Enriching Sri Lankan Lives

Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Investor Forum Q2 2012

an **axiata** company

Dialog

Dialog Group

Dialog Group Performance Highlights - Q2

- Dialog recorded a Revenue Growth of 10% QoQ and 23% YoY. Group revenue excluding Suntel revenue grew by 3% QoQ and 19% YoY led by revenue growth in Mobile, Global, Tele Infra and Television businesses
- EBITDA for Q2 was recorded at Rs4.7bn up 4% QoQ; Q2 EBITDA margin at 33% declined by 2ppts QoQ
- Nomalised PAT at Rs1.7bn in Q2; 7% decline QoQ, 59% increase YTD
- Subsidiaries continue to consolidate performance

  DBN - Ninth consecutive Quarter of positive EBITDA; Suntel EBITDA positive at Rs254mn and PAT Accretive to Dialog Group

  DTV - PAT positive for the third consecutive quarter
- Group FCF at Rs1.4bn in Q2; positive for the 10^{th} consecutive quarter
- Robust Balance Sheet with Net Debt / EBITDA at 0.9x

Macro Environmental Dynamics

- SLR continued to depreciate by 4.6% QoQ and 17.5% YTD
- Non-Cash translational currency loss of Rs865mn in Q2
- +30% increase in Energy Tariffs
  - ✓ Total Cost increase: Rs151mn in Q2 and Rs220mn YTD

One-off items impacting YTD 2012 performance (Rs mn)	Q2 2012	YTD 2012
Normalised PAT	1,744	3,629
Forex Translation Loss (non cash)	-865	-2,938
Acquisition Related Expenses (cash)		-343
Reported PAT	879	349

Dialog Group: P&L Highlights

Strong Operational Performance QoQ; Drop in Normalised PAT due to Higher Non Operating Costs

(All figures in Rs mn)	**Q2 12**	**QoQ Change**	**YTD 12**	**YoY Change**
Revenue	14,121	10%	27,016	23%
EBITDA	4,711	4%	9,242	25%
PAT	879	266%	349	85%
Normalised PAT*	1,744	7%	3,629	59%
EBITDA Margin	*33.4%*	*-2pp*	*34.2%*	*+0.6pp*
PAT Margin	*6.2%*	*+10pp*	*1.3%*	*-9pp*
Normalised PAT Margin	*12.4%*	*-2pp*	*13.4%*	*+3pp*
ROIC	*17.3%*	*-2pp*	*17.9%*	*+8pp*

* Normalised for the translational forex loss (Rs 2,073mn) & acquisition related expenses (Rs343Mn) in Q1 2012 and translational forex loss of Rs865mn in Q2 2012

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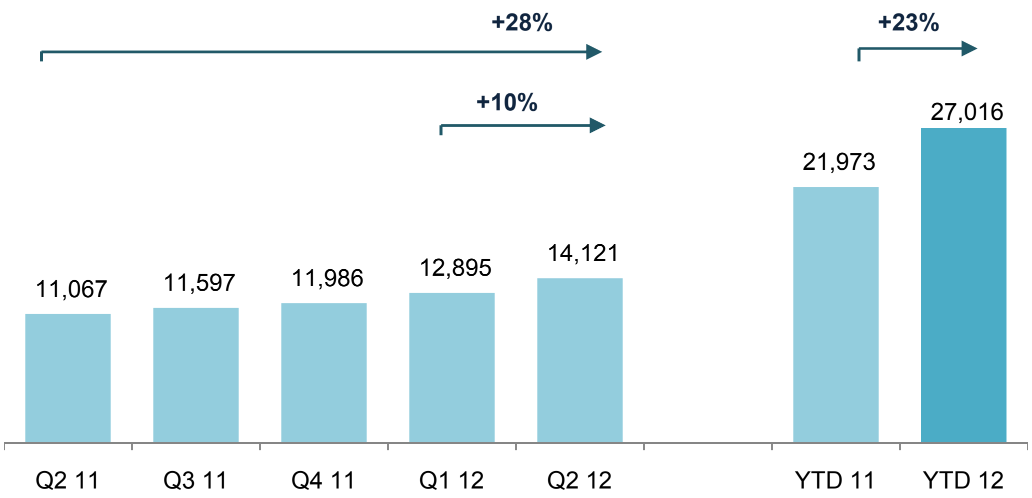
Group Revenue Trends

Significant Increase in Revenue QoQ and YoY driven by Revenue Growth across all Segments

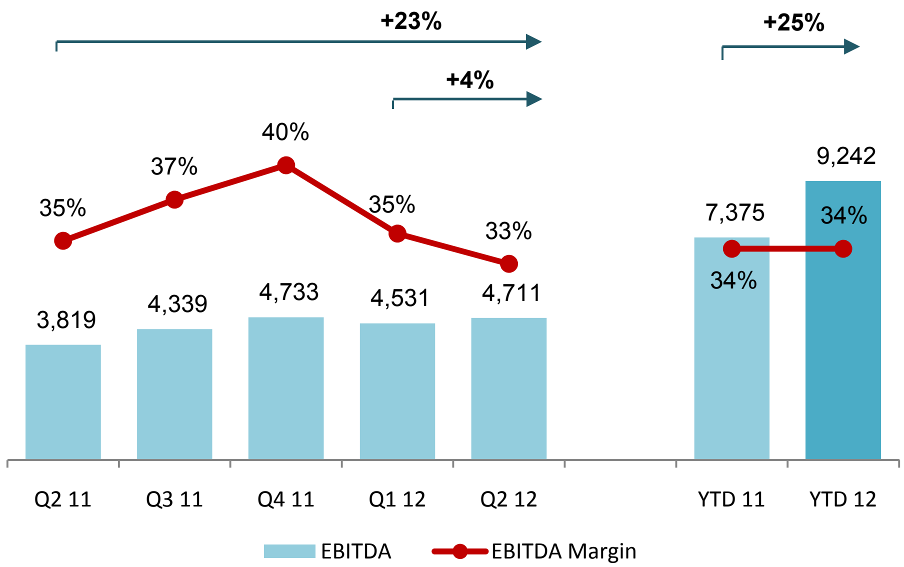
Revenue (Rs Mn)



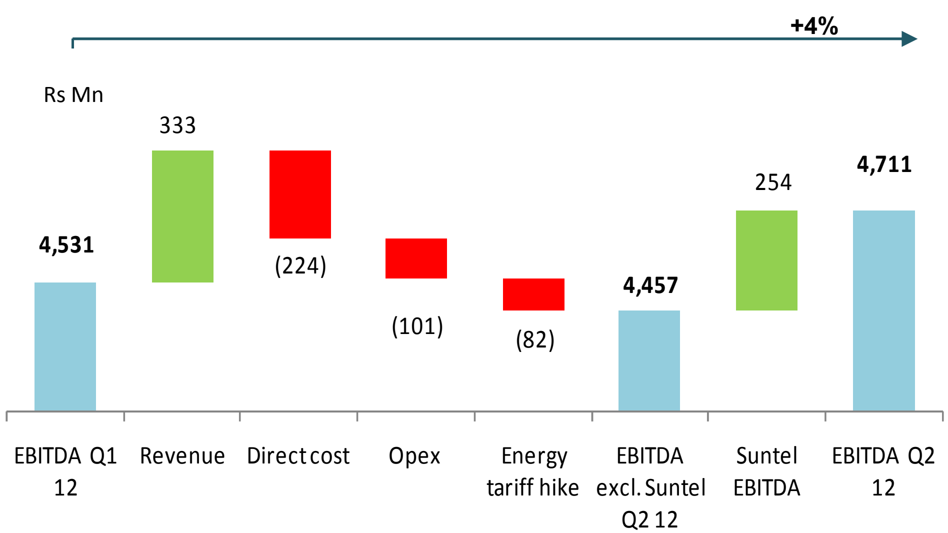
- Mobile voice revenue grew by 2% QoQ and 16% YoY on the back of growth in Minutes of Usage; Data revenue growth which was primarily driven by growth in Mobile broadband revenue
- International Termination revenue increased by 16% QoQ due to increase in minutes terminated while revenue grew by 36% YoY due to the increase in per minute rate and depreciation of the Rupee
- Infra structure business registered strong revenue growth of 10% QoQ and 26% YoY with Tower tenancies growing by 12% QoQ and 27% YoY
- Pay TV revenue increased significantly by 11% QoQ and 29% YoY on the backdrop of strong increase in subscription revenue and growth in Pay Tv subscriber base
- Fixed line revenue increased by 221% QoQ and 107% YoY due to Suntel revenue

EBITDA Increased by 4% QoQ and 25% YoY driven by Strong Growth in Revenue

Group EBITDA (Rs Mn) & Margin (%)



Group EBITDA movement Q2 2012 vs Q1 2012



Quarter on Quarter

- Group EBITDA up by 4% QoQ
  - ✓ Increase in revenue - Rs1.2bn
  - ✓ Increase in revenue linked costs - Rs 1.0bn
- Q2 EBITDA margin at 33% contracted by 2ppt QoQ due to
  - ✓ Total cost growing at a higher rate (12%) than revenue (10%)

Year on Year

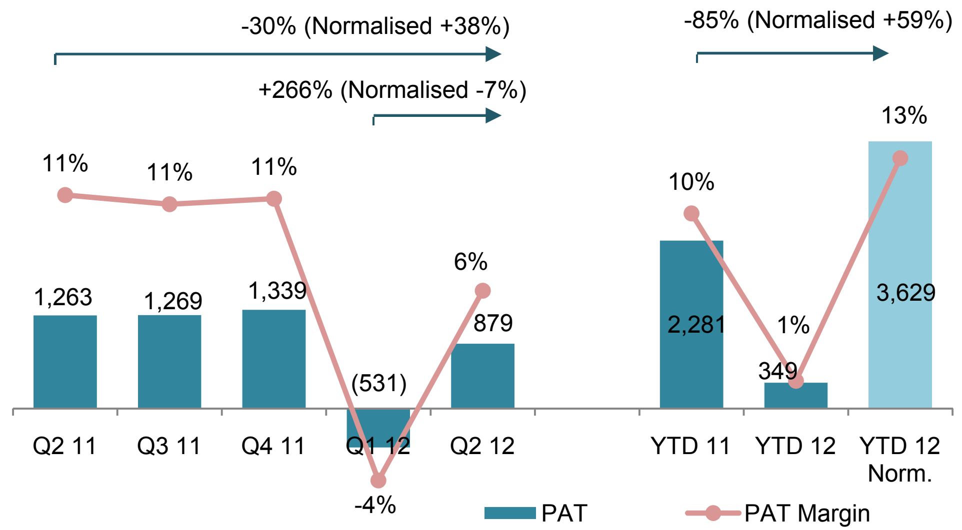
- Group EBITDA increased by a significant 25% YoY on the backdrop of higher revenue
- EBITDA margin maintained at 34%

Cost Expansion Drivers

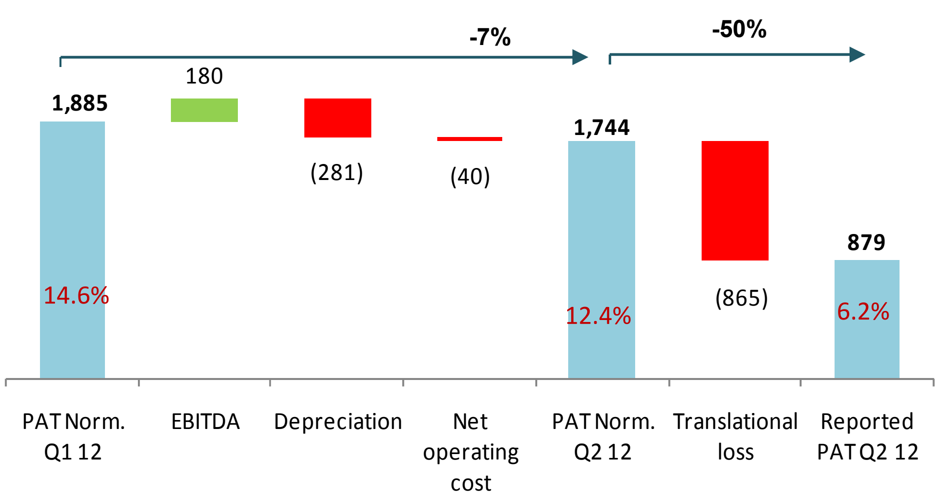
- Increase in network cost due to
  - ✓ Higher site related expenses partly driven by addition of Suntel sites and energy costs
- Regulatory cost increased by 22% QoQ
  - ✓ Increased termination minutes driving up VGF cost
- Marketing cost driven by Increase in promotional activities on account of
  - ✓ Suntel branding
  - ✓ New products launched

Significant Improvement in Q2 Group PAT due to Strong EBITDA Performance
Normalised PAT up 59% YoY

Group PAT (Rs Mn) & Margin (%)



Group PAT movement Q2 12 vs Q1 12



Quarter on Quarter

- Q2 PAT recorded at Rs879mn due to
  - ✓ 4% increase in EBITDA
  - ✓ Drop in forex loss by Rs1.3bn compared to Q1
  - ✓ Q1 PAT includes a one-off Suntel acquisition related cost of Rs343mn
- Q2 PAT Normalised contracted by 7% due to
  - ✓ Higher depreciation
  - ✓ Lower interest income due to drop in cash position

Year on Year

- PAT for 1H 2012 recorded at Rs349mn decreased by 85% YoY due to
  - ✓ Forex loss of Rs3.1bn compared to Rs194mn forex gain in 1H 2011
- Normalised PAT up 59% YoY on the back of
  - ✓ Improved EBITDA
  - ✓ Partly off set by increase in non operating costs

* Normalised for the translational forex loss (Rs 2,073mn) & acquisition related expenses (Rs343Mn) in Q1 2012 and translational forex loss of Rs865mn in Q2 2012

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	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12	Trend
Gross Debt Position	24,393	23,501	22,602	21,956	21,242	
Gross Debt to EBITDA*	1.60	1.35	1.19	1.21	1.13	
Net Debt to EBITDA*	1.05	0.78	0.64	0.84	0.90	
Free Cash Flow (FCF)	809	3,176	2,683	2,836	1,419	
FCF to Debt	13%	54%	47%	52%	27%	
Current Ratio	0.82	0.95	0.96	0,71	0.62	

Gross debt in Q2 2012 includes USD37.5Mn and Rs 3.7Bn loans from parent Axiata and USD93.6Mn loan from OCBC

USD8.15mn OCBC loan repaid in Jan 2012 and USD1.9mn in Apr'12
Prepayment of USD12.5mn OCBC loan in Feb'12

Net debt to EBITDA marginally increased to 0.90x in Q2 2012 from 0.84x in Q1 2012 due to decrease in the cash position as a result of dividend payment of Rs2bn and repayment of preference shares (Rs1.25bn)

*Annualized EBITDA = 4 times of quarterly EBITDA

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Dialog Axiata PLC (Company): P&L Highlights

Significant Improvement in QoQ PAT despite EBITDA being Impacted by Energy driven Costs

(All figures in Rs mn)	Q2 12	QoQ Change	YTD 12	YoY Change
Revenue	12,194	▲ 3%	24,037	▲ 19%
EBITDA	4,044	▼ 3%	8,215	▲ 20%
PAT	857	▲ 311%	451	▼ 83%
Normalised PAT	1,722	▼ 13%	3,703	▲ 36%
EBITDA Margin	*33.2%*	*-2pp*	*34.2%*	*+0.3pp*
PAT Margin	*7.0%*	*+10pp*	*1.9%*	*-12pp*
Normalised PAT Margin	*14.1%*	*-3pp*	*15.4%*	*+2pp*

Quarter on Quarter

- Q2 EBITDA declined by 3% QoQ due to expansion of operating cost driven by inflation in energy and energy driven cost and increase in marketing activities
- **QoQ PAT improved significantly** due to decline in forex losses. However, Nomalised PAT dropped 13% QoQ resulting from expansion in non operating costs

Year on Year

- Significant growth in YoY EBITDA due to **higher revenue**
- Despite growth in YoY EBITDA, Company PAT declined by 83% YoY mainly due to Forex Losses and acquisition related expenses
  - ✓ Forex loss of Rs 3.1bn in 1H 2012 compared to forex gain of Rs 198mn in 1H 2011
  - ✓ **Normalised PAT grew by 36% YoY**

* Normalised for the translational forex loss (Rs 2,073mn) & acquisition related expenses (Rs314Mn) in Q1 2012 and forex loss of Rs865mn in Q2 2012

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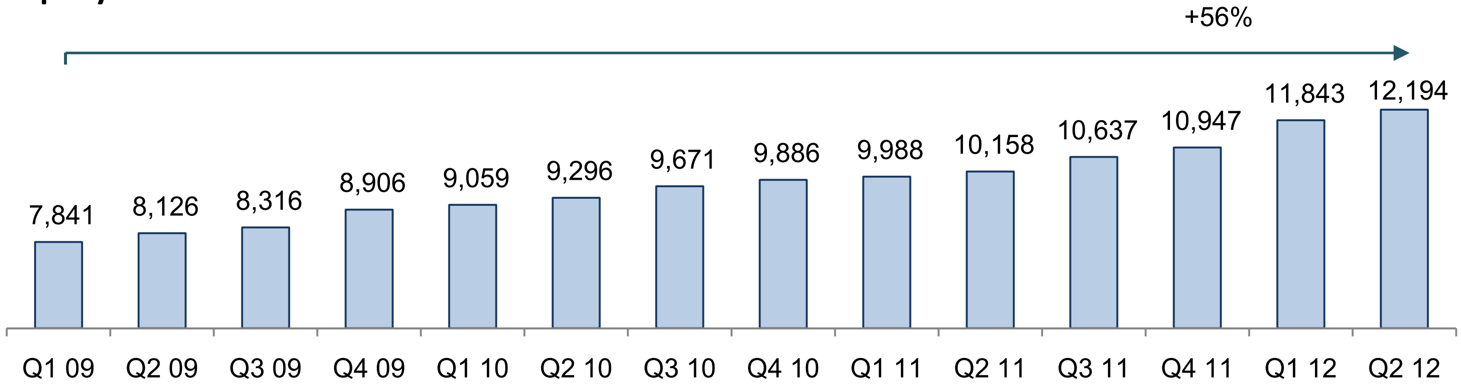
Dialog Axiata Revenue Trends & Operational Performance

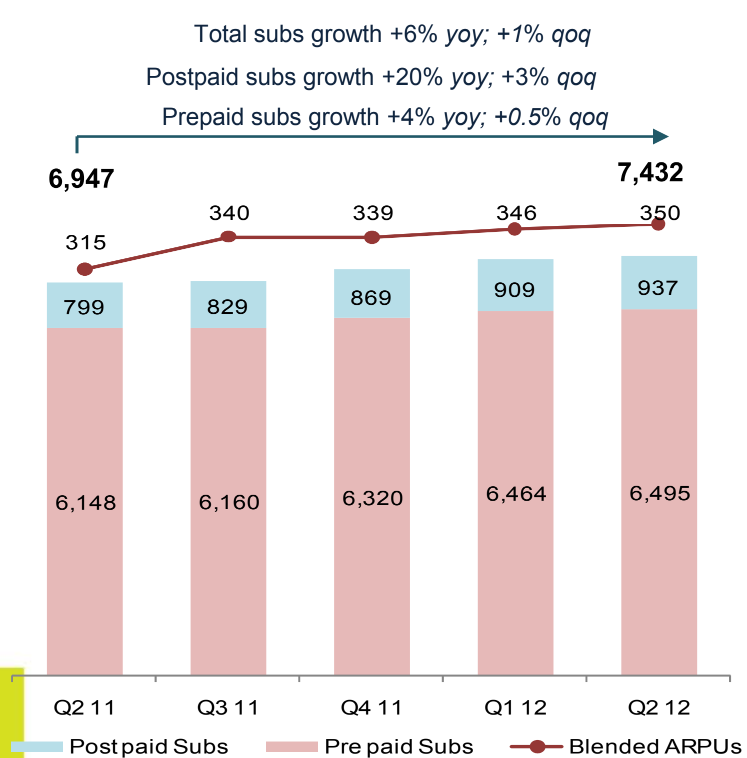
Steady Increase in Revenue driven by Healthy Subscriber Growth with Stable ARPU and MoU

Company Revenue Rs Mn

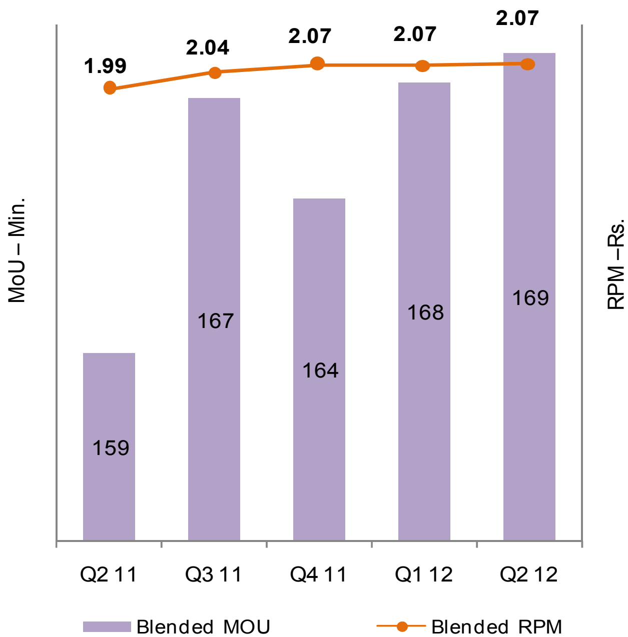


QoQ Revenue grew by 3% increase of 56% compared to Q1 09

No of Subscribers'000



Blended MoU & RPM (Rs)



Subsidiary Performance

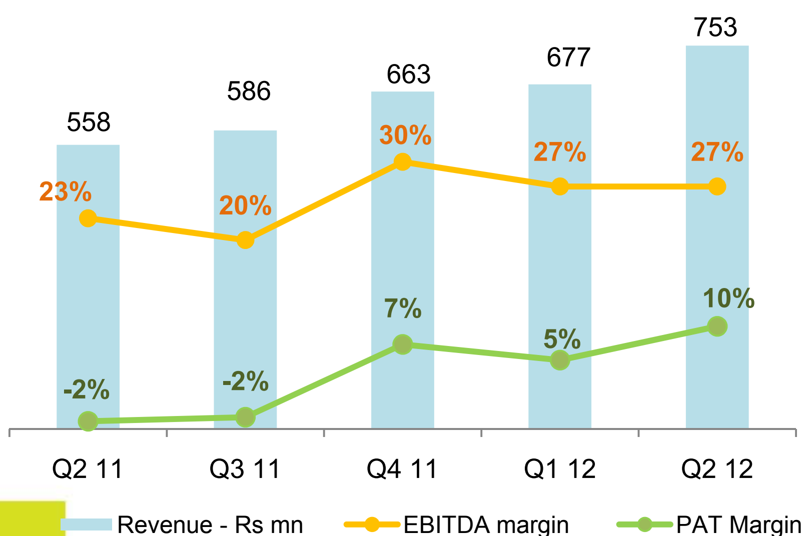
Dialog Television (DTV): P&L Highlights

Growth Momentum continues with Steady Increase in Revenue and EBITDA

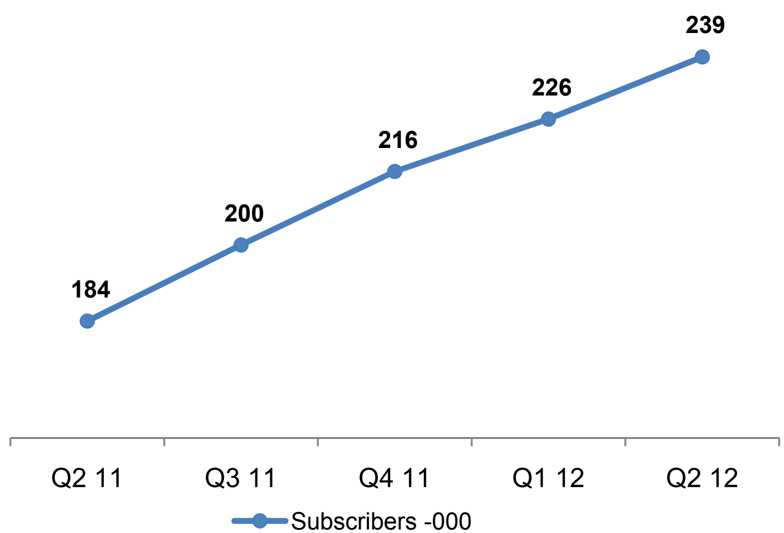
(All figures in Rs Mn)	Q2 12	QoQ Change	YTD 12	YoY Change
Revenue	753	11%	1,430	28%
EBITDA	207	14%	388	50%
EBITDA Margin	27%	0.7pp	27%	4pp
PAT	72	96%	109	>100%

- YoY revenue growth driven by increase in subscription revenue and increase in Pay Tv subscriber base by 30%
- Q2 EBITDA grew by 14% QoQ and 50% YoY respectively on the backdrop of aggressive revenue growth
- DTV records positive PAT for the third consecutive quarter with significant increase in PAT QoQ and YoY

Revenue, EBITDA margin and PAT margin trends



Pay TV Subscriber Growth



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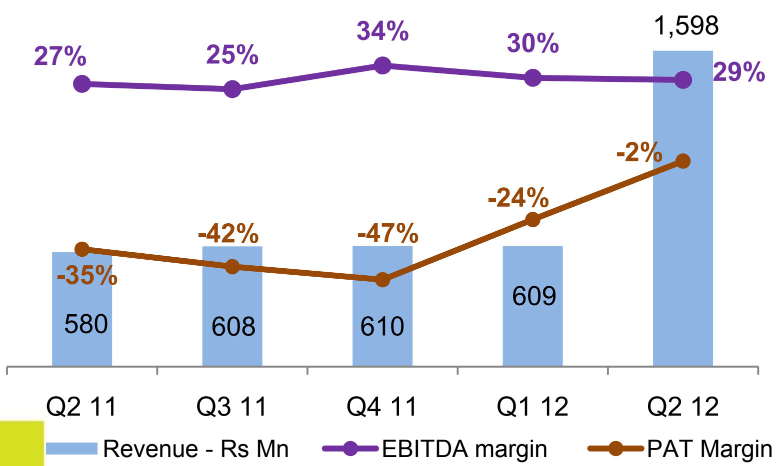
Dialog Broadband Networks (DBN): P&L Highlights

Significant Boost to Operating Performance following the Consolidation of Suntel

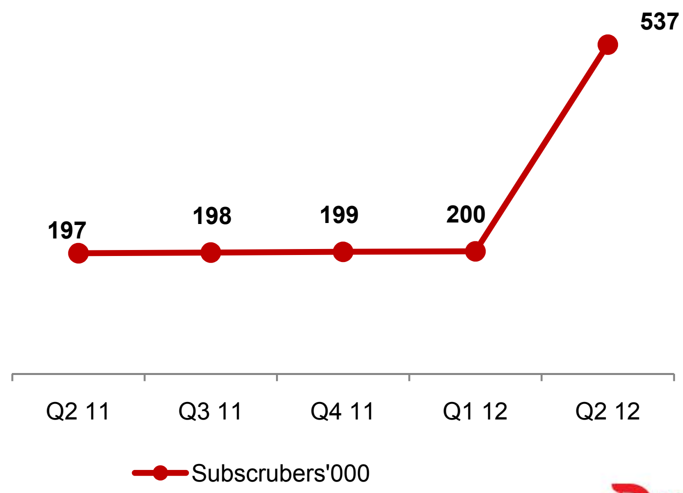
(All figures in Rs Mn)	Q2 12	QoQ Change	YTD 12	YoY Change
Revenue	1,598	>100%	2,207	90%
EBITDA	461	>100%	641	>100%
EBITDA Margin	29%	0.7pp	29%	3pp
PAT	-39	74%	-186	54%

- Strong Revenue growth of over 100% QoQ driven by Suntel revenue
- DBN EBITDA remained positive for the ninth consecutive quarter with EBITDA increasing over 100% QoQ and YoY basis
- Net loss reduced significantly by 74% QoQ and 54% YoY driven by strong EBITDA performance

Revenue, EBITDA margin and PAT margin trends



CDMA and Broadband Subscriber Growth



Suntel Update

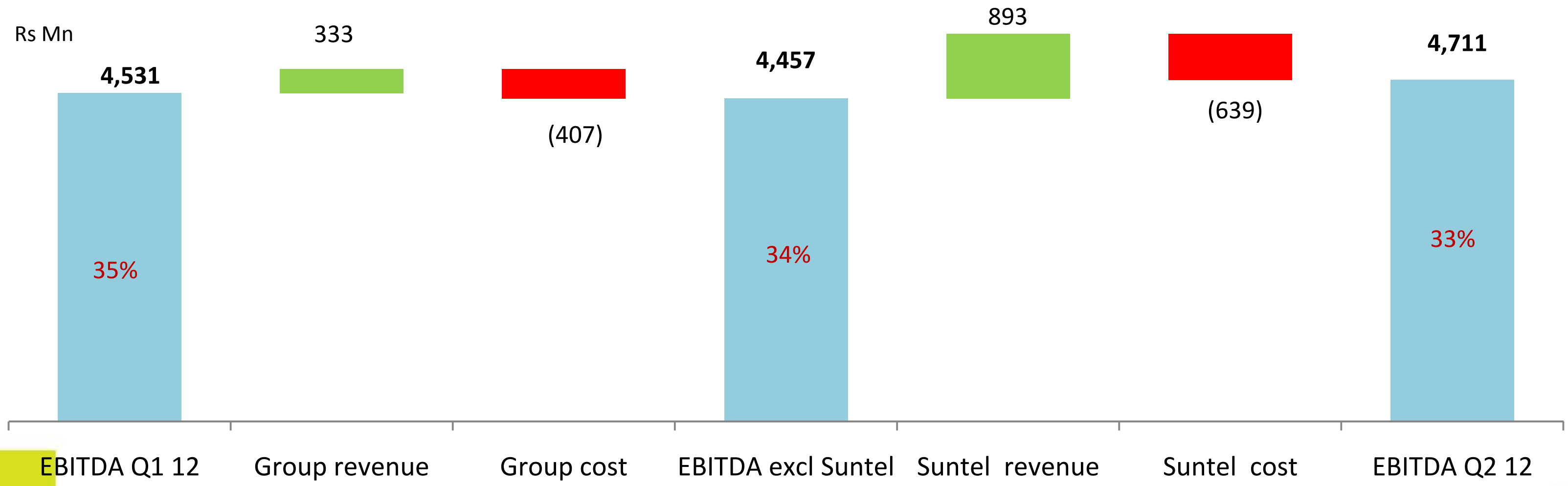
On 15th May 2012 Suntel Limited was amalgamated with DBN. Accordingly, operation performance of Suntel (which ceased to exist as an entity with effect from 15th May) has been fully subsumed and aggregated within the financial statements of DBN

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

Impact of Suntel on the Group Performance

- 6% (Rs893) of the Group revenue for Q2 is contributed by Suntel
- Dialog Group's total cost increased by Rs 639mn (61% increase in Group cost in Q2 is attributable to Suntel)
- Incremental EBITDA of Rs254mn (5% of Q2 Group EBITDA)
- YTD synergy savings realised amounts to Rs124mn; Expected Synergy Savings for 2012 of Rs416mn

Suntel Contribution to Group EBITDA



Thank You