

# Media release



Friday, 14 November 2014

## **SLT Group continues the growth momentum during 1st 9 months 2014; Rs. 5 Bn profits, 29% up.**

**Sri Lanka Telecom PLC (SLT)** released its company and group financial results for the 9 months ending September 2014 today. The group comprises holding company SLT and its subsidiaries including the mobile arm Mobitel (Pvt.) Ltd.

Maintaining the growth momentum, the group recorded Rs. 48.0 Bn revenue during the nine months ending September 2014 with 8% year on year growth. All the revenue segments comprising Fixed, Mobile and Others have contributed to this growth. The operating cost has increased by 8% to Rs. 33.2 Bn during the nine months to 2014. A Rs. 673 Mn one time charge on the operating expenses of the SLT resulting from an out of court settlement on civil litigation in relation to the import of the IPTV system in 2007/2008 has largely driven this increase in cost. The group Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was up by 7% year on year to Rs. 14.9 Bn despite pressures on profitability and the EBITDA margin has been maintained at the range of 31%. The group reported Rs. 6.6 Bn Profit before tax during the period under review with a year on year growth of 25%. The profit after tax increased by 29% from the corresponding period of the previous year, to Rs. 5.0 Bn The group annualized earnings per share had increased from Rs. 2.88 to Rs. 3.73 during the same period of the previous year.

The holding company reported Rs. 28.9 Bn revenue during the nine months to September 2014, which compared to the same period of previous year shows an increase of 7%. This increase was driven by non-traditional revenue streams such as internet, wholesale, global, international and IPTV. The company introduced a new state – of- the- art IPTV system with high capacity and this novel feature will address the increasing demand for this service.

Operating expenses of the company increased year on year by 9% to Rs. 21.6 Bn during the nine months to September 2014. The Rs. 673 Mn one time charge for an out of court settlement to civil litigation has contributed to this increase. Accordingly the company EBITDA margin marginally dropped from 26.7% to 25.3% during the 1st nine months of 2014, compared to same period of the previous year but however under normal circumstances the margin is over 27%. The profit before tax and after tax have dipped by 3% and 8% respectively during the period under review compared to year on year, to Rs. 3.1 Bn and Rs. 2.0 Bn.

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## Operations of Mobitel (Pvt) Ltd.

Mobitel Pvt Ltd, the mobile arm of the SLT Group continued its consistent growth feat despite intensifying competitive environment in the industry. Revenue for the first nine months of 2014 increased to Rs. 22.7 Bn, up by 11% compared to corresponding period in 2013. This growth was mainly driven by the increase in Mobitel Subscribers both in voice as well as in data reporting a 7% increase in the overall subscriber base. It is a testimony of the continuous investments made in latest technology, capacity enhancements and coverage expansion providing the customer a better experience with Mobitel.

Backed by the robust growth in revenue, Mobitel was able to record a growth in all key profitability indicators. When comparing the first nine months performance it is observed that company EBITDA and EBIT has grown by 9% and 8% respectively YoY. The Company's Profit after tax for the first nine months of 2014 was recorded at Rs. 2.6Bn compared to a Profit after tax of Rs. 1.6Bn in first nine months of 2013. Thus growth in Profit after tax during the period is appreciable compared to same period in last year. This is attributable to the growth in EBITDA and EBIT as well as favourable macro conditions that prevailed during the period.