

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Associates are expected to clock double-digit profit growth this year with the help of new products and other moves hatched during the dark days of the 2007-2009 recession.

Jan. 23, 2013

Like a bunch of street-rocket motorcycles zipping through Perimeter traffic, many of Georgia's small publicly-traded companies are expecting revved up profits this year compared to their bigger, slower-moving cousins.

Small and nimble companies like Atlanta-based Premiere Global and Manhattan Associates are expected to clock double-digit profit growth this year with the help of new products and other moves hatched during the dark days of the 2007-2009 recession.

Likewise, Columbus-based Carmike Cinemas' profits are projected to nearly double in 2013 after a years-long makeover that included changing its top management, giving its cinemas a face lift, and retooling its balance sheet.

Profits are expected to rise an average of 14 percent this year at Georgia's smaller public companies, according to analysts' estimates for 10 firms with annual revenues ranging from about \$150 million to \$515 million and market values of at least \$250 million.

As a group, the 10 companies produced a 42 percent total return for their investors over the past 12 months.

By contrast, Georgia's corporate behemoths, such as Home Depot, UPS, Coca-Cola and Delta Air Lines, are tens or even hundreds of times larger. At Georgia's ten largest public companies, with revenues ranging from \$9.2 billion to \$72.5 billion, analysts expect profits to rise an average of 10 percent this year.

Total shareholder return for the Big Ten was 26 percent over the past year.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Premiere Global and other technology companies.

Premiere Global, for instance, which sells software and services that allow companies to hold virtual meetings online, saw its profits plunge 75 percent from 2008 to 2010 as big financial firms and other big corporate customers laid off tens of thousands of employees — Premiere's users.

Premiere did well in the early months of the recession as customers turned to virtual meetings to cut travel costs, said McCourt, but then "everyone got fired. You've got to have people to have meetings."

Sean O'Brien, Premiere's executive vice president of strategy and communications, said the company had to transform itself — from something like a telephone company that ran a meeting and message service for business customers — into a software company.

Premiere cut costs and sold off an unwanted division that accounted for about a fifth of its revenue. Those moves, along with the crashing economy, slashed about \$125 million in annual revenue and more than 700 employees from Premiere's operations. The company also focused on internally developing two new software products, iMeet and GlobalMeet, that are simple enough for end users to set up meetings online, often at their desks.

"We invested throughout the downturn," said O'Brien, spending about \$20 million on developing new products and expanding the sales force. "We are a business in transition," he said, but the decision to re-tool during the recession has put the company in a good position to benefit from the economic recovery.

"The idea was, we weren't going to waste a good crisis," he said.

Premiere now has about \$500 million in annual revenue and about 1,800 employees,

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Tillman, managing director at Raymond James.

Manhattan Associates, with about 2,300 employees, sells software and other services that help big retailers and clothing and other suppliers to manage their warehouse and logistics operations.

“They had a really bad 2009,” he said, but did a good job of cutting costs without cutting product development or other key areas. For instance, he said, the firm shifted all its software to the same platform in 2010 and 2011, so that they have the same look and feel for users. Its software aimed at managing retailers’ e-commerce operations is also “gaining traction,” he said.

Analysts expect the firm’s profits to jump about 12 percent this year, to about \$57.9 million, on roughly \$400 million in annual revenue.

Another small-cap company, Carmike Cinemas, was already headed for trouble before the Great Recession hit.

But after losing money for six years, analysts think the Columbus-based company turned the corner last year. They’re projecting a \$9.8 million profit when the company reports its full-year results for 2012, after a \$7.7 million loss in 2011. They expect profits to almost double this year, to \$19.3 million.

Carmike’s shareholders — including several hedge funds and other Wall Street specialty firms who hold substantial stakes — have driven Carmike’s shares up roughly 140 percent over the past year. Most analysts still rate the company a “buy.”

“We have gone from being a laggard to being a leader,” said Carmike CEO David Passman. “We are a Cinderella in the industry.”

But there were no glass slippers in sight in 2009 when Carmike's board of directors

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

The company's bottom line had taken big hits from big write-offs related to re-stated accounting for its long-term theater leases and tax-related issues. Worse, the company was losing real money in its theater operations, and heavily in debt. Maintenance at many of its theaters had been neglected for years, and patrons were choosing to go elsewhere.

Still, "we thought [the company] was viable, so we came up with a plan," Passman said. "We needed to fix operations very, very quickly."

So the company concentrated on fixing things like "sticky, ugly floors" in its theaters, he said. It closed about 80 poorly performing theaters, cut nearly 15 percent of its headquarters staff, replaced about half of its theater managers, increased theater staff training, and started new promotions to boost its concession sales, which have an out-sized impact on theaters' profitability.

Meanwhile, the company re-tooled its finances, cutting more than \$100 million from its debt load, issuing \$60 million in new stock, and re-financing \$210 million in debt.

These days, Carmike's debt load is at "a comfortable level," said Passman, and the company has begun expanding again. Last year, Carmike opened four new theaters and bought 19 others.

Small vs. Big Public Companies

Profits at Georgia's smaller public companies are expected to outpace profit growth at the largest public companies in the state, based on a sample of small-cap companies with at least \$250 million in market value and \$150 million in annual revenue. But some smaller companies are more vulnerable to competition and other risks. Three of the ten are expected to lose money this year, while none of the largest companies are:

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved