

Telecom Plus powers on

BACK in July, Midas recommended *Telecom Plus*, which supplies consumers and businesses with electricity, gas, phone and broadband under the Utility Warehouse brand.

Telecom Plus does not own any of these products, but it buys in bulk from firms such as npower and passes on savings to customers. These are particularly welcome today and the company unveiled eye-catching results last week.

In the six months to September 30, pre-tax profits were up 55 per cent to £9.8 million and the dividend rose from 4p to 5p. The company

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has net cash of almost £29 million and unless something dreadful materialises, it promises to pay a total dividend of 17.5p for the year to March 2009, rising to 22p in 2010.

Brokers suggest profits will rise almost 40 per cent to £23.5 million this financial year and they also believe the company can double customer numbers by 2010.

The group still has just one per cent of the phone and utilities market, so there is plenty of room to grow. It acquires customers through word

of mouth and independent, part-time distributors.

In a recent survey, 94 per cent of customers said they would recommend Utilities Warehouse, so word-of-mouth expansion looks promising. The number of distributors is growing too, as people try to earn extra cash.

Chief executive Charles Wigoder is a fortunate or perhaps extremely gifted man. He owns 16 million Telecom Plus shares and the stock is one of the very few to have risen in price over the summer. **» Midas verdict:** *When Midas recommended the company, the shares were 315p. Today they are 359p, a rise of 14 per cent. Investors will not lose out by selling half their shares and taking profits, but it is worth holding on to the rest as the stock is yielding five per cent and the company has plenty of potential.*

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