Multichoice profit falls, Showmax-Comcast platform to launch by early 2024

By Nqobile Dludla   17 Nov 2023

Multichoice Group reported a 5% drop in half-year profit on Wednesday, hit by weaker currencies in several markets, losses at its Showmax streaming business and a lower contribution from its home country.

Source: www.unsplash.com

The group, whose pay-TV business operates in 50 countries in sub-Saharan Africa, said it made core headline earnings of R1.9bn in the six months ended 30 September, down from R2bn last year.

World Cup

Coming off high growth linked to the soccer World Cup in the previous six months, overall 90-day active subscriber numbers fell 2% to 21.7m , with a 5% drop in South Africa due to power cuts and the removal of non-revenue generating customers.

However, the number of premium customers in South Africa rose 5%, supported by the recent Rugby World Cup.

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Overall group revenue rose 4% on an underlying basis to 28.3 billion rand, but was down 1% on a reported basis due to weaker local currencies and pressure on consumer spending.

Subscription revenues rose an underlying 3% due to strong growth in the rest of Africa and the Showmax streaming service.

Competition

MultiChoice has been investing billions of rand to fight off competition from streaming giants Netflix, Amazon and Disney. In the reporting period the group increased its spending on local content by 16% year-on-year.

The group said Showmax's partnership with US media conglomerate Comcast was preparing to launch a new platform later in its financial year.

"This service ... will enable MultiChoice to double its customer base and deliver an additional $1bn revenue in the medium term," the company said.

Showmax saw its active subscriber base increase by 13%, resulting in revenues surging 46%. However, higher operating costs due to investments resulted in trading losses rising by R500m to R800m.

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