



# Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Q3 2021 Results

an axiata company

Dialog Axiata Group Performance

Dialog Axiata PLC - Company Performance

Subsidiary Performance – Dialog Broadband and Dialog TV

# DIALOG GROUP PERFORMANCE HIGHLIGHTS – Q3 2021

## Maintaining Consistent Performance



YTD		QoQ	YoY
<b>+19%</b>	<b>Revenue</b> Q3 21 – Rs36.9Bn YTD 21 – Rs104.8Bn	<b>+5%</b>	<b>+21%</b>
<b>+19%</b>	<b>EBITDA</b> Q3 21 – Rs15.6Bn YTD 21 – Rs43.5Bn	<b>+10%</b>	<b>+14%</b>
<b>+45%</b>	<b>PAT</b> Q3 21 – Rs5.4Bn YTD 21 – Rs12.5Bn	<b>+17%</b>	<b>+13%</b>
<b>+63%</b>	<b>PAT (Norm)<sup>1</sup></b> Q3 21 – Rs5.5Bn YTD 21 – Rs14.8Bn	<b>+16%</b>	<b>+20%</b>

### Capex Investments to Fulfil Growing Demand for Data



PoP Coverage  
 Mobile 4G - 93%  
 Fixed 4G - 70%

YTD 21 Capex Spend  
 Rs24.7Bn

Capex Intensity  
 24%

### All Key Business Segments Delivered Strong Performance in Q3 21



#### Mobile



Data Continues  
 Growth Momentum  
 4% QoQ | 11% YTD



DTV Revenue  
 Recorded Growth of  
 9% QoQ

EBITDA Recorded  
 Strong Growth of  
 12% QoQ

### Aggressive Subscriber Growth



#### Mobile



Reached 17.1Mn  
 Subscribers  
 +11% YoY



Reached 1.7Mn  
 Households by end  
 September 2021  
 +14% YoY



Home BB Sub Base  
 +91% YoY



- Dialog continued supporting the GoSL and Ministry of Health (“MOH”) during the Covid-19 pandemic with **investments towards enhancement of critical care infrastructure in 18 hospitals selected by the MOH.**
- **1390 Covid Home Care platform** in Partnership with Ministry of Health, Bank of Ceylon, GMOA and Wavenet **has supported over 100,000 Covid patients**
- **Nenasa Digital Education Platform** expanded up to 10 Channels in Partnership with Ministry of Education and Dialog Television

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

## GROUP FINANCIAL SUMMARY



Rs Mn	YTD 2021	YTD	3Q 21	QoQ	YoY
Revenue	104,791	+19%	36,862	+5%	+21%
EBITDA	43,479	+19%	15,613	+10%	+14%
PAT	12,452	+45%	5,407	+17%	+13%
OFCF	16,033	-25%	-3,560	>-100%	>-100%
<i>EBITDA Margin</i>	41.5%	0.0pp	42.4%	+1.8pp	-2.4pp
<i>PAT Margin</i>	11.9%	+2.1pp	14.7%	+1.5pp	-1.0pp
<i>ROIC</i>	18.9%	+6.8pp	18.9%	+1.3pp	+6.8pp

1

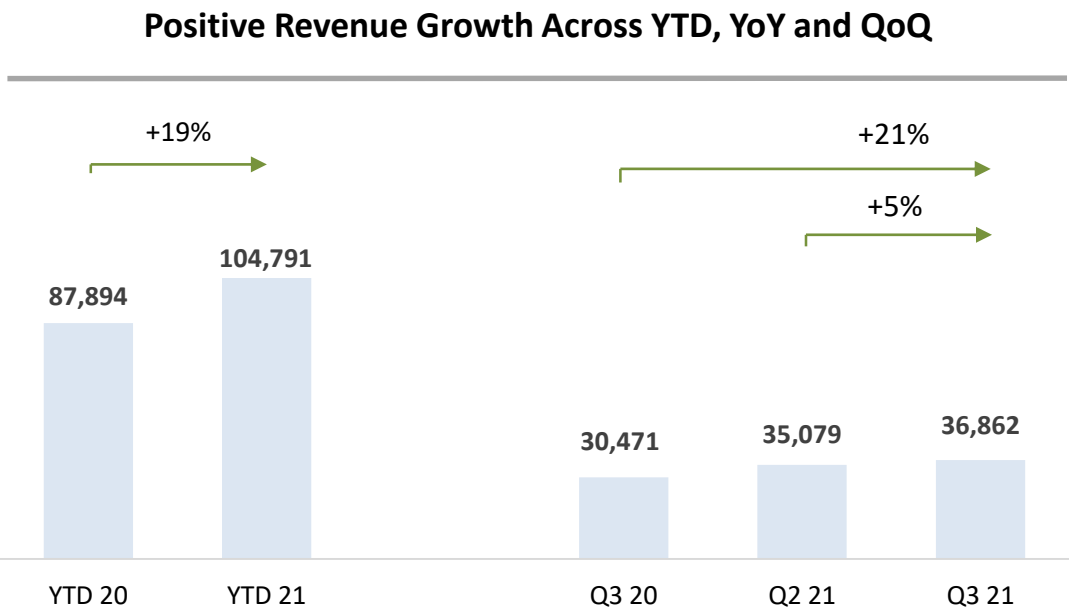
Revenue improvement driven by growing core revenue lines including Data, Voice and International business

2

Cost Optimisation Generated Rs6.2Bn in cost reduction (Opex Rs3.1Bn + Capex Rs3.1Bn) in YTD 2021

3

OFCF decline driven by high capital expenditure incurred for network upgrades/expansion



**Mobile Revenue** increased due to Mobile Voice Revenue and Data Revenue driven by increased usage of existing subscribers and growth in new data subscribers due to 4G adoption

**International Revenue** growth driven by increase in wholesale revenue

**Fixed Home Broadband Revenue** continued its growth trajectory up 43% YTD and 10% QoQ supported by increase in Home Broadband Revenue

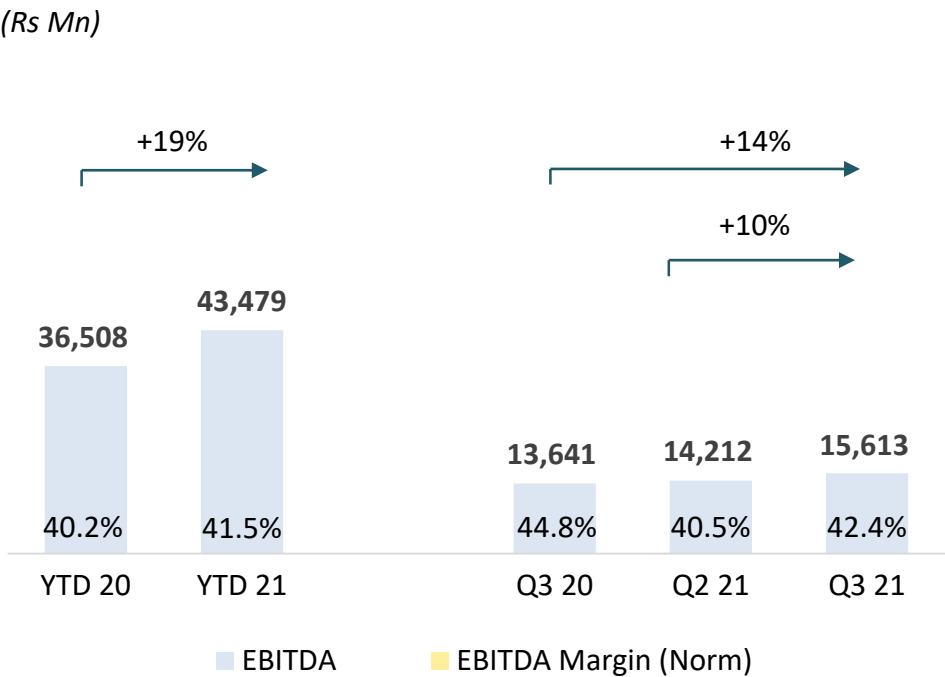
**Television Revenue**, driven by increase in subscription revenue

<sup>1</sup> Excludes Tele-Infra and International Revenue

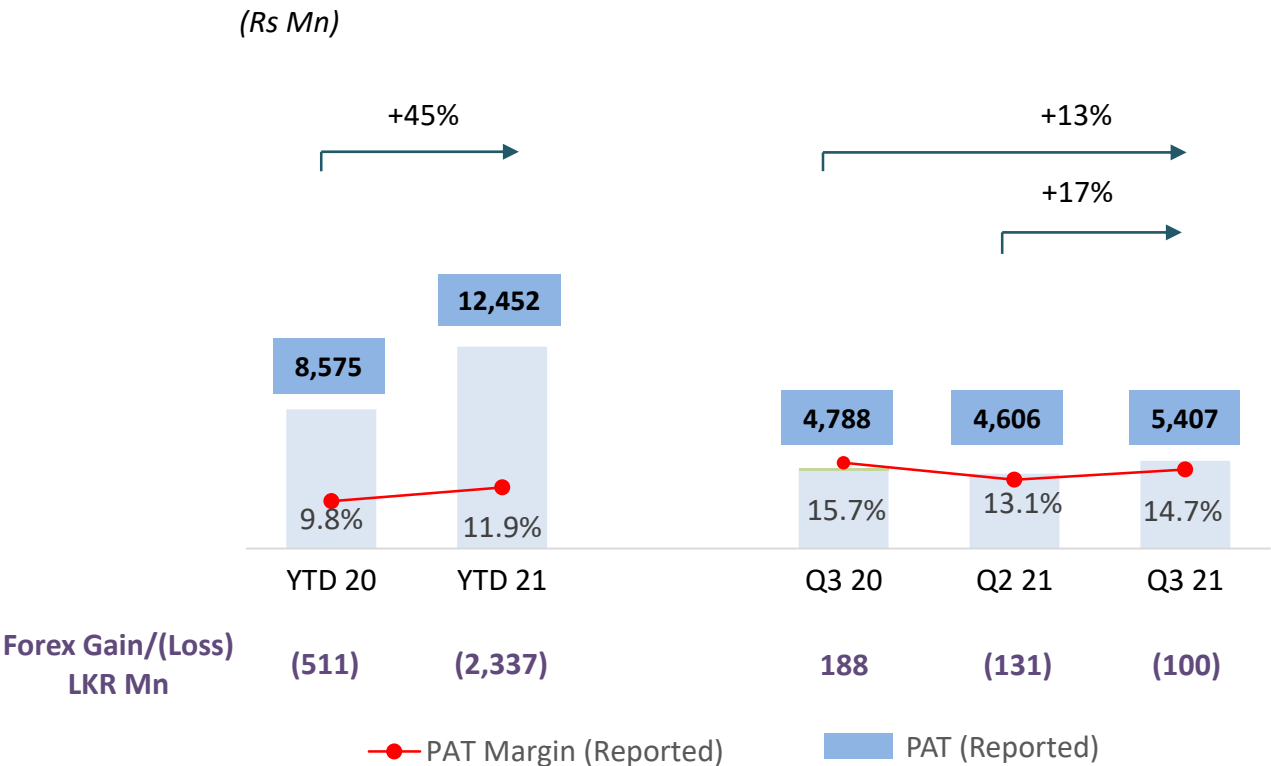
POSITIVE TOP LINE PERFORMANCE FLOWING THROUGH TO PROFITABILITY



EBITDA Growth Driven by Revenue Contribution and Diligent Overall Cost Management



YTD and YoY Reported PAT Improvement Driven by EBITDA and Lower Finance Cost albeit Higher Forex Losses; QoQ Reported PAT Supported by EBITDA Growth and Stable Forex



# TOTAL COST TO REVENUE RATIO DECLINED QOQ AND REMAINED STABLE YTD

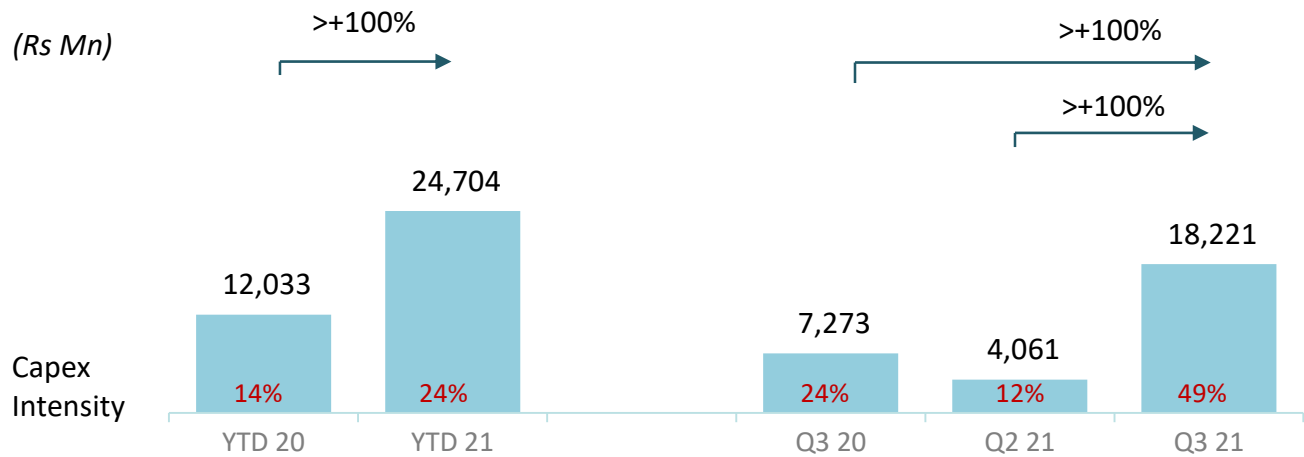
	Q3 21	As % of revenue	Q2 21	As % of revenue	Q3 20	As % of revenue	YTD 21	As % of revenue	QoQ	YoY	YTD
<b>Total Cost</b>	<b>Rs21,249Mn</b>	<b>57.6%</b>	<b>Rs20,867Mn</b>	<b>59.5%</b>	<b>Rs16,830Mn</b>	<b>55.2%</b>	<b>Rs61,312Mn</b>	<b>58.5%</b>	<b>-1.9pp</b>	<b>+2.4pp</b>	<b>0.0pp</b>
Direct Expenses		28.4%		27.8%		26.2%		26.9%	+0.6pp	+3.7pp	+2.2pp
Sales & Marketing		7.5%		8.3%		7.7%		8.1%	-0.8pp	-0.3pp	-0.2pp
Network Cost		10.0%		10.5%		10.8%		10.5%	-0.4pp	-0.8pp	-0.7pp
Staff Cost		8.0%		7.6%		8.6%		7.9%	+0.4pp	+0.6pp	-0.4pp
Overheads		3.7%		5.3%		1.9%		5.1%	-1.6pp	+0.3pp	-0.9pp

# FOCUSED CAPEX INVESTMENTS TO SUPPORT NETWORK CAPACITY AND COVERAGE

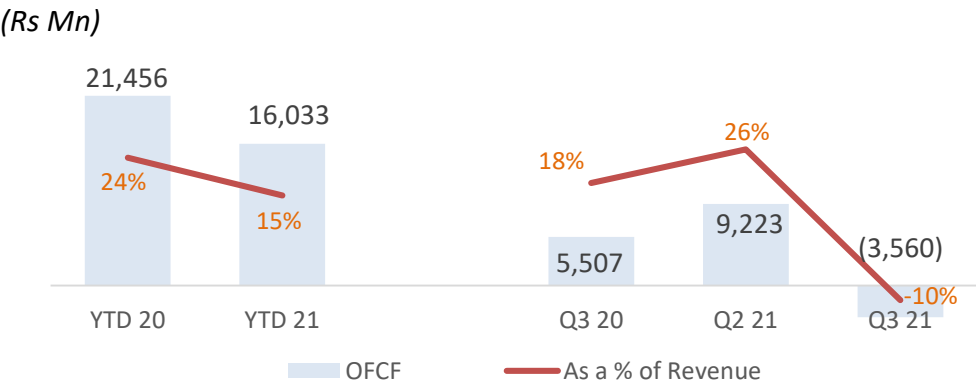
Capex Intensity at 24% YTD 2021



## Aggressive Investments Made on Network Upgrades in Q3 '21; Mobile 4G and Fixed LTE PoP Coverage Reached 93% and 70%



## OFCF Decline Driven by Aggressive Q3 Capital Spend



Capital expenditure of Rs24.7Bn for YTD 21 directed mainly towards investments in High-Speed Broadband infrastructure

Investment in Infrastructure mainly included:

- 4G capacity upgrades
- 4G coverage expansion
- Strengthening of Core and Transport Networks including Fibre Rollout

## DIALOG GROUP MAINTAINS A STRONG BALANCE SHEET WITH LOW GEARING; NET DEBT TO EBITDA AT 0.26X



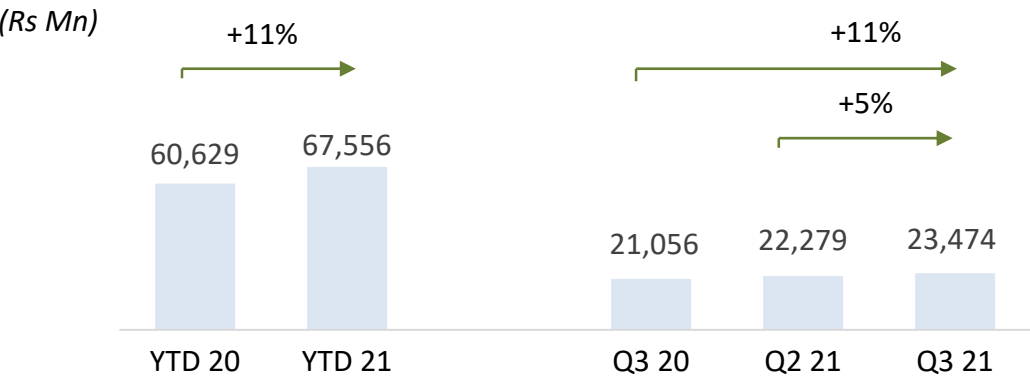
(Rs Mn)	30 Sep 21	30 Jun 21	31 Dec 20	30 Sep 20
Gross Debt	34,106	33,390	37,852	39,053
<i>USD denominated Debt (in USD Mn's)</i>	<i>98.6</i>	<i>116.7</i>	<i>163.9</i>	<i>181.0</i>
Net Debt	15,350	23,334	23,766	25,722
Cash and Cash Equivalents	18,756	10,595	14,086	13,331
<i>Gross Debt / Equity (x)</i>	<i>0.39</i>	<i>0.41</i>	<i>0.46</i>	<i>0.49</i>
<i>Gross Debt/ EBITDA (x)</i>	<i>0.59</i>	<i>0.61</i>	<i>0.74</i>	<i>0.80</i>
<i>Net Debt/ EBITDA (x)</i>	<i>0.26</i>	<i>0.42</i>	<i>0.47</i>	<i>0.53</i>

Dialog Axiata Group Performance

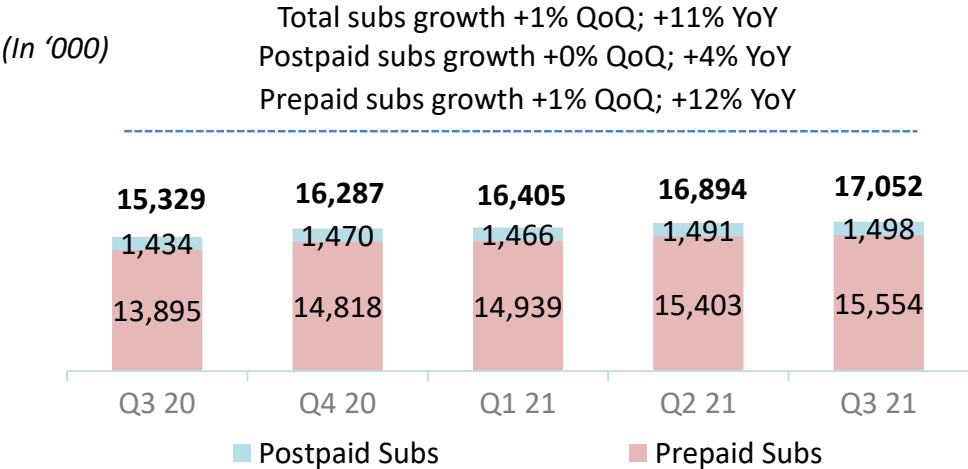
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Subsidiary Performance – Dialog Broadband and Dialog TV

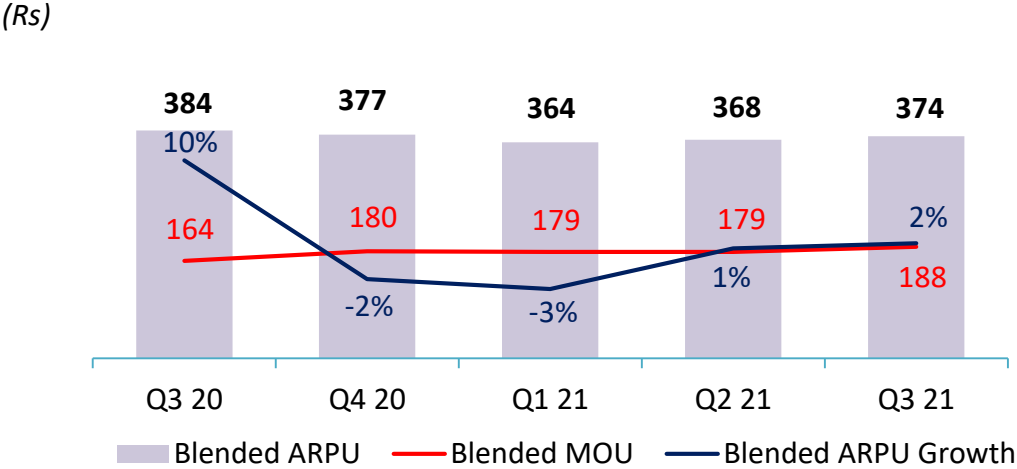
Revenue Improvement Driven by Improvement in Both Subscriber Acquisition and Service Usage



Subscriber Growth Driven by Customer Acquisition and Retention Initiatives



ARPU and MOU's improve QoQ by 2% and 5% respectively



EBITDA Improvement Driven by Revenue Growth; PAT Impacted by Higher Depreciation Charge; Forex particularly impacted YTD PAT

(Rs Mn)	YTD 21	YTD	Q3 21	QoQ	YoY
EBITDA	30,822	+13%	10,789	+7%	+6%
PAT	8,649	-4%	3,057	-16%	-33%
EBITDA Margin %	+45.6%	+0.6pp	+46.0%	+0.6pp	-2.4pp
PAT Margin %	+12.8%	-2.1pp	+13.0%	-3.3pp	+8.6pp
PAT Norm <sup>1</sup>	10,816	+12%	3,062	-20%	-30%
PAT Margin %	+16.0%	+0.0pp	+13.0%	-4.2pp	-7.8pp

<sup>1</sup> Normalised for forex Loss of Rs6Mn and Rs2.2Bn for Q3 '21 and YTD '21 respectively

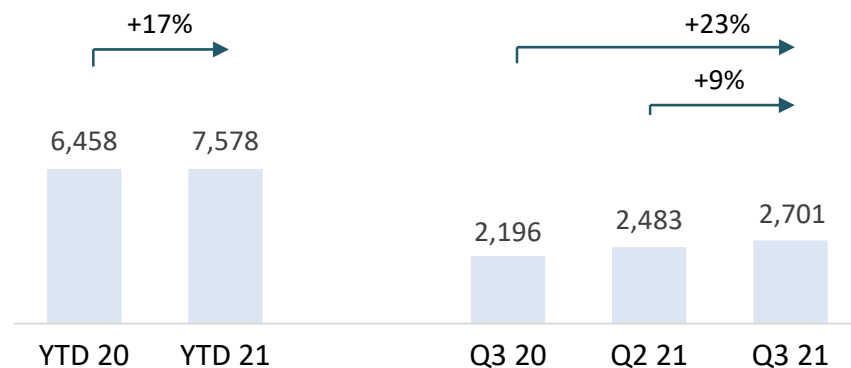
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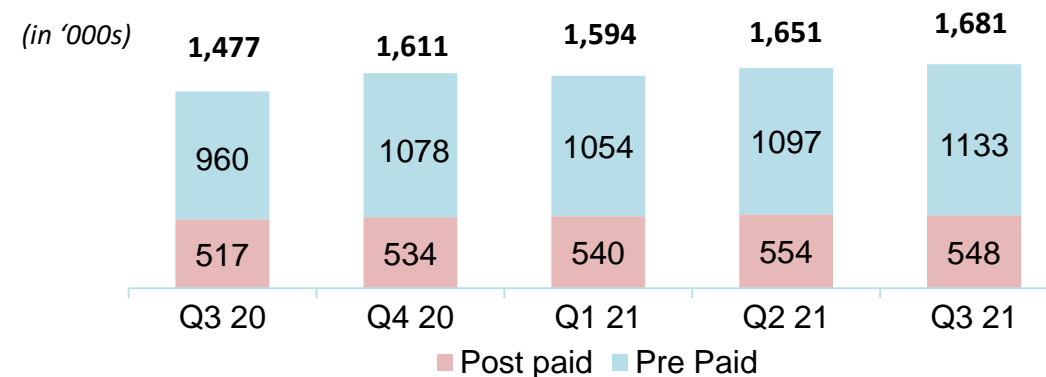
### Subscription Revenue Driving Topline Performance along with Growing Advertising Revenue

(Rs Mn)



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

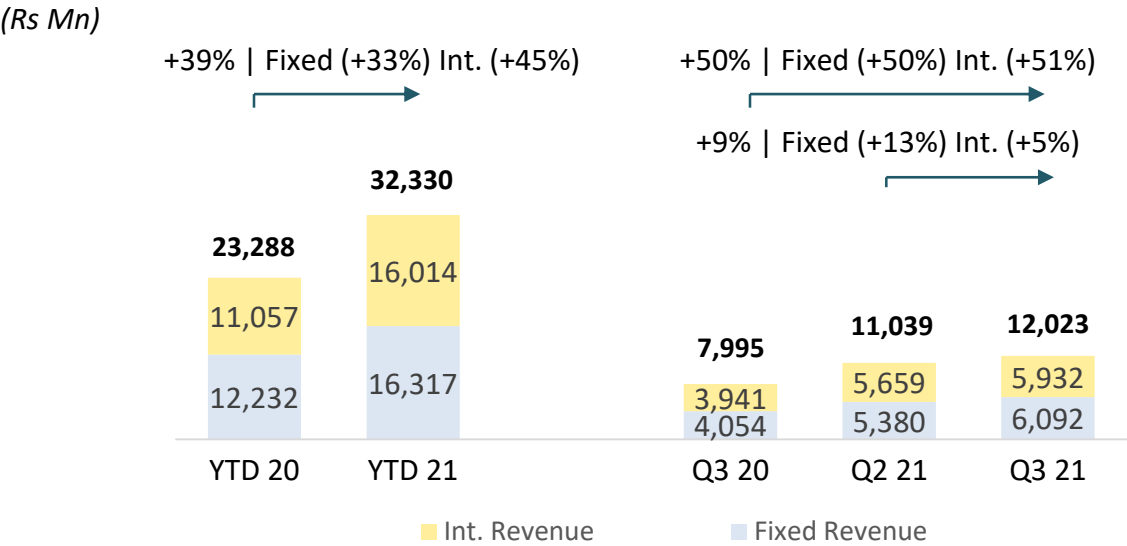
Total subs growth +2% QoQ; +14% YoY  
 Postpaid subs growth -1% QoQ; +6% YoY  
 Prepaid subs growth +3% QoQ; +18% YoY



### Revenue Growth and Stable Q3 Forex Supporting EBITDA and PAT Growth

	YTD 21	YTD	Q3 21	QoQ	YoY
EBITDA	2,386	+43%	963	+35%	+60%
PAT	-281	+67%	139	>+100%	>+100%
EBITDA Margin %	+31.5%	+5.7pp	+35.7%	+6.9pp	+8.3pp
PAT Margin %	-3.7%	+9.4pp	+5.1%	+10.5pp	+15.2pp

Revenue Growth Underpinned and Driven by International Wholesale and Fixed Broadband Revenue



12,023

5,932

6,092

Q3 21

■ Int. Revenue

■ Fixed Revenue

International Revenue %	47%	50%	47%	51%	49%
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EBITDA Improve amid Revenue Growth and Cost Management

(Rs Mn)	YTD 21	YTD	Q3 21	QoQ	YoY
EBITDA	10,482	+37%	3,903	+12%	+27%
PAT	3,594	>+100%	1,422	+14%	>+100%
EBITDA Margin %	+32.4%	-0.4pp	+32.5%	+1.0pp	+5.9pp
PAT Margin %	+11.1%	+8.4pp	+11.8%	+0.5pp	+3.4pp

## Thank you

### For further information

Contact : Investor relations Team, Dialog Axiata PLC

Mobile : +94 777332052

Email : [ir@dialog.lk](mailto:ir@dialog.lk)

Web site : [www.dialog.lk](http://www.dialog.lk)