

National Contribution

Contribution to Gross Value Added

USD804 million

(1.0% of the nation's GDP)



Operational Direct GVA

USD250
million



Capital Investment

USD93
million



Operational Indirect and Induced GVA

USD257
million



Productivity GVA

USD203
million

Direct Employees

3,269

Staff

Total Employees



21%
Female



99.8%
Sri Lankan
Citizens

Total Jobs Supported

53,531

Jobs



Directly Employed

3,269



Outsourced

611



Supported Indirectly - Operations

25,165



Supported Indirectly - Capital Investment

24,485

Capital and Operational Expenditure

USD567 million

in 2016



Capital Expenditure

USD180
million



Operational Expenditure

USD386
million

Every

USD1

Spent on Capex and Opex

translated to

USD1.2

GVA Contribution

Contributed

USD217 million in taxes in 2016

(2.2% of the total tax revenue of the Sri Lankan Government)

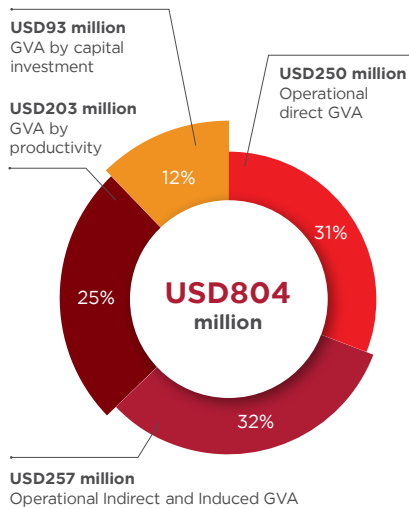
Dialog Axiata PLC operates Sri Lanka's largest and fastest growing mobile telecommunications network and is also Sri Lanka's largest Foreign Direct Investor (FDI) with investments totalling over USD2 billion. Dialog, a winner of six GSMA Mobile World Awards, has topped Sri Lanka's Corporate Accountability rankings for the past six years in succession.

Sri Lanka's economy has grown at an average of 6.4% between 2010 and 2015. Sri Lanka's economy transitioned from a predominantly rural-based agriculture economy towards a more urbanised economy driven by services.

The country's strong economic growth over the last decade has seen the population grow more affluent while poverty rates are steadily declining. Increasing wealth in the population has translated into healthy mobile subscriber growth. Although mobile penetration has historically been relatively low compared to more developed Asian markets, the rate is now catching up. Between 2011 and 2016, mobile penetration rate increased from 87% to 123%.

NATIONAL CONTRIBUTION REPORT

Figure 1: GVA contribution to the Sri Lankan economy 2016

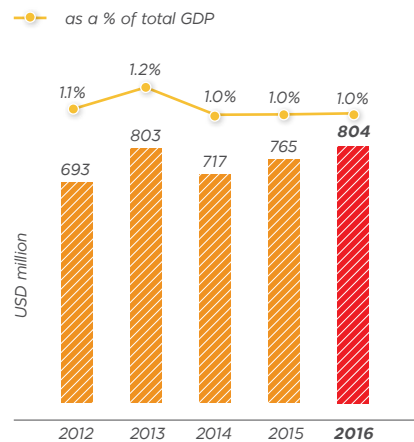


Economic and Financial Contributions

Dialog's Gross Value Added (GVA) in 2016 was estimated at USD804 million comprising direct operational contributions of USD250 million, indirect operational contributions of USD257 million, capital investment contributions of USD93 million and productivity gains of USD203 million (see Figure 1). Productivity gains are defined as the improvement in national productivity due to the rise in mobile penetration rate. The total GVA of USD804 million was derived from Dialog's total opex and capex of USD386 million and USD180 million respectively, and the 4.8% increase in the mobile penetration rate. Every USD1 spent by Dialog in Sri Lanka through its operations and capital investment added USD1.2 in GVA to the Sri Lankan economy in 2016.

Dialog's total GVA contribution increased to USD804 million in 2016 from USD693 million in 2012, translating to a CAGR of 3.8% (see Figure 2). The improving trend was due to increased operational profits and a surge in the number of subscribers. Over the last five years, total operational profit grew to USD208 million in 2016 from USD142 million in 2012. The total number of mobile subscribers in Sri Lanka expanded to 26 million from 19 million during the same time period translating to a mobile penetration rate of 122% in 2016 (95% in 2012).

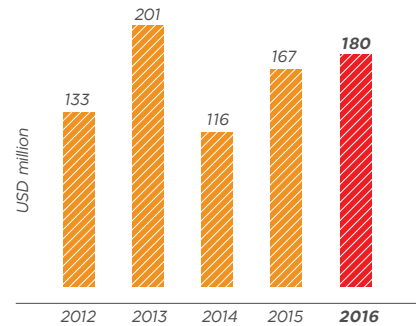
Figure 2: GVA contribution to the Sri Lankan economy, 2012-2016



Investing and Innovating for the Long Term

Dialog invested a total of USD799 million between 2012 and 2016. The OpCo's total investment of USD180 million in 2016 represented a 7.9% increase from USD167 million in 2015 (see Figure 3). Dialog is committed to further investing in Sri Lanka so as to enhance its network coverage and service quality in an increasingly competitive market.

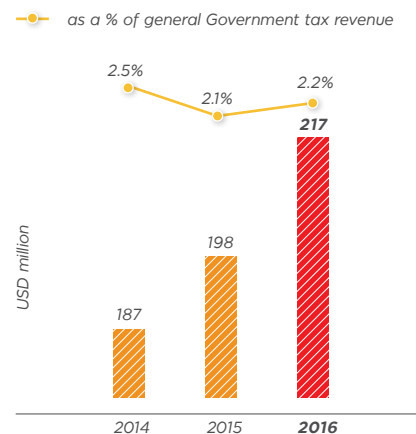
Figure 3: Total capital investment: 2012-2016



Contributions to Public Finance

Total tax contributions for Dialog from 2014 to 2016 totalled USD603 million, expanding to USD217 million in 2016 from USD198 million in the previous year (see Figure 4). Dialog's tax contributions in 2016 accounted for 2.2% of the Sri Lankan Government's total tax revenue. Dialog's tax commitments in Sri Lanka include direct taxes such as corporate and withholding tax, as well as indirect taxes such as value-added tax and licensing fees.

Figure 4: Total tax contribution to public finance, 2014-2016



Note: 2014-2016 General Government tax revenue data is from Budget estimates 2015-2017, Ministry of Finance, Sri Lanka

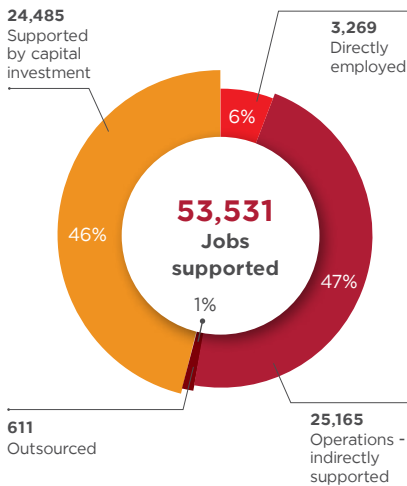
Note: As a % of total GVA contribution; Numbers may not balance due to rounding

NATIONAL CONTRIBUTION REPORT

Talent Development

Dialog provided 3,269 direct jobs in 2016 of which 99.8% of the positions were staffed by Sri Lankan citizens (see Figure 5). About 21% of Dialog employees were women. During the year, Dialog engaged 611 new graduates, apprentices and interns as part of its goal to provide young people with specialist skills required in the digital economy. Dialog also indirectly supported an additional 25,200 jobs through its operations, and a further 24,500 jobs through its capital investments.

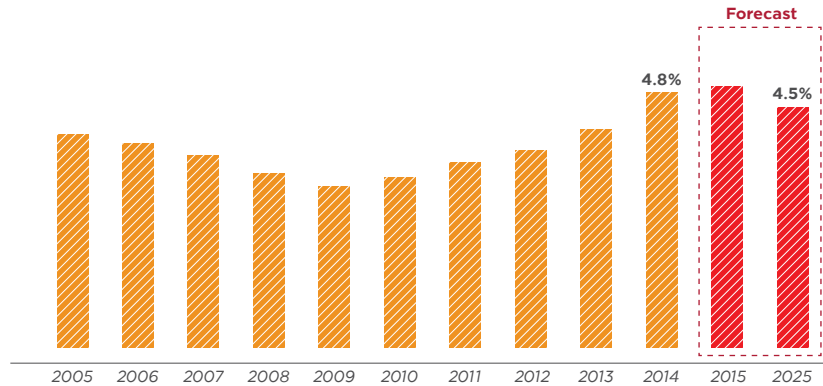
Figure 5: Total employment impact 2016



In Support of the National Agenda

Tourism and SMEs, identified as priorities under the Sri Lankan Government's National Agenda, are areas that stand to benefit significantly from the growth of mobile connectivity and the use of digital technology. These areas represent opportunities for Dialog to play a role in advancing Sri Lanka's national goals and to contribute to society. The following section provides an overview of these national priorities and Dialog's contribution towards them.

Figure 6: Direct Contribution of Travel and Tourism to GDP



Source: Travel and Tourism Economic Impact 2015: Sri Lanka, World Travel and Tourism Council

Tourism

Tourism - An important contributor to the economy

The Tourism Development Strategy of the Sri Lankan Government aims to position the country as a model tourist destination backed by bio diversity, culture, historical artifacts, beaches, a green environment and friendly people. The Government has set a target of attracting four million tourists by 2020.

The sector contributed 4.8% directly to GDP and provided 4.3% of total employment in 2014. The total contribution from travel and tourism to GDP was 11.1% in 2014 and is set to comprise 10.5% of GDP in 2025 (see Figure 6).

ICT helps attract prospective tourists

To attract prospective tourists, well-crafted communication strategies using ICT and the internet as tools of international communication are needed.

In November 2016, the Sri Lanka Tourism Development Authority launched an online registration platform for businesses involved in the tourism industry, a move

aimed at easing the process of registration and tax payment.

The Authority is also looking to establish kiosks with tablet PCs at some of the airports so departing passengers can complete tourist departure surveys, in an effort to formalise the tourism sector.

To support the growth of tourism in Sri Lanka, Dialog offers the best Tourist Mobile Plans to help tourists stay connected when travelling in the country, providing competitive call and data plans which have proved immensely popular amongst travellers. In addition, together with its valued business partners in the hospitality sector, Dialog offers a host of connectivity solutions including mobile, high-speed broadband, fibre optics and digital satellite entertainment via customised and competitive delivery channels to enhance the Sri Lankan experience for travellers. The majority of Sri Lanka's city and resort hotels are connected by Dialog with highly-specialised services. The company has also supported the setup of free wifi connectivity at several public and tourist locations together with the Government and the Tourism Development Authority to enhance connectivity and access to information.

NATIONAL CONTRIBUTION REPORT

Small- and Medium-sized Enterprises (SMEs)

The SME sector has been identified as an important strategic sector in the Government’s overall policy objectives. Under the National Human Resources and Employment Policy, ICT is considered necessary to empower SMEs to network and improve efficiency and productivity of their business. The use of ICT helps SMEs access technology, infrastructure and funding.

SME growth as driver of economy



Source: Performance Report – 2015, Department of Development Finance

SMEs constitute a large part of Sri Lanka’s economy, accounting for 75% of all businesses, providing 45% of employment and 52% of GDP.

Under the national development plan Mahinda Chintana Socio Economic Development Strategy 2010, growth of SMEs has been identified as a key thrust area for the next decade. The Government has implemented an SME Policy Framework to reduce transaction costs and improve the ease of doing business for SMEs.

The Sri Lanka Association of Software and Service Companies has begun “Startup Sri Lanka” to launch 1,000 start ups by 2022.

The International Trade Centre analysed SME performance in Sri Lanka and found that the weak use of email and websites by SMEs was responsible for the country’s poor performance under the “connectivity” pillar of competitiveness.

The Government of Sri Lanka wants to improve SMEs’ access to appropriate and affordable modern technology. Some key strategies include:

- (i) Establishing a Technology Transfer and Development Fund with relevant incentives to support the acquisition of modern, clean technology for SMEs;

- (ii) Establishing a strong network between SMEs and technology providers and strengthening technology transfer programmes;
- (iii) Establishing a technology bank for collecting and disseminating information on technology resources and strengthening training centres to enhance the skills of entrepreneurs.

In partnership with the International Finance Corporation (IFC), Dialog launched the SME Toolkit, an online resource that provides training and management tools to help SMEs strengthen productivity and gain access to new markets.

Dialog’s investments in Sri Lanka represent 14% of FDI in the country over the past decade, with significant investments towards the development of world-class ICT infrastructure supporting growth in mobile, fibre optics, high speed broadband and digital television technologies. This includes investments of over Rs. 1 billion annually in the community to uplift education, health, sports and other social and community development activity. The company’s philosophy is to bring digital empowerment to every citizen by making advanced ICT services available and affordable to all.

Introduction

Beyond Short-Term Profits

Nurturing People

Process Excellence & Governance

Planet & Society

Our Associates