



# prosUS

***Financial Architecture: The Next US\$100bn***

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# Key messages

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**Prosus is a global  
consumer internet  
leader**



**We have an ambitious goal to add another \$100bn in market value over the long-term**



**Our strategy is focused on building three large and attractive segments:**

- **Classifieds**
- **Payments & Fintech**
- **Food Delivery**



**Our businesses are  
scaling and delivering  
strong growth**





## Our strategy is well funded:

- **Improving profitability at the core enables organic reinvestment**
- **Prosus has a strong balance sheet with \$8.7bn gross cash and over \$10bn firepower**





## Our track record is strong:

- **We have delivered significant progress since the 2017 Investor Day**
- **We have continued to generate strong IRRs**
- **We have a successful and repeatable investment process**

# Prosus is a global consumer internet company...

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TOP **10**  
PURE PLAY  
INTERNET STOCK

**US\$8.7bn**  
GROSS CASH<sup>2</sup>

**>1.5bn**  
CUSTOMERS ACROSS  
**91**  
MARKETS

**US\$18bn**  
REVENUES FY'19<sup>1</sup>  
**30%**  
REVENUE GROWTH FY'19<sup>1</sup>

**US\$12bn**  
CAPITAL DEPLOYED<sup>3</sup>  
**20%**  
IRR<sup>4</sup>

c. **US\$112bn**  
MARKET CAPITALISATION<sup>5</sup>

Source: Company information

1. Revenue based on economic interest basis. Revenue growth represents year-on-year organic FY'18-FY'19 growth in local currency excluding M&A

2. Gross cash at September 2019

3. Over the 12 year period FY'08 – 1H FY'20. Total invested capital is net of dividends and proceeds from disposals

4. Over the 12 year period FY'08 – 1H FY'20. Total IRR for Naspers portfolio excluding Tencent, excluding failed and

disposed investments and excluding Buscape. The estimated valuations are calculated as at 30 September 2019 using a combination of: (i) prevailing share prices for stakes in listed assets; (ii) valuation estimates derived from the average of sell-side analysts currently covering Naspers for stakes in unlisted assets; and (iii) post-money valuations on sales of these assets or from similar recent transactions for stakes in unlisted assets where analyst consensus is not available. In respect of (ii) above, the group does not endorse, and did not participate in, or provide any information for purposes of the preparation of the market valuations calculated by

third-party analysts. These valuation estimates have not been confirmed by an independent third party expert, such as an accounting firm or an investment bank. Accordingly, these valuation estimates may not reflect past, present or future fair values, or any potentially achievable fair value in the future and no reliance can be placed on these valuation estimates.

5. Prosus market cap as of 26 November 2019 (Bloomberg)

# ...poised for disruptive growth in our prioritised segments

## Focus Segments

### CLASSIFIEDS



### PAYMENTS & FINTECH



### FOOD DELIVERY



## Industry Dynamics

Total Addressable Market (TAM)	US\$30bn <sup>1</sup>	US\$1.4tn <sup>2</sup>	US\$331bn <sup>3</sup>
1H FY'20 YoY Revenue Growth <sup>4</sup>	38%	20%	69%
Industry Peer Average Margin <sup>5</sup>	40-60%	30-45%	25-40%

<sup>1</sup> Global online classifieds revenue 2023E as per Statista (2019), Digital Market Outlook

<sup>2</sup> McKinsey Global Payments 2018 report (October 2018); 2022E Payments Revenue excluding North America and Account Related Liquidity (assuming the same share of Account Related Liquidity in North America Payments Revenue in 2017-2022E)

<sup>3</sup> Online food total addressable market 2022E per Euromonitor International Limited, Consumer Foodservice 2019 ed

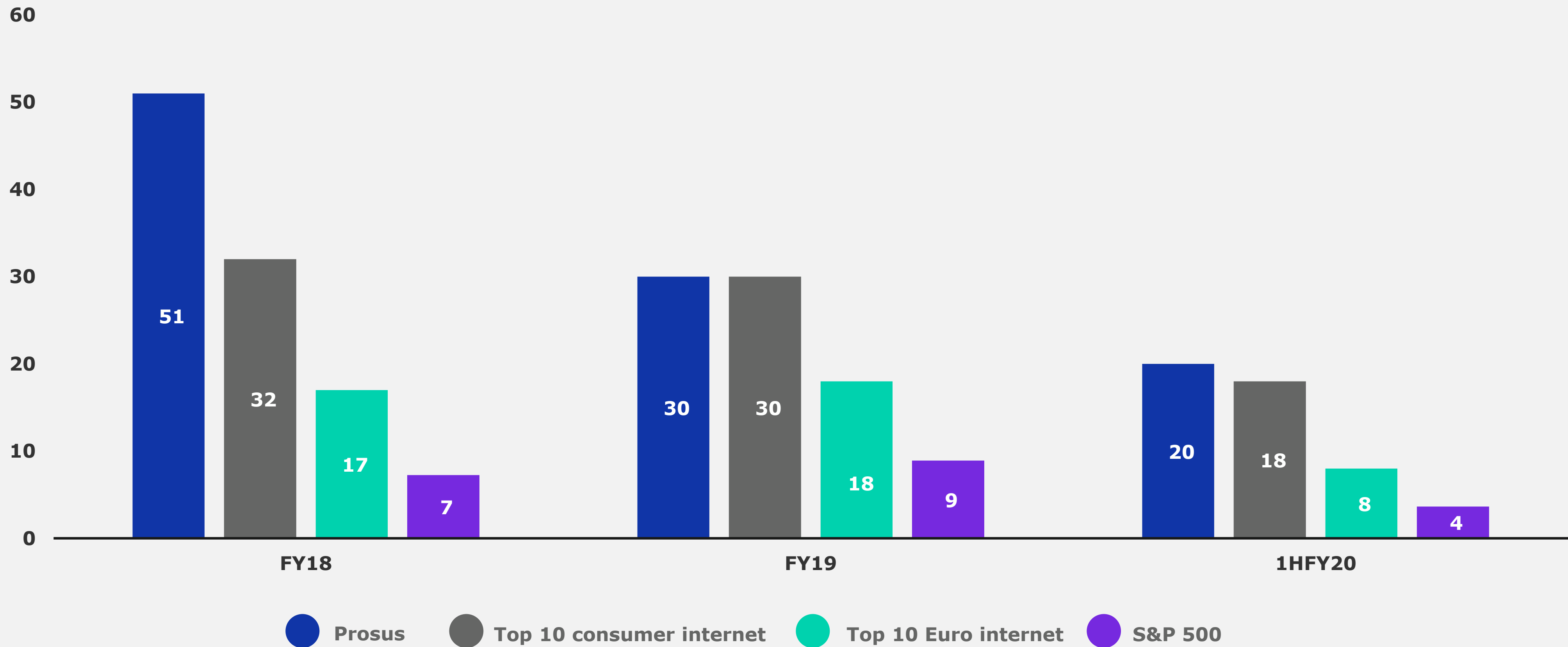
<sup>4</sup> Revenue growth represents 1H FY'19-1H FY'20 year-on-year organic growth in local currency and excluding M&A

<sup>5</sup> Based on Scout24, Carsales and REA Group FY'18A EBITDA margin for Classifieds; Adyen, Wirecard (Payment Processing & Risk Management), Worldpay and PayPal FY'18A EBITDA margin for Payments & Fintech; Just Eat UK, Takeaway NL, Delivery Hero MENA and GrubHub FY'18A EBITDA margin for Food Delivery



# And is delivering revenue growth in excess of the global average...

Revenue Growth %

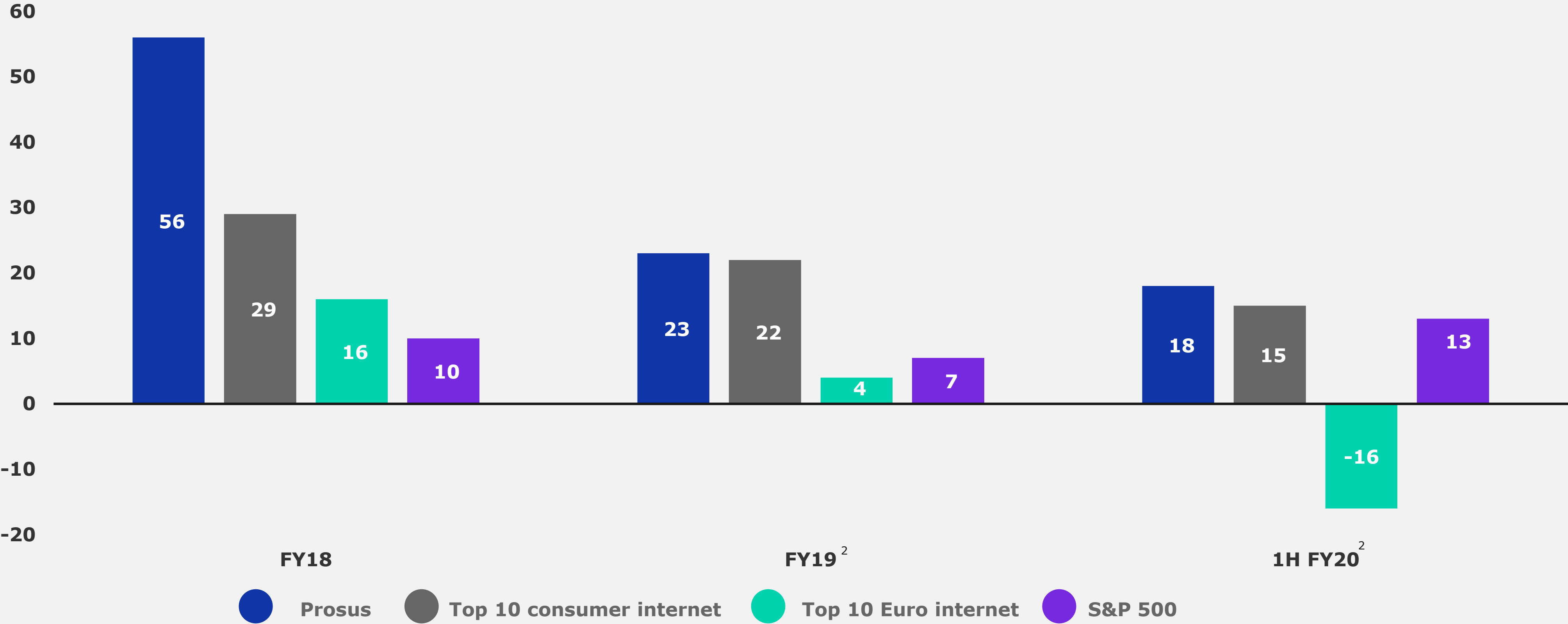


Source: Company information, Bloomberg

1. Prosus revenue growth in local currency excluding M&A, on an economic interest basis i.e equity-accounted investments are proportionately consolidated.

# And is delivering profit growth in excess of the global average...

**Profit Growth<sup>1</sup>**  
**%**



Source: Company information, Bloomberg

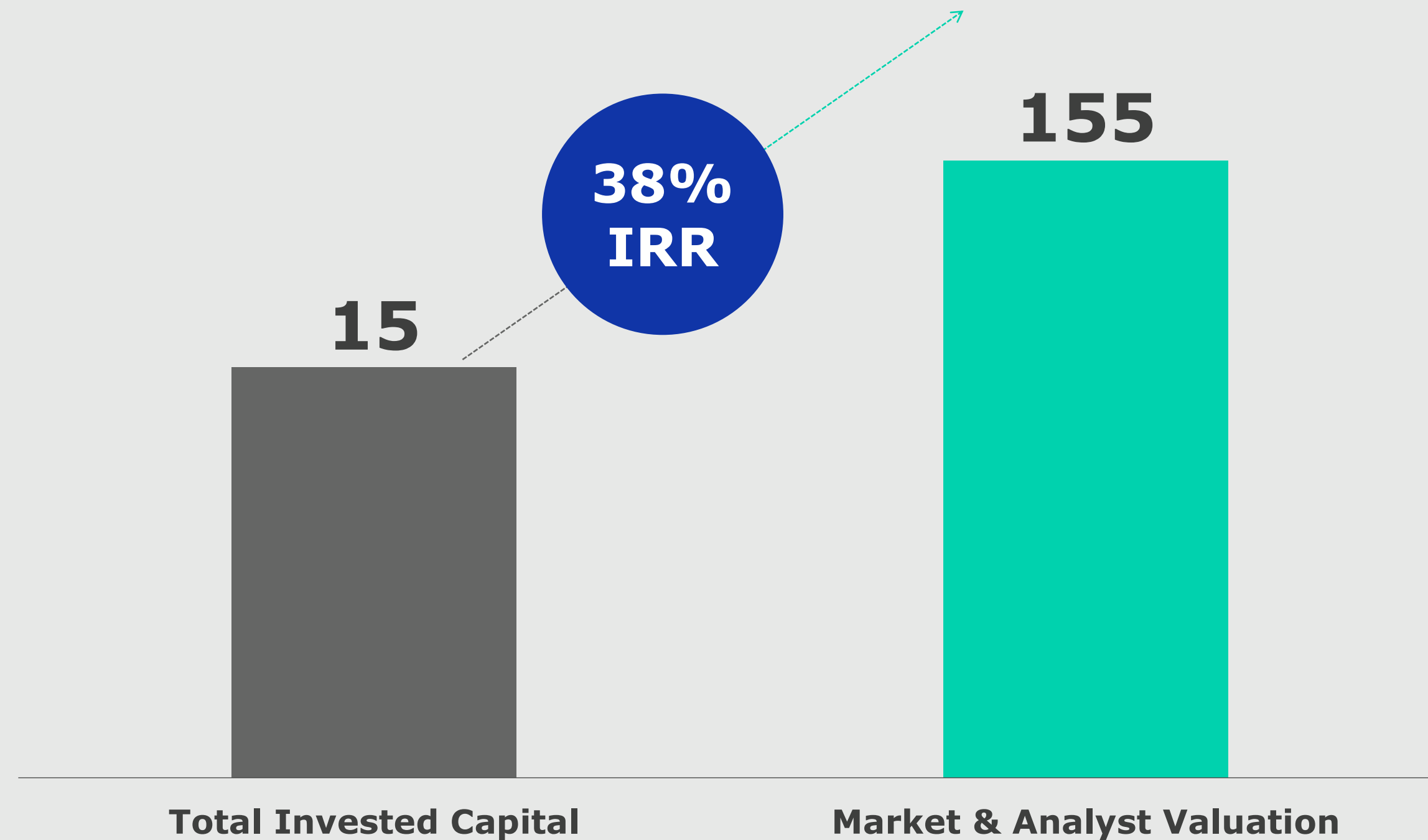
1. Prosus trading profit growth in local currency excluding M&A on an economic interest basis, i.e equity-accounted investments are proportionately consolidated. Operating profit for peers and EBITDA for S&P500

2. Prosus trading profit excluding investment Food Delivery

# A strong track record of value creation...

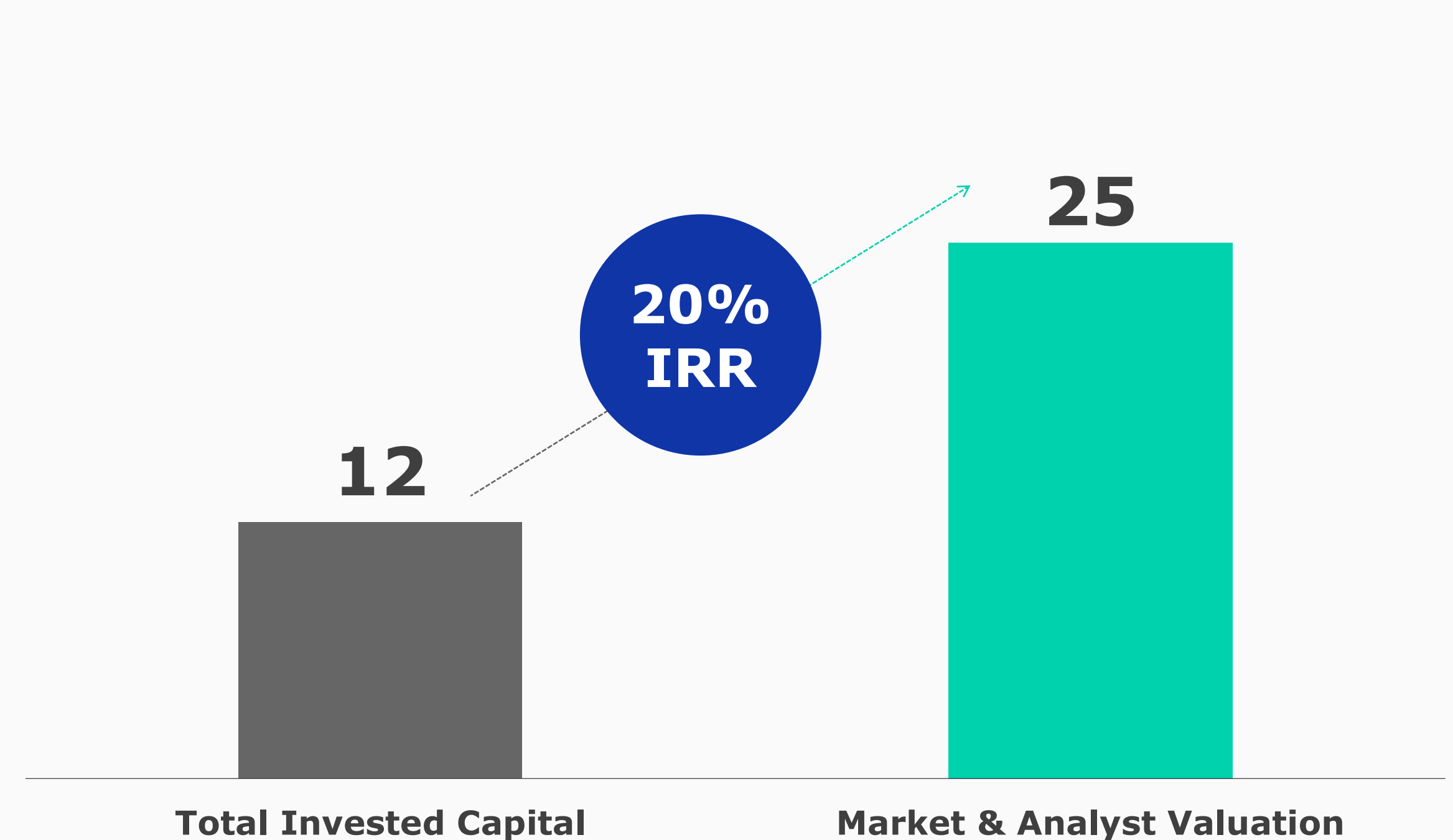
## All internet investments (incl Tencent)

FY'02 – 1H FY'20 (US\$bn) <sup>2,3,4</sup>



## Current internet companies (ex Tencent) <sup>1</sup>

FY'08 – 1H FY'20 (US\$bn) <sup>2,3</sup>



1. Total IRR for Naspers portfolio excluding Tencent, excluding failed and disposed investments and excluding Buscape.

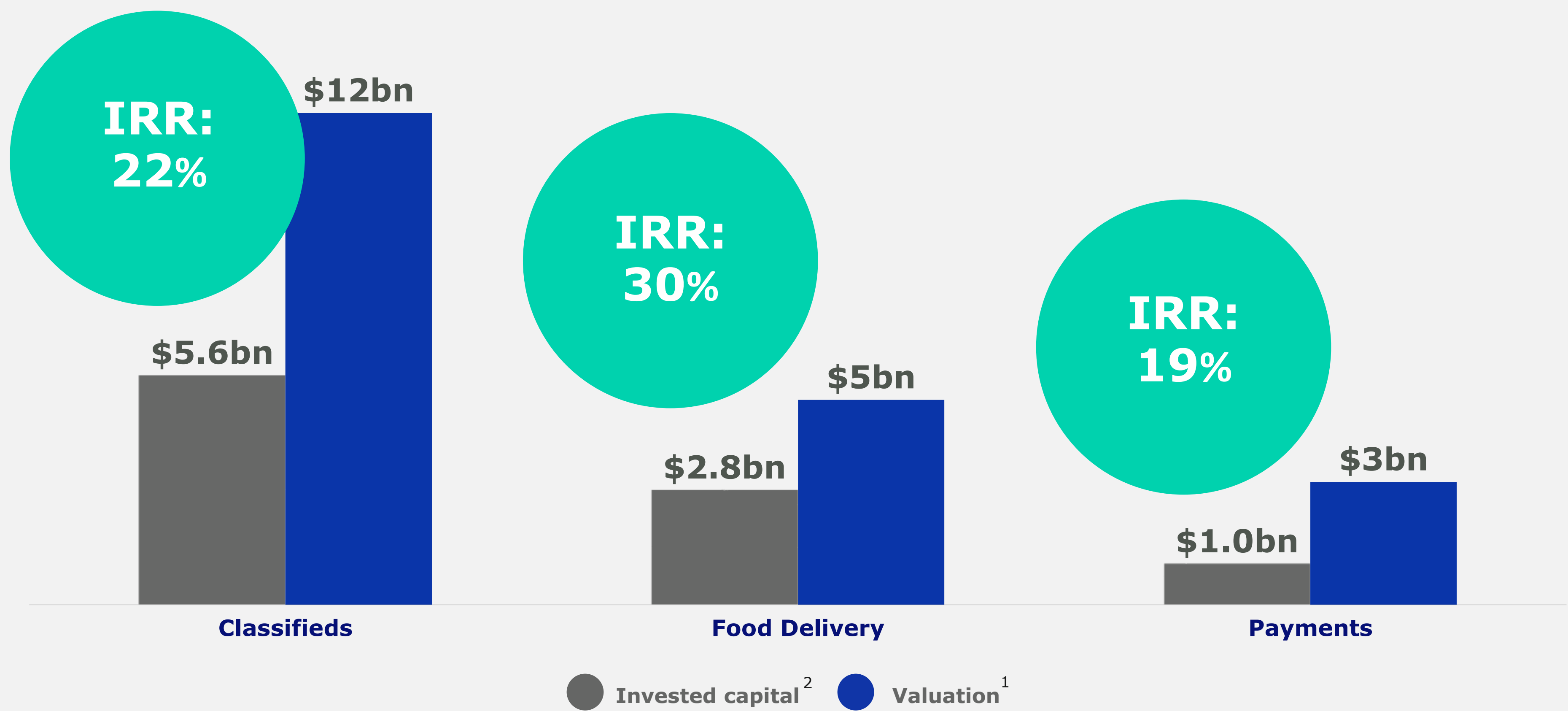
2. The estimated market valuations are calculated as at 30 September 2019 using a combination of: (i) prevailing share prices for stakes in listed assets; (ii) valuation estimates derived from the average of sell-side analysts currently covering Naspers for stakes in unlisted assets; and (iii) post-money valuations on transactions of unlisted assets where analyst consensus is not available

3. Total invested capital is net of dividends

4. Investment in Tencent started in FY'02



# With strong IRRs delivered across all segments over multiple years...



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2. Total invested capital is net of dividends

# With a very low impairment rate which remains below 10%

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6000+ companies researched

2019

MEET  
~600  
COMPANIES...

...ASSESS  
~150  
OPPORTUNITIES...

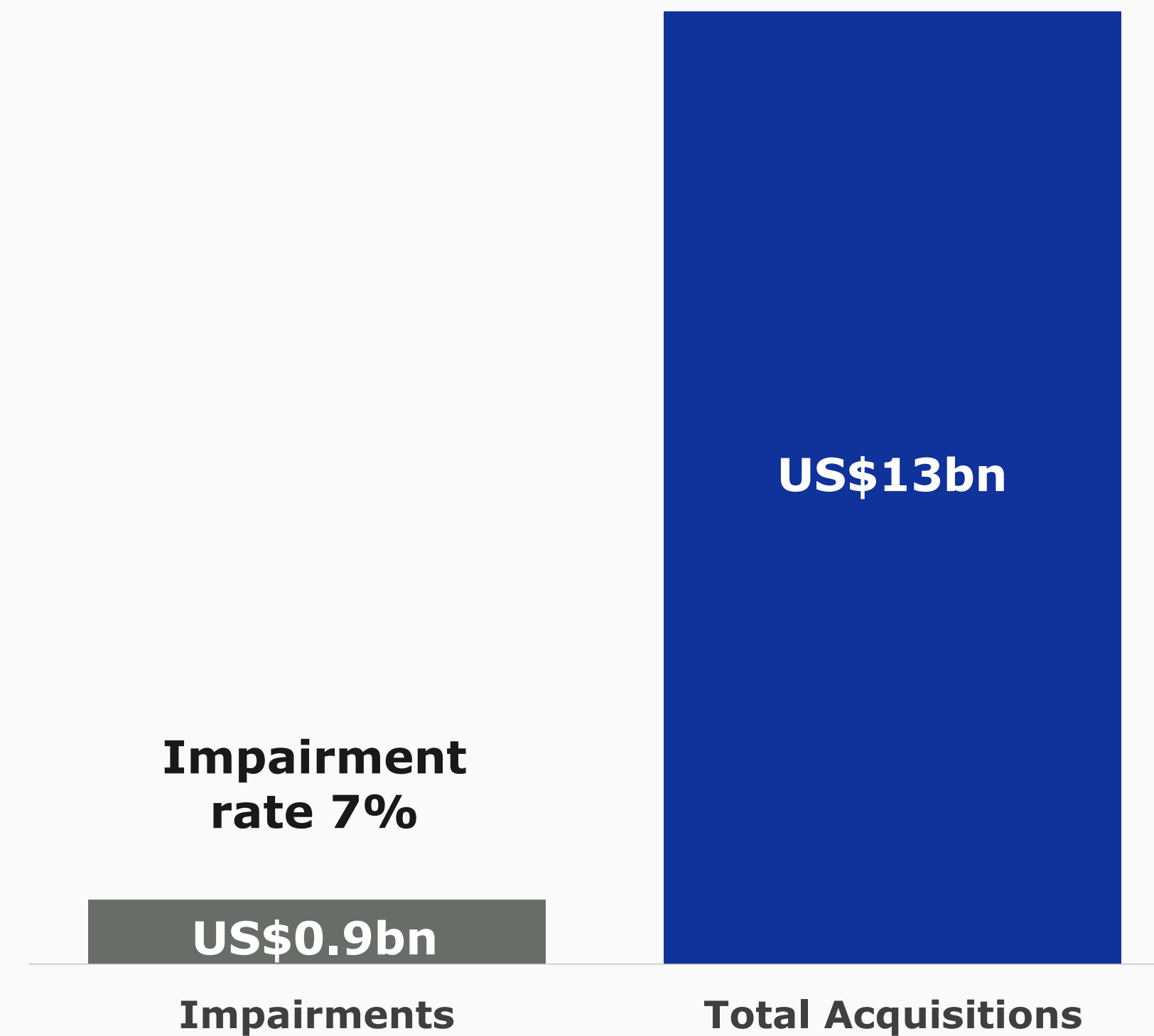
...MADE **31**  
INVESTMENTS



**CLOSE RATE 0.5%**

## Impairments vs internet investments

FY08 – 1HFY20





# And we have a track record of doing what we said we will do

Since our last Capital Markets Day in December 2017

- |   |   |   |   |
|---|---|---|---|
| ✓    | <b>Ecommerce scaling fast</b><br>Revenues +28% YoY in 1H FY20   | ✓    | <b>Improved disclosure</b><br>Financial & remuneration reports        |
| ✓   | <b>Profitability improving</b><br>Classifieds & PSP are now profitable                                | ✓   | <b>Strong returns</b><br>Current portfolio 20% IRR in Sept 2019       |
| ✓  | <b>Source of cashflow increasing</b><br>FCF inflows from profitable businesses of US\$573m in 1H FY20 | ✓  | <b>Shareholder engagement</b><br>Performance shares adopted into LTIs |
| ✓  | <b>Portfolio optimisation</b><br>MultiChoice unbundled Mar 2019                                       | ✓  | <b>Structural improvement</b><br>Prosus listed on Euronext Sept 2019  |



# Now we are focused on building the next US\$100bn in value

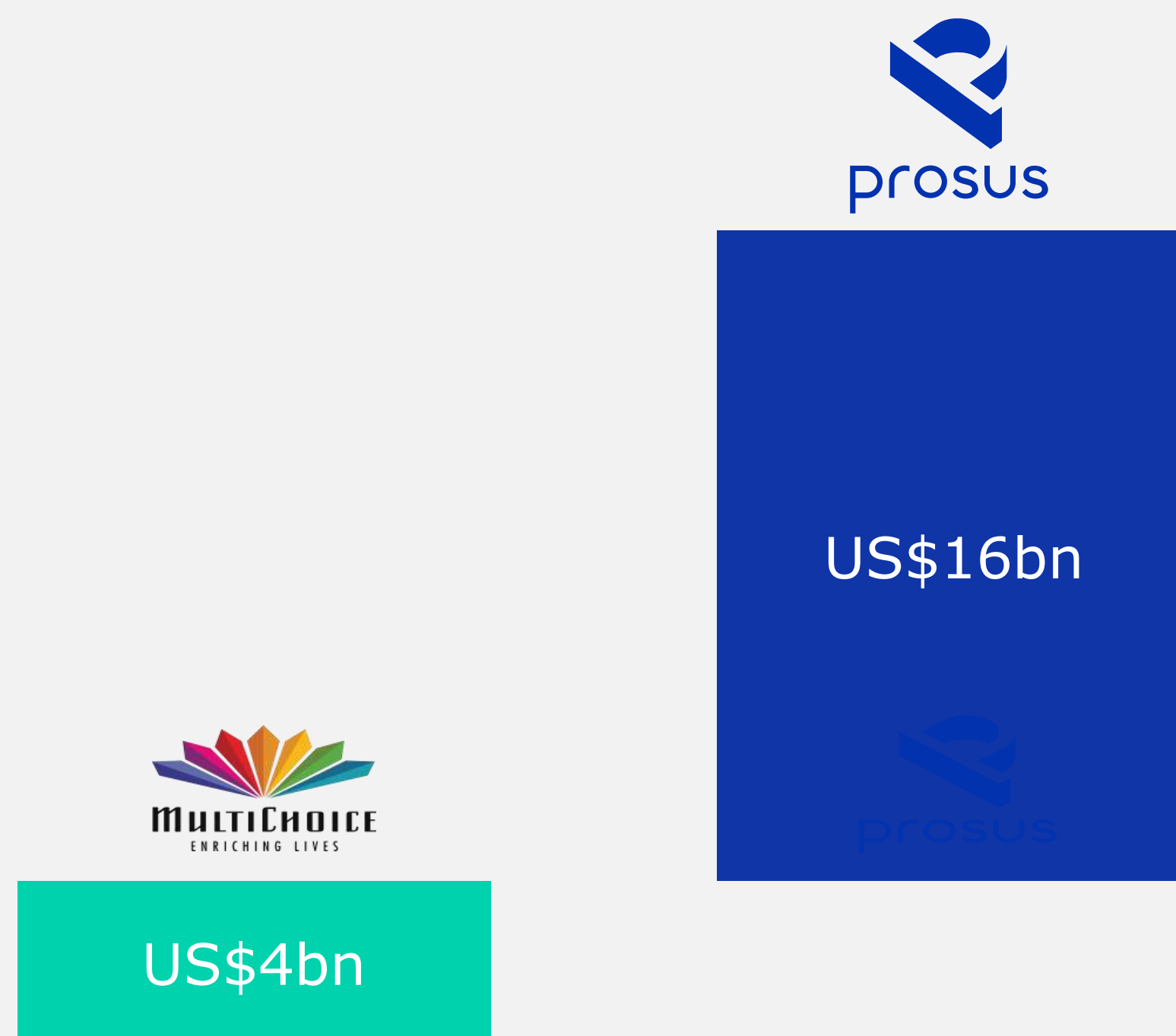
## Prosus market capitalisation, US\$bn



# We will continue to take steps to reduce the discount to NAV

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**US\$20bn value unlock to date**



At the time of the listing the Prosus value unlock was ~**US\$16bn**<sup>1</sup> through the reduction of the discount to the combined net asset value of Prosus and Naspers



The listing and unbundling of MCG unlocked over **US\$4bn** of value for our shareholders and created another JSE Champion

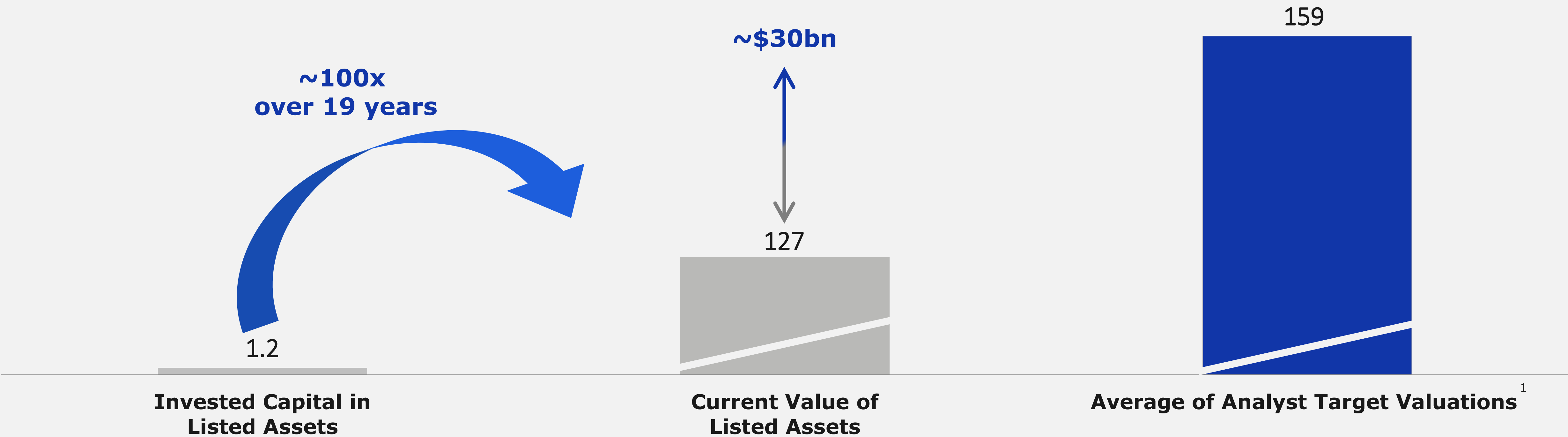


**Management is committed to the ongoing reduction of the consolidated discount of Prosus & Naspers**

1. Represents the uplift in valuation from the reduction of the combined holding company discount between the closing pricing on 24<sup>th</sup> March 2019, the day before the listing of Prosus was first announced, and 11<sup>th</sup> September 2019, the date of the listing of Prosus

# Our listed assets should continue to grow in value

Current value of stake in listed assets and analyst targeted valuation (\$bn)

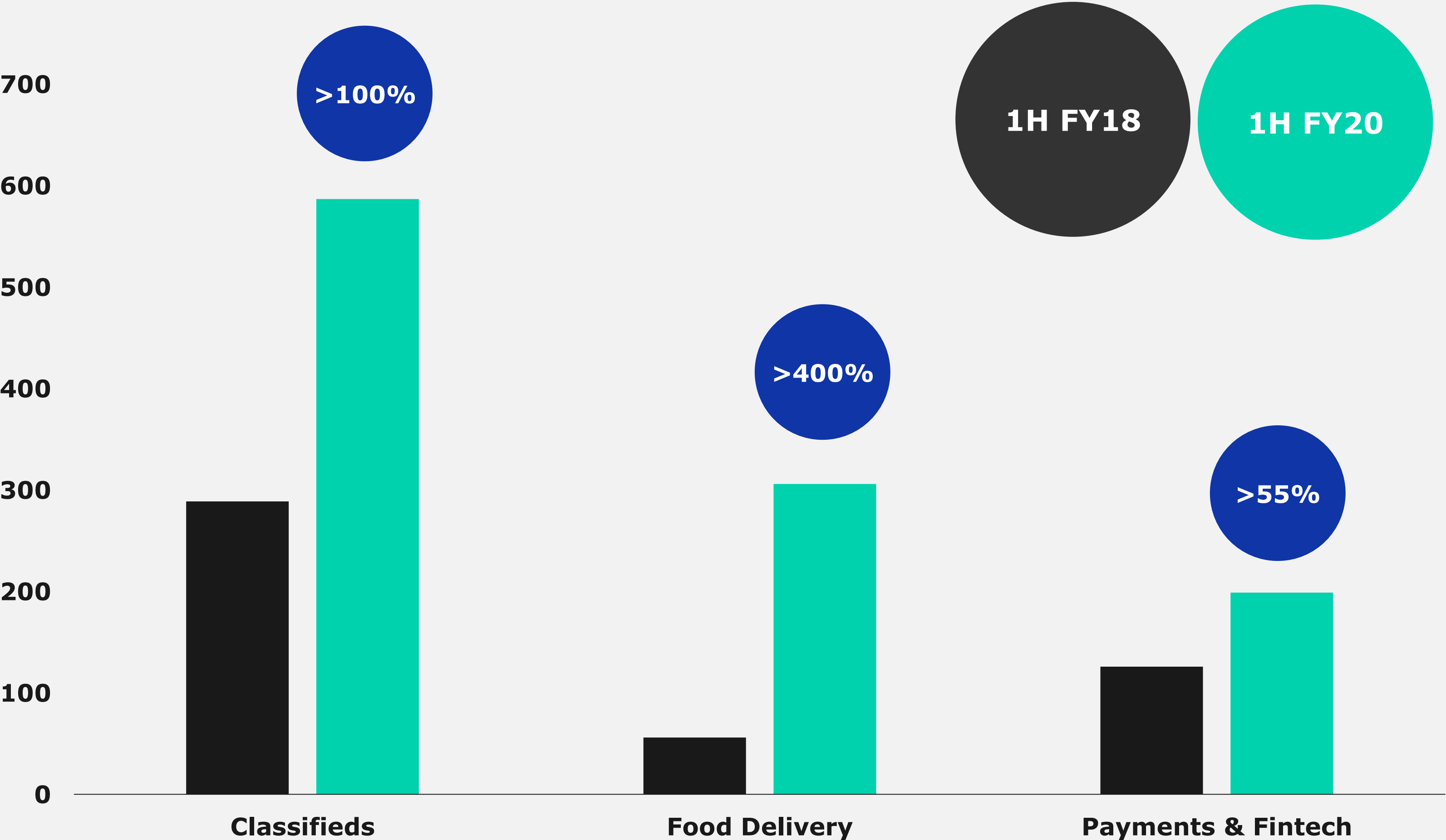


Source: Company information, Bloomberg price as of 30 September 2019  
1. Refers to the average target valuation of analyst currently covering the companies



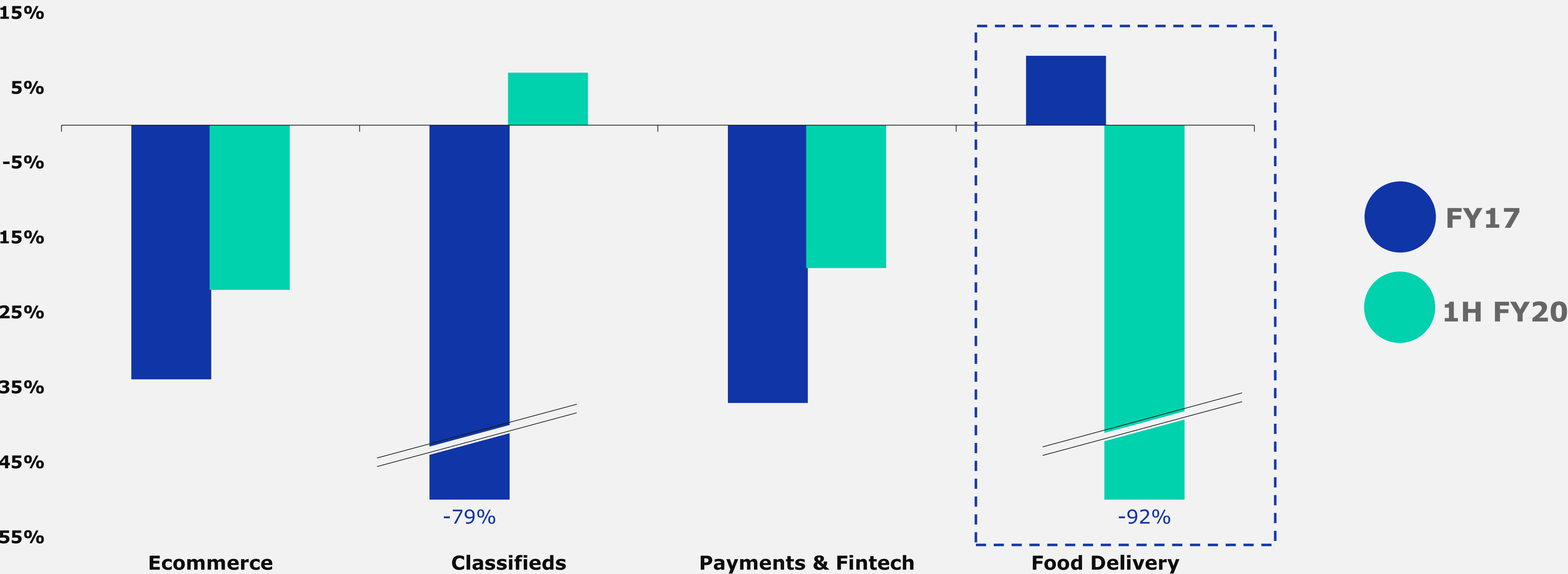
# Segment revenues growing fast

Revenues for three segments have increased more than 100% in aggregate since the 2017 Capital Markets Day



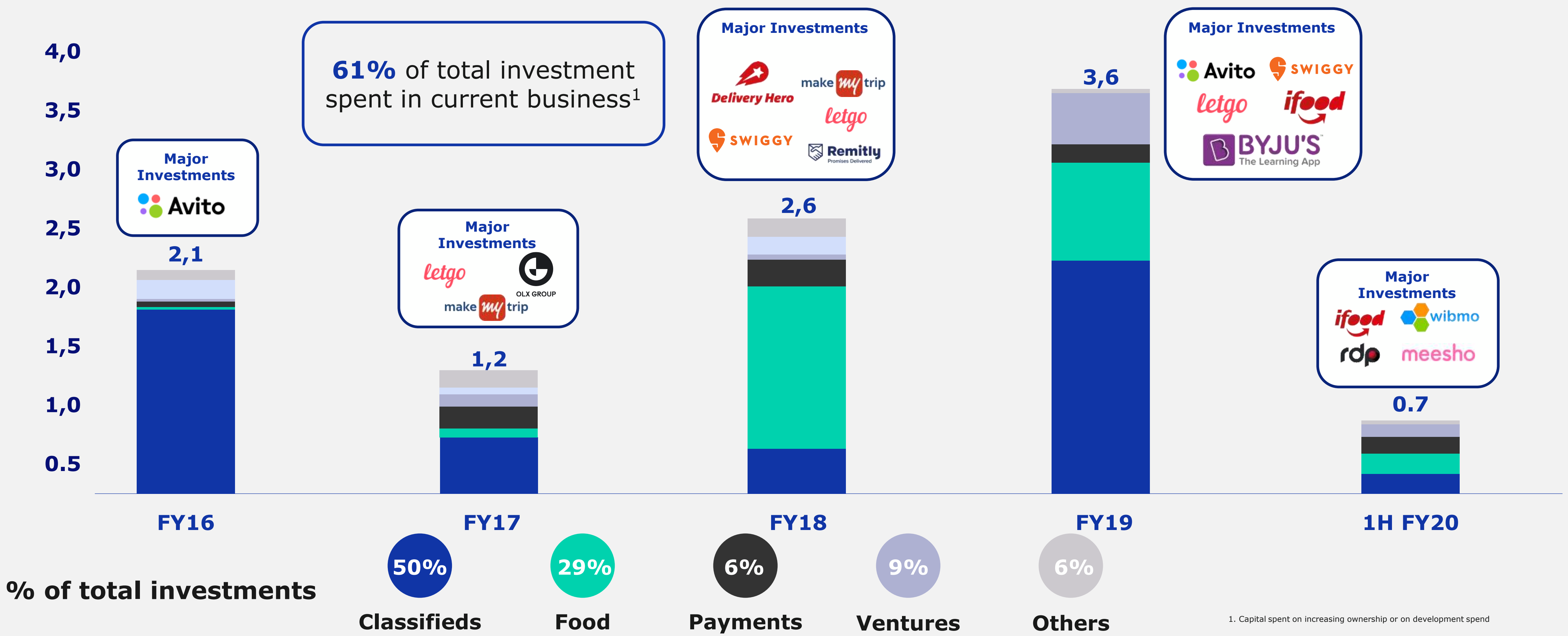
# Trading margins are improving outside of our Food Delivery segment

Trading profit/(loss) margins (%)<sup>1</sup>



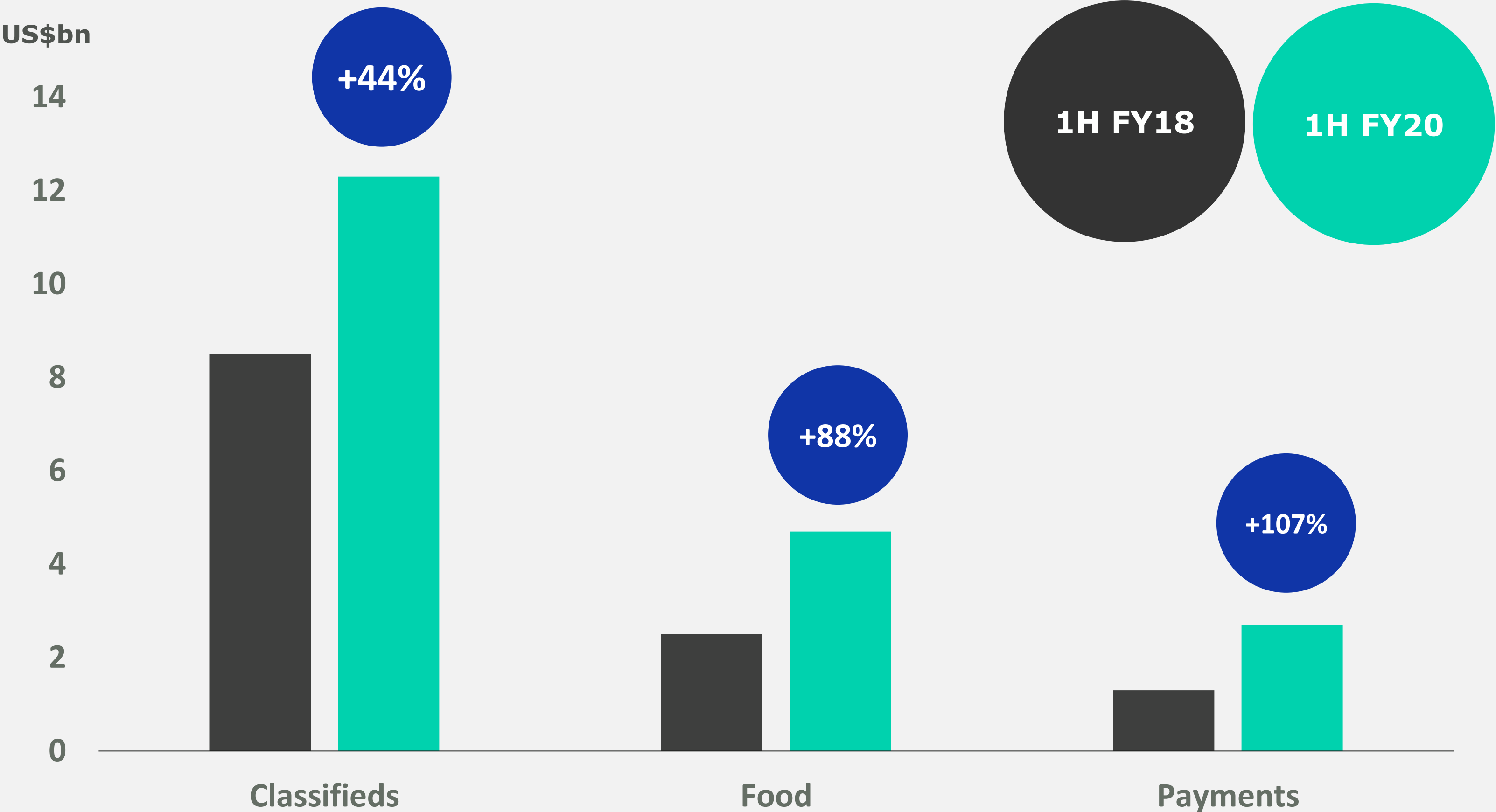
<sup>1</sup> Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated.

# Majority of \$10.3bn invested in last 5 years went towards doubling down on existing investees in priority segments



# Our segments' valuations have grown significantly

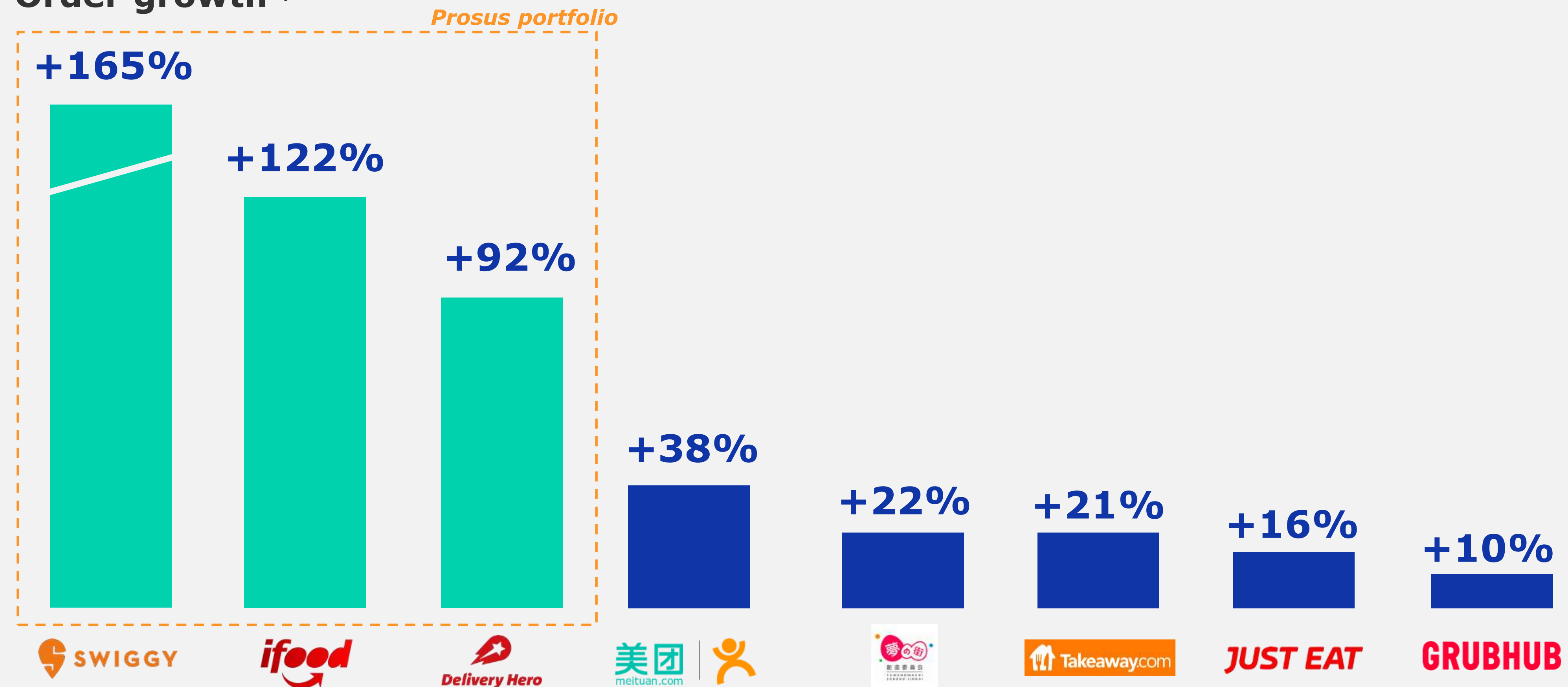
**Analyst valuations of the three segments have increased 60% since the 2017 Capital Markets Day**





# Our Food Delivery investment is driving superior growth...

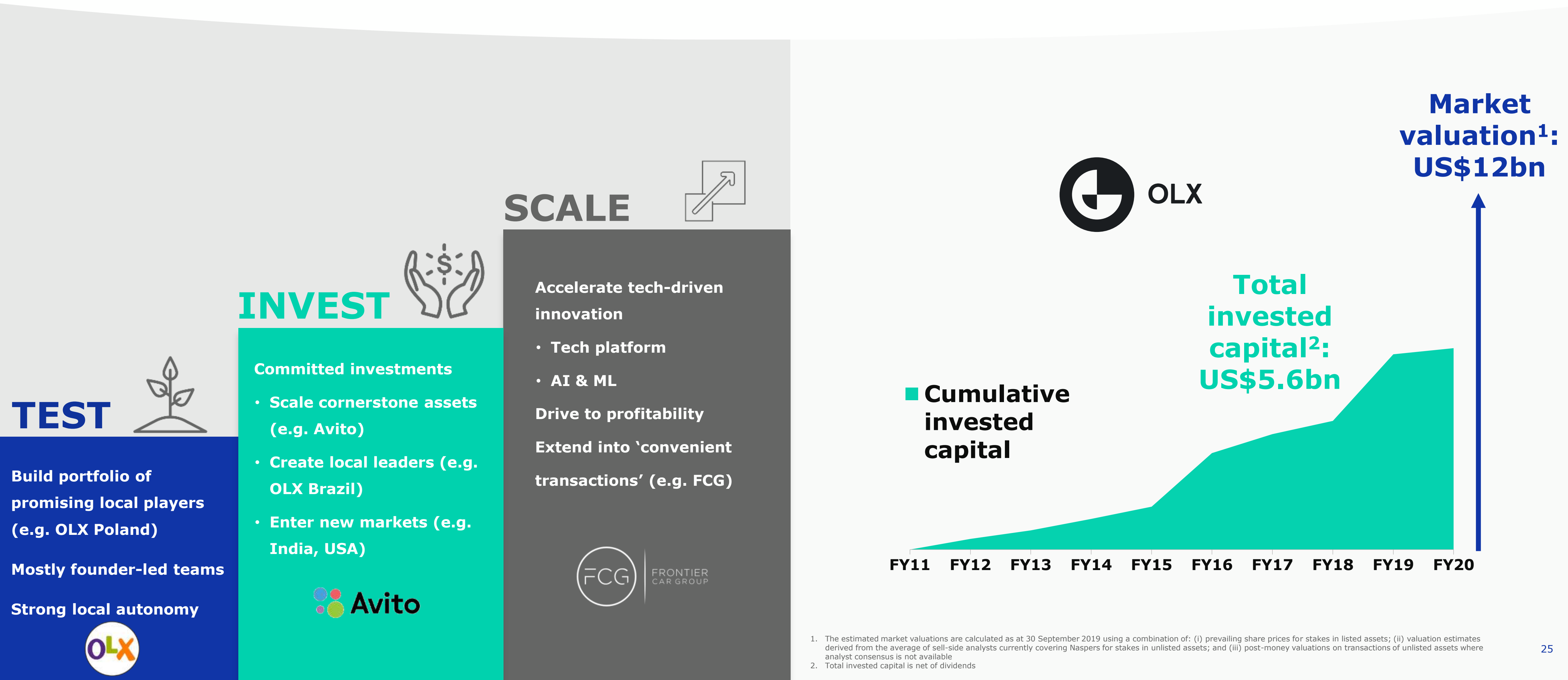
## Order growth<sup>1,2</sup>



1. Orders for Swiggy and iFood represent the year-on-year growth for the six months ended September 2019 (latest reported)  
 2. Delivery Hero year-on-year growth for 9M ended September 2019 (latest reported), Meituan year-on-year Q3 2019 growth (latest reported), Yume no Machi year-on-year ending 31 August (latest reported), Takeaway.com year-on-year Q3 2019 growth (latest reported normalised for Germany and Israel acquisitions), Just Eat year-on year growth for Q3 2019 (latest reported), Grubhub year-on-year Q3 2019 daily average grubs/meals (latest reported)

# Our Classifieds segment is our largest and most established segment

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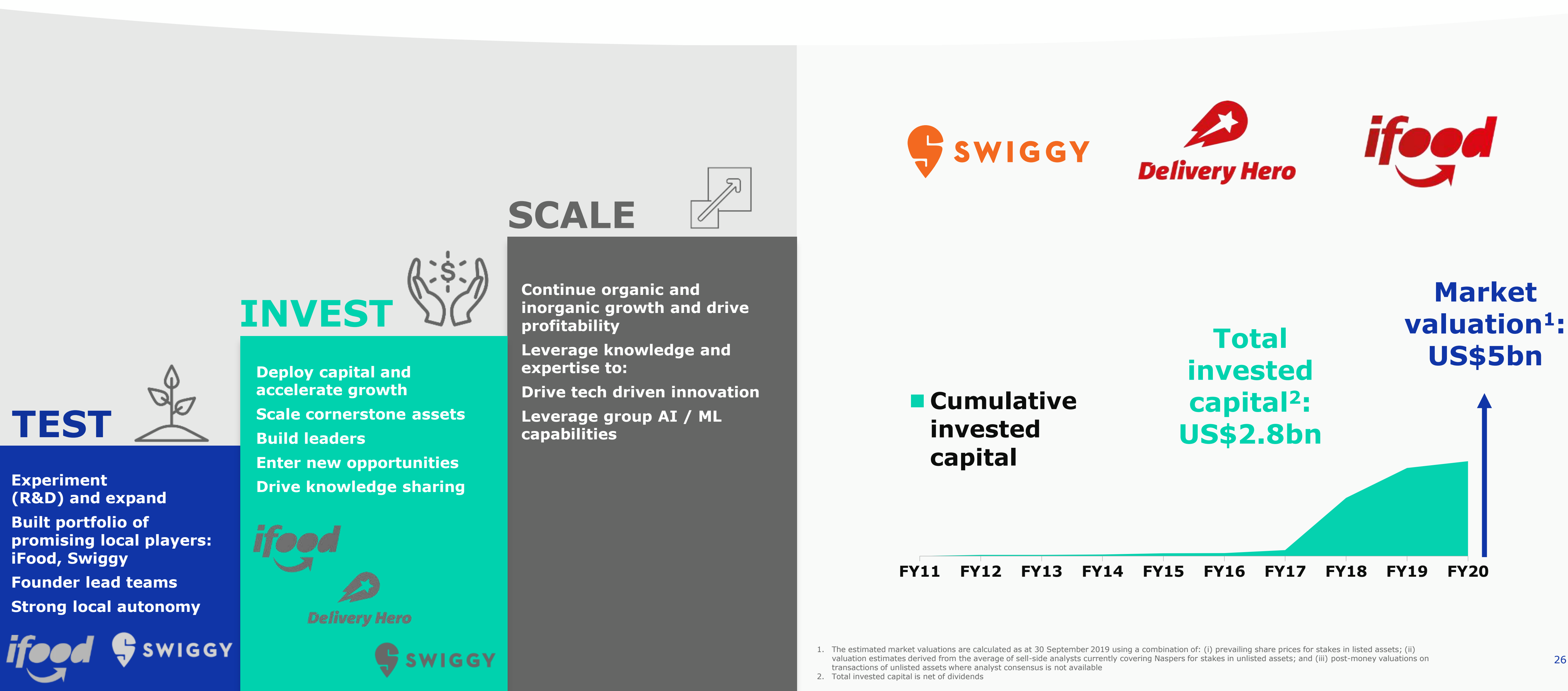


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2. Total invested capital is net of dividends

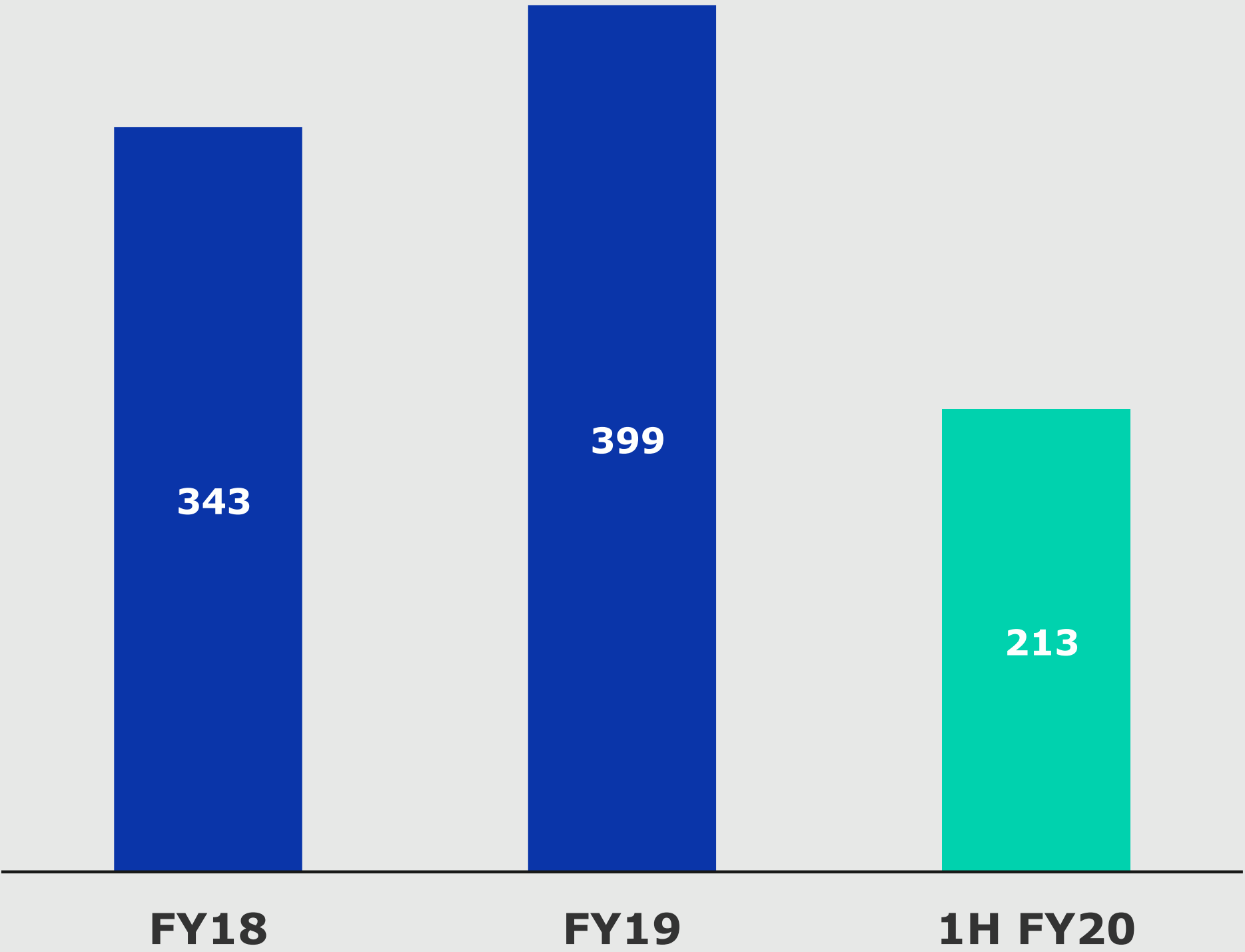
# And Food Delivery is following a similar path to Classifieds

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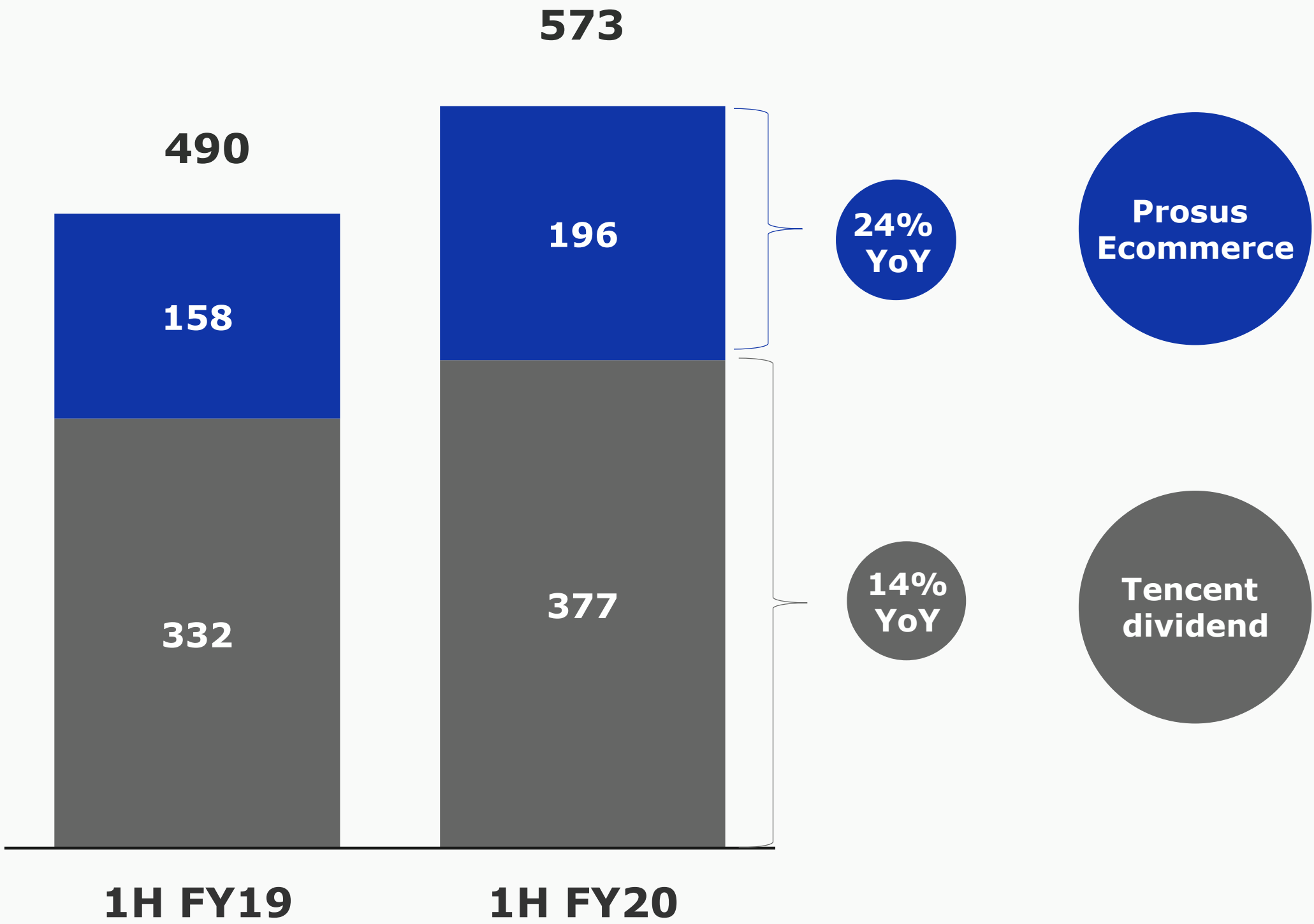


# Positive core cash flow trend allows us to continue investing in growth

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



Sources of free cash inflow (US\$m)<sup>1,2</sup>



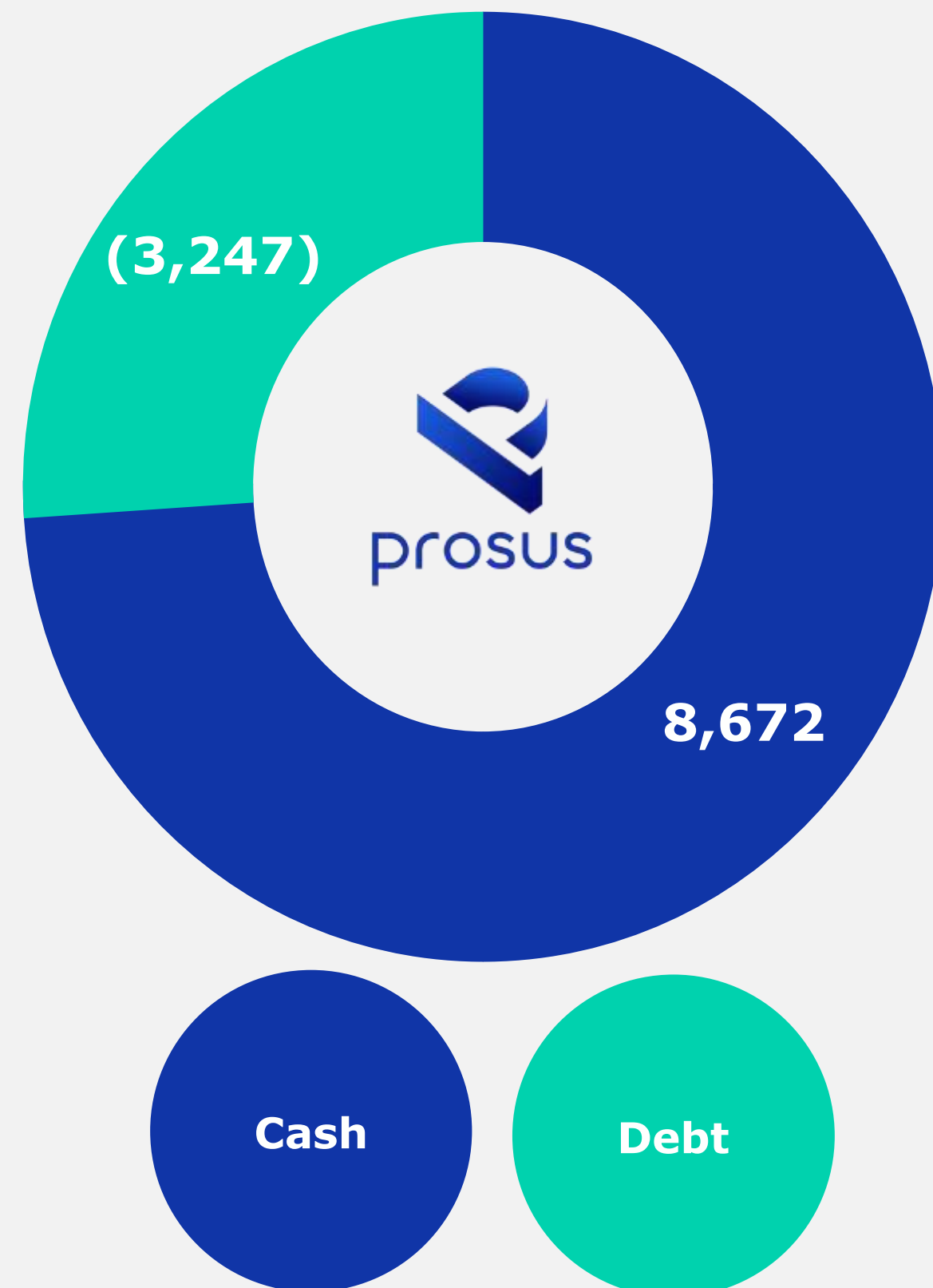
Source: Company information  
<sup>1</sup> In 1H FY20 the group restructured the Payments & Fintech segment into GPO (Global Payment Operations) and India. The full GPO portfolio is considered a profitable business rather than the separate markets therein. 1H FY19 has been restated for a like-for-like comparison.  
<sup>2</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



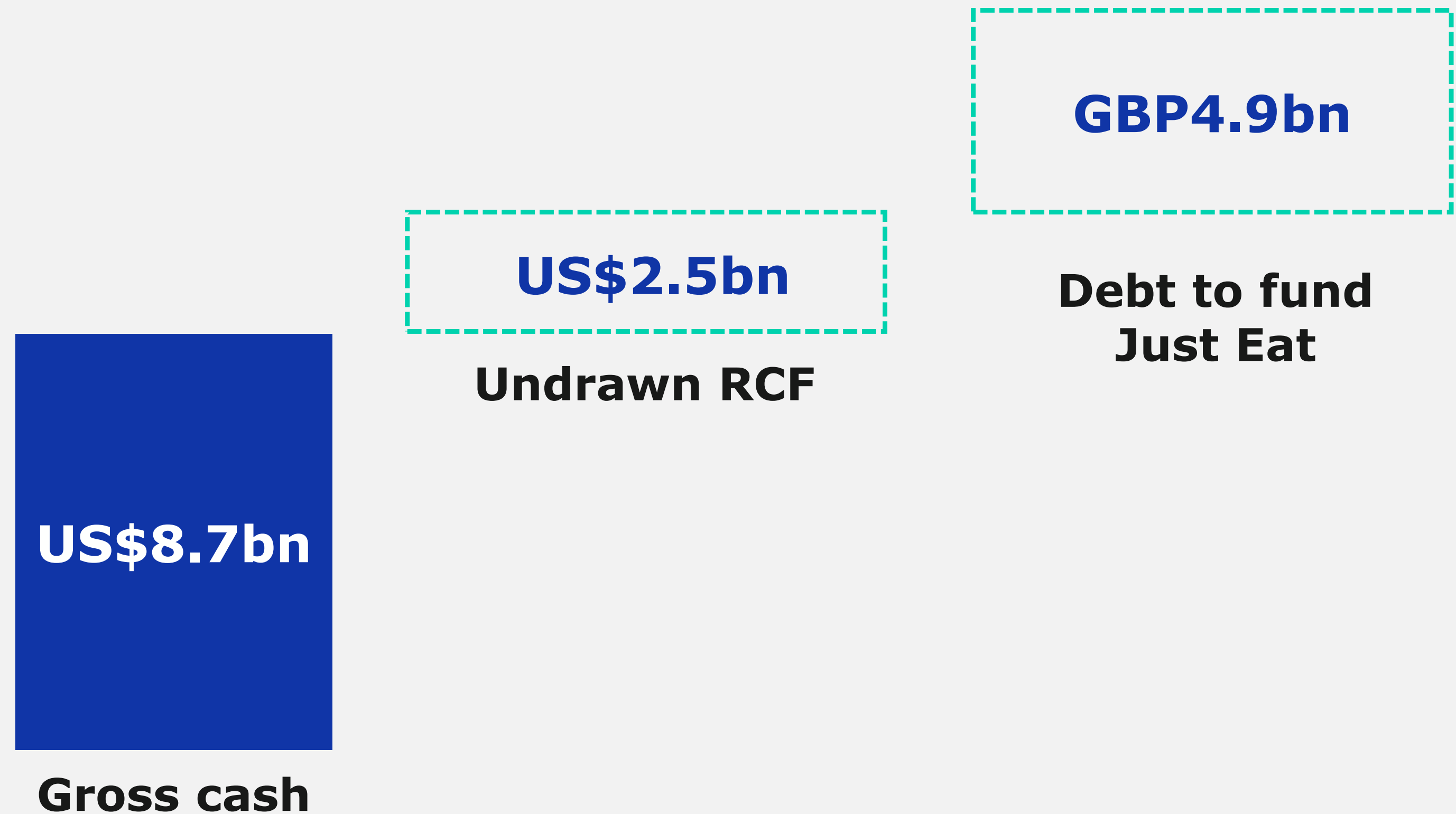
# And we have significant financial flexibility to fund our growth strategy

prosus

Net cash of US\$5.4bn<sup>1</sup>



Potential levers to realise our potential



Source: Company information  
<sup>1</sup> Net cash at 30 September 2019. Debt relates to interest-bearing debt, cash includes short-term cash investments of US\$6.2bn



# The road to the next \$100 billion

prosus



Driving scale and profitability in core Classifieds and Payments & Fintech



Invest to build leadership in sizeable and attractive Food segment



Lead in new innovation: AI & ML



# We are excited about what lies ahead for Prosus and here's what to expect

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Disciplined investment to deliver long-term value creation



Investing further in technology and talent across our key segments



Take further action to unlock value for stakeholders



A close-up, low-angle shot of a person's hand pointing at a financial candlestick chart on a computer screen. The chart features multiple colored lines (pink, blue, green) and a grid. The word 'prosus' is overlaid in a large, white, sans-serif font. In the top left corner, some financial data is visible: '4.682 L: 4.652', '3M SMA: 4.024', and '200-day BB: 4.673'.

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