



dhiraagu

CELEBRATING  
30 YEARS



30  
YEARS  
enriching lives

# FOURTH QUARTER REPORT

October to December 2018

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 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.



30  
ANNIVERSARY  
LAUNCH

01

# Developments During the Quarter



## 1.1 SUMMARY

2018 began with the strategic plan to further expanding Dhiraagu's fibre services. By the end of Q4, Dhiraagu's fibre network now covers 55 inhabited islands and reaches 74% of households, making it by far the largest fibre network in the country. The FTTH network also supports Dhiraagu's TV service which has now been enabled in 50 inhabited islands.

In a further commitment to introducing the latest technology and embodying one of its core values 'innovation', Dhiraagu became the first company in the Maldives to demonstrate 5G technology.

Dhiraagu celebrated its 30<sup>th</sup> anniversary on 1<sup>st</sup> October. To mark this key milestone year, focus was placed on appreciating customers and employees, and thanking them for being an integral part of the Dhiraagu's journey.

Dhiraagu ended the year with a MVR 46m increase in revenue compared to the previous quarter, driven by growth on mobile, FTTH and enterprise business revenues. Net profit and EPS increased by 14% over the previous quarter mainly resulting from higher revenue. Cash flow before financing was lower than the previous quarter due to higher capital investment in Q4 in line with the Company's vision to deliver the best data and customer experiences.

Dhiraagu has a structured Corporate Social Responsibility Programme through which it gives back to the community and are a signatory to the United Nations Global Compact. Key highlights include the annual Dhiraagu Maldives Road Race which has become a platform for local NGOs and the Dhiraagu Special Sports Festival; the only sports festival for children with disabilities. The Dhiraagu Apprenticeship Programme another key CSR initiative which provides structured training and experience in a professional work environment celebrated its 10th anniversary and enrolled 28 new apprentices.

With a focus to support the startup community and foster innovation with its partners Dhiraagu held the first the Startup Grind event in Maldives for young entrepreneurs.



## 1.2 COMMERCIAL HIGHLIGHTS



### FTTH expansion

At the end of Q4, our fibre service was extended to more islands, covering a total of 55 inhabited islands which represents 74% of the population.



### Fixed Broadband

We offered customers a fibre broadband promotion during November and December which included free connection and 3 months of discounted monthly rental.

A special promotion offered additional data allowance was run in November and December for our fixed broadband residential and business customers in Addu Atoll.



### Mobile

Quarter 4 also saw the continuation of the Postpaid Social Media promotion under which all customers on the latest Postpaid plans were offered up to a 5GB social media data allowance.



## New Technology

We pride ourselves in striving to introduce innovation and new technology and with great pleasure, we demonstrated 5G technology for the first time in Maldives.



## Dhiraagu TV

DhiraaguTV service was extended to an additional 7 islands and by the end of Q4, the service is now available in 50 inhabited islands across the country.



## Device Launches

Apple's iPhone XS was launched with attractive packages offering free data allowances and convenient payment plans.

In partnership with Huawei, Huawei Mate20 and Mate20 Pro were launched with attractive packages.



## Baiskoafu App

'Baiskoafu' App; the first ever Maldivian OTT video streaming service, was launched during the quarter in partnership with Baiskoafu. The app allows users to watch and listen to Dhivehi music, film, videos, TV channels and premium original content.



## 30<sup>th</sup> Anniversary Campaign

To mark 30th Anniversary, a lucky draw was carried out every week for a duration of 15 weeks where 30 lucky draw winners were offered all-inclusive trips to 1 of 30 international destinations. Also, 1GB Data valid for 3 days was offered to Mobile customers and 30% extra allowance was offered to fixed broadband customers during October.



## Sponsorships

Our support towards community initiatives continued through Q4. We offered sponsorship support and facilitated various social events and activities including:

- Pole and Line Day to promote the fishing industry among youth on the occasion of Fishermen's Day
- Dhirega Maldives Tennis Open, which is an international tournament recognizing young talent in Sports

# 1.3 ORGANIZATIONAL HIGHLIGHTS



## Achievements

We were awarded 'Public Enterprise of the Year' award at Maldives Business Awards 2018

We received 'Next Generation Employment Initiative Award' from HR Maldives for our Apprenticeship Program.

We were commended for our contributions towards developing Maldivian Football community by the Football Association of Maldives



## Employ training and engagement

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

Dhiraagu Health & Safety Manual was revised and fire safety awareness sessions, evacuation drills and inspections carried out at all Regional Operational Centers.

During the quarter, we offered training to 162 employees in technical and non-technical areas, including 14 overseas trainings.



## 30<sup>th</sup> Anniversary Celebrations

30 Years Anniversary Function was held at Club Faru, to celebrate the success of 30 years of enriching lives, recognizing employees who served 15 years, 25 years and 30 years of service. The event was attended by over 300 employees.



## 1.4 CORPORATE SOCIAL RESPONSIBILITY

### Key CSR Highlights

#### Care for Children

- Over 350 children participated in Dhiraagu Special Sports Festival 2018, an annual sports event organized and driven by Dhiraagu; in collaboration with 11 schools and 4 local NGOs, for children with disabilities.
- MVR 600,000 was contributed to local NGOs working in the area of child protection and support through Dhiraagu Maldives Road Race 2018, the largest run in the Maldives with over 3,000 participants.
- Following our pledge on World Autism Day, we officially opened the outdoor playground at Maldives Autism Association.
- We supported Maldives Association for People with Physical Disabilities to mark the World Cerebral Palsy Day with a special event for children.

#### Youth Empowerment

- 14 apprentices graduated and 28 new apprentices were enrolled in Dhiraagu Apprenticeship Programme 2018, a key programme targeted for youth to enhance their work skills development.
- To inspire, educate and connect startup communities, the first Startup Grind event for young entrepreneurs in Maldives was held in partnership with Sparkhub.

- We participated as a panelist at the 2nd National Dialogue on Youth Entrepreneurship organised by UNDP.

#### Care for Environment

- Our CEO participated as the private sector panelist representing Maldives at the Responsible Business Forum on Sustainable Development 2018 in Singapore.
- Along with volunteers from Dhiraagu, we supported SaafuRaajje, the Nationwide Cleanup programme organised by the Ministry of Environment.
- We participated in UNDP's Make My Island event where we committed to continue our work on SDG 13- Climate Change.

#### Community wellbeing and disaster relief

- We contributed MVR 200,000 to the National Disaster Management Centre to assist with the ongoing relief efforts following the Male' flooding incident.
- We supported the annual fund raising gala dinner by Cancer Society of Maldives where the proceeds will be used for cancer screening and supporting cancer patients and survivors.





EMPLOYEES CLUB & OLYMPIANS  
30 YEARS  
Anniversary  
dhiragu

02

# Key Financial Highlights



## 2.1 BALANCE SHEET (UNAUDITED)

### AS AT

	31 Dec 2018 MVR "000"	30 Sep 2018 MVR "000"	30 Jun 2018 MVR "000"	31 Mar 2018 MVR "000"
<b>ASSETS AND LIABILITIES</b>				
<b>Non-Current Assets</b>				
Intangible Assets	286,098	255,845		
Property, Plant and Equipment	1,870,109	1,847,799		
Deferred Tax Asset	15,418	13,489		
<b>Total Non-Current Assets</b>	<b>2,171,625</b>	<b>2,117,133</b>		
<b>Current Assets</b>				
Inventories	55,516	75,513		
Trade and Other Receivables	584,664	520,269		
Cash and Bank Balances	335,672	229,253		
<b>Total Current Assets</b>	<b>975,852</b>	<b>825,035</b>		
<b>Total Assets</b>	<b>3,147,477</b>	<b>2,942,168</b>		
<b>Current Liabilities</b>				
Trade and Other Payables	(559,871)	(632,339)		
Amounts Due to Related Party	(1,638)	(1,989)		
Current Tax Liabilities	(85,552)	(42,606)		
<b>Total Current Liabilities</b>	<b>(647,061)</b>	<b>(676,934)</b>		
<b>Non-Current Liabilities</b>				
Provisions			(170,573)	(167,613)
<b>Total Non-current Liabilities</b>			<b>(170,573)</b>	<b>(167,613)</b>
<b>Total Liabilities</b>			<b>(817,634)</b>	<b>(844,547)</b>
<b>Net Assets</b>			<b>2,329,475</b>	<b>2,097,621</b>
<b>Equity</b>				
Share Capital			190,000	190,000
Retained Earnings			2,139,843	1,907,621
<b>Total Equity</b>			<b>2,329,843</b>	<b>2,097,621</b>

## 2.2 INCOME STATEMENT (UNAUDITED)

### FOR THE QUARTER ENDED

	31 Dec 2018 MVR "000"	30 Sep 2018 MVR "000"
Revenue	704,746	658,464
Operating Costs	(340,113)	(331,849)
Depreciation and Amortization	(81,943)	(78,535)
Other Income	506	400
<b>Results from Operating Activities</b>	<b>283,196</b>	<b>248,480</b>
Net Financing Expense	(10,326)	(9,192)
<b>Profit Before Tax</b>	<b>272,870</b>	<b>239,288</b>
Tax Expense	(41,017)	(35,876)
<b>Profit for the period</b>	<b>231,853</b>	<b>203,412</b>

### Share Performance Ratios

Basic Earnings Per Share (Annualized MVR)	12.20	10.72
Basic Earnings Per Share (Quarter MVR)	3.05	2.68

## 2.3 CASH FLOW STATEMENT (UNAUDITED)

### FOR THE QUARTER ENDED

	31 Dec 2018 MVR "000"	30 Sep 2018 MVR "000"
Net Cash Inflow from Operating Activities	282,248	279,796
Net Outflow from Investing Activities	(98,004)	35,831
Net Outflow from Financing Activities	(77,923)	(390,829)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>106,321</b>	<b>(75,202)</b>
Cash and Cash Equivalents at beginning of the Period	209,654	284,856
<b>Cash and Cash Equivalents at end of the Period</b>	<b>315,975</b>	<b>209,654</b>



Robin Wall  
Chief Financial Officer



Ismail Rasheed  
CEO & Managing Director



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Governance



## 3.1 BOARD COMPOSITION

During the quarter, the Privatisation and Corporatisation Board brought the following changes to the Board of Directors:

- the Chairperson and Director Mr. Mohamed Ashmalee was removed from the Board (22 November 2018)
- Board Directors, Mr. Abdulla Ahmed and Mr. Ahmed Hafiz were removed from the Board (27 November 2018); and
- Mr. Ismail Waheed was appointed as the Chairperson and Director to the Board (29 November 2018).

With these changes, the Board comprised of the following 7 members at the end of Q4, 2018.

### Mr. Ismail Waheed

#### Chairperson

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

Non-Executive & Non-Independent

### Mr. AbdulRahman Fakhro

#### Deputy Chairperson

Non-Executive & Independent

Member, Remuneration, Nomination and Governance Committee

### Mr. Oliver McFall

#### Director

Non-Executive & Independent

### Mr. Ihab Hinnawi

#### Director

Non-Executive & Independent

### Mrs. Kholood Rashid AlQattan

#### Director

Non-Executive & Independent

Chairperson, Audit Committee

## 3.2 BOARD ACTIVITY

Frequency of Board and committee meetings held during the quarter:

**Board - 2**  
**Audit Committee - 1**  
**RNG Committee - 1**

## 3.3 BOARD DECISIONS

Important Board decisions made during Quarter included:

- Approval of Interim Condensed Financial Statements as at 30 September 2018.
- Approval of Strategy and Business Plan.

## 3.4 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.

On 22 Oct 2018 and 3 Dec 2018 the Maldives Broadcasting Commission (MBC) imposed fines; of MVR 28,000 (IMCAC-17/2018) and MVR10,000 (IMCAC-18/2018) respectively, on Dhiraagu under the Rebroadcasting Regulation (2012/R-20) for failing to seek authorisation from MBC, prior to making additions to and/or removals from its channel packages.

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





## 4.1 SHAREHOLDING

The company's shareholding as at 30 September 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
	<b>100%</b>	<b>76,000,000</b>

## 4.2 TRADING HIGHLIGHTS

	Q4 2018	Q3 2018
Highest Traded Price (MVR)	85	80
Lowest Traded Price (MVR)	80	78
Last Traded Price (MVR)	80	80
Number of Shares Traded	1,480	600
Number of Trades	6	5
Weighted Average Traded Price (MVR)	80.89	78.95
Market Capitalization as at quarter end (MVR)	6.08bn	6.08bn

## 4.3 SHARE PERFORMANCE

	Q4 2018	Q3 2018
EPS (Annualized MVR)	12.20	10.72
P/E Ratio (Annualized)	6.56	7.46
Net Asset Per Share (MVR)	30.65	27.60
Dividend Yield	NA	NA



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