



**CAXTON & CTP** LIMITED  
publishers & printers



# Financial Results

## Year Ended 30 June 2023

October 2023



# 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 **4 275 people** with **10 main manufacturing operations** in South Africa.



# Caxton executive directors

## **Terry D Moolman | Founder and CEO**

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 | MD & FD**

*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.

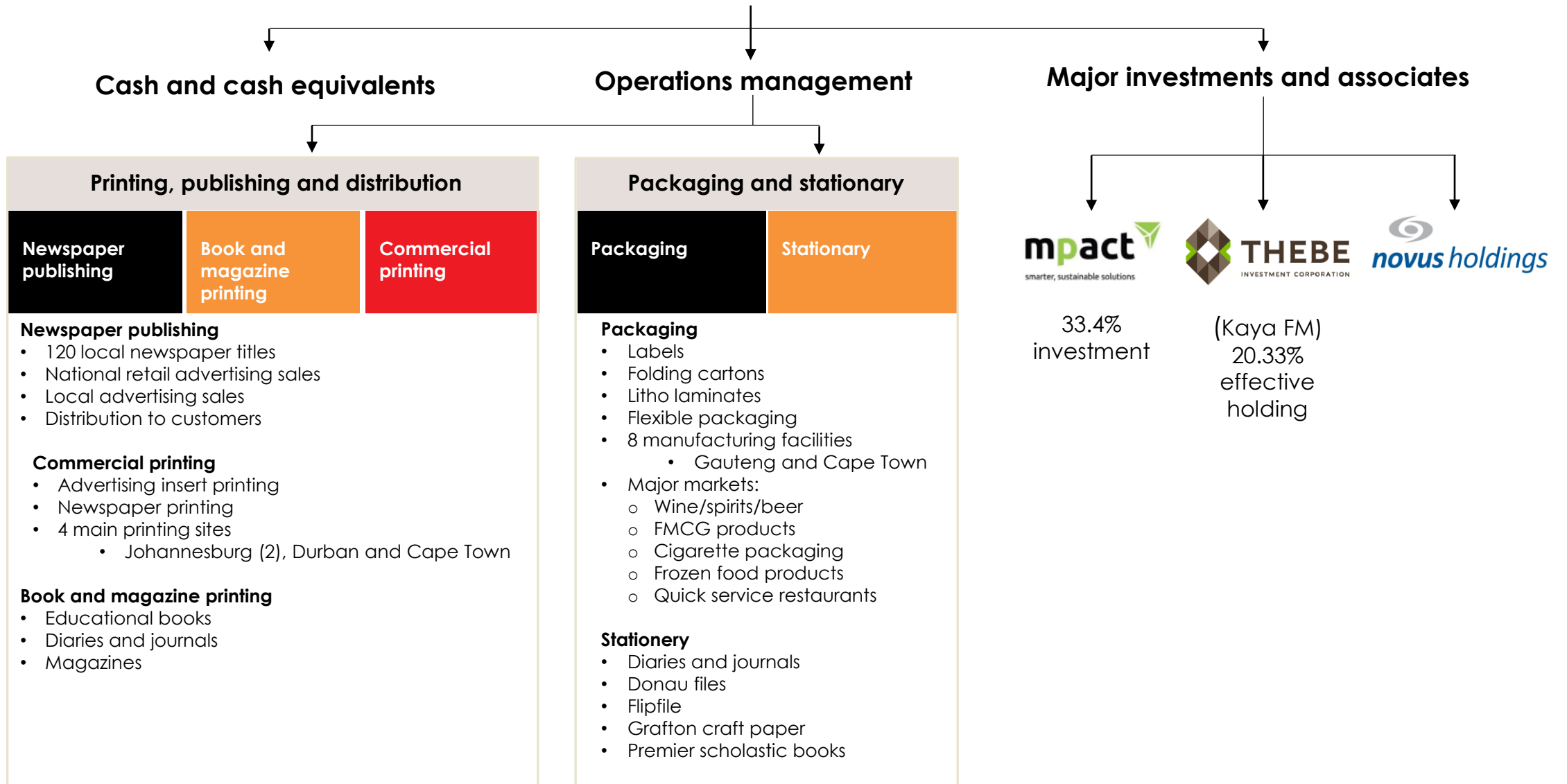
## **Leon Witbooi | MD: Western Cape**

*MBA*

Leon has an MBA from the University of Cape Town and has been with the group for 29 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



# 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 33.7%

**2022**



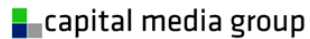
# Key business milestones



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



Acquisition of AMCOR Flexibles (R102,0m)



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



novus holdings

Sold entire shareholding in Novus (R97,9m)

2023

2024



A photograph of a factory production line. In the center, a roll of white paper with red and orange stripes and the KFC logo is being processed by machinery. The background shows various industrial components, pipes, and lights. A large, semi-transparent diamond-shaped graphic is overlaid on the image. At the bottom, there is a solid orange horizontal bar.

**Financial review**  
**For year ended 30 June 2023**



# A year in review

## A year of two halves

### First half

- Overall strong demand
- Supply constraints and significant cost increases in global paper and board, raw materials, and freight costs
- Inflationary pressures on operating costs

### Second half

- Weakening of consumer demand
- Relaxation of supply constraints but slow softening of prices
- Pressure on margins
- Overhang of raw material inventory

### Overall

- Market share gains across the business
- Improved profitability and cash generation

## Mixed segmental growth

### Local newspaper business

- Strong growth in national retailer advertising
- Slowdown in local advertising demand

### Commercial printing business

- Market share gain due to the availability of raw materials
- Strong recovery of retailer inserts

### Packaging

- Benefit from new products in QSR market sectors,
- Excellent organic growth in alcohol and QSR markets
- Market share growth in beer labels
- New Africa customers for cigarette packaging

## Continual investment in growth

- R240m gross investment in equipment to maintain and grow the packaging segment
- Investment in working capital to support growth and mitigate global supply chain challenges.
- Acquisition of Amcor flexible packaging operations and Allflex packaging
- Increased shareholding in Capital Media, Mooivaal Media and Cognition




# Ten-year review

		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenue	(Rm)	6 975	5 979	5 220	5 572	6 321	6 334	6 407	6 405	6 261	5 390
Profit/(Loss) before taxation	(Rm)	952	686	739	(47)	452	541	610	590	597	545
<b>Operating profit before depreciation and amortization (EBITDA)</b>	<b>(Rm)</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>	<b>690</b>
Finance Income	(Rm)	152	142	87	127	140	124	141	129	117	104
Profit/(Loss) attributable to equity holders of the parents	(Rm)	734	551	550	(57)	336	386	445	448	423	427
<b>Cash generated by operating activities</b>	<b>(Rm)</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>	<b>696</b>
Weighted average number of shares in issue	(000's)	360 942	364 869	371 786	382 889	387 422	392 427	396 219	397 982	396 463	406 494
Earnings/(Loss) per share	(cents)	203	151	148	(15)	87	99	112	113	107	105
Headline earnings per share	(cents)	189	157	75	21	102	109	116	116	109	98
Dividends per share	(cents)	60	50	50		60	60	70	70	65	60
Dividend cover	(times)	3,1	3,0	3,0		1,5	1,6	1,6	1,6	1,6	1,7
Ordinary shareholders' equity	(Rm)	7 264	6 841	6 359	5 229	5 740	5 696	5 682	5 523	5 240	4 976
<b>Cash and cash equivalents</b>	<b>(Rm)</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>2 222</b>
<b>Net asset value per share</b>	<b>(cents)</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>1 283</b>
<b>Number of employees</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>	<b>6 053</b>




# Key financial metrics

Group revenue of R6,97bn

 **16.6%**


Operating costs increased by R925m to R6,2bn

 **17.5%**

EBITDA up by R153m to R981m

 **18.5%**

Headline earnings of 188.6 cents per share

 **20.2%**

Net asset value per share has grown to R20.22

 **7.2%**

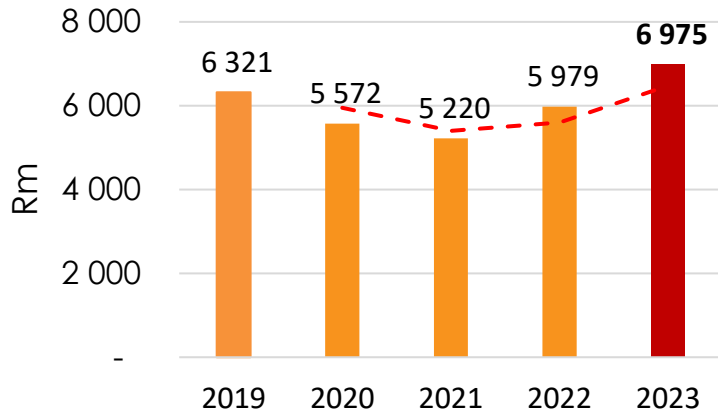
Cash generated by operating activities after working capital increased by R476,7m to R725,8m

 **191.4%**



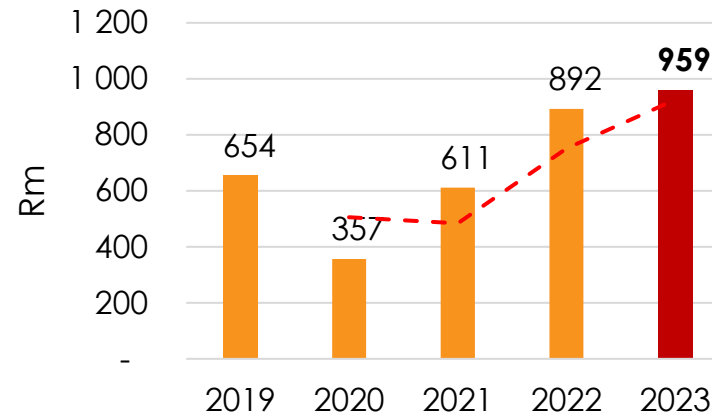
# Key financial trends

## Revenue



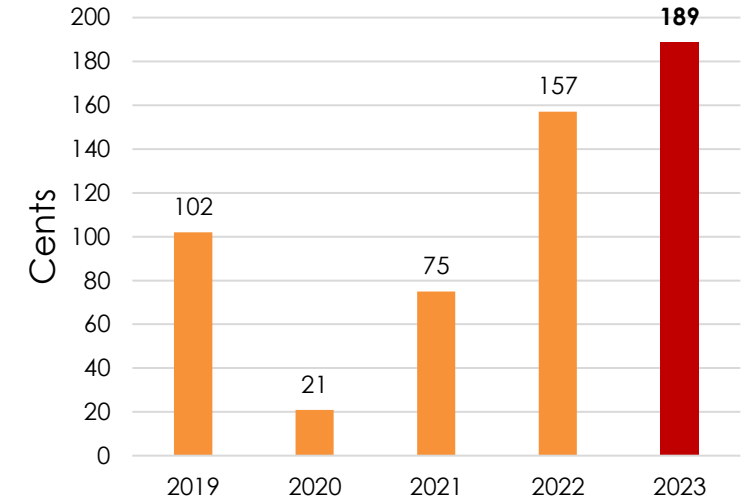
- Reflect price increases to recover input costs, and volume growth in certain markets

## EBITDA



- Driven by raw materials price recovery, well controlled staff and other operating costs
- Includes net impact of KZN floods claim (R84,6m)
- Includes revaluation of stock to NRV (R51m)
- Includes diesel cost of R25,4m

## HEPS

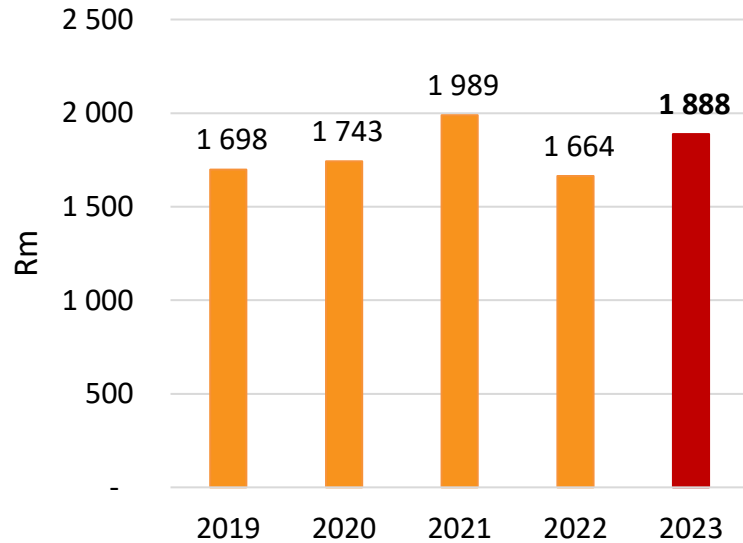


- An 11-year record high
- Reduction in weighted average shares
- Increase in finance income



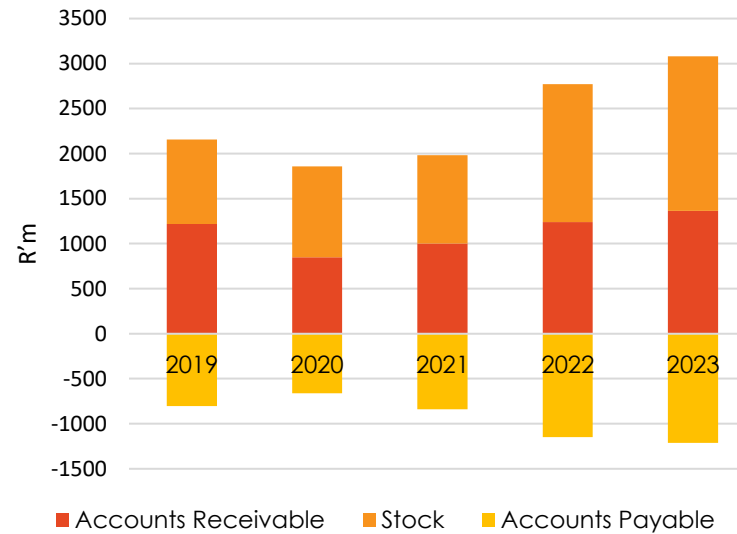
# Key financial trends

## Cash on hand



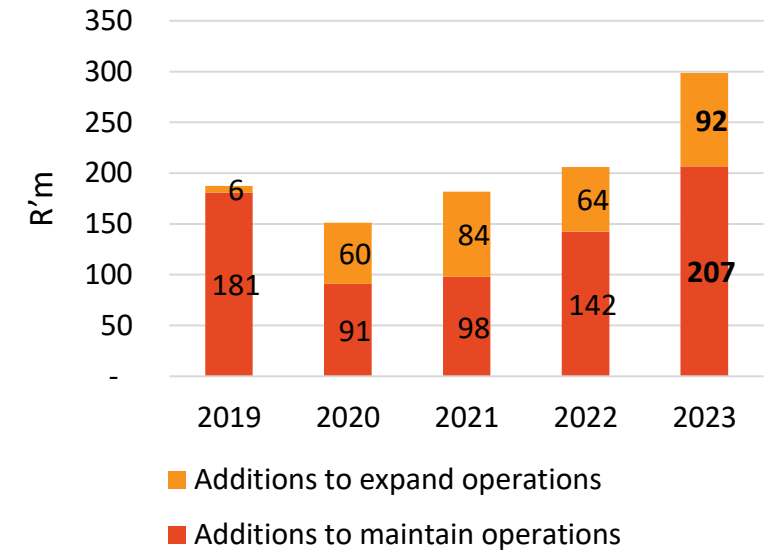
- An increase of R224m year on year (13.5%)
- Increase of R750m from first half
- Net insurance proceeds: R84,6m
- Acquisition of businesses: R131,7m
- Gross Capex: R298,7m
- Dividend paid: R197,1m
- Dividends received: R117,0m
- Share buy-back: R25,0m

## Working capital



- Increase in inventory in 1st half of the year to mitigate supply uncertainty and take advantage of growth opportunities
- Overhang of inventory investment in 2nd half
- Inventory increased year on year by R184,2m (this was reduced by R135,5m from the half year).

## Capex

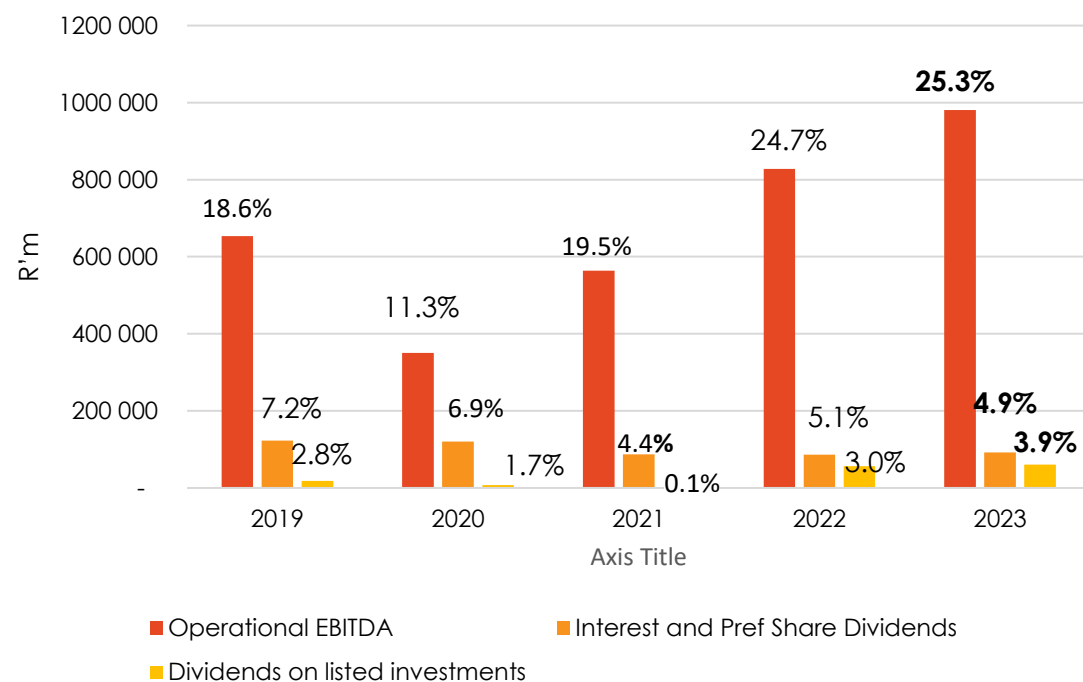


- New laminator for bag and box bladder production
- Installed an additional 2,7mw of solar power
- Plans to increase by another 10.2mw
- New printing presses to support packaging and book printing in Cape Town
- New cup forming equipment for quick service restaurant business
- Additional equipment for the long run label business



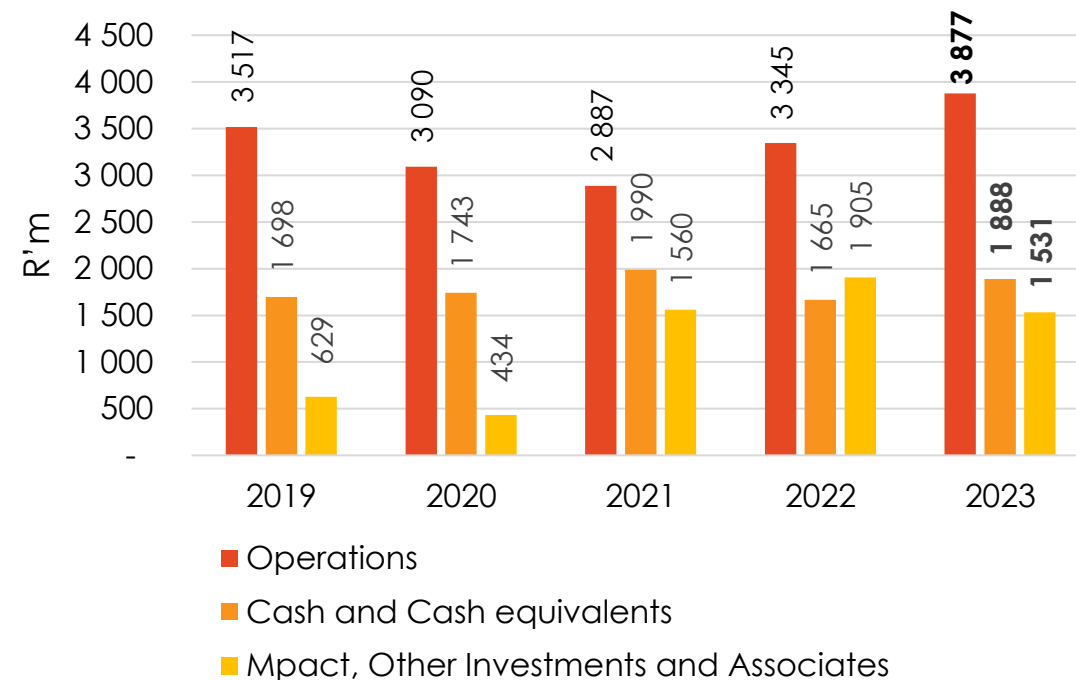
# Group returns

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



- Strong operational performance
- Return includes preference share dividends

## Net asset value



- NAV increased by 7.2% to R7,3bn equating to NAV per share of R20.22
- Increased profitability
- Marked-to-market of Mpact Limited declined (R273,3m)





# Publishing, printing and distribution

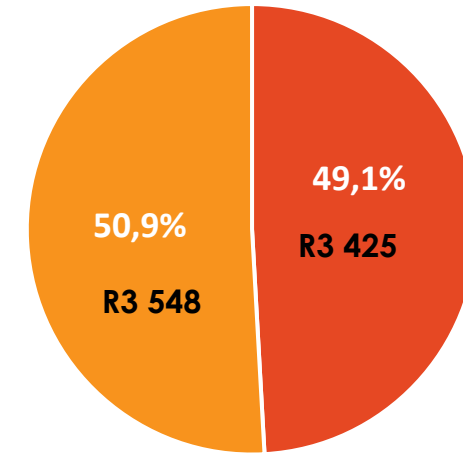


# Publishing, printing and distribution



	30 June 2023	30 June 2022		%
Revenue	3 426	3 207	↑	6,8%
EBITDA	409	470	↓	-13,0%
Profit from operations	297	352	↓	-15,7%
EBITDA Margin	11,9%	14,6%		
Profit Margin	8,7%	11,0%		
Return on NAV	22,9%	26,9%		
NAV	1 788	1 748	↑	2,3%
Assets	2 398	2 492	↓	-3,8%
Liabilities	610	745	↓	-18,1%

**Revenue up 6.8% with a profit from operations down 15,7% and NAV increase of 2.3% year-on-year**



■ Publishing, printing and distribution    ■ Packaging and stationery

- Acquired remaining interest in Capital Media and Mooivaal Media
- Disposed of investment in Private Property
- Insurance repair costs of R23,6m following KZN floods
- Stock written down to NRV following market price reductions R31,3m
- Excluding NRV and repair cost then profit flat year on year





# Publishing, printing and distribution

## Newspaper publishing

- A difficult year overall
- Advertising inserts from national retailers increased by 7% (*mainly grocery and liquor retailers*)
- Decline in advertising inserts from local businesses.
- Continued demand from national retailers that value the distribution channel, but local businesses affected by loadshedding
- Cost pressures
  - Unprecedented increase in newsprint paper costs but other costs well managed.
- Citizen
  - Circulation remained stable, but advertising revenue declined, and printing costs increased resulting in reduced profitability



# Publishing, printing and distribution

## Commercial printing (web and gravure)

- Solid profitability driven by increased throughput(2%) and good cost increase recoveries
- Market share gains as a result of beneficial access to paper, various grammage options and consequent pricing advantage
- While large retail brochure customers have all renewed printing contracts, extent of offtake remains uncertain
- Newspaper printing volumes declined by 6%, offset slightly by increases in newsprint retail printing
- Eight regional newsprint operations saw increased retail print volumes from markets share growth on shorter lead times and reduced costs



# Publishing, printing and distribution

## Book and magazine printing

- Difficult year resulting in a decline in profitability
- Market remains challenging with uncertainty in textbook demand from government departments
- Novus Holdings has bought Caxton's largest textbook print customer, Maskew Miller. Full impact will be seen in 2024.
- Rising substrate input cost was a challenge in a competitive market although pricing is now softening
- Business was restructured towards the end of the year to cater for the expected volume loss.
- Diary and commercial catalogue sectors continue to perform well





# Packaging and stationery

# Packaging and stationery

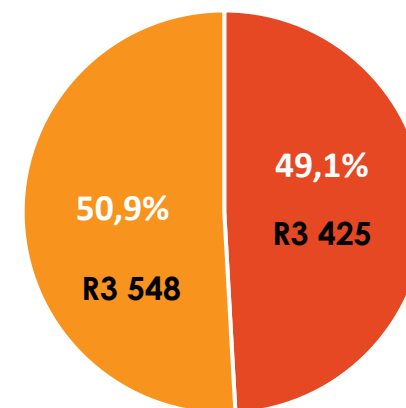
Packaging

Stationery

## Segment performance

	30 June 2023	30 June 2022	%
Revenue	3 549	2 772	↑ 28,0%
EBITDA	528	423	↑ 25,0%
Profit from operations	419	321	↑ 30,5%
EBITDA Margin	14,9%	15,2%	
Profit Margin	11,8%	11,6%	
Return on NAV	29,0%	27,2%	
NAV	1 821	1 552	↑ 17,3%
Assets	2 459	2 067	↑ 19,0%
Liabilities	638	515	↑ 23,9%

**Revenue up 28% with a profit from operations growth of 30.5% and NAV increase of 17.3% year-on-year**



■ Publishing, printing and distribution
 ■ Packaging and stationery

- Another record improvement in profitability with solid organic and market share growth across most market segments
- Acquisition of AMCOR flexibles and AllFlex laminating businesses concluded
- New investments in state-of-the-art printing and laminating equipment and long run label equipment
- Raw material stock written down to NRV following market price decline (R20,5m)



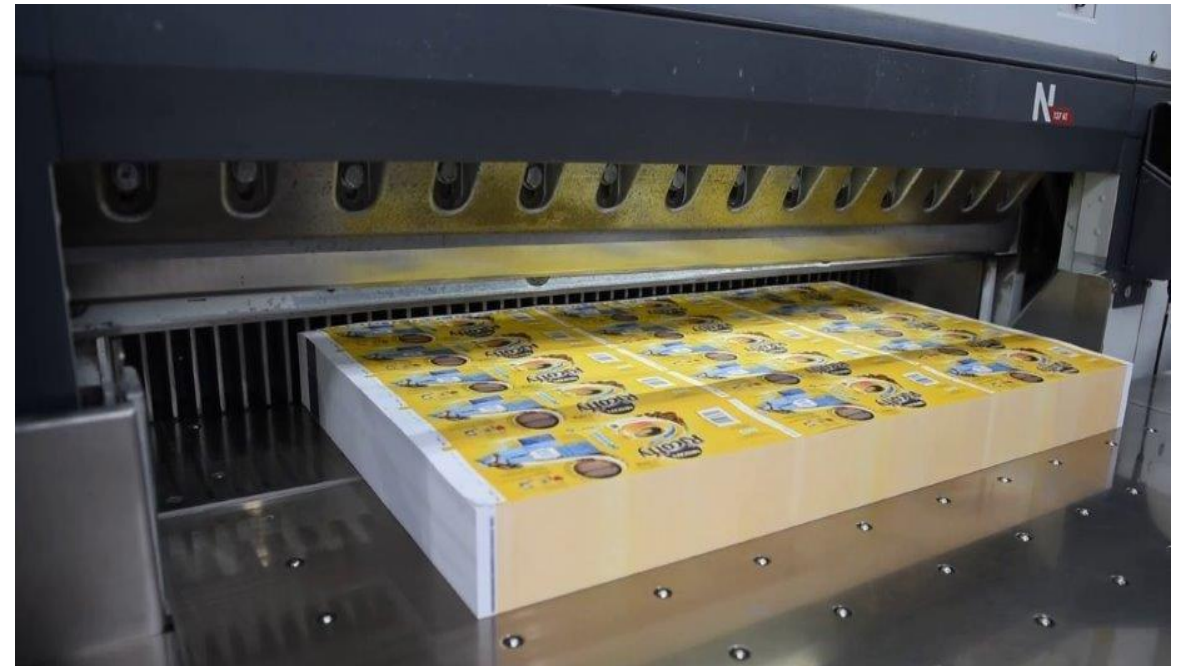
# Packaging and stationery

## Packaging

- Excellent overall results
- Quick Service Restaurant (QSR) and the Bag in Box market volume growth > 13%
- Sourcing constraints and pricing of raw materials increases experienced in the first half of the year. This dissipated in the second half with lagging pricing reductions
- New product lines for QSR market (cups) shown good growth
- FMCG sector volumes were flat, while long run label business has shown good growth in both market share and volume
- Successful integration of the new flexible packaging acquisitions with the new combined business producing pleasing results
- Cigarette volumes in SA continue to decline but have been offset by new export volumes into Africa.

## Stationery

- Excellent revenue growth of 18%
- Recovery of offtake by largest customer
- Margins maintained despite raw materials cost increases





JOB  
OVERS

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OF KISTERS

Be the change  
you want to see

# Strategy



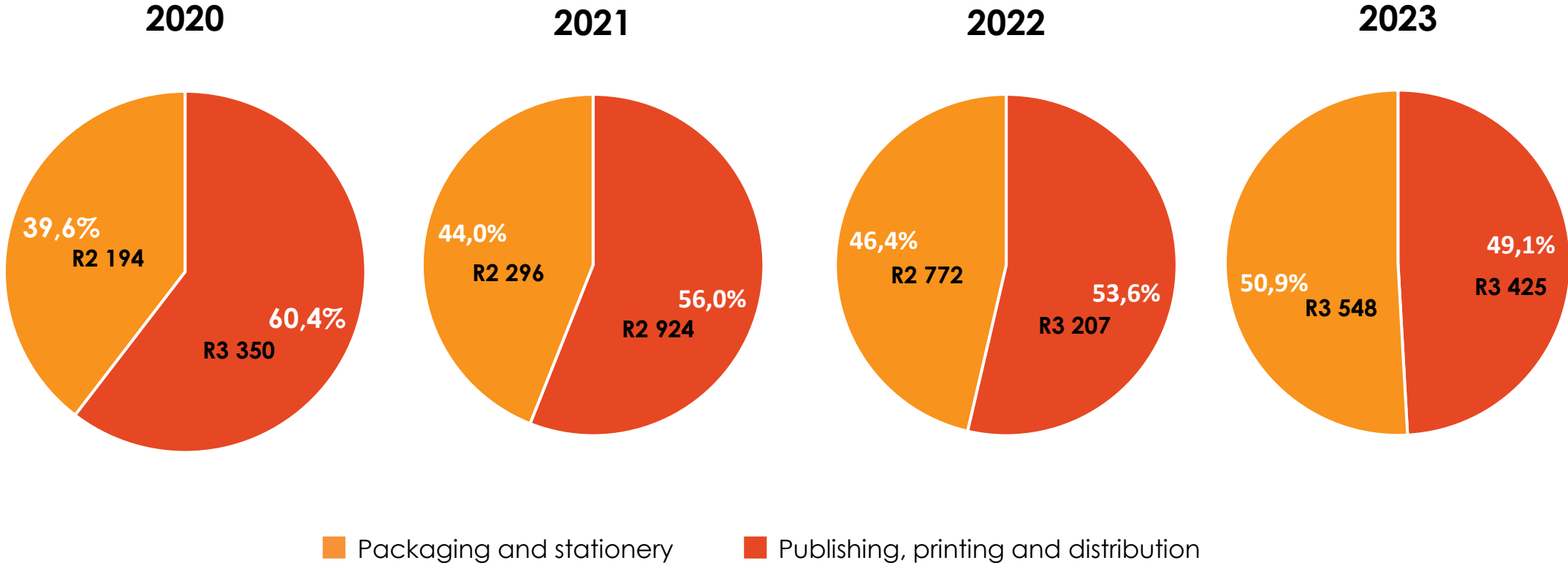
# Strategy

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	Consider further consolidation of media assets under Caxton (Cognition)	Mpact Limited





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





# Outlook



# Outlook

## The market

### Consumer demand is weakening

- Demand has dropped off in 2nd half of the year and remains muted

### Market remains very competitive

- Maintaining margins major focus area

### Focus on retaining market share

### Opportunities for market growth, particularly in packaging industry

### Raw materials

- Pricing and availability should be more favourable

### Loadshedding

- Assumed to be part of the future
- Major plants equipped with generating capacity
- Ongoing investment in solar

### New equipment

All commissioned and offering opportunities for efficiency improvement and new market penetration

## Environmentally driven growth opportunities

**Take advantage of the increased momentum in movement from plastic packaging to paper and board alternatives**

### Beverage Packaging

- Ongoing accelerating move from plastic shrink wrap to cartons in beverage market

### Paper labels

- Move from plastic back to paper labels on PET and glass bottles (Coke, AbInBev)

### Quick Service Restaurants

- KFC continues to change from plastic bowls and lids to paper bowls and lids

### Detergents

- Ongoing momentum in Europe to recycled cartons from flexible pouches. South Africa will no doubt follow the trend.





# Questions