

Novus Holdings reports positive maiden annual results following JSE listing

Novus Holdings (NVS:SJ), formerly known as the Paarl Media Group, yesterday reported solid financial results in line with forecasts communicated prior to listing in March this year. The Group had a market capitalisation of R5,8 billion at 31 March 2015, revenue of R4,26 billion and net profit after tax generated for the year was R365 million.

Key events for the financial year 2015



stevepb via pixabay.com

"A highlight of the past financial year includes the acquisition of the Correll Tissue plant and tissue pulping facility. We made a breakthrough into the high-volume wet glue label market that serves the fast-moving consumer goods sector. Further optimisation was also achieved through the amalgamation of two commercial printing facilities in KwaZulu-Natal and the establishment of a commercial unit in Gauteng that offers a hybrid heat-set and cold-set printing solution," says Stephen van der Walt, CEO of Novus Holdings.

The full effect of the acquisition of the Correll Tissue acquisition will only be visible in the ensuing financial years, with additional investment expected to drive solid growth in this category from 2017 onward.

The Group also moved into the digital print space with the acquisition of Cape Town based specialist, Digital Print Solutions and an innovative digital web press. The introduction of Novus Digital positions the group to take advantage of the global digital trend and strengthen its print services offering.

Revenue contribution

Retail inserts and catalogues had the highest contribution to revenue at 29%. Novus Holdings' newly established commercial facility was created specifically for this sector, based on projected growth and the opportunity for the group to gain market share through existing relationships. Revenues from paid-for magazines are almost all under printing contracts between Novus Holdings and numerous publishers contributing 23% to the group's revenue. Books and directories contributed 22% and are expected to deliver consistent revenue in the 2016 financial year.

Labels delivered 45% growth in its contribution in the past year and is expected to continue excellent growth following renewed focus and investment.

The newsprint business has been the most challenging of late, with a constant decline in volumes but still contributing 22% to total revenue. The subdued growth trend in English weekend newspapers and an overall decline in Afrikaans daily volumes are expected to continue into 2016.

Outlook

Global print trends are playing out very differently in emerging markets such as South Africa and parts of Africa, compared to Europe and the USA. The Group highlighted that Africa forms part of its growth strategy as the company seeks to unlock value in sub-Saharan Africa. This is planned through security printing as well as literacy and education products.

"We have adopted an aggressive diversification strategy over the past year, with a long-term objective of maximising of revenue from previously non-core products and services," says van der Walt.

He concludes, "Novus Holdings is diversifying into other markets and products to mitigate the impact of low economic

growth in South Africa, where we face additional challenges in terms of political, social and infrastructure risk. The resilience of our business is owed to its long-serving customer base, diversified product offerings, outstanding service and the ability to innovate and offer unique propositions to the market."

The Group's decision to list on the JSE aims to further unlock shareholder value and assist the group's growth plans into new markets and product lines.

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