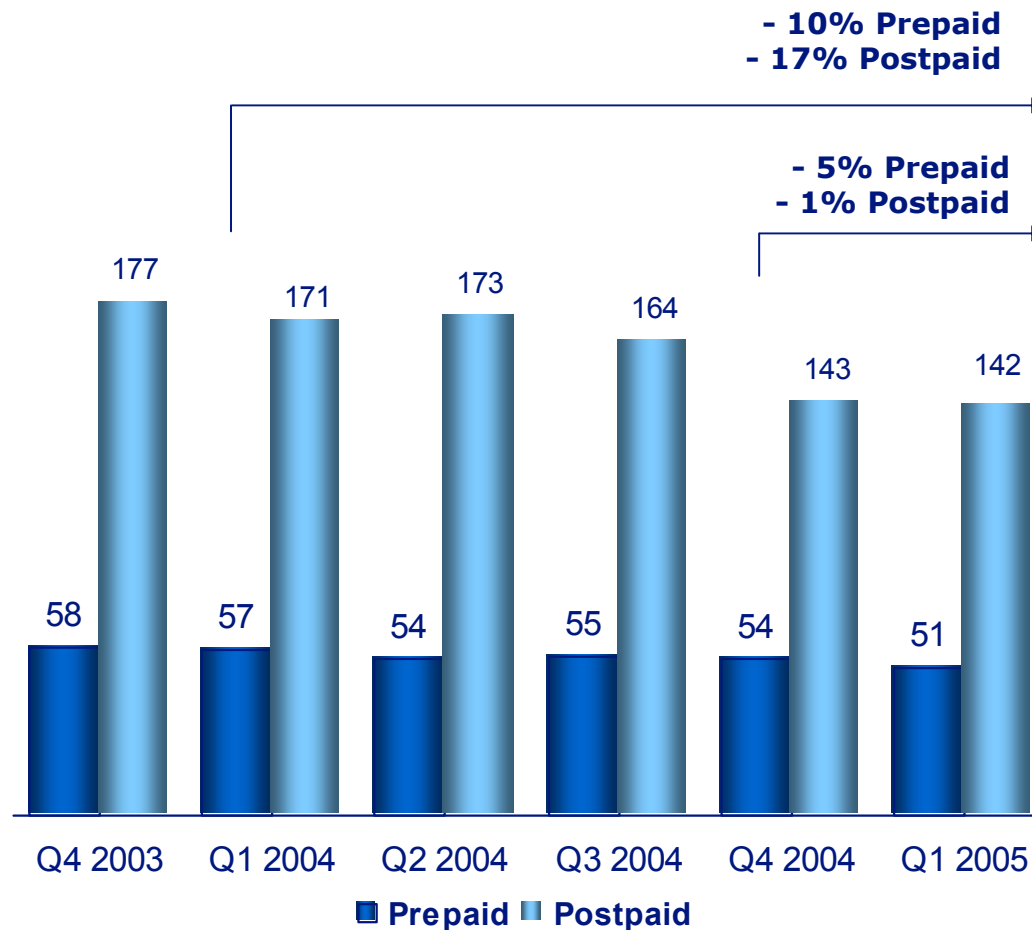


Postpaid and prepaid ARPU lower

prepaid & postpaid*
ARPU (RM)

- Drop in Postpaid due to lower business activities during Chinese New Year
- Some dilution in Postpaid ARPU due to uptake in non-business segment
- Prepaid ARPU pressured by new subscribers

* Restated based on new definition

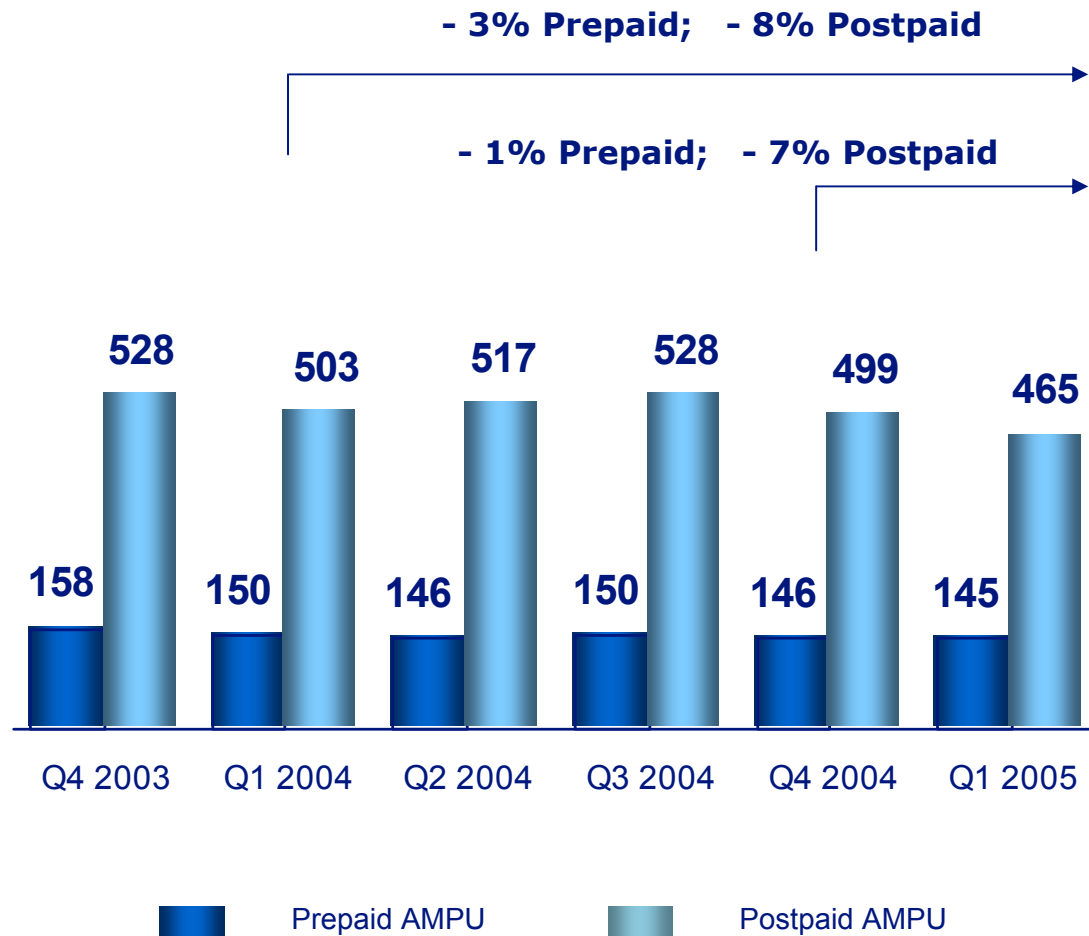


Prepaid AMPU stable

blended AMPU*
(minutes)

- Voice AMPU reduced as shift to data usage continue to increase
- AMPU slower in postpaid due to Chinese New Year

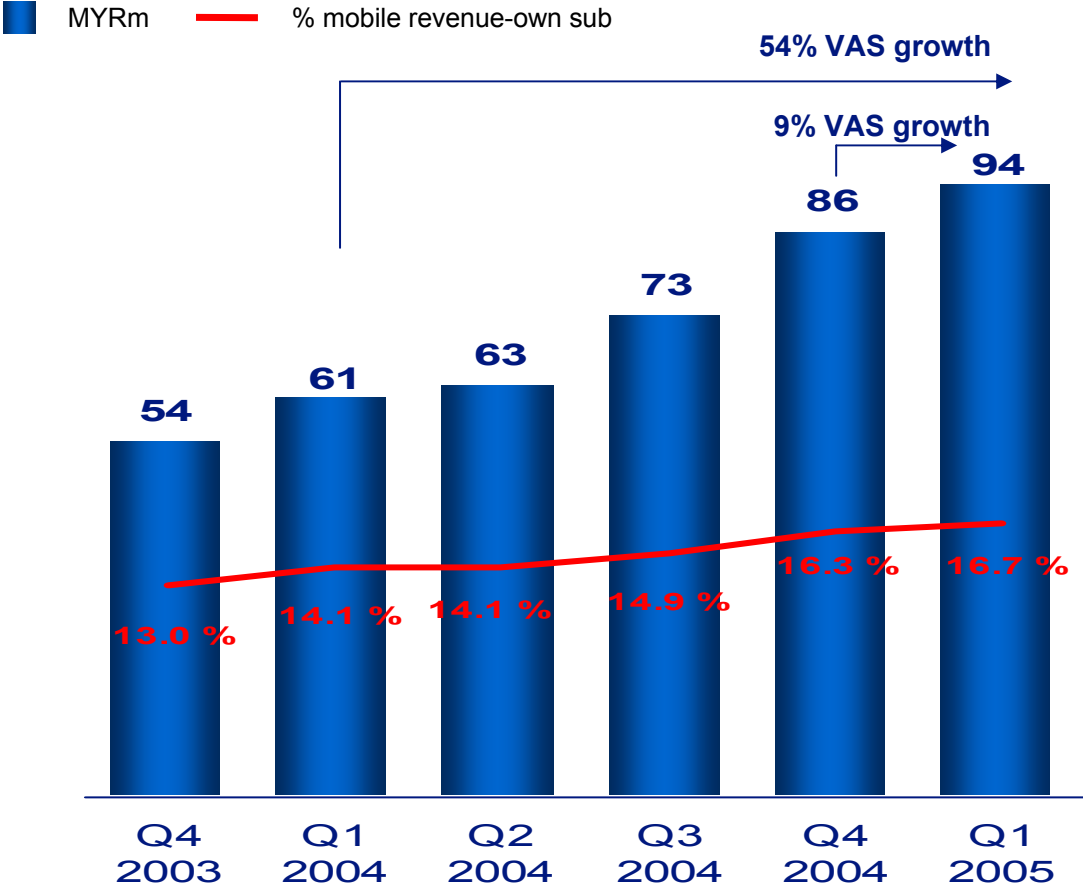
* Restated based on new definition



Continued growth in Data revenues

non-voice revenues*

- Comprised of SMS, MMS, CPA, GPRS & EDGE; driven by SMS
- Other innovations launched : Bubble Talk, FriendFinder, LifeLogger & extension of HighSpeed Data Package
- Restated due to new definition*



Operating expenses ("opex") as % of revenue

<i>Opex (% of revenue)</i>	Q1 2005	Q4 2004	Change
Cost of Materials	3.5%	4.5 %	+1.0%
Traffic Charges	18.7%	17.7%	-1.0 %
Sales & Marketing	13.3 %	12.5 %	-0.8%
Staff	4.5 %	5.3 %	+0.8%
Operations & Maintenance	6.9 %	6.4 %	-0.5%
Other Opex	9.1 %	9.4 %	+0.3%
Total Opex	56.0 %	55.8 %	-0.2%
EBITDA margin	44.0 %	44.2 %	+0.2%

Balance Sheet – Main items

<i>RM million</i>	Q1 05	2004
Fixed Assets	2,580.3	2,686.9
Intangible assets	38.1	39.1
Deferred exp	3.8	15.2
Current assets	610.6	825.1
Current liabilities	1,028.2	1,133.6
- <i>ST borrowings</i>	195.6	224.6
	-----	-----
	2,204.6	2,432.7
	=====	=====
<i>Financed by:-</i>		
Shareholders' funds	1,835.2	1,777.2
Long term & Deferred liabilities	369.4	655.5
- <i>LT borrowings</i>	142.2	455.3
	-----	-----
	2,204.6	2,432.7
	=====	=====

- Partial prepayment of RM300 mil on existing borrowings; *gross debt-to-equity ratio* has improved to 16% from 28%
- As of Q105, borrowings were reduced to RM337.8 mil which was subsequently repaid in full by drawing down on new credit facility and excess cash

Looking ahead

Market Expectations

Sustained but reduced subscriber growth

More segmented subscriber acquisition strategies

High churn will continue to be a phenomena

Data becoming more important

Operational Priorities

Maintain high pace of innovation

Equal on voice coverage

Always wider high speed data network coverage - ongoing EDGE expansion

Focus on loyalty and retention programs

Financial Outlook

Customer base growth and ARPU decline as assumed

EBITDA margin under pressure

(2005 likely < 2004)

- Market competition
- Coverage expansion

No dividend 2005

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thank you