

Media release



Friday, 15 August 2014

2 Q 2014

SLT 1st half Group net profits up by 28% to Rs. 3 bn.

Sri Lanka Telecom PLC (SLT) released its company and group financial results for the 1st six months of the year 2014. The Group comprises the holding company SLT and its 07 subsidiaries including the mobile arm Mobitel (Pvt.) Ltd.

The group recorded Rs.31.39bn revenue during the 1st six months of the year with 8% growth compared to the same period of the previous year. All the operational segments of the group has contributed to this growth; i.e. Fixed Telephony, Mobile and Others. The group operating cost was managed at Rs. 21.86 bn despite a charge of Rs.673 mn to the operating cost, resulting from an out of court settlement of a civil case on the import of the IPTV system in 2007/08. Several initiatives were taken within the group including the inculcating of a cost saving culture that has resulted in keeping operational costs at a tolerable level year on year (YoY) with an increase of 7%. The Group EBITDA increased to Rs. 9.53 bn with YoY9% growth, recording an EBIDTA margin of 30%. Group Profit Before Tax grew by 25% YoY to Rs. 4.04 bn. Foreign exchange gain of Rs. 99 mn during the period under review, compared to Rs. 382 mn foreign exchange loss incurred during the corresponding period of the previous year coupled with EBITDA growth has largely impacted this growth. The group reported Rs. 2.96 bn Net Profit After Tax during the 1st six months of the year with 28% growth compared to the 1st six months of the last year.

The group recorded impressive Profit After Tax of Rs.2.42 bn. during the 2nd Quarter alone gaining YoY growth of 234%. The growth was largely driven by YoY 30% EBITDA growth, TDC refund of Rs. 699 mn and foreign exchange gain of Rs. 78mn against Rs. 421 mn loss in the 2nd Quarter of the previous year.

SLT, the holding company recorded Rs. 19.05 bn revenue during the 1st half of 2014 compared to 1st half 2013 with 8% YoY growth. Operating costs increased by 11% YoY to Rs. 14.31 bn. The cost incurred by the out of court settlement stated above has largely impacted this cost increase. The company EBITDA reached Rs. 4.73 bn during the 1st six months of the year with a marginal growth

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compared to the corresponding period of the previous year. The company EBITDA margin was reported at 25%. During the period under review, the company recorded Profit Before Tax and Profit After Tax of Rs. 2.0 bn and Rs. 1.3 bn respectively, with 2% growth and 4% drop respectively, compared to the same period of the previous year.

Mobitel (Pvt) Ltd., the mobile arm of the group continued to grow its revenue despite the intensifying competitive position in the industry. Company Revenue for the first half of 2014 was recorded at Rs14.7 bn, up by 10% compared to the corresponding period in 2013. Revenue performance in Q2-2014 also grew by 3% over Q1-2014 indicating a steady growth QoQ. Revenue growth can be attributed to a continued growth in subscriber base as well as in the data business.

Reflecting the growth in revenue, operating profitability of the company improved compared to H1-2013 while quarterly growth is also encouraging. Company EBITDA and EBIT for the H1-2014 grew by 10% and 7% respectively over the corresponding period of 2013 whilst growth achieved in Q2-2014 was 9% and 22% respectively compared to Q1-2014.

The growth in NPAT during H1-2014 is appreciable compared to corresponding period of last year. This is attributable to the growth in EBITDA and EBIT as well as stable macro conditions compared to the first half of last year. Even though Q2-2013 operating performance shows an improvement over Q1-2013, the depreciation of the rupee by 2.5% during the latter part of the second quarter had an adverse impact on NPAT compared to the preceding quarter.