“I wish to commend the team’s efforts throughout the year 2019 to expand our business, grow our revenues, serve our customers, rescale our cost structures and deliver a solid performance”
“Dialog Axiata PLC recorded consolidated revenue of Rs. 116.8Bn, which represents a 7% YoY growth… EBITDA of Rs. 46.7Bn…43% YoY growth in Net Profit After Tax (NPAT) amounting to Rs. 10.7Bn for FY 2019”

Dear shareholders,

It is with pleasure, I present to you another year of commendable performance of your Company delivered amidst multiple challenges ranging from economic, climate impacts to security concerns. I join the Chairman, Board and extend my sympathies on behalf of the entire Dialog family, to those affected by the unfortunate Easter Sunday tragedy which marked one of our darkest hours in Sri Lanka’s post-war history. While the tragedy has impacted the entire nation including our own operations, we were able to overcome these challenges with the support of our dedicated team at Dialog, our loyal customer base, our partners, the Sri Lankan Government and the regulatory authorities. We will continue to give back to our society and play our part in supporting our nation to recover from this tragedy.

While we have dealt with many challenges over the years, at the time of writing, undoubtedly the most disruptive has been the global outbreak of COVID-19. Amidst the crises, our incredible Dialog team rose to the challenge to ensure that Sri Lanka stays connected and safe during the period whilst fully supporting the tireless efforts of the Government’s fight against COVID-19 pandemic in the country.

I wish to commend the team’s efforts throughout the year 2019 to expand our business, grow our revenues, serve our customers, rescale our cost structures and deliver a solid performance, while navigating through a difficult 2019. I believe that these lessons learnt will hold us in good stead as we reset and reimagine all facets of our business and re-define our approach to thrive in the ‘new norm’.

PERFORMANCE OVERVIEW
Dialog Axiata PLC recorded consolidated revenue of Rs. 116.8Bn, which represents a 7% YoY growth, which was accompanied by growth in our subscriber base, adoption of Broadband services and usage growth. The growth in the top line, widening of our product portfolio as well as cost rationalisation initiatives resulted in a combined Group Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA) of Rs. 46.7Bn which represents a 7% YoY growth in FY 2019. The Group EBITDA Margin reached 40% in FY 2019, representing a 2.2 percentage points (PP) improvement compared to the previous year. In addition to the above, reduction in Finance Expenses and the drop in forex losses owing to a stable exchange rate relative to the previous year resulted in a 43% YoY growth in Net Profit After Tax (NPAT) amounting to Rs. 10.7Bn for FY 2019.

DIVIDENDS TO SHAREHOLDERS
Given your Company’s commendable performance in FY 2019, I am pleased to announce that the Board of Directors has recommended a total dividend payment of Rs. 4.3Bn, which translates to a dividend of 53 cents per share. This corresponds to an increase of 43% compared to 2018 and a dividend payout of 40% consistent with the payout for the previous period.

CONTRIBUTIONS TO THE GOVERNMENT OF SRI LANKA
Dialog continues to remain a significant contributor to the Government of Sri Lanka, remitting a total of Rs. 33.6Bn to state finances in FY 2019. Recognising
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the pivotal role of digital and connectivity technologies which supports the transformation of Sri Lanka into a ‘future-ready’ economy, the Government saw fit to provide a relief to end consumers with a reduction in consumer taxes towards the end of 2019, which resulted in a reduction in the contribution of consumption taxes which amounted to Rs. 22.3Bn in FY 2019.

I am pleased to report that your company paid Rs. 11.0Bn in direct taxes to the Government of Sri Lanka which represents a 20.2% increase YoY.

We continue to be the largest contributor of Foreign Direct Investment (FDI), investing approximately Rs. 28.6Bn in 2019, which represents 20.7% of Sri Lanka’s FDI for the year. Dialog, along with our valued investors, holds the distinguished position as the #1 FDI in the country with a total investment of USD 2.7Bn since inception showcasing the trust and confidence placed in the Government and people of Sri Lanka.

During the year under review, the Government of Sri Lanka identified the importance of creating a technology-based society and proposed several macro-economic, institutional and regulatory reforms to promote digital entrepreneurship and inclusivity.

OUR STRATEGY, BUILDING VALUE AT THE CORE

At the pinnacle of the Dialog strategy remains the Dialog Brand, Customer Experience and Service Excellence, which is espoused in our ‘Service from the Heart’ core value. The Go to Market focus encapsulates our defined approach to serving the Consumer, Home and Enterprise customer segments.

BRAND

Dialog brand was recognised as ‘Sri Lanka’s Most Valuable Consumer Brand’ in 2019 and the ‘Most Valuable Telecommunications Brand’ for the 12th year by Brand Finance of UK. This award is a representation of the trust and confidence placed in our brand by over 15 million Dialog Customers and is an attestation to the brand’s commitment to delivering the Future. Today, as espoused in our brand signature, to impart the very latest in technology and connectivity to Sri Lankans, homes and enterprises.
“Our dedication towards delivering on our core value ‘Service from the Heart’, places customer experience and service delivery excellence at the centre of Dialog’s work ethic and corporate ethos”

As a brand, Dialog has a high recall, reverberated across Sri Lankans’ hearts and minds, based on establishing itself as the main driver of Sri Lanka’s digital transformation which is underpinned by inclusivity and equitable access to transformational outcomes, delivered through technology that performs a multitude of immersive user experiences that connect people, devices, content and services. Dialog brand’s growth has been attributed towards its sustained investment of introducing new technology and consistently establishing technology firsts including 3G, 4G and now 5G in the country and the region.

Dialog Brand is a AAA-rated brand by Brand Finance, reaffirming the brand’s ethos of consistently enabling a connected future for every Sri Lankan.

Additionally, the Dialog brand was ranked as the Sector Leader in the Telecommunications Industry in the 2019 edition of LMD’s prestigious ‘The 100 Club list’.

Sri Lankans across the country voted Dialog Axiata as the Telecom Service Provider of the Year, for the eighth year running and the Internet Service Provider of the Year for the seventh consecutive year at the prestigious SLIM – Nielsen Peoples Awards, showcasing our efforts in having a profound impression on the minds of the public.

These recognitions resonate with the value we create and deliver, and reflects our vision of Empowering and Enriching Sri Lankan Lives and Enterprises.

**SERVICE FROM THE HEART**

As we consistently strive to be a consumer champion, our dedication towards delivering on our core value ‘Service from the Heart’, places customer experience and service delivery excellence at the centre of Dialog’s work ethic and corporate ethos. The Primary customer experience goal of Dialog has been to provide personalised experiences throughout the customer journey, encompassing all touchpoints and the entire customer lifecycle. This translated into not only simplifying and digitalising our manual processes and channels but doing so with a segmented and hyper-personalised approach. Every phase of the customer journey from Awareness to Consideration, Order to Activate, Usage to Bill, Bill to Cash, and Trouble to Resolve had to be assessed and human-centric digital platforms were developed to serve our customers.

Dialog also identified that there was a requirement to meet customers in spaces where much of their digital lives were spent. This meant enabling services such as Facebook Messenger as fully functional customer service channels, alongside personalised customer service interactions serving across all channels, including social media, to create a consistent, omnichannel experience for all customers, even for those without smartphones (via SMS or USSD). We are witnessing a shift in customer inquiries from traditional to digital, as evidenced by the 9.8Mn inquiries we received on digital channels in 2019.

Furthermore, MyDialog App which provides our users with complete control of over 350 Dialog services surpassed the 4Mn download mark during the period under review, illustrating the value addition made to users through accessibility, innovation and convenience.
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BUILDING THE NEXT GENERATION DIGITAL TELCO

Dialog continues to accelerate its digital transformation programme, which was launched in 2017 to ensure we remain relevant to our customer and continue to deliver world-class digital experiences at an affordable price. In this regard, your Company made significant headway in digitising the customer experience throughout its journeys encompassing all touchpoints and the entire customer lifecycle. The digitisation drive has brought in significant cost savings to the Group while simultaneously delivering superior customer experience. These actions have led to 100% automation of distribution channel activations, 72% automation of kiosk transactions, top 80% automation of the manual processes, and 50% of all payments being automated, leading to an overall 1.6% upliftment of EBITDA. Furthermore, the company’s new MyDialog digital self-care app is the most downloaded telecom app in Sri Lanka, with more than 4.5 million downloads and a rating of 4.4 on the Play Store.

Digitisation of the retail space has been a key focus area during 2019, with ‘Retail Hub’ enabling our 25,000 strong retail partners to the Retail Hub digital platform to perform key operations previously done manually. In the most progressive way to automate the onboarding process, Dialog introduced ‘Dialog Retail Hub’, a secure and fully standards-compliant platform that is future-ready to provide a complete digital customer experience. Retail Hub is Sri Lanka’s first-ever true end-to-end Digital Customer Onboarding Platform that transformed and fully automated the retail landscape, thus digitising the most critical Customer Channel interface for Dialog and providing customers with a positive onboarding experience.

We will continue to accelerate digitisation across all dimensions of our business, including upskilling our team with digital skills and leveraging the power of analytics to complete the transformation to a digital telco.

Axiata Journey towards a Digital Telco

IT TRANSFORMATION & CAPABILITY AUGMENTATION

DIGITISATION

- Functional Excellence
- Operational Excellence
- Competitive Advantage

“Digitised Telco” Economics
**Enterprise Business**


Recognising the changing demands of businesses and to further strengthen our Enterprise portfolio, we established a dedicated Enterprise business unit for our business customers to support them in their digital transformation journeys and become a reliable partner by offering technical expertise, advanced solutions, best-in-class services and converged technologies. This is further supplemented by Dialog’s TIER III Data Centre extending the very latest in hosting and co-location services alongside a suite of Cloud services to Sri Lanka’s Enterprise and Public sectors and the Company’s adoption of a multi-cloud strategy which offers enterprise customers critical capability in today’s new digital economy by adopting different cloud services and features from multiple service providers.

Dialog also launched Sri Lanka’s first fully managed Software Defined Networking (SDN) platform – FlexNet, thereby providing a cloud-ready platform for businesses to manage their connectivity and networks.

Looking ahead at the future of Enterprise offerings, we aim to facilitate Sri Lankan Enterprises with world-class solutions across multiple domains of digital transformation including but not limited to Cloud, IoT, AI and Advanced Connectivity.

**SEGMENTAL REVIEW**

**Mobile**

Dialog Axiata PLC which comprises of Mobile, International, Tele Infrastructure and Digital Services continued to reaffirm the many awards and recognitions it was bestowed with during the year, by strengthening its position as the market leader, where we recorded a subscriber base of 14.9Mn by the end of FY 2019 which represents an approximate 9% growth over 2018. The mobile business contributed to a lion’s share of Revenue and EBITDA, accounting for 71% and 76% of Group performance in FY 2019 respectively. Revenue for the Segment stood at Rs. 82.6Bn in FY 2019 which is a 2% dip, primarily due to the realignment of the International wholesale business to Dialog Broadband Network (DBN); a fully owned subsidiary of the group. In contrast, the segment recorded an EBITDA of Rs. 35.5Bn and NPAT of Rs. 11.6Bn over the same period which represents a growth of 17% and 165% respectively.

**Fixed Broadband**

In line with the Company’s vision of delivering affordable and accessible world-class internet services to all Sri Lankans, Dialog Broadband Networks (DBN) recorded a revenue of Rs. 28.1Bn for FY 2019, representing a 64% YoY growth and a 24% contribution to the group’s top-line performance. The revenue growth has been driven by an increase in data consumption, where during the period under review, we announced a range of ground-breaking per-day Home Broadband packages enabling customers to enjoy the lowest data rates ever brought to market. The wide range of per-day home broadband packages provides cost-effective solutions to data usage across diverse segments and caters to their usage requirements.

**International Business**

Dialog’s voice roaming was expanded to reach 230 destinations while our LTE roaming footprint was expanded to 142 countries globally. We expanded our wholesale voice aggregation business and strengthened Sri Lanka as a regional hub for data...
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connectivity. Furthermore, Dialog signed a partnership agreement with Ooredoo (Ooredoo Maldives PLC) and Dhiraagu (Dhivehi Raajjeyge Gulhun PLC) Maldives to lay a submarine cable system between Sri Lanka and Maldives to become a regional carrier and serve IP requirements of the region.

Our efforts in International business resulted in an EBITDA of Rs. 9.2Bn, which adjusting for a one-off gain recognised in FY 2018 amounts to an 11% YoY growth in FY 2019. However, NPAT for the segment declined and stood at Rs. 411Mn by the end of the period.

Television
Our continuous commitment to enhancing the entertainment experience of our loyal viewers saw our endeavours recognised when Dialog Television reached 1.4Mn households across the nation, representing a robust 26% growth in our subscriber base. The revenue of Dialog Television Group (DTV), which includes the Digital Pay Television business of the group followed a similar trajectory with a 17% YoY growth for FY 2019 amounting to Rs. 8.8Bn and we are happy to report a 31% YoY improvement in DTV’s EBITDA amounting to Rs. 2.4Bn and a narrowing of the segments net loss to Rs. 541Mn. Dialog Television’s broadcast services have been migrated to a new satellite with the aim of delivering an improved broadcast experience.

Digital Services
Dialog has strengthened its presence in the digital space and has focused its efforts on a limited portfolio of services that can leverage the core business of the Company. During the year 2019, Dialog exited from the e-commerce space, with the integration of WoW.lk with Kaymu Lanka (Pvt) Ltd.

Digital Services Business will in the main, focus on fintech, wherein Dialog will work towards digitising micropayments/lending/savings, to extend affordable financial services to the consumers at the base of the pyramid.

Our focus on fintech through Dialog Finance, eZ Cash and Genie has been a key contributor in advancing digital connectivity and enabling cutting-edge Financial Technology (fintech) to deliver a suite of products and services thereby expanding financial inclusion in Sri Lanka.

IdeaMart, our developer ecosystem, launched an award-winning innovative product - APPMAKER - an Android application creation solution, successfully hosted Google I/O Extended for the 4th consecutive year, and launched the ‘IdeaMart for Women’ initiative with a vision of empowering the Sri Lankan female developer community.

Joining the ranks of these innovative digital services are Doc990 - Sri Lanka’s fastest growing online Doctor consultation platform, Guru.lk - the largest digital education platform of its kind in the market, InsureTech - first of its kind solution in Sri Lanka offering exclusive value-added micro-insurance services to over 4.5Mn customers, InsureMe - Dialog’s Digital presence in the broker model providing customers with the ease of buying an insurance policy by comparing with different underwriters, and 444 - Sri Lanka’s largest location-based booking platform.

“Dialog gained global recognition... at the GLOTEL awards...and led the way in the IoT front with smart-grid solution & SMART Infrastructure monitoring in Sri Lanka”
In 2019, Dialog gained global recognition for its affordable and purpose-built IoT solutions for industries in emerging markets at the GLOTEL awards and led the way in the IoT front with its award-winning initiatives including IoT enabled smart-grid solution to introduce Prepaid Electricity Metering & SMART Infrastructure monitoring & Automation in Sri Lanka. Dialog also partnered with the Health Informatics Society of Sri Lanka (HISSL), to establish a ‘Digital Health Innovation Laboratory’, the first of its kind in the country, to incubate innovative digital solutions for the healthcare sector.

**IT PLATFORMS/BUSINESS SUPPORT SYSTEMS**

We continue to transform the IT infrastructure for future-ready agile IT by modernising and containerising legacy core, while scaling up and enabling the BSS ecosystem to support Enterprise Business with stepping out and increasing cloud infrastructure footprint. The “API-ification” of Dialog’s legacy BSS was another critical step towards our transformation to a Digital Telco. Legacy BSS is in the process of being replaced gradually, wherever possible, as part of a migration to a cloud-native and microservice architecture. By fronting legacy BSS with APIs, Dialog can accelerate upper layer, customer experience-related development using APIs, while continuing to work around and then replace legacy platforms with cloud-native components.

Dialog has continued to improve its skill with consolidating multiple systems into one, as with its CRM infrastructure, which had disparate systems for each business unit. Similarly, customer data had to be consolidated to one data lake to support Analytics and AI efforts.

“We will continue to lead in the connectivity space where we invest continuously on new technology applications to be future-ready”

**CONNECTIVITY**

We will continue to lead in the connectivity space where we invest continuously on new technology applications to be future-ready in all aspects of operations and be ready for 5G technology rollout in the next few years. We are currently reaching the last phases of transiting 2G and 3G subscribers to 4G technology. We continued to invest in Fibre connectivity and work with the Government to ensure that the rollout takes place in a viable and cost-effective manner. We added 329 4G sites to our mobile network, expanding mobile 4G population coverage to 92% whilst continuously adding capacity to maintain data experience at an average speed of 5Mbps.

“Our 3,000-strong team consists of steadfast individuals responsible for leapfrogging competition and exceeding expectations”

**OPERATIONAL EXCELLENCE**

Dialog has an aggressive Cost Rescaling (CRS) programme which has been running for the last few years and has facilitated greater operational excellence and support towards bottom-line improvement in the year 2019 which was a challenging year given the unfavourable externalities.
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ORGANISATIONAL TRANSFORMATION & CULTURE

Our 3,000-strong team consists of steadfast individuals responsible for leapfrogging competition and exceeding expectations. Hence, it is of the utmost importance that we retain highly skilled employees in Sri Lanka to sustain current business ecosystems which enable Dialog. Dialog Axiata Digital Jam 2019 is one such platform which saw our employees compete in a wide array of challenges for a multitude of different prizes in the spirit of friendly competition. Additionally, employees have the chance to hone their analytical and critical thinking skills through the e-learning portal, Lynda, where a total of 89,180 training hours was recorded in conjunction with the LinkedIn training offered. Perceptive to the needs of employees in our increasingly digitised landscape, we trained 54 highly talented individuals in the field of data science. The launch of our ‘Agile’ programme saw the training of 2,255 employees through the use of classrooms and LinkedIn amounting to a total of 6,725 training hours. Our senior leadership team is responsible for heading strategic planning, growing our market and innovation administration, driving budgetary execution, fortifying our brand image and acquiring the highest skilled employees our labour market produces. The Sustainability Report for 2019 discusses the contribution of our people towards driving your Company forward.

Implementing this degree of successful change across the entire organisation while remaining nimble and improving both customer experience and bottom-line continues to be a tremendous challenge. Change had to be driven across the Company and involved substantial investments in up-skilling existing talent and hiring new digital skills.

CORPORATE SUSTAINABILITY

The tragic events on Easter Sunday 2019 marked a period our nation was faced with one of the most perilous of challenges in its post-war history. Despite the tragedy, the eagerness demonstrated by Sri Lankans, corporates, and those around the world to help those most in need and give them the necessary strength to overcome adversities created a new sense of hope. With their generous support, the ‘Rally to Care’ initiative by Dialog Foundation established a fund amounting to Rs. 116.69Mn.

Dialog Foundation, along with our partners and the whole-hearted support of our employees, launched many programmes to enable immediate-term out-patient support for victims of physical disability and trauma, and psychosocial rehabilitation for the affected families by setting up the Life Healing Centre in Katuwapitiya. Rally to Care also facilitated long-term educational support through the ‘Shilpa Diriya’ programme with the Archdiocese of Colombo, where 185 affected children in Katuwapitiya and 102 affected children in Kochchikade were awarded long-term scholarships. Furthermore, 66 affected children in Batticaloa were also granted long-term scholarships by the Rally to Care initiative. Accordingly, the Rally to Care Initiative has granted 353 scholarships to children affected by Easter Sunday incidents and will ensure they receive financial support to complete their school education. The scholarships will continue to be available to these students until they reach the age of 19.

Strengthening Local Livelihoods and Businesses

During the year under review, Hutchison Telecommunications (Hutch) joined hands with us for the second time in our shared vision of enriching the lives of Sri Lankan people through technology,
to onboard Hutch subscribers to Sri Lanka’s first and largest multilingual mAgri service ‘Govi Mithuru’, a service for Sri Lankan farmers, which continues to provide valuable insight into crop yields and address market failures.

Your Company, observant of rising concerns in agriculture, such as land fragmentation and degradation due to increasingly adverse climatic phenomena, partnered with the University of Ruhuna and the University of Moratuwa to launch ‘SARU’ – an IoT based crop protection solution.

We have been working tirelessly for several years with the Disaster Management Centre of Sri Lanka to minimise the devastating impact of extreme weather through the Disaster Emergency Warning Network (DEWN) mobile application, which proactively provides alerts to the public of the likelihood of extreme weather.

With more than 1.6Mn Sri Lankans facing some form of physical challenge, Dialog’s unwavering commitment to its altruistic motives of aiding marginalised communities facilitated the launch of the unprecedented and globally renowned Petralex mobile app in Sri Lanka to support individuals with hearing disabilities.

For the past 12 years, Dialog Axiata, with an investment of over Rs. 70Mn to date, has been instrumental in setting up and supporting the Ratmalana Audiology Centre as well as the Jaffna Speech Therapy Centre with an investment of Rs. 6Mn for its construction, and is indeed heartened that hundreds of thousands of Sri Lankans have benefited over the years through these establishments. We are especially proud of our initiative in Jaffna, where we are positioned to bring state of the art technologies to benefit over 200 students of the Nuffield school, filling a gap in the Northern region.

“Our market focus is predominantly on providing the best experience supported via aggressive 4G and 5G expansion strategies”

Dialog continues to promote digital inclusion for traditionally marginalised groups on a range of issues. I refer readers to our 2019 Sustainability Report for a more detailed description of our work in this area.

SUPPORTING NATIONAL SPORTS
Dialog Axiata continues to be Sri Lanka’s prolific promoter of sports through our unyielding support of Sri Lanka National Cricket, Rugby, Volleyball and Netball teams. The Company also has a close association with the President’s Gold Cup Volleyball, National Junior and Senior Netball tourneys, Club Rugby League and Clifford Cup knock out tourneys, Premier Football, Schools’ Cricket, Junior Volleyball and Paralympic sports - by powering the Army Para Games, National Para Games and the Sri Lankan contingent to the Olympic and World Paralympic Games. We continue to be the main enabler of eSports in the country with ‘GameHero’ which awarded the largest prize pool for gamers in 2019.

OUTLOOK FOR THE FUTURE
COVID-19 pandemic led to a market downturn in Sri Lanka which is expected to have an adverse impact. As Sri Lanka’s telecommunications industry continues to rapidly transform, with a greater focus on emerging digital services and digitisation, our market focus is predominantly on providing the best experience supported via aggressive 4G and 5G expansion strategies. Dialog’s strategy will focus on building
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I would like to convey our sincere gratitude to our Chairman Datuk Azzat Kamaludin, for his steadfast leadership, dedicated service and invaluable counsel extended to us over the past 11 years to ensure Dialog Axiata’s sustained success.

value at the core, synergies in convergence, common market operations and technology, focusing on mobile data leadership, capturing greater market share and monetisation of Home broadband offerings, driving Enterprise growth via connectivity and ICT platforms, Digital Transformation and Analytics at Scale. Dialog will leverage on its transformational progress in 2019, to further improve performance in 2020 and organisational transformation efforts will be further augmented, towards developing and driving Dialog’s digital culture. Furthermore, Dialog will continue to focus on Lean implementation and agile at scale, and maintain people investments in building digital skills towards achieving the New Generation Digital Champion ambition.

APPRECIATIONS

2019 was a tumultuous year marked by both highs and lows. Nevertheless, despite the challenges, the perseverance of the team at Dialog and our loyal customers have enabled us to maintain our stellar performance. I am grateful to the senior leadership and each and every employee at Dialog Axiata and our extended family of service providers/partners for their heartfelt commitment and passion towards the Company and community. I also extend my thanks to the support lent by the Government of Sri Lanka and its agencies, the Telecommunications Regulatory Commission of Sri Lanka (TRCSL), the Central Bank of Sri Lanka and the Ministry of Telecommunications and Digital Infrastructure, the Information Communication Technology and the Ministry of Mass Media and Information.

I would also like to extend my gratitude to my fellow board members for their unstinted support and strategic guidance made available to me at all times amidst a challenging and uncertain environment.

In closing, on behalf of the entire Dialog team and the Board, I would like to convey our sincere gratitude to our Chairman Datuk Azzat Kamaludin, who will be retiring at the conclusion of the AGM, for his steadfast leadership, dedicated service and invaluable counsel extended to us over the past 11 years to ensure Dialog Axiata’s sustained success.

Supun Weerasinghe
Group Chief Executive Officer

15 May 2020