Relentless drive to enable *Best For Internet* experience for customers

Digi delivered another well fought quarter for FY 2014 contributing to full year revenue growth of 4.2%, and sustaining solid EBITDA margin at 45%. This was achieved in parallel with rapid expansion of 3G and LTE coverage to 86% and 32%, respectively whilst phasing into a new convergent billing system.

EXECUTIVE SUMMARY

Digi continued to drive solid operational momentum in the final quarter with strong focus on *Internet For All* mission to deliver its 2014 commitment.

The continuous positive uptake on internet enabled affordable smartphone bundles and relevant internet packages contributed to stronger sequential service revenue growth and positive top line revenue growth for the year.

At end 2014, subscriber base reached 11.4 million, with active internet subscribers significantly improved to 56.5% and internet revenue growth of 39.6%.

EBITDA margin remained stable at 45% level throughout FY 2014.

Meanwhile, profit after tax (PAT) strengthened to RM560 million in the final quarter leading to full year PAT growth of 19.1%.

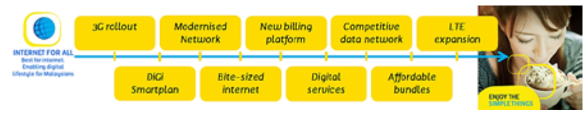
After accounting for relatively higher annual capex of RM 904 million as planned, full year Ops Cash-Flow (Ops CF) margin stood at 32%.

Although underpinned by relatively challenging market environment, Digi successfully delivered 2014 financial guidance and strengthened its market position sustainably.

RM million	4Q14	3Q14	Q-o-Q	Y-o-Y
Revenue	1,799	1,756	2.4%	3.8%
EBITDA	801	789	1.5%	-1.1%
EBITDA margin	45%	45%	-0.4 pp	-2.2pp
PAT	560	487	15.0%	2.2%
Capex	233	275	-15.6%	79.2%
Ops CF	568	513	10.7%	-16.5%
Cash-Flow margin	32%	29%	2.4pp	-7.7pp
EPS (sen)	7.2	6.3	14.3%	2.9%
DPS (sen)	7.2	6.2	16.1%	2.9%

OPERATIONAL HIGHLIGHTS

Launched Digi *Let's Inspire* brand



With a set of strong foundation built around *Internet For All*, Digi continued to evolve to a refreshed brand identity with a promise to be the enabler of digital inspiration for customers, and commitment to deliver service excellence, supported by its solid track record of performance and innovation.

The refreshed brand incorporates a new logo and philosophy *Let's Inspire* which builds on the stronger data operations that Digi has built over the last four years to bring quality mobile internet services to an increasing number of internet-loving customers.

It expresses the internet-inspired life that Digi will enable for its customers; an integral source of inspiration for customers to connect with fun, uplifting internet content, and to share what means most to them.

Four (4) distinct propositions as outlined will further enhance Digi's commitment to take a deeper customer-centric approach and service excellence for its future offerings and to give customers a differentiated experience.

In solidarity to weather through the East Coast flood

The East Coast region recently experienced the worst floods in history, displacing more than 200,000 from their homes. The flood has caused a mix of widespread power outages, flooding in access roads, and damage to network equipment.

Although the Field Force team faced countless flood situations before, nothing could have prepared them for this. The team immediately mobilised themselves to restore network connectivity defying challenging conditions to enable flood victims get in touch with their loved ones on their well-being soonest possible.

As an immediate relief effort, Digi also organised a donation drive to offer flood relief essentials such as rice, milk powder, instant beverages/food, blankets, and diapers to those displaced by the flood. In addition, together with STAEDTLER Malaysia, Digi provided school supplies for the affected school children in East Coast.

Consistently drive internet growth opportunities

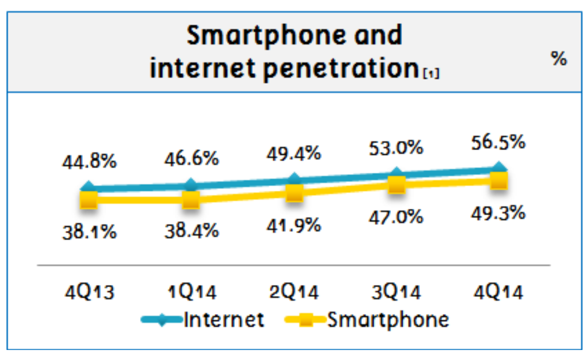
Digi captured positive traction from demands for new iPhone models and launch of its new prepaid XL internet combo packages. Market activities were also targeted on attractive data offerings in conjunction with year-end promotions to enable more customers to enjoy Digi's modernised network.

The success has been premised on excellent execution by staying close to market through extensive on ground activities and more granular micro–campaigns.

Over the last 4 quarters, Digi has progressively grown its LTE footprint, focusing on areas with strong demand for LTE services, supported by device availability, and where Digi can make a real difference. LTE services are currently available at nine (9) locations ie Klang Valley, Penang, Kampar, Johor Bahru, Kuching, Miri, Kota Kinabalu, Tawau, and Labuan, backed by more than 4,700 km of fibre.

Smartphone and internet penetration continued to show positive trajectory and climbed +11.2pp and +11.7pp, respectively, compared to same period last year.

Moving forward, Digi will continue to position itself as the preferred partner for in-demand digital services and anchor on Telenor Group's synergies in commercialising new technologies, services and network.



[1] Subscribers with at least 150kb for the last 3 months

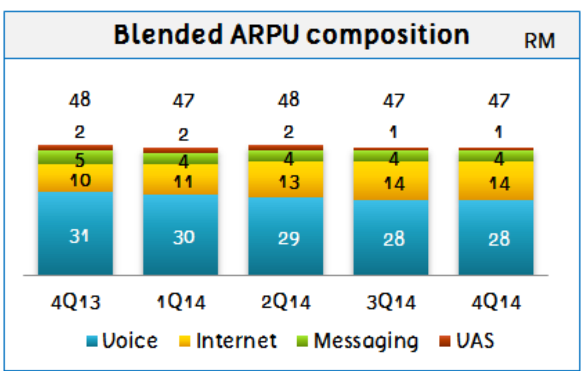
Subscribers, ARPU, and Usage

	4Q14	3Q14	Q-o-Q	Y-o-Y
Total subscribers ('000)	11,421	11,345	0.7%	3.9%
• Prepaid	9,700	9,647	0.5%	4.4%
• Postpaid	1,721	1,698	1.4%	1.2%
Internet [1] subscribers ('000)	6,452	6,011	7.3%	31.0%
ARPU	47	47	0.0%	-2.1%
• Prepaid	41	41	0.0%	0.0%
• Postpaid	83	82	1.2%	0.0%
Minutes Of Use (MOU)	248	252	-1.6%	-3.1%
• Prepaid	231	237	-2.5%	-2.9%
• Postpaid	344	341	0.9%	-5.2%

The quarter marked another encouraging milestone as Digi's total subscribers advanced 3.9% y-o-y and 0.7% q-o-q to 11.4 million subscribers, with positive net adds from both prepaid and postpaid.

The significant improvement in network performance and coverage, coupled with easy access to a wide range of affordable smartphones bundles and digital service innovation has continued to fuel stronger adoption and consumption of internet services particularly on social media platforms.

Internet subscribers recorded a surge of 31.0% y-o-y and 7.3% q-o-q to almost 6.5 million.



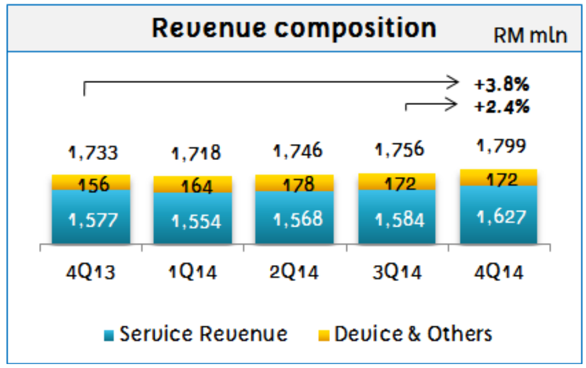
The quarter's blended ARPU remained steady at RM47 y-o-y over an increasing subscriber base, with close to 30% ARPU contributed by internet.

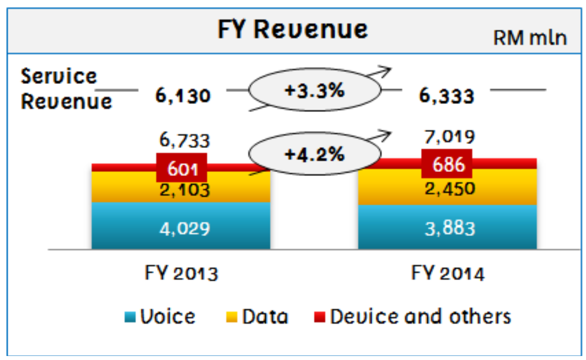
Internet data traffic surged 86% y-o-y and 11% q-o-q, largely driven by prepaid which increased 134% y-o-y and 13% q-o-q whilst postpaid grew 38% y-o-y and 6% q-o-q.

Digi is determined to capture internet growth opportunities by enabling everyone across different segments have access to quality, relevant and value for money internet service.

FINANCIAL HIGHLIGHTS

Strong sequential growth on service revenue





Digi continued to position well as one of the fastest growing revenue amongst its peers with 3.8% higher revenue compared to same quarter last year. Full year revenue and service revenue increased 4.2% and 3.3%, respectively.

Higher usage from internet alongside with larger subscriber base continued to fortify service revenue for the quarter, overcoming effects from increased competition.

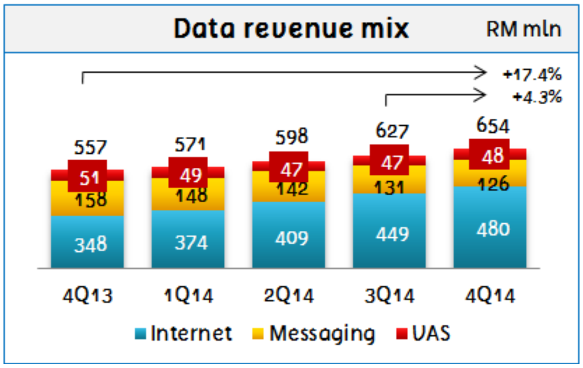
Prepaid revenue rose by 4.7% y-o-y and 3.4% q-o-q supported by solid growth on data revenue of 25.0% y-o-y and 6.4% q-o-q. Prepaid voice revenue remained resilient with 1.8% q-o-q growth, although 3.6% lower y-o-y.

Postpaid service revenue registered mild sequential growth of 0.9% compared to the preceding quarter on the back of stronger subscriber development following recent smartphone launches.

[1] Subscribers with at least 150kb for the last 3 months

Device and others revenue for the year grew 14.1% y-o-y to RM686 million (2013: RM601 million), mainly to support higher volume of affordable smartphone bundles demand.

Continued solid growth momentum on data



Digi progressively registered encouraging data revenue growth with total data revenue accelerated 17.4% y-o-y and 4.3% q-o-q; more than compensated weaker traditional voice and messaging revenue and strengthened the overall service revenue.

Internet revenue surged 37.9% y-o-y and 6.9% q-o-q, contributed by higher internet usage on stronger data network.

Internet penetration [1] for both prepaid and postpaid climbed steadily q-o-q to 54% and 72% respectively, aided by a combination of positive uptake of affordable smartphones and internet packages

Well managed cost although relatively higher opex in the final quarter

Cost of Good Sold (COGS) improved q-o-q led by savings from efficient traffic charges, although partially impacted by weaker MYR currency and higher smartphones cost.

Sales and marketing activities were tactically ramped up in the final quarter to support year-end campaigns, and prominent smartphone launches.

The expansion of data network footprint as well as site restoration and other repair cost incurred from the recent flood contributed to higher operation and maintenance (O&M) cost for the quarter.

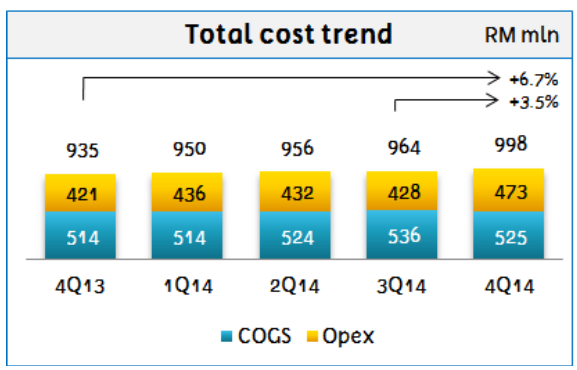
In addition, staff cost registered higher bonus provision In line with the stronger performance and higher training cost for the new billing system.

As a result, opex surged 12.4% y-o-y and 10.5% q-o-q.

FY 2014 Opex to Revenue ratio remained fairly stable at 25.2% (2013: 24.9%) on the back of increasingly competitive market and rapid expansion of data network footprint.

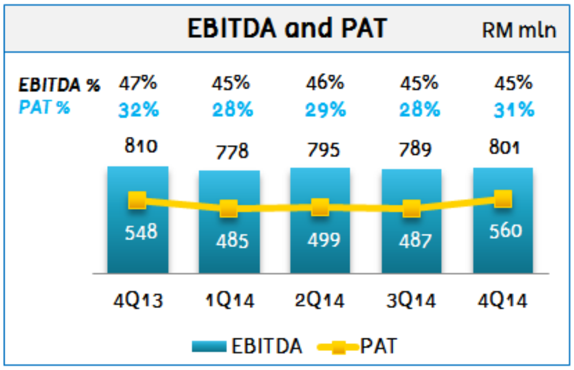
Net Opex to Revenue ratio for the year sustained at 25.0% level resilient against adverse currency fluctuations.

Digi will continue to pursue operational efficiencies opportunities to deliver reliable and affordable services to its customers.



[1] Subscribers with at least 150kb for the last 3 months

Solid EBITDA margin at 45% and on-track against planned capex



EBITDA margin remained stable at 45% level throughout the year, as a flow through from diligent operational efficiency focus.

The quarter registered 1.5% higher EBITDA against preceding quarter, aided by stronger service revenue and improved COGS.

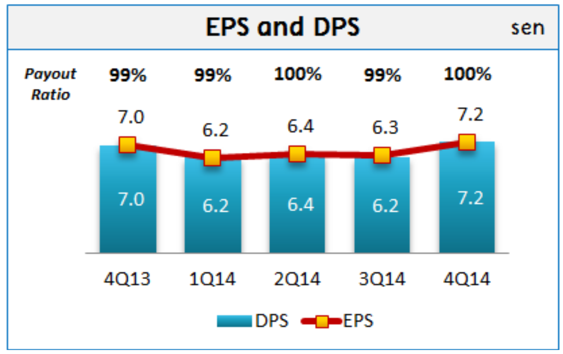
PAT for the quarter climbed 15.0% q-o-q and 2.2% y-o-y on the back of stronger EBITDA and spillover of additional qualifying last mile tax incentives relating to prior years.

Full year PAT margin improved to 29% (2013: 25%), as a flow through of stronger EBITDA and efficient depreciation subsequent to completion of network modernisation.

Capex spent for the quarter of RM233 million was within planned network and infrastructure expansion to deliver 3G and LTE coverage to 86% and 32%, respectively. As planned, capex for the year was relatively higher at RM904 million or 12.9% Capex to Revenue ratio.

Consequentially, full year Ops CF trended weaker by 1.9% to RM2,259 million (2013: RM2,302 million), although Ops CF margin remained healthy at 32%.

19.2% higher total EPS to 26.1 sen



Total Earnings per share (EPS) rose 4.2 sen or 19.2% to 26.1 sen (2013: 21.9 sen) aided by stronger EPS for the quarter of 7.2 sen, an increase of 14.3% q-o-q and 2.9% y-o-y.

The Board of Directors declared its 4th interim dividend of 7.2 sen per share (net) equivalent to RM560 million or 100% payout, payable to shareholders on 13 March 2015. Total dividend payout increased 4.7 sen or 22.1% to 26.0 sen (2013: 21.3 sen).

Balance sheet RM mln

	4Q13	1Q14	2Q14	3Q14	4Q14
Total Assets	3,752	3,667	3,759	3,785	4,308
Total Equity	661	602	619	608	686
Interest-bearing debts	749	853	848	598	1,048
Cash & cash equivalents	411	372	403	259	519

Total assets at year end stood at RM4,308 million, 14.8% higher than the previous year.

Interest-bearing debt at the end 2014 was RM1,048 million, after RM450 million additional short term debt drawn (net of repayment) to manage the year-end financial commitments.

The net debt/EBITDA ratio remained at a level below 0.2x, backed by healthy balance sheet.

2015 Ambition and priorities

All in all, Digi delivered a solid performance in 2014, delivering growth for both top line and service revenue on the back of sustained EBITDA margin.

	2014 Guidance	2014 Actual
Revenue growth	4% - 6%	4.2%
EBITDA margin	Sustain at 2013 level	45%

The robust operational momentum and capability gained in 2014 has set a solid foundation and head start into 2015. Although, market conditions remain challenged, Digi believes that there are good growth opportunities for the mobile industry fueled by strong demand on internet.

Looking ahead, the key priorities will be to continue the drive on internet growth opportunities supported by excellent on-ground execution and delivering stronger infrastructure capabilities for customers to enjoy best internet experience on Digi's network.

In tandem with the refreshed branding, Digi will focus on the 4 key propositions ie *Digi Live*, *Digi Value*, *Digi Easy and Best For Internet* to take a deeper customer-centric approach and service excellence to further strengthen its position in mobile mass market.

Further to that, Digi will continue its relentless focus on operational efficiency to stay ahead on competition and enable more affordable mobile services to its customers.

Consistent with before, Digi aspires to deliver above industry service revenue growth and to sustain EBITDA margin at 2014 level. In this respect, Digi believes it has the right strategies, network and resources in place to support this ambition and to continuously drive value creation within the industry.

The 2015 guidance is summarised as follows:

- Low - mid single digit service revenue growth
- Sustain EBITDA margin and Capex similar to 2014 level

These are internal management targets which will be reviewed periodically by the Board. Hence, these internal targets have not been reviewed by our external auditors.

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This report is to be read in conjunction with the announcement to Bursa Malaysia and all other disclosures related to our 4th Quarter, 2014 results.