MULTICHOICE GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2018/473845/06)
JSE Share Code: MCG
ISIN: ZAE000265971
(MultiChoice or the Company or MCG)

Summary consolidated financial results and cash dividend declaration for the year ended 31 March 2021

Executive review of our performance

Strong results underpinned by operational excellence.

In a year that required careful navigation of COVID-19 challenges, the group added 1.4m 90-day active subscribers to close the year ended 31 March 2021 (FY21) on 20.9m subscribers. This represents a 2% acceleration in year on year (YoY) growth to 7%, as heightened consumer demand for video entertainment services, continued penetration of the mass market and an easing of electricity shortages in southern Africa improved growth rates. The 90-day subscriber base is split between 11.9m subscribers (57%) in the Rest of Africa (RoA) and 8.9m (43%) in South Africa.

Revenue increased 4% (4% organic) to ZAR53.4bn, with subscription revenues accounting for ZAR44.7bn, a solid 5% (5% organic) increase YoY. Both advertising and commercial subscription revenues were significantly impacted by COVID-19. Advertising revenues were down 34% YoY (ZAR0.6bn) at the interim stage, but with less lockdown intensity in the second half and the return of live sport, it recovered well, ending 11% down YoY at ZAR2.8bn. Similarly, commercial subscription revenues started to recover in the latter part of the financial year. At the interim stage it was down 46% but finished the year 35% lower than the prior year. The hospitality industry remains intermittent in its recovery due to lockdowns and is expected to take some time to normalise.

Group trading profit rose 28% to ZAR10.3bn (44% organic), benefiting from a ZAR1.5bn (ZAR2.7bn organic) reduction in losses in the Rest of Africa and 9% growth in South Africa. This strong trading profit performance was due to resilient revenue growth, strong cost control and the impact of embracing new ways of working as a consequence of COVID-19 that reduced operating costs. It was further supported by a delay of ZAR1.1bn in sports events' costs, which will be incurred in FY22.

An ongoing focus on cost reduction allowed for a further ZAR1.5bn in costs being eliminated from the base during the year. Overall costs decreased 1% YoY (-3% organic) and resulted in the group accelerating operating leverage from 5% in the prior year to 7% in FY21. Major contributors to these savings were renegotiated sports rights, lower decoder unit costs, sourcing and procurement savings and the benefits of ongoing digital adoption throughout the organisation.

Core headline earnings, the board's measure of sustainable business performance, was up 32% on the prior year at ZAR3.3bn. The strong earnings growth was attributable to the improvement in trading profit and realised foreign exchange movements.

Consolidated free cash flow of ZAR5.7bn was up 10% compared to the prior year. This was underpinned by strong earnings growth for the year but dampened somewhat by the end of a contractual agreement on the southern Africa transponder lease, whereby an upfront payment led to reduced lease payments for the first 36 months of the lease term (ZAR0.4bn negative impact versus FY20). An increase in capital expenditure (ZAR0.7bn), primarily related to a multi-year investment programme to upgrade the group's customer service, billing and data capabilities, reduced cash flows further.

SALIENT FEATURES

Year ended 31 March	2021 ZAR'm	2020 ZAR'm	YoY % change
Revenue	53 338	51 387	4
Operating profit	10 458	8 267	27

Trading profit	10 290	8 028	28
Free cash flow	5 721	5 184	10
Core headline earnings per ordinary share (SA cents)	767	569	35
Earnings per ordinary share (SA cents)	506	117	greater than 100
Headline earnings per ordinary share (SA cents)	496	128	greater than 100
Net asset value per ordinary share (SA cents)	2 228	2 296	(3)
Dividend per ordinary share (SA cents)	565	565	0

KEY PERFORMANCE INDICATORS

Year ended 31 March	2020 Reported	2021 Currency impact	2021 Organic growth	2021 Reported	YoY % change	YoY organic % change
90-day-active subscribers ('000)	19 499	n/a	1 363	20 862	7	7
South Africa	8 416	n/a	515	8 931	6	6
Rest of Africa	11 083	n/a	848	11 931	8	8
90-day-active ARPU (ZAR)						
Blended	187	(2)	-	185	(1)	-
South Africa	290	-	(13)	277	(4)	(4)
Rest of Africa	110	(3)	8	115	5	7
Subscribers ('000)	15 743	n/a	613	16 356	4	4
South Africa	7 888	n/a	289	8 177	4	4
Rest of Africa	7 855	n/a	324	8 179	4	4
ARPU (ZAR)						
Blended	231	(2)	3	232	-	1
South Africa	309	-	(10)	299	(3)	(3)
Rest of Africa	154	(4)	15	165	7	10

GROUP FINANCIALS

Year ended 31 March	2020 IFRS ZAR'm	2021 Currency impact ZAR'm	2021 Organic growth ZAR'm	2021 IFRS ZAR'm	2021 versus 2020 IFRS %	2021 versus 2020 Organic %
Segmental results						
Revenue1	51 387	(270)	2 293	53 410	4	4
South Africa	34 154	-	173	34 327	1	1
Rest of Africa1	15 476	(383)	2 141	17 234	11	14
Technology	1 757	113	(21)	1 849	5	(1)
Trading profit	8 028	(1 240)	3 502	10 290	28	44
South Africa	10 259	-	873	11 132	9	9
Rest of Africa	(2 921)	(1 155)	2 668	(1 408)	52	91
Technology	690	(85)	(39)	566	(18)	(6)

1 Total group revenue and Rest of Africa revenue in 2021 presented above includes ZAR72m gains related to fair value movements on Nigeria futures contracts.

Revenue and costs by nature						
Revenue1	51 387	(270)	2 293	53 410	4	4
Subscription fees1	42 752	(403)	2 334	44 683	5	5
Advertising	3 213	(11)	(354)	2 848	(11)	(11)
Set-top boxes	1 429	29	331	1 789	25	23
Technology contracts and licensing	1 757	113	(21)	1 849	5	(1)

Other revenue	2 236	2	3	2 241	-	-
Operating expenses	43 359	970	(1 209)	43 120	(1)	(3)
Content	18 764	409	(1 222)	17 951	(4)	(7)
Set-top box purchases	4 855	158	152	5 165	6	3
Staff costs	5 912	72	(73)	5 911	-	(1)
Sales and marketing	2 410	(13)	(46)	2 351	(2)	(2)
Transponder costs	2 649	80	(106)	2 623	(1)	(4)
Other	8 769	264	86	9 119	4	1

1 Total group revenue and subscription fees in 2021 presented above includes ZAR72m gains related to fair value movements on Nigeria futures contracts.

The group continued its strategy of differentiation through local content and stepped up its investment by producing 4 567 additional hours (19% YoY growth), despite disruptions caused by strict early COVID-19 lockdown measures. As a result, the total local content library now exceeds 62 000 hours. During FY21, the group launched 11 new local language/content channels across sub-Saharan Africa. In Nigeria, the fifth season of Big Brother, produced as a lockdown edition, achieved a record three million viewers. In South Africa, the group screened several new local productions such as Inconceivable, Lioness, Gomora and Legacy. It also renegotiated two major international content agreements in South African rand (ZAR) and completed five new co-productions (Reyka, Rogue, Crime and Justice, Blood Psalms and Endangered Species) with global content producers.

As one of the largest taxpayers in Africa, the group paid direct cash taxes of ZAR4.1bn, slightly more than the prior year due to higher profitability.

On 10 June 2021, the board approved the formal offer for MCG to increase its equity investment in Blue Lake Ventures Limited (BetKing) from 20% to 49% for a consideration of USD281.5m (approximately ZAR4.0bn), subject to the substantive conditions being met and the transaction becoming effective. The equity investment will also result in payment of the contingent consideration of USD31m (ZAR0.5bn) relating to the acquisition of the first 20% in BetKing. Further details are available on SENS and at www.multichoice.com.

The strength of the balance sheet remains critically important given the uncertain longer-term economic impact of COVID-19 and funding requirements for RoA that includes liquidity constraints in Nigeria. Some ZAR9.5bn in net assets, including ZAR8.5bn in cash and cash equivalents, combined with ZAR4.0bn in available facilities, provide ZAR12.5bn in financial flexibility to fund the group's operations. This strong financial position is after ZAR4bn was utilised to settle the MCG and Phuthuma Nathi (PN) dividends in September, and ZAR1.4bn was spent acquiring a 20% stake in BetKing.

We operate in 50 countries, resulting in significant exposure to foreign exchange volatility. This can have a notable impact on reported revenue and trading profit metrics, particularly in the RoA where revenues are earned in local currencies while the cost base is largely US dollar denominated. Where relevant in this short-form announcement, amounts and percentages have been adjusted for the effects of foreign currency, as well as acquisitions and disposals to better reflect underlying trends. These adjustments (non-IFRS performance measures) are quoted in brackets as organic, after the equivalent metrics reported under IFRS. These non-IFRS performance measures constitute pro forma financial information in terms of the JSE Listings Requirements.

The company's external auditor has not reviewed or reported on forecasts included in this short-form announcement.

DIRECTORATE AND COMPANY SECRETARY

Mr JA Mabuza, an independent non-executive director, took over from Mr SJZ Pacak as the lead independent director, with effect from 3 April 2020.

After a robust independence assessment by the board, Mr E Masilela was recategorised as an independent non-executive director on 2 April 2020.

Mr DG Eriksson retired as an independent non-executive director with effect from 11 June 2020.

Mr MI Patel was reclassified as a non-executive director from October 2020 on expiry of his executive contract.

Mr SJZ Pacak retired as an independent non-executive director with effect from 1 April 2021.

Mr JH du Preez was appointed as an independent non-executive director with effect from 1 April 2021.

Mrs RJ Gabriels resigned as interim company secretary on 11 June 2020 with Ms CC Miller appointed as group company secretary on the same date.

No other changes have been made to the directorate of the group.

DIVIDEND DECLARATION

The board declares a gross dividend of 565 SA cents per listed ordinary share (ZAR2.5bn). This dividend declaration is subject to approval of the MultiChoice South Africa Holdings Proprietary Limited (MCSAH) dividend at its annual general meeting on Wednesday 25 August 2021. The finalisation date for the dividend declaration by the company will be Thursday 26 August 2021. Subject to the aforementioned MCSAH approval, dividends will be payable to the company's shareholders recorded in the register on the record date, being Friday 10 September 2021. The last date to trade cum dividend will be on Tuesday 7 September 2021 (shares trade ex-dividend from Wednesday 8 September 2021). Share certificates may not be dematerialised or rematerialised between Wednesday 8 September 2021 and Friday 10 September 2021, both dates inclusive. The dividend payment date will be Monday 13 September 2021. The dividend will be declared from income.
It will be subject to the dividend tax rate of 20%, yielding a net dividend of 452 SA cents per listed ordinary share to those shareholders not exempt from paying dividend tax. Dividend tax will be 113 SA cents per listed ordinary share. The issued ordinary share capital as at 10 June 2021 was 442.5m ordinary shares (including 15.6m shares held in treasury). The company's income tax reference number is 9485006192.

PREPARATION OF THE SHORT-FORM ANNOUNCEMENT

The preparation of the short-form announcement was supervised by the group's chief financial officer, Tim Jacobs CA(SA). These results were made public on 10 June 2021.

ADR PROGRAMME

Bank of New York Mellon maintains a Global BuyDIRECTSM plan for MultiChoice Group Limited. For additional information, visit Bank of New York Mellon's website at www.globalbuydirect.com or call Shareholder Relations at 1-888-BNY-ADRS or 1-800-345-1612 or write to: Bank of New York Mellon, Shareholder Relations Department - Global BuyDIRECT, 462 South 4th Street, Suite 1600, Louisville, KY 40202, United States of America, (PO Box 505000, Louisville, KY 40233-5000)

IMPORTANT INFORMATION

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", "endeavour" 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 judgements 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.

FURTHER INFORMATION

This short-form announcement is the responsibility of the directors and is only a summary of the information contained in the full summary consolidated annual financial statements. The full summary consolidated annual financial statements were released on SENS on 10 June 2021 and can be viewed on the company's website www.investors.multichoice.com/annual-results Copies of the full summary consolidated annual financial statements may also be inspected at the company's registered office and at the offices of the company's sponsor, at no charge, during office hours. Copies of the full summary consolidated annual financial statements may be requested by contacting the company secretary at cosec@multichoice.co.za. Any investment decision should be based on the full summary consolidated annual financial statements available at https://senspdf.jse.co.za/documents/2021/JSE/ISSE/MCGE/10Jun21FY.pdf published on SENS and on the company's website. The information in this short-form announcement has been extracted from the audited consolidated annual financial statements on our website, but the announcement itself has not been audited. The full audited consolidated annual financial statements, including the audit opinion of the external auditor, PricewaterhouseCoopers Inc., which sets out key audit matters and the basis for its unmodified opinion is available at: www.investors.multichoice.com/annual-results

On behalf of the board

Imtiaz Patel	Calvo Mawela
Chair	Chief Executive Officer

Johannesburg

10 June 2021

Directorate

Independent non-executive directors	Non-executive directors	Executive directors
J A Mabuza (Lead independent director)	M I Patel (Chair)	C P Mawela (CEO)
J H du Preez	F L N Letele	T N Jacobs (CFO)
E Masilela	J J Volkwyn	
K D Moroka		
C M Sabwa		
F A Sanusi		
L Stephens		

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Transfer secretaries: Singular Systems Proprietary Limited (Registration number: 2002/001492/07),
PO Box 785261, Sandton 2146, South Africa

Sponsor: Rand Merchant Bank (a division of FirstRand Bank Limited)