

Huge Group benefits from cutting costs

Economic outlook looks tough and businesses need to tighten their controls to survive current slump

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THE need for companies to cut their costs to survive in a tough economy had benefited the Huge Group with its ability to slash corporate phone bills, its interim results have shown.

Businesses were tightening control over their telephony and communications spending, which created more demand for managed telecoms services, said CEO Anton Potgieter.

Huge shares gained 2c to trade at 345c yesterday after results for the six months to August 31 showed attributable earnings of R28,7m on revenue of R308m, and headline earnings per share of 26,18c.

The figures are not directly comparable to the corresponding period last year, as Huge was nowhere near huge at the time and was only trading through one entity, TelePassport.

Since then, TelePassport has merged with ContraCell and changed to its more ambitious name.

Comparing the latest results to a seven-month period ending in February 2008 shows the revenue rose 27% from R248m and attributable earnings increased 10% from R26,3m. Combining the two entities has also helped push up the pre-tax profit margin from 10,35% in February to 14,24%.

Potgieter said Huge had enjoyed a substantial increase

Huge recently acquired 25% of Eyeballs Mobile Advertising for R6m, which delivers advertising to cellphones.

The prospects for Eyeballs and the combination of their offerings presented significant opportunities, Potgieter said, as mobile media should boom into an incredibly lucrative market.

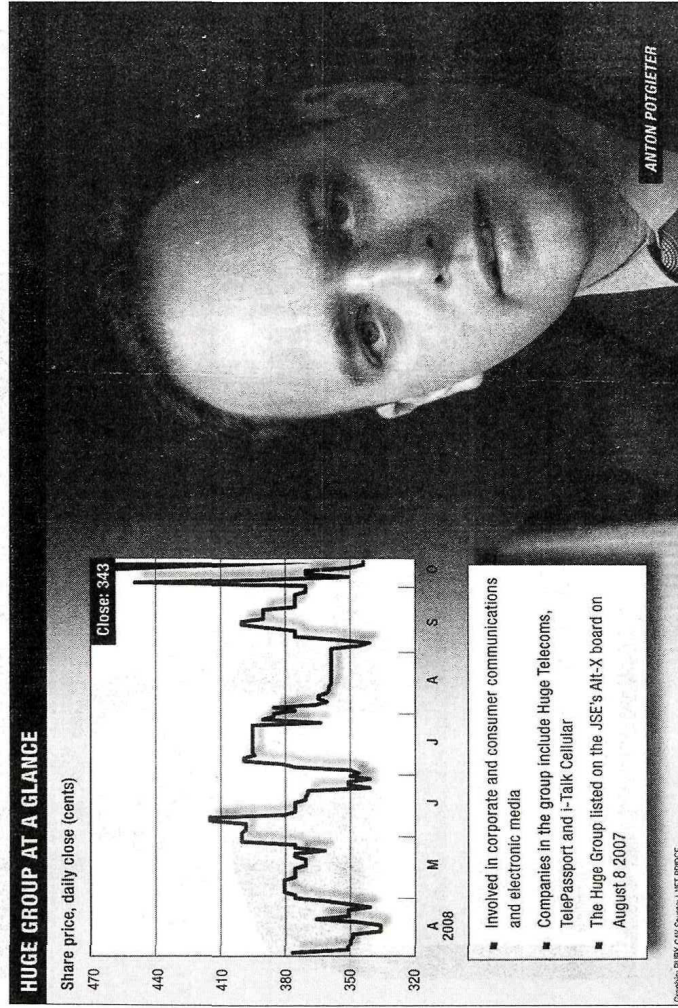
There has been no progress on the group's R511m bid to acquire 59% of the cellular service reseller iTalk, which was scuppered when MTN decided to exercise its own pre-emptive right to acquire iTalk instead.

MTN needs Competition Tribunal approval for that deal, and Huge is presenting evidence to the authorities in an effort to sink MTN's bid and acquire iTalk for itself.

Potgieter said the economic outlook looked tough and businesses would need to tighten their control over telecoms use even more. That should boost its existing contracts, which were already worth more than R53,5m a month.

Huge would now focus on organic growth, improving its efficiency and achieving operational and service excellence in the coming months, although acquisitions of related industries may also take place.

The group also aimed to simplify its business by removing duplication. It has four offices in SA and an associate company in Namibia, and together they serve 11 000 sites for its clients.



Graphic: Reuters/Get Source: IBE BUDGE

in market share for its cellular least-cost routing service, which routes calls onto the cheapest available network. It claims to be the second largest of four

dominant players offering managed telecoms services, chasing business estimated to be worth R3,28bn a year. Huge had increased its market share from 18% to 20,5% with room to steal even more from its rivals, and it expects to grow its earnings by more than 20% a year for the near future.

It has also developed proprietary technology to help companies clamp down on staff making personal calls at their expense.

ANTON POTGIETER