



Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Q1 2019

an axiata company

Dialog Group Performance

Dialog Axiata Company Performance

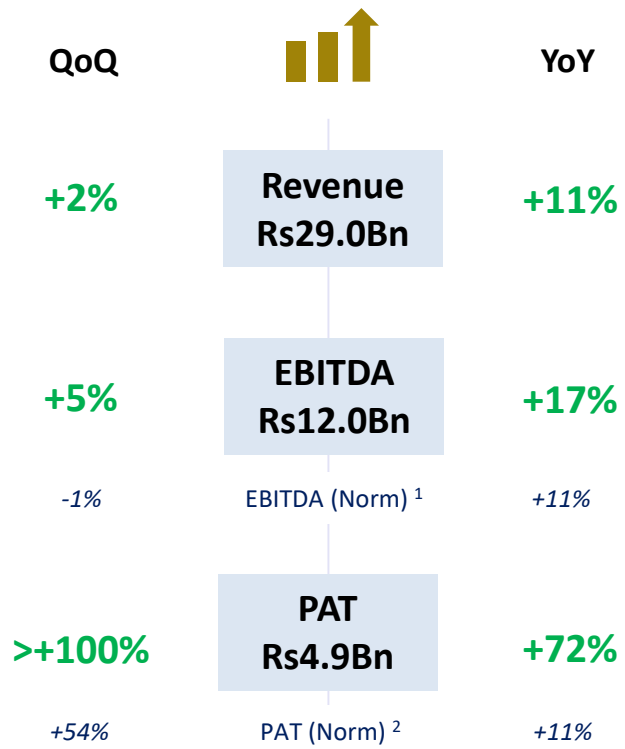
Subsidiary Performance



Dialog Group Performance Highlights – Q1 2019



All Key Financial Indicators Improved QoQ and YoY; Achieved Revenue Growth of 11% and EBITDA Growth of 17% YoY. Forex Norm. PAT up 11% YoY



Capex Investments Directed to Fulfil Burgeoning Demand for Data



PoP Coverage
Mobile 4G - 91%
Fixed 4G - 68%

Q1 2018 Capex Spend
Rs2.6Bn

Capex Intensity
9%

Significant YoY Growth in Mobile Data Consumption driven by both usage growth and acquisition of new data customers

All Business Segments Delivered Strong Performance



Mobile



Data Recorded Growth of 21% Albeit declining 4% QoQ; **Voice up 2% QoQ** for Q1 2019



TV

Net Loss decreased to Rs166Mn for Q1 2019 relative to Net Loss of Rs521Mn in Q4 2018



Fixed

Q1 2019 PAT reached Rs483Mn

Aggressive Subscriber Growth



Mobile



Reached 14.3 Mn Subscribers
+4% QoQ | +10% YoY



TV

Reached 1.2Mn Households by end Q1 2019
+3% QoQ | +16% YoY



Fixed

Home BB Sub Base
+8% QoQ | +45% YoY

Achievements

For the first time in South Asia, Dialog successfully demonstrated a fully standards based 5G mobile service, integrating 5G network infrastructure with the world's fastest foldable 5G device



¹ Norm for SLFRS 16

² Normalised for non-cash translational forex loss

Rs Mn	Q1 19	QoQ	YoY
Revenue	28,994	2%	11%
EBITDA	12,049	5%	17%
PAT	4,879	>+100%	72%
<i>EBITDA Margin</i>	41.6%	1.3pp	2.1pp
<i>PAT Margin</i>	16.8%	16.5pp	5.9pp
<i>ROIC</i>	15.2%	0.4pp	-1.0pp

Normalised Performance

Revenue	28,994	2%	11%
EBITDA ¹	11,410	-1%	11%
PAT ²	3,555	54%	11%

1

Challenging Outlook for Core Revenue Growth amid Aggressive Competition; Data Revenue declined 4% QoQ albeit Voice Increasing 2% QoQ

2

LKR Appreciated against the USD by 3.6% resulting in Non-Cash Translational Forex Gain of Rs1.3Bn

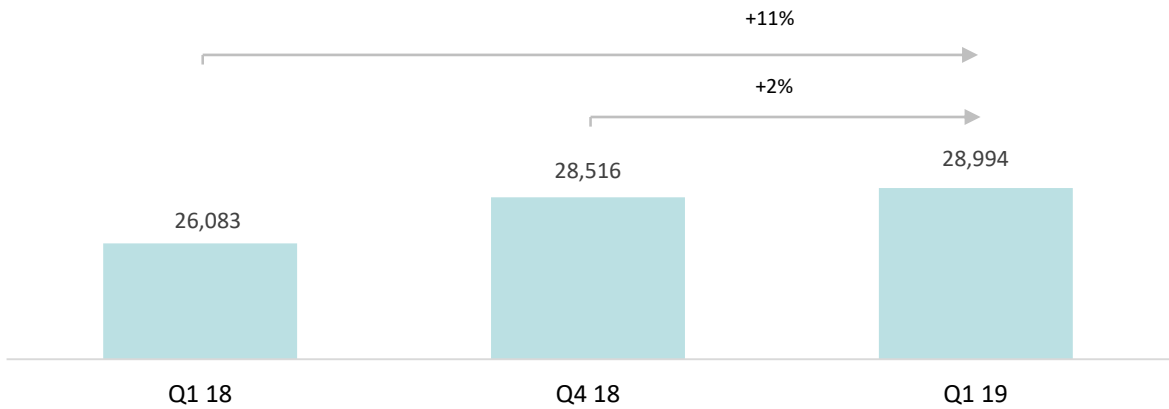
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Positive Impact from SLFRS 16 on EBITDA Rs639Mn; Upside on EBITDA Margin 2.2pp

¹ Norm for SLFRS 16

² Norm for non-cash translational forex losses/gains

Key Business Segments Driving Revenue Growth Performance



Growth in Mobile Revenue up 4% YoY and down 2% QoQ, with **Mobile Data Revenue** growing 21% YoY driven by increased smartphone penetration and 4G conversion, **albeit declining 4% QoQ**; **Voice revenue up 4% YoY and 2% QoQ**

International Revenue grew 54% YoY and 12% QoQ led by significant growth in **Wholesale Revenue**

Fixed Home Broadband Revenue continued its growth trajectory up 9% YoY supported by expanding Fixed 4G LTE network coverage and aggressive subscriber acquisitions

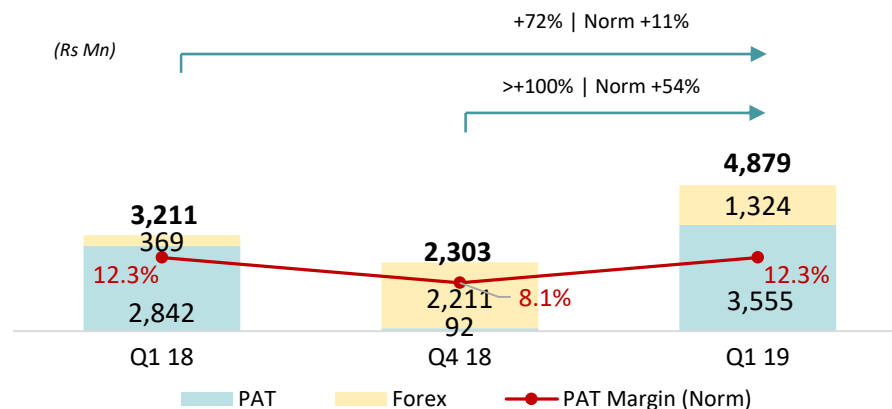
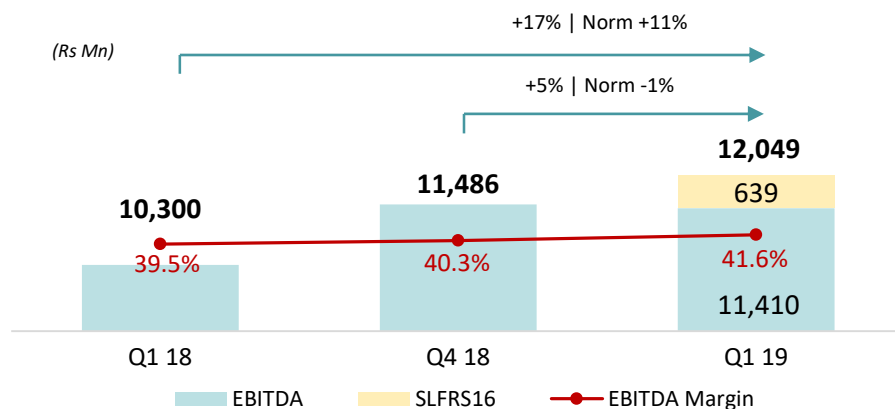
Television Revenue grew 12% YoY and 9% QoQ driven by increase in subscription revenue



Growth in Group EBITDA Delivered via Revenue Growth and Cost Management; Q1 19 PAT Improves over 2x against Norm. PAT in Q4 18

Strong EBITDA Growth QoQ and YoY; Normalised
EBITDA Margin of 39.4%

Forex Normalised YoY PAT up 11%; Q1 19 PAT up
over 2x against Norm. PAT in Q4 18



Total Cost to Revenue Ratio Improved 2.1pp YoY; Total Cost Reduced by Rs639Mn in Q1 19 as a Result of SLFRS 16

	Q1 19	As % of revenue	Q4 18	As % of revenue	Q1 18	As % of revenue	QoQ	YoY
Total Cost	Rs16,945Mn	58.4%	Rs18,229Mn¹	63.9%	Rs15,783Mn²	60.5%	-5.5pp	-2.1pp
Direct Expenses		25.8%		26.9%		25.7%	-1.0pp	+0.1pp
Sales & Marketing		9.5%		11.1%		10.9%	-1.5pp	-1.3pp
Network Cost		9.7%		12.1%		11.8%	-2.4pp	-2.1pp
Staff Cost		8.2%		9.6%		8.1%	-1.5pp	+0.1pp
Overheads		3.9%		3.3%		2.6%	+0.6pp	+1.3pp
Bad Debt		1.3%		0.9%		1.4%	+0.4pp	-0.1pp

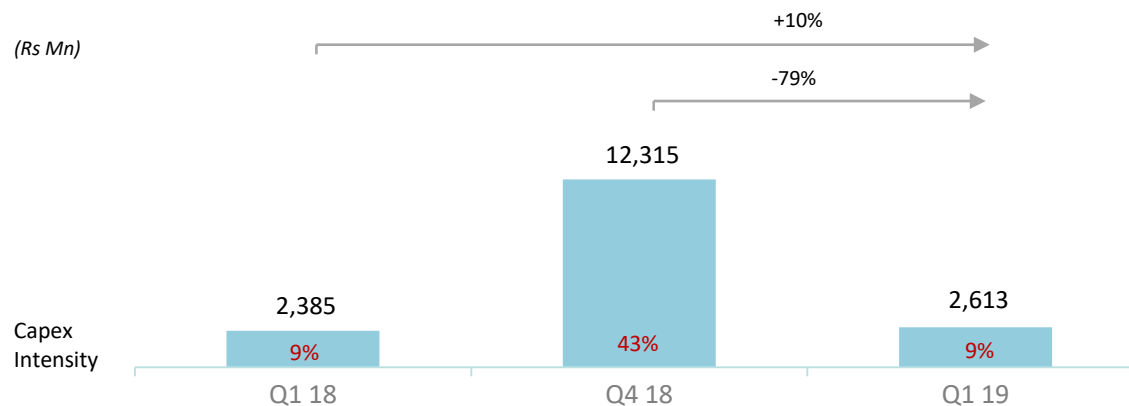
¹ Excl. Rs2.5Bn Org. Tran. provision

² Restated for SLFRS 15 re-class done in Q4 2018

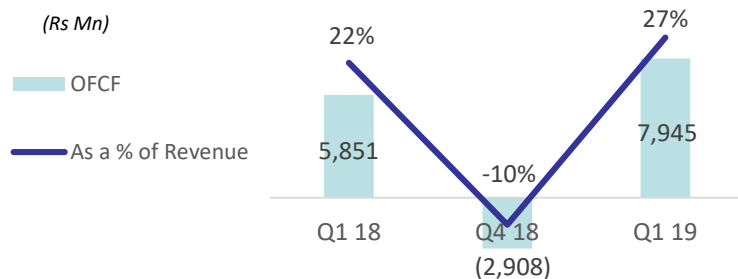
Focused Capex Investments to Support Rapid Growth in Data

Capex Intensity at 9% for Q1 2019

Capex Investments Directed Towards Expanding Data Network; Mobile 4G and Fixed LTE PoP Coverage Reached 91% and 68%



Positive OFCF in Q1 19 Driven by Strong Operating Performance and Calibrated Capex Spend



Q1 2019 of Rs2.6Bn directed mainly towards investments in High-Speed Broadband infrastructure consisting of capacity upgrades and LTE focused coverage expansion

Investment in Data Infrastructure includes:

- 4G capacity upgrades
- 4G coverage expansion

Group's Net Debt to EBITDA Remained Healthy at 0.82x

(Rs Mn)	31 Mar 19	31 Dec 18	31 Mar 18
Gross Debt	44,542	46,391	33,684
Net Debt	39,383	39,681	30,626
Cash and Cash Equivalents	5,159	6,710	3,058
<i>Gross Debt / Equity (x)</i>	<i>0.62</i>	<i>0.69</i>	<i>0.50</i>
<i>Gross Debt/ EBITDA (x)</i>	<i>0.92</i>	<i>1.07</i>	<i>0.82</i>
<i>Net Debt/ EBITDA (x)</i>	<i>0.82</i>	<i>0.91</i>	<i>0.74</i>

The Low Geared Balance Sheet Structure Demonstrates the Group's Financial Strength and Capacity to Drive Business Growth via Timely and Aggressive Investments



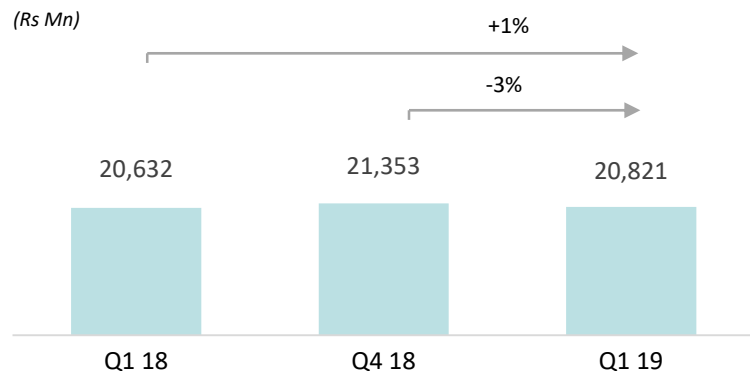
Dialog Group Performance

Dialog Axiata PLC - Company Performance

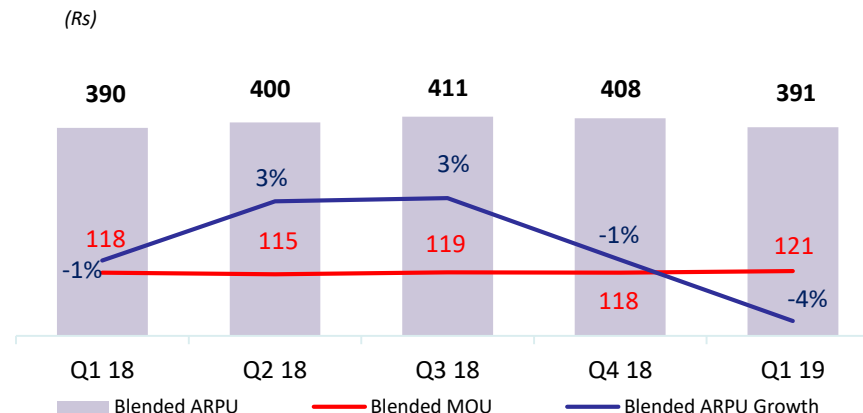
Subsidiary Performance



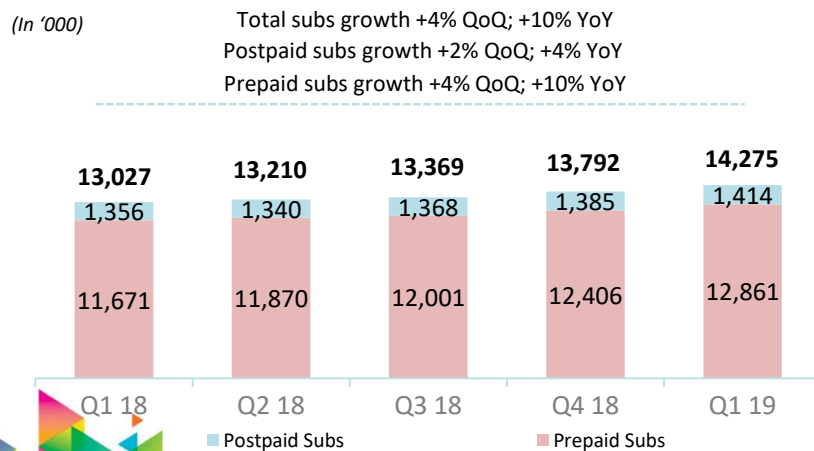
Revenue Growth YoY Driven by Strong Performance in Data



Mobile MOU Improved whilst ARPU declined 4% owing to Drop in Data ARPU



Subscriber Growth Driven by Aggressive Customer Acquisition and Retention Initiatives



Normalised EBITDA and PAT improvement Driven by Cost Optimisations; Norm. EBITDA Margin Reach 42%

(Rs Mn)	Q1 19	QoQ ⁴	YoY
EBITDA ²	8,748	7%	14%
PAT ³	3,360	+10%	35%
EBITDA Margin %	42.0%	+3.9pp	+4.8pp
PAT Margin %	16.1%	+1.8pp	+4.1pp

² Norm for SLFRS 16

³ Norm non-cash translational forex loss

⁴ Against Norm. Q4 18 Performance

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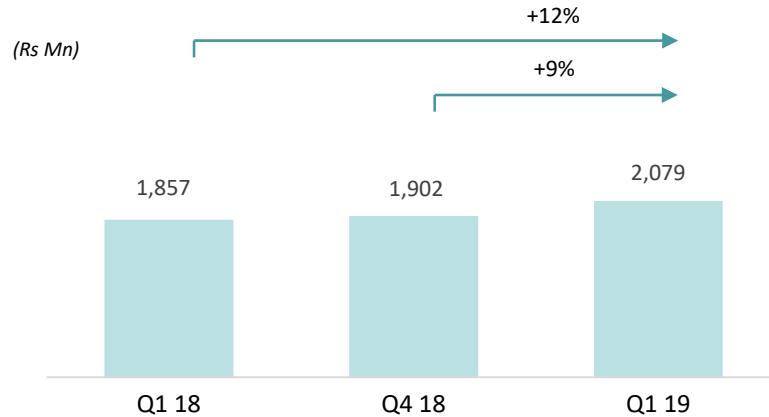


Dialog Television

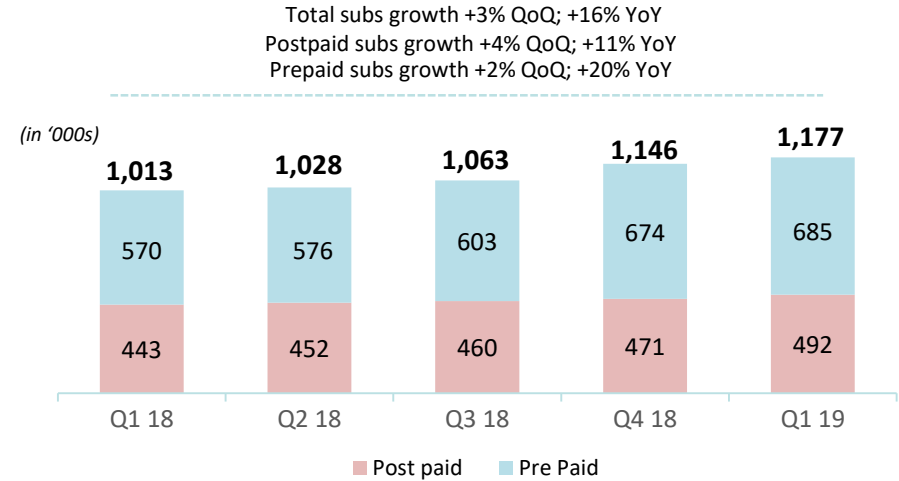
Subscription Fee Driven Revenue Growth Improving QoQ Profitability; YoY Performance Impacted by Higher Content Cost



Growth in Subscription Revenue Driving Overall Revenue Performance



Subscriber Growth led by Prepaid and Postpaid with Improved Churn Management Drives



QoQ Profitability Improvement Underpinned by Revenue Growth; Higher Content Cost Impacting YoY Performance Despite Favorable Forex Impact

Rs Mn	Q1 19	QoQ ¹	YoY
EBITDA	474	+37%	-15%
PAT	-166	+61%	-31%
EBITDA Margin %	+22.8%	+4.6pp	-7.3pp
PAT Margin %	-8.0%	+14.3pp	-1.2pp

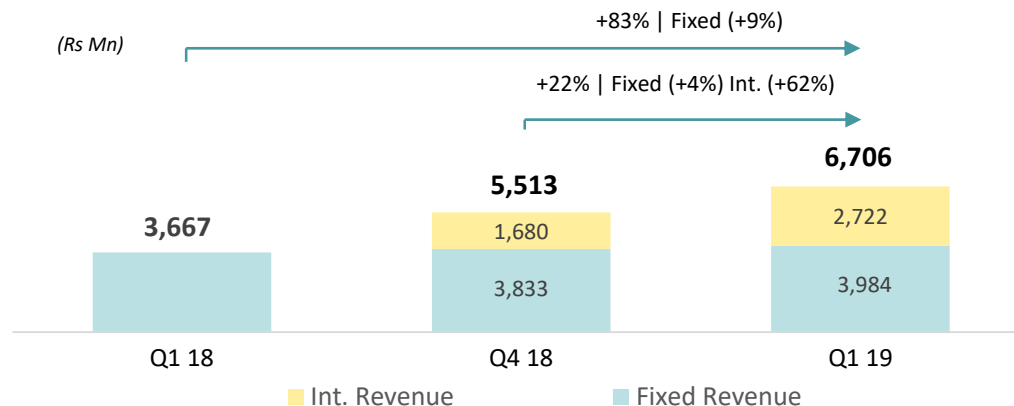
¹ Against Norm. Q4 18 Performance



Dialog Broadband Networks – Fixed Business

Fixed Revenue Growth Driven by Home Broadband (HBB) on the back of Network Coverage Expansion and Aggressive Market Capture

Strong Revenue Growth Supported by Int. Business; Fixed Revenue up 9% YoY and 4% QoQ Driven by Home BB, up 19% YoY and 5% QoQ;



International Revenue %	N/A	30%	41%
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Profitability Improved on the back of Revenue Growth and Favorable Forex Impact albeit PAT declining 20% YoY Due to Higher Depreciation

(Rs Mn)	Q1 19	QoQ ¹	YoY
EBITDA	2,363	+7%	+8%
PAT	483	+66%	-20%
EBITDA Margin %	+35.2%	-4.7pp	-24.6pp
PAT Margin %	+7.2%	+1.9pp	-9.3pp

¹ Against Norm. Q4 18 Performance

Thank You

