



**4<sup>th</sup> Quarter 2006  
Analyst Teleconference**

15 February 2007

27% revenue growth  
71% PAT growth  
in 2006



# DiGi in 2006

- **Strong revenue growth**

- RM3.65bn
- +27% y-o-y

- **Strong EBITDA**

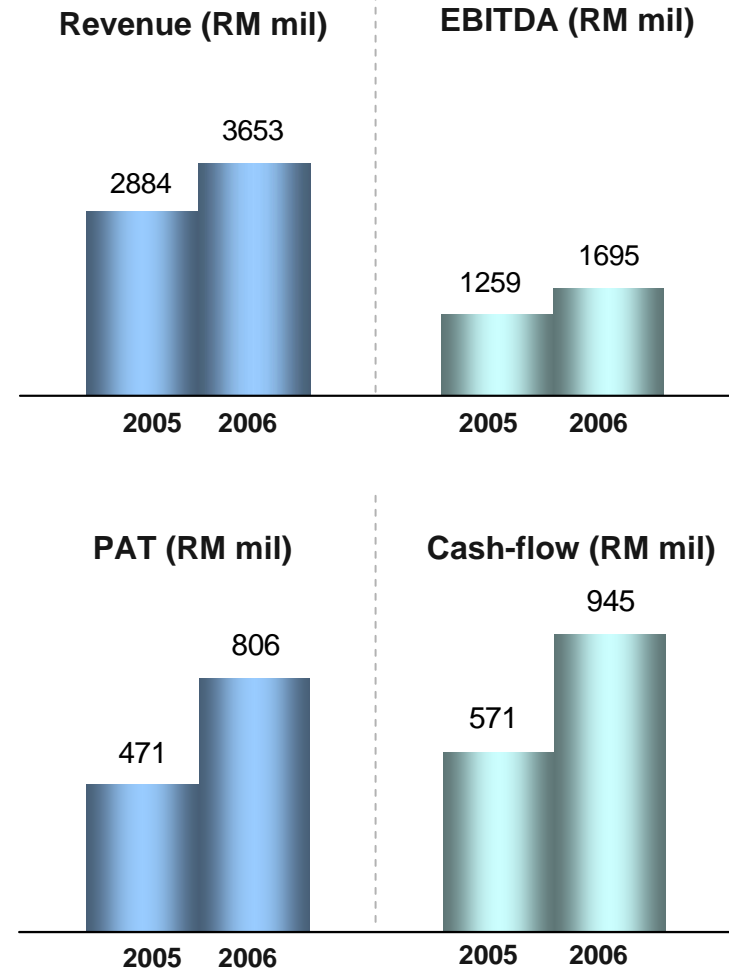
- RM1.69bn
- +35% y-o-y

- **Solid PAT**

- RM805.65 mil
- +71% y-o-y

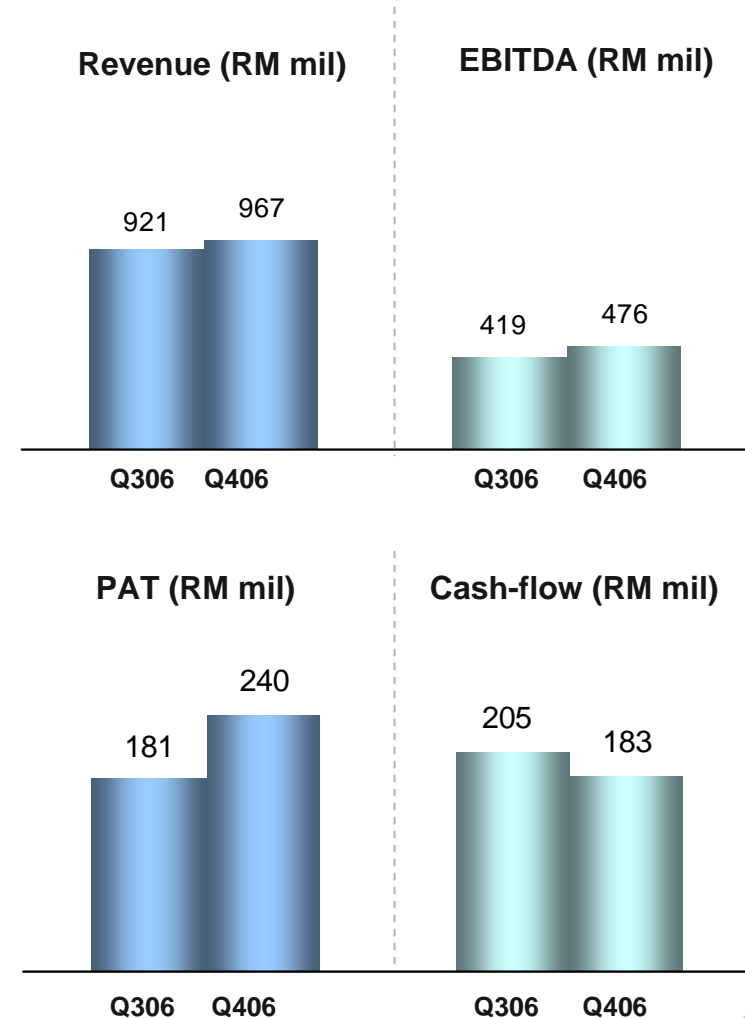
- **High operational cash-flow**

- RM944.51mil
- +65% y-o-y



# DiGi in Q406

- **Exceptionally strong profits in Q406**
  - driven by robust revenue growth and very high EBITDA; and
  - One-off cost adjustments
- **Dynamic competition**
  - DiGi's 1-low flat rate key value proposition
  - Limited impact from 3G
- **Narrowing coverage gap**
  - 90% voice and 56% EDGE coverage
- **Well managed prepaid registration**
  - captured nearly all revenue generating customers
  - 509k unregistered users terminated

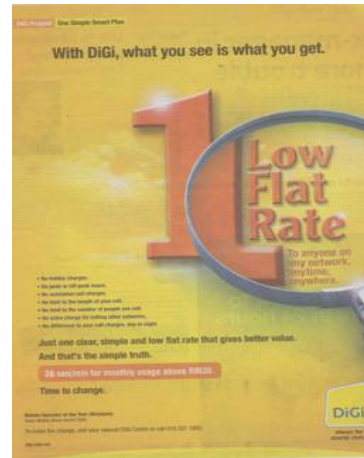


# Q406 key numbers

	Q406	Q-on-Q vs Q306	Y-o-Y vs Q405
Customer base	5.3 mil	- 5% (5.6 mil)	+10% (4.8 mil)
Revenue	RM967 mil	+5% (RM921 mil)	+17% (RM828 mil)
EBITDA	RM476 mil	+13% (RM419 mil)	+32% (RM361 mil)
EBITDA margin	49.2 %	+3.7pp (45.5%)	+5.6pp (43.6%)
PAT	RM240 mil	+33% (RM181 mil)	+53% (RM157 mil)
EPS	31.9 sen	24.1 sen	20.9 sen

# High pace in marketing

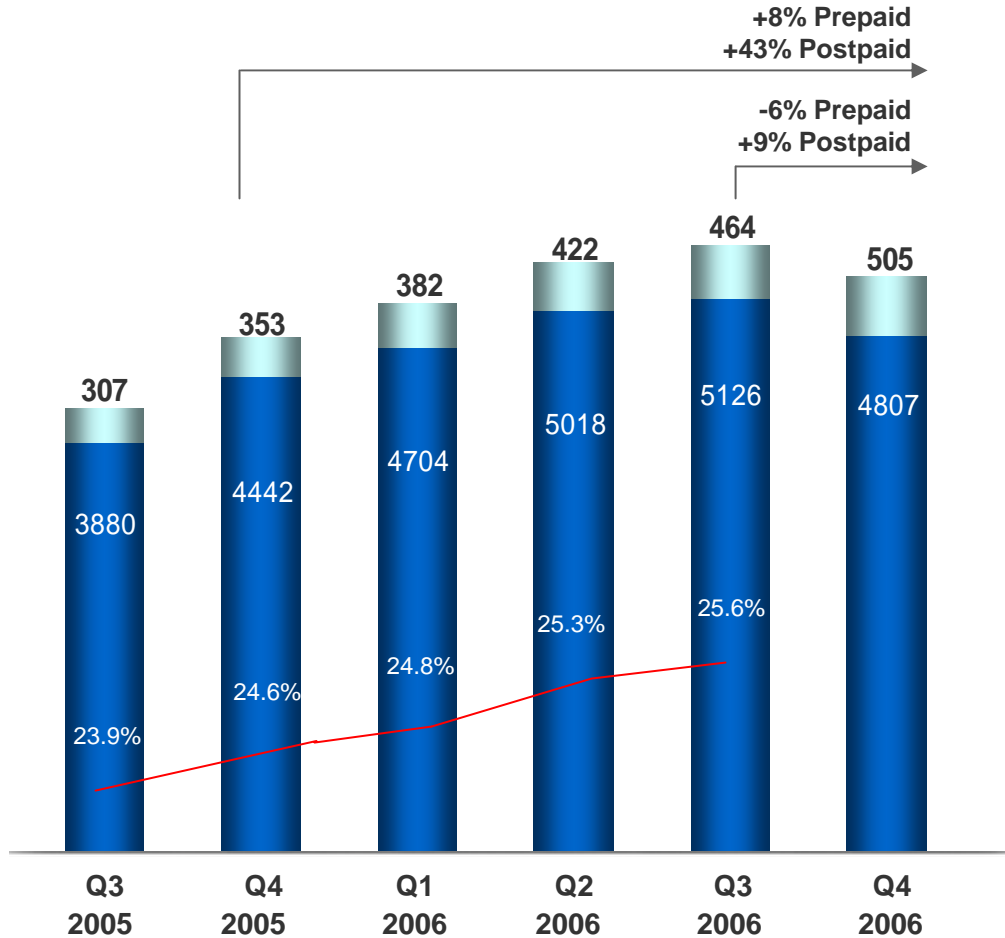
- 1 low flat rate eliminates timing and distance barriers
- First to include off-net calls in prepaid FnF
- Instant activation upon registration
- Unlimited free calls for high value users
- Free calls for Postpaid Family Plan



# Maintained acquisition pace

## Customers

- Added 230k new customers in Q406
- Terminated 509K unregistered prepaid customers
- Net reduction 279k customers in Q406



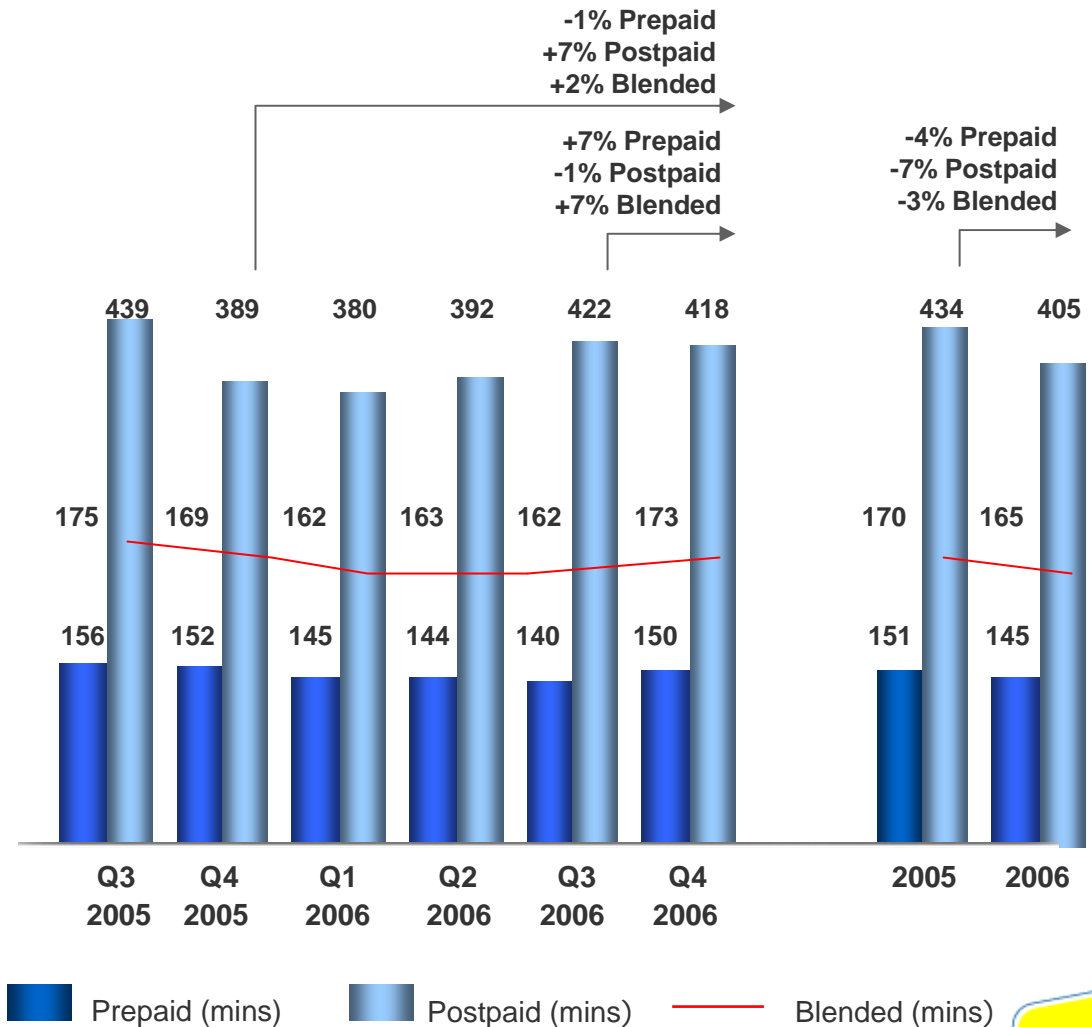
Prepaid ('000)
  Postpaid ('000)
  Subscriber market share (%)



# Strong prepaid usage drives AMPU

## AMPU

- Prepaid positively driven by festive effects and lower base due to prepaid registration
- Postpaid negatively affected by festive business closures

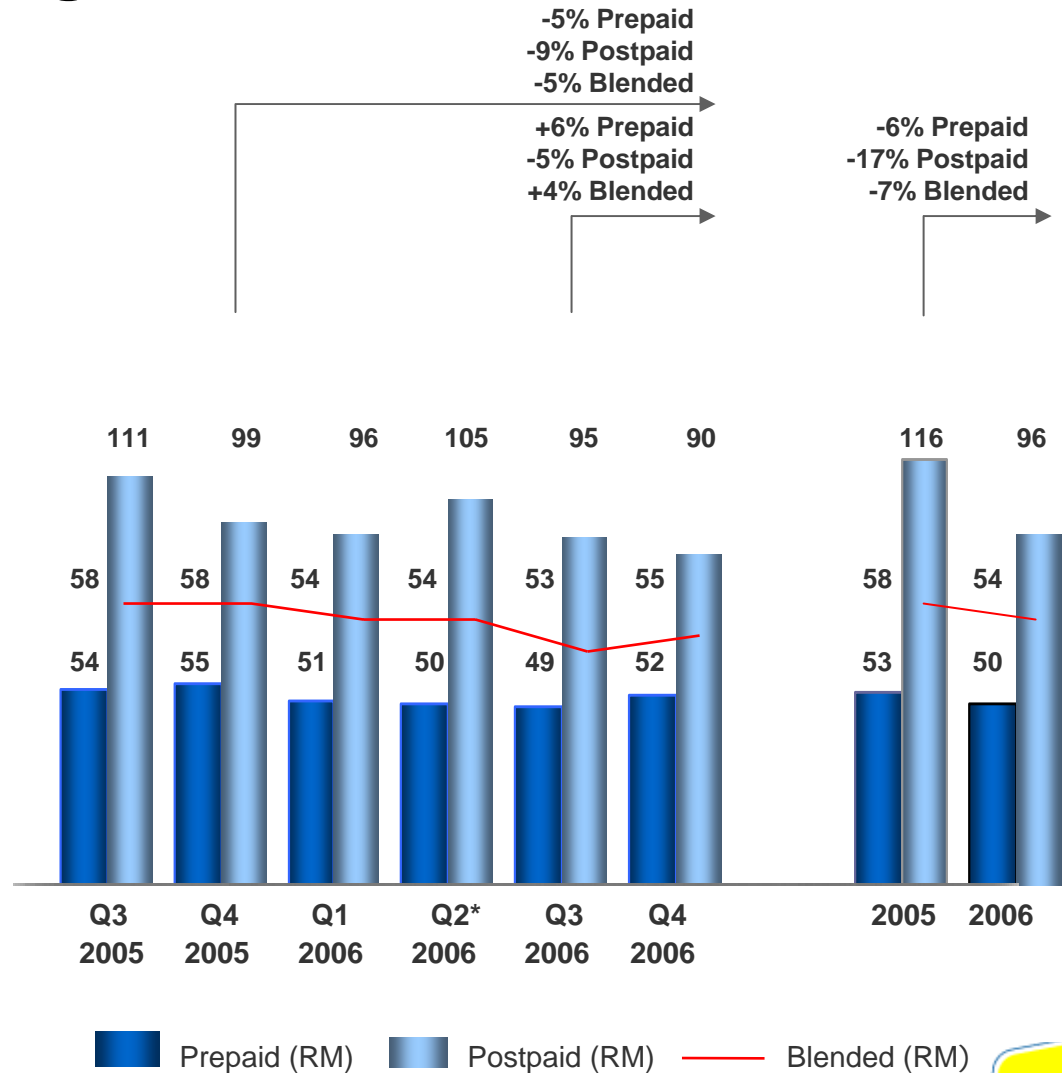


# Prepaid ARPU strengthened

## ARPU

- Prepaid strengthened on festive effects and lower base
- Incentives/loyalty programs used to drive retention and prepaid registration
- Postpaid pressured by competitive offerings

\* (Including one-time adjustment of RM12 mil for postpaid (RM10 on postpaid and RM1 blended ARPU))

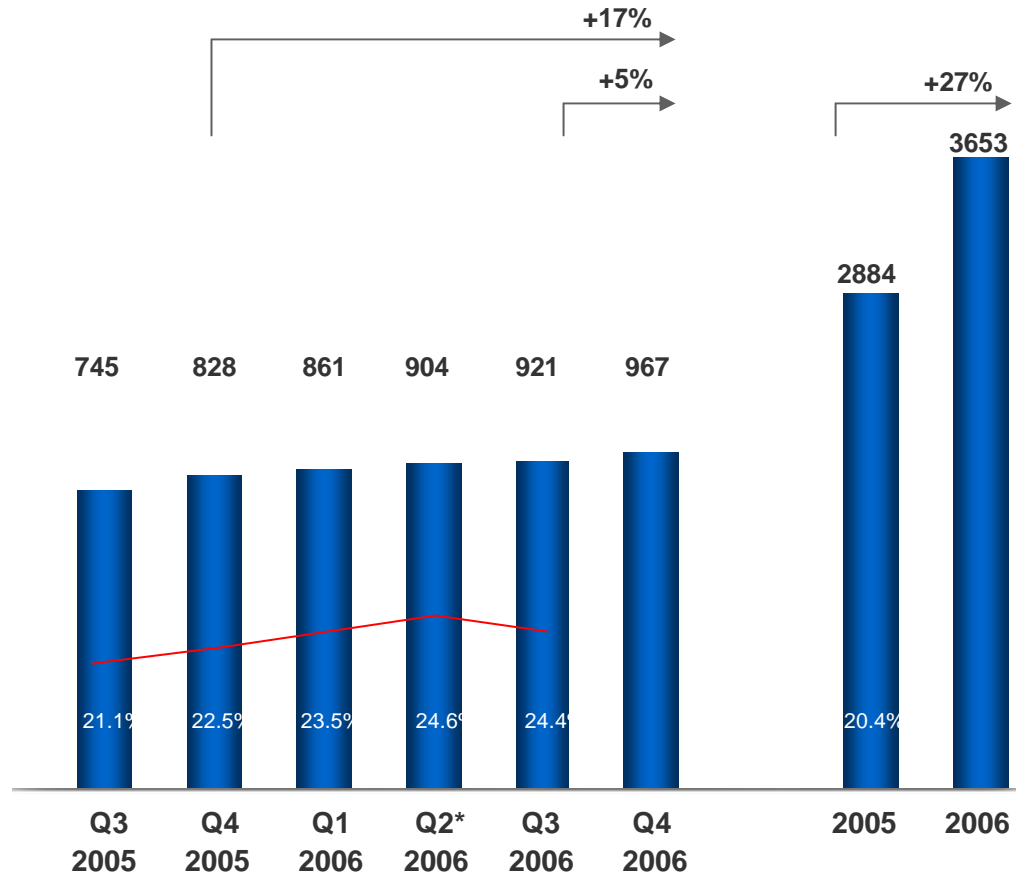


# Robust revenue growth in Q4

## Revenue

- Prepaid revenue grew 6% q-o-q
- Driven by new services, promotions and retention programs
- Higher voice and data usage

\* (Q206 revenue included an one-time adjustment of RM12 mil for postpaid)



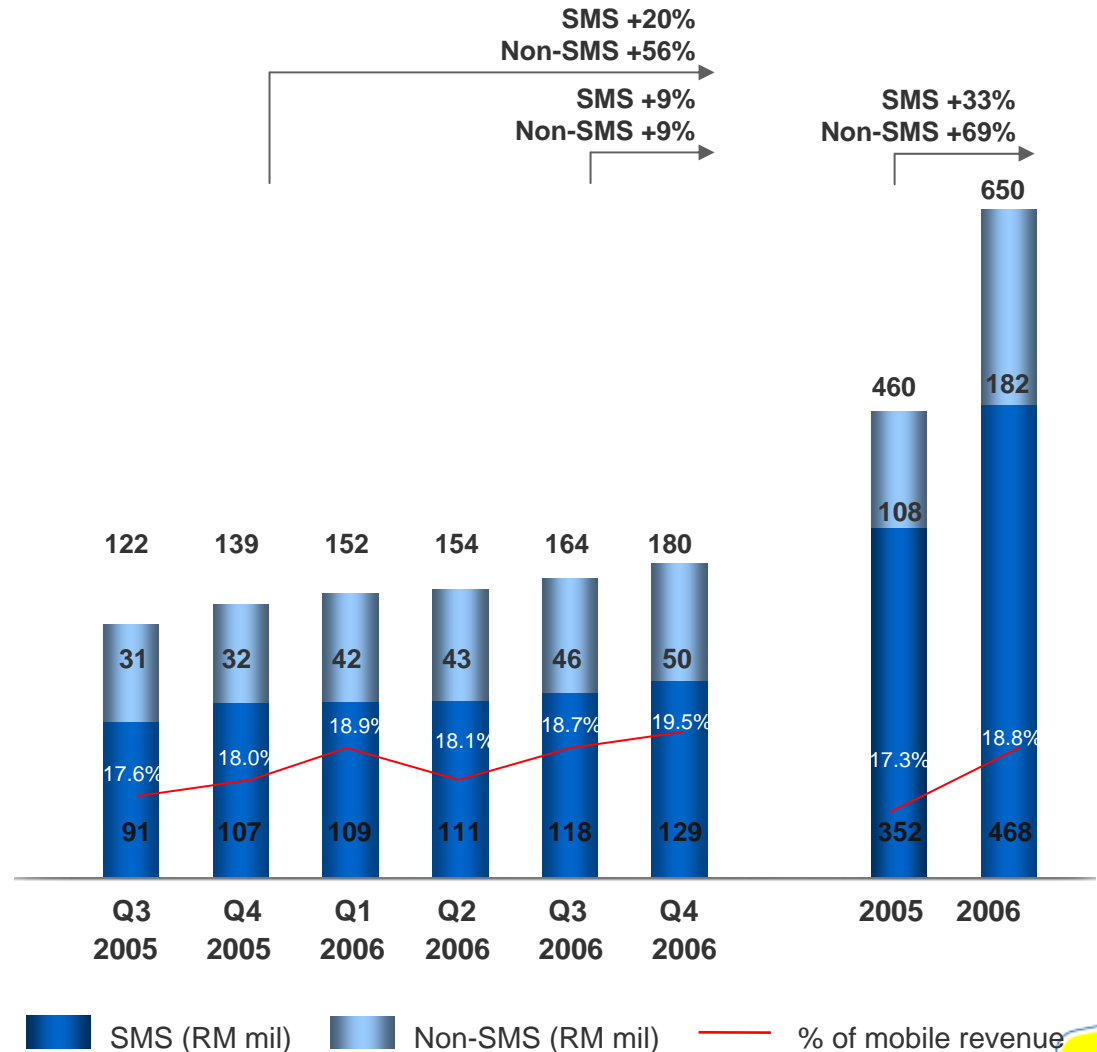
■ Revenue (RM mil)    — Est. Mobile Revenue Market share (%)



# High contribution from data revenues

## Data revenue

- Sustained growth momentum in non-SMS revenue
- VAS innovations driving higher GPRS/EDGE usage
- Postpaid VAS/data usage improving



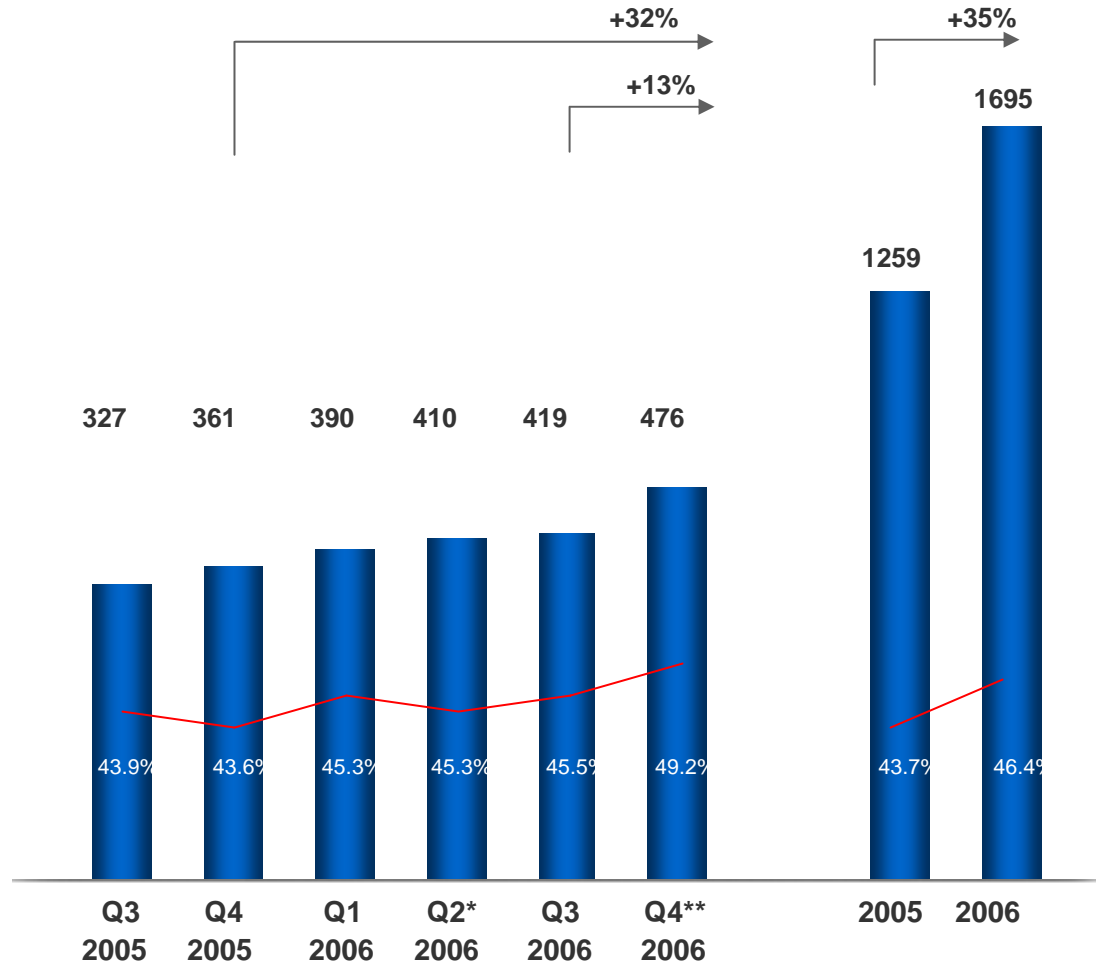
# Very high EBITDA in Q4

## EBITDA

- Exceptional EBITDA driven by strong revenue growth and operational efficiency
- Regulatory fees adjustment of RM19 mil

•Q206 normalised EBITDA RM398mil

\*\*Q406 normalised EBITDA margin 46.6%



■ EBITDA (RM mil)    — EBITDA Margin (%)



# Key changes impacting q-o-q EBITDA margin

## EBITDA margin

### Changes due to:

- higher A&P expenses
- one-off regulatory fees adjustment

-1.8% (Sales & Marketing @ 13.5%)

EBITDA margin Q306

45.5%

+0.9% (Staff costs @ 4.4%)

+4.1% (Other expenses @ 5.9%)

EBITDA margin Q406

49.2%

@ denotes % of revenue in Q406



# Exceptionally high PAT in Q4

## PAT

- Up on strong EBITDA and lower tax expenses
- Final RM42 mil additional accelerated depreciation taken in this quarter

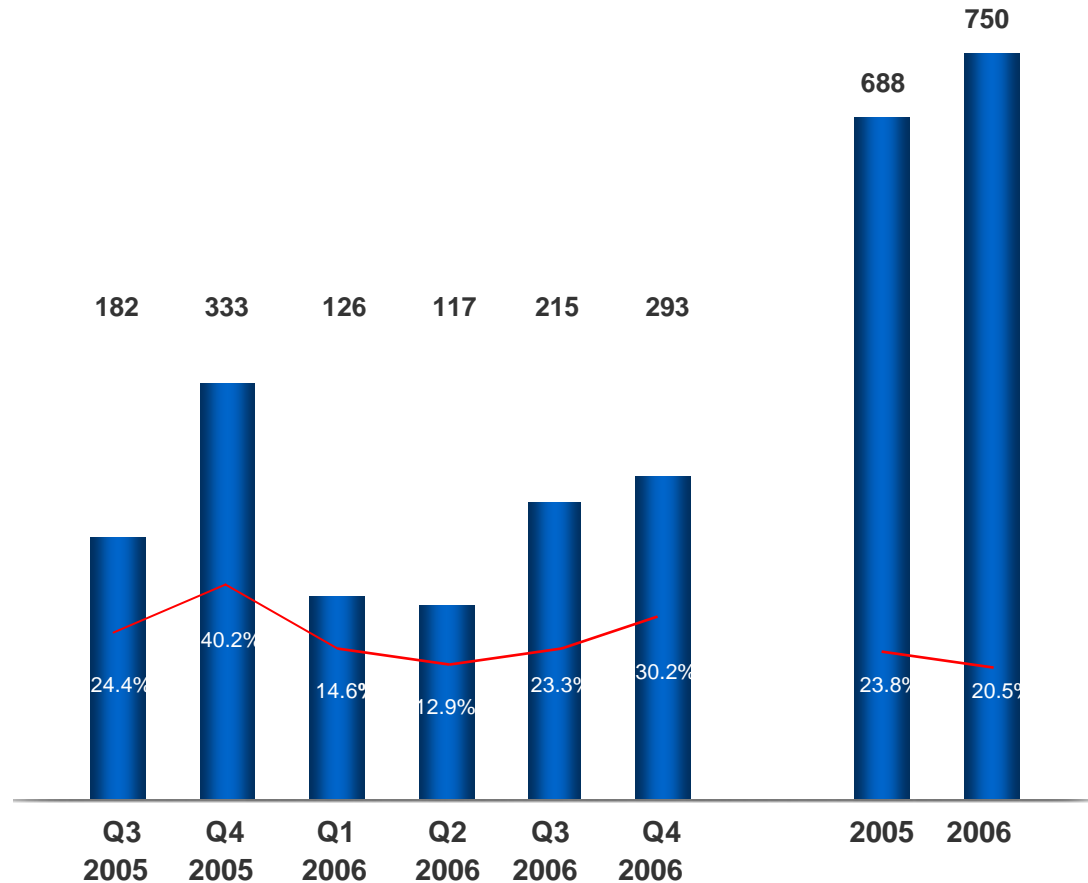
(RM mil)	Q406	2006	Q306	2005
EBITDA	475.8	1694.7	419.3	1259.3
Depreciation & Amortisation	(184.5)	(627.8)	(170.1)	(583.5)
EBIT	291.3	1066.9	249.2	675.8
Net finance income/(cost)	2.7	20.2	6.1	(14.2)
- Finance costs	(4.4)	(15.8)	(3.9)	(32.4)
- Interest income	7.1	36.0	10.0	18.2
PBT	294.0	1087.1	255.3	661.6
Taxation	(54.4)	(281.4)	(74.5)	(190.6)
PAT	239.6	805.7	180.8	471.0
EPS (sen)	31.9	107.4	24.1	62.8



# 90% population coverage

## Capex (RM mil)

- Met voice and data coverage target for 2006
- Ongoing network optimisation and quality improvement
- Further EDGE coverage expansion



— Capex/Sales (%)



# High cash balance at year end

## Free cash-flow

- Paid 2<sup>nd</sup> capital repayment RM450 mil in Oct
- Higher tax paid in Q4 vs Q3 (RM101 mil)

(RM mil)	Q406	Q306
Cash at start	1,138.8	1,103.9
Cash-flow from operations	354.1	372.5
Changes in working capital	109.2	155.6
Cash-flow used in investing activities	(282.6)	(204.3)
- Capex	(292.6)	(214.8)
Cash-flow used in financing activities	(450.0)	(288.9)
Net change in cash	(269.3)	34.9
Cash at end	869.5	1,138.8
Operational cash-flow (EBITDA – Capex)	183.2	204.5



# Underleveraged balance sheet

## Key ratios

- Higher profitability resulting in improved ROE and ROCE
- Lower cash balance due to 2<sup>nd</sup> capital repayment payout of RM450 mil

RM mil	2006	2005
Capex	750.2	687.9
Capex/Sales	20.5%	23.8%
Total borrowings	300.0	300.0
Cash & cash equivalents	869.5	1,183.0
Total assets	4,076.1	4,232.3
ROE	19.8%	11.1%
ROCE	43.8%	23.1%
Current ratio	0.7x	1.1x
Net debt/equity (x)	net cash	net cash
Net debt/EBITDA (x)	net cash	net cash
FCF per share (sen)	125.9 sen	76.2 sen
Net assets/share (RM)	RM2.34	RM3.00

# Balance sheet updates

- **Maintain dividend policy**

- minimum 50% of net earnings

- **Proposed Final dividend**

- 75% pay-out ratio
- gross 57.5 sen/share or net 42.0 sen/share
- 2.7% net yield on current share price

- **Borrowings**

- outstanding RM300m fixed rate Ringgit-denominated loan
- no immediate plans to draw down on RM700m CP/MTN
- AA2 rating reaffirmed by RAM

- **Balance sheet initiatives**

- actively assessing alternatives to optimise balance sheet



# RM1.6bn cash returns to shareholders in 2006

## Dividends YTD 2006

- <i>interim paid</i>	RM288.9 mil
- <i>proposed final</i>	RM315.0 mil

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## Capital Returns in 2006

- <i>capital repayment 1</i>	RM562.5 mil
- <i>capital repayment 2</i>	RM450.0 mil

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<b>Total Cumulative Returns to Shareholders</b>	<b>RM1,616.4 mil</b>
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# Verbal updates

- **Regulatory**
- **Governance**
- **Ownership**
- **Industry update**



# 2007 guidance

## Updated guidance

Revenue growth (%)

high single digit

EBITDA margin (%)

mid-40's

Capex

at 2006 level

PAT / EPS growth (%)

mid-teens  
*(without one-off adjustments)*





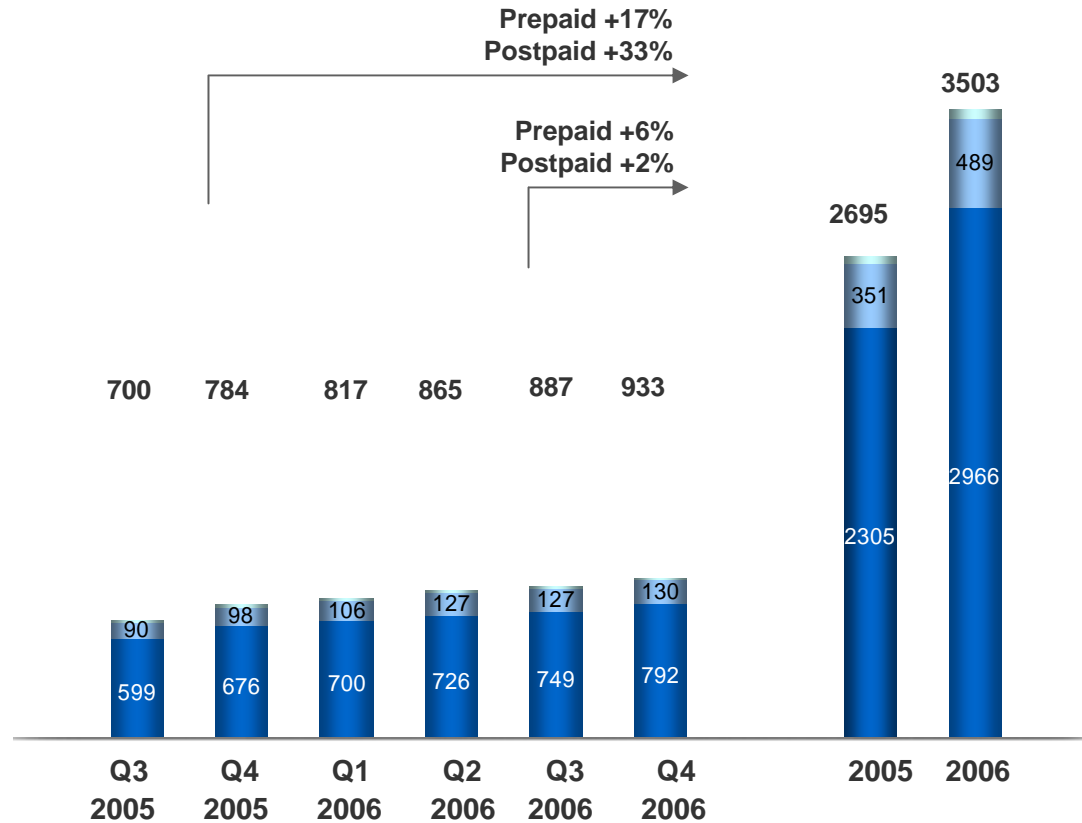
thank you

see you next quarter

# Prepaid growing; postpaid holding up

## Mobile revenues

- Prepaid growth driven by higher usage
- Postpaid boosted by higher base



■ Prepaid (RM mil)   
 ■ Postpaid (RM mil)   
 ■ Others (RM mil)



# Opex breakdown

(RM mil)	Q406	Q306	% chg
Cost of materials	21.4	20.0	-7.0
Traffic charges	182.4	175.0	-4.2
Sales & Marketing	130.7	107.8	-21.2
- Advertising & promotions	62.3	47.2	-32.0
- Commissions	68.4	60.6	-13.0
Staff Costs	42.3	48.2	+12.2
Operations & Maintenance	65.7	58.7	-11.9
Other expenses	57.0	92.4	+34.1
- USP fund and license fees	32.6	54.1	+39.7
- provision for bad & doubtful debts	5.0	5.6	+10.7
- others	19.4	32.7	+40.7
TOTAL	499.5	502.1	+0.5
EBITDA margin	49.2%	45.5%	+3.7pp



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