

PHOENIX RESPONDS TO MEDIA REPORTS ON SRILANKAN AIRLINES DUTY FREE

Following the recent release of the Board of Inquiry report on SriLankan Airlines, some media articles have stated amongst other baseless allegations (In reference to “ Cross border sales “ and supply of “ Business Class Amenity Kits “), that the airline suffered a loss of hundreds of millions of rupees in its Duty Free operations, due to its contract with Phoenix Ventures. The general perception generated by such reports is that the partnership with Phoenix has overall been detrimental to SriLankan Airlines.

Phoenix Ventures wishes to set the record straight and feels the general public should be made aware of the following.

In the year preceding its agreement with Phoenix, SriLankan Airlines duty free operations earned a nett profit of **LKR 301, 419, 000 (2011 / 12)**

After awarding the contract to Phoenix, the nett income to SriLankan Airlines in the following year **2012/13** was **LKR 349, 619,000**. Since then it has grown to **LKR 430,245, 360 (2014/15)**. An increase of **over 40 %** when comparing fiscal year **2011/12 to 2014/15**.

In the 3 years since Phoenix took over the Duty Free operations, SriLankan Airlines has earned over **LKR 1.1 Billion** nett.

IN ADDITION to all of the above , Phoenix also pays **SLA** a monthly charge of **4%** on Duty free Sales as packing charges of duty free carts , as well as a monthly warehouse fee .

Phoenix **ALSO** provides all the hardware and software to carry out the Inflight sales , prints and provides all the Duty Free catalogs , pays sales commission to the crew , and carries a monthly Inventory of over **Rs. 247 Million.....ALL COSTS THAT SRILANKAN AIRLINES WOULD HAVE OTHERWISE HAD TO INCUR . !**

All this clearly shows a nett increase in contribution to the SriLankan Airlines bottom line accruing from duty free operations, and suggests that SriLankan Airlines relationship with Phoenix has, overall, been a beneficial one, rather than the detrimental one as painted by some media reports.