

# Media release



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## **SLT group Operating Profits up by 19% YoY with a sustainable revenue growth of 5%**

Sri Lanka Telecom PLC (SLT) released its Company and Group financial performance during the year 2015. The group comprises of the holding Company Sri Lanka Telecom PLC and 8 subsidiaries, including the mobile arm Mobitel (Pvt) Ltd.

During the year 2015 the group was able to identify strong technology opportunities, accelerated programmes and remain in a strong position in the market place. All segments of the group contributed to a 5% year on year revenue growth for the group with a healthy position reporting Rs 68 Bn in total. Effective cost control measures of the group capped costs at Rs. 48 Bn for the year reflecting an increase of 4% year on year.

The significant revenue growth in the year resulted in Group Operating Profit Before Depreciation and Amortization of Rs. 20 Bn with a 7% year on year growth. This has also resulted in sustaining EBITDA margin at a healthy level of 29%. Depreciation and Amortization of the group increased marginally to Rs. 13.2 Bn in line with group investment in infrastructure expansions. Yet the group reported a Rs.6.7 Bn Operating Profit during the year under review with a strong year on year growth of 19%.

During the year appreciation of US Dollar against the Sri Lankan Rupee caused SLT group to incur Rs. 2.1 Bn, in translation losses as the group opted for more foreign currency denominated loans, thus taking advantage of low interest costs by utilizing its capability to repay borrowings through internally generated foreign currency in-flows.

It is worth noting that TDC refund was not received in the year opposed to Rs 1.3 Bn in 2014 thus reflected in profit before tax and profit for the year being Rs 5.5 Bn and 3.7Bn respectively.

The holding Company SLT reached the revenue milestone of Rs. 40 Bn. in the year 2015 increasing 4% from the previous year. The increase was largely driven by investments to enhance capacities and introducing new technologies while focusing on customer services. Company expects a continued growth through accelerated i-Sri-Lanka program enabling Island wide high speed broadband, voice and IPTV connectivity augmented with technologies such as LTE and Fibre to home. Operating cost increased by 3% to Rs. 30.4 Bn during the year compared to the year before. Operating Profit Before Depreciation and Amortization of the company increased by 8% from the previous year to Rs. 10.1 Bn. EBITDA margin improved to 25%. Depreciation and Amortization of the company rose by 9% to Rs. 7.8 Bn, reflecting the continued investments of the company. The Company operating profit rose by 6% to Rs. 2.4 Bn during the year 2015 compared to the year before. The holding company was also impacted with foreign exchange losses of Rs. 0.91 Bn and zero level TDC refund against Rs. 0.94 Bn of the previous year, resulting in Profit Before Tax and Profit for the Year to Rs. 2.8 Bn. and Rs. 1.7 Bn respectively.

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Year 2015 was a challenging year for SLT and to the entire group, the Group Chief Executive Officer Mr. Dileepa Wijesundera stated in commenting on 2015 achievements. The group has been able to respond effectively to the changes taking place in the economic and market conditions while investing over Rs. 20 Bn in capacity building, introducing new technologies, improving the automation of internal processes etc. We are now focusing to enrich our products more and more with superior quality and latest technologies enriching our customers. Therefore, the growth potential of the group is promising, he said.

Mr. Kumarasinhe Sirisena the Group Chairman was upbeat about the investment friendly conditions that prevail in the country. At SLT we are moving forward very positively discharging our duties to the nation being a corporate citizen having a very rare record of over 150 years of service. The group is contributing to the wellbeing of people of the country and supporting to the State on economic development while benefitting to the investors. The results achieved during the year 2015 were very much encouraging Mr. Sirisena said.

Mobitel (Pvt) Ltd. continued its growth momentum recording 6.4% growth in revenues for the financial year 2015. In absolute terms, Mobitel recorded a sales turnover of Rs. 32.5 Bn in 2015 compared to Rs. 30.6 Bn in 2014, an increase of Rs. 1.9 Bn.

The increase in revenue was mainly driven by Broadband, the largest contributor to the incremental growth. It was followed by Value Added Services and Voice Revenue which continues to grow despite high subscriber penetration levels in the Sri Lankan Mobile Market. The notable increase in broadband revenue is a result of continuous investment in latest and timely upgrades in technology in both 3G and 4G as well as marketing initiatives undertaken to drive smartphone adoption and pricing Innovations.

A growth trend similar to that of revenue continues across the company's profitability indicators with EBITDA growing in line with revenue by 6.5% recording Rs. 10.5 Bn and EBIT growing by 10% recording Rs. 4.4 Bn. The growth in EBITDA and EBIT is attributed to prudent cost management initiatives coupled with measures to enhance productivity. For the year 2015, Mobitel reported an After Tax Profit of Rs. 2.7 Bn as against Rs. 2.8 Bn in financial year 2014, recording a marginal decline by 4%. The main contributory factor for the decline in Net Profit After Tax was the US Dollar appreciation against the Sri Lankan Rupee resulting in an exchange loss of Rs. 1.2 Bn for the year 2015. The bottom line was also affected by the additional taxes imposed by the government during 2015 such as the mobile operator levy of Rs. 250 Mn and Prepaid recharge tax given away in the form of a bonus to the customer.

Overall 2016 remains an exciting year for the SLT Group with high expected growth contributed by demand on Data, PEO TV, Broadband with Fibre, LTE and Mobile services.