



Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Q2 2020 Results

an axiata company

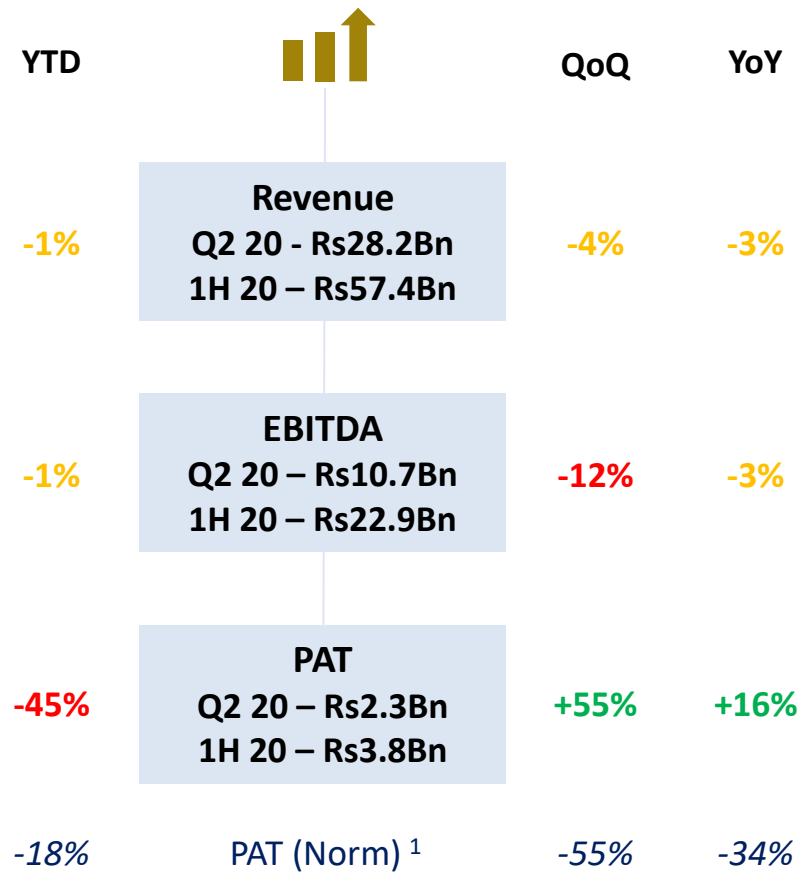
Dialog Axiata Group Performance

Dialog Axiata PLC - Company Performance

Subsidiary Performance – Dialog Broadband and Dialog TV

DIALOG GROUP PERFORMANCE HIGHLIGHTS – Q2 2020

Covid-19 Concessions Impact Dialog Revenues, Cost Control Sustains Profitability in Q2 2020



Capex Investments Directed to Fulfil Growing Demand for Data and Digitisation Initiatives



PoP Coverage
Mobile 4G - 93%
Fixed 4G - 68%

1H 20 Capex Spend
Rs4.8Bn

Capex Intensity
11%

Significant improvement in Digital adoption

- Paperless Activations – 100%
- Digital retailers – 24k
- MyDialog App – 4.5Mn

Mobile and TV Segment Revenue Impacted by Covid-19 Outbreak



Mobile



Data Continues Growth Momentum
 4% QoQ | 24% YTD



Q2 20 Revenue Impacted due to free offers; down 10% QoQ



1H 20 Revenue recorded 14% growth YTD

Aggressive Subscriber Growth



Mobile



Reached 15.1Mn Subscribers
 +5% YoY



Reached 1.5Mn Households by end June 2020
 +17% YoY | +3% QoQ

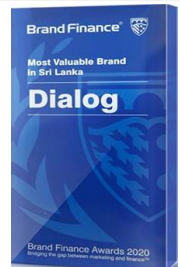


Home BB Sub Base
 +37% YoY | +14% QoQ



Dialog had the distinction of being awarded the title **‘Sri Lanka’s Most Valuable Brand’** for the second consecutive year by Brand Finance. Dialog also **retained its brand rating of AAA for the sixth consecutive year** and the title of **‘Most Valuable Telecommunications Brand’ for the 13th consecutive year**, reaffirming the brand’s ethos of empowering and enriching Sri Lankan lives and enterprises.

Fitch Ratings re-affirmed the **National Long-Term Rating of ‘AAA (Ika)’** with a stable outlook, denoting the highest rating assigned by the agency in its National Rating scale for Sri Lanka. Dialog is one of the 5 AAA rated non-financial companies to be awarded this rating. The rating given to competition is AA+.



¹ Normalised for Forex Gain/Loss

GROUP FINANCIAL SUMMARY



Rs Mn	1H 2020	YTD	2Q 20	QoQ	YoY
Revenue	57,424	-1%	28,174	-4%	-3%
EBITDA	22,867	-1%	10,702	-12%	-3%
PAT	3,800	-45%	2,311	+55%	+16%
OFCF	15,777	+37%	6,765	-25%	+92%
<i>EBITDA Margin</i>	39.8%	0.0pp	38.0%	-3.6pp	0.0pp
<i>PAT Margin</i>	6.6%	-5.2pp	8.2%	+3.1pp	+1.3pp
<i>ROIC</i>	9.7%	-3.0pp	9.7%	-2.6pp	-3.0pp

Normalised Performance

PAT ¹	4,449	-18%	1,397	-55%	-34%
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1

Covid-19 Impact on 1H 2020
Revenue estimated at LKR 2.9Bn

2

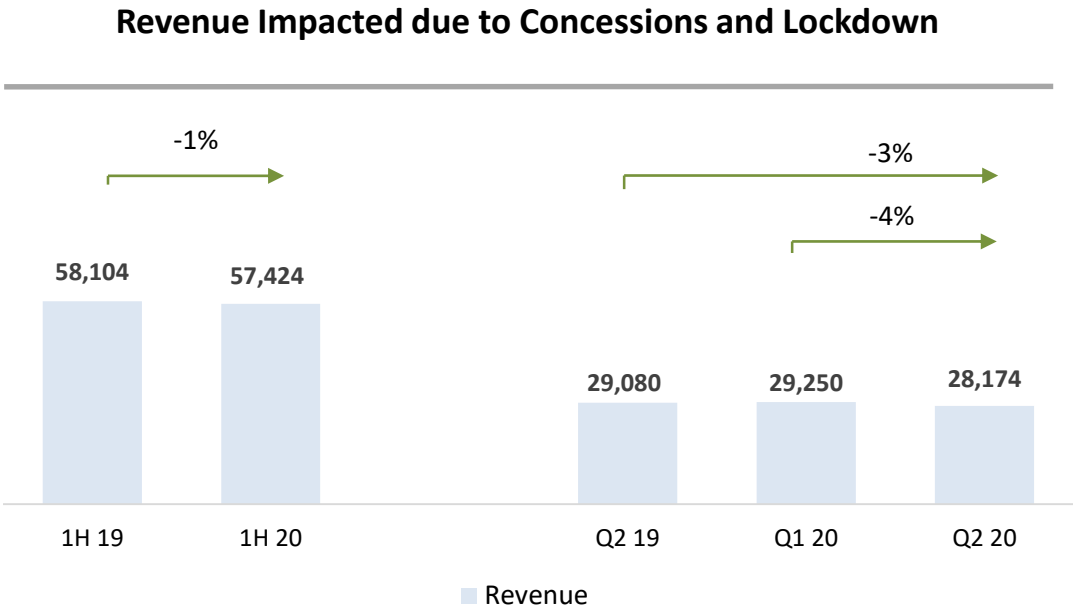
Cost Optimisation Generated Rs2.2Bn
in cost reduction (Opex 1.9Bn + Capex
0.3Bn) in 1H 2020

3

Non-cash translational forex gain
of Rs649Mn for Q2 2020 amid 2%
depreciation of the LKR against
USD during the quarter

¹ Norm for forex losses/gains

GROUP REVENUE IMPACTED BY COVID-19 CONCESSIONS...



Mobile Revenue declined 2% YTD and 9% QoQ, driven by decline in **Mobile Voice Revenue by 20% YTD and 21% QoQ**. However **Data Revenue continued growth momentum at 26% YoY and 4% QoQ** driven by increased data subscribers and 4G adoption

International Revenue declined 1% YTD albeit growing 14% QoQ due to increase in wholesale revenue

Fixed Home Broadband Revenue continued its growth trajectory up 9% YTD and 15% QoQ supported by increase in usage and subscriber acquisitions

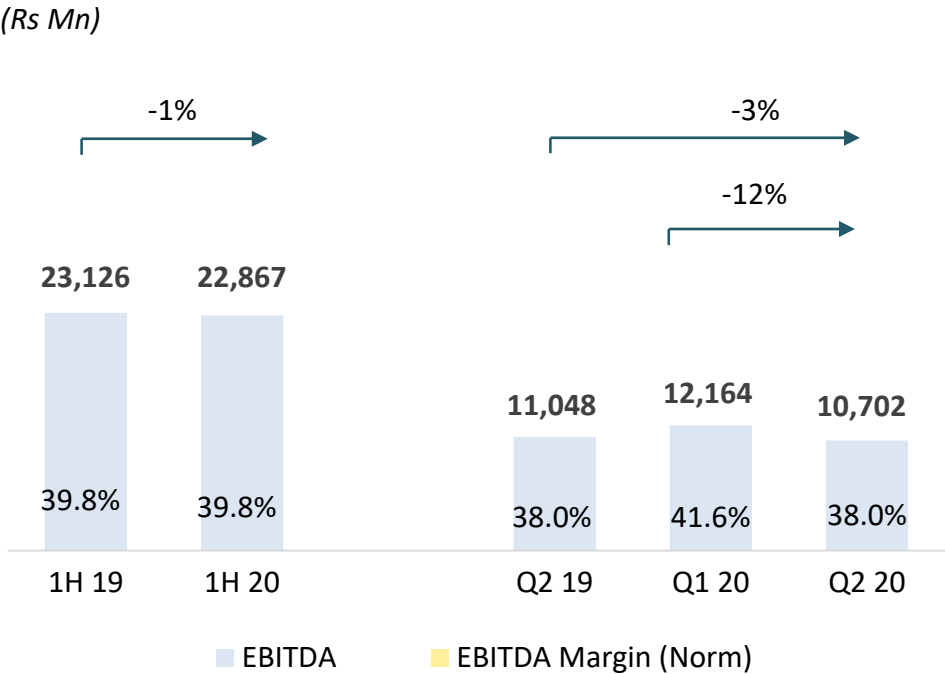
Television Revenue remained flat YTD although declining 10% due to provision of access to all channels during lockdown period

¹ Excludes Tele-Infra and International Revenue

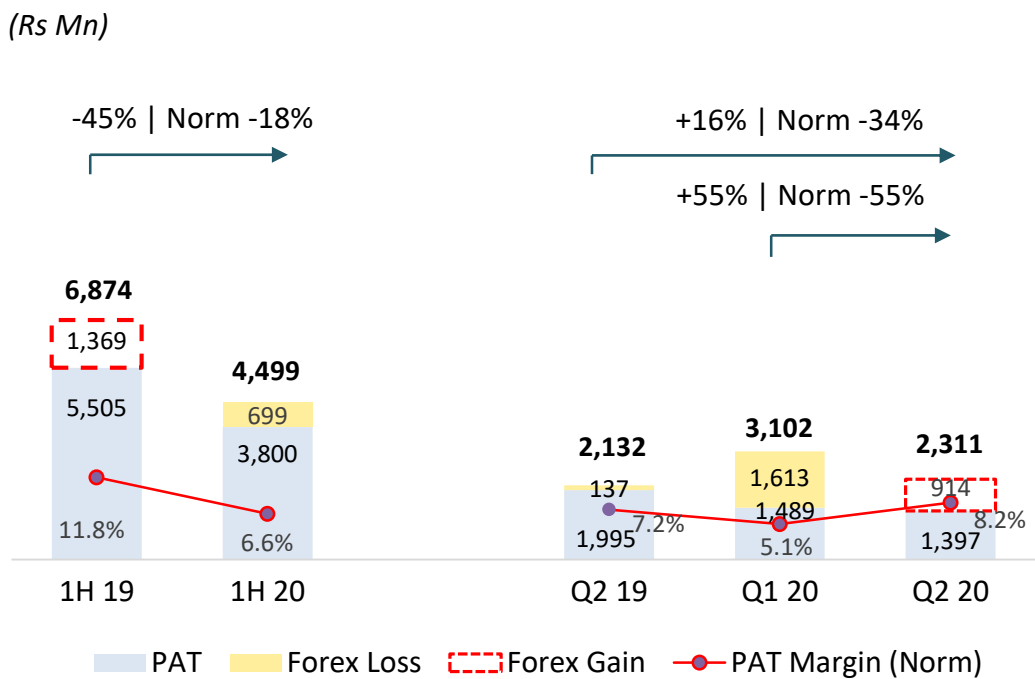
CHALLENGED TOP LINE PERFORMANCE IMPEDING PROFITABILITY; COST FOCUS AND FAVORABLE FOREX MOVEMENT COMPENSATING FOR TOP LINE SHORTFALL



EBITDA Declined amid Slowdown in Core Revenues; YTD Decline Limited to 1% due to Cost Controls



YTD PAT Declined due to Increase in Depreciation and lower EBITDA; QoQ Reported PAT Supported by Favorable Forex Movement



TOTAL COST TO REVENUE RATIO REMAINED STABLE YTD; PROVISION FOR BAD DEBTS INCREASED BY 2X

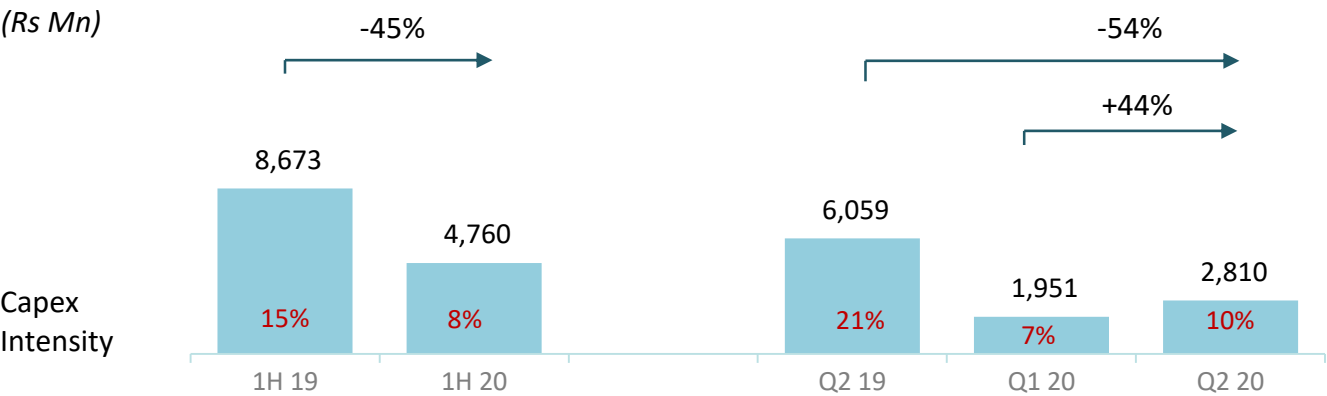
	Q2 20	As % of revenue	Q1 20	As % of revenue	Q2 19	As % of revenue	1H 20	As % of revenue	QoQ	YoY	YTD
Total Cost	Rs17,471Mn	62.0%	Rs17,108Mn	58.5%	Rs18,032Mn	62.0%	Rs34,580Mn	60.2%	+3.5pp	0.0pp	0.0pp
Direct Expenses		26.7%		26.1%		27.0%		26.4%	+0.6pp	-0.4pp	0.0pp
Sales & Marketing		7.9%		9.1%		9.9%		8.5%	-1.2pp	-2.0pp	-1.2pp
Network Cost		11.7%		11.1%		11.7%		11.4%	+0.6pp	0.0pp	+0.7pp
Staff Cost		8.5%		7.9%		8.5%		8.2%	+0.6pp	0.0pp	-0.2pp
Overheads		3.3%		2.0%		3.2%		2.6%	+1.3pp	+0.1pp	-1.0pp
Bad Debt		4.0%		2.3%		1.7%		3.1%	+1.7pp	+2.3pp	+1.7pp

FOCUSED CAPEX INVESTMENTS TO ACCOMMODATE URGENT NETWORK UPGRADES

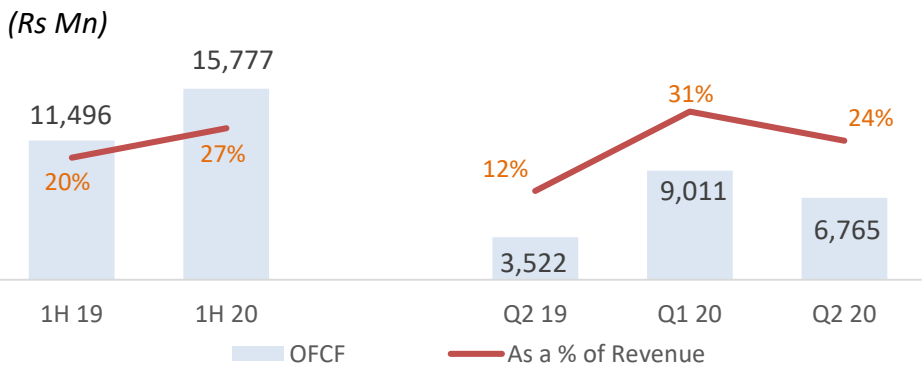
Capex Intensity at 8% in 1H 2020; OFCF Increased to 15.8Bn for 1H 2020



Capex Investments Directed Towards Digitizing and Expanding Data Network; Mobile 4G and Fixed LTE PoP Coverage Reached 93% and 68%



OFCF Improvement in FY 19 Driven by Calibrated Capex Spend and Focused Working Capital Management



Capex spend of Rs4.8Bn for 1H 20 directed mainly towards organization digitization and investments in High-Speed Broadband infrastructure consisting mainly of revenue generating capacity upgrades

Investment in Data Infrastructure includes:

- 4G capacity upgrades
- 4G coverage expansion

GROUP'S NET DEBT TO EBITDA REMAINED HEALTHY AT 0.75X



(Rs Mn)	30 Jun 20	31 Mar 20	31 Dec 19	30 Jun 19
Gross Debt	42,761 ¹	45,052 ¹	44,876	51,103
Net Debt	34,354	39,425	39,986	42,050
Cash and Cash Equivalents	8,407	5,628	4,890	9,053
<i>Gross Debt / Equity (x)</i>	<i>0.58</i>	<i>0.59</i>	<i>0.60</i>	<i>0.73</i>
<i>Gross Debt/ EBITDA (x)</i>	<i>0.93</i>	<i>0.93</i>	<i>0.96</i>	<i>1.10</i>
<i>Net Debt/ EBITDA (x)</i>	<i>0.75</i>	<i>0.81</i>	<i>0.86</i>	<i>0.91</i>

The Low Geared Balance Sheet Structure Demonstrates the Group's Financial Strength and Resilience

¹ Gross Debt includes Interest Payable on borrowings

Dialog Axiata Group Performance

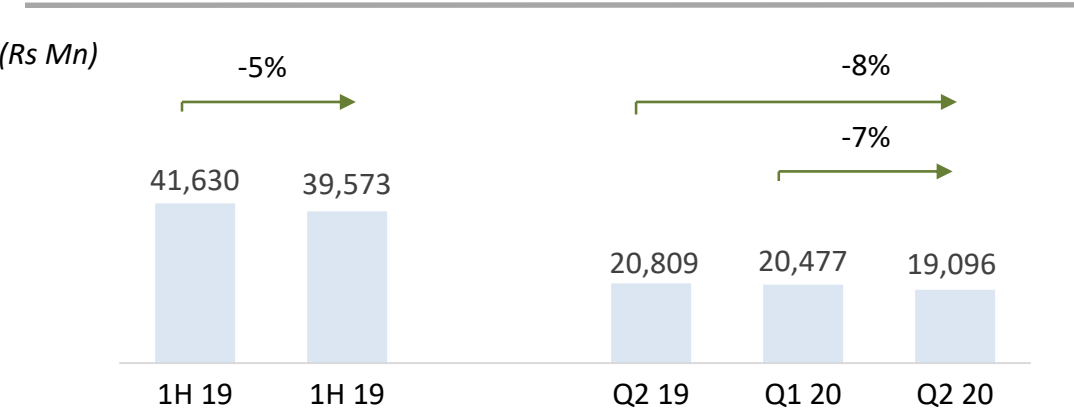
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DIALOG AXIATA PLC (COMPANY) : DIALOG CORE REVENUES AND PROFITABILITY IMPACTED BY COVID
CONCESSIONS AND DELAYS IN COLLECTION

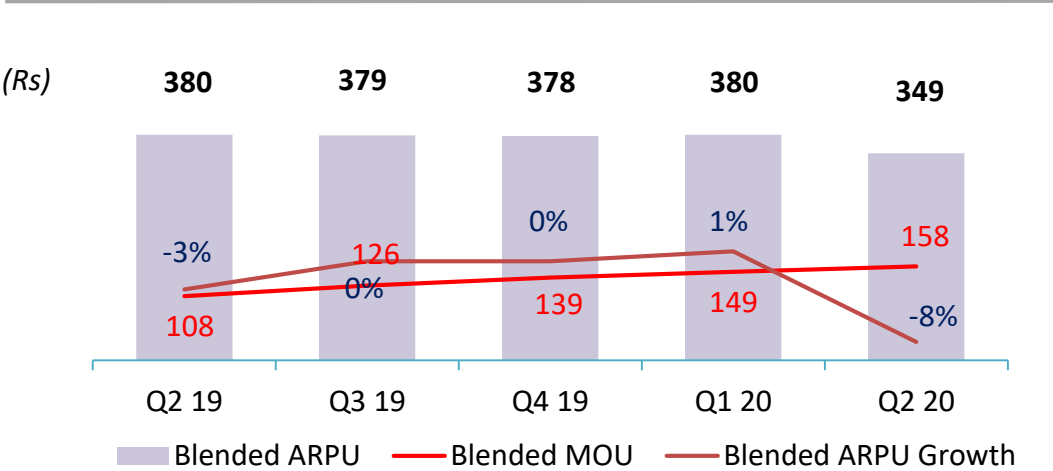


Revenue Decline due to Challenges on Core Revenue

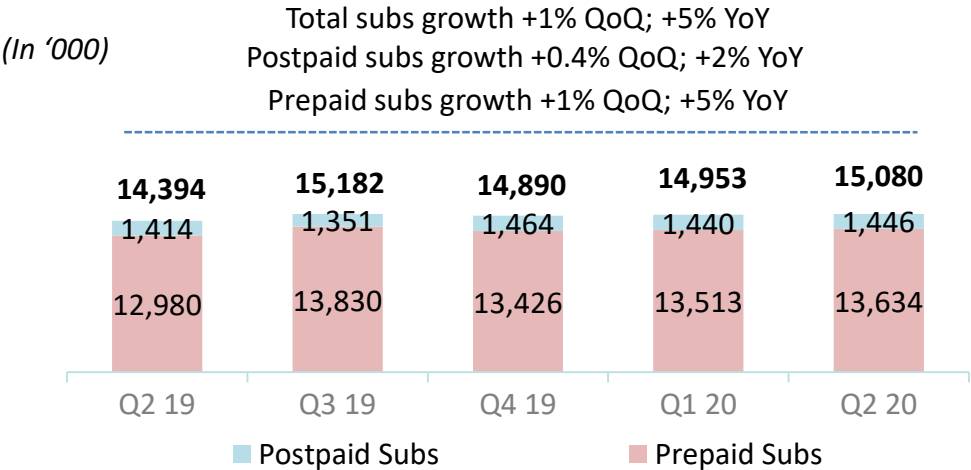


¹ Normalised growth excludes hubbing revenue

MOU's Continue to Improve; ARPU Declined due to Drop in Voice Revenue



Subscriber Growth Driven by Customer Acquisition and Retention Initiatives



Profitability Impacted by Core Revenue Challenges; QoQ and YoY PAT Grow amid Forex Gain

(Rs Mn)	YTD 20	YTD	Q2 20	QoQ	YoY
EBITDA	17,089	-3%	7,921	-14%	-4%
PAT	4,478	-34%	2,832	+72%	+43%
EBITDA Margin %	+43.2%	+1.0pp	+41.5%	-3.3pp	+2.0pp
PAT Margin %	+11.3%	-4.9pp	+14.8%	+6.8pp	+5.3pp
PAT Norm ²	5,299	-3%	1,950	-42%	-7%
PAT Margin %	+13.4%	+0.3pp	+10.3%	-6.1pp	+0.1pp

² Normalised for forex Gain/Losses

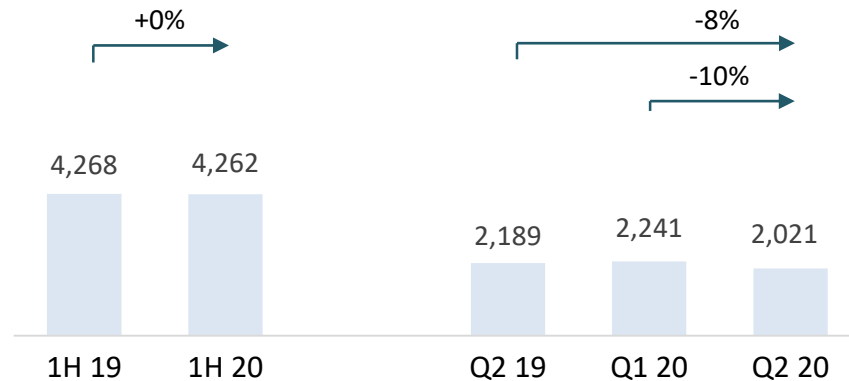
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Q2 20 Revenue Impacted due to Provision of Free Access to Channels During Covid-19 Lockdown Period

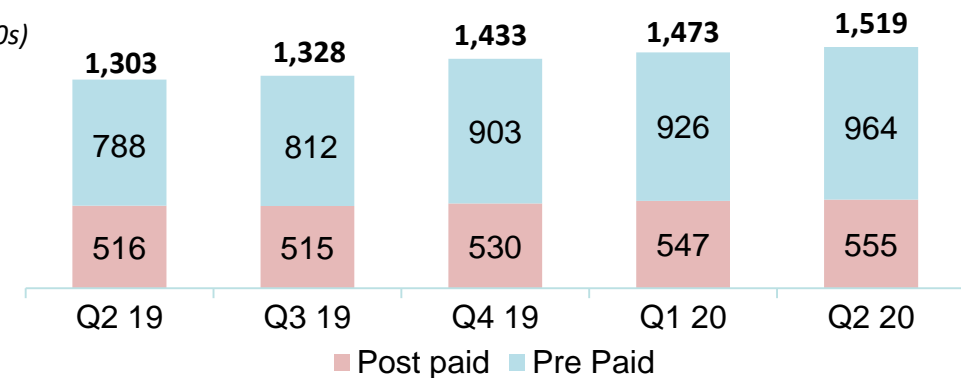
(Rs Mn)



Subscriber Growth led by Prepaid and Postpaid with Improved Churn Management Drives

Total subs growth +3% QoQ; +17% YoY
 Postpaid subs growth +1% QoQ; +8% YoY
 Prepaid subs growth +4% QoQ; +22% YoY

(in '000s)



Top Line Challenges Translating to Profitability Being Impacted; However only Marginal YTD EBITDA Decline

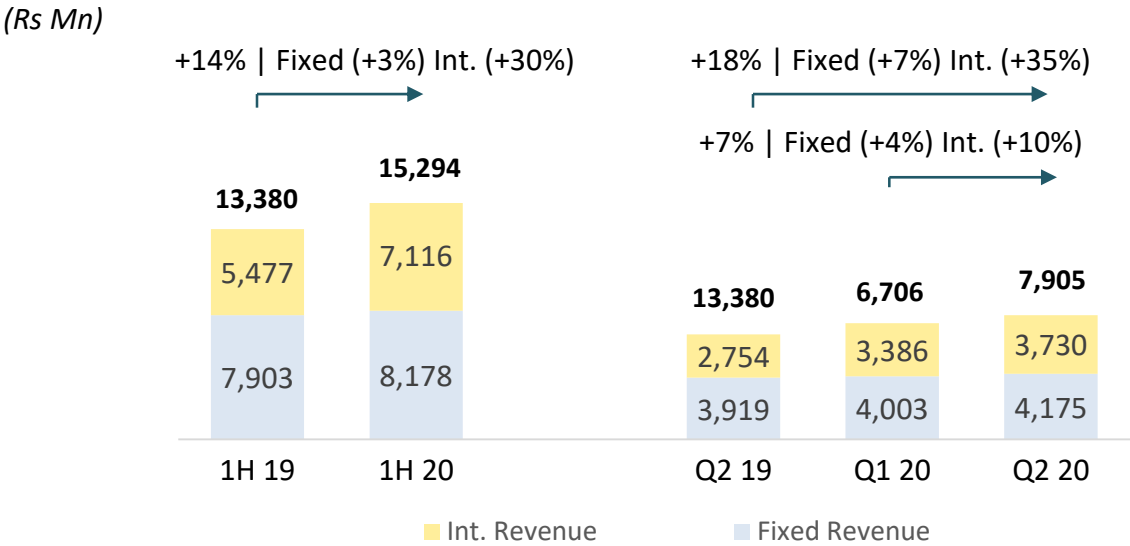
	YTD 20	YTD	Q2 20	QoQ	YoY
EBITDA	1,062	-1%	386	-43%	-36%
PAT	-625	>-100%	-398	-75%	>-100%
EBITDA Margin %	+24.9%	-0.3pp	+19.1%	-11.0pp	-8.4pp
PAT Margin %	-14.7%	-8.4pp	-19.7%	-9.5pp	-15.0pp

DIALOG BROADBAND NETWORKS

Continuing to Deliver Strong Revenue Growth



Strong Revenue Growth Driven by Growth in Fixed Broadband and International Wholesale Revenue



Declining EBITDA Performance due to international business related cost; PAT Impacted by Higher Depreciation and Finance Cost

(Rs Mn)	YTD 20	YTD	Q2 20	QoQ	YoY
EBITDA	4,577	-3%	2,113	-14%	-10%
PAT	-45	>-100%	-318	>-100%	>-100%
EBITDA Margin %	+29.9%	-5.4pp	+26.7%	-6.6pp	-8.6pp
PAT Margin %	-0.3%	-5.9pp	-4.0%	-7.7pp	-8.1pp

Thank you

For further information

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