

## **SLT Group's Operating Profit soared by 55% in First-Half 2020, despite Covid-19 Pandemic**

Sri Lanka Telecom PLC (SLT) Group released its financial results for the first-half of 2020 recording a remarkable 55% YoY growth in its Operating Profits to Rs. 6.9 Bn, amidst the many challenges caused by Covid-19 pandemic.

The Group revenue reached Rs. 44.1 Bn during the first six months of 2020 demonstrating a moderate growth of 3.6% YoY, primarily due to the relief packages and free data offers to customers by SLT together with its mobile arm Mobitel (Pvt) Ltd to assist the customers during the pandemic. The unexpected delays in investment projects owing to the pandemic too impacted adversely on the top line. Nevertheless, surge in utilization in Broadband, IPTV and Career Business services in both residential and business sectors due to the work from home arrangements and temporary closure of many educational and business entities lifted the revenues of the Group.

Stringent cost management measures reduced the Operating Costs before Depreciation and Amortization by 7% YoY raising EBITDA margin to 40.5% from 33.4% in the year before. EBITDA of the Group stood at Rs. 17.8 Bn, up 25% YoY. The Interest Expenses and Finance Costs rose to Rs. 1.4 Bn from Rs. 0.6 Bn as a result of increased borrowings to finance the growing capital expenditure in order to align with the global technological trends and fulfilling the changing customer demands. FOREX losses of the Group mounted to Rs. 0.9 Bn from Rs. 15 Mn in the same period last year due to the depreciation of Sri Lankan Rupee against USD arising from the adverse impacts of Covid-19 pandemic. Other Income of the Group grew to Rs. 0.5 Bn, up 85% YoY which improved the Group profits.

Group Profit Before Tax (PBT) recorded at Rs. 5.7 Bn, a 22% growth compared to the year before while Profit After Tax (PAT) posted at Rs. 4.6 Bn, demonstrating a YoY increase of 31%. Growth in revenues coupled with efficient cost management techniques pushed the PAT margin up to 10.4% from 8.2% for the same period the year earlier.

The Group experienced a drop in customer collections during early stages of the pandemic emanating from the low disposable income levels of customers. However, the effective collection strategies of the Group improved collections in later stages of the pandemic, normalizing the cash flows from collections for the period. Regulatory instructions to refrain from disconnecting the unpaid subscribers, brought challenges in collecting the billed revenue. Managed profits coupled with healthy bill collections and limiting capital expenditure to critical areas and shifting to deferred payment plans for procurement led to a positive Cash & Cash Equivalents balance of Rs. 6.5 Bn at the end of the reporting period.

During the first-half of 2020, SLT Group paid out a total of Rs. 8.1 Bn as Direct and Indirect Taxes and Levies to the Government of Sri Lanka.

Mr. Rohan Fernando, the Group Chairman, commented, "We are pleased to announce our financial results for the first-half of 2020 which, yet again proved the growing strength of our organization to be one of the best corporates in Sri Lanka. The Covid-19 pandemic has posed an

entirely new set and scale of challenges to business leadership which most have not experienced before. I convey my gratitude to my management team and my staff for working together as a one close unit in proactively managing the unprecedented challenges brought by the pandemic. We have provided an uninterrupted service to the nation whilst offering relief packages and free data offerings to our valued customers. I believe leading with empathy and a sense of connection with employees, business and community partners, and customers is the root cause of our success. It must also be stated that we ensured the welfare and wellbeing of all our staff members and their families during the recent pandemic”.

Mr. Lalith Seneviratne, the Group Chief Executive Officer, remarked “In this challenging situation, it is imperative to concentrate on health and safety measures of our employees, customers and other core stakeholders while maintaining resilience in our supply chain, workforce movements and financial liquidity. As a Group operating in the telecommunications sector, we have made several initiatives with an eye towards reaping synergies within the holding company and subsidiaries in the long term, and absorbing contract workers in SLT Human Capital Solutions (Pvt) Ltd (HCS) to the permanent cadre of SLT being a one such initiative, which strengthened the bond between the staff and the management”.

Mr. Kiththi Perera, Chief Executive Officer of the Holding Company stated, “SLT as a responsible corporate citizen is engaging in a variety of CSR activities including the donation of one million face masks under the theme “SMILE WITHIN” jointly with our mobile arm Mobitel and “Manusath Derana”. Further, as a response to the need of the hour, with the prevailing social distancing requirements of the Country, SLT launched “AL Kuppiya” and “e-Siphala” online learning platforms to facilitate distance learning to the students. Furthermore, SLT partnered with Lanka Sathosa Limited to create an online retail store and joined hands with EPIC to launch “Helaviru” Digital Economic Center online platform for the first time in South Asia to facilitate the trading activities of agricultural and farm produce”.

Mr. Priyantha Fernandez, Chief Operating Officer of SLT added, “Though the unanticipated challenges caused by Covid-19 pandemic slowed-down the deployment of accelerated Fiber Expansion Project to provide FTTH (Fiber-to-the-Home) connections under the National Fiberization Program to a certain extent, we are successfully continuing with our journey to increase the fiber footprints across the country to provide an ultra-speed experience to our valued customers. SLT recently signed an agreement with Sri Lanka Ports Authority (SLPA) to provide data and voice solutions powered by fiber. Further, SLT introduced Microsoft Azure stack hub as the latest addition to the SLT Akaza cloud family which is implemented at the state-of-the-art Tier III data center located at Pitipana, to address the modern needs of many enterprises across the Country”.