CAXTON&CTP publishers & printers LIMITED

RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

R'000	% change	Unaudited six months to 31 December 2024	Unaudited six months to 31 December 2023	Audited for the year ended 30 June 2024
Revenue	(1.6)	3 630 629	3 689 853	6 647 278
Other operating income		40 355	34 861	248 561
Total operating income		3 670 984	3 724 714	6 895 839
Changes in inventories of finished goods and work in progress		(56 248)	(60 896)	17 490
Raw materials and consumables used		(1 888 414)	(2 011 404)	(3 600 569)
Staff costs		(653 021)	(644 289)	(1 257 923)
Other operating expenses		(596 377)	(586 673)	(1 127 612)
Total operating expenses	(3.3)	(3 194 060)	(3 303 263)	(5 968 614)
Profit from operating activities before depreciation and amortisation	13.2	476 924	421 452	927 225
Depreciation and amortisation		(129 666)	(118 676)	(269 321)
Profit from operating activities after depreciation and amortisation	14.7	347 258	302 776	657 904
Impairment of goodwill		–	–	(18 164)
Loss on disposal of investment		–	(45 228)	(45 292)
Profit on deemed disposal of associate on gain of control		–	–	1 801
Profit on disposal of investment		2 775	–	74
Reversal of impairment of investments in associates		–	–	21 000
Impairment of intangible assets		–	–	(330)
Impairment of plant		–	–	(18 078)
Profit from operating activities		350 033	257 548	598 915
Net finance income		114 279	99 501	237 036
– dividends		44 148	55 696	122 378
– interest income		71 779	44 717	110 882
– interest expense		(1 648)	(923)	(5 651)
– Profit on foreign exchange		–	11	9 427
Income from associates		6 066	15 497	1 905
Profit before taxation		470 378	372 546	837 856
Taxation		(124 331)	(92 365)	(180 498)
Profit for the period	23.5	346 047	280 181	657 358
Other comprehensive income:		119 617	206 397	83 520
Items that will not be reclassified subsequently to profit or loss				
Fair value adjustment – investments		119 617	206 397	83 520
Total comprehensive income for the period		465 664	486 578	740 878
Total comprehensive income attributable to				
Non-controlling interests		1 025	10 072	1 547
Equity holders of the parent		464 639	476 506	739 331
		465 664	486 578	740 878
Profit attributable to				
Non-controlling interests		1 025	10 072	1 547
Equity holders of the parent		345 022	270 109	655 811
		346 047	280 181	657 358

Condensed segmental analysis	Unaudited six months to 31 December 2024	%	Unaudited six months to 31 December 2023	%	Audited for the year ended 30 June 2024	%
Revenue						
Publishing, printing and distribution	1 557 709	43	1 695 261	46	2 946 620	44
Packaging and stationery	2 072 920	57	1 994 592	54	3 700 658	56
Other	–	–	–	–	–	–
	3 630 629	100	3 689 853	100	6 647 278	100
Profit from operating activities before depreciation and amortisation						
Publishing, printing and distribution	223 541	47	199 129	48	342 849	37
Packaging and stationery	318 170	67	273 078	64	491 857	53
Other	(64 787)	(14)	(50 755)	(12)	92 519	10
	476 924	100	421 452	100	927 225	100
Profit from operating activities after depreciation and amortisation						
Publishing, printing and distribution	174 664	50	148 467	49	242 211	37
Packaging and stationery	247 912	71	213 424	70	356 180	54
Other	(75 318)	(21)	(59 115)	(19)	59 513	9
	347 258	100	302 776	100	657 904	100
Total assets						
Publishing, printing and distribution	2 277 352	23	2 396 687	25	2 237 113	23
Packaging and stationery	2 728 854	28	2 707 526	29	2 447 441	25
Other	4 875 723	49	4 382 136	46	4 968 650	52
	9 881 929	100	9 486 349	100	9 653 204	100
Total liabilities						
Publishing, printing and distribution	592 099	30	556 315	29	679 950	35
Packaging and stationery	600 292	31	594 876	30	577 198	30
Other	752 800	39	805 135	41	675 959	35
	1 945 191	100	1 956 326	100	1 933 107	100

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Unaudited six months to 31 December 2024	Unaudited six months to 31 December 2023	Audited for the year ended 30 June 2024
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated by operations	478 516	417 901	956 015
Changes in working capital	(217 304)	(196 924)	87 579
Cash generated by operating activities	261 213	220 977	1 043 594
Taxation paid	(99 312)	(101 716)	(169 628)
Cash flow from operating activities	161 901	119 261	873 966
CASH FLOW FROM INVESTING ACTIVITIES			
Property, plant, equipment and intangibles			
– additions	(167 945)	(163 465)	(266 632)
– proceeds from disposals	4 244	3 676	5 442
	(163 701)	(159 789)	(261 190)
Investments			
Associates, other investments and loans	(4 124)	104 658	99 314
Disposal of business	–	11 830	11 830
Interest received	71 779	44 717	110 882
Dividends received	44 148	55 696	122 379
	111 804	216 901	344 404
Cash (outflow)/inflow from investing activities	(51 897)	57 112	83 214
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	(214 798)	(242 479)	(243 895)
Additional investment in subsidiary	–	–	(60 946)
Interest paid	(1 647)	(923)	(5 651)
Principal paid on lease liabilities	(8 710)	(189)	(16 402)
Own shares acquired	(34 224)	(11 033)	(12 897)
Cash outflow from financing activities	(259 380)	(254 624)	(339 791)
Net (decrease)/increase in cash and cash equivalents	(149 375)	(78 250)	617 389
Cash and cash equivalents at beginning of year	2 505 765	1 888 376	1 888 376
Cash and cash equivalents at end of period	2 356 390	1 810 126	2 505 765

Executive Directors: TD Moolman, TJW Holden, LR Witbooi
Independent Non-Executive Directors: PM Jenkins, ACG Molusi, NA Nemukula, J Phalane, T Slabbert
Transfer Secretaries: Computershare Investor Services Proprietary Limited
Registered office: 368 Jan Smuts Avenue, Craighall Park, Johannesburg, 2196
Incorporated in the Republic of South Africa
Registration number 1947/026616/06
Share code: CAT ISIN: ZAE000043345
Preference share code: CATP ISIN: ZAE000043352

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Unaudited as at 31 December 2024	Unaudited as at 31 December 2023	Audited as at 30 June 2024
ASSETS			
Non-current assets			
Property, plant and equipment	2 573 501	2 587 403	2 530 747
Right-of-use assets	9 537	8 179	17 044
Intangible assets	5 643	6 274	5 936
Goodwill	54 622	72 786	54 622
Interest in associates	91 005	90 807	82 275
Investments	1 566 428	1 570 098	1 412 396
– Listed ordinary shares	1 487 484	1 493 498	1 333 452
– Unlisted ordinary shares	78 944	76 600	78 944
Deferred taxation	23 834	31 099	30 711
	4 324 572	4 366 646	4 133 731
Current assets			
Inventories	1 563 431	1 402 174	1 537 022
Trade and other receivables	1 636 807	1 905 084	1 476 366
Taxation	729	2 319	320
Cash	1 656 390	1 110 126	1 805 765
Cash equivalents	700 000	700 000	700 000
	5 557 357	5 119 703	5 519 473
TOTAL ASSETS	9 881 929	9 486 349	9 653 204
EQUITY AND LIABILITIES			
Total equity	7 936 738	7 530 023	7 720 096
Equity attributable to owners of the parent	7 962 194	7 487 453	7 746 192
Preference share capital	100	100	100
Non-controlling interest	(25 556)	42 469	(26 196)
Non-current liabilities	531 004	509 099	480 509
Lease liabilities	1 250	4 918	2 338
Deferred taxation	529 754	504 181	478 171
Current liabilities	1 414 187	1 447 227	1 452 598
Trade and other payables	1 200 500	1 244 673	1 232 061
Lease liabilities	9 638	3 082	16 353
Provisions	169 018	173 368	169 076
Taxation	35 032	26 104	35 108
TOTAL EQUITY AND LIABILITIES	9 881 929	9 486 349	9 653 204
Net asset value per share (cents)	2 222	2 065	2 162
Capital expenditure	167 945	163 465	266 632
Capital expenditure committed	167 535	98 755	106 003

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

December 2024	Share capital & preference shares	Revaluation reserves	Distributable reserves	Non-controlling interest	Total
Opening balance	9 045	1 202 390	6 534 857	(26 196)	7 720 096
Own share acquired	(68)		(34 156)		(34 224)
Total comprehensive income for the period		119 617	345 022	1 025	465 664
Realisation of land and buildings revaluation reserve		(65)	65		–
Dividends paid			(214 413)	(385)	(214 798)
Closing balance	8 977	1 322 007	6 631 310	(25 556)	7 936 738

December 2023	Share capital & preference shares	Revaluation reserves	Distributable reserves	Non-controlling interest	Total
Opening balance	9 076	1 120 243	6 134 547	33 090	7 296 956
Own share acquired			(11 033)		(11 033)
Total comprehensive income for the period		206 398	270 108	10 072	486 578
Realisation of land and buildings revaluation reserve		(43)	43		–
Dividends paid			(241 786)	(693)	(242 479)
Closing balance	9 076	1 326 641	6 151 836	42 469	7 530 022

June 2024	Share capital & preference shares	Revaluation reserves	Distributable reserves	Non-controlling interest	Total
Opening balance	9 076	1 120 243	6 134 547	33 090	7 296 956
Own share acquired	(31)		(12 866)		(12 897)
Non-controlling interest disposed			(28 181)	(32 765)	(60 946)
Total comprehensive income for the year		83 520	655 811	1 547	740 878
Realisation of land and buildings revaluation reserve		(1,373)	1,373		–
Dividends paid			(215 827)	(28 068)	(243 895)
Closing balance	9 045	1 202 390	6 534 857	(26 196)	7 720 096

R'000	Unaudited as at 31 December 2024	Unaudited as at 31 December 2023	Audited as at 30 June 2024
Notes:			
Earnings and diluted earnings per ordinary share (cents)	96.5	75.3	182.9
Headline earnings and diluted headline earnings per ordinary share (cents)	95.5	85.1	196.1
Shares in issue (weighted average shares in issue)	357 532 820	358 937 823	358 554 601
Reconciliation between earnings and headline earnings			
Earnings attributable to equity holders of the parent	345 022	270 109	655 811
Adjusted for excluded remeasurements	(3 447)	35 178	47 427
Impairment of goodwill	–	–	18 164
Loss on disposal of investment	–	45 228	45 292
(Profit) on disposal of investment	(2 775)	–	–
(Profit) on deemed disposal of associate on gain of control	–	–	(1 801)
Impairment of intangibles assets	–	–	330
Impairment of plant	–	–	18 078
Reversal of impairment of investments in associates	–	–	(21 000)
(Profit)/loss on disposal of property, plant and equipment	(920)	(385)	4 148
Tax effect on above adjustments	247	(9 665)	(15 784)
Headline earnings	341 575	305 287	703 238

Notes:

Investments are classified as at fair value through other comprehensive income

Equity price risk refers to the risk that the fair value of the future cash flows of the listed investments will fluctuate because of changes in market prices.

The group's at fair value through other comprehensive income financial assets are valued using fair market values at 31 December 2024.

Fair value estimation

The investments are valued at fair value at the reporting date using the following hierarchy.

Level 1 – Quoted prices available in active markets for identical assets or liabilities.

Level 3 – Fair value determined by valuation that uses inputs that are not based on observable market data.

The level of each investment is determined as follows:

- The listed investments are Level 1
- The unlisted investment is Level 3

For the Level 3 valuation of the investment is made using a discounted cash flow model will be applied using cash flow forecasts for five years and an extrapolation of expected cash flows using a long-term growth rate, with the following key assumptions applied by management. Long term growth rate of 3.9% and a pre-tax discount rate of 21.7%.

Commentary

Basis of Preparation

The interim condensed consolidated financial statements of Caxton and CTP Publishers and Printers Limited ("**Caxton**") and its subsidiaries and associates ("**the Group**") for the six months ended 31 December 2024 have been prepared in accordance with the requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), the SA Financial Reporting Requirements, the requirements of IAS 34 (Interim Financial Reporting), the requirements of the South African Companies Act and the Listings Requirements of the Johannesburg Stock Exchange.

Significant accounting policies

The significant accounting policies applied and the methods of computation in preparing these interim condensed consolidated financial statements are consistent with those applied in the consolidated financial statements in the prior year.

FINANCIAL PERFORMANCE

Earnings

The group delivered a solid set of half year results in the face of an economy showing limited prospects for growth. Overall revenues declined marginally (1.6%), where growth in the packaging segment was offset by a decline in the publishing and printing segment of our operations. The improvement in profitability can be attributed to optimal sourcing of raw materials, improved efficiencies in our operations especially where investment in equipment has been made, and a focus on containing operating costs.

These factors delivered:

- Headline earnings per share of 95.5 cents, an increase of 12.3% over the prior period; and
- Earnings per share of 96.5 cents, an increase of 28.2% over the prior period

Revenues declined by R59.2 million (1.6%) from R3 689.9 million to R3 630.6 million. Although some of the difficult trading conditions eased (owing to reduction in interest rates, no loadshedding and some reprieve on the fuel price) this has yet to manifest itself in any significant improvement in consumer spending. Revenues in our packaging division showed some growth (3.9%) but this was more than offset by declines in advertising media and printing revenues (-8.1%).

With no top line growth, it was extremely important to focus on sourcing of raw material inputs as well as managing operating expenses. Here the management team performed extremely well and managed to capitalise on pockets of well-priced raw materials and with some improvement in the exchange rate, this positively impacted the operations performance.

Staff costs increased by R8.7 million (1.4%) as certain efficiencies were extracted from operations where capital expenditure has been well spent. In addition, where volume throughput has declined significantly, the realignment of staffing structures was implemented. Other operating expenses increased by R9.7 million (1.7%), with efficiencies driven by reduced distribution costs, lower diesel costs due to reduced loadshedding and the benefits of the solar rollout on electricity costs. All other costs were well managed and will be a continued focus going forward.

Profit from operating activities before depreciation and amortisation increased by R55.5 million (13.2%). After depreciation of R129.7 million, profit from operating activities increased by 14.7% to R347.3 million.

Net finance income increased by R14.8 million with increased interest income offset by decreased dividend flow. Increased interest income was as a result of higher-than-average cash balances on hand, offset partly by a decline in interest rates. This benefit was less pronounced towards the end of the reporting period. The dividends from our investment in Mpact was down by R7.5 million.

Income from associates decreased by R9.4 million.

The Group's profit before taxation was R470.4 million, an increase of 26.3% compared to the prior year. After taxation of R124.3 million, the Group achieved an after-tax profit of R346.0 million. Based on a lower weighted average number of 357 532 820 shares in issue this represents:

- Earnings per share of 96.5 cents (2023: 75.3 cents) – an increase of 28.2%
- Headline earnings per share of 95.5 cents (2023: 85.1 cents) – an increase of 12.3%
- Net asset value per share of R22.22 (2023: R 20.65) – an increase of 7.6%

Cash Flow

The Group's cash and cash equivalents ended at R2 356.4 million, compared to the comparative period of R1 810.1 million - an increase of R546.3 million. Cash balances reduced from the 30 June 2024 year end by R149.4 million to support peak season working capital requirements.

Cash generated by operations of R478.5 million approximates the profit from operating activities before depreciation and amortisation - an increase of R60.6 million over the prior year. Working capital consumed R217.3 million primarily in the buildup of trade receivables during the peak season. Inventory levels are relatively high when compared to the same period last year and buying plans have been adjusted to address the pockets of overstocking. Having said this, we will always review opportunities to invest in well priced parcels of raw materials to support the business.

The net investment in property, plant and equipment of R163.7 million comprised of the following:

- Continued solar rollout – R24.0 million which will be completed by the end of February 2025 when we will have installed solar of 12.8 MW
- Upgrading of existing premises – R25.5 million spent in the review period to create capacity for growth
- Purchase of Tidy Files fixed assets – R15 million
- The remainder of the capital spend is predominately in the packaging operations to improve efficiencies or for new growth markets

Cash inflow from investing activities generated R111.8 million, predominately interest and dividends received.

Cash outflow from financing activities amounted to R259.4 million comprising of:

- The Group returned R249 million to shareholders through a dividend of R214.8 million, and a repurchase of shares for R34.2 million.

PUBLISHING, PRINTING AND DISTRIBUTION

Newspaper publishing and printing

National advertising revenues remained flat compared to the prior year, albeit well supported by our traditional customer base, mainly the grocery retailers, while we managed to gain support from non-traditional customers through innovative proposals. Encouragingly we have seen an increased spend from financial institutions and while conditions remain tough, we are positive that the media proposals which include print, digital and activations will show some traction.

Local advertising revenues declined by 4% over the period as local advertisers continue to use our newspapers less frequently and also reduce the size of adverts. The management restructure process has been completed and with the new structure focused on engagement with local communities and driving revenues, we hope to stem any further decline. Every three years we undertake extensive market research and the latest of which is to be released towards year end. This research yields useful data for our customers and also underpins our newspapers, serving as credible evidence that communities are using the papers and advertising.

With the pressure on revenues the local papers delivered a reduced performance where cost reductions were more than offset by the reduced revenues.

The group's daily newspaper, The Citizen delivered a much-improved performance where market growth in the legal advertisements and cost reductions were the main contributors. Circulations and national advertising revenues remain under pressure and with the acquisition of our distributor by Novus Holdings Limited, we are faced with a large increase in distribution costs. We are in the process of looking at various alternatives to mitigate this increase.

Paper tonnages through our newspaper printing plants increased significantly. As previously reported, a large retailer moved their printing requirements to coldset newsprint due to affordability. Towards the end of the current reporting period this retailer decided to move their printing requirements back to our commercial plants, which will reduce ongoing throughputs. Daily and weekly newspaper requirements continue to decline but this has been more than offset by growth in commercial printing where retail customers see the benefit of having access to a number of print plants around the country resulting in shorter lead times and reduced transport costs. On the back of the increased throughputs these business units performed to expectations.

Web and gravure printing

Unfortunately, these printing plants were faced with declines in tonnage throughput (14%) mainly driven by the above-mentioned retailer moving its requirements to the newspapers printing operations. Taking this into account, tonnages still remain under pressure as retailers have cut print orders, paginations and in some instances moved to cheaper lower grammages of paper. Bearing this in mind, it is commendable that these business units performed similar to the prior year where the impacts of lower tonnages were mitigated through advantageous paper purchasing and reduction in operating expenses.

Book and magazine printing

Revenues remained flat but following the restructure at the end of the previous financial year, the benefits meant profitability was maintained in line with the previous year. This market continues to be faced with excess capacity and thus margins remain under pressure. The Department of Basic Education's imminent curriculum rewrite should increase requirements from our facility and will go some way to mitigate the impact of the lost Media 24 magazine titles effective April 2025.

PACKAGING AND STATIONERY

Packaging

It is pleasing to report that our packaging operations improved performance even though topline growth in revenues was limited (3.9%). Overall, this can be attributed to excellent sourcing of raw material, improvement in production efficiencies especially in those operations where capital investment has been made and as always, a focus on costs.

The folding cartons divisions experienced mixed results where certain markets showed volume decline, whereas other markets showed growth. This resulted in a flat year on year performance. The quick service restaurant (QSR) market recorded overall declines in volumes with certain customers performing better than others. It appears that value meal offerings are a driver of volumes. It is encouraging to see continued growth in our new product offerings (cups, buckets and bowls) where we are looking at making further investments. The bag in box carton market experienced a shortage of white wine which constrained volumes. The frozen food market continues to show good growth from the recovery of a major customer, gains in market share at other customers and good growth from the Namibian fish customers.

The beverage packaging offering has progressed well during the period with the conclusion of a number of trials of new products and commencement of commercial production early in 2025, with volumes expected to grow over the calendar year. In line with this we have ordered further equipment to support this new business.

The long run beer label operation delivered a solid performance despite volumes lost in the tender by the country's largest brewer. This loss was compensated by increased export volumes and a slower phase – in of the tender allocations. In line with the new anticipated volumes, the unit has finalised its restructuring and continues to search for new opportunities to fill the excess capacity.

Our short to medium run label operations in the Western Cape managed to grow turnover and profitability driven by increased offtake in spirit labels as certain brands were upgraded and other brands increased market share. The other label markets showed either similar or a slight growth in volumes, compared to the prior year. The investment in new equipment drove efficiencies and with further investments in a more efficient litho–laminator and a wider flexo press, we expect to drive further savings as well as serve other label markets that require larger volumes.

Volumes in our cigarette business declined as our largest export customer reduced stockholdings. This was partly offset by the continued growth in our new product lines and with the imminent installation of new equipment we are well placed to meet this growth as well as service other localisation opportunities.

Our flexibles operation in the Western Cape delivered improved results on the back of increased revenues. This operation services a number of very different markets, which is its strength where one market is struggling this has been compensated by other growth markets. Although the wine bladder market was faced with the previously mentioned white wine shortage, we managed to grow our share of the market on the back of a long-term supply agreement with a major customer. Our tyre liner business that was relocated to the Western Cape overcame some initial operational difficulties and delivered significant revenue growth on the back of increased market share, but margins remain under pressure as we struggled to recoup raw material price increases. This operation is busy installing a new extruder that will cater for further growth.

Stationery

The stationery operation produced excellent results driven by the acquisition of the Tidy Files fixed assets effective 1 August 2024. The integration into our existing business is now complete and is exceeding our expectations. Operational costs have been well controlled and the focus is now on optimising ranges and stock levels.

Prospects

We do not expect any material changes to trading conditions in the run up to our June financial year end. Our businesses are well poised for any uptick in consumer demand but the likelihood of that remains uncertain. The focus will continue to be to drive efficiencies, exploit pockets of market growth and look for the right acquisition opportunities.

Subsequent events

The directors are not aware of any material event which has occurred after the reporting date.

Related party transactions

There were no related party transactions during the six months ended 31 December 2024 save for various inter-company transactions in the ordinary course of business.

Statement of responsibility

The preparation of the group's consolidated results was supervised by the Financial Director, Mr TJW Holden, BCom, CA (SA).

4 March 2025

Sponsor
AcaciaCap Advisors Proprietary Limited