

**RISE UP SABC!**  
**PHAKAMA SABC!**  
**VUKA SABC!**  
**PFUKA SABC!**  
**TAN È SABC!**  
**STYG UIT SABC!**  
**EMELELA SABC!**  
**TAKUWANI SABC!**  
**PHAHAMA SABC!**  
**GOLA O AKALALE SABC!**

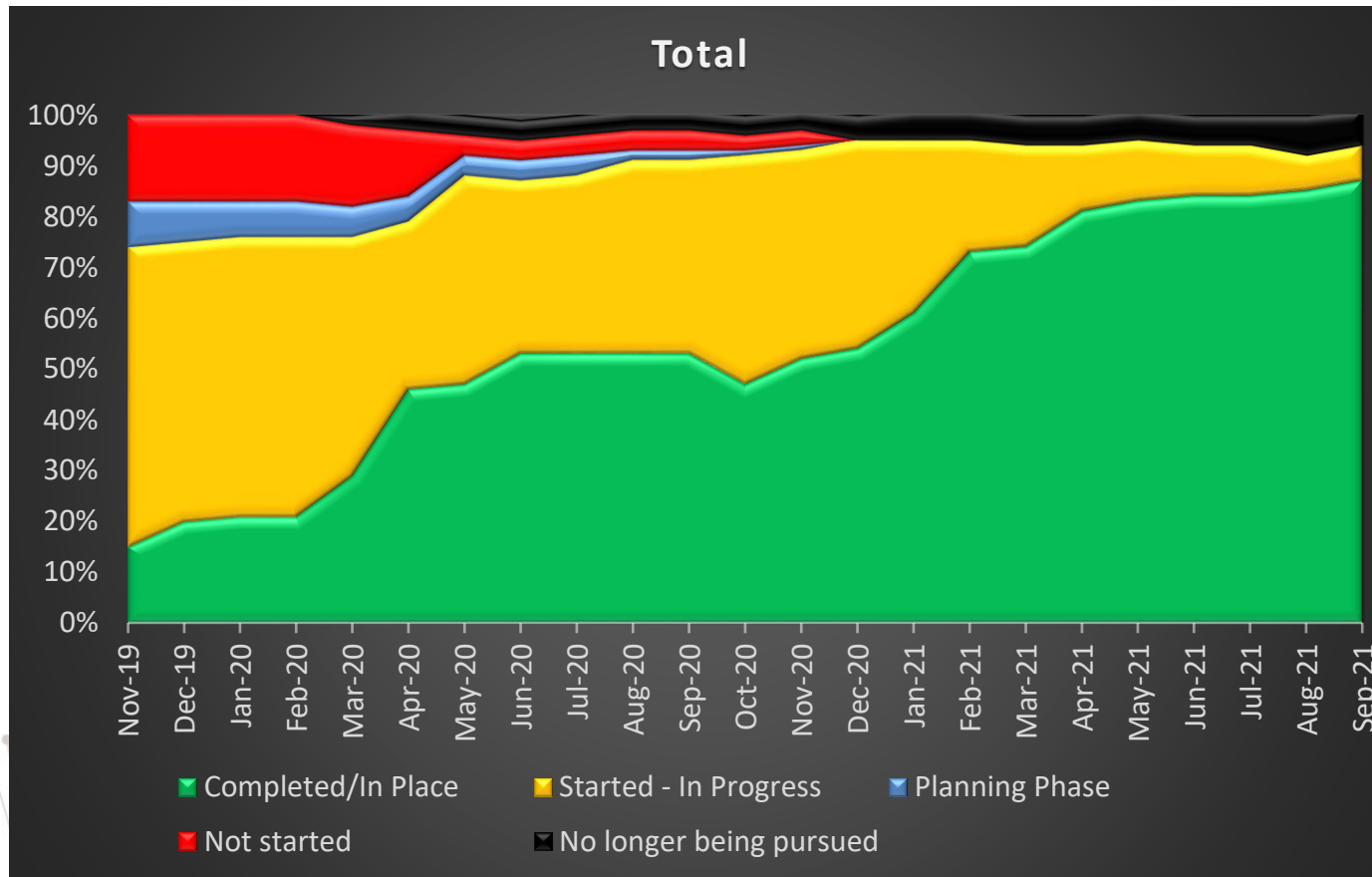
**PRESENTATION TO PCC**  
**QUARTER 1 AND 2 PERFORMANCE**  
**DECEMBER 2021**





# TURNAROUND PLAN IMPLEMENTATION

# TURNAROUND PLAN IMPLEMENTATION PROGRESS – SEPTEMBER 2021



Of the 120 key actions in the SABC Turnaround Plan, **87% (104)** have been **completed or are in place twenty-three (23) months into the 36-month implementation period;**

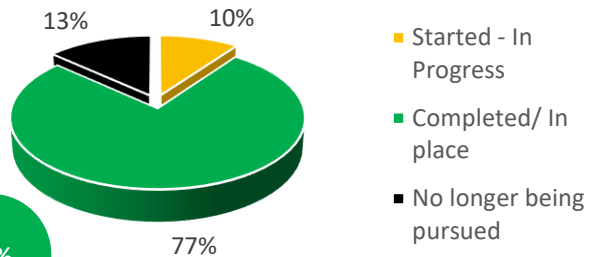
Of the 120 key actions, the Corporation will **no longer be pursuing 8 key actions;**

When you factor out these 8 key actions, the **percentage of key actions that have been completed or are in place becomes 93%.**

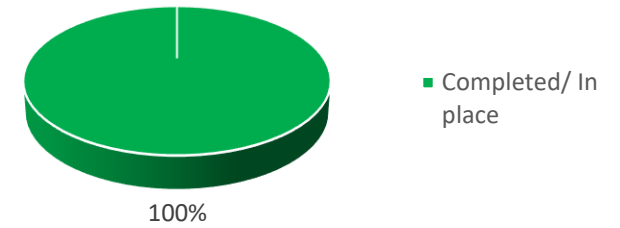
\*\* - For legislative and regulatory-related key actions, these are marked as 'Complete/ In Place' in our progress reports whenever the SABC has made all required review participation submissions and awaits further engagements from DCDT and regulators. Otherwise they are captured as 'Started - In Progress'.

# TURNAROUND PLAN IMPLEMENTATION PROGRESS – SEPTEMBER 2021

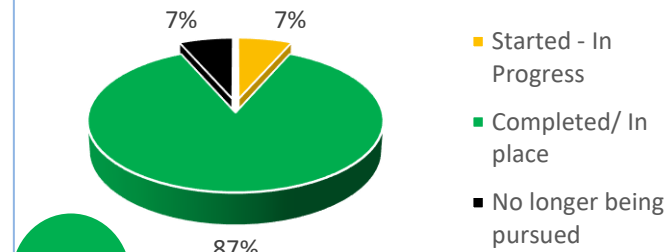
## Financial Sustainability and Governance



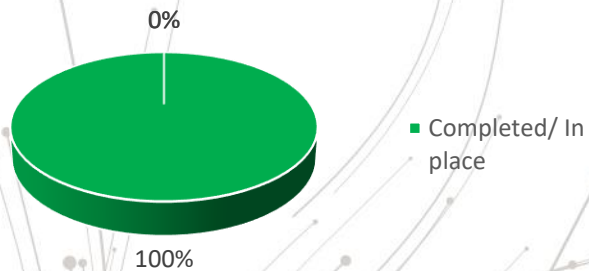
## Human Resources



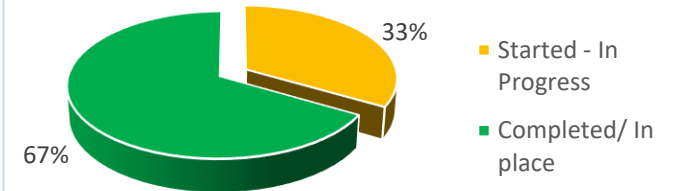
## Total



## Content & Platforms



## Transmission and Digital Migration



# FINANCIAL PERFORMANCE

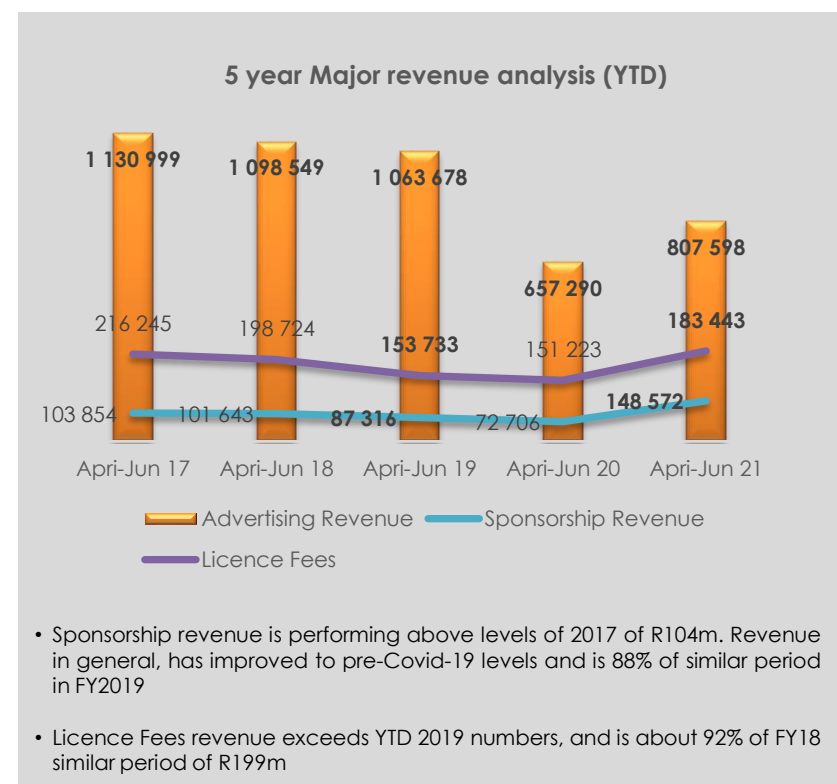
# EXECUTIVE SUMMARY – YEAR TO DATE 30 JUNE 2021

Description	Q1-Year to date				Prior Year 2021	Prior Year 2020
	Actual	Budget	Variance	%		
Revenue	(1,247,862)	(1,418,178)	(170,316)	(12)	(988,099)	(1,413,973)
Other income	(1,728)	(6,505)	(4,777)	(73)	(2,156)	(3,419)
<b>Revenue &amp; other income</b>	<b>(1,249,590)</b>	<b>(1,424,683)</b>	<b>(175,093)</b>	<b>(12)</b>	<b>(990,255)</b>	<b>(1,417,392)</b>
Expenses	1,295,566	1,705,232	409,665	24	1,352,159	1,605,796
<b>Operating loss before finance costs and tax</b>	<b>45,977</b>	<b>280,549</b>	<b>234,572</b>	<b>84</b>	<b>361,904</b>	<b>188,404</b>
Finance income	(16,536)	(5,004)	11,533	230	(28,554)	(2,787)
Finance expenses	(1,259)	328	1,586	484	879	6,676
<b>(Profit)/Loss for the year before tax</b>	<b>28,182</b>	<b>275,873</b>	<b>247,691</b>	<b>90</b>	<b>334,229</b>	<b>192,293</b>

- The SABC reported a loss YTD of R28m, a 90% reduction in the projected loss for the Quarter.
- Revenue YTD were above PY comparative by R259,8m. (However still lower with the YTD FY2019 by R166.1m/10,0%).
- Advertising revenue is below budget YTD by R119,4m. Sponsorship revenue is for the third consecutive month above budget and YTD by R45,4m/44% above budget.
- Continued Lockdown impacted on a number of the Industries our Advertisers service.
- VE Sell out Rate was 75%, though Radio was only 15%. Work on Radio between the Media assets and Sales continue, but it is noteworthy that a number of the Radio Stations reported more than 80% performance against targets.
- Sports Channel on OVHD is rapidly attracting audiences and is making its presence felt, but unfortunately losses continue to plague its financial performance though Sponsorships in particular have far exceeded expectations. Cancellations of events and lack of properties deters possible Advertisers.
- Digital, OTT Revenue and Channel Carriage fees continue to be slow to come off the ground

- TV Licence cash revenue collected amounted to R 211m that is a year-on-year increase of R 57m though it is still R52m below the Budget for Q1 FY22. This performance is in line with the expected impact from COVID-19.
- TVLic exceeded the service delivery target by 7% at 87.7%.
- Of the R1.370bn cash on hand, of which approximately R1bn is the balance from the National Treasury funding received that remains.
- YTD expenses are R409,7m better than budget, due to R177m savings in operating expenses, R72m savings in Broadcasts costs and a R93m underspent in content amortisation.
- Permanent employee costs are R162m below prior year YTD due to the additional vacancies that resulted from the S189 process .
- YTD - only PCS Radio (R43,3m), PBS Video and Entertainment (TV) (R202,0m) operations are profitable after accounting for the overhead allocations.
- Resolution of the AGSA Audit findings FY20: 95%

## 5 YEAR MAIN REVENUE LINE ITEMS ANALYSIS



# TV LICENCE CASH BASIS REVENUE ANALYSIS – QUARTER 1

Revenue Stream	Year to Date				
	Actual R'000	Budget R'000	Variance R'000	%	Prior R'000
Renewals	111,824	127,201	(15,377)	(12.1)	68,949
New Licences	18,601	25,067	(6,466)	(25.8)	7,237
DCA	80,935	109,500	(28,565)	(26.1)	5,937
GIS	-	1,676	(1,676)	(100.0)	0
<b>Total Collections</b>	<b>211,360</b>	<b>263,444</b>	<b>(52,084)</b>	<b>(19.8)</b>	<b>82,122</b>
<b>Operating Revenue</b>	<b>183,443</b>	<b>187,249</b>	<b>(3,806)</b>	<b>(2.0)</b>	<b>151,223</b>

- The revenue streams did not achieve target for the quarter.
- Contract with GIS came into effect from April 2021 however the project is not yet fully implemented as finer details being ironed out as well as preliminary rollout challenges.
- YTD/Q1 operating revenue achieved is R183,4m against budget of R187,2m resulting in a shortfall of (R3,8m /2%). Y-O-Y performance increased by R32,2m /21%
- YTD/Q1 direct licence collection costs amount to R17,9m against budget of R25,6m resulting in a saving of R7,7m /30%. Y-O-Y costs increased by R 9,1m /104%

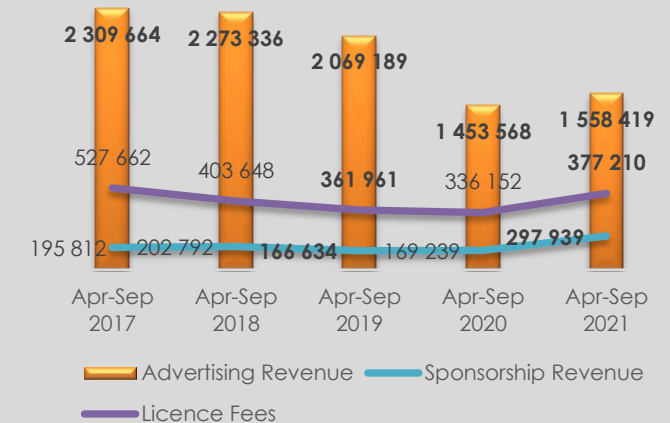
# EXECUTIVE SUMMARY – YEAR TO DATE SEPTEMBER 2021

Description	Quarter						Year to date					
	Prior Year 2020	Prior Year 2021	Budget	Actual	Variance	%	Prior Year 2020	Prior Year 2021	Budget	Actual	Variance	%
Revenue	(1,421,115)	(1,188,436)	(1,607,871)	(1,213,737)	(394,133)	(25)	(2,835,089)	(2,176,535)	(3,026,048)	(2,461,599)	(564,450)	(19)
Other income	(2,375)	(4,159)	(6,505)	(2,757)	(3,748)	(58)	(5,794)	(6,315)	(13,010)	(4,485)	(8,525)	(66)
<b>Revenue &amp; other income</b>	<b>(1,423,491)</b>	<b>(1,192,595)</b>	<b>(1,614,376)</b>	<b>(1,216,494)</b>	<b>(397,882)</b>	<b>(25)</b>	<b>(2,840,883)</b>	<b>(2,182,850)</b>	<b>(3,039,059)</b>	<b>(2,466,084)</b>	<b>(572,975)</b>	<b>(19)</b>
Expenses	1,556,924	1,499,145	1,825,442	1,380,214	445,228	24	3,162,720	2,851,304	3,530,673	2,675,780	854,893	24
<b>Operating loss before finance costs and tax</b>	<b>133,434</b>	<b>306,550</b>	<b>211,066</b>	<b>163,720</b>	<b>47,346</b>	<b>22</b>	<b>321,838</b>	<b>668,454</b>	<b>491,615</b>	<b>209,697</b>	<b>281,918</b>	<b>57</b>
Finance income	(3,681)	(22,199)	(5,004)	(16,259)	11,256	225	(6,468)	(50,753)	(10,007)	(32,796)	22,788	228
Finance expenses	21,628	2,916	328	7,988	(7,660)	(2,337)	28,304	3,795	656	6,729	(6,074)	(927)
<b>(Profit)/Loss for the year before tax</b>	<b>151,380</b>	<b>287,267</b>	<b>206,390</b>	<b>155,449</b>	<b>50,941</b>	<b>25</b>	<b>343,673</b>	<b>621,496</b>	<b>482,263</b>	<b>183,631</b>	<b>298,632</b>	<b>62</b>

- The SABC reported a loss of R155,4m for Q2 (YTD loss of R183,6m).
- Revenue for the Quarter is below budget by R394,1m and YTD by R564,5m.
- The revenue was higher than Q2 FY2021 by R25m/2% (FY2020 lower by R207,4m/14,6%) and YTD higher than Q2 FY2021 by R285m/13% (FY2020 lower by R373,5m/13,2%).
- Advertising revenue is below budget for Quarter by R289,7m (YTD: R409,1m). Sponsorship revenue exceeded budget by R35,0m/31% (YTD: R80,4m/37%).
- Initiatives to reduce the deficit from the budget YTD over the remainder of the fiscal are underway.
- Sales performed on averages at 70 – 75% of targeted Revenue.
- The unrest in July had a notable negative impact.
- TV Licence cash revenue recognized YTD R377,2m, which was R56,7m (8%) below budget. However, this is a year-on-year increase of R41,1m (12%).
- Of the R1.398bn cash on hand, R417m is funding dedicated to acquisition of content and R490m for capex from the National Treasury funding received.
- YTD expenses are R854,9m better than budget, due to R332,2m savings and underspending in operating expenses, R126,4m savings in Broadcasts costs and a R221,4m underspent in content amortisation.
- There is also a R165,8m savings in Employee costs as of 30 September 2021.
- YTD - PCS Radio (R84,8m) & PBS Video and Entertainment (R345,8m) operations are profitable after accounting for the overhead allocations.

## 5 YEAR MAIN REVENUE LINE ITEMS ANALYSIS

### 5 year Major revenue analysis (YTD)



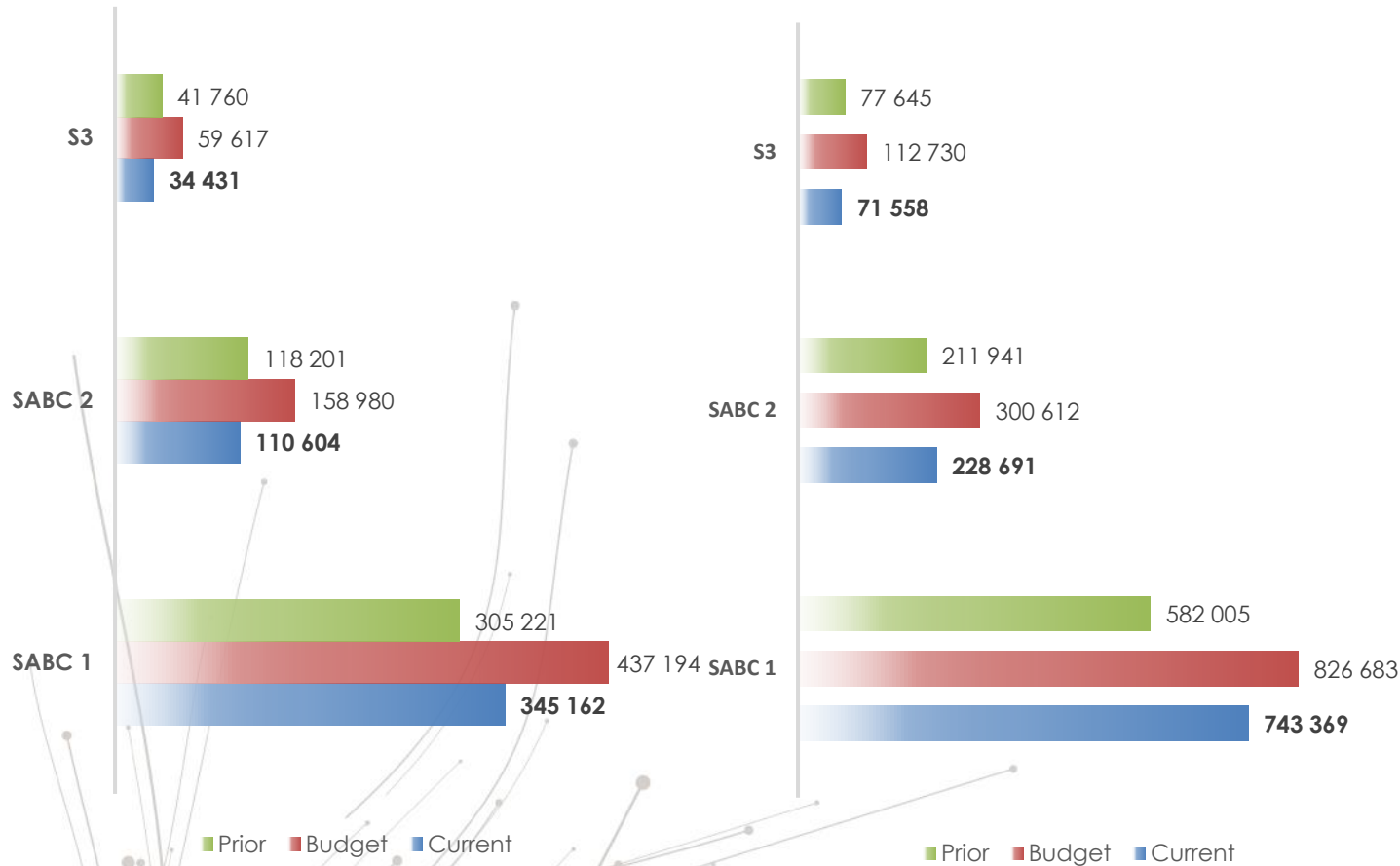
- Sponsorship revenue continues exceeding 5-year analysis actuals. Revenue in general has seen increases though not to the pre-Covid-19 pandemic levels
- Licence Fees revenue exceeds YTD 2019 numbers.



# REVENUE PERFORMANCE – VIDEO ENTERTAINMENT QUARTER 2 AND YTD

Quarter 2

Year to date



## REASONS FOR PERFORMANCE OF SALES REVENUE

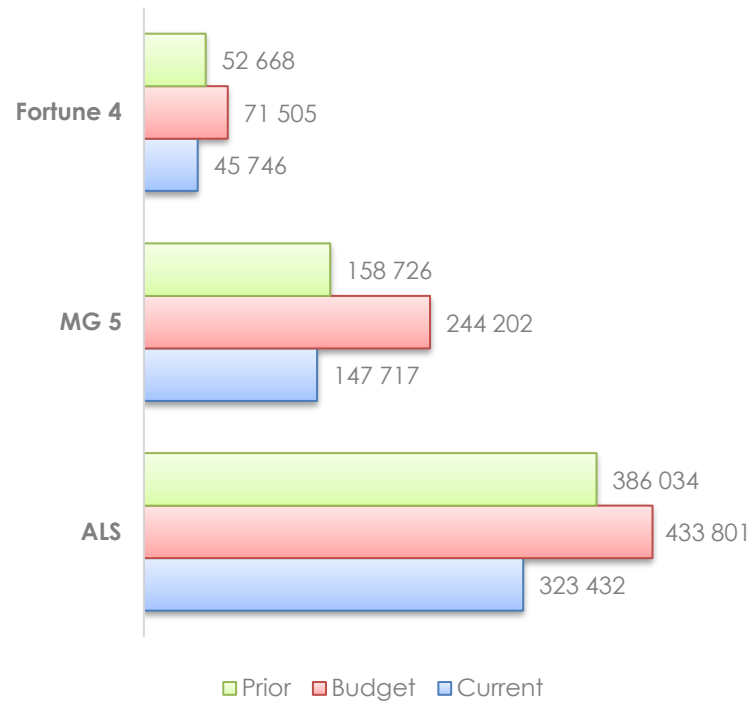
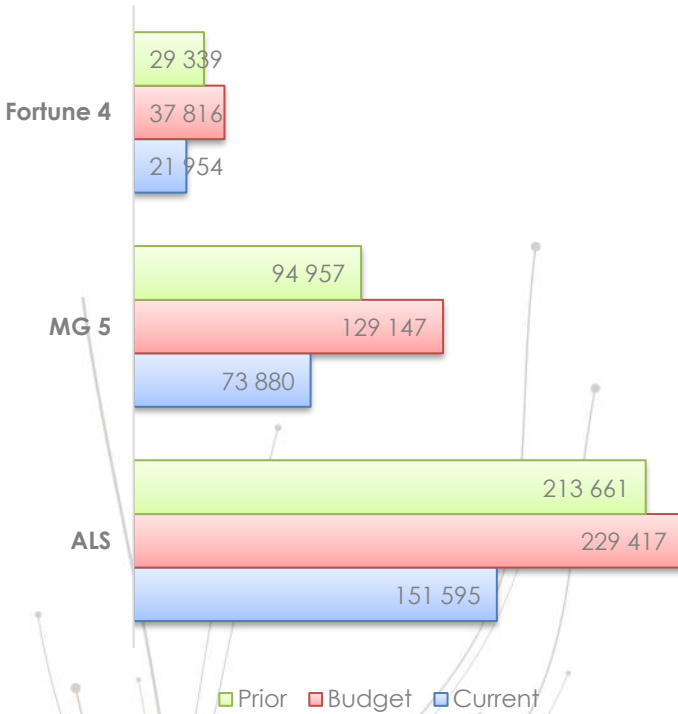
- Sales results YTD continue to show a decline, coming in 13% below budget although 15% better than FY2021 but noting that the initiatives to close the YTD gap will only be visible in the remainder of the financial year.
- Adventures is showing good improvement.
- A number of Government clients, who normally do not trade on TV have engaged in this quarter.
- Political advertising has shown some value, though not close to prior year levels.
- Ongoing low TV consumption continued to impact and is aggravated by repeats. Content appeals remains a deciding factor.

# REVENUE PERFORMANCE – RADIO QUARTER 2 AND YTD

Quarter 2

Year to date

**REASONS FOR PERFORMANCE OF SALES REVENUE (CONT.)**



- Classic Radio YTD is tracking 10% below budget and is 13 % lower than last year but noting that the initiatives to close the YTD gap will only be visible in the remainder of the financial year
- Government spending is lower than comparable months in prior periods but expected to show improvement in the balance of the financial year.
- Clients are a little hesitant to try our PCS stations and there are efforts underway to encourage them with trails etc.

# CONSOLIDATED PERFORMANCE TV LICENCE QUARTER 2 AND YTD

	Quarter 2					Year to Date				
	Prior R'000	Budget R'000	Actual R'000	Variance R'000	%	Prior R'000	Budget R'000	Actual R'000	Variance R'000	%
Renewals	112,673	151,188	138,773	(12,415)	(8.2)	218,710	278,730	249,621	(29,109)	(10.4)
New Licences	25,819	25,952	18,258	(7,694)	(29.6)	42,296	51,020	37,836	(13,184)	(25.8)
DCA	94,834	126,600	84,271	(42,329)	(33.4)	126,087	236,100	165,206	(70,894)	(30.0)
GIS	0	9,856	733	(9,123)	(92.6)	0	11,530	733	(10,797)	(93.6)
<b>Total Cash Collections</b>	<b>233,326</b>	<b>313,596</b>	<b>242,035</b>	<b>(71,561)</b>	<b>(22.8)</b>	<b>387,093</b>	<b>577,380</b>	<b>453,396</b>	<b>(123,984)</b>	<b>(21.5)</b>
<b>Revenue Recognised</b>	<b>184,929</b>	<b>246,704</b>	<b>193,767</b>	<b>(52,937)</b>	<b>(21.5)</b>	<b>336,152</b>	<b>433,953</b>	<b>377,210</b>	<b>(56,743)</b>	<b>(13.1)</b>

- TV Unit sales were depressed in the quarter and where heavily affected by the riots as well.
- Following the delayed implementation of the GIS it is now up and running and >3000 new accounts have been created so far.
- TV Licences continue to drive marketing campaigns to encourage payments and promote brand awareness. The campaigns include the following:
  - New co-branded programme promotions has been booked from 1 July in order to promote content and payment and improve brand relevance through prominent television shows with on-air talent including Expresso and Afternoon Express on SABC 3; Muvhango on SABC 2 and Uzalo on SABC 1.
  - The first of the new “pay less than 74 cents a day” campaigns was successfully launched from the second quarter in order to refresh and increase brand affinity and relevance to SABC television content.
  - TV Licences brand featured on most SABC digital sites including SABC social media platforms and TV Licences E-Billing communication over the period under review. This includes the brand and partnership campaigns.

# KEY REVENUE – OTHER STREAMS QUARTER 2 & YTD

**SPONSORSHIP**  
(R35,0M) (31%)  
(YTD: R80,3M) (37%)

The programme sponsorship continues to exceed the budget.

**BUSINESS ENTERPRISE & FACILITIES**  
(-R3,6M) (27%)  
(YTD: -R1,3) (13%)

Not much activity due to the lockdowns in place led to depressed trading in this revenue line

**TRADE EXCHANGES**  
(-R19,1M) (100%)  
(YTD: -R36,5M) (100%)

Trademark Licencing is not showing much growth due to lack of live audience events. Despite this new agreements are under negotiation.

**GOVERNMENT GRANTS**  
(-R20,7M) (-35%)  
(YTD: -R39,7M) (-34%)

The grant expenditure was less hence the revenue recognised is less for Grants revenue (Education)

**MOBILE, OTHER INCOME & REVENUE**  
(-R0,2M) (-23%)  
(YTD: -R0,2M) (-23%)

A number of projects which have not come online to date, where budgets have been allocated. Some rental income received in Provinces as well.

**CONTENT EXPLOITATION**  
(-R1,0M) (-6%)  
(YTD: -R6,8M) (-25%)

The inability to seal long outstanding deals has led to the under performance. Most international (Foreign) revenue will be recognized end of the calendar year as Business Development is busy finalizing deals.

**CHANNEL CARRIAGE**  
(-R27,5M) (35%)  
(YTD: -R48,0M) (37%)

There are no active deals currently in place. Deals were delayed

**OTHER REVENUES WERE BELOW THEIR TARGET BY:**

**R-104,4m (18%)**  
**(YTD: -R155,3) (-15%)**

# EXPENSES FOR THE QUARTER 2 & YTD

## Quarter 2

## YTD



### MAIN EXPENDITURE DRIVERS

<p><b>PERMANENT EMPLOYEE COST</b>  <span style="color: green;">▲</span> (R107.4M) (21.0%)  <span style="color: green;">▲</span> (YTD: R174.8M) (17.0%)</p> <p>Employee costs are less than the budget. There are a number of vacant positions that are realising a monthly saving.</p>	<p><b>CONTENT AMORTISATION</b>  <span style="color: green;">▲</span> (+R128,3M) (+26%)  <span style="color: green;">▲</span> (YTD: +R221,4M) (+26%)</p> <p>The month of August was characterized by Platforms accommodating Olympic and Paralympic games across different channels particularly on SABC2. Other reasons for underspend included for example delayed titles and negative ROI etc.</p>	<p><b>BROADCAST COSTS</b>  <span style="color: green;">▲</span> (R54,4M) (43%)  <span style="color: green;">▲</span> (YTD: R126,4M) (48%)</p> <p>The broadcast cost is underspend because of less Trade Exchanges, production costs and royalties.</p>	<p><b>SIGNAL &amp; DISTRIBUTION COSTS</b>  <span style="color: red;">▼</span> (-R0,9M) (0%)  <span style="color: red;">▼</span> (YTD: -R4,1M) (-1%)</p> <p>The overspending was due to high tariff from Sentech.</p>	<p><b>OTHER OPERATIONAL COSTS</b>  <span style="color: green;">▲</span> (+R155,0M) (+22%)  <span style="color: green;">▲</span> (YTD: +R332,2M) (+24%)</p> <p>Savings are mainly attributable to reduced electricity consumption, general building maintenance, canteen management and less marketing costs incurred.</p>	<p><b>BUDGET SAVING AND UNDERSPEND</b>  <span style="color: green;">▲</span> (+R445,2M) (24%)  <span style="color: green;">▲</span> (YTD +R854,9M) (24%)</p>
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# FINANCIAL POSITION REVIEW 30 SEPT (VS PRIOR YEAR COMPARATIVE PERIOD)

**CURRENT RATIO**  
**1.49 TIMES** (2.1TIMES)  
 TARGET 1.63 TIMES

**DEBTOR COLLECTION**  
**47 DAYS** (52 DAYS)  
 TARGET 45 DAYS

**CREDITOR PAYMENT TERMS**  
**35 DAYS** (97 DAYS)  
 TARGET 159 DAYS

**CASH BALANCE**  
**R1.398 BN** (R1.99B PRIOR  
 YEAR)

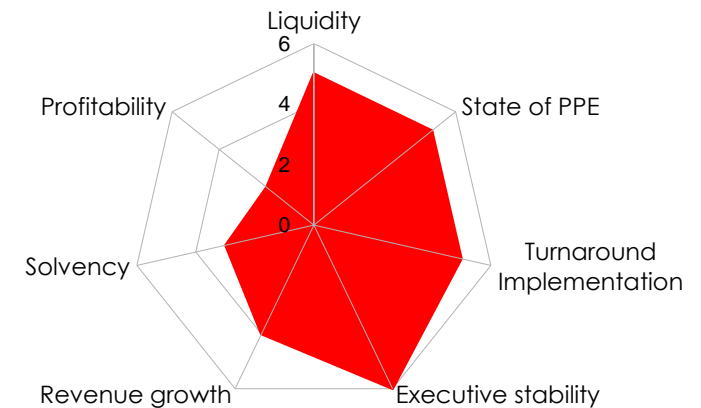
BALANCE SHEET	Sep-20 R'000	Sep-21 R'000
Non- current assets	2,400,437	3,324,771
Current assets	2,970,715	2,486,922
<b>ASSETS</b>	<b>5,371,152</b>	<b>5,811,693</b>
Equity	2,505,506	2,602,780
Non-current liabilities	1,408,959	1,780,842
Current liabilities	1,456,687	1,428,071
<b>TOTAL LIABILITIES</b>	<b>2,865,646</b>	<b>3,208,913</b>
<b>EQUITY &amp; LIABILITIES</b>	<b>5,371,152</b>	<b>5,811,693</b>

## FINANCIAL ANALYSIS

The SABC at the end of the month had **R1.398 bn** cash reserves. The cash reserves are stable mainly due to ring-fencing of these funds of R1,071 bn only utilised for content and capex in the medium term.

The financial position of the SABC is relatively healthy, having a current ratio of **1.49**. Solvency of the SABC is also quite healthy with a **1.90** coverage ratio.

## Pillars on Going Concern



The SABC must work on improving the pillars of revenue growth and profitability to address the going concern risk in the medium term. Current projections are that, without improvement in the two pillars, the going concern risk remains high in the medium term. The Turn Around Strategy (TAS) implementation and Profitability, Solvency and Revenue Growth will show a lag.

- These are the considered pillars for sustainability of the organisation
- If the full area of the graph is shaded then going concern operations will be sustained
- Maximum rating of 6 relates to target or optimal levels
- Liquidity & Solvency still mainly driven by NT funding and not operational results

# COMPLIANCE – AUDIT FINDINGS TRACKER FY21

## EXTERNAL AUDIT – 2021 (AGSA)

Count of Finding Status	Finding Status			
	Open	InProgress	Completed	Total
<b>Division</b>				
Finance	14	11	19	<b>44</b>
Group Human Resources	2		3	<b>5</b>
News & Current Affairs	1			<b>1</b>
Office of the GCEO			1	<b>1</b>
Operations	2			<b>2</b>
Radio	2			<b>2</b>
Sales	1	1	2	<b>4</b>
Supply Chain Management	6	1	2	<b>9</b>
Technology	15	1	2	<b>18</b>
TV Licenses	2		1	<b>3</b>
Video Entertainment	3	1	1	<b>5</b>
<b>Grand Total</b>	<b>48</b>	<b>15</b>	<b>31</b>	<b>94</b>
<b>Percentage</b>	<b>51%</b>	<b>16%</b>	<b>33%</b>	<b>100%</b>

## INTERNAL AUDIT

Count of Finding Status	Finding Status				Grand Total
	Open	InProgress	UnResolved	Completed	
<b>Division</b>					
Corporate Affairs & Marketing		1		<b>3</b>	<b>4</b>
Finance	2			20	<b>22</b>
GCEO & Regions				1	<b>1</b>
Governance Risk & Compliance				2	<b>2</b>
Group Human Resources			4	24	<b>28</b>
Legal Services				13	<b>13</b>
Logistical Services	6			20	<b>26</b>
News & Current Affairs	8			2	<b>10</b>
Radio	10	1		23	<b>34</b>
Sales	4	5		10	<b>19</b>
Video & Entertainment (formerly Sports)	16			2	<b>18</b>
SAP CCC			1	3	<b>4</b>
Supply Chain Management			2	30	<b>32</b>
Technology	1	14		33	<b>48</b>
TV Licences	1			1	<b>2</b>
Video & Entertainment (formerly Television)	38	7	2	23	<b>70</b>
<b>Grand Total</b>	<b>87</b>	<b>31</b>	<b>5</b>	<b>210</b>	<b>333</b>
<b>Completion rate</b>	<b>26%</b>	<b>9%</b>	<b>2%</b>	<b>63%</b>	<b>100%</b>

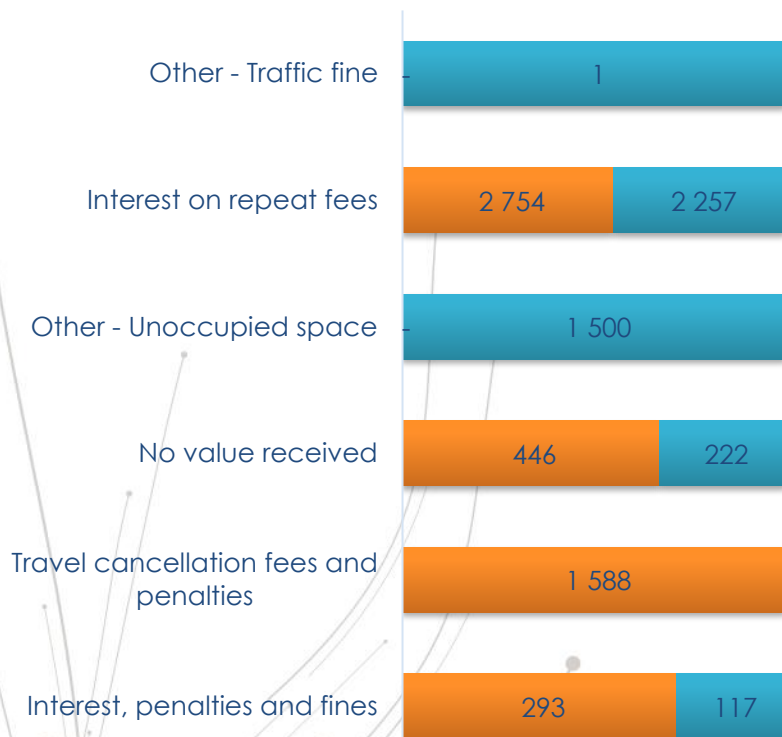
- The AGSA audit was completed a month later than normal and this contributed to the overdue findings not being finalized by 30 September 2021.
- The total number of findings issued by IA are 333 for 2020 and 2021 financial period of which 52 relate to 2021.

# COMPLIANCE - IFWE

## FRUITLESS & WASTEFUL (FWE)

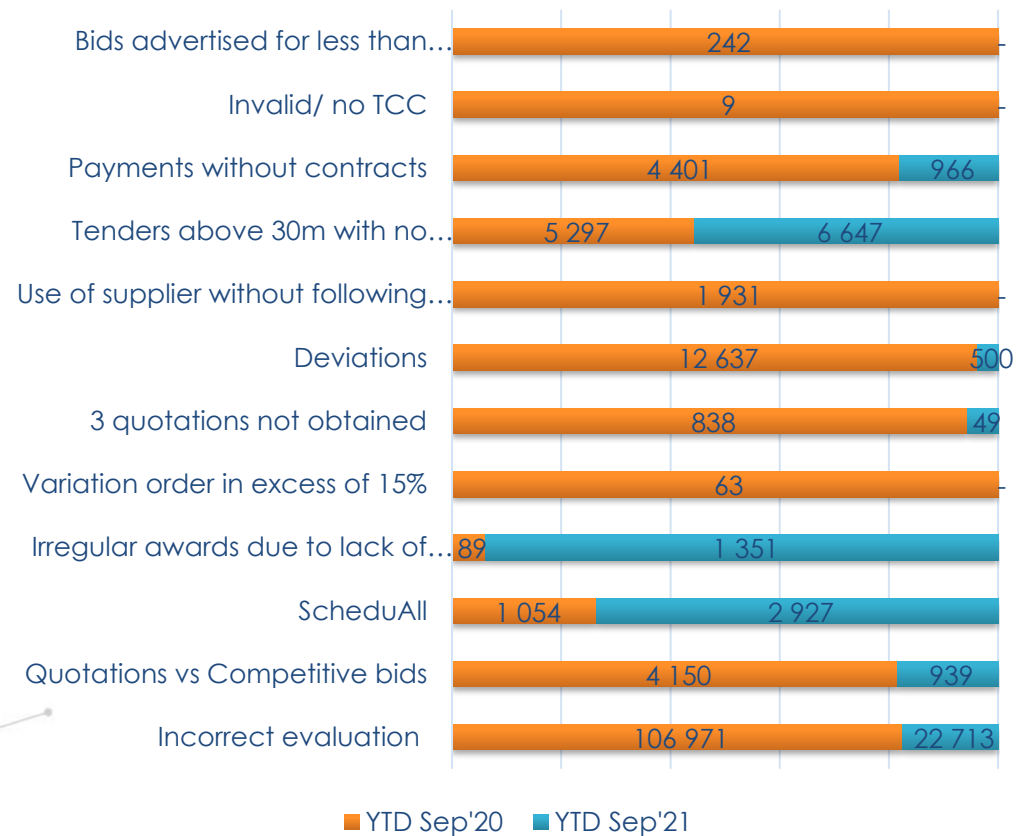
R4,1m (2020 - R5,1m)

■ YTD Sep'20 ■ YTD Sep'21



## IRREGULAR EXPENDITURE (IE)

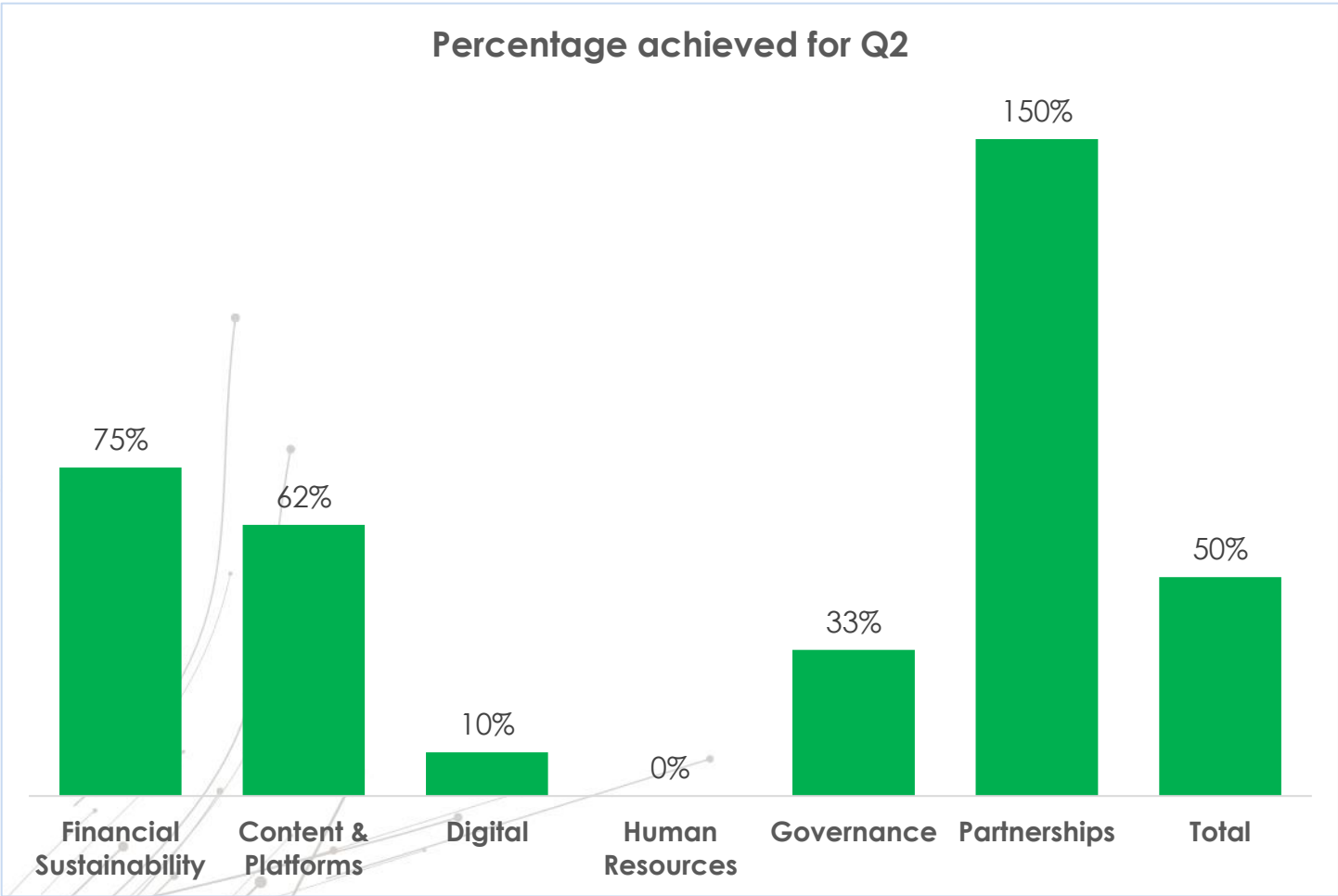
R36,1m (2020 - R137,7m)





# PERFORMANCE AGAINST PDOs

# PERFORMANCE AGAINST PREDETERMINED OBJECTIVES





**THANK YOU**