# TeleMasters delivers strong third quarter showing

TeleMasters
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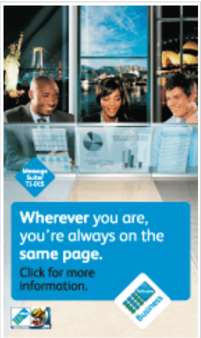
Telecommunications specialist, TeleMasters, one of the strongest performing listed players in the sector, has delivered another excellent set of results, building effectively on its cash positive position to further its organic growth.

Performance highlights:




* Revenue up 32.70%
* Earnings up 20.54%
* Net asset value up 47.36%

"The revenue increase comes on the back of our ongoing internal revenue enhancement programme, delivery on our organic growth strategy and additional revenue resulting from client bases acquired during the financial year," says *Mario Pretorius*, TeleMasters CEO.

Earnings per share (EPS) for the nine-month period came in at 23.59c, compared to 19.57c over the comparative period.

"We invested in growth during the period, to the tune of roughly R9 million, funded chiefly from the cash flow of the business," says Pretorius. "Only 28% of investments were funded with long-term borrowings. Together with the total 12c per share paid out in dividends and capital redemptions, this shows that the business is managing its working capital well."

TeleMasters has kept a strong focus on managing the impact of the recession as proactively as possible, especially via strong management of its trade receivables.

"We experienced a small increase in customers not meeting repayment obligations," says Pretorius. "We have thus taken steps to reduce this risk – these include ensuring upfront payments from higher risk clients, and being selective with the industries and sectors we choose to do business in. These steps have ensured our trade receivables have only increased by 16%, despite an increase in revenue of 32.70%. Our current ratio remains healthy at 1:0.75, despite the large growth in investments."

TeleMasters' revenue increases have seen an increase in operating costs, including a large component of fixed remuneration for sales staff, newly included in the current financial year's reporting. Recent structural changes, however, will see the majority of sales salary structures reverting to a variable nature, to be reported once again as a cost of sale in future periods. Looking forward, this shift will result in a negligible fixed cost component.

Net asset value (NAV) per share increased by 47.36% against the comparative balance sheet. While not maintaining a formal dividend policy - which would be tantamount to forecasting - TeleMasters remains committed to ensure that a portion of profits is distributed quarterly to shareholders. "This approach is supported by our strong cash positive, and liquid position," says Pretorius. "Ultimately, our strategic focus remains on leveraging organic growth from this strong foundation."

Based on the company's ongoing strong performance, the board has declared a further quarterly interim dividend of 4c per share, bringing distributions to 16c per share for the year.

"The ongoing growth of the company is satisfying, especially in the context of very challenging market conditions," concludes Pretorius. "Our 32% revenue growth would have been higher had it not been for the recession - but on the positive side, the downturn has assisted the company in focusing on its core customers and the right industries to operate in. The challenging trading context also ensures that our business offering adds real value, and that we really do cut the costs of our customers' operations very effectively. We will hold this focus moving forward, ensuring we create and maintain valuable partnerships with our clients, which is central to our business success."