

## OVERVIEW

Media24 posted reasonable results for the financial year, with total revenue marginally up year on year (YoY) to R4.7bn and the trading loss decreasing by 9% to R334m. The mature businesses (newspapers, magazines, print distribution and book publishing) significantly improved profitability in the review period. At the same time, our growth businesses (digital media, ecommerce, ecommerce fulfillment, job classifieds and online services) showed strong revenue growth against the previous year. We continued to invest in digital media and ecommerce to diversify the group for the future while streamlining operations and lowering the cost base by focusing on our main digital news brands. Online audiences and user engagement remain significant and several initiatives were launched to improve user experience through smart technology.

## OPERATIONAL REVIEW

### Making the most of our mature portfolio

Despite revenue declining 7% YoY, our print media division (News, Lifestyle and On the Dot) more than doubled profits to record its highest profit in over a decade on the back of renegotiated printing contracts and cost-saving initiatives.

Media24 maintained its print media reach – eight out of every ten newspapers and magazines consumed by South African adults in print or online are Media24 publications – and retained its advertising and circulation market leadership in both sectors. We publish five of the top ten paid-for newspaper titles, including Soccer Laduma, a very close second to the Sunday Times. Media24 Lifestyle publishes six of the top ten consumer magazines, including the top four.

Die Burger changed the frequency of its Eastern Cape edition from six days to print on Fridays only, with digital editions available Monday to Friday. Around 90% of print subscribers were retained, and the bulk of them converted to paying Netwerk24 subscribers, while Friday sales of the print edition increased by 5% over the past year.

On the Dot made considerable headway in building a variable cost base by starting to outsource warehousing and distribution, and recorded its highest profit ever.

Media24 acquired the minority shareholdings in Soccer Laduma and New Media Publishing and has incorporated these into the business. Soccer Laduma now earns more revenue from digital advertising than print advertising and recorded its highest profit in its 20-year history.

Our countrywide network of community newspapers deserves a special mention having delivered its highest profits ever.

VIA remains the most popular lifestyle channel among Afrikaans viewers on DSTV, maintaining a healthy 27% reach in this segment – almost triple its contractual requirement. Sponsorship revenue grew 36% and airtime revenue grew 63%.

It has been a year of muted success for our Books division. Excellent school-book sales in South Africa were offset by a sluggish economy hampering trade sales, no primary school-book orders from the Botswana government and disappointing sales of academic textbooks following an unexpected change in the payout policy of the National Student Financial Aid Scheme (NSFAS).

### Focusing on our growth portfolio

With the merger of Spree and Superbalist (Naspers's other local fashion retailer) into Fashion United SA (FUSA) on 1 October 2018, Media24 now owns 50.95% of the largest fashion retailer in South Africa. Revenue grew 90% YoY on rapid growth in ecommerce in general, and the merger with Superbalist. However, in the merger process, Media24 incurred significant losses from stock and other impairments.

Among South African publishers, 24.com leads by far with an audience market share of 35%, growing average daily unique browsers by 3% to 1.64m and average daily unique pageviews by 3.2% to 13.5m. Mobile access is now almost 89%. We launched a video-content platform in partnership with Oovvuu, which exceeded its target of 1m monthly views within three months. Netwerk24 grew its paying subscriber base by 32% YoY to nearly 50 000, further strengthening its position as the largest payroll news service in the country.

24.com grew its revenue 5% YoY and reduced its loss by 36% in a combination of revenue growth, cost-cutting and closing its stand-alone news aggregators. With the closure of the aggregators, we are also now able to fully focus our limited engineering capacity on our two main news brands: News24 and Netwerk24. Business Insider South Africa rose to the top position in the business sector within three months and beat its revenue expectations by far.

Media24 was the first digital publisher globally to acquire the Google performance ad tech stack to expand audience-targeting capabilities in our quest to grow digital advertising revenue market share.

## DIRECTORATE

On 31 March 2019, Debra Meyer, Salie de Swardt, Manie Mayman and Ruda Landman stepped down as directors of Media24. Hein Willemse stepped down on 30 June 2018. The board thanks them for their valuable contribution and commitment to Media24 over the years. Their unique contributions are highly valued and will be missed.

Esmaré Weideman and Khomotso Mthimunywe were appointed non-executive directors from 1 April 2019 and 17 April 2019, respectively. As reported before, Ishmet Davidson was appointed group chief executive and executive director of the Media24 board on 1 October 2018. Mobasheer Patel, Media24 group chief financial officer since 1 September 2018, was appointed ex officio as Media24's executive director responsible for the finance function from 1 December 2018. Short biographical details of all directors appear on the Media24 website.

## FINANCIAL REVIEW

Media24's revenue was marginally up YoY to R4.7bn and the trading loss decreased by 9% to R334m over this period. Core headline earnings improved by 46% YoY, due mainly to the changes in our minority shareholdings.

Pleasingly, through lower printing prices and ongoing cost-saving initiatives, trading profit in the mature portfolio improved 73% YoY despite a 7% revenue decline. Advertising and circulation revenues declined in line with structural declines in the industry, while book-publishing revenue decreased by 7% on lower textbook orders.

The growth portfolio recorded substantial revenue growth of 42% YoY, taking into account the impact of consolidating the FUSA results in the second half of the year. The growth businesses continued to invest to build scale. This, along with impairments taken in our fashion retailer business after the merger with Superbalist, resulted in trading losses being 36% higher than the prior year.

Cash used in operating activities was affected by the trading loss for the period and higher working capital levels, primarily due to the timing of stock purchases. This was partly offset by higher investment income and lower tax paid compared to the prior period.

Media24 continues to have a well-capitalised balance sheet to pursue its growth strategies, with R1.2bn of cash resources available to continue funding our operations as well as growth and diversification strategies for the foreseeable future.

## DIVIDEND

The board recommends that, subject to the approval of shareholders at the annual general meeting on 26 August 2019, a dividend of R42m (2018: R42m) be declared and paid to shareholders.

## WELKOM YIZANI

Welkom Yizani Investments (RF) Limited (Welkom Yizani), established as Media24's broad-based black economic empowerment scheme in 2006, started trading its shares on an online trading platform in 2013. Between 2016 and 2017, Naspers Limited, preference shareholder in Welkom Yizani since inception, waived R434m in preference share debt and accrued interest owed to it by Welkom Yizani under the scheme rules. Welkom Yizani shareholders could, therefore, derive immediate economic benefit from their shares since 2017.

Welkom Yizani brought its affairs in line with the Financial Markets Act 2012 (the FM Act) on 23 November 2018 when it listed its shares on the Equity Express Securities Exchange (ESEE). As at 31 March 2019, Welkom Yizani had 88 213 (2018: 89 166) shareholders.

The Welkom Yizani annual general meeting will be held on 26 August 2019. Its board recommends that an ordinary dividend of R6.2m (2018: R6.2m) be declared to ordinary shareholders. This will result in a dividend of 42.5 cents per ordinary share (2018: 42.5 cents per ordinary share) before dividend tax. After deducting dividend tax, Welkom Yizani ordinary shareholders will receive a net dividend of 34 cents per ordinary share (2018: 34 cents per ordinary share). The declaration of dividends is subject to approval by shareholders at the annual general meetings on 26 August 2019.

## BASIS OF PRESENTATION

The summary consolidated annual results are prepared in accordance with the requirements of the Companies Act applicable to summary financial statements. The summary consolidated annual results have been prepared in accordance with the framework concepts, and measurements and recognition requirements of International Financial Reporting Standards (IFRS). The summary consolidated financial statements should be read in conjunction with the full audited consolidated annual financial statements. The accounting policies applied in preparation of the consolidated financial statements from which the summary consolidated annual financial results were derived, are in terms of IFRS and are consistent with those accounting policies in the preparation of the previous consolidated annual financial statements.

Trading profit excludes amortisation of intangible assets (other than software), other gains or losses and equity-settled share-based compensation charges. Core headline earnings exclude non-recurring and non-operating items. We believe this is a useful measure of the group's sustainable operating performance. However, it is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies.

The financial results have been prepared under the supervision of Mobasheer Patel CA(SA), chief financial officer of the Media24 Holdings group.

The complete annual financial statements are available on the Media24 website at [www.media24.com](http://www.media24.com).

## REPORT OF THE INDEPENDENT AUDITOR

This annual results announcement has been extracted from audited information, but is not in itself audited. The consolidated annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. Its unmodified audit opinion is available on request at the company's registered office during normal office hours (contact: Mobasheer Patel). Any reference to future financial performance in this announcement has not been reviewed or reported on by PricewaterhouseCoopers Inc. The directors take full responsibility for the preparation of the results announcement. The information has been correctly extracted from the underlying consolidated annual financial statements.

On behalf of the board

<b>Rachel Jaffa</b> <i>Chair</i> Cape Town 14 June 2019	<b>Ishmet Davidson</b> <i>Chief executive</i>
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## SUMMARY CONSOLIDATED INCOME STATEMENT

	Year ended 31 March	
	2019 R'm	2018 R'm
<b>Continuing operations</b>		
<b>Revenue</b>	4 714	4 686
Cost of providing services and sale of goods	(3 518)	(3 510)
Selling, general and administration expenses	(1 572)	(1 566)
Other gains – net	9	17
<b>Operating loss</b>	(367)	(373)
Interest received	79	68
Interest paid	(5)	(8)
Other finance costs – net	2	(8)
Share of associate equity-accounted results	(2)	(2)
Share of joint-venture equity-accounted results	20	19
Impairment of equity-accounted investments	(16)	–
Profit on sale of investments	4	10
<b>Loss before taxation</b>	(285)	(294)
Taxation	(21)	(35)
<b>Loss from continuing operations</b>	(306)	(329)
Loss from discontinued operations	–	(36)
<b>Loss for the year</b>	(306)	(365)
<b>Attributable to:</b>		
Equity holders of the group	(255)	(500)
Non-controlling interest	(51)	135
	(306)	(365)
<b>Continuing operations</b>		
Core headline loss for the year	(190)	(353)
Headline loss for the year	(216)	(381)

## RECONCILIATION OF OPERATING LOSS TO TRADING LOSS

	Year ended 31 March	
	2019 R'm	2018 R'm
<b>Continuing operations</b>		
<b>Operating loss</b>	(367)	(373)
Amortisation of intangible assets (excluding software)	14	3
Equity-settled share-based payment charges	28	19
Other gains – net	(9)	(17)
<b>Trading loss</b>	(334)	(368)

**Directors**  
R C C Jaffa (chair), M I Davidson (chief executive), T D Petersen, J P Bekker, K R Mthimunywe, J C Held, E Weideman, M Patel

**Group company secretary**  
L J Klink

## SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2019 R'm	2018 R'm
<b>Loss for the year</b>	(306)	(365)
<b>Total other comprehensive loss, net of tax, for the year</b>	(5)	(214)
Cash flow hedges	–	24
Actuarial remeasurement reserve	24	(42)
Fair-value reserve	(22)	(177)
Movement in other reserves	(7)	(12)
Tax on other comprehensive income	–	(7)
<b>Total comprehensive loss for the year</b>	(311)	(579)
<b>Attributable to:</b>		
Equity holders of the group	(260)	(720)
– Continuing operations	(260)	(583)
– Discontinued operations	–	(137)
Non-controlling interest	(51)	141
<b>Total comprehensive loss for the year</b>	(311)	(579)

## SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 31 March	
	2019 R'm	2018 R'm
<b>Balance at beginning of the year</b>	1 157	2 951
<b>Total comprehensive loss for the year</b>	(260)	(720)
<b>Changes in other reserves</b>	73	199
Movement in share-based compensation reserve	2	(44)
Movement in other reserves	90	87
Movement in retained earnings	23	(9)
Dividends paid to shareholders	(42)	(1 275)
Subscription of B ordinary shares	–	1 440
<b>Changes in non-controlling interest</b>	139	(1 273)
Total comprehensive (loss)/income for the year	(51)	141
Dividends paid to minorities	(6)	(117)
Movement in non-controlling interest in reserves	196	–
Novus unbundling	–	(1 297)
<b>Balance at the end of the year</b>	1 109	1 157
<b>Comprising:</b>		
Share capital and premium	4 867	4 867
Accumulated loss	(2 811)	(2 536)
Share-based compensation reserve	11	12
Existing control business combination reserve	(3 434)	(3 527)
Capital contribution	2 517	2 517
Actuarial remeasurement reserve	(34)	(59)
Fair-value reserve	(200)	(177)
Foreign currency translation reserve	2	9
Non-controlling interest	191	51
<b>Total</b>	1 109	1 157

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March	
	2019 R'm	2018 R'm
<b>ASSETS</b>		
Non-current assets	1 089	958
Current assets	2 236	2 442
<b>Total assets</b>	3 325	3 400
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves	1 109	1 157
Non-current liabilities	398	403
Current liabilities	1 818	1 840
<b>Total equity and liabilities</b>	3 325	3 400

## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 March	
	2019 R'm	2018 R'm
Cash flow utilised in operating activities	(265)	(163)
Cash flow utilised in investing activities	(33)	(52)
Cash flow from/(utilised in) financing activities	207	(113)
<b>Net movement in cash and cash equivalents</b>	(91)	(328)
Foreign exchange translation adjustments	2	–
Cash and cash equivalents at the beginning of the year	299	218
Movement in cash due to discontinued operations	–	409
<b>Cash and cash equivalents at the end of the year</b>	210	299

## COMMITMENTS AND CONTINGENCIES

	Year ended 31 March	
	2019 R'm	2018 R'm
Capital expenditure	15	4
Operating lease commitments	146	195
<b>Commitments</b>	161	199

## FINANCIAL INSTRUMENTS

	Fair-value measurements at 31 March 2019 using:		
	Quoted prices in active markets for identical assets or liabilities (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
	R'm	R'm	R'm
The fair value of the group's financial instruments that are measured at fair value at each reporting period is categorised as follows:			
<b>Assets</b>			
Fair value through other comprehensive income investments	255	–	–
Foreign exchange contracts	–	1	–
<b>Liabilities</b>			
Earn-out obligations/contingent consideration	–	–	19
	Fair-value measurements at 31 March 2018 using:		
<b>Assets</b>			
Fair value through other comprehensive income investments	278	–	–
<b>Liabilities</b>			
Foreign exchange contracts	–	7	–
Earn-out obligations/contingent consideration	–	–	27

## CALCULATION OF HEADLINE AND CORE HEADLINE LOSS

	Year ended 31 March	
	2019 R'm	2018 R'm
<b>Continuing operations</b>		
<b>Net loss attributable to shareholders</b>	(255)	(352)
<i>Adjusted for:</i>		
– Impairment of goodwill/other assets	20	3
– Loss/(profit) on sale of property, plant and equipment, and intangibles	3	(20)
– Impairment of equity-accounted investments	16	–
– Profit on sale of investments	–	(12)
Total tax effects of adjustments	–	–
Total adjustment for non-controlling interest	–	–
<b>Headline loss</b>	(216)	(381)
<i>Adjusted for:</i>		
– Amortisation of intangible assets (excluding software)	8	3
– Foreign exchange (gains)/losses	(3)	4
– Recognition of deferred tax assets relating to prior-year losses	(4)	–
– Remeasurement of contingent liabilities	(3)	2
– Equity-settled share-based payment charges	28	19
<b>Core headline loss</b>	(190)	(353)

## DISCONTINUED OPERATIONS

	Year ended 31 March 2019 R'm	Six months ended 30 September 2017
		R'm
Revenue	–	1 827
Expenses	–	(1 526)
<b>Profit before tax</b>	–	301
Taxation	–	(62)
<b>Profit after tax</b>	–	239
Loss on distribution of subsidiary	–	(275)
<b>Loss from discontinued operations</b>	–	(36)
Cash flow used in operating activities	–	(242)
Cash flow used in investing activities	–	(79)
Cash flow used in financing activities	–	(88)
<b>Net movement in cash and cash equivalents</b>	–	(409)

## Discontinued operations

Effective 25 September 2017, Media24 reduced its investment in Novus Holdings from 66.5% to 19%. This remaining investment is carried as a fair value through other comprehensive income investment and Novus's results are no longer consolidated. As such, the results of Novus Holdings for the six months ended 30 September 2017, as well as the loss incurred on unbundling, are reflected as discontinued operations, below operating profit, in the 31 March 2018 numbers.

## Registered office

40 Heerengracht, Cape Town 8001 (PO Box 2271, Cape Town 8000)

## Transfer secretaries

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