



# Profitable transition to data

Christian Thrane, CMO DiGi

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# Malaysia offers opportunities for continued growth



## Malaysia <sup>[1]</sup>

30 million  
population

> 85% are prepaid  
users

144% mobile  
penetration

38% smartphone  
penetration

Basic and advanced internet segments

## DiGi <sup>[2]</sup>

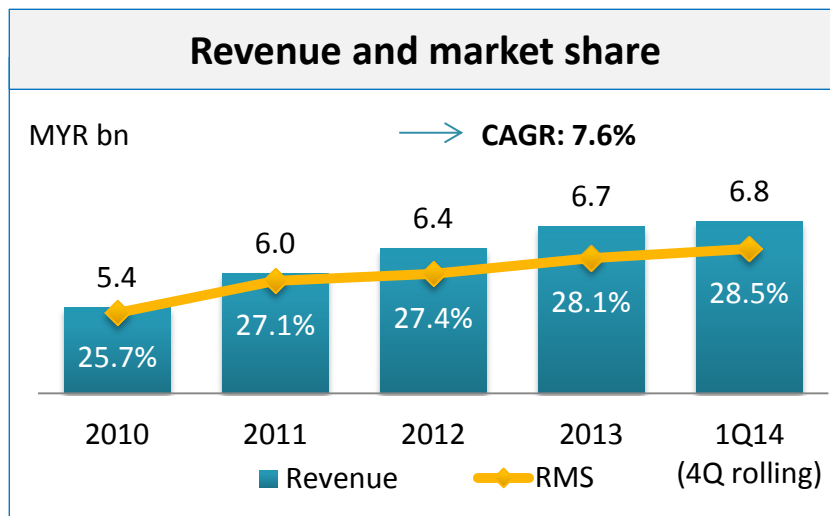
3<sup>rd</sup> largest mobile operator  
with 11 million subscribers

82% 3G population coverage

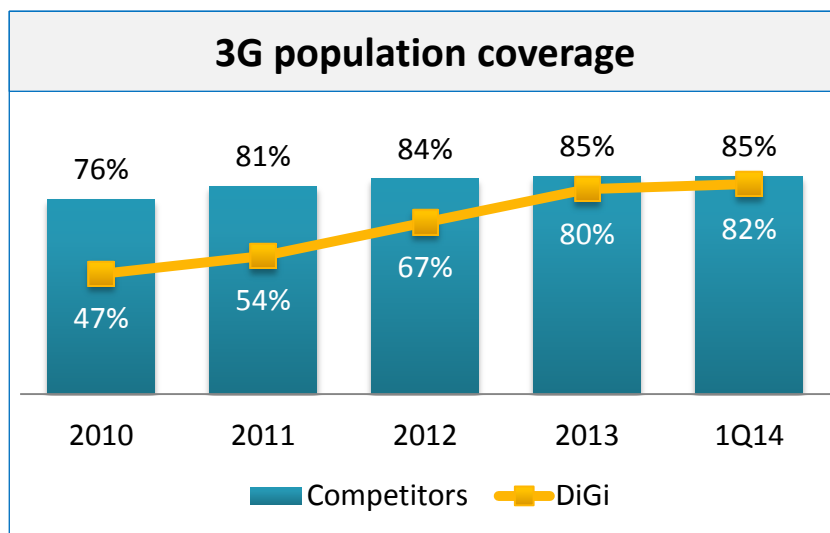
MYR 42 billion market cap



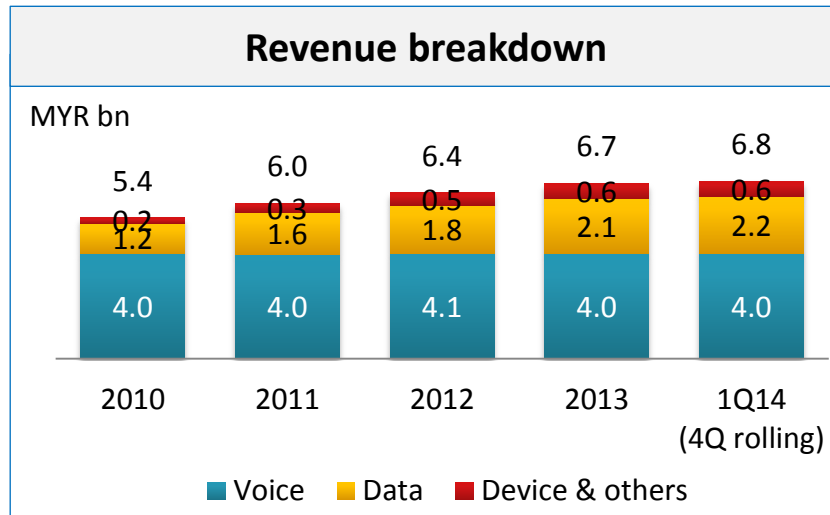
# DiGi has consistently outperformed the industry to take revenue market share despite gap in 3G coverage



- Solid y-o-y revenue development consistently outperforming the industry
- #1 in prepaid and steadily unlocking the growth opportunity from mobile internet
- 1Q14 revenue market share rose to 28.5% backed by
  - Stronger network with significantly narrowed data coverage gap
  - Relentless focus on Internet for All
- Network swap to deliver cost efficient closure of 3G gap and quality improvement



# ... and managed the transition to data while keeping healthy margins



- Mobile data grew 14% in 2013 driven by mobile internet

- Internet revenue grew 47%

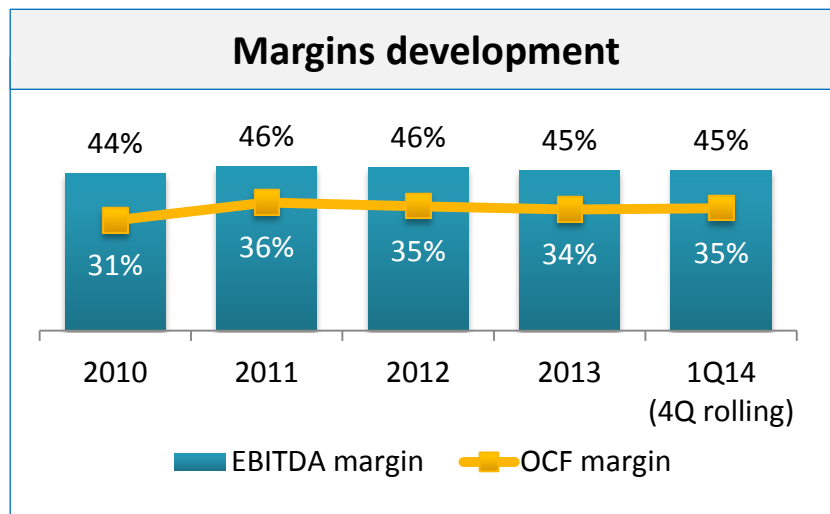
- Messaging declined 14%

- DiGi has managed to retain voice revenue

- Managed growth and transition to data with sustained healthy margins through

- Effective pricing to stimulate data growth while balancing monetisation

- Strong cost discipline to realize efficiencies



# DiGi set its direction to deliver 'Internet for All' in 2011



- Proactive strategy to take position and capture the growth from internet



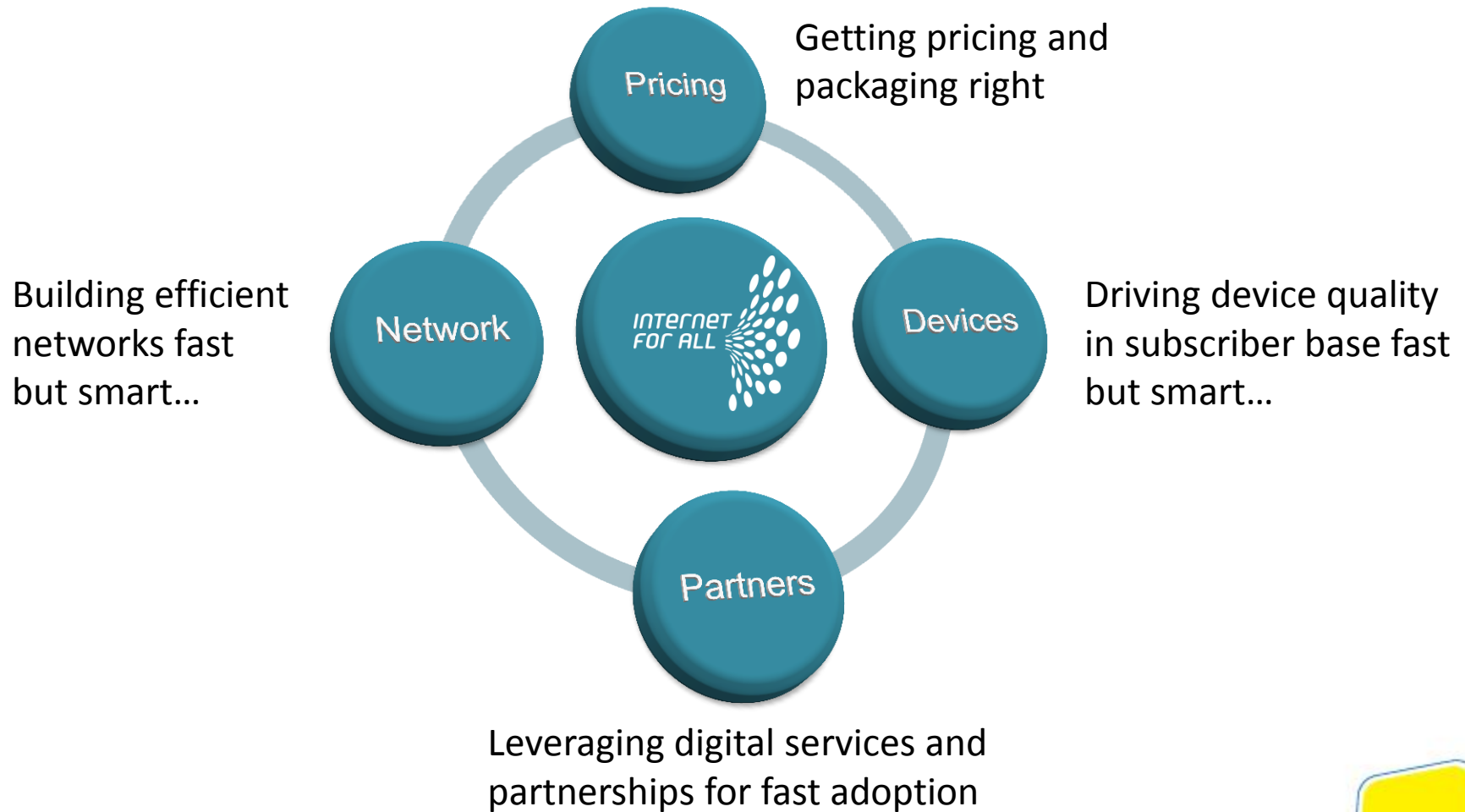
- Internal transformation to build key capabilities and mindset



- External position to clarify and communicate our impact to society

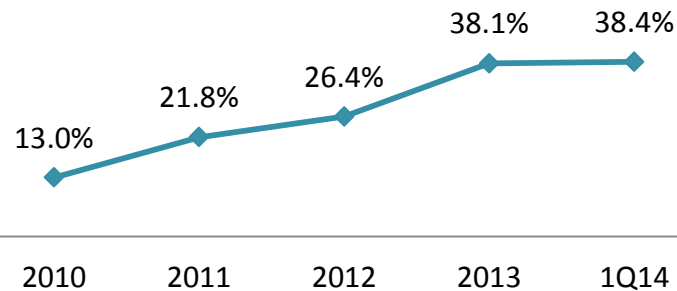


# Four elements materialize as part of our formula for success in driving profitable internet penetration



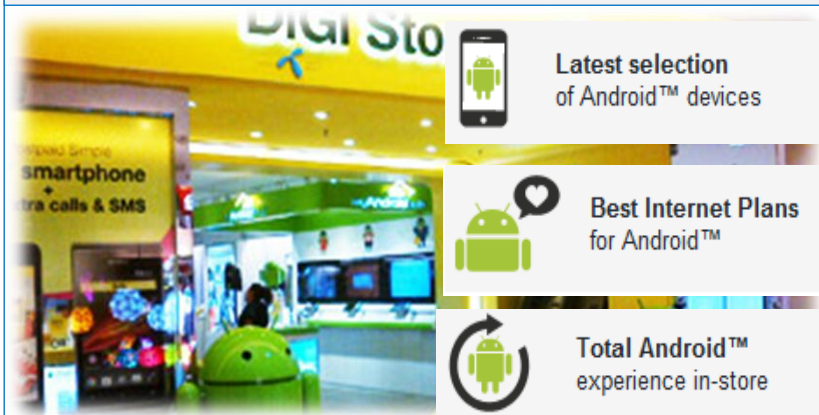
# Driving higher smartphone penetration through affordable device bundles

DiGi smartphone penetration %



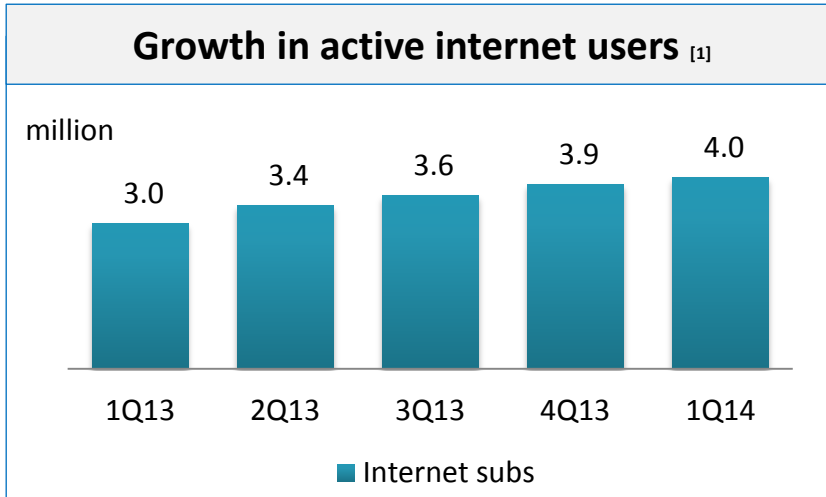
- Majority of devices are sold in the open market
- Substitution to a smartphone is a main driver of internet penetration and usage
- Stimulated solid increase in smartphone penetration through
  - Affordable smartphone bundles
  - Government youth program
- Partnership with Google to deliver MyAndroid Hub experience in retail

DiGi Android Hub





# Actively using digital services and partnerships to drive data penetration and spur increased usage



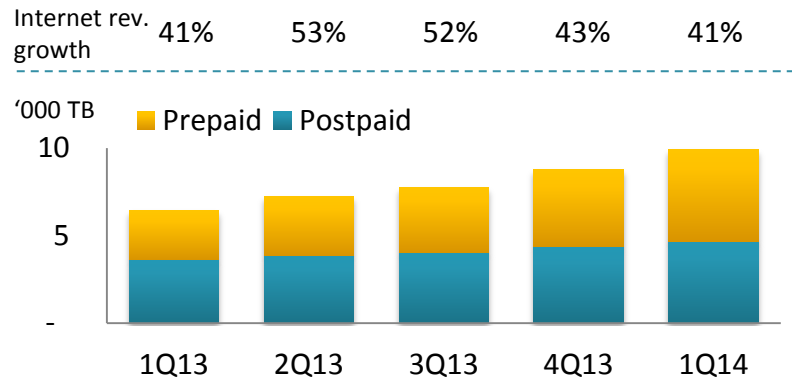
- 32% y-o-y increase to reach 4.0 million active internet users, i.e. 37% penetration
- Driving internet penetration through digital services to provide reason to use
  - Facebook continues to be a strong driver of penetration
  - Social messaging apps drive low quota 'always on' demand
  - Opera Mini partnership has driven penetration with basic offering
- Proactively piloting and trying out for relevance and experience



[1] Active internet users with at least 50KB/month

# Leading innovation in data pricing to balance data uptake and usage with monetization

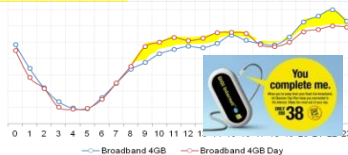
## Growth in data traffic and internet revenue



- 55% y-o-y growth in data traffic – with 87% growth in prepaid data and 29% in postpaid
- Healthy monetization with 47% growth in internet revenues in 2013
- Successful data pricing:
  - Daily, weekly, monthly bite-sized add-ons
  - Weekly social messaging pass
  - Separate postpaid quota for smart apps
  - Prepaid daily max cap
  - Broadband day plan to leverage off-peak
  - Extra quota with short validity for campaigns

## Data pricing innovations

	Weekly RM3	Weekly RM5	Weekly RM7	New Smart Plans (2014)	
Quota kuota 流量	0MB	100MB	250MB	SmartPlan 78	SmartPlan 108
Mesej Tanpa Had* Unlimited Social Messaging* 无限畅享社交信息 *mesej menggunakan perkhidmatan pihak ketiga	✓	✓	✓	2GB	3GB
Internet Tanpa Had* Unlimited Internet Surfing* 无限上网浏览 *mesej menggunakan perkhidmatan pihak ketiga	✓	✓	✓	1GB	2GB
				Unlimited Opera	Yes



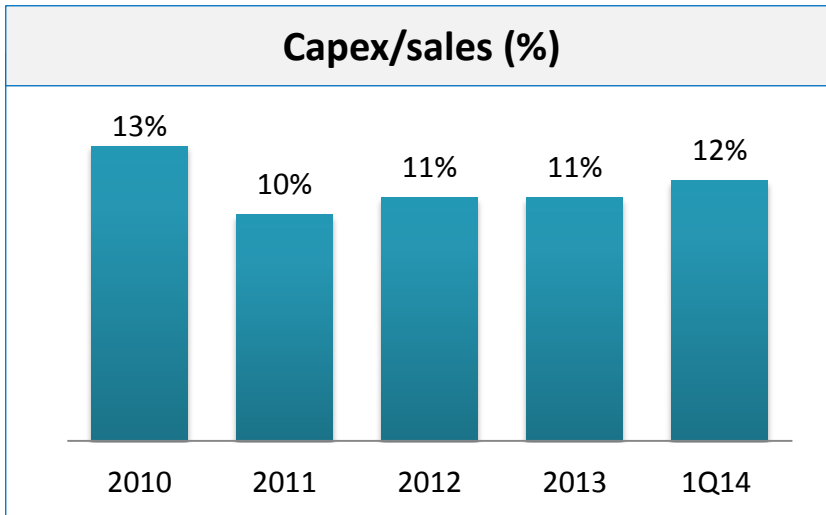
# Leveraging strength in distribution to drive sales and internet penetration in new coverage areas



- Leveraging more than 10,000 distribution touch points to drive internet campaigns
- Insights and execution by 228 clusters to identify opportunities and manage actions
- Expansion of postpaid dealers to cater for internet growth demands
- Retail and online channel integration



# DiGi has managed to grow from data while modernizing the network and expanding 3G coverage at healthy capex to sales



- Healthy capex to sales ratio through network modernization and 3G expansion
- Relentless drive for operational efficiency and sourcing synergies to manage capex
- Fibre collaboration with Celcom and TM
  - Securing quick access to fibre
  - Capitalizing on joint built – sharing synergies to optimize cost



# DiGi will continue to capture the internet growth opportunity in Malaysia through a segmented but inclusive approach

1



## *Winning the high-value internet savvy customers*

- Ensure data experience and coverage on par
- Deliver best end-to-end internet experience
- Manage quota, speed and monetization
- Ensure attractive partners and leading services

2



## *Growing penetration and usage among majority*

- Trigger penetration and frequency by giving reason to use
- Leverage partnerships incl. messaging for 'always on'
- Leverage bite-sized pricing and BTL campaigns
- Push right smartphones

3



## *Truly taking Internet to ALL Malaysians*

- Entry level offerings and packaging of digital services
- Targeted campaigns and free trials
- Push low end smartphones
- Explore verticals, e.g. education, health





# Summary

- It is possible to capture growth from mobile internet profitably
- Success requires solid execution across pricing, devices, network and partnerships
- With 40% mobile internet penetration Malaysia continues to offer growth opportunities for DiGi



**Internet  
For All™**

