

The background of the slide is a blurred image of a financial chart, likely a stock price chart, with various colored lines (blue, green, red, yellow) representing different data series. A hand is visible on the right side, pointing towards the chart. The overall image has a dark, semi-transparent overlay.

# prosus

## Financial Results

For the six months ended September 2020

# Important information

This report contains forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995 concerning our financial condition, results of operations and businesses.

These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control and all of which are based on our current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes" or "anticipates", or the negative thereof, or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties.

These forward-looking statements and other statements contained in this report regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved. Actual events or results may differ materially as a result of risks and uncertainties facing us and our subsidiaries. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements.

There are a number of factors that could affect our future operations and could cause those results to differ materially from those expressed in the forward-looking statements including (without limitation): (a) changes to IFRS and associated interpretations, applications and practices as they apply to past, present and future periods; (b) ongoing and future acquisitions, changes to domestic and international business and market conditions such as exchange rate and interest rate movements; (c) changes in domestic and international regulatory and legislative environments; (d) changes to domestic and international operational, social, economic and political conditions; (f) labour disruptions and industrial action; and (g) the effects of both current and future litigation.

The forward-looking statements contained in the report speak only as of the date of the report. We are not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements to reflect events or circumstances after the date of the report or to reflect the occurrence of unanticipated events. We cannot give any assurance that forward-looking statements will prove correct and investors are cautioned not to place undue reliance on any forward-looking statements.



**1. Business Update**

**2. Financial Update**

**3. Closing Remarks**

The background is a blurred image of a financial chart, likely a stock price chart, with various colored lines (blue, green, red, yellow) representing different data series. A hand is visible on the right side, pointing towards the chart. The overall tone is professional and business-oriented.

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# **Business Update**

Bob van Dijk

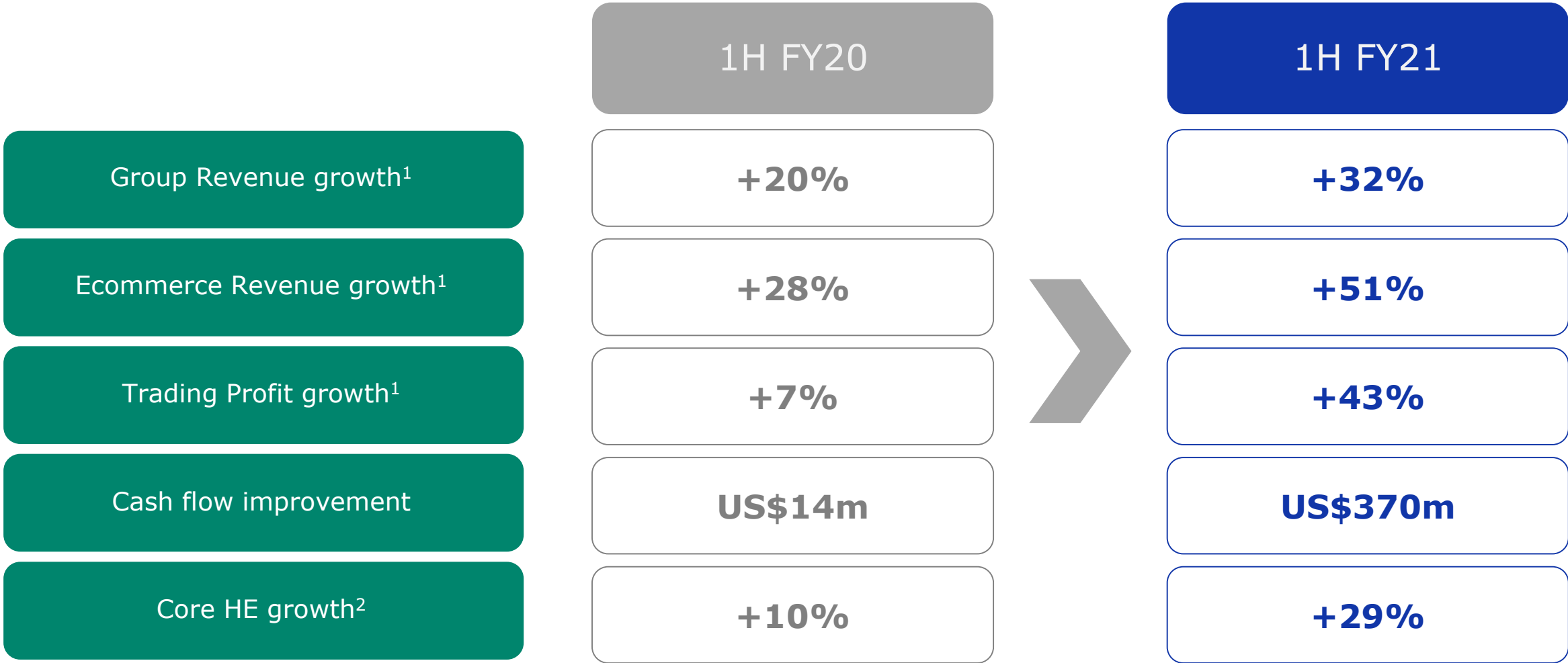
# Extraordinary period of change and challenge, but also of tremendous progress



## 1H FY21: Key Highlights

- Quick response and adaption to Covid-19 environment
- Strong & accelerated growth across all segments
- Further investment to strengthen businesses & fund future growth
- Benefit from accelerated consumer internet growth trends
- Increased financial flexibility through successful bond offering
- Further steps taken to create value for shareholders

# Accelerated growth and significant improvement on all financial metrics



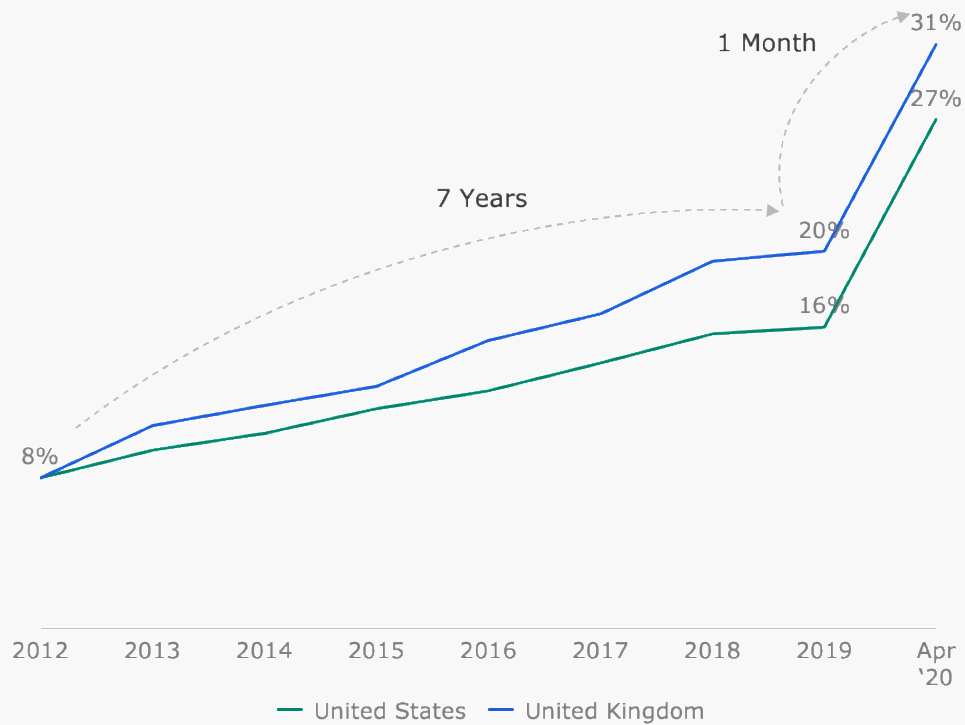
<sup>1</sup> Reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Percentages represent year-on-year growth in local currency, excluding M&A.

<sup>2</sup> Percentage represents year-on-year growth in local currency.

# The pandemic has accelerated the consumer adoption of online models

7 years in 1 month

Online share of retail sales<sup>1</sup>



<sup>1</sup> Source: ONS and US department of Commerce for online for online share of retail

Rapid digital adoption impacting our businesses



Restaurants benefit from online **Food Delivery**



Adoption of all forms of online **Payments**



Strong user engagement enabled **Classifieds** recovery



**Etail** benefitted from sellers and customers switching to online purchases



Pivoting from traditional to **online learning**



# Classifieds: Q1 impacted by lockdown regulations, Q2 strong recovery

User engagement impacted - measures provided to support customers in our supply chain



**318m**

YTD Monthly active users<sup>1</sup>

YoY growth daily buyers (%)<sup>2</sup>

Mar 20

Sep 20



-8%



31%



-20%



3%



-14%



24%

Lockdown restrictions resulted in the closure of inspection centers

FCG

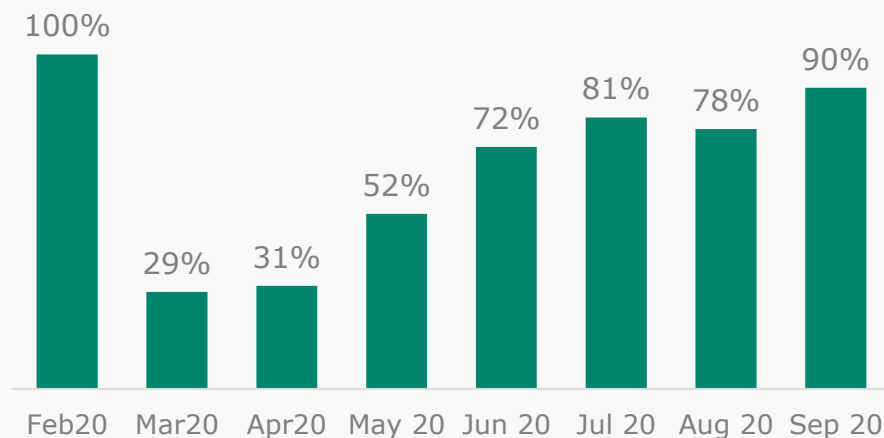
FRONTIER  
CAR GROUP



**+500**

Inspection centers globally

Inspection centres opened (%)



<sup>1</sup> Numbers have been adjusted to reflect a like-for-like basis due to changes in the markets within our portfolio.

<sup>2</sup> Growth for the last week of March 2020, the start of the pandemic and last week of September 2020.



# Food Delivery: iFood's growth accelerated, Swiggy recovering

Strong demand drawing in more supply in a virtuous circle



**111%**

YoY growth in orders

**234%**

YoY growth in Revenue<sup>1</sup>

**+80p.p.**

YoY improvement in trading loss margin

**200%**

YoY growth in 1P business<sup>3</sup>

Number of restaurant partners ('000)

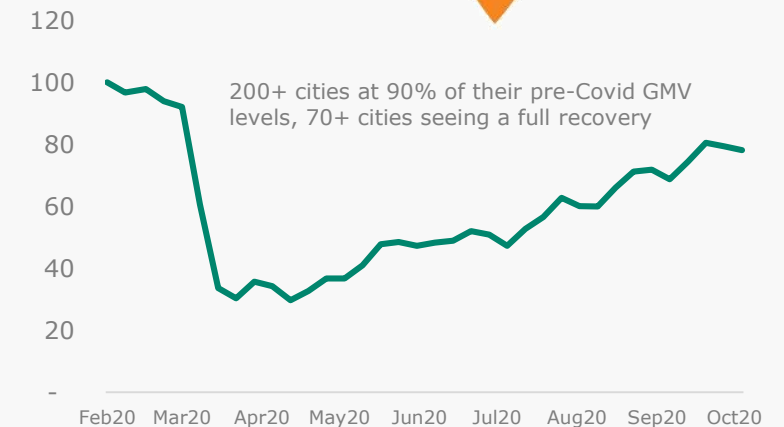
↑  
96% in six months

■ Sep20  
■ Mar20



Indian food delivery steadily recovering

GMV - Feb'20 to Oct'20



**+100p.p.**

YoY improvement in trading loss margin



Adding adjacencies like groceries

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

<sup>2</sup> Investee companies' report on a 3month reporting lag period (January 20 – June 20).

<sup>3</sup> Based on number of orders Sep19 vs Sep20.

# Payments & Fintech: GPO fuelled growth, India recovered sharply

PSP benefitting from  
businesses moving online



**37%**

1H FY21 YoY TPV growth<sup>1</sup>

**25%**

YoY growth in total number of transactions<sup>2</sup>

India credit issuances on hold to mitigate risk

LatAm and Europe immediately  
benefitting from shift to online

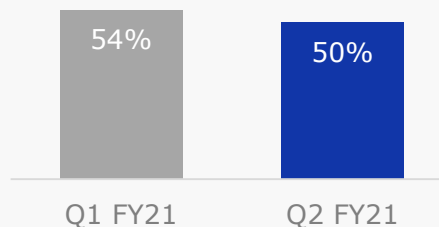
**53%**

1H FY21 YoY TPV growth<sup>1</sup>

**34%**

YoY growth in total number of transactions<sup>2</sup>

GPO TPV growth (%)<sup>1</sup>



India recovered sharply

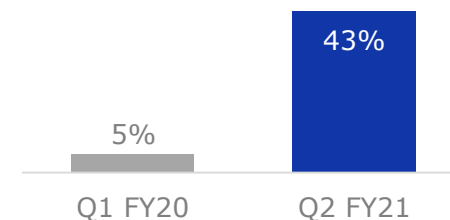
**24%**

1H FY21 YoY TPV growth<sup>1</sup>

**17%**

YoY growth in total number of transactions<sup>2</sup>

India TPV growth (%)<sup>1</sup>



<sup>1</sup> Total payment value (TPV) growth in local currency excluding M&A. GPO (Global Payment Operations) represents all markets outside of India

<sup>2</sup> Represents year-on-year growth, excluding Wibmo.


# Significant investment in Edtech continues and value grows




**US10 trillion +**  
Edtech market opportunity by 2030<sup>1</sup>

**US\$1bn+ invested** in a portfolio of **7 companies** across the globe<sup>2</sup>:

**Vocational learning**






**K-12 Curriculum**



## Edtech investments growing rapidly



**67%**  
YoY user growth<sup>3</sup>



**70%**  
YoY growth in paying subscribers<sup>3</sup>



**425%**  
Enrollments from individual learners<sup>3</sup>



**180%**  
Growth in students<sup>3</sup>



**77%**  
YoY growth in course bookings<sup>3</sup>

<sup>1</sup> Source: Digital penetration of education and expected size of digital education by 2030 per Holon IQ, a global education market intelligence platform  
<sup>2</sup> Includes Skillsoft investment which is still pending standard regulatory approvals.  
<sup>3</sup> Brainly: September 2020 vs. September 2019, Codecademy: 2020 vs. 2019, Udemy: For the first three months of the pandemic (March to June), BYJU's: Last 6 months (March to September 2020), Eruditus: Q1 FY2021 vs. Q1 FY20

# We continued to invest across our core verticals and our ventures portfolio

M&A to advance our strategy and expand our ecosystem for continued long-term growth

Acquisitions/ Investments  
(US\$'m)



After 30 Sep20

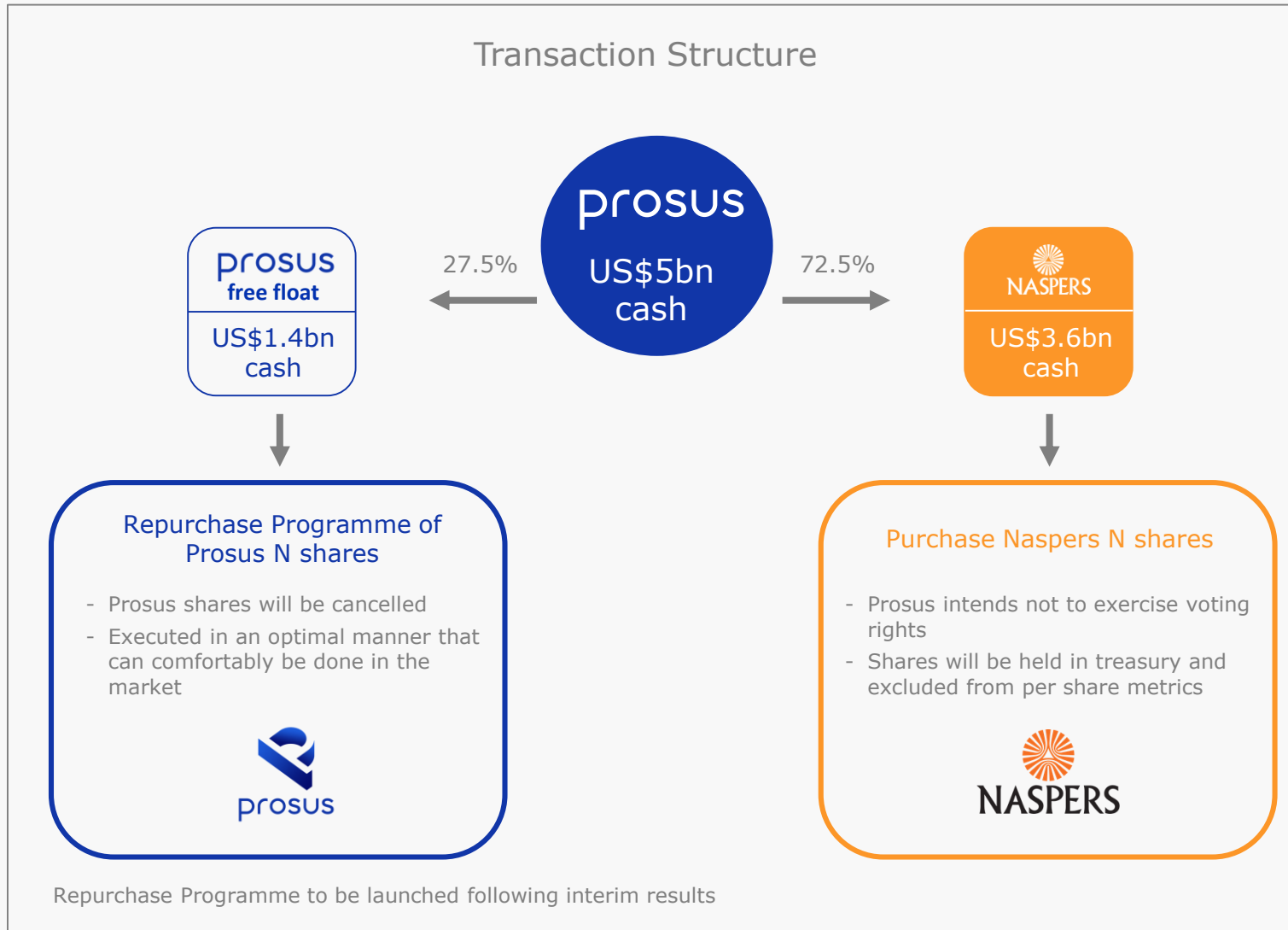
~US\$760m



Our approach to allocating capital is our differentiator

- 1 Based on deep industry insights in areas that we know
- 2 Disciplined & long-term focused
- 3 Active participants in our investments and operations
- 4 Size is not a factor – return is
- 5 Financial flexibility to also invest in our own stock

# We are investing in the group's strong internet portfolio



## Rationale

- 1 Increased financial flexibility allows investment across asset portfolio and stock
- 2 A further step to crystallise value for shareholders
- 3 Good use of capital at this time - Investment in the group's strong internet portfolio at a deep discount
- 4 Benefits the shareholders of Prosus and Naspers

# We are committed to creating value over the long term

## Creating significant value for shareholders

### Prosus' Ecommerce Portfolio



Ecommerce revenue growth<sup>1</sup> **51%**

Ecommerce IRR **20%**

Net investment<sup>2</sup> **US\$13bn**

Analyst Valuation<sup>3</sup> **US\$30bn**

### External

#### UNLOCKING VALUE



**US\$16bn**

Value unlock at the time of listing Prosus in 2019

**US\$4bn**

Listing and unbundling MCG in 2019

**US\$1.5bn + US\$5bn**

Share Repurchase Programmes launched in Jan and Nov 2020

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

<sup>2</sup> Total invested capital is net of dividends.

<sup>3</sup> The estimated market valuation is calculated as at 30 Sep 2020 using (i) prevailing share prices for stakes in listed assets; (ii) valuation estimates derived from the average of sell-side analysts currently covering Prosus for unlisted assets; and (iii) post-money valuations on recent transactions of unlisted assets where analyst consensus is not available.

A blurred background image of a financial chart with multiple colored lines (blue, green, yellow, red) and a hand pointing at it. The chart appears to be a candlestick or line chart with various technical indicators.

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# Financial Update

Basil Sgourdos

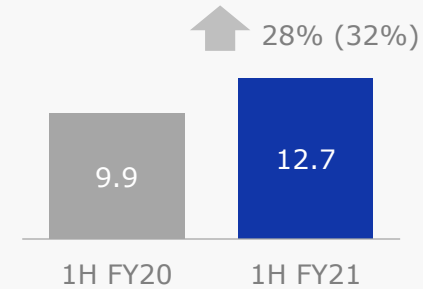


# 1H FY21 Financial Highlights: Strong performance despite challenges

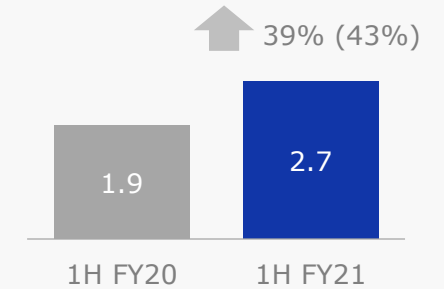
- 1 Strong and accelerated ecommerce revenue growth
- 2 Significantly improved profitability
- 3 Group's diversified portfolio limited negative financial exposure
- 4 Results strengthened by rapid growth from Tencent
- 5 Financial flexibility to invest in our segments and stock

## Summary financials (US\$'bn)

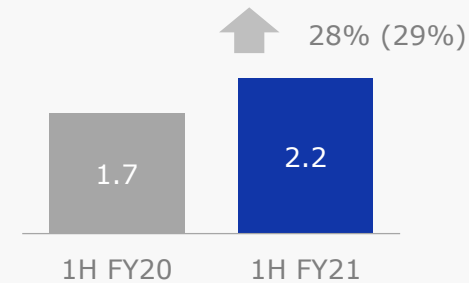
### Revenue<sup>1</sup>



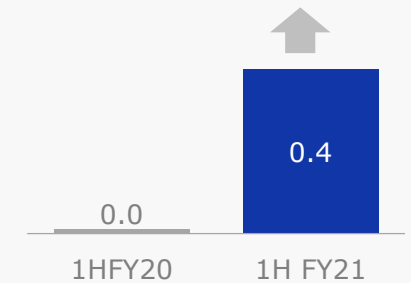
### Trading profit<sup>1</sup>



### Core HE



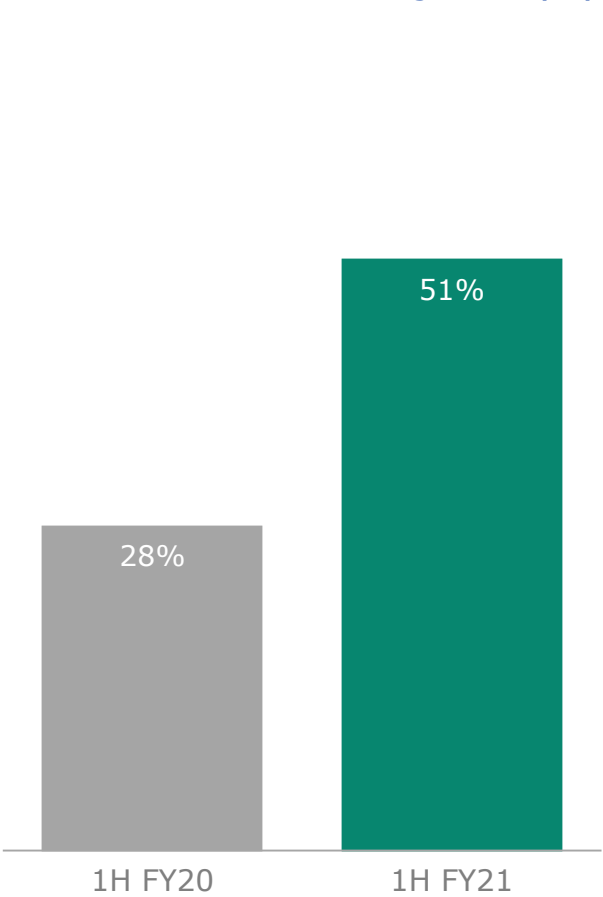
### Free cash flow



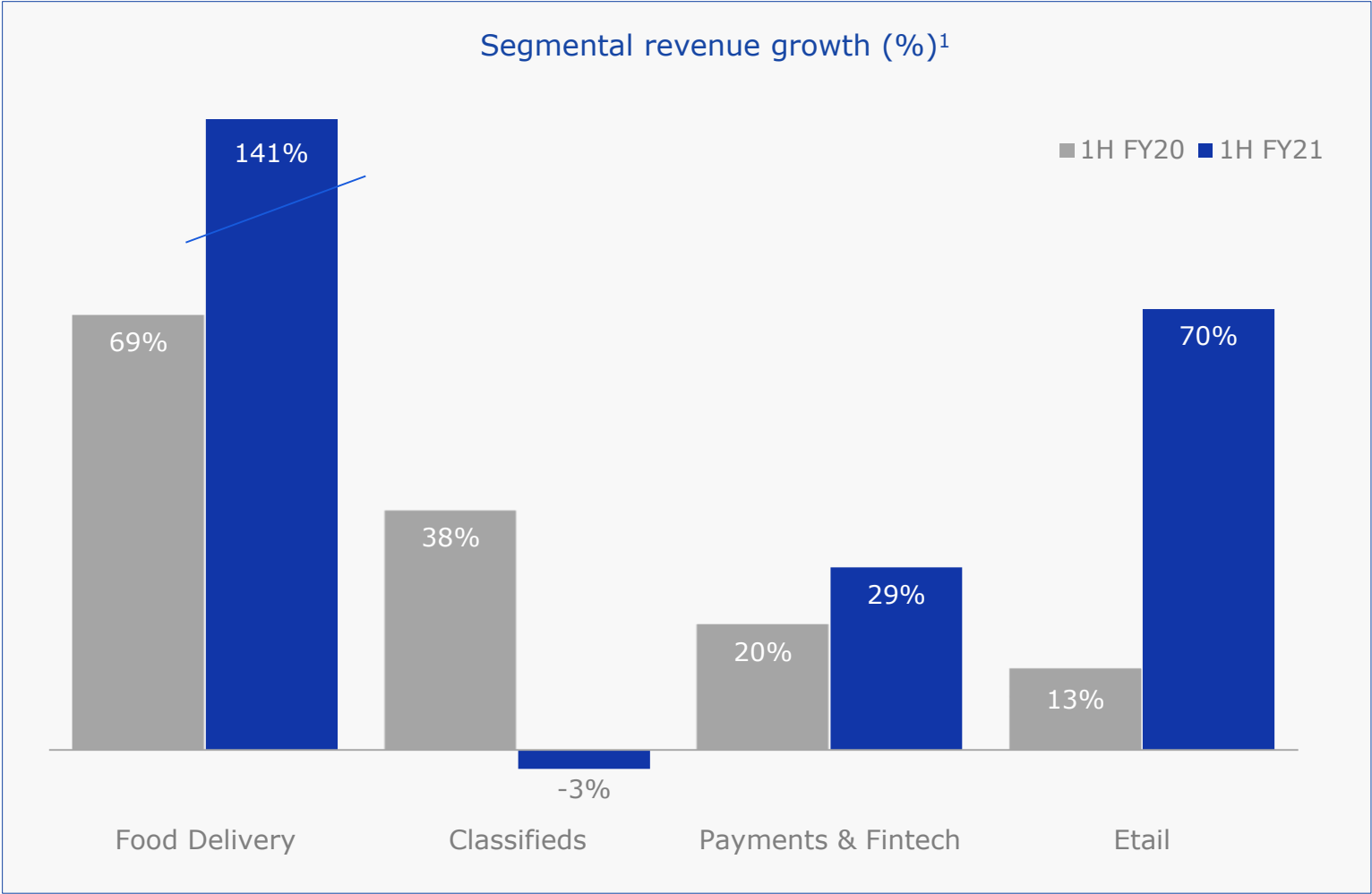
<sup>1</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Numbers in brackets represent year-on-year growth in local currency, excluding M&A.

# Ecommerce revenue growth accelerated

YoY Ecommerce revenue growth (%)<sup>1</sup>



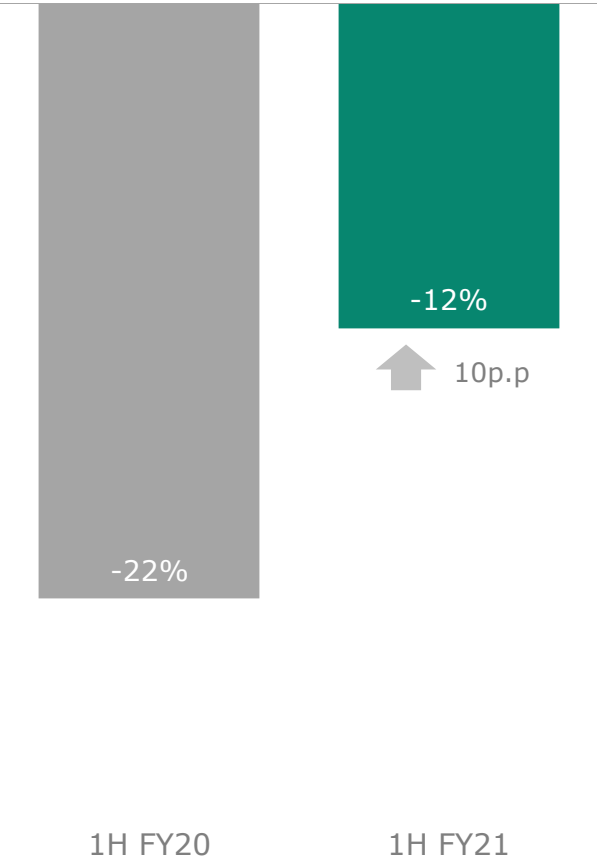
Segmental revenue growth (%)<sup>1</sup>



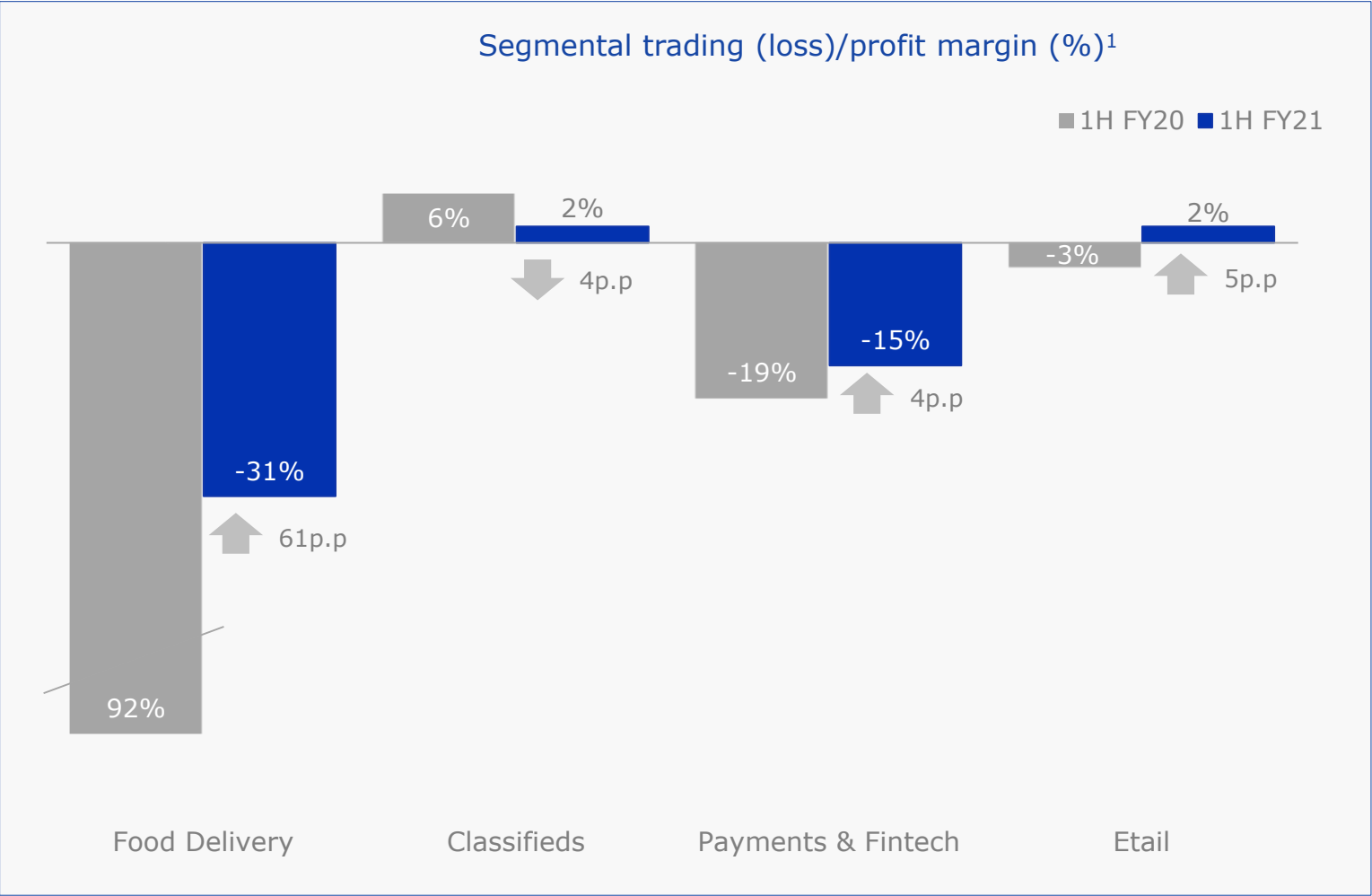
<sup>1</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Year-on-year growth shown in local currency, excluding M&A.

# Ecommerce trading margin improved meaningfully

Ecommerce trading loss margin (%)<sup>1</sup>



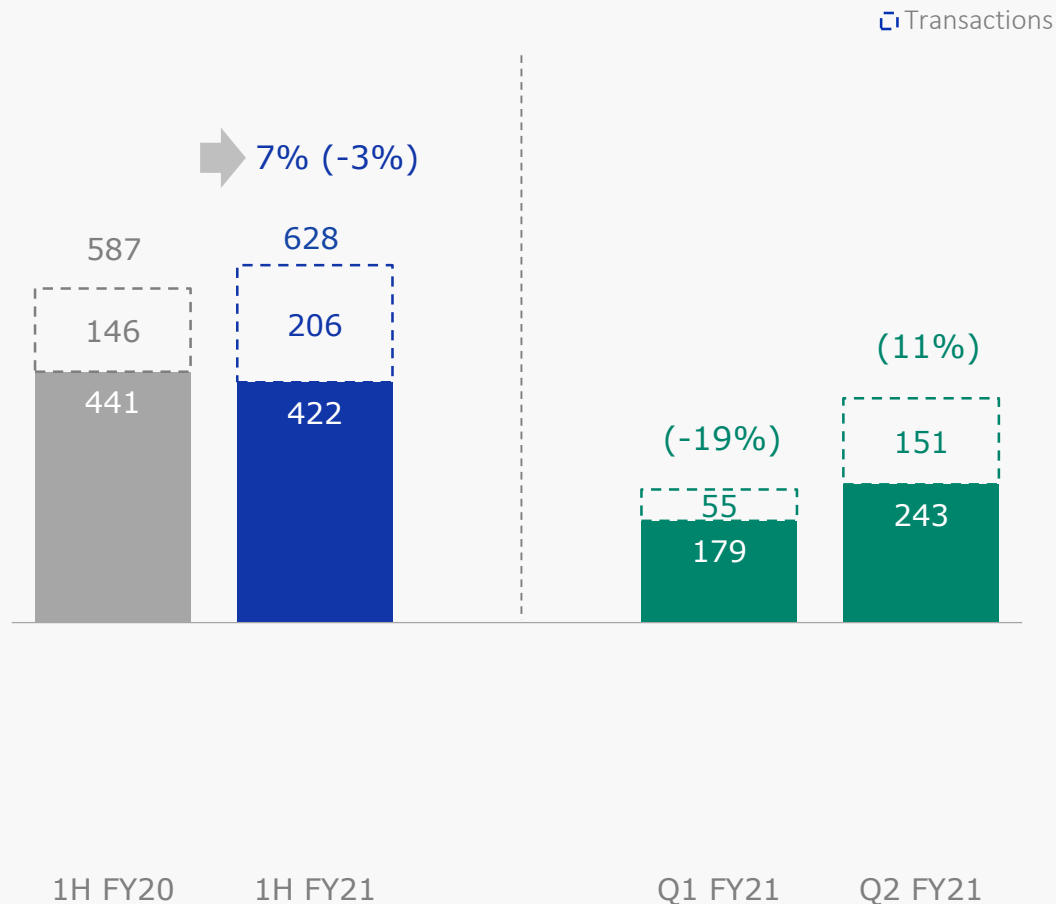
Segmental trading (loss)/profit margin (%)<sup>1</sup>



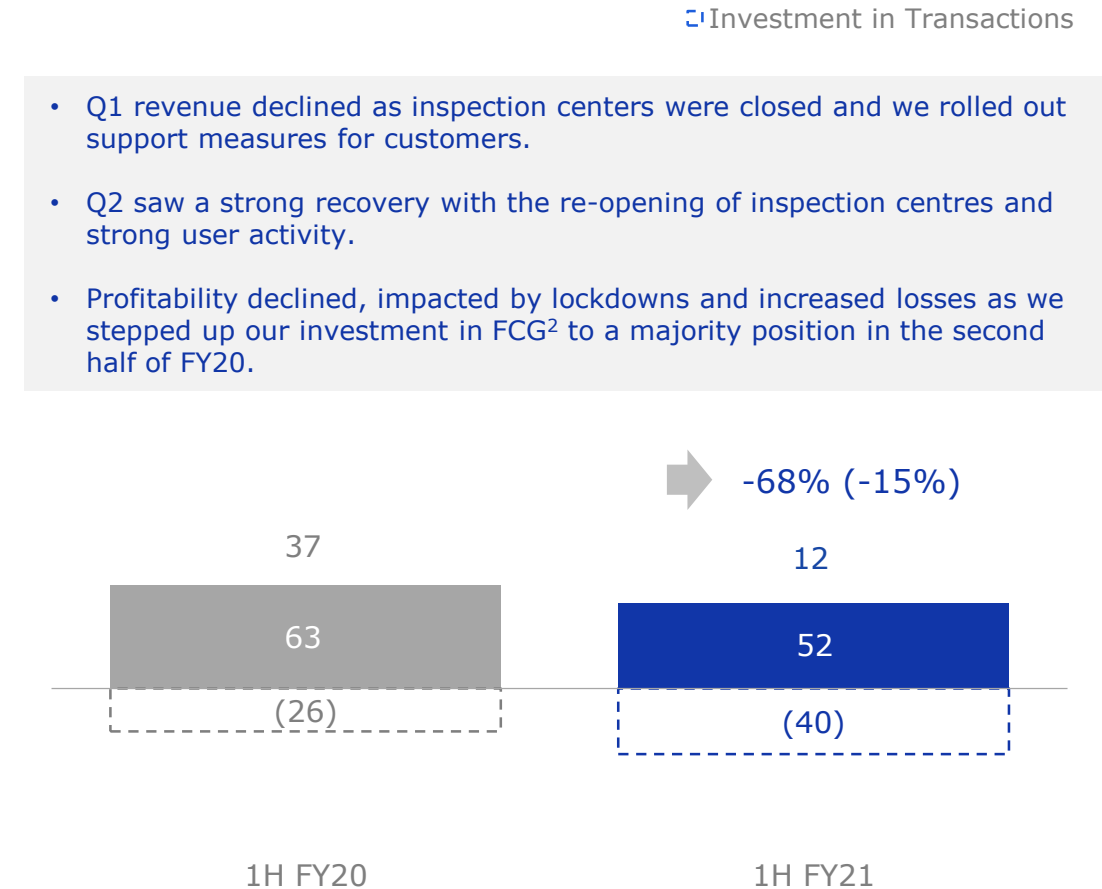
<sup>1</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Year-on-year growth shown in local currency, excluding M&A.

# Classifieds recovered strongly from the impacts of the pandemic

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



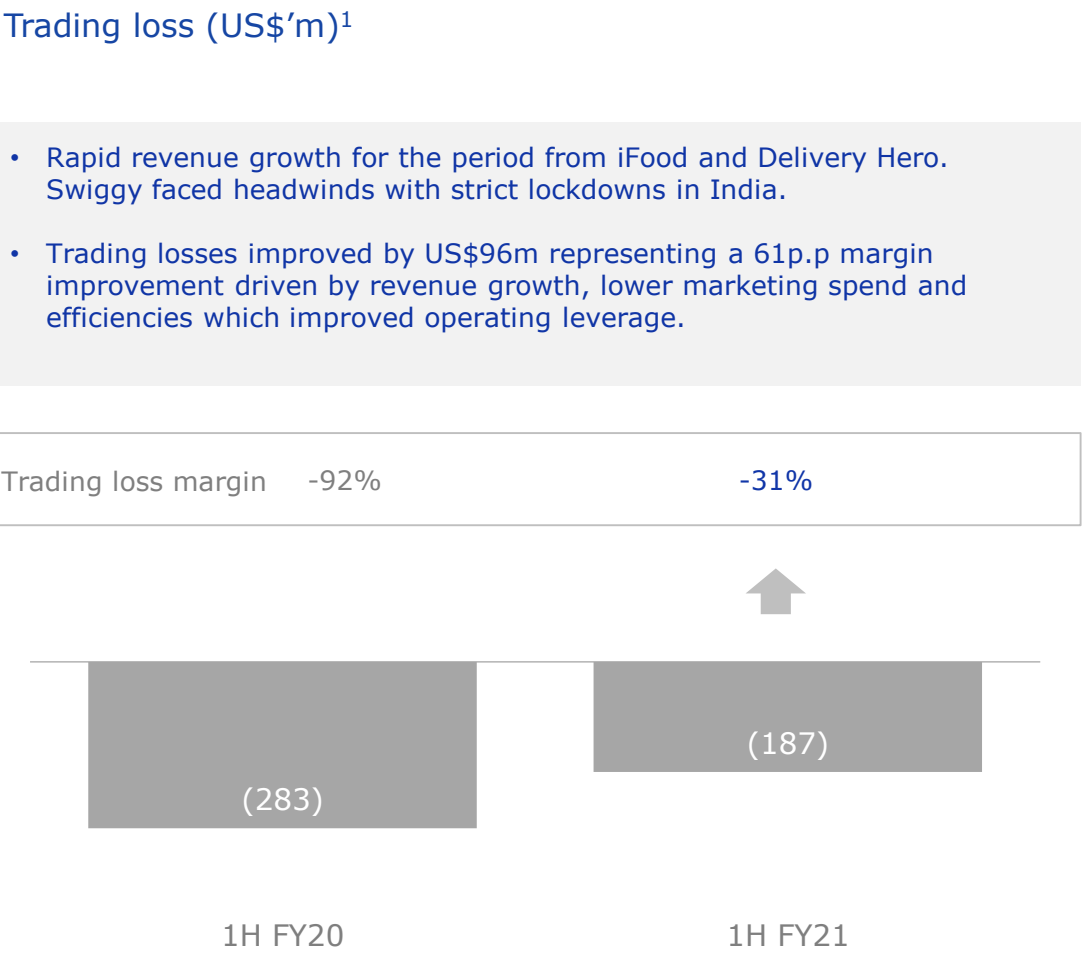
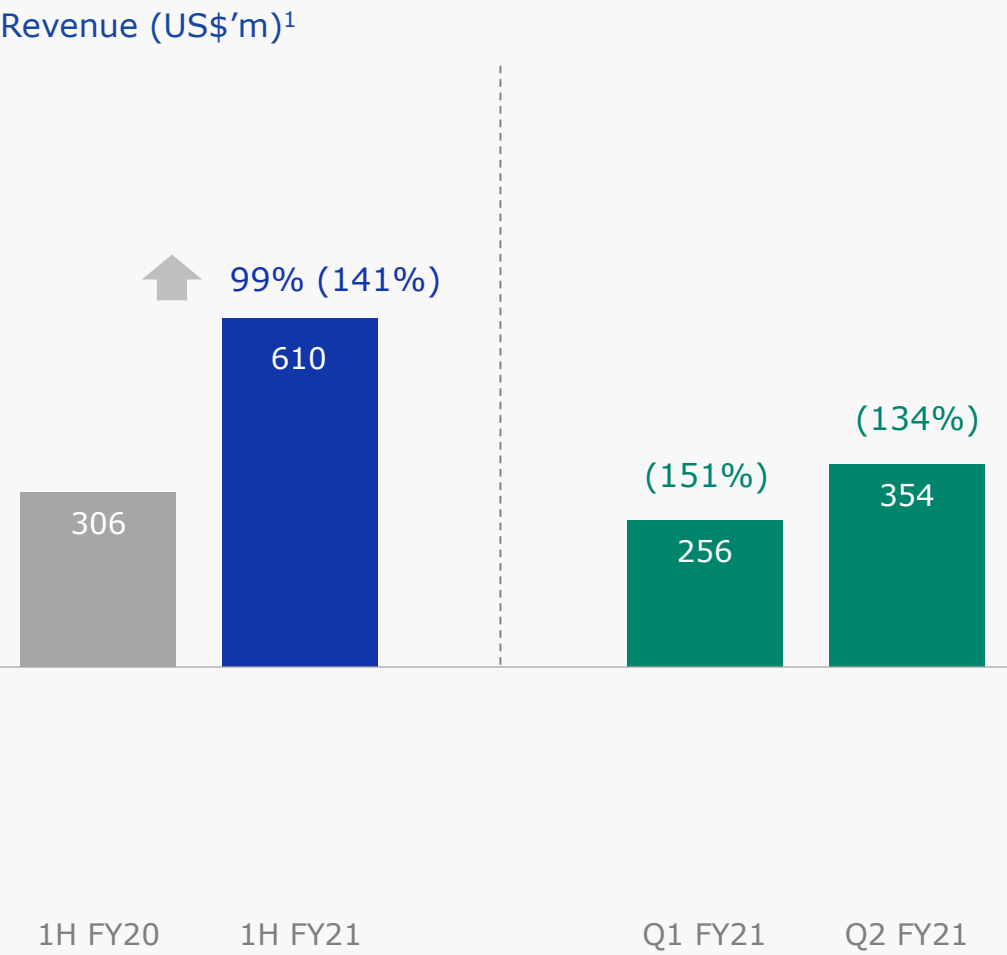
Trading profit/(loss) (US\$'m)<sup>1</sup>



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

<sup>2</sup> Frontier Car Group (FCG) revenue and trading loss reported at our proportionate share in 1H FY20 while it was an associate. 100% inclusion in 1H FY21, as we obtained a majority stake in December 2019.

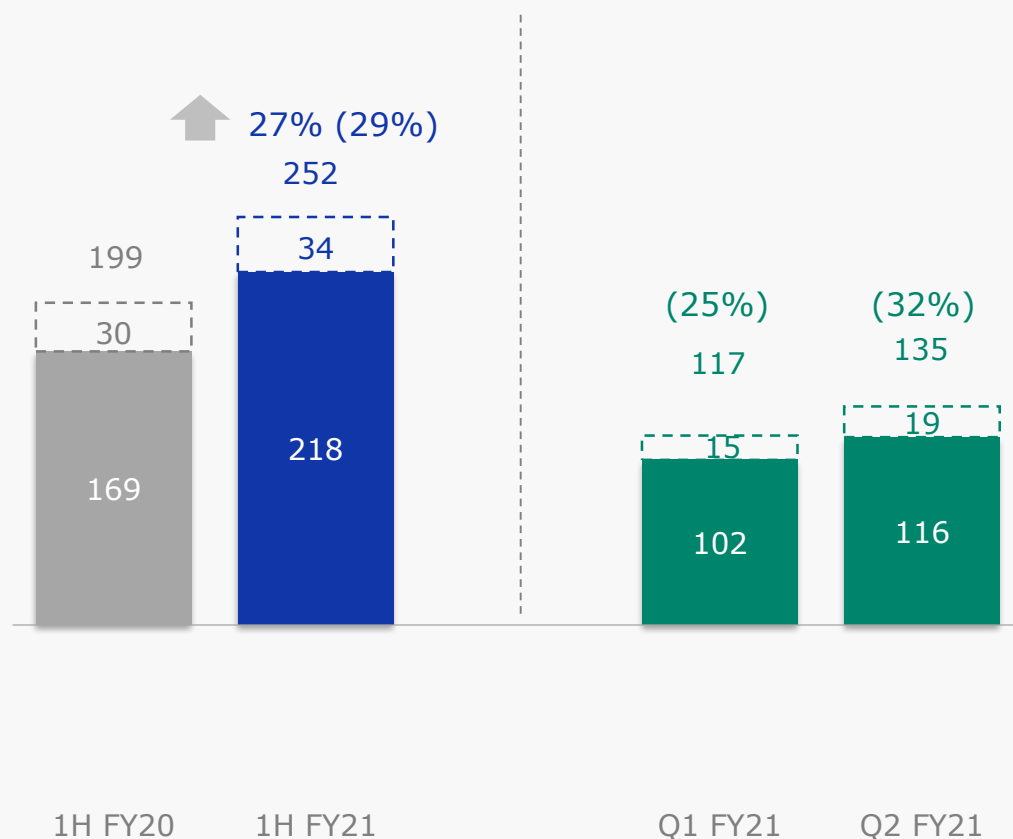
# Food Delivery doubled revenues and improved margin with scale



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

# Payments & Fintech accelerated revenue growth, while India recovers

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



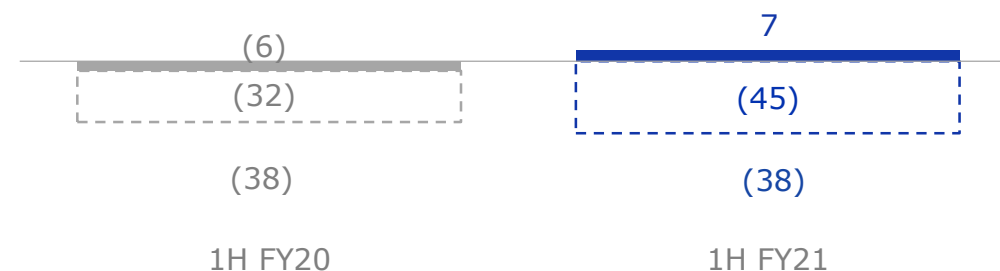
Trading profit/(loss) (US\$m)<sup>1</sup>

■ New initiatives  
■ Core Payments

- Revenue growth driven by increased transactions as people shifted online and local regulations supported digital purchases.
- Trading losses for new initiatives increased in quantum as we took a majority stake in PaySense in December 2019.

Core PSP trading profit margin -4%

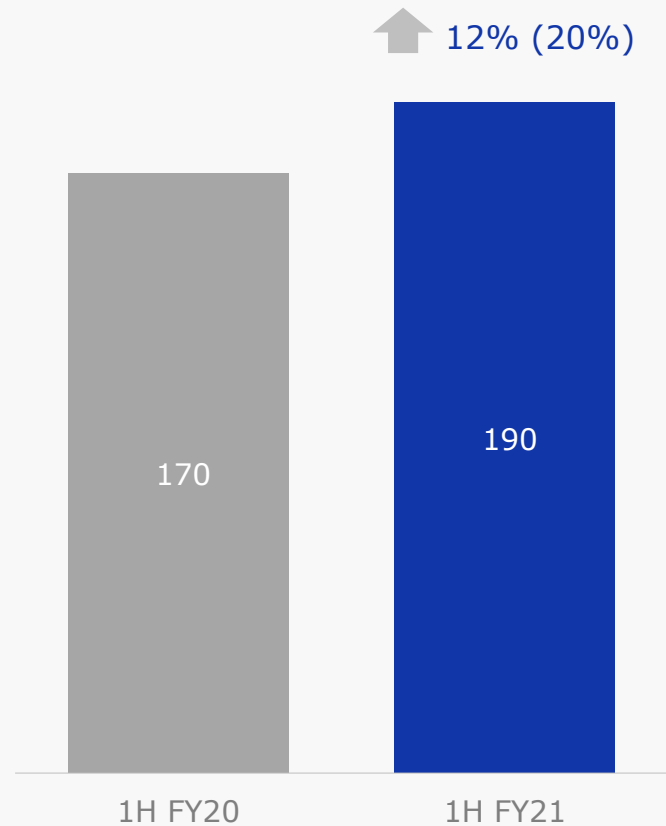
3%



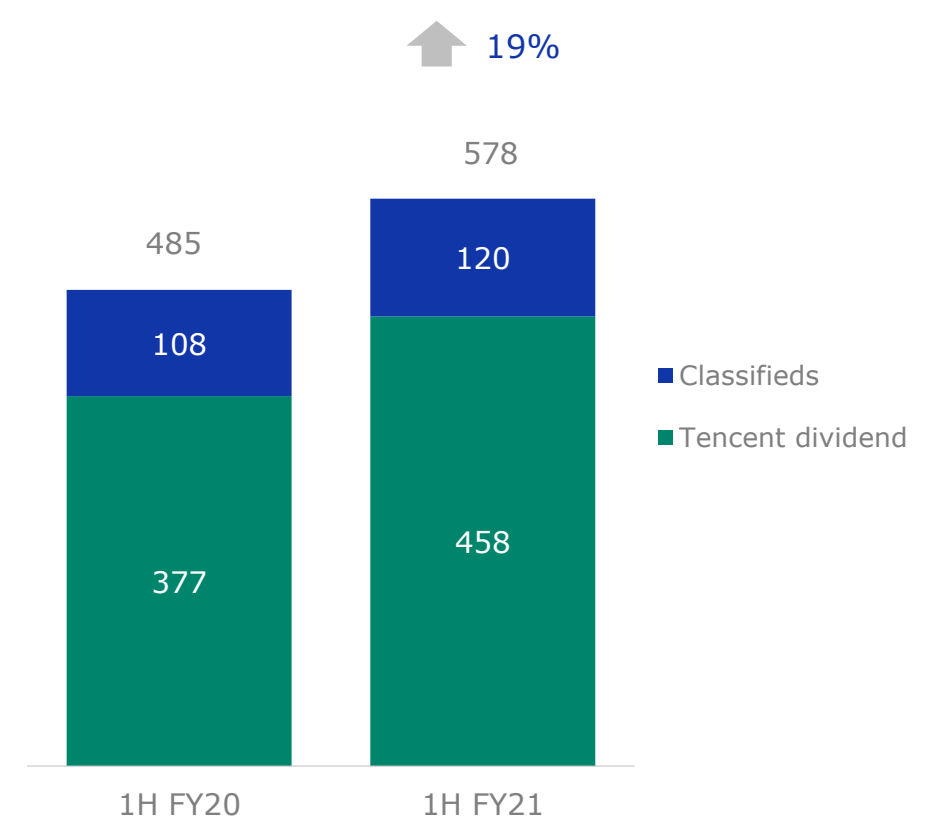
<sup>1</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Year-on-year growth in local currency, excluding M&A. 1H FY20 trading profit was US\$3m for Core Payments as we excluded Zooz, Wibmo and Reddot Payments which were new initiatives in core Payments in that period, we have adjusted 1H FY20 to reflect like-for-like.

# Improved profitability and generation of central cash flows

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



Dividends to HoldCo (US\$m)

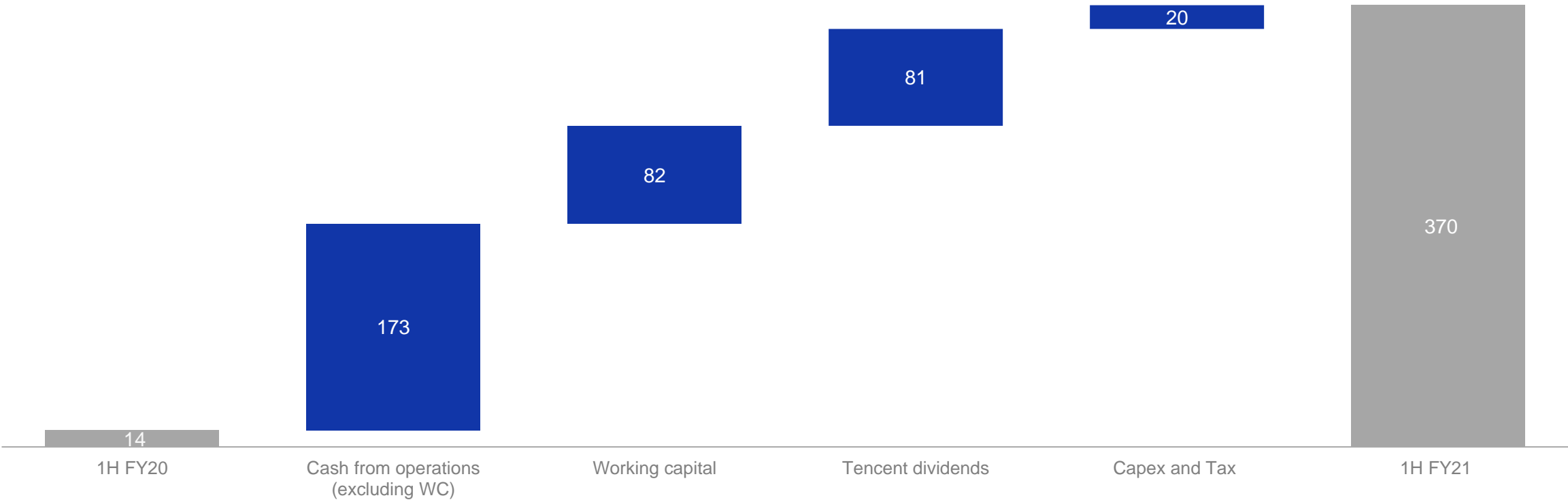


<sup>1</sup> Numbers in brackets represent year-on-year growth in local currency, excluding M&A. 1H FY20 has been adjusted to represent a like-for-like view.



# FCF reflects strong performance from operations

Incremental FCF, YoY (US\$'m)<sup>1</sup>

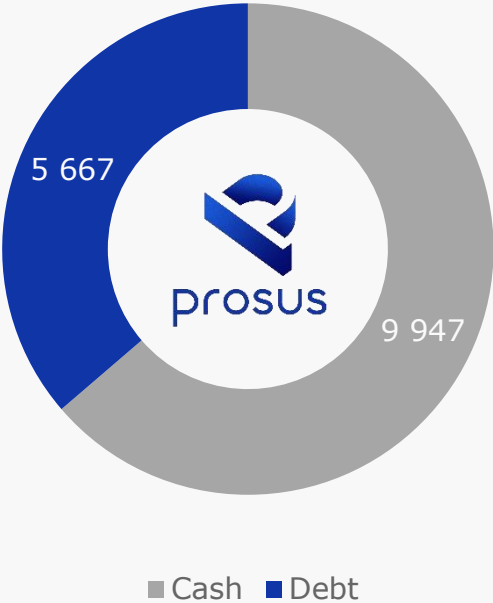


<sup>1</sup> FCF defined as EBITDA less adjustments for non-cash items, working capital, taxation, capital expenditure, capital leases repaid and investment income.

# Our financial flexibility continues to improve

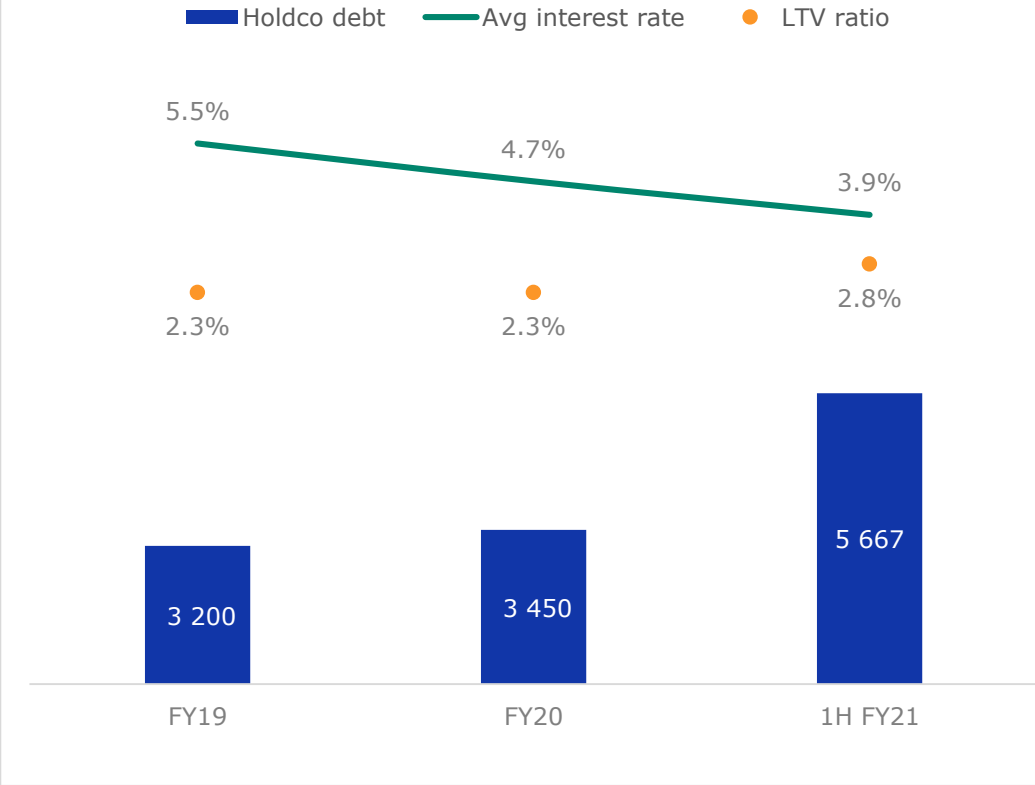
Strong liquid financial position

Net cash of US\$4.3bn<sup>1</sup>



Increased leverage at lower cost of debt while maintaining a low LTV

3 Year debt<sup>1</sup> profile



<sup>1</sup> Cash includes short-term cash investments, debt includes all interest-bearing debt and excludes all finance leases.

A blurred background image of a financial chart with multiple colored lines (green, yellow, blue, pink) and a candlestick chart. A hand is visible on the right side, pointing at the chart. The text is overlaid on this background.

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## Closing remarks

Bob van Dijk

# Key takeaways and thoughts for the future

- 1 The fundamentals of our businesses remain strong and each business is well positioned to benefit from the acceleration of secular growth trends driving the consumer internet space
- 2 Investing for growth in Food Delivery, Classifieds transactions, Credit and Edtech while focused on driving profitability and cash generation in our more-established ecommerce segments
- 3 Our financial flexibility has improved and is enabling investment across our operations and our stock
- 4 We will continue to retool and improve the competitiveness of our platforms by investing in product, technology and talent and by reinforcing our AI capabilities
- 5 There is a significant amount of opportunity to create value through the growth of our businesses and by addressing the issues causing the discount to our net asset value and we remain committed to both

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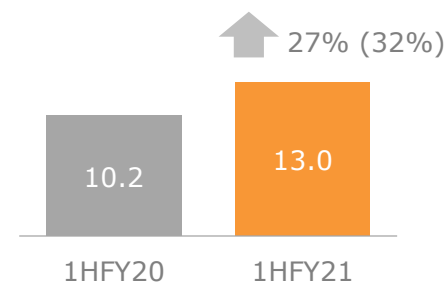
## **Appendix**

# 1H FY21 Naspers Summary Financials

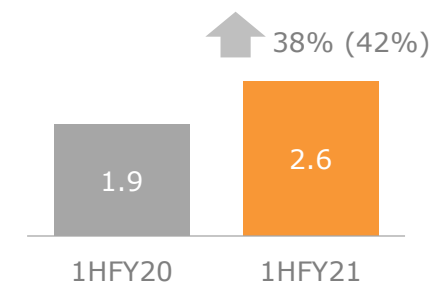
- 1 Strong revenue growth and improved profitability from Prosus
- 2 Strong growth from Takealot with 8p.p margin improvement
- 3 Media24 print business significantly impacted by the pandemic, but strong growth in digital offering
- 4 Core HE impacted by the creation of the Prosus free-float

## Summary financials (US\$'bn)<sup>1</sup>

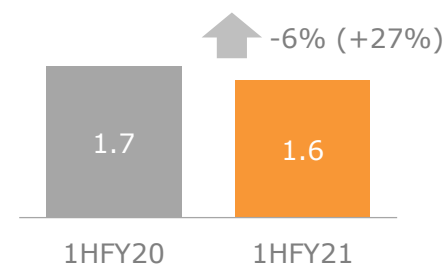
### Revenue<sup>2</sup>



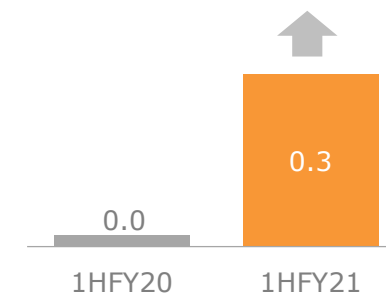
### Trading profit<sup>2</sup>



### Core HE



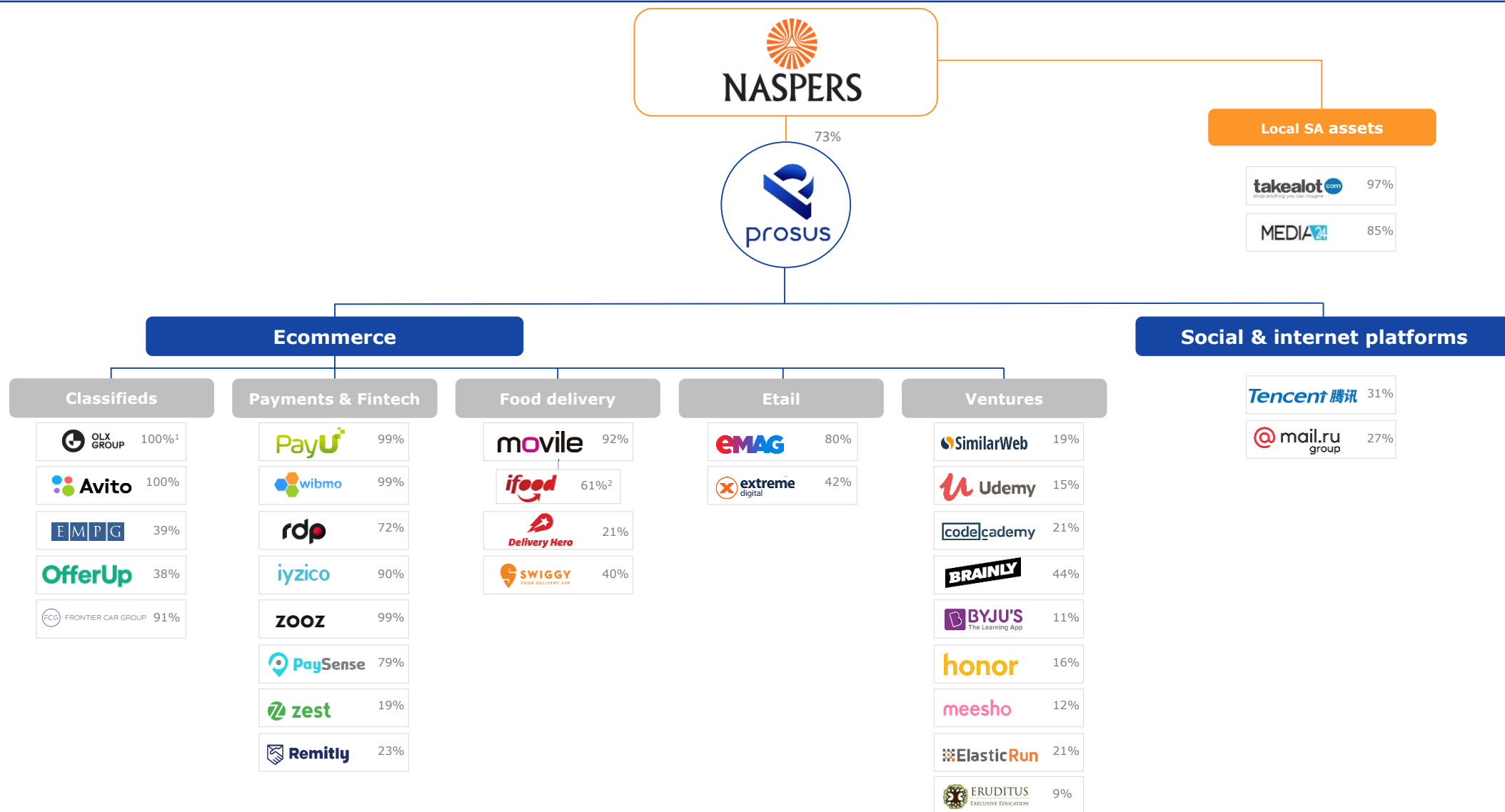
### Free cash flow



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

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

# Group portfolio



Organogram depicts effective percentage holdings in major entities at 30 September 2020 for Prosus where applicable

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

<sup>2</sup> Movile holds 67% of iFood.



1P:	First party	M&A:	Mergers and acquisitions
EBITDA:	Earnings before interest tax, depreciation and amortisation	MCG:	MultiChoice Group
ESG:	Environmental, Social and Governance	p.p:	Percentage points
FCF:	Free cash flow	PSP:	Payment service provider
GMV:	Gross merchandise value	RCF:	Revolving credit facility
GPO:	Global Payment Operations	TP:	Trading profit/(loss)
HoldCo:	Holding company	TPV:	Total payment value
IRR:	Internal rate of return	US:	United States
JSE:	Johannesburg Stock Exchange	YoY:	Year-on-year
LTV:	Loan to value		



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