

DIGITAL NEWS

Tangent reveals profit increase as HIPs market shows promise

By William Mitting



Green: expects HIPs growth

Take-up of the much-maligned Home Information Packs (HIPs) is finally gathering pace according to interim results from AIM-listed digital group Tangent Communications.

Following specialist HIP printer Integrity FSP's liquidation last month (PrintWeek, 1 November), the outlook looked bleak for the HIPs market. However, Tangent's interim results suggest that the tide has turned.

The digital marketing company posted a 169% increase in pre-tax profit to £1.2m on a turnover of £8.7m for the six months to 31 August, up from £3.9m a year earlier.

The results revealed a significant increase in HIP orders since September, when the requirement threshold for HIPs was reduced from four- to three-bedroom houses.

Tangent joint chief executive Nicholas Green said: "We have seen an 800% increase in HIPs order volumes.

"In October, we produced more HIPs in one day than in the whole of August. It is an area in which we

TANGENT RESULTS

Turnover £8.7m
(2006: £3.96m)

Operating profit £1.4m
(2006: £0.52m)

Pre-tax profit £1.2m
(2006: £335,000)

Sales from proprietary
technology 70%

expect significant growth as the HIP is rolled out to include the sale of all residential property, expected in January 2008."

To capitalise on this growth, Tangent has integrated its digital workflow with systems used by 20 HIPs providers.

The successful integration of Ravensworth, the specialist property-sector printer which Tangent acquired for £5.8m in February this year, was integral to the positive results.

Following the acquisition of C360 in July last year, the company has an advanced online data management platform in place. Around 70% of total revenue is now realised through Tangent's proprietary technology platforms, enabling a 22% increase in the underlying profit margin.

The company's share price was 13p as PrintWeek went to press. Green expects this to rise: "We saw an 8% rise in our share price on the back of these results and are currently making investors aware of the progress we are making," he said.