Media release

South Africa, 23 June 2017 – Naspers Limited (JSE: NPN) today announced its results for the year to 31 March 2017.

POSITIVE RESULTS FOR THE YEAR, ACCELERATING GROWTH OPERATIONALLY AND FINANCIALLY

Naspers today announced its financial results for the year to 31 March 2017. Revenues, measured on an economic interest basis (including the proportionate contribution from associates and joint ventures), increased 19% year on year to US$14.6bn. Excluding acquisitions, disposals and currency movements, growth was 29%. Businesses outside South Africa contributed 80% of revenues, compared to 77% a year ago.

Core headline earnings grew 41% to US$1.8bn. "Naspers produced satisfactory results for the year," said Naspers chair Koos Bekker. "Tencent continued its growth, while we scaled various ecommerce businesses. Video entertainment is facing new competition from international players based in the US."

Foreign currencies affect the group's segments to varying degrees. In video entertainment, weakened currencies have a large impact on earnings (given pricing in local currencies, but a high US dollar cost base). In the internet segment, the effect is lessened by a diverse geographic spread and a cost base generally denominated in local currencies.

Naspers reports in US dollars, meaning that the local currency financial performance of businesses is translated to US$. Where pertinent, performance in local currency terms, excluding the effects of acquisitions and disposals, is quoted in brackets after the equivalent International Financial Reporting Standards metrics. Amounts are shown on an economic-interest basis unless otherwise stated.

Revenue in the internet segment, which now accounts for 73% of group revenues (67% last year), was up 29% (41%) to US$10.6bn. Trading profits increased 52% (65%), mainly due to Tencent's excellent results and increased profitability of the more mature ecommerce assets. "The group now has 21 profitable ecommerce businesses, delivering US$699m in revenues and US$229m in trading profits," said CEO Bob van Dijk. "Classifieds performed well, boosted by Avito and accelerated growth in our European markets led by Poland, Ukraine, Romania and Portugal. Our B2C, travel and payments businesses all generated strong revenue growth and were further strengthened by additional investments to drive scale."

Naspers continued to optimise its portfolio during the year. The group acquired Citrus Pay in the Indian online-payments market and merged its Indian online travel platform, ibibo, with Nasdaq-listed MakeMyTrip. The US operations of mobile app-only classifieds platform letgo were merged with Wallapop and results to date are encouraging. In January 2017, the group disposed of Allegro and Ceneo in Poland, generating net proceeds of US$3.2bn. The group also expanded its footprint in the online food delivery segment, whilst Naspers Ventures made a number of investments in earlier-stage technology companies.

Last year tough economic conditions led to significant subscriber churn in the video-entertainment segment. However, 2017 saw some return to growth with the group adding 935,000 direct-to-home (DTH) homes to bring the subscriber base to 11,9 million households. The digital terrestrial television (DTT) business added a total of 597,000 homes. A value strategy, which focused on bouquet restructuring, better customer retention and cost reduction, is improving the business for the long term.

At a macro level, continued currency weakness (the segment bills in local currencies) resulted in revenues declining marginally to US$3.4bn (but increasing 7% if the currency impact is excluded). Content costs increased due to competition. These factors resulted in a trading profit of US$287m, a decline of 53% (32%) year on year. The group is responding by removing or renegotiating non-essential content. Intensifying international competition from global players such as Netflix, Amazon, Apple and Google is foreseen.

Although substantial growth of 14% (16%) was recorded in the ecommerce and digital segments of our media businesses, overall revenues declined marginally to US$588m. Besides ongoing challenges from structural industry changes, the segment also faced harsh macroeconomic conditions.

The group's share of equity-accounted results was US$1.8bn and their contribution to core headline earnings increased 50% year on year. The combination of higher development spend (up 22% (13%) on a consolidated basis to US$861m) and a lower profit contribution from the video-entertainment business resulted in consolidated free cash outflow of US$125m.

"In the year ahead we will keep scaling the ecommerce businesses to drive profitability and cash generation. In our more mature businesses, such as media and video entertainment, the focus will be on managing macroeconomic and sectoral headwinds through cost containment," said CFO, Basil Sgourdos. "We will continue to drive innovation and transformation of existing businesses, while investing to fuel the next wave of growth," he added.

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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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