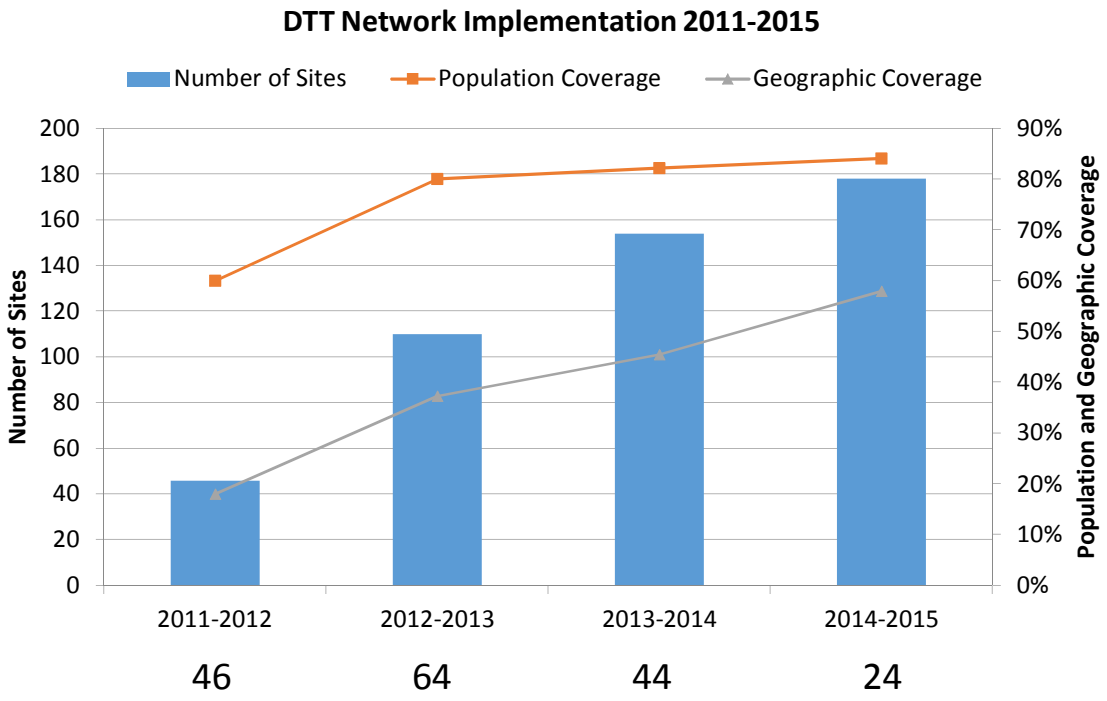
Digital Terrestrial Television
State of Readiness and Switch On

Jane Austin (Head: Projects)

21st May 2015

Sentech Readiness - Infrastructure



By the 5th March 2015, SENTECH had completed the rollout of digital infrastructure at all the analogue sites. The coverage is 84% population and 57.99% geographic.

The Company will now focus on further optimization and stabilization for commercial readiness as well a the rollout of the 4 additional greenfield sites.

In addition, the Company will align its current ASO technical plans with the overall national ASO plans and release of the digital dividend.

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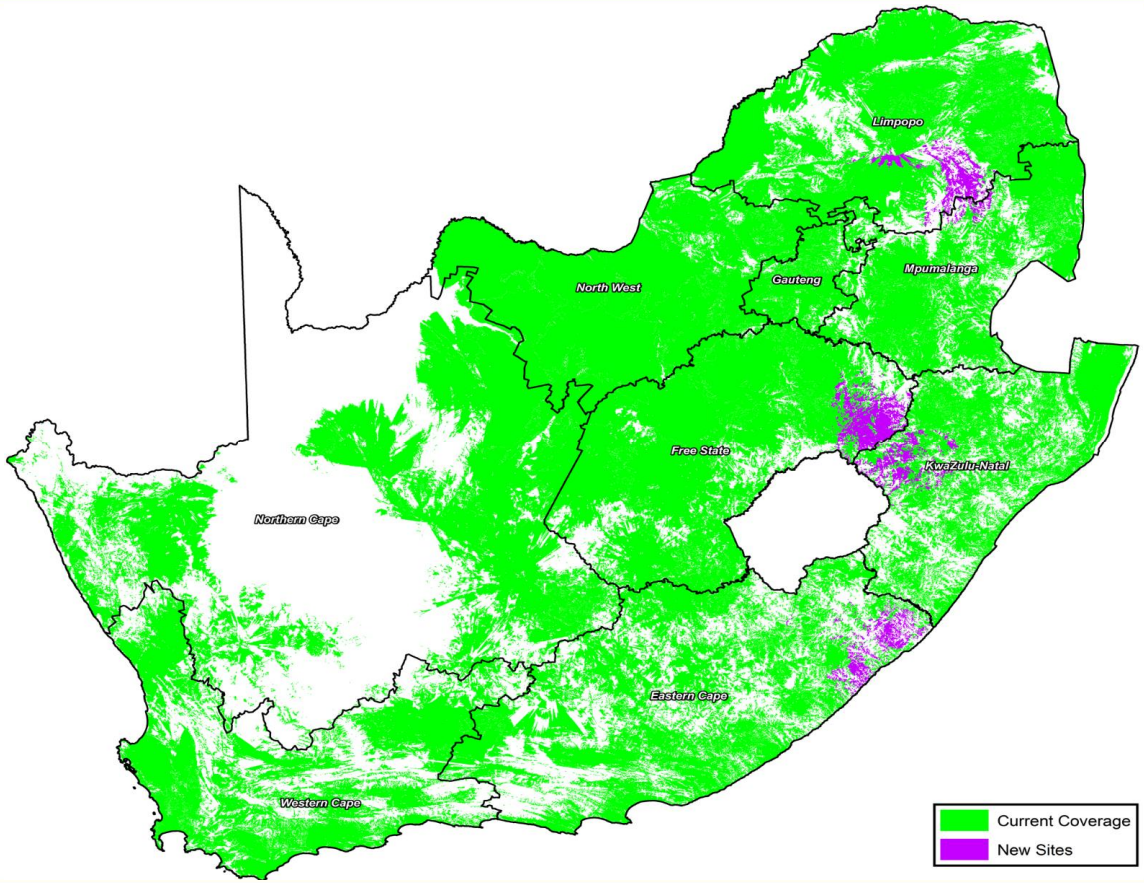
Sentech Readiness - Infrastructure



Province	% Complete	Completion Date
Harrismith (FS)	90%	Q2 15/16
Burgersfort (LP)	60%	Q4 15/16
Ngqeleni (EC)	85%	Q2 15/16
Holy Cross (EC)	60%	Q4 15/16

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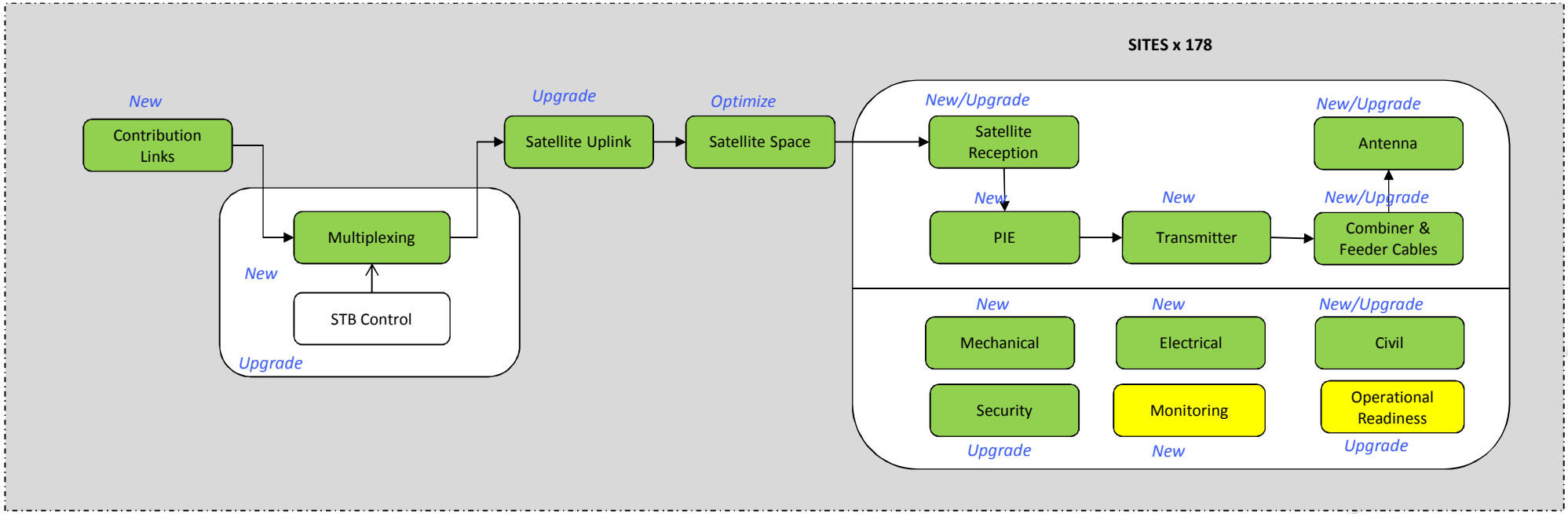

On going and on track

On going and under higher levels of risk management

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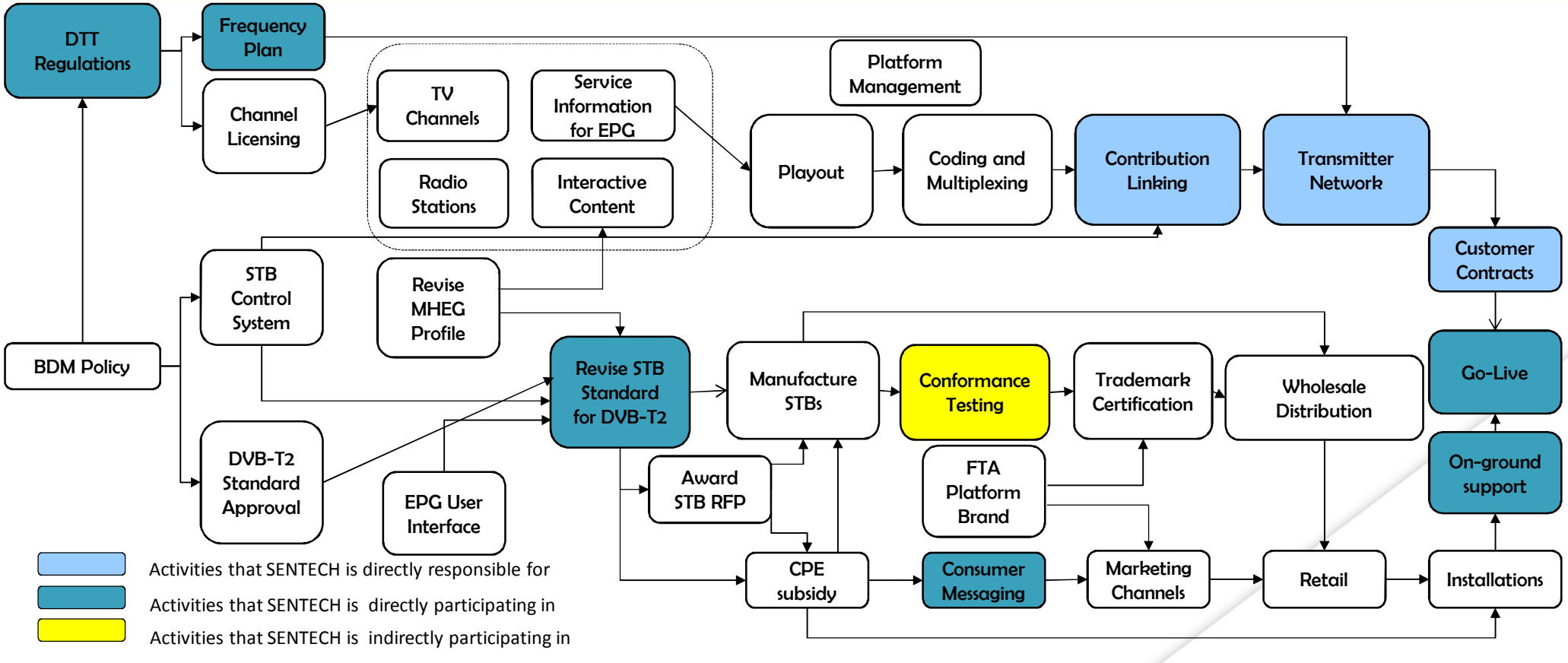
Sentech Readiness - The Bigger Picture



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Sentech Readiness – Tariff Model

- We have had fruitful discussions with the incumbent broadcasters and have agreed on tariffs with SABC, M-net, e.tv and TBN.

- We are now in the process of finalizing the Master Service Agreements (MTAs) with these broadcasters, but in most cases, these agreements will not be signed until there is clarity on critical milestones such as the last date of ASO.

- We have had initial discussions with the DTPS / DoC regarding challenges that are faced by community broadcasters in respect of DTT tariffs.

- Specifically, the DTT tariffs of these community broadcasters have changed significantly as a result of the effects of the national frequency plan.

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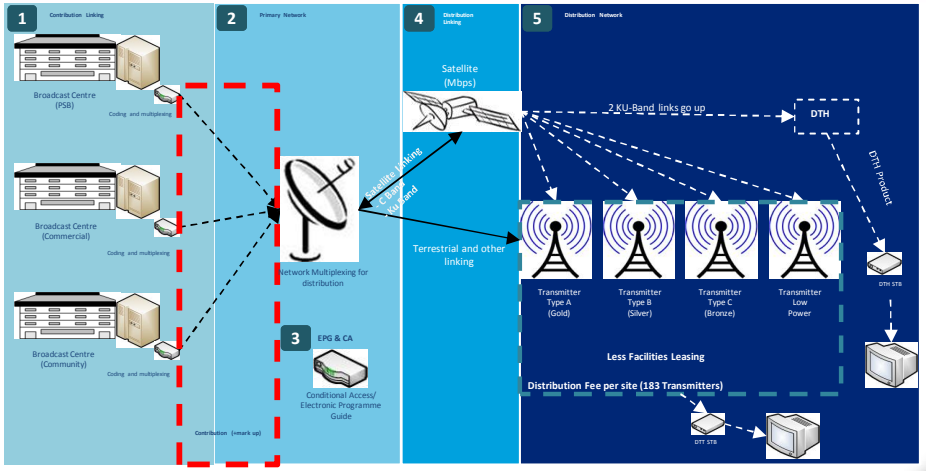
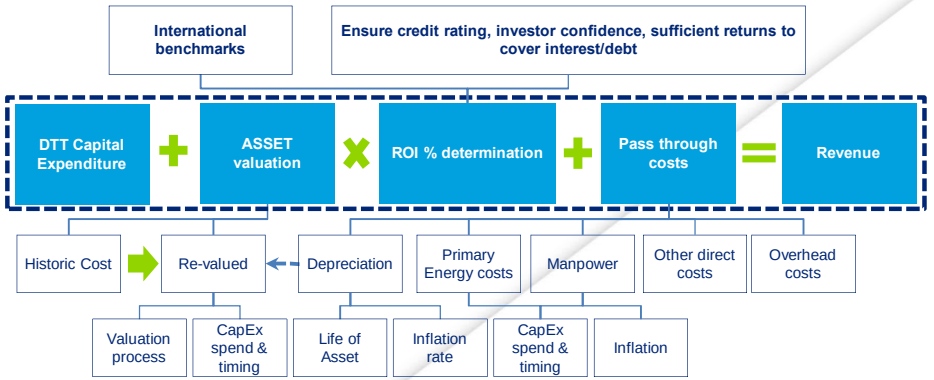
Sentech Readiness – Tariff Model

- The tariff model is based on consideration of a number of factors, including but not limited to:
  - the acceptance of the discretion that broadcasters retain on the elements of the SENTECH network that they may choose to use;
  - shared assets and operating costs; and
  - costs that vary depending on multiplexor allocations and coverage areas.

- The model is based on re-valuation of assets and consideration of operating costs specific to DTT and SLA commitments.

- The tariff model has been shared with Broadcasters and the Regulator.





Sentech Readiness - Analogue Switch Off

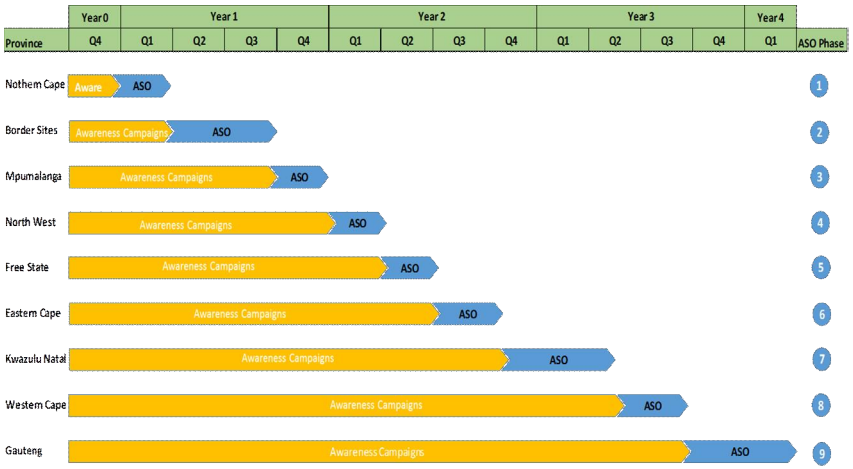
- The national project currently runs ASO in simulcast mode (dual illumination) (ITU Guideline Model I(1)), with the ASO starting after a national network rollout (ITU Guideline Model III(ii)). For the actual ASO, SENTECH proposes adoption of a phased approach (ITU Guideline Model II(a)). In the phased approach, the analogue switch-off (ASO) takes place in a given province or region at a time before moving onto the next province. A phased approach provides several benefits and below are some advantages regarding the phased provincial approach;

  - South Africa will apply the lessons learned from one province to the other to improve processes and approaches for the next province.
  - In a case of something going wrong, the impact will be limited to one province.
  - This approach apportions scope and also allows focus and concentration of human and financial resources per province and will eventually enable smooth and manageable ASO.

- Based on the scope related to STB rollout and viewer migration, June 2015 ITU deadline and the Astronomy Geographic ACT of 2007, SENTECH developed a logical regional ASO plan to ensure compliance with the AGA Act and protect services from the likely cross border interference considering time required to migrate viewers.

Analogue Switch Off

Province Priorities	Population Impact	% of Populaton	TV Households	Duration (Months)
Northern Cape	1,162,900.00	2.19%	280,946.74	2.00
Borderline areas (including Limpopo)	14,301,024.00	26.99%	3,455,005.61	6.00
Mpumalanga	596,253.00	1.13%	144,049.65	3.00
North West	1,296,037.00	2.45%	313,111.50	2.00
Free State	1,085,803.00	2.05%	301,611.94	2.00
Eastern Cape	6,064,302.00	11.45%	1,465,083.72	4.00
Kwazulu Natal	9,730,381.00	18.37%	2,350,777.18	6.00
Western Cape	6,016,900.00	11.36%	1,453,631.80	4.00
Gauteng	12,728,400.00	24.02%	3,075,073.04	6.00
TOTAL	**52,982,000.00**	**1.00**	**12,839,291.19**	**35.00**



The Company has worked on several technical details of a phased ASO. The main drivers of the model that the Company has worked on are the distribution and logistics programmes from SAPO and USAASA.

The model also allows for compliance in the SKA area in the Northern Cape and protection of services along the border areas.

Further consideration has been made on the need to start with smaller and less complex provinces, to draw lessons learned and reduce general impact per ASO activity.

Overall, based on the above, the estimate is that ASO will take about 3.5 years to complete.

It must be mentioned that the period can be compressed if the period for STB distribution and related logistics is shortened. This applies to both retail and subsidized STBs.

Analogue Switch Off

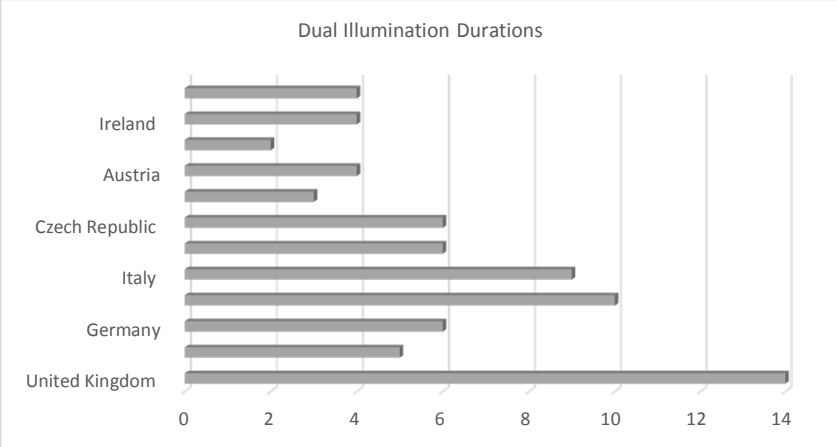


Table 2.15.1 National ASO organizations.

Country	ASO organization	Website
Estonia	Committee for DTV Transition	n/a
France	France Télé Numérique	n/a
Germany	Ueberallfernsehen	http://www.ueberallfernsehen.de
Italy	Italia Digitale	n/a
Netherlands	Signaalopdigitaal	n/a
Norway	NTV	http://www.ntv.no/
Sweden	Digital SwitchoverCommission	http://www.digitaltvovergangen.se
United Kingdom	Digital UK	http://www.digitaluk.co.uk
United States	NTIA	http://www.dtv.gov

Our estimates of the ASO period have also been benchmarked against countries that have completed their migrations in Region 1.

In general, the ASO periods are affected by a number of issues, including but not limited by:

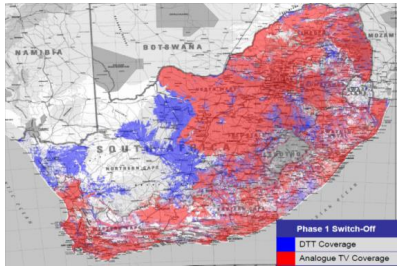
Å The role of the Public Broadcaster and how the migration program is funded;

Å The existence of Government/Industry bodies to drive the different aspects of the migration project;

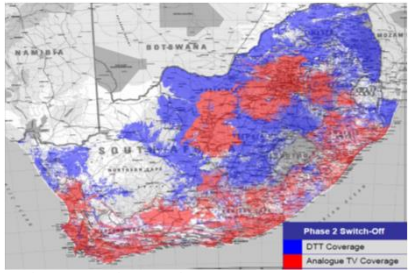
Å The extent of the terrestrial television network compared to other media for delivering broadcasting services.

In order to shorten the ASO period, SENTECH proposes the establishment of a Government-driven ASO coordination committee (ASOCC) similar to the one suggested in the ITU Guidelines (i.e. ASO Supervisory Board) and the ones implemented in the Region 1 countries that have completed their programs.

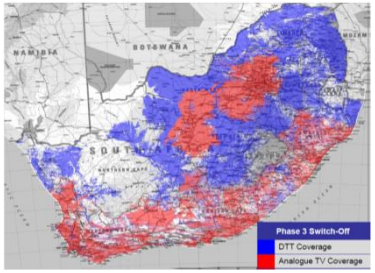
Analogue Switch Off



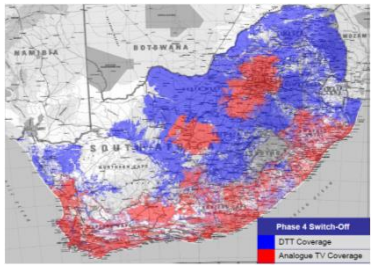
Phase 1: Northern Cape



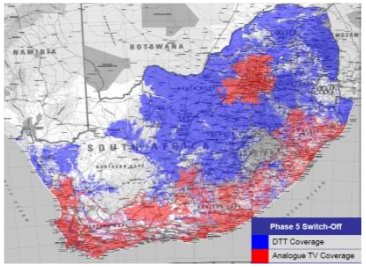
Phase 2: Border sites & Limpopo



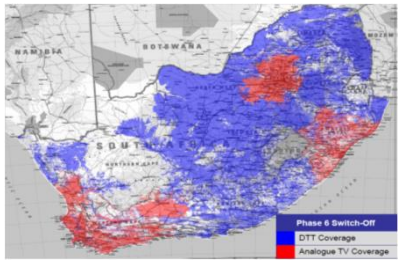
Phase 3: Mpumalanga



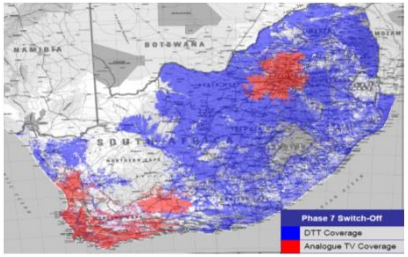
Phase 4: North West



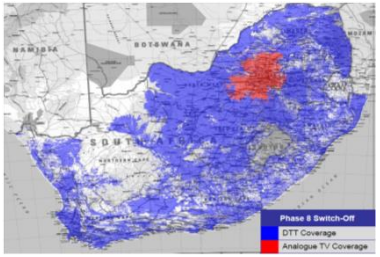
Phase 5: Free State



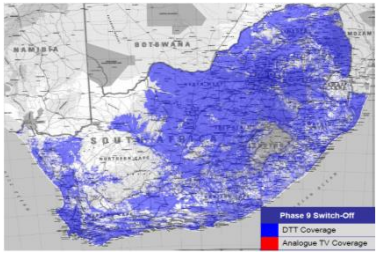
Phase 6: Eastern Cape



Phase 7: KZN



Phase 8: Western Cape



Phase 9: Gauteng

Thank You!

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