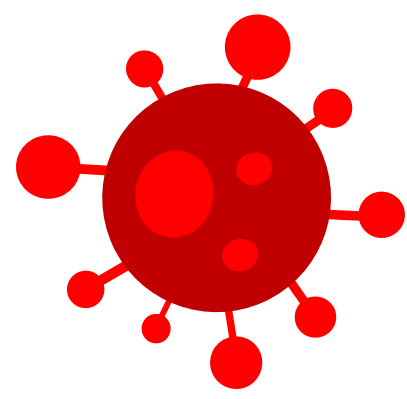


SENTECH SOC LTD  
Annual Results Presentation  
For the year ended 31 March  
2020

Presented to the Portfolio  
Committee on Communications







# COVID-19 Response

- ❖ Implemented our Business Continuity Management Plan to ensure business continuity.
- ❖ Provided payment holidays to our customers to address their liquidity challenges
- ❖ Engaged with our major suppliers especially overseas based ones in order to address a continuous supply of good and services.
- ❖ Donation to Solidarity Fund to the tune of R4million
- ❖ Provided free Disaster Recovery site to SABC valued at R5million
- ❖ Food parcels vouchers provided to our internal constructors (cleaners and maintenance), about 100 families



# Business highlights

Revenue grew  
by 6%

-----  
R1 335 million

EBIT margin  
grew by 17%

-----  
R261 million

Net loss  
R72 million

Customer  
satisfaction  
index increased  
to 73% from  
65%

Launched  
SENTECH  
Connect

100%  
achievement of  
predetermined  
objectives

Eighth (8<sup>th</sup>)  
consecutive  
year of clean  
audit

Transformation  
spend (ESD, SD  
and CSI)

-----  
R167 million

B-BBEE Level 1

The net loss of R72million was mainly due to the fluctuations in the foreign exchange rate, where a major part of the lease liability is foreign currency dominated. This was the first recognition of the liability due to adoption of a new accounting standard, namely IFRS 16 Leases.

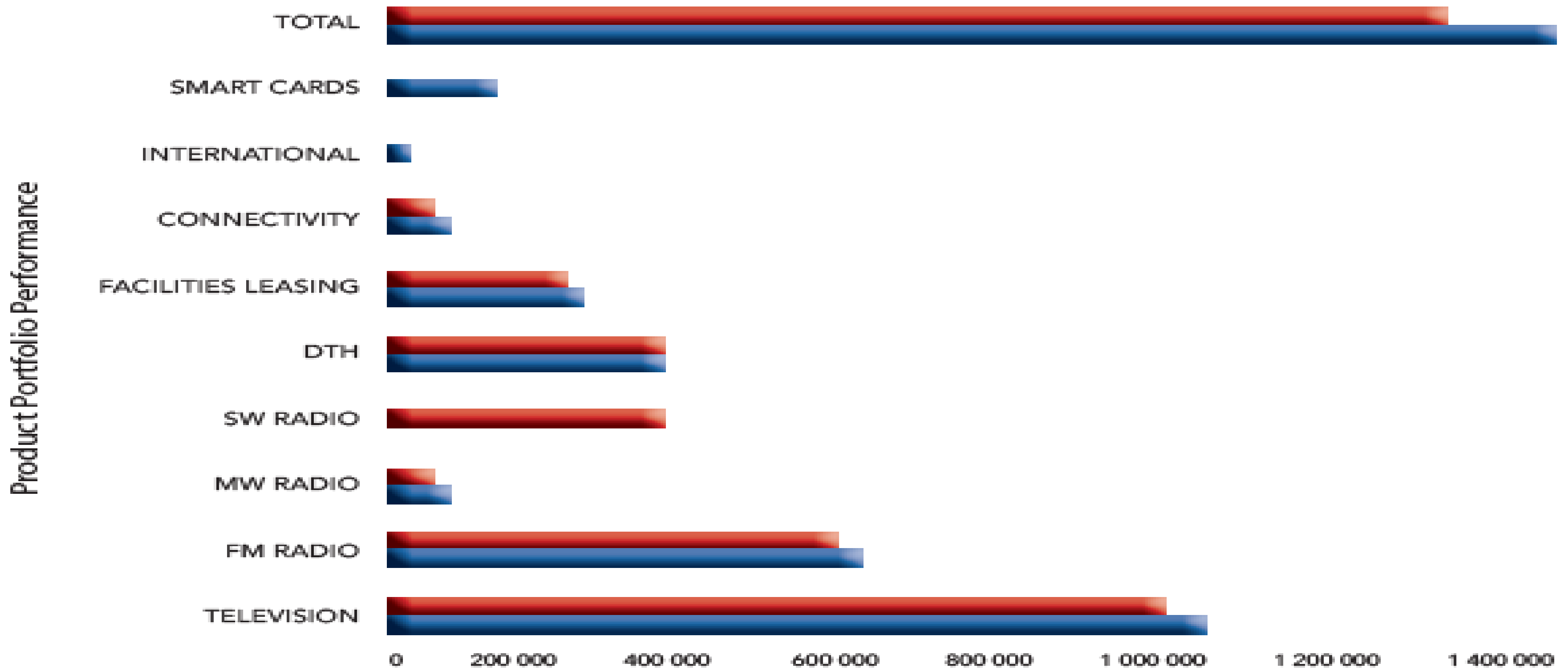




# Portfolio Performance

The portfolio performance grew by 5% with revenue of R1,329 million compared to R1,261 million for FY2018/19.

Product Portfolio Performance (FY2018/19 vs FY2019/20)



	Television	FM Radio	MW Radio	SW Radio	DTH	Facilities Leasing	Connectivity	International	Smart Cards	Total
FY2018/19	650 994	328 441	9 984	28 149	149 307	85 115	9 088	0	0	1 261 078
FY2020/21	673 309	344 159	13 020	0	149 077	88 879	16 000	2 352	42 000	1 328 796

■ FY2018/19    
 ■ FY2019/20



# Our Strategy pillars

## Value Offering

The corporate strategy is aimed at ensuring sustainable business growth. The strategy considers the need for revenue growth in the context of technology disruptions, the future of broadcasting, changing consumer behaviour and socio-economic transformation imperatives.

SENTECH's corporate strategy hinges on the Seven Strategic Pillars as shown below, namely, growth, innovation, customer focus, culture change, efficiency, transformation and reputation.





# Performance against predetermined objectives

100% achievement of predetermined objectives

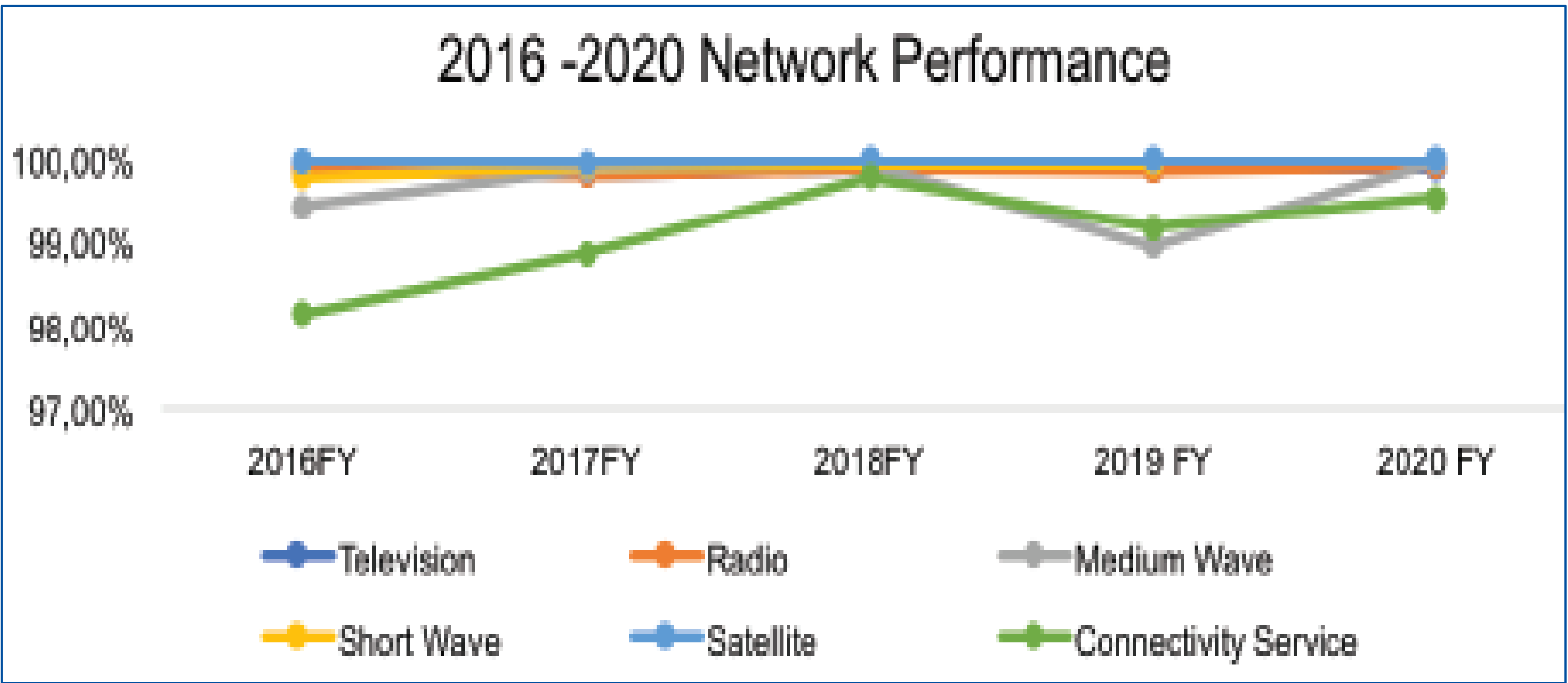
Strategic Goal	Objective	Key Performance Indicators	Annual Target (FY2019/20)	Actual Performance	Achieved/ Not Achieved
1) Sustainable business growth	Maximise Company value	Sales revenue (R)	R1,265 million (cumulative)	R1,335 million (cumulative)	Achieved
		Earnings before Interest and Tax (R)	R116 million (cumulative)	R261 million (cumulative)	Achieved
2) Create digitally connected societies	Develop digital capabilities and platforms	% planned digital skills training interventions implemented	85% of planned digital skills training interventions implemented	98.38% of planned digital skills training interventions were implemented	Achieved
		Number digital products launched for customers	2 digital products launched for customers	Two digital products launched for customers i.e. IoT and e-Learning	Achieved
	Enable connected communities	Smart Village 5G trials access node developed and deployed for one commercial customer	Smart Village 5G trials access node developed and deployed for 1 commercial customer	Smart Village 5G trials access node developed and deployed for 1 commercial customer in the Northwest.	Achieved
3) Achieve excellent customer and stakeholder satisfaction	Achieve high customer satisfaction levels	% customer satisfaction achieved	Customer satisfaction levels of baseline + 5%	Customer satisfaction levels of 73%	Achieved
		99.80% of weighted average network availability based on product revenue	Weighted average availability based on product revenues of 99.80%	Weighted average availability based on product revenues of 99.88%	Achieved
		Implementation Plan for new Broadband Network Company developed for submission to Shareholder	Implementation Plan for new Broadband Network Company developed for submission to Shareholder	Implementation Plan for new Broadband Network Company developed and submitted to the Shareholder	Achieved
	Enhance Company reputation and transformation	% of allocated budget spent on Enterprise Supplier Development (ESD) and % of NPAT spent on Socio Economic Development (SED)	100% of allocated budget spent on Enterprise Supplier Development (ESD) and 1.5% of budgeted NPAT Spent on SED.	104% of allocated budget spent on Enterprise Supplier Development (ESD) and 147% of budgeted NPAT Spent on Socio Economic Development (SED)	Achieved
		Clean Audit Achieved	Clean Audit Achieved	Clean Audit achieved	Achieved



- ✓ Performance Network infrastructure management, refers mainly to the competent operation and maintenance of technical and civil infrastructure on all SENTECH's high sites and Teleport.
- ✓ Timely refreshing of ageing infrastructure ensures a high level of customer assurance and service quality.
- ✓ SENTECH invested capital primarily for innovation, technology enhancements and continuity of business operations has yielded positive results in both the internal and external environments.
- ✓ These included the establishment of a Solar Energy Solutions at the SENTECH STP and ensuring network availability.
- ✓ We achieved 99.87% weighted network availability during the past Medium-Term Expenditure Framework (MTEF) period 2016-2019 across all platforms:

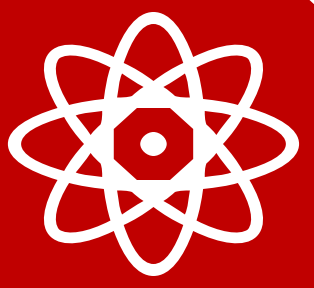


## 2016 -2020 Network Performance



We achieved 99.87% weighted network availability during the past Medium-Term Expenditure Framework (MTEF) period 2016-2019 across all platforms:



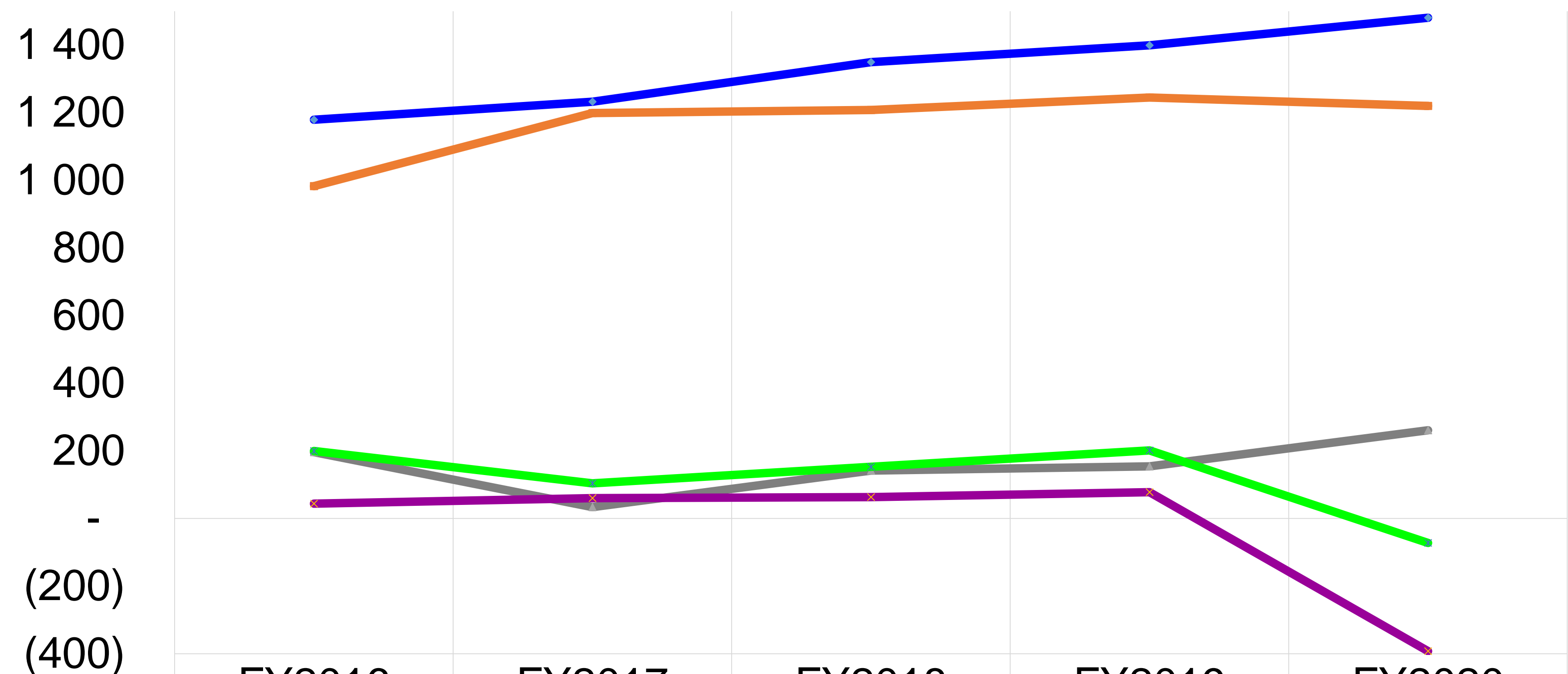


## ***Leveraging technology to protect and grow core revenues in the media and broadcasting space:***

- ✓ ***Digital Terrestrial Television (DTT)*** is the main future platform for SENTECH's broadcast signal distribution business and sustainability.
- ✓ SENTECH continued to stabilise the DTT platform and served in an advisory capacity to the Department of Communications and Digital Technologies, as well as being appointed as the Head of the PMO for the Broadcasting Digital Migration Programme to expedite South Africa's transition to the already established DTT infrastructure network.
- ✓ ***Digital Radio (DAB+)***, SENTECH identified Digital Radio as a future growth path for radio content distribution and has developed a comprehensive strategy for next-generation radio services. This evolutionary technology will not only position SENTECH as a leader in digital content delivery but will also position South Africa as a country on cutting edge transitioning the radio sector.
- ✓ The Digital Radio pilot now has presence in Gauteng and Western Cape.
- ✓ ***Over-The-Top (OTT)*** implemented a live streaming platform for multiple events, such as GovTech, East London ICT Summit and others.



# Statement of Profit or Loss & Other Comprehensive Income



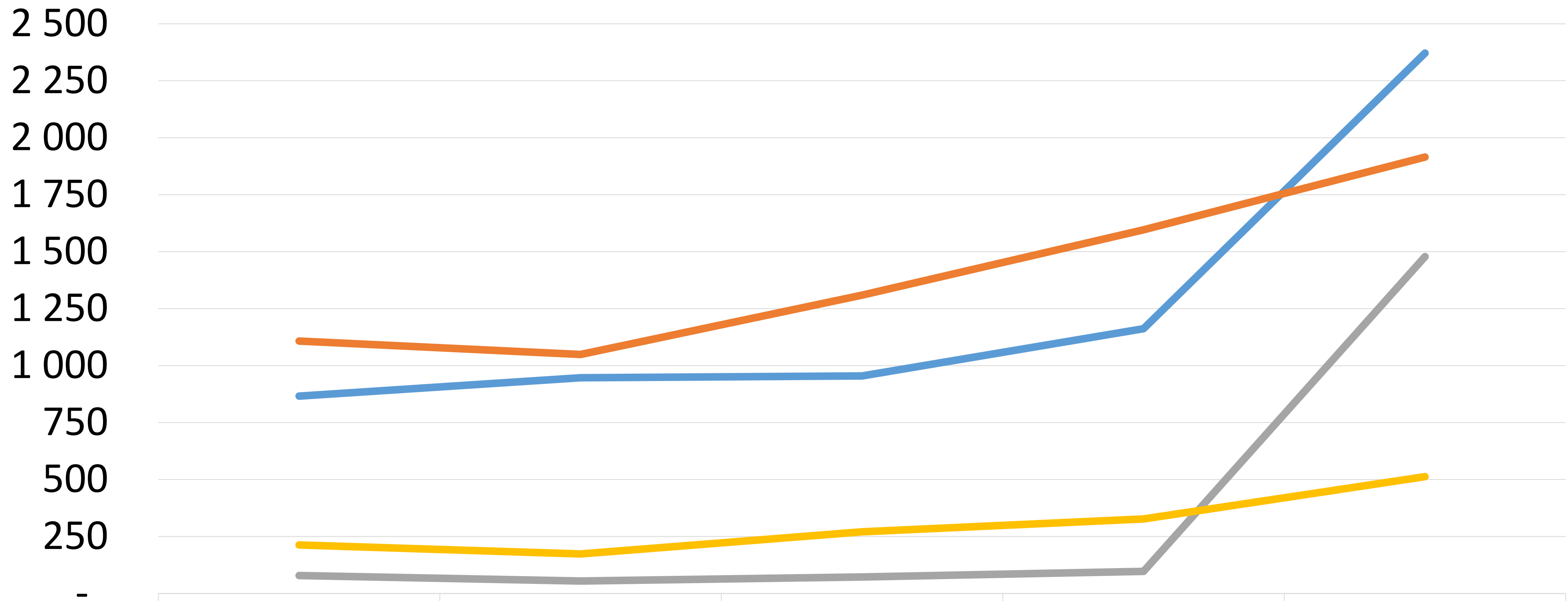
	FY2016	FY2017	FY2018	FY2019	FY2020
Revenue	1 179	1 233	1 350	1 399	1 481
Opex	983	1 199	1 208	1 245	1 220
EBIT	196	34	142	154	261
Finance Income / (Cost)	44	60	63	78	(392)
Net Profit / (Loss)	200	104	153	201	(72)

FY2020 Net loss was due mainly to the foreign exchange loss upon adoption of the IFRS-16 lease accounting





# Statement of Financial Position



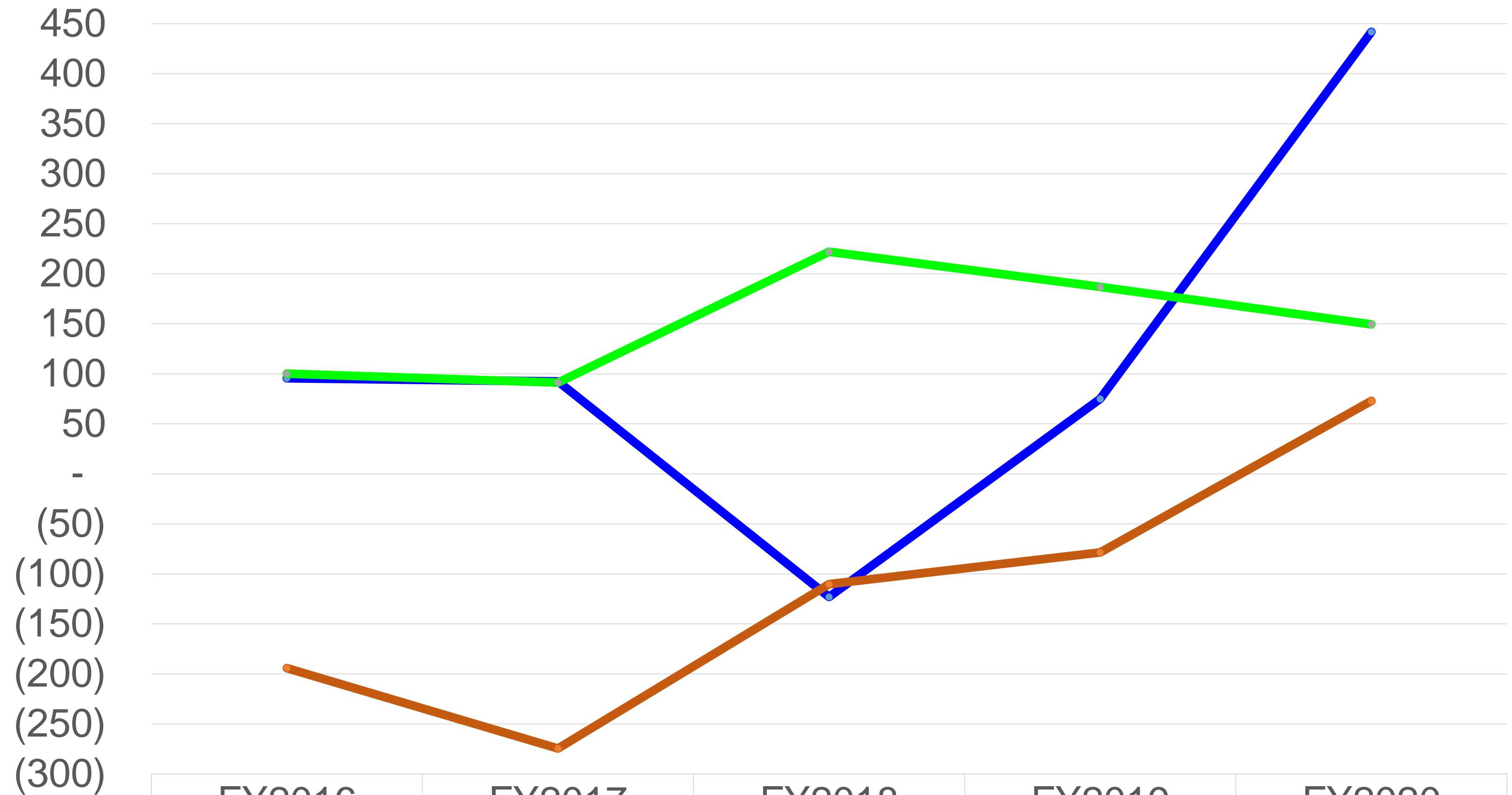
	FY2016	FY2017	FY2018	FY2019	FY2020
Non Current Assets	866	947	954	1 162	2 372
Current Assets	1 108	1 049	1 309	1 596	1 915
Non Current Liabilities	79	55	73	97	1 478
Current Liabilities	213	173	271	327	513

The movement in FY2020 in comparison to FY2019 was regarding the adoption of the IFRS-16 lease accounting in respect of:

- non-current assets - recognizing the right of use assets
- non-current liabilities - recognizing the finance lease liability



# Cash Flow Statement

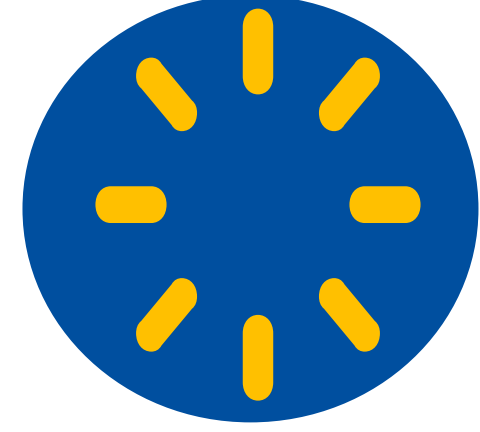


- Cash generated from operations
- Cash generated from investing activities
- Cash generated from financing activities

	FY2016	FY2017	FY2018	FY2019	FY2020
Cash generated from operations	96	92	(123)	75	442
Cash generated from investing activities	(194)	(275)	(110)	(79)	73
Cash generated from financing activities	100	91	222	187	149

- Cash generated from operations drop in FY2018 was as a result of main customer unable to pay for services provided and requested a payment holiday.
- The FY2018 debt has since been settled in full
- **Covid-19 pandemic has restricted customers ability to pay in FY2021**





# Socio-economic transformation

B-BBEE level 1 achieved in the history of the company

**Enterprise and Supplier Development (ESD)**: supported enterprises with grant funding of R 6,1 million for the following initiatives: Game development innovation with 7 aspirant young innovator; Expose and empower unemployed youth in digital skills in rural areas; Integrated platform for a Smart City solution for community using comUnity app accessible through any device; Deliver Fibre to the Home in townships.

	Target	Achieved	Value
<b>Total Preferential Procurement</b>	75%	78%	R179 374 207,42
Categories			
Companies with at least 30% black female ownership	40%	54%	R125 258 250,31
SMEs	40%	59.02%	R135 819 344,26
Youth-owned companies	5%	11.77%	R27 096 035

<b>Skills Development</b>	2018/19	2019/20
% Wage Bill Spent	3,27%	3,04%
Value (R)	R 17 million	R13 million



- We anticipate even tougher trading environment as exacerbated by the macroeconomic and Covid-19 pandemic.
- A lack of economic growth will impact the company's revenue, moving forward, as some of its major customers will be affected by declining sales and the need to cut costs.
- Our emphasis would be on cost optimisation and revenue growth to ensure business sustainability in the short, medium and long-term.
- Our strategy is thus to optimize and transform legacy business and grow and expand connectivity and digital businesses through strategic partnerships, acquisitions and own capabilities.
- We will leverage our strong balance sheet to grow and expand our connectivity and digital solutions.
- We will also prioritize digital transformation to achieve optimization and more focused business segments.





**Thank You!**