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Canal+ doubles its MultiChoice stake

- *French group now second-largest shareholder*
- *Strong share price run since early October*

Stimulating dissent: An activist wears a cut-out face portraying Christine Lagarde, president of the European Central Bank, in a protest in Frankfurt, Germany, on Thursday against the bank's fossil fuels bond buying. At a meeting, the bank's governing council left monetary policy unchanged but Lagarde hinted that more stimulus would come in December. /**Reuters**

Mudiwa Gavaza
Technology Writer

French broadcaster Canal+ has become the second-biggest shareholder in MultiChoice after almost doubling the stake that it bought in Africa's biggest satellite-TV group just three weeks ago.

The pay-TV subsidiary of media conglomerate Vivendi increased its stake to 12%, from 6.5%, MultiChoice said in a statement on Thursday.

That stoked speculation that the French group is looking to deepen ties with its SA counterpart as it seeks to strengthen its foothold in the growing satellite-TV market in Africa.

When Canal+ first took a position in MultiChoice, it said it was a long-term financial investment and demonstrated its confidence in the prospects of the company and of the African continent, its largest market outside its home market. It previously operated primarily in Francophone Africa.

The latest share purchase means Canal+ is the second-largest shareholder after the Public Investment Corporation with a stake worth about R7.2bn, overtaking Allan Gray and Prudential Portfolio Managers.

MultiChoice, which used to be a unit of Naspers, has been one of the success stories of the JSE, with its shares jumping 37% since it was listed separately in February 2019.

It is one of the biggest foreign investments in a company exposed to the SA economy, which this year is forecast to suffer one of its biggest recessions since the 1930s.

Peter Takaendesa, head of equities at Mergence Investment Managers, said there was potential for Canal+ to become an influential minority shareholder.

"How fast they will go from here will depend on their view of what is fair value... and this is of particular importance here as they have indicated that this is a financial investment for them as opposed to a full takeover of the group," Takaendesa said.

MultiChoice declined to comment on Thursday.

Analysts say the SA company, which has 20-million customers across the continent of more than 1-billion people, has room to grow as slow internet speeds and expensive data limit the expansion of streaming services such as Netflix.

Canal+, which has more than 20-million subscribers worldwide, owns channels including a Nollywood TV channel in Nigeria. MultiChoice owns a

Continued on Page 2

Publication: Business Day - Main
Title: BIGGER MULTICHOICE STAKE
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Page: 2

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FROM PAGE 1

Bigger MultiChoice stake

satellite television network in Nigeria and it also produces content there.

Synergies between the two operators "are very apparent", said Roman Magis, principal director for video, advertising and content at Accenture Africa.

He said the French group would bring "European broadcast efficiencies and deep technology understanding together", which could be combined with MultiChoice's understanding of the African market and its established customer base and brand.

"How the two companies will work together is not clear at this stage — if it is a stakeholder and synergy relationship or will result in a takeover of the actual MultiChoice group which would then change the management set-up considerably."

The DStv operator's share price was marginally firmer at the close on Thursday, up 0.27% at R135.34 versus the 9% leap in early October when Canal+ first took a stake in MultiChoice.

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Takaendesa said that the muted reaction was probably a "function of the strong run in the share price since the initial announcement and the fact that investors now know that Canal+ has by far been the largest buyer of MultiChoice shares in the market, likely 60% to 70% of volume over this period".

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