

Media release



SLT records PBT of Rs.1.71 Bn for Q1 2011

Colombo: Sri Lanka Telecom (SLT) announced its latest Company and Group financial results for the 1st Quarter 2011. The national telecommunications services provider posted a strong group financial performance with a Profit before Tax (PBT) of Rs. 1.71 bn for the first quarter 2011, which is a growth of 82% year on year (YoY). The SLT Group consists of parent company Sri Lanka Telecom PLC and seven subsidiaries including the mobile giant Mobitel (Pvt) Ltd.

The Group's Profit after Tax (PAT) of Rs. 1.29 bn in the quarter reflects a 114% growth YoY. This substantial increase in profits can be attributed to revenue increase coupled with cost optimization initiatives which have delivered encouraging results in terms of reducing operating expenses.

Group Revenue grew to Rs.12.4 bn, with strong performance in Broadband, Data, TV and Mobile Voice, with new connections recording a continuous growth. Reduction in financial charges driven by efficient treasury management was another contributory factor to the favorable results. Significantly, the group's key performance indicators, such as EBITDA, PBT and PAT margins have sustained positive growth, demonstrating the Group's agility and passion for performance.

SLT, which is a key contributor in taking ICT to the next level in the country embarked on a multi billion investment drive in first quarter 2011 for Network Modernization, Technology Upgrades, and Capacity Coverage Expansions. In spite of heavy investments in capital expenditure, the SLT Group recorded a positive free cash follow of Rs. 1.03 bn, which reflects the group's enviable financial fundamentals.

Mr. Nimal Welgama, Chairman of the Sri Lanka Telecom (SLT), commented on the group's favourable performance: "As the country's national telecommunications services provider, SLT shoulders its responsibility pro-actively, constantly striving to position Sri Lanka as the regional leader in the realm of ICT. SLT has powered the economy by boosting the telecommunications sector over the last few decades and SLT is further poised to stimulate and support the momentous economic growth in the journey towards making Sri Lanka, the miracle of Asia. SLT has closely aligned its group vision to the national vision for an IT-enabled country that stands at the zenith of ICT technology. The group's rapid diversification, increased capacity and adoption of the latest ICT advances have empowered us to record an impressive performance in 1st quarter of this year. I am confident that the group will consolidate these early financial gains in the months ahead to render 2011 another strong financial year!"



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At the company level, SLT has recorded significant gains during the 1st Quarter of 2011 due to the wide array of strategic measures taken by the company to add value to its services through innovation and enhanced efficiency. SLT's Profit Before Tax (PBT) of Rs. 1.29 bn and Profit After Tax of Rs. 989mn were 105% and 141% respectively increased when compared to the corresponding quarter of the previous year. These increases were mainly driven by reduction in expenses due to cost optimization initiatives and reduction in volume driven direct costs. Meanwhile, non-traditional revenue lines such as broadband and data have shown impressive growth.

Moreover, value additions such as ADSL and PEO TV have increased PSTN (wired lines) customer base, enabling the company to pass the milestone of 900,000 customer base in 1st quarter 2011. Creating further interest about the company's value-addition initiatives was the fact that existing SLT broadband customers using Entre, Home Plus, Office Plus and Excel Plus volume-based packages benefitted from the free speed boost and increase of data volumes to their Internet experience.

Mobitel, the Mobile arm of SLT, recorded a Profit after Tax of Rs. 384 mn in 2011 as compared to Rs. 204 mn in the corresponding 1st quarter of 2010. This growth in earnings reflects an 88% YoY growth despite formidable challenges faced in a fiercely competitive industry during the period under review. The growth achieved in overall revenue, which increased by over Rs, 600 mn continues to be reflected across profitability indicators with EBITDA and NPAT growing by 8% and 88% respectively. This was a result of continuous efforts to minimize costs while striving for optimum asset utilization.

The growth in Mobitel profitability was achieved notwithstanding the substantial net outflow for 1st Quarter 2011 due to the interconnection regime imposed from June 2010. Mobitel was able to report a healthy performance, recording a growth in both subscribers and revenue by 13% each during this period as compared to the corresponding period last year. In a voice market that is fast reaching maturity, Mobitel was able to capture a significant share of mobile subscribers and thus increase its base by almost 500,000 within 12 months, ending 31st March 2011.

SLT is being strategically transformed to cater to the forecasted exponential demand in data and mobile services in the months ahead. The company is ideally positioned to leverage its ongoing technology enhancements and network modernization and the resultant growth in business will help sustain the strong financial performance gains recorded within the first quarter of 2011.

