



# Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Q3 2018

an axiata company

Dialog Group Performance

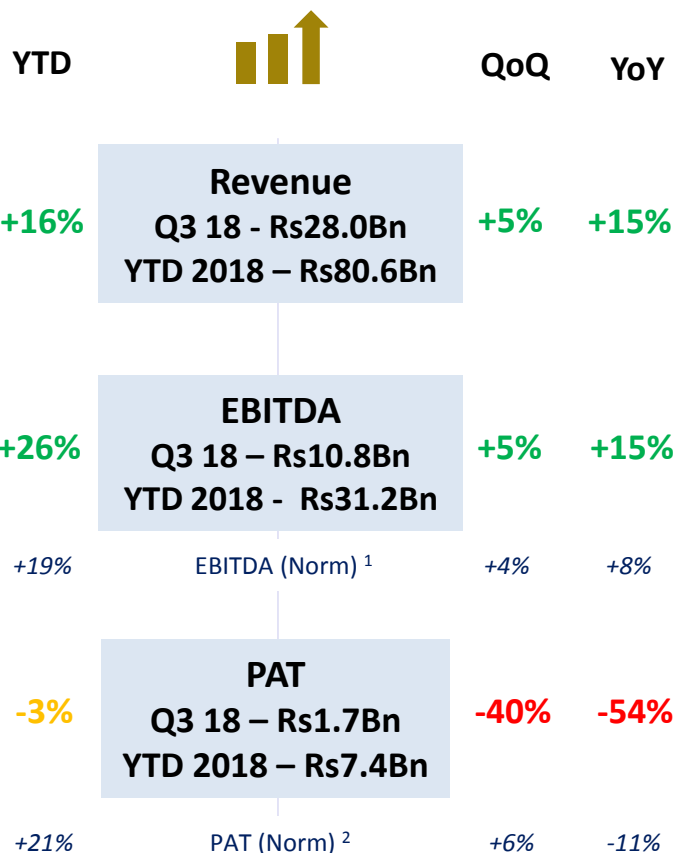
Dialog Axiata Company Performance

Subsidiary Performance



# Dialog Group Performance Highlights – Q3 2018

Strong QoQ Performance driven by Revenue Growth and operational efficiencies, albeit non cash translational forex losses impacted PAT



Focused Capex Investments to Support Rapid Growth in Data



PoP Coverage  
Mobile 4G - 54%  
Fixed 4G - 59%

YTD 2018 Capex Spend  
Rs18.3Bn

Capex Intensity  
23%

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

All Business Segments Delivered a Strong YTD Performance



Mobile



Data Continued its Growth Momentum  
32% YTD | 7% QoQ  
| +28% YoY



TV

Net Loss Declined to Rs570Mn<sup>1</sup> relative to Net Loss of Rs633Mn<sup>1</sup> in YTD 17



Fixed

PAT exceeding Rs 1.3Bn for YTD 2018

Aggressive Subscriber Growth



Mobile



Reached 13.4 Mn Subscribers  
+1% QoQ | +6% YoY



TV

Reached 1.1Mn Households by end Sep 2018  
+3% QoQ | +15% YoY



Fixed

Home BB Sub Base  
+12% QoQ | +57% YoY

Telecommunications Regulatory Commission of Sri Lanka ("TRCSL") abolished the floor rate (Rs.1.50 per minute) in Q3 2018, applicable on mobile voice services. Tariff Plans will require the approval of the TRCSL in the future and such tariff approval shall be based on a cost-based approach. **Voice Revenue was up 3% QoQ whilst Remaining Stable YTD**

Rs Mn	YTD 2018	YTD	3Q 18	QoQ	YoY
Revenue	80,640	16%	27,951	5%	15%
EBITDA	31,164	26%	10,842	5%	15%
PAT	7,409	-3%	1,721	-40%	-54%
<i>EBITDA Margin</i>	38.6%	3.0pp	38.8%	-0.2pp	0.0pp
<i>PAT Margin</i>	9.2%	-1.8pp	6.2%	-4.5pp	-9.2pp
<i>ROIC</i>	15.9%	0.9pp	15.9%	0.4pp	0.9pp

## Normalised Performance

Revenue <sup>1</sup>	80,204	16%	27,771	5%	15%
EBITDA <sup>1</sup>	29,441	19%	10,130	4%	8%
PAT <sup>2</sup>	9,452	21%	3,227	6%	-11%
<i>EBITDA Margin</i>	36.5%	0.8pp	36.2%	-0.5pp	-2.6pp
<i>PAT Margin</i>	11.8%	0.6pp	11.6%	0.1pp	-3.4pp

Revenue and EBITDA improved significantly on YTD, QoQ and YoY basis  
 Post normalisation for non-cash translational forex losses and SLFRS 15, PAT demonstrated an improvement of 21% YTD and 6% QoQ

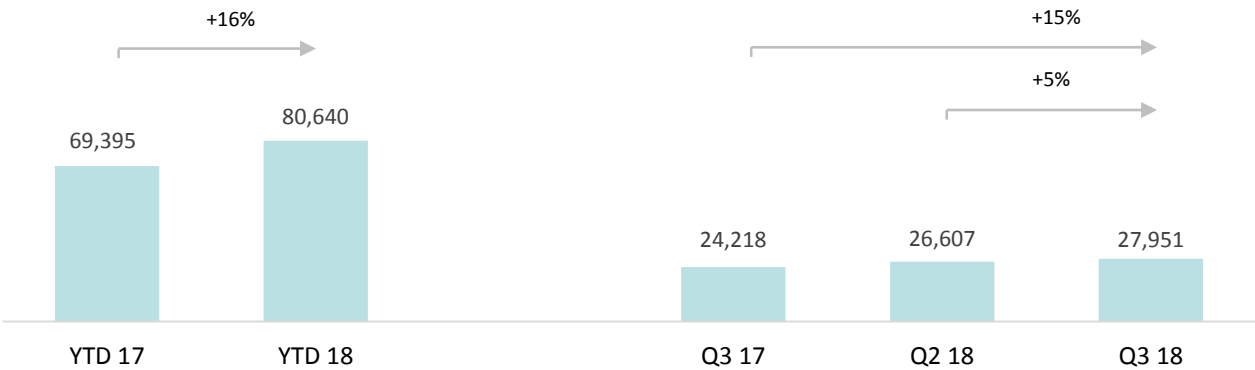
<sup>1</sup> Normalised for SLFRS 15 impact

<sup>2</sup> Normalised for non-cash translational forex loss and SLFRS 15 impact

# Group Revenue Recording a Growth of 16% YTD and 5% QoQ Amidst Resilient Growth in Core Revenue Streams Driven by Data



Key Business Segments Driving Revenue Growth Momentum



**Growth in Mobile Revenue up 13% YTD and 4% QoQ**, with **Mobile Data Revenue** growing 32% YTD and 7% QoQ driven by increased smartphone penetration and 4G conversion; **Voice revenue** grew 3% QoQ whilst remaining stable YTD

**International Revenue** grew 28% YTD and 10% QoQ led by significant growth in Wholesale **Revenue**

**Fixed Home Broadband Revenue** continued its growth trajectory up 34% YTD supported by expanding network coverage and aggressive subscriber acquisitions

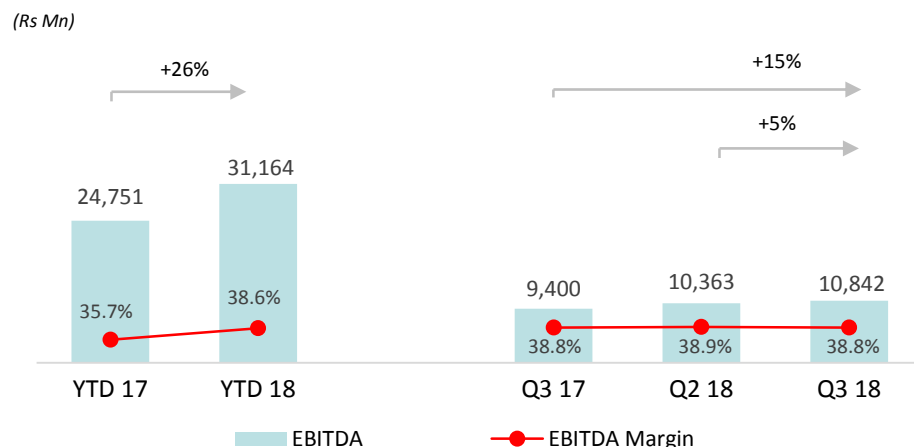
**Television Revenue** grew 8% YTD and 11% QoQ driven by increase in subscription revenues



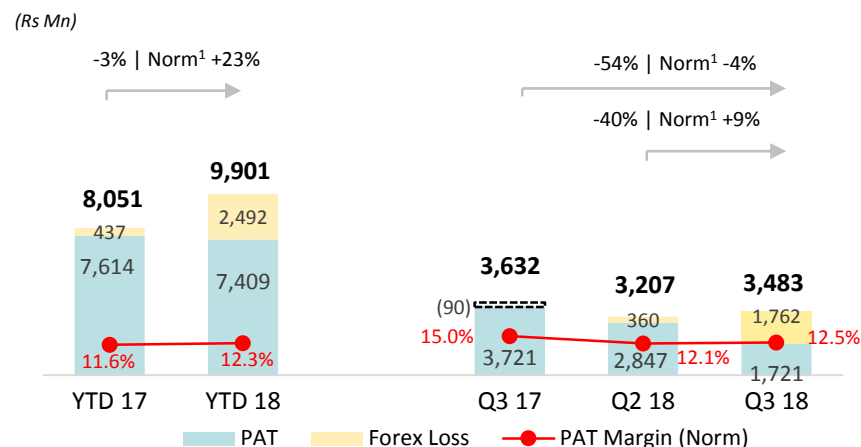
<sup>1</sup> Norm for SLFRS 15 impact

# Strong Group EBITDA with Flow Through from Revenue Growth and Cost Optimisation; PAT Impacted by Non-Cash Translational Forex Losses

## Strong EBITDA Growth YTD and QoQ with YTD 18 EBITDA Margin at 38.6%



## Normalised PAT<sup>1</sup> up 23% YTD and 9% QoQ



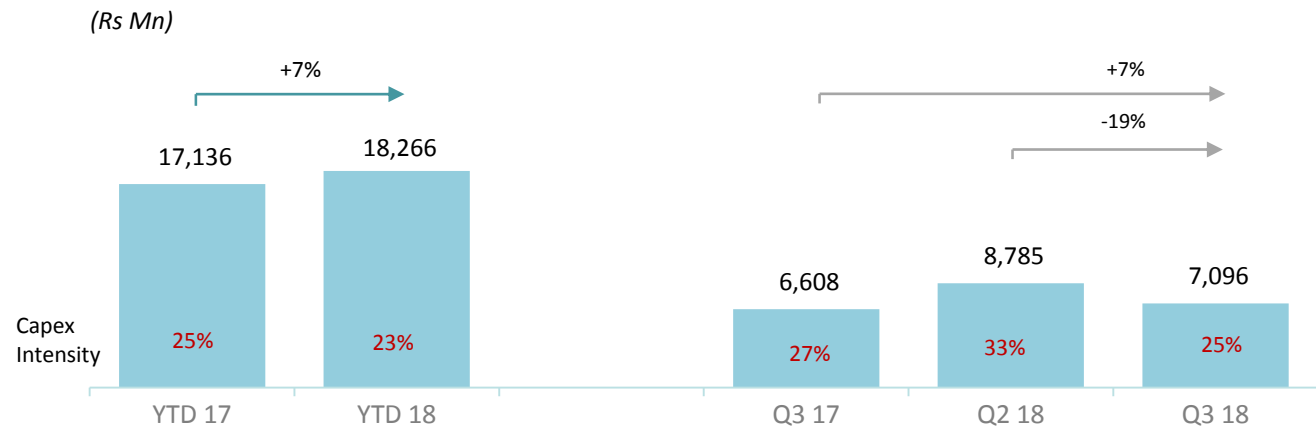
## Total Cost to Revenue Ratio Improved 3.0pp YTD 2018

	Q3 18	As % of revenue	Q2 18	As % of revenue	Q3 17	As % of revenue	YTD 18	As % of revenue	QoQ	YoY	YTD
<b>Total Cost</b>	<b>Rs17,108Mn</b>	<b>61.2%</b>	<b>Rs16,244Mn</b>	<b>61.1%</b>	<b>Rs14,818Mn</b>	<b>61.2%</b>	<b>Rs49,476Mn</b>	<b>61.4%</b>	<b>0.1pp</b>	<b>0.0pp</b>	<b>3.0pp</b>
Direct Expenses		27.0%		26.6%		25.1%		26.9%	0.5pp	1.9pp	1.1pp
Sales & Marketing		10.7%		10.5%		12.7%		10.7%	0.2pp	-2.1pp	-3.4pp
Network Cost		11.8%		12.0%		12.7%		11.8%	-0.2pp	-0.9pp	-1.1pp
Staff Cost		7.9%		7.9%		8.4%		8.0%	0.0pp	-0.5pp	0.0pp
Overheads		2.6%		2.9%		1.5%		2.7%	-0.3pp	1.2pp	0.1pp
Bad Debt		1.2%		1.2%		0.8%		1.3%	0.0pp	0.4pp	0.2pp

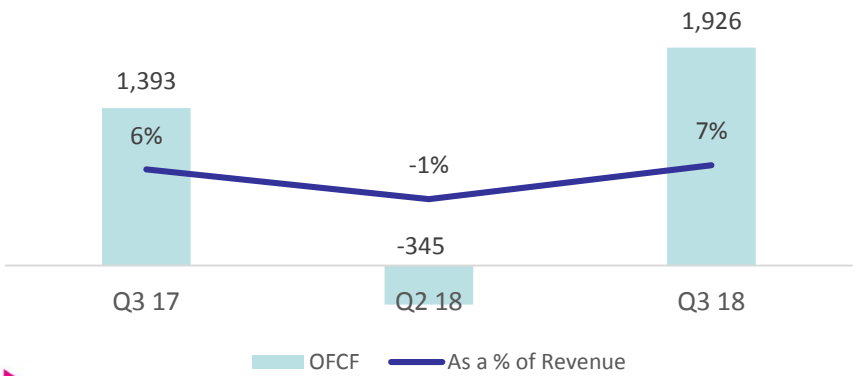
<sup>1</sup>Normalised for non-cash translational forex loss

# Focused Capex Investments to Support Rapid Growth in Data – Rs18.3Bn Invested in YTD 2018, up 7%; Capex Intensity at 23%

Capex Investments Directed Towards Expanding Data Network; Mobile 4G and Fixed LTE PoP Coverage Reached 54% and 59%



## Positive OFCF in Q3 18 Driven by Strong Operating Performance and Focused Capex Spend



YTD 2018 Capex of Rs18.3Bn 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 0.90x

(Rs Mn)	30 Sep 18	30 June 18	30 Sep 17
Gross Debt	43,802	42,291	33,417
Net Debt	37,514	36,669	29,468
Cash and Cash Equivalents	6,288	5,623	3,949
<i>Gross Debt / Equity (x)</i>	<i>0.65</i>	<i>0.65</i>	<i>0.57</i>
<i>Gross Debt/ EBITDA (x)</i>	<i>1.05</i>	<i>1.04</i>	<i>1.01</i>
<i>Net Debt/ EBITDA (x)</i>	<i>0.90</i>	<i>0.90</i>	<i>0.89</i>

The USD Denominated Debt has been Reduced to 70% of Total Debt by end September 2018

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

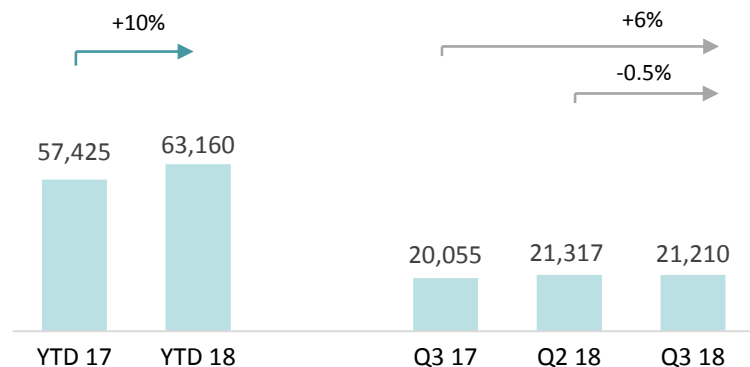
Dialog Axiata PLC - Company Performance

Subsidiary Performance



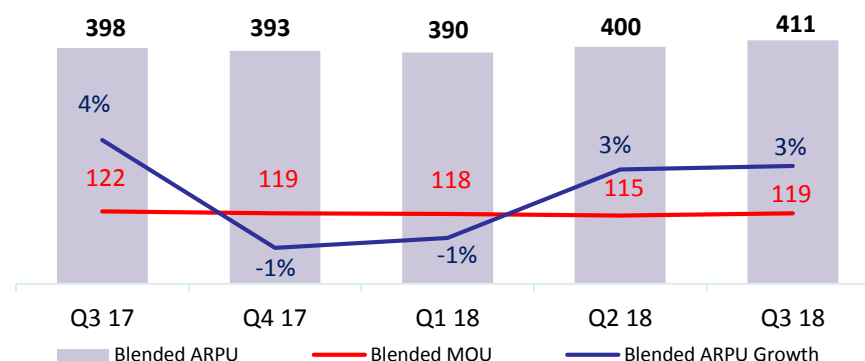
(Rs Mn)

### Strong Data Growth Driving Increase in Revenue



### Mobile ARPU Improved both YTD and QoQ; Data ARPU Continued its Growth in Q3 18

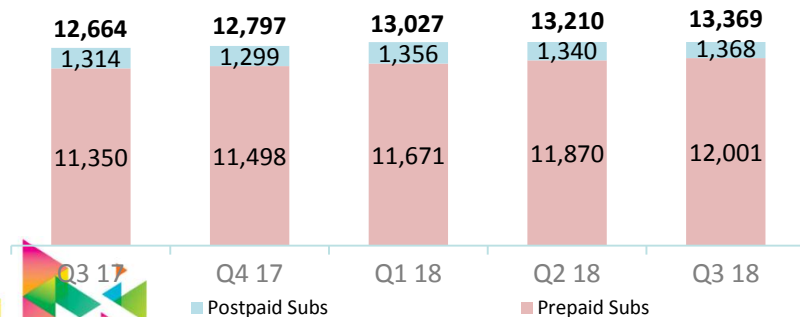
(Rs)



### Subscriber Growth Driven by Aggressive Customer Acquisition Initiatives

(In '000)

Total subs growth +1% QoQ; +6% YoY  
Postpaid subs growth +2% QoQ; +4% YoY  
Prepaid subs growth +1% QoQ; +6% YoY



### Strong EBITDA Growth on YTD and QoQ basis with High Forex Losses Impacting PAT

(Rs Mn)	YTD 18	YTD	Q3 18	QoQ	YoY
EBITDA	24,568	26%	8,721	6%	18%
PAT	6,953	-6%	1,788	-33%	-46%
EBITDA Margin %	38.9%	+4.8pp	41.1%	+2.7pp	+4.4pp
PAT Margin %	11.0%	-1.9pp	8.4%	-4.1pp	-8.1pp

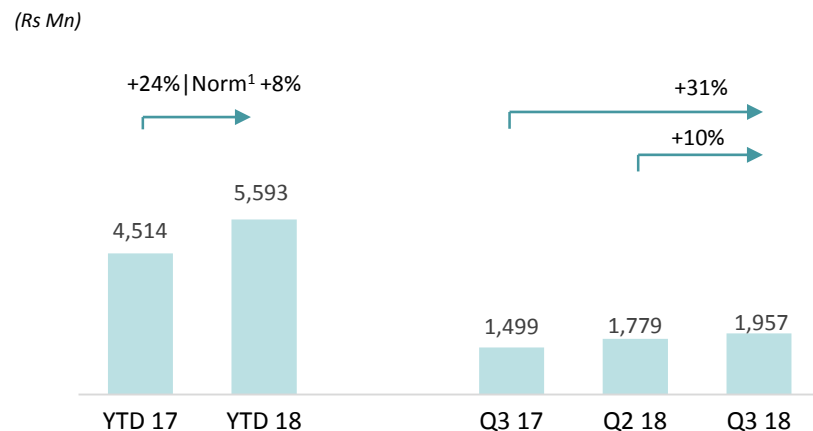
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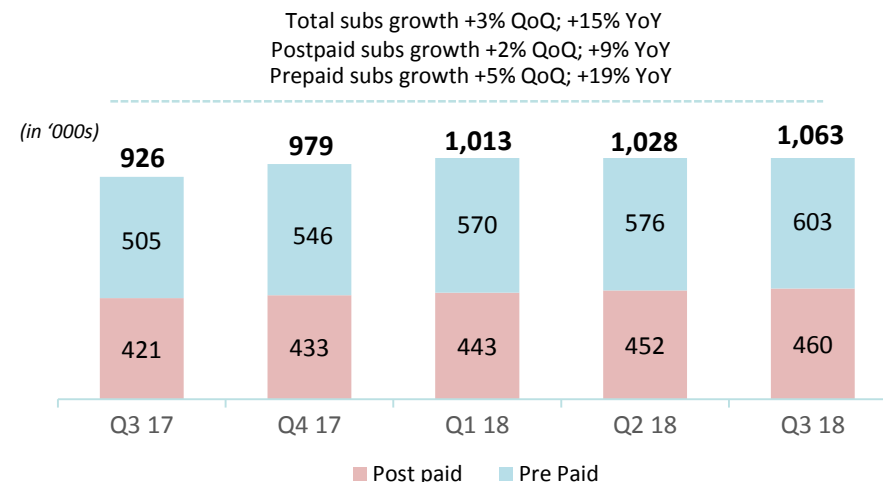
Subsidiary Performance



### Growth in Subscription Revenue Driving Overall Revenue Performance



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



### PAT (Normalised for SLFRS 15) Recorded Growth YTD, Albeit Profitability Being Impacted on QoQ Basis by Expansion in Foreign Currency Denominated Input Costs (~Rs47Mn for Q3 2018)

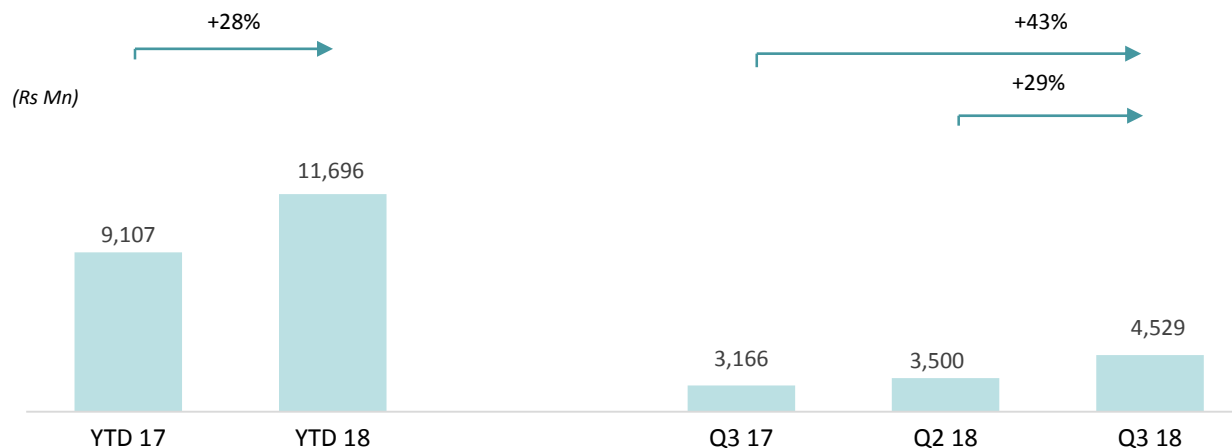
(Rs Mn)	YTD 18	YTD	Q3 18	QoQ	YoY
EBITDA	360 <sup>1</sup>	-4%	195	-9%	-4%
PAT	-570 <sup>1</sup>	10%	-139	-7%	-32%
EBITDA Margin %	7.4% <sup>1</sup>	-0.9pp	10.1%	+1.4pp	-2.4pp
PAT Margin %	-11.7% <sup>1</sup>	+2.3pp	-7.2%	-2.0pp	-0.2pp

<sup>1</sup> Norm for SLFRS 15 impact

# Dialog Broadband Networks – Fixed Business

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

## Strong Growth in Revenue YTD and QoQ Driven by Home BB, up 34% YTD



**Profitability Continues to Improve on a YTD basis; QoQ EBITDA Drop due to Q2 Benefiting from One-Off Provision Reversal; PAT Impacted by Increase in Depreciation**

(Rs Mn)	YTD 18	YTD	Q3 18	QoQ	YoY
EBITDA	5,853 <sup>1</sup>	15%	2,079	-1%	8%
PAT	1,177 <sup>1</sup>	3%	329	-19%	-49%
EBITDA Margin %	50.0% <sup>1</sup>	-5.7pp	45.9%	-12.9pp	-14.7pp
PAT Margin %	10.1% <sup>1</sup>	-3.2pp	7.3%	-4.3pp	-12.9pp

<sup>1</sup> Norm for SLFRS 15 impact

**Thank You**

