

CHIEF EXECUTIVE OFFICER'S REVIEW



SLT continues onwards with its digital transformation journey to become the Nation's most preferred digital lifestyle provider. The structural changes made as part of the Centre of Excellence initiatives have enabled efficient decision-making processes by uniting the Group to work together towards a singular set of goals. The pursuit of progress is one that never ends, so I would like to take this opportunity to highlight some of the most significant milestones for SLT in 2018.

Digitalisation

SLT's drive to usher in the digital economy in Sri Lanka is not just limited to initiatives like the communications infrastructure and projects such as the Lanka Government Network (LGN 2.0), but also within SLT itself. 2018 saw more prominence given to internal digitalisation initiatives by assigning staff dedicated exclusively to digitalisation projects. Significant strides have been taken to cultivate a DevOps-style culture within SLT through the ECO BRIDGE (Excel Core Operation and Boost Revenue with Innovative Development and Grow the Enterprise) platform. ECO BRIDGE is an innovation platform wherein SLT employees are empowered and encouraged to contribute to the digitalisation of SLT with their knowledge, capabilities, and skills by developing solutions to automate processes and reduce costs and process turnover time, or even introduce novel products for our customers. In effect, we have taken steps to streamline operations and even innovation within SLT.

National data centre

The National Data Centre is the next step in our drive to empower the digital economy in Sri Lanka. In January 2018, SLT launched the first purpose-built Tier III National Data Centre in Pitipana, Homagama connected to the world through the SEA-ME-WE 5 submarine cable system. The facility is the first of its kind in the region with an Uptime Tier III design certification and has received Gold Rated Green building certification by the Green Building Council of Sri Lanka as part of SLT's commitment towards sustainability initiatives to reduce carbon footprint. Launching with a capacity of 500

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racks, the facility launches at a time when public and private enterprises are starting to adopt hosted managed services and Cloud services to reduce their own infrastructure investment and maintenance costs while increasing reliability and flexibility. SLT's Data Centres and Cloud platform are truly ushering in the digital economy in Sri Lanka by providing a scalable, cost-effective alternative to in-house computing resources and offering managed virtual data centres, virtual private servers, and virtual LANs.

Financial performance

During the reporting year, Group Operating Profit Before Interest Tax Depreciation and Amortisation (EBITDA) improved by 20.5% to LKR 25.6 Bn. from LKR 21.2 Bn. in 2017. This was as a result of operational efficiencies limiting the increase in operational costs to 2.5% compared to the growth in revenue of 7.5%. Group revenue crossed LKR 80 Bn. and reached LKR 81.4 Bn. despite the stiff competition and the turbulent operating environment.

Consequently, the Group recorded a commendable improvement of 94.3% in operating profit which reached LKR 7.6 Bn. compared to LKR 3.9 Bn. We continued to make significant investments in state-of-the-art infrastructure to provide world-class services to our customers which is reflected in increase in Property, Plant & Equipment. The Group profit after tax for the year 2018 was LKR 4.9 Bn. which is an YoY increase of 25.6%.

Mobitel improved its overall performance and contributed 48% to revenue, 44% to EBITDA and 72% to profit after tax of the Group.

SLT is building the digital infrastructure for a digital Sri Lanka. We have been selected as the exclusive telecommunications service provider for several prestigious upcoming developments in Sri Lanka, including Port City, that will see us extend our fibre infrastructure and empower new properties with ultra-fast fibre connectivity. Mobitel will usher in the 5G revolution that promises to bring about advancements not possible with current technology. Our customers will reap the benefits of a high-speed, high-tech lifestyle powered by SLT.

A lot of promise lies ahead in 2019, as do a lot of challenges and a lot of work. SLT is ready. I would like to thank all stakeholders of SLT for being a part of our journey and continue to be a part of it.



K A Kiththi Perera
Chief Executive Officer
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