

Media release

SLT Group records Profits Before Tax of Rs. 2.0 Bn for 1Q 2013

Sri Lanka Telecom PLC (SLT) released financial performance of its Group and Company for the 1st quarter 2013 today.

The group has recorded a Rs.14.45 Bn revenue, with 5% year on year growth during the quarter. Strategic initiatives engaged particularly in the mobile sector together with the expansion of broadband and data services through i-Sri Lanka program have complemented the growth of group revenue.

During the quarter under review, the group reported a Net Profit Before Tax (NPBT) of Rs. 2.03 Bn and Net Profit After Tax (NPAT) of Rs. 1.60 Bn. This is an impressive growth of 90% and 226% respectively compared to that of the previous year, which was negatively impacted by Rs. 1.4 Bn foreign currency conversion loss. Compared to previous quarter the improvement of Group NPBT and NPAT was 48% and 83%.

Increase in operating costs mainly driven by inflationary factors, has diluted the group EBITDA margin to 32% from 36% during the same period in the previous year.

In line with increased profits, Group annualized Earnings Per Share (EPS) has been increased from Rs.1.09 in 1st quarter 2012 to Rs.3.55 during the quarter under review.

At the Company level, Rs. 8.70 Bn revenue was reported with a marginal growth of 1% compared to the corresponding quarter of the previous year. Rapid increase of operating costs has eroded the Net Profit Before Tax and Net Profit After Tax of the quarter under review by 46% and 48% respectively to Rs. 1.06 Bn and Rs. 0.78 Bn.

SLT has moved onto a period of growth with the appointment of Group CEO Mr. Lalith De Silva in February 2013, who has extensive experience in the telecommunication and IT sector. Commenting on the performance of the company, Mr. Lalith De Silva stressed the importance of adopting a synergetic approach within the group to facilitate rapid growth in terms of financials as well as to provide an enhanced service experience to the customers.

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In the face of intense competition, Mobitel was able to report a healthy performance recording a growth in both subscribers and revenue. Revenue for the first quarter of 2013 grew by 10% to Rs 6.6 Bn compared to the same quarter in the previous year. The revenue growth was duly supported by timely investments in network infrastructure for capacity building and coverage expansion. This in turn resulted in an increase in customer base by 14% in comparison to the first quarter of previous year. This growth was achieved despite the Sri Lankan mobile market reaching saturation by end of 2012 according to TRCSL sources.

Mobitel reported improvement in all key profitability indicators EBITDA, EBIT and NPAT during the first quarter of 2013 compared to same period in previous year. The growth achieved in overall revenue which increased by Rs 0.58 Bn continues to be reflected across profitability indicators with EBITDA and EBIT growing by 3% and 5% respectively. This was a result of continuous efforts to manage costs while striving for optimum asset utilization. For the first quarter of 2013 Mobitel reported an After Tax Profit of Rs.0.64 Bn as against Rs.0.95 Bn losses in the first quarter of 2012 mainly brought about by the depreciation of the rupee in the early part of 2012. Therefore the NPAT growth achieved for the period is 167% in comparison to the same period of previous year.

According to Mr. Nimal Welgama, Chairman SLT Group, SLT is now ready to deploy high investments in Infotainment, expansion of International cables, Data and Broadband services and expansion of IT systems. He is confident that these investments would enhance the value of SLT Group while significantly contributing to the Government initiatives to boost ICT in the country as a part of its infrastructure development.