



# **2009 and beyond**

**Johan Dannelind, CEO**  
**Stefan Carlsson, CFO**

**Corporate Updates**  
**Macquarie – New York NDR**  
**8<sup>th</sup> – 13<sup>th</sup> Sept 2009**

**quick recap**

**all about wireless broadband**

**looking ahead**

**quick recap**



# Economic & market highlights



slight improvement in economic outlook & consumer spending



increased competition including MVNOs



margin & tariff pressure on voice & data



industry revenue driven by BB & small screen

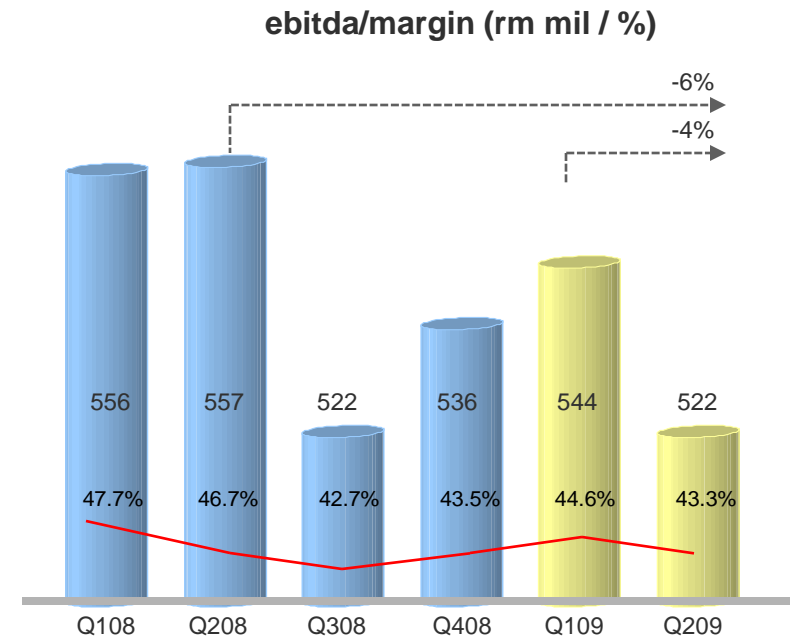
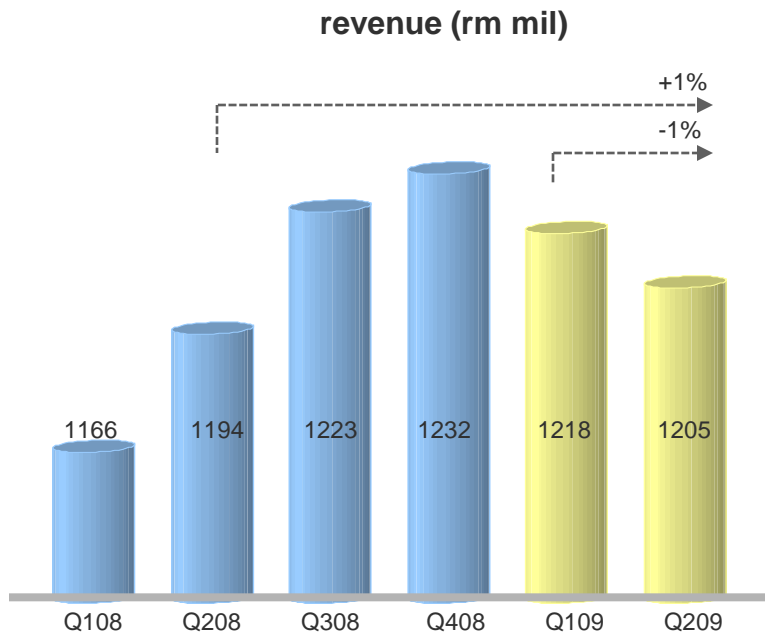
# DiGi Q2 highlights



- slower subscribers growth
- impact from lower spend by low income segments across customer base
- DiGi “*broadband done right*” launched; positive market response
- strong youth focus; music & lifestyle promotions
- cost efficiency program showing positive effects



# Revenue pressured by lower spend

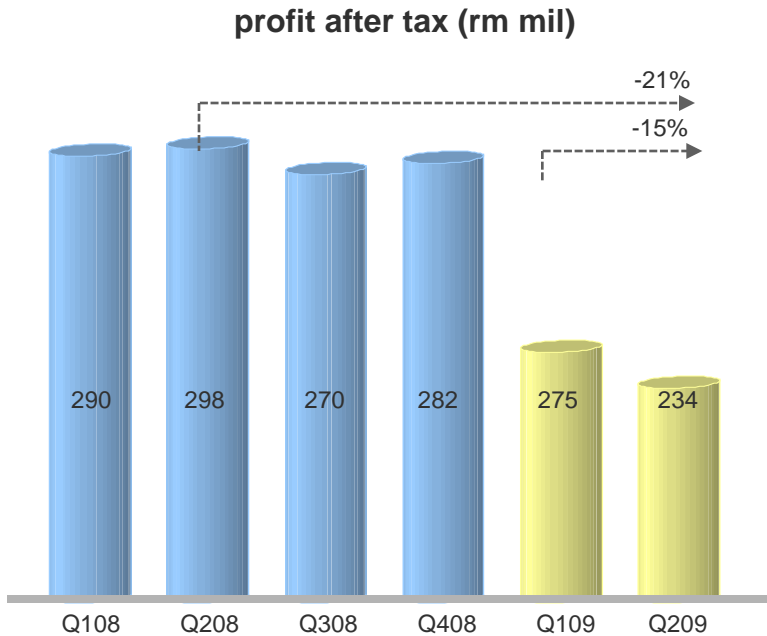


- mainly pressured by lower spend by low income segments
- broadband revenue still small; larger contribution in 2010

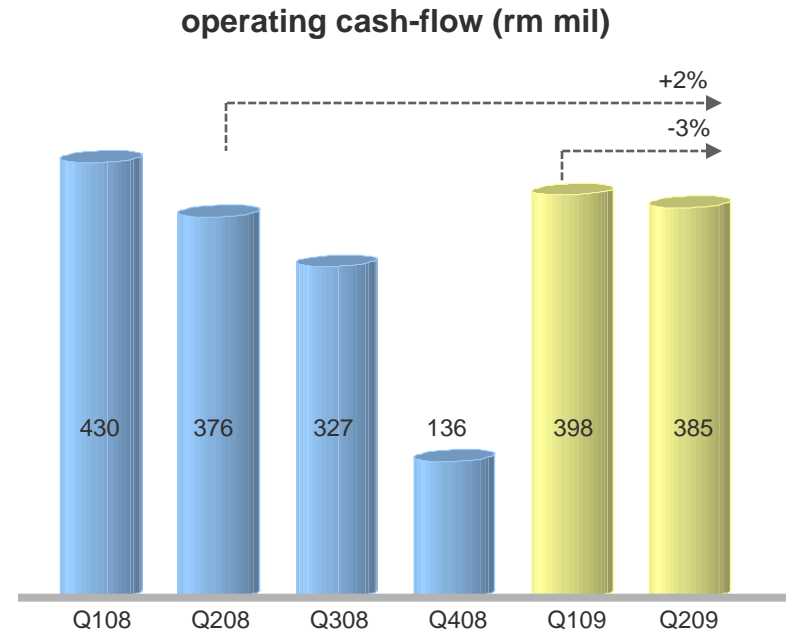
- lower margin due to higher leased lines costs & doubtful debts as well as network expansion costs
- Y-o-Y, lower margin due to higher traffic & network expansion costs



# Strong operating cash-flow



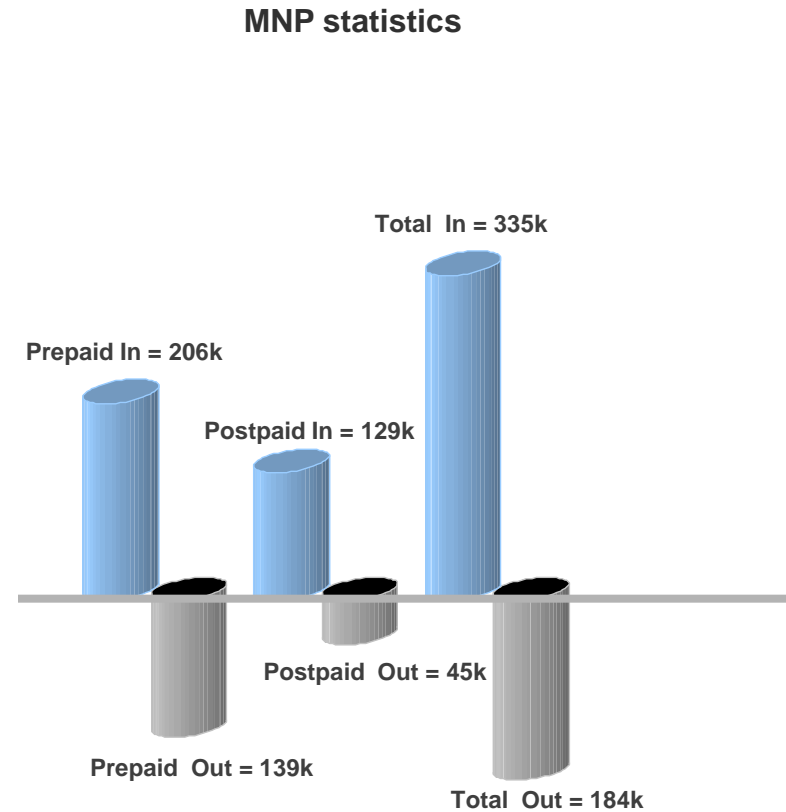
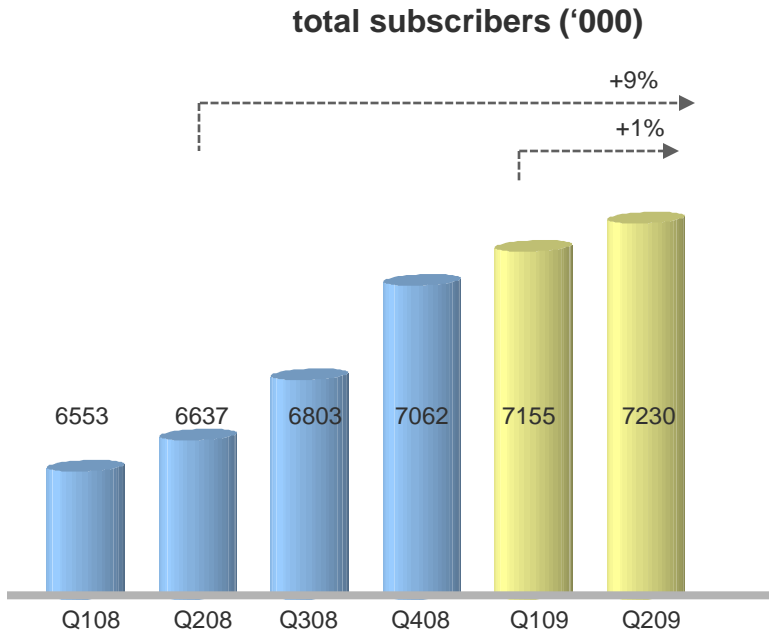
- lower PAT in Q2 from 3G spectrum amortisation & accelerated depreciation



- capex prioritised & managed towards greater efficiency including 3G/mobile broadband
- will deliver sustainable operating CF & execute on capital management roadmap



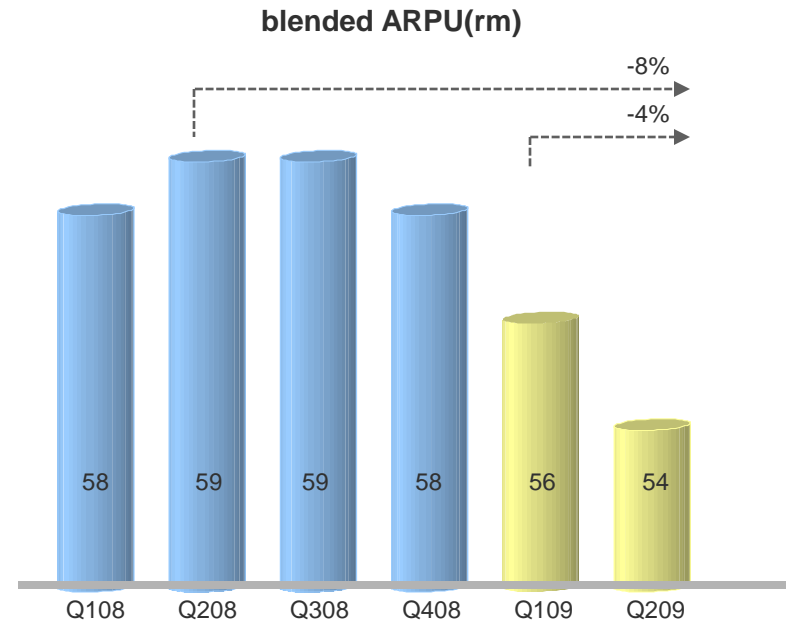
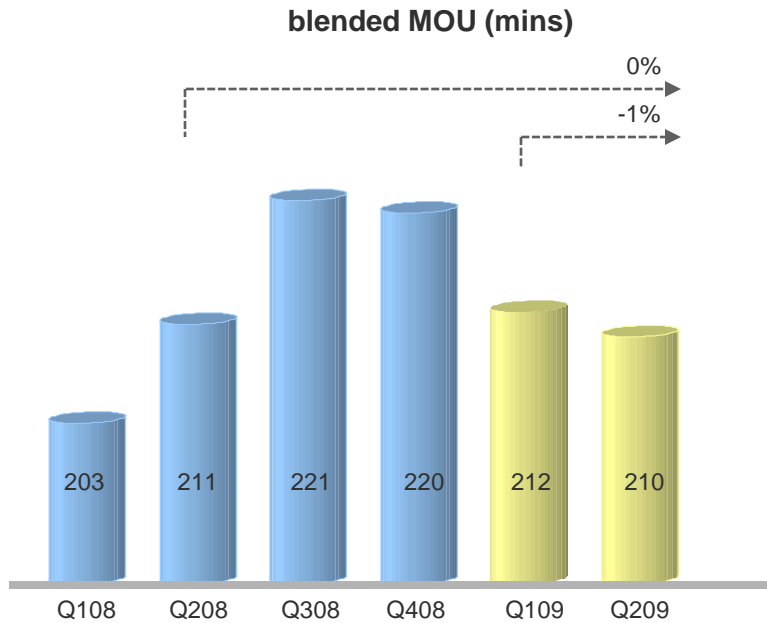
# Moderate subscriber growth; MNP net gainer



- slight rebound in prepaid acquisition
- postpaid involuntary churn still high



# ARPU & usage affected by slowdown



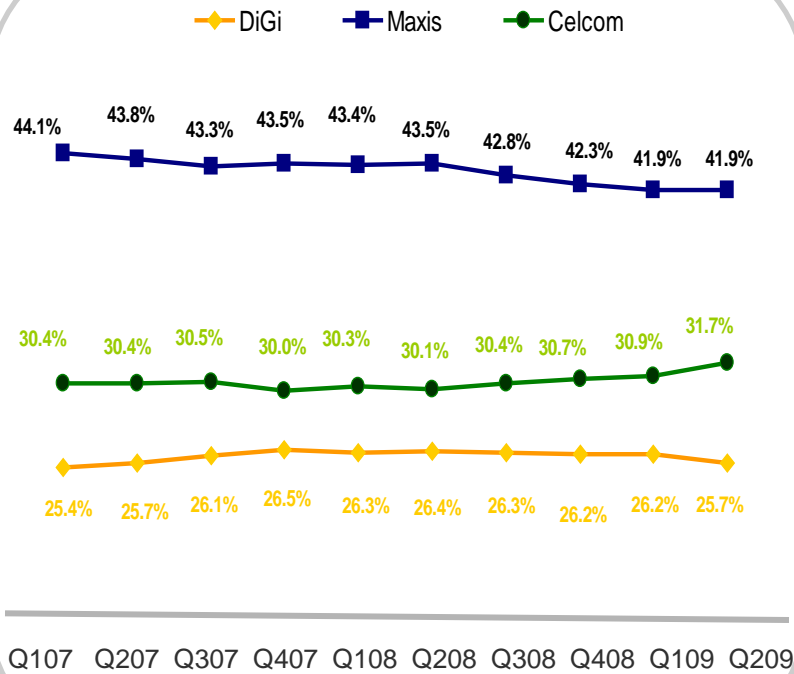
- declined in prepaid MOU & ARPU on lower usage by low end segments
- slight increased in postpaid MOU; declined in ARPU due to price pressure

- average revenue per minute (ARPM) relatively stable

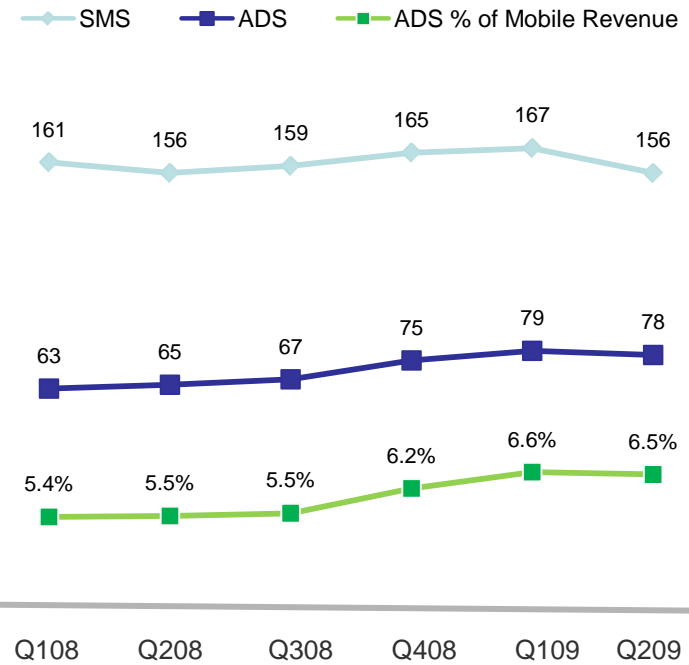


# Mobile revenue market share & data trend

mobile revenue market share\*



data revenue (rm mil)



- DiGi's internal estimate based on total subscriber data published by MCMC
- without broadband



# Slow organic growth but still opportunities...

2 months FREE trial

Windows Live Messenger  
Now on DiGi

Whatever the topic  
Pass it on anytime, anywhere.

Available SMS MSN in 2016

DiGi  
Always the smarter choice

- not everyone has a handset/SIM
- segmentation/CRM upsides
- mass/enterprise postpaid important growth driver
- data usage still relatively low
- low broadband penetration



**all about wireless broadband**



# BB penetration is picking up ...

- government targets 50% BB penetration by end 2010
  - *current penetration estimated at 22%*
- all players aggressively pushing mobile broadband
  - *mobile BB expected to surpass fixed by 2013*
- WiMAX gaining ground and acceptance among customers
- TM continues with HSBB roll-out
  - *limiting access to wholesale services*
  - *targeting residential service launch end year*

**better speed for less**  
**BROADBAND DONE RIGHT**

Now in Klang Valley!  
Visit us at One Utama Highstreet  
Ground Floor  
19-22 March

For as little as RM2 a day, you get consistent speed with our advanced High Speed Packet Access (HSPA) network and generous usage volume. So you'll keep on smiling. Just some of the things that make our broadband a little nicer.

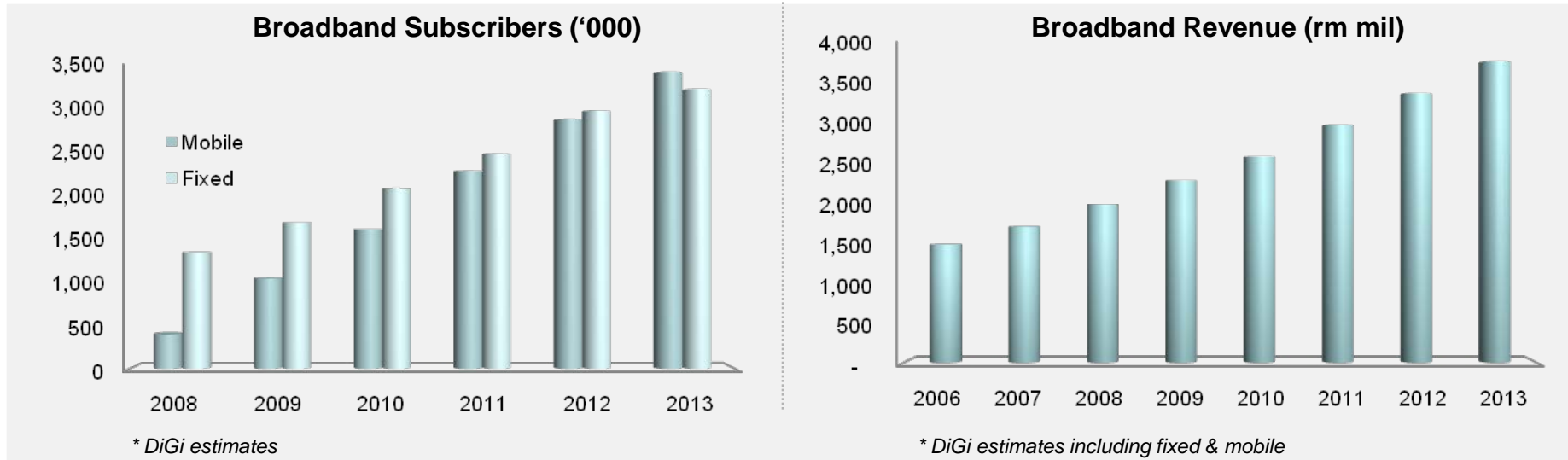
Plan	Monthly Fee	Usage Volume	Average Speed
DISCOVER	RM24	3 GB Additional charge of RM5.75 for 1 GB, then capped at RM5.75	Capped 100 kbps Unlimited 200 kbps
EXPLORE	RM100	10 GB Additional charge of RM5.00 for 1 GB, then capped at RM5.00	Capped 700 kbps Unlimited 300 kbps
EXTREME	RM108	20 GB Then capped at RM7.00	Capped 2 Mbps Unlimited 1 Mbps

Terms and conditions apply.  
Enquiries: 016 299 3333 / 1 800 68 3333 or digi.com.my/broadband

DiGi  
Always the smarter choice



# Mobile subscriptions to surpass fixed in 2013



- ~631k mobile wireless & 1.4 mil fixed subscriptions as at end Q209
- Q109-Q209, wireless subscriptions grew 33% vs 3% growth for fixed
- current wireless broadband revenue est. >RM0.5bil; RM3bil to RM4bil in 4 to 5 years
- growth drivers: *handsets & PC ownerships, government incentives, fixed to mobile substitution, social networking, entertainment, etc*



# BB market crowded but ...

... there is room for a serious long term mobile broadband player



# DiGi's BB proposition addresses market gaps ...

## AFFORDABLE

- start at <RM2 per day
- free modem (installment charged to bill)
- easy payment scheme for devices/hardware

## ALWAYS RIGHT SPEED & RIGHT QUALITY

- stable connection – ZERO disconnection
- shout 700kbps but deliver 1 Mbps
- online coverage check to ensure service availability

## EASY & HASSLE-FREE

- plug & play – setup within 3 minutes
- wireless – no phone lines required; full mobility
- 1-hr service activation
- My Account – online billing & payment

## ALWAYS MORE

- personalized webpage “www.my internet.com.my” & more portals...
- modem upgrade (EDGE to 3G/HSDPA)
- extended warranty
- VAS – customized email & antivirus



[digi.com.my/broadband](http://digi.com.my/broadband)

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# First phase 3G/BB well received

## Network roll-out

- ~450 3G sites on-air; ~800 sites on-air by end year
- 3 market areas launched; 2 others in the pipeline

## Large Screen

- 11k customers now; target 30k by end year
- expected to reach 130k customers by end 2010
- next phase to focus on low-end customers

## Small Screen

- total customer base with 3G handsets at 14%
- 3G voice and small screen to be turned on in Q3/Q4
- bigger revenue driver than BB



# 3G voice/small screen on the way ...

- provide improved user experience for mobile internet and Value Added Services
  - *DiGi Music Club; Blackberry & social communities, etc*
- 3G voice/small screen revenue expected to surpass broadband revenue in 2010
- 3G small screen activities to stimulate increase in non-voice revenue from 21% - 25% of mobile revenue

An advertisement for DiGi Music Club. It features a man in a blue t-shirt and headphones, shouting with his arms raised, surrounded by a large crowd of people. The text reads: "Unlimited Music", "To subscribe, SMS ON MUSIC to 2000", "RM5/month", "FREE 30 DAYS TRIAL\*", and "Discover it at DiGiMusic.com.my".

**Unlimited Music**

To subscribe, SMS **ON MUSIC** to 2000

**RM5**/month

FREE 30 DAYS TRIAL\*

Discover it at **DiGiMusic.com.my**



**looking ahead**



# Near term financial outlook

**POSTPAID  
+ PREPAID  
TOGETHER IN  
DG FAMILY™**

**DG Family™ Plan now includes prepaid supplementary lines.**  
With unlimited FREE calls, SMS and MMS.

Now everyone will always stay in touch. Even with your mother-in-law. So sorry.

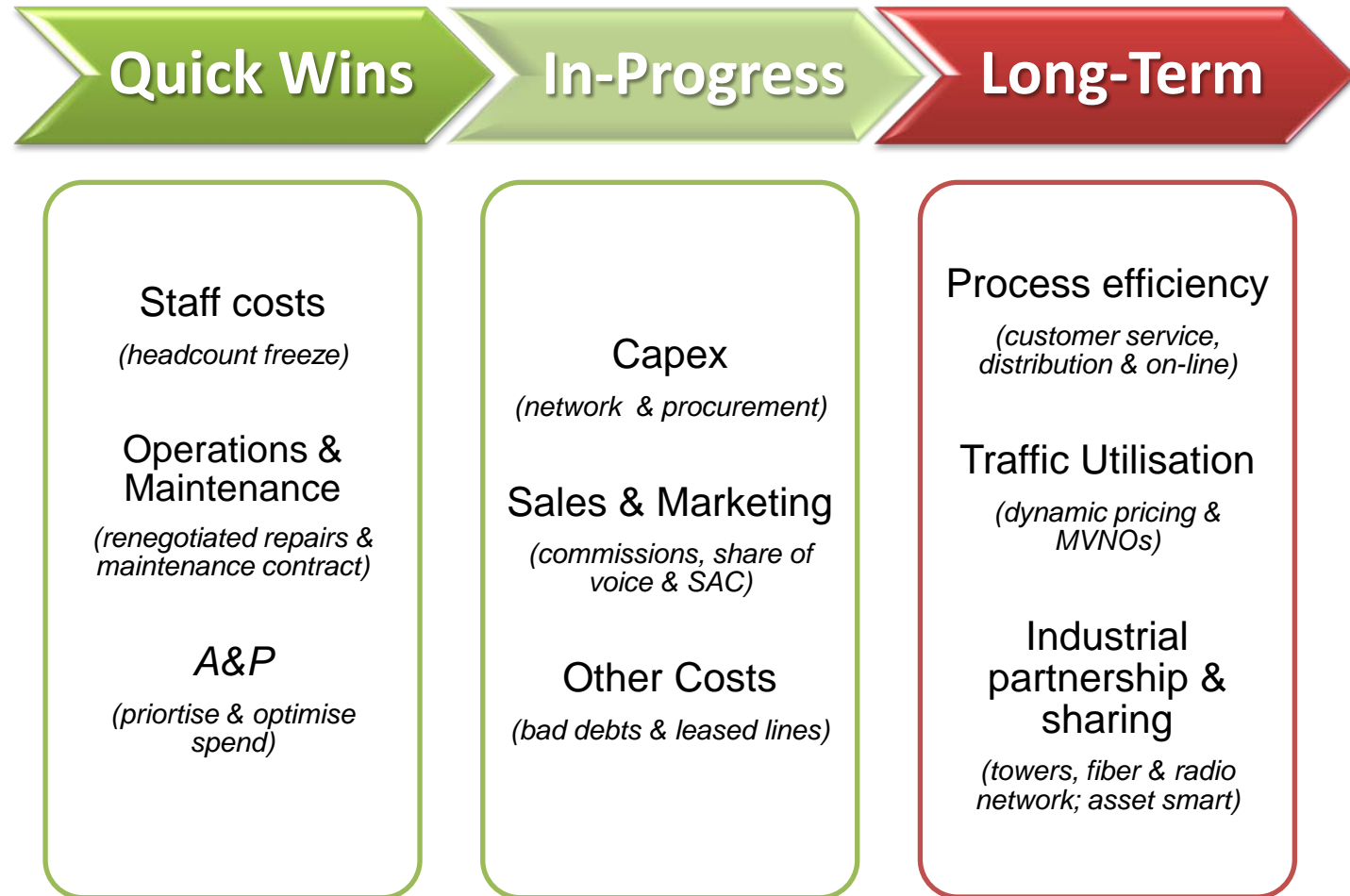
**DiGi**  
Always the smarter choice.

Switch to DiGi and keep your existing number. It's easy!  
Just call 016 221 1800 or visit digi.com.my

- competitive revenue & margin pressure; revenue expected to regain momentum with improving macro economy & BB/ADS growth
- uplift from cost efficiencies
- capex lower than '08; ~ RM700mil for 2009
- absolute operating CF equal or higher than '08 level



# Cost efficiencies – some updates



# What's next

DiGi Prepaid™  
**HIT RM1 ON ANY DAY.**  
 Just use RM1 of SMS on any day  
 and enjoy lower rates all day.

**12 sen** min  
(for all domestic calls)

**1 sen** sms  
(to all DiGi numbers)

Terms and conditions apply.  
 Switch to DiGi and keep your existing number. It's easy!  
 Just call 016 221 1800 or visit digi.com.my

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- low broadband penetration; large growth upside
- small screen broadband will be bigger revenue driver
- opportunities in certain postpaid & prepaid segments
- on track to deliver cost efficiencies medium to long term; solid & sustainable operating CF; executing on capital management roadmap



# Excellent shareholders returns

## Comparative Returns

## Dividend (net sen/share)

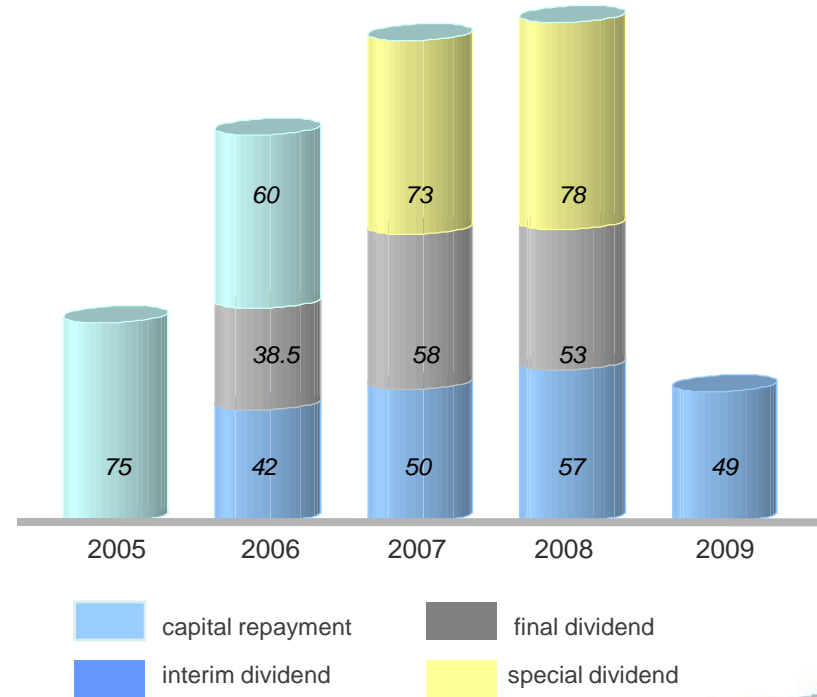
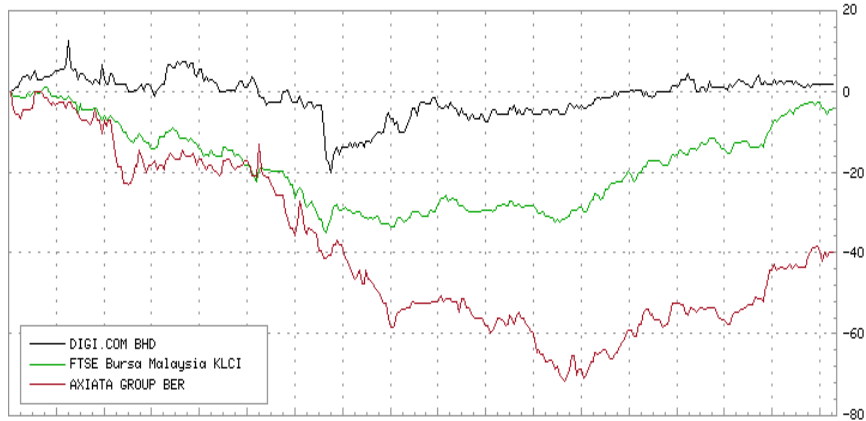
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Range 4/28/08 - 8/24/09 Period  Daily 483 Day Period

Securities	Crcncy	Prc Appr	Total Ret	Difference	Annual Eq
1 DIGI MK Equity	MYR	-8.71 %	1.65 %	5.67 %	1.25 %
2 FBMKLCI Index	MYR	-9.51 %	-4.02 %		-3.05 %
3 AXIATA MK Equity	MYR	-39.90 %	-39.90 %	-35.89 %	-31.94 %

(\* = No dividends or coupons)

cumulative net payout RM4.8bn to-date



# Sustaining shareholder value – what's next



- current borrowings post Q209: Fixed rate term loans = RM575mil; MTN = RM300mil
- gross-debt-equity ratio Q209 (proforma) = 0.44x versus net cash end'07
- net debt-equity ratio Q209 (proforma) = 0.28x versus net cash end'07
- \*proforma includes MTN proceeds & interim dividend payment of RM381mil

## capital repayment

- ✓ *par value reduced to 10 sen/share*

## dividends (incl. special div)

- ✓ *set dividend policy; committed to return excess cash*

## optimise balance sheet

- 2010 timeline; current borrowings RM871.5mil\**

# Long-term shareholder value

SPECIAL FOCUS

AUGUST 24, 2009

## KPMG/THE EDGE SHAREHOLDER VALUE AWARDS 2008 — THE TOP 100

RANK	COMPANY NAME	BOARD	PRINCIPAL ACTIVITIES	SEGMENT	ECONOMIC PROFIT/ INVESTED CAPITAL (%)	ECONOMIC PROFIT (RM 000)	SVA 2007 RANK
1	British American Tobacco Bhd	Main	Manufacturing, import and sale of cigarettes, pipe tobaccos and cigars	Consumer Markets	68.03	763,484	1
2	DiGi.Com Bhd	Main	Establishment, maintenance and provision of telecommunications and related services	ICT	42.31	1,036,433	2
3	Amway (Malaysia) Holdings Bhd	Main	Distribution of consumer products principally under the "Amway" trademark	Consumer Markets	41.68	92,800	—
4	Berjaya Sports Toto Bhd	Main	Operation of lottery systems and property development	Leisure	40.95	331,472	15
5	Nestlé (Malaysia) Bhd	Main	Manufacturing, marketing and sale of food products	Consumer Markets	31.42	320,479	7
6	Hai-O Enterprise Bhd	Main	Wholesaling and retailing of Chinese and Western wines, herbs and medicine	Consumer Markets	31.20	41,666	55
7	Jobstreet Corp Bhd	Main	Provision of online recruitment and human resource management services	ICT	30.09	29,874	4
8	Uchi Technologies Bhd	Main	Research & development, manufacturing of electrical components and controlled modules	ICT	28.63	49,750	3
9	KNM Group Bhd	Main	Designing, manufacturing, assembling and commissioning of process equipment for the oil, gas and petrochemical industries	Industrial Markets	28.33	651,885	21
10	Guinness Anchor Bhd	Main	Manufacturing and trading of beverages	Consumer Markets	24.20	103,212	18
11	ETI Tech Corp Bhd	Mesdaq	Research & development, design and marketing of battery management systems for rechargeable energy storage solutions	ICT	23.87	16,549	5
12	TH Plantations Bhd	Main	Cultivation of oil palm, processing of fresh fruit bunches and marketing of crude palm oil, palm kernel and fresh fruit bunches	Agriculture & Fisheries	23.69	130,597	9
13	LPI Capital Bhd	Main	Non-life insurance and financing of lease	Financial Services	23.19	85,071	33
14	Dutch Lady Milk Industries Bhd	Main	Manufacturing of sweetened condensed milk, milk powder, dairy products and fruit juice drinks	Consumer Markets	22.84	35,309	8
15	Rexit Bhd	Mesdaq	Provision of web-based insurance solutions and services	ICT	21.30	7,777	16
16	Padini Holdings Bhd	Main	Garment retail	Consumer Markets	19.71	34,347	30
17	Excel Force MSC Bhd	Mesdaq	Development, provision and maintenance of computer software application services	ICT	19.32	4,253	10
18	Wellcall Holdings Bhd	Main	Manufacturing and sale of rubber hose & related products	Industrial Markets	18.33	12,998	—
19	Allianz Malaysia Bhd	Main	Underwriting life and general insurance	Financial Services	17.99	62,328	—
20	Techindex Bhd	Mesdaq	Provision of information technology products and human resource software solutions	ICT	17.64	6,769	13

THE WALL STREET JOURNAL.

ASIA'S 200 MOST-ADMIRED COMPANIES

Malaysia's top 10

Ranked by average score

- 1 **Public Bank**  
Net profit expanded 22% in 2008
- 2 **Nestlé (Malaysia)**  
A food, beverage unit of Nestlé
- 3 **DiGi**  
Third-biggest mobile-phone firm
- 4 **Genting**  
Gambling and tourism company
- 5 **UMW**  
Looks to grow oil and gas business
- 6 **YTL Corp.**  
Infrastructure, property giant
- 7 **Sime Darby**  
Expects to meet annual profit goal
- 8 **Maybank**  
Largest lender by assets
- 9 **Resorts World**  
Gambling and hospitality firm
- 10 **Hong Leong Bank**  
Has expanded domestic lending

Category kings | Malaysia's most-admired companies by attribute

LONG-TERM VISION

- 1 Public Bank
- 2 Genting
- 3 DiGi
- 4 YTL Corp.
- 5 Sime Darby

QUALITY

- 1 Nestlé (Malaysia)
- 2 Public Bank
- 3 UMW
- 4 Malaysia Airlines
- 5 DiGi

CORPORATE REPUTATION

- 1 Nestlé (Malaysia)
- 2 Public Bank
- 3 Sime Darby
- 4 YTL Corp.
- 5 UMW

FINANCIAL REPUTATION

- 1 Public Bank
- 2 Hong Leong Financial Group
- 3 Maybank
- 4 Genting
- 5 Hong Leong Bank

INNOVATION

- 1 DiGi
- 2 Nestlé (Malaysia)
- 3 Public Bank
- 4 ASTRO
- 5 UMW

# Disclaimer

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**thank you**  
**terima kasih**

## **statistics from SKMM**



**Petunjuk-petunjuk asas Malaysia**  
Malaysia basic indicators

Tahun	Suku	Penduduk (juta)	Isirumah ('000)	KDNK (RM)		Indeks Harga Pengguna (IHP)
				Harga semasa (bilion)	Harga malar 2000 (bilion)	
2003		25.32	5,504	418.769	339.414	95.7
2004		25.86	5,622	474.048	426.508	97.1
2005		27.45	5,967	519.451	447.392	100.0
2006		26.91	5,850	572.550	474.392	103.6
2007	1	27.04	5,878	144.415	120.060	105.0
	2	27.13	5,898	153.937	123.661	105.1
	3	27.31	5,937	166.306	130.070	105.4
	4	27.45	5,967	176.709	131.162	105.7
2008	1	27.59	5,998	175.374	129.177	107.8
	2	27.73	6,028	189.352	132.155	109.0
	3	27.87	6,059	198.653	136.211	110.9
	4	28.02	6,091	177.342	131.261	111.8
2009	1	28.16	6,122	-	-	111.8
	2	28.31	6,153	-	-	111.8
Year	Quarter	Population (millions)	Households ('000)	Current prices (billions)	Constant prices 2000 (billions)	Consumer Price Index (CPI)

Punca/Sources: JPM, BNM/ DOS, BNM

Nota penjelasan/Explanatory Notes:

1. Tahun asas Harga malar adalah 2000. Base year for constant prices is 2000.
2. Tahun asas IHP adalah 2005. Base year for CPI is 2005.
3. IHP bagi sesuatu suku tahun merujuk kepada indeks purata dari 1hb Januari hingga hujung suku tahun tersebut. The CPI reported against a quarter, refers to the average index for the period spanning 1st January to the end of that quarter.

**Kadar penembusan sepintas lalu**  
Penetration rates at a glance

Tahun	Suku	Talian Ibusawat Terus (per 100 isi rumah)	*1,*2	*3
			Jalur lebar (per 100 isi rumah)	Telefon selular (per 100 penduduk)
2000		66.4	-	21.8
2001		65.1	-	30.8
2002		62.3	-	36.9
2003		58.0	-	43.9
2004		52.3	-	56.5
2005		49.5	-	74.1
2006		48.3	10.9	72.3
2007		47.8	15.2	85.1
2008	1	46.6	16.4	87.9
	2	45.9	18.0	90.5
	3	45.4	19.2	93.9
	4	44.9	21.1	98.9
2009	1	44.7	22.9	100.1
	2	44.5	24.8	100.8
<b>UNJURAN/FORECAST</b>				
2009	3	44.0		102.4
	4	43.6		104.2
Year	Quarter	DEL Direct Exchange Lines (per 100 households)	Broadband (per 100 households) *1,*2	Cellular phone (per 100 inhabitants) *3

\*Nota penjelasan/Explanatory notes:

1. Dipinda untuk mengambilkira perkhidmatan tanpa wayar ke isirumah dan penggunaan mobile broadband. Revised to take into account wireless access including mobile broadband in households.
2. Kajian Jalur Lebar Tanpa Wayar SKMM, 2009 yang dijalankan oleh SKMM menunjukkan sebanyak 39.4% daripada jumlah langganan mobile broadband adalah khusus untuk kegunaan dirumah. The SKMM Wireless Broadband Survey 2009, found that as much as 39.4% of all mobile broadband subscriptions are used for access in households.
3. Kadar penembusan telefon selular dijangkakan melebihi 100.0% pada suku tahun kedua 2009. Kadar penembusan telefon selular dikira sebagai jumlah langganan dan dibahagi jumlah penduduk dan didarabkan dengan 100. Penembusan yang melebihi 100.0% boleh berpunca daripada pelanggan yang melanggan melebihi daripada satu langganan. The penetration rate for cellular phone is expected to exceed 100.0% in the second quarter 2009. The penetration rate refers to the total subscriptions divided by the total population and multiplied by 100. A penetration rate over 100% can occur because of multiple subscriptions.



## Talian Ibusawat Terus

DEL (Direct Exchange Line) Connections

Tahun	Suku	KEDIAMAN		PERNIAGAAN	
		Bilangan Langganan ('000)	Kadar Penembusan (per 100 isi rumah)	Bilangan langganan perniagaan ('000)	Jumlah langganan ('000)
2000		3,392	66.4	1,236	4,628
2001		3,400	65.1	1,310	4,710
2002		3,323	62.3	1,347	4,670
2003		3,194	58.0	1,378	4,572
2004		2,938	52.3	1,508	4,446
2005		2,839	49.5	1,527	4,366
2006		2,831	48.3	1,511	4,342
2007		2,851	47.8	1,499	4,350
2008	1	2,793	46.6	1,557	4,350
	2	2,762	45.8	1,544	4,306
	3	2,751	45.4	1,551	4,302
	4	2,734	44.9	1,558	4,292
2009	1	2,734	44.7	1,563	4,297
	2	2,741	44.5	1,570	4,311
2009	3	-	44.0	-	-
	4	-	43.6	-	-
Unjuran/Forecast					
2009	3	-	44.0	-	-
	4	-	43.6	-	-
Year	Quarter	Number of subscriptions ('000)	Penetration rate (per 100 households)	Number of business subscriptions ('000)	Total subscriptions ('000)
		RESIDENTIAL		BUSINESS	

## Telefon Selular di Malaysia

Cellular Phones in Malaysia

Tahun	Suku	Pasca bayar ('000)	Pra bayar ('000)	Jumlah langganan ('000)	Kadar Penembusan (%)
2000		2,599	2,523	5,122	21.8
2001		3,069	4,316	7,385	30.8
2002		2,961	6,092	9,053	36.9
2003		2,566	8,558	11,124	43.9
2004		2,555	12,057	14,611	56.5
2005		2,925	16,620	19,545	74.1
2006		3,368	16,096	19,464	72.3
2007		3,905	19,442	23,347	85.1
2008	1	4,137	20,116	24,253	87.9
	2	4,451	20,635	25,086	90.5
	3	4,926	21,236	26,162	93.9
	4	5,544	22,169	27,713	98.9
2009	1	5,859	22,335	28,194	100.1
	2	6,086	22,459	28,545	100.8
Unjuran/Forecast					
2009	3	-	-	-	102.4
	4	-	-	-	104.2
Year	Quarter	Postpaid ('000)	Prepaid ('000)	Total subscriptions ('000)	Penetration Rate (%)

Nota Penjelasan/Explanatory Notes:

Kadar penembusan telefon selular dijangkakan melebihi 100.0 % pada suku tahun pertama 2009. Kadar penembusan telefon selular dikira sebagai jumlah langganan dan dibahagi jumlah penduduk dan didarabkan dengan 100. Penembusan yang melebihi 100.0% boleh berpunca daripada pelanggan yang melanggan melebihi daripada satu langganan.

The penetration rate for cellular phone is expected to exceed 100.0% in the first quarter 2009. The penetration rate refers to the total subscriptions divided by the total population and multiplied by 100. A penetration rate over 100% can occur because of multiple subscriptions.

## Bilangan langganan jalur lebar mengikut teknologi

Number of broadband subscriptions by technology

Tahun	Suku	TETAP ('000)				TANPA WAYAR ('000)	
		ADSL	SDSL	Satelit	Lain-Lain	Mobile	Lain-lain
2007	1	784.3	5.2	1.9	-	11.4	9.0
	2	859.5	5.5	2.0	-	13.1	9.3
	3	932.2	6.1	2.0	-	26.3	9.2
	4	1,002.4	6.5	2.0	-	96.3	8.4
2008	1	1,070.8	6.8	2.1	-	140.5	9.1
	2	1,162.5	7.4	2.1	-	185.6	17.6
	3	1,234.1	7.8	2.9	5.9	215.1	18.7
	4	1,284.8	7.9	4.9	4.0	386.2	26.3
2009	1	1,337.7	8.2	5.1	5.6	474.9	61.2
	2	1,378.3	8.3	5.1	6.0	631.3	86.9
Year	Quarter	ADSL	SDSL	Satellite	Others	Mobile	Others
		FIXED ('000)				Wireless ('000)	