



MEDIA RELEASE

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NWK geared to create value for customers and shareholders once more

The recovery of the financial position of the NWK group was achieved sooner than was initially foreseen. Divestment from loss-making operations was completed and all investments in other countries in Africa were discontinued. With a renewed focus on core operations, the group is positive about creating value for its shareholders and customers once more.

NWK's short-term strategy is to ensure the profitability of its core operations and to continue its involvement in the current joint ventures regarding insurance, lime supply and a sunflower oil press. A more conservative approach to growth is currently being followed after significant value was destroyed over the past few years due to the group's involvement in various loss-making business entities.

'In the short term, NWK focuses on the maintenance and upgrading of the grain, trade and financing business. We are determined to win back the business that is flowing around NWK by improving our customer service and establishing a new internal culture of customer orientation,' said Theo Rabe, chief executive officer, at the annual general meetings of NWK Holdings Limited and NWK Limited on 29 August in Lichtenburg.

According to Rabe, shareholders and customers have reason to be positive about the business, even if NWK's results for the past year do not reflect this yet. 'The share price of NWK Holdings and NWK Limited is undervalued. In addition to the recovery of profitability, various actions are planned to establish liquidity in the market and to get the share prices at levels that are more representative of the actual value of the shares.'

NWK's decision to sell the Opti Agri group was also placed in perspective. Rabe pointed out that the board's decision to consider the offer by Country Bird Holdings had been a strategic rather than a financial decision. Poultry farming is very risky and the industry enjoys minimal government protection against imports.

The core operations of the group performed well in the 2018 financial year and realised R137 million after tax from continued operations. In the process of managing out the loss-making operations, NWK incurred a loss of R117 million after tax from discontinued operations. NWK's net result showed a profit of R20 million after tax for the year ended 30 April 2018. A final dividend of 7c per share was declared.

'The commitment I made to financiers in 2017 about what would be done to restore NWK's financial position was achieved sooner than we envisioned. All investments NWK held in other African countries were discontinued during the past financial year. The executive management team can now pay all their attention to NWK's core business,' Heinrich Krüger said in his chairman's address.

'Thank you for joining me in continuing to believe in NWK – in spite of a few extremely poor financial years and other inherent difficulties,' Krüger said to shareholders. At the end of the annual meeting a shareholder congratulated the board and management with the steps taken to dispose of the loss-making operations. 'I am fully confident that we as shareholders will support NWK once more,' Dirk Lotter from Lichtenburg said during question time.

PHOTO CAPTION

'Shareholders and customers have reason to be positive about NWK,' said Theo Rabe, chief executive officer (second from left) at the recent annual general meeting. Theo was joined by Heinrich Krüger, chairman of the board, Kobus du Preez (newly elected board member of NWK Holdings Limited) and Benedict Modise, director: transformation of NWK.

ENDS.

ISSUED FOR AND ON BEHALF OF NWK LIMITED BY INFOWORKS ON **13 SEPTEMBER 2018.**

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