



dhiraagu

QUARTER 2 REPORT 2017

April to June





01

Commercial & Operational Highlights



1.1 Summary

With a new logo, change of colours and the slogan, “take on tomorrow”, Dhiraagu unveiled its refreshed brand on 24th May 2017. The new branding establishes the company’s pivotal role in enabling customers to make the most of an increasingly digital world.

Dhiraagu maintained its strong financial performance during the quarter, reporting a gross revenue of MVR 626m. Compared with Q1, revenue declined mainly due to lower roaming revenues because of the seasonal drop in tourism, however revenue grew compared with the same quarter in 2016. Other revenue lines performed well, demonstrating growth resulting from the company’s continued investment to bring the best services to its customers. Net profit and earnings per share decreased compared with Q1 due to the seasonal reduction in revenue and increase in operating costs.

Cash flow before financing was lower in the quarter, driven by the reduction in net profit, working capital movements and increase in capital investment. The company also returned a dividend of MVR 642m to shareholders following the announcement of full year results for the financial year 2016.



1.2 Key commercial & operational highlights

Dhiraagu Rebranding

Dhiraagu unveiled its new branding in May. With a completely fresh look, the company adopted orange as its primary brand colour and an updated logo that reflects Dhiraagu's focus as a leading provider of world-class digital and telecom services in the Maldives. The company also adopted the new slogan 'take on tomorrow' to reflect its role as an innovative brand that provides future-proof products and services to help customers make the most of the digital future.

As part of the rebranding exercise Dhiraagu opened a modern customer experience centre in Dhiraagu Head Office. Customers can come and experience first first-hand a range of digital services and products offered by the company.

Launch of DhiraaguTV

DhiraaguTV was launched in April, providing customers with a wide range of high quality TV content including news, current affairs, sports, movies, music and children's channels. A special launch offer to the first 1,500 customers included one year's free subscription together with free JoyBox and installation.

Network Expansion and Rollout

Dhiraagu continued its broadband expansion program, and established high-speed fibre networks in B. Dharavandhoo, K. Thulusdhoo, K. Dhiffushi, and K. Guraidhoo during the quarter.

4G LTE was extended to an additional 17 islands during the quarter, with 4G now covering 79% of the population.



Promotional activities & special launches

- Launched the iPhone 7 and iPhone 7 Plus RED Special Edition.
- Fibre Broadband Promotion in May offered new subscribers free installation with discount on monthly rental for the first 2 months and a lucky draw.
- Launched the latest Samsung's flagship Galaxy S8 and Samsung Galaxy S8+.
- Ramadan and Eid Promotions - Promotions focused on digital services.
- Additionally, each week, the company gave away free Umrah trips, offered special call rates to Saudi Arabia and provided prayer time notification services and facilities to pay zakat online.
- Launched two acclaimed sticker packs on Viber tied to the company's role as the Title Sponsor for the Maldivian Idol TV and Maldivian life during Ramadan and Eid respectively.

Educational and Sporting Sponsorships

- Dhiraagu was one of the Platinum Sponsors of Club Maldives Futsal Tournament 2017, the largest of its kind held in Maldives.
- Dhiraagu also collaborated with the Ministry of Education to sponsor the "Top Achievers Award 2017" which celebrated the academic achievements of school leavers who achieved the best results in the A level examinations.



02

Corporate Social Responsibility



2.1 Staff Training & Engagement

Staff Training, Health and Safety

- During Q2 51 staff were trained in technical areas and 76 staff trained in non-technical trainings.
- 23 Apprentices were trained during the quarter.
- Annual fire awareness sessions held in Regional centres with support from the Maldives National Defence Force in April.
- Facilitated the second dose of H1N1 influenza for staff members and their families at Senahiya.

Staff Engagement

- Dhiraagu staff Quran & Madhaha as well as games (Billiard, Garlando, Carom, Dart & FIFA-PS4) competition was held during the month of Ramadan.



2.2 Support to Community and Environment

Disaster Relief and Emergency Assistance

- In kind-assistance provided to families affected by severe weather in S. Hithadhoo and G.Dh. Thinadhoo.

Child protection and care

- Donated equipment to the children's shelter at Vilingili, Kudakudhinge Hiya to upgrade and enhance the computer laboratory at the facilities. Under the initiative, Dhiraagu donated computer systems as well as free Fibre Broadband Connectivity to the facility.
- Donated computer equipment and broadband connectivity to Care Society for their inaugural vocational educational training classes for young people with special needs.
- As part of the company's Eid Al Fitr celebrations, distributed Eid gifts to children across Male' and atolls with Dhiraagu Regional Operations Centres.

Promoting environment protection

- In collaboration with Parley distributed the company's 'For the Oceans' multi-use recyclable bags to school children in Laamu Atoll.



03

Board Administration





3.1 Board Composition

During the Quarter, two Board directors representing Batelco Group were changed.

In May 2017, Batelco Group appointed Mr. Oliver MacFall and Mrs. Kholood Rashid AlQattan as non-executive Directors, replacing Dr. Ahmed AlQader and Mr. Raed Fakhri who served the Board from January 2016 and May 2016 respectively.

As of 30th June 2017, the Board composition was as follows:

Name	Position
Mr. Mohamed Ashmalee	Chairperson
Mr. AbdulRahman Fakhro	Deputy Chairperson
Mr. Ihab Hinnawi	Non-Executive & Independent Director
Mr. Abdulla Ahmed	Non-Executive & Independent Director
Mr. Imran Ali	Non-Executive & Independent Director
Mr. Ahmed Mohamed Didi	Non-Executive & Independent Director
Mr. Oliver MacFall	Non-Executive & Independent Director
Mrs. Kholood Rashid AlQattan	Non-Executive & Independent Director
Mr. Ismail Rasheed	Chief Executive Officer & MD

3.2 Board Activity

Frequency of Board and committee meetings held during the quarter:

Board	Audit Committee	RNG Committee
2	1	1



3.3 Board Decisions

Important Board decisions made during Quarter included:

- Approval of the Bonus KPI's for 2017.
- Approval of the Performance Bonus Payment for 2016.
- Approval of Interim Condensed Financial Statements as at 31st March 2017.
- Appointment of member & chairperson for the Audit Committee

3.4 Annual General Meeting

The 28th Annual General Meeting of Dhiraagu PLC was held on 20th April 2017, at the National Art Gallery, Male', Maldives. The following resolutions were made at the 28th Annual General Meeting.

- Approval of the 2016 Annual Report including the Director's Report and Audited Financial Statements for the year ended 31st December 2016.
- Declaration of full year dividend of MVR 1,092,120,000 (one billion, ninety two million one hundred and twenty thousand) amounting to MVR 14.37 per share for the financial year 2016, of which Interim Dividend was MVR 5.92 per share and Final Dividend was MVR 8.45 per share.
- Re-appointment of KPMG (Chartered Accountants) as the Company's External Auditors for 2017, to hold office until the conclusion of the next Annual General Meeting to carry out the statutory audit for the year ending 31st December 2017, 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 2017.



04

Share Performance





4.1 Shareholding

The company's shareholding as at 30th June 2017 was as follows:

Shareholding	%	Number 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 Share trading and performance

	Q2 2017	Q1 2017
Highest Traded Price (MVR)	85	83
Lowest Traded Price (MVR)	85	80
Last Traded Price (MVR)	85	83
Number of Shares Traded	2,800	805
Number of Trades	3	6
Weighted Average Traded Price (MVR)	85	80.76
Market Capitalization as at quarter end	6.46 bn	6.31bn
EPS (Annualized MVR)	11.00	12.84
P/E Ratio (Annualized)	7.73	6.46
Net Asset Per Share (MVR)	30.57	36.27



05

Financial Statements





5.1 Balance Sheet (unaudited)

AS AT	30 Jun 2017 MVR "000"	31 Mar 2017 MVR "000"
ASSETS AND LIABILITIES		
Non-Current Assets		
Intangible Assets	158,731	165,008
Property, Plant and Equipment	1,732,341	1,773,531
Deferred Tax Asset	11,619	10,738
Total Non-Current Assets	1,902,691	1,949,277
Current Assets		
Inventories	57,387	45,732
Trade and Other Receivables	450,395	356,281
Cash and Bank Balances	770,140	1,278,429
Total Current Assets	1,277,922	1,680,442
Total Assets	3,180,613	3,629,719
Current Liabilities		
Trade and Other Payables	(605,416)	(662,975)
Amounts Due to Related Party	(763)	(438)
Current Tax Liabilities	(92,134)	(53,974)
Total Current Liabilities	(698,313)	(717,387)
Non-Current Liabilities		
Provisions	(158,979)	(156,044)
Total Non-current Liabilities	(158,979)	(156,044)
Total Liabilities	(857,292)	(873,431)
Net Assets	2,323,321	2,756,288
Equity		
Share Capital	190,000	190,000
Retained Earnings	2,133,321	2,566,288
Total Equity	2,323,321	2,756,288



5.2 Income Statement (unaudited)

FOR THE QUARTER ENDED	30 Jun 2017 MVR "000"	31 Mar 2017 MVR "000"
Revenue	626,480	643,884
Operating Costs	(301,032)	(271,474)
Depreciation and Amortization	(76,041)	(77,310)
Other Income/(Expense)	(10)	42
Results from Operating Activities	249,397	295,142
Net Financing Expense	(2,885)	(9,089)
Profit Before Tax	246,512	286,053
Tax Expense	(37,279)	(42,244)
Profit for the period	209,233	243,809
Share Performance Ratios		
Basic Earnings Per Share (Annualized MVR)	11.00	12.84
Basic Earnings Per Share (Quarter MVR)	2.75	3.21



5.3 Cash Flow Statement (unaudited)

FOR THE QUARTER ENDED	30 Jun 2017 MVR "000"	31 Mar 2017 MVR "000"
Net Cash Inflow from Operating Activities	212,679	280,997
Net Outflow from Investing Activities	(75,891)	(41,978)
Net Outflow from Financing Activities	(645,077)	(9,205)
Net Increase in Cash and Cash Equivalents	<u>(508,289)</u>	<u>229,813</u>
Cash and Cash Equivalents at beginning of the Period	880,426	650,613
Cash and Cash Equivalents at end of the Period	<u>372,137</u>	<u>880,426</u>

Robin Wall
Chief Financial Officer

Ismail Rasheed
CEO & Managing Director



06

Legal and Regulatory Update



6.1 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:

https://www.dhiraagu.com.mv/Corporate_Governance.aspx.

6.2 Reporting Compliance

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