



Investor Forum Q2 2010

Enriching Sri Lankan Lives

an axiata company

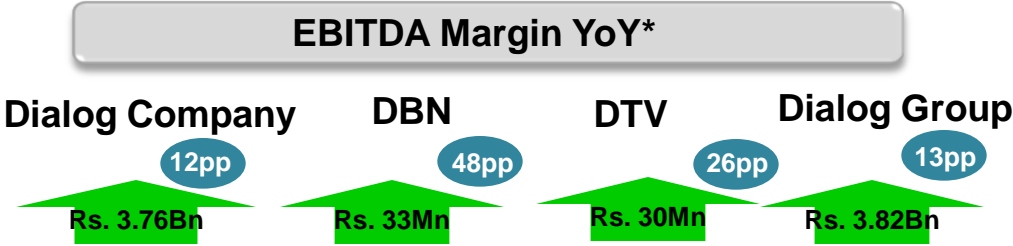


Dialog Group

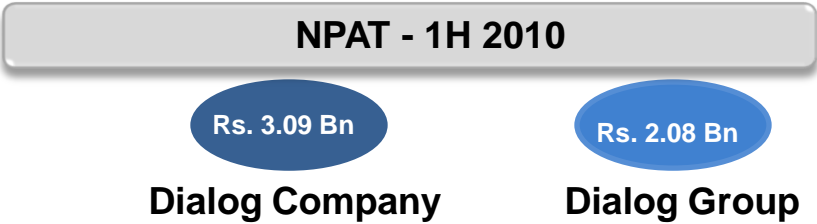
Group Performance Highlights

Improvement in EBITDA Margins due to diligent and continuous cost management initiatives

Increase in EBITDA margin 

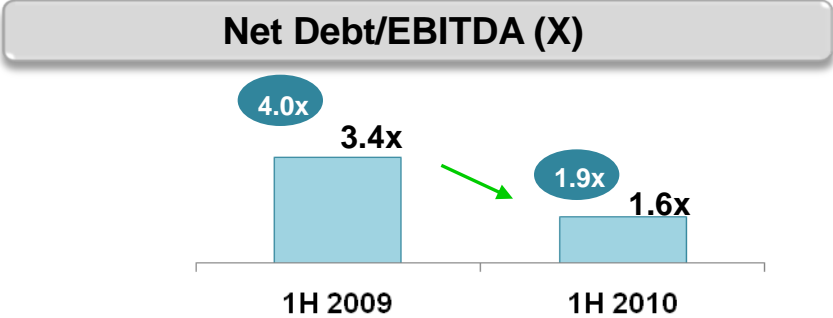


Impressive NPAT improvement at Group and Company level

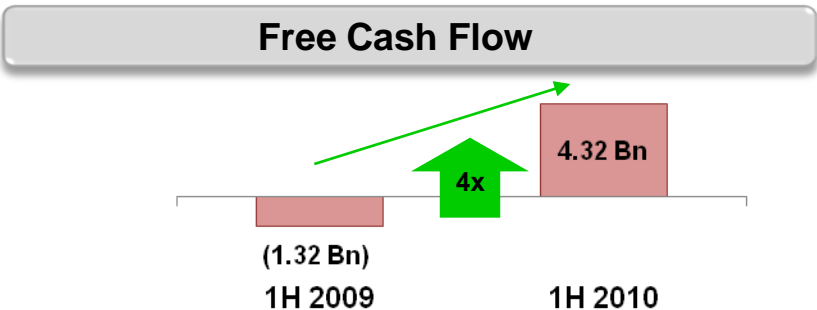


Strengthened capital structure with de-leveraging of balance sheet with lower Net Debt / EBITDA at 1.86x

Gross Debt / EBITDA 



Group positive Free Cash Flow due to prudent Capex and healthy operating cash flows





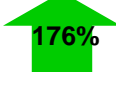









*Q2 10 Vs. Q2 09 (normalised performance)




Performance Trend

QoQ Performance Overview (Q2 10 Vs. Q1 10)

	Revenue	EBITDA	NPAT
Dialog Axiata PLC (Company)	 2%	 12%	 42%
Dialog Broadband Networks (DBN)	 -2%	 176%	 27%
Dialog Television (DTV)	 7%	 23%	 7%
Dialog Group	 2%	 15%	 95%


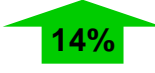





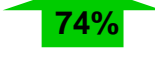

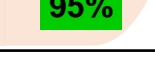
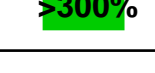
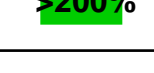
YoY Performance Overview* (Q2 10 Vs. Q2 09)

	Revenue	EBITDA	NPAT
Dialog Axiata PLC (Company)	 14%	 65%	 >1000%
Dialog Broadband Networks (DBN)	 -1%	 113%	 42%
Dialog Television (DTV)	 27%	 135%	 61%
Dialog Group	 14%	 74%	 >300%

*Q2 10 Vs. Q2 09 (normalised performance)

Dialog Group: P&L Highlights

- ✓ Group costs **declined by 4% QoQ and 5% relative to 1H 09**
- ✓ EBITDA improved **by 15% QoQ and 80% relative to 1H 09**
- ✓ NPAT improved **by 95% a on a QoQ basis**

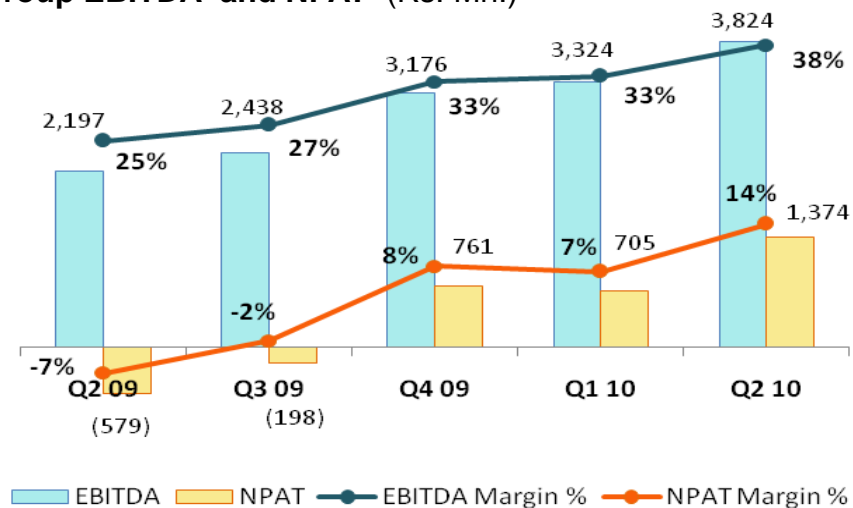
(All figures in Rs. Mn.)	Q2 10	QoQ change	Q2 10 Vs. Q2 09	YTD 10	YTD change
Revenue (incl. Site sharing income)	10,160	 2%	 14%	20,111	 15%
Total Cost*	6,337	 4%	 5%	12,964	 5%
EBITDA**	3,824	 15%	 74%	7,148	 80%
NPAT**	1,374	 95%	 >300%	2,079	 >200%

* Excl. depreciation and impairment

** Q2 2010 and 1H 10 reported performance has been compared against normalised performance in Q2 09 and 1H 09

Dialog Group – Consolidated Performance Trends

Group EBITDA and NPAT* (Rs. Mn.)



EBITDA margin

38%

- Up 13% pts Vs Q2 09 (Norm)
- EBITDA **growth of 80% YTD and 15%** Vs. Q1 10

NPAT margin

14%

- Up 21% pts Vs Q2 09 (Norm)

Group Financial Summary (Rs. Mn.)

	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10
EBITDA** (Reported)	1,878	2,400	2,818	3,324	3,824
% Growth		28%	17%	18%	15%
EBITDA** (Normalised)	2,197	2,438	3,176	3,324	3,824
% Growth		11%	30%	5%	15%
NPAT (reported)	(7,668)	(439)	(2,233)	705	1,374
% Growth		94%	-409%	132%	95%
NPAT (Normalised)	(579)	(198)	761	705	1,374
% Growth		66%	484%	-7%	95%

* 2009 figures are based on normalised performance


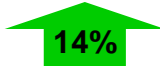






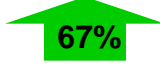



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** EBITDA has been restated to incl. revenue from site sharing income classified under other operating income

Dialog Axiata PLC – Company

Dialog Axiata PLC: P&L Highlights

- ✓ Revenue **grew by 2% QoQ and 15% relative to 1H 09**
- ✓ EBITDA improved **by 12% QoQ and 67% relative to 1H 09**
- ✓ NPAT improved **by 42% a on a QoQ basis**

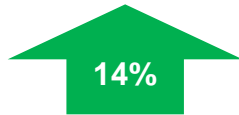
(All figures in Rs. Mn.)	Q2 10	QoQ change	Q2 10 Vs. Q2 09	YTD 10	YTD change
Revenue (incl. Site sharing income)	9,296	 2%	 14%	18,397	 15%
Total Cost*	5,539	 4%	 5%	11,296	 5%
EBITDA	3,757	 12%	 65%	7,101	 67%
NPAT	1,813	 42%	 >1000%	3,090	 >600%

* Excl. depreciation and impairment

** Q2 2010 and 1H 10 reported performance has been compared against normalised performance in Q2 09 and 1H 09

Revenue Trends - Company

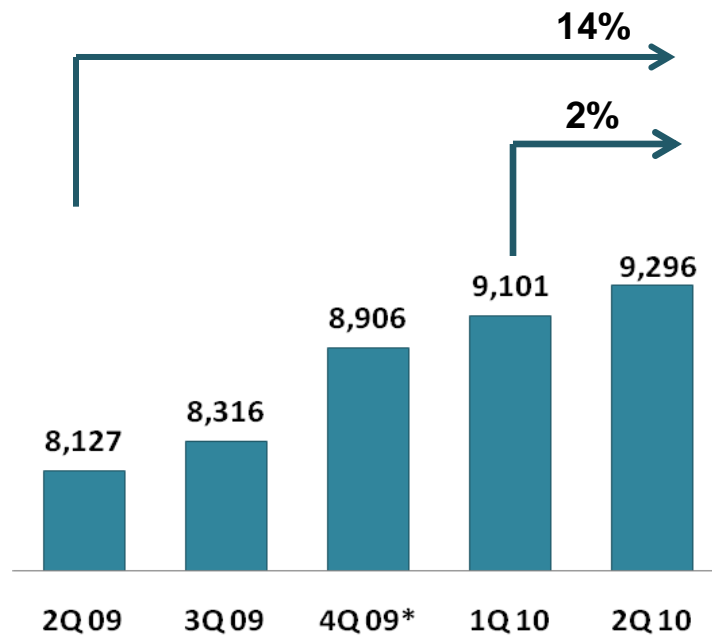
Company Revenue



- ✓ Amidst intense competition
- ✓ Increase in Inbound roaming revenue
- ✓ International voice termination up 30% YoY

- Pre-paid revenue dominant contributor to revenue with 42% share
- Post-paid revenue continued to increase
- Non voice revenue account for 10% of total revenue
- Robust 53% increase in Site sharing revenue

Quarterly Revenue* – Rs. Mn.



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

Dialog: operational performance

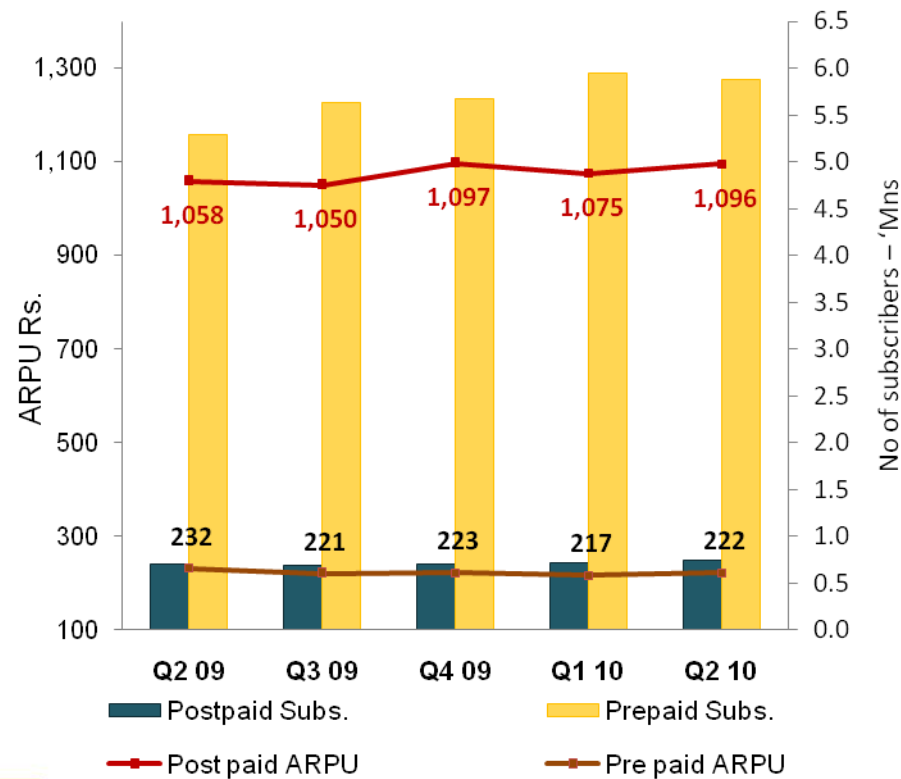
Stabilising ARPUs/RPMs amidst competitive environment

Pre : Post mix

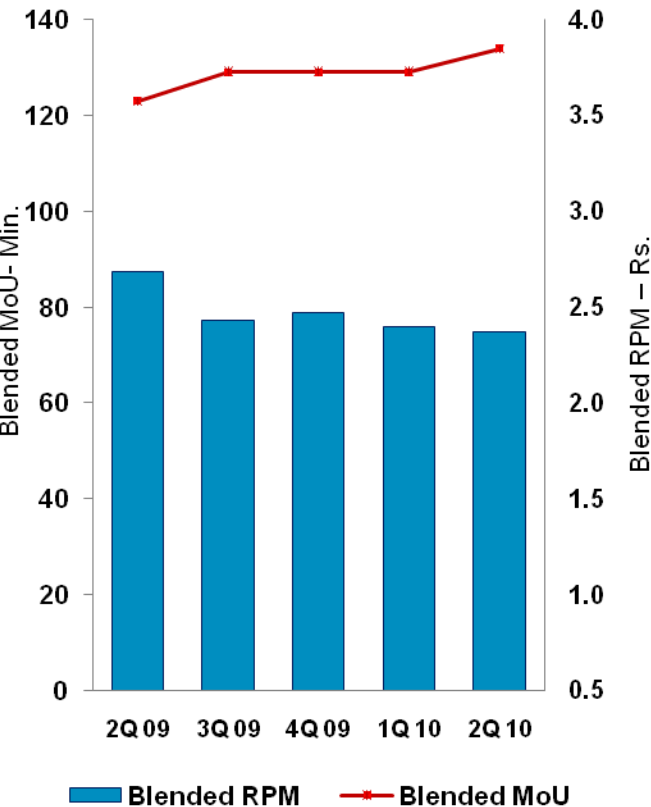
89%
Pre-paid

11%
Post-paid

No of Subscribers & ARPUs



MOU (Minutes) & RPM (Rs.)

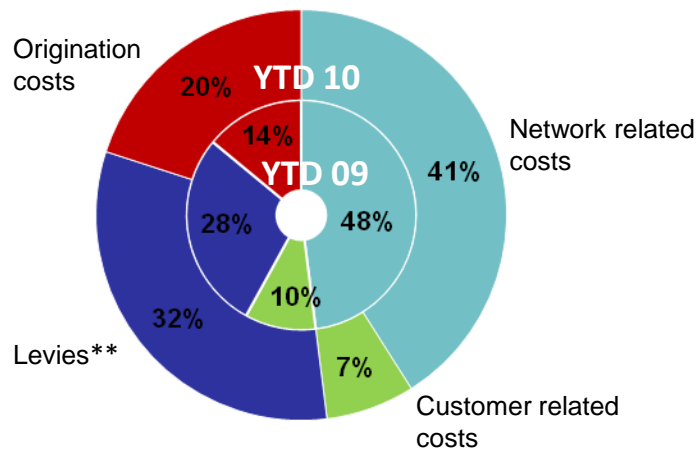


Direct Costs: Further improvements due to Cost management

Direct Cost Composition*

Direct Cost grew by 2% YTD

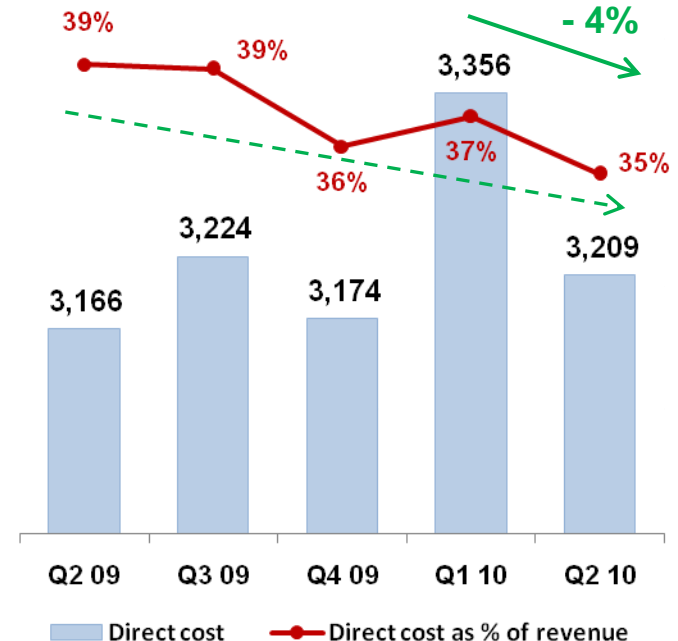
- ✓ Levies and Origination cost – significant components of Direct Costs
 - Levies increased 17% YTD due to increase in international termination
 - Origination cost up by 50% YTD in line with increased international traffic
- ✓ Network related cost declined by 12% YTD
 - Cost saving of Rs. 184 Mn. in AMCs and Electricity charges due to modernisation exercise in Q2 09



Direct Cost* declined by 4% QoQ

- ✓ Direct cost as a % of revenue
 - 35% in Q2 10
 - Improved by 4% points relative to Q2 09

Direct Costs trends* – Q2 09 to Q2 10



* excl. depreciation and non-recurring charges in 1H 2009

** Incl. international telecommunication levy and frequency fees

Continuous improvements in Operating Costs

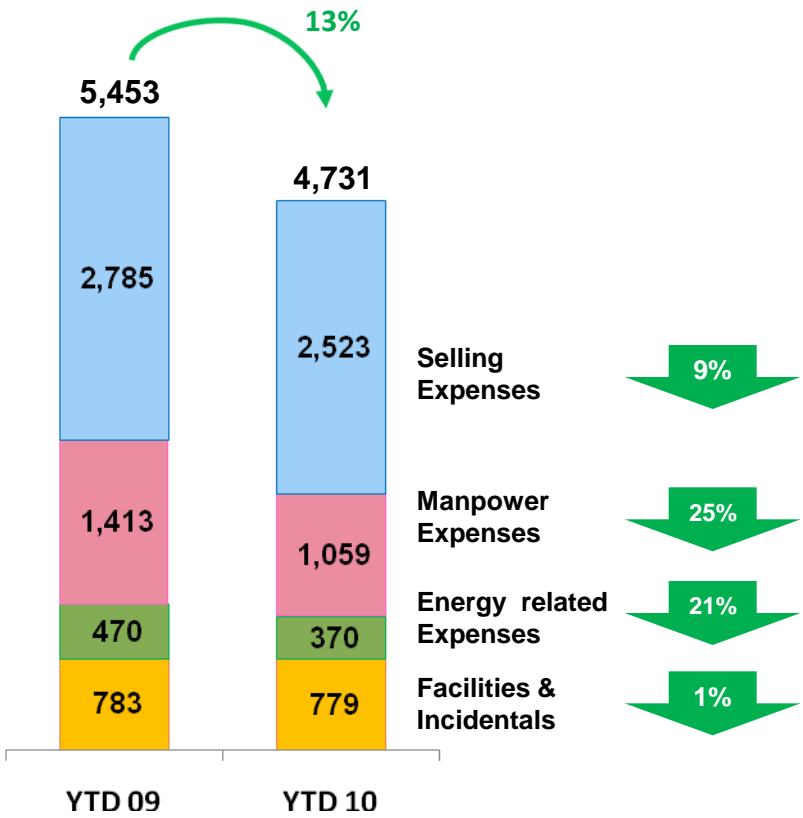
Operating Costs declined by 13% YTD, 3% QoQ and 13% YoY

- ✓ Decline in operating costs were driven by reduction in operating overheads, administration and manpower related expenses

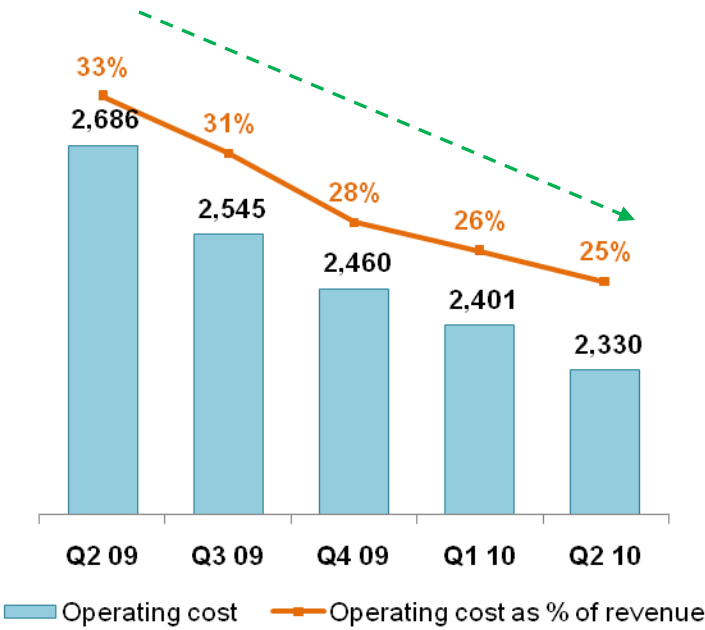
✓ Operating cost as a % of revenue

- 25% in Q2 10
- Improved by 8% points relative to Q2 09

Operating Cost Composition* Rs Mn.



Operating Costs trends Rs. Mn* – Q2 09 to Q2 10

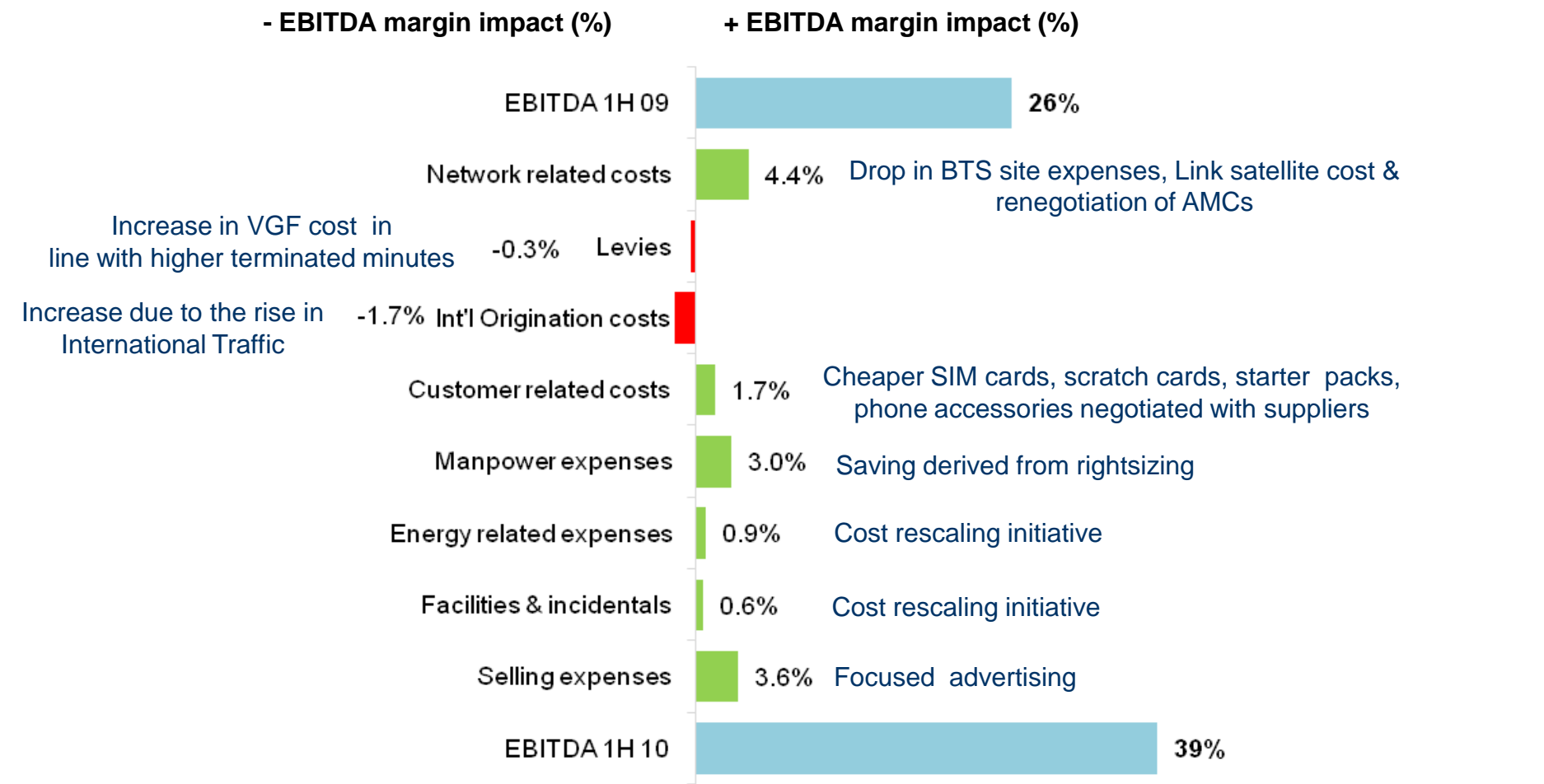


* excl. depreciation and non-recurring charges



Significant improvement in margins in 1H 10

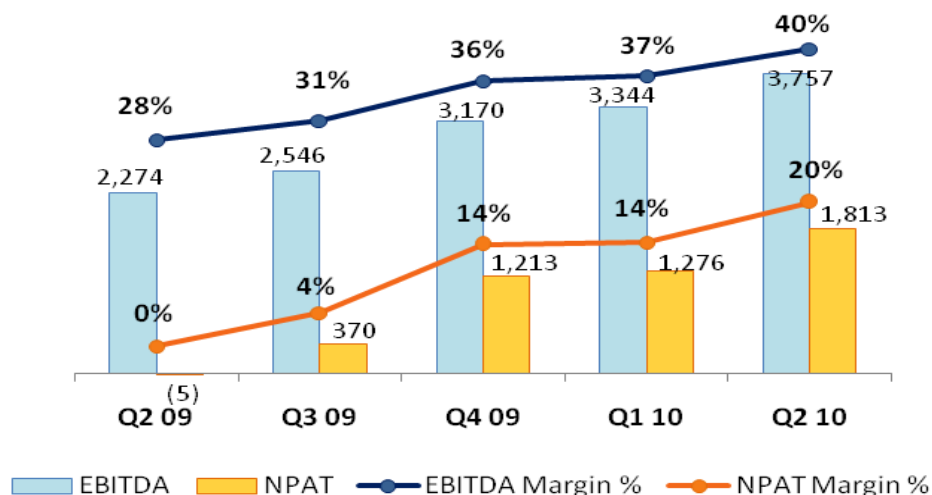
EBITDA Margin Movement 1H 2009 to 1H 2010



* 1H 2010 reported performance has been compared against normalised performance in 1H 2009

Dialog Company – Performance Trends

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



EBITDA margin

40%

- Up 12% pts Vs Q2 09 (Norm)
- EBITDA **growth of 67% YTD and 12%** Vs. Q1 10

NPAT margin

20%

- Up 20% pts Vs Q2 09 (Norm)

Dialog Company Financial Summary (Rs. Mn.)

	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10
EBITDA (Reported)**	1,801	2,466	2,820	3,344	3,757
% Growth		37%	14%	19%	12%
EBITDA (Normalised)**	2,274	2,546	3,170	3,344	3,757
% Growth		12%	24%	6%	12%
NPAT (Reported)	(7,246)	313	(1,160)	1,276	1,813
% Growth		104%	-470%	210%	42%
NPAT (Normalised)	(5)	370	1,213	1,276	1,813
% Growth		7,542%	228%	5%	42%

* 2009 figures are based on normalised performance

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

Summary of outstanding borrowings - As at 30 June 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.
SCB	Loan Facility	LKR	22.04	5.28	5.28	0.00
OCBC	Term Loan	USD	200.00	135.00	7.81	127.19
Total			222.04	140.28	13.09	127.19

*SCB facility is a revolving trade facility

** Above excludes vendor financing and shareholder advances

Credit Lines

- The Company drew down further USD 10Mn. from OCBC loan in May '10
- During Q2 10 Company prepaid DFCC loan of Rs. 600 Mn. and Rs. 974Mn. trade facility from SCB
- 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)

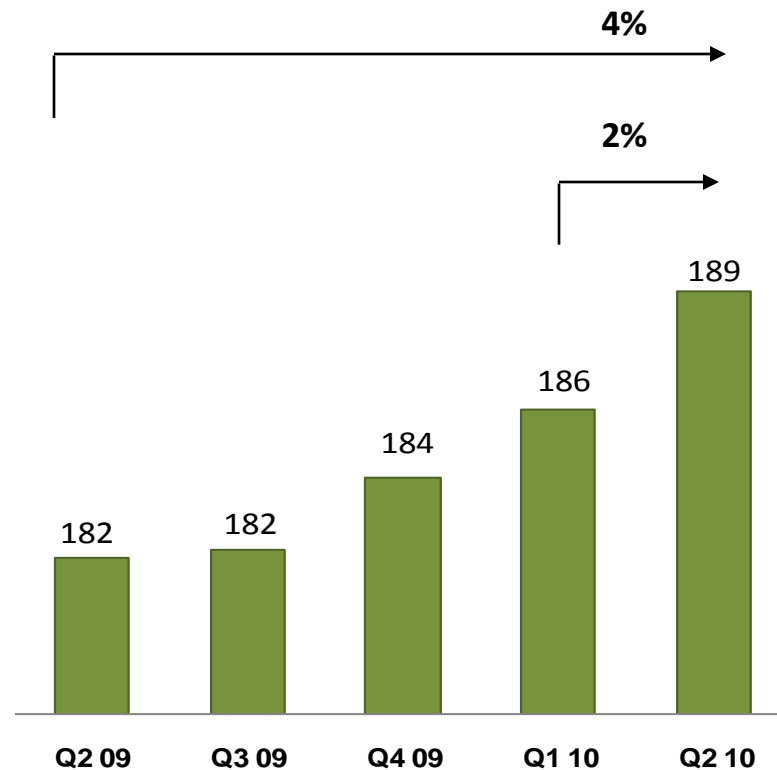
- ✓ Revenue declined by 2% QoQ and 1% relative to Q2 09
- ✓ EBITDA up 176% QoQ and 113% relative to Q2 09 due to continuous cost management efforts
- ✓ NPAT **improved by 27% on a QoQ basis and 42% relative to Q2 09**

(All figures in Rs. Mn.)	Q2 10	QoQ change	Q2 10 Vs. Q2 09	YTD 10	YTD change
Revenue	577	-2%	-1%	1,167	
EBITDA	33	176%	113%	(10)	97%
NPAT	(341)	27%	42%	(807)	22%

DBN records positive EBITDA in Q2 10 for the first time since Q3 08


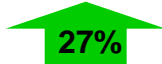





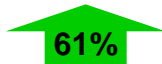

- ✓ Broadband and ISP revenue increased by 26% YoY driven by increase in broadband and internet subscribers by 17% YoY
- ✓ CDMA and Broadband subscriber base increased by 4% YoY and 2% QoQ

CDMA and Broadband Subscribers '000



Dialog Television (DTV)

- ✓ **Positive EBITDA for the second successive quarter**
- ✓ EBITDA up 23% QoQ and 135% relative to Q2 09
- ✓ NPAT **improved by 7% on a QoQ basis and 61% relative to Q2 09**

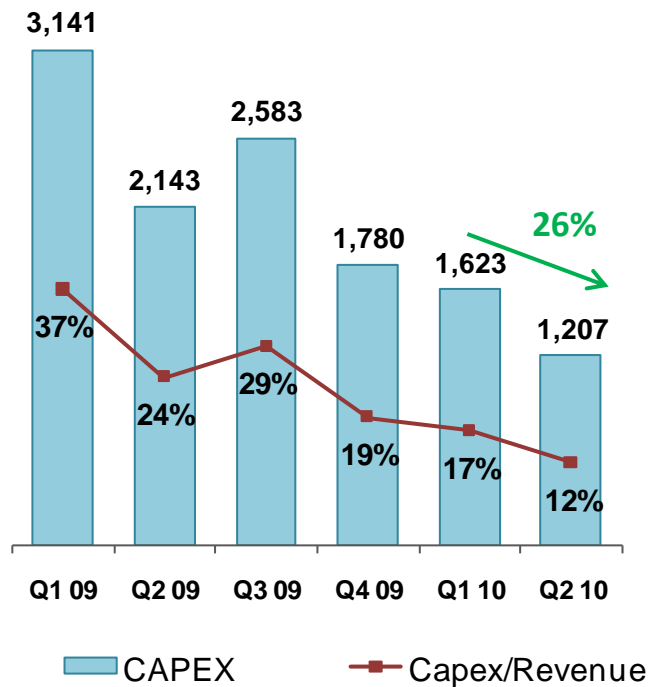
(All figures in Rs. Mn.)	Q2 10	QoQ change	Q2 10 Vs. Q2 09	YTD 10	YTD change
Revenue	522	 7%	 27%	1,011	 30%
EBITDA	30	 23%	 135%	54	 123%
NPAT	(88)	 7%	 61%	(182)	 66%

Dialog Group - Balance Sheet KPIs

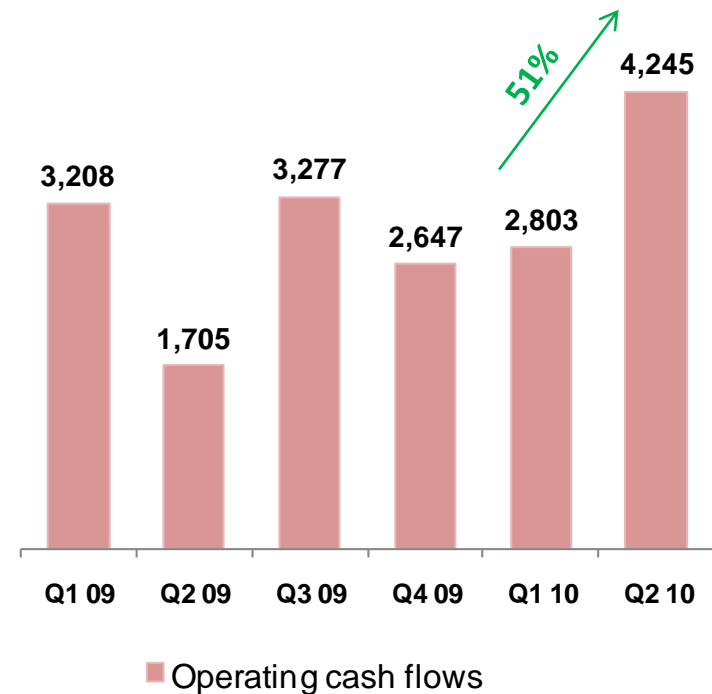
Low Capex and Strong Cash Flow

- ✓ Group Capex declined by 26% QoQ and 44% relative to Q2 09 due to prudent capex spending
 - in view of monetising current investments to maximise yields
 - **Capex/revenue ratio of 12% in Q2 10**
- ✓ Operating cash flows grew by 51% QoQ

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



Operating cash Flow per quarter Rs. Mn.



Dialog Group Balance Sheet - KPI Movements QoQ

Robust traction towards the achievement of investment grade benchmark balance sheet indicators in the near term

Dialog Group Balance Sheet Recovery

(All figures in Rs. Mn.) except for ratio's	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Trend
Gross Debt Position*	35,419	31,198	33,334	31,421	28,520	↓
Gross Debt to EBITDA**	4.03	3.20	2.62	2.36	1.86	↑
Net Debt to EBITDA**	3.39	2.99	2.21	2.12	1.63	↑
FCF to Debt	0%	-0.5%	4%	5%	9%	↑
Current Ratio	0.65	0.60	0.76	0.80	0.83	↑

\$34 Mn. of high interest local debt being redeemed during 1H 2010

* Borrowings excluding negative cash balances

** Annualized EBITDA = 4 times of quarterly EBITDA

Thank You