Enriching Sri Lankan Lives

Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Investor Forum Q1 2012

an axiata company

Dialog

Dialog Group

Q1 2012 Group Performance Highlights

Growth Momentum Continues despite Adverse Macro Dynamics

- Strong growth in Group revenue driven by healthy growth in Mobile, Global and Infra sharing businesses
  - ✓ Group revenue at Rs 12.9bn up 8% QoQ and 18% YoY
- EBITDA at Rs 4.5bn declined by 4% QoQ on the back of rising energy related costs. Q4 2011 performance includes the recognition of Rs311mn TDF refund;
  - ✓ Normalised EBITDA increased by 2% QoQ
  - ✓ EBITDA margin at 35% on the back of higher revenue
- Group recorded a Net Loss of Rs531mn in Q1 2012 due to the depreciation of the Rupee and one-off acquisition related cost
  - ✓ Nomalised PAT at Rs1.9bn increased 14% QoQ on the back of improved profitability and lower depreciation
- Subsidiaries continue to consolidate performance

  DBN - Eighth consecutive quarter of positive EBITDA

  DTV - PAT positive for the second consecutive quarter
- Group FCF positive for the ninth consecutive quarter with Q1 2012 FCF recorded at Rs 2.8Bn
- Group continues to maintain structurally strong Balance Sheet with Net Debt / EBITDA at 0.7x as at end of Q1

Subscriber Growth Parameters

- Company recorded an active mobile subscriber base of 7.4mn as at the end of Q1
  - ✓Over 180k net adds in the quarter
- Continuous growth in Pay TV subscriber base with over 226,000 subscribers; up 5% QoQ

Key External Impacts in Q1 2012

- **Forex Loss :** Depreciation of the Rupee by 12.4% in Q1 has significantly impacted Group PAT performance; Rs2.1bn translational currency loss on account of USD denominated loans and payables
- **Energy Cost Inflation :** Increase in energy related expenses due to electricity and fuel price hikes imposed in February 2012
- **Acquisition Expenses :** Acquisition related cost of Rs 343mn arising due to the completion of Suntel acquisition in March 2012
- **International Telecommunications Levy :** increased from USD 1.5cents to USD 3cents per minute effective 1st January 2012 through the 2012 national budget accordingly international termination rates were revised upwards
- **Interest Cost :** increased by Rs 84mn in Q1 2012 following the adoption of IFRS effective 1st of January 2012

One-off items impacting Q1 2012 performance

(All figures in Rs Mn)	Group	Company
Normalised PAT Q1 2012	**1,885**	**1,980**
Forex translation Loss (non cash)	(2,073)	(2,073)
Acquisition related expenses (cash)	(343)	(314)
Reported PAT Q1 2012	**(531)**	**(407)**

Dialog Group: P&L Highlights
Solid Growth in Revenues Despite Macro Pressure on Consumer Spending

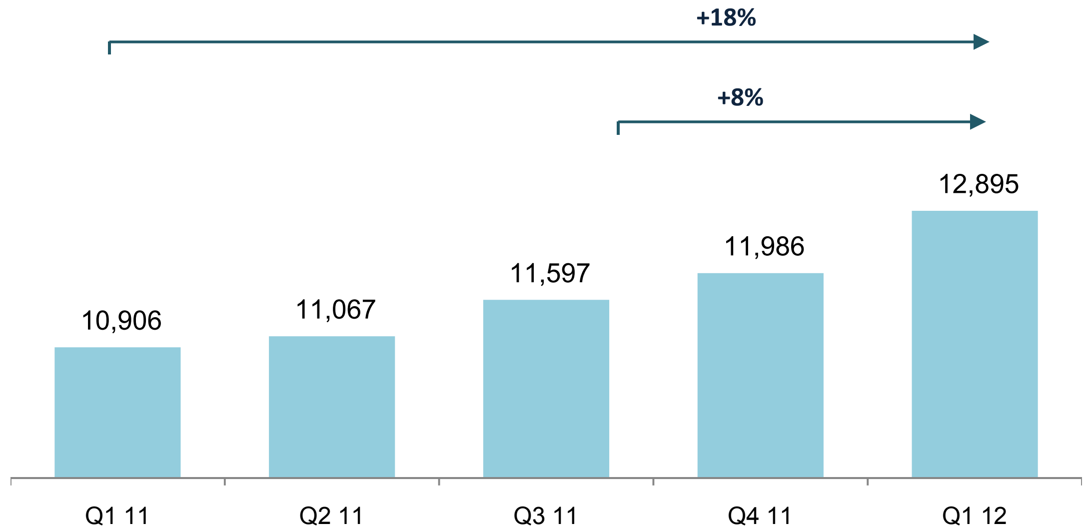
(All figures in Rs Mn)	Q1 12	QoQ Change	YoY Change
Revenue	12,895	8%	18%
EBITDA	4,531	4%	27%
EBITDA Margin	35%	4pp	3pp
PAT	-531	140%	152%
*Normalised PAT**	*1,885*	*14%*	*85%*
PAT Margin	-4%	15pp	13pp
*Normalised PATMargin**	*15%*	*1pp*	*5pp*

* Normalised for the forex loss (Rs 2,073mn) & acquisition related expenses (Rs343Mn) in Q1 2012 and TDC refunds of Rs311mn & Rs638mn forex loss in Q4 2011

Group Revenue Trends

Significant 18% YoY Revenue Growth driven by Mobile, Global, Pay TV and Infra Businesses

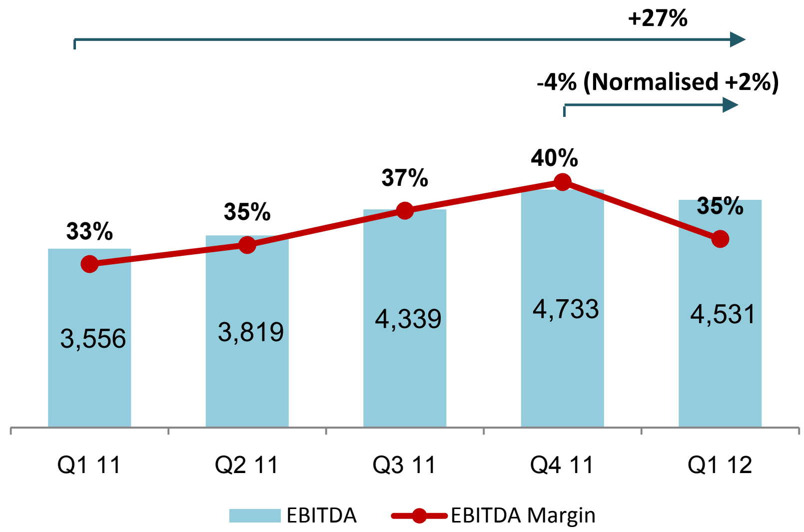
Revenue (Rs Mn)



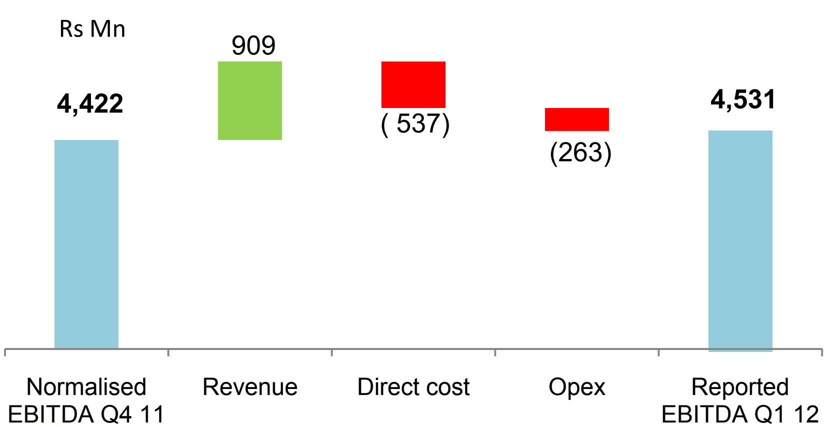
- Mobile voice revenue grew by 19% YoY whilst Data revenue increased by 48% YoY primarily driven by 58% YoY growth in Mobile broadband revenue
- International Termination revenue increased by 29% YoY due to the increase in per minute rate and depreciation of the Rupee
- Infra structure business registered strong growth of 22% YoY with Tower tenancies growing by 22.7%
- Significant increase in Pay TV revenue on the backdrop of strong increase in subscription revenue and a 25% YoY increase in Pay Tv subscriber base

Normalised EBITDA grew by 2% QoQ and 27% YoY driven by increase in Revenue

Group EBITDA (Rs Mn) & Margin (%)



Group EBITDA movement Q1 2012 vs Q4 2011



Quarter on Quarter

- Group EBITDA decreased by 4% QoQ due to
  - ✓ 15% increase in total costs
  - ✓ Partly mitigated by 8% increase in revenues
- EBITDA in Q4 2011 benefited from a Rs 311mn TDF Refund; **Normalised EBITDA grew by 2% QoQ**
- Q1 EBITDA margin at 35**%; Nomalised EBITDA margin contracted by 2ppt QoQ**

Year on Year

- Group EBITDA increased by **a significant 27% YoY** on the backdrop of **higher revenue**
- EBITDA margin improved by 2ppt from 33% to 35%

Cost Expansion Drivers

- Higher regulatory costs due to increase in International Telecommunications Levy (ITL) from USD 1.5 cents to USD 3 cents per minute, combined with Rupee depreciation impact
- Increase in network cost due to higher maintenance cost and higher electricity cost following price hikes imposed in Feb'12
- Marketing cost increased due to promotional campaigns such as 'Gold Rush' to stimulate pre and post voice usage

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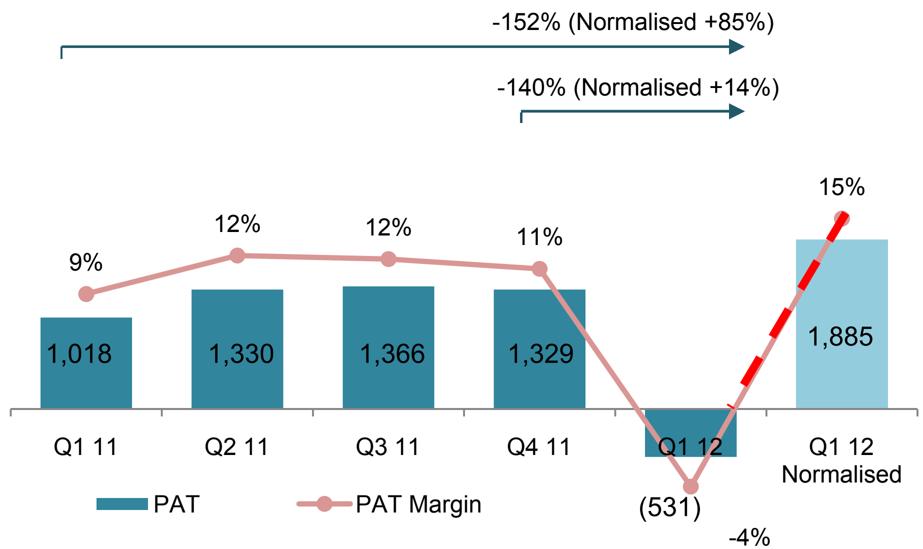
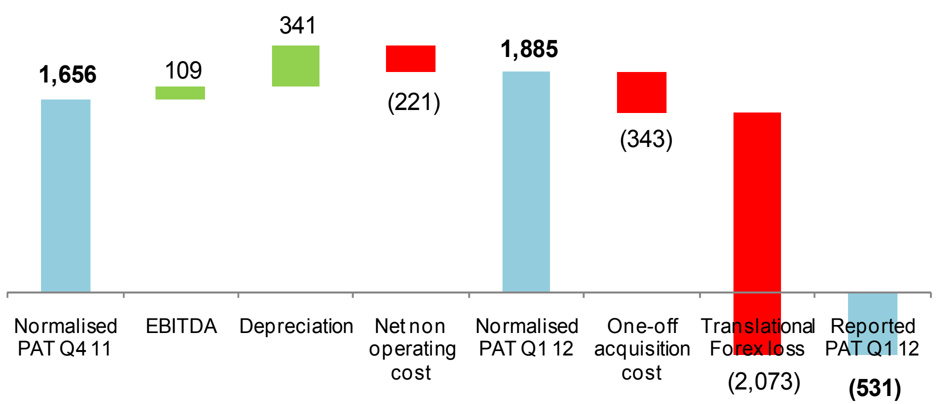
Group PAT Impacted by Forex Loss of Rs2.1bn
Normalised PAT up 14% QoQ and 85% YoY

Group PAT (Rs Mn) & Margin (%)



Group PAT movement Q1 2012 vs Q4 2011



Quarter on Quarter

- Q1 PAT declined by Rs1.9bn relative to Q4 11 due to
  - ✓ Increase in Forex Loss of Rs 1.6bn
  - ✓ One–off charges amounting to Rs343mn related to the Suntel acquisition
  - ✓ 4% reduction in EBITDA
- Q1 PAT normalised for the forex loss and acquisition related expenses, increased by 14% QoQ.
- Normalised PAT growth was driven by
  - ✓ Growth in EBITDA by 2% QoQ
  - ✓ Reduction in depreciation on account of the WiMax network and related inventory being fully depreciated

Year on Year

- Normalised PAT up 85% YoY on the back of
  - ✓ Improved EBITDA
  - ✓ Lower depreciation in Q1

* Normalised for the forex loss (Rs 2,073mn) & acquisition related expenses (Rs343Mn) in Q1 2012 and TDC refunds of Rs311mn & Rs638mn forex loss in Q4 2011

Dialog Continues to Maintain Strong Balance Sheet with Positive Free Cash Flows

Dialog Group Balance Sheet

(All figures in Rs. Mn.) except for ratio's	Q1 11	Q2 11	Q3 11	Q4 11	Q1 12	Trend
Gross Debt Position*	25,916	24,393	23,501	22,602	20,249	
Gross Debt to EBITDA**	1.82	1.60	1.35	1.19	1.12	
Net Debt to EBITDA**	1.26	1.05	0.78	0.64	0.75	
Free Cash Flow (FCF)	1,061	809	3,176	2,683	2,836	
FCF to Debt	16%	13%	54%	47%	56%	
Current Ratio	0.90	0.82	0.95	0.96	0.71	

Gross debt in Q1 2012 includes Shareholder Loans of USD37.5Mn and Rs 3.7Bn Axiata Group, Rs1.25Bn of redeemable preference shares and USD95.5Mn loan from OCBC

USD6.25Mn OCBC loan repaid in Jan 2012 and prepayment of USD12.5mn OCBC loan in Feb'12

Net debt to EBITDA declined marginally to 0.75X in Q1 2012 from 0.64X in Q4 2011 due to a decrease in the cash position as a result of investment of Rs 2.8 Bn towards the acquisition of Suntel

*Annualized EBITDA = 4 times of quarterly EBITDA

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Dialog Axiata PLC – Company

Dialog Axiata PLC (Company): P&L Highlights
EBITDA Growth driven by Enhanced Revenue; PAT Impacted by Forex Loss

(All figures in Rs Mn)	Q1 12	QoQ Change	YoY Change
Revenue	11,843	8%	19%
EBITDA	4,171	4%	27%
EBITDA Margin	35%	5pp	2pp
PAT	-407	126%	133%
*Normalised PAT**	*1,980*	*5%*	*61%*
PAT Margin	-3%	17pp	16pp
*Normalised PAT Margin**	*17%*	*0.6pp*	*4pp*

Quarter on Quarter

- Q1 EBITDA declined by 4% QoQ due to Q4 EBITDA benefitting from TDF refund of Rs 311mn. **Normalised EBITDA grew by 4% QoQ driven by higher revenue**
- **QoQ PAT impacted** by **forex loss of Rs2.1bn arising from the devaluation in SLR against the USD** and one-off charges amounting to Rs314mn related to the Suntel acquisition. Nomalised PAT grew by 5% QoQ

Year on Year

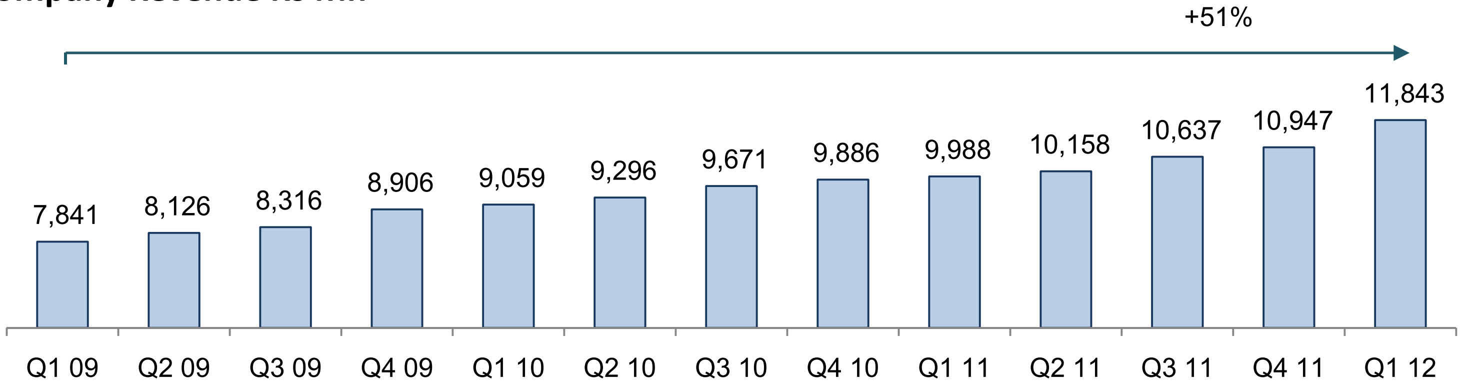
- Growth in YoY EBITDA due to **higher revenue offsetting the 14% YoY** increase in operating costs
- Despite growth in YoY EBITDA, Company PAT declined by 133% YoY mainly due to Forex Losses and acquisition related expenses
  - ✓ Forex loss of Rs 2.2Bn in Q1 2012 compared to forex gain of Rs 79mn in Q1 2011
  - ✓ **Normalised PAT grew by 61% YoY**

* Normalised for the forex loss (Rs 2,073mn) & acquisition related expenses (Rs314Mn) in Q1 2012 and TDC refunds of Rs311mn & Rs628mn forex loss in Q4 2011

Dialog Axiata Revenue Trends & Operational Performance

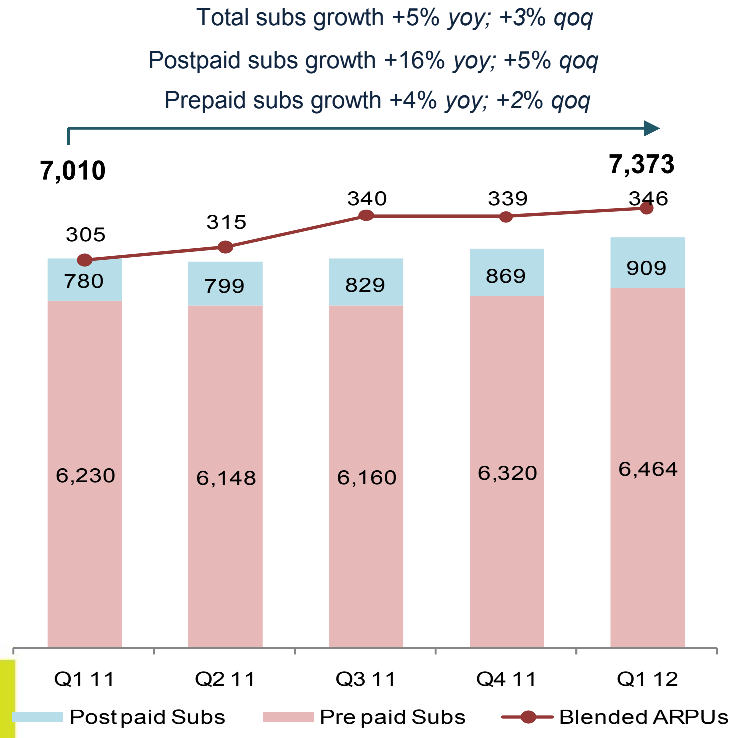
Steady Increase in Revenue driven by Healthy Subscriber Growth with Stable ARPU and MoU

Company Revenue Rs Mn

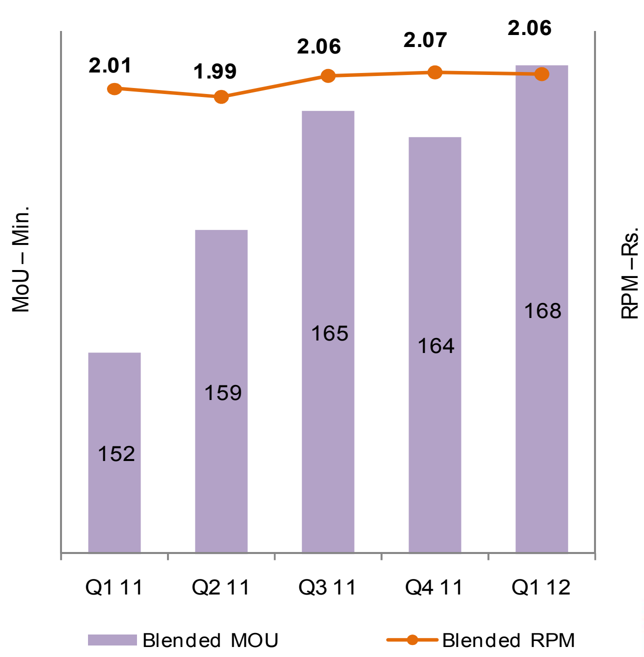


QoQ Revenue grew by 8% increase of 51% compared to Q1 09

No of Subscribers'000



Blended MoU & RPM (Rs)



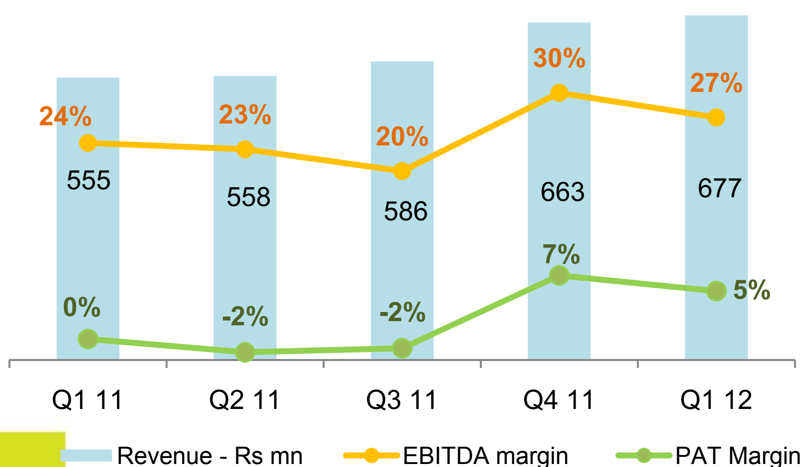
Subsidiary Performance

Dialog Television (DTV): P&L Highlights
DTV PAT Positive for the Second Consecutive Quarter

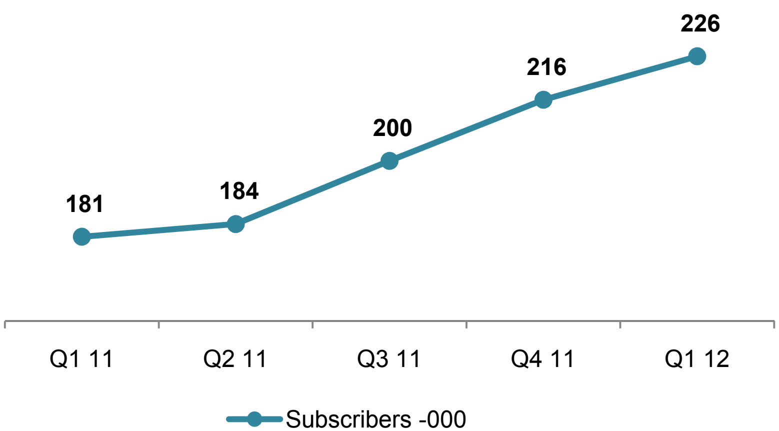
(All figures in Rs Mn)	Q1 12	QoQ Change	YoY Change
Revenue	677	2%	22%
EBITDA	181	8%	38%
EBITDA Margin	27%	3pp	3pp
PAT	37	25%	>100%

- YoY revenue growth driven by increase in subscription revenue
- On a YoY basis, Q1 EBITDA and PAT grew 38% and over 100% respectively on the back of revenue growth
- On QoQ basis, EBIDTA and PAT declined 8% and 25% respectively due to the impact of Forex and Energy based input cost inflation

Revenue, EBITDA margin and PAT margin trends



Pay TV Subscriber Growth

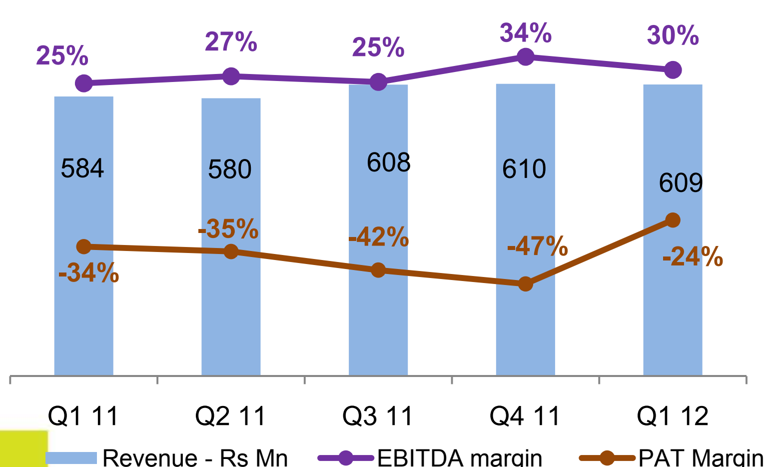


Dialog Broadband Networks (DBN): P&L Highlights
Eighth Consecutive Quarter of Positive EBITDA, Net Loss reduced by 49% QoQ

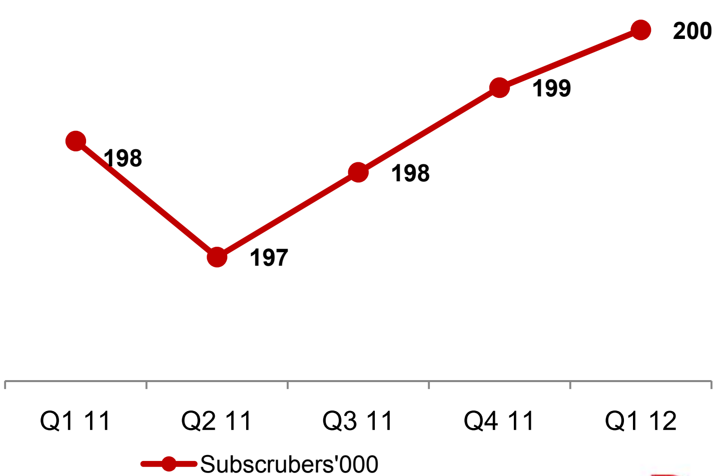
(All figures in Rs Mn)	Q1 12	QoQ Change	YoY Change
Revenue	609	0.2%	4%
EBITDA	180	14%	26%
EBITDA Margin	30%	4pp	5pp
PAT	(147)	49%	25%

- Revenue grew by 4% compared to Q1 2011
- EBITDA recorded an increase of 26% YoY on the back of revenue growth
- EBITDA declined by 14% QoQ due to inflation in energy costs and maintenance charges
- Net loss reduced by 25% YoY and 49% QoQ driven by EBITDA performance and lower depreciation on account of completion of WiMAX network depreciation

Revenue, EBITDA margin and PAT margin trends



CDMA and Broadband Subscriber Growth



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Suntel Acquisition Update

- The acquisition of 100% of the shares in Suntel Limited by DBN was completed on the 21st of March 2012. Accordingly the assets and liabilities of Suntel have been reflected in the consolidated balance sheet of the Group.
- Suntel will be merged with DBN through Short Form Merger Process during the course of the 2nd Quarter
- P&L Consolidation will be reflected from Q2 onwards
  - Suntel will be accretive to Dialog Group in terms of EBITDA and PAT
  - Depreciation policy has been aligned to that of Dialog Group and carrying value of fixed assets has been adjusted accordingly
- Integration Project on Track
  - Suntel employees fully integrated to Dialog Group
  - Outlet Network and Support Operations Rationalisation completed

Impact of the Acquisition on the Q1 2012 Financial Statements of Dialog Group

- Profit and Loss account - **No impact except for the acquisition related cost of Rs 343mn**
- Balance Sheet

✓ **Goodwill arising from the acquisition amounted to Rs 4,961mn** is classified under intangible assets

✓ **Trade and Other Payables includes a provision, as a matter of prudence, for a sum of Rs 4,221mn** on account of a judgment delivered against Suntel in the Commercial High Court of the Western Province in favour of Electroteks Network Services (Private) Limited. Suntel has instituted appeal proceedings against the said judgment in the Supreme Court of Sri Lanka

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Thank You