

SLT Group Demonstrates Resilience in Delivering Value to Nation Despite Challenges



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Despite a challenging period, Sri Lanka Telecom Group (SLT Group), the National ICT Solutions Provider, recorded a consolidated revenue growth.

Sri Lanka Telecom Group (SLT Group), recorded a consolidated revenue growth of 5.4 percent to 26 billion rupees in Q1 2022, in comparison to the corresponding period in the previous year. In the same period, group Profit After Tax (PAT) was recorded at 2.7 billion rupees, demonstrating the SLT Group's resilience despite challenging economic conditions. The Group continued its focus on the digital transformation agenda, streamlining the cost base and automating processes while delivering and creating value for stakeholders and the nation.

SLT Group's EBITDA recorded a 9.9 percent YoY growth to stand at 10.7 billion rupees, with the EBITDA margin improving to 41 percent for the quarter against 39.4 percent in the corresponding period of the previous year. The Group recorded a Profit Before Tax (PBT) of 3.5 billion rupees. The Group's revenue growth was primarily driven by the increased broadband revenues resulting from the ongoing accelerated Fibre Expansion Project under the National Fiberisation Program and the expansions and upgrades in the 4G/LTE network. The investment towards fiberisation and the aggressive roll-out and marketing of fiber solutions paid off as it contributed to achieving Q1 targets for the Group with increased consumer demand. The Group saw an increase in PEOTV revenues due

to the accelerated Fibre Expansion Project. The Group's revenue from Career Domestic services too improved during the period.

Rohan Fernando, Chairman, SLT Group stated, "The first quarter of 2022 proved more challenging than we had expected; however, SLT-MOBITEL overall performance reflected the resilience and strength of our portfolio. Throughout 2022 we aim to continue to deliver value for all stakeholders, reinforcing our support to bridge the digital divide and serving the Nation and our people. Prudent financial discipline was also a key factor in our success."

The Operating Cash Flows of the Group grew to 16.3 billion rupees, up by 35.3 percent YoY. The Group recorded a favorable cash and cash equivalents position of 31.6 billion rupees at the end of the quarter. SLT Group's contribution to the Government of Sri Lanka during the first quarter of 2022 amounted to 4.2 billion rupees in direct and indirect taxes, including levies.

Lalith Seneviratne, CEO, SLT Group, added, "We continue to invest in the best of emerging technologies, including networks and digital capabilities, and continue our efforts to deploy an innovative portfolio of products and services implementing the transformation of the Company. Our considerable infrastructure investment allows us to continue innovating and improve customer experience."

Sri Lanka Telecom, the holding company of the Group, recorded 4.1 billion rupees in Profit After Taxes for Q1 2022. Revenue for the quarter was recorded at 15.9 billion rupees, while the EBITDA, and Operating Profits stood at 6.3 billion rupees and 1.1 billion rupees, respectively.

Janaka Abeysinghe, CEO, SLT, commented, "We are on track for business growth and improved profitability, driven by the rapid adoption of broadband services, fiberisation, and increased bandwidth consumption, generating robust demand. My team is focused on growth. We are committed to re-invigorating our core broadband and fixed operations while pursuing the modernization of our infrastructure. We will continue to work to maintain this positive momentum throughout 2022."

The Mobile services arm of the Group, Mobitel, sustained revenues at previous levels, earning 11.6 billion rupees in Q1 2022. Both EBITDA and Operating Profit margins remained positive at 38.9 percent and 19.3 percent. At the same time,

foreign exchange losses negatively affected the Company's bottom line, resulting in a net loss of 0.8 billion rupees for the quarter.

Chandika Vitharena, CEO Mobitel, stated, "Even in these unprecedented times, we are poised to capitalize on the growing need to simplify communications. As the National Mobile Service Provider, we continually aim to introduce next-level solutions driven by the digital acceleration across our market segments, delivering superlative customer experience."

The SLT Group is looking to implement several key strategies to meet the economic slowdown and the challenging operating environment, including cost increases, inflation, rupee depreciation against the US dollar, and delays in importing necessary equipment. Consolidating infrastructure at the group level, restructuring field staff to work smarter, encouraging and deploying more staff to work from home, offering value addition to all customer segments, and focusing on delivering long-term financial performance through a more sustainable business model are among these strategies.