

Neotel adds 30,000 clients in six months to September

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Telecommunications group Neotel has added 30,000 new consumer clients in the six months to September, taking its total subscribers to 130,000, it said on Wednesday. It grew enterprise customers by 18% to 2,400 during the same period.



It attributed this to the demand for its products such as NeoOne, an "innovative, converged data and voice solution" for business, that have been "making a noticeable impact in the market."

CEO Sunil Joshi expects the company to maintain the growth for the full year to March next year. Neotel is targeting to add an extra 20,000 customers to take the total consumer clients to 150,000.

"Neotel looks set to meet its goal of surpassing last year's subscriber increase of 50,000, should they continue to maintain the current momentum", said Frost & Sullivan's analyst Gladys Mujuru. She said that with the recently introduced mobile dual SIM card phone, Neotel "is looking to attract more clients with a product that is a consumer take on fixed mobile convergence."

Neotel's revenue for the six months rose 10%.

The contribution ratio between the enterprise and consumer customers was 90 and 10% respectively. But since the company is not listed it is not obliged to reveal its figures.

'Significant progress'

"Neotel continues to make significant progress in growing our revenue while improving the margins in our business," said Joshi.

The company is targeting a market share of 14% to 16% in the next three to five years. It believes that there are still opportunities for growth in the market that has been dominated by Telkom as many enterprises are increasingly looking at dual telecommunications infrastructure and services suppliers.

Joshi said Neotel would continue to focus on its five key priorities to continue the growth trajectory.

"By improving the customer experience, growing revenue and market share, staying focused on our people, and bringing disruptive products to the South African market, we aim to provide innovative and world class communication solutions to our business and home customers," said Joshi.

During the six months, Neotel spent 60% of its R500m capital that the company had allocated for the full year to March next year. The money was spent on, among other things, infrastructure rollout and also information and technology. The company is investigating low-cost solutions that would enable it to extend its services to areas such as Polokwane and Nelspruit. In addition, it is also comparing technologies related to faster broadband network such as long-term evolution and would decide by the end of its financial year whether it will join its competitors in launching the network.

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