

Telkom revenue steady despite BCX drag and load shedding

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Telkom reported flat third-quarter core profit on Monday, as cost-reduction initiatives partially offset inflationary pressures, expenses due to power cuts and increased bad debt provisions.



The earnings before interest, tax, depreciation and amortisation (EBITDA) was stable at R2.5bn in the three months ended 31 December, the company said in a statement.

But the resulting EBITDA margin at 21.9% decreased, largely affected by product mix at its information and communications technology, or ICT, business BCX, higher-than-expected credit losses on trade receivables as retail and enterprises customers remained under pressure from the weak macroeconomic environment.



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Overall group revenue ticked up 2% to R11.3bn rand, driven by compelling data-connectivity propositions from the operator's mobile and fixed networks.

Mobile revenue

Mobile revenue was up 4.8% at R5.9bn rand, while Openserve - its fibre business - fixed data next generation revenue growth was at 6.2%.

"Higher recharges by prepaid mobile subscribers, ongoing rollout of fibre network to homes and enterprises by Openserve drove revenue growth, supported by Swiftnet's commercialisation of the masts and towers portfolio," the company added.

Telkom said that enterprise demand for hardware and software remained healthy and grew in double digits at BCX but overall revenues were impacted by the continued decline in traditional voice and data revenues as customers migrate to next generation products such as fibre.

Substantial milestones

In a separate statement, on selling its mast and towers business Swiftnet, Telkom said "substantial progress has been made on meeting the remaining agreed milestones under the exclusivity arrangement including that, the parties have significantly progressed their negotiations to agree transaction agreements."

In November it announced that it was in exclusive negotiations with a preferred bidder, which is a consortium of equity investors, including a Black Economic Empowerment partner, led and managed by a reputable private equity firm.

Swiftnet's total revenue rose by 4.7% to R333m in the quarter.

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