



Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Q3 2016 Results

10th November 2016

an axiata company

Dialog Group Performance

Dialog Axiata Company Performance

Subsidiary Performance



Dialog Group Performance Highlights

Dialog Posts Strong 3rd Quarter



Q3 Group Revenue at Rs.21.7Bn, Grew by 3% QoQ and 19% YTD

Q3 2016 featured the suspension of VAT & NBT, lowering consumption taxes, which had a positive impact on Revenue growth

Q3 Group EBITDA Improvement Driven by Significant Growth in Revenue and Cost Savings

Q3 Group EBITDA at Rs7.7Bn, growth of 9% QoQ and 20% YTD; The Group EBITDA Margin reached 35.5% in Q3 2016

Group PAT Improvement Underpinned by Strong EBITDA and Significantly Lower Unrealised Forex Losses

Q3 PAT at Rs2.8Bn, grew by 24% QoQ and 71% YTD

Dialog Group Further Strengthened its Leadership in Sri Lanka's Broadband Sector during the Quarter

YTD Capex of Rs12.7Bn directed mainly towards investments in High-Speed Broadband infrastructure focused at further strengthening the Group's leadership in Sri Lanka's Broadband sector; Capex Intensity of 20%

Subsidiaries Continue to Consolidate Performance

DBN Records solid EBITDA growth of 34% YTD on the back of growth in fixed LTE Revenue

DTV reported Revenue growth of 7% YTD albeit medium term net loss of Rs346mn due to cost expansion arising from aggressive customer acquisition

Aggressive Subscriber Growth

Mobile subscriber base of 11.3Mn – up by 10% YoY

TV subscriber base of over 791k with over 43k net adds during the quarter

The Sri Lankan Parliament Approved the Re-implementation of VAT & NBT on 26th of October; VAT & NBT Introduced with effect from 1st of November

Lifting of the suspension of VAT & NBT would constrain customer consumption, hence Revenue growth achievable to be challenged in the immediate after-math of the introduction of VAT & NBT



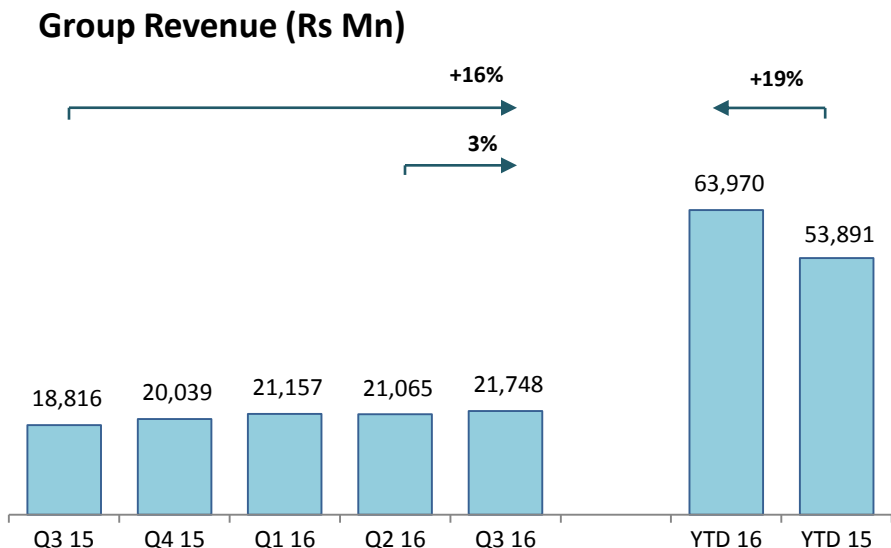
Group Financial Summary

Rs Mn	Q3 16	QoQ	YTD 16	YTD
Revenue	21,748	3%	63,970	19%
EBITDA	7,714	9%	21,790	20%
PAT	2,833	24%	7,791	71%
<i>EBITDA Margin</i>	35.5%	2.0pp	34.1%	0.3pp
<i>PAT Margin</i>	13.0%	2.2pp	12.2%	3.7pp
<i>ROIC</i>	16.4%	1.3pp	16.6%	2.6pp

All key Performance Indicators improved both QoQ and YTD basis with ROIC improving by 2.6 percentage points YTD



Group Revenue Continued its Growth Trajectory, Recording a Growth of 3% QoQ and 19% YTD



Q3 2016 featured the suspension of VAT & NBT which had a positive impact on Revenue with growth registered across most business segments

Mobile Voice Revenue grew by 3% QoQ and 10% YTD; Mobile Data Revenue grew 17% QoQ and 54% YTD driven by increased smartphone penetration and 4G usage

Fixed Revenue grew by 7% QoQ and 32% YTD on the back of strong fixed LTE subscriber growth supported by wider LTE coverage and aggressive acquisition drive

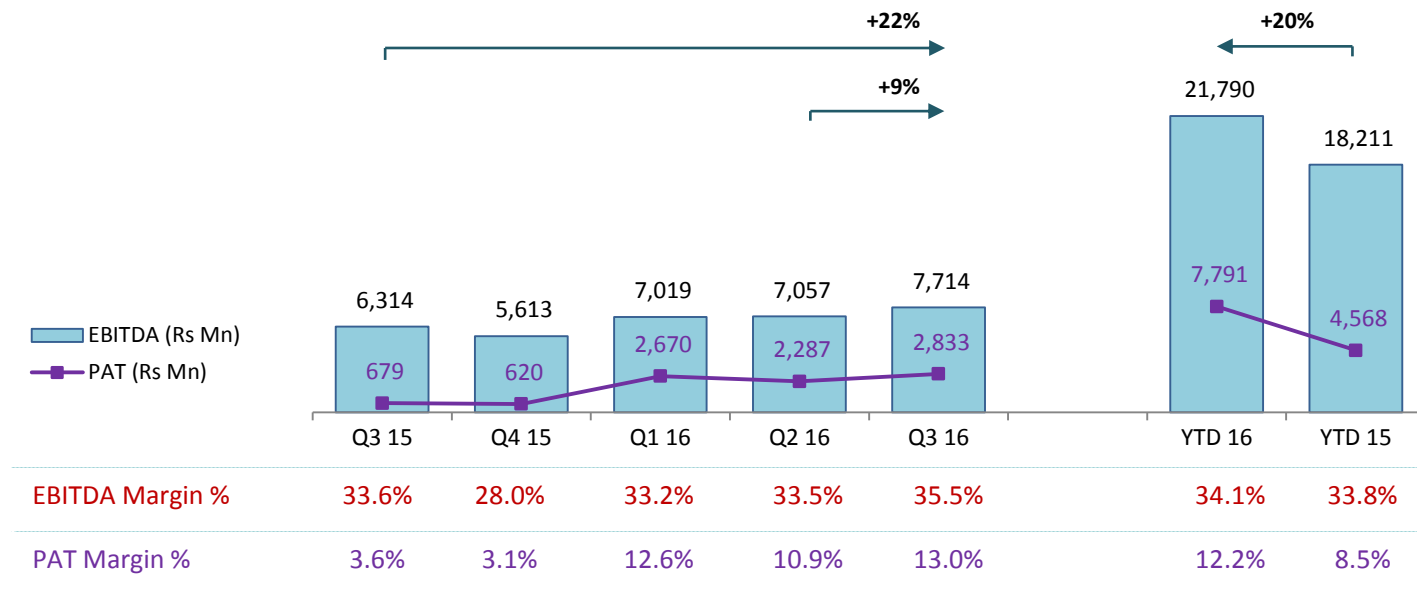
Growth in Television Revenue driven by subscription Revenue which grew by 17% YTD; QoQ Revenue impacted by change in accounting treatment for Prepaid CPE sales, wherein CPE sales Revenue is deducted from the cost of CPE to arrive at the amount of subsidy, which is then amortised over the period of subscriber contract

International Revenue continued to be impacted by reduction in termination volumes due to OTT services with the growth in Smartphone penetration and higher retail rates to call Sri Lanka with the increase in termination rates w.e.f. 1st January 2016



Q3 Profitability Improvement Underpinned by Growth in Revenue, Positive Cost Performance and Lower Forex Losses

Group EBITDA and PAT (Rs Mn)



Cost as a % of Revenue	Q3 15	Q2 16	Q3 16	YTD 16	YTD 15
Total Group Cost	66.4%	66.5%	64.5%	65.9%	66.2%
Direct Expenses	29.0%	27.7%	26.1%	27.9%	28.9%
Sales & Marketing	13.3%	13.8%	14.7%	14.1%	12.9%
Network Cost*	13.3%	11.9%	12.8%	12.3%	13.8%
Staff Cost	7.8%	7.5%	8.1%	7.8%	8.0%
Bad debt	1.0%	2.5%	0.2%	1.2%	1.0%
Overheads	2.0%	3.1%	2.6%	2.6%	1.6%

*Network cost includes Frequency Cost earlier classified under Overheads

Group EBITDA grew by 9% QoQ underpinned by strong Revenue growth and savings in International Bandwidth Cost accruing from the quantum change in cost structure pursuant to the commissioning of the BBG Cable

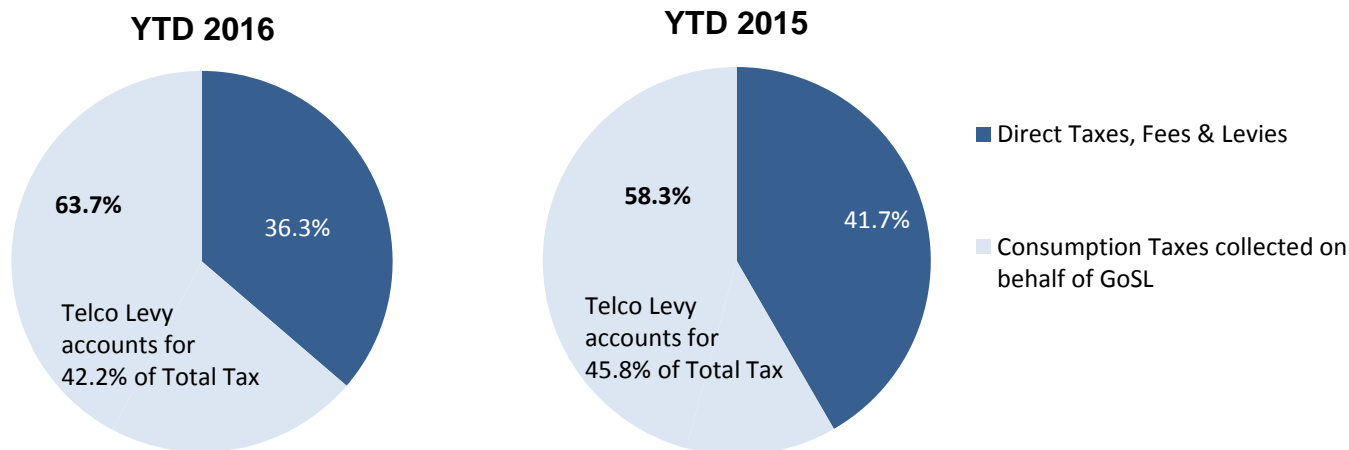
YTD Group EBITDA improvement driven by growth in Revenue

Group PAT improved by 24% QoQ and 71% YTD in tandem with strong EBITDA performance and lower unrealised forex losses

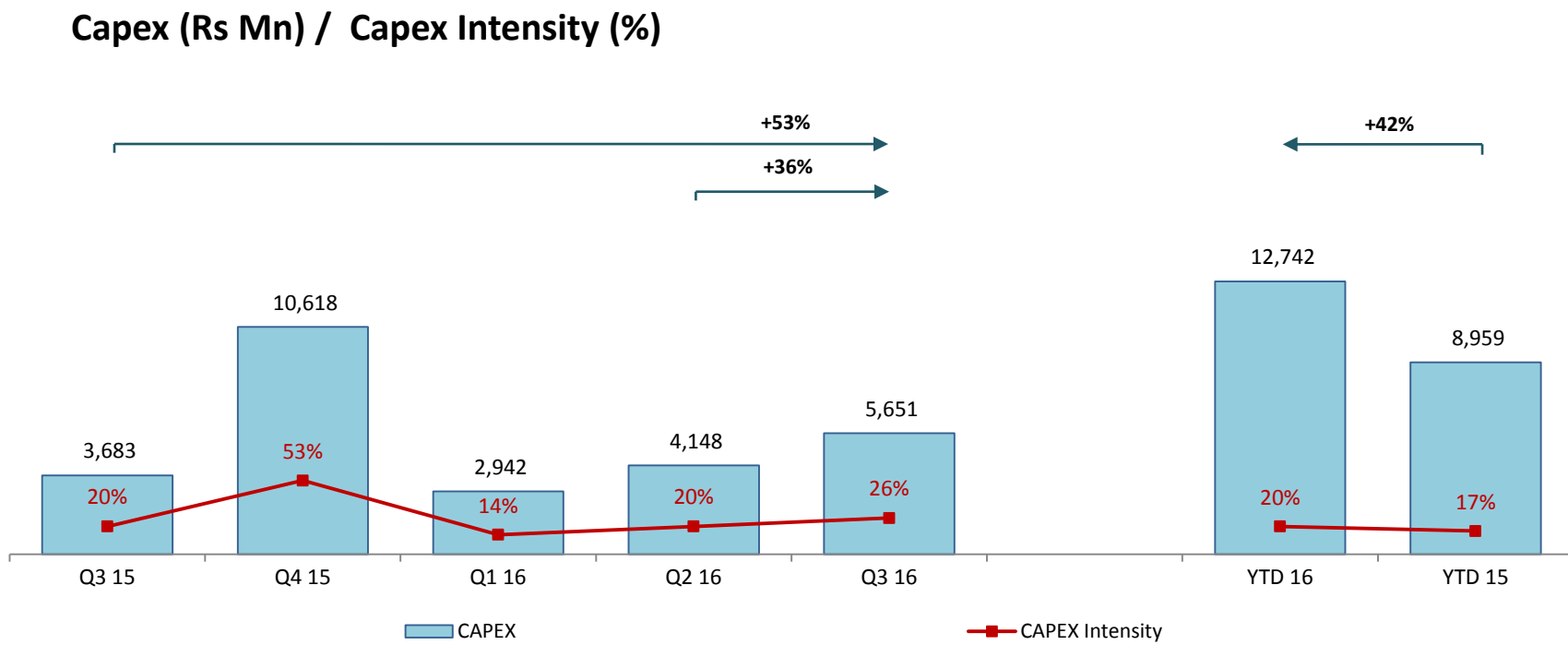
Remittances to Government of Sri Lanka (GoSL)

Dialog Group remitted a total of Rs23.7Bn to GoSL during the nine months ended 30th September 2016. Total remittances included direct taxes and levies as well as consumption taxes collected on behalf of the GoSL

GoSL Payments Composition



In Rs Mn	YTD 2016	YTD 2015	Change %
Direct Taxes, Fees & Levies	8,605	7,806	10.2%
Consumption Taxes collected on behalf of GoSL	15,106	10,937	38.1%
<i>Telco Levy</i>	<i>10,012</i>	<i>8,587</i>	<i>16.6%</i>
<i>VAT</i>	<i>2,163</i>	<i>77</i>	<i>+100%</i>
Total	23,711	18,743	26.5%



YTD Capex of Rs12.7Bn directed mainly towards investments in High-Speed Broadband infrastructure consisting of capacity upgrades and LTE focused coverage expansion; Capex Intensity of 20%

Aggressive investments in fiber rollout has enabled the extension of Fiber Backbone to reach over 3,600km to support fiberisation of sites and improve Last Mile Connectivity; Total Capex investment during the year amounted to over Rs650mn (YTD Sep 2016)

*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

(Rs Mn)			
	30 Sep 16	30 Jun 16	31 Mar 16
Gross Debt	31,916	31,850	31,540
Net Debt	26,845	28,197	21,799
Gross Debt / Equity (x)	0.61	0.64	0.63
Gross Debt/ EBITDA (x)	1.10	1.13	1.12
Net Debt/ EBITDA (x)	0.92	1.00	0.78

Underpinned by relatively low gearing (Net Debt/EBITDA ratio of 0.9x), Dialog's structurally robust balance sheet demonstrates the Group's financial strength



Dialog Group Performance

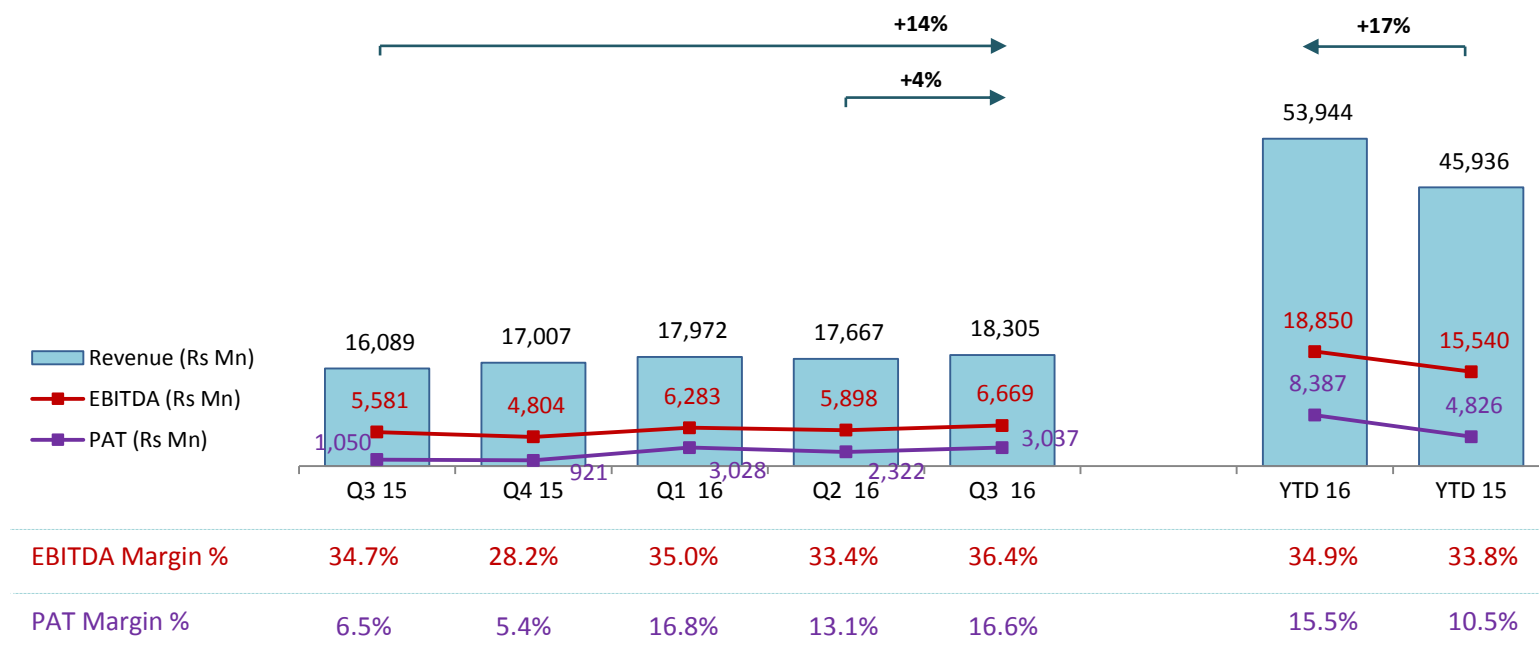
Dialog Axiata Company Performance

Subsidiary Performance



Dialog Axiata PLC (Company)

Strong Revenue Growth of 4% QoQ and 17% YTD



QoQ Revenue growth of 4% underpinned by growth in Data and Voice whilst strong YTD Revenue improvement of 17% was driven by Data, Voice and VAS Revenues

QoQ and YTD EBITDA improved by 13% and 21% respectively driven by growth in Revenue and positive Cost performance

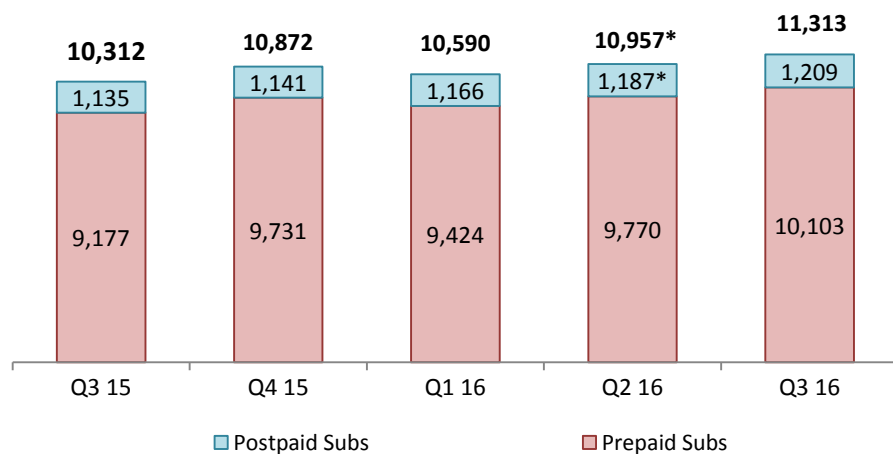
PAT grew significantly QoQ and YTD backed by strong performance in EBITDA and reduction in unrealised forex losses

Mobile Subscriber Growth Continues; up 3% QoQ and 10% YoY

Growth in Prepaid Segment Underpins the QoQ and YoY Subscriber Growth

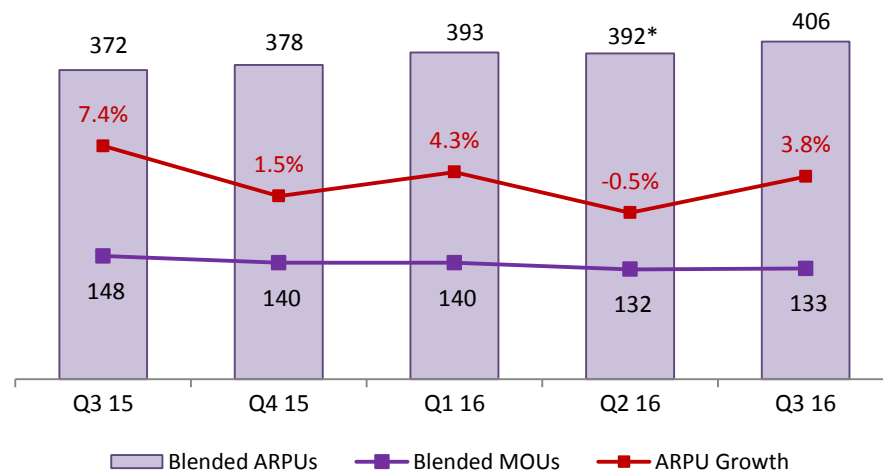
No of Mobile Subscribers'000

Total subs growth +3% qoq; +10% yoy
Postpaid subs growth +2% qoq; +7% yoy
Prepaid subs growth +3% qoq; +10% yoy



ARPU Increase Led by Growth in Data Revenue while MOUs Grew Marginally

Blended ARPU (Rs) & MOU



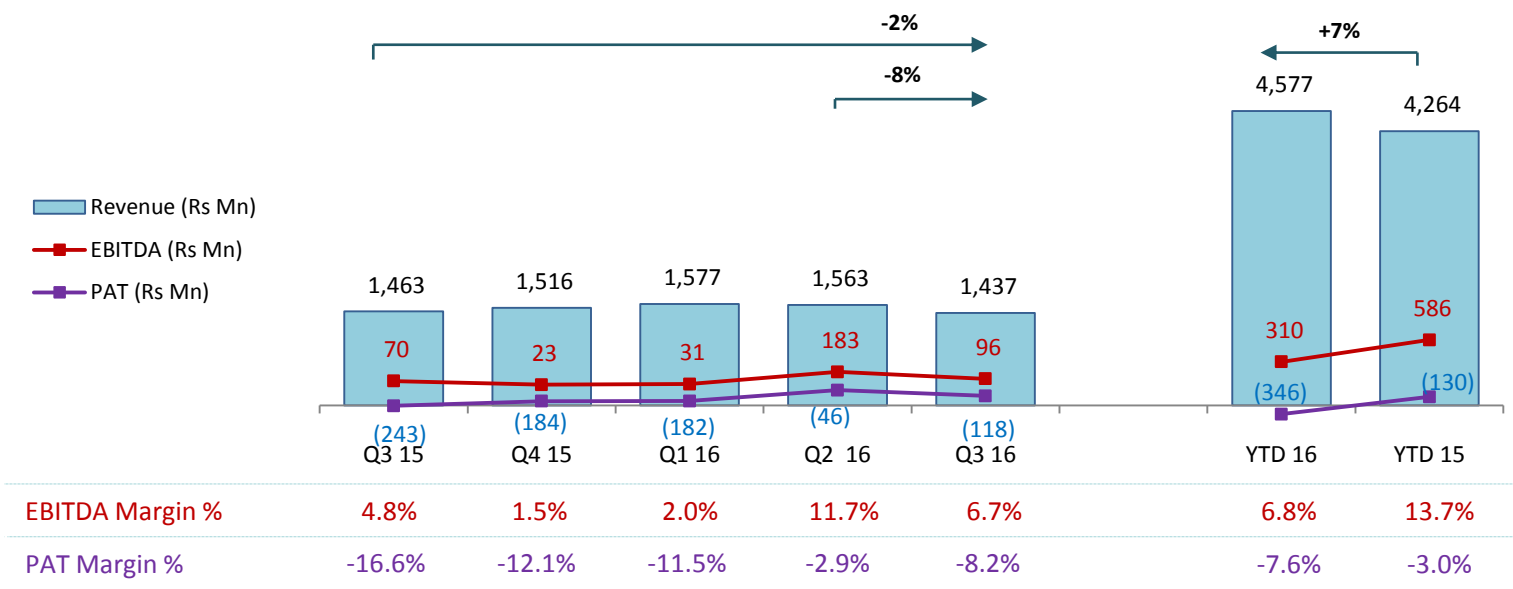
*Restated

Dialog Group Performance

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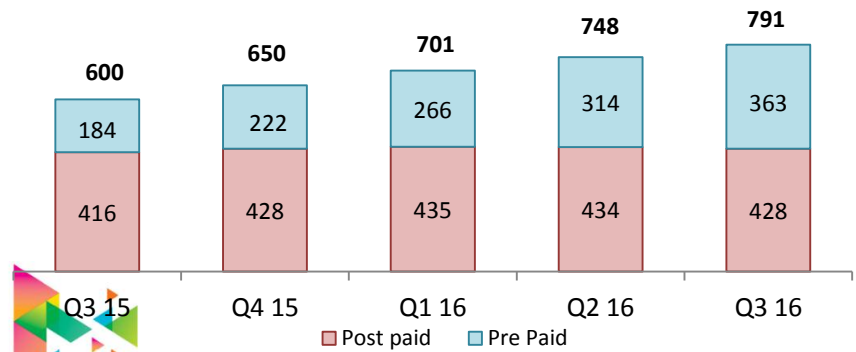
Subsidiary Performance





No of Television Subscribers'000

Total subs growth +6% qoq; +32% yoy
Postpaid subs growth -1% qoq; +3% yoy
Prepaid subs growth +16% qoq; +97% yoy



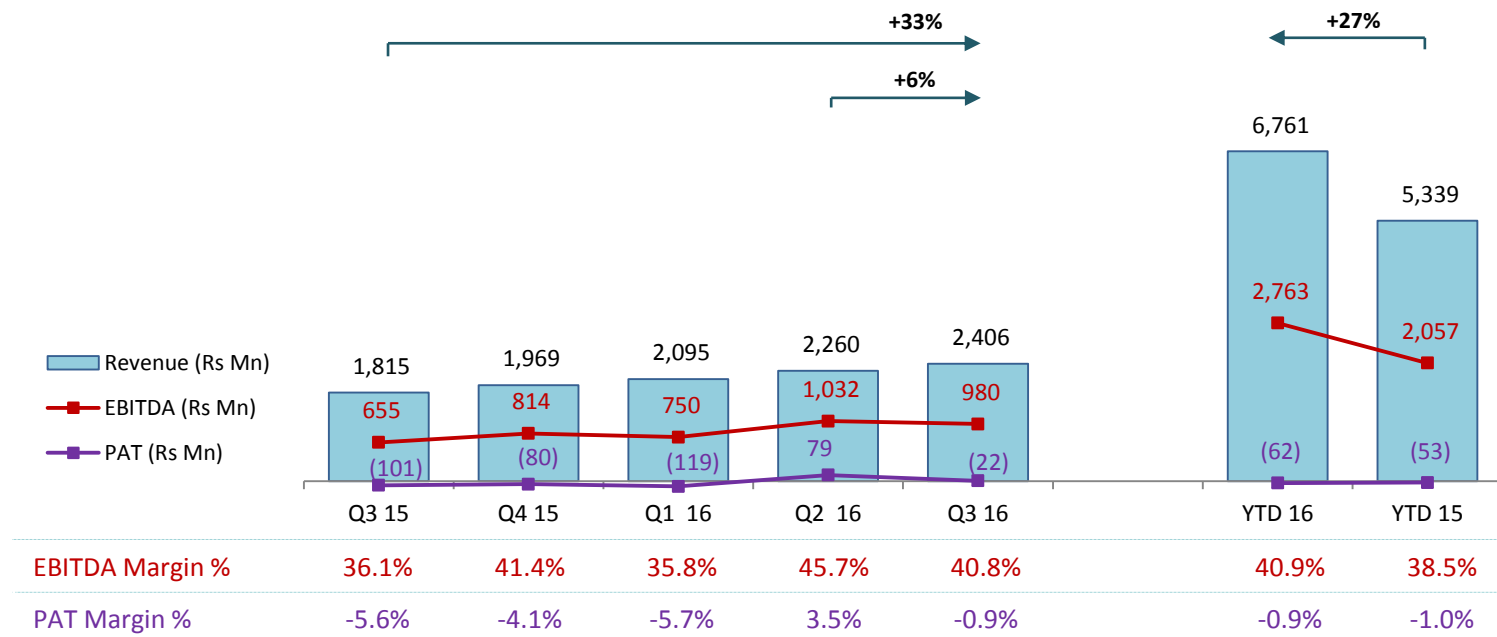
YTD Revenue improvement underpinned by strong subscriber growth while QoQ Revenue impacted due to change in prepaid CPE accounting treatment

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

Contraction of EBITDA translated to an equivalent negative impact on PAT leading to a net loss of Rs346Mn for YTD 2016

Dialog Broadband Network

EBITDA Improved Significantly YTD on the back of Strong Uptake in LTE Services



Strong growth in Fixed LTE Revenue driving QoQ and YTD Revenue improvement

YTD EBITDA improvement driven by growth in Revenue

YTD PAT registered a net loss of Rs62Mn underpinned by increase in depreciation accruing from aggressive expansion of Fixed 4G LTE and Fibre Infrastructure



Thank You

