Media release

South Africa, 24 June 2016 – Naspers Limited (JSE: NPN) today announced its results for the year ended 31 March 2016.

Naspers today announced financial results for the year ended 31 March 2016. Core headline earnings, which the board regards as the best indicator of sustainable earnings, grew 21% (49% in local currency) to US$1.2bn. Revenues as measured on an economic interest basis, including the proportionate contribution from associates and joint ventures, grew 6% (22% in local currency) to US$12.2bn. This was driven by growth from Tencent, as well as the classifieds, travel and etail segments within ecommerce. Some 77% of revenues were generated outside of South Africa. Development spend was stable at US$961m and trading profit increased a healthy 18% (38% in local currency) to US$2.2bn. The board has proposed, for approval by our shareholders, a dividend of 520 South African cents per share, up 11% year on year.

As announced in April this year, and in view of the growing international spread of our business, Naspers is now reporting in United States dollar (US dollar). The financial performances of the businesses were consolidated in their respective functional currencies and translated into US dollar. The weakness in emerging-market currencies over the past year means year on year performance was dampened by the translation impact. Where relevant, the performance in local currencies is quoted in brackets after the equivalent International Financial Reporting Standards metrics. Unlike the severe earnings impact of falling currencies on the video-entertainment segment, in ecommerce this impact is less of a concern given the group's diverse geographic spread, plus the fact that (unlike in video-entertainment) costs are largely incurred in local currencies.

"Overall the group delivered a satisfactory performance," said Naspers chair Koos Bekker. "While we will continue seeking new growth opportunities, in some sectors of ecommerce we are starting to benefit from scale. Deteriorating currencies mean that the video-entertainment business is under considerable pressure."

The internet segment recorded a healthy year, benefiting from growth in Tencent and ecommerce. Revenues were up 18% (31%) year on year to US$8.2bn, while trading profit increased 38% to US$1.6bn. This segment now accounts for 68% of group turnover.

"Our ecommerce businesses benefit both from the continued growth of existing businesses and investments in new models," said CEO Bob van Dijk. "In classifieds, monetisation plans are on track and resulted in a reduction in trading losses for the core portfolio, whilst Avito is delivering ahead of plan. In etail, eMAG expanded with improved operating leverage."

The video-entertainment segment generated revenues of US$3.4bn, down 11% year on year. As customers are billed in local currencies, the rapid weakening of currencies in many African markets, driven by a rout in commodity prices, resulted in lower US dollar revenues. As a significant portion of costs are US dollar-denominated, the combination of lower revenues and a higher cost base (partly due to increased competition), saw trading profit decreasing by 17% to US$610m.

The South African video-entertainment customer base grew by 325,000 homes, but the weakened South African rand and a poor macroeconomic outlook could reduce growth and profitability in the future. In sub-Saharan Africa, substantial price increases to offset the impact of currency declines plus weaker consumer sentiment resulted in a loss of 288 000 direct-to-home (DTH) customers. To reinvigorate growth, the focus is now on managing and absorbing costs ourselves where possible, to minimise further price increases to the consumer. We are also strengthening content in the mid- and lower segments. At year-end, the digital terrestrial television (DTT) customer base reached 2.4m homes and development spend has declined. Our new subscription video-on demand service, ShowMax, had a good start in South Africa with a deeper and more customised content offering than competitors and a focus on service delivery.

Consolidated free cash outflow of US$38m was recorded, marginally higher than last year, as lower capital expenditure, a reduction in development spend and higher dividends from associates were offset by weaker cash flow from the sub-Saharan video-entertainment business.

"In the year ahead, the focus will be on continuing to deliver topline growth while scaling the more established ecommerce businesses," said Naspers CFO, Basil Sgourdos. "We'll invest further in long-term growth opportunities such as ShowMax, letgo and ibibo. In video-entertainment, the loss of DTH subscribers and the effects of weakening currencies in sub-Saharan Africa will have a significant downward impact on earnings and cash flows in the year ahead. It could take some time before the plans to reposition this business will have a positive impact."

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The complete results are available on the Naspers website at http://www.naspers.com.

IMPORTANT INFORMATION

This media release contains forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as “believe”, “anticipate”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. While these forward-looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These include numerous factors that could adversely affect our businesses and financial performance. We are not under any obligation (and expressly disclaim any such obligation) to update or alter our forward-looking statements whether as a result of new information, future events or otherwise. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

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