Enriching Sri Lankan Lives

Dialog Axiata PLC

Sri Lanka's Premier Connectivity Provider

Investor Forum Q4 2012

an axiata company

Dialog

Dialog Group

Dialog Group Performance Highlights – FY 2012

Strong Financial Performance

- Healthy growth in group revenue led by growth across all segments
  Group revenue excluding Suntel revenue grew by 19% YTD
- EBITDA at Rs18.6bn increased by 13% YTD; EBITDA margin of 33%
- Group PAT at Rs6.0bn grew by 23% YTD with a PAT margin of 11%
- Strong YTD growth in voice and non voice revenues of 13% and 37% respectively
- FY 12 FCF positive at Rs1.1bn despite the 2 fold increase in YTD Capex
- Robust Balance Sheet with Net Debt/EBITDA at 0.82x for FY 2012

Subsidiaries continue to consolidate performance

DBN – Net Loss reduce by 87% YTD due to higher EBITDA; Suntel FY 12 EBITDA at Rs858mn and PAT Accretive to Dialog Group

DTV – FY 12 PAT positive at Rs11mn despite cost pressure due to launch of HD services

Subscriber Growth Parameters

- Mobile subscriber base of 7.8mn with over 635,000 net additions YTD
- Continuous growth in Pay Tv subscribers over 264,000 as at end 2012

Continued Commitment to Healthy dividend

- Cash dividend of 33 cents (Rs0.33) per share totaling to Rs 2.7bn up 32% compared to FY 2011; DPO of 45%

Dialog Group Performance – Q4 2012

- Group revenue increased by 4% QoQ led by growth in International and Mobile segments
- Q4 EBITDA was recorded at Rs4.4bn a 11% drop QoQ due to;
  - ✓ One-off costs (Rs470mn) related to modernisation of the company's expansive service centre network
  - ✓ Increased marketing and promotional activities
- Q4 PAT at Rs929mn decreased by 80% QoQ due to lower EBITDA and impairment charges due to modernisation and upgrade of legacy network elements to match latest technology standards

One-off items impacting FY 2012 performance (Rs mn)	Q4 2012	FY 2012
Normalised PAT	614	6,263
Acquisition Related Expenses - cash		-343
Forex Translation Gain/(Loss) - non cash	+315	-2,176
Deferred Tax Reversal - non cash		+2,277
Reported PAT	929	6,021

Group Financial Summary

Strong Performance in all FY 2012 Financial Metrics driven by Significant Revenue Increase

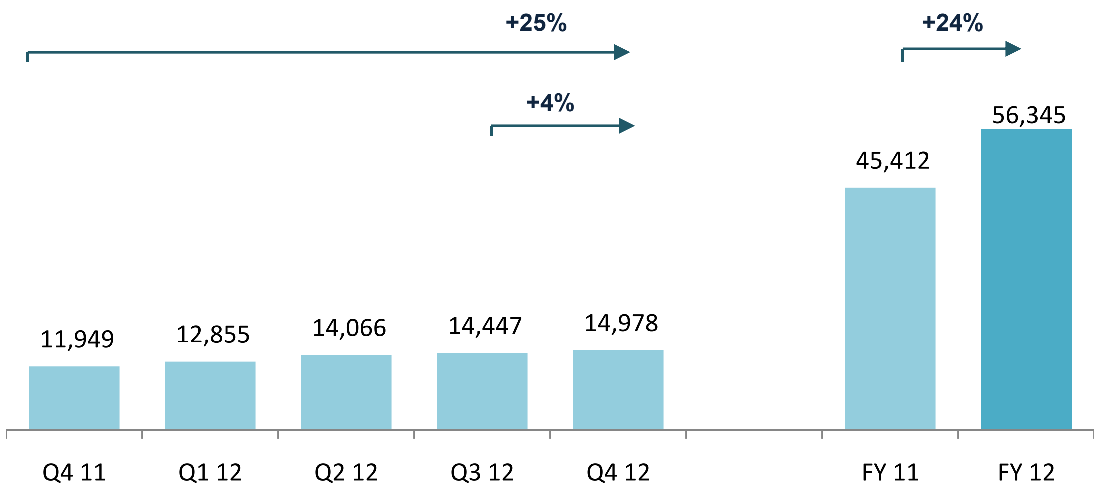
	Q4 12	QoQ	FY 2012	YTD
Revenue	14,978	↑ 4%	56,345	↑ 24%
EBITDA	4,382	↓ 11%	18,554	↑ 13%
PAT	929	↓ 80%	6,021	↑ 23%
Normalised PAT	614	↓ 70%	6,263	↑ 29%
EBITDA Margin	*29.3%*	*-4.9pp*	*32.9%*	*-3.3pp*
PAT Margin	*6.2%*	*-26.6pp*	*10.7%*	*-0.1pp*
Normalised PAT Margin	*4.1%*	*-9.9pp*	*11.1%*	*+0.4pp*
ROIC	*4.8%*	*-12.6pp*	*14.2%*	*+1.9pp*

Q4 EBITDA impacted by one- off costs of Rs470mn and higher marketing spend. Q4 Profitability further impacted by impairment charges of Rs 931mn

- FY 12 : Normalised for the translational forex loss (Rs 2,176mn), acquisition related expenses (Rs343Mn) and deferred tax reversal of Rs 2,277mn
- Q4 12: Normalised for the translational forex gain (Rs 315mn)
- Q3 12 : Normalised for the translational forex gain (Rs 447mn) and deferred tax reversal of Rs 2,277mn

Dialog Achieves Top Line Growth for the Fifteenth Consecutive Quarter driven by Growth in International and Mobile Revenue

Revenue* (Rs Mn)



- Mobile revenue grew by 2% QoQ and 15% YTD on the back of growth in usage and net additions of over 635,000 subscriber. Mobile subscriber base stood at 7.8Mn as at the end of Q4 2012
- International Termination revenue increased by 6% QoQ and 45% YTD due to increase in minutes terminated and the increase in per minute rate respectively
- Infra structure business registered strong revenue growth of 2% QoQ and 23% YTD whilst Pay TV revenue grew by 5% QoQ and 27% YTD on the backdrop of increase in subscriber base
- Fixed line revenue decreased 4% QoQ due to drop in retail voice revenue driven by decline in both usage and subscribers

*DBN Revenue being reclassified to be in line with Group classifications

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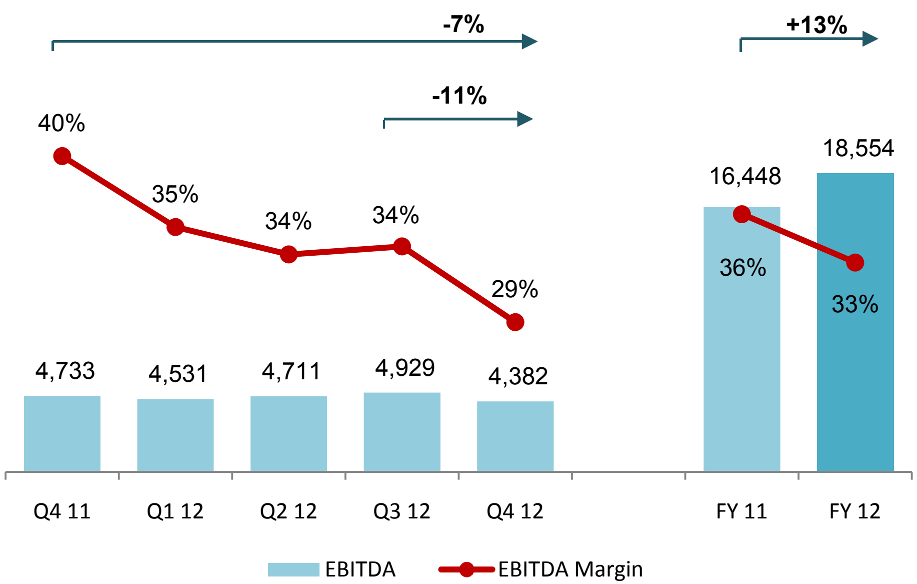
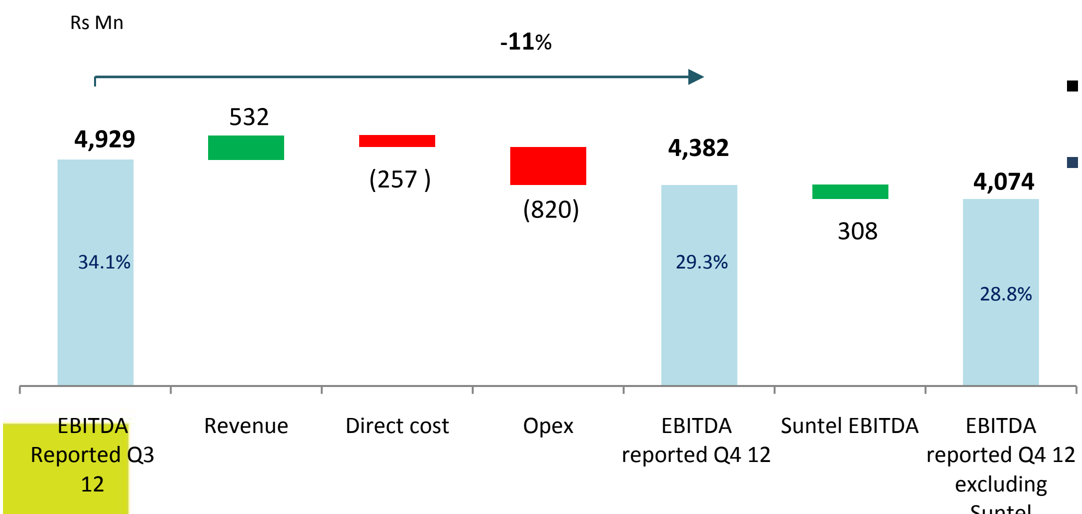
EBITDA Increased by 13% YTD driven by Strong Growth in Revenue; Q4 EBITDA Impacted by One-Off Costs and Higher Marketing Spend

Group EBITDA (Rs Mn) & Margin (%)



Group EBITDA movement Q4 12 vs Q3 12



Quarter on Quarter (QoQ)

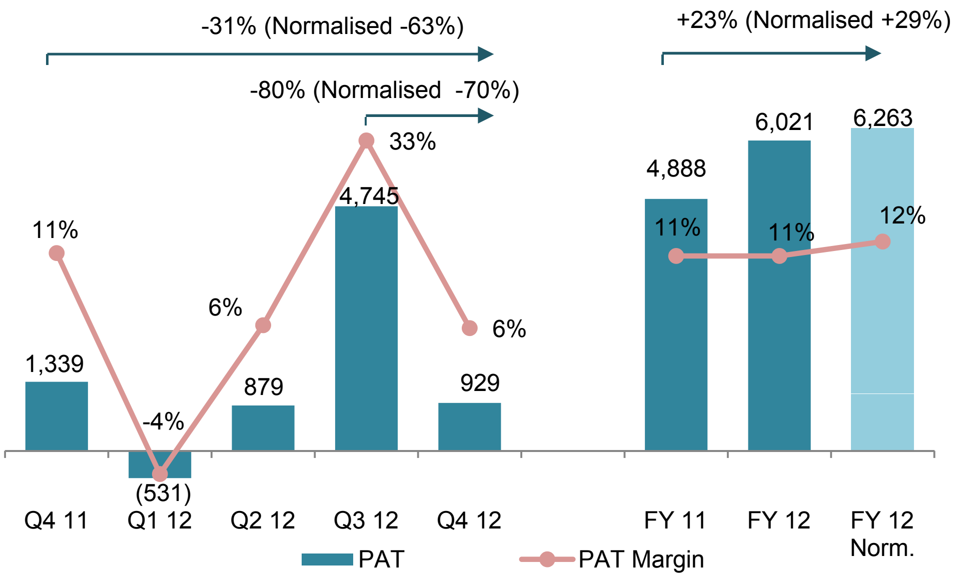
- Group EBITDA decreased by 11% QoQ due one off costs (Rs470mn)
- Q4 EBITDA margin at **29% declined by 5ppts**
- **On normalising for the one-off costs EBITDA decreased by 2% QoQ with EBITDA Margin at 32%, dropping by 2ppts**

Year to Date (YTD)

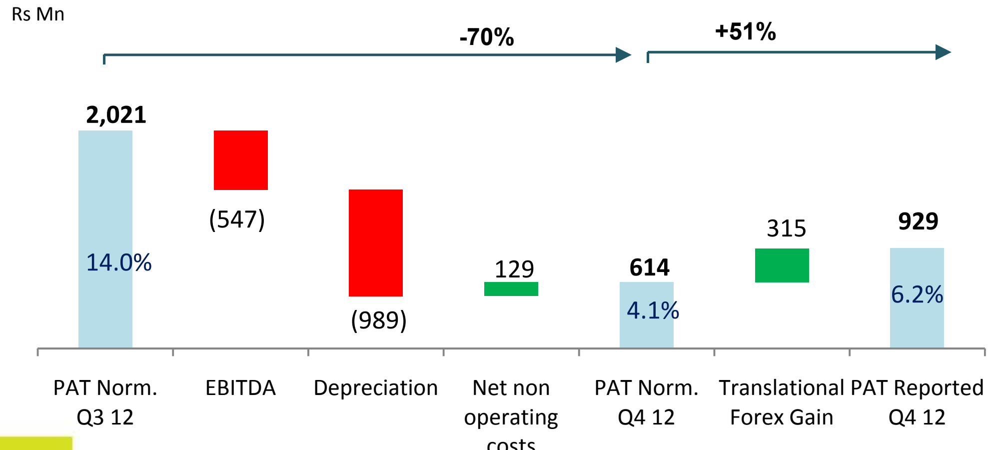
- Group EBITDA increased by a significant 13% YTD on the backdrop of higher revenue
- Total operating costs increased by 30% YTD driven by higher regulatory, network, customer related and marketing cost
- EBITDA margin at 33% declined by 3ppts YTD
- **On normalising 2011 EBITDA for the TDF refund (Rs 653mn), YTD EBITDA margin declined by 2ppts**

Q4 PAT impacted by Lower EBITDA and Impairment Charges; YTD growth driven by Higher EBITDA

Group PAT (Rs Mn) & Margin (%)



Group PAT movement Q4 12 vs Q3 12



Quarter on Quarter (QoQ)

- Q4 PAT recorded at Rs929mn due to
  - ✓ 11% decrease in EBITDA (Rs547mn)
  - ✓ Impairment charge of Rs931mn
  - ✓ Partly offset by the forex gain of Rs317mn

Year to Date (YTD)

- FY 12 PAT recorded at Rs6.0bn up 23% YTD
- FY 12 PAT is inclusive of:
  - ✓ A Forex loss of Rs 2.2bn compared to a forex loss of Rs506mn in 2011
  - ✓ Deferred tax reversal of Rs 2.3bn
  - ✓ Impairment charge of Rs931mn
  - ✓ Acquisition related expenses of Rs343mn
- Normalised PAT up by 29% YTD on the back of improved EBITDA

• FY 12 : Normalised for the translational forex loss (Rs 2,176mn), 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	Q4 11	Q1 12	Q2 12	Q3 12	Q4 12	Trend
Gross Debt Position	22,602	21,956	21,242	20,463	23,892	↑
Gross Debt to EBITDA*	1.19	1.21	1.13	1.04	1.36	↑
Net Debt to EBITDA*	0.64	0.84	0.90	0.74	0.87	↑
Free Cash Flow (FCF)	2,683	2,836	1,419	(457)	(2,653)	↓
FCF to Debt	47%	52%	27%	-9%	-44%	↓
Current Ratio	0.96	0,71	0.62	0.59	0.54	↓

- **Gross Debt in Q4 2012 includes USD37.5Mn and Rs 3.7Bn loans from parent Axiata and USD121.0Mn loan from OCBC**

- **Net debt to EBITDA increased to 0.87x in Q4 2012 from 0.74x in Q3 2012**

**Annualized EBITDA = 4 times of quarterly EBITDA

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Dialog Axiata PLC (Company): P&L Highlights

Strong YTD Performance; Q4 EBITDA Impacted by One-Off Costs and Higher Marketing Spend

(All figures in Rs mn)	Q4 12	QoQ Change	FY 2012	YTD Change
Revenue	13,147	4%	49,803	19%
EBITDA	3,635	15%	16,128	6%
PAT	1,030	78%	6,190	6%
Normalised PAT	715	64%	6,403	10%
EBITDA Margin	*27.7%*	*-6pp*	*32.4%*	*-4pp*
PAT Margin	*7.8%*	*-29pp*	*12.4%*	*-2pp*
Normalised PAT Margin	*5.4%*	*-10pp*	*12.9%*	*-1pp*

Quarter on Quarter

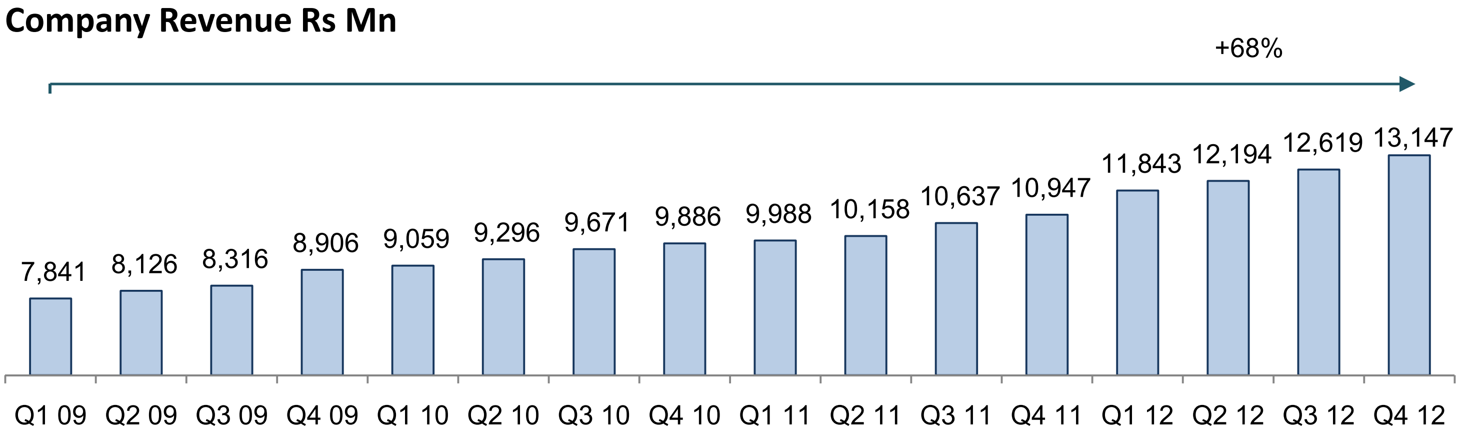
- Q4 EBITDA declined by 15% QoQ due to one-off costs (Rs470mn) and increased marketing spend
- **QoQ PAT impacted significantly** due to drop in EBITDA and impairment charge of Rs752mn

Year to Date

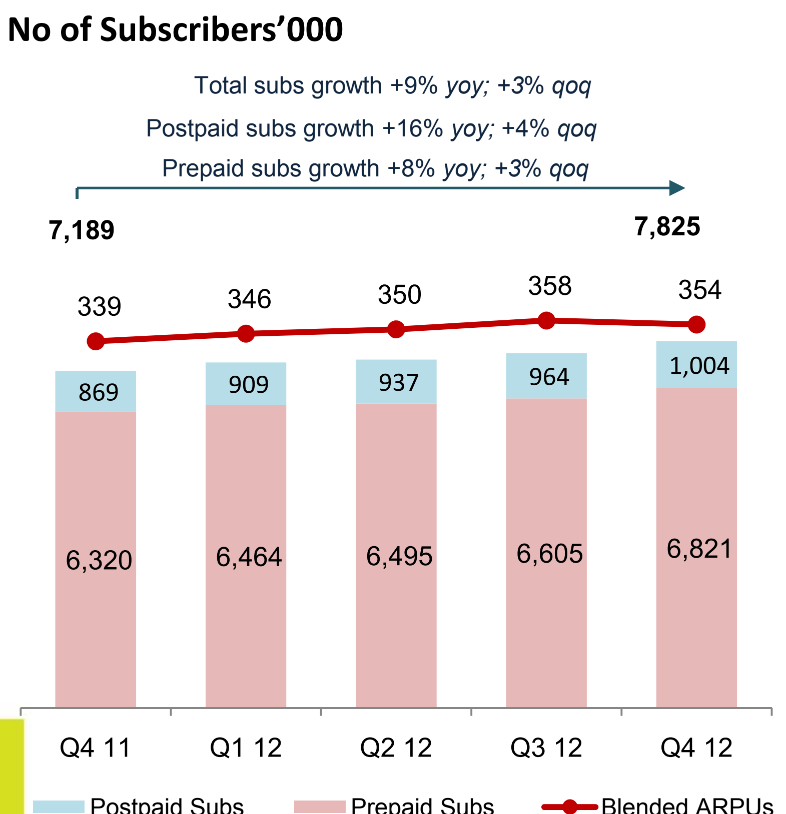
- Significant growth in YTD EBITDA due to **higher revenue**
- YTD PAT improved by 6% due to higher EBITDA and write back of deferred tax provision partly off set forex loss of Rs2.4bn
- Normalised PAT grew by 10% YTD on the back of improved EBITDA

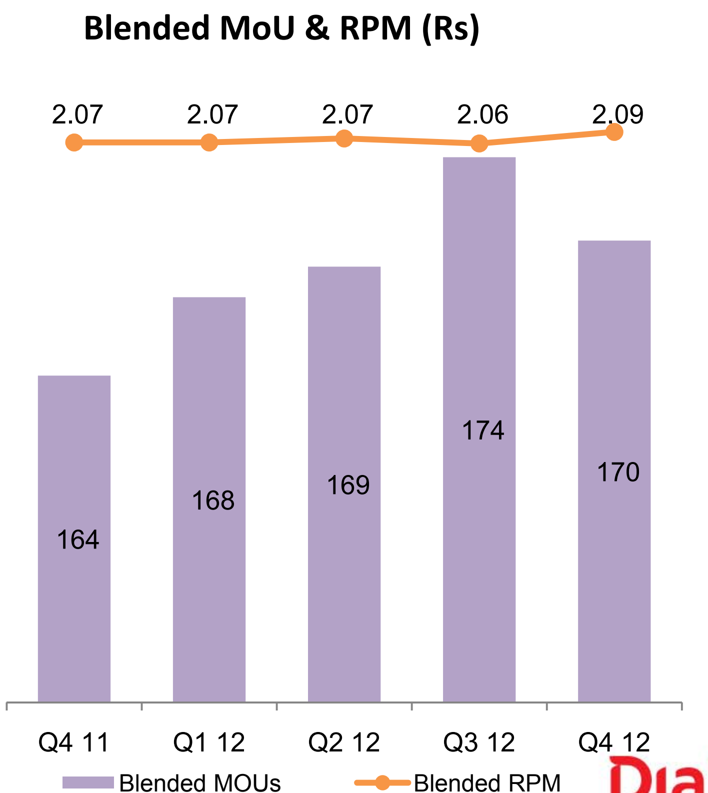
- FY 12 : Normalised for the translational forex loss (Rs 2,176mn), acquisition related expenses (Rs314Mn) and deferred tax reversal of Rs 2,277mn
- Q4 : Normalised for the translational forex gain (Rs 315mn)
- Q3 : Normalised for the translational forex gain (Rs 447mn) and deferred tax reversal of Rs 2,277mn

Dialog Axiata Revenue Trends & Operational Performance
Steady Increase in Revenue driven by Healthy Subscriber Growth



QoQ Revenue grew by 4% and increase of 68% compared to Q1 09





Subsidiary Performance

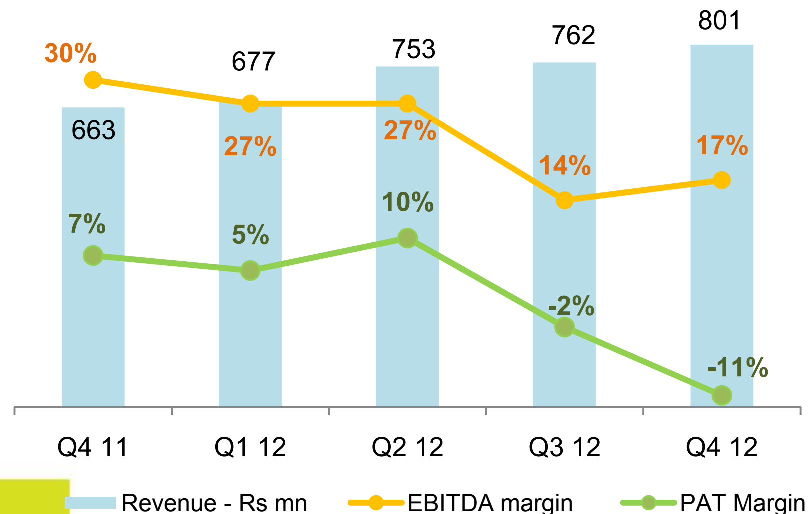
Dialog Television (DTV): P&L Highlights

QoQ EBITDA Improved by 25% QoQ; Q4 PAT Impacted by Impairments related to MPEG 2 Technology

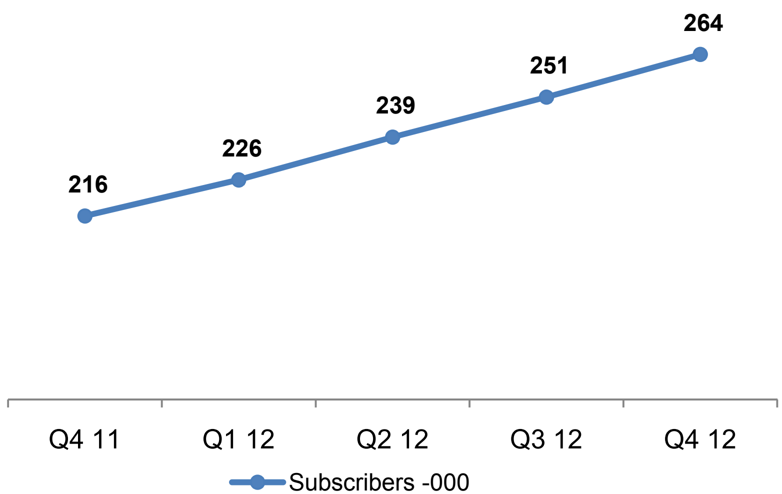
(All figures in Rs Mn)	Q4 12	QoQ Change	FY 12	YTD Change
Revenue	801	5%	2,993	27%
EBITDA	138	25%	636	11%
EBITDA Margin	17%	+3pp	21%	3pp
PAT	-84	>100%	11	57%

- YTD revenue growth driven by growth in subscribers (over 48,000) and subscription revenue
- EBITDA grew by 25% QoQ and 11% YTD on the backdrop of aggressive revenue growth
- Significant drop in QoQ and YTD PAT due exceptional impairment charge arising from the ongoing upgrade of the company's digital satellite broadcasting network from MPEG2 to MPEG4

Revenue, EBITDA margin and PAT margin trends



Pay TV Subscriber Growth



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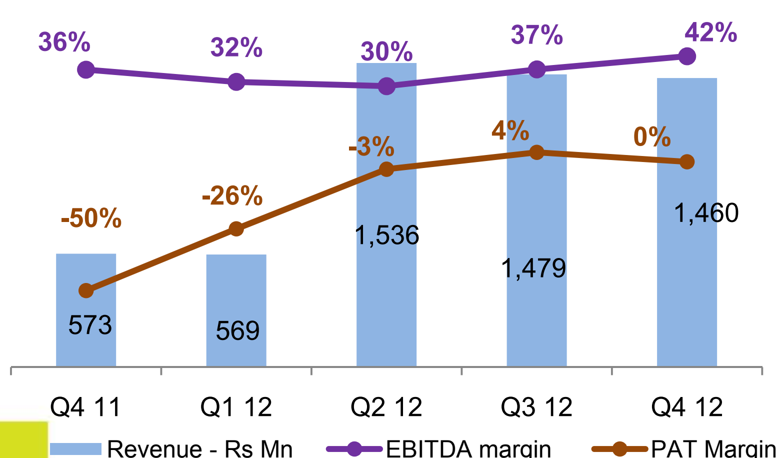
Dialog Broadband Networks (DBN): P&L Highlights
Eleventh Consecutive Quarter of Positive EBITDA, Net Loss reduced by 87% YTD

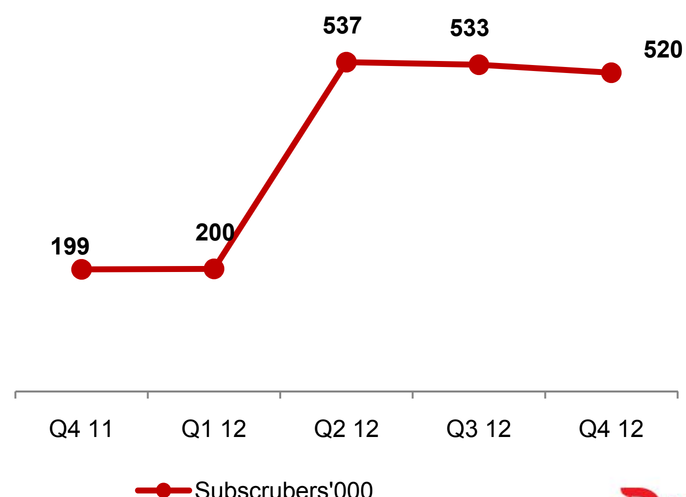
(All figures in Rs Mn)	Q4 12	QoQ Change	FY 12	YTD Change
Revenue	1,460	1%	5,044	>100%
EBITDA	609	13%	1,791	>100%
EBITDA Margin	42%	5pp	36%	6pp
PAT	6	90%	-120	87%

- Marginal 1% drop in QoQ Revenue due to decline in usage and connections of retail customers
- EBITDA remained positive for the eleventh consecutive quarter with EBITDA increasing by 13% QoQ and over 100% YTD
- Net loss reduced significantly by 87% YTD driven by strong EBITDA performance
- Q4 PAT impacted by higher depreciation and impairment charges of Rs85mn

Revenue, EBITDA margin and PAT margin trends



CDMA and Broadband Subscriber Growth



Suntel Update

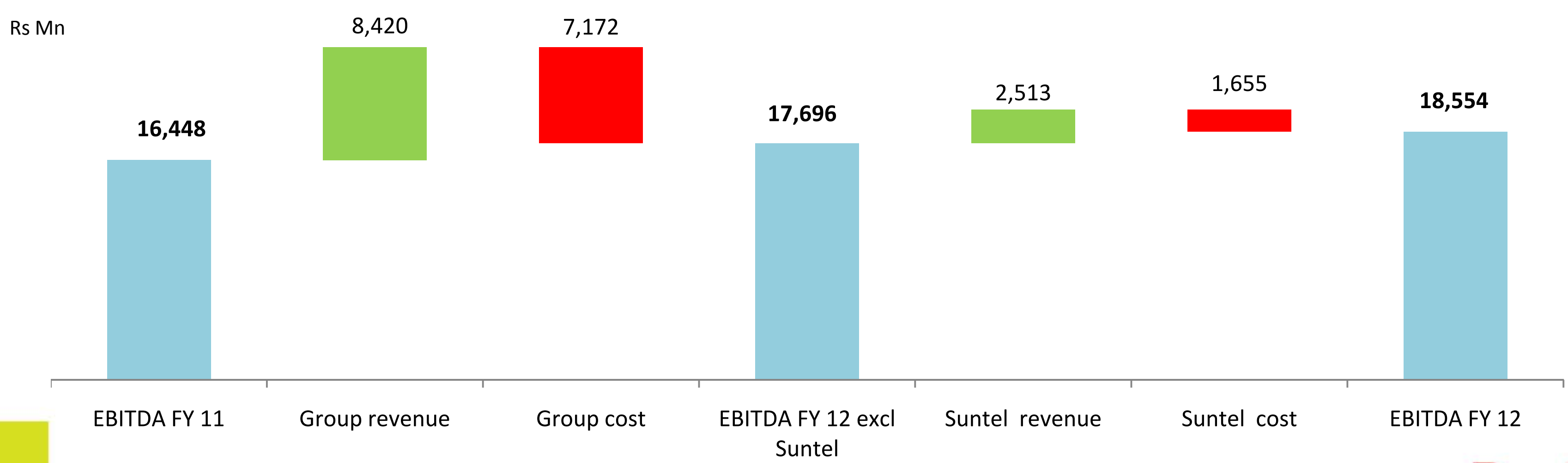
On 15th May 2012 Suntel Limited was amalgamated with DBN. Accordingly, the assets and liabilities of Suntel were transferred to DBN.

Goodwill on acquisition of Rs6.3bn is classified under intangible assets in the balance sheet.

Impact of Suntel on the Group Performance

- 5% (Rs808mn) and 4% (Rs2.5bn) of the Q4 and FY 12 Group revenue is contributed by Suntel
- Dialog Group's total cost increased by Rs1,655mn (19% increase in FY 12 Group cost is attributable to Suntel)
- Incremental EBITDA of Rs308mn in Q4 and Rs858mn in FY 12 (7% of Q4 and 5% of FY 12 Group EBITDA)
- FY 12 synergy savings realised amounts to Rs449mn

Suntel Contribution to Group EBITDA



Continued Commitment to Healthy Dividend

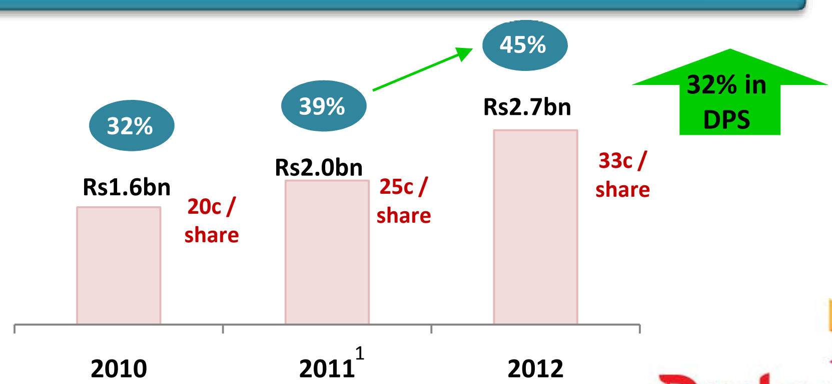
The Board of Directors of Dialog Axiata PLC, resolved to propose for consideration by the Shareholders of the Company, a cash dividend to ordinary shareholders amounting to **Rs 0.33 (33 cents) per share totaling to Rs 2.7Bn**

- **Dividend payout increased:**
  - ✓ On a **per share basis from 25 cents to 33 cents**
  - ✓ Dividend **pay out ratio of 45% of FY 2012** Group Profits relative to 39%[1] in FY 2011
  - ✓ **Dividend yield of 3.5%** based on a closing share price of Rs9.30 as at 14th Feb 2013
- **Higher dividend payout reflects continued strong cash generation and solid performance of the Group**
  - ✓ While taking in to account forward investment requirements to serve the nation's demand for Mobile, Fixed, Broadband and Digital Television services
- **The said dividend would be exempt from tax in the hands of the shareholders**
- **The dates of the AGM and the dividend payment will be notified in due course**

Dividend & DPO

Higher Dividend Proposed for FY 2012 on the back of healthy cash position – 32% Increase in DPS

Dividend Pay Out (DPO)



[1] Based on Group Profits of FY 2011 prior to aligning with SLFRS requirements

Delivering Future Today.....

Continuing its aggressive growth, in December 2012 Dialog launched the country's first commercial 4G LTE (fixed) Services in the city of Colombo

Dialog's cutting edge broadband network is based on 4th Generation TDd-LTE technology, and represents quantum advancement in Fixed Broadband services delivered to Sri Lankan Homes and Enterprises

The strategic investment to acquire 26% in the newly formed company Digital Commerce Lanka (Pvt) Ltd, which encompasses Anything.lk, Tradenet and iBuy into three interconnected portals through the wow.lk interface to provide a comprehensive online shopping experience for consumers

This is expected to further consolidate Dialog's position as a champion in the ICT sector that provides innovative solutions to cater the needs of Sri Lanka's ever expanding online customer base

Dialog Television further revolutionised the pay television market with the introduced of Sri Lanka's first ever Prepaid Television Service in December 2012

"Per day Tv" is expected to bring best in class Pay Television content within reach of a wide spectrum of Sri Lankan households. The revolutionary Pay-As-You-Watch TV service from Dialog enables subscribers to select Channels genres or individual channels and pay for them on a Per-Day basis

Thank You

For Further Information

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