Investor Presentation Q2 2009

Enriching Sri Lankan Lives

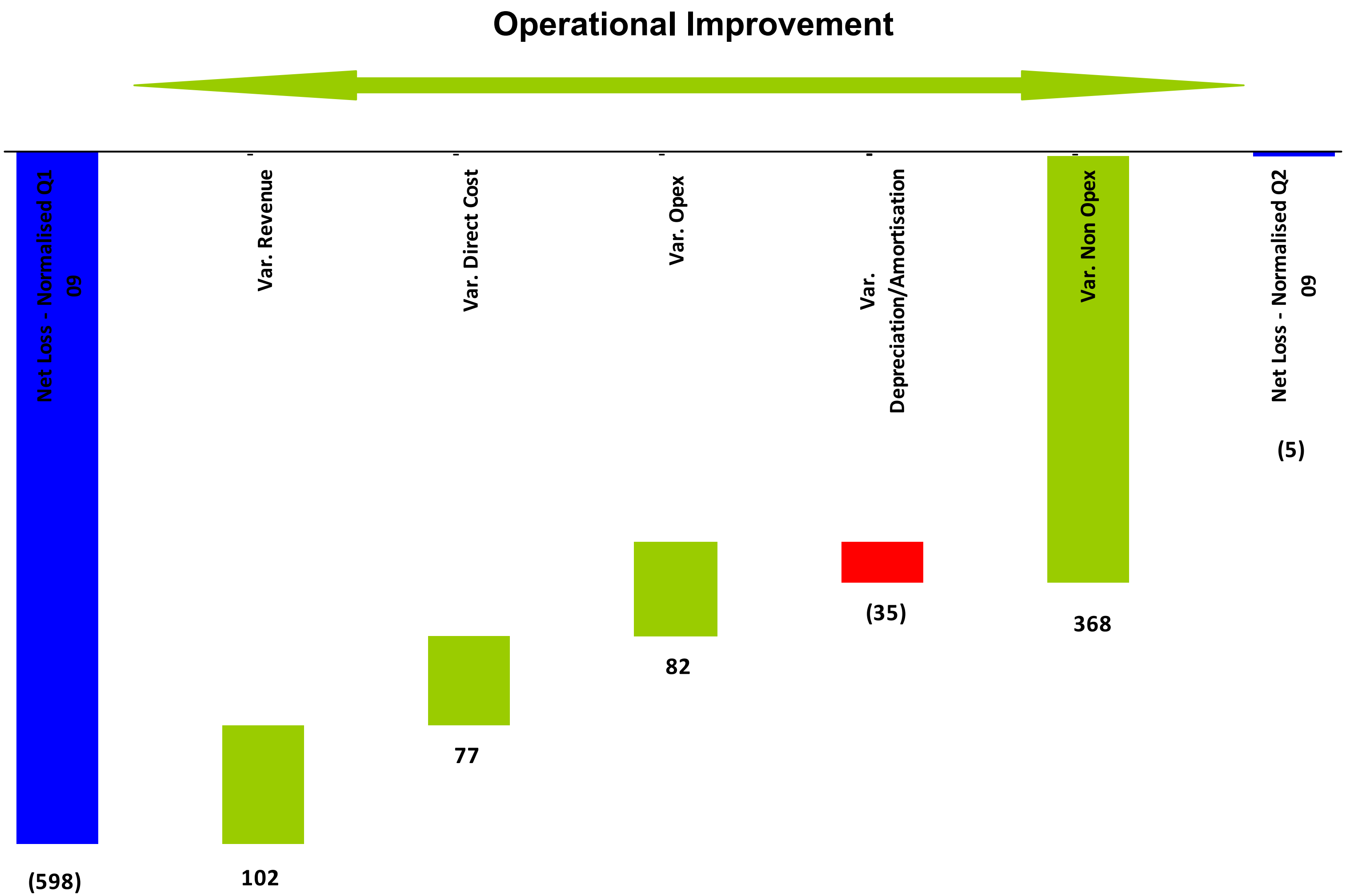
an axiata company

Dialog

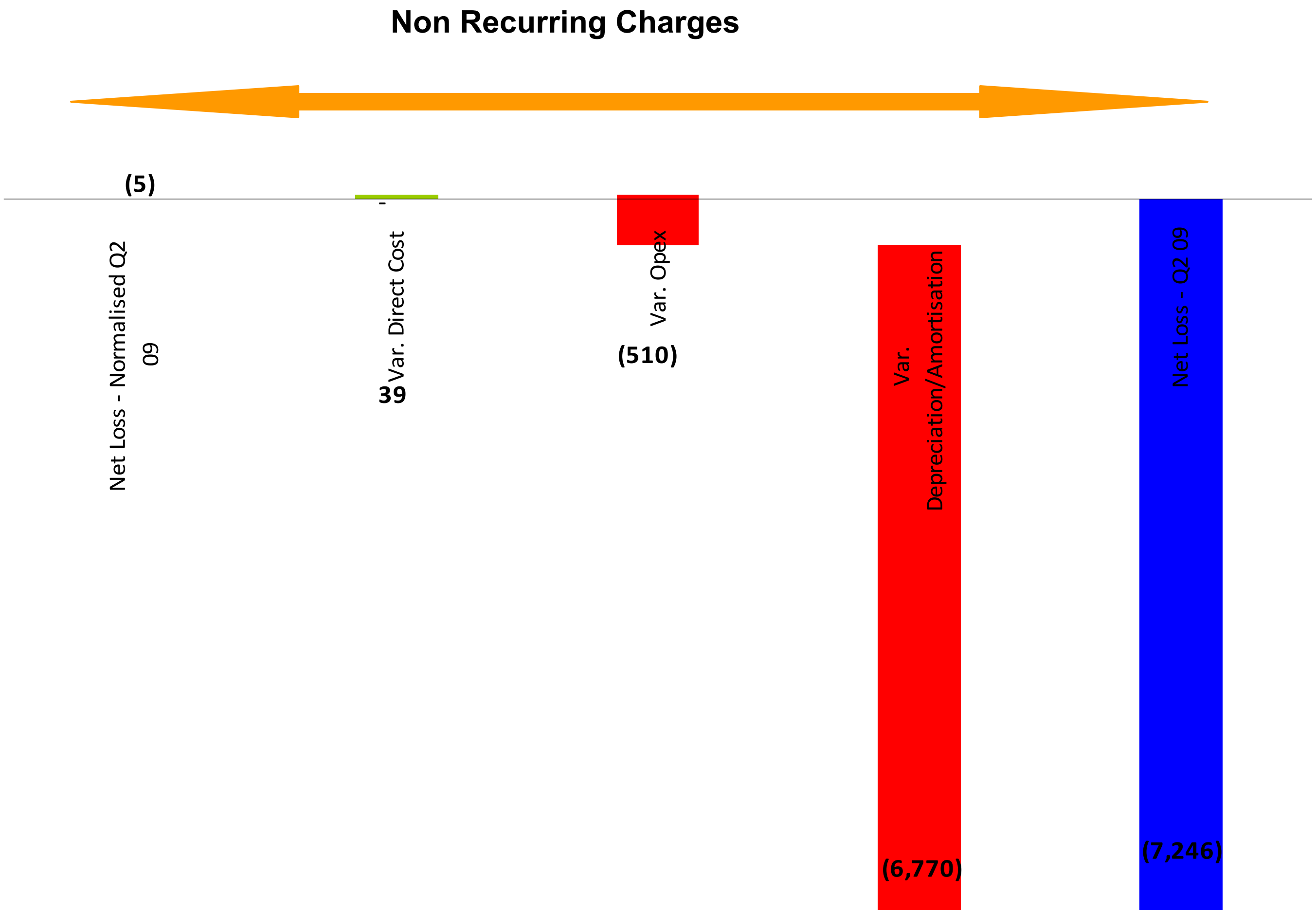
Company – P&L Highlights

	Q2'09	QoQ change	1H 09	YoY change
Revenue	Rs.7,969Mn	3%	Rs.15,678Mn	5%
EBITDA	Rs.1,645Mn	24%	Rs.2,976Mn	44%
Normalized EBITDA	Rs.2,118Mn	14%	Rs.3,975Mn	25%
PAT	(Rs.7,246Mn)	-549%	(Rs.8,363Mn)	-488%
Normalized PAT	(Rs.5Mn)	99%	(Rs. 603Mn)	128%

PAT Reconciliation Q1 ‘09 to Q2 ‘09



Impact of Non recurring charges on PAT Q1 '09 to Q2 '09

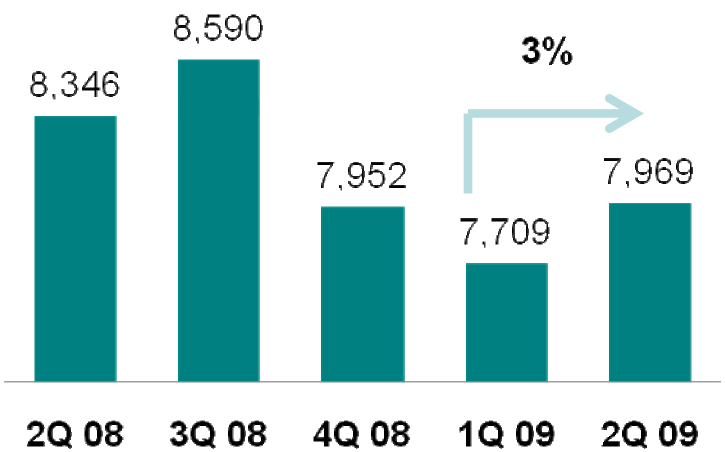


Revenue Trends - Company

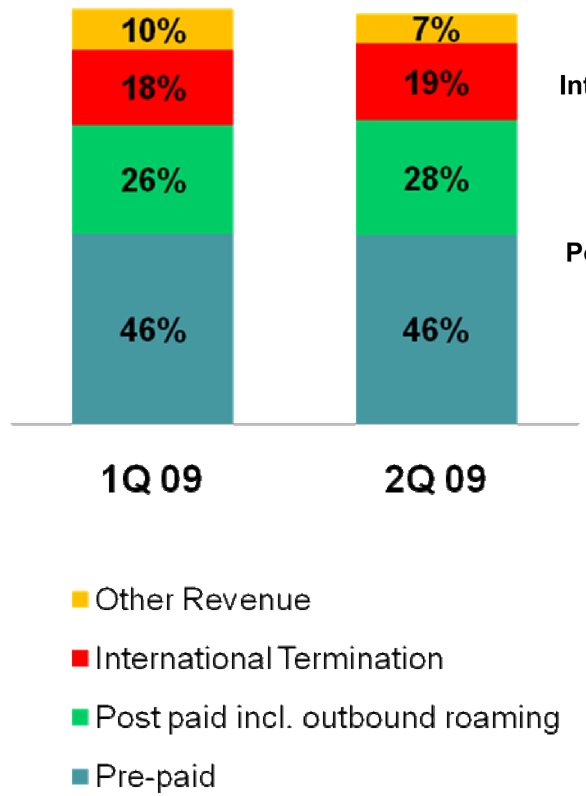
Company Revenue 3%

✓Amidst intensified price competition

Quarterly Revenue – Rs. Mn.



Revenue mix



International termination 5%

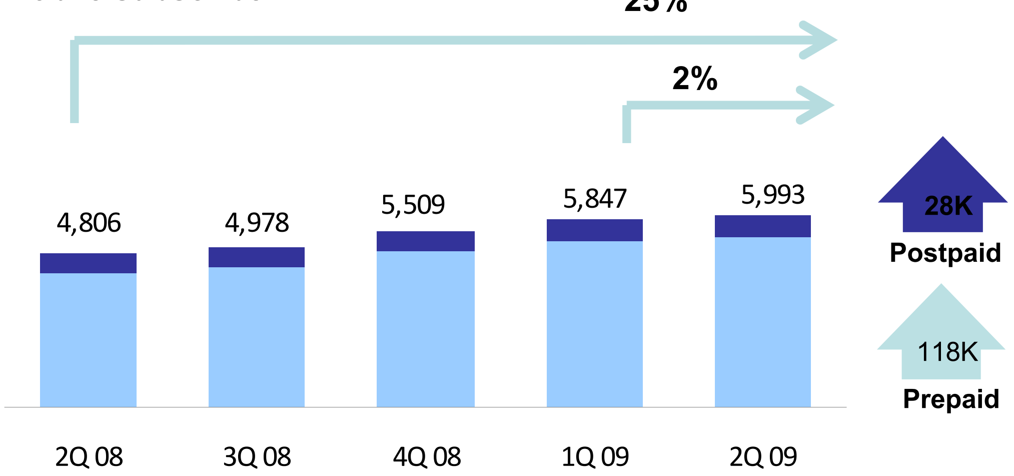
Post paid Revenue 10%

Revenue Drivers & Dynamics

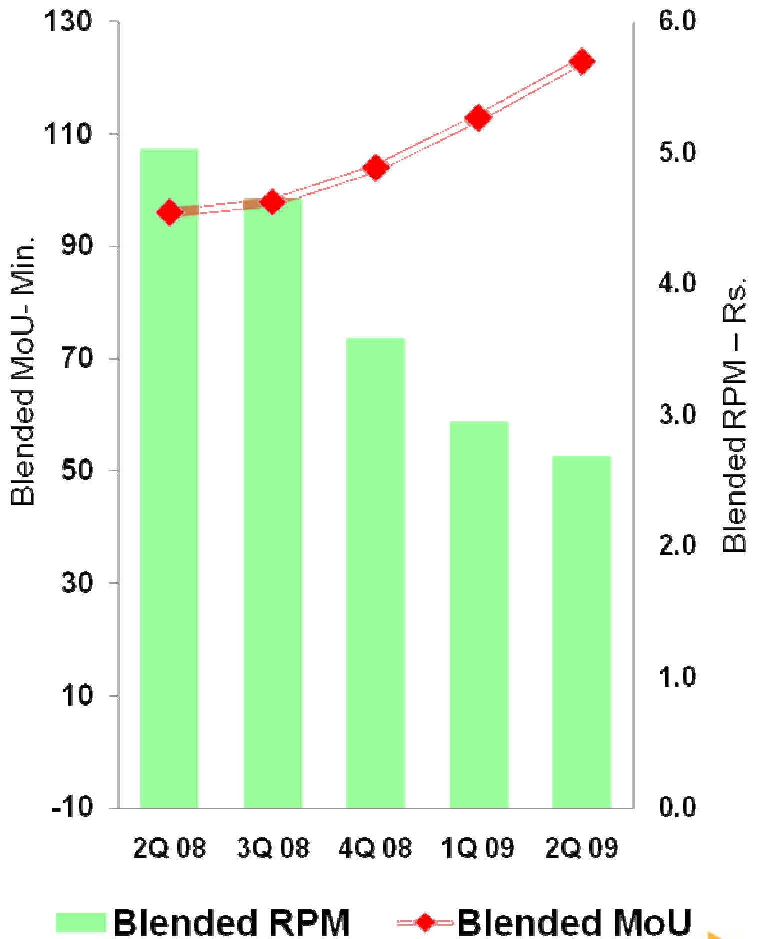
Mobile – Q2 09 net adds **146k**

Pre : Post mix **88%** Prepaid **12%** Postpaid

Mobile subscriber– Mn.



Blended MoUs & Revenue per minute



Cost Rescaling Initiatives Gaining Momentum

Direct Cost excluding Depreciation &

Non – recurring expenses Q2 09 vs. Q1 09 **2%**

Network related cost – Rs.117Mn **6%**

- ✓ Link satellite cost dropped by 41%
- ✓ BTS Site expenses dropped by 56%
- ✓ Network maintenance BTS/MSC dropped by 29%

Levies – Rs. 67Mn **8%**

- ✓ International telecommunication Levy increased by 12% due to increase in international termination

Customer related costs – Rs.25Mn **7%**

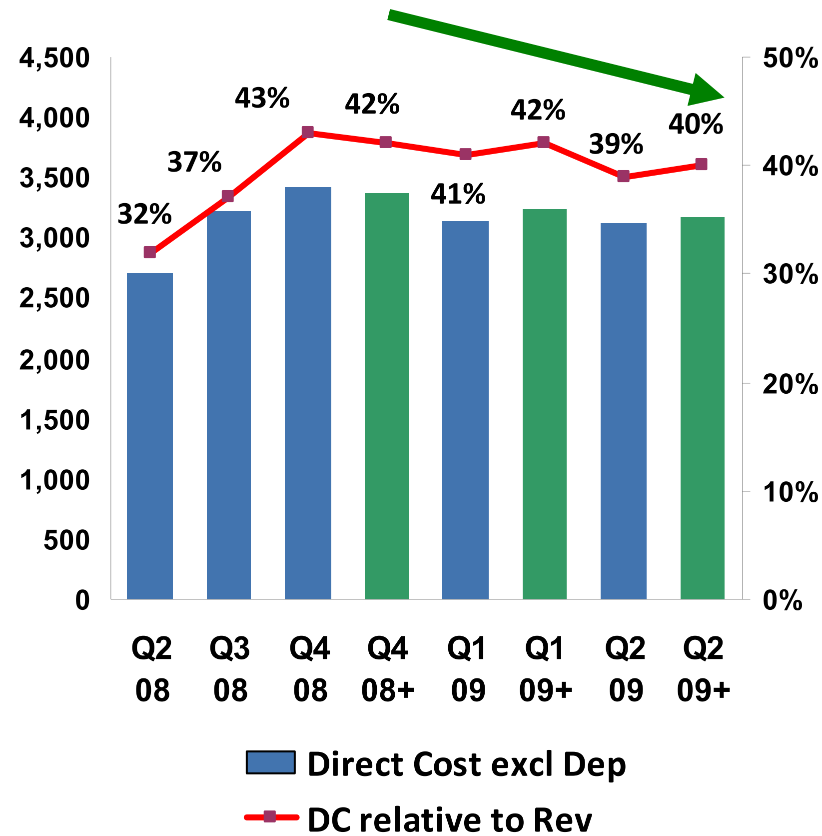
- ✓ Sim cards & starter packs cost dropped by 15%
- ✓ Cost of phone & accessories dropped by 13%

Telco Depreciation **3%**

- ➢ As a % of Revenue **20%**

Direct cost as a % of Revenue

✓ improved by 2% points



+Normalised Performance

Cost Rescaling Initiatives Gaining Momentum

Operating costs excluding Depreciation & Non - recurring expenses Q2 09 vs. Q1 09 **3%**

Opex as a % of Revenue

✓ improved by 2% points

Advertising expenses – Rs. 48Mn **22%**

✓ As a result of focused advertising

Manpower expenses – Rs. 84mn **11%**

✓ Manpower saving derived from rightsizing

✓ Expected annualized saving in

- Pay roll cost – Rs. 443mn
- Employee maintenance cost – Rs. 100mn

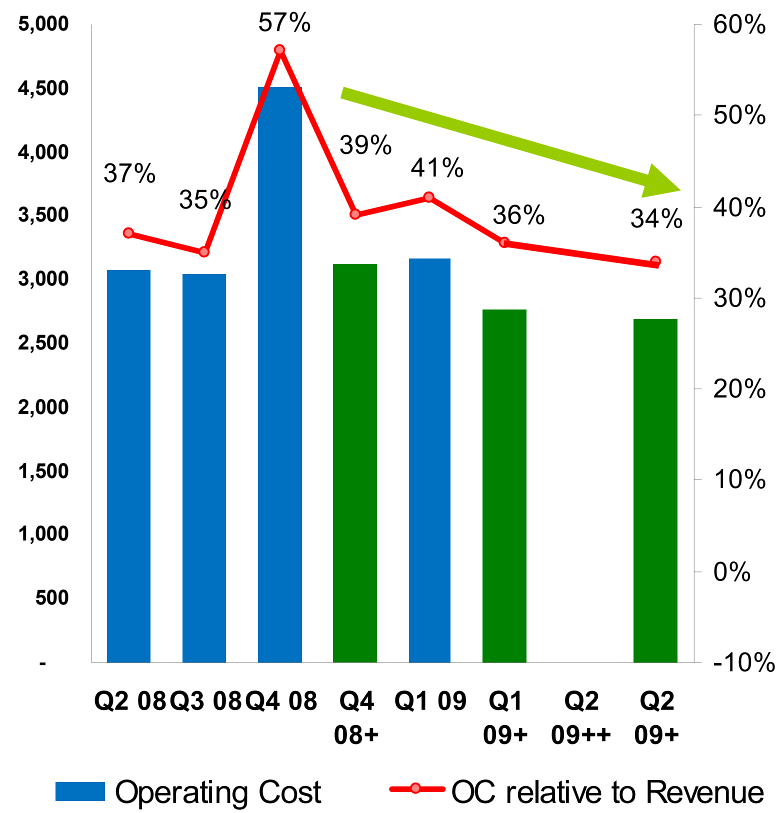
Energy related expenses – Rs.15Mn **6%**

✓ Cost rescaling initiative

Office Rent – Rs.5Mn **3%**

Non - Telco Depreciation **34%**

➢ As a % of Revenue **4%**



+Normalised Performance

++ Q2 09 – operating cost is Rs. 9,940 Mn.

EBITDA, PAT & Margins

EBITDA normalised for exceptional Items at Rs. 2.2Bn
- growth of 14% Vs. Q1 09

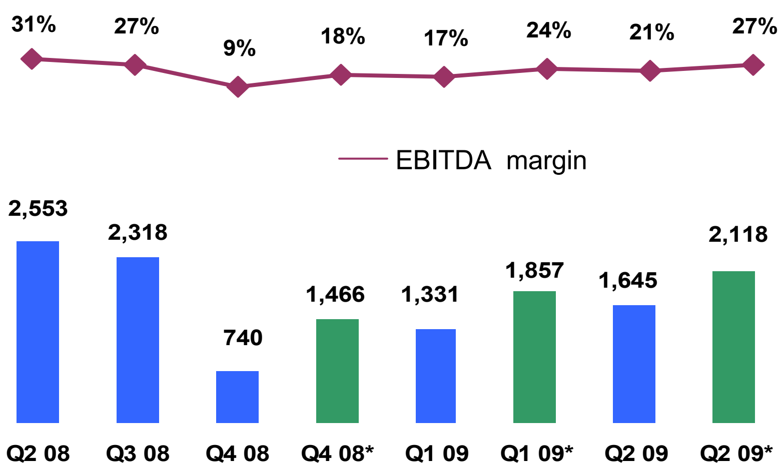
EBITDA margin
- up 3% pts Vs Q1 09

27%

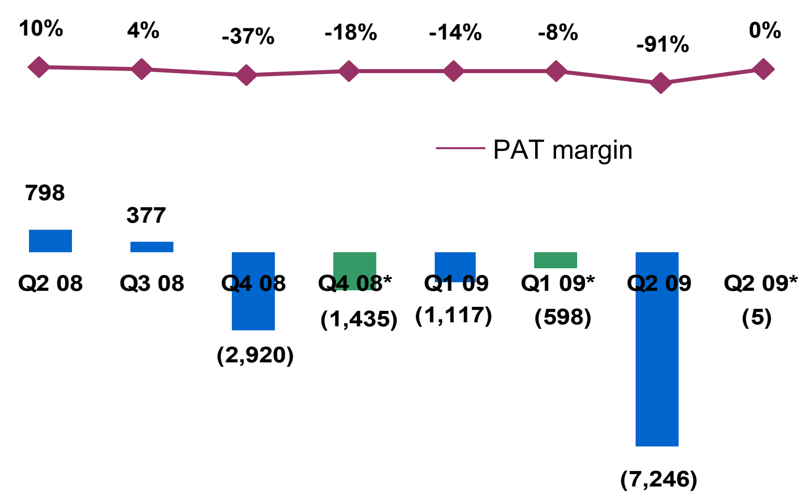
Normalised PAT improved significantly
- improvement of 99% vs. Q1 09

Exceptional Items includes
✓Modernization impairment - Rs. 6Bn
✓Equipment obsolescence provisions – Rs. 770Mn
✓Provision for intercomany receivables from DTV - Rs. 410Mn

EBITDA (Rs. Mn.)



PAT (Rs. Mn.)



*Normalised Performance

Cash Flow Highlights - Company

(All figures in Rs. Mn.)	30-June-2009	30-June-2008
Net cash from operating activities	5,101	1,238
Net cash used in investing activities	(6,032)	(10,961)
Net cash generated from financing activities	5,502	6,216
Increase/(decrease) in cash and cash equivalents	4,571	(3,507)
Movement in cash and cash equivalents		
At start of year	(852)	6,062
Increase/(decrease)	4,571	(3,507)
Forex adjustment	102	(33)
At end of period	**3,821**	**2,522**

Operating Cash Flows increased four–fold compared to 1H 2008 due to improvements in working capital

Comparatives restated to conform to changes in current year's presentation

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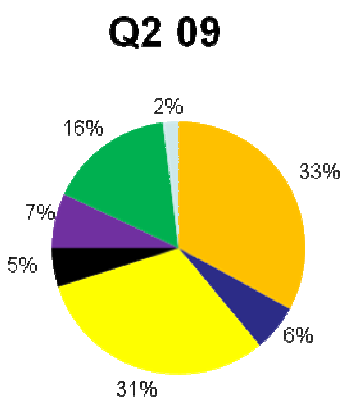
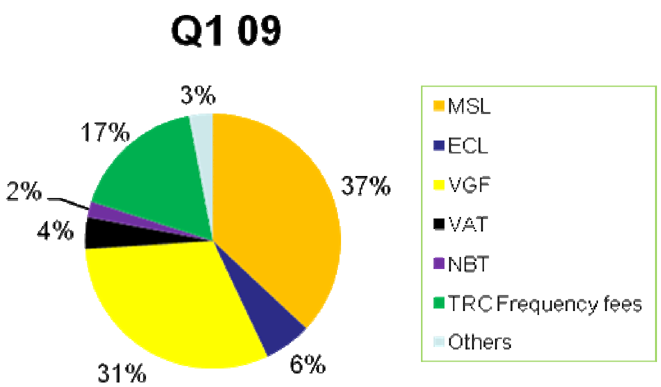
Remittances to Government of Sri Lanka (GoSL)

GoSL payments composition

- P&L impact of GoSL remittances Rs. 945 Mn. in Q2 '09





(all figures in Rs. Mn.)	Q2 09	Q1 09	Change %
MSL	647	631	3%
ECL	113	112	1%
VGF	615	547	12%
VAT	99	75	33%
NBT	153	40	282%
TRC Frequency fees	308	308	-0%
Others	46	58	-20%
Total Levies	**1,981**	**1,770**	**12%**

*Other include Economic Service Charge, stamp duty, turnover tax

Capital Structure

- Net debt/EBITDA has increased mainly due to increase in borrowings (OCBC - USD 100 Mn., advances from Axiata - USD 79.5 Mn.) and reduction in earnings
- Reduction in Net Asset is due to a one-off provision of Rs. 6 Bn for impairment arising on account of network modernization

	30-June-09	30-June-08	YoY
Capex*	Rs.5,284Mn	Rs.9,908Mn	46%
Cash & Cash Equivalents	Rs. 5,512Mn	Rs.1,545Mn	257%
Net Debt	Rs.26,188Mn	Rs.23,724Mn	
Net Assets	Rs.35,642Mn	Rs.45,395Mn	21%
Net debt/ equity (x)	0.73	0.52	
Net debt/ EBITDA (x)**	4.40	2.83	

***Capex includes CWIP additions + direct additions for the quarter**

**** Annualised EBITDA**

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Funding Position

Summary of outstanding borrowings - As at 30 June 2009

Instructions	Type of facility	Currency	Facilities amount	Principal outstanding	Less than one year	More than one year
			USD Mn eqv.	USD Mn eqv.	USD Mn eqv.	USD Mn eqv.
DFCC	Term Loan	LKR	8.71	6.97	1.74	5.23
SCB	Loan Facility	LKR	21.77	21.77	21.77	0.00
OCBC	Term Loan	USD	100.00	100.00	0.00	100.00
Total						

****SCB facility is a revolving trade facility***
***** Above excludes vendor financing and shareholder advances***

Credit Lines

- USD 50 Mn. IFC loan prepaid in April 09
- Further standby facility of USD 100 Mn. from OCBC at preferential rates
- Undrawn facility and operating cash flows sufficient to cover debt obligations falling due in the short term

Group – P&L Highlights

	Q2'09	QoQ change	1H 09	YoY change
Revenue	Rs.8,751Mn	4%	Rs.17,194Mn	5%
EBITDA	Rs.1,749Mn	58%	Rs.2,854Mn	46%
Normalized EBITDA	Rs.2,069Mn	25%	Rs.3,722Mn	29%
PAT	(Rs.7,668Mn)	-310%	(Rs.9,536Mn)	-880%
Normalized PAT	(Rs.579Mn)	56%	(Rs. 1,905Mn)	256%

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DTV – P&L Highlights

	Q2'09	QoQ change	1H 09	YoY change
Revenue	Rs.409Mn	12%	Rs.775Mn	35%
EBITDA	(Rs.81Mn)	48%	(Rs.240Mn)	2%
PAT	(Rs.226Mn)	25%	(Rs.529Mn)	52%

Pay TV Subscribers	136,384	5%	**YOY Change**	34,091	33%

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DBN – P&L Highlights

	Q2'09	QoQ change	1H 09	YoY change
Revenue	Rs.556Mn	1%	Rs.1,108Mn	6%
EBITDA	(Rs.274Mn)	-128%	(Rs.394Mn)	-509%
Normalized EBITDA	(Rs.17Mn)	83%	(Rs.117Mn)	222%
PAT	(Rs.591Mn)	-35%	(Rs.1,028Mn)	-84%
Normalized PAT	(Rs.334Mn)	20%	(Rs. 751Mn)	35%

CDMA & Broadband Subscribers	181,985	1%	**YOY Change**	67,666	59%

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Modernization – Rationale

NGNs provide the company with the opportunity to de-scale operating costs by a significant margin, while also reducing future capital expenditure and carrying values of core network assets due to the over 80% reduction in per-subscriber core network capital costs.

✓positive impact to P&L in terms of operating costs savings going forward.

Expected EBIT (Earnings Before Interest & Tax) improvement of Rs.1.5 Bn. per annum due to reductions in;

1. Annual maintenance charges
2. Electricity cost
3. Annual depreciation charges

✓62% of Dialog's core network is already NGN. This will enable the Company to complete a 100% modernisation with a modest investment of Rs. 485 Mn. in 2009.

✓supported by an Internal Rate of Return (IRR) in excess of 100%

✓ payback period is less than one calendar year from the point of commissioning.

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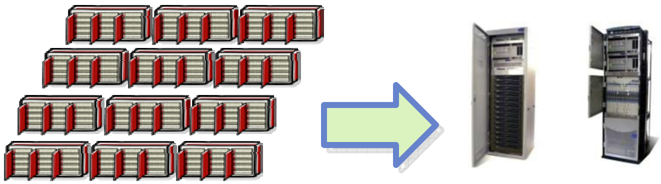
Modernization – Competitive advantages of NGN technology

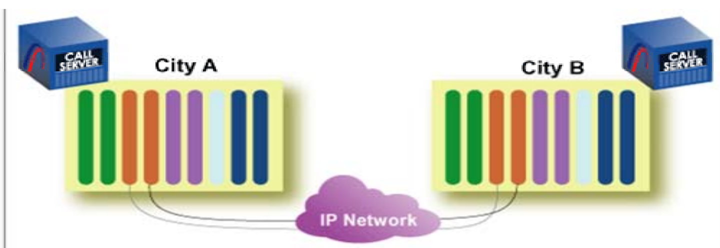
Capacity & Density



Legacy
•High space
•High Power consumption

NGN
•Less space
•Low power consumption

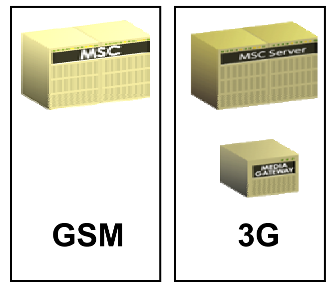
Disaster Recovery



Legacy
• Non real-time DR (manual configuration)

NGN
•Real-Time DR (Automatic)

Many Generations – All in One Solution



LEGACY
•Not Scalable
•Technology silo's
•Higher time to market for new services
•Limited Evolution

NGN
•Scalable
•Less time to market new services
•Legacy & Next-Generation Multi-Media services in one box
•Ability to Evolve

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Thank You