

Dialog
TELEKOM

A **TM** Company

Business Performance - Q3 2005

Agenda

- Highlights
- Financials
- Key Performance Indicators
- ***Going Forward.....***
- Conclusion

Highlights – Q3 2005

Highlights - YTD

Key Financials

■ Revenue	Rs 12,813 Mn
■ EBITDA	Rs 6,885 Mn
■ Profit after Tax	Rs 5,147 Mn
■ EPS	Rs 1.52

Subscriber Base

■ Total New Additions	567k
■ Post paid	92k
■ Pre paid	475k

Operational Results

■ Blended ARPU	Rs 711
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Financials - A Snapshot

Nine Months ended September 2005

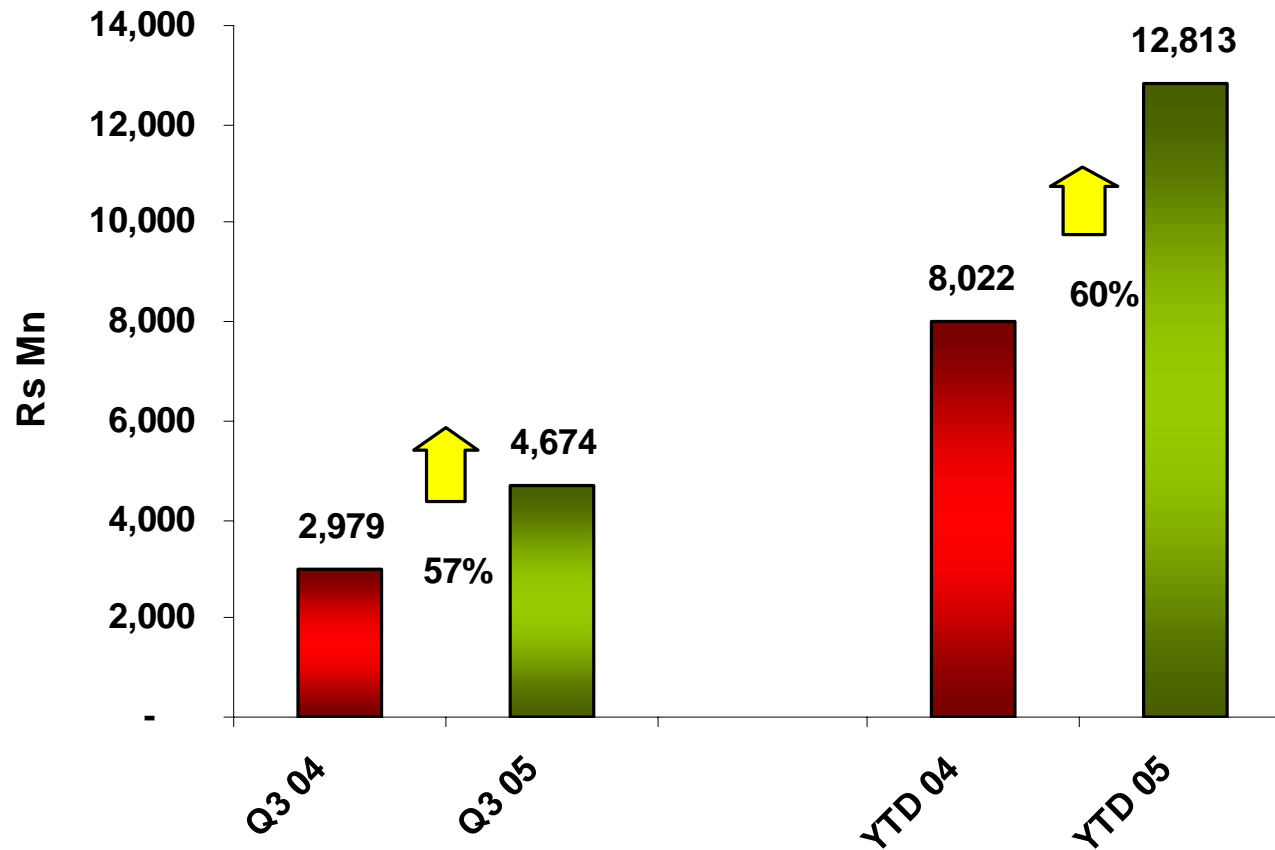
Profit & Loss

(All figures in Rs. Mn)

	Q3 04	Q3 05	YTD 04	YTD 05
Revenue	2,979	4,674	8,022	12,813
YoY Growth (%)		57%		60%
Direct Costs	1,025	1,651	2,793	4,246
YoY Growth (%)		61%		52%
Gross Profit	1,954	3,023	5,228	8,567
YoY Growth (%)		55%		64%
Gross Margin (%)	66%	65%	65%	67%
OPEX	735	1,273	1,974	3,258
YoY Growth (%)		73%		65%
EBITDA	1,649	2,331	4,426	6,885
YoY Growth (%)		41%		56%
EBITDA Margin (%)	55%	50%	55%	54%
PBT	1,223	1,702	3,174	5,177
YoY Growth (%)		39%		63%
PAT	1,193	1,700	3,144	5,147
YoY Growth (%)		42%		64%
PAT Margin (%)	40%	36%	39%	40%

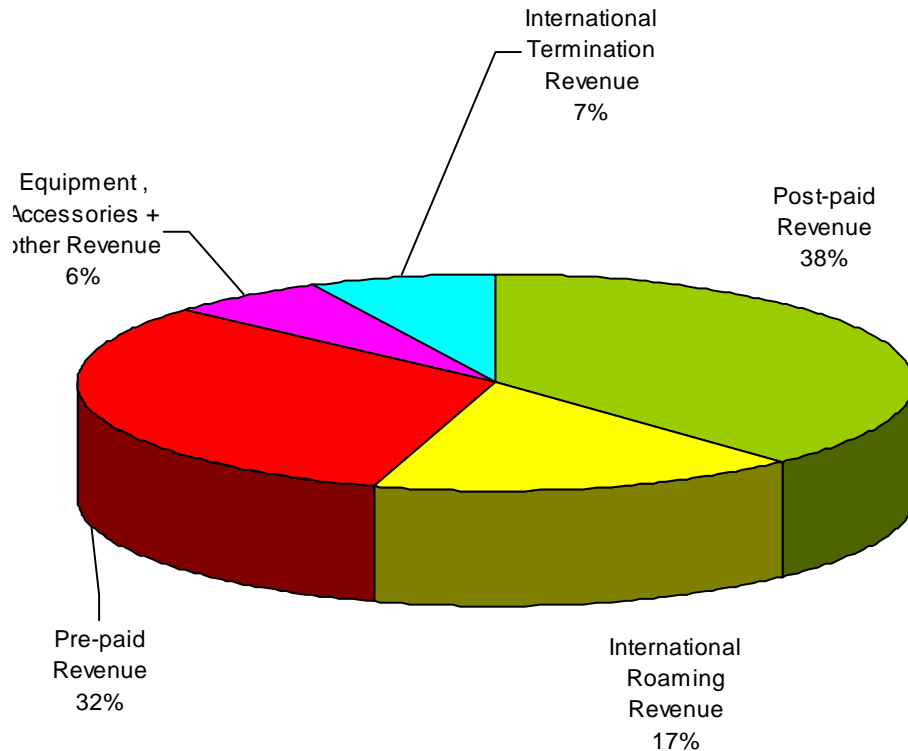
Revenue Growth

Revenue has grown at **60%** during nine months ended 30 September 2005 compared to 30 September 2004.

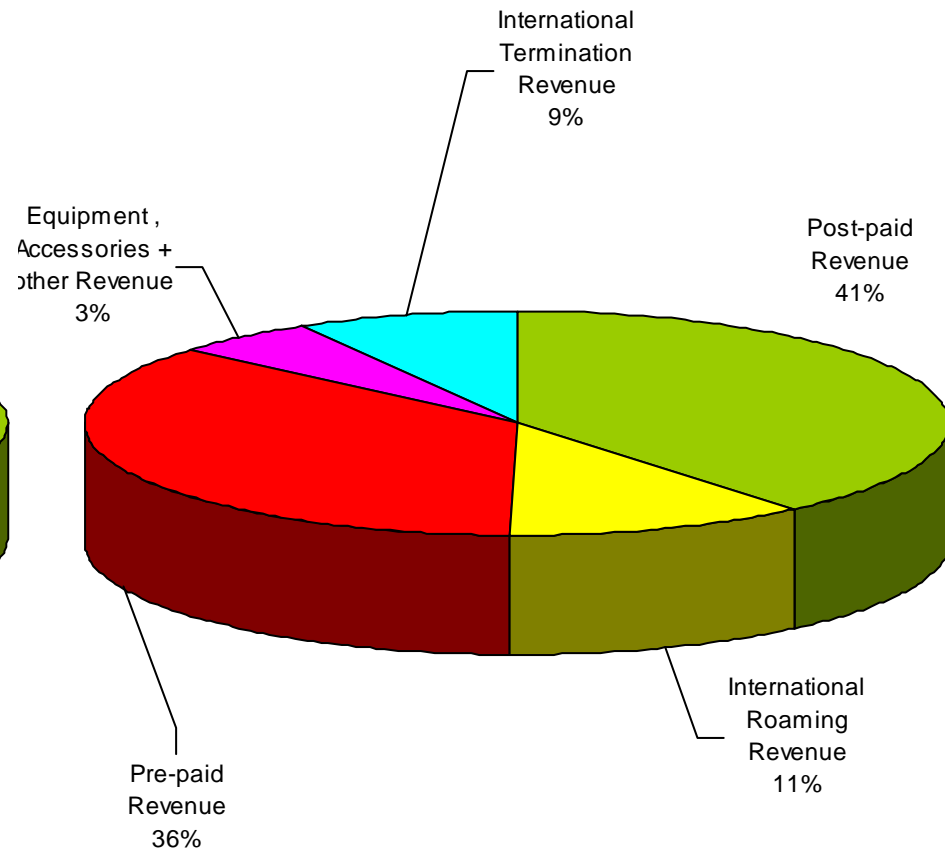


Revenue Mix (Nine Months comparison)

2004



2005



Revenue Mix

Revenue Composition (Rs. Million)	Q3 04	%	Q3 05	%	YTD 04	%	YTD 05	%	Change %
Post-paid Revenue	833	28%	1,573	34%	3,052	38%	5,235	41%	71%
International Roaming Revenue	723	24%	770	16%	1,328	17%	1,421	11%	7%
Pre-paid Revenue	807	27%	1,598	34%	2,572	32%	4,609	36%	79%
Equipment, Accessories+other Revenue	290	10%	129	3%	492	6%	402	3%	-18%
International Termination Revenue	326	11%	604	13%	578	7%	1,146	9%	98%
Total Revenue	2,979	100%	4,674	100%	8,022	100%	12,813	100%	60%

Data revenue up **77%** compared to Q3 04 accounting for 3% of total mobile revenue , with significant contributions coming from SMS, GPRS, RingIn tones & smart messaging.

Direct Costs

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

Direct Cost Breakdown (All amounts in Rs. Million)	YTD 04	%	YTD 05	%	Change %
Network Related Costs As a % of Revenue	2,462 30.7%	88.1%	3,736 29.2%	88.0%	52%
Customer Related Costs As a % of Revenue	329 4.1%	11.8%	500 3.9%	11.8%	52%
Others As a % of Revenue	3 0.03%	0.1%	10 0.08%	0.2%	233%
Total Direct Cost As a % of Revenue	2,793 35%	100%	4,246 33%	100%	52%

International Telecom Operator Levy

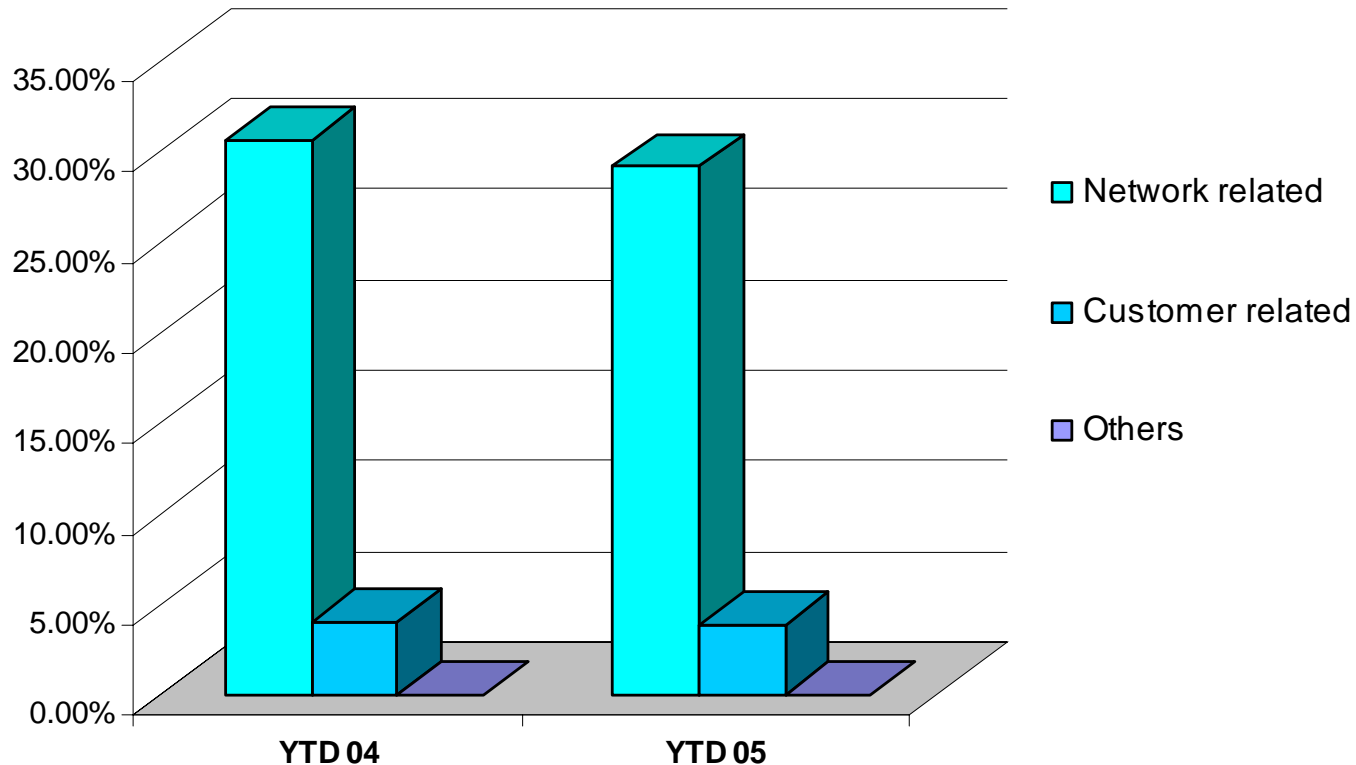
- Imposed in March 2003 with the Liberalization of International Services via
 - Special direction by the Minister of Telecommunications dated 21/ 02/03

<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

- Enacted by Parliament in October 2004 - Finance Act, No 11 of 2004
- Dialog Telekom has **settled all VGF** payments as at end **Sept '05**. –
 - Value Rs.335Mn (YTD Sept '05)

Direct Costs relative to Revenue

Total direct costs as a proportion of revenue has dropped by **2%** for the nine months ended 30 September 05 compared to the same period in 2004.

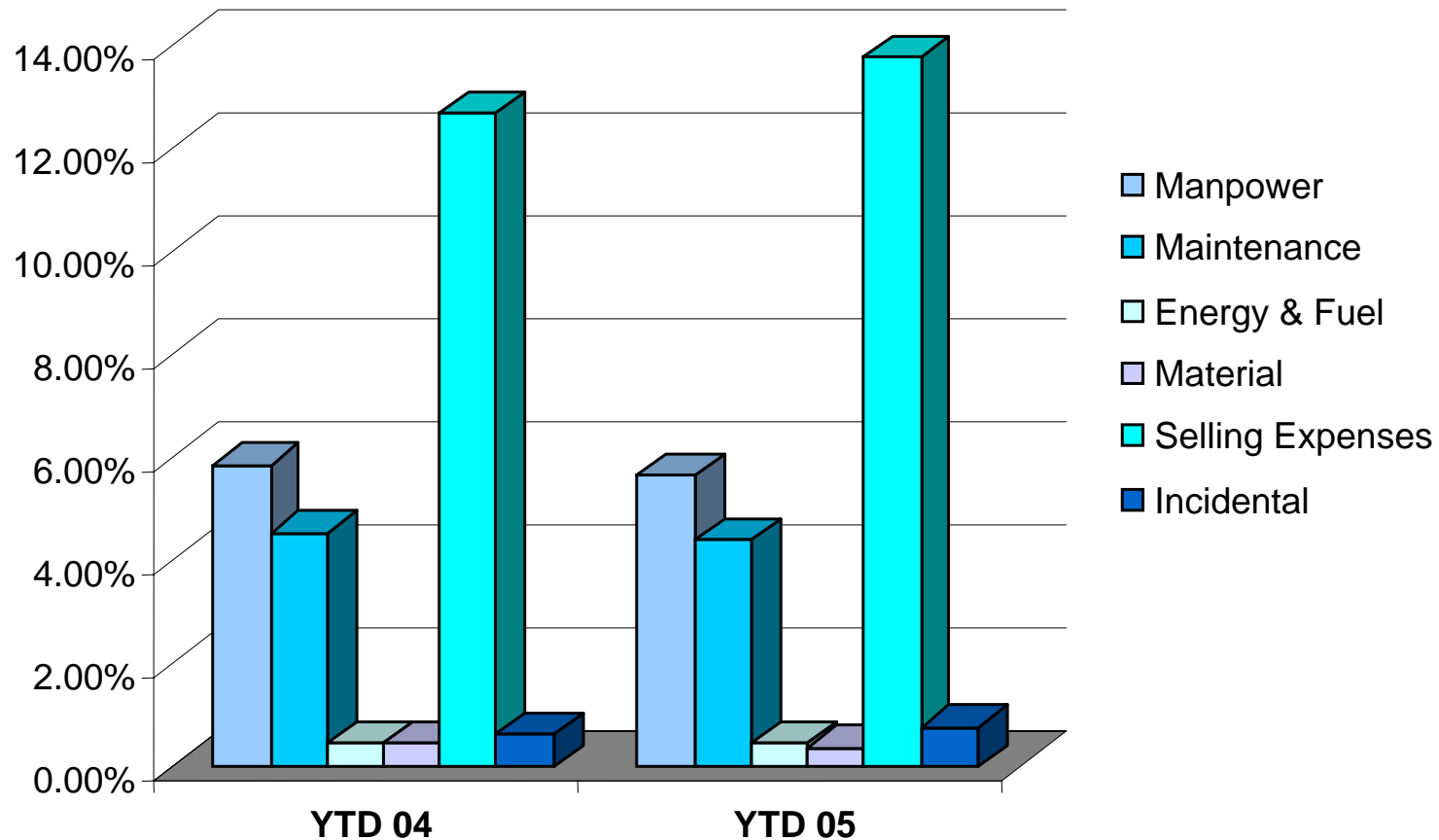


Operating Costs relative to Revenue

- Cost of Manpower maintained < 6%

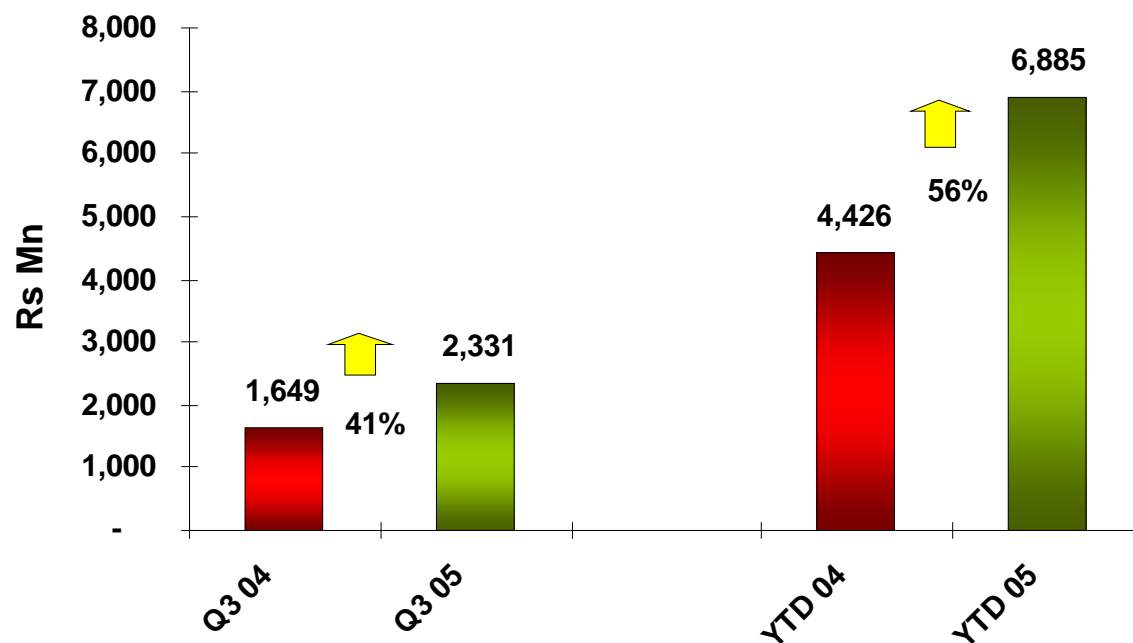
OPEX Breakdown (All amounts in Rs. Million)	YTD 04	%	YTD 05	%	Change %
Manpower	469	23.8%	725	22.2%	54.4%
As a % of Revenue	5.9%		5.7%		
Maintenance	364	18.5%	564	17.3%	54.7%
As a % of Revenue	4.5%		4.4%		
Energy & Fuel	36	1.8%	59	1.8%	63.6%
As a % of Revenue	0.4%		0.5%		
Material	37	1.9%	48	1.5%	31.5%
As a % of Revenue	0.5%		0.4%		
Selling Expenses	1,017	51.5%	1,763	54.1%	73.4%
As a % of Revenue	12.7%		14%		
Incidental	51	2.6%	99	3.0%	96.1%
As a % of Revenue	0.6%		1%		
Total Expenses	1,974	100%	3,258	100%	65%
As a % of Revenue	25%		25%		

Operating Costs relative to Revenue



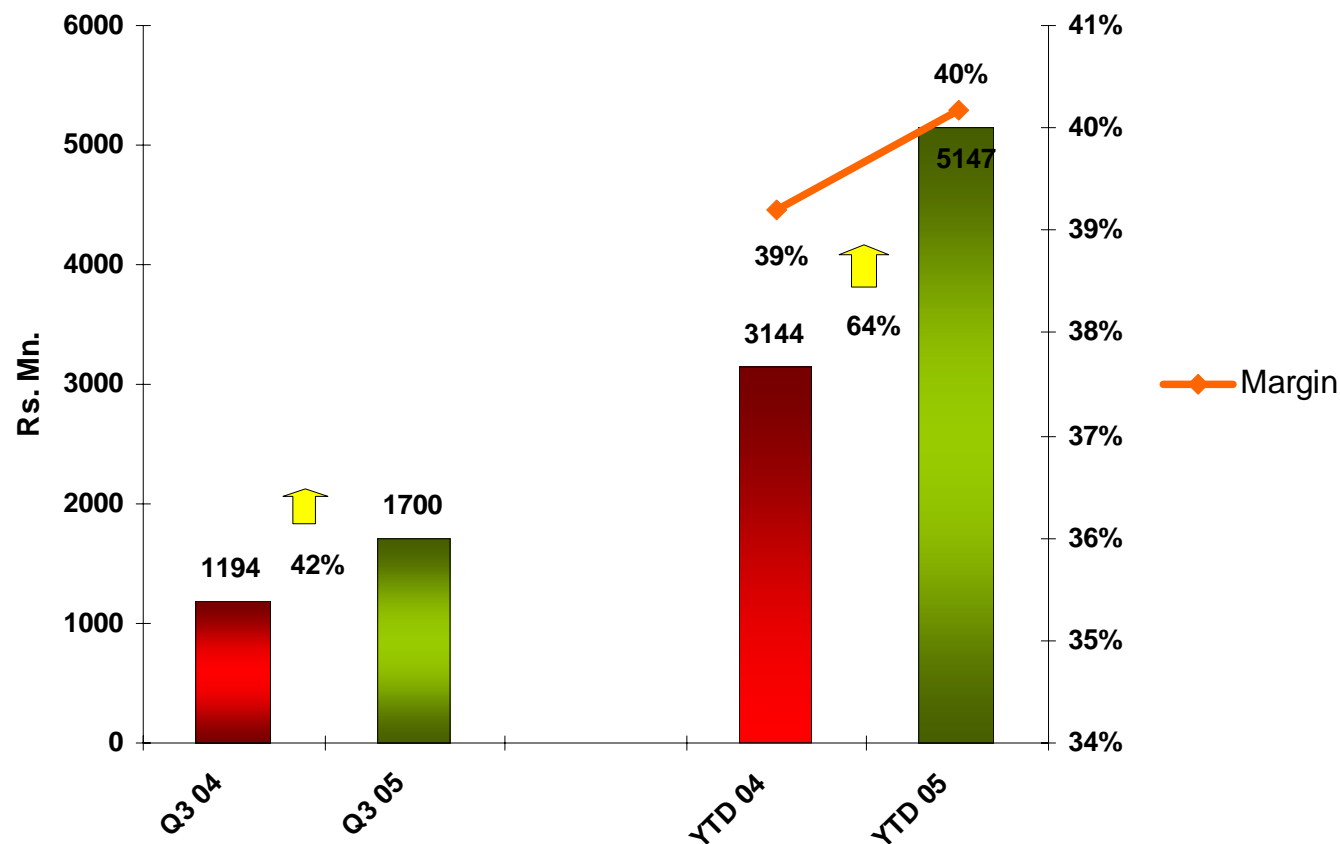
EBITDA Growth

EBITDA has grown at **56%** during the nine months ended 30 September 2005 compared to 30 September 2004

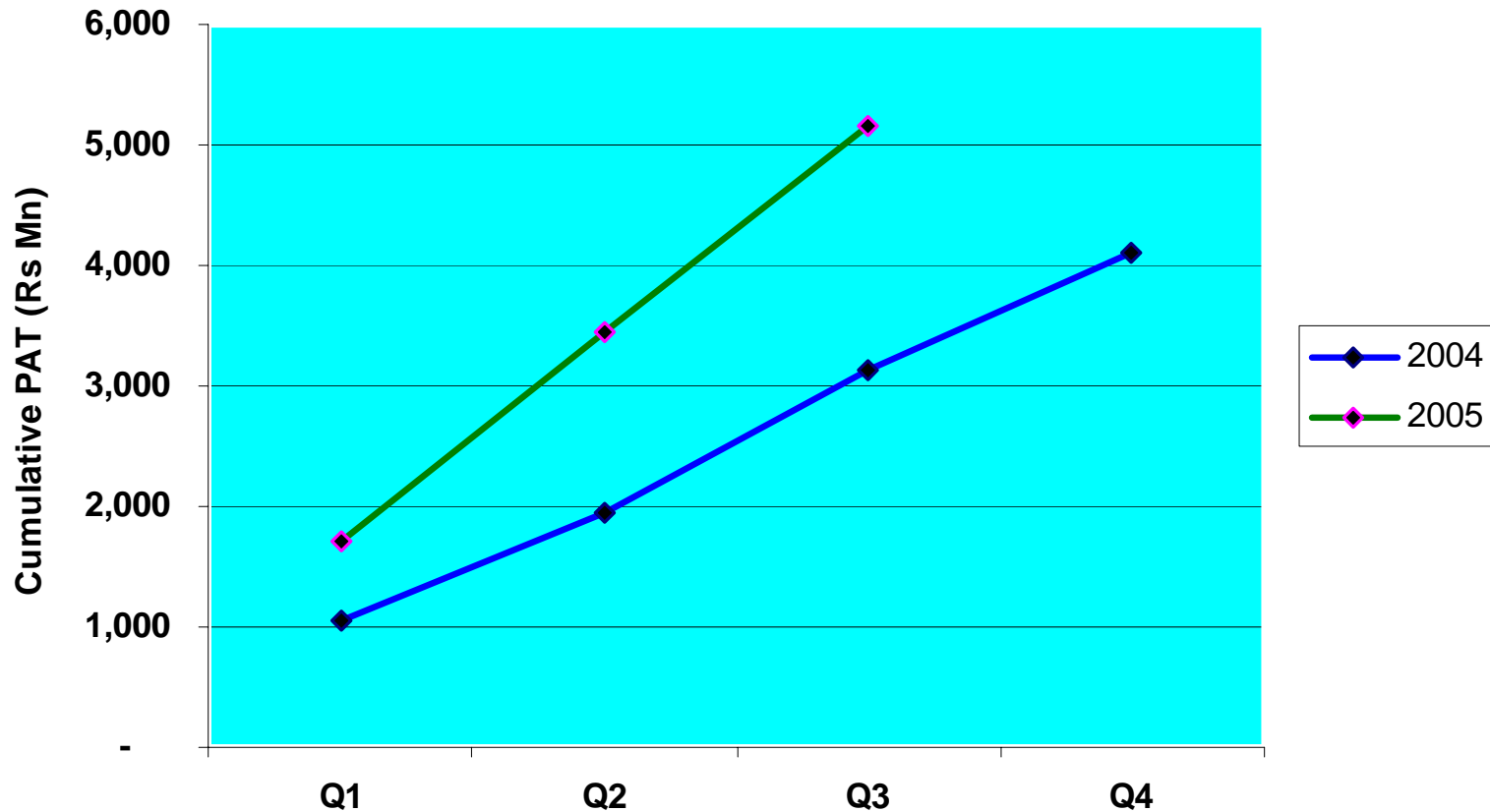


PAT Growth

- Net Profit has grown at **64%** to Rs **5.15 Billion** for nine months ended 30 September from Rs 3.14 Billion compared to the same period in 2004.
- NP Margin has improved from 39% (in Q3 04) to **40%** (in Q3 05)



PAT trend 2004 Vs 2005



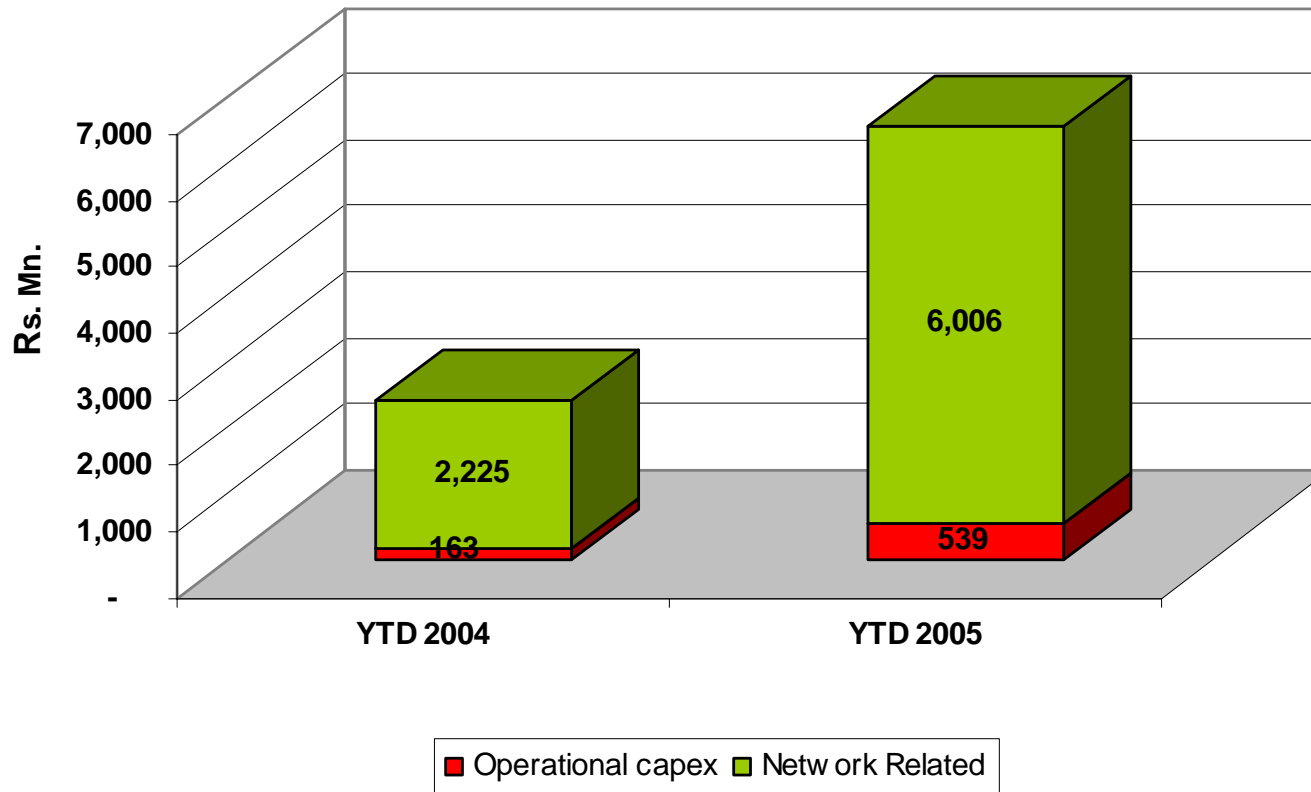
Summary Balance Sheet

	30 September	
(all amounts in Rs. Million)	2005*	2004
Fixed Assets	18,525	12,095
Intangible Assets	126	100
Cash and Bank	7,345	2,566
Net Working Capital excl cash	1,888	24
Non Current Liabilities	(66)	(3,448)
Bank Borrowings	(10,098)	(3,580)
Net Assets	<u>17,721</u>	<u>7,756</u>
Share Capital & Share Premium	12,680	1,639
Retained Earnings	5,036	6,112
Revaluation Reserves	5	5
Net Equity	<u>17,721</u>	<u>7,756</u>

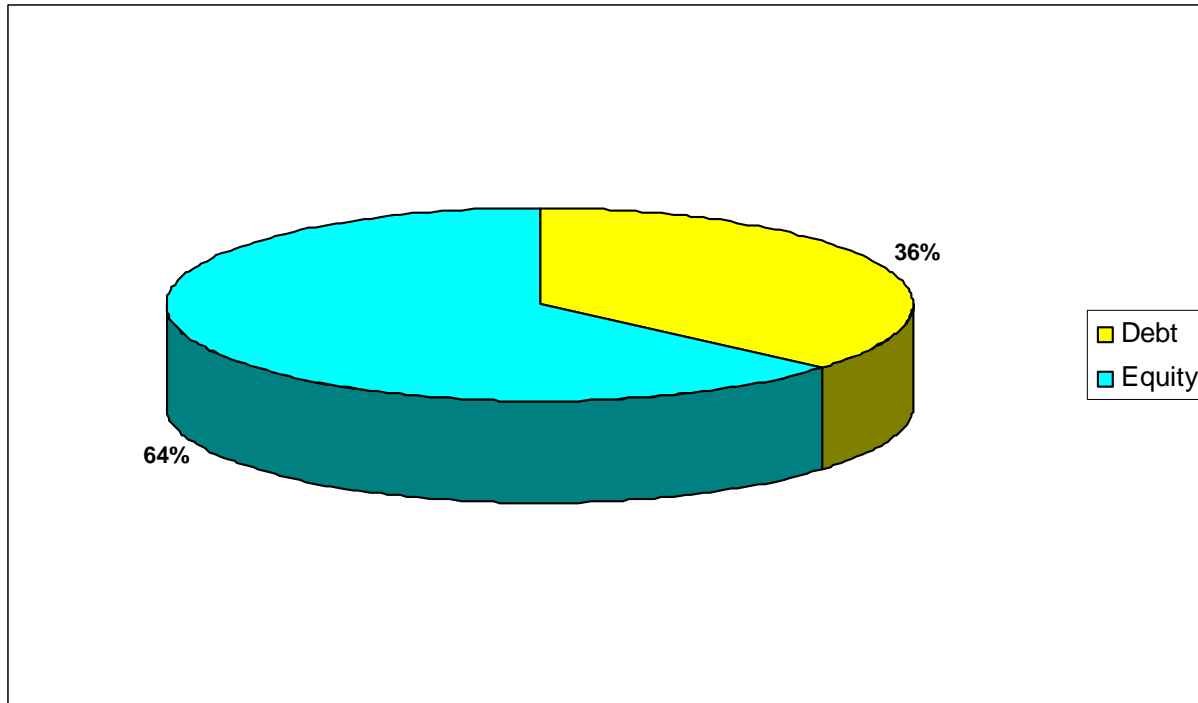
**Based on a limited review carried out by the auditors*

Capex Composition –(Core & Non Core Assets)

Invested a further Rs **3.8 Billion** in the mobile network infrastructure compared to previous year



Gearing Ratio as of 30th September 2005



Cash Flow Summary

(All amounts in Rs Million)	YTD 04	YTD 05
Profit Before Tax	3,174	5,177
<i>Adjustments for:</i>		
Interest Cost	116	127
Depreciation	1,056	1,402
Amortisation	93	134
Retirement benefit obligation	5	18
Other Adjustments (incl exchange diff, Profit on sale of FA & Changes in WC)	326	(659)
Cash generated from Operations	4,769	6,199
Net cash used in Investing Activities	(2,504)	(6,713)
Net cash used in Financing Activities	(161)	4,811

Lenders

<i>All amounts in US\$Mn</i>	Loan Amount	Outstanding as at 30th September 2005
Citi/Commercial Syndicated loan	21.00	12.03
Standard Chartered Bank	25.00	24.67
International Finance Corporation	30.00	15.00
HSBC	25.00	24.43

(An agreement was signed with IFC in '04 for a loan facility of US\$30Mn, with an option of increasing up to US\$50Mn)

Cash position as of 30 September 2005

	Value ('000)	% in Rupee terms
Foreign Currency - US\$	21,300	29%
Local Currency - LKR	5,176,967	71%
Total - LKR	7,335,682	100%

Performance Indicators

Earnings per Share

Rs (Mn)	'30 September	
	2005	2004
PAT	5,147	3,144
Dividend on preference shares	-	(81)
Net Income Applicable to ordinary shares	5,147	3,063
Par Value	Rs 1/-	Rs 10/-
Ordinary Shares at the beginning(Mn)	370	37
Issuance of shares during the period(Mn)	7,403	-
Weighted average number of shares		
January to May (370 Mn shares x 5 months)	1,850	-
May to July (6,913 Mn shares x 2 months)	13,826	-
July to September (7,403 Mn shares x 2 months)	14,806	-
	30,482	-
Weighted average number of shares, end of period(Mn)	3,387	37
EPS (Rs)	1.52	82.8
EPS (Rs) - For analyst purposes	0.93	82.8

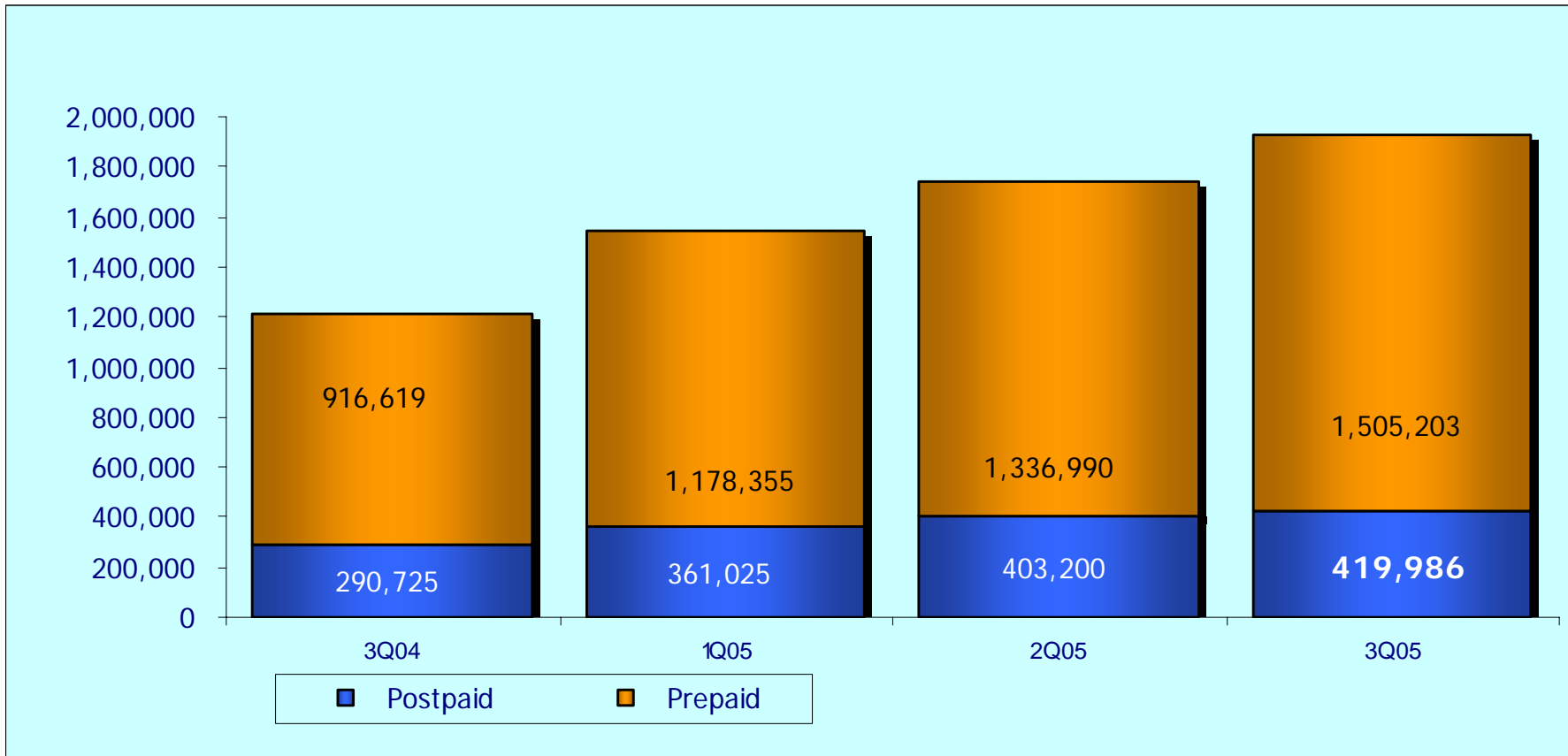
Balance Sheet Indicators

KPI	YTD 2005	YTD 2004
Net tangible assets per share(Rs.)	2.39	175.33
Gearing Ratio	0.36	0.32
Debt to EBITDA ratio (times)	1.05	0.54
Return on Equity (%)	39%	65%
Return on Capital Employed (%)	22%	24%
Earnings per Share (Rs.)	1.52	82.8
Current Ratio (times)	3.19	1.79

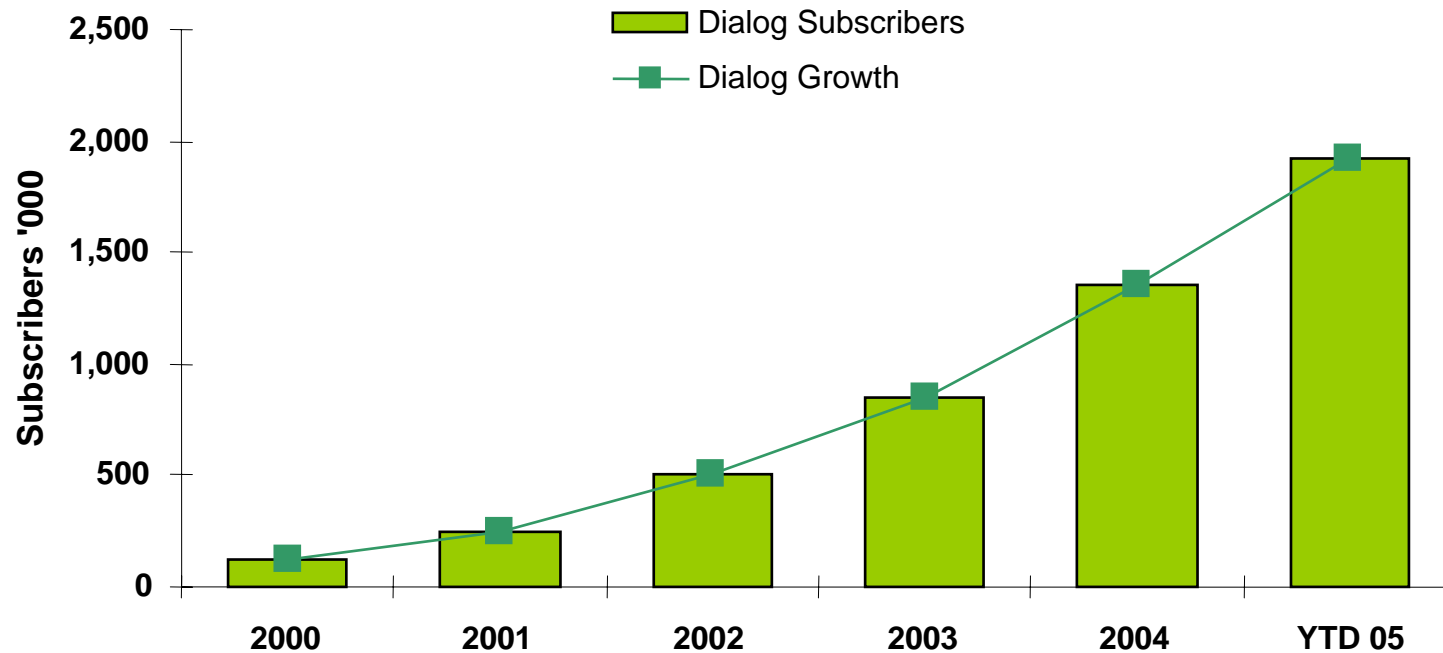
*No of ordinary shares in issue(thousands) 7,403,435 37,000

Key Operational Indicators - Subscriber Breakdown

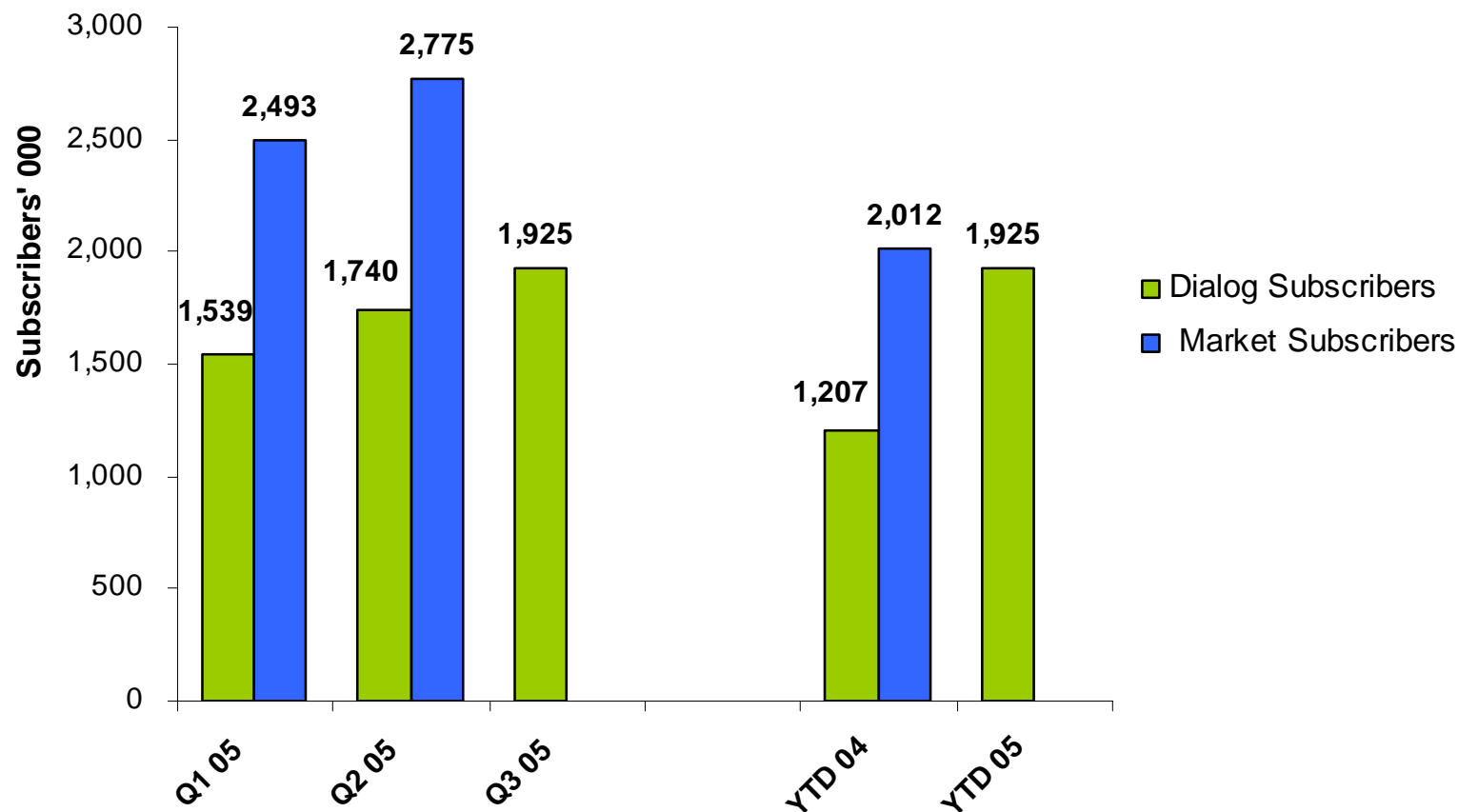
Pre paid subscriber base increased by **64%** & post paid by **44%** for nine months ended 30 September 2005 compared to 30 September 2004.



Key Operational Indicators – Dialog Subscriber Growth



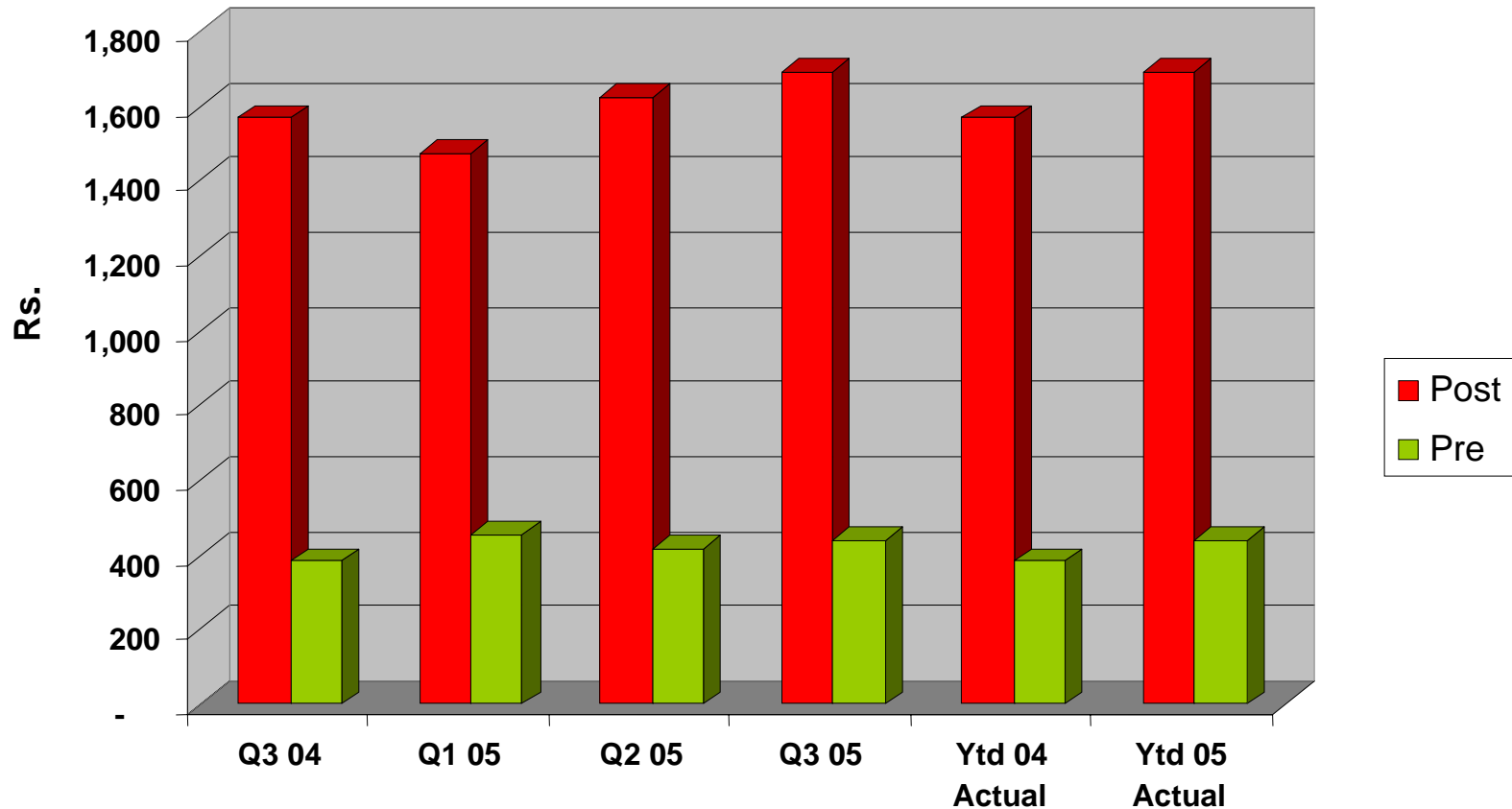
Key Operational Indicators – **Dialog** Subscriber Growth vs Industry



Source: TRC & Central Bank annual report on Industry Subscriber numbers

Key Operational Indicators – ARPU(post & pre)

Monthly blended ARPU as of Q3 2005 has increased by **6.4%** compared to Q3 2004



Way forward

Way forward...

- Market Position
- 3G License
- MTT Networks
- 2 X Network Roll Out
- SAP Cut Over

Market Position

- Market Share improved to 63% as of Q2-05
 - 2Million Sri Lankans on Dialog Network
- Tariff Revisions to maintain/grow market share
 - KIT D2D
 - Free CLI, GPRS
 - Premium Quality IDD @ 11/-
- Value Added Services – TheFuture.Today
 - RingIN tones for Prepaid
 - Sinhala/Tamil browser
 - 3G Pre-Commercial Trial
 - IVR Based bill payments

3G License

- 3G Licensing Process - TRCSL
 - Consultation in Progress
 - Phase 1 allocation based on Beauty contest
 - License expected in Q1-2006
- Dialog 3G Pilot Network
 - 1st in South Asia
 - Non Commercial trial with 200+ Dialog customers

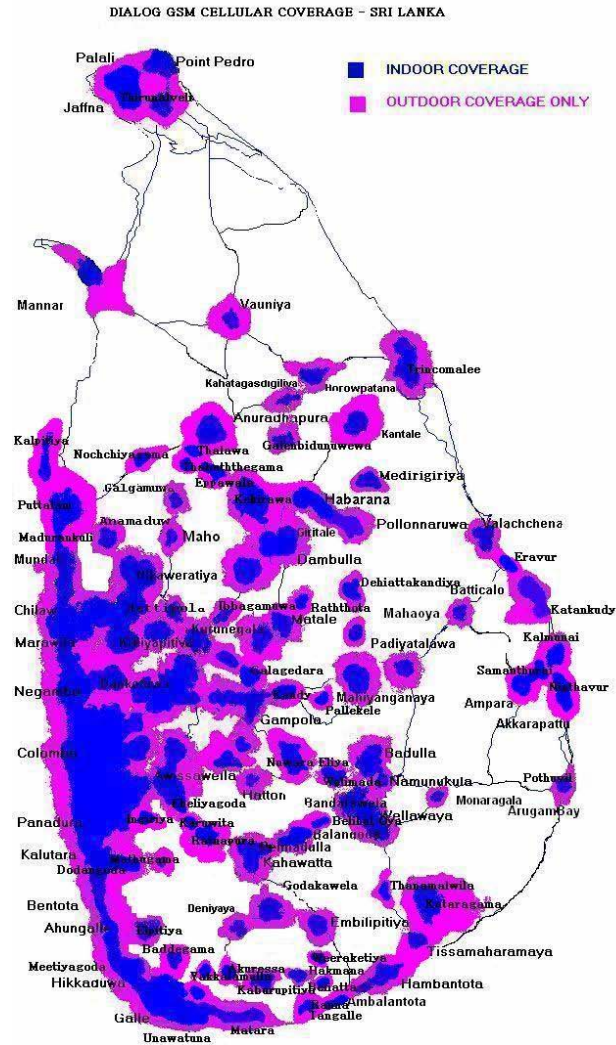


MTT Networks (Pvt) Ltd

- DTL signed a SPA with the shareholders of MTT on 14 November
- The acquisition is expected to be completed by end of 2005
- **MTT possess following licenses issued from regulator:**
 - An exclusive license to establish and operate Communication Infrastructure facilities, Digital Microwave and Optical Fibre Transmission Network
 - Data license to provide last mile data connection products, including Broadband services, ISP, Switched and Non-switched Data Communications Network, Internet and related Services
 - External Gateway Operator license
 - Full facilities based Fixed WLL Services license
 - License for Carriage and Interconnection of Fixed Voice/Data Traffic
 - CDMA 450 Spectrum

Network Rollout

- 550 + Sites covering all 9 provinces of the country.



Dialog GSM Coverage as at 25 th November 2005

- Expected to cutover on 01 January 2006
- FI, CO, PS (inclusive of IM), SD and MM modules would be deployed in the first phase
- Biggest & Fastest (in terms of scale) implementation in Sri Lanka
- Expected Benefits:
 - Process efficiencies
 - Integrated reporting and budgetary control
 - Project Execution - Project Management & Site Rollout
 - Enhanced Cost Information System

Thank you