

Novus falls on news print deal is still on

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Novus Holdings's share price fell 3.68% to R7.85 on Tuesday after it announced the existing printing agreement with Media24 would not be terminated.



Picture: [novus.holdings/printing](#)

The decision not to terminate what is, for Novus, an important contract that accounts for about 25% of group revenue, was taken after discussions with the JSE. The SENS announcement released by Novus did not refer to the details of the talks but said the existing printing agreements "remain in effect, on the terms as disclosed in Novus Holdings's prelisting statement dated 4 March 2015".

The engagement with the JSE followed public criticism about an earlier announcement that Media24 was exercising its rights to end the existing contract. At the end of January, Novus informed shareholders that the death of Lambert Retief, a nonexecutive director and former Novus CEO, had triggered Media24's right and that the two parties were finalising new terms. That right was based on the terms of a management agreement between Novus, Media24 and Retief.

However, a corporate governance expert and executive director of Ratings Afrika, Charl Kocks, raised concern that this right was not disclosed to shareholders at the time of Novus's listing. In mid-April, Kocks told Business Day he had searched through all the documents made public ahead of the listing for reference to this right, but could find nothing. "There is, in our view, no doubt that the lack of disclosure is unsound governance of a breathtaking nature."

The only fair resolution would be for the agreement to be kept in place and for Media24 to relinquish its right to terminate it, he said.

Novus's announcement on Tuesday indicates that the parties, following the JSE's input, came to the same conclusion. Kocks said whether or not Media24 had the right was countered by the fact that it had not disclosed it to shareholders.

The announcement said that in terms of the interpretation of the parties to the printing agreements, Retief ceasing to be a party to the management agreement when he died gave Media24 the right to terminate the printing agreements. "However, Media24 has not terminated, and has subsequently waived, without derogating from any of its other termination rights, any right that it may have had to terminate the existing printing agreements as a consequence of Lambert Retief ceasing to be a party to the restated management agreement."

Novus also said it expected headline earnings for the year to March to fall 20%-23%. Tuesday's share price was almost half the R16 level it traded at shortly after its listing.

Source: Business Day

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