

SLT Group posts 3Q 2023 results with moderate growth

The SLT Group released its financial results for the third quarter ending September 30, 2023, presenting moderate growth. SLT PLC reported a revenue growth of 3.7% to LKR 17,490mn, while Mobitel recorded 2.7% de-growth during Q3'23 compared to Q3'22.

The group's consolidated revenue for the quarter increased by 3.9% to LKR 27.7 billion, compared to LKR 26.7 billion in Q3 2022. SLT PLC revenue growth was driven mainly by growth in broadband, PeoTv and enterprise revenue streams. During 3rd quarter Mobitel regained its growth after several quarters of decline and revenue has begun to increase in Q3 with a 3% growth over Q2.

Compared to Q3 2022, SLT Group's operational expenditure (Opex) increased by 13.3% in Q3 2023 to LKR 19.7 billion. Major causes of SLT's rising Opex are increased costs related to electricity, repair and maintenance. Despite the growth in revenue that was recorded, SLT was unable to match the increase in costs which has impacted SLT's profitability.

For the 9 months ending September 2023, SLT Group's Opex was LKR 57 billion, a 14.9% increase from LKR 49.6 billion in the same period last year. Cost surges are attributed to economic conditions such as higher electricity tariffs, LKR devaluation against USD, and import restrictions.

The SLT Group's financial performance in Q3'23 was significantly impacted by a steep decline in profitability of its subsidiary, Mobitel. Group EBITDA decreased by 13.7% compared to corresponding quarter in previous year, primarily due to decrease in Mobitel EBITDA. The drop in revenue and increase in Opex, have led the Mobitel EBITDA to decrease during Q3'23. Accordingly, Group Operating profit also dropped by 81% during the quarter. Group PAT decreased by 208% mainly due to Operating loss in Mobitel as well as increase in finance cost of SLT PLC.

However, Mobitel profitability has improved notably in Q3'23 compared to Q2'23 as Mobitel records an increase in EBITDA by 36%, EBIT by 93% and NPAT by 44% due to the growth in revenue and optimization of business parameters. Tighter cost controls and revenue growth initiatives at Mobitel, along with lower finance costs, will be critical to restoring the Group's profit trajectory going forward.

Mr. Janaka Abeysinghe , CEO of Sri Lanka Telecom said, "The third quarter of 2023 continued to be challenging for SLT Group due to the country's economic conditions. However, through concerted efforts to optimize operations and carefully managed costs, SLT and Mobitel have been able to arrest further deterioration of the situation compared to the previous quarters, which appears to be stabilizing. Our persistent focus on delivering high-quality telecommunication services and arresting the high churn seen earlier has provided positive results. As a Group, we remain fully committed to overcoming the current challenges and providing seamless connectivity to all Sri Lankans."