MultiChoice Group
The leading video entertainment platform in Africa
MultiChoice Group roadshow presenters

Imtiaz Patel  
Group Executive Chairman  
19 years in company  
29 years industry experience

Calvo Mawela  
Group CEO  
12 years in company  
18 years industry experience

Tim Jacobs  
Group CFO  
4 years in company  
8 years industry experience

Mark Rayner  
CEO South Africa  
12 years in company  
12 years industry experience

Byron du Plessis  
GM Finance  
7 years in company  
9 years industry experience
Transaction summary

Pre-transaction structure

Transaction rationale
- Shareholder value unlock via listing and unbundling of MultiChoice Group (MCG)
- Participation for all Naspers (NPN) shareholders (including ADS holders)
- Creates an empowered, JSE-listed African entertainment group
- NPN moving toward ~100% online global consumer-internet company
- NPN to allocate (for no consideration) an additional 5% of MCSA to Phuthuma Nathi to reinforce B-BBEE shareholding

Transaction details
- Unbundling to be implemented as a pro rata distribution in specie for no consideration (ratio 1:1)
- Shareholders should seek advice from appropriate, independent professional advisors in relation to tax matters relating to the MCG unbundling and receipt of MCG shares

MCG post-transaction

Key transaction dates
- 26 Feb – last day to trade NPN in order to participate in MCG unbundling
- 27 Feb – admission of listing and trading of MCG on the JSE
- 27 Feb - NPN shares trade ex-entitlement to MCG unbundling (@09:00)
- 1 Mar – unbundling record date and time (@17:00)
- 4 Mar – unbundling operative date (@ 09:00)
- 4 Mar - MCG ADRs to commence trading (distribution rate 20%, i.e. 1 MCG DS for every 5 NPN DSs held)

For more details refer to p.10 of pre-listing statement (PLS)
MultiChoice Group at a glance

The leading video entertainment provider on the African continent

- **13.9m** Subscribers (1)
- **47.5bn** Revenue (in ZAR) (2)
- **9.9%** Subscriber growth (3)
- **7.0%** Revenue growth (3)
- **6,963** Full-time employees (1)
- **13%** Trading profit margin (2)

**Notes:** L2Y refers to CAGR 16-18; (1) As of Sep 2018; (2) FY18; (3) Reflects growth over the past 2 financial years

**Source:** Company data
Key investment highlights
MultiChoice Group - a unique African investment opportunity

1. Exceptional content offering
2. Leading African video entertainment platform
3. Large long-term growth opportunity
4. World-class technology and infrastructure
5. Pan-African scale and strong local capabilities
6. Attractive financials, ungeared balance sheet, strong dividend
1 | Africa’s top content destination

**Top local content**
- 40k+ hours of local content library
- 21 channels tailored for our geographies

**Home of sports**
- 700 live productions p.a.
- 37 sports channels

**Leading global content**
- 30k titles in library
- 50+ international channels

Notes:
(1) Subscribers excluding South Africa
(2) Based on management estimates
(3) As of December 2017

Source: Company data
1 | Africa’s leading storyteller

Local content is a key differentiator of our offering

Top quality productions

<table>
<thead>
<tr>
<th>Local content share of broadcasting minutes (11.7%)</th>
<th>Local content share of viewing minutes (26.0%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>43% Audience share (1)</td>
<td>42% Audience share (1)</td>
</tr>
</tbody>
</table>

4,500h produced p.a.

ZAR2.5bn spend p.a.

39% of total content spend (4)

17 languages

22 proprietary channels

Notes: (1) During Apr – Sep 2018 period; (2) Based on average of South Africa, Nigeria and Kenya during Apr – Sep 2018 period; (3) Management estimates; (4) Refers to total local content owned and acquired (excl. sports)

Source: Company data

Significant benefits

Differentiates our offering driving acquisition in the mass segment

Produces superior return on capital

Reduces our dependency on third parties

Reduces our exposure to USD-denominated costs
The best sports offering globally

Compelling local and international sport content

- Pan-African rights
- Exclusive multi-year contracts

Extensive production facilities

- 10 studios across Africa with state-of-the-art technology
- 13 proprietary channels

Source: Company data
1 | Compelling international entertainment offering

Content from major international studios

<table>
<thead>
<tr>
<th>Studio</th>
<th>Film and TV content spend (excl. sports, USDbn, 2018E)</th>
<th>Accessible to MCG</th>
<th>Currently not accessible to MCG</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBC</td>
<td>10.0</td>
<td>Blue</td>
<td>Grey</td>
</tr>
<tr>
<td>Universal</td>
<td>9.7</td>
<td>Blue</td>
<td>Grey</td>
</tr>
<tr>
<td>Time Warner</td>
<td>8.3</td>
<td>Blue</td>
<td>Grey</td>
</tr>
<tr>
<td>Netflix</td>
<td>8.0</td>
<td>Blue</td>
<td>Grey</td>
</tr>
<tr>
<td>Amazon</td>
<td>7.5</td>
<td>Blue</td>
<td>Grey</td>
</tr>
<tr>
<td>Viacom</td>
<td>6.3</td>
<td>Blue</td>
<td>Grey</td>
</tr>
<tr>
<td>Discovery</td>
<td>5.6</td>
<td>Blue</td>
<td>Grey</td>
</tr>
<tr>
<td>CBS</td>
<td>4.6</td>
<td>Blue</td>
<td>Grey</td>
</tr>
<tr>
<td>HBO</td>
<td>3.0</td>
<td>Blue</td>
<td>Grey</td>
</tr>
<tr>
<td>Hulu</td>
<td>2.5&lt;sup&gt;[1]&lt;/sup&gt;</td>
<td>Blue</td>
<td>Grey</td>
</tr>
</tbody>
</table>

The movies that matter

- Universal
- 21st Century Fox
- MGM
- Lionsgate
- Sony Pictures Entertainment
- Warner Bros
- Disney

Extensive kids content as retention driver

- Cartoon Network
- Disney Channel
- PBS
- Nick Jr.
- Disney Junior
- nickelodeon
- nicktoons
- Nick Jr.
- Disney Junior
- Sprout
- PBS Kids

30,000 titles in content library

1st window and exclusive distribution agreement with major studios

Notes:

[1] FY17 figures

Source: Company data, MoffettNathanson
2 | Widest footprint across multiple platforms

Large geographic footprint

Present in
50 countries

Multi-platform distribution eco-system

DTH

DStv

DTT

GOtv

OTT

Source: Company data
2 | Leading African video entertainment platform

Subscribers vs. key peers (m)

Group subscribers (m)

13.9

14% CAGR

FY16-18 CAGR

FY16 FY17 FY18 1H FY19

10.4 11.9 13.5 13.9

5.7 5.6 6.6 6.7

4.7 6.4 6.9 7.2

South Africa (SA) Rest of Africa (ROA)

Notes: (1) Active subscribers are all subscribers that were active on the 30 September 2018 measurement day; (2) Based on management estimates; (3) As of Dec 2017; (4) Based on Digital TV Research estimates

Source: Company data

4x

larger than our closest competitors
3 | Large population with high TV consumption

### Population (m)

<table>
<thead>
<tr>
<th>Region</th>
<th>Population (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa (excl. China)</td>
<td>1,208</td>
</tr>
<tr>
<td>Asia</td>
<td>1,061</td>
</tr>
<tr>
<td>Latam</td>
<td>933</td>
</tr>
<tr>
<td>W. Europe</td>
<td>675</td>
</tr>
<tr>
<td>US</td>
<td>426</td>
</tr>
<tr>
<td>CEE</td>
<td>338</td>
</tr>
</tbody>
</table>

### Average video consumption (hours per day)

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>5:13</td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>4:37</td>
<td></td>
</tr>
<tr>
<td>Nigeria</td>
<td>4:36</td>
<td></td>
</tr>
<tr>
<td>US</td>
<td>4:03</td>
<td></td>
</tr>
<tr>
<td>Latam</td>
<td>3:50</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>3:49</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>2:56</td>
<td></td>
</tr>
</tbody>
</table>

Notes:

1. Excludes North Africa
2. Defined as “East Asia & Pacific” per World Bank, figure adjusted to exclude China, Australia and New Zealand
3. Western Europe includes Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and UK
4. Defined as “Central Europe and the Baltics” per World Bank, figure adjusted to exclude Estonia, Latvia and Lithuania. 2022E figure omitted due to negative growth

Source: World Bank, Company data
3 | Attractive long-term growth opportunity

Strong growth potential in PayTV and OTT

PayTV penetration (% of households, 2018E)

<table>
<thead>
<tr>
<th>Region</th>
<th>PayTV Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>41%</td>
</tr>
<tr>
<td>Angola</td>
<td>31%</td>
</tr>
<tr>
<td>Zambia</td>
<td>20%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>17%</td>
</tr>
<tr>
<td>Kenya</td>
<td>14%</td>
</tr>
<tr>
<td>Other ROA(1)</td>
<td>9%</td>
</tr>
<tr>
<td>US</td>
<td>71%</td>
</tr>
<tr>
<td>CEE</td>
<td>64%</td>
</tr>
<tr>
<td>W. Europe(2)</td>
<td>58%</td>
</tr>
<tr>
<td>Asia(3)</td>
<td>52%</td>
</tr>
<tr>
<td>Latam</td>
<td>40%</td>
</tr>
</tbody>
</table>

Notes:
(1) Other ROA includes Uganda, Mozambique, Ghana and Tanzania
(2) Western Europe includes Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and UK
(3) Defined as “Asia Pacific” per Ovum
(4) Excludes North Africa
(5) Defined as Western Europe, Eastern Europe, Asia Pacific, and Latin America respectively by Digital TV Research
Source: Ovum, Digital TV Research, World Bank

OTT penetration (% of population, 2017)

<table>
<thead>
<tr>
<th>Region</th>
<th>OTT Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa(4)</td>
<td>0.1%</td>
</tr>
<tr>
<td>US</td>
<td>41%</td>
</tr>
<tr>
<td>W. Europe(5)</td>
<td>12%</td>
</tr>
<tr>
<td>CEE(5)</td>
<td>7%</td>
</tr>
<tr>
<td>Asia(5)</td>
<td>3%</td>
</tr>
<tr>
<td>Latam(5)</td>
<td>3%</td>
</tr>
</tbody>
</table>
3 | Large, growing addressable market

Addressable payTV households in 2018
Addressable payTV households in 2022
Active MCG subscriptions

Cumulative households

Source: Company data (number of payTV households reflects combined total across MCG’s 50 markets of operation)
3 | Strong track record in an early-stage OTT market

### High fixed broadband cost

<table>
<thead>
<tr>
<th>Country</th>
<th>USD per Megabyte per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>25.2</td>
</tr>
<tr>
<td>Mozambique</td>
<td>20.3</td>
</tr>
<tr>
<td>Nigeria</td>
<td>7.9</td>
</tr>
<tr>
<td>South Africa</td>
<td>4.0</td>
</tr>
<tr>
<td>Kenya</td>
<td>2.6</td>
</tr>
<tr>
<td>US</td>
<td>1.9</td>
</tr>
<tr>
<td>CEE(2)</td>
<td>1.3</td>
</tr>
<tr>
<td>W. Europe(3)</td>
<td>1.1</td>
</tr>
</tbody>
</table>

### MultiChoice SA subscriber mix

- **Jan-16**: 91%
- **Oct-18**: 9%

### Connected Video streams

- **2016**: 15x
- **2018**: 91%

Notes: (1) Via Showmax or DStv Now; (2) CEE based on average of Romania, Poland, Slovakia, Hungary, Croatia, Bulgaria, Czech Republic and Slovenia; (3) W. Europe based on average of Italy, Germany, France, UK, Spain, The Netherlands, Austria, Belgium and Portugal

Source: Company data, Cable
4 | Well-invested infrastructure difficult to replicate

DTH (satellite) and DTT coverage

Broadest DTH coverage across SSA

Fully invested DTT network
163 sites across 8 countries, with limited maintenance spend requirements

Over USD1bn of capital invested in networks since 2008

Source: Company data
4 | Irdeto: best-in-class security platform

Serving MultiChoice entities ...

**Unique IP**
with 500+ patents

**Substantial**
annual savings from anti-piracy solutions

Playing in the **high growth**
Media Security and Connected Industries verticals

... and leading communications players

Proven capabilities demonstrated through external counterparties

Source: Company data
5 | Pan-African scale and strong local capabilities

Economies of scale across 50 countries

Local know-how and expertise

Group
- Strategy
- Content
- Technology
- Satellite capacity
- Funding

Shared
- Marketing
- Regulatory
- Research, data and analytics

In-country
- Local content
- Go-to-market strategy
- Customer support
- DTT network
- Payments options

Notes:
(1) Subscribers excluding South Africa
(2) Based on management estimates
(3) As of December 2017

Source: Company data
5 | Deep local know-how

**Africa’s challenges**

- Large population spread over vast territory across urban and rural areas
- Retail is mostly informal (e.g. 98% of trade in Nigeria)
- Local payment preferences skewed to cash and mobile
- 50 countries with different business requirements

**Our solutions**

- Full coverage of the market through DTH, DTT and OTT networks
  - Extensive on-the-ground network maintenance
- Capillary distribution network across all retail channels (e.g. +5k points of sale in Nigeria)
- 1,000+ payment networks across Africa, vast network of cash collection points
- 100% managed by local teams with support from local partners

Our solutions address the challenges of a large, diverse, and informal retail sector in Africa, providing comprehensive coverage and support through local teams and partners.
6 | Compelling financial profile

1. Cash generation
   - Strong cash generation in South Africa

2. Growth opportunity
   - Substantial growth opportunity in Rest of Africa and Connected Video

3. Flexibility
   - Significant balance sheet flexibility and attractive dividend prospects
6 | Strong growth and attractive profitability

**Strong revenue growth**

Revenue growth\(^{(1)}\), LFY

- (5%)
- 2%
- 2%
- 3%
- 4%
- 5%
- 7%

**Attractive profitability**

Trading profit margin, LFY

- 10%
- 11%
- 11%
- 12%
- 13%
- 15%
- 21%

Notes:

(1) Reported organic revenue growth for respective video entertainment businesses; LFY refers to last financial year
(2) FY18 revenue growth on a constant currency basis
(3) FY18 trading profit margin

Source: Company data
Key financial highlights

1. Strong subscriber and revenue growth momentum
2. Improving profitability following Rest of Africa turnaround
3. Healthy cash flow generation
4. Solid balance sheet with no financial debt
5. Attractive dividend prospects
1 | Strong subscriber and revenue growth momentum

Subscribers\(^{(1,2)}\) by geography (m)

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1H FY18</th>
<th>1H FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>5.7</td>
<td>6.4</td>
<td>6.9</td>
<td>6.6</td>
<td>7.2</td>
</tr>
<tr>
<td>Rest of Africa</td>
<td>4.7</td>
<td>5.6</td>
<td>6.6</td>
<td>5.6</td>
<td>6.7</td>
</tr>
</tbody>
</table>

Revenue\(^{(2)}\) (ZARbn)

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1H FY18</th>
<th>1H FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>23.5</td>
<td>16.2</td>
<td>16.2</td>
<td>16.7</td>
<td>16.7</td>
</tr>
<tr>
<td>Rest of Africa</td>
<td>23.5</td>
<td>16.2</td>
<td>16.2</td>
<td>16.7</td>
<td>16.7</td>
</tr>
<tr>
<td>Technology</td>
<td>4.2</td>
<td>5.4</td>
<td>5.4</td>
<td>5.4</td>
<td>5.4</td>
</tr>
</tbody>
</table>

Notes:

1. Reflects active subscribers, i.e. all subscribers that were active on the measurement day
2. Percentages reflect year-on-year growth. Numbers in brackets represent year-on-year growth in local currency, excluding M&A, on a like-for-like basis

Source: Company data
2 | Positive operating leverage and cost savings

**Operating leverage (organic %)**

- Growth in organic costs impacted by content renewals, investments in the Value Strategy and satellite capacity

<table>
<thead>
<tr>
<th>Year</th>
<th>Organic revenue growth</th>
<th>Organic opex growth</th>
<th>Adj. organic opex growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>FY18</td>
<td>7%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>1H FY19</td>
<td>7%</td>
<td>6%</td>
<td>4%</td>
</tr>
</tbody>
</table>

**FY18 cost savings**

- **Content**
  - Sourcing synergies, digitisation, etc.

- **Set-top-boxes**
  - FIFA World Cup (FWC) investment

- **ZAR1bn**

Notes:

(1) Excludes the impact of FX and M&A
(2) Adjusted for the impact of one-off items
(3) Includes headcount reduction, digitalisation programmes and renegotiation of contract terms, among others

Source: Company data
2 | Rest of Africa turnaround continues

<table>
<thead>
<tr>
<th>Strong subscriber growth</th>
<th>Revenue growth accelerating</th>
<th>Reduced fixed cost base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscribers (m) (^{(2)})</td>
<td>YoY growth (%)</td>
<td>Content costs (ZARm)</td>
</tr>
<tr>
<td>(17.4%)</td>
<td>6.6</td>
<td>(8,034)</td>
</tr>
<tr>
<td>(19.6%)</td>
<td>6.7</td>
<td>(7,971)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mar-18 (FY)</th>
<th>Sep-18 (LTM) (^{(1)})</th>
<th>FY17</th>
<th>FY18</th>
<th>1H FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY growth</td>
<td>YoY organic growth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4%</td>
<td>8%</td>
<td>4%</td>
<td>16%</td>
<td></td>
</tr>
</tbody>
</table>

Notes:

\(^{(1)}\) LTM refers to last 12 months, i.e. Sep-18 LTM includes the 12 months from 1 October 2017 to 30 September 2018

\(^{(2)}\) Based on active subscribers, i.e. all subscribers that were active on the measurement day

Source: Company data
2 | Rest of Africa moving towards break-even

ROA trading loss bridge (FY17 – 18, ZARbn)

- Trading loss FY17: (4.9)
- FX: (0.1)
- Subscription wins: 1.3
- Net investment [1]: (0.8)
- Trading loss FY18: (4.6)

Notes:
[1] Include content rights optimisation and subscriber acquisition cost

ROA trading loss bridge (1H FY18 – 1H FY19, ZARbn)

- Trading loss 1H FY18: (1.5)
- FX: (0.4)
- Subscription wins: 1.0
- Net investment [2]: (1.0)
- Content rights optimisation: 0.3
- Trading loss 1H FY19: (1.6)

Notes:
[2] Includes FIFA World Cup (FWC) investment and subscriber acquisition cost
[3] Excludes the impact of FIFA World Cup (FWC) investment and FX depreciation
[4] Excludes the impact of FX depreciation

Source: Company data
## 2 | Improving group profitability

### Trading profit (ZARbn)

<table>
<thead>
<tr>
<th>Reported group margin (%)</th>
<th>20%</th>
<th>11%⁽¹⁾</th>
<th>13%⁽¹⁾</th>
<th>16%</th>
<th>16% (19%)⁽²⁾</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>9.1</td>
<td>5.3</td>
<td>6.3</td>
<td>3.8</td>
<td>4.7⁽²⁾</td>
</tr>
<tr>
<td>FY17</td>
<td>9.1</td>
<td>9.8</td>
<td>10.4</td>
<td>5.2</td>
<td>5.4</td>
</tr>
</tbody>
</table>

**Notes:**

⁽¹⁾ Impacted by currency depreciation in Rest of Africa
⁽²⁾ Excluding FIFA World Cup investment of ZAR734m

**Source:** Company data
3 | Healthy cash generation

### High cash conversion

- **Cash flow (FY18)**
  - ZAR8.8bn

- **Cash conversion (FY18)**
  - 92%

### Free cash flow returning to growth (ZARbn)\(^{(2)}\)

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1H FY18</th>
<th>1H FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZARbn</td>
<td>4.1</td>
<td>2.7</td>
<td>1.7</td>
<td>0.4</td>
<td>1.8</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Cash flow defined as EBITDA - Capex; \(^{(2)}\) Free cash flow defined as trading profit + depreciation & amortisation + non-cash adjustments – change in net working capital – cash taxes – capex – finance lease repayments; \(^{(3)}\) Cash conversion defined as Cash flow / EBITDA

### Commentary

FY18 free cash-flow declined due to non-recurring working capital items:
- Sports rights renewal of ZAR1.1bn
- Angolan receivables impacted by liquidity ZAR0.6bn
- FIFA World Cup inventory investments of ZAR0.4bn

During 1H FY19, free cash flow grew strongly, benefitting from:
- Good momentum in the business
- Non-recurring items seen in 1H FY18 of ZAR0.8bn
- Angola illiquid cash improvement of ZAR1bn

Offset by:
- Investments in the FIFA World Cup of ZAR0.7bn

Notes: (1) Cash flow defined as EBITDA - Capex; (2) Free cash flow defined as trading profit + depreciation & amortisation + non-cash adjustments – change in net working capital – cash taxes – capex – finance lease repayments; (3) Cash conversion defined as Cash flow / EBITDA

Source: Company data
Liquidity provides flexibility

Liquid balance sheet

Cash position (Sep-18)       Unused facilities (Sep-18)
ZAR4.2bn                  +                   ZAR4.0bn

Net debt position upon unbundling (ZARbn)

<table>
<thead>
<tr>
<th>(ZARbn)</th>
<th>Sep 2018</th>
<th>x LTM EBITDA</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalised finance leases</td>
<td>15.8</td>
<td>1.6x</td>
<td>2018-32</td>
</tr>
<tr>
<td>Loans &amp; other liabilities(^{(1)})</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total debt</td>
<td>15.8</td>
<td>1.6x</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(4.2)</td>
<td>(0.4x)</td>
<td>–</td>
</tr>
<tr>
<td>Total net debt</td>
<td>11.6</td>
<td>1.2x</td>
<td></td>
</tr>
<tr>
<td>Total liquidity available (cash + undrawn facilities)</td>
<td>8.2</td>
<td>0.8x</td>
<td></td>
</tr>
</tbody>
</table>

Notes: (1) Excludes non-interest bearing, intercompany liabilities since these are capitalised by Naspers upon unbundling.
Source: Company data
Attractive dividend prospects

Healthy financials

- Cash conversion (FY 18)\(^{(1)}\) 92%
- No financial debt
  - 1.2x leverage\(^{(2)}\)

Dividend

It is the Board’s intention not to pay a dividend for FY19 but, subject to relevant factors and circumstances at the time, to declare a dividend of ZAR2.5bn for FY20.

ZAR2.5bn

Notes: (1) Cash conversion defined as (EBITDA – Capex) / EBITDA; (2) Includes ZAR15.8bn of satellite leases as of Sep 2018
Source: Company data
Outlook

South Africa
- Continue to grow in the middle and mass markets and focus on premium retention
- Focus on further cost optimisation
- Deliver stable profit margins and cash flows

Rest of Africa
- Continue to drive Value Strategy growth in the middle and mass markets
- Annual reduction in trading losses (assuming expected FX profiles) and return to profitability in the medium term

Technology
- Continue to support the Group with security technology
- Invest further into Connected Industries
- Deliver stable profitability and cash flows

Group
- Continue to grow the top line as we increase payTV penetration in the middle and mass market
- Improve margins as the ROA business scales

Source: Company data
Conclusion: Key highlights

Exceptional content offering

Leading African video entertainment platform

Large long-term growth opportunity

World-class technology and infrastructure

Pan-African scale and strong local capabilities

Attractive financials, ungeared balance sheet, strong dividend
Appendix I - Operations
South Africa: a significant market for the group

MultiChoice South Africa (MCSA) subscriber evolution (1) (m)

Notes:
(1) Based on financial years ended 31 March
(2) As at 30 Sep 2018
Source: EIU, Company data

MCSA growth has outpaced South Africa over the past decade

CAGR 2007-2018

7.2m Subscribers (2) 9.9% Subscriber growth (L2Y) 32.7bn Revenue (in ZAR) (3,4) 8.0% Revenue growth (L2Y) (4) 69.2% Share of group revenue (3,4) 7.1bn Free cash flow (in ZAR) (3,5)

Notes:
(3) FY18
(4) Excluding intercompany sales
(5) Free cash flow defined as sum of cash flows from operating and investing activities
South Africa: sizeable opportunity in the mass market

Regional payTV penetration
(PayTV households as % of total households)

Opportunity to increase penetration in-line with developed peers

43% 50% 71%

South Africa Latam\(^{(1)}\) W. Europe \(^{(2)}\)

Opportunity to expand active subscriber base

Addressable payTV households (2022)\(^{(3)}\)
Addressable payTV households in (2018)\(^{(3)}\)
MCSA unique subscribers\(^{(4,5)}\)
Active MCSA subscribers\(^{(4,6)}\)

7m 9m 13m 15m

Cumulative households

1. Increasing subscriber activity +2m households
2. Increasing payTV penetration and share +4m households
3. Increasing penetration and market growth +2m households

Notes: (1) Latin America based on average of Brazil, Mexico and Argentina; (2) Western Europe based on average of Germany, UK and France; (3) Based on affordability criteria of >ZAR2,000 income per month; (4) As of Sep 2018; (5) Refers to unique subscribers, that is, all subscribers active at any point over the past 12 months; (6) Refers to active subscribers, i.e. all subscribers that were active on the measurement day

Source: Ampere, Company data
South Africa: strong growth and resilient ARPU

Our segmented bouquets address the whole population

<table>
<thead>
<tr>
<th>Bouquet Type</th>
<th>Price Threshold (1)</th>
<th>Subscriber Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium bouquets</td>
<td>&lt;R809</td>
<td>23%</td>
</tr>
<tr>
<td>Mid market bouquets</td>
<td>&gt;R509</td>
<td>41%</td>
</tr>
<tr>
<td>Mass market bouquets</td>
<td>R385</td>
<td>36%</td>
</tr>
</tbody>
</table>

Notes:
(1) Illustrative price points for South Africa as of Sep 2018
(2) Mid market bouquets also includes Indian, Commercial, M-Net
(3) Refers to active subscribers, i.e. all subscribers that were active on the measurement day
Source: Company data

Strong mid and mass market subscriber growth (m (3))

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1H FY18</th>
<th>1H FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mass market</td>
<td>5.7</td>
<td>6.4</td>
<td>6.9</td>
<td>6.6</td>
<td>7.2</td>
</tr>
<tr>
<td>Mid market</td>
<td>1.7</td>
<td>1.6</td>
<td>1.6</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Premium</td>
<td>2.5</td>
<td>2.7</td>
<td>2.8</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>CAGR 16-18</td>
<td>9.9%</td>
<td>30.3%</td>
<td>30.3%</td>
<td>9.9%</td>
<td>9.9%</td>
</tr>
<tr>
<td>YoY growth</td>
<td>-</td>
<td>2.3%</td>
<td>25%</td>
<td>8.6%</td>
<td>(4.5%)</td>
</tr>
</tbody>
</table>

ARPU increase across bouquets, stable blended ARPU (ZAR/month)

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1H FY18</th>
<th>1H FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mix shift to mass market</td>
<td>577</td>
<td>618</td>
<td>638</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAGR 16-18</td>
<td>5.2%</td>
<td>30.3%</td>
<td>30.3%</td>
<td>9.9%</td>
<td>9.9%</td>
</tr>
</tbody>
</table>

Notes:
(1) Illustrative price points for South Africa as of Sep 2018
(2) Mid market bouquets also includes Indian, Commercial, M-Net
(3) Refers to active subscribers, i.e. all subscribers that were active on the measurement day
Source: Company data
MultiChoice South Africa highlights

**Today**

- Leading video entertainment player in South Africa with uninterrupted historical subscriber growth
- Superb content portfolio supported by wider entertainment eco-system ensuring a **unique viewing experience**
- Strong and resilient cash flow generation

**Tomorrow**

- Attract the fast-growing mass market segment
- Expand our entertainment eco-system by developing additional new services to delight our customers
- Unlock further **efficiencies through customer journey digitalisation**
ROA: large, diversified and fast growing business

ROA Subscribers (m)

Countries of operation

49

1992 \ 2005
0.4 0.4 0.6 0.7 0.9 1.1 1.4 1.6 2.3 0.8 2.2 2.6 2.3 2.4 3.0 3.5 3.5 6.6 6.7

DTH DTT

1H 2019

6.7m

1H 2019 Subscribers

C.3x

Subs. increase over the past 5 years

18.4%

CAGR FY16-FY18 in subscribers

13.1bn

Revenue (in ZAR)(2,3)

27.6%

Share of group revenue(2,3)

Notes: (1) As of Mar 2018; (2) FY18; (3) Excluding intercompany sales
Source: Company data
ROA: significant subscriber growth prospects

Addressable payTV households (2022)
Addressable payTV households (2018)
ROA unique subscribers\(^{(1),(2)}\)
ROA active subscribers\(^{(1)}\)

 Cumulative households

1. Increasing subscriber activity +5m households
2. Increasing payTV penetration and share +15m households
3. Increasing penetration and market growth +4m households

PayTV penetration (% of households, 2018E)

<table>
<thead>
<tr>
<th>Country</th>
<th>PayTV penetration (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>31%</td>
</tr>
<tr>
<td>Zambia</td>
<td>20%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>17%</td>
</tr>
<tr>
<td>Kenya</td>
<td>14%</td>
</tr>
<tr>
<td>Uganda</td>
<td>12%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>10%</td>
</tr>
<tr>
<td>US</td>
<td>71%</td>
</tr>
<tr>
<td>CEE</td>
<td>64%</td>
</tr>
<tr>
<td>W. Europe(^{(3)})</td>
<td>58%</td>
</tr>
<tr>
<td>Asia(^{(4)})</td>
<td>52%</td>
</tr>
<tr>
<td>Latam</td>
<td>40%</td>
</tr>
</tbody>
</table>

Notes: (1) As of Sep 2018; (2) Unique subscribers represent refers to all subscribers active at any point over the past 12 months; (3) Western Europe includes Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and UK; (4) Defined as "Asia Pacific" per Ovum

Source: Ovum, Company data
ROA: catering for a broad market with increased activity

<table>
<thead>
<tr>
<th>OTT</th>
<th>DTH</th>
<th>DTT</th>
<th>Indicative price point(^{(1)})</th>
<th>Share of subscribers</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>&gt;$40</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>&gt;$18</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>&gt;$2</td>
<td>73%</td>
</tr>
</tbody>
</table>

Notes:
\(^{(1)}\) Based on average of ROA countries
Source: Company data
ROA highlights – path to profitability

Today

- Largest payTV player in ROA with great growth upside
- Targeting the entire market supported by a unique business model tailored for Africa
- Value Strategy already yielding positive results

Tomorrow

- Take advantage of huge market opportunity and drive mid and mass markets
- Increase investment in local content and continue optimising content spend based on viewership preferences
- Maintain SG&A costs at current levels and benefit from operating leverage due to growing scale
Appendix II – Financials
Strong subscriber growth achieved in middle and mass segments

**Commentary**

- **Strong subscriber momentum:**
  - South Africa growth driven by increased penetration in middle and mass markets
  - Rest of Africa growth attributable to the Value Strategy, primarily aimed at the middle and mass markets

- **Blended ARPU** declined due to dynamics in our two key segments:
  - Reduction in South Africa, with (i) price increase and continued subscriber growth more than offset by (ii) mix shift towards middle and mass market
  - Rest of Africa ARPU decreased following (i) currency depreciation, (ii) change in subscriber mix (towards middle and mass market) and (iii) price-downs in some markets as part of the Value Strategy

---

**Subscribers**

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1H FY18</th>
<th>1H FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>10,411</td>
<td>11,942</td>
<td>13,476</td>
<td>12,232</td>
<td>13,900</td>
</tr>
<tr>
<td>Rest of Africa</td>
<td>4,679</td>
<td>5,584</td>
<td>6,921</td>
<td>5,596</td>
<td>6,694</td>
</tr>
</tbody>
</table>

**ARPU (ZAR / month)**

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1H FY18</th>
<th>1H FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>339</td>
<td>346</td>
<td>335</td>
<td>339</td>
<td>326</td>
</tr>
<tr>
<td>Rest of Africa</td>
<td>301</td>
<td>280</td>
<td>252</td>
<td>263</td>
<td>249</td>
</tr>
</tbody>
</table>

Notes:

(1) Reflects active subscribers, i.e. all subscriber that were active on the measurement day

Source: Company data
Strong top-line growth momentum

Revenue by business segment (reported) (ZARm)(1)

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1H FY18</th>
<th>1H FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>16,005</td>
<td>14,208</td>
<td>13,106</td>
<td>23,538</td>
<td>24,782</td>
</tr>
<tr>
<td>Rest of Africa</td>
<td>29,116</td>
<td>31,849</td>
<td>32,702</td>
<td>6,626</td>
<td>7,411</td>
</tr>
<tr>
<td>Technology</td>
<td>46,797</td>
<td>47,708</td>
<td>47,452</td>
<td>23,538</td>
<td>24,782</td>
</tr>
</tbody>
</table>

Notes:
(1) Percentages reflect year-on-year growth. Numbers in brackets represent year-on-year growth in local currency, excluding M&A, on a like-for-like basis.
(2) Organic CAGR 16-18

Commentary

• On an organic basis, the group grew strongly at 7.5% CAGR 16-18
  – South Africa grew at 8.0% organic CAGR 16-18 supported by (i) subscriber growth and (ii) inflationary price increases
  – Rest of Africa increased growth to 8.3% YoY in FY18 (and further to 15.5% YoY in 1H FY19) driven by the success of the Value Strategy
  – Technology growth accelerated to 7.3% in FY18 on the back of several contract wins from blue-chip customers

• Over 80% of total revenues are subscription based

Revenue by product (reported) (ZARm) (1)

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1H FY18</th>
<th>1H FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription</td>
<td>38,503</td>
<td>38,622</td>
<td>38,547</td>
<td>19,257</td>
<td>20,422</td>
</tr>
<tr>
<td>Advertising</td>
<td></td>
<td></td>
<td></td>
<td>5,339</td>
<td>5,943</td>
</tr>
<tr>
<td>Other(3)</td>
<td>5,339</td>
<td>5,943</td>
<td>5,813</td>
<td>2,743</td>
<td>2,687</td>
</tr>
</tbody>
</table>

Notes:
(1) Percentages reflect year-on-year growth. Numbers in brackets represent year-on-year growth in local currency, excluding M&A, on a like-for-like basis.
(2) Organic CAGR 16-18
(3) Other includes STB revenues, technology contracts & licensing and other

Rest of Africa is accelerating meaningfully

Rest of Africa organic revenue growth (%)

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>1H FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>4%</td>
<td>8%</td>
<td>16%</td>
<td></td>
</tr>
</tbody>
</table>
Cost base fit for growth

COPS and SG&A costs (reported) (ZARm) (1)

Commentary

- **Content costs** rose in FY17 driven by football rights renewals, followed by a decrease in FY18 on the back of contract renegotiations

- **Hardware costs / net subsidies** increased in FY18 driven by more aggressive acquisition and retention offers as part of the Value Strategy in Rest of Africa

- **Sales & marketing costs** decreased by 6.9% in FY18 due to a limited number of major sporting events

- **Staff costs** increased in FY17 on the back of share-based compensation and inflation in all years

- **Transponder costs** rose as extra capacity to enhance product offerings and provide disaster recovery capability was acquired

- **Other costs** include IT, administration, maintenance and general overhead costs

- **Our cost base is split** between 15% of variable costs and 85% of fixed costs

### Net subsidies (ZARm)

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1H FY16</th>
<th>1H FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,928</td>
<td>2,059</td>
<td>1,847</td>
<td>4.7%</td>
<td>897</td>
<td>906</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td>(4,760)</td>
<td>(4,681)</td>
<td>(5,435)</td>
<td>11.9%</td>
<td>(2,505)</td>
<td>(3,113)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net subsidies</td>
<td>(2,832)</td>
<td>(2,622)</td>
<td>(3,588)</td>
<td>16.6%</td>
<td>(1,608)</td>
<td>(2,213)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:

1. Percentages reflect year-on-year growth. Numbers in brackets represent year-on-year growth in local currency, excluding M&A, on a like-for-like basis
2. Rebases 2018 back to 2016 rates
3. Hardware costs refer to STB costs
4. Comprised of depreciation and interest

Source: Company data
Value Strategy led to profitability improvement in FY18

Trading profit (reported) (ZARm)

<table>
<thead>
<tr>
<th>Reported margin (%)</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1H FY18</th>
<th>1H FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>19.5%</td>
<td>11.0%</td>
<td>13.3%</td>
<td>16.0%</td>
<td>15.8%</td>
</tr>
<tr>
<td>South Africa</td>
<td>9,142</td>
<td>9,805</td>
<td>10,446</td>
<td>5,172</td>
<td>5,394</td>
</tr>
</tbody>
</table>

Trading profit (organic)(2) (ZARm)

<table>
<thead>
<tr>
<th></th>
<th>FY16 reported</th>
<th>FY17 organic</th>
<th>YoY growth</th>
<th>FY17 reported</th>
<th>FY18 organic</th>
<th>YoY growth</th>
<th>FY18 reported</th>
<th>1H FY18 organic</th>
<th>1H FY19 organic</th>
<th>YoY growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>9,142</td>
<td>9,805</td>
<td>7.3%</td>
<td>9,805</td>
<td>10,477</td>
<td>6.9%</td>
<td>5,172</td>
<td>5,394</td>
<td></td>
<td>4.3%</td>
</tr>
<tr>
<td>Rest of Africa</td>
<td>(704)</td>
<td>(3,802)</td>
<td>n.m.</td>
<td>(4,909)</td>
<td>(4,454)</td>
<td>9.3%</td>
<td>(1,495)</td>
<td>(1,205)</td>
<td></td>
<td>19.4%</td>
</tr>
<tr>
<td>Technology</td>
<td>670</td>
<td>370</td>
<td>44.7%</td>
<td>355</td>
<td>396</td>
<td>11.6%</td>
<td>85</td>
<td>116</td>
<td></td>
<td>36.0%</td>
</tr>
<tr>
<td>Trading profit</td>
<td>9,108</td>
<td>6,374</td>
<td>(30.0%)</td>
<td>5,251</td>
<td>6,419</td>
<td>22.2%</td>
<td>3,762</td>
<td>4,305</td>
<td></td>
<td>14.4%</td>
</tr>
</tbody>
</table>

Notes:
1. Excluding FIFA World Cup investment of ZAR734m
2. Excludes the impact of FX and M&A

Commentary

1. Trading profit contracted in FY17 driven by Rest of Africa
   - FX depreciation, increased cost of sports rights, price downs and increased subscriber acquisition costs stemming from the implementation of the Value Strategy

2. FY18 growth largely due to
   - South Africa improved on the back of continued subscriber growth and cost efficiencies
   - Losses stabilised in Rest of Africa as Value Strategy investment started to drive subscriber growth

3. Strong performance in 1H FY19:
   - Whilst trading profit margins were flattish, on an organic basis there was continued improvement driven by Rest of Africa
   - This improvement was achieved even though significant investments were made into our acquisition strategy for the FIFA World Cup
Capital expenditures (reported) (1) (ZARm)

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of revenues</td>
<td>4.0%</td>
<td>2.8%</td>
<td>1.6%</td>
</tr>
<tr>
<td></td>
<td>1,884</td>
<td>1,316</td>
<td>759</td>
</tr>
<tr>
<td>South Africa</td>
<td>1,172</td>
<td>391</td>
<td>210</td>
</tr>
<tr>
<td>Rest of Africa</td>
<td>644</td>
<td>879</td>
<td>523</td>
</tr>
<tr>
<td>Technology</td>
<td>68</td>
<td>46</td>
<td>26</td>
</tr>
</tbody>
</table>

Commentary

- **Capital intensity trended down** over the past two years as a function of:
  - Controlled capex spend
  - Completion of DTT network roll-out across African footprint
  - Broadcast disaster recovery plan completion
- **Strong cash conversion** averaging 86.7% over the past 3 years

Cash flow (2) and cash conversion (reported) (3) (%)

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow (ZARm)</td>
<td>9,758</td>
<td>7,076</td>
<td>8,814</td>
</tr>
<tr>
<td>South Africa</td>
<td>83.8%</td>
<td>84.3%</td>
<td>92.1%</td>
</tr>
<tr>
<td>Rest of Africa</td>
<td>83.8%</td>
<td>84.3%</td>
<td>92.1%</td>
</tr>
<tr>
<td>Technology</td>
<td>83.8%</td>
<td>84.3%</td>
<td>92.1%</td>
</tr>
</tbody>
</table>

Notes:

1. Capital expenditures defined as PP&E acquired – Proceeds from sale of PP&E + Intangible assets acquired – Proceeds from sale of intangible assets. Capex split based on proportionate revenue split
2. Cash flow defined as EBITDA – Capex
3. Cash conversion defined as (EBITDA – Capex) / EBITDA

Source: Company data

Low capital intensity due to a fully-invested infrastructure
Working capital is impacted by timing and seasonality

<table>
<thead>
<tr>
<th>Net working capital item movements (ZARm)</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade &amp; other receivables</td>
<td>(978)</td>
<td>(923)</td>
<td>(601)</td>
</tr>
<tr>
<td>Payables &amp; accruals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1)</td>
<td>153</td>
<td>252</td>
<td>(639)</td>
</tr>
<tr>
<td>Programme &amp; film rights</td>
<td>(452)</td>
<td>34</td>
<td>(1,418)</td>
</tr>
<tr>
<td>Inventories</td>
<td>(602)</td>
<td>57</td>
<td>(412)</td>
</tr>
</tbody>
</table>

| Change in net working capital           | (1,879)| (580)| (3,070)|

Angola illiquid cash

| Adjusted change in net working capital  | (1,421)| 53   | (2,496)|

### Commentary

1. Significant increase in **trade & other receivables** in FY16 due to pre-payments made on the new transponder lease contract and in FY18 arising from illiquid Angolan receivables.

2. **Payables & accruals** cash outflow in FY18 was timing-related in connection with early payments made for campaigns associated with the FIFA World Cup; going forward this should grow in line with overall cost base.

3. **Programme & film rights** cash outflow driven by pre-payments on sport right renewals. Net of this, a steady increase is reflected due to our continued investment in local content.

4. **Inventory** ramp up in FY16 driven by DTT stock in anticipation of ASO's in ROA. FY18 was due to investment in STB’s ahead of the FIFA World Cup.

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**Notes:**

1. Includes related party current accounts
2. Analogue switch-off
3. Source: Company data

**Average ZAR1.3bn**
Stable cash tax profile

Cash taxes paid (ZARm)

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash taxes, ZARm</td>
<td>2,518</td>
<td>2,659</td>
<td>2,985</td>
</tr>
<tr>
<td>Effective tax rate, %</td>
<td>32%</td>
<td>28%</td>
<td>27%</td>
</tr>
<tr>
<td>Rest of Africa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash taxes, ZARm</td>
<td>1,110</td>
<td>764</td>
<td>666</td>
</tr>
<tr>
<td>Effective tax rate, %</td>
<td>n.m.</td>
<td>n.m.</td>
<td>n.m.</td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash taxes, ZARm</td>
<td>131</td>
<td>21</td>
<td>13</td>
</tr>
<tr>
<td>Effective tax rate, %</td>
<td>n.m.</td>
<td>n.m.</td>
<td>n.m.</td>
</tr>
</tbody>
</table>

Commentary

- Stable cash taxes over the last three years **averaging ZAR3.6bn** per annum
- **South Africa** effective tax rate of 28%, mostly in line with statutory tax rate
- In **Rest of Africa**, taxes are typically paid on revenues in most of the countries where the group operates, representing an average 5-7% tax rate on ROA revenue
- The **Technology** segment is subject to taxes in the Netherlands, with a statutory tax rate of 25%, which is offset by losses in Rest of Africa due to fiscal unity structure
Currency exposure managed through hedging

Currency distribution (% FY18)

Cost base

- USD 35%
- Non-USD 65%

Revenue (ROA)

- USD 12%
- Non-USD 88%

FX exposure: SA cover

<table>
<thead>
<tr>
<th>Period</th>
<th>USDm</th>
<th>ZAR hedged rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month 1-12</td>
<td>907</td>
<td>13.73</td>
</tr>
<tr>
<td>Month 13-24</td>
<td>856</td>
<td>14.02</td>
</tr>
<tr>
<td>Month 25-36</td>
<td>315</td>
<td>15.48</td>
</tr>
</tbody>
</table>

FX exposure: ROA cover

<table>
<thead>
<tr>
<th>Market</th>
<th>% hedged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>96%(2)</td>
</tr>
<tr>
<td>Kenya</td>
<td>100%</td>
</tr>
<tr>
<td>Zambia</td>
<td>99%</td>
</tr>
<tr>
<td>Uganda</td>
<td>100%</td>
</tr>
<tr>
<td>Botswana</td>
<td>100%</td>
</tr>
<tr>
<td>Ghana</td>
<td>99%</td>
</tr>
</tbody>
</table>

Notes:
1. All hedged markets are covered 12 months out and make up c.60% of ROA revenue
2. Based on cash remitted on qualifying invoices

Commentary

- During FY18, 12% of Rest of Africa revenues and 35% of group cost base were USD-denominated

  USD input costs primarily consist of:
  - international sports and studios content rights
  - satellite transponder leases
  - set-top box purchases

- The group's active hedging is applied to manage foreign exchange exposure:
  - Forward exchange contracts in relation to USD-denominated cost base
  - 60% of the non-USD local revenues in Rest of Africa hedged to USD

Source: Company data
Unique cash flow growth opportunity

Top-line growth and profitability improvement upside driving unique cash flow growth opportunity (based on FY18 financials, ZARm)

Top-line growth + path to profitability implemented

Stable capex (fully invested)

Strong FCF growth

Notes:
(1) Includes transponder leases
(2) Free cash flow before M&A and dividend payments
Source: Company data
## Basis of preparation of combined financials

<table>
<thead>
<tr>
<th>Accounting policy</th>
<th>Going concern</th>
<th>Allocation of central costs</th>
<th>Taxation</th>
<th>Intercompany</th>
<th>Interest</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro forma consolidation</td>
<td>Management of the Group has reasonable expectations that MultiChoice has resources for the continued operation of the business as a going concern</td>
<td>Central costs incurred by MIH Holdings on behalf of MultiChoice historically recharged to the video entertainment segment</td>
<td>Historically entities filed separate tax returns, incl. South Africa</td>
<td>Transactions with Naspers disclosed as related party transactions in the combined historical financial information</td>
<td>Interest charge based on interest incurred by Group entities on external borrowings or financing provided by other Naspers companies</td>
<td>Recognised at book value of net assets acquired</td>
</tr>
<tr>
<td>Consistent with Naspers</td>
<td></td>
<td>No additional central costs to be allocated to the Group</td>
<td>All entities to continue to file separate tax returns</td>
<td></td>
<td>Interest rate implicit in the lease, or Group’s borrowing rate used to calculate PV of min lease payments</td>
<td>Opening balance and movements in aggregated combined share capital described as “Contribution from parent” in the combined statement of changes in equity</td>
</tr>
<tr>
<td>IFRS15 Revenue from Contracts with Customers</td>
<td></td>
<td>Some investment needed to cover services previously provided by MIH Holdings</td>
<td>Dutch entities to be included in a new fiscal unity and to file consolidated tax return</td>
<td></td>
<td>Interest expense based on effective interest rate</td>
<td>Other reserves include hedging, fair value and FX translation reserves</td>
</tr>
<tr>
<td>IFRS9 Financial Instruments</td>
<td></td>
<td></td>
<td>– Profits and losses to be pooled within the fiscal unity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IFRIC22 Foreign Currency Transactions and Advance Consideration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>