

Quarter 3 2005

Results for DiGi.com
Analyst presentation

October 26th

Morten Lundal, CEO

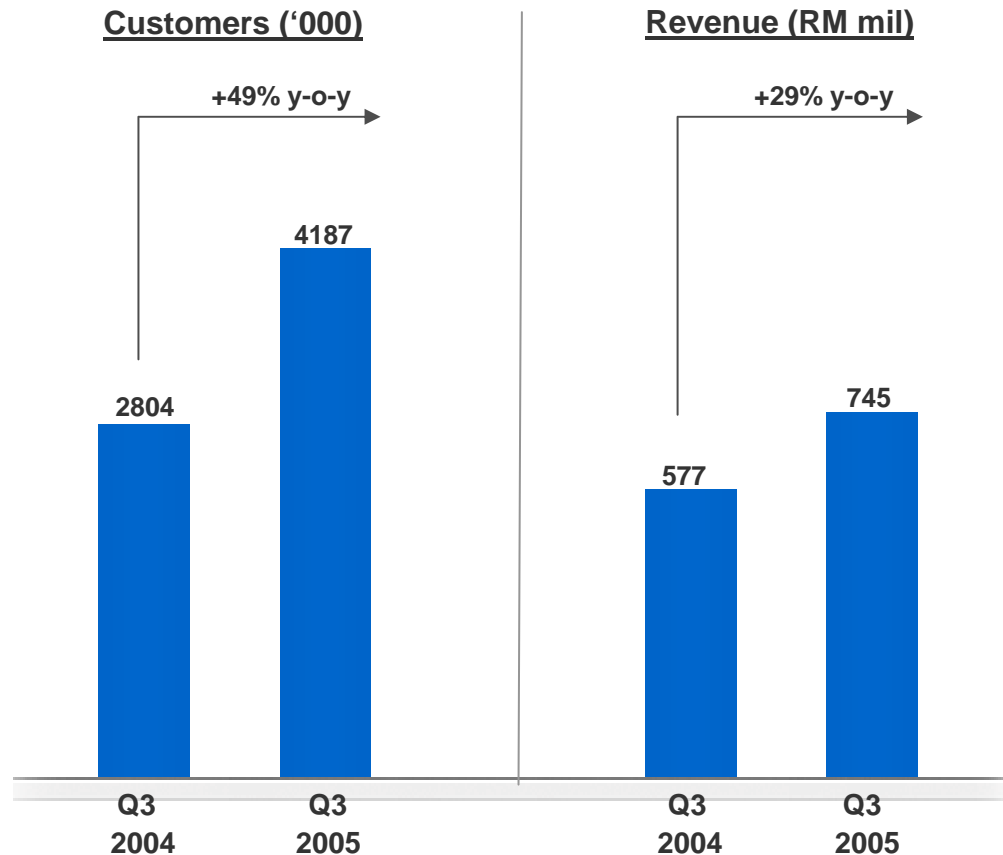
Johan Dannelind, CFO

Q3 Highlights

- **High subscriber growth**
- **Strong revenue growth**
- **Solid profitability**
- **Announcing capital management initiatives**

Strong customer and revenue growth

- High additions in pre- and postpaid
- Promotions and general brand drive customer acquisition
- Higher usage and customer uptake drive revenue



Solid growth in all financial numbers

	Q305	Q-on-Q vs Q205		Y-o-Y vs Q304	
Customer base	4.19 mil	+ 11%	(3.77mil)	+49%	(2.80 mil)
Revenue	RM745 mil	+9%	(RM686 mil)	+ 29%	(RM577 mil)
EBITDA	RM327 mil	+10%	(RM297 mil)	+31%	(RM250 mil)
EBITDA margin	43.9 %	+0.7pp	43.2%	+0.6pp	43.3%
PAT	RM143 mil	+26%	(RM113 mil)	+73%	(RM83 mil)
EPS	19.1 sen		15.1 sen		11.0 sen

Key updates

- **3G**

- committed to broadband wireless
- intend to bid for 3G spectrum
- strong focus on advanced services and local content

- **Prepaid Registration**

- ongoing trial
- positioned for nationwide implementation
- no major impact on long term revenue development is expected

- **Number Portability**

- framework under discussion
- implementation aims for 2006
- well positioned for change

- **Access Pricing**

- termination rates under review
- too early to comment

Capital management initiatives

- **Background**
 - lack of tax credits to pay dividends
 - build up of cash
 - under leveraged balance sheet
- **Starting in 2006**
 - 75 sen capital repayment next year
 - dividend policy; payout of minimum 50% of net earnings
- **Seeking more efficient capital structure**
 - investing significantly for medium and long term growth
 - seeking to optimise balance sheet over time
 - returning excess cash
- **Supported by PDS**
 - proposed (up to) RM700m CP and MTN
 - alternative financing when and if needed

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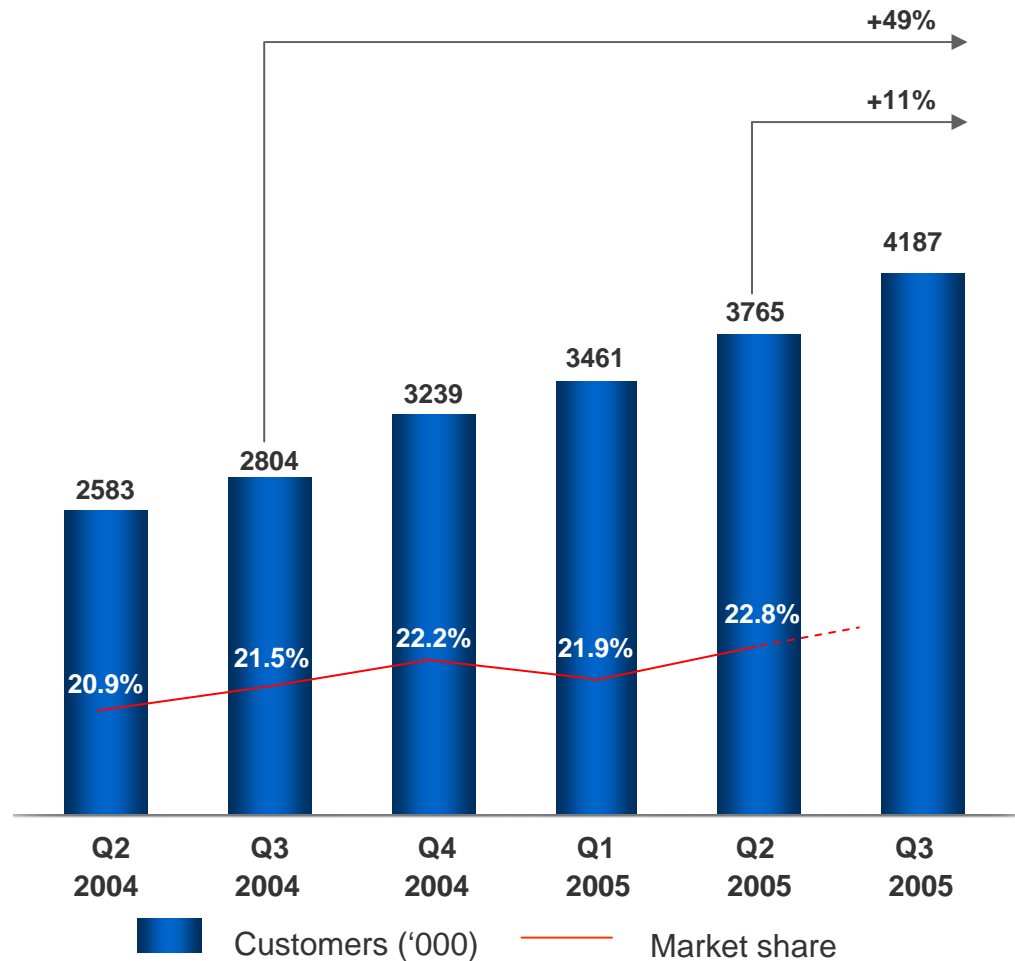
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Passing 4 million customers milestone

Customers

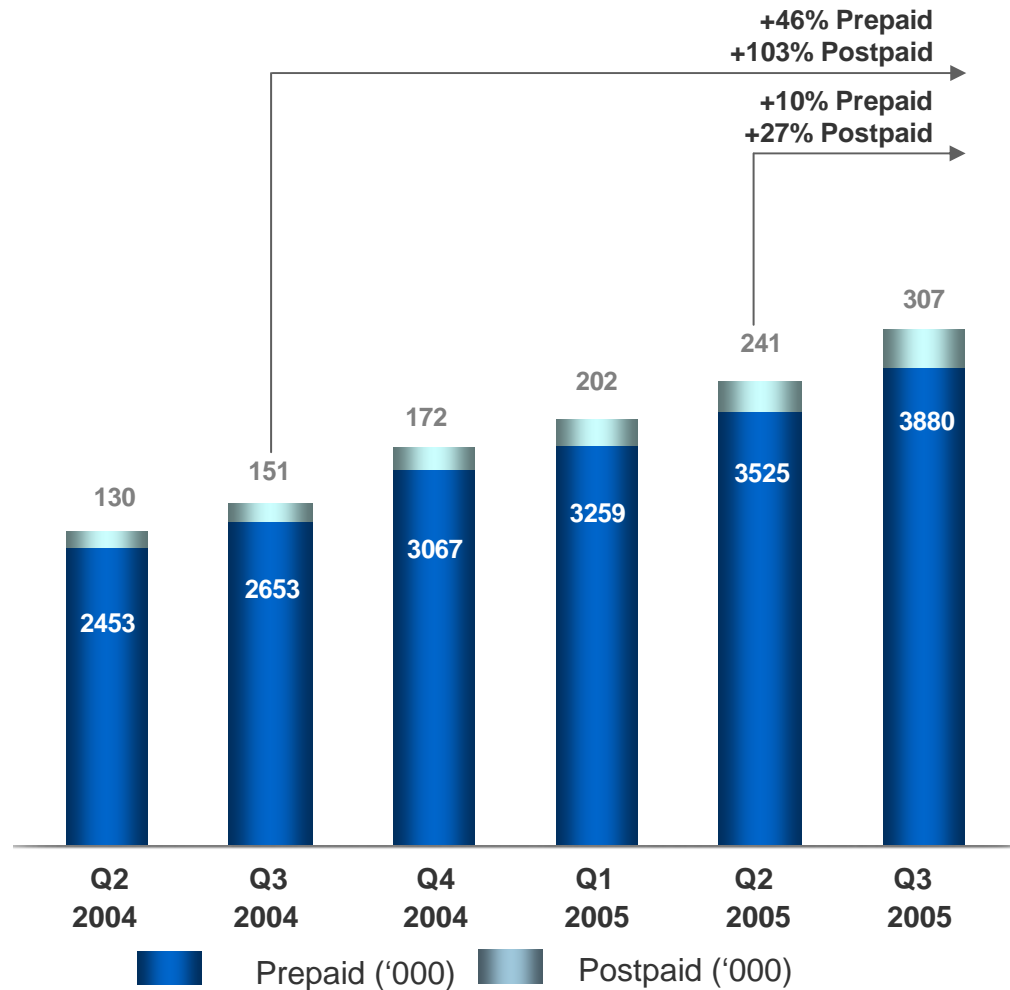
- High pace of acquisition
- Net adds higher than Q2
- Promotions and brand strength drivers



Solid growth in both prepaid and postpaid

Customers

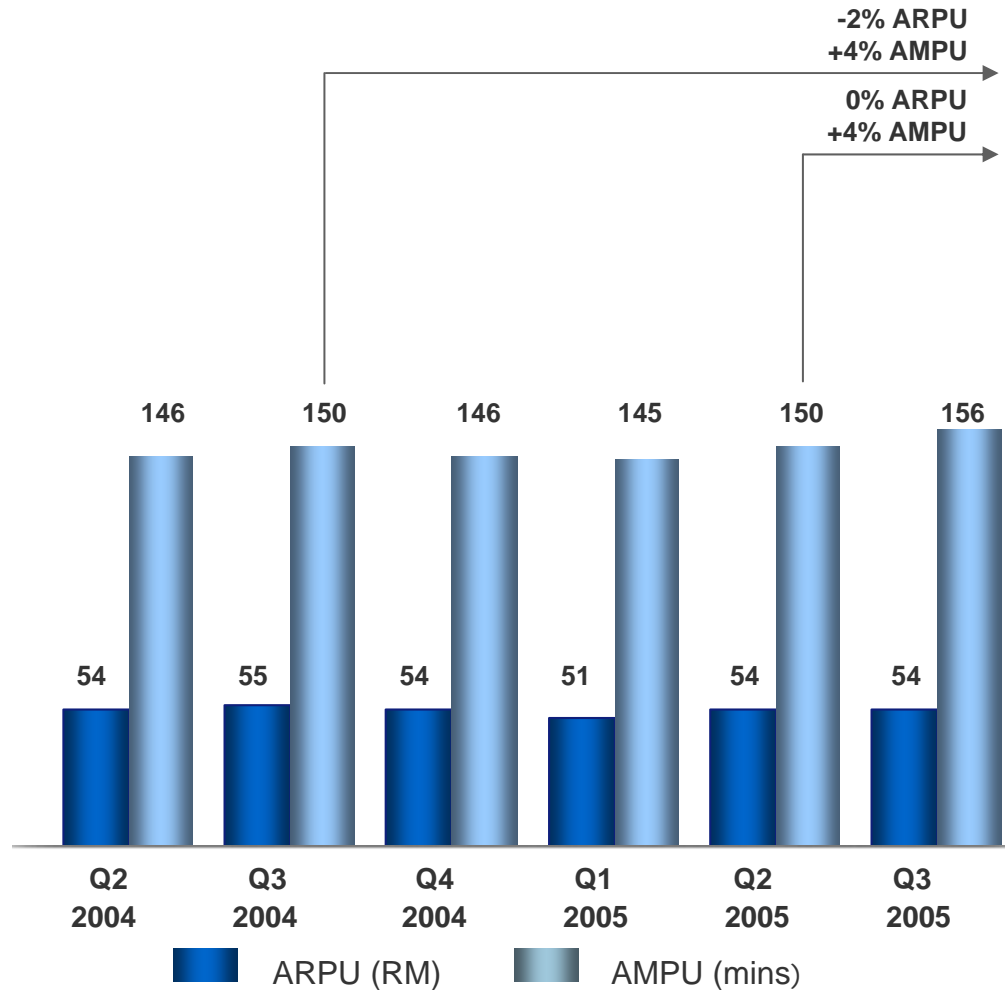
- Market responsive to promotions
- Segmented approach pays off for prepaid
- No barriers to postpaid



Prepaid; ARPU and AMPU holding up

Prepaid ARPU & AMPU

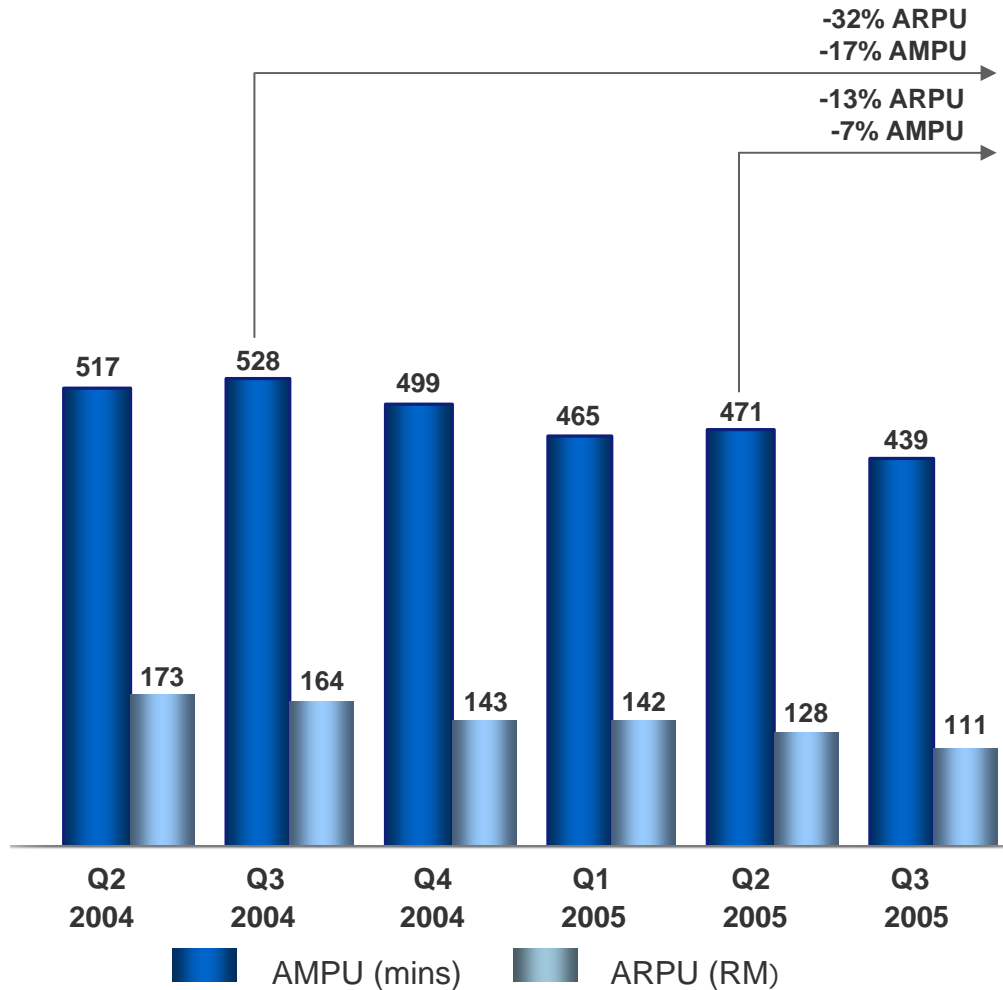
- Higher usage than expected
- Usage driven by strong promotions
- ARPU held back by more on-net traffic



Postpaid; larger base diluting ARPU

Postpaid ARPU & AMPU

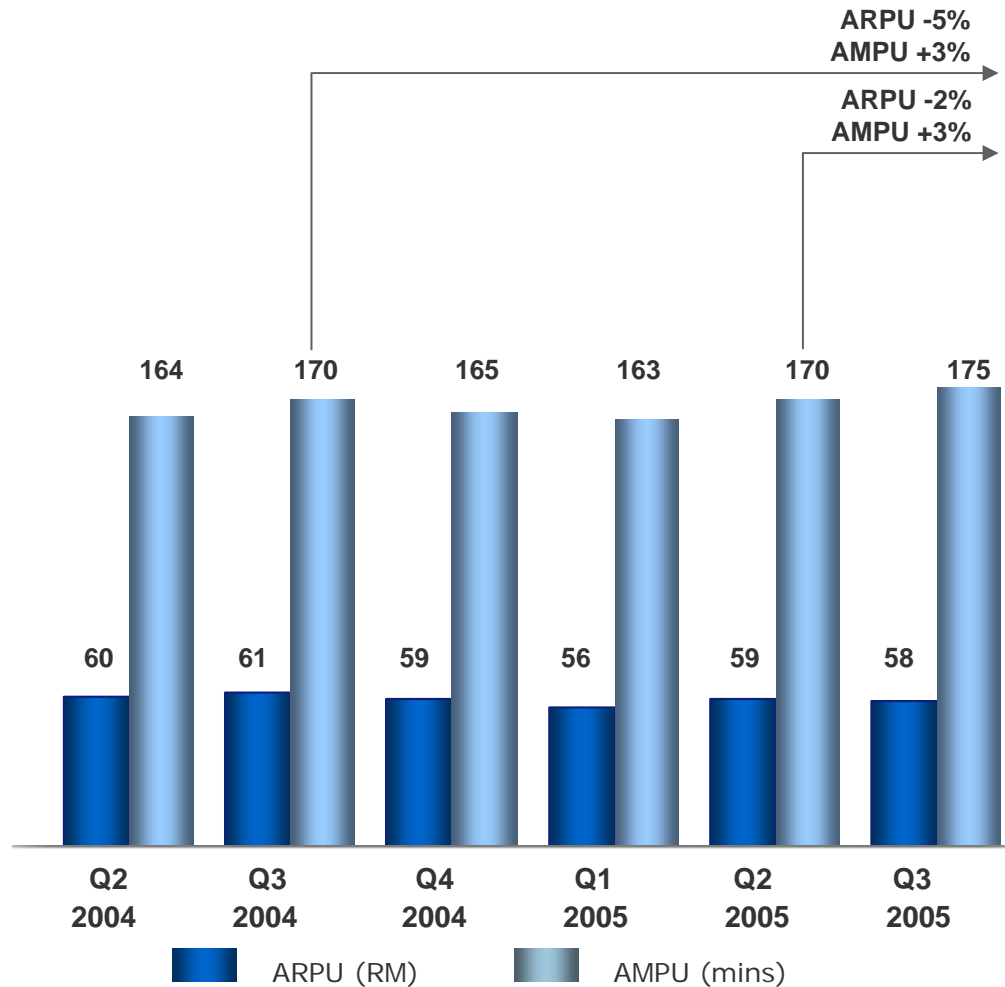
- Strong uptake from new customers in both mass and business
- ARPU and AMPU diluted by high uptake of mass market customers



Blended ARPU stable

Blended ARPU & AMPU

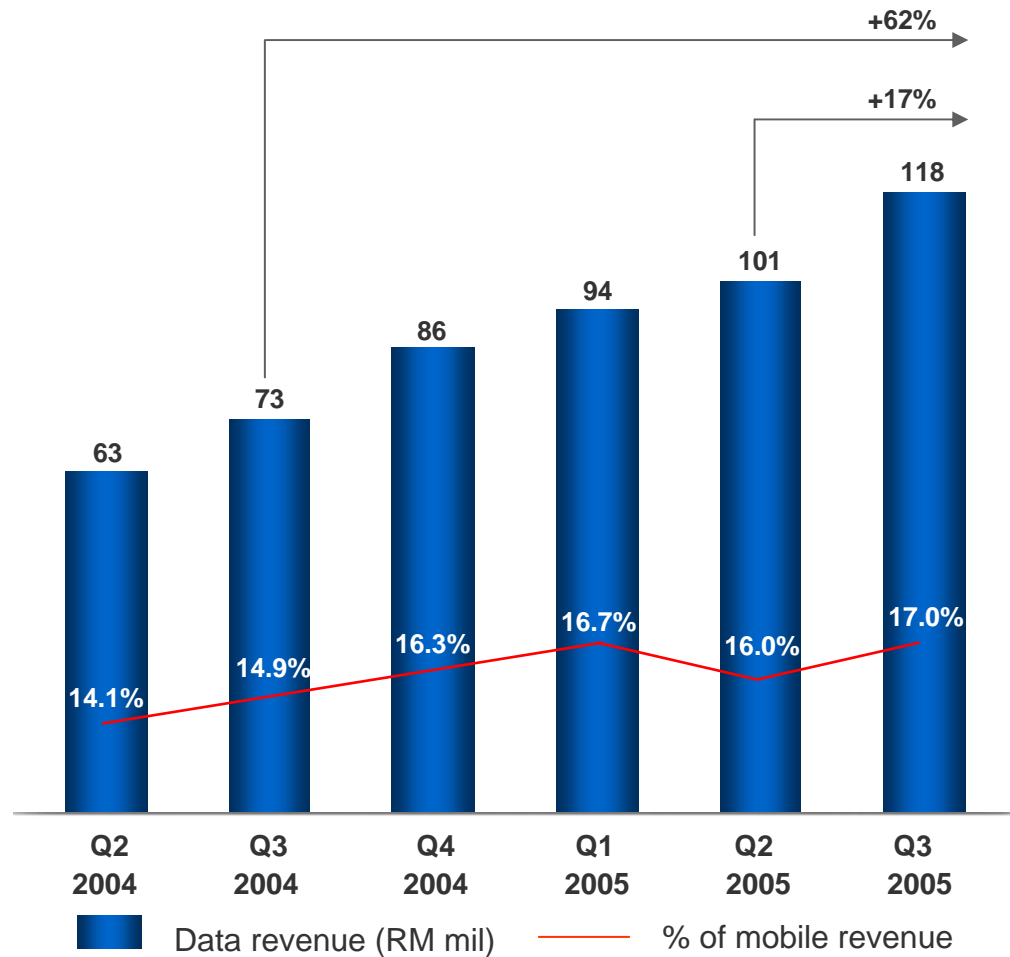
- Maintaining ARPU level
- Higher usage cater for slight drop in price



Data revenue growing

Data revenue

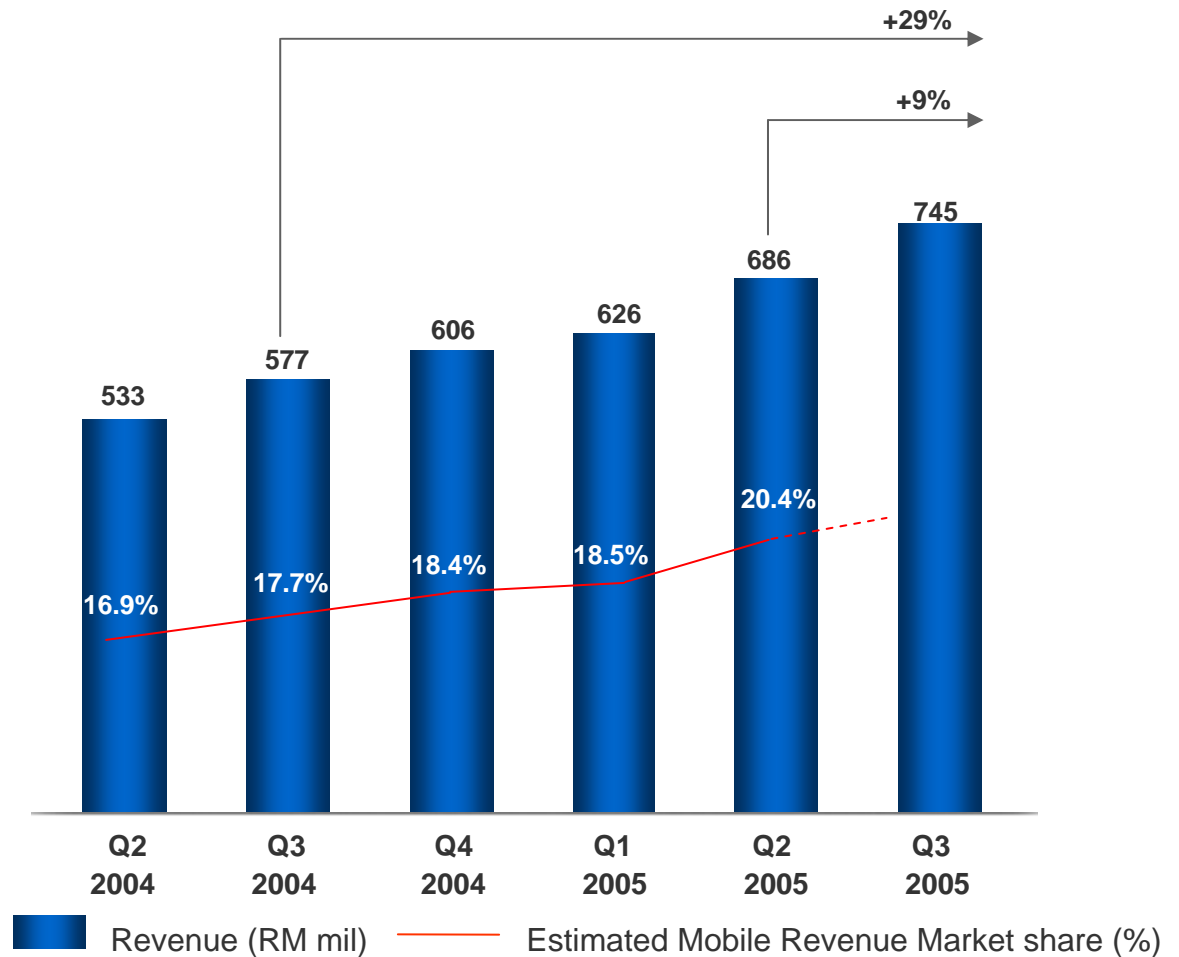
- Benefiting from widest data coverage
- All services show strong growth in volume
- Richer content and new applications drive non-SMS



9% revenue growth Q-on-Q

Revenue

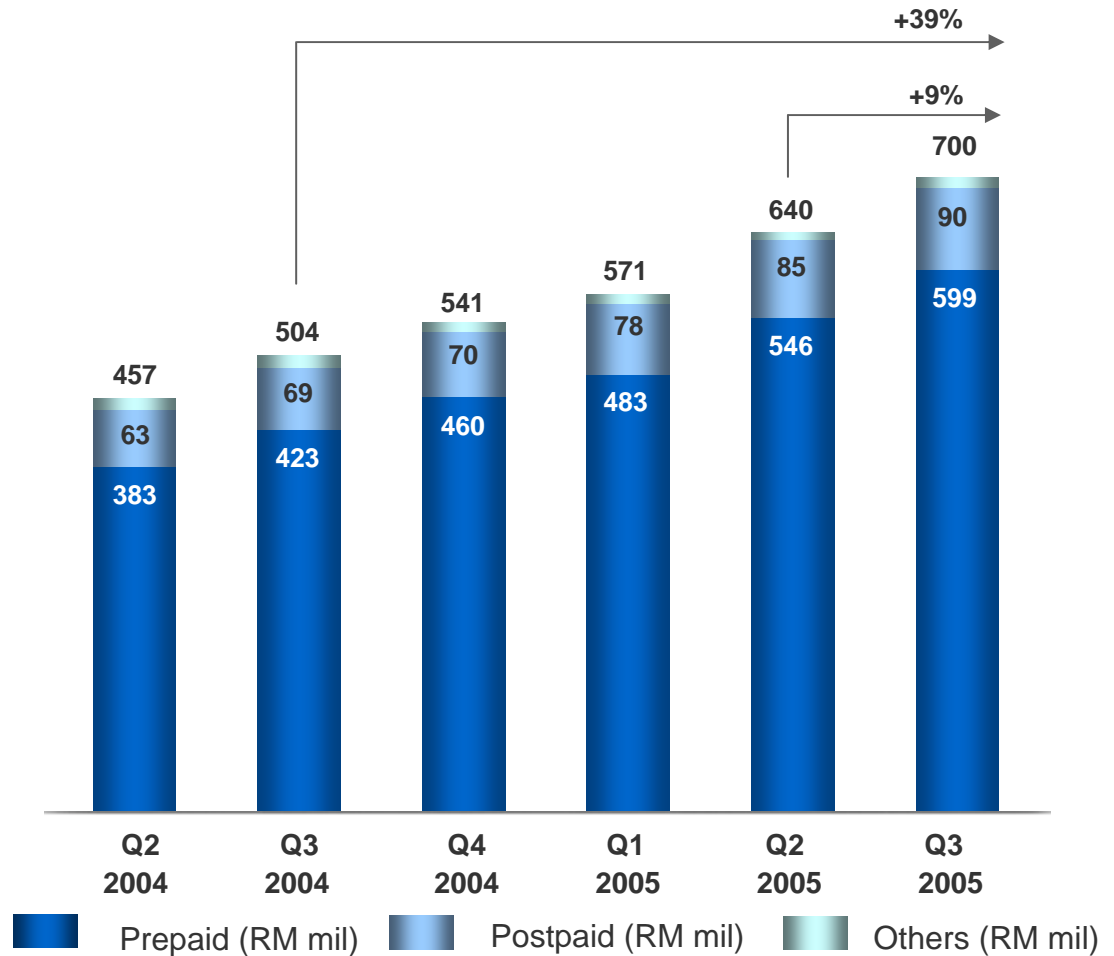
- New customers and higher usage pushing revenue higher
- Steady improvement in revenue market share



Mobile revenues 94% of total revenues

Mobile revenue

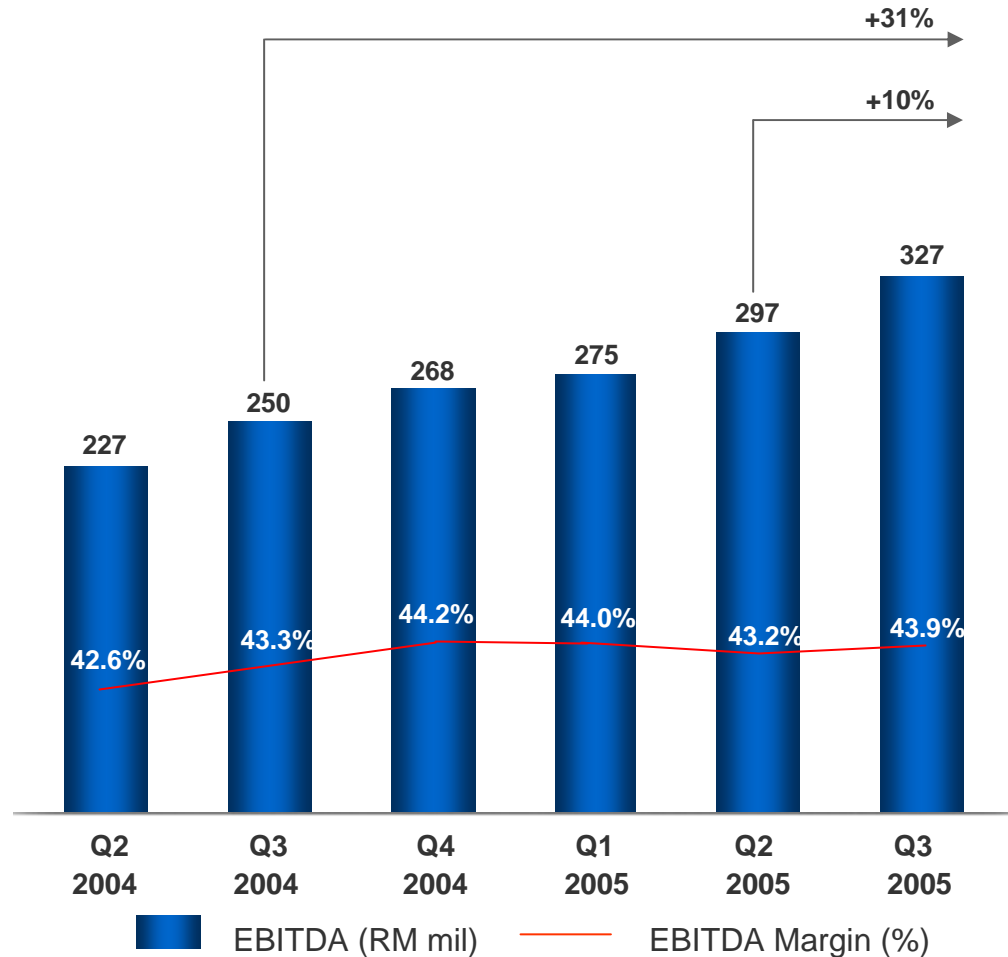
- Prepaid dominates in value and growth
- Postpaid 13% of mobile revenues



Strong development in EBITDA

EBITDA

- EBITDA growing even faster than revenues
- Signs of economies of scale
- Margins held up



Stable cost picture

Opex (% of revenue)

- Traffic charges impacted by IDD campaigns
- Bad debts under control

% of revenue	Q305	Q205	Chg
Cost of materials	2.8%	2.6%	-0.2%
Traffic charges	19.7%	18.8%	-0.9%
Sales & Marketing	13.5%	14.2%	+0.7%
- Advertising & promotions	5.6%	6.5%	+0.9%
- Commissions	7.9%	7.7%	-0.2%
Staff Costs	4.8%	4.9%	+0.1%
Operations & Maintenance	6.3%	6.6%	+0.3%
Other expenses	9.0%	9.7%	+0.7%
- USP Fund	4.5%	4.5%	0.0%
- license fees	1.1%	1.0%	-0.1%
- provision for bad & doubtful debts	0.4%	0.4%	0.0%
- others	3.0%	3.8%	+0.8%
Total	56.1%	56.8%	+0.7%
EBITDA margin	43.9%	43.2%	+0.7%

Delivering at bottom line; PAT up 26%

PAT

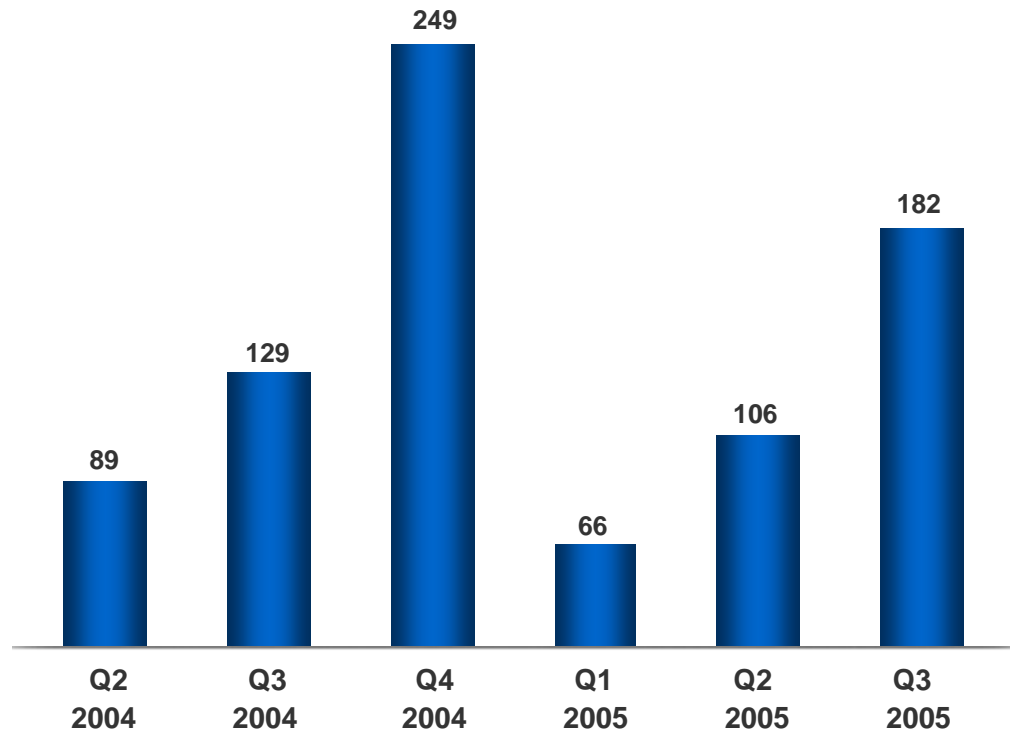
- Eased finance costs
- Accelerated depreciation effect RM10 mil
- PAT and EPS increase 26% q-on-q

RM mil	Q305	Q205	Q304
EBITDA	326.8	296.6	249.7
Depreciation & Amortization	(132.1)	(132.4)	(117.6)
EBIT	194.7	164.2	132.1
Net finance income / (costs)	4.1	(4.9)	(18.2)
- finance costs	(1.1)	(8.6)	(21.5)
- interest income	5.2	3.7	3.3
PBT	198.8	159.3	113.9
Taxation	(55.9)	(45.8)	(31.4)
PAT	142.9	113.5	82.5
EPS (sen)	19.1	15.1	11.0

Network roll out picking up pace

Capex (RM mil)

- Capacity, Quality and Coverage key components
- Coverage expansion on track
- Actively pursuing infrastructure sharing opportunities



Significant increase in cash position

Free cash flow

- Rise in free cash flow on significant improvements in operations
- Free cash flow able to support high capex

RM mil	Q305	Q205	Q304
Cash at start	636.0	429.3	466.7
Cashflow from operations	330.8	293.5	242.6
Changes in working capital	100.8	53.9	(33.6)
Cashflow used in investing activities	(178.7)	(102.9)	(122.2)
- Capex	(181.9)	(106.0)	(125.9)
Cashflow used in financing activities	0.0	(37.8)	(39.5)
Net change in cash	252.9	206.7	47.3
Cash at end	888.9	636.0	514.0
Free cash flow (EBITDA – Capex)	145.0	191.0	121.0

Balance sheet with flexibility

Balance sheet

- Higher cash position and shareholders' equity
- Under leveraged
- Flexibility to restructure balance sheet

(RM mil)	30 Sep 2005	31 Dec 2004
Fixed Assets	2,602.3	2,687.0
Intangible Assets	36.1	39.1
Deferred Expenses	0.5	15.2
Current Assets	1,126.2	825.1
- <i>Cash and its equivalent</i>	888.9	634.7
Current Liabilities	(1,044.3)	(1,133.6)
- <i>Short-term borrowings</i>	(0.0)	(224.6)
	<u>2,720.8</u>	<u>2,432.8</u>
Financed by:-		
Shareholders' Funds	2,091.5	1,777.2
Long-term & Deferred Liabilities	629.3	655.6
- <i>Long-term borrowings</i>	300.0	455.3
	<u>2,720.8</u>	<u>2,432.8</u>

Key ratios show strength

Key ratios

- Solid ROE for the quarter
- Key ratios show flexibility to restructure balance sheet

RM mil	Q305	Q205	Q304
ROE (%)	7.0%	5.9%	5.1%
ROCE (%)	11.6%	10.2%	9.4%
Net debt-to-equity (%)	Net cash	Net cash	14.4%
Net debt-to-EBITDA (x)	Net cash	Net cash	0.9x
Interest Coverage	49.7x	31.3x	9.9x
Free cash flow coverage	37.2x	36.7x	9.1x
FCF/share	19.3 sen	25.4 sen	16.1 sen
FCF yield (%)*	3.2%	4.2%	2.7%
Capex/Sales (%)	24.4%	15.5%	21.8%

* Based on share price of RM6.15
(closing on 25 October 2005)

Returning cash to shareholders

Starting a new era of returning excess cash

- Initiative to optimise balance sheet over time
- Starting with a capital repayment next year; pending approvals
- Concurrently, committing to a recurring dividend pay out ratio of minimum 50% of net earnings commencing FY2006
- Supported by a PDS program (combination of CP/MTN) at a P1/AA2 rating, giving flexibility to gear up to desired debt/equity ratio
- DiGi still investing heavily in the business model for medium term growth; return excess cash does not compromise investment program forward

Starting with capital repayment

Capital Repayment

(please refer to announcement to Bursa Securities for full details of proposed scheme)

- Proposing capital repayment of RM0.75 sen for every DiGi share held via cash to all entitled shareholders
- RM562.5 million distributed; proposal implemented via share capital reduction and funded by internal funds
- Completion expected by first half of 2006; subject to approvals of authorities and shareholders

Dividend policy in place

Dividend policy

- Announcing long term dividend policy of recurring payout ratio of minimum 50% of net earnings beginning FY2006
- Sufficient S108 tax credits to fund dividend payment
- Payment of dividend will be semi-annual basis
- Final payout ratio determined after accounting for current cash flow positions, future cash flow requirements, distributable reserves and tax credits

PDS program to support initiatives

PDS

(please refer to announcement to Bursa Securities for full details of proposed scheme)

- Program comprising CP/MTN with aggregate nominal value of up to RM700 million by DiGi Telecommunications Sdn Bhd ("DiGiTel"), a wholly-owned subsidiary of DiGi.Com
- Program will provide alternative financing source when needed to effectively plan and manage funding costs
- Proceeds from Program to finance potential capex and future working capital

Rating P1/AA2

- Rating Agency Malaysia has assigned short/long-term ratings P1/AA2. Long-term rating assigned a stable outlook

DiGi outlook

	2005	2006
<i>Subscriber growth</i>	higher than industry	higher than industry
<i>Revenue</i>	around RM2.8 bil	10-15% growth
<i>ARPU</i> s	light pressure vs last year	pressure
<i>EBITDA margin</i>	expecting 43.0%	lower than 2005
<i>Capex</i>	around RM750 mil	RM800 mil – RM900 mil
<i>PAT</i>	around RM450 mil	mid teens growth

thank you

see you next quarter

15 February 2006

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