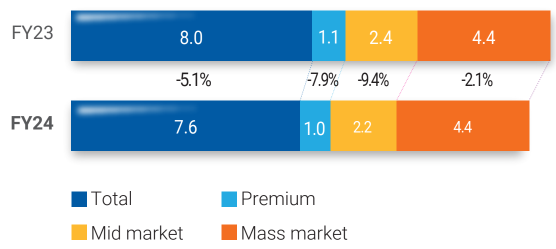
# South Africa operations

**MultiChoice South Africa, a level 1 BBBEE company, is the largest investor in the South African broadcast industry. This includes significant investments in local sport and general entertainment content, enterprise development, employees and downstream value chains such as our distribution and installation footprint. The business is also proud of its immensely successful Phuthuma Nathi empowerment scheme, which supports the financial needs of over 75 000 South Africans.**

### Our contributions to South Africa

- 3 700 fulltime employees (FY23: 3 644)
- ZAR5.4bn in total tax contribution (FY23: ZAR5.7bn)
- 75 175 PN shareholders
- PN gross dividend – ZAR20.37 per share (FY23: ZAR20.37 per share)

### Active subscribers (m)




## Our operating performance

The South Africa segment accounted for 60.0% (FY23: 59.2%) of group revenues in FY24 and 48.5% (FY23: 46.3%) of our group active subscriber base at year-end.

**7.6m Active subscribers (FY23: 8.0m)**

The South African economy continues to endure severe economic pressure, including a consumer under significant financial distress from the sharp rise in the cost of living and high levels of indebtedness taking its toll due to elevated interest rates . The impact of consistent loadshedding creates an environment where customers are reluctant to reconnect due to uncertainty of whether they will be able to access the group's products. This translated into an overall drop in viewership, subscriber activity and subscriber numbers.

The group's active subs base declined from 8.0m to 7.6m, while the 90-day active base reduced from 9.3m to 8.6m. This reduction included the removal of non-paying customers from the base which impacted the active base by 0.1m and the 90-day active base by 0.4m, with the free subscriptions in the opening base only ever intended as a temporary support to our most at-risk subscribers when loadshedding ramped up towards the end of FY23. The management team continued to drive operational efficiencies to protect margins and removed a further R1.0bn in costs from the business during FY24.

Our Premium tier decreased by a further 8% YoY (excluding the removal of non-paying customers) in FY24. However, we are seeing a further deceleration in subscriber losses in this segment, which is indicative of both our focused retention efforts, and a trend towards a core segment of households who are less price sensitive.

Our mid-market tier declined by 9% YoY (excluding the removal of non-paying customers) as our Compact base is most exposed to the current challenges in the macro-economic environment. On top of loadshedding challenges, our mid-market customers are most impacted by rising inflation (notably energy and food costs), high interest rates, and elevated unemployment. Our Compact highlight for the year was the release of the largest South African production in history, Shaka Ilembe, which attracted record viewership on Mzansi Magic.

The mass market tier declined by 1% (excluding the removal of non-paying customers) despite a 7.5% price increase for the Access bouquet at the beginning of the year. Our Access customers are the most affected by loadshedding, as they have the least access to back-up power solutions. The cross-selling of the new Showmax general entertainment and sport offerings into the Access base will be a focus area for the year ahead.

# South Africa operations continued

## 210% growth in DStv Stream

We relaunched DStv Stream with a new brand look and feel in August 2023 ahead of the Rugby World Cup. This included several product feature enhancements to simplify the navigation and user interface, as well as improved platform stability and content discovery. The DStv Stream offering provides customers a seamless sign-up journey, which does not require a set-top box or installation and can provide access to their favourite content in less than five minutes. This is particularly attractive to younger customers as well as customers with high-speed internet access. DStv Stream has delivered 210% growth this year, and although off a small base, we see a strong opportunity to scale this in the future.

## ZAR281 active ARPU (FY23: ZAR281)

The ongoing shift in subscriber mix, with growth in the base predominantly driven by our Access package at a R129 price point in FY24, was offset by our annual price increases and resulted in blended ARPU remaining mostly in line with the prior year at ZAR281 in FY24. This trend in ARPU was also supported by the focus on paying customers and customer activity as well as the benefit from DStv Stream which skews towards a better Premium subscriber mix.

The business continues to implement upgrade strategies such as open periods and access to sports events to help customers discover entertainment that they might enjoy on higher packages. The focus on subscription contracts which improve customer activity was evident with the contract customer base increasing 6% in FY24

## Internet revenues up 160%, and profitable

A core focus area in South Africa this year was the doubling down on the DStv Internet opportunity. DStv Internet provides the cheapest internet solution in South Africa when bundled with a DStv bouquet and is proving hugely popular with customers. Investments into people, distribution and product stability have resulted in strong 90% growth in the DStv Internet base this year. The business is both profitable and cash flow positive and is a key focus area for accelerated growth in the next financial year.

## Insurance grew by 19% (FY23: 19%)

Our insurance business grew its customer base by 19% YoY in FY24 (FY23: 19%). Our current product set includes device and life products (subscription waiver, funeral and debt waiver) which are showing excellent growth. We have introduced new product options including a device care plan which was launched in December 2023. This provides our customers with a comprehensive maintenance plan for their decoder environment, including the cost of moving home and a free decoder upgrade after three years claims free. The positive growth in policies led to 35% increase in gross written premiums. This growth was mainly driven by life products which grew by 112% YoY, while our more mature device insurance business was flat YoY. Post year-end, MultiChoice Group (including its subsidiaries), entered into an agreement with Sanlam Life to sell a 60% shareholding in the group's insurance business, NMS Insurance Services (SA) Ltd, and enter into a long-term co-operation agreement to target the significant opportunity in the African retail insurance market.

## Customer service remains a core focus

We strive to improve customer experience across the value chain by connecting customers to the entertainment they love, every day. A core focus in the current year was creating a simpler payments experience through migrating more customer payments to digital platforms. This was associated with improved partnerships including strong progress made with Moment, which now processes 38% of all group payments in South Africa. Digital payments grew by 49% YoY, and our self-service channels overall account for 72% (FY23: 75%) of all customer interactions, reducing the need for in-person contact.

The impact of the above payments improvements, better customer care metrics and a strong content slate including Shaka and the Rugby World Cup, resulted in an overall increase in customer satisfaction scores in South Africa to 79% (FY23: 78%).