



Enriching Sri Lankan Lives

Dialog Axiata PLC
Sri Lanka's Premier Connectivity
Provider

Investor Forum Q1 2013

an axiata company



Dialog Group Performance Highlights – Q1 2013



Strong Financial Performance

- Healthy growth in Group revenue led by growth across all segments
Group revenue grew by 2% QoQ and 19% YoY
- Group EBITDA at Rs4.98bn up 14% QoQ and 10% YoY; EBITDA margin at 33%
- Q1 13 Group PAT at Rs1.59bn vs a Net Loss of Rs531mn in Q1 12; PAT margin of 10%
- Q1 13 FCF positive at Rs1.68bn
- Robust Balance Sheet with Net Debt/EBITDA at 0.67x

Subsidiaries continue to consolidate performance

DBN - 12th consecutive quarter of positive EBITDA, YoY Net Loss decreased by 58%

DTV - Strong revenue growth, YoY revenue up 25%

Subscriber Growth Parameters

- Mobile subscriber base of 8Mn in Q1 2012; over 628,000 net adds YoY
- Added 10k customers QoQ to reach 274,000 subscribers end of Q1 2013

Development

- First operator in South Asia to launch mobile 4G LTE services
- eZ Cash continues to grow with 14,000+ merchant touch points serving >900,000 users with average daily transactions totaling to Rs12Mn



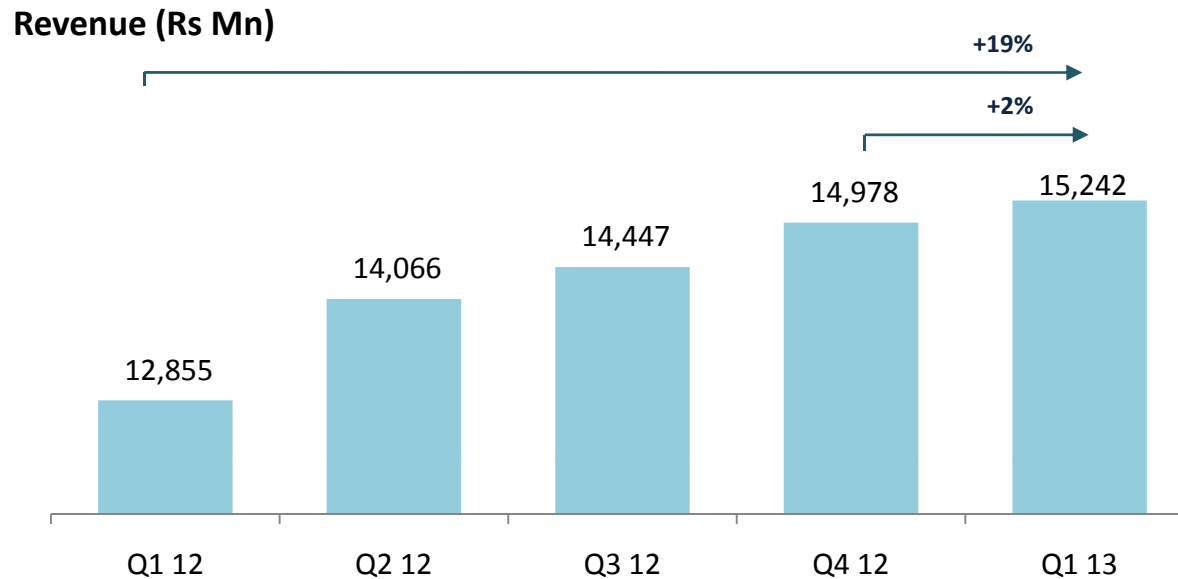
Group Financial Summary

Growth Momentum Consolidates with Strong Q1 Results

	Q1 13	QoQ	YoY
Revenue	15,242	2%	19%
EBITDA	4,984	14%	10%
PAT	1,595	72%	>100%
<i>EBITDA Margin</i>	<i>32.7%</i>	<i>+3.4pp</i>	<i>-2.5pp</i>
<i>PAT Margin</i>	<i>10.5%</i>	<i>+4.3pp</i>	<i>+14.6pp</i>
<i>ROIC</i>	<i>12.8%</i>	<i>+8.0pp</i>	<i>-6.0pp</i>

Strong growth in Revenue, EBITDA and PAT QoQ and YoY; Q1 13 performance is inclusive of a one-off TDC refund of Rs429mn and a tax expense of Rs277mn as a result of Company opting for 2% revenue based tax with effect from January 2013

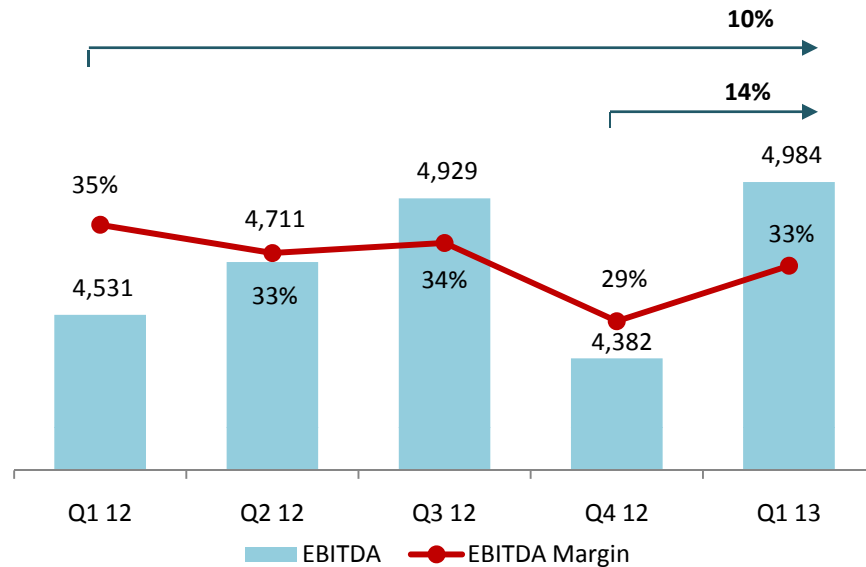
Group Revenue Records Growth for the Sixteenth Consecutive Quarter driven by Growth in Mobile and Pay TV Revenue



- **Mobile** revenue being the main contributor to Group revenue, grew by 2% QoQ and 7% YoY driven by growth in voice, data and VAS;
 - ✓ Voice revenue continued to grow by 2% QoQ and 6% YoY
 - ✓ Data revenue increased by 12% QoQ and 49% YoY primarily driven by the growth in small screen MBB revenue; Continues to maintain the market leadership in the MBB small screen space
- Continuous consolidation in **Television** revenue with revenue growing by 6% QoQ and 25% YoY led by a base of over 274,000 Pay TV subscribers. Launch of prepaid services also contributed to the growth in revenue
- Data and broadband revenues driving 2% QoQ growth in **Fixed line** revenue. 196% YoY revenue growth driven by organic growth and Suntel Integration

Improvement in Profitability on the back of Higher Revenue, aided by Recognition of TDC Refund in Q1 2013

Group EBITDA (Rs Mn) & Margin (%)



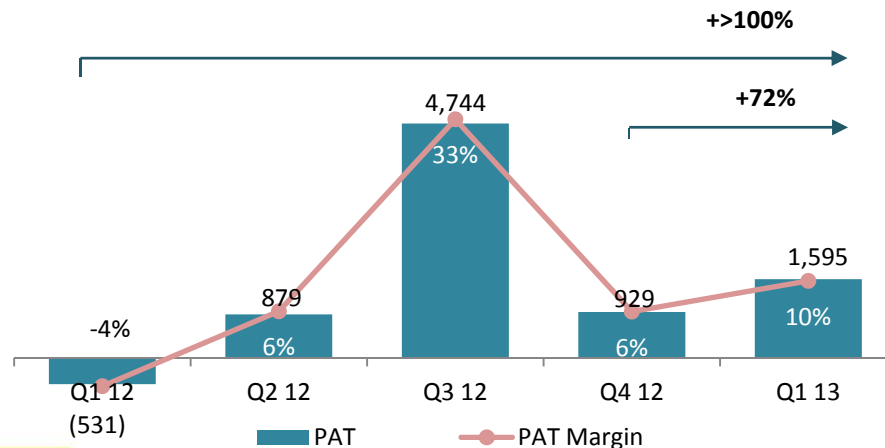
EBITDA margin 33%

- Up 4ppts vs Q4 12
- EBITDA growth of 14% QoQ & 10% YoY

PAT margin 10%

- Up 4ppts vs Q4 12
- PAT grew by 72% QoQ & >100%

Group PAT (Rs mn) & Margin (%)



- Q1 profitability improvement driven by higher revenue and TDC refund of Rs429mn
- Q1 is inclusive of a tax provision of Rs277mn
- YoY forex loss significantly reduced (Rs39mn vs Rs2.2bn) due to SLR stabilizing against USD in 2012

Q1 12 : Performance includes a translational forex loss (Rs 2,073mn) and acquisition related expenses (Rs343Mn)

Q3 12 : Performance includes a deferred tax reversal of Rs 2,277mn

Lower Costs with the recognition of TDC Refund

Total Costs

% of Revenue	Q1 12	Q4 12	Q1 13
Direct expenses	28.7%	29.0%	27.8%
Sales & Marketing	12.5%	15.5%	13.3%
Network costs	11.1%	12.4%	12.1%
Staff costs	7.9%	8.9%	8.9%
Bad debts	0.2%	0.4%	1.0%
Overheads	4.4%	4.5%	4.2%
Total Expenses	64.8%	70.7%	67.3%

Financial Position (Rs mn)

	31 Dec 12	31 Mar 13
Cash & Cash Equivalents	8,647	8,602
Gross Debt	23,892	21,982
Net Assets	37,182	38,776
Gross Debt / equity (x)	0.64	0.57
Gross Debt/ EBITDA (x)	1.29	1.10

Quarter on Quarter

Total cost to revenue declined by 3ppts to record at 67%

- Recognition of TDC refund of Rs429mn
- Q4 2012 included Rs470mn on account of modernisation of the company's expansive service centre network

Year on Year

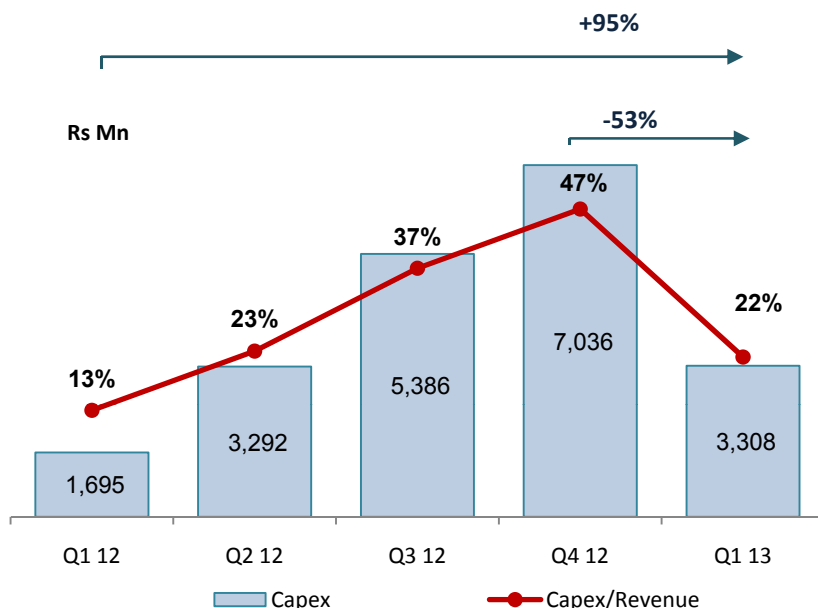
- Sales and Marketing cost on promoting new products and initiatives to stimulate voice usage
- Expansion of Network cost and staff costs

Financial Position

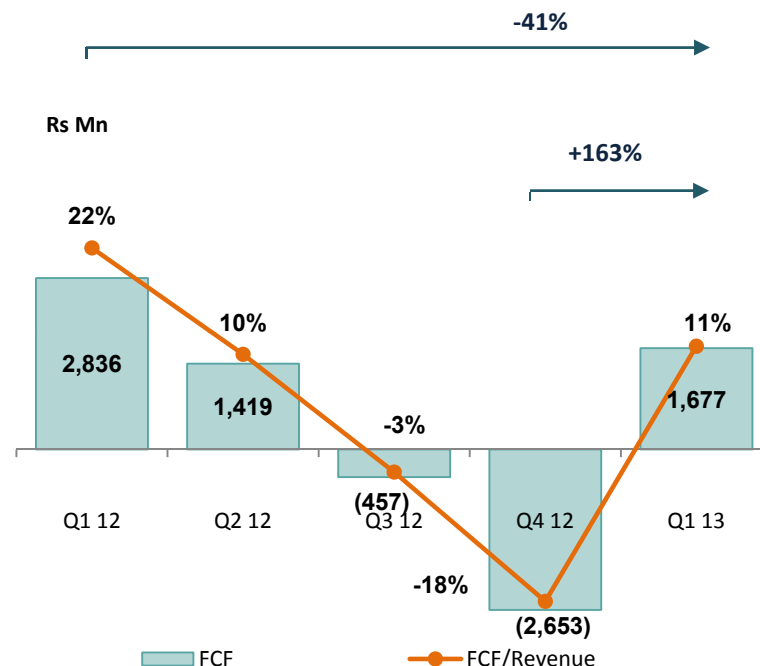
- Gross debt to EBITDA decreased to 1.10x in Q1 with the debt repayment

Capex Investments to support Expanding Data Revenue

Capex*



Free cash Flow (FCF)**



- Continued investments in 2G/3G network
- Q1 Capex mainly directed towards voice and data capacity and network quality enhancements
- 2G population coverage of 97% and geographical coverage of 84%
- 3G population coverage of 72%

Free cash flows positive on the back of improved operating performance

* Capex - Additions to PPE & CWIP including Rs153mn for Fixed LTE spectrum in Q4 2012

** FCF = EBITDA - Capex

Dialog Axiata PLC (Company): Financial Highlights

Improved Profitability driven by 2% Revenue Growth QoQ and 13% YoY coupled with Lower Cost

(All figures in Rs mn)	Q1 13	QoQ	YoY
Revenue	13,338	2%	13%
EBITDA	4,423	22%	6%
PAT	1,694	64%	>100%
<i>EBITDA Margin</i>	<i>33.2%</i>	<i>+5.5pp</i>	<i>-2.0pp</i>
<i>PAT Margin</i>	<i>12.7%</i>	<i>+4.9pp</i>	<i>+16.1pp</i>

Year on Year

The Company delivered a net profit of Rs1.7bn in Q1 2013, in contrast to a net loss of Rs407Mn in Q1 2012

- Rs 17mn forex loss against Rs2.2bn in Q1 12
- 13% growth in revenue
- Recognition of Telecommunication Development Charge ('TDC') refund of Rs404mn

Quarter on Quarter

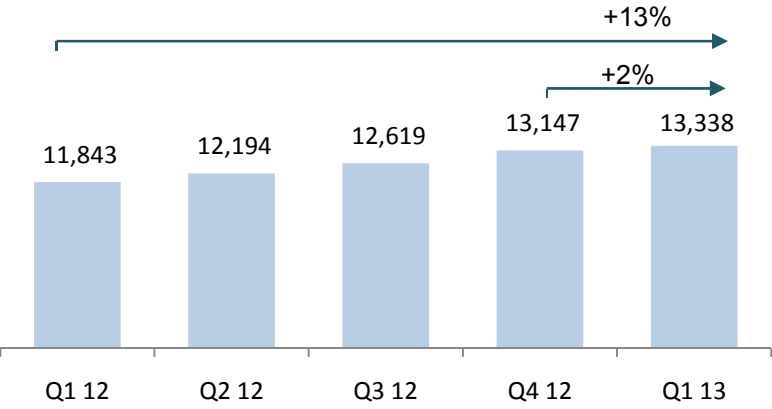
PAT grew by a significant 64% compared to adjacent quarter, underpinned by:

- 2% revenue growth driven largely by increase in data revenue and prepaid voice revenue on the back of an enlarged subscriber base
- Recognition of Telecommunication Development Charge ('TDC') refund of Rs404mn
- 2% revenue based tax expense of Rs277mn, following the expiry of the 15 year tax holiday end of 2012

Dialog Axiata Revenue Trends & Operational Performance

Continued Subscriber Growth with Stable ARPUs

Company Revenue Rs Mn

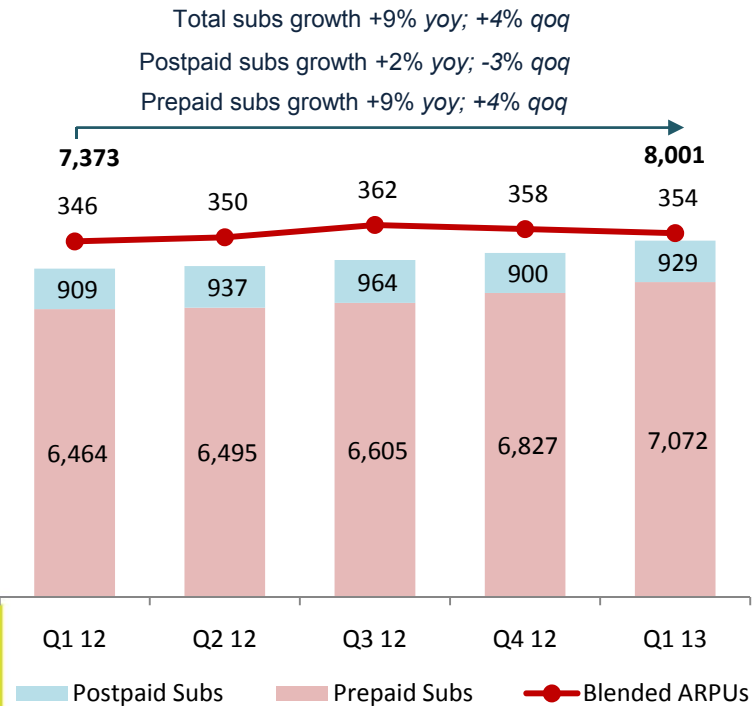


Total mobile subscriber base of 8.0Mn end Q1 2013

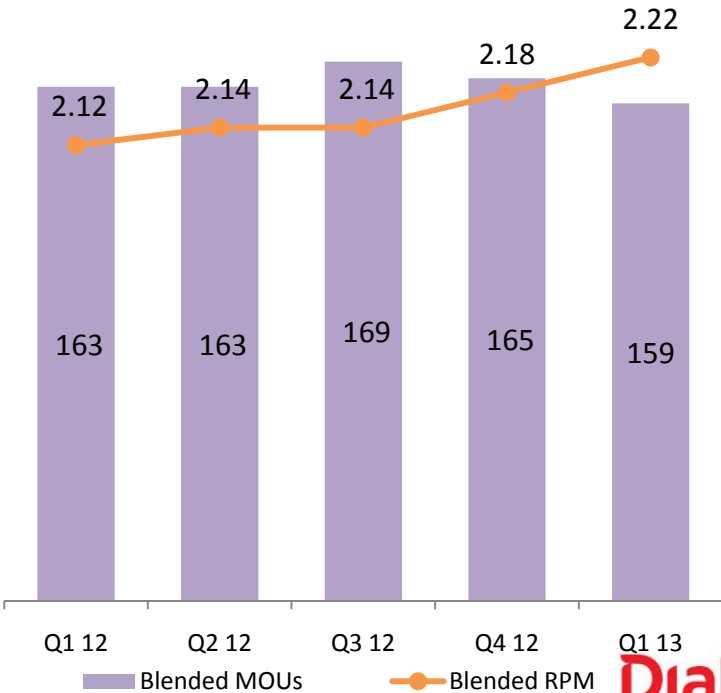
Prepaid segment driving the subscribers growth of 4% QoQ and 9% YoY

Stable ARPUs with marginal decline in MoUs

No of Subscribers'000



Blended MoU & RPM (Rs)



Subsidiary Performance

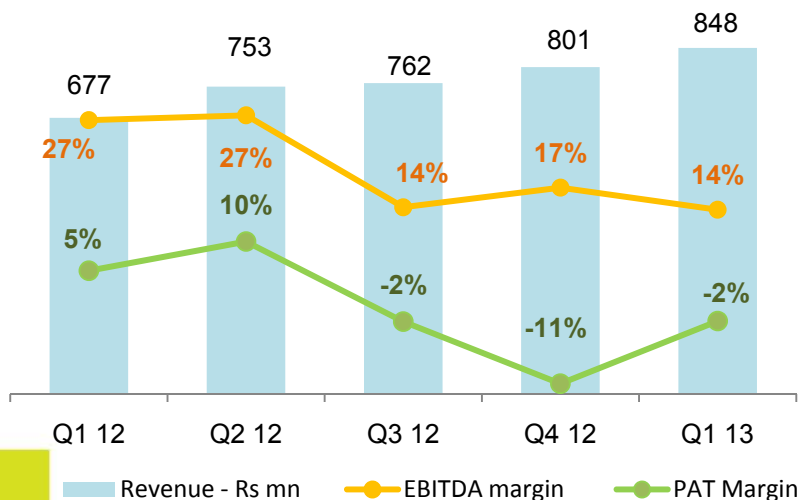
Dialog Television (DTV): Financial Highlights

Continues to Consolidate Revenue Growth with Revenue increasing by 6% QoQ and 25% YoY

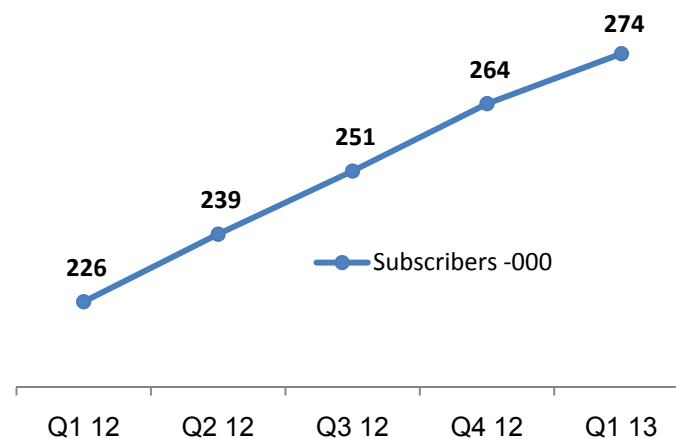
(All figures in Rs Mn)	Q1 13	QoQ	YoY
Revenue	848	6%	25%
EBITDA	119	-13%	-34%
EBITDA Margin	14%	-3pp	-13pp
PAT	(14)	83%	->100%

- Revenue growth fueled by over 47,000 net adds YoY and take up of prepaid services
- EBITDA declined by 13% QoQ as a result of a provision of Rs33mn made on account of unrecoverable input VAT
- YoY EBITDA and PAT further impacted by cost increases arising from
 - ✓ Introduction of HD services
 - ✓ Marketing spend on launch of prepaid services

Revenue, EBITDA margin and PAT margin trends



Pay TV Subscriber Growth



Steady increase in subscribers; Q1 prepaid revenue amounts to Rs35mn with 4500 subscribers

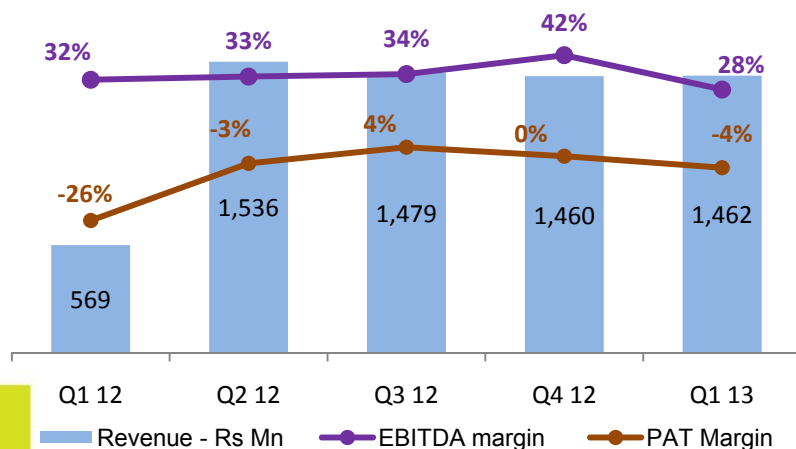
Dialog Broadband Networks (DBN): Financial Highlights

12th Consecutive Quarter of Positive EBITDA, Net Loss reduced by 58% YoY

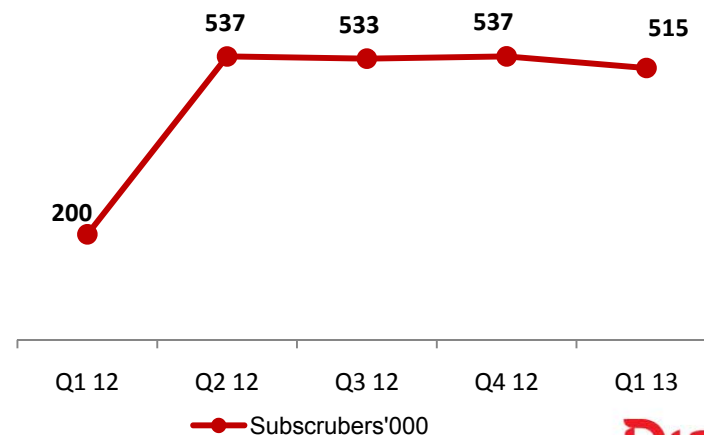
(All figures in Rs Mn)	Q1 13	QoQ	YoY
Revenue	1,462	0.1%	>100%
EBITDA	405	-34%	>100%
EBITDA Margin	28%	-14pp	-4pp
PAT	-62	->100%	58%

- Revenue from enterprise segment continues to increase; However declining revenue from retail segment curtailing QoQ revenue growth
- EBITDA remained positive for the twelfth consecutive quarter with EBITDA increasing by over 100% YoY
- EBITDA and PAT on QoQ basis declined by 34% and over 100% respectively due to higher marketing expenses on Fixed LTE launch
- Net loss reduced significantly by 58% YoY driven by strong EBITDA performance

Revenue, EBITDA margin and PAT margin trends



CDMA and Broadband Subscriber Growth



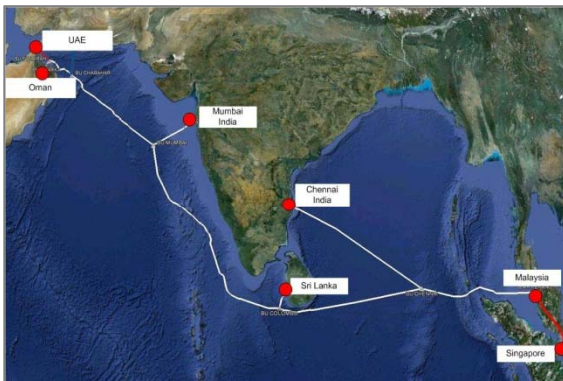
Delivering The Future Today.....

Dialog launched **South Asia's first Mobile 4G LTE** services on 2nd of April 2013

Mobile 4G LTE services will supplement Dialog's existing 3G HSPA+ High Speed Mobile Internet services and this is subsequent to Company's subsidiary, Dialog Broadband Networks launching Sri Lanka's first fixed 4G LTE Service in December 2012, commencing with the city of Colombo, followed by expansion to the cities of Kandy, Jaffna and Galle. In combine, the advanced broadband technologies deployed by the Dialog Group will enable Sri Lankan consumers and enterprises to enjoy the region's most advanced suite of Mobile, Fixed and Nomadic 4G LTE, 3G HSPA+, WiFi and Fibre Optic based High Speed Data Services.



Dialog was chosen by Sri Lankan consumers to be the **"Telecom Brand of the Year"** for the **second year** in **succession** at the recently held **SLIM-Nielsen** People's Choice Awards organised by the Sri Lanka Institute of Marketing (SLIM) and the Nielsen Company. Dialog was also voted as the **"Internet Service Provider of the Year"**



Dialog's investment in the new high speed Bay of Bengal Gateway (BBG) submarine cable system will trigger the single largest infusion **of International Bandwidth to Sri Lanka** to date

BBG cable **will link Sri Lanka and the region**, to high capacity internet hubs in Singapore and India as well as submarine cable pipes which lead to Europe and the USA

Thank You