



PRESS RELEASE

For immediate publication

Digi records stronger margins and stable profit in Q1 2017

- *Strong EBITDA of RM711 million at 45% margin; improved profitability bears testimony to disciplined cost management to remain efficient and free resources to reshape the business*
- *Continued postpaid momentum recording 12.1% growth in revenue*
- *Stable sequential PAT to RM373 million*
- *Performance reflects business in transformation to secure long-term profitable growth in digital while remaining resilient in challenging market conditions having made strategic decisions for better, more sustainable earnings moving forward*

SUBANG JAYA, 28 April 2017 – Digi.Com Berhad (Digi) today reported another quarter of strong postpaid performance with revenue growth of 12.1% year-on-year alongside steady acquisition momentum. For Q12017, service revenue stood at RM1,472 million, moderated as a flow through from the decision to rationalise legacy prepaid services to enable more sustainable earnings for the future. EBITDA strengthened to 45% margin or RM711 million, improving by 1.0% year-on-year while ops cash flow remained steadfast at RM514 million on the back of maintaining a more robust Network and IT capabilities, and ongoing digital transformation efforts. The company closed the quarter with 11.8 million subscribers where 8.0 million are active internet subscribers.

Digi's CEO Albern Murty said, "This was a busy quarter for us as we focused on maintaining our margins, amid challenging market conditions. We are responding to these persistent market conditions with a long-term strategy anchored by our continued focus on postpaid, profitability and our digital transformation.

"We have made strategic decisions with our core business today to secure future growth and profitability – that is, to deliver great, worry-free and affordable internet services over our advanced 4G+ network which has fueled solid postpaid growth in the past quarters, stabilise prepaid to enable more sustainable earnings and opportunities moving forward, pay diligent attention to improve the efficiency of our operating model while maintaining a larger network and more advanced IT infrastructure.

"Our performance and improved profitability in the quarter is a result of our overall digitisation efforts, focus on resilience and securing our financial strength. These efforts have led to our balance sheet remaining robust with solid financial capability and flexibility to fund our investments and operational commitments to move our business forward and into the future."

Key Highlights (Y-o-Y)

- Higher earnings before interest, tax, depreciation and amortisation (EBITDA) to RM711m or 45% margin on the back of improved gross profit and well-managed cost structure
- Internet revenue grew 15.2% from last year to RM621 million contributing 42.2% to service revenue as smartphone adoption rose to 68.0%
- Postpaid revenue growth remained solid at 12.1% with postpaid revenue at RM520 million mainly fueled by stronger subscriber base
- Service revenue moderated 5.6% to RM1,472 million underpinned by sharper focus on sustainable earnings and stronger margins. Profit After Tax (PAT) healthy at RM373 million or 24% margin
- First interim dividend of 4.7 sen per share or RM365 million



Solid progress on digitising core services and transformation efforts to deliver an incomparable, high-quality experience for customers and to capture growth potential in digital:

- Higher upfront capex of RM197 million or 13% of service revenue to complete the spectrum re-farming exercise and deployment of LTE 900Mhz network sites.
- Now ready for activation, the LTE 900Mhz will further strengthen the quality of our existing 4G+ network
- Leadership position on LTE-A covering 42% of the population nationwide, and 4G LTE at 85%, supported by 7,700km of fiber network. This accessibility has seen a 63.1% growth in 4G LTE subscribers to 4.7 million, using 1.3 times more data on our network from a year ago.
- We are also strategically investing in new technologies such as virtualisation, and building a scalable network and IT infrastructure to take the necessary digital leaps to innovate and evolve around what our customers increasingly want.
- Active users on our all-new MyDigi app grew to 1.7 million with more customers turning to the app for their regular bill payments, reloads and quota top-up transactions.
- Introduced new digital ventures in a move to unlock new revenue streams for the future with:
 - A partnership with Tink Labs to be the sole distributor of Handy devices in Malaysia, a mobile travel solution for hotel guests running on Digi's 4G+ network.
 - Soft launched iFleet, an intelligent fleet management solution for businesses to monitor the activity and gather vital data of their fleet vehicles.

“As our customers’ digital life partner, we will continue to invest in innovating across every area of our business to deliver quality service experience on our 4G+ network, innovative digital services and solutions for all they want to do on-the-go, and excellent customer experience across all our touchpoints,” Albern concluded.

For more information, the quarterly report and presentation will be made available [here](#).

About Digi

We are a mobile connectivity and internet services provider enabling 11.8 million Malaysians to get the most benefit out of an increasingly connected world. With a strong legacy of product and service innovation delivered on our advanced 4G+ network, Digi has an ambition to become customers’ favourite digital partner, providing relevant, personalised and engaging digital products and services that will further enable all Malaysians’ digital lifestyles. This is because we believe digital communication empowers everyone to improve their lives, build societies and secure a better future for all. Listed on Bursa Malaysia, Digi is part of global telecommunications provider Telenor Group and is a leader in driving progressive and responsible business practices. For more information about Digi, visit www.digi.com.my

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