



# Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Q4 2020 & FY 2020 Results

an axiata company

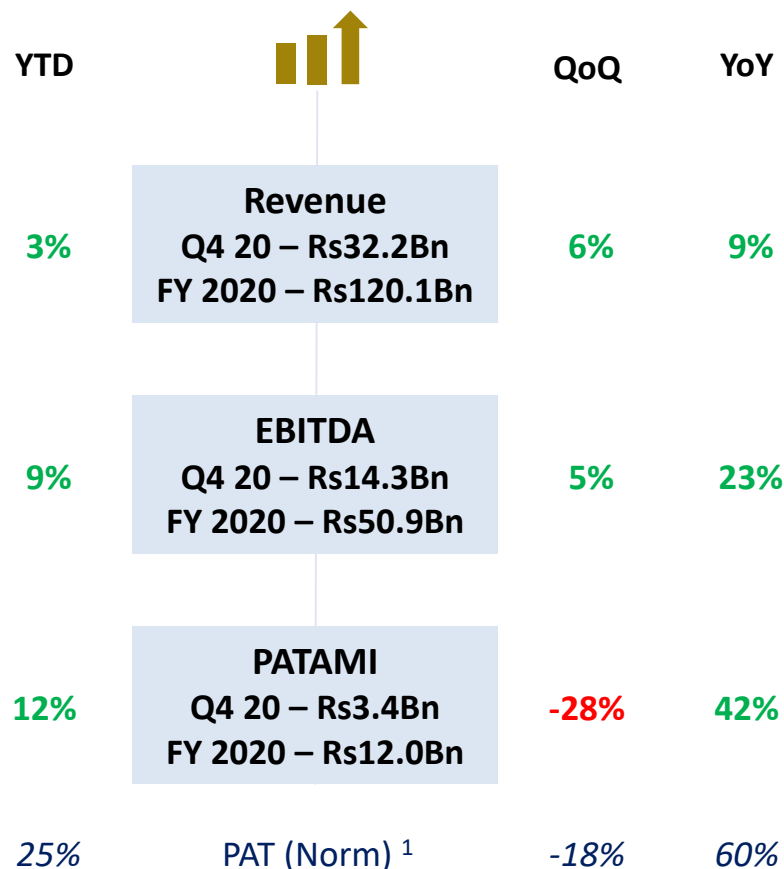
Dialog Axiata Group Performance

Dialog Axiata PLC - Company Performance

Subsidiary Performance – Dialog Broadband and Dialog TV

# DIALOG GROUP PERFORMANCE HIGHLIGHTS – FY 2020

The Achievement of Stable Financial Performance Notwithstanding the Exceptional Challenges of the Covid-19 Pandemic was Founded on the Deployment of a Range of Strategic and Operation Levers on the Backdrop of a Supportive Policy Framework and Stable Macro Environment Enabled by the Government.



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



PoP Coverage  
**Mobile 4G - 94%**  
**Fixed 4G - 70%**

FY 2020 Capex Spend  
**Rs28.8Bn**

Capex Intensity  
**24%**

### Significant improvement in Digital adoption

- Paperless Activations – 100%
- Digital retailers – 24k
- MyDialog App – 5.6Mn

## All Key Business Segments Delivered Strong Performance in Q4 20



### Mobile



**Data Revenue**  
Delivered Strong Performance Up 19% YTD in FY 2020



### TV

**DTV Revenue**  
Recorded 3% Growth QoQ



### Fixed

**DBN Revenue**  
Recorded Strong Growth of 14% for FY 2020

## Aggressive Subscriber Growth



### Mobile



**Reached 16.3Mn**  
**Subscribers**  
+9% YoY



### TV

**Reached 1.6Mn**  
**Households** by end December 2020  
+12% YoY



### Fixed

**Home BB Sub Base**  
+45% YoY

Dividend  
For FY 2020

The Board declared a cash dividend to ordinary shareholders amounting to **74cents (Rs0.74)** per share which translates to a **6.0% dividend yield** and a **39.6% increase DPS** from FY 2019

<sup>1</sup> Normalised for Forex Gain/Loss

# DIALOG GROUP RESPONSE TO COVID-19

Supporting out Customers, Government and Community



## Customers

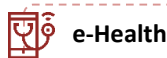
- FREE 7 Day pack (250 D2D, 1GB)
- Double Benefits Data & Voice
- Credit Limits 450K+ cxs
- Emergency Loan



- FREE Lessons & FREE Data on all learning platforms
- 1377 - FREE Distance Learning Helpline



- Unlimited Entertainment on ViU App
- 130+ DTV Channels to 1.5Mn base @ no extra charge



- 135 covid information IVR
- 1390 National Covid Helpline

**Rs 7Bn+ in Consumer Concessions during Lockdown Periods**

## Government

- In supporting GoSL efforts in battling Covid-19, the Group contributed a sum of Rs200Mn to uplift critical health infrastructure
- 10 Bed ICU facility at the Negombo Hospital and a further 10 Bed ICU facility at Homagama Hospital were commissioned during the year
- Dialog also contributed 4,000 Robotic Arm compatible test kits that enable high-speed PCR testing at the Bandaranaike International Airport



**ICU Facility at Negombo General Hospital**

**ICU Facility at Homagama Base Hospital**



**4,000 Robotic arm compatible test kits**

## Community



Contributed Rs50Mn in providing dry rations to those affected by the lockdown in two stages.



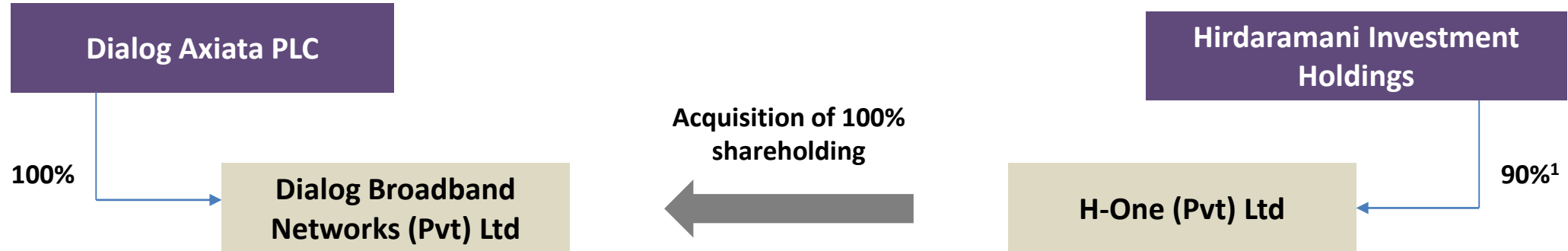
1390 National Covid Screening Hotline in Partnership with MyDoctor.lk and Ministry of Health



Set up 27 Telemedicine Units at 20 National Hospitals

# ACQUISITION OF H-ONE

Acquisition of 100% Stake in H-One (Pvt) Ltd from Hirdaramani Investment Holdings



## COMPANY OVERVIEW

- Established in 2008 and a subsidiary of Hirdaramani Group, a leading apparel manufacturer in Sri Lanka.
- Revenue contribution of ~Rs1.6Bn per annum**
- Microsoft Licensed Reseller & Microsoft's No.1 Partner in Sri Lanka
- 5% of revenue is from foreign sales.

## H-One Operations

- Cloud deployment and regional consultant for Microsoft services
- Specializes in complex migrations and the adoption of global best practices
- IT Strategy and end to end infrastructure solutions
- ERP deployment and Enterprise Public Grade support services

## KEY PARTNERS & AWARDS



<sup>1</sup> The remaining 10% of the holding was held by the present CEO Mr. Samath Fernando

# GROUP FINANCIAL SUMMARY



Rs Mn	FY 2020	YTD	4Q 2020	QoQ	YoY
Revenue	120,142	+3%	32,247	+6%	+9%
EBITDA	50,854	+9%	14,346	+5%	+23%
PATAMI	12,034	+12%	3,437	-28%	+42%
OFCF	18,219	+36%	(3,237)	-159%	+24%
<i>EBITDA Margin</i>	42.3%	+2.4pp	44.5%	-0.3pp	+5.2pp
<i>PAT Margin</i>	10.0%	+0.8pp	10.7%	-5.1pp	+2.5pp
<i>ROIC</i>	12.6%	+0.8pp	12.6%	+0.5pp	+0.8pp

## Normalised Performance

PATAMI <sup>1</sup>	12,865	+25%	3,757	-18%	+60%
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1

Stable performance resulting from supportive policy framework and stable Macro Environment enabled by the Government

2

Covid-19 Impact on FY 2020  
Revenue estimated at LKR 4.85Bn

3

Opex CRS Realization of LKR 4.1Bn for YTD Dec'20 supported to drive EBITDA performance

4

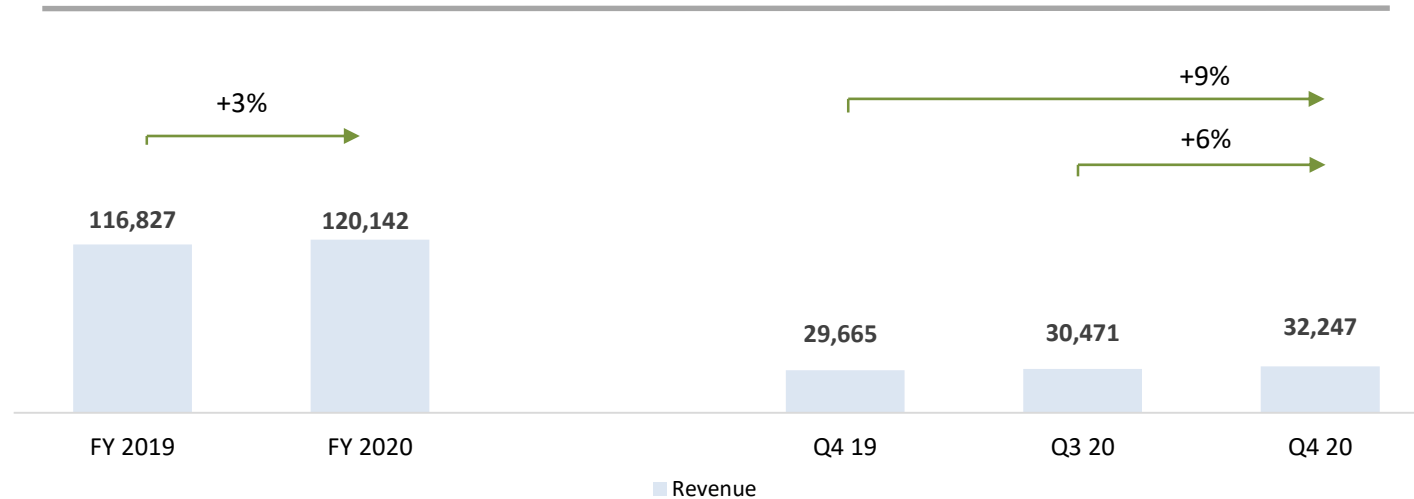
LKR:USD depreciated by LKR 5.2 (2.8% YoY) during YTD Dec-20 resulting in a forex loss of LKR 831Mn. Dec'20 USD:LKR at 186.65

<sup>1</sup> Norm for forex losses/gains

# GROUP REVENUE RECOVERED TO INCH TOWARDS MID SINGLE DIGIT GROWTH ON YTD BASIS



Positive Revenue Growth Across YTD, YoY and QoQ



**Mobile Revenue** recorded meager growth of 1% YTD whilst growing 3% and 4% on QoQ and YoY basis respectively. **Data revenue supported the growth** with 19%, 9% and 16% growth recorded for YTD, QoQ and YoY respectively driven by increased data subscribers and 4G conversion. However **voice revenue decline** across all periods by 10%, 5% and 1% on YTD, QoQ and YoY respectively.

**International Revenue** was up 10% YTD, 11% QoQ and 27% YoY due to increase in wholesale revenue

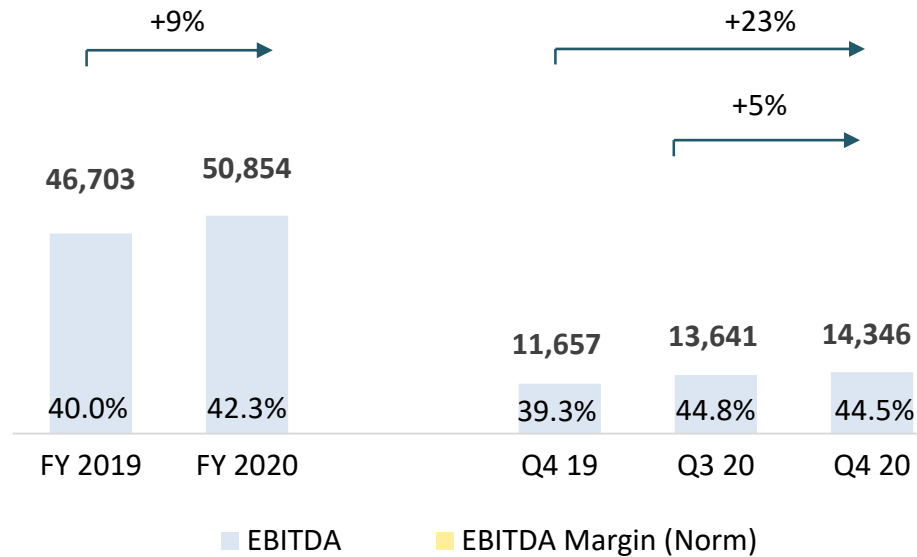
**Fixed Business Revenue** continued its growth trajectory up 8% YTD, 15% QoQ and 20% YoY

**Television Revenue** moderately declined by 1% YTD amid Covid-19 free offers albeit recovering in Q4 '20 to grow by 3% and 1% on QoQ and YoY basis respectively

# GROUP EBITDA AND PATAMI

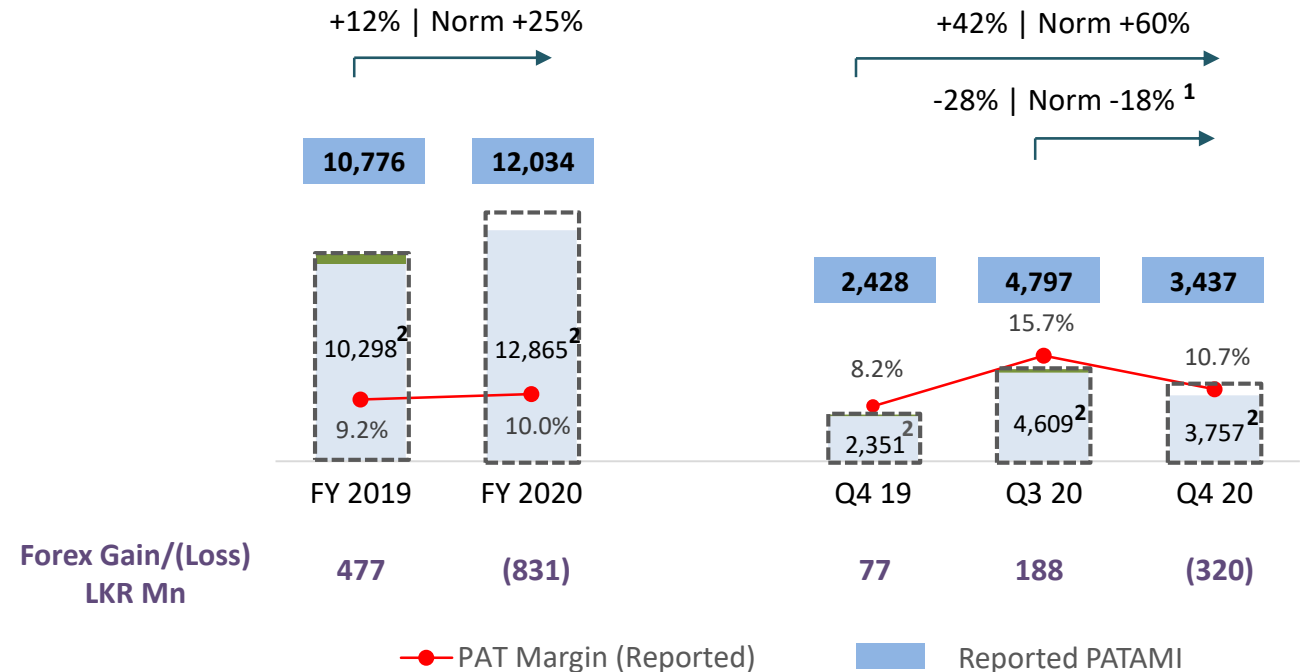
## EBITDA Growth and Higher Margin Driven by Diligent Overall Cost Management Initiatives

(Rs Mn)



## YTD PATAMI Growth Resulting from Improved EBITDA and Contraction in Finance Cost. QoQ Decline in PATAMI Owing to One-off Depreciation Charge of Circa Rs0.9Bn

(Rs Mn)



Forex Gain/(Loss)  
LKR Mn

477

(831)

77

188

(320)

<sup>1</sup> Excluding one-off depreciation charge (Rs0.9Bn), Q4 '20 PATMI (Forex norm) is Rs 4,671Mn, up 1.4% QoQ

<sup>2</sup> Forex (Norm) PATAMI shown in dotted boxes



# TOTAL COST TO REVENUE RATIO DECLINE BY 2.3PP IN FY 2020 YTD

Total Cost Savings of Rs4.1Bn in FY 2020 from Cost Management Initiatives



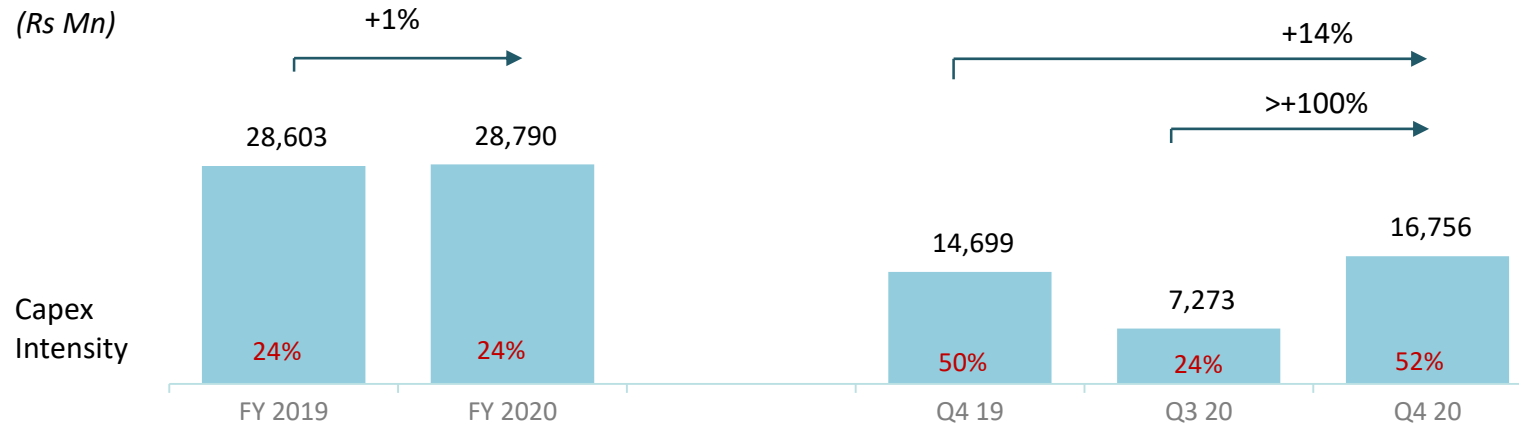
	Q4 20	As % of revenue	Q3 20	As % of revenue	Q4 19	As % of revenue	FY 2020	As % of revenue	QoQ	YoY	YTD
<b>Total Cost</b>	<b>Rs17,901Mn</b>	<b>55.5%</b>	<b>Rs16,830Mn</b>	<b>55.2%</b>	<b>Rs18,008Mn</b>	<b>60.7%</b>	<b>Rs69,310Mn</b>	<b>57.7%</b>	<b>+0.3pp</b>	<b>-5.2pp</b>	<b>-2.3pp</b>
Direct Expenses		25.4%		26.2%		26.8%		26.0%	-0.8pp	-1.4pp	-0.3pp
Sales & Marketing		8.1%		7.7%		8.9%		8.2%	+0.4pp	-0.8pp	-1.4pp
Network Cost		10.3%		10.8%		11.6%		11.0%	-0.5pp	-1.3pp	-0.1pp
Staff Cost		8.1%		8.6%		8.9%		8.3%	-0.5pp	-0.8pp	-0.2pp
Overheads		3.6%		1.9%		4.5%		4.2%	+1.7pp	-0.9pp	-0.3pp

# CAPEX INVESTMENTS MAINLY DIRECTED TOWARDS MOBILE AND FIXED DATA NETWORK UPGRADES

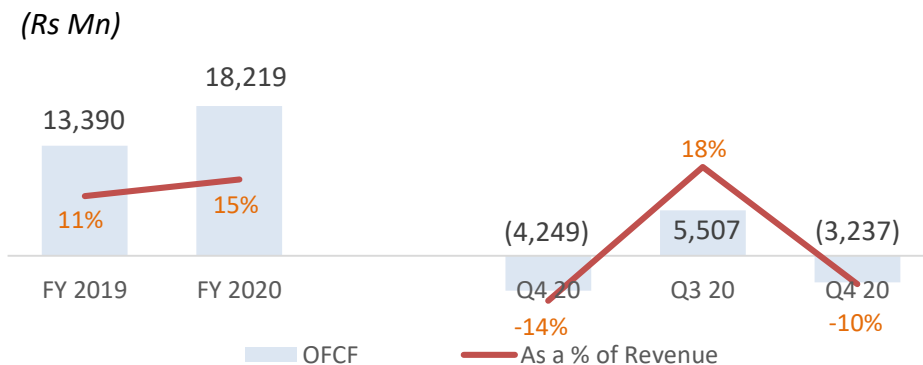
Capex Intensity at 24% for FY 2020; OFCF Reach Rs18.2Bn for the Year Up 36% YTD



## Capex Investments Directed Towards Expanding Data Networks and Digitization; Mobile 4G and Fixed LTE PoP Coverage Reached 94% and 70%



## OFCF Improvement in FY 2020 Driven by Expansion in EBITDA and Focused Working Capital Management



Capex spend of Rs28.8Bn for FY 2020 directed mainly towards digitization and investments in High-Speed Broadband infrastructure

Investment in Data Infrastructure includes:

- 4G capacity upgrades
- 4G coverage expansion

## DIALOG GROUP MAINTAINS A STRONG BALANCE SHEET WITH LOW GEARING



(Rs Mn)	31 Dec 20	30 Sep 20	31 Dec 19
Gross Debt	37,852 <sup>1</sup>	39,053 <sup>1</sup>	44,876
Net Debt	23,766	25,722	39,986
Cash and Cash Equivalents	14,086	13,331	4,890
<i>Gross Debt / Equity (x)</i>	<i>0.46</i>	<i>0.49</i>	<i>0.60</i>
<i>Gross Debt/ EBITDA (x)</i>	<i>0.74</i>	<i>0.80</i>	<i>0.96</i>
<i>Net Debt/ EBITDA (x)</i>	<i>0.47</i>	<i>0.53</i>	<i>0.86</i>

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

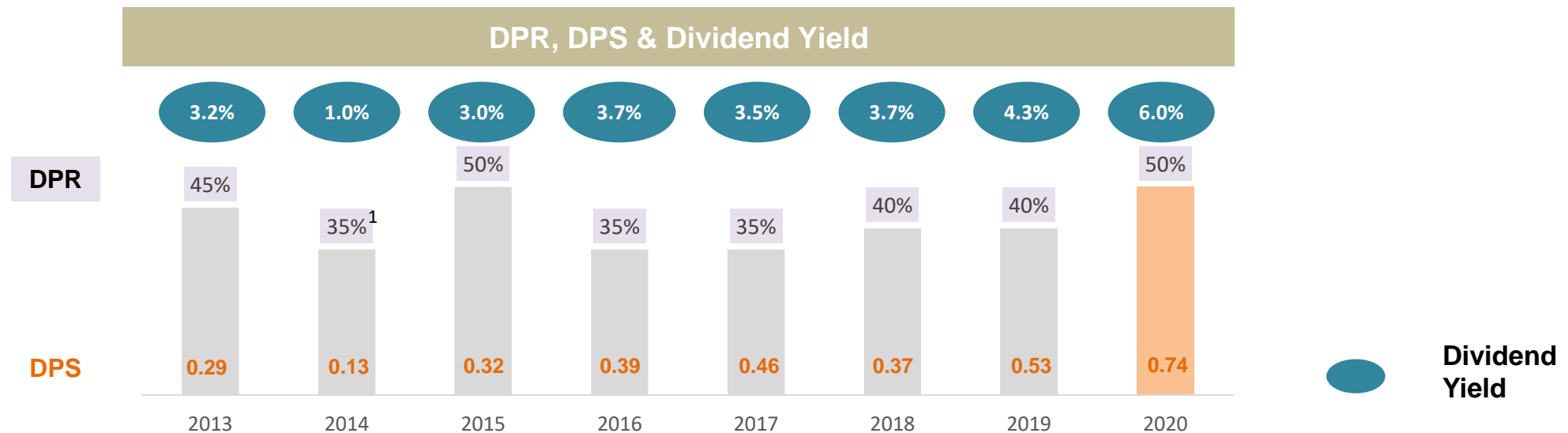
<sup>1</sup> Gross Debt includes Interest Payable on borrowings

# PROPOSED DIVIDEND PER SHARE 74 CENTS; DIVIDEND YIELD OF 6.0% FOR FY 2020 | DPR 50%

Progressively higher DPS maintained with a 39.6% increase from FY 2019



- The Board of Directors of Dialog Axiata PLC resolved to propose a cash dividend to ordinary shareholders of 74 cents (Rs0.74) per share totaling to Rs6.0Bn for approval by the Shareholders
- **Dividend increased, on per share basis, to 74 cents for FY 2020 from 53 cents in FY 2019;**
  - ✓ Considering investment requirements to serve the nation's demand for Mobile, Fixed, Broadband and Digital Television services
  - ✓ **Dividend payout ratio of 50% of FY 2020 Group Net Profits**
  - ✓ **Dividend yield of 6.0%** based on a closing share price of **Rs12.40 as of 31<sup>st</sup> December 2020**
- The Board adopted a dividend policy which state; **The Company shall pay dividends of at least 50% of its PATAMI and endeavors to progressively increase the payout ratio over a period of time** subject to availability of adequate funding for business prospects including future growth and expansion, capital requirement and any other factors considered relevant by the Board at the point of declaration.
- The dates of the AGM and the dividend payment will be notified in due course



<sup>1</sup> DPO on one-off tax adjusted Profit in FY 2014

Dialog Axiata Group Performance

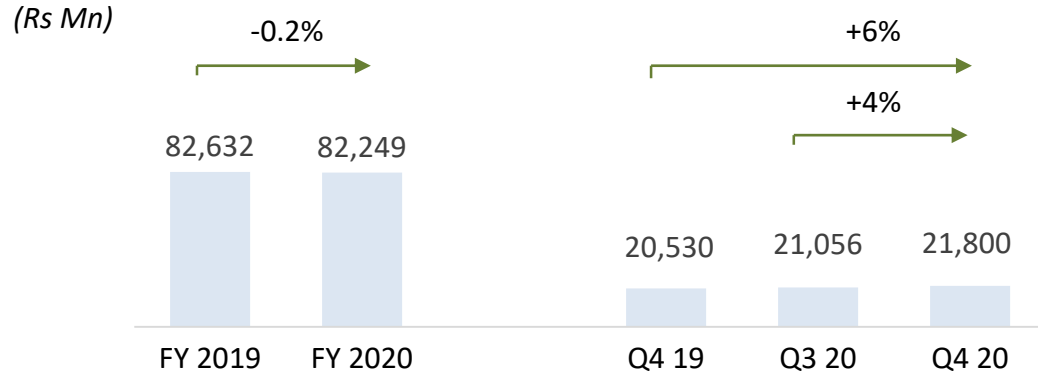
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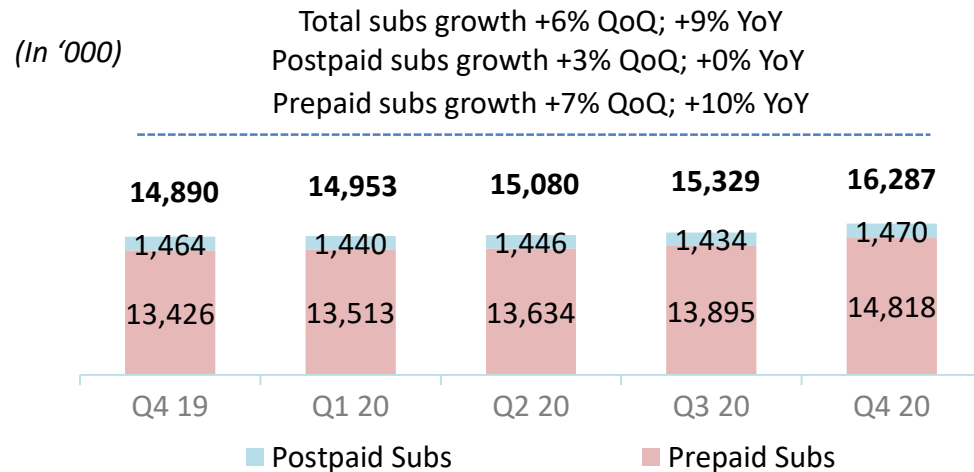
# DIALOG AXIATA PLC (COMPANY) : YTD REVENUE REMAIN STABLE; COST MANAGEMENT ENABLING MODEST GROWTH IN PROFITABILITY



## Revenue Recovered in 2H 2020 to End the Year with a Flat Growth for FY 2020

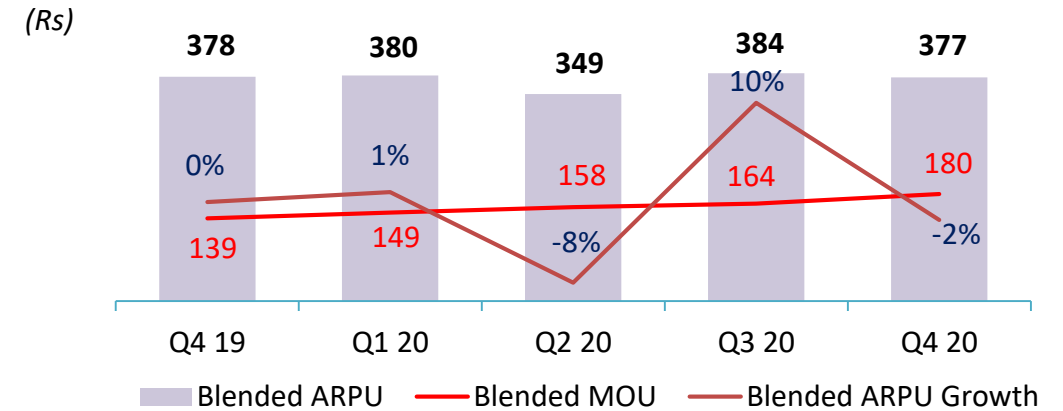


## Subscriber Growth Driven by Customer Acquisition and Retention Initiatives; PrP Sub Increase QoQ Driven by Relaxing of Re-cycling period from 3 to 6 months



<sup>1</sup> Normalised for forex Gain/Losses

## MOU's Continue to Improve; ARPU Recovering from the Dip in Q2 '20 and Remaining Stable



## YTD Profitability Improvement Driven by Cost Management Initiatives; QoQ PAT Impacted by Forex and One-off Depreciation Charge

(Rs Mn)	FY 2020	YTD	Q4 2020	QoQ	YoY
EBITDA	37,744	+6%	10,469	+3%	+19%
PAT	11,740	+1%	2,708	-41%	-9%
EBITDA Margin %	+45.8%	+2.9pp	+48.0%	-0.4pp	+5.0pp
PAT Margin %	+14.2%	+0.2pp	+12.4%	-9.2pp	-2.1pp
PAT Norm <sup>1</sup>	12,684	+14%	3,004 <sup>2</sup>	-31%	+6%
PAT Margin %	+15.4%	+2.0pp	+13.8%	-7.0pp	0.0pp

<sup>2</sup> Excluding one-off depreciation charge (Rs0.9Bn), Q4 '20 PAT (Forex norm) is Rs 3,918Mn, down 11% QoQ

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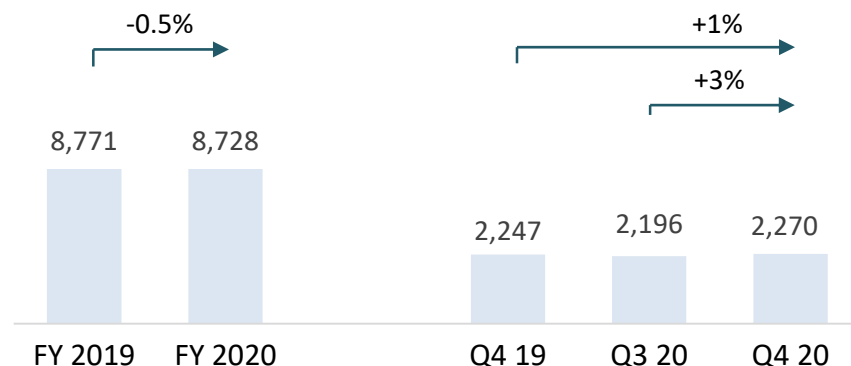
# DIALOG TELEVISION

Revenue Recovery in 2H 2020 Resulting in Stable Revenue Performance for FY 2020. Profitability Impacted by Currency and Covid Concessions



## Revenue Recovered After Covid-19 Impact in Q2 to end the Year with Stable Performance for FY 2020

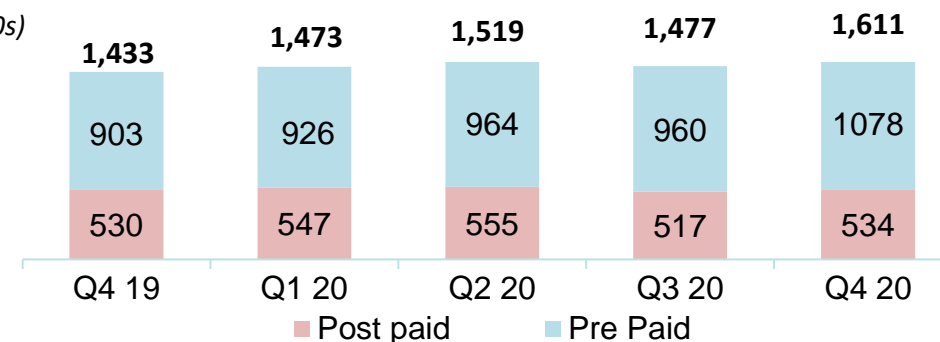
(Rs Mn)



## QoQ Subscriber Growth Improvement Led by Both Higher Gross Adds and Lower Churn in Q4 20

Total subs growth +9% QoQ; +12% YoY  
Postpaid subs growth +3% QoQ; +1% YoY  
Prepaid subs growth +12% QoQ; +19% YoY

(in '000s)



## QoQ and YoY EBITDA and PAT Improvement Driven by Revenue Growth (led by Advertising) and Reduction in Content Cost and Bad Debts; YTD Performance Impacted by the Covid-19 Associated Revenue Impact of Rs0.8Bn

	FY 2020	YTD	Q4 2020	QoQ	YoY
EBITDA	2,466	+3%	803	+34%	+38%
PAT	-912	-69%	-67	+70%	+67%
EBITDA Margin %	+28.3%	+0.8pp	+35.4%	+8.0pp	+9.4pp
PAT Margin %	-10.4%	-4.3pp	-3.0%	+7.1pp	+6.2pp



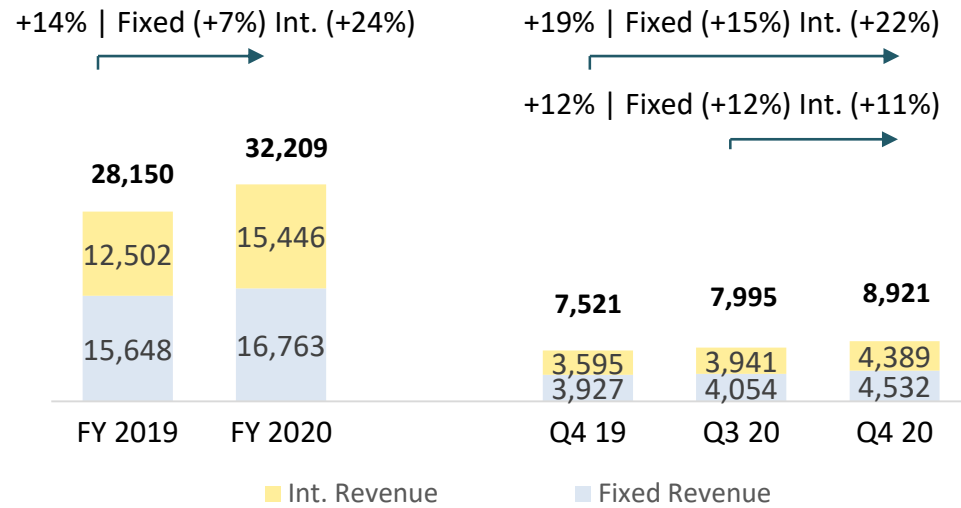
# DIALOG BROADBAND NETWORKS

Continues to Deliver Growth on both Top and Bottom Line



## Strong Revenue Growth Driven by Fixed Broadband Owing to Higher Gross Adds, Coupled with Growth in International Wholesale Revenue

(Rs Mn)



International Revenue %	44%	48%	48%	49%	49%
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## EBITDA Improve amid Revenue Growth and Cost Management

(Rs Mn)	FY 2020	YTD	Q4 2020	QoQ	YoY
EBITDA	11,029	+20%	3,381	+10%	+46%
PAT	1,652	>+100%	1,026	+53%	>+100%
EBITDA Margin %	+34.2%	+1.5pp	+37.9%	-0.5pp	+7.0pp
PAT Margin %	+5.1%	+3.7pp	+11.5%	+3.1pp	+13.7pp

## Thank you

### For further information

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