

Intro Video:

For more than a century, we have been exploring and innovating driven by the power of big ideas. Our goal is to build best in-class E-commerce companies, and our results for the past six months show good progress. Our E-commerce businesses are growing fast at more than double the rate of our peers, and they are growing profitably.

E-commerce adjusted EBIT increased five times on fiscal year 24 to 181 million US dollars, driving the group to materially improve profitability. Core headline earnings per share rose 88% as our businesses and Tencent performed strongly, amplified by the buyback program. And free cashflow grew 74% to 911 million US dollars.

With our focus on executing and innovating faster, we plan to deliver 6.2 billion US dollars of E-commerce revenue and 400 million US dollars of profitability for the full year. We are building E-commerce champions in growth markets, unlocking an AI first world for 2 billion customers.

AI is transforming how we work and serve our customers. The trillions of tokens of transaction data across our portfolio allow us to train AI models for a better customer experience. This is the competitive advantage of our ecosystems. Our journey to the next 100 billion is well underway.

Fabricio Bloisi:

Hello, partners. Welcome to our results call. We are very excited that we are running our call today in a new format with more content with a video Tuesday morning, with our call today in video. So hope you like the change and please send us feedback. Tell us how much we're enjoying the additional transparency we're giving you, and please send us feedback about how we can improve.

As you saw today, we started, we did a good step, a good start into today's results. We are growing around 26%. Our EBIT increased by five times, which is a good start. We made a \$13 billion IPO two weeks ago. We sold \$2 billion in our assets, but more important, the company's moving faster, is innovating faster, is preparing to create a better future. So we are quite excited about our initial results, but the most important part, we are here for the next hour to answer all your questions. So to guide us in this afternoon, I ask Mr. Eoin, please take the lead.

Eoin Ryan:

Thanks very much. And hello everyone. I'm excited to be here, and my job is to warm the crew up here a little bit with a few opening questions, and of course then we will get to your questions, and we'll give you instructions on how to do that in just a few moments. But let's kick it off with you, Fabricio. You've been in the seat now for about five months. How has it been? What's surprised you? What's excited you? Please, tell us.

Fabricio Bloisi:

It has been an amazing five months. Six months ago I was in a traffic jam in São Paulo. Then one month after that I was riding my bicycle, going to work in Amsterdam, but it has been amazing. I have the opportunity to travel all around the world to visit all our operations, to learn a lot about process, and every time more excited. I see how we have an amazing opportunity to grow, to invest in regions that we are best positioned than everyone else to invest, how we can innovate a lot as a group, and more important how we can take the most of our own ecosystem. What I believe it's a low-hanging fruit that can create a lot of value for produce. So I'm quite excited and looking forward for the next steps.

Eoin Ryan:

Okay. That's the end of the softball questions, and we'll get to the harder ones now.

Fabricio Bloisi:

That's cool.

Eoin Ryan:

You've articulated the strategy in the video today, and I hope you all have had a chance to look at it. Fabricio, can you tell us a little something about the video, about the strategy? How has it changed from the previous strategy? Is it an execution thing? Is it a work more closely together thing or is it completely different?

Fabricio Bloisi:

The big difference is related to ecosystem. I really believe in having a strong ecosystem where we can understand what are the best assets and knowledge we have inside the group and distribute that to all our companies. So we spend a lot of time first rebuilding the culture, pushing a culture. We call it the process way that is based on entrepreneurship, on taking more risks, and innovating more and moving faster. I really believe you have to have this kind of culture to win as a big internet company.

Besides that, we really push it to make our ecosystem much stronger. For example, if you do something exceptional in iFood, I have to set this bar and to replicate that or share that to Swiggy, to Deliver a Hero, and to all other companies. We spend a lot of time, sharing best practice, making events to everyone know each other, and understand what they can learn from other companies, moving people between the companies, so they can really teach what they're doing well and learn from the other companies. And the results are amazing.

Many of our companies are operating better and faster. Many of them are super excited because they didn't know they are part of a 30,000 people company just on our control of the companies, and the companies are performing better, and we are just starting. So culture and ecosystem are the big chains. I think we are starting to see results on that, but there is much more results ahead.

Eoin Ryan:

That's great. Thanks very much. And I think the pace of play has actually also increased meaningfully too. So this next question is for you and for Ervin. So Ervin, you don't get the day off here. This is a question that I think is on the minds of most of our shareholders and that is what do you intend to do with the cash? How much is available to spend? Are you going to spend at all? And if not, will you return some to shareholders?

Fabricio Bloisi:

Good. I got this question from some shareholders too. First thing, my priority in the first five months was making our operations exceptional, was not like let's run to invest. I don't think it's a disciplined approach, but it was, can I make sure what we have is exceptional? Can I make sure that we have really best in class, global class companies? That's what we put most of our energy.

We made a lot of progress. The companies are operating better, and they will operate better. And I want to reinforce to you, we are not a passive investor, if the company is not operating better, we are going to meet a lot of pressure in the company, we are going to share knowledge, we are going to change the team, we are going to change leadership, or we are going to sell the company. We want to have winners. That's why we put most of our energy in the first five months.

We try to do that with a lot of discipline, and I hope you know not only because I'm talking about, everyone talks about discipline, but because of the history in iFood about discipline built because of the business we closed it or we sold over the last few months. We don't want to be operating if we can't win. And because of the investment we didn't do also in the first five months because we have to have discipline to invest in the right timing in the right price.

I believe, and I'm certain that we will invest in companies that can leverage our ecosystem. So I'm not going to invest in random company. If there is a random company, you, our shareholder, is invited to go there and invest indirectly. We are going to invest in companies that we can make the company operate better, or the company can make our ecosystem operate better. And when we know what we're talking about, we know the segment, we know why we are investing there, the risk of those investments reduces a lot. So we are setting up this stage for that over the last few months, and I think we are doing okay to start.

Now, we want to have, and we will have the flexibility to observe for opportunities. We have around \$10 billion that's possible to invest today. And I want to remind you, this is a very good thing. Some people sometimes ask, "But you have cash." Yes. And this is good. It's a competitive advantage that we can use to create opportunities, and we are going to have the flexibility to look for and to wait for really good deals. That's the stage we are now. First, fix the base. Second, knowing that we are going to invest with discipline, any segments we know and we can have an impact, wait for the very good deals. If we can find amazing deals, we are going to think better how we can distribute this cash.

Eoin Ryan:

That's great. Ervin, do you have anything to add to that?

Ervin Tu:

I think Fabricio said it really well. Now is not the time to be sitting on the sidelines. Now is the time to be active, prospecting for new opportunities, and deploying where we can when we think the opportunity is strong for us to produce great returns for us and for shareholders with discipline. So not much more to add.

Eoin Ryan:

Great. We're going to stay on you. You're the president and the man in charge of the investment process. So can you walk us through how an idea becomes an investment? What's changed over the last couple of years? What have we learned from maybe some of our past mistakes?

Ervin Tu:

Sure. It's an important question I know is on the minds of many, and I'll address your question by referring specifically to the minority investing path because that's more programmatic as opposed to M&A, which is a bit more episodic and opportunistic.

In terms of investing, it starts of course with priorities, and Fabricio has already described very well the priority, which is the ecosystem, and that defines the what of what our investing teams are looking at and prospecting for. The rest of it, in terms of the how, in terms of process, is I think pretty typical. We have a global team which is managed centrally. They're situated in geos around the world, prospecting for opportunities. They develop pipeline. I review that pipeline with my team every single week. We go through what's advancing, what's not advancing.

Often teams want to preview deals with me to see what my temperature is on different deals. Sometimes they will, sometimes they won't, but it happens pretty frequently. And then we have two investment committees to govern earlier stage opportunities and also late stage growth opportunities. So that's process.

We have changed a number of things, Eoin you've alluded to, including how we discuss transactions at the investment committee, including our incentive systems, including the guidance we provide in terms of what meets the bar or exceeds the bar in terms of return, so we've worked on a bunch of things, and all of that's been done with the effort of improving our probabilities of investing success because investing is ultimately about probabilities. The what is, that Fabricio described earlier, helps that because we're investing closer to home. The how, in terms of process, we've made a number of changes to also enhance our probabilities.

Eoin Ryan:

Okay. Thanks for that. I hear you often talking about the pipeline becoming more healthy and healthier. So can you talk, flash that out a little bit, and what does that mean? What does healthier mean from a pipeline perspective? How has that changed versus the year ago period? What's interesting to you? Is it DM, EM, public, private? Give us a sense of what you're thinking there please.

Ervin Tu:

Yeah, so we are looking principally at private opportunities in the minority investing world that these are, I'd say, much higher quality companies by and large. So what we saw 18 months ago, a little bit less so 12 months ago, but we still saw some, were opportunities where a company needed to raise capital to survive, to bridge from one state to the next state before they could raise capital in the context of a price round. Often, these were unpriced structured instruments.

Today we are seeing companies that are wanting to raise capital so that they can grow and invest, and they see us as a potential long-term partner in that endeavor. So the difference is actually quite stark in terms of the type of company we're seeing, and that's why I say the quality of the pipeline is much higher than before. Moreover, I'd say that we're seeing this globally. So whereas we used to see it in certain geographies only, what we're seeing today is actually much more widespread.

Eoin Ryan:

Okay, great. So Nico, I'm going to turn to you. First, congratulations on your appointment as interim CFO. We've talked a lot about the cash position here and the strengthening of the balance sheet. Some of that is as a consequence of asset sales, some of that is improved profitability. I want to focus a little bit on the last part and talk about our conversion from profitability to cash flow and whether you think there's any room for any further efficiencies there.

Nico Marais:

Yeah, thank you, Owen. I think that we've spoken about profitable growth and the importance of that, and we've really delivered on that, the top line growth of 26% and the increase in the E-commerce adjusted EBIT to move to the 181. I'll testament that. But I think very pleasingly is that that's translating into free cash flow improvement where we grew that by 74%. And if you look at the contributors of that, very importantly, our consolidated businesses contributed to more than a \$200 million improvement compared to the previous period. Now we do pay some tax. We now generally heavy invested in CapEx or working capital, but I expect that trend to continue. So in our case, strong profit growth generally should translate into healthy free cash flow that speak to the quality of our businesses and our earnings.

Eoin Ryan:

Yeah, we've seen some very strong growth in our free cash flow over the last few years, which is great to see. No doubt many of our investors today picked up that we've given guidance for the first time of \$6.2 billion in revenue and \$400 million of EBIT for the year. Nico, can you give us a little sense of what are the drivers behind those numbers? Build us up to there. And then also why now? Why are we giving guidance now?

Nico Marais:

Yeah, I think that if I look forward-

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Eoin Ryan:

Why now? Why are we giving guidance now?

Nico Marais:

Yeah, I think that if I look forward, we've seen a very strong performance of high food RLX, but actually if you look across the portfolio, it's very pleasing that all our e-commerce businesses actually are growing ahead of most of their peers, but also they contributed to this increase in profitability. So I think from here going forward we should see more of that. And in terms of giving the guidance, I think we've just been explicit about what our ambitions are and what people can expect. So the 6.2 billion of revenue expectation for the full year indicates our confidence that our businesses will continue to grow in excess of 20% in terms of the top line. And for the second half of the year that we will see continued improvement in the overall profitability of our e-commerce businesses.

Eoin Ryan:

That's great. Thanks. And Fabricio, we've seen a bit of this now since you've arrived. On your hundred-day letter, we talked about the \$400 million of EBITDA or EBIT. Can you talk a little bit of a sense of why are we giving this out? My sense is you're putting out these goalposts for the company to work harder, faster, quicker to achieve these goals. Can you give us a sense of what you think there?

Fabricio Bloisi:

Two chains that I'm trying to operate differently. We are pushing everyone to think big, to think on we are going to have big, aggressive goals not only for the next six months but for the next 10 years. So we are pushing a whole company to commit to bigger and better goals. A second thing is it's important to give more transparency to you too. We are trying to, you're talking about the hundred-days letter. We also published a few cases about AI. It's interesting, when I joined Prosus, I was working on iFoods, but I didn't know what's happening in the whole Prosus. There are so many interesting things happening here and we don't give enough transparency. So we are working a lot to give you more transparency. Hope you enjoy and please give us feedback how can do it better.

Eoin Ryan:

Brilliant. All right, so I'm going to do one more question. I could ask questions all day, but that's not what you're here for. I'm going to give one more question to you, Fabricio, then we'll open the line-up for other questions. But one of the things that I found to be most interesting in the deck and video this

morning was the Prosus large commerce model. And maybe if you could flesh that out for the group a little bit because what I thought was quite interesting is how it stitches together both the consolidated assets and the ecosystem of investments. So if you can flesh that out, that would be great.

Fabricio Bloisi:

I really believe AI is going to change how all companies operate, but there is a lot also of let's say companies talking about that without delivering. What I tried to do in the first five months was to make sure that the best operations we have with AI, everyone in the group knows and we can share that between the other companies. So we publish many cases about how we can use AI to rate the companies better. For example, reducing fraud, or increasing sales, reducing cost of acquisition of customers, improving the customer support and at the same time reducing the price of customer support. And you could see a big, big impact in our operations, like 20% improvement in cost per acquisition of users or 10 times improvement in fraud. So AI for us is a reality that already makes our companies operate better and at a better cost.

What I'm doing now is make sure what you saw there is on all our companies. But all of that was just the first step. The next steps, what we call large commerce model. What it means? We have billions of transactions of e-commerce data all around the world. Many people in the world are using AI to run better language problems or images or video. But we need to use the latest developments on AI to run better e-commerce systems. And I think we have been very pioneer in starting investing to take all our data and train models to try to understand what the users want, predict how we can fulfill what the users need or even offer things to the user that even he doesn't know he want, but that he will want to buy for us in the simplest way possible.

So we are using AI models to improve substantial e-commerce. We are quite excited about that. We have, as I said, many billions of data and now we are training models to understand how much and where we can improve our e-commerce service. We're super excited about that. Hope in our next call I can share more results with you. And I believe we can create a real competitive advantage if this platform work as we are planning.

Eoin Ryan:

I think the exciting thing about it is that it also, it benefits our current businesses, our current investments, and then of course our prospective investments which makes Prosus more of a better partner going forward. So let's get to questions now from the audience. Just a quick instructions. If you want to ask a question, click on request to speak, or else, alternatively, you can use one of the numbers to dial in. We're going to go to the first question from Will Packer at BNP. Will.

Will Packer:

Hi there. Many thanks for taking my questions. Two from me if that's okay. Firstly, it's clear capital allocation is a massive focus for investors and from your prepared remarks in the video, it seems an increasing focus of M&A is trying to leverage the benefits of AI and the Prosus ecosystem to make it run faster and better. You've also stopped reporting economic interest, revenue and profits. Is it right to think that you are now more focused on investing in businesses where you have control? Has the centrality of AI changed the decision-making progress regarding a big minority investor? And if so, how should we think of the split of capital between minority investing versus controlling businesses? And yeah, I'll leave it there. Thank you.

Ervin Tu:

So let me start and others can weigh in if they'd like. You should not read through any conclusion from our stopping economic interest or reducing economic interest reporting and our investing philosophy with respect to minority in control. I think both will continue to be part of our playbook and we see tremendous opportunity in both arenas. Now subject to everything that we've talked about earlier, they're related to ecosystem with discipline and where we can produce attractive returns. So I wouldn't read through anything in terms of our philosophy.

Fabricio Bloisi:

I agree there is no connection between not showing that, but a few additional info on that. What we don't do, what I don't like doing is being like a passive investor that has 5% and we just invest and pray for five years that the company is doing good. So this to me, this is not our game. Our game is to say we understand about technology, innovation, products in a few regions and a few segments. We are playing for win. But can we have 20 or 30% of the company playing for win? For sure, and we have many companies that will have more. Can we have more controlled companies? For sure. And we will also acquire more company and having controlling companies. I remember six months ago, someone asked that, "But I can invest directly or through Prosus?" If Prosus is an investor, we are pressuring the company, sharing knowledge or doing something aggressively to get to our winning position, but we can have 20, 30% and we live well with that too.

Eoin Ryan:

Let me follow up on that then, Fabricio. Let's say for instance you don't have that influence and you don't have that control. What do you do with that investment?

Fabricio Bloisi:

Look, we will do everything. What we won't do is keep looking to something doing bad and saying, oh, it is there and it's doing bad. No, we don't do that. If we have 20 or 30%, we can say to the company, it's doing bad, you need to change because not good enough. Most of the best founders, they say, thank you for the feedback, thank you for the knowledge and I'm going to run to gather a few to make these things better. That's what most of the companies react. So many people ask, "Fabricio how you're going to have interference on this company with 20%?" Look, if I have nice, important things to say because we are good, because we can show a clear benchmark about how to operate better, the influences say call the guy, take an airplane and say, look, you're doing bad, you need to improve.

Usually it works very well and we work more and more and more until we fix something. And if they founder or the other controller guy say, I don't care about your opinion, if we are controller, we can fire the guy. If we have a bigger participatory, we can ask to change management or we can sell. I have no problem in selling. I have a problem in having a small position where I can't influence the company. But remember, I value a lot founders of company. Actually I am a founder of a company that came here, but I came from iFood. I really believe that we can make amazing things working together with amazing founders. My point here is an amazing founder listens from us. It's possible to do better. We can help and we work together for that. We don't need to have control to do that, but we are also not going to just stay there if the things are doing bad.

Eoin Ryan:

Okay. So a period of much more active portfolio management. So thanks for that, Will. We'll go to Andrew from Barclays. Andrew.

Andrew Ross:

Great. Good afternoon guys and thanks for the Q&A. I've got two to build on some of this discussion around capital allocation. The first one is just to refresh what your target level is in terms of IRR you would hope to achieve on a new investment. You used to talk about 20%. Is that still what you think about? And just fill us in on that. And then the second one is to ask you about the check size you'd be willing to deploy, I guess, either in a company in your existing vertical that is clearly benefiting from the Prosus ecosystem or maybe something that is smaller and less obvious to be part of ecosystem today. Just give us a flavor in terms of how much you'd be willing to spend on new investments. Thanks.

Ervin Tu:

So let me start on this one as well. I think with respect to return threshold, that rough 20% plus area still holds true. Of course the size of the transaction, the size of the check, the size of the company also matters. For an earlier stage opportunity, we're going to expect more than that because of the risk that we're taking. For a later stage opportunity, depending on the quality of the business and the trajectory of the financials and so forth, we might be on the lower end of that. But one thing is for sure a 20% zone is absolutely something we want to strive for. And then the ecosystem benefits, we hope, our goodness on top. So we would expect that the business as a standalone matter, leave aside the connectivity where their ecosystem can produce that type of return. And then by connecting with us, we can power that company to a better outcome. And so to their helping our ecosystem can make our businesses better.

Fabricio Bloisi:

Just to add here to Ervin answer, when we talk about check size, we have the ventures area that do smaller investments, usually like five to \$10 million. But these are exploratory investments. For example, we're investing two or three or four AI companies that are usually small companies doing disruptive things. Even in these investments, the big pressure here is if I'm investing in this small company, there is a big correlation or connection between that and our ecosystem. If they succeed on their product, can we distribute that to our 2 billion customers? So we are reducing risks even in the ventures, smaller investments. Or we can do bigger investments for companies that are more connected to our ecosystem. We, for example, in the slides we showed today morning, I showed three or four or five investments we've done in the last five months. I'll give you two examples. The two investments in Brazil, Shopper and Mevo, Shopper is a grocery company and Mevo is a pharmacy company.

Why are we investing on them? We are a minority in both investments, but both investments can be leveraged by iFood. iFood can make the two companies be bigger and also the two companies can make iFood be bigger. We are looking for this kind of investment a lot. We invested in two FinTech companies in India. And look, we have 30 companies in India, we have thousands of business in India. So investing in credit companies in India can make our other business grow faster because we have more credits and we can make this company grow faster because we have customers. That's the idea. We are going to keep investing in business that we believe we can make them operate better. And eventually we can do bigger checks. If we understand about the segments, we can look to them and say this is something we can do better.

Ervin Tu:

And then in terms of deal size, Andrew, just to complete the thought, we will look at size across the range. We have, I think if you look at perhaps the mode of our transactions, probably there in the sub 100 million per check. We'll look at over a hundred, two hundreds as well. And then we will look at



chunkier things. So as we've talked about, we have a playbook of both minority and M&A control transactions. When we have conviction and belief, we will also look at chunkier things.

Eoin Ryan:

That's great. Some great examples there too. I think it's, to your point, Ervin increasing your probability of success by reducing your risk and connecting that into the ecosystem does just that. That's great. Andrew, thanks very much for that. And Caesar, you're up next.

Cesar Tiron:

Hi everyone, thanks for the call and the opportunity to ask questions. I have to the first one, Fabricio, since you've joined, looking at all the businesses, which is the one that you think has the most potential- ... is the one that you think has the most potential to see additional improvement in profitability, which is the one that you think has been the less well-managed and that you can fix in the next one to two years? That would be the first question. And then the second question, going back to capital allocation on slide 37 in the presentation, it mentions that we can increase return to shareholders. I wanted to ask, does management see a link between a clear return policy and the valuation discount of the company? And would it be possible to be a bit more precise in terms of the wording besides we can just increase returns to shareholders? Would it be in the form of dividends? How long would it take? Would you consider share with shareholders some of the gains that you realize? For example, when you sell assets like you've been selling about \$2 billion worth of assets in the past couple of months, are you thinking about these type of things and when can we get a clear policy if that's possible? Thank you so much.

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Fabricio Bloisi:

Hello. Thank you for the question. So the first one, what business we have space opportunities to improve, I'm very happy with the progress with the companies you saw iFood is growing a lot, profitability and we expect to keep this growth rate for next years in profitability. OLX also, we are going to keep this growth rate for next year. But even the other companies, PayU is registering after 12 months of more or less flat growth, a big growth. We had 3000 new customers in the last five months. With the impact in PayU profitability, that is also increasing. Even Edtech, that it's a segment that we suffered with our investment in the last two years, as you know, and it's not our priorities today to keep investing. However, our big priority is to increase profitability. And as you can see, we increased substantially. It went from minus six or minus 10, and we are going to break even the next quarter.

So my message to you is discipline means discipline everywhere. We put everyone together and we said we want everyone to have best-in-class returns compared to other companies outside here, and we are improving on everything. None of them, I expect the improvements, you saw this six months to reduce or to stop. Many people have said, "Ah, so you improving now you are going to stop." No, we are improving and we are going to keep improving and we are going to \$400 million this year. What is okay. This number is going to keep increasing a lot. We are a big company. We should be measuring our profits in billions, not in millions. So we are going to keep improving our results over the next few years. I don't want to say more numbers now today, but they're going to keep improving. The second ... Please.

Ervin Tu:

Yeah. On the second question, with respect to capital return, and-

Fabricio Bloisi:

[Inaudible 00:33:07].

Ervin Tu:

... policy, what we'd say is that this is, of course, an important topic and we are absolutely proponents of sharing value with our shareholders. You all understand we're doing so every day today with the share repurchase program and the increase in that per share that we've exhibited through this program and the reduction in free flow through this program at this moment, I'd say that our preference is to maintain an approach focused on philosophy, which is to share value over time as we also create value at the same time as opposed to implementing a hard policy that's not in the cards of the near term. Our preference is to maintain a philosophical approach towards the topic.

Fabricio Bloisi:

But let me make an invitation to you. There has been so many change over the last few months. We're talking about more innovation, more speeds, more focusing in AI. So more discipline. The company is changing a lot. So I don't think this is time now to write down a detailed policy. It's time to make sure we deliver what we promised. That is amazing execution and discipline on this execution. So we create the basis to invest better with time. But look, I'm very pragmatic. We are going to look to that again in the future. A funny comment, if we have in this four months like invested lots of money, I'm sure you're going to say you have a new CEO and he invest billions and billions of dollars in the first three or four months. That's not the best thing to do. The best thing to do is to ... let's say fix what we have to fix in our home and wait for good opportunities. And that's what we are doing now.

Eoin Ryan:

Okay, that's great. So our actions will define our policy in the near term for sure. Okay. So, thanks for that Caesar and we'll move to Monique from Citi. Monique.

Monique Pollard:

Hi, can you hear me?

Eoin Ryan:

Yes. Hello.

Monique Pollard:

Oh, wonderful. Hi. Thank you for taking my questions. I also have two if I can. The first is just one on the increase in the central costs. So I understood that some of the increase in the central costs, costs that historically sat in the segment. So for instance, in food delivery, there was some costs that were sat in that segment that now are sitting the central cost where I remember a year ago there were some costs that were put into iFood specifically and we were told that was because the company was preparing to be standalone. So I just wanted to understand whether that movement of some of those costs meant that there had been any change in the thinking on the likelihood of potential for value crystallization or value highlighting. I know we like to call it event for a company like iFood. That's the first question.

The second question I just had was on the profile of the profitability of the e-commerce segment, say on slide 13, you've given that quarterly profitability and when I look at it, I can't really discern any obvious seasonality or any kind of rhyme or reason. 3Q last year was much bigger profitability than 4Q for

instance. I'm just trying to understand if there's anything specifically that we should understand in terms of seasonality or that guidance for the 400 million this year and whether there's some upside potential there.

Eoin Ryan:

Great. So why don't, Nico, you take the first piece, then you take the crystallization/highlighting piece, and then Nico we'll go back to you for the guidance-

Nico Marais:

Seasonality.

Eoin Ryan:

Yeah, seasonality.

Nico Marais:

Yeah. So the first question was on sort of the corporate costs. And let me first say that that is no indication of any change in terms of our strategy. What we did was we flattened some of the structures and that did mean that some people previously were dedicated to specific segments were incorporated into the broader corporate functions. And hence there was a shift of some of the corporate costs. When you ever look back and you look at it in the aggregate, you would see that there was significant cost reductions, for instance, coming through in OLX as well as the payments and FinTech segment as we flattened those structures. And the aggregate has actually been an improvement in our overall corporate costs.

Ervin Tu:

Nico already said it doesn't reflect any change in approach from our side with respect to the topic of value highlighting. I think you've seen that in terms of some of the IPO of Swiggy, of course, and our decision to sell down a little bit of that and also the trip.com sell-downs and there's more to come. So you should not infer any change with respect to our approach on that topic.

Fabricio Bloisi:

But complementing what you were saying because she asked many times about does it change on the iFood strategy. So no connection with iFood strategy, but what I can tell you is in one of these slides, I don't know the number, you said growth with profitability number one priority. And we are going to keep growing aggressively with profitability aggressively. Number two, it is crystallization of value focused on India. So we have first the Swiggy IPO. We are very happy with the Swiggy case. We invest in Swiggy five, six years ago and now we have a \$13 billion company growing and we are going to keep pushing Swiggy to be the leader in the market, but the Swiggy story is not the end of the IPO story in India and that's our priority. We listed in a document we have at least more five companies that might be public over the next year to year and a half in a portfolio of 25 to 30 companies and more than five, I'd say more five probably could be public in the one or two years after that.

So our priority in terms of making company publics now is in India. And I believe you have many more IPOs in India. Not going to commit specifically any of them today, but I believe you have many news on IPOs in India over the next year. It's not my plan now to IPO iFood today because we are focusing on making Indian companies public right now.

Nico Marais:

I think the last part of the question related to seasonality, we don't have a hugely seasonal business, but there are some trends that I think that's useful to call out. The third quarter of our financial year do tend to be slightly a higher revenue and hence profitability quarter. It's driven by Black Friday sales across, for instance, our retail platforms in both South Africa as well as in EMEA. And also in terms of our payments platforms in India, we've increased activity around Diwali. So that's the reason why our quarter three is slightly ahead of quarter four and quarter four are in the past have tended to also be slightly bigger investments in marketing and driving some of those initiatives.

Eoin Ryan:

Okay, great. We're gaining some momentum here Nico, because there's another question for you right in from Jonathan Kennedy from Prescient Securities. I'll do my best to read it. Please, can you provide some insight into the negative adjusted EBIT at OLX Brazil? Is there a one-off charge in this period or is there a change in operating conditions?

Nico Marais:

In OLX Brazil, the business did invest more in this period in terms of increasing the activity on the platform. So it is backed by a specific strategy to invest more in the period.

Eoin Ryan:

Okay, great. So more of an operating expense rather than a one-time expense.

Nico Marais:

Yeah.

Eoin Ryan:

Okay. We'll go back to the phone and Joe from UBS. Joe. Hello.

Jo Barnet-Lamb:

Excellent, thank you. Just a couple of quick ones from me. You highlighted a number of potential IPOs on one of your slides. Interesting you were willing to draw out specific assets there, but also interesting that you didn't mention OLX or iFood, for example, two of your larger wholly owned assets. Is that say you wouldn't consider highlighting or crystallizing value in those assets? Just interested in your views there.

And then secondly, a very quick follow-up on Andrew's question earlier. So to be clear that there's no upper cap on the size of a transaction, you would be willing to look at if it was attractive enough. Thank you.

Ervin Tu:

So let me start. In terms of highlighting value for a company like OLX or iFood, we do draw a distinction between highlighting or listing a company in the connection with a controlled business relative to a minority business because in the context of a minority business, there are other shareholders on the cap table. Listing event is often a milestone that's important to other shareholders beyond us. And we think that the way to highlight value, the way to show the value that's sitting in that private position is through a listing event. And so minority is one thing. With respect to a controlled position, well, if the

business is performing well, there's no reason to necessarily list that business unless it helps the company, unless there's some maybe a value differential in the public market versus the private market for that asset. And so we look very carefully about other conditions that must be true. I'd say the bar is definitely much higher with respect to a controlled business than it is for minority one.

Fabricio Bloisi:

But as I said before, India is our priority for that. Now we have many options in terms of making company public in India, and we are executing that together with our partners in India. So the priority today is in India, but I think it's a good problem to have after we do many things in India, we can talk about that on iFood or OLX, but it's not my priority for the next six months.

Ervin Tu:

And then with respect to deal size, I said what I said earlier, we will look at chunkier larger opportunities. We're not here to define an upper limit or a cap. We're going to be opportunistic.

Eoin Ryan:

And driven by return.

Ervin Tu:

Absolutely.

Eoin Ryan:

Okay. Had to stick that one in there. All right, thanks, Joe. And now we're going to go over to Marcus from JPMorgan.

Marcus Dibeel:

Yeah. Hi everyone. Yeah, sorry. Also, one question on capital allocation, but it's obviously really interesting. Fabricio, you've given your background in food delivery and clearly you bring a lot of experience to the table. Would that area be of equal importance, let's say like AI where you obviously have been very vocal about, also separate AI businesses? What I'm trying to get to is when you look at the food delivery space almost globally, but when you look at markets like Europe, like Latam, it seems that these markets need consolidation. Do you think that at least as wide as I can ask, that larger players would play a role in more consolidation? I don't mean this in just kind of question under the hero. I mean this more in the context of really markets like Latam or Europe. If you can maybe help me to understand what your current thinking is in that area. Thank you.

Fabricio Bloisi:

Thank you, Marcus, right?

Eoin Ryan:

Yes.

Fabricio Bloisi:

For the question. We are quite excited with food delivery. We believe food delivery is a segment we understand well. I don't know if you saw the video ...

... is a segment we understand well. I don't know if you saw the video. We are announcing many things on iFood today. For example, we are connecting iFood with payment machines and also with kiosks in restaurants, what triple the size of the iFood market and also offering credit and a credit card to make purchases. So we are really, really increasing substantially the addressable markets of iFood. We are quite excited about that. So that's one more reason to keep iFood focusing, executing that.

Besides iFood, we are supporting Swiggy in the IPO process, but also we believe there is a lot of sharing with Swiggy. We are working very close with Delivery Hero to try to support Delivery Hero to increase their performance or to increase their positioning as that we believe we can increase them. We understand a lot of delivery, a lot about food delivery and we are working actively in those three companies. We also have DoorDash and [inaudible 00:45:58] participation.

Generally not only food delivery but the rest. We believe in consolidation. We believe in using the cash to invest in business that we can make this business better. For sure food delivery is an area that we are active in looking to opportunities.

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Eoin Ryan:

Okay. So stay tuned there. All right, we're going to head down to South Africa from Michael at AVR. Mike.

Michael de Nobrega:

Hi everyone. Thanks for letting us get the opportunity to ask questions. I've got two quick ones from my side. The first one is on capital return. In the presentation you mentioned that you want to increase the returns of shareholders going forward. So what are your thoughts around that? Is that in excess of the buyback that is planned for next year and years going forward?

And then the second one from my side is just on the mix of listed to unlisted investments. We know Prosus has about a third of the e-commerce portfolio that's listed. How do you expect that mix to evolve going forward?

Ervin Tu:

So let me start as well on capital return. We have no specific plans to increase our capital return relative to what we've executed to date. The share repurchase program that we've designed and been executing for two and a half years, we will continue to run that we've said so long as the discount remains high. It continues to remain high in our judgment. So no change there and no specific plans of increasing.

But we will always look at other opportunities. You heard my comments earlier, I hope in terms of the philosophy of sharing value with our shareholders. So we'll continue to examine the topic but no near-term change to our plans.

And then there was a second part of the question.

Eoin Ryan:

Is the mix of listed and unlisted assets in the portfolio?

Ervin Tu:

Yeah, I don't ... Look, we don't generally invest behind listed businesses. Our listed positions have become listed by dint of their IPOs when we invested in them, generally when they were private, other than a Meituan, which we were provided as a gift from Tencent in the form of a dividend.

So our aspiration is for our private portfolio to continue to grow. And if they become public, as we've outlined, perhaps there will be several in the Indian market in particular that may become public, then the listed portion will also grow. I hesitate to give you a precise prediction as to the mix. It's candidly not that important to us. We don't try to design our portfolio with that reference point in mind.

Fabricio Bloisi:

A note on the buyback. It's one of the biggest buybacks. I think the number one in terms of NAV per share.

Ervin Tu:

In terms of percentage of shares repurchased, it's the largest in tech.

Fabricio Bloisi:

Thank you very much.

Ervin Tu:

Yeah.

Fabricio Bloisi:

So we believe this year it's going to be \$7 billion as it was last year. We are quite happy with the buyback, the size of the buyback and we expect to keep it the way it is.

Eoin Ryan:

Great. Thanks Michael. And we'll move now to Robert from Kepler. Robert.

Robert Vink:

Great, thank you. I want to ask a question about the Prosus large commerce model. If I understand correctly, this is kind of a model focused on understanding consumer behavior and traffic engagement, but of course consumer behavior is also more kind of a local and regional thing. So my first question is how will you make sure this centralized solution will be effective with different types of applications across the varying markets?

And my second question is also regarding the large commerce model and it's about the cost. I assume that ranged model is quite costly, but I could also imagine that it could ... there's currently many of your portfolio companies spend significant amount of resources tackling this problem. So there's also room for efficiencies. But can you kind of give some clarity on the short-term impact of costs from this model? Thank you.

Fabricio Bloisi:

Okay. So I think your first question, I didn't listen perfectly, but I believe it was, can we make sure it's going to work across industries or across countries?

Eoin Ryan:

Across industries and across countries.

Fabricio Bloisi:

Yeah.

Eoin Ryan:

Geographies.

Fabricio Bloisi:

What's his name?

Eoin Ryan:

It is Robert.

Fabricio Bloisi:

Robert. Amazing question. As soon as I know, you'll be the first one to know, too.

Look, we are really in the limits of innovation here. Many people are investing in models like that for other things. Mostly as I said, image, video. We are using that for e-commerce. We are using the most sophisticated technology that exists today. So the same thing, the best language models are using to train the models, how they say, to the latest model, the O1 they can ...

Eoin Ryan:

Reason.

Fabricio Bloisi:

Reason, we are using to understand customer behavior. So I'm very excited because we are pushing innovation, pushing the boundaries of innovation on AI.

I don't expect a lot of cost. So the cost can be the orders of millions of dollars, 10, a few millions of dollars. We're not talking about \$100 million right now, but maybe a few million dollars at this moment. But the question you made, we cannot answer for now.

The first design is we made, it looks like the theory can be expanded to other companies the same way that when you train a language model, you can answer many more questions than you planned. But we will need more time to finish the training and to put it in execution in two, three, four different companies to check that.

Again, welcome to a new phase of Prosus where we are taking more risks on innovation, trying to create a future. And there is uncertainty when you go this path. The bad news, maybe we are going to lose \$5 million. The good news if you do it right, we are exceptionally positioned because we are a company that has e-commerce transactions all around the world in a scale that very few companies have in the whole world. So I am quite excited that we can have good news to share. Hope I'll share it with you in our next conversation.

Eoin Ryan:

Yeah. And when we have the news to share, I'm sure we can do it on an ad-hoc basis, too.



So let's then go to Chris from HSBC.

Andrew Ross:

Yeah, hi. Thanks also for taking my question. Unfortunately I'm going back to capital allocation. I'm sorry about that. I get the point about this sort of philosophical view and sharing returns over time, but I still have to ask. I mean you do have a policy of returning excess cash to shareholders and we've seen the cash portion of your balance sheet grow quite a bit over the past years from 10, 12, 14, now to 17 and a half billion. You probably correct me if I'm wrong, need some seven and a half, 8 billion for the investment grade rating. So we're talking about a potentially quite significant amount of money that could be put to better use than just the positive carry trade.

So my thinking here is, or my question, what should we think about this sort of excess, returning excess cash to shareholders? How has that view or how does it phase into the philosophical view comment you gave earlier? Thank you.

Fabricio Bloisi:

So let me tell a funny story.

Andrew Ross:

Go ahead.

Fabricio Bloisi:

Then you give the serious answer. So the funny answer first. Someone told me in a meeting a month ago, "But you are seated in \$15 billion of cash for three years." And I said, "No, I'm here for five months. So I'm not here in \$50 billion for three years, I'm here for five months and in this five month I did what I think it was right, that it was increasing the quality of our operations, increasing the speed and the culture of the company, make sure we operate exceptionally well."

Said that, and I think we made a lot of progress, it's time now to understand what options and how we can move on with investment and that's what we are going to do over the next 6 to 12 months, preserving the optionality of having this amount of cash. I'm confident that we are going to keep disciplined understanding how we can use that and more news in our next meeting.

Ervin Tu:

So maybe I'll try to answer this question by painting a contrast. So imagine a state of nature in the future where we are a business that produces as much free cash flow in our operating businesses and perhaps more than the dividend we receive from Tencent. Perhaps we have not episodic but programmatic disposals that produce cash from our portfolio when we sell down a little bit of an IPO here and there and then we sell down other businesses at the right moment, and perhaps at that time our investing rhythm is one that's a bit more stable because the opportunity set before us is not as attractive as what we see before us today.

At that moment in time is that a time when we would share value in a more systematic way? Again, I hesitate to use the word policy, but we understand the philosophy of sharing value and that's a state of nature where yes, I think we would have to look at ourselves and say why do we need this much cash on the balance sheet?

That's not what exists today. Fabricio said it very well in his opening response to Eoin's question. We see an incredible world of opportunity. We think having this cash available today permits us freedom and

flexibility to pursue opportunities which are good not just for the company but for you, our shareholders. And so we understand the motivation for the question. We understand we can imagine a world when we need to start thinking and acting in the way I described. That's not the world we are in today. So we're very happy with what we see before us and we will continue to look aggressively.

Eoin Ryan:

It's a beautiful picture indeed. And it's one that's driven by your first priority, which is improvement in operations and improvement in cash flow. Hopefully we get there soon.

So we have little time. I think we've got time for just two more questions if you have some more oxygen left guys. You ready? You ready? You're ready? Let's go. Two questions. All right, we'll go to Joran from De Groef. Joran.

Joren Vanaken:

Yeah, just two follow-ups on the 27 million of corporate costs that were moved from segment to group level. So we just extrapolate that to 55 million for the full year? That's the first question. And then two, would it be possible to split out this 27 million per segment? Is for example, one segment more impacted than another? Thank you.

Eoin Ryan:

Nico, why don't you take that?

Nico Marais:

Yeah, thank you for that question. Yeah, I think that is sort an expectation for the full year. We're not sort of giving specific numbers but there's not much wrong with that logic. And yeah, it's just in terms of splitting it up per segment, no, we're not doing that.

Eoin Ryan:

Okay. All right, so Cesar, you have the last question of the day.

Fabricio Bloisi:

The best question, the last question for Cesar.

Eoin Ryan:

Better be good, Cesar.

Cesar Tiron:

Oh, a lot of pressure on me. It's a very easy one. Is the company considering to organize the capital markets day in 2025 to help us understand more about the businesses and the new strategy?

Fabricio Bloisi:

Can I go for that?

Eoin Ryan:

Thank you for that question, Cesar.

Fabricio Bloisi:

I think you agreed if you need to make this question, very nice question for Eoin. For sure we will have a big beautiful capital day, markets days in 2025. I would guess around June. I would love to do it before that, but let's say around June or before. And Eoin will be pleased to tell you the dates as soon as we close that. But you can count on having this event next year.

Eoin Ryan:

Absolutely. All right, so we are at time. I want to thank you all for joining us. I hope you enjoyed the new format, but I invite you to please give us your feedback to the IR department and thank you very much. We'll see you on the road.

Fabricio Bloisi:

Partners, we are very excited about what we are doing. Thanks for coming today and look forward to keep this conversation over our next milestones. For sure there will be many more news to share with you soon. Good to see you. See you next time.

Nico Marais:

Bye.

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