

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")

Summary consolidated financial results for the year ended 31 March 2024

Resilient performance while expanding our platform

Overview
The financial year to 31 March 2024 (FY24) saw the culmination of four years of strategic planning, with MultiChoice Group (MultiChoice or the group) now fully operational in its three core segments, namely video entertainment, interactive entertainment and fintech. Showmax, SuperSportBet and Moment all launched successfully during the year, showing strong initial user traction.

On the back of inflationary pricing across our markets and in a year that included the premiere of Shaka Illembe and four World Cup events, the group was able to deliver positive organic revenue growth of 3% despite the severity of the macro and consumer headwinds impacting the business. The group also outperformed on cost optimisation once again, delivering ZAR1.9bn in cost savings against an initial target of ZAR0.8bn, and tactically reducing set-top box subsidies by ZAR1.5bn YoY.

As a result of management's timely interventions, the group delivered FY24 segmental profitability in line with its guidance, with margins in South Africa in the mid-twenties range (>26%), Rest of Africa increasing trading profit to ZAR1.3bn (48% YoY growth), Showmax posting trading losses of ZAR2.6bn which came in below the ZAR3.0-4.0bn guided range and Irdeto delivering a trading margin of 23%.

Headline figures
The group's 9% decline in active subscribers was mainly due to a 13% decline in the Rest of Africa business as mass-market customers in countries like Nigeria had to prioritise basic necessities over entertainment, while the South African business showed more resilience with a 5% decline. Showmax, which re-launched in February, is showing encouraging early traction - it delivered record single-month growth in March 2024, with the paying subscriber base growing 16% from the migrated base at relaunch to year-end.

Despite a disciplined approach by the group towards inflation-led pricing, the combination of foreign exchange headwinds and a lower subscriber base resulted in a net decline in group revenues of 5% to ZAR56.0bn (+3% organic).

Weaker subscriber trends and foreign exchange pressures flowed through to group trading profit which was down 21% to ZAR7.9bn (+24% organic). The commencement of the Showmax investment cycle reduced the group's trading profit by ZAR1.4bn.

Adjusted core headline earnings, the board's revised measure of the underlying performance of the business which now includes losses on cash remittances after tax and non-controlling interests, declined by 20% to ZAR1.3bn as higher realised hedging gains and a narrower gap between the official and parallel naira rates in FY24 relative to the prior year were more than offset by weaker trading profitability.

Despite taking significant steps to control costs and protect cash flows, the increased cash flow investment in Showmax, notably through ZAR1.4bn in additional trading losses and ZAR1.7bn in platform technology advances, and the impact of weaker currencies on profitability resulted in the group's free cash flow declining by 79% to ZAR589m. The group held ZAR7.3bn in cash and cash equivalents at 31 March 2024, and retained access to ZAR4.1bn in undrawn group borrowing facilities.

The group incurred a number of non-cash charges and accounting-related adjustments during the year which have left the group with a negative equity balance of ZAR1.1bn at year-end, but which have no impact on the liquidity of the group.

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.

Salient features

	2024	2023	YoY
Year ended 31 March	ZAR'm	ZAR'm	% change
Revenue(1)	55 968	59 141	(5)
Operating profit	7 080	10 157	(30)
Trading profit	7 877	9 991	(21)
Free cash flow	589	2 861	(79)
Core headline earnings per ordinary share (SA cents)	515	828	(38)
Adjusted core headline earnings per ordinary share (SA cents)	313	388	(19)
Loss per ordinary share (SA cents)	(935)	(815)	(15)
Headline loss per ordinary share (SA cents)	(715)	(301)	>(100)
Net asset value per ordinary share (SA cents)	(251)	1 249	>(100)
Dividend per ordinary share (SA cents)	-	-	-

(1) Revenue disclosed above includes IFRS 17 insurance revenue of ZAR969m (FY23: ZAR717m).

Key performance indicators

	2023	2024	2024	2024	YoY	YoY
As at 31 March	Reported	Currency	Organic	Reported	% change	organic
Subscribers ('000)		impact	growth			change
South Africa	17 306	n/a	(1 621)	15 685	(9)	(9)
Rest of Africa	8 016	n/a	(409)	7 607	(5)	(5)
	9 290	n/a	(1 212)	8 078	(13)	(13)

ARPU (ZAR)						
Blended	239	(23)	13	229	(4)	5
South Africa	290	-	-	290	-	-
Rest of Africa	192	(43)	24	173	(10)	13
90-day active subscribers ('000)	23 508	n/a	(2 574)	20 934	(11)	(11)
South Africa	9 305	n/a	(754)	8 551	(8)	(8)
Rest of Africa	14 203	n/a	(1 820)	12 383	(13)	(13)
90-day active ARPU (ZAR)						
Blended	179	(17)	8	170	(5)	4
South Africa	256	-	(2)	254	(1)	(1)
Rest of Africa	126	(28)	15	113	(10)	12

Group financials

	2023	2024	2024	2024		YoY
	IFRS	Currency	Organic	IFRS	YoY	organic
Year ended 31 March	ZAR'm	impact	growth	ZAR'm	% change	% change
SEGMENTAL RESULTS						
Revenue(1)	59 065	(5 031)	1 934	55 968	(5)	3
South Africa	34 145	-	(589)	33 556	(2)	(2)
Rest of Africa(1)	22 604	(5 177)	2 234	19 661	(13)	10
Technology	1 477	144	103	1 724	17	7
Showmax	839	2	186	1 027	22	22
Trading profit	9 991	(4 535)	2 421	7 877	(21)	24
South Africa	9 693	-	(901)	8 792	(9)	(9)
Rest of Africa	898	(4 339)	4 766	1 325	48	>100
Technology	610	(125)	(89)	396	(35)	(15)
Showmax	(1 210)	(71)	(1 355)	(2 636)	>(100)	>(100)

(1) Total group revenue and Rest of Africa revenue presented above includes losses of ZARnil (FY23: ZAR76m) related to fair-value movements on Nigeria futures contracts as the group discontinued the use of Nigerian futures contracts during FY23.

	2023	2024	2024	2024		YoY
	IFRS	Currency	Organic	IFRS	YoY	organic
Year ended 31 March	ZAR'm	impact	growth	ZAR'm	% change	% change
REVENUE AND COSTS BY NATURE						
Revenue	59 065	(5 031)	1 934	55 968	(5)	3
Subscription fees(1)	48 579	(4 514)	1 173	45 238	(7)	2
Advertising	4 202	(432)	147	3 917	(7)	3
Decoders	1 899	(211)	32	1 720	(9)	2
Technology contracts and licensing	1 477	144	103	1 724	17	7
Insurance premiums	717	-	252	969	35	35
Other revenue	2 191	(18)	227	2 400	10	10
Operating expenses	49 074	(496)	(487)	48 091	(2)	(1)
Content	20 896	690	(592)	20 994	-	(3)
Decoder purchases	6 553	99	(2 447)	4 205	(36)	(37)
Staff costs	6 171	(62)	645	6 754	9	10
Sales and marketing	3 053	(108)	175	3 120	2	6
Transponder costs	2 454	60	(66)	2 448	-	(3)
Other	9 947	(1 175)	1 798	10 570	6	18

(1) Subscription fees presented above includes losses of ZARnil (FY23: ZAR76m) related to fair-value movements on Nigeria futures contracts as the group discontinued the use of Nigerian futures contracts during FY23.

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.

Mr JJ Volkwyn stepped down as lead independent director with effect from 1 April 2024 but will remain on the board as an independent non-executive director.

Mr MI Patel stepped down as chair and non-executive director with effect from 23 April 2024. The board appointed Mr E Masilela as chair with effect from 23 April 2024. (Mr E Masilela filled the role of Deputy Chair and lead independent director from 1 April 2024 to 22 April 2024).

Dividend

In view of the group's commitments under the Cooperation Agreement with Canal+, as published in the Combined Offer Circular on 4 June 2024, the question of a dividend declaration does not arise for FY24.

Preparation of the results announcement

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

These results were made public on 12 June 2024.

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 does not provide all the details contained in the full results. Any investment decision should be based on the full results available on SENS at <https://senspdf.jse.co.za/documents/2024/JSE/ISSE/MCGE/12Jun24FY.pdf> and on the company's website www.investors.multichoice.com/annual-results. The consolidated annual financial statements have been audited by Ernst & Young Inc., who have provided an unmodified opinion.

On behalf of the board

Elias Masilela Chair Johannesburg 12 June 2024	Calvo Mawela Group CEO
---	---------------------------

Directorate

Independent non-executive directors
E Masilela (Chair), JJ Volkwyn, JH du Preez, D Klein, KD Moroka,
CM Sabwa, FA Sanusi, L Stephens, A Zappia

Executive directors

CP Mawela (CEO), TN Jacobs (CFO)

Registered office

MultiChoice City, 144 Bram Fischer Drive
Randburg, 2194, South Africa
PO Box 1502, Randburg, 2125

Transfer secretaries

Singular Systems Proprietary Limited
Registration number 2002/001492/07
25 Scott Street, Waverley, 2090, South Africa
PO Box 1266, Bramley, 2018, South Africa.

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)