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1) The Article

DiGi revenue poised to hit RM4bil this year

Opportunities prevail in postpaid, high-value services

By YEOW POOI LING
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SHAH ALAM: DiGi.Com Bhd expects its revenue to touch RM4bil this financial year ending Dec 31, from RM3.7bil last year, said chief executive officer Morten Lundal.

On Wednesday, DiGi reported a net profit of RM806mil, or a whopping 71% jump from the previous year's RM471mil.

The results were above "everyone's expectations", including DiGi's, Lundal told a media briefing yesterday on the telecommunication company's full-year results.

"Our success in the marketplace was higher than what we had expected," he added.

The better results were due to an improvement in customer base, higher average revenue per user and improved efficiency.

He said there were still opportunities in postpaid and high-value services as well as in tapping more users, especially those in the rural areas.

"While we are not in an explosive growth industry, we are in a healthy growing sector," he said.

Chief financial officer Stefan Carlsson said the results of the pre-paid registration implemented last year showed that mobile penetration was at some 70%.

"This shows that there is still



Morten Lundal: We will make a major impact on the industry if we are awarded the WiMAX licence

growth potential in penetration in terms of usage and subscribers," he said.

On the bid for a WiMAX (Worldwide Interoperability for Microwave Access) licence, Lundal

said DiGi was confident that it had submitted "a strong bid" in terms of brand, experience, expertise, financial standing and commitment to make WiMAX a success in the country.

»We are in a healthy growing sector«

MORTEN LUNDAL

"We're confident that we will make a major impact on the industry if we are awarded the licence," he said, adding that if its bid failed, it would not affect DiGi's existing business model.

"We just won't focus on that technology and we will compete more fiercely," Lundal said.

Carlsson said DiGi had allocated capital expenditure (capex) of RM750mil this year, which was the same as last year's, to extend coverage, improve quality of coverage and introduce more innovative products to consumers. The capex, he said, did not include the potential investment for WiMAX.

Lundal said the mobile number portability initiative, which was targeted to be rolled out this year, would drive competition and benefit consumers. (The government-proposed initiative allows cellular service subscribers to switch network providers without changing their existing phone numbers.)

(The real newspaper copy is attached at the appendix section of this assignment)

Article adopted from : StarBiz (The Star newspaper's Business section)

Article written by : Yeow Pooi Ling

Article published date : Friday, 16 February 2007

Article related to industry : Telecommunication

2) Summary of Article

DiGi.com Berhad expects its revenue will increase to RM 4 billion this year comparing last year's figure RM 3.7 billion. They also reported their net profit of RM 806 million which shows 71% growth from last year's net profit. Chief executive officer of DiGi stated that the market penetration is around 70% and they are looking forward to increase their customer base in postpaid and high-value service. High-value service refers to WiMAX which DiGi had recently bid on for its license. At the same time, DiGi also reported that the Mobile Number Portability (MNP) will increase their revenue whereas the customers will not lose their existing phone number when they opt-in to DiGi as their telco.

(Word count: 109 words)

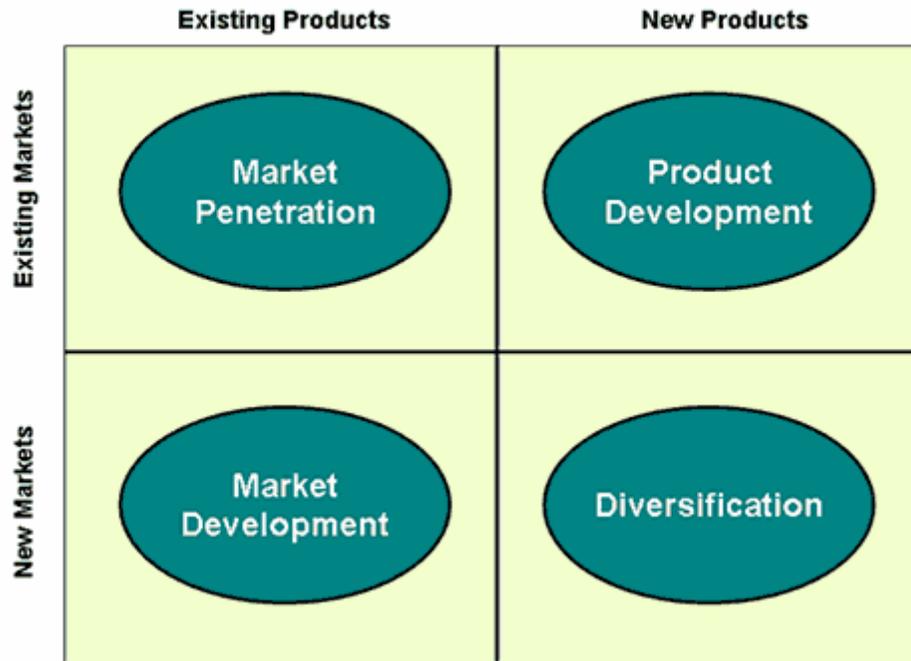
3) Related Theory

Based on the article, DiGi is facing market penetration. In marketing prospective, this market situation can be evaluated using Ansoff's Product/Market matrix theory. Digi is stating that they are in market penetration because they already established well in this Malaysian Telecommunication market with their existing product. This had come to a situation where the growth is lower and only targeting in its own market. This is what described in the Ansoff's Product/Market matrix theory. According to the theory, the business could not grow further or make much profit without expanding to the next stage. The next stage suggested in the theory is by product development or market development. Market development means they can step into new market such as Singaporean Telecommunication market with their existing product. But DiGi did not choose to do this. On the other hand, product development refers to introduce new product line into their existing market. DiGi strongly adopted this theory. I will support my statement by referring to DiGi's article whereas Chief Executive Officer mentioned that they are hoping for higher revenue and profit for this year by WiMAX and MNP (Mobile Number Portability) which they will introduce to the market soon. This WiMAX technology and MNP service is their new product development to increasing their revenue in term of hitting their target of RM 4 billion revenue for this year.

(Word count: 226 words)

4) Appendix or Reference attachments

i) Ansoff's Product/Market Matrix



ii) Original copy of the article

iii) Presentation Slides

iv) Softcopy of this assignment