

# Media release



Tuesday, 15 August 2017

## Financial performance

### **SLT Group Operating Profits Up, Increasing Depreciation Slow Down Net Profits**

Sri Lanka Telecom group released its group and holding company financial performance results for the 6 months ending on 30th June 2017. The group comprises of 8 subsidiaries, including the mobile arm Mobitel (Pvt) Ltd.

During the 6 months ending 30th June 2017, the group reported Rs. 37.4bn in revenue with a 2% year on year growth, while maintaining a nominal growth of 1% in operating costs. Group EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) was reported at Rs. 11 bn with a 4% increase compared to the same period last year. The EBITDA margin remained at 29%.

As a result of the continuous expansions, the group depreciation and amortization was recorded at Rs. 8.2 bn, which is a 20% year on year increase. This increase was mainly driven by the investments of the holding Company on new technologies and customer base expansion initiatives. The decrease in group profits reflected the increase in depreciation due high investments in infrastructure.

The holding company Sri Lanka Telecom (PLC), recorded Rs. 22.1 bn in revenue during the 6 months ending 30th June 2017, with a 4% increase compared to the same period last year, while managing operating costs at Rs. 16.3 bn, with only a 1% year on year increase.

Mr. Kumarasinghe Sirisena, Group Chairman stated that the new Group Strategic Directional Plan will drive each segment of the group together to boost market leadership, whilst enhancing corporate values utilizing group strengths. He said that the Group would continue to simplify and streamline the business and rationalise costs as demonstrated by the ongoing performance transformation activities.

Mr. Dileepa Wijesundera, Group Chief Executive Officer, expressed his confidence in achieving better returns through continuous investments in expansions and technological improvements. He states that initiatives have also been taken to control costs and drive sales. These initiatives he believes would significantly enhance the Company's performance in the coming months.

Key developments in the strategic initiatives of the group included strengthening of the National Backbone Network - SLT raised its concerns with TRCSL (Telecom Regulatory Commission) over the ROI on NBN and continuous lobbying with authorities against license violation. Raising concerns on Spectrum issues – SLT Continuously lobbied with the authorities for allocating spectrum to accelerate fixed & mobile LTE rollout. Strengthening Next Generation Broadband – This initiative improves geographical coverage, Speed, Volumes &

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ARPU of Broadband products. Catering to the growing demand for robust fixed broadband by further expanding Fibre to the home/premises (FTTH/P) up to 100 Mbps speed and 4G/LTE expansion as well.

SLT also became the First Telco to Successfully Field Test Pre-5G LTE Advanced Pro Technology in South Asia achieving 855.9 Mbps user throughput achieved using Advanced Carrier Aggregation in TD-LTE 2500 MHz band and over 700 Mbps cell throughput achieved on a single TDD Carrier using Massive MIMO and 5.5 millisecond user plane latency showcased.

The Company will also be launching its newly built state-of-the-art Tier 3 Internet Data Centre in Pitipana-Homagama and officially commence SEA-ME-WE 5 -undersea cable system- with newly established cable landing station in Matara within the third quarter. SLT's new data center will be the country's first 'Purpose built tier 3 Data Centre' and will enhance the provision of a secure and reliable data hosting facility and Cloud computing services to Sri Lankan businesses. With the advent of the SEA-ME-WE 5 cable system and landing station, Sri Lanka is perfectly positioned to place itself as a regional digital hub.

SLT is also committed to further oversee South Asia's first cutting-edge submarine cable depot in the Galle Port in the South of the country. This cable maintenance station will oversee the repairing of all cables in the region, even those pertaining to external telecommunication operators.

SLT also provided a global connectivity backhauling facility to international operators. This network consists of three cable stations situated at Colombo, Mount Lavinia and Matara joined to the international back-haul hub at Welikada. This will help establish Sri Lanka as a regional digital hub, and include Sri Lanka to the International PoP network.