

## **SLT Group Revenue crossed Rs. 86 Bn mark while PAT grew by 28%: FY 2019**

Sri Lanka Telecom PLC (SLT) the leading Digital Lifestyle Service Provider in Sri Lanka, concluded the financial year 2019 on a high note, with 28% YoY growth in Profit After Tax (PAT) at Rs. 6.3 Bn. The impressive growth was strongly underpinned by the increase in revenues by 6% YoY recorded at Rs. 86 Bn. The Group's robust plans directed at achieving strong performance amidst the market competition paved the way to attain positive contributions in all key business segments of fixed and mobile broadband, global business, career domestic, enterprise intelligent business solutions, PEO TV services, national backbone services and digital services whilst managing the operational efficiency.

The Group's EBITDA rose to Rs. 30.0 Bn reflecting a 17% increase compared with the year before, improving the EBITDA margin to 34.9% from 31.4% in 2018 due to the improved revenues and operational efficiency. The Operating Profit grew by 12% YoY reaching Rs. 8.5 Bn in the year under review. The interest cost increased by Rs. 1.8 Bn to Rs. 2.0 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. The FOREX loss was managed at Rs. 443 Mn for the year from Rs. 1.8 Bn in 2018 as a result of the reduction of foreign currency denominated borrowings and effective hedging strategies. The Profit Before Tax (PBT) stood at Rs. 8.2 Bn, a 15% YoY growth. SLT Group paid over Rs.25 Bn Direct and Indirect taxes and other contributions to the Government of Sri Lanka during the year 2019.

Mr. Rohan Fernando, the Group Chairman, commented, "2019 was yet again a tremendous year to SLT demonstrating a remarkable financial performance, managed with an eye towards not only on the short-run, but on the long-run as well. The strength of the Group lies on the expertise, commitment and the loyalty of the management team and the staff. The telecommunication industry continues as an attractive sector, whilst changing customer preferences and rapid technological trends bringing both challenges and opportunities. Innovative thinking, eagerness to change and capability to invest in new technologies lead to thrive in the new digital marketplace. I'm confident that SLT will reach new and greater heights in 2020 and in the years ahead".

The Holding Company recorded a 98% YoY impressive growth in PAT at Rs. 3.8 Bn. The revenue grew by 6% YoY reaching a milestone of Rs. 50 Bn for the year. EBITDA increased to Rs. 16.5 Bn, improving the EBITDA margin to 32.9% from 28.4% in 2018. The Operating Costs before depreciation were reduced slightly by 1% during the year. The improvement of revenue coupled with operating cost efficiency pushed the Operating Profit up to Rs. 3.4 Bn, 82% YoY growth. Reduction in FOREX losses by Rs. 886 Mn and increase in interest income by Rs. 296 Mn contributed positively on the profits while increase in interest costs by Rs. 597 Mn impacted negatively. The PBT rose by 51% YoY to Rs. 4.8 Bn in 2019.

Mr. Kiththi Perera, Chief Executive Officer of the Holding Company, stated, "The ongoing accelerated Fiber Expansion Project under the National Fiberization Program will increase the fibre footprint across the Country targeting consumer, enterprise and government sectors. Further, we are in the process of increasing the 100 Mbps speed of FTTH (Fibre-to-the-Home) connections to 1 Gbps to provide an ultra-speed experience to our valued customers. The forthcoming deployment of 5G technology in Sri Lanka will immensely improve the Career Business of SLT by utilizing the transport network by other operators which lies across the Country. Through our digital journey towards a SMART Sri Lanka, we intend to reach everyone in the Country at least through one of our services, lifting the lifestyles of all stakeholders involved while continuing the meaningful impact we have made in lives of people. We always focus on being in the business with a responsibility extended towards all our stakeholders".

"In a world which is moving fast towards the digital era, SLT is in its trials to launch 5G technology to provide the Sri Lankans with an enhanced experience with a higher speed, higher bandwidth and a lower latency which is the greater need of the masses in the Country. SLT demonstrated 5G services via fixed wireless broadband access in the 3.5 GHz trial band allocated by TRCSL recently which currently recorded at 1.7 Gbps speed. Due to the improved data volumes anticipating to arise from the deployment of 5G in Sri Lanka, SLT plans to expand the capacities of the international submarine cables. In addition, the launch of new SLT finetech products, SLT online mall and SLT digital wallet will help to leverage the benefits of the digitalization. During the year 2020 SLT projects to expand the Tier III National Data Center built in Pitipana and other two data

centers located at SLT Headquarters and Welikada.” added Mr. Priyantha Fernandez, Chief Operating Officer of the Holding Company.

Mobitel Pvt Ltd, the mobile arm of the SLT Group continued to grow its revenue despite challenging economic environment and intensifying competition in the market. Notwithstanding challenging circumstances for growth in the industry, Mobitel recorded a revenue growth of 3% for the financial year 2019 compared to corresponding period in 2018. The revenue growth was mainly driven by the increase in Broadband Services. With the continuous investments on upgrading the network and introducing state of the art technologies, Broadband reach as well as experience improved appreciably during the year making Mobitel the best broadband provider. This was aptly endorsed by Mobitel winning the Ookla Speed Test Award in 2017 and 2019. It also noteworthy voice and other segments too continued to grow due to Mobitel’s commitment steered towards extending a quality product to the masses.

The SLFRS 16 adjustment had a significant impact on the profitability of the company. Mobitel recorded a growth in EBITDA and EBIT for the financial year 2019 which is an increase by 20% and 6% respectively YoY. While there was a positive impact on the EBITDA & EBIT performance of the Company, the changes had an adverse impact on the Net Profit of the company in 2019. Profit after Tax was recorded at Rs. 3.2Bn compared to a Profit after Tax of Rs. 3.5Bn in 2018. However, despite pricing and other externalities posing a significant threat, Mobitel improved its revenue and profitability for 2019 in the last two quarters of the year.

“Despite 2019 being a turbulent year for the country, Mobitel reported a commendable performance withstanding challenges in the economic and competitive fronts. As the National mobile service provider, Mobitel has being proactively fulfilling the aspirations of over 21 million Sri Lankans residing in the country. Towards ensuring that the benefits of ICT technology enjoyed by the developed world are similarly available to all Sri Lankans, Mobitel has continuously invested in the latest technologies. After rapid expansion of our 4G/4.5G LTE coverage which was also widely extended to rural areas as well, we have gone a step further with several demonstrations of latest 5G speed technology which represent the future. This has showcased the ability of Mobitel to be the catalyst in delivering cutting edge technology and bridging the ICT gap in

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Sri Lanka. Our efforts are reflected in our revenue and profits achieved during the year. Our key revenue driver has been Broadband, contributing considerably towards growth in overall revenue. Although the start of the year was affected by adverse externalities by the latter part of the year, we have being able to post a considerable recovery. With the recent reduction in taxes for telecom sector, industry growth is expected to rebound in 2020”stated CEO, Mobitel Mr. Nalin Perera.