



# Naspers Limited

Financial results for the year ended 31 March 2020



# Important information

This report contains forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995 concerning our financial condition, results of operations and businesses.

These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control and all of which are based on our current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes" or "anticipates", or the negative thereof, or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties.

These forward-looking statements and other statements contained in this report regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved. Actual events or results may differ materially as a result of risks and uncertainties facing us and our subsidiaries. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements.

There are a number of factors that could affect our future operations and could cause those results to differ materially from those expressed in the forward-looking statements including (without limitation): (a) changes to IFRS and associated interpretations, applications and practices as they apply to past, present and future periods; (b) ongoing and future acquisitions, changes to domestic and international business and market conditions such as exchange rate and interest rate movements; (c) changes in domestic and international regulatory and legislative environments; (d) changes to domestic and international operational, social, economic and political conditions; (f) labour disruptions and industrial action; and (g) the effects of both current and future litigation.

The forward-looking statements contained in the report speak only as of the date of the report. We are not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements to reflect events or circumstances after the date of the report or to reflect the occurrence of unanticipated events. We cannot give any assurance that forward-looking statements will prove correct and investors are cautioned not to place undue reliance on any forward-looking statements.

# STRATEGIC & OPERATIONAL UPDATE

# 2020 was a transformative and value creating year

**September 2019**

**Created Europe's largest  
consumer internet company**

Listed Prosus, Naspers's international internet asset portfolio, on Euronext Amsterdam with a secondary, inward listing on the JSE

Listing unlocked US\$16bn of value on the day

Listing represents the 1<sup>st</sup> step in reducing Naspers's over-weight position on the JSE, while also opening Naspers and Prosus up for investment by a broader category of investors

On listing, Naspers owned 73.8% of Prosus

**January 2020**

**Returned R22.4bn of capital  
to shareholders**

Launched an ABB for the sale of Prosus shares and began repurchasing Naspers shares with the proceeds. Repatriated funds to South Africa, fulfilling an earlier commitment to the SARB.

The R22.4bn share repurchase unlocked ~R3.3bn of value, as the group sold Prosus shares at a lower discount to NAV and bought Naspers shares at a larger discount

Naspers owns 72.5% of Prosus

# Naspers today

JSE



EURONEXT JSE

72.5%



prosus takealot.com SUPERBALIST.COM



MEDIA24

property24

NASPERS  
FOUNDRY

NASPERS  
Labs

International internet  
assets

# Sustainable leadership positions

## International



US\$113bn

Market capitalisation<sup>1</sup>

 Largest Consumer Internet Company in Europe

## South Africa



takealot.com

 #1 in South Africa



MEDIA24

 #1 in South Africa



 #1 in South Africa

<sup>1</sup> Source: Bloomberg, priced at 31 March 2020

# Prosus: Accelerating growth across core segments

## Strong financial performance

23% YoY Revenue growth<sup>1</sup>

33% Ecommerce

21% Social & Internet platforms

16% YoY Trading Profit growth<sup>1</sup>

13% YoY Core HE growth<sup>2</sup>

## Strong growth in core segments

Classifieds

+22%  
Paying listers

112k  
#cars sold at inspection centers

Food Delivery

+102%  
Orders

+76%  
GMV

Payments & Fintech

+29%  
TPV<sup>3</sup>

+30%  
#Transactions<sup>3</sup>

## Strategic M&A and Corporate action

Listed Europe's largest consumer internet company

54 deals worth US\$1.3bn, spread across segments

Local consolidation driving rationalisation

Strategic and disciplined approach



<sup>1</sup> Reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Percentages represent year-on-year growth in local currency, excluding M&A.

<sup>2</sup> Percentage represent year-on-year growth in local currency.

<sup>3</sup> TPV and transaction growth excludes Wibmo. TPV growth in local currency.

# Takealot: Continued growth in ecommerce and food delivery

takealot.com

General

takealot.com

Fashion

SUPERBALIST.COM

Food delivery



Logistics



#1 ecommerce retailer in South Africa



Marketplace GMV grew by **77%**

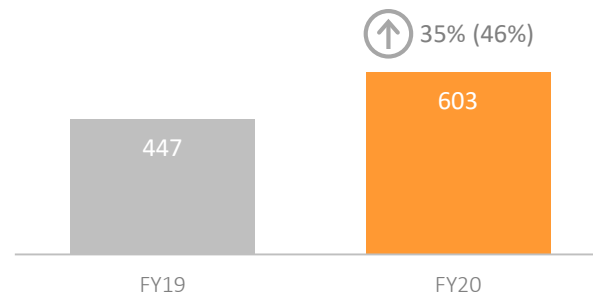


Mr D grew orders up by **103%** and GMV by **94%**<sup>2</sup>

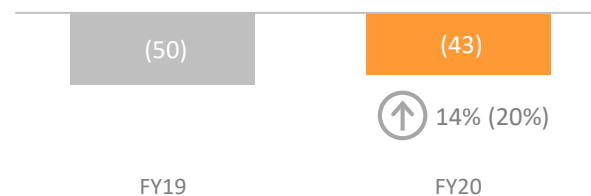
<sup>1</sup> Numbers in brackets represent year-on-year growth in local currency.

<sup>2</sup> KPI's for the year ended March 2020.

GMV (US\$m)<sup>1</sup>



Trading loss (US\$m)<sup>1</sup>



# Media24: Strategic drive to sustainable digital media

## MEDIA24

<p>Online news</p> <p><b>news24</b> <b>NETWORK24</b></p> <p><b>BUSINESS INSIDER</b> SOUTH AFRICA</p> <p>Magazines</p> <p><b>YOU</b> <b>TRUELOVE</b></p> <p><b>Men'sHealth</b></p>	<p>Newspapers</p> <p><b>Beeld</b> <b>City PRESS</b></p> <p>Publishers</p> <p><b>JonathanBall Publishers</b> <small>Trade Publisher of 66 Year 2019</small></p> <p><b>nb</b> <small>STRECHWERK PUBLISHERS</small></p>
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SA's leading media Company

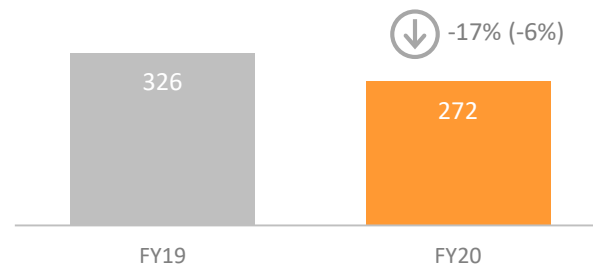


19m average monthly unique browsers on digital platforms

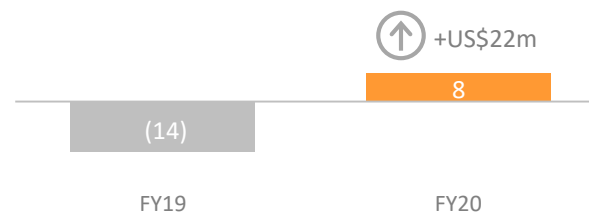


Network24 is the largest paywall news site in SA with +55k subscribers

## Revenue (US\$m)<sup>1</sup>



## Trading profit/(loss) (US\$m)<sup>1</sup>



<sup>1</sup> Numbers in brackets represent year-on-year growth in local currency.

# Supporting SA's entrepreneurs build tech companies



**Committed R1.4bn**

*A South Africa-focused early-stage business funding initiative that helps talented and ambitious tech entrepreneurs develop and grow tech companies that address societal needs.*

## Aerobotics

Invested **R100m** in Aerobotics

Provider of early pest and disease detection for tree crops using **AI and drone imagery**



Naspers Foundry's first investment: **R30m**

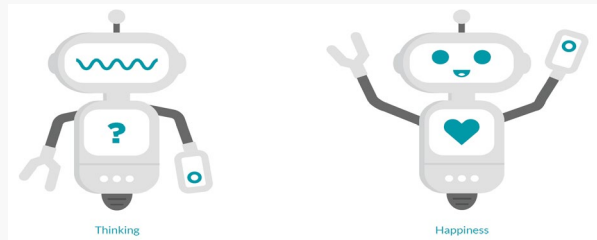
Africa's first **online home and business cleaning services marketplace**, connecting clients to vetted cleaners

# Enabling South Africa's youth



**Invested R58,5m<sup>1</sup>**

*Our flagship social impact project designed to transform and launch South Africa's unemployed youth into economic activity.*



Our ML learning support, GrowBot

**2 030** young people graduated

**956** young people achieved employment placements

**Expanded** the programme to include accredited qualifications in Cyber Security, Software Development and Cloud Computing

**Established** 4 labs in lower income communities within the Western Cape and Gauteng

**Targeting** 1 000 young people to enter the programme over the next 12 months

<sup>1</sup> Investment made to date

# Supporting our people and South Africa during Covid-19



**Prioritising the safety of employees** across all businesses with remote working where possible and protective measures for our customer facing staff

**Contributed R1bn in PPE and a further R500m** to the National Solidarity Response Fund of South Africa



**Enhanced hygiene practices** for staff and **contactless delivery and collection** for our customers and drivers

Played a key role in the distribution of the PPE contributed by Naspers



**Contributed R1m** to the National Solidarity Response Fund of South Africa

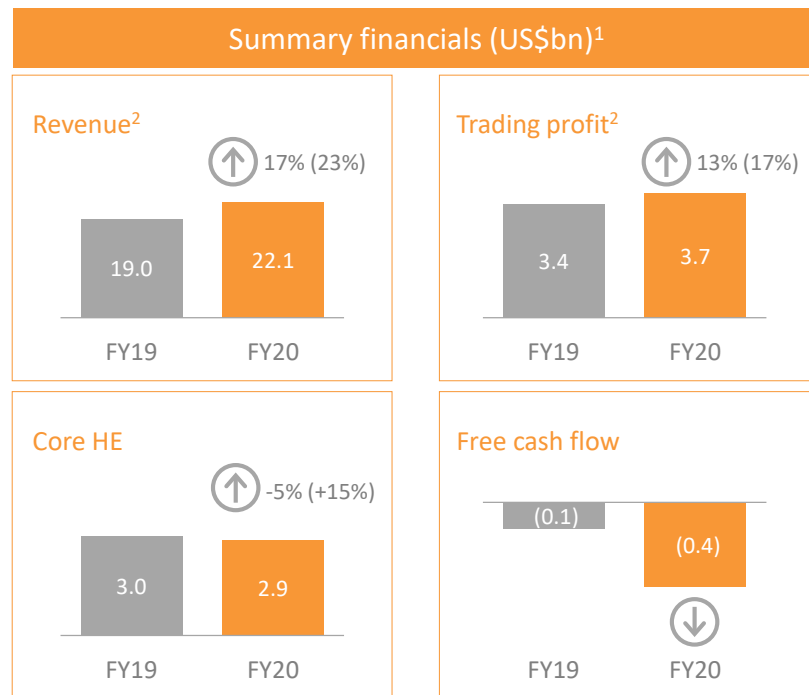


**Expanded learning offering** through an e-learning digital skills pilot

# FINANCIAL REVIEW

# Naspers Summary of Financials

- 1 Strong revenue growth and improved profitability from Prosus
- 2 Strong growth by Takealot with 5p.p margin improvement
- 3 Increased profitability by Media24, despite lower revenue
- 4 Core HE impacted by creation of free-float from capitalisation issue when listing Prosus
- 5 US\$113m transaction cost for Prosus and MCG had a meaningful impact on free cash flow



<sup>1</sup> Summary financials from continuing operations. Numbers in brackets represent year-on-year growth in local currency, excluding M&A.

<sup>2</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated.

# Composition of the Naspers Group

	Revenue		EBITDA <sup>1</sup>		Trading profit	
	FY19	FY20	FY19	FY20	FY19	FY20
Prosus Group	18 340	21 455	3 850	4 662	3 377	3 777
Takealot	318	392	(46)	(29)	(50)	(43)
Media	326	272	(7)	15	(14)	8
Corporate and other	6	17	(8)	(10)	(9)	(17)
<b>Economic interest</b>	<b>18 990</b>	<b>22 136</b>	<b>3 789</b>	<b>4 638</b>	<b>3 304</b>	<b>3 725</b>
Less: Equity-accounted investments <sup>2</sup>	(15 699)	(18 135)	(4 120)	(4 987)	(3 686)	(4 200)
<b>Consolidated</b>	<b>3 291</b>	<b>4 001</b>	<b>(331)</b>	<b>(349)</b>	<b>(382)</b>	<b>(475)</b>

<sup>1</sup>The group has adopted IFRS 16 *Leases* on a prospective basis.

<sup>2</sup>Includes the associates and joint ventures of the Naspers and Prosus Group. FY19 results from continuing operations.

# Core headline earnings reconciliation

US\$m	FY19	FY20
Headline earnings from continuing operations	3 719	2 206
Equity-settled share-based payment expenses	561	494
Amortisation of other intangible assets	295	316
Retention option expense	11	42
Recognition of deferred tax assets	(36)	-
Tax paid on cancellation of shares <sup>1</sup>	-	140
Transaction-related costs	20	118
Donations related to Covid-19	-	167
Fair-value adjustments and currency translation differences	(1 570)	(620)
Core headline earnings from continuing operations	3 000	2 863

<sup>1</sup> One-off taxes related mainly to Security Transfer Tax (STT) on cancellation of the M ordinary shares pursuant to the listing of Prosus.

# Prosus vs Naspers core headline earnings reconciliation



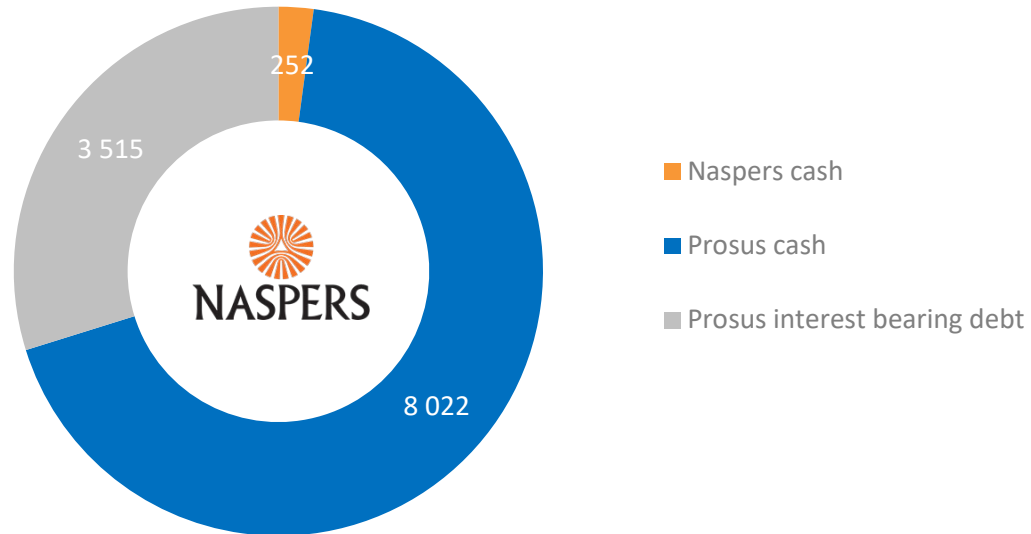
US\$m	Naspers	Prosus	Difference
Headline earnings from continuing operations	2 206	2 795	(589)
Equity-settled share-based payment expenses	494	608	(114)
Amortisation of other intangible assets	316	363	(47)
Retention option expense	42	56	(14)
Tax paid on cancellation of shares <sup>1</sup>	140	-	140
Transaction-related costs <sup>2</sup>	118	93	25
Donations related to Covid-19	167	114	53
Fair-value adjustments and currency translation differences	(620)	(672)	52
<b>Core headline earnings from continuing operations</b>	<b>2 863</b>	<b>3 357</b>	<b>(494)</b>

<sup>1</sup> One-off taxes related mainly to Security Transfer Tax (STT) on cancellation of the M ordinary shares pursuant to the listing of Prosus.

<sup>2</sup> Naspers includes transaction costs incurred in unbundling the MultiChoice Group.

# Net cash profile

Net cash of **US\$4.8bn** at 31 March 2020



Note: Naspers and Prosus cash includes short-term investments and overdraft.

# Current assets and liabilities

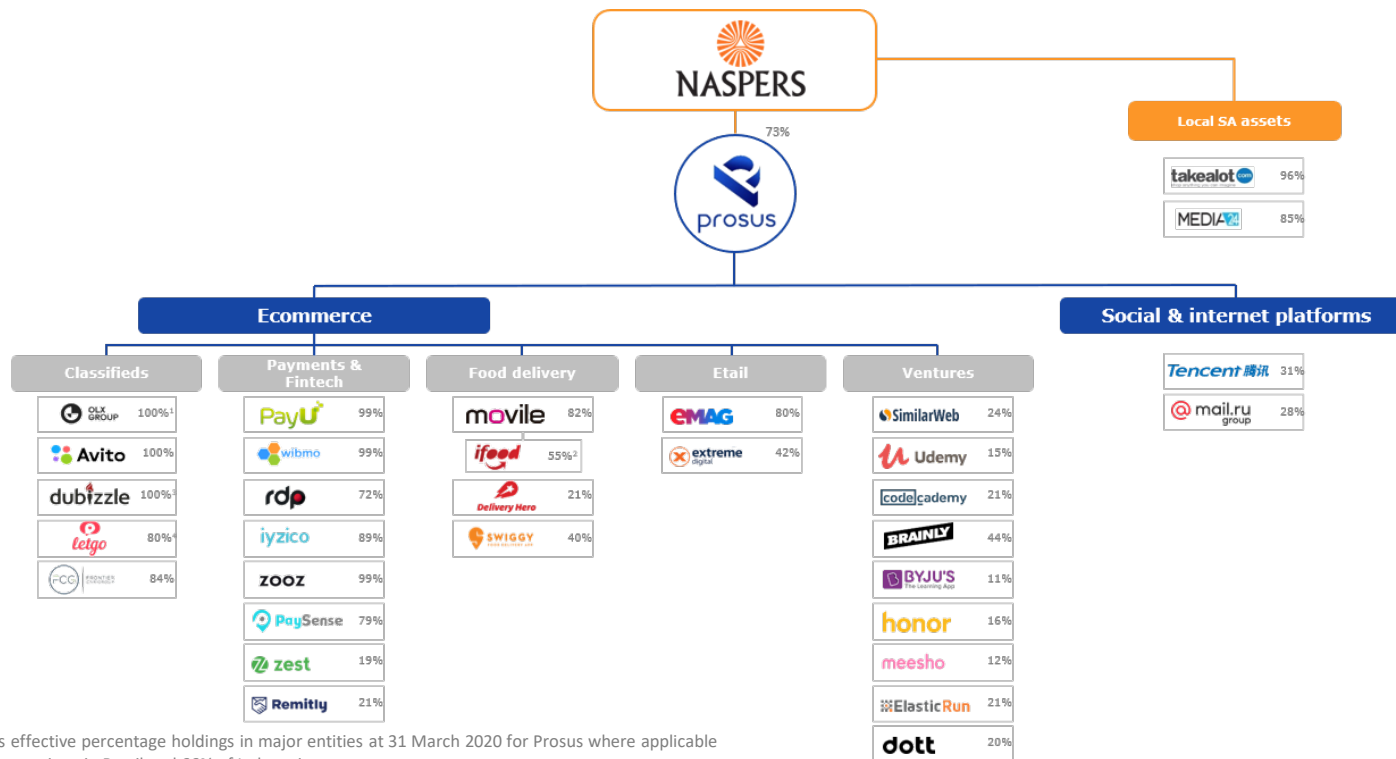
Current assets (US\$m)	FY19	FY20
Inventory	209	260
Trade receivables	172	139
Other receivables and loans	522	542
Cash/short-term cash investments	9 582	8 363
Assets held for sale	67	208
<b>Total</b>	<b>10 552</b>	<b>9 512</b>

Current liabilities (US\$m)	FY19	FY20
Current portion of long-term debt	23	67
Trade payables	287	322
Accrued expenses & other current liabilities	1 261	1 760
Bank overdraft	8	32
Liabilities held for sale	2	26
<b>Total</b>	<b>1 581</b>	<b>2 207</b>

# Glossary

— ABB:	Accelerated bookbuild	— M&A:	Mergers and acquisitions
— EBITDA:	Earnings before interest tax, depreciation and amortization	— NAV:	Net asset value
— FCF:	Free cash flow	— SA:	South Africa
— FX:	Foreign exchange	— SARB:	South African Reserve Bank
— GMV:	Gross merchandise value	— TP:	Trading profit / (loss)
— IFRS:	International Financial Reporting Standards	— TPV:	Total payments volume
— Core HE:	Core headline earnings	— YoY:	Year-on-year
— AI:	Artificial intelligence	— 1P:	First-party
— ML:	Machine learning	— 3P:	Third-party
— JSE:	Johannesburg Stock Exchange		

# Naspers Group portfolio



Organogram depicts effective percentage holdings in major entities at 31 March 2020 for Prosus where applicable

<sup>1</sup> OLX owns 50% of operations in Brazil and 66% of Indonesia

<sup>2</sup> Mobile holds 67% of iFood

<sup>3</sup> The Dubizzle and EMPG merger completed in April 2020. Following the transaction the Group owned 39% of the merged entity.

<sup>4</sup> The letgo US and OfferUp merger received regulatory approval and is expected to close on 1 July 2020. Following the transaction the Group will own 40% of the merged entity.



## Eoin Ryan

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