

# DEAR SHAREHOLDERS,

## Good progress in implementing our strategy

As responsible leaders invested in the future of Digi, the Board spent a healthy proportion of its time in the past year on governance areas that most contribute to the success of the Company. We focused on sharpening our strategy and examining its potential in creating value for our

respective stakeholders, positioning able leaders, people and the right processes to deliver on these plans, and managing the risks related to our fast growing digital world, the global economy and our customers' expectations.

On behalf of the Board, I am pleased to report that Digi has delivered another year of steady financial and operational

performance in the context of a highly competitive, fast-paced and dynamic market environment that is Malaysia. Across the business, we have made solid progress in implementing our well-defined digital strategy that has enabled new and organic sources of growth for us in the past year while we continue to make significant investments for the future. As a result, our robust data network now

# CHAIR OF THE BOARD LARS-AKE VALDEMAR NORLING STATEMENT

serves over 11.7 million customers, of which 8.7 million are active internet users. This healthy 7.1% growth in our internet customer base during the year reflects that we are very much on track in our efforts to connect our customers to what matters most to them.

**“...WE HAVE MADE SOLID PROGRESS IN IMPLEMENTING OUR WELL-DEFINED DIGITAL STRATEGY THAT HAS ENABLED NEW AND ORGANIC SOURCES OF GROWTH FOR US IN THE PAST YEAR...”**

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# CHAIR OF THE BOARD'S STATEMENT

C O N T I N U E D

## Healthy returns on capital a continued priority

Our confidence in this respect also bears out in our strong balance sheet for the year, indicating the business' solid ability to fund our operations and ongoing investment commitments. The financial strength of our business has led the Board to announce close to a 100% dividend payout with a net dividend of 18.8 sen per share, returning a total of RM1.46 billion to shareholders in 2017. Yet again, in managing to exceed the Company's dividend policy of distributing a minimum 80% of net profits, we exhibit steady determination to perform and hold to our remuneration policies to create long-term value for our shareholders.

In planning for the longer term, the Board recognises the importance of maintaining financial flexibility to fund current and future investments. In 2017, the Company ventured into Islamic

financing by establishing our RM5.0 billion Sukuk Programmes, tapping into the growing Shariah-compliant debt and capital markets. Proceeds from the Sukuk Programmes' issuance can be utilised to finance capital expenditure, working capital and other general funding requirements in support of future growth opportunities. I am pleased to note that RAM Rating Services Berhad has reaffirmed the AAA/Stable/P1 ratings of our Sukuk Programmes in recognition of our strong performance and financial profile.

It is always rewarding to see instances where our steady performance and good governance practices are acknowledged externally. This is the fourth consecutive year The Edge Billion Ringgit Club Corporate Awards 2017 has credited us for having the highest return on equity over three years in the Big Cap Companies category, and the Trading and Services sector. Our focus on holding to high corporate governance standards has also been noticed by Asia's Best Managed Companies 2017 by FinanceAsia, and the MALAYSIA-ASEAN Corporate

Governance Transparency Index, Findings and Recognition 2017 by the Minority Shareholder Watchdog Group. These acknowledgements bear witness to the rigour we place on implementing strategies, policies and practices that result in a two-fold outcome for the business: to maximise earnings while we run a responsible, sustainable operations.

## Delivering on our purpose, responsibly and sustainably

The Board recognises that the way we work is as crucial as what we achieve, and has established, in our commitment to practicing the highest standards of ethics, a solid governance framework that affords trust and transparency in the way we conduct our business. Across the organisation, we have an uncompromising focus on compliance and integrity when seizing opportunities and mitigating challenges we face in the market. Our governance approach and processes are benchmarked against the latest in industry best practices, and a complete disclosure on these exercises is available in the Governance section on pages 60 to 86.

Our fortitude in being a leader in responsible business is also determined by having regard for all stakeholders within the ecosystem we operate. And in this respect, we have laid a strong foundation for sustainable business practices built on the tenets of trust and creating shared value. This is reflected in the way we provide safe, trustworthy services to our



**THE FINANCIAL STRENGTH OF OUR BUSINESS HAS LED THE BOARD TO ANNOUNCE CLOSE TO A 100% DIVIDEND PAYOUT WITH A NET DIVIDEND OF 18.8 SEN PER SHARE, RETURNING A TOTAL OF RM1.46 BILLION TO SHAREHOLDERS IN 2017.**

customers, build an inclusive workplace for our people, instill integrity into every aspect of managing our supply chain, reducing inequalities faced by society by advocating digital inclusion and resilience, as well as considerately managing our environmental impact. We believe that our aim to deliver on our goals sustainably will make us an outstanding organisation to work for, to do business with and to invest in. More information on the work carried out in this area are summarised in the Sustainability section on pages 32 to 41, and a full disclosure of our responsible leadership initiatives is detailed in Digi's 2017 Sustainability Report at [www.digi.com.my/sustainability](http://www.digi.com.my/sustainability).

### Solid strategy to thrive in an evolving market

As we leave a good year behind us and turn the page to the future, we believe we have the right purpose and strategy to take us forward in the dynamic landscape we operate in. In the year, we refined our strategy to have a sharper focus on the key growth drivers for our business to position us well to compete. While the changes in our strategy were not major, it signals our priority to deliver solid services to our customers, our discipline to operate efficiently and invest in our growth businesses.

The Board and I feel we have the right balance of skills, experience and backgrounds to support and challenge the management team in implementing this strategy. The recent appointments of

Haakon Bruaset Kjoel, Torstein Pedersen and Tone Ripel as additional Non-Independent Non-executive Directors have further strengthened the Board, and we look forward to leveraging their wealth of experiences in the coming years. I would also like to take this opportunity to express our deepest appreciation to four esteemed colleagues, my predecessor Morten Karlsen Sorby, Tore Johnsen, Kristin Muri Moller and Morten Loeken Edvardsen respectively, for their invaluable contribution to the Board and wish them the best for their futures.

Everyone who is a part of Digi has a deep interest in our success, and we are able to achieve it because they all play an active role in our exciting journey. The Board and I would like to recognise how hard they have worked this past year, and thank our management team and Digizens for their ongoing commitment to support our strategy.

We extend our appreciation also to the government of Malaysia, Ministry of Communications and Multimedia (KKMM), Malaysia Communications and Multimedia Commission (SKMM), various other agencies and our partner ecosystem who work with us to ensure that digital Malaysia is a shared and inclusive reality for all segments of society.

I would also like to thank our shareholders for your continued interest and investment in Digi. You have our deepest assurance that we work to remain highly

Close to  
**100%**  
dividend payout



**#1**

Most Committed  
to Corporate  
Governance  
Asia's Best Managed  
Companies 2017

**100%**  
Code of conduct  
acknowledgement



regarded as an investment grade and dividend paying company, creating value for you.

As I take my leave from Telenor and Digi, I remain extremely positive and confident about the future of this great business. There is every reason for optimism as Digi has the right priorities and able leadership to achieve the goals it has set out for itself, for the benefit of all its stakeholders.

**Lars-Ake Valdemar Norling**  
Chair of the Board