



Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Q4 2019 / FY 2019 Results

Dialog Axiata Group Performance


Dialog Axiata Company Performance

Subsidiary Performance – Dialog Broadband and Dialog TV



Dialog Group Performance Highlights – Q4 2019 / FY 2019

All Reported Key Profitability Indicators Record Growth

YTD		QoQ	YoY
+7%	 <p>Revenue Q4 19 - Rs29.7Bn FY 2019 – Rs116.8Bn</p>	+2%	+4%
+7%	<p>EBITDA Q4 19 – Rs11.7Bn FY 2019 - Rs46.7Bn</p>	-2%	+1%
+2%	EBITDA (Norm) ¹	-1%	-3%
+44%	<p>PAT Q4 19 – Rs2.4Bn FY 2019 – Rs10.8Bn</p>	+65%	>+100%
-14%	PAT (Norm) ²	-5%	+2%

Capex Investments Directed to Fulfil Growing Demand for Data and Digitisation Initiatives



PoP Coverage
Mobile 4G - 93%
Fixed 4G - 68%

FY 2019 Capex Spend
Rs28.6Bn

Capex Intensity
24%

Significant improvement in Digital adoption

- Paperless Activations – 100%
- Digital retailers – 20k
- MyDialog App – 4Mn
- Payments - >50% e-based

All Key Business Segments Delivered Strong Performance



Mobile



Data Continues Growth Momentum
16% YTD | 5% QoQ
| 15% YoY



TV

EBITDA Expands in FY 2019
by 31% to reach
Rs2.4Bn



Fixed

FY 19 PAT reached Rs411Mn

Aggressive Subscriber Growth



Mobile



Reached 14.9Mn Subscribers
+8% YoY



TV

Reached 1.4Mn Households by end December 2019
+25% YoY | +8% QoQ



Fixed

Home BB Sub Base
+28% YoY | +8% QoQ

Awards & Recognitions

Dialog won the coveted 'Industrial IoT Initiative of the Year' award for its affordable and purpose-built IoT solutions for industries in emerging markets at the **Global Telecoms Awards (GLOTEL Awards)** held in London.



¹ Norm for SLFRS 16

² Normalised for non-cash translational forex loss

Rs Mn	FY 2019	YTD	4Q 19	QoQ	YoY
Revenue	116,827	+7%	29,665	+2%	+4%
EBITDA	46,703	+7%	11,657	-2%	+1%
PAT	10,776	+44%	2,428	+65%	>+100%
<i>EBITDA Margin</i>	40.0%	+0.1pp	39.3%	-1.7pp	-1.0pp
<i>PAT Margin</i>	9.2%	+2.4pp	8.2%	+3.1pp	+7.9pp
<i>ROIC</i>	12.0%	-2.7pp	12.0%	-0.6pp	-2.7pp

Normalised Performance

EBITDA ¹	44,151	+2%	11,091	-1%	-3%
PAT ²	10,483	-14%	2,355	-5%	+2%

1

Aggressive competition and Easter Sunday incident weighed negatively on FY 2019 overall performance

2

Positive Impact from SLFRS 16 on EBITDA Rs2.6Bn; Upside on EBITDA Margin 2.2pp

3

Non-cash translational forex gain of Rs0.3Bn for FY 2019 amid 0.7% appreciation in LKR

4

Indirect taxes reduced to 22.6% (from 37.7%) on voice and to 10.2% (from 19.7%) on data effective 1st December 2019

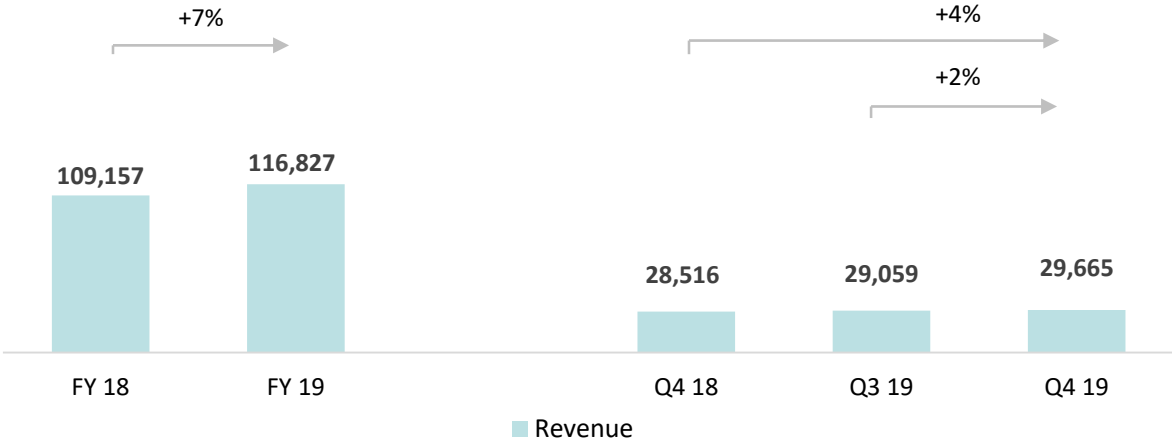
¹ Norm for SLFRS 16

² Norm for non-cash translational forex losses/gains

Group Revenue Records Positive Growth for FY 2019 and Resumed Growth Trajectory on a QoQ basis Despite Competitive Pressures



Positive Revenue Performance YTD and YoY; Revenue Resumes Growth on QoQ Basis



Mobile Revenue recorded moderate growth of 1% YTD whilst QoQ growth recorded 3%, with **Mobile Data Revenue** growing 16% YTD and 5% QoQ driven by increased data subscribers and 4G conversion; **Voice revenue** down 4% YTD and 3% QoQ

International Revenue grew 36% YTD led by significant growth in **Wholesale Revenue** albeit remaining stable QoQ

Fixed Home Broadband Revenue continued its growth trajectory up 7% YTD and 3% QoQ supported by expanding Fixed 4G LTE network coverage and subscriber acquisitions

Television Revenue grew 17% YTD driven by increase in subscriptions, albeit QoQ growth remained stable

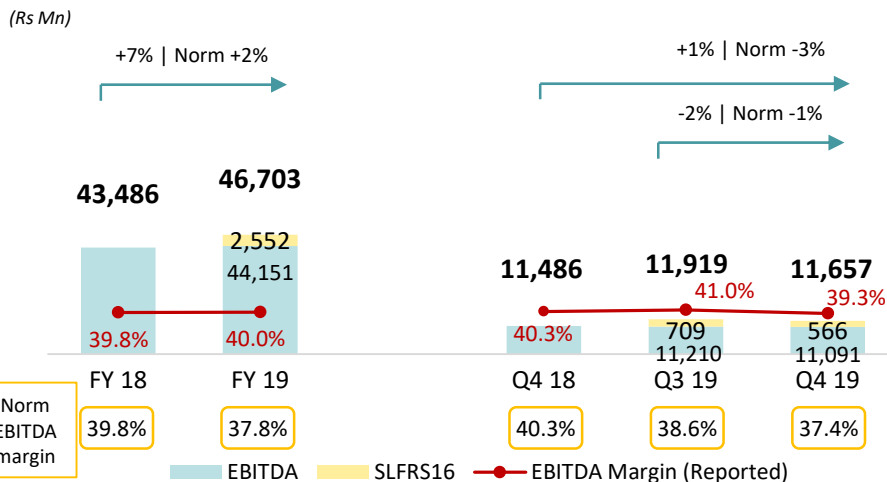


¹ Excludes Tele-Infra and International Revenue

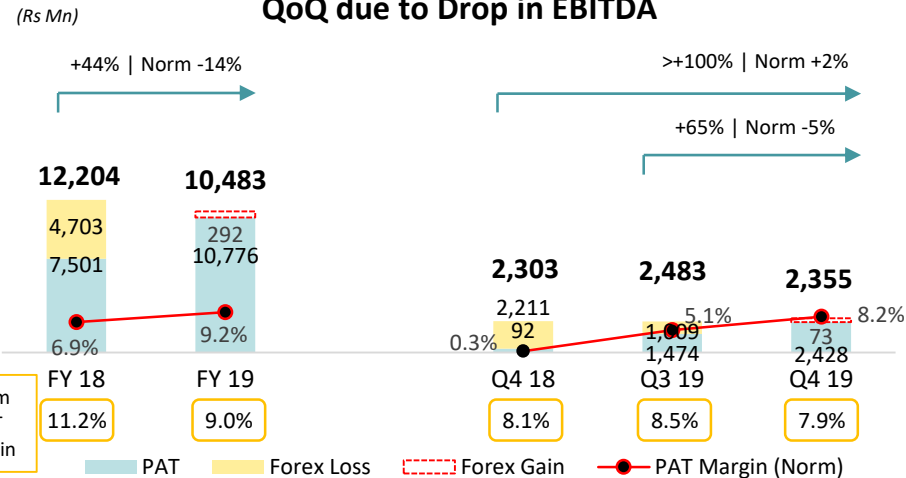
Group Profitability Improvement Supported by Revenue Growth and Further Augmented via Cost Rescaling Focus and Favourable Forex Movement



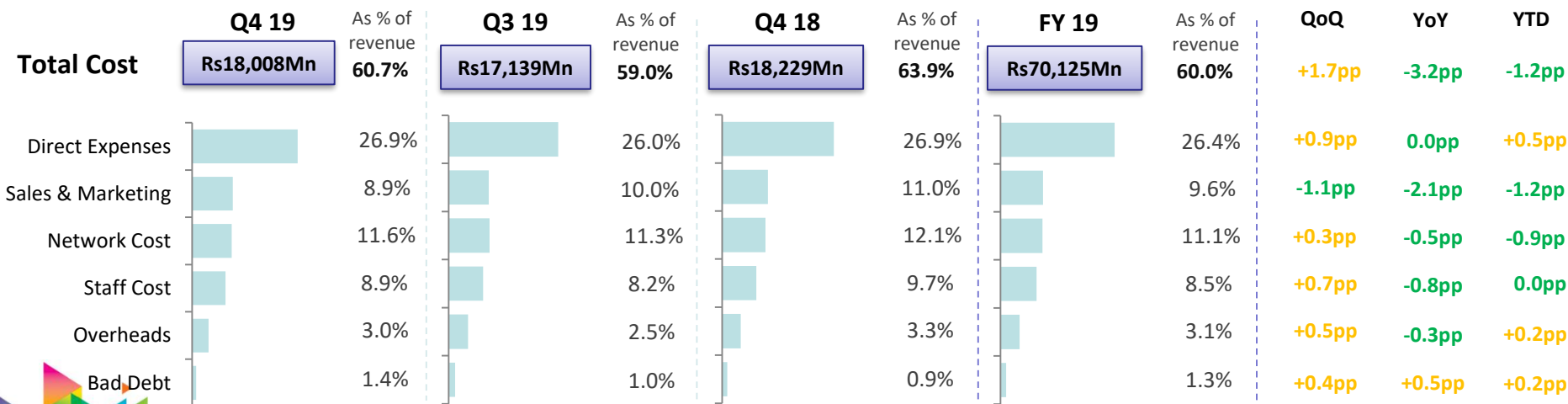
FY 2019 EBITDA Improvement Driven by Top Line Performance and Realization of Cost Savings



Norm. for forex FY 2019 PAT impacted by Higher Depreciation and Finance Cost; Forex Norm PAT Declined QoQ due to Drop in EBITDA



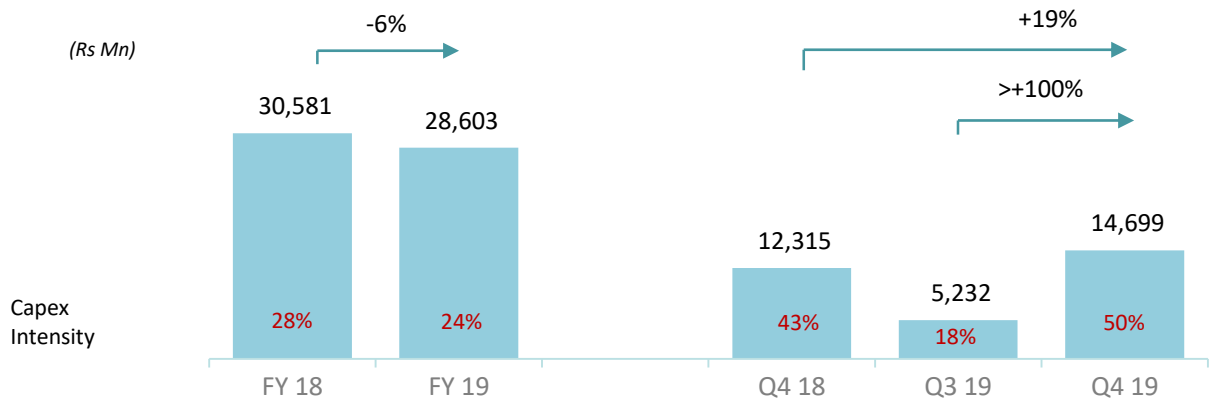
Total Cost to Revenue Ratio Decreased 1.2pp in FY 19; Total Cost Savings of Rs5.4Bn in FY 19 from Cost Rescaling Initiatives



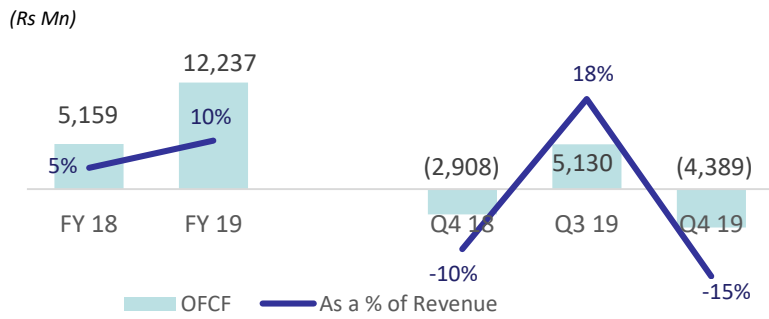
Focused Capex Investments to Support Mobile/Fixed Broadband Capacity Upgrades

Capex Intensity at 24% for FY 2019... OFCF Increased to 12.2Bn YTD

Capex Investments Directed Towards Expanding Data Network; Mobile 4G and Fixed LTE PoP Coverage Reached 93% and 68% Respectively



OCF Improvement in FY 19 Driven by Calibrated Capex Spend and Focused Working Capital Management



Capex spend of Rs28.6Bn for FY 2019 directed mainly towards organization digitisation and investments in High-Speed Broadband infrastructure consisting mainly of revenue generating capacity upgrades

Investment in Data Infrastructure includes:

- 4G capacity upgrades
- 4G coverage expansion



Group's Net Debt to EBITDA Remained Healthy at 0.86x

(Rs Mn)	31 Dec 19	30 Sep 19	31 Dec 18
Gross Debt	44,876	46,327	46,391
Net Debt	39,986	36,855	39,681
Cash and Cash Equivalents	4,890	9,472	6,710
<i>Gross Debt / Equity (x)</i>	<i>0.60</i>	<i>0.64</i>	<i>0.69</i>
<i>Gross Debt/ EBITDA (x)</i>	<i>0.96</i>	<i>0.99</i>	<i>1.07</i>
<i>Net Debt/ EBITDA (x)</i>	<i>0.86</i>	<i>0.79</i>	<i>0.91</i>

The Low Geared Balance Sheet Structure Demonstrates the Group's Financial Strength and Capacity to Drive Business Growth via Timely and Aggressive Investments

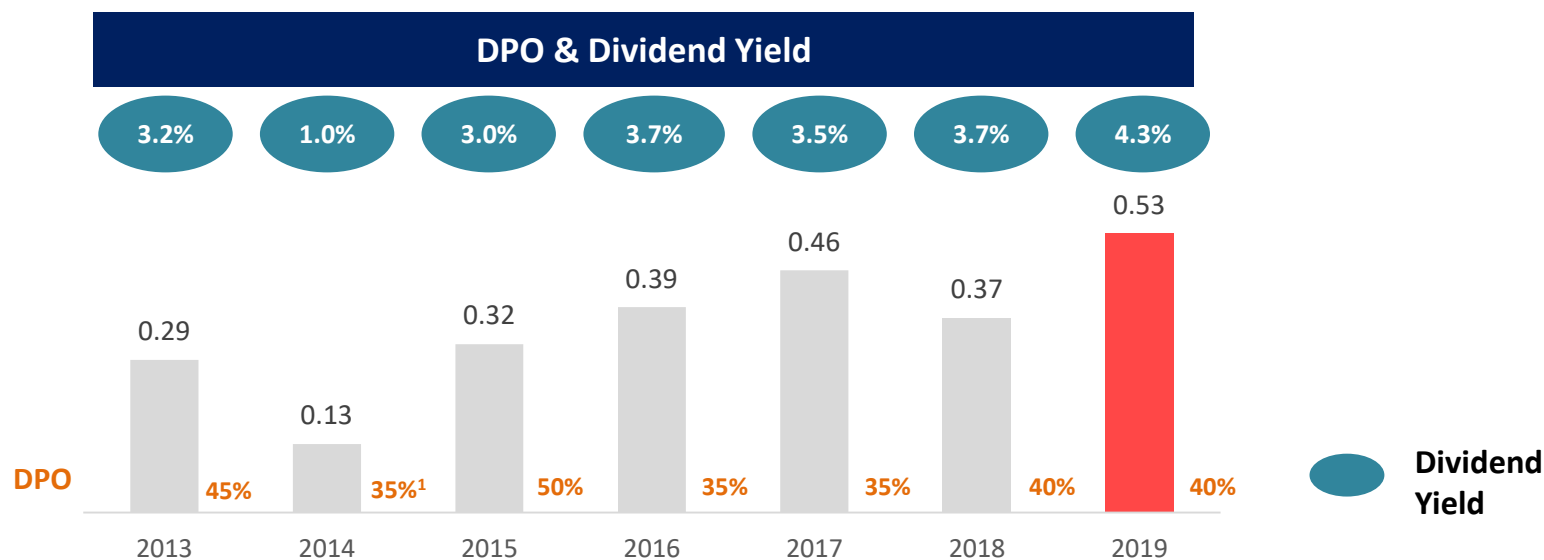


Proposed Dividend Per Share 53c - Dividend Yield of 4.3%, TSR of 26.1% for FY 2019

Dividend Per Share increased from 37 cents in FY 2018 to 53 cents in FY 2019



- The Board of Directors of Dialog Axiata PLC resolved to propose a cash dividend to ordinary shareholders of Fifty Three Cents (Rs0.53) per share totaling to Rs4.3Bn for approval by the Shareholders
- **Dividend increased, on per share basis, to 53 cents for FY 2019 from 37 cents in FY 2018;**
 - ✓ Considering investment requirements to serve the nation's demand for Mobile, Fixed, Broadband and Digital Television services
 - ✓ **Dividend payout ratio of 40% of FY2019 Group Net Profits**
 - ✓ **Dividend yield of 4.3%** based on a closing share price of **Rs12.3 as of 31st December 2019**
- The dates of the AGM and the dividend payment will be notified in due course
- The Dividends declared will be exempt from withholding tax in the hands of both local and foreign shareholders



¹ DPO on one-off tax adjusted Profit in FY 2014



Dialog Axiata Group Performance

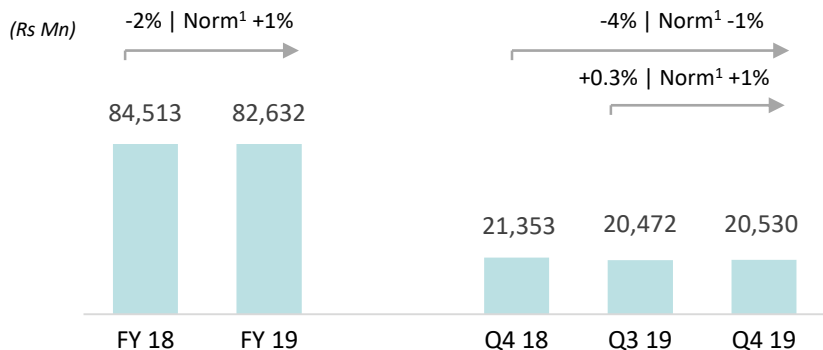
Dialog Axiata PLC - Company Performance

Subsidiary Performance – Dialog Broadband and Dialog TV



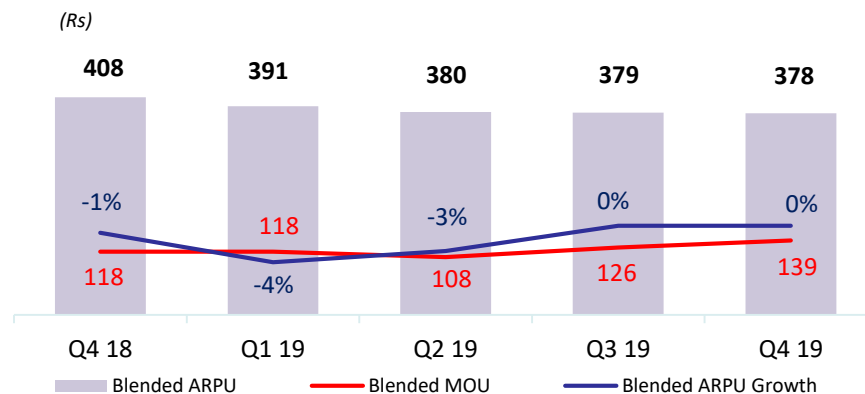
Dialog Axiata PLC (Company) : Dialog Profitability Continues to Grow; EBITDA +17% and PAT >+100 for FY 2019 Despite Aggressive Price Pressure on Voice and Data

Revenue Decline due to Core Revenue Challenges and Contraction in Wholesale Revenue

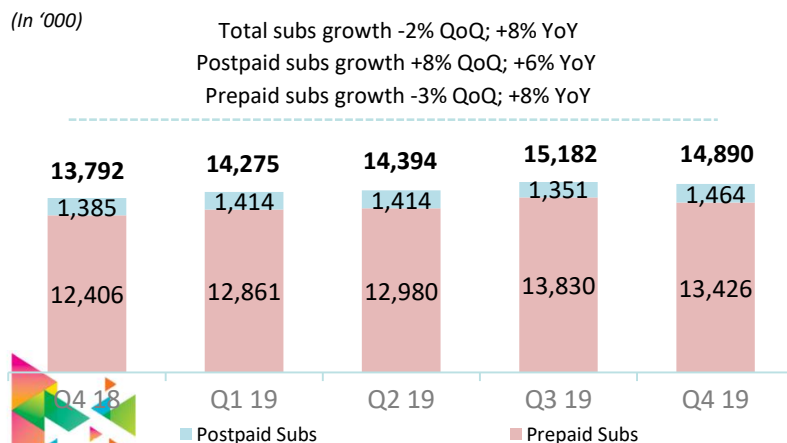


¹ Normalised growth excludes hubbing revenue

Significant Improvement in MOUs (post re-statement); ARPU stable Owing to Growth in Data Revenues Off-Setting Voice Revenue Decline



YTD Subscriber Growth Driven by Customer Acquisition and Retention Initiatives; PrP Sub Drop QoQ Driven by Aggressive Re-cycling¹



¹ Re-cycling period for PrP reduced from 6 months to 3 months

Profitability Improvement Driven by Cost Optimisations and Favorable Forex Movement

RsMn	FY 19	YTD	Q4 19	QoQ	YoY
EBITDA	35,458	+17%	8,830	-3%	+53%
PAT	11,568	>+100%	2,983	+62%	>+100%
EBITDA Margin %	+42.9%	+7.1pp	+43.0%	-1.3pp	+16.0pp
PAT Margin %	+14.0%	+8.8pp	+14.5%	+5.5pp	+26.7pp

Dialog Axiata Group Performance

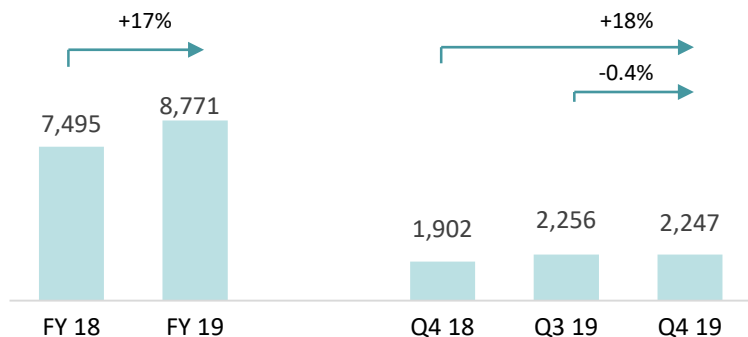
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Subscriber Growth and Rental Revision in Q4 18 Driving Overall YTD Top Line Performance

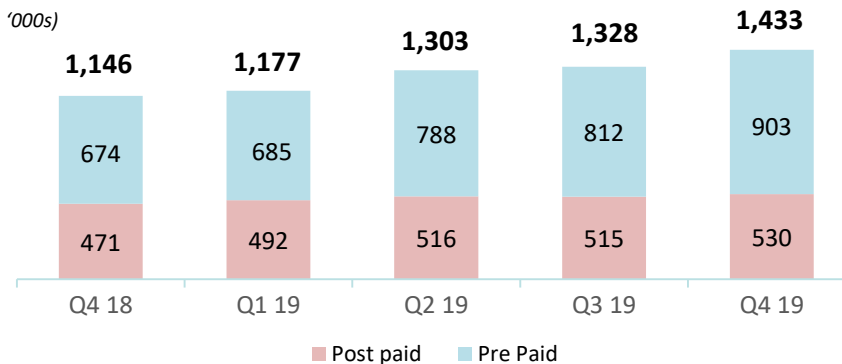
(Rs Mn)



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

Total subs growth +8% QoQ; +25% YoY
 Postpaid subs growth +3% QoQ; +12% YoY
 Prepaid subs growth +11% QoQ; +35% YoY

(in '000s)

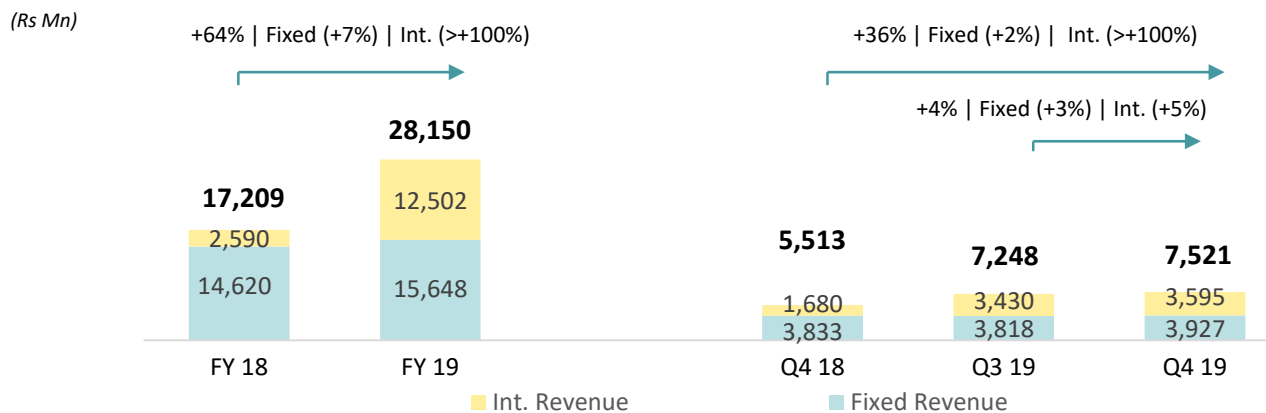


Profitability Improvement Underpinned by Subscription Revenue led top Line Growth, Cost Management Initiatives and Stable Currency; QoQ Performance impacted by Stagnant Revenue Growth

(Rs Mn)	FY 19	YTD	Q4 19	QoQ	YoY
EBITDA	2,404	+31%	584	-22%	>+100%
PAT	-541	+41%	-206	>-100%	+61%
EBITDA Margin %	+27.4%	+2.9pp	+26.0%	-7.0pp	+11.0pp
PAT Margin %	-6.2%	+6.0pp	-9.2%	-6.2pp	+18.3pp



Strong Revenue Growth Supported by Int. Wholesale Business; Fixed Revenue up 7% YTD and 3% QoQ



International Revenue %	FY 18	FY 19	Q4 18	Q3 19	Q4 19
International Revenue %	15%	44%	30%	47%	48%

EBITDA Records Strong Performance on YTD, QoQ and YoY basis; PAT Performance Improved on QoQ basis albeit Declining on YTD and YoY basis Owing to Higher Depreciation, Finance Cost and Reallocation of Org Transformation Cost

(Rs Mn)	FY 19	YTD	Q4 19	QoQ	YoY
EBITDA	9,214	+11% ¹	2,324	+7%	+21% ¹
PAT	411	-68%	(168)	+3%	>-100%
EBITDA Margin %	+32.7%	-36.8pp	+30.9%	+1.0pp	-3.9pp ¹
PAT Margin %	+1.5%	-6.0pp	-2.4%	+0.2pp	-1.3pp

¹ Norm for one-off gain of Rs3.7Bn in Q4 2018