Naspers Limited
(Incorporated in the Republic of South Africa)
(Reg. No 1925/001431/06)
JSE Share Code: NPN ISIN: ZAE000015889
LSE ADS Code: NPSN ISIN: US6315122092
("Naspers")

Trading statement

Shareholders are advised that the Naspers group ("the group") is finalising its summarised consolidated financial statements and consolidated annual financial statements for the year ended 31 March 2020.

We ended the financial year facing into the global Covid-19 pandemic, with many of our markets entering lockdown in the last two weeks of March 2020. We continue to respond quickly to the evolving Covid-19 situation to ensure we safeguard our people, maintain our ability to serve our customers and protect our businesses for the long-term.

During the year ended 31 March 2020, all key ecommerce segments made good progress against financial and strategic objectives. Classifieds again grew considerably faster than many of its peers and increased profits. Payments and Fintech segments have now reached profitability at their core and continue to grow profits, while also investing to drive future growth. Food Delivery was a key investment area during the year as we seek to grow the market and our position in it by investing in technology and building out our first-party delivery capabilities, city and restaurant reach. Initial results are highly encouraging as, to date, this investment has driven significant order and revenue growth in our Food Delivery operations. The progress of our core ecommerce segments, which are growing fast and scaling well, gives us confidence in our ability to continue identifying opportunities to create significant value into the future. Tencent delivered a solid financial performance. Further details will be provided in the summarised consolidated financial results, due for release on 29 June 2020.

While we believe each of our segments will continue to benefit from secular growth trends, the global pandemic has negatively impacted some operations and we need to caution against the potential impacts of Covid-19 on the 31 March 2021 financial year. That said, it is important to note that the fundamentals of our businesses remain very strong and we believe that we are well positioned to weather this unprecedented storm. We have sufficient liquidity to provide our businesses with the appropriate level of funding as well as invest in external opportunities that may present themselves during this period.

After many years of strong growth and stock price outperformance, Naspers has come to represent a very significant and overweight position on the JSE Limited's Shareholder Weighted Index (SWIX). In an effort to extend our shareholder base and reduce that overweight position, on 11 September 2019 the group listed its international internet assets on Euronext Amsterdam. This listing created the largest listed consumer internet company in Europe, Prosus N.V. (Prosus), comprising the group's internet interests outside of South Africa. Prosus also has a secondary, inward listing on the JSE in South Africa. Prosus is currently 72.49% owned by Naspers.

As a result of the listing of Prosus, the group's earnings, headline earnings and core headline earnings for the year ended 31 March 2020 are expected to reduce as compared to the year ago period, reflecting the fact that the group will only recognise a 72.63% contribution from Prosus for the year as compared to a 100% contribution in the prior year period.

Growth in **earnings per share** in the current period is expected to be reduced as a consequence of:

- A gain of approximately US$600m recognised on disposal of the group's interest in MakeMyTrip Limited, compared to a gain of US$1.6bn in the prior period recognised on disposal of the group's interest in Flipkart Limited. This negatively impacts the year-over-year comparison by approximately US$1bn
- The aforementioned reduced earnings contribution in the current year from Prosus, post its listing. The expected impact of this reduction amounts to approximately US$377m.
- US$167m in donations in response to the Covid-19 in March 2020. This comprised US$84m (ZAR1.5 billion) in emergency aid provided to the South African government's response to Covid-19. The group also expensed its proportionate share of Covid-19 donations made by Tencent Holdings Limited (Tencent) up to end March 2020 of US$83m.

Growth in **headline earnings per share** in the current period is also negatively impacted by:

- Reduced headline earnings contribution from Prosus, post its listing and creation of the free-float. The expected impact amounts to approximately US$338m.
- Expected fair-value gains on investments held by Tencent (classified as at fair value through profit and loss) of approximately US$549m, compared to US$1.5bn recognised in the prior period.

Shareholders are reminded that the board considers **core headline earnings** an appropriate indicator of the operating performance of the group, as it adjusts for non-operational items. Core headline earnings per share from continuing operations for the current period is expected to decrease by between 53 and 8 cents per share (between 8% and 1%). The above mentioned gains on disposals of investments, fair-value losses and Covid-19 donations have been excluded from core headline earnings. As such, growth in core headline earnings is expected to be impacted by:

- Continued healthy growth from Tencent and the group's established ecommerce business.
- Offset by the additional investment to drive strong growth in the food delivery business; and
- The introduction of minority shareholders, through the listing of Prosus and subsequent sale of shares. This is expected to reduce the attributable core earnings of Naspers shareholders for the year ended 31 March 2020, by approximately US$465m.

In addition, the impact of the MultiChoice Group Limited (MultiChoice Group) listing during the 2019 financial year also distorted the growth in earnings. The group distributed its interest in its video-entertainment business, MultiChoice Group, to its shareholders as a pro rata distribution in specie (the distribution). Following the distribution, we present the results of the video-entertainment segment as discontinued operations in the prior period.

The group has illustrated the anticipated changes in core headline earnings per share, earnings and headline earnings per share for the year ended 31 March 2019 as compared to 31 March 2020 for both total operations (as previously reported) and continuing operations in the tables below:

Total operations	**31 March 2019 US cents**	**31 March 2020 expected decrease US cents**	**Expected decrease %**
Earnings per share(1)(2)	1 579	890 – 823	56.4% – 52.1%
Headline earnings per share(1)(2)	900	422 – 368	46.9% – 40.9%
Core headline earnings per share(1)(2)	757	123 – 78	16.3% – 10.3%

Continuing operations	**31 March 2019 US cents**	**31 March 2020 expected decrease US cents**	**Expected decrease %**
Earnings per share(1)(2)	965	276 – 209	28.6% – 21.7%
Headline earnings per share(1)(2)	851	373 – 319	43.8% – 37.5%
Core headline earnings* per share(1)(2)	687	53 – 8	7.7% – 1.2%

* *Core headline earnings, a non-IFRS performance measure, represent headline earnings for the period excluding certain non-operating items. Specifically, headline earnings are adjusted for the following items to derive core headline earnings: (i) equity-settled share-based payment expenses on transactions where there is no cash cost to the company. These include those relating to share-based incentive awards settled by issuing treasury shares as well as certain share-based payment expenses that are deemed to arise on shareholder transactions; (ii) deferred taxation income recognised on the first-time recognition of deferred tax assets as this generally relates to multiple prior periods and distorts current period performance; (iii) fair-value adjustments on financial instruments (including put option liabilities) and unrealised currency translation differences, as these items obscure the group's underlying operating performance; (iv) one-off gains and losses (including acquisition-related costs) resulting from acquisitions and disposals of businesses as these items relate to changes in the composition of the group and are not reflective of its underlying operating performance; (v) the amortisation of intangible assets recognised in business combinations and acquisitions; and (vi) the donations due to Covid-19, as these expenses are not considered operational in nature. These adjustments are made to the earnings of businesses controlled by the group as well as the group's share of earnings of associates and joint ventures, to the extent that the information is available.*

(1) Per share information is based on the net number of A and N ordinary shares in issue during the respective periods.

(2) Weighted average number of shares for the years ended 31 March 2020 and 31 March 2019 have been adjusted to include those shares issued for no consideration from the start of the earliest period presented i.e. 1 April 2018, to permit comparability in accordance with IAS33 *Earnings Per Share*. Per share data has accordingly been recalculated for all periods presented.

Financial information on which this trading statement is based has not been reviewed or reported on by the company's auditors.

CAPE TOWN, SOUTH AFRICA
18 June 2020
Sponsor: Investec Bank Limited