



NEWS RELEASE

# Warner Music International and Johnnic Communications Announce South African Joint Venture

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Warner Music Gallo Africa Unites Leading International And Domestic Companies To Create New Music Content Business First Time Entire Gallo Catalogue to be Made Digitally Available

22 May, London: Warner Music International (WMI) and Johnnic Communications (Johncom) today announce a joint venture to create Warner Music Gallo Africa (WMGA), a new music-based content company in South Africa. The deal will bring leading global music company WMI together with Johncom, South Africa's innovative and ambitious media and entertainment company, and Johncom-owned Gallo Music, South Africa's largest independent record label. Such a powerful combination will place WMGA at the forefront of South Africa's vibrant music scene at a time when the country's economic growth and adoption of new entertainment technologies is opening the door to myriad future opportunities.

WMGA will house worldwide digital rights to Gallo Music's domestic repertoire, an exciting blend of contemporary artists and award-winning stars from the label's rich 80-year archive, including Ladysmith Black Mambazo, Lucky Dube, Pro-Kid, Lusanda Spiritual Group, Thandiswa and Simphiwe Dana. This announcement marks the first time Gallo Music's entire catalogue will be made available in digital formats. In addition, WMGA will be the licensee for WMI's line up of international acts in Sub-Saharan Africa opening up a wealth of new possibilities for the promotion and distribution of material by stars including Red Hot Chili Peppers, Sean Paul, Michael Bubl , James Blunt and Josh Groban. Johncom is in the process of extending its reach into Sub-Saharan Africa, with plans to open new retail outlets alongside its established operations in Nigeria and Kenya.

Combining the breadth of Gallo's existing catalogue and Gallo's ongoing commitment to A&R with Johncom's experience and expertise in South Africa and WMI's global digital distribution footprint, WMGA is in a unique position to maximize the potential of the rapidly evolving South African market, both at home and internationally. In South Africa, physical music sales have experienced healthy increases over a five-year period according to IFPI, whilst mobile penetration, internet use and broadband adoption also show significant growth according to recent analyst reports, creating a multitude of opportunities for forward-looking music and entertainment providers. Meanwhile, with digital distribution dismantling many of the traditional barriers to exporting African music, the potential for Gallo's catalogue to reach an international audience has never been greater.

Ivor Haarburger will manage WMGA, combining his new role of CEO WMGA with his current role of CEO Gallo Music Group. He will report to Gerolamo Caccia, COO Warner Music International, and Prakash Desai, Johncom Deputy CEO. WMGA will be headquartered in Johannesburg, South Africa.

Patrick Vien, Chairman and CEO, WMI, commented, "In addition to creating a huge opportunity in South Africa, this deal also allows us to leverage our global digital distribution footprint to promote leading African repertoire to fans all over the world. WMGA is the latest step forward in our ambition to make a broad range of diverse music content available to consumers wherever, and however, they want it."

Gero Caccia, COO, WMI added, "This is great opportunity to leverage the complementary skills of WMI and Johncom to make WMGA a leader in South Africa's current and future entertainment landscape. We are looking forward to partnering with such a respected and talented team and believe that the combination of Gallo's historic African catalogue, our line-up of International artists and a shared commitment to discovering and developing new talent make this new venture an exciting and compelling proposition".

Prakash Desai, Johncom Deputy CEO, said "The determination to entrench a long-term relationship with Warner had been achieved and was in line with the strategy to replace licence arrangements with equity relationships. We are confident of growing the business in Africa within the joint venture we have cemented"

Ivor Haarburger, Gallo Music Group CEO, says "The partnership between Gallo and Warner Music offers us not only the chance to represent the best the music industry has to offer, but also a chance to expand our business into the digital realm. We welcome this chance to become an even bigger fish, in a now, joint pond."

#### About Warner Music International

Warner Music International (WMI) is Warner Music Group's global (ex-U.S.) recorded music division that markets and distributes WMG's world-class roster of U.S. and international recording artists through a network of affiliates

and licensees in more than 50 countries. With a commitment to developing local talent as well as marketing international superstars, WMI leverages its expertise in each region around the world to attract and cultivate a diverse international artist roster. WMG is a pioneer in delivering music content in new and exciting ways, with a track record of 'firsts' in the digital space.

WMI's operations also include Warner Vision, which specializes in the marketing and distribution of WMI's video content; Warner Strategic Marketing, which focuses on promoting and marketing WMI's catalog content; and Warner Classics, WMI's classical music division.

About Johncom

[www.johncom.co.za](http://www.johncom.co.za)

[www.gallo.co.za](http://www.gallo.co.za)