



dhiraagu

# Second Quarter Report

April to June 2019

Dhivehi Raajjeyge Gulhun PLC  
[www.dhiraagu.com.mv](http://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 enables 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



# 01

## Developments During the Quarter





# 1.1 Summary

Digital transformation continued to be the strategic agenda driving the success of Dhiraagu.

One of the key milestones achieved was the expansion of Dhiraagu FTTH project, marking the achievement of 75% household coverage across the country. This key milestone was marked in April at a special function graced by His Excellency Ibrahim Mohamed Solih, President of the Republic of Maldives.

At this function, Dhiraagu also unveiled its 'Digital Raajje' Program, which seeks to leverage the latest digital communications technology towards the social and economic wellbeing of the island nation.

As part of this Program, for the first time in Maldives, Dhiraagu introduced Gigabit speed internet of up to 1Gbps providing the fastest broadband connection to both residential and business customers. The Gigabit speed service is available at 10 different islands, allowing customers to experience the best speed ideal for downloading movies and music, online gaming and streaming high quality videos.

Dhiraagu also established Dhiraagu WiFi Hotspots at different public locations in Male' and beyond to enable greater accessibility to everyone.

During the quarter, more value was extended to Dhiraagu TV customers as well by launching Video-on-Demand (VoD) feature on DhiraaguTV for the first time and introduction of a new TV package with two new add-ons.

Dhiraagu launched the Huawei P30 and P30Pro handsets with special installment plans, to provide Dhiraagu customers with convenient and affordable access to the latest smartphone technology.

Special promotions were launched to celebrate the month of Ramadan and Eid, including launching of a special discount plan on fixed broadband, new data bundles with extra social media allowance, discounts from selected restaurants and shopping outlets for payments made through DhiraaguPay, to suit the digital lifestyles of customers. During the second quarter, Dhiraagu reported a 2% increase in revenue vs the same period in 2018 driven by growth in fibre broadband, enterprise and adjacent services. Compared with



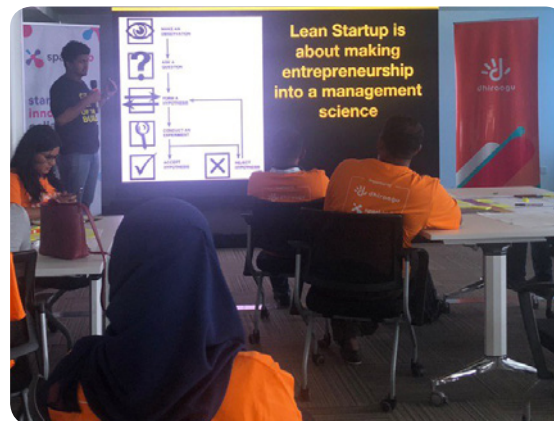
the previous quarter there was a 0.3% increase in revenue with growth in enterprise offset by a reduction in seasonal roaming revenue.

Net profit and earnings per share decreased vs the prior quarter due to lower seasonal roaming and higher operating costs. Net cash flow increased in the quarter mainly due to an increase in operating cash flow, partially offset by an increase in capital expenditure.

Dhiraagu continued to support youth development in sports. The company extended sponsorship support to various activities engaging youth, including Mamen Interschool Bike Championship, Addu-Mamen Interschool Football Tournament and Dhiraagu Dhivehi Premier League. Key CSR highlights reflected our focus to support the local startup culture and on fostering innovation. During the quarter, we held Lean Startup Machine, the world's leading startup workshop together with our partner Sparkhub.

As part of our ongoing efforts to care for the oceans, our staff engaged in beach cleanups to help intercept ocean plastic in Addu Atoll, Fuvahmulah and Kulhudhuffushi.

We also announced our partnership with UNDP Maldives to implement two key projects this year under SDG 13- Climate Action- Drones for Resilience and Film for Change Climate Edition.



## 1.2 Key Commercial Highlights



### Fibre Broadband to 75% of the Households

We celebrated a major milestone of achieving 75% of household coverage on our Fibre Broadband network across the nation. This milestone was marked at special function graced by His Excellency Ibrahim Mohamed Solih, President of the Republic of Maldives.

During the event, we also unveiled "Digital Raajje" for our users, to enrich the socio-economic wellbeing of our community by leveraging the latest digital communications technology.



### Dhiraagu TV

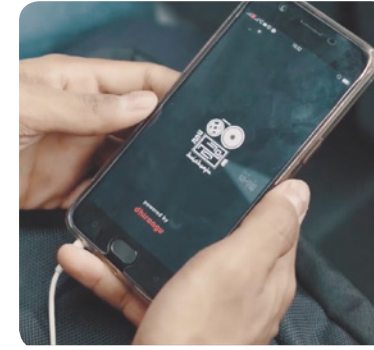
DhiraaguTV introduced a new package and two add-ons; "Fun" and "Excitement". As a promotional offer, customers were given Excitement add-on for free until the end of July, which has a diverse set of over 22 channels.

We enabled Video-on Demand (VoD) feature on DhiraaguTV with Nickelodeon, one of the most popular kids' entertainment shows.



### Fixed Broadband

We offered 25% discount on all existing fixed broadband boosters and offered free connections for new subscriptions on FBB with 30% extra allowance during April and May.



### Baiskoafu Subscription

We introduced a special monthly subscription of MVR 69 on Baiskoafu exclusively for Dhiraagu customers, offering them unlimited access to a great variety of original local content.



### Huawei P30 Launch

We launched Huawei's flagship brands, Huawei P30 and Huawei P30 Pro, with free 5GB data for 6 months enabling our customers to conveniently experience the latest smartphone technology in the market.



# Ramadan Campaign



## Ramadan Data Bundle

Similar to last year, 10% of each data bundle purchase was donated to a local charity. This year we donated MVR 366,000 to Maldives Association of Persons with Disabilities (MAPD), to support their cause towards improving the life of people with disabilities.



## DhiraaguPay

A special promotion was run for DhiraaguPay customers at the local Market, and fish Market.

## Saudi IDD offer

We also offered a discounted call rate for our customers during Ramadan to get in touch with their loved ones in Saudi.



## Zakat Pay

We also facilitated Zakat payment through DhiraaguPay and SMS, to help our customers pay alms more conveniently.



## Digital Engagement Activities

We vamped up our digital engagement during Ramadan. Activities included;

'Dhivehinge Raha': a video-based cooking series where the inspirations and dishes are local cuisine.

'Roadha Moments': we ran an Instagram contest in partnership with Samsung, which invited users to share their moments of happiness during the day, to help keep the spirit of Ramadan alive. Weekly winners were awarded Samsung Galaxy A80 phones.

'Mee Koacheh': a weekly guessing challenge on Twitter where users had to announce the name of the macro/abstract item on each post using the provided hashtags.

Thashibari Movement: we reinitiated the 'Thashibari Movement' on Social Media to revive our tradition of sharing during the month of Ramadan

## 1.2 Key Commercial Highlights



### Viber Sticker Subscription

We launched an exclusive offer for mobile customers to purchase premium Viber sticker package for just MVR 19 per month



### Dhiraagu Hotspots

As part of the initiative to improve digital accessibility, Dhiraagu Wi-Fi hotspots were opened at parks and public locations across Male' and Greater Male'.



### Eid Promo

We launched two new data bundles exclusively for Eid, letting our customers enjoy 2GB extra allowance on Social Media



### 1Gbps

Our 1Gbps package was launched at the end of June. For the first time in the Maldives, customers can subscribe to 1 Gbps. The premium service is currently available in 10 islands.





# Sponsorships

We continued our support in various areas of youth development and social causes. Highlights include:



Mamen Interschool Bike Championship to promote an active lifestyle and increase the popularity of cycling amongst our youth.



Addu-Mamen Interschool Football Tournament, as part of our youth engagement initiatives.



Dhiraagu Dhivehi Premier League, to support development of Maldivian football and build unity through sports.



'Raalhu Gudi'- Kite Surfing Event, to raise awareness of plastic pollution.



## 1.3 Organizational Highlights



### Awards & Recognitions

We received an appreciation award from Maldivian Red Crescent at their 10th General Assembly for supporting humanitarian work as a corporate member.



### Employee Training and Engagement

We strive to maintain our focus on our employee's professional development, health, safety, and engagement.

During the quarter, we provided training to 64 employees, with focus on upskilling and providing the tools to achieve our strategic initiatives.



### Recreation/Staff Engagement

Dhiraagu staff Quran/Madhah competition and Roadha Festival held from 12th May to 25th May. Over 200 staff across the company participated in the activities.

Dhiraagu Futsal Team took part in the Club Maldives Cup 2019.



### Health & Safety updates

Fire Safety Inspections at Regional Operational Centers and Greater Male' sites were carried out during the quarter.

Flu vaccination arranged for Dhiraagu staff and families and a total 324 staff and family members were vaccinated.





## 1.4 Corporate Social Responsibility



### Empowering Young People

As a champion for supporting and encouraging persons with disabilities, we celebrated the success of the young athletes for winning gold and silver for Maldives from the 2019 Special Olympics World Games for persons with intellectual disabilities at DHO with our staff

With our focus to support the start-up culture and foster innovation, we introduced Lean Startup Machine, the world's leading start-up workshop in Maldives in partnership with Sparkhub. The intensive three- day workshop emphasizes the importance of validating ideas before they are built.

Together with our partners, we announced Angelhack Maldives 2019, the worlds' largest and the only international hackathon series in Maldives.

To mark Girls in ICT day, a team of our female staff spoke at school assemblies in Addu Atoll, Fuvahmulah, Kulhudhuffushi, Eydhafushi and Vilimale' to inspire and encourage girls to pursue careers in ICT.

We extended our support to the National Centre for the Holy Quran by providing our Digital Connectivity solution for the centre to conduct Quran courses in Laamu Fonadhoo and Fuvahmulah.





## 1.4 Corporate Social Responsibility



### Care for Children

On Children's Day, we opened "Dhiraagu Kids Zone" after renovating the Children's Play Area at Indhira Ghandi Memorial Hospital.

As part of our Eid Al Fitr celebrations, staff from our Head Office and Regional Operation Centres volunteered to distribute Eid Gifts to children across Maldives.

We renewed our membership with GSMA Mobile Alliance Against Child Sexual Abuse Content to block child sexual abuse content on Dhiraagu network.

On World Autism Awareness Day, we supported a special video song by Dhiraagu Brand Ambassador Mariyam Maesha to promote messages on inclusiveness, acceptance and respect to help raise awareness on the cause.

## 1.4 Corporate Social Responsibility



### Care for Environment

We announced our partnership with UNDP to implement two key projects - 'Drones for Resilience' and 'Film for Change Climate Edition' under the Sustainable Development Goal (SDG) 13: Climate Action. Utilizing drone technology, detailed maps would be produced for 4 islands based on disaster risk assessment, providing the means for more informed disaster preparedness and disaster risk management. This year, Film for Change Climate Edition is aimed to explore and form narratives on issues of climate change in Maldives.

Our CEO pledged to stay committed and to continue our efforts within the organisation to reduce single use plastic at the World Oceans Day event by Ministry of Fisheries, Marine Resources and Agriculture and Parley Maldives.

Our teams participated in beach clean-ups in Fuvahmulah, Kulhudhuffushi and in four areas of Addu Atoll to help intercept ocean plastic as part of the Raalhu Gudi Kite Surfing fest together with Parley Maldives, NGOs, schools and the community.

To mark World Environment Day, our staff participated in a special bicycle ride together with the Ministry of Environment and Bike Maldives to create awareness on clean air.



# 02

## Key Financial Highlights





## 2.1 Balance Sheet (Unaudited)

AS AT	30 Jun 2019 MVR “000”	31 Mar 2019 MVR “000”		30 Jun 2019 MVR “000”	31 Mar 2019 MVR “000”
<b>ASSETS AND LIABILITIES</b>					
Non-Current Assets			Non-Current Liabilities		
Intangible Assets	291,344	276,726	Provisions	(176,493)	(173,533)
Property, Plant and Equipment	1,778,869	1,819,139	Right of Use Liability – Non-Current	(195,054)	(191,707)
Right of Use Asset	218,442	219,587	Total Non-current Liabilities	(371,547)	(365,240)
Deferred Tax Asset	16,616	20,486			
Total Non-Current Assets	2,305,271	2,335,938	Total Liabilities	(1,102,250)	(973,233)
Current Assets			Net Assets	2,327,167	2,568,784
Inventories	66,995	65,070			
Trade and Other Receivables	622,653	604,286	Equity		
Cash and Bank Balances	434,498	536,723	Share Capital	190,000	190,000
Total Current Assets	1,124,146	1,206,079	Retained Earnings	2,137,167	2,378,784
			Total Equity	2,327,167	2,568,784
Total Assets	3,429,417	3,542,017			
Current Liabilities					
Trade and Other Payables	(620,189)	(523,000)			
Amounts Due to Related Party	(1,934)	(1,723)			
Right of Use Liability – Current	(27,899)	(30,187)			
Current Tax Liabilities	(80,681)	(53,083)			
Total Current Liabilities	(730,703)	(607,993)			

## 2.2 Income Statement (Unaudited)

FOR THE QUARTER ENDED	30 Jun 2019 MVR “000”	31 Mar 2019 MVR “000”
Revenue	710,824	708,675
Operating Costs	(350,608)	(324,149)
Depreciation and Amortization	(95,344)	(91,807)
Other Income	255	268
Results from Operating Activities	265,127	292,987
Net Financing Expense	(13,397)	(12,312)
Profit Before Tax	251,730	280,675
Tax Expense	(41,147)	(41,734)
Profit for the period	210,583	238,941
Share Performance Ratios		
Basic Earnings Per Share (Annualized MVR)	11.08	12.56
Basic Earnings Per Share (Quarter MVR)	2.77	3.14

## 2.3 Cash Flow Statement (Unaudited)

FOR THE QUARTER ENDED	30 Jun 2019 MVR “000”	31 Mar 2019 MVR “000”
Net Cash Inflow from Operating Activities	334,332	259,920
Net Outflow from Investing Activities	(54,849)	(41,128)
Net Outflow from Financing Activities	(376,306)	(17,740)
Net Increase in Cash and Cash Equivalents	96,823	201,052
Cash and Cash Equivalents at beginning of the Period	517,027	315,975
Cash and Cash Equivalents at end of the Period	420,204	517,027



**Robin Wall**  
Chief Financial Officer



**Ismail Rasheed**  
CEO & Managing Director

# 03

## Governance





## 3.1 Board Composition

No changes were brought to the composition of the Board during the second quarter of 2019. The Board composition as at 30 June 2019 was as follows.

### Mr. Ismail Waheed

Chairperson, Directors

Non-Executive & Independent

Chairperson, Remuneration, Nomination and Governance Committee

### Mrs. Khulood Rashid AlQattan

Deputy Chairperson, Director

Non-Executive & Independent

Chairperson, Audit Committee

### Mr. Ihab Hinnawi

Director

Non-Executive & Independent

### Mr. Imran Ali

Director

Non-Executive & Independent

Member, Audit Committee & RNG Committee

### Mr. Oliver McFall

Director

Non-Executive & Independent

### Mr. Khalid Taqi

Director

Non-Executive & Independent

Member, RNG Committee

### Mr. Ismail Rasheed

Chief Executive Officer & MD

Executive & Non- Independent

\* RNG Committee = Remuneration, Nomination and Governance Committee

## 3.2 Board Activity

During the second quarter of the year, one Board Meeting, one Audit Committee Meeting and one Remuneration, Nomination and Governance Committee Meeting were held.

## 3.3 Board Decisions

Important Board decisions made during Quarter included:

Approval of Interim Condensed Financial Statements for the quarter ending 31 March 2019

Appointment of Deputy Chairperson to the Board

Approval of the disposal and write-off of fixed assets with GBV \$19m (NBV 0).

Approval of 2019 Revised Budget

Appointing Member to the RNG Committee

Approval of Recommending Standing Resolution to declare Interim Dividend in 2019

## 3.4 30<sup>th</sup> Annual General Meeting

The 30th Annual General Meeting of Dhiraagu Plc was held on 25th April 2019 at the Convention Hall of Kurumba, Maldives. The meeting was attended by 84 shareholders representing 94% of the shareholding of the Company. Important resolutions passed at the meeting includes:

Approval of the Annual Report 2018 including the Director's Report and Audited Financial Statement for the year ended 31 December 2018.

Declaration of a full year dividend of MVR 11.91 per share, amounting to MVR 905,160,000 (Maldivian Rufiyaa Nine Hundred and Five Million, One Hundred and Sixty Thousand) for the financial year 2018. The full year dividend was made up of:

Interim Dividend of MVR 5.96 per share (total MVR 452,960,000) paid in 2018, and  
Final Dividend of MVR 5.95 per share (total MVR 452,200,000) declared at the 30th Annual General Meeting for shareholder approval.

Re-appointment of KPMG as the Company's External Auditors for the financial year ending 31 December 2019, to carry out the statutory audit for the year ending 31st December 2019, and 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 2019.

## 3.5 Legal & Regulatory Compliance

The company complied with the CMDA's Corporate Governance Code and 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 2019 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 2019	Q1 2019
Highest Traded Price (MVR)	100	85
Lowest Traded Price (MVR)	86	80
Last Traded Price (MVR)	86	85
Number of Shares Traded	3,704	608
Number of Trades	7	7
Weighted Average Traded Price (MVR)	98.87	84.15
Market Capitalization as at quarter end (MVR)	6.54bn	6.08bn

## 4.1 Shareholding

	Q2 2019	Q1 2019
EPS (Annualized MVR)	11.08	12.56
P/E Ratio (Annualized)	7.76	6.77
Net Asset Per Share (MVR)	30.62	33.80
Dividend Yield	NA	NA



