Investor Forum Q1 2011

Enriching Sri Lankan Lives

an axiata company

Dialog Group

Q1 2011 Group Performance Highlights

- Healthy growth in Mobile revenues
  - **up 2%QoQ and 12% YoY**
- Strong take up of Mobile Broadband
  Growth of 99% YoY
- EBITDA margin stable despite cost pressure
  33% in Q1
- Positive free cash flows for the fifth consecutive quarter
  Rs1.1Bn in Q1 2011
- Strong performance at subsidiary level
  EBITDA margins over 20%
- Coverage leadership consolidated
  Over 2000 2G and 1000 3G/3.5G base stations on air
- Mobile subscriber base surpasses **7 million**
- Pay Tv subscriber base of over **180,000**

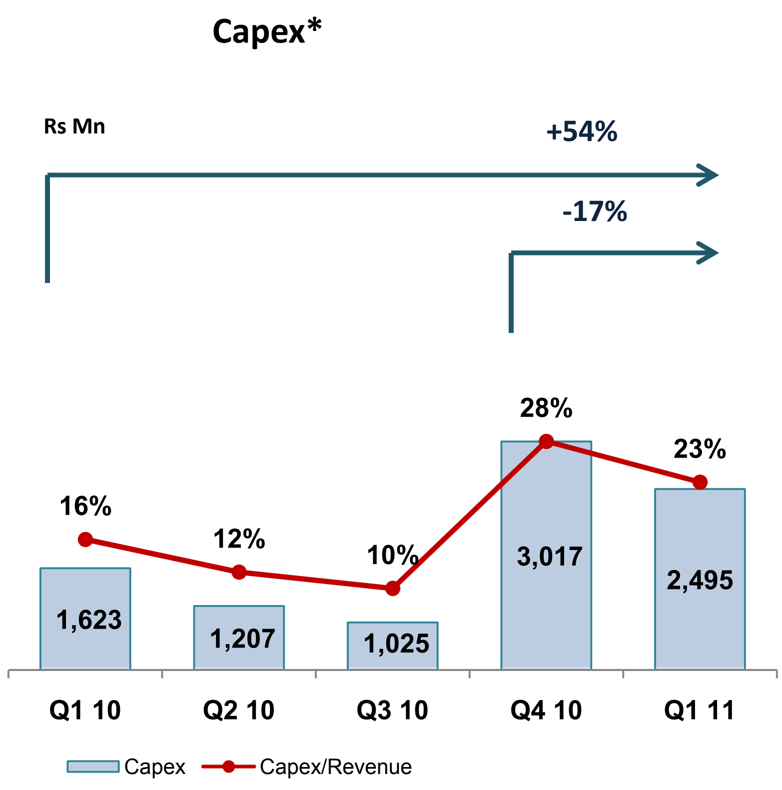
Dialog Group: P&L Highlights

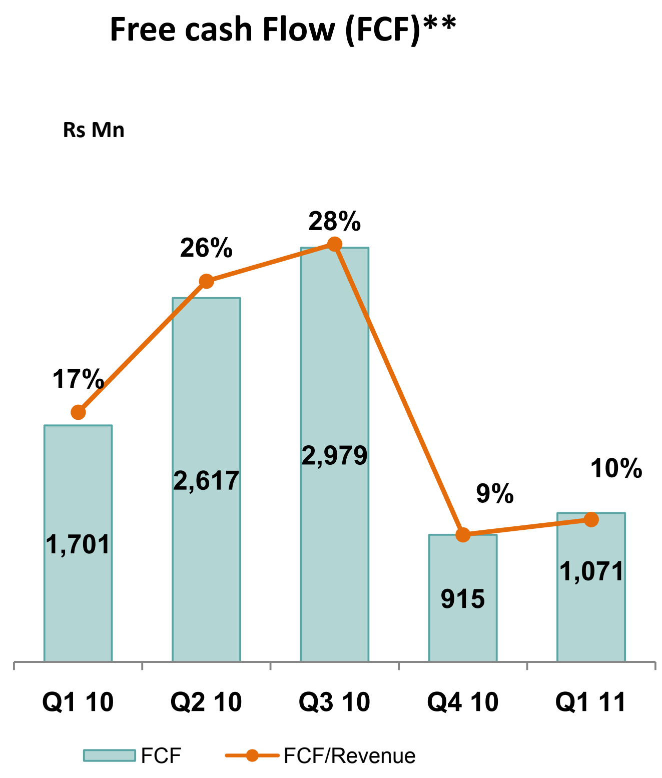
(All figures in Rs Mn)	Q1 11	QoQ Change	Q1 10	YoY Change
Revenue	10,953	+2%	9,951	+10%
Total Cost*	7,387	+8%	6,625	+12%
EBITDA	3,566	-9%	3,324	+7%
EBITDA Margin	33%	-4pp	33%	0pp
PAT	1,159	-9%	705	+64%

- **YoY growth in EBITDA driven by revenue growth and operational performance improvements at DTV & DBN**
- **QoQ Group PAT variance impacted by DTV's one-off reversals in Q4 and lower forex gain compared to Q4**

*** Excl. depreciation and impairment**

Focused Capex Spending and Robust Free Cash Flow





Lower QoQ capex due to higher network roll out in Q4

Lower free cash flows YoY due to higher capex spend

* *Capex* - Additions to PPE & CWIP
** FCF = EBITDA – Capex

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Group KPIs Performance Trends

Dialog Group Balance Sheet Recovery

(All figures in Rs Mn) except for ratio's	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Trend
Gross Debt Position*	31,421	28,520	27,557	27,636	28,307	↑
Gross Debt to EBITDA**	2.36	1.87	1.72	1.76	1.98	↑
Net Debt to EBITDA**	2.15	1.68	1.52	1.46	1.43	↓
FCF to Debt	5%	9%	11%	3%	4%	↑
Current Ratio	0.80	0.83	0.93	0.88	0.90	↑

- **Gross debt in Q1 2011 includes USD70Mn in interest-free loans from parent Axiata, Rs 2,500Mn of redeemable preference shares and USD 135Mn loan from OCBC**
- **Net debt to EBITDA improved to 1.43X in Q1 2011 from 2.15X in Q1 2010**

* Borrowings includes short term vendor financing
**Annualized EBITDA = 4 times of quarterly EBITDA

Dialog Group - Movement of outstanding borrowings QoQ

Lending Institution	Type of Loan	Currency	Facility Amount Mn.	Outstanding Mn					Maturity as at 31 Mar 2011	
				Q1'10	Q2'10	Q3'10	Q4 '10	Q1'11	Less than One year	More than one year
RCRPS Investors **	Preference Shares	LKR	5,000	3,750	2,500	2,500	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	37.5	37.5	0	37.5
HSBC	Short Term	LKR	700	0	0	0	0	0	0	0
SCB	Short Term	LKR	2,500	1,574	600	0	0	0	0	0
DFCC	Term	LKR	1,000	600	0	0	0	0	0	0
OCBC	Term	USD	100	125	135	135	135	135	33.7	101.3
Total Company Debt Rs Mn.			12,924	9,648	7,715	6,224	6,224	6,224	1,250	4,974
USD Mn.			247.5	172.5	182.5	182.5	172.5	172.5	33.7	138.8
Total DBN Debt Rs Mn.			2,450	951	170	0	0	0	0	**0**
Total Group Debt Rs Mn.			15,374	10,599	7,885	6,224	6,224	6,224	1,250	4,974
USD Mn			247.5	172.5	182.5	182.5	172.5	172.5	33.7	138.8

Dialog Axiata PLC – Company

Dialog Company: P&L Highlights

(All figures in Rs Mn)	Q1 11	QoQ Change	Q1 10	YoY Change
Revenue	10,029	+1%	9,101	+10%
Total Cost*	6,738	+7%	5,757	+17%
EBITDA	3,291	-9%	3,344	-2%
EBITDA Margin	33%	-3pp	37%	-4pp
PAT	1,371	-12%	1,276	+7%
Mobile Subscribers ('000)	7,010	+3%	6,660	+5%

- **EBITDA margin variance was driven by growth in revenue linked direct costs - International origination and domestic interconnection charges (65% contribution)**
- **Network costs increased (18% YoY) in line with the aggressive expansion of the network footprint and price hikes with respect to key inputs including electricity and fuel**
- **The variation in costs, was further influenced by the impact of VAT expenditure arising from the changes in the VAT environment applicable to the Telecom Industry**

•**Excl. depreciation and impairment**

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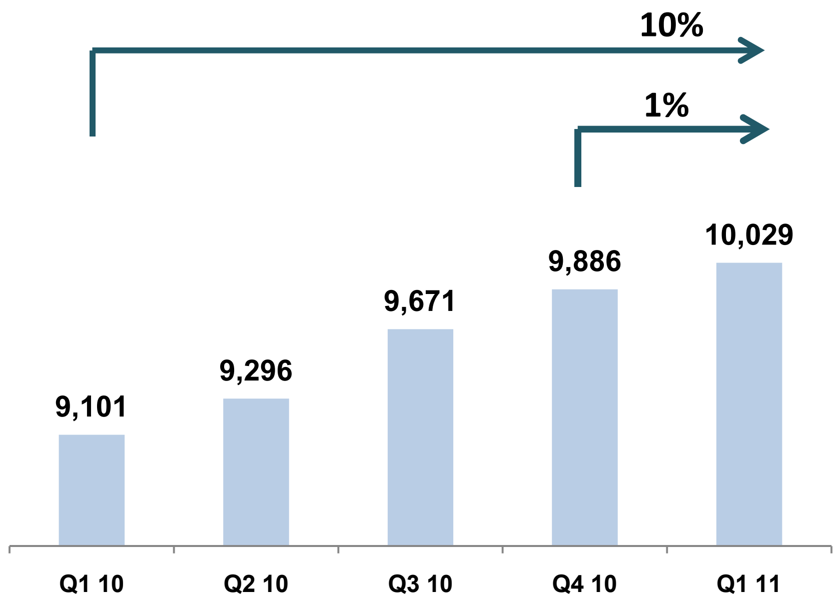
Revenue Trends – Company

Mobile Usage, Data and Tele-infra recording strong growth YoY

Quarterly Revenue – Rs Mn



- **Pre-paid revenues largely driven by MoU growth and subscriber additions**
- **Growth in postpaid revenues driven by Mobile Broadband. Non voice revenues impacted by SMS & GPRS rate revision**
- **Significant growth in infra and roaming revenues**

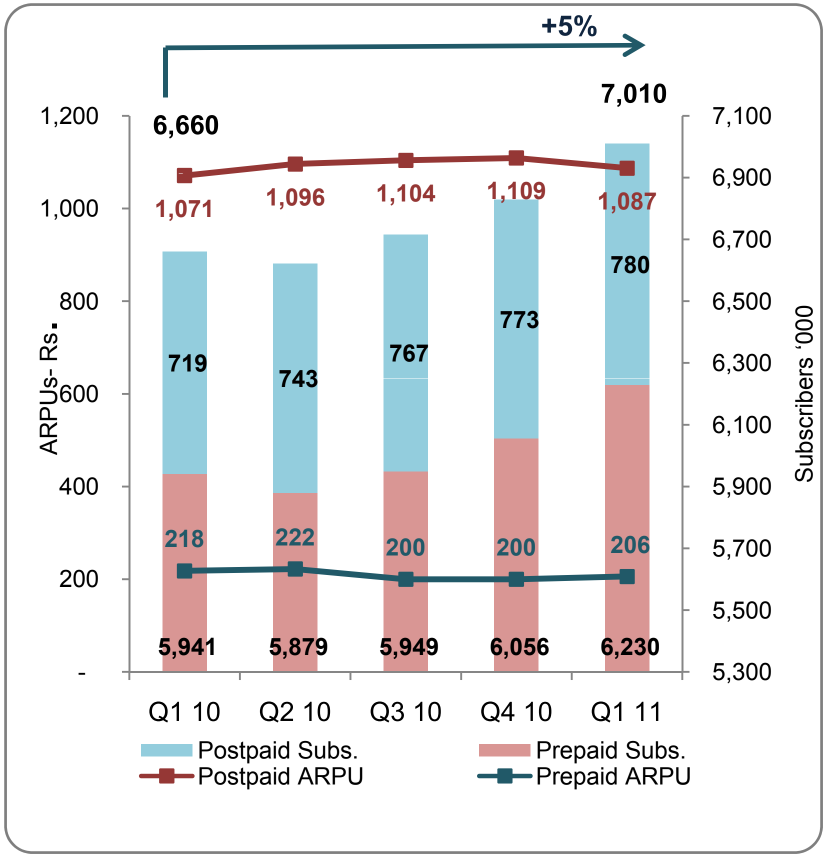
Company – Operational Performance
Moderate growth in MoU & stable RPM

Pre : Post mix

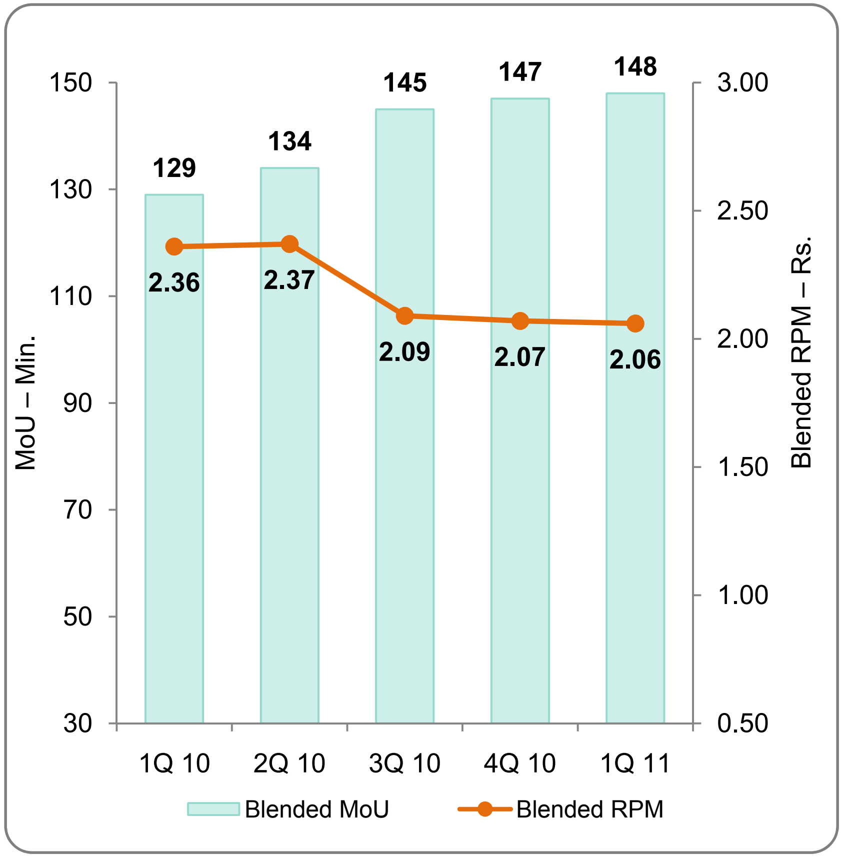
89% Pre-paid

11% Post-paid

No of Subscribers & ARPUs



Postpaid and Prepaid MOU (Minutes) & RPM (Rs)



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Company – Cost Structure

% of Revenue	Q1 10	Q4 10	Q1 11
Direct costs	13.3%	16.2%	16.2%
Sales & Marketing costs	12.3%	13.1%	13.7%
Regulatory costs	12.2%	6.4%	7.3%
Local interconnect costs	na	3.8%	3.8%
Network costs	10.4%	10.8%	11.1%
Staff related costs	6.3%	7.3%	6.8%
Bad debts	1.9%	-1.7%	0.5%
Other costs	6.9%	7.6%	7.8%
Total costs	**63.3%**	**63.5%**	**67.2%**
EBITDA Margin	**36.7%**	**36.5%**	**32.8%**
	100%	**100%**	**100%**

- **YoY increase in direct costs largely due to increase in origination cost in line with growth in minutes. Direct costs flat QoQ due to increase in origination cost offset by drop in cost of sales of phones, starter packs & accessories**
- **Sales & marketing cost increased due to higher marketing spend on sales promotions**
- **Higher QoQ regulatory cost due to frequency costs on new sites and increased Cess fees**
- **Network costs increased due to aggressive expansion of the network foot print and price hikes in electricity and fuel**
- **QoQ increase in bad debt is due to reversals in Q4**
- **Increase in other costs largely due to increase in VAT expenditure due changes in the VAT laws applicable to the telecom sector**

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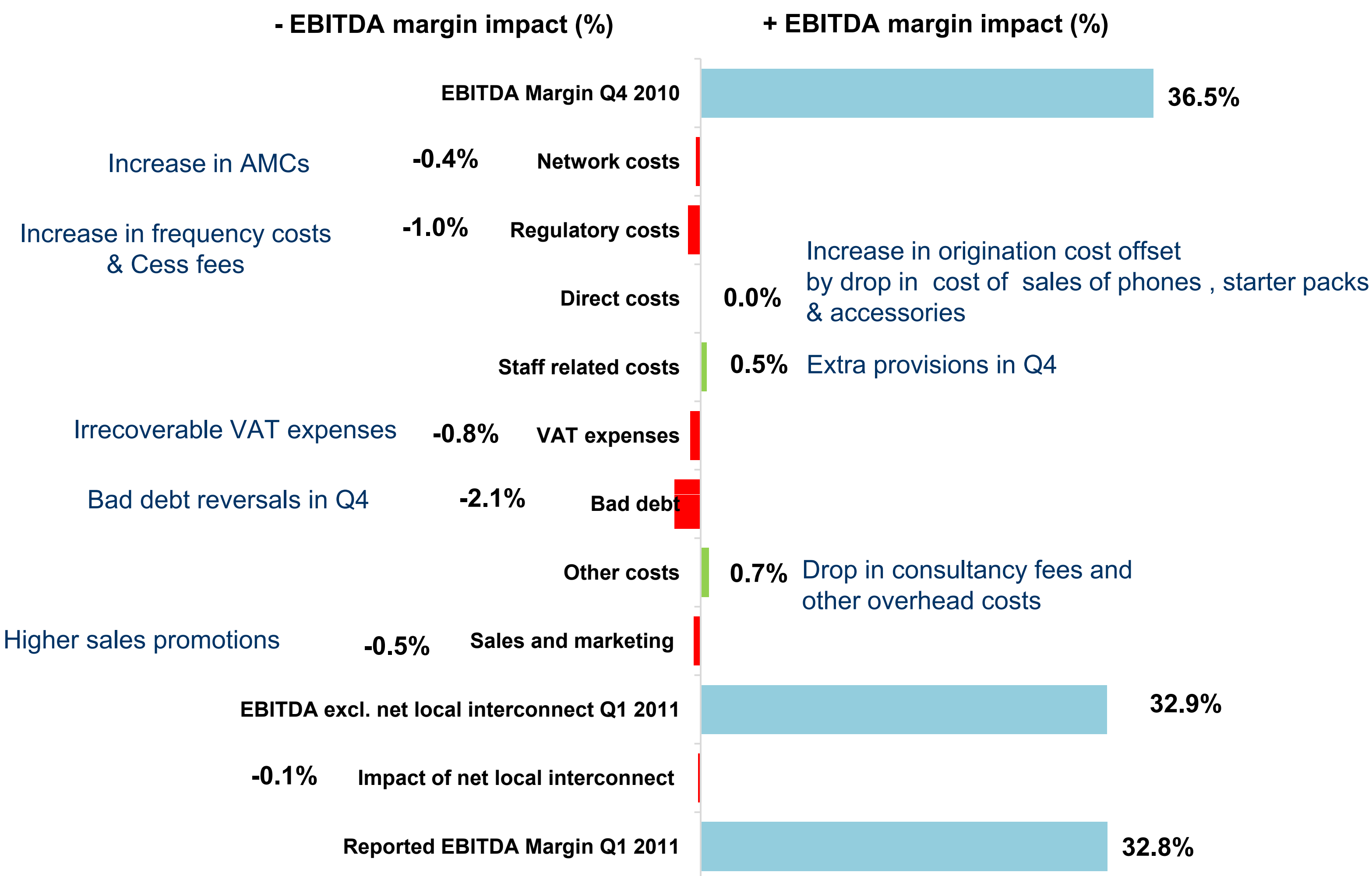
EBITDA Margin Analysis – Q1 2011

EBITDA Margin movement Q4 2010 to Q1 2011



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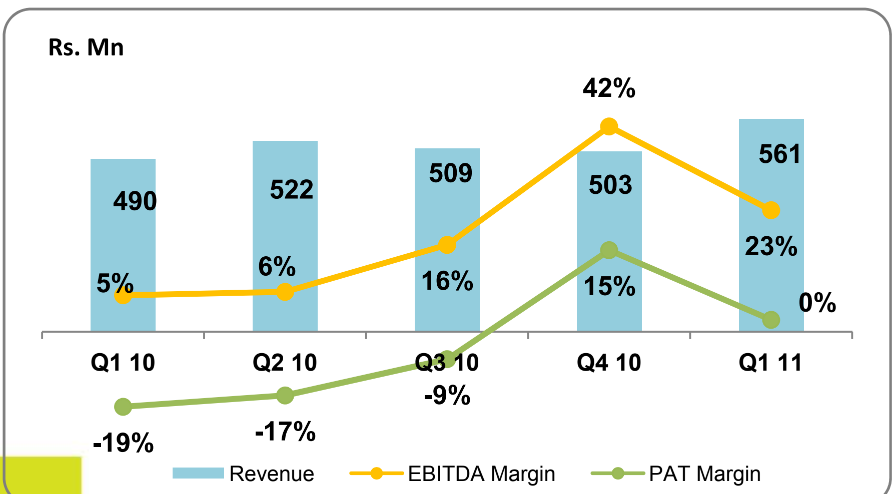
Subsidiary Performance

DTV: P&L Highlights
Strong revenue growth driven by higher ARPUs & Subscriber additions

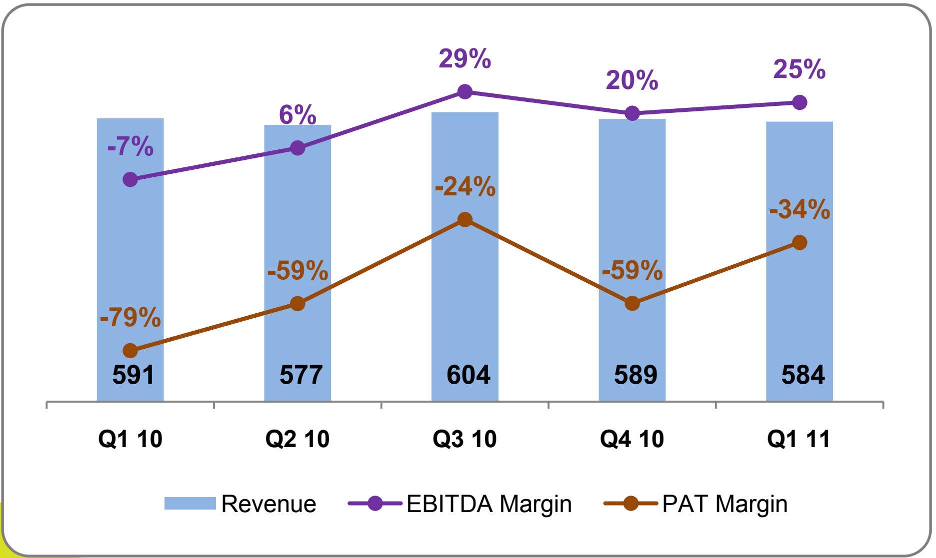
(All figures in Rs Mn)	Q1 11	QoQ Change	Q1 10	YoY Change
Revenue	561	+12%	490	+15%
EBITDA	131	-37%	24	+>100%
EBITDA Margin	23%	-19pp	5%	+18pp
PAT	(2)	-103%	(94)	+97%
Pay Tv Subscribers ('000)	181	+8%	160	+13%



- Revenue Growth driven by Subscriber additions and Premium Channel subscriptions
- QoQ EBITDA & PAT variance derived from one-off reversals in Q4 2010

DBN: P&L Highlights
Growth in EBITDA and PAT driven by Cost improvements

(All figures in Rs Mn)	Q1 11	QoQ Change	Q1 10	YoY Change
Revenue	584	-1%	591	-1%
EBITDA	145	+21%*	- 44	+>100%
EBITDA Margin	25%	+5pp	-7%	+32pp
PAT	(197)	+44%	(465)	+58%
CDMA & Broadband Subscribers ('000)	198	+1%	186	+7%



- **Positive EBITDA for the fourth consecutive quarter**
- **EBITDA growth driven by savings in direct and operating costs**

*** Q4 performance incl. an exceptional provision of Rs 100Mn w.r.t. accumulated VAT balances**

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Thank You