

Sierra Cables Group Records Best-Ever Financial Performance



Harsha Jayatunga, CEO of Sierra Cables.

Sierra Cables, one of the largest and the most outstanding cable manufacturers in Sri Lanka with an international presence, recorded a staggering 6.9 percent annual revenue growth, which is 5,265,169 rupees during the 2020/2021 financial year compared to the previous financial year (2019/2020). Sierra Cables points out this as the highest ever topline revenue recorded in the history of the Company.

The Group yielded the highest ever Profit After Tax (PAT) of 314 million rupees during the period, a 37.4 percent growth compared to last year. The financial performance underscores the Group's ability to maintain a healthy Gross profit margin (GP) of 15.6 percent and Net profit margin (NP) of 5.7 percent. This achievement is a commendable performance considering the prevailing pandemic and turbulence environment that the Company had to operate in.

Revision to the Company's national long-term rating to AA-(lka) proved to be an encouraging aspect, which won the stakeholder confidence and enhanced the Company's creditworthiness. The Company's net finance cost was reduced by 31.2 percent over the year due to the Company's prudent financial planning and mitigation strategies throughout the pandemic period.

Harsha Jayatunga, CEO of Sierra Cables said, "Despite production cost escalation triggered by the gradual rise in the world copper, aluminum and other key raw material prices, the company was able to reduce general overheads by adopting prudent cost rationalizing strategies." He further noted, "We saw an improvement in Group's major key performance indicators that are of importance to our stakeholders." Financials of the company shows Earnings per share (EPS) increased from 0.49 to 0.59. Net Assets per share from 3.74 to 4.99. Net margin from 4.11 percent to 5.71 percent".

Encouraged by the remarkable financial performance Sierra Cables, aspiring to become a respected local manufacturer and worthwhile contributor to the national economy, is determined to continue in its profitable path and explore different market niches such as solar cables.

Besides Jayatunga, CEO/Director of its Subsidiary Sierra Industries added that a state-of-the-art manufacturing facility is under construction to introduce HDPE (High-Density Polyethylene) pipes, a new range for the next generation to its portfolio through its subsidiary Sierra Industries. This new product range will be fully operational very soon to cater to any requirement in the market.

As such, Sierra Cables has set up a dedicated plant for solar manufacturing with an in-house tinning facility to enhance renewable energy supply to meet the nation's energy needs. The factory facility is currently modernizing the expansion of their good finished warehouse with state-of-the-art facilities that have set up a laboratory to facilitate FR, LSHF cable testing.

Sierra Cables are also recognized and positioned as an excellent corporate citizen and the most preferred workplace among the employees and other stakeholders and ranked very high as a socially responsible entity.

Giving his insights of the future of the industry in Sri Lanka, Jayatunga commented, "We have a very positive outlook on the Colombo International Financial City (Port City). And other proposed expansion initiatives of the Government that are destined

to bring in many financial and development benefits to the country. The Government's initiative on these projects is a real encouragement. We see all manufacturers, including the cable industry players growing in terms of sales and profits due to such projects. We are also very honored to take part as the major cable supplier to most of these projects."

He added, "With the import restriction of non-essential items, cables and other building materials that are locally manufactured have prospects, and the future outlook is very encouraging. At Sierra Cables, we believe we are geared to capture large-scale and public sector businesses due to the Government stance in supporting local businesses, which is very encouraging during these challenging market conditions."

With a clear strategic direction for the next few years, backed by rock solid fundamentals in place, good leadership, teamwork, and a highly focused approach, Sierra Cables is well geared to strengthen their portfolio of offerings to the market and also explore more opportunities in the cable industry over the coming financial year.