



# Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

**Q4 2015 Results**

17<sup>th</sup> February 2016

an axiata company

Dialog Group Performance

Dialog Axiata Company Performance

Subsidiary Performance



# Dialog Group Performance Highlights – FY 2015

Improved Profitability on the back of Significant Revenue Growth and Cost Efficiencies



## Group Revenue at Rs73.9Bn, grew by 10% YoY and 6% QoQ

- ✓ Mobile, Fixed and TV revenues underpin YoY and QoQ revenue growth

## Group EBITDA Improvement driven by Robust Revenue Growth in combine with Operational Efficiencies centered on Cost Management Initiatives

- ✓ FY 2015 Group EBITDA at Rs23.8Bn, up by 14% YoY albeit decline of 11% QoQ
- ✓ Group EBITDA Margin at 32.2%, increased by 1.1pp YoY

## Group PAT impacted by the weakening of the LKR against the USD resulting in Translational Forex Losses of Rs2.2Bn in FY 2015

- ✓ FY 2015 Group PAT at Rs5.2Bn, decreased by 15% YoY and 9% QoQ
- ✓ Group PAT post normalisation for the translational forex losses was recorded at Rs7.4Bn, an increase of 18% YoY

## FY 2015 Capex amounted to Rs19.6Bn, Capex Intensity of 26%

## Low gearing maintained with Net Debt to EBITDA at 0.78x as at end of December 2015; FY 2015 OFCF marginally negative at Rs864Mn

## Subsidiaries continue to consolidate performance

- ✓ DBN – records solid EBITDA growth of 88% YoY
- ✓ DTV – strong revenue growth of 23% YoY

## Aggressive Subscriber Growth

- ✓ Mobile subscriber base of 10.9Mn – up by 14% YoY
- ✓ TV subscriber base of 650k with over 197k net adds during the year



# Group Financial Summary

Significant Growth in Revenue and Cost Efficiencies driving Positive Performance



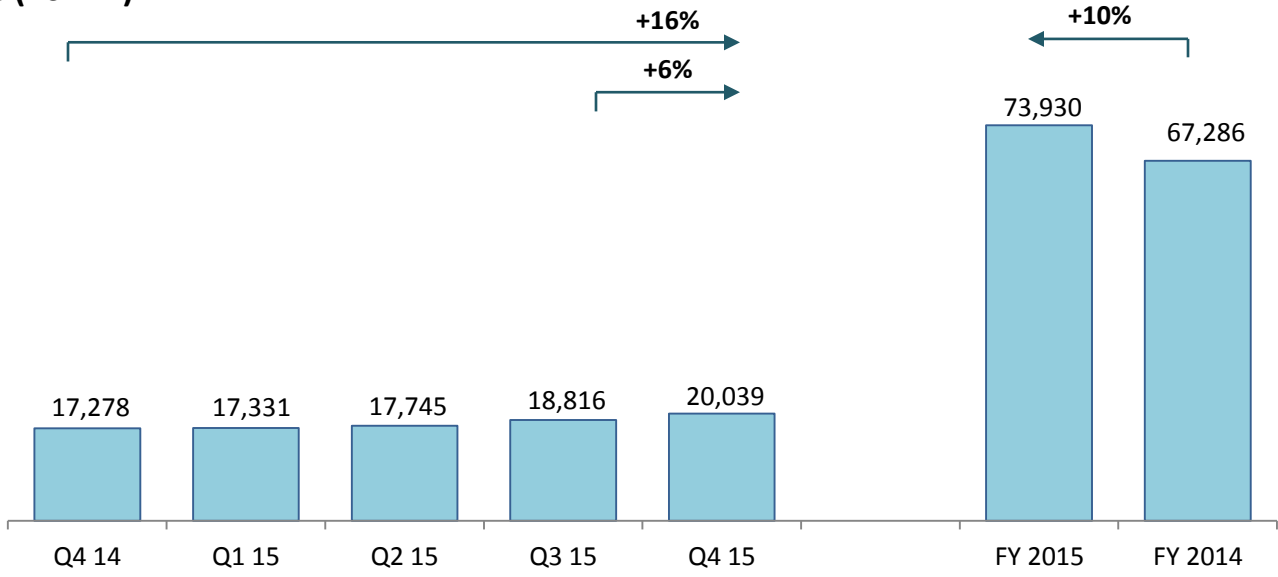
Rs Mn	FY 2015	YoY	Q4 15	QoQ
Revenue	73,930	10%	20,039	6%
EBITDA	23,824	14%	5,613	-11%
PAT	5,187	-15%	620	-9%
Normalised PAT*	7,387	18%	1,083	-49%
<i>EBITDA Margin</i>	32.2%	1.1 pp	28.0%	-5.6 pp
<i>PAT Margin</i>	7.0%	-2.1 pp	3.1%	-0.5 pp
<i>Normalised PAT Margin</i>	10.0%	0.7 pp	5.4%	-5.9 pp
<i>ROIC</i>	12.3%	2.0 pp	7.2%	-7.7 pp

**PAT significantly impacted by forex losses; Post normalising for translational forex losses, organic PAT performance demonstrates an improvement of 18% YoY**

\* PAT for Q4 15 and FY 2015 normalised for translational forex losses of Rs0.5Bn and Rs2.2Bn respectively

# Group Revenue Continues Growth Momentum; Mobile, Fixed and Television Revenues drive YoY Growth of 10%

Group Revenue (Rs Mn)



Mobile Data revenue improved significantly by 64% YoY and 10% QoQ on the back of higher subscriber additions and increased usage

Despite being impacted by 25% Bonus on Mobile Prepaid Domestic Calls , Mobile Voice revenue grew by 3% YoY in tandem with robust growth in subscriber base

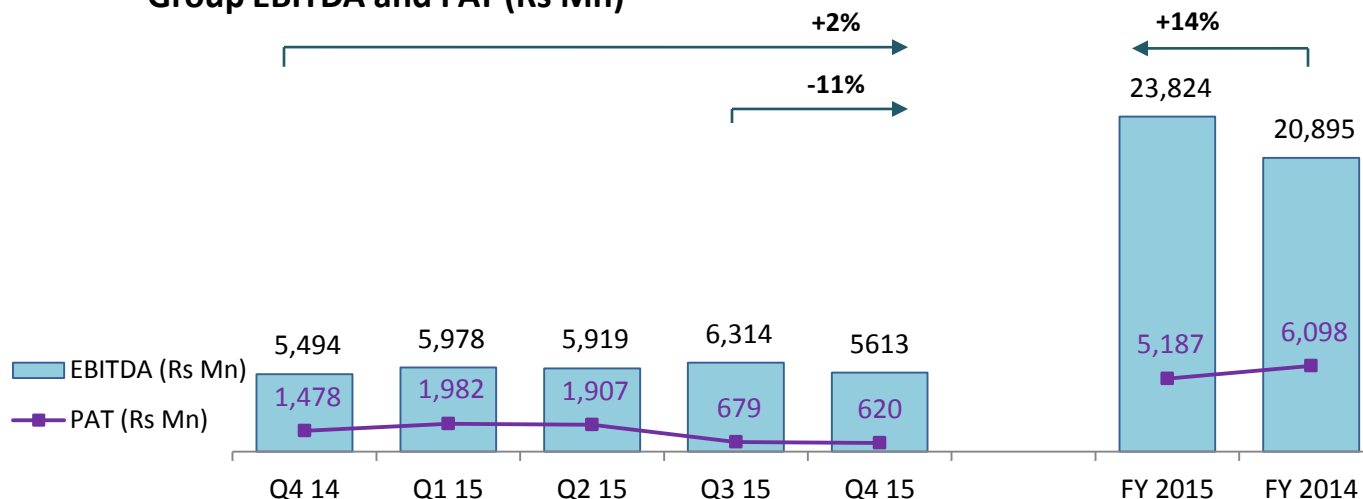
Fixed revenues grew by 13% YoY and 10% QoQ underpinned by growth in Fixed LTE subscriptions and Enterprise revenues

Television revenue increased by 23% YoY and 4% QoQ driven by strong subscriber growth



# YoY EBITDA improvement underpinned by Growth in Revenue and Cost Efficiencies; PAT significantly impacted by Translational Forex Losses

Group EBITDA and PAT (Rs Mn)



EBITDA Margin %	31.8%	34.5%	33.4%	33.6%	28.0%	32.2%	31.1%
PAT Margin %	8.6%	11.4%	10.7%	3.6%	3.1%	7.0%	9.1%

Cost as a % of Revenue	Q4 14	Q3 15	Q4 15	FY2015	FY2014
<b>Total Group Cost</b>	<b>68.2%</b>	<b>66.4%</b>	<b>72.0%</b>	<b>67.8%</b>	<b>68.9%</b>
Direct Expenses	27.7%	29.0%	28.5%	28.8%	28.5%
Sales & Marketing	13.5%	13.3%	15.6%	13.6%	12.8%
Network Cost	12.5%	10.1%	10.5%	10.4%	12.5%
Staff Cost	8.5%	7.8%	9.9%	8.5%	8.5%
Bad debt	0.5%	1.0%	1.1%	1.0%	1.3%
Overheads	5.4%	5.2%	6.4%	5.5%	5.3%

Significant improvement in EBITDA YoY driven by increase in revenue and positive cost performance arising from cost management initiatives

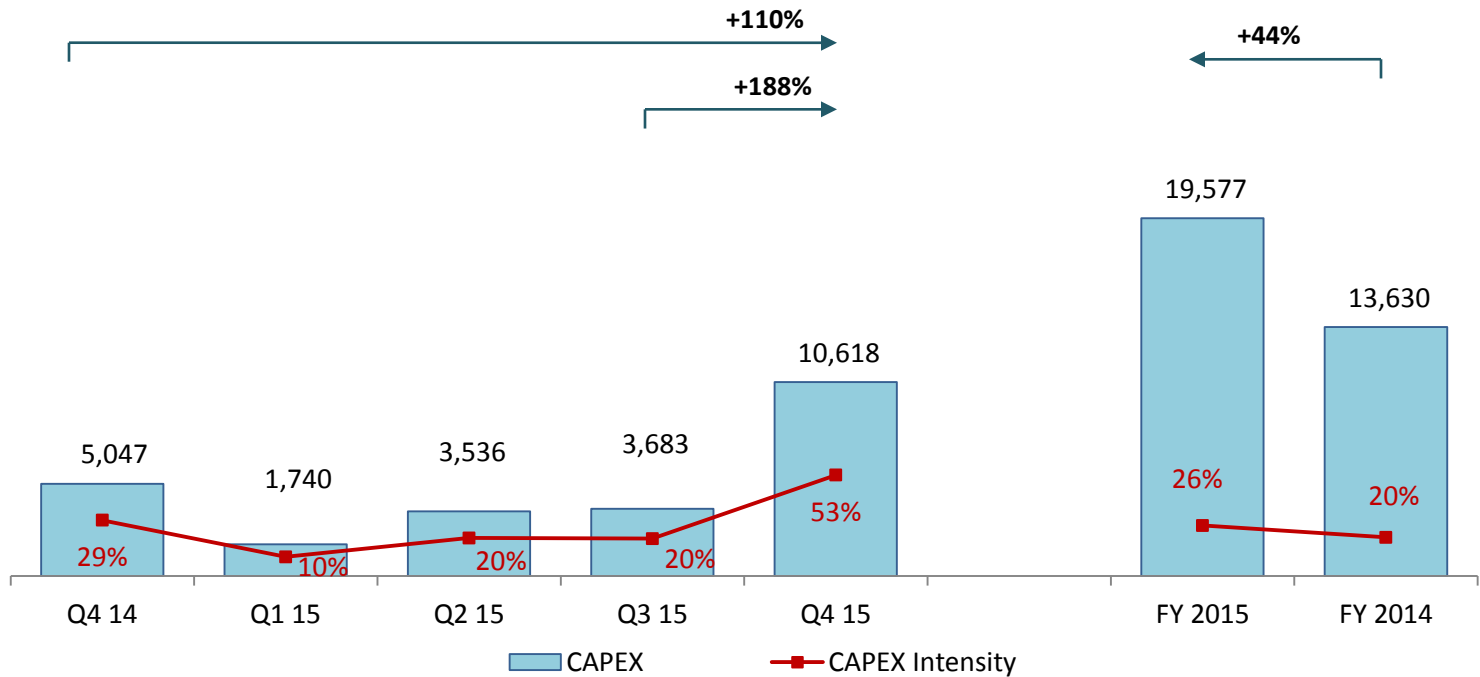
EBITDA and PAT contracted QoQ by 11% and 9% respectively

PAT post normalisation for translational forex losses grew by 18% YoY on the back of increased EBITDA

# Focused Capex Investments to further strengthen the Group's Leadership in Sri Lanka's ICT sector



Capex\* (Rs Mn) & Capex Intensity (%)



- FY 2015 Capex directed in the main towards,
- ✓ investments in high speed broadband infrastructure
  - ✓ Extension of Optical Fibre Network (OFN)
  - ✓ Bay of Bengal Gateway (BBG) Sub-Marine Cable project

\* Capex excluding CPE (Customer Premises Equipment) investments, capex for spectrum acquisition and license renewal

# Structurally Strong Balance Sheet with Net debt to EBITDA Maintained Below 1.0x

## Financial Position (Rs Mn)

	31 Dec 15	30 Sep 15	31 Dec 14
Cash & Cash Equivalents	<b>4,429</b>	8,208	8,736
Gross Debt	<b>22,910</b>	26,187	27,874
Gross Debt / equity (x)	<b>0.48</b>	0.54	0.62
Gross Debt/ EBITDA (x)	<b>0.96</b>	1.04	1.33
Net Debt/ EBITDA (x)	<b>0.78</b>	0.71	0.92

Solid balance sheet backed by low gearing; Net debt to EBITDA maintained at 0.78x

YoY reduction in debt balances resulted from repayment of Axiata loan outstanding of USD40Mn and Rs3.7Bn

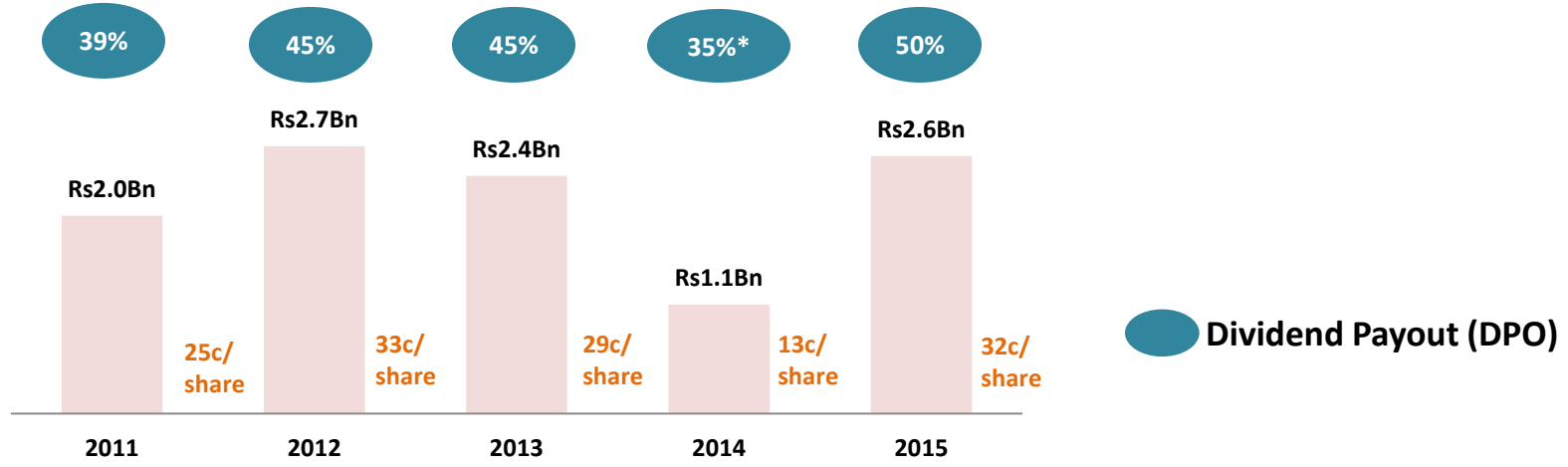




# Continued Commitment to Healthy Dividend

- The Board of Directors of Dialog Axiata PLC, resolved to propose for consideration by the Shareholders of the Company, a cash dividend to ordinary shareholders amounting to Rs0.32 (32 cents) per share totaling to Rs2.6Bn
- **Dividend payout increased on a per share basis from 13 cents to 32 cents:**
  - ✓ On considering investment requirements to serve the nation’s demand for Mobile, Fixed, Broadband and Digital Television services
  - ✓ **Dividend payout ratio of 50% of FY 2015 Group Net Profits**
  - ✓ **Dividend yield of 3.2%** based on a closing share price of Rs10.0 as at 15<sup>th</sup> February 2016
- The dates of the AGM and the dividend payment will be notified in due course

## Dividend & DPO



\* DPO on one-off tax adjusted Profit in FY 2014



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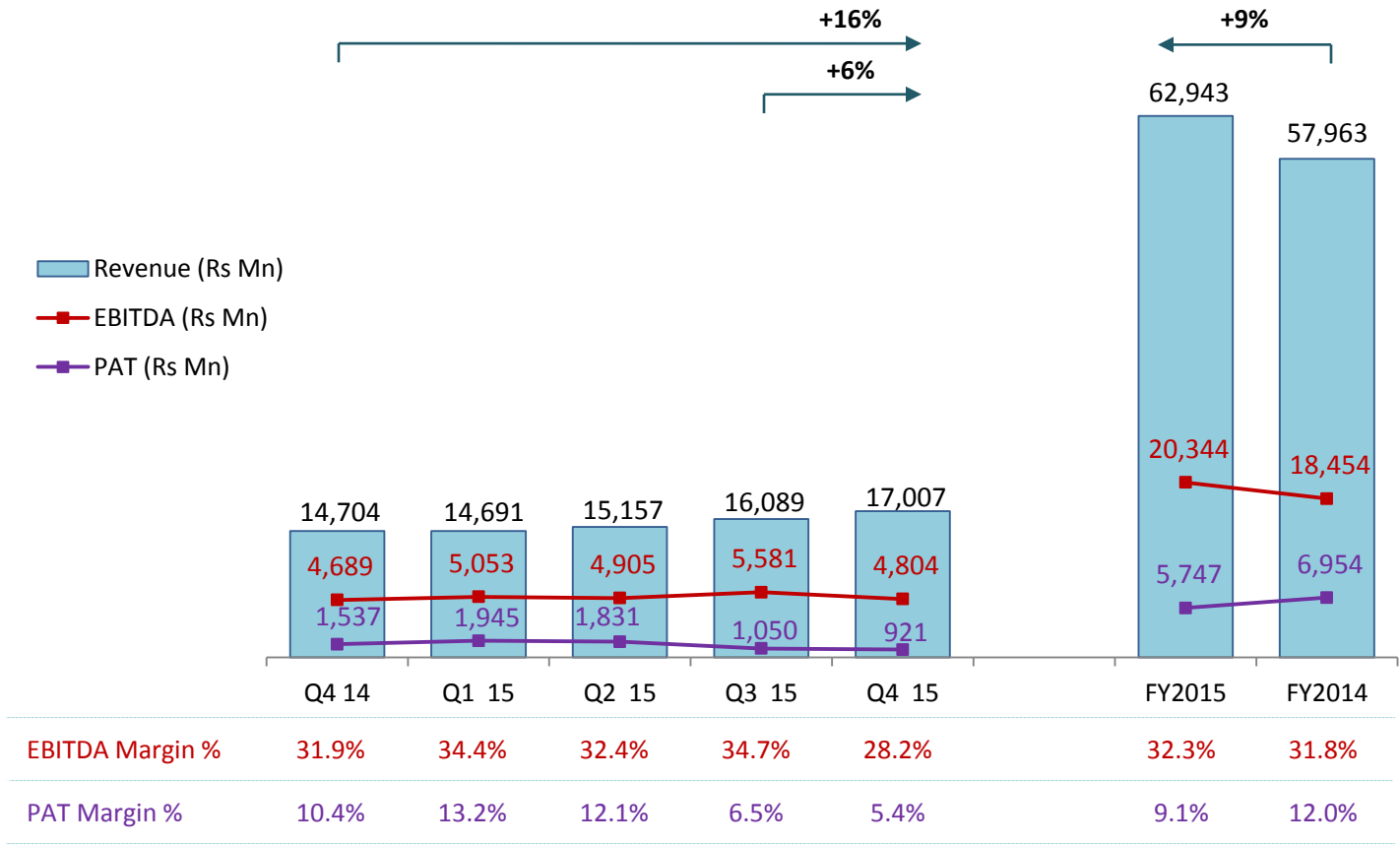
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# Dialog Axiata PLC (Company): Key Financial Highlights

Improved YoY EBITDA driven by Revenue Growth and Cost Efficiencies; PAT significantly impacted by Translational Forex losses



YoY and QoQ Revenue improvement driven by growth in data, voice and VAS revenues

EBITDA increased by 10% YoY driven by growth in revenue coupled with positive cost performance

QoQ EBITDA and PAT impacted by 14% and 13% respectively

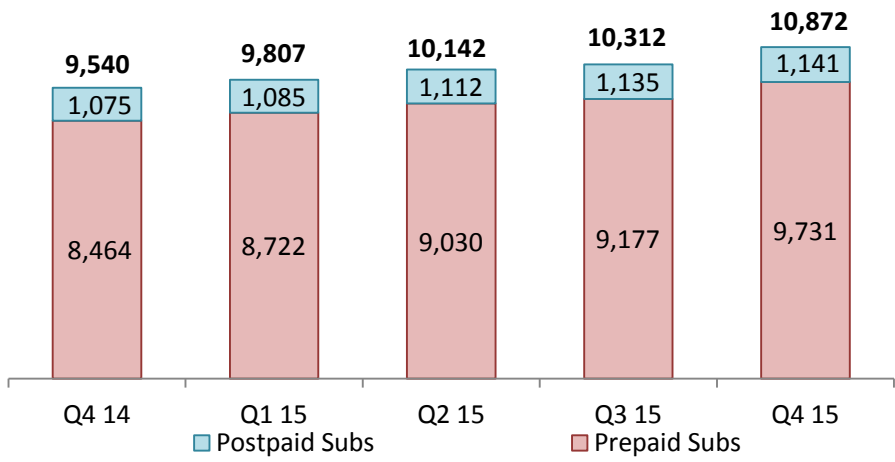
On adjusting for translational forex losses, PAT improved by 9% YoY on the back of increased EBITDA



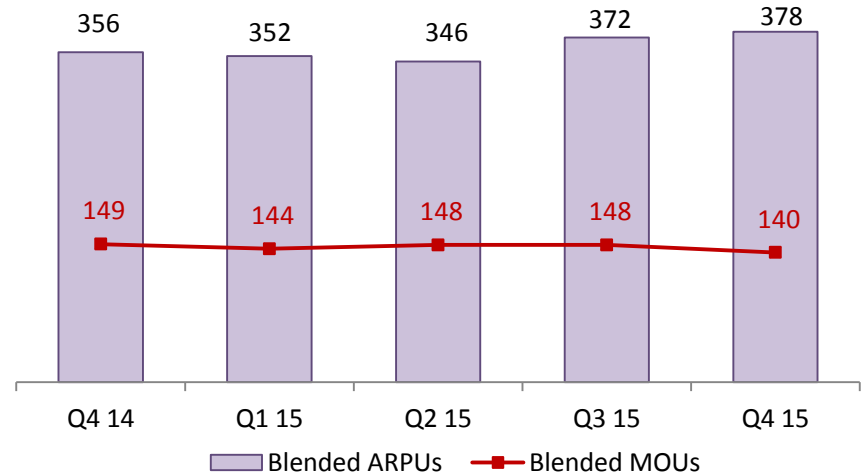
# Mobile Subscriber Growth Continues; up 14% YoY and 5% QoQ

## No of Mobile Subscribers'000

Total subs growth +5% qoq; +14% yoy  
 Postpaid subs growth +1% qoq; +6% yoy  
 Prepaid subs growth +6% qoq; +15% yoy



## Blended ARPU (Rs) & MOU



Growth in Pre paid segment underpins the YoY subscriber growth of 14%

ARPU increased by 3% YoY driven by strong contribution from data revenue



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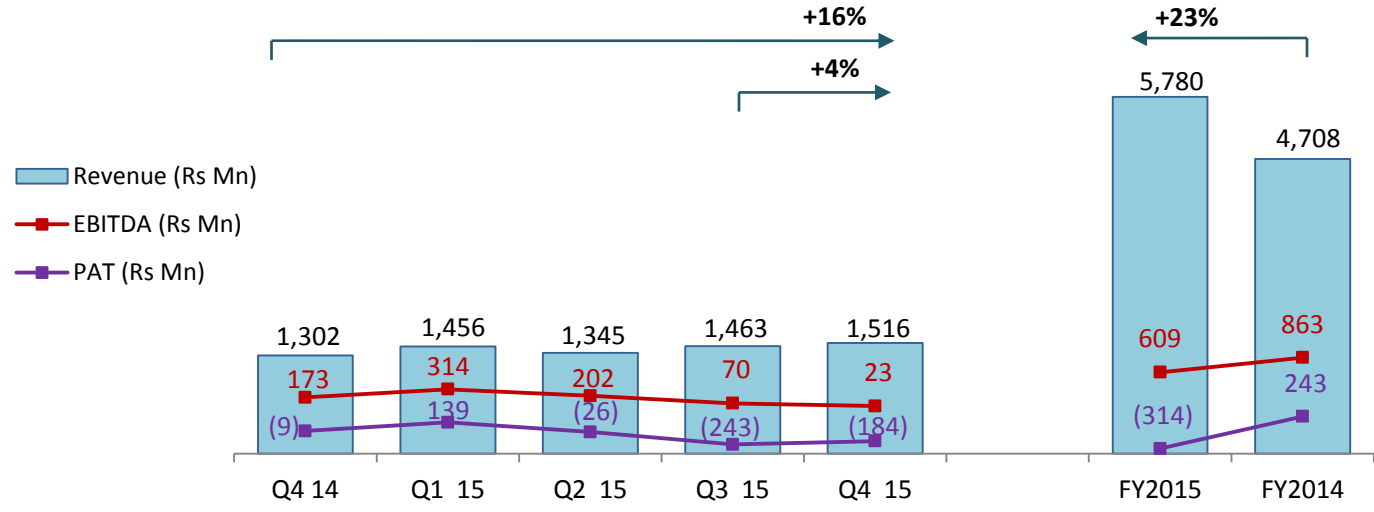
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# Dialog Television: Key Financial Highlights

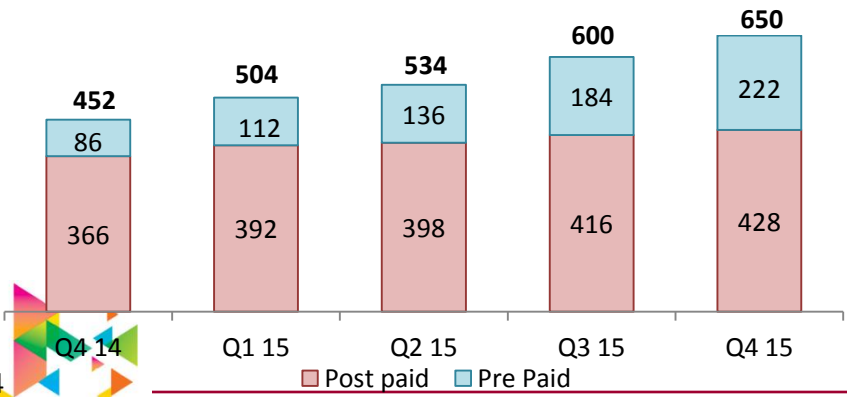
Continues to Consolidate Revenue Growth with Revenue increasing by 23% YoY



EBITDA Margin %	13.3%	21.6%	15.0%	4.8%	1.5%	10.5%	18.3%
PAT Margin %	-0.7%	9.6%	-1.9%	-16.6%	-12.1%	-5.4%	5.2%

## No of Television Subscribers'000

Total subs growth +8% qoq; +44% yoy  
 Postpaid subs growth +3% qoq; +17% yoy  
 Prepaid subs growth +20% qoq; +158% yoy



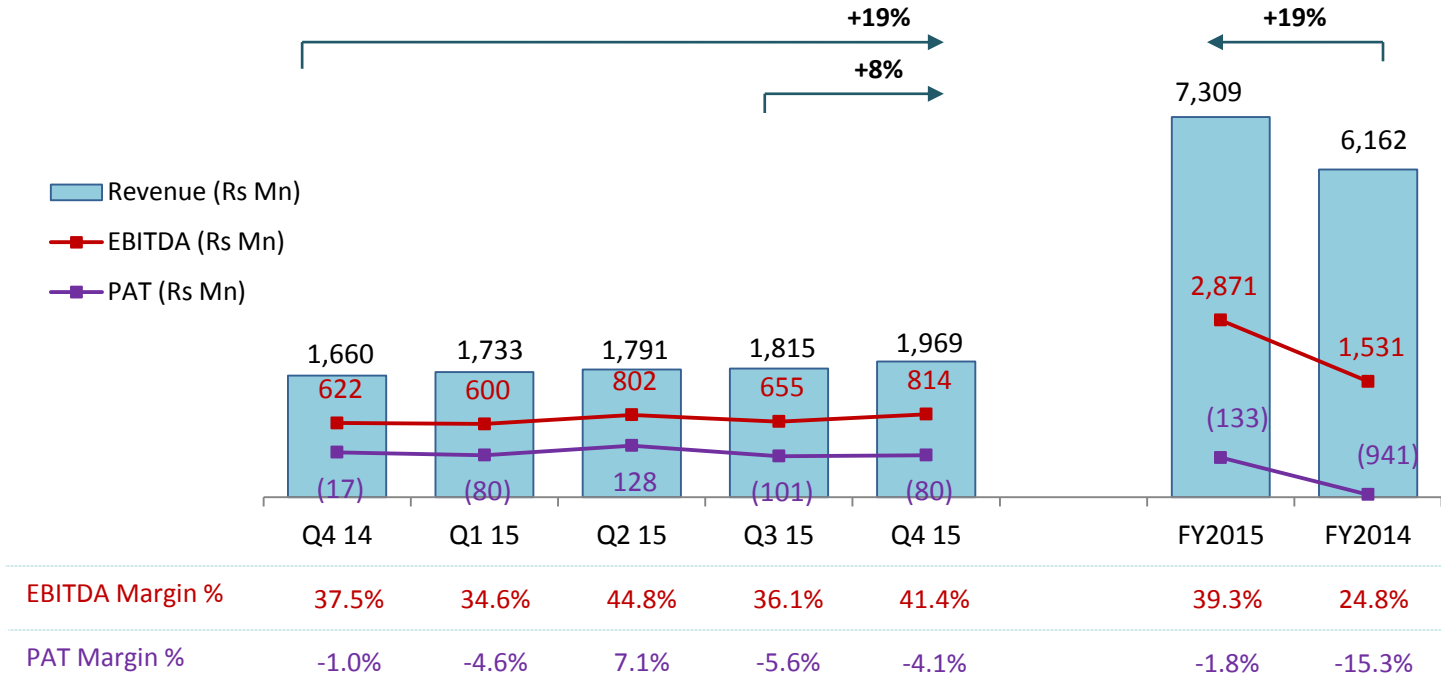
Revenue improvement driven by strong subscriber growth

Cost expansion arising from aggressive customer acquisition alongside service and product expansion activities resulted in a medium term contraction of EBITDA on both YoY and QoQ basis

PAT decreased YoY on the back of decline in EBITDA, higher depreciation and forex losses

# Dialog Broadband Networks: Key Financial Highlights

Net Loss reduced significantly by 86% YoY on the back of Growth in Revenue and Cost Enhancements



Revenue growth driven by growth in LTE, leased line and fiber sharing revenues

EBITDA grew by 88% YoY and 24% QoQ on the back of strong revenue performance and cost improvements

YoY and QoQ PAT improvement backed by growth in EBITDA



**Thank You**

