Section 1
Industry overview

South Africa

South Africa's entertainment and media market is set to grow at a CAGR of 10.9% in the next five years.

Total South African entertainment and media market by segment, 2008-2017 (R millions)

South Africa	Historical data					Forecast data					CAGR %
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2013-17
Television	16 322	19 814	23 680	25 951	27 426	29 088	30 584	32 117	34 005	35 772	
YOY growth (%)		*21.4%*	*19.5%*	*9.6%*	*5.7%*	*6.1%*	*5.1%*	*5.0%*	*5.9%*	*5.2%*	*5.5%*
Internet	8 617	10 064	11 809	15 722	20 952	27 697	36 176	45 801	55 779	63 239	
YOY growth (%)		*16.8%*	*17.3%*	*33.1%*	*33.3%*	*32.2%*	*30.6%*	*26.6%*	*21.8%*	*13.4%*	*24.7%*
Radio	2 650	2 664	3 019	3 243	3 612	3 885	4 242	4 634	5 055	5 513	
YOY growth (%)		*0.5%*	*13.3%*	*7.4%*	*11.4%*	*7.6%*	*9.2%*	*9.2%*	*9.1%*	*9.1%*	*8.8%*
Filmed entertainment	1 756	1 699	1 780	2 081	2 216	2 366	2 515	2 674	2 868	3 106	
YOY growth (%)		*-3.3%*	*4.8%*	*16.9%*	*6.5%*	*6.8%*	*6.3%*	*6.3%*	*7.2%*	*8.3%*	*7.0%*
Out-of-home	2 652	2 455	2 800	3 227	3 655	4 002	4 317	4 610	4 911	5 168	
YOY growth (%)		*-7.4%*	*14.0%*	*15.3%*	*13.3%*	*9.5%*	*7.9%*	*6.8%*	*6.5%*	*5.2%*	*7.2%*
Sports	10 741	11 364	20 985	12 663	13 869	14 875	16 471	17 150	18 614	19 544	
YOY growth (%)		*5.8%*	*84.7%*	*-39.7%*	*9.5%*	*7.3%*	*10.7%*	*4.1%*	*8.5%*	*5.0%*	*7.1%*
Music	2 557	2 360	2 314	2 212	2 154	2 146	2 147	2 160	2 181	2 200	
YOY growth (%)		*-7.7%*	*-2.0%*	*-4.4%*	*-2.6%*	*-0.4%*	*0.1%*	*0.6%*	*1.0%*	*0.9%*	*0.4%*
Consumer magazines	5 366	5 367	6 133	6 891	7 650	8 166	8 683	9 284	9 942	10 702	
YOY growth (%)		*0.0%*	*14.3%*	*12.4%*	*11.0%*	*6.7%*	*6.3%*	*6.9%*	*7.1%*	*7.6%*	*6.9%*
Newspapers	9 391	8 692	9 097	9 569	10 117	10 724	11 286	11 856	12 440	13 045	
YOY growth (%)		*-7.4%*	*4.6%*	*5.2%*	*5.7%*	*6.0%*	*5.2%*	*5.0%*	*4.9%*	*4.9%*	*5.2%*
Consumer & educational books	4 079	3 885	3 731	3 657	3 633	3 648	3 663	3 680	3 695	3 706	
YOY growth (%)		*-4.8%*	*-4.0%*	*-2.0%*	*-0.7%*	*0.4%*	*0.4%*	*0.5%*	*0.4%*	*0.3%*	*0.4%*
Business-to-business	6 742	5 699	7 226	7 260	8 027	8 728	9 495	10 338	11 223	12 171	
YOY growth (%)		*-15.5%*	*26.8%*	*0.4%*	*10.6%*	*8.7%*	*8.8%*	*8.9%*	*8.6%*	*8.4%*	*8.7%*
Video games	1 497	1 601	1 737	1 937	2 155	2 357	2 541	2 773	3 028	3 316	
YOY growth (%)		*7.0%*	*8.5%*	*11.5%*	*11.3%*	*9.3%*	*7.8%*	*9.1%*	*9.2%*	*9.5%*	*9.0%*
Total*	**72 149**	**75 446**	**94 080**	**93 961**	**104 802**	**116 816**	**131 027**	**145 709**	**162 056**	**175 414**	
YOY growth (%)		***4.6%***	***24.7%***	***-0.1%***	***11.5%***	***11.5%***	***12.2%***	***11.2%***	***11.2%***	***8.2%***	***10.9%***

2008 – 2012 South Africa figures have been updated to reflect most recently available information
Source: PwC, Informa Telecoms & Media

Entertainment and media spend will be dominated by spending on Internet access.

**Newspaper, directory, consumer magazine, trade magazine and online TV advertising are included in their respective segments and also in Internet advertising, but only once in the overall total. Pay-per-view and video-on-demand are counted in both the distribution and filmed entertainment segments but only once in the overall total.*

The South African entertainment and media (E&M) market will generate estimated overall revenues of R175.4 billion in 2017, having increased from R104.8 billion in 2012 – a compound annual growth rate (CAGR) of 10.9%. Internet will remain the major force behind the growth in E&M revenues. Even if much of the access revenue growth goes to companies not historically seen as E&M companies, digital content and services would not be possible without the infrastructure and networks to distribute them.

The Internet has widened access to E&M products and services and created new opportunities for E&M companies. Smart devices, including smartphones and tablets, have also changed the way consumers access content and the way advertisers engage with those consumers. Internet access as a revenue stream within the broader definition of E&M will continue to enjoy strong growth, increasing from R19.8 billion in 2012 to approximately R59.6 billion in 2017, a CAGR of 24.7%.

Advertising spend will continue to benefit from a growing economy.

Mobile Internet access will form the bulk of this growth (if mobile Internet access is removed, then the CAGR falls to 5.9%) and growing mobile Internet penetration will help to drive growth in other segments. However, digital growth will not form the bulk of growth in the South African E&M market.

Growth in Internet penetration, which the increase in Internet access spend signals, will also drive growth within Internet advertising, which we forecast to increase at a CAGR of 25.4%, although from a low base.

Aside from Internet, the fastest growth will be seen in the video games segment. Growth here will be driven by mobile gaming, as comparatively lower levels of broadband access will hinder the online gaming market. Mobile gaming will be concentrated on smartphones, with tablets remaining a largely untapped market in the short-term due to their high purchase cost.

Filmed entertainment revenues will also grow due to increased Internet access, with electronic home video (including box office) reaching R1 544 million in 2017 and accounting for 66% of the home video market (up from R816 million in 2012 and 49% of the home video market). Over-the-top (OTT) video services, which deliver video content via the Internet, are expected to become an important part of the filmed entertainment market in the next five years (generating a forecast R99 million in 2017), despite broadband penetration remaining below 20%. However, uptake will be from a small number of affluent consumers such as those who are now buying and renting movies from Apple's iTunes Store or DSTV's online BoxOffice service.

South African entertainment and media advertising spend 2008-2017 (R millions)

South Africa	Historical data					Forecast data					CAGR %
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2013-17
Television	6 282	7 909	10 124	10 934	11 371	11 997	12 717	13 417	14 290	15 077	
YOY growth (%)		*25.9%*	*28.0%*	*8.0%*	*4.0%*	*5.5%*	*6.0%*	*5.5%*	*6.5%*	*5.5%*	*5.8%*
Radio	2 650	2 664	3 019	3 243	3 612	3 885	4 242	4 634	5 055	5 513	
YOY growth (%)		*0.5%*	*13.3%*	*7.4%*	*11.4%*	*7.6%*	*9.2%*	*9.2%*	*9.1%*	*9.1%*	*8.8%*
Out-of-home	2 652	2 455	2 800	3 227	3 655	4 002	4 317	4 610	4 911	5 168	
YOY growth (%)		*-7.4%*	*14.0%*	*15.3%*	*13.3%*	*9.5%*	*7.9%*	*6.8%*	*6.5%*	*5.2%*	*7.2%*
Internet	507	549	612	865	1 183	1 550	2 026	2 569	3 132	3 669	
YOY growth (%)		*8.1%*	*11.5%*	*41.4%*	*36.7%*	*31.1%*	*30.7%*	*26.8%*	*21.9%*	*17.1%*	*25.4%*
Consumer magazines	2 815	2 595	2 675	2 895	3 095	3 296	3 483	3 686	3 911	4 167	
YOY growth (%)		*-7.8%*	*3.1%*	*8.2%*	*6.9%*	*6.5%*	*5.7%*	*5.8%*	*6.1%*	*6.5%*	*6.1%*
Newspapers	6 658	6 071	6 449	6 982	7 495	8 047	8 549	9 057	9 578	10 121	
YOY growth (%)		*-8.8%*	*6.2%*	*8.3%*	*7.4%*	*7.4%*	*6.2%*	*5.9%*	*5.8%*	*5.7%*	*6.2%*
Trade magazines	430	397	409	452	492	533	580	635	698	769	
YOY growth (%)		*-7.8%*	*3.1%*	*10.5%*	*9.0%*	*8.4%*	*8.6%*	*9.6%*	*9.9%*	*10.2%*	*9.3%*
Directories	845	856	871	889	979	1 082	1 191	1 302	1 393	1 478	
YOY growth (%)		*1.3%*	*1.9%*	*2.0%*	*10.1%*	*10.5%*	*10.2%*	*9.2%*	*7.1%*	*6.0%*	*8.6%*
Video games	9	12	17	20	24	29	34	39	45	52	
YOY growth (%)		*40.0%*	*37.4%*	*20.2%*	*19.9%*	*18.3%*	*17.4%*	*16.3%*	*15.1%*	*14.2%*	*16.3%*
Cinema	367	302	355	511	552	594	639	684	732	781	
YOY growth (%)		*-17.8%*	*17.7%*	*43.8%*	*8.0%*	*7.7%*	*7.5%*	*7.2%*	*6.9%*	*6.7%*	*7.2%*
Total	**22 996**	**23 591**	**27 100**	**29 739**	**32 033**	**34 460**	**37 065**	**39 723**	**42 592**	**45 334**	
YOY growth (%)		***2.6%***	***14.9%***	***9.7%***	***7.7%***	***7.6%***	***7.6%***	***7.2%***	***7.2%***	***6.4%***	***7.2%***

2008 – 2012 South Africa figures have been updated to reflect most recently available information
Source: PwC, Informa Telecoms & Media

Advertising accounted for 31% of South African entertainment and media revenues in 2012, having fallen from 32% in 2008. This proportion will continue to fall until 2017, when only 26% of E&M revenues will come from advertising. This percentage fall will not happen because of a fall in advertising revenues, but because of expansion in the entire E&M market. What's more, advertising revenues are expected to increase, as economic growth is prompting advertisers to increase their budgets.

Radio will see strong growth in advertising revenues, rising from R3.6 billion in 2012 to R5.5 billion in 2017, a CAGR of 8.8%. Since a significant proportion of South Africans lack Internet access, radio remains one of the few advertising platforms capable of reaching a national audience – almost 90% of the population can be reached via radio.

Increasing levels of car ownership and urbanisation also benefit radio as an advertising platform. With commutes getting longer, radio advertisers have a captive audience of commuters held up by growing traffic congestion.

Since South Africa has low broadband penetration, print advertising has not suffered as much as in some other countries. Newspaper advertising will grow by an estimated CAGR of 6.2% over the forecast period, with rising urbanisation and improving literacy levels increasing readership.

Supplying newspapers to extremely rural areas is a challenge for South African publishers, as is finding outlets to sell them. Moreover, tablets and smartphones are still prohibitively expensive for many South Africans, ensuring that newspapers will remain a major source of news in the medium term.

Consumer magazine advertising revenues will also benefit from rising urbanisation and low Internet penetration. Advertising spend on consumer magazines will rise from R3.1 billion in 2012 to R4.2 billion in 2017, a CAGR of 6.1%. Digital advertising will rise and drive some of this growth, but will account for only R236 million in 2017.

The second-fastest growing advertising segment, but also the smallest, is video games. The growth in advertising spending on video games will largely arise as a result of mobile gaming on smartphones. However, further growth will depend on greater penetration of smartphones among South African consumers.

Consumer spending on E&M will grow at a CAGR of 12.3%.

South African entertainment and media consumer spend 2008-2017 (R millions)

South Africa	Historical data					Forecast data					CAGR %
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2013-17
Television	10 040	11 905	13 556	15 017	16 055	17 091	17 867	18 700	19 715	20 695	
YOY growth (%)		*18.6%*	*13.9%*	*10.8%*	*6.9%*	*6.5%*	*4.5%*	*4.7%*	*5.4%*	*5.0%*	*5.2%*
Internet access	8 110	9 515	11 197	14 857	19 769	26 147	34 150	43 232	52 647	59 570	
YOY growth (%)		*17.3%*	*17.7%*	*32.7%*	*33.1%*	*32.3%*	*30.6%*	*26.6%*	*21.8%*	*13.2%*	*24.7%*
Filmed entertainment	1 389	1 397	1 425	1 570	1 664	1 772	1 876	1 990	2 136	2 325	
YOY growth (%)		*0.6%*	*2.0%*	*10.2%*	*6.0%*	*6.5%*	*5.9%*	*6.1%*	*7.3%*	*8.9%*	*6.9%*
Music	2 557	2 360	2 314	2 212	2 154	2 146	2 147	2 160	2 181	2 200	
YOY growth (%)		*-7.7%*	*-2.0%*	*-4.4%*	*-2.6%*	*-0.4%*	*0.1%*	*0.6%*	*1.0%*	*0.9%*	*0.4%*
Consumer magazines	2 551	2 772	3 458	3 996	4 555	4 870	5 200	5 598	6 031	6 535	
YOY growth (%)		*8.7%*	*24.7%*	*15.6%*	*14.0%*	*6.9%*	*6.8%*	*7.7%*	*7.7%*	*8.4%*	*7.5%*
Newspapers	2 733	2 621	2 648	2 587	2 622	2 677	2 737	2 799	2 862	2 924	
YOY growth (%)		*-4.1%*	*1.0%*	*-2.3%*	*1.4%*	*2.1%*	*2.2%*	*2.3%*	*2.3%*	*2.2%*	*2.2%*
Consumer & educational books	4 079	3 885	3 731	3 657	3 633	3 648	3 663	3 680	3 695	3 706	
YOY growth (%)		*-4.8%*	*-4.0%*	*-2.0%*	*-0.7%*	*0.4%*	*0.4%*	*0.5%*	*0.4%*	*0.3%*	*0.4%*
Sports	10 741	11 364	20 985	12 663	13 869	14 875	16 471	17 150	18 614	19 544	
YOY growth (%)		*5.8%*	*84.7%*	*-39.7%*	*9.5%*	*7.3%*	*10.7%*	*4.1%*	*8.5%*	*5.0%*	*7.1%*
Business information	2 811	2 354	3 258	3 293	3 608	3 932	4 274	4 640	5 036	5 457	
YOY growth (%)		*-16.3%*	*38.4%*	*1.1%*	*9.6%*	*9.0%*	*8.7%*	*8.6%*	*8.5%*	*8.4%*	*8.6%*
Trade magazines	130	131	151	161	169	167	164	175	189	211	
YOY growth (%)		*0.6%*	*15.4%*	*6.7%*	*5.1%*	*-1.5%*	*-1.7%*	*7.3%*	*7.9%*	*11.4%*	*4.5%*
Professional books	142	148	152	162	168	175	181	188	194	202	
YOY growth (%)		*4.1%*	*2.8%*	*6.4%*	*3.8%*	*3.7%*	*3.7%*	*3.6%*	*3.6%*	*3.5%*	*3.6%*
Trade shows	2 384	1 813	2 385	2 303	2 611	2 839	3 105	3 398	3 713	4 055	
YOY growth (%)		*-24.0%*	*31.6%*	*-3.5%*	*13.4%*	*8.7%*	*9.4%*	*9.4%*	*9.3%*	*9.2%*	*9.2%*
Video games	1 488	1 589	1 720	1 917	2 131	2 328	2 507	2 734	2 983	3 264	
YOY growth (%)		*6.8%*	*8.3%*	*11.4%*	*11.2%*	*9.2%*	*7.7%*	*9.0%*	*9.1%*	*9.4%*	*8.9%*
Total*	**49 155**	**51 854**	**66 979**	**64 221**	**72 768**	**82 355**	**93 961**	**105 989**	**119 465**	**130 080**	
YOY growth (%)		***5.5%***	***29.2%***	***-4.1%***	***13.3%***	***13.2%***	***14.1%***	***12.8%***	***12.7%***	***8.9%***	***12.3%***

2008 – 2012 South Africa figures have been updated to reflect most recently available information
Source: PwC, Informa Telecoms & Media

**Pay-per-view and video-on-demand are counted in both the distribution and filmed entertainment segments, but only once in the overall total.*

End-user spending in South Africa will increase by an average of 12.3% a year over the forecast period. This will be driven in large part by the 24.7% average annual growth in consumer spending on Internet access. If this element is removed, then end-user spending will grow from R53.0 billion in 2012 to reach an estimated R70.6 billion in 2017, a CAGR of 5.9%. Economic growth will have a positive effect on household budgets, with increased discretionary spending seen over the next five years.

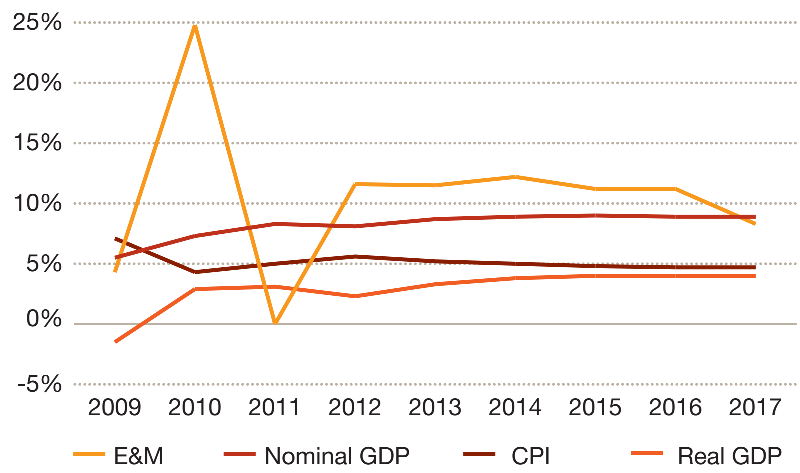
One of the most significant factors in the growth of the entertainment and media market, for both consumer and advertising spend, is the emerging middle class. A May 2013 report by the University of Cape Town's Unilever Institute of Strategic Marketing, found that growth in the black middle class has been an especially notable trend. Since 2004 the black middle-class market has more than doubled in size, growing by 250%, from 1.7 million in to 4.2 million in 2012, while the white middle class has remained at around 3 million.

While discussion continues about the best way to define the term 'middle class', the impact of this trend will be positive for the South African E&M market. Indeed, it will continue to experience higher rates of growth than the overall economy.

While real GDP is forecast to grow at around 4% each year for the next five years, this is less than the CAGR (10.9%) forecast for the overall E&M market. The E&M market peaked around the 2010 FIFA World Cup, then dipped, but recovered in 2012 and will continue to grow steadily in the next five years.

The E&M market will grow more strongly than the overall economy.

E&M growth rate vs GDP and CPI, 2009-2017 (%)



Source: PwC, Informa Telecoms & Media

The sports market is one of the largest E&M segments for consumer spending in South Africa, after Internet access and television. Revenues generated by the sports market will grow from R13.9 billion in 2012 to an estimated R19.5 billion in 2017, a CAGR of 7.1% as the growing economy prompts larger sponsorship deals and media rights packages. Gate revenues are down from their peak in 2010 when South Africa hosted the FIFA World Cup but an underlying growth trend remains.

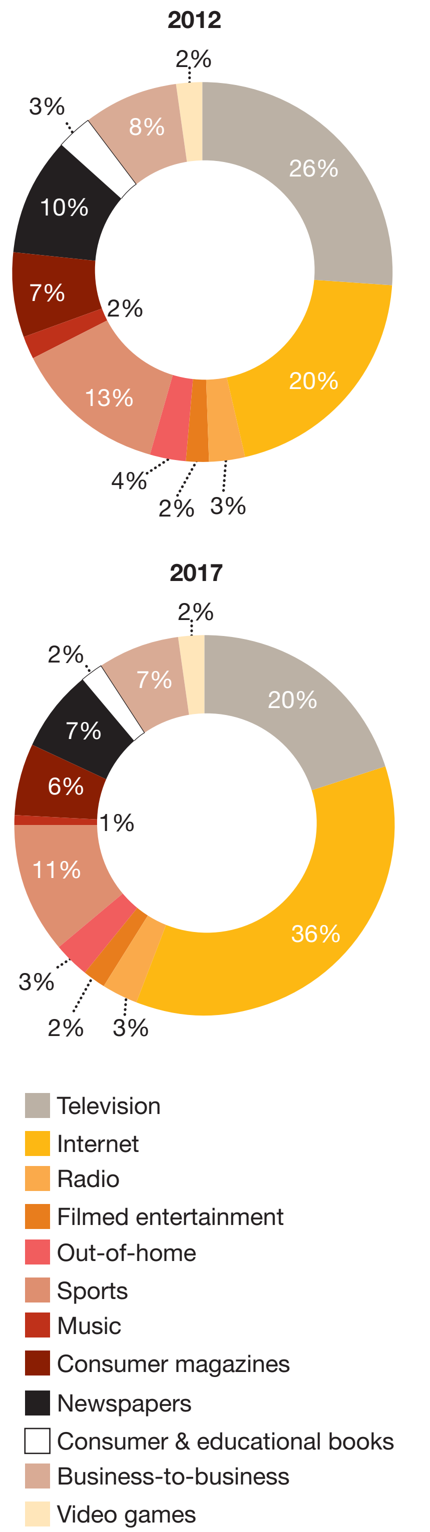
Television is the second-largest segment in terms of consumer spending, and revenues from it will grow at a CAGR of 5.2% from R16.1 billion in 2012 to approximately R20.7 billion in 2017. Pay-TV subscriber numbers will top six million in 2016 and pay-TV subscription revenues will reach nearly R20 billion by 2017, as growth in the economy and strong competition between pay-TV providers enables more people to afford a pay-TV subscription or to upgrade the subscriber package they already have.

The slowest growing E&M segment in South Africa will be consumer and educational books, with a 0.4% CAGR over the next five years. Comparatively low literacy levels in the country (although they are rising) and the fact that there are multiple languages in use in South Africa, continue to act as a barrier to further growth in this segment.

Books are also subject to higher VAT (14%) than in most other countries, which means that retail prices remain too high for the majority of South Africans. Magazines and newspapers sell at a much lower cost and are more likely to be read by South Africans than books.

Music is also a slow-growing segment (0.4% CAGR), with physical sales dropping quickly, but not yet being replaced by digital sales, despite the emergence of a number of new digital music services. Live music revenues will grow strongly over the forecast period, but falling recorded music sales will mean that most of this growth will be negated. Music revenues overall will increase marginally from R2.15 billion in 2012 to R2.20 billion in 2017.

E&M revenues by share of market, 2012 vs 2017 (% share)



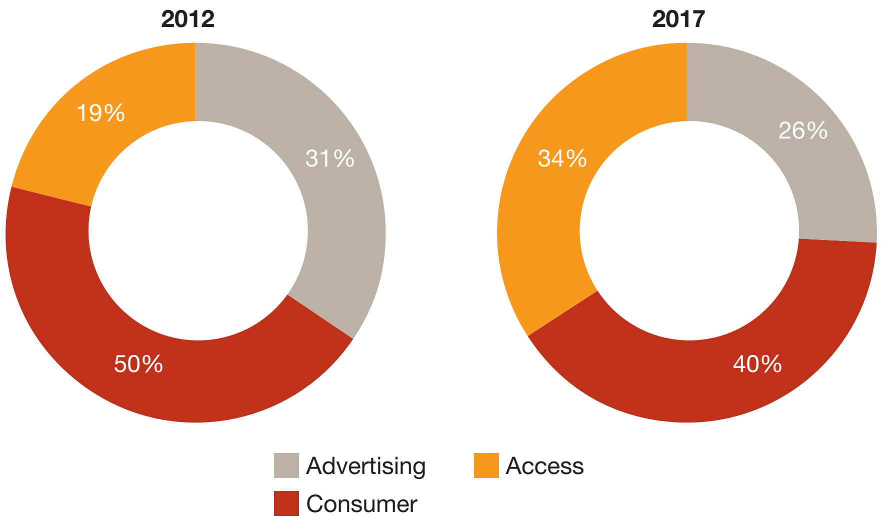
Source: PwC, Informa Telecoms & Media

The growing importance of the Internet to the South African E&M market can be seen in the growing share it will take of the overall market (including both consumer and advertising spend). Internet access and Internet advertising together accounted for 20% of total spend in 2012, but this will rise to 36% by 2017, as it takes share from the other segments, including television.

The majority of this spend will be on Internet access, which alone will account for 34% of the total value of the South Africa E&M market by 2017, up from 19% in 2012. As a result, advertising's share of the total market will fall to 26% by 2017, with consumer spending's share (excluding Internet access) falling to 40% (from 50% in 2012).

Internet access alone will account for 34% of E&M revenues by 2017.

E&M revenues by type, 2012 vs 2017 (% share)



Source: PwC, Informa Telecoms & Media

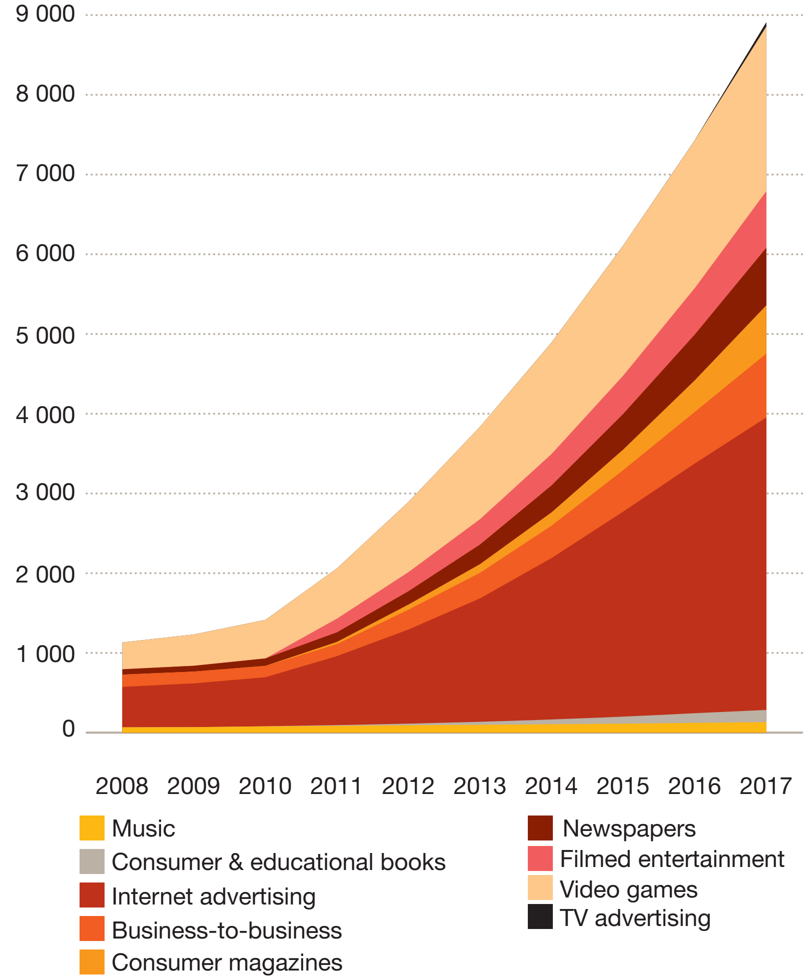
However, when revenues from Internet access are excluded, the impact of purely digital media is less dramatic.

With consumers becoming increasingly connected, they will be spending more on digital content, but with growth starting from a low base, revenues from traditional media will continue to dominate consumer spending overall.

Digital media revenues will rise as more consumers become connected.

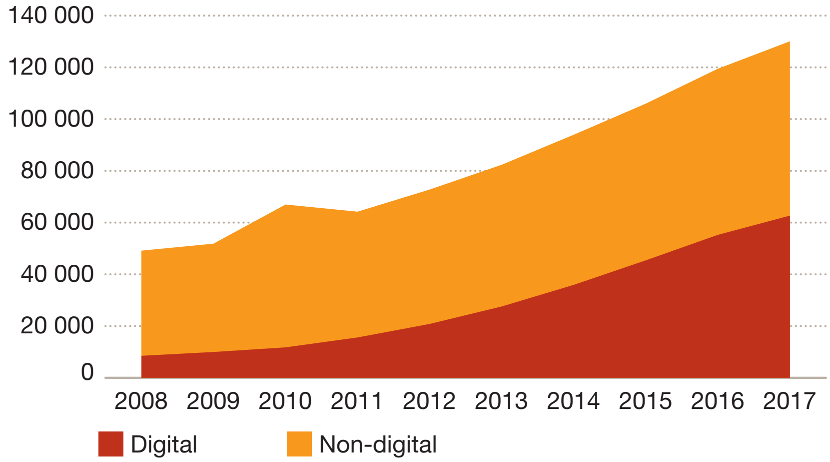
Digital will take a growing portion of both consumer and advertising spending. Digital's share of consumer spending (excluding Internet access) in South Africa is set to grow from 1% in 2008 to 4% by 2017, while digital advertising will grow from 2% of total advertising revenue in 2008, to an estimated 8% in 2017. We expect this increase to continue beyond 2017, as the economy continues to grow and Internet and smartphone penetration increases.

Digital entertainment and media revenues, 2008-2017 (R millions)



Source: PwC, Informa Telecoms and Media

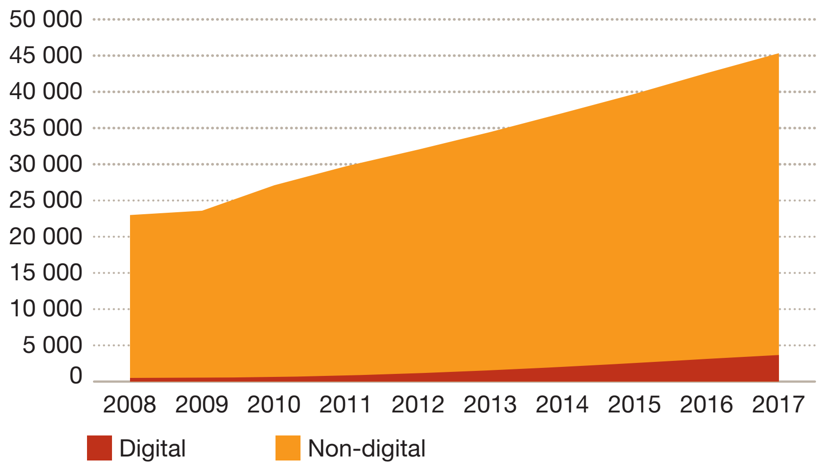
Consumer spending on E&M (including Internet access), digital vs non-digital, 2008-2017 (R millions)



Source: PwC, Informa Telecoms and Media

Digital's share of E&M consumer spending (including Internet access) will reach 48% by 2017.

Advertising spend on E&M, digital vs non-digital, 2008-2017 (R millions)



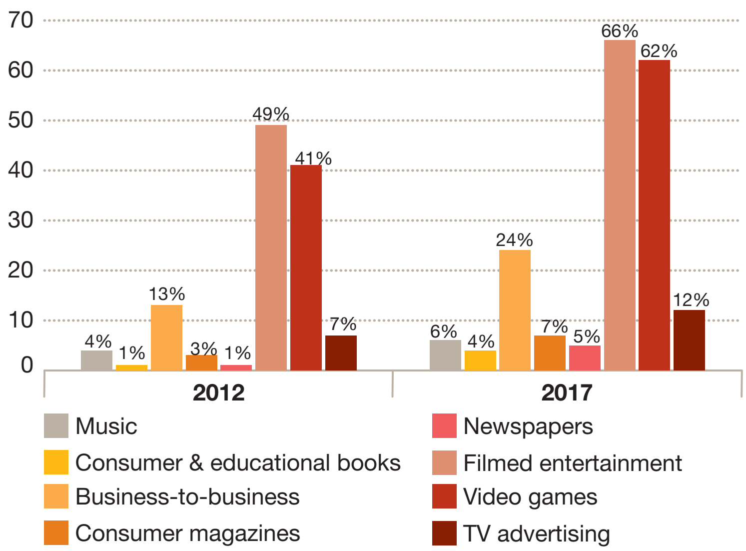
Source: PwC, Informa Telecoms and Media

Digital's share of advertising revenues will only be 8% by 2017.

While there is an understandable focus on the impact of digital products and services on the entertainment and media sector, in most cases physical media will continue to dominate the South African market over the next five years.

While physical spending comprised 99% of total consumer E&M spending in 2008 and was still 98% in 2012, it will continue to decline in the next few years. This decline will accelerate as consumers become more digitally advanced and more accustomed to purchasing digital media. Nevertheless, a widespread shift to digital consumption is not expected during the forecast period.

Revenues from digital as a percentage of total segment consumer spending, 2012 vs 2017 (%)



Source: PwC, Informa Telecoms and Media

Video games will be the segment with the highest proportion of total sales being attributable to digital, with 62% of revenues from digital in 2017. Growth will be particularly driven by the use of 'freemium' games (where free versions are offered, but players are incentivised to upgrade to a paid-for version) and subscription games on mobile.

Filmed entertainment will also see high levels of digital engagement, with digital comprising 66% of revenues by 2017. Even so, by 2017 these will be the only two segments in which more than a quarter of revenues will come from digital products.

In contrast, the consumer and educational book segment has seen the lowest digital adoption and its digital revenues will reach only 4% of the total in 2017. Likewise, other segments that are less conducive to digital adoption will also continue to see their revenues being predominantly physical.

The digital revolution is certainly happening, and the opportunities are significant, but the media landscape in South Africa will not become unrecognisable overnight.

Nigeria

A surge in Internet adoption will be the platform for new engagement between advertisers and consumers.

Nigerian entertainment & media market, 2008-17 (US$ millions)

Nigeria	Historical data					Forecast data					CAGR %
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2013-17
Television	431	589	650	672	708	803	904	982	1 055	1 130	
YOY growth (%)		*36.6%*	*10.4%*	*3.4%*	*5.4%*	*13.5%*	*12.4%*	*8.7%*	*7.4%*	*7.0%*	*9.8%*
Internet	81	143	249	404	764	1 249	1 989	3 044	4 421	5 574	
YOY growth (%)		*76.5%*	*73.4%*	*62.6%*	*89.1%*	*63.3%*	*59.2%*	*53.0%*	*45.2%*	*26.1%*	*48.8%*
Radio	71	75	80	82	86	89	92	94	98	102	
YOY growth (%)		*5.6%*	*5.6%*	*2.6%*	*5.0%*	*3.2%*	*3.2%*	*3.2%*	*3.6%*	*3.9%*	*3.4%*
Filmed entertainment	181	152	165	193	198	206	217	230	245	270	
YOY growth (%)		*-15.9%*	*8.2%*	*17.0%*	*3.1%*	*4.7%*	*4.9%*	*6.0%*	*7.0%*	*9.3%*	*6.4%*
Out-of-home	59	151	178	189	205	222	237	253	269	284	
YOY growth (%)		*154.7%*	*17.6%*	*6.6%*	*8.0%*	*8.7%*	*6.8%*	*6.5%*	*6.4%*	*5.7%*	*6.8%*
Sports	206	216	499	335	433	487	567	607	676	722	
YOY growth (%)		*5.0%*	*131.3%*	*-32.9%*	*29.6%*	*12.2%*	*16.7%*	*7.0%*	*11.5%*	*6.7%*	*10.8%*
Music	45	47	49	50	51	52	53	53	54	54	
YOY growth (%)		*5.1%*	*2.7%*	*2.7%*	*2.8%*	*1.3%*	*1.2%*	*0.9%*	*0.9%*	*0.3%*	*0.9%*
Consumer magazines	161	152	217	230	249	271	299	325	354	386	
YOY growth (%)		*-4.6%*	*42.2%*	*6.3%*	*7.6%*	*8.7%*	*10.5%*	*8.5%*	*9.2%*	*9.1%*	*9.2%*
Newspapers	272	257	247	237	235	235	235	235	236	236	
YOY growth (%)		*-5.6%*	*-3.9%*	*-4.0%*	*-0.9%*	*-0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.3%*	*0.1%*
Consumer & educational books	18	19	21	23	22	22	22	21	22	22	
YOY growth (%)		*1.4%*	*14.4%*	*12.4%*	*-6.5%*	*-1.6%*	*0.2%*	*0.6%*	*0.7%*	*0.9%*	*0.2%*
Business-to-business	114	121	128	139	147	157	169	180	189	195	
YOY growth (%)		*4.5%*	*6.1%*	*9.0%*	*5.9%*	*7.1%*	*7.1%*	*6.2%*	*4.9%*	*4.0%*	*5.9%*
Video games	22	28	38	50	65	81	99	120	143	170	
YOY growth (%)		*28.8%*	*32.3%*	*32.6%*	*27.8%*	*26.2%*	*22.8%*	*20.3%*	*19.6%*	*18.9%*	*21.5%*
Total*	**1 661**	**1 946**	**2 505**	**2 591**	**3 146**	**3 852**	**4 856**	**6 113**	**7 726**	**9 107**	
YOY growth (%)		***17.3%***	***28.6%***	***3.5%***	***21.4%***	***22.5%***	***26.0%***	***25.9%***	***26.4%***	***17.9%***	***23.7%***

Source: PwC, Informa Telecoms & Media

**Newspaper, directory, consumer magazine, trade magazine and online TV advertising are included in their respective segments and also in Internet advertising, but only once in the overall total.*

Nigeria is one of the most vibrant markets in sub-Saharan Africa. The power of the mobile device as a communications enabler is transforming the continent, and with this transformation in communications, the potential for Nigerian consumers to access entertainment and media in new ways is significant.

Total entertainment and media expenditure in Nigeria will exceed US$9 billion in 2017, representing a 23.7% CAGR between 2013 and 2017. Of this, consumer expenditure will account for 82%, while advertising expenditure will be worth just over US$1 billion in 2017.

The consumer drive for entertainment and media will be compelling in Nigeria, showing a 23.7% CAGR between 2013 and 2017. By far the fastest growth area in consumer spending will be Internet access (at a CAGR of 49%) and driving this surge will be the power of cellular networks in Nigeria.

Internet access in Nigeria, as in all African countries, will be dominated by mobile Internet access. It is no surprise, therefore, that advertisers will look to the Internet as a key medium for access to consumers, alongside TV and B2B publications. Digital media will be a primary source for advertising growth.

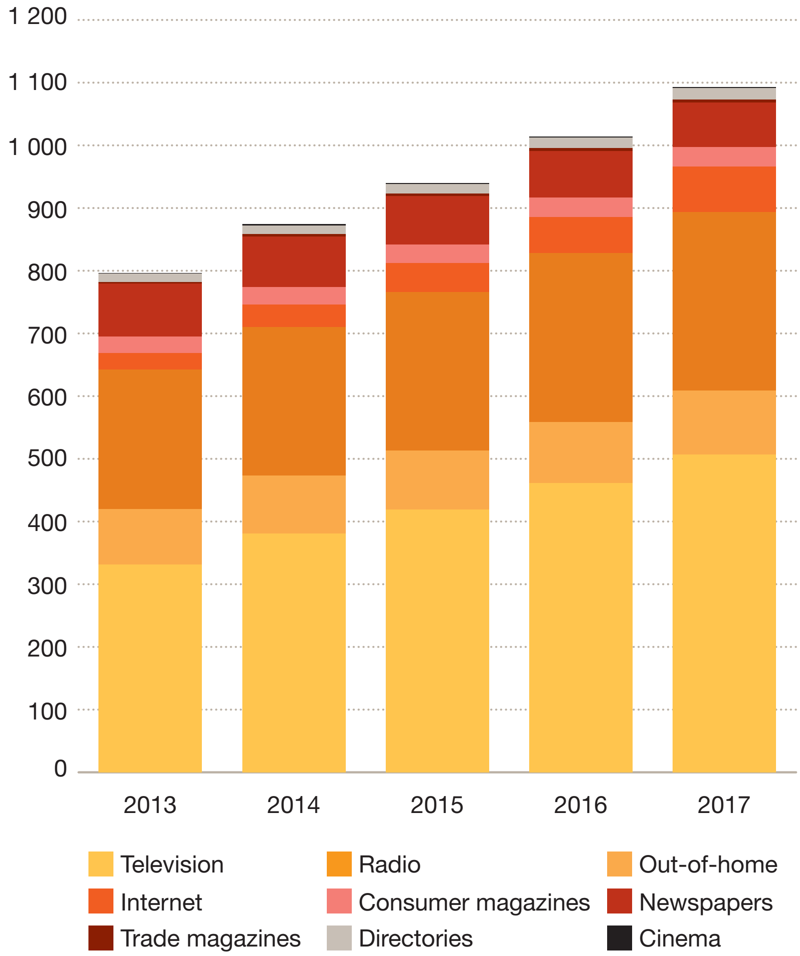
Nigeria's E&M market will grow at a CAGR of nearly 24% in the next five years.

Not only will the Internet be the fastest growth area for expenditure, but it will also be the largest market, worth US$5.6 billion in 2017, ahead of TV (US$1.1 billion) and sports (US$722 million).

TV is the dominant form of advertising, but the Internet shows steady growth.

TV remains the single most effective channel for advertising and this will remain the case throughout the forecast period. However, alongside TV, out-of-home, radio and the Internet will become a more important platform for advertisers. This will be at the expense of print advertising channels, including newspapers, magazines and B2B publications that will either stagnate or actually fall in terms of revenues.

Advertising expenditure by entertainment & media segment, 2013-17 (US$ millions)



Source: PwC, Informa Telecoms & Media

A mobile revolution about data services as much as voice.

With over 112 million mobile subscribers, representing population penetration of 67%, Nigeria has become one of Africa's most mature cellular markets. While voice still dominates usage, it is notable that by the end of 2013, the number of mobile broadband users will approach 8 million and will grow to over 40 million during the next five years.

Consumer demand has driven the rise in Internet access, supported by an increase in the range of devices available, a decline in device prices and the setting of competitive service-plan prices. Indeed there are few more competitive telecommunications markets in the world than Nigeria – in 2013, the three largest mobile operators each have more than 20 million customers – MTN (45 million), Glo Mobile (22 million) and Airtel (21 million).

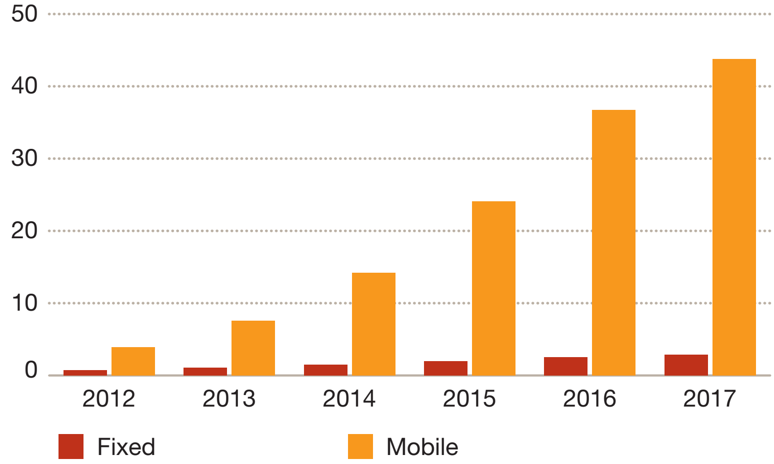
To illustrate the potential for data services, Nigeria's leading telecoms operator, MTN, will spend U$1.3 billion on expanding its cellular network in 2013. It is doing this to optimise its network to meet rising consumer demand for data services, much of which will come from the desire to access entertainment and media services.

Nigeria's smartphone market is set to boom, partly because of consistent declines in device prices and partly because of increased collaboration between handset manufacturers and mobile operators. Consumers are turning to smartphones to power a surging interest in access to information, social networking services, Internet browsing and mobile advertising.

Nigeria's entertainment and media sector will be democratised by the growth of the Internet as a platform to serve consumers with entertainment and media services. And it is the Internet that will give advertisers in Nigeria a more dynamic tool with which to reach out and target specific consumer groups.

Mobile will dominate Internet access in Nigeria.

Broadband subscriptions, 2013-17 (millions of subscribers)



Source: Informa Telecoms & Media

Kenya

The emerging middle class in the cities of Kenya will drive growth in entertainment and media expenditure.

Kenyan entertainment & media market, 2008-2017 (US$ millions)

Kenya	Historical data					Forecast data					CAGR %
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2013-17
Television	128	161	227	355	418	486	564	651	751	865	
YOY growth (%)		*25.5%*	*41.3%*	*56.3%*	*18.0%*	*16.4%*	*15.9%*	*15.5%*	*15.4%*	*15.2%*	*15.7%*
Internet	11	25	45	79	135	220	348	535	788	961	
YOY growth (%)		*131.2%*	*80.6%*	*74.3%*	*70.6%*	*64.2%*	*57.9%*	*53.9%*	*47.2%*	*21.9%*	*48.3%*
Radio	87	150	220	258	274	290	307	322	333	339	
YOY growth (%)		*72.9%*	*46.5%*	*17.2%*	*6.2%*	*5.8%*	*5.8%*	*4.7%*	*3.6%*	*1.9%*	*4.4%*
Filmed entertainment	47	40	42	43	43	44	44	43	44	46	
YOY growth (%)		*-15.1%*	*4.5%*	*2.7%*	*-0.8%*	*0.5%*	*0.7%*	*1.1%*	*1.6%*	*2.7%*	*1.3%*
Out-of-home	32	58	67	90	97	106	116	129	141	153	
YOY growth (%)		*78.8%*	*16.6%*	*34.5%*	*8.0%*	*8.5%*	*9.7%*	*10.9%*	*9.4%*	*8.6%*	*9.4%*
Sports	33	43	94	58	79	90	105	118	138	150	
YOY growth (%)		*32.5%*	*120.0%*	*-38.6%*	*37.1%*	*12.7%*	*18.9%*	*11.7%*	*16.4%*	*9.1%*	*13.7%*
Music	16	17	18	19	20	20	20	21	20	20	
YOY growth (%)		*6.9%*	*4.2%*	*3.7%*	*4.1%*	*1.7%*	*1.5%*	*0.9%*	*-1.2%*	*-1.4%*	*0.3%*
Consumer magazines	43	42	56	62	67	73	81	88	95	104	
YOY growth (%)		*-2.5%*	*35.3%*	*9.1%*	*7.8%*	*9.1%*	*10.5%*	*9.3%*	*7.3%*	*8.6%*	*9.0%*
Newspapers	98	99	130	152	190	206	219	229	239	248	
YOY growth (%)		*0.4%*	*31.1%*	*17.0%*	*25.3%*	*8.5%*	*6.0%*	*5.2%*	*4.2%*	*3.6%*	*5.5%*
Consumer & educational books	31	32	33	40	37	37	37	37	37	37	
YOY growth (%)		*2.5%*	*7.7%*	*17.1%*	*-6.5%*	*-0.8%*	*0.6%*	*0.5%*	*0.0%*	*-0.2%*	*0.0%*
Business-to-business	36	43	45	50	59	65	73	79	84	88	
YOY growth (%)		*19.5%*	*7.3%*	*12.9%*	*13.6%*	*13.3%*	*8.7%*	*7.7%*	*6.3%*	*5.1%*	*8.2%*
Video games	13	16	22	30	41	51	61	74	86	101	
YOY growth (%)		*30.0%*	*35.1%*	*37.5%*	*33.6%*	*24.3%*	*21.2%*	*19.4%*	*18.2%*	*16.9%*	*20.0%*
Total*	**574**	**724**	**997**	**1 231**	**1 453**	**1 681**	**1 966**	**2 314**	**2 740**	**3 093**	
YOY growth (%)		***26.2%***	***38.1%***	***23.4%***	***17.8%***	***15.6%***	***16.9%***	***17.8%***	***18.5%***	***12.8%***	***16.3%***

Source: PwC, Informa Telecoms & Media

Kenya's E&M market will grow at a CAGR of 16.3% in the next five years.

**Newspaper, directory, consumer magazine, trade magazine and online TV advertising are included in their respective segments and also in Internet advertising, but only once in the overall total.*

Kenya, like Nigeria, is one of the most vibrant markets in sub-Saharan Africa. A growing middle class, rising rates of literacy, a larger urban population and the growing importance of the mobile phone as platform for communication and content are all helping to create significant new opportunities for the entertainment and media market.

Total entertainment and media expenditure in Kenya will exceed US$3 billion in 2017, representing a 16.3% CAGR between 2013 and 2017. Consumer expenditure will account for half of this.

The consumer drive for entertainment and media will be compelling in Kenya, showing a 24% CAGR between 2013 and 2017. By far the fastest growth area in consumer spend will be Internet access (a CAGR of 52%) and driving this surge will be the visibility and the dominance of Kenya's largest mobile operators.

Internet access in Kenya will be dominated by mobile Internet access. It is no surprise, therefore, that advertisers will look to the Internet as a key medium for access to consumers, alongside TV and filmed entertainment.

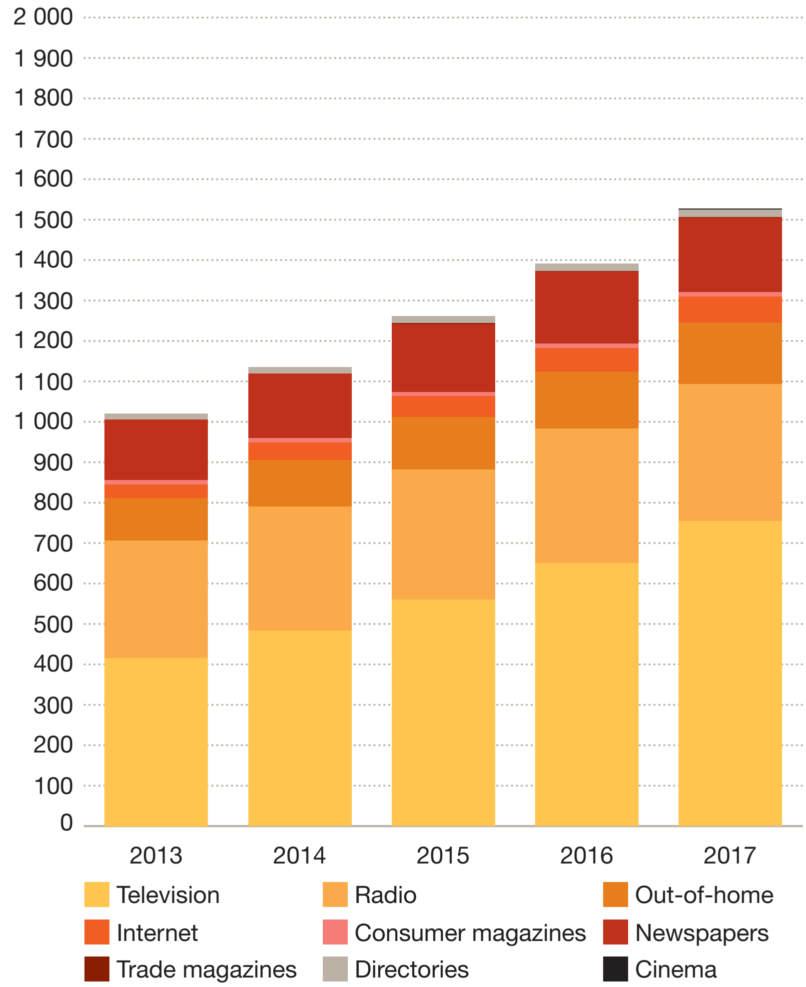
Not only will the Internet be the fastest growth area for expenditure, it will also be the largest market, worth approximately US$961 million in 2017.

TV remains the single most effective channel for advertising in Kenya, accounting for just over 40% of advertising revenue in 2012, a figure likely to increase to approximately 50% in 2017.

Radio remains an important advertising platform in Kenya, generating US$339 million in 2017, more than newspapers and out-of-home advertising.

TV is the dominant form of advertising, but Internet shows steady growth.

Advertising expenditure by entertainment & media segment, 2013-2017 (US$ millions)



Source: PwC, Informa Telecoms & Media

Demographic changes

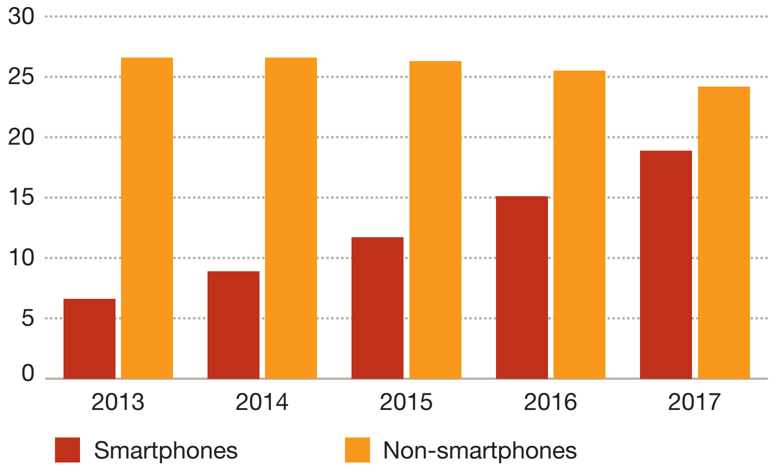
The maturing Kenyan market is gaining a taste for greater access to entertainment and media services.

There will be 18.9 million smartphones in Kenya by 2017.

Kenya is a market that reflects both the growing trend of urbanisation in Africa and the innovation of high-growth markets. Approximately a quarter of the population now resides in urban areas and there is also a fast-developing middle class, notably in the capital city of Nairobi. This is creating a new appetite for entertainment and media services, which is also being fuelled by investment in education and the resultant growing levels of literacy, with 87% of the population now literate, according to UNICEF estimates

With over 30 million mobile subscribers, representing population penetration of 70%, Kenya is one of Africa's most mature cellular markets. The availability of entry-level smartphones is leading to an increase in mobile data usage. Informa Telecoms & Media projects that the number of smartphone connections in Kenya will reach nearly 19 million by the end of 2017. This projected growth will be a result of increased interest among smartphone manufacturers in entering the market with low-cost devices.

Smartphone market subscriptions, 2013-2017 (millions)



Source: Informa Telecoms & Media

Kenya's largest mobile operator is Safaricom and growth of mobile data is best illustrated by the operator's announcement that its data revenues grew by 42% year on year in 2012. This was the result of expanded data offerings and enhanced coverage of its 3G network.

With regards data usage, it is interesting to note that in Kenya, much of the usage is driven by information, navigation and money transfers, as opposed to the clearer focus on entertainment seen in Nigeria.

However, there is a clear similarity to South Africa and Nigeria – cellular networks are driving Internet access and the range of devices now available to the mass market is transforming the face of the market, with Internet access becoming increasingly available to a wider range of the local population. This will make a significant impact on the ability of advertisers in Kenya to engage directly with consumers.