



# Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider


Q4 2022 Results

an axiata company

# DIALOG GROUP PERFORMANCE HIGHLIGHTS – FY 2022

Strong Revenue Growth Across All Business Segments Despite the Unprecedented Challenges



YTD		QoQ	YoY
+26%	<b>Revenue</b> Q4 22 – Rs50.9Bn FY 22 – Rs178.1Bn	+12%	+37%
-12%	<b>EBITDA</b> Q4 22 – Rs10.1Bn FY 22 – Rs51.6Bn	-28%	-34%
-5%	<b>EBITDA (Norm) <sup>1</sup></b> Q4 22 – Rs14.2Bn FY 22 – Rs55.7Bn	+1%	-7%
>-100%	<b>PATAMI (Loss)</b> Q4 22 – (Rs8.3Bn) FY 22 – (Rs33.4Bn)	>-100%	>-100%
-54%	<b>PATAMI (Norm) <sup>2</sup></b> Q4 22 – Rs1.2Bn FY 22 – Rs9.0Bn	-36%	-76%

## Capex Investments to Fulfil Growing Demand for Data



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

FY 2022 Capex Spend  
**Rs52.0Bn**

Capex Intensity  
**29%**

## All Key Business Segments Delivered Strong Performance in FY 22



### Mobile



**Data Continues Growth Momentum up 12% in FY 2022**



**DTV Revenue Recorded Growth of 14% YTD**



**DBN Revenue Recorded Growth of 54% YTD**

## Strong Subscriber Base



### Mobile



**Subscriber base of 17.4Mn marginal drop of 2% YoY**



**Remained at 1.7Mn Households by end 2022 -1% YoY**



**Home BB Subscriber Base +6% YoY**

<sup>1</sup> Normalised for one-off Provision of Rs 4.2Bn | <sup>2</sup> Normalised for Forex Loss (Rs30.3Bn) and one-off Provisions / Impairment (Rs12.1Bn)

# GROUP FINANCIAL SUMMARY



Rs Mn	FY 2022	YTD	4Q 2022	QoQ	YoY
Revenue	178,131	+26%	50,949	+12%	+37%
EBITDA	51,530	-12%	10,027	-28%	-34%
PATAMI	(33,388)	>-100%	(8,291)	>-100%	>-100%
OFCF	(6,052)	>-100%	(3,963)	+18%	>-100%
<i>EBITDA Margin</i>	29.0%	-12.4pp	19.8%	-10.9pp	-21.4pp
<i>PAT Margin</i>	-18.7%	-30.8pp	-16.3%	-23.4pp	-28.6pp
<i>ROIC</i>	-0.3%	-18.1pp	-0.3%	-10.7pp	-18.1pp

## Underlying Performance

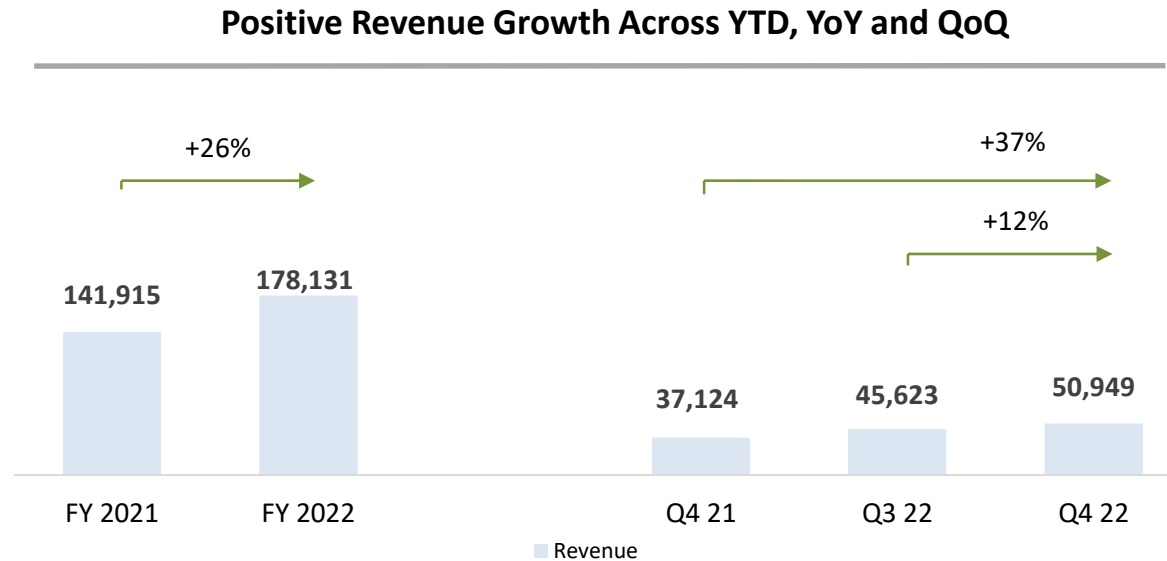
EBITDA <sup>1</sup>	55,691	-5%	14,188	+1%	-7%
PATAMI <sup>2</sup>	8,975	-54%	1,165	-36%	-76%
ROIC	9.7%	-8.1pp	9.7%	-0.7pp	-8.1pp

**1** Strong revenue growth across all segments mainly underpinned by growing contributions from International businesses (Hubbing) and Data

**2** One off/non-cash provisions amounting to Rs12.1Bn recognized in Q4 2022 impacted profitability

**3** LKR:USD depreciated 82.3% in FY 2022 resulting in a forex loss of Rs30.3Bn. Inflation reached as high as 69.8% (YoY CCPI) during the year

# GROUP REVENUE DELIVERED STRONG GROWTH ACROSS ALL SEGMENTS



**Mobile Revenue** increased due to Mobile Data Revenue up 2% QoQ and 12% YTD driven by increased usage and rate revision.

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

**Fixed Business Revenue** continued its growth trajectory supported by 6% YTD increase in Home Broadband Revenue

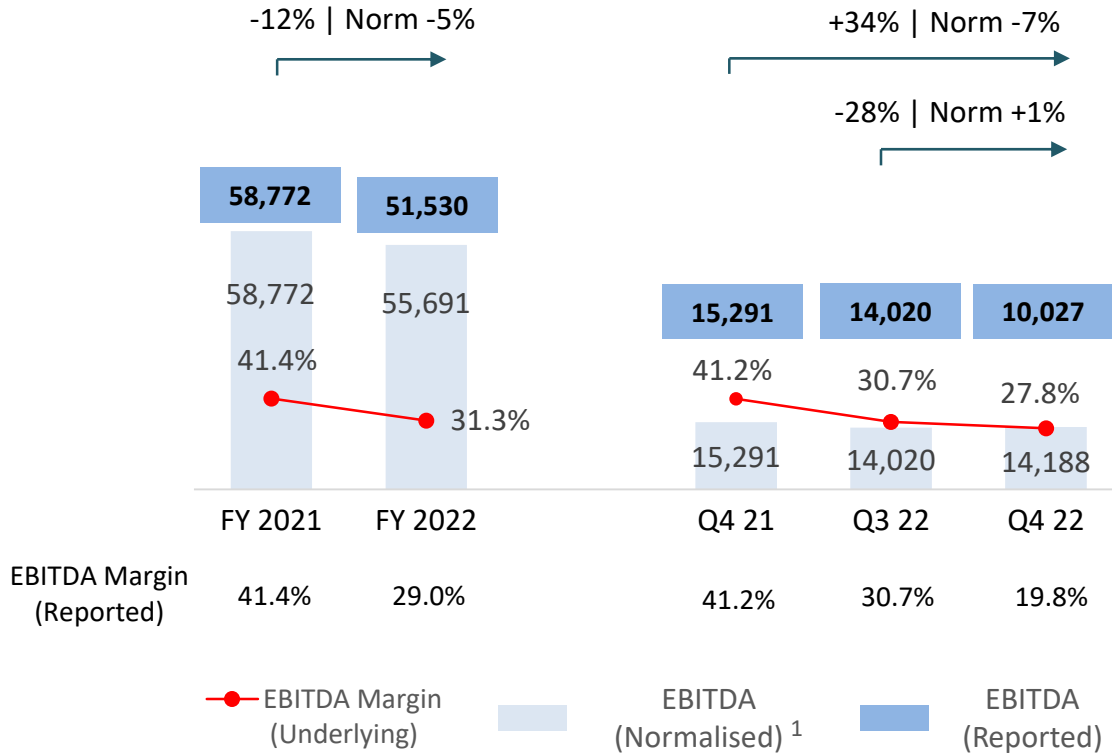
**Television Revenue**, driven by increase in subscription and advertising revenue

# GROUP EBITDA AND PATAMI



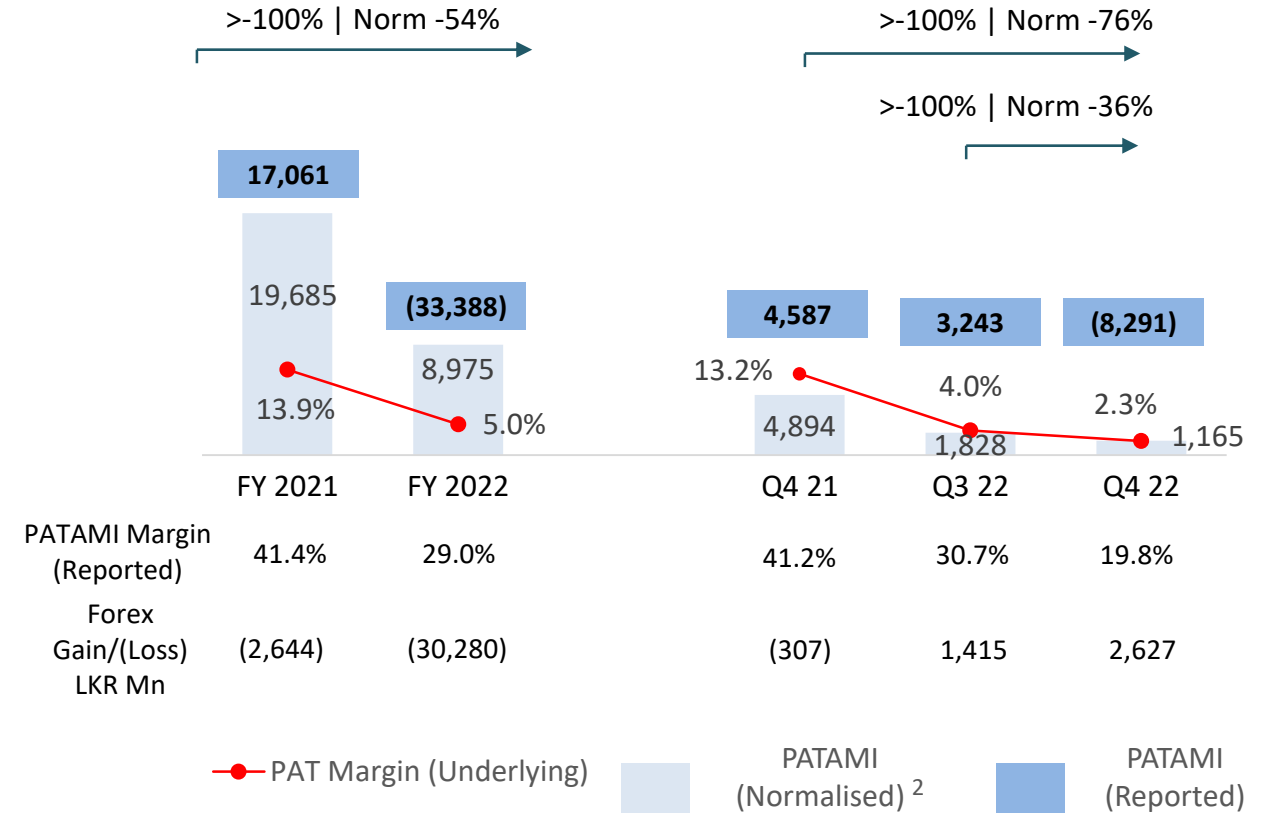
**Escalation in Cost Base During the Year Impacting EBITDA; Q4 Also Featured One-off Provisions which Impacted both YTD and QoQ Performance**

(Rs Mn)



**Reported PATAMI Impacted by One-Off Provisions, Inflation and Forex Losses; Inflation and Higher Depreciation Impacting Norm. PATAMI**

(Rs Mn)



<sup>1</sup> Normalised for one-off Provision of Rs 4.2Bn

<sup>2</sup> Normalised for Forex Loss and one-off Provisions / Impairment (Rs12.1Bn) 5

# GROUP COST TO REVENUE INCREASED DUE TO USD DENOMINATED COST BASE AND INFLATIONARY PRESSURES



Total Cost Savings of Rs13.7Bn in FY 2022 from Cost Management Initiatives

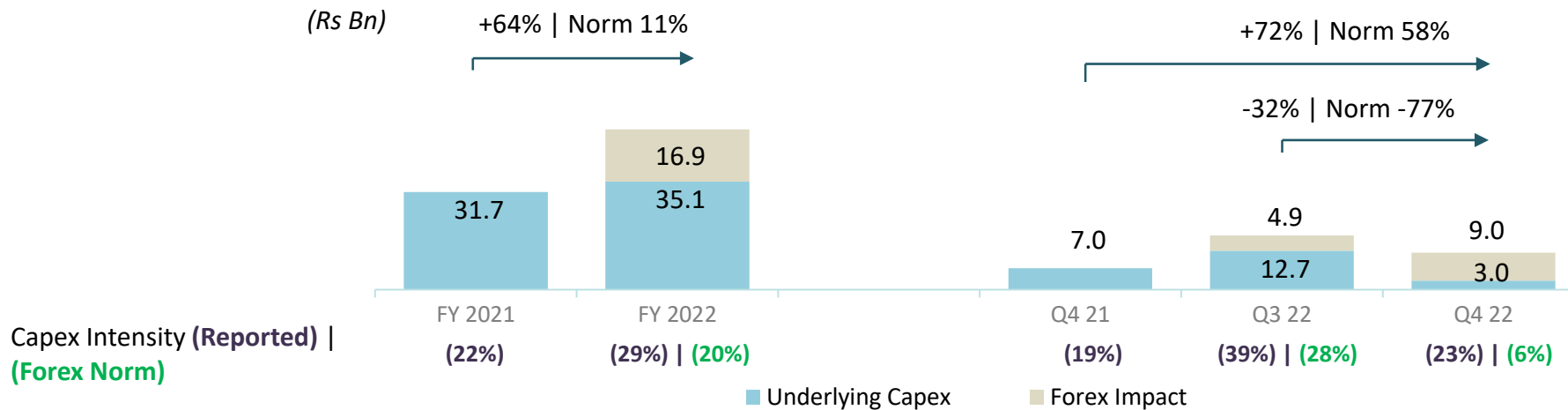
	Q4 22	As % of revenue	Q3 22	As % of revenue	Q4 21	As % of revenue	FY 2022	As % of revenue	QoQ	YoY	YTD
Total Cost	Rs36,640Mn	71.9%	Rs31,575Mn	69.2%	Rs21,833Mn	58.8%	Rs122,237Mn	68.6%	+2.6pp	+13.1pp	+10.0pp
Direct Expenses		43.2%		39.6%		28.3%		37.3%	+14.9pp	+14.9pp	+10.4pp
Sales & Marketing		6.4%		5.9%		9.9%		6.4%	-3.6pp	-3.6pp	-2.1pp
Network Cost		10.6%		11.1%		11.1%		11.5%	-0.5pp	-0.5pp	+0.8pp
Staff Cost		6.8%		7.0%		7.7%		7.5%	-1.0pp	-1.0pp	-0.4pp
Overheads		5.0%		5.5%		1.8%		6.0%	+3.2pp	+3.2pp	+1.3pp

# CAPEX INTENSITY AT 29%; OFCF DECLINE DUE EXPANDING CAPEX FROM LKR DEPRECIATION

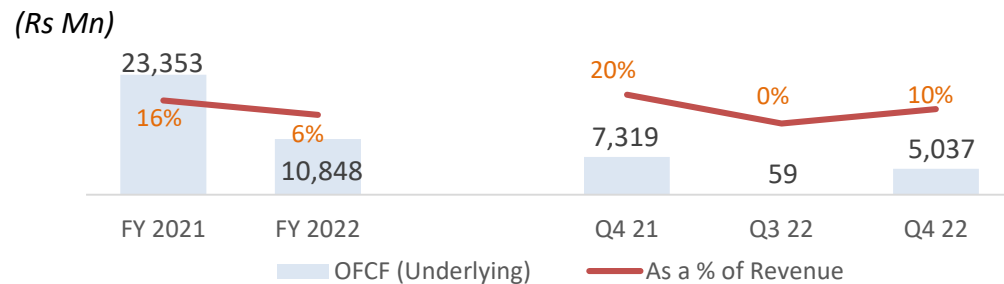
Investments are Directed Towards Expansion of Mobile, Fixed Data Networks and Alternative Energy



## Capex Investments Directed Towards Expanding Data Networks; Mobile 4G and Fixed LTE PoP Coverage Reached 95% and 71%



## OCF Decline Driven by Expansion in LKR Equivalent of USD Denominated Capital Spend Owing to Fx. Depreciation



Capital expenditure of Rs50.0Bn for FY 2022 directed mainly towards investments in High-Speed Broadband infrastructure to support **Mobile and Fixed Data Leadership**

Investment in Infrastructure mainly included:

- 4G capacity upgrades
- 4G coverage expansion
- Alternative energy solution including solar and Li-ion batteries

Reported OCF	23,353	(6,052)
% of Revenue	16%	-3%

7,319	(4,841)	(3,963)
20%	-11%	-8%

## DIALOG GROUP QOQ NET DEBT INCREASE MODERATED BY PRESERVING CASH; NET DEBT TO EBITDA 1.2X



(Rs Mn)	31 Dec 22	30 Sep 22	31 Dec 21
Gross Debt	102,689	83,574	34,859
<i>USD denominated debt (in USD Mn's)</i>	<i>226.5</i>	<i>196.5</i>	<i>90.5</i>
Net Debt	62,140	53,241	19,757
Cash and Cash Equivalents	40,548	30,333	15,102
<i>Gross Debt / Equity (x)</i>	<i>2.27</i>	<i>1.53</i>	<i>0.75</i>
<i>Gross Debt/ EBITDA (x)</i>	<i>1.99</i>	<i>1.51</i>	<i>0.99</i>
<i>Net Debt/ EBITDA (x)</i>	<i>1.20</i>	<i>0.96</i>	<i>0.49</i>

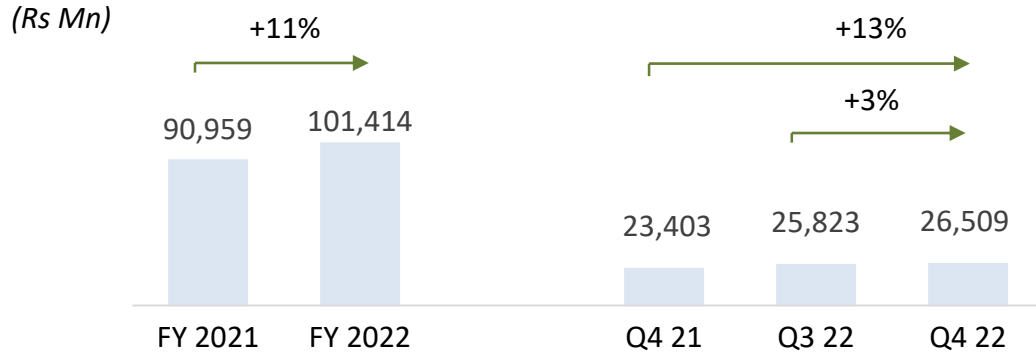


Dialog Axiata Group Performance

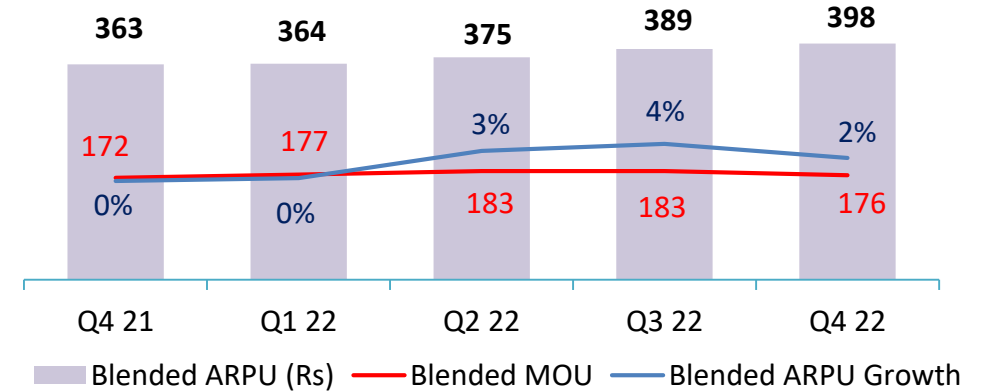
Dialog Axiata PLC - Company Performance

Subsidiary Performance – Dialog Broadband and Dialog TV

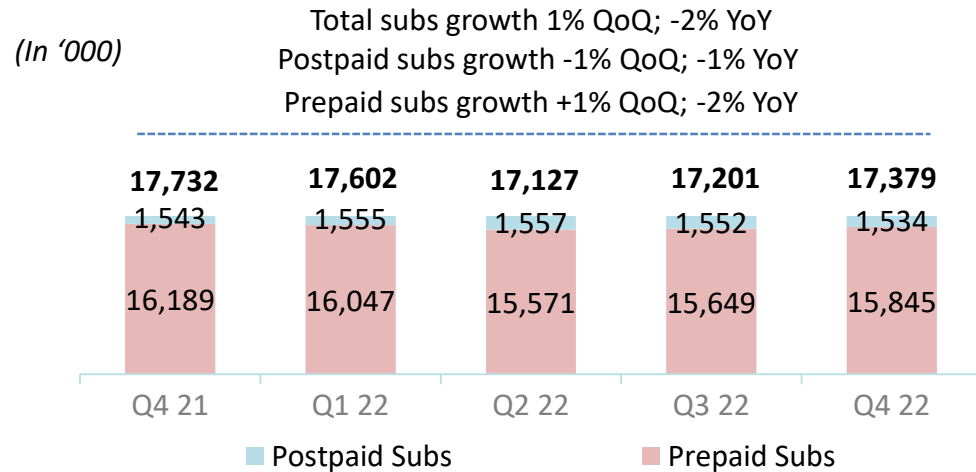
## Revenue Growth Driven by Data Segment



## ARPU Increasing in line with Expansion in Usage and Rate Revision



## Subscriber Growth moderated QoQ; YoY up 1%



## YTD and QoQ EBITDA Impacted due to Forex and Inflation along with one-off provisioning in Q4 2022

(Rs Mn)	FY 2022	YTD	Q4 2022	QoQ	YoY
EBITDA	35,463	-12%	5,988	-42%	-38%
PAT	(38,268)	>-100%	16,188	>-100%	>-100%
EBITDA Margin %	+35.0%	-9.5pp	+22.6%	-17.8pp	-18.6pp
PAT Margin %	-37.7%	-50.0pp	-61.1%	-75.7pp	-71.8pp
EBITDA Norm <sup>1</sup>	39,019	-4%	9,543	-9%	-1%
PAT Norm <sup>2</sup>	6,769	-50%	37	-98%	-99%
EBITDA Norm Margin %	+38.5%	-6.0pp	+36.0%	-4.4pp	-5.2pp
PAT Norm Margin %	+6.7%	-8.2pp	+0.1%	-8.2pp	-11.3pp

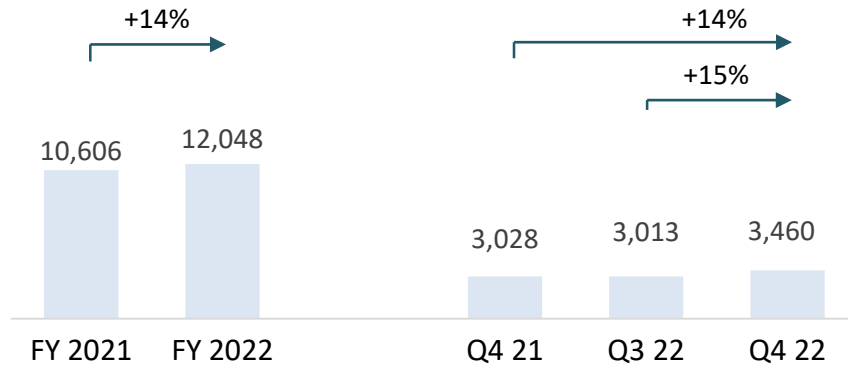
Dialog Axiata Group Performance

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Subsidiary Performance – Dialog Broadband and Dialog TV

### Subscription Revenue Driving Topline Performance along with Growing Advertising Revenue

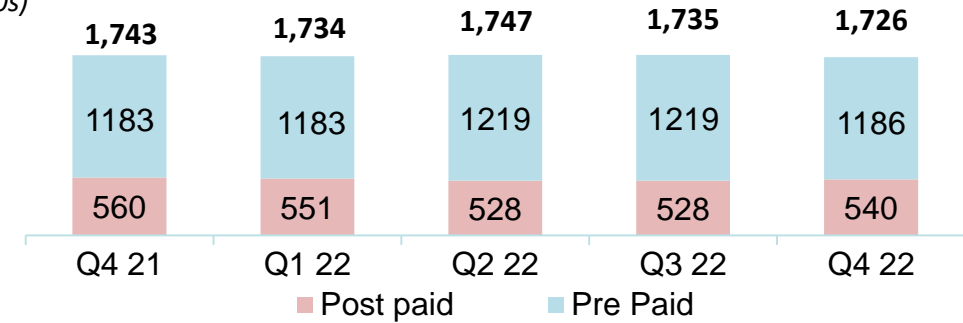
(Rs Mn)



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

Total subs growth +0% QoQ; -1% YoY  
Postpaid subs growth -4% QoQ; -4% YoY  
Prepaid subs growth +0% QoQ; +0% YoY

(in '000s)



### YTD and YoY Profitability Impacted by Escalation in Cost Base due to Forex and One-Off Provisions/Impairment; QoQ Improvement due to Stable Forex in Q4 2022

	FY 2022	YTD	Q4 2022	QoQ	YoY
EBITDA	1,576	-57%	370	>+100%	-71%
PAT	(4,197)	>-100%	(238)	+77%	>-100%
EBITDA Margin %	+13.1%	-21.5pp	+10.7%	+6.7pp	-31.5pp
PAT Margin %	-34.8%	-36.7pp	-6.9%	+27.8pp	-22.5pp
EBITDA Norm <sup>1</sup>	1,747	-52%	540	>+100%	-58%
PAT Norm <sup>2</sup>	(671)	>-100%	347	>+100%	-27%
EBITDA Norm Margin %	+14.5%	-20.0pp	+15.6%	+11.7pp	-26.6pp
PAT Norm Margin %	-5.6%	-7.4pp	+10.0%	+44.7pp	-5.6pp

<sup>1</sup> Normalised for one-off Provision of Rs 0.2Bn | <sup>2</sup> Normalised for Forex Loss and one-off Provisions / Impairment (Rs0.7Bn)

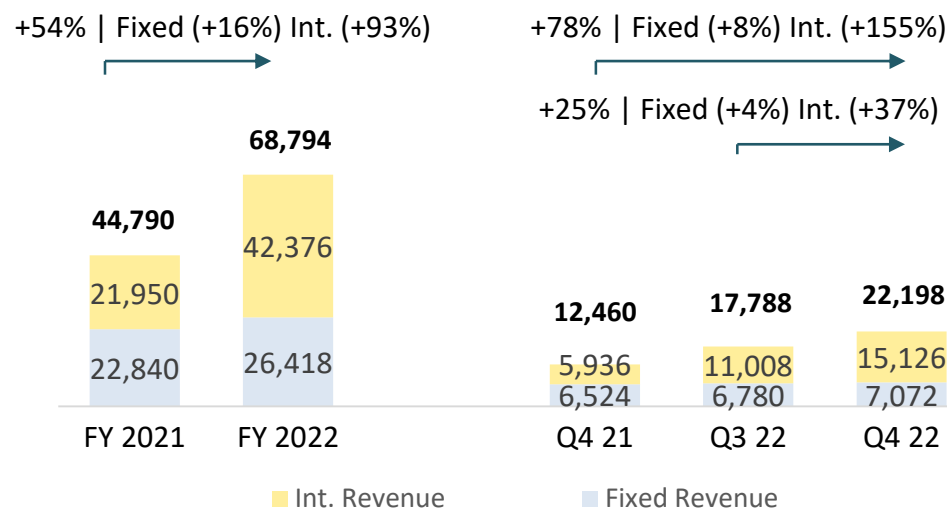
# DIALOG BROADBAND NETWORKS

Continues to Deliver Strong Growth on Top Line



## Revenue Growth Driven by Strong Growth in International Wholesale Revenue Coupled with Fixed Broadband Growth

(Rs Mn)



International Revenue %	49%	62%	48%	62%	68%
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## YTD PAT Impacted by Higher Depreciation; QoQ Profitability Impacted by One-off Provision for Rs0.5Bn; Margin Contraction Resulting from Expansion in Low Margin Hubbing Business

(Rs Mn)	FY 2022	YTD	Q4 2022	QoQ	YoY
EBITDA	14,838	+2%	3,415	-15%	-17%
PAT	3,287	-34%	913	-17%	-34%
EBITDA Margin %	+21.6%	-11.0pp	+15.4%	-7.2pp	-17.6pp
PAT Margin %	+4.8%	-6.3pp	+4.1%	-2.1pp	-7.0pp
EBITDA Norm <sup>1</sup>	15,293	+2%	3,871	-4%	-6%
PAT Norm <sup>2</sup>	3,811	-24%	918	-17%	-34%
EBITDA Norm Margin %	+22.2%	-10.4pp	+17.4%	-5.2pp	-15.6pp
PAT Norm Margin %	+5.5%	-5.6pp	+4.1%	-2.1pp	-7.0pp

<sup>1</sup> Normalised for one-off Provision of Rs 0.5Bn | <sup>2</sup> Normalised for Forex Loss and one-off Provisions / Impairment (Rs0.1Bn)

## Thank you

### For further information

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