

SLT Group achieves stable revenues for Q1, remaining resilient despite challenges

Colombo, May 15, 2023 - Sri Lanka Telecom Group (SLT Group), the National ICT Solutions Provider, recorded positive consolidated revenues of Rs. 26.6 Bn for Q1 2023, an increase of 2.1%, compared to the same period last year, led by robust growth at company level from SLT, demonstrating resilience and optimism in the future undeterred by the challenging environment.

The SLT Group's revenue growth was mainly driven by SLT company revenues of Rs. 17.6 Bn recorded for the quarter, an increase of 10.7%, from last year's corresponding period. Notably, the SLT Group Management's strategic vision for the company, and prudent action to mitigate the impact of macro-economic issues have resulted in this achievement. However, Group revenues were weighed down by the mobile services arm of the Group.

SLT Group Chairman, Rohan Fernando stated, "We are proud of the stride we have made towards stabilizing our business, unifying our operations and platforms, and transforming into a future-ready technology company. However, the true testament to our success lies in our lean and target-based operational structure, which has enabled us to weather the most trying circumstances and emerge with optimism for the future."

Overall, SLT Group profitability was impacted by direct operational costs. At Group level, Direct Costs swelled to Rs. 15.9 Bn, an increase of 7.6% year-on-year, while at Company level it was at Rs. 9.8 Bn, a rise of 6.8%. The escalation in costs were related to international payments, electricity tariff hikes and annual maintenance charges to foreign vendors. Additionally, administrative costs have also risen significantly to Rs 5.8 Bn at Group level and Rs. 4.5 Bn at SLT Company level for the quarter, an 8.7% and 7.4% increase respectively, once again mainly attributed to inflation and the devaluation of LKR against USD. On a positive note, depreciation and amortization has been reduced, at SLT Group level by 13.6% and at Company level by 19%, reflecting the true value of assets.

Group operating profit has been impacted by the hike in operating expenses which includes an increase in utility cost attributed to the tariff increase, international payments, and annual maintenance costs because of the depreciation of the local currency against the USD and inflation that prevailed in the country. However, at Company level, SLT recorded a healthy YoY increase of 74.4% in operating profit. Overall, at Group level, Profit Before Tax has reduced by 54% YoY mainly driven by finance costs due to the massive increase in interest rates.

Noteworthy, eliminating forex losses shows an improvement in earnings at Company level for the quarter under review. Profit before Tax after eliminating forex loss at Company level is Rs. 1.1 Bn. Additionally, normalized Profit after Tax by eliminating forex impact is Rs. 0.9 Bn at Company level.

The Group's mix of foreign currencies supported Mobitel's and VisionCom's gain from the Rupee appreciation during Q1 compared to last year's corresponding period due to bearing USD loans and liabilities. However, SLT incurred a loss because of its USD reserves.

Despite the ongoing macroeconomic challenges, the SLT Group remains committed to delivering value to all stakeholders. Investments in the SEA-ME-WE 6 cable and facilitation of the fiber network to ensure high-speed connectivity are also ongoing to enable seamless access to transition into an era of digital services.

The Group understands its responsibility to meet present and future technological and communication needs of the country. Working towards this goal, it remains focused on its stability and performance, infusing innovations into its core business and undertaking prudent cost saving measures. Navigating challenging and volatile market conditions, the Group has emerged stronger, securing business sustainability equipped with a future-ready workforce.