

## TeleMasters leaps on Marketel buy

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AltX-listed TeleMasters is to acquire wireless application service provider Marketel for R29.5 million.

In an announcement to shareholders this morning, the company said the buy was its first step towards becoming a "multi-disciplinary communications management company".

It added that future acquisitions will be structured around avenues to increase public shareholding, and will also target black empowerment investment opportunities.

TeleMasters CEO Mario Pretorius says the company is in a fortunate position.

"The current market conditions for mergers and acquisitions are not ideal, but it also presents interesting opportunities for a company like TeleMasters, which has positive cash flow and extremely low debt levels. We are able to act more swiftly than most to take advantage of these conditions, while having a 40% dividend policy makes TeleMasters shares an attractive proposition for investors."

Investors welcomed the deal, which is expected to deliver R6 million in profit after tax annually, over the next three years. In early morning trade, shares in TeleMasters climbed 27%, to R2.05, off low volumes.

TeleMasters will settle the consideration in a mix of cash and shares.

The acquisition is still subject to several conditions, including a "satisfactory" due diligence, board approvals of the companies involved, employment agreements, competition approval and consent from the JSE and the Securities Regulating Panel.