

# prosus

## **Detailed Financials**

For the six months ended 30 September 2019

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”, “endeavor” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements.

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# prosUS

## **Operations**

# Classifieds: Improving monetisation and expanding our presence in convenient transactions



Global leader in Classifieds



Leaders in 29 of the 30<sup>3</sup> markets we operate in



300m<sup>4</sup> users

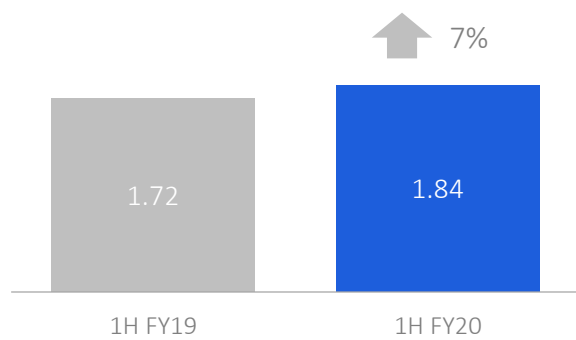


Convenient transactions now 25% of revenue

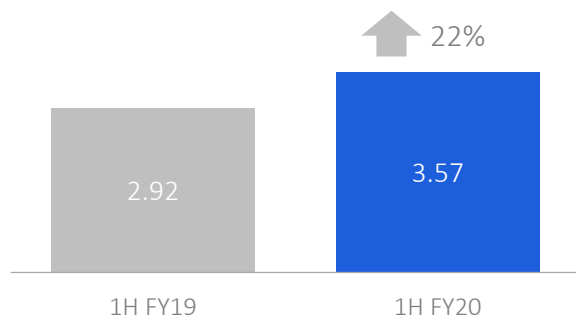


Consolidated our position in the Philippines through a 12% investment in Carousell

OLX Group: Average revenue/internet user (ARPIU)<sup>1</sup>: monetisation countries (US\$)



Average monthly paying listers (m)<sup>2,4</sup>



- Strong leadership positions enabling improved monetisation of paying lister base and higher ARPIUs.
- Convenient transaction businesses, primarily through the group's investment in Frontier Car Group, drove expansion of our addressable market. Ctx now accounts for 25% of revenue.
- OLX's monetising markets delivered healthy profit margins of 51%.
- We contributed the Philippines business and cash with an aggregate value of US\$56m for a 12% investment in Carousell, giving the group exposure to a fast-growing market leader across a broad set of SE Asian markets.

<sup>1</sup> OLX Group data excludes letgo. Calculated as total revenue for OLX monetisation countries, divided by the total number of internet users in those countries. 1H FY20 is fx neutral based on 1H FY19 (nominal ARPIU is US\$1.82).  
<sup>2</sup> Data reflects full-year averages at 100% of controlled entities and proportionate share of equity-accounted investments.  
<sup>3</sup> Countries with lower than 5000 daily unique listers excluded from active country list.  
<sup>4</sup> Numbers have been adjusted to reflect like-for-like due to changes in the markets within our portfolio.

# Classifieds: Focus on key markets – Avito and Poland

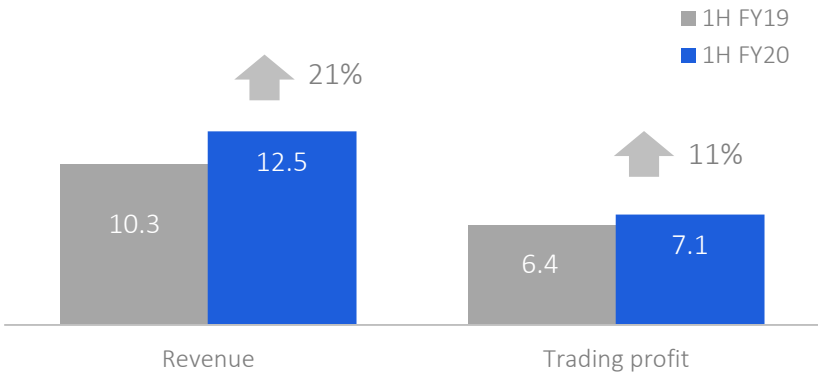


# paying listers **+25% YoY**



# App MAU's **+28% YoY**

Financials (RUBbn)<sup>1</sup>

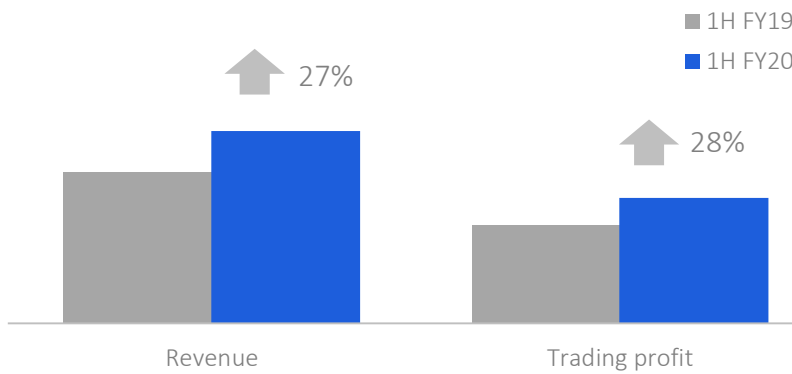


# paying listers **+19% YoY**



# App MAU's **+15% YoY**

Financials (PLNm)<sup>1</sup>



Avito:

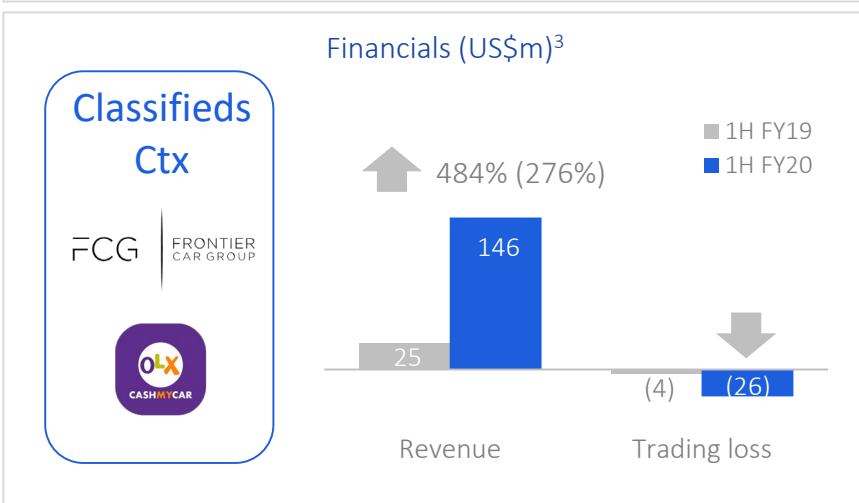
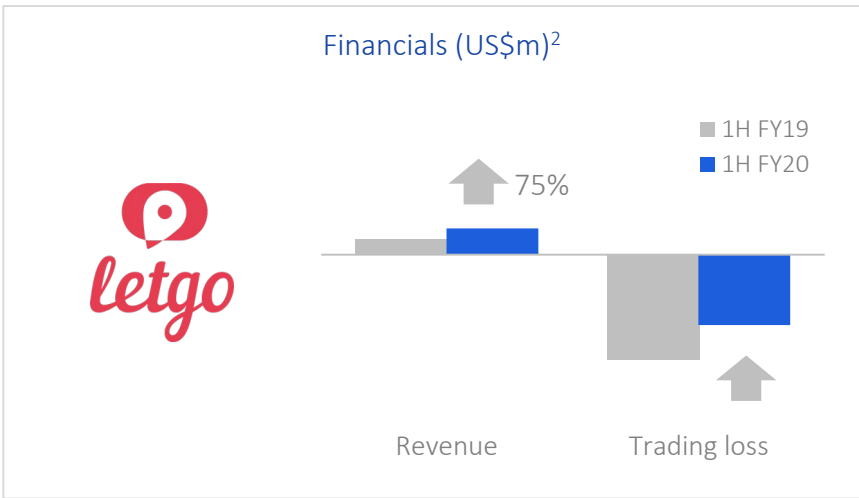
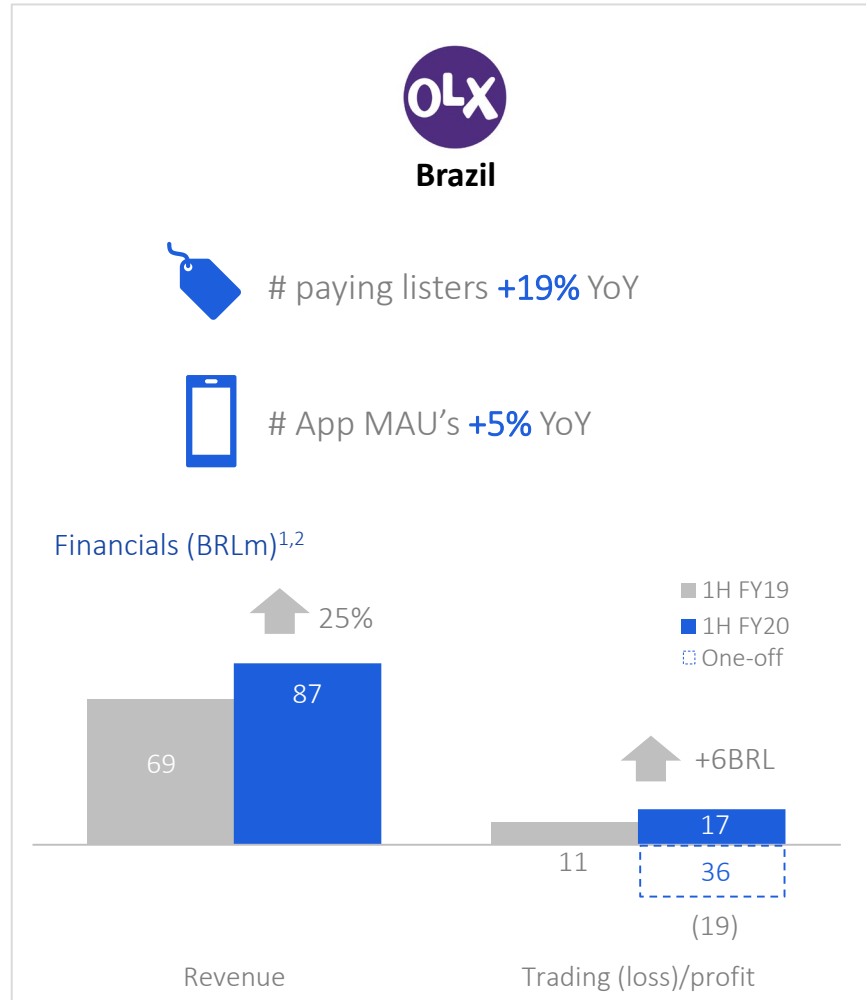
- Avito in Russia continued its good momentum, with categories of autos and real estate performing particularly well. Avito increased revenue by 21% YoY to RUB12.5bn, at a 57% trading profit margin.
- These results reflect Avito's continued product innovation, new product launches, effective marketing campaigns and ongoing focus on improving efficiency.
- These initiatives have enabled Avito to retain and attract customers at progressively higher monetisation rates.

Poland:

- OLX Poland recorded revenue of US\$95m representing growth of 20% (27% in local currency), driven by market leading car and job verticals.
- Poland delivered a 65% trading profit margin in 1H FY20.

<sup>1</sup> Financial information for Avito was previously reported publicly so we have continued to report these numbers, while trading profit for OLX Poland is not publicly reported.

# Classifieds: Focus on key markets – Brazil, letgo and Ctx



## OLX Brazil:

- Underlying momentum remains strong despite macro economic challenges. OLX Brazil grew revenue 25% in local currency on the back of a strong performance in its cars and real estate verticals.
- Profit was impacted by one-off charges. Excluding these, margins further improved.

## letgo US:

- Letgo expanded its value proposition for customers through improved product performance and enhanced convenience in payment and shipping solutions.
- This positions the business to achieve longer-term growth goals, despite a highly competitive landscape.

## Ctx

- The Ctx model expands our ecosystem and provides another growth driver for the business. FCG is performing particularly well and driving growth.

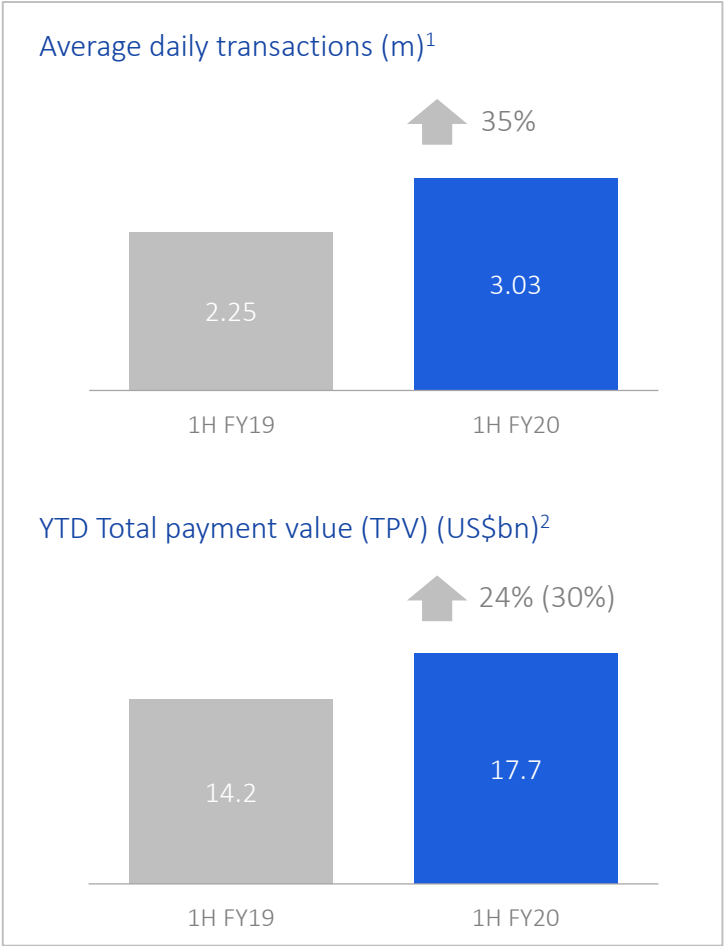
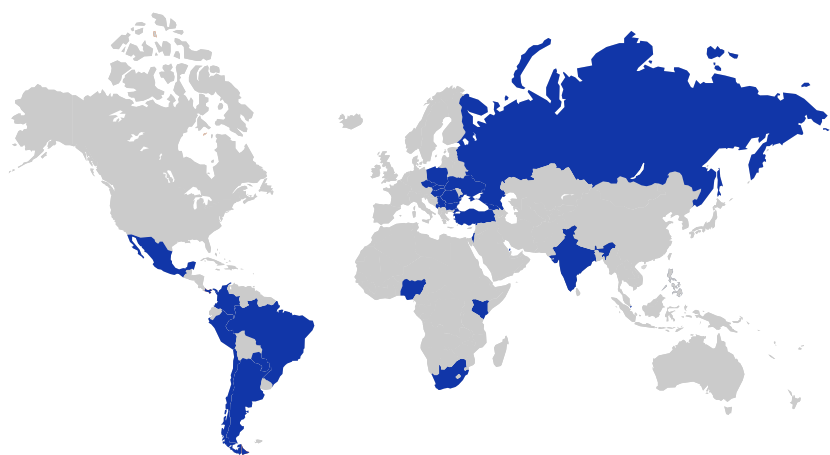
<sup>1</sup> OLX Brazil is a 50:50 joint venture with Adeviata.

<sup>2</sup> Financial information for OLX Brazil is reported publicly by other shareholders, while information for letgo is not publicly reported.

<sup>3</sup> Financial information for Classifieds Convenient transactions (Ctx). Numbers in brackets represent year-on-year growth in local currency excluding M&A.

# Payments & Fintech: connecting consumers and merchants and leveraging data to build new services

## Global footprint – operations in 20 markets



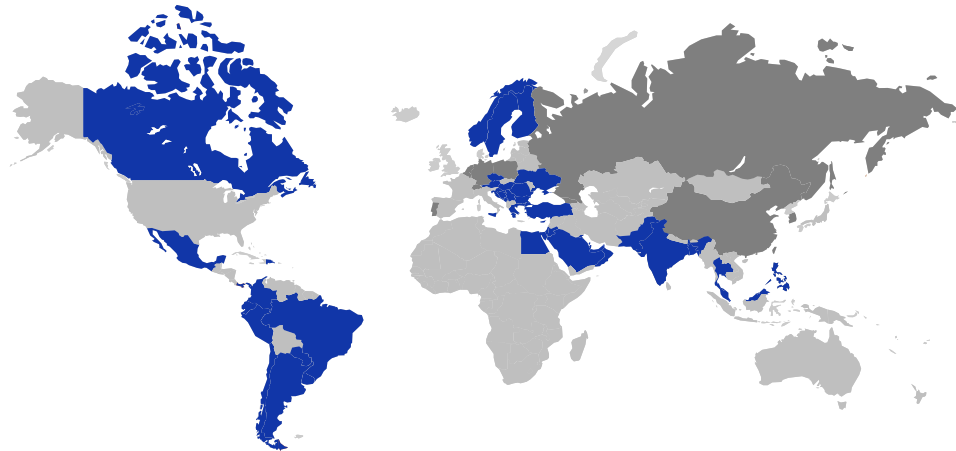
- PayU processed almost US\$18bn in payment value in 1HFY20, across its markets.
- India remains the largest market and accounts for 53% of TPV.
- Number of transactions processed in FY19 was 920m and in 1H FY20 the business has already reached over 550m.
- India's average daily transactions increased 39% to 1.7m compared to the prior year. India represents a large growth opportunity as the country is transitioning to online from the traditional COD. Providing cashless payments, together with our continued focus on innovative solutions, has enabled the business to continue strengthening its merchant portfolio.
- India credit initiatives continue to growth, with the monthly issuance volumes<sup>3</sup> surpassing US\$33m in September 2019.

<sup>1</sup> Average daily transactions are for the six months ended September 2019.  
<sup>2</sup> Numbers in brackets represent year-on-year growth in local currency.  
<sup>3</sup> Issuance volume includes PayU's own product volumes, and full PaySense and ZestMoney volumes.  
Note: The acquisition of Iyzico was announced but is still subject to regulatory approval.



# Creating a global Food Delivery leader

Global footprint:  
Leadership position in 36 of our markets



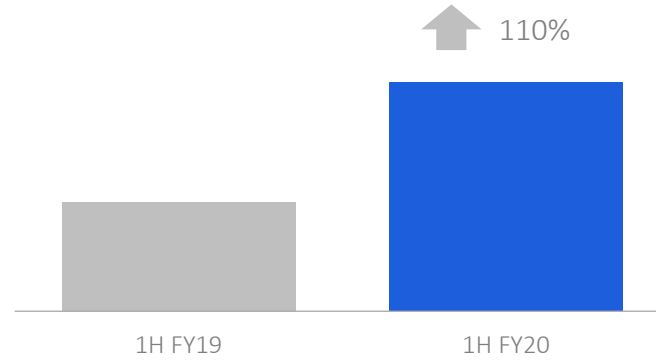
■ Direct investments



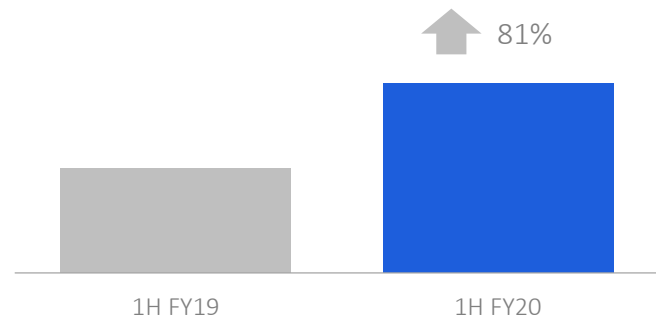
■ Indirect investments



Annualised orders (m)<sup>1</sup>



GMV (US\$m)<sup>1</sup>



- The food-delivery sector is still in its early stages, and represents a large, underpenetrated and growing market.
- Prosus has invested ~US\$2.8bn in food since FY16. Current analyst consensus valuation for the group's Food Delivery portfolio is ~US\$4.7bn, representing an IRR of 30%.
- The group assesses and executes numerous investment opportunities globally and has a demonstrable track record of successfully integrating businesses into the group.
- Businesses are well capitalised, including capital injections in the case of Swiggy or further capital commitments in the case of iFood; enjoy leading positions in their core markets and benefit from best practice and knowledge sharing within a broader portfolio.
- Order volumes and GMV grew strongly by 110% and 81% (in local currency), respectively, for the segment.

<sup>1</sup> Orders and GMV are from direct investments. All investee companies' KPIs have been aligned with Prosus's 1H FY20, ending September 2019. GMV is calculated in US\$ using average exchange rates for respective periods. Orders and GMV are 100% of iFood, Swiggy and Delivery Hero.



# iFood investing to scale the opportunity



A leader in Brazil



130k restaurant partners



Over 800 cities in every state in Brazil

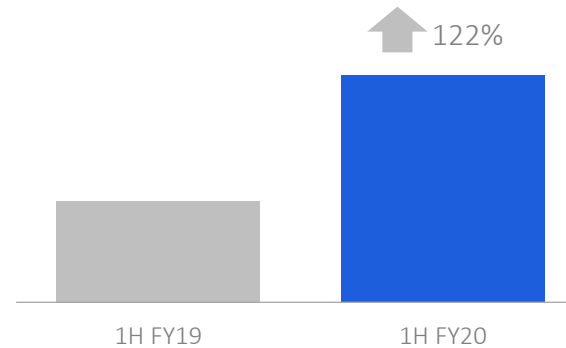


+20m orders in Brazil in September 19

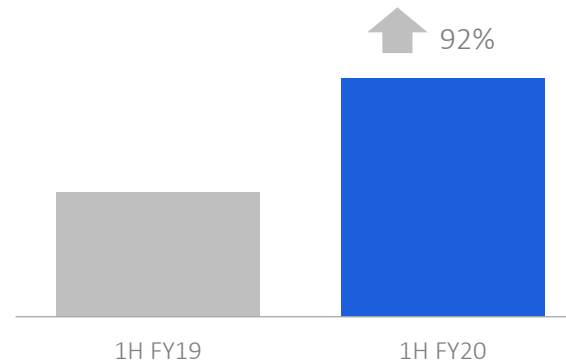


+83k delivery partners as of September 19

Orders (m)<sup>1</sup>



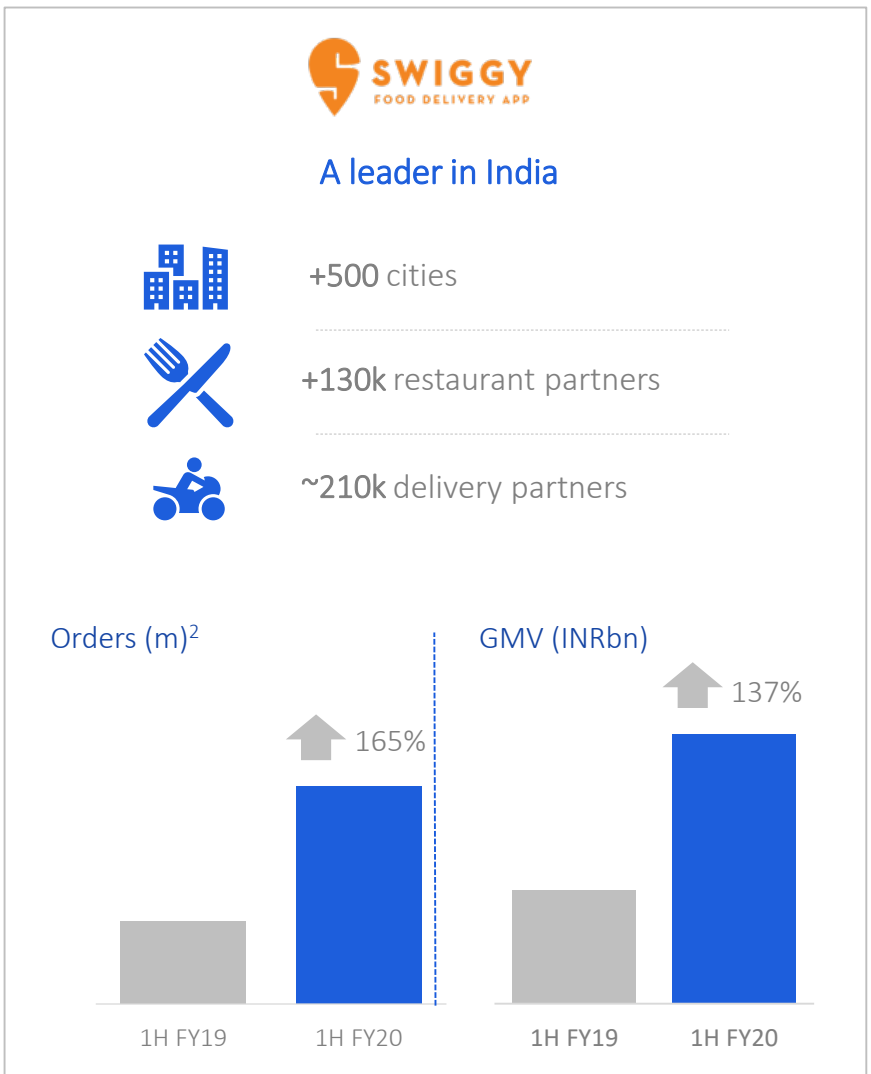
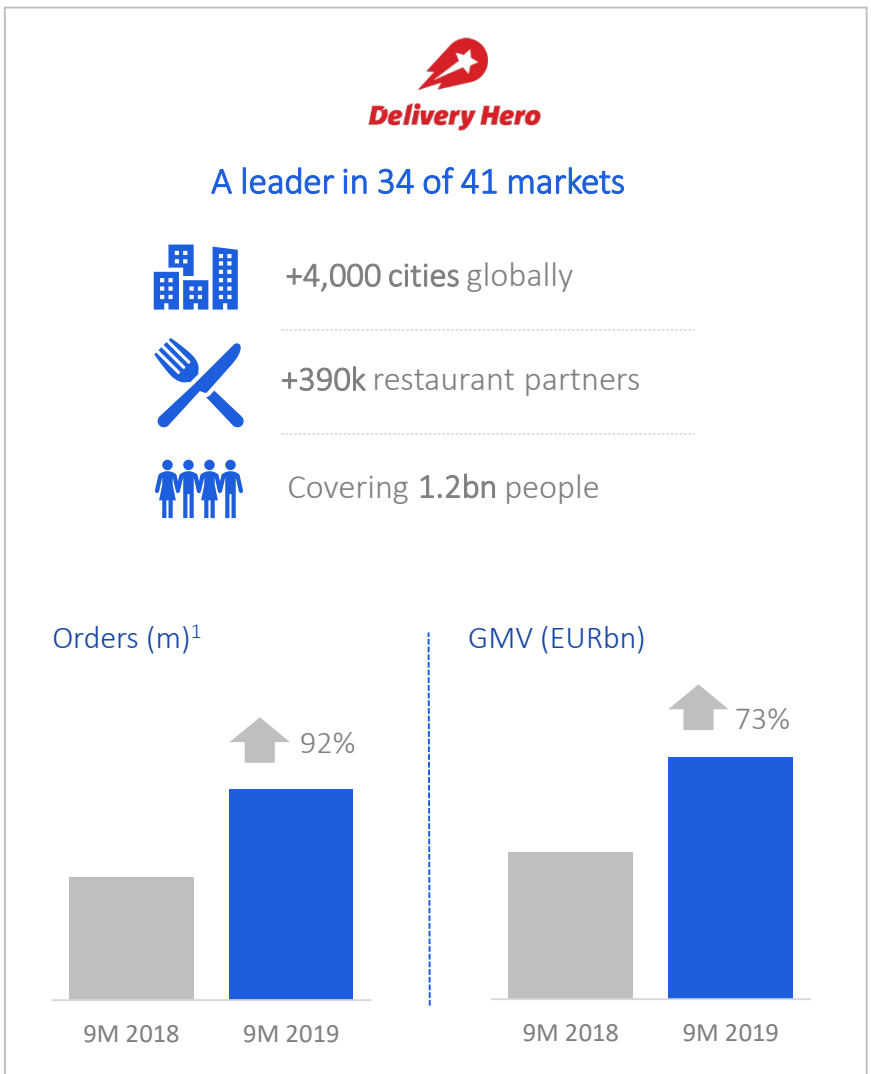
GMV (US\$m)<sup>1</sup>



- iFood is the clear leader in Brazil in terms of scale and customer satisfaction.
- iFood posted solid revenue growth of 78% in local currency to US\$132m.
- iFood is investing in 1P models and logistics and extending to new cities. The business is increasing the number of restaurants, as well as building out cloud kitchens and other models to scale and grow very quickly. On a per-unit basis, iFood is realising cost efficiencies as it scales.
- Monthly orders of +20m in Brazil for September 2019 have served more than 18.8m unique customers.
- iFood is investing in AI to improve efficiency in logistics by:
  - Gathering multiple orders and maximising "bag space",
  - enhancing business intelligence for restaurants, and
  - driving personalised experience.

<sup>1</sup> GMV is calculated in US\$ using average exchange rates for respective years. Orders for the six months ended September 2019.

# Strong growth driven by innovation and city expansion



- Strong acceleration from Delivery Hero (DH), which is growing its market size, increasing order frequency and improving customer selection with a diversified restaurant portfolio now extending to almost 400k restaurants.
- In DH's Q3 results, the business reached a milestone of delivering 1m orders per day on their proprietary global logistics solution. DH also increased its multi-vertical capabilities including convenience items like groceries, through its Talabat or Carriage brand.
- Swiggy continues to refine and roll out its 'dark kitchen' model, driving new meal occasions, bringing the convenience of food delivery to a previously under-served audience.
- Swiggy continues to exhibit strong order and GMV growth and its revenue growth in local currency more than doubled to US\$124m.
- Swiggy already surpassed its ambitious goal of expanding to over 500 cities.

<sup>1</sup> Delivery Hero's financial year end is December, orders and GMV reflect Delivery Hero's Q3 reported results (January 2019 – September 2019)  
<sup>2</sup> Orders for the six months ended September 2019.

# Etail: Solid growth and improving economics



#1 digital retailer in Romania  
and now Hungary



Largest structured 3P marketplace in CEE

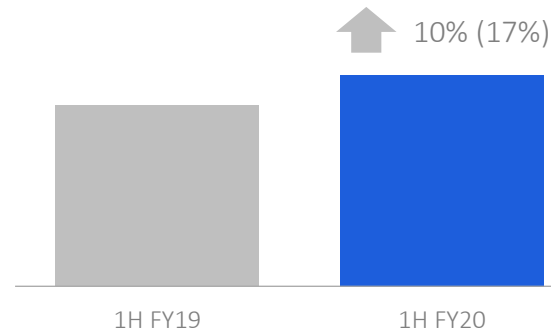


Merged Hungary operations with Extreme Digital

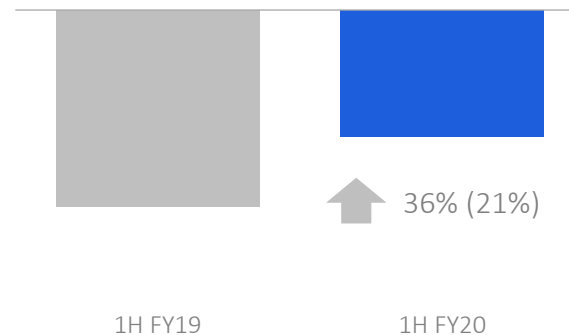


Building **first class** logistic infrastructure and customer service

GMV (US\$m)<sup>1</sup>



Trading loss (US\$m)<sup>1</sup>



- eMAG, continued to outpace the market across its footprint with GMV growing 17%.
- In Romania, gross merchandise value was up 15% organically YoY, with particularly strong performance across the third-party (3P) marketplace, which grew 30%.
- In October eMAG received approval from the Hungarian Competition Authority to merge with Extreme Digital, one of the leading marketers in Hungary.
- Operations will be merged to scale faster and take advantage of local logistics, managerial talent and supplier relationships.
- Following the merger, which also included a cash contribution by Prosus, eMAG is the majority shareholder with a 52% effective interest.

<sup>1</sup> GMV reflecting 100% of underlying businesses for the review period. Numbers in brackets represent year-on-year growth in local currency.

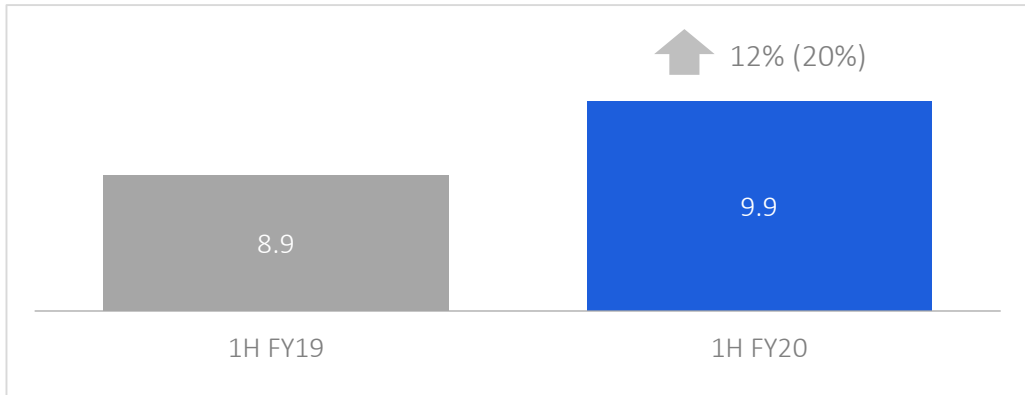
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## **Financials**

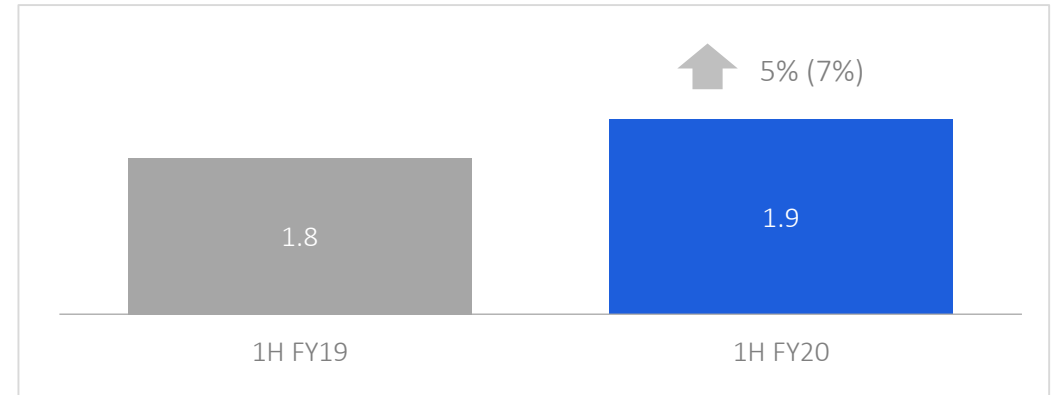


# Summary financials<sup>1</sup>

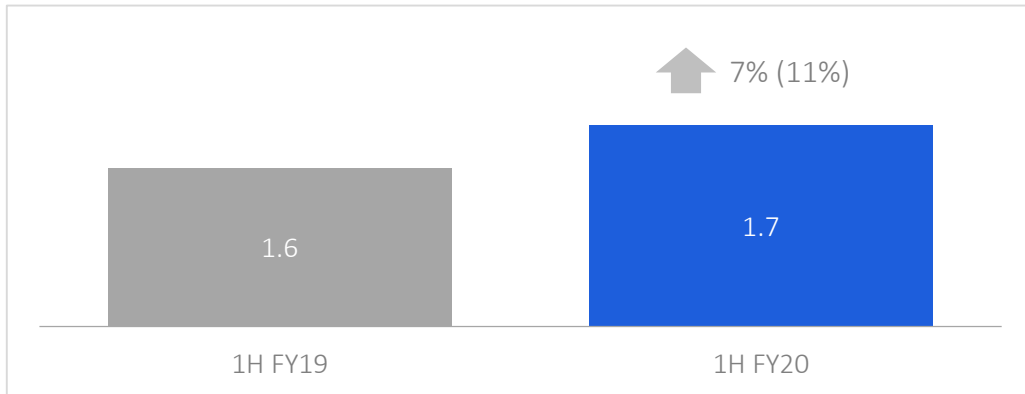
Revenue (US\$bn)<sup>2,3</sup>



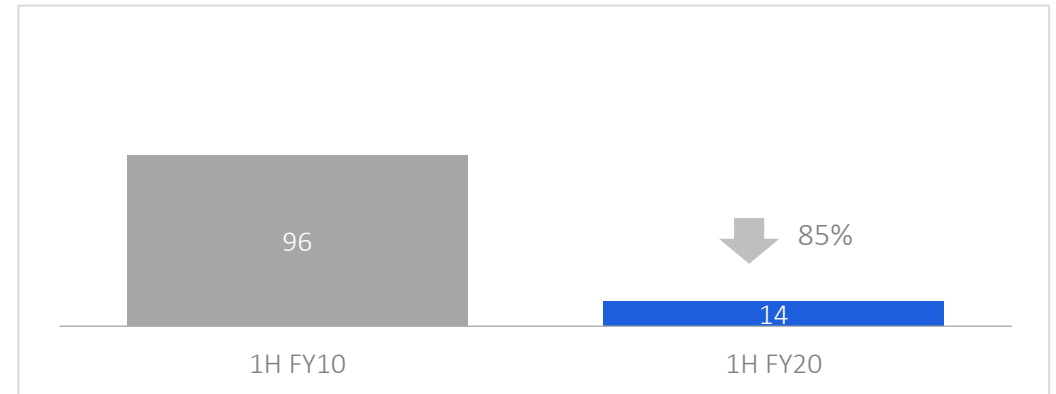
Trading profit (US\$bn)<sup>2,3</sup>



Core headline earnings (US\$bn)<sup>3</sup>



Free cash flow (US\$m)



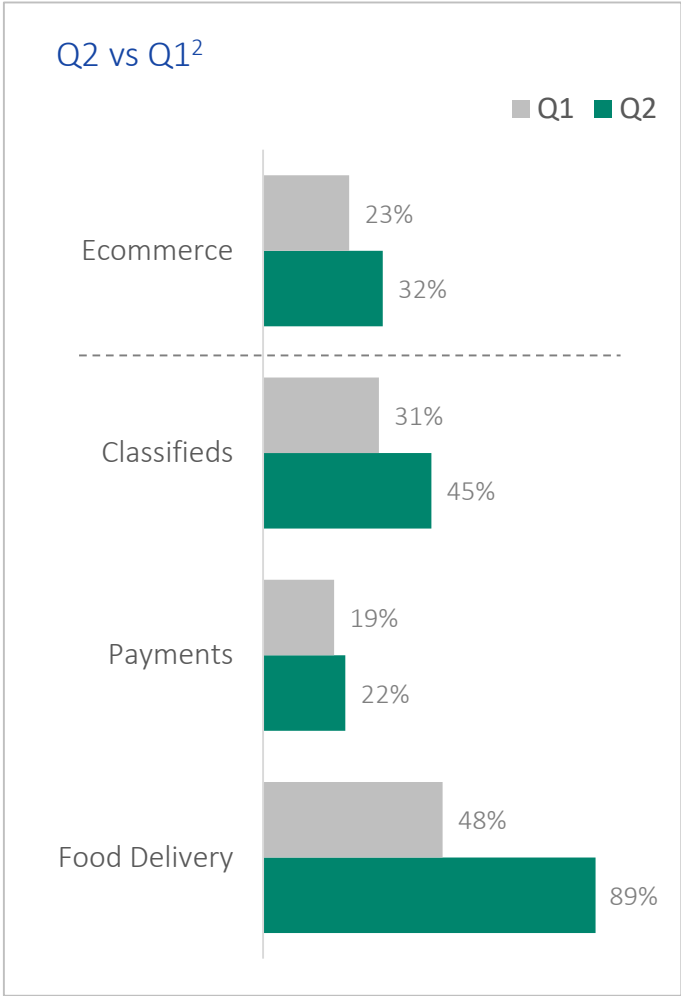
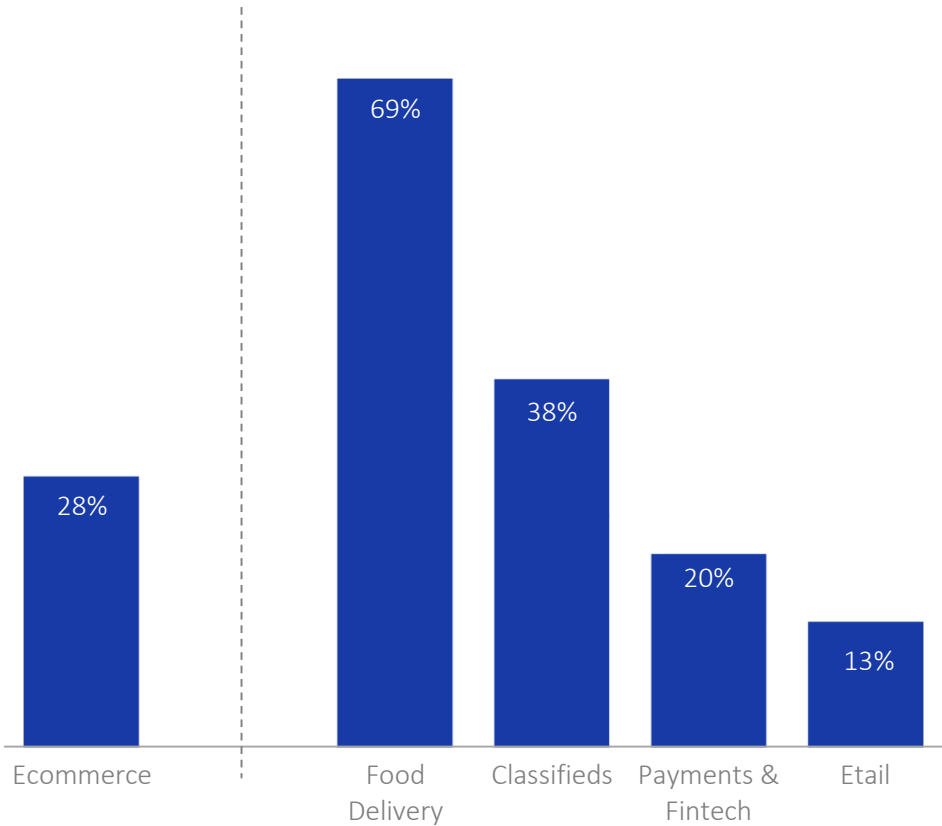
<sup>1</sup> Summary financials from continuing operations.

<sup>2</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated.

<sup>3</sup> Numbers in brackets represent year-on-year growth in local currency, excluding M&A.

# Strong revenue growth with acceleration in Q2

Ecommerce revenue growth by core segments (%)<sup>1</sup>



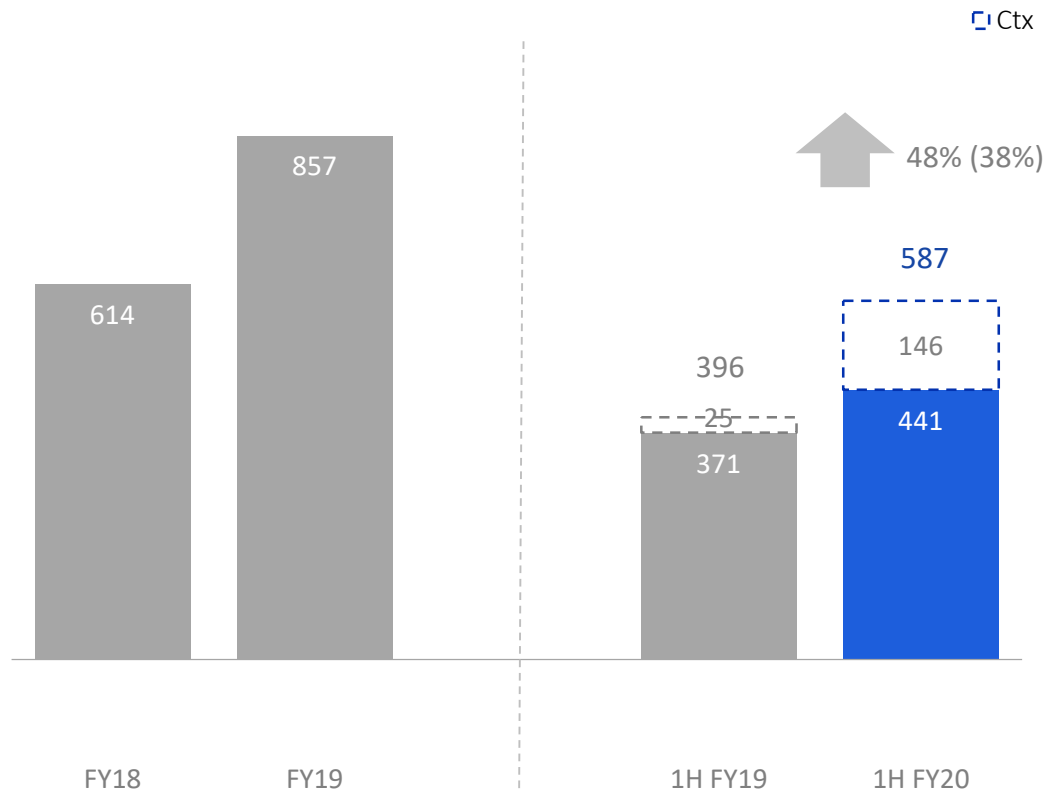
- Ecommerce revenue grew strongly, up 28% YoY.
- Revenue growth in Ecommerce was driven by meaningful contributions across the portfolio totaling US\$1.9bn.
- Ecommerce growth in Q2 was stronger than Q1, accelerating 9 percentage points ahead of Q1, driven by all key segments.
- Underlying revenue growth within the three core segments was 41% (Classifieds, Payments & Fintech and Food Delivery).

<sup>1</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Year-on-year growth shown in local currency, excluding M&A.

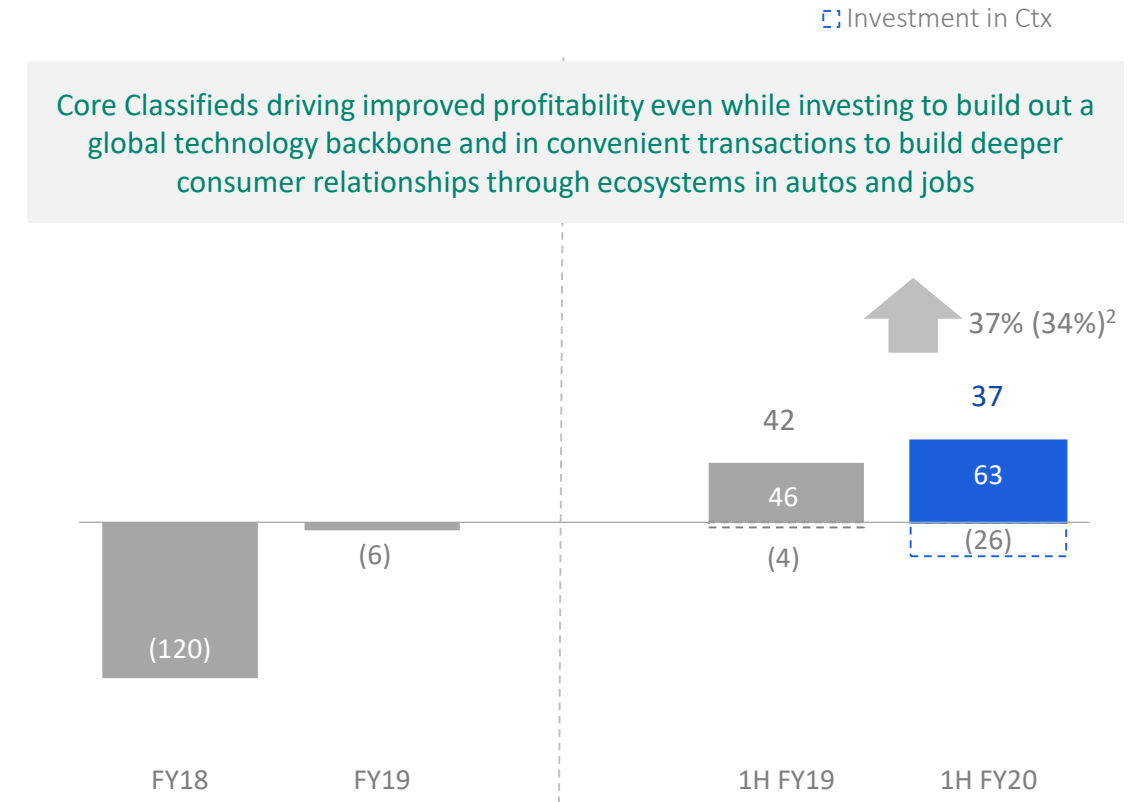
<sup>2</sup> Q1 rates are based on the Condensed Combined Carve-out Financial Statements included in the Listing Prospectus of Prosus.

# Core Classifieds driving profitability, investing in Ctx and tech backbone

Revenue (US\$m)<sup>1</sup>



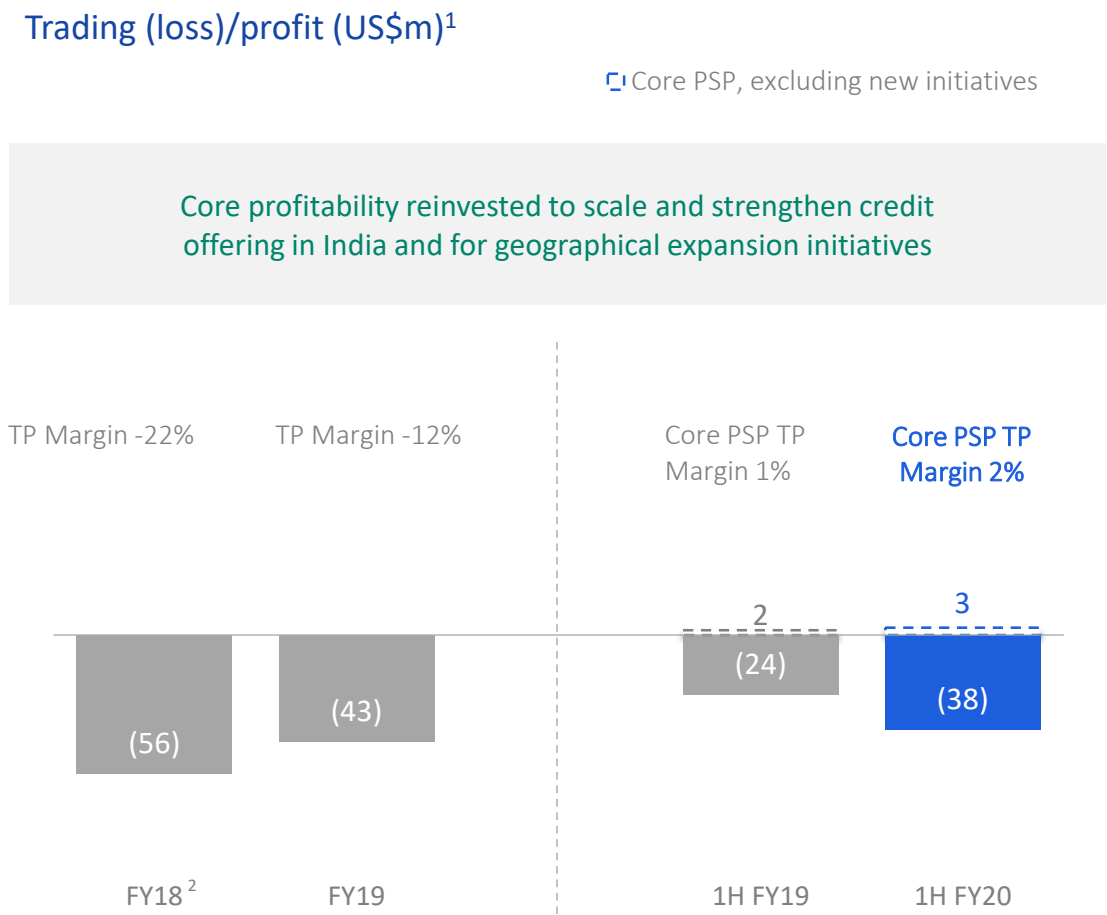
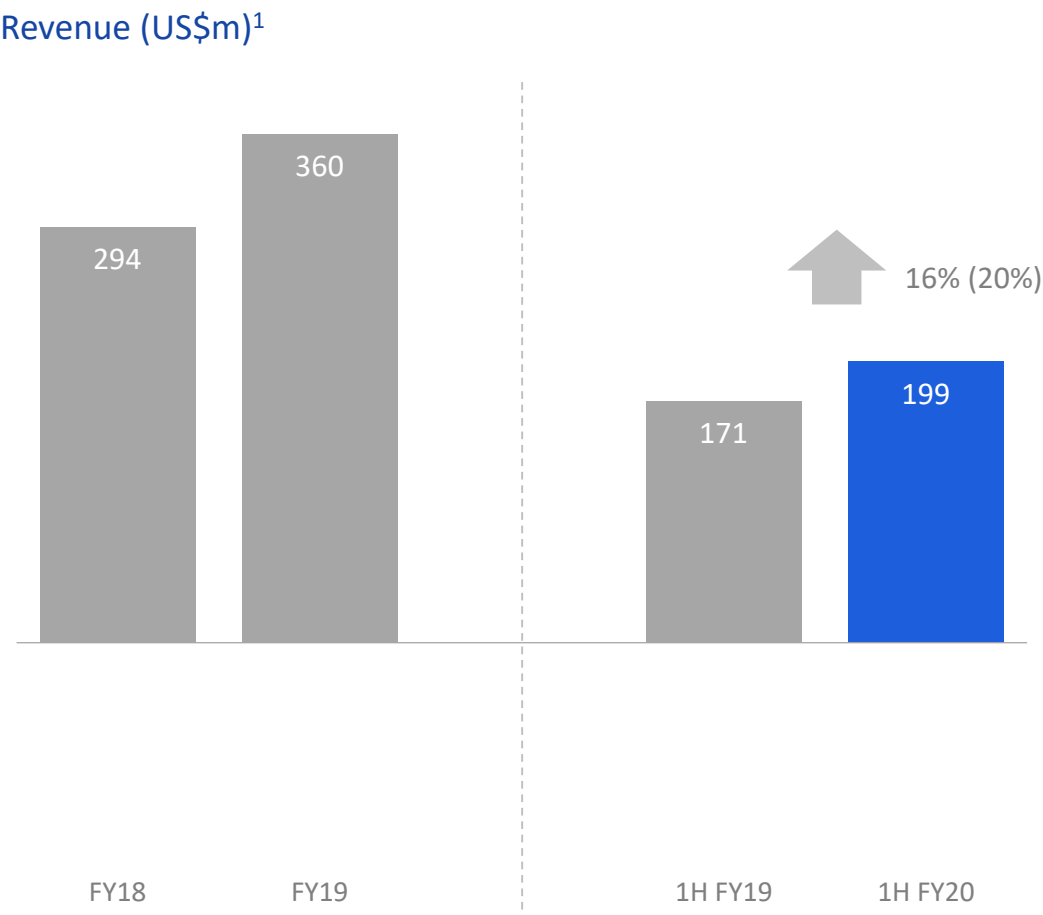
Trading profit/(loss) (US\$m)<sup>1</sup>



<sup>1</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Year-on-year growth shown in local currency, excluding M&A. FY18 and FY19 results are based on the Combined Carve-out Financial Statements included in the Listing Prospectus of Prosus.

<sup>2</sup> Year-on-year growth of the core Classifieds business.

# Core Payments profitable, investing in expansion initiatives and credit



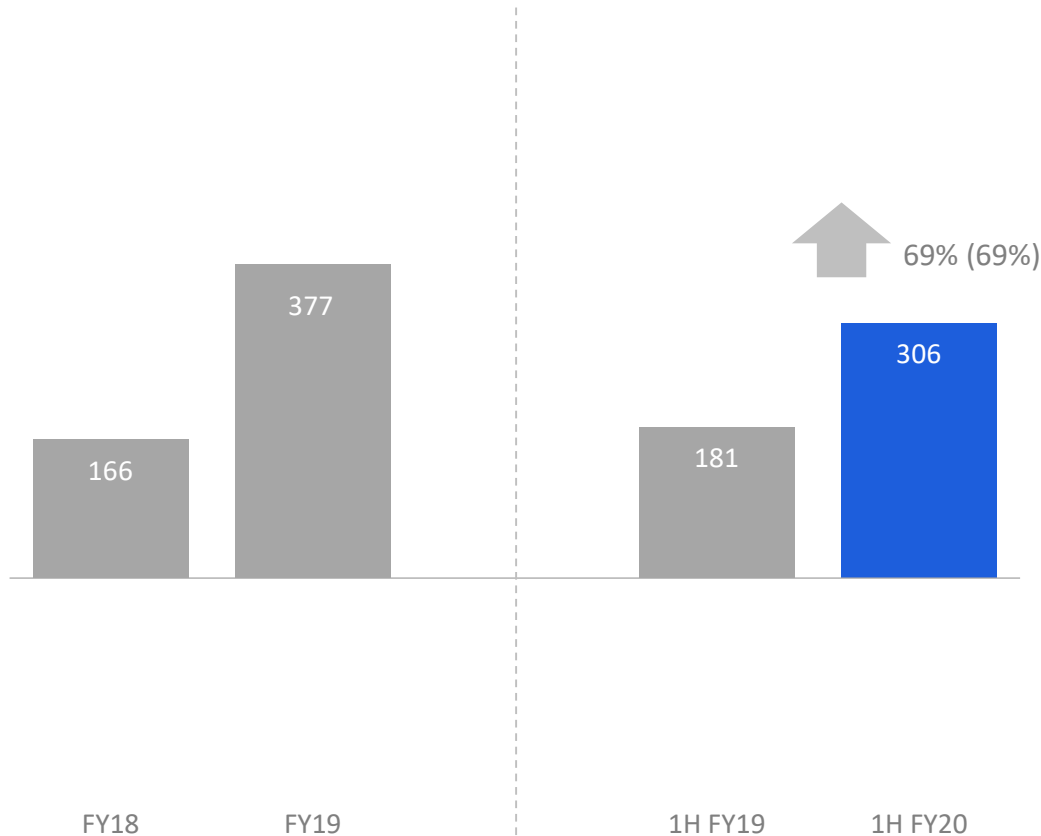
<sup>1</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Year-on-year growth shown in local currency, excluding M&A. FY18 and FY19 results are based on the Combined Carve-out Financial Statements included in the Listing Prospectus of Prosus.

<sup>2</sup> In FY18 US\$8m of corporate IT charges, which are not directly associated with Payments and Fintech operations, have been excluded from the trading loss above.



# Strategic investment across Food portfolio driving accelerated growth

Revenue (US\$m)<sup>1</sup>



Trading loss (US\$m)<sup>1</sup>

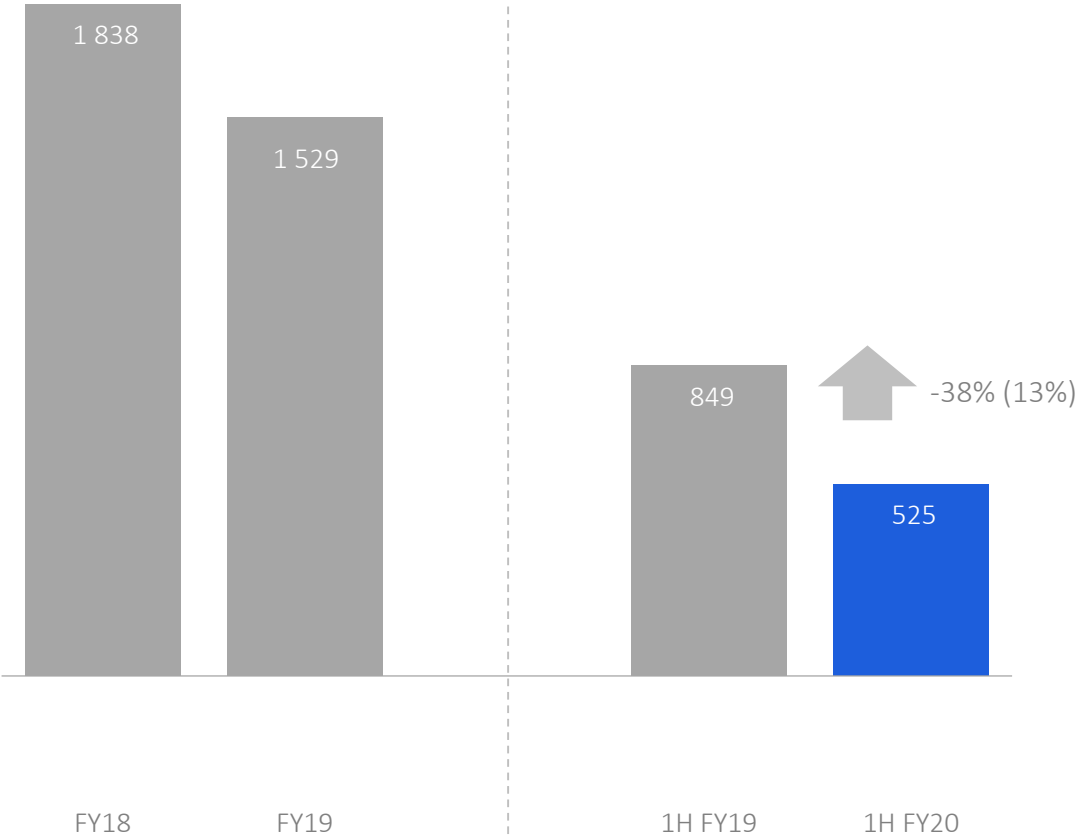
Food Delivery has evolved beyond simply connecting restaurants and customers. We are investing to transform all aspects of the supply chain from how food is sourced, to how it is prepared and ultimately consumed.



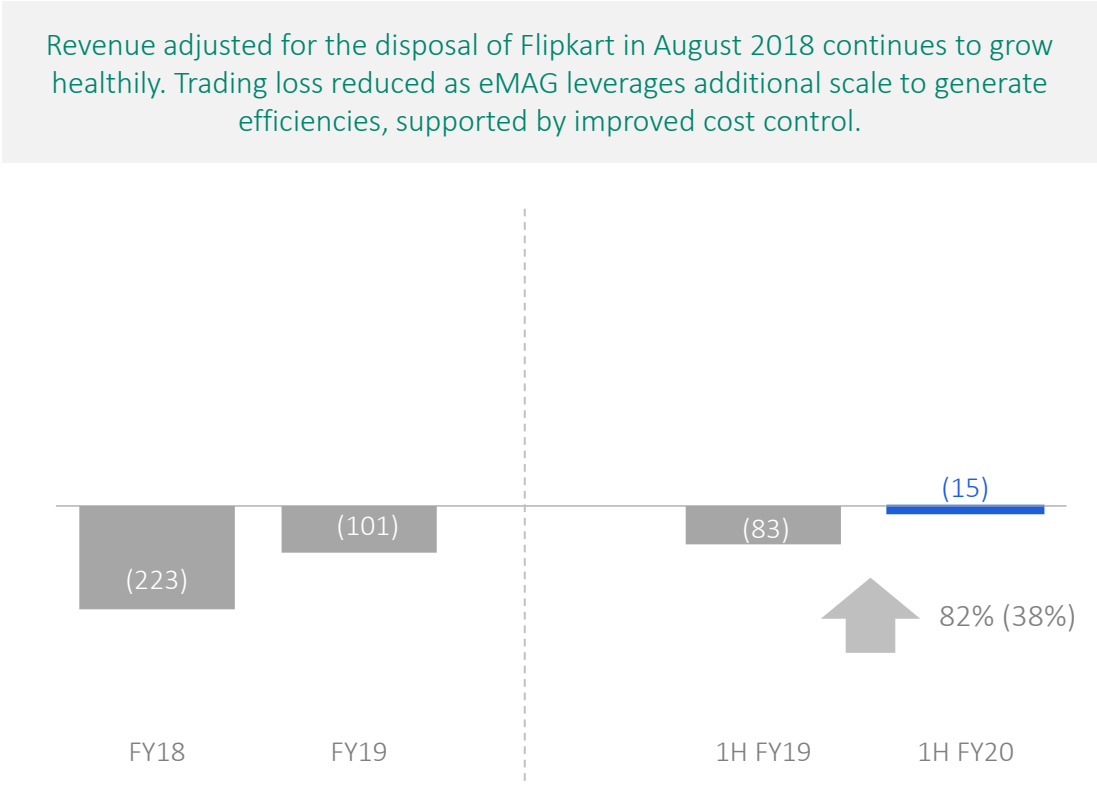
<sup>1</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Year-on-year growth shown in local currency, excluding M&A. FY18 and FY19 results are based on the Combined Carve-out Financial Statements included in the Listing Prospectus of Prosus.

# Etail: focused on profitable growth

Revenue (US\$m)<sup>1</sup>



Trading loss (US\$m)<sup>1</sup>



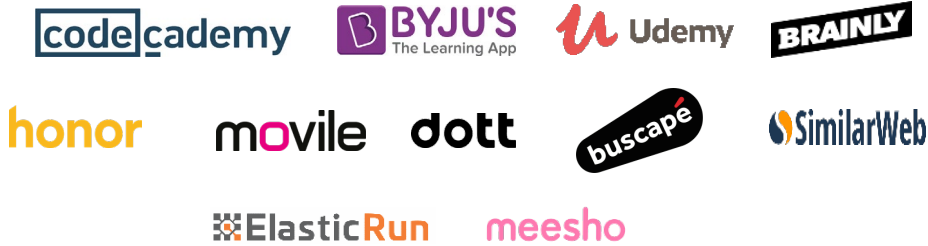
<sup>1</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Year-on-year growth shown in local currency, excluding M&A. FY18 and FY19 results are based on the Combined Carve-out Financial Statements included in the Listing Prospectus of Prosus.

# Ecommerce “Other”

Revenue (US\$m)	1H FY19	1H FY20	Trading loss (US\$m)	1H FY19	1H FY20
Other ecommerce	106	145	Ecommerce other and corporate	(95)	(96)

“Ecommerce other” consists of:

- Prosus Ventures;
- Movable (excl. Food Delivery);
- Online Comparison Shopping (OCS); and
- Corporate costs.

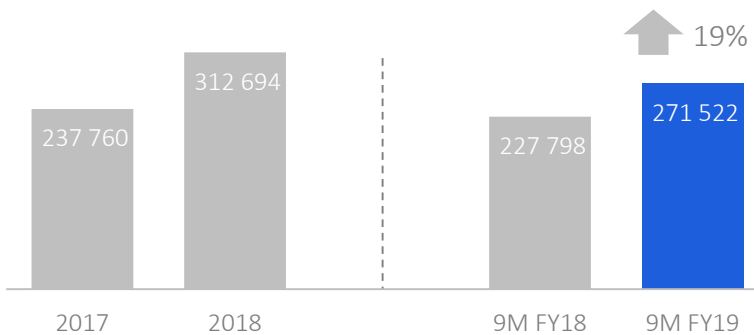


- Prosus Ventures invests in early stage businesses that have potential to disrupt large markets.
- We have invested in education, health, mobility and most recently in a social commerce online marketplace in India called Meesho.
- In October, the group concluded the sale of Buscapé which makes up our OCS business.
- The group views corporate costs as primarily relating to the support of the Ecommerce business.

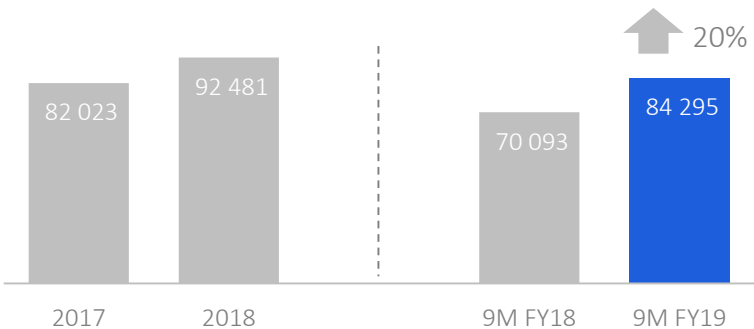
# Social & internet platforms: Healthy contributions to earnings growth

## Tencent 腾讯

Tencent revenue (RMBm)<sup>1</sup>



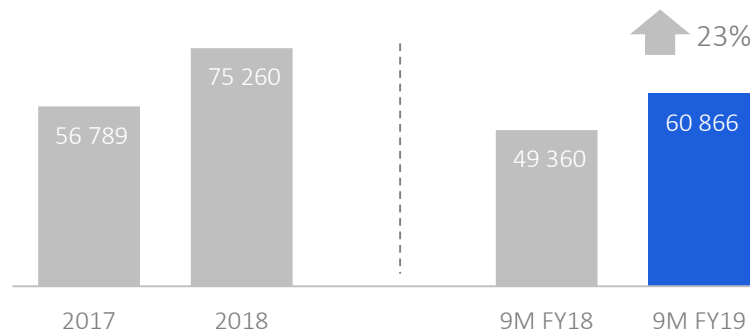
Tencent operating profit (RMBm)<sup>1</sup>



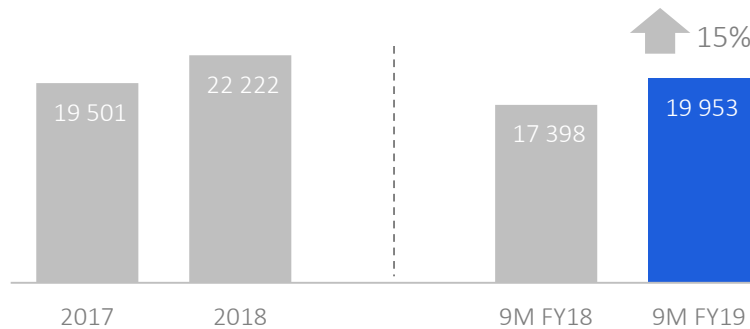
<sup>1</sup> Reflects 100% of Jan-Sep 2019 (FY19), detailed results available at [www.tencent.com](http://www.tencent.com). Operating profit reported on non-GAAP basis, which reflects Tencent's core earnings.

## @ mail.ru group

Mail.ru revenue (RUBm)<sup>2</sup>



Mail.ru EBITDA (RUBm)<sup>2</sup>



<sup>2</sup> Reflects 100% of Jan-Sep 2019 (FY19) results on a non-GAAP basis; detailed results available at [www.corp.mail.ru](http://www.corp.mail.ru). 9M FY18 results have been retrospectively adjusted by Mail.ru for comparative purposes.

### Tencent

- Tencent grew revenue 19% YoY to RMB272bn in the first nine months of 2019, driven by growth in Fintech, cloud related services, digital-content subscription sales and social advertising.
- On a non-GAAP basis, operating profit<sup>1</sup> grew by 20% YoY for the nine months and operating profit margins improved YoY.

### Mail.ru

- Mail.ru continued to deliver strong growth in all areas despite macro economic pressures. Revenue grew 23% YoY to RUB61bn, mainly driven by advertising and massively multiplayer online games. EBITDA improved 15% to RUB20bn.

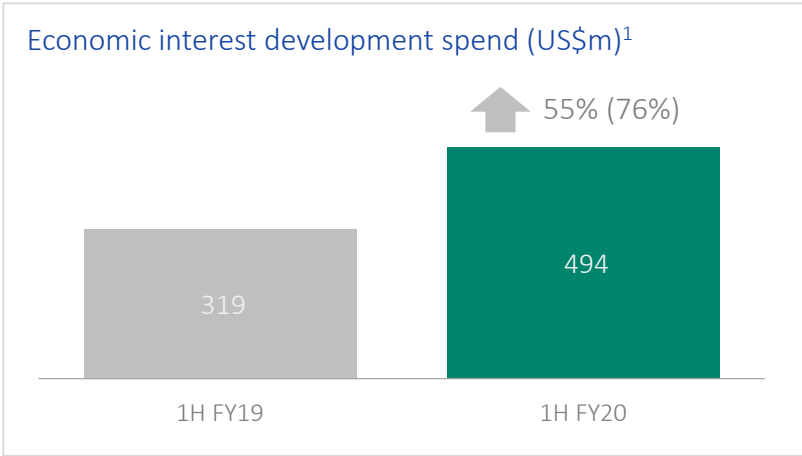
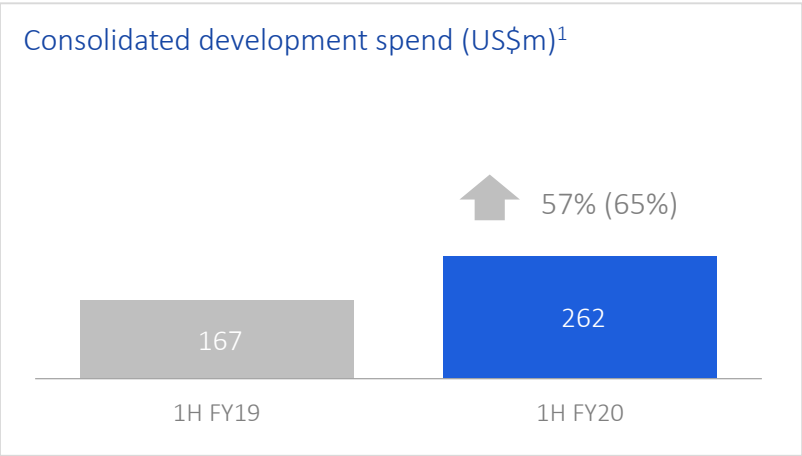


# Segmental detail

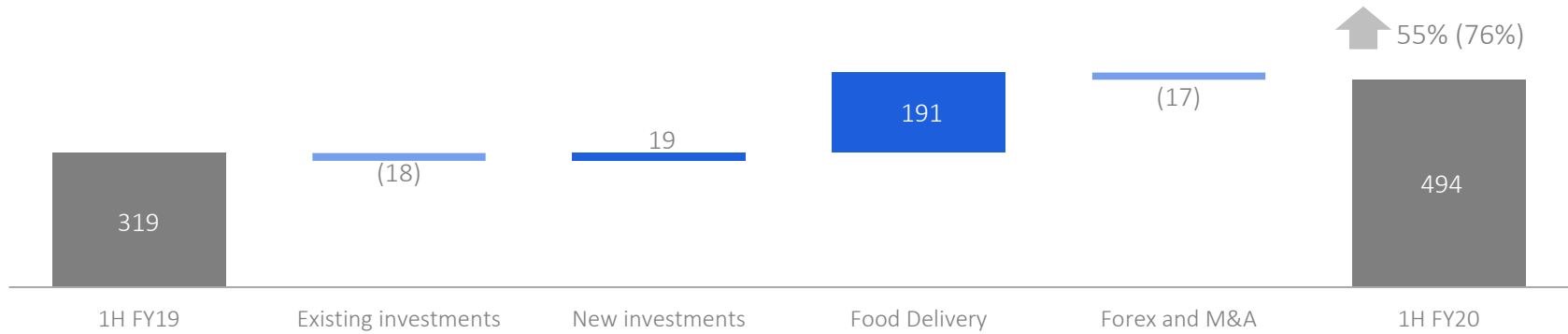
	Revenue		EBITDA		Trading profit	
	1H FY19	1H FY20	1H FY19	1H FY20	1H FY19	1H FY20
<b>Ecommerce</b>	<b>1 840</b>	<b>1 908</b>	<b>(193)</b>	<b>(355)</b>	<b>(220)</b>	<b>(416)</b>
- Classifieds	396	587	50	59	42	37
- Payments & Fintech	171	199	(22)	(35)	(24)	(38)
- Food delivery	181	306	(39)	(273)	(41)	(283)
- Etail	849	525	(74)	(1)	(83)	(15)
- Travel <sup>1</sup>	137	146	(17)	(19)	(19)	(21)
- Other	106	145	(91)	(86)	(95)	(96)
<b>Social and internet platforms</b>	<b>7 041</b>	<b>8 017</b>	<b>2 236</b>	<b>2 682</b>	<b>2 055</b>	<b>2 334</b>
- Tencent	6 905	7 800	2 213	2 599	2 043	2 264
- Mail.ru	136	217	23	83	12	70
<b>Economic interest</b>	<b>8 881</b>	<b>9 925</b>	<b>2 043</b>	<b>2 327</b>	<b>1 835</b>	<b>1 918</b>
Less: Equity-accounted investments	(7 670)	(8 508)	(2 101)	(2 459)	(1 909)	(2 094)
<b>Consolidated from continuing operations</b>	<b>1 211</b>	<b>1 417</b>	<b>(58)</b>	<b>(132)</b>	<b>(74)</b>	<b>(176)</b>

<sup>1</sup> In August 2019 the group concluded the exchange of a 43% interest in MakeMyTrip for a 5.6% interest in Ctrip. The group included 8 months of MakeMyTrip results in our segmental results, representing our share of its earnings for the period up to disposal and a catch-up lag period applied in reporting results.

# Development spend increased due to Food Delivery



## Incremental economic interest development spend by segment, YoY (US\$m)<sup>1</sup>

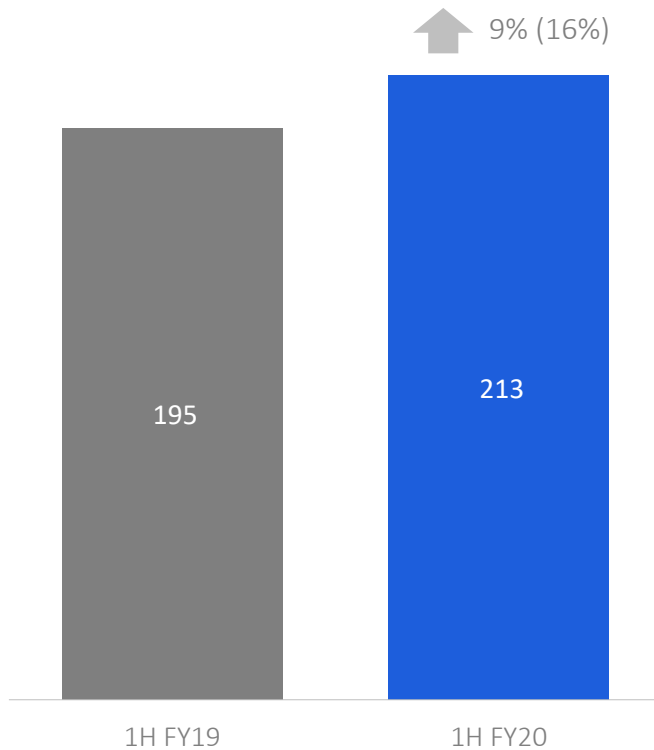


- The group ramped up development spend in Food Delivery in 1H FY20.
- Consolidated development spend of US\$262m increased 65% due to increased spend in iFood, partially offset by reduced spend at letgo.
- Prosus' proportionate share of development spend of associates and joint ventures increased to US\$232m.
- Prosus' share of losses for associates does not impact cash flow as they are funded by the capital already raised.
- New investments include amongst others, Ctx, credit and new Prosus Ventures associates.

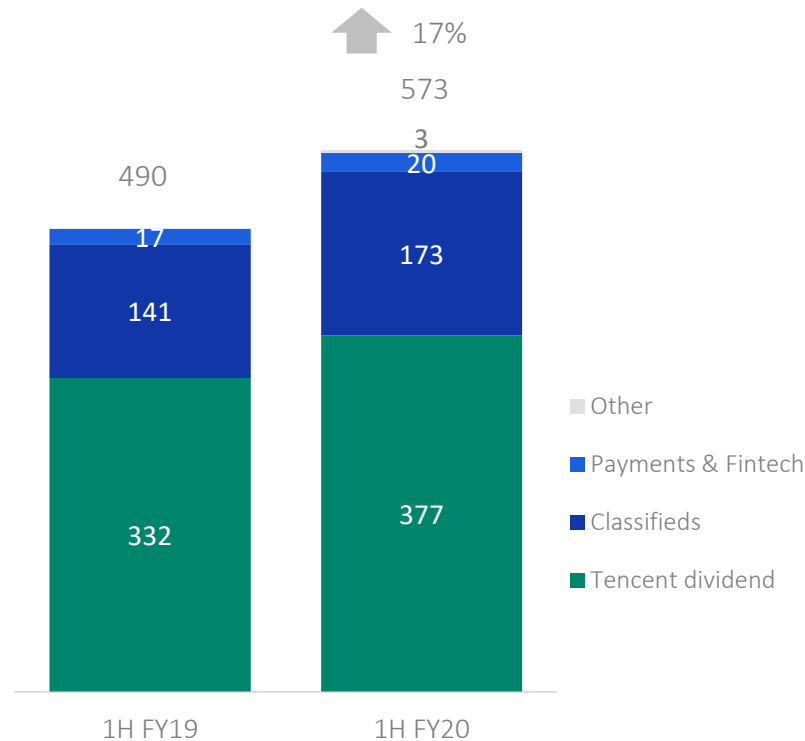
<sup>1</sup> Development spend represents trading losses of developing businesses yet to reach scale. Numbers in brackets represent year-on-year growth in local currency, excluding M&A.

# Profitable businesses contributed significantly to central cash flows

Consolidated trading profit from profitable ecommerce businesses (US\$m)<sup>1,2</sup>



Sources of free cash inflow (US\$m)<sup>2,3</sup>



- Improved Ecommerce profitability, particularly in Classifieds, resulted in a greater contribution to overall central cash flows.
- Free cash inflows from profitable units and dividends totaled US\$573m, a 17% increase YoY.
- The Classifieds segment generated 23% more free cash inflows compared to last year.
- The dividend of US\$377m from Tencent increased 14%, consistent with steady increases over recent years.

<sup>1</sup> Numbers in brackets represent year-on-year growth in local currency, excluding M&A.

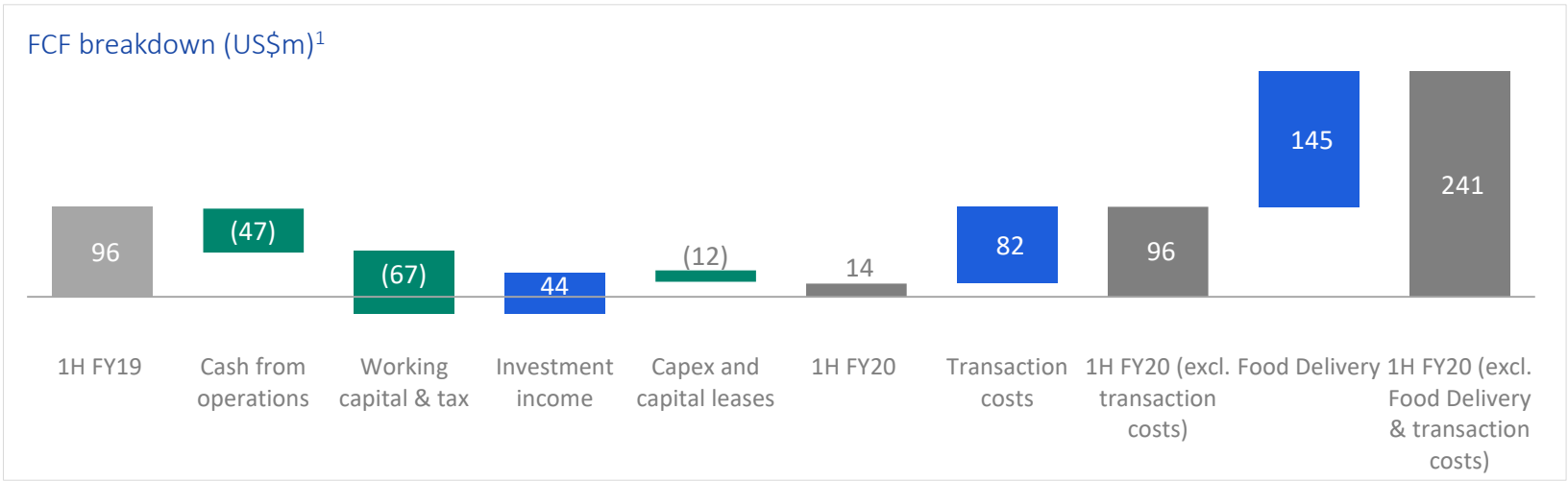
<sup>2</sup> The group has restructured the Payments & Fintech segment into GPO (Global Payment Operations) and India. We now consider the full GPO portfolio as a profitable business rather than the separate markets therein.

<sup>3</sup> FCF (Free cash flow) defined as EBITDA less adjustments for non-cash items, working capital, taxation, capital expenditure, capital leases repaid and investment income.

# FCF reflects increased Food Delivery investment and transactions costs

US\$m	1H FY19	1H FY20
EBITDA	(58)	(132)
Non-cash items	(94)	(67)
Working capital	9	(56)
Cash generated from continuing operations	(143)	(255)
Capital expenditure and capital leases repaid	(53)	(65)
Taxation	(41)	(43)
Investment income	333	377
Free cash flow (FCF) <sup>1</sup>	96	14

- The group reported positive free cash flow of US\$14m at 1H FY20.
- Excluding transaction costs incurred, primarily for the listing of Prosus, on the Amsterdam Euronext, FCF remained flat despite the increased investment in Food Delivery.
- Working capital movements particularly related to the timing of merchant cash movements from our Payments & Fintech and Food Delivery businesses negatively impacted FCF.



<sup>1</sup> FCF defined as EBITDA less adjustments for non-cash items, working capital, taxation, capital expenditure, capital leases repaid and investment income.

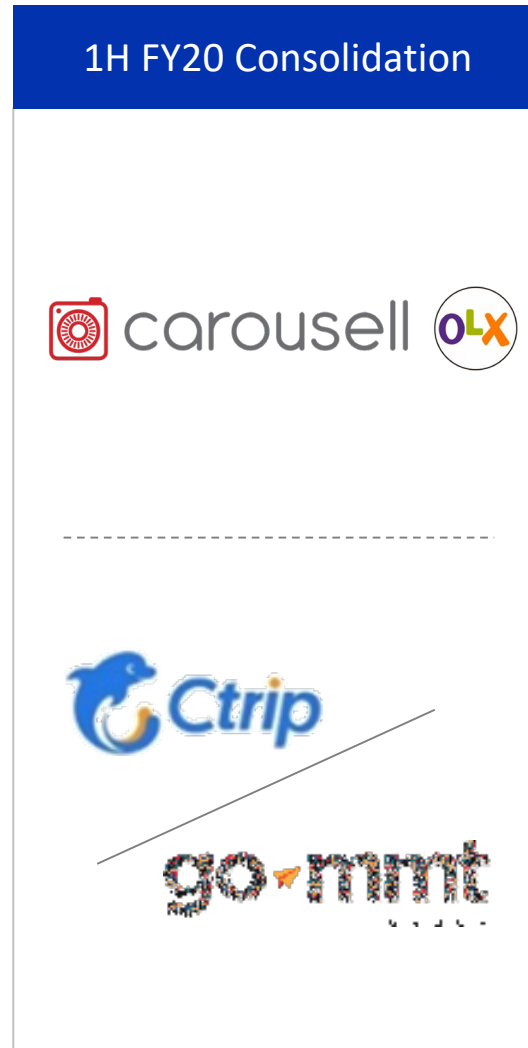
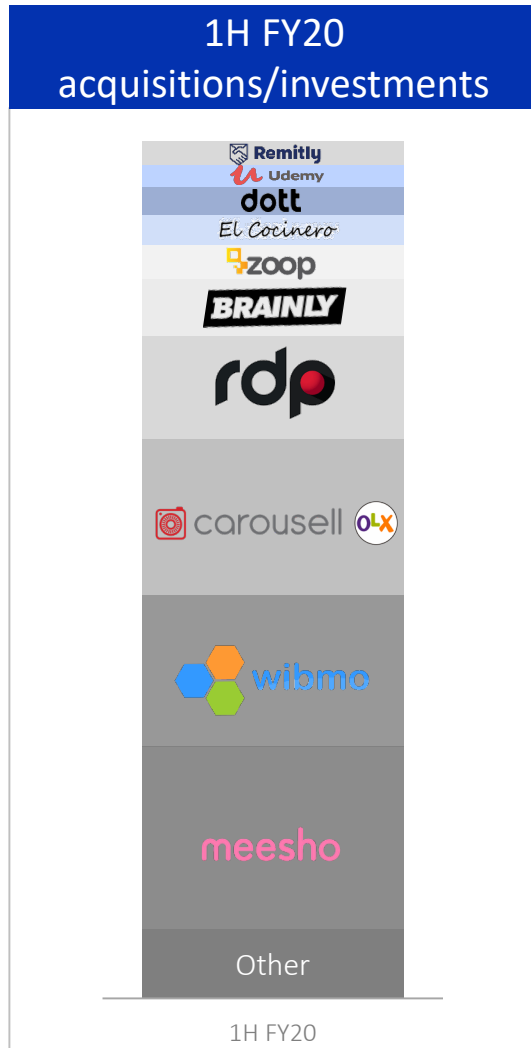


# Prosus company sources of cash and commitments

US\$m	1H FY19	1H FY20
<b>Cash remitted to/generated at Holdco level:</b>		
Tencent dividend	332	377
Classifieds portfolio	81	108
Interest income earned on central cash	122	104
<b>Total inflows</b>	<b>535</b>	<b>589</b>
<b>Commitments:</b>		
Holdco – operating costs	(40)	(47)
<b>Available for interest/dividends</b>	<b>495</b>	<b>542</b>
 Holdco interest cost (6 months)	 87	 86
Interest cover	5.7	6.3
Loan to value (Debt: marketable securities)	3%	3%

- Inflows increased by 10%.
- Interest income has been included in our analysis as it is now quite meaningful for the group given our cash and short term investment balances.
- The loan to value ratio was stable at 3%.

# Strategic acquisitions and consolidation to drive future growth



- Prosus invested US\$374m in 1H F20. Significant investments include:
  - Meesho (US\$80m)
  - Wibmo (US\$66m)
  - Reddot (US\$45m)
  - Brainly (US\$25m)
  - OLX minority buyouts (US\$46m)
- The group exchanged 43% interest in MakeMyTrip for a 5.6% interest in Ctrip, realising a gain of US\$599m.
- Classifieds merged its Philippines business as well as cash with an aggregate value of US\$56m in exchange for 12% effective interest in Carousell.

<sup>1</sup> Prosus made a cash offer to acquire the entire issued and to be issued ordinary share capital of Just Eat in October 2019. The transaction is subject to certain conditions, including regulatory approval in Spain and shareholders of Just Eat accepting the offer from Prosus over the competing bid from Takeaway.com N.V. Iyzico was announced in 1H FY20 but still subject to regulatory approval.

# Summarised income statement

US\$m	1H FY19	1H FY20
<b>Continuing operations:</b>		
Revenue <sup>1</sup>	8 881	9 925
Less: Equity-accounted investments	(7 670)	(8 508)
<b>Consolidated revenue</b>	<b>1 211</b>	<b>1 417</b>
 Trading loss	 (74)	 (176)
<b>Trading loss margin</b>	<b>-6%</b>	<b>-12%</b>
 Net finance income	 17	 14
Remeasurement of written put option liabilities	239	8
Share of equity-accounted results	2 102	2 271
Net gains on acquisitions and disposals	1 605	561
Dilution losses on equity-accounted investments	(62)	(65)
Impairment of equity-accounted investments	(82)	(10)
Taxation	(208)	(40)
 <b>Profit from continuing operations</b>	 <b>3 484</b>	 <b>2 487</b>
 <b>Core headline earnings from continuing operations per share (US cents)</b>	 <b>99</b>	 <b>105</b>

- Increase of US\$169m in share of equity accounted investments relates to:
  - Increased Tencent profits;
  - Increased profits from Delivery Hero mainly due to a gain on discontinued operations (Germany);
  - Reduced losses from Flipkart, as the business was sold in FY19; and
  - Offset by increased losses from Swiggy and other new associates.
- Equity-accounted earnings include investment disposal gains of US\$522m, impairment losses of US\$140m and fair-value adjustments on financial instruments of US\$425m.
- 1H FY19 included once-off tax withheld by Walmart on disposal of Flipkart (US\$177m). The group still expects to recover this tax from the Indian tax authorities.

<sup>1</sup> On an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated.

# Finance costs before remeasurements flat YoY

US\$m	1H FY19	1H FY20
Interest income	128	118
Loans and bank accounts	128	118
Interest expense	(98)	(102)
Loans and overdrafts	(96)	(96)
Other	(2)	(6)
Other finance costs, net	(13)	(2)
Translation of foreign current assets and liabilities	(13)	(21)
Translation of forward exchange contracts (FECs) and cross-currency interest rate swap	-	19
Remeasurement of written put option liabilities	239	8
Total finance income - net	256	22

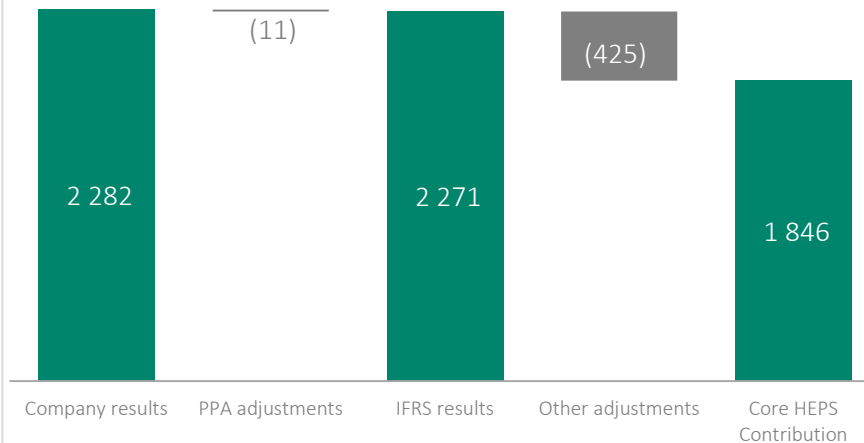
## Remeasurement of written put option liabilities

- Gain for the period arises from foreign exchange impacts and changes in valuations. In 1H FY19 a gain of US\$239m was recognised related mainly to the Avito and letgo US written put option remeasurements.

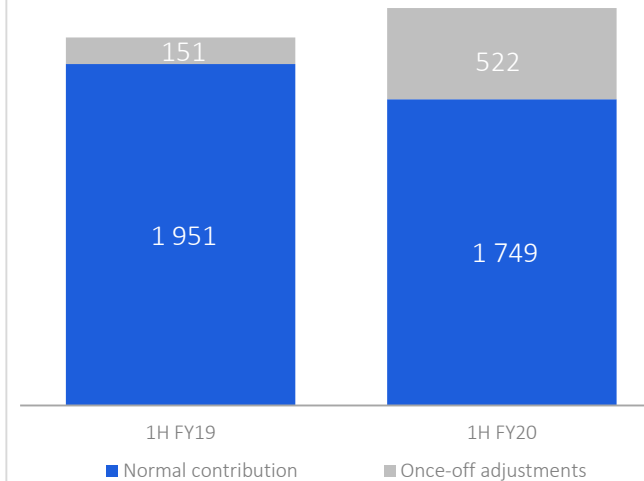
# Contribution by associates and joint ventures

1H FY20 (US\$m)	Company results	PPA adjustments	IFRS results	Other adjustments	Core HE Contribution
Tencent <sup>1</sup>	2 237	-	2 237	(249)	1 988
Mail.ru <sup>1</sup>	43	(1)	42	18	60
MakeMyTrip	(26)	(1)	(27)	14	(13)
Delivery Hero	188	(5)	183	(218)	(35)
Other	(160)	(4)	(164)	10	(154)
<b>Total</b>	<b>2 282</b>	<b>(11)</b>	<b>2 271</b>	<b>(425)</b>	<b>1 846</b>

Equity-accounted investments' contribution to core headline earnings (US\$m)



Associate and joint venture contributions (US\$m)<sup>1</sup>



- Equity-accounted results include, amongst others, the group's share of the earnings of Tencent, Mail.ru, MakeMyTrip, Delivery Hero and Swiggy.
- In April 2019, the group recognised MakeMyTrip as held for sale. The group equity accounted 3 months of MakeMyTrip results in the income statement, representing our share of its earnings for the catch-up lag period applied in reporting results.
- "Other adjustments" relate to headline and core headline earnings adjustments similar to Prosus methodology.
- One-off gains relate primarily to business combination-related gains/losses recognised by associates and joint ventures.
- Equity-accounted earnings include significant fair-value gains (US\$425m) on financial instruments, partially offset by impairment losses (US\$140m). These items mainly relate to Tencent.

<sup>1</sup> Average FX conversion rates: Tencent - US\$/RMB6.95 (6.64); Mail.ru – US\$/RUB64.78 (63.97). Once-off gains relate primarily to business combination-related gains/losses recognised by associates and joint ventures.

# Core headline earnings

Incremental core headline earnings drivers, YoY (US\$m)<sup>1</sup>



- Core headline earnings (which excludes once-off and non-operating items such as amortisation of intangible assets recognised in business combinations, etc.), is not defined under IFRS, but is aimed at providing a useful measure of the group's operating performance.
- Core headline earnings per share increased 10% YoY, benefiting from:
  - 11% increase in the contribution from equity-accounted investments
  - 16% improvement in profitability of core segments
  - Offset by an 57% increase in development spend mainly related to the investment to capture the food-delivery opportunity.
- In arriving at core headline earnings, adjustments are made to earnings of consolidated businesses, as well as the underlying earnings of associates and joint ventures, to the extent that the information is available.

<sup>1</sup> Core headline earnings from continuing operations.

# Core headline earnings reconciliation

US\$m	1H FY19	1H FY20
Headline earnings from continuing operations	2 820	1 614
Equity-settled share-based payment expenses	189	281
Amortisation of other intangible assets	118	170
Transaction-related costs	6	79
Retention option expense	5	8
Fair-value adjustments and currency translation differences	(1 535)	(439)
Core headline earnings from continuing operations	1 603	1 713

- Fair-value adjustments and currency translation differences were impacted by (amongst other items) gains on financial instruments of US\$431m recorded by Tencent, the re-measurement of written put options, gains on FEC's and the cross-currency interest rate swap and other foreign exchange gains and losses.
- Transaction-related costs of US\$82m are primarily for the listing of Prosus on the Amsterdam Euronext.
- The diluted earnings, diluted headline earnings and diluted core headline earnings figures presented on the income statement include a decrease of US\$26m relating to the future dilutive impact of potential ordinary shares issued by equity-accounted investees and subsidiaries.



# Tencent's contribution to core headline earnings

	1H FY19		1H FY20	
	Tencent: June 18 (RMBm) <sup>1</sup>	Prosus' share (US\$m)	Tencent: June 19 (RMBm) <sup>1</sup>	Prosus' share (US\$m)
Tencent profit attributable to equity holders	41 157	1 944	51 346	2 304
Adjustments to core:	(3 128)	(169)	(6 891)	(316)
- Impairment of investments	3 290	154	3 081	138
- Share-based payments	4 063	190	5 078	227
- Fair-value adjustments and gains and losses on acquisitions and disposals	(12 319)	(573)	(16 873)	(791)
- Amortisation charges	1 296	60	2 465	110
- Income tax effects <sup>2</sup>	542	-	(642)	-
<b>Tencent's contribution to Prosus core headline earnings</b>		<b>1 775</b>		<b>1 988</b>

<sup>1</sup> 100% of Tencent Holdings Limited's results as reported in its annual reports.

<sup>2</sup> Tencent changed their disclosure to show tax separately. The group includes the tax effects in each line item and discloses a net number only.

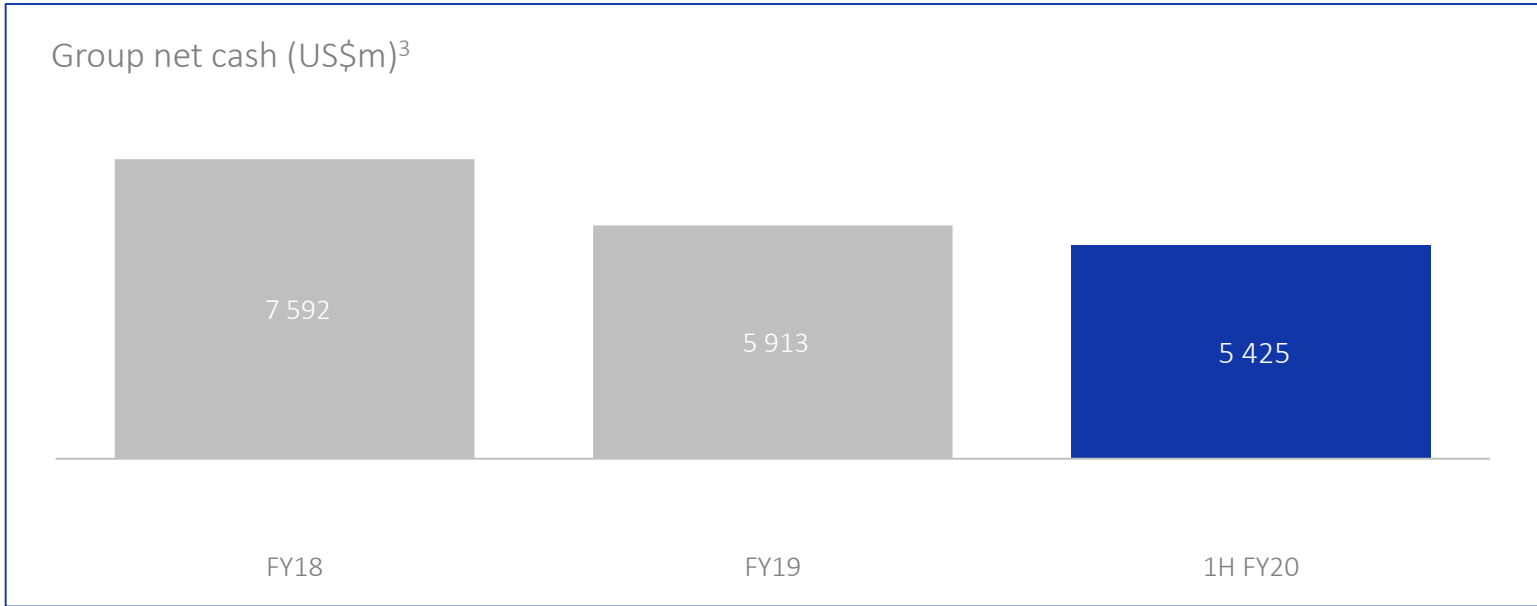
Note: 3-month lag adjustment for Tencent's FVTPL investments (US\$67m) is excluded from above reconciliation as they do not impact core headline earnings.

# Strong balance sheet provides flexibility to pursue growth ambitions

US\$m	FY19	1H FY20
Debt <sup>1</sup> :	(3 247)	(3 247)
Cash <sup>2</sup> :	9 160	8 672
Closing net cash	5 913	5 425

<sup>1</sup> Includes interest bearing debt.

<sup>2</sup> Includes short-term cash investments of US\$6.2bn.

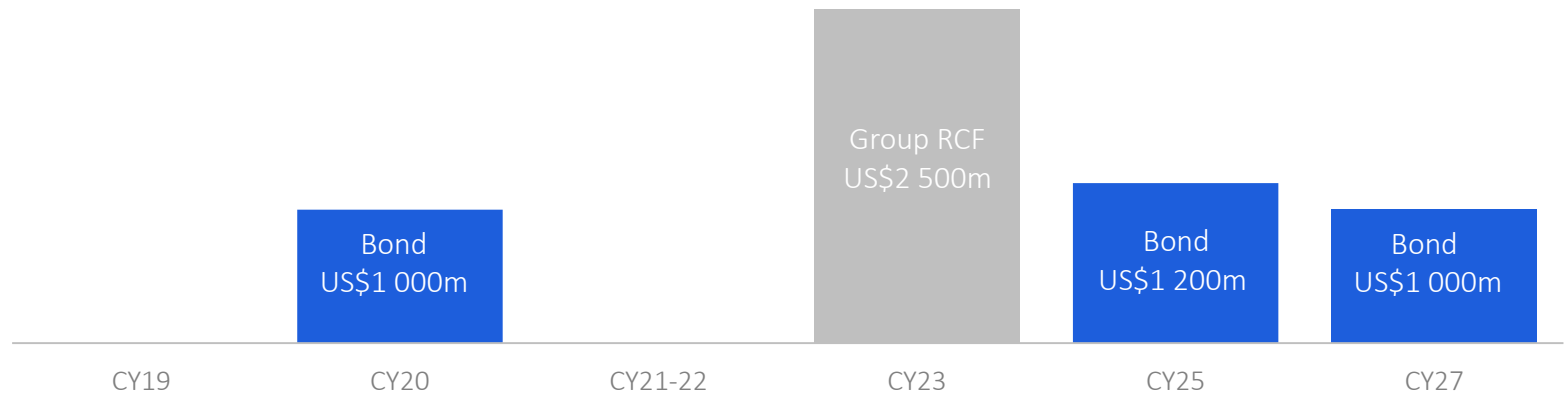


<sup>3</sup> FY18 and FY19 results are based on the Combined Carve-out Financial Statements included in the Listing Prospectus of Prosus

- The group had a strong net cash position of US\$5.4bn.
- Prosus will invest in opportunities at the right price, aligned with the strategy to deliver attractive returns to investors.
- Group debt includes US\$3.2bn in US\$-denominated bonds.
- Debt covenants related to RCF:
  - Net debt/adjusted EBITDA <2.75x
  - Interest cover >4.5x

# Strong balance sheet provides flexibility to pursue growth ambitions

Debt maturity profile (US\$m)



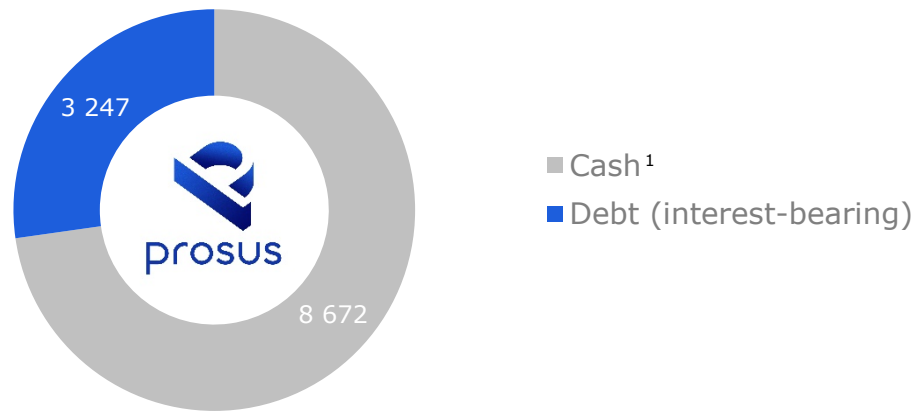
## Debt

- US\$1bn 7yr bond issued July 2013 (6% coupon).
- US\$1.2bn 10yr bond issued July 2015 (5.5% coupon).
- US\$1bn 10yr bond issued July 2017 (4.85% coupon).
- In line with its pro-active debt management policy, the company is closely monitoring opportunities to refinance its outstanding USD 6% 1bn bond due in July 2020 in the debt capital markets.

## Revolving credit facility (RCF)

- The US\$2.5bn RCF facility was undrawn at 30 September 2019.

Net cash of **US\$5.4bn** at 30 September 2019



<sup>1</sup> Includes short-term cash investments of US\$6.2bn

# Current assets and liabilities

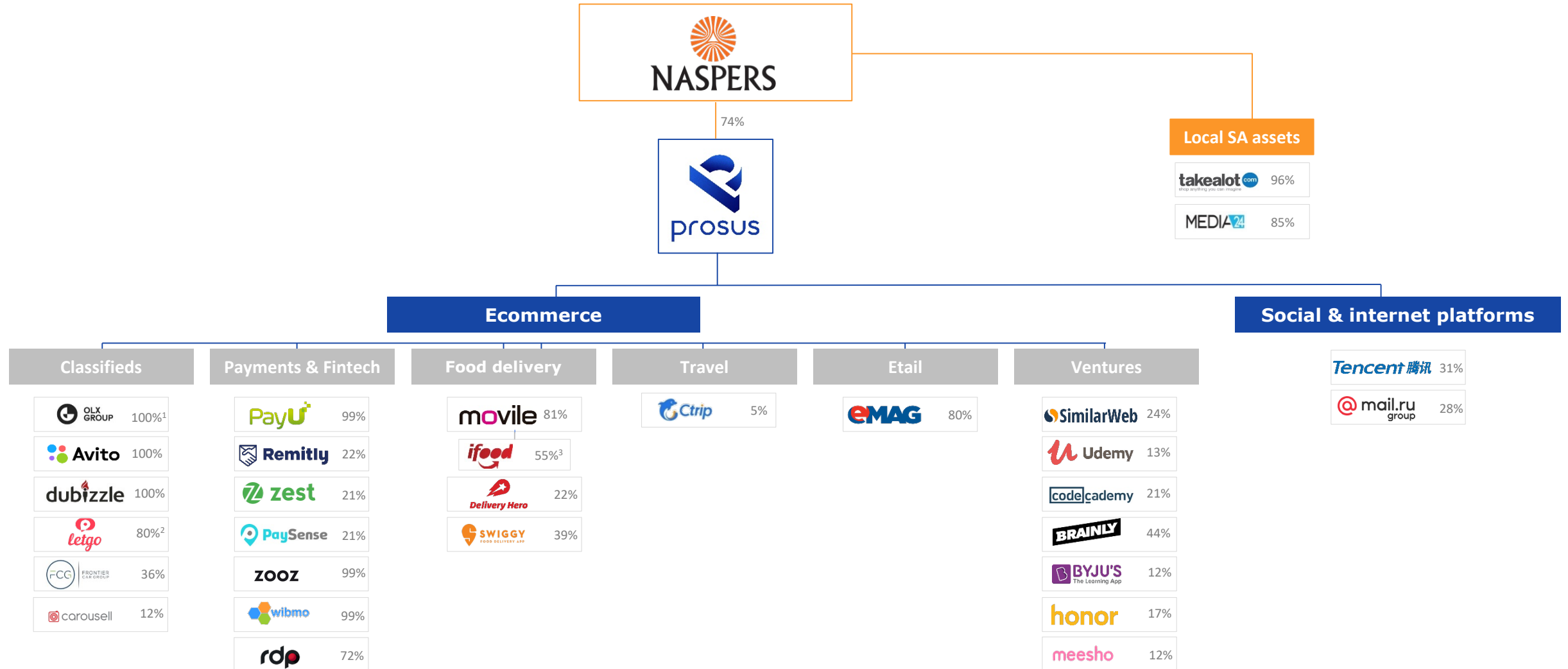
Current assets (US\$m)	FY19	1H FY20	Current liabilities (US\$m)	FY19	1H FY20
Inventory	148	142	Current portion of long-term debt	22	1 062
Trade receivables	135	137	Trade payables	244	239
Other receivables and loans	499	626	Accrued expenses & other current liabilities	1 296	1 258
Derivative financial instruments	-	4	Derivative financial instruments	3	2
Cash/short-term cash investments	9 172	8 680	Bank overdraft	8	8
Assets held for sale	16	21	Liabilities held for sale	2	12
<b>Total</b>	<b>9 970</b>	<b>9 610</b>	<b>Total</b>	<b>1 575</b>	<b>2 581</b>

- Total long-term and short-term written put option liabilities totaled US\$817m (FY19: US\$827m).
- Outstanding put options relate to amongst others: eMAG, letgo BV and Movable.
- Short-term written put option liabilities of US\$252m are included in accrued expenses and other current liabilities.

# prosUS

## **Appendix**

# Group Portfolio



<sup>1</sup> OLX owns 50% of operations in Brazil and 66% of Indonesia.

<sup>2</sup> 80% effective interest in Letgo Global B.V (previously Ambatana Holdings); Letgo Global B.V holds 100% in letgo USA B.V.

<sup>3</sup> Movile holds 67% of iFood.

Organogram depicts effective percentage holdings in major entities at 30 September 2019 for Prosus

- AI: Artificial intelligence
- Ctx: Convenient transactions
- COD: Cash-on-delivery
- EBITDA: Earnings before interest tax, depreciation & amortisation
- FCF: Free cash flow
- FCG: Frontier Car Group
- GMV: Gross merchandise value
- GPO: Global Payment Operations
- IFRS: International Financial Reporting Standards
- JSE: Johannesburg Stock Exchange
- M&A: Mergers and acquisitions
- ML: Machine learning
- PSP: Payment service provider
- SA: South Africa
- TP: Trading profit/(loss)
- TPV: Total payment value
- US: United States
- YoY: Year-on-year





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or alternatively email Eoin Ryan (Head of Investor Relations) at  
[\*\*InvestorRelations@prosus.com\*\*](mailto:InvestorRelations@prosus.com)