



Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Q4 2018 / FY 2018 Results

an axiata company

Dialog Group Performance


Dialog Axiata Company Performance

Subsidiary Performance



Dialog Group Performance Highlights – Q4 2018 / FY 2018

Group Profitability impacted by one-off reversals/charges, asset impairment and non-cash translational forex losses

YTD		QoQ	YoY
			
+16%	Revenue Q4 18 - Rs28.5Bn FY 2018 – Rs109.2Bn	+2%	+15%
+28%	EBITDA Q4 18 – Rs11.5Bn FY 2018 - Rs43.5Bn	+3%	+26%
+16%	EBITDA (Norm) ¹	-1%	+10%
-30%	PAT Q4 18 – Rs0.1Bn FY 2018 – Rs7.5Bn	-95%	-97%
+16%	PAT (Norm) ²	-12%	-0.1%

Focused Capex Investments to Support Rapid Growth in Data



PoP Coverage
Mobile 4G - 91%
Fixed 4G - 67%

FY 2018 Capex Spend
Rs30.6Bn

Capex Intensity
28%

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 | 5% QoQ
| +34% YoY



TV

Net Loss Increased to Rs1.1Bn¹ relative to Net Loss of Rs736Mn¹ in FY 2017



Fixed

PAT exceeding Rs 1Bn for second consecutive year

Aggressive Subscriber Growth



Mobile



Reached 13.8 Mn Subscribers
+3% QoQ | +8% YoY



TV

Reached 1.1Mn Households by end Dec 2018
+8% QoQ | +17% YoY



Fixed

Home BB Sub Base Grew at +12% QoQ | +45% YoY



Dialog received the coveted 'IoT Initiative of the Year' award at the annual Global Telecoms Awards (GLOTEL) in London for the successful roll-out of South Asia's first commercial Massive IoT network in partnership with Ericsson. The deployment enables acceleration of use and adoption of IoT devices.



¹ Norm for one-off reversals/charges and SLFRS 15

² Normalised for one-off reversals/charges, SLFRS 15, assets impairment, and non-cash translational forex loss

Rs Mn	FY 2018	YTD	4Q 18	QoQ	YoY
Revenue	109,157	16%	28,516	2%	15%
EBITDA	43,486	28%	11,486	3%	26%
PAT	7,501	-30%	92	-95%	-97%
<i>EBITDA Margin</i>	39.8%	3.9pp	40.3%	0.3pp	3.5pp
<i>PAT Margin</i>	6.9%	-4.6pp	0.3%	-5.8pp	-12.5pp
<i>ROIC</i>	14.7%	-0.7pp	14.7%	-1.2pp	-0.7pp

Normalised Performance

EBITDA ¹	39,345	16%	11,078	-1%	10.2%
PAT ²	12,504	16%	1,518	-12%	-1.4%
<i>EBITDA Margin</i>	36.0%	0.1pp	38.8%	-1.2pp	-1.5pp
<i>PAT Margin</i>	11.5%	-	5.3%	-0.8pp	-1.7pp

1 One-off reversals/charges includes reversal of litigation provision of 3.7bn, non recurring expenses of 790mn and organizational restructuring cost of 2.5bn

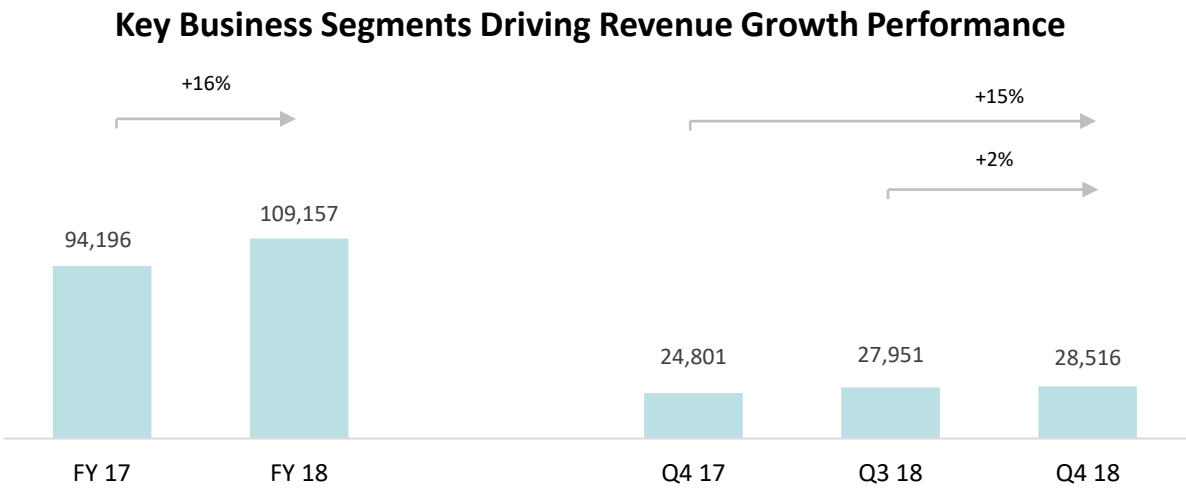
2 Cost Optimisation Generated Rs3.4bn cost reduction in 2018

3 LKR Depreciated by Rs29.48 in 2018 Resulting in a Total Forex loss of Rs 4.7bn

4 Positive Impact from SLFRS 15 on Revenue Rs659mn; EBITDA Rs3.7bn and PAT Rs673mn

¹ Norm for one-off reversals/charges and SLFRS 15

² Normalised for one-off reversals/charges, SLFRS 15, assets impairment, and non-cash translational forex loss



Growth in Mobile Revenue up 12% YTD and down 1% QoQ, with **Mobile Data Revenue** growing 32% YTD and 5% QoQ driven by increased smartphone penetration and 4G conversion; **Voice revenue declined 1% YTD**

International Revenue grew 34% YTD and 16% QoQ led by significant growth in **Wholesale Revenue**

Fixed Home Broadband Revenue continued its growth trajectory up 22% YTD supported by expanding Fixed 4G LTE network coverage and aggressive subscriber acquisitions

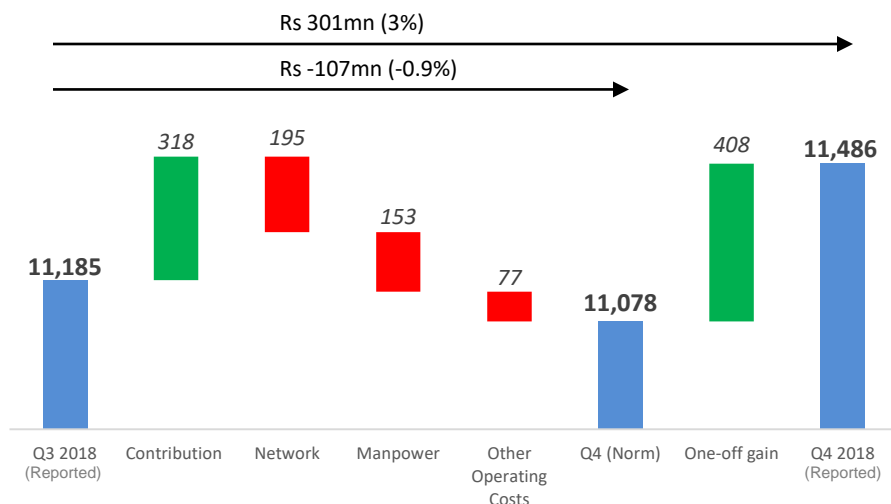
Television Revenue grew 7%¹YTD driven by increase in subscription revenue albeit declining -3% QoQ due to drop in advertising revenue



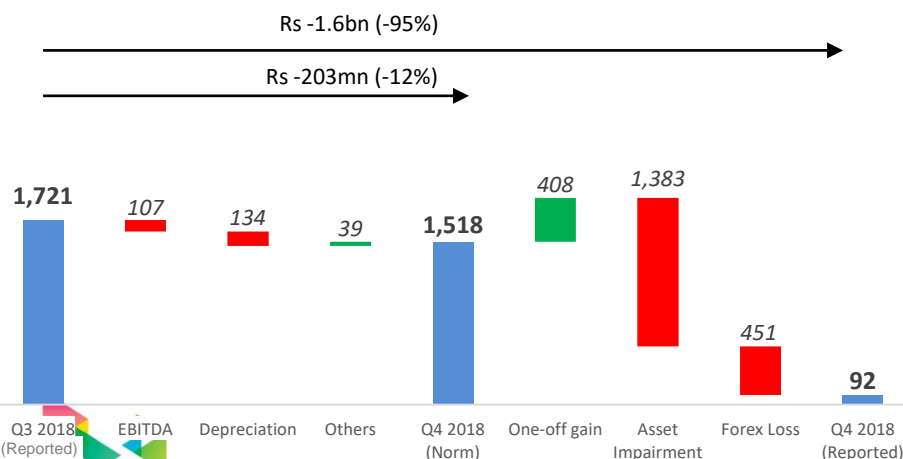
Q4 and YTD Group Profitability Impacted by one-off reversals/charges, asset impairment and non-cash translational forex losses

Normalised QoQ Group EBITDA and Group PAT declined by 0.9% and 12% respectively

QoQ Group EBITDA

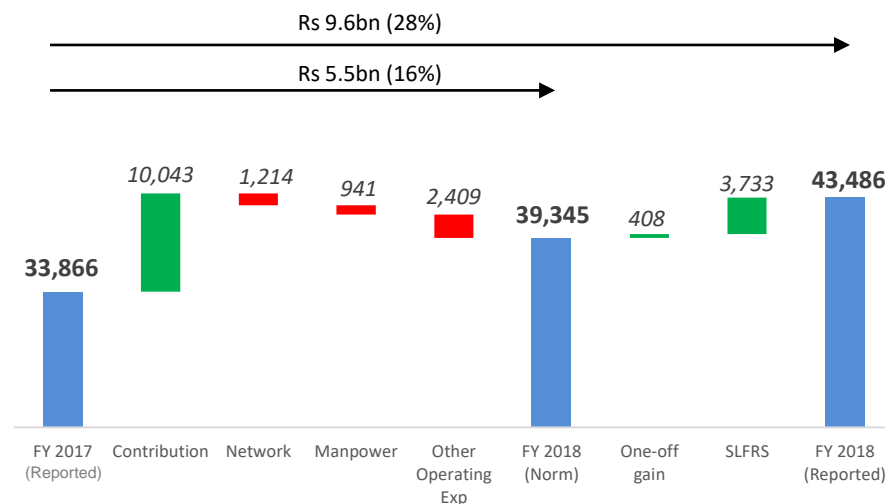


QoQ Group PAT

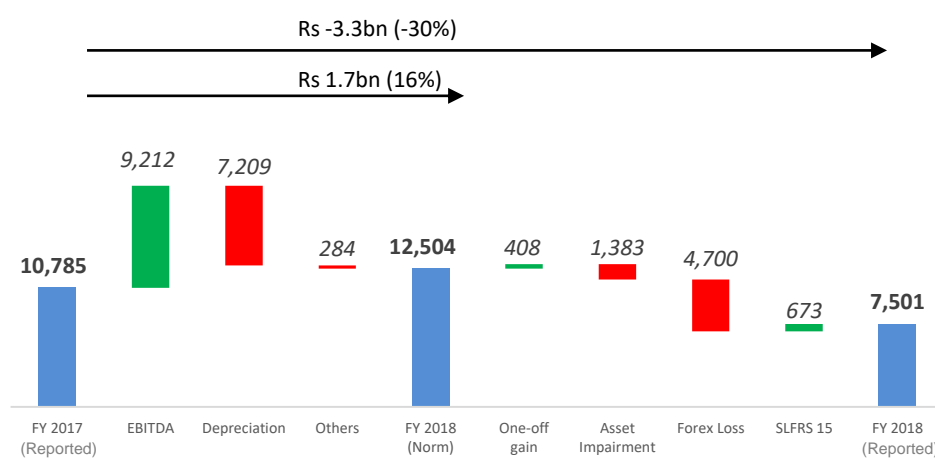


Normalised YTD Group EBITDA and Group PAT both increased by 16%

YTD Group EBITDA

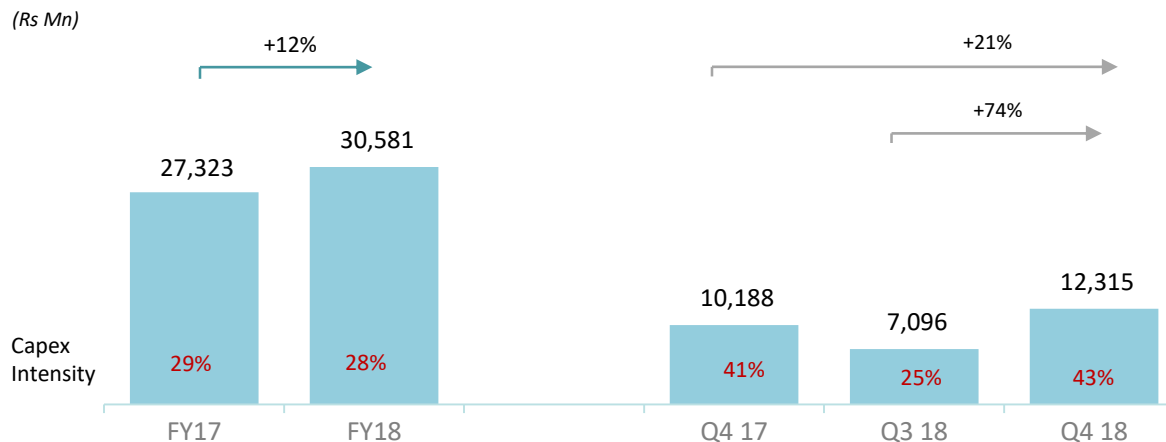


YTD Group PAT



Focused Capex Investments to Support Rapid Growth in Data – Rs30.6Bn Invested in FY 2018, up 12% YTD; Capex Intensity at 28%

Capex Investments Directed Towards Expanding Data Network; Mobile 4G and Fixed LTE PoP Coverage Reached 91% and 67%



YTD 2018 Capex of Rs30.6Bn 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 0.91x

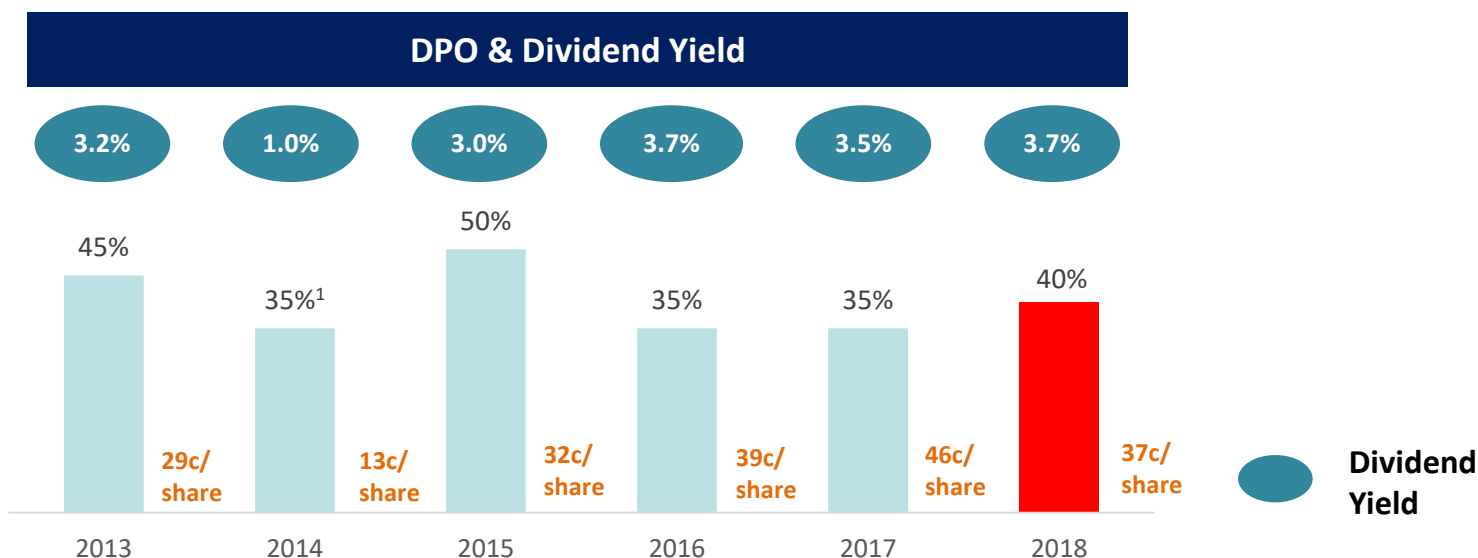
(Rs Mn)	31 Dec 18	30 Sep 18	31 Dec 17
Gross Debt	46,391	43,802	33,470
Net Debt	39,681	37,514	28,185
Cash and Cash Equivalents	6,710	6,288	5,285
OFCF (YTD)	4,182	7,091	(269)
<i>Gross Debt / Equity (x)</i>	<i>0.69</i>	<i>0.65</i>	<i>0.54</i>
<i>Gross Debt/ EBITDA (x)</i>	<i>1.07</i>	<i>1.05</i>	<i>0.99</i>
<i>Net Debt/ EBITDA (x)</i>	<i>0.91</i>	<i>0.90</i>	<i>0.83</i>

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



Proposed Dividend Payout Increased to 40% from 35% in FY 2017, Generating an Above Market Dividend Yield of 3.7%

- The Board of Directors of Dialog Axiata PLC resolved to propose a cash dividend to ordinary shareholders of Thirty Seven Cents (Rs0.37) per share totaling to Rs3.0Bn for approval by the Shareholders
- **Dividend Proposed on a per share basis 37 cents**
 - ✓ Considering investment requirements to serve the nation's demand for Mobile, Fixed, Broadband and Digital Television services
 - ✓ **Dividend payout ratio of 40% of FY2018 Group Net Profits**
 - ✓ **Dividend yield of 3.7%** based on a closing share price of **Rs10.1 as of 29th December 2018**
- The dates of the AGM and the dividend payment will be notified in due course
- The Dividends declared will be exempt from withholding tax in the hands of non-resident/foreign shareholders



¹ DPO on one-off tax adjusted Profit in FY 2014

Dialog Group Performance

Dialog Axiata PLC - Company Performance

Subsidiary Performance



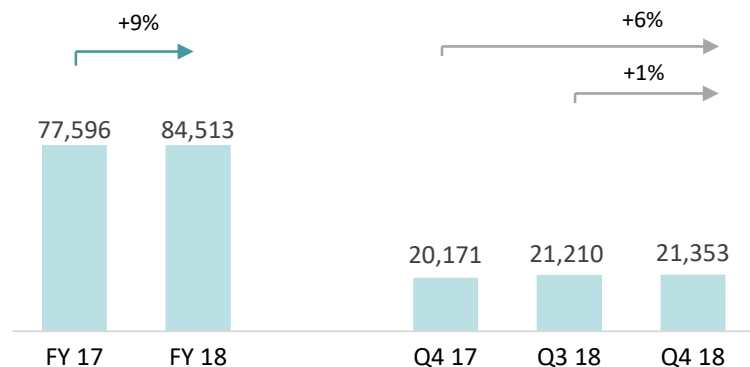
Dialog Axiata PLC (Company)

YTD Revenue Growth 9%, Driven by Subscriber Growth (up 8%) and Data Revenue (up 32%)



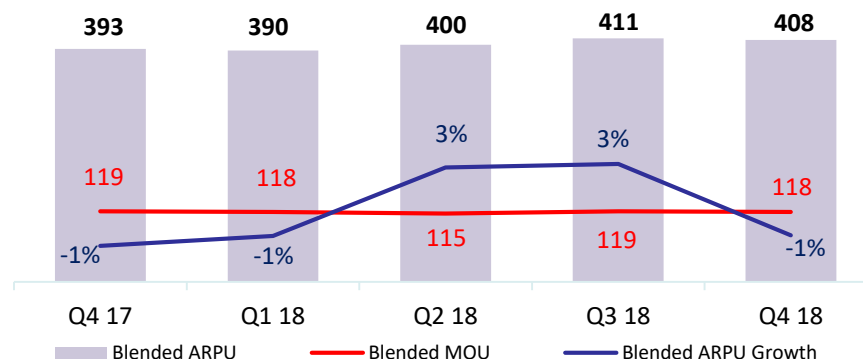
(Rs Mn)

Revenue Growth Driven by Strong Performance in Data



Mobile MOU and ARPU decline 1% QoQ; Data ARPU Continue Growth

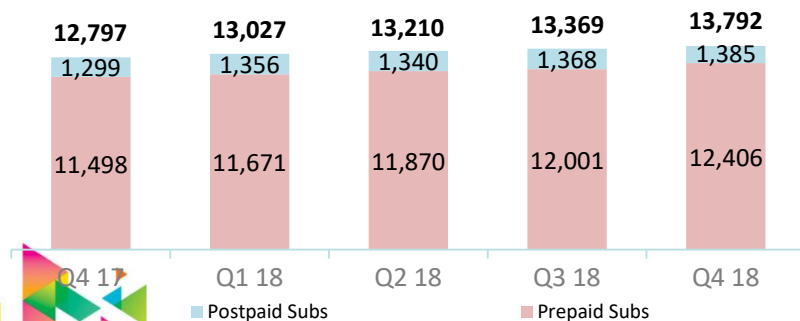
(Rs)



Subscriber Growth Driven by Aggressive Customer Acquisition and Retention Initiatives

(In '000)

Total subs growth +3% QoQ; +8% YoY
Postpaid subs growth +1% QoQ; +7% YoY
Prepaid subs growth +3% QoQ; +8% YoY



Normalised YTD EBITDA and PAT improved 17% and 19% Respectively whilst on QoQ basis, EBITDA declined by 3% and PAT improved by 3%

(Rs Mn)	FY 18	YTD	Q4 18	QoQ	YoY
EBITDA ¹	31,578	17%	8,474	-3%	14%
PAT ²	12,489	19%	1,842	3%	-41%
EBITDA Margin %	37.4%	+2.6pp	39.7%	-1.4pp	+2.8pp
PAT Margin %	14.8%	+1.2pp	8.6%	+0.2pp	-6.8pp

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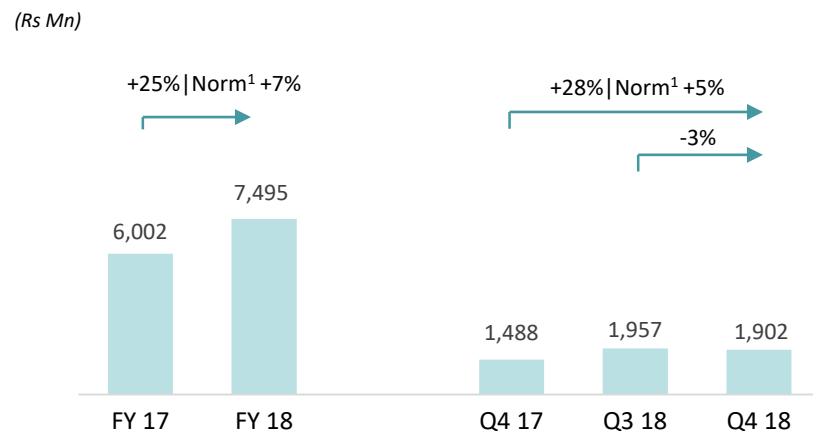
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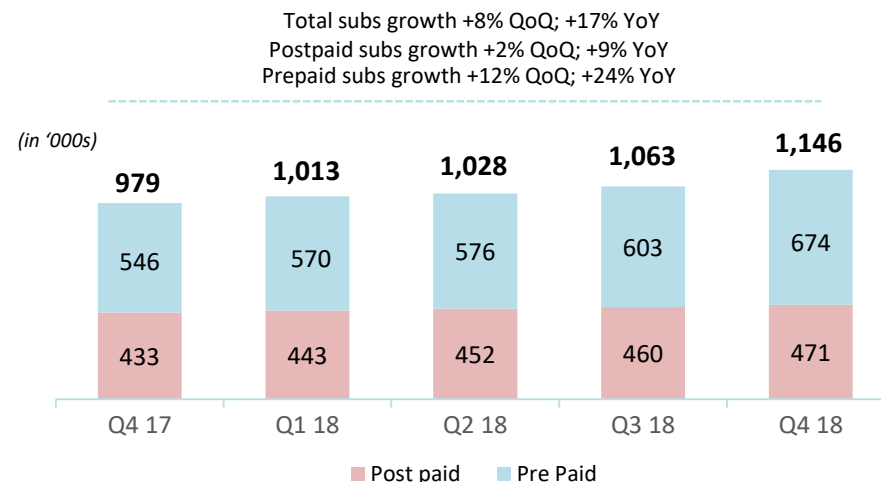
Subsidiary Performance



Growth in Subscription Revenue Driving Overall Revenue Performance



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



Normalised EBITDA Declined 55% YTD albeit Improving 81% QoQ; Normalised PAT Declined 46% YTD and >-100% QoQ Due to Higher Depreciation and Forex

(Rs Mn)	FY 18	YTD	Q4 18	QoQ	YoY
EBITDA ¹	255	-55%	355	81%	82%
PAT ²	-1,074	-46%	-465	>-100%	>-100%
EBITDA Margin %	3.4%	-6.1pp	18.7%	+8.7pp	+5.6pp
PAT Margin %	-14.3%	-2.1pp	-24.5%	-17.4pp	-17.5pp

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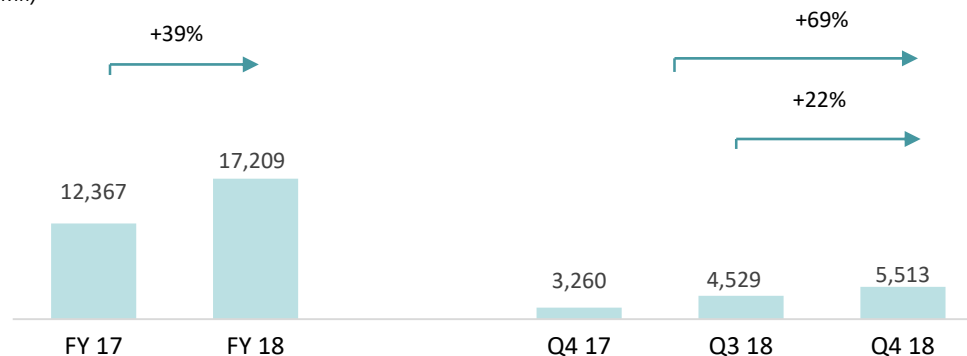
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Dialog Broadband Networks – Fixed Business

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 32% YTD; DBN Revenue (excl. Int) up 18% YTD and 6% QoQ

(Rs Mn)



International
Revenue %

N/A

15%

N/A

20%

30%

Normalised EBITDA up 14% YTD and 8% QoQ Driven by Revenue Growth; Normalised PAT Declined 13% YTD and 6% QoQ Due to Higher Depreciation

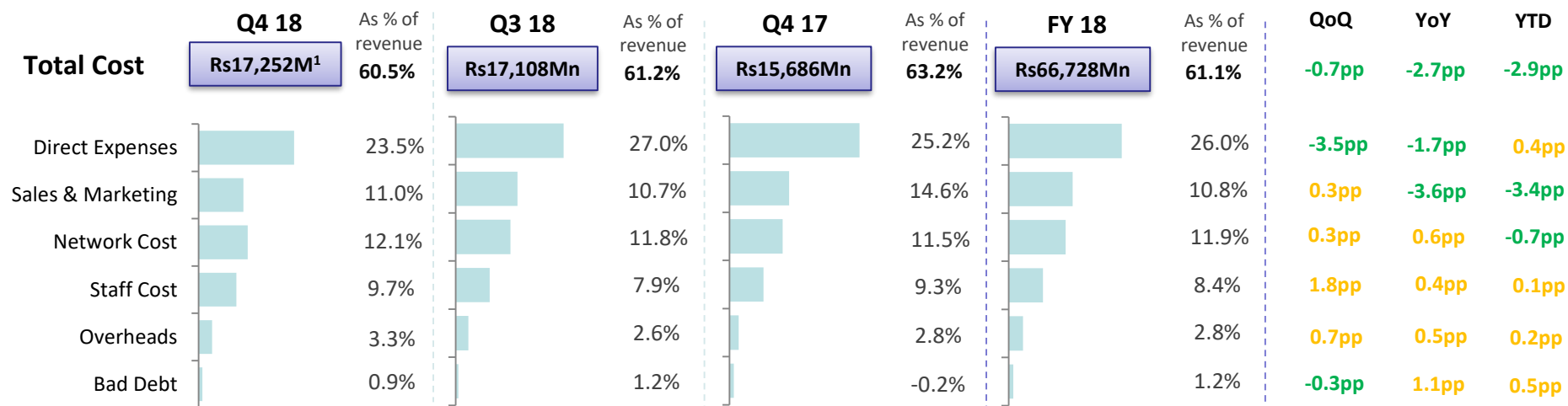
(Rs Mn)	FY 18	YTD	Q4 18	QoQ	YoY
EBITDA ¹	7,884	14%	2,241	8%	21%
PAT ²	1,541	-13%	309	-6%	-45%
EBITDA Margin %	45.8%	-10.2pp	40.6%	-5.3pp	-16.4pp
PAT Margin %	34.0%	+19.7pp	6.8%	-0.5pp	-10.4pp

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Group Cost Improved both QoQ and YTD Due to Cost Optimisation Drives

Total Cost to Revenue Ratio Improved 2.9pp YTD 2018



¹Excludes Rs2.5Bn one-off cost recognized for Organisational Transformation