



Dialog Axiata PLC

Sri Lanka's Premier Connectivity
Provider

Investor Forum Q2 2011

Dialog Group

Q2 2011 Group Performance Highlights



Strong Financial Performance

- Healthy growth in Group revenue backed by growth in Company revenue
Up 1% QoQ and 9% YoY
- EBITDA at Rs3.8Bn increased by 7% QoQ; enhanced EBITDA margin of 34%
- Group PAT at Rs1.4Bn grew 19% QoQ and 22% YoY with PAT margin strengthening by 2ppts to 13% in Q2 and 12% in 1H
- Strong growth in Infra revenues with 46% increase YoY
- Maintains positive FCF for the sixth consecutive quarter

Technology and Reach

- Coverage leadership consolidated
Over 2000 2G and 1000 3G/3.5G base stations on air
Completion of OFN National routes Colombo – Matara & Colombo - Kandy
4G trial extended to key regional centers across the country

Subscriber Growth Parameters

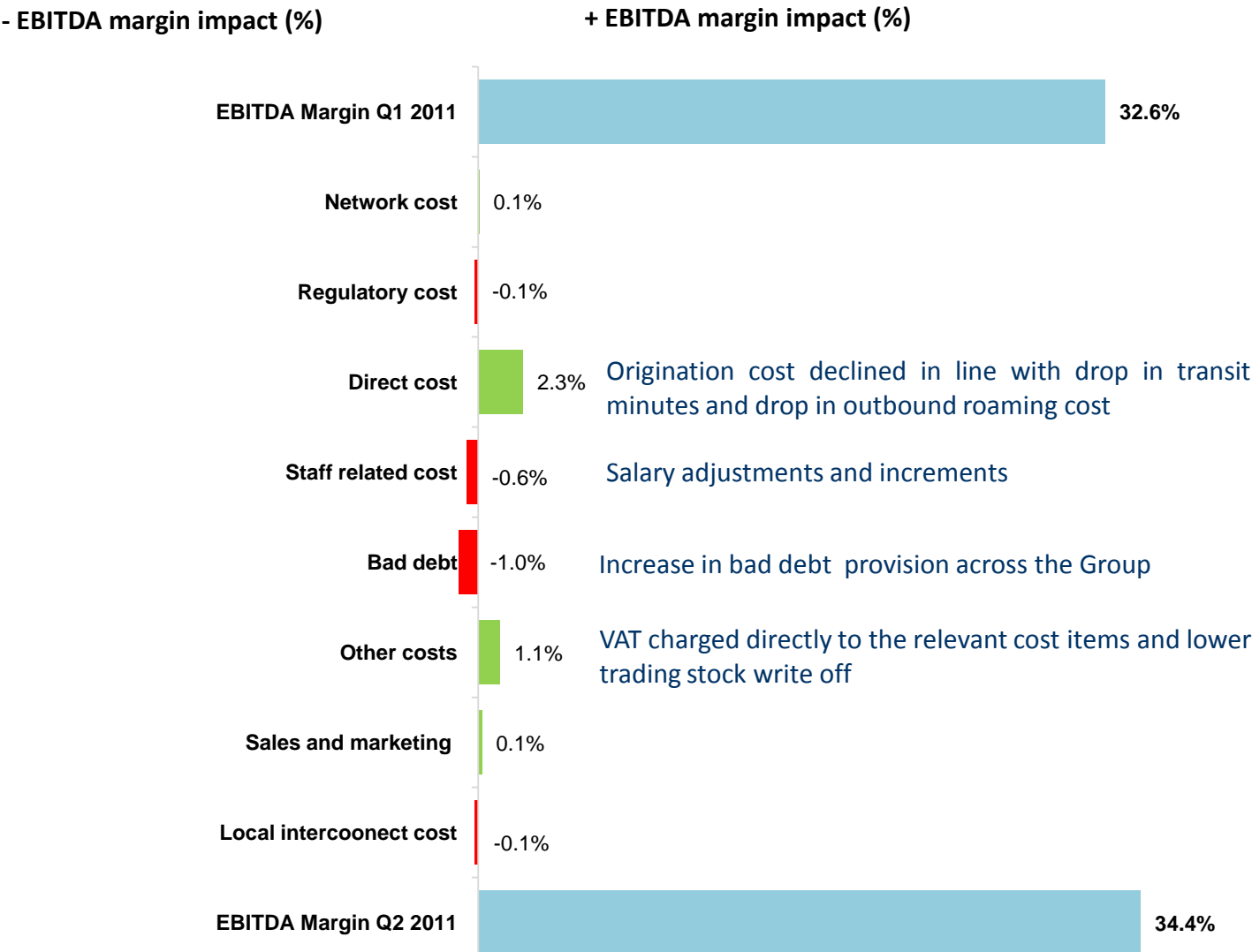
- Mobile subscribers up 5% YoY;
- Pay Tv subscriber base was recorded at 184k by Q2

Dialog Group: P&L Highlights

(All figures in Rs Mn)	Q2 11	QoQ Change	YoY Change	1H 11	YTD Change
Revenue	11,063	+1%	+9%	22,016	+9%
EBITDA	3,806	+7%	-0.5%	7,373	+3%
EBITDA Margin	34%	+1pp	-4pp	33%	-3pp
PAT	1,384	+19%	+1%	2,543	+22%
PAT Margin	13%	+2pp	-1pp	12%	+2pp

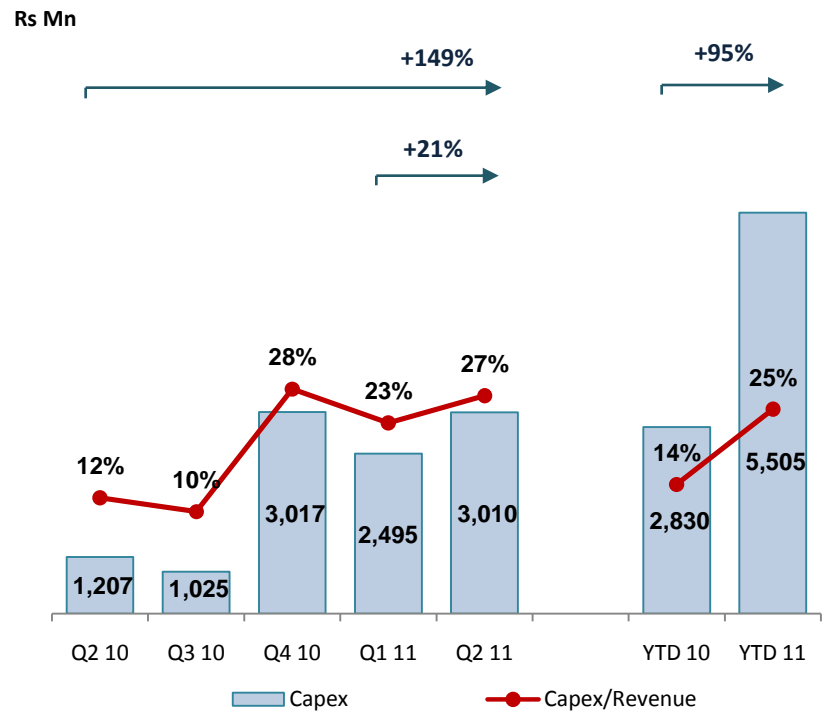
- Q2 Group EBITDA increase is largely due to improved EBITDA at Company and DBN
- Continued focus on revenue and costs resulting in improved profitability in Q2 2011

Group EBITDA Margin Analysis – Q2 2011

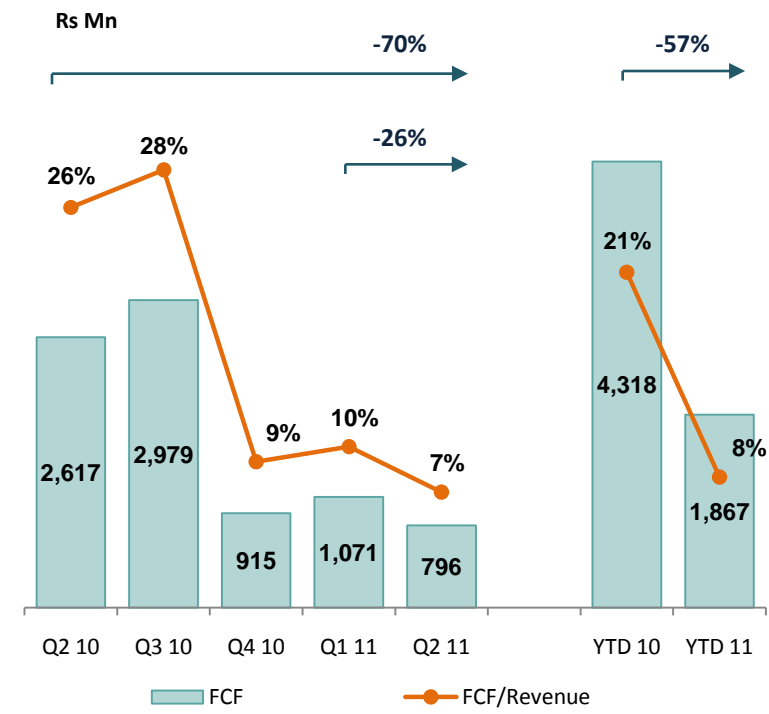


Forward Investments to support expanding usage and revenue

Capex*



Free cash Flow (FCF)**



- Higher capex to meet increased take up of data and minutes usage
- YoY mobile broadband revenue doubled while MoUs increased by 15%

Lower free cash flows due to higher capex spend

* Capex - Additions to PPE & CWIP including Rs200Mn for LTE spectrum in Q2 2011
** FCF = EBITDA – Capex



Group KPIs Performance Trends

(All figures in Rs. Mn.) except for ratio's	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	Trend
Gross Debt Position*	28,520	27,557	27,636	28,307	27,654	↓
Gross Debt to EBITDA**	1.87	1.72	1.76	1.98	1.82	↓
Net Debt to EBITDA**	1.63	1.47	1.41	1.43	1.27	↓
FCF to Debt	9%	11%	3%	4%	3%	↓
Current Ratio	0.83	0.93	0.88	0.90	0.82	↓

Gross debt in Q2 2011 includes USD37.5Mn and Rs 3.7Bn interest-free loans from parent Axiata, Rs1.25Bn of redeemable preference shares, USD132.5Mn loan from OCBC and vendor financing of Rs3.3Bn

USD12.5Mn OCBC loan was repaid and Rs 1.25Bn of preference shares were redeemed

USD 10Mn was drawn down from OCBC in June

Net debt to EBITDA improved to 1.27X in Q2 2011 from 1.43X in Q1 2011

* Borrowings includes short term vendor financing

** Annualized EBITDA = 4 times of quarterly EBITDA

Dialog Axiata PLC – Company

Dialog Company: P&L Highlights

(All figures in Rs Mn)	Q2 11	QoQ Change	YoY Change	1H 11	YTD Change
Revenue	10,148	+1%	+9%	20,177	+10%
EBITDA	3,524	+7%	-6%	6,816	-4%
EBITDA Margin	35%	+2pp	-5pp	34%	-5pp
PAT	1,616	+18%	-11%	2,987	-3%
PAT Margin	16%	+2pp	-4pp	15%	-2pp

Increase in Q2 EBITDA due to reduced marketing related expenses and decrease in origination cost

Marginal decline in YTD EBITDA due to increase in operating costs by 18% due to;

Costs expansion in revenue linked costs and network operating costs

Non recoverable VAT expenditure arising from changes in VAT laws since January 2011

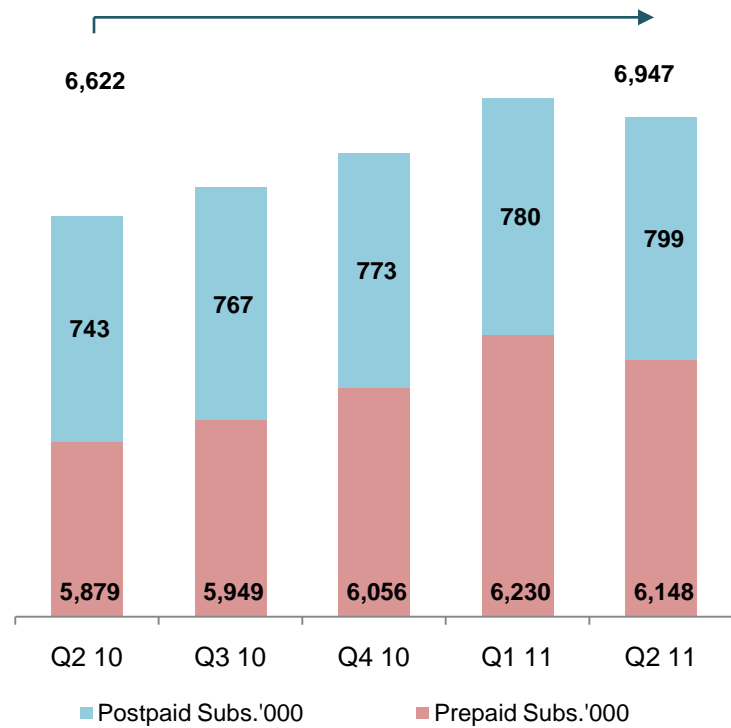
QoQ increase in PAT due to higher EBITDA and realised forex gains in Q2 2011

Company – Operational Performance

Stable ARPUs despite intense competition

No of Subscribers

Total subs growth +5% yoy; -1% qoq
Postpaid subs growth +8% yoy; +2% qoq
Prepaid subs growth +5% yoy; -1% qoq

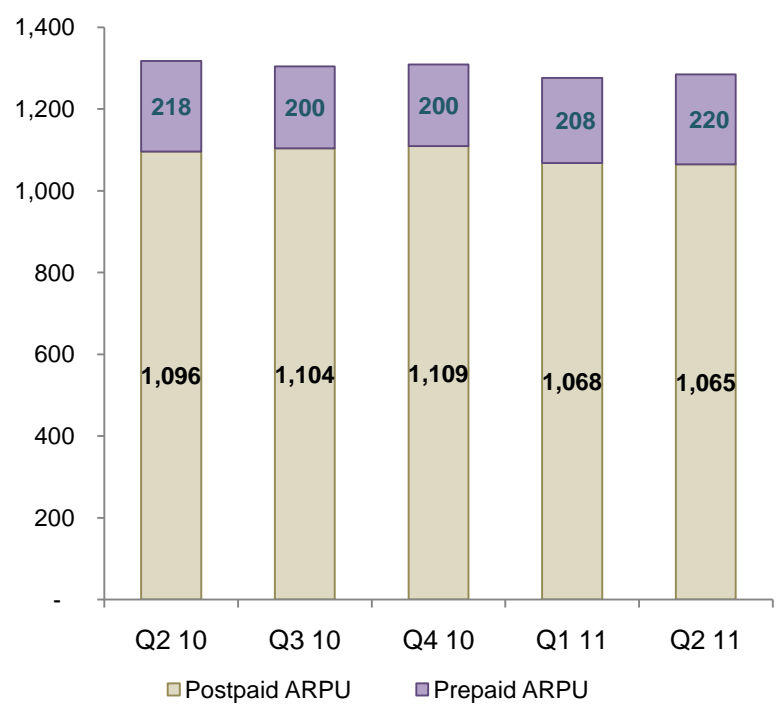


Pre : Post mix

88%
Pre-paid

12%
Post-paid

Pre & Post ARPUs (Rs)



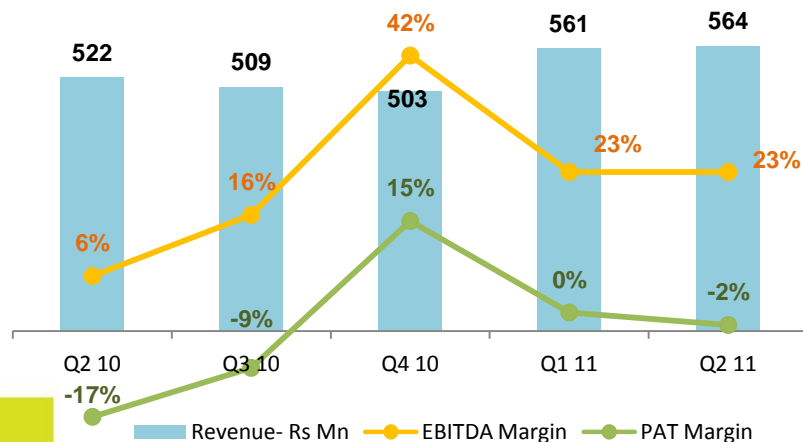
QoQ Prepaid Subscribers marginally down due to rationalisation of the inactive subscribers to optimize utilisation of network resources



Subsidiary Performance

Dialog Television (DTV): P&L Highlights

(All figures in Rs Mn)	Q2 11	QoQ Change	YoY Change	1H 11	YTD Change
Revenue	564	+1%	+8%	1,125	+11%
EBITDA	128	-3%	+>100%	259	+>100%
EBITDA Margin	23%	0pp	+17pp	23%	+18pp
PAT	(12)	->100%	+87%	(14)	+92%
Pay Tv Subscribers ('000)	184	+2%	+16%		

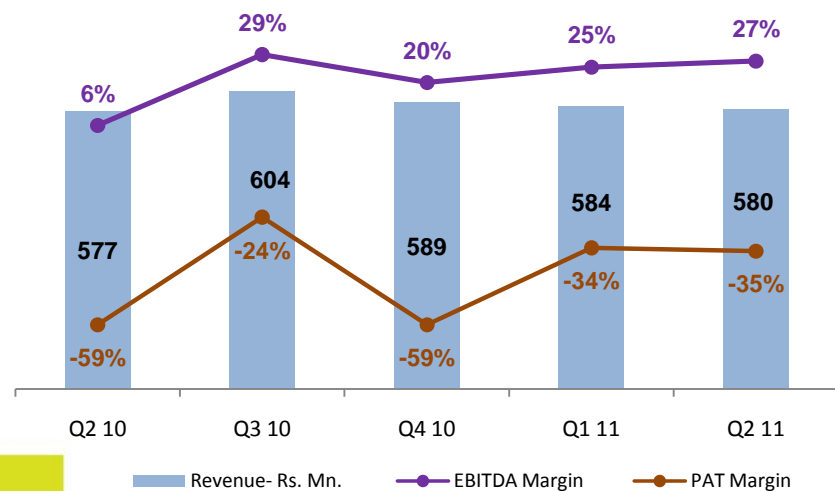


Increased revenues driven by growth in Subscription revenue

PAT impacted due to increased operating expenses negating savings in direct costs and growth in revenue

Dialog Broadband Networks (DBN): P&L Highlights

(All figures in Rs Mn)	Q2 11	QoQ Change	YoY Change	1H 11	YTD Change
Revenue	580	-1%	+1%	1,164	-0.3%
EBITDA	158	+9%	+>100%	303	+>100%
EBITDA Margin	27%	+2pp	+11pp	26%	+27pp
PAT	(205)	-4%	+40%	(402)	+50%
CDMA & Broadband Subscribers ('000)	197	-1%	+4%		



QoQ EBITDA growth due to savings in operating costs

PAT impacted by higher depreciation due to commissioning of OFN routes and additional provision for irrecoverable VAT in Q2

New Products and Promotions in 2011

Lowest IDD per minute package...

Advertisement for the lowest IDD per minute package. It features a globe with flags for the UK, Canada, and USA. A pink circle highlights 'Lowest IDD rates Rs. 2/-'. Below the globe, it says 'UK CANADA USA'. At the bottom, it says 'No more gDND Calls with Per Minute IDD COOL CALL'. A table of rates is visible on the left.

Sri Lanka's largest rewards programme ...

Advertisement for Dialog's 'LORD OF THE RING' rewards programme. It features a man in a white shirt and a red car. Text includes 'Dialog LORD OF THE RING', '250', 'ඔබගේ රිං ලක්ෂ 250', 'සමස්ත වැට් 1,700', and 'Dialog'.

Two Dialog Tv connections for the price of Rs.9,990...

Advertisement for Dialog TV connections. It features a satellite dish and the text 'BUY 1 GET 1 FREE NO CONDITIONS APPLY'. Below it, it says 'Get two Dialog TV connections for the price of Rs. 9,990/-'. The Dialog logo is at the bottom.

Preferential rates on outbound roaming with Axiata partner networks ...

Advertisement for Axiata's 'ROAM FREE!' offer. It features a lion and the text 'ROAM FREE!'. Below it, it says 'Call and SMS Sri Lanka for Just Rs. 10/- When You Roam'. The Axiata and Dialog logos are at the bottom.

Exciting new packages...

Advertisement for Dialog's 'H250' package. It features a woman and the text 'H250 Your Voice Your Space'. Below it, it says 'Yes, I'm young. I have a great story to tell. BUT MORE THAN ANYTHING, I JUST WANT YOU TO HEAR MY VOICE.' The package details are: 250 MINS Free calls, 250 TXTS Free SMS, and 250 MB Free data. The Dialog logo is at the bottom.

Extending our range of market leading smartphones...

Advertisement for Dialog's smartphone offerings. It features a hand holding a Samsung Galaxy S II and a BlackBerry Bold 9730. Text includes 'NEW Samsung GALAXY S II THE GREATEST SMARTPHONE EVER.' and 'BlackBerry Bold 9730'. The Dialog logo is at the bottom.

Vodafone K3806- with 3 vibrant covers to choose from...

Advertisement for the Vodafone K3806. It features three different phone covers (red, black, and pink) and the text 'Switch skins as the mood takes you!'. Below it, it says 'The Vodafone K3806 Dangle now has 3 vibrant covers to choose from'. The Dialog logo is at the bottom.

Create your very own mini WI- FI zone with Mi-Fi...

Advertisement for Dialog's Mi-Fi service. It features a group of people using laptops and the text 'Mi-Fi Create your very own mini WI- FI zone!'. Below it, it says 'Price: Rs. 9,800/-'. The Dialog logo is at the bottom.

Thank You