

Conference call transcript

24 November 2020

H1 2021 RESULTS

Operator

Good day ladies and gentlemen and welcome to the Naspers and Prosus results call. All participants will be in listen-only mode and there will be an opportunity to ask questions later during the conference. If you should need assistance during the call, please signal an operator by pressing * and then 0. Please also note that this event is being recorded. I would now like to turn the conference over to Mr Eoin Ryan. Please go ahead.

Eoin Ryan

Thank you Chris. Hello everyone and welcome to the Naspers and Prosus first half 2021 results call. On the call with me today is our CEO, Bob Van Dijk, and our CFO, Basil Sgourdos. Bob and Basil will walk you through the operational and financial progress we made during the period, and then we'll open up the call for questions. During that section of the call we'll have the broader management team available to answer questions. As you know, Prosus is a subsidiary of Naspers and its financial results almost completely account for Naspers' results. To ensure that shareholders of Prosus and Naspers are provided with the information simultaneously we are having one results call, focussing on Prosus' results, but where necessarily we'll highlight the impact on Naspers. And with that I will hand over the call to Bob.

Bob Van Dijk

Thanks Eoin, and thanks everyone for joining the call today. The world continues to grapple with the effects of COVID-19 and many countries are heading back into lockdowns and we remain in a period of great uncertainty. I wanted to start this call with my very best wishes to you wherever you are in the world and my hopes that you and your loved ones are keeping safe and healthy. On the call today Basil and I will take you through the operational and financial progress of the group as we navigate the current operating environment as well as hit some of our key priorities for the coming year.

So the first half of 2021 was challenging to operate in, and I'm proud with how the group has navigated the tough times that we saw. Overall we performed well ahead of the expectations we had back in March when visibility was severely limited. Today we're eight months on and we're operating with a greater degree of clarity and our business has become fundamentally stronger. This was driven first by an acceleration in usage levels of consumer internet, and second, by our business' scale and our preparation for such a shift. I'm confident that we will manage value for our shareholders over time.

Let's start on slide five by looking at the highlights of the strong period. We adapted very quickly to the new operating environment presenting by COVID-19. Our business is naturally positioned to benefit from the shift of consumer time, spend and habits to online. And this was in clear evidence during the period. As a group we delivered the strongest set of results we've delivered in quite some time with revenue and trading profit growth accelerating meaningfully. We closed some important transactions as well. We enhanced our market positions

in key verticals in classifieds. We increased our exposure to digital remittances and payments, and we made a more significant push into the fast-growing edtech space that has been transformed this year.

Importantly, as stock valuations expanded we remained disciplined in deploying capital. We have roughly \$10 billion in gross cash and we have now built up the flexibility to invest across our segments and in our own stock when there's an opportunity to create value. Three weeks ago we announced our intent to do just that and purchased \$5 billion in shares of Naspers and Prosus. As we continue to trade at a very steep discount to our net asset value I'm confident that this will create substantial value.

Let's now turn to slide six which summarises our strong financial results. Basil will discuss it in more detail shortly, so I'll just highlight the key points. Group revenue grew 32% driven both by Tencent and an impressive 61% growth from our e-commerce portfolio which accelerated from 28% growth in FY2020. This acceleration in e-commerce growth was driven by very strong growth across food delivery, e-tail and Ventures as well as a strong recovery in the classifieds and payment segments in Q2. Trading profit and core headline earnings growth was also strong. Accordingly on trading profit we saw a particularly significant improvement from businesses where we have been investing to scale ecosystems over the last few years, most notably food where losses reduced by almost \$100 million, and in e-tail which recorded its first ever period of profitability.

Turning to slide seven, the chart on the left-hand side captures nicely what we have seen play out first hand in our operations and what I've already alluded to on this call, and that is the rapid and exponential adoption of online models over a very short period of time in 2020. This chart is based off ONS and US Department of Commerce data and it shows the equivalent of seven years of gains in share of online retail in just one month, which is truly stunning. As we approach the back end of the year it's clear that these trends are continuing and becoming more structural. We have seen this in our own e-tail and food delivery businesses where our platforms are providing new and vital demand for [unclear] and for restaurants. For example in Brazil iFood became an absolutely essential platform for restaurants and it added 98,000 new restaurants off a base of 160,000, which is outstanding. Seeing this trend play out in classified, online payments and also in edtech, our investments have become significantly more valuable this year.

So let's move to our operating segments starting with classifieds on slide eight. The OLX group had an eventful year and it's making substantial progress. For the last few months we completed the merger of OfferUp and LetGo in the US and the merger of Dubizzle with EMPG in the Middle East. A few weeks ago we also completed the acquisition of a leading real estate vertical in Brazil, Grupo ZAP, which is representing a major expansion into the real estate vertical and it's giving us access to 70% of online agents in Brazil. We continue to focus on strengthening our presence in new verticals and rolling out new convenience models such as pay and ship which already has good traction in Eastern Europe and in other markets.

In Russia Avito has gone from strength to strength as a multi-vertical leader. This year we ramped up marketing substantially to grab market share gains and enable the business to grow. Within Europe, Poland is our largest market, and again the focus here is on full verticalisation into jobs, real estate, auto and general classifieds. The creation of OLX Auto brings together our auto classified platforms with transaction capabilities from the Frontier Car Group which we acquired last year. So you should expect us to continue to expand OLX ecosystem to get closer to the transactions with our partners and end customers as the business develops into a highly profitable market leader.

In terms of growth our food businesses had a breakout year as we show on slide nine. What we've seen in 2020 confirms our view that food delivery represents a massive opportunity and overall growth has accelerated this year. In the period our food delivery segment grew by 69% while trading losses improved by 33% to \$187 million. Growth was driven by increased customer loyalty through increased frequency of orders and by restaurant loyalty through [unclear]. Outside of our investment in Delivery Hero, which reports its results separately, our businesses have been impacted in very different ways. In Brazil iFood's results have been outstanding. iFood grew orders by an impressive 111% and revenue by more than 200%. Importantly, the iFood platform has provided the opportunity for many businesses to continue to operate during the pandemic. It has provided them with much needed demand when the alternative would have been for them to close their doors. In the first six months of the year iFood added 98,000 new restaurants onto the platform off a base of 160,000 which is great. It is now processing 44 million orders per month in Brazil.

The 1P business has performed strongly and it has increased its share of total orders to nearly 35%. This growth has translated into an almost \$100 million improvement in profitability driven by continued strong order growth, more effective marketing and more efficient driver routing. iFood acquired SiteMercado in September which is an online grocery platform in Brazil. This will help iFood to expand its product assortment and offer customers greater convenience. Swiggy, on the other hand, was negatively impacted by severe lockdowns which materially impacted the supply of restaurants on the platform. So while the restrictions hit revenue, management has used the opportunity to drive efficiency and to position itself for future growth. The trading losses improved by a meaningful 40%. The core of the Swiggy business remains strong, and encouragingly in recent months Swiggy has been on a steady recovery. At the end of September the business was operating at approximately 90% restaurant capacity and at 80% to 85% of pre-COVID-19 order levels.

That takes me slide 10 to payments and fintech. Overall PayU recorded strong results and it grew revenue by 29% year on year. And that's despite a very slow start to the period in India due to the pandemic. So overall revenue in total actually accelerated year over year driven by a strong performance in Europe and in Latin America. Trading profit was flat over the year, and this is because we increased our stake in PaySense in December 2020, and with that came an increased share of the business' losses. This offset the growth in profitability from the core P2P business. Regionally our business in Europe and LATAM grew payment volumes by more than 50% as more transactions shifted online and local regulations supported digital services. This was particularly prevalent in Poland, Romania, Turkey and in Colombia.

India, which is our largest market, was initially negatively impacted by lower transactions in the travel and hospitality space. So last year travel generated 17% of TPV and this dropped to 3% this year. As a result we only saw 5% year on year TPV growth in India in Q1. However, as lockdown regulations eased and new sectors like financial services and e-commerce saw increased rates of digital payment adoption, TPV growth in India based back to 43% in Q2 in local currency. This increased diversity and category mix will benefit us in the long term, in particular when travel and hospitality recover. It's also worth mentioning that Turkey was our fastest-growing market after strengthening operations with the acquisition of Iyziko last year.

In August we also invested a further \$53 million into Remitly which is our investment in cross-border remittances. During the period Remitly saw a 200% increase in new customers as consumers moved to online remittances instead of offline. In credit during the period we pared back the business in India as the regulator initially imposed a loan moratorium. Given the relatively small size of the book, credit losses as a result of COVID-19 were not significant. We have now expanded our product offering. We are optimistic about the credit opportunity in a more normalised environment.

If I can take you to slide 11, I think it's worthwhile to spend some time on our edtech portfolio. It's another area where we've been early investors and an area which has grown significantly in value. Including the recent investment in Skillsoft which is due to close in the new year, we've invested \$1.1 billion in seven businesses and are already seeing excellent returns. The sector has strong momentum and [unclear] this year. COVID-19 is really providing a tailwind for the segment. In the last six months a considerable amount of demand has been brought forward and broader use has emerged. The amount of progress in a short period of time is really stunning. In August we also invested in Eruditus Executive Education. It's a company that offers post-graduate education by partnering with over 30 universities including the likes of Harvard, MIT and Columbia. They have already launched 100 courses in 80 countries.

We have now committed \$500 million into Skillsoft which is the world leading corporate digital learning company. It has 45 million learners across more than 70% of 14,000 companies. The business has scale in users, revenue and profit and when this acquisition of Skillsoft closes it will represent a very attractive way to extend its leadership position by driving further consolidation in the industry. On the right-hand side you can see the momentum for all our investments. Udemy, for example, saw more than 400% growth in enrolments, and BYJU'S saw 180% growth in students on top of very high growth rates over the last few years. Beyond the pandemic it's becoming increasingly clear to us that all areas of schooling and professional like can and will be augmented by edtech as students and employees will need to continuously [unclear]. We are very pleased with the progress on edtech. In a short period of time we've learnt a lot, we've created a significant amount of value, and with the Skillsoft investment edtech is on track to become our next segment.

Let's now go to slide 12 for a look at how we've deployed capital so far this year and our general priorities for capital allocation. We look to invest in growth assets operating in growth markets where we can make a return for our investors far in excess of our cost of capital. And this philosophy drives our decision making and applies to all potential investments, big or small. Our ambition and intent is to deploy capital across each of our core segments to enable them to sale profitably to leadership positions. In each of these segments we have already created substantial volume, more than doubling our investments. In the first half of FY21 we invested close to \$600 million in payments, classifieds and edtech. There are a few additional deals still left to close and the M&A pipeline remains strong. We will continue to stay disciplined, which is the key to good returns and also to our ongoing ability to maintain impairment rates below 10%.

When valuations are high globally we can take advantage of our financial flexibility to crystallise more value for shareholders through investing in ourselves. This is why we recently announced a \$5 billion share purchase programme. The details are on slide 13. Prosus will buy back and cancel up to \$1.4 billion worth of its own shares and Prosus will be up to \$3.6 billion shares in Naspers. These shares will be held in treasury by Naspers and excluded from Naspers' per share financial metrics. We see this as an excellent opportunity to create value for our shareholders. Buying back the shares as an investment in the group's strong internet portfolio is a good use of capital given market valuations in consumer tech and the sizeable consolidated discount to net asset value. So we are lucky to be in a position now where we can comfortably invest in our business and in our stock, and we believe this will generate a strong return.

I'm very pleased that we've got to this position. It really reflects the evolution of the group, and it's made possible by the continued operational improvements and the increased financial flexibility that Basil and his team have been working on for years. So we remain committed to reducing the consolidated discount and work is ongoing. [Inaudible] and it maintains our long-term focus to invest and deliver good returns for our

shareholders. The action that we've taken will benefit Prosus and Naspers shareholders and limit friction [?] costs for our shareholders. The buyback underscores our commitment to build and crystallise value across the group over the long term as we outline on slide 14. Over the course of the past ten years we've invested \$13 billion across our businesses and the portfolio is now worth more than three times that. We've worked hard to crystallise that value for shareholders over time, and you can see here on the right that we've unlocked over \$20 billion for shareholders. There remains a significant opportunity for us to create even more value. You will see from the results today that our e-commerce businesses continue to make exceptional progress with 51% revenue growth and a significant improvement in profitability and cash generation. It is essential to ensure that the value is reflected in our share price, which today is clearly not the case. By continuing to take sensible financial and structural steps where possible, such as the share buyback, we can increasingly unlock this value. So with that I'll turn the call over to Basil. Basil, go for it.

Basil Sgourdos

Thank you Bob. Hello everyone and thanks for taking the time to join us today. I hope you're all keeping well and staying healthy. In this time of uncertainty and challenge I'm very pleased with the strong performance we've seen. As Bob mentioned, we've adapted very well and the group is operating with a great deal more clarity than we had during the first phase of the pandemic. While forward visibility remains challenging with rising COVID-19 cases in some of our markets and the uncertainty longer term impact of the pandemic, I believe we have emerged as a stronger company. The results are the strongest possible endorsement of the significant long-term value creation potential of the high-growth markets, business models and segments we are invested in. A very important take-away for you, our shareholders.

Before I dive in, as always a quick reminder and a few housekeeping items. Both Naspers and Prosus have reported their results today. Naspers results reflect that of Prosus almost entirely. For that reason we'll be focussing on Prosus numbers. We report revenue and trading profit on an economic interest basis, meaning they include our proportional share of the results of our associates and joint ventures. The results of our associates, Tencent, Mail.ru, Delivery Hero, Swiggy and others are reported on a three month lag basis. This is particularly important when considering trends due to COVID-19. Importantly, free cash flow is a consolidated number and for associates and joint ventures the only cash is the dividends they pay us. Finally, as I work through the deck I will focus on local currency growth excluding the impact of M&A.

So let's get going. If you could please turn to slide 16. Overall we weathered the storm well and ended the first half year with a strong financial performance and improvement across all financial metrics. Revenue for the period was \$12.7 billion, growing 32% year on year. E-commerce revenues grew even faster at 51% year on year supported by food delivery, e-tail, payments and fintech and our edtech businesses. Trading profit grew 43% driven by increased scale and unit economics in food delivery and by our e-tail business. Our share of Tencent revenue and trading profit grew 28% and 32% respectively. This reflects China's early recovery from the pandemic and the strength and resilience of Tencent's business model. We remain very excited about the company's future prospects.

Core headline earnings were \$2.2 billion, growing 29% year over year driven by improved profitability from our e-commerce unit and Tencent. Finally, free cash flow improved meaningfully year over year with the group generating \$370 million in free cash flow, which is a substantial improvement. We ended the period with a strong balance sheet with almost \$10 billion in gross cash and net cash of approximately \$4.5 billion. We have the financial flexibility to both invest across our asset portfolio and in our stock.

Turning to slide 17 you will see that e-commerce revenue grew significantly. Growth accelerated 23% year on year. Food delivery, e-tail and the core payments business all did well. They executed well in difficult times to capture the opportunity created by the acceleration in consumer internet growth which Bob covered well earlier. Classifieds revenue declined as its business model is most affected by the pandemic. Our revenues declined on par with our peers in the first quarter. However, as restrictions were relaxed in many of our markets by the second quarter we continued to grow comfortably ahead of our peers.

If you turn to slide 18 you will see revenue growth flowed nicely to the bottom line, reflecting improving unit economics with scale. Trading losses improved by 26% from a loss of \$416 million to a loss of \$316 million, a \$100 million improvement. That's a healthy 10% gain in trading margin. Food delivery was the standout for the period with margins improving 61%, benefitting from scale and lower customer acquisition costs. E-tail reported a profit of \$20 million compared to a \$50 million loss in the prior period, which is just outstanding. It's incredible to see how quickly the team organised to satiate the dramatic increase in demand for services. They have also taken considerable action to support government pandemic efforts in their home markets as well as neighbouring new third party sellers looking for ways to access customers online. COVID-19 negatively impacted classifieds trading profit. However, we've seen a good rise in profitability in recent months. In payments we've stepped up investment in longer term growth initiatives.

Let's get into the financial performance of our segments starting with classifieds on slide 19. Our classifieds segment was the most impacted by lockdown restrictions. The first quarter of the period bore the brunt in key markets, but the business recovered strongly and steadily in the second quarter as lockdown restrictions were relaxed. Most recently, however, as COVID-19 cases have risen in some of the classified markets, we remain somewhat cautious on our outlook. In our traditional classified business revenues grew 4% for the six months. Classified revenues excluding transaction revenues dropped 8% in the first quarter as traffic volumes dropped when markets went into lockdown.

We supported our partners with targeted initiatives like extended listing duration and discounting listing fees to help them through the crisis. These initiatives had a short-term negative impact on revenues and profits. We also invested behind innovation and found new ways for people to trade on our platforms. We've invested in new services like payments, shipping capabilities, virtual real estate and car inspections. We are also investing in enhancing the user experience and engagement. The second quarter saw a steady recovery in revenue as support methods were phased out. Core classified revenue grew 16% in the second quarter. Avito performed well in a difficult environment, growing 10% year on year in the first half. Following a revenue decline of 4% in the first quarter, the business grew strongly by 23% in the second quarter. We are using the opportunity to invest incrementally to gain market share, particularly in key verticals. This does lower margins initially but enables Avito to drive record volumes of user and platform activity and gain market share. We will continue with this as long as it delivers sustainable long-term gains.

Poland, the Ukraine and Romania continue to gain momentum, building on a healthy ecosystem. Despite the impact of COVID-19, trading margins remained strong at 44%. Poland has also recovered well and continues to make good progress. We see opportunity to increase investments in our key verticals and in pay and ship capabilities which is beginning to show real traction. You will see a pickup in the investments in the second half of the year. OLX was hard hit by the pandemic and consequently recorded a revenue decline of 5%. However, as Bob mentioned earlier, growth has now resumed. Margins have improved to 20%. The recent acquisition of Grupo ZAP places us firmly in the number one spot in the under-penetrated online real estate classified segment.

Turning now to our transaction business, which was initially hit hard by the pandemic. During lockdown restrictions in the first quarter the majority of our inspection and retail transaction centres closed, resulting in a 52% drop in the first quarter revenue. As lockdown restrictions lifted, transaction centres began to open and return towards pre-COVID levels. The second quarter ended with approximately 90% of the transaction centres open again and revenue returned to prior levels. Losses for the transaction centres increased in aggregate during the period, reflecting our acquisition of a controlling stake in Frontier Car Group. This means that we now include 100% of the losses from Frontier Car Group compared to only 36% last year. I've called out a couple of times on this slide that as you think about the remainder of the year you will see an increase in our marketing and other investments. This is consistent with prior year trends but it also driven by investments to build out our ecosystem. With the actions we are taking in the classified segment and the encouraging trends we are seeing, we remain confident that our business will continue to do well over the long term.

Moving to food delivery on slide 20, while the impact of the pandemic differed by region, the segment was a real bright spot in the period buoyed by our responsive consumer trends that we believe will significantly benefit the industry long term. We provided much needed respite to tens of thousands of restaurants who were able to keep their doors open. We worked hard to keep our employees and delivery partners safe, providing additional employment opportunities at a critical time for so many. For the period our food delivery segment doubled revenues to \$610 million and reduces losses by almost \$100 million to \$187 million, an exceptional performance. IFood continued the momentum it had built up prior to the pandemic with order frequency, order value and the key KPIs hitting record levels. This drove impressive revenue growth of 234%. Our decision to invest and build differentiated capabilities is at the core of this strong performance.

Delivery Hero also continued to execute incredibly well. For the six months ended 30 June 2020 the order volumes climbed 93% to \$519 million with revenues growing 87% year over year. We are also encouraged by Delivery Hero's continued investment to build a broader service offering. Previous performance was different, as we have previously told you. Early in the crisis food delivery in India was hit hard by the lockdown. Since then, however, momentum has picked up and the trends are positive. The business is steadily recovered and is nearing pre-COVID levels. As Swiggy is reported on a three month lag, we expect the impact of COVID to carry through into the second half of the year. Our share of Swiggy's revenues grew 17% over the period. Trading loss contribution for the period improved meaningfully.

Management used the breathing space that the lower activity created to look at the entire business and take action that positions them well for the future and to drive growth. Looking forward it's important to note that as restrictions ease and in-restaurant dining normalises, it will be difficult for the food segment to retain the rates of growth we have seen over the past six months. So while we expect revenue to continue to grow strongly, the pace of growth will decelerate somewhat. Consumer acquisition investment will also increase as we continue to expand our ecosystem.

Moving onto payments and fintech on slide 21. The segment performance, like food delivery, differed by region but was on balance another bright spot. Once again we mobilised fast to capture the acceleration of consumer trends and managed to offset the sizeable drop in verticals such as travel that have been hard hit by the pandemic. Revenues grew 29% to \$252 million driven by transaction payment value growth of 37% with over 700 million transactions processed. Europe and Latin America, making up our GPO [?] business, performed very well. The business grew strongly throughout the pandemic with revenue strongly up in the first quarter and

remaining robust at 44% in the second quarter despite the lifting of lockdown restrictions in many markets. We expect growth rates to taper off in the second half, but will remain strong.

In India, where we are number one in terms of online payments volume, we had a tough start to the year. Revenue fell 10% in the first quarter as activity levels dropped, particularly in travel. As restrictions eased and e-commerce in India resumed its rapid growth the business recovered sharply and grew revenue 21% year on year in the second quarter. Overall the payments business improved margins by 7%. As you know, in recent years we've been focussed on broadening our fintech ecosystem in core markets such as India. In the full year 2020 we stepped up our investment to a controlling stake in Paysense, a fast-growing online consumer lending business. This is what drove the larger year on year losses for the segment. As you would expect, during the last six months we've been cautious following the pandemic's negative impact on the Indian economy and have held back on new loans. We will await substantial signs of recovery before we again drive growth as we move forward.

Turning now to slide 22 where we unpack the increased contribution to central cash flows from our profitable e-commerce businesses. This is an important slide and demonstrates the cash flow generative ability of the group. Over 60% of our e-commerce revenue now comes from profitable businesses. This compared to 54% last year. Consolidated trading profit from these businesses increased 20% year over year driven by e-tail and payments and fintech. This was partially offset by a lower contribution from classifieds due to the effects of the pandemic. We expect classifieds to rapidly recover, boosting overall profit growth. Our share of Tencent's dividend grew 21% to a sizeable \$458 million. This continues to be a significant underpin of our increased financial flexibility.

Now let's dig deeper into the cash flows on slide 23. Free cash flow for the six months was an inflow of \$370 million, a considerable improvement compared to the \$14 million in the prior year. The progress was driven by e-commerce, low losses from food delivery, excellent work in capital management, particularly in our e-tail segment, and \$81 million increase in Tencent dividends. Unlike last year, this year we did not have one-time transaction costs for the Prosus listing.

Moving to the balance sheet on slide 24, over the years the group has worked hard to increase financial flexibility. We have built a portfolio of e-commerce assets with significant cash flow generating capabilities. We increased leverage and the average interest rate of our debt has declined steadily. And we remain good allocators of capital. Our balance sheet remains healthy with \$4.5 billion of net cash, undrawn \$2.5 billion revolver, and the ability to raise additional debt. We remain committed to the investment grade rating. This increased financial flexibility allows us to execute on M&A, to enhance our core segments and invest in our stock.

Before I close I will touch on the buyback we will be launching shortly. Bob has covered this extensively, but I wanted to cover some of the accounting aspects. Firstly, the Prosus shares that are bought will be cancelled. Prosus will account for the Naspers shares as an investment. The investment will be marked to market at every reporting period and gains and losses will be taken through other comprehensive income in the Prosus results. Secondly, for Naspers shares purchased by Prosus will sit in treasury shares. Naspers will exclude shares owned by Prosus in its per share ratios. We will execute the programme in an optimal manner, focussed on creating value for you, our shareholders. I also want to reiterate what Bob said. This repurchase programme should not be viewed in isolation and is not the solution to reducing the discount. Management and the board remain committed to reducing the consolidated discount through a variety of means, and we will discuss them with you in more detail as and when they come.

Finally, just a quick housekeeping item. As you know, we publish a lot more detail on our website to help you understand the operations and to model the numbers. We have for the first time added an Excel KPI sheet. I know many of you have asked for this in the past, and I hope you find it useful. So in closing, I'm very pleased with our results and our position as we enter the second half of the year. This has clearly been a very challenging time. As a group we have met these challenges head on and have exceeded our expectations. As I've said, we are operating today with a great deal more certainty than we had in March. We will continue on as we have, operating with discipline, with a close eye on our business and ready to take strategic action when necessary. The results are the strongest possible endorsement of the significant long-term value creation potential of the high-growth markets, business models and segments we are invested in. This is a very important take away for you as shareholders. With that I'll hand the call back over to Bob to close us off.

Bob Van Dijk

Thanks Bas. Before we have the questions I'd like to summarise our key priorities when we look towards 2021 and beyond. That's slide 26. First, the fundamentals of our business are very strong. Each business is actually well positioned to benefit from the growth trends that are driving the internet space. The second, we remain focussed on driving profitability and cash generation in our more established e-commerce segments while we are investing in growth in food delivery, in classified transactions, in credit and in edtech. Third, our financial flexibility has improved and is enabling investment across our operations and our stock. Fourth, we will continue to improve the competitiveness of our platforms by investing in products, in technology, in talent and by reinforcing our AI capabilities. Fifth, there is a significant amount of opportunity to create value through the growth of our business and by narrowing the discount to net asset value, and we remain committed to both. With that I want to thank you for your time so far, and let's open the line for questions.

Operator

Thank you very much, sir. Ladies and gentlemen, if you wish to ask a question, please press * and then 1 on your touchtone phone or on the keypad on your screen. If you wish to withdraw your question, please press * and then 2 to remove yourself from the queue. Again, if you wish to ask a question, please press * and then 1 now. My apologies. Our first question is from Lisa Yang of Goldman Sachs. Please go ahead.

Lisa Yang

Good afternoon and thank you very much for taking my questions. I have three if possible. The first one is on food delivery where clearly the performance has been really impressive in H1. And you mentioned the improvement in profitability was driven by better operating leverage and lower marketing costs. I'm just wondering do you think that improving profitability trend is sustainable especially as the environment normalises into H2. I know you don't give guidance, but do you think we are now in a position to potential break even sooner in that core food delivery business on a one to two year view? That's the first question. The second one is on eMAG. The business has turned profitable as you said and a significant benefit from COVID. Just given your comments about tech valuations being high, I'm just wondering whether you can take advantage of that situation and maybe crystallise your value of eMAG in the short term. That's the second one. The third question is actually on the buyback. My understanding is that it seems like there's been a bit of a change in tone regarding the buyback. I'm just wondering do you see the recent buyback announcement more as a one-off or do you think it could be a more recurring part of your future capital allocation policy? And how do you rank that versus for instance deploying cash for M&A or cash to invest organically in the future? Thank you very much.

Bob Van Dijk

Thanks Lisa. Thanks for your three questions. On the first one maybe I'll start and I'll hand over to Larry to add colour to the operations. I can also speak briefly to eMAG, and on buybacks I will start and if Basil wants to continue he can do so. Food delivery indeed we've seen results improve and it has helped profitability because of, as you say, leverage and reduced marketing cost. Whether this will sustain I think based on what I've seen so far I think a lot of it will sustain. We've seen that customer groups who previously hadn't tried food delivery have now tried it. People have been using food delivery for different food occasions that they like and the net promoter scores across the businesses are extremely strong. People are therefore having a great experience when they are using these products. There is no reason to believe that trial and usage in different locations is something that would go away completely. It's hard to forecast exactly what the world will look like, but it looks like a big part of the shift that we have seen is a structural shift that we expect will actually sustain. Maybe, Larry, you want to comment based on your observations.

Larry Illg

Yeah. I think you covered most of it, Bob. The only point that I would add is we have a pretty good lens on the consumer cohorts. What we can see – and we're far enough into the pandemic where many of the pandemic age cohorts are more than six months old – is how they are performing versus historical cohorts. And I'm speaking in very broad brushes across 40 markets. We observe, broadly speaking, the cohorts look as good as or better than the cohorts pre-COVID. So it speaks to what Bob mentioned. Just the quality of users that have been brought in remains strong. And if anything it's giving us an advance view on the future of the sector and further growth opportunities in adjacent categories. So the consumer quality is quite high.

Bob Van Dijk

And the second part of your question, does this change our views on break even, well we don't give guidance. We've seen indeed the profitability part of the businesses being significantly improved based on what has happened during COVID. It has also frankly given us confidence to invest further. So I think it has been generally a very positive story. If I move on to eMAG, eMAG is an outstanding asset and it has a very clear leadership position in Romania and a number of other Eastern European countries, and it has excellent growth as well. Actually one of the things that really excited me about eMAG is how they built an initial position in e-tail and they started very much as a first party e-tailer but have built a great ecosystem where they empower other sellers. They have also really improved their offering by going into last mile logistics. They are going into food delivery and they are creating a great loyalty programme. I would say even though the numbers look incredibly impressive, I would say the best from eMAG is yet to come. There is really clear strategic runway and there are no current plans to delist it. I think actually it is a tremendous growth story from here as well.

Then on the buyback I think your question was should we see it as a one-off or continued. I think the most important thing on the buyback is the rationale behind it. The rationale is that we have the financial ability to continue investing in our core assets but also make use of this phenomenon where I think our assets are because of the discount price carried very cheaply. So that in itself, that philosophy, will hold for the future. What exact position we will be in, it's hard to forecast the position. If we have the capital to invest in our business and to buy the shares at a good discount to net asset value, that will make sense at any point in time. Basil, do you want to add to that?

Basil Sgourdos

No, Bob. I think you hit the nail on the head. We've got \$5 billion to deploy. That's going to take some time. Once we've done that we will see where we're at and then we'll make the capital allocation decisions

accordingly. The focus now is on growing the business and improving financial flexibility and giving ourselves the room to be able to deploy across multiple capital allocation opportunities. So that's what we're focused on.

Lisa Yang

That's very helpful. Thank you.

Operator

Thank you. The next question is from Will Packer of Exane BNP. Please go ahead.

Will Packer

Hi there. Thanks a lot for taking my questions. I had a couple of topics I wanted to cover. Firstly, there has been a lot of news flow on Chinese internet regulation. But there was one particular aspect I hoped you could comment on. Some investors are concerned on the comments in the press that VIE structures may be in focus. Are you concerned or in fact could it be a good thing that these structures are more regulated? And then the second topic I wanted to go into was around online car dealing. We're seeing lots of capital in the UK, US and elsewhere invested in the online car dealing opportunity. In Frontier Car Group you have a very strong position in C2B in many interesting markets and a nascent B2C position. How aggressively are you planning to roll out your B2C online car dealing offering, and what are the challenges in the markets you operate because your geographic exposures are a little bit different? Thank you.

Eoin Ryan

Okay. Let me take that whilst Bob returns. Thanks very much for your question. As you rightly pointed out, there has been a lot of commentary in the press recently in relation to this, particularly in the context of the anti-trust draft regs that came out. I think maybe just to comment on that. I think there has been somewhat of a misunderstanding in relation to many of these press reports. The inclusion of VIE under the regulations that came out we view as a [unclear] from an avoidance of doubt perspective just to say that these new regs regarding anti-trust include all internet companies. And within that grouping of course should be those internet companies that operate under VIE structures. So there were some reports and some press reports that VIEs would have to obtain special approvals and the like. It's really nothing of the kind. That is rather erroneous reporting in that respect. Insofar as VIE is concerned overall, as you're well aware, VIEs have been around for a long time. It's over 20 years right now. They are very widely used and they have worked well during that time. It's fully understood by the Chinese authorities. And as you know, any time there is a listing that is required, as an example, the approvals of the authorities and the Chinese regulatory authorities are required for that. So they have worked well during this time and we'd see no reason for this to change.

Basil Sgourdos

Is Bob back?

Bob Van Dijk

I'm back. Maybe, Martin, if you mind speaking to the online car dealer opportunity and Frontier Car Group business?

Martin Scheepbouwer

Yes. Thank you for your question, Will. You are right that we essentially at both the C2B – we buy cars from consumers and sell to dealers – and B2C. We facilitate offloading of dealer inventory towards consumers already under our umbrella. And both have their merits. What we're doing now is on top of that building what we call

C2B2C business where we manage the entire value chain from a consumer willing to sell a car to us and then after light refurbishment we sell the car on to another consumer, preferably with a suite of supporting products like finance, insurance, warranty and so on. And that's what consumers want. They fundamentally want more transparency, trust and some convenience in the process. And it gives us access to new revenue and profit pools. This part of the business is still fairly nascent. It's mostly in Chile, but we are rolling out what works to more scalable markets like India. With regards to the main challenges there, they are most executional. We have no doubt that this is something consumers want. There are strong mirror companies in the form of [unclear] to show that this business model has lots of runway. But there are a number of things we need to do to build that infrastructure both in software and in on the ground presence. And that takes some time. That's why we're doing that intelligently to make sure we allocate the capital efficiently.

Will Packer

Thanks for the colour, Martin. Appreciate it.

Operator

Thank you. The next question is from Ravi Jain of HSBC. Please go ahead.

Ravi Jain

Hi. Good morning. Thanks again for taking my question. I have two quick ones. The first one is just overall when I look at the capital allocation and the pace of investments. Now the size of your NAV is probably north of \$250 billion. And when I look at the total investments on an average in a year it's maybe somewhere between \$2 billion and \$3 billion. Do you think it makes sense or would you consider increasing the pace of these investments? Maybe there are more transactions or higher ticket to move the needle more every year? And the second one is a follow-up on an earlier question where if the valuation is pretty attractive today generally in the public markets and it's clearly not reflected in your stock, do you consider maybe even listing assets rather than selling, listing like eMAG, Avito, or potentially even OLX? Thank you.

Bob Van Dijk

Thanks Ravi. I will give you an answer, and if Bas wants to add he is more than welcome. When it comes to increasing the pace of investment it's really important to take a step back there. We've had times when we've invested more and we've had periods of times when we've invested less. The essential part of when we evaluate investments is we think they have to make strategic sense and we want to be absolutely sure we can deliver growing dividends for shareholders. And depending on what you then get into the pipeline that is really what decides whether we invest or not. So I think if we want to substantially increase the pace of investment we cannot let go of the strategic framework. It has to be something we understand, believe in, and it needs to deliver good returns for our shareholders. Otherwise we are investing and creating a business that we don't want to create.

Could you see us improve pace? Yes, if we run into the right opportunities with a great return profile that enhances the business we have. But we're not going to spend more money for the sake of spending money faster. [Inaudible segment]. The second question on listing the assets, I think that's a fair point. I think we have actually over the years listed many assets that we've invested in. And I think [unclear] that we will deploy when we think the time is right. But again I think the most important thing for us is when we want to crystallise value and we think that's the best option for a certain business not to react to [unclear] in the market. That would be my view. Bas, do you want to add?

Basil Sgourdos

Only one thing, Bob. We also have some fantastic companies in some really big markets. And there is an opportunity to plug on to what those businesses do and build the ecosystems. We've demonstrated that we can build great businesses that grow fast and become profitable. So we should be very comfortable deploying capital organically. And given that we're still in the very early stages of the segments we're in and the sizeable markets we're in, those are going to create meaningful value. Bob told you earlier we've tripled capital invested from \$13 billion to \$30 billion. There's no reason why we can't keep doing that with organic investment too.

Operator

Thank you sir. The next question is from Cesar Tiron of Bank of America. Please go ahead.

Cesar Tiron

Hi. Thanks everyone. Thanks for the call and the opportunity to ask questions. I have three questions. Sorry about that. The first one would be if you can give some examples of operational changes you've made during COVID. We all have seen the tailwinds or the headwinds faced by these different businesses. I just wanted to ask if there are any specific changes you have made to these businesses over the past six months which would allow them to set them up for faster growth when these COVID tailwinds end or for classifieds maybe to allow them higher profitability when the headwinds end. Then I think the next question would be on online education. You've been investing quite significantly in the past year and increased a little bit your disclosure on these assets. My question would be to understand what prevents you to make it officially one of your verticals, and if there is scope for consolidation among these assets. And then finally the last question is on iFood. I think this is the second time in a row where revenue growth was ahead of GMV. So I suspect like last time this is really driven by subsidies which are decreasing. Can you please discuss the dynamics there and whether there is scope for the subsidies to decrease without necessarily impacting GMV growth going forward? Thank you so much.

Bob Van Dijk

Thanks Cesar. Maybe I can start on the last one. Larry, if you can talk maybe about consolidation in edtech, and then I think there are examples of changes to the business and anybody who wants to chime in can do so. I have several examples. I think the main reason for the revenue growing faster than GMV in iFood is actually the shift from 3P to 1P. You see the 1P percentage go up quite quickly and that drives revenue much faster than it drives GMV. That's really the effect you see there. Maybe, Larry, do you want to say a little bit about consolidation in edtech? Can you speak eloquently about that?

Larry Illg

I can't vouch for the eloquence of the answer. I think it will be pretty straightforward though. I think with edtech it's a multi-faceted sector, so I don't want to paint with too broad of a brush. But generically speaking we have a lot of companies that are really coming of age as a result of the pandemic and bringing demand forward by years. And I think that gets a lot of the companies and investors in this space excited about what the future holds. And as part of that I think consolidation is just natural and we're seeing more and more investment activity alongside the consumer activity in the last couple of months. As is true of most sectors, consolidation will be pursued when it makes sense. I certainly see more activity there.

Bob Van Dijk

And the other part of your question on edtech [inaudible segment]. I think in terms of the investment thesis it has become clearer. We are deploying more capital. So over time I think we will transition it into a segment. We are working through the details on when is the right time, but I think that's the direction of travel. Some specific

examples of changes in the market, I would say there are quite a few examples that come to my mind. For example, Martin, maybe you can talk to virtual inspections of cars. I think in food delivery we've seen a lot more partnership with restaurants, integration of restaurant systems where we are the main source of customers of restaurants with which we create a more natural partnership that is [unclear] further integration. Mark and Larry, feel free to chime in how you see structural changes in the business that will help you go forward.

Martin Scheepbouwer

Shall I start, Bob? Thank you for pointing that out. Indeed there have been a number of adjustments I would say to product priorities. It was all geared towards meeting new or changed customer requirements, quite obviously. So people could not leave their homes, so we made sure they could order on OLX from their couch and organised for last mile delivery where that was not possible, such as in Russia. We also allowed people to virtually see houses they might want to buy or rent, so software to enable that was basically either created or given more priority. Bob and Basil have referred to the impact of social distancing on the ability to operate physical car inspection centres. At the trough very few were still allowed to be open. Now they're back up to a large degree, but capacity is somewhat limited due to all the health and safety measures.

That's why we have put particular emphasis on alternative ways to evaluate the value and the condition of cars we purchase through home inspectors and self-inspection and so on. And I think that's positive. I think ultimately anything that makes the business more efficient and more customer-centric is a good thing in the long run. And in the meantime we were also prudent on hiring, on marketing and so on, which gave us some profitability benefits in the short term. But I expect, as Basil already alluded to, to reverse that if and when opportunities arise to invest again behind growth opportunities. But the impact of accelerated innovation I think is a positive one already now and also in [break in audio].

Larry Illg

I'm happy to go next quickly on food. I think in general our teams responded very quickly to address safety and business sustainability. That was in the early stages of the pandemic, and that allowed them to shift once they got a readable landscape towards operational transformation. And a handful of examples that I can call out quickly. In some examples it would mean moving more quickly towards online transactions, removing cash increasingly from the transactions, the opening up of new kinds of order engagements. We saw our businesses move more towards takeout versus formal delivery in some cases. And the last example is you have these businesses as they skew towards first party that have an unbelievable reach and driver network. And you can use that infrastructure and those consumer relationships and high NPS to open up new sectors that might be in demand as a result of the pandemic. I think the one that is most prominent in most folks' minds would be grocery. Get the situation under control and then leverage that reach and operational infrastructure to do new things.

Bob Van Dijk

I think grocery is a great example, Larry. Maybe in the interests of time, Cesar, I suggest we move on to give some others a chance to ask some questions.

Operator

Thank you sir. The next question is from John Kim of UBS. Please go ahead.

John Kim

Hi everybody. Congrats on a good set of results. Two questions please. Around the listing of Prosus a year plus ago I think the team indicated there were certain restructurings or optimisations that team Prosus wanted to engage in before potentially moving down below a 70% ownership level for Naspers. A question on the progress of that kind of restructuring or reorganisation. Is that largely done? Then if I could ask Larry and Bob to speak to the extension into grocery, how we should think about that. Do you see it as a logical extension of the retail platform, or are the margins a bit too competitive? Thanks.

Bob Van Dijk

Thanks John for both questions. I think, Basil, I'll ask you to talk a little bit around the follow-ons on progress. I know you spend a lot of your waking hours on that. On grocery I could talk about it for an hour and Larry will say more sensible things. I think if you have the infrastructure in urban areas from and to many locations in a time critical way with a half an hour delivery window that is an unbelievable asset to leverage into further user needs. That would be my short answer to how I think about groceries. Larry, maybe you want to add.

Larry Illg

Yeah. John asked the question on the extension of retail. I think the starting point matters. Obviously from a top down perspective grocery is interesting, but really the bottom up view matters. Bob, to your point, what is our starting point? Do we just have consumer reach? Do we have a central warehouse? Do we have a driver network? And depending on our starting point and also what the consumer needs are, different models might make sense. A more convenience model, a marketplace, a central warehouse kind of model. I think from my perspective we look at it in both ways. Top down is a compelling and a given situation. And then do we have a right to play, and what is the right approach to play?

Basil Sgourdos

Then, John, to your first question, as we went into the pandemic a couple of things happened. Our business started to recover fast. Internet valuations started to go up and we immediately outperformed the JSE. And I saw what was coming. I saw that we were going to rapidly add to our market cap and to our rating. So we moved very quickly and we pulled the team together and started working hard, and that work has continued. We want to be very considered here. We've looked at many options. We don't want to exclude anything. We have our own ideas. We've heard ideas. And we're doing fundamental work on all of those. We are honing in on a couple that are interesting, but they require more work. It's not a simple thing. It's not just about tax. There are two separate shareholders. There is regulation. There is a whole bunch of other things that need to come into play. What I want everyone to take back from this is we're working as hard on this as we are on the business. It's important to us; it's important to our shareholders, and we want to make progress. When we're ready we will come back and tell you what that progress is.

Bob Van Dijk

Thanks Bas.

Operator

Thank you. The next question is from Catherine O'Neill of Citibank. Please go ahead.

Catherine O'Neill

Thank you very much. Three questions actually, one on the classifieds. I just wanted to see if there has been any impact on lockdown 2.0 in some markets or more restrictions in terms of whether you've had to offer any

discounts again. You have given your commentary on investment plans in the second half for classifieds. Should we expect the trading profit or loss to be a loss for the year? The second question is on iFood and the merger in Colombia and what your plans there are in terms of how aggressive you want to be given the position Rappi has in that market, and whether you see any other opportunities within LATAM or whether your focus is mainly on Brazil and now Colombia as well. And then finally on the payments side of things I think you mentioned credit lending has stopped for the moment, or the plans around credit lending have slowed. But you've been investing in growth initiatives in payments and stepped up those investments. Could you maybe talk about some of those other great initiatives within the payment area that you've been investing in and that you plan to invest further in?

Bob Van Dijk

Thanks, Catherine, for your questions. I think the questions naturally distribute themselves. Martin, if you wouldn't mind talking about classifieds, and Larry, I'm sure you can speak to the Colombia merger. And then, Laurent, the payment question is yours. Maybe, Martin, you want to go first.

Martin Scheepbouwer

Absolutely. So as you've been able to see, the trading profit in the first half was \$12 million considering the inclusion of the full FCG and the impact we initially saw in the lockdown. That result we are very happy with. Going forward of course we live in an uncertain world and it's to a large degree crystal balling. But for now we haven't had to give discounts to paying professionals on any of our large platforms. We do see activity in jobs and in cars meaningfully impacted by the second wave in many countries as there are supply constraints and companies are hesitant to hire. So some uncertainty to remain, but overall the trajectory of recovery has been very steep, and that continues to this moment. What is important to note is what we've always done is what we call oil on fire. So when things work we push ahead and do not hesitate to benefit from the opportunity to drive growth or gain market share, which we will continue to do also in this second half. So especially in Russia and in Poland we see those opportunities which we will continue to drive, but then on the back of what I think will be much better economics than we saw a few months ago.

Larry Illg

I'm happy to go next on LATAM. I think to your question, Catherine, I think Brazil is clearly in focus and we're excited about the potential of iFood in that market. But we're not blind to the broader LATAM opportunity. We're very excited about the opportunity for a combined entity between iFood and Domicilios. As in most cases consolidation makes sense, of course pending regulatory review. But when we're on the other side of that we will see a business that has the largest footprint in Colombia with over 12,000 restaurants and operates in 30 cities across the country. And consistent with our other food delivery platforms it truly becomes a platform that we can use to not only build our own food delivery business but other adjacent businesses on the back of it.

Laurent le Moal

And regarding payments I can think of three big initiatives that we have going on at the moment. One is around the growth for the small and medium business segment in our business. Most of the growth that we've seen is coming from e-commerce, but not just from large merchants but also the growth purely on SMBs [?] accelerating their plans to sell online. So actually we have invested quite a lot on the on-boarding of these SMBs, and this is true across all of our markets from LATAM, central Europe to India. So that's one, the growth of SMB. The second one is specific to India. We serve three types of customers: merchants with our payment gateway, consumers with our credit business, and then banking partners.

About a year ago we acquired a company called Wibmo which is now fully integrated into our business, and actually we have invested in terms of money for the platform but also people to actually accelerate the plans to serve the banks with our platform to actually process all the payments for them. And we are in a position where we manage most of the card transactions in terms of security, which an added value services for all the banking sector in India. So we believe that this will give us a very strong position to reinforce our positioning with the banks in the market.

And the third one is actually regarding credit. What we have done there is effectively stopped the issuance of personal loans to new customers because we didn't have a good read on the risk in the market. But actually we have continued to serve our existing customers with our buy now pay later product which is called LazyPay. And actually that product has continued to grow. We serve right now about 1.5 million customers every month with a very high repeat rate of 90%. So actually we stopped the issuance of personal loans, continue on BNPL [?] and actually what the team has done is continued to innovate to bring new product like instalments using the UPI platform. So when we are ready to go back to the market we will actually have a new set of products to offer. So these are the three initiatives.

Bob Van Dijk

Thanks a lot, Laurent.

Operator

Thank you. Ladies and gentlemen, we have time for one more question. The question is from Ziyad Joosub from Nedbank. Please go ahead.

Ziyad Joosub

Hi everyone. Thank you for the questions. Just two questions from my side please. The first question is on pay and ship, if you could maybe give us a bit more colour. Through the COVID crisis has your strategic outlook for this particular product class changed, specifically in Central and Eastern Europe and Russia? And what are your thoughts on pay and ship in the US mobile classifieds market? Do you see an opportunity there? And then the second question is on online food. Given that you've scaled up your 1P business in Brazil, could you maybe give us a bit more colour on what the contribution margins are for 1P versus 3P specifically in the Brazilian market at this stage and how you see it evolving? Thank you.

Bob Van Dijk

Thanks, Ziyad. I think, Larry, the second question is firmly in your camp. I think the trends are generally quite positive. Martin, maybe you want to talk us through your views on pricing for pay and ship and the outlook you have for the different markets.

Martin Scheepbouwer

Absolutely. Thanks, Ziyad, for tabling that because pay and ship, as you point out, I think has gained in strategic importance over the lockdown. As I pointed out earlier, it was always a solution for distance trade between cities for people with difficulties meeting up in person. But it has more widely spread over the lockdown for two reasons. One is that people want to order from the comfort of their own home, and second, a lot of small businesses that had to close their physical store or saw declining traffic moved online, and we are one of the channels they can use. So we've invested significantly to improve the experience and the speed of delivery in the network, especially in Russia where we already were active but extended the service levels. And we accelerated the rollout in Poland and in Brazil, and we pretty much continued what we had, which is a bit more

mature, in Ukraine and a few other places. And going forward I think we'll do more of this. I think that's one of the major growth pillars under especially the Eastern European side of the business.

In the US I also think there is potential. We are a minority in the OfferUp LetGo combination, so we're not driving all initiatives. But that is one of the things the team is looking at because, believe it or not, even though companies have alternatives in the US they don't have elsewhere with Amazon and eBay and many other channels at their disposal. The strength of OfferUp now after induction of LetGo is so significant that for many such SMEs it has become a channel of force. And similar to other markets we want them to facilitate that with a pay and ship solution. As we see results come in we'll share them with you.

Larry Illg

I could just hop in on the iFood profitability. The trends are positive and it gives us a view into the future in a COVID context. We can see what food delivery looks like especially on the first party side at further scale. No surprise to focus on this call is the business benefits from ongoing leverage as a predominantly logistics model. And what we can see not just for iFood but globally that first party can be run profitably. While on a percentage basis it's hard to see how it will ever be as high as a third party marketplace in terms of percent profitability, we can see contribution coming from this space. We're seeing it now. And it's especially important as we can see that the future growth in the category will predominantly be 1P. So it's nice to see the profitability that side of the business could generate.

Operator

Thank you very much, sir. Ladies and gentlemen, we have no further questions at the moment. I'd like to hand the call back to Mr Van Dijk for final comments.

Bob Van Dijk

Thanks very much. Sorry to close the call early. I wanted to thank everybody for many very interesting questions and I hope you share our excitement about these results, but actually more importantly about the potential and the growth for the businesses that we've discussed. I think there is a lot to look forward to. We look forward to talking to you about it in about six months. Thank you very much everybody.

Operator

Thank you very much, sir. Ladies and gentlemen, that then concludes this event and you may now disconnect.

END OF TRANSCRIPT