



PRESS RELEASE
For immediate publication

Digi delivers strong operational efficiency and network investments amidst Covid-19 headwinds in 2Q 2020

SUBANG JAYA, 14 July 2020 – Digi.com Berhad (Digi) today announced its second quarter results, underscored by its strong operational excellence, network investments to support customers' rising connectivity needs during the Movement Control Order (MCO), and all-round operational resilience in facing the challenges brought on by Covid-19.

In the quarter, Digi continued to operate effectively with a largely remote workforce organised around a strong business continuity management focus to meet operational and customer needs. The company focused efforts on securing network availability in critical and high demand locations, transforming channels to provide customers more digital touchpoints to transact, and calibrating offerings to suit customers' connectivity needs. Additionally, Digi continued to provide cohesive support for consumer and business customers, the community, and national efforts in the form of the free daily 1GB internet offer and business continuity boosters, over a reliable network experience.

These prompt efforts, combined with responsible financial management that yielded an opex reduction of 7% y-o-y, drove the company's resilient performance in the quarter despite the challenging macro environment. 2Q 2020 service revenue was RM1,317 million, EBITDA at RM770 million and ops cash flow at RM545 million.

Widescale retail closure during the period however, impacted the company's acquisition activities, while roaming revenues were under significant pressure from a near-complete ban on inbound and outbound travel. Overall data monetisation and traditional voice usage was also impacted.

Digi's CEO Albern Murty said, "This was a well-fought quarter with a solid focus on operational efficiency driving business resilience, and on network excellence to support growing customer demand amid impact from Covid-19. As we see run rates gradually return in June, we believe these proactive and well-coordinated business continuity efforts position us well to drive continued operational resilience in the second half of 2020. Our focus is to deliver business priorities to create value for stakeholders and to play a key role in supporting the society's recovery in the new normal."

Resilient 2Q 2020 business performance

In 2Q 2020, the company invested RM225 million capex¹ for network enhancements to maintain service quality and availability nationwide, and to cater to rising data demand for learning and productivity needs. An additional 29% new and upgraded sites were deployed in 1H 2020 versus a year ago, expanding Digi's 4G LTE and LTE-A network coverage to 91% and 74% of the population nationwide, and fibre network to 9,740KM.

RM million	2Q20	1Q20	2Q19	Q-o-Q	Y-o-Y
Total revenue	1,452	1,560	1,549	(6.9%)	(6.3%)
Service revenue	1,317	1,387	1,402	(5.0%)	(6.1%)
EBITDA	770	756	846	1.9%	(9.0%)
EBITDA margin	53%	49%	55%	4.5pp	(1.6pp)
PAT	288	332	392	(13.3%)	(26.5%)

All analysis and comparisons are based on post MFRS 16

Key Financial Highlights (Y-o-Y)

- Service revenue contracted 6.1% y-o-y to RM1,317 million due to impact on roaming revenues, free connectivity to support customers, and decline in traditional voice usage during the MCO
- Internet and digital revenue rose 8.0% y-o-y to RM953 million or 72.4% of service revenue
- Postpaid revenue eased 1.2% y-o-y to RM639 million over a steady base of 3.0 million subscribers
- OPEX improved 7.0% y-o-y to RM369 million
- EBITDA at RM770 million or 53% margin while Profit After Tax (PAT) was RM288 million or 19.8% margin

¹After accounting for Asset Retirement Obligations (ARO) adjustment of RM46 million



- Ops cash flow at RM545 million or 37.5% margin having invested RM225 million capex¹ for network enhancements
- Net debt to EBITDA ratio healthy at 1.5 times while conventional debt over total assets was at 8.2%, well-within the Shariah threshold
- Second interim dividend of 3.7 sen per share or RM288 million, payable to shareholders on 25 September 2020

Rapid response to ensure customers stay connected while driving continuous innovation beyond 2Q 2020

- Free daily 1GB data for learning and productivity extended to 24 Hours until 31 December 2020
- Customised value offerings relevant to market and customer needs:
 - Digi Prepaid NEXT, the only prepaid starter pack in the market preloaded with a 30-day high-speed internet plan starting from RM15
 - Digi Abadi, first of its kind prepaid internet plan bundled with free life insurance cover at RM28
- Leverage leadership in digital transformation and business continuity to support recovery and digitalisation needs of Malaysian businesses:
 - Partnered with the Multimedia Development Corporation (MDEC) for the Business Continuity Digitalisation (BCD) Programme, a series of free webinars and clinics to help businesses' address critical areas for recovery
- Ongoing modernisation of digital channels to serve customers, with monthly active users on MyDigi now at 4.3 million

The company sees business activity resuming to pre-MCO levels and remains committed to keep its 2020 strategy on track despite the ongoing macroeconomic challenges. For the near-term, Digi will prioritise:

- Segmented and best-in-value propositions to deliver on core and digital businesses
- Optimising spend and cash management efforts to secure resilient cash flow
- Enhancing channel digitalisation and modernisation across sales, marketing and distribution
- Strengthening network and IT infrastructure to support growing internet and digital adoption

More on Digi's Q2 2020 performance is available [here](#).

About Digi

Digi is a mobile connectivity and internet services provider enabling 10.6 million Malaysians on our advanced 4G+ network. We have an ambition to provide relevant, personalised, and engaging digital products and services that will fully enable our customer's digital lifestyles. Listed on Bursa Malaysia, Digi is part of global telecommunications provider Telenor Group, and is a leader in driving responsible business practices. For more information, visit www.digi.com.my.

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¹After accounting for Asset Retirement Obligations (ARO) adjustment of RM46 million