



# Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Q2 2018

Dialog Group Performance

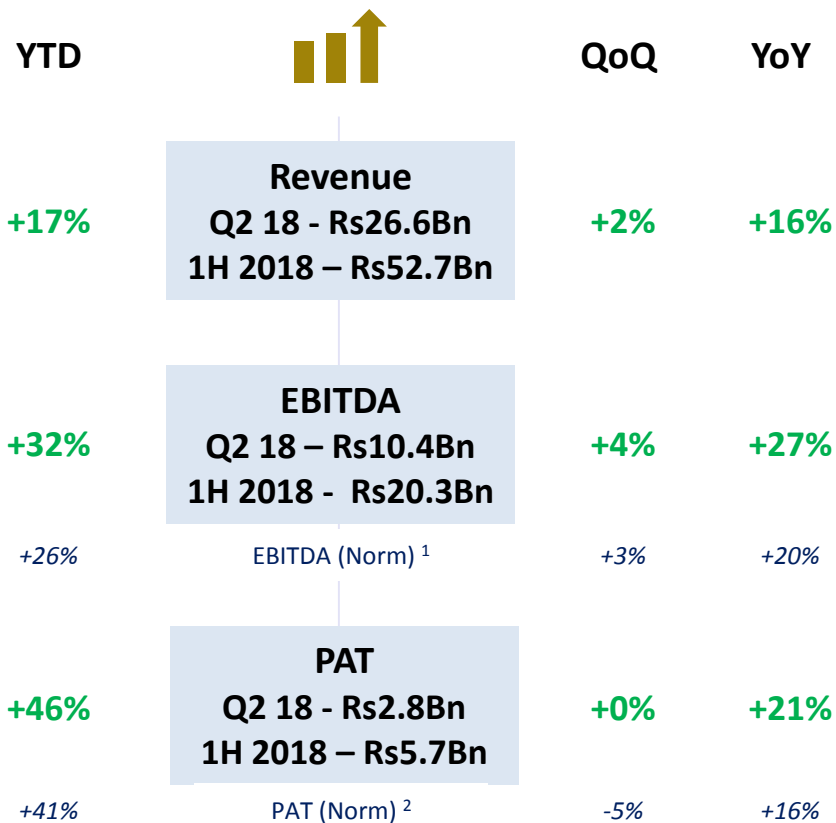
Dialog Axiata Company Performance

Subsidiary Performance



# Dialog Group Performance Highlights – Q2 2018

Dialog Posts 17% Revenue Growth and 32% EBITDA Growth YTD while QoQ Performance Moderated



All Business Segments Delivered a Strong 1H Performance



Mobile



Data Continued its Growth Momentum  
34% YTD | 11% QoQ  
| +33% YoY



TV

Net Loss Declined to  
Rs245Mn<sup>1</sup> relative to  
Net Loss of Rs528Mn<sup>1</sup>  
in 1H 17

Fixed



PAT exceeding  
Rs 1Bn for 1H  
2018

Aggressive Subscriber Growth



Mobile



Reached 13.2 Mn  
Subscribers  
+1% QoQ | +6% YoY



TV

Exceeded 1Mn  
Households by end  
1H 2018  
+1% QoQ | +13% YoY

Fixed



Home BB Sub Base  
+7% QoQ | +59% YoY

**Awards & Recognition**

Dialog Mobile Awarded Fastest Network Accreditation by Ookla® | Dialog also has the Fastest Mobile 4G Network in Sri Lanka based on Speedtest® by Ookla®

<sup>1</sup> Norm for SLFRS 15 impact <sup>2</sup> Normalised for non-cash translational forex loss and SLFRS 15 impact

# GROUP FINANCIAL SUMMARY

All Financial Indicators Improved Significantly YTD with Revenue, EBITDA and PAT growing at 17%, 32% and 46% respectively; QoQ PAT Impacted by Higher Depreciation and Non-Cash Translational Forex losses



Rs Mn	1H 2018	YTD	2Q 18	QoQ	YoY
Revenue	52,690	17%	26,607	2%	16%
EBITDA	20,322	32%	10,363	4%	27%
PAT	5,688	46%	2,847	0%	21%
<i>EBITDA Margin</i>	38.6%	4.6pp	38.9%	0.8pp	3.6pp
<i>PAT Margin</i>	10.8%	2.2pp	10.7%	-0.2pp	0.5pp
<i>ROIC</i>	15.5%	2.0pp	14.7%	-1.4pp	0.1pp

## Normalised Performance<sup>1</sup>

Revenue	52,434	16%	26,460	2%	15%
EBITDA	19,321	26%	9,784	3%	20%
PAT <sup>2</sup>	6,221	41%	3,034	-5%	16%

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

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

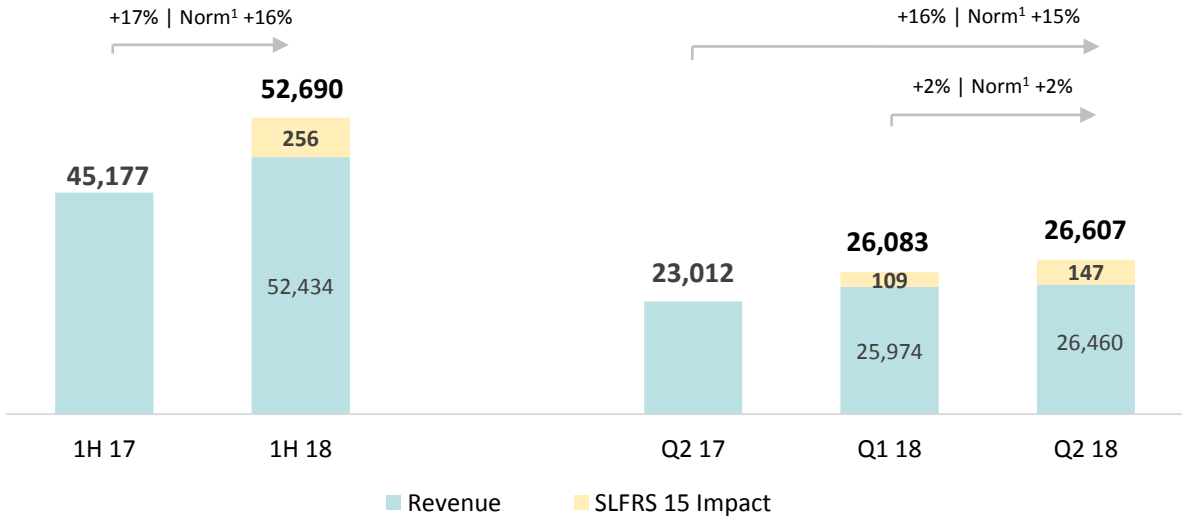


# REVENUE PERFORMANCE

Group Continued its Growth Trajectory, Recording a Growth of 17% YTD and 16% YoY



Resilient Growth in Core Revenue Driving Overall Revenue Growth



**Growth in Mobile Revenue QoQ up 3% and 13% YTD, with Mobile Data Revenue growing 11% QoQ and 34% YTD** driven by increased smartphone penetration and 4G conversion; Voice revenue remained stable QoQ whilst declining 1% YTD

**International Revenue** grew 8% QoQ and 28% YTD led by significant growth in **Hubbing Revenue**; **Termination Revenue** continued to decline both on QoQ and YTD basis

**Fixed Home Broadband Revenue** continued its growth trajectory up 39% YTD supported by expanding network coverage and aggressive subscriber acquisitions

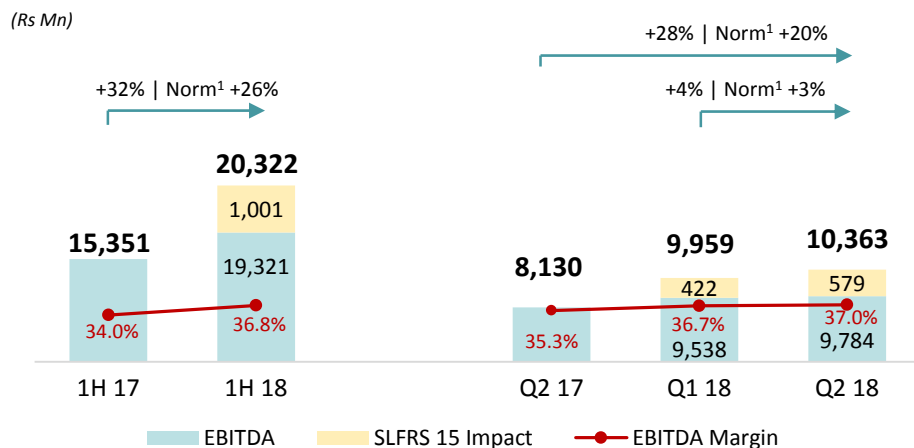
**Television Revenue** grew 5% YTD (post normalisation for SLFRS 15) driven by increase in subscription and connection fee revenues; TV revenue was down 4% QoQ due to lower advertising revenue

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

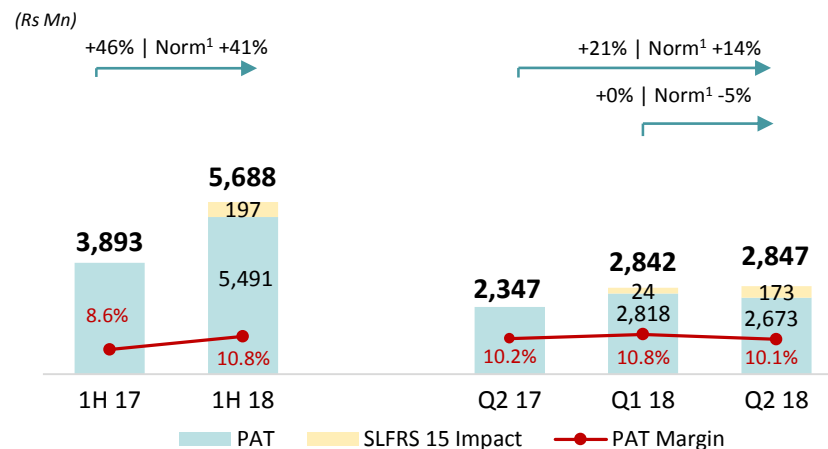
# EBITDA AND PROFITABILITY

Group EBITDA Delivered via Revenue Growth and Cost Management; QoQ Group PAT Impacted by Higher Depreciation and Non-Cash Translational Forex Losses

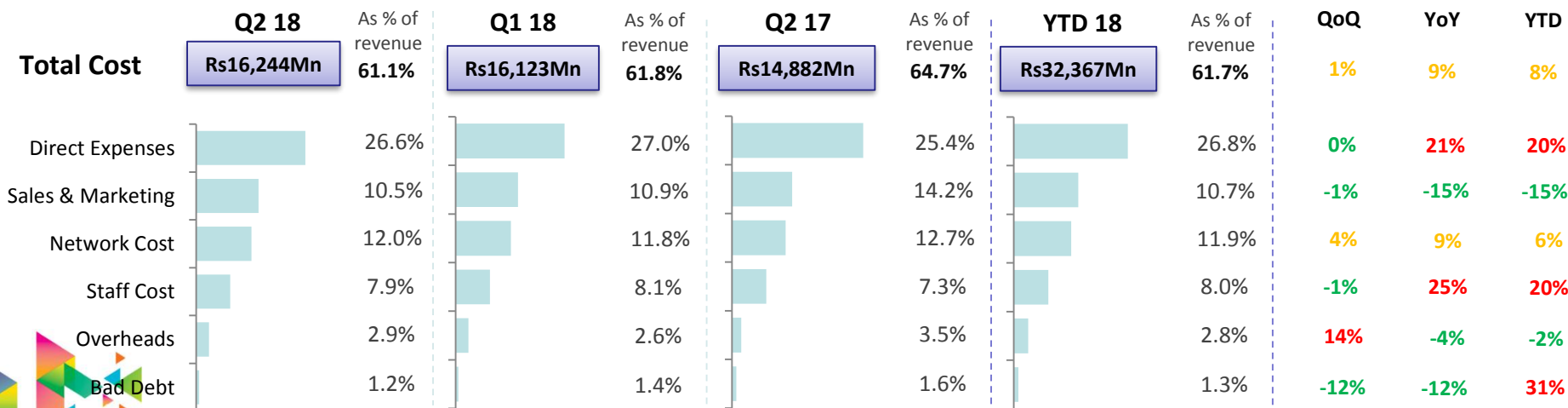
Strong EBITDA Growth YTD and QoQ with 1H 18 EBITDA Margin (Norm<sup>1</sup>) of 36.8%



Significant PAT improvement YTD (Norm)<sup>1</sup> up 41%; QoQ PAT Stable amid High Depreciation



Total Cost to Revenue Ratio Improved 4.3pp YTD in 1H 2018; Total Cost Reduced by Rs755Mn (moved to Amortisation) as a result of SLFRS 15 during 1H 2018 whilst CRS Initiatives Generated Savings of Rs1.7Bn for 1H 2018



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

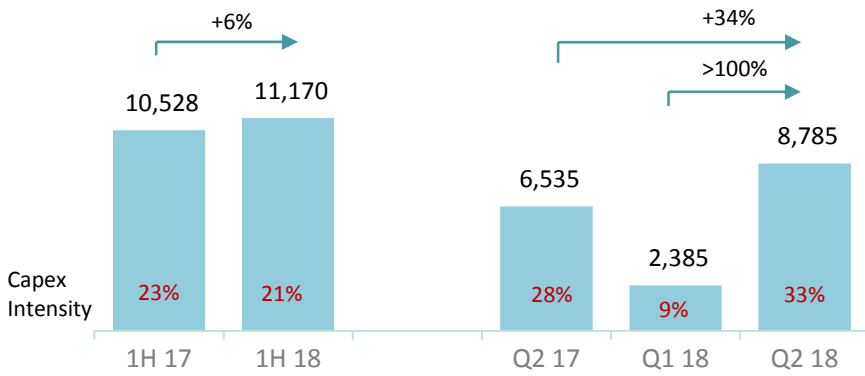


# CAPEX INVESTMENTS

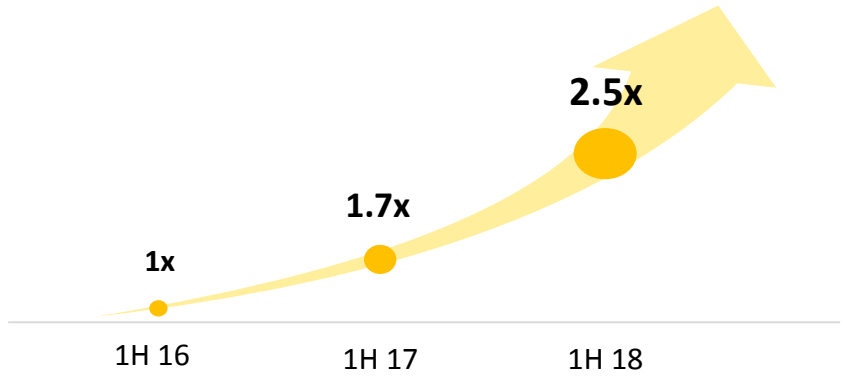
## Focused Capex Investments to Support Rapid Growth in Data – Rs11.2Bn Invested in 1H 2018, up 34%; Capex Intensity at 21%

### Capex Investments Directed Towards Expanding Data Network; Mobile 4G and Fixed LTE PoP Coverage Reached 51% and 55%

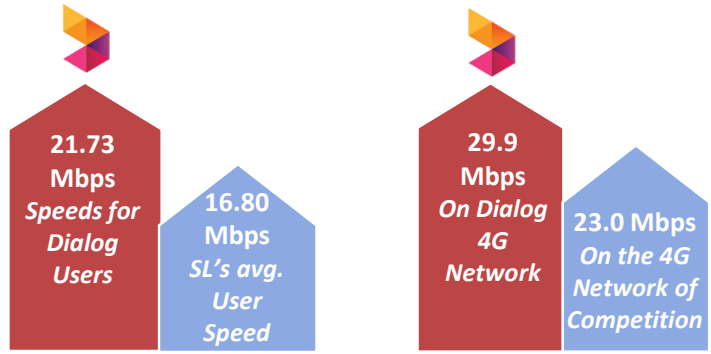
(Rs Mn)



### Capex Investments into 4G capacity Upgrades and Coverage Expansion Catering to Exponential Rise in Demand for Data



### Dialog Recognised as Sri Lanka’s Fastest Mobile Network as well as the Fastest 4G Network



Overall Network

4G Network

Source : Ookla Speedtest

Q2 18 Capex of Rs11.2Bn 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



# BALANCE SHEET

Group's Net Debt to EBITDA Remained Healthy at 0.90x

(Rs Mn)	30 June 18	31 Mar 18	30 June 17
Gross Debt	42,291	33,673	33,402
Net Debt	36,669	30,615	28,887
Cash and Cash Equivalents	5,623	3,058	4,515
<i>Gross Debt / Equity (x)</i>	<i>0.65</i>	<i>0.50</i>	<i>0.61</i>
<i>Gross Debt/ EBITDA (x)</i>	<i>1.04</i>	<i>0.85</i>	<i>1.09</i>
<i>Net Debt/ EBITDA (x)</i>	<i>0.90</i>	<i>0.77</i>	<i>0.94</i>

The Group sourced new borrowings of Rs3.2Bn and USD32Mn during Q2 2018 to fund the Capex Requirement and Dividend Payment

The Balance Sheet remains structurally strong and low geared, with Net Debt to EBITDA of 0.9x





Dialog Group Performance

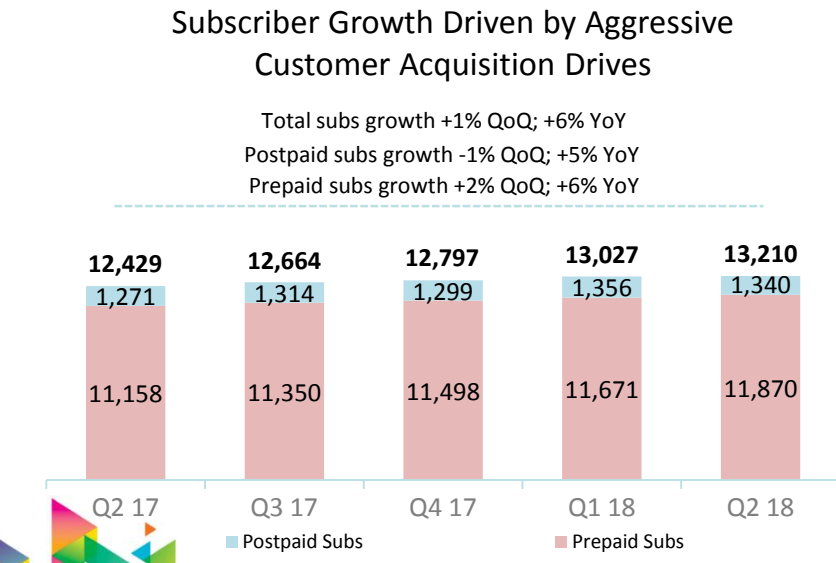
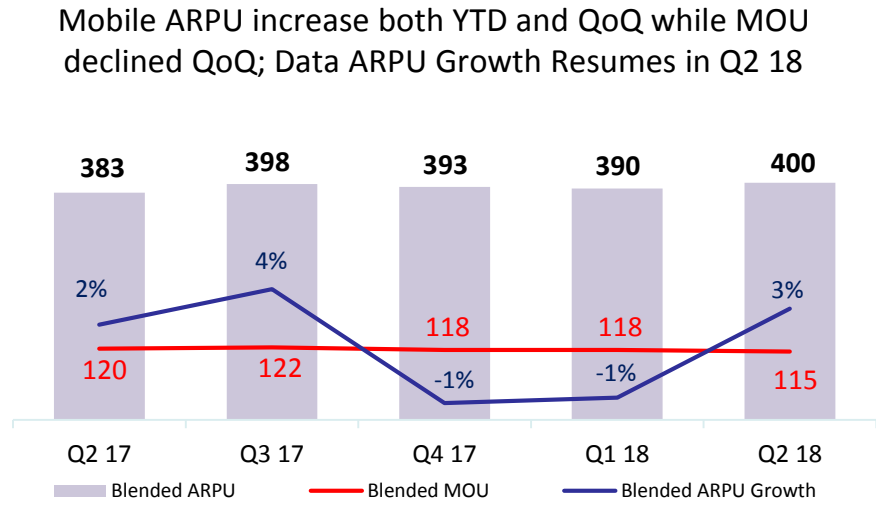
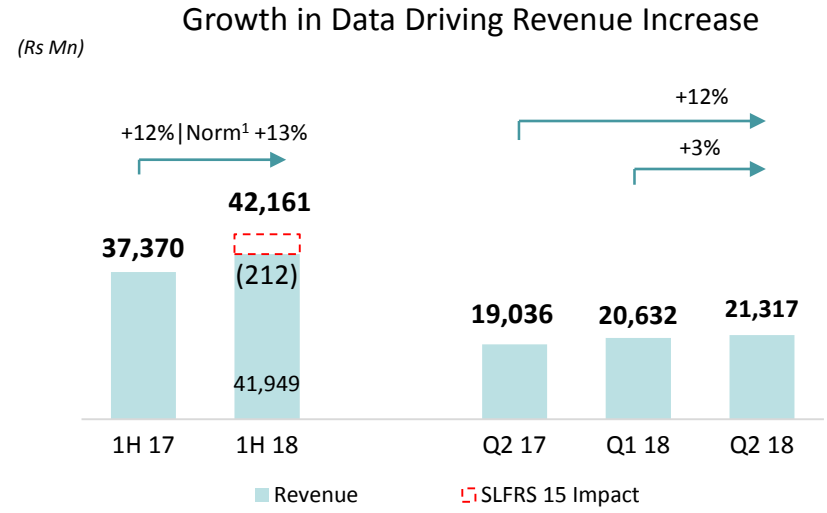
Dialog Axiata PLC - Company Performance

Subsidiary Performance



# DIALOG AXIATA PLC (COMPANY)

Dialog Continues to Capture Market Share; Strong Growth in Data Supporting ARPU Increase



Profitability Improved on both YTD and QoQ basis Driven by Strong Revenue Performance

	YTD 18	YTD	Q2 18	QoQ	YoY
EBITDA	15,846	30%	8,193	7%	27%
PAT	5,165	26%	2,674	7%	14%
EBITDA Margin %	37.8%	+5.2pp	38.4%	+1.3pp	+4.5pp
PAT Margin %	12.3%	+1.4pp	12.5%	+0.5pp	+0.2pp

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

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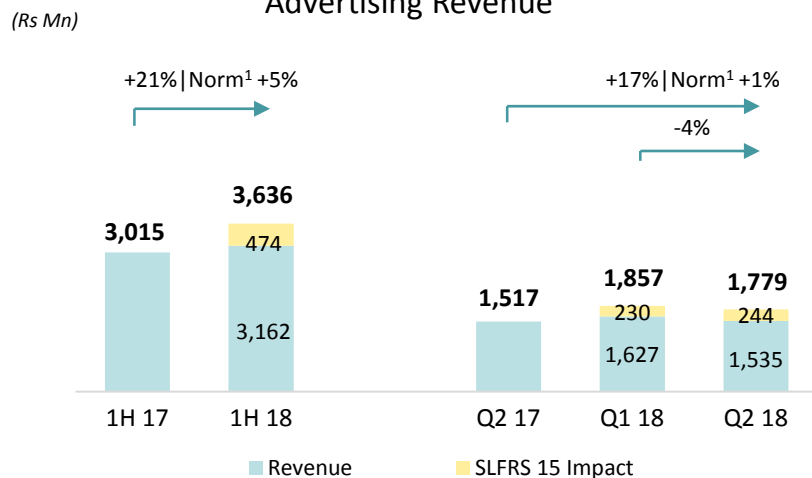
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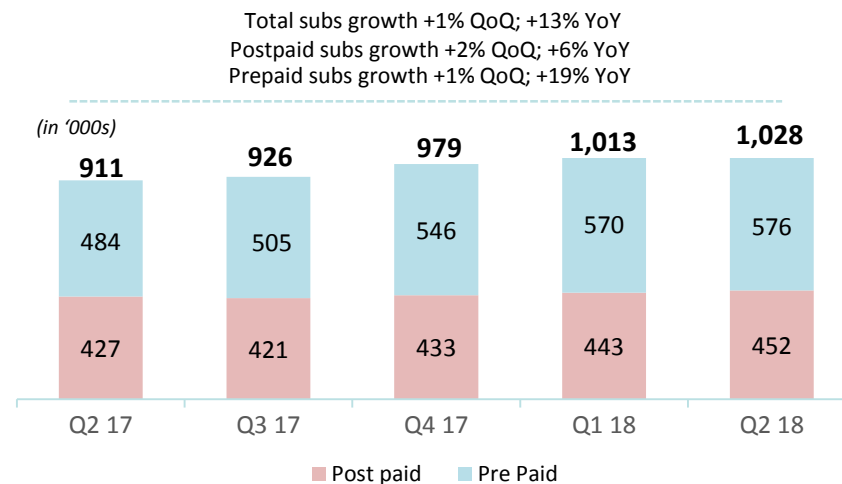
# DIALOG TELEVISION

## Revenue Growth and Strong Cost Optimisation Driving YTD Improvement in Profitability

Growth in Subscription and Connection Fee Driving TV Revenue YTD; QoQ Revenue Drop due to Decrease in Advertising Revenue



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



(Rs Mn)

	YTD 18	YTD	Q2 18	QoQ	YoY
EBITDA	400 <sup>1</sup>	>100%	214	-10%	>100%
PAT	-245 <sup>1</sup>	54%	-129	-2%	40%
EBITDA Margin %	12.7%	+6.9pp	12.1%	-0.8pp	+4.8pp
PAT Margin %	-7.8%	+9.7pp	-8.2%	-0.5pp	+7.0pp

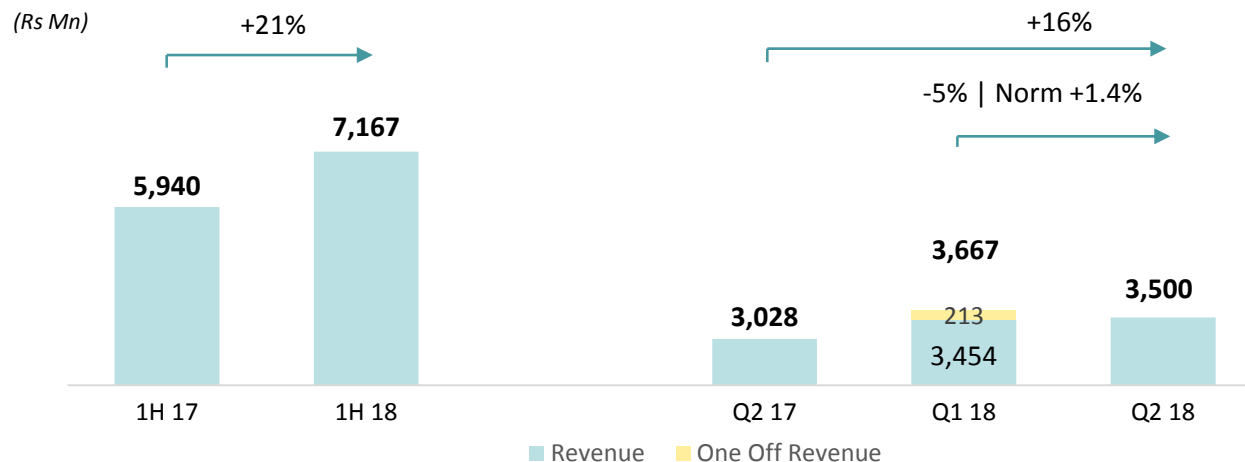
<sup>1</sup> Norm for SLFRS 15 impact

# DIALOG BROADBAND NETWORKS – FIXED BUSINESS

Revenue Growth Driven on the back of Network Coverage Expansion and Aggressive Market Capture



Strong Growth in YTD Revenue resulting from Home BB Revenue Growth; QoQ Revenue Declined 5%; however normalised for one-off's in Q1 18, Revenue grew 1.4% QoQ



(Rs Mn)

	YTD 18	YTD	Q2 18	QoQ	YoY
EBITDA	3,947 <sup>1</sup>	25%	2,058	-6%	25%
PAT	903 <sup>1</sup>	59%	406	-33%	23%
EBITDA Margin %	55.0%	+2.0pp	58.8%	-1.0pp	+4.3pp
PAT Margin %	12.6%	+3.0pp	11.6%	-4.9pp	+0.7pp

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

**Thank You**

