

# KEY PERFORMANCE INDICATORS: Communications Infrastructure Network (2/2)

STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS		
			FY12/13	FY13/14	FY14/15
<ul style="list-style-type: none"> <li>Ensure network quality of service</li> </ul>	<ul style="list-style-type: none"> <li>Network performance at customer SLA</li> </ul>	<ul style="list-style-type: none"> <li>Average percentage service uptime and availability at SLA</li> </ul>	<ul style="list-style-type: none"> <li>Radio: 99.8% (2h30)</li> <li>ATV: 99.8% (2h30)</li> <li>DTH-S: 99.8% (0h30)</li> <li>VSAT: 99.8% (4h00)</li> </ul>	<ul style="list-style-type: none"> <li>Radio: 99.8% (2h30)</li> <li>ATV: 99.8% (2h30)</li> <li>DTH-S: 99.8% (0h30)</li> <li>VSAT: 99.8% (4h00)</li> </ul>	<ul style="list-style-type: none"> <li>Radio: 99.8% (2h30)</li> <li>ATV: 99.8% (2h30)</li> <li>DTH-S: 99.8% (0h30)</li> <li>VSAT: 99.8% (4h00)</li> </ul>
<ul style="list-style-type: none"> <li>Ensure that infrastructure-build projects contribute economic development</li> </ul>	<ul style="list-style-type: none"> <li>Preferential procurement</li> </ul>	<ul style="list-style-type: none"> <li>% of total infrastructure spend spent on BEE (Level 4 and above)</li> </ul>	<ul style="list-style-type: none"> <li>50%</li> </ul>	<ul style="list-style-type: none"> <li>70%</li> </ul>	<ul style="list-style-type: none"> <li>70%</li> </ul>
		<ul style="list-style-type: none"> <li>% of total infrastructure spend spent on qualifying SMMEs</li> </ul>	<ul style="list-style-type: none"> <li>10%</li> </ul>	<ul style="list-style-type: none"> <li>20%</li> </ul>	<ul style="list-style-type: none"> <li>20%</li> </ul>
		<ul style="list-style-type: none"> <li>BBBEE Rating</li> </ul>	<ul style="list-style-type: none"> <li>65 points</li> <li>Level 4 Rating</li> </ul>	<ul style="list-style-type: none"> <li>75 points</li> <li>Level 4 Rating</li> </ul>	<ul style="list-style-type: none"> <li>85 points</li> <li>Level 3 Rating</li> </ul>

# KEY PERFORMANCE INDICATORS: Products & Solutions

STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS		
			FY12/13	FY13/14	FY14/15
<ul style="list-style-type: none"> <li>Ensure that communications infrastructure services are affordable</li> </ul>	<ul style="list-style-type: none"> <li>Implement a broadcasting signal distribution tariff in line with current Policy and Regulatory regime</li> </ul>	<ul style="list-style-type: none"> <li>Timeframe for signed-off differentiated tariff model cognisant of the different classes of broadcasting service licensees</li> </ul>	<ul style="list-style-type: none"> <li>Q1</li> </ul>	<ul style="list-style-type: none"> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>-</li> </ul>
<ul style="list-style-type: none"> <li>Provide a multimedia content delivery platform that will enable distribution and accessibility of content on all known and future digital platforms.</li> </ul>	<ul style="list-style-type: none"> <li>Establish open access and interoperable Multimedia Content distribution platform</li> </ul>	<ul style="list-style-type: none"> <li>Timeframe for commercial availability of open access content distribution platforms</li> </ul>	<ul style="list-style-type: none"> <li>Establish DTH-S 'gap-filler' platform for DTT services</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that DTH-S 'gap-filler' platform, combined with DTT enables 100% digital broadcasting population coverage</li> </ul>	
			<ul style="list-style-type: none"> <li>Pilot a Mobile TV platform in Q3</li> </ul>	<ul style="list-style-type: none"> <li>Launch commercial open access Mobile TV platform in Q2</li> </ul>	<ul style="list-style-type: none"> <li>Achieve monthly break-even from operations by Q3</li> </ul>
			<ul style="list-style-type: none"> <li>Pilot converged content distribution platform (CDP) in Q4</li> </ul>	<ul style="list-style-type: none"> <li>Launch commercial open access CDP in Q4</li> </ul>	<ul style="list-style-type: none"> <li>Achieve monthly break-even from operations by Q4</li> </ul>

# KEY PERFORMANCE INDICATORS: Customer & Stakeholder

STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS		
			FY12/13	FY13/14	FY14/15
<ul style="list-style-type: none"> <li>Improve service delivery levels</li> </ul>	<ul style="list-style-type: none"> <li>Timeous response to customer complaints and inquiries</li> </ul>	<ul style="list-style-type: none"> <li>Number of hours taken to respond to customer complaints and inquiries</li> </ul>	<ul style="list-style-type: none"> <li>Complaints – 48 hours</li> <li>Inquiries – 24 hours</li> </ul>	<ul style="list-style-type: none"> <li>Complaints – 48 hours</li> <li>Inquiries – 24 hours</li> </ul>	<ul style="list-style-type: none"> <li>Complaints – 48 hours</li> <li>Inquiries – 24 hours</li> </ul>
<ul style="list-style-type: none"> <li>Consolidate the Company's analogue radio and television signal distribution business</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that product/ solutions portfolios achieve profitability targets</li> </ul>	<ul style="list-style-type: none"> <li>Percentage profitability achieved by each product/ solutions portfolio</li> </ul>	<ul style="list-style-type: none"> <li>All products to achieve greater than 5% profitability</li> </ul>	<ul style="list-style-type: none"> <li>All products to achieve greater than 5% profitability</li> </ul>	<ul style="list-style-type: none"> <li>All products to achieve greater than 5% profitability</li> </ul>
<ul style="list-style-type: none"> <li>Identify and support community projects that will deliver social and economic dividends to the respective community</li> </ul>	<ul style="list-style-type: none"> <li>Enable broadband connectivity to public institutions outside of the Dinaledi Schools programme</li> </ul>	<ul style="list-style-type: none"> <li>Number of Schools connected</li> </ul>	<ul style="list-style-type: none"> <li>8 Current</li> <li>14 New</li> </ul>	<ul style="list-style-type: none"> <li>22 Current</li> <li>14 New</li> </ul>	<ul style="list-style-type: none"> <li>36 Current</li> <li>14 New</li> </ul>
	<ul style="list-style-type: none"> <li>Support ICT related CSI programmes</li> </ul>	<ul style="list-style-type: none"> <li>Number of ICT CSI programmes supported</li> </ul>	<ul style="list-style-type: none"> <li>5</li> </ul>	<ul style="list-style-type: none"> <li>8</li> </ul>	<ul style="list-style-type: none"> <li>10</li> </ul>

# KEY PERFORMANCE INDICATORS: Employees/Human Resources (1/2)

STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS		
			FY12/13	FY13/14	FY14/15
<ul style="list-style-type: none"> <li>Implement a comprehensive management and leadership development programme to ensure personal growth, succession planning and skills retention.</li> </ul>	<ul style="list-style-type: none"> <li>Leadership Assessments</li> </ul>	<ul style="list-style-type: none"> <li>Number of senior managers assessed</li> </ul>	<ul style="list-style-type: none"> <li>100% by Q3</li> </ul>	<ul style="list-style-type: none"> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>-</li> </ul>
	<ul style="list-style-type: none"> <li>Intervention and development plans</li> </ul>	<ul style="list-style-type: none"> <li>Develop leadership programme including leadership plans</li> </ul>	<ul style="list-style-type: none"> <li>100% of senior managers assessed with development plans by Q2</li> </ul>	<ul style="list-style-type: none"> <li>50% Implementation of individual plans by Q4</li> </ul>	<ul style="list-style-type: none"> <li>80% implementation of individual plans by Q4</li> </ul>
	<ul style="list-style-type: none"> <li>Succession plans</li> </ul>	<ul style="list-style-type: none"> <li>Number of critical positions with proper succession plans</li> </ul>	<ul style="list-style-type: none"> <li>Succession planning policy developed – Q4</li> </ul>	<ul style="list-style-type: none"> <li>100% succession plans for all critical positions – Q2</li> </ul>	<ul style="list-style-type: none"> <li>Entrenched succession planning</li> </ul>

# KEY PERFORMANCE INDICATORS: Employees/Human Resources (2/2)

STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS		
			FY12/13	FY13/14	FY14/15
<ul style="list-style-type: none"> <li>Develop employee skills to manage, participate and support the SENTECH business model</li> </ul>	<ul style="list-style-type: none"> <li>Job profiling and evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Number of jobs profiled and graded</li> </ul>	<ul style="list-style-type: none"> <li>100% of all jobs by Q1</li> </ul>	<ul style="list-style-type: none"> <li>Evaluated jobs form the basis for equitable pay structures Q1</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of pay structure by Q2</li> </ul>
	<ul style="list-style-type: none"> <li>Skills Audit</li> </ul>	<ul style="list-style-type: none"> <li>Skills Matrix</li> </ul>	<ul style="list-style-type: none"> <li>100% of staff – Q2</li> </ul>	<ul style="list-style-type: none"> <li>Skills gap closed by 40% as per PDP</li> </ul>	<ul style="list-style-type: none"> <li>Skills gaps closed by 80% as per PDP</li> </ul>
	<ul style="list-style-type: none"> <li>Individual development Plans</li> </ul>	<ul style="list-style-type: none"> <li>Number of employees with plans</li> </ul>	<ul style="list-style-type: none"> <li>70% of employees with PDPs by Q4</li> </ul>	<ul style="list-style-type: none"> <li>100% of employees with PDPs by Q3</li> </ul>	<ul style="list-style-type: none"> <li>-</li> </ul>
	<ul style="list-style-type: none"> <li>Entrench performance culture</li> </ul>	<ul style="list-style-type: none"> <li>Develop Balance scorecard</li> </ul>	<ul style="list-style-type: none"> <li>Number of completed divisional scorecards</li> </ul>	<ul style="list-style-type: none"> <li>Scorecards for all divisions completed by Q1</li> </ul>	<ul style="list-style-type: none"> <li>Balance scorecard entrenched as a tool to cascade performance goals for all staff</li> </ul>

# KEY PERFORMANCE INDICATORS: Sustainability (1/2)

STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS		
			FY12/13	FY13/14	FY14/15
<ul style="list-style-type: none"> <li>Maintenance of a going concern status of the company</li> </ul>	<ul style="list-style-type: none"> <li>Effective and efficient financial management and budgetary controls</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of minimum EBITDA-to-revenue to be achieved</li> </ul>	<ul style="list-style-type: none"> <li>16%</li> </ul>	<ul style="list-style-type: none"> <li>16%</li> </ul>	<ul style="list-style-type: none"> <li>16%</li> </ul>
<ul style="list-style-type: none"> <li>PFMA compliant SCM for the acquisition of goods and services</li> </ul>	<ul style="list-style-type: none"> <li>Effective and efficient SCM policies and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Irregular expenditure as a percentage of revenue</li> </ul>	<ul style="list-style-type: none"> <li>≤1%</li> </ul>	<ul style="list-style-type: none"> <li>≤0.75%</li> </ul>	<ul style="list-style-type: none"> <li>≤0.5%</li> </ul>
<ul style="list-style-type: none"> <li>Achievement of approved revenue targets</li> </ul>	<ul style="list-style-type: none"> <li>Effective and efficient revenue management</li> </ul>	<ul style="list-style-type: none"> <li>Minimum actual revenue to be achieved as a percentage of approved revenue budget</li> </ul>	<ul style="list-style-type: none"> <li>97%</li> </ul>	<ul style="list-style-type: none"> <li>97.5%</li> </ul>	<ul style="list-style-type: none"> <li>98%</li> </ul>
<ul style="list-style-type: none"> <li>Fair presentation of financial performance, financial position and cash-flow</li> </ul>	<ul style="list-style-type: none"> <li>Effective system of internal controls, record keeping and reporting systems</li> </ul>	<ul style="list-style-type: none"> <li>Nature of audit opinion issued by external auditors</li> </ul>	<ul style="list-style-type: none"> <li>Unmodified audit opinion</li> </ul>	<ul style="list-style-type: none"> <li>Unmodified audit opinion</li> </ul>	<ul style="list-style-type: none"> <li>Unmodified audit opinion</li> </ul>

# KEY PERFORMANCE INDICATORS: Sustainability (2/2)

STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS		
			FY12/13	FY13/14	FY14/15
<ul style="list-style-type: none"> <li>Maintenance of positive free cash-flow from operations</li> </ul>	<ul style="list-style-type: none"> <li>Effective management of working capital</li> </ul>	<ul style="list-style-type: none"> <li>Number of times available unrestricted cash (cash from operations) covers the monthly payroll costs</li> </ul>	<ul style="list-style-type: none"> <li>3.0X</li> </ul>	<ul style="list-style-type: none"> <li>3.3X</li> </ul>	<ul style="list-style-type: none"> <li>3.6X</li> </ul>
<ul style="list-style-type: none"> <li>Define and enable SENTECH medium term strategy and performance measurement</li> </ul>	<ul style="list-style-type: none"> <li>Define strategic objectives and initiatives of the organisation</li> </ul>	<ul style="list-style-type: none"> <li>Timeframe for the EXCO Strategic Planning Session</li> </ul>	<ul style="list-style-type: none"> <li>October</li> </ul>	<ul style="list-style-type: none"> <li>October</li> </ul>	<ul style="list-style-type: none"> <li>October</li> </ul>
	<ul style="list-style-type: none"> <li>Define strategic Plans for key initiatives and programmes</li> </ul>	<ul style="list-style-type: none"> <li>Timeframe for finalized strategic plans for key initiative, including business cases where relevant</li> </ul>	<ul style="list-style-type: none"> <li>December</li> </ul>	<ul style="list-style-type: none"> <li>December</li> </ul>	<ul style="list-style-type: none"> <li>December</li> </ul>

# KEY PERFORMANCE INDICATORS: Governance

STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS		
			FY12/13	FY13/14	FY14/15
<ul style="list-style-type: none"> <li>Develop risk management capability and ensure that that risk management is embedded in all of the Company's activities – Enterprise Risk Management (ERM)</li> </ul>	<ul style="list-style-type: none"> <li>Develop policies, procedures and guidelines for ERM</li> </ul>	<ul style="list-style-type: none"> <li>Existence of policies, procedures and guidelines for risk management developed and approved by Board</li> </ul>	<ul style="list-style-type: none"> <li>Company capable of performing risk assessment as a matter of course and normal management process</li> </ul>	<ul style="list-style-type: none"> <li>Optimisation of ERM framework and practice</li> </ul>	<ul style="list-style-type: none"> <li>ERM framework is mature and focus is maintenance of practice</li> </ul>
	<ul style="list-style-type: none"> <li>Training and performance of best practice risk assessment &amp; mitigation response and plans</li> </ul>	<ul style="list-style-type: none"> <li>Evidence and demonstration of company's ability to make risk informed decisions</li> </ul>			
	<ul style="list-style-type: none"> <li>Review and monitor key company risks</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in the level of risk maturity</li> </ul>			
<ul style="list-style-type: none"> <li>Ensure that the Company's internal control and assurance procedures are in line with the statutory and good governance provisions</li> </ul>	<ul style="list-style-type: none"> <li>Review and redesign key processes and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Approved List of processes and procedures that do not comply with statutory and good governance provisions</li> </ul>	<ul style="list-style-type: none"> <li>Q1</li> </ul>	<ul style="list-style-type: none"> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>-</li> </ul>
		<ul style="list-style-type: none"> <li>Approved redesigned processes and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Q3</li> </ul>	<ul style="list-style-type: none"> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>-</li> </ul>



# KEY PERFORMANCE INDICATORS: FY12/13\_Quarterly KPIs

KEY FOCUS AREA	STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS			
				QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
<b>Communications Infrastructure Network</b>	<ul style="list-style-type: none"> <li>Ensure universal access to Communications Infrastructure Network services</li> </ul>	<ul style="list-style-type: none"> <li>Low Power/Low Cost and Self-Help Transmitter rollout to underserved areas</li> </ul>	<ul style="list-style-type: none"> <li>Number of LP/LC sites installed and activated</li> </ul>	LP/LC – 21 SH - 12	LP/LC – 42 SH - 24	LP/LC – 63 SH - 36	LP/LC – 84 SH - 48
		<ul style="list-style-type: none"> <li>Expansion of Public Broadcasting Services transmitter network</li> </ul>	<ul style="list-style-type: none"> <li>Number of sites rolled out to enable FM reception</li> </ul>	2	4	7	8
			<ul style="list-style-type: none"> <li>Number of sites rolled out to enable TV reception</li> </ul>	11	20	31	38
		<ul style="list-style-type: none"> <li>Accelerate rollout of VSAT connectivity to Dinaledi Schools</li> </ul>	<ul style="list-style-type: none"> <li>Number of schools connected through VSAT broadband</li> </ul>	10	30	40	50
		<ul style="list-style-type: none"> <li>Digital Terrestrial Broadcasting infrastructure rollout</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of population covered by DTT Network</li> </ul>	60.9%	60.9%	63.3%	82.5%

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# KEY PERFORMANCE INDICATORS: FY12/13\_Quarterly KPIs

KEY FOCUS AREA	STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS			
				QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
<b>Communications Infrastructure Network</b>	<ul style="list-style-type: none"> <li>Ensure network quality of service</li> </ul>	<ul style="list-style-type: none"> <li>Network performance at customer SLA</li> </ul>	<ul style="list-style-type: none"> <li>Average percentage service uptime and availability at SLA</li> </ul>	<ul style="list-style-type: none"> <li>Radio: 99.8% (2h30)</li> <li>ATV: 99.8% (2h30)</li> <li>DTH-S: 99.8% (0h30)</li> <li>VSAT: 99.8% (4h00)</li> </ul>	<ul style="list-style-type: none"> <li>Radio: 99.8% (2h30)</li> <li>ATV: 99.8% (2h30)</li> <li>DTH-S: 99.8% (0h30)</li> <li>VSAT: 99.8% (4h00)</li> </ul>	<ul style="list-style-type: none"> <li>Radio: 99.8% (2h30)</li> <li>ATV: 99.8% (2h30)</li> <li>DTH-S: 99.8% (0h30)</li> <li>VSAT: 99.8% (4h00)</li> </ul>	<ul style="list-style-type: none"> <li>Radio: 99.8% (2h30)</li> <li>ATV: 99.8% (2h30)</li> <li>DTH-S: 99.8% (0h30)</li> <li>VSAT: 99.8% (4h00)</li> </ul>
	<ul style="list-style-type: none"> <li>Ensure that infrastructure-build projects contribute economic development</li> </ul>	<ul style="list-style-type: none"> <li>Preferential procurement</li> </ul>	<ul style="list-style-type: none"> <li>% of total infrastructure spend spent on BEE (Level 4 and above)</li> </ul>	<ul style="list-style-type: none"> <li>50%</li> </ul>	<ul style="list-style-type: none"> <li>50%</li> </ul>	<ul style="list-style-type: none"> <li>50%</li> </ul>	<ul style="list-style-type: none"> <li>50%</li> </ul>
			<ul style="list-style-type: none"> <li>% of total infrastructure spend spent on qualifying SMMEs</li> </ul>	<ul style="list-style-type: none"> <li>10%</li> </ul>	<ul style="list-style-type: none"> <li>10%</li> </ul>	<ul style="list-style-type: none"> <li>10%</li> </ul>	<ul style="list-style-type: none"> <li>10%</li> </ul>
			<ul style="list-style-type: none"> <li>BBBEE Rating</li> </ul>	<ul style="list-style-type: none"> <li>65 points</li> <li>Level 4 Rating</li> </ul>	<ul style="list-style-type: none"> <li>65 points</li> <li>Level 4 Rating</li> </ul>	<ul style="list-style-type: none"> <li>65 points</li> <li>Level 4 Rating</li> </ul>	<ul style="list-style-type: none"> <li>65 points</li> <li>Level 4 Rating</li> </ul>

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# KEY PERFORMANCE INDICATORS: FY12/13\_Quarterly KPIs

KEY FOCUS AREA	STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS				
				QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	
<b>Products and Solutions</b>	<ul style="list-style-type: none"> <li>Ensure that communication s infrastructure services are affordable</li> </ul>	<ul style="list-style-type: none"> <li>Implement a broadcasting signal distribution tariff in line with current Policy and Regulatory regime</li> </ul>	<ul style="list-style-type: none"> <li>Timeframe for signed-off differentiated tariff model cognisant of the different classes of broadcasting service licensees</li> </ul>	<ul style="list-style-type: none"> <li>Tariff model signed off by EXCO and Board</li> </ul>	<ul style="list-style-type: none"> <li>Tariff model customer acceptance</li> </ul>			
	<ul style="list-style-type: none"> <li>Provide a multimedia content delivery platform that will enable distribution and accessibility of content on all known and future digital platforms.</li> </ul>	<ul style="list-style-type: none"> <li>Establish open access and interoperable Multimedia Content distribution platform</li> </ul>	<ul style="list-style-type: none"> <li>Timeframe for commercial availability of open access content distribution platforms</li> </ul>	<ul style="list-style-type: none"> <li>DTH-S technical specification signed off</li> </ul>	<ul style="list-style-type: none"> <li>DTH-S technical and support infrastructure ready</li> </ul>	<ul style="list-style-type: none"> <li>Commercial/Operational readiness of DTH-S 'gap-filler' platform for DTT services</li> </ul>		
				<ul style="list-style-type: none"> <li>Mobile TV technical specification signed off</li> <li>Mobile TV trial license approval</li> </ul>	<ul style="list-style-type: none"> <li>Commence Mobile TV platform Pilot test cases</li> </ul>	<ul style="list-style-type: none"> <li>Mobile TV platform pilot complete</li> </ul>		
				<ul style="list-style-type: none"> <li>CDP technical specification signed off</li> </ul>	<ul style="list-style-type: none"> <li>CDP technical and support infrastructure ready</li> </ul>	<ul style="list-style-type: none"> <li>Commence CDP Pilot Test cases</li> </ul>	<ul style="list-style-type: none"> <li>CDP pilot complete</li> </ul>	

# KEY PERFORMANCE INDICATORS: FY12/13\_Quarterly KPIs

KEY FOCUS AREA	STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS			
				QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
<b>Customer/ Stakeholder</b>	<ul style="list-style-type: none"> <li>Improve service delivery levels</li> </ul>	<ul style="list-style-type: none"> <li>Timeous response to customer complaints and inquiries</li> </ul>	<ul style="list-style-type: none"> <li>Number of hours taken to respond to customer complaints and inquiries</li> </ul>	<ul style="list-style-type: none"> <li>Complaints – 48 hours</li> <li>Inquiries – 24 hours</li> </ul>	<ul style="list-style-type: none"> <li>Complaints – 48 hours</li> <li>Inquiries – 24 hours</li> </ul>	<ul style="list-style-type: none"> <li>Complaints – 48 hours</li> <li>Inquiries – 24 hours</li> </ul>	<ul style="list-style-type: none"> <li>Complaints – 48 hours</li> <li>Inquiries – 24 hours</li> </ul>
	<ul style="list-style-type: none"> <li>Consolidate the Company's analogue radio and television signal distribution business</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that product/ solutions portfolios achieve profitability targets</li> </ul>	<ul style="list-style-type: none"> <li>Percentage profitability achieved by each product/ solutions portfolio</li> </ul>	<ul style="list-style-type: none"> <li>All products to achieve greater than 5% profitability (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>All products to achieve greater than 5% profitability (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>All products to achieve greater than 5% profitability (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>All products to achieve greater than 5% profitability (Average Quarterly)</li> </ul>
	<ul style="list-style-type: none"> <li>Identify and support community projects that will deliver social and economic dividends to the respective community</li> </ul>	<ul style="list-style-type: none"> <li>Enable broadband connectivity to public institutions outside of the Dinaledi Schools programme</li> </ul>	<ul style="list-style-type: none"> <li>Number of Schools connected</li> </ul>	<ul style="list-style-type: none"> <li>8 Current</li> <li>3 New</li> </ul>	<ul style="list-style-type: none"> <li>8 Current</li> <li>7 New (Cumulative)</li> </ul>	<ul style="list-style-type: none"> <li>8 Current</li> <li>11 New (Cumulative)</li> </ul>	<ul style="list-style-type: none"> <li>8 Current</li> <li>14 New (Cumulative)</li> </ul>
		<ul style="list-style-type: none"> <li>Support ICT related CSI programmes</li> </ul>	<ul style="list-style-type: none"> <li>Number of ICT CSI programmes supported</li> </ul>	<ul style="list-style-type: none"> <li>2</li> </ul>	<ul style="list-style-type: none"> <li>3</li> </ul>	<ul style="list-style-type: none"> <li>4</li> </ul>	<ul style="list-style-type: none"> <li>5</li> </ul>

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# KEY PERFORMANCE INDICATORS: FY12/13\_Quarterly KPIs

KEY FOCUS AREA	STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS			
				QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
<b>Employees/ People</b>	<ul style="list-style-type: none"> <li>Implement a comprehensive management and leadership development programme to ensure personal growth, succession planning and skills retention.</li> </ul>	<ul style="list-style-type: none"> <li>Leadership Assessments</li> </ul>	<ul style="list-style-type: none"> <li>Number of senior managers assessed</li> </ul>	<ul style="list-style-type: none"> <li>30%</li> </ul>	<ul style="list-style-type: none"> <li>70%</li> </ul>	<ul style="list-style-type: none"> <li>100%</li> </ul>	
		<ul style="list-style-type: none"> <li>Intervention and development plans</li> </ul>	<ul style="list-style-type: none"> <li>Develop leadership programme including leadership plans</li> </ul>	<ul style="list-style-type: none"> <li>40% of senior managers assessed with development plans</li> </ul>	<ul style="list-style-type: none"> <li>100% of senior managers assessed with development plans</li> </ul>		
		<ul style="list-style-type: none"> <li>Succession plans</li> </ul>	<ul style="list-style-type: none"> <li>Number of critical positions with proper succession plans</li> </ul>		Succession planning policy draft developed	Succession planning policy signed off by EXCO	Succession planning policy developed signed off by Board
	<ul style="list-style-type: none"> <li>Develop employee skills to manage, participate and support the SENTECH business model</li> </ul>	<ul style="list-style-type: none"> <li>Job profiling and evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Number of jobs profiled and graded</li> </ul>	<ul style="list-style-type: none"> <li>100% of all jobs by Q1</li> </ul>			
		<ul style="list-style-type: none"> <li>Skills Audit</li> </ul>	<ul style="list-style-type: none"> <li>Skills Matrix</li> </ul>	<ul style="list-style-type: none"> <li>50% of staff completed</li> </ul>	<ul style="list-style-type: none"> <li>100% of staff completed</li> </ul>		
		<ul style="list-style-type: none"> <li>Individual development Plans</li> </ul>	<ul style="list-style-type: none"> <li>Number of employees with plans</li> </ul>	<ul style="list-style-type: none"> <li>10% of employees with PDPs</li> </ul>	<ul style="list-style-type: none"> <li>40% of employees with PDPs</li> </ul>	<ul style="list-style-type: none"> <li>60% of employees with PDPs</li> </ul>	<ul style="list-style-type: none"> <li>70% of employees with PDPs</li> </ul>
		<ul style="list-style-type: none"> <li>Entrench performance culture</li> </ul>	<ul style="list-style-type: none"> <li>Develop Balance scorecard</li> </ul>	<ul style="list-style-type: none"> <li>40%</li> </ul>	<ul style="list-style-type: none"> <li>80%</li> </ul>	<ul style="list-style-type: none"> <li>100%</li> </ul>	

# KEY PERFORMANCE INDICATORS: FY12/13\_Quarterly KPIs

KEY FOCUS AREA	STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS			
				QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Maintenance of a going concern status of the company</li> </ul>	<ul style="list-style-type: none"> <li>Effective and efficient financial management and budgetary controls</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of minimum EBITDA-to-revenue to be achieved</li> </ul>	<ul style="list-style-type: none"> <li>16% (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>16% (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>16% (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>16% (Average Quarterly)</li> </ul>
	<ul style="list-style-type: none"> <li>PFMA compliant SCM for the acquisition of goods and services</li> </ul>	<ul style="list-style-type: none"> <li>Effective and efficient SCM policies and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Irregular expenditure as a percentage of revenue</li> </ul>	<ul style="list-style-type: none"> <li>≤1% (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>≤1% (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>≤1% (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>≤1% (Average Quarterly)</li> </ul>
	<ul style="list-style-type: none"> <li>Achievement of approved revenue targets</li> </ul>	<ul style="list-style-type: none"> <li>Effective and efficient revenue management</li> </ul>	<ul style="list-style-type: none"> <li>Minimum actual revenue to be achieved as a percentage of approved revenue budget</li> </ul>	<ul style="list-style-type: none"> <li>97% (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>97% (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>97% (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>97% (Average Quarterly)</li> </ul>
	<ul style="list-style-type: none"> <li>Fair presentation of financial performance, financial position and cash-flow</li> </ul>	<ul style="list-style-type: none"> <li>Effective system of internal controls, record keeping and reporting systems</li> </ul>	<ul style="list-style-type: none"> <li>Nature of audit opinion issued by external auditors</li> </ul>				<ul style="list-style-type: none"> <li>Unmodified audit opinion</li> </ul>

# KEY PERFORMANCE INDICATORS: FY12/13\_Quarterly KPIs

KEY FOCUS AREA	STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS			
				QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Maintenance of positive free cash-flow from operations</li> </ul>	<ul style="list-style-type: none"> <li>Effective management of working capital</li> </ul>	<ul style="list-style-type: none"> <li>Number of times available unrestricted cash (cash from operations) covers the monthly payroll costs</li> </ul>	<ul style="list-style-type: none"> <li>3.0X (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>3.0X (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>3.0X (Average Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>3.0X (Average Quarterly)</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Define and enable SENTECH medium term strategy and performance measurement</li> </ul>	<ul style="list-style-type: none"> <li>Define strategic objectives and initiatives of the organisation</li> </ul>	<ul style="list-style-type: none"> <li>Timeframe for the EXCO Strategic Planning Session</li> </ul>			<ul style="list-style-type: none"> <li>EXCO Strategic Planning Session held</li> </ul>	
		<ul style="list-style-type: none"> <li>Define strategic Plans for key initiatives and programmes</li> </ul>	<ul style="list-style-type: none"> <li>Timeframe for finalized strategic plans for key initiative, including business cases where relevant</li> </ul>			<ul style="list-style-type: none"> <li>Strategic plans for key initiatives finalized</li> </ul>	

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# KEY PERFORMANCE INDICATORS: FY12/13\_Quarterly KPIs

KEY FOCUS AREA	STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS			
				QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
<b>Governance</b>	<ul style="list-style-type: none"> <li>Develop risk management capability and ensure that that risk management is embedded in all of the Company's activities – Enterprise Risk Management (ERM)</li> </ul>	<ul style="list-style-type: none"> <li>Develop policies, procedures and guidelines for ERM</li> </ul>	<ul style="list-style-type: none"> <li>Existence of policies, procedures and guidelines for risk management developed and approved by Board</li> </ul>	<ul style="list-style-type: none"> <li>Key policies for risk management approved by Board</li> </ul>	<ul style="list-style-type: none"> <li>Key enterprise risk processes and procedures communicate to management</li> </ul>		
		<ul style="list-style-type: none"> <li>Training and performance of best practice risk assessment &amp; mitigation response and plans</li> </ul>	<ul style="list-style-type: none"> <li>Evidence and demonstration of company's ability to make risk informed decisions</li> </ul>				
		<ul style="list-style-type: none"> <li>Review and monitor key company risks</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in the level of risk maturity</li> </ul>	<ul style="list-style-type: none"> <li>All departments reporting on risk assessment Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>All departments reporting on risk assessment Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>All departments reporting on risk assessment Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>All departments reporting on risk assessment Quarterly</li> </ul>

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# KEY PERFORMANCE INDICATORS: FY12/13\_Quarterly KPIs

KEY FOCUS AREA	STRATEGIC OBJECTIVES (What We Want To Achieve)	ACTIVITIES AND INTERVENTIONS (How We Will Achieve It)	KEY PERFORMANCE INDICATOR (How We Will Measure Performance)	PERFORMANCE TARGETS			
				QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
<b>Governance</b>	<ul style="list-style-type: none"> <li>Ensure that the Company's internal control and assurance procedures are in line with the statutory and good governance provisions</li> </ul>	<ul style="list-style-type: none"> <li>Review and redesign key processes and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Approved List of processes and procedures that do not comply with statutory and good governance provisions</li> </ul>	<ul style="list-style-type: none"> <li>List of processes and procedures that do not comply with statutory and good governance provisions drawn and reviewed by EXCO</li> </ul>			
			<ul style="list-style-type: none"> <li>Approved redesigned processes and procedures</li> </ul>			<ul style="list-style-type: none"> <li>Redesigned key processes approved by EXCO</li> </ul>	Establishment of new processes within the organisation

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FOREWORD

VISION MISSION AND VALUES

COMPANY PURPOSE

KEY BUSINESS OBJECTIVES

STRATEGY ROADMAP

Industry Outlook

Policy & Regulatory Environment

Business Strategy

Flagship Project: Digital Terrestrial Television (DTT)

Flagship Project: National Wireless Broadband Network (NWBAN)

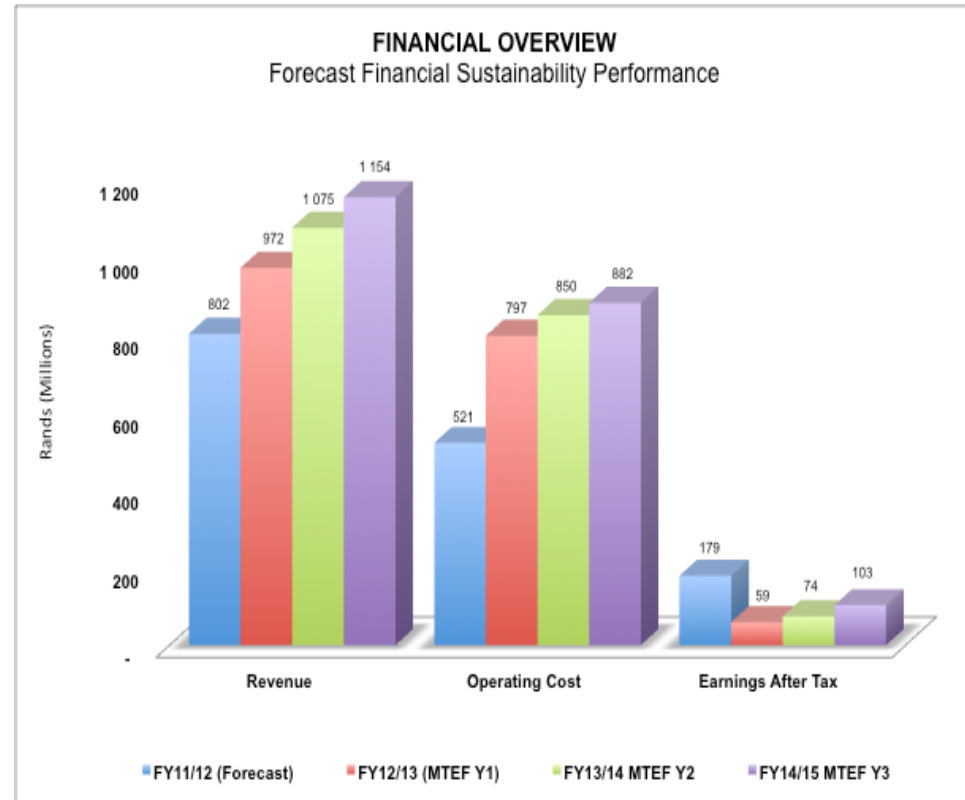
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KEY PERFORMANCE INDICATORS

**FINANCIAL PLAN**

# FINANCIAL PLAN: Introduction

- During this MTEF period, SENTECH submits that some of the key parameters that defines and will determine the sustainability of the Company have not been confirmed at Policy and Regulatory framework. Nonetheless, SENTECH is confident that this Corporate Plan provides a sound basis for the financial sustainability of the Company.
- Revenue:** SENTECH is budgeting revenues of R971.7 million in the 2012/2013 financial year, a projected year-on-year increase of 21% compared to the 2011/2012 forecast.
- Operating Costs:** Operating costs are projected to increase by 52.9% in the 2012/2013 financial year compared to the 2011/2012 forecast.
- Overall, SENTECH is projecting an EBITDA of R174.6 million and earnings after Tax of R58.8 million for the 2012/2013 financial year, an earnings reduction of 38% and 67% respectively, compared to the forecast for 2011/2012 financial year.



# FINANCIAL PLAN: Income Statement

	Actual 2011	YTD @ Oct 2012	Forecast 2012	Budget 2012	Budget 2013	Forecast 2014	Forecast 2015	Variance (Forecast vs Budget) 2012 vs 2013	
<b>Revenue</b>	<b>794 192</b>	<b>468 125</b>	<b>801 973</b>	<b>886 293</b>	<b>971 765</b>	<b>1 075 157</b>	<b>1 154 473</b>	<b>169 792</b>	<b>21%</b>
<b>Less : Operating costs</b>	<b>(509 824)</b>	<b>(302 633)</b>	<b>(521 044)</b>	<b>(633 834)</b>	<b>(797 138)</b>	<b>(850 399)</b>	<b>(882 097)</b>	<b>(276 094)</b>	<b>53%</b>
Cost of Sales	(17 932)	(1 017)	(1 743)	(12 455)	(16 649)	(7 962)	(879)	(14 906)	855%
Line rentals	(13 120)	(6 050)	(10 372)	(12 101)	(13 739)	(14 563)	(15 437)	(3 367)	32%
Satellite Rentals	(86 476)	(47 194)	(80 904)	(86 625)	(101 327)	(124 276)	(130 556)	(20 422)	25%
Energy Costs	(46 445)	(33 204)	(56 921)	(57 322)	(77 734)	(97 167)	(101 054)	(20 812)	37%
Hiring Costs	(13 964)	(8 828)	(15 134)	(18 841)	(20 742)	(21 986)	(23 305)	(5 608)	37%
Services & Levies	(1 447)	(611)	(1 048)	(1 639)	(1 699)	(1 801)	(1 909)	(651)	62%
Insurance & Security Costs	(6 092)	(2 395)	(4 105)	(9 295)	(10 501)	(12 601)	(15 122)	(6 396)	156%
Licences	(13 823)	(6 122)	(10 494)	(9 500)	(46 821)	(49 630)	(52 608)	(36 327)	346%
Transport Cost	(11 524)	(9 151)	(15 688)	(17 731)	(20 773)	(22 019)	(23 340)	(5 085)	32%
Operations Maintenance	(24 982)	(17 794)	(32 504)	(54 594)	(72 292)	(65 063)	(61 809)	(39 788)	122%
Corporate Communications and CS	(5 175)	(3 882)	(6 656)	(11 989)	(11 284)	(11 961)	(12 678)	(4 628)	70%
Personnel Costs	(230 878)	(148 123)	(253 925)	(300 166)	(342 274)	(362 810)	(384 579)	(88 349)	35%
Travel & Subsistence	(6 632)	(5 789)	(9 923)	(10 150)	(16 974)	(17 993)	(19 073)	(7 051)	71%
Stationery & Printing	(1 242)	(423)	(726)	(1 889)	(1 533)	(1 625)	(1 723)	(808)	111%
Communication Costs	(3 398)	(2 861)	(4 905)	(6 440)	(7 730)	(8 193)	(8 685)	(2 824)	58%
Other Office Costs	(367)	(92)	(157)	(1 126)	(638)	(676)	(717)	(481)	306%
Financial & Write-off Charges	100	108	(59)	(1 502)	(2 017)	(2 138)	(2 266)	(1 958)	3316%
Professional & Consulting Charge	(17 774)	(6 323)	(10 839)	(13 854)	(24 034)	(19 227)	(17 304)	(13 195)	122%
Legal Fees	(5 534)	(434)	(745)	(2 010)	(3 500)	(3 535)	(3 570)	(2 755)	370%
Computer Services	(3 119)	(2 446)	(4 194)	(4 606)	(4 878)	(5 171)	(5 481)	(684)	16%
<b>EBITDA</b>	<b>284 368</b>	<b>165 493</b>	<b>280 929</b>	<b>252 459</b>	<b>174 627</b>	<b>224 758</b>	<b>272 377</b>	<b>(106 302)</b>	<b>(38%)</b>
Depreciation	(102 651)	(34 872)	(59 780)	(165 509)	(79 840)	(84 630)	(89 708)	(20 060)	34%
<b>EBIT</b>	<b>181 717</b>	<b>130 621</b>	<b>221 149</b>	<b>86 950</b>	<b>94 787</b>	<b>140 128</b>	<b>182 669</b>	<b>(126 362)</b>	<b>(57%)</b>
<b>Less : Net Finance Income</b>	<b>50 609</b>	<b>33 999</b>	<b>54 902</b>	<b>23 300</b>	<b>22 531</b>	<b>466</b>	<b>233</b>	<b>(32 371)</b>	<b>(59%)</b>
Finance Income	60 087	33 407	57 269	30 000	27 000	2 700	1 350	(30 269)	(53%)
Finance Expenses	(9 478)	592	(2 367)	(6 700)	(4 469)	(2 234)	(1 117)	(2 102)	89%
<b>EBT</b>	<b>232 326</b>	<b>164 620</b>	<b>276 051</b>	<b>110 250</b>	<b>117 319</b>	<b>140 593</b>	<b>182 902</b>	<b>(158 733)</b>	<b>(58%)</b>
Company income tax	(53 095)	(55 841)	(97 393)	(30 870)	(58 564)	(66 423)	(79 691)	38 828	(40%)
<b>Earnings after taxation</b>	<b>179 232</b>	<b>108 779</b>	<b>178 658</b>	<b>79 380</b>	<b>58 754</b>	<b>74 171</b>	<b>103 211</b>	<b>(119 904)</b>	<b>(67%)</b>

# FINANCIAL PLAN: Balance Sheet

	Actual	YTD	Forecast	Budget	Forecast	Forecast	Movement	
	2011	2012	2012	2013	2014	2015	2012	2013
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Assets</b>								
<b>Non-current assets</b>	<b>500 468</b>	<b>485 669</b>	<b>494 343</b>	<b>602 437</b>	<b>639 223</b>	<b>592 697</b>	<b>(6 125)</b>	<b>108 094</b>
Employee Benefits 1	1 300	1 300	975	1 170	1 404	1 685	(325)	195
Net Property, Plant and Equipment 2	499 168	484 369	493 368	601 267	637 819	591 012	(5 800)	107 899
Property, Plant and Equipment	480 251	467 755	473 430	580 292	625 293	587 215	(6 821)	106 861
Capital Work in Progress	18 917	16 614	19 937	20 975	12 526	3 797	1 020	1 038
<b>Current assets</b>	<b>1 185 999</b>	<b>1 402 637</b>	<b>1 548 801</b>	<b>1 319 524</b>	<b>778 814</b>	<b>888 871</b>	<b>362 802</b>	<b>(229 277)</b>
Inventory 3	7 315	9 545	8 591	7 732	8 505	9 356	1 276	(859)
Trade & Other receivables 4	31 408	28 582	27 153	32 583	35 842	39 426	(4 255)	5 431
Current tax receivable	11 476	11 476	-	-	-	-	(11 476)	-
Cash and cash equivalents 5	1 135 800	1 353 034	1 513 057	1 279 209	734 467	840 089	377 257	(233 849)
<b>Total assets</b>	<b>1 686 467</b>	<b>1 888 306</b>	<b>2 043 144</b>	<b>1 921 961</b>	<b>1 418 036</b>	<b>1 481 568</b>	<b>356 677</b>	<b>(121 183)</b>
<b>Equity and Liabilities</b>								
<b>Capital and reserves</b>	<b>745 650</b>	<b>854 393</b>	<b>969 649</b>	<b>1 038 378</b>	<b>1 081 437</b>	<b>1 143 915</b>	<b>223 999</b>	<b>68 729</b>
Equity (Share Capital/Premium)	75 892	75 892	75 892	75 892	75 892	75 892	-	-
Non Distributable Reserve 6	453 403	453 403	498 744	508 719	518 893	529 271	45 340	9 975
Retained Earnings	216 354	325 097	395 012	453 767	486 651	538 751	178 658	58 754
<b>Non-current liabilities</b>	<b>186 885</b>	<b>183 434</b>	<b>178 455</b>	<b>167 106</b>	<b>179 720</b>	<b>192 366</b>	<b>(8 430)</b>	<b>(11 349)</b>
Loans & Borrowings 7	45 429	34 978	23 935	-	-	-	(21 494)	(23 935)
Retirement Benefit Obligations 8	130 813	137 813	142 813	154 813	166 813	178 813	12 000	12 000
Deferred taxation	10 643	10 643	11 707	12 293	12 907	13 553	1 064	585
<b>Current liabilities</b>	<b>753 932</b>	<b>850 479</b>	<b>895 040</b>	<b>716 477</b>	<b>156 879</b>	<b>145 287</b>	<b>141 108</b>	<b>(178 563)</b>
Short term portion of LTL	19 302	20 362	21 494	23 935	-	-	2 192	2 440
Deferred Income (Gov. grant) 9	638 432	705 270	747 449	550 000	12 526	-	109 017	(197 449)
Tax Liability	-	32 895	2 000	2 000	1 000	500	2 000	-
Trade & Other payables 10	96 198	91 953	124 097	140 543	143 353	144 787	27 899	16 446
<b>Total liabilities</b>	<b>940 817</b>	<b>1 033 914</b>	<b>1 073 495</b>	<b>883 583</b>	<b>336 600</b>	<b>337 653</b>	<b>132 678</b>	<b>(189 912)</b>
<b>Total equity and liabilities</b>	<b>1 686 467</b>	<b>1 888 306</b>	<b>2 043 144</b>	<b>1 921 961</b>	<b>1 418 036</b>	<b>1 481 568</b>	<b>356 677</b>	<b>(121 183)</b>

# FINANCIAL PLAN: Cash Flow

	Actual 2011	YTD 2012	Forecast 2012	Budget 2013	Forecast 2014	Forecast 2015
	<b>R'000</b>					
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	232 985	210 312	243 400	128 875	54 458	91 226
Cash Generated from / (Utilised in) Operations	308 607	202 422	287 054	164 908	104 359	150 807
Finance Income/(Cost)	51 470	33 999	54 902	22 531	466	233
Income tax paid	(127 092)	(26 109)	(98 556)	(58 564)	(50 367)	(59 814)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	(67 103)	(41 211)	(156 172)	(689 272)	(590 415)	(512 935)
Property, Plant and Equipment Acquired	(67 103)	(41 211)	(156 172)	(689 272)	(590 415)	(512 936)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	(7 607)	48 133	290 029	326 548	(8 786)	527 331
Government Grant Received including interest	71 659	87 719	345 590	443 279	120 706	634 691
Government Grant capitalised (asset)	(60 820)	(30 195)	(36 259)	(95 237)	(105 557)	(107 360)
Payment of interest bearing liabilities	(18 446)	(9 391)	(19 302)	(21 494)	(23 935)	-
<b>NET INCREASE/(DECREASE) IN CASH</b>	158 275	217 234	377 257	(233 849)	(544 742)	105 622
Opening Cash Balance	977 525	1 135 800	1 135 800	1 513 057	1 279 209	734 467
Cash at end of Period	1 135 800	1 353 034	1 513 057	1 279 209	734 467	840 089

## NOTES TO THE CASH FLOW STATEMENT

### (1) CASH GENERATED FROM / (UTILISED IN) OPERATIONS

Reconciliation of profit before taxation to cash generated from operations :

Results generated from operating activities	193 084	108 779	178 658	58 754	32 884	52 100
<b>Adjustments for non-cash flow items :</b>						
Depreciation	99 318	34 859	59 780	79 840	84 630	89 708
Amortisation	528	-	-	-	-	-
Impairment of assets	2 854	13	-	-	-	-
Revaluation of property, plant and equipment	-	-	-	-	-	-
Loss from discontinued operations	(8 826)	-	-	-	-	-
Loss/(profit) on disposals on property, plant and equipment	9 186	-	-	-	-	-
Post Retirement Medical aid Fund	259	7 000	12 000	12 000	12 000	12 000
Movement in provision of impairment of inventories	7 870	-	-	-	-	-
Movement in debtors provision	(6 566)	1 545	1 545	-	-	-
Increase in provisions	11 164	-	2 000	-	-	-
<b>Cash generated from operations before working capital change:</b>	<b>308 871</b>	<b>152 195</b>	<b>253 983</b>	<b>150 594</b>	<b>129 515</b>	<b>153 808</b>
<b>Changes in working capital :</b>	<b>(264)</b>	<b>50 227</b>	<b>33 071</b>	<b>14 314</b>	<b>(25 155)</b>	<b>(3 001)</b>
(Increase)/Decrease in inventories	(6 723)	(2 230)	(1 276)	859	(773)	(851)
(Increase)/decrease in accounts receivable	49 543	2 826	4 255	(5 431)	(3 258)	(3 584)
Increase/(decrease) in accounts payable & accrued exps	(43 084)	49 631	30 091	18 886	(21 124)	1 434
<b>Cash Generated/(Utilised) from/(in) Operations</b>	<b>308 607</b>	<b>202 422</b>	<b>287 054</b>	<b>164 908</b>	<b>104 359</b>	<b>150 807</b>

SENTECH SOC Limited



# ANALOGUE BROADCAST SIGNAL DISTRIBUTION: Community Broadcaster Tariff Revision

April 2012

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INTRODUCTION

TARIFF APPROACH

TARIFF FACTORS

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- Section 62: Broadcasting signal distribution objectives
- The EC Act requires that;
  - An ECNS licensee providing common carrier signal distribution service must do so “on an equitable, reasonable, non-preferential and non-discriminatory basis”
  - An ECNS licensee providing common carrier signal distribution service must ensure that it has different tariffs for commercial, public and community broadcasters that “are appropriate to and commensurate with the various broadcasting services to which they relate”
- Sentech has noted its common carrier status and that this status does not confer privileges nor any rights, but an obligation in terms of s62(3) of the EC Act;
- Both policy and legislation have recognised the importance of creating an enabling environment to facilitate the development of the community broadcasting sector and it is within this context that

- The exercise to develop tariffs for Community Radio (FM) and TV Broadcasters and has now been completed and the revised tariffs approved by the Sentech Executive effective 1st April 2012
- Sentech engaged with ICASA on the principles for the tariff revision and notified the Authority of its tariffs for the financial year 2012/13 in line with the Amendment of the Standard Terms and Conditions for Individual and Class Licences, as well as amendments to the Process and Procedures Regulations for Individual and Class Licences Government Gazette 33295 Notice R.524 as published in 12 June 2010
- Community Broadcasters have been notified by post of the revised tariffs for the 2012/13 financial year and their individual schedules outlining their applicable tariffs
- Sentech's regional offices have begun engaging with each of the Community Broadcasters on the new tariff framework that has been implemented to further elaborate on the process that has been followed and the impact to their individual schedules

- In developing the revised basis for calculating Analogue tariffs for community broadcasters the following principles was used:
  - § **Cost Recovery** – Cost recovery plus mark-up has been used as the basis for the model
  - § **Differentiation without Discrimination** – The model recognises the relative contribution of the different categories of broadcasting licensees to the operational and infrastructure cost base of Sentech but does not discriminate or provide preferential tariffs to any category or customer
  - § **Consistency with the DTT Tariff Model** – The model is aligned to the DTT Tariff Model to ensure consistency in tariffing
  - § **Single Site Use** – The model takes into account that most Community Broadcasters largely use a single / service site for broadcasting

# ANALOGUE TARIFF REVISION: Tariff Factors

<b>Asset Depreciation</b>	The depreciation charge is to recover sufficient funds for the replacement of the asset. Each asset's depreciation charge is split over the life of the asset based on the straight line depreciation method.
<b>Cost of Capital</b>	The cost of capital used determines the return required for an entity in order to make it sustainable and for future infrastructure investment and growth. The WACC is used in determining cost of capital used to fund the equipment acquisition.
<b>Operational Costs</b>	The associated direct costs for the operation and maintenance of the transmitter service which mainly covers equipment maintenance
<b>Energy</b>	The energy costs are calculated based costs of running a full time transmitter using the energy tariffs provided by Eskom for the financial year
<b>Accommodation Charge</b>	The Accommodation Charge is based on the overall rental charge for accommodating a customer on the network and is calculated on the customer's relative allocation of the total accommodation costs of the network. The base used is the value of land and buildings in the company's balance sheet.
<b>Pass Through Costs</b>	Pass-Through Costs are based on the company's Income Statement Expenses and are allocated on the product's relative contribution to these expenses. The forecast for the 2011/12 Financial Year has been used as the base to determine the cost allocations.

# ANALOGUE TARIFF REVISION: Assumptions

Factor	Value	Comment
Depreciation (CAPEX)	10 years	Based on Sentech standard asset depreciation practice
Cost of Capital (WACC)	12.61	Based on the factors used for DTT Tariff model
Operational Cost	5-10% of CAPEX	Covers equipment maintenance, monitoring, SLA and support
Energy	R1.22 per KWh	Based on Eskom average rate for customers using over >600KWh per month effective 1st April 2012
Accommodation Base Value	R420m	Value of land and buildings from 2011/12 Financial Statements
Pass Through Costs	TV – 54%	% Allocation of Expenses to TV and FM is based on the allocation as per the DTT model. Expense figures are based on Mar 2012 Forecast.
	FM – 20%	
Mark-up %	5-15%	Used for CAPEX, Operational Costs, Energy, Network Access, Pass Through. Lower mark-ups are used for lower transmitter categories.

TELEVISION

# ANALOGUE TARIFF REVISION: Tariff Calculation Model – 2KW (TV)

Cost of Capital			R	648 689			
			Annual Cost	Mark-up	Annual Tariff	Monthly Tariff	
Depreciation (CAPEX)	10 years		R 64 869	R -	R 64 869	R 5 406	
Cost of Capital	12.61% WACC		R 52 818	R -	R 52 818	R 4 401	
Operational Cost	12% of Capex		R 77 843	R 11 676	R 89 519	R 7 460	
	R 1.22 per KWh		R 21 374.40	R 3 206	R 24 581	R 2 048	
<b>Assumptions</b>			<b>Comparison</b>				
WACC	12.61%	Asset Base	Standard Tariff 2011/12		R 44 647	R 54	
Depreciation (years)	10		Standard Tariff 2012/13		R 70 677	R 12 381	
Markup - Opex	15%		Proposed Community Tariff		R 31 750		
Markup - Capex	0%		R 352 555	R 28 448	R 381 003	R 31 750	
Markup - Network Access	10%		% Change from 2011/12		-29%		
Markup (ave)	7%		% Change from 2012/13		-55%		
Ops as % of Capex	12%						

Notes:

- 0% markup has been put on CAPEX to reflect that it is not envisaged that there will be any future investment in Analogue TV transmitter infrastructure i.e. the tariff only applies to existing broadcasters