

Dialog ends FY 2016 with NPAT of Rs9.0Bn

09th February 2017. Colombo.

- PAT Rs9.0Bn
- Recommended Dividend: 35% of Earnings, 39 Cents per Share
- Direct and Indirect Contribution to GoSL: Rs31.7Bn
- Investment in High Speed Broadband: Rs15.6Bn

Dialog Axiata PLC announced its consolidated financial results for the year ended 31st December 2016. Financial results included those of Dialog Axiata PLC (the 'Company') and of the Dialog Axiata Group (the 'Group').

The Group concluded the Financial Year ('FY') 2016 on a strong note, delivering growth across all business segments, and recorded consolidated Revenue of Rs86.7Bn for FY 2016, demonstrating a growth of 17% Year-on-Year ('YoY'). Group EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for FY 2016 grew 23% YoY to be recorded at Rs29.2Bn driven by strong Revenue growth combined with continued focus on Cost Rescaling Initiatives. The 4th Quarter featured the re-introduction of Value Added Tax (VAT) effective 1st November 2016, which moderated Revenue growth to 5% Quarter-on-Quarter ('QoQ') to reach Rs22.8Bn. On a QoQ basis EBITDA declined 4% to post at Rs7.4Bn. The Group NPAT (Net Profit After Tax) grew significantly at 74% YoY to be recorded at Rs9.0Bn for FY 2016.

The Dialog Group continued to be a significant contributor to state revenues, remitting a total of Rs31.7Bn to the Government of Sri Lanka (GoSL) during the financial year ended 31st December 2016 representing an increase of 15% YoY. Total remittances included direct taxes and levies (Rs10.7Bn) as well as consumption taxes collected on behalf of the GoSL (Rs21.0Bn).

In line with the financial performance of the Group and taking into account forward investment requirements to serve the nation's demand for Telecommunication and Digital services, the Board of Directors of Dialog Axiata PLC at its meeting held today, resolved to propose for consideration by the Shareholders of the Company, a cash dividend to ordinary shareholders amounting to thirty nine cents (Rs0.39) per share totalling to Rs3.2Bn. The said dividend, if approved by shareholders, would translate to a payout of 35% of consolidated Group NPAT for FY 2016. The dividend so proposed will be considered

for approval by the shareholders at the Annual General Meeting (AGM) of the Company, the date pertaining to which would be notified in due course.

Group capital expenditure for the year ended 31st December 2016 totalled to Rs23.2Bn (USD158Mn) representing a Capex to Revenue ratio of 27%. Capital expenditure was directed in the main towards investments in High-Speed Broadband infrastructure aimed at further strengthening the Group's position in Sri Lanka's Broadband sector. Downstream of strong EBITDA performance Group Operating Free Cash Flow (OFCF) was recorded at Rs0.1Bn for FY 2016, improving from a negative Rs0.9Bn recorded in FY 2015. The Group continued to exhibit a structurally robust balance sheet with the Net Debt to EBITDA ratio being maintained at 0.90x as at end of December 2016.

Group NPAT performance (74% increase YoY) was driven by improved EBITDA and lower non-cash translational forex loss of Rs0.8Bn compared to a loss of Rs2.2Bn during FY 2015. The Sri Lankan Rupee (LKR) depreciated against the United States Dollar (USD) by 3.9% in FY 2016 and 2.2% during the quarter. Group NPAT declined 56% QoQ to be recorded at Rs1.3Bn for Q4 2016, due to lower EBITDA combined with increased depreciation and higher non-cash translational forex losses.

At an entity level, Dialog Axiata PLC ('the Company') continued to contribute a major share of Group Revenue (84%) and Group EBITDA (86%). On the back of its Mobile customer base of over 11.8Mn subscribers, Company Revenue grew by 16% YoY to reach Rs73.0Bn for FY 2016 with Revenue for Q4 2016 being reordered at Rs19.0Bn, up 4% QoQ. Underpinned by strong Revenue growth and positive cost performance as alluded to earlier, Company EBITDA increased by 23% YoY to be recorded at Rs25.0Bn for FY 2016. On a QoQ basis EBITDA declined 8% to be recorded at Rs6.2Bn for Q4 2016. Downstream of EBITDA, Company NPAT was recorded at Rs10.3Bn for FY 2016 and Rs1.9Bn for Q4 2016, representing an increase of 80% YoY and a decrease of 36% QoQ respectively.

Dialog Television (DTV), continued its positive growth momentum, recording a Revenue growth of 5% YoY and QoQ to reach Rs6.1Bn for FY 2016 and Rs1.5Bn for Q4 2016. Notwithstanding Revenue growth, EBITDA contracted by 37% YoY to be recorded at Rs383Mn, due to direct cost expansion accruing from product enhancements featuring the expansion of channel genres, whilst on a QoQ basis, EBITDA contracted 24%. The decline in EBITDA translated to an equivalent negative impact on NPAT leading to a Net Loss of Rs644Mn for FY 2016 and a Net Loss of Rs298Mn for Q4 2016.

Dialog Broadband Networks (DBN) recorded Revenue of Rs9.3Bn for FY 2016 and Rs2.6Bn in Q4 2016, representing an increase of 28% YoY and 7% QoQ respectively. Downstream of strong Revenue performance, DBN EBITDA for FY 2016 was recorded at Rs4.0Bn and Rs1.2Bn in Q4 2016, representing an increase of 39% YoY and 25% QoQ respectively. DBN's Net Loss for FY 2016 increased to Rs385Mn relative to the Net Loss of Rs133Mn recorded in FY 2015 underpinned by the higher depreciation and finance cost.