





**Investor Forum  
Nine Months Ended 30 September 2008**

**Financials**

**Company Performance Overview**

# Snapshot – Company

		Change YoY	Growth %
CELLULAR SUBSCRIBERS	4.98 Mn.	1.02 Mn.	 26

KEY FINANCIALS	USD Mn	Rs Bn.	Change YoY	Change% YoY
REVENUE	233.27	25.16	Rs. 913.81 Mn.	 4
EBITDA	70.75	7.63	(Rs. 3,671.99 Mn.)	 32
PAT	23.48	2.53	(Rs. 5,450.90 Mn.)	 68

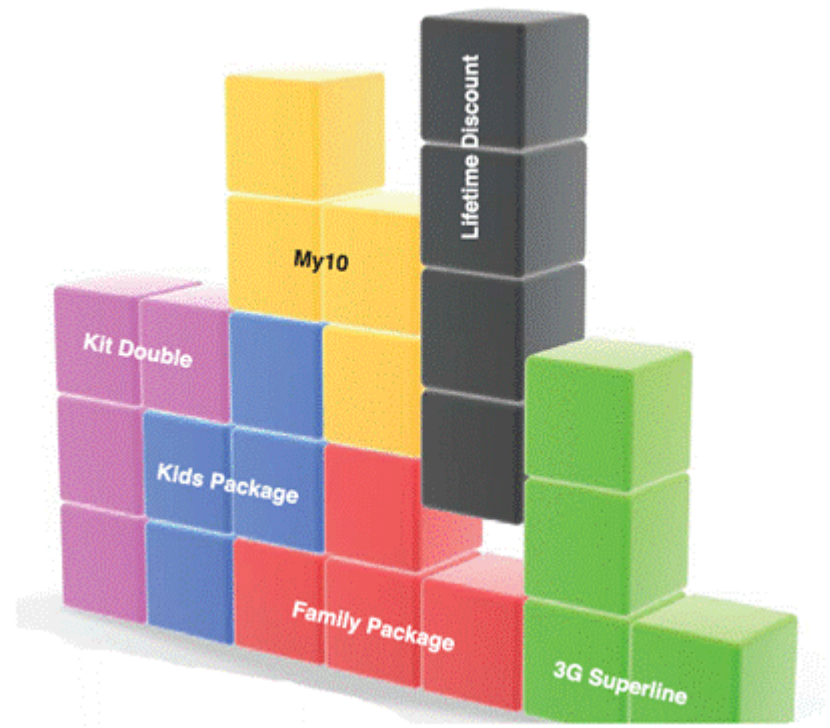
<sup>^</sup>Exchange rates applied for Rupee Conversion are the average monthly rates published by Central Bank of SL.

# 4.98

million. mobile subscribers

# 26%

growth



*\*as of 30 September 2008*

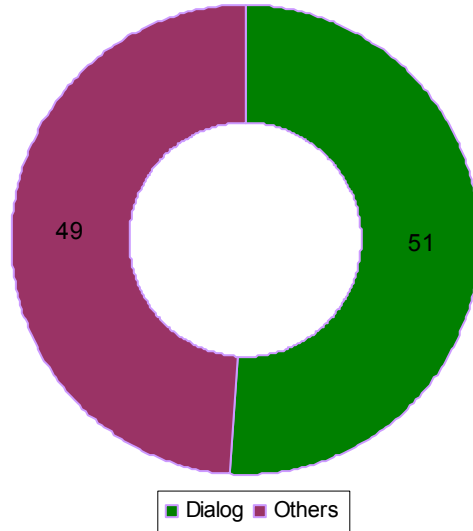
# Mobile: Strong growth in Mobile Subscribers

- Strong Market Share: 51%
- Revenue Share: 63%

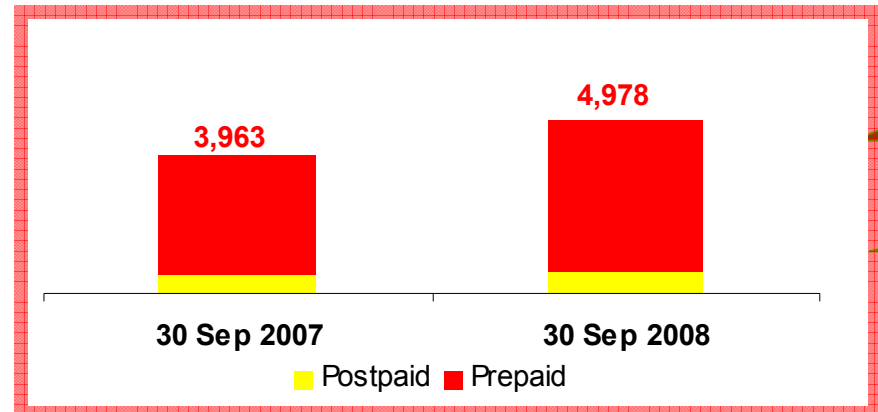
3Q FY08 compared to 3Q FY07  
Mobile Subscribers

26%

Mobile subscriber Market Share



Mobile Subscribers '000



SUBSCRIBER BASE	UNITS	1-3Q 08	1-3Q 07	Change %
Postpaid	000	621	523	↑ 19
Prepaid	000	4,357	3,441	↑ 27
Total active subscriber base	000	4,978	3,963	↑ 26
Annualised churn	%	7.68	6.69	

# P&L Highlights

(All figures in Rs.Mn. except for ratios)	COMPANY		
	1-3Q 08	1-3Q 07	Change(%)
Net Revenue*	25,156	24,242	4
Direct Costs	12,483	8,391	49
Gross Profit	12,672	15,851	(20)
<i>Gross Margin (%)</i>	50	65	
OPEX	9,473	7,265	30
EBITDA	7,630	11,302	(32)
<i>EBITDA Margin (%)</i>	30	47	
PBT	2,879	8,073	(64)
PAT	2,532	7,983	(68)
<i>PAT Margin (%)</i>	10	33	
EPS (Rs.)	0.32	1.03	(69)

\* Comparatives restated to conform to changes in current period's presentation.

# Revenue Dynamics

## Revenue Drivers

- **Market Leadership** with sustained growth in subscribers
- **Enhanced Portfolio of Value Added Services**
- **Coverage and Quality of Service Improvements**

## Revenue Mitigators

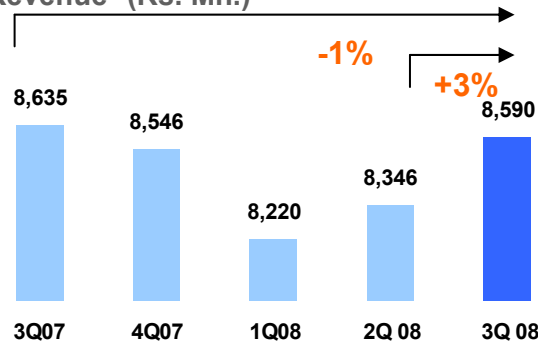
- **Tariff reduction and other affordability enhancement strategies**
- **General Inflation and Pressures on Disposable Income**

OPERATIONAL RESULTS	UNITS	1-3Q 08	1-3Q 07	Change %
Blended ARPU	Rs.	480	603	↓ (20)
Prepaid ARPU	Rs.	340	418	↓ (19)
Postpaid ARPU	Rs.	1,467	1,728	↓ (15)

# Revenue

- Revenue growth of **3 per cent** on adjacent quarter basis .
- Revenue negative growth of **1 per cent** in 3Q 2008 compared to 3Q 2007.
- Revenue growth was mitigated in the main due to **aggressive pricing strategies** aimed at securing an **increasing share of net subscriber additions**. Company continues to consolidate lead with a subscriber base in excess of 5 Mn (51% market share) and revenue share (63%).
- Prepaid revenue remained the dominant contributor to revenue with **49 per cent** share .
- Value Added Services account for approx. **10 per cent** of total revenue for 1-3Q 2008.

Revenue\* (Rs. Mn.)

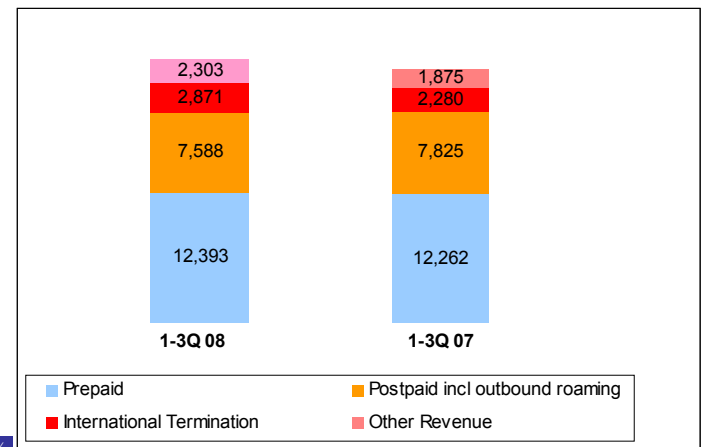


*\*Restated due to a classification change in current period.*

## Revenue Composition

(all figures in Rs. Mn.)	1-3Q 08	%	1-3Q 07	%	Change %
Prepaid	12,393	49.3	12,262	50.6	1
Postpaid incl outbound roaming	7,588	30.2	7,825	32.3	-3
International Termination	2,871	11.4	2,280	9.4	26
Other Revenue*	2,303	9.2	1,875	7.7	23
Net Revenue	25,155	100	24,242	100	4

Revenue Composition (Rs. Mn.)

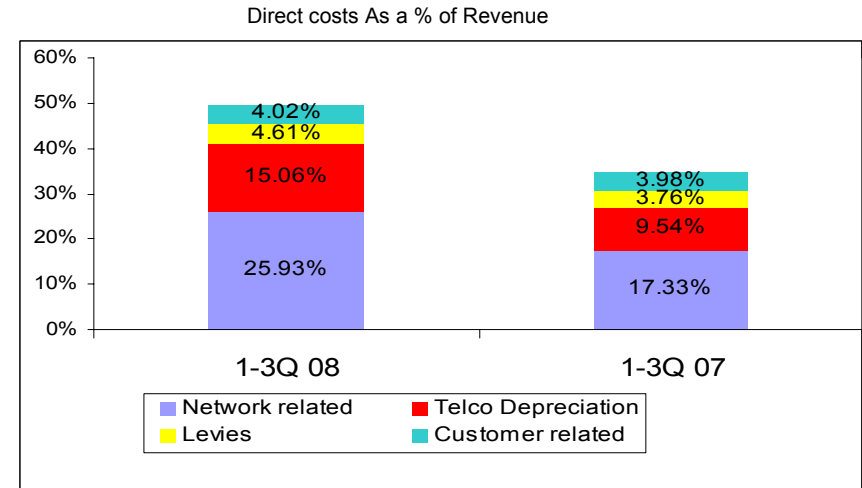
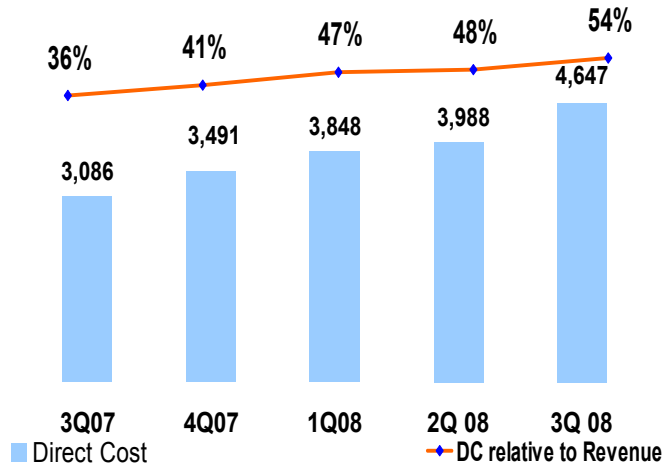


\*Other revenue includes revenue from sale of phones, accessories ,starter pack, inbound roaming revenues etc



# Direct Costs

- Direct costs Performance relative to revenue is mitigated mainly due to increases in **frequency fees (306 per cent)** **telco depreciation (64 per cent)** on the back drop of aggressive investment and other network costs in relation to **site rentals (117 per cent)**, **electricity charges( 83 per cent)** fuelled by inflationary pressures (approx 24 per cent increase YoY), rise in energy costs and expansion in operations.

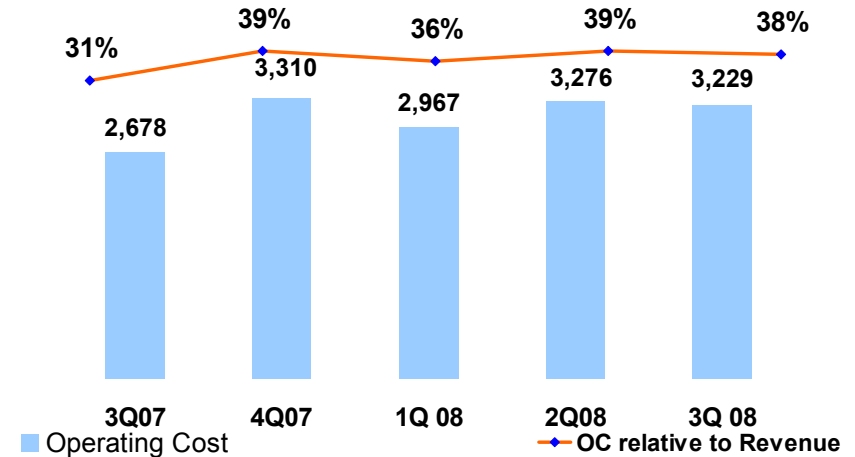
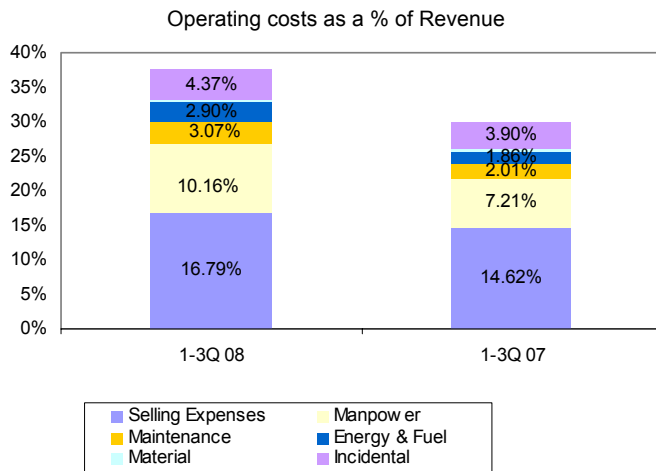


## Direct costs

(all figures in Rs. Mn.)	1-3Q 08	%	1-3Q 07	%	Change %
Network Related Costs	6,522	52.24	4,201	50.07	55
As a % of Revenue	25.93		17.33		
Telco Depreciation	3,789	30.35	2,313	27.56	64
As a % of Revenue	15.06		9.54		
Levies	1,161	9.30	912	10.87	27
As a % of Revenue	4.61		3.76		
Customer Related Costs	1,012	8.10	965	11.50	5
As a % of Revenue	4.02		3.98		
Total Direct Cost	12,483	100	8,391	100	49
As a % of Revenue	50		35		

# Operating Costs

- Operating expenses as a percentage of revenue **increased** by 8 percentage points in 1-3Q 2008 vis-à-vis 1-3Q 2007.
- In addition to inflationary pressure on principal cost lines, performance relative to revenue is mitigated due to escalation of energy driven costs.



(all figures in Rs. Mn.)	1-3Q 08	%	1-3Q 07	%	Change %
Selling Expenses	4,223	45	3,544	49	19
As a % of Revenue	16.79		14.62		
Manpower	2,556	27	1,747	25	46
As a % of Revenue	10.16		7.21		
Maintenance	772	8	488	7	58
As a % of Revenue	3.07		2.01		
Energy & Fuel*	730	8	451	6	62
As a % of Revenue	2.90		1.86		
Material	93	1	89	1	4
As a % of Revenue	0.37		0.37		
Incidental **	1,099	12	945	13	16
As a % of Revenue	4.37		3.90		
Total Expenses	9,473	100	7,265	100	30
As a % of Revenue	38		30		

\*Excludes network electricity charges

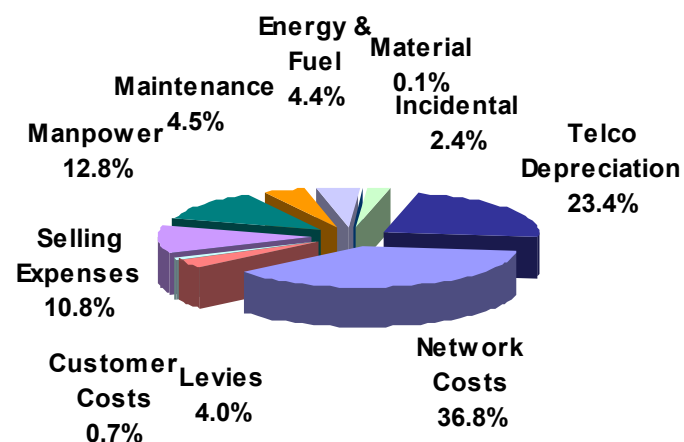
\*\*Incidental costs include professional fees, postage, courier, stamp duty, bank charges etc

# Total Cost Variance 1-3Q 08 Vs 1-3Q 07

- Increase in network costs and telco depreciation as a % of total costs.
- Network costs being the most significant contributor(37%) to variance in cash costs.

(all figures in Rs. Mn.)	1-3Q 08	1-3Q 07	Variance
Levies	1,161	912	4.0%
Customer Costs	1,011	965	0.7%
Selling Expenses	4,223	3,544	10.8%
Manpower	2,556	1,747	12.8%
Maintenance	772	488	4.5%
Energy & Fuel	730	451	4.4%
Material	93	89	0.1%
Incidental	1,099	945	2.4%
Telco Depreciation	3,789	2,313	23.4%
Network Costs	6,522	4,201	36.8%
<b>Total Expenses</b>	<b>21,956</b>	<b>15,656</b>	<b>100%</b>

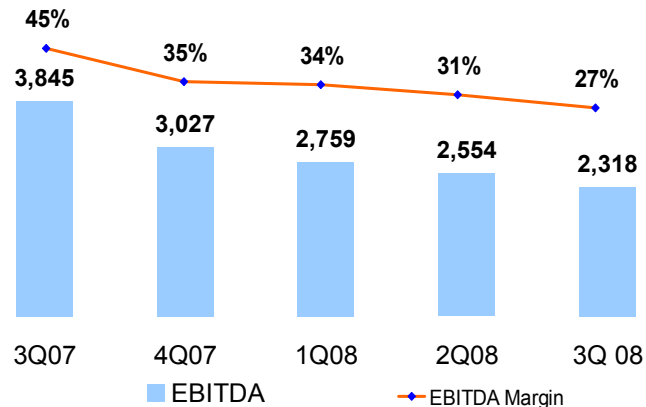
Contribution to Total Cost Variance (1-3Q 08 vs 1-3Q 07)



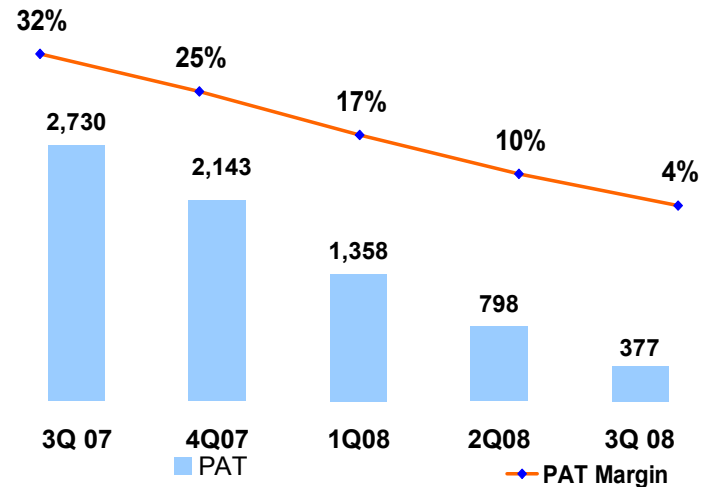
# PAT and EBITDA Margins

- EBITDA/PAT performance in 3Q 2008 vis-à-vis 3Q 2007 has been mitigated :
  - Due to downstream of revenue performance, cost expansion driven in the main by **general inflation (24 % YoY)**, **energy derived costs (48% YoY)**, and expansion of the company's Network infrastructure, with associated increases in Network related costs (48% YoY).
  - An increase in **Depreciation (63% YoY)** and a provisioning for deferred taxation ( 368% YoY) in line with investment made to position the company against future opportunity.

EBITDA (Rs. Mn.)

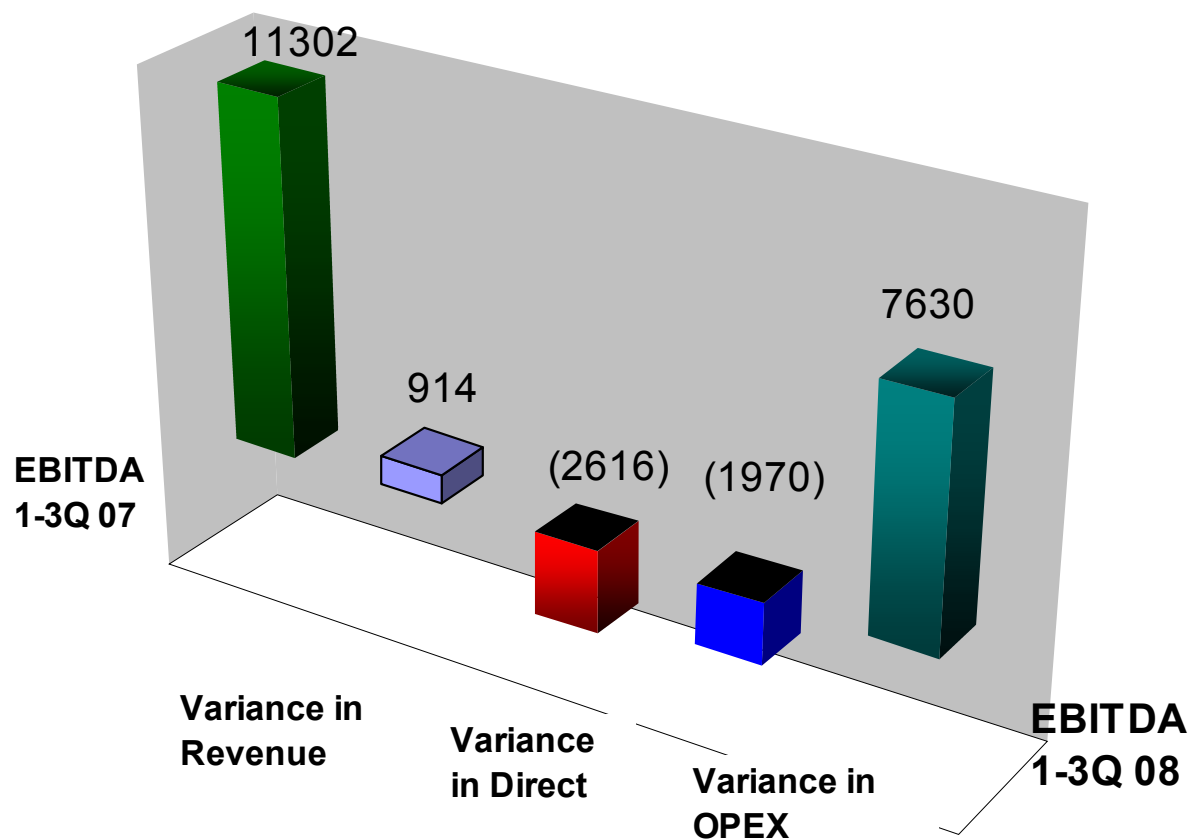


PAT (Rs. Mn.)

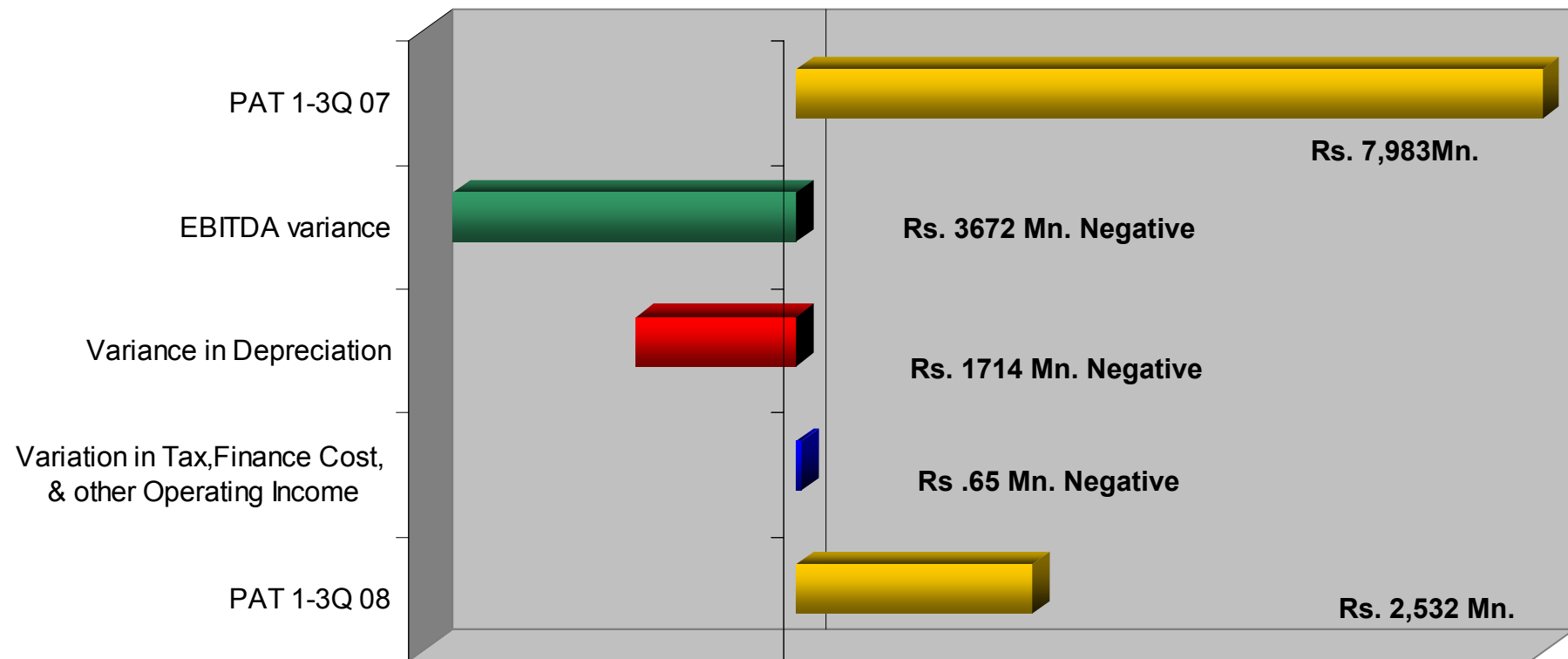


# EBITDA Analysis :1-3Q 08 vs 1-3Q 07

(all figures in Rs. Mn.)



# PAT Analysis :1-3Q 08 vs 1-3Q 07



# Balance Sheet

(all figures in Rupees '000)	30th September 2008	31st December 2007
	Company	Company
<b>ASSETS</b>		
Non Current Assets	60,265,617	49,527,591
Current Assets	19,042,803	20,379,238
<b>Total Assets</b>	<b>79,308,420</b>	<b>69,906,829</b>
<b>EQUITY</b>		
Capital and Reserves Attributable to Equity Holders of the Company		
Stated Capital	32,556,113	33,056,413
ESOS Trust Shares	(1,990,920)	(2,000,439)
Reserves	280,097	193,099
Retained Earnings	17,880,595	20,130,681
<b>Total Equity</b>	<b>48,725,885</b>	<b>51,379,754</b>
<b>Liabilities</b>		
Non Current Liabilities	10,443,040	5,216,255
Current Liabilities	20,139,495	13,310,820
<b>Total Liabilities</b>	<b>30,582,535</b>	<b>18,527,075</b>
<b>Total Equity and Liabilities</b>	<b>79,308,420</b>	<b>69,906,829</b>
<b>Net Assets per share (Rs.)</b>	<b>5.98</b>	<b>6.31</b>

# Cash Flow Highlights

- Operating Cash Flows was mitigated mainly due to reduction in earnings.
- Cash used in Investing Activities increased by 39% YoY due to **committed investments**. Capex reassigned to priority areas.

(all figures in Rs. Mn.)	1-3Q 08	1-3Q 07
Net cash from operating activities	3,689	9,587
Net cash used in investing activities	(17,591)	(12,617)
Net cash used in financing activities	8,056	5,265
Increase/(decrease) in cash and cash equivalents	(5,846)	2,235
Movement in cash and cash equivalents		
At start of year	6,062	2,237
Increase/(decrease)	(5,846)	2,235
<b>At end of period</b>	<b>216</b>	<b>4,473</b>

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



# Reconciliation of Cash Generated from Operations

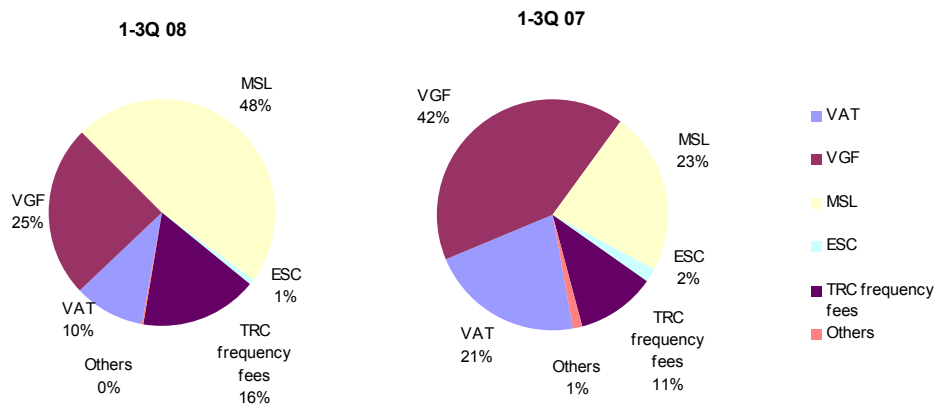
(all figures in Rs. Mn.)	1-3Q 08	1-3Q 07
Profit before Tax	2,879	8,073
<b>Adjustments for:</b>		
Interest Expenses	508	463
Depreciation	3,862	2,437
Amortisation	387	279
Impairment	180	-
Retirement Benefit Obligation	77	24
Other Adjustments*	(3,805)	(1,209)
<b>Cash Generated from Operations</b>	<b>4,089</b>	<b>10,067</b>

*\*Other adjustments include Changes in Working Capital, exchange differences, profit on sale of Fixed Assets and dismantling costs.*

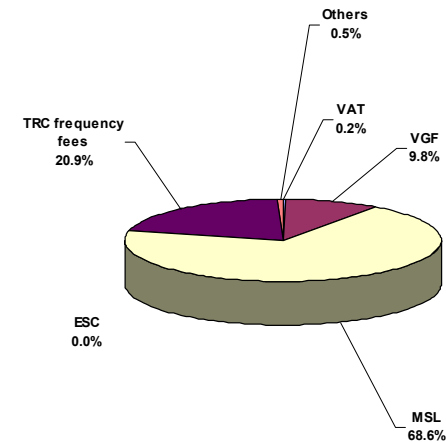
# Levies (Direct/Indirect) Composition

- The Company paid **direct and indirect levies** to the government amounting to Rs. 4.70 Bn. during the nine months ended 30 September 2008 compared to Rs. 2.20 Bn. for the nine months ended 30 September 2007.

Composition of Levies



Contribution to Variation (YoY)



# Lenders

## Summary of Outstanding borrowings

Institutions	Type of Facility	Currency	Facilities Amt	Principal Outstanding	Less than one year	More than one year
			USD Mn eqv.	USD Mn eqv.	USD Mn eqv.	USD Mn. eqv.
IFC	Term Loan	USD	70.00	50.00	-	50.00
DFCC	Term Loan	LKR	9.29	9.29	1.86	7.43
SCB*	Loan Facility	LKR	8.83	8.83	8.83	-
<b>Total</b>			<b>88.12</b>	<b>68.1</b>	<b>10.69</b>	<b>57.43</b>

*\*SCB facility is a revolving trade facility*

*\*\* Above excludes vendor financing.*

# Debt KPIs as at 30 September 2008

**Gearing**

32%

**Net Debt : EBITDA**

2.15x

**EBIT : Net Interest  
Expense**

6.30x

**Fitch Rating**

Triple AAA

*\*Debt includes bank borrowings and vendor financing.*



## Subsidiary Performance

**CDMA subscribers**  
**1668%** growth






**Wi Max subscribers**  
**2520%** growth

\*growth compared against 3Q 2007

# Dialog Broadband Networks (Pvt) Ltd. [DBN]

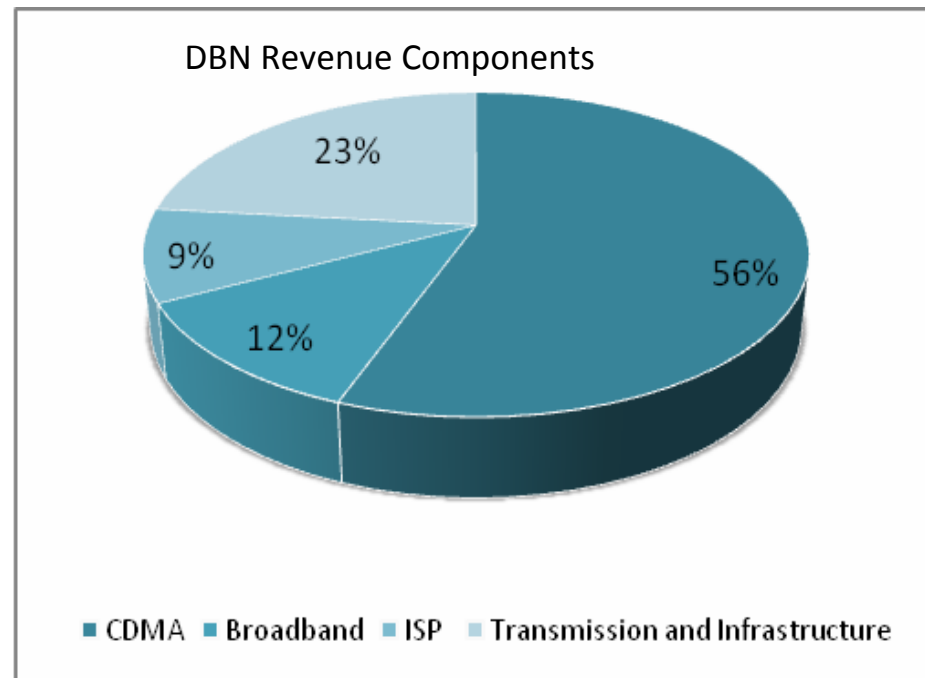
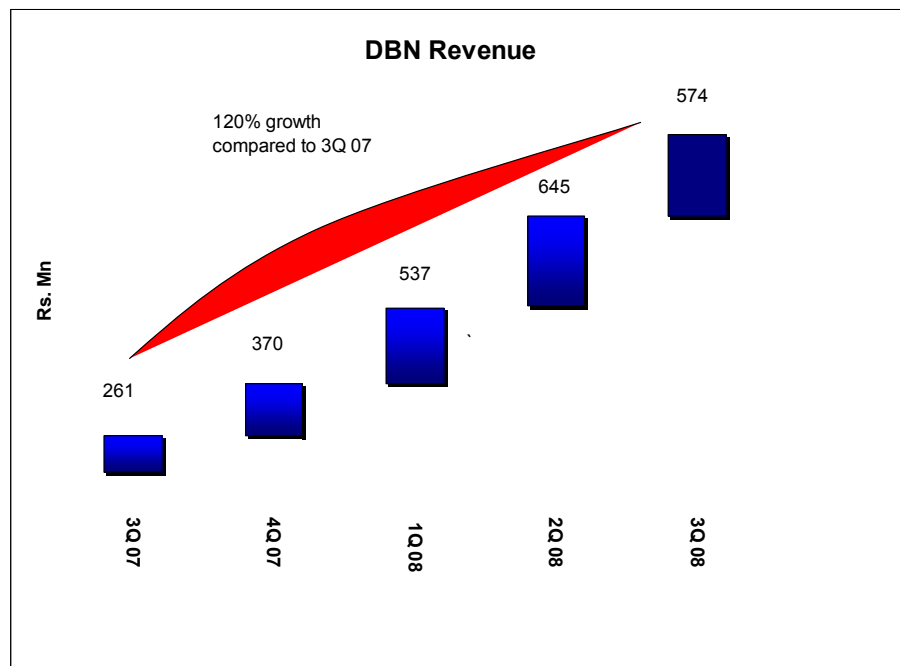
- Revenue of Rs. 1755.73 Mn up 158 per cent relative to Rs. 681.68 Mn. recorded for the nine months ended 30 September 2007 .
- Net loss of Rs. 921.58 Mn. for the nine months ended 30 September 2008 vis-à-vis a loss of Rs. 96.55 Mn recorded for the nine months ended 30 September 2007.

KEY FINANCIALS	USD Mn	Rs Mn.	Change YoY	Change % YoY
REVENUE	16	1756	Rs. 1,074 Mn.	 158
EBITDA	0.4	40	(Rs. 56 Mn.)	 59
PAT	(9)	(922)	(Rs. 825 Mn.)	 (854)

*^Exchange rates applied for Rupee Conversion are the monthly average rates published by Central Bank of SL.*

# Revenue Growth - DBN

- DBN has recorded a revenue growth of **158 per cent YoY**.
- DBN revenue components include **Transmission and Infrastructure Business, Fixed Telephony (CDMA WLL), Data communication services, and Broadband and Internet services.**





# 117,512

## Pay TV Subscribers


### 197% YoY growth





\*growth compared against 3Q 2007

# Dialog Television (Pvt) Ltd.

- DTV Group (inclusive of subsidiaries Communiq Broadband Network (Pvt) Ltd (CBN) and CBN SAT (Pvt) Ltd) recorded a **revenue of Rs. 911.34 Mn** for the nine months ended 30 September 2008
- The company recorded a **net loss of Rs. 542.07Mn.** for the nine months ended 30 September 2008.

		Change YoY	Growth %
PAY TV SUBSCRIBERS	117,512	77,991	 197

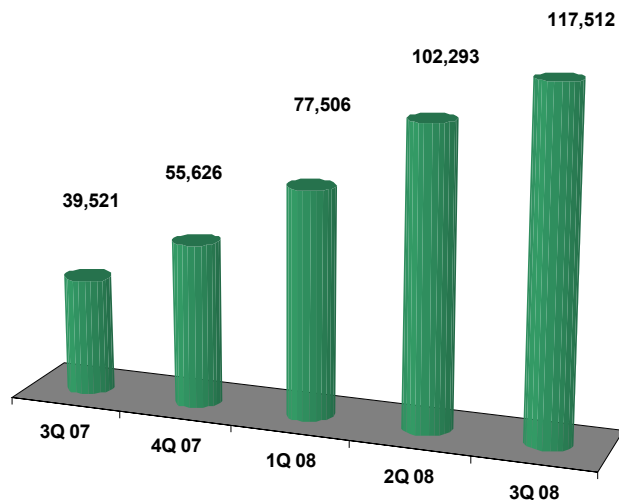
KEY FINANCIALS	USD Mn	Rs Mn.	Change YoY	Growth % YoY
REVENUE	8	911	Rs. 432 Mn.	 90
EBITDA	(4)	(387)	Rs. 100 Mn.	 20
PAT	(5)	(542)	Rs. 0.49 Mn.	

<sup>^</sup>Exchange rates applied for Rupee Conversion are the monthly average rates as announced by Central Bank of SL.

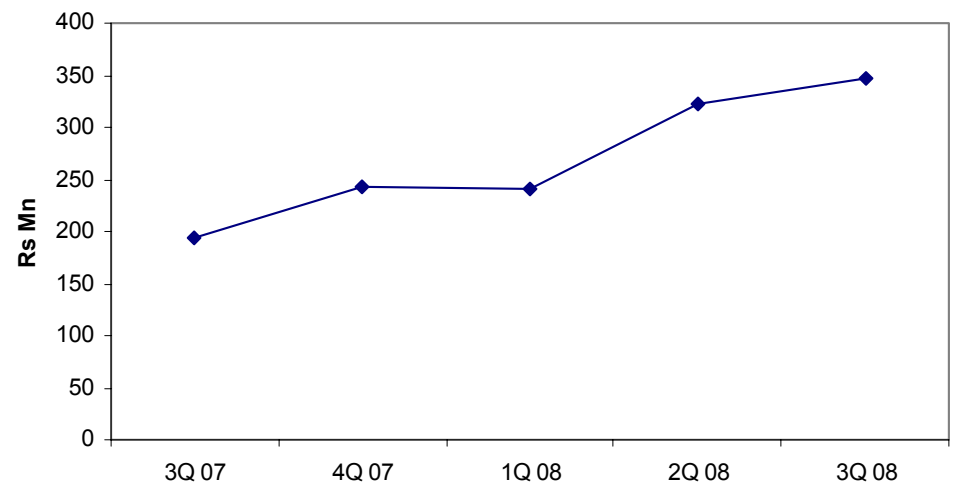
# Revenue Composition - DTV

- Revenue comprises of initial connection fees and monthly subscription rentals.
- The revenue generated from **monthly subscription** contributes to **60 per cent** of total revenue. **Connection fee** revenue represented **40 per cent** of total revenue.
- Pay TV** Subscriber registered **a growth of 197 per cent YoY**.

Subscriber Growth



Quarterly Revenue








## Group Performance

# Performance Synopsis

- Revenue Growth YoY-
  - ❑ Dialog - 4%
  - ❑ DBN - 158%
  - ❑ DTV – 90%
  
- Subscriber Growth –
  - ❑ Mobile - 26% YoY
  - ❑ CDMA - 1668% YoY
  - ❑ Wi Max – 2520% YoY
  - ❑ Pay TV – 197% YoY

# Snapshot – Group

KEY FINANCIALS	USD Mn	Rs Bn.	Change YoY	Change% YoY
Revenue	253.96	27.39	Rs. 2258.82 Mn.	 9
EBITDA	68.64	7.40	(Rs. 3,505.62 Mn.)	 32
PAT	9.56	1.03	(Rs. 6,272.87 Mn.)	 86

*^Exchange rates applied for Rupee Conversion are the monthly average rates published by Central Bank of SL.*

# P&L Highlights -Group

(All figures in Rs.Mn. except for ratios)	GROUP		
	1-3Q 08	1-3Q 07	Change(%)
Net Revenue*	27,386	25,127	9
Direct Costs	14,044	9,380	50
Gross Profit	13,343	15,747	(15)
<i>Gross Margin (%)</i>	49	63	
OPEX	11,418	7,817	46
EBITDA	7,402	10,907	(32)
<i>EBITDA Margin (%)</i>	27	43	
PBT	1,398	7,377	(81)
PAT	1,031	7,304	(86)
<i>PAT Margin (%)</i>	4	29	
EPS (Rs.)	0.13	0.95	(86)

\* Comparatives restated to conform to changes in current period's presentation.

# Balance Sheet - Group

(all figures in Rupees '000)	30th September 2008	31st December 2007
	Group	Group
<b>ASSETS</b>		
Non Current Assets	67,357,437	54,585,098
Current Assets	13,449,447	17,140,415
<b>Total Assets</b>	<b>80,806,884</b>	<b>71,725,513</b>
<b>EQUITY</b>		
Capital and Reserves Attributable to Equity Holders of the Company		
Stated Capital	32,556,113	33,056,413
ESOS Trust Shares	(1,990,921)	(2,000,439)
Reserves	280,096	193,099
Retained Earnings	15,284,836	19,036,282
<b>Total Equity</b>	<b>46,130,124</b>	<b>50,285,355</b>
<b>Liabilities</b>		
Non Current Liabilities	10,803,595	5,668,205
Current Liabilities	23,873,165	15,771,953
<b>Total Liabilities</b>	<b>34,676,760</b>	<b>21,440,158</b>
<b>Total Equity and Liabilities</b>	<b>80,806,884</b>	<b>71,725,513</b>
<b>Net Assets per share (Rs.)</b>	<b>5.66</b>	<b>6.17</b>





## Operational Updates

## New products and Promotions in Q3

- **M-cert**
  - Re-registration
- **Bill summary**
- **Dial 444**
  - Room service
  - Hotel reservation / overseas travel requisites
  - M ticket
  - Directory services
- **Phone Backup**
- **Dialog Messenger**
- **Lifetime Discount**
- **NEWS services**
- **Per second billing**
- **5 for 50**



# New products and Promotions in Q3- Cont.

- 3G Roaming – 50 countries
- Broadband – HSPA
  - Unlimited offer / Students package
- Kidz Connection
- Blaster Package  
(Per second – post paid)
- Family Package

**Ready to Surf for Rs. 6,477/-?**

Monthly installment of Rs. 540/- for a period of 12 months.  
Includes 1GB of data, 100 minutes of calls, and 100 SMS.  
Available for all Dialog 3G customers.

**Keep in touch with your family for just 50 cents**

Family Package  
Contribution of 1 Proper communication  
• 50 cents for 10 minutes of calls, 100 SMS, and 100 MB of data.  
• 50 cents for 10 minutes of calls, 100 SMS, and 100 MB of data.

**Dialog Kidz Connection**

Keeps you in touch with your child anytime.

Based under parent's name.  
Parents choose 5 outgoing / incoming numbers for calls & SMS.  
Option of SMS codes being delivered to parent's mobile.  
Internet disabled.  
Modifications on settings can be done only by parents.  
Connection fee Rs. 600/-  
For inquiries 011 7 636 600

Celebrating 5 Million Dialog Customers

**Per Second Blaster**

OPEN TO ALL SRI LANKANS

- Per Second Billing
- Free !! 1000\* Minutes D2D Outgoing Every Month (Anytime of the day)
- Incoming Free (From any network)
- Best Call Charges

	DAY	NIGHT
020	Rs. 2/-	Rs. 2/-
0200	Rs. 3/-	Rs. 2/-

My 10\* Rental Free !!

Monthly rental fee: 500/-  
Continue to enjoy Group/Couple/Family rates applicable to your current package (beyond the expiry of free rental)  
Existing customers, package change fee of just Rs. 500/- Dial 40789 today!  
New SIM Rs. 1,000/-

**Dialog** TheFuture.Today.

**Dialog** TheFuture.Today.

Pioneer in South Asia for **3G ROAMING**

Now with 50 countries  
• 3G Roaming available in 50 countries including India, China, Japan, South Korea, Hong Kong, Taiwan, Thailand, Malaysia, Singapore, Philippines, Indonesia, Vietnam, Cambodia, Laos, Myanmar, Nepal, Bhutan, Sri Lanka, and others.  
• 3G Roaming available in 50 countries including India, China, Japan, South Korea, Hong Kong, Taiwan, Thailand, Malaysia, Singapore, Philippines, Indonesia, Vietnam, Cambodia, Laos, Myanmar, Nepal, Bhutan, Sri Lanka, and others.

**Dialog HSPA 3.5G Technology**

UNLIMITED  
Dialog HSPA 3.5G Technology  
for a monthly rental  
Rs. 2,990/-

50% off on the monthly rental exclusively for students

50% off on the monthly rental exclusively for students

**Dialog** TheFuture.Today.

**Dialog** TheFuture.Today.

**අප කිරීම කළපරයට**

Per Second Blaster

**Dialog** TheFuture.Today.

**D2D Outgoing**  
විනාඩි 1,000 ක් FREE!

Per Second Blaster

# Product Information - DBN

## Products Launched in Q3

Product	Description
Home Net	Ideal Broadband solution for home internet users (light to medium user of internet.), at economical rates. Down link -512kbps Up link – 128kbps Dynamic IP 01 email box Access Technology WiMAX
Dialog IP VPN	Fully converged network capable of delivering data, voice & video traffic efficiently by prioritizing traffic using the classes of service. Access Technology WiMAX, UBWA & optical fiber.



# Product Information - DTV

## New Channels added during Q3

Channel	Launch Date
NDTV Good Times	1 <sup>st</sup> July 2008
Kalaighar TV	8 <sup>th</sup> August 2008
Bloomberg TV	24 <sup>th</sup> September 2008
Total no of channels by end September	58



## New Set Plans added during Q03

Set Plan	Channels	Launch Date
Set 14 (Re-introduced with a 3 month commitment)	HBO Channels	7 <sup>th</sup> August 2008
Set 23	Kalaighar TV	8 <sup>th</sup> September 2008

# Corporate Responsibility



## ■ SME Toolkit launched

As part of the existing “Viyapara Diriya” supply chain workshop series, Dialog Telekom, with funding from International Finance Corporation (IFC) has launched a new web site called “SME toolkit”. This will support small and medium scale entrepreneurs for their business development.

## ■ No. 1 in CSR

Dialog Telekom secured a No 1 ranking in CSR on the “Most Respected Entities In Sri Lanka” compilation commissioned by LMD and conducted by The Neilson Company.

## ■ Dialog Telekom Featured in Harvard University

Dialog Telekom’s eZ portfolio has been included in the “Developing Mobile Money Ecosystems” reports, due to its contribution towards facilitating previously unavailable services among rural and bottom of pyramid segments at much lower transaction costs.



**Thank you**