



Investor Forum Q1 2010

Enriching Sri Lankan Lives
















an axiata company



Dialog Group

Performance Trend – Q1'10 Vs. Q1'09
















YoY Performance Overview*

Dialog Telekom PLC (Company)	Revenue	 13%	Subs	 15%	EBITDA	 68%	NPAT	 313%
Dialog Broadband Networks (DBN)	Revenue	 1%	Subs	 2%	EBITDA	 55%	NPAT	 -11%
Dialog Television (DTV)	Revenue	 33%	Subs	 23%	EBITDA	 116%	NPAT	 69%
Dialog Group	Revenue	 13%			EBITDA	 89%	NPAT	 153%

* Q1 2010 reported performance has been compared against normalised performance in Q1 2009

Performance Trend - Q1'10 Vs. Q4'09

QoQ Performance Overview*

Dialog Telekom PLC (Company)	Revenue	 3%	Subs	 6%	EBITDA	 5%	NPAT	 5%
Dialog Broadband Networks (DBN)	Revenue	 -1%	Subs	 1%	EBITDA	 >-1000%	NPAT	 -38%
Dialog Television (DTV)	Revenue	 8%	Subs	 7%	EBITDA	 548%	NPAT	 6%
Dialog Group	Revenue	 3%			EBITDA	 5%	NPAT	 -7%

* Q1 2010 reported performance has been compared against normalised performance in Q4 2009

Dialog Group: P&L Highlights

✓ Q1'10 Group costs **declined by 5% relative to Normalised Q1'09** due to drop in operating costs by 13% YoY

✓ Q1'10 EBITDA & NPAT **improved by 89% & 153% relative to Normalised Q1'09**

* Q1 2010 reported performance has been compared against normalised performance in Q1 2009 & Q4 2009

(All figures in Rs. Mn.)	Q1'10	Q4'09*	QoQ change	Q1'09*	YoY change
Revenue	9,791	9,473	3%	8,475	16%
Revenue (incl. site sharing income)	9,951	9,616	3%	8,557	16%
Total Cost**	6,618	6,430	3%	6,947	-5%
EBITDA	3,333	2,828	18%	1,218	174%
Normalised EBITDA	3,333	3,187	5%	1,768	89%
NPAT	705	(2,233)	132%	(1,869)	62%
Normalised NPAT	705	761	-7%	(1,327)	153%

** Excl. depreciation, impairment

*** Q4'09 revenue is normalised to exclude roaming discount reversal

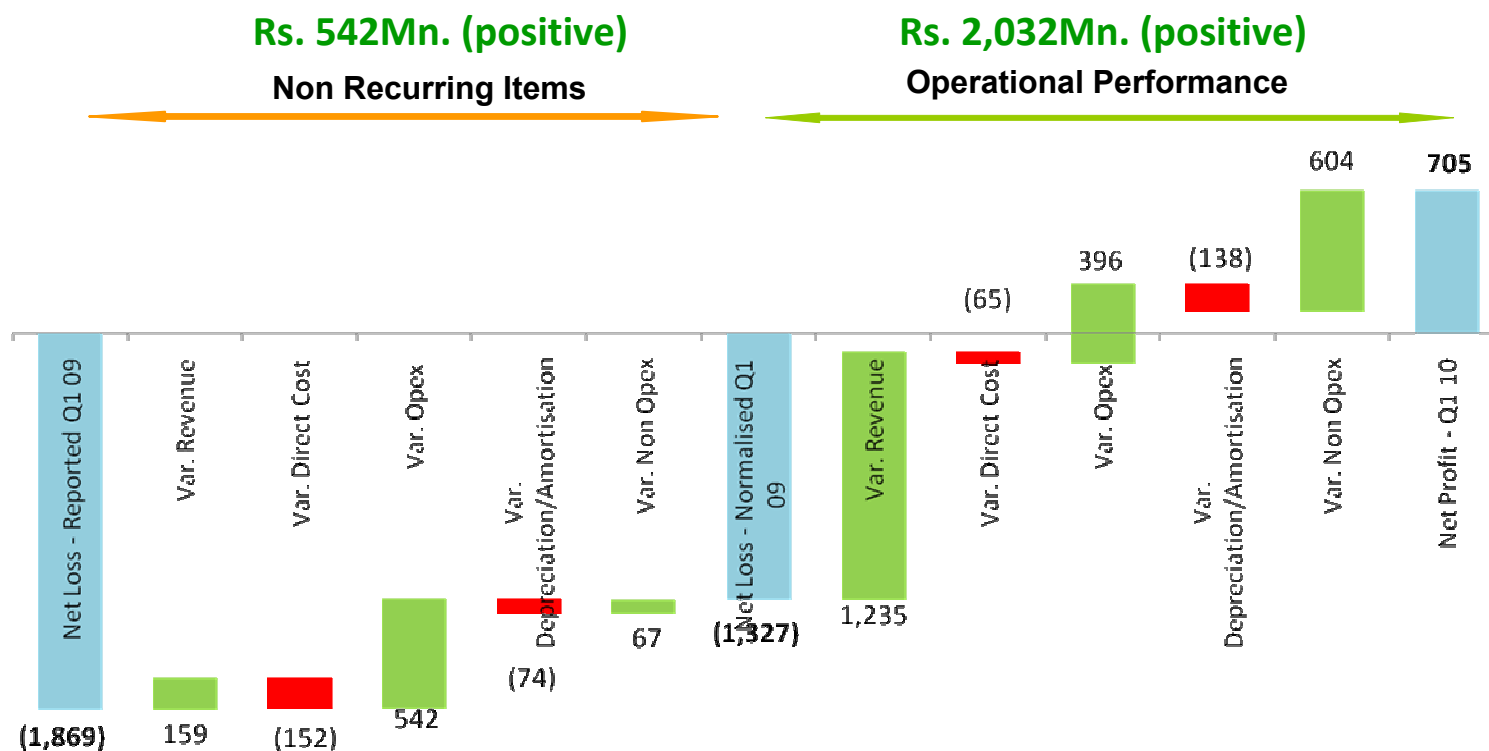
NPAT Reconciliation Q1'09 to Q1'10

Operational Performance

- ✓ **Positive Var. (Rs. 396Mn.)** in Opex due to costs savings in manpower cost and overhead costs
- ✓ Negative Var. (Rs. 138Mn.) in Depreciation/amortisation due to accelerated depreciation on WiMAX & CDMA CPE in Q4'09
- ✓ **Positive Var. (Rs. 604Mn.)** in Non Opex due to;
 - ✓ Forex gain of Rs. 97Mn. in Q1'10 compared to forex loss of Rs. 309Mn. in Q1'09 due to rupee depreciation
 - ✓ Pre-payment of IFC loan and repayment of commercial facilities
 - ✓ Drop in interest rates (AWPLR)

Non Recurring items in Q1'09 includes;

- ✓ VRS provisioning of Rs. 278Mn.
- ✓ VGF refund of Rs. 236Mn.



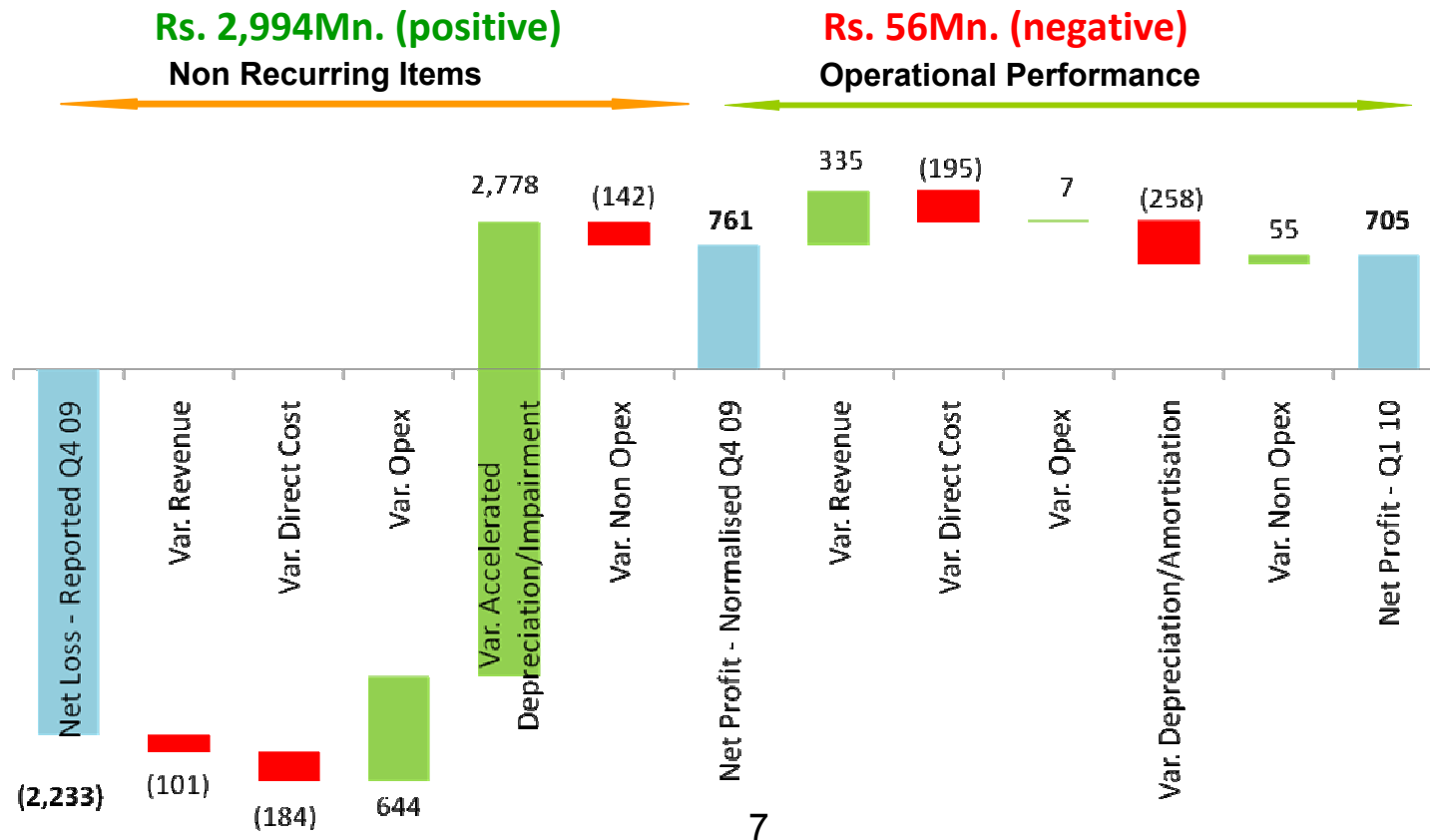
Dialog Group NPAT Reconciliation Q4'09 to Q1'10

Operational Performance

- ✓ Negative Var. (Rs. 195Mn.) in Direct costs mainly due to increased termination & origination costs
- ✓ Negative Var. (Rs. 258Mn.) in Depreciation/amortisation due to Group-wide revision of asset useful lives of Telco assets from Q4 '09 onwards

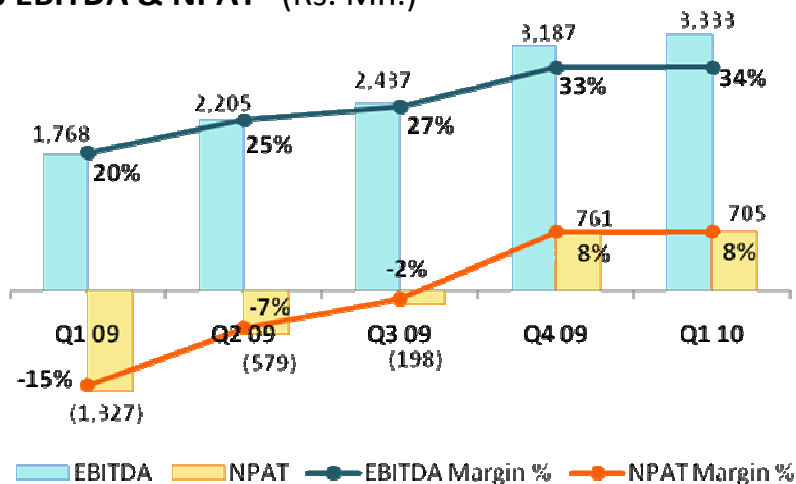
Non Recurring items in Q4'09 includes;

- ✓ VRS provisioning of Rs. 550Mn.
- ✓ Change in depreciation rates Rs. 855Mn.
- ✓ CWIP/CI provision of Rs. 1,525Mn.



Dialog Group – Consolidated Performance Trends

Group EBITDA & NPAT* (Rs. Mn.)



EBITDA margin

34%

- Up 14% pts Vs Q1'09 (Norm)
- EBITDA **growth of 89% YoY & 5%** Vs. Q4'09

NPAT margin

8%

- Up 23% pts Vs Q1'09 (Norm)

Group Financial Summary (Rs. Mn.)

	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10
EBITDA** (Reported)	1,218	1,885	2,392	2,828	3,333
% Growth		55%	27%	19%	18%
EBITDA** (Normalised)	1,768	2,205	2,437	3,187	3,333
% Growth		25%	11%	31%	5%
NPAT (reported)	(1,869)	(7,668)	(439)	(2,233)	705
% Growth		-310%	94%	-409%	132%
NPAT (Normalised)	(1,327)	(579)	(198)	761	705
% Growth		56%	66%	484%	-7%

* 2009 figures are based on normalised performance

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** EBITDA has been restated to incl. revenue from site sharing income classified under other operating income

Dialog Telekom PLC – Company

Dialog Telekom PLC: P&L Highlights

✓ Revenue **grew by 15% YoY & 3% relative to Q4'09**

✓ Q1'10 EBITDA & NPAT improved **by 68% & 313% relative to Normalised Q1'09**

* Q1 2010 reported performance has been compared against normalised performance in Q1 2009 & Q4 2009

(All figures in Rs. Mn.)	Q1'10	Q4'09*	QoQ change	Q1'09*	YoY change
Revenue	8,891	8,610	3%	7,709	15%
Revenue (incl. site sharing income)	9,101	8,804	3%	7,841	16%
Total Cost**	5,758	5,623	2%	6,009	-4%
EBITDA	3,343	2,832	18%	1,463	129%
Normalised EBITDA	3,343	3,181	5%	1,991	68%
NPAT	1,276	(1,160)	210%	(1,117)	214%
Normalised NPAT	1,276	1,213	5%	(598)	313%

** Excl. depreciation, impairment

*** Q4'09 revenue is normalised to exclude roaming discount reversal

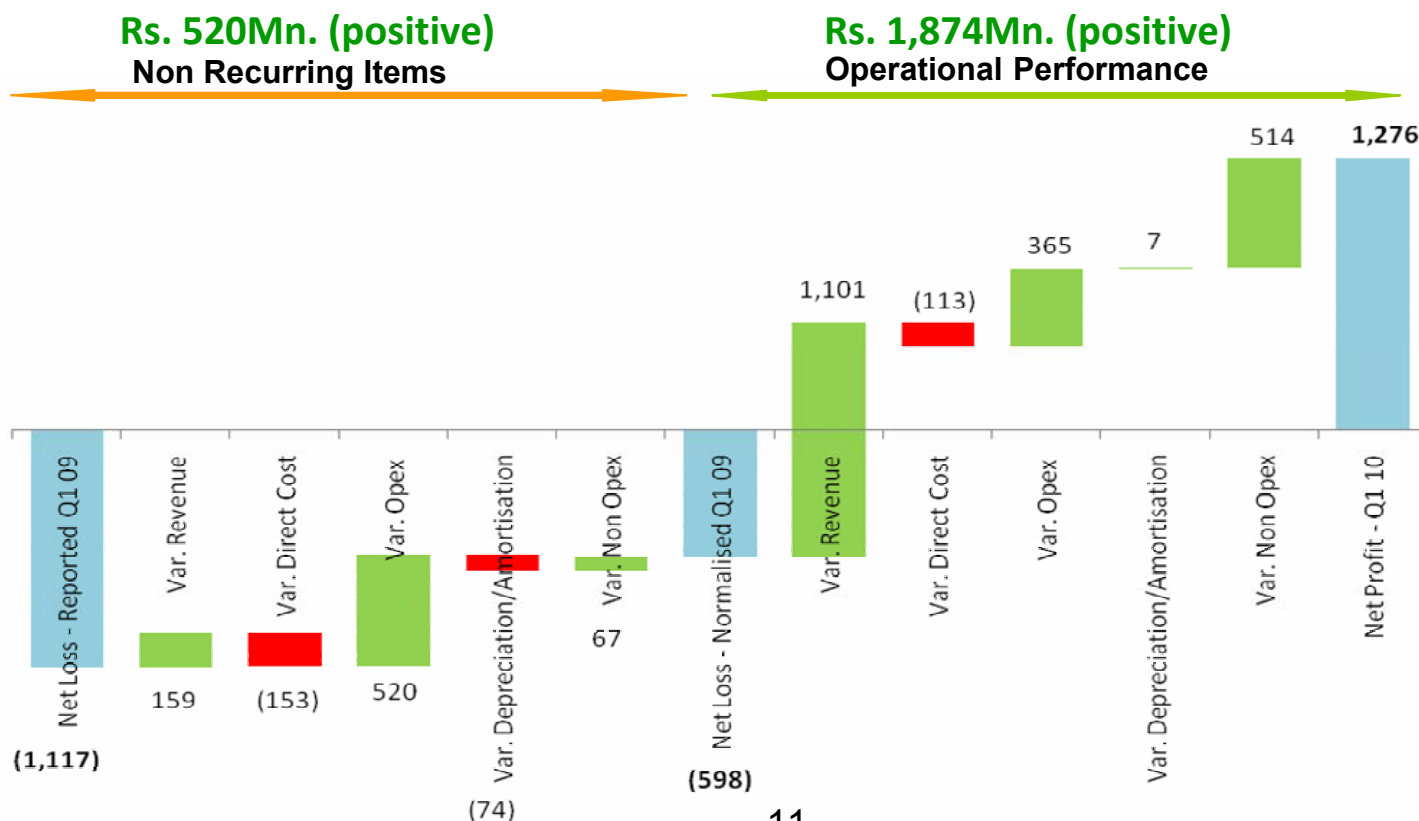
NPAT Reconciliation Q1'09 to Q1'10

Operational Performance

- ✓ Negative Var. (Rs. 113Mn.) in Direct costs mainly due to increased termination & origination costs
- ✓ **Positive Var. (Rs. 365Mn.) in Opex** due to costs savings in manpower cost and overhead costs
- ✓ **Positive Var. in Non Opex** due to;
 - ✓ Forex gain of Rs. 106Mn. in Q1'10 compared to forex loss of Rs. 286Mn. in Q1'09 due to rupee depreciation
 - ✓ Pre-payment of IFC loan and repayment of commercial facilities
 - ✓ Drop in interest rates (AWPLR)

Non Recurring items in Q1'09 includes;

- ✓ VRS provisioning of Rs. 256Mn.
- ✓ VGF refund of Rs. 236Mn.



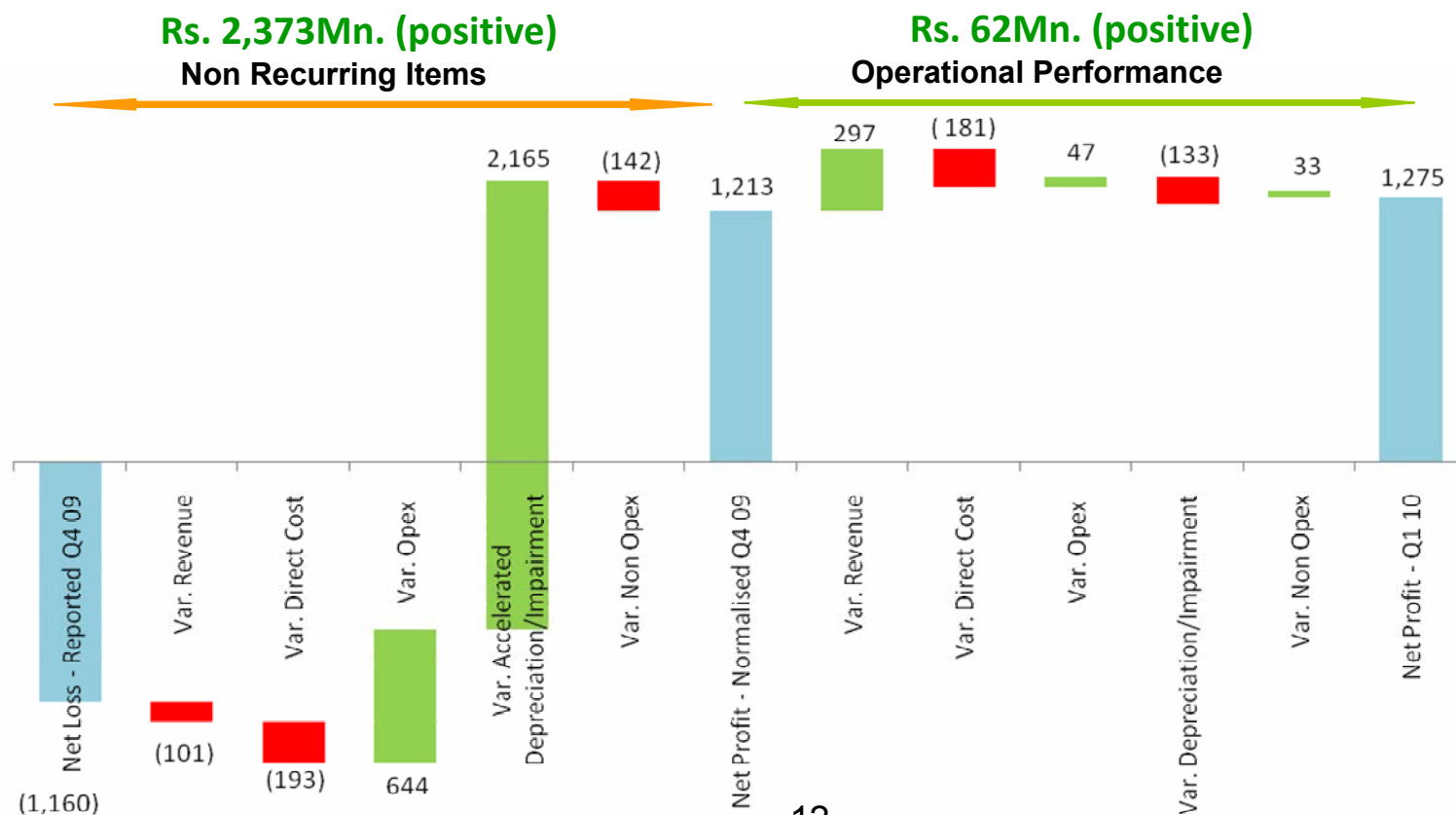
NPAT Reconciliation Q4'09 to Q1'10

Operational Performance

- ✓ Negative Var. (Rs. 181Mn.) in Direct costs mainly due to increased termination & origination costs
- ✓ Negative Var. (Rs. 133Mn.) in Depreciation/amortisation due to revision of asset useful lives of Telco assets from Q4 '09 onwards

Non Recurring items in Q4'09 includes;

- ✓ VRS provisioning of Rs. 550Mn.
- ✓ Change in depreciation rates Rs. 444Mn.
- ✓ CWIP/CI provision of Rs. 1,314Mn.

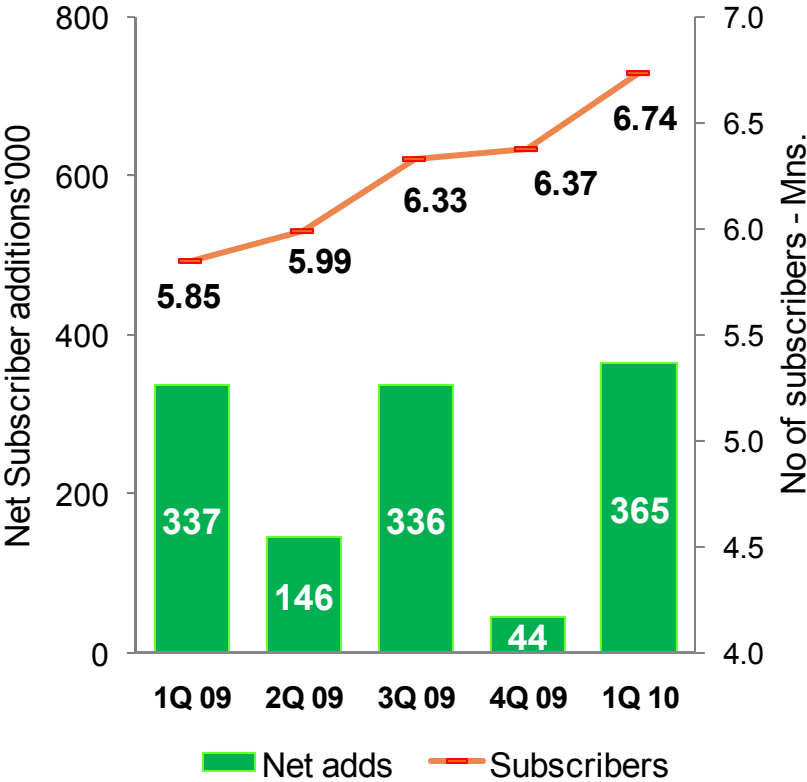


Revenue Drivers & Dynamics

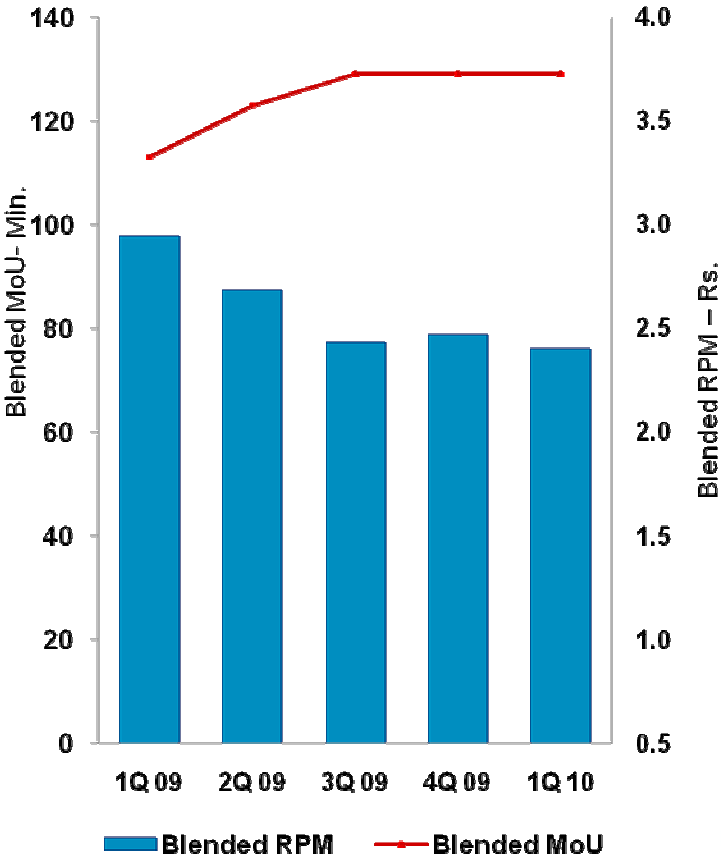
Pre : Post mix



No of Subscribers & Net additions

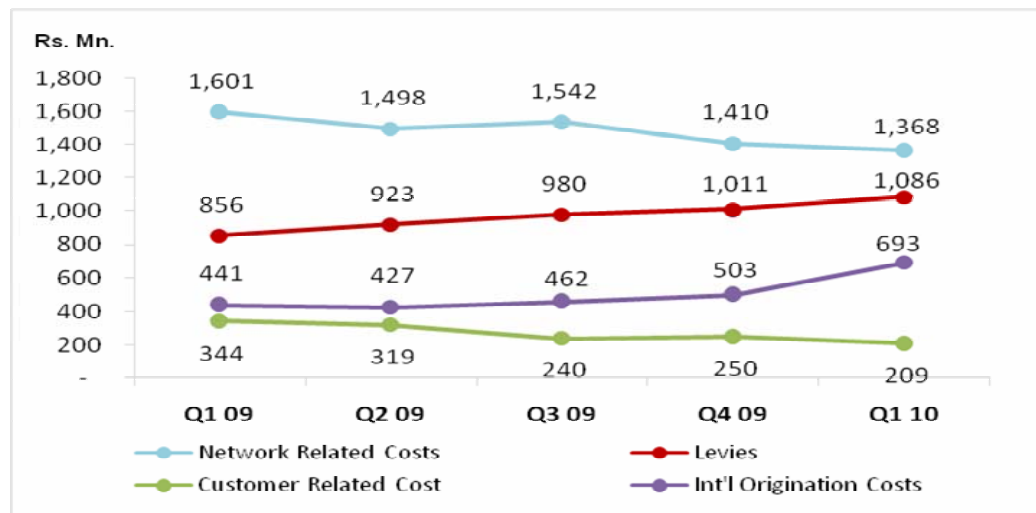


Blended MoUs & Revenue per Minute

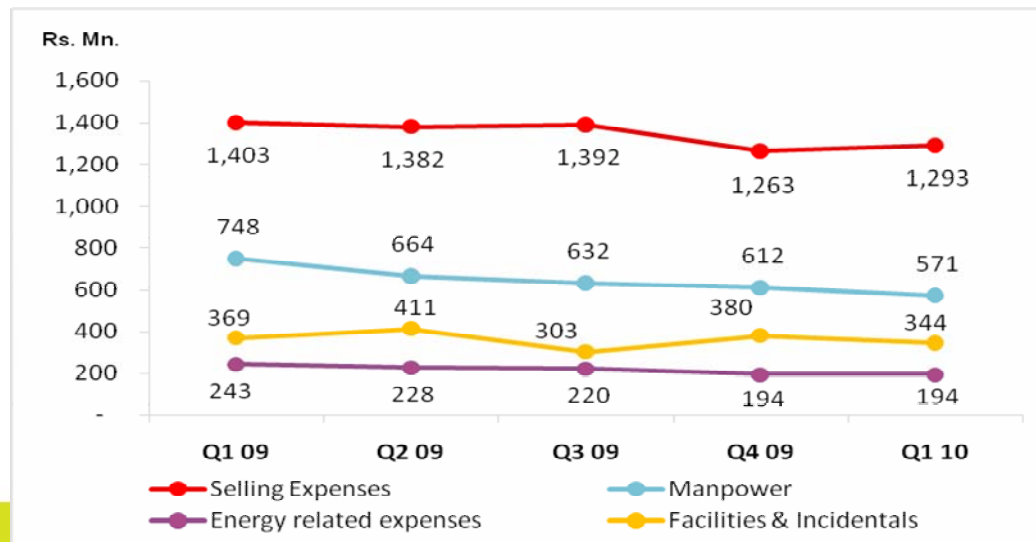


Termination and Origination costs on International Traffic drives up Total costs

Direct Cost lines



Operating Cost lines



Total Costs* relative to Q4'09

2%

Network Costs

3%

✓ Drop in BTS site expenses, Link satellite cost & site sharing costs

Customer Related Costs (Rs. 41Mn)

16%

✓ decrease in cost of phones & accessories and scratch cards due to lower acquisition cost

Int'l Origination Costs (Rs. 190Mn)

38%

✓ international origination cost increase in line with increased IDD revenue

Levies (Rs. 75Mn)

7%

✓ increased international termination revenues

Selling Expenses (Rs. 30Mn)

2%

Manpower (Rs. 41Mn)

7%

✓ saving derived from rightsizing

Facilities & Incidentals (Rs. 36Mn)

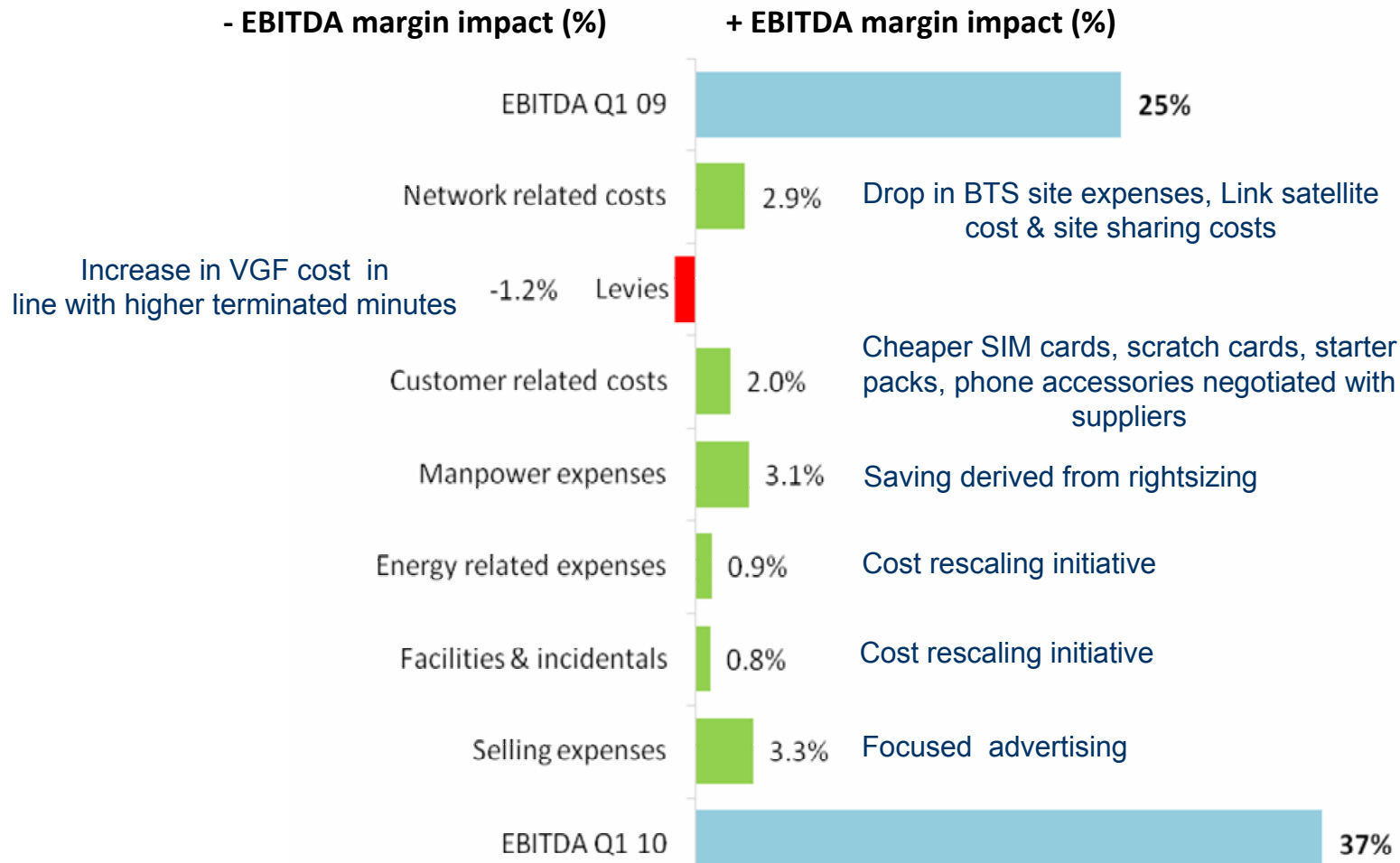
9%

✓ cost rescaling initiative

* Q1 2010 reported performance has been compared against normalised performance in Q4 2009

Cost Re-scaling on the backdrop of aggressive marketing has resulted in significant improvement in margins in Q1'10

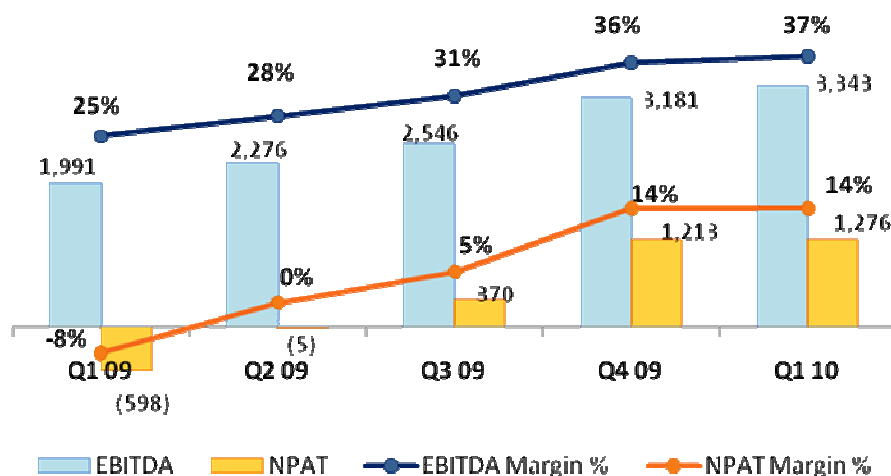
EBITDA Margin Movement Q1'09 to Q1'10



* Q1 2010 reported performance has been compared against normalised performance in Q1 2009

Dialog Company – Performance Trends

DT Company EBITDA & NPAT* (Rs. Mn.)



EBITDA margin

37%

- Up 12% pts Vs Q1'09 (Norm)
- EBITDA **growth of 68% YoY & 5%** Vs. Q4'09

NPAT margin

14%

- Up 22% pts Vs Q1'09 (Norm)

DT Company Financial Summary (Rs. Mn.)

	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10
EBITDA (Reported)**	1,463	1,803	2,466	2,832	3,343
% Growth		23%	37%	15%	18%
EBITDA (Normalised)**	1,991	2,276	2,546	3,181	3,343
% Growth		14%	12%	25%	5%
NPAT (Reported)	(1,117)	(7,246)	313	(1,160)	1,276
% Growth		-549%	104%	-470%	210%
NPAT (Normalised)	(598)	(5)	370	1,213	1,276
% Growth		99%	7,542%	228%	5%

* 2009 figures are based on normalised performance

** EBITDA has been restated to incl. revenue from site sharing income classified under other operating income

Balance Sheet – Dialog Telekom

(All figures in Rs. '000)	31 st March 2010	31 st December 2009
ASSETS		
Non - current assets	66,235,767	65,766,982
Current assets	10,949,371	12,424,057
Total assets	77,185,138	78,191,039
EQUITY		
Capital and reserves attributable to equity holders of the company		
Stated capital	31,806,113	31,806,113
ESOS Trust shares	(1,990,921)	(1,990,921)
Dividend reserve - ESOS	260,067	260,067
Revaluation reserve	98,414	101,358
Retained earnings	5,667,325	4,481,458
	35,840,998	34,658,075
LIABILITIES		
Non - current liabilities	26,321,085	26,218,687
Current liabilities	15,023,055	17,314,277
Total liabilities	41,344,140	43,532,964
Total equity and liabilities	77,185,138	78,191,039
Net Asset per share (Rs)	4.40	4.26

▪ Current liabilities have decreased as at end 31 March 2010 mainly due to repayment of commercial facilities in Q1'10

Cash Flow Highlights - Company

(All figures in Rs. Mn.)	31 st March 2010	31 st March 2009
Net cash from operating activities	2,865	2,924
Net cash used in investing activities	(2,234)	(2,686)
Net cash (used in)/ generated from financing activities	(1,404)	13,235
Increase/(decrease) in cash and cash equivalents	(773)	13,473
Movement in cash and cash equivalents		
At start of year	3,175	(852)
Increase/(decrease)	(773)	13,472
Forex adjustment	5	118
At end of period	2,407	12,739

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

- Net cash outflow from financing in Q1'10 was due to the repayment of commercial facilities compared to cash inflow in Q1'09 due to draw down of USD 100Mn. from OCBC in March '09
- Cash used in Investing activities reduced by 17% YoY due to rationalisation of Capex

Capital Structure

- Net debt/EBITDA has decreased mainly due to improved performance in Q1'10
- Reduction in Net Asset base is mainly due to a one-off provision of Rs. 6Bn. for impairment arising on account of network modernisation in Q2'09 & one-off adjustment of Rs. 2.56Bn. to align CI/CWIP and depreciation policies with international best practices in Q4'09

(All figures are in Rs. Mn. except ratios)	31-Mar-2010	31-Mar-2009	YoY Change
Capex*	1,100	2,170	-49%
Cash & Cash Equivalents	3,122	14,208	-78%
Net Debt	24,331	23,703	3%
Net Assets	35,841	43,857	-18%
Net debt/equity (x)	0.68	0.54	
Net debt/EBITDA (x)	1.82	2.77	

*Capex includes CWIP additions + direct additions for the year

Summary of outstanding borrowings - As at 31 March 2010

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	8.78	5.27	1.76	3.51
SCB	Loan Facility	LKR	21.95	13.81	13.81	0.00
OCBC	Term Loan	USD	200.00	125.00	0.00	125.00
Total			230.73	144.08	15.57	128.51

**SCB facility is a revolving trade facility*

*** Above excludes vendor financing and shareholder advances*

Credit Lines



- Undrawn facility and operating cash flows sufficient to cover debt obligations falling due in the short term

Dialog Broadband Networks (DBN)

(Fixed Telephony and Broadband Services)

DBN – P&L Highlights

- ✓ Revenue **grew by 1% YoY** and **declined by 1% QoQ basis**
- ✓ DBN's normalised NPAT **declined by 11% YoY and 38% QoQ** due to accelerated depreciation on WiMAX & CDMA Assets from Q4'09

(All figures in Rs. Mn.)	Q1'10	Q4'09	QoQ change	Q1'09	YoY change
Revenue	591	598	-1%	584	1%
EBITDA	(38)	3	-1490%	(84)	55%
NPAT	(465)	(928)	50%	(437)	-6%
Normalised NPAT	(465)	(338)	-38%	(418)	-11%
CDMA & Broadband Subscribers	185,770	 1%	YOY change	2,820	 2%

Dialog Television (DTV)

DTV – P&L Highlights

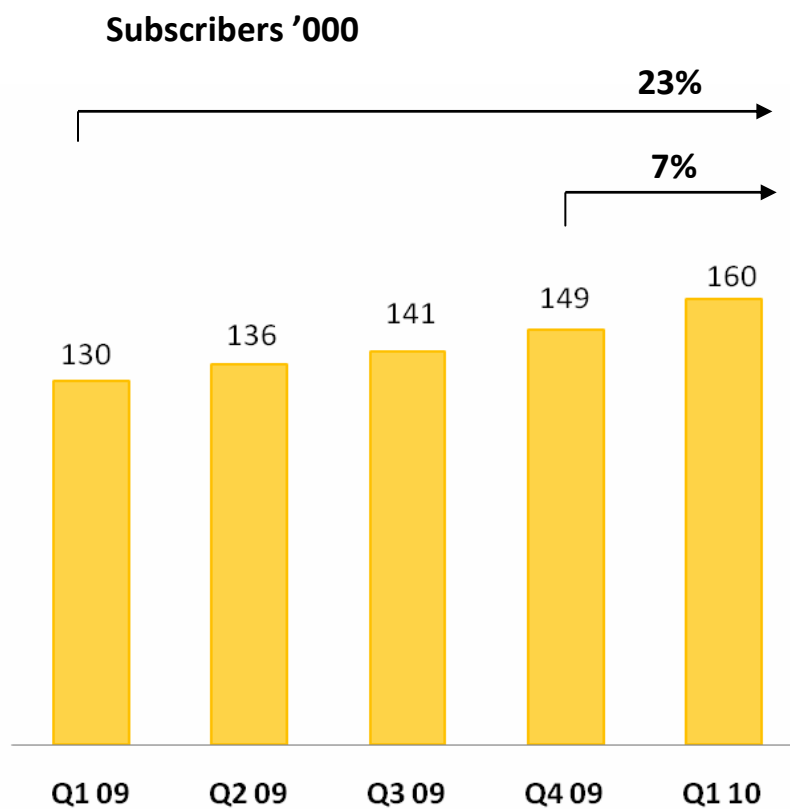
- ✓ EBITDA was recorded **at positive Rs. 26Mn. in Q1'10**
- ✓ NPAT **improved by 29% on a QoQ basis & 69% relative to Q1'09**

(All figures in Rs. Mn.)	Q1'10	Q4'09	QoQ change	Q1'09	YoY change
Revenue	490	454	8%	368	33%
EBITDA	26	(6)	566%	(159)	116%
NPAT	(94)	(132)	29%	(303)	69%
Pay TV Subscribers	159,959	↑ 7%	YOY Change	29,732	↑ 23%

DTV – Revenue Trend

✓ DTV Revenue **grew by 33% YoY and 8% QoQ**

- increase in subscription revenue due to subscriber growth of **23% YoY and 7% on a QoQ basis & increase in ARPUs**



- **2010 SLIM-Nielsen People's Awards** Dialog Telekom PLC became the **only** telecommunications service provider to **win two awards**

- ✓ **People's Mobile Telecom Brand of the Year**
- ✓ **People's Youth Brand of the Year**



- Dialog Telekom PLC **topped Sri Lanka's Corporate Accountability** ratings for the Year 2009

- Dialog received the prestigious **Frost & Sullivan Market Share Leadership Award** in the Mobile Services Market category in Sri Lanka for 2009



- Dialog Telekom PLC became the **first Company** in **Sri Lanka** to achieve **Customer Operations Performance Center (COPC) 2000®** Standard certification for its contact centre

Thank You