

# Telkom considers strategic partnership for IT business

Telkom is considering strategic options for its IT business, including a partnership, it said on Tuesday after reporting a 30.4% jump in half-year profit.



A shopper walks past a Telkom shop at a mall in Johannesburg on 26 February 2016. Reuters/Siphiwe Sibeko

Telkom's IT business, which offers enterprise solutions for companies, has been under pressure due to sluggish investments by firms hit by the pandemic, and global supply chain issues and chip shortages.

The partly state-owned telecom operator said the "intervention" in the IT business would not be limited to a strategic partnership only. "This is aimed at addressing capacity and capabilities in BCX and ensure sustainable growth going forward," Telkom said.

BCX, Telkom's information and communications technology subsidiary that owns and operates the IT business, saw its revenue decline by 6.1% to R7.5bn in the six months ended 30 September.

Its headline earnings per share (Heps) - the main profit measure in South Africa, rose to 285.5c from 219c a year earlier, driven by lower finance charges and fair value movements, an accounting term that refers to a change in the carrying value

of an asset.

Group earnings before interest, tax, depreciation and amortisation (EBITDA), a measure of operating profit, rose 1.2% on cost management, while group revenue was flat at R21.3bn as growth in the mobile business and masts and towers unit was offset by the IT business and a decline in the fixed-line unit.

Telkom's consumer-focused division, which includes its mobile business, grew with mobile service revenue rising 6.8% and mobile data revenue up 6.1%.

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