

# Media release



## SLT Group Records Rs. 50 Bn Revenue and Rs. 5.96 Bn PBT

- **SLT Group PBT up by 327% to Rs. 5.96 Bn**
- **PAT increases by 407% to Rs. 3.94 Bn**

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Colombo, Sri Lanka, February 23<sup>rd</sup> 2011 - Sri Lanka Telecom (SLT), the leading National Integrated Telecommunications Service Provider notched exemplary milestones for 2010 including the status of being the First Listed Company in Sri Lanka to post a record Rs 50.25 Bn in revenue in a Financial Year. Releasing the SLT Group and Company financial results for the 12 months ending 31st December 2010, the Group also delivered a Profit Before Tax (PBT) of Rs 5.96 Bn, with a YoY noteworthy growth of 327%, while the Group's Profit After Tax (PAT) hit Rs 3.94 Bn, a remarkable increase of 407%.

The impressive financial results were mainly driven by the improved performance delivered by SLT, the parent Company of the Group and exceptional performance by Mobitel, the Mobile arm of the SLT group.

Group free cash flow showed an increased from a negative Rs. 2.0 Bn in 2009 to Rs. 8.8 Bn in 2010. Comparatively low capital expenditure and better performance overall, saw an improvement in cash flows.

Group EPS increased from Rs. 0.43 in 2009 to Rs. 2.18 in 2010, which is an increase of 407%, which naturally permeated to better shareholder value.

The impressive 147% growth of Rs. 3.97 Bn in PBT achieved by SLT in 2010 is primarily due to the infusion of prudent operational efficiencies and through restructuring. The Company experienced a marginal drop in revenue to Rs. 33.31 Bn in 2010 from Rs. 34.09 Bn in 2009, mainly due to price pressures and alternative solutions available in the market. However, SLT was able to improve its NPAT margin from 4% in 2009 to 7% in 2010, while maintaining an EBITDA margin of 30%. During 2010, SLT achieved Rs. 2.48 Bn NPAT compared to Rs. 1.23 Bn in the prior year, an impressive 101% increase YoY.

Commenting on the positive performance for 2010, Chairman of SLT Group Nimal Welgama affirmed that the Rs 50.25 Bn revenue for the Group is certainly a landmark in the telecommunication and corporate annals of Sri Lanka. "We are firmly positioned now as the first Sri Lankan company to achieve this record which provides considerable boost to our bottom line and is reflective of our prudent cost management initiatives and focus on subsidiary profitability. Given the strategic focus we have instituted in all our areas of business and the emphasis we have constantly infused in ensuring that our end objectives and targets are met or exceeded, it is indeed noteworthy that we have implemented the necessary foundations and strategies to drive substantial growth and profits.

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He reiterated that the Group while having established a pragmatic framework to ensure consistent growth in all its KPIs, has been insistent in infusing a more visionary outlook and an attitudinal change which naturally contributed positively, both quantitatively and qualitatively. “Having already commenced our Transformation Programme that has established changes across numerous areas including, customer centricity, innovation and an overarching emphasis on prudent cost management remain very high on our agenda.

“We have already laid the foundations to transform our traditional network to a Next Generation Network, investing considerably in infrastructure, technology, training and development”. he said, expanding further on the significant ‘on the ground’ achievements that SLT has attained through the year. “Our Optical Fibre Connectivity Project is another such accomplishment with over 8,000 kms of optical fibre connecting most of the country. We passed the 200,000 fixed line broad band customer mark achieving a growth of 36% and a customer increase of 57,000 YoY and have amassed a total of 1.4 million fixed lines and over 4.0 million mobile customers.” Fixed wired line customers showed growth of 24,000 YoY standing slightly below 900,000, while the fixed wireless (CDMA) customer base declined by 12,000 to reach 550,000 subscribers, a trend that strongly underpins customer preference for fixed broadband ADSL services.

The SLT Group which comprises SLT and seven subsidiaries has created a unique business model that has the ability to leverage on each other’s synergies which leads to astute cost management and optimal utilization of technology and resources, prompting highly innovative state of the art telecommunication solutions.

Mobitel posted a commendable performance in 2010 recovering from a dip in profits in 2009, with PBT of Rs 1.94Bn and a PAT of Rs 1.51 Bn, compared to Rs. 219 Mn and Rs.395 Mn losses respectively in 2009. PAT was achieved from a combined 30% growth in revenue, which was Rs 20Bn, and the instigation of astute cost management initiatives. It is pertinent to note that this remarkable growth in profit was posted despite having to provide for corporate tax, of Rs 431 Mn for 2010, while in comparison, in 2009 the provision was Rs 176 Mn, a liability that was due only from the 1st of July 2009 due to the expiry of the tax holiday granted to Mobitel.

Key drivers in revenue growth are attributed to a continued increase in prepaid services and mobile broadband gaining momentum, while a carefully executed strategy for value innovation and brand building through service excellence added further impetus to this drive. Consolidating its position further, Mobitel crossed the 4 million customer mark this year despite an intensely competitive market. EBITDA for 2010 reached Rs. 6.66 Bn with a growth rate of 62% YoY. In absolute terms, the revenue of Rs. 20 Bn in 2010 compared to Rs.15.43 bBn in the year 2009, an increase of over Rs.4.58 Bn, almost 30% YoY.

Sky Network unveiled Sri Lanka’s first ever WiMax 16e high speed fixed broadband network in November 2010, while Sri Lanka Telecom Mobitel is in the process of expanding its 3.5G network, both of which represent two considerable expansion projects supported by SLT. With the launch of WiMax and both SLT and Mobitel’s prowess in fixed and mobile broadband services, the SLT Group reiterates its status as an integrated total telecommunications solutions provider. SLT’s fully owned subsidiary SLT Publications, the sole directory publisher in Sri Lanka has aggressively grown its product and service portfolio across numerous avenues and

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posted a profit of Rs 109 Mn, while Sri Lanka VisionCom, the subsidiary that launched the revolutionary and unique PEOTV entertainment and interactive service recorded a noteworthy 91% customer growth in 2010 YoY.

In conclusion, Chairman Welgama points out that the Group is striving to create a conducive environment for sustained and consistent organizational growth, instituting the principals of best practice, governance, prudent risk management, emphasis on ethics, professionalism, transparency, accountability and sincerity of action into its everyday workings. “At the same time, at a national level we are mandated to shoulder the responsibility of ensuring connectivity throughout, a key driver in the accelerated national development plan. While we have instituted a plethora of initiatives in order to make Sri Lanka the ICT hub it aspires to be, we must continue to develop and build on the foundations we have already constructed.”

It is with great appreciation that I commend the entire team of the SLT Group for their immense passion and commitment in taking up numerous challenges with great enthusiasm and perseverance, to ensure that we meet and in some instances exceed our goals and objectives. I have great confidence that our team will continue to excel in creating a world class ICT environment for the country to prosper.”