MultiChoice Group – 1H FY20 Results

The leading video entertainment platform in Africa

MULTICHOICE
ENRICHING LIVES

DStv GOtv showmax irdeto

Important information/forward-looking statements

This report 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”, “endeavor” 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 judgments 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 report, 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.

Agenda

1 Overview

2 Operational update

3 Financial update

4 Outlook

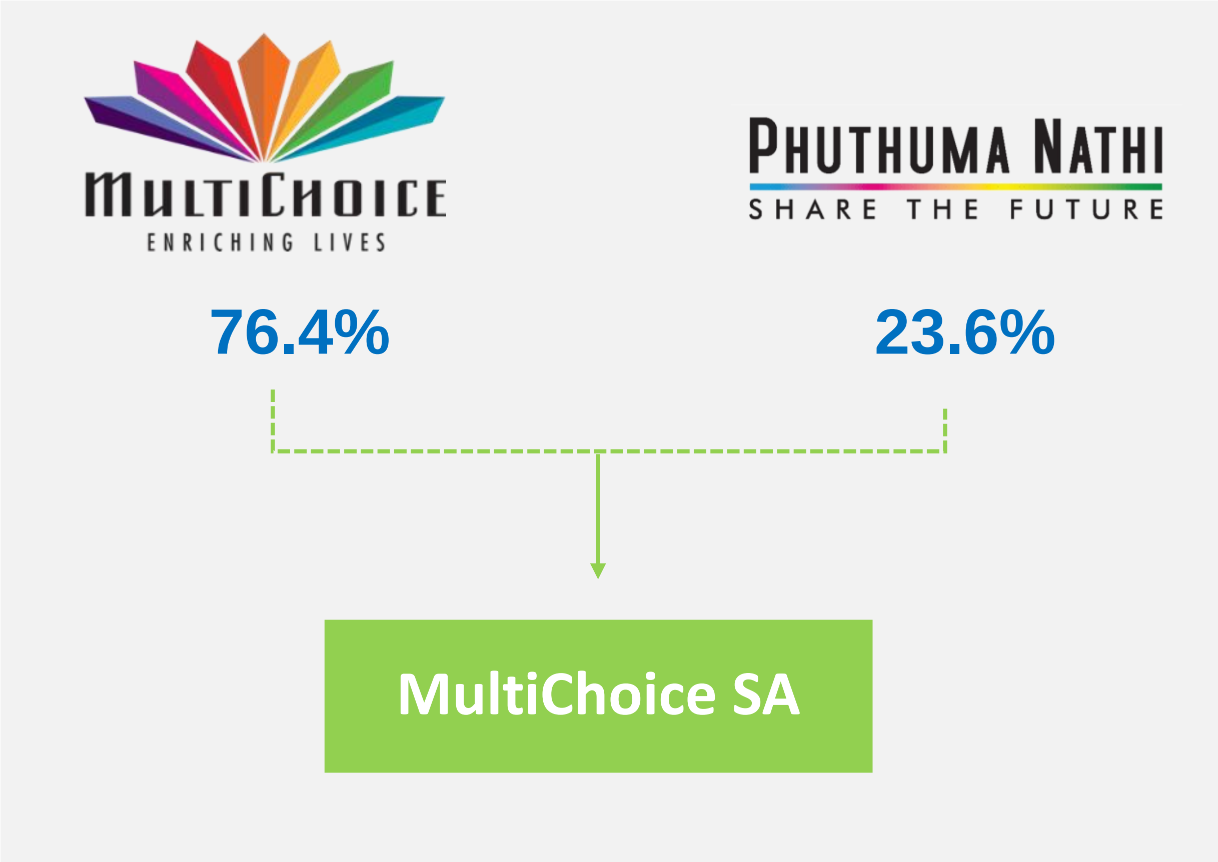
On track to deliver on FY20 commitments

FY20 Commitments	1H FY20 Highlights
Drive subscriber growth	Increased (90-day active) subscriber base by 1.2m YoY (7%) to 18.9m YTD growth affected by normal seasonality and some country-specific factors 48% YoY growth in monthly active Connected Video (OTT) users
Deliver solid financials	Revenue up 4% YoY to R25.7bn; Trading profit up 22% YoY to R4.8bn Core headline earnings up 24% YoY to R1.9bn (+37% excluding PN minority impact) Free cash flow up 32% to R2.4bn
Invest more in local content	Stepped up local content production hours by 12% YoY Local content spend accounted for 43% of total GE content spend Local content library increased by 5% YTD (now exceeds 54 000 hours)
Optimise cost base	Delivered further cost savings of R0.7bn Improved operating leverage (growth in costs < revenue growth) Reduced losses in RoA by R0.7bn (R1.2bn organic)
Other	Phuthuma Nathi flip-up transaction completed (MCG now owns 76.4% of MCSA) Commenced share buy-back programme (R0.8bn for 1H FY20) Remain on track to declare dividend of R2.5bn for FY20

Note: Refer to Glossary of terms page for explanation of acronyms

Completed PN flip-up transaction

Shareholding in MultiChoice SA (MCSA) after flip-up transaction



- Combined PN1 and PN2 into single PN entity
  - increased liquidity
  - cost savings
  - improved B-BBEE score
- 3.7m MCG shares issued to PN shareholders
- MCG's shareholding in MCSA increased marginally
  - 75% direct holding in MCSA (unchanged)
  - 1.4% indirect holding through PN
  - effective holding in MCSA now 76.4%
- No change to B-BBEE credentials (MCG Level 2, MCSA Level 1)
- Offer closed on 28 October 2019[1]

(1) Completion date for implementing scheme of arrangement to combine PN1 and PN2 into a single entity is 28 November 2019

Operational update

Ongoing investment in quality local and international content

Highlights over the past 6 months:

First local co-production

Launched sport on Showmax

Final season of Game of Thrones attracted record views

Compelling sports offering

Sports viewers benefit from AFCON and Rugby World Cup

Big Brother NAIJA

Record 240m votes cast for latest season

36% increase in Survivor SA ratings vs prior season

THE RIVER

Nominated for International Emmy for best telenovela, on-sold to FranceTV

Critically acclaimed international content

THE HERD

Winner of Seoul International Drama award 2019

New GE channels launched

PBS KIDS · discovery real time · NEWZROOM AFRIKA · HGTV

>54 000	**1 900**	**43%**
Total hours in content library	Hours of local content produced to date(1)	Local content as % of GE content spend(1)

SuperSport team invited to produce 20% of Rugby World Cup games in Japan

New WWE pop-up channel

(1) Content production subject to seasonality, therefore these numbers are not an accurate reflection of run rate for full year FY20

SA: Focus on growth, retention & efficiencies to support margins

Drive mass market growth

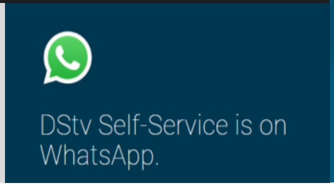
- Sustained growth in mass segment
  - net additions 315k[(1)] YTD
  - +9% HoH and +19% YoY
- Good traction in *Access* despite first price hike (+6%) since launch
- Healthy growth in *Family* bouquet (+28%) as strong content offset impact of higher pricing (+6%)
- Strengthened distribution channel by renewing agreement with PEP (STBs and payments)

Increase retention

- Showed all 48 Rugby World Cup matches on *Premium*
- Up-selling of *Compact* subscribers drove growth in *Compact Plus* and benefitted ARPU
- 3 new channels to be launched in November + retained A&E *Lifetime* and *History* channels at lower cost
- Increased number of *Explora* PVRs connected to the internet by 18% YoY, driving better customer experience and reduced churn

Maintain operational excellence

- Cost savings from recent launch of new HD decoder (30% lower cost) and prior year launch of *Explora* 3A PVR (15% lower cost)
- Improved operational efficiencies:
  - Discontinued *Select* and *Portuguesa* bouquets (<0.5% of the overall SA base)
  - Restructured customer care operations to a more flexible and cost-effective model

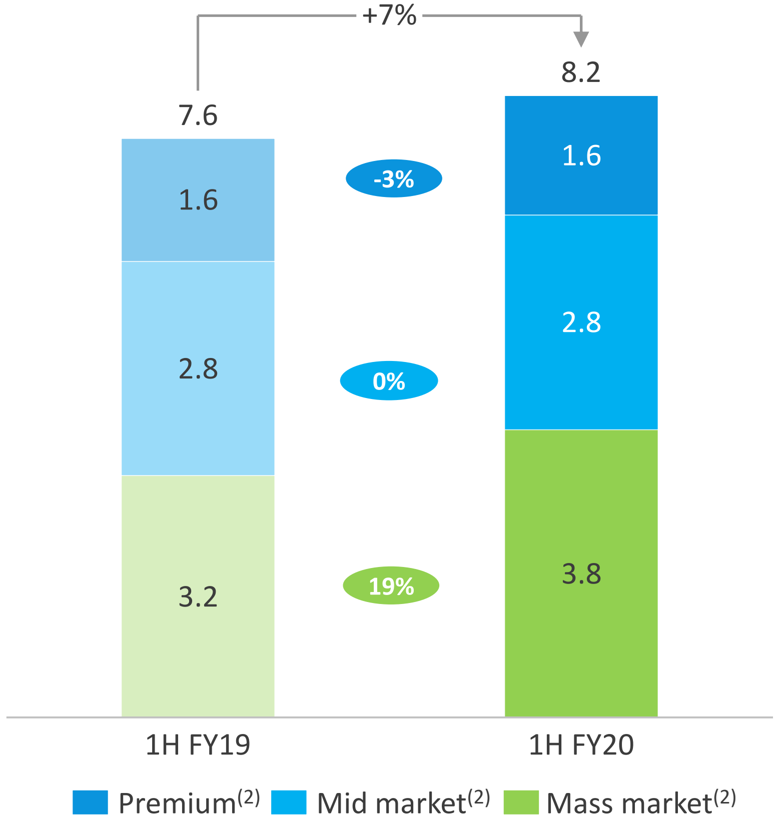


(1) Based on 90-day active subscribers, defined as all subscribers that have an active primary/principal subscription within the 90 day period on or before reporting date

SA: Premium decline slowing, ongoing mass market growth

Premium[2]
Mid market[2]
Mass market[2]

Subscriber base (m): 90-day active[1]

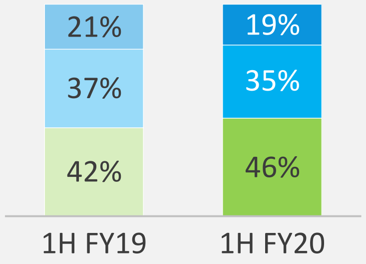


Key ARPU drivers

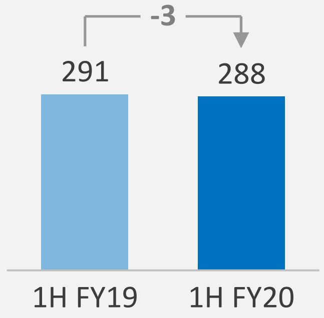
Price increases[3]

	FY18	FY19	FY20
Premium	4.2%	2.7%	0.3%
Mid	5.8%	5.5%	3.6%
Mass	0.9%	0.6%	5.2%

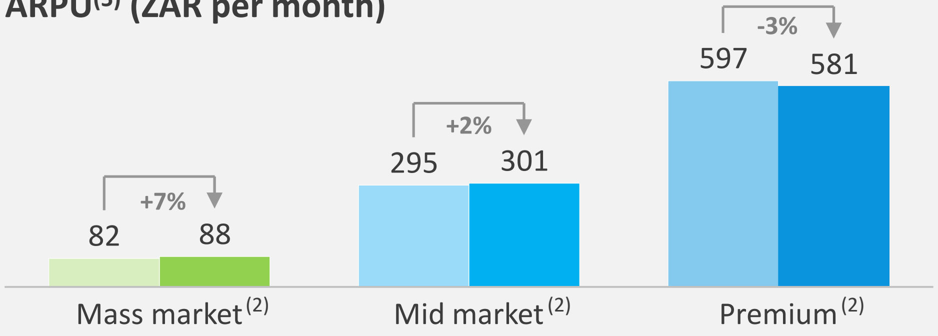
Subscriber mix

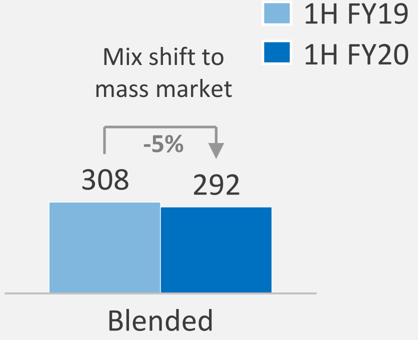


Active days[4]



ARPU[5] (ZAR per month)





(1) Defined as all subscribers that have an active primary/principal subscription within the 90 day period on or before reporting date. Note: our primary metric for reporting subscribers has changed effective 1 April 2019 from active at the reporting date to 90-day active
(2) Premium includes *Premium* and *Compact Plus* bouquets; mid market includes *Compact* and *Commercial* bouquets and mass market includes *Family*, *Access* and *Easyview* bouquets
(3) Price increases represent the weighted average increase per segment, based on the number of subscribers at the effective date of the increase (1 April of each year)
(4) Active days considers all subscribers that were active at any point in the last 12 months, and measures the average number of days that the subscribers were active in the period out of the total days they could potentially have been active
(5) ARPU calculated by dividing average monthly subscription fee revenue for the period by the average number of 90-day active subscribers at the beginning and at the end of the period

RoA: Focus on sales and local content to seize market opportunity

Drive mass market growth

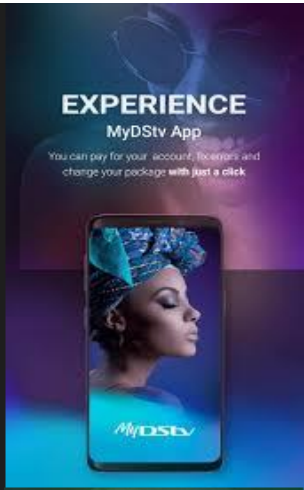
- New initiatives to target remaining 16m addressable market[1]:
  - Expanded points of presence in under-served locations (e.g. added 300 points-of-sale in Nigeria YTD)
  - Introduced sales automation tool to optimise sales performance
  - Adjusted commission structures to support improved customer retention and drive up-selling

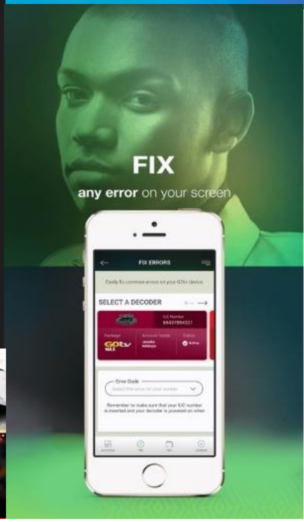
Increase local content investment

- Strengthened local offering by adding relevant free to air channels (FTAs) onto platform
- Signed first, exclusive local content payTV deal – *Clouds Plus* in Tanzania
- Launched new kids channel (*PBS Kids*)
- Leveraging existing content, e.g. popular SA drama *The River* currently being customised for Kenya

Other operational highlights

- New HD decoder ~30% cheaper
- Driving efficient customer services:
  - *MyDStv* and *MyGOtv* app now in 7 markets, >1m downloads
  - ongoing roll-out of Whatsapp self-service (now in 5 markets)
- Gained 20% more channel capacity through upgraded DTT head-end compression





(1) Based on 27m addressable market less 10.7m 90-day active subscribers

RoA: Macro challenges and country-specific issues impact overall growth

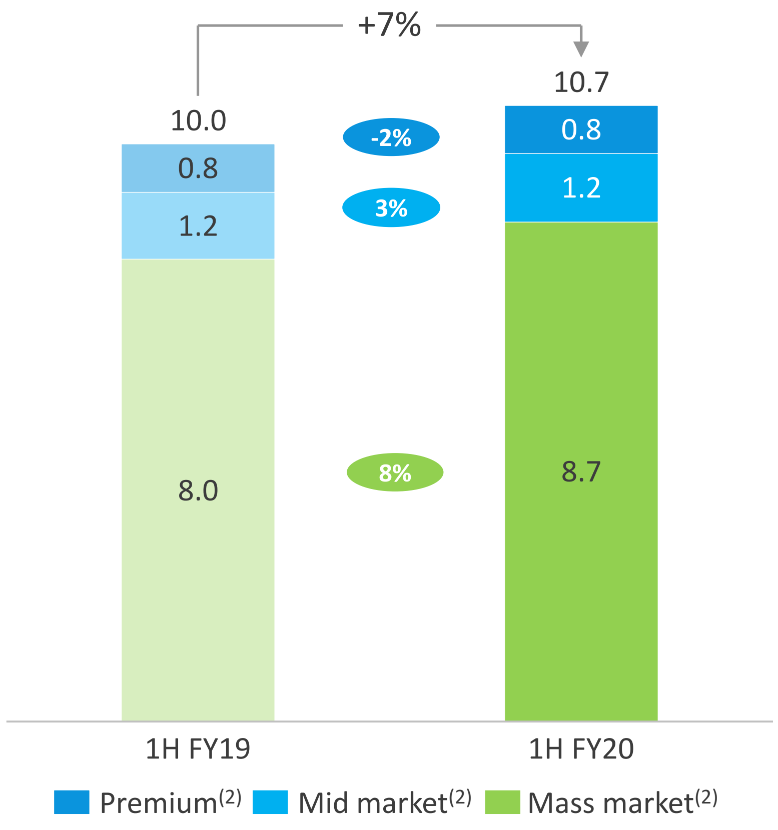
	Nigeria	Kenya	Zambia	Angola	Zimbabwe
YTD subscriber growth[(1)]	**0%**	**-4%**	**+2%**	**+4%**	**-31%**
Successes	• Big Brother Naija saw record viewership – also supported Showmax and MyDStv App uptake	• Price down campaign already showing results • 16% growth YoY in DTH subscribers	• Maintained growth for most of the reporting period, despite challenging environment	• Introduced *Familia* bouquet • Put through 24% price increase with limited subscriber impact	• 150k subscribers[(1)] still active (320k 1H FY19)
Challenges	• Negative sentiment from xenophobia dampened Sept growth • No price increase implemented	• Competitive pressure at lower end of DTT market (*GOtv Lite*) • Recovery plans in place and being rolled-out	• Power outages of >10 hours per day impacted seasonal reconnections (lost 13% active subs in Sept) • 24% fx depreciation YoY	• Continued currency depreciation (34% YoY) • Liquidity constraints (~USD42m trapped, but slowly extracting cash)	• General economic collapse: – hyperinflation – loss of liquidity – power outages

(1) Based on 90-day active subscribers reported as at FY19 (31 March 2019) vs the same metric as at 1H FY20 (30 September 2019), defined as all subscribers that have an active primary/principal subscription within the 90 day period on or before reporting date

RoA: Timing of prior year events impacted YoY subscriber growth

Premium[(2)]
Mid market[(2)]
Mass market[(2)]

Subscriber base (m) – 90-day active[(1)]

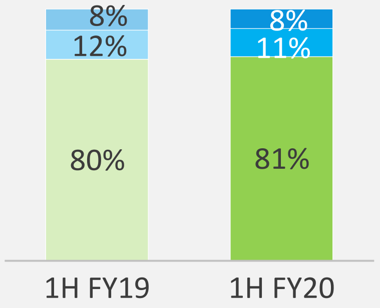


Key ARPU drivers

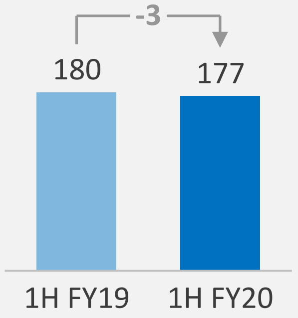
Price changes (1H FY20)[(3)]

Premium	0%	22%	-9%
Mid	0%	24%	-22%
Mass	0%	21%	-2%

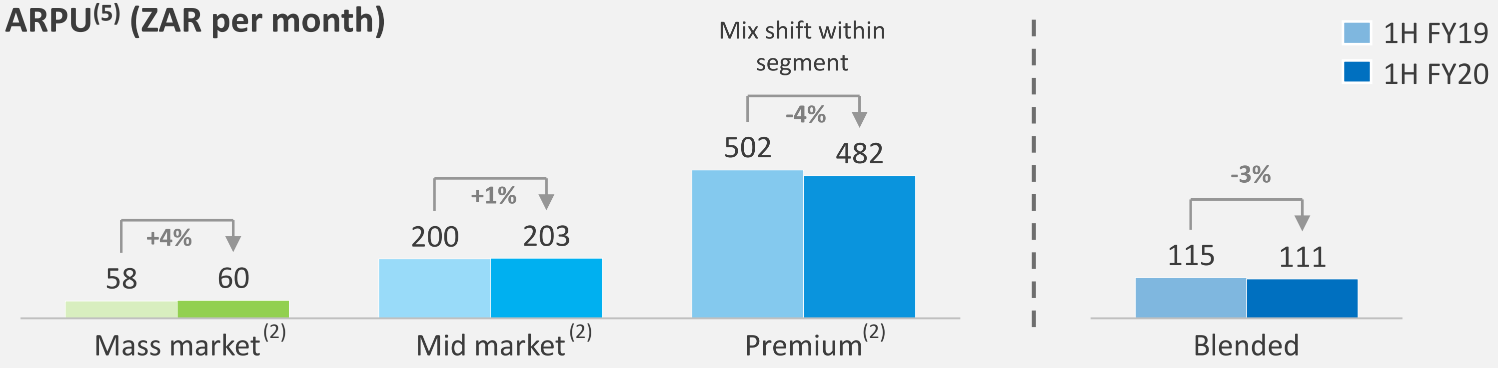
Subscriber mix



Active days[(4)]



ARPU[(5)] (ZAR per month)



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(2) Premium includes *Premium* and *Compact Plus* bouquets; mid market includes *Compact* and *Commercial* bouquets and mass market includes *Family*, *Access, Lite, GOtv Max, GOtv Plus, GOtv Value* and *GOtv Lite* bouquets
(3) Price changes reflect the weighted average local currency price increases per segment until 30 September 2019. These occurred at various dates throughout 1H FY20
(4) Active days considers all subscribers that were active at any point in the last 12 months, and measures the average number of days that the subscribers were active in the period out of the total days they could potentially have been active
(5) ARPU calculated by dividing average monthly subscription fee revenue for the period by the average number of 90-day active subscribers at the beginning and at the end of the period

OTT: Continuously improving user experiences

Strategic objectives

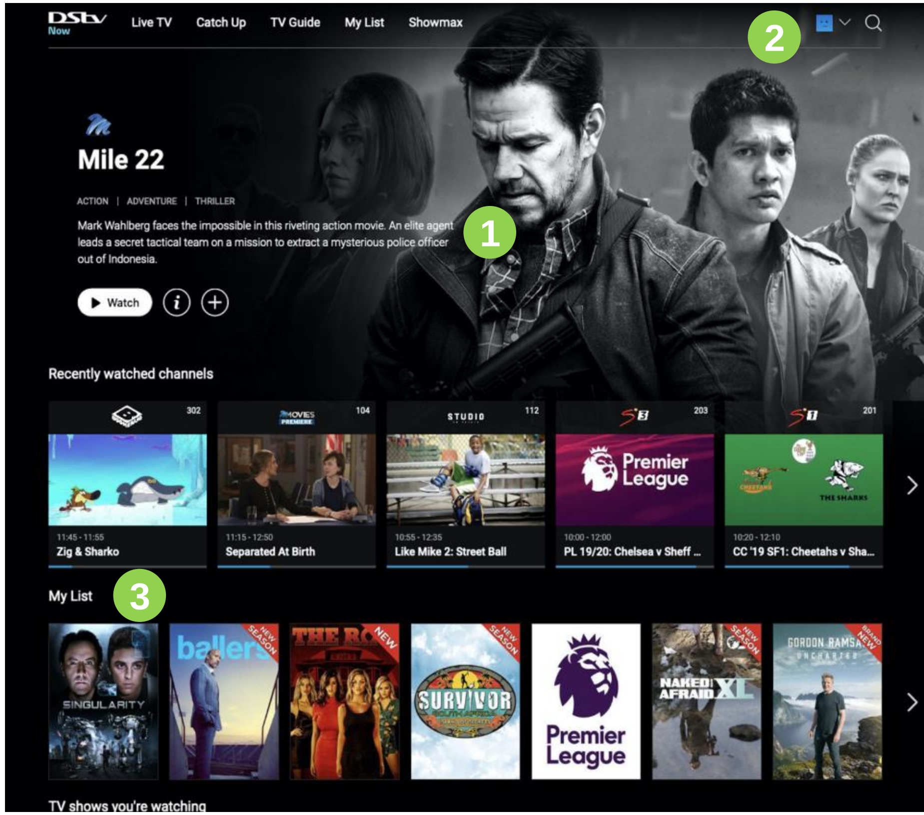
More users	Watching more often	For longer
+48% YoY	***+68% YoY***	***+19% YoY***
monthly active users(1)	play events(2)	*average hours watched*(1,3)

Operational update

- Launched localised version of Showmax in Nigeria
- Also launched mobile-only Showmax in Kenya and Nigeria
- Launched sport on Showmax (beta)
- Enhanced recommendation engines
- Improved content discovery functionality
- Rectified login authentication challenge

DStv Now UI updates

1. Improved information & imagery
2. Personalised profiles (up to 6)
3. Watchlists



(1) Measured as at 30 September YoY
(2) Measured as the total play events for 1H FY20 vs 1H FY19
(3) YoY increase relates to Showmax viewership only as DStv Now data for comparative period not available

Irdeto: Adds critical value to group, expanding into new areas

New customer wins in India (DTH) and USA (OTT) underpinned revenue growth

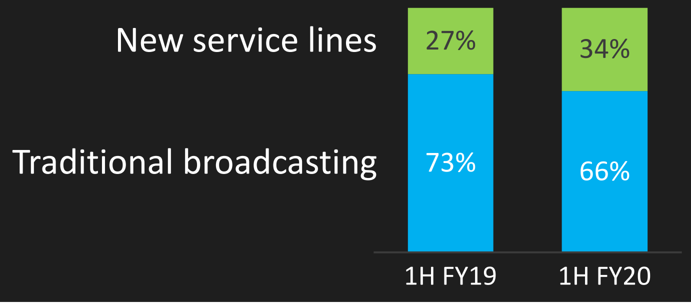
Major OEM ships first set of vehicles embedded with Irdeto technology

Continue to roll out innovative solutions e.g. forensic watermarking which supports faster piracy detection on live streams

Margin expansion supported by effective cost management (SG&A and staff costs)

Also benefitted from favourable product mix (i.e. more software sales) - likely to normalise 2H

Growing new revenue contribution



E.g. game security subsidiary Denuvo – fast growth off a very small current base

2023e gaming security market size(1)

US$440m (15% CAGR)

- ✓ Traction in anti-tamper & anti-cheat
- ✓ Benchmark crack-free release window
- ✓ Fast and easy implementation
- ✓ Cross-platform solution
- ✓ Service protects any game type
- ✓ No impact on legitimate users

(1) Source: PWC Global Entertainment and Media Outlook 2016-2020, company estimates

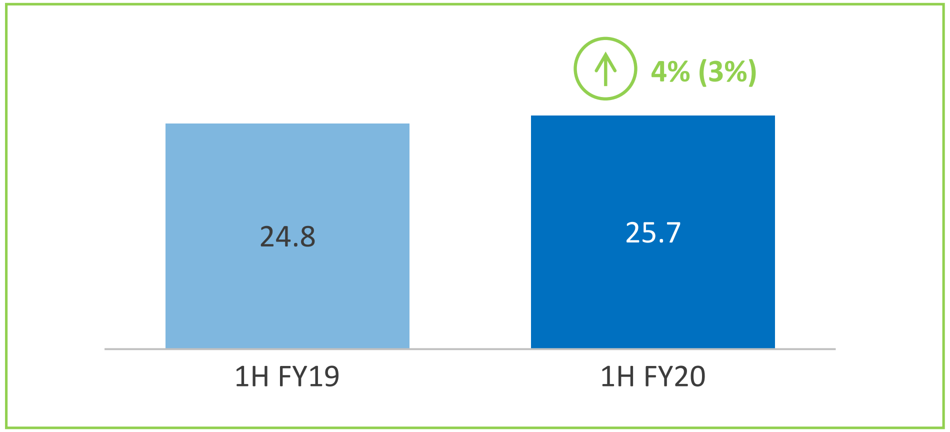
Financial update

Key financial highlights

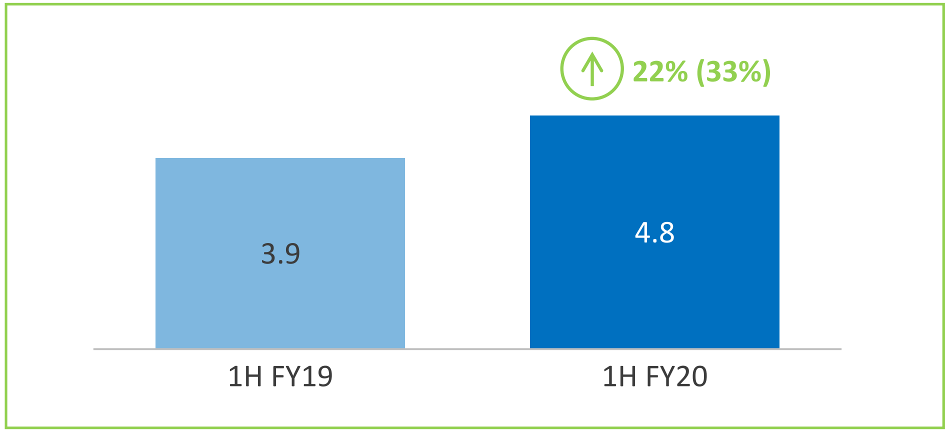
1. Revenue growth despite tough environment
2. Operating leverage drives margin expansion
3. Strong growth in core headline earnings
4. Meaningful increase in free cash flow
5. Healthy balance sheet provides financial flexibility

Financial synopsis

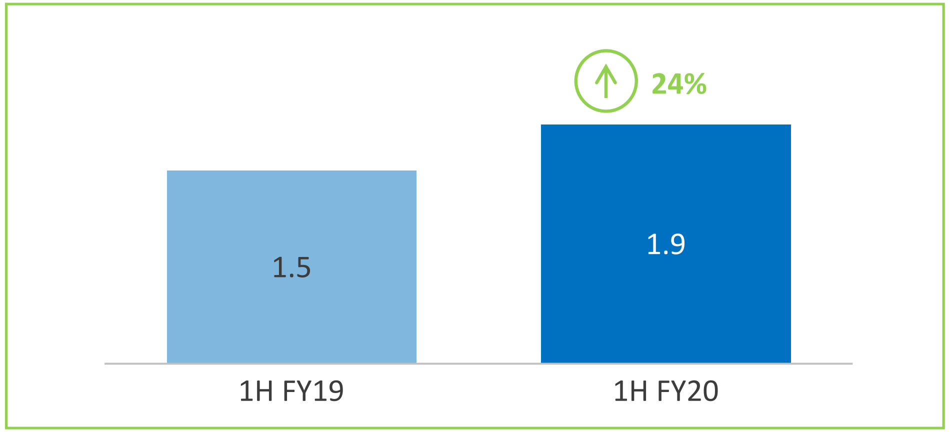
Revenue (ZARbn)(1)



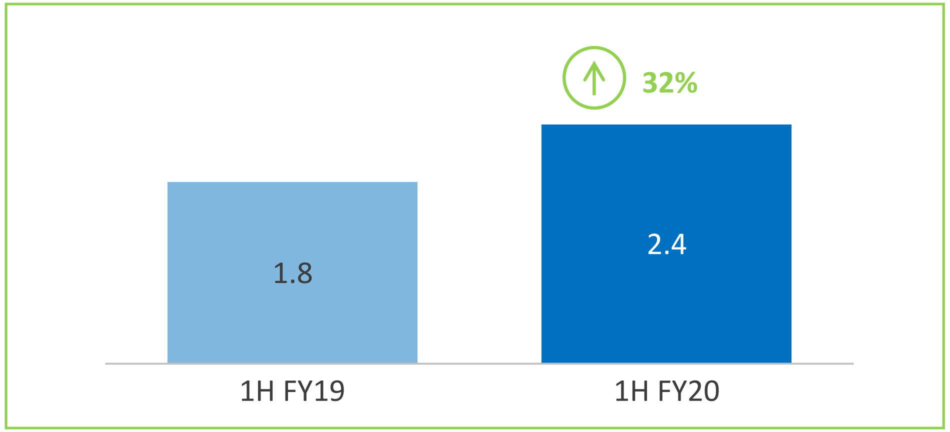
Trading profit (ZARbn)(1)



Core headline earnings (ZARbn)



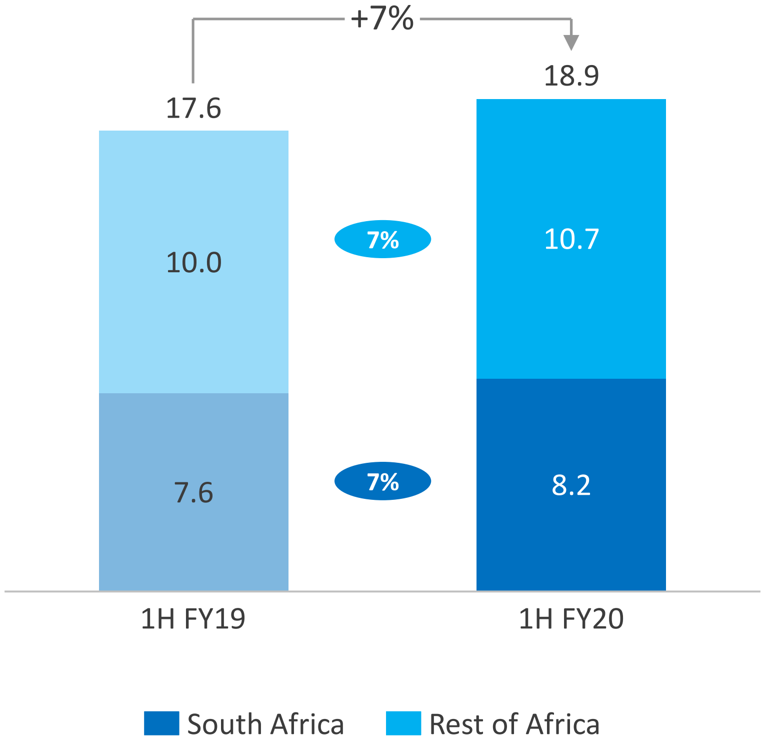
Free cash flow (ZARbn)



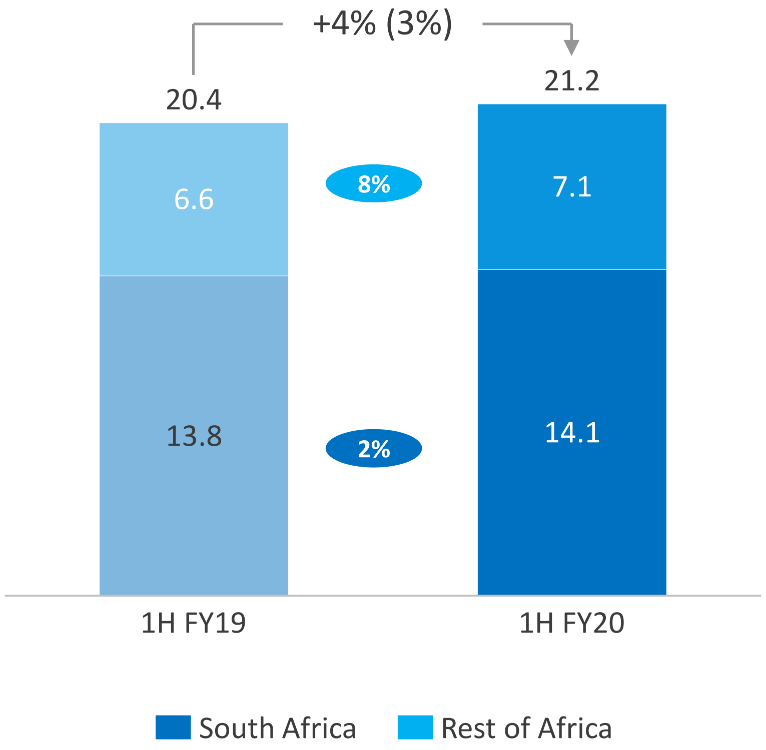
(1) Percentages reflect year-on-year growth. Numbers in brackets represent year-on-year organic growth (in constant currency, excluding M&A) on a like-for-like basis

1 | Weak macro and event-timing affected subscription revenue

90-day active subscribers (m)[1]



Subscription revenue (ZARbn)[2]



Group

- Challenging comparatives due to non-recurrence of FIFA World Cup (FWC), mainly impacting RoA

South Africa

- Benefit of 7% subscriber growth offset by:
  - changing subscriber mix affecting ARPU
  - mass market price increases not fully offsetting flat *Premium* pricing

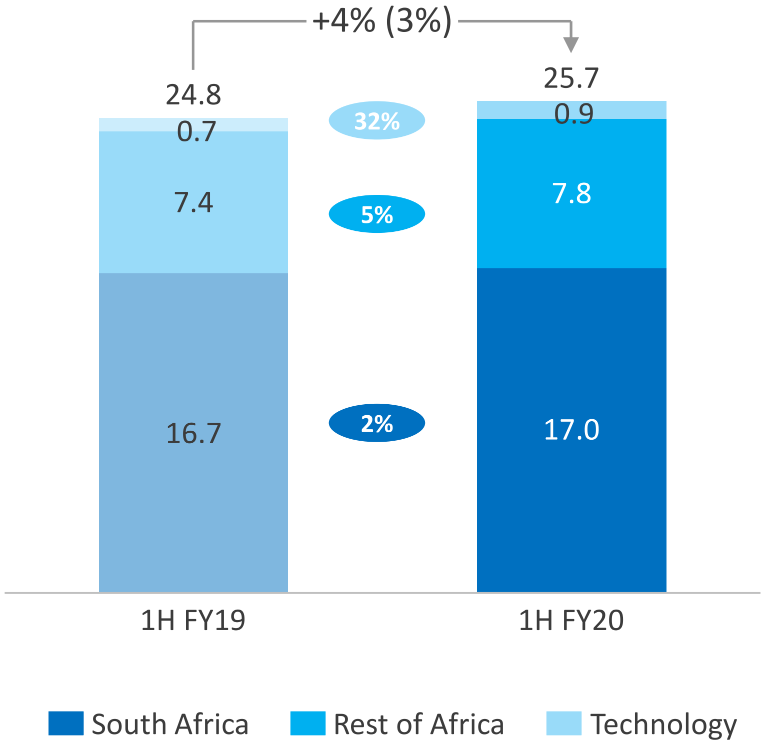
Rest of Africa

- Growth impacted by:
  - macro-economic headwinds and power interruptions in Zimbabwe and Zambia impacting subscriber demand
  - localised pricing decisions, i.e. flat prices in Nigeria, price downs in East Africa (Sept) and price increases in Angola, Zambia and Ghana

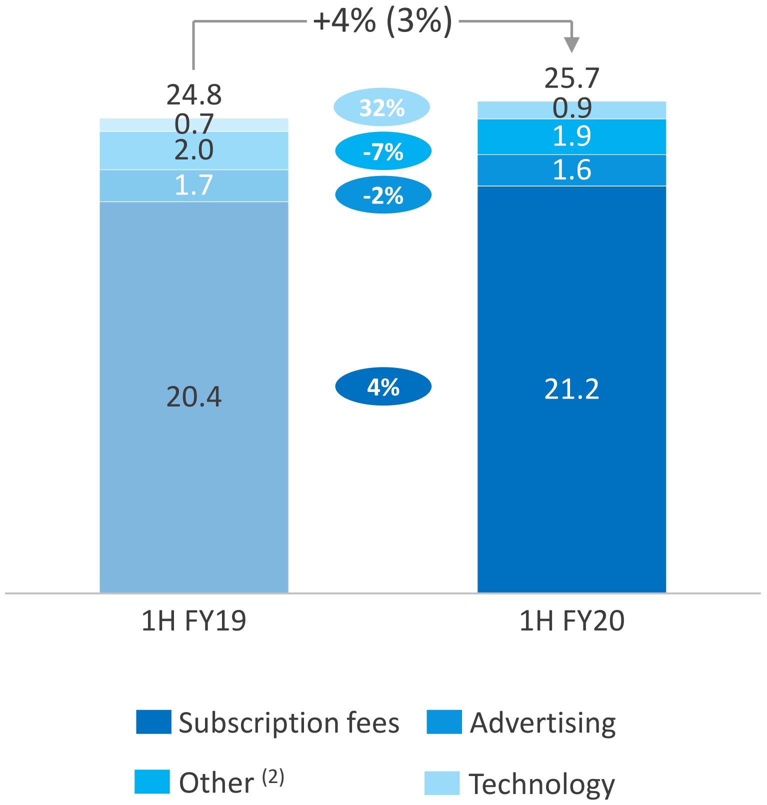
(1) Defined as all subscribers that have an active primary/principal subscription within the 90 day period on or before reporting date. Note: our primary metric for reporting subscribers has changed effective 1 April 2019 from active at the reporting date to 90-day active
(2) Percentages reflect year-on-year growth. Numbers in brackets represent year-on-year organic growth (in constant currency, excluding M&A) on a like-for-like basis

1 | Topline growth despite tough environment

Revenue by business segment (ZARbn)(1)



Revenue by type (ZARbn)(1)



Technology

- Strong growth off the back of key customer wins and new projects with existing customers
- Also benefitted from R120m special once-off project revenue that will not recur in 2H
- Total Irdeto revenues amounted to R1.8bn (inter-group revenue of R896m eliminated upon consolidation)

Advertising revenues

- Impacted by macro-economic environment and one-off prior year events

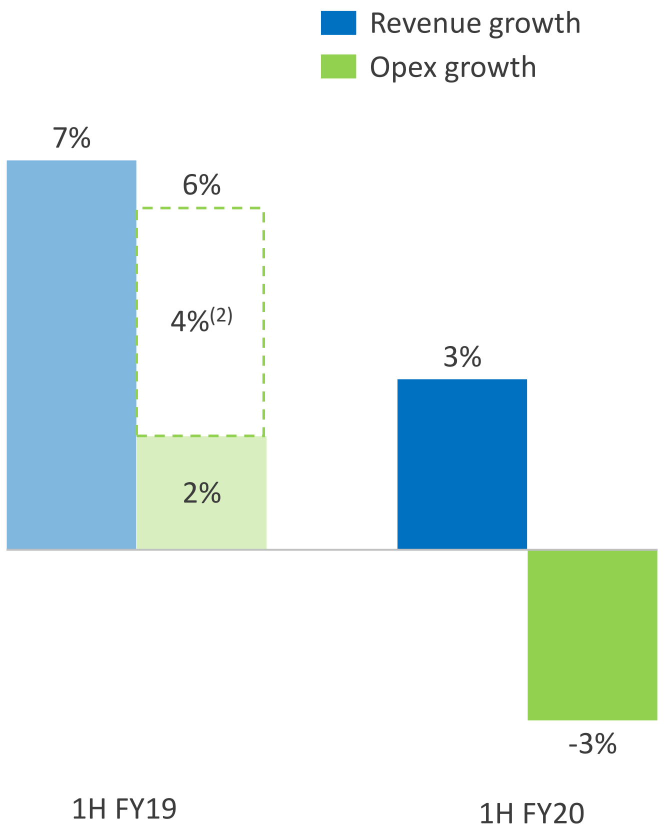
Other

- Loss of sub-licencing fees (mainly sport) in SA due to financial difficulties at SABC (~R50m in 1H but to increase in 2H)
- Lower event-driven hardware sales in RoA (~R50m)

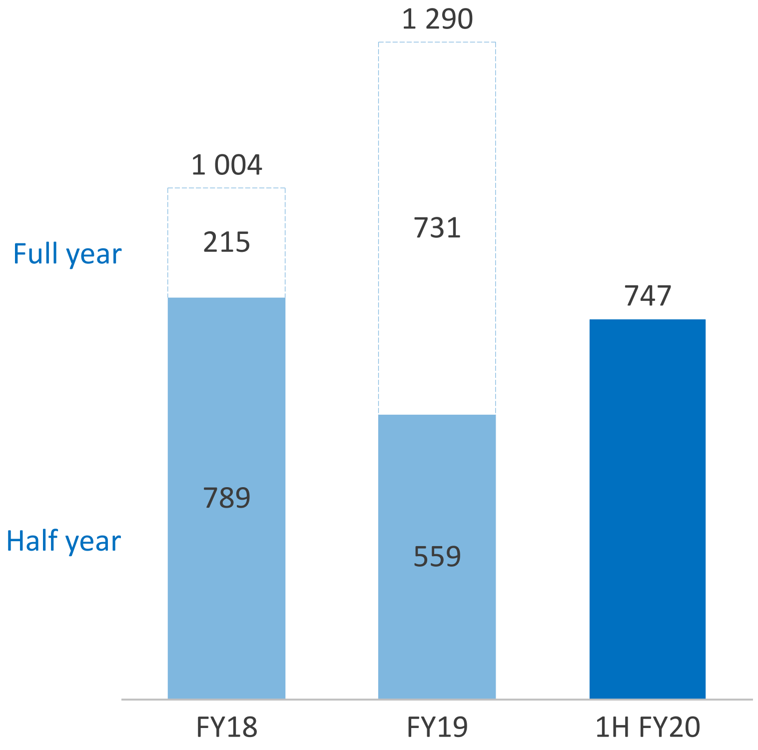
(1) Percentages reflect year-on-year growth. Numbers in brackets represent year-on-year organic growth (in constant currency, excluding M&A) on a like-for-like basis
(2) Other revenue includes gross set-top box decoder sales, installation fees, licensing and production revenue and reconnection fees

2 | Positive operating leverage through ongoing cost savings

Operating leverage (organic)[1]



Cost savings (ZARm)

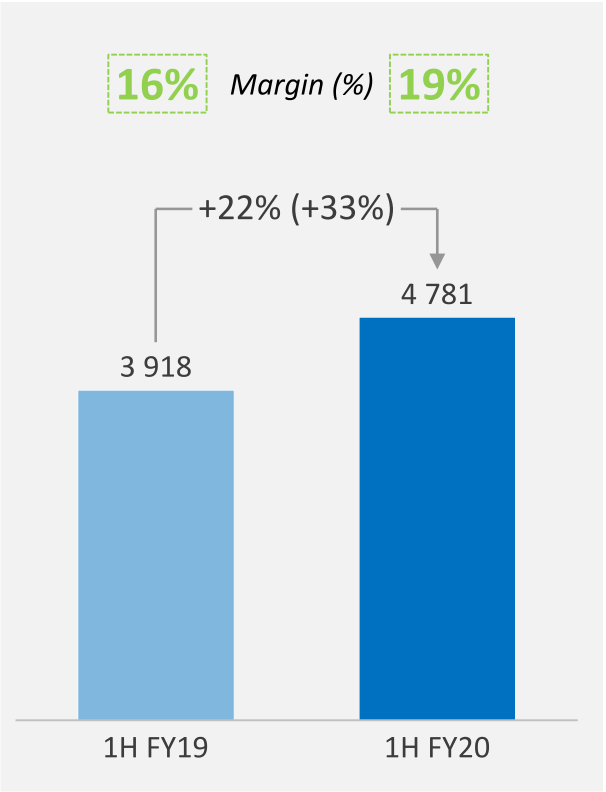


- >80% of overall cost base is fixed
- Increased operating leverage to 6pp through tight cost controls
- Cost savings ambitions for FY20 on track, with key focus areas:
  - set-top boxes: benefitting from consolidated supply and lower box costs
  - content: increased local content investment
  - staff: right-sizing of customer care division
  - other: savings from digitisation programmes, platform efficiencies, contract renegotiations etc.

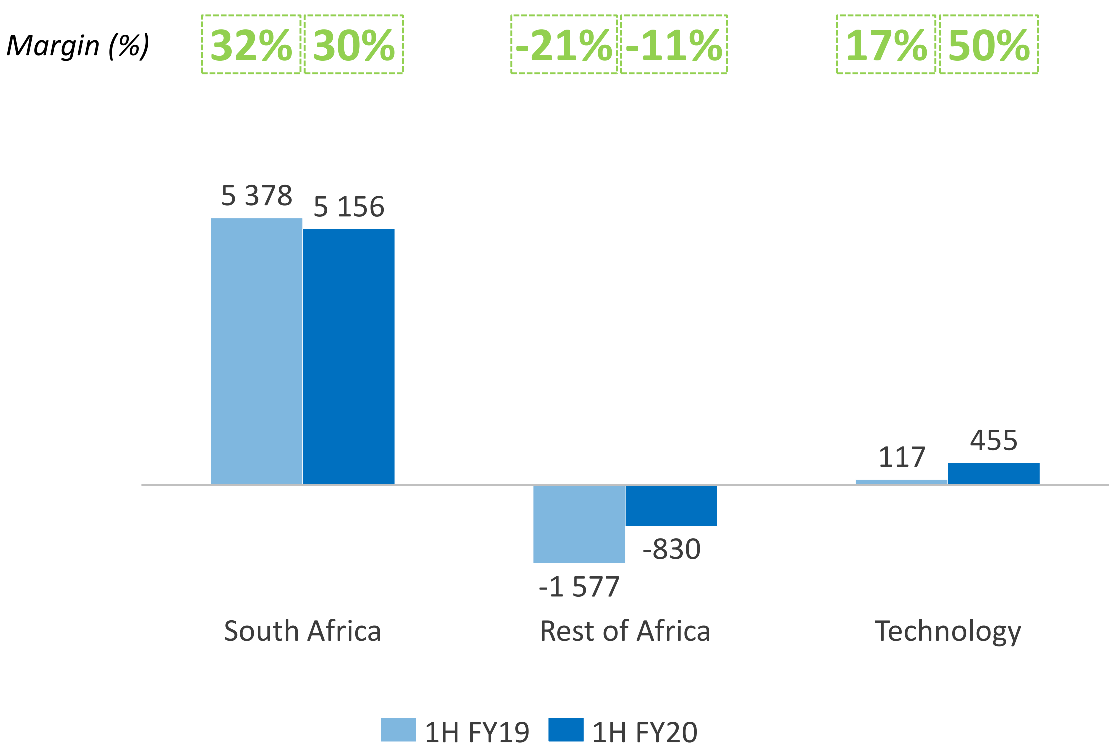
(1) Represents year-on-year organic growth (in constant currency, excluding M&A) on a like-for-like basis
(2) Adjusted for FIFA World Cup investment of R734m, the majority of which related to STB subsidies

2 | Profitability steadily improving

Group trading profit (ZARm)[1]



Trading profit by business segment (ZARm)



South Africa margin broadly stable ~30%

- Decline in trading profit driven by:
  - cost of 3 major sporting events (content plus marketing) during 1H (i.e. Cricket World Cup, AFCON, Rugby World Cup)
  - R78m once-off restructuring costs in customer care
  - R101m investment in engineering capacity for Connected Video, previously funded by Naspers

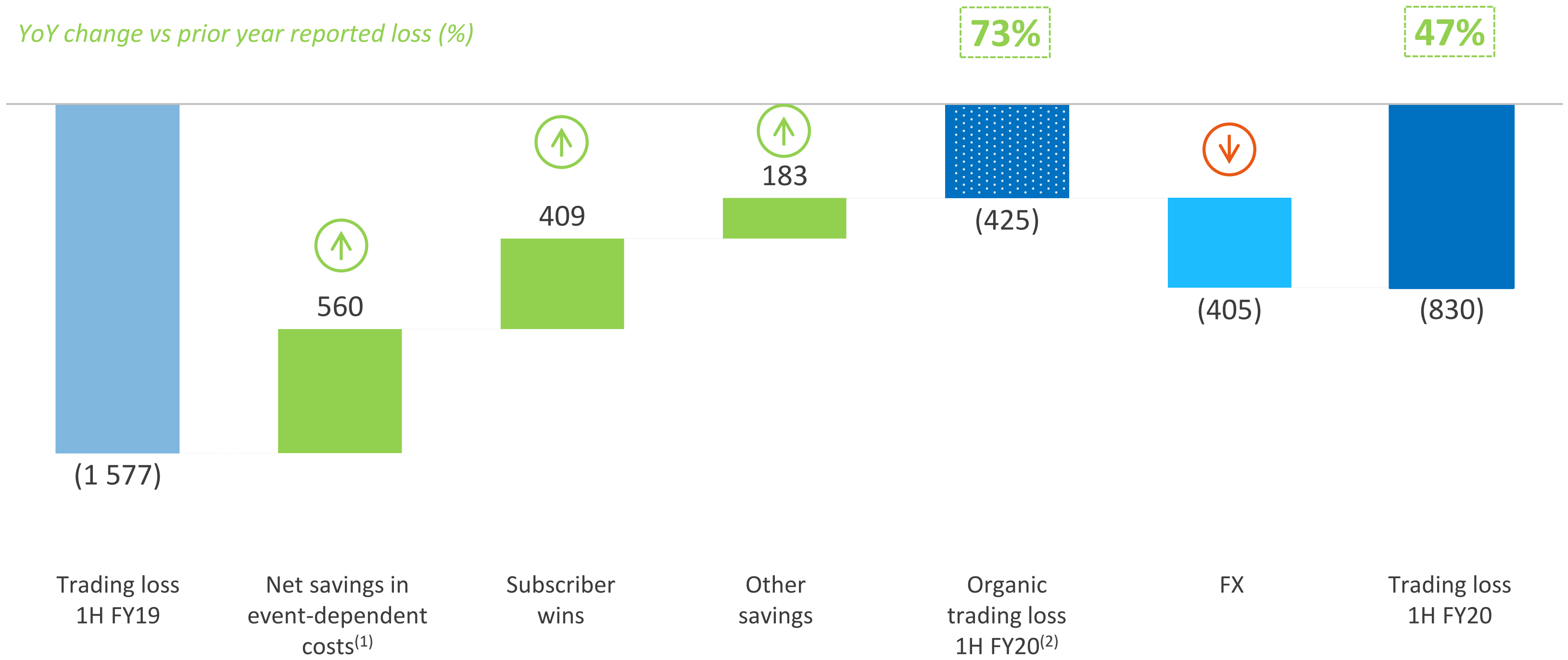
Rest of Africa contributed positively to group margin expansion through R747m (R1.2bn organically) in reduced losses

Technology benefitted from revenue growth combined with tight cost control

(1) Percentages reflect year-on-year growth. Numbers in brackets represent year-on-year organic growth (in constant currency, excluding M&A) on a like-for-like basis

2 | Rest of Africa turnaround remains on track

RoA trading loss bridge (1H FY19 – 1H FY20, ZARm)

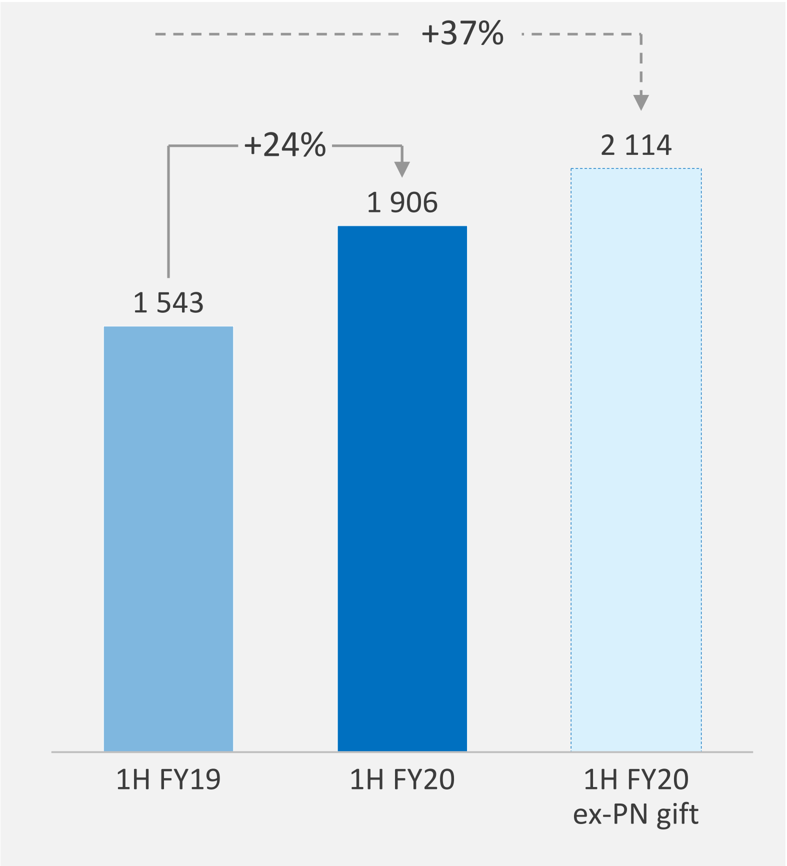


- Reduced organic trading losses by 73% YoY:
  - R560m savings on event-driven decoder subsidies and content costs
  - subscriber wins resulted in incremental revenue growth of R409m
  - other savings of R183m driven by cost control
- Currency depreciation in certain key markets narrowed improvement to 47% YoY:
  - Angola: R135m loss due to 34% currency decline
  - Zambia: R125m loss due to 24% currency decline
  - Other currency losses amounted to R60m, 56% of which related to Ghana (14% currency decline)
  - R85m negative impact of translating RoA business from USD to ZAR for reporting purposes (ZAR 8% weaker vs USD)

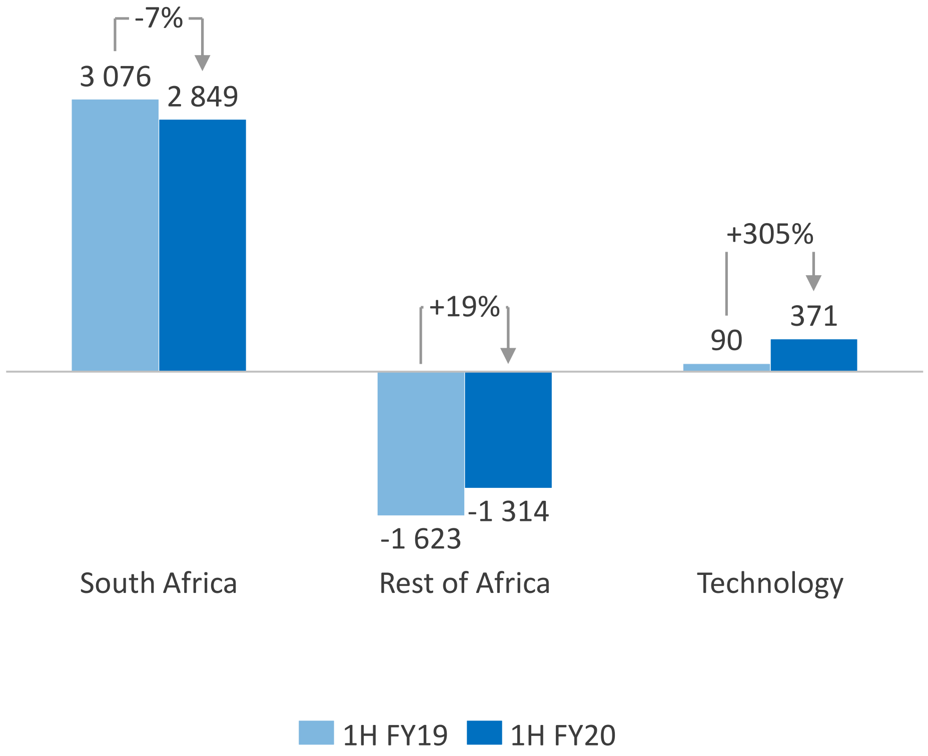
(1) Including FIFA World Cup investment in subsidy, marketing and content costs of R734m in prior year
(2) Excludes the impact of FX depreciation

3 | Strong growth in core headline earnings

Core headline earnings (ZARm)



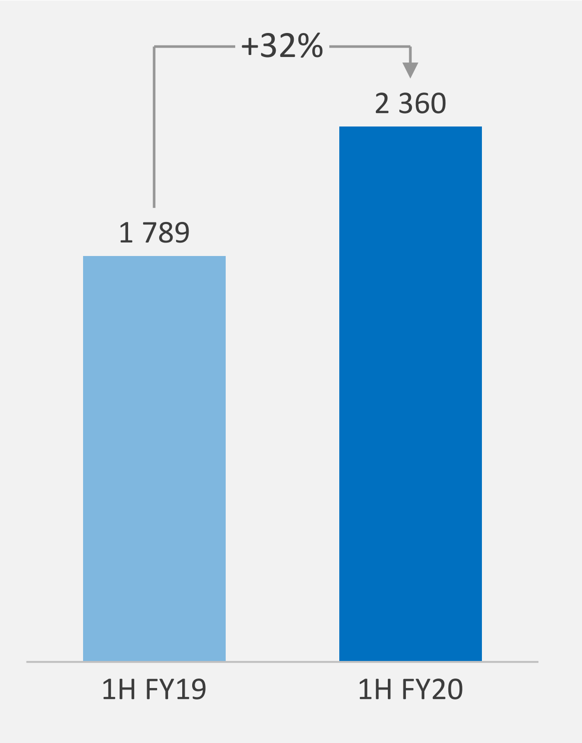
Contribution to core headline earnings (ZARm)



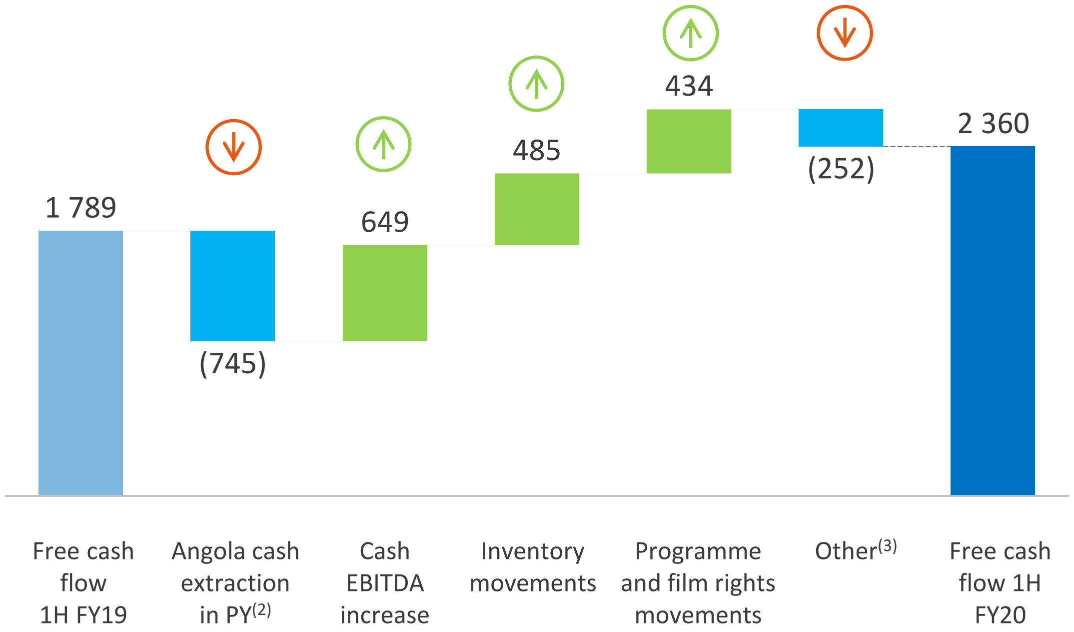
- YoY growth negatively impacted by additional 5% allocation in MCSA to PN as part of MCG unbundling, resulting in an increased minority shareholding
- MCG's effective holding in MCSA changed from 80% (1H FY19) to 75% (1H FY20) – following the PN flip-up, it will be 76.4% going forward
- Increased contribution from business segments amounted to R363m:
  - Technology: +R281m due to strong operating performance
  - RoA: +R309m due to narrowing of losses
  - SA: -R227m due to lower trading profit

4 | Meaningful increase in free cash flow

Free cash flow (ZARm)(1)



Free cash flow reconciliation: 1H FY19 – 1H FY20 (ZARm)(1)



- Free cash flow supported by:
  - increase in cash EBITDA driven by improved operating performance
  - normalisation of decoder inventory (FWC investment in 1H FY19)
  - programme and film rights inflows due to prior year pre-payments
- Gains partially offset by:
  - R745m in non-recurring cash remittances extracted from Angola in prior period
  - R252m in other items, which include
    - higher 3rd provisional tax payment required for SA
    - increased transponder lease payments driven by FX movements
    - working capital outflows on trade and other payables
- Capex remained stable at R275m

(1) Free cash flow defined as trading profit + depreciation & amortisation + non-cash adjustments – change in net working capital – cash taxes – capex – transponder finance lease repayments
(2) Angola was converted from an agency to a subsidiary in Feb 2019 and is now consolidated (i.e. cash remittances no longer occur through working capital)
(3) Relates largely to tax payments and foreign exchange impact on transponder lease payments

5 | Healthy balance sheet provides flexibility

Liquidity position: 1H FY20

Cash position
ZAR6.9bn
(FY19: R6.7bn)

+

Undrawn facilities
ZAR3.5bn
(FY19: R3.5bn)

Cash utilised: 1H FY20

ZAR1.5bn — Settlement of PN dividend (PHUTHUMA NATHI — SHARE THE FUTURE)

ZAR705m — Share buy-backs to fund MCG Restricted Share Plan
5.5m shares

ZAR63m[1] — Share buy-backs for general treasury purposes
0.5m shares

Planned cash commitments

Funding of RoA losses

More share buy-backs under general authority to repurchase shares, where market conditions allow

MCG year-end dividend

(1) Subsequent to 30 September 2019, an additional R125m was spent on share buy-backs (1.1m shares) at a board-approved price level through an automated trading program

Outlook

Full year FY20 outlook

Content	• Continue to ramp up local content, financed by other cost savings • Leverage new local productions and global sport events to attract and retain subscribers • Expand OTT offering
South Africa	• Target further mass market growth, focus on premium segment retention and scale OTT user base • Deliver stable profit margins and cash flows
Rest of Africa	• Drive continued growth in the mid and mass markets • Focus on driving scale and managing costs to return business to profitability in the medium term
Technology	• Increase market share in media security segment • Develop and grow connected industries business
Group	• Navigate ongoing macro challenges to ensure top line growth and further margin expansion • Deliver on intention to pay R2.5bn dividend for FY20 • Refine and communicate remuneration policy

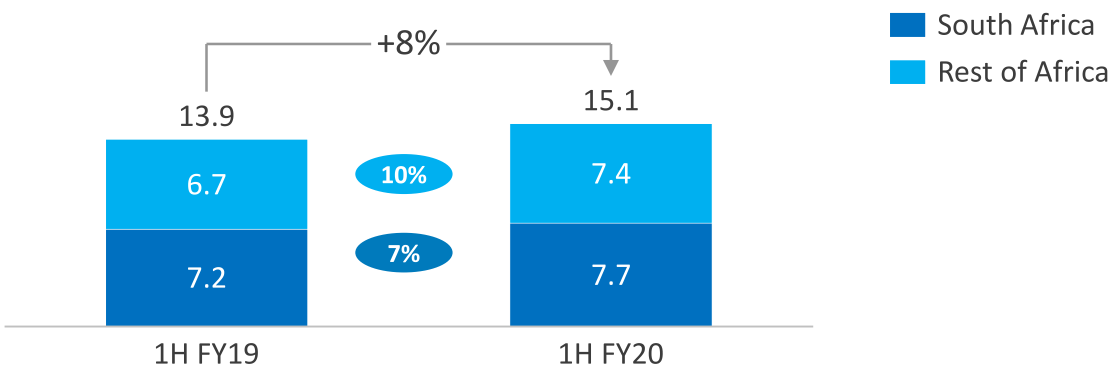
Appendix

Change in subscriber metrics this year

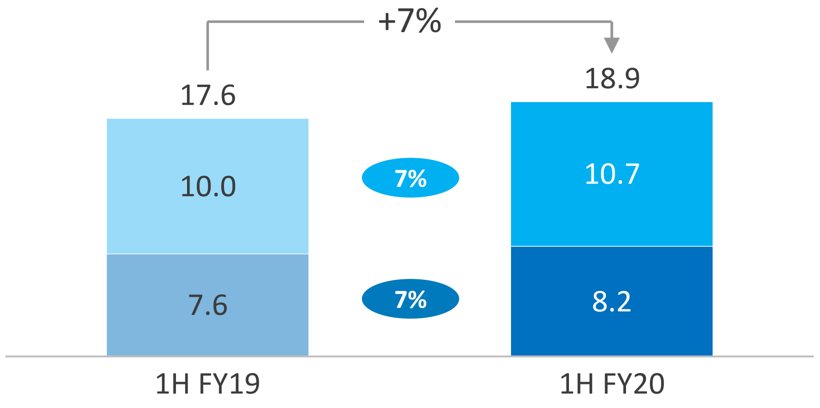
Previous basis: Active at reporting date[1]

Current basis: 90-day active[2]

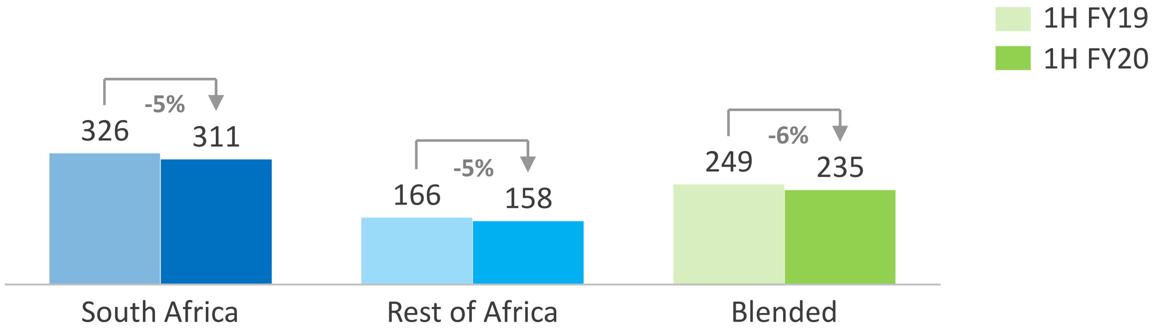
Subscribers (m)[1]



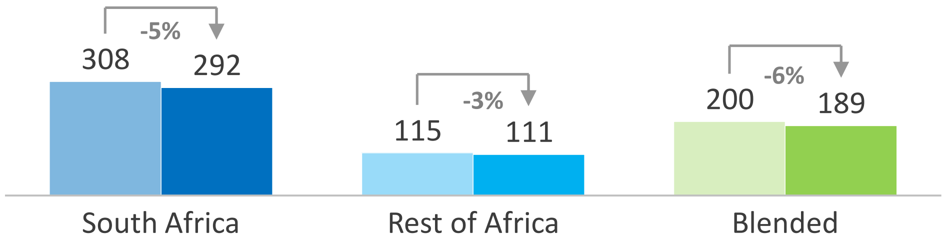
Subscribers (m)[2]



ARPU (ZAR per month)[3]**, 1H FY19 vs 1H FY20**



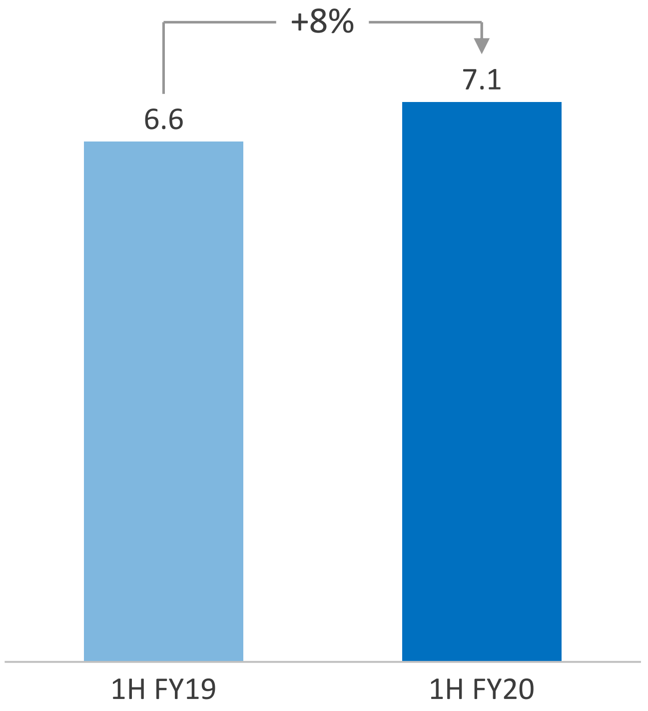
ARPU (ZAR per month)[3]**, 1H FY19 vs 1H FY20**



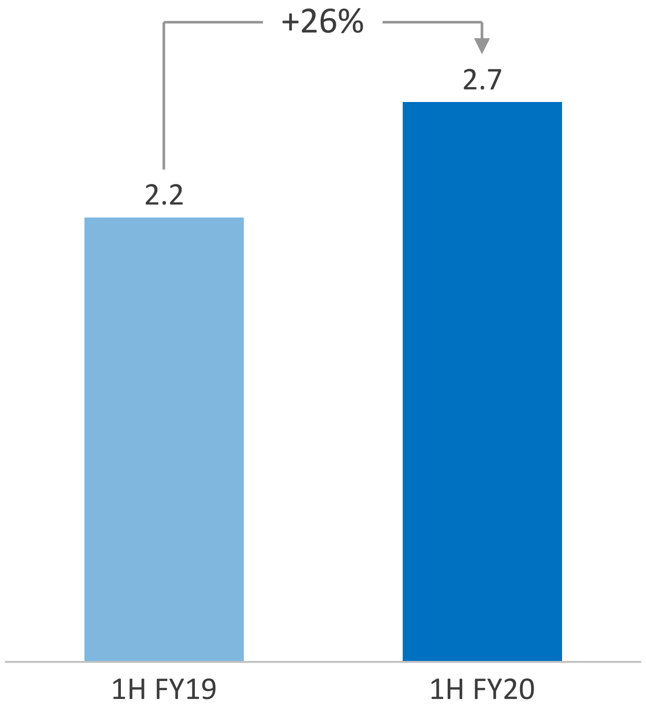
(1) Refers to active subscribers, i.e. all subscribers that were active on the measurement day (i.e. at a point in time)
(2) Defined as all subscribers that have an active primary/principal subscription within the 90 day period on or before reporting date. This provides a better reflection of the activity on our base
(3) ARPU calculated by dividing average monthly subscription fee revenue for the period by the average number of subscribers at the beginning and at the end of the period

Subscription revenue growth despite tough environment

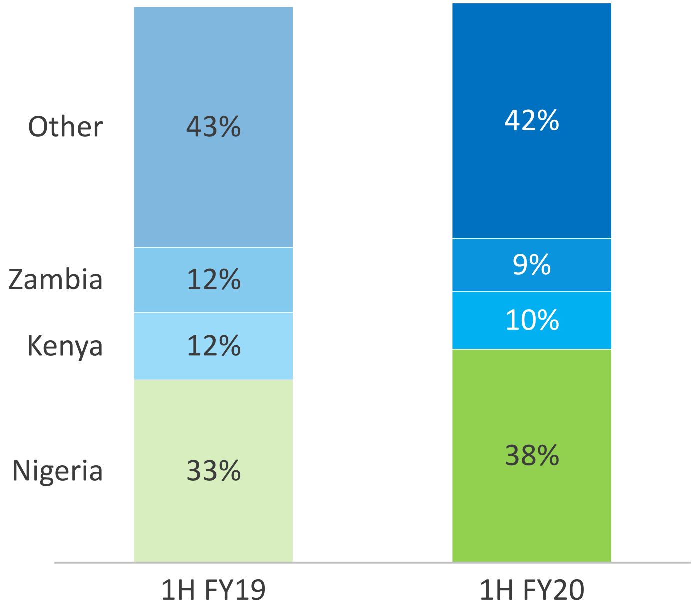
RoA subscription revenue (ZARbn)(1)



Nigeria subscription revenue (ZARbn)(1)



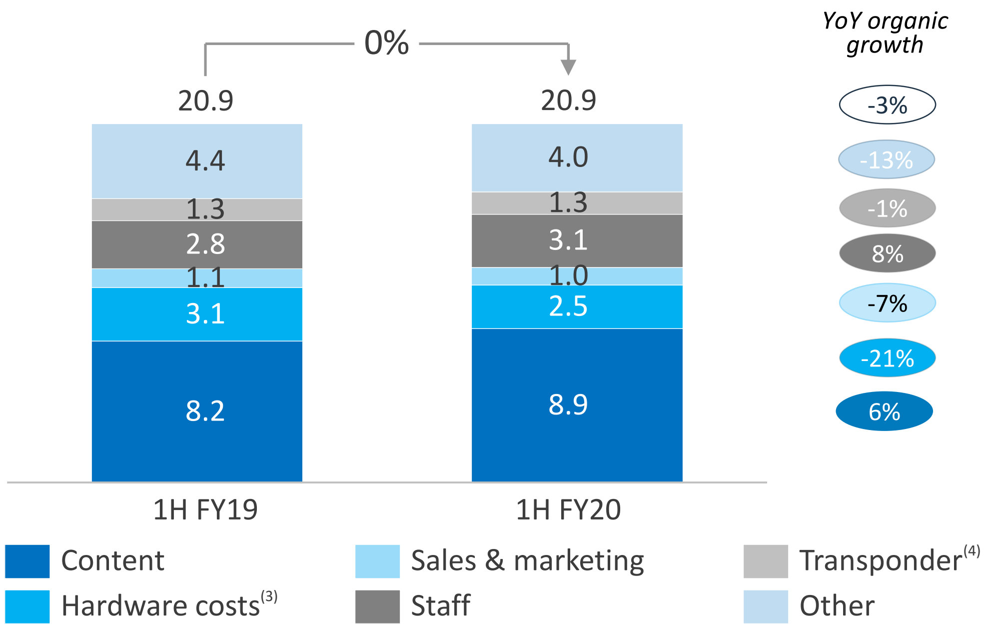
RoA subscription revenue by country (%)(1)



(1) Refers to subscription revenue only, excluding hardware sales, advertising income and other revenues

Cost base controlled below revenue growth rate

COPS and SG&A costs (ZARbn)[1,2]



Net subsidies (ZARbn)

Hardware	1H FY19	1H FY20	YoY organic growth
Revenue	0.9	0.8	-6%
Costs	(3.1)	(2.5)	-21%
Net subsidies	**(2.2)**	**(1.7)**	**-27%**

- >80% of **cost base** is fixed
- **Content costs increased** 6% YoY due to:
  - Cost of 3 major sporting events (AFCON, Cricket World Cup, Rugby World Cup) in this period, net of savings from prior year FWC
  - Impact of new EPL (English Premier League) contract (effective only 2 months in 1H FY20, to impact fully in 2H FY20)
  - Addition of *Newzroom Afrika* channel
- **Hardware costs** declined 21% YoY due to non-recurring FWC investment and STB cost savings in 1H FY20
- **Sales & marketing costs** declined 7% YoY mainly due to different marketing strategies around specific events
- **Staff costs** increased 8% YoY due to expenses related to the customer care restructuring in SA – the impact of these costs should be largely offset into 2H FY20
- Following the separation from Naspers, the nature of certain costs changed e.g. we no longer pay a management fee to Naspers (historically included in Other costs), but now carry a larger corporate staff complement in Staff costs
- **Other costs** (IT, administration, maintenance and general overheads etc.) declined 13% YoY due to tight cost controls and efficiency gains

(1) Percentage in arrow reflects YoY growth.
(2) Numbers in circles, as well as in the commentary box, reflect YoY organic growth (in constant currency, excluding M&A) on a like-for-like basis
(3) Hardware costs refer to STB costs
(4) Comprised of depreciation and interest

Organic trading profit growth accelerated

Reconciliation of organic trading profit growth

Trading profit - ZARm	1H FY18 reported[1]	1H FY19 organic[2]	1H FY19 organic growth	1H FY19 reported[1]	1H FY20 organic[2]	1H FY20 organic growth
South Africa	5 172	5 394	*4%*	5 378	5 156	*-4%*
Rest of Africa	(1 495)	(1 205)	*19%*	(1 577)	(425)	*73%*
Technology	85	116	*36%*	117	493	*321%*
Trading profit	**3 762**	**4 305**	***14%***	**3 918**	5 224	***33%***

YoY organic trading profit growth accelerated from 14% to 33%

South Africa trading profit impacted by:

- content costs related to specific events (Cricket World Cup, Rugby World Cup, AFCON)
- R78m in voluntary severance packages (VSPs) paid out as a result of the customer care restructuring
- R101m in additional Connected Video engineering costs

Rest of Africa benefitted from:

- cost savings on decoders, content and marketing associated with one-off prior year events, and
- strong improvement in operating results

Technology profits increased 4x due to:

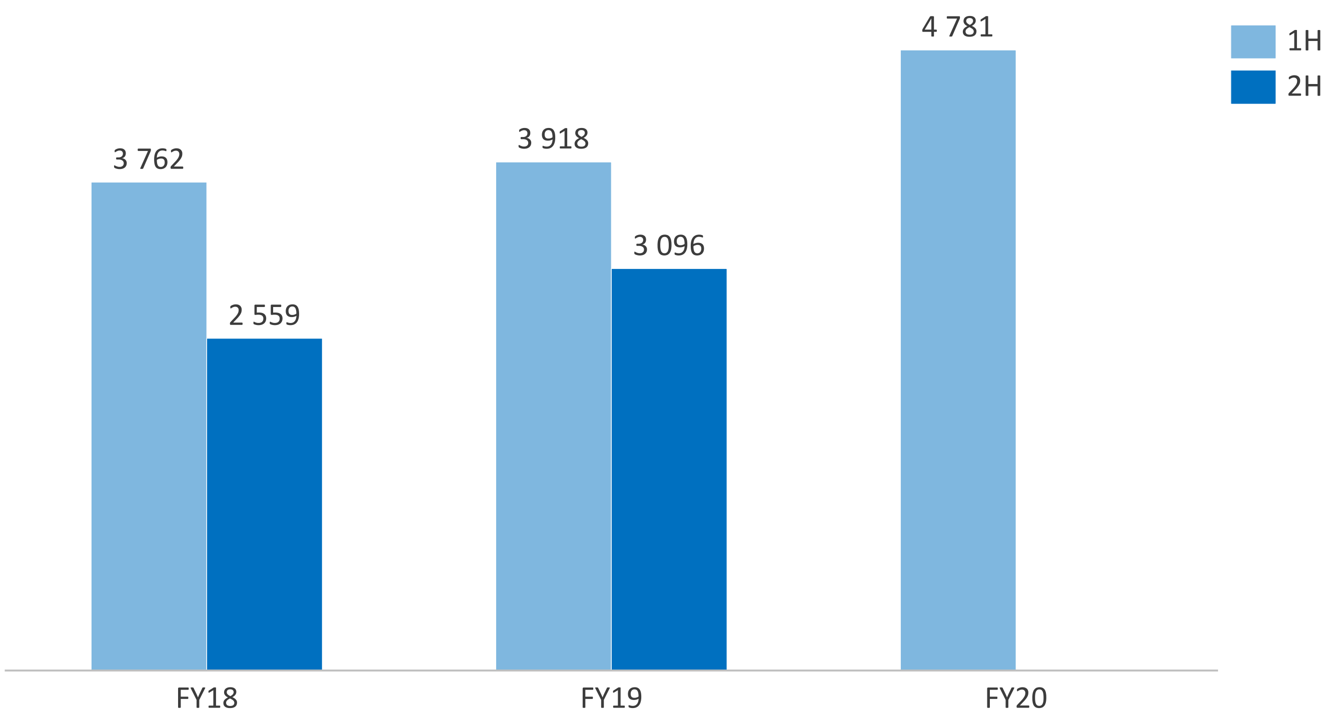
- contract and project wins,
- one-off project revenue of R120m in 1H FY20
- tight cost controls

(1) As reported in the interim financial statements
(2) Calculated after adjusting reported values for: (1) changes in FX rates and (2) M&A activity

Business seasonality: typically higher opex, lower margins in 2H

MultiChoice
ENRICHING LIVES

Trading profit 1H vs 2H (ZARm)

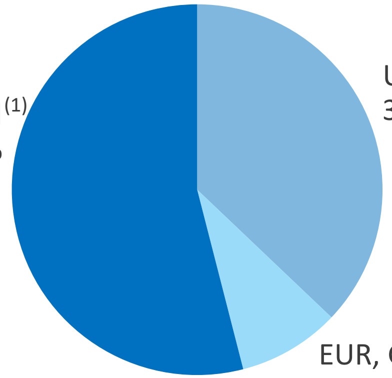


- Trading profit in second half of the year generally lower than first half
- Largely driven by seasonality in opex, including:
  - higher content costs associated with the football seasons in Northern Hemisphere
  - higher sales and marketing costs linked to Festive Season/Easter Holiday campaigns
  - higher STB subsidies associated with the above
- Technology segment likely to report less favourable revenue and margin mix in H2 due to the positive impact of non-recurring project revenue in 1H FY20
- Some offsetting SA dynamics anticipated in 2H FY20:
  - Cricket World Cup, AFCON, and part of the Rugby World Cup won't recur 2H
  - savings from customer care restructuring to benefit 2H
  - additional Connected Video engineering costs already in 2H base

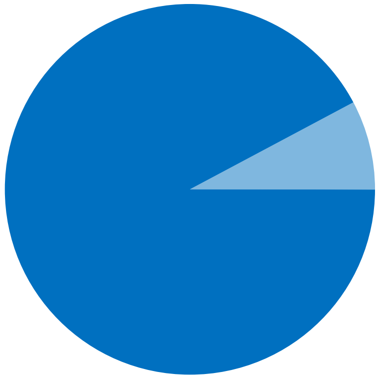
Currency exposure managed through active hedging strategy

Currency distribution (% 1H FY20)

Cost base (Group)



Revenue (RoA)(2)



FX maturities: SA cover[3]

Period	USDm	ZAR hedged rate
Month 1-12	936	14.16
Month 13-24	686	15.60
Month 25-36	189	16.03

FX exposure: RoA cover

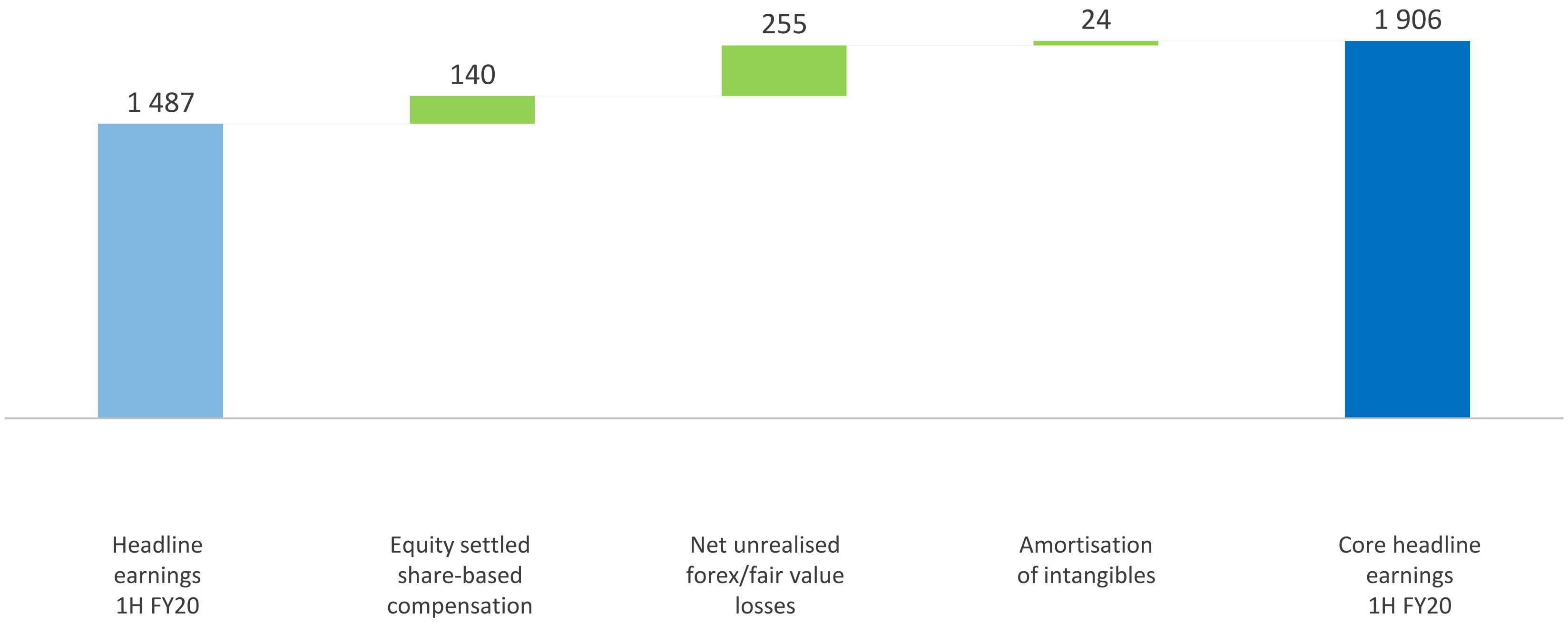
Market [4]	% hedged
Nigeria	>=100%
Kenya	>=100%
Zambia	72%
Uganda	97%
Botswana	>=100%
Ghana	77%

- **Hard currency input costs** (46% of base) consist mainly of:
  - international sport and GE content rights
  - satellite transponder leases
  - set-top box purchases
- **South Africa:**
  - hedge USD-denominated costs (some EUR & GBP too)
  - hedged up to 36 months out
- **Rest of Africa:**
  - USD-denominated revenue (8%) not hedged
  - non-USD cash remittances are fully hedged in markets where feasible (i.e. FECs available at reasonable cost)
  - this equates to ~70% of overall RoA revenue
  - implies that only ~22% of revenues are not hedged
  - RoA hedged markets are covered 12 months out[5]
  - Zambia and Ghana currently not hedged as rates not economical (in accordance with hedging policy)
- **Irdeto:**
  - Earns primarily USD revenues
  - Non-USD operating costs hedged out 12-24 months

(1) Refers to ZAR and local currencies in RoA
(2) Relates to subscription fee revenue only and is shown as a proxy for cash flows, the latter being hedged
(3) This represents 'gross' cover taken out on SA foreign currency costs – from a group perspective, though, part of these costs are recharged to RoA and these recharged costs are hedged back into USD as that is the RoA functional currency
(4) Hedging cover in Zambia and Ghana <100% due to decision not to hedge in these markets given uneconomic forward rates (in accordance with hedging policy). In certain instances, hedging cover can exceed 100% as it is based on forecasts
(5) All RoA hedged markets are covered 12 months out, except for Nigeria, which is 13 months

Unrealised FX adjustments reversed in core headline earnings

Reconciliation: headline earnings to core headline earnings (ZARm)



- Headline earnings underpinned by strong trading profit and smaller net FX losses
- Net unrealised FX gains/losses and FX fair value adjustments are reversed in the calculation of core headline earnings – since they are unrealised, they do not reflect the underlying performance of the business
- An adjustment of R255m in net unrealised FX losses related mainly to transponder leases (due to weakening of ZAR vs USD) was made in this reporting period

Working capital impacted by timing and seasonality

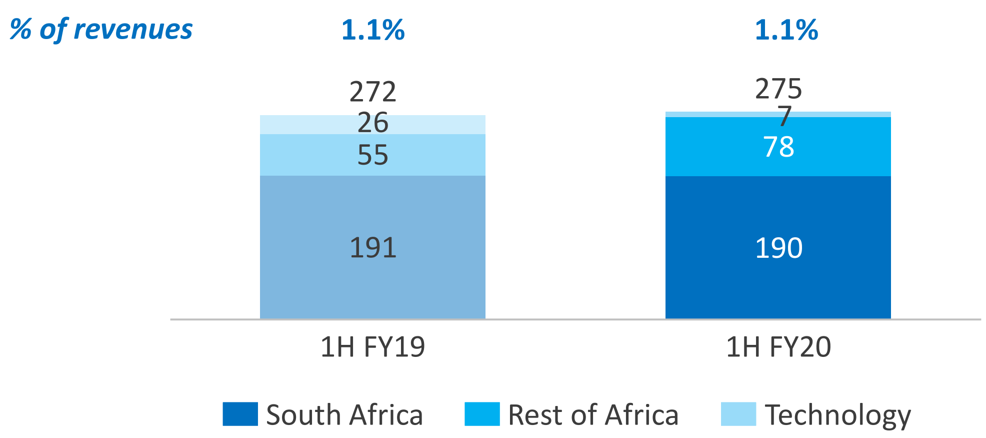
Net working capital movements (ZARm)

	1H FY19	1H FY20
Trade & other receivables	543	(168)
Payables & accruals	(1 609)	(1 707)
Programme & film rights	(25)	409
Inventories	(758)	(273)
Change in net working capital	**(1 849)**	**(1 739)**

- **Trade & other receivables** - minor outflow driven by Zimbabwe illiquid cash (1H FY19 inflow due to cash extraction from Angola)
- **Payables & accruals** - outflows driven by improved payment cycles and settlement of creditors, payment of annual bonus incentives and other seasonal factors
- **Programme & film rights -** movement driven by contractual GE prepayments in 1H FY19, as well as timing differences between production costs and associated amortisation
- **Inventory -** outflow due to investment in decoder stock, typical of seasonal push into H2, notably in RoA (1H FY19 outflow due to investment in FWC)

Low capital intensity and consistent cash tax payments

Capital expenditure (ZARm)[1]



- **Low capital intensity** due to fully invested infrastructure
- **Capital expenditure** of R275m stable YoY

Cash taxes, ZARm

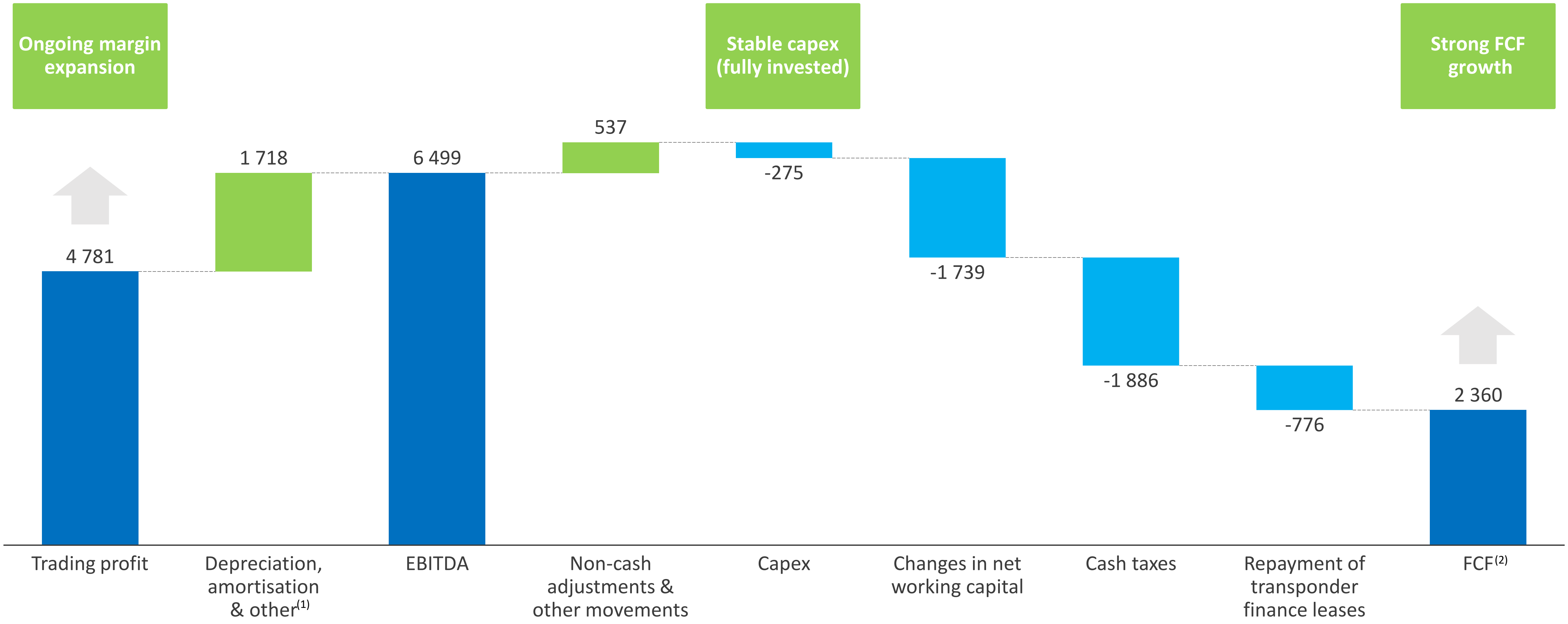
	1H FY19	1H FY20
South Africa	1 540	1 652
Rest of Africa	180	221
Technology	10	13

- **SA:** 1H FY20 inflated by larger 3rd provisional top-up payment versus previous years
- **RoA:** 1H cash taxes as % of revenues seasonally lower given larger 2H settlements to most RoA tax regimes – anticipate normalised full-year rate
- **Technology:** Statutory tax rate of 25% largely offset by losses in RoA due to fiscal unity structure

(1) Capital expenditures defined as PP&E acquired – proceeds from sale of PP&E + intangible assets acquired – proceeds from sale of intangible assets

Ongoing cash flow growth as profitability improves

1H FY20 ongoing improvement in profitability driving cash flow growth (ZARm)



(1) Includes depreciation and interest on transponder leases
(2) Free cash flow before M&A and dividend payments

Basis of preparation of consolidated interim financials

Accounting policy

- Prepared in accordance with IAS 34
- Moved from combined as required for listing to consolidated financials. No change in financial figures
- Adopted IFRS 16 Leases from 1 April 2019: R0.7bn balance sheet impact, but no material income statement impact. Comparatives not restated.

Going concern

- Management of the Group has reasonable expectations that MultiChoice has resources for the continued operation of the business as a going concern

Taxation

- Historically, entities filed separate tax returns, incl. South Africa
- All entities to continue to file separate tax returns
- Dutch entities are included in a fiscal unity structure and file a consolidated tax return
  - Profits and losses to be pooled within the fiscal unity

Intercompany

- Transactions with Naspers disclosed as related party transactions in the consolidated financial statements until Unbundling
- Thereafter reflected as a 3rd party

Interest

- Interest charge based on interest incurred by group entities on external borrowings
- Interest rate implicit in the lease, or group's borrowing rate used to calculate PV of min lease payments
- Interest expense based on effective interest rate
- Interest income maximised through MCG cash pooling structure

Equity

- Other reserves include hedging, fair value and FX translation reserves

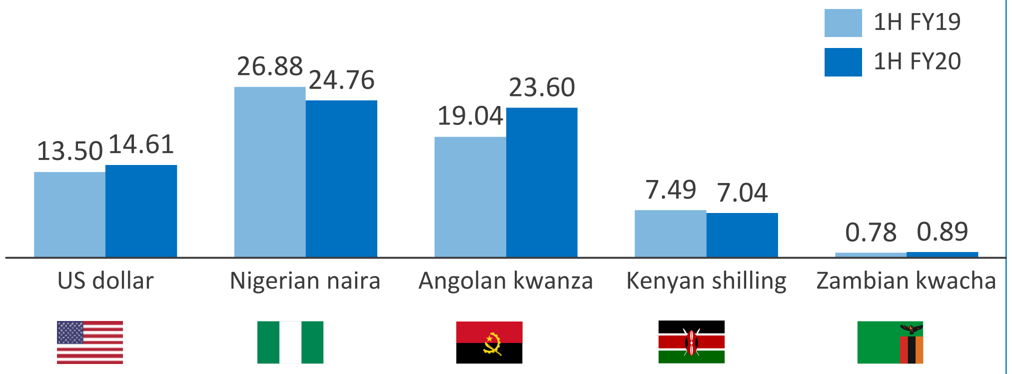
Explanation of organic metrics and growth rates

- Organic metrics (i.e. organic trading profit, costs and revenue) calculated after adjusting reported values for: (1) changes in FX rates and (2) M&A activity
- Compared to the prior period actual IFRS results to arrive at organic growth rates
- Assurance report provided by auditors in respect of this calculation

Adjustment 1: Changes in foreign exchange rates

- Calculated by translating the current period's results at the prior period's average FX rates (average of the monthly exchange rates for that period)

Average exchange rates used for translation, relative to ZAR(1):

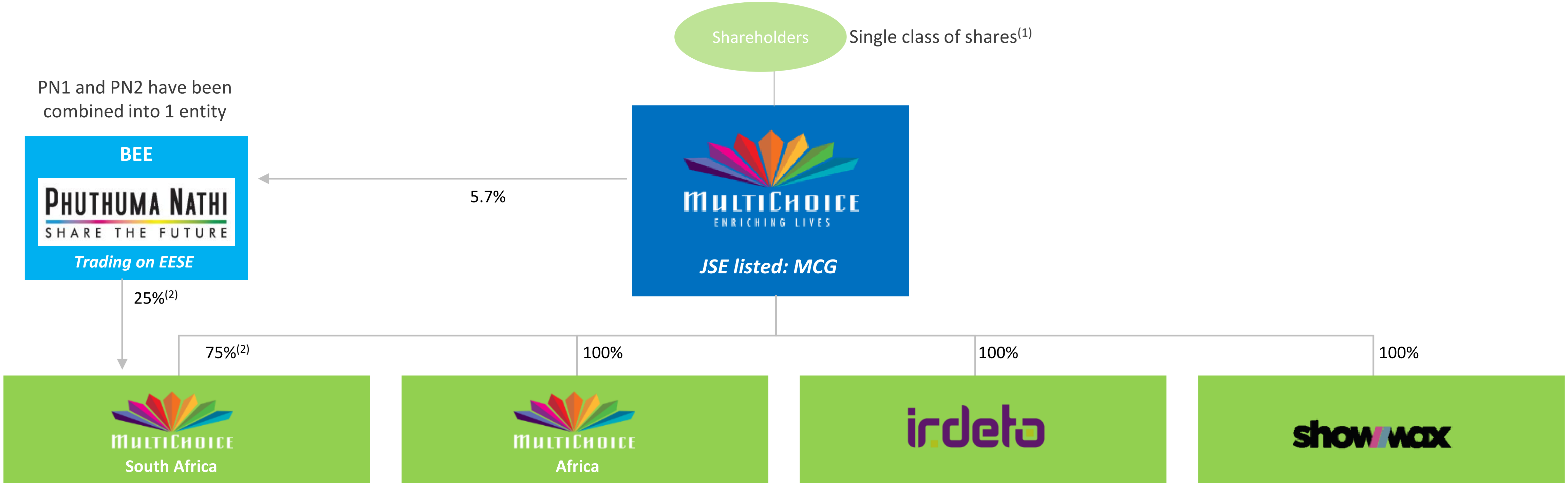


Adjustment 2: Changes in group composition (M&A)

- Adjustments for acquisitions or disposals of subsidiaries made in both current and prior year
- For mergers, adjustment includes a portion of the prior year results of the entity with which the merger takes place
- No M&A activity has impacted organic growth calculations for 1H FY20

(1) USD exchange rate presented as 1USD = ZAR, all other currencies presented as 1ZAR = FC

MCG structure post PN flip-up and scheme of arrangement



Major subsidiaries include:

- MultiChoice South Africa Holdings (Pty) Ltd
- MultiChoice South Africa (Pty) Ltd
- MultiChoice (Pty) Ltd
- MultiChoice Support Services (Pty) Ltd (includes Showmax SA operations)
- Electronic Media Network (Pty) Ltd (M-Net)
- SuperSport International Holdings (Pty) Ltd
- DStv Media Sales (Pty) Ltd

Major subsidiaries include:

- MultiChoice Africa Holdings B.V. Group
- MultiChoice Nigeria Ltd (79%)
- MultiChoice Uganda Ltd (95%)
- MultiChoice Zambia Ltd (51%)
- MultiChoice Kenya Ltd (60%)
- MultiChoice Tanzania Ltd (60%)
- GOtv Kenya Ltd (70%)

Major subsidiaries include:

- Irdeto B.V.
- Irdeto South Africa (Pty) Ltd

Major subsidiaries include:

- Showmax B.V.
- Showmax s.r.o.

(1) Foreign voting rights are capped at 20% due to broadcasting licence requirements in South Africa
(2) MCG's combined direct and indirect effective interest in MCSA is 76.4%, while PN shareholders own the remaining 23.6% of MCSA
Note: Organogram depicts major group entities. Subsidiary shareholdings are 100% unless otherwise indicated

Glossary of terms

ARPU	Average revenue per user
B-BBEE	Broad-Based Black Economic Empowerment
Capex	Capital expenditure
COPS	Cost of providing services
DTH	Direct-to-Home Television
DTT	Digital Terrestrial Television
EBITDA	Earnings before interest, tax, depreciation and amortisation
EESE	Equity Express Securities Exchange
FCF	Free cash flow
FEC	Forward Exchange Contract
FX	Foreign exchange
FWC	FIFA World Cup
FY	Financial year
GE	General entertainment
1H/2H	First half/second half of the financial year
HD	High Definition
HOH	Half-on-half, i.e. movement from 31 March to 30 September
IFRS	International Financial Reporting Standards
IT	Information technology
JSE	Johannesburg Stock Exchange
M&A	Mergers and acquisitions
MCG	MultiChoice Group
NCI	Non-controlling interests
OEM	Original Equipment Manufacturer (automotive context)
Opex	Operating expenses
OTT	Over-the-top media services
PN	Phuthuma Nathi
PP&E	Property, plant and equipment
PV	Present value
PVR	Personal Video Recorder
RoA	Rest of Africa
SA	South Africa
SG&A	Selling, general and administration expenses
STB	Set Top Box
UI	User Interface
US	United States
VAT	Value-Added Tax
VE	Video entertainment
YoY	Year-on-year
YTD	Year to date, i.e. from 1 April to 30 September

Thank you!

Meloy Horn
Head of Investor Relations

meloy.horn@multichoice.com
investorrelations@multichoice.com

+27 82 772 7123
+27 11 289 3320