

Econet Media Limited

Business Plan

November 2016

	Table of Content	Page Nos.
1.	Company Overview	3
2.	Business Model	11
3.	Content/Programming	12
4.	Target Market	13
5.	Platform	16
6.	Technical	17
7.	Forecast Financials	18

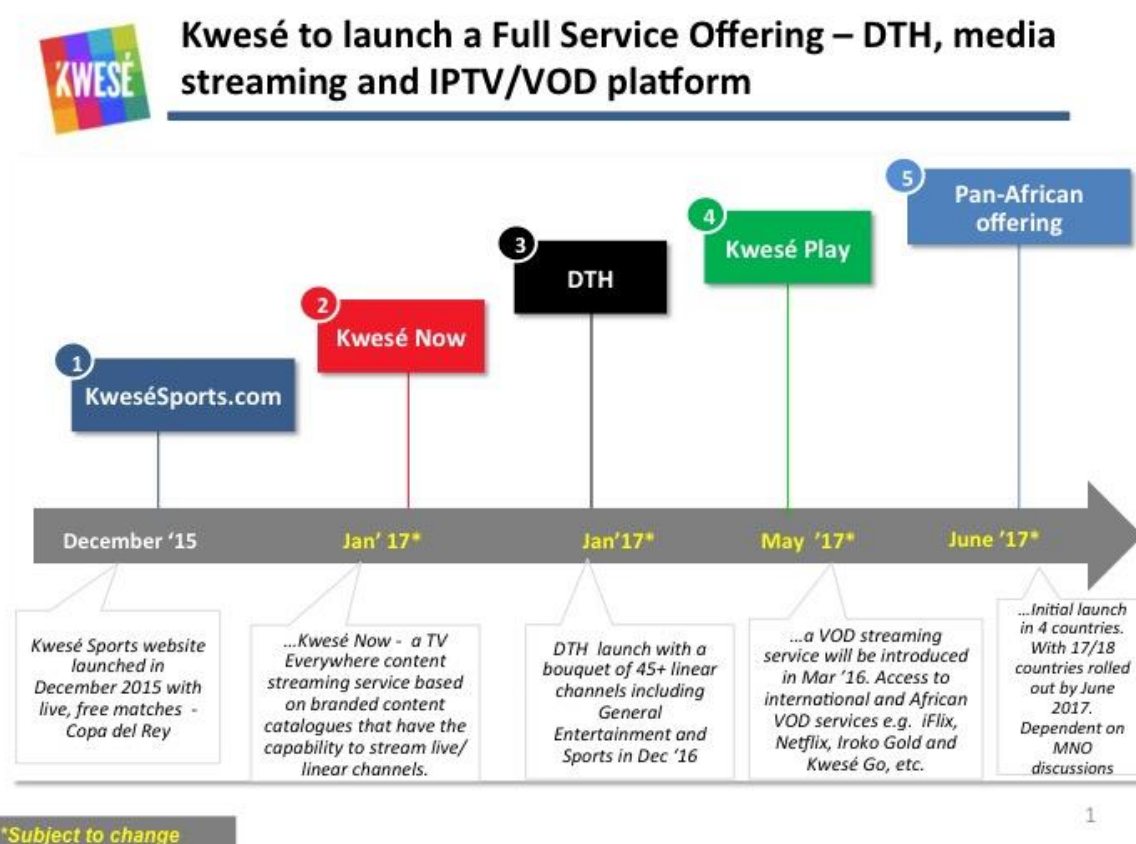
1. Company overview

Econet Media Limited (“EML”) was incorporated in Mauritius on 30th October 2014.

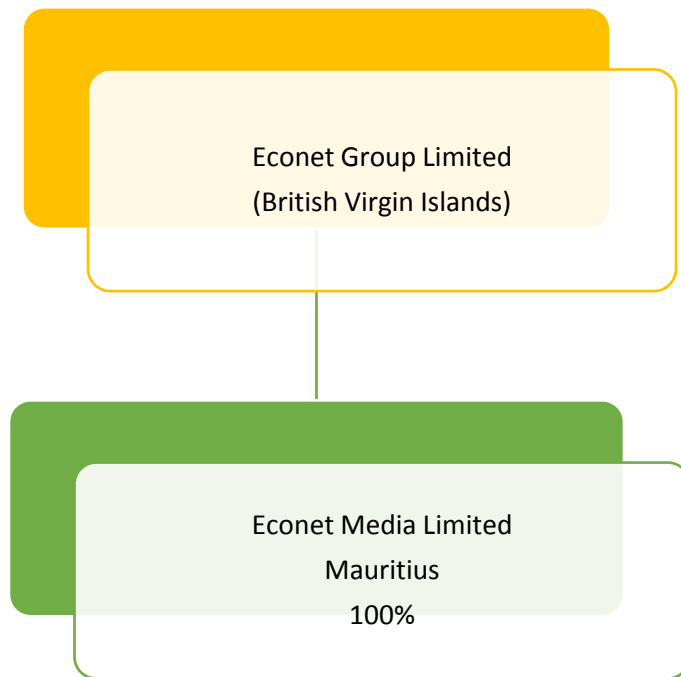
Econet Media will be primarily engaged in Pay TV service branded as Kwesé TV, a proprietary Pay TV platform – delivered over multiple platforms. Econet Media is working to shape the future of media and technology in Africa region. Under its brand ‘Kwesé’, the company is planning to drive innovation to create the world’s best entertainment and online experiences. The company is setting up multi-media transmission platforms for television, mobile and PC, using fibre and satellite networks as well as LTE. A summary of these platforms is shown below together with a short description of each and their approximate launch dates. The platform will be delivered across 17 English speaking sub Saharan countries.

At a later stage Econet Media plans to expand its portfolio to include commissioning film and series production through its Kwesé Films subsidiary with a view to becoming the leading film and television production studio with original and purpose produced premium content for Sub-Saharan African audiences.

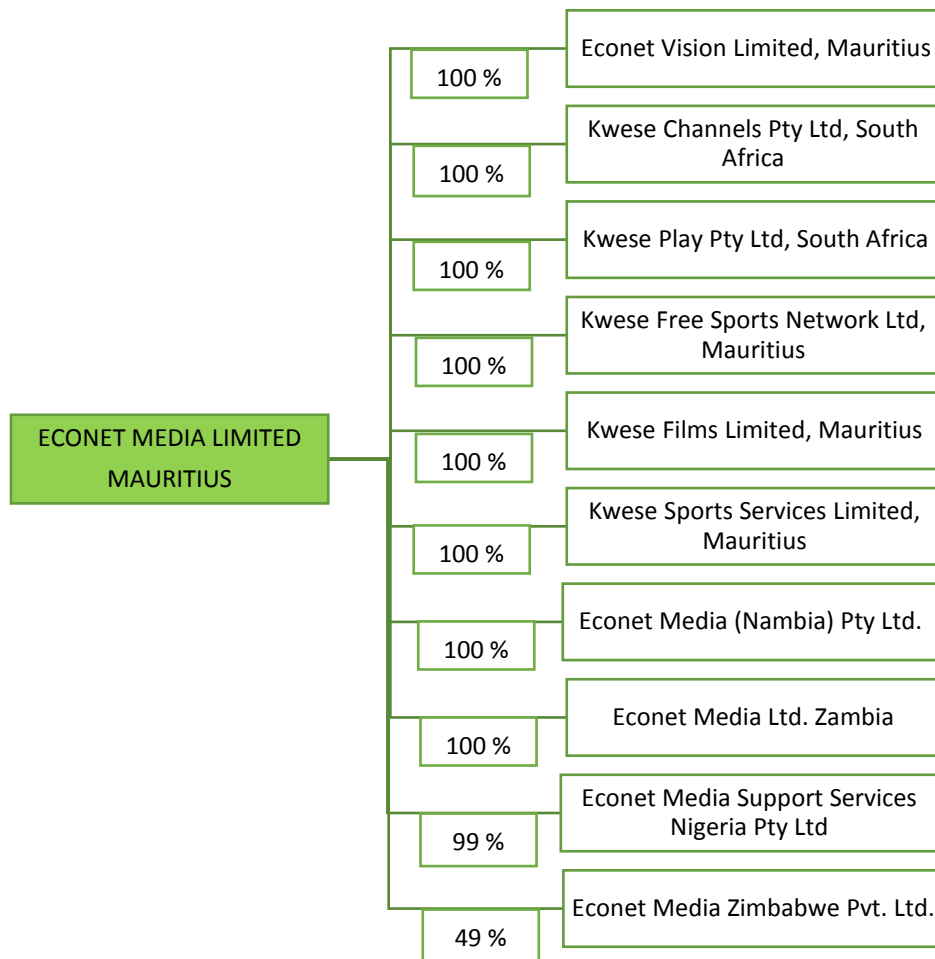
Kwesé has already launched a sports website (www.kwesésports.com) and is in the process of launching its mobile app, DTH, Free-to-Air (“FTA”) and IPTV platforms later this year.



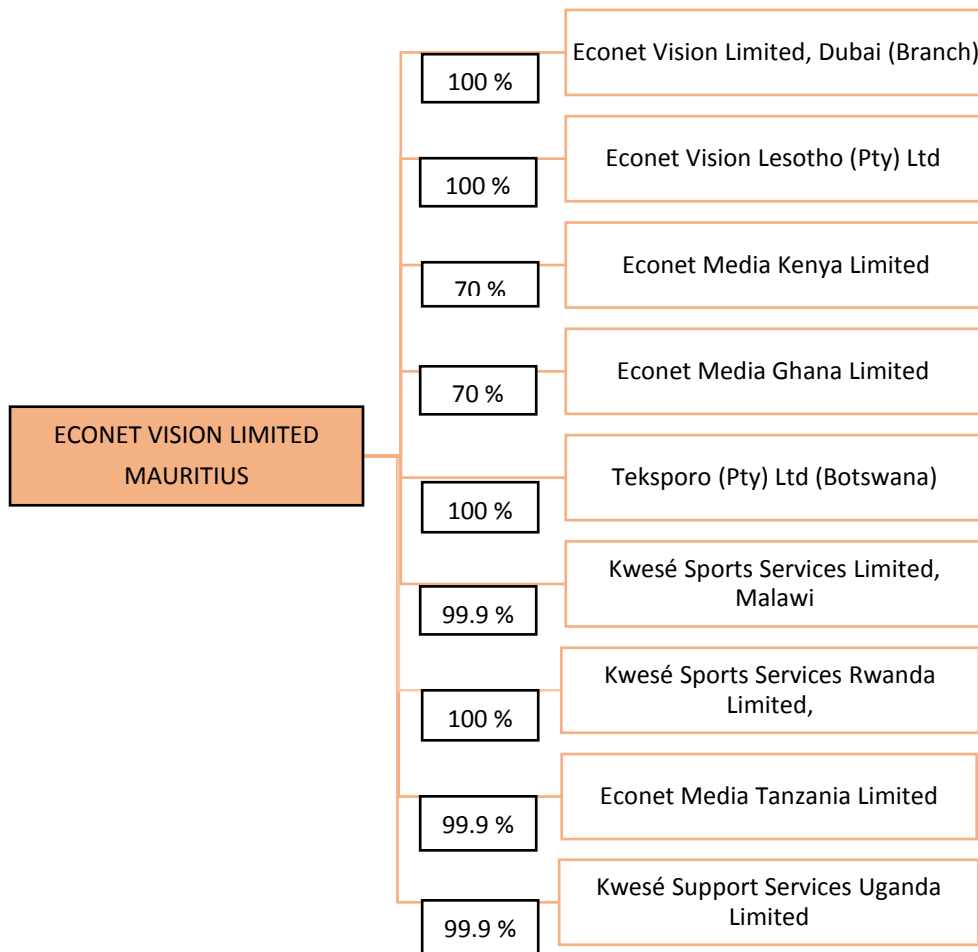
Econet Media Operational Structure



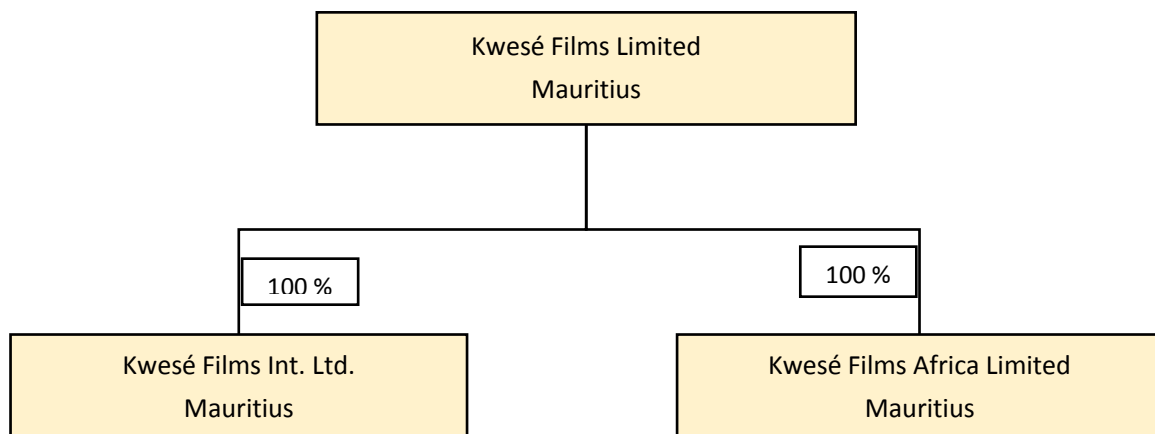
Econet Media Limited and subsidiary holding companies



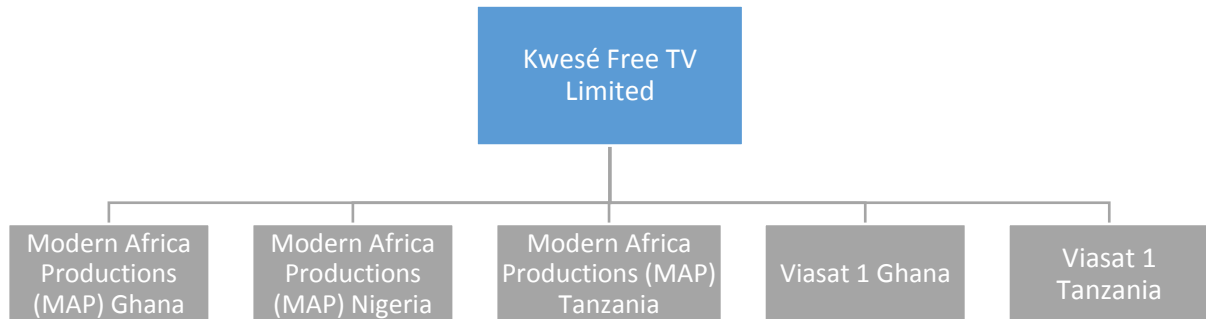
Econet Vision Limited and subsidiary companies



Kwese Films Limited and subsidiary companies



Acquisition of MTG (FTA business) is in process. The projected FTA structure is shown below



Econet Media Management team

The Econet Media management team has been built up by seasoned industry and market experts.

Joseph Hundah (Joe) – CEO Econet Media Limited

Joseph Hundah is a seasoned media executive with over 20 years international experience. Prior to joining Econet Media, he has served as EVP & CEO of Modern Times Group Africa and CEO of the second biggest pay TV business in Africa.

Sumantra Dutta (Sumo) – CEO Econet Vision Limited

Sumantra Dutta has over 25 years of experience in media industry; founding member of STAR TV (Part of News Corporation Company) in India. Launched Cable & Satellite TV in India and India's most successful Hindi TV channel, STAR Plus. Led STAR's international business expansion for 7 years, as Country Head of Middle East, Africa and Pakistan.

Julie Bjune – EVP Finance

An experienced senior finance professional who before joining Econet 4 years ago, held positions within a number of blue-chip companies across the globe. These include investment banking for Goldman Sachs in New York and London, corporate finance and operations at GE Capital and investment associate for H.I.G. Capital.

Nanda Scott – EVP Human Resources

Nanda Scott has been part of Econet Group since 2012. Prior to joining the Econet Group, Nanda was based in London for 12 years and has held several senior HR positions in global firms spanning various industries such as Media, Telecommunications, and Publishing, IT, Legal, Construction and Property management. She has done work in many countries across Europe, Middle East and Africa. Nanda holds a Master's degree in HR and Development specialising in both culture & change Management as well as diversity & equality from the University of Westminster in London.

Neo Lekgabo – Chief Marketing Officer Econet Media Limited

Over 15 years of experience in Marketing, most of which was spent in Broadcast media with SABC and Dstv. Neo holds an MBA from Henley Business School and is accredited Chartered Marketer.

Rhys Torrington – Group Commercial Director

Over 35 years of international commercial experience in the TMT sector. In the last 8 years specialised in broadcasting in Sub-Saharan Africa. Prior to joining Econet Media, he was CEO of Azam Media based in Dar es Salaam.

Hannelie Bekker – Director Kwese Entertainment

Over 20 years of experience in the media and broadcast industry with a focus on content and channel development and management. Experience ranges across public service and commercial television, both free to air and pay TV.

Morgan Mufowo – Chief Information Officer Econet Media Limited

29 years' experience in Information Systems, 18 of them focusing on IT in telecommunications industry covering ERP systems, mobile money, value added services, mobile insurance and billing systems. Previously served as CIO for Econet Nigeria (Applications), Econet Zimbabwe, Econet Lesotho, CIO and COO for Worldstream Systems and Services and Econet Global GCIO.

Jason Probert – Chief Digital Officer

Over 20 years of digital experience. Former head of Digital at M-Net and Dstv where he launched Dstv.com, CatchUp and BoxOffice as well as digital integration for production.

Ryan Solovei – CEO Kwese Play

Over 10 years of experience in the Telecommunications, Mobile and Fibre industries. Previously served as CEO & co founder of ipidi tv, an OTT/IPTV delivery platform offering consumer SVOD, TVOD, & FVOD content throughout Africa. Also held the position of MD at Liquid Telecom SA.

Ben Amadasun – CEO Kwese Free

Ben Amadasun is a highly experienced media business leader with 18+ years of consultancy, business strategy and management experience focused on the development of compelling value propositions for sub-Saharan African markets. Prior to joining Econet Media, he was CEO for TV1 Tanzania and part of the MTG Africa senior management team driving growth of its FTA channels in SSA. Ben has also solid professional background in Investment Banking and consultancy having worked for blue chip organisations such as ABN Amro and Unisys.

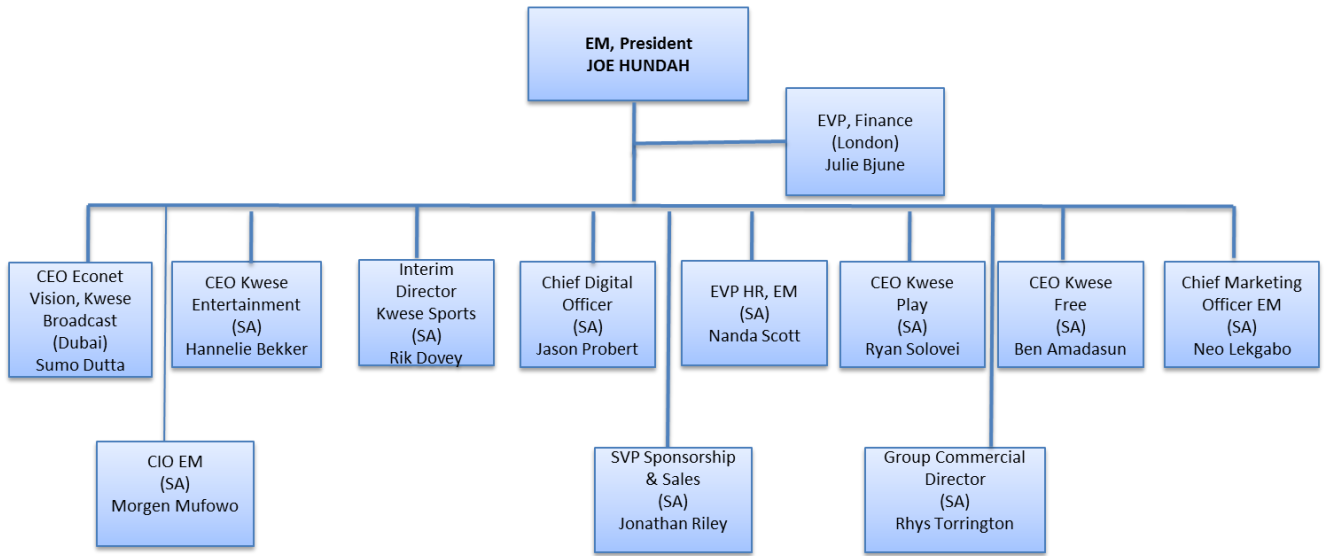
Rik Dovey – Interim Director Kwese Sports

25 years of senior management in Pay TV sports television in the UK, Europe, Asia, Japan and Australasia including periods as CEO of Fox Sports and ESPN Star Sports. Currently Managing Director of Global Sports Broadcasting based in the UK, specialising in sports broadcasting and OTT start-ups.

Zolile Ntukwana – Executive, Regulatory, Policy and Government Affairs

Over 22 years' experience in the industry responsible for regulatory, policy and government affairs. He has worked, amongst others, for the Independent Broadcasting Authority (the precursor to ICASA), Primedia Broadcasting, Telkom SA, Competition Commission, Sasol and Cell C in the communications (broadcasting and telecommunications) regulation, competition regulation and stakeholder relations sectors. Between 2010 and 2013 He served as a Member of ICASA's Complaints and Compliance Committee, which adjudicates on matters of licensee compliance or complaints regarding licensees.

Econet Media – Executive Structure



2. Business model

Econet Media will be primarily engaged in a Pay TV service branded Kwesé TV, a proprietary Pay TV platform – delivered over multiple platforms. The pay TV service, will be provided primarily via direct to home (DTH) satellite to homes in sub-Saharan Africa and distributed via fibre-optic cable and over the top (OTT) using available internet and broadband services. The Kwesé TV offering is a viable and competitive consumer product aimed at providing an affordable alternative to TV customers.

Positioning

- Kwesé will be positioned as a **home-grown, aspirational brand**, targeting price conscious yet upwardly mobile **African consumers**
 - **Target Market:** Price and value conscious urban professionals (singles and families)
 - **Brand's attributes:** A modern African brand, both aspirational and accessible offering quality content

Content

- Kwesé TV will **cater to a broad SSA viewership** via:
 - **Kwesé Entertainment:** Offering 50 channels (41 third party channels and 9 Kwesé originated), the entertainment package will be anchored by a wide range of content, which will be competitively priced to attract subscribers
 - **Kwesé Sports:** Comprises 2 Kwesé originated sport channels offering a wide sports range

Platforms

- Kwesé is platform agnostic and in keeping with a young millennial audience and target market, Kwesé will be available across all platforms including DTH, DTT, IPTV, Mobile and PC.
- These service will also include 3rd party pay VOD services and other digital platforms such as E-Gaming and Fantasy Sports.

3. Content/Programming

➤ Kwesé Entertainment

The Kwesé TV offering comprises a selection of bouquets of linear channels offering news, sports, children’s and general family entertainment genres, a video on demand (VOD) service offering subscription and transactional options. The general entertainment portion will consist of the following:

Nos. of channels – Exclusive and non-exclusive, Free-to-Air, Religious channels

21 Exclusive channels	<ul style="list-style-type: none"> • 11 own channels, custom made for the market • 6 third party channels never seen before in Africa: A+E / itv, DTX, DreamWorks, Centric / ZEE World Movies, Revolt, Viceland • 4 established and popular brands now with Kwesé: Animal Planet, HIPTV, ESPN / KweseSports, NBAtv
29 Non-exclusive channels	<ul style="list-style-type: none"> • 11 established and high-performing third party channels including Fox, E!, JimJam, CBeeBies, IDX, NatGeo CORE, Nat Geo WILD, Trace Gospel, Trace Mziki, Nickelodeon, AMC • 18 channels considered as basic must haves <ul style="list-style-type: none"> ○ 6 news channels: SkyNews, BBC World News, Al Jazeera, Bloomberg, ChannelsTV, K24 / KTN ○ 12 entertainment channels: African movie channels and AMC Series, CBS Reality, Fox Life, Discovery Science, Fashion One, FLN, LivingFoodz, MTVBase, FoxSports1, BET Int’l
Free-to-Air channels	<ul style="list-style-type: none"> • 1 Kwesé owned channel • 1 in-country free-to-air broadcaster
Religious channels	<ul style="list-style-type: none"> • Dove TV • Islam Channel

Kwese Bouquet of Channels

- 1) **Kwese Prime:** An HD, General Entertainment flagship channel offering premium, exclusive original content, top rated international series and new discoveries
- 2) **Kwese Stories:** A General Entertainment channel for mature female audience
- 3) **Kwese Movies 1:** A movie channel showcasing Hollywood, Independent and World Cinema Movies
- 4) **Kwese Movies 2:** A movie channel offering the best Hollywood and Indie Action Movies
- 5) **Kwese Movies 3:** A movie channel showcasing the best original movies from across Africa
- 6) **Kwese Kids:** Children's channel that enriches family experiences
- 7) **Kwese Family:** A wholesome entertainment family channel under pinned by Christian values

- 8) Kwese Now:** Factual Edutainment Channel
- 9) Kwese Inc:** A channel offering premium entrepreneurial content that aims to empower and impart knowledge/tools to the up-and-coming African entrepreneur.
- 10) Kwesé Sports:** Kwesé Sports is already the second largest holder of premium sports content across Africa, with over 10,000 hours of live premium sport prepped for launch. All sports properties exclusive to Kwesé, except for athletics.

4. Target Markets

Countries of operation and roll-out

Kwesé will be widely distributed across Sub Saharan Africa in each of the target countries. The 17 targeted countries and its indicative launch timeline are as given below.

Sl. No.	Markets	Launch Dates (Indicative)
1	Zimbabwe	Dec-16
2	Kenya	Jan-17
3	Nigeria	Jan-17
4	Tanzania	Mar-17
5	Ghana	Mar-17
6	Rwanda	Feb-17
7	Uganda	Feb-17
8	Zambia	Feb-17
9	Lesotho	Apr-17
10	Botswana	Mar-17
11	Ethiopia	May-17
12	Malawi	May-17
13	Sierra Leone	May-17
14	Liberia	May-17
15	Namibia	May-17
16	DRC	May-17
17	Swaziland	May-17

Market Size

		in mn	in (000)	in (000)	in (000)
Sl. No.	Countries	POP	tv hh	Pay tv	Pay DTH
1	Ethiopia	91	4,218	120	120
2	Ghana	28	1,850	401	161
3	Kenya	45	3,016	1,153	287
4	Lesotho	2	134	-	-
5	Malawi	19	620	188	89
6	Nigeria	184	13,056	3,629	900
7	Rwanda	12	612	161	57
8	Tanzania	49	2,569	660	252
9	Uganda	41	2,078	883	229
10	Zambia	16	1,240	362	143
11	Zimbabwe	14	778	50	50
12	Botswana	2	277	47	47
13	Sierra Leone	6	220	51	26
14	Liberia	4	124	33	21
15	Namibia	2	252	163	87
16	DRC	84	1,714	312	233
17	Swaziland	1	86	-	-
Total		600	32,844	8,212	2,701

Source: Digital TV Research, GSMA Intelligence

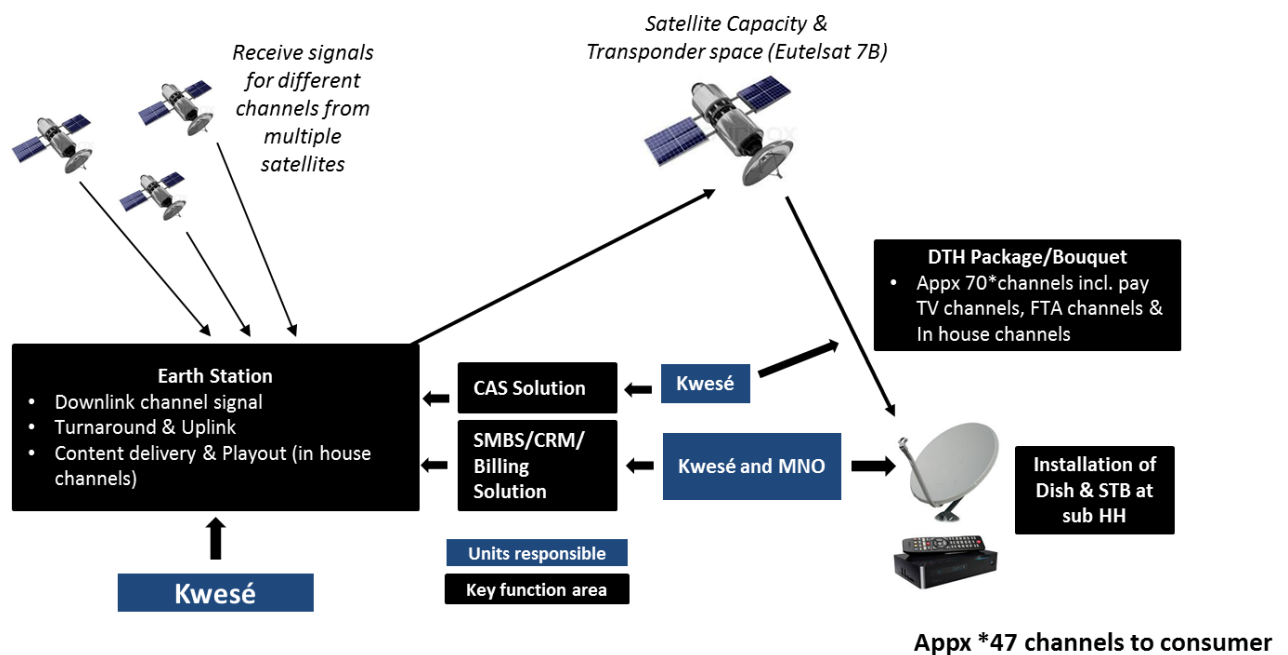
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Competitive pricing strategy in key markets

The vision in this instance is to offer the best value sport and general entertainment programming in every country.

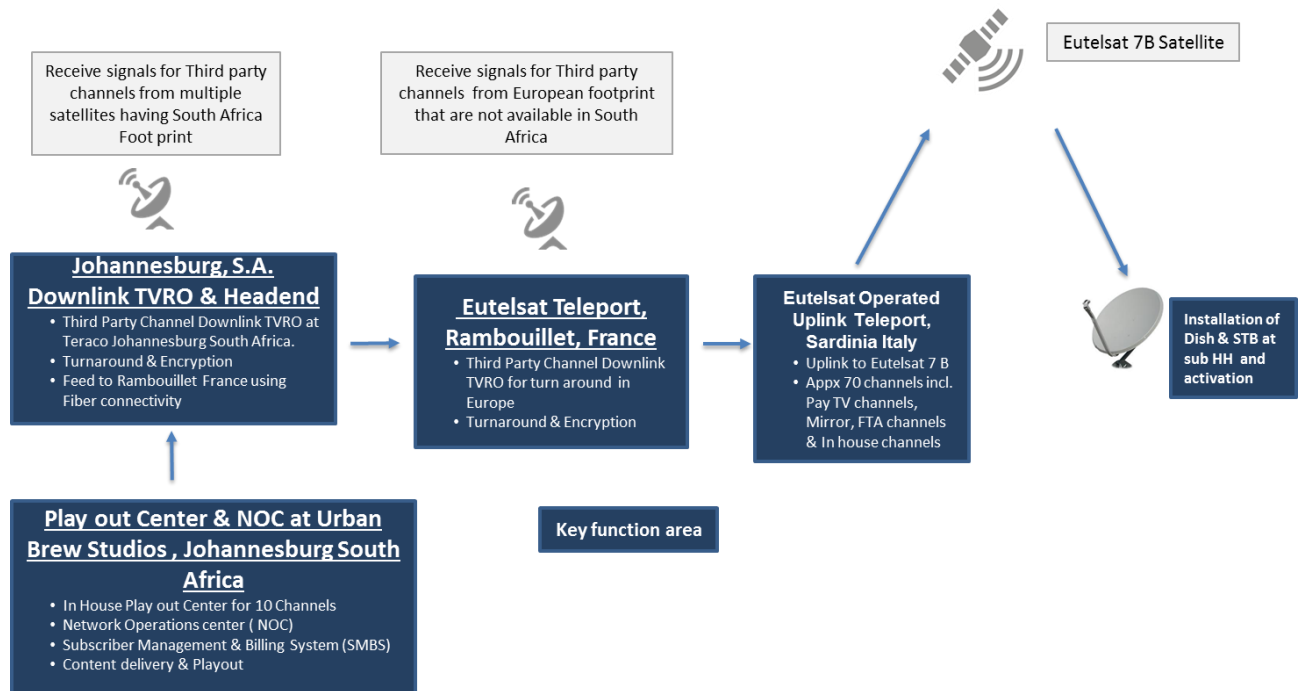
5. Platforms

Kwese DTH Technical Platform Delivery



6. Technical

DTH Technical platform /delivery overview



7. Forecast financials

Forecast Income Statement

Kwese	2017	2018	2019	2020	2021
	YE Feb	YE Feb	YE Feb	YE Feb	YE Feb
Revenue	91,808,425	268,923,120	517,525,267	1,032,274,649	1,537,715,090
Cost of Sales	75,604,749	165,820,375	253,331,806	395,926,495	513,139,881
Expenses	77,462,996	99,021,377	114,035,177	149,624,835	169,462,862
EBITDA	(61,259,321)	4,081,367	150,158,285	486,723,318	855,112,348
EBITDA Margin	-67%	2%	29%	47%	56%
Depreciation	3,515,535	5,816,252	7,112,360	8,250,572	8,972,032
Finance Charges	-	9,812,785	17,127,582	17,630,439	2,370,724
Profit before tax	(64,774,856)	(11,547,670)	125,918,343	460,842,307	843,769,592
Tax - Corporate Tax	2,485,202	23,307	2,407,706	13,401,309	31,381,918
Tax - With holding Tax	69,312	894,125	2,147,285	3,647,197	5,619,816
Net income	(67,329,369)	(12,465,102)	121,363,352	443,793,801	806,767,858
Net Margin	-73%	-5%	23%	43%	52%

Forecast Capex/Content Spends

Capex spend in building out the platform will be in the region of \$46 million over the first 5 years. The spend on content over the same period is forecast to top \$1.1 billion, emphasizing the importance of building a viable and compelling customer proposition through the acquisition of premium and exclusive general entertainment and sports content.

The budgeted capex spend in remaining years is for continuity of capacity over and above maintenance of existing plant.

	1	2	3	4	5
Assets Acquisition- Summary	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Premises - Capex	134,640	-	-	-	-
DTH Platform Infrastructure - Capex	2,301,121	322,235	301,835	311,775	926,799
Post Production & Playout - Capex	4,703,220	620,262	778,362	752,862	1,553,562
Kwese Sports - Capex	2,957,144	2,699,087	2,861,033	725,525	483,683
BSS/OSS - Capex	5,702,147	875,432	1,828,021	1,194,783	1,031,069
OTT - Capex	3,481,133	-	-	-	-
Push VOD for DTH - Capex	500,254	625,576	774,051	936,152	1,165,475
TOTAL	19,779,658	5,142,592	6,543,302	3,921,097	5,160,588
Content					
General Entertainment	29,285,666	77,993,990	116,788,172	160,915,266	215,249,539
Sports	33,655,694	35,772,222	77,520,347	228,957,153	216,503,333
TOTAL	62,941,360	113,766,212	194,308,519	389,872,418	431,752,872
TOTAL	82,721,019	118,908,805	200,851,821	393,793,516	436,913,460