

# Interim results announcement

for the six months ended 30 September 2021



Naspers Limited  
Incorporated in the Republic of South Africa  
(Registration number: 1925/001431/06)  
(Naspers or the group)  
JSE share code: NPN ISIN: ZAE000015889  
LSE share code: NPSN ISIN: US 6315122092

Naspers is a global internet group and one of the largest technology investors in the world.

## Salient features

Key financial features	Six months ended	Year ended	
	30 September	31 March	
	2021 US\$m	2020 US\$m	2021 US\$m
Revenue	3 575	2 497	5 934
Operating loss	(315)	(274)	(1 189)
Earnings per ordinary share (US cents)	3 031	500	1 243
Headline earnings per ordinary share (US cents)	368	404	970
Core headline earnings per ordinary share (US cents)	416	376	814

## Commentary

Over the past six months, the group posted a solid performance. Group revenue, measured on an economic-interest basis, grew 32% (29%) to US\$17.2bn. Our Ecommerce segment revenue accelerated 60% (52%) to US\$4.6bn, after strong momentum in the prior year.

Group trading profit grew 8% (9%) to US\$2.9bn, reflecting continued investment to fund growth by expanding our existing platforms, and building deeper relations with customers and partners. Core headline earnings per share were 416 US cents, an increase of 11%. Additionally, we invested US\$5.3bn in new acquisitions to expand our ecosystems, mainly in Edtech and Food Delivery.

These results reflect a diverse Ecommerce portfolio, which has grown significantly in value. Five years ago this portfolio, excluding Tencent, was valued by analysts at around US\$13.0bn. Today that valuation is approaching US\$50.0bn. We aim to increase the size of this portfolio over the coming years.

We back local entrepreneurs, invest through the economic cycle and adopt a long-term approach. This is evident in the growth of our operations and the values of investments now publicly traded. These include Tencent, Delivery Hero, VK/Mail.ru, Trip.com (MakeMyTrip and ibibo) and, most recently, Remitly, Skillsoft, Sinch, SimilarWeb and Udemy.

Over the last six months, we focused on maintaining growth and customer engagement, while leveraging increased scale to develop opportunities in adjacent products and services. We are building ecosystems with multiple customer touchpoints to improve both their experience and retention. We align technology and data with key customer needs such as convenience and ease of use. Given that long-term engagement with customers requires end-to-end capabilities, in the past six months we invested more in building products across our Ecommerce portfolio.

With momentum across core segments, we have achieved scale in several markets. Classifieds emerged from the pandemic stronger, with healthy growth at its core. We are amplifying that with a larger role in transactions. For example, OLX Autos is merging online and offline car buying and finance to build the most trusted one-stop shop for transacting in cars.

Food Delivery's performance remained strong. The scale achieved over the past 18 months has expanded the opportunity beyond delivering food from restaurants to include convenience and grocery delivery. We participated in further funding rounds in Swiggy and iFood, stepped up our investment in Delivery Hero, and invested in Flink and Oda, two young European e-grocery (online grocery orders) businesses.

In Payments and Fintech, we recently announced the acquisition of BillDesk. After regulatory approval, this will create a top 10 online payments company globally by total payment volume. We also substantially increased our scale in India, one of the fastest-growing consumer internet markets. The combined business creates a platform to pursue additional opportunities to expand into digital banking.

Edtech, our newest segment, grew well. The portfolio expanded with the acquisition of Skillsoft and its simultaneous listing, and the acquisitions of Stack Overflow and GoodHabit. Our Edtech investments currently reach over 500 million users.

Tencent delivered strong results and remains positioned for continued growth. In April 2021, to improve our financial flexibility and reinforce our balance sheet, we sold 2% of its issued share capital, generating proceeds of US\$14.6bn and reducing our holding to 28.9%. We have been investors in Tencent for over 20 years, with the only prior disposal being 2% in 2018. In both cases, proceeds were used to fund our strategic ambitions, resulting in meaningful net asset value appreciation. The interests we acquired with proceeds from the initial sale of Tencent in 2018 include the majority of our food assets, the Avito step-up investment and the Edtech portfolio. These are growing at an internal rate of return of over 30%. We remain committed, long-term investors in Tencent and have agreed not to sell any further shares for a three-year period.

The listing of Prosus in Europe gave equity and debt investors exposure to fast-growing sectors in China, India and other emerging markets. In August 2021, Prosus concluded an exchange offer for 45.8% of Naspers N ordinary shares in issue. This transaction creates a capital structure that allows the inherent value of the group to be better reflected in the share prices of Naspers and Prosus. Naspers and Prosus are now better positioned on their home exchanges. Prosus rates as a top Euro Stoxx 50 company, and its free float had doubled its effective economic interest.

The group continued to crystallise returns and return capital to shareholders. In June, we completed a US\$5.0bn share purchase programme of Naspers and Prosus stock. In conjunction with the exchange offer, we also announced a further US\$5.0bn share repurchase programme of Prosus stock. This is being implemented through on-market acquisitions of Prosus ordinary shares N. Up to 30 September, we paid US\$1.5bn to repurchase Prosus ordinary shares N.

We aim to build on the strong momentum in our businesses. Given the significant potential we have identified, we are investing to maintain momentum and to expand reach and impact. We will continue to invest in our platforms and create ecosystems, particularly in autos transactions, credit and digital banking, and food and grocery delivery. At the same time, we are driving profitability and cash generation in more mature businesses. Our goal is to build a business that will deliver sustainable value creation over the long term for all stakeholders.

Given the wide geographical span of our operations, as well as significant mergers and acquisitions (M&A) in Ecommerce, reported earnings are materially impacted by foreign exchange movements and the effects of acquisitions and disposals. Where

relevant in this short-form results announcement, we have adjusted for these effects. These adjustments (pro forma financial information) are quoted in brackets after the equivalent metrics reported under International Financial Reporting Standards (IFRS).

The following segmental reviews are prepared on an economic-interest basis (which includes consolidated subsidiaries and a proportionate consolidation of associates and joint ventures), unless otherwise stated.

## Financial review

The group's financial highlights for the six months ended 30 September 2021 are outlined below:

	2020	2021	2021	2021	2021	2021	2021	2021
	A	B	C	D	E	F <sup>2</sup>	G <sup>2</sup>	H <sup>2</sup>
	IFRS <sup>1</sup> US\$m	Group composition disposal Restated*	Group composition acquisition adjustment	Foreign currency adjustment	Local currency growth	IFRS <sup>1</sup> US\$m	Local currency growth % change	IFRS % change
Revenue	2 854	(73)	227	108	1 445	4 561	52	60
Ecommerce	635	(7)	53	(10)	630	1 301	>100	>100
- Classifieds	610	(2)	98	31	524	1 261	86	>100
- Food Delivery								
- Payments and								
Fintech	252	(5)	7	(4)	109	359	44	42
- Etail	1 203	(1)	-	91	124	1 417	10	18
- Edtech	51	6	33	1	29	120	51	>100
- Other	103	(64)	36	(1)	29	103	74	-
Social and								
Internet								
Platforms	10 082	(688)	-	931	2 138	12 463	23	24
- Tencent	9 912	(684)	-	931	2 091	12 250	23	24
- VK (previously								
Mail.ru)	170	(4)	-	-	47	213	28	25
Media	84	-	-	21	24	129	29	54
Corporate								
segment	-	-	-	-	-	-	-	-
Intersegmental	(1)	-	-	-	-	(1)	-	-
Group								
economic								
interest	13 019	(761)	227	1 060	3 607	17 152	29	32
Trading profit								
Ecommerce	(220)	26	(72)	(9)	(99)	(374)	(51)	(70)
- Classifieds	33	12	(2)	5	60	108	>100	>100
- Food Delivery	(189)	15	(31)	(11)	(96)	(312)	(55)	(65)
- Payments and								
Fintech	(31)	3	(1)	(2)	-	(31)	-	-
- Etail	18	-	-	2	(32)	(12)	>(100)	>(100)
- Edtech	(13)	1	(19)	(1)	(16)	(48)	>(100)	>(100)
- Other	(38)	(5)	(19)	(2)	(15)	(79)	(35)	>(100)
Social and								
Internet								
Platforms	2 983	(205)	-	259	348	3 385	13	13
- Tencent	2 968	(205)	-	259	351	3 373	13	14
- VK (previously								
Mail.ru)	15	-	-	-	(3)	12	(20)	(20)
Media	(16)	-	-	2	23	9	>100	>100
Corporate								
segment	(56)	-	-	(5)	(44)	(105)	(79)	(88)
Group								
economic								
interest	2 691	(179)	(72)	247	228	2 915	9	8

\* During the 31 March 2021 financial year-end, the way that corporate costs were presented to the chief operating decision-maker (CODM) was changed. Corporate costs, previously allocated and disclosed in the "Other Ecommerce" subsegment, are now included in the "Corporate segment". This provides more clarity on the total corporate costs incurred by the group. This change had no impact on the overall group trading (loss)/profit.

<sup>1</sup> Figures presented on an economic-interest basis as per the segmental review.

<sup>2</sup> A + B + C + D + E. <sup>3</sup> [(E/(A + B)) x 100]. <sup>4</sup> [(F/A) - 1] x 100.

The group delivered encouraging results for the six months ended 30 September 2021. Group revenue, measured on an economic-interest basis, grew 32% (29%) to US\$17.2bn. This was driven by Ecommerce revenues, which rose 60% (52%), representing an acceleration of 23 percentage points (ppt) (0ppt). Our economic-interest share in Tencent's revenue grew 24% (23%), an impressive performance given the size of its base. Group trading profit expanded 8% (9%) to US\$2.9bn. Tencent's contribution to the group's trading profit improved 14% (13%).

Core headline earnings were US\$1.5bn – a decrease of 6% (+4%), driven by a decrease in the economic interest in the Prosus group as well as bigger investments to grow our ecommerce ecosystems and platforms. This was partially offset by a contribution from Tencent, despite our sale of a 2% holding in that group.

On a consolidated basis, total revenue increased by US\$1.0bn, or 43%, from US\$2.5bn in the prior period to US\$3.6bn for the six months ended 30 September 2021 – primarily due to the Classifieds segment. The operating loss increased from US\$274m to US\$315m as a result of investments to expand ecommerce units.

Our equity-accounted results increased with US\$1.2bn, or 42%, from US\$2.9bn in the prior period to US\$4.1bn in the review period. The increase is driven primarily by Tencent and Delivery Hero. The equity-accounted results include investment disposal gains of US\$1.1bn

and net fair-value gains on financial instruments of US\$993m. This was offset by the trimming of our holding in Tencent.

As a result of trimming our holding in Tencent, we recognised a gain of US\$12.3bn.

Headline earnings decreased in the current period by US\$391m to US\$1.3bn. This was due to higher expenses for equity-settled share schemes recognised by equity-accounted investments as well as the increase in net finance cost and the increase in fair-value gains contributed by equity-accounted investments. The increase in finance cost is as a result of the issuance of new notes together with the market-value premium (ie the difference between the carrying value of the bond at amortised cost and the market value of the future contractual payments) of the redemption of the 2025 and 2027 notes.

In July 2021, we raised US\$4.0bn in debt from a US dollar and euro offering. Some of the net proceeds were used to settle US\$1.6bn 2025 and 2027 notes. Lively investor demand for these offerings resulted in attractive pricing, and enabled us to increase our debt capacity and reduce our average funding cost. The group has no debt maturities due until 2025.

We ended the period with a strong and liquid balance sheet. We hold net cash of US\$3.2bn, comprising US\$13.8bn in cash and cash equivalents (including short-term cash investments), net of US\$10.6bn in interest-bearing debt (excluding capitalised lease liabilities). We also hold an undrawn US\$2.5bn and R4.0bn revolving credit facility. Overall, we recorded a net interest expense of US\$150m for the six months.

Consolidated free cash inflow was US\$48m, a decrease on the prior year's free cash inflow of US\$292m. Tencent remains a meaningful contributor to our cash flow via a stable and increasing dividend stream. Dividends from Tencent of US\$571m (FY21: US\$458m) offset the increased capital investment in Etail and additional working capital requirements in our Etail and Classifieds segments.

There were no new or amended accounting pronouncements effective 1 April 2021 with a significant impact on the group's consolidated financial statements.

The company's external auditor has not reviewed or reported on forecasts included in this short-form results announcement.

## 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 will be made public on 22 November 2021.

## ADR programme

Bank of New York Mellon maintains a GlobalBuyDIRECT™ plan for Naspers Limited. For additional information, please visit Bank of New York Mellon's website at [www.globalbuydirect.com](http://www.globalbuydirect.com) or call Shareholder Relations at 1-888-BNY-ADRS or 1-800-345-1612 or write to: Bank of New York Mellon, Shareholder Relations Department – GlobalBuyDIRECT™, 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 short-form results announcement, 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 report. This short-form results announcement will be released on 22 November 2021 and the full condensed consolidated interim financial statements can be found on the company's website, [www.naspers.com](http://www.naspers.com) and can be viewed on the JSE link, <https://senspdf.jse.co.za/documents/2021/JSE/ISSE/NPN/Interims.pdf>. The condensed consolidated interim financial statements for the six months ended 30 September 2021 have been reviewed by PricewaterhouseCoopers Inc., our independent auditor. Their unqualified report is appended to the condensed consolidated interim financial statements available on [www.naspers.com](http://www.naspers.com). Copies of the full condensed consolidated interim report 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 report published on SENS and on the company's website.

The information in this short-form results announcement has been extracted from the reviewed information published on SENS, but the short-form results announcement itself was not reviewed.

On behalf of the board

Koos Bekker  
Chair

Bob van Dijk  
Chief executive

Cape Town  
20 November 2021

**Directors:** JP Bekker (chair), B van Dijk (chief executive), HJ du Toit, CL Enenstein, M Girotra, RCC Jafta, AGZ Kemna, FLN Letele, D Meyer, R Oliveira de Lima, SJ Pacak, V Sgourdos, MR Sorour, JDT Stofberg, BJ van der Ross, Y Xu

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**Sponsor:** Investec Bank Limited