

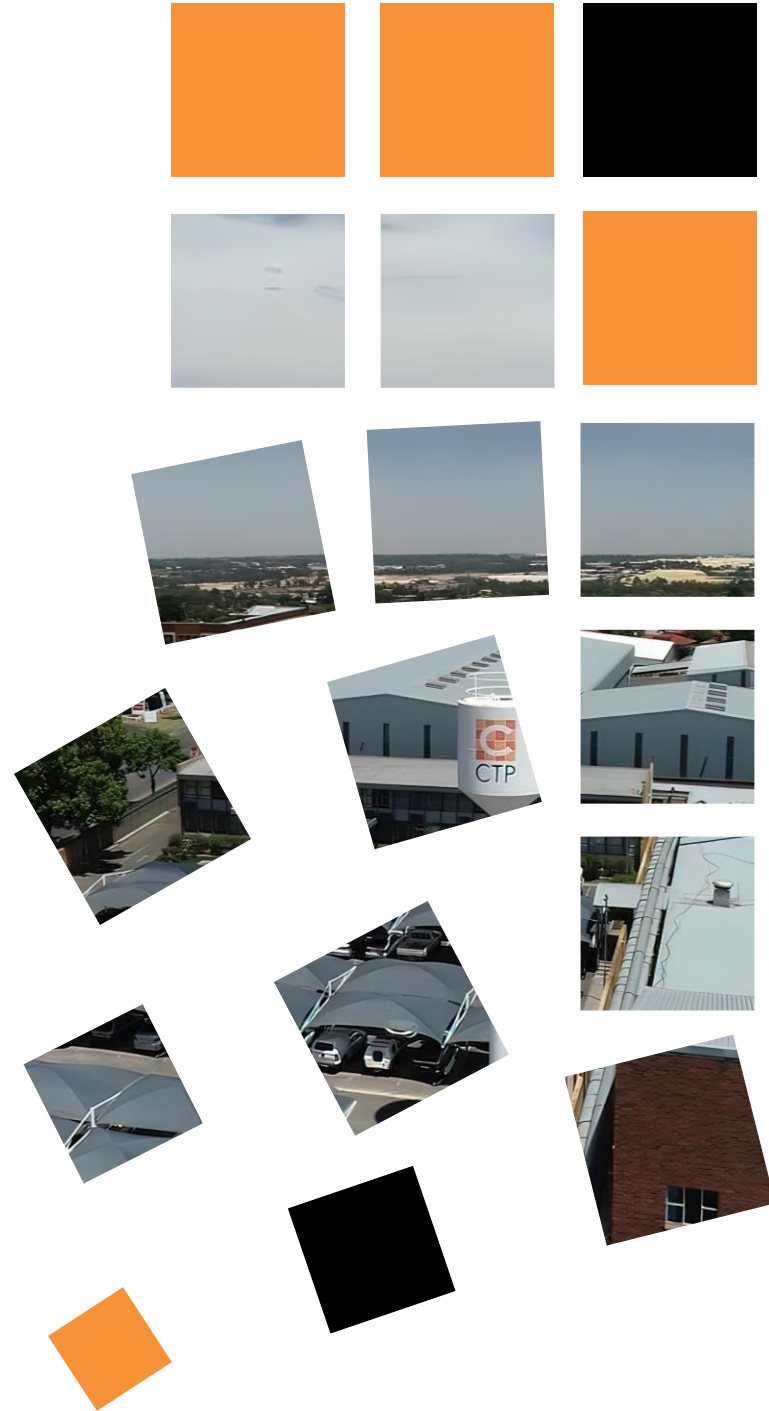


CAXTON & CTP LIMITED  
publishers & printers

# Financial Results

## Year Ended 30 June 2024

October 2024



# Company overview

- Terry Moolman and partners acquired control in **1977**.
- Major player in the South African **print media industry**.
- One of the largest **printers of books, advertising inserts/brochures, diaries, magazines and commercial print jobs**.
- Prominent **regional and local newspaper publishers** including national daily newspaper "**The Citizen**".
- Growing manufacturer and supplier of **product packaging**.
- Manufacturer and distributor of well-known **stationery brands**.
- Employs **4 324 people** with **10 main manufacturing operations** in South Africa.





# Caxton executive directors

## **Terry D Moolman | Founder and Chief Executive Officer**

Terry and his partners bought control of Caxton and CTP Publishers and Printers Limited in 1977, with a market capitalization of R260 000, and has been the Chief Executive Officer ever since.

## **Tim JW Holden | Managing Director and Financial Director**

*BCom, CA(SA)*

Tim joined the Group as the group's general manager of finance in 2003. In 2006 he was appointed as financial director. He is a qualified Chartered Accountant with years of experience in the retail and manufacturing industries. Tim has been the financial director of various companies. In addition, he has also held a number of senior and executive operational posts within these companies.

## **Leon Witbooi | Executive Director: Western Cape**

*MBA*

Leon has an MBA from the University of Cape Town and has been with the group for 30 years in a variety of positions. He currently heads the group's Western Cape commercial print and packaging operations.



# Caxton and CTP Printers and Publishers Limited

## Operations management

## Major investments and associates

## Cash and cash equivalents

### Printing, publishing and distribution

### Packaging and stationary

#### Newspaper publishing

#### Book and magazine printing

#### Commercial printing

#### Packaging

#### Stationary

#### Newspaper publishing

- 120 local newspaper titles
- National retail advertising sales
- Local advertising sales
- Distribution to customers

#### Commercial printing

- Advertising insert printing
- Newspaper printing
- 4 main printing sites
  - Johannesburg (2), Durban and Cape Town

#### Book and magazine printing

- Educational books
- Diaries and journals
- Magazines

#### Packaging

- Labels
- Folding cartons
- Litho laminates
- Flexible packaging
- 8 manufacturing facilities
  - Gauteng and Cape Town
- Major markets:
  - Wine/spirits/beer
  - FMCG products
  - Cigarette packaging
  - Frozen food products
  - Quick service restaurants

#### Stationery

- Diaries and journals
- Donau files
- Flipfile
- Grafton craft paper
- Premier scholastic books



33.4% investment



(Kaya FM)  
22.6% effective holding



Sold Aug 2023  
(R97,9m)





# Key business milestones

Acquisition of Cape Litho Printing (R22m) and J Ryan Labels (R34m) to expand label printing capabilities



Investment in RSAWeb (R20m) to strengthen relationship with network provider

**2013**



Nampak

Acquisition of Nampak Cartons and Labels (R328m) and Flexible Formset (R20m) to expand packaging capabilities

**2015**



Investment in Octotel and provide loan capital to enable it to become one of the largest fibre-to-the-home operators in the Western Cape

**2016**



Acquisition of HP labels (R24m) and Boland Printers (R78m) to expand the label packaging capabilities



Acquisition of Flip File (R43m) to expand stationery offering

**2017**



# Key business milestones



Boxes for Africa

Acquisition of Boxes for Africa (R25m) to expand packaging capabilities



Investment in Private Property (R122m) in line with digital portal strategy

2018



Additional investment in Cognition Holdings (R90m) in exchange for controlling share of Private Property

2019



Investment in Mpact Limited (R656,1m), bringing shareholding to 31.6%



Disposal of investments in Octotel and RSA Web resulting in a pre-tax profit of R399,7m

2020



Further investment in Mpact Limited (R101m), bringing shareholding to 33.4%

2022




# Key business milestones



Acquisition of remaining 50% shareholding in Mooivaal Media (R8m)



Acquisition of AMCOR Flexibles (R102,0m)

 capital media group

Acquisition of remaining 33% of Capital Media (R14m)



Increased shareholding in Cognition Holdings to 75.4% (R17,7m)



Acquisition of Allflex Packaging (R20,1m)



Disposal of 50.01% stake in Private Property (R150,0m)



Acquired minority shareholding and delisted – 100% subsidiary (R61m)



Acquired further 5% of Thebe (Kaya FM), bringing total shareholding to 22.6% (R8,1m)



**novus holdings**

Sold entire shareholding in Novus (R97,9m)



Acquired trademark and assets (R15m)

2023

2024

2025



# Financial review (for year ended 30 June 2024)





# A year in review

## Challenging trading conditions

- High inflation
- Muted economic growth
- Depressed consumer activity
- High interest rates
- Record cash generated by operations and cash holdings
- Finalisation of Durban flood insurance claim

## Impact on operating segments

### Local newspaper business

- National advertising media spend declined 4%
- Local advertising media spend declined 3.5% - mainly greater Johannesburg papers

### Commercial printing business

- Decline in overall tonnes produced
- Pull back on paginations
- Move to cheaper paper alternatives continues

### Packaging business

- Decline in operating profits from record year
- Most market segments impacted by decline in volumes
- Margin normalisation

## Outlook / investments

- Gross investments of R 267m in equipment
  - mainly in packaging to support growth
  - upgrade of premises to facilitate growth
- Investment in solar rollout
- Outlook for growth and consumer confidence improving
- Cautiously optimistic on impact in demand across all operations
- Acquisition of Tidy Files effective 1 August 2024




# Ten-year review

		<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenue	(Rm)	<b>6 647</b>	6 975	5 979	5 220	5 572	6 321	6 334	6 407	6 405	6 261
Profit/(Loss) before taxation	(Rm)	<b>838</b>	952	686	739	(47)	452	541	610	590	597
<b>Operating profit before depreciation and amortisation (EBITDA)</b>	(Rm)	<b>927</b>	<b>981</b>	<b>828</b>	<b>563</b>	<b>350</b>	<b>654</b>	<b>759</b>	<b>749</b>	<b>762</b>	<b>758</b>
Finance Income	(Rm)	<b>233</b>	152	142	87	127	140	124	141	129	117
Profit/(Loss) attributable to equity holders of the parent	(Rm)	<b>656</b>	734	551	550	(57)	336	386	445	448	423
<b>Cash generated by operating activities</b>	(Rm)	<b>1 044</b>	<b>726</b>	<b>249</b>	<b>672</b>	<b>490</b>	<b>477</b>	<b>626</b>	<b>782</b>	<b>646</b>	<b>817</b>
Weighted average number of shares in issue	(000's)	<b>358 555</b>	360 942	364 869	371 786	382 889	387 422	392 427	396 219	397 982	396 463
Earnings/(Loss) per share	(cents)	<b>183</b>	203	151	148	(15)	87	99	112	113	107
Headline earnings per share	(cents)	<b>196</b>	189	157	75	21	102	109	116	116	109
Dividends per share	(cents)	<b>60</b>	60	50	50		60	60	70	70	65
Dividend cover	(times)	<b>3,0</b>	3,4	3,0	3,0		1,5	1,6	1,6	1,6	1,6
Ordinary shareholders' equity	(Rm)	<b>7 746</b>	7 264	6 841	6 359	5 229	5 740	5 696	5 682	5 523	5 240
<b>Cash and cash equivalents</b>	(Rm)	<b>2 506</b>	<b>1 888</b>	<b>1 664</b>	<b>1 989</b>	<b>1 743</b>	<b>1 698</b>	<b>1 544</b>	<b>1 886</b>	<b>2 018</b>	<b>1 989</b>
<b>Net asset value per share</b>	(cents)	<b>2 162</b>	<b>2 022</b>	<b>1 887</b>	<b>1 717</b>	<b>1 384</b>	<b>1 484</b>	<b>1 462</b>	<b>1 436</b>	<b>1 406</b>	<b>1 337</b>
<b>Number of employees</b>		<b>4 324</b>	<b>4 275</b>	<b>4 460</b>	<b>4 636</b>	<b>5 270</b>	<b>6 197</b>	<b>6 030</b>	<b>6 311</b>	<b>6 310</b>	<b>6 434</b>




# Key financial metrics

Group revenue of R6,64bn, down  
R328m

 **4.7%**


Operating costs declined by R253m to  
R5,96bn

 **4.1%**

EBITDA down by R54m to R927m

 **5.5%**

Headline earnings of 196.1 cents per  
share

 **4.0%**

Net asset value per share has grown to  
R21.62

 **6.9%**

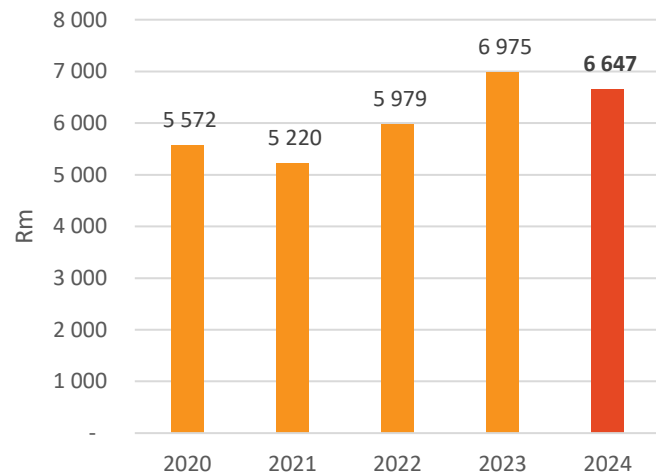
Cash generated by operating activities  
after working capital increased by  
R318m to R1,04bn

 **43.8%**



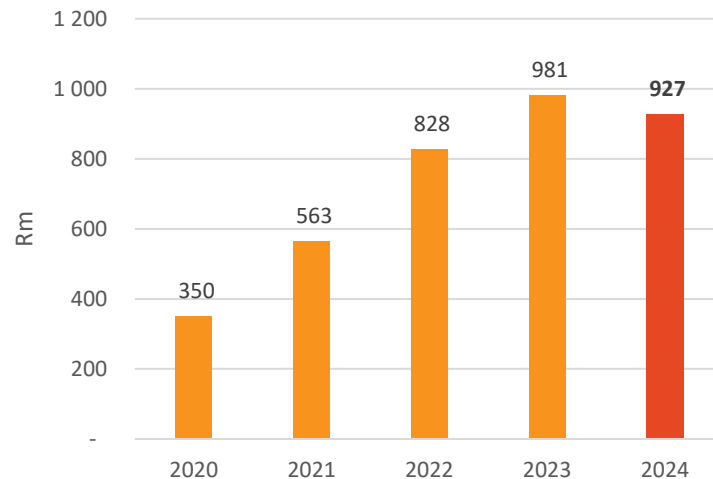
# Key financial trends

## Revenue



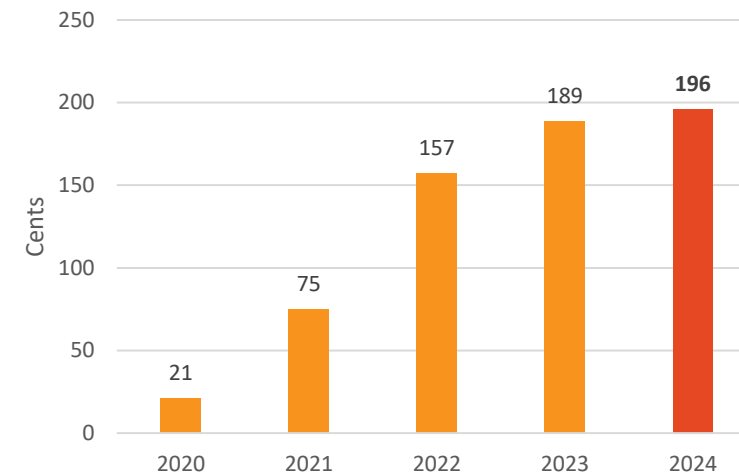
- Disposal of subsidiary and closure of a printing operation – R 176m lost revenue
- Reduced media advertising spend
- Reduced volumes across most business segments

## EBITDA



- Insurance proceeds of R 173m (2023:R 118m)
- Excluding insurance proceeds EBITDA decreased by 12.6%
- Well-controlled staff and other operating costs

## HEPS



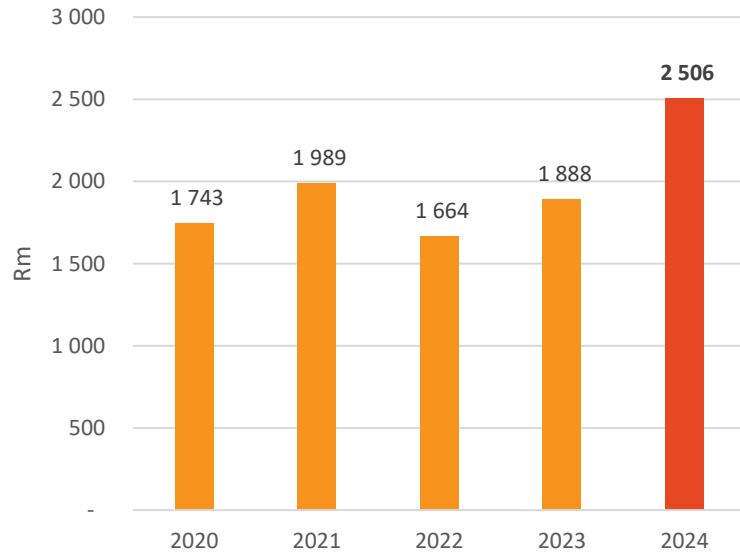
- Another record high (4% up)
- Driven by increased insurance proceeds (R173m), up R55m year-on-year
- Increase in net finance income of R103m





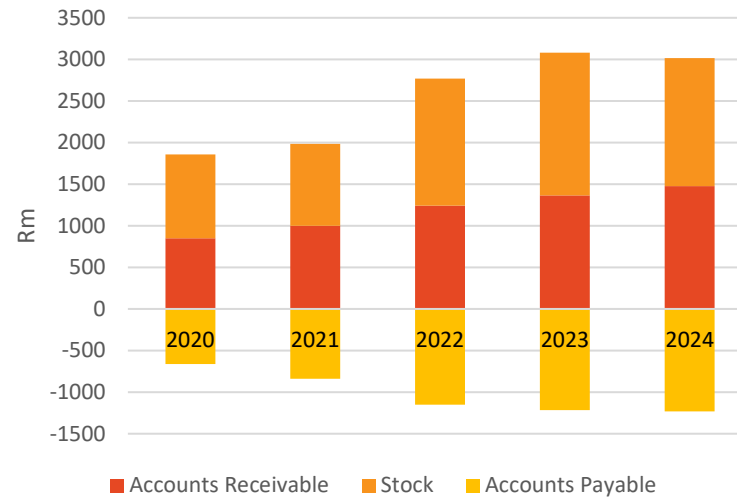
# Key financial trends

## Cash on hand



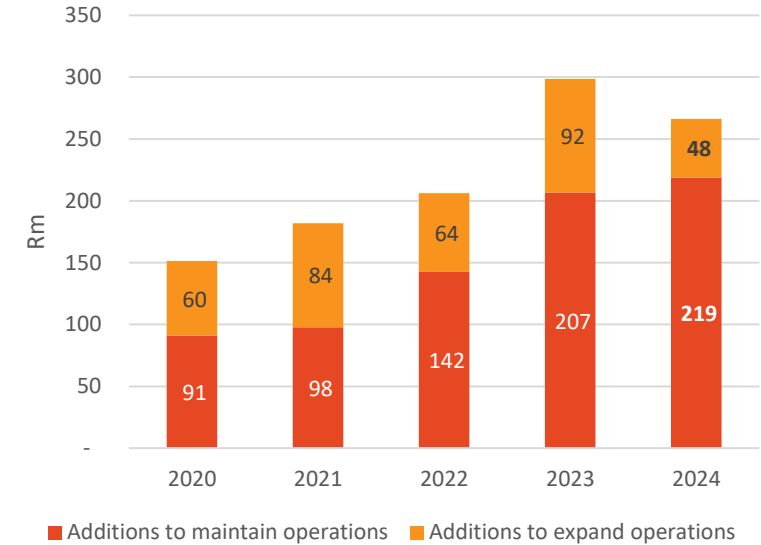
- 10 Year record cash on hand
- Increase of R 618m (32.7%) year-on-year, and R696m from first half
- Insurance proceeds: R173m
- Sale of Novus: R97,9m
- Interest/dividends received: R233m
- Gross Capex: R 267m
- Dividends paid: R 244m
- Acquisition of business: R61m
- Share buybacks: R12.9m

## Working capital



- Release of working capital generated R 87,6m
- Inventory declined by R178m as overstocked position worked down
- Although supply chain uncertainties from the mill side have reduced there are still long lead times due to shipping and ports

## Capex

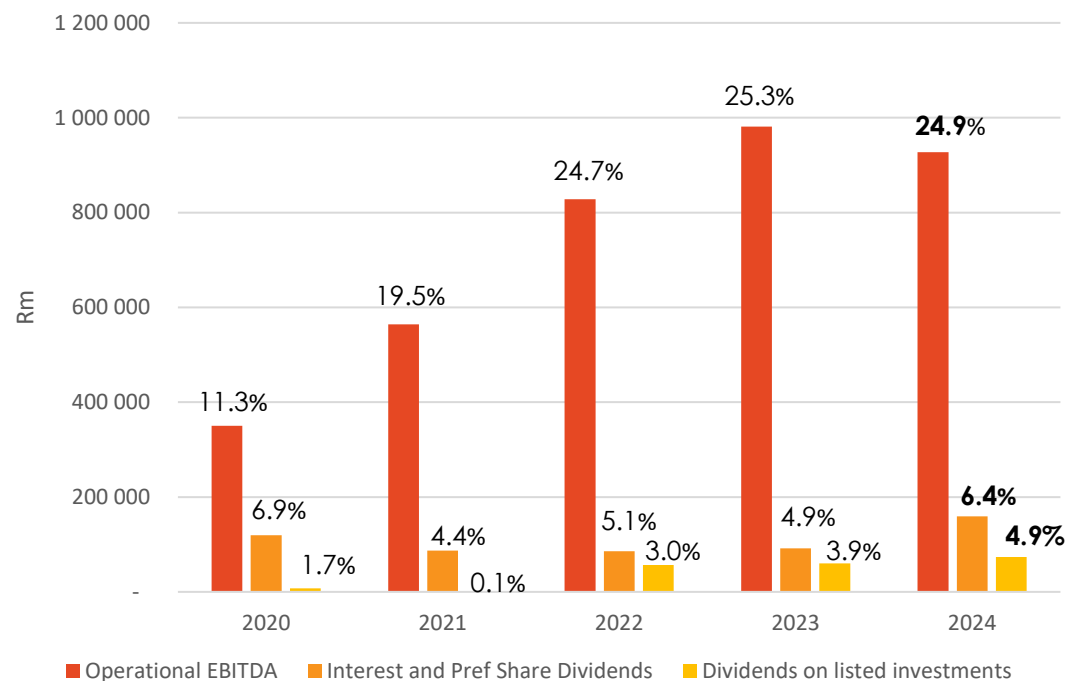


- Investment in solar power - installed 8MW with plans to complete a further 4MW
- Other investments predominantly in packaging operations, including premises to support future growth



# Group returns

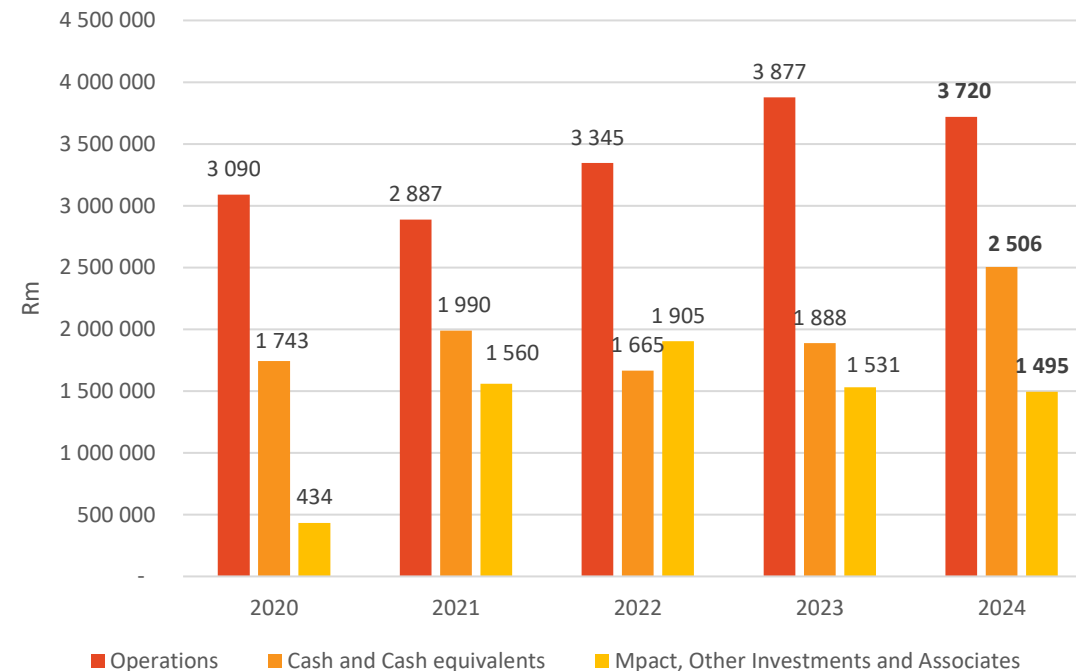
## Profit from operating activities before depreciation, amortisation and tax



- Reduction in operational performance from record 2023 year as volume decline experienced across most operations and margin normalisation
- Offset by insurance claim proceeds
- Higher average interest rates earned during the year



## Net asset value



- NAV increased by 6.9% to R7,7bn equating to NAV per share of R21.62
- Cash and cash equivalents of R 6.99 per share
- MPACT investment equates to R 3.72 per share
- Operations equates to R 10.91 per share

# Publishing, printing and distribution

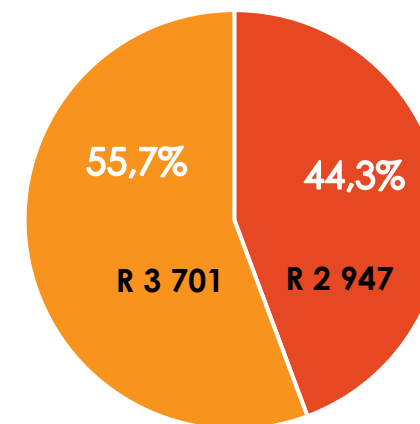


# Publishing, printing and distribution



	30 June 2024	30 June 2023		%
Revenue	2 947	3 426	↓	-14,0%
EBITDA	343	409	↓	-16,1%
Profit from operations	242	297	↓	-18,3%
EBITDA Margin	11,6%	11,9%		
Profit Margin	8,2%	8,7%		
Return on NAV	22,0%	22,9%		
NAV	1 557	1 788	↓	-12,9%
Assets	2 237	2 398	↓	-6,7%
Liabilities	680	610	↑	11,5%

**Revenue down 14,0% with a profit from operations down 18,3% and NAV decrease of 12,9% year-on-year**



■ Publishing, printing and Distribution ■ Packaging and Stationery

- Delisting of Cognition Holdings Limited (June 2024)
- EBITDA, profit margins and return on NAV declined marginally in difficult trading conditions
- Disposal of Private Property Proprietary Limited and closure of a printing operation in the prior year resulted in the loss of R 176,1m of revenues – excluding this, revenues declined by 9.3%





# Publishing, printing and distribution

## Newspaper publishing

- Difficult trading conditions continue
- Reversal of prior year trends, with media spend from national retailers declining 4%
- Local advertising spend continues to decline, mainly driven by the greater Johannesburg region
- Spend by grocery retailers maintained
- Decline in spend by DIY and general merchandise retailers
- Citizen
  - Circulation declined by 8%
  - Print advertising declined by 7%
  - Offset by 45% increase in digital revenues



# Publishing, printing and distribution

## Commercial and newspaper printing

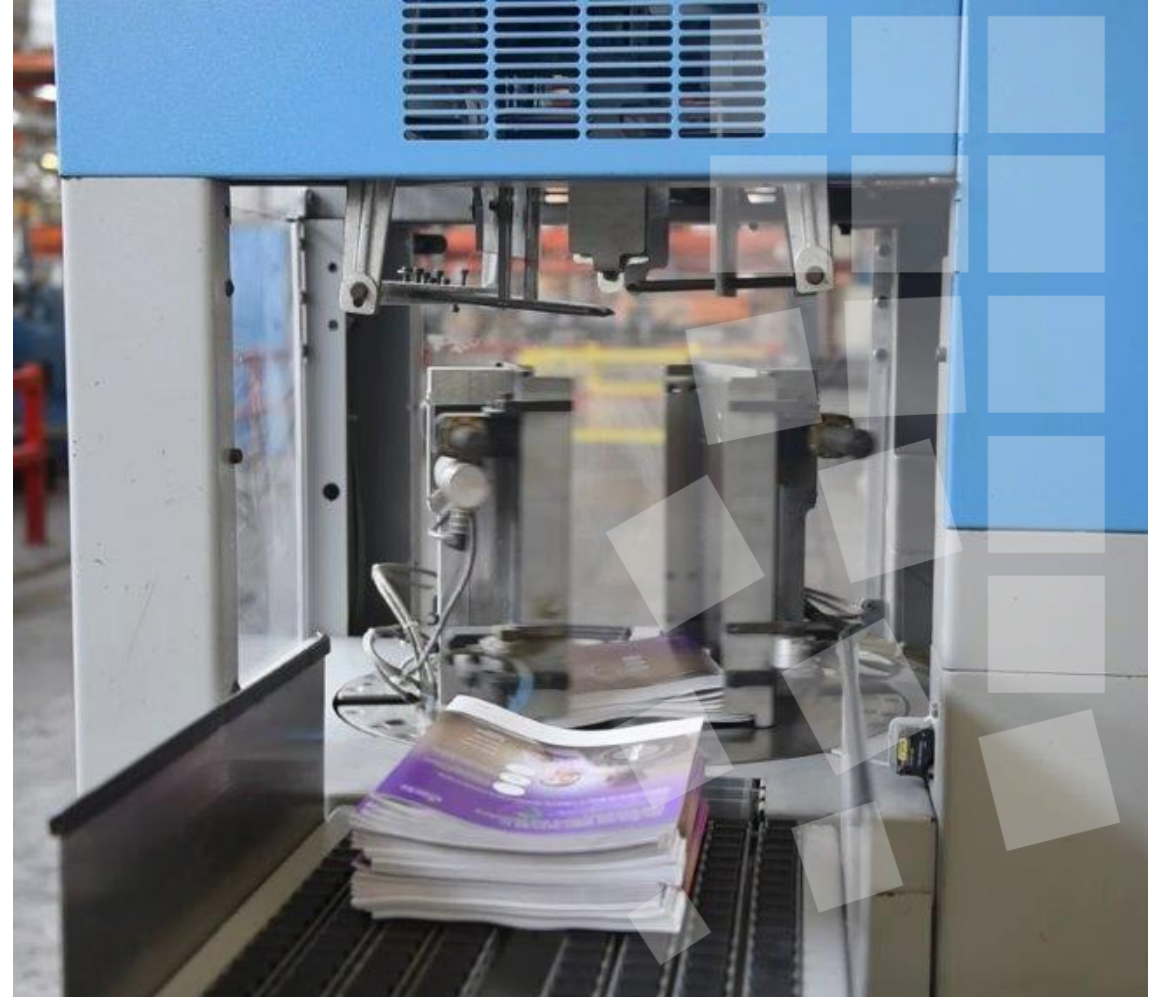
- Difficult year with overall tonnage throughput declining by 6.5%
- Newspaper printing volumes increased by 7% offset by 18% decline in commercial printing volumes
- Customer reducing paginations and looking for cheaper paper options
- With revenues declining and the fixed-cost nature of the operations, profitability was reduced



# Publishing, printing and distribution

## Book and magazine printing

- Revenues continue to decline on the back of lower demand from educational book printing as well as declining print orders in the magazine market
- Further realignment of cost structures was undertaken
- Diary and commercial catalogue sectors remain stable
- The expected educational curriculum rewrite should be positive into the 2025 calendar year





# Packaging and stationery





# Packaging and stationery

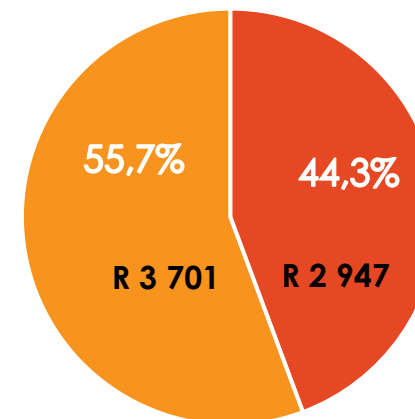
Packaging

Stationery

## Segment performance

	30 June 2024	30 June 2023	%
Revenue	3 701	3 549	↑ 4,3%
EBITDA	492	528	↓ -6,9%
Profit from operations	356	419	↓ -15,1%
EBITDA Margin	13,3%	14,9%	
Profit Margin	9,6%	11,8%	
Return on NAV	26,3%	29,0%	
NAV	1 870	1 821	↑ 2,7%
Assets	2 447	2 459	↓ -0,5%
Liabilities	577	638	↓ -9,5%

**Revenue up 4,3% with a profit from operations decline of 15,1% and NAV increase of 2,7% year-on-year**



■ Publishing, printing and Distribution ■ Packaging and Stationery

- The importance of this segment continues to grow representing 55.7% of group turnover
- Revenues grew 4.3% in difficult environment
- Profit declined from the record 2023 year by 15.1%
- Capital investment in equipment continues and includes upgrading of sites for future growth
- EBITDA and profit margins declined as margins reduced to normal levels and depreciation increased on the back of new equipment



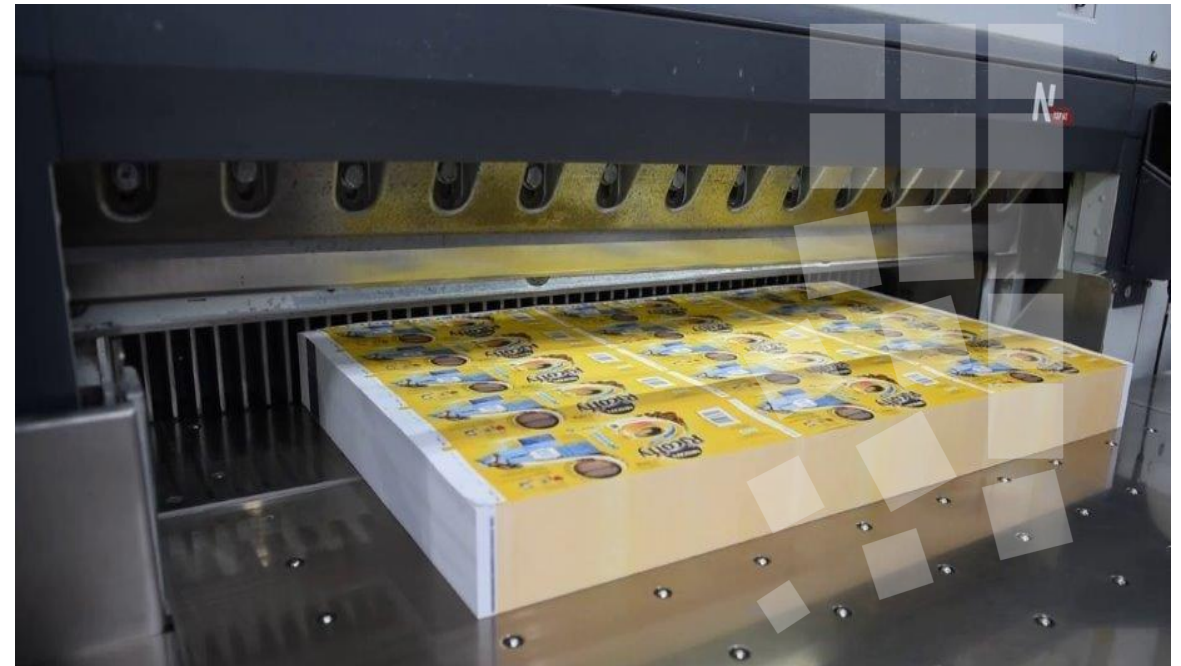
# Packaging and stationery

## Packaging

- Solid results in difficult trading conditions
- The QSR and Bag-in-Box volumes declined from the previous record year
- Long run beer label operations had stable volumes but the tender by our largest customer will affect the new financial year – lost revenues
- Short to medium run label business grew on the back of increased beverage and spirit labels
- Flexible operation showed good growth on back of last year's acquisitions and market share gains in the lamination market
- The tyre liner operation based in Gqeberha was integrated into the Western Cape near the end of the financial year
- Cigarette packaging volumes remained flat but there is a drive to expand the new products we have developed
- Concluded a supply agreement with a global partner to supply beer carton packaging to the local breweries that should commence in 2025

## Stationery

- Revenues continue to grow - 7%
- Excellent growth in Flip File during the back-to-school period
- Purchased Tidy Files brand and assets effective 1 August 2024



# Strategy

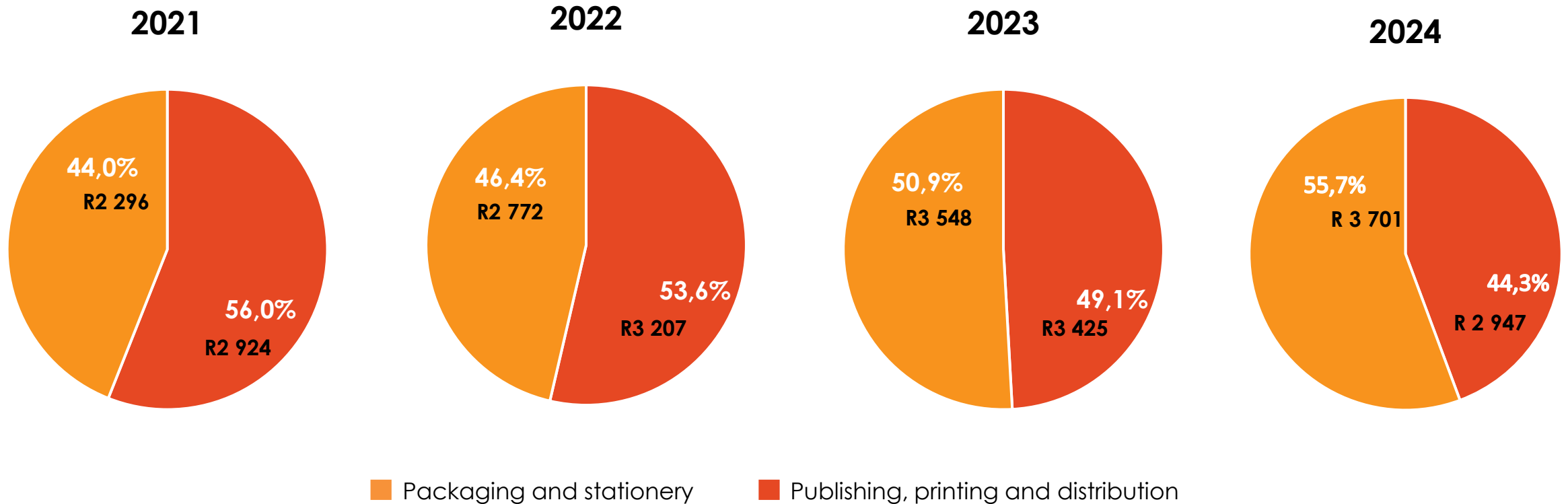


# Strategy

Invest and grow in the packaging sector	Maximise value from publishing, printing and distribution business	Focused cash management and expeditious capital allocation
Identify growth opportunities through complementary acquisitions	Simplify and extract value	Continue to allocate cash prudently
Drive growth through product development and investment in state-of-the-art equipment	Maximise cash generation	Capitalise on strengths to successfully integrate investments to drive value creation
Improve profitability through improved efficiencies and aggressive cost control		Mpact Limited



# Successful expansion of packing business through acquisition, investment in equipment and product development (Revenue Rm)





# Outlook



# Outlook

## The market

### Consumer demand

- Cautiously optimistic that with declining interest rates, improved demand should follow

### Market

- Remains competitive with margins continuously under pressure
- Look for opportunities to improve efficiencies
- Raw material sourcing critical to maintaining margins

## Growth opportunities

### Beverage packaging

- Concluded supply agreement with global partner to supply breweries with carton packing commencing 2025

### Paper labels

- Continue to grow and increase market share in the move to paper labels

### Acquisitions

- Continued lookout for the right acquisitions in packaging at the right value

