

The  
*heartbeat*  
of the Nation

**SABC PCC Presentation on Going Concern.  
29 November 2022**

Life is more than  
breath and a

*Heartbeat;*

meaning and purpose  
are the life of life.

- Archbishop Desmond Tutu

7 October 1931 - 26 December 2021

This year's Annual Report pays homage to Archbishop Desmond Tutu's *Legacy*.



# Contents.

## Vision

To become the leading, credible voice and face of the nation and the continent.

## Mission

A high-performing, financially sustainable, digitised national public broadcaster that provides compelling informative, educational and entertaining content via all platforms.

## Values

**TRUST:** Always demonstrate honesty and consistent dependability in our interactions in and outside the organisation.

**RESPECT:** To respect the public mandate we are entrusted with and conduct ourselves respectfully in all our engagements internally and externally.

**INTEGRITY:** To always conduct ourselves ethically and in the interest of the organisation, in the decisions we make in executing our responsibilities.

**QUALITY:** To aspire to and provide the highest standard of quality in the work we produce and experiences we exchange.

- FORECAST ASSUMPTIONS
- FORECAST REVIEW
- FORECAST RISK AND MITIGATION
- REVENUE GENERATION INITIATIVES



# FORECAST ASSUMPTIONS

## Key assumptions embedded in the FY2023 Forecast

### AUDIENCE SHARE

VE to hold average audience share at 21% - 25% and grow in the medium term  
Any adverse impact has not been factored.

### OTHER FACTORS

No new adverse macro risk events such as riots, floods, unrests etc.

No new channels have been factored

### REVENUE ASSUMPTIONS

>Numerous key revenue generation initiatives included in the revenue improvement plan expected to generate revenue in the later part of Q3 and Q4 are yet to realise revenue.

Thus, uncertainty exists that the full benefits will not be realised as the implementation date has been revised and no detailed benefit realisation is available.

The impact of ASO on revenues and audiences has not been factored in. Management is not yet able to quantify this.

No impact of any inflows from the Must Carry regulations have been factored in for financial year 2023.

### EXPENSE ASSUMPTIONS

#### OPERATIONAL EXPENSES

Most expenditure line items will be subject to continual review and spend rationalisation to manage cash flows. There may be further material reduction from the current forecast areas.

#### EMPLOYEE COST

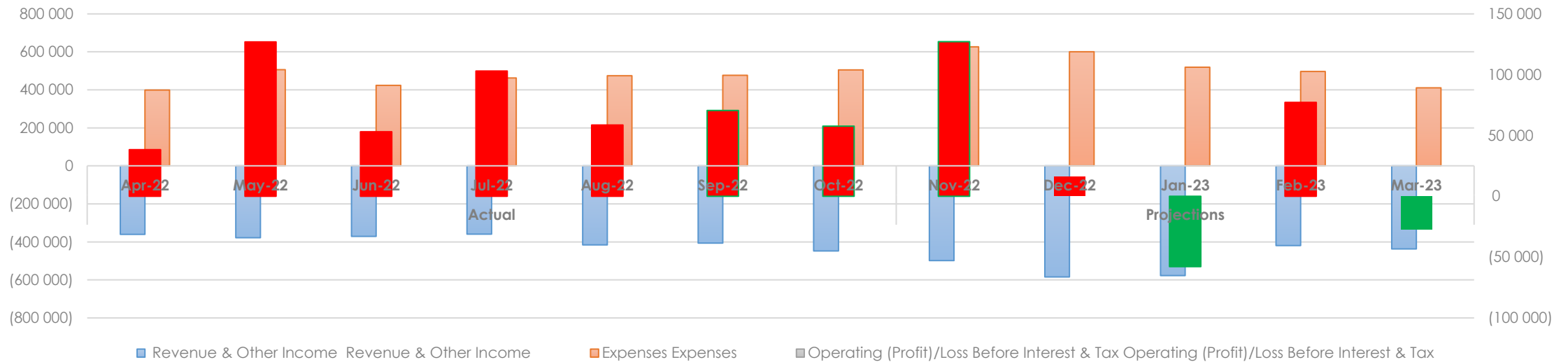
Whilst there are critical positions to be filled, from previous trend, vacancies and attrition more than likely to follow a similar trend.



# FORECAST REVIEW



Forecast Income Statement



## PERFORMANCE INDICATORS

- The projected de-risked Net Loss for the year is R608m versus a budgeted profit for the year of R64m.
- Underperforming advertising revenue underpinned by declining audiences, the delays in the billing for Telkom One Channel carriage fees, poor license fee collections have contributed to the net loss position.
- The savings that were expected to be realized from the ASO project have not materialized resulting in the projected signaling costs being higher than budget and contributing to the projected Net Loss
- Overall revenue is below budget by R1 billion (-27%) YTD.
- Amortisation costs anticipated to be above budget, mainly due to FIFA Qatar World Cup sports rights. The Forecast include revenue projected for the FIFA World cup at more or less the same value as the Rights.
- A total of 238 of the vacant positions relates to critical positions,
- The proceeds from the disposal of properties will likely be realized in March 2023 given renovations for some properties and legal challenges for others.
- The current FC shows a very dim picture, as all initiatives that were put in place to address the poor revenue performance have been delayed and may not yield any positive returns for the Corporation yet in FY23.

# FORECAST RISKS AND MITIGATIONS

Revenue generation initiatives included in the revenue improvement plan have the following limitations:-

## **Forecasted inflows**

- Forecasted revenue as basis of revenue expected to be realised is uncertain.

## **Timing of forecasted inflows**

- Timing of benefit realisation expected in FY 23 may only be FY24,

## **Other considerations**

- Historical trend show that forecasting may vary substantially from the actual figures.
- Scenario planning analysis based on historical data and any other relevant information has been done to illustrate the impact of the risk associated with uncertainties in the Forecast.
- Revenue generation initiatives must yield the desired results.
- Downsizing the business by halting non-critical capital spend and some operating expenditure will be required in the short term.
- Re-negotiation of creditor payment terms to avoid interest being levied on outstanding debts. But unless otherwise negotiated payment days will be 30days from invoice and in particular so for SMME.
- Engagement with identified strategic partners to agree on interventions in the short term.



# Good Product + Improved service + Brand Experience = Audience growth



KPIs	SABC 1		SABC 2		S3	
	Target /Budget	Actual	Target /Budget	Actual	Target /Budget	Actual
Local Content	65%	76%	65%	73%	45%	40%
Prime Time Audience	24%	21%	8%	5%	2%	2%
Performance Period	16%	14%	7%	4%	2%	2%
Fresh Content	20%	4%	20%	14%	20%	9%
Amort	199 884 995	218 021 743	162 581 146	141 800 614	106 392 970	69 080 876
Revenue	934 336 727	665 809 198	341 550 736	199 983 655	125 147 668	79 284 059

### Key Brand Experience Improvements

#### Content Marketing

- 3 month highlights 1 month material delivery
- Alignment of ATL, On Air, radio and digital – intervention doc
- Creative digital and On Air marketing

#### Brand

- Brand Partnerships and Key events– trade Exchanges
- On the ground Activations – brand touch points
- Brand growth through talent management
- Digital brand strategies & extensions

#### Consumer Journey and Experience

- Sell an emotional journey and experience – On Air, Campaigns
- Align brands to issues that matter to target audience
- Link content , platform, scheduling to audience psychographics

### Key Product Interventions

**Daytime** Kids, Repeats, Retro, News

#### Primetime

Implement the 360° intervention plans (*editorial, marketing, sales, digital, radio*)  
 Fresh content on strategic and Flagship slots per channel  
 Key focus on 18:00, 19h30 Slot and 21h30

#### Weekend

Stronger selection of Movie titles and weekly promotions  
 Introduce strong Formats and Games shows  
 Sunday Natural History, Reality and Drama  
 Sport

#### Mandate

Prioritize Pre-Sales and licenses delivering against Mandate  
 Up the entertainment value on current Affairs and News content

### Key Service Improvements

- Use a content evaluation matrix to align proposed content to the platforms brand proposition and target audience
- Replace non-performing content with fresh stronger content
- Less than 15% Repeat ratio in primetime
- Re-align network repeat schedule
- Align daytime content with audience consumption patterns and weekend with stronger offering
- Review slot and programme editorial against objectives and target audience
- Test content before broadcast – online focus groups
- Implement content selection criteria against a value proposition measuring matrix
- Public content review Submissions–(digital review sessions – questionnaires and quick viewer surveys)

**Aggressively exploit the recently launched SABC Plus OTT Platform**

# Revenue Mitigation Plan



The following is a summary of all the revenue improvement initiatives identified to mitigate the shortfall in advertising revenue projected for 2022/23. It is anticipated that the improvement in audience share will not be sufficient to close the revenue shortfall. **R329,5m Sales Mitigation.** Additional revenue opportunities have been identified and are being pursued.

No	Revenue Improvement Item	Objective	Revenue Target (Rm)	Responsible Division	Action Item	Start Date	End Date	Q3 (Rm)	Q4 (Rm)
1	RAP Studios	This extends the SABC's capability to include TV	3	Sales	Delays in finding qualified staff. PC in SCM process	01-10-2022	11-01-2022	-	3
2	External Sales Deal	Use 3 <sup>rd</sup> Party to sell SABC Radio inventory	27,5	Sales	Pending approval	01-10-2022	30-11-2022	12,5	15
3	Sales Agencies: Radio	Increase revenue through 3 <sup>rd</sup> Parties to sell	2.5	Sales	3rd Party Sales Agency (Market Place POC)	1-12-2022	31-12-2022	.5	2
4	SABC Plus	To protect the revenue migration from linear to digital	37,5	Sales	Dual Sales Strategy to secure Sales (NEW)	11-01-2022		6	31,5
5	Social Media	Enable programmatic buying of digital inventory	15	Sales	Establish partnerships with RESET digital (on track)	01-10-2022	31-03-2023	6	9
6	Sales Agencies: VE S3	Explore outsource the sales opportunities	90	Sales	RFP process awaiting approval	07-10-2022	31-12-2022	0	90
7	CPL Deal	Use unsold inventory for cost per lead deal	24	Sales	Execute Approved Deal	01-10-2022	31-03-2023	10,5	10,5
8	TV Licence Collections	Improve DCA initiative	100	Sales	Implement DCA Incentive	01-10-2022		20	80
9	TV Licence Loyalty	Implement a TV Licence Loyalty Program	30	Sales	RFP is in the market	01-10-2022	31-03-2023	-	30
10	Regional Geolocation	Split radio signal to enable multiple advertising slots	7	Technology	Conclude feasibility study based on Sentech costs	01-08-2022	30-11-2022	0	0
11	Must Carry MultiChoice	MultiChoice to pay for SABC Must Carry Channels		COO	ICASA arbitration process to be followed				



A large, thin yellow outline of the map of South Africa is positioned on the left side of the page. A heart shape is drawn in a reddish-brown color, overlapping the bottom-left corner of the map's outline.

*Thank you*