



# Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

## Q1 2015 Results

13th May 2015

an axiata company

Dialog Group Performance

Dialog Axiata Company Performance

Subsidiary Performance



# Dialog Group Performance Highlights – Q1 2015

**Q1 Group Revenue at Rs17.3Bn, grew by 0.3% QoQ and 6% YoY**

**Strong growth in Q1 profitability driven by Operational Efficiencies Centered on Cost Management Initiatives**

- ✓ Q1 Group EBITDA at Rs6.0Bn, up by 9% QoQ and 27% YoY
- ✓ Q1 Group EBITDA Margin at 34.5%
- ✓ Q1 Group PAT at Rs2.0Bn, increased by 34% QoQ and 56% YoY

**Total remittances to the Government of Sri Lanka (GoSL) from operations of the Group amounted to Rs5.9Bn in Q1 15**

- ✓ The Group contributed Rs2.4Bn in taxes, fees and levies, inclusive of Income Tax on the basis of 2% of company revenue
- ✓ The Group collected consumption taxes of Rs3.5Bn on behalf of the GoSL, inclusive of Telecom Levy amounting to Rs2.8Bn

**Q1 Capex amounted to Rs2.2Bn; Capex intensity of 13%**

**Q1 FCF positive at Rs3.4Bn driven by improved EBITDA and lower capex spend during the quarter**

**Dialog Group continues to maintain a strong balance sheet with Net Debt to EBITDA at 0.7x as at end of March 2015**

**Subsidiaries continues to consolidate performance**

- ✓ DBN – 20th consecutive quarter of positive EBITDA
- ✓ DTV – Strong revenue growth of 36% YoY

**Robust subscriber growth**

- ✓ Mobile subscriber base of 9.8Mn – up 7% YoY
- ✓ TV subscribers surpassed the 500k milestone to reach 504k as at end of Q1 15

**Two World Awards at Mobile World Congress – Dialog Features among Global Leaders**

- ✓ Global Award for Best Mobile Money Service - eZ Cash
- ✓ Global Award for Best Technology Enabler - Ideamart

**Sri Lankan Consumers Vote Dialog as No 1 – (SLIM-Nielson People's Choice Awards)**

- ✓ Telecom Service Provider of the Year
- ✓ Internet Service Provider of the Year



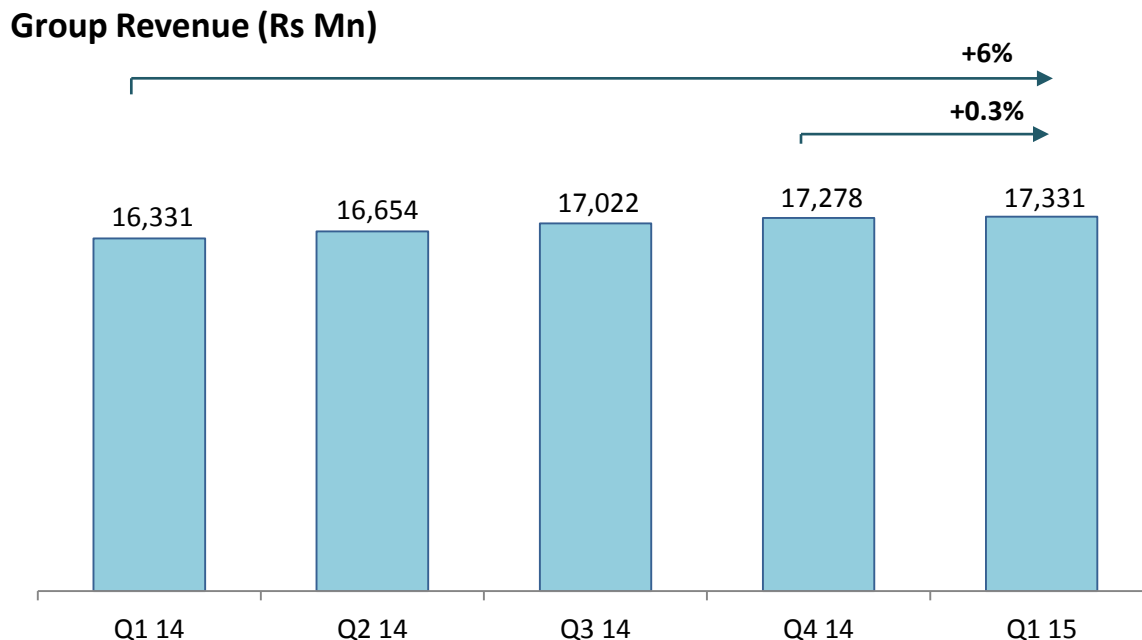
# Group Financial Summary

Rs Mn	Q1 15	QoQ	YoY
Revenue	17,331	0.3%	6%
EBITDA	5,978	9%	27%
PAT	1,982	34%	56%
<i>EBITDA Margin</i>	34.5%	2.7 pp	5.7 pp
<i>PAT Margin</i>	11.4%	2.9 pp	3.7 pp
<i>ROIC</i>	14.8%	3.3 pp	7.7 pp

**All key Financial Indicators improved both QoQ and YoY basis  
Significant Growth in Q1 profitability led by improvement in cost**



# Data and Television Revenue Growth Momentum Continues; Decline in International Revenue impacting Group Revenue Growth



Data and Television revenues driving Group revenue growth momentum

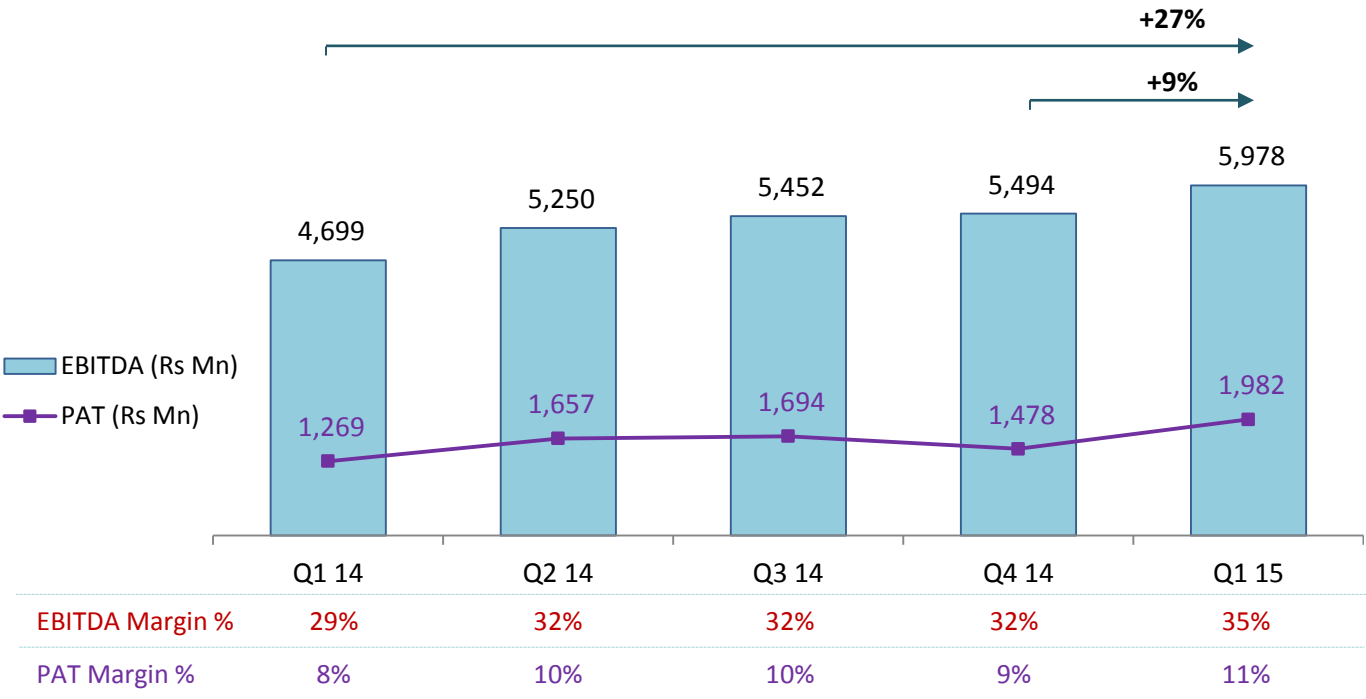
- ✓ Mobile Data revenue continued to grow 11% QoQ and 62% YoY from strong subscriber additions largely facilitated by increased smartphone adoption
- ✓ Television revenue grew by 12% QoQ and 36% YoY on the back of aggressive subscriber growth
- ✓ Robust growth in Fixed LTE Revenue QoQ and YoY driven by higher subscriber additions

Drop in International revenue curtailed group revenue growth; a decline of 8% QoQ and 21% YoY



# Q1 Profitability improvement driven by Operational Efficiencies Centered on Cost Management initiatives

Group EBITDA and PAT



Cost as a % of Revenue	Q1 15	Q4 14	Q1 14
<b>Total Group Cost</b>	<b>65.5%</b>	<b>68.2%</b>	<b>71.3%</b>
Direct Expenses	28.0%	27.7%	30.6%
Sales & Marketing	12.3%	13.5%	12.3%
Network Cost	10.9%	12.6%	12.9%
Staff Cost	8.1%	8.5%	8.7%
Bad debt	0.8%	0.5%	1.5%
Overheads	5.3%	5.4%	5.3%

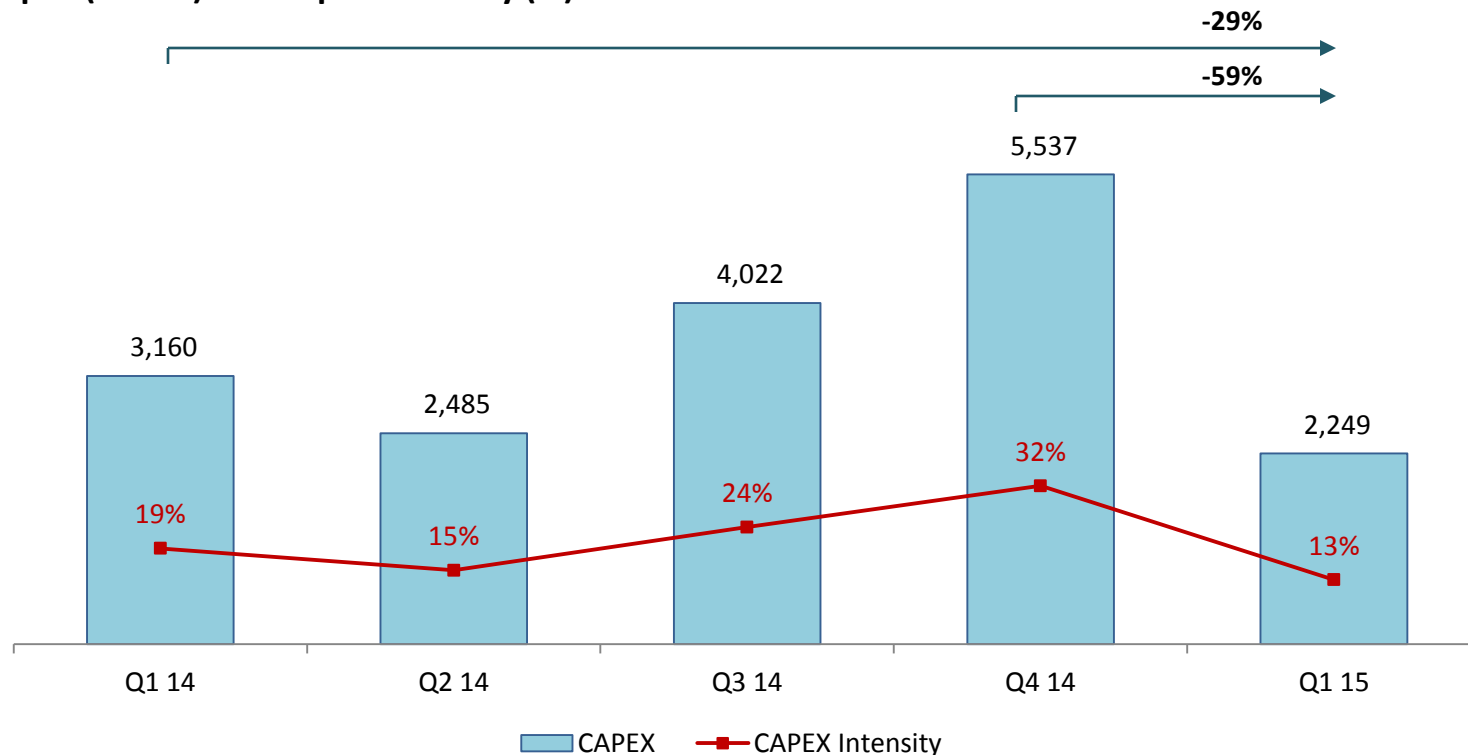
QoQ EBITDA growth driven by reduced cost arising from cost initiatives

YoY Group EBITDA improvement backed by growth in revenue and positive cost performance

PAT grew by 34% QoQ and 56% YoY on the back of strong performance in EBITDA

# Q1 15 Capex of Rs2.2Bn, Capex Intensity of 13%

Capex (Rs Mn) and Capex Intensity (%)



Capital expenditure was directed in the main towards investments in the expansion and modernisation of 2G, 3G and 4G networks and on-going large scale initiatives related to the Group's Optical Fibre Network (OFN) and Bay of Bengal Gateway (BBG) Sub-Marine Cable project





# Group maintains a Strong Balance Sheet with Net debt to EBITDA sustained below 1.0x

## Financial Position (Rs Mn)

	31 Mar 15	31 Dec 14	31 Mar 14
Cash & Cash Equivalents	<b>11,481</b>	8,736	3,517
Gross Debt	<b>28,169</b>	27,874	27,635
Net Assets	<b>46,773</b>	44,832	40,987
Gross Debt / equity (x)	<b>0.60</b>	0.62	0.67
Gross Debt/ EBITDA (x)	<b>1.18</b>	1.33	1.47
Net Debt/ EBITDA (x)	<b>0.70</b>	0.92	1.39

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

The Group's cash and bank balance increased to Rs11.5Bn as at end Q1 15 on the back of strong profits, lower capex and improvement in working capital





# Impact to the Dialog Group from Interim Budget 2015

- ✓ The Minister of Finance presented the interim budget 2015 to the Parliament on 29th January 2015. The interim budget as presented alluded to new taxes and levies potentially applicable to the operations of the Dialog Group
- ✓ Pursuant to the interim budget proposals, a draft Finance Bill and Telecommunication Levy (Amendment) Bill were published by way of a gazette notification on 30th March 2015
- ✓ The Draft Telecommunication Levy (Amendment) Bill if legislated will impose a levy from every operator providing telecommunication services as a prepaid service. With respect to the one-off taxes proposed for legislation through the (draft) Finance Bill, the impact of the said taxes is estimated at Rs3.0Bn
- ✓ The consolidated financial results for Q1 2015 excludes any and all impacts from the afore-referenced bills since they remain in draft form, and corresponding legislation has not been enacted as at the reporting date



## Dividend for FY 2014

- ✓ The distributable profit for the financial year ended 31st December 2014 prior to the application of the impact of the one-off taxes was recorded at Rs6.1Bn. The estimated one-off impact arising from new taxes to be legislated through the (Draft) Finance Bill is Rs3.0Bn
- ✓ In line with the going forward imperative of investing in the future growth of the Company, and the dilution of profit available for distribution as a result of the impact of the said taxes, the Board of Directors of Dialog Axiata PLC, has resolved to recommend for the approval of the shareholders of the Company, a total dividend of Rs1.1Bn for the financial year ended 31st December 2014 which translates to a dividend to shareholders of Rs0.13 (thirteen cents) per share



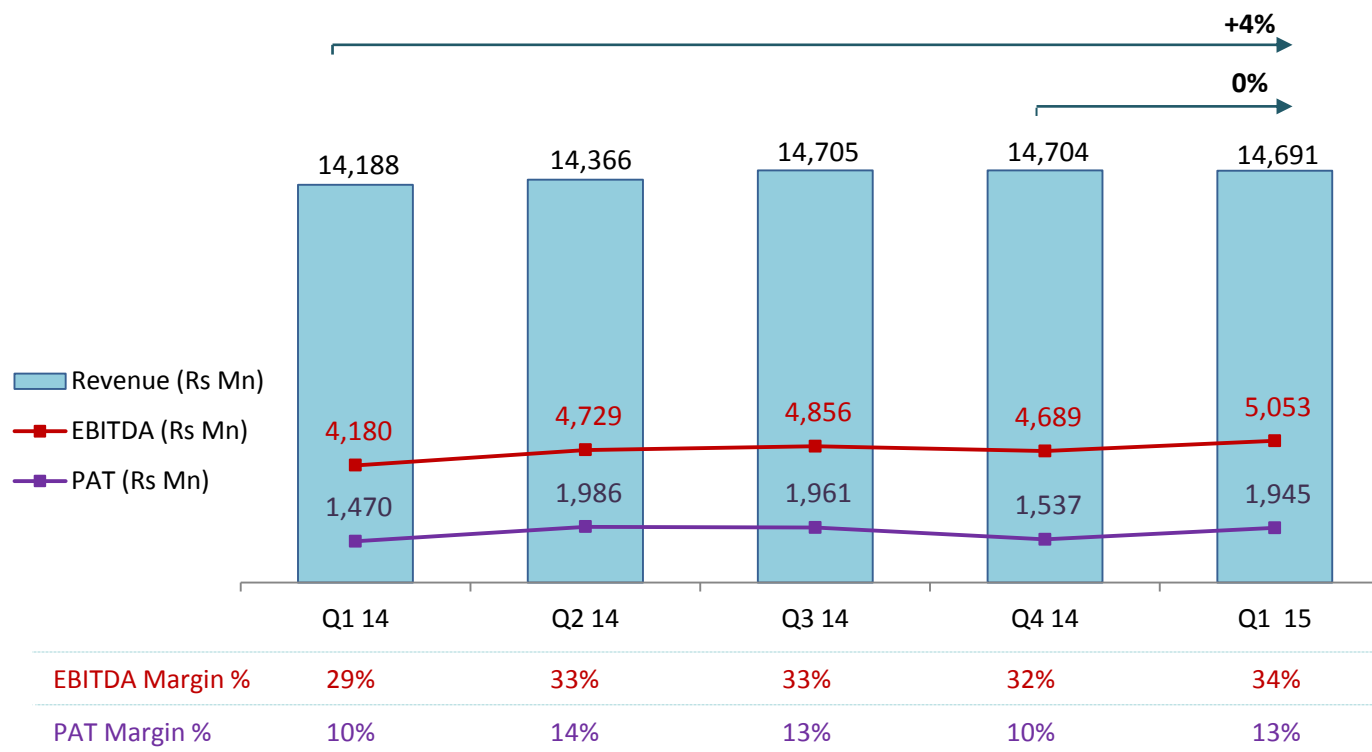
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# Dialog Axiata PLC (Company): Key Financial Highlights



YoY Revenue improvement driven by growth in data, voice and VAS revenues; Revenue remained stable QoQ

EBITDA growth of 8% QoQ backed by operating cost efficiencies; EBITDA improved by 21% YoY driven by growth in revenue coupled with positive cost performance

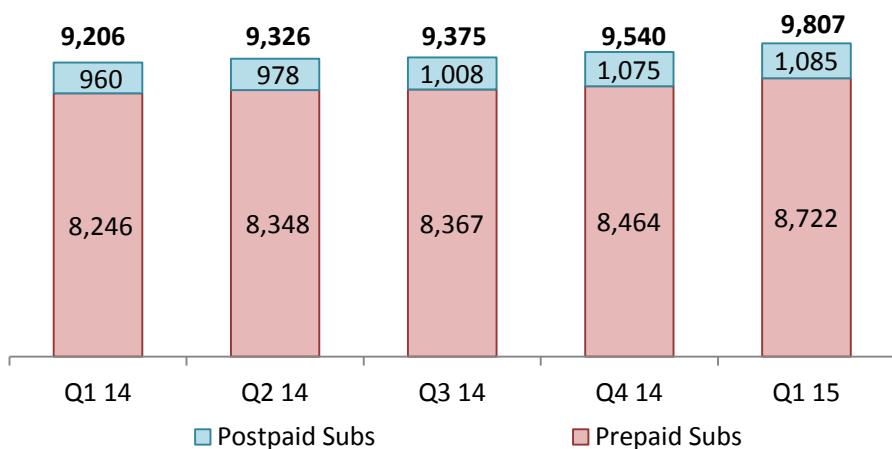
PAT grew by 26% QoQ and 32% YoY in tandem with strong EBITDA performance



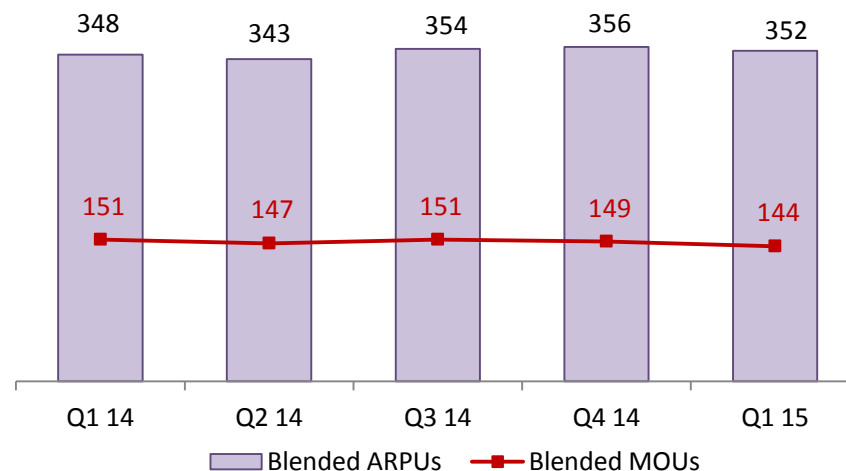
# Mobile Subscriber Growth Continues; up 3% QoQ and 7% YoY

## No of Mobile Subscribers'000

Total subs growth +3% qoq; +7% yoy  
 Postpaid subs growth +1% qoq; +13% yoy  
 Prepaid subs growth +3% qoq; +6% yoy



## Blended ARPU (Rs) & MOU



Pre paid segment driving the subscriber growth of 3% QoQ and 7% YoY

Marginal decline in MoUs and ARPUs QoQ

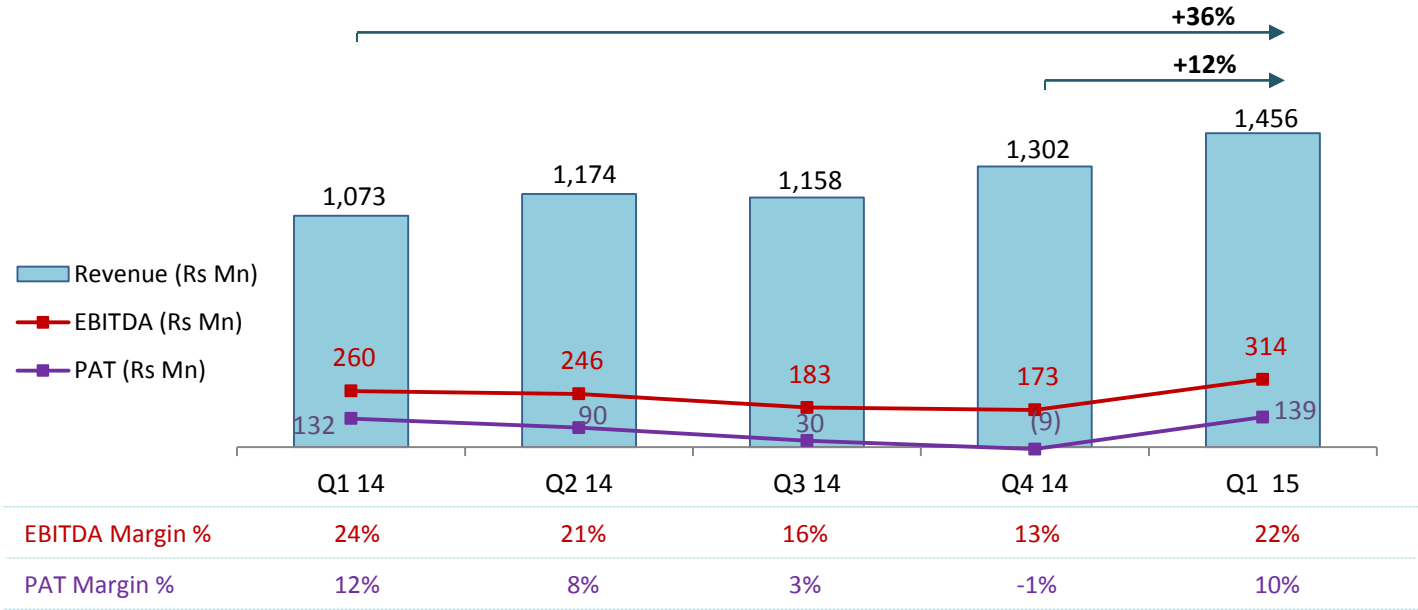


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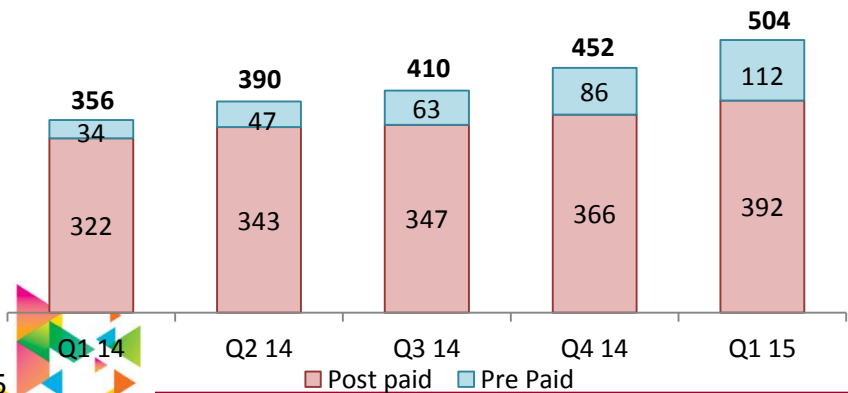


## No of Television Subscribers'000

Total subs growth +12% qoq; +42% yoy

Postpaid subs growth +7% qoq; +22% yoy

Prepaid subs growth +30% qoq; +233% yoy



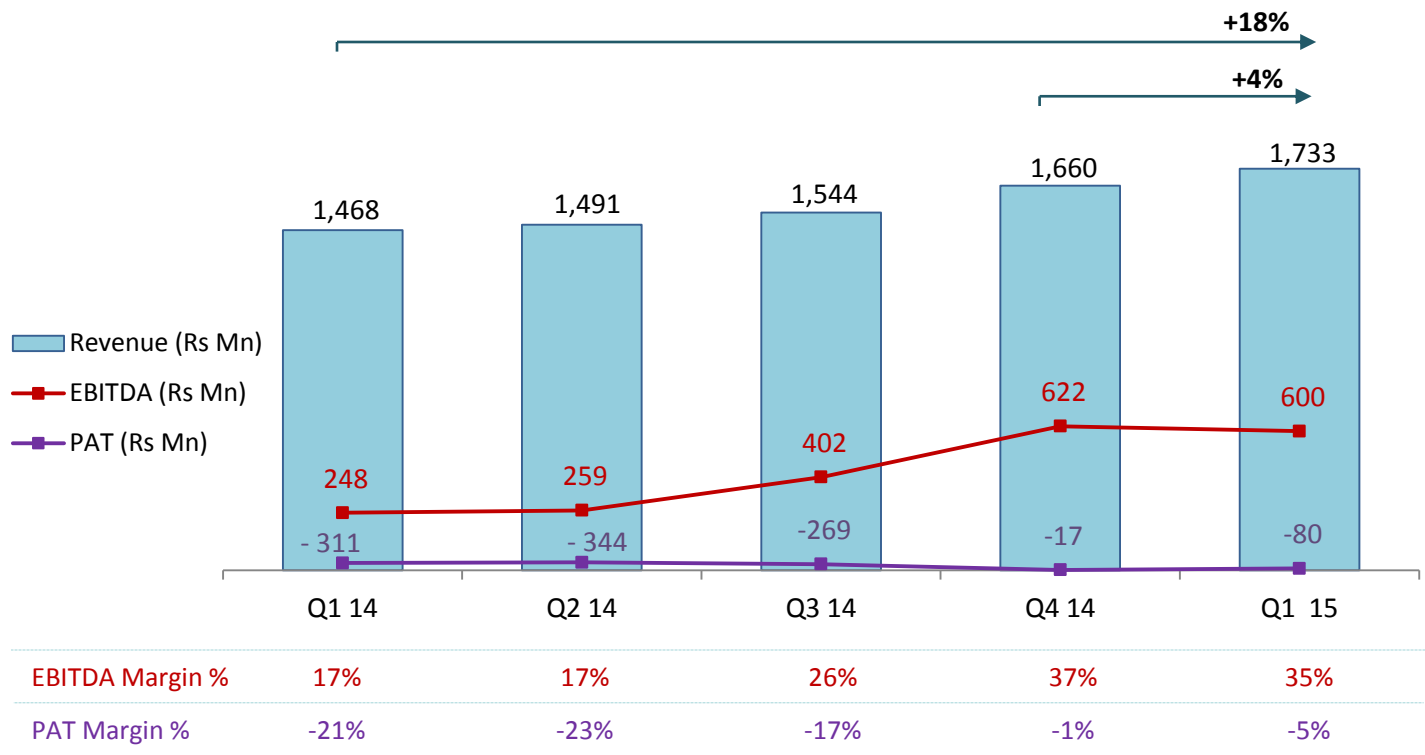
QoQ and YoY Revenue improvement driven by strong subscriber growth

EBITDA grew by 82% QoQ and 21% YoY on the backdrop of robust growth in revenue

QoQ and YoY PAT growth driven by strong EBITDA performance

Subscriber base surpassed the 500k milestone with the aggressive subscriber additions in Q1 15

# Dialog Broadband Networks: Key Financial Highlights



QoQ and YoY revenue growth driven by increased LTE take up and fiber sharing revenue

YoY EBITDA improvement backed by growth in revenue and operating cost improvements; QoQ EBITDA marginally impacted by increase in overheads and higher bad debts due to prudent provisioning

YoY PAT improvement driven by growth in EBITDA whilst QoQ decline in PAT due to lower EBITDA and increase in depreciation





# Thank You

