

Annual Financial Results

For the year ended on 31 March 2015

Analysts and Investors Presentation
Friday, 12 June 2015

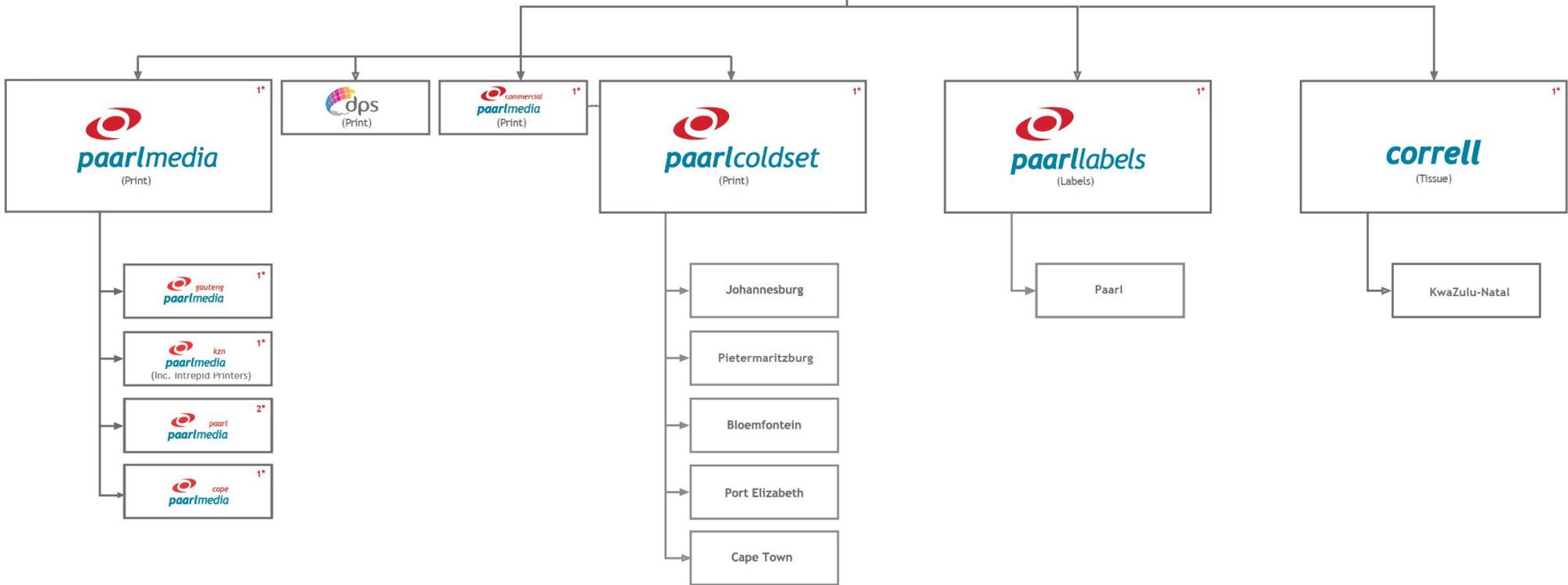


	Description
01	Business Overview
02	Financial Performance
03	Strategy and Outlook
04	Q&A

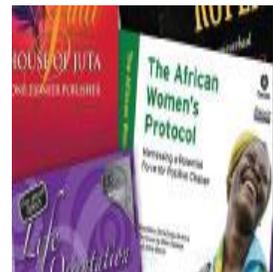
Presented by Stephen van der Walt, Chief Executive Officer

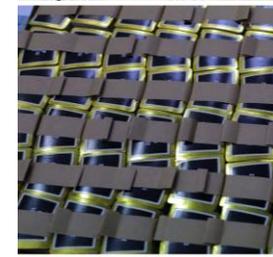
**B-BBEE Contributor Status:
Level 3 with value-adding supplier
status**

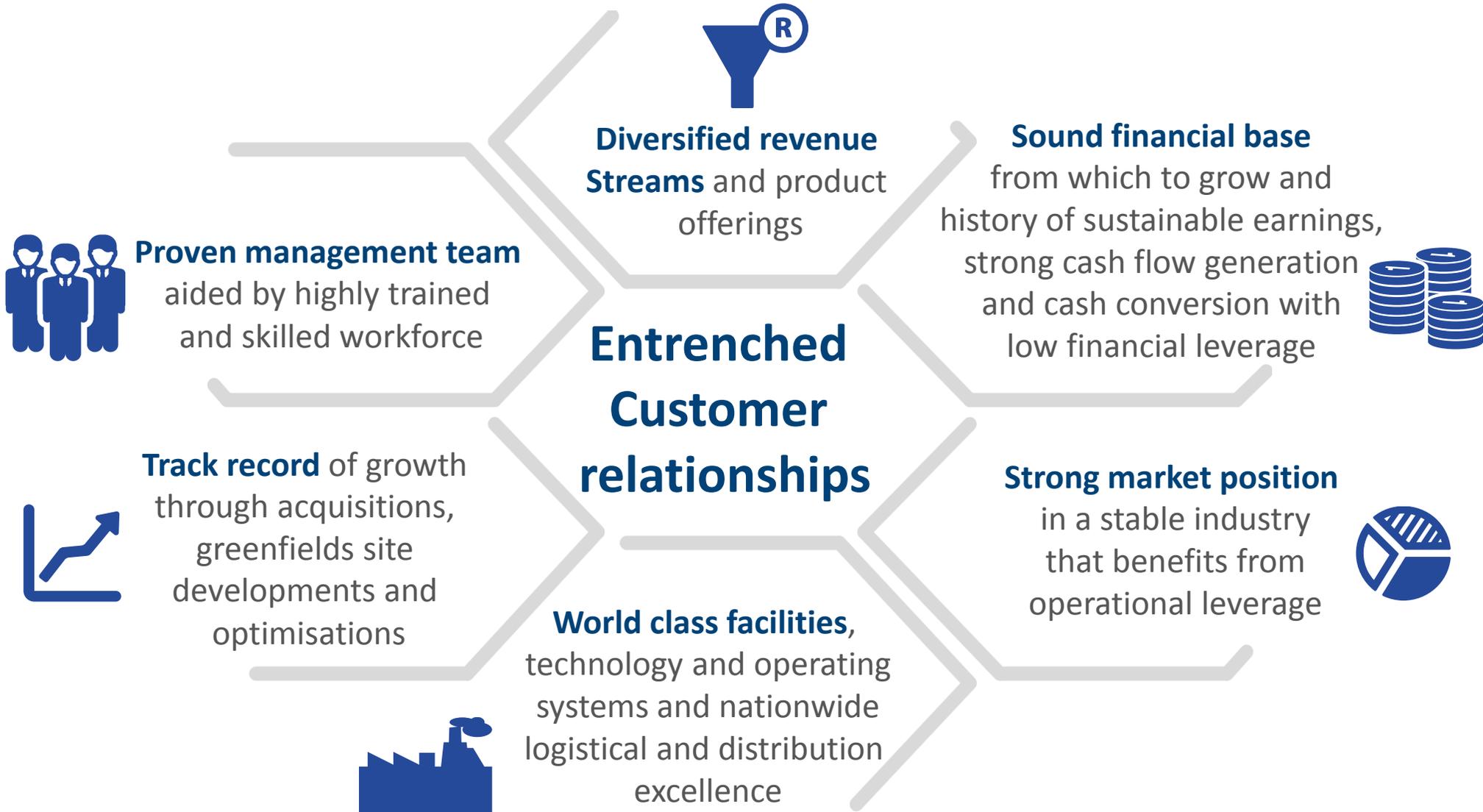
**Number of Employees:
1915**



Novus Holdings (previously Paarl Media Group) is the most comprehensive commercial printing and manufacturing operation in South Africa.

	<p>Retail inserts and catalogues</p>	<ul style="list-style-type: none"> • Brochures, leaflets and catalogues • Reports and calendars • Retail inserts for the majority of South African retailers
	<p>Magazines</p>	<ul style="list-style-type: none"> • ABC-listed magazines • Trade magazines, • Club magazines • Free-to-market magazines
	<p>Newspapers</p>	<ul style="list-style-type: none"> • Daily newspapers • Weekly newspapers • Community newspapers
	<p>Books and directories</p>	<ul style="list-style-type: none"> • Workbooks for the Department of Basic Education • Hard and soft cover books for leading publishers • Telephone directories

	<p>Security products</p>	<ul style="list-style-type: none"> • Election ballots • Examination materials and assessments • Other security related printing
	<p>Labels</p>	<ul style="list-style-type: none"> • High-quality labels for the wine, beer, spirit, cosmetics, petrochemical, food and beverage markets
	<p>Tissue</p>	<ul style="list-style-type: none"> • One and two-ply toilet rolls • Kitchen towels and serviettes • Jumbo wadding





The **Correll Tissue plant** was acquired **in June 2014** to commercialise paper by-products and diversify the Group's product offering and revenue stream. Subsequently, **an additional mill** has been acquired to expand capacity.

Further optimisation was achieved through the amalgamation of **two commercial printing facilities in KwaZulu-Natal**.



Launch of new **Novus Holdings brand** and corporate identity – previously the Paarl Media Group.

Paarl Media Commercial launched a **new hybrid print offering** in Gauteng in April 2014.

A **packaging gravure press** was acquired to expand the Group's print on packaging capabilities.

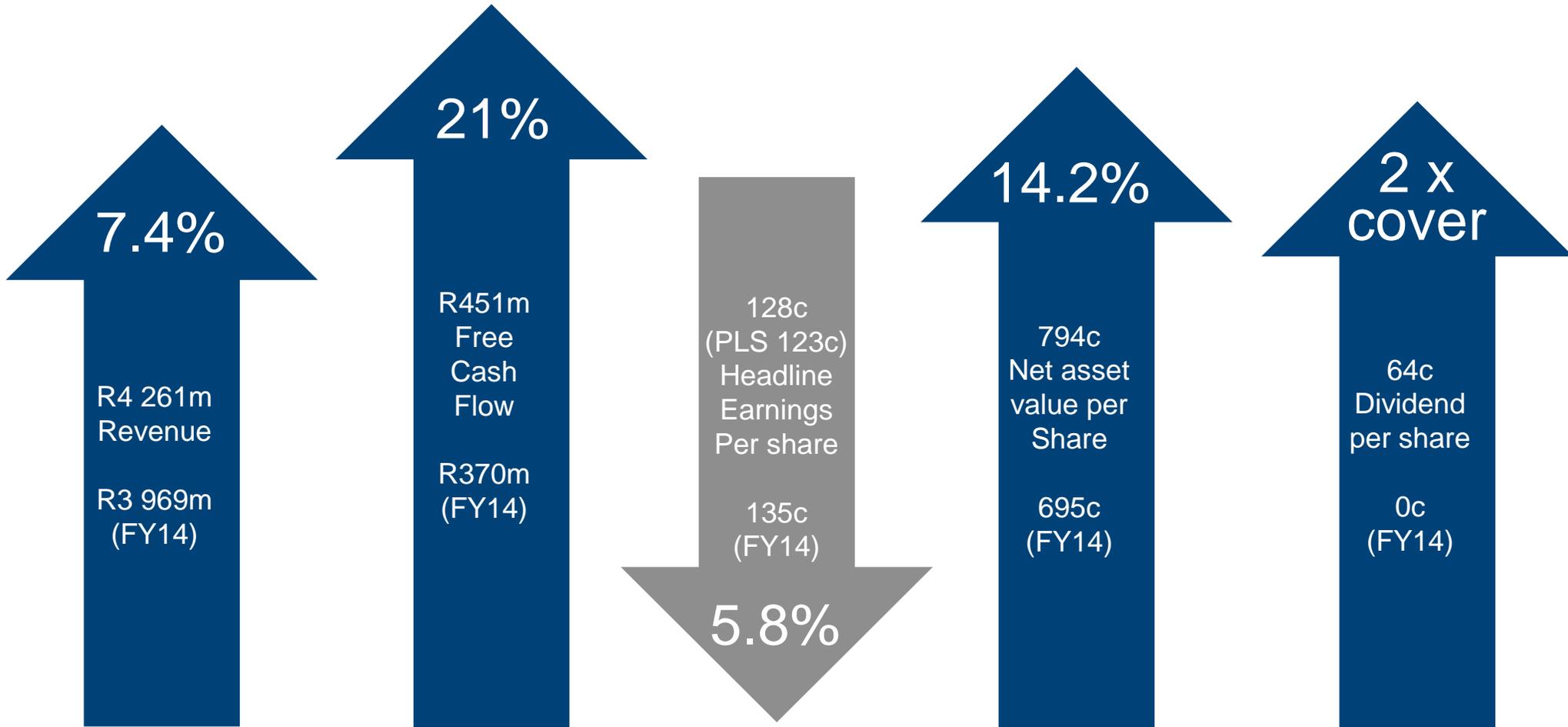


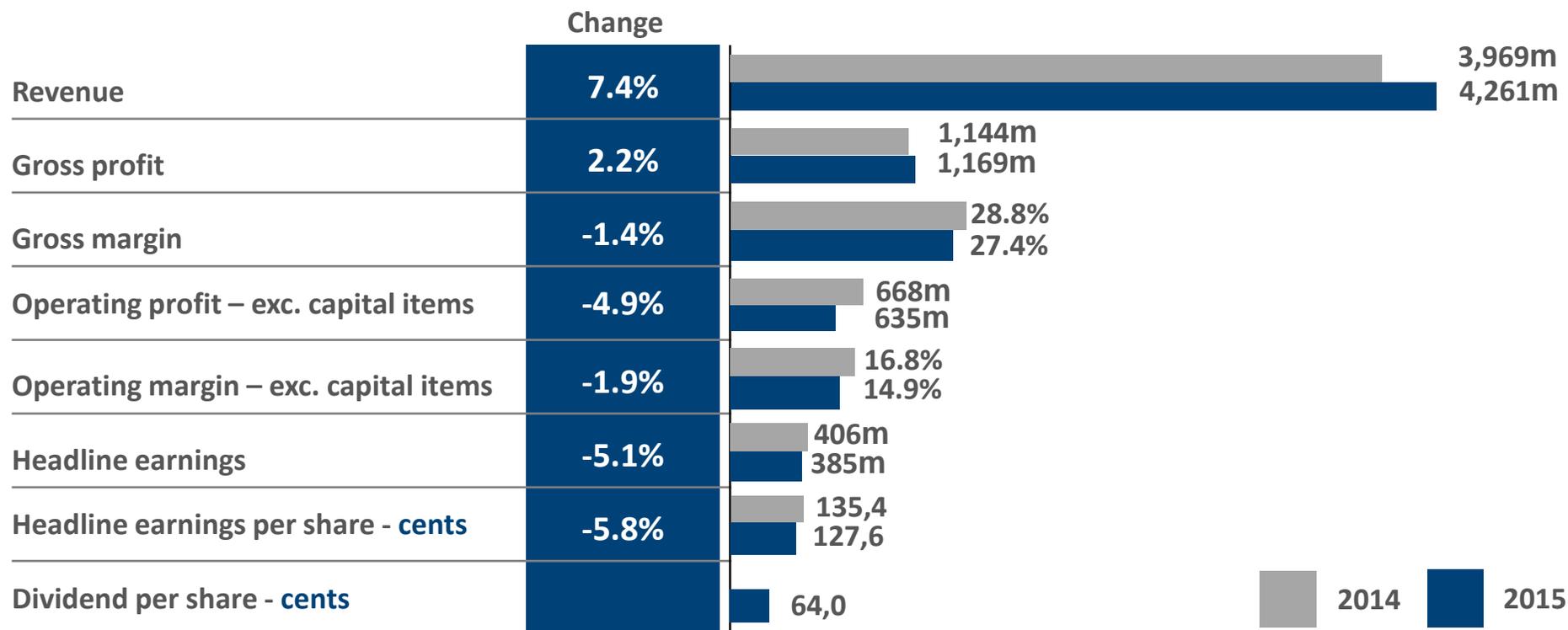
Novus Holdings listed on the **Johannesburg Stock Exchange** on **31 March 2015** - included in 9 FTSE/JSE indices as of 22 June 2015.

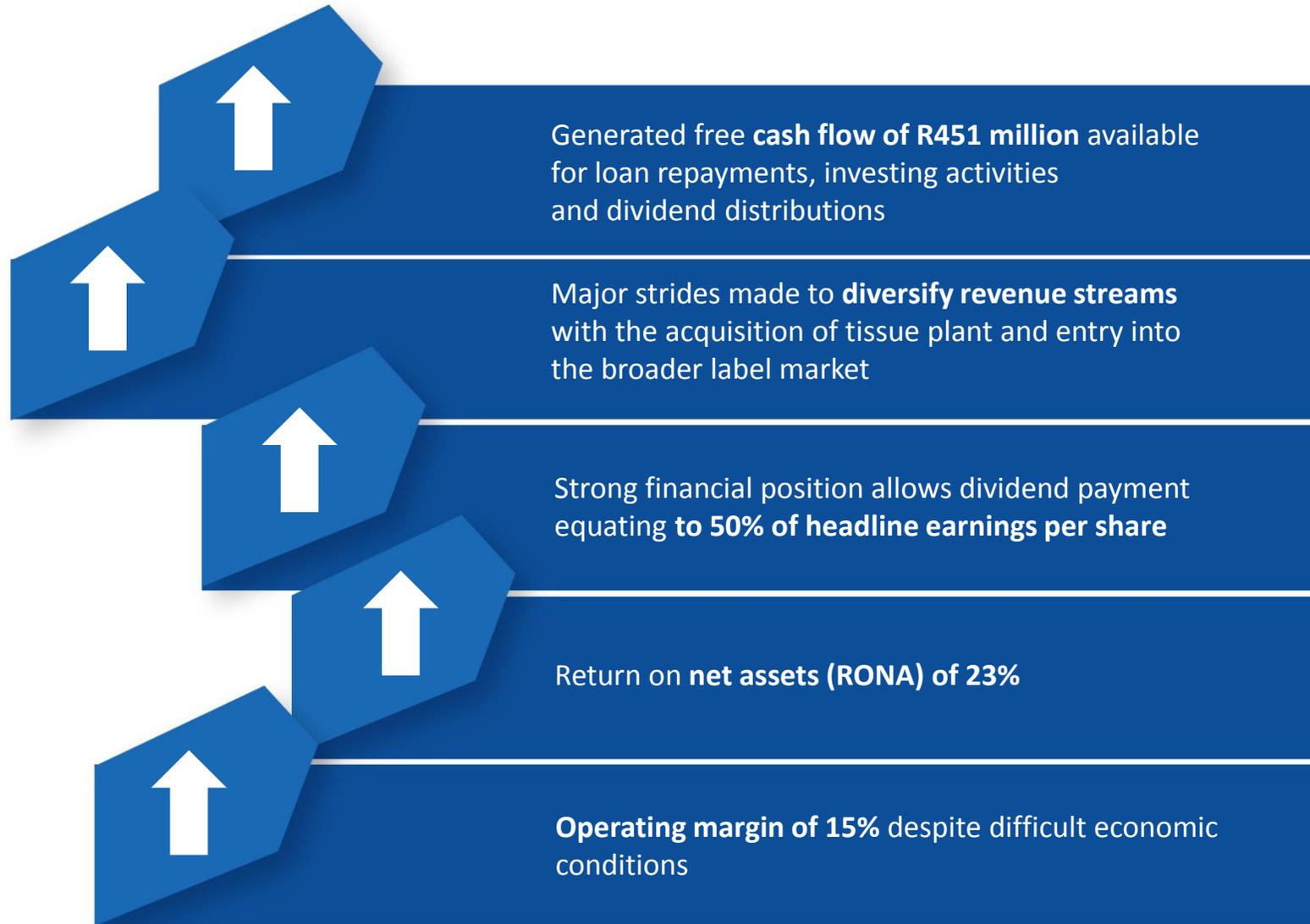
Met prelisting forecasts of HEPS.



First acquisition post listing - purchased full ownership of Cape Town based specialist digital printing house, **Digital Print Solutions**. The digital print division forms part of the existing print division, Paarl Media.







Significant factors that affected the Group's financial performance were the following:



Exchange rate, effecting foreign paper prices and majority of other raw materials



Local economic conditions:

- Low GDP growth
- Difficult year for the retail sector exacerbated by mining-related strikes and the curatorship of African Bank

- This will assist in funding dividends of R205m and expansionary capex of R300m

**Solid cash
Position
R282m**

**Low debt
Level R152m**

- Allows for leveraging acquisitions and funding organic growth (Debt equity ratio 6%)

- Debtors and stock days ahead on target

**Working
capital
Investment
R481m
(LY R504m)**

**Free cash
Flow R451m**
(LY R370m)

- High cash flow generation allowed for funding of Correll Tissue acquisition and accumulation of cash

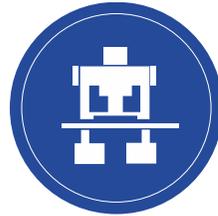
- Expansion – R88m (LY R179m)
- Maintenance – R80m (LY R72m)

**Capex
R168m**
(LY R251m)

Companies such as Novus Holdings, operating in the print and related manufacturing industry typically face the following strategic risks:



Economic policies and patterns



The majority of material and equipment suppliers being situated outside of South Africa



Key infrastructure failure (Eskom, water supply, etc.)



Health and safety incidents



Exchange rate volatility



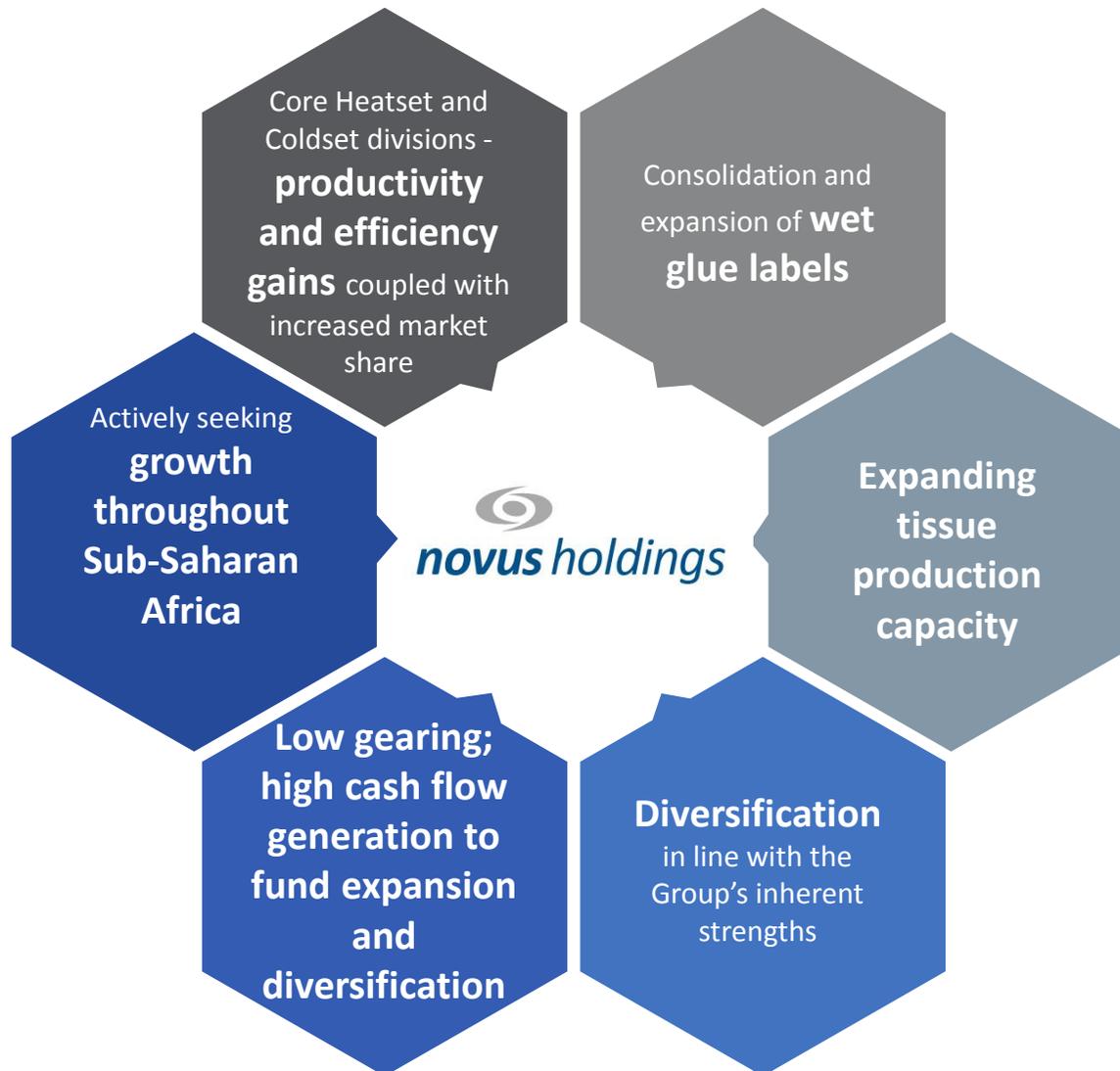
Labour activism

The division's products performed as follows:

	Category	Share of Group Revenue	Comments
	Magazines	22.5%	The volume decline in this product category can be ascribed to the closure of magazines and a decline in the pagination and circulation of existing magazines.
	Retail inserts	28.6%	Retail inserts are exposed to print media advertising spend, which declined from 27.8% of total ad spend to 25.3% in December 2014. Novus Holdings nevertheless maintained volume, thereby effectively gaining market share.
	Books and directories	21.6%	Workbook volumes increased satisfactory during the year whereas educational textbooks declined due to the past year being a non-curriculum change year.
	Newspapers	21.8%	Newsprint advertising spend declined by 4.5% to December 2014 and overall newspaper circulation followed the same trend (declining by 5.8%).
	Security products	0.4%	This product category experienced ad hoc allocation of work with the Mozambique elections being the most significant.

The division’s products performed as follows:

	Category	Share of Group Revenue	Comments
	<p>Labels</p>	<p>2.4%</p>	<p>A significant project includes a Mozambique beer labels contract landed during the past year. Self-adhesive capacity was expanded during the year to meet the increased market demand for the services of Paarl Labels.</p>
	<p>Tissue</p>	<p>2.7%</p>	<p>Correll Tissue supplies tissue paper which is produced under the Correll brands and as white label products for retailers.</p>



Key focus areas for Printing - 2016:

- Maintaining **profitability** in challenging economic and sector conditions.
- Achieving the above through **streamlining operations**.
- **Introducing new technology** to increase efficiency and address new markets.

Key focus areas for Labels and Tissue - 2016:

- Expand label capacity
- **Create additional tissue** and converting capacity.

Questions

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