



Enriching Sri Lankan Lives

Dialog Axiata PLC
Sri Lanka's Premier Connectivity
Provider

Investor Forum Q3 2012

an axiata company



Dialog Group

Dialog Group Performance Highlights – Q3 2012

- Group revenue grew by 3% QoQ and 24% YoY. Growth mainly driven by Mobile and International segments
- YTD EBITDA was recorded at Rs14.2bn up 5% QoQ; EBITDA margin at 34% up by 1ppt QoQ
- Normalised PAT recorded at Rs2bn in Q3 increased by 16% QoQ on the back of improved profitability; Reported YTD PAT at Rs5.1bn, increased by 440% QoQ largely due to the reversal of deferred tax
- Subsidiaries continue to consolidate performance
 - DBN - Continues to be EBITDA positive; Suntel Q3 EBITDA at Rs307mn and PAT Accretive to Dialog Group*
 - DTV - YTD PAT positive at Rs96mn*
- YTD Group FCF continues to be positive at R3.8bn
- Robust Balance Sheet with Net Debt/EBITDA at 0.74x end of Q3









Macro Environmental Dynamics

- SLR appreciated by 3.1% QoQ however on a YTD basis SLR depreciated by 13.9%
- Non-Cash translational currency gain of Rs447mn in Q3 and Non-Cash translational currency loss of Rs2.5bn YTD
- +30% increase in Energy Tariffs
 - ✓ Total Cost increase: Rs159mn in Q3 and Rs380mn YTD

One-off items impacting YTD 2012 performance (Rs mn)	Q3 2012	YTD 2012
Normalised PAT	2,021	5,650
Forex Translation Gain/(Loss) - non cash	+447	-2,491
Acquisition Related Expenses - cash		-343
Deferred Tax Reversal - non cash	+2,277	+2,277
Reported PAT	4,745	5,093

Dialog Group: P&L Highlights

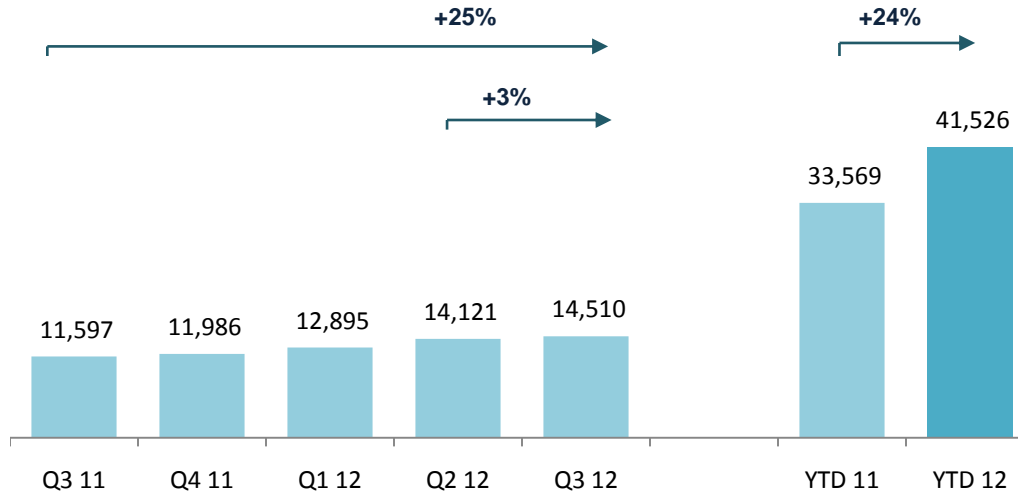
Strong Operational Performance QoQ; Normalised PAT Improved by 16% QoQ & 76% YoY

(All figures in Rs mn)	Q3 12	QoQ Change	YTD 12	YoY Change
Revenue	14,510	 3%	41,526	 24%
EBITDA	4,929	 5%	14,171	 21%
PAT	4,745	 440%	5,093	 43%
Normalised PAT	2,021	 16%	5,650	 76%
<i>EBITDA Margin</i>	<i>34.0%</i>	<i>+0.6pp</i>	<i>34.1%</i>	<i>-0.8pp</i>
<i>PAT Margin</i>	<i>32.7%</i>	<i>+26pp</i>	<i>12.3%</i>	<i>+1.7pp</i>
<i>Normalised PAT Margin</i>	<i>13.9%</i>	<i>+1.6pp</i>	<i>13.6%</i>	<i>+4.0pp</i>
<i>ROIC</i>	<i>17.3%</i>	<i>-</i>	<i>17.5%</i>	<i>+6.1pp</i>

- YTD : Normalised for the translational forex loss (Rs 2,491mn), acquisition related expenses (Rs343Mn) and deferred tax reversal of Rs 2,277mn
- Q3 : Normalised for the translational forex gain (Rs 447mn) and deferred tax reversal of Rs 2,277mn
- Q2 : Normalised for the translational forex loss of (865mn)

Group Revenue Records Growth for the Fourteenth Consecutive Quarter

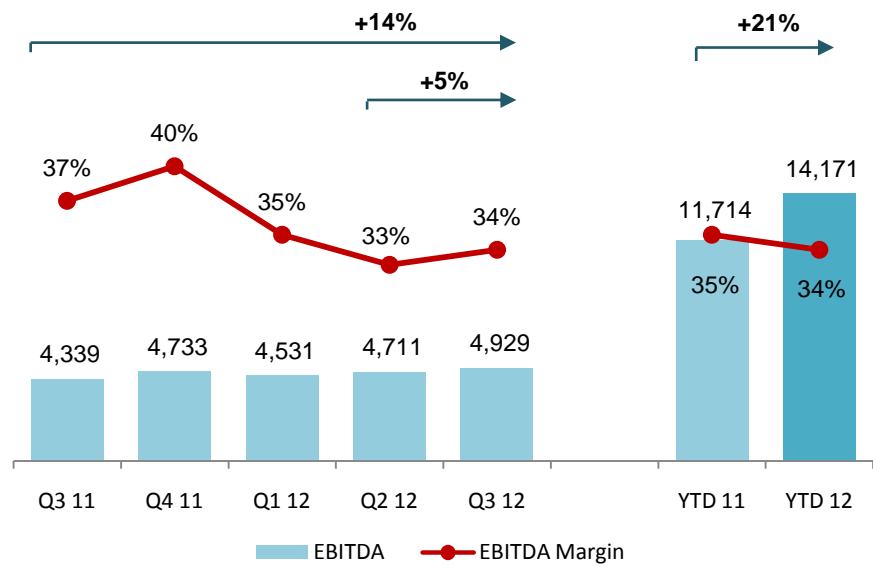
Revenue (Rs Mn)



- Mobile voice revenue grew by 3% QoQ and 14% YoY on the back of growth in usage and increase in mobile subscriber base which stood at 7.6 Mn as at the end of Q3 2012
- International Termination revenue increased by 8% QoQ and 39% YoY due to increase in minutes terminated and the increase in per minute rate respectively
- Infra structure business registered strong revenue growth of 3% QoQ and 26% YoY whilst Pay TV revenue grew by 1% QoQ and 29% YoY on the backdrop of increase in subscriber base
- Fixed line revenue decreased 5% QoQ due to drop in usage and lower interconnection income

EBITDA Increased by 5% QoQ and 21% YoY driven by Strong Growth in Revenue

Group EBITDA (Rs Mn) & Margin (%)



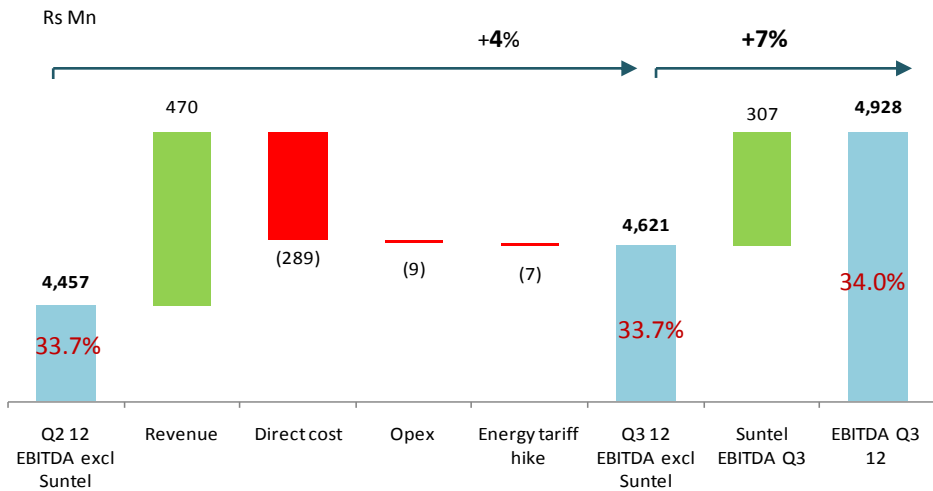
Quarter on Quarter

- Group EBITDA up by 5% QoQ due to
 - ✓ Increase in revenue (Rs389mn) off setting the increase in total costs (Rs 171mn)
- Q3 EBITDA margin at **34% up by 1ppt**

Year on Year Performance

- Group EBITDA increased by a significant 21% YoY on the backdrop of higher revenue
- EBITDA margin at 34% declined by 1ppt YoY
- On normalising the YTD 2011 EBITDA for the TDF refund, YoY EBITDA margin remained flat**

Group EBITDA movement Q3 12 vs Q2 12



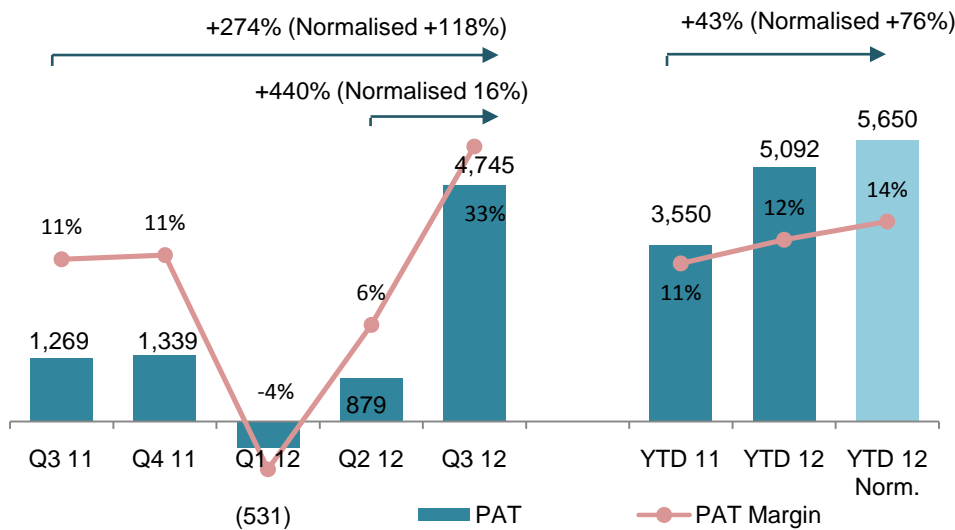
Cost Expansion Drivers

- Network cost** increased due to
 - ✓ Increase in site related expenses and network maintenance cost
 - ✓ New transponder deployed for DTV HD channels
- Regulatory cost** increased by 4% QoQ
 - ✓ VGF cost driven by the increase in termination minutes
- Increase in **origination cost** led by the 12% increase in transit minutes

Significant Improvement in Q3 Group PAT due to Deferred Tax Reversal and Forex gain

Normalised PAT up 76% YoY

Group PAT (Rs Mn) & Margin (%)



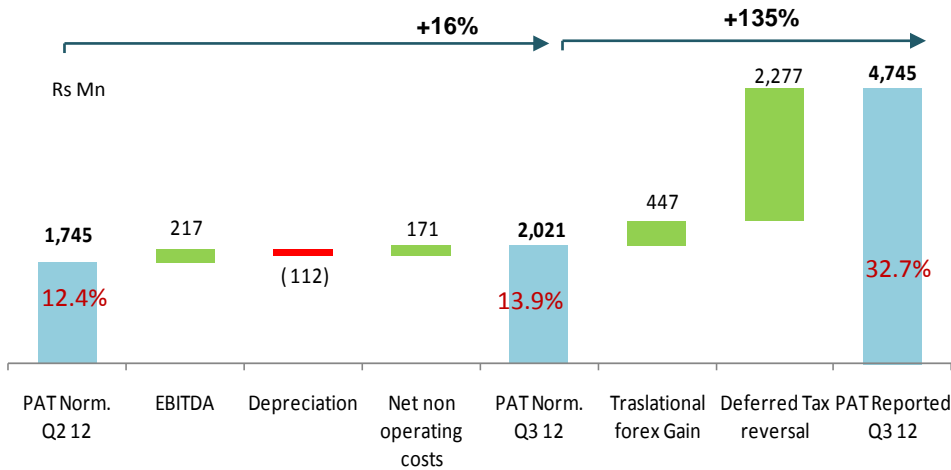
Quarter on Quarter

- Q3 PAT recorded at Rs4.7bn due to
 - ✓ Write back of deferred tax provision (Rs2.3bn) due to Company opting for 2% revenue tax
 - ✓ Forex gain of Rs 406mn compared to forex loss of Rs947mn in Q2
 - ✓ 5% increase in EBITDA (Rs218mn)
- Q3 PAT Normalised grew by 16% due to higher EBITDA and lower non operating costs (Rs58mn)

Year on Year

- YTD PAT recorded at Rs5.1n, increased by 43% YoY due to the deferred tax reversal
- YTD PAT is inclusive of a Forex loss of Rs 2.7bn compared to a forex gain of Rs80mn in 2011
- Normalised PAT up by 76% YoY on the back of improved EBITDA of Rs2.8bn

Group PAT movement Q3 12 vs Q2 12



• YTD : Normalised for the translational forex loss (Rs 2,491mn), acquisition related expenses (Rs343Mn) and deferred tax reversal of Rs 2,277mn



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	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12	Trend
Gross Debt Position	23,501	22,602	21,956	21,242	20,463	↓
Gross Debt to EBITDA*	1.35	1.19	1.21	1.13	1.04	↓
Net Debt to EBITDA*	0.78	0.64	0.84	0.90	0.74	↓
Free Cash Flow (FCF)	3,176	2,683	2,836	1,419	(457)	↓
FCF to Debt	54%	47%	52%	27%	-9%	↓
Current Ratio	0.95	0.96	0,71	0.62	0.59	↓









Gross debt in Q3 2012 includes USD37.5Mn and Rs 3.7Bn loans from parent Axiata and USD91.7Mn loan from OCBC

Net debt to EBITDA improved to 0.74x in Q3 2012 from 0.90x in Q2 2012

*Annualized EBITDA = 4 times of quarterly EBITDA

Dialog Axiata PLC (Company): P&L Highlights

Improvement in QoQ EBITDA on the back of Higher Revenue; PAT benefitted by the Deferred Tax reversal

(All figures in Rs mn)	Q3 12	QoQ Change	YTD 12	YoY Change
Revenue	12,619	 3%	36,656	 19%
EBITDA	4,279	 6%	12,492	 15%
PAT	4,709	 449%	5,160	 21%
Normalised PAT	1,985	 15%	5,688	 45%
<i>EBITDA Margin</i>	<i>33.9%</i>	<i>+0.7pp</i>	<i>34.1%</i>	<i>-1pp</i>
<i>PAT Margin</i>	<i>37.3%</i>	<i>+30pp</i>	<i>14.1%</i>	<i>+0.3pp</i>
<i>Normalised PAT Margin</i>	<i>15.7%</i>	<i>+2pp</i>	<i>15.5%</i>	<i>+3pp</i>

Quarter on Quarter

- Q3 EBITDA increased by 6% QoQ due to increase in revenue fully off setting the increase in total costs
- QoQ PAT improved significantly** due to write back of deferred tax provision and the Forex gain recorded in Q3 compared to forex loss in Q2
- Normalised PAT grew by 15% QoQ on the back of increase in EBITDA

Year on Year

- Significant growth in YoY EBITDA due to **higher revenue**
- Company PAT increased by 21% YoY driven by the deferred tax reversal
- YTD PAT is inclusive of a Forex loss of Rs 2.7bn compared to a forex gain of Rs 84mn in 2011
- Normalised PAT grew by 45% YoY on the back of improved EBITDA

• YTD : Normalised for the translational forex loss (Rs 2,491mn), acquisition related expenses (Rs314Mn) and deferred tax reversal of Rs 2,277mn

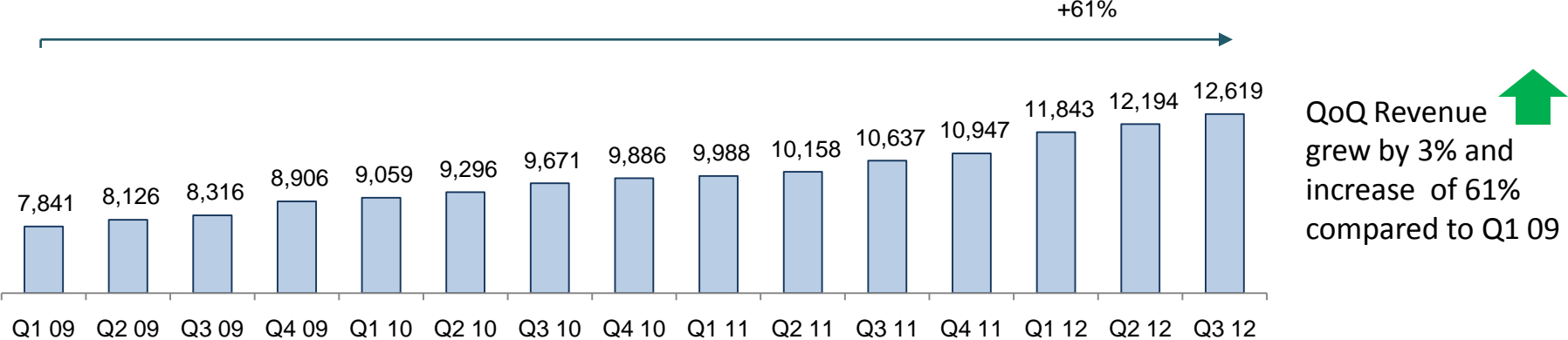
• Q3 : Normalised for the translational forex gain (Rs 447mn) and deferred tax reversal of Rs 2,277mn

• Q2 : Normalised for the translational forex loss of (865mn)

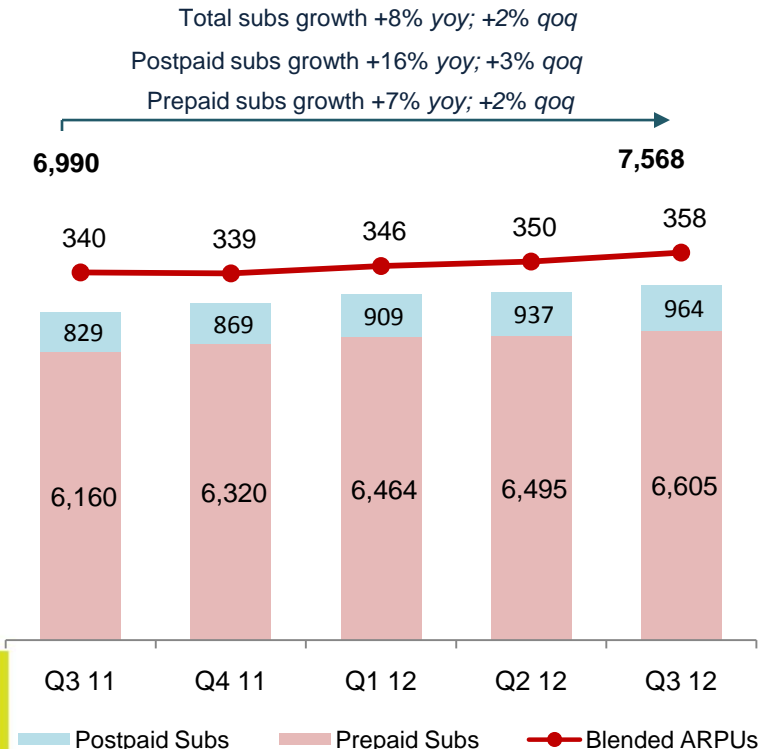
Dialog Axiata Revenue Trends & Operational Performance

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

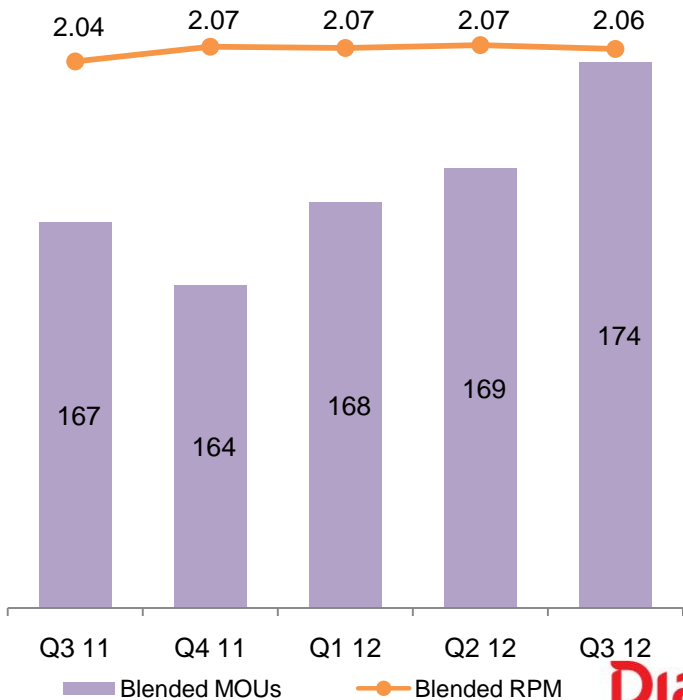
Company Revenue Rs Mn



No of Subscribers'000



Blended MoU & RPM (Rs)



Subsidiary Performance

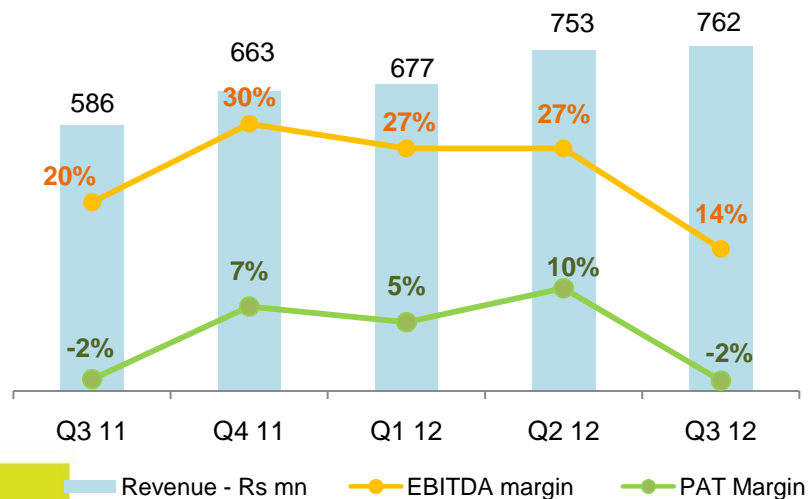
Dialog Television (DTV): P&L Highlights

QoQ Performance Impacted by the Higher Cost due to HD Services

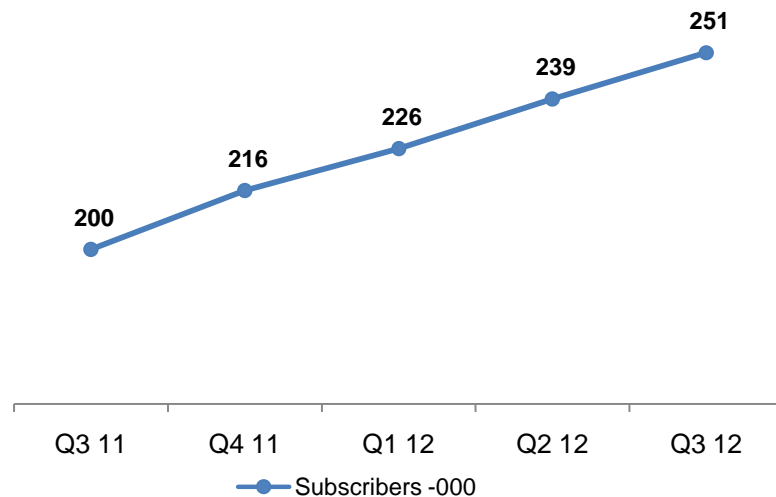
(All figures in Rs Mn)	Q3 12	QoQ Change	YTD 12	YoY Change
Revenue	762	↑ 1%	2,192	↑ 29%
EBITDA	110	↓ 47%	498	↑ 32%
EBITDA Margin	14%	↓ 13pp	23%	↑ 1pp
PAT	-13	↓ >100%	96	↑ >100%

- YoY revenue growth driven by the 29% increase in subscription revenue and the addition of over 50,000 Pay Tv subscribers
- Significant 47% drop in QoQ EBITDA due to higher cost expansion arising from the launch of HD services
- DTV PAT negative in Q3 on the back of significantly lower EBITDA

Revenue, EBITDA margin and PAT margin trends



Pay TV Subscriber Growth



Dialog Broadband Networks (DBN): P&L Highlights

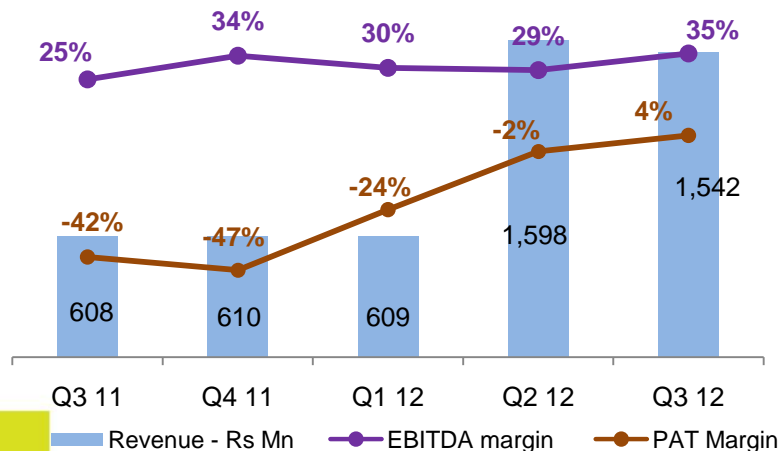
Improved Performance driven by Operational Efficiency

(All figures in Rs Mn)

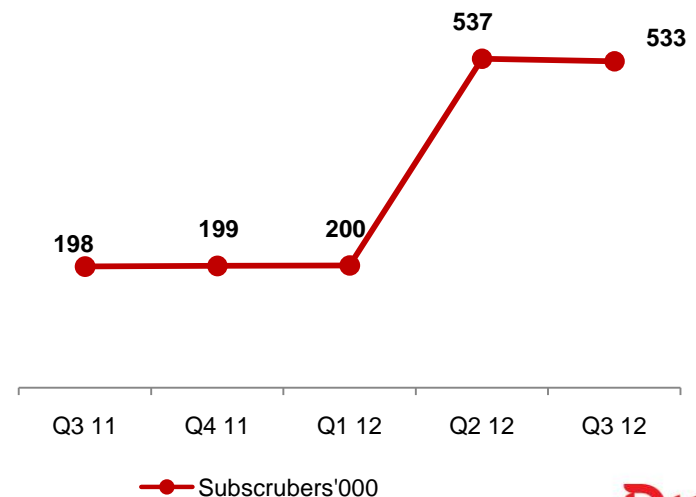
	Q3 12	QoQ Change	YTD 12	YoY Change
Revenue	1,542	3%	3,749	>100%
EBITDA	540	17%	1,181	>100%
EBITDA Margin	35%	6pp	32%	6pp
PAT	60	>100%	-126	81%

- Marginal 3% drop in QoQ Revenue due to decline in usage and connections related to retail segment
- EBITDA remained positive for the tenth consecutive quarter with EBITDA increasing by 17% QoQ and over 100% YoY
- DBN PAT positive in Q3 2012 due to improved profitability

Revenue, EBITDA margin and PAT margin trends



CDMA and Broadband Subscriber Growth



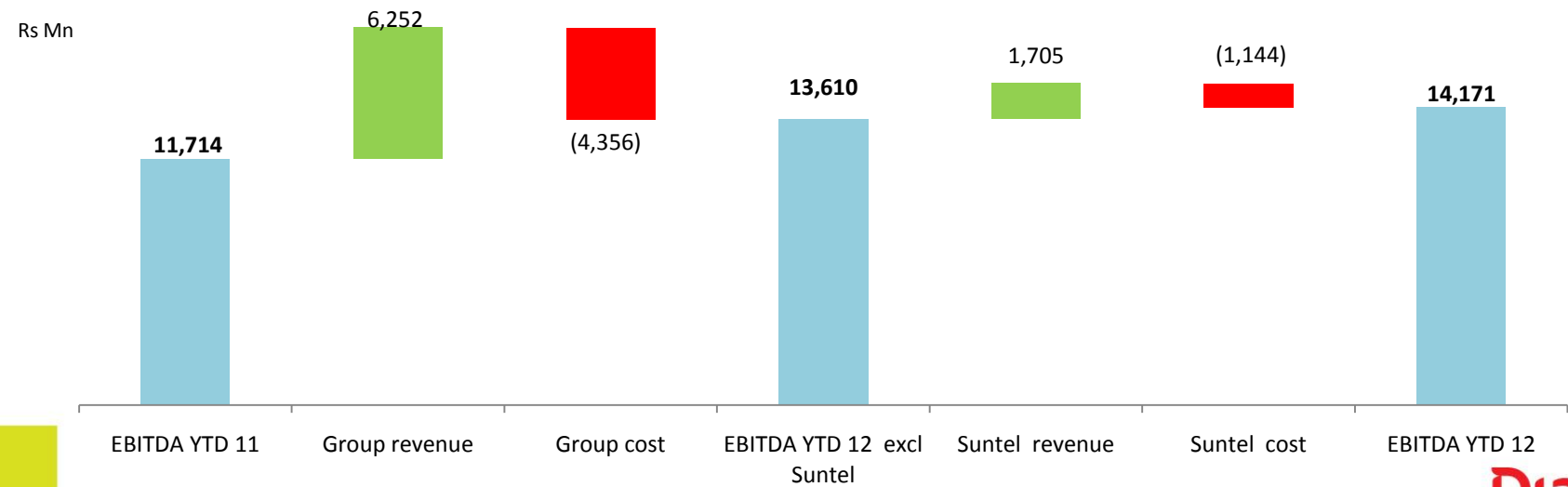
On 15th May 2012 Suntel Limited was amalgamated with DBN. Accordingly, operation performance of Suntel (which ceased to exist as an entity with effect from 15th May) has been fully subsumed and aggregated within the financial statements of DBN

Goodwill on acquisition of Rs5.2bn is classified under intangible assets in the balance sheet

Impact of Suntel on the Group Performance

- 6% (Rs812mn) and 4% (Rs1.7bn) of the Q3 and YTD Group revenue is contributed by Suntel
- Dialog Group’s total cost increased by Rs 1,144mn (21% increase in YTD Group cost is attributable to Suntel)
- Incremental EBITDA of Rs307mn in Q3 and Rs561mn in YTD (6% of Q3 and 4% of YTD Group EBITDA)
- YTD synergy savings realised amounts to Rs274mn. Expected Synergy savings for 2012 is Rs416mn

Suntel Contribution to Group EBITDA



Thank You