

Despite challenges in the market, SLT-MOBITEL reports moderate revenue growth in 1H 2024

SLT-MOBITEL, the National ICT Solutions Provider, has reported moderate revenue growth for the first half of 2024, while demonstrating savings through cost management initiatives.

The 1H 2024 performance establishes SLT-MOBITEL's resilience and adaptability in a challenging market environment. The moderate revenue growth, coupled with successful cost-saving initiatives, has led to notable improvements.

The Group's revenue for 1H 2024 reached Rs. 53.5 billion, marking a 1.6% increase compared to the same period last year. Gross Profit at Group level has also increased by 4.0% to Rs 20.9 billion with the gross profit margin expanding to 39.0% from 38.1% in the previous year. The moderate growth was achieved despite challenges in the market such as customer churn and less demand for new connections.

The Group's EBITDA for the first half showed an increase of 17.1%, reaching Rs. 18.0 billion, while Operating Profit surged by 54.5% to Rs 3.6 billion. The EBITDA margin improved significantly to 33.6% from 29.2% in 1H 2023, reflecting the Group's ability to enhance operational efficiency while maintaining service quality.

SLT-MOBITEL also benefited from reduced finance costs, with interest expenses decreasing by 19.5% at the Group level, primarily due to lower interest rates. This contributed to an improvement in the Group's bottom line, with the Net Loss narrowing to Rs. 323 million compared to a loss of Rs. 1,159 million in 1H 2023.

At Sri Lanka Telecom PLC, the company level revenue growth was a marginal increase of 0.9% for 1H 2024 at Rs 35.0 billion. Operating Profit reported a growth of 2.9%. Strategic cost-saving initiatives such as annual maintenance cost, hiring cost, repair and maintenance costs contributed to reduced operational expenses, enhancing overall profitability. The company experienced a 27.2% degrowth in finance cost mainly due to interest rate reduction. As a result, company posted a Net Profit of Rs. 272 million compared to a loss of Rs. 401 million in 1H 2023.

The company remains focused on leveraging its strategic initiatives to drive future growth and sustainability. With ongoing efforts to enhance operational efficiency and cost management, SLT-MOBITEL is well-positioned to navigate the evolving market landscape and deliver long-term value to its stakeholders.

Mobitel showed modest revenue growth of 3.6% year-on-year for 1H 2024 compared to 1H 2023 despite 3% increase in Value Added Tax. Revenue growth was mainly driven by growing demand for broadband services and the efforts aimed at streamlining product offerings. Steady revenue growth combined with reduction of cost led to a significant improvement in profitability, with a growth in EBITDA by 26% in 1H 2024.

Overall, Mobitel showed significant improvement in operational efficiency and profitability. Operating Profit turned positive in 1H 2024 to Rs. 182 million from a loss of Rs. 895 million in 1H 2023. Net loss reduced by 28.9% in 1H 2024 compared to the same period in 2023. In addition to the ongoing investment in network infrastructure, Mobitel's newly acquired spectrum portfolio of 25MHz of 2.3GHz band and 5MHz of 850MHz band in Q2 will significantly boost the capacity and coverage of the network, leading to an enhanced customer experience.

Looking ahead, SLT-MOBITEL remains committed to its digital transformation strategy, focusing on enhancing network infrastructure, expanding digital services portfolio, and improving customer experience across all segments.