

Investor Forum Q3 2010

Enriching Sri Lankan Lives

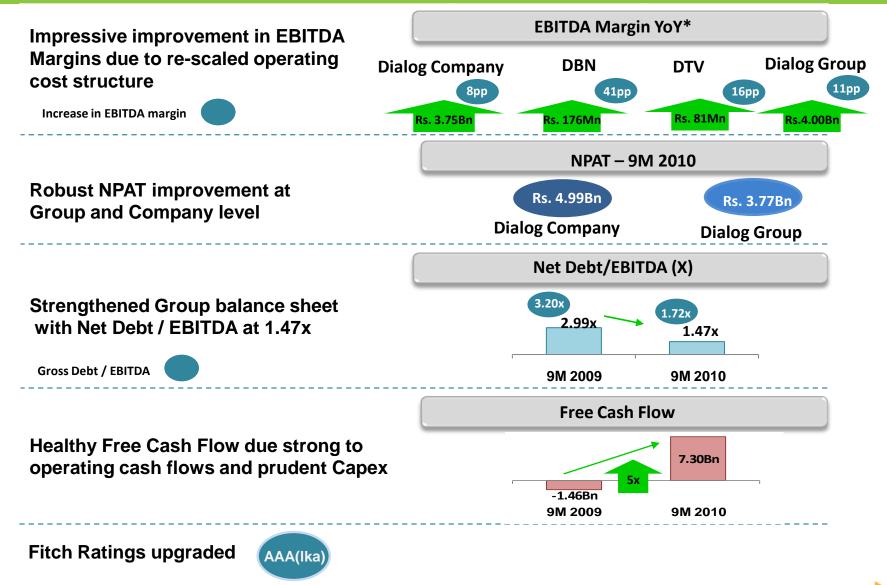


an axiata company

Dialog Group

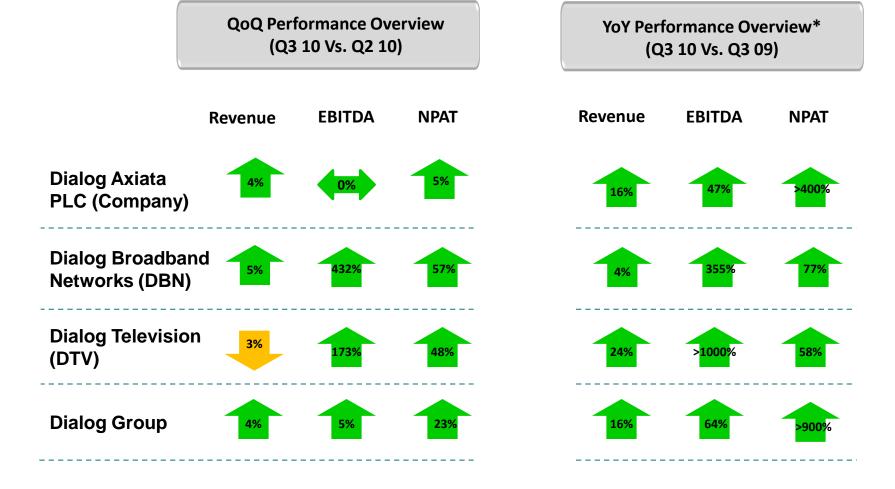


Group Performance Highlights





Performance Trend



^{*}Q3 10 Vs. Q3 09 (normalised performance)



Dialog Group: P&L Highlights

- √ Group Revenue up 16% YoY and 4% QoQ
- ✓ Group costs declined by 4% relative to 9M 09 and up 3% QoQ mainly due to interconnection costs
- ✓ EBITDA improved by 5% QoQ and 74% relative to 9M 09
- ✓ NPAT improved by 23% a on a QoQ basis

(All figures in Rs. Mn.)	Q3 10	QoQ Q3 10 Vs. change Q3 09		YTD 10	YTD change
Revenue	10,558	4%	16%	30,669	16%
Total Cost*	6,554	3%	1%	19,518	4%
EBITDA**	4,004	5%	64%	11,151	74%
NPAT**	1,693	23%	>900%	3,772	>200%

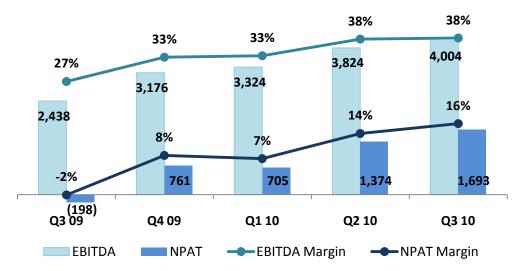
^{**} Q3 2010 and 9M 10 reported performance has been compared against normalised performance in Q3 09 and 9M 09



^{*} Excl. depreciation and impairment

Dialog Group - Consolidated Performance Trends

Group EBITDA and NPAT* (Rs. Mn.)





- **Up 11%** pts Vs Q3 09 (Norm)
- EBITDA growth of 74% YTD and 5% Vs. Q2 10

NPAT margin

16%

• **Up 18%** pts Vs Q3 09 (Norm)

Group Financial Summary (Rs. Mn.)

	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10
EBITDA (Reported)	2,400	2,818	3,324	3,824	4,004
% Growth		17%	18%	15%	5%
EBITDA (Normalised)	2,438	3,176	3,324	3,824	4,004
% Growth		30%	5%	15%	5%
NPAT (reported)	(439)	(2,233)	705	1,374	1,693
% Growth		-409%	132%	95%	23%
NPAT (Normalised)	(198)	761	705	1,374	1,693
% Growth		484%	-7%	95%	23%



^{* 2009} figures are based on normalised performance

Dialog Axiata PLC - Company



Dialog Axiata PLC: P&L Highlights

- ✓ Revenue grew 16% YoY and by 4% QoQ
- ✓ EBITDA improved by 59% relative to 9M 09 and remained flat QoQ
- ✓ NPAT improved by 5% a on a QoQ basis

(All figures in Rs. Mn.)	Q3 10	QoQ Q3 10 Vs. 3 10 change Q3 09		YTD 10	YTD change
Revenue	9,671	4%	16%	28,068	16%
Total Cost*	5,921	7%	3%	17,217	2%
EBITDA	3,750	0%	47%	10,851	59%
NPAT	1,901	5%	>400%	4,990	>2000%

^{**} Q3 2010 and 9M 10 reported performance has been compared against normalised performance in Q3 09 and 9M 09



^{*} Excl. depreciation and impairment

Revenue Trends - Company

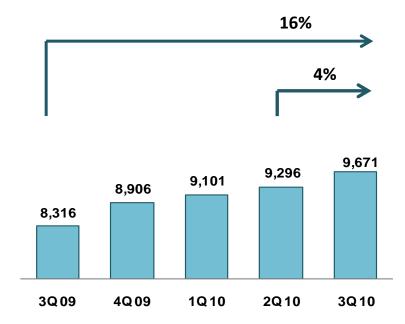
Company Revenue



- ✓ Amidst intense competition
- ✓ Increase in Inbound roaming revenue
- ✓ International voice termination up 25% YoY
- ✓ Interconnection revenue

- Pre-paid revenue dominant contributor to revenue
- Post-paid revenue continued to increase
- Non voice revenue account for 10% of total revenue
- Robust growth in Site sharing revenue

Quarterly Revenue - Rs. Mn.

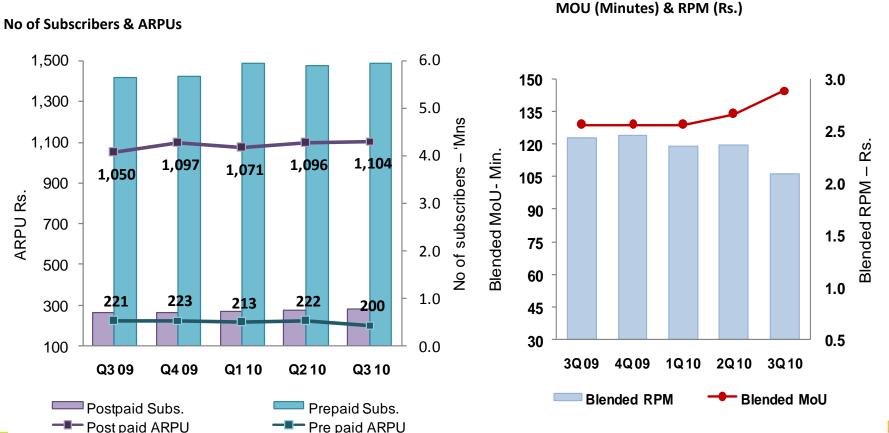




Dialog: operational performance Increase in MOUs in the wake of improved affordability



Marginal drop in RPM's & ARPU's due to transient impact of downward tariff adjustments

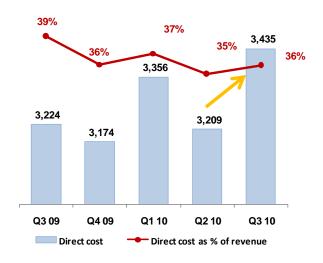


Direct Costs increased in line with changes in the Sector Costs Structure in Q3

Direct Cost grew by 4% YTD and 7% QoQ driven by Interconnection Charge

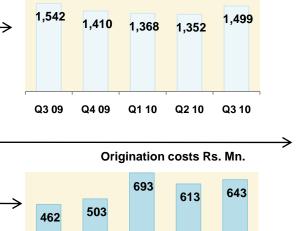
- ✓ Levies remained flat YTD due to reduction in international telecommunication levy (ITL)
- ✓ Origination cost up by 47% YTD in line with increased international traffic
- ✓ Network related costs and Customer related costs dropped by 9% and 27% respectively

Direct Costs trends* - Q3 09 to Q3 10



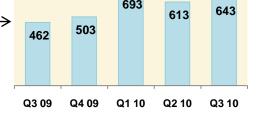
Direct Costs excluding interconnection dropped by 1% QoQ



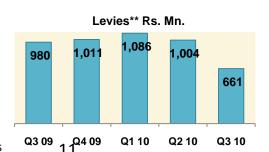


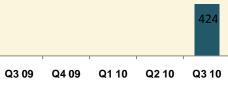


Customer Related Cost Rs. Mn.











^{*} Excl. depreciation and non-recurring charges in 9M 2009

^{**}Incl. international telecommunication levy and frequency fees

Operating Costs:

Re-Scaled Costs Structure continues to deliver improvements

Operating Costs declined by 10% YTD

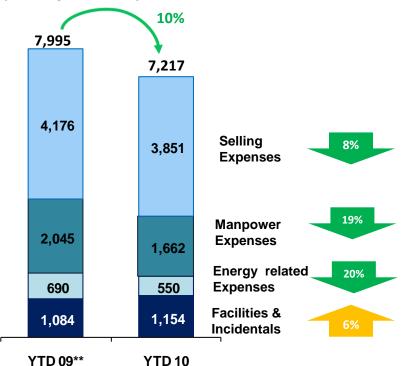
- ✓ Decline in operating costs were driven by reduction in operating overheads, administration & manpower related expenses
- ✓ Increase in facilities & incidental cost due to rise in consultancy fees

Operating Costs increased by 7% QoQ due to increased spending on advertising directed on market capture and rise in manpower related expenses

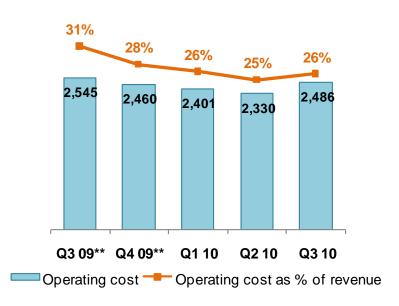
✓ Operating cost as a % of revenue

- 26% in Q3 10
- Improved by 5% points relative to Q3 09

Operating Cost Composition* Rs. Mn.



Operating Costs trends Rs. Mn* – Q3 09 to Q3 10



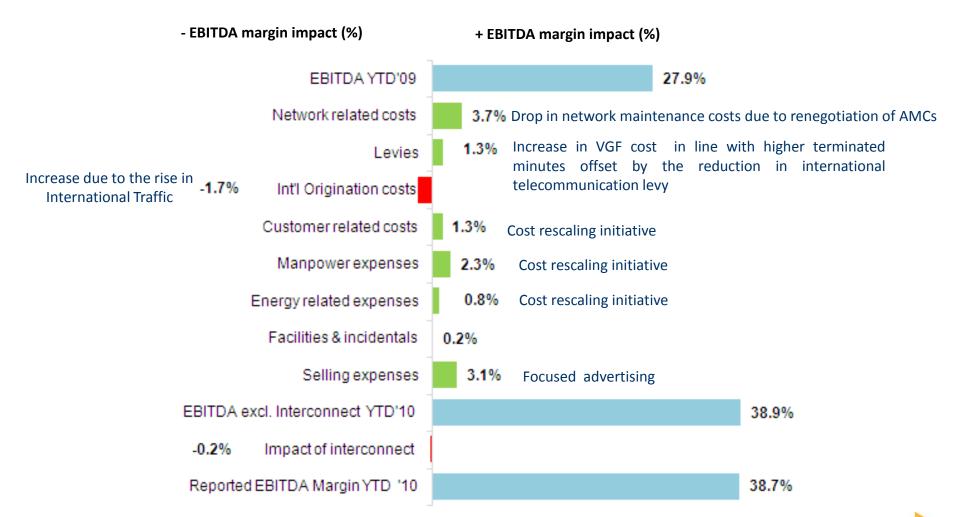


^{*}Excl. depreciation and impairment

^{**} Excl. non-recurring charges

Significant improvement in margins in 9M '10

EBITDA Margin Movement 9M 2009 to 9M 2010

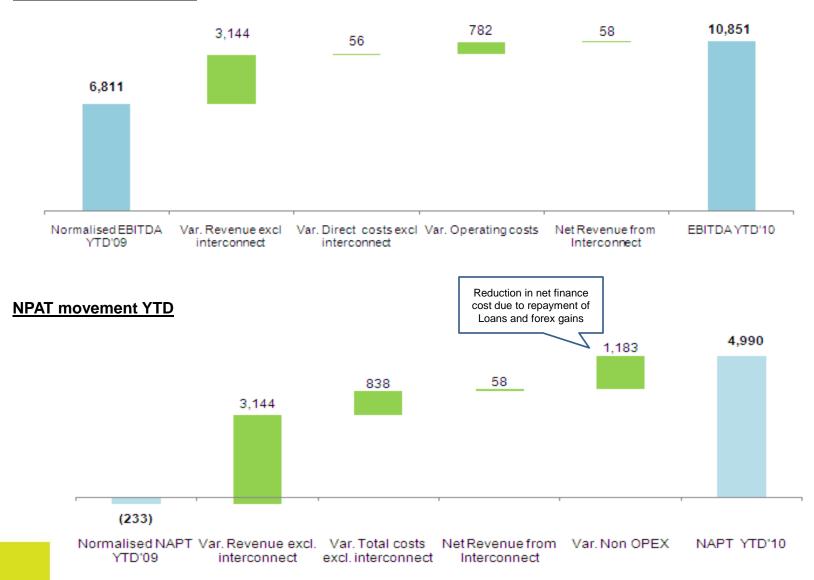


^{* 9}M 2010 reported performance has been compared against normalised performance in 9M 2009



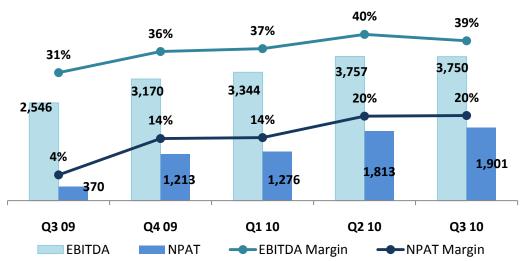
Improvement in EBITDA & NPAT YTD

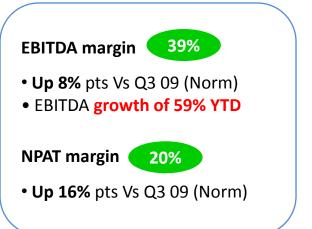
EBITDA movement YTD



Dialog Company - Performance Trends

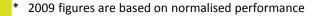
Dialog Company EBITDA and NPAT* (Rs. Mn.)





Dialog Company Financial Summary (Rs. Mn.)

	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10
EBITDA (Reported)	2,466	2,820	3,344	3,757	3,750
% Growth	37%	14%	19%	12%	0%
EBITDA (Normalised)	2,546	3,170	3,344	3,757	3,750
% Growth	12%	24%	6%	12%	0%
NPAT (Reported)	313	(1,160)	1,276	1,813	1,901
% Growth	104%	-470%	210%	42%	5%
NPAT (Normalised)	370	1,213	1,276	1,813	1,901
% Growth	7,542%	228%	5%	42%	5%





Dialog Broadband Networks (DBN) (Fixed Telephony and Broadband Services)



DBN: P&L Highlights

- ✓ Revenue improved by 5% QoQ and 4% relative to Q3 09
- ✓ EBITDA up 432% QoQ and 355% relative to Q3 09 due to continuous cost management efforts
- ✓ NPAT improved by 57% on a QoQ basis and 77% relative to Q3 09

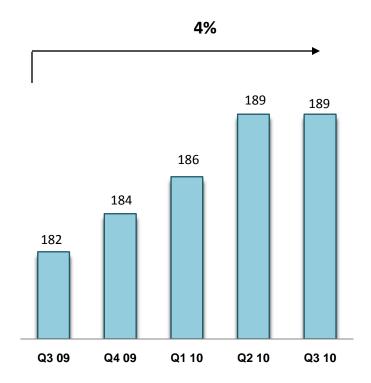
(All figures in Rs. Mn.)	Q3 10	QoQ change	Q3 10 Vs. Q3 09	YTD 10	YTD change
Revenue	604	5%	4%	1,771	1%
EBITDA	176	432%	355%	166	141%
NPAT	(146)	57%	77%	(952)	43%



DBN - Revenue Trends

- ✓ Broadband & ISP revenue increased by 19% YoY driven by increase in usage revenues
- ✓ CDMA & Broadband subscriber base increased by 4% YoY and remained flat QoQ

CDMA & Broadband Subscribers '000





Dialog Television (DTV)



DTV: P&L Highlights

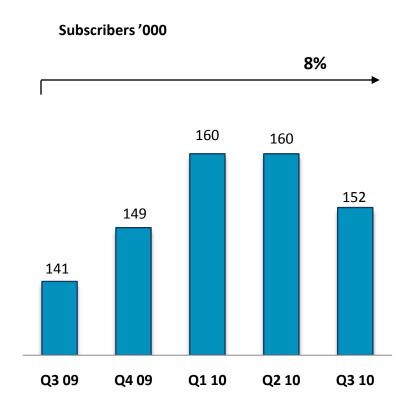
- ✓ Revenue improved by 28% YTD and dropped marginally by 3% QoQ
- ✓ EBITDA up 173% QoQ and 157% YoY
- ✓ NPAT improved by 48% on a QoQ basis and 58% relative to Q3 09

(All figures in Rs. Mn.)	Q3 10	QoQ Q3 10 Vs. change Q3 09		YTD 10	YTD change	
Revenue	509	3%	24%	1,520	28%	
EBITDA	81	173%	>1000%	134	157%	
NPAT	(46)	48%	58%	(228)	64%	



DTV - Revenue Trend

- ✓ DTV Revenue grew by 24% YoY
 - Increase in subscription revenue due to subscriber growth of **8% YoY and increase in usage revenues**





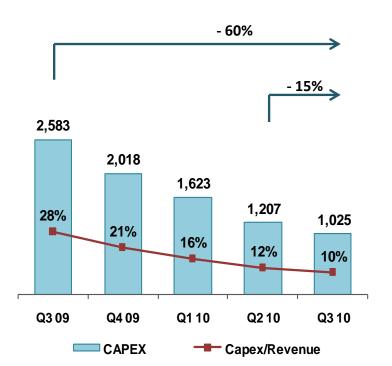
Dialog Group - Balance Sheet KPIs



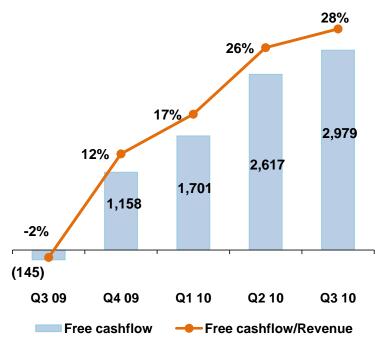
Prudent Capex Spending and Robust Free Cash Flow

- ✓ Group Capex declined by 15% QoQ and 60% relative to Q3 09 due to return based capex spending
 - Capex/revenue ratio of 10% in Q3 10
- ✓ Free cash flows grew by 14% QoQ and steady increase in free cash flows to revenue, up 30% pts relative to Q3 09

Capex (Rs. Mn.) and Capex/Revenue (%)



Free cash Flow (Rs. Mn.) and Free cash flow/Revenue (%)





Dialog Group - Movement of outstanding borrowings QoQ

		Facility Outstanding Mn.					Maturity as at 30 Sep 2010			
Lending Institution	Type of (Loan	Currency	Amount Mn.	Q3'09	Q4'09	Q1'10	Q2 '10	Q3 '10	Less than One year	More than one year
RCRPS Investors **	Preference Shares	LKR	5,000	3,750	3,750	3,750	2,500	2,500	1,250	1,250
Axiata	Advance	LKR	3,724	3,724	3,724	3,724	3,724	3,724	0	3,724
Axiata	Advance	USD	47.5	47.5	47.5	47.5	47.5	47.5	0	47.5
HSBC	Short Term	LKR	700	700	400	0	0	0	0	0
SCB	Short Term	LKR	2,500	2,126	2,472	1,574	600	0 ,	0	0
DFCC	Term	LKR	1,000	800	600	600	0	0 }	0	0
ОСВС	Term	USD	100	100	125	125	135	135	16.9	118.1
Total Company Debt Rs Mn.			12,924	11,100	10,946	9,648	7,715	6,224	1,250	4,974
USD Mn.			247.5	147.5	147.5	172.5	182.5	182.5	16.9	165.6
Total DBN Debt Rs Mn.			2,450	1,458	1,683	951	170	0	0	0
Total Group Debt Rs Mn.			15,374	12,558	12,629	10,599	7,885	6,224	1,250	4,974
USD Mn			247.5	147.5	147.5	172.5	182.5	182.5	16.9	165.6

During Q3'10 Dialog Group settled all outstanding local borrowings amounting to Rs. 774 Mn.



Dialog Group Balance Sheet Recovery

Dialog Group Balance Sheet - KPI Movements QoQ

- ✓ Fitch ratings upgraded Dialog's National Long term Credit rating to 'AAA(Ika)' on the backdrop of a strong balance sheet and positive outlook on free cash flows
- ✓ High interest bearing local debt of \$41 Mn. has been redeemed during 9M of 2010

(All figures in Rs. Mn.) except for ratio's	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Trend
Gross Debt Position*	31,198	33,334	31,421	28,520	27,557	•
Gross Debt to EBITDA**	3.20	2.62	2.36	1.86	1.72	•
Net Debt to EBITDA**	2.99	2.21	2.12	1.63	1.47	•
FCF to Debt	-0.5%	3%	5%	9%	11%	
Current Ratio	0.60	0.76	0.80	0.83	0.93	



^{*} Borrowings excluding negative cash balances

^{**} Annualized EBITDA = 4 times of quarterly EBITDA

Thank You

