MultiChoice
ENRICHING LIVES

MultiChoice Group Limited
(Registration number: 2018/473845/06)
JSE share code: MCG
ISIN: ZAE000265971

ANNUAL RESULTS ANNOUNCEMENT

SUMMARY CONSOLIDATED FINANCIAL RESULTS AND CASH DIVIDEND DECLARATION

FOR THE YEAR ENDED 31 MARCH 2022

EXECUTIVE REVIEW OF OUR PERFORMANCE

STEADY MARGINS DESPITE COST NORMALISATION.

During the year ended 31 March 2022 (FY22), MultiChoice Group (MCG or the group) continued to scale its core business platform and expand its ecosystem by increasing the variety of services offered to customers. The group added 0.9m 90-day active subscribers to close the year on 21.8m subscribers, an increase of 5% year-on-year (YoY). The subscriber base in the Rest of Africa maintained its solid growth trajectory, increasing 7% YoY primarily on the back of investment in successful local content productions and live sporting events. The South Africa business reached the 9m subscriber milestone, but growth rates were subdued due to the tough ongoing economic environment and elevated prior year numbers as consumers prioritised video entertainment during the COVID-19-related lockdowns. The 90-day subscriber base comprises 12.8m households (59%) in the Rest of Africa and 9.0m households (41%) in South Africa.

Group revenue increased 3% (7% organic) to ZAR55.1bn, with the stronger ZAR resulting in a reduction in revenue contribution from the Rest of Africa and Technology businesses upon translation. Subscription revenues amounted to ZAR45.3bn, representing solid 5% organic growth. Advertising revenues rebounded after the negative impact of COVID-19 in the prior year, growing 37% YoY (40% organic). Irdeto's revenues were affected by the COVID-19 pandemic, silicon shortages, and supply chain disruptions, which resulted in a 9% reduction on an organic basis.

Despite the ZAR1.1bn impact from the normalisation of content costs that were deferred into the current financial year from the prior year, group trading profit remained flat at ZAR10.3bn (1% organic growth). Trading profit margins were steady at 19%, benefiting from a 14% (24% organic) narrowing in trading losses in the Rest of Africa, the recovery in advertising revenue and a continued focus on cost control across the business. Total content costs increased 9% (13% organic) mainly due to acquisition of rights to popular sporting events such as Euro 2020, the British and Irish Lions Rugby Tour and the Tokyo Olympics, as well as a continued ramp up in local content investment and non-recurring content refunds received in the prior year.

The group's well-established cost optimisation programme delivered another ZAR1.2bn in cost savings, with major contributions from renegotiated contracts for sports rights and international general entertainment content.

Core headline earnings, the board's measure of sustainable business performance, increased by 6% YoY to ZAR3.5bn. This represents a strong recovery from the 26% decrease reported at the half-year as activities normalised in the second half relative to the prior year and a weaker ZAR reduced realised losses on foreign exchange contracts.

Consolidated free cash flow of ZAR5.5bn decreased ZAR0.2m or 3% YoY. This was due to several once-off payments, including the ZAR0.6bn in tax security deposits made in relation to the ongoing Nigerian tax audit, ZAR0.3bn in chipset prepayments to secure the FY23 set-top box supply amidst a global chipset shortage and a ZAR0.2bn prepayment made on additional satellite capacity for the Rest of Africa.

SALIENT FEATURES

Year ended 31 March	2022 ZAR'm	2021 ZAR'm	YoY % change
Revenue	**55 240**	53 338	4
Operating profit	**10 296**	10 458	(2)
Trading profit	**10 334**	10 290	–
Free cash flow	**5 549**	5 721	(3)
Core headline earnings per ordinary share (SA cents)	**814**	767	6
Earnings per ordinary share (SA cents)	**318**	506	(37)
Headline earnings per ordinary share (SA cents)	**381**	496	(23)
Net asset value per ordinary share (SA cents)	**1 896**	2 228	(15)
Dividend per ordinary share (SA cents)	**565**	565	–

KEY PERFORMANCE INDICATORS

As at 31 March	2021 Reported	2022 Currency impact	2022 Organic growth	2022 Reported	YoY % change	YoY organic % change
90-day-active subscribers	20 862	**n/a**	**942**	**21 804**	5	5
South Africa	8 931	**n/a**	**80**	**9 011**	1	1
Rest of Africa	11 931	**n/a**	**862**	**12 793**	7	7
90-day-active ARPU (ZAR)						
Blended	185	**(6)**	**(2)**	**177**	(4)	(1)
South Africa	277	**–**	**(8)**	**269**	(3)	(3)
Rest of Africa	115	**(11)**	**6**	**110**	(4)	5
Subscribers	16 356	**n/a**	**284**	**16 640**	2	2
South Africa	8 177	**n/a**	**(17)**	**8 160**	–	–
Rest of Africa	8 179	**n/a**	**301**	**8 480**	4	4
ARPU (ZAR)						
Blended	232	**(8)**	**5**	**229**	(1)	2
South Africa	299	**–**	**(4)**	**295**	(1)	(1)
Rest of Africa	165	**(16)**	**14**	**163**	(1)	8

GROUP FINANCIALS

As at 31 March	2021 IFRS ZAR'm	2022 Currency impact ZAR'm	2022 Organic growth ZAR'm	2022 IFRS ZAR'm	YoY % change	YoY organic % change
SEGMENTAL RESULTS						
Revenue[1]	53 410	**(1 923)**	**3 590**	**55 077**	3	7
South Africa	34 327	**–**	**1 288**	**35 615**	4	4
Rest of Africa[1]	17 234	**(1 779)**	**2 463**	**17 918**	4	14
Technology	1 849	**(144)**	**(161)**	**1 544**	(16)	(9)
Trading profit	10 290	**(58)**	**102**	**10 334**	–	1
South Africa	11 132	**–**	**(100)**	**11 032**	(1)	(1)
Rest of Africa	(1 408)	**(144)**	**339**	**(1 213)**	14	24
Technology	566	**86**	**(137)**	**515**	(9)	(24)

[1] *Total group revenue and Rest of Africa revenue presented above includes losses of ZAR163m (FY21: gains of ZAR72m) related to fair-value movements on Nigeria futures contracts.*

REVENUE AND COSTS BY NATURE	2021 IFRS ZAR'm	2022 Currency impact ZAR'm	2022 Organic growth ZAR'm	2022 IFRS ZAR'm	YoY % change	YoY organic % change
Revenue	53 410	**(1 923)**	**3 590**	**55 077**	3	7
Subscription fees[1]	44 683	**(1 596)**	**2 174**	**45 261**	1	5
Advertising	2 848	**(88)**	**1 149**	**3 909**	37	40
Set-top boxes	1 789	**(83)**	**164**	**1 870**	5	9
Technology contracts and licensing	1 849	**(144)**	**(161)**	**1 544**	(16)	(9)
Other revenue	2 241	**(12)**	**264**	**2 493**	11	12
Operating expenses	43 120	**(1 865)**	**3 488**	**44 743**	4	8
Content	17 951	**(749)**	**2 275**	**19 477**	9	13
Set-top box purchases	5 165	**(224)**	**809**	**5 750**	11	16
Staff costs	5 911	**(278)**	**126**	**5 759**	(3)	2
Sales and marketing	2 351	**(82)**	**366**	**2 635**	12	16
Transponder costs	2 623	**(114)**	**(113)**	**2 396**	(9)	(4)
Other	9 119	**(418)**	**25**	**8 726**	(4)	–

[1] *Subscription fees presented above includes losses of ZAR163m (FY21: gains of ZAR72m) related to fair-value movements on Nigeria futures contracts.*

EXECUTIVE REVIEW CONTINUED

MCG continued its strategic shift of differentiation through local content. The investment in local content was stepped up to produce 6 028 additional hours, representing growth of 32% YoY and accounting for 47% of total general entertainment content spend. As a result, the total local content library is now approaching 70 000 hours.

The group paid direct cash taxes of ZAR3.6bn and remains one of the largest taxpayers in Africa. The amount was lower than the prior year due to a lower third top-up tax payment and reduced profitability in South Africa.

On 29 October 2021, the group increased its shareholding in KingMakers from 20% to 49.23%. USD300m of the transaction was economically hedged at an all-in rate of ZAR:USD14.56, with the remaining USD12m settled out of the group's USD cash reserves. The transaction was primarily funded by a ZAR4bn term loan concluded in November 2021. Product and market expansion plans are fully funded through the MCG investment and KingMakers had USD203m (ZAR3.0bn) of cash available at 31 December 2021.

The strength of the MCG balance sheet remains a core focus in supporting new investment opportunities and providing short-term funding for the Rest of Africa. Some ZAR8.1bn in net assets, including ZAR6.2bn in cash and cash equivalents, combined with ZAR5.0bn in available facilities, provide ZAR11.2bn in financial flexibility to fund the group's operations. This strong financial position is after ZAR4bn was utilised to settle the MCG and Phuthuma Nathi (PN) dividends in September and an early ZAR0.5bn repayment of the KingMakers term loan in March to reduce the impact of non-deductible interest costs in future years.

The group operates in numerous markets across Africa and internationally, resulting in significant exposure to foreign exchange volatility. This can have a notable impact on reported revenue and trading profit metrics, particularly in the Rest of Africa where revenues are earned in local currencies while the cost base is largely US dollar denominated. Where relevant in this short-form announcement, amounts and percentages have been adjusted for the effects of foreign currency, as well as acquisitions and disposals to better reflect underlying trends. These adjustments (non-IFRS performance measures) are quoted in brackets as organic, after the equivalent metrics reported under IFRS. These non-IFRS performance measures constitute pro forma financial information in terms of the JSE Limited Listings Requirements.

The company's external auditor has not reviewed or reported on forecasts included in this short-form announcement.

DIRECTORATE

Mr SJZ Pacak retired as an independent non-executive director with effect from 1 April 2021.

Mr JH du Preez was appointed as an independent non-executive director with effect from 1 April 2021.

Mr JA Mabuza, the group's lead independent director, sadly passed away on 16 June 2021.

Mr JJ Volkwyn was appointed as the lead independent director with effect from 1 July 2021.

Mr FLN Letele retired as a non-executive director with effect from 1 December 2021.

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

DIVIDEND DECLARATION

The board has declared a gross dividend of ZAR2.5bn or 565 SA cents per listed ordinary share for FY22. This dividend declaration is subject to approval of the MultiChoice South Africa Holdings Proprietary Limited (MCSAH) dividend at its annual general meeting on Wednesday, 24 August 2022. The finalisation date for the dividend declaration by the company will be Thursday, 25 August 2022. Subject to the aforementioned MCSAH approval, dividends will be payable to the company's shareholders recorded in the register on the record date, being Friday, 9 September 2022. The last date to trade cum dividend will be on Tuesday, 6 September 2022 (shares trade ex-dividend from Wednesday, 7 September 2022). Share certificates may not be dematerialised or re-materialised between Wednesday, 7 September 2022 and Friday, 9 September 2022, both dates inclusive. The dividend payment date will be Monday, 12 September 2022. The dividend will be declared from income. It will be subject to the dividend tax rate of 20%, yielding a net dividend of 452 SA cents per listed ordinary share to those shareholders not exempt from paying dividend tax. Dividend tax will be 113 SA cents per listed ordinary share. The issued ordinary share capital as at 9 June 2022 was 442.5m ordinary shares (including 17.0m shares held in treasury). The company's income tax reference number is 9485006192.

PREPARATION OF THE SHORT-FORM ANNOUNCEMENT

The preparation of the short-form announcement was supervised by the group's chief financial officer, Tim Jacobs CA(SA). These results were made public on 9 June 2022.

ADR PROGRAMME

Bank of New York Mellon maintains a Global BuyDIRECT℠ plan for MultiChoice Group Limited. For additional information, visit Bank of New York Mellon's website at www.globalbuydirect.com or call Shareholder Relations at 1-888-BNY-ADRS or 1-800-345-1612 or write to: Bank of New York Mellon, Shareholder Relations Department – Global BuyDIRECT, 462 South 4th Street, Suite 1600, Louisville, KY 40202, United States of America, (PO Box 505000, Louisville, KY 40233-5000)

IMPORTANT INFORMATION

This short-form announcement contains forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as "believe", anticipate", "intend", "seek", "will", "plan", "could", "may", "endeavour" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and should be considered in light of various important factors. While these forward-looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. The key factors that could cause our actual results performance, or achievements to differ materially from those in the forward-looking statements include, among others, changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; ongoing and future acquisitions, changes to domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political conditions; the occurrence of labour disruptions and industrial action and the effects of both current and future litigation. We are not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements contained in this short-form announcement, whether as a result of new information, future events or otherwise. We cannot give any assurance that forward-looking statements will prove to be correct and investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

FURTHER INFORMATION

This short-form announcement is the responsibility of the directors and is only a summary of the information contained in the full summary consolidated financial statements. The full summary consolidated financial statements were released on SENS on 9 June 2022 and can be viewed on the company's website www.investors.multichoice.com/annual-results. Copies of the full summary consolidated financial statements may also be inspected at the company's registered office and at the offices of the company's sponsor, at no charge, during office hours. Copies of the full summary consolidated financial statements may be requested by contacting the company secretary at cosec@multichoice.co.za. Any investment decision should be based on the full audited consolidated financial statements, as well as the full summary consolidated annual financial statements which are available at https://senspdf.jse.co.za/documents/2022/JSE/ISSE/MCGE/9Jun22FY.pdf published on SENS and on the company's website. The information in this short-form announcement has been extracted from the audited consolidated annual financial statements on our website, but the announcement itself has not been audited. The full audited consolidated annual financial statements, including the audit opinion of the external auditor, PricewaterhouseCoopers Inc., which sets out key audit matters and the basis for its unmodified opinion is available at: www.investors.multichoice.com/annual-results.

On behalf of the board

Imtiaz Patel
Chair

Calvo Mawela
Chief executive officer

Johannesburg
9 June 2022

DIRECTORATE

Independent non-executive directors	Non-executive directors	Executive directors
JJ Volkwyn (Lead independent director) JH du Preez E Masilela KD Moroka CM Sabwa FA Sanusi L Stephens	MI Patel (Chair)	CP Mawela (CEO) TN Jacobs (CFO)

Registered office: MultiChoice City, 144 Bram Fischer Drive, Randburg, 2194, South Africa. PO Box 1502, Randburg, 2125

Transfer secretaries: Singular Systems Proprietary Limited, Registration number 2002/001492/07, 25 Scott Street, Waverley, 2090, South Africa. PO Box 1266, Bramley, 2018, South Africa.

Sponsor: Rand Merchant Bank (a division of FirstRand Bank Limited)