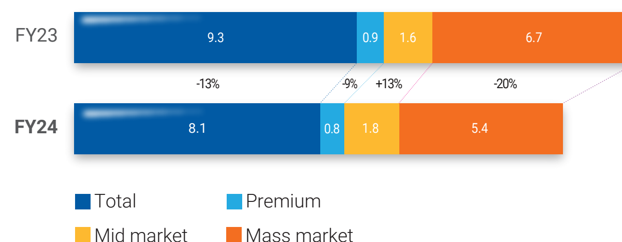
# Rest of Africa operations

**We operate in 49 markets across Africa. We aim to entertain and inspire with our growing slate of local language content and, this year, we added further dedicated local content channels in Mozambique, Uganda and Ethiopia.**

## Our contributions to the Rest of Africa

- 2 694 full-time employees (FY23: 3 042)
- ZAR4.4bn total tax contribution (ZAR5.1bn).
- Broadcasts across the continent in 45 languages

### Active subscribers (m)




## Our operating performance

During FY24, the Rest of Africa segment accounted for 35.1% (FY23: 38.3%) of group revenue as a result of currency depreciation. The Rest of Africa accounted for 51.5% (FY23: 53.7%) of our group active subscriber base at year-end.

While reported revenue declined by 13% YoY, we generated organic revenue growth of 10% YoY (FY23: 26% reported and 16% organic growth). The segment ended the year with 8.1m (FY23: 9.3m) active subscribers, down 13% YoY (FY23: up 10%) after the FIFA World Cup in the prior year and a significant deterioration in the macro-economic and consumer environment.

**8.1m active subscribers (FY23: 9.3m)**

The Rest of Africa segment faced the toughest macro-economic conditions of the last 10 years during FY24. Currencies were under significant pressure, contributing to a weighted loss of value in our market's currencies of 32% YoY. Most notably, the weakening of the Nigerian naira, saw the average official exchange rate devalue by over 100% YoY, thereby almost halving the value of US dollar revenue derived from the Nigerian business. Many other markets also saw significant depreciation: Angola (70%), Malawi (32%), Zambia (20%) and Kenya (17%). Inflation peaked at over 20% in six of our major markets (Angola, Ghana, Nigeria, Ethiopia, Malawi and Zimbabwe), resulting in immense pressure on customer spending power across most of our markets.

It is against this backdrop that management demonstrated an ability to react quickly to changing circumstances, by strategically pivoting and re-positioning the business to mitigate the macro challenges that it faced. Extraordinary measures were taken to reduce costs and protect revenues, necessitating a shift in focus away from subscriber growth towards improving profitability and cash flow.

A key component of this strategy was to dial back our investment in decoder subsidies, targeting lower sales volumes but resulting in better-quality new subscribers that will ultimately enhance our return on subsidy investment. This was achieved through various initiatives including: increased selling prices on set-top boxes, the unbundling of satellite dishes from decoders such that each item is sold as a separate unit, the unbundling of content (one month's "free" subscription) from decoders in markets such as Angola, Botswana, Namibia and Zambia, as well as the renegotiation of decoder prices with our suppliers. While this has further dampened subscriber growth, cost savings of over USD23m were delivered against the prior year (excluding YoY savings related to the FIFA World Cup).

We implemented earlier price increases than initially envisaged where possible (for example in Tanzania and Ghana), and additional price increases in some markets, including Nigeria where two increases were put through for a total of 39% for the year. We also brought a stronger upgrade focus to our customer value management activities, with the intention of improving product mix.

In terms of subscriber growth, the comparatives are challenging as they are elevated due to the FIFA World Cup and Nigeria election growth in Q4 of FY23. This, combined with the factors mentioned above (consumer pressure, lower subsidy investment and higher price increases) resulted in a 13% or 1.2m reduction in the active subscriber base YoY from 9.3m in FY23 to 8.1m in FY24.

A highlight of the year from a product standpoint was the launch of Supa+, a higher-tier bouquet on GOtv that includes football and targets the mid-market consumer. This provides a further upgrade path to GOtv subscribers, thereby improving ARPU. In addition, we have now launched DStv Stream across all markets and are actively engaging fixed broadband telcos to cross-sell to their customers, as well as selling the product direct-to-consumer. The stream product has the benefit of not requiring decoder subsidies, however, the potential market is generally limited to connected homes. We have seen good uptake so far, particularly in the Premium segment, and in markets such as Mauritius where established partnerships are already in place. We also launched GOtv Stream, as a supplement to existing GOtv subscriber viewing as opposed to a stand-alone product at this stage.

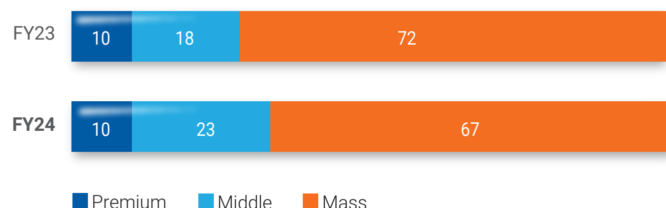
# Rest of Africa operations continued

These initiatives contributed to an improved subscriber mix YoY, with the Premium and middle tiers comprising 10% and 23% of the overall active subscriber base, up from the FY23 levels of 10% and 18% respectively. In terms of absolute numbers, the premium tier declined 9% (FY23: 5% decline), while the mid-market is up 13% (FY23: 20% growth). The mass market is most affected by the negative macro conditions and higher price increases and closed the year 20% down YoY (FY23: 10% up).

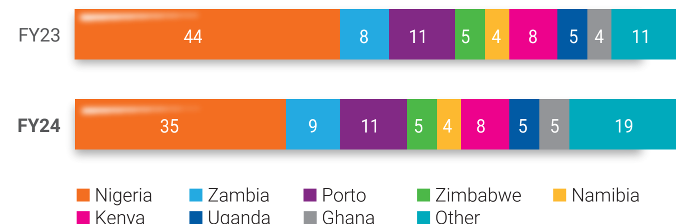
## ZAR173 active ARPU (FY23: ZAR192)

The better subscriber mix and benefit of price increases resulted in a 13% organic improvement in active ARPU YoY. However, this was not sufficient to offset the severe currency impact on overall revenue performance and reported active ARPU, which declined 10% YoY from ZAR192 in FY23 to ZAR173 in FY24.

**Subscription mix**
(% contribution to Rest of Africa subscription revenue)




**Subscription revenue by country**
(% contribution to Rest of Africa subscription revenue)




The Nigerian economy and consumers have faced immense challenges since the start of the year. Firstly, the removal of fuel subsidies in May drove increases in the fuel price of over 200% and a decrease in fuel consumption of 28%, resulting in a significant downturn in economic activity on the ground. Following that, the Nigerian naira began depreciating in June 2023, from May levels of NGN462 (official rate) to year end rates of NGN1308 after peaking at NGN1618 during the year (71% depreciation over a 12 month period). Inflation climbed to ~30% YoY. Furthermore, the country is seeing a significant uptick in emigration of the middle and upper class to first-world countries, which directly impacts our subscriber base and especially the Premium and mid-market segments. These factors, combined with two price increases during the year weighed on subscriber growth which declined by 18% YoY (FY23: 13% growth).

While initiatives to improve revenue benefited the Nigerian business organically, the erosion of US dollar revenue from the naira depreciation has resulted in Nigeria's contribution to total Rest of Africa revenue declining from 44% to 35%. While this diversifies country risk somewhat going forward, it has impacted current year revenue performance of the group.

Despite attempts to merge the parallel and official exchange rates in Nigeria, the US dollar liquidity situation remained strained throughout the year. While we were able to pay invoices to the equivalent of 20% more naira than the prior year, this translated to USD184m in cash remittances versus USD235m in FY23, given an increasingly punitive remittance rate (at year-end, the group had USD39m in cash in Nigeria, down from USD104m at end FY23). A key success of the year was the settlement of a long-standing tax matter with the Nigerian tax authorities, which has resulted in the clearing of all claims against the business.

Our Eastern Region markets remain highly competitive, particularly at the lower end in DTT where subscribers are feeling the most pronounced economic pressure. Given the macro challenges mentioned, the region as a whole declined by 7% YoY (FY23: 3% growth) in terms of active subscribers. Our agency and franchise markets, as well as Ethiopia delivered a strong active subscriber performance, with Ethiopia achieving 25% growth (FY23: 78% growth).

Our Ethiopian business remains an area of investment and growth, and we continue to look for opportunities to grow the business. As mentioned, the Kenyan shilling was under significant pressure this year, weakening by 21% to January. It however recovered in February and March to opening year levels. To partially mitigate some of the revenue erosion, a second price increase of 5% was implemented in Kenya mid-way through the year, bringing the total increase for the year to 14%.

## Rest of Africa operations continued

Our Porto markets followed a similar trend to the Eastern region, with active subscribers declining by 8% (FY23: grew by 7%). The Angolan kwanza was under significant pressure this year, with the average annual rate devaluing by 70% YoY while in contrast pricing remained static. as the regulator rejected our price increase application. During the second half of year, we successfully launched the Familia Mais (Family Plus) bouquet in Angola at a price point between Family and Compact, with a view to driving upgrades from Familia and ARPU uplift. Already, this bouquet constitutes 10% of the Angola active subscriber base, with ~90% of subscribers on this bouquet having upgraded from lower packages. In Mozambique, we launched a new local content channel, Maningue Kool, a tiered down version of Maningue Magic, aimed at being a flagship channel for the mass-market bouquets.

The Southern region showed a 10% decline in active subscribers (FY23: 6%). Zimbabwe was the stand-out performer, growing the active base by 27% YoY (FY23: 12% decline), fuelled by an uptick in subscribers off the back of the national elections in August as well as improved electricity supply. Mauritius also saw strong growth driven by the DStv Stream product launch. Zambia began the year strong, benefitting from some strong local content such as the Zambia Legends football game. However, high inflation, power shortages, delays in salary payments to government employees and a significant 20% weakening of the Zambian kwacha impacted year-end subscriber performance, which was down 20% YoY (FY23: 19% up). Both Zambia and Namibia implemented additional price increases mid-way through the year.

We continue driving our local content strategy as we strive to reach the optimal level of international vs. locally sourced spend for the business. In light of the current macro-economic conditions, we have revisited our content slate and removed those that are not performing, in favour of programming that clearly adds significant value.

From a systems perspective, we have completed the roll-out of a new Field Sales and Service module. This has underpinned our ability to unbundle content from decoders, with associated savings due to lower discounts offered. Going forward, we expect this module to support improved productivity of our sales and field services teams, more automation, better customer tracking and experience, as well as more flexibility in product offerings to sales channels. We have also enhanced our DStv Business (B2B) platform, to enable better quote and sales pipeline management and enhanced customer visibility and management. We plan to leverage off this enhanced functionality to improve customer conversion rates and hence growth in the DStv Business segment.

### 75% digital interactions (FY23: 79%)

Our digital experience aims to cater to a wide range of preferences by providing immersive entertainment journeys and a preferred payment landscape for its users. With our website live in 42 markets, Apps in 47, WhatsApp Self Service across 12 markets and our USSD service in 13 markets, digital adoption across MultiChoice Africa is currently around 75%. With user-friendly interfaces and personalized recommendations, it provides a seamless and convenient way for viewers to access their favourite content and pay from the comfort of their home. This year, we rolled out our unified self-service experience to all markets, which combined the Rest of Africa's and South Africa's self-service platforms into a single, scalable ecosystem on new, improved technology. We are also continuing to improve our payment ecosystem through a channel strategy that includes an increased vendor footprint, reduced vendor system integration, and fewer customer failures. Our efforts are focused on providing the lowest cost of service, which includes lowering fees and commissions.

Our extensive third-party payment network now covers integrations with 170 vendors across 40 countries including large retailers, fintech players, MNOs and banks and despite currency weakness against the US Dollar, we collected USD130m on our self-service platforms over the course of the year (FY23: USD143m). The business as a whole achieved its customer satisfaction rating targets of 75% (against a target of 75%) for DStv and 72% (against a target of 70%) for GOtv.