

# Media release



## Sri Lanka Telecom PLC – 3<sup>rd</sup> quarter 2011 – financial performance

### SLT Group Pre Tax Profits up by 29% to Rs. 4.8 bn for Nine Months

08th November 2011 Colombo: Sri Lanka Telecom (SLT) released its Group and Company financial results for the nine months ended 30th September 2011. The Group consists of parent company Sri Lanka Telecom PLC and seven subsidiaries including the company's mobile arm Mobitel (Pvt) Ltd., (Mobitel). The group recorded a Profit Before Tax (PBT) of Rs. 4.82 bn during the nine months ended 30th September 2011, a 29% increase from the corresponding period of the previous year. SLT group has been able to manage the operating and financing costs below that incurred during the corresponding period of the previous year in line with the initiatives taken by the group to improve its operational efficiencies, strengthen prudent cost management practices and reductions from revenue driven cost.

The Group reported revenue of Rs.37.47 bn for the first nine months of 2011 with impressive revenue growth in Broad Band and PEO TV. SLT also reached another milestone in quarter 3 by recording 250,000 fixed Broad Band subscribers.

The group Profit After Tax (PAT) for the first nine months of 2011 has increased to Rs. 3.49 bn recording a growth of 46%, while group EBITDA improved by 4% to Rs. 13.1bn. Group KPIs of EBITDA and NPAT margins improved at the group level from 34% to 35% and from 6% to 9% respectively, when compared to the corresponding period of the previous year. Net cash generated from operating activities of the Group improved by 26% to Rs. 14.89bn during the period under review. The group has invested Rs. 10.98 bn in plant and equipment during this period, mainly for capacity expansion, coverage expansion and network modernization.

Meanwhile, parent company SLT significantly increased its PBT by 57% to Rs. 3.69bn compared to Rs. 2.35bn of the corresponding period of the previous year. The company's PAT increased from Rs. 1.40bn of the 1st nine months from the corresponding period of the previous year to Rs. 2.71bn, achieving a growth of 93%.

EBITDA of the Company for the period under review has increased by 8% to Rs. 8.3bn. The KPIs



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of the Company, EBITDA margin and NPAT margin have both improved to 34% from 31% and to 11% from 6% respectively compared to the previous year.

Commenting on the company's performance, the Chairman of the SLT Group Mr. Nimal Welgama stated that the performance of SLT Group in the period from January to September this year is satisfying. He said "SLT continues to champion the Government's mandate to ensure ICT access Island wide. The company's flagship project, 'i Sri Lanka' initiative launched recently will ensure of ICT empowerment even in the most rural areas of the island".

At company level, SLT continued its cost optimization initiatives, while rationalizing thin margin products which have resulted in significant reductions in cost. Traditional fixed line voice revenue which has experienced a negative growth over the last few quarters which have been a global trend mainly due to switch from fixed to mobile voice, has stabilized during the 3rd quarter, mainly driven by the new marketing initiatives and the promotion of double play and triple play offerings. Moreover non-traditional revenue streams, such as data and enterprise business solutions have continued to grow significantly, propelled by favorable economic condition of the country and Sales & Marketing initiatives. To underpin these strategies Company invested over Rs. 5.28 bn in acquisition of plant and equipment during the first nine months of 2011, an increase of 71% over the same period of the previous year.

For the 9 months ended 30th September 2011, Mobitel reported a PBT of Rs. 1.49 bn, a 9% growth. The profit growth attained during the period under review by Mobitel is a result of an 8% growth in the revenue of the company over the same period of 2010. In absolute terms, revenue of Rs.15.94bn in the first nine months of 2011 was recorded by Mobitel compared to Rs.14.76bn in the first nine months of 2010, an increase of over Rs.1.17 bn. This growth was achieved due to an increase in the subscriber base by 15% by end September 2011 compared to same period in 2010 complemented by growth in Broadband, which is emerging as a new engine of growth in the industry.

Furthermore, bottom line of Mobitel was able to withstand the negative impact created by having to pay interconnection for the entire period under review compared to 2010 as the interconnection regime was brought into force only in mid 2010.

