Our strategic priorities

Our ambition is to create value for our shareholders on a sustainable basis by leveraging our existing platform to create a broader ecosystem of consumer services. We plan to do this by maintaining a leadership position in our traditional video business, and by capturing the nascent African SVOD opportunity with our global streaming partner. We also aim to support investee companies, KingMakers (sports betting) and Moment (fintech), on their development paths and will consider further targeted investments or strategic partnerships over time.

Lead in content aggregation and differentiate in local and sports content

In an evolving video entertainment industry, a differentiated content strategy is key to success. Our strength lies in our local content expertise, the appeal of our sports offering, our ability to source suitable international general entertainment content and our ability to aggregate and connect our viewers to a full-service video entertainment offering.

Our significant investment in local content sets us apart from international competitors, especially as African viewers love to see content in their own languages, with local actors and stories that resonate culturally. The return on our investment in local content remains favourable at scale and is further enhanced by the fact that, unlike international content, it does not carry currency risk. As we own this content, it also allows us greater control and flexibility in how we leverage this content across our packages, services and platforms.

The quality of our sports offering is well recognised. We remain committed to providing our customers with access to the best and most exciting local and global sports events, while at the same time carefully managing the cost of acquiring sports broadcasting rights to ensure suitable returns. We are the largest funder of sport on the African continent and support the sporting ecosystem from grassroots up. Our local production capability is unmatched and is globally recognised by peers and sports bodies for its professional expertise and quality.

We also ensure that our subscribers enjoy a compelling international general entertainment content offering through licensed series, films and channels, and through access to third-party streaming services on our connected devices.

A fundamental shift in the video entertainment industry has created new ways for us to engage with our customers as they opt for a portfolio of entertainment options. Aggregators like us are best placed to provide a single, seamless customer interface to an entertainment platform of choice in the home.

How we performed in FY24

- Produced and aired our ground-breaking original production, *Shaka Ilembe*
- Broadcast the 2023 Rugby World Cup, 2023 Cricket World Cup and 2023 Women's FIFA World Cup
- Were host broadcasters for the successful 2023 Netball World Cup with a world first all female production crew
- Launched three new proprietary local language channels
- Produced 6 502 hours of local content, down 1% YoY
- Grew local content library by 12% YoY, to 84 871 hours
- Broadcast 34 490 live sports events (+39% YoY) and 992 own live productions (-7% YoY)
- SuperSport Schools delivered 49 883 hours of live school sports (+47% YoY)
- We renewed selected sports broadcasting rights available for renewal this year, including UEFA Champions League, La Liga, SA Rugby, the men's and women's IPL, Tour De France, World Athletics Championships, ICC Cricket tournaments and Indian cricket, the PGA Tour and Open Championship Gold, the US Open tennis and the UFC
- We renewed several studio deals during the year, including NBCUniversal, Paramount, Disney, Amazon MGM, Warner Bros Discovery and HBO, and the BBC

Looking ahead

- Optimise the balance between increased local content production hours and impactful and quality content
- Renew relevant sports and general entertainment broadcasting rights on an ongoing basis at an acceptable cost

Our strategic priorities continued

Drive growth and support retention and activity rates in our linear business

Growing and maintaining a vibrant subscriber base remains key to our long-term success as a group, even if short-term macro-economic headwinds negatively impact our momentum, as was the case in FY24. Our linear pay-TV base forms the foundation for our broader set of strategic priorities and sub-Saharan Africa offers a large addressable market for our portfolio of products and services given growing disposable income levels on the back of a growing working-age population, urbanisation, and improving access to electricity, mobile connectivity, smart connected devices, and financial services. Our aim is to capture opportunities through strategic innovation, partnerships and investments in order to sustain growth and support customer activity levels, retention and loyalty.

Our South African subscriber base reflects unique characteristics across the various packaged tiers, requiring us to cater differently for our subscribers' specific requirements and circumstances. Given South Africa's current economic and loadshedding challenges, we are particularly focused on retention in our largest market, while some growth opportunities still remains to be explored in the mass market as and when market conditions improve.

In the Rest of Africa, scaling our customer base and implementing inflationary-linked pricing remain an essential element of the segment's path to self-sustaining cash generation. This is also critically important in driving operating leverage into a largely fixed-cost base to offsetting currency headwinds. Our Rest of Africa markets remain underpenetrated and supportive of sustained growth outside of periodic short-term macro-economic and currency-led market challenges.

How we performed in FY24

- Coming off a high-growth FIFA World Cup year, subscriber growth came under pressure this year due to the extremely challenging macro-economic environment and negative impact of specific regional issues, such as the removal of fuel subsidy in Nigeria, loadshedding in South Africa and rising interest and inflation rates on consumers. The total active customers from 17.3m to 15.7m.
- We were able to grow our DStv Stream base by 210% YoY, with over 77 000 customers enjoying our Extra Stream offering at year-end. Our DStv Stream offering was expanded into the Rest of Africa and is now available in 13 markets).
- We launched GOtv Stream as a value-added service to existing GOtv subscribers.
- We grew our DStv Play subscription revenues by 6% on the back of a targeted restructuring of the value proposition and pricing of our packages.
- We launched GOtv Supa+ to provide a broader selection of content to DTT subscribers, resulting in higher ARPUs.
- We launched Family+ in Angola in the mass market.

Looking ahead

- Protect our subscriber base despite a challenging consumer environment
- Drive the uptake of our DStv Stream service and bundles with our connected devices and FLTE internet offerings
- Enhance our overall consumer value proposition through customer value management to support our retention and activity efforts
- Continue to develop entertainment and consumer services that complement and support our core video offering to support customer acquisition, churn, activity rates and ARPUs

Leverage SVOD capabilities to accelerate adoption

Our track record reflects our ability to pursue innovation and adopt new technologies with the aim of catering for our customers' ever-evolving needs. Although there have historically been challenges around broadband access and affordability in our markets, customer behaviour is increasingly moving online. We believe that we are approaching an inflection point in broadband availability and affordability, which will support an acceleration in streaming service adoption. As such, it is critical that we position our business ahead of the growth curve and anticipated increase in competition.

By joining forces with Comcast to relaunch our Showmax offering, we are looking to build on our historic streaming success and accelerate the uptake of our SVOD service by leveraging our local content and execution capabilities, as well as the Comcast group's international content and scaled technology capabilities. We are aiming to become the leading streaming service on the continent as the market opportunity scales by:
- Further differentiating and strengthening our content line-up, particularly in local content, sport and through one of the leading global content portfolios
- Continuing to improve the UI, UX and scalability of our service, by leveraging the best technical features of Peacock and Showmax

We are mindful of the global commentary and debate around streaming models as we exit a decade of cheap money and a 'growth at any cost' mindset. With the benefit of a long-term view and hindsight from observing the experience of our global peers, we are working with our partners to develop and execute a streaming strategy that does not pursue scale at the expense of sustainable economics and appropriate returns on investment.

Streaming is quickly becoming a consumer preference in developed markets and, notwithstanding necessary refinements to the business model, the world is not going to walk back from this technology-enabled evolution in video. Our objective, then, is to become the streaming service of choice for all Africans as part of our broader set of video services that cater to the needs of all our consumers.

How we performed in FY24

- We finalised our joint venture with the Comcast group to create the leading SVOD service for the African continent and successfully relaunched Showmax with its refreshed branding and new technology platform.
- We delivered 59 Showmax Originals, up from 48 in FY23.

Looking ahead

- Add new payment options and technical enablement as we roll out our localisation strategy to new markets in FY25
- Further invest in Showmax Originals
- Accelerate our customer growth in both our general entertainment and football products

Our strategic priorities continued

Enhance our ecosystem of scalable, tech-based consumer services

To complement our existing Video Entertainment business, we are looking to develop future revenue streams by investing in opportunities that are consumer-focused, leverage our scale and local advantages, and are underpinned by scalable technology. We are well positioned to develop and support a compelling ecosystem of consumer services in sub-Saharan Africa given: our scale and distribution capabilities; our reach of over 21m households across 50 countries; our proven track record of delivering video entertainment services over nearly 40 years; our investment in enduring relationships with customers and suppliers; our ability to manage in-country regulatory, language and cultural nuances; and our unrivalled payment collection capabilities.

We have already invested in select areas with high growth potential such as KingMakers (interactive entertainment and sports betting) and Moment (fintech and payments), opting for strategic partnerships in market segments outside of our core competencies. In addition, we concluded value-enhancing partnerships such as our broadband service provisioning through DStv Internet and will continue looking for more opportunities that fit our investment/capital allocation criteria to further expand our ecosystem, add value to our customers' lives and create shareholder value.

How we performed in FY24

- Assisted KingMakers in successfully launching SuperSportBet in South Africa
- Worked with Moment to support the Showmax launch, supporting payments across 44 markets, while the business also started onboarding MultiChoice's payment volumes and integrating its payment partners, processing more than 20% of MultiChoice Group's payments by year-end
- Supported Moment's Seed+ funding round through an USD8m investment, at a USD82m post-money valuation. Launched a new DStv Insurance product called our Decoder Care Plan to provide a convenient and comprehensive cover policy for discerning customers
- We grew our DStv Insurance active policies and revenues by 19% and 35% respectively
- We grew our DStv Internet active customer base and revenues by 90% and 160% respectively

Looking ahead

- Help KingMakers driver scale into the SuperSportBet business in South Africa
- Work with Moment team to onboard additional payment volumes and integrations to drive scale into the business
- Drive further growth in our DStv Insurance business, notably through our recently announced partnership with Sanlam to step change the growth trajectory of NMSIS
- Step up our ambition in DStv Internet

Maintain operational excellence and sustain cost reduction

Our aim is to deliver positive operating leverage through time – keeping the organic growth in our cost base below the organic growth in revenue, thereby supporting group margins and free cash flow generation. We continuously strive for operational excellence and optimising cost efficiencies across our business. From time to time, this may require some upfront investment as we redesign certain critical systems to support our future business requirements and customer needs. We are also scaling our analytics and AI capabilities, focusing on improving customer experience, driving revenue, enhancing content discovery and reducing costs.

Our Technology business, Irdeto, is one of the leading companies globally in providing digital platform security, content protection applications and cybersecurity solutions for the media and entertainment industry, while our Advertising business, DStv Media Sales, is one of the leading advertising platforms and partners on the continent. Our aim is to drive revenue market share through our B2B platforms in order to enhance group revenues and supporting overall group margins and free cash flow generation.

How we performed in FY24

- Exceeded our cost savings target of ZAR0.8bn by delivering savings of ZAR1.9bn for the year
- Reduced set-top box subsidies by a further ZAR1.5bn YoY to support group margins and free cash flows in a challenging environment
- Delivered targeted South Africa trading margin within guidance of mid-twenties.
- Delivered a trading profit of ZAR1.3bn for our Rest of Africa business despite significant currency headwinds of ZAR4.3bn.
- Secured 2 tier-one customer wins in Media Security
- Embarked on restructuring of Irdeto's core Media Security business to improve profitability and cash flow
- Grew advertising revenues by 3% YoY on an organic basis

Looking ahead

- Materially increase cost reduction to support the maturing South African business through a challenging macro-economic period, offset material currency depreciation in the Rest of Africa and compensate for the Showmax investment cycle (ZAR2.0bn target for FY25)
- Evaluate additional savings opportunities as we approach our next transponder lease renewal cycle (Rest of Africa will be renewed before South Africa)
- Drive ongoing market share gains in Media Security, including development of more nascent market segments such as streaming and gaming
- Support South Africa advertising revenues while driving growth into Rest of African markets