



Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Q3 2015 Results

11th November 2015

an axiata company

Dialog Group Performance

Dialog Axiata Company Performance

Subsidiary Performance



Dialog Group Performance Highlights – Q3 2015

Strong Revenue and EBITDA Performance on QoQ and YTD basis

Financial Performance

Q3 Group Revenue at Rs18.8Bn, grew by 6% QoQ and 8% YTD

- ✓ Mobile and TV revenues underpin QoQ revenue growth

Q3 Group EBITDA improvement driven by significant growth in Revenue

- ✓ Q3 Group EBITDA at Rs6.3Bn, up 7% QoQ and 18% YTD
- ✓ Q3 Group EBITDA Margin at 33.6%

Group PAT impacted by the weakening of the LKR against the USD resulting in translational forex losses of Rs1.4Bn in Q3

- ✓ Q3 Group PAT at Rs0.7Bn, decreased by 64% QoQ and 1% YTD
- ✓ Q3 Group PAT post normalisation for the translational forex losses was recorded at Rs2.1Bn, an increase of 11% QoQ and 40% YTD

Q3 Group OFCF positive at Rs1.9Bn on the back of strong EBITDA performance and calibrated capital expenditure

Low gearing maintained with Net Debt to EBITDA at 0.74x as at end of Q3 2015

Subsidiaries continue to consolidate performance

- ✓ DBN – records solid EBITDA growth of 126% YTD
- ✓ DTV – strong revenue growth of 25% YTD

Aggressive Subscriber Growth

- ✓ Mobile subscriber base of 10.3Mn – up by 10% YoY
- ✓ TV subscriber base of 600k with over 66k net adds during the quarter

Investment Update

Dialog and Board of Investment of Sri Lanka signed USD175Mn (Rs24.6Bn) Investment Agreement on 21st October 2015



Group Financial Summary

Q3 EBITDA uplift driven by 6% Revenue Growth; PAT impacted by Forex Losses

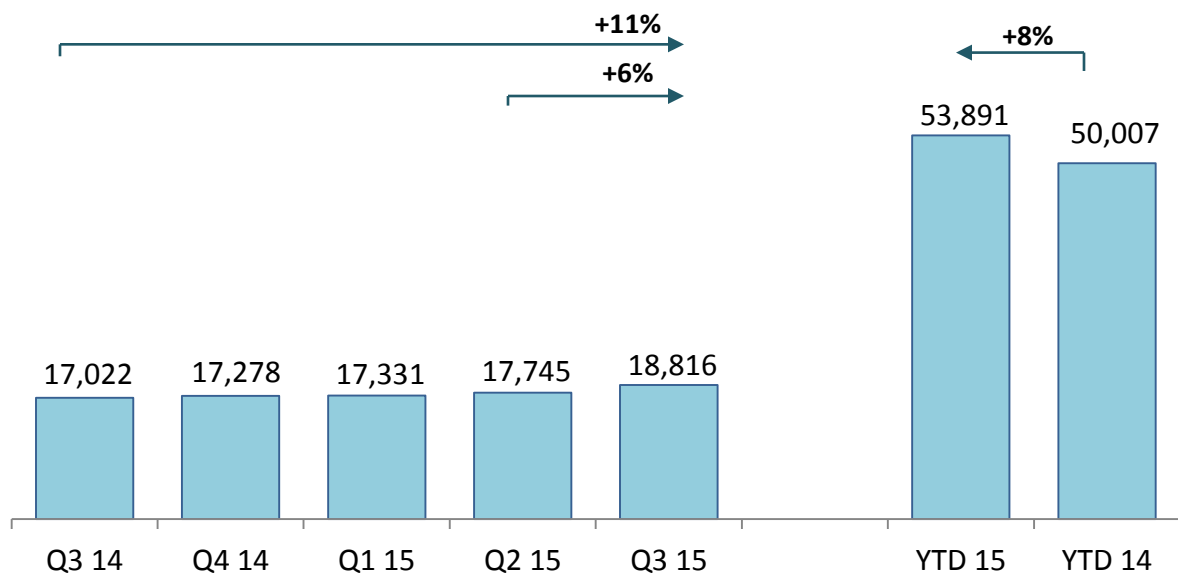
| Rs Mn | Q3 15 | QoQ | YTD 15 | YTD |
|------------------------------|--------|---------|--------|---------|
| Revenue | 18,816 | 6% | 53,891 | 8% |
| EBITDA | 6,314 | 7% | 18,211 | 18% |
| PAT | 679 | -64% | 4,568 | -1% |
| Normalised PAT* | 2,127 | 11% | 6,310 | 40% |
| <i>EBITDA Margin</i> | 33.6% | 0.2 pp | 33.8% | 3.0 pp |
| <i>PAT Margin</i> | 3.6% | -7.1 pp | 8.5% | -0.7 pp |
| <i>Normalised PAT Margin</i> | 11.3% | 0.5 pp | 11.7% | 2.7 pp |
| <i>ROIC</i> | 14.8% | 1.9 pp | 14.0% | 3.9 pp |

Revenue and EBITDA improved significantly on QoQ and YTD basis
Post normalising for translational forex losses, organic PAT performance demonstrates improvement by 11% QoQ and 40% YTD

* PAT for Q3 15 and YTD 15 normalised for translational forex losses of Rs1.4Bn and Rs1.7Bn respectively

Group Revenue Continues Growth Momentum; Mobile and Television Revenues driving QoQ Growth

Group Revenue (Rs Mn)



Mobile Voice revenue grew by 7% QoQ, underpinned by robust growth in subscriber based combined with the positive impact of the withdrawal of the 25% Bonus on Mobile Prepaid Domestic Calls w.e.f. 20th Aug 2015

Mobile Data revenue grew by 19% QoQ and 63% YTD driven by subscriber additions

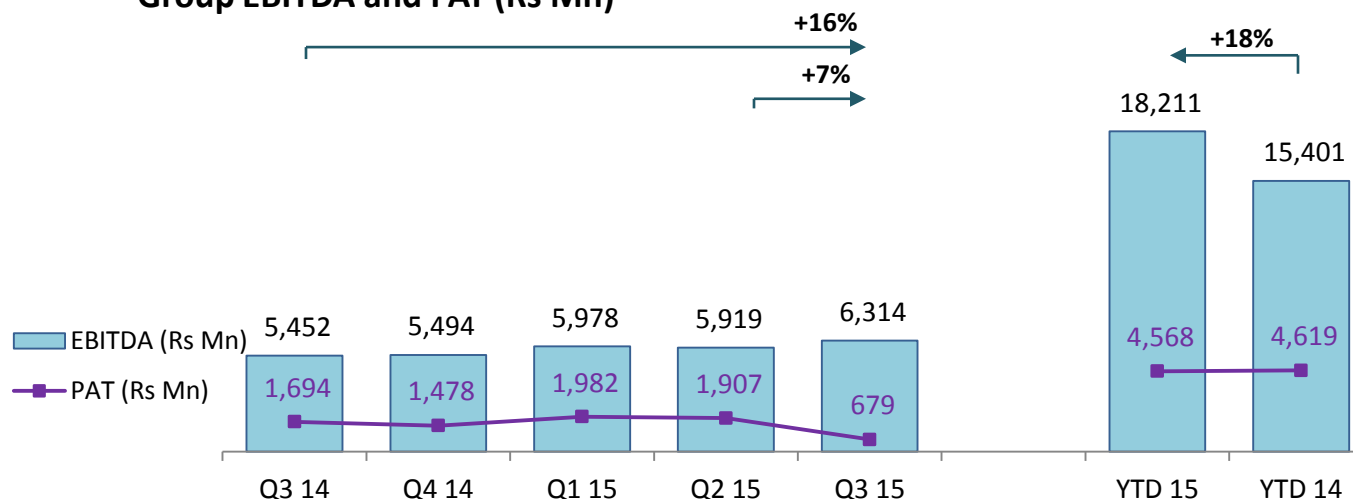
Fixed revenues grew by 2% QoQ and 13% YTD underpinned by growth in Fixed LTE subscriptions and Enterprise revenues

Television revenue increased by 9% QoQ and 25% YTD on the back of strong subscriber growth



EBITDA Growth driven by Growth in Revenue and Cost Performance; PAT significantly impacted by Forex Losses

Group EBITDA and PAT (Rs Mn)



| | | | | | | | |
|-----------------|-------|-------|-------|-------|-------|-------|-------|
| EBITDA Margin % | 32.0% | 31.8% | 34.5% | 33.4% | 33.6% | 33.8% | 30.8% |
| PAT Margin % | 10.0% | 8.6% | 11.4% | 10.7% | 3.6% | 8.5% | 9.2% |

| Cost as a % of Revenue | Q3 14 | Q2 15 | Q3 15 | YTD 15 | YTD 14 |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Group Cost | 68.0% | 66.6% | 66.4% | 66.2% | 69.2% |
| Direct Expenses | 28.9% | 29.6% | 29.0% | 28.9% | 28.8% |
| Sales & Marketing | 12.4% | 13.1% | 13.3% | 12.9% | 12.6% |
| Network Cost | 12.3% | 9.9% | 10.1% | 10.3% | 12.5% |
| Staff Cost | 8.4% | 8.0% | 7.8% | 8.0% | 8.6% |
| Bad debt | 0.5% | 1.1% | 1.0% | 1.0% | 1.5% |
| Overheads | 5.5% | 4.9% | 5.2% | 5.1% | 5.2% |

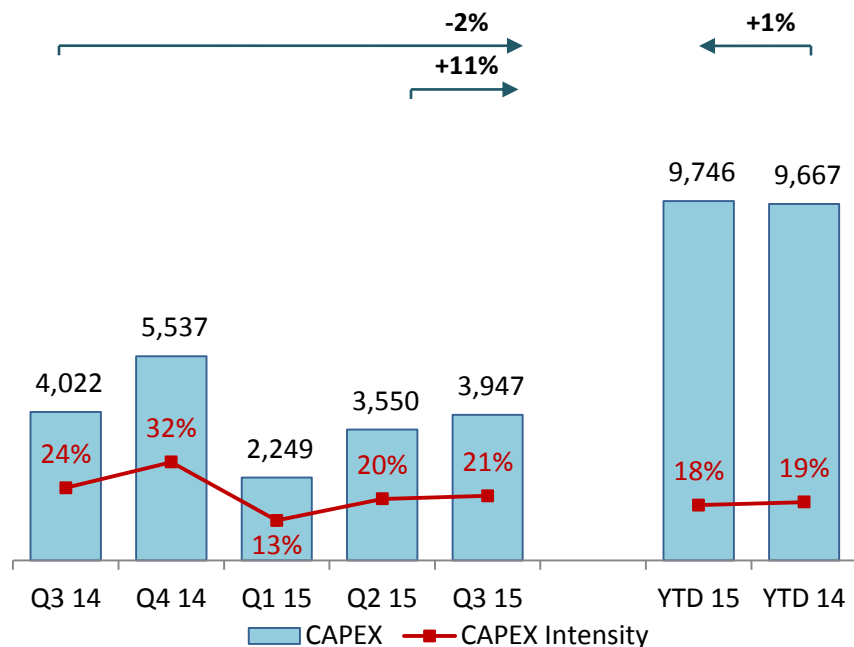
QoQ EBITDA growth driven by increase in revenue

YTD EBITDA improvement backed by growth in revenue and positive cost performance arising from cost management initiatives

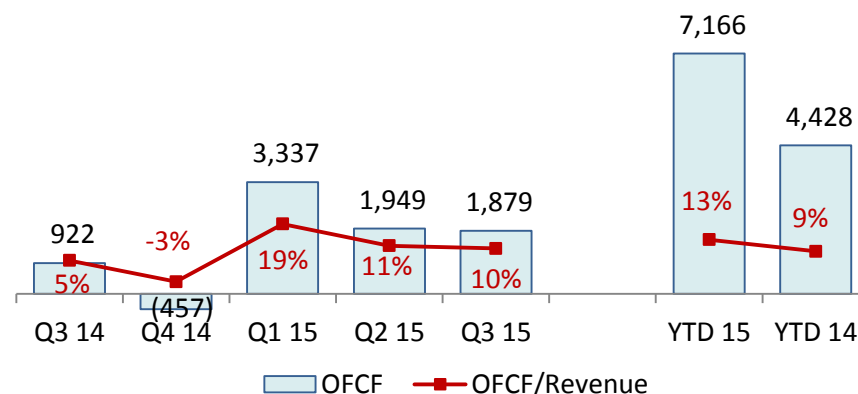
PAT post normalisation for translational forex losses exhibits growth of 11% QoQ and 40% YTD on the back of increased EBITDA

Focused Capex Investments Lead to Robust Operating Free Cash Flow

Capex (Rs Mn) & Capex Intensity (%)



Operating Free Cash Flow* (Rs Mn) & OFCF/Revenue (%)



YTD Capex directed in the main towards,

- ✓ investments in high speed broadband infrastructure
- ✓ Extension of Optical Fibre Network (OFN)

YTD operating free cash flow improved on the back of strong EBITDA performance

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

Financial Position (Rs Mn)

| | 30 Sep 15 | 30 Jun 15 | 30 Sep 14 |
|-------------------------|---------------|-----------|-----------|
| Cash & Cash Equivalents | 8,208 | 7,542 | 6,459 |
| Gross Debt | 26,187 | 24,542 | 27,584 |
| Gross Debt / equity (x) | 0.54 | 0.52 | 0.66 |
| Gross Debt/ EBITDA (x) | 1.08 | 1.03 | 1.34 |
| Net Debt/ EBITDA (x) | 0.74 | 0.71 | 1.03 |

Solid balance sheet backed by low gearing; Net debt to EBITDA maintained below 1.0x

Gross debt increased by Rs1.6Bn QoQ as a result of revaluing of USD loan outstanding following the depreciation of the LKR relative to the USD by 5.5% QoQ



Dialog and Board of Investment of Sri Lanka (BOI) signed USD175Mn (Rs24.6Bn) Investment Agreement on 21st October 2015



The investment agreements span a broad scope of ICT infrastructure development encompassing,

- ✓ Expansion of 3G and 4G high speed broadband services
- ✓ Development of Fibre Optic Transmission network, International Telecommunications network and Digital Satellite Television infrastructure
- ✓ Expansion of Digital Services portfolio spanning ventures and initiatives in Digital Payment, Commerce, Education and Health

The additional investment pledged through the agreements will take the total investment of the Group to USD1.96Bn (Rs206.0Bn), the highest among all Foreign Direct Investments (FDI) operating under the aegis of the BOI



Dialog Group Performance

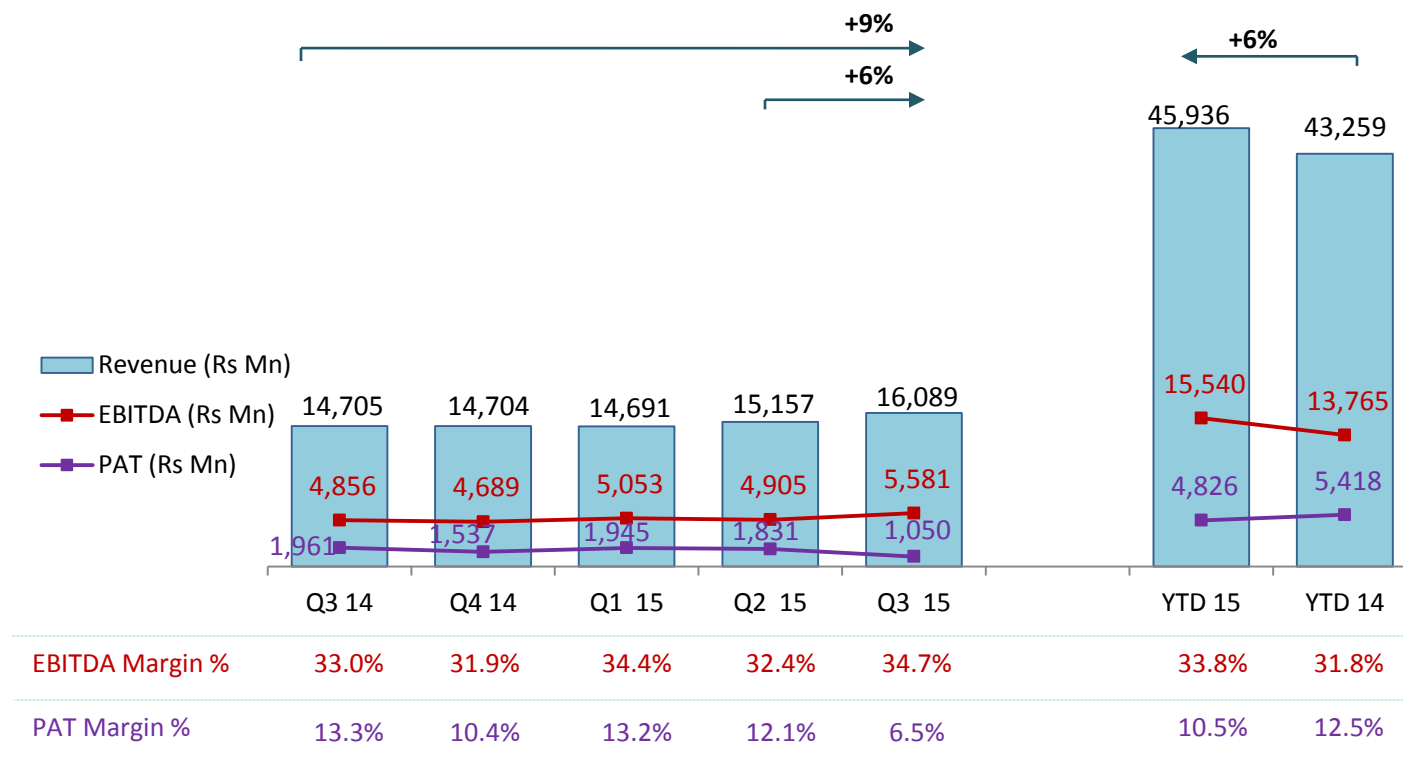
Dialog Axiata Company Performance

Subsidiary Performance



Dialog Axiata PLC (Company): Key Financial Highlights

Improved EBITDA driven by Revenue Growth and Cost Performance; PAT significantly impacted by Forex losses



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

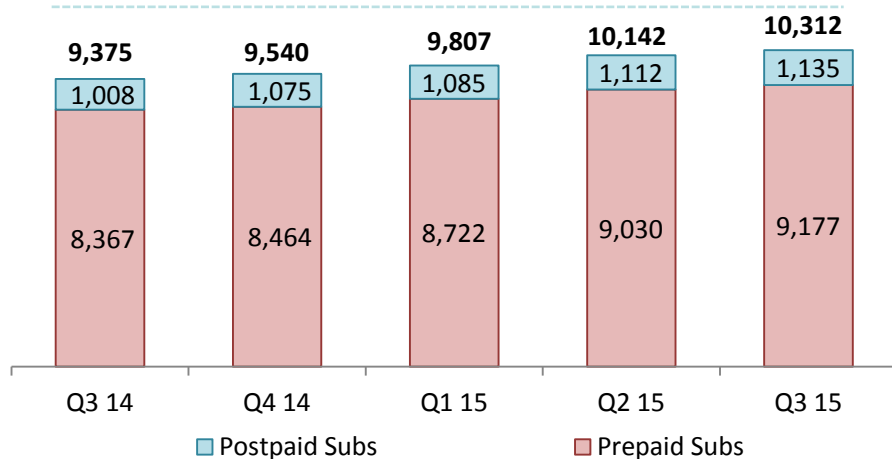
QoQ EBITDA increased by 14% in tandem with revenue growth; YTD EBITDA improved by 13% driven by growth in revenue and positive cost performance

On adjusting for translational forex losses, PAT improved by 24% QoQ and 20% YTD on the back of increased EBITDA

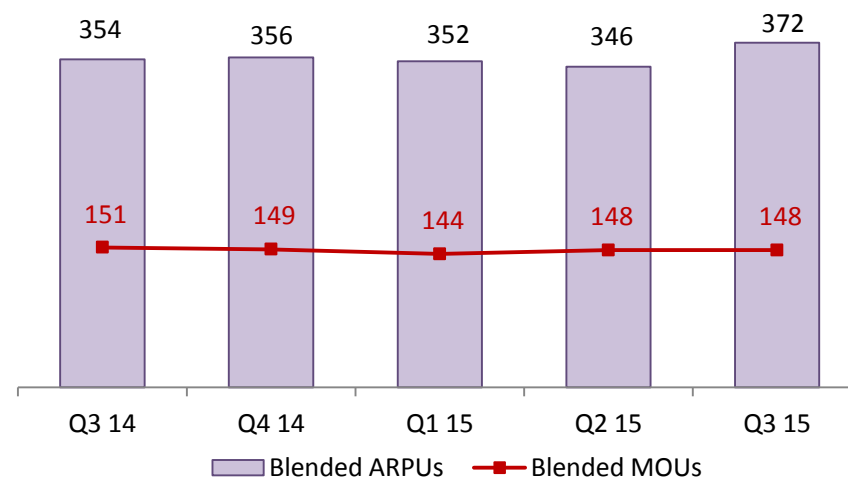
Mobile Subscriber Growth Continues; up 2% QoQ and 10% YoY

No of Mobile Subscribers'000

Total subs growth +2% qoq; +10% yoy
 Postpaid subs growth +2% qoq; +13% yoy
 Prepaid subs growth +2% qoq; +10% yoy



Blended ARPU (Rs) & MOU



Growth in Pre paid segment underpins the subscriber growth of 2% QoQ and 10% YoY

ARPU increased by 7% QoQ driven by strong contribution from voice revenue underpinned by subscriber growth and the positive impact of the removal of the 25% Bonus on Mobile Prepaid Domestic Calls and data revenue



Dialog Group Performance

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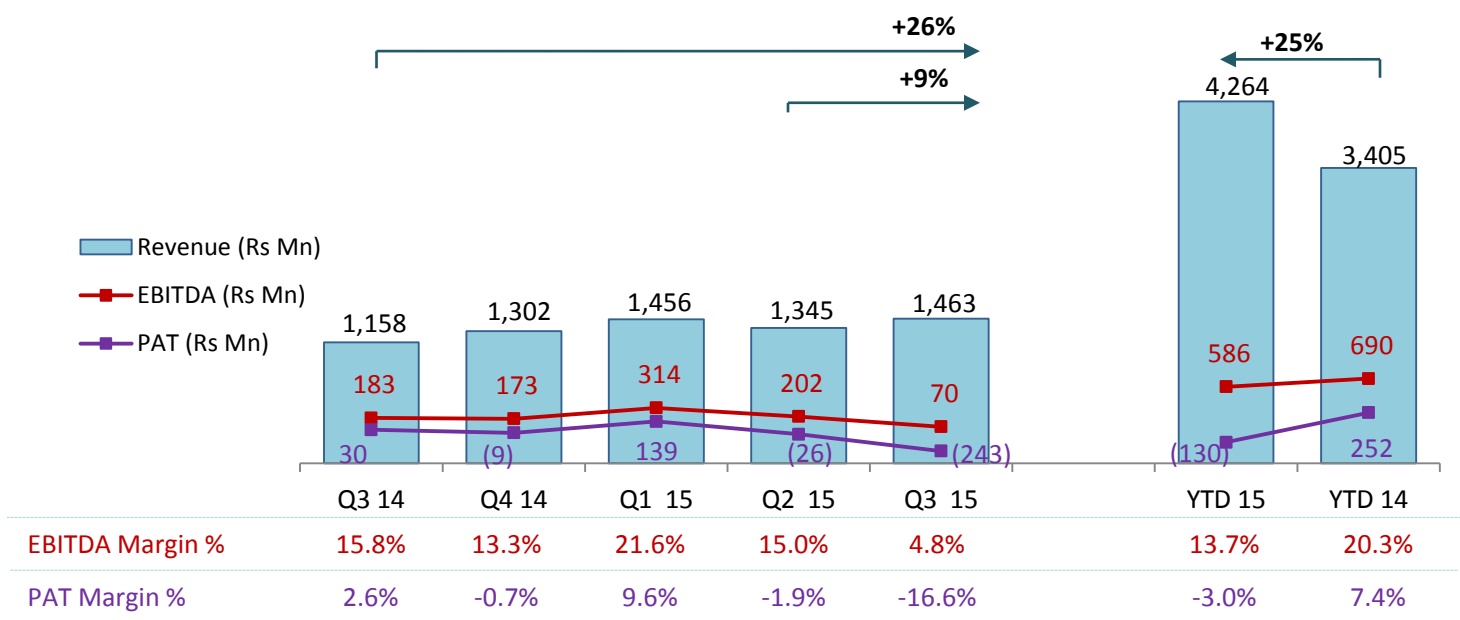
Subsidiary Performance





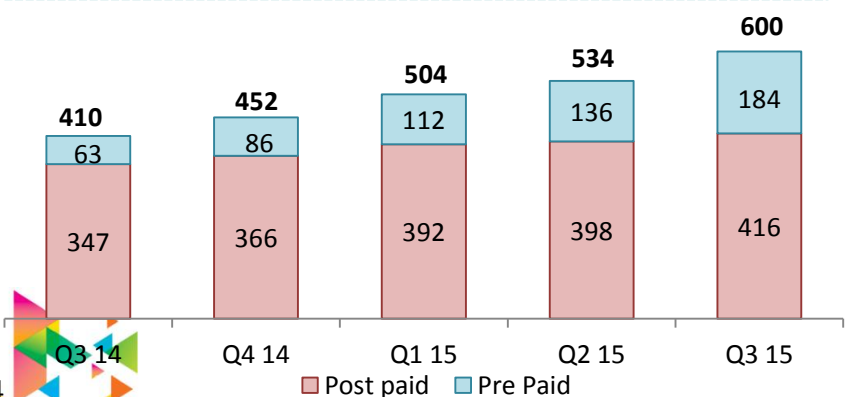
Dialog Television: Key Financial Highlights

Continues to Consolidate Revenue Growth with Revenue increasing by 9% QoQ and 25% YTD



No of Television Subscribers'000

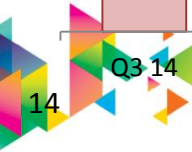
Total subs growth +12% qoq; +46% yoy
 Postpaid subs growth +4% qoq; +20% yoy
 Prepaid subs growth +35% qoq; +191% yoy



QoQ Revenue increase led by significant growth in pre paid gross addition as a result of the new pre paid offer featuring higher rental and discounted connection fee

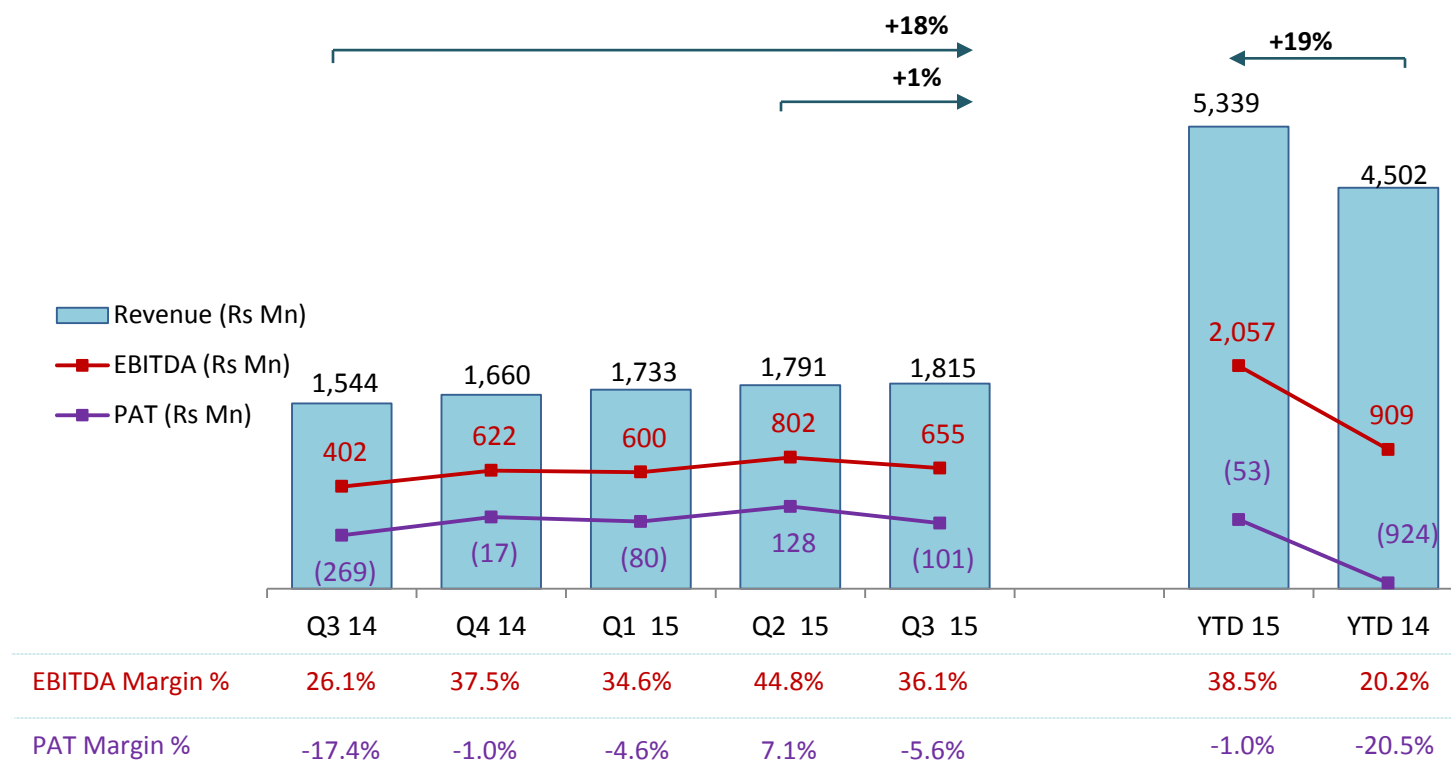
Cost expansion is driven by discounting of connection fees and has resulted in a medium term contraction of EBITDA on both QoQ and YTD basis

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



Dialog Broadband Networks: Key Financial Highlights

Net Loss reduced significantly by 94% YTD on the back of Growth in Revenue and Operating Cost Enhancements



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

YTD EBITDA improvement driven by growth in revenue coupled with positive cost performance; QoQ EBITDA impacted by increase in cost of sales (underpinning subscriber additions) and higher bad debts due to prudent provisioning

YTD PAT improvement backed by growth in EBITDA while QoQ decline in PAT due to lower EBITDA in the quarter alongside an increase in depreciation charges

Thank You

