



Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Acquisition of Bharti Airtel Lanka (Private) Limited – 100% of Issued Shares

19 April 2024

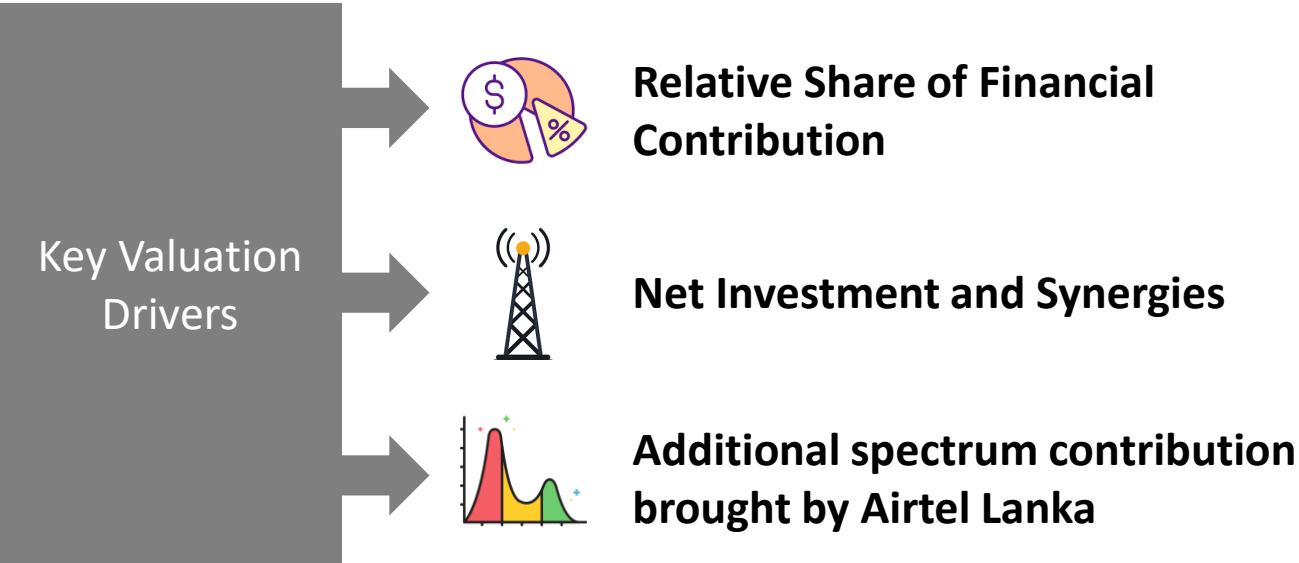
an axiata company

Acquisition of Bharti Airtel Lanka (Private) Limited



The Board of Directors of Dialog Axiata PLC (“DIAL”) resolved to acquire the entirety of the issued shares of Bharti Airtel Lanka (Private) Limited (“Airtel Lanka”), subject to obtaining the necessary corporate and regulatory approvals, permissions, consents and authorizations.

Pursuant to the proposed transaction, Airtel Lanka will become a wholly owned subsidiary of DIAL. Following the completion of the said acquisition, DIAL proposes to amalgamate with Airtel Lanka under Section 242 of the Companies Act No. 7 of 2007 with DIAL remaining as the surviving entity.



Consideration Offered to Airtel Lanka

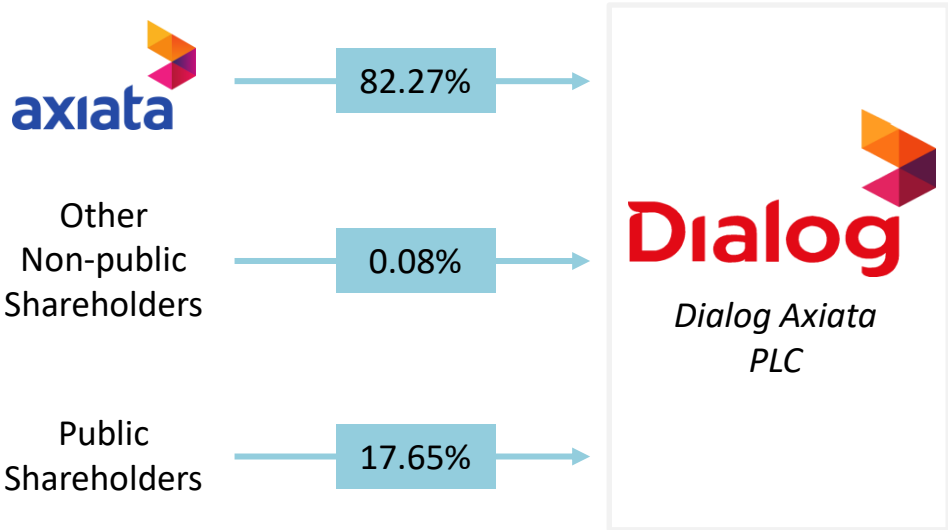
- 952,694,689 of fully paid-up ordinary voting shares by way of a share swap. Once issued, the shares will translate to a stake of 10.355%¹ of the enlarged DIAL share equity.
- Airtel Lanka allowed to bring in proportionate of Net Debt and Working Capital of DIAL into the amalgamated entity.

¹ Value attribution to share will be based on 90-day VWAP on transaction completion date

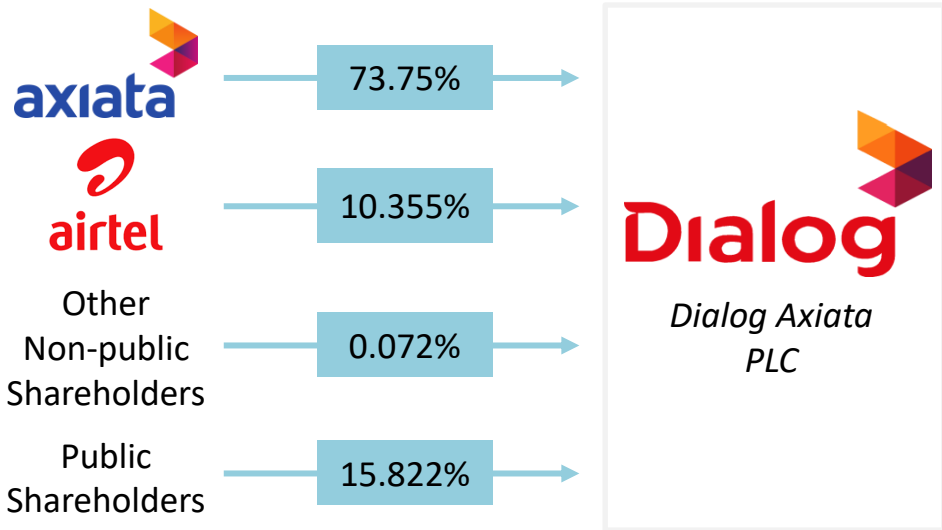
Pre- and Post-Acquisition Shareholding Structure of DIAL



Pre-Acquisition



Post-Acquisition



Board Representation

- Airtel will be entitled to nominate one board member to Dialog Axiata PLC

Transaction Completion

- The completion of the Transaction is subject to the completion of conditions precedent to the Transaction as stipulated in the Share Sale Agreement entered between DIAL and selling shareholder; and approval by DIAL shareholders at an AGM to be conducted.
- Transaction expected to close in Q3 2024

Prolonged Challenges from Current Operating Environment are Suppressing the Telecommunications Industry's Profitability...



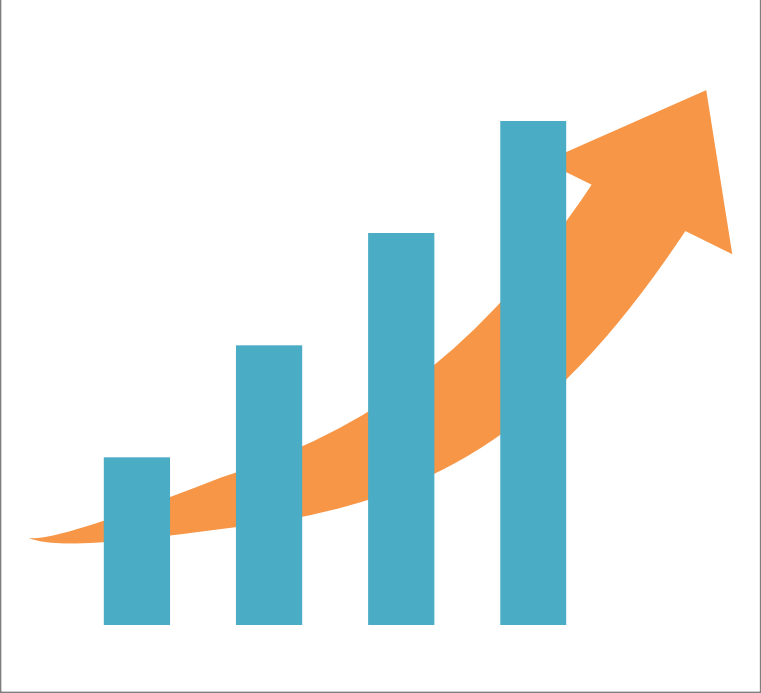
1

Reduced Consumer Affordability



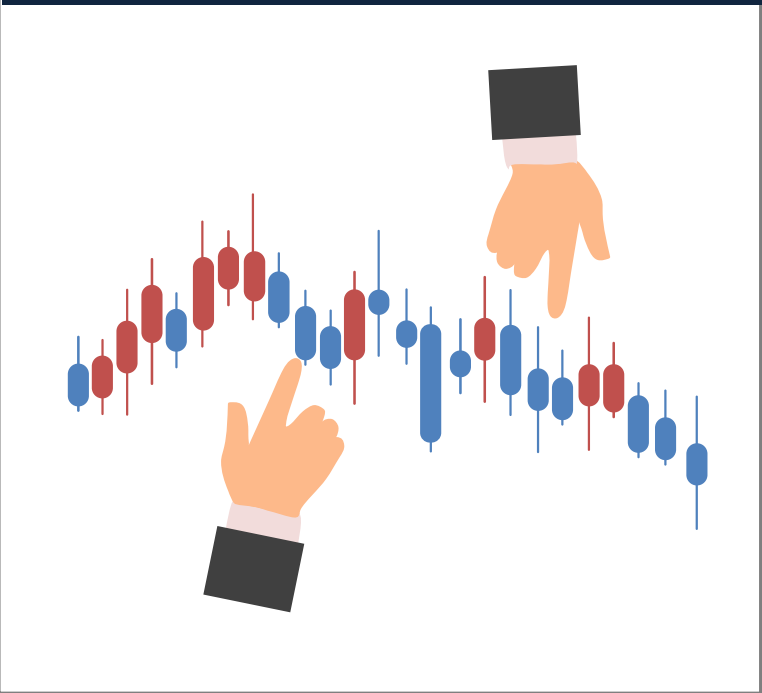
2

Escalating Operating Cost



3

Diminishing Investment Returns



... while Fragmented Industry Structure & Capex Conundrum Continue to Impact Long-Term Viability for Network Operators



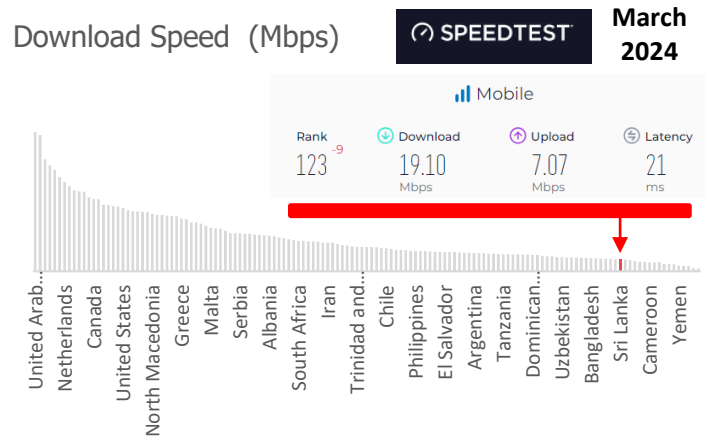
Industry Largely Fragmented

All major countries in Southeast Asia region have broadly 3 operators with much higher population per operator compared to Sri Lanka

Country	Population	# of operators	Subs / Operator (Mn's)
India	1.4 Bn	4	350
Indonesia	274 Mn	3	91
Pakistan	231 Mn	4	58
Bangladesh	169 Mn	3	56
Malaysia	34 Mn	3	11
Sri Lanka	22 Mn	4	6

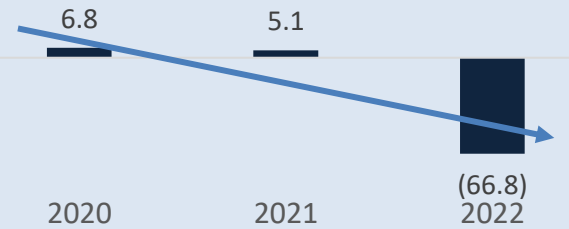
Network Performance

Performance remains lower than regional players



Declining Profitability

Mobile Industry Profitability (Rs Mn)



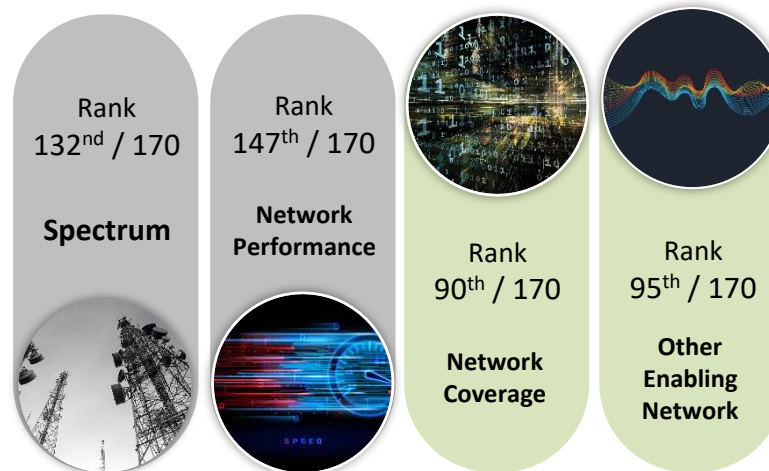
This Results in Inadequate Spectrum

A lower spectrum per customer limits the capability to provide better user experience and rural coverage

Dialog	airtel	SLTMOBILTEL	HUTCH
215MHz	75MHz	205MHz	90MHz
Total Spectrum per Operator			
24	39	60	53
HZ per Data Customer			

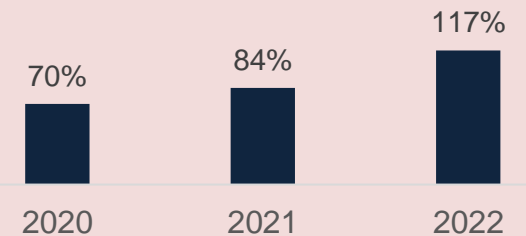
SL Network Performance

GSMA Mobile Connectivity Index (2021)



Increasing Investment Intensity

Investment % of EBITDA



Looking at the Population of Sri Lanka 2 Mobile Operators are ideal to make this industry a viable industry to invest. This merger is a step forward towards that.

Benefits to Customers

- **Improved QoS & User Experience:**
Combined network strengths to uplift experience in line with regional peers
- **Wider Network Coverage:**
Redeployment of excess towers (post integration) to expand rural coverage
- **Innovative Products & Services:**
Joint experience of two brands with segment strengths to drive exciting new connectivity-led solutions

Benefits to Industry

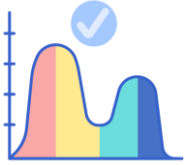
- **Network Integration & Optimization:**
Consolidation of >1,000 duplicated towers, redeployment of excess assets / resources & optimization of spectral efficiency
- **Higher Future Investment Capacity:**
Economies of scale & improved returns profile with better resource utilization – more headroom to invest for future growth
- **Accelerated Ecosystem Uplift:**
Stronger capacity to bring next generation innovations to advance industry ecosystem

Benefits to Nation

- **Advancing GoSL's Digital Agenda**
- **Drive GDP Growth & Job Creation:**
Higher broadband penetration to lift digital infrastructure & digital economy
- **Lower Forex Outflow:**
Avoidance of duplicated imports due to overlapping network investments
- **Lower Carbon Footprint** (*as above*)
- **Higher Tax Revenues:**
Revenue- and earnings-based taxation



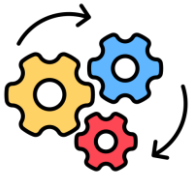
TRANSACTION RATIONALE



EFFICIENT SPECTRUM UTILIZATION



TOWER INFRASTRUCTURE



OPERATIONAL SYNERGIES TO ENHANCE PROFITABILITY

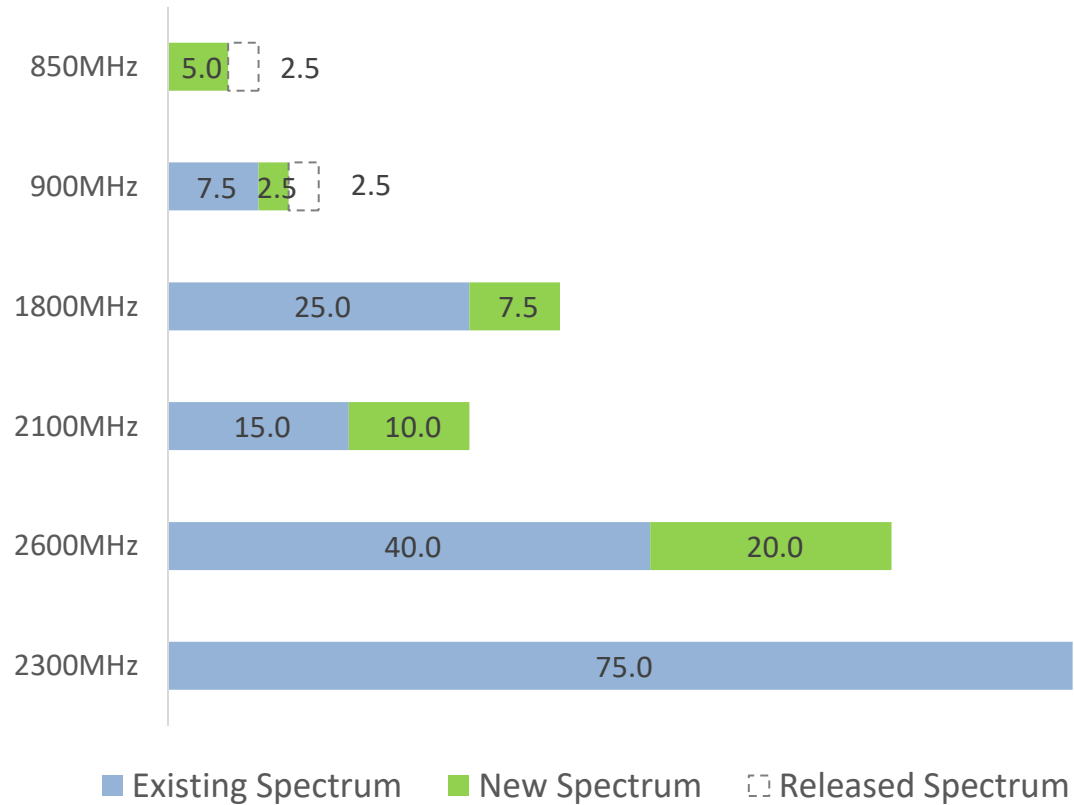


MARKET CONSOLIDATION

ENLARGED SPECTRUM RESOURCES



Post Merger Spectrum Allocation



Higher Spectrum Availability to Deliver Better Experience and Future 5G

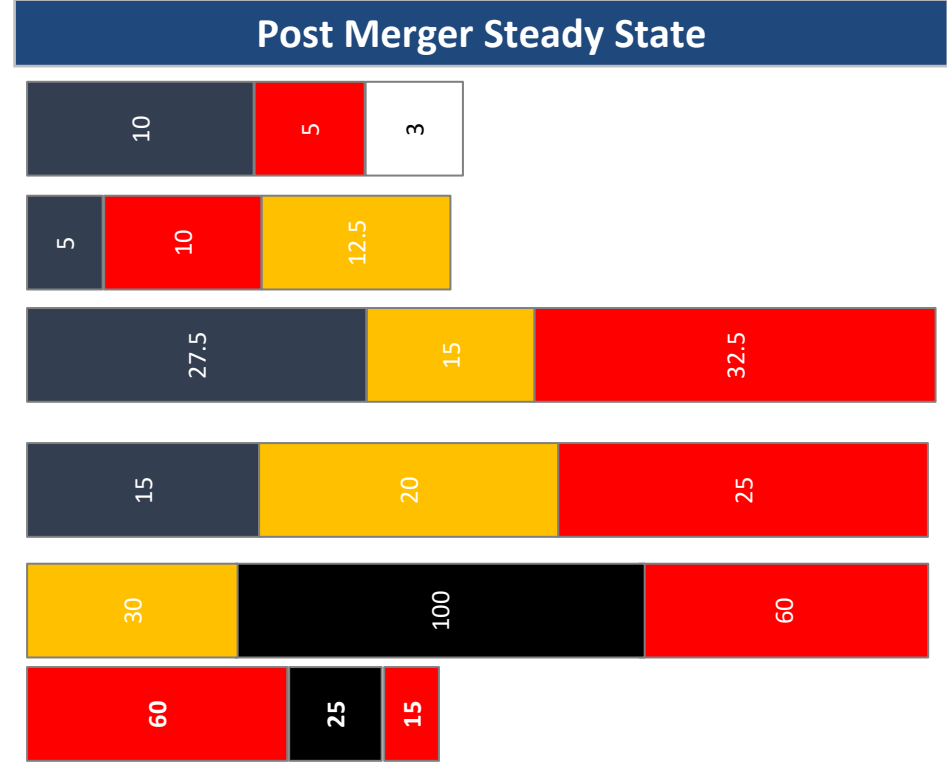
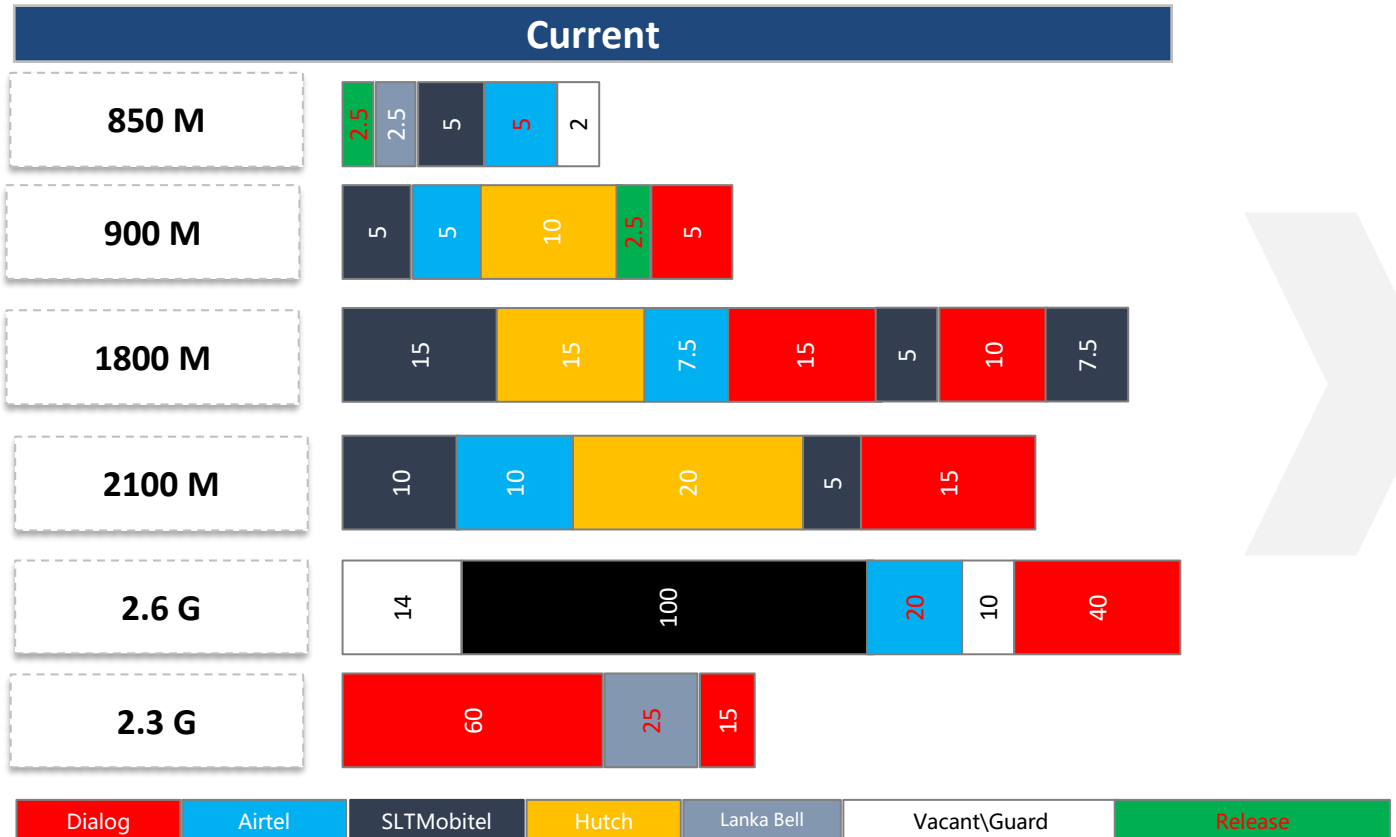
1 Increase in HZ per Customer – opportunity to improve capacity with lower investment requirement

		Pre-Transaction	Post-Transaction
850/900 MHz	Bandwidth (MHz)	2x10	2x15
1800 MHz		2x25	2x32.5
2100 MHz		2x15	2x25
2600 MHz		40	60
2300 MHz		75	75
Total	Downlink + Uplink (MHz)	215	280
	Hz per Data customer	24	26

2 Contiguous spectrum allocation post rearrangement → more efficient spectrum utilization

3 New spectrum pool to support further 4G enhancement whilst providing space for 5G

INDUSTRY SETTLEMENT ON SPECTRUM – FROM FRAGMENTATION TO CONTIGUOUS BLOCKS



MARKET CONSOLIDATION, TOWER INFRASTRUCTURE & OPERATIONAL SYNERGIES


Market Consolidation to drive Higher Market Share, Scale & Price Stability

 Approx **3Mn** uplift in Customer Base
Combined Market Share to top **64%**

 Scale Expansion & Shared Services to support Margin Expansion

 Price Stability

Operational Synergies to Further Enhance Valuation

 Marketing Synergies – mainly Sales & Distribution
Opportunity for Volume Driven Optimizations

 Resource Optimization, Savings & Synergies from Other Admin Costs

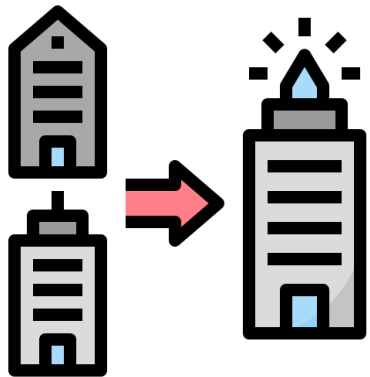


Airtel has over 2,400 sites across Sri Lanka

Removal of overlapping sites resulting in Opex savings

Redeployment of the dismantled Sites and Equipment to support coverage and capacity improvement with zero capex

Asset Reuse to Contribute to Lower Capex Bill and Enhance Consumer Experience



Next Steps...

- 1 In Principal Approval from CSE
- 2 BOI and CBSL Approvals
- 3 EGM to obtain shareholder approval
- 4 Closing Audit, Transaction Closure and Communication
- 5 Amalgamation of two entities

Thank you

For further information

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