



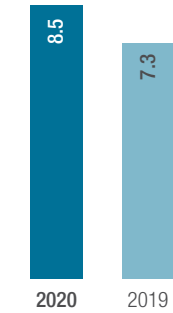
## ANNUAL RESULTS ANNOUNCEMENT

Summary of the annual results of MultiChoice South Africa Holdings for the year ended 31 March 2020

### Revenue (R'bn)



### Free cash flow (R'bn)



### Core headline earnings (R'bn)



The group delivered marginal improvements in revenue year on year (YoY). This despite slower subscriber growth due to tough economic conditions and no uplift from non-recurring one-off events in the prior year. Top-line growth was further affected by the group's decision not to increase Premium prices, as well as a reduction in sub-licence revenues from the public broadcaster in South Africa. Subscriber growth continues to be driven mainly by the mass market. A strong focus on cost containment resulted in an improvement in overall profitability.

Our content slate remains strong and reflects a truly world-class sports offering. During the year, we broadcast the ICC Cricket World Cup (CWC), the Africa Cup of Nations (AFCON) and the Rugby World Cup (RWC), where South Africa was crowned world champions for the third time. We continue to step up our investment in local content as a strategic imperative. We increased our total content library hours by 6% and produced Trackers, our first major local co-production, which was highly rated by our viewers.

Connected video users on both the DStv Now and Showmax platforms continue to grow as online consumption increases. Showmax also commenced the trialling of sport, with positive early user engagement.

#### COVID-19

The COVID-19 pandemic is having a significant impact globally, adversely affecting the lives of the group's customers, its employees and suppliers. While we have seen some victories in combating the disease, the full extent of the impact remains unknown at this stage.

In the short term, the group has reacted swiftly in implementing its business continuity plans well ahead of the forced lockdowns imposed by the government. The safety and wellbeing of our staff has been our highest priority with a work-from-home policy, social distancing and hygiene measures implemented in the office environment. Government regulations issued confirmed the group's industry as an essential service and our business continues to operate and service our customers.

The most immediate impact to our offering was the postponement of all live sport. In its place we introduced the best award-winning sport documentaries for customers to relive their favourite sports moments; the greatest sports movies of all time; and interactive keep-fit content. In addition, SS1 has been opened to DStv Compact Plus and Compact customers, and SS7 has been opened to DStv Access customers.

General entertainment content was strengthened for kids by introducing the Toonami channel during the school holidays; revision lessons for high school learners on Mindset PoP and Catch Up; and the recently launched education channel, Da Vinci. Key international and African news channels have been made available for free on our Showmax and DStv Now online platforms to all members of the public, both subscribers and non-subscribers. Additional movies were launched on BoxOffice, giving our subscribers 40 of the latest blockbusters and increasing the line up for kids and family viewing. The rental cost has been reduced to R25 during this period.

Subsequent to year-end, local content productions have largely recommenced under strict health measures and international content schedules remained unaffected to date. In sport, the group will be recommencing the broadcast of football leagues such as the English Premier League, La Liga and Serie A. Other content such as WWE, US PGA golf and UFC have already been on air and international rugby, cricket, tennis and formula 1 are in final plans to recommence on a 'behind closed doors basis'.

The group has contributed towards a number of relief efforts such as the distribution of food parcels in areas such as Diepsloot and Khayelitsha. We have also lessened the impact on our local production houses with a relief fund of R80m aimed at assisting cast and crew which are vital to the entertainment industry. We have partnered with two local premier soccer league teams, Orlando Pirates and Kaizer Chiefs, in helping the government with the contribution of personal protective equipment for front-line workers who continue the fight against COVID-19.

#### FINANCIAL REVIEW

We delivered consolidated revenues of R41bn in a tough consumer climate, underpinned by subscriber growth of 440 000 or 6% YoY on a 90-day active basis. The impact of COVID-19 and the associated lockdown saw an uplift in subscribers in March. The ongoing change in subscriber mix towards the mass market, combined with our pricing strategy and customer activity levels, resulted in monthly average revenue per user (ARPU) declining 4% YoY from R302 to R289.

Trading profit improved 2.1% YoY to R10.5bn, notwithstanding low revenue growth and the cost of broadcasting three major sporting events in the same financial year. A strong focus on cost containment allowed for R0.9bn in costs to be eliminated from the base during the year.

The group generated a positive free cash flow of R8.5bn, up R1.2bn from the prior year, largely due to improvement in trading profit and working capital due to lower sport payments.

Core headline earnings improved by 7% YoY, in line with the increase in net profit after adjusting for the once-off R2.6bn empowerment transaction in the prior year.

The group paid and collected a total of R7.3bn on behalf of the tax authorities in FY20, making us one of the largest taxpayers in South Africa.

The Phuthuma Nathi broad-based black economic empowerment (B-BBEE) companies received a dividend of R1.5bn in September 2019. Their shareholders continue to enjoy a healthy return on investment with the scheme still outperforming its peer set.

#### OPERATIONAL REVIEW

##### Content

Our top quality general entertainment programming and sports rights continue to deliver a strong differentiated content slate from our competitors. Local content remains truly relevant to our targeted audiences, resulting in growing audience share and consistently high ratings for our channels in their respective peer groups. As a result, we are stepping up our investment in local content and high-quality local productions. Shifting more of our spend locally, thereby reducing our exposure to international dollar-based costs, is also an integral part of our overall strategy which positively impacts our cost containment initiatives. Through the ongoing optimisation of our content strategy, we managed to eliminate R0.4bn of content costs from our cost base during the year.

##### Connected video

Connected video saw solid growth of unique OTT users and viewing activity, with play events driven by strong content such as Game of Thrones, the RWC, and more recently the COVID-19 presidential announcements, as we added live news to Showmax.

The Showmax paying subscriber base is up 81% YoY, driven by focused performance marketing, a strong local and international content slate and successful partnership campaigns. We have also made significant improvements to the DStv Now and Showmax platforms, resulting in increasing viewership and improved app-store ratings. Unprecedented user activity resulted in challenges around stability of our DStv Now platform at the start of the RWC, but this was quickly resolved and saw us streaming record volumes of concurrent video streams in the final stages of the competition.

Explora penetration, especially those connected to the internet, continues to grow and add value to the customer experience. During 2020 we recorded 165 000 new connections for connected Exploras, bringing the total connected base to 660 000.

##### Transformation and corporate social investment (CSI)

MultiChoice maintained its level 1 B-BBEE rating and we remain dedicated to transformation and playing a key role in transforming our industry. We continue to embrace diversity and focus on employment equity through robust diversity management practices.

Our employee profile comprises 53% women and 47% men. Our leadership teams are diverse and proudly representative, with 56% of top management being African, 25% of whom are women, and black professionals comprising 84% of the overall organisation.

We have numerous enterprise development initiatives and preferential procurement programmes aimed at fostering and supporting new and previously disadvantaged business owners. There are several initiatives aimed at growing the local media and production industry. We continue to contribute meaningfully towards CSI programmes through the MultiChoice Diski Challenge, MultiChoice Talent Factory (previously Magic in Motion), SuperSport's Let's Play and R80m COVID-19 relief for our local production industry. Our total CSI on significant projects during 2020 was R132m.

##### Regulatory

The regulatory landscape continues to be characterised by constant change, posing challenges for our operations during the year under review. We welcomed the president's decision to merge the Department of Communications with the Department of Telecommunications and Postal Services into a new Department of Communications and Digital Technologies under Minister Stella Ndabeni-Abrahams. We also welcomed the establishment of the Presidential Commission on the Fourth Industrial Revolution (4IR), to which our group chief executive officer was appointed.

The long-awaited draft white paper policy on audio visual and digital content services unfortunately did not materialise. This would have paved the way for bringing OTT services into the regulatory fold. We continue to engage constructively with the Independent Communications Authority of South Africa (ICASA), including the review of regulations on national sporting events, must carry, and inquiry into the state of competition in the subscription broadcasting sector, among others.

During the year, ICASA published its draft findings document on the inquiry into the state of competition in the subscription broadcasting sector. This process is ongoing and we will continue to engage with the regulator.

Our approach to regulation remains positive as we proactively and frequently engage with regulators through our dedicated teams. This ensures we keep abreast of all developments and provide input that promotes a well-considered regulatory framework, allowing for a thriving industry.

##### PROSPECTS

Looking ahead, the aftermath of the pandemic, although uncertain in quantum, will have a negative impact on the economy. Higher levels of unemployment, reduced consumer spending, delays in content supply and other supply chain interruptions are expected to impact the financial performance of the group in the short to medium term.

The risks above are, however, mitigated by quality product offerings, and good relationships with content and decoder suppliers. In addition, a strong statement of financial position with R12.2bn in net assets, annuity cash flow, robust currency hedging programmes and focused cost reduction initiatives, should allow the group to navigate the above challenges. We will however remain cautious on our outlook given the uncertain economic landscape that lies ahead.

MCSAH and its subsidiaries (the MultiChoice South Africa Group) seek to realise our strategic priorities of driving growth in the mass market with continued customer focus by building an integrating customer experience. We will continue to increase our investment in local content, deliver high-quality local productions and ensure we remain the home of sports by delivering all the best local and international sport.

We will keep exploring new opportunities to further expand our existing ecosystem, offering new products to enhance customer experiences and to increase our revenues. We are also looking to accelerate the uptake of our OTT products by differentiating and strengthening our content line-up and product offering. Our ambition is to drive further subscriber growth and to continue building a sustainable business that delivers value for our stakeholders. We will also continue to invest in the development of our people and our social initiatives to continue making a meaningful impact in the communities where we operate.

##### DIVIDENDS

The MultiChoice South Africa board recommends that a dividend of R6bn be paid to its ordinary shareholders in September 2020.

##### PN

The PN board recommends a dividend of R1.5bn (FY19: R1.5bn) for PN shareholders. This amounts to 2 222.22 (FY19: 2 222.22) cents per PN ordinary share to be paid to PN shareholders. The declaration of the dividend is subject to approval by shareholders at the annual general meeting (AGM) on 26 August 2020.

Dividend tax of 20% amounts to 444.44 cents per PN share. PN shareholders will therefore receive a net dividend of 1 777.78 (FY19: 1 777.78) cents per share. The dividend proposed in this report will be paid from reserves. If approved, the dividend will be payable to shareholders recorded in the share register on 26 August 2020 and paid on or about 4 September 2020 (payment of which will fall in FY21).

During the year, the MultiChoice Group received board and shareholder approval to offer to PN shareholders an opportunity to exchange up to 20% of their MCSAH shares for MultiChoice Group shares. The 'flip-up' offer, which was made to PN shareholders on 25 September 2019 and closed on 28 October 2019, resulted in 3.7m shares being issued to PN shareholders, while the MultiChoice Group acquired 3.8m shares in PN in return. Following the conclusion of this share swap, the MultiChoice Group's overall effective interest in MCSAH increased from 75.0% to 76.4%.

##### DIRECTORATE

Mr M I Patel was appointed as an executive director with effect from 12 November 2019. Mr F L N Letele stepped down as MCSAH executive chair and became a non-executive director. Mr Patel was appointed as the executive chair of the board with effect from 12 November 2019. Ms C Sabwa and Dr F A Sanusi were appointed as non-executive directors with effect from 11 June 2020. Mr D G Eriksson will retire as a non-executive director, Ms S Dakile-Hlongwane and Mr K B Sibiyi will retire as independent non-executive directors with effect from 11 June 2020. Mr J A Mabuza will take over as the lead non-executive director from Mr K B Sibiyi with effect from 11 June 2020. Mr S J Z Pacak will be retiring as a non-executive director with effect from April 2021.

No other changes have been made to the directorate of the group.

##### GROUP COMPANY SECRETARY

Ms D M Dickson resigned as group company secretary on 30 September 2019. Mrs R J Gabriels was appointed as interim company secretary on 12 December 2019 until such time as a permanent appointment is made.

##### AGMS

The MCSAH and PN AGMs will be held on 26 August 2020.

##### PREPARATION OF THE SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors and is only a summary of the information in the consolidated annual financial results. Copies of the full consolidated annual financial results may also be requested from the company's registered office, at no charge, during office hours. The information in this announcement has been extracted from the audited information published on the company's website, but the announcement itself was not audited.

Trading profit excludes amortisation of intangible assets (other than software), impairment of assets, equity-settled share-based compensation and other gains or losses, but includes the finance cost on borrowings and other leases. 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, core headline earnings and trading profit are not defined terms under IFRS, are not audited and may not be comparable with similarly titled measures reported by other companies.

These financial results have been prepared under the supervision of the MCSAH chief financial officer, Mr T Jacobs, CA(SA).

The complete annual financial statements are available on the MCSAH and PN websites:

[www.multichoice.com/southafrica](http://www.multichoice.com/southafrica) and [www.phuthumanathi.co.za](http://www.phuthumanathi.co.za).

On behalf of the board

**Mr M I Patel**  
Executive Chair

10 June 2020

Randburg

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Year ended 31 March 2020 R'm	Year ended 31 March 2019 Restated* R'm
<b>Revenue</b>	<b>40 962</b>	40 391
Cost of providing services and sale of goods	(21 364)	(21 439)
Selling, general and administration expenses*	(8 842)	(8 442)
Net impairment loss on trade receivables*	(90)	(108)
Other operating gains – net	70	19
<b>Operating profit</b>	<b>10 736</b>	10 421
Interest income	360	310
Interest expense	(644)	(644)
Net foreign exchange translation losses	(1 394)	(1 542)
Empowerment transaction	–	(2 564)
Share of equity-accounted results	(12)	(111)
Other losses	(28)	(60)
<b>Profit before taxation</b>	<b>9 018</b>	5 810
Taxation	(2 497)	(2 344)
<b>Profit for the period</b>	<b>6 521</b>	3 466
<b>Attributable to:</b>		
Equity holders of the group	6 521	3 466
Core headline earnings for the period	7 953	7 442
Headline earnings for the period	6 554	3 557

\*The group has reclassified impairment on trade receivables from selling, general and administration expenses to net impairment loss on trade receivables. This reclassification was done to align with the requirements of IAS 1 in FY20. The amount reclassified is not considered to be material and the FY19 comparatives have been restated accordingly.

## RECONCILIATION OF OPERATING PROFIT TO TRADING PROFIT

	Year ended 31 March 2020 R'm	Year ended 31 March 2019 R'm
<b>Operating profit</b>	<b>10 736</b>	10 421
Finance cost on transponder and other leases	(405)	(384)
Amortisation of intangible assets (other than software)	23	30
Impairment of assets	11	46
Equity settled share-based compensation	131	162
Other gains	(21)	(20)
<b>Trading profit</b>	<b>10 475</b>	10 255

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND CHANGES IN EQUITY

	Year ended 31 March 2020 R'm	Year ended 31 March 2019 R'm
<b>Balance at beginning of the year</b>	<b>10 300</b>	8 868
Changes in accounting policy		107
<b>Profit for the year</b>	<b>6 521</b>	3 466
<b>Total other comprehensive income, net of tax, for the year</b>	<b>1 787</b>	1 728
Cash flow hedges	2 443	2 259
Revaluation of investments	(54)	50
Tax on other comprehensive income	(602)	(581)
<b>Changes in other reserves</b>		
Share-based comprehensive movement	(577)	2 737
Dividends paid to shareholders	(6 018)	(6 600)
Other movements in retained earnings	199	(31)
Movement in foreign currency translation reserve	–	25
<b>Balance at the end of the year</b>	<b>12 212</b>	10 300
<b>Comprising:</b>		
Share capital and premium	17 216	17 216
Retained earnings	5 069	4 367
Share-based compensation reserve	2 180	2 757
Existing control business combination reserve	(15 051)	(15 051)
Hedging reserve	2 666	825
Fair value reserve	107	161
Foreign currency translation reserve	25	25
<b>Total</b>	<b>12 212</b>	10 300

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Year ended 31 March 2020 R'm	Year ended 31 March 2019 R'm
<b>ASSETS</b>		
Non-current assets	17 452	16 041
Current assets	17 787	13 989
<b>Total assets</b>	<b>35 239</b>	30 030
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves	12 212	10 300
Non-current liabilities	12 195	10 211
Current liabilities	10 832	9 519
<b>Total equity and liabilities</b>	<b>35 239</b>	30 030

## COMMITMENTS

	Year ended 31 March 2020 R'm	Year ended 31 March 2019 Restated* R'm
Capital expenditure	65	63
Programme and film rights	31 214	32 195
Network and other service commitments*	3 562	1 924
Operating lease commitments*	–	39
Set-top box commitments	1 172	1 725
<b>Commitments</b>	<b>36 013</b>	35 945

\*The group's other commitments were restated in the prior year due to certain network and other service commitments being incorrectly disclosed as part of operating lease commitments. The amount disclosed for network and other service commitments in FY19 was adjusted by ZAR133m to ZAR1.92bn (previously ZAR1.73bn). Operating lease commitments was decreased by the same amount to ZAR39m (previously ZAR172m).

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 March 2020 R'm	Year ended 31 March 2019 R'm
Cash flow generated from operating activities	10 052	8 557
Cash flow utilised in investing activities	(664)	(645)
Cash flow utilised in financing activities	(9 865)	(8 431)
<b>Net movement in cash and cash equivalents</b>	<b>(477)</b>	(519)
Foreign exchange translation adjustments	132	326
Cash and cash equivalents at the beginning of the period	2 080	2 273
<b>Cash and cash equivalents at the end of the period</b>	<b>1 735</b>	2 080

## CALCULATION OF HEADLINE AND CORE HEADLINE EARNINGS

	Year ended 31 March 2020 R'm	Year ended 31 March 2019 R'm
<b>Net profit attributable to shareholders</b>	<b>6 521</b>	3 466
Adjusted for:		
– (Profit)/loss on sale of property, plant and equipment	(1)	1
– Impairment of assets	11	56
– Reversal of impairment of assets	–	(10)
– Impairment of investments	24	61
– Profit on sale of intangible assets	–	(3)
	<b>6 555</b>	3 571
Total tax effects of adjustments	(1)	(14)
<b>Headline earnings</b>	<b>6 554</b>	3 557
Adjusted for:		
– Amortisation of intangible assets	17	27
– Foreign exchange losses	610	1 172
– Empowerment transaction	–	2 564
– Equity-settled share based compensation	96	162
– Realisation of forex profits/(losses)	676	(40)
<b>Core headline earnings</b>	<b>7 953</b>	7 442
Number of shares ('000)	360 000	360 000

#### Directors

M I Patel (executive chair), F L N Letele, K D Moroka, S J Z Pacak, J J Volkwyn, E Masiela, C Mawela (CEO), T Jacobs (CFO), L Stephens, J A Mabuza, C Sabwa, Dr F Sanusi, D G Eriksson, S Dakile-Hlongwane, K Sibiyi

#### Interim group company secretary

R J Gabriels

#### Registered office

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(PO Box 1502, Randburg 2125)

#### Transfer Secretaries

Singular Services, a division of Singular Systems Proprietary Limited  
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