

Bangladesh Submarine Cable Company Ltd. (DSE: BSCCL)

Current Price (Nov. 28, 2013)	171.00
Total Number of Share (Mn)	149.91
Free Float (%)	26.15%
Forward PE* - BSCCL	45.05x
Trailing PE* - BSCCL	28.39x
Forward PE - Telecommunication Sector	21.41x

* Based on earnings of Q1, 2014

Particulars (BDT Mn)	2012	2013	Q1, 2014** (Unaudited)
Revenue	1,215	1,248	238
Gross Profit	1,052	1,060	195
Operating Profit	910	903	137
Net Profit After Tax	745	872	142
Total Equity	3,320	3,955	4,097
Total Asset	4,446	4,674	4,883

**Year ends on June 30

Growth (%)	2012	2013	Q1, 2014 (Unaudited)
Net Revenue	45%	3%	-25%
Net Profit after tax	144%	17%	-41%

Per Share (BDT)	2012	2013	Q1, 2014 (Unaudited)
Restated EPS	4.97	5.82	0.95
Book Value Per Share	22.14	26.38	27.33

Others (%)	2012	2013	Q1, 2014 (Unaudited)
Gross Profit Margin	87%	85%	82%
Operating Profit Margin	75%	72%	58%
Net Profit Margin	61%	70%	60%
ROA	21%	19%	3%
ROE	31%	24%	3%
Stock Dividend	20%	20%	-
Cash Dividend	10%	15%	-

Source: DSE; Annual Report of BSCCL; Research, IDLC Investments Ltd.

Terminologies

Free Float : % of total shares not owned by Sponsors/ Directors, and Govt.
Forward PE: Based on Annualized Earnings of the latest declared quarter
Trailing PE: Based on Latest 12 Months Earnings

Company Profile

Bangladesh Submarine Cable Company Limited (BSCCL) was incorporated in July, 2008 as a public limited company. It facilitates the gateway communication between Bangladesh and the rest of the world through international submarine cable and domestic high capacity optical fiber network.

The company was listed in DSE and CSE on June, 2012. At present, 73.85% share of BSCCL is held by Government.

Key Revenue Drivers & Company Insight

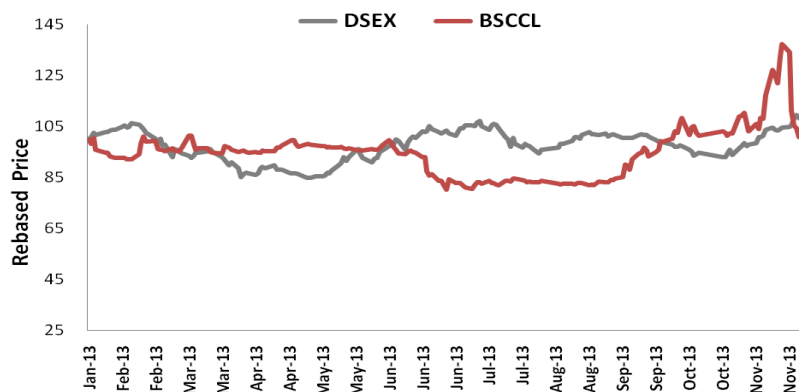
The company provides high capacity voice and data bandwidth (International Private Leased Circuits or IPLC Services) to all ITC participants of the country. Backed by this, it earns rent income, which is the key revenue driver of the company. Until now, it is the sole supplier of bandwidth. But, BTRC have issued 6 ITC (International Terrestrial Cable) license recently, which may raise competition as ITC holders may build IT links with neighboring countries and offer IPLC service.

BSCCL is currently connected to 20,000 km in long and 1.28 Terabit/Sec capacity based SEA-ME-WE-4 (South East Asia-Middle East-Western Europe-4) submarine cable. Meanwhile, it has become the member of SMW-5 Consortium. Moreover, it increased its bandwidth capacity by 36.12% to 200 Gbps (Giga bit per second) in 2013.

Financial Performance

Despite the increase of capacity and capacity utilization rate in 2013, revenue growth slowed down to 3%, which was 45% in previous year. Meanwhile, change in depreciation rate on core machineries and PP&E hit Gross Profit and Operating Profit Margin, which declined slightly to 85% and 72% from that of the earlier year of 87% and 75%. However, increased non-operating income especially, interest on FDR and nil FX loss assisted NPAT margin increasing from 61% to 70%.

Recently, the company has reported net profit after tax of BDT 142.18 million with EPS of BDT 0.95 for the period of three months (Jul' 13 to Sep' 13) as against BDT 242.82 million and BDT 1.62 respectively for the same period of the previous year.



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