



Anton Potgieter

Huge Group

- Annuity income generator
- Positioned well in a deregulating market
- Share price has run hard but forward multiples not over the top

THIS MANAGED telecoms player listed on 8 August, raising R125m at 250c/share to fund an acquisition trail spurred on by James Herbst, the man who initially helped build up what's now Vox Telecom. To date the businesses that make up the company include TelePassport and Centracell, and Huge is trading under a further cautionary.

Despite the scepticism of some money managers canvassed with regard to Herbst's reputation as a serial deal-maker (detailed in a previous report) its price has already more than doubled from its listing and was last seen trading at 535c/share.

In September, Huge revised its prospectus profit forecasts upwards to include the effects of the CentraCell deal, as well as a better than expected run rate in the first few months of the year that, given that it's mostly annuity income, has the effect of compounding.

From the 16,42 in HEPS forecast for the year to February 2008, Huge now expects HEPS of 34,77 to the end of that period, which at its current 535c/share would put it on a forward earnings multiple of 15,4 times.

CEO Anton Potgieter said in a recent interview that the company had four product offerings – all annuity income generators aimed at helping companies save money and operate more efficiently – and would soon launch other add-ons. Those include least cost routing (LCR), and callback. Potgieter says while LCR was in the stable part of its lifecycle, the other offerings would provide the impetus for significant growth. ■

