

## **SLT's Operating Profit up by 42% with Revenue Recorded at Rs. 42.6 Bn in the First Half of 2019**

SLT Group announced its financial results for the first half of the year 2019 with a remarkable growth of 42% YoY in Operating Profit to reach Rs. 4.5 Bn. The growth momentum was driven by better management of costs and increase of revenue by 7.9% YoY to Rs. 42.6 Bn with significant contributions from its key business portfolios of fixed and mobile broadband services, Global business, Career domestic, Enterprise intelligent business solutions, PEO TV services, National Backbone Services and Digital Services. The Group comprises of nine subsidiaries including its mobile arm Mobitel (Pvt) Ltd. The Gross Profit was recorded at Rs. 18.8 Bn with a YoY growth of 13%.

Despite the strong competition in the market and pressure on the country's economy and public security during the first half of 2019, a strong EBITDA margin was recorded at 33.4% in comparison to 30.9% the year before. The EBITDA reported at Rs. 14.2 Bn. The Profit After Tax (PAT) rose to Rs. 3.5 Bn with a YoY growth of 23%. The Group was able to reduce FOREX losses to Rs. 15 Mn from Rs. 550 Mn in the first half of 2018 as a result of rupee stabilization, effective hedging strategies and reduction of foreign currency denominated loans which positively contributed to the PAT growth. The PAT margin grew to 8.2% for the period under review from 7.2% during the corresponding period in 2018. SLT Group paid a total of Rs.13.9 Bn of Direct & Indirect taxes and other contributions to the Government of Sri Lanka during the six months ended 30<sup>th</sup> June 2019.

SLT Group embarked on a transformational journey towards a Digital Service Provider and has continually invested in strategically important digital infrastructure which is vital for the transformation of the country towards a SMART Sri Lanka. SLT was licensed to build the National Backbone Network with high speed fiber infrastructure. In discharging the obligations under the license, SLT commenced building Fiber to the Home (FTTH) enabling every household and business across the country to enjoy high speed broadband access to their doorstep with more than 100 mbps broadband speed. Multiple international submarine cables including SMW 5 with lowest latency, Akaza Cloud infrastructure and Tier III National Data Centre built in Pitipana also contribute to this transformational journey towards a SMART Sri Lanka. Further, SLT's mobile arm Mobitel (Pvt) Ltd, a fully owned subsidiary of SLT has continually invested to expand

their coverage in 4G LTE networks and launched 5G trials successfully in the country.

Along with the transformational journey, SLT recently launched the 'National Digital Roadmap (NDR)' to attain a SMART Sri Lanka where all citizens will be empowered with digital access to ease their day-to-day life through digital solutions.

Mr. Kumarasinghe Sirisena, the Group Chairman stated that "We are pleased to announce the results of our performance for the first half of 2019 which has once again proven to be strong and impressive. I'm proud of my management team and my staff for working as one close unit to face the challenges with commitment and determination. The Group with its nine subsidiaries continues its transformational journey to become the nation's preferred digital lifestyle provider. SLT also inaugurated the 'National Digital Roadmap (NDR)' for a SMART Sri Lanka and the 'Limitless You' programme to uplift and enrich our valuable stakeholders who are vital for our journey. Going ahead with its diversification strategy, the Group recently launched its innovative transport service under the brand name 'SLT Muve' to avail the opportunities in the external environment through its subsidiary, SLT Digital Services (Pvt) Ltd. I strongly believe 2019 and the years ahead will be very encouraging in with us pursuing opportunities for positive growth".

The operating profit of the Holding Company almost doubled to Rs. 2.3 Bn during the period under review. This was aided by a 6.8% YoY growth in revenues to Rs. 24.9 Bn and the efficient management of operating costs at Rs. 22.6 Bn with a minimum escalation of 0.24% YoY. The Company EBITDA improved by 25.8% YoY to Rs. 8.4 Bn while the EBITDA margin rose to 33.8% from 28.7% compared with the corresponding period the year before. The PAT improved by 76% YoY to Rs. 1.8 Bn. Reduction of FOREX losses too largely contributed to the profit growth, while the increase of interest costs and reduction of Other Income impacted negatively. The PAT margin improved to 7.3% during the first six months of 2019.

"With Vision 2022, SLT embarked on a five-year journey to tackle the challenges of this new era. 'National Digital Roadmap' marked a special milestone in the country's digital journey towards a SMART Sri Lanka. We intend to reach everyone in the country at least through one of our services and join hands with the government of Sri Lanka to uplift the lifestyles of our customers using various means of digital services. SLT has already planned to invest aggressively in fiber and digital infrastructure, paving the way to provide access to all citizens while inviting

everyone to reap the benefits of the investments” said Mr. Kiththi Perera, Chief Executive Officer of the Holding Company.

Mr. Priyantha Fernandez, Chief Operating Officer of SLT added “SLT continues its persistent progress across all its key business segments. The ongoing strategic investments including the expansion of Next Generation Access Network, Fiber to the Home (FTTH) services island wide, PEOTV services with OTT facilities, Akaza cloud and Tier III National Data Centre backed by state of the art multiple international submarine cables provide customers with an unparalleled digital experiences. This journey towards digital transformation will continually enhance expectations of the SLT customers with improved quality and service levels”.

Mobitel (Pvt) Ltd continued to grow its revenue and profitability compared to the same period the year before. Mobitel revenue for the first half of 2019 stood at Rs. 19.8 Bn, up by 5% compared to the corresponding period in 2018. Broadband revenue growth has mainly contributed to the revenue growth despite the adverse externalities and increased competition that prevailed during the period.

Backed by the growth in revenue which is an increase of close to Rs. 1 Bn compared to the first half of 2018, Mobitel was able to record a growth in profits. The Company recorded Rs. 0.5 Bn improvement in EBITDA, an increase of 8% YoY. EBIT for the first half of 2019 declined marginally while both PBT and PAT recorded a growth of 6% and 7% respectively. PAT for the first half of 2019 was Rs 1.8 Bn which is an increase of over Rs. 100 Mn.

“Mobitel continued its growth momentum in the first half of 2019 compared to the same period the previous year. Mobitel revenue and profitability both improved despite heavy competition in the market and broadband has been the key driving force of growth. Being in the forefront of technology in the region, Mobitel successfully demonstrated 5G smartphone connectivity and speeds of over 1.5 Gbps for the first time in South Asia. Mobitel also diversified its business to include two new subsidiaries M3 Force and MobIT Technologies venturing to smart security and software solutions” said Mr. Nalin Perera, Chief Executive Officer, Mobitel.