

# £3M HSC BID TURNED DOWN

## FONE LOGISTICS THWARTED IN INITIAL BID TO BUY HIGH SYMONS

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FONE Logistics has had its initial bid of around £3m for Hugh Symons Communications (HSC) rejected by HSC parent company Carphone Warehouse, *Mobile* understands.

The stalling of a potential deal between Fone Logistics and Carphone over HSC has not deterred Fone Logistics, which still has HSC as its preferred target, but is also exploring an acquisition of Ipswich-based Redstone Mobile.

Discussions are understood to be underway with Redstone, which reported a 34% growth in annual sales in its mobile phone business from £26m to £34.9m this week.

Meanwhile, Carphone revealed this week that sales from its 'dealer' business, which is largely composed of HSC, were down 14% from £210m to £180m. But HSC alone is believed to have seen a bigger drop in sales.

It would be the second acquisition for Fone Logistics after it acquired Dextra from Doughty Hanson for no fee in May, but agreed to pay the private equity firm a slice of future commissions from Dextra.

HSC set out a consultation process with employees last month that is expected to result in around 17 redundancies.

Carphone originally bought HSC for £5m in January 2006,



with another £5m based on performance over the following two years.

Fone Logistics is understood to have taken a 25% share of the marketplace as a result of the Dextra purchase, and is expecting close to 50% if it acquires HSC.

The distributor has seen mixed fortunes over the past few years, after seeing revenues drop from £107m in 2006 to £79m last year, when the company made a £2.8m loss.

Fone Logistics MD Ian Gillespie (pictured) said: 'We

have gone through some tough times. Vodafone terminated our distribution agreement and this cost us £1m on our bottom line. This type of hit would have rocked any business.'

He added: 'The accounts are looking a lot better. The business is now strong. It's a profitable business and we are looking to take a greater market share.'

'This time last year we sat down and set out a two-year plan of where we wanted to be. The Dextra acquisition has taken us some of the way down this road. But we are still in the market for further acquisitions and expect to be able to take our market share to around 50% as a result of this activity.'