Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Q1 2020 Results

an axiata company

Dialog Axiata Group Performance

Dialog Axiata PLC - Company Performance

Subsidiary Performance – Dialog Broadband and Dialog TV

DIALOG GROUP PERFORMANCE HIGHLIGHTS – Q1 2020

Stable Performance During the Quarter; PAT Impacted by Forex Losses

QoQ		YoY
-1%	**Revenue** **Q1 20 - Rs29.5Bn**	+1%
+4%	**EBITDA** **Q1 20 – Rs12.2Bn**	+1%
-39%	**PAT** **Q1 20 – Rs1.5Bn**	-69%
+31%	PAT (Norm) [1]	*-13%*

Capex Investments Directed to Fulfil Growing Demand for Data and Digitisation Initiatives

PoP Coverage
Mobile 4G - 93%
Fixed 4G - 68%

Q1 20 Capex Spend
Rs2.0Bn

Capex Intensity
7%

Significant improvement in Digital adoption

- Paperless Activations – 100%
- Digital retailers – 24k
- MyDialog App – 4.5Mn

All Key Business Segments Delivered Strong Performance

Mobile
Data Continues Growth Momentum
4% QoQ | 25% YoY

TV
EBITDA Expands in 43% YoY to reach Rs676Mn for Q1 20

Fixed
Q1 20 PAT recorded at Rs273Mn

Aggressive Subscriber Growth

Mobile
Reached 15.0Mn Subscribers
+5% YoY

TV
Reached 1.5Mn Households by end March 2020
+25% YoY |+3% QoQ

Fixed
Home BB Sub Base
+16% YoY | +2% QoQ

Awards & Recognitions

Sri Lankan consumers **voted Dialog as the 'Service Brand of the Year', 'Youth Choice – Service Brand of the Year',** and for a record **ninth year running, the 'Telecommunication Brand of the Year'** at the prestigious SLIM-Nielsen Peoples Awards 2020.

[1] Normalised for non-cash translational forex loss

GROUP FINANCIAL SUMMARY

Rs Mn	1Q 20	QoQ	YoY
Revenue	29,500	-1%	+1%
EBITDA	12,164	+4%	+1%
PAT	1,489	-39%	-69%
EBITDA Margin	*41.6%*	*+2.3pp*	*0.0pp*
PAT Margin	*5.1%*	*-3.1pp*	*-11.7pp*
ROIC	*12.3%*	*+0.6pp*	*-3.0pp*

Normalised for Forex

PAT [1]	3,087	+31%	-13%

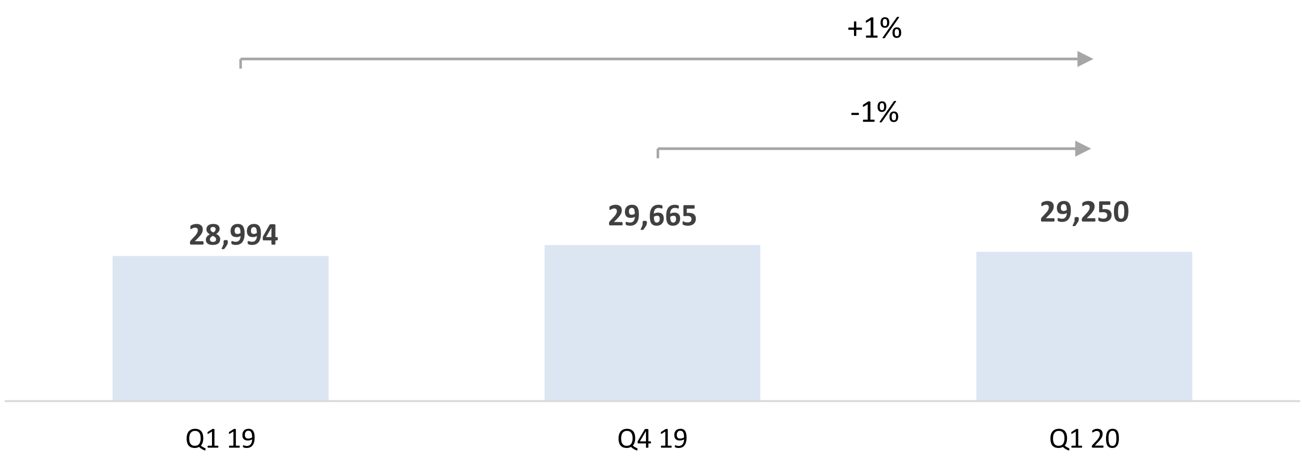
1. Covid-19 induce lockdown situation challenged business performance on many fronts towards in last 2 weeks of quarter

2. Non-cash translational forex losses of Rs1.6Bn for Q1 2020 amid 4.6% depreciation in LKR

[1] Norm for non-cash translational forex losses/gains

GROUP REVENUE CONTINUES YOY GROWTH TRAJECTORY

Positive Revenue Performance YoY; Revenue Marginally Declined QoQ



Mobile Revenue recorded growth of 2% YoY whilst QoQ growth declined 2%, with **Mobile Voice Revenue declining 12% YoY and 1% QoQ. Data Revenue continued growth at 25% YoY and 4% QoQ** driven by increased data subscribers and 4G adoption

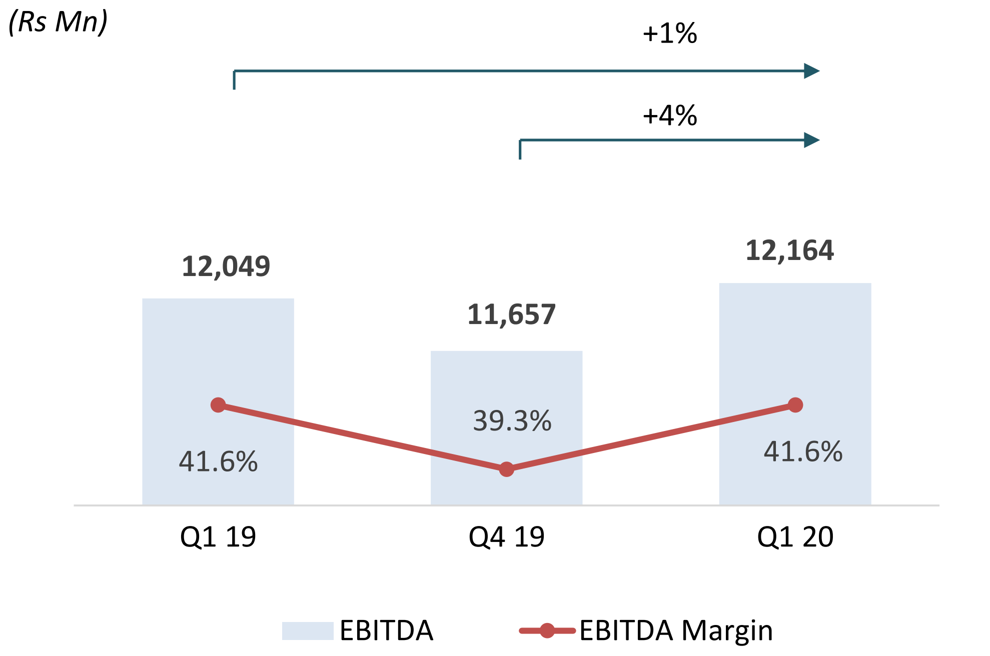
International Revenue declined 4% YoY led by contraction in **termination revenue**

Fixed Home Broadband Revenue continued its growth trajectory up 4% YoY and 7% QoQ supported by increase in usage and subscriber acquisitions

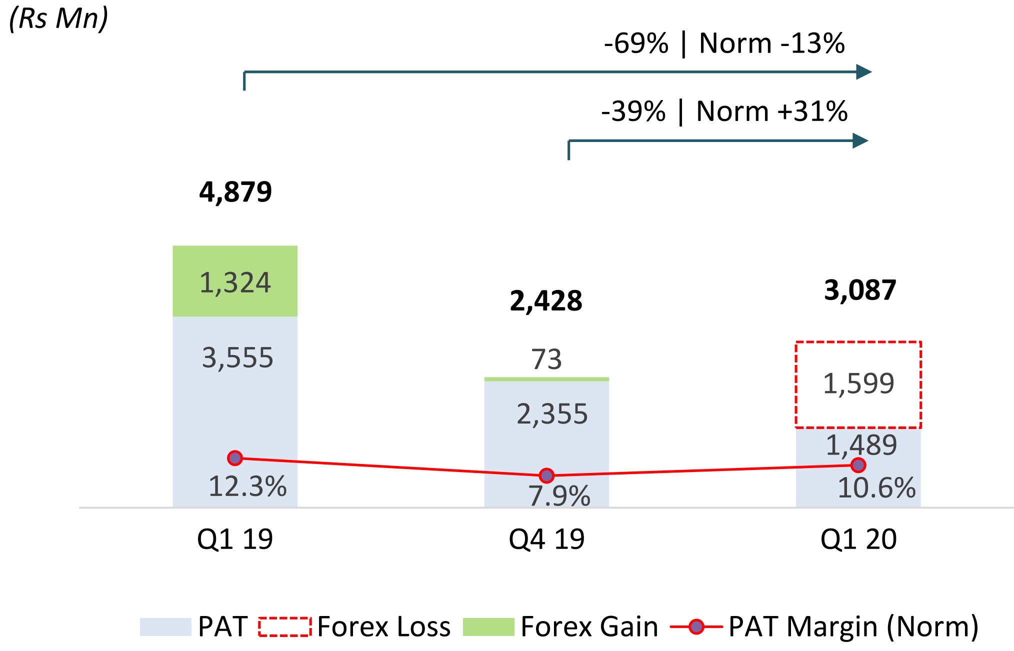
Television Revenue grew 8% YoY driven by increase in subscriptions, albeit QoQ growth remained stable

GROUP PROFITABILITY IMPROVEMENT SUPPORTED BY STRONG COST FOCUS WHILE FOREX MOVEMENT ADVERSELY IMPACTED Q1 20 PAT

EBITDA Expand YoY and QoQ Underpinned by Strong Cost Optimisation Initiatives



Norm. for forex Q1 20 PAT Expand on QoQ basis Albeit Declining YoY Due to Increased Depreciation and Transactional Forex



TOTAL COST TO REVENUE RATIO DECREASED 2.2PP QoQ IN Q1 20; TOTAL COST SAVINGS OF RS0.7BN IN Q1 20 FROM COST RESCALING INITIATIVES

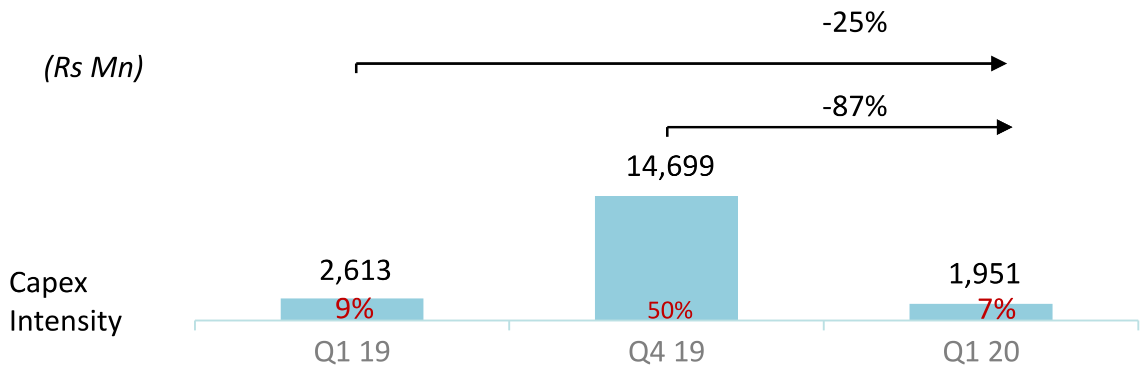
	Q1 20	As % of revenue	Q4 19	As % of revenue	Q1 19	As % of revenue	QoQ	YoY
Total Cost	**Rs17,108Mn**	**58.5%**	**Rs18,008Mn**	**60.7%**	**Rs16,945Mn**	**58.4%**	**-2.2pp**	**+0.1pp**
Direct Expenses		26.1%		26.9%		25.8%	**-0.8pp**	**+0.3pp**
Sales & Marketing		9.1%		8.9%		9.5%	**+0.2pp**	**-0.4pp**
Network Cost		11.1%		11.6%		9.6%	**-0.5pp**	**+1.5pp**
Staff Cost		7.9%		8.9%		8.2%	**-0.9pp**	**-0.2pp**
Overheads		2.0%		3.0%		3.9%	**-1.1pp**	**-2.0pp**
Bad Debt		2.3%		1.4%		1.3%	**+0.9pp**	**+1.0pp**

FOCUSED CAPEX INVESTMENTS TO SUPPORT DIGITISATION AND MOBILE/FIXED BROADBAND CAPACITY UPGRADES

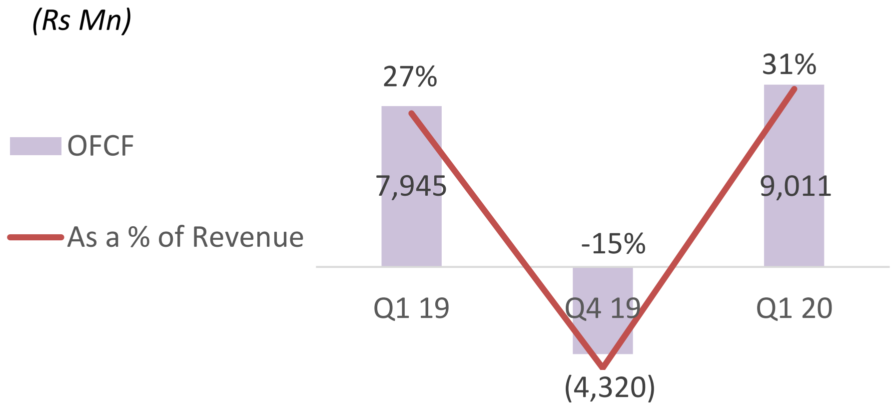
Network Rollout Impacted due to Covid-19 Situation; Capex Intensity at 7% in Q1 20

OFCF Increased to 9.0Bn for the Quarter

Capex Investments Directed Towards Digitising and Expanding Data Network; Mobile 4G and Fixed LTE PoP Coverage Reached 93% and 68%



OFCF Improvement in FY 19 Driven by Calibrated Capex Spend and Focused Working Capital Management



Capex spend of Rs2.0Bn for Q1 20 directed mainly towards organization digitsation and investments in High-Speed Broadband infrastructure consisting mainly of revenue generating capacity upgrades

Investment in Data Infrastructure includes:

- 4G capacity upgrades
- 4G coverage expansion

GROUP'S NET DEBT TO EBITDA REMAINED HEALTHY AT 0.81X

(Rs Mn)	31 Mar 20	31 Mar 19	31 Dec 19
Gross Debt	45,052 [1]	44,542	44,876
Net Debt	39,425	39,383	39,986
Cash and Cash Equivalents	5,628	5,159	4,890
Gross Debt / Equity (x)	*0.59*	*0.62*	*0.60*
Gross Debt/ EBITDA (x)	*0.93*	*0.92*	*0.96*
Net Debt/ EBITDA (x)	*0.81*	*0.82*	*0.86*

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

[1] Increase in Gross Debt due to reclassification of Interest Payable under borrowings in Q1 2020

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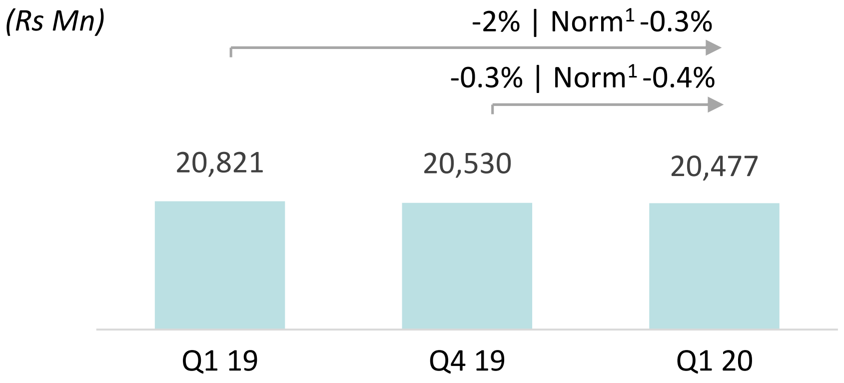
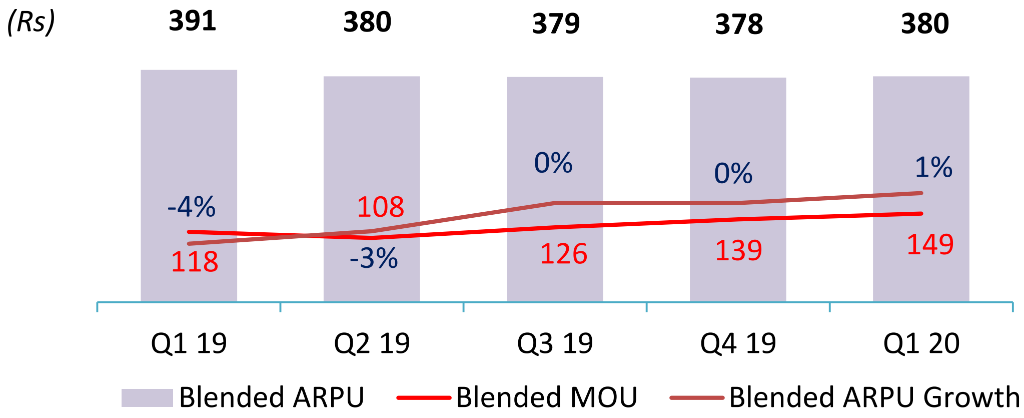
DIALOG AXIATA PLC (COMPANY) : DIALOG PROFITABILITY STABLE TO POSITIVE ON YOY AND QOQ BASIS DESPITE FOREX IMPACT; ARPU RECORDS MARGINAL GROWTH QOQ

Revenue Decline due to Challenges on Core Revenue



[1] *Normalised growth excludes hubbing revenue*

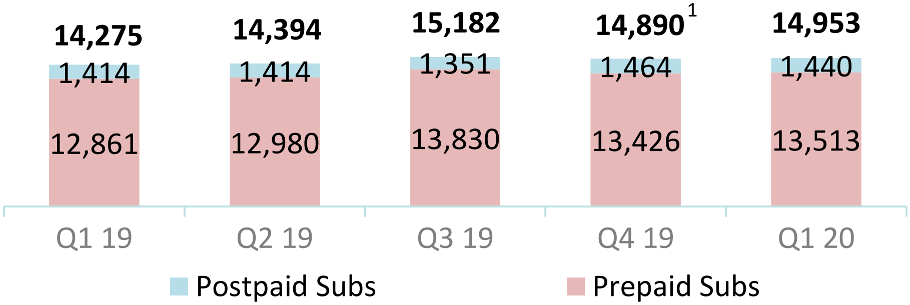
Significant Improvement in MOUs (post re-statement); ARPU stable Owing to Growth in Data Revenues Off-Setting Voice Revenue Decline



Subscriber Growth Driven by Customer Acquisition and Retention Initiatives

(In '000)

Total subs growth +0.4% QoQ; +5% YoY
Postpaid subs growth -2% QoQ; +2% YoY
Prepaid subs growth +1% QoQ; +5% YoY



[1] Re-cycling period for PrP reduced from 6 months to 3 months

EBITDA Improvement Driven by Cost Management; Forex Losses Impacting PAT

(Rs Mn)	**Q1 20**	**QoQ**	**YoY**
EBITDA	9,168	+4%	-2%
PAT	1,646	-45%	-65%
EBITDA Margin %	*44.8%*	*+1.8pp*	*-0.1pp*
PAT Margin %	*8.0%*	*-6.5pp*	*-14.8pp*
PAT Norm [2]	3,381	+19%	-4%
PAT Margin %	*16.5%*	*+2.7pp*	*-0.4pp*

[2] Normalised for non-cash translational forex

Dialog

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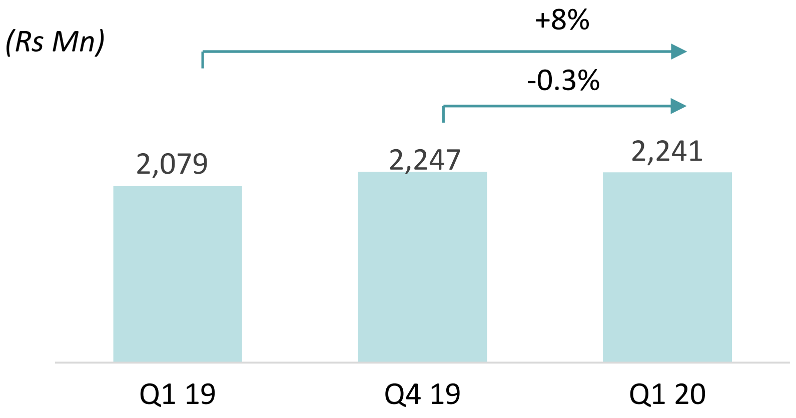
DIALOG TELEVISION

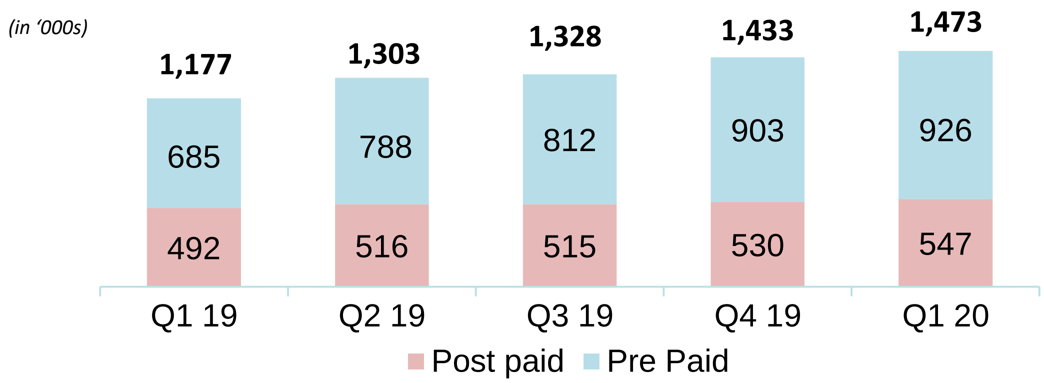
Continues to Capture Market Share while Strong Cost Focus Helping Profitability; Forex Losses Impacting PAT

Strong Subscriber Growth Driving Overall YoY Top Line Performance; QoQ Revenue Remained Stable



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

Total subs growth +3% QoQ; +25% YoY
Postpaid subs growth +3% QoQ; +11% YoY
Prepaid subs growth +3% QoQ; +35% YoY



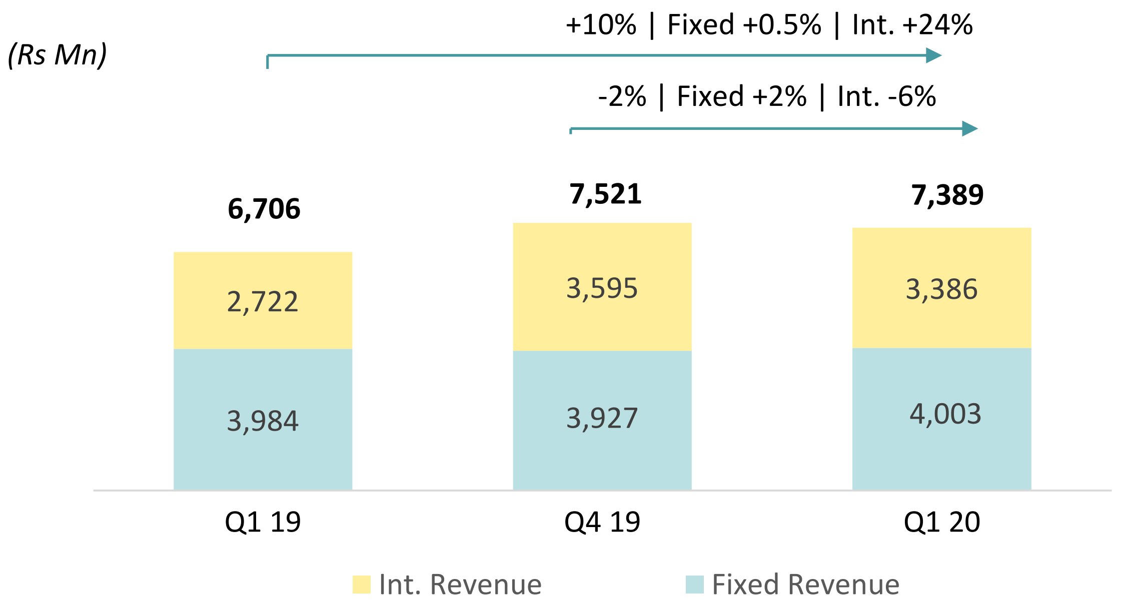
Profitability Improvement Driven by Subscription Revenue led top Line Growth and Cost Focus; PAT Impacted by Forex Losses

Rs Mn	Q1 20	QoQ	YoY
EBITDA	676	+16%	+43%
PAT	-227	-10%	-37%
EBITDA Margin %	*+30.2%*	*+4.2pp*	*+7.4pp*
PAT Margin %	*-10.1%*	*-1.0pp*	*-2.1pp*

DIALOG BROADBAND NETWORKS – FIXED BUSINESS

Fixed Business Continuing to Deliver Positive EBITDA and PAT

Strong Revenue Growth YoY Supported by Int. Business Revenues; Fixed Revenue up 2% QoQ



	Q1 19	Q4 19	Q1 20
International Revenue %	41%	48%	46%

Positive EBITDA Performance on YoY and QoQ Basis; YoY PAT Impacted by Higher Depreciation and Finance Cost

(Rs Mn)	**Q1 20**	**QoQ**	**YoY**
EBITDA	2,465	+6%	+4%
PAT	273	>+100%	-43%
EBITDA Margin %	*+33.4%*	*+2.5pp*	*-1.9pp*
PAT Margin %	*+3.7%*	*+5.9pp*	*-3.5pp*