



Commentary

The past six months have been transformational for the Naspers group. We completed several significant strategic initiatives to transition Naspers to a 100% consumer internet company.

Notably, on 11 September 2019, we listed our international internet assets on Euronext Amsterdam as Prosus N.V. (Prosus), comprising our international internet interests outside of South Africa, including operations and investments in online classifieds, food delivery, payments and fintech, e-tail, travel, education, and social and internet platforms. Prosus also has a secondary, inward listing on the JSE Limited (JSE) in South Africa. Prosus is 73.84% owned by Naspers with a free float of 26.16%. As Europe's largest listed consumer internet company by asset value, Prosus gives global internet investors direct access to our portfolio of international internet assets through exposure to China, India and other high-growth markets, as well as to the global tech sector. At the end of the review period, the listing has already unlocked around US\$10bn of value for shareholders by reducing the discount to the combined net asset value of Prosus and Naspers.

Another significant moment was successfully listing our Video Entertainment business (MultiChoice Group) on the JSE in February 2019. This also unlocked over US\$4bn of value for our shareholders and created another listed South African champion on the JSE. Accordingly, all income statement information from continuing operations excludes the contribution from MultiChoice Group which was reported as a discontinued operation in the previous financial year.

Tencent delivered a good financial performance. A strong performance in areas such as payments and cloud bodes well for continued growth over the long term. Tencent's expanding ecosystem continues to drive very strong user engagement which is significantly ahead of local and international peers. This positions Tencent well to continue to offer a number of new products and services for its users. In ecommerce all key segments made good progress against financial and strategic objectives in the period, and we believe each segment will continue to benefit from sectoral growth trends. The Classifieds as well as Payments and Fintech segments have now reached profitability at their cores and continue to grow strongly while investing to drive future growth. Food Delivery was the most significant investment area in the period. We believe this industry fits well into our strategy as it targets a significant consumer need that can be fundamentally transformed by technology. In addition, food delivery allows for strong local players, which suits our DNA. Encouragingly, investment in the period supported strong revenue and order growth. Food Delivery will remain the largest investment area for the group this year, underscoring our confidence in the strong underlying unit economics of this business.

As a result of these initiatives, the 2020 financial year reflects a streamlined group, with virtually all revenues now generated from online activities.

Naspers delivered solid results for the six months ended 30 September 2019. Group revenue, measured on an economic-interest basis, was US\$10.2bn, reflecting growth of 11% (or 20% in local currency, adjusted for acquisitions and disposals). Measured similarly, and including the stepped-up investment in Food Delivery, group trading profit grew 6% year on year (or 9% in local currency, adjusted for acquisitions and disposals) to US\$1.9bn. Tencent grew revenues by a healthy 13% (18% year on year). Driven by Classifieds, Etail (online retail), and Payments and Fintech, the ecommerce business posted a strong performance. Overall revenue growth in ecommerce, adjusted for acquisitions and disposals, grew a strong 27% in local currency, led by a strong performance in the Food Delivery segment which grew orders 110% and revenues by 69% (69% in local currency, adjusted for acquisitions and disposals). On a nominal basis, revenue grew 5%. Tencent's profitability improved by 11% (16% year on year). Trading losses in ecommerce rose to US\$433m, reflecting our investment in Food Delivery to grow the markets in which we operate and sustain our leading positions. Excluding this increased investment, ecommerce trading losses reduced by a healthy 26% or US\$54m.

Core headline earnings from continuing operations were US\$1.7bn – up 8% (10%) on the back of improving profitability in Tencent and the more established ecommerce businesses. Trading profits in the Classifieds business reduced marginally year on year due to our investment in convenient transactions. However, in local currency, excluding acquisitions and disposals, trading profits increased on improved performance by letgo and higher trading profits from Avito. Year-on-year growth will continue to improve throughout the year, driven by strong revenue growth from growth in listings and margin improvement. Classifieds' revenue from convenient transactions grew nearly fivefold from the prior year. Our other ecommerce assets also continued to scale, with Etail's trading losses more than halving. In contrast, the Payments and Fintech business's trading loss margin increased from 12% last year to 19% in the current year. This was driven by continued improvement in profitability in the core payment services provider (PSP) business, offset by the investment in the payments platform technology. Outside the core PSP business, our Payments and Fintech businesses continue to invest to build a credit offering, primarily in India, which we believe has significant growth potential.

We invested US\$377m to accelerate growth and scale in several existing and new businesses. Notably: through PayU, an investment of US\$66m in Wibmo to expand our Indian footprint in payment security, mobile payment solutions and processing services; and US\$45m in Red Dot Payments, providing payment solutions across Asia. In Classifieds, we increased our exposure to the fast-growing Southeast Asian market with a stake in Carousell, one of the world's largest and fastest-growing classifieds marketplaces. Ventures invested US\$80m in Meesho Inc., a leading social commerce online marketplace in India, and another US\$25m in our education associate Brainly.

We had a strong net cash position of US\$5.9bn. This comprises US\$9.1bn of cash and cash equivalents (including short-term cash investments) and primarily reflects proceeds retained from the Flipkart disposal and sale of Tencent shares in the 2018 financial year. We had US\$3.2bn of interest-bearing debt, excluding capitalised leases. This resulted in net interest income of US\$40m. Following the announcement of the Just Eat offer, Prosus secured a bridge loan facility that will be used to finance the cash consideration payable under this offer. Naspers is fully committed to its investment-grade rating and confident it will have sufficient capacity at its current ratings level to assume this additional debt to finance the offer. Prosus plans to replace the bridge loan facility with long-term funding through new debt capital and using existing cash resources.

The progress of our core segments, which are growing fast and scaling well, gives us confidence in our ability to continue identifying opportunities to unlock significant value.

Consolidated free cash inflow was US\$19m compared to the prior-year inflow of US\$153m, from continuing operations (thus excluding Video Entertainment). This change reflects the increased investment in the Food Delivery business as well as negative working-capital effects related primarily to merchant cash timing differences and transaction costs incurred in unbundling MultiChoice Group and listing Prosus. Dividend income received from Tencent increased US\$45m to US\$377m.

We adopted the new accounting standard IFRS 16 Leases in the current period on a prospective basis and, accordingly, comparative information has not been restated.

Preparation of the short-form results announcement

The preparation of the short-form results announcement was supervised by the group's financial director, Basil Sgourdos CA(SA). These results were made public on 22 November 2019.

ADR programme

The Bank of New York Mellon maintains a GlobalBuyDIRECTSM plan for Naspers Limited. For additional information, please visit The Bank of New York Mellon's website at www.globalbuydirect.com or call Shareholder Relations at 1-888-BNY-ADRS or 1-800-345-1612 or write to: The Bank of New York Mellon, Shareholder Relations Department – GlobalBuyDIRECTSM, Church Street Station, PO Box 11258, New York, NY 10286-1258, USA.

Important information

This report 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. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and should be considered in light of various important factors. 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. The key factors that could cause our actual results performance, or achievements to differ materially from those in the forward-looking statements include, among others, changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; ongoing and future acquisitions; changes to domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political conditions; the occurrence of labour disruptions and industrial action; and the effects of both current and future litigation. We are not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements contained in this report, whether as a result of new information, future events or otherwise. We cannot give any assurance that forward-looking statements will prove to be correct and investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

Further information

This short-form results announcement is the responsibility of the directors and is only a summary of the information in the full condensed consolidated interim financial statements. This short-form results announcement was released on SENS on 22 November 2019 and the full condensed consolidated interim financial statements can be found on the company's website, www.naspers.com and can be viewed on the JSE link, <https://senspdf.jse.co.za/documents/2019/JSE/ISSE/NPN/Interims.pdf>. Copies of the full condensed consolidated interim financial statements may also be requested from the company's registered office, at no charge, during office hours. Any investment decision should be based on the full condensed consolidated interim financial statements that appear on the company's website.

The information in this short-form results announcement has been extracted from the reviewed information in the full condensed consolidated interim financial statements, but the short-form results announcement itself was not reviewed.

On behalf of the board

Koos Bekker **Bob van Dijk**
Chair Chief executive

Cape Town
22 November 2019

Directors: J P Bekker (chair), B van Dijk (chief executive), E M Choi, H J du Toit, C L Enenstein, D G Eriksson, M Girotra, R C C Jafa, F L N Letele, D Meyer, R Oliveira de Lima, S J Z Pacak, T M F Phaswana, V Sgourdos, M R Sorour, J D T Stofberg, B J van der Ross

Company secretary: G Kisbey-Green

Registered office: 40 Heeregracht, Cape Town 8001 (PO Box 2271, Cape Town 8000, South Africa)

JSE transfer secretaries: Link Market Services South Africa Proprietary Limited, 13th Floor Rennie House, 19 Ameshoff Street, Braamfontein 2001 (PO Box 4844, Johannesburg 2000, South Africa)

JSE sponsor: Investec Bank Limited

SALIENT FEATURES

	Six months ended 30 September		Year ended 31 March 2019 Audited US\$m
	2019 Reviewed US\$m	2018 Reviewed US\$m	
CONTINUING OPERATIONS			
Revenue	1 730	1 512	3 291
Operating loss	(282)	(236)	(567)
Earnings per ordinary share (US cents)	518	774	963
Headline earnings per ordinary share (US cents)	326	624	850
Core headline earnings per ordinary share (US cents)	380	353	685

FINANCIAL REVIEW

The group's financial highlights for the period ended 30 September 2019 are outlined below:

	Period ended 30 September							
	2018 A	2019 B	2019 C	2019 D	2019 E	2019 F ⁽²⁾	2019 G ⁽³⁾	2019 H ⁽⁴⁾
	IFRS ⁽¹⁾ US\$m	Group composition disposal adjustment US\$m	Group composition acquisition adjustment US\$m	Foreign currency adjustment US\$m	Local currency growth US\$m	IFRS ⁽¹⁾ US\$m	Local currency growth % change	IFRS % change
Revenue								
Internet	9 028	(399)	198	(453)	1 732	10 106	20	12
Ecommerce	1 987	(384)	142	(94)	438	2 089	27	5
– Classifieds	405	(2)	55	(14)	152	596	38	47
– Payments and Fintech	171	(2)	8	(12)	34	199	20	16
– Food Delivery	181	(6)	21	(11)	121	306	69	69
– Etail	984	(340)	–	(52)	103	695	16	(29)
– Travel	137	(29)	34	–	4	146	4	7
– Other	109	(5)	24	(5)	24	147	23	35
Social and internet platforms	7 041	(15)	56	(359)	1 294	8 017	18	14
– Tencent	6 905	(13)	–	(357)	1 265	7 800	18	13
– Mail.ru	136	(2)	56	(2)	29	217	22	60
Media	170	(12)	–	(11)	(8)	139	(5)	(18)
Corporate services	(10)	–	–	–	8	(2)	(80)	(80)
Economic interest	9 188	(411)	198	(464)	1 732	10 243	20	11
DISCONTINUED OPERATIONS								
Video Entertainment	1 832	(1 832)	–	–	–	–	–	–
Group economic interest	11 020	(2 243)	198	(464)	1 732	10 243	20	(7)
Trading profit								
Internet	1 810	43	(18)	(88)	154	1 901	8	5
Ecommerce	(245)	47	(74)	17	(178)	(433)	(90)	(77)
– Classifieds	47	1	(12)	5	1	42	(2)	11
– Payments and Fintech	(24)	1	(9)	(1)	(5)	(38)	(22)	(58)
– Food Delivery	(41)	(4)	(46)	9	(201)	(283)	>(100)	>(100)
– Etail	(106)	48	–	3	18	(37)	31	65
– Travel	(19)	(4)	(2)	–	4	(21)	17	(11)
– Other	(102)	5	(5)	1	5	(96)	5	6
Social and internet platforms	2 055	(4)	56	(105)	332	2 334	16	14
– Tencent	2 043	(4)	–	(105)	330	2 264	16	11
– Mail.ru	12	–	56	–	2	70	17	>100
Media	(10)	9	–	1	4	4	>(100)	>(100)
Corporate services	(12)	–	–	–	3	(9)	25	25
Economic interest	1 788	52	(18)	(87)	161	1 896	9	6
DISCONTINUED OPERATIONS								
Video Entertainment	251	(251)	–	–	–	–	–	–
Group economic interest	2 039	(199)	(18)	(87)	161	1 896	9	(7)

⁽¹⁾ Figures presented on an economic-interest basis as per the segmental review.

⁽²⁾ A + B + C + D + E

⁽³⁾ [(E)/(A + B)] x 100.

⁽⁴⁾ [(F)/(A - I)] x 100.