

Dialog
TELEKOM

A **TM** Company







Business Performance - 1H 2005

Agenda

- Highlights
- Financials
- Key Performance Indicators

Highlights – 1H 2005

Highlights – Period Ended 30 June '05 Vs 30 June '04

- Subscriber Base : 1.74 Million –  64%
- Revenue : Rs.8.1 Billion –  62%
- EBITDA : Rs. 4.55 Billion –  64%
- Net Profit : Rs. 3.45 Billion -  77%
- Blended ARPU : Rs. 692  4%
- Churn Rate : 0.44%  18%

Financials - A Snapshot

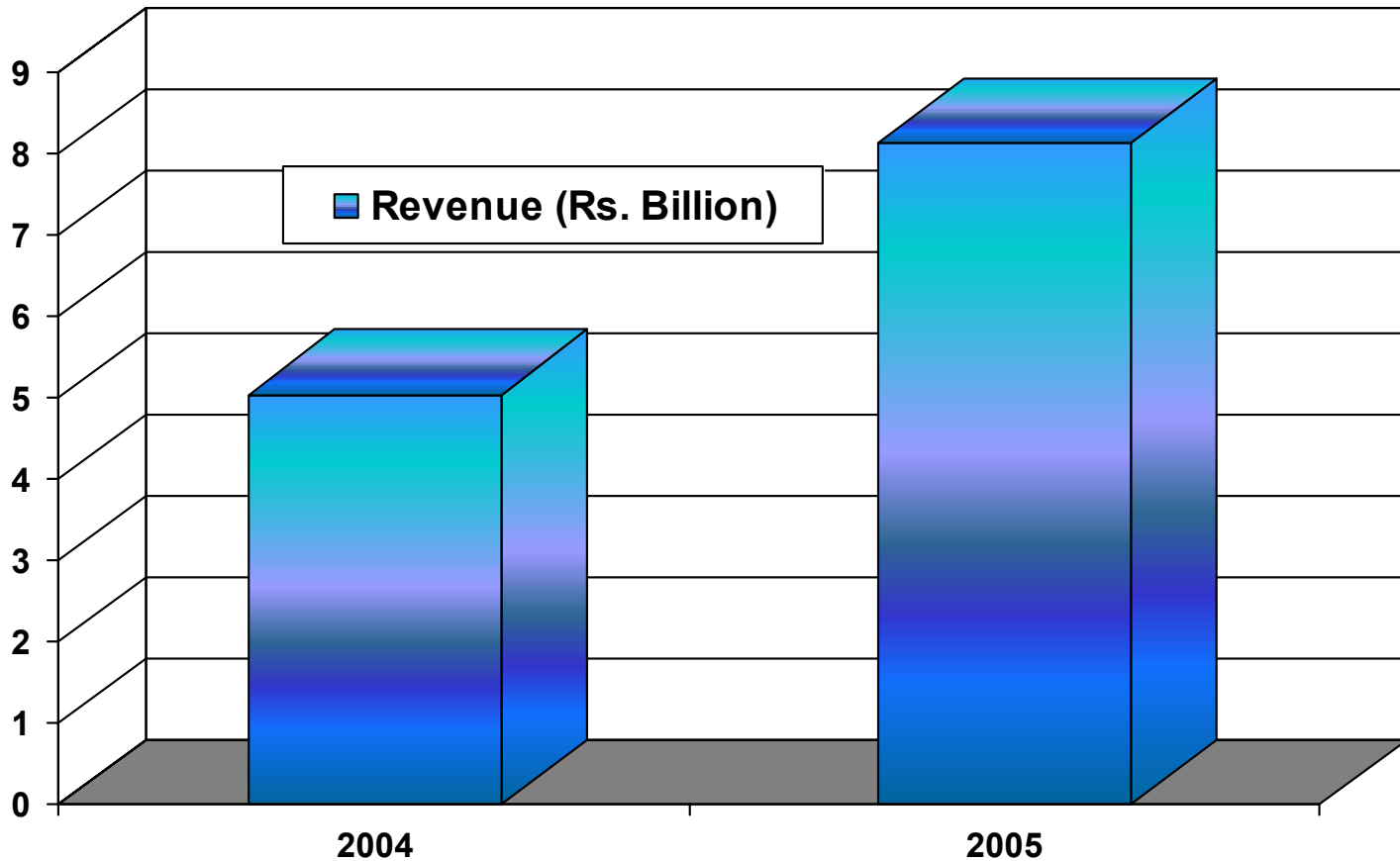
Six Months ended June 2005

Profit & Loss

	1H 2004	1H 2005
(All figures in Rs. Mn)		
Revenue	5,043	8,138
<i>YoY Growth (%)</i>		61%
Direct Cost	1,769	2,595
<i>YoY Growth (%)</i>		47%
Gross Profit	3,274	5,544
<i>YoY Growth (%)</i>		69%
<i>Gross Margin (%)</i>	65%	68%
OPEX	1,239	1,985
<i>YoY Growth (%)</i>		60%
EBITDA	2,777	4,554
<i>YoY Growth (%)</i>		64%
<i>EBITDA Margin(%)</i>	55%	56%
EBIT	2,049	3,574
<i>YoY Growth(%)</i>		74%
<i>EBIT Margin(%)</i>	41%	44%
PBT	1,951	3,475
<i>YoY Growth (%)</i>		78%
PAT	1,951	3,466
<i>YoY Growth (%)</i>		77%
<i>PAT Margin(%)</i>	39%	43%

Revenue Growth

Revenue has grown at 61% during six months ended 30 June 2005 compared to 1st half of 2004.

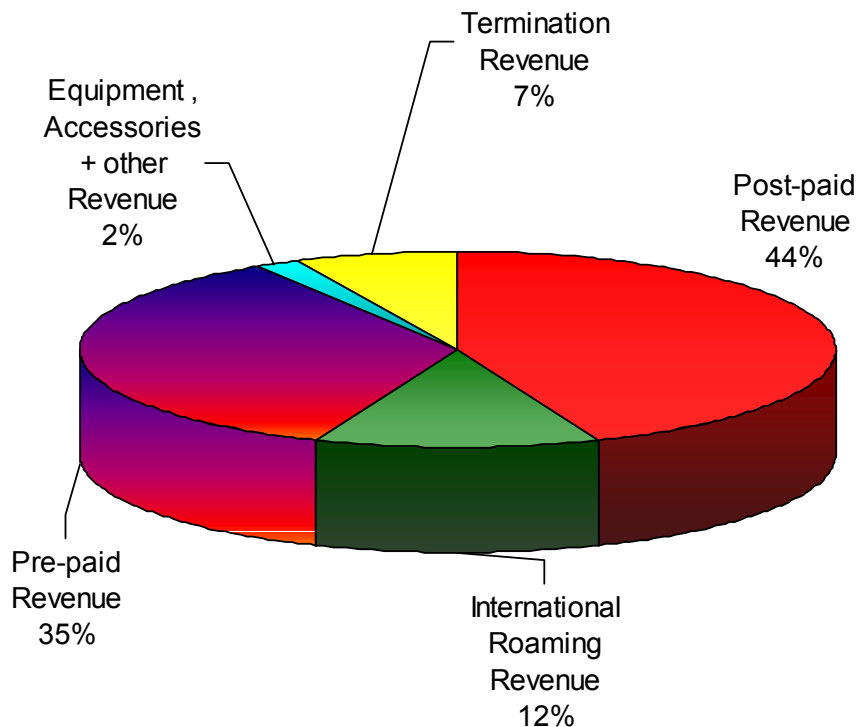


Revenue Mix

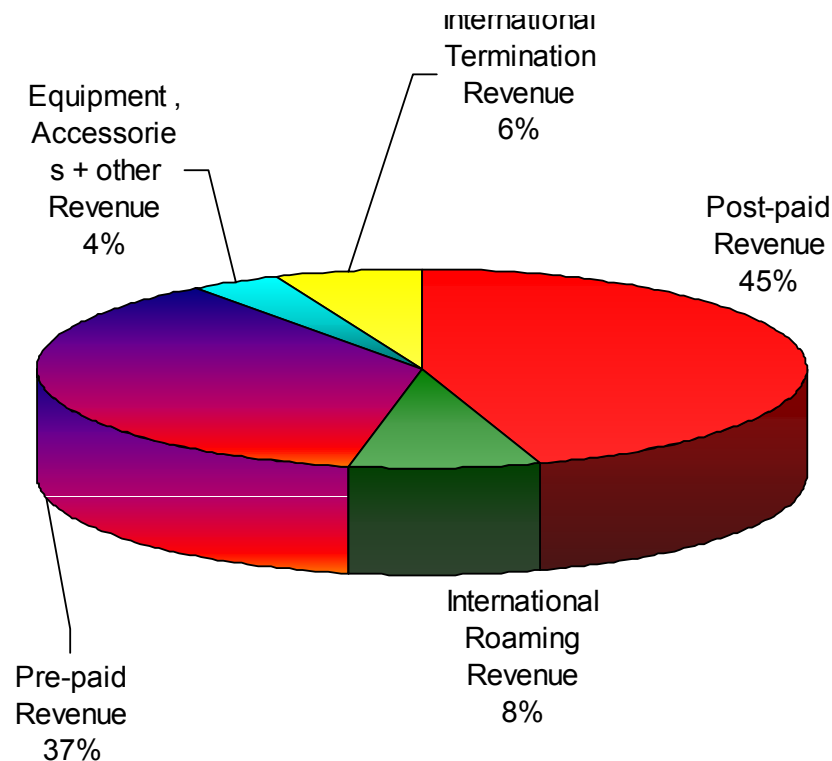
Revenue Composition (Rs. Million)	30-Jun-04	%	30-Jun-05	%	CHANGE
Post-paid Revenue	2,219	44%	3,662	45%	65%
International Roaming Revenue	605	12%	651	8%	8%
Pre-paid Revenue	1,765	35%	3,011	37%	71%
Equipment , Accessories + other Revenue	101	2%	326	4%	223%
International Termination Revenue	353	7%	488	6%	38%
Total Revenue	5,043	100%	8,138	100%	61%

Revenue Mix (Six Months comparison)

As of June 2004



As of June 2005



Direct Costs

Dialog has realised scale advantages to minimize the growth of direct costs.

Period ended 30 June, Rs. Mn.	2004	%	2005	%	CHANGE
Network Related Costs	1,493.0	85%	2,044.0	79%	37%
As a % of Revenue	30%		25%		
Customer Related Costs	220.0	12%	337.0	13%	53%
As a % of Revenue	4%		4%		
International Telecommunication levy	55.0	3%	208.0	8%	278%
As a % of Revenue	1%		3%		
Others	1.3	0%	6.0	0%	362%
As a % of Revenue	0%		0%		
Total Direct Cost	1,769	100%	2,595.0	100%	47%
As a % of Revenue	35%		32%		

International Telecom Operator Levy

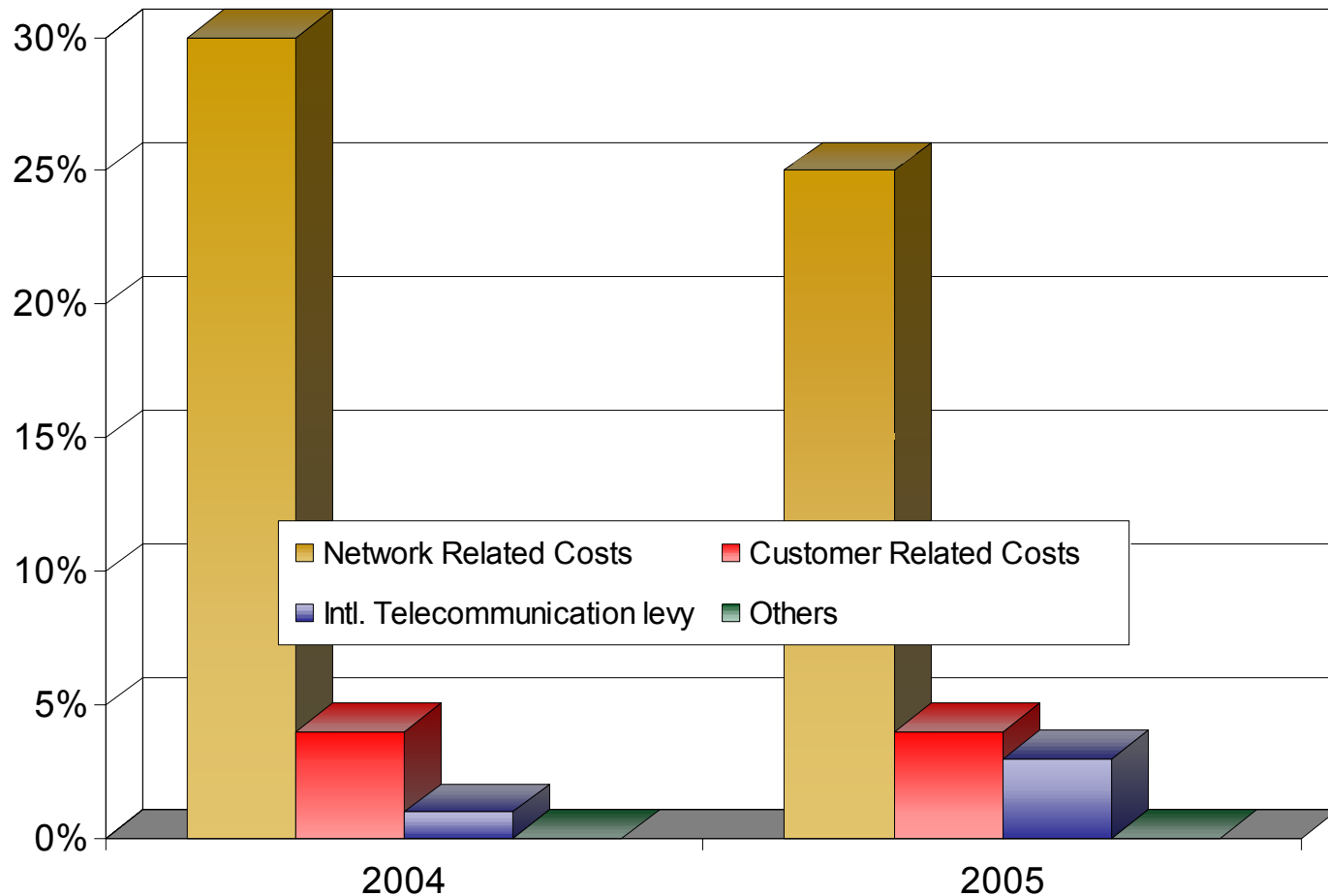
- Imposed in March 2003 with the Liberalization of International Services via
 - Special direction by the Minister of Telecommunications dated 21/ 02/03

<i>Figures in US Cents</i>	03/2003-03/2004	From 04/2004
Incoming Local Access Fee	7.20	5.20
Contribution to Vishva Grama Fund	3.80	3.80
Total Network Contribution	11.00	9.00

- **Note:** No mention of claiming 2/3 of the VGF contribution in the directive. **Hence No Guarantee of the Refund**
 - Based on the above directive, EGO operators were required to make payments since March 2003.
- Enacted by Parliament in October 2004 - Finance Act, No 11 of 2004
- The finance act amendment was a mere regularization of the ministerial directive issued in 02/2003
- **Dialog Telekom has settled all VGF payments upto May '05.**

Direct Costs relative to Revenue

Total direct costs as a proportion of revenue has dropped by 3% for the six months ended 30 June 05 compared to the same period in 2004.



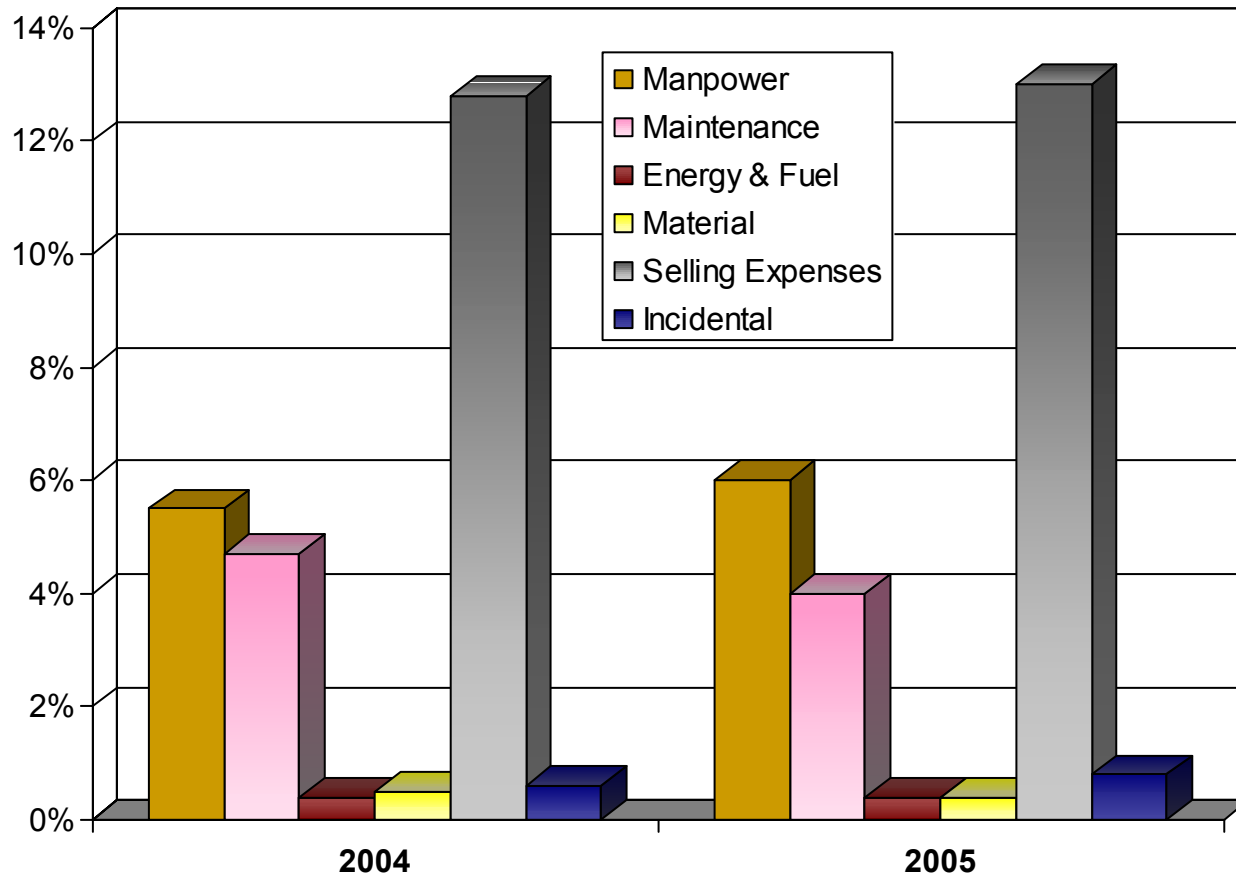
Operating Costs

- Cost of Manpower maintained < 7%

Period ended 30 June, Rs. Mn.	2004	%	2005	%	Change %
Manpower	277.0	22.4%	457.0	23.0%	65.0%
As a % of Revenue	5.5%		6.0%		
Maintenance	236.0	19.1%	354.0	17.8%	50.0%
As a % of Revenue	4.7%		4.0%		
Energy & Fuel	22.0	1.8%	36.0	1.8%	63.6%
As a % of Revenue	0.4%		0.4%		
Material	23.0	1.9%	31.0	1.6%	34.8%
As a % of Revenue	0.5%		0.4%		
Selling Expenses	645.0	52.1%	1,041.0	52.4%	61.4%
As a % of Revenue	12.5%		13.0%		
Incidental	35.0	2.8%	66.0	3.3%	88.6%
As a % of Revenue	0.7%		0.8%		
Total Admin & Distribution Costs	1,238.0	100%	1,985.0	100%	60.3%
As a % of Revenue	25.0%		24.0%		

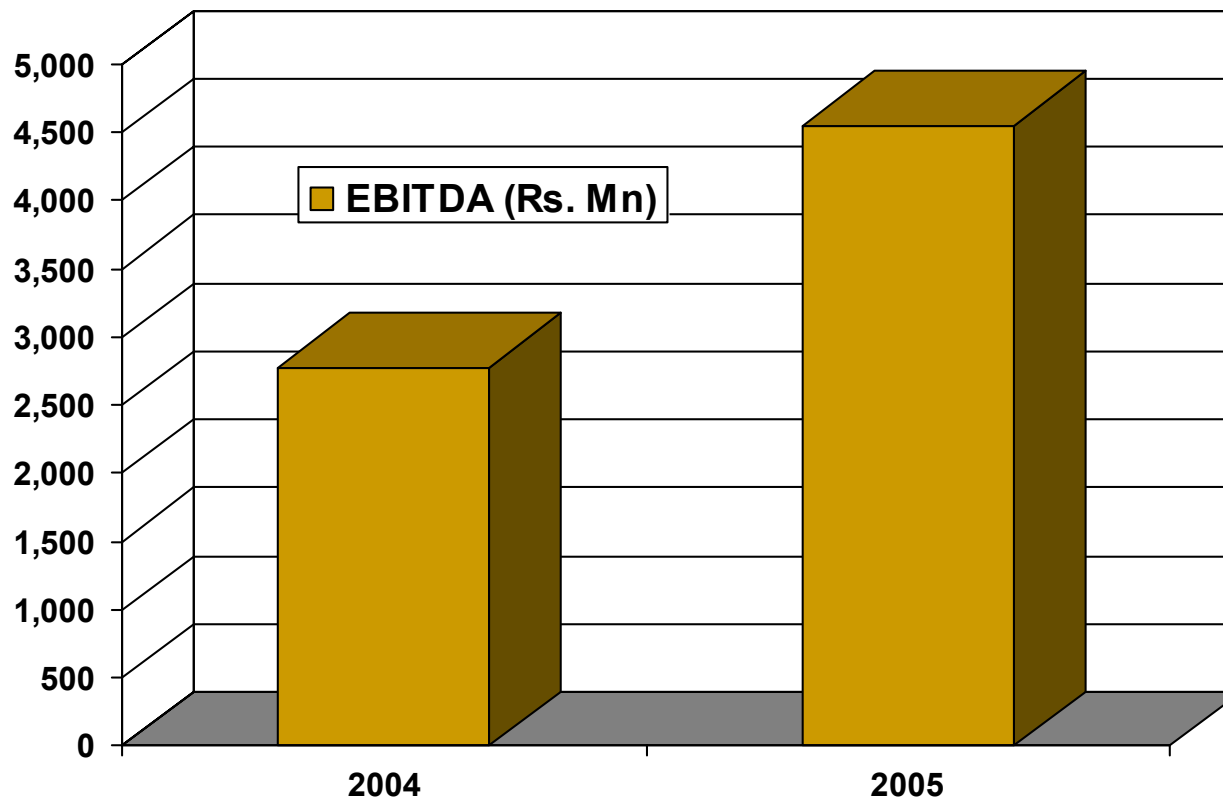
Operating Costs relative to Revenue

Total operating costs as a proportion of revenue has dropped by 1% for the six months ended 30 June 05 compared to the same period in 2004.



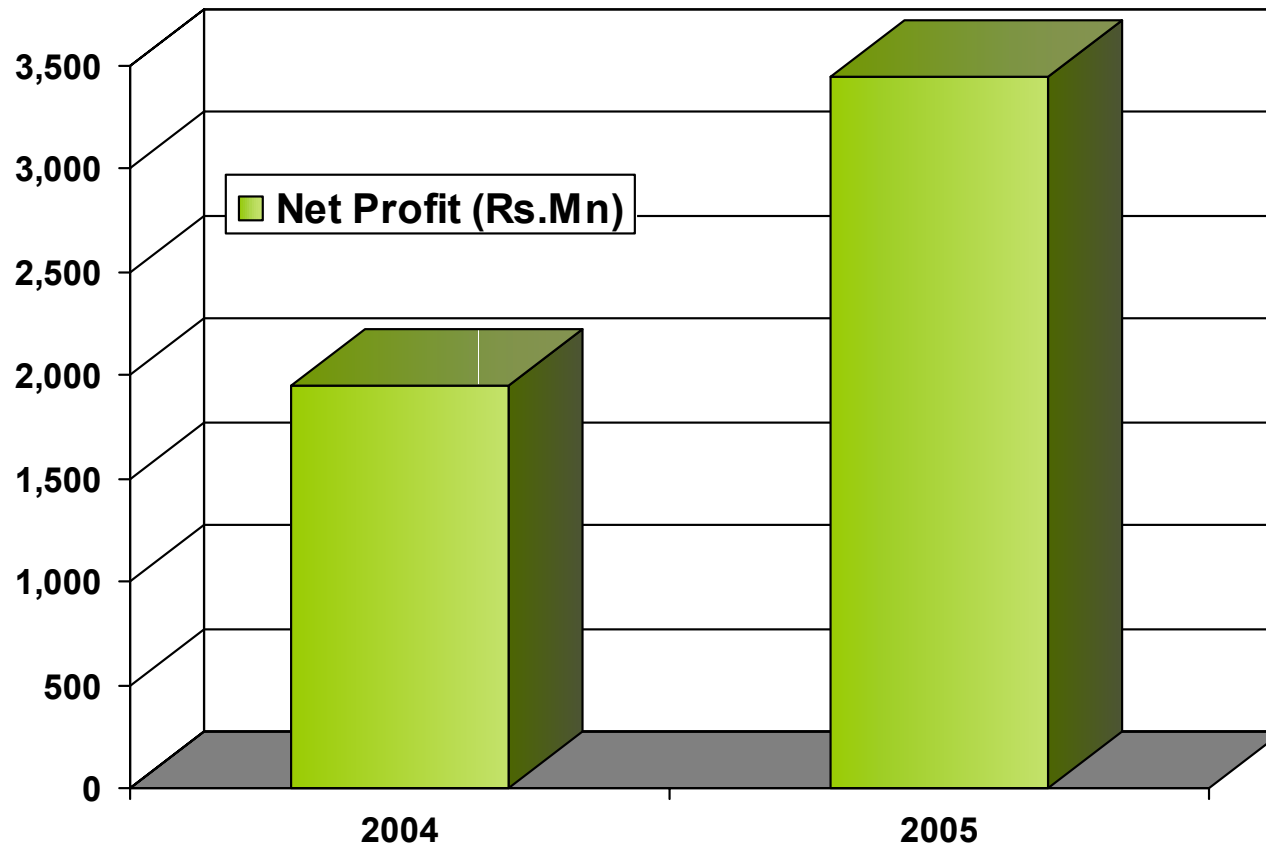
EBITDA Growth

EBITDA has grown at 64% during the six months ended 30 June 2005 compared to 30 June 2004



PAT Growth

- Net Profit has grown at 77% during 1st half of 2005 compared to same period in 2004.
- Economies of Scale and close control of costs has enabled Dialog to grow its margins.



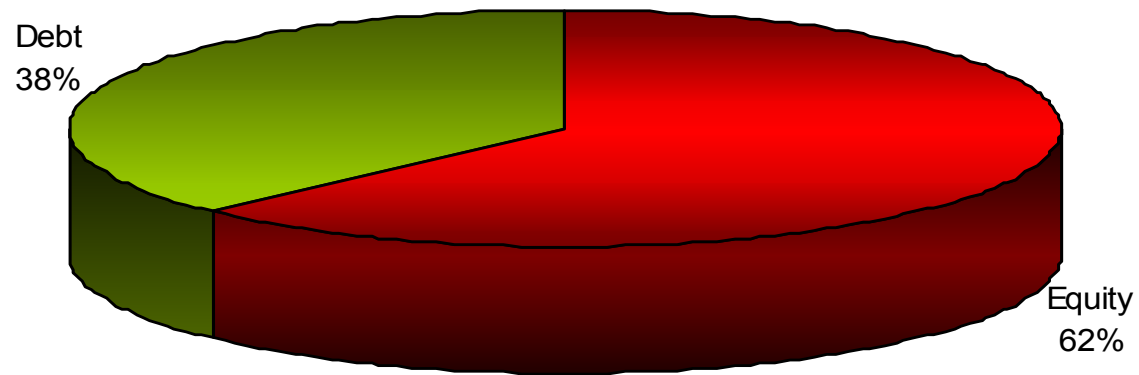
Summary Balance Sheet

Balance Sheet		
As at 30 June, Rs. Mn	2005*	2004
Fixed Assets	14,537	11,562
Current Assets	5,164	4,579
Total Assets	19,701	16,141
Capital & Reserves	10,254	6,975
Non Current Liabilities	6,184	6,708
Current Liabilities	3,263	2,458
Total Liabilities	19,701	16,141

** Based on a limited review carried out by the auditors*

Gearing Ratio as of 30th June 2005

Gearing Ratio



Cash Flow Summary

<i>(All amounts in Rs '000)</i>	<u>1H 2005</u>	<u>1H 2004</u>
Profit Before Tax	3,474,960	1,950,892
<i>Adjustments for:-</i>		
Net Interest cost	53,419	85,949
Depreciation	979,580	727,505
Amortisation		
Retirement benefit obligation	12,000	3,000
Other Adjustments	532,883	405,498
(incl exchange diff, profit on sale of FA & Changes in WC)		
Cash Generated from Operations	5,052,842	3,172,844

Lenders

All amounts in US\$Mn

	Loan Amount	Outstanding as at 30th June 2005
Citi/Commercial Syndicated loan	21.00	12.68
Standard Chartered Bank	25.00	19.56
International Finance Corporation	30.00	-

*(An agreement was signed with IFC in 2003 for US\$ 30Mn with an option of increasing upto US\$ 50 Mn. Dialog Telekom has drawn down US\$ 15Mn from this facility in August 05.)
HSBC has granted DTL a loan of US\$ 24.6 Mn to replace the subscription in advance due to TMI.*

Cash position as of 30 June 2005

	Value ('000)	% in Rupee terms
Foreign Currency - US\$	6,437	26%
Local Currency - LKR	1,793,811	74%
Total - LKR	2,438,365	100%

Performance Indicators

Earnings per Share

EPS Computation

Rs (Mn)	30 June	
	2005	2004
PAT	3,446	1,951
Dividend on preference shares	-	(54)
Net Income Applicable to ordinary shares	3,446	1,897
Par Value	Rs 1/-	Rs 10/-
Ordinary Shares at the beginning(Mn)	370	37
Issuance of shares during the period(Mn)	6,913	-
Weighted average number of shares		
Jan - May	1,850	-
June	6,913	-
	8,763	-
Weighted average number of shares, end of period(Mn)	1,461	-
EPS (Rs)	2.36	51.27
EPS (Rs) - For analyst purposes	0.50	0.27

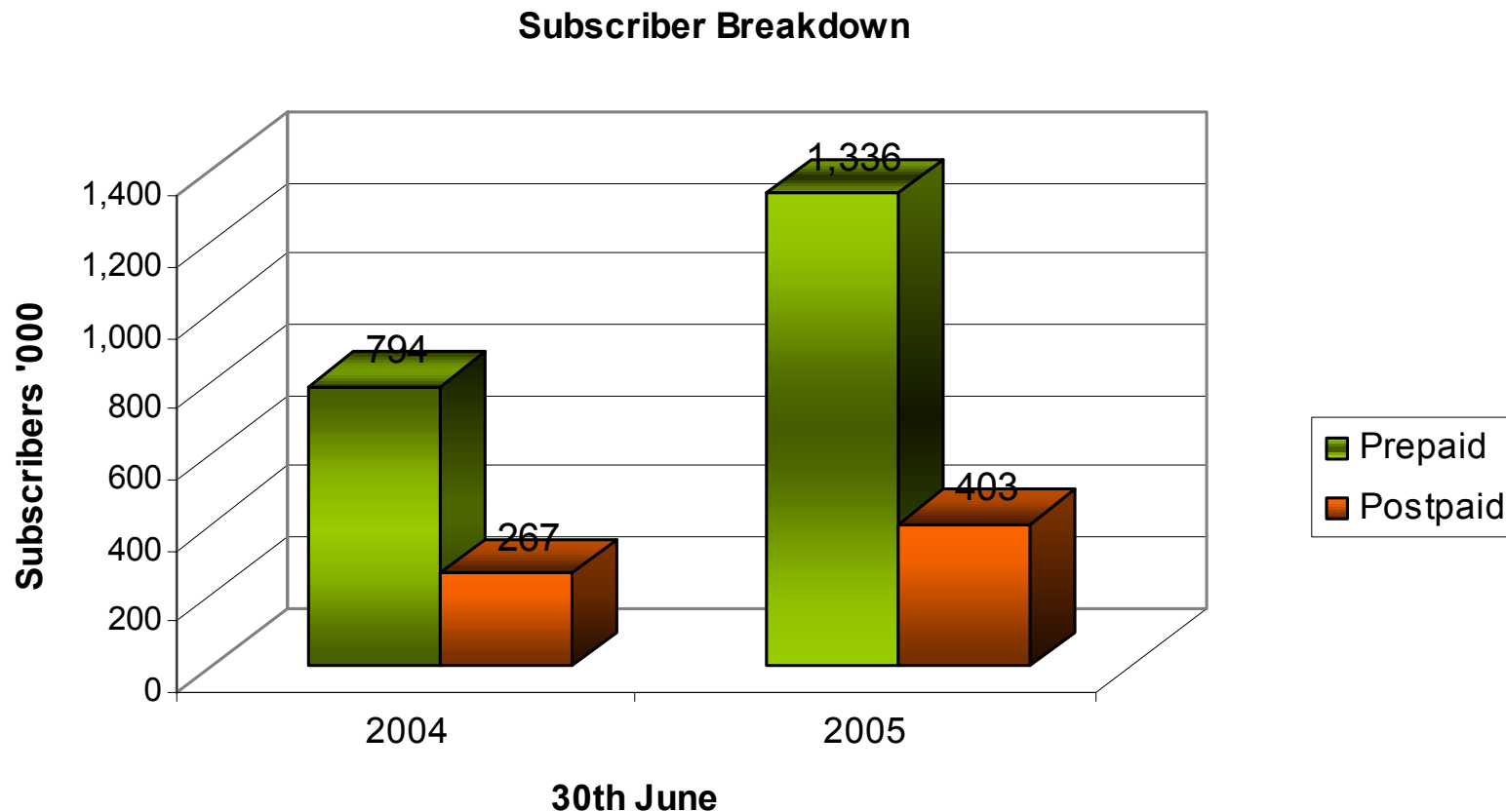
Balance Sheet Indicators

As at 30 June	2005	2004
Current Ratio	1.58	1.86
Asset Turnover	63%	53%
Net Asset per share*	1.48	154.22
Gearing	38%	49%
Total Debt / EBITDA	0.68	1.21

**No of ordinary shares in issue(thousands)* 6,913,468 37,000

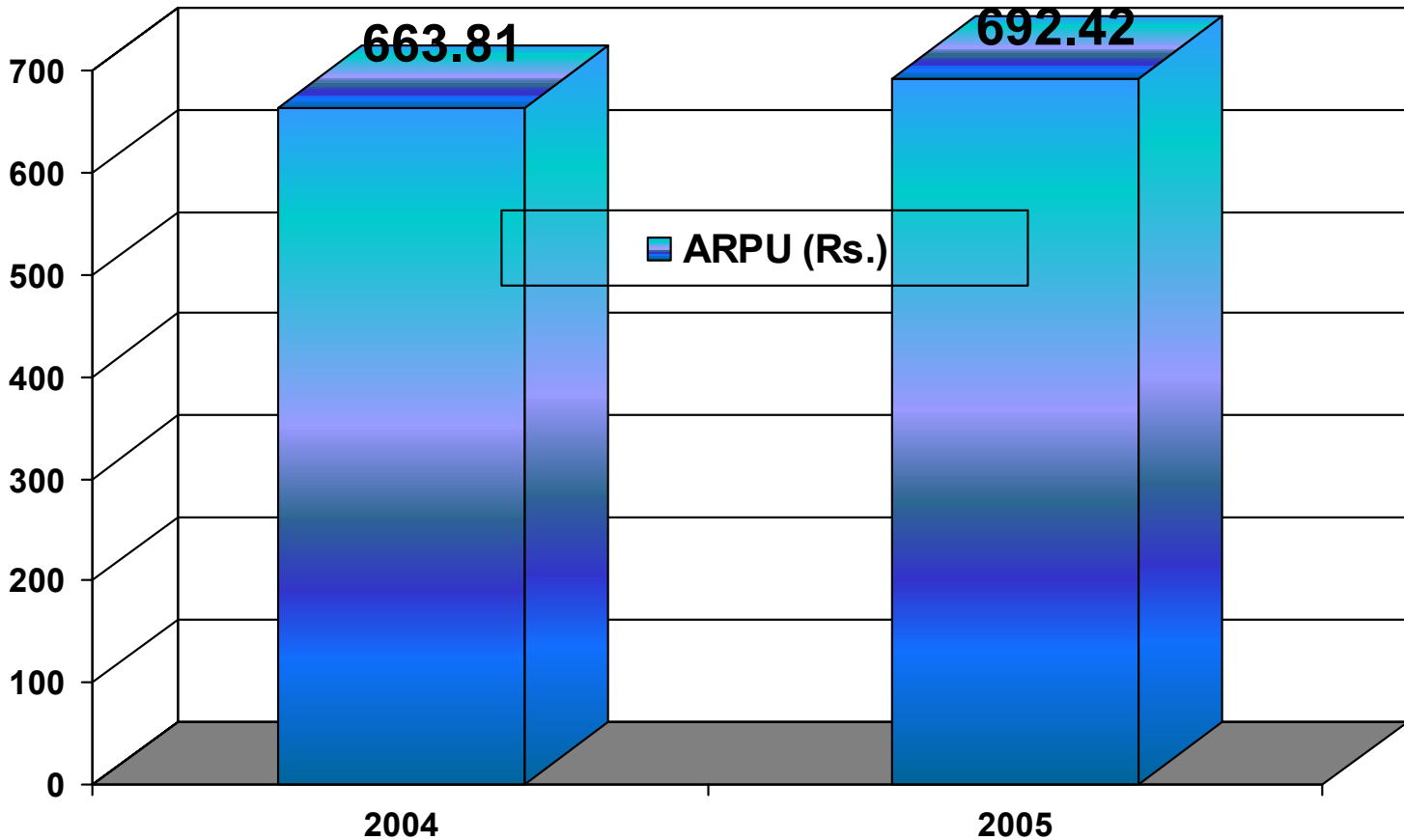
Key Operational Indicators - Subscriber Breakdown

Pre paid subscriber base increased by 68% & post paid by 51% for six months ended 30 June 2005 compared to 30 June 2004.



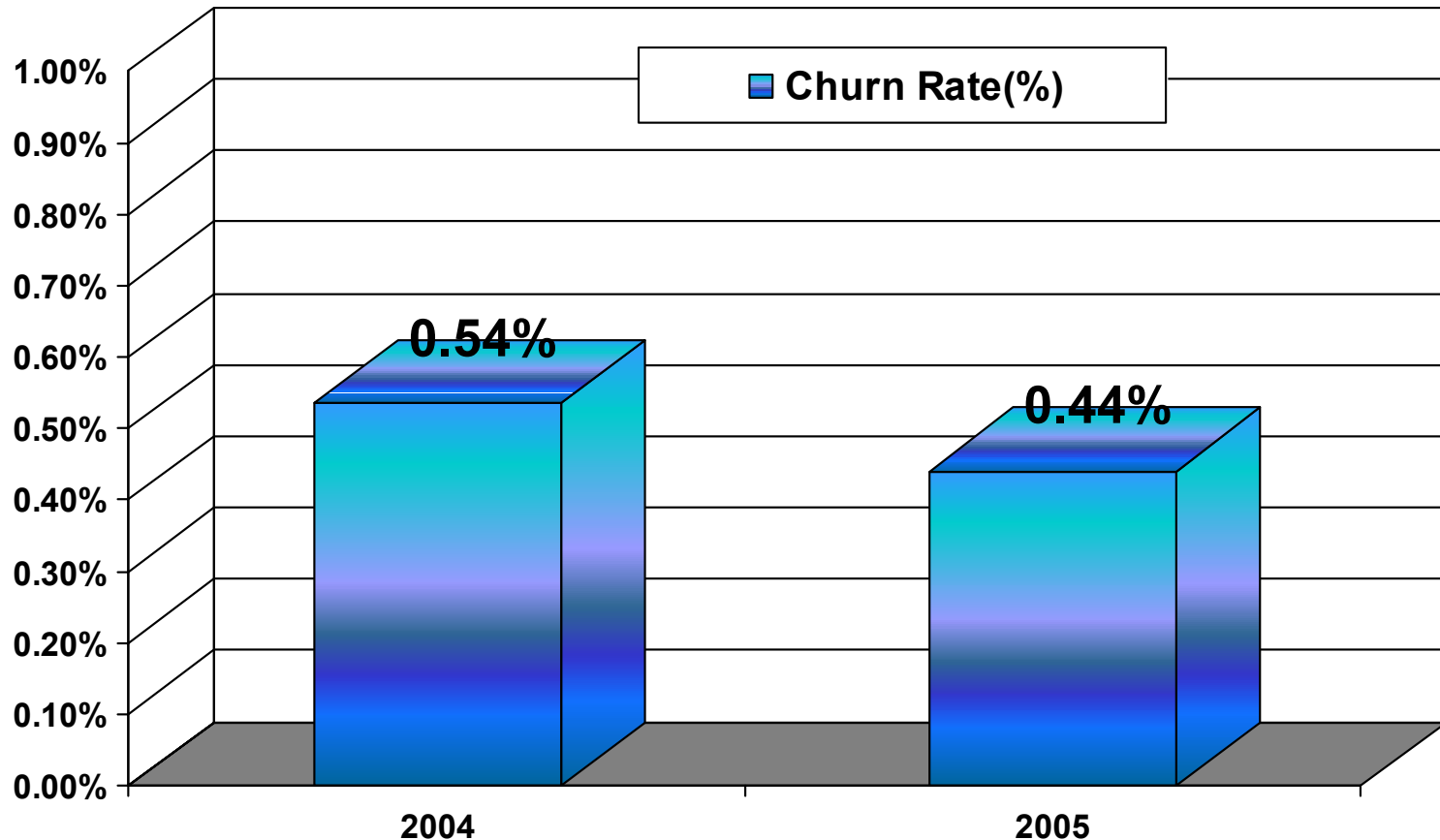
Key Operational Indicators – Blended ARPUs

Monthly ARPUs for the 1st half of 2005 has increased by 4.4% compared to 1st half of 2004



Key Operational Indicators – Monthly Churn %

- Monthly Churn rate has decreased by 18%



Thank you