

MultiChoice Group Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2018/473845/06)
JSE share code: MCG
ISIN: ZAE000265971
("MCG" or "the company")

REVIEWED INTERIM RESULTS ANNOUNCEMENT
CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

EXECUTIVE REVIEW OF OUR PERFORMANCE
RESILIENT OPERATIONAL PERFORMANCE AND SIGNIFICANT PROGRESS IN EXPANDING SERVICE OFFERING

MultiChoice Group ("MultiChoice" or "the group") executed well on its operational objectives during the six months ended 30 September 2023 (1H FY24). Building on its track record of investing in technology to be ahead of the curve and accommodate shifts in consumer video consumption trends to support future growth, the group continued with its planned investment in Showmax ahead of an exciting re-launch in the second half of this financial year. The group remains focused on developing its entertainment platform that caters for consumer needs across sub-Saharan Africa and on leveraging its scale to build a differentiated ecosystem and develop additional revenue streams.

Coming off a high-growth period linked to the FIFA World Cup in the previous six months, the group's overall 90-day active subscriber base contracted by 2% (0.4m) to 21.7m. The Rest of Africa base, accounting for 60% of linear customers, grew by 1% to 13.0m. The South African business had to contend with the effects of ongoing high levels of loadshedding as 43% of the days in the reporting period were impacted by stage 4 - 6 loadshedding. Subscriber growth was also affected by a decision to remove 311k non-revenue generating customers (linked to special loadshedding campaigns) from the base. In total, customer numbers were 5% lower at 8.6m (down 2% excluding non-paying subscribers), but encouragingly the premium base posted 5% growth, reflecting a positive trend for the first time in many years.

Group revenue grew 4% organically to ZAR28.3bn. On a reported basis, it was 1% lower, reflecting the negative impact of weaker local currencies and consumer pressure, offset by translation benefits of a weaker ZAR on the group's USD reporting segments (Rest of Africa, Showmax and Irdeto) and inflationary-led price increases in the majority of the group's markets.

Group trading profit increased 18% on an organic and like-for-like basis (excluding the additional investment in Showmax), reducing to a 10% improvement once the additional investment in Showmax is taken into account. This investment was ZAR0.5bn higher YoY mainly due to dual platform costs that will normalise once customers have been migrated. Cost optimisation remained a core focus, delivering ZAR0.5bn in cost savings, with the full year target of ZAR0.8bn lifted to ZAR1.0bn. On a reported basis, trading profit was down 18% to ZAR5.0bn, impacted by foreign exchange headwinds of ZAR1.7bn, Showmax trading losses of ZAR0.8bn and a lower contribution from South Africa.

Group core headline earnings, the board's measure of the underlying performance of the business, declined by 5% to ZAR1.9bn, impacted by the same drivers weighing on trading profit, with some offset from realised gains on forward exchange contracts and lower tax and minorities in South Africa.

The group has introduced an adjusted core headline earnings metric to incorporate the impact of losses incurred on cash remittances in markets such as Nigeria (post an adjustment for minorities and tax), as these costs can no longer be viewed as temporary in nature. This metric reflects an increase of 25% to ZAR1.5bn, resulting from lower losses on cash remittances as the gap between the official and parallel naira rates narrowed following the material depreciation in the official naira rate during the reporting period.

Group free cash flow declined by 40% to ZAR1.1bn, weighed down by pressure on the South African business and the increased investment in Showmax.

SALIENT FEATURES

2023

2022

YoY

Period ended 30 September	ZAR'm	ZAR'm	% change
Revenue	28 334	28 654	(1)
Operating profit	4 834	6 218	(22)
Trading profit	5 023	6 130	(18)
Free cash flow	1 071	1 789	(40)
Core headline earnings per ordinary share (SA cents)	452	474	(5)
Adjusted core headline earnings per ordinary share (SA cents)	356	284	25
Loss per ordinary share (SA cents)	(310)	(60)	>(100)
Headline loss per ordinary share (SA cents)	(289)	(58)	>(100)
Net asset value per ordinary share (SA cents)	181	1 762	(90)

KEY PERFORMANCE INDICATORS

	2022	2023	2023	2023	YoY	YoY organic
Period ended 30 September	Reported	Currency impact	Organic growth	Reported	% change	% change
90-day active subscribers ('000)	22 079	n/a	(416)	21 663	(2)	(2)
South Africa	9 115	n/a	(486)	8 629	(5)	(5)
Rest of Africa	12 964	n/a	70	13 034	1	1
90-day active ARPU (ZAR)						
Blended	180	(9)	1	172	(4)	1
South Africa	261	-	(5)	256	(2)	(2)
Rest of Africa	123	(15)	9	117	(5)	7
Subscribers ('000)	17 110	n/a	(407)	16 703	(2)	(2)
South Africa	8 204	n/a	(382)	7 822	(5)	(5)
Rest of Africa	8 906	n/a	(25)	8 881	-	-
ARPU (ZAR)						
Blended	235	(12)	6	229	(3)	3
South Africa	290	-	-	290	-	-
Rest of Africa	183	(23)	16	176	(4)	9

GROUP FINANCIALS

	2022	2023	2023	2023	YoY	YoY organic
Period ended 30 September	IFRS	Currency impact	Organic growth	IFRS	% change	% change
Segmental results	ZAR'm	ZAR'm	ZAR'm	ZAR'm		
Revenue ¹	28 610	(1 321)	1 045	28 334	(1)	4
South Africa	17 051	-	(512)	16 539	(3)	(3)
Rest of Africa ¹	10 521	(1 409)	1 358	10 470	-	13
Technology	657	87	26	770	17	4
Showmax	381	1	173	555	46	45
Trading profit	6 130	(1 712)	605	5 023	(18)	10
South Africa	6 294	-	(1 092)	5 202	(17)	(17)
Rest of Africa	(254)	(1 591)	2 175	330	>100	>100
Technology	369	(83)	4	290	(21)	1
Showmax	(279)	(38)	(482)	(799)	>(100)	>(100)

¹ Total group revenue and Rest of Africa revenue presented above includes losses of ZARnil (1H FY23: losses of ZAR44m) related to fair-value movements on Nigeria futures contracts as the group discontinued the use of Nigerian futures contracts during FY23.

REVENUE AND COSTS BY NATURE

Revenue	28 610	(1 321)	1 045	28 334	(1)	4
Subscription fees ¹	23 756	(1 249)	830	23 337	(2)	3

Advertising	2 001	(128)	78	1 951	(2)	4
Decoders	949	(37)	(147)	765	(19)	(15)
Technology contracts and licensing	657	87	26	770	17	4
Insurance premiums	338	-	104	442	31	31
Other revenue	909	6	154	1 069	18	17
Operating expenses	22 480	391	440	23 311	4	2
Content	8 963	477	375	9 815	10	4
Decoder purchases	3 379	(1)	(1 094)	2 284	(32)	(32)
Staff costs	2 935	69	210	3 214	10	7
Sales and marketing	1 412	(31)	91	1 472	4	6
Transponder costs	1 224	68	(109)	1 183	(3)	(9)
Other	4 567	(191)	967	5 343	17	21

1 Subscription fees presented above includes losses of ZARnil (1H FY23: losses of ZAR44m) related to fair-value movements on Nigeria futures contracts as the group discontinued the use of Nigerian futures contracts during FY23.

EXECUTIVE REVIEW CONTINUED

In the current environment of heightened operational risk caused by volatile currencies and consumer pressure, and considering the medium-term investment cycle for Showmax, the group remains focused on cash generation and protecting the balance sheet. After paying the ZAR1.4bn Phuthuma Nathi dividend in September, the group retained ZAR5.6bn in cash and cash equivalents at period-end, as well as access to ZAR9.0bn in undrawn facilities. Financial debt remained fairly stable during the period, with ZAR8.1bn in debt at period-end representing a leverage ratio (net debt: EBITDA) of 1.30x (1H FY23: 1.08x).

The group operates in numerous markets across Africa and internationally, resulting in significant exposure to foreign exchange volatility. This can have a notable impact on reported revenue and trading profit metrics, particularly in the Rest of Africa where revenues are earned in local currencies while the cost base is largely USD denominated. Where relevant in this results 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-International Financial Reporting Standards (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 Limited Listings Requirements.

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

DIRECTORATE

Mr A Zappia was appointed as an independent non-executive director with effect from 1 September 2023. Ms D Klein was appointed as an independent non-executive director with effect from 1 September 2023.

The group also announced that its current non-executive chairman, Imtiaz Patel, will be stepping down from his role with effect from 31 March 2024. Elias Masilela, an independent non-executive member of the board, will assume the role of board chairman effective 1 April 2024.

DIVIDEND

No dividend has been declared based on the group's interim results, which is in line with the group's approach since listing.

PREPARATION OF THE RESULTS ANNOUNCEMENT

The preparation of the results announcement was supervised by the group's chief financial officer, Tim Jacobs CA(SA).

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 results announcement 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 results announcement, 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 results announcement is the responsibility of the directors and is only a summary of the information in the full consolidated interim financial statements. Consequently, it does not contain full or complete details. The full consolidated interim financial statements have been reviewed by Ernst & Young Inc., who expressed an unmodified conclusion thereon. The full consolidated interim financial statements can be found on the company's website at <https://investors.multichoice.com/interim-results>.

Any investment decisions made by investors and/or shareholders should be based on consideration of the financial results as a whole and investors and/or shareholders are encouraged to review the full consolidated interim financial statements at <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/MCGE/15Nov23HY1.pdf> published on SENS and on the company's website.

The information in this announcement has been extracted from the reviewed consolidated interim financial statements on our website, but the announcement itself was not reviewed.

On behalf of the board

Imtiaz Patel
Chair

Calvo Mawela
Group CEO

Johannesburg
15 November 2023

Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)