

Serving the Media Industry



Head: Media and Audio-Visual SBU, Maijang Mpherwane

The goal of the Media and Audio-Visual strategic business unit (SBU) is to be a driving force in the development of a sustainable media and audio-visual value chain in South Africa. Our focus is on funding:

- The production of locally relevant and internationally palatable content, with an emphasis on feature films, animation as well as television series (funding can be structured to include bridging finance, venture capital, rebate incentives and more)
- Digital cinema, particularly in townships and rural areas as part of our audience development mandate;
- Infrastructure such as production, post-production and broadcast studios;
- The creation and acquisition of platforms across TV, radio and digital;
- The development of new or alternative distribution systems for content; and
- Supporting the overall media industry along the value chain, such as equipment rental and more.

We aim to accelerate investment in projects that promote economic development and have an impact in the media sector, we believe that partnerships with like-minded role players such as broadcast platforms, distributors, other government agencies, international co-producers and financiers are critical in our quest to achieve this.

We are also geared to do complex financing for film, television and other media content in a variety of funding structures, ranging from single-project financing and slate financing to joint ventures for the production and distribution of content, intellectual property (IP) between South African producers and their international counterparts.

We also seek projects geared towards the realisation of greater transformation within the media and audio-visual value chain and encourage increased IP ownership by independent producers.

The Media and Audio-Visual SBU prides itself in its in-depth understanding of the intricate financing needs of the media world. The SBU has developed wide-ranging expertise serving the media, creative and entertainment sectors and specialises in working with independent and owner-managed businesses, with clients ranging from small and medium-sized operations to large companies.

Our purpose is to understand and serve the media industry and we have to date provided funding to support working capital for numerous high-profile projects – including film and television productions – and assisted many businesses in their corporate aspirations and acquisition strategies.

The SBU plays a crucial role in encouraging the entrance of new players, particularly black industrialists, in the sector by working with many clients from start-up through to the completion of projects. We believe there is scope to do more.

Our priorities include:

- Diversifying investments into other areas of the media value chain;
- Building partnerships with platform owners to drive the industry's growth and economic viability;
- Facilitating greater access to diverse platforms and markets for the benefit of the South African industry; and
- Enhancing the exposure of South African filmmakers while increasing the probability of recoupment;

Moving the automotive sector forward



Head: Automotive & Transport Equipment, Joy Balepile

The Automotive and Transport Equipment Unit aims to ensure domestic and global competitiveness in the downstream manufacturing of automotive and transport related components.

The unit focuses on the opportunities in the established automotive and transport equipment and components-manufacturing subsectors. These, in turn, support the overall goals of increasing local production of vehicles and components that feed into global supply chains, thereby improving the country's international competitiveness. This is also in line with the Government's New Growth Path policy and its Industrial Policy Action Plan, focusing on improving growth in key manufacturing sectors.

South Africa already hosts numerous prestigious and emerging automotive manufacturing plants, which have helped establish the country as a recognised player in the export of vehicles and supply of local components, and has sustained thousands of jobs.

Our recent biggest investment in the sector has been an R11-billion joint venture with Chinese state-owned enterprise Beijing Automotive Industry Holding, to establish a plant with the capacity to manufacture 100 000 vehicles a year.

The joint venture has been set to achieve 85% local content on construction materials, 35% of construction work to small,

medium-sized and microenterprises, 75% local employment at the construction site and 60% local parts content of the vehicles that are assembled at the plant.

The unit's investment focus

We offer funding and industry and project development activities in the following sectors:

- Manufacturing of passenger and commercial vehicles. (Increasing capacity in the assembly industry drives demand for local component manufacturers);
- Manufacturing of automotive components. A strong, sustainable supplier base is central to reassuring automotive brands that South Africa is capable of meeting their needs with quality local production of key components;
- Manufacturing of medium and heavy vehicles, buses and trucks. This sub-sector has tremendous potential for additional assembly and components production that can support increased local content and promote intra-regional trade;
- Manufacturing of ships, and ship repairs. The "blue oceans economy" – a maritime strategy that calls for the establishment of local facilities to support and service maritime trade, including expected developments in offshore oil and gas exploration – present many new opportunities;
- Manufacturing of rail components and infrastructure. Significant investment in the country's rail infrastructure present compelling opportunities to increase the local production of rail components and infrastructure inputs; and
- Manufacturing of aircrafts and components. Develop the aerospace sector through the support of local suppliers into the global value chain for the manufacturing of aircrafts or components. Support for local suppliers will assist them in participating in the increased demand of the international commercial aerospace sector.

Outlook for the next year

We are looking at supporting exciting new opportunities that will raise the industry to new heights, while ramping up capacity in rail aerospace and maritime transport.

The strong and comparatively stable automotive and transportation industry provides us with a solid base from which to position South Africa as a credible manufacturer of automotive and transportation equipment and a key global supplier of select components.

Focus



Topline Plastics situated in Bloemfontein is proudly funded by the IDC and are the leaders in the packaging industry, offering a wide selection of packaging materials to individuals or businesses servicing the whole of the Free State area.

Business toolkit – production challenges

Most startups experience delays in starting operations, leading to cost overruns. Ways to mitigate this include:

- Ensure investors or shareholders can put in extra equity, or acquire grant funding to cover these costs through stand-by equity or debt facilities;
- Factor in time overruns in the commissioning schedule by pushing the launch date of startup operations forward
Entrepreneurs should have access to a technical partner's expertise for support when problems arise in the production process, for example when the manufacturing plant does not work optimally or the manufactured product does not meet the required quality standard. Technical supporters/advisors need to be based near the manufacturing plant to assist production staff on demand and on the ground;
- Do not underestimate the level of attention to detail and effort required in assembling and packaging finished goods; and
- Do not expand and grow a startup business too quickly if the production volume or quality is still low due to technical manufacturing problems.

Funding for water and energy efficiency

Water efficiency measures have been added to the Green Tourism Incentive Programme (GTIP), managed by the Industrial Development Corporation on behalf of the Department of Tourism. The current application window is open up to **30 November 2018**.

The Department of Tourism established the R142.5 million Green Tourism Incentive Programme (GTIP) over a three-year period (FY 2017/18 to FY 2019/20), to encourage tourism enterprises to adopt cleaner and renewable energy sources. The scope was recently expanded to support water efficiency measures.

GTIP provides grant funding on a sliding scale from 30% to 90% - capped at R1 million to qualifying small and micro tourism enterprises to promote energy and water efficiency, thus reducing costs.

Applications forms are available at www.idc.co.za, enquiries can be directed to the Programme Manager Mr. Siyabonga Mahlangu on 011 269 3086 or service@idc.co.za

Telling Local Stories



Farewell Ella Bella, a new film co-funded by the IDC, the Department of Trade and Industry (the dti) and the National Film and Video Foundation (NFVF) was released in cinemas on 17 August 2018. The feature film boasts an all-female production team and is the first to emerge from the Emerging Black Filmmakers Transformation Fund (EBFTF) initiative. The film is produced by Tsholo Mashile and written and directed by Lwazi

Mvusi. They are joined by executive producers Carolyn Carew and Kamscilla Naidoo and director of photography Amelia Henning. The EBFTF aims to provide opportunities to black local filmmakers, where most of the film rights are owned by black producers and/or black directors to gain experience, build a track record and establish a brand, thereby creating local content for local consumption, telling local stories and retaining the local culture.

Partnering for Inclusive Industrialization

IDC's performance is attributed to the corporation's focused and proactive approach to developing the sector-based value chains identified as critical to economic development and transformation. The corporation increased its support to key sectors of the economy, approving a record R16.7 billion worth of transactions for the financial year-ending 31 March 2018. This is a 9% increase compared to the previous corresponding period. Disbursements, which is the actual money invested in the economy, increased by 40% to R15.4 billion. A record of 29 885 jobs are expected to be created and saved against 21 949 recorded for the previous financial year.

Accordingly, approvals to the manufacturing sector, which is the anchor for jobs-rich industrialisation, accounted for a larger proportion of IDC's funding activity at 46%. Funding approvals for youth-empowered businesses amounted to R1 billion during the year under review. Approvals in support of government's black industrialists program increased by 67% to R7.9 billion whereas businesses in which women own more than 25% accounted for R2.2bn of the overall R16.7 billion approved to businesses for the financial year.

Full report available on www.idc.co.za

Highlights

TRANSACTIONS APPROVED	DISBURSEMENTS	NUMBER OF JOBS EXPECTED TO BE CREATED AND SAVED	APPROVED FOR BLACK INDUSTRIALISTS	APPROVED FOR BUSINESSES WITH WOMEN OWNERSHIP OF MORE THAN 25%	APPROVED FOR MANUFACTURING SECTOR
R16.7 billion	R15.4 billion	29 885	R7.9 billion	R2.2 billion	R8.0 billion