

# Media release



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## 1<sup>st</sup> quarter financial performance - 2016

### **SLT group 1Q 2016 revenue 10% up, Rs. 1.7 bn profits**

Sri Lanka Telecom PLC (SLT), the national ICT solutions provider released financial statements of the 1st Quarter 2016 of the Company and Group. The group consists of 8 subsidiaries including the mobile operator Mobitel (Pvt) Ltd.

The groups focus in providing state of the art services by introducing new technologies and expanding the available infrastructure, results in reporting Rs. 18.4 bn revenue during the 1st quarter 2016 with a year on year growth of 10%. The group expects to maintain this trend through recently introduced FTTH (Fiber-to-the-Home) and LTE (Long-Term-Evolution), service packages, which is the future of modern telecommunications.

Owing to the increase of operating costs and depreciation, the operating profits of the group remained flat at Rs. 2.3 bn. In addition, recent indirect tax changes have resulted in cost increases.

Before and after tax profits of the group were recorded at Rs. 2.2 bn and Rs. 1.7 bn respectively with year on year growth of 4% and 3%. Annualized EPS of the group reported at Rs. 3.82.

The holding Company SLT was able to earn Rs. 10.8 bn revenue during the quarter under review reporting a 10% year on year growth. The growth was driven by the expansions and introduction of new technology. The operating costs have escalated by 14% year on year to Rs. 7.9 bn during the quarter. In line with continuous investments in expansion, the depreciation of the quarter was increased by 7% year on year to Rs. 1.9 bn. The operating profit of the quarter reported at Rs. 0.9 bn with 13% drop from the same period of the previous year. Escalations of operating costs and depreciation have resulted in the drop in profits. The Company's before and after tax profits were flat at Rs. 1 bn and Rs. 0.7 bn respectively during the 1st quarter 2016.

“Being the sole provider of FTTH services in Sri Lanka, we are happy about the positive responses received from our customers on our Smartline (FTTX) package which gives a better broadband experience at a reasonable price” said Mr. Dileepa Wijesundera, the CEO of SLT Group on releasing the financials of the group. “We are now geared to provide an even better service to our customers. The recently concluded i-Sri Lanka program migrating the entire subscriber base to modern soft

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switches and subscriptions to high capacity international submarine cable SE-ME-WE-5 connecting across the globe will also enrich the customer experience” he said.

“The SLT group has planned targets of over Rs. 70 bn for the year 2016. By the 31st of March we were ahead of respective target and have confidence to go even beyond these revenue targets for the year”, Mr. Kumarasinghe Sirisena, the Chairman of SLT group stated, releasing the financials of the group.

“Meanwhile we have planned to empower more than 50% of Sri Lankan population in ICT, embracing the government policy of moving towards a digital era. Several concessionary packages are being introduced to identify consumer segments such as Senior Citizens, Agriculture officers, Gramasevaka Officers, Social Service officers etc. Accordingly we are serving to the nation while the group is moving towards its goals” he said.

Mobitel (Pvt) Ltd., (Mobitel) the mobile operator of the group continued to grow its revenue despite industry challenges. Revenue for the first quarter of 2016 grew by 10% to Rs 8.8 bn compared to the same quarter in the previous year. The revenue growth for the first quarter was primarily driven by continued growth in voice, broadband and value added services. The growth in voice revenue despite high subscriber penetration level is attributed to Marketing activities carried out by Mobitel, which involved greater customer engagement with attractive offers and promotional activities. Increased adoption of Value Added Services offered by Mobitel, truly adds value to the lives of users and is reflected in the increasing revenue.

Backed by the robust growth in revenue which is an increase by Rs. 787 mn compared to first quarter of 2015, Mobitel was able to record a growth in all key profitability indicators. In comparison with the first quarter performance, it is observed that the company EBITDA and EBIT has grown by 5% YoY. The Company’s NPAT (Net Profit After Tax) for the first quarter of 2016 was recorded at Rs. 1.05 bn compared to a NPAT of Rs. 1.03 bn seen in the first quarter of 2015. A growth in net profits is reported, despite tough conditions in the macro environment.