

Kagiso Media reveals African growth ambitions

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Kagiso Media, whose operations are largely based in SA, said on Tuesday (22 February 2011) that it was looking for growth opportunities in Africa.

Speaking to I-Net Bridge/BusinessLIVE in a telephone interview, CEO Murphy Morobe confirmed that the process was underway to meet people.

But Morobe declined to reveal details about who these people were and what the discussions were about.

On Kagiso Media's newfound African aspirations, he said the company could not remain a "South African play" and noted that "there are real business opportunities" on the continent.

The South African outdoor market, for instance, was congested, but Africa had the potential for growth in this market, he said.

Morobe said the company was targeting countries including Kenya, Tanzania and Uganda, pointing out that most of the countries had liberalised their markets, making it easy to gain entry into these markets.

Kagiso Media was looking at expanding into Africa businesses such as Kagiso.MSN, its joint venture with Microsoft's MSN, LexisNexis, which already has a presence in Nigeria, and radio.

Morobe also said the company focused on organic growth and acquisition opportunities, indicating that its units continually looked for new revenue streams.

"We are out there, looking for opportunities," he said.

Commenting the day after Kagiso Media released its interim results to December 2010, Morobe said the company was seeing slight improvement in advertising spending.

This improvement was evident in the increase in retail spending and growth in new vehicle sales. "The outlook for ad spend is positive," he said.

The results benefited from rationalisation and reorganisation, which saw the company cut costs by freezing posts and deferring its advertising budget.

On Monday, Kagiso Media reported that its diluted headline earnings per share (HEPS) rose 31% to 98.6 cents for the interim period to December 2010 from 75.5 cents.

Revenue grew 12.4% to 515.3 million rand from 458.4 million rand, despite increasing price competition and additional low-yielding advertising inventory released into the market by the TV sector.

Earnings per share were higher than the comparable period at 98.8 cents (2009: 72.4 cents), with headline earnings per share rising 98.8 cents (2009: 75.7 cents).

Kagiso Media declared an interim dividend of 50 cents (2010: 35 cents).

The company said all its businesses, including LexisNexis and Urban Brew, had all returned to revenue growth.

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