

# Media release

## *For Immediate Release*

### **SLT GROUP 9 MONTHS OPERATING PROFITS UP BY 16% TO Rs. 5 bn**

Colombo, Sri Lanka, November 14<sup>th</sup> 2012 - Sri Lanka Telecom (SLT), the leading integrated telecommunication service provider, released its financial results for the first 9 months of 2012, recording Rs. 5.01 bn Group Operating Profit, a growth of 16% Year on Year (YoY). The Group revenue has increased to Rs. 42.07 bn, an increase of 12% YoY. Despite the gain on foreign exchange translation in Q3 2012 due to appreciation of rupee against Q1 and Q2, 2012 and the impressive increase in Group Operating Profits, cumulative group translation loss on exchange has diluted the Profit Before Tax (PBT) and Profit After Tax (PAT). Normalized basis (without exchange loss on translation), the group has reported an impressive PBT of Rs.5.76 bn, an increase of 21% and PAT of Rs.4.33 bn, an increase of 26% YoY. These normalized results further underscore SLT as the leader and the enabler in integrated telecommunications in Sri Lanka. However, after the Loss on Exchange Translation arising from Mobitel, Group PBT and PAT declined by 11% and 18% to Rs. 4.3 billion and Rs. 2.9 billion respectively.

Commenting on the first quarter results, SLT Group Chairman Nimal Welgama said “Consistent Growth in operating profits in 2012 demonstrates our strength, resilience and aligned growth strategy of our group of companies to deliver strong results. As the catalyst in enabling ICT in the country, we will continue to invest in Network Modernization, Capacity & Coverage Expansion with a view to take ICT in our country to the next level while creating value for our stake holders.”

At company level, revenue for 9 months YTD increased by 7% to Rs. 25.82 bn. PBT and PAT of SLT Company increased by 2% and 3% to Rs. 3.69 bn and Rs.2.7 bn respectively. Revenue streams including fixed broadband, PEO TV, Wholesale, Enterprise and International were drivers of revenue growth. Defying the global trend of declining fixed line subscribers, Sri Lanka Telecom’s wide product range and demand for high speed uninterrupted broadband and entertainment through PEO TV have seen fixed wire line customers increase by 6% YoY to 985,752 steadily heading towards the major milestone of 1 mn Megaline subscribers.

Despite the increase in revenue of the company, increases in International Telecommunication Levy and energy costs have contributed to a significant increase in operating costs which had an impact on profit growth.

Mobitel, the mobile arm of the group continued to grow its revenue despite heavy competition in the industry. Revenue for the first nine months of 2012 grew by 14 % to Rs 18.2 bn compared to the same period in the previous year. The revenue growth was mainly driven by the increase in Mobitel Subscriber base. With the completion of the Stage VI expansion project by mid-2012, significant enhancements in network capacity and coverage have translated in to better customer experience.

# Media release

Despite many challenges, Mobitel managed to record growth in key profitability indicators with EBITDA and EBIT growing by 20% and 30% respectively during the period under review. Growth in these profitability indicators was achieved from growth in revenue coupled with initiatives for cost optimisation and productivity improvements. These initiatives have strongly contributed towards the growth in EBITDA as well as EBITDA margin withering challenges faced by increasing fuel, electricity and other input prices. Company reported a healthy EBITDA Margin of 33% which is a notable improvement over last year. Without the exchange loss on translation, PBT has recorded an impressive growth of 45 % for the period under review.

Mobitel made an impressive PAT over 1bn during 3rdquarter as a result of increasing revenues complemented by marginal appreciation of the rupee. As a result of that company was able to wipe off losses incurred during the first half brought about by heavy exchange losses incurred.

The publication arm of SLT Group, SLT Publications recorded revenue of Rs.461mn.while recording a PBT and PAT of Rs.243.mn and Rs.175 mn.