South Africa operations

MultiChoice South Africa continues to be the **largest investor in local and sports content** in South Africa and plays a meaningful role in further developing the local film and production industry.

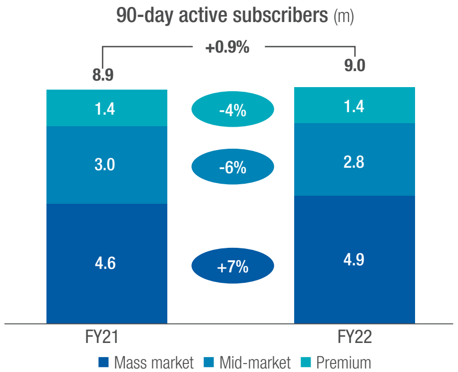
Our contributions to South Africa

3 620

fulltime employees (FY21: 3 683)

ZAR6.9bn

total tax contribution (FY21: ZAR7.2bn)



Our operating performance

In FY22, the South Africa segment accounted for 64.7% (FY21: 64.3%) of group revenues and 41.3% (FY21: 42.8%) of our group 90-day active subscriber base at year-end. The ongoing shift in the subscriber mix, with growth driven by our mass market base, as well as better price increases at the lower end resulted in ARPU declining by 3% from ZAR277 in the prior year to ZAR269.

9.0m

90-day active subscribers

The South African segment executed well operationally and delivered a satisfactory subscriber result in a challenging environment, with several macro-economic factors impacting the affordability of our services due to rising financial pressure on our customers. Notwithstanding these challenges, we were able to grow our 90-day active subscriber base by 0.1m subscribers and continued to add encouraging levels of new subscribers to the overall base. We crossed the closing 90-day active subscriber threshold of 9.0m (FY21: 8.9m) for the first time, which is testament to the ongoing attractiveness of our products. The continued focus on cost control remains critical and has been well executed to support overall profitability.

7% growth

in mass market segment

Our mass market segment continued to grow, up 7% YoY despite an average 4.2% price increase at the beginning of the year. Growth in the mass market supported overall subscriber performance, and we see further opportunity to increase penetration of this market segment while also upgrading these customers over time as their circumstances improve.

Our mid-market segment contracted by 6% YoY, with this segment particularly hard hit economically, on the back of lockdowns and stop-start economic activity, as well as record unemployment and rising inflation. However, this segment enjoyed the return of *Big Brother Mzansi* after seven years, which was well received given high engagement numbers together with pleasing levels of digital interest. We also continue to innovate in sport, launching the DStv Compact Cup Tournament, with the innovative format that involved fans in the team selection process proving popular. We aim to take this momentum into the new year with ongoing investment behind our strong local content and sports offering in the mid-market.

The return of live sport in conjunction with a renewed focus on the perceived value proposition of our top-end offerings improved Premium subscriber trends, with the segment decreasing by 4% YoY compared to a decline of 8% in FY21. The net effect of these differing subscriber trends is that a shift in subscriber mix towards the mass market continues to dilute our blended APRUs.

ZAR269 ARPU

(FY21: ZAR277)

However, we still see potential to sustain the economics of the business, especially in the context of our largely fixed-cost base in order to support operating leverage. In addition to mass market growth, we continue to focus on upgrade strategies such as open windows and preview episodes of seasons in order to help customers discover shows that they might enjoy on higher packages. We are also focusing on retention strategies such as our price lock contracts, where uptake doubled YoY. We are introducing new value-added services such as additional streaming partnerships that may appeal more to our Premium tier initially, and connectivity and home security services targeting our mid and mass market segments specifically.

In this regard, our flagship connected device, the Explora Ultra, saw further software improvements and continues to sell, while we continue to expand our third-party services on this platform with the introduction of YouTube during FY22 and Disney+ in FY23. In September 2022 we launched DStv Internet, an internet connectivity product, to assist our customers who are not serviced by neighbourhood fibre to get connected. We have seen positive uptake of the product so far with a strong ramp into the fourth quarter (albeit off a low base).

Our insurance business grew by 11% YoY (FY21: 11%), driven by an increase in our decoder insurance and newly introduced life products (subscription waiver, funeral cover and debt waiver) launched in FY21.

75%

digital self-service interactions

We strive to create digital customer experiences supported by the clear design principles of 'easy to join', 'great to stay' and 'watch your way'. These steps allow us to design and craft our customer journey to always be simple, convenient and accessible. Our CSAT scores improved YoY on the back of ongoing improvements to our customer experience journey, with an aggregate score of 78% in FY22, up from 77% in FY21. We also doubled our loyalty scheme, DStv Rewards, opt-in user base, with tangible benefits already observed for our subscriber dormancy rates.

Our customer care ambition is to continue to move away from analogue processes to digitally transformed ones, where we can fulfil all customer requirements with a digital and preferably self-service solution. We seek to tie our product to customer care and engagement in a truly integrated product set. Our WhatsApp, web and DStv app self-service platforms continue delivering a strong uptake, steadily substituting our traditional care channels with convenient customer preferred options. As evidence of this trend, we reached a 75% digital adoption rate for our critical customer engagement fields in FY22. Finally, we continued to drive digital payment adoption, with self-service digital payments increasing by 46% YoY.