



Enriching Sri Lankan Lives

**Dialog Axiata PLC**  
Sri Lanka's Premier Connectivity  
Provider

**Investor Forum Q3 2013**

an axiata company



Dialog Group Performance

Dialog Axiata Company Performance

Subsidiary Performance

# Dialog Group Performance Highlights – Q3 2013



## Strong Financial Performance

- Strong revenue growth driven by growth across all segments  
*Group revenue at Rs16.1bn grew by 3% QoQ & 14% YTD*
- Q3 Group EBITDA at Rs5.2bn up 4% QoQ and 8% YTD; EBITDA margin at 33%
- Q3 Group PAT at Rs1,533mn improved by 61% QoQ on the back of higher EBITDA and lower forex loss compared to Q2 2013  
*Normalised PAT at Rs1.7bn, declined by 3% QoQ*
- Q3 Group FCF negative at Rs888mn due to high capex spend, inclusive of mobile license renewal and 2G spectrum renewal charges
- Net Debt/EBITDA at 1.14x as at end of Sep 2013
- Subsidiaries continue to consolidate performance  
*DBN - 14<sup>th</sup> consecutive quarter of positive EBITDA*  
*DTV - Strong revenue growth, YTD revenue up by 20%*

## Subscriber Growth Parameters

- Mobile subscriber base of 8.5Mn as at end Q3 2013; over 234,000 net adds during the quarter
- Continuous growth in Pay Tv subscribers with over 12k net adds during the quarter to reach 301,000

# Group Financial Summary

(All figures in Rs Mn)	Q3 13	QoQ	YTD 13	YTD
Revenue	16,125	3%	46,997	14%
EBITDA	5,241	4%	15,280	8%
PAT	1,533	61%	4,078	-20%
<i>Normalised PAT*</i>	1,755	-3%	5,031	-11%
<i>EBITDA Margin</i>	32.5%	0.2pp	32.5%	-1.7pp
<i>PAT Margin</i>	9.5%	3.4pp	8.7%	-3.6pp
<i>Normalised PAT Margin*</i>	10.9%	-0.7pp	10.7%	-3.0pp
<i>ROIC</i>	13.6%	0.4pp	12.5%	-5.0pp

**All key financial metrics improved QoQ**  
**Both QoQ and YTD Normalised PAT impacted by higher depreciation**

## Performance normalised to

Q3 13: exclude translational forex loss of Rs 222mn

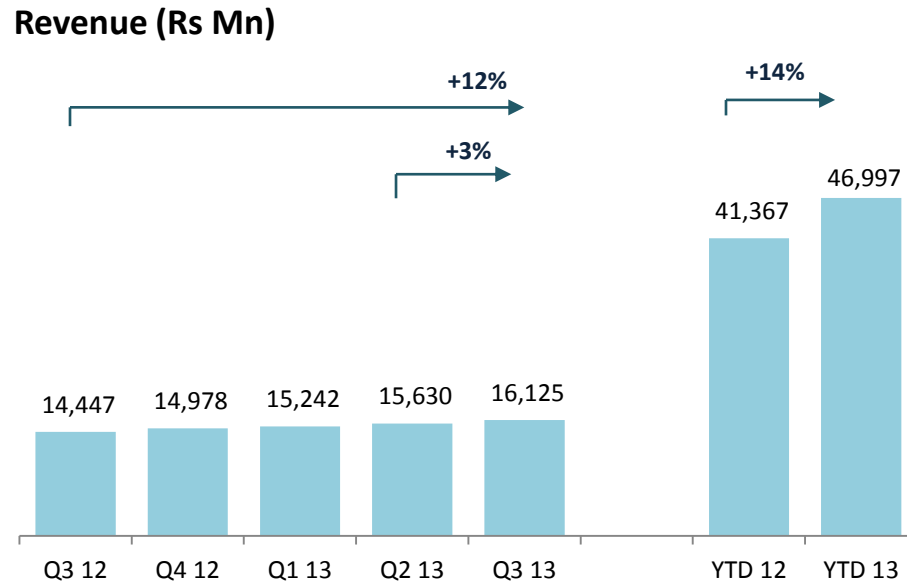
Q2 13: exclude translational forex loss of Rs 856mn

YTD 13: exclude translational forex loss of Rs 953mn

YTD 12: exclude translational forex loss of Rs2,491mn , deferred tax reversal of Rs 2,277mn and Suntel acquisition related costs of Rs343mn

# Steady Increase in Revenue; up 3% QoQ and 14% YTD

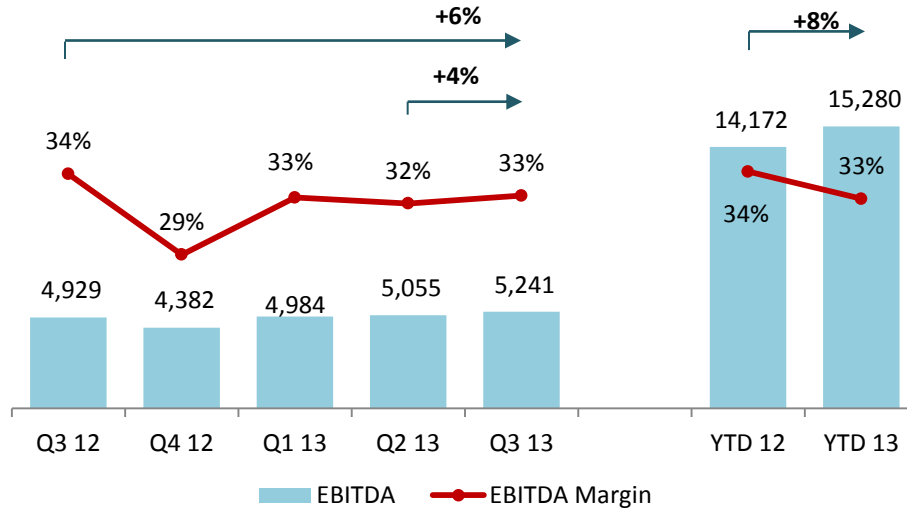
## Growth in revenue led across all segments



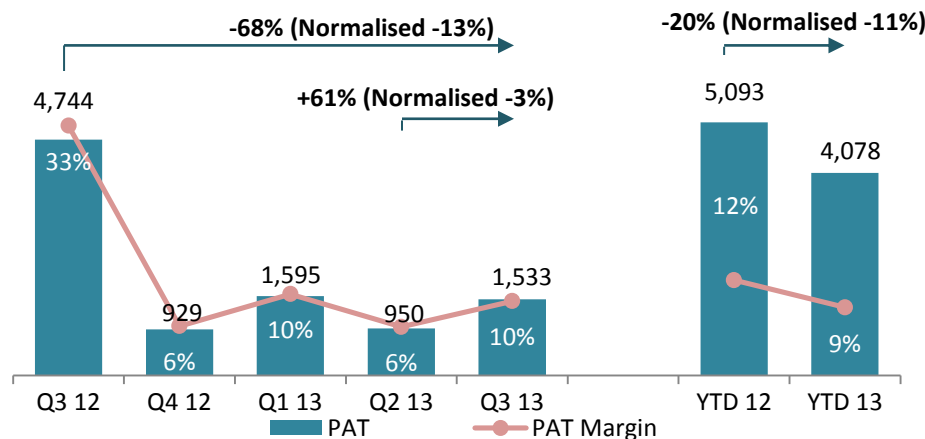
- Mobile continued to be the main contributor to Group revenue, grew by 2% QoQ and 11% YTD;
  - ✓Voice revenue grew by 2% QoQ and 7% YTD
  - ✓Data revenue increased by 11% QoQ and 58% YTD
- Television Revenue grew 6% QoQ and 20% YTD; Pay TV subscriber base of over 300,000 with net additions growing by 20% YoY
- Fixed Revenue grew 2% QoQ driven by data revenue and increased LTE take up

# Q3 Profitability Improvement Underpinned by Growth in Revenue

## Group EBITDA (Rs Mn) & Margin (%)



## Group PAT (Rs Mn) & Margin (%)



### Performance normalised to

Q3 13: exclude translational forex loss of Rs 222mn

Q2 13: exclude translational forex loss of Rs 856mn

YTD 13: exclude translational forex loss of Rs 953mn

YTD 12: exclude translational forex loss of Rs2,491mn, deferred tax reversal of Rs 2,277mn and Suntel acquisition related costs of Rs343mn

## Quarter On Quarter

- Steady EBITDA performance backed by strong growth in Revenue
- Reported PAT improved by 61% QoQ; Q3 recorded a forex loss of Rs265mn vs Rs772mn in Q2 2013
- Q3 Normalised PAT at Rs1.7bn declined by 3% QoQ driven by higher depreciation charge

## Year To Date

- YTD PAT impacted by higher depreciation charges arising from expansion in 3G/data infrastructure
- YTD 2013 Performance is inclusive of Rs826mn tax provision computed on the basis of 2% of Revenue

# Higher YTD Cost structure driven by increases in Marketing and Network Cost

## Total Costs

% of Revenue	Q3 12	Q2 13	Q3 13	YTD 12	YTD 13
Direct expenses	30.7%	30.3%	28.6%	29.1%	28.7%
Sales & Marketing	10.4%	11.3%	11.9%	12.1%	12.3%
Network costs	12.0%	12.5%	12.4%	11.6%	12.3%
Staff costs	8.3%	8.6%	8.4%	8.3%	8.6%
Bad debts	0.9%	1.0%	1.3%	0.5%	1.1%
Overheads	3.6%	4.0%	4.9%	4.1%	4.4%
<b>Total Expenses</b>	<b>65.9%</b>	<b>67.7%</b>	<b>67.5%</b>	<b>65.7%</b>	<b>67.5%</b>

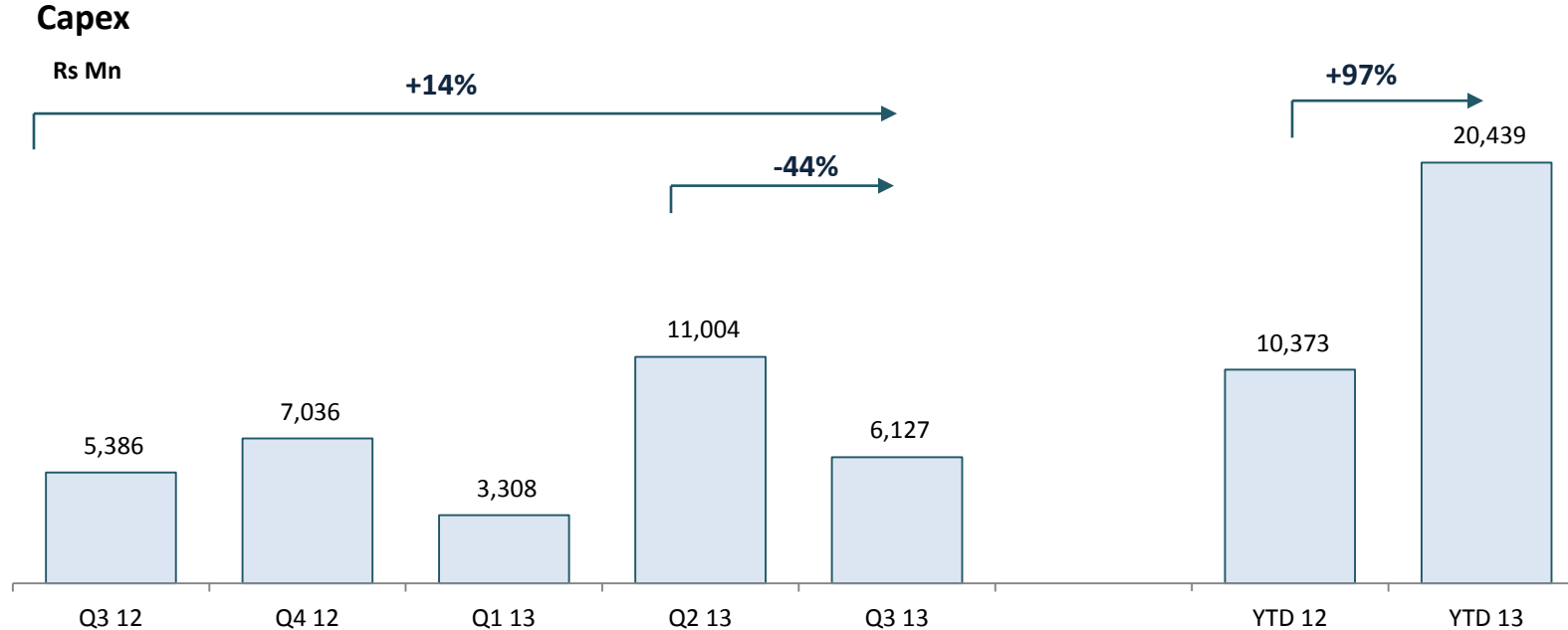
- Higher QoQ sales & marketing costs due to promotional campaigns carried out during the quarter
- Higher YTD network Opex in line with the increased rollout of data infrastructure and network expansion

## Financial Position (Rs Mn)

	30 June 13	30 Sept 13
Cash & Cash Equivalents	2,530	1,938
Gross Debt	22,422	25,243
Net Assets	37,086	38,620
Gross Debt / equity (x)	0.60	0.65
Gross Debt/ EBITDA (x)	1.12	1.24
Net Debt/ EBITDA (x)	0.99	1.14
Free cash flow	(4,273)	(5,160)

- YTD Group FCF is negative at Rs5.2bn due to strategic investments
- Net debt to EBITDA increased to 1.14x as at end of September 2013 from 0.99x as at end of June 2013 as a result of drawdown of syndicated loan in Q3 to fund Capex

# Focused Capital Investments to capture Data Leadership



QoQ Capex decreased by 44% due to Q2 capex being significantly higher driven by spectrum acquisition and re-farming fees relating to 4G LTE services

Q3 capex includes Mobile license renewal and 2G spectrum renewal fees paid to TRCSL

34% of YTD capex has been spent on intangible investments



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# Dialog Axiata PLC (Company): Financial Highlights

(All figures in Rs Mn)	Q3 13	QoQ	YTD 13	YTD
Revenue	14,140	3%	41,200	12%
EBITDA	4,722	7%	13,554	9%
PAT	1,760	79%	4,439	-14%
<i>Normalised PAT*</i>	1,987	9%	5,368	-6%
<i>EBITDA Margin</i>	33.4%	1.3pp	32.9%	-1.2pp
<i>PAT Margin</i>	12.4%	5.3pp	10.8%	-3.3pp
<i>Normalised PAT Margin*</i>	14.0%	0.8pp	13.0%	-2.5pp

Revenue growth of 3% QoQ and 12% YTD driven by increase in both voice and non voice revenues on the back of strong subscriber growth

Reported PAT improved by 79% QoQ, driven by higher EBITDA and lower forex loss compared to Q2 2013

YTD PAT impacted by higher depreciation charges arising from expansion in 3G/data infrastructure

## Performance normalised to

Q3 13: exclude translational forex loss of Rs 227mn

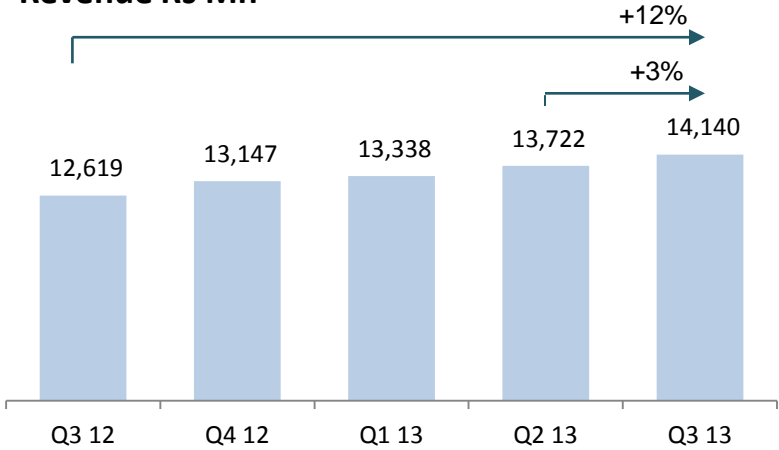
Q3 13: exclude translational forex loss of Rs 837mn

YTD 13: exclude translational forex loss of Rs 929mn

YTD 12: exclude translational forex loss of Rs2,491mn and Suntel acquisition related costs of Rs314mn and deferred tax reversal of Rs 2,277mn

# Mobile Subscriber Growth Continues - Stable Trend in MOUs and RPM

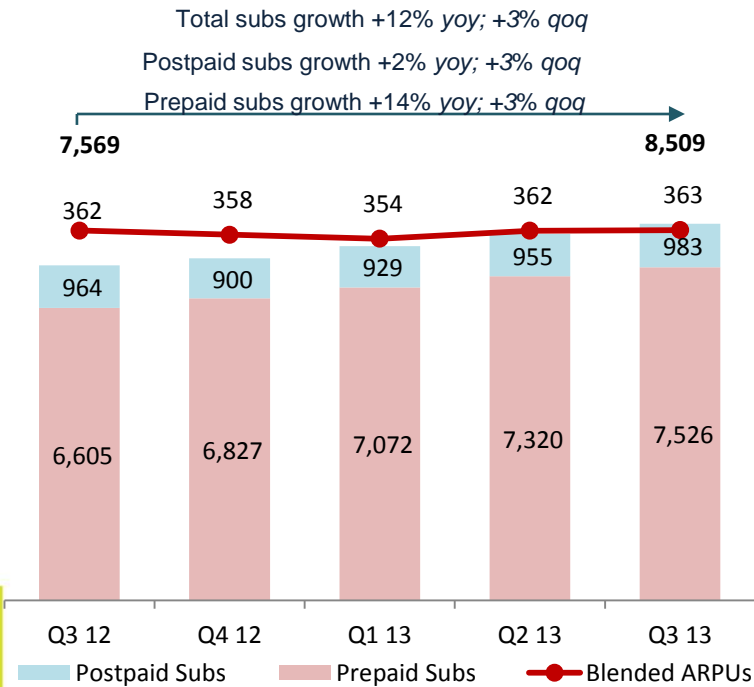
Revenue Rs Mn



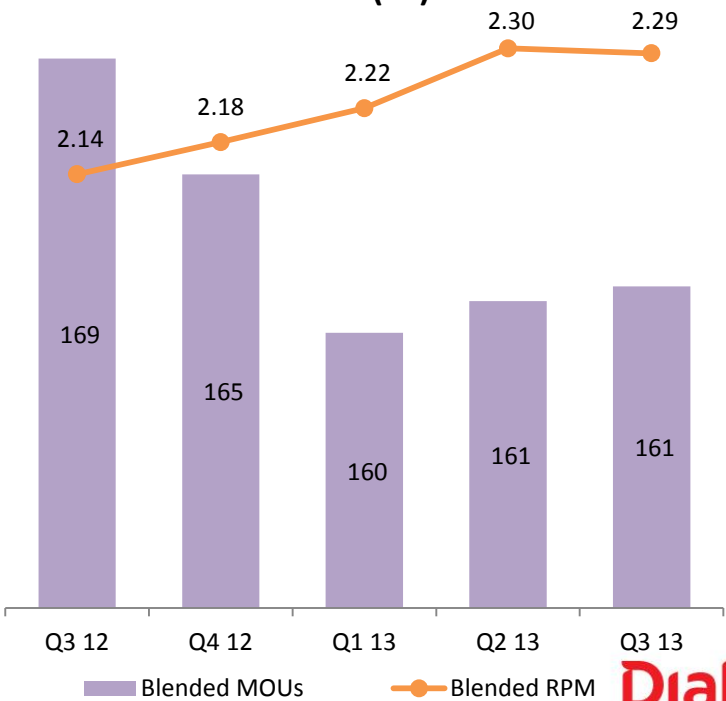
Prepaid subscriber growth of 3% QoQ and 14% YoY, driving the total subscriber growth

QoQ MoUs remained flat while ARPUs increased marginally

No of Subscribers'000



Blended MoU & RPM (Rs)



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# Dialog Television : Key Financial Highlights

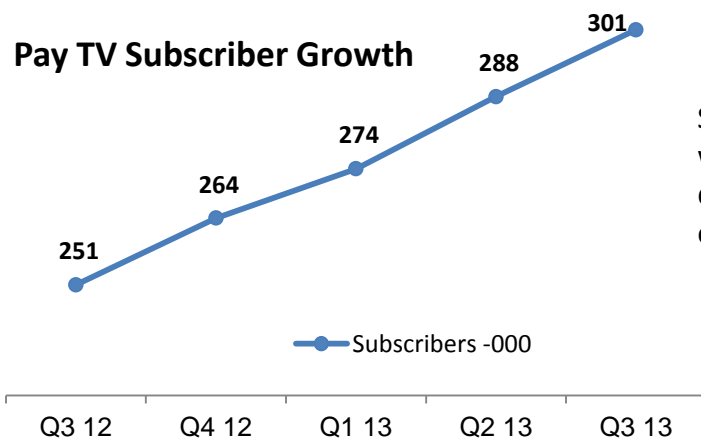
## Continued Consolidation in Revenue both QoQ and YTD

(All figures in Rs Mn)	Q3 13	QoQ	YTD 13	YTD Change
Revenue	913	4%	2,637	20%
EBITDA	148	-17%	447	-10%
EBITDA Margin	16%	-4pp	17%	-6pp
PAT	-29	->100%	-19	->100%

Revenue growth of 4% QoQ and 20% YTD on the strength of over 300,000 subscribers as at end Q3 2013

QoQ EBITDA impacted by higher content and transponder costs denominated in forex. Content costs were also impacted by renewal of channel contracts

YTD PAT declined on the back of lower EBITDA and increase in depreciation charge



# Dialog Broadband Networks : Key Financial Highlights

## 14<sup>th</sup> Consecutive Quarter of Positive EBITDA

(All figures in Rs Mn)

	Q3 13	QoQ	YTD 13	YTD Change
Revenue	1,458	1%	4,359	22%
EBITDA	357	-23%	1,222	5%
EBITDA Margin	24%	-8pp	28%	-4pp
PAT	-183	->100%	-280	->100%

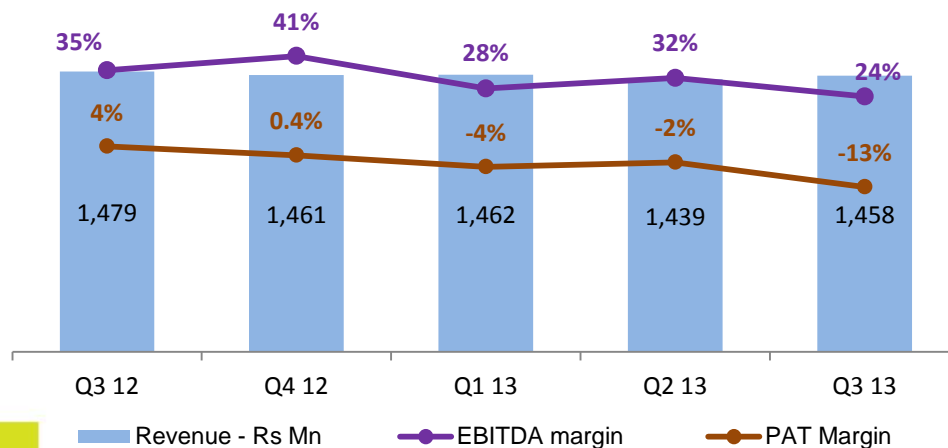
YTD revenue increased by 22% driven by higher data and voice solution revenues

YTD EBITDA growth of 5%, backed by strong revenue growth

QoQ EBITDA decrease of 23%, due to non availability of input VAT refunds starting July 2013

YTD PAT impacted by increase in depreciation and amortisation mainly stemming from fixed LTE infrastructure

### Revenue, EBITDA margin and PAT margin trends



**Thank You**