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ICT Solutions Provider

SLT Group Profit Before Tax up by 13% to Rs. 5.3 bn during the 1st 9 months of 2013

Sri Lanka Telecom, the national integrated telecommunication service provider and the ICT Solutions Provider for the Commonwealth Heads of Government Meeting 2013 (CHOGM) released its company and group financial statements for the 1st nine months of 2013 today. SLT group comprises the holding company Sri Lanka Telecom (PLC) and seven other subsidiaries including the group mobile arm Mobitel (Pvt.) Ltd.

The group revenue has increased by 5% to Rs. 44.6 bn. during the 1st nine months of this year compared to Rs. 42.3 bn of the corresponding period of the previous year due to a strong Mobile sector coupled with expansion in the wholesale and data sectors. At group level, the operating expenditure has increased by 9% to Rs. 30.68 bn from Rs. 28.15 of the 1st nine months of 2012. The group has posted Rs. 13.90 bn EBITDA during the period under review, with a decline of 2% year on year, resulting in the impact of the holding company EBITDA.

Net Profit Before Tax (NPBT) and Net Profit After Tax (NPAT) of the group have impressively grown by 13% and 24% respectively year on year to Rs. 5.3 bn and Rs. 3.9 bn respectively. Favourable improvements in the non – operation transaction areas of the group have contributed to this growth.

The holding company SLT (PLC) has recorded Rs. 26.9bn revenue during the 1st nine months of the 2013 with a year on year growth of 4% compared to Rs. 25.8 bn of the same period of the previous year. The growth was provided by Data, Wholesale, Enterprises, Global and the PEO TV service sectors that took the leadership in revenue generation for the company via the non – voice sector. SLT was recently awarded ISO 9001:2008 Certification for its Quality Management System (QMS) by the Sri Lanka Standards Institution (SLSI) instills customer confidence in our business and enterprises. This certification covers all local and international services provided by SLT and the operations of its branch offices located island wide. The recent “BT Top 25 Enterprises Award” saw SLT customers come within the Top 25 Awards, while SLT was among the Top 10 Enterprises. This is ample testimony of the commitment of the company to empower the business and enterprise communities in Sri Lanka. It is also notable that 72% of the LMD listed top 100 companies are SLT customers.

Operating expenditure of SLT has increased by 11% to Rs. 19.7 bn. The Company recorded an EBITDA of Rs. 7.19 bn during the period under review with a 27% EBITDA margin. Compared to Rs. 8.01 bn EBITDA of the same period of 2012, this was a 10% drop that was largely driven by operating cost

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increase by 11% to Rs. 19.72 bn compared to Rs. 17.81 bn of the previous year. A onetime charge of Rs. 345m surcharge on the late payment of TDC coupled with inflationary factors and repair and maintenance costs have significantly impacted the operating cost increase.

The Company posted a Rs. 3.16 bn NPBT and a Rs. 2.22 bn NPAT during the 1st nine months of the year reporting a dip of 24% and 28% respectively during the year. However, substantial increase of 22.7% and 41.6% of NPBT and NPAT has been reported by the company quarter on quarter, resulting from the initiatives taken to provide better services.

The Company is in the process of building the National Backbone Network with a large investment. Having more than 50% of its equity in the government and its affiliates, SLT is committed to realizing the nation's vision of "Smart Sri Lanka" by following the right policies and strategies, and thereby empowering the "digital economy".

Mobitel (Pvt.) Ltd, the mobile arm of the SLT Group continued its consistent growth feat by recording an encouraging performance in 3rd the quarter of 2013. Revenue growth for the first nine months of 2013 was 11% compared to same period of the previous year. Revenue in quarter 3 of 2013 grew by 5% over quarter 2 with the revenue for quarter 3 exceeding Rs.7.0 Bn. This growth was mainly driven by the increase of Mobitel subscribers in both the voice category and data category reporting a 13% increase in the overall subscriber base. It is a testimony to the continuous investments made in the latest technology, capacity enhancements and coverage expansion providing the customer a better experience with Mobitel.

Mobitel managed to record a growth in all key profitability indicators operating in a maturing voice market with increased competition. Reflecting the growth in revenue, EBITDA and EBIT grew by 16% and 29% respectively YoY. EBITDA margin for first nine months of 2013 ascended to 34% which is a two percentage point increase compared to the reported EBITDA margin of 32% at the end of 1st half 2013. This achievement was possible due to the revenue growth realised by the initiatives undertaken for cost optimisation and productivity enhancement. The NPAT recorded a significant growth in the first nine months of 2013 due to the growth in EBITDA and EBIT as well as decreased currency costs compared to the same period of the previous year.