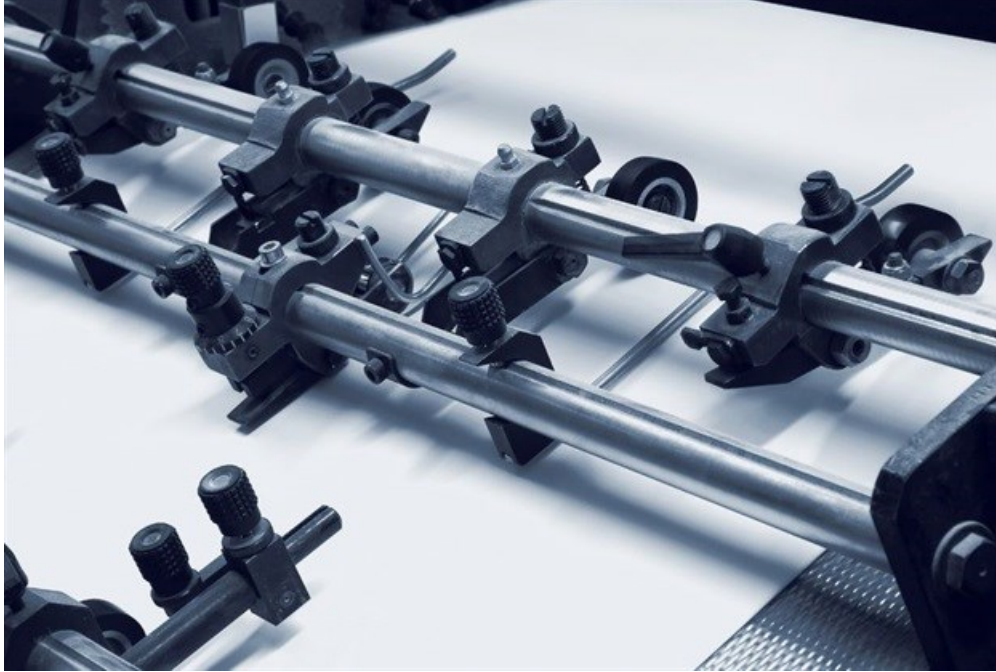


Media24 poised to end Novus deal

Novus Holdings, previously part of the Naspers Group, looks set to have its third grim year in a row, with reports that it is set to lose the crucial contract to print Media 24's newspapers and magazines to Caxton and a number of small independent printers. Industry sources say the move could save Media24 as much as R200m a year.



(c) nyvitart - 123RF.com

Caxton looks set to pick up Media24's Gauteng newspapers and its Cape magazines, while a Durban-based printer will pick up the KwaZulu-Natal publications. The decision by Naspers subsidiary Media24 to switch from Novus to Caxton, a longterm, aggressive competitor of Novus, will be confirmed in late February when negotiations between Novus and Media24 are expected to be concluded.

The new arrangements will become effective on 1 April.

On Thursday Novus confirmed it was assessing the future of its Paarl Coldset plant in Pietermaritzburg. The plant prints Media24's KwaZulu-Natal newspapers and magazines.

On Thursday, Caxton group CEO Terry Moolman said his group was in negotiations with Media24. Executive director Piet Greyling said the final outcome would be known in March. Media24's opportunity to renegotiate the printing contract with

Novus, in place since 2001, was triggered by the death of Lambert Retief in January 2017. Retief had been CEO of Novus and a major force in building up the business. He held a 20% stake until 2015, when Novus was listed. He had also been instrumental in securing the deal with Media24, which held the remaining 80% of Novus.

In 2014 when Retief announced he wanted to sell his stake, Media24 was considered the obvious buyer. However, Caxton blocked that option when it complained to competition authorities that the move was tantamount to a change of control. For Retief to cash in his stake Novus had to be listed separately and Media24 forced to reduce its holding to 19%. It was then entitled to terminate the contract on six months' notice after Retief's death.

Making matters potentially worse for Novus in 2018 is Caxton's legal challenge to the awarding of the Department of Basic Education's lucrative deal to print 60-million books. The book printing contract is said to be worth up to R3bn over three years. Caxton wants the Constitutional Court to declare the tender award invalid and set it aside. It wants the court to order Novus to repay all profits earned on the "unlawful" contract.

Source: Business Day

For more, visit: <https://www.bizcommunity.com>