



Enriching Sri Lankan Lives

Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Q4 2014 RESULTS

18th February 2015

an axiata company



Dialog Group Performance

Dialog Axiata Company Performance

Subsidiary Performance

Dialog Group Performance Highlights – FY 2014

Strong Financial Performance

- FY 2014 Group Revenue growth driven by Mobile Voice and Data, Television and Fixed revenues; Group revenue at Rs67.3Bn grew by 6% YoY
- FY 2014 Group EBITDA at Rs20.9Bn improved by 5% YoY on the back of higher revenue; EBITDA margin at 31.1%
- FY 2014 Group PAT at Rs6.1Bn grew by 17% YoY driven by higher EBITDA and decrease in forex translational losses YoY; PAT adjusted for the forex translational loss was recorded at Rs6.3Bn, an increase of 6% YoY
- Total remittances to the Government of Sri Lanka (GoSL) from operations of the Group amounted to Rs24.4Bn in FY 2014
 - ✓ The Group contributed Rs11.1Bn in taxes, fees and levies, inclusive of Income Tax on the basis of 2% of company revenue
 - ✓ The Group collected consumption taxes of Rs13.3Bn on behalf of the GoSL, inclusive of Telecom Levy amounting to Rs10.5Bn
- Positive FCF of Rs4.5Bn in FY 2014 on the back of improved EBITDA and lower capex spend during the year
- Group continues to maintain a structurally strong balance sheet with Net Debt/EBITDA at 0.92x as at end of December 2014
- Subsidiaries continue to consolidate performance
 - DBN - 19th consecutive quarter of positive EBITDA*
 - DTV - Strong revenue growth, revenue up by 30% YoY*

Subscriber Growth Parameters

- Mobile subscriber base of 9.5Mn with over 822k net adds during the year
- Continuous growth in Pay TV subscribers to reach 452k as at end of December 2014



The Group Financial results for FY 2014 excludes any and all impacts from the Interim Budget 2015, due to the pending legislation and clarity corresponding to the Budget Proposals as at the time of the results release

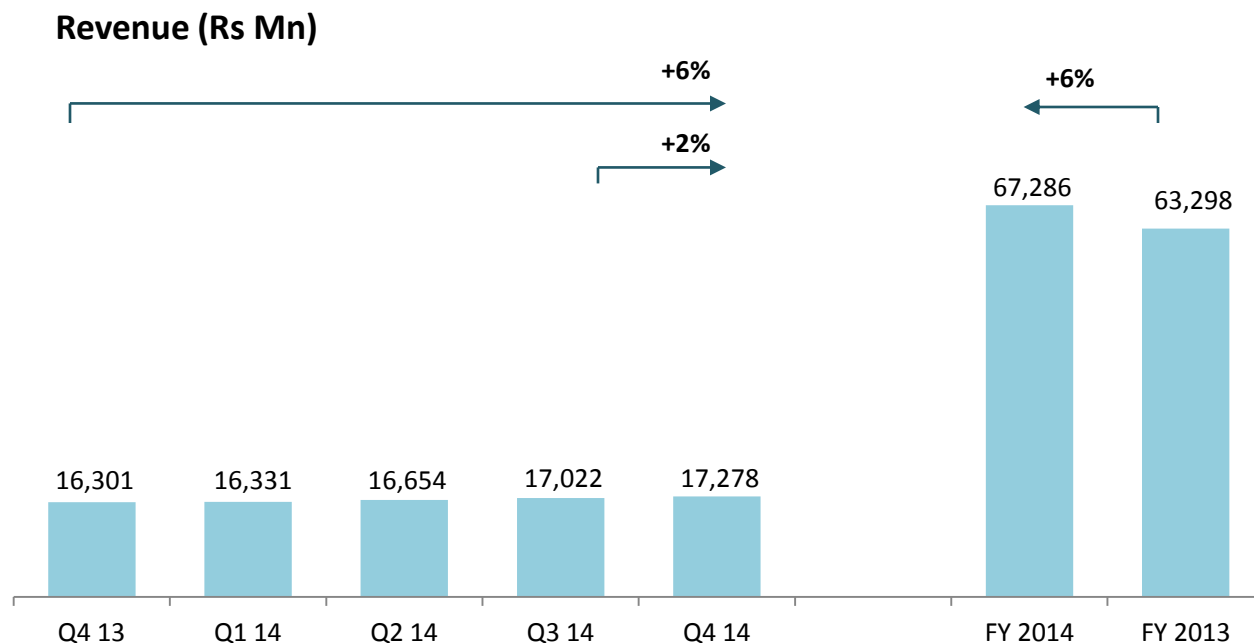
The Group has deferred the definitive quantification of Cash Flows available for the disbursement of dividends until such time the impact of the Interim Budget 2015 is determined with certainty

Group Financial Summary

(All figures in Rs Mn)	Q4 14	QoQ	FY 2014	YoY
Revenue	17,278	2%	67,286	6%
EBITDA	5,494	1%	20,895	5%
PAT	1,478	-13%	6,098	17%
<i>EBITDA Margin</i>	31.8%	-0.2 pp	31.1%	-0.4 pp
<i>PAT Margin</i>	8.6%	-1.4 pp	9.1%	0.9 pp
<i>ROIC</i>	11.5%	-0.4 pp	10.3%	-0.6 pp

All key financial indicators improved on a YoY basis while QoQ PAT impacted due to forex translational loss of Rs290Mn recorded in Q4; On adjusting for the forex translational loss, Q4 PAT was recorded at Rs1,768Mn, a growth of 3% QoQ

Group Revenue Continues its Growth Momentum; up 6% YoY and 2% QoQ



Mobile continued to be the main contributor to Group revenue, grew by 8% YoY and 1% QoQ. Voice revenue grew by 3% YoY and remained stable QoQ ; Data revenue increased by 57% YoY and 11% QoQ

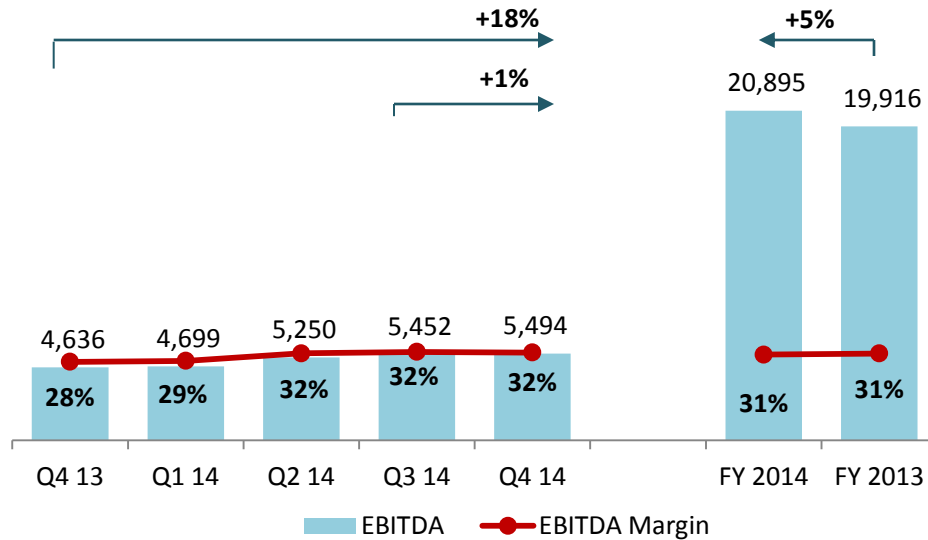
Declining termination revenue impacting International revenue; decline of 15% YoY and 10% QoQ

Television revenue grew by 30% YoY and 12% QoQ on the back of strong subscriber growth

Fixed revenue increased by 7% YoY and 8% QoQ driven by growth in LTE and leased lines revenues

YoY EBITDA Improvement underpinned by Growth in Revenue; YoY PAT Improvement driven by higher EBITDA and lower Forex Translational Losses

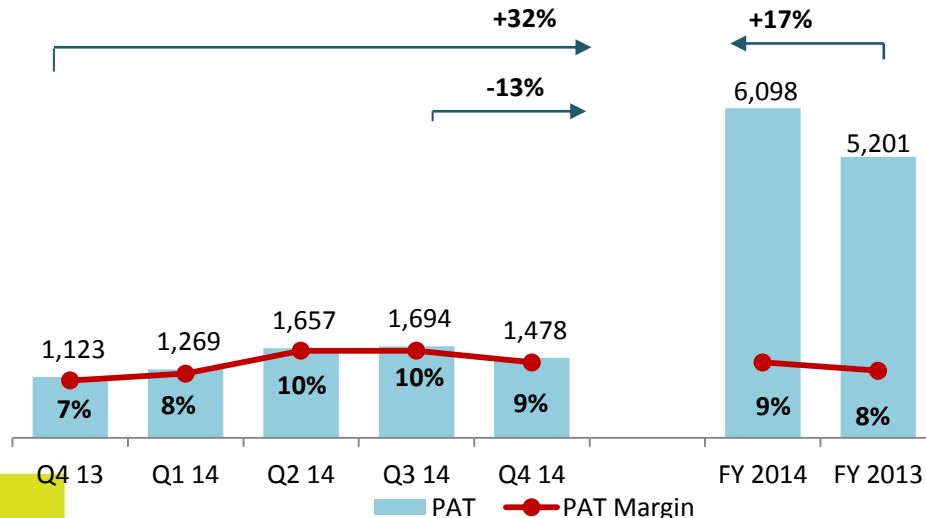
Group EBITDA (Rs Mn) & Margin (%)



Group EBITDA increased by 5% YoY driven by growth in revenue

QoQ EBITDA improvement driven by higher revenue while higher marketing spend diluting the EBITDA growth

Group PAT (Rs Mn) & Margin (%)



YoY PAT growth on the back of higher EBITDA and lower forex translational losses

On adjusting for the forex translational loss, FY 2014 PAT was recorded at Rs6,281Mn, an increase of 6% YoY

QoQ PAT impacted on the back of higher forex translational losses

On adjusting for the forex translational loss, QoQ PAT grew by 3% to record at Rs1,768Mn in Q4 14

Total Cost to Revenue up by 0.4pp YoY, due to higher sales & marketing spend and absence of VAT credit

Total Costs

% of Revenue	Q4 13	Q3 14	Q4 14	FY 2014	FY 2013
Direct expenses	30.5%	28.9%	27.7%	28.5%	29.2%
Sales & Marketing	11.9%	12.4%	13.5%	12.8%	12.2%
Network cost	13.1%	12.3%	12.6%	12.5%	12.5%
Manpower cost	8.3%	8.4%	8.5%	8.5%	8.6%
Bad debts	2.2%	0.5%	0.5%	1.3%	1.4%
Overheads	5.6%	5.5%	5.4%	5.3%	4.7%
Total Cost	71.6%	68.0%	68.2%	68.9%	68.5%

Total cost to revenue **increased by 0.4ppts YoY** due to higher marketing spend on sponsorship and promotional campaigns and expiration of VAT credit recognised during FY 2013

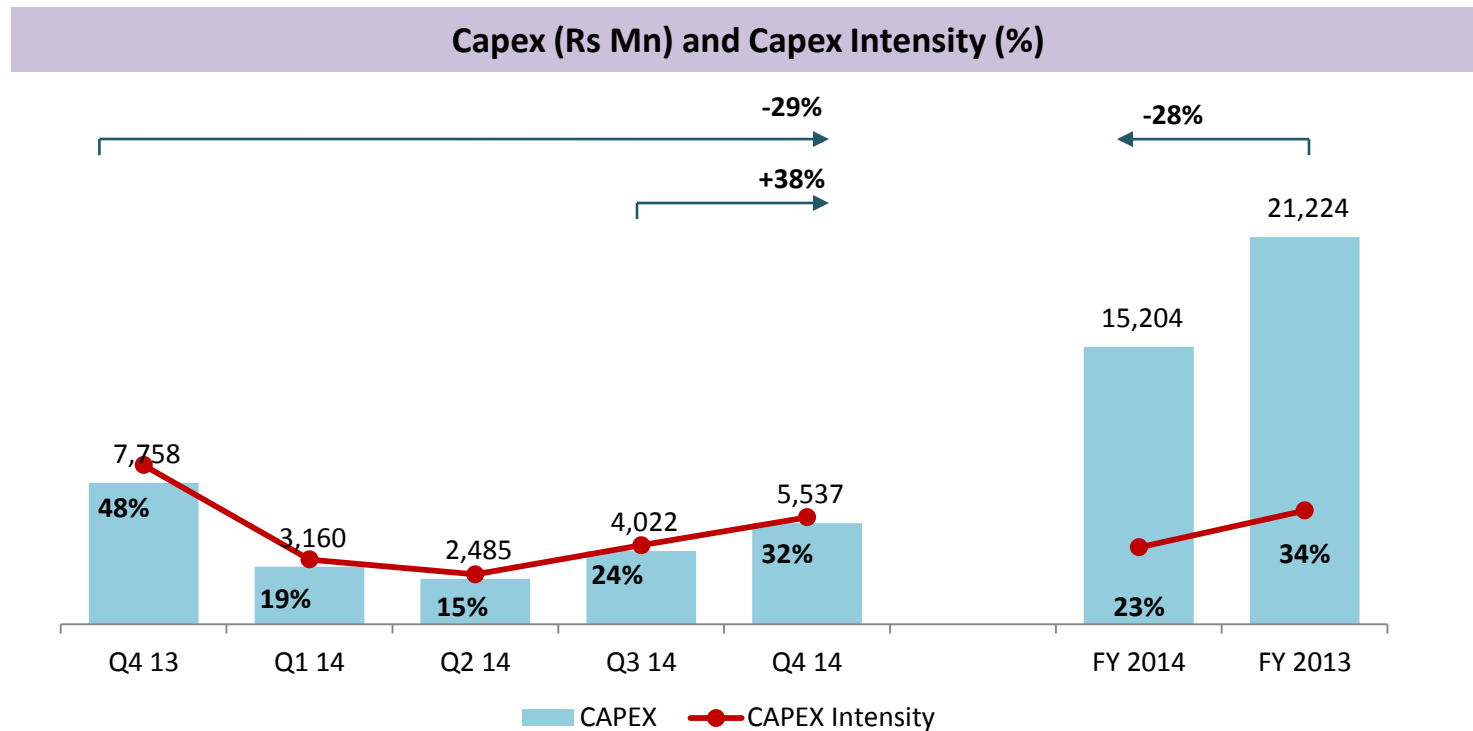
Total cost to revenue **increased by 0.2ppts QoQ** due to higher network cost and higher marketing spend on the back of promotional campaigns carried out during Q4 14

Financial Position (Rs Mn)

	30 Sep 14	31 Dec 14	31 Dec 13
Cash & Cash Equivalents	7,268	10,774	3,218
Gross Debt *	27,584	27,874	27,587
Net Assets	42,045	44,832	39,735
Gross Debt / equity (x)	0.66	0.62	0.69
Gross Debt/ EBITDA (x)	1.34	1.33	1.39
Net Debt/ EBITDA (x)	1.03	0.92	1.29

Group maintains a structurally strong balance sheet with Net debt to EBITDA ratio at 0.92x

FY 2014 Capex of Rs15.2bn; Capex intensity of 23%



FY 14 capex focused on investments in 2G, 3G and 4G networks, Optical Fibre Network (OFN) expansion projects and Bay of Bengal Gateway (BBG) Sub-Marine Cable project to further strengthen the Group's leadership in Sri Lanka's ICT sector

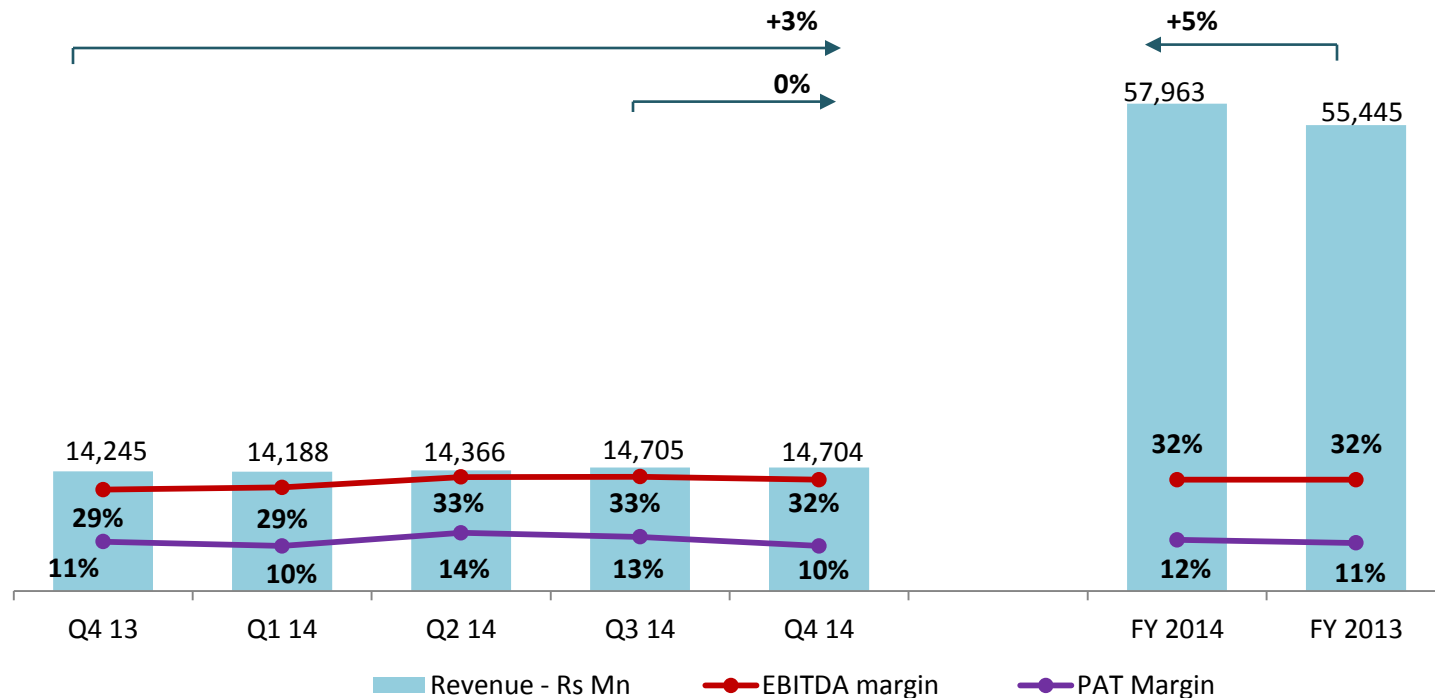
YoY capex decreased by 29%, due to reprioritisation of key projects coupled with selective network rollout

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Dialog Axiata PLC (Company): Key Financial Highlights



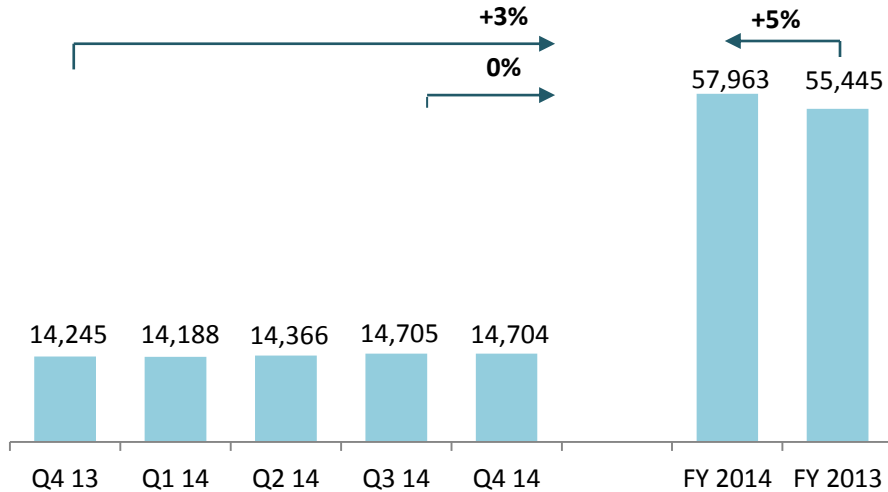
Revenue grew by 5% YoY, driven by growth in voice and data revenue

EBITDA improved by 5% YoY in tandem with revenue growth; Contraction of EBITDA QoQ due to higher marketing and network cost

YoY PAT grew by 15% on the back of strong EBITDA performance and decrease in forex translational losses; QoQ PAT impacted by decline in EBITDA and increase in forex translational losses

Mobile Subscriber Growth Continues; up 9% YoY and 2% QoQ

Company Revenue (Rs Mn)



Prepaid segment driving the YoY subscriber growth of 9%

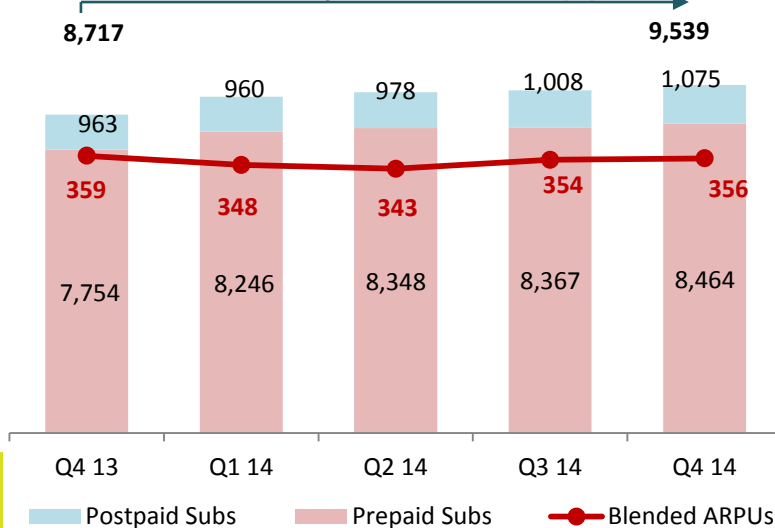
MoUs and ARPUs remained stable QoQ

No of Subscribers'000

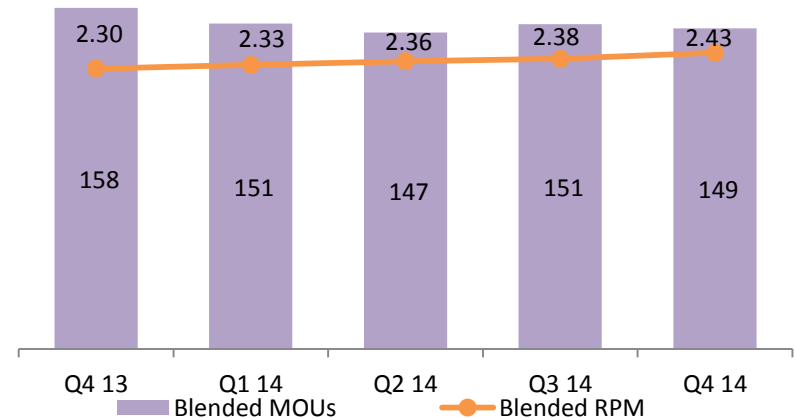
Total subs growth +2% qoq; +9% yoy

Postpaid subs growth +7% qoq; +12% yoy

Prepaid subs growth +1% qoq; +9% yoy



Blended MoU & RPM (Rs)

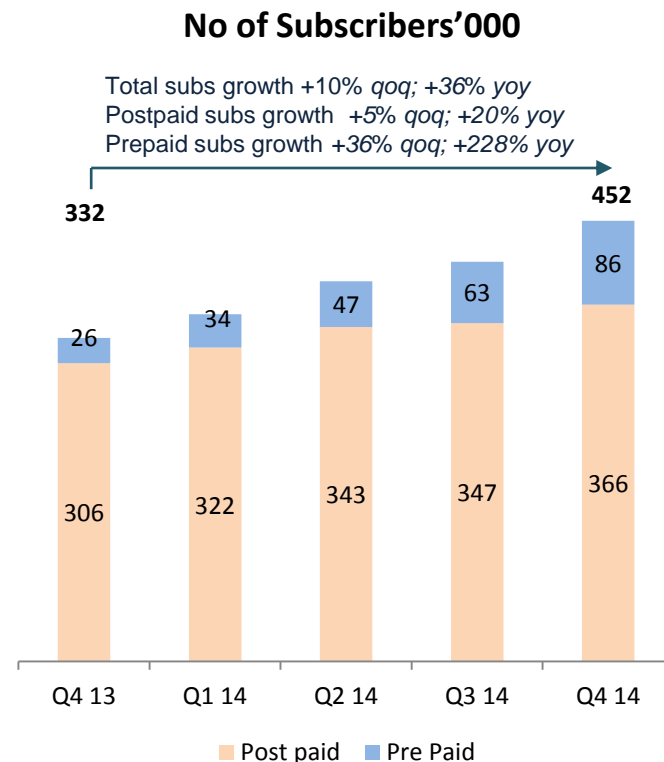
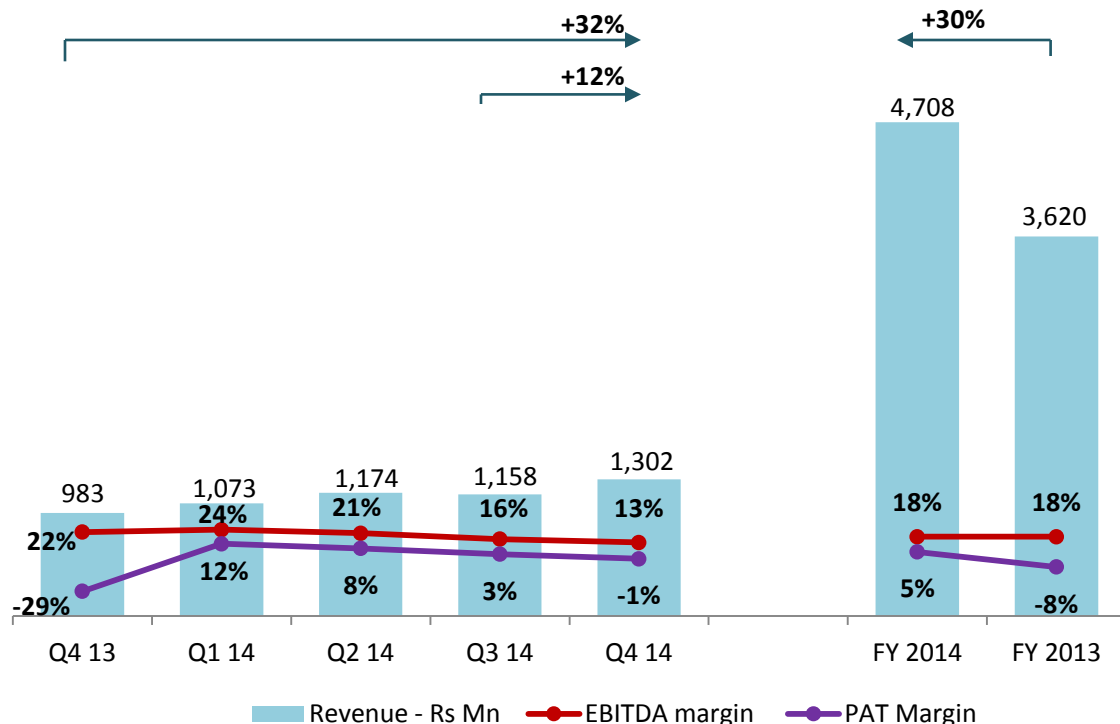


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Dialog Television : Key Financial Highlights

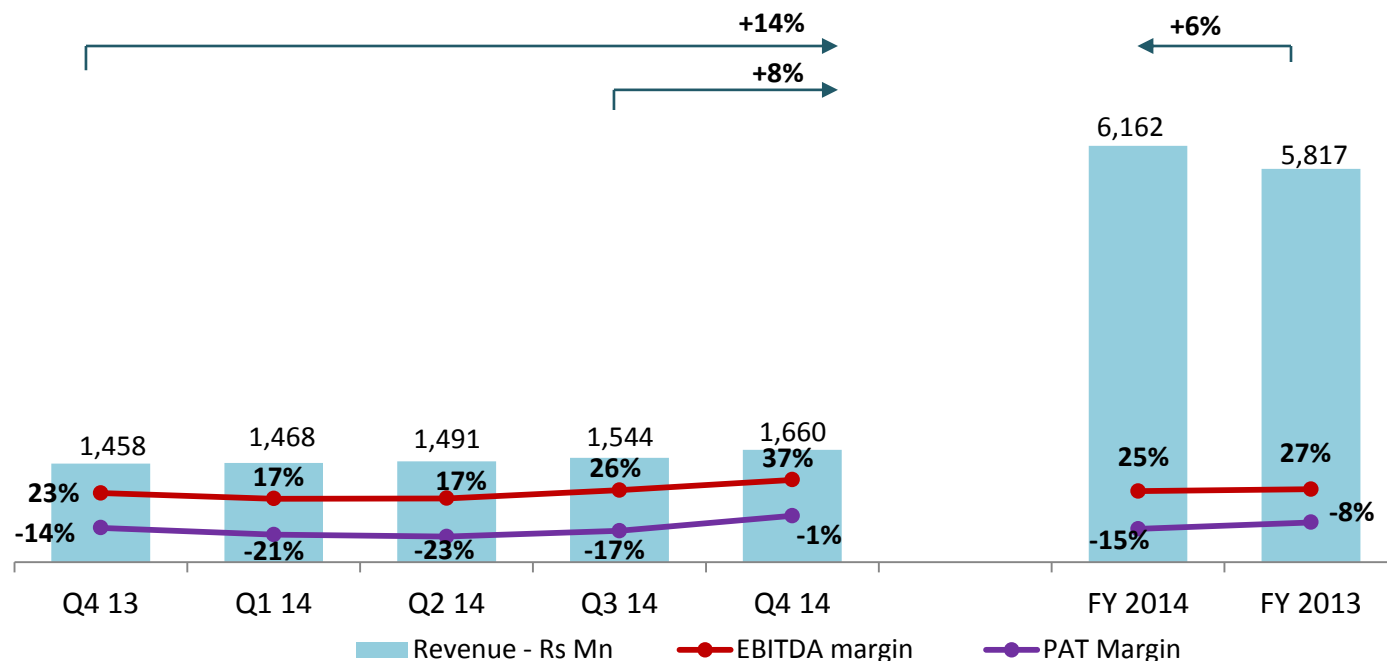


Robust revenue growth of 30% YoY and 12% QoQ on the back of strong subscriber growth

YoY EBITDA improvement stemming from growth in revenue; QoQ EBITDA marginally impacted by higher sales & marketing cost due to promotional campaigns carried out during Q4 14

YoY PAT improvement driven by growth in revenue whilst QoQ decline in PAT due to lower EBITDA

Dialog Broadband Networks : Key Financial Highlights



Revenue grew by 6% YoY and 8% QoQ , driven by increased LTE take up and leased lines revenues

Notwithstanding strong revenue performance, YoY EBITDA marginally impacted due to the expiration of VAT credit recognised during 1H 13

YoY PAT impacted by decline in EBITDA and increase in depreciation stemming from Fixed 4G LTE related investments

Thank You