



Enriching Sri Lankan Lives

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

**Investor Forum Q4 2013**

an axiata company



Dialog Group Performance

Dialog Axiata Company Performance

Subsidiary Performance

# Dialog Group Performance Highlights – FY 2013



## Strong Financial Performance

- Healthy growth in group revenue led by growth across all segments  
*Group revenue at Rs 63.3 bn grew by 12% YTD*
- FY 2013 EBITDA at Rs19.9bn increased by 7% YTD on the back of higher revenue; EBITDA margin at 31.5%
- Group PAT at Rs5.2bn declined by 14%; YTD Normalized PAT at Rs. 5.9bn declined by 5% on the back of 2% Revenue based tax of Rs.1.1bn
- FY 2013 capex at Rs28.3bn; higher capex to support Group's strategy to capture data leadership
- Group continues to maintain a structurally strong Balance Sheet with Net Debt/EBITDA at 1.29x for FY 2013
- Subsidiaries continue to consolidate performance  
*DBN - 15<sup>th</sup> consecutive quarter of positive EBITDA*  
*DTV - Strong revenue growth, YTD revenue up by 21%*

## Subscriber Growth Parameters

- Mobile subscriber base of 8.7Mn with over 247,000 net adds during the quarter
- Continuous growth in Pay Tv subscribers to reach 332,000 as at end 2013

## Continued Commitment to Healthy dividend

- Dividend Payout of 45% maintained - Cash dividend of 29 cents (Rs0.29) per share totaling to Rs 2.4bn

# Group Financial Summary

(All figures in Rs Mn)	Q4 13	QoQ	FY 13	YTD
Revenue	16,301	1%	63,297	12%
EBITDA	4,637	-12%	19,917	7%
PAT	1,116	-27%	5,194	-14%
<i>Normalised PAT*</i>	769	-56%	5,924	-5%
<i>EBITDA Margin</i>	28.4%	-4.1pp	31.5%	-1.5pp
<i>PAT Margin</i>	6.8%	-2.7pp	8.2%	-2.5pp
<i>Normalised PAT Margin*</i>	4.7%	-6.2pp	9.4%	-1.7pp
<i>ROIC</i>	6.7%	-6.5pp	10.9%	-3.3pp

**Lower YTD Normalised PAT on the back of 2% revenue based tax with the Company's tax holiday ended in 2012**

## Performance normalised to

Q4 13: exclude translational forex gain of Rs 347mn

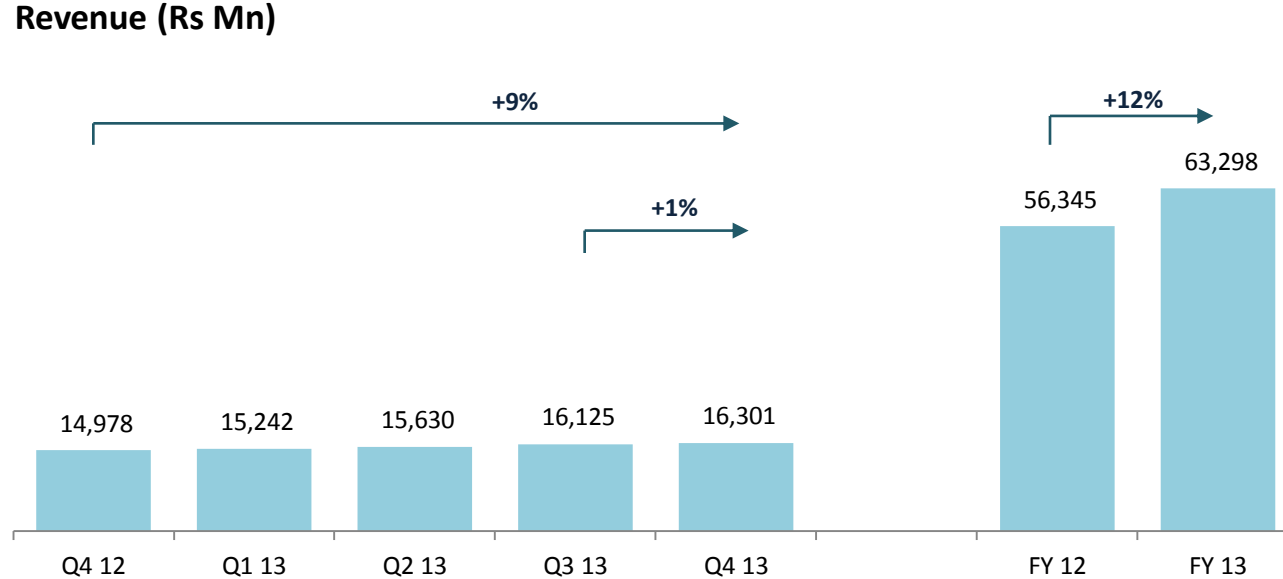
Q3 13: exclude translational forex loss of Rs 222mn

FY 13: exclude translational forex loss of Rs 731mn

FY 12: exclude translational forex loss of Rs2,176mn , deferred tax reversal of Rs 2,277mn and Suntel acquisition related costs of Rs343mn

# Steady Growth in Revenue; up 1% QoQ and 12% YTD

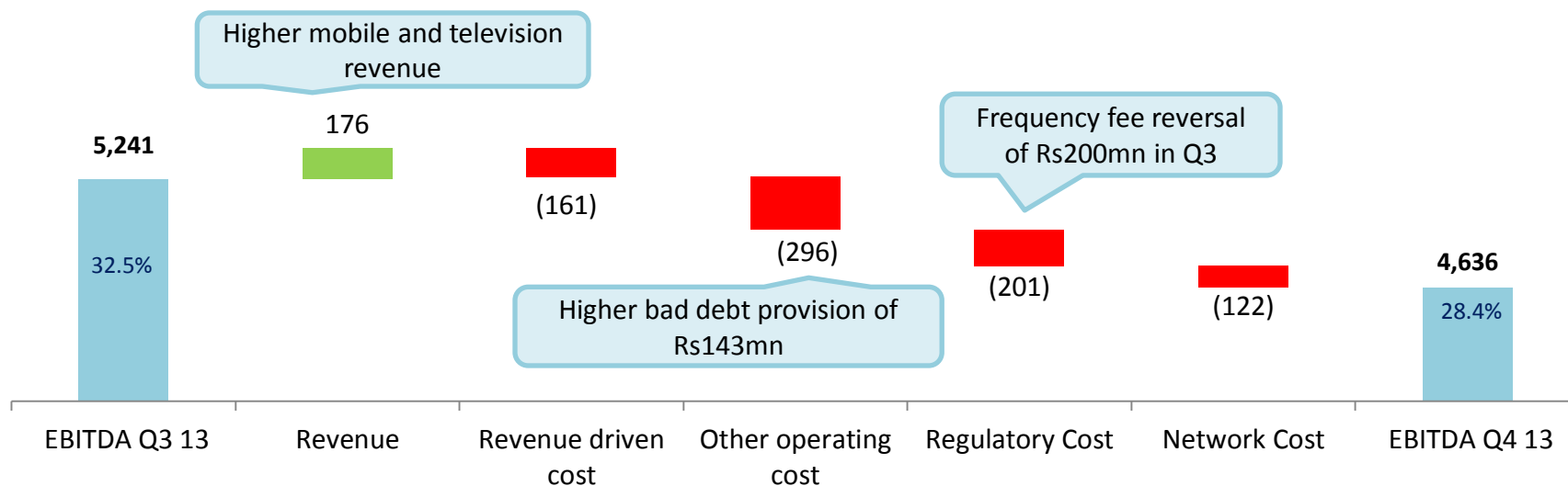
## Core Mobile Revenue Dominates Group Revenue Growth



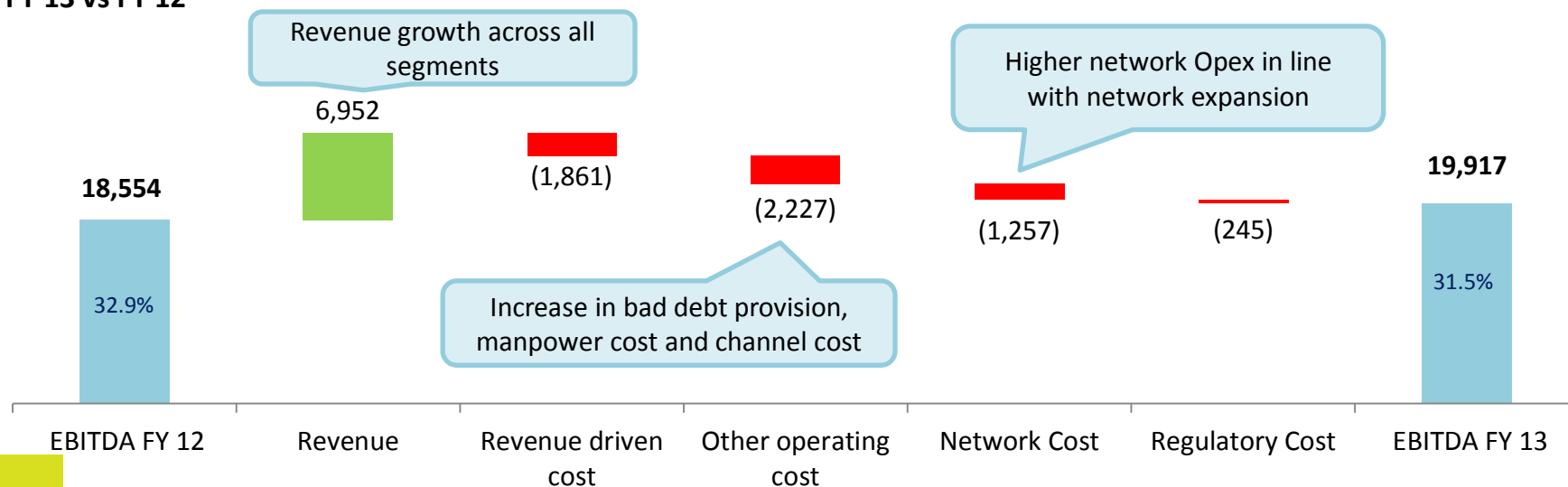
- Mobile continued to be the main contributor to Group revenue, grew by 4% QoQ and 12% YTD;
  - ✓Voice revenue grew by 1% QoQ and 10% YoY
  - ✓Data revenue increased by 9% QoQ and 60% YoY
- Television Revenue grew 8% QoQ and 21% YTD; Pay TV subscriber base of over 332K with net additions growing by 26% YoY
- Fixed Revenue remained stable QoQ. However, YTD Revenue grew 15% driven by consolidation of Suntel and growth in data and fixed voice solutions revenues

# QoQ EBITDA Impacted by prudent debt provisioning and increase in opex

## Q4 13 Vs Q3 13

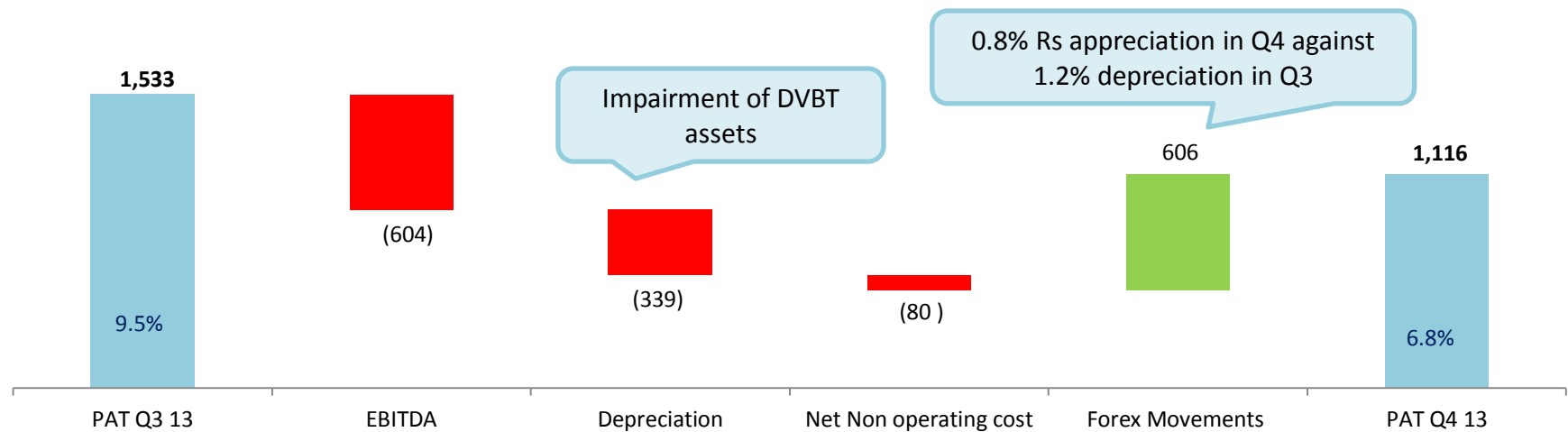


## FY 13 vs FY 12

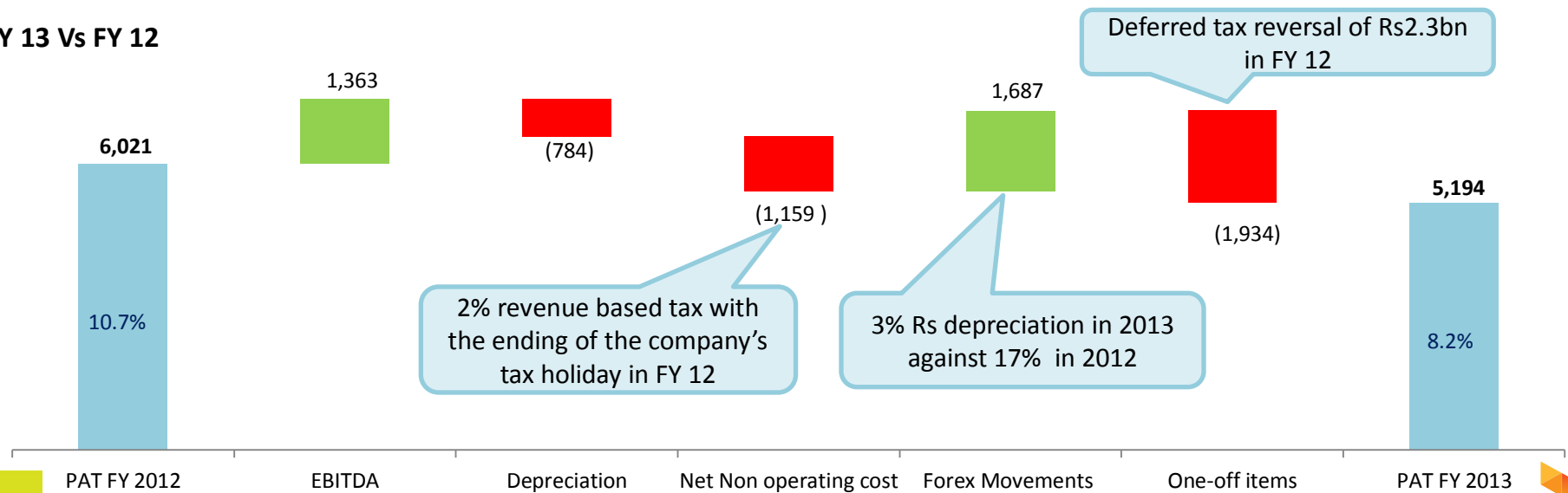


# QoQ PAT impacted by lower EBITDA and impairment of DVBT assets

## Q4 13 Vs Q3 13



## FY 13 Vs FY 12



# Higher cost in line with aggressive network rollout and higher bad debt provisions

## Total Costs

% of Revenue	Q4 12	Q3 13	Q4 13	FY 12	FY 13
Direct expenses	29.2%	28.6%	30.5%	29.1%	29.2%
Sales & Marketing	15.5%	11.9%	11.9%	13.0%	12.2%
Network costs	12.4%	12.4%	13.1%	11.8%	12.5%
Staff costs	8.9%	8.4%	8.3%	8.4%	8.6%
Bad debts	0.4%	1.3%	2.2%	0.5%	1.4%
Overheads	4.5%	4.9%	5.6%	4.2%	4.7%
<b>Total Expenses</b>	<b>70.7%</b>	<b>67.5%</b>	<b>71.6%</b>	<b>67.1%</b>	<b>68.5%</b>

## Quarter on Quarter

Total cost to revenue **increased by 4.1ppts**

- ✓ Higher network opex
- ✓ Higher regulatory cost as there was a reversal of frequency fees of Rs200mn in Q3
- ✓ Increase in bad debt provision

## Year to Date

Total cost to revenue **increased by 1.4ppts**

- ✓ Higher network cost due to network expansion
- ✓ Higher bad debt provision

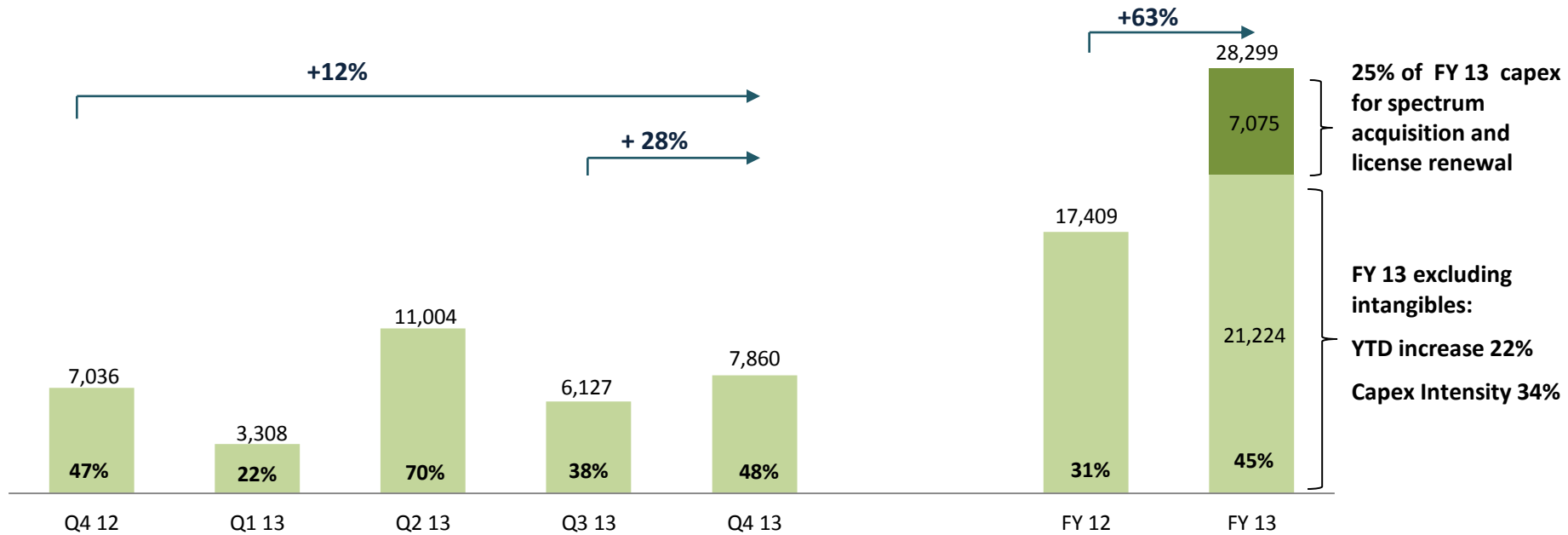
	30 Sept 13	31 Dec 13
Cash & Cash Equivalents	1,938	1,858
Gross Debt	25,243	27,587
Net Assets	38,620	39,735
Gross Debt / equity (x)	0.65	0.69
Gross Debt/ EBITDA (x)	1.24	1.39
Net Debt/ EBITDA (x)	1.14	1.29
Free cash flow	(5,160)	(8,383)

- Net debt to EBITDA increased to 1.29x as at end of December 2013 from 1.14x as at end of September 2013 as a result of drawdown of syndicated loan in Q4 to fund Capex



# Focused Capital Investment to Capture Data Leadership

Capex (Rs mn) and Capex Intensity (%)

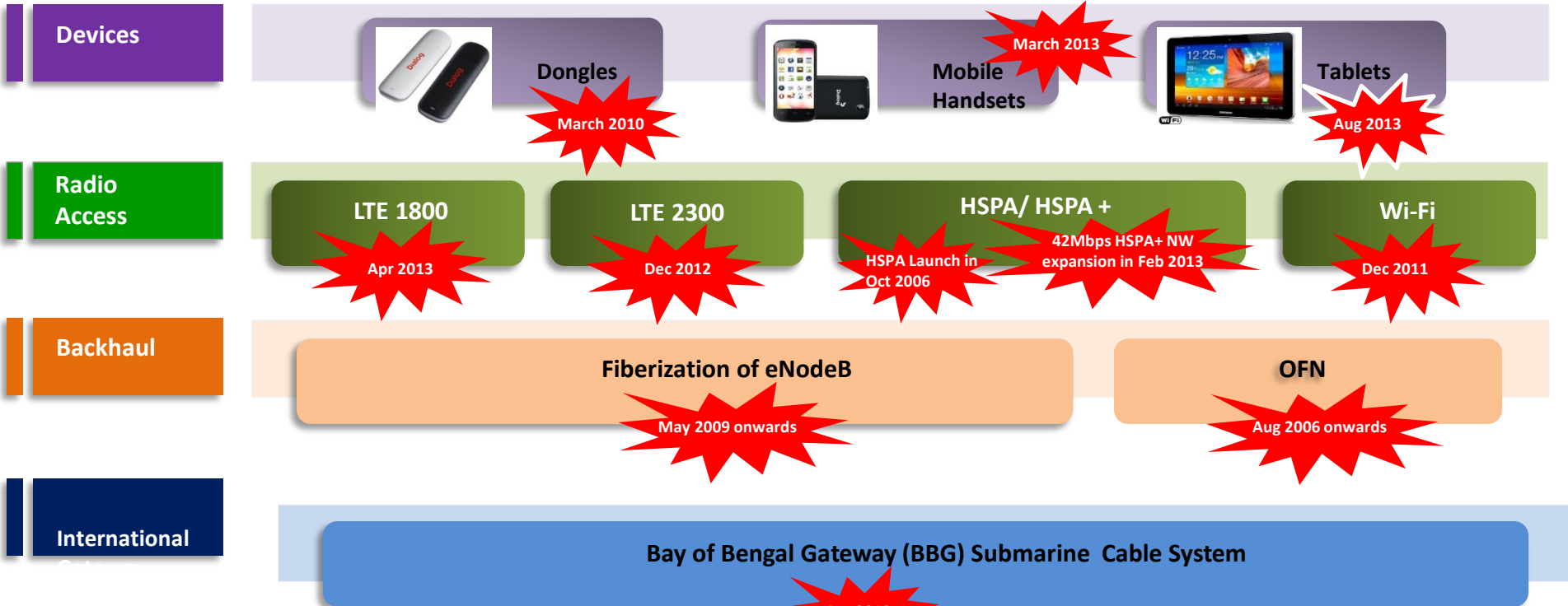


- QoQ capex increased by 28%, driven by investments in network and fibre roll out and investment in BBG during Q4 to further strengthen the groups coverage and quality leadership position
- Higher capex in FY 13 to support Group's **strategy to capture data leadership**
- FY13 capex included Rs7Bn spent on acquisition of 1800 and 2300 spectrum assets (Rs3.4Bn and Rs2.0Bn respectively) and mobile license renewal fee of Rs1.2Bn

# Comprehensive end to end strategy to capture data leadership

*“From Driving Devices to Owning International Connectivity”*

Customer



Internet



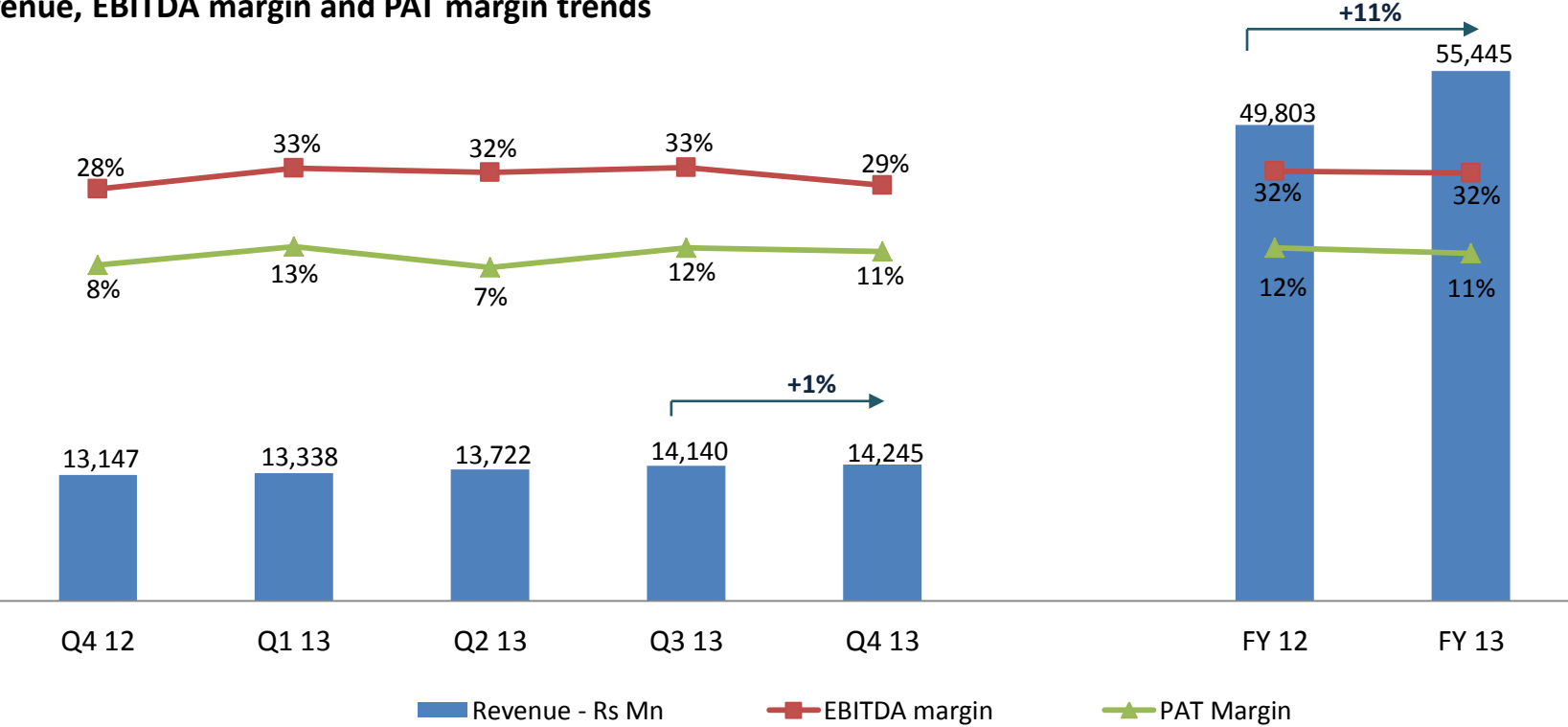
Dialog Group Performance

Dialog Axiata Company Performance

Subsidiary Performance

# Dialog Axiata PLC (Company): Financial Highlights

Revenue, EBITDA margin and PAT margin trends



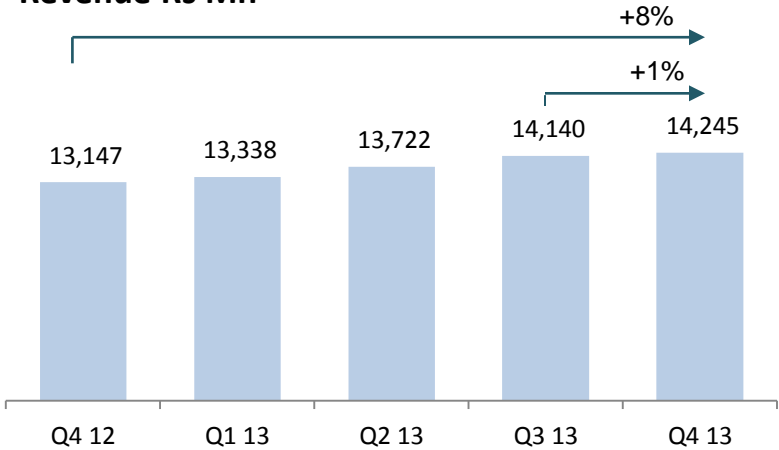
Revenue growth of 1% QoQ and 11% YTD driven by increase in both voice and non voice revenues on the back of strong subscriber growth

EBITDA grew 9% YTD in tandem with the revenue growth. QoQ EBITDA decline due to higher network opex, frequency fees and bad debt provisions

YTD Normalized PAT grew by 6% backed by strong EBITDA performance. YTD Reported PAT declined by a marginal 2% largely driven by 2% revenue base tax and higher depreciation charges arising from expansion in 3G/data infrastructure

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

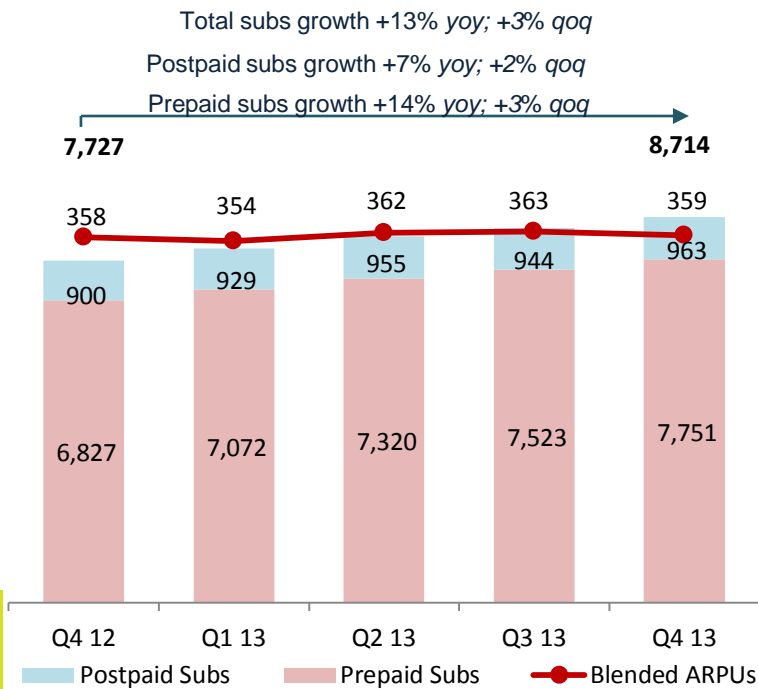
Revenue Rs Mn



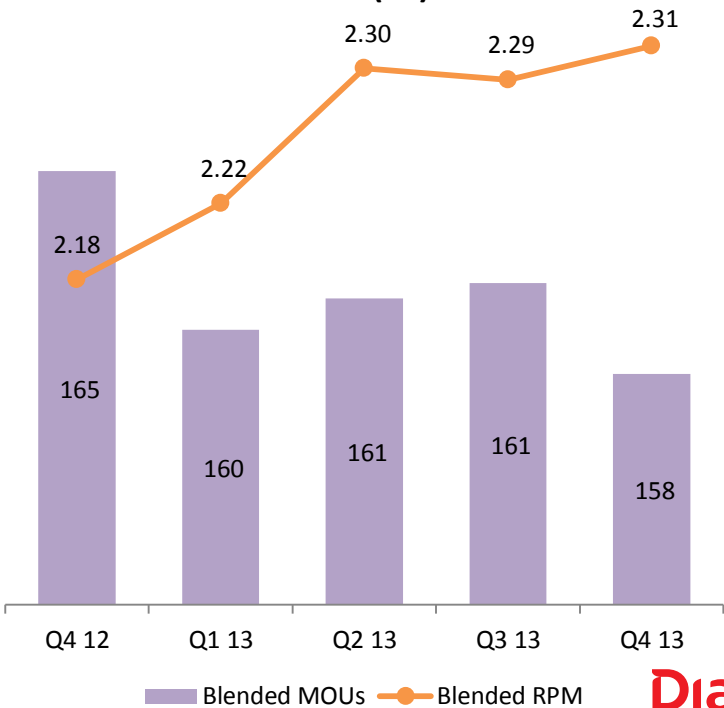
Prepaid subscriber growth of 3% QoQ and 14% YoY, driving the total subscriber growth

ARPU decreased QoQ due to aggressive competition in the IDD space and continued floor rate violation

No of Subscribers'000



Blended MoU & RPM (Rs)



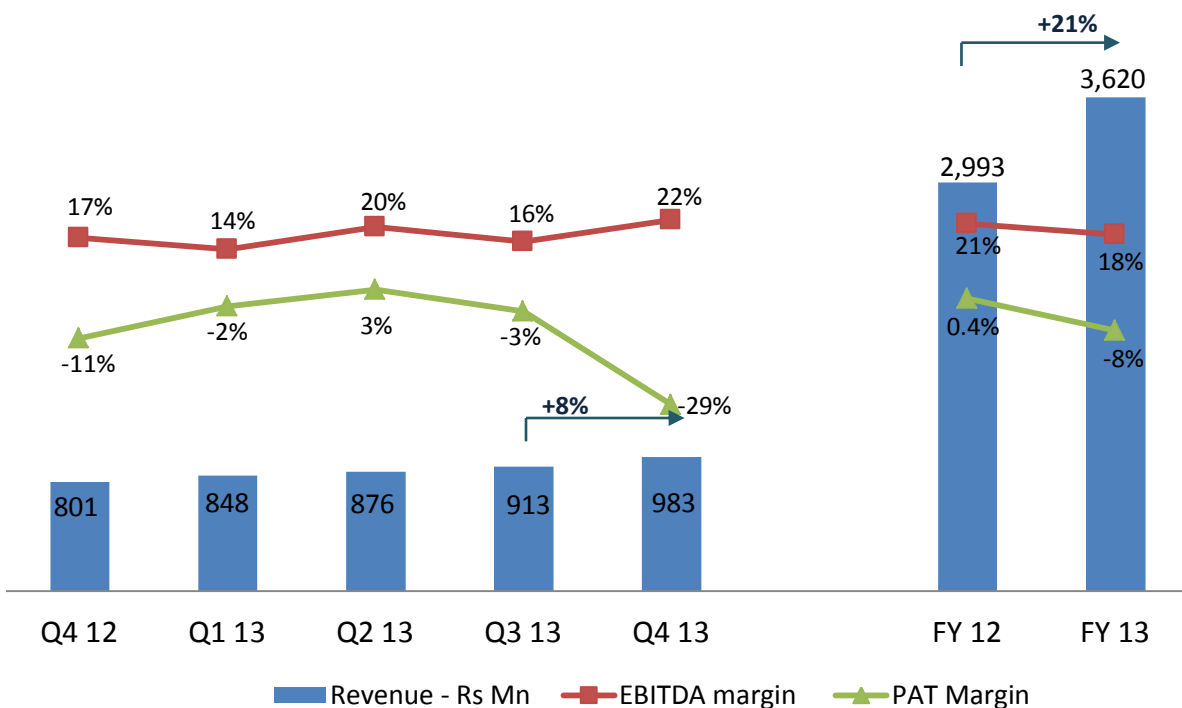
Dialog Group Performance

Dialog Axiata Company Performance

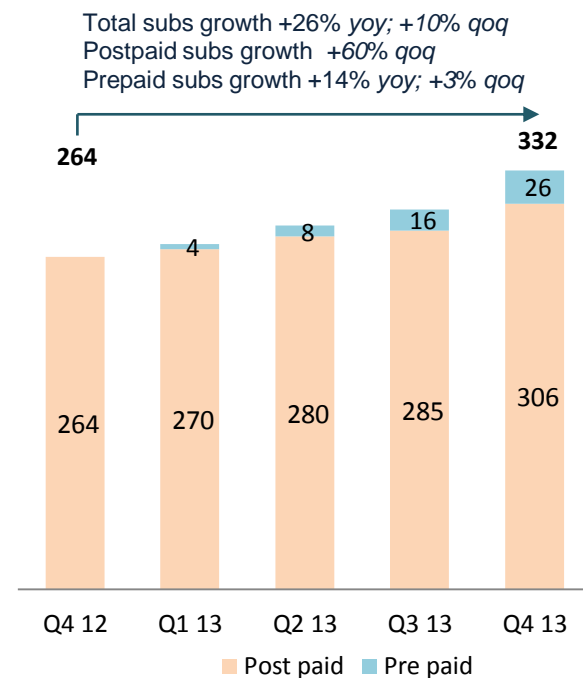
Subsidiaries Performance

## Strong Revenue Growth both QoQ and YTD

### Revenue, EBITDA margin and PAT margin trends



**No of subscribers'000**



Revenue growth of 8% QoQ and 21% YTD on the strength of over 332,000 subscribers as at end Q4 2013

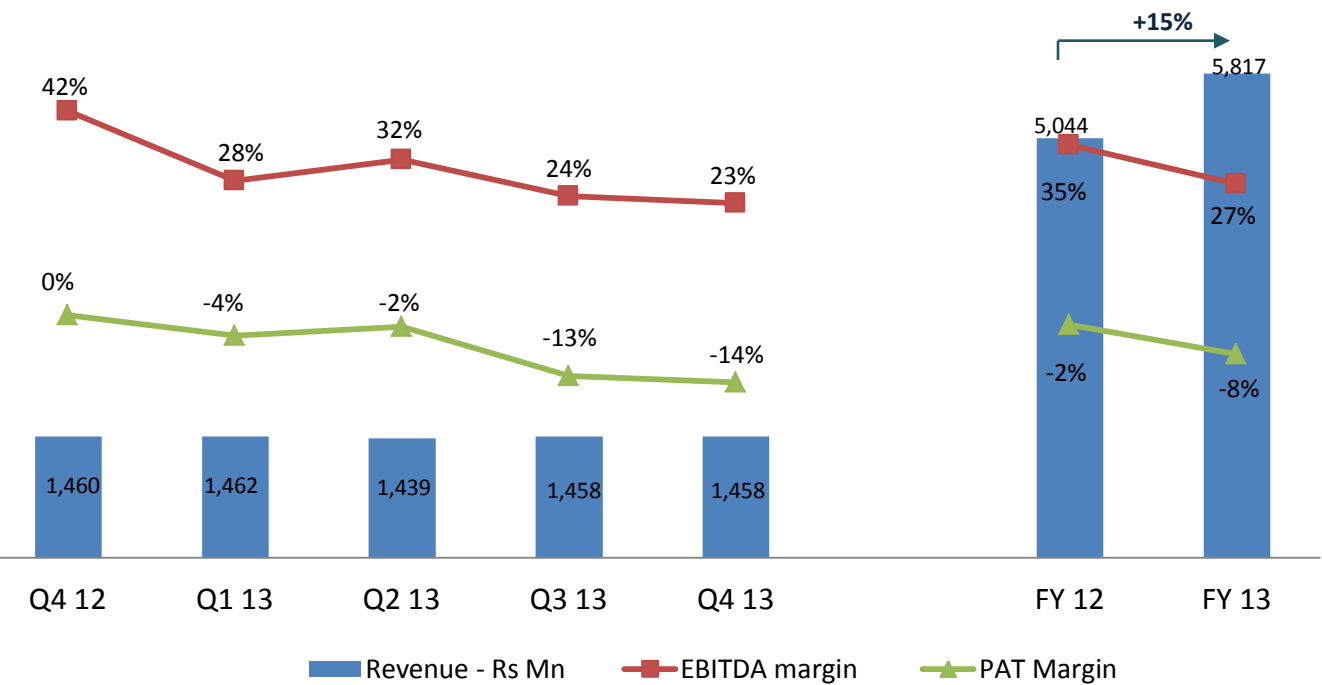
QoQ EBITDA up by 45% backed by revenue growth and lower bad debt provision

QoQ & YTD PAT impacted by the one-off provision made for impairment of DVBT assets and CPEs

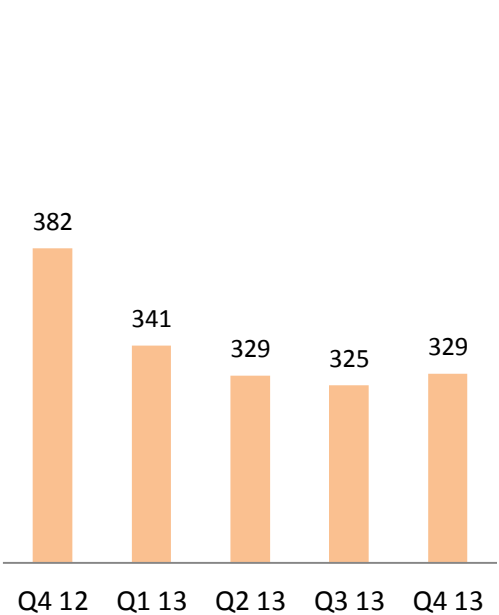
# Dialog Broadband Networks : Key Financial Highlights

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

Revenue, EBITDA margin and PAT margin trends



No of CDMA Subscribers'000



Stable QoQ revenue, while YTD revenue increased by 15% driven by synergies stemming from Suntel consolidation and organic growth

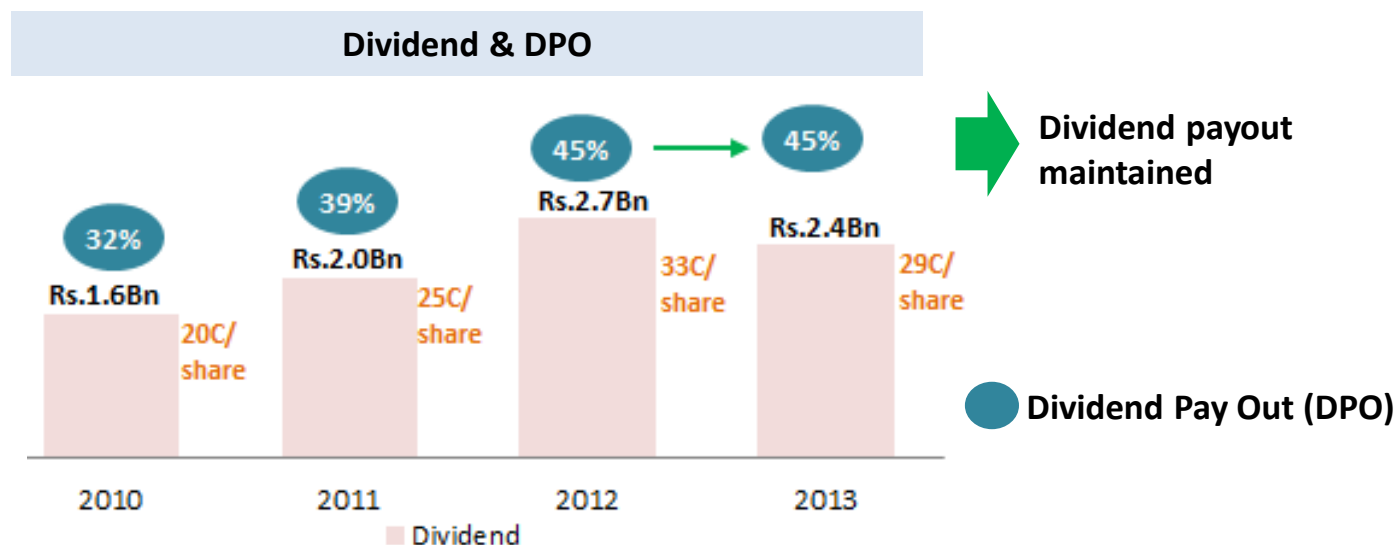
QOQ & YTD EBITDA impacted by high network & other costs associated with fixed LTE deployment

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



# 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 0.29 (29 cents) per share totaling to Rs 2.4Bn
- **Dividend payout of 45% maintained:**
  - While taking in to account forward investment requirements to serve the nation's demand for Mobile, Fixed, Broadband and Digital Television services
  - **Dividend yield of 3.2%** based on a closing share price of Rs9.20 as at 10th Feb 2013
- The dates of the AGM and the dividend payment will be notified in due course



**Thank You**