



dhiraagu

SECOND QUARTER REPORT

April to June 2018

Dhivehi Raajjeyge Gulhun PLC

www.dhiraagu.com.mv



Dhiraagu is the leading digital and telecommunications service provider in the Maldives. Our business is to provide future-proof digital and telecommunications connectivity that enable our customers to get ahead in the digital future. We are the pioneers that ushered the Maldives into the digital age, and we continue to lead the field by placing premium value on customer experience and consistent innovation. With over half a million customers, and an employee base comprising 99% trained Maldivians and presence throughout the country, we remain committed to enrich our customers' lives through digital services.

Dhiraagu brings the latest innovations and technology to help all our customers succeed in an increasingly connected world. We offer a comprehensive range of services spanning from mobile, internet, data, TV, mobile money and fixed services. We also ensure reliable international connectivity and coverage within the Maldives. We consider ourselves a partner for business growth and provide leading enterprise solutions and offer our customers peace of mind.

With nearly three decades of excellence and a proven record of success, we are proud of our role enabling the Maldives to take on tomorrow.



01

Developments During the Quarter

1.1 SUMMARY

In line with the Company's objective of providing digital connectivity across the country and enhancing customer experience, we completed our nationwide 4G rollout project during the second quarter. We also extended our Fibre Broadband service to 68% of households and launched DhiraaguTV services in several new islands. We focused on providing enhanced value to our mobile, TV and Broadband customers through various promotions.

During the second quarter, Dhiraagu reported an 11% increase in revenue and a 3% increase in net profit vs the same quarter of 2017 which was driven by growth in mobile data, FTTH and enterprise services. Compared with the previous quarter, revenue declined slightly as a result of lower seasonal roaming revenue. Net profit and earnings per share also decreased for the same period due to the lower revenue, declining margin and higher operating costs. In the second quarter, Dhiraagu paid a total of MVR 444.6m (MVR 5.85 per share) as final dividend for the year 2017 as approved by the shareholders at the Company's 29th Annual General Meeting.

CSR and sponsorship efforts remained a high priority in the second quarter. Highlights include the title sponsorship of the 'Dhivehi Premier League' and becoming a platinum corporate member of the Maldivian Red Crescent. We also distributed ocean themed reusable bags on World Ocean's Day and teamed up with UNDP Maldives to launch Film for Change 2018.



1.2 COMMERCIAL HIGHLIGHTS



Network expansion

During the quarter, Dhiraagu made substantial progress on its two major projects, FTTH and 4G expansion. FTTH service is now available in 41 islands covering 68% of the households and Dhiraagu completed its major goal of extending 4G coverage to 100% of the population.



Dhiraagu TV

With the increasing popularity of DhiraaguTV service and to cater for users who wish to watch TV on-the-go, DhiraaguTV mobile app was successfully launched in Q2. DhiraaguTV acquired the distribution rights to show all live matches of the FIFA World Cup 2018, including the rebroadcasting of the final 10 world cup matches in 4K UHD quality to its customers.

By the end of Q2, Dhiraagu TV service, the only nationwide IPTV service in Maldives, is available in 26 islands across the country and provides the same high quality content wherever the service is available without any location restrictions.



Dhiraagu Pay

We continued to expand our mobile money service 'Dhiraagu Pay' acquiring additional merchants across the country. By the end of Q2, we had a total of 144 Dhiraagu Pay merchants.



Mamen

During the quarter, we launched a 'double value' promo with every recharge and a nationwide ATL campaign on Mamen – our youth oriented prepaid mobile plan and app that allows users to build their own package in the most innovative and flexible way. With this promo, customers were able to get twice more Data/SMS/Voice.



Prepaid Mini Data Bundles

In Q2, we launched attractive mini data bundles especially for our prepaid customers. These bundles provide better value for our customers and more data when it is needed just for a little while.



Sera

During the quarter we had two special promos for our Sera customers. Sera IMO promo and Taka promo. All Sera customers active in December 2018 stand a chance to win a cash prize worth up to 1 Million Taka (include MVR equivalent value).



Dhiraagu Digital Elite Club

As part of our digital transformation initiatives, Dhiraagu loyalty 'Elite Club' membership was digitized and offered through the Dhiraagu mobile self-care app making it conveniently accessible for all members.



Ramadan Campaign

During the quarter, we also launched the Ramadan & Eid Campaign. For the period of Ramadan, special data packs were offered. With every purchase of the data bundle, 10% of what was spent was donated to the NGO, Tiny Hearts of Maldives. We also launched a special app for Ramadan that allowed customers to pay zakat via Dhiraagu Pay, alert prayer times, updates of local market grocery prices and popular restaurant menus. Customers were also able to pay zakat via a Dhiraagu prepaid number or using Dhiraagu Pay service.



World Cup Campaign

Special promotions and activities were conducted during the World Cup to create excitement and brand engagement including a guess the score challenge. Customers were also offered a DhiraaguTV data add-on specifically to watch the World Cup on the DhiraaguTV mobile app.

Sponsorships

During the quarter, Dhiraagu continued to provide sponsorships to support various social and commercial activities including,

- Becoming the title sponsor of the national football league Dhivehi Premier League, the biggest football tournament where the top local football clubs participate.
- Sponsoring the PSM coverage of FIFA World Cup Russia 2018, becoming part of the football season and supporting the broadcast for the Maldives.
- Platinum sponsor of Maldives Business Awards, the first local business awards to recognize and acclaim businesses who have shown exceptional performance in their respective fields
- International Maldives Travel Market (IMTM) - IMTM 2018 is the first international travel and trade fair to be held at a resort bringing together 30 leading international tour operators and travel agencies.
- Sponsorship of 'Together as One Basketball' tournament conducted for youth during Ramadan.



1.3 ORGANIZATIONAL HIGHLIGHTS



Staff Training

During Q2, 128 staff were trained in technical and non-technical areas, with 10 staff trained overseas.



Health and Safety

- Fire Safety inspection was conducted at Seenu Operations Centre and Eydhafushi Operations Centre.
- Fire Safety Awareness sessions were conducted in Male' and a total of 115 staff participated in these sessions.
- 221 staff and immediate family were vaccinated for flu.
- Dhiraagu staff Health Screening Programme was conducted in association with Health Protection Agency (HPA) and a total of 205 were screened.



Staff Engagement

- During the Quarter, at the beginning of Ramadan, Dhiraagu staff Quran & Madhaha competition was held. Similar to previous years "Roadha Festival" was held for all staff in eClub with multiple games (Billiard, Scrabble, Garlando, Carom, Dart & FIFA-PS4).
- Participated in World Autism Day awareness campaign "#LightItUpBlue".

1.4 CORPORATE SOCIAL RESPONSIBILITY

Key CSR Highlights

- We became a platinum corporate member of the Maldivian Red Crescent to support humanitarian efforts across Maldives.
- On Children's Day, we contributed resources to help establish a Children's Thalassemia Ward in Laamu Gan Regional Hospital.
- On World Autism Awareness Day, we pledged to help establish a children's playground at the Maldives Autism Association.
- Together with UNDP, we launched 'Film for Change 2018' to empower youth to explore social issues through smartphones and tablets. The project consists of a training component and a post-production component where trainees will produce short films that are inspired by the United Nations Sustainable Development Goals on Quality Education, Gender Equality, Climate Change and Life Below Water.
- We continued to support the Blind and Visually Impaired Society of Maldives, by providing a customized phone meeting service, a digital space to empower and connect over 200 members across the country and helping them to conduct classes.
- A team of volunteers from Dhiraagu participated in the Maa Saafu Male cleaning event organized by Ministry of Environment and Energy, Maldives and WAMCO.
- As part of our Eid Al Fitr celebrations, staff from our Head Office and all Regional Operation Centres volunteered to distribute Eid Gifts to children across the Maldives.
- We reinforced our efforts to help reduce single use plastic by distributing ocean themed reusable bags to all our staff and public through our Head Office, Regional Operational Centres and popular supermarkets.





02

Key Financial Highlights

2.1 BALANCE SHEET (UNAUDITED)

AS AT

ASSETS AND LIABILITIES

Non-Current Assets

	30 Jun 2018 MVR "000"	31 Mar 2018 MVR "000"
Intangible Assets	242,828	248,643
Property, Plant and Equipment	1,853,566	1,792,058
Deferred Tax Asset	12,126	9,812
Total Non-Current Assets	2,108,520	2,050,513

Current Assets

Inventories	88,956	88,858
Trade and Other Receivables	520,111	502,983
Cash and Bank Balances	443,235	803,301
Total Current Assets	1,052,302	1,395,142

Total Assets	3,160,822	3,445,655
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Current Liabilities

Trade and Other Payables	(547,792)	(644,186)
Amounts Due to Related Party	(1,793)	(1,682)
Current Tax Liabilities	(99,416)	(61,978)
Total Current Liabilities	(649,001)	(707,846)

Non-Current Liabilities

Provisions	(164,652)	(161,692)
Total Non-current Liabilities	(164,652)	(161,692)

Total Liabilities	(813,653)	(869,538)
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Net Assets	2,347,169	2,576,117
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Equity

Share Capital	190,000	190,000
Retained Earnings	2,157,169	2,386,117
Total Equity	2,347,169	2,576,117

2.2 INCOME STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED

	30 Jun 2018 MVR "000"	31 Mar 2018 MVR "000"
Revenue	694,395	704,883
Operating Costs	(349,677)	(322,519)
Depreciation and Amortization	(80,958)	(75,779)
Other Income	337	292
Results from Operating Activities	264,097	306,877
Net Financing Expense	(13,320)	(7,580)
Profit Before Tax	250,777	299,297
Tax Expense	(35,125)	(45,120)
Profit for the period	215,652	254,177

Share Performance Ratios

Basic Earnings Per Share (Annualized MVR)	11.36	13.36
Basic Earnings Per Share (Quarter MVR)	2.84	3.34

2.3 CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED

	30 Jun 2018 MVR "000"	31 Mar 2018 MVR "000"
Net Cash Inflow from Operating Activities	300,818	305,939
Net Outflow from Investing Activities	(172,954)	(108,612)
Net Outflow from Financing Activities	(457,187)	(7,039)
Net Increase/(Decrease) in Cash and Cash Equivalents	(329,323)	190,288
Cash and Cash Equivalents at beginning of the Period	615,177	424,889
Cash and Cash Equivalents at end of the Period	285,854	615,177



Robin Wall
Chief Financial Officer



Ismail Rasheed
CEO & Managing Director



03

Corporate Governance

3.1 BOARD COMPOSITION

No changes were brought to the Board composition during the second quarter of 2018. The Board composition as at 30 June 2018 was as follows.

Mr. Mohamed Ashmalee

Chairperson

Non-Executive & Independent

Chairperson, Remuneration, Nomination and Governance Committee

Mr. Abdulla Ahmed

Director

Non-Executive & Independent

Member, Audit Committee

Mrs. Kholood Rashid AlQattan

Director

Non-Executive & Independent

Chairperson, Audit Committee

Mr. AbdulRahman Fakhro

Deputy Chairperson

Non-Executive & Independent

Member, Remuneration, Nomination and Governance Committee

Mr. Imran Ali

Director

Non-Executive & Independent

Member, Audit Committee & Remuneration, Nomination and Governance Committee

Mr. Ahmed Hafiz

Director

Non-Executive & Non-Independent

Mr. Ihab Hinnawi

Director

Non-Executive & Independent

Mr. Oliver McFall

Director

Non-Executive & Independent

Mr. Ismail Rasheed

Chief Executive Officer & MD

Non-Executive & Non-Independent

3.2 BOARD ACTIVITY

One Board Meeting, one Audit Committee Meeting and one Remuneration, Nomination and Governance Committee Meeting was held during the quarter.

3.3 BOARD DECISIONS

Important Board decisions made during Quarter included:

- Approval of the Annual Report for the year ended 31st December 2017.
- Approval of the Bonus KPI's and Performance Bonus Payout Plan for 2018.
- Approval of Interim Condensed Financial Statements as at 31st March 2018.
- Nomination of Public Director.
- Approval of the Credit Control Policy.
- Approval of the Insider Trading Policy.

3.4 29th ANNUAL GENERAL MEETING

The 29th Annual General Meeting of Dhiraagu PLC was held on 14th May 2018, at the Convention Hall of Kurumba, Maldives. The meeting was attended by 116 shareholders (49 shareholders present in person and 67 shareholders present by proxy) representing 94% of the shareholding of the Company. Important resolutions passed at the meeting includes:

- Approval of the Annual Report 2017 including the Director's Report and Audited Financial Statements for the year ended 31st December 2017.
- Declaration of a full year dividend of MVR 897,560,000 (Maldivian Rufiyaa Eight Hundred and Ninety Seven Million, Five Hundred and Sixty Thousand) amounting to MVR 11.81 per share for the year 2017. The full year dividend is made up of
 - Interim Dividend of MVR 5.96 per share (total MVR 452,960,000) paid in 2017, and
 - Final Dividend of MVR 5.85 per share (total MVR 444,600,000) declared at the 29th Annual General Meeting for shareholder approval.
- Re-election of Mr. Imran Ali as the Public Director for the Company's Board of Directors until the conclusion of the 31st Annual General Meeting of the Company; after receiving the necessary majority of votes from the public shareholders present and voting at the AGM.
- Re-appointment of KPMG as the Company's External Auditors for the year 2018, to hold office until the conclusion of the next Annual General Meeting to carry out the statutory audit for the year ending 31st December 2018, and the approval of External Auditors fees.
- Granting the Board of Directors the authority to approve and declare any interim dividend in accordance with the Company's Dividend Policy during the financial year 2018.

3.5 COMPLIANCE TO CMDA CORPORATE GOVERNANCE CODE

The company complied with the CMDA's Corporate Governance Code and the Dhiraagu Corporate Governance Code during the quarter. Highlights include ensuring regular, timely and effective disclosures as required by the Code.

The company's Corporate Governance Code can be viewed in the investor relations section of the Dhiraagu website.

3.6 REPORTING COMPLIANCE

This report has been prepared in compliance with CMDA's Minimum Quarterly Reporting Requirements for Listed Companies.



04

Investor Relations

4.1 SHAREHOLDING

The company's shareholding as at 30th June 2018 was as follows:

Shareholding	%	No of Shares
BTC Islands Limited (Batelco)	52.0%	39,520,000
Government of Maldives	41.8%	31,770,150
Public	6.2%	4,709,850
	100%	76,000,000

4.2 TRADING HIGHLIGHTS

	Q2 2018	Q1 2018
Highest Traded Price (MVR)	85	85
Lowest Traded Price (MVR)	80	80
Last Traded Price (MVR)	80	80
Number of Shares Traded	2,345	4,326
Number of Trades	15	13
Weighted Average Traded Price (MVR)	83.62	83.00
Market Capitalization as at quarter end (MVR)	6.08bn	6.08bn

4.3 SHARE PERFORMANCE

	Q2 2018	Q1 2018
EPS (Annualized MVR)	11.36	13.36
P/E Ratio (Annualized)	7.04	5.99
Net Asset Per Share (MVR)	30.88	33.90
Dividend Yield	NA	NA



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