

Will Primedia relist on JSE?

Given [Primedia](#)'s history of rapaciously buying media assets, the upcoming purchase of the rest of Johannesburg-based radio station Kaya FM is no big deal. What is a big deal is that Primedia might relist on the JSE. But the company seems intent on playing the deal down - especially the possible relisting, which has institutional investors very tuned in.



"It's a minor transaction from Primedia's perspective, a small but necessary transaction," says Chris Patricios, director of finance and also a director on the board of New Africa Investments Ltd (Nail), whose last asset as a suspended cash shell is 24,9% of Kaya FM. The deal, which will certainly go through once accepted by 90% of minority shareholders, will see Nail delist from the JSE, the end of what was one of the first and most promising black economic empowerment companies.

Primedia wants to own 100% of its media assets, a precedent set by former CEO and founder William Kirsh before he resigned in 2009. Kirsh is no longer on the board of Primedia. Patricios says he was not involved at all in the Kaya FM deal.

Primedia delisted from the JSE in 2007 in a private equity transaction. This probably led to the resignation of Kirsh, who said in earlier interviews his job with a listed company was finding good deals. His deals were the reason Primedia grew to the media empire it is today. Kirsh declined to comment directly but made it clear he was still very much in the game.

Continue to lead in sectors in which it operates

His then deputy, Kuben Pillay, now CEO of Primedia, is equally reticent, but said in an interview with Sapa that the group would continue to lead in the sectors in which it operated.

But radio, traditionally one of the more resilient media channels, is not going through an easy time. Half-year financial results for African Media Entertainment to September show revenue dropped by 9% and profits by 5%. The company runs radio stations Algoa and OFM.

But with the Kaya FM deal now going through, will Primedia relist through the empty cash shell that Nail will become?

"That's not the case, it's not our intention," says Patricios. But he rather confusingly adds: "Primedia might relist. Obviously

it's about raising funds. But the Nail transaction and relisting are two separate issues."

Nail will delist soon. Primedia indicated this in a recent Sens announcement by saying "the economic costs of maintaining the listing of Nail on the JSE far outweigh the economic benefits for Nail as well as Nail shareholders".

Apart from controlling shareholder Primedia, the other major shareholder, Capricorn Capital Partners, says it will unconditionally accept the offer. The offer, a fair premium on Nail's share price of 30c/share when it was suspended in August 2006, opens at the end of the month and closes on January 18. Minority shareholders will no doubt take the money and run.

Should Primedia relist?

But should Primedia relist on the JSE, which looks likely whether it's done through the Nail cash shell or separately, why is it interesting analysts so much? One reason is that media shares tend to perform well, often better than the average for the JSE all share index.

Investors like media shares. They know the companies through their products, whether it be the newspapers and magazines they buy, the radio stations they listen to, or the digital platform they use. Primedia was an institutional investor favourite when it was listed and would probably be a top stock to follow again.

That's likely to happen early next year. Kirsh himself, even if not "directly involved", has something of a cult following.

New listings or relistings on the JSE are always welcome. Primedia should be a good one.

Source: *Financial Mail* via I-Net Bridge.

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