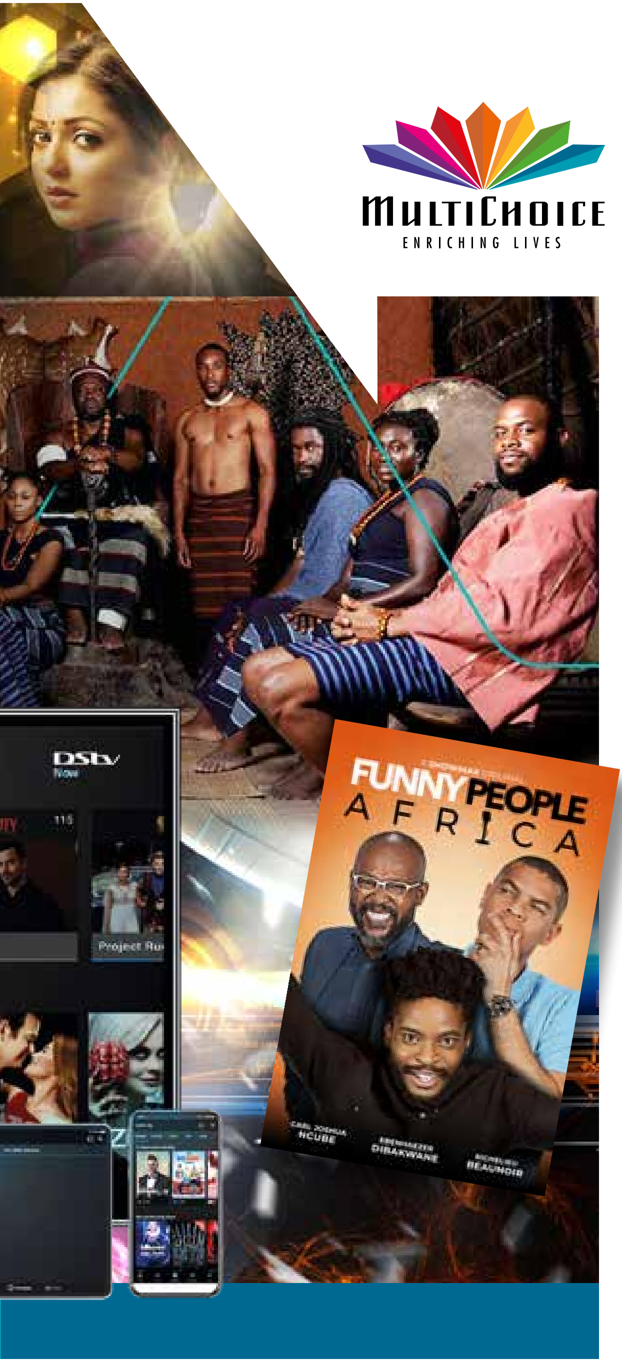
Integrated annual report 2019

MultiChoice
ENRICHING LIVES

MultiChoice Group Limited

TRIPPIN WITH SKHUMBA
KUNG FU PANDA 3
Recently watched channels
101
106
112
Colony
Fear The Walking Dead
Bad Boys
Assassination of Gianni Versace
AVENGERS
PRISON BREAK
100

MultiChoice
ENRICHING LIVES



Contents

ABOUT THIS REPORT

Scope and boundary

The scope of this report comprises MultiChoice Group Limited (MultiChoice Group) and its subsidiaries (together, MultiChoice or the group). We present our integrated annual report for the financial year from 1 April 2018 to 31 March 2019 (referred to as FY2019). The purpose of this report is to articulate how we create value over the short, medium and long term. This report aims to articulate key developments and material matters in our external landscape and business environment.

For more information, please refer to our material matters on page 12.

We are committed to integrated and balanced reporting on our strategic objectives, material matters and how we are governed. We strive to provide a comprehensive view of our financial and non-financial performance, as well as the sustainability of our business.

Basis of preparation

MultiChoice Group was constituted on 28 September 2018, however financial information has been prepared for the full FY2019. The content of the integrated annual report has been guided by the framework of the International Integrated Reporting Council (IIRC) and due consideration has been given to the recommendations of the King IV Report on Corporate Governance™[1] for South Africa, 2016 (King IV).

Navigation and feedback

Feedback on the report is welcomed and can be communicated to cosec@multichoice.com

Connect with us on:

How to navigate our report

Throughout our integrated report, the following icons are used to show the connectivity between sections:

Page   Internet

Note

[1] The Institute of Directors in Southern Africa NPC (IoDSA) owns all the copyright and trademarks for King IV.

STATEMENT OF DIRECTORS' RESPONSIBILITY

Assurance and responsibility

Independent assurance has been provided on certain material information presented in this report.

Financial information

Financial information in this report was reviewed by the audit committee and approved by the board. Refer to page 108 for the auditor's report on the group's summarised consolidated annual financial statements. Summarised consolidated financial information for the group extracted from the audited consolidated annual financial statements for the year ended 31 March 2019 are reflected accurately. The full financial statements appear on the MultiChoice website (www.multichoice.com) and are available for review at our registered office from the company secretary.

Non-financial information

EmpowerLogic has verified all broad-based black economic empowerment (BBBEE) information in this report.

Responsibility

The audit committee reviewed and recommended the integrated annual report for approval. The report was approved by the board on 14 June 2019. The integrated annual report and financial statements fairly reflect, in our opinion, the true financial position of the group as at 31 March 2019 and that of its operations during this period, as described in the report. The board believes this report is presented in accordance with the International <IR> Framework.

On behalf of the board

Imtiaz Patel
Executive chair

14 June 2019

On behalf of the audit committee

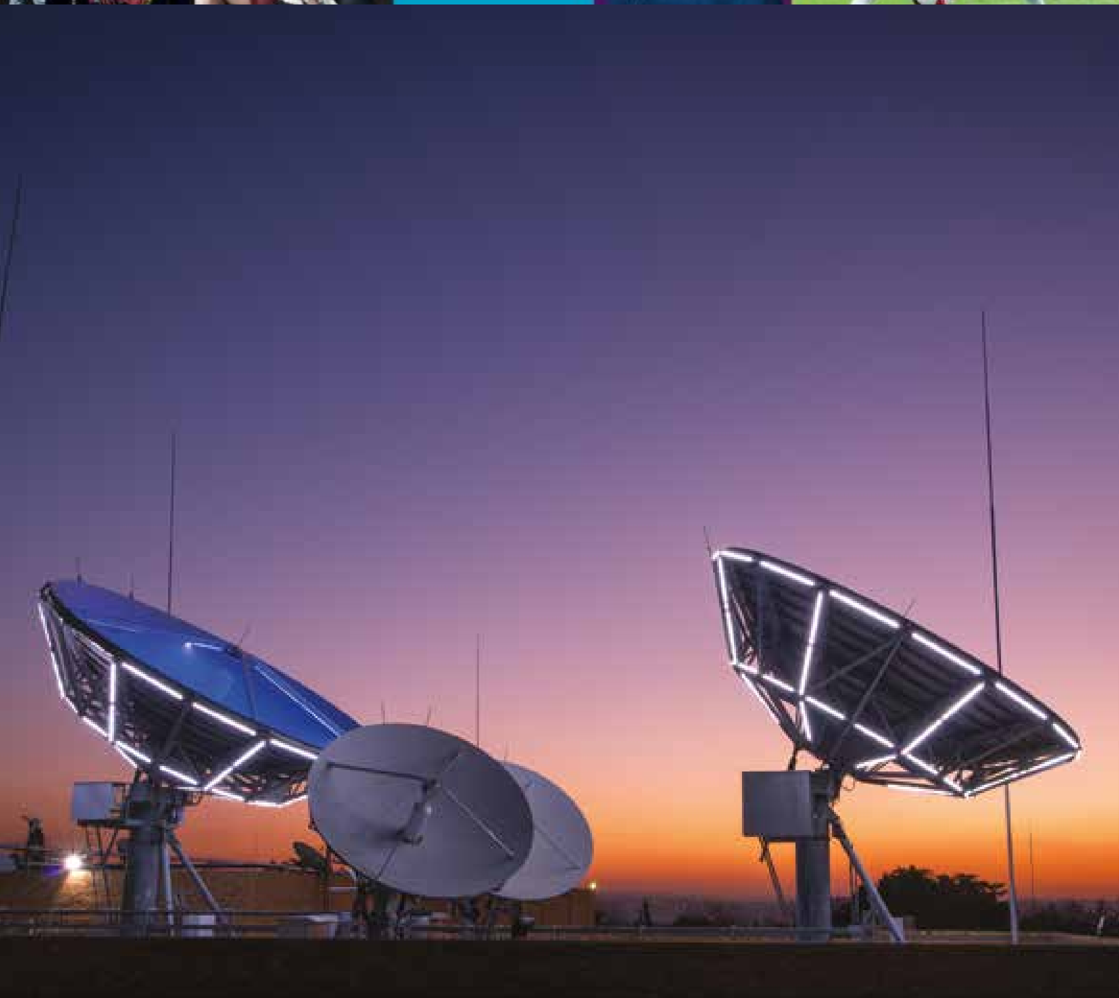
Steve Pacak
Audit committee chair and lead independent non-executive director

14 June 2019

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", "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 the International Financial Reporting Standards (IFRS) and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; 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.


Idols
MASSIVEMUSIC
DATE MY FAMILY
PLEASE STEP IN



OUR BUSINESS

Leading

African video-entertainment platform

MultiChoice is one of the fastest-growing video-entertainment providers globally, delivering entertainment products and services to 15.1m households across 50 countries on the African continent. Our 30+ year track record as part of the Naspers group is reflective of our commitment to provide our audiences with only the best local, sport and international content.

On 27 February 2019, MultiChoice Group Limited (MultiChoice Group) listed on the JSE Limited (JSE), Johannesburg's stock exchange, and was unbundled from Naspers Limited on 4 March 2019.

Content is at the core of what we do. We aim to deliver quality content anywhere, anytime and on any device through a comprehensive video-entertainment offering at different price points. As pioneers in African pay-TV, we play an important role in making information and entertainment easily accessible to Africans. We aim to secure content rights in a manner that is cost-effective and reflective of the diversity of our audiences. Our substantial portfolio includes award-winning local content (a key differentiator in our service offering), a leading sport offering (including production capabilities) and access to international content.

Our strong partnerships with distributors, installers and telecommunication companies, along with our well-established payment solutions, competitive pricing and choice of viewership packages continue to secure our place in the global market, while also providing solutions unique to the African market. Our direct-to-home (DTH), digital terrestrial television (DTT) and over-the-top (OTT) solutions enable us to stay relevant and in line with changing consumer habits while capturing new markets.

Local, sport and international content offerings across multiple platforms

OUR BUSINESS continued

South Africa

Dynamic South African video-entertainment company, providing access to world-class local and international content.

We offer DTH, DTT and subscription OTT services in South Africa:

- R40.4bn total revenue
- 7.4m active subscribers
- R10.3bn trading profit
- 700 local sport productions

Rest of Africa

We are the leading video-entertainment company in the Rest of Africa. We have a diversified presence across geographies, platforms and segments. We provide access to world-class local and international content.

We offer DTH, DTT and OTT services across Africa:

- R14.8bn revenue
- 7.7m active subscribers
- Services across 49 markets in 17 local languages across seven markets with dedicated local channels

Technology (Irdeto)

Our leading platform and application security division. Irdeto has a strong offering in cybersecurity and anti-piracy in both media and gaming. Irdeto has become the second largest content protection vendor in the market (by volume). We have a presence in 20 countries and a customer base in approximately 90 countries.

We are leaders in content security and anti-piracy:

- R1.6bn revenue
- 1.3m pirate households disconnected

How we do business

The African continent, with its 1.1bn people, is our home. We are well positioned for growth by catering for the increased appetite in video-entertainment services, driven by growth in middle-class urban populations and the increased spending habits of African consumers. By 2040, Africa is expected to have the largest workforce globally, with diverse income levels and a large, fast-growing young mass-market segment. Africans are also expected to have increased access to electricity, which supports growth in the number of TV households and drives demand for video entertainment services.

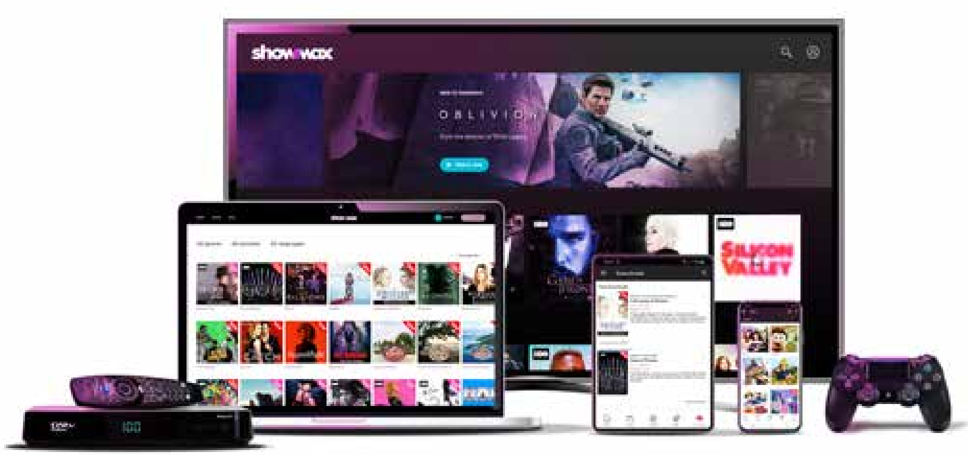
Africa's complexity is our strength. Our deep local knowledge positions us to serve Africa's large population, located across vast urban and rural territories, through extensive coverage with our DTH, DTT and OTT networks. Our distribution network caters for the informal retail markets of the continent, and our innovative payment solutions offer cash collection points as well as digital services. We employ local teams with local partners in the countries where we operate to ensure our offering speaks to local markets.

We are Africa's leading storyteller, offering programming in 17 languages. We produced 4 600 hours of local content in FY2019, with 40% of our total general entertainment content spend on top quality local productions. We are leaders in sport broadcasting, offering the best sport from around the world. This includes 7 500 live events and 700 local productions which were broadcast on 38 channels in the past year. We also offer leading international content on more than 90 channels. Our diverse offering has enabled our business to grow in the middle and mass markets of the countries in which we operate.

We have superior technology capability through the security solutions that Irdeto, our technology company, brings to the group. These solutions enable MultiChoice to protect our investment, create new offerings and combat cybercrime. With 50 years of expertise in software security, Irdeto's software security solutions and cyberservices protect over 5bn devices and applications for some of the world's best brands.

OUR BUSINESS continued

We demonstrate that we **Care** – about ourselves, our colleagues and most importantly, our customers. Through the way we **Connect** with others, we build lasting relationships based on collaboration, communication and clarity. We also embrace principles of curiosity, courage and commitment in the way we **Create** and innovate.



OUR BUSINESS MODEL

External landscape

Key global and local trends	Our response
▷ According to Digital TV Research, global pay-TV subscribers are expected to reach 1.1bn by 2023, with the majority of growth in Africa forecast in the middle and mass markets	▷ MultiChoice is well positioned to grow market share in the middle and mass markets, which aligns well to our value strategy in the Rest of Africa. The group added 1.6m subscribers in FY2019 well above historic averages
▷ Local content will remain a key differentiator in video entertainment as local stories resonate well with subscribers	▷ MultiChoice makes significant investments in high-quality local productions to cater for indigenous languages and preferences. We increased our local content percentage of general entertainment content from 38% to 40% in FY2019, and we are targeting 45% by FY2022
▷ Audiences will continue to expect value-for-money programming packages	▷ We continuously revisit our cost structures to make programming more affordable to customers, a key pillar of our strategy. Our investment in DTT networks in eight African countries, spanning 130 cities and 163 sites enables us to offer quality services to subscribers in the mass market at affordable prices
▷ The global shift towards OTT will continue	▷ This year MultiChoice's online platforms doubled the number of monthly active users

OVERVIEW

We make significant investments in high-quality local productions

OUR BUSINESS MODEL continued

INPUTS – What we use to create value

Financial capital
MultiChoice Group is a for-profit company. We buy goods and services, provide employment and pay taxes and invest in our corporate citizen programmes. We contribute to economic growth, employment and development opportunities in the countries where we operate.

Manufactured capital
To operate effectively we require offices, contact centres, distribution networks, inventory and specialised equipment and technologies.

Intellectual capital
Our business revolves around the acquisition and development of content, patent, copyright and trademark rights, and industry and market expertise.

Human capital
Employees are essential to our business as employee skills and experience are needed to drive our business forward. We are committed to employee empowerment, transformation and the development of our employees.

Social and relationship capital
We see beyond business priorities and deliver value to stakeholders by adding economic value, enhancing our employees' lives and making a lasting impact on communities. Our initiatives aim to deliver real benefits to the communities in which we operate while being mindful of our planet's sustainability. The nature of our operations means we connect with people from all walks of life and our involvement goes beyond our core business.

Natural capital
We rely on continued electricity usage, which includes other fuels consumed like diesel generators during electricity outages. Many of our employees are based in regions where water usage and waste removal are primary concerns.

OUTPUTS – What we deliver

OUTCOMES – Our impacts

Financial capital

- R50.1bn total revenue
- R7.0bn trading profit
- R1.8bn core headline earnings

Manufactured capital

- R54m building and infrastructure spend

Intellectual capital

- R5.5bn spent on local content
- 40% of total general entertainment content spend spent on local content
- 90+ international channels

Human capital

- 7 053 fulltime permanent employees
- R126.5m total investment on skills development
- 4 849 employees trained
- 53% of our employees are men and 47% are women

Social and relationship capital

- 15.1m customers
- R10.3bn spent with local South African suppliers, including R3.4bn on South African small and medium enterprises
- R1.7bn with South African suppliers who are at least 30% women-owned
- R148m spent on significant CSI initiatives across the group
- Additional 5% shareholding in MultiChoice South Africa issued to Phuthuma Nathi companies as part of unbundling from Naspers for no consideration payable by Phuthuma Nathi shareholders

Natural capital

MultiChoice as a technology-driven entertainment group, has a low impact on natural resources compared to other industries.

The following practices and initiatives are applied by MultiChoice to minimise impact on natural capital: energy saving, water saving and waste recycling. MultiChoice City, our Johannesburg office, received a 5-star rating from the Green Building Council.

MATERIALITY

In determining our reporting content, we are guided by our business strategy, risks, our operations and the concerns of our stakeholders

Determining our material matters

The material matters raised in our integrated annual report are issues on the board agenda that are methodically discussed and addressed. In addition, we consider the impact of our material matters on our business and our ability to create value for shareholders and other stakeholders.

Our material matters

	For FY2019, we identified the following material matters:	
	Our operations This includes information about the performance of our brands, our content and technology	29
	Our people This includes information about our performance in relation to employee engagement, talent management, skills development, diversity and aspects of employee health and wellbeing	37
	Our customers This includes information about our customer service and loyalty performance, as well as customer engagement	44
	Our regulatory landscape This includes information on our approach to regulatory changes, as well as recent developments in the regulatory landscape	48
	Our social and environmental contributions This includes information about the impact of our social investments and contributions, as well as our impact on the environment	50

We seek to build relationships based on trust that will make a lasting impact

MultiChoice has a broad range of stakeholders, including subscribers, regulators, content providers, shareholders, employees and the general public. Our inclusive approach seeks to balance the needs, interests and expectations of our stakeholders with the interests of our organisation over time.

How we engage our stakeholders	Issues raised by stakeholders	Our response
Customers		
▷ Contact centres ▷ Agencies ▷ Accredited installers ▷ Media and press ▷ Social media ▷ Customer satisfaction surveys ▷ Customer meetings ▷ Exhibitions and conferences ▷ Incident management tools	▷ Account and billing queries ▷ Technical queries ▷ General service queries ▷ 24/7 global and local support ▷ Product and performance quality ▷ Commercial terms and business models ▷ Certifications	▷ Solve customer issues promptly ▷ Address bigger process and system issues where relevant ▷ Engage with subscribers on social media such as Twitter and Facebook, and on the DStv Forum ▷ Ongoing customer satisfaction surveys ▷ Ensure certifications are up to date
Government and regulators		
▷ Oral and written representations to committees ▷ Attendance at legislator and regulator developments in parliament ▷ Engagements with government departments	▷ Broadcasting code review ▷ Amendments to competition regulation ▷ Licensing reviews and requirements ▷ Tax reviews ▷ Product licensing ▷ Policy changes	▷ Proactive engagement with regulators on specific issues ▷ Formal representations and submissions ▷ Demonstrate our compliance with regulations and our contribution to society ▷ Share information on the challenges posed by certain regulatory amendments

OUR STAKEHOLDERS continued

How we engage our stakeholders	Issues raised by stakeholders	Our response
Content providers and suppliers		
▷ Face-to-face meetings ▷ Telephonic conference calls and email communication ▷ Attendance at industry conferences ▷ Request for proposals (RFP)	▷ Rights acquisitions ▷ Fees and advertising revenue shares ▷ Qualifying content and encryption ▷ Platform security and content protection ▷ Reporting – performance data and customer numbers ▷ Terms and conditions, and fees ▷ Field of use	▷ We negotiate within approved mandates ▷ Where fees are too high or content is not resonating with particular customers, we may look at terminating or renegotiating contract terms ▷ In cases where certain issues are argued consistently by various studios (eg device usage rules), our business approach may be revised or reconsidered if the change required is in line with international norms
Employees		
▷ Workplace forums, including live broadcasts ▷ Employment equity committees and trade union engagements ▷ Direct engagements ▷ Live engagement tracking and anonymous employee feedback ▷ Engagement surveys ▷ Leadership engagements and interventions ▷ Peer-to-peer interventions ▷ Employee wellness and working environment	▷ Restructure and potential retrenchments ▷ Union recognition ▷ Salary and benefits negotiations ▷ Career acceleration, development and recognition ▷ Complexity of internal business processes	▷ Meaningful restructure consultation and involvement ▷ Meaningful salary and benefits negotiations ▷ Organisational talent reviews with leaders ▷ Employee culture programmes ▷ Diversity and inclusion programmes ▷ Employee benefits ▷ Onsite wellness benefits

How we engage our stakeholders	Issues raised by stakeholders	Our response
Shareholders		
▷ Shareholder meetings, including annual general meetings ▷ Annual reports/interim results ▷ Communications/updates on website ▷ Press releases ▷ JSE SENS announcements ▷ Online Q&As and information guides	▷ Standalone opportunity to invest in video entertainment only ▷ Impact of Naspers's unbundling on shareholders ▷ Competitive threats, specifically in OTT ▷ Growing the business, reducing costs and returning the Rest of Africa business to profitability ▷ Growing cash flow and earnings	▷ Awareness campaigns and roadshows to improve awareness ▷ Extensive communication through investor relations, including investor meetings/ conferences ▷ Annual general meeting and special shareholder meetings where applicable
Media		
▷ Direct engagement through one-on-one interviews and press conferences ▷ Events and launches, including media showcases ▷ Press releases, editorials and general articles ▷ Responding to media queries	▷ **Business media:** MultiChoice Group's JSE listing; MultiChoice corporate governance; MultiChoice ethics and leadership; update on market trends; new customer wins; new partnerships; insight into cybersecurity events happening in the market ▷ **Content media:** Programming, value of packages, comparison to other services like Netflix ▷ **Consumer media:** Related to consumer issues, eg price increases, billing issues, value, comparison to other services like Netflix ▷ **Technical media:** New technology partnerships; new product launches	▷ **Business media:** One-on-one engagement, press conferences, interviews, ongoing answering of queries and statements issued ▷ **Content media:** Newsletters, press releases, articles and launch events highlighting benefits of our packages and changes to our offering ▷ **Consumer media:** Regular interaction and visits in person, ongoing engagement on queries ▷ **Technical media:** Regular one-on-one engagements and interviews, press releases and articles; ongoing answering of queries and statements issued

EXECUTIVE CHAIR

We will maintain our agility and operational excellence to deliver strong returns for our shareholders, while enhancing experiences for our customers

Q **Can you elaborate on the macroeconomic conditions during FY2019?**

During FY2019, global economic conditions remained challenging, largely due to financial market volatility and global economic policy uncertainty. Investor sentiment will likely remain fragile in the short term. While global consumer confidence was reasonably resilient, different markets seem to be subject to varying growth dynamics, resulting in more cautious consumer spending.

In Africa, tough economic conditions prevailed and foreign exchange rates in our markets depreciated on average around 10% against the United States dollar. More significant depreciations were experienced in Angola (60%), Zambia (17%) and Ghana (11%) while inflation levels remained elevated in many countries. Consumer spending in South Africa, our largest market, was under pressure due to, inter alia, an increase in fuel and electricity prices and an overall sluggish economy with increasing unemployment rates. Despite this, growth rates are starting to see an improvement in many markets following the commodity downturn experienced in FY2015 and FY2016.

Although we are cognisant of economic uncertainty, MultiChoice retains a leading position in the African market. Our general

Imtiaz Patel
Executive chair

entertainment content, including an increasing investment in local content, and compelling sport offering are key differentiators, alongside our world-class infrastructure and technology capability.

Q **Can you give us some insight into the financial performance of MultiChoice during FY2019?**

Overall, financial performance during FY2019 was solid. We recorded revenue of R50.1bn (growth of 6% compared to the prior year), and trading profit of R7.0bn (growth of 11% compared to the prior year). We also achieved R3.3bn in free cash flow (growth of 96% compared to the prior year), and we achieved cost savings of R1.3bn.

Q **What factors have influenced the board's decision-making regarding dividends?**

Any dividend proposed by the board in respect of any financial period will be dependent on and influenced by the group's operating results, financial condition, investment strategy, capital requirements and strategic initiatives. MultiChoice Group seeks to ensure there is sufficient cash available to fund its continued growth aspirations, without resorting to excessive leveraging, and to maintain its strategic flexibility. To this end, MultiChoice Group will not pay a dividend for FY2019 but, subject to relevant factors and circumstances at such time including those outlined above, declare a dividend of R2.5bn for FY2020.

Q **How does MultiChoice Group approach governance?**

The board oversees strategic direction and is ultimately responsible for the organisation's performance. The board is assisted by various committees in carrying out its duties. The responsibility for implementing strategy is delegated to management. Governance and sustainability are integral to our strategic implementation and critical for the interests of our stakeholders. MultiChoice Group continually identifies areas where governance can be improved. For more information on our approach to governance, please reference page 62.

Q **What kind of regulatory environment does MultiChoice operate in?**

Our industry is highly regulated. Recent years saw several policy reviews and sector inquiries resulting in increased complexity in our operating environment. These include reviews of broadcasting codes in certain operating jurisdictions, amended licence renewal conditions, and proposed amendments to copyright legislation. Our approach to regulatory changes involves proactive and positive engagement and providing input into relevant industry discussions that have the potential to lead to regulatory changes.

Q **What is the approach of MultiChoice Group with regard to issues of sustainability?**

MultiChoice seeks to play a meaningful role in the development of society. Our sustainable development framework links to our risk management processes, which take an integrated approach to financial and non-financial risk identification, management and monitoring. Our contributions during FY2019 continued to advance issues of education, skills development, community outreach and environmental sustainability. We also aim to enhance the lives of our employees by contributing to their health and wellbeing. Our integrated annual report demonstrates our commitment to sustainability by unpacking the social and environmental initiatives we embark on, and the impact that they make. As a proud contributor to the socio-economic development in the communities where we operate, we recognise the value we can create while being mindful of the sustainability of our planet.

We are committed to promoting **equal opportunity** across our operating jurisdictions

Q Can you tell us a little about the CSI investments made by MultiChoice Group during FY2019?

MultiChoice contributes significantly towards social development programmes in the areas where we operate. In South Africa, this includes the MultiChoice Diski Challenge (MDC), the Magic in Motion (MiM) Academy and SuperSport's Let's Play initiatives. We also make a significant contribution through our Phuthuma Nathi (PN) share schemes. PN companies have received R10.4bn in dividends since inception, ultimately empowering and enriching the lives of more than 90 000 previously disadvantaged South Africans, reflecting our continued commitment to the transformation of the economy. As part of the Naspers unbundling, the PN companies were allocated an extra 5% shareholding in MultiChoice South Africa on 4 March 2019, for no consideration payable by PN shareholders. The value of this transaction was R2.6bn (R1.9bn after allocation to non-controlling interest). We also established the MultiChoice Enterprise Development Trust as a vehicle for our investment into local industries and have committed R188m in loans, grants and business development expenses to assist 24 businesses. In the Rest of Africa, our efforts focus on the development of talent through the MultiChoice Talent Factory (MTF), which aims to transform passionate youth into skilled filmmakers and storytellers. During FY2019, MTF provided Masterclass training for a total of 400 participants. Irdeto also continued to make an impact on wildlife protection by using its superior technology and security solutions to combat cybercrime in the illegal trade of wildlife.

How does MultiChoice Group create an equal opportunity work environment?

We are committed to promoting equal opportunity across our operating jurisdictions. We achieve this by embracing diversity and ensuring employment equity through robust diversity management practices. We believe diversity gives us a competitive advantage and aids in decision-making and problem-solving to provide the best solutions for our customers. We are committed to inclusive growth and development and create opportunities that support the continued transformation of our organisation. We have operations in 50 countries. Our employee profile comprises 47% women and 53% men, and our leadership teams are diverse and proudly representative across top and senior management.

Have there been any changes to the directorate since listing on the JSE?

Christine Sabwa was appointed to the board on 14 May 2019. Subsequent to the release of our results in June 2019, Jabu Mabuza and Fatai Sanusi were appointed to the board with effect from 5 July 2019.

All directors on the board will stand for election by shareholders at the upcoming annual general meeting of shareholders on 29 August 2019.

Looking ahead at FY2020, what do you anticipate for MultiChoice?

MultiChoice will continue to deliver exceptional content to customers while playing a key role in the development of local talent. We will remain focused on our strategic priorities of capturing the fast-growing mass market segment, while delighting and retaining our existing customer base with our entertainment offering. We plan to enhance our online product offerings and continue to invest in technology for improved customer experiences. We will also focus on innovation, particularly in South Africa, where we continue to drive user adoption of our online products. We expect Irdeto to continue to gain market share, and to expand its core security technology by taking a leadership position in connected transport and taking advantage of new opportunities for security-sensitive segments of the Internet of Things (IoT). We will drive further operational excellence to deliver strong returns for our shareholders. We will also continue to diligently manage our regulatory risk environment and ensure compliance across all of our markets.

Would you like to highlight any acknowledgments?

I would like to thank the board for their sound guidance and contribution during our first year as a standalone listed company. Despite difficult operating conditions, management delivered a solid performance and the board would like to express its sincere appreciation to the management teams for their effort and dedication during the year. A special word of thanks goes to our customers and suppliers for their continued support.

Imtiaz Patel
Executive chair

14 June 2019

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Calvo Mawela
Chief executive officer

Tim Jacobs
Chief financial officer

We continue to enhance our product offering to deliver exceptional customer experiences

Q Can you tell us more about MultiChoice's strengths as well as its macro operating environment?

Africa is attractive to MultiChoice as one of the fastest-growing video-entertainment markets globally. As a result of our sustained investments, our brands are household names and the considerable support we enjoy from our customers ensures that we retain a leading market position. Despite tough economic conditions and uncertainty in the macroenvironment during FY2019, our business continued to grow, and we now serve approximately 15.1m active households across the continent. We also benefit greatly from Irdeto being part of the MultiChoice group, delivering secure technology solutions.

Q How has MultiChoice performed during FY2019?

We achieved sustained growth in the middle and mass markets, while subscribers in the premium market declined. The average revenue per user (ARPU) declined from R252 to R241, largely due to a change in subscriber mix towards the mass market in South Africa. However, record overall subscriber growth, improved customer retention and cost-control measures contributed positively to growth in profitability.

We recorded trading profit at R7.0bn for FY2019. We remain focused on returning the Rest of Africa business to profitability and optimising cost structures to expand our margins. Our investments in local content resulted in the addition of 4 600 hours of local content, taking our total local content library to nearly 50 000 hours. Our spend on local general entertainment content as a percentage of total general entertainment content improved from 38% to 40%, in line with our local content investment strategy.

Consolidated free cash flow was R3.3bn. Capital expenditure remained under control at R0.98bn, slightly up due to additional investments in our information and technology infrastructure to improve the customer experience. Our cash-conversion ratio remains positive at 90%.

MultiChoice's total tax contribution was R10.2bn (direct taxes R3.7bn and indirect taxes R6.5bn) for FY2019.

Irdeto recorded stable free cash flow and was able to increase margins through tight cost controls.

Q Did MultiChoice focus on new product development or enhancements to current products?

We continue to enhance our product offering to deliver the best customer experiences. During FY2019, we refined our bouquet structure to ensure we can serve different market segments, and match price and value propositions accurately. We also repositioned and expanded our family offering to include new general entertainment and selected sport at that bouquet level.

Our newly created Connected Video division focused our efforts on our digital properties, and we are seeing results. Our online properties are gaining traction, and we doubled online active users in FY2019. Our digital strategy is key for securing our future and our objective is to be the leading online viewing destination in Africa.

From the Irdeto perspective, we are exploring new opportunities to increase our business in connected industries. This includes applications that make use of the IoT for passenger vehicles, home-entertainment experiences, industrial applications and cybersecurity. We also continuously strive to enhance our current product offering to deliver world-class solutions to subscribers.

Q Are there any insights into MultiChoice's content offering that you can give us?

Our general entertainment programming and compelling sport offering remain relevant to our subscribers. Our investment in DTT infrastructure enables us to serve the mass market at a lower cost with greater flexibility to tailor local viewing packages. Our strong local partnerships enable on-the-ground access to diverse markets, enhancing our capabilities to cater for our customers and reducing complexity on our platforms.

Our continued investment in local content is well received by subscribers, with our channels among the top performers in their peer group. It is crucial to contain content costs, given the pressures we face on ARPU, revenue growth and margins. We delivered well on that objective during FY2019 by limiting overall organic cost increases while increasing investment in local content and navigating cost pressures from suppliers, driven by continued competition for key content. This is positive from an operating leverage perspective.

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER continued

Q How does MultiChoice approach customer service?

Our customers are the cornerstone of our business. We are committed to delivering exceptional experiences at every touchpoint, and we value authentic communication and feedback. We continuously track and analyse our interactions to improve on the services we provide, and the way customers experience our brands. During FY2019, our consumer-satisfaction score (CSAT), measured by customer surveys, improved. We will continue to transform our customer experience by simplifying complex business processes, reducing customer effort, and using artificial intelligence to automate non-value transactions and optimise self-service.

Q Can you talk us through MultiChoice's competitive landscape during FY2019?

Competition continues to increase in our markets with growing video consumption on online platforms and global players like Netflix, Amazon, Facebook and iFlix continuing to offer alternatives in our territories. In the pay-TV market, operators such as StarSat, ZAP TV, Zuku TV and Azam TV all have the necessary broadcasting knowledge and experience to compete with MultiChoice. Improved mobile broadband penetration also facilitated growing competition in the provision of OTT services with the entry of StarTimes ON, iRoko TV, Cell C black and Vodacom VideoPlay. Our competition also includes user-generated content. In the context of Irdeto's operating environment, increasing competition has been identified as a high risk. This includes user-generated content and larger players in the market. We also observe a drive for consolidation between operators and content owners, which impacts negatively on our business as larger conglomerates look to rationalise cost structures.

Q How does MultiChoice's organisational structure support its strategic priorities?

During FY2019, we concluded a restructure to align our structures with the company strategy and to reposition the business for growth. The work in reducing our cost base will continue in the near future to maintain our margins. We will also continue to develop and invest in digital, systems and machine learning (ML) and artificial intelligence (AI) capabilities to enable our growth into the future, including investing in and developing the required talent and capabilities.

Q Looking ahead at FY2020, what do you anticipate for MultiChoice?

In the year ahead, we plan to continue investing in local content and expand our OTT offering.

In SA, our focus will be on delivering growth in the mass market, retention in the premium segment, stable margins and strong cash flows. In the rest of Africa, we will continue to drive scale to return the business to profitability and Irdeto is looking to increase its market share in media security and connected industries.

As a group we are looking to:
- generate sustained top line momentum and further margin expansion
- implement the Phuthuma Nathi flip-up transaction before the end of the current financial year, and
- deliver on our commitment to pay a dividend of R2.5bn for FY2020.

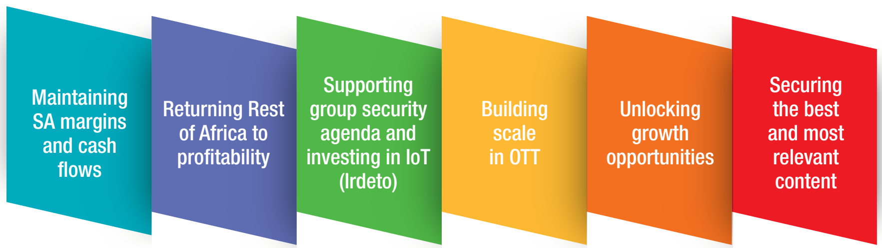
We are excited about the year ahead and continue to believe in the growing appetite for video entertainment across the African continent.

OUR STRATEGIC PRIORITIES

Our strategy continues to deliver value to our broad stakeholder base

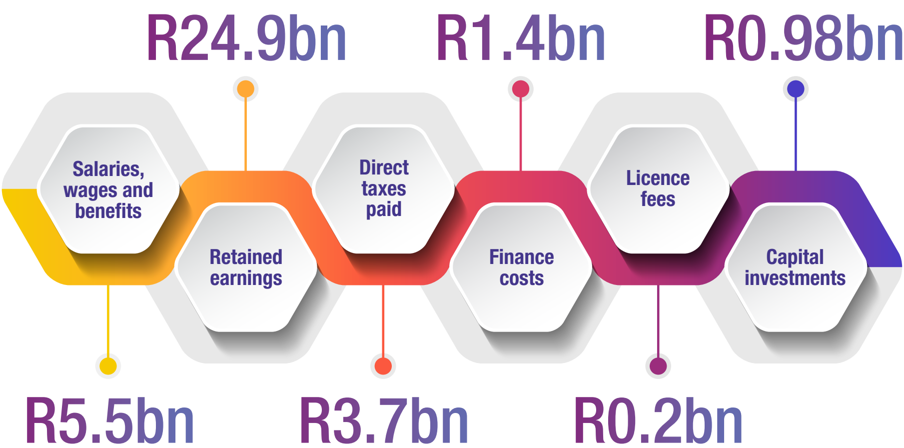
The MultiChoice Group board determines the overall strategy and is ultimately responsible for overseeing the organisation's performance. Management teams across our businesses implement the strategy, guided by our code of business ethics and conduct, and our values.

STRATEGIC PRIORITIES



Value created

MultiChoice generated strong revenue and added 1.6m new subscribers well above the 10-year historic average. We are a sustainable for-profit organisation through the commitment, energy and resourcefulness of our people and stakeholders. The value-added statement illustrates how the group distributed its earnings, and how much was retained for reinvestment.



UNDERSTANDING RISKS AND OPPORTUNITIES

Identifying risks and opportunities is an integral part of our strategic process, and we consider both the potential negative and positive impacts on our business

BOARD
- Ultimate accountability for risk management
- Delegate risk management responsibility to CEO and CFO
- Risk committee of the board oversees risk and opportunity management

CEO AND CFO
- Oversee implementation of risk management framework
- Drive consistent risk management processes

RISK PROCESS
- Perform process reviews and risk assessments
- Evaluate market information
- Recommend controls to be put in place to mitigate risk
- Monitor effectiveness of controls
- Alignment of risk management processes with business strategy

RISK SPECIALISTS
- Embedded in key business areas
- Implementation of risk plans and activities
- Monitor effectiveness of risk plans

Risk management processes align to our strategic planning and budgeting cycles, and risk management plans are compiled annually and updated as required. Risk specialists are embedded in key business areas and responsible for the implementation of plans and mitigation activities. Performance against approved risk management plans and results of activities and processes are monitored by the group's centralised governance forum.

The risk committee has oversight on risk and opportunity management on behalf of the board. It evaluates key risks and opportunities identified through assessments that consider the environment in which we operate as included in the risk register and heatmap. It then reviews disclosures as recommended by King IV. The risk register is reviewed biannually, in November and March, supported by heatmaps demonstrating the relative positioning and movement of key risks. The risk management plan and budget are reviewed annually by the risk committee.

Risk profile

The risk profile is the result of the board's appetite for risk and the ability of management to deliver performance within aligned tolerance variables. Such variables are monitored and reported on during the operational and strategic reporting cycles. Results from the enterprise-wide risk management process are integrated into the business's strategic, operational, compliance monitoring and reporting activities, and the management of risks forms part of ongoing management responsibilities. During FY2019, an external assessment of the adequacy of enterprise-wide risk management processes was performed and results indicated varying degrees of maturity. The recommendations following this process have been turned into action plans for implementation, which are being monitored. An effectiveness review is planned for FY2020.

UNDERSTANDING RISKS AND OPPORTUNITIES continued

Strategic risks

Risk	Description	Our response	Opportunities	Relevant capital
Regulatory	Potential changes in regulatory policy and legislative frameworks	Compliance and proactive engagement with regulators and industry bodies	Improved understanding of industry complexities and challenges	Social and relationship capital
Disruption	Technology disruption results in increased competition, including increased competition for content rights	Invest in product and service innovations and retain content rights	Continuous re-evaluation of products and services to unlock new opportunities	Social and relationship capital Intellectual capital
Content costs	Content rights are becoming increasingly expensive	We regularly evaluate our content contracts to ensure they continue to provide value and remain competitive	Increased investment in local content	Social and relationship capital Intellectual capital Financial capital
Economic and currency risk	Consumers are facing increased economic pressure, potentially affecting the size of our customer base The value of the local currency relative to supplier currencies places increased cost pressure on securing international content	Continued focus on reducing costs and improving efficiencies ensures we remain competitive Effective use of hedging instruments to manage volatility in cash flows	Emerging technologies and innovations could unlock efficiencies and reduced costs	Financial capital

Risk	Description	Our response	Opportunities	Relevant capital
Business continuity	Technology failures in broadcasting, digital playout, customer service or value-added services	Implementation of IT control framework and investing in key systems while simplifying and consolidating internal systems	Simplified systems result in an improved operating environment, cost efficiencies and customer experience	Manufactured capital
Cyber-security	Security of data, programming and information	Investing in improved systems, identifying vulnerabilities and remediation thereof	Improved systems security and reduced business interruptions	Manufactured capital
Customer preferences	Changing customer preferences and viewing habits	Research and development into understanding the preferences and habits of our customers. Develop products to address changing consumer habits	Improved online and OTT offerings Developing local content and talent	Intellectual capital
Talent management	Loss of key talent impacts negatively on our business operations	Talent development programmes and employee engagement initiatives	Retaining the best talent in the market strengthens our position	Human capital
Increased costs of basic services	Increased costs associated with electricity, water and compliance with emissions regulations	Energy efficiency, saving measures, and waste reduction	Position MultiChoice as a leader	Natural capital Financial capital

OVERVIEW

We offer content to our subscribers in tiered packages, each catering to different income levels within the various markets. The DStv Easy View and GOtv packages are the most affordable and include access to approximately 30 TV channels covering news, general entertainment, religious programming and free-to-air channels. Our DStv Compact, Family and Access packages provide access for middle- and lower-income groups. The Family, Access and GOtv packages offer subscribers a selection of up to 75 TV channels, and a number of audio channels with the main focus being local content. The Compact package experienced the most rapid growth in subscriptions in recent years, and includes more than 100 TV channels, including two sport channels primarily dedicated to football. The DStv Premium package targets higher-income individuals and offers the best entertainment programming available, including 135 TV and more than 90 audio channels. Content includes sport, news, documentaries, international blockbuster movies, series, lifestyle programmes, kids' entertainment and a variety of music channels. Value-added services such as BoxOffice, Connected Explora services (Catch-up Plus and Showmax) and our newly introduced JOOX music streaming service in South Africa continue to gain popularity with subscribers. We also offer content in a variety of languages, including Portuguese, English, Swahili, and Igbo, among others.

Irdeto benefits from the group's experience, access and resources. This includes sharing information, insight and personnel, and improving product innovation and the efficiency of services. The group structure also enables Irdeto to benefit from efficiencies in cost structures and financial competencies. Irdeto's security solutions and technical innovations bring exceptional value to the group's African markets.

OUR OPERATIONS

HIGHLIGHTS ON OVERALL PERFORMANCE

core headline earnings

R1.8bn

revenue

R50.1bn

trading profit margin

14%

free cash flow

R3.3bn

cost savings achieved

R1.3bn

hours of new indigenous content commissioned

4 600

active subscribers

15.1m

fulltime permanent employees

7 053

OUR BUSINESS UNITS

South Africa

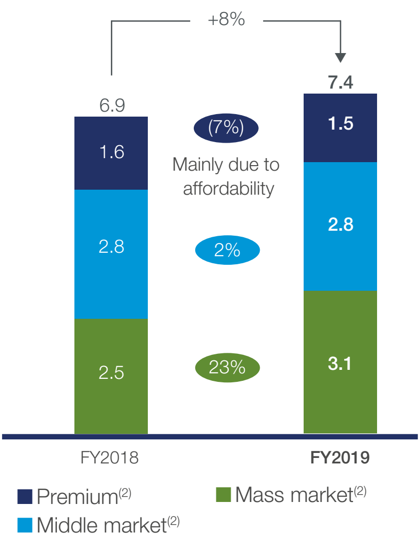
Overview

South Africa is one of the most attractive video markets on the continent due to factors such as the size of the country's economy, the rising middle class, well-developed satellite television infrastructure, and the size of the addressable market. MultiChoice caters for the entire spectrum of the video-entertainment market, from the mass to premium segments, including multiple-genre viewing preferences. Our customer-centric approach ensures that we operate a comprehensive video-entertainment ecosystem that comprises traditional pay-TV, OTT and other products such as movie rentals and music streaming.

South Africa constitutes 67.3% of group revenue, with a customer base of 7.4m in FY2019. Despite a challenging economic climate in South Africa, we achieved growth of 511 500 subscribers, which is in line with historic averages. Our DStv brand is a household name in South Africa and enjoys considerable customer support. We measure this through customer surveys, culminating in our customer satisfaction score (CSAT), which improved to 76% in FY2019.

Currently, our customer base is concentrated in the middle- and mass-market segments. The trend of sustained growth in the mass market continues, while our middle-tier has stabilised with low percentage growth figures and our premium tier showed a single-digit decline. We continue to focus on growing our share of the mass market and retaining our existing subscribers through delighting our customers with quality entertainment content and value-added services. We also aim to maintain operational excellence and agility, while optimising our cost base and delivering strong returns for our shareholders.

Subscribers (m)[1]



Notes:

(1) Refers to active subscribers, ie all subscribers that were active on the measurement day. Note: from FY2020 our primary metric for reporting subscribers will change from active subscribers to 90-day active subscribers.

(2) Premium includes Premium and Compact Plus bouquets; middle market includes Compact and Commercial bouquets and mass market includes Family, Access and Easyview bouquets.

For a detailed review on the South African operations, refer to the MultiChoice South Africa integrated annual report on the South African page of our website:

Internet [www.multichoice.com/multichoice-south-africa.](www.multichoice.com/multichoice-south-africa)

Connected Video

OTT is a growing trend in the video-entertainment market globally with more and more consumers shifting to on-demand viewing on multiple devices. A key driver is the convenience for the viewer to choose what and when to watch, which in turn is enabled through faster and more affordable broadband in combination with an increased number of connected devices such as smart TVs, game consoles and smartphones. MultiChoice is observing these same developments in a few African countries. However, these trends are not prominent across Africa yet, largely due to low penetration of fixed broadband. While fixed broadband penetration is projected to remain low compared to the rest of the world, connected smartphone and mobile broadband penetration is increasing rapidly. So, while the OTT market is gaining traction especially over mobile networks, and opens up new revenue streams for the group, the traditional pay-TV market will continue to grow across our markets, particularly in the mid- and mass-market segments.

To capture the growing OTT market, we have over the past few years built a compelling offering in response. This includes DStv Now, a complimentary service for DTH subscribers, and Showmax, our standalone subscription video-on-demand (SVOD) service. We also established the Connected Video business unit with the aim of consolidating our digital assets (Showmax and DStv Now) and executing on our strategic objective to be the leading online viewing destination in Africa. During FY2019, we strengthened our

OUR OPERATIONS continued

OTT catalogue through closer partnership with our traditional pay-TV business, and the introduction of more first-run, exclusive-to-Showmax titles such as *The Girl from St Agnes*. Our online platforms are gaining traction and during the year we doubled the number of monthly active subscribers across our online offerings.

Investing in new technologies and platforms

MultiChoice South Africa is a technology pioneer with numerous technology 'firsts' over the past 30 years. Our competitive landscape continues to grow with global players such as Netflix, Amazon Video, Facebook and iFlix offering alternatives in our territories. In addition, local streaming players like Cell C black and Vodacom VideoPlay have emerged. A significant differentiator for MultiChoice South Africa is the advanced functionality of the DStv Explora. The latest Explora model supports better video-encoding technology and enhances convenience. Our Showmax service is also available via an internet-connected Explora at no charge for Premium subscribers, while all other customers can add the monthly Showmax subscription to their DStv bills.

Our contributions to South Africa

- **R6.9bn total tax contribution (direct R2.8bn and indirect R4.1bn)**
- **R90m spent on CSI projects**

MultiChoice is the largest funder of sport in South Africa. Through Let's Play, we reach over 1m children annually and encourage them to be more active by participating in sport, and to gain benefit from associated life skills. This initiative includes the:

- Let's Play Physical Education Challenge
- Let's Play Field Project
- Let's Play Schools' Rugby Project

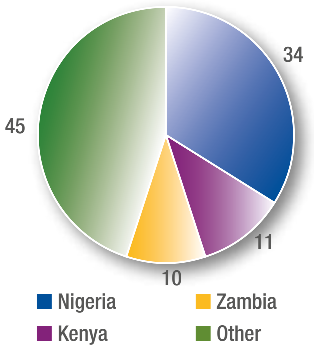
Through the MultiChoice Diski Challenge (MDC), we support development in both football and broadcasting. It includes a football challenge for the Premier Soccer League (PSL) reserve teams, broadcast internships, leadership training for coaches, and the opportunity for community channels on DStv to air the matches for free. The Magic in Motion (MiM) Alumni Network hosts scriptwriting workshops, teaching learners how to turn great ideas into credible stories.

Rest of Africa

Overview

The Rest of Africa constitutes 29.6% of group revenue, with 7.7m active subscribers. Despite a challenging economic climate, we achieved growth of 1.1m active subscribers, well above historic averages.

Subscription revenue by country (%)



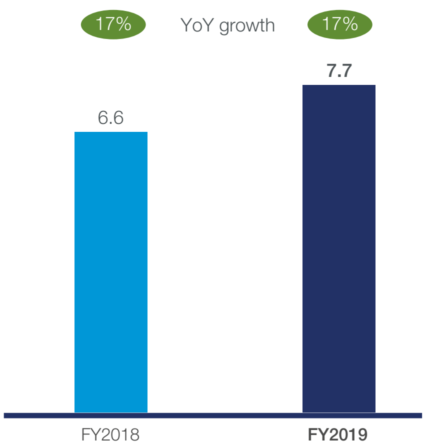
We are the most established pay-TV operator in Africa with a diversified presence across 49 geographies. The demand for pay-TV DTH and OTT in the Rest of Africa is currently under-developed compared with other markets or regions. The primary reason is affordability, driven by low disposable consumer income, lack of banking facilities and lagging infrastructure. MultiChoice anticipates that traditional pay-TV and OTT demand will continue to grow in future, largely as a result of demographic and macroeconomic factors such as population growth, increased urbanisation, higher income levels and technological advancements.

We target the full spectrum of the market with our products, including the premium, middle and mass market. Our diverse offering allows us greater flexibility to tailor localised viewing packages. Our long-term partnerships across multiple geographies enable on-the-ground access and hands-on management of the complexities in these diverse markets. It enhances our capability to cater to the localised needs of our customers while managing the socio-political requirements of each country.

MultiChoice competes with several video-entertainment providers in Africa. Pay-TV operators such as StarSat, Zap TV, Zuku TV and Azam TV all have the necessary broadcasting knowledge and experience, business models, existing content, brands and resources to compete with MultiChoice. Improved mobile broadband penetration has facilitated growing competition in the provision of OTT services with the entry of services such as our own Showmax and Netflix as well as StarSat ON, iRoko TV and Netflix.

Strong subscriber growth

Subscribers (m)[1]



Note:

[1] Based on active subscribers, ie all subscribers that were active on the measurement day.

OUR PERFORMANCE

Our contributions to the Rest of Africa

- **R2.6bn total tax contribution (direct R0.9bn and indirect R1.7bn)**
- **R48.4m spent on CSI projects**

Through the MultiChoice Talent Factory (MTF), 60 participants graduated and 400 people received MTF Masterclass training through our Academy. MTF Masterclass and Portal initiatives are aimed at transforming passionate youth into skilled filmmakers and storytellers.

Our products

MultiChoice Africa offers pay-TV through two platforms, namely digital satellite TV under the DStv brand and digital terrestrial TV under the GOtv brand. Its strategy is to reach the broad spectrum of populations by offering its services (bouquets) across high-, middle- and mass-market segments.

MultiChoice Africa does not only provide a variety of platforms to showcase channels but also packages its own general entertainment and sport channels in-house, covering both local and international content. Local content has proven to be very relevant for consumers in the Rest of Africa, with consumers indicating a demand for more local content in nearly every market. MultiChoice Africa responded by offering unique local channels on its platforms. These channels address specific tiers and regional needs while delivering quality content with a high local relevance.

Nigerian and West African channels

Our pioneering Africa Magic channel portfolio represents the best of African storytelling. Within the primetime premium market, our Africa Magic Showcase channel demonstrated consistent performance in FY2019. This is as a result of the success of scripted telenovela, drama and comedy series like *Battleground, Ajoche, Forbidden, Tinsel,*

Entrapped, The Johnsons, and *Greed and Desire*. During FY2019, Compact subscribers enjoyed improvements to our Africa Magic Urban channel with the introduction of a daily movie, while *Big Brother Naija* remained popular with Access, Compact and Premium viewers.

Local language channels like Africa Magic Yoruba remained popular in the Nigerian DStv Access market, with the primary drivers attributable to the availability of movies on the channel. The introduction of group-owned dubbed content, *The Flatmates*, boosted the performance of Africa Magic Igbo.

In West Africa, we followed the successful launch of the ROK channel with two new channels from the Nigerian film studio and entertainment brand, ROK2 and ROK3 which are targeted at the DStv mass market (DStv Family and DStv Access). Both are 24-hour movie and series channels – ROK2 offers a mix of Nollywood programming while ROK3 showcases programming of Ghanaian origin and includes music videos.

East African channels

Our East African channel line-up, consisting of Maisha Magic East designed for Kenyan audiences and Maisha Magic Bongo, designed for Tanzanian viewers, continued to perform well. Maisha Magic Bongo's increased viewership is primarily due to the licensed dubbed telenovela *Doli Armano Ki* and the locally produced drama *Huba*, which is in its third season. To strengthen the channel further, we launched a new locally produced drama, *Kapuni*, in January 2019.

In the Kenyan Access market, Maisha Magic East's growth can be attributed to appointment viewing driven by the locally produced daily telenovela *Selina*, and viewership of reality show *OPW Kenya* and the comedy *Varshita*. In October 2018, a new Uganda-skewed channel, Pearl Magic, was introduced to the East Africa market on DStv and GOtv with fresh, authentic Ugandan content. Furthermore, the region also enjoyed a holiday season pop-up channel, East Africa Movie Fest, featuring the best movie titles from Maisha Magic Bongo, Maisha Magic East and Pearl Magic Uganda channels.

Southern African channels

In southern Africa, within the Zambian Compact Market, Zambezi Magic maintained its position. Locally produced telenovelas *Zuba* and *Mpali*, which launched in October 2018, are actively driving daily tune-in and appointment viewership. *Date My Family Zambia*, which launched in December 2018, further strengthened the channel's primetime offering. On GOtv, *OneZed* showed strong performance by featuring library content that resonated with the Zambian customers. Some of the programmes include *Njila: The Phase, ZED Top Ten, Our Perfect Wedding* and *Kabanana*.

To strengthen our local content offering in the lusophone markets, Vida TV, a 24-hour general entertainment channel in Angola, was launched on the DStv Portuguese packages alongside new local shows, such as the magazine show *Tudo a Ver*, game show *A tua Cara Não me é Estranha* on Mundo Fox, both presented by Angolans, and a telenovela produced and staged by Angolans, called *Muxima* on Banda TV.

OUR OPERATIONS continued

Technology

MultiChoice is a technology pioneer in African video entertainment. Our platforms are designed to reach a large population of viewers across a range of consumer devices for the entire spectrum, from premium to mass market. This often requires the bespoke development of innovative solutions to address African market nuances.

We are also at the forefront of anti-piracy techniques to safeguard our business. We continuously explore a variety of new technologies to enhance the customer experience, including voice control, self-service platforms and AI. Other advancements include automated mechanisms that enhance the quality of our broadcast content and improve our production processes. We also take the threat of cybersecurity breaches seriously and have invested in various technology and process improvements.

Irdeto

Irdeto is the world leader in digital platform security, protecting platforms and applications for video entertainment, video games, connected transport and IoT-connected industries. With a presence in 20 countries, and a client base across 90 countries.

Irdeto's market share has expanded and Irdeto has become the second-largest content protection vendor in the market (by volume).

Irdeto has a strong offering in cybersecurity and anti-piracy in both media and gaming. While deployment has been slower than expected, momentum is starting to build as most of the large US-based SVOD platforms are gradually moving towards this technology.

The Irdeto business has made good traction in the area of connected transport – Irdeto's automotive cybersecurity solution.

OUR PEOPLE

OUR PEOPLE

- Our employees represent 50 nationalities across the group
- Launched the *#weseeyou* campaign to drive performance improvement and collaboration through continuous peer recognition
- Achieved 80% employee advocacy for our brands and improvements across the board on employee engagement
- Spent more than R126.5m on skills development

7 053
employees

674
contractors

1 713
temporary staff

R5.5bn
investment in wages and salaries

Overview

We seek to inspire the world by providing access to superior content and entertainment. Attracting and retaining the right people to achieve this goal is a key aspect of our strategy. We are passionate about creating a workplace where people are engaged and inspired, where they are able to develop and refine their skills and passions, and where they can push the boundaries of innovation. Leading organisations start with winning cultures – we therefore consistently strive to nurture an enabling environment so that our people can create the best solutions for our customers.

In recent years, we embarked on a 'future fit' transformation with the aim of revisiting our operating model and aligning our organisational structures to deliver on our strategy of driving shareholder returns. This initiative enhanced our performance by increasing internal collaboration and improving proximity to the customer, building shared ways of working, and renewing and redeploying talent. It also enabled us to strengthen our investment in key areas such as digital content production, data science, AI and cloud platforms.

We actively seek to improve our people platforms and ways of working to ensure we attract and retain only the finest talent. Our human resources (HR) teams are committed to enriching the employee experience, facilitating leadership engagement with the organisation and supporting innovation.

Key focus areas

- Grow diverse, representative talent in key areas of differentiation (such as engineering and data science)
- Succession plans for critical workforce segments to ensure growth and continuity
- Living the MultiChoice way drives engagement for employees and our stakeholders
- HR technology innovation to improve experience and results
- Optimise people investment

Organisational culture

We promote a culture of open-mindedness and freedom of expression, and encourage authentic conversations that challenge us to take action. During FY2019, we launched the *#weseeyou* campaign which makes use of key leadership-driven actions to improve agility and collaboration, and to support team members with digital skills development, career paths and cultivating a mature and agile mindset to leverage new technologies, trends and ways of working.

We encourage our teams to move beyond what is expected in both personal performance and team delivery, and we believe in rewarding high-performing behaviours. Our line managers and teams primarily use a mass collaboration platform to share and collect feedback and use data-driven insights from across MultiChoice to transfer practices on effective teaming and leadership styles.

Beyond quarterly and monthly business meetings, we host strategic dialogue platforms for leaders and key influencers to engage and interact. We recently refreshed key leadership behaviour for our next phase of growth and are in the process of embedding these into our people practices. These robust engagements enable our leaders to onboard teams, and to foster a common understanding of our expectations.

Employee engagement

Building a culture of exceptional leadership is a critical enabler for an agile organisation. To reinforce the behaviour of authentic leaders, we have recalibrated our performance system to ensure greater alignment to our strategy, increased focus on the customer experience as well as commercial and financial performance. We conduct a formal engagement survey annually and utilise an ongoing engagement measurement application to determine the effectiveness of our efforts. An independent partner facilitates the survey, providing anonymity for employees to voice their ideas and concerns. The aim of these tools is to better understand the levels of employee connection and advocacy. It also compares our group to international technology and media peer groups. Our score demonstrated an improvement in employee engagement as teams settle into new ways of working and adjust to our new operating model. This improvement is the result of combined efforts to prioritise the people agenda at MultiChoice.

In South Africa, we recorded improved engagement levels, with excellent participation, primarily driven by leadership interventions across our business areas. During FY2019, we recorded a positive improving score of 80% for brand ambassadorship across the enterprise post the business operating model shifts in 2018. Across the Rest of Africa business, we recorded exceptional leadership engagement across all regions, with Nigeria, Kenya and Zambia leading on both engagement and participation scores above 80%. These leadership relationships were demonstrated by exceeding our overall engagement targets and continued improvement in areas of growth and mobility. Irdeto recorded overall engagement of 77% across its operational footprint, which marks a significant improvement from the prior year. We scored highest in issues of wellbeing, management, alignment and involvement. Priorities going forward include ensuring our people are aligned to achieve our vision, improvements to our feedback and recognition programmes, and revisiting our physical workspaces.

Talent management

Our intention is to grow our reputation as an employer of choice. We achieve this by hiring experienced specialists in key areas of our business and by developing a robust internal pool of talent to deliver on our strategy. Our talent management practices are founded on principles of transparency and equal opportunity in our hiring, performance and promotion criteria. We are acutely aware of nurturing an inclusive environment across our African operations to cater for the cultural and language diversity among our employees.

We obtain a holistic view of the health of our talent pool through peer performance, engagement and assessment insights which, in turn, support our talent development, career path selection and succession plan efforts. We actively focus on improving the employee experience journey and use social media engagement and early supportive networks to improve team cohesion. Our collaboration with educational institutions is a critical enabler of talent recruitment, and we also use targeted campaigns to attract experienced candidates. We developed mature sourcing strategies and retention approaches to secure scare skills in the storytelling and digital space.

During FY2019, 87% of employee movements in our Rest of Africa operations were internal promotions. Approximately 86% of employees have career development plans in place, and we provide ongoing support and exposure to opportunities for career management. We also have competitive award programmes in place to drive performance.

From an Irdeto perspective, as a leader in the field of digital security working for some of the largest brands in the world, it is crucial to attract and retain the best talent. Our dedicated talent acquisition team is aligned with our market units, and constantly in pursuit of exceptional talent from across the world. Our strong focus on our employer brand helps us to attract the right individuals, and our employee onboarding, performance management, continued learning and reward programmes ensure we retain the talent that drives our business forward.

Skills development and training

We recognise the importance of facilitating ongoing professional development for our employees and invested more than R126.5m across the group. We expanded our development offering to specific groups such as early talent, specialist experts and fast-track employees by providing training in creative storytelling, customer experience, digital technology, data science and leadership for the modern age. Development is encouraged through consistent dialogues between leaders and teams, including mentoring, rotational programmes, and on-the-job development experiences.

We recorded 29 670 enrolments on our learning platform with the average number of courses taken on, at a high of 3.6 per learner. The majority of these courses are focused on compliance, engineering, technology and product, followed by customer and service operations. Our international platform includes language learning as well as technical and soft-skills training courses, open to all employees. In addition, the online programmes enable employees to build meaningful development plans that meet their career goals and track progress. We continue to innovate new learning solutions in order to support our employees at all levels of the organisation as they strive to achieve their long-term career aspirations.

In South Africa, we spent more than R73m on skills development and R18.8m on formal training, of which 84% related to developing black talent and 45% focused on female contributors, with a focus on specialist and entry-level talent. We have invested over R8.4m in bursaries in the review period. Our learnerships combine vocational learning with practical and workplace experience aligned with the National Qualifications Framework (NQF). A total of 214 learnerships were offered to unemployed people with disabilities as we continue to drive a greater inclusive environment.

Across the Rest of Africa, we invested more than R40m in skills development, uplifting 2 224 employees across our operations. With dedicated in-country professionals and strong regional coordination, we provide exposure to all levels of the business to foster growth, experience and opportunities for succession. All customer-facing employees undergo mandatory customer-experience training and we are expanding investments in internships for jobs that are critical to the organisation. Delivering great experiences starts with our teams, investing time and building skills in our line managers are critical to enable effective people practices.

Our global learning teams continue to keep Irdeto a leader in the age of disruption, enabling 84% of the entire organisation to attend formal key learning interventions in addition to online learning platforms, with an expenditure of R13m in digital, leadership and

OUR PEOPLE continued

sales skills. The global learning and development team not only focuses on providing access to learning and development for employees, which will serve them in their current role, but also on skills required by employees to develop new skills for the future. This includes mentoring programmes, technical paths, leadership training, coaching, feedback skills and our internal training platform.

Diversity and inclusion

Employment equity cannot be achieved without robust diversity management. We believe diversity gives us a competitive advantage and aids in decision-making and problem-solving to provide the best solutions for our customers. All employees are treated equally and respectfully, and every effort is made to support them in doing their work effectively. We are committed to inclusive growth and development and to create opportunities that support the continued transformation of our organisation.

Our employees represent 50 nationalities across the group, with the majority from the African continent. Our employee profile comprises 47% women and 53% men, improving on gender diversity from the prior year. We promote an inclusive, bias-free culture and continue to deliver on our commitment for transformation and inclusive growth. Our leadership teams are diverse and proudly representative across top and senior management being women. Future focus areas include growing female inclusion in management and across the organisation with specific focus on SuperSport and investing in developing black ICT skills.

In championing change for our customers, employees and communities, we also actively collaborate with industry groups to address inequity, notably we support Lesbian-Gay-Bisexual (LGB) Tech and Women in Tech, among others, for promoting diversity and inclusion in our recruitment processes.

Safety, health and wellbeing

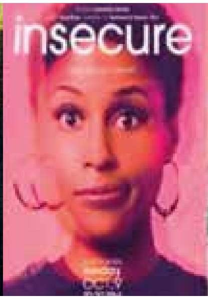
It is our priority to ensure a safe and healthy working environment for all our employees. We recognise the link between the health and wellbeing of our people, and our business success. When employees feel healthy, respected and cared for, we observe increased productivity, authentic engagement, continued innovation and superior customer satisfaction. To facilitate this, we invest in employee benefit programmes and services that have a meaningful impact.

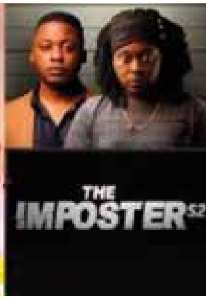
We take great care to minimise or eliminate injuries in the workplace, and to ensure our consistent compliance with health and safety regulations. Appropriate medical emergency and disaster-recovery plans are in place at all our offices. Given the nature of our business, our health risks are primarily linked to employee lifestyle diseases, including hypertension, diabetes and stress management. Through annual wellness days and ongoing awareness campaigns, we emphasise the importance of a balanced, healthy lifestyle.

In South Africa, our Randburg office has a comprehensive onsite wellness centre accessible to all employees, offering cost-effective, convenient and confidential medical care from an onsite nurse and doctor, as well as a beautician, physiotherapist, dietitian and optometrist. Our Cape Town, Durban and Umhlanga offices also have onsite clinics.

Across the Rest of Africa, through our extensive network of healthcare providers, we offer gym memberships as well as healthcare benefits to proactively improve the wellbeing of our employees. We also host stress management and financial awareness sessions facilitated by industry professionals. At larger campuses, we host monthly sessions focused on specific health initiatives, and run awareness and information campaigns with employees focused on health and wellbeing topics. We also facilitate annual blood pressure monitoring for all employees.

Membership of our retirement fund and medical aid is mandatory to ensure employees plan and save for their retirement. Awareness and education sessions help to prepare for life's eventualities, including retirement, death, disability, dreaded diseases and more. In South Africa, MultiChoice operates a Montessori nursery school for the children of employees and makes an early-childhood-development subsidy available for children from the ages of three months to six years. Other benefits include a unique lifestyle programme with access to a 24-hour virtual assistant that provides a variety of services, including a 24/7 emergency service and free legal and financial advice. We support a mobile workforce, including online collaboration tools and video-conferencing facilities to enable employee connection and improved wellness through greater work-life balance, and reducing the strain caused by excessive travel.





OUR CUSTOMERS

OUR CUSTOMERS

- ▷ **Achieved 76% on consumer satisfaction in South Africa**
- ▷ **Achieved 70% on customer satisfaction in Rest of Africa for DStv and 67% for GOtv**
- ▷ **Achieved 63% Net Promotor Score in Irdeto**
- ▷ **Achieved 94% on service level scores across the group**

Overview

We recognise customer centricity as a concept that is embedded in every business activity. We are committed to delivering exceptional experiences at every touchpoint from our walk-in customer service centres to our integrated online self-service platforms. We value authentic communication and feedback and seek to provide our customers with superior service.

Our customer-centric model, called #CustomerFirst, seeks to deliver on our brand promise of exceptional customer satisfaction. We have dedicated teams in place across the countries where we operate to ensure the needs of our customers are met. Our customer care function is responsible for supporting our customers with account, technical and content queries via the inbound call centre and digital customer care channels. We continuously track and analyse our interactions to improve on the services we provide, and the way customers experience our brands. Our efforts include digitising interactions across the customer journey to enable self-service, streamlining payment and collection processes, and improving our internal capabilities to handle customer queries. In addition, we seek to retain our customers through special offers, particularly on hardware and value-added content services, so as to remain competitive in the market.

Customer service and loyalty metrics

We measure our service levels, Net Promoter Score (NPS) and customer satisfaction to evaluate the effectiveness of our customer service efforts. During FY2019, our CSAT in South Africa, measured by customer surveys, improved to 76%. In the Rest of Africa, we achieved 70% for DStv and 67% for GOtv, both on track with our targets.

Our service levels are measured by how quickly we answer calls and resolve a customer query on the first interaction. We achieved an average of 94% across the group for the period under review, exceeding our targets. Our NPS reflects the willingness of customers to recommend our brand, and results indicate that MultiChoice tracks well above the industry average. We continue to transform our customer experience by simplifying complex business processes, reducing customer effort and using artificial intelligence to automate non-value-adding transactions and optimise self-service.

Our focus in the future will remain on projects and initiatives that improve the customer experience regarding payments, self-service and customer support. We also ensure our interactions are consistently within the regulatory and compliance requirements of the countries where we operate.

OUR CUSTOMERS continued

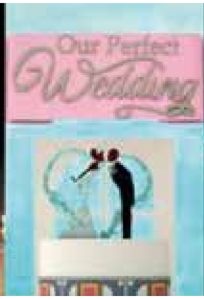
Engagement with our customers

We make use of our social media platforms not only to push information to customers, but also as a tool for facilitating dialogues to gain feedback on the quality of our customer relationships. We also use these channels to tell brand stories, educate our customers about products and services and improve our online searchability.

Social media forms an important part of how our customers consume and engage with our content. MultiChoice has created a unique ‘second-screen’ phenomenon, in that while watching content on our various platforms, customers also discuss shows and their feelings emanating from these on various social media platforms. We position ourselves in conversations to capture moments of truth and engage our customers on improving their experience. Each of our brands have dedicated social media platforms.

Customer satisfaction and retention is also a key aspect of the long-term sustainability of Irdeto’s business. We secure the satisfaction of our customers through ensuring consistent high-quality delivery, and by performing regular reviews of our customers’ accounts to see where we can improve and optimise our service delivery. We undertake annual customer satisfaction surveys, which results in quantitative and qualitative feedback we can turn into action items. We also monitor customer satisfaction against targets we have set for the business.

OUR PERFORMANCE

OUR REGULATORY LANDSCAPE

OUR REGULATORY LANDSCAPE

▷ **The regulatory environment is becoming increasingly complex**

▷ **Our approach remains one of positive and proactive engagement**

Overview

A number of MultiChoice entities are regulated and therefore subject to significant legislative and regulatory oversight in the countries in which they operate. As the regulatory environment becomes more complex and onerous, the impact and importance of managing risk increase.

Over the past year, we engaged in a diverse range of processes. These concerned issues from licence renewals to various legislative and regulatory review processes across the African continent. Our approach remains one of positive and proactive engagement with the relevant regulatory authorities through experienced, in-country regulatory teams.

South Africa

The inquiry by the Independent Communications Authority of South Africa (Icasa) into competition in the pay-TV sector is ongoing. The regulator also commenced a process to review the regulations governing sporting events of national interest. We have made representations and are actively engaging with Icasa on these two regulatory processes.

On the legislative front, we participated in public processes to amend key legislation governing competition, copyright and performers' rights, film classification and the electronic communications sector.

We continue to monitor the national digital migration project. While we have observed some developments, we remain concerned at the slow pace of finalising this matter and the effect it has on our terrestrial service offerings.

Rest of Africa

Multiple licences held by group entities in the Rest of Africa require the renewal and reissuing of licences from time to time. Licences in key territories have been successfully renewed or reissued with no interruptions to business continuity.

Compliance with competition regulation remains a key focus area. Where investigations have been initiated by authorities, we have sought to engage constructively. In the past year ongoing investigations were concluded without any adverse findings. We also seek to ensure that competition legislation is aligned with best practice and we have engaged in the introduction of new competition legislation and amendments to existing legislation in various territories across the continent.

We regularly participate in public processes to review existing legislation and regulation, or to introduce new legislation which may have an impact on our business. This includes legislative review processes, reviews of broadcasting regulations, and processes for the introduction of legislation to address consumer protection and data-protection issues.

OUR SOCIAL AND ENVIRONMENTAL CONTRIBUTIONS

OUR SOCIAL AND ENVIRONMENTAL CONTRIBUTIONS

- ▷ **We spent R148m on significant social investment projects during FY2019**
- ▷ **Let's Play initiatives reached more than 1.5m learners over the past four years**
- ▷ **Over 100 players have played for national teams as a result of the MultiChoice Diski Challenge**
- ▷ **50 students from 12 institutions benefited from the Magic in Motion bursary**
- ▷ **MultiChoice Talent Factory produced 60 graduates to date**
- ▷ **Irdeto's Wildlife Protection Programme combats poaching and the sale of protected animal species**

Overview

As a proud contributor to the socio-economic development of the countries where we operate, we recognise the value we can create for shareholders, employees and communities while being mindful of the sustainability of our planet. We primarily focus our social investments to develop the youth, and we leverage our expertise to positively impact issues of health, education and empowerment. We aim to make a measurable, sustainable impact while retaining the loyalty and pride of our audiences. We also seek to minimise our impact on the environment by reducing our carbon footprint, minimising waste, and complying with all relevant environmental legislation. During FY2019, we spent R90m on social investment projects and other initiatives across the group.

South Africa

SuperSport Let's Play initiatives

Now in its second decade, SuperSport's flagship CSI initiative, Let's Play, has a multi-pronged strategy to encourage young people to be physically active and to participate in sport. Through sponsored sport facilities and equipment as well as coaching clinics, competitions and training, SuperSport

Let's Play's schools initiative has reached over 1.5m learners

encourages young people to take part in healthy activities. Not only does this improve their physical wellbeing, but, as has been proven scientifically, it also strengthens social skills and enhances psychological development. Let's Play initiatives reach schools and communities across the country. Let's Play is positioned as an implementation partner of the Department of Basic Education and has aligned its programmes to the strategic objectives of Sport and Recreation South Africa (SRSA). The success of the initiatives is due to numerous factors, not least the support of donors and sponsors, endorsements from government and a vibrant working relationship with Unicef. The programme now reaches over 1m children annually. Among the programmes of Let's Play are:

- ▷ The **Let's Play Physical Education Challenge,** a custom programme designed to reinforce the instruction of curriculum-oriented physical education in primary schools throughout the country. The

OUR SOCIAL AND ENVIRONMENTAL CONTRIBUTIONS continued

challenge is aimed at promoting an active, healthy lifestyle from an early age and developing a passion for playing sport. It is one of the biggest schools' sport initiatives of its kind, having reached 1 947 primary schools, engaging over 1.5m learners and provided physical education training to about 4 000 educators.

CASE STUDY

Not even losing his leg three years ago in a tractor accident stopped a young boy from J J Booysen Primary School in Loxton, Northern Cape, from participating in the Let's Play Physical Education Challenge. Peter John Constable joined his fellow classmates in this challenging course with the odds against him. He not only completed the course, he thoroughly enjoyed it and competed with a smile. With such a positive attitude, nothing is impossible!

▷ The **Let's Play Playing Fields Project,** in collaboration with our partners, donates and constructs basic sport playing fields at schools in some of South Africa's most disadvantaged communities. To date, 22 schools have received playing fields with 105 schools within the immediate communities sharing these facilities. Close to 100 000 children participate in weekly sport programmes at these facilities with 315 educators trained in physical education.

▷ The **Let's Play Schools Rugby Project** is aimed at creating a sustainable rugby culture by sharing the fun of the game with as many under-nine boys and girls as possible. It encourages clusters of schools to host their own leagues. More than

2 000 primary schools across South Africa have been involved in this project reaching more than 60 000 boys and girls with various formats of the game. More than 4 000 educators have been trained in Boksmart/Bokmedic programmes and mini-rugby.

MultiChoice Diski Challenge (MDC)

The MDC is a football development programme that creates opportunities for young, aspiring footballers to become professionals and to enhance their life skills. The initiative also creates platforms for the development of interns interested in a career in broadcasting. Currently in its fifth season, 572 football matches have been played. Over 150 players participating in the league have represented national teams at various age groups. More than 170 broadcast trainees worked on screening 140 of the matches live on SuperSport and community TV stations. In addition, we partnered with six community channels to provide live content rights free of charge. Since inception, the MDC has reached more than 500 young footballers per season, with more than 120 being promoted to the PSL since 2014, including stars such as Percy Tau, Lyle Foster, Sphesihle Ndlovu and Teboho Mokoena.

SuperSport Wheelchair Basketball South Africa series

Our commitment to making a difference to local sport goes beyond supporting mainstream sport such as rugby, cricket and football. For more than two decades, SuperSport has sponsored the wheelchair basketball series, the world's only televised domestic wheelchair basketball series. Through television coverage and cash investment, the sport has attracted additional funding and secured a sustainable future for players, coaches, referees and administrators. Not only does this series provide an opportunity to participate in a sport for someone in a wheelchair, but this coverage also shows the viewing public that people in wheelchairs can still play sport – empowering persons with disabilities and educating the public. As the series' tagline states: "It's not just a game, it's a way of life!"

OUR SOCIAL AND ENVIRONMENTAL CONTRIBUTIONS continued

CASE STUDY

"After South Africa's success at the 1996 Paralympics, I got chatting to SuperSport and threw down the gauntlet in terms of exposure for sport for people with disabilities. I was invited to submit a proposal and chose wheelchair basketball. I love team sport, and this is so fiercely competitive that I knew it would be TV-friendly. That was 21 years ago; the rest is wonderful history. Players have become household names and role models in their communities. The standard of the game has improved dramatically – there are opportunities to play for the country and travel to world competitions. It has made a huge difference."

– **Andy Scott**, *paraplegic, Paralympian, sport administrator and commentator*

SuperSport United Academy

The SuperSport United Academy is a leading youth soccer development programme aimed at fast-tracking stars of the future through preparation for professional football. The academy is home to over 30 fulltime players who receive full board and lodging, world-class coaching under the auspices of our international Dutch technical director, high school and tertiary education, full scientific support and medical attention as well as life skills and media training.

To date, over 70 players have graduated from the academy and progressed to play for the PSL and National First Division (NFD) clubs in the National Soccer League. Currently, 10 former academy players are part of the SuperSport United senior squad in the PSL and many of our academy players play in various national age-group teams.

Teboho Mokoena who played in the 2017 CAF U-20 Africa Cup of Nations tournament is now a star player in the PSL. Bafana Bafana and SuperSport United goalkeeper, Ronwen Williams, joined the academy at the age of 12 after being spotted by Godfrey Mosoetsa in his hometown in Port Elizabeth and is today ranked among the top goalkeepers in the country. Luke le Roux scored the winning goal to send the South African under-twenty team to the Fifa under-twenty World Cup for only the second time in history. We also boast current Brentford captain, Kamohelo Mokotjo, as an early graduate of our academy after joining at the age of 11 and transferring to the Netherlands as an 18-year old.

One exciting spin-off from the academy is the introduction of the SuperSport United Soccer Schools, operating throughout the country.

The soccer schools provide coaching to over 8 000 young players every week, of which 2 000 are fully sponsored by the club. The club currently has an 83% retention of top talent from our soccer schools within our youth and junior academy structures, which proved to be a noteworthy drawcard for top young talent in the country. The soccer schools are also a business opportunity for former players and young entrepreneurs with a passion for soccer.

Caddies Educational Trust

The SA Caddies Educational Trust enables the children of golf caddies and the caddies themselves to apply for financial assistance to further their education. SuperSport contributes financially towards the trust and serves on its board of trustees. The first education grants were awarded in 2008 with funds used to pay for education, school uniforms, stationery and textbooks. Since then, more than 200 individuals have received funding for education at various levels, including primary, secondary and tertiary education. More than R4.5m has been paid out over the years. A total of 14 beneficiaries have successfully completed tertiary diplomas and three have obtained degrees, with Aubrey Mkhwanazi attaining his LLB in 2018 and Malakiya Nkhumeleni already having three distinctions under his belt towards his Bachelor of Earth Sciences in Hydrology.

OUR SOCIAL AND ENVIRONMENTAL CONTRIBUTIONS continued

Magic in Motion Academy (MiM)

Through the MiM Academy, M-Net provides young film producers with an opportunity to work with industry experts for hands-on experience. Over the past four years, 57 academy interns participated in the programme. They have produced and directed 16 original Mzansi Magic films as part of their training.

In addition to hands-on filmmaking training, interns go through an intensive development programme with Henley Business School. Class of 2016 alumni Aluta Qupa, Mbali Zulu and Thembelethu Mfebe started a production company, called A Tribe Called Story, that has delivered five movies and a 13-part series, commissioned by Mzansi Magic. Another group of students from the class of 2017, Xolani Nhlapho, Thabo Mashaila and Neo Sibiya, started a production company, Centric Circus, which has produced three movies for Mzansi Magic. Altogether 50 students from 12 institutions have benefited from the MiM bursary. MiM continues to make a direct contribution to skills in the film and television industries, empowering the next generation of storytellers.

The Sports Trust

The aim of the trust is to support grassroots sport with a focus on previously disadvantaged communities. In FY2019, the trust approved R5.3m to various projects that comprise the provision of sporting facilities, including multipurpose fields to four rural schools in the Eastern Cape and Limpopo, funding of coaching clinics in rural Eastern Cape and funding of a grassroots cricket league.

Socio-economic transformation

MultiChoice South Africa considers enterprise and supplier development a key enabler to the transformation of the country, both from an economic and social perspective. To this end, we established the MultiChoice Enterprise Development Trust in 2012 as an investment vehicle for local media and production industries. To date, we have committed R188m in loans, grants and business development expenses to assist 24 businesses to acquire expertise and equipment.

During FY2019, we allocated R10.3bn to preferential procurement, including R3.4bn to small and medium enterprises and R1.7bn to suppliers with black female ownership of at least 30%. We also contribute substantially to socio-economic development through our focus on local content. We produce a compelling range of authentic local content to enrich and empower communities. During FY2019, we spent R5.5bn on local general entertainment and local sport content. As part of our commitment to empowerment, MultiChoice issued new shares to Phuthuma Nathi shareholders effective from 4 March 2019 for no consideration payable by underlying Phuthuma Nathi shareholders, increasing their stake from 20% to 25%. The value of this transaction was R2.6bn (R1.9bn allocation to non-controlling interest).

During FY2019 we allocated

R10.3bn

to preferential procurement

Rest of Africa

MultiChoice Talent Factory (MTF)

The MTF is a platform for igniting Africa's creative industries. The initiative comprises:

- MTF Academies in Nigeria, Kenya and Zambia – equipped to transform passionate youth into skilled filmmakers and storytellers
- MTF Masterclass – offering specialised skills training to industry professionals
- MTF Portal – a pan-African networking platform for the creative industry

OUR PERFORMANCE

OUR SOCIAL AND ENVIRONMENTAL CONTRIBUTIONS continued

During FY2019, the initiative focused on furthering the academy and Masterclass which has been extremely successful in the regions where we operate. The portal was launched in March 2019 and we continue to monitor its impact.

Platform	Group figures
MTF Academy	60 graduates
MTF Masterclass	400 participants
MTF Portal	15 530 online entries

DStv Eutelsat Star Awards

The DStv Eutelsat Star Awards are designed to create awareness about satellite technology and its application in the modern world. The aim is to inspire innovative thinking among secondary school students across our operating jurisdictions, and to create awareness on how science and technology can be applied to everyday life. The initiative created an opportunity to showcase the many ways in which satellite technology already impacts the African continent. To date, 1 191 participants across the group in 49 countries have taken advantage of the platform to showcase their innovations.

Irdeto

Our technology partner, Irdeto, continuously seeks ways to address social issues through the use of technology. We view our social contributions as an essential element of our company culture, which gives effect to our business strategy. Our collaboration with the African Wildlife Foundation through our wildlife programme aims to combat the poaching and sale of protected animal species. Wildlife crime is the fourth biggest illicit industry in the world, and our technology helps to detect the online sale of animal parts. We gather intelligence and evidence, and work with law enforcement for onsite raids of criminal operations. We provide search and seizure support as well as expert testimony in certain cases.

Minimising our impact on the environment

Although MultiChoice is classified as an organisation with a low impact on the environment, we acknowledge the important role we can play in society. Our environmental management policy aims to embed our environmental management system in all our business activities, and we comply with existing environmental legislation. We continuously update our internal standards of conduct to ensure they remain relevant. Our operations focus largely on electronic devices such as decoders, and these processes generate fewer emissions and less waste overall. Most of our office buildings were either designed to be environmentally friendly or, where possible, retrofitted for energy and water efficiency.

Our primary impact arises from the use of coal-fired electricity, or other fuels such as diesel, to power generators during electricity outages. Our workforce also uses water and generates waste. Water scarcity is an issue of particular concern, and our facilities continually monitor the use of natural resources, as well as trends and environmental impacts. We are acutely aware of the impact of rising tariffs for water and electricity and have implemented a number

of initiatives to improve our efficiency. These include:

- energy-efficiency and energy-saving measures for electricity, air-conditioning, heating and ventilation or investing in green infrastructure
- waste-reduction initiatives including recycling paper, cans, plastic and e-waste, and responsibly disposing of e-waste, and
- reducing and recycling water.

We achieve efficiency through our green accredited buildings, low water-use taps, dual-flush toilets and pressure reducers, as well as by educating employees and guests on water-use efficiencies. We monitor global and local trends in environmental sustainability for possible opportunities. Through continual improvement and sustainable technological innovation, we create solutions that minimise our impact on the environment.

Carbon footprint

MultiChoice measures its carbon footprint from scope 1 and 2 emissions in accordance with the Greenhouse Gas Protocol. The group's carbon footprint in FY2019 was 246 897 tonnes of CO_2e, with the largest contributors being electricity, accounting for 100% of scope 2 emissions (98% of total emissions). We have installed generators to ensure a continuous supply of electricity and to mitigate the risk of electricity disruptions. Specific initiatives to reduce energy use include:

- light motion sensors in buildings and basements
- energy-efficient chillers
- heat pumps for hot water
- LED lights with daylight harvesting
- standalone air-conditioning units with energy-efficient inverter technology
- solar panels, and
- gas stoves in our canteens.

The above disclosure covers our South African, RoA and Irdeto businesses. Expansion of this report boundary will be considered going forward.

Waste management

Responsible waste management is an important part of our environmental strategy. Given the nature of our business, our focus is on reducing pollution, which includes fewer harmful chemicals and lower greenhouse gas emissions. Initiatives include:

- sorting and recycling of office waste
- disposing of e-waste through an e-waste vendor, and
- harvesting greywater from our offices.

Video-conferencing facilities

We encourage our people to utilise video-conferencing facilities. A key benefit of video-conferencing is reduced air travel, which benefits the environment by lowering associated carbon emissions and is more cost efficient.

OUR BOARD OF DIRECTORS

Mohamed Imtiaz Ahmed (Imtiaz) Patel (55)

Chair and executive director | HDipEducation | Appointed: 6 December 2018 | South African

Imtiaz is chair of the board and an executive director of the company. He held the position of CEO of Naspers's Video Entertainment segment and was previously CEO of the MultiChoice South Africa group, MultiChoice South Africa and SuperSport International. Prior to that, he was the director of Professional Cricket at the United Cricket Board of South Africa. He holds a Higher Diploma in Education from the University of the Witwatersrand and has completed the executive PMD programme offered by the University of Cape Town's Business School, and the senior executive programme at Harvard Business School.

Stephan Joseph Zbigniew (Steve) Pacak (64)

Lead independent director | CA(SA) | Appointed: 6 December 2018 | South African

Steve is the lead independent director. He is also director of MultiChoice South Africa Holdings and has previously served in various executive positions in the group. He currently serves as a non-executive director on the Naspers board and previously served as the financial director of Naspers. He holds a Bachelor of Accounting from the University of the Witwatersrand and is a chartered accountant (South Africa).

Calvo Phedi Mawela (43)

Chief executive officer (CEO) | BScEng (Electrical) | Appointed: 6 December 2018 | South African

Calvo is the CEO. He was the CEO of MultiChoice South Africa after holding office as the head of stakeholder and regulatory affairs and executive in the chair's office. He previously held positions as an engineer at Sentech and a broadcasting spectrum manager at Icasa. He has also served in a number of ministerial advisory task teams, including the Digital Migration Working Group, Digital Dzonga and the ICT Policy Review Panel. He holds a Bachelor of Science in Electrical Engineering from the University of KwaZulu-Natal.

Timothy Neil (Tim) Jacobs (50)

Chief financial officer (CFO) | BCom, HDipAcc, CA(SA) | Appointed: 6 December 2018 | South African

Tim is the CFO. He was previously the CEO of MultiChoice Africa and CFO of Naspers's Video Entertainment segment. He previously held positions as the CFO of Altron Group, CFO of Nampak Limited and CFO of Transaction Capital Limited. He holds a Bachelor of Commerce and a Higher Diploma in Accounting from Rhodes University and is a chartered accountant (South Africa).

Donald Gordon (Don) Eriksson (74)

Independent non-executive director | Certificate in the Theory of Accounting, CA(SA) | Appointed: 6 December 2018 | South African

Don is an independent non-executive director. He is chair of the audit and risk committees of MultiChoice South Africa and serves as an independent non-executive director of Naspers and chairs the audit, risk, and social and ethics committees of the Naspers group. He also serves as chair of Oakleaf Insurance Company Limited, Renasa Insurance Company and NMSIS Insurance Services. He was previously a partner at PricewaterhouseCoopers Inc. and served as an executive director of the Commercial Union group of companies and the council of the Institute of Directors of Southern Africa, of which he is an honorary life member. He holds a Bachelor of Commerce with honours from the University of the Witwatersrand and is a chartered accountant (South Africa).

Jabulane Albert (Jabu) Mabuza (61)

Independent non-executive director | Honorary Doctorate of Commerce | Appointed: 5 July 2019 | South African

Jabu was recently appointed as the chair to the board of Sun International Limited. He was previously the group chief executive officer and later the deputy chair of Tsogo Sun Holdings Limited. Jabu recently retired as chair of Telkom SA OC and as president of Business Unity South Africa. He currently serves as the chair of various companies including Anheuser-Busch InBev/SAB Miller – Africa, the Casino Association of South Africa and Eskom SOC Ltd. Outside South Africa, Jabu has served on several companies' boards covering various industries and has a wide array of organisational memberships in South Africa and abroad. In 2017, an Honorary Doctor of Commerce degree was awarded to Jabu by the University of the Witwatersrand in recognition of his entrepreneurial achievements and his contribution to the South African economy.

Kgomotso Ditsebe Moroka (64)

Independent non-executive director | BProc and LLB | Appointed: 6 December 2018 | South African

Kgomotso is an independent non-executive director. She is the founder of New Seasons Investments Holdings. She serves as chair of the board of directors of Royal Bafokeng Platinum Limited. She has also served as the chair of M-Net's Phuthuma Trust and Gobodo Forensic and Investigative Accounting. She currently holds non-executive directorships at Standard Bank Group Limited and Netcare Limited. Kgomotso is also a trustee of the Nelson Mandela Children's Fund and Hospital, as well as The Apartheid Museum. She holds a BProc from the University of the North and a Bachelor of Laws from the University of the Witwatersrand and is a senior counsel of the High Court of South Africa.

Christine Mideva Sabwa (46)

Independent non-executive director | BComm (Accounting), Certified Public Accountant of Kenya (CPA(K)) | Appointed: 14 May 2019 | Kenyan

Christine is a Kenyan national with a strong background in accounting. Her experience spans a number of industries, including financial services, telecommunications and insurance. Over the past 21 years, she gained experience in audit, accounting, special investigations, revenue assurance, risk management, banking, governance and digital finance. With a successful career in financial services across consulting, insurance and banking, Christine was one of the first Kenyans to be expatriated to Standard Bank South Africa where she served as senior manager, overseeing the strategic finance and tax function of operations in 15 African countries. She is currently managing partner at Sabwa and Associates based in Nairobi, servicing financial advisory needs in Kenya.

Fatai Adegboyega Sanusi (57)

Independent non-executive director | Bachelor of Medicine, Bachelor of Surgery | Appointed: 5 July 2019 | British/Nigerian

Dr Fatai Sanusi is currently a senior consultant in the UK National Health Service, serving in this position for 19 years at West Hertfordshire NHS Trust. He has also accumulated years of experience in governance and risk management at a senior management board level. He is active in education and training and has served as training director of the department for several years. Dr Fatai graduated from the University of Lagos in 1986.

Louisa Stephens (42)

Independent non-executive director | BBusSc (Finance), BComHons (Accounting), CA(SA), CD(SA) | Appointed: 6 December 2018 | South African

Louisa is an independent non-executive director. She is the founder of Prime Select Holdings. She currently serves as a director of African Bank Limited, Royal Bafokeng Platinum Proprietary Limited and the Institute of Directors of South Africa. She previously served as chief investment officer of Circle Capital Ventures and fund manager at the uMnotho Fund at the National Empowerment Fund. She holds a Bachelor of Business Science and Bachelor of Accounting and is a chartered accountant (South Africa) and chartered director (South Africa).

Francis Lehlohonolo Napo (Nolo) Letele (69)

Non-executive director | BScHons (Electronic Engineering) | Appointed: 6 December 2018 | South African

Nolo is a non-executive director. He previously served as CEO of MultiChoice South Africa and is the executive chair of MultiChoice South Africa. He currently serves on the boards of, among others, MCSA and Naspers. He holds an Honours degree in Electronic Engineering from the University of Southampton.

Elias Masilela (55)

Non-executive director | BSocSci (Economics and Statistics) and MSc (Economic Policy and Analysis) | Appointed: 6 December 2018 | South African

Elias is a non-executive director. He previously served as the CEO of the Public Investment Corporation Limited, the head of policy analysis at Sanlam Limited and the deputy director general at the Department of National Treasury. He is also chair of Ingagaru Property Investments. Elias is a former board member of the South African Reserve Bank, Government Employee Pension Fund and United Nations Global Compact. He holds a Bachelor of Social Science in Economics and Statistics from the University of Swaziland and a Masters in Economic Policy and Analysis from Addis Ababa University.

John James (Jim) Volkwyn (61)

Non-executive director | BComHons and CA(SA) | Appointed: 6 December 2018 | South African

Jim is a non-executive director. He has been a director of MultiChoice South Africa since March 2007. He previously served as CEO of the Naspers's global Video Entertainment platforms. He holds a Bachelor of Commerce (Honours) from the University of Cape Town and is a chartered accountant (South Africa).

CORPORATE GOVERNANCE REPORT

Our approach to governance

MultiChoice Group is committed to the highest standards of corporate governance, ethics and integrity. This governance philosophy drives our value creation for all stakeholders. We continue to entrench the principles of sound corporate governance throughout our organisation, applying appropriate business ethics and standards in the conduct of our business affairs.

The board understands and accepts its responsibility to safeguard and represent the interests of the stakeholders of the company in perpetuating a successful and sustainable business that ensures the achievement of the group's strategic objectives.

Our group governance framework

The board is the custodian of the group's corporate governance. The board, its committees, and the boards and committees of its subsidiaries are responsible for ensuring that the appropriate principles and practices of King IV are applied and embedded in the governance practices of group companies.

The board and board committee charters and policies were formulated in alignment with the recommendations contained in King IV and the requirements of the JSE Listings Requirements. The policies and charters were approved by the relevant board committees and ultimately by the board on 10 December 2018.

A disciplined reporting structure ensures that the board is fully apprised of subsidiary activities, risks and opportunities. All controlled entities in the group are expected to demonstrate good governance as set out in King IV, taking into account proportionality considerations. This means that the practices needed to demonstrate the group's governance in terms of King IV are applied, as appropriate across the group. The companies within the group are diverse and at different maturity stages and thus a one-size-fits-all approach cannot be followed when implementing governance practices. While good governance principles apply to all types and sizes of organisations, the practices implemented by each organisation to achieve the principles may vary. Practices are implemented as appropriate to give effect to overarching good governance principles.

As part of the internal annual CEO/CFO sign-off process, businesses across the group are requested to confirm that, as subsidiaries, they have aligned their policies to the MultiChoice Group policies.

Business and governance structures have clear approval frameworks that are reviewed on an annual basis and aligned to the group levels of authority approved by the board annually. The board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

In relation to assessing corporate governance services, the MultiChoice Group has an internal company secretariat function, and an annual assessment of the company secretary's performance, qualifications and skills is undertaken.

Our King IV journey

The board recognises the link between effective governance, sustainable performance and the creation of long-term value for all its stakeholders. The board is committed to the principles of transparency, integrity, fairness and accountability, and recognises the need to implement good corporate governance principles. The board, therefore, seeks to apply the principles of King IV, which forms the cornerstone of our approach to governance. We support the overarching goals of King IV, being:

- Ethical culture
- Effective control
- Good performance
- Legitimacy

A thorough and comprehensive review has been conducted in relation to each principle and underlying recommended practice under King IV.

MultiChoice Group is required, in terms of the JSE Listings Requirements, to report against the application of the principles of King IV. In line with the overriding principle in King IV of 'apply and explain', the board, to the best of its knowledge, believes that the group has satisfactorily applied the principles of King IV. For a more detailed review, see the King IV application report on our website.

For more information, refer to https://www.multichoice.com/investors/governance/

The group continues to develop its governance policies, practices, and procedures in line with an integrated governance, risk, and compliance framework. The board is satisfied that every effort has been made in the year under review to apply all material aspects of King IV, where appropriate and relevant, and the group continues to entrench and enhance its understanding and application of the practices and principles of King IV.

Entrenching an ethical culture

The board is committed to entrenching an ethical culture throughout the group and sets the tone at the top by formulating our values and ensuring ethical business standards. The directors, overseen by the chair, hold one another accountable for decision-making and ethical behaviour. Directors, both individually and collectively, seek to demonstrate integrity, competence, responsibility, accountability, fairness and transparency to ensure effective leadership, which, together with management, assists in achieving strategic objectives.

It is our policy to conduct business dealings on the basis of compliance with applicable laws, rules, codes, standards and regulation, and proper regard for ethical business practices. The group's success in the markets in which it operates is built on integrity in its business affairs. We strive to prevent situations that may compromise these principles in our dealings with customers, suppliers, governments and business associates.

The board has adopted a code of business ethics and conduct (the code) which sets out the standards for business conduct throughout the group which is supported by a wide range of group policies.

For more information, refer to https://www.multichoice.com/media/1466/2019-02-25-code-of-business-ethics-and-conduct-policy.pdf

As the group conducts business in various countries, our employees are also subject to the laws and regulations of those countries, and the group policies are supplemented by local policies and procedures. Ensuring that group companies adopt appropriate processes and establish supporting policies and procedures is an ongoing process.

The board has delegated responsibility for regular review of the code and an ethics communication plan to the remuneration committee of the board.

CORPORATE GOVERNANCE REPORT continued

Management focuses on policies and procedures that address key ethical risks, such as conflicts of interest, accepting inappropriate gifts and acceptable business conduct. The social and ethics committee is responsible for overseeing and reporting on business ethics in relation to the group, taking into account specific disclosures and best practice as recommended by King IV.

Management teams across the group understand and apply the code and create and maintain awareness of the code and associated policies such as the whistleblower policy. Reference to the code is included in the contracts of new employees of major subsidiaries, and in the induction process for new employees. The code applies to the recruitment, performance evaluation and reward processes. Management teams are required to monitor adherence to the code and apply a zero-tolerance policy to violations. Sanctions are in place and action is taken when necessary, which includes prosecuting to the fullest extent of the law when appropriate.

Reference to our code is included in third-party procurement contracts of certain major subsidiaries. Contractors, agents and consultants who work with any group company are expected to follow the same standards of business conduct. Group companies may require specific steps to be taken, including, where appropriate, due diligence checks and specific contractual terms for specific types of contractors, agents and consultants.

The risk management function monitors the group's whistleblower facility operated by Deloitte Tip-offs Anonymous. Where appropriate, internal audit and/or external forensic consultants investigate reported matters. Significant allegations and fraud are reported to the audit and risk committees. Furthermore, the social and ethics committee receives reports on whistleblower activity and ethics. Internal audit and risk support the social and ethics committee and remuneration committee with an assessment of the group's ethics performance annually.

For more information, refer to https://www.multichoice.com/investors/governance/

Performance and future focus

During the year, the code was approved by the board and integrated into the group's strategies and operations.

Our focus for the year ahead is to ensure ethics are entrenched throughout the business through training and awareness campaigns. Our whistleblowing and internal speak-up mechanisms will be reviewed to identify areas of improvement.

The group's ethics performance will be monitored and reported to the social and ethics committee quarterly.

Responsible corporate citizenship

The board, assisted by the social and ethics committee, ensures that the company is, and is seen to be, a responsible corporate citizen by taking into consideration, not only the financial performance of the company but also, the impact that business has on the environment and the society within which it operates.

The group's sustainable development policy includes the responsibility for corporate citizenship. Moreover, the group's purpose, values and strategy are aligned with the principles of responsible corporate citizenship.

The group's businesses manage numerous corporate citizenship initiatives affecting the workplace, economy, society and environment. These include broad-based black economic empowerment (BBBEE) and employment equity performance for South African subsidiaries; local employment, health and safety laws; employee development opportunities; responsible tax policy; fraud and anti-bribery and anti-corruption initiatives; initiatives to minimise impact on the environment; and corporate social investment initiatives which contribute to the societies in which our businesses operate.

Performance and future focus

Our key areas of focus during the reporting period were the identification of our material stakeholders across operations and geographies as well as policy development and implementation to ensure and support responsible corporate citizenship in the group.

Going forward we will be focusing on enhancing monitoring and reporting techniques to the social and ethics committee.

Ensuring compliance with laws and regulations

The group has a primary listing on the JSE Limited (the JSE) and is, therefore, subject to the JSE Limited Listings Requirements (JSE Listings Requirements), the guidelines in King IV and legislation applying to publicly listed companies in South Africa.

The board is responsible for ensuring that the group complies with all of its statutory obligations as specified in the company memorandum of incorporation (MOI), the Companies Act, the JSE Listings Requirements and all other regulatory requirements. The directors have taken steps to ensure, to the best of their knowledge, the group's compliance with all these requirements.

The group has a legal compliance programme that is led by the group head of legal compliance and legal compliance teams with support from external consultants. The legal compliance programme includes:

- Legal compliance framework and roadmap, which sets out the legal compliance strategy, goals and objectives. It addresses the requirements of an adequate and fit-for-purpose legal compliance programme and provides for key activities to mitigate the identified legal compliance risks.
- Groupwide policies built on the principles in the code of business ethics and conduct. The legal compliance, anti-bribery and anti-corruption, sanctions and export controls and competition compliance policies were approved by the board in December 2018.

Future focus areas include continuing to raise awareness of the compliance principles, making improvements to the framework based on emerging risks, incorporating feedback from monitoring activities and focusing on the implementation of enhanced third-party screening.

Each segment is required to provide a quarterly legal compliance report to the group legal compliance function. This report includes an overview of key compliance risk areas and mitigating measures, key compliance regulatory developments and material compliance incidents and investigations. The group legal compliance function uses these reports to compile a consolidated report provided to the risk committee. Reports on legal compliance from a social and ethics perspective will in future also be provided to the social and ethics committee. Assurance on the effectiveness of compliance management is received through a combined assurance model.

These arrangements enable the risk committee, and the board, to oversee the group's legal compliance holistically in a way that supports good corporate citizenship.

Assurance

The audit committee and the board oversee that assurance services and functions enable effective control and support the integrity of information for internal decision-making and to enable accurate external reporting. Internal audit reports on the internal control environment are submitted to the audit committee.

The group follows a combined assurance model, which covers key risks through an appropriate combination of assurance service providers and functions, including line functions that own and manage risks, specialist internal audit and risk support and compliance functions (for the group and significant businesses), as well as external auditors and other relevant parties, such as regulatory inspectors. This model is linked to key risks and an assessment of the effectiveness of our combined assurance model is reported on to the audit and risk committees. The company secretary, group general counsel and external counsel guide the board on legal requirements.

The audit committee appoints the head of internal audit. The head of internal audit has unrestricted access to and meets periodically with the chair of this committee.

Executive chair, lead independent director and chief executive officer

The board is chaired by Imtiaz Patel, an executive director. The chair is responsible for providing leadership to the board and overseeing its efficient operation and has been tasked with ensuring effective corporate governance practices.

The board is of the view that appointing an executive chair is appropriate for the company under the circumstances as he has valuable group, industry and regulatory intellectual capital to contribute to the future development and progression of the business.

The lead independent director, Steve Pacak, acts as lead director in all matters where there may be an actual or perceived conflict and it would be inappropriate for the chair to deal with the matter concerned.

The board has satisfied itself that Steve acts with independence of mind and judgement and there is no interest, position, association or relationship that is likely to influence unduly or cause bias in decision-making in the best interests of the company. The board made this determination as to Steve's independence having regard to a number of factors including consideration of Steve's historical relationship with the Naspers group (and his interest in Naspers) and his directorship of MultiChoice South Africa Proprietary Limited. Bearing these factors in mind, the board determined that Steve is best placed to fulfil the role as lead independent director given his significant experience in governance within the environment the group operates in.

The chief executive officer (CEO), Calvo Mawela, is responsible for leading the implementation and execution of the approved strategy, policy and operational planning of the group, as well as ensuring that the day-to-day affairs of the group are appropriately supervised and controlled.

Board

MultiChoice Group has a unitary board, which provides oversight and control. The board charter sets out the division of responsibilities, providing for delegation of authority while enabling the board to retain effective control. The board delegates authority to established board committees, as well as to the CEO, with clearly defined mandates.

The majority of board members are non-executive directors and independent of management. To ensure that no one individual has unfettered powers of decision-making and authority, the roles of the chair, lead independent director and CEO are separate and well defined.

The board's responsibilities include providing the group with clear strategic direction, ensuring that there is adequate succession planning at senior levels, reviewing operational performance and management and reviewing policies and processes that seek to ensure the integrity of the group's risk management and internal controls.

The board is the focal point and custodian of corporate governance, exercising its leadership and oversight role by annually approving the strategy and the business plan and overseeing implementation. Its role, responsibilities, membership requirements and procedural conduct are documented and are set out in the board charter, which it regularly reviews to guide its effective functioning. In addition, it is the board's responsibility to ensure compliance with all statutory and regulatory requirements, and in particular, the Companies Act and the JSE Listings Requirements.

The board determines and approves, from time to time, the levels of authority for the CEO and the various members of senior management, while the audit committee and the risk committee monitor compliance with these predetermined levels of authority.

The board meets as often as required, but at least four times annually.

Composition

The group recognises that a balanced board supports value creation. The composition of the board (including board member rotation) is therefore reviewed annually, in accordance with the board charter and the board's diversity policy, by the nomination committee, which will make recommendations to the board.

The composition of the board is considered holistically, taking into account all aspects of diversity (including gender and race) in terms of its diversity policy, and capitalising on differences in the skills, geographical and industry experience of its members. The chief executive and financial director are board members. The board is satisfied that its composition is qualitatively and quantitatively balanced in terms of skills, independence, demographics, gender, nationalities, experience and tenure needed to discharge its role and responsibilities.

Through the annual self-assessment of the board and its subcommittees, the knowledge and skills set will be evaluated and improved where required. Furthermore, where necessary, subject-matter experts are available for matters requiring specialised guidance.

Non-executive directors bring diverse perspectives and independence to the board's decision-making. None of the directors, other than the executive directors, have a fixed term of appointment and one third of the non-executive directors are subject, by rotation, to retirement and re-election by shareholders at least every annual general meeting, in accordance with the company's MOI.

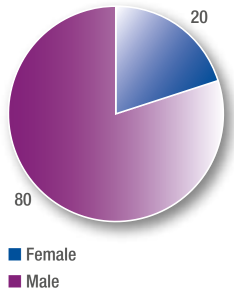
The mandatory retirement age for non-executive directors is 75 years, at which time the director shall vacate office at the end of the financial year in which that director turns 75, unless the board, in its discretion, decides otherwise.

The size and composition of the board is determined by the shareholders, subject to the company's MOI, applicable legislation and regulatory requirements and King IV.

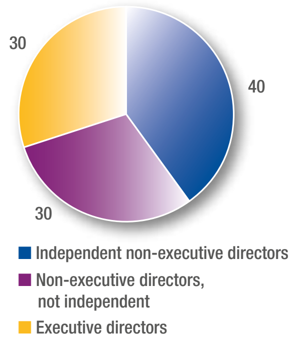
As at year-end, the board consisted of three executive directors and seven non-executive directors, four of whom are independent, with no director having unfettered powers of decision-making.

Board composition as at 31 March 2019

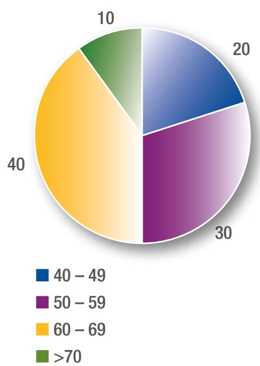
Board demographics[1] (%)



Independence[1] (%)



Age (years)[1] (%)



Note

[1] Prior to the appointment of Christine Sabwa, Jabu Mabuza and Fatai Sanusi.

Succession planning and performance

The board is satisfied that the company is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised.

The board approves the appointment of the chief executive and the financial director. The remuneration committee is required to consider the performance of the chief executive and financial director annually against agreed performance incentive objectives. The audit committee is required to consider the performance of the financial director and the finance function and will report thereon in its report included in the integrated report.

The board approves the group levels of authority annually, which include delegated authorities to the group chief executive. The board evaluates the overall performance of the chief executive and financial director. The integrated annual report discloses performance measures for the chief executive, financial director and chief investment officer. Executive directors are also assessed in their capacity as directors as part of the annual individual directors' evaluation process.

Succession plans for the chief executive and senior executives are in place and are reviewed annually by the remuneration committee.

Appointment and board diversity policy

MultiChoice Group recognises and embraces the benefits of having a diverse board, and sees increasing diversity at board level as an essential element in maintaining a competitive advantage.

Each director is identified and selected by the board, as assisted by the nominations committee, the recommendation of which shall be subject to final approval by the board.

In terms of the appointment and board diversity policy, in considering the composition of the board, cognisance shall be taken of the gender and racial mix in order to represent the demographics of the markets in which it operates and to promote racial diversity at board level. The individual board members contribute to the collective blend of knowledge, skills, resources, objectivity and experience of the board. A diverse board includes and makes good use of differences in the skills, experience, background, academic qualifications, technical expertise, knowledge, nationality, age, race, gender and other distinctions between members of the board. These differences are considered in determining the optimum composition of the board and, when possible, should be balanced appropriately. All board appointments are made on merit, in the context of the skills, experience, independence and knowledge, which the board as a whole requires to be effective.

Performance and future focus

During the period, the board considered its size, structure and diversity. The board considers diversity in terms of race, gender, nationality, age and experience. The board believes the current composition supports the group's ability to create value.

Independence

All directors were appointed to the newly formed MultiChoice Group board in December 2018 and accordingly, none of the directors have served on the board for longer than nine years.

CORPORATE GOVERNANCE REPORT continued

Categorisation as either a non-independent or independent non-executive director is done annually.

In line with King IV, the board has undertaken to carry out a rigorous independence assessment when any director has served for nine years or longer.

Information

Information relevant to a meeting is supplied on a timely basis to the board, ensuring directors can make informed decisions. The directors have unrestricted access to information about the company and its senior management and, where appropriate, may seek independent advice on matters within the board's mandate, at the company's expense.

Conflicts of interest

Potential conflicts are appropriately managed to ensure candidates and existing directors have no conflicting interests between their obligations to the company and their personal interests.

All directors are required to declare personal interests on an annual basis. Declaration of directors' interests is a standing agenda point on the board's agenda. Directors who believe there may be a conflict of interest on a matter must advise the company secretary and will be recused from the decision-making process. The Companies Act process is applied in this regard.

Directors are required to adhere to a policy on trading in securities of the company. The trading in securities policy is aligned to the Financial Markets Act and JSE Listings Requirements.

Board evaluations

The board and all board committees' charters include the onus of annual assessments. Assessments of the performance by the board, its subcommittees and the company secretary are conducted every second year, however, performance in general, is considered every year as part of the review of the composition of the board and its committees. The lead independent director will head the evaluation of the chair.

Given the short amount of time the board and its committees were in operation during 2019, no formal assessment was undertaken this year. However, as good practice, the board undertook an online, question-based evaluation of the chair and has conducted individual peer reviews for the directors. While the time period since constituting the board has been short, the evaluations were undertaken in order for the board to identify any possible areas of improvement early. There have been no major areas of concern raised.

The board is satisfied that the evaluation process will assist with improving its performance.

Board meeting attendance

Membership	Designation	Meeting attendance[1]
Mohammed Imtiaz (Imtiaz) Patel	Executive chair	2/2
Stephan Joseph Zbigniew (Steve) Pacak	Lead independent director	2/2
Calvo Phedi Mawela	CEO	2/2
Timothy Neil (Tim) Jacobs	CFO	2/2
Donald Gordon (Don) Eriksson	Independent non-executive director	2/2
Kgomotso Ditsebe Moroka	Independent non-executive director	1/2
Louisa Stephens	Independent non-executive director	2/2
Francis Lehlohonolo Napo (Nolo) Letele	Non-executive director	2/2
Elias Masilela	Non-executive director	2/2
John James (Jim) Volkwyn	Non-executive director	2/2

Note

[1] The board was only constituted in December 2018 and thus, there were only two board meetings held during FY2019.

Performance and future focus

The focus of the board during FY2019 was on ensuring the successful listing of the group on the JSE, including the review and formalisation of the governance policies and related framework. Furthermore, the board approved the group's strategy and budget. The board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the year under review.

Looking ahead, the board's focus will be on:

- providing strategic direction
- monitoring management implementation and progress of strategic objectives
- stakeholder engagement, relationships and activities and business impacts, and
- monitoring ethical conduct.

Shareholders communication

The group is committed to ongoing and transparent communication with its shareholders. In all communications with shareholders, the board aims to present a balanced and understandable assessment of the group's position. This is done through adhering to principles of openness, and substance-over-form reporting, striving to address matters of material significance to shareholders.

This integrated annual report is our primary form of communication with shareholders, in accordance with King IV and the JSE Listings Requirements. Furthermore, the board encourages shareholders' attendance at general meetings, and, where appropriate, will provide full and understandable explanations of the effects of resolutions to be proposed.

Company secretary

The company secretary is responsible for guiding the board in discharging its regulatory responsibilities. Directors have unlimited access to the advice and services of the company secretary who plays a pivotal role in the company's corporate governance policies and processes. She ensures that, in accordance with the pertinent laws, the proceedings and affairs of the board, the company itself and, where appropriate, shareholders, are properly administered. The company secretary monitors directors' dealings in securities and ensures adherence to closed periods. She attends all board and committee meetings. In accordance with King IV, the performance and independence of the company secretary is evaluated annually.

The nominations committee is responsible for recommending a suitable candidate for appointment as the company secretary and reviews the competence, qualifications and experience of the company secretary annually and reports on whether or not it is satisfied therewith.

A new group company secretary, Donna Dickson, joined the organisation in April 2019. She is appropriately empowered to fulfil her duties with regard to assistance to the board. The board is satisfied with the company secretary's competence, qualifications, experience, independence and suitability.

Donna is not a director of the company, and the board, having specifically considered the matter, is satisfied that she has an arm's length relationship with the board (and this has been the case prior to the admission).

A formal assessment of her performance will be carried out during FY2020.

Information and technology (I&T) governance

The company's I&T executive oversees I&T management in the group. The board is aware of the importance of I&T in relation to the company's strategy.

The board approves and annually reviews the I&T governance charter and cybersecurity policy. I&T governance is integrated into the operations of the group businesses. Management of each subsidiary or business unit is responsible for ensuring effective processes for I&T governance are in place.

The risk committee assists the board with overseeing I&T-related matters. I&T governance is a standing point on the risk committee agenda. I&T objectives have been included in the risk committee charter. The risk committee considers the risk register, as well as reports on I&T from internal audit and risk support and where relevant our legal compliance function.

Compliance with relevant laws and ethical and responsible use of I&T are addressed through the group's code of business ethics and conduct and legal compliance and data-privacy programmes. Data privacy is a high priority.

Internal audit provides assurance to management, the risk committee and board on the effectiveness of I&T governance, based on detailed controls to manage identified risks and reduce vulnerability. The social and ethics committee oversees I&T from an ethics perspective.

These arrangements for governing and managing I&T enable the risk committee and social and ethics committee, and ultimately the board, to oversee the group's I&T governance.

Performance and future focus

The group is highly dependent on the I&T systems and processes to effectively and timeously enable and support the implementation of its strategic objectives.

During the year, the group undertook a detailed monthly review to identify, evaluate and assess I&T risks monthly in the six key information and technology areas. The results were presented and discussed at the I&T governance board (chaired by the chief technology officer) that meets monthly. Based on the review, the group has developed mitigation plans to address the material risks highlighted.

Penalties

MultiChoice Group operates in a highly-regulated environment in South Africa; compliance is, therefore, a critical consideration. The company participates in the regulatory processes affecting its industry through various public forums and debates, providing inputs on formulating standards and strategies for the industry.

During FY2017, MultiChoice and M-Net received fines from the self-regulatory body, the Broadcasting Complaints Commission of South Africa (BCCSA). These relate to failure by channels to provide correct classification information, resulting in MultiChoice and M-Net contravening the BCCSA Code. Subsequently the group has ensured that there are sufficient controls regarding the classification of information and no fines since FY2017 have been received.

Fines paid to the BCCSA:

- FY2016: R10 000
- FY2017: R90 000
- FY2018: Rnil
- FY2019: Rnil

DStv Media Sales Proprietary Limited (DMS), a subsidiary of MultiChoice South Africa Proprietary Limited, entered into a consent agreement with the Competition Commission in FY2018, which was approved by the Competition Tribunal. It was agreed that an administrative penalty of R22m be paid (provided for in FY2017), a contribution of R8m, payable over three years to a fund to be administered through an industry trust to assist small black-owned media agencies.

During the past year there were no environmental inspections by environmental regulators, no accidents, nor were any environment-related fines imposed by any government.

Board committees

As provided for in the company's memorandum of incorporation (MOI) and the board charter, the board is supported and assisted by the audit committee, nominations committee, remuneration committee, risk committee and the social and ethics committee, which have clear mandates and oversight responsibility for various aspects of the business.

The responsibilities delegated to each committee are formally documented in the terms of reference for that committee, which have been approved by the board and are reviewed at least annually. All committees have clear roles and responsibilities as outlined in their committee charters.

CORPORATE GOVERNANCE REPORT continued

The board delegates authority to established board committees, as indicated in the following diagram.

Audit committee

Membership	Meeting attendance
Steve Pacak (chair)	2/2
Don Eriksson	2/2
Louisa Stephens	2/2

The audit committee is chaired by Steve Pacak, an independent non-executive director. Other members include Louisa Stephens and Donald Eriksson, who are both independent non-executive directors.

This committee meets at least three times a year (and, when necessary, convene when a special meeting is requested by the external auditor. The committee is responsible for, among other things:

- Monitoring and reviewing the adequacy and effectiveness of accounting policies, financial and other internal control systems and financial reporting processes.
- Providing independent oversight of the group's combined assurance functions, including reviews of the independence and effectiveness of external audit, internal audit, non-audit services from auditors as well as compliance.
- Assessing compliance with applicable legal, regulatory and accounting standards and policies in the preparation of fairly presented financial statements and external reports.

For more detailed information on the committee's attendees, focus areas and future plans, please refer to the group's audit committee report on pages 102 to 107.

Nominations committee

Membership	Meeting attendance
Kgomotso Moroka (chair)	N/A*
Louisa Stephens	N/A*
Jim Volkwyn	N/A*

Note

** No meetings were held during FY2019, with the first meeting held on 8 April 2019.*

The nominations committee is chaired by Kgomotso Moroka, an independent non-executive director. Other members include Louisa Stephens, an independent non-executive director and Jim Volkwyn, a non-executive director. Imtiaz Patel (chair of the board) attends by invitation. The nominations committee meets at least twice a year, prior to scheduled meetings of the board.

The committee is responsible for, among other things:

- Identifying individuals qualified to be elected as members of the board and board

committees, as well as the executive team. These individuals are then recommended to the board for appointment in terms of the company's MOI and the appointment and board diversity policy. The committee is also responsible for establishing procedures to ensure that the selection of individuals for recommendation are transparent.
- Reviewing the structure, size and composition of the board and its committees and making recommendations to the board with regard to any adjustments that are deemed necessary to ensure the required mix of skills, experience, other qualities and diversity to ensure the effectiveness of those bodies in compliance with applicable laws and regulations.

Looking ahead, the committee will focus on developing and approving board diversity targets as well as reviewing the composition of the board and its committees. At the end of FY2020, the committee will assess itself against its charter in order to evaluate whether it has carried out its duties during the reporting period.

Remuneration committee

Membership	Meeting attendance
Kgomotso Moroka (chair)	N/A*
Steve Pacak	N/A*
Jim Volkwyn	N/A*

Note
** No meetings were held during FY2019.*

The remuneration committee is chaired by Kgomotso Moroka, an independent non-executive director. Other members include Steve Pacak, an independent non-executive director and Jim Volkwyn, a non-executive director. Imtiaz Patel (chair of the board), as well as the CEO and chief human resources officer attend by invitation.

The committee meets at least twice a year prior to scheduled meetings of the board. No meetings were held during FY2019.

The remuneration committee's responsibilities include:
- Independently reviewing and monitoring the integrity of the group's remuneration policies and implementation thereof.
- Ensuring that the company remunerates fairly, responsibly and transparently.
- Ensuring compliance with the statutory duties of the committee as contained in relevant legislation.
- Annually reviewing and making recommendations to the board on the remuneration of non-executive directors, for approval by the shareholders, for a period of two years from the date of the annual general meeting where the remuneration is approved or until such time as non-executive directors' remuneration is amended by way of special resolution of shareholders, whichever comes first.

Looking ahead, at the end of FY2020, the committee will assess itself against its charter in order to evaluate whether it has carried out its duties during the reporting period.

For more detailed information on the group's approach to remuneration, remuneration practices during 2019 and the committee's future focus areas, please refer to the group's remuneration report on pages 78 to 101.

Risk committee

Membership	Meeting attendance
Steve Pacak (chair)	2/2
Louisa Stephens	2/2
Don Eriksson	2/2
Imtiaz Patel	2/2
Calvo Mawela	2/2
Tim Jacobs	2/2

The risk committee is chaired by Steve Pacak, an independent non-executive director. Other members include Louisa Stephens and Donald Eriksson, independent non-executive directors; board chair, Imtiaz Patel; CEO, Calvo Mawela; and CFO, Tim Jacobs. Christine Sabwa was appointed to the risk committee by the board in June 2019.

Regular attendees include business unit risk managers, the head of internal audit, group general counsel and the head of regulatory.

The risk committee meets at least twice a year prior to scheduled meetings of the board and is established to independently review management's recommendations on risk management.

The risk committee's functions include:
- Monitoring and providing recommendations to the board on the group's risk management systems, including the systems, processes, methodologies and tools of risk governance and risk management, and annual operating plans for overall risk management and forensics.
- Reviewing, approving and recommending risk measurement methodologies to the board, including methodologies used to identify, assess, measure, monitor and report on risks, including methods used for the calculation of risk exposures.
- Monitoring and reviewing the regulatory compliance processes and procedures.

During 2019, the focus for the committee was on ensuring the group was adequately insured, with a particular focus on the necessary directors and prescribed officers' insurance cover.

Looking ahead, the committee will focus on the group's risk management processes, risk tolerance and appetite. At the end of FY2020, the committee will assess itself against its charter in order to evaluate whether it has carried out its duties during the reporting period.

For more detailed information on our approach to risk and opportunity management, please refer to the risk disclosure on pages 24 to 27.

Social and ethics committee

Membership	Meeting attendance
Kgomotso Moroka (chair)	N/A*
Steve Pacak	N/A*
Nolo Letele	N/A*
Calvo Mawela	N/A*
Tim Jacobs	N/A*

Note
** No meetings were held during FY2019.*

The social and ethics committee is chaired by Kgomotso Moroka, an independent non-executive director. Other members are Steve Pacak, Nolo Letele, Calvo Mawela and Tim Jacobs. The chairs of the audit, risk and remuneration committees shall each be a member of the social and ethics committee together with the CFO and CEO. Imtiaz Patel (chair of the board) attends by invitation.

This committee meets at least twice a year prior to scheduled meetings of the board. No meetings were held during FY2019, and as a result the group will produce its first committee report in FY2020.

The primary purpose of the social and ethics committee is to oversee the group's activities with regard to sustainable social and economic development initiatives, which include public safety, HIV/Aids, environmental management, corporate social investment, consumer relationships, labour and employment, the promotion of equality and ethics management.

This committee is responsible for ensuring and monitoring compliance with all applicable laws (including the Companies Act), as well as relevant codes and standards relating to BBBEE, employment equity, environmental management, health and safety, HIV/Aids, corporate social responsibility, consumer relationships and human resources. Its responsibilities further include:

- Reviewing, at least every second year, the strategies and policies of the group designed to achieve responsible corporate citizenship.
- Reviewing and approving the group code of ethics and the group's stakeholder management plan and policy.
- Reporting to shareholders as required in terms of the Companies Act.

Looking ahead, the committee will focus on enhancing its ethics management processes as well as its stakeholder engagement and response processes. Furthermore, the committee will strive to improve its corporate citizenship policies and processes, including improving sustainability, corporate citizenship and social impacts. At the end of FY2020, the committee will assess itself against its charter in order to evaluate whether it has adequately carried out its duties during the reporting period.

For more information on our approach to corporate citizenship refer to pages 50 to 59, 64 and 65.

REMUNERATION REPORT

for the year ended 31 March 2019

Letter from the chair of the remuneration committee

Adv K Moroka

Dear Shareholder

On behalf of the remuneration committee, I am pleased to present our first remuneration report for MultiChoice Group Limited (MCG).

In alignment with the requirements of the King IV Report on Corporate Governance for South Africa (King IV) our 2019 remuneration report is divided into three parts:

- **Part 1: The background statement:** The background statement provides context around the company's performance and how this influenced remuneration decisions.
- **Part 2: The remuneration policy:** The remuneration policy is a forward-looking section that provides an overview of our remuneration philosophy and design principles and the remuneration policy that will be applicable in FY2020.
- **Part 3: The implementation report:** The implementation report is a backward-looking section that discloses the remuneration and performance outcomes of the employees and how much each relevant executive received, based on the FY2019 remuneration policy.

PART 1: THE BACKGROUND STATEMENT

Factors that influenced our remuneration approach

The unbundling of MCG from Naspers and the listing on the JSE Limited (JSE), Johannesburg's stock exchange in February 2019 was an important milestone in the history of the organisation. This milestone has provided us with new opportunities to design a remuneration approach that is best suited to current market practices and to the nature of our business.

Following the unbundling, the remuneration committee has been actively reviewing our remuneration approach to ensure it is fit for purpose, as well as considering valuable input received from you as shareholders. The key considerations are detailed in Part 2: The remuneration policy.

Externally, the film and entertainment industry is becoming more competitive with global over-the-top OTT players and other competitors making it even more important for us to retain our top talent. Growing our subscriber base remains key to our success. We have positive growth potential in our various geographies and have aligned our reward practices to ensure we are able to deliver the required results.

Shareholder feedback

During the listing process we engaged with our shareholders in order to obtain feedback and guidance regarding our remuneration practices:

Issue	Remuneration committee response
Does management have equity participation to align with shareholder interests?	Share awards under the new MCG share scheme have been issued to all qualifying employees. We have also introduced minimum shareholding requirements.
Are there performance metrics in the share scheme?	The new share scheme is a restricted share unit (RSU) scheme. The executive committee have performance conditions linked to half of their units in the form of performance share units (PSUs).
Why were executive long-term incentives not included in the pre-listing statement?	At the time of the PLS, the new MCG Trust Deed had not been registered to approve new awards.

Our approach to remuneration

Our people are at the heart of our success. We focus on reward systems which help us to attract and retain the best talent in a fair and responsible way. Our approach to remuneration is detailed in Part 2, but briefly focus on the following:

*We believe in a **pay-for-performance** culture that incentivises achievement of strategic, operational and financial objectives, both in the short and long term*

*We continually monitor the level of pay to ensure that it is **fair** to all our employees and in line with our values*

*We believe remuneration must be aligned with **shareholder** expectations*

*We structure our reward systems to help us **attract and retain** the best talent around the world in a responsible way*

*We are **consistent**; our guaranteed reward package elements are broadly the same across different levels. Variable pay is tailored to be appropriate for each different level*

Talent and fairness

Our intention is to continue to grow as a top employer across the various areas of operations and presence. We focus on recruiting experienced data, digital and content talent into critical areas required to scale our business and deliver on the operating model, but we also provide opportunity for new, young talent to learn and develop. We also strive to recruit and retain the best calibre of executive talent to lead the organisation and deliver the requisite results into the future.

Balancing the levels of executive remuneration with the demands to remain competitive in attracting global talent in the entertainment industry has become challenging.

Positively, our internal talent development practices enabled a strong mix of internal leadership promotions to key positions in the business.

Our collaboration with educational institutions enables recruiting talent early. We have active partnerships with multiple learning institutions and production partners to attract young talent spanning the TV, film, technology, engineering and data science fields.

For experienced hires, our talent acquisition teams are actively driving targeted campaigns to attract talent.

Benchmarking and remuneration advisers

We strive to be consistent, offering reward systems that help attract and retain the best talent in our market. We consider market practices, the needs of the business as well as the calibre of the individual in our recruitment processes.

We benchmark our remuneration using the PwC Remchannel Survey in South Africa, and the Mercer Total Remuneration Surveys in the Rest of Africa. For senior management, which we sometimes recruit globally, we also utilise the LMO Executive Survey and Willis Towers Watson Executive Survey.

We target our guaranteed salary at the median of the market with exceptions based on performance and critical skills.

We have appointed Bowman Gilfillan as our independent remuneration committee advisor and we are satisfied that the advice is objective and independent.

Key areas of focus and key decisions taken during the reporting period

Given the group's unbundling as a separate listed entity late in FY2019, the remuneration committee was able to meet only once before the financial year-end. However, the following decisions were taken and the remuneration committee is satisfied that it achieved its objectives, as set out below:

- approved the new MCG share scheme principles and guidelines
- approved awards in the MCG share scheme
- approved the executive committee goals and targets for FY2020, and
- approved the new MCG executive remuneration policy.

In FY2020, the remuneration committee will continue to monitor executive remuneration, especially those of direct and indirect competitors. The group's remuneration policy is detailed in Part 2 of this report.

Role of the remuneration committee

The remuneration committee's responsibilities are to:

- independently review and monitor the integrity of the group's remuneration policies and implementation thereof
- ensure that the company remunerates fairly, responsibly and transparently, and
- ensure compliance with the statutory duties of the remuneration committee as contained in relevant legislation.

In fulfilment of these responsibilities, the remuneration committee's functions include:

- reviewing executive remuneration and benefits, and ensuring the directors and senior management are fairly and responsibly rewarded for their individual contributions to the group's overall performance
- evaluating the group's remuneration and benefit competitiveness
- reviewing and approving the overall annual increase pool awarded to the group employees
- approving employment agreements, offers of employment as well as severance agreements for the CEO and the executive committee
- reviewing and monitoring the implementation of the group's guaranteed and variable pay plans, and making recommendations to the board with respect to new guaranteed and variable pay plans

- reviewing the potential risk in respect of the group's remuneration and benefit programmes and policies
- annually evaluating and monitoring the group's remuneration philosophy and practices, and
- actively engaging with shareholders on concerns raised in the event of the remuneration policy or implementation report, or both, receiving an 'against' vote of 25% or more of the voting rights exercised at any shareholders' meeting.

Non-binding advisory vote on remuneration policy and implementation report

The remuneration policy and implementation report as set out in Part 2 and Part 3 of this remuneration report will be tabled for separate non-binding advisory votes at the annual general meeting on 29 August 2019. In the event that 25% or more of the voting rights exercised, vote against either the remuneration policy or implementation report or both, the board will take steps, in good faith and with best reasonable effort, to do the following as a minimum:

- implement an engagement process to ascertain the reasons for the dissenting votes, and
- appropriately address legitimate and reasonable objections and concerns that have been raised, which may include amending the remuneration policy, or clarifying or adjusting remuneration governance and/or processes.

In addition, in the remuneration report published in the year subsequent to the vote, the background statement will set out:

- with whom the company engaged, and the manner and form of engagement to ascertain the reasons for the dissenting votes, and
- the nature of steps taken to address legitimate and reasonable objections and concerns.

PART 2: THE REMUNERATION POLICY

Remuneration philosophy

Our remuneration philosophy underpins the group's strategy and enables us to achieve our business objectives. Our commitment to pay for performance in alignment with shareholder value creation, drives our remuneration activities and supports the ownership mentality and spirit of entrepreneurship in our teams around the world. As far as possible, the structure of our pay is similar across the business and it meets the minimum legal requirements in all the jurisdictions in which we operate. We endeavour at all times to balance the need to compete globally for the best talent with the need to pay fairly and responsibly. We welcome the opportunity to discuss this policy and its outcomes with our stakeholders.

The way we structure pay is purposely linked to our strategy and to the delivery of long-term sustainable growth for our shareholders.

When making executive pay decisions, we consider the individual's performance and the performance of the business, the complexity of the responsibilities of the executive, and the growth trajectory and life cycle stage of the business for which he/she is responsible.

Our short-term incentives are aimed at rewarding employees for over-performance. These incentives are typically capped at a percentage of an employee's salary.

Our approach to long-term incentives strives to ensure that executives are invested in driving sustainable performance of the business over the long term.

Our remuneration policy and pay decisions are driven by and linked to the principles below:

Fairness

We continually monitor the level of fair and responsible pay for all our employees in light of our values, which we have detailed in this report. As a starting point, our minimum salary in South Africa is substantially above the minimum wage requirements set by government and on average 13% higher than the average median salary in market for the same role. We are also proud of the suite of benefits offered to our employees (detailed on page 83), which we believe are highly market competitive.

To ensure a fair and reasonable approach to the remuneration of executive directors, the remuneration committee takes the same approach as for the wider employee group. A number of factors are taken into account, including individual performance, company performance and trading environment, and the relative contribution of the job to the overall business success. Benchmarking to market pay is also an important reference point.

Individual performance and market benchmarks are important determining factors in whether to grant a pay increase. Pay increases are not granted in the absence of a satisfactory level of performance. Similarly, the operational performance of the business and its ability to pay are naturally considered when the quantum of any increase is considered.

Performance

Pay for performance is one of the pillars of our reward philosophy. Personal performance (including the financial results of the business) is the determining factor in whether an individual qualifies for a total cost to company (TCTC)/base salary increase and annual performance-related incentive. This incentive is determined on a formulaic basis, which allows limited discretion only in exceptional circumstances.

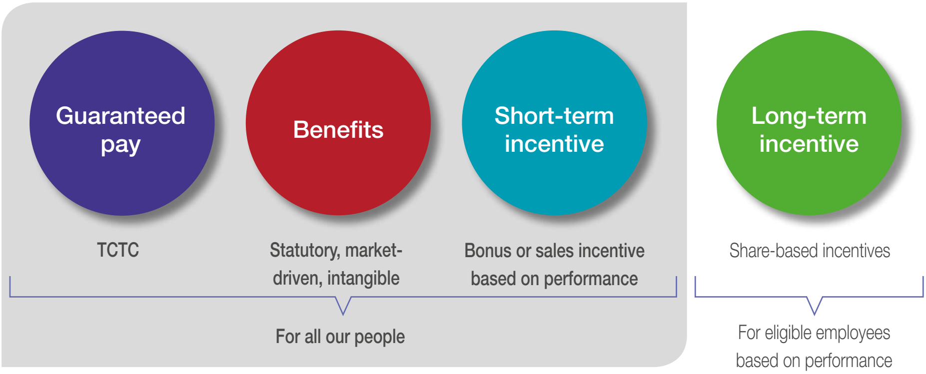
Our executives are eligible to participate in a performance-related short-term incentive programme. This is an annual programme where having achieved certain preapproved business and personal goals, participants may receive an annual performance-related incentive payment. The incentive payments for our executive directors and prescribed officers based on FY2019 performance is detailed on page 91.

Performance goals are directly aligned with the approved business plans. Personal goals are arrived at as an outcome of the annual business planning process. As budgets and operating plans are designed prior to the end of the financial year, so too are the personal performance goals at an individual level. These goals, if achieved, drive the accomplishment of the financial and operating plan of the business and how it is delivered.

We encourage managers to engage in continuous conversations with their people throughout the year to ensure that their plan is on track. At the end of the financial year both the overall performance of the business, and the individual's achievement of their personal goals are considered. While we do not force-rank performance scores, we do expect that any performance-related incentive payments reflect the overall performance of the business where appropriate. Individuals who have performed well against their performance-related incentive goals, are eligible to be considered for bonus and a pay increase.

Our remuneration structure

We have outlined the four elements of pay for our executive directors below. The same principles are applied to employees across the company. Our four-tier remuneration structure provides an appropriate balance between guaranteed annual remuneration and variable remuneration, which is directly linked to performance that enhances shareholder value.



These are detailed as follows:

Guaranteed pay

In South Africa, the TCTC comprises salary plus cash and non-cash benefits. Outside of South Africa, base salary excludes cash and non-cash benefits.

Personal performance is the primary driver for pay increases but also factors in the scope and nature of the role, relevant companies in the national, media and technology sectors, and local economic indicators such as inflation and the relevant labour market, to ensure they are fair, sensible and market competitive.

Guaranteed pay is set at a level to ensure we can attract and retain talent of the required calibre and considers market practice as well as an individual's contribution. Guaranteed pay is reviewed annually, and any increases are typically effective from 1 June each year.

Benefits

A suite of benefits, which we believe is highly market competitive, is offered to our employees. Examples of these are:

- bursaries for employees and family
- a range of wellness benefits such as onsite health care and counselling, a gym, a concierge service
- work-life balance leave
- closed medical aid scheme and retirement scheme with highly competitive benefits
- onsite crèche and early childhood development allowance, and
- significant DStv discounts for employees and family members.

Short-term incentives (STI)

The STI refers to the annual performance-related incentive. The annual incentive plan pays out depending on performance achieved against strategic, operational and financial objectives.

REMUNERATION REPORT continued

for the year ended 31 March 2019

The purpose of the annual incentive plan is to ensure executive alignment with and focus on delivering the annual business plan. The achievement of these annual plans will cumulatively drive long-term shareholder value over time.

The same structure is applied throughout the organisation to ensure a consistent approach with measures linked to an individual's role to ensure that pay is linked to their contribution.

Principles for executive bonus

For executives, these targets are set at MCG level and for senior management, these targets are closely linked to the performance of the specific business unit for which they have responsibility.

The performance measures for each executive are tailored to their roles and responsibilities. The incentive plan for each executive is agreed annually in advance and based on targets that are verifiable and aligned to the specific business unit's annual business plan, risk management policy and strategy.

All eligible employees, including executives, have a target bonus percentage based on their level in the organisation. The target bonus percentage is used to calculate the bonus based on performance against targets.

The remuneration committee ensures that these targets are appropriately ambitious using a number of reference points including the business plans and historic performance.

The calculations and outcomes for FY2019 are detailed in Part 3. For FY2020 the calculation to determine the performance outcome is detailed below. This is to ensure that solid company performance will be required before any individual bonuses are paid:

FY2020 STI calculation:

TCTC or base salary X **bonus %** X **performance % outcome**

Performance % outcome is calculated as follows:

Performance % outcome

=

Company performance % X **Individual performance %**

For FY2020, the company performance measures, weightings and their respective targets are set out below:

Performance measure	Weighting %	Performance levels		
		Threshold (80% payment)	Target (100% payment)	Stretch (120% payment)
Revenue	25	1% below budget	On budget	1% above budget
Core headline earnings	25	10% below budget	On budget	10% above budget
Free cash flow	25	5% below budget	On budget	5% above budget
Subscriber growth	25	5% below budget	On budget	5% above budget

Linear interpolation will apply between targets with 0% payment occurring for below-threshold performance and maximum payment occurring for stretch performance.

Long-term incentives (LTI)

The table below sets out both the legacy Naspers LTI schemes and the current and new MCG LTI schemes:

	Legacy		Legacy/Current	New
	Naspers share options (SOs)	**Naspers restricted stock units (RSUs)**	**MultiChoice and Irdeto share appreciation rights (SARs)**	**MultiChoice restricted stock units (RSUs)**
Detail of award	A right to buy a Naspers share at a pre-agreed price.	An award of Naspers shares that is transferred to participants after time restrictions have passed.	A right to benefit from any increase in value of the business unit over which an award is made.	An award of MCG shares that is registered to the participants subject to an employment condition (continued tenure). For the executive committee, achievement of performance conditions applies.
Value delivered to participant	Change in share price between grant and vest.	Full value delivered to the participant.	Change in value of business unit between grant and vesting.	Full value delivered to the participant.
Vesting detail	If there is no change or a decrease in value, there is no gain for the participant. Naspers shares delivered on vesting.	Naspers shares delivered on vesting.	No new awards to be made. Current awards will vest in line with current vesting profile. The MultiChoice SARs vest over five years (one third in year three, four and five respectively), while the Irdeto SARs vest in equal tranches over four years. If there is no change or a decrease in value, there is no gain for the participant. Gains settled in MCG shares.	Vests over five years. Awards will vest in four equal tranches from year two (25% vesting in each year). Executive committee awards are split 50:50 between RSUs and RSUs with performance conditions (PSUs). The executive committee are to hold one time their annual salary in vested shares by FY2024. Settlement of the awards will take place on the respective vesting date of the awards and at the discretion of the board.

REMUNERATION REPORT continued

for the year ended 31 March 2019

Legacy/current schemes

The unbundling of the MultiChoice group from Naspers allowed us to reconsider the best approach with regards to LTIs in our business. At the same time, the legacy share schemes were accelerated or closed for new awards.

Our legacy share schemes comprise MultiChoice and Irdeto share appreciation rights (SARs) and Naspers awards. No further awards will be granted under the MultiChoice and Irdeto SARs schemes, however, previous awards granted under these schemes will continue to vest as per the rules of the schemes.

The Naspers schemes were accelerated in line with the plan rules.

New MCG scheme

Through the listing process a new MCG share scheme was approved. In terms of the new LTI scheme, executive directors, senior management and other critical employees are eligible to receive long-term incentives, in the form of restricted share units, vesting over a five-year period (equal vesting between years two and five). This plan creates an alignment between executive pay and shareholder interests, with participants being rewarded for their contribution to the performance of the business.

At the executive committee level, performance conditions are linked to the performance share units (PSUs) in order to align LTI closer to the performance of the business and shareholder value creation. The executive committee is required to hold a minimum of one time their annual pay in vested shares by FY2024.

Dividends are not payable on unvested shares.

A robust governance process is in place to ensure that the LTIs are appropriately awarded and administered. Awards are normally granted annually.

The executive directors and prescribed officers participate in the new MultiChoice Group RSU scheme and they retain the MultiChoice SARs which will vest in line with the original rules. All Naspers options were accelerated and vested in line with the plan rules (details on page 98).

Performance conditions for the executive committee (applicable to the new MCG scheme for awards from FY2020)

The executive committee has performance conditions linked to half of their RSUs in the form of PSUs. The performance measures, weightings and their respective targets are set out below. Performance measures are calculated based on a range and the vesting of shares is dependent on how the group delivers within this range, using the latest approved business plan prior to the issue of share awards as a base. Performance metrics are measured on a two-year basis as it coincides with the first vesting period of 25% and is aligned with our business planning cycle:

		Performance levels		
Performance measure	**Weighting**	**Threshold (50% vesting)**	**Target (75% vesting)**	**Stretch (100% vesting)**
Core headline earnings per share (Core HEPS)	25%	5% below budget	On budget	5% above budget
Free cash flow	50%	5% below budget	On budget	5% above budget
Return on capital employed	25%	5% below budget	On budget	5% above budget

Linear interpolation will apply between the vesting levels.

Scheme limits

The maximum aggregate number of shares that may be awarded under the LTI plans is limited to 10% of the total issued shares of MultiChoice Group and on an individual participant basis, no more than 1% of the total issued shares may be awarded.

LTI award policy

Employee level	LTI awarded
Executive committee	50% PSUs and 50% RSUs, to create alignment with shareholders' interests
Heads of departments	RSUs
Senior managers/Specialists	RSUs for high potential and key skills/ specialists
Product/Tech/Content specialists	RSUs for key skills/specialists

Termination provisions

Termination	RSU
Death, ill health, disability, retirement or any other event approved at sole discretion of the board	All unvested awards will be accelerated and vest on a pro rata basis on the date of termination of employment. As an example, if two years have elapsed since grant then this will result in 40% of the award vesting. If applicable, the outcomes of PSUs are reviewed by the remuneration committee on a case-by-case basis
Redundancy or termination as a result of a business disposition/change of control or jurisdictional issue	Vesting of the awards will be accelerated on a pro rata basis. If applicable, the outcomes of PSUs are reviewed by the remuneration committee on a case-by-case basis
For other causes	All unvested awards will lapse

Minimum shareholding requirement

In order to further align to shareholder expectations and best practice, the executive committee is required to hold a minimum of one times their TCTC/base salary in vested shares. This will be applicable from FY2021 and such shareholding must be achieved within three years from the introduction of the policy (FY2024).

Executive contracts

Service contracts

Executive directors' service contracts comply with terms and conditions of employment in South Africa. Top executives' contracts do not contain guaranteed payments on termination.

REMUNERATION REPORT continued

for the year ended 31 March 2019

Details of the date of appointment and relevant notice period for executive directors and prescribed officers are set out in the table below:

	Executive chair: Imtiaz Patel	Group CEO: Calvo Mawela	Group CFO: Tim Jacobs	Group COO: Brand de Villiers
Date of appointment	08/11/1999	01/03/2007	01/11/2018	01/12/2015
Notice period	12 months	6 months	6 months	6 months
Restraint period	12 months	12 months	6 months	6 months

Recruitment policy

On the appointment of a new executive director, his/her package will typically be in line with the principles as outlined above. To facilitate recruitment, it may be necessary to 'buy out' remuneration forfeited on joining the company. This will be considered on a case-by-case basis and may comprise cash or shares.

Termination policy

Payments in lieu of notice may be made to executive directors for the unexpired portion of the notice period. Such payments may be phased. On cessation, there is no automatic entitlement to an annual performance-related incentive (bonus), however, the committee retains the discretion to award a bonus to a leaver during the financial year taking into account the circumstances of his/her departure.

Non-executive director fees

Non-executive directors' terms of appointment

The board has clear procedures for appointing and orientating directors. The nomination committee periodically assesses the skills represented on the board and determines whether these meet the company's needs. Annual self-evaluations are completed by the board and its committees. Directors are invited to give their input in identifying potential candidates. Members of the nomination committee propose suitable candidates for consideration by the board. A fit-and-proper evaluation is performed for each candidate. Non-executive directors stand for re-election every three years.

Retirement and re-election of non-executive directors

All non-executive directors are subject to retirement and re-election by shareholders every three years. Additionally, non-executive directors are subject to election by shareholders at the first suitable opportunity for interim appointments. The names of non-executive directors submitted for election or re-election are accompanied by brief biographical details to enable shareholders to make an informed decision on their election. The reappointment of non-executive directors is not automatic.

Setting non-executive directors' fees

The fee structure for non-executive directors has been designed to ensure we attract, retain and appropriately compensate a diverse and experienced board of non-executive directors.

Non-executive directors receive an annual fee as opposed to a fee per meeting, which recognises their ongoing responsibility for efficient control of the company. Remuneration is reviewed annually and is not linked to the company's share price or performance. Non-executive directors do not qualify for share allocations under the group's incentive schemes.

A comprehensive benchmarking exercise is performed by Axio Consultants which is tabled for consideration by the remuneration committee and the board to ascertain what the proposed directors' and committees' fees for FY2019 and FY2020 should be. The proposed fees are set out in the AGM resolution.

Non-binding advisory vote on remuneration policy

The remuneration policy, as set out in Part 2, will be subject to a non-binding advisory vote by shareholders at the AGM on 29 August 2019.

PART 3: IMPLEMENTATION REPORT

This section explains how the remuneration policy was implemented in the reporting year, and the resulting payments each of the members of executive management received (backward looking). All decisions in relation to executive remuneration have been made in line with our remuneration policy for this financial year.

Guaranteed pay (TCTC/base salary) adjustments

It is our philosophy to differentiate pay based on size of the job, market scarcity, and the performance of the employee. Ongoing market benchmarking is undertaken at all levels, using reputable salary surveys, and our pay is therefore measured against each respective level and function in the market.

During the year, levels of TCTC and base salary continued to vary across the jurisdictions where we operate. In determining any increases for executive directors and prescribed officers we considered personal performance, business performance and local economic indicators, overall movement in the local (and, where appropriate, regional and global) labour market, and levels observed across the wider workforce.

During FY2019, group companies made contributions for executive directors to the appropriate pension schemes. These contributions are in line with market norms and constitute a modest portion of the individuals' total remuneration.

Below we show the remuneration package of the executive directors and prescribed officers for FY2020 as approved by the remuneration committee in June 2019.

	Imtiaz Patel		Calvo Mawela		Tim Jacobs		Brand de Villiers	
	Base salary[1] (US$'000)	FY2020 increase (%)	TCTC (R'000)	FY2020 increase (%)	TCTC (R'000)	FY2020 increase (%)	Base salary[1] (US$'000)	FY2020 increase (%)
Guaranteed pay	620	0	6 750	12.5[2]	5 803	5.5	620	0

Notes

[1] *Imtiaz Patel and Brand de Villiers are paid in US dollar which is aligned with MCG Dubai-based contracts and takes into account Dubai cost of living etc.*

[2] *Calvo Mawela's increase is above inflation to align with his new role as MCG CEO.*

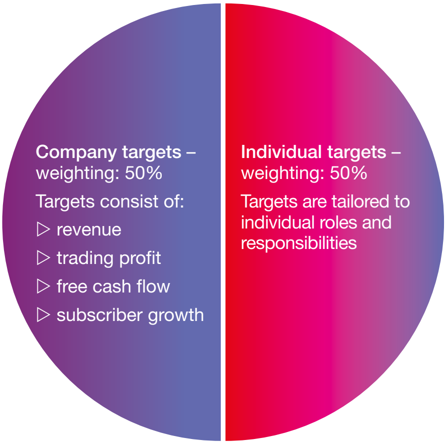
CORPORATE GOVERNANCE REVIEW

REMUNERATION REPORT continued

for the year ended 31 March 2019

FY2019 short-term incentive outcomes

The FY2019 targets for executive directors and prescribed officers are divided as follows:



In FY2019, the formula for calculating the bonus is set out as follows:

STI = TCTC/base salary x bonus % x performance % outcome

In the following tables we outline the actual STI outcomes for each financial performance measure relative to the target set at the beginning of the financial year:

Group targets	Achieved/Not achieved
Financials: ▷ Revenue ▷ Trading profit ▷ Free cash flow	✔
Achieve equated subscriber growth (DTT and DTH)	✘
Achieve net subscriber growth (RSA and RoA)	✔
Achieve subscriber growth (OTT)	✔

The table below sets out the incentive bonus paid out relative to the TCTC/base salary of the executive director/prescribed officer:

	A	B	C	D	E = C + D	F = A x B x E	G	H = (F + G) / A
Executive director/ prescribed officer	**FY2019 TCTC/ Base salary as at 31 March 2019 ('000)**	**Bonus (%)**	**Company/ financial goals achieved weighted outcome (%)**	**Personal goals achieved weighted outcome (%)**	**Total performance outcome (%)**	**FY2019 bonus ('000)**	**FY2019 Remuneration committee discretion[(2)] ('000)**	**FY2019 bonus as a % of TCTC/ base salary**
Imtiaz Patel (US$)	620	70	43.8	50	93.8	407	27	70.0
Calvo Mawela (R)	6 000	70	45	45	90	3 780	–	63.0
Tim Jacobs (R)	5 500	70	45	45	90	1 444[(1)]	556	36.4
Brand de Villiers (US$)	620	50	40	42.5	82.5	256	31	46.3

Notes

[(1)] *Tim Jacobs's bonus was prorated for FY2019 based on joining date on 1 November 2018.*

[(2)] *The remuneration committee applied discretionary STI awards to:*

- *Imtiaz Patel: To recognise Imtiaz's role in leading the successful listing of MCG and the Naspers unbundling.*
- *Tim Jacobs: As Tim had been instrumental in the successful listing of MCG since joining MCG in November 2018.*
- *Brand de Villiers: To recognise a significant increase in Brand's portfolio and change in role during the year.*

CORPORATE GOVERNANCE REVIEW

FY2019 Long-term incentive vesting outcomes

The table below details the value of vested but unexercised and unvested share awards as at 31 March 2019:

Name	Share plan	Offer date	Number of shares	Offer price (R)	Release date[1]
M I Patel	MultiChoice 2008 SAR Plan	11 Jul 2013	19 885	117.35	11 Jul 2018
		15 Sep 2014	28 198	125.60	15 Sep 2018
		15 Sep 2015	82 276	113.19	15 Sep 2018
		15 Sep 2014	28 198	125.60	15 Sep 2019
		15 Sep 2015	82 276	113.19	15 Sep 2019
		01 Sep 2016	58 369	116.30	01 Sep 2019
		15 Sep 2015	82 276	113.19	15 Sep 2020
		01 Sep 2016	58 369	116.30	01 Sep 2020
		28 Jun 2017	67 996	94.39	28 Jun 2020
		01 Sep 2016	58 370	116.30	01 Sep 2021
		28 Jun 2017	67 996	94.39	28 Jun 2021
		27 Jun 2018	119 527	77.19	27 Jun 2021
		28 Jun 2017	67 996	94.39	28 Jun 2022
		27 Jun 2018	119 527	77.19	27 Jun 2022
		27 Jun 2018	119 529	77.19	27 Jun 2023
			1 060 788		
	Showmax SAR Plan	18 Sep 2015	2 222	18.00	18 Sep 2018
		18 Sep 2015	2 222	18.00	18 Sep 2019
		18 Sep 2015	2 223	18.00	18 Sep 2019
			6 667		

Note

[1] *For awards vested in 2018, the intrinsic values of the 2018 awards are reflected in the table and not the fair values.*

	Expiry date	Share price as at 31 March 2019 (R)	Fair value per share of vested and unvested SARs as at 31 March 2019 (R)	Fair value per award of vested and unvested SARs as at 31 March 2019 (R)	Intrinsic value of vested and unvested SARs as at 31 March 2019 (R)
	11 Jul 2023	77.19	–	–	0.00
	15 Sep 2024	77.19	–	–	0.00
	15 Sep 2025	77.19	–	–	0.00
	15 Sep 2024	77.19	58.08	1 637 740	0.00
	15 Sep 2025	77.19	46.75	3 846 403	0.00
	01 Sep 2026	77.19	39.54	2 307 910	0.00
	15 Sep 2025	77.19	51.69	4 252 846	0.00
	01 Sep 2026	77.19	45.30	2 644 116	0.00
	28 Jun 2027	77.19	35.73	2 429 497	0.00
	01 Sep 2026	77.19	50.62	2 954 689	0.00
	28 Jun 2027	77.19	39.76	2 703 521	0.00
	27 Jun 2028	77.19	29.48	3 523 656	0.00
	28 Jun 2027	77.19	43.51	2 958 506	0.00
	27 Jun 2028	77.19	32.92	3 934 829	0.00
	27 Jun 2028	77.19	36.00	4 303 044	0.00
					0.00
	18 Sep 2025	18.00	–	–	0.00
	18 Sep 2025	18.00	9.83	21 842	0.00
	18 Sep 2025	18.00	10.28	22 852	0.00

CORPORATE GOVERNANCE REVIEW

REMUNERATION REPORT continued

for the year ended 31 March 2019

Name	Share plan	Offer date	Number of shares	Offer price (R)	Release date[1]
C P Mawela	MultiChoice 2008 SAR Plan	12 Sep 2013	5 871	117.35	12 Sep 2018
		15 Sep 2014	5 087	125.60	15 Sep 2018
		15 Sep 2015	16 240	113.19	15 Sep 2018
		15 Sep 2014	5 087	125.60	15 Sep 2019
		15 Sep 2015	16 240	113.19	15 Sep 2019
		01 Sep 2016	13 958	116.30	01 Sep 2019
		15 Sep 2015	16 242	113.19	15 Sep 2020
		01 Sep 2016	13 958	116.30	01 Sep 2020
		28 Jun 2017	10 594	94.39	28 Jun 2020
		01 Sep 2016	13 958	116.30	01 Sep 2021
		28 Jun 2017	10 594	94.39	28 Jun 2021
		27 Jun 2018	26 119	77.19	27 Jun 2021
		28 Jun 2017	10 595	94.39	28 Jun 2022
		27 Jun 2018	26 119	77.19	27 Jun 2022
		27 Jun 2018	26 119	77.19	27 Jun 2023
			216 781		
T N Jacobs	MultiChoice 2008 SAR Plan	03 Dec 2018	151 142	77.19	03 Dec 2021
		03 Dec 2018	151 142	77.19	03 Dec 2022
		03 Dec 2018	151 143	77.19	03 Dec 2023
			453 427		

Note

[1] *For awards vested in 2018, the intrinsic values of the 2018 awards are reflected in the table and not the fair values.*

Expiry date	Share price as at 31 March 2019 (R)	Fair value per share of vested and unvested SARs as at 31 March 2019 (R)	Fair value per award of vested and unvested SARs as at 31 March 2019 (R)	Intrinsic value of vested and unvested SARs as at 31 March 2019 (R)
12 Sep 2023	77.19	–	–	0.00
15 Sep 2024	77.19	–	–	0.00
15 Sep 2025	77.19	–	–	0.00
15 Sep 2024	77.19	58.08	295 453	0.00
15 Sep 2025	77.19	46.75	759 220	0.00
01 Sep 2026	77.19	39.54	551 899	0.00
15 Sep 2025	77.19	51.69	839 549	0.00
01 Sep 2026	77.19	45.30	632 297	0.00
28 Jun 2027	77.19	35.73	378 524	0.00
01 Sep 2026	77.19	50.62	706 554	0.00
28 Jun 2027	77.19	39.76	421 217	0.00
27 Jun 2028	77.19	29.48	769 988	0.00
28 Jun 2027	77.19	43.51	460 988	0.00
27 Jun 2028	77.19	32.92	859 837	0.00
27 Jun 2028	77.19	36.00	940 284	0.00
03 Dec 2028	77.19	30.37	4 590 183	0.00
03 Dec 2028	77.19	33.97	5 134 294	0.00
03 Dec 2028	77.19	37.27	5 633 100	0.00

REMUNERATION REPORT continued

for the year ended 31 March 2019

Name	Share plan	Offer date	Number of shares	Offer price (R)	Release date[1]
B de Villiers[2]	MultiChoice 2008 SAR Plan	27 Jun 2016	81 471	116.3	27 Jun 2019
		01 Sep 2016	2 866	116.3	01 Sep 2019
		27 Jun 2016	81 471	116.3	27 Jun 2020
		01 Sep 2016	2 866	116.3	01 Sep 2020
		28 Jun 2017	14 125	94.39	28 Jun 2020
		01 Sep 2016	2 866	116.3	01 Sep 2021
		27 Jun 2016	81 473	116.3	27 Jun 2021
		28 Jun 2017	14 125	94.39	28 Jun 2021
		27 Jun 2018	21 591	77.19	27 Jun 2021
		28 Jun 2017	14 127	94.39	28 Jun 2022
		27 Jun 2018	21 591	77.19	27 Jun 2022
		27 Jun 2018	21 593	77.19	27 Jun 2023
			360 165		

Notes

[1] *For awards vested in 2018, the intrinsic values of the 2018 awards are reflected in the table and not the fair values.*

[2] *Brand de Villiers exercised his Naspers options after 31 March 2019 which are detailed on page 98.*

	Expiry date	Share price as at 31 March 2019 (R)	Fair value per share of vested and unvested SARs as at 31 March 2019 (R)	Fair value per award of vested and unvested SARs as at 31 March 2019 (R)	Intrinsic value of vested and unvested SARs as at 31 March 2019 (R)
	27 Jun 2026	77.19	13.07	1 064 826	0.00
	01 Sep 2026	77.19	39.54	113 322	0.00
	27 Jun 2026	77.19	13.40	1 091 711	0.00
	01 Sep 2026	77.19	45.30	129 830	0.00
	28 Jun 2027	77.19	35.73	504 686	0.00
	01 Sep 2026	77.19	50.62	145 077	0.00
	27 Jun 2026	77.19	14.85	1 209 874	0.00
	28 Jun 2027	77.19	39.76	561 610	0.00
	27 Jun 2028	77.19	29.48	636 503	0.00
	28 Jun 2027	77.19	43.51	614 666	0.00
	27 Jun 2028	77.19	32.92	710 776	0.00
	27 Jun 2028	77.19	36.00	777 348	0.00

CORPORATE GOVERNANCE REVIEW

REMUNERATION REPORT continued

for the year ended 31 March 2019

Executive director and prescribed officer single figure remuneration for FY2019

Element	Imtiaz Patel FY2019 (US$'000)	Calvo Mawela FY2019 (R'000)	Tim Jacobs FY2019 (R'000)	Brand de Villiers FY2019 (US$'000)
TCTC/base salary	648[(1)]	5 572	2 352	517
Pension	42	577	271	63
Benefits[(2)]	339	694	16	153
Short-term incentives[(3)]	434	3 780	5 810[(4)]	287
Long-term incentive plan[(5)]	0	0	0	0
Total single figure	1 463	10 623	8 449	1 020

Notes

[(1)] Includes officer's fees as a prescribed officer of MultiChoice South Africa.

[(2)] Benefits exclude pension and includes all benefits not included in TCTC/base salary such as medical benefits, fringe benefits, family benefits, travel, long-service and disability benefits.

[(3)] The STI reflects the bonus paid based on the performance of the relevant financial year (FY2019).

[(4)] Tim Jacobs received a sign-on bonus of R3.81m on joining with a 12-month retention period.

[(5)] The LTI value reflects the intrinsic value of MultiChoice share awards vesting in FY2020. The values of Naspers share awards vested in FY2019 are detailed below.

Treatment of Naspers options

While MCG was part of the Naspers group, senior employees participated in the Naspers option share schemes (MIH Holdings Share Trust and MIH Services FZ LLC Share Trust). Following the unbundling, the vesting dates for the Naspers option awards were accelerated in line with the rules to the date of the MCG listing on 27 February 2019. The table below details the gain/profit of these Naspers options based on the closing Naspers share price of R3 017 on 27 February 2019:

Executive director/Prescribed officer	Number of Naspers options	Gain/profit (R'000)
Imtiaz Patel	25 922	14 584
Calvo Mawela	4 766	2 479
Tim Jacobs[(1)]	0	0
Brand de Villiers[(2)]	11 730	4 899

Notes

[(1)] Tim Jacobs did not receive Naspers options.

[(2)] Brand de Villiers exercised his Naspers options after 31 March 2019.

Long-term incentives to be awarded during the next reporting year

Executive director/Prescribed officer	Award (as a multiple of TCTC/base salary)
Imtiaz Patel	3.0
Calvo Mawela	4.7
Tim Jacobs	1.4
Brand de Villiers	2.2

Non-executive directors' fees

The fees paid to non-executive directors by the company are set out below.

	Directors' remuneration		Directors' fees		Committee and trustee fees[2] [3]		
	Paid for services to the group (R'm)	Paid for services to other group companies (R'm)	Paid for services to the group (R'm)	Paid for services to other group companies[1] (R'm)	Paid for services to the group (R'm)	Paid for services to other group companies (R'm)	Total
D G Eriksson	–	–	0.18	3.81	0.11	4.25	8.35
F L N Letele[4]	–	11.52	–	–	–	–	11.52
E Masilela	–	–	0.18	0.56	–	0.29	1.03
K D Moroka	–	–	0.18	0.71	0.18	0.52	1.59
S J Z Pacak	–	–	0.18	4.11	0.29	0.63	5.21
L Stephens	–	–	0.18	0.24	0.14	0.14	0.70
J J Volkwyn[5]	–	2.64	–	–	–	–	2.64

Notes

(1) *Includes fees paid by Naspers for 11 months for Don Eriksson and Steve Pacak relating to Naspers board services.*

(2) *Committee fees include fees for the attendance of the audit committee, risk committee, human resources and remuneration committee, the nomination committee and the social and ethics committee meetings of the board. Other fees relate to payments for other services to the group.*

(3) *Trustee fees include fees for the attendance of the various retirement fund trustee meetings of the group's retirement funds. An additional fee may be paid to directors for work done as directors with specific expertise.*

(4) *Remunerated as an employee of the MultiChoice South Africa group.*

(5) *Remunerated as an employee of MultiChoice Africa Services B.V.*

REMUNERATION REPORT continued

for the year ended 31 March 2019

Termination payments

No termination payments were made to executive and non-executive directors on termination of employment or office in FY2019.

Consulting arrangements

Adv K D Moroka

The consultancy agreement entered into between the company and Kgomotso Moroka, whereby Adv Moroka provides professional advisory services to the company and its subsidiaries, is considered immaterial to the wealth of Kgomotso and the board has, after consideration on a balanced and substance over form basis, determined that the agreement does not affect her categorisation as an independent non-executive director.

The consultancy services agreement was renewed for 12 months effective April 2019. This is to provide consultancy services to MultiChoice Group.

Mr J J Volkwyn

The consultancy services agreement was renewed with Jim Volkwyn for 12 months effective April 2019. This is to provide consultancy services to MultiChoice Group.

Mr M I A Patel

The company has entered into a three-year restraint of trade agreement with Imtiaz Patel which becomes effective on him stepping down as executive chair.

Compliance

There were no deviations from the remuneration policy in FY2019.

Directors' interest in MCG shares

The directors of MultiChoice Group Limited (and their associates) had the following beneficial interest in MultiChoice Group Limited ordinary shares at 31 March 2019:

MultiChoice Group Limited – ordinary shares	Direct	Indirect	Total
M I Patel	1 412	–	1 412
F L N Letele	737	–	737
K D Moroka	290	–	290
S J Z Pacak	376 635	291 548	668 183
J J Volkwyn	15 000	10 910	25 910
T N Jacobs	2 731	–	2 731
Total	**396 805**	**302 458**	**699 263**

All ordinary shares were obtained as part of the unbundling process from Naspers Limited.

Non-binding advisory vote on implementation report

The implementation report, as set out in Part 3, will be subject to a non-binding advisory vote by shareholders at the AGM on 29 August 2019.

REPORT OF THE AUDIT COMMITTEE

for the year ended March 2019

I am pleased to present the report of the audit committee for the year ended 31 March 2019.

The audit committee submits this report, as required by section 94 of the South African Companies Act No 71 of 2008 (the Act)

Members of the audit committee and attendance at meetings

The audit committee consists of the independent non-executive directors listed below and meets at least three times per year in accordance with its charter. All members act independently as described in section 94 of the Act. During FY2019, two meetings were held as the committee was only constituted on 6 December 2018. The internal and external auditors, in their capacity as auditors to the group, attended and reported at all meetings of the audit committee. The group risk management function was also present. The executive of the board, CEO, CFO and group general counsel are not members, however, they attend audit committee meetings by invitation.

The names of the members who were in office during FY2019 and the details of the audit committee meetings attended by each of the members are:

Name of committee member	Qualification	Two meetings were held during the year. Attendance	Category
S J Z Pacak	CTA (Wits) and CA(SA)	2	Independent non-executive chair
D G Eriksson	CTA (Wits) and CA(SA)	2	Independent non-executive
L Stephens	BBSc (UCT), BComHons (RAU), CA(SA), CD(SA)	2	Independent non-executive

Christine Sabwa was appointed by the board as a member on 14 June 2019 and will, together with Steve Pacak, Don Eriksson and Louisa Stephens stand for election by shareholders at the upcoming AGM.

All members of the committee comply with the member requirements as set out in section 94 of the Companies Act 71 of 2008 (the Act). The board and the nomination committee unanimously recommend to shareholders that the committee members as stated previously be elected by shareholders at the upcoming AGM. All audit committee members served on the committee for the remainder of the financial year post appointment on 6 December 2018.

Responsibilities and key actions

The audit committee has adopted formal terms of reference, delegated by the board of directors, as set out in its audit committee charter.

The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the Act as follows:

- Reviewed the provisional report, consolidated annual financial statements and integrated annual report, culminating in a recommendation to the board to adopt them.
- In the course of its review the committee:
  - took appropriate steps to ensure the consolidated annual financial statements were prepared in accordance with IFRS and in the manner required by the Act
  - considered and, when appropriate, made recommendations on internal financial controls
  - dealt with concerns or complaints on accounting policies, internal audit, the auditing or content of consolidated annual financial statements, and internal financial controls
  - reviewed legal matters that could have a significant impact on the organisation's consolidated annual financial statements, and
  - reviewed the ability of the group to continue as a going concern, including an analysis of the group's liquidity and solvency.
- Reviewed external audit reports on the consolidated annual financial statements.
- Reviewed the board-approved internal audit charter.
- Reviewed and approved the internal and external audit plans.
- Reviewed internal audit and risk management reports and, where relevant, made recommendations to the board.
- Evaluated the effectiveness of risk management, controls and governance processes.
- Verified the independence of the external auditor, nominated PwC as auditor for FY2019 and noted the appointment of Brett Humphreys as the designated auditor.
- Approved audit fees and engagement terms of the external auditor.
- Determined the nature and extent of allowable non-audit services and approved contract terms for non-audit services by the external auditor.
- Reviewed the JSE's report on the proactive monitoring of consolidated annual financial statements.

Key areas of focus during FY2019

The committee's key focus areas during the year included:

- Discharging its functions in terms of its charter.
- Reviewing and approving group policies for MultiChoice Group.
- Ensuring a successful listing and unbundling from Naspers Limited by:
  - reviewing and approving the pre-listing statement financial information (including

REPORT OF THE AUDIT COMMITTEE continued

for the year ended March 2019

working capital statement) in terms of the JSE Listings Requirements, and
  - ensuring appropriate gap analysis and remediation was performed on the internal control environment around the separation from Naspers Limited (including establishing appropriate secretarial, risk management and internal audit structures).
- Assessing the impact of changes in accounting standards and JSE Listings Requirements.
- Reviewing the organisations application and extent of application of the principles set out in the King IV.

Financial statement reporting issues

The audit committee's main responsibility in relation to the group's financial reporting is to review, with both management and the external auditor, the appropriateness of the group's consolidated annual financial statements (AFS) with its primary focus being on:

- The quality and acceptability of accounting policies and practices.
- Material areas where significant judgements have been made, along with any significant assumptions or estimates, or where significant issues have been discussed with or challenged by the external auditor.
- An assessment of whether the consolidated AFS, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the group's position and performance, business model and strategy.

The significant judgements, issues and conclusions reached, or actions taken by the audit committee in relation to the FY2019 consolidated AFS are outlined below. The significant judgements and issues are broadly comparable in nature to prior years, as disclosed in the group's pre-listing statement. Each of the matters was discussed with the external auditor and, where appropriate, has been addressed as key audit matters in the report on the audit of the consolidated financial statements on pages 109 to 128.

Significant reporting matter	Conclusions reached/actions taken
Preparation of consolidated financial statements MultiChoice Group was only formed on 28 September 2018 under a common control business combination transaction (the transaction). As this is excluded from the scope of IFRS 3 *Business Combinations*, judgement was required to be applied to develop an accounting policy to account for the transaction (refer to note 1 of the consolidated annual financial statements for the principles applied in the preparation of the consolidated annual financial statements).	The audit committee reviewed the basis of preparation prepared by management and ensure it was in line with IFRS. Technical accounting advice was received which was audited by the external auditor. Consequently, the audit committee was satisfied with the basis of preparation applied in the consolidated annual financial statements by management.

Significant reporting matter	Conclusions reached/actions taken
Empowerment transaction As part of the formation of MultiChoice Group Limited, MultiChoice Group Limited allocated for no consideration, an additional 5% stake in MultiChoice South Africa Holdings Proprietary Limited to Phuthuma Nathi. In terms of IFRS 2 *Share-based payment* (IFRS 2), this transaction qualifies as an equity-settled share-based payment. The value of the 5% Phuthuma Nathi share issue according to the terms of the empowerment transaction has been calculated at R2.6bn (including an allocation of R0.7bn to the non-controlling interest).	The audit committee reviewed the accounting principles applied to the empowerment transaction to ensure they were in line with IFRS. The disclosure thereof in the consolidated annual financial statements was also reviewed. Technical accounting advice was received which was audited by the external auditor. Consequently, the audit committee was satisfied with the accounting and disclosure of the empowerment transaction included in the consolidated annual financial statements by management.
Accounting for taxation The group operates across many tax jurisdictions and has recognised significant tax provisions and disclosed significant contingencies in this regard (refer to notes 2, 9, 10, 14 and 15). Significant management judgement is exercised in estimating potential exposures where the interpretation of tax laws and regulations is subjective.	The audit committee reviewed updates on the group's assessment on certain tax matters and challenged both management and the external auditor on the legal judgements underpinning the provisioning and disclosure adopted in relation to contingent tax liabilities and operating assumptions underlying deferred tax asset recognition. Consequently, the audit committee was satisfied with the approach adopted in the consolidated annual financial statements by management.

Other reporting matters

The audit committee has reviewed and is satisfied with the adequacy and effectiveness of accounting policies, financial and other internal control systems, and the financial reporting processes.

The audit committee reviewed the adoption and calculation of the group's non-IFRS measures, including trading profit, core headline earnings and free cash flow. The audit committee was satisfied that these measures are key to understanding the financial performance of the group and further concluded that the adoption and calculations were appropriate and that they were adequately disclosed in the provisional report and consolidated AFS (where appropriate).

Internal audit

The audit committee has oversight of the group's consolidated AFS and reporting process, including the system of internal financial control. It is responsible for ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority in the organisation to discharge its duties. The committee oversees cooperation between internal and external auditors and serves as a link between the board of directors and these functions. The group head of internal audit reports functionally to the chair of the committee and administratively to the MultiChoice Group CFO. An assessment of the effectiveness of the internal audit function, as well as the head of internal audit, is performed annually by the committee. Based on the assessment, the committee is of the opinion that the internal audit function, as well as the head of internal audit, is effective.

REPORT OF THE AUDIT COMMITTEE continued

for the year ended March 2019

Effectiveness of the company's internal financial controls

The committee reports to the board that it is of the opinion that, based on enquiries made and the reports from the internal and external auditors, the risk management processes and systems of internal control of the company were effective for the year under review. No material weaknesses in financial control of the company and its subsidiaries were reported for the year under review.

Independence and effectiveness of the external auditor

PricewaterhouseCoopers Inc. (PwC) was appointed as auditor of the company until the next AGM. PwC has been the auditor of the group since 10 December 2018. The committee believes that the auditor has observed the highest level of business and professional ethics. The committee is satisfied that the auditor has at all times acted with unimpaired independence.

Details of fees paid to the external auditor are disclosed in note 6 to the consolidated AFS. All non-audit services provided by the auditor were approved by the committee during the current financial year in accordance with the board-approved policy on non-audit services performed by the external auditor. The audit committee approved the provision of non-audit services that it believes are routine and recurring services that would not impair the independence of the auditor and are consistent with the principles of the Code of Professional Conduct set by the independent Regulatory Board for Auditors. Approved services included general consulting advice and limited tax consulting advice such as tax compliance and tax planning. Services approved for FY2019 amounted to R1.1m for general tax consulting advice and R3.1m for other consulting advice.

During FY2019, the audit committee reviewed a representation by the external auditor and, after conducting its own review, confirmed the independence of the auditor. The quality of the external audit was reviewed, focusing on a range of factors considered relevant to audit quality and feedback from PwC on its performance against its objectives, the committee concluded the external audit to be satisfactory. It was confirmed that no unresolved issues of concern exist between the group and the external auditor.

The partner responsible for the audit is required to rotate every five years. Brendan Humphreys was appointed as the audit partner for the first time in FY2019.

The committee has, in accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements, satisfied itself that the external auditing firm and designated auditor are accredited on the JSE list of auditors and advisers, and further confirms that it has assessed the suitability for the appointment of the external auditor and the designated individual audit partner. The committee has, as part of its assessment, requested and reviewed the information detailed in paragraph 22.15(h) of the JSE Listings Requirements from the external auditor.

Accordingly, the committee recommends the reappointment of the external auditor, PwC, and designated auditor, Brett Humphreys, at the next AGM.

Confidential meetings

Audit committee agendas provide for confidential meetings between committee members and the internal and external auditors, separately and independently from senior management.

Expertise and experience of the group's CFO and the finance function

As required by the King IV principle 8 practice 59(f) and the JSE Listings Requirements 3.84(g), the audit committee has satisfied itself that the group CFO has appropriate expertise and experience. In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements. Based on an assessment performed annually, the committee is of the opinion that the finance function, as well as the CFO, is effective.

Integrated combined assurance

The board does not only rely on the adequacy of the embedded internal control process in the business but considers reports on the effectiveness of risk management activities from the risk committee. The committee ensures that the assurance functions of management as well as internal and external audit are sufficiently integrated and is satisfied with the effectiveness with the arrangements for combined assurance. The various assurance providers to the board comprise the following:

- Senior management and the risk committee considers the company's risk strategy and policy, along with the effectiveness and efficiency thereof. The risk committee also considers the adequacy of risk management strategies, systems of internal control, risk profiles and legal compliance. The audit committee receives assurance from the risk committee that risk management activities are sufficient and effective.
- The committee considers the systems of internal control, internal and external audit reports and reviews the independence of the auditor, the extent and nature of audit engagements, scope of work and findings. This committee also reviews the level of disclosure in the AFS and the appropriateness of accounting policies adopted by management and jointly with the risk committee considers material issues of fraud and reporting on fraud. The board reviews the performance of the committee against its charter.

The chair of the committee reports to the board at the board meeting following each committee meeting on matters addressed by the committee at its last meeting.

Discharge of responsibilities

The committee determined that, during FY2019, it had discharged its legal and other responsibilities as outlined in terms of its charter, details of which are included in the full corporate governance report on **www.multichoice.com**. The board concurred with this assessment.

Key focus areas going forward

The committee's key focus for FY2020 include:

- discharging its functions in terms of its charter
- assessing the impact of changes to accounting standards and the JSE Listings Requirements
- King IV recommendations
- focusing regularly on the group's working capital requirements and ensuring that the group and its subsidiaries continue to operate as going concerns, and
- reviewing at each meeting the accounting for taxation provisions and contingencies.

Stephen Pacak
Chair: Audit committee

14 June 2019

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report on the summarised consolidated financial statements

To the shareholders of MultiChoice Group Limited

Opinion

The summarised consolidated financial statements of MultiChoice Group Limited, contained in the accompanying provisional report, which comprise the summarised consolidated statement of financial position as at 31 March 2019, the summarised consolidated income statement, summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of MultiChoice Group Limited for the year ended 31 March 2019.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 14 June 2019. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: B S Humphreys
Registered auditor

Johannesburg
14 June 2019

SUMMARISED CONSOLIDATED INCOME STATEMENT

for the year ended 31 March

	Notes	2019 R'm	2018 R'm	% change
Revenue	2	**50 095**	47 452	6
Cost of providing services and sale of goods		**(29 203)**	(27 588)	
Selling, general and administration expenses		**(13 496)**	(13 058)	
Other operating losses – net		**(33)**	(425)	
Operating profit		**7 363**	6 381	15
Interest income	4	**910**	699	
Interest expense	4	**(1 437)**	(1 548)	
Net foreign exchange translation (losses)/gains	4	**(1 492)**	699	
Empowerment transaction	6	**(2 564)**	–	
Share of equity-accounted results		**(171)**	(97)	
Other (losses)/gains – net		**(112)**	113	
Profit before taxation	5	**2 497**	6 247	(60)
Taxation		**(3 773)**	(3 709)	
(Loss)/profit for the year		**(1 276)**	2 538	<(100)
Attributable to:				
Equity holders of the group		**(1 644)**	1 456	
Non-controlling interests		**368**	1 082	
		(1 276)	2 538	
Basic and diluted headline (loss)/earnings for the year (R'm)	3	**(1 550)**	1 797	<(100)
Basic and diluted headline (loss)/earnings per ordinary share (SA cents)	3	**(353)**	410	<(100)
Basic and diluted (loss)/earnings for the year (R'm)		**(1 644)**	1 456	<(100)
Basic and diluted (loss)/earnings per ordinary share (SA cents)		**(374)**	332	<(100)
Net number of ordinary shares issued (million)		**439**	439	

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March

	2019 R'm	2018 R'm
(Loss)/profit for the year	**(1 276)**	2 538
Total other comprehensive income, net of tax, for the year:	**(5 365)**	4 147
Exchange (loss)/gain arising on translation of foreign operations[1]*	**(6 181)**	4 607
Fair-value gains/(losses) on investments held at fair value	**50**	(47)
Net movement in hedging reserve*	**1 326**	(565)
Net tax effect of movements in hedging reserve*	**(560)**	152
Total comprehensive (loss)/income for the year	**(6 641)**	6 685
Attributable to:		
Equity holders of the group	**(6 722)**	5 077
Non-controlling interests	**81**	1 608
	(6 641)	6 685

Notes

(1) Relates to translation of foreign currency Rest of Africa and Technology businesses. The movement relates mainly to the net liability position of these businesses and the rand depreciation from a closing rate of R11.84 in FY2018 to R14.50 in FY2019. This movement is recognised in other reserves on the summarised consolidated statement of changes in equity.

* *These components of other comprehensive income may subsequently be reclassified to the summarised consolidated income statement during future reporting periods.*

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March

	Share capital[1] R'm	Other reserves[2] R'm	Retained earnings R'm	Non-controlling interests R'm	Total equity R'm
Balance at 1 April 2017	–	(9 721)	(3 157)	(1 037)	(13 915)
Profit for the year	–	–	1 456	1 082	2 538
Other comprehensive income	–	3 621	–	526	4 147
Total comprehensive income for the year	–	3 621	1 456	1 608	6 685
Share-based compensation movement	–	–	75	–	75
Transactions with non-controlling shareholders	–	–	76	(79)	(3)
Foreign exchange movements on equity reserves	–	(1 056)	–	(443)	(1 499)
Contribution from parent[3]	–	–	9 409	–	9 409
Dividends declared	–	–	(5 353)	(1 392)	(6 745)
Balance at 1 April 2018	**–**	**(7 156)**	**2 506**	**(1 343)**	**(5 993)**
Change in accounting policy (note 1)	**–**	**–**	**17**	**18**	**35**
Restated balance at 1 April 2018	**–**	**(7 156)**	**2 523**	**(1 325)**	**(5 958)**
Loss for the year	**–**	**–**	**(1 644)**	**368**	**(1 276)**
Other comprehensive income	**–**	**(5 078)**	**–**	**(287)**	**(5 365)**
Total comprehensive loss for the year	**–**	**(5 078)**	**(1 644)**	**81**	**(6 641)**
Share-based compensation movement[4]	**–**	**–**	**3 246**	**60**	**3 306**
Transactions with non-controlling shareholders	**–**	**–**	**(218)**	**19**	**(199)**
Foreign exchange movements on equity reserves	**–**	**(211)**	**–**	**(115)**	**(326)**
Contribution from parent[5]	**–**	**–**	**26 356**	**–**	**26 356**
Dividends declared[6]	**–**	**–**	**(5 280)**	**(1 463)**	**(6 743)**
Balance at 31 March 2019	**–**	**(12 445)**	**24 983**	**(2 743)**	**9 795**

Notes

(1) Upon unbundling from Naspers Limited on 4 March 2019, 438 837 468 ordinary shares were issued at nominal value.

(2) Other reserves include the hedging reserve, fair-value reserve and foreign currency translation reserve.

(3) Relates primarily to related party loan waivers between the group and Naspers Limited group companies. This includes a loan waiver of R7bn from Buscapé Company Limited (a Naspers group company).

(4) Includes empowerment transaction of R2.6bn (refer to note 6).

(5) Relates to contribution of businesses and the capitalisation of loans as part of the unbundling from Naspers Limited (refer to note 9).

(6) Relates to dividends paid by companies in the group to previous legal owners. Non-controlling interest relates to dividends paid primarily to Phuthuma Nathi.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March

	Notes	2019 R'm	2018 R'm
ASSETS			
Non-current assets		**23 684**	24 101
Property, plant and equipment		**17 279**	17 585
Goodwill and other intangible assets		**4 283**	4 190
Investments and loans		**238**	123
Amounts due from related parties	9	**180**	1 191
Derivative financial instruments		**282**	–
Deferred taxation		**1 422**	1 012
Current assets		**17 319**	14 477
Inventory		**924**	461
Programme and film rights		**5 133**	4 910
Trade and other receivables		**4 095**	4 827
Amounts due from related parties	9	**–**	139
Derivative financial instruments		**444**	96
Cash and cash equivalents		**6 723**	4 044
Total assets		**41 003**	38 578
EQUITY AND LIABILITIES			
Equity reserves attributable to the group's equity holders		**12 538**	(4 650)
Share capital		**–**	–
Other reserves		**(12 445)**	(7 156)
Retained earnings		**24 983**	2 506
Non-controlling interests		**(2 743)**	(1 343)
Total equity		**9 795**	(5 993)
Non-current liabilities		**15 186**	28 526
Capitalised finance leases		**14 441**	12 784
Long-term loans and other liabilities		**59**	189
Amounts due to related parties	9	**134**	15 000
Derivative financial instruments		**4**	404
Deferred taxation		**548**	149
Current liabilities		**16 022**	16 045
Capitalised finance leases		**1 290**	819
Programme and film rights		**2 493**	2 206
Provisions		**136**	169
Accrued expenses and other current liabilities		**11 885**	11 430
Amounts due to related parties	9	**–**	316
Derivative financial instruments		**218**	1 105
Total equity and liabilities		**41 003**	38 578
Net asset value per ordinary share (SA cents)		**2 231**	(1 365)

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March

	2019 R'm	2018 R'm
Cash flows from operating activities		
Cash generated from operating activities	**9 449**	7 243
Interest income received	**368**	582
Interest costs paid	**(673)**	(734)
Taxation paid	**(3 694)**	(3 664)
Net cash generated from operating activities	**5 450**	3 427
Cash flows from investing activities		
Property, plant and equipment acquired – net	**(761)**	(543)
Intangible assets acquired – net	**(217)**	(216)
Loans to related parties*	**(27 726)**	(27 937)
Repayment of loans by related parties*	**28 590**	27 510
Acquisitions of subsidiaries and businesses, net of cash acquired	**(8)**	(114)
Disposals of subsidiaries and businesses	**–**	141
Net cash utilised in investing activities	**(122)**	(1 159)
Cash flows from financing activities		
Proceeds from long- and short-term loans raised	**1 755**	1 541
Repayments of long- and short-term loans	**(1 813)**	(1 509)
Proceeds from related party funding**	**4 573**	6 607
Repayment of related party funding**	**(196)**	(3 207)
Repayments of capitalised finance lease liabilities	**(879)**	(776)
Repayments of capital contribution from parent	**(20)**	(26)
Transactions with non-controlling interest***	**(85)**	–
Dividends paid****	**(5 261)**	(5 336)
Dividends paid by subsidiaries to non-controlling shareholders	**(1 463)**	(1 421)
Net cash utilised in financing activities	**(3 389)**	(4 127)
Net movement in cash and cash equivalents	**1 939**	(1 859)
Foreign exchange translation adjustments on cash and cash equivalents	**740**	(642)
Cash and cash equivalents at the beginning of the year	**4 044**	6 545
Cash and cash equivalents at the end of the year	**6 723**	4 044

** Relates to gross inflows and outflows into the Naspers Limited group cash pool which was started at the end of FY2017 to improve cash yield in the group. The cash pool with Naspers Limited ended in February 2019.*

*** Relates to the gross funding inflows and outflows received from Naspers Limited up until February 2019.*

**** During the year ended 31 March 2019, MultiChoice Africa Holdings B.V. increased their controlling interest in MultiChoice Uganda Limited and MultiChoice Tanzania Limited by 20% and 25% respectively for a purchase consideration of R85m.*

***** Relates to dividends paid by companies in the group to previous legal owners.*

FINANCIAL REVIEW

SEGMENTAL REVIEW
for the year ended 31 March

Revenue	2019 External R'm	2019 Inter-segmental R'm	2019 Total R'm	2018 External R'm	2018 Inter-segmental R'm	2018 Total R'm
South Africa	**33 696**	**6 605**	**40 301**	32 702	7 398	40 100
Rest of Africa	**14 836**	**250**	**15 086**	13 106	686	13 792
Technology	**1 563**	**1 721**	**3 284**	1 644	1 361	3 005
Eliminations	**–**	**(8 576)**	**(8 576)**	–	(9 445)	(9 445)
	50 095	**–**	**50 095**	47 452	–	47 452

	EBITDA 2019 R'm	EBITDA 2018 R'm	Trading profit 2019 R'm	Trading profit 2018 R'm
South Africa	**12 101**	12 355	**10 199**	10 446
Rest of Africa	**(2 428)**	(3 315)	**(3 735)**	(4 591)
Technology	**617**	533	**550**	466
Eliminations	**–**	–	**–**	–
	10 290	9 573	**7 014**	6 321

Reconciliation of consolidated trading profit to consolidated operating profit

Trading profit as presented in the segment disclosure is the chief operating decision-maker (CODM) and management's measure of each segment's operational performance.

A reconciliation of the segmental trading profit to operating profit as reported in the income statement is provided below:

	2019 R'm	2018 R'm
Consolidated trading profit	**7 014**	6 321
Lease interest on capitalised transponder leases	**650**	648
Amortisation of intangibles (other than software)	**(79)**	(71)
Other operating losses – net	**(33)**	(425)
Equity-settled share-based compensation	**(189)**	(87)
Early settlement gains	**–**	(5)
Operating profit per the income statement*	**7 363**	6 381

* *The summarised consolidated income statement discloses all reporting items from consolidated operating profit to consolidated profit before taxation.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS

for the year ended 31 March

1. Basis of preparation and accounting policies

Background information

MultiChoice Group Limited (formerly MultiChoice Group Proprietary Limited and K2018473845 (South Africa) Proprietary Limited) was incorporated on 4 September 2018, as a wholly owned subsidiary of the Naspers Limited Group (Naspers).

On 28 September 2018, MultiChoice Group Limited (the company) received a parent company contribution from Naspers of MultiChoice South Africa Holdings (Pty) Ltd group, MultiChoice Africa Holdings B.V. group, Irdeto Holdings B.V. group and the Showmax B.V. group. This resulted in the formation of the MultiChoice Group (MCG or the group).

On 27 February 2019 the group was listed on the Johannesburg Stock Exchange (JSE) and on 4 March 2019 was unbundled from Naspers to its shareholders as a dividend in specie. Up until this date the results of the group were consolidated within Naspers as part of the video-entertainment segment.

The year ended 31 March 2019 is the first financial year the group will present summarised consolidated financial results.

Presentation of summarised consolidated financial results

Although there was a change in the legal ownership of the underlying subsidiaries, the previous shareholder, Naspers, retained control of the company and its newly contributed subsidiaries both before and after the time of the creation of the new group (the Restructuring). The Restructuring is a business combination under common control as defined by IFRS 3 *Business Combinations*. Although IFRS 3 defines a business combination under common control, IFRS 3 does not provide any guidance on accounting for these types of business combinations. Therefore management has developed an accounting policy to present the results and financial position of the group, including the comparatives, at 31 March 2019 as follows:

- The summarised consolidated financial results have been prepared on the basis that the entities have always been consolidated and therefore the comparative information incorporates the results, assets, liabilities and disclosures of all entities that form part of the group.
- The summarised consolidated financial results was prepared as a combination of the historic financial information recognised in the Naspers consolidated financial statements related to the group; no new goodwill was recognised (predecessor accounting).
- *Contribution from parent* – As a result of applying predecessor accounting, the contribution from Naspers was recognised at the carrying value of the net assets contributed to the company at the earliest comparative period presented in the summarised consolidated financial results. On unbundling from Naspers this has subsequently been converted to the retained earnings of the group and has been renamed as such for all periods presented.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

for the year ended 31 March

1. Basis of presentation and accounting policies continued

- *Intercompany* – Transactions and balances with Naspers Limited and Naspers group companies have been disclosed as related party transactions and balances up until the date of unbundling. Thereafter these have been reflected as third-party transactions and balances.

The measurement and recognition policies applied in the preparation of the summarised consolidated financial results are consistent with those applied in the combined historical financial information that was included in the pre-listing statement published on 21 January 2019.

The summarised consolidated financial results for the year ended 31 March 2019 are prepared in accordance with the JSE Limited (JSE) Listings Requirements (the JSE Listings Requirements) relevant to summarised financial statements and the provisions of the Companies Act No 71 of 2008. The JSE Listings Requirements require provisional reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The summarised consolidated financial results do not include all the disclosures required for complete consolidated annual financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB). The accounting policies applied in the preparation of the consolidated annual financial statements from which the summarised consolidated financial results were derived, are consistent with those applied in previous financial years, except as set out below.

The group has adopted all new and amended accounting pronouncements issued by the IASB that are effective for financial years commencing 1 April 2018. None of the new or amended accounting pronouncements that are effective for the financial year commencing 1 April 2018 had a material impact on the group.

The group's reportable segments reflect the components of the group that are regularly reviewed by the chief executive officer and other senior executives who make strategic decisions.

Trading profit excludes the amortisation of intangible assets (other than software), but includes the finance cost on transponder leases, while trading profit and EBITDA (earnings before interest, taxation, depreciation and amortisation) exclude impairment of assets, equity-settled share-based payment expenses and other gains/losses.

The group adopted the following new accounting pronouncements, set out below, during the current period.

1. Basis of presentation and accounting policies continued

Pronouncements adopted with adjustments to the opening balance of retained earnings

Accounting pronouncement	Adoption impact
IFRS 9 *Financial Instruments* (IFRS 9). IFRS 9 replaces the previous financial instrument recognition and measurement guidance applied by the group as contained in IAS 39 *Financial Instruments: Recognition and Measurement.*	The group has applied IFRS 9 from 1 April 2018 and elected not to restate comparatives on transition. The impact of adoption has been recognised as an adjustment to the opening balance of retained earnings as at 1 April 2018. The only significant impact of adoption was an increase in impairment allowances on trade receivables due to the IFRS 9 requirement to consider forward-looking information when determining expected credit losses. The cumulative net impact of adopting IFRS 9 was an increase of R170m in expected credit losses on trade receivables and a corresponding decrease of R157m in retained earnings and R13m in non-controlling interests. Principles of IFRS 9 hedge accounting have been applied by the group.
IFRS 15 *Revenue from Contracts with Customers* (IFRS 15). IFRS 15 replaces the previous revenue recognition guidance applied by the group as contained in IAS 18 *Revenue.*	The group has applied IFRS 15 on a retrospective basis hence the impact is included in the comparative information contained in the summarised consolidated financial results. The application of IFRS 15 did not have a significant impact on the group's results or financial position. The only impact from the adoption of IFRS 15 was the reclassification from set-top box revenue to installation revenue amounting to R308m in the prior year.
IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (IFRIC 22). IFRIC 22 clarifies that non-monetary assets and liabilities arising from the payment/receipt of advance consideration (eg prepaid expenses and deferred revenue) are not retranslated to the entity's functional currency after initial recognition.	The group has applied IFRIC 22 on a prospective basis, with the impact of adoption recognised as an adjustment to the opening balance of retained earnings as at 1 April 2018. The impact of adoption was an increase in prepaid expenses of R205m, and a corresponding increase of R174m in retained earnings and R31m in non-controlling interests.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

for the year ended 31 March

1. Basis of presentation and accounting policies continued

Pronouncements adopted with adjustments to the opening balance of retained earnings continued

Adjustments to the opening balances of the statement of financial position (extract)

	As at 1 April		
	2018 Restated R'm	2018 Change in accounting policy[1] R'm	2018 Previously reported R'm
ASSETS			
Non-current assets	**24 101**	–	24 101
Current assets (subtotal)	**14 512**	35	14 477
Programme and film rights	**5 115**	205	4 910
Trade and other receivables	**4 657**	(170)	4 827
TOTAL ASSETS	**38 613**	35	38 578
EQUITY AND LIABILITIES			
Equity reserves attributable to the Group's equity holders	**(4 633)**	17	(4 650)
Other reserves	**(7 156)**	–	(7 156)
Retained earnings	**2 523**	17	2 506
Non-controlling interests	**(1 325)**	18	(1 343)
TOTAL EQUITY	**(5 958)**	35	(5 993)
Non-current liabilities	**28 526**	–	28 526
Current liabilities	**16 045**	–	16 045
TOTAL EQUITY AND LIABILITIES	**38 613**	35	38 578

Note

[1] *Represents the impacts of adopting IFRS 9* Financial Instruments *and IFRIC 22* Foreign Currency Transactions and Advance Consideration *as of 1 April 2018.*

	2019 R'm	2018 R'm
2. Revenue		
Subscription fees	**41 248**	38 547
Advertising	**3 180**	3 092
Set-top boxes	**2 042**	1 847
Installation fees	**123**	308
Technology contracts and licensing	**1 564**	1 639
Other revenue*	**1 938**	2 019
	50 095	47 452

** Other revenue primarily includes sub-licensing and production revenue.*

The following table shows unsatisfied performance obligations resulting from long-term technology contracts as at 31 March 2019.

Aggregate amount of the transaction price allocated to long-term technology contracts that are partially or fully unsatisfied	**350**	*

** As permitted under the transitional provision in IFRS 15, the transaction price allocated to unsatisfied performance obligations as of 31 March 2018 is not disclosed.*

Management expects that 35% of the transaction price allocated to the unsatisfied contracts as of 31 March 2019 will be recognised as revenue during the next reporting period (R123m) and 31% (R109m) will be recognised as revenue in the FY2021 reporting period. The remaining 34% (R118m) will be recognised as revenue in FY2022 and thereafter. The amount disclosed above does not include variable consideration which is constrained.

All other technology contracts are for periods of one year or less or are billed based on time incurred.

	2019 R'm	2018 R'm
3. Headline (loss)/earnings		
Net (loss)/profit attributable to shareholders	**(1 644)**	1 456
Adjusted for:		
– Impairment of property, plant and equipment and other assets	**4**	426
– Impairment of other intangible assets	**44**	–
– Loss/(profit) on sale of assets	**17**	(7)
– Profit on disposal of investments	**–**	(96)
– Other impairments	**41**	11
	(1 538)	1 790
Total tax effects of adjustments	**(12)**	7
Headline (loss)/earnings	**(1 550)**	1 797

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

for the year ended 31 March

	2019 R'm	2018 R'm
4. Interest (expense)/income		
Interest expense		
Loans and overdrafts	**(485)**	(704)
Transponder leases	**(650)**	(648)
Other	**(302)**	(196)
	(1 437)	(1 548)
Interest income		
Loans and bank accounts	**335**	322
Other	**575**	377
	910	699

A significant portion of the group's operations are exposed to foreign exchange risk. The table below presents the net (loss) or profit from our foreign exchange exposure and incorporates effects of qualifying forward exchange contracts that hedge this risk.

	2019 R'm	2018 R'm
Net (loss)/profit from foreign exchange translation and fair-value adjustments on derivative financial instruments		
On translation of liabilities	**(11)**	(75)
On translation of transponder leases*	**(1 887)**	1 150
On translation of forward exchange contracts	**406**	(376)
Net foreign exchange translation (losses)/gains	**(1 492)**	699

* *Movement relates to rand depreciation from a closing rate of R11.84 in FY2018 to R14.50 in FY2019 on our US dollar transponder lease liability.*

5. Profit before taxation

In addition to the items already detailed, profit before taxation has been determined after taking into account, inter alia, the following:

	2019 R'm	2018 R'm
Depreciation of property, plant and equipment	**2 400**	2 407
Amortisation	**305**	268
– software	**226**	197
– other intangible assets	**79**	71
Net realisable value adjustments on inventory, net of reversals*	**275**	483
Other operating losses – net	**(33)**	(425)
– (loss)/gain on sale of property, plant and equipment and intangible assets	**(17)**	9
– impairment of other assets	**(30)**	(341)
– impairment of property, plant and equipment	**(5)**	(111)
– dividend received	**19**	18
Other (losses)/gains – net	**(112)**	113
– profit on sale of investments	**–**	113
– loss on acquisition of assets and liabilities	**(112)**	–

** Net realisable value adjustments relate primarily to set-top box subsidies in South Africa and Rest of Africa segments.*

6. Empowerment transaction

On 4 March 2019, the date of the group unbundling from Naspers Limited, the group allocated, for no consideration, an additional 5% stake in MultiChoice South Africa Holdings Proprietary Limited (MCSA) to Phuthuma Nathi Investments (RF) Limited and Phuthuma Nathi Investments 2 (RF) Limited (collectively Phuthuma Nathi). In terms of IFRS 2 *Share-based payments*, this transaction is treated as an equity-settled share-based payment. The value of the 5% allocated to Phuthuma Nathi shareholders has been calculated at R2.6bn which has been included in the summarised consolidated income statement and in retained earnings in the summarised consolidated statement of changes in equity.

After the allocation to the non-controlling interest, the transaction had an adverse impact on earnings and headline earnings of R1.9bn or 438 SA cents per share.

The transaction also caused the group's effective tax rate to increase by 76%. Overall, the group's effective tax rate increased from 59% in FY2018 to 151% in FY2019.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

for the year ended 31 March

7. Commitments and contingent liabilities

Commitments relate to amounts for which the group has contracted, but that have not yet been recognised as obligations in the summarised consolidated statement of financial position.

	2019 R'm	2018 R'm
Commitments	**38 813**	38 030
– capital expenditure	**68**	107
– programme and film rights	**33 376**	33 474
– set-top boxes	**2 049**	2 164
– other	**2 032**	1 012
– operating leases	**1 288**	1 273

The group operates a number of businesses in jurisdictions where taxes may be payable on certain transactions or payments. The group continues to seek relevant advice and works with its advisers to identify and quantify such tax exposures. Our current assessment of possible withholding and other tax exposures, including interest and potential penalties, amounts to approximately R1.8bn (2018: R1.7bn). No provision has been made as at 31 March 2019 and 2018 for these possible exposures.

8. Financial instruments

The group's activities expose it to a variety of financial risks such as market risk (including currency risk, fair-value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The summarised consolidated financial results do not include all financial risk management information and disclosures required in the consolidated annual financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2019.

8. Financial instruments continued

The fair values of the group's financial instruments that are measured at fair value are categorised as follows:

Financial instrument	Fair value 2019 R'm	Fair value 2018 R'm	Valuation method	Level in fair value hierarchy
Financial assets				
Investments held at fair value through other comprehensive income	**155**	105	Quoted prices in a public market	Level 1
Forward exchange contracts	**643**	76	Fair value using forward exchange rates that are publicly available	Level 2
Currency depreciation features	**83**	20	The fair value is calculated based on the LIBOR rate of 2.48%	Level 3
Financial liabilities				
Forward exchange contracts	**15**	–	Fair value using forward exchange rates that are publicly available	Level 1
Forward exchange contracts	**207**	1 509	Fair value using forward exchange rates that are publicly available	Level 2

Currency depreciation features relate to clauses in content acquisition agreements that provide the group with protection in the event of significant depreciations of the purchasing entity's functional currency relative to the currency of the content acquisition agreement. The fair value of currency depreciation features is measured through the use of discounted cash flow techniques. Key inputs used in measuring fair value include the terms and benchmark rates contained in content acquisition agreements and spot exchange rates prevailing at the relevant measurement dates.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

for the year ended 31 March

8. Financial instruments continued

The group discloses the fair values of the following financial instruments as their carrying values differ from their fair values:

Financial instrument	Carrying value 2019 R'm	Fair value 2019 R'm	Carrying value 2018 R'm	Fair value 2018 R'm
Capitalised finance leases (level 3)	**15 731**	**15 727**	13 603	13 212

Level 3 – the fair values of all level 3 disclosures have been determined through the use of discounted cash flow analyses. Key inputs include current market interest rates as well as contractual cash flows.

9. Related party transactions and balances

The group entered into various related party transactions in the ordinary course of business. In total the contribution from Naspers Limited through the contribution of businesses (R3bn) and the capitalisation of loans (R23bn) as part of the unbundling amounted to R26bn.

Apart from the above there have been no significant changes in related party transactions and balances in the current financial year.

10. Events after the reporting period

There have been no events noted, that occurred after the reporting date, that could have a material impact on the summarised consolidated financial results.

11. Non-IFRS performance measures

The group has presented certain revenue, cost and trading profit metrics in constant currency, excluding the effects of changes in the composition of the group (non-IFRS performance measures) in the following tables. The non-IFRS performance measures are the responsibility of the board of directors and is presented for illustrative purposes. Information presented on a non-IFRS basis has been extracted from the group's management accounts, the quality of which the board is satisfied with.

Shareholders are advised that, due to the nature of the non-IFRS performance measures and the fact that it has been extracted from the group's management accounts, it may not fairly present the group's financial position, changes in equity, results of operations or cash flows.

The non-IFRS performance measures have been prepared to illustrate the impact of changes in foreign exchange rates and changes in the composition of the group on its results for the period ended 31 March 2019. The following methodology was applied in calculating the non-IFRS performance measures:

1. Foreign exchange/constant currency adjustments have been calculated by adjusting the current period's results to the prior period's average foreign exchange rates, determined as the average of the monthly exchange rates for that period. The constant currency results, arrived at using the methodology outlined above are compared to the prior period's actual IFRS results. The relevant average exchange rates (relative to the South African rand) used for the group's most significant functional currencies, were US dollar (2019: 13.82; 2018: 12.91); Nigerian naira (2019: 26.28; 2018: 27.87); Angolan kwanza (2019: 20.54; 2018: 13.86); Kenyan shilling (2019: 7.33; 2018: 7.99) and Zambian kwacha (2019: 0.81; 2018: 0.74).
2. Adjustments made for changes in the composition of the group (or M&A) relate to acquisitions and disposals of subsidiaries. For mergers, the group composition adjustments include a portion of the prior year results of the entity with which the merger took place. The following significant changes in the composition of the group during the respective reporting periods have been adjusted for in arriving at the non-IFRS performance measures:

Period	Transaction	Basis of accounting	Reportable segment	Acquisition/ disposal
Year ended 31 March 2018	Disposal of the group's interest in MWEB	Subsidiary	South Africa	Disposal
Year ended 31 March 2018	Acquisition of the group's interest in Denuvo	Subsidiary	Technology	Acquisition

The net adjustment made for all acquisitions and disposals that took place during the year ended 31 March 2019 amounted to a negative adjustment of R117m on revenue and a positive adjustment of R11m on trading profit.

An assurance report issued in respect of the non-IFRS performance measures, by the group's external auditor, is available at the registered office of the company.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

for the year ended 31 March

11. Non-IFRS performance measures continued

The adjustments to the amounts, reported in terms of IFRS that have been made in arriving at the non-IFRS performance measures are presented in the tables below:

11.1 Key performance indicators

	2018 Reported	2019 Currency impact	2019 Organic growth	2019 Reported	2019 versus 2018 Reported %	2019 versus 2018 Organic growth %
Subscribers ('000s)*	13 476	**n/a**	**1 621**	**15 097**	12	12
South Africa	6 921	**n/a**	**526**	**7 447**	8	8
Rest of Africa	6 555	**n/a**	**1 095**	**7 650**	17	17
ARPU (R)**						
Blended	252	**–**	**(11)**	**241**	(4)	(4)
South Africa	335	**–**	**(13)**	**322**	(4)	(4)
Rest of Africa	160	**(1)**	**–**	**159**	(1)	–
90-day-active subscribers ('000s)***	16 376	**n/a**	**2 203**	**18 579**	13	13
South Africa	7 332	**n/a**	**617**	**7 949**	8	8
Rest of Africa	9 044	**n/a**	**1 586**	**10 630**	18	18
90-day-active ARPU (R)**						
Blended	206	**–**	**(9)**	**197**	(4)	(4)
South Africa	317	**–**	**(15)**	**302**	(5)	(5)
Rest of Africa	115	**(1)**	**–**	**114**	(1)	–

* *Subscriber numbers are a non-IFRS unaudited operating measure of the actual number of paying subscribers at 31 March of the respective year, regardless of the type of programming package to which they subscribe.*

** *ARPU represents a non-IFRS unaudited operating measure of the average revenue per subscriber (or user) in the business on a monthly basis. The group calculates ARPU by dividing average monthly subscription fee revenue for the period (total subscription fee revenue during the period divided by the number of months in the period) by the average number of subscribers during the period (the number of subscribers at the beginning of the period plus the number of subscribers at the end of the period, divided by 2). Subscription fee revenue includes BoxOffice rental income but excludes decoder insurance premiums and reconnection fees which are disclosed as other revenue in terms of IFRS.*

*** *All subscribers that have been active in the previous 90 days.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

for the year ended 31 March

11.2 Group financials including segmental analysis

11.2.1 Segmental results

	2018 IFRS R'm	2019 M&A-related R'm	2019 Currency impact R'm	2019 Organic growth R'm	2019 IFRS R'm	2019 versus 2018 IFRS %	2019 versus 2018 Organic growth %
Revenue	47 452	**(117)**	**111**	**2 649**	**50 095**	6	6
South Africa	32 702	**(178)**	**–**	**1 172**	**33 696**	3	4
Rest of Africa	13 106	**–**	**(10)**	**1 740**	**14 836**	13	13
Technology	1 644	**61**	**121**	**(263)**	**1 563**	(5)	(16)
Trading profit	6 321	**11**	**(1 053)**	**1 735**	**7 014**	11	27
South Africa	10 446	**(12)**	**–**	**(235)**	**10 199**	(2)	(2)
Rest of Africa	(4 591)	**–**	**(1 018)**	**1 874**	**(3 735)**	19	41
Technology	466	**23**	**(35)**	**96**	**550**	18	21

11.2.2 Revenue and costs by nature

	2018 IFRS R'm	2019 M&A-related R'm	2019 Currency impact R'm	2019 Organic growth R'm	2019 IFRS R'm	2019 versus 2018 IFRS %	2019 versus 2018 Organic growth %
Revenue	47 452	**(117)**	**111**	**2 649**	**50 095**	6	6
Subscription fees	38 547	**(178)**	**(45)**	**2 924**	**41 248**	7	8
Advertising	3 092	**–**	**16**	**72**	**3 180**	3	2
Set-top boxes	1 847	**–**	**6**	**189**	**2 042**	11	10
Technology contracts and licensing	1 639	**61**	**119**	**(255)**	**1 564**	(5)	(16)
Other revenue	2 327	**–**	**15**	**(281)**	**2 061**	(11)	(12)
Operating expenses	41 131	**(128)**	**1 164**	**914**	**43 081**	5	2
Content	16 793	**–**	**471**	**451**	**17 715**	5	3
Set-top box purchases	5 435	**–**	**142**	**479**	**6 056**	11	9
Staff costs	5 454	**7**	**120**	**(40)**	**5 541**	2	(1)
Sales and marketing	1 944	**(6)**	**45**	**484**	**2 467**	27	25
Transponder costs	2 626	**–**	**76**	**(95)**	**2 607**	(1)	(4)
Other	8 879	**(129)**	**310**	**(365)**	**8 695**	(2)	(4)

FINANCIAL REVIEW

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

for the year ended 31 March

11. Non-IFRS performance measures continued

11.3 Reconciliation of headline earnings to core headline earnings

Core headline earnings excludes non-recurring and non-operating items – we believe this is a useful measure of the group's sustainable operating performance. However, core headline earnings is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies.

	2019 R'm	2018 R'm	% change
Basic and diluted headline (loss)/earnings attributable to shareholders (IFRS)	**(1 550)**	1 797	
Adjusted for (after tax effects and non-controlling interests):			
– equity-settled share-based payment expenses	**265**	68	
– empowerment transaction	**1 923**	–	
– amortisation of other intangible assets	**55**	45	
– foreign currency losses and fair-value adjustments	**1 434**	409	
– realised losses on foreign exchange contracts	**(564)**	(691)	
– non-recurring current and deferred taxation impacts	**–**	8	
– acquisition-related costs	**237**	5	
Core headline earnings	**1 800**	1 641	10
Core headline earnings per ordinary share (SA cents)	**410**	374	10

11.4 Reconciliation of cash generated from operating activities to free cash flow

	2019 R'm	2018 R'm	% change
Cash generated from operating activities	**9 449**	7 243	31
Adjusted for:			
– capitalised finance lease repayments (including interest)	**(1 529)**	(1 424)	
– net capital expenditure	**(978)**	(759)	
– interest received	**–**	250	
– investment income	**19**	18	
– taxation paid	**(3 694)**	(3 664)	
Free cash flow	**3 267**	1 664	96

ASSURANCE ENGAGEMENT REPORT

To the directors of MultiChoice Group Limited

Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information included in the summarised consolidated financial results

We have completed our assurance engagement to report on the compilation of the pro forma financial information of MultiChoice Group Limited and its subsidiaries (the 'group') by the directors of MultiChoice Group Limited ('directors'). The pro forma financial information, as set out on pages 125 to 128 of the summarised consolidated financial results, consists of pro forma financial information for the year ended 31 March 2019 so as to separately present the impact of foreign currency (to reflect constant currency with the prior year), significant acquisitions, and significant disposals as at and for the year ended 31 March 2019. It also includes the calculation of core headline earnings and free cash flow metrics. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the JSE Limited (JSE) Listings Requirements and described on page 109 of the summarised consolidated financial results.

The pro forma financial information has been compiled by the directors to illustrate the impact of foreign currency by reflecting a constant currency to the prior year and significant acquisitions and disposals during the period (to reflect results on an organic basis) on certain earnings and cost measures. It also includes core headline earnings and free cash flow which are metrics management consider useful to understand the sustainable operating performance of the group. As part of this process, information about the group's financial performance has been extracted by the directors from the group's consolidated financial statements for the year ended 31 March 2019, on which an audit report has been published.

Directors' responsibility

The directors of the group are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described on page 109 of the summarised consolidated financial results.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described on page 109 of

ASSURANCE ENGAGEMENT REPORT

continued

the summarised consolidated financial results based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information as issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to provide users with relevant information and measures used by the group to assess performance and to illustrate the impact of foreign currency movements and significant acquisitions and disposals on the company's unadjusted financial information as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described on page 109 of the summarised consolidated financial results.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: B S Humphreys
Registered auditor

Johannesburg
14 June 2019

NOTICE OF ANNUAL GENERAL MEETING

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)

Notice is given in terms of the Companies Act of South Africa No 71 of 2008, as amended (the Act), that the first annual general meeting (AGM) of the company will be held at MultiChoice City, 144 Bram Fischer Drive, Randburg at 11:00 on **Thursday 29 August 2019**.

Please note that the registration counter for purposes of registering to vote at the AGM will close at 10:45 on Thursday 29 August 2019.

Important notice

Shareholders should take note that, pursuant to a provision of the MCG memorandum of incorporation (MOI), MCG is permitted to reduce the voting rights of shares in MCG (including MCG shares deposited in terms of the American Depositary Share (ADS) facility) so that the aggregate voting power of MCG shares that are presumptively owned or held by foreigners to South Africa (as envisaged in the MCG MOI) will not exceed 20% of the total voting power in MCG. This is to ensure compliance with certain statutory requirements applicable to South Africa. For this purpose MCG will presume in particular that:

- **all MCG shares deposited in terms of the MCG ADS facility are owned or held by foreigners to South Africa, regardless of the actual nationality of the MCG ADS holder; and**
- **all shareholders with an address outside of South Africa on the register of MCG will be deemed to be foreigners to South Africa, irrespective of their actual nationality or domicilium, unless such shareholder can provide proof, to the satisfaction of the MCG board, that it should not be deemed to be a foreigner to South Africa, as envisaged in article 40.1.3 of the MCG MOI.**

Shareholders are referred to the provisions of the MCG MOI available at www.multichoice.com for further detail. If shareholders are in any doubt as to what action to take, they should seek advice from their broker, attorney or other professional adviser.

Purpose of meeting

The purpose of the AGM is: (i) to present the audited annual financial statements of the company for the financial year ended 31 March 2019 and consider and adopt the directors' report, the audit committee report and social and ethics committee report; (ii) to consider and, if approved, to adopt with or without amendment, the resolutions set out below; and (iii) to transact any other business as may be transacted at an AGM in terms of the Act and the MOI.

NOTICE OF ANNUAL GENERAL MEETING

continued

Record dates

The notice record date, being the record date to determine which shareholders are eligible to receive this AGM notice together with the report is **Friday 19 July 2019**.

The last day to trade in the company's shares to be recorded in the securities register on the voting record date is **Tuesday 20 August 2019**.

The voting record date, being the record date on which an individual must be registered as a shareholder in the company's securities register for the purposes of being entitled to attend and vote at the AGM is **Friday 23 August 2019**.

Voting and proxy forms

Only persons present in person at the AGM or represented by a valid proxy will be entitled to cast a vote on any matter put to a vote of shareholders.

Votes at the AGM will be taken by way of a poll and not by a show of hands. Each shareholder present in person or represented by proxy will be entitled to one vote for every share held by such shareholder.

Before any person may attend or participate in a shareholders' meeting, that person must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder or as a proxy for a shareholder, has been reasonably verified. Forms of identification include valid identity documents, driver's licences and passports.

A form of proxy, which includes the relevant instructions for its completion, is attached for the use of holders of certificated shares and 'own name' dematerialised shareholders who wish to be represented at the AGM. Completion of a form of proxy will not preclude such a shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.

Holders of dematerialised shares, other than 'own-name' dematerialised shareholders, who wish to vote at the AGM, must instruct their central securities depository participant (CSDP) or broker accordingly in the manner and cut-off time stipulated by their CSDP or broker.

Holders of dematerialised shares, other than 'own name' dematerialised shareholders, who wish to attend the AGM in person, need to arrange the necessary authorisation as soon as possible through their CSDP or broker.

MCG shares held by employee incentive schemes and treasury shares will not be entitled to vote on the resolutions proposed in this AGM notice. Furthermore, any equity securities held by a share trust or scheme and unlisted securities will not have their votes taken into account at the AGM for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

A shareholder may appoint a proxy at any time. For practical purposes, it is requested that forms of proxy reach the transfer secretaries of the company, Singular Systems Proprietary Limited at 25 Scott Street, Waverley 2090 or PO Box 785261, Sandton 2146 or multichoice@singular.co.za by not later than 11:00 on **Tuesday 27 August 2019**. Any proxies not received by this time must be handed in at the registration desks at MultiChoice City on **Thursday 29 August 2019** prior to the commencement of the AGM. A form of proxy is enclosed with this notice. The form of proxy may also be obtained from the registered office of the company. Shareholders are advised to take note of postal delivery times when posting any forms of proxy as no late postal deliveries will be accepted.

Electronic participation

Shareholders entitled to attend and vote at the AGM or their proxies will be entitled to participate in the AGM (but not vote) by electronic communication. Should a shareholder wish to participate in the AGM electronically, the shareholder should advise the company by no later than 09:00 on Friday 16 August 2019 by submitting via email to **cosec@multichoice.com** (for the attention of Mrs D Dickson, (the company secretary)) that shareholder's contact details, as well as full details of the shareholder's title to securities issued by the company and proof of identity, in the form of certified copies of identity documents and written confirmation from the transfer secretary confirming the shareholder's title to the shares. On receipt of the required information, the shareholder will be given a secure code and instructions to access electronic communication during the AGM. Shareholders must note that access to the electronic communication will be for their expense.

Majority required for the adoption of resolutions

Each ordinary resolution requires the support of a simple majority (that is, 50% plus one) of the total number of voting rights exercised on the resolution in order to be adopted (save in the case of ordinary resolution number 5).

Each special resolution requires the support of at least 75% (that is, 75% or more) of the total number of voting rights exercised on the resolution in order to be adopted.

The non-binding resolutions are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences relating to the existing arrangements. Should 25% or more of the voting rights exercised on either non-binding resolution be cast against the resolution, the board of directors of the company (board) undertakes to engage with identified dissenting shareholders on the reasons for such dissent and to take appropriate action (as the board may determine in its discretion) to address issues raised, as envisaged in the King IV Code on Corporate Governance™[(1)] for South Africa 2016 (King IV) and the JSE Listings Requirements.

In accordance with the Act, votes recorded as abstentions are not taken into account for purposes of determining the final percentage of votes cast in favour of resolutions.

Presentation of annual financial statements and reports

The suite of reports of the company, comprising the documents set out below, was made available to shareholders on 30 July 2019 and can be obtained at www.multichoice.com or at the company's registered office (details are included in this integrated annual report):

Note

[(1)] The Institute of Directors in Southern Africa NPC (IoDSA) owns all the copyright and trademarks for King IV.

NOTICE OF ANNUAL GENERAL MEETING

continued

- integrated annual report which includes the summarised form of the financial statements;
- consolidated annual financial statements of the company, incorporating among others, the directors' report, the independent auditor's report and the audit committee report for the financial year ended 31 March 2019; and
- remuneration report.

The annual financial statements will be presented to the shareholders at the AGM as required in terms of the Act.

Ordinary resolutions

1. Ordinary resolution number 1: Re-election of directors

To re-elect, each by way of separate ordinary resolution, the below named directors, who retire in terms of the JSE Listings Requirement 10.16 of Schedule 10 and article 26.19 of the MOI and being eligible offer themselves for re-election as directors of the company:

1.1 Donald Gordon Eriksson
1.2 Timothy Neil Jacobs
1.3 Francis Lehlohonolo Napo Letele
1.4 Jabulane Albert Mabuza
1.5 Elias Masilela
1.6 Calvo Phedi Mawela
1.7 Kgomotso Ditsebe Moroka
1.8 Stephan Joseph Zbigniew Pacak
1.9 Mohamed Imtiaz Ahmed Patel
1.10 Christine Mideva Sabwa
1.11 Fatai Adegboyega Sanusi
1.12 Louisa Stephens
1.13 John James Volkwyn

Their brief biographical details are included on pages 60 and 61 of this report. All directors of the board place themselves up for re-election by shareholders at the first AGM after the listing of the company on the JSE in accordance with the requirements of the JSE Listings Requirements.

The board unanimously recommends that the re-election of directors in terms of ordinary resolutions numbered 1.1 to 1.13 be approved by shareholders of the company. The re-election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, and in each vote to fill a vacancy, each voting right entitled to be exercised, may be exercised once.

2. Ordinary resolution number 2: Reappointment of independent auditor

To reappoint, on the recommendation of the company's audit committee, the firm PricewaterhouseCoopers Inc. as independent registered auditor of the company (noting that Mr B Humphreys is the designated individual registered auditor of that firm who will undertake the audit) for the period until the next AGM of the company.

3. Ordinary resolution number 3: Appointment of audit committee members

To reappoint, each by way of separate ordinary resolution and subject to the passing of ordinary resolution number 1 (in particular 1.1, 1.8, 1.10 and 1.12), on the recommendation from the company's nominations committee and the board of the company, as audit committee members of the company as required in terms of the Act and recommended by King IV (principle 8):

3.1 Stephan Joseph Zbigniew Pacak (chair)
3.2 Donald Gordon Eriksson
3.3 Christine Mideva Sabwa
3.4 Louisa Stephens

Their brief biographical details are included on pages 60 and 61 of this report.

The board and the nominations committee are satisfied that the company's audit committee members are suitably skilled and experienced independent non-executive directors. Collectively, they have sufficient qualifications and experience to fulfil their duties, as contemplated in regulation 42 of the Companies Regulations 2011. They have a comprehensive understanding of financial reporting, internal financial controls, risk management and governance processes in the company, as well as International Financial Reporting Standards (IFRS) and other regulations and guidelines applicable to the company. They keep up to date with developments affecting their required skills set.

The appointment is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, and in each vote to fill a vacancy, each voting right entitled to be exercised, may be exercised once.

4. Ordinary resolution number 4: General authority to issue shares for cash

Subject to a minimum of 75% of the votes of shareholders of the company present in person or by proxy at the AGM and entitled to vote, voting in favour hereof, to resolve that the directors be authorised and are hereby authorised to issue unissued shares of a class of shares already in issue in the capital of the company (or convertible into a class of shares already in issue) for cash as and when the opportunity arises, subject to the provisions of the Act, the MOI and the JSE Listings Requirements, including the following:

(a) This authority shall not endure beyond the earlier of the next AGM of the company or beyond fifteen (15) months from the date of this meeting.

(b) That a paid press announcement giving full details, including the intended use of the funds, will be published at the time of any issue representing, on a cumulative basis within the period of this authority, 5% or more of the number of shares of that class in issue prior to the issue, in accordance with paragraph 11.22 of the JSE Listings Requirements.

NOTICE OF ANNUAL GENERAL MEETING

continued

(c) The aggregate issue of any particular class of shares in any financial year will not exceed 5% (21 932 802) of the issued number of that class of shares as at the date of this notice of AGM (including securities that are compulsorily convertible into shares of that class), providing that:
   (i) Any equity securities issued under this authority during the period must be deducted from the number above;
   (ii) In the event of a subdivision or consolidation of issued equity securities during the period contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio; and
   (iii) The calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of this notice of AGM, excluding treasury shares.

(d) That in determining the price at which an issue of shares may be made in terms of this authority, the discount at which the shares may be issued, may not exceed 10% of the weighted average traded price on the JSE of the shares in question, as determined over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities.

(e) Any such general issues are subject to any applicable exchange control regulations and approval at that point in time.

(f) That the shares will only be issued to 'public shareholders' as defined in the JSE Listings Requirements, and not to related parties.

Non-binding advisory resolutions

5. Non-binding advisory resolution number 1: Endorsement of the company's remuneration policy

To endorse the company's remuneration policy, as set out in the remuneration report in the integrated annual report.

6. Non-binding advisory resolution number 2: Endorsement of the implementation of the remuneration policy

To endorse the company's implementation of the remuneration policy, as set out in the remuneration report in the integrated annual report.

Special resolutions

7. Special resolution number 1: Approval of the remuneration of non-executive directors

The approval of the remuneration payable to the non-executive directors until the next AGM of the company:

Board	31 March 2020 (excluding VAT)
1.1 Non-executive director	R540 000, plus daily fees when travelling to and attending meetings
Committees	
1.2 Audit committee: Chair	R420 000
1.3 Member of audit committee	R210 000
1.4 Risk committee: Chair	R250 000
1.5 Member of risk committee	R125 000
1.6 Remuneration committee: Chair	R295 000
1.7 Member of remuneration committee	R147 500
1.8 Nomination committee: Chair	R200 000
1.9 Member of the nomination committee	R100 000
1.10 Social and ethics committee: Chair	R230 000
1.11 Member of social and ethics committee	R115 000

Directors registered for VAT will be entitled to VAT in addition to the above-stated remuneration.

8. Special resolution number 2: General authority to repurchase shares

To authorise the board, by way of a renewable general authority, to approve the acquisition of the company's shares by the company or any subsidiary of the company, upon such terms as the board may determine, in each instance in terms of and subject to the MOI, the Act and the JSE Listings Requirements. The JSE Listings Requirements include the following:

- this authority shall not endure beyond the earlier of the next annual general meeting of the company or beyond fifteen (15) months from the date of this meeting;
- a paid press announcement, giving full details, will be published when the company has repurchased 3% of the initial number of the relevant class of securities, and for each 3% in the aggregate of the initial number of that class acquired thereafter, in accordance with paragraph 11.27 of the JSE Listings Requirements;

NOTICE OF ANNUAL GENERAL MEETING

continued

- the general repurchase by the company, and by its subsidiaries, of the company's shares is authorised by its MOI;
- the general repurchase of shares will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- the general repurchase by a company of its own shares shall not, in the aggregate in any one financial year exceed 20% of the company's issued share capital of that class as at the beginning of the financial year;
- in determining the price at which a general repurchase will be made in terms of this authority, the premium at which the shares may be repurchased may not exceed 10% of the weighted average traded price of the shares in question on the JSE, as determined over the five business days immediately preceding the date on which the transaction is effected;
- at any point in time the company may only appoint one agent to effect any repurchase on behalf of the company or any subsidiary of the company;
- a resolution has been passed by the board confirming that the board has authorised the general repurchase, that the company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the company or its subsidiaries;
- any such general repurchase will be subject to the applicable provisions of the Act (including sections 114 and 115, to the extent that section 48(8) is applicable in relation to that particular repurchase;
- any such general repurchases are subject to exchange controls and approval at that point in time;
- the number of shares purchased and held by a subsidiary or subsidiaries of the company shall not exceed 10% in the aggregate of the number of issued shares in the company at the relevant times; and
- the company and its subsidiaries may not repurchase shares during a prohibited period (as defined in the JSE Listings Requirements) unless they have in place a repurchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been submitted to the JSE in writing prior to the commencement of the prohibited period.

The reason for and effect of special resolution number 2 is to grant the company and/or a subsidiary of the company a general authority in terms of the Companies Act and the JSE Listings Requirements to acquire the company's shares.

In accordance with the JSE Listings Requirements the directors record that although there is no immediate intention to effect a repurchase of the shares of the company, they will continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect any repurchases as contemplated in special resolution number 2.

The directors undertake that, after considering the effect of the general repurchase of shares as contemplated in special resolution number 2, they will not undertake any such general repurchase of shares unless:

1. the company and the group will be able to repay their debts as they become due in the ordinary course of business for a period of twelve (12) months following the date of such repurchase;
2. the company and the group's assets will be in excess of the liabilities of the company for a period of 12 months after the date of the repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Act;
3. the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of twelve (12) months after the date of the repurchase; and
4. the working capital of the company and the group will be adequate for ordinary business purposes for a period of twelve (12) months following the date of the repurchase.

Disclosure in terms of section 11.26 of the JSE Listings Requirements

The following additional information, which appears in the integrated annual report, is provided in terms of the JSE Listings Requirements for purposes of this general authority in the integrated annual report of the company for 2019:

- an analysis of the major shareholders of the company on page 147 of this report; and
- share capital and reserves of the company on page 148 of this report.

Directors' responsibility statement

The directors, whose names appear on pages 60 and 61 of this report collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the JSE Listings Requirements.

No material changes

There have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and this notice of AGM.

9. Special resolution number 3: General authority to provide financial assistance in terms of section 44 of the Act

That the board may authorise the company to generally provide any financial assistance in the manner contemplated in and subject to the provisions of section 44 of the Act to a director or prescribed officer of the company or of a related or interrelated company, subject to (i) and (ii) below, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, pursuant to the authority hereby conferred upon the board for these purposes.

NOTICE OF ANNUAL GENERAL MEETING

continued

This authority shall:

(i) include and also apply to the granting of financial assistance to the MCG share incentive scheme and such group share-based incentive schemes that are established in future (collectively the MCG group share-based incentive schemes) and participants thereunder (which may include directors, future directors, prescribed officers and future prescribed officers of the company or of a related or inter-related company) (participants) for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, pursuant to the administration and implementation of the MCG share-based incentive schemes, in each instance on the terms applicable to the MCG share-based incentive scheme in question; and

(ii) be limited, in respect of directors and prescribed officers, to financial assistance in relation to the acquisition of securities as contemplated in (i).

10. Special resolution number 4: General authority to provide financial assistance in terms of section 45 of the Act

That the company, as authorised by the board, may generally provide, in terms of and subject to the requirements of section 45 of the Act, any direct or indirect financial assistance to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, pursuant to the authority hereby conferred upon the board for these purposes.

Ordinary resolution

11. Ordinary resolution number 5: Authorisation to implement resolutions

Each of the directors of the company is authorised to do all things, perform all acts and sign all documents necessary or desirable to effect the implementation of the ordinary and special resolutions adopted at this AGM.

Other business

To transact such other business as may be transacted at an AGM.

D M Dickson

MultiChoice Group: company secretary

30 July 2019

FORM OF PROXY

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)

For use by shareholders at the annual general meeting (AGM) to be held at 11:00 on Thursday 29 August 2019 at MultiChoice City, 144 Bram Fischer Drive, Randburg.

I/We ____
(name in block letters)

(Identity number/registration number) ______________________________________

of ____
(physical address, email and contact number)

being the holder(s) of ____
(number of shares)

shares in the company, hereby appoint (see note 1):

1. ____ or failing him/her

2. ____ or failing him/her,
the chair of the company, or failing him/her, the chair of the AGM as my/our proxy to vote for me/us on my/our behalf at the AGM of the company to be held at 11:00 on Thursday 29 August 2019 at MultiChoice City, 144 Bram Fischer Drive, Randburg, or at any adjournment, and generally to act as my/our proxy at this meeting.
I/We desire to vote as follows (see note 10):

		For	Against	Abstain
Ordinary resolution number 1	Re-election of directors:			
	1.1 Donald Gordon Eriksson			
	1.2 Timothy Neil Jacobs			
	1.3 Francis Lehlohonolo Napo Letele			
	1.4 Jabulane Albert Mabuza			
	1.5 Elias Masilela			
	1.6 Calvo Phedi Mawela			
	1.7 Kgomotso Ditsebe Moroka			
	1.8 Stephan Joseph Zbigniew Pacak			
	1.9 Mohamed Imtiaz Ahmed Patel			
	1.10 Christine Mideva Sabwa			
	1.11 Fatai Adegboyega Sanusi			
	1.12 Louisa Stephens			
	1.13 John James Volkwyn			
Ordinary resolution number 2	Reappointment of independent auditor			
Ordinary resolution number 3	Appointment of audit committee members:			
	3.1 Stephan Joseph Zbigniew Pacak (chair)			
	3.2 Donald Gordon Eriksson			
	3.3 Christine Mideva Sabwa			
	3.4 Louisa Stephens			

FORM OF PROXY continued

			For	Against	Abstain
Ordinary resolution number 4	General authority to issue shares for cash				
Non-binding advisory resolution number 1	Endorsement of the company's remuneration policy				
Non-binding advisory resolution number 2	Endorsement of the implementation of the company's remuneration policy				
Special resolution number 1	Approval of the remuneration of non-executive directors				
	1.1 Non-executive director	R540 000[1]			
	Committees				
	1.2 Audit committee: Chair	R420 000			
	1.3 Member of audit committee	R210 000			
	1.4 Risk committee: Chair	R250 000			
	1.5 Member of risk committee	R125 000			
	1.6 Remuneration committee: Chair	R295 000			
	1.7 Member of remuneration committee	R147 500			
	1.8 Nomination committee: Chair	R200 000			
	1.9 Member of the nomination committee	R100 000			
	1.10 Social and ethics committee: Chair	R230 000			
	1.11 Member of social and ethics committee	R115 000			
Special resolution number 2	General authority to repurchase shares				
Special resolution number 3	General authority to provide financial assistance in terms of section 44 of the Act				
Special resolution number 4	General authority to provide financial assistance in terms of section 45 of the Act				
Ordinary resolution number 5	Authorisation to implement resolutions				

Note

[1] Plus daily fees when travelling to and attending meetings.

Signed at __________________________ on ____2019

Assisted by (where applicable): ____

Signature: ____

Telephone numbers (including international and area code) and email address

Home number: ____________________________ Mobile number: ______________________________

Email address: ____

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder(s) of the company).

Please see notes on pages 143 to 145.

NOTES TO THE FORM OF PROXY

The following provisions shall apply in relation to proxies:

1. A shareholder of the company may appoint any individual (including one who is not a shareholder of the company) as a proxy to participate in, speak and vote at the AGM of the company. A shareholder may therefore insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chair of the company, or failing him/her, the chair of the AGM". The person whose name is first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.
3. A proxy instrument must be in writing, dated and signed by the shareholder.
4. A proxy may not delegate his/her authority to act on behalf of the shareholder to another person.
5. A copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at the AGM.
6. Irrespective of the form of instrument used to appoint the proxy: (i) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in exercising any rights as a shareholder; (ii) the appointment is revocable unless the proxy appointment expressly states otherwise; and (iii) if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or making a later inconsistent appointment of a proxy and delivering a copy of the revocation instrument to the proxy and the company.
7. Every shareholder present in person or by proxy and entitled to vote, will on a show of hands have only one vote and, on a poll, every shareholder will have one vote for every share held.
8. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the company or waived by the chair of the AGM.
9. A certificated or 'own name' dematerialised shareholder may insert the names of two alternative proxies of the shareholder's choice in the space provided, deleting "the chair of the AGM". The person whose name appears first on the form of proxy and whose name has not been deleted and who attends the meeting, will be entitled and authorised to act as proxy to the exclusion of those whose names follow.
10. A shareholder's instructions to the proxy must be indicated by that shareholder in the appropriate space provided, failing which the proxy shall not be entitled to vote at the AGM in respect of the shareholder's votes exercisable at that meeting, provided where the proxy is the chair, failure to so comply will be deemed to authorise the chair to vote in favour of the resolutions. A shareholder's instructions to the proxy must be indicated by inserting an X in the appropriate box.

NOTES TO THE FORM OF PROXY continued

11. A shareholder may at any time appoint a proxy. For practical purposes, forms of proxy are requested to be lodged with the transfer secretaries, Singular Systems Proprietary Limited, 25 Scott Street, Waverley 2090 or PO Box 785261, Sandton, 2146 or **multichoice@singular.co.za**, to reach them not less than forty-eight (48) hours (not including Saturdays, Sundays and public holidays) before the AGM, that is by 11:00 on Tuesday 27 August 2019. Any proxies not received by this time must be handed in at the registration desks at MultiChoice City on Thursday 29 August 2019 prior to the commencement of the AGM.
12. The completion and lodging of this form of proxy will not preclude the certificated shareholder or 'own name' dematerialised shareholder from attending the AGM and speaking and voting in person at the meeting to the exclusion of any proxy appointed in terms hereof.
13. An instrument of proxy shall be valid for any adjournment or postponement of the AGM, as well as for the meeting to which it relates, unless the contrary is stated therein, but shall not be used at the resumption of an adjourned AGM if it could not have been used at the AGM from which it was adjourned for any reason other than that it was not lodged timeously for the meeting from which the adjournment took place.
14. A vote cast or act done in accordance with the terms of a form of proxy shall be deemed to be valid despite:
    - 14.1 the death, insanity, or any other legal disability of the person appointing the proxy; or
    - 14.2 the revocation of the proxy; or
    - 14.3 the transfer of a share in respect of which the proxy was given, unless notice as to any of the abovementioned matters shall have been received by the company at its registered office or by the chair of the AGM at the place of the AGM, if not held at the registered office, before the commencement or resumption (if adjourned) of the AGM at which the vote was cast or the act was done or before the poll on which the vote was cast.
15. The authority of a person signing the form of proxy:
    - 15.1 under a power of attorney; or
    - 15.2 on behalf of a company or close corporation or trust, must be attached to the form of proxy unless the full power of attorney has already been received by the company or the transfer secretaries.
16. Where shares are held jointly, all joint holders must sign.
17. Dematerialised shareholders, other than by 'own name' registration, must NOT complete this form of proxy and must provide their central securities depository participant (CSDP) or broker of their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP and/or broker.

18. Shareholders should take note that, pursuant to a provision of the MCG MOI, MCG is permitted to reduce the voting rights of shares in MCG (including MCG shares deposited in terms of the ADS facility) so that the aggregate voting power of MCG shares that are presumptively owned or held by foreigners to South Africa (as envisaged in the MCG MOI) will not exceed 20% of the total voting power in MCG. This is to ensure compliance with certain statutory requirements applicable to South Africa. For this purpose MCG will presume in particular that:
    - all MCG shares deposited in terms of the MCG ADS facility are owned or held by foreigners to South Africa, regardless of the actual nationality of the MCG ADS holder; and
    - all shareholders with an address outside of South Africa on the register of MCG will be deemed to be foreigners to South Africa, irrespective of their actual nationality or domicilium, unless such shareholder can provide proof, to the satisfaction of the MCG board, that it should not be deemed to be a foreigner to South Africa, as envisaged in article 40.1.3 of the MCG MOI.

    Shareholders are referred to the provisions of the MCG MOI available at **www.multichoice.com** for further detail. If shareholders are in any doubt as to what action to take, they should seek advice from their broker, attorney or other professional adviser.

SHAREHOLDERS' ANALYSIS

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	73 818	92.70	8 388 663	1.91
1 001 – 10 000	3 908	4.91	11 491 978	2.62
10 001 – 100 000	1 405	1.76	49 368 055	11.25
100 001 – 1 000 000	435	0.55	124 997 129	28.48
Over 1 000 000	69	0.09	244 591 643	55.74
Total	**79 635**	**100.00**	**438 837 468**	**100.00**

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Domestic institutions	14 314	17.97	191 491 926	43.64
Foreign institutions	1 008	1.27	146 518 967	33.39
Other institutions	8 793	11.04	72 320 400	16.48
Private investors	55 432	69.61	16 432 222	3.74
Domestic brokers	79	0.10	12 012 752	2.74
Employees	6	0.01	57 718	0.01
Foreign brokers	3	0.00	3 483	0.00
Total	**79 635**	**100.00**	**438 837 468**	**100.00**

Shareholders by geography	Number of shares	% of issued capital
South Africa	240 050 741	54.70
Rest of the World	96 929 434	22.09
United States	88 305 124	20.12
United Kingdom	13 552 169	3.09
Total	**438 837 468**	**100.00**

Public shareholders vs non-public shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	**12**	**0.02**	**59 003 174**	**13.45**
Directors and associates (direct holdings)	6	0.01	396 805	0.09
Directors and associates (indirect holdings)	2	0.00	302 458	0.07
Material beneficial holders >10%	1	0.00	58 297 131	13.28
Share schemes	3	0.00	6 780	0.00
Public shareholders	79 623	99.98	379 834 294	86.55
Total	**79 635**	**100.00**	**438 837 468**	**100.00**

SHAREHOLDERS' ANALYSIS continued

Material shareholders with a holding greater than 5% of the issued shares	Number of shares	% of issued capital
Public Investment Corporation of South Africa (PIC)	60 594 646	13.81
Allan Gray	37 418 490	8.53
Prudential Investment Managers	23 251 455	5.30
Total	**121 264 591**	**27.63**

Share schemes	Count	Holding	%
MultiChoice Africa No 2 Proprietary Limited	1	5 666	0.00
M-Net Share Trust No 2 Balancing	1	1 111	0.00
Multichoice Africa (Balancing)	1	3	0.00
Total	**3**	**6 780**	**0.00**

Directors and associates' holdings	Direct	Indirect	Total	%
S J Z Pacak	376 635	291 548	668 183	0.15
J Volkwyn	15 000	10 910	25 910	0.01
T Jacobs	2 731	–	2 731	0.00
I Patel	1 412	–	1 412	0.00
F L N Letele	737	–	737	0.00
D K Moroka	290	–	290	0.00
Total	**396 805**	**302 458**	**699 263**	**0.16**

Total number of shareholdings	79 635
Total number of shares in issue	**438 837 468**

Share price performance	
Opening price 27 February 2019	R95.50
Closing price 29 March 2019	R120.70
Closing high for period	R124.78
Closing low for period	R93.33
Volume traded during period	217 259 253
Ratio of volume traded to shares issued (%)	49.51
Rand value traded during the period	R23 372 781 394
Price/earnings ratio as at 29 March 2019	0.00
Earnings yield as at 29 March 2019	0.00
Dividend yield as at 29 March 2019	0.00
Market capitalisation at 29 March 2019	R52 967 682 388

SHAREHOLDERS' DIARY

Financial year-end	31 March 2019
Provisional results announcement on SENS	18 June 2019
Integrated annual report distribution	30 July 2019
Shareholders eligible to receive AGM notice	19 July 2019
LDT to vote at AGM	20 August 2019
Voting record date	23 August 2019
Annual general meeting	29 August 2019
Interim results announcement	11 November 2019

SHAREHOLDER AND CORPORATE INFORMATION

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Fax: +27 (0)11 289 3026

Registration number
2018/473845/06
Incorporated in South Africa

Auditor
PricewaterhouseCoopers Inc.

Transfer secretaries
Singular Systems Proprietary Limited
(Registration number: 2002/001492/07)
25 Scott Street
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PO Box 785261
Sandton 2146
South Africa
Tel: +27 0860 116 226
Fax: +27 (0)11 321 5637

ADR programme
Bank of New York Mellon maintains a Global BuyDIRECT℠ 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℠
Church Street Station
PO Box 11258, New York, NY 10286-1258
USA

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