



Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Q2 2022 Results

an axiata company

Dialog Axiata Group Performance

Dialog Axiata PLC - Company Performance

Subsidiary Performance – Dialog Broadband and Dialog TV

DIALOG GROUP PERFORMANCE HIGHLIGHTS – Q2 2022

Strong Topline Performance Negated by Forex Impact



YTD		QoQ	YoY
+20%	Revenue Q2 22 – Rs43.3Bn 1H 22 – Rs81.6Bn	+13%	+23%
-1%	EBITDA Q2 22 – Rs12.7Bn 1H 22 – Rs27.5Bn	-14%	-10%
>-100%	PATAMI (Loss) Q2 22 – (Rs12.5Bn) 1H 22 – (Rs28.3Bn)	-21%	>-100%
-36%	PATAMI (Norm)¹ Q2 22 – Rs1.6Bn 1H 22 – Rs4.3Bn	-62%	-65%

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



PoP Coverage
Mobile 4G - 95%
Fixed 4G - 71%

1H 22 Capex Spend
Rs22.4Bn

Capex Intensity
28%

All Key Business Segments Delivered Strong Performance



Mobile



Data Continues Growth Momentum
3% QoQ | 12% YTD



TV

DTV Revenue Recorded 14% Growth YTD



Fixed

Revenue recorded 42% growth YTD

Aggressive Subscriber Growth



Mobile



Reached 17.1Mn Subscribers
+1% YoY



TV

Exceeded 1.7Mn Households by end June 2022
+6% YoY

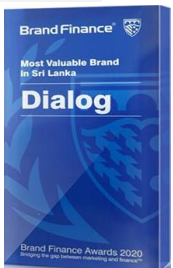


Fixed

Home BB Sub Base
+29% YoY

Awards & Achievements

During the quarter Dialog earned the distinction of being recognized as 'Sri Lanka's Most Valuable Brand' for the fourth consecutive year by Brand Finance with a brand value of Rs54.0Bn. Dialog also retained its brand rating of AAA for the third consecutive year, as well as the title of 'Most Valuable Telecommunications Brand' for the 15th consecutive year reaffirming the brand's ethos of empowering and enriching Sri Lankan lives and enterprises.



¹ Normalised for Forex Gain/Loss

GROUP FINANCIAL SUMMARY



Rs Mn	1H 2022	YTD	2Q 22	QoQ	YoY
Revenue	81,559	+20%	43,308	+13%	+23%
EBITDA	27,482	-1%	12,740	-14%	-10%
PATAMI	(28,339)	>-100%	(12,516)	-21%	>-100%
OFCF	2,753	-86%	(3,438)	>-100%	>-100%
<i>EBITDA Margin</i>	33.7%	-7.3pp	29.4%	-9.1pp	-11.1pp
<i>PAT Margin</i>	-34.7%	-45.1pp	-28.9%	+12.5pp	-42.1pp
<i>ROIC</i>	12.6%	-5.3pp	12.6%	-3.9pp	-5.0pp
Normalised Performance					
PAT ¹	5,982	-36%	1,638	-62%	-65%

1

Revenue improvement driven by growing contributions from International businesses and Data

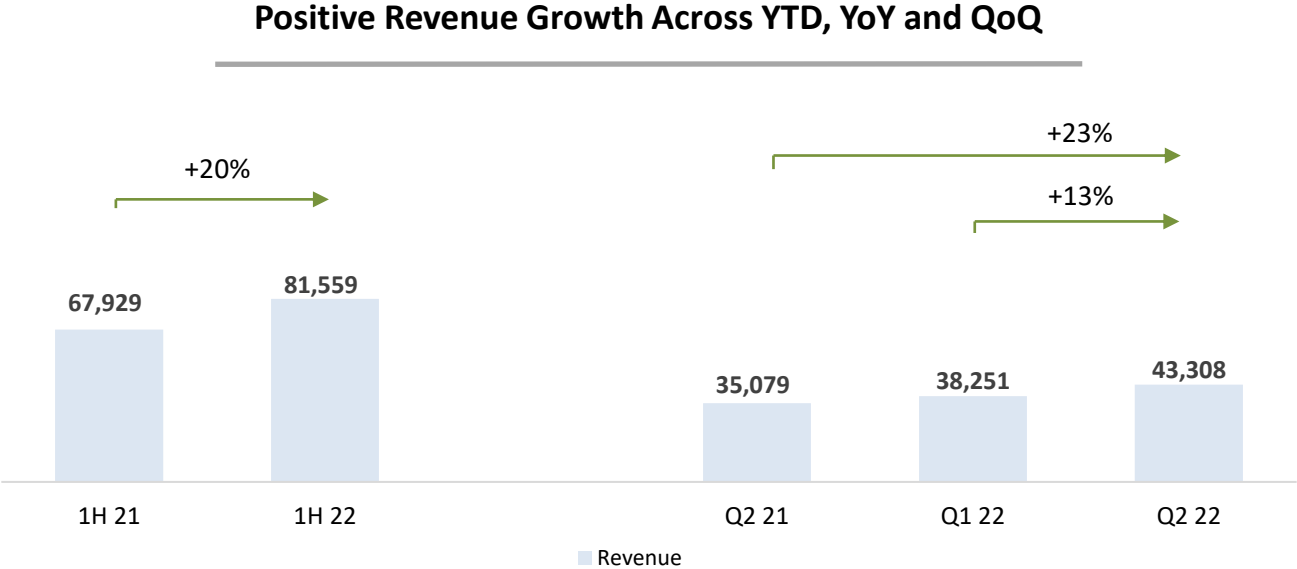
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Cost base expanded due to increased network cost and escalations in other costs driven by inflation and forex movement

3

1H '22 forex loss at Rs34.3Bn with the LKR depreciation at 80% in 1H '22

¹ Norm for forex losses/gains



Mobile Revenue increased driven by **Mobile Voice Revenue up 4% YTD** driven by higher usage followed by **Data Revenue up 12% YTD** driven by increased data usage and subscriber additions

International Revenue driven by increase in wholesale revenue also assisted by the depreciation of the LKR against USD

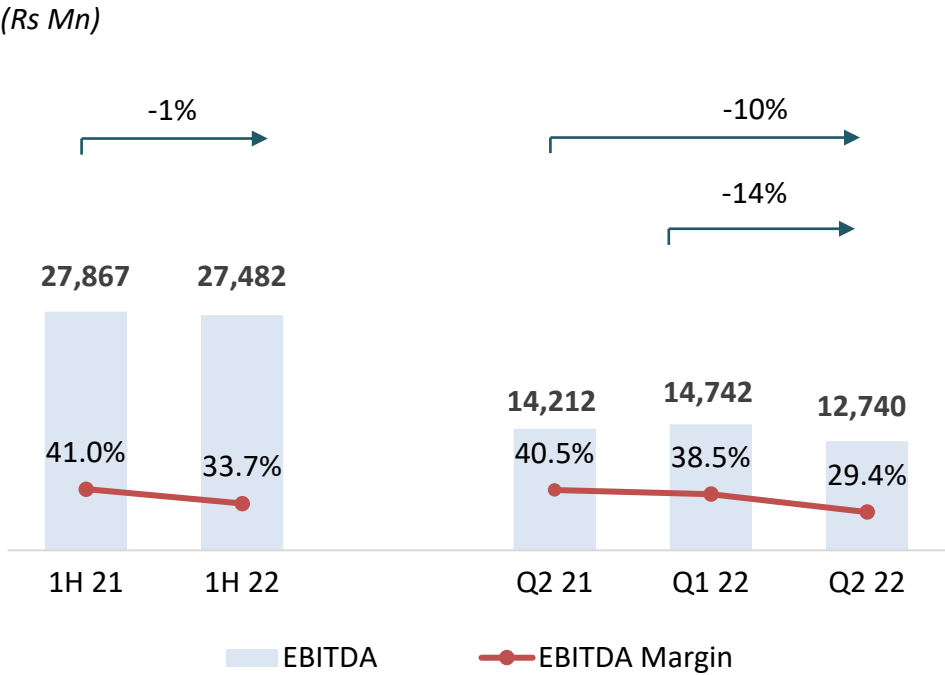
Fixed Home Broadband Revenue continued its growth trajectory up 12% YTD following the expansion in Fixed Broadband Revenue

Television Revenue, driven by increase in subscription revenue

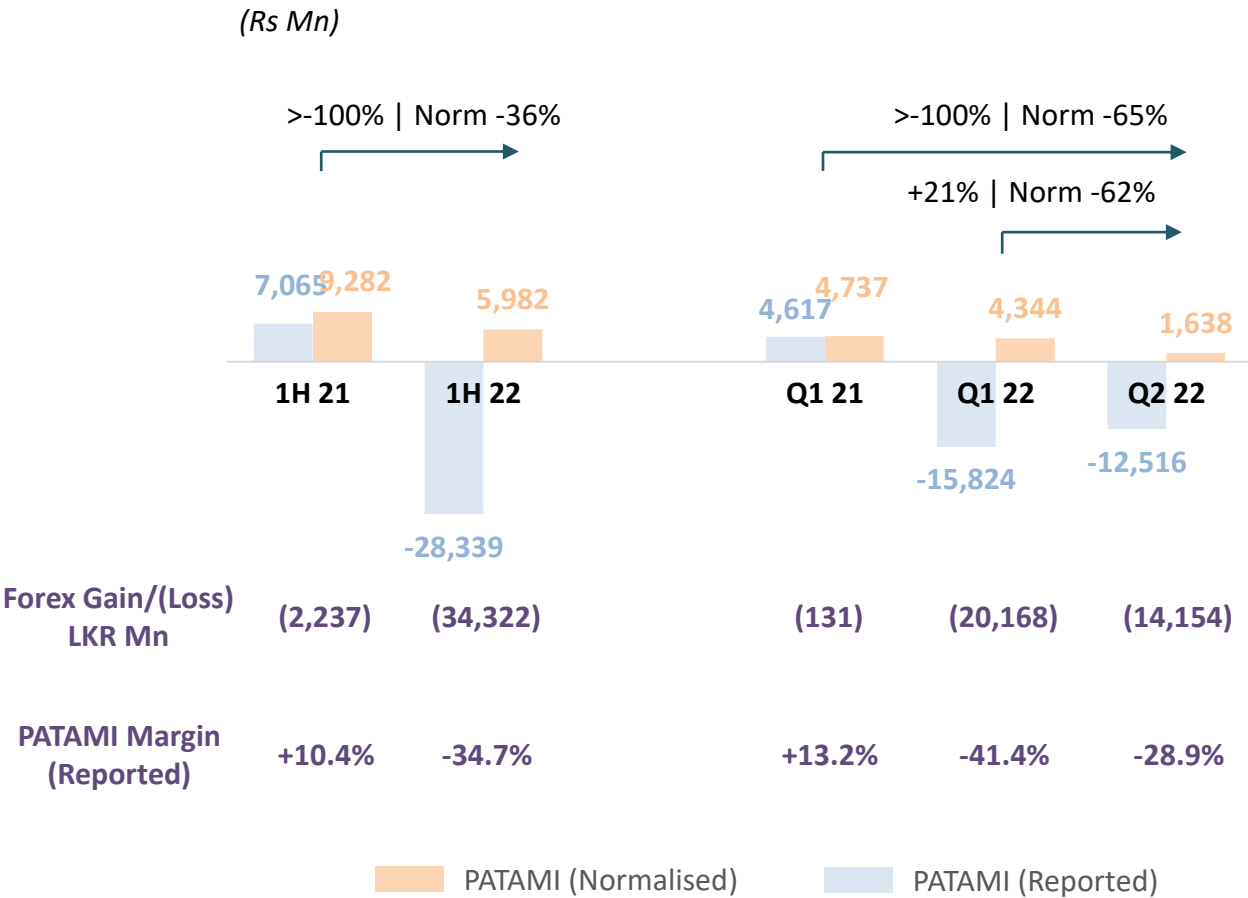
¹ Excludes Tele-Infra and International Revenue



EBITDA Declined Despite Strong Revenue Performance Underpinned by Higher Network Costs and Escalation in the Cost Base due to Inflation and Forex impacts



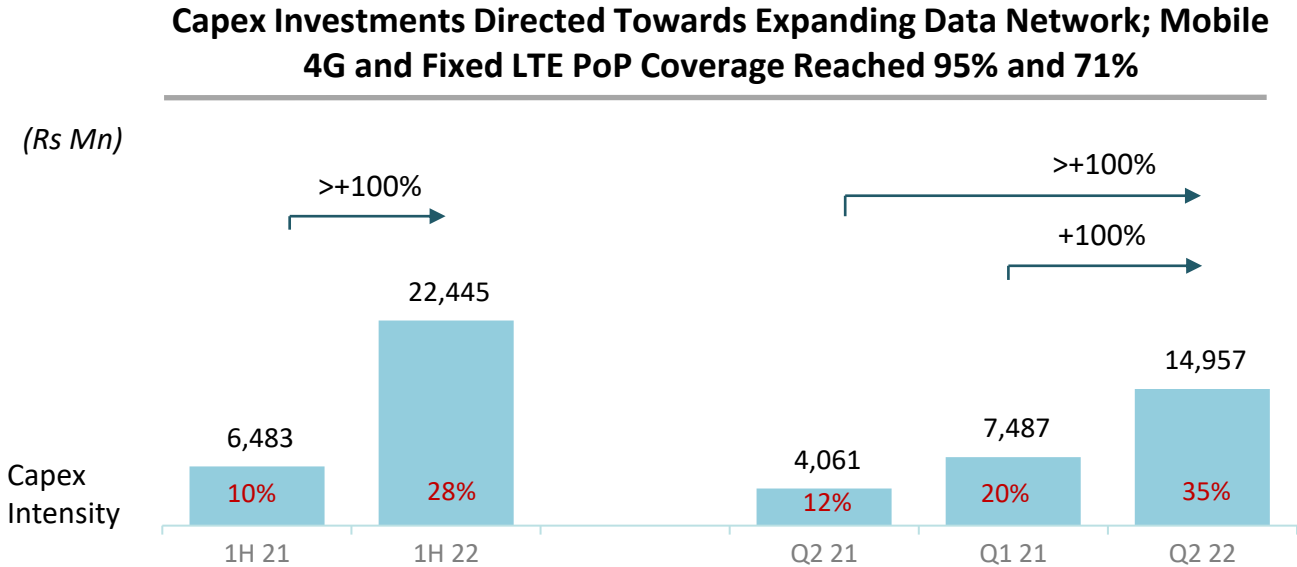
Reported PATAMI Impacted by High Forex Losses; Normalised for Forex, Positive PATAMI was Recorded albeit Continuing to Decline due to Negative EBITDA Flowthrough, Higher Depreciation and Finance Cost



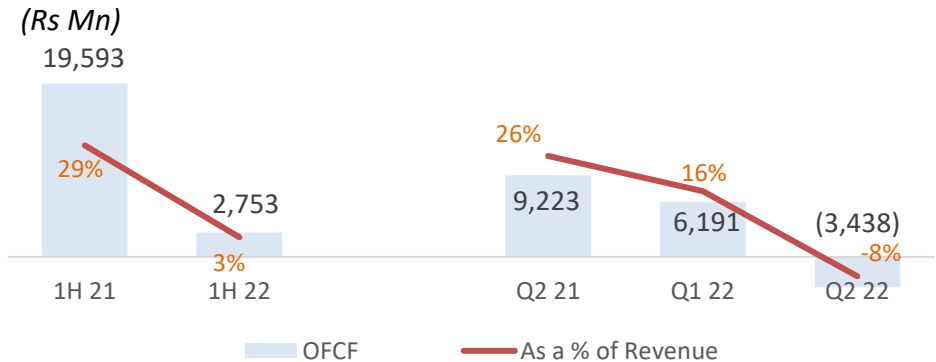
TOTAL COST TO REVENUE RATIO INCREASES BY 7.3PP ON YTD BASIS DUE TO EXPANSION IN NETWORK AND USD DENOMINATED COST BASE

	Q2 22	As % of revenue	Q1 22	As % of revenue	Q2 21	As % of revenue	1H 22	As % of revenue	1H 21	As % of revenue	QoQ	YoY	YTD
Total Cost	Rs30,512Mn	70.5%	Rs23,510Mn	61.5%	Rs20,867Mn	59.5%	Rs54,022Mn	66.2%	Rs40,063Mn	59.0%	+9.0pp	+11.0pp	+7.3pp
Direct Expenses		38.8%		30.3%		27.8%		33.1%		27.0%	+8.5pp	+11.0pp	+6.1pp
Sales & Marketing		6.3%		7.3%		8.3%		6.8%		8.4%	-1.0pp	-2.0pp	-1.6pp
Network Cost		12.4%		12.1%		10.5%		12.2%		10.8%	+0.2pp	+1.9pp	+1.4pp
Staff Cost		7.9%		8.4%		7.6%		8.1%		7.8%	-0.4pp	+0.4pp	+0.3pp
Overheads		5.0%		3.3%		5.3%		5.9%		4.9%	+1.7pp	-0.3pp	+1.0pp

FOCUSED CAPEX INVESTMENTS TO ACCOMMODATE URGENT NETWORK UPGRADES



OFCF Decline Driven by Increased Capex Spend to Accommodate Critical Investments



Capex spend of Rs22.4Bn for 1H 22 directed mainly towards investments in High-Speed Broadband infrastructure

Investment in Infrastructure mainly included:

- 4G capacity upgrades
- 4G coverage expansion
- Strengthening of Core and Transport Networks including Fibre Rollout

**DIALOG GROUP LEVERAGE EXPANDED DURING THE QUARTER WITH NEW BORROWINGS;
NET DEBT TO EBITDA AT 0.77X**



(Rs Mn)	30 Jun 22	31 Mar 22	31 Dec 21	30 Jun 21
Gross Debt	82,389	58,347	34,859	33,390
Net Debt	42,174	28,608	19,757	23,334
Cash and Cash Equivalents	40,214	24,771	19,851	10,595
<i>Gross Debt / Equity (x)</i>	<i>1.61</i>	<i>0.75</i>	<i>0.37</i>	<i>0.41</i>
<i>Gross Debt/ EBITDA (x)</i>	<i>1.50</i>	<i>0.99</i>	<i>0.59</i>	<i>0.61</i>
<i>Net Debt/ EBITDA (x)</i>	<i>0.77</i>	<i>0.49</i>	<i>0.34</i>	<i>0.42</i>

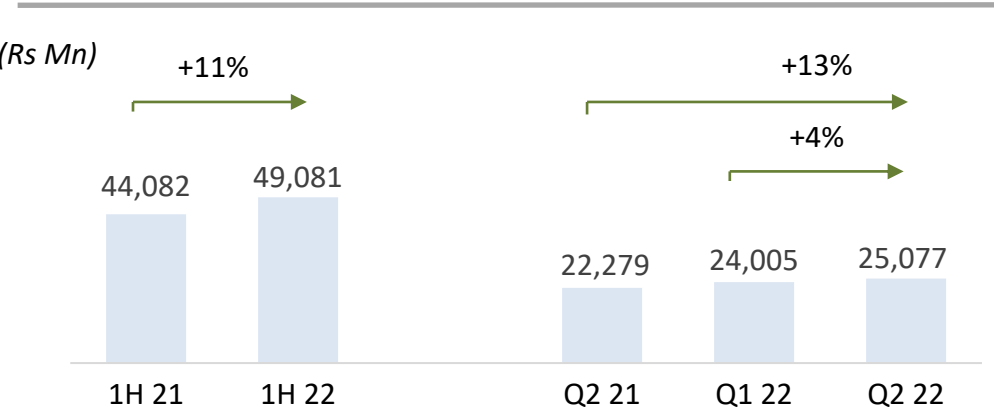
- ❑ During the quarter the Group entered into loan agreement of up to USD150Mn with the International Finance Corporation (“IFC”)
- ❑ USD 51.5Mn was drawn down during the quarter from the IFC facility to meet critical capex investments and other USD denominated operating expenses
- ❑ Group leverage increased during the quarter albeit remains comfortably within debt covenants

Dialog Axiata Group Performance

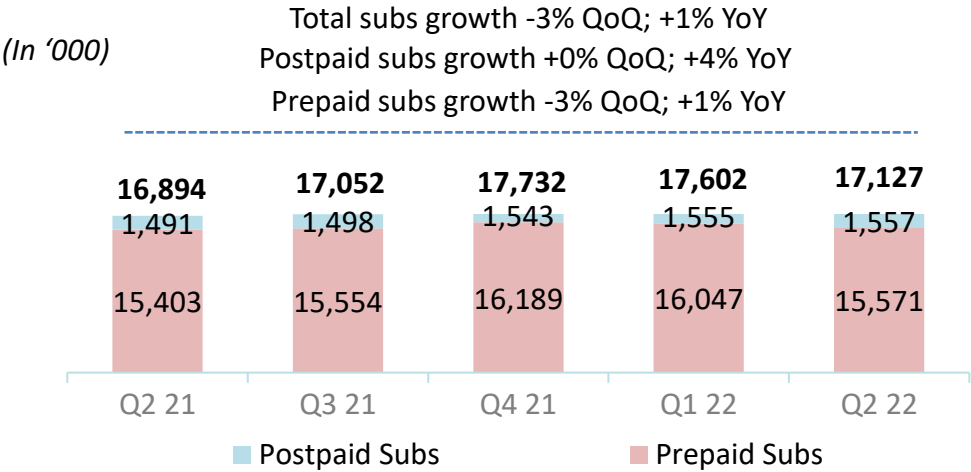
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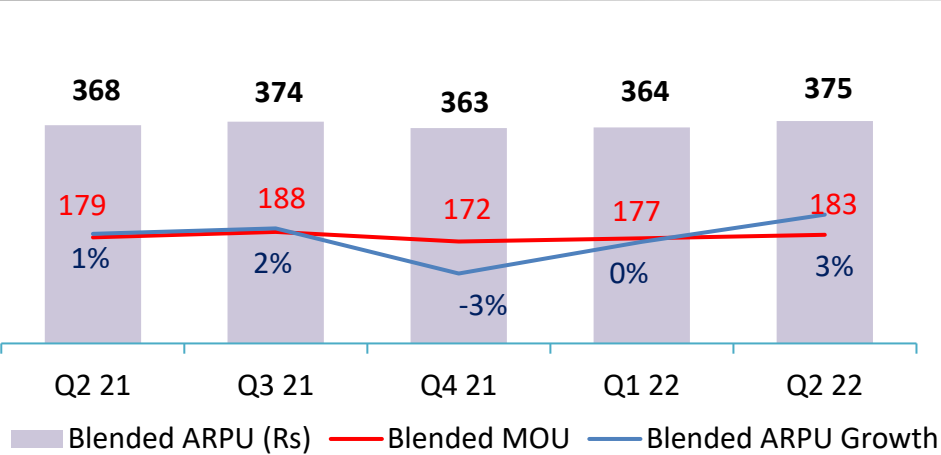
Revenue Improvement Driven by Expansion in Data and Voice Revenue



Subscriber Growth moderated QoQ Driven by prepaid segment; YoY up 1%



ARPU increasing in line with expansion in both usage and subscribers



Topline growth negated by escalation in cost base due to inflationary and forex impact

(Rs Mn)	1H 22	YTD	Q2 22	QoQ	YoY
EBITDA	19,043	-5%	8,979	-11%	-11%
PAT	(25,869)	>-100%	(10,682)	+30%	>-100%
EBITDA Margin %	+38.8%	-6.6pp	+35.8%	-6.1pp	-9.6pp
PAT Margin %	-52.7%	-65.4pp	-42.6%	+20.7pp	-59.0pp
PAT Norm ¹	4,569	-41%	1,480	-52%	-61%
PAT Margin %	+9.3%	-8.3pp	+5.9%	-7.0pp	-11.3pp

¹ Normalised for forex Loss of Rs10.7Bn and Rs25.9Bn for Q2 '22 and 1H '22 respectively

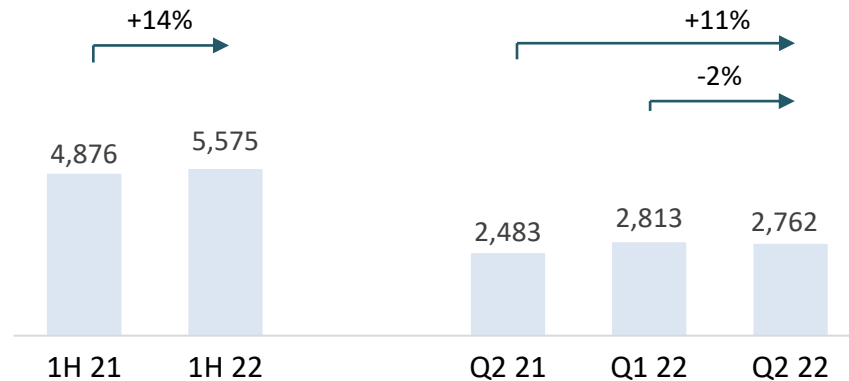
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Revenue growth continue driven by subscription Revenue; QoQ Revenue growth stalled due to decrease in Advertising Revenue

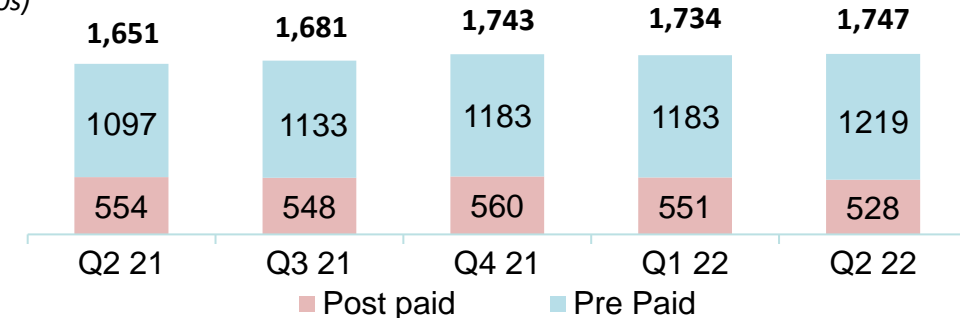
(Rs Mn)



Subscriber Growth Delivered by Expansion in Prepaid Segment

Total subs growth +1% QoQ; +6% YoY
Postpaid subs growth -4% QoQ; -5% YoY
Prepaid subs growth +3% QoQ; +11% YoY

(in '000s)



Profitability significantly impacted due to the escalations in direct cost base following the unfavorable exchange rate movement during the quarter

	1H 22	YTD	Q2 22	QoQ	YoY
EBITDA	1,087	-24%	118	-88%	-83%
PAT	(2,916)	>-100%	(1,908)	-89%	>-100%
EBITDA Margin %	+19.5%	-9.7pp	+4.3%	-30.2pp	-24.5pp
PAT Margin %	-52.4%	-43.7pp	-69.1%	-33.2pp	-63.7pp

Thank you

For further information

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