



Enriching Sri Lankan Lives

# Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

**1Q 2014 RESULTS**

13th May 2014

an axiata company



Dialog Group Performance

Dialog Axiata Company Performance

Subsidiary Performance

# Dialog Group Performance Highlights – Q1 2014

- Continued revenue growth with mobile driving YoY growth momentum  
*Group revenue at Rs16.3bn up by 0.2% QoQ and 7% YoY*
- Group EBITDA at Rs4.7bn increased by 1% QoQ and decrease by 6% YoY
- Group PAT at Rs1.3bn increased by 14% QoQ and decreased by 20% YoY
- Group FCF positive at Rs1.5bn due to lower capex investment
- Structurally strong balance sheet with Net Debt/EBITDA at 1.39x
- Subsidiaries continue to consolidate performance
  - DBN - 16<sup>th</sup> consecutive quarter of positive EBITDA*
  - DTV - Strong revenue growth, YoY revenue up by 27%*

## Subscriber Growth Parameters

- Mobile subscriber base of 9.2Mn with over 568,000 net adds during the quarter
- Continuous growth in Pay Tv subscribers to reach 356,000 as at end March 2014

## Mobile Alliance – “first of its kind in the world”

- Partnership with Etisalat to offer eZ Cash service to combined 12.7 million subscribers



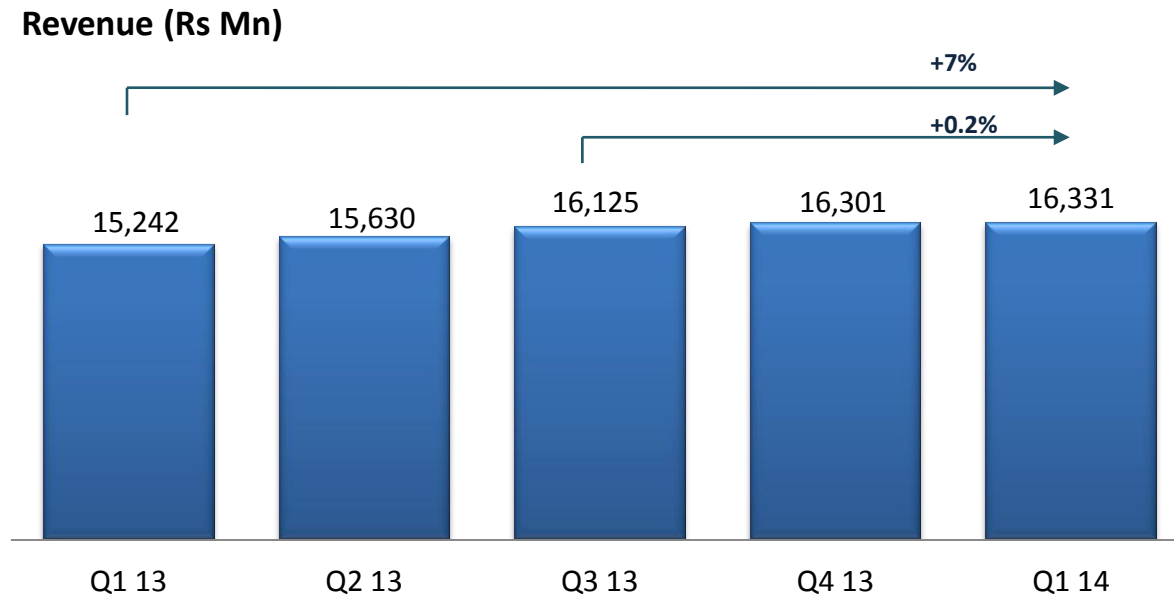
# Group Financial Summary

(All figures in Rs Mn)	Q1 14	QoQ	YoY
Revenue	16,331	0.2%	7%
EBITDA	4,699	1%	-6%
PAT	1,269	14%	-20%
<i>EBITDA Margin</i>	<i>28.8%</i>	<i>0.4pp</i>	<i>-3.9pp</i>
<i>PAT Margin</i>	<i>7.8%</i>	<i>0.9pp</i>	<i>-2.7pp</i>
<i>ROIC</i>	<i>6.9%</i>	<i>0.3pp</i>	<i>-5.8pp</i>

**PAT increased by 14% QoQ on the back of forex gain and lower depreciation**

**On a YoY basis, PAT contracted by 20% on the back of higher depreciation in line with the Group investment in Spectrum and License Assets and network infrastructure expansion**

# Group Revenue Continues its Growth Momentum, Increasing 7% YoY and 0.2% QoQ



**Group revenues were stable on a QoQ basis and demonstrated 7% growth relative to Q1 2013**

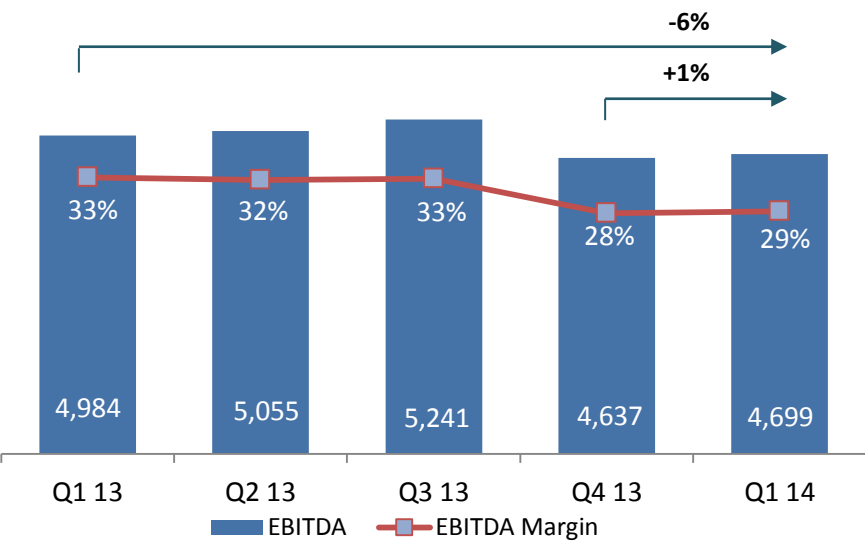
**Mobile continued to be the main contributor to Group revenue, with Data revenue driving the growth. Data revenue increased by 10% (Rs104mn) QoQ**

**International revenue impacted QoQ mainly due to decrease in termination revenue**

**Both Television and Fixed Revenues witnessed QoQ growth**

# Q1 Profitability growth driven by Forex gain and lower depreciation

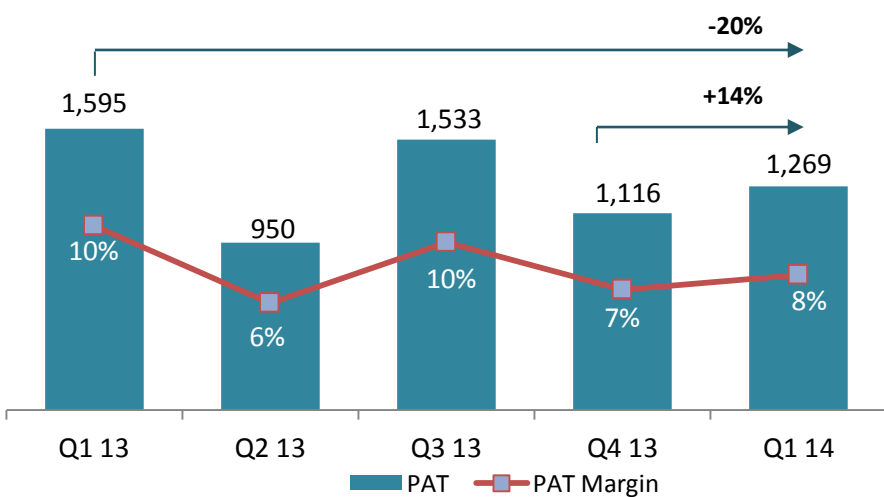
Group EBITDA (Rs Mn) & Margin (%)



## Quarter On Quarter

- Group EBITDA increased by 1% on the back of higher revenue and lower bad debts with improved collections
- Group NPAT increased QoQ by 14% due to forex gain and lower depreciation

Group PAT (Rs Mn) & Margin (%)



## Year To Date

- 6% YoY reduction in EBITDA despite higher revenue as Q1 2013 benefited from TDC refund of Rs 429mn
- Group NPAT decreased by 20% on the back of lower EBITDA and increased depreciation



# QoQ Total cost as % of Group Revenue improved by 0.3ppt on the back of lower bad debt provision

## Total Costs

% of Revenue	Q1 13	Q4 13	Q1 14
Direct expenses	27.8%	30.5%	<b>30.6%</b>
Sales & Marketing	13.3%	11.9%	<b>12.3%</b>
Network costs	12.1%	13.1%	<b>12.9%</b>
Staff costs	8.9%	8.3%	<b>8.7%</b>
Bad debts	1.0%	2.2%	<b>1.5%</b>
Overheads	4.2%	5.6%	<b>5.3%</b>
<b>Total Cost</b>	<b>67.3%</b>	<b>71.6%</b>	<b>71.3%</b>

QoQ total cost to revenue improved **by 0.3ppts** due to drop in bad debt provision resulting from focused collection efforts and lower network and other overhead cost.

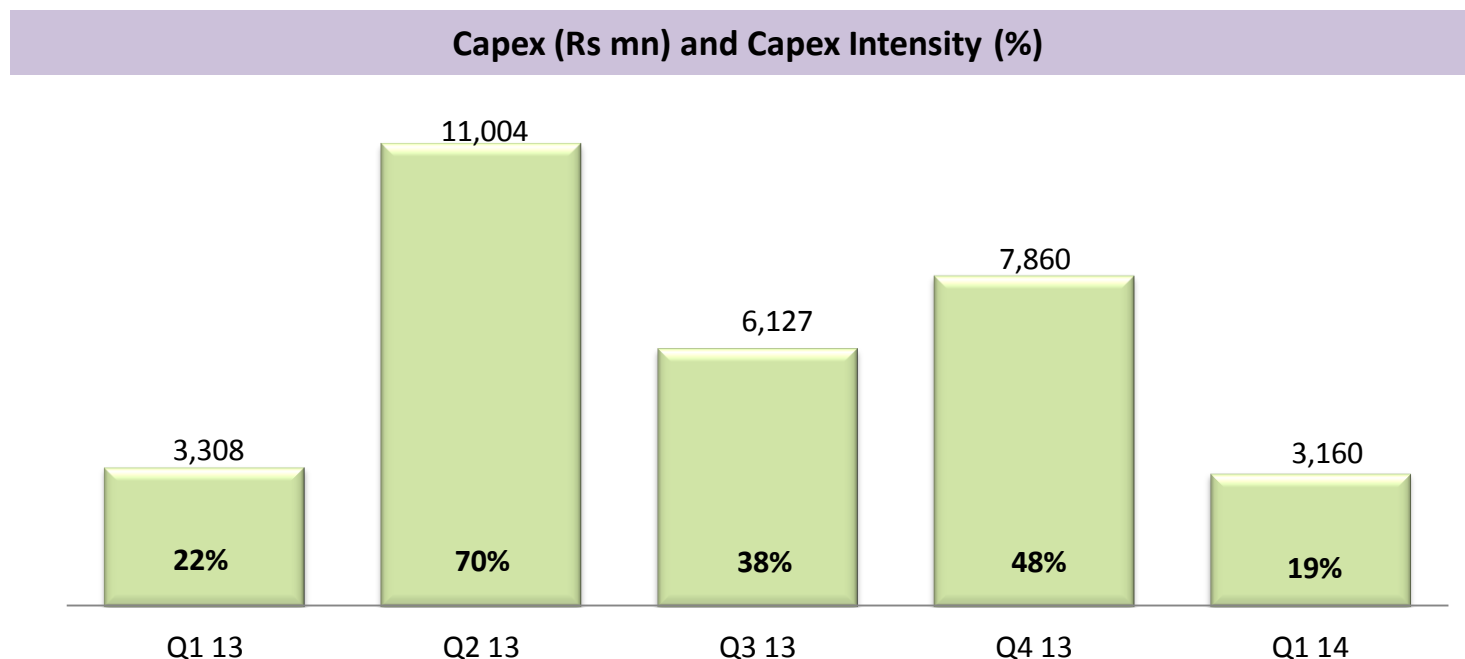
YoY Total cost to revenue **increased by 4ppts** due to absence of TDC refund, expiration of VAT credits and higher network cost with expansion of the coverage footprint and capacity upgrade.

## Financial Position (Rs Mn)

	31 Dec 13	31 March 14
Cash & Cash Equivalents	3,218	<b>3,517</b>
Gross Debt *	27,587	<b>27,635</b>
Net Assets	39,735	<b>40,987</b>
Gross Debt / equity (x)	0.69	<b>0.67</b>
Gross Debt/ EBITDA (x)	1.39	<b>1.47</b>
Net Debt/ EBITDA (x)	1.29	<b>1.39</b>

The Group maintains a structurally strong Balance sheet with Net debt to EBITDA ratio at 1.39x

# Q1 2014 Capex to support Group's strategy to capture data leadership



**Q1 2014 Capex focus on coverage and capacity expansion alongside extension of the Group's Optical Fibre Network**



# Comprehensive end to end strategy to capture data leadership

*“From Driving Devices to Owning International Connectivity”*

Customer



Devices



Dongles

March 2010



Mobile Handsets

March 2013



Tablets

Aug 2013

Radio Access

LTE 1800

Apr 2013

LTE 2300

Dec 2012

HSPA/ HSPA +

HSPA Launch in Oct 2006

42Mbps HSPA+ NW expansion in Feb 2013

Wi-Fi

Dec 2011

Backhaul

Fiberization of eNodeB

May 2009 onwards

OFN

Aug 2006 onwards

International

Bay of Bengal Gateway (BBG) Submarine Cable System

Apr 2013

Internet



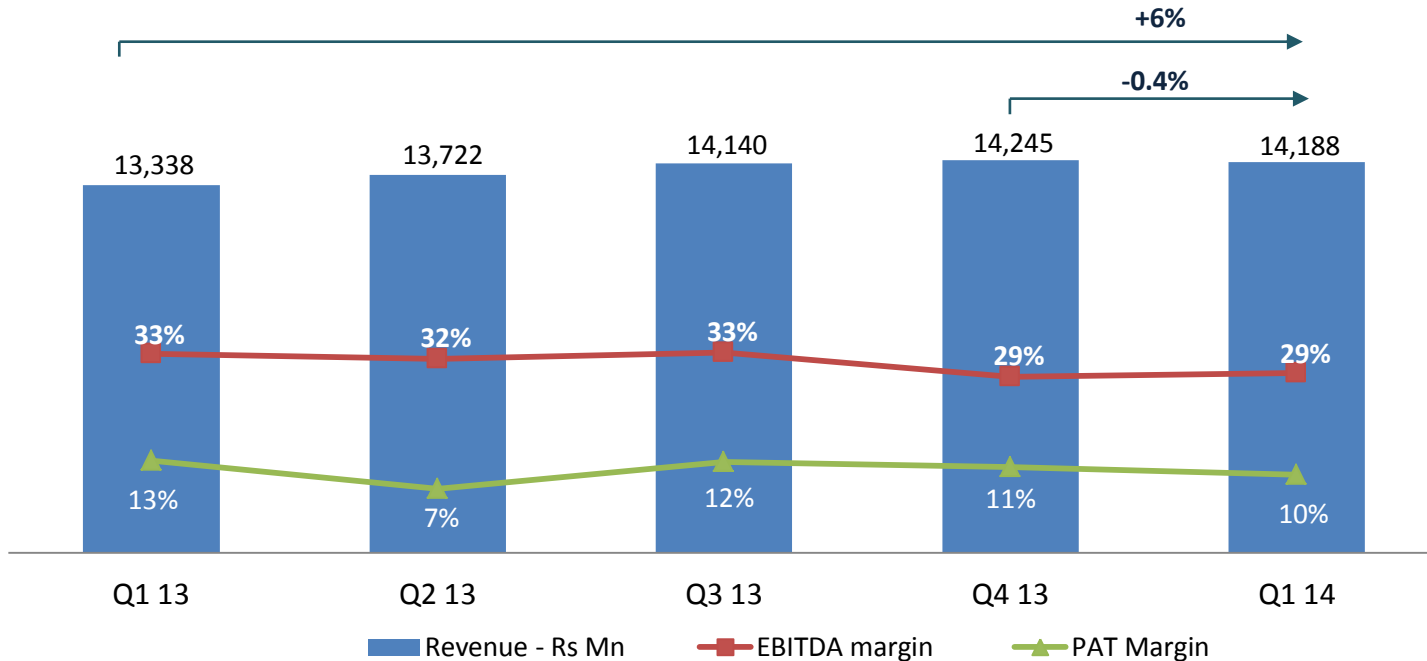
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# Dialog Axiata PLC (Company): Financial Highlights

## Revenue, EBITDA margin and PAT margin trends



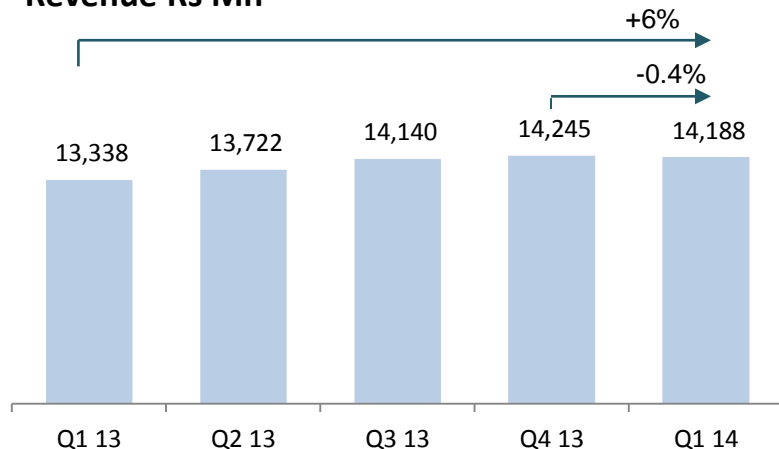
Revenue remained stable on a QoQ basis and increased by 6% YoY, driven largely by Data revenue which increased by 10% QoQ and 57% YoY

Higher QoQ EBITDA on the back of lower bad debt provision. Lower YoY EBITDA due to higher network cost and absence of TDC refund (Q1 13 – Rs429mn)

Lower QoQ NPAT due higher depreciation charge, while YoY NPAT contraction on the back of lower EBITDA and higher depreciation

# Mobile Subscriber Growth increased 16% YoY and 7% QoQ

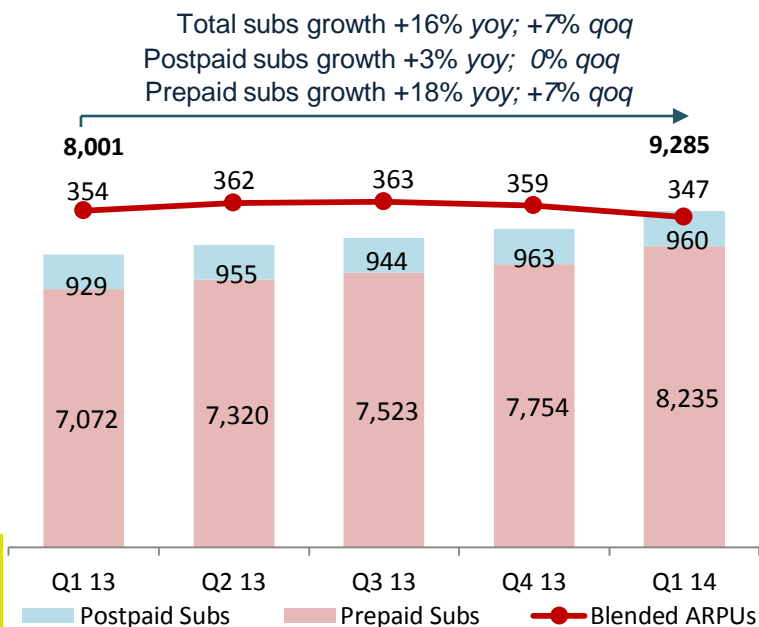
Revenue Rs Mn



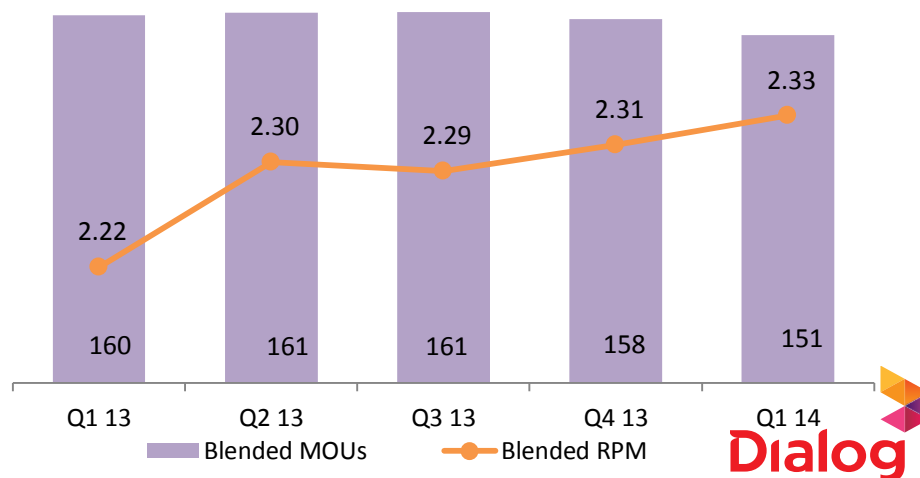
Prepaid segment driving the subscriber growth of 7% QoQ and 18% YoY

Marginal drop in MoUs and ARPUs on QoQ basis due to Increase in telecom levy impacting usage elasticity

No of Subscribers'000



Blended MoU & RPM (Rs)



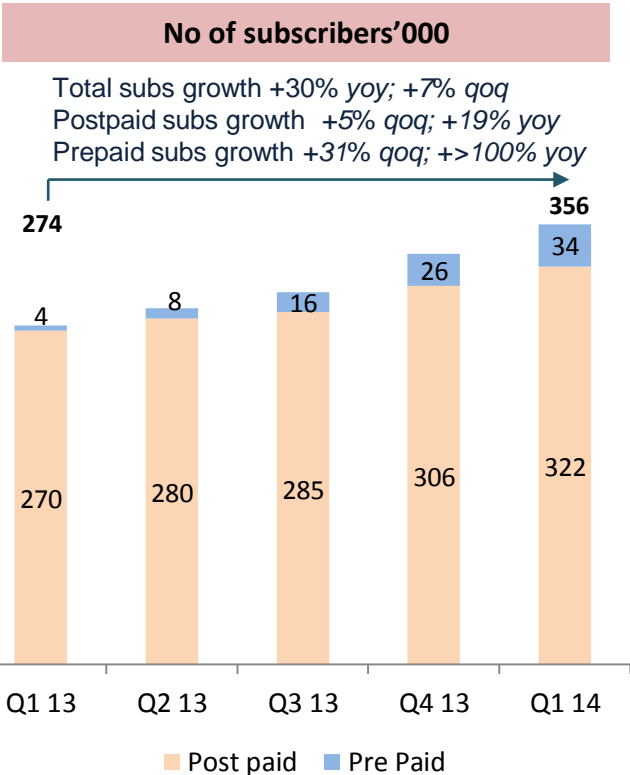
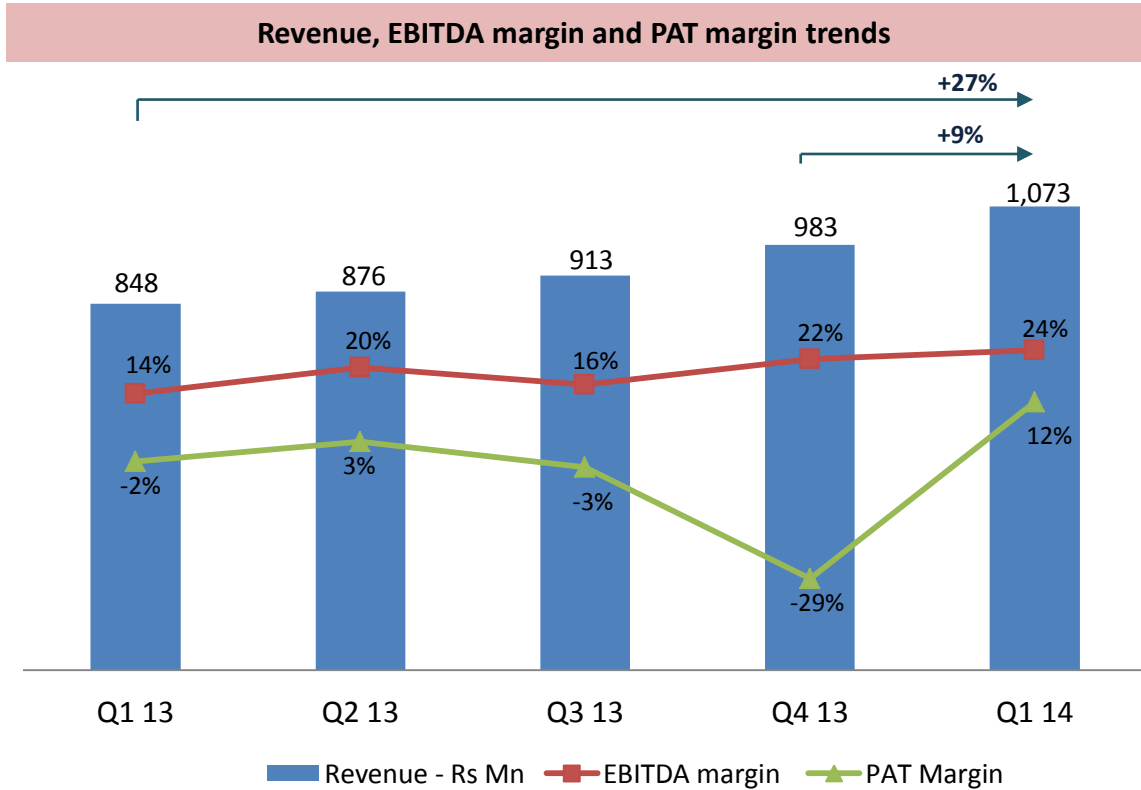
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# Dialog Television : Key Financial Highlights

## Strong Revenue Growth both QoQ and YoY



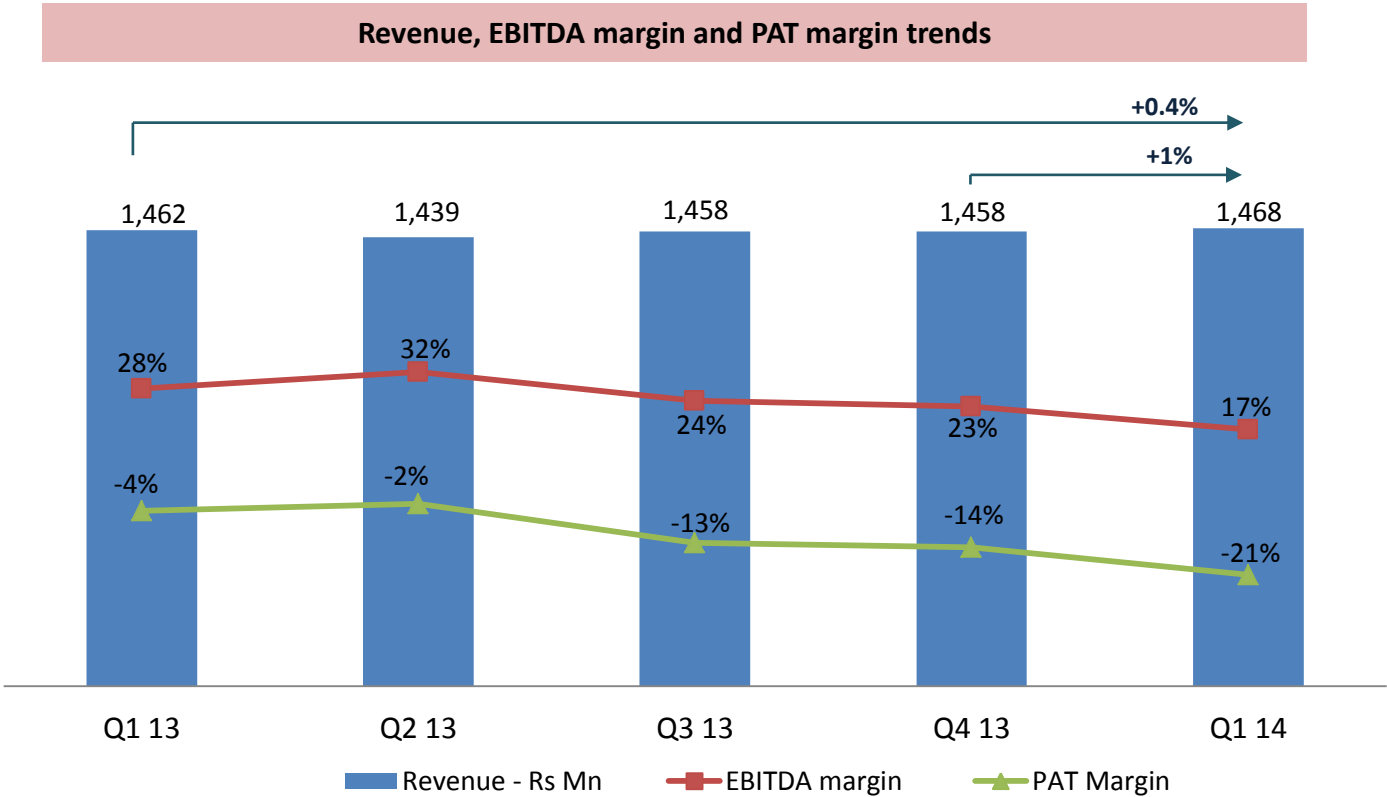
Revenue grew 9% QoQ and 27% YoY on the back of strong subscriber growth

QoQ and YoY EBITDA growth driven by higher revenue

Increase in QoQ NPAT on the back of higher EBITDA and lower depreciation

# Dialog Broadband Networks : Key Financial Highlights

16<sup>th</sup> Consecutive Quarter of Positive EBITDA



Stable revenue of Rs 1.47Bn recorded for Q1 2014

EBITDA margin at 17% contracted 11ppt on a YoY basis following the expiration of VAT credits recognised during the second half of 2013

Negative movement in NPAT performance was underpinned by the decline in EBITDA in combine with the increase in depreciation related to Fixed 4G LTE related investments

## Mobile Alliance – “first of its kind in the world”

- Sri Lanka's first Mobile Payment, eZ Cash, has inked a strategic partnership with Etisalat, a 'first of its kind in the world’
- eZ Cash network potentially the largest money interchange network in the country
  - Bringing Mobile Money service within the reach of over 12 million mobile subscribers
  - Enables subscribers to easily send and receive money to or from any Etisalat and Dialog users anytime, anywhere





At the SLIM-Nielsen People's Choice Awards 2013, Dialog was voted by Sri Lankan consumers as the **“Telecom Service Provider of the Year”** in addition to being named the Internet **“Service Provider of the Year”** and **“Youth Brand of the Year”**



# Thank You