



**Dialog Axiata PLC**  
Sri Lanka's Premier Connectivity  
Provider

Investor Forum Q3 2011



Dialog Axiata Group

# Q3 2011 Group Performance Highlights



## Strong Financial Performance

- Healthy growth in Group revenue driven by growth at Company and Subsidiary level

*Group revenue up 5% QoQ and 10% YoY*

- EBITDA at Rs 4.3Bn increased by 14% QoQ; EBITDA margin strengthened by 2ppts to 37%

*Exceptional gain in Q3 2011 due to recognition of TDF refund of Rs 342Mn normalised EBITDA growth of 5% QoQ.*

- Group PAT at Rs 1.4Bn up 1% QoQ and 4% YoY

*PAT growth inhibited by expansion of non-operating costs*

- Subsidiaries Consolidate EBITDA Performance

*DBN - 6<sup>th</sup> consecutive quarter of positive EBITDA*

*DTV - Consistent delivery of 20% EBITDA margin over 4 quarters*

- Group FCF comfortably positive for the seventh consecutive quarter with Q3 2011 FCF recorded at Rs 3.2Bn (3 fold increase QoQ)

## Subscriber Growth Parameters

- Mobile subscribers up 4% YoY

- Pay TV subscriber base surpasses 200k in Q3 2011

# Dialog Group: P&L Highlights

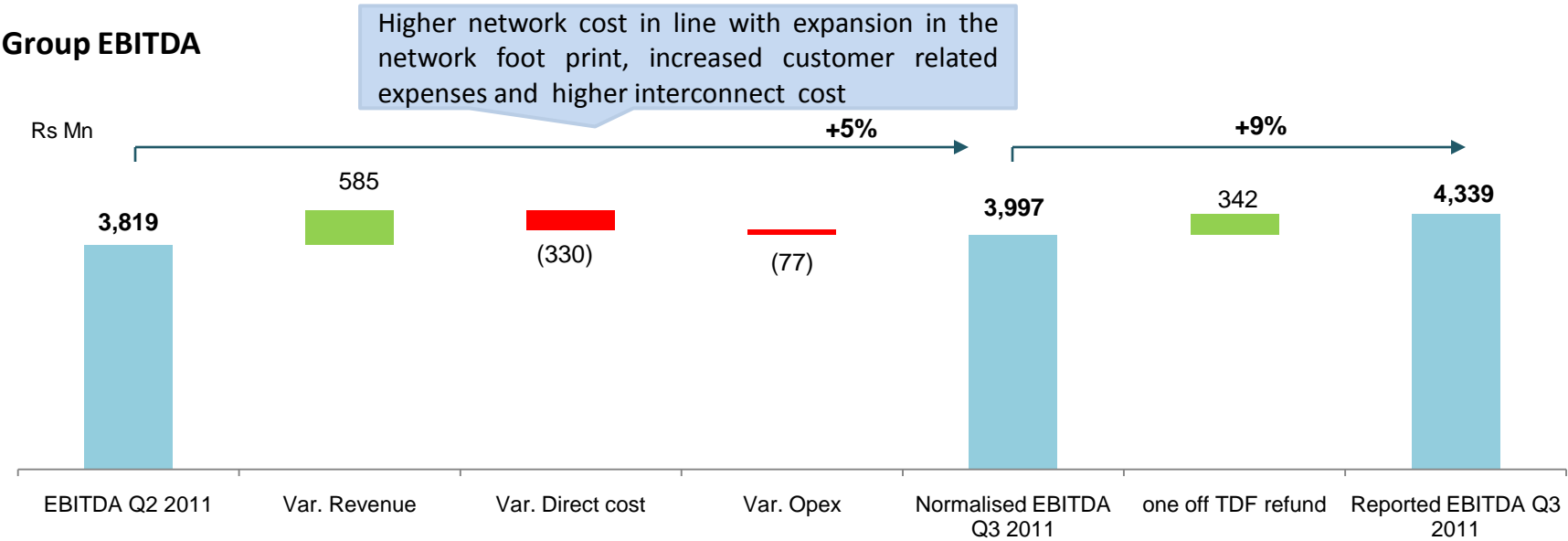
## Growth Momentum Consolidated with Strong 3<sup>rd</sup> Quarter

(All figures in Rs Mn)	Q3 11	QoQ Change	YoY Change	9M 11	YTD Change
Revenue	11,648	+5%	+10%	33,664	+10%
EBITDA	4,339	+14%	+8%	11,714	+5%
EBITDA Margin	37%	+2pp	-1pp	35%	-2pp
PAT	1,392	+1%	-18%	3,935	+4%
PAT Margin	12%	-1pp	-4pp	12%	0pp

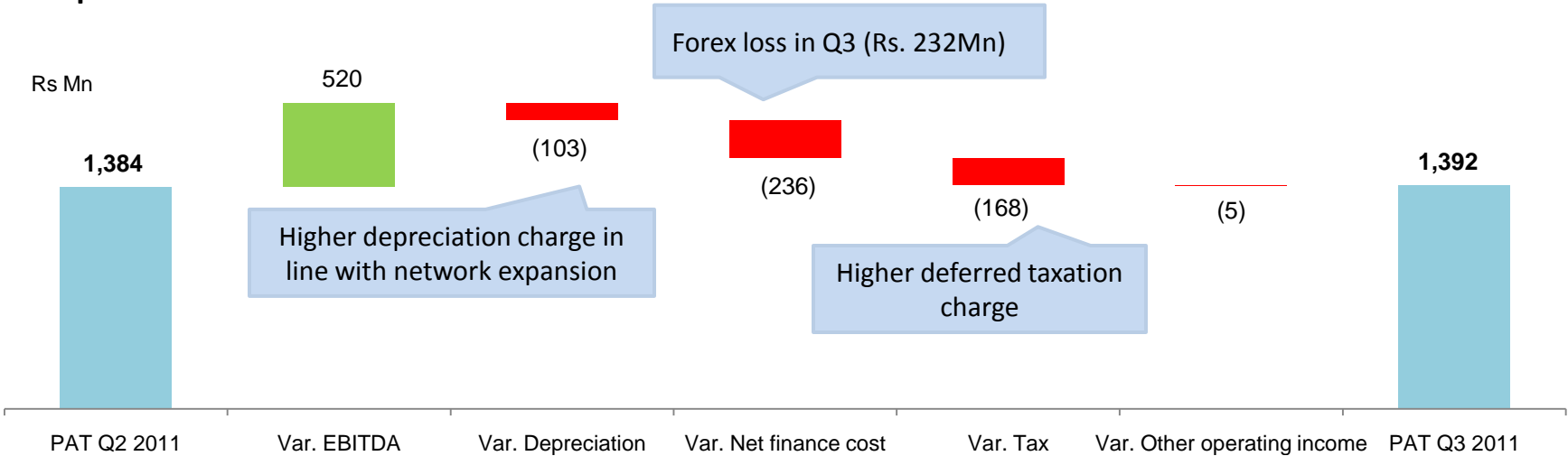
- Q3 Group EBITDA increase is due to the improved EBITDA at Company
- Group PAT increase QoQ by 1ppt due to higher EBITDA partly offset by higher depreciation, forex loss in Q3 and increase in deferred taxation charge

# Group EBITDA and PAT

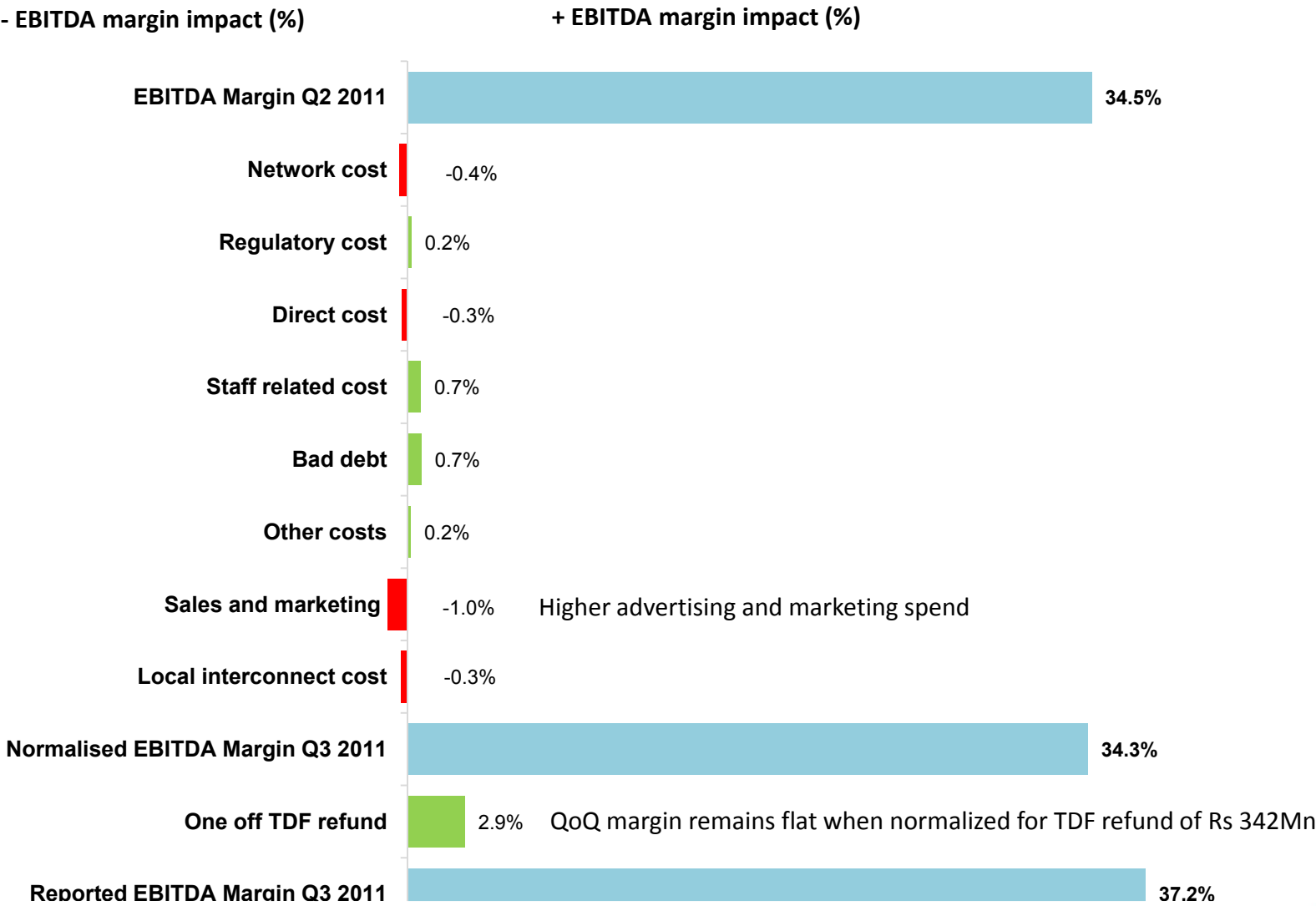
## Group EBITDA



## Group PAT

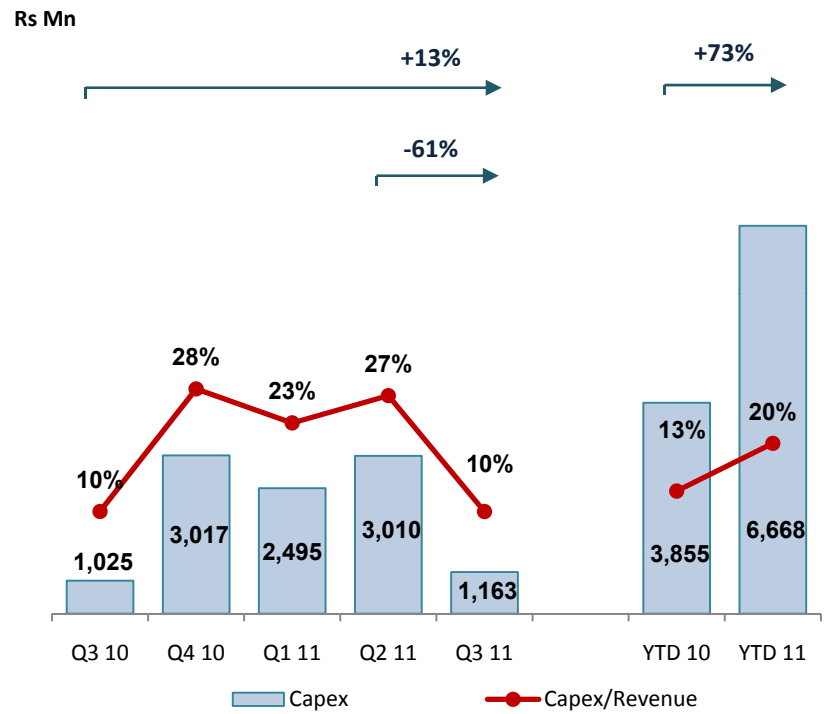


# Group EBITDA Margin Analysis – Q3 2011



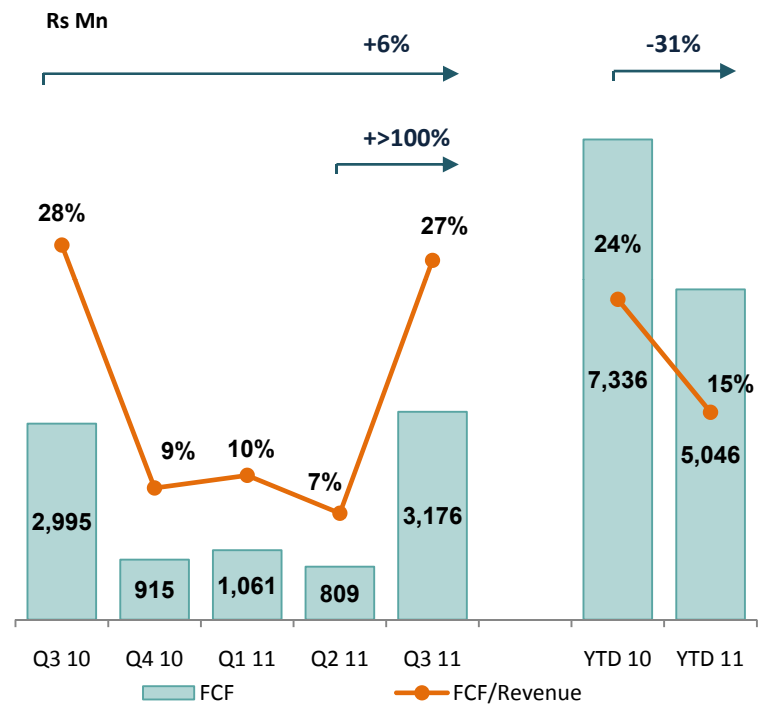
# Seventh Consecutive Quarter of Positive FCF

Capex\*



Drop in QoQ capex based on project execution cycle and stringent monitoring of capital inventory

Free cash Flow (FCF)\*\*



Higher free cash flow in Q3 2011 due EBITDA growth and relatively low capex spending

\* Capex - Additions to PPE & CWIP  
\*\* FCF = EBITDA – Capex



# Group Balance Sheet Deleveraged via Healthy FCF and Repayment of Borrowings

(All figures in Rs. Mn.) except for ratio's	Q3 10	Q4 10	Q1 11	Q2 11	Q3 11	Trend
Gross Debt Position*	27,557	27,636	28,307	27,654	27,244	↓
Gross Debt to EBITDA**	1.71	1.76	1.99	1.81	1.57	↓
Net Debt to EBITDA**	1.47	1.41	1.43	1.26	0.99	↓
Free Cash Flow (FCF)	2,995	915	1,061	809	3,176	↑
FCF to Debt	43%	13%	15%	12%	47%	↑
Current Ratio	0.93	0.88	0.90	0.82	0.95	↑

Gross debt in Q3 2011 includes USD37.5Mn and Rs 3.7Bn interest-free loans from parent Axiata, Rs1.25Bn of redeemable preference shares, USD124.3Mn loan from OCBC and open LCs of Rs3.7Bn

*USD8.2Mn OCBC loan was repaid in July 2011*

Net debt to EBITDA improved to 0.99X in Q3 2011 from 1.26X in Q2 2011

\* Borrowings includes short term open LCs

\*\* Annualized EBITDA = 4 times of quarterly EBITDA



Dialog Axiata PLC – Company

# Dialog Company: P&L Highlights

## Improved EBITDA Driven by Growth in Revenue and TDF Refund in Q3

(All figures in Rs Mn)	Q3 11	QoQ Change	YoY Change	9M 11	YTD Change
Revenue	10,677	+5%	+10%	30,854	+10%
EBITDA	4,064	+15%	+8%	10,882	-0.1%
EBITDA Margin	38%	+3pp	-1pp	35%	-4pp
PAT	1,663	+3%	-13%	4,649	-7%
PAT Margin	16%	0pp	-4pp	15%	-3pp

Increase in Q3 EBITDA due to higher revenue and TDF refund amounting to Rs 342Mn

Marginal decline in YTD EBITDA due to increase in operating costs by 16% due to;

Costs expansion in revenue linked expenses and network operating costs in line with network expansion

Non recoverable VAT expenditure arising from changes in VAT laws since January 2011

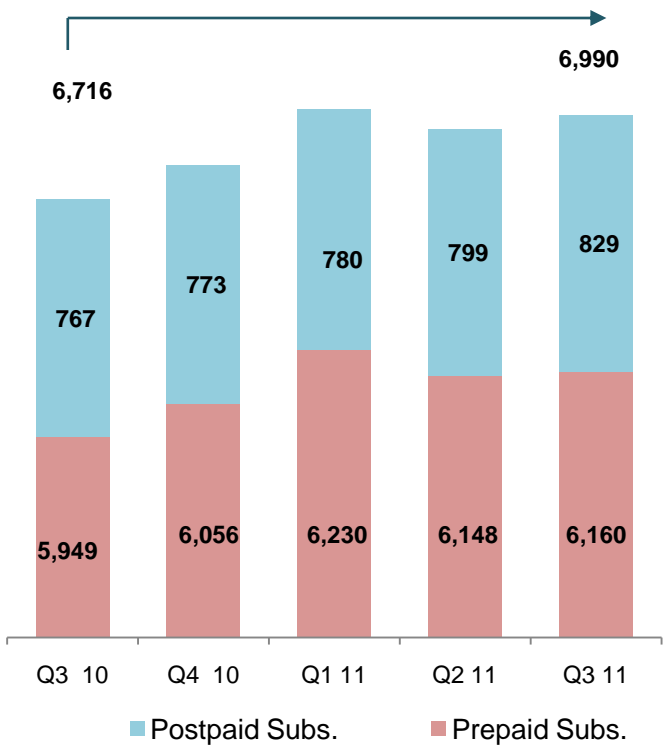
YTD PAT down 7% relative to the corresponding period in 2010, driven largely by higher depreciation arising from expansion of the access network and lower forex gain

# Company – Operational Performance

## Steady Growth in RPM, MOUs and ARPUs Despite Intense Competition

### No of Subscribers

Total subs growth +4% yoy; +1% qoq  
Postpaid subs growth +8% yoy; +4% qoq  
Prepaid subs growth +4% yoy; 0.2% qoq



Pre : Post mix

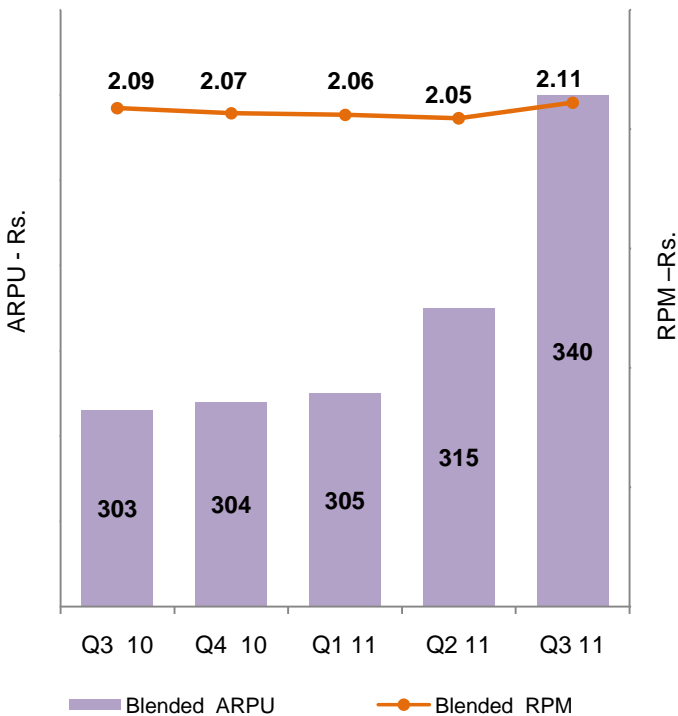
88%

Pre-paid

12%

Post-paid

### Blended ARPUs & RPM (Rs)

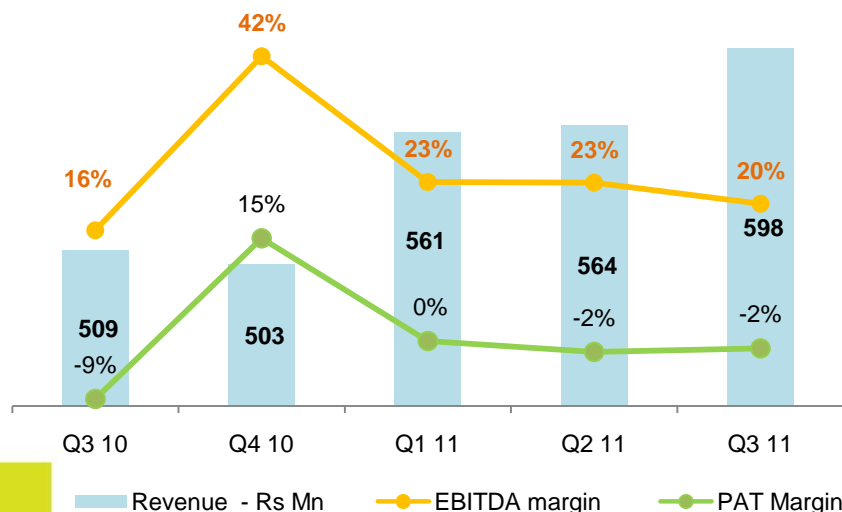


## Subsidiary Performance

# Dialog Television (DTV): P&L Highlights

## Steady Growth in Subscriber Base Driving up Revenue

(All figures in Rs Mn)	Q3 11	QoQ Change	YoY Change	9M 11	YTD Change
Revenue	598	+6%	+17%	1,722	+13%
EBITDA	118	-7%	+47%	377	+>100%
EBITDA Margin	20%	-3pp	+4pp	22%	+13pp
PAT	(9)	+21%	+80%	(23)	+90%
Pay Tv Subscribers ('000)	200	+9%	+32%		



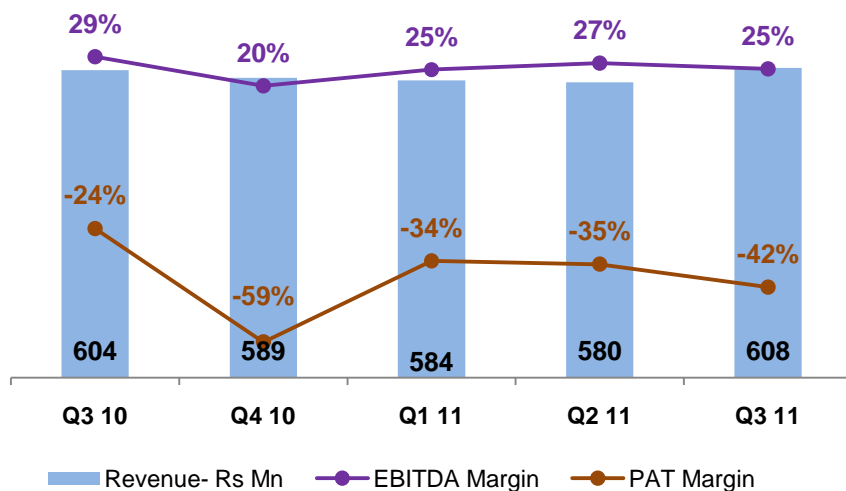
6% QoQ increase in revenue on the back of 9% increase in subscriber base

7% QoQ decrease in EBITDA mainly due to higher channel expenses

# Dialog Broadband Networks (DBN): P&L Highlights

## Sixth Consecutive Quarter of Positive EBITDA; Higher Opex Impacting Q3 EBITDA

(All figures in Rs Mn)	Q3 11	QoQ Change	YoY Change	9M 11	YTD Change
Revenue	608	+5%	+1%	1,772	+0.1%
EBITDA	154	-3%	-13%	456	+>100%
EBITDA Margin	25%	-2pp	-4pp	26%	+17pp
PAT	(256)	-25%	-76%	(658)	+31%
CDMA & Broadband Subscribers ('000)	198	+1%	+5%		



Higher operating cost drove the decrease in EBITDA QoQ

PAT impacted by lower EBITDA and higher depreciation in tandem with higher assets capitalised in the quarter

**Thank You**