



Enriching Sri Lankan Lives

# Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

## Q3 2014 RESULTS

5<sup>th</sup> November 2014

an axiata company



Dialog Group Performance

Dialog Axiata Company Performance

Subsidiary Performance

# Dialog Group Performance Highlights – Q3 2014

- Group Revenue at Rs17.0bn up by 2% QoQ and 6% YTD
- Group EBITDA at Rs5.5bn grew by 4% QoQ and 1% YTD driven by increase in revenue
- Group PAT at Rs1.7bn increased by 2% QoQ on the back of growth in EBITDA; while PAT improved by 13% YTD due to increase in EBITDA and favourable forex impact compared to YTD 13
- Positive FCF of Rs1.1bn in Q3 14 for the third consecutive quarter, on the back of improved EBITDA
- Group continues to maintain structurally strong balance sheet with Net Debt/EBITDA at 1.03x as at end of September 2014
- Subsidiaries continue to consolidate performance
  - DBN - 18th consecutive quarter of positive EBITDA*
  - DTV - Strong revenue growth, YTD revenue up 29%*

## Subscriber Growth Parameters

- Mobile subscriber base of 9.4Mn with 49k net adds during the quarter
- Continuous growth in Pay TV subscribers to reach 410k as at end September 2014

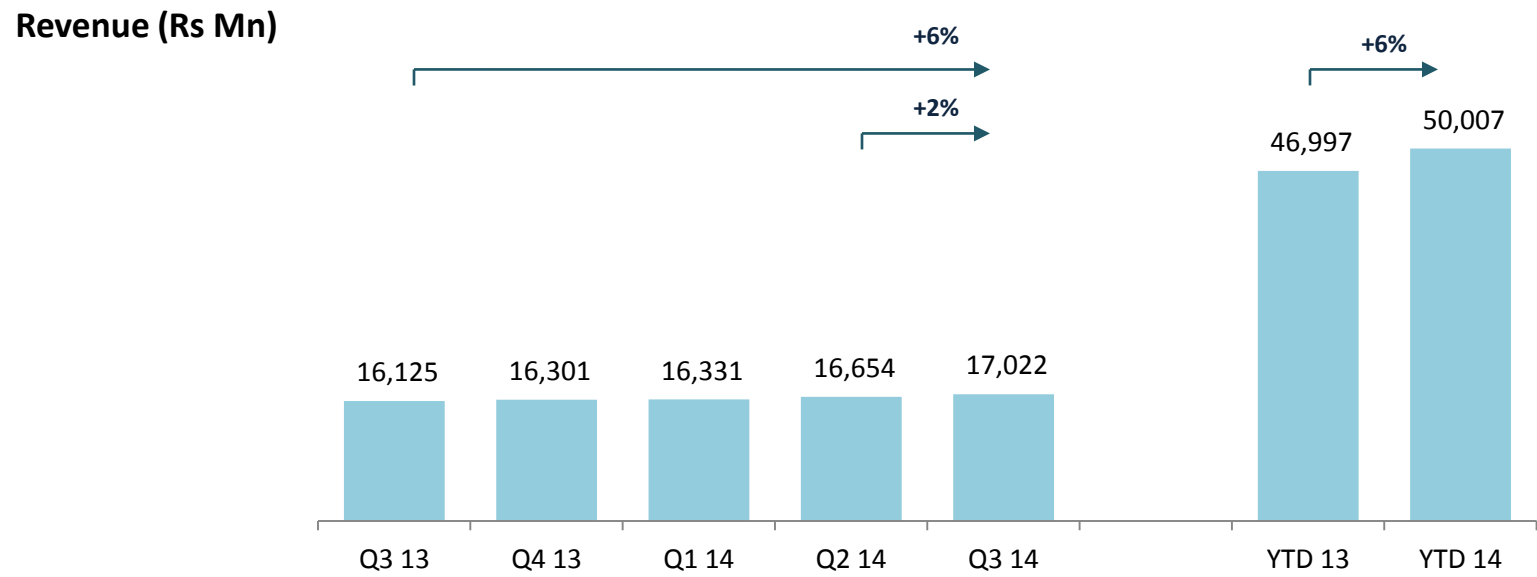


# Group Financial Summary

(All figures in Rs Mn)	Q3 14	QoQ	YTD 14	YTD
Revenue	17,022	2%	50,007	6%
EBITDA	5,452	4%	15,401	1%
PAT	1,694	2%	4,619	13%
<i>EBITDA Margin</i>	32.0%	0.5pp	30.8%	-1.7pp
<i>PAT Margin</i>	10.0%	0.1pp	9.2%	0.5pp
<i>ROIC</i>	11.9%	0.8pp	10.1%	-2.4pp

**All key financial indicators improved on a QoQ and YTD basis**  
**YTD Profitability Growth on the back of higher EBITDA and favourable forex impact compared to YTD 2013**

# Steady Increase in Revenue; up 2% QoQ and 6% YTD



Mobile continued to be the main contributor to Group revenue, grew by 3% QoQ and 11% YTD

- ✓ Voice revenue grew by 2% QoQ and 4% YTD
- ✓ Data revenue increased by 14% QoQ and 55% YTD

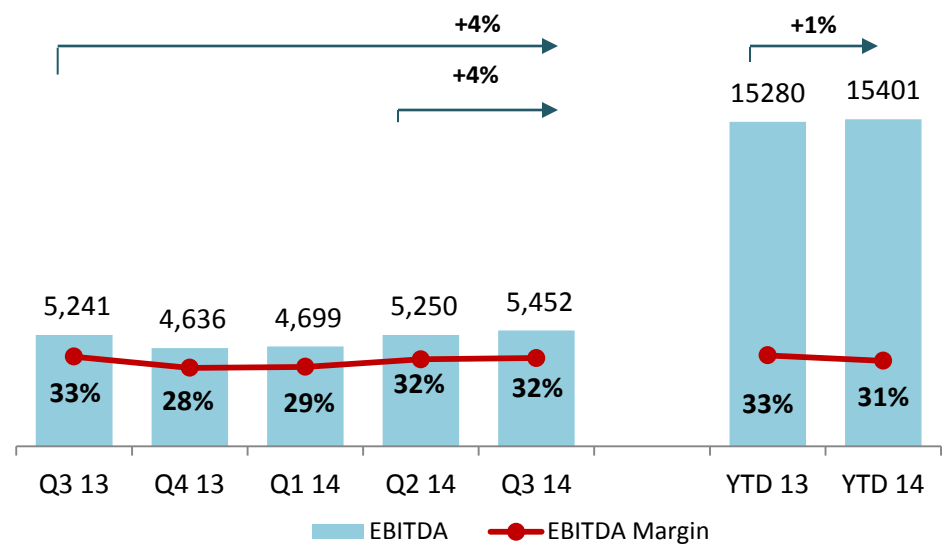
Declining termination revenue impacting International revenue; decline of 1% QoQ and 12% YTD

Television revenue grew by 29% YTD on the back of strong subscriber growth

Fixed Revenue increased by 4% QoQ and 6% YTD driven by growth in LTE and data & leased line revenues

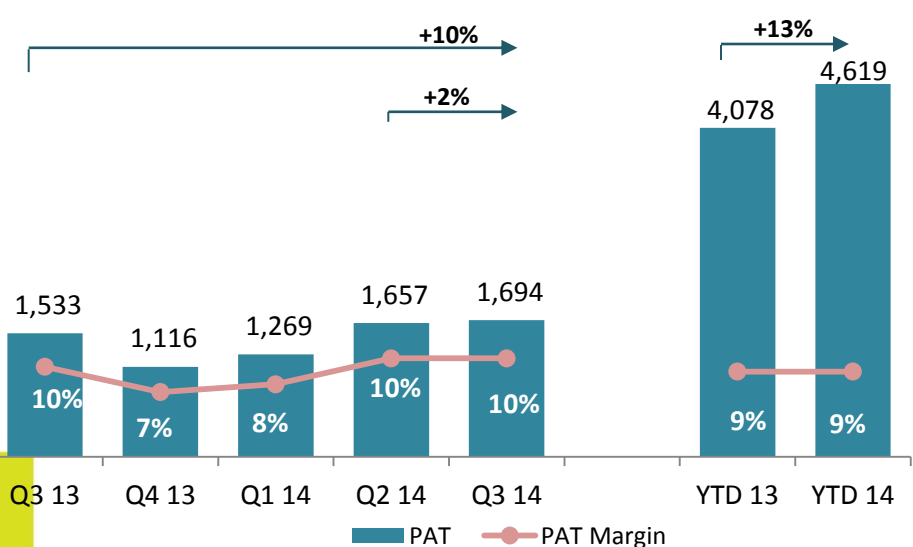
# Improvement in Profitability underpinned by Growth in Revenue

Group EBITDA (Rs Mn) & Margin (%)



- Group EBITDA increased by 4% QoQ and 1% YTD driven by growth in revenue

Group PAT (Rs Mn) & Margin (%)



- Group PAT grew by 2% QoQ due to improvement in EBITDA
- YTD Group PAT improved on the back of growth in EBITDA and favourable forex impact compared to YTD 13

# Q3 Total Cost to revenue ratio reduced by 0.5pp, due to decline in bad debt provision and marketing spend

## Total Costs

% of Revenue	Q3 13	Q2 14	Q3 14	YTD 13	YTD 14
Direct expenses	28.6%	27.0%	28.9%	28.8%	28.8%
Sales & Marketing	11.9%	13.0%	12.4%	12.3%	12.6%
Network costs	12.4%	12.3%	12.3%	12.3%	12.5%
Staff costs	8.4%	8.6%	8.4%	8.6%	8.6%
Bad debts	1.3%	2.6%	0.5%	1.1%	1.5%
Overheads	4.9%	5.0%	5.5%	4.4%	5.2%
<b>Total Cost</b>	<b>67.5%</b>	<b>68.5%</b>	<b>68.0%</b>	<b>67.5%</b>	<b>69.2%</b>

Total cost to revenue improved by 0.5ppts QoQ due to drop in bad debt provision resulting from focused collection efforts and lower marketing spend

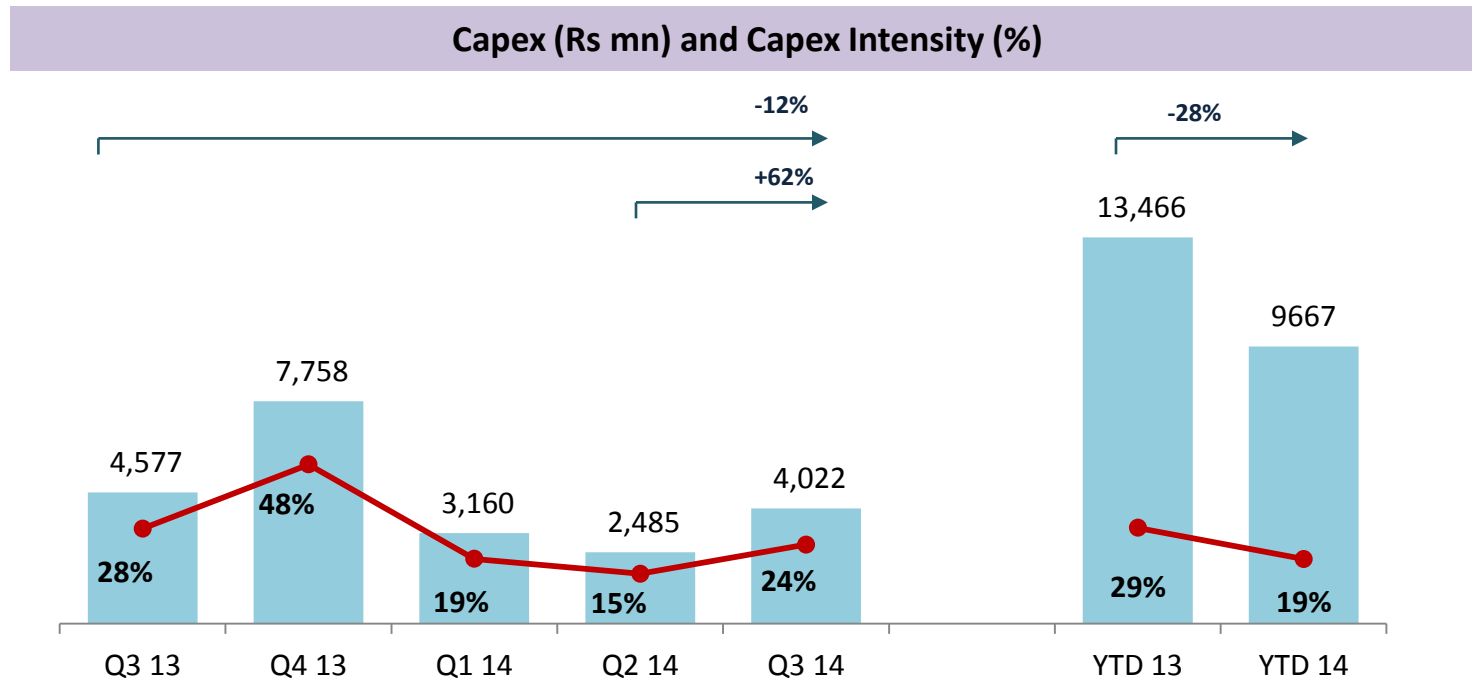
Growth in total cost on a YTD basis largely due to increase in marketing spend, network cost and YTD 13 being benefited by a VAT credit

## Financial Position (Rs Mn)

	30 June 14	30 Sep 14
Cash & Cash Equivalents	4,936	<b>7,268</b>
Gross Debt *	27,576	<b>27,584</b>
Net Assets	40,273	<b>42,045</b>
Gross Debt / equity (x)	0.68	<b>0.66</b>
Gross Debt/ EBITDA (x)	1.39	<b>1.34</b>
Net Debt/ EBITDA (x)	1.20	<b>1.03</b>

Group maintains a structurally strong balance sheet with Net debt to EBITDA ratio at a modest level of 1.03x

## Q3 2014 Capex of Rs4.0bn, capex intensity of 24%



Q3 capex focused on investment in high speed broadband infrastructure to support the Group's strategy to consolidate and grow its leadership in the data space

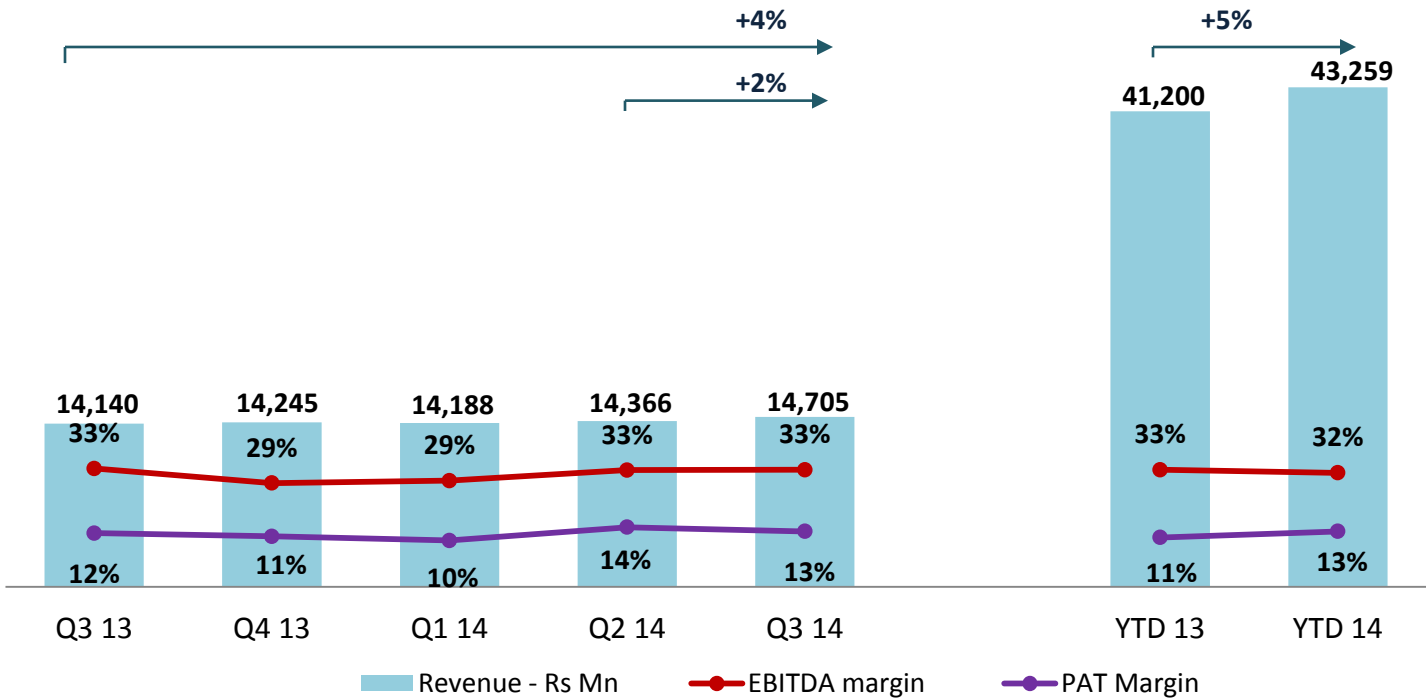


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# Dialog Axiata PLC (Company): Key Financial Highlights

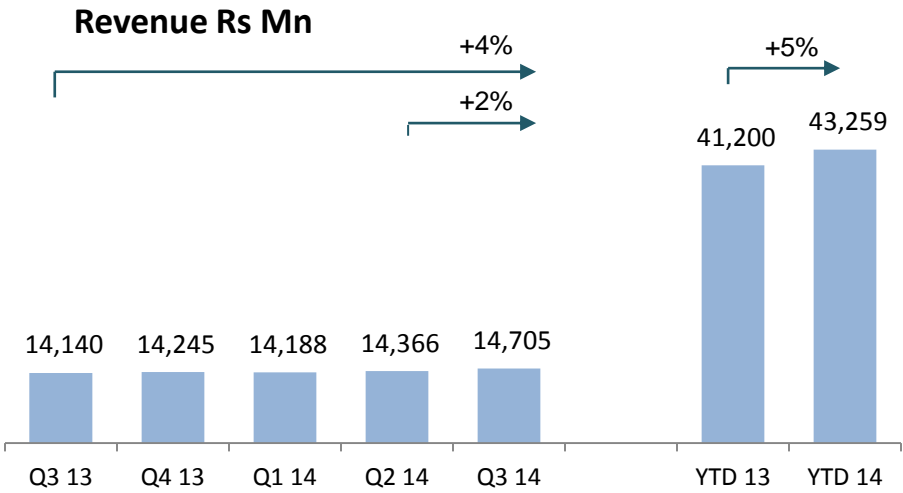


Revenue grew 2% QoQ and 5% YTD, driven by growth in voice and data revenue

EBITDA improved by 3% QoQ and 2% YTD underpinned by growth in revenue

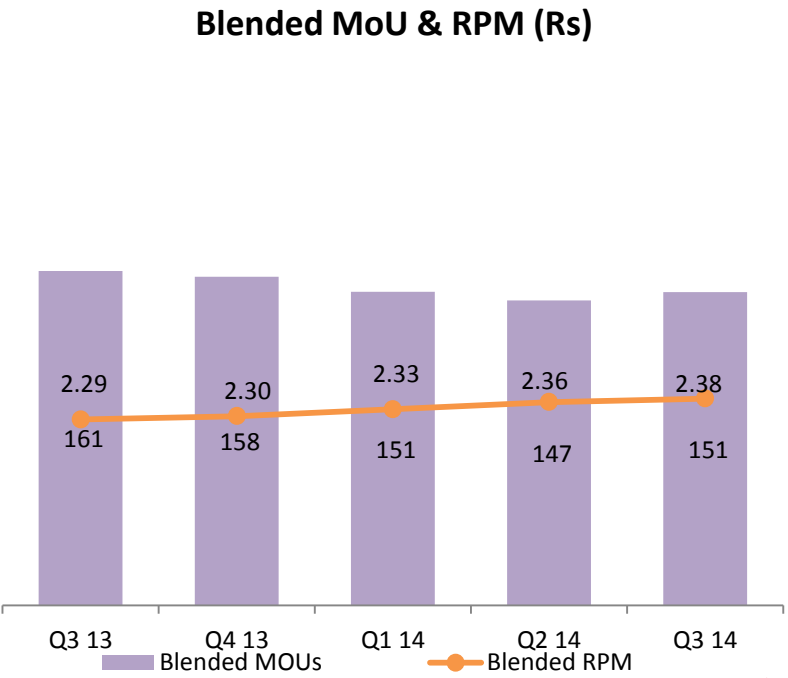
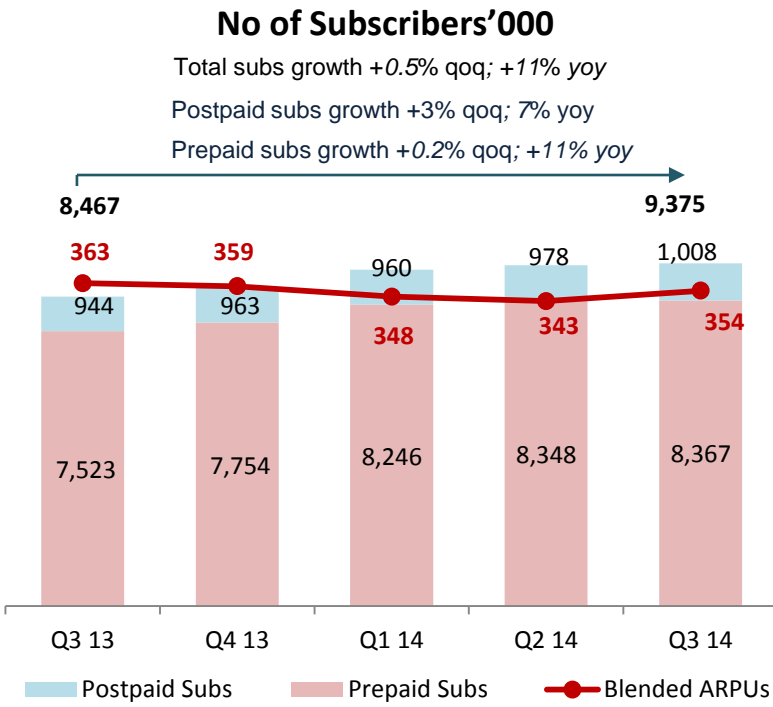
Increase in YTD PAT on the back of growth in EBITDA and foreign exchange gain in contrast to foreign exchange loss in 2013

# Mobile Subscriber Growth Continues – increase in MOUs & ARPUS QoQ



Prepaid segment driving the YoY subscriber growth of 11%

On a QoQ basis both MoUs and ARPUs increased by 3% in line with promotions launched to induce usage

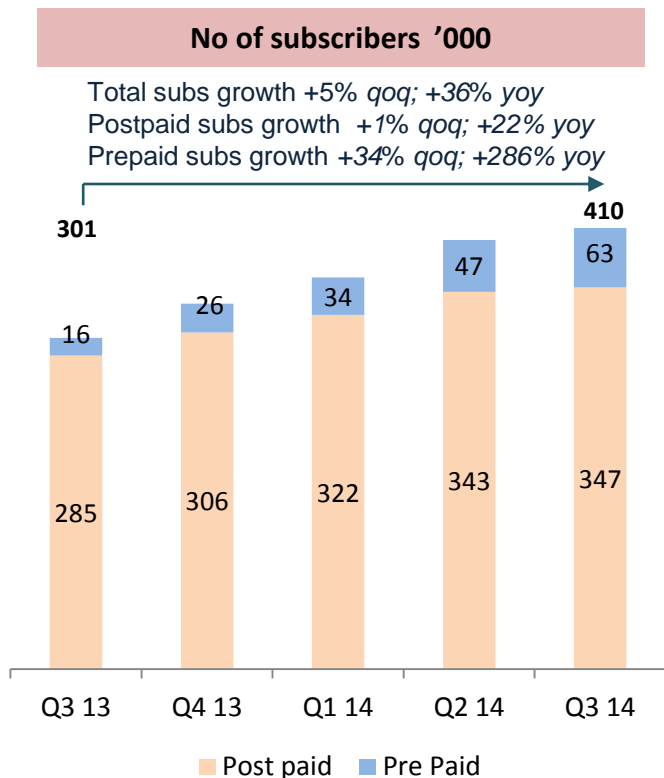
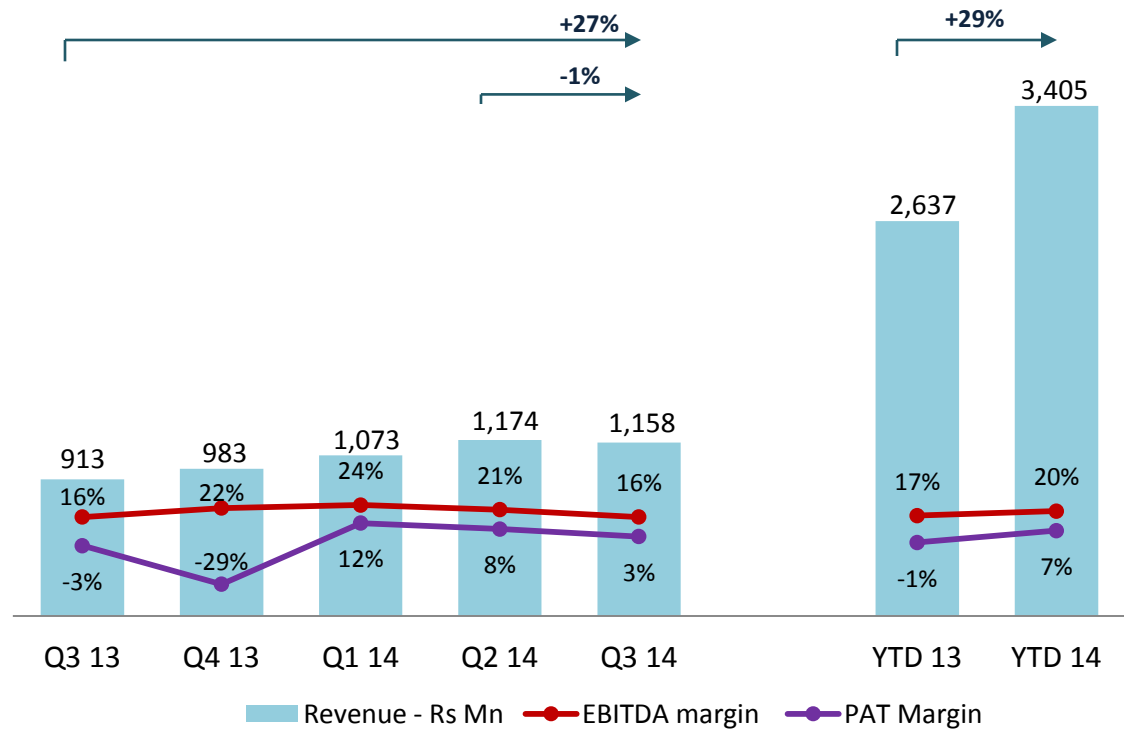


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# Dialog Television : Key Financial Highlights

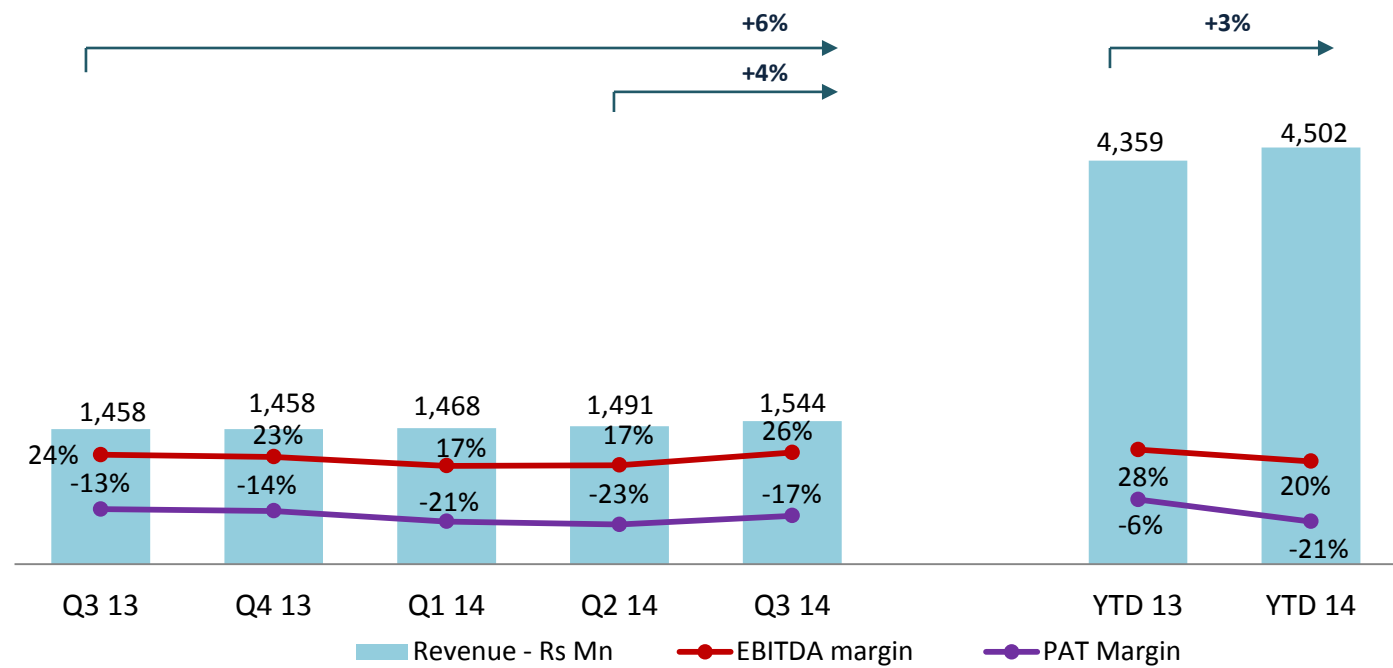


Robust revenue growth of 29% YTD on the back of strong subscriber growth

Contraction of EBITDA QoQ due to increase in channel and installation costs; YTD EBITDA improvement driven by growth in revenue

Decline in Q3 PAT due to lower EBITDA and higher depreciation whilst YTD PAT improvement driven by growth in revenue

# Dialog Broadband Networks : Key Financial Highlights



Revenue increased 4% QoQ and 3% YTD, driven by data and leased lines revenues and growth in LTE take up

YTD EBITDA impacted by the absence of VAT credit which was fully claimed in 1H 13

Decrease in YTD PAT driven by decline in EBITDA and increase in depreciation stemming from Fixed 4G LTE related investments

**Thank You**