

19<sup>th</sup> January 2009

## Dialog Telekom plc

### Upgrade of Dialog to a Long Term Overweight.

#### Recommendation Long Term Over Weight

Ticker  
DIAL

Share Price\*  
Rs 5.00

Market Cap\*  
40,718,893,836

ASPI\*  
1650

MPI\*  
1771.7

CSE DATA on 16th  
January 2009

- With the stock price falling to Rs5.00 we are upgrading our recommendation on Dialog Telekom PLC to a Long Term Overweight.
- The stock price is now less than one fifth of the Rs28 price it was at when we put our original very bearish recommendation of Strongly Underweight two years ago.
- In recent months following the sharp fall in its share price we have turned less negative on Dialog's valuations.
- There has been a progressive upgrade of our view on allocation to Dialog in an institutional portfolio, first to an Underweight then to an Equal Weight allocation, and now we are moving our recommendation to a Long Term Overweight recommendation.
- The key reason for our upgrades has been valuations with the market pricing in an excessively pessimistic view with regard to the company's long term prospects.
- In the near term, the company is likely to continue to see a further worsening in its profitability with its core mobile operations also likely to see losses.
- This would most likely lead to a continued underperformance in its share price in the short run.
- However given that we feel that the financial performance of the company will bottom out in the first half of this year and then improve, we feel that institutional investors should use the likely relative weakness in the stock price in the next few months to slowly build up an overweight allocation to the counter.



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