

Telemasters invests to grow

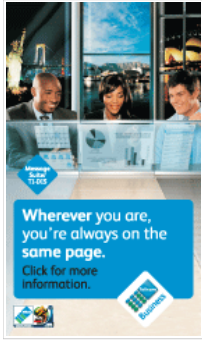
By Staff writer, ITWeb
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Organic growth and additional clients aided revenue growth in the nine months to June, says listed least-cost routing company Telemasters.

The company says revenue grew 32.7%, to R170 million, due to an internal revenue enhancement programme, organic growth and the additional revenue from the client bases acquired during this financial year. After-tax earnings for the third quarter were up from R8.2 million to R9.9 million.



Earnings per share for the nine months were 23.59c, up from the previous corresponding period's 19.57c.

Telemasters says it has "shown remarkable tenacity during the recession and the effect of the strategies implemented by the board resulted in a growth of 32% in revenue". It has also been successful in growing margins, it adds.

"The company focused on core customers and pursued new clients in growing industries. The belt-tightening programmes of customers also ensured our business offering found very fertile ground." As a result, it is confident of growth in the year ahead.

R9m for growth

Telemasters has invested in the growth of the company by acquiring intangible assets of R2.9 million and fixed assets of R6.2 million. It has funded this expansion of R9 million mostly from cash, with only 28% being paid through long-term borrowings.

Fast figures:

2009 2008

Revenue: R170m R128m

Net profit: R9.9m R8.2m

HEPS: 23.59c 19.57c

Dividend: 4c 18c

"This, together with the total of 12c per share, which has paid out in the form of dividends and capital distributions, indicates the optimal management of working capital of the business."

However, while it is focusing on receiving money owing, it has seen a small increase in customers who are not meeting their repayment obligations as they should. "We have taken steps to reduce our risks by insisting on upfront payments from higher risk clients and we also choose to not do business in certain industries," Telemasters explains.

As a result, its actions have seen trade receivables increase by only 16%, despite revenue improving 32.7%.

Telemasters declared a 4c a share dividend, compared to last year's 18c.