



dhiraagu

Third Quarter Report

July to September 2019

Dhivehi Raajjeyge Gulhun PLC
www.dhiraagu.com.mv



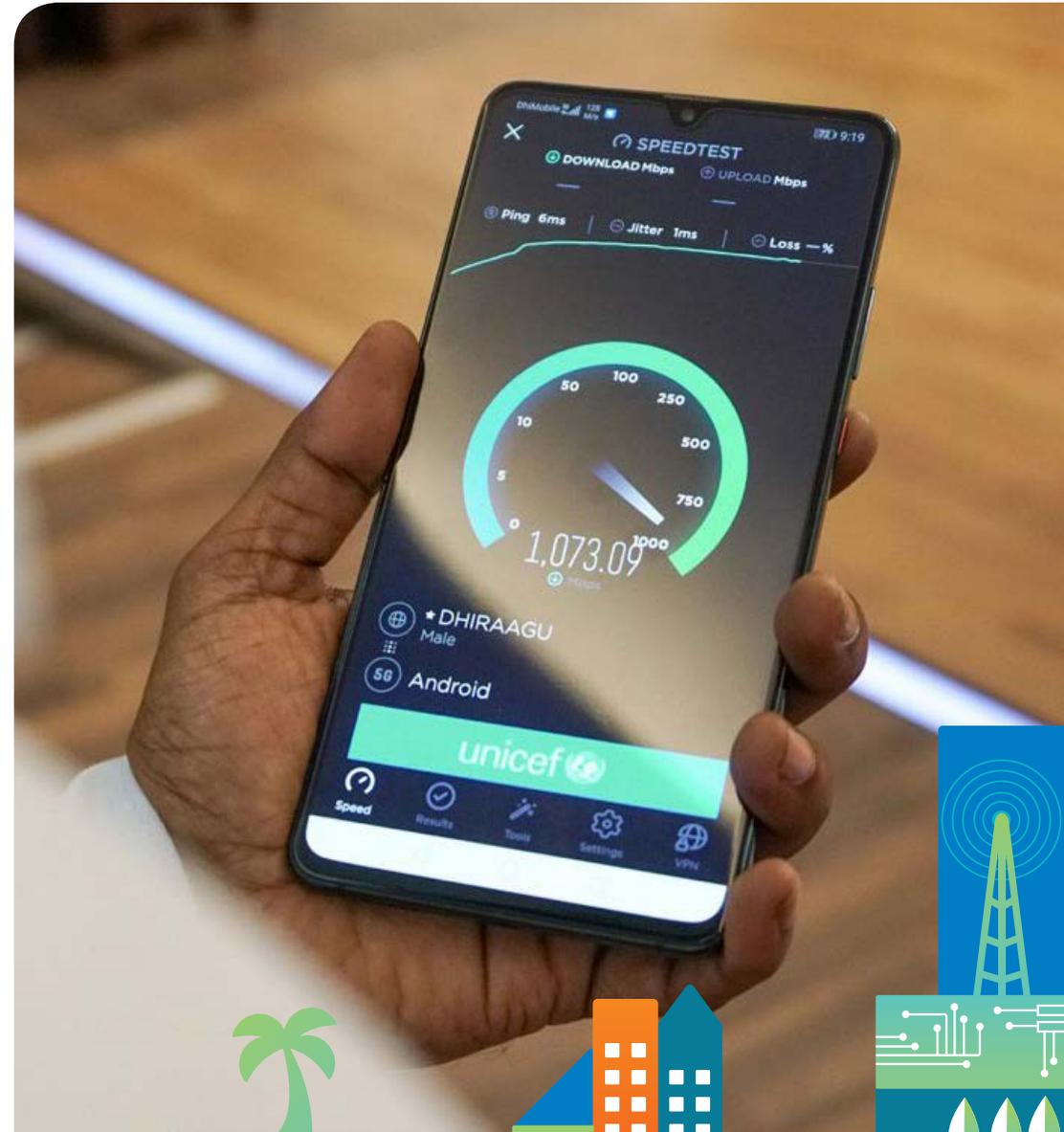


Dhiraagu is the leading digital and telecommunications service provider in the Maldives. Our business is to provide future-proof digital and telecommunications connectivity that enables our customers to get ahead in the digital future. We are the pioneers that ushered the Maldives into the digital age, 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

During quarter 3, we marked a major milestone as the first operator to launch 5G in the Maldives and the first to launch in South Asia. As pioneers in bringing the latest technology to the country, we are excited about the opportunity 5G offers as an enabler for new services and enhancing connectivity to our customers across the country. Our 5G service is currently available in selected areas of Greater Male’, Velana International Airport, S.Hithadhoo and HDh.Kulhudhuffushi.

During Q3, we reported revenue of MVR 685m, up 4% vs Q3

2018 mainly due to the growth in adjacent business revenues. Compared with Q2 2019, revenue declined by 4% mainly contributed by lower seasonal roaming revenues and enterprise revenue which also resulted in reduction of 4% in net profit. The company also declared an interim dividend of MVR 314.6m (MVR 4.14 per share) for the financial year 2019.

We continued to support community initiatives by sponsoring various social events and activities. These include the Top Achiever’s Award, Fuvahmulah City Science Fair 2019, Dhiraagu

Maldives Tennis Open 2019 and Dhiraagu U14 and U12 Youth League, and First-ever Fitness Expo.

Key CSR highlights reflected our focus to support children, empower young people and care for the environment. Dhiraagu Maldives Road Race 2019 was dedicated to “Help Protect Children” and was held with the participation of 4,370 runners. It raised over MVR 700,000 for the 11 partner NGOs working in the area of child protection and support.



1.2 Key Commercial Highlights



5G launch

On 31 July, we reached a key milestone by being the first company in the Maldives and South Asia to commercially launch 5G service, the latest generation in mobile technology.

Dhiraagu 5G service is currently available in selected areas of Greater Male', Velana International Airport, S.Hithadhoo and HDh.Kulhudhuffushi



Mobile

Dhiraagu Mobile Postpaid portfolio was enhanced during the quarter with the introduction of a new postpaid plan with data allowance up to 50GB, allowing our high data usage customers to enjoy one of the most affordable and attractive mobile plan options available in the market.

An attractive double allowance promo was also launched for our mobile broadband customers for a period of 3 months offering a better mobile internet experience.

For Hajj season and Eid Al Adha, we offered discounted IDD rates to call Saudi Arabia.



Mamen

Mamen, the digital lifestyle offering showed significant growth in Q3 validating our digital value proposition for Youth segment.





Fixed Broadband

A special promo was launched for Dhiraagu fixed broadband customers to enjoy the benefit of an upgraded package, with higher speed and allowance, at the price of the previous rental for 2 months.



Devices

Samsung's all new flagship, the Samsung Galaxy Note 10 and Note 10 + was launched with attractive packages offering free data allowance and convenient payment plans.



DhiraaguTV

For the first time in Maldives, we introduced the Disney bouquet of channels on DhiraaguTV with the opportunity for a lucky DhiraaguTV customer to win a family trip to Disneyland in Shanghai, China.

DhiraaguTV is the first and, at present, the only wide-scale residential IPTV service in the Maldives that offers premium quality programming via a fixed broadband connection.





Dhiraagu Pay

As part of the digital transformation agenda and supporting our Digital Raajje Program, we continued to enhance the DhiraaguPay service by introducing new features. Customers can now cash-in directly via Dhiraagu Pay App and Dhiraagu website through bank cards and bank transfers. Other features and services introduced include the opportunity for customers to link up to 3 personalised NFC cards to a single e-wallet and extending of Dhiraagu Pay services to any local network customer.



Dhiraagu @ the Marina

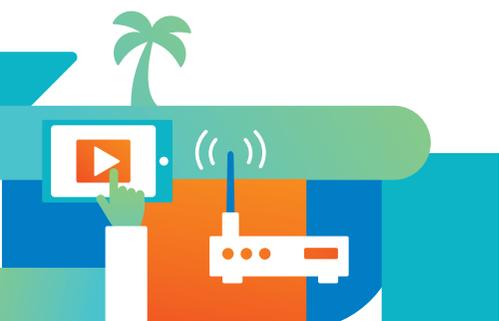
We established a dedicated customer experience center at the 'Marina at Cross Roads', which is the first integrated leisure and entertainment resort in the Maldives.



Sponsorships

Our support towards community initiatives continued throughout Q3. We offered sponsorship support and facilitated various social events and activities including:

- Top Achiever's Award 2018 which recognizes the achievement of the nation's top performing higher secondary students.
- Fuvahmulah City Science Fair 2019 to support development of young talent from across the country.
- First ever Fitness Expo held in Maldives to promote healthy lifestyle.
- Dhiraagu Maldives Tennis Open 2019, and Dhiraagu Under 14 and Under 12 Youth League, as part of our youth engagement activities.
- FIBA 3x3 basketball tournament, as the digital partner of the event.



1.3 Organizational Highlights



Awards and Recognitions

We received a token of appreciation from the Tiny Hearts of Maldives, presented by the Vice President of the Maldives for supporting the NGO's cause for children with congenital heart diseases at the Fetal Heart Maldives 2019 event.

We received a token of appreciation from the Maldives Girl Guide Association for supporting the Surf Smart programme on online safety at the 21st National Patrol Leaders Training Camp.



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 138 employees, with focus on upskilling and providing the tools to achieve our strategic initiatives.

Recreation/Staff Engagement

Dhiraagu Staff Fishing competition "Maskeyolhu 2019" held on 2nd August 2019. Over 245 staff across the company participated in the competition.



Health & Safety updates

Regular Fire Safety Inspections at Regional Operational Centers and Greater Male' sites were carried out during the quarter. Building Inspections and Risk Assessments in Greater Male' sites.



1.4 Corporate Social Responsibility

Empowering young people

We introduced Girls to Code in Fuvahmulah in partnership with Women in Tech. It is an exclusive programme for young women, which aims to encourage and inspire more women to join the technology fields by teaching them how to code.

With our focus to support the start-up culture and foster innovation, together with our partner Sparkhub, we held Angelhack 2019, the world’s largest and the only international hackathon series in Maldives.

We supported Maldives Girls Guide Association to conduct “Surf Smart”- helping to create a digital safe environment and educating young people on how to positively connect online. 290 girl guides, 50 leaders and 34 facilitators from 13 atolls across Maldives participated in the programme.

We supported the key programme by Mental Health Awareness Foundation (MHAF), to raise awareness on mental health for young people. This included workshops for educators and students along with MHAF’s Tea and Talk event to encourage young people to open up and challenge the stigma.

Care for Children

Dhiraagu Maldives Road Race 2019 was dedicated to “Help Protect Children” and was held with the participation of 4370 runners and raising over MVR 700,000 for the 11 partner NGOs working in the area of child protection and support.

We supported the 2019 Vocational Training Programme at the NGO Care Society that teaches students various skills such as art and craft, design, sewing and computer skills to help empower persons with disabilities. We also published an awareness video on the programme to raise awareness and portray the work done by the students.

We provided DhiraaguTV services to Maldivian Blood Services to benefit children with Thalassaemia who spend long hours at the thalassaemia wards.

We attended and supported the charity night by Tiny Hearts of Maldives held on the NGO’s 10th year anniversary to raise funds and celebrate their work over the years in the area of protecting children with congenital heart diseases.



Care for Environment

As part of our ongoing efforts to reduce single use plastic we supported the following events during the quarter and marked International Coastal Clean-up Day;

- We collaborated with Dhangethi School and organized a beach cleanup together with school children in A.Dh. Dhangethi
- We collaborated with Baa Atoll Manta Festival and our staff participated in a waste segregation awareness session in Eydhafushi
- We supported the NGO BeaLeaf to organize a beach cleanup event and our staff joined together with schools and other institutions from the community of Kulhudhuffushi.

In collaboration with Maldivian Red Crescent, we utilised Dhiraagu Maldives Road Race platform to mark Global Day of Climate Action to bring awareness messages on climate crisis and how it impacts children.

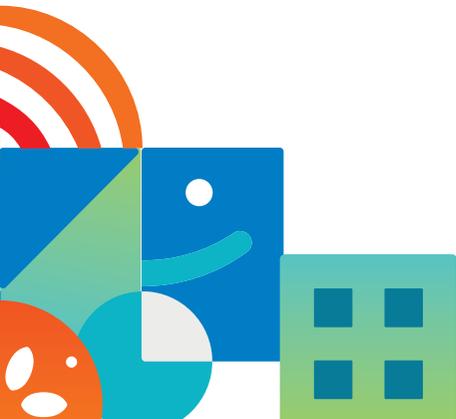
Disaster Relief and Community Wellbeing

We supported disaster relief efforts following the Male' Fire Incident:

- We supported the National Disaster Management Centre and donated items required in their emergency response for the relief camp, donated computer systems and set up emergency internet connection at the Centre.
- We waived off Dhiraagu fixed Broadband bills for households and businesses that were directly affected by the Male' Fire incident.
- We donated phones and provided connectivity for Maldivian Red Crescent to enable their set up to provide psychosocial support to help those most in need.

As part of marking Maldivian Red Crescent Day and World Humanitarian Day, we renewed our corporate membership with Maldivian Red Crescent to strengthen our partnership and continue supporting their humanitarian work carried out across the nation.

On World Heart Day, we lit up a red heart on Dhiraagu Head Office building to join the Lighting up the World in Red, the global illumination campaign by the World Heart Federation to show our support for persons with CVD in Maldives and across the globe. As part of the campaign, we also made heart promises to encourage heart healthy practices as part of our wellness programme at Dhiraagu.





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Key Financial Highlights



2.1 Balance Sheet (unaudited)

AS AT	Sep (Q3 2019) MVR "000"	Jun (Q2 2019) MVR "000"	Sep (Q3 2019) MVR "000"	Jun (Q2 2019) MVR "000"
ASSETS AND LIABILITIES				
Non-Current Assets				
Intangible Assets	288,968	291,344		
Property, Plant and Equipment	1,757,121	1,778,869		
Right of Use Asset	216,764	218,442		
Deferred Tax Asset	18,571	16,616		
Total Non-Current Assets	2,281,424	2,305,271		
Current Assets				
Inventories	63,088	66,995		
Trade and Other Receivables	675,326	622,653		
Cash and Bank Balances	209,278	434,498		
Total Current Assets	947,692	1,124,146		
Total Assets	3,229,116	3,429,417		
Current Liabilities				
Trade and Other Payables	(574,915)	(620,189)		
Amounts Due to Related Party	(1,325)	(1,934)		
Right of Use Liability – Current	(26,819)	(27,899)		
Current Tax Liabilities	(34,318)	(80,681)		
Total Current Liabilities	(637,377)	(730,703)		
Non-Current Liabilities				
Provisions	(179,453)	(176,493)		
Right of Use Liability – Non-Current	(196,706)	(195,054)		
Total Non-current Liabilities	(376,159)	(371,547)		
Total Liabilities	(1,013,536)	(1,102,250)		
Net Assets	2,215,580	2,327,167		
Equity				
Share Capital	190,000	190,000		
Retained Earnings	2,025,580	2,137,167		
Total Equity	2,215,580	2,327,167		



2.2 Income Statement (unaudited)

FOR THE QUARTER ENDED	Sep (Q3 2019) MVR "000"	Jun (Q2 2019) MVR "000"
Revenue	685,313	710,824
Operating Costs	(335,739)	(350,608)
Depreciation and Amortization	(99,070)	(95,344)
Other Income	546	255
Results from Operating Activities	251,050	265,127
Net Financing Expense	(12,212)	(13,397)
Profit Before Tax	238,838	251,730
Tax Expense	(35,785)	(41,147)
Profit for the period	203,053	210,583
Share Performance Ratios		
Basic Earnings Per Share (Annualized MVR)	10.68	11.08
Basic Earnings Per Share (Quarter MVR)	2.67	2.77

2.3 Cash Flow Statement (unaudited)

FOR THE QUARTER ENDED	Sep (Q3 2019) MVR "000"	Jun (Q2 2019) MVR "000"
Net Cash Inflow from Operating Activities	277,512	334,332
Net Outflow from Investing Activities	(75,580)	(54,849)
Net Outflow from Financing Activities	(427,153)	(376,306)
Net Decrease in Cash and Cash Equivalents	(225,221)	(96,823)
Cash and Cash Equivalents at beginning of the Period	420,204	517,027
Cash and Cash Equivalents at end of the Period	194,983	420,204



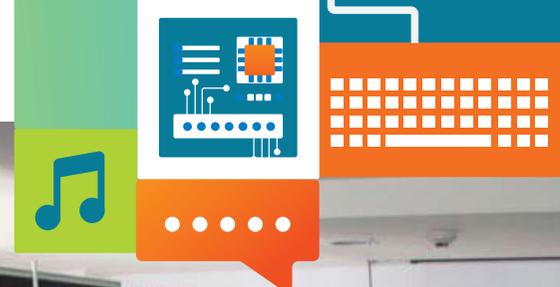
Robin Wall
Chief Financial Officer



Ismail Rasheed
CEO & Managing Director

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Governance



3.1 Board Composition

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

Mr. Ismail Waheed

Chairperson, Directors

Non-Executive & Independent

Chairperson, Remuneration, Nomination and Governance Committee

Mr. Imran Ali

Director

Non-Executive & Independent

Member, Audit Committee & Remuneration, Nomination and Governance Committee

Mr. Ismail Rasheed

Chief Executive Officer & MD

Executive & Non-Independent

Mrs. Khulood Rashid AlQattan

Deputy Chairperson, Director

Non-Executive & Independent

Chairperson, Audit Committee

Mr. Oliver McFall

Director

Non-Executive & Independent

Mr. Ihab Hinnawi

Director

Non-Executive & Independent

Mr. Khalid Taqi

Director

Non-Executive & Independent

Member, Remuneration, Nomination and Governance Committee



3.2 Board Activity

During the third 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 30 June 2019
- Approval of amendments to the internal Treasury Policy
- Approval of of MVR 4.14 per ordinary share (total MVR 314.6m) as Interim Dividend for the year 2019 (in accordance with the Shareholder's Standing Resolution to declare Interim Dividend in 2019).

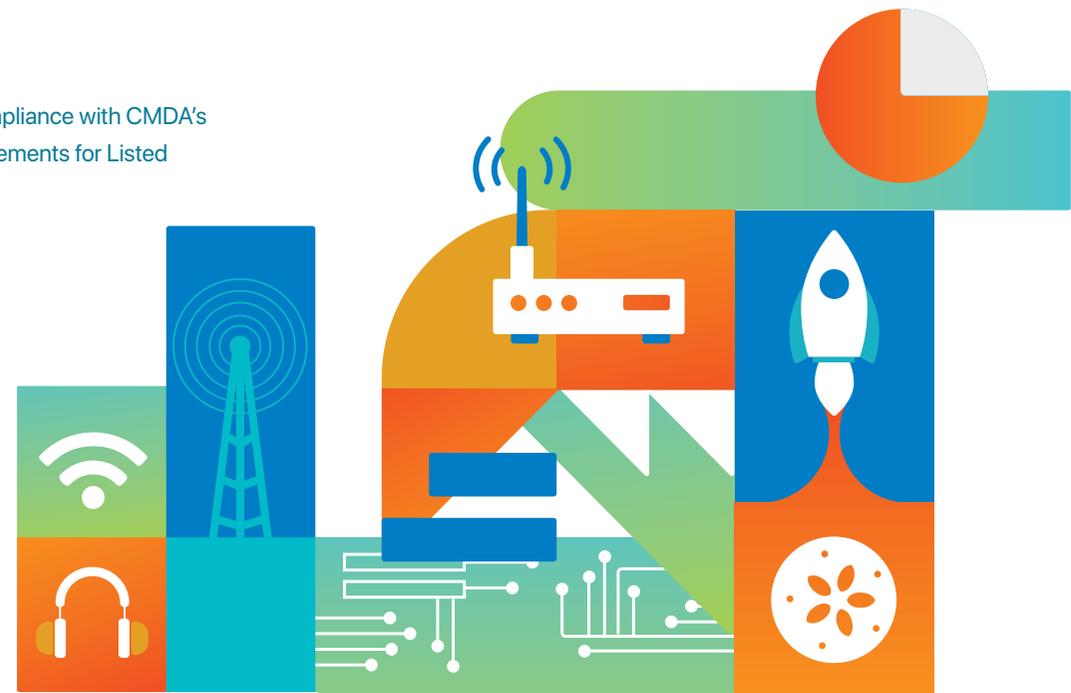
3.4 Legal & Regulatory Compliance

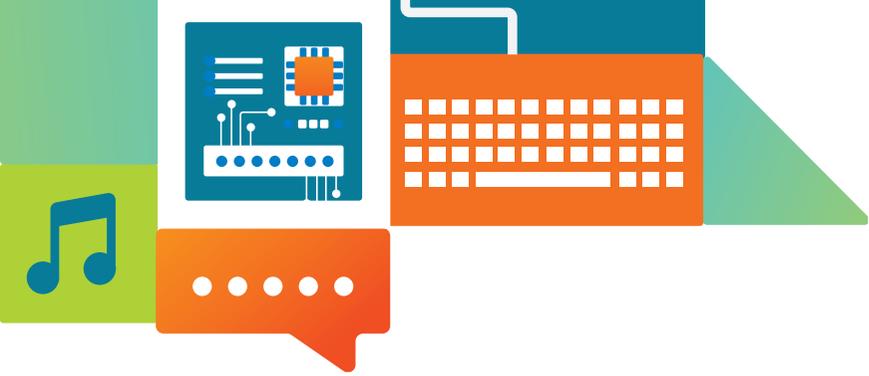
The company complied with the CMDA's Corporate Governance Code and Dhiragu Corporate Governance Code during the quarter. Highlights include ensuring regular, timely and effective disclosures as required by the Code.

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

3.5 Reporting Compliance

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





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Investor Relations

