Message from the Chairman

“Dialog continues to lead the way in investing to bring about the future, today and remains in the vanguard of introducing innovative technologies to Sri Lanka to bring about greater connectivity and build a digitally savvy and future-focused society.”

Datuk Azzat Kamaludin
Chairman
My dear shareholders,

I am pleased to report another consistent year of performance for your Company and its subsidiaries amidst a challenging and uncertain environment. 2019 continued to be defined as a year of weak consumer demand amidst challenging macroeconomic conditions, political change and global disruptions. Nevertheless, Dialog continued to stay on course owing to its singular focus on delivering on our vision of being the undisputed leader in the converged connectivity space.

As we near the one-year anniversary of the tragic incidents that occurred on Easter Sunday, I am grateful for the selfless support shown by every single employee at Dialog who spearheaded numerous projects through the Rally to Care initiative which was set up with the generous support of Sri Lankans, overseas donors, business partners and enterprises, to lend a helping hand to the survivors and those directly and indirectly affected by the tragedy. Our focus on connecting everyone whether it be by mobile, broadband, television or other related services underlies our commitment towards bringing about a more connected world which can bridge barriers and create understanding between communities to promote coexistence and harmony.

Despite the challenges, Dialog did not shy away from its role of spearheading strategies of introducing and pioneering the latest technologies for the benefit of our loyal subscriber base which stands at 14.9 Million Sri Lankans as at 31st December 2019, reflecting an 8% growth where we continue to be the undisputed leader. At the forefront of our efforts for remaining the preferred choice for our subscribers, we have continued to invest in developing the digital infrastructure in Sri Lanka, which includes developing cloud migration infrastructure with the establishment of the Dialog cloud enterprise services with a dedicated data centre for cloud-ready corporates. Continuing on from 2018 where we made our first foray into the 5G revolution, I am happy to report that trials of Dialog’s 5G mobile services recorded the fastest mobile speeds in South Asia and in May 2019 we were the first in the region to showcase the immense possibilities of the technology including holographic video calls and robotics at Dialog Iconic, our flagship experience centre.

The many efforts undertaken during the year have resulted in your Company being showered with a multitude of awards for both its core business activities and the brand; exemplified by the people of Sri Lanka voting Dialog as the Telecom Service Provider of the year for the 8th consecutive year and Internet Service Provider of the year for the 7th consecutive year at the SLIM-Nielsen Peoples Awards 2019, being conferred the Winner of Industrial IoT Initiative of the Year at the GLOTEL Awards 2019, winning top honours for ‘inclusion and empowerment’ at the e-Swabhimani Digital Social Impact Awards, and receiving recognition for our signature Service from the Heart culture, by winning two Gold awards for ‘Best Customer Centric Culture’ and ‘Best Customer Experience Transformation’ and being presented with the CFA Special Award - ‘Customer Centric Company of the Year’ at the 12th Customer Fest Awards (CFA) in Mumbai, India. The recognition that stands tall amongst our achievements was being crowned as Sri Lanka’s Most Valuable Consumer Brand in 2019 by the prestigious Brand Finance Institute. We are truly humbled by this recognition which is a testament to
Message from the Chairman

the faith placed in us by our loyal subscribers as we continue on this journey of being at the forefront of technological change in Sri Lanka.

Our achievements on the awards space were matched by our financial performance where your Company recorded growth across its core business segments to achieve a consolidated revenue target of Rs. 116.8Bn in FY 2019, which was in line with our targets and represents a strong Year-on-Year (YoY) growth of 7%. Despite a challenging operating environment in 2019 which was marked by social media blocks and repricing of both voice and data services due to heightened competition, the combined efforts of the Group resulted in an Earnings before Interest, Tax, Depreciation & Amortization (EBITDA) of Rs. 46.7Bn which represents a 7% growth compared to FY 2018. On the back of consistent operating performance, gains from favourable foreign exchange movements and lower tax expense, bottom line group profitability recorded an impressive 44% YoY growth which stood at Rs. 10.8Bn for FY 2019.

Our consistent performance has enabled Dialog to remain a key contributor to state revenues where we remitted Rs. 33.3Bn in total to the Government of Sri Lanka (GOSL) during the financial year ended 31st December 2019. Total remittances included direct taxes and levies (Rs. 11.0Bn) as well as consumption taxes collected on behalf of the GOSL (Rs. 22.3Bn).

Investors responded favourably to these developments, reflected in your Company’s stock performance, which experienced an approx. 21.8% price appreciation in 2019. This was in contrast to the All Share Price Index (ASPI) recording a mere 1.6% increase over the same period. The favourable share price movements resulted in a 21.8% increase in Dialog’s market capitalisation pushing it above the Rs. 100Bn mark, which catapulted it up the ranks to become the 3rd largest publicly listed firm in the Colombo Stock exchange (CSE). This achievement is an attestation to the continued confidence placed by our investors in Dialog’s vision and performance.

“I am pleased to announce that your Company has invested as at 31st December 2019 a cumulative investment of USD 2.7Bn since 1995.”

Alongside our promise of delivering on customer-centric experiences, Dialog retains its emphasis on enhancing shareholder value which provides the enabling environment and confidence for us to continue on our investment path. To this end, we have continued to pay stable ongoing dividends balanced against our investment priorities. The board of Directors of Dialog Axiata PLC is pleased to propose for your consideration, a full year Dividend of 53 cents (Rs. 0.53) per share which represents a Dividend Payout of 40% of net profit for year 2019. This represents a Dividend Yield of 4.3% and together with the appreciation in Dialog’s share price results in an enviable 26.1% Total Shareholder return.

Dialog continues to lead the way in investing to bring about the future, today and remains in the vanguard of introducing innovative technologies to Sri Lanka to bring about greater connectivity and build a digitally savvy and future-focused society. This is also in line with the vision of the Government of Sri Lanka in creating a technology based society which promotes both IT entrepreneurship and digital inclusivity. To this end, your Company has directly invested in several ventures to foster an enabling environment for local entrepreneurs in a myriad of fields including agriculture, transportation and its Digital Innovation Fund where it promotes a vibrant entrepreneurial landscape. In line with this vision, I am pleased to announce that your Company has invested as at 31st December 2019 a cumulative investment of USD 2.7Bn since 1995.
On behalf of the Company, I warmly welcome Mr. David Lau Nai Pek and Dato Dr Nik Ramlah Nik Mahmood to the Board. Their combined management experience, expertise and insight will be invaluable in guiding the Company in the future. I also wish to extend my sincere thanks to Mr. Dominic Paul Arena, who resigned from the Board on 13th May 2020 after completing his tenure as Axiata’s nominee director on the Board of Dialog, for his valued contribution on the Board.

On behalf of the Board of Directors, I would like to convey my gratitude to the President and Group CEO of Axiata, Tan Sri Jamaludin Ibrahim and the Axiata Board for their continued confidence placed in Sri Lanka as part of their vision for regional and global leadership in the converged telecommunications space.

I take this opportunity to also thank the Government of Sri Lanka, the Telecommunications Regulatory Commission of Sri Lanka, the Ministry of Information and Mass Media, the Central Bank of Sri Lanka, our valued shareholders and other agencies who have provided the enabling environment for our Company’s many initiatives.

I would also like to extend a sincere thanks to the team at Dialog led admirably by our Group Chief Executive Mr. Supun Weerasinghe, and our business partners who amidst the challenges and uncertainties faced in 2019 continued to demonstrate their unwavering support for Dialog’s activities, without which our performance and achievements would not have been possible.

On a personal note, after serving as your Chairman for more than 11 years, I will be retiring at the forthcoming Annual General Meeting and will not be seeking re-election. I would like to take this opportunity to express my sincere gratitude to my colleagues on the Board, the Management and you, our valued shareholders, for the unstinted support you have given me and placing your confidence in my leadership throughout my tenure as Chairman. It has been an immense honour and privilege to have served as your Chairman.

[Signature]

Datuk Azzat Kamaludin
Chairman

15 May 2020