



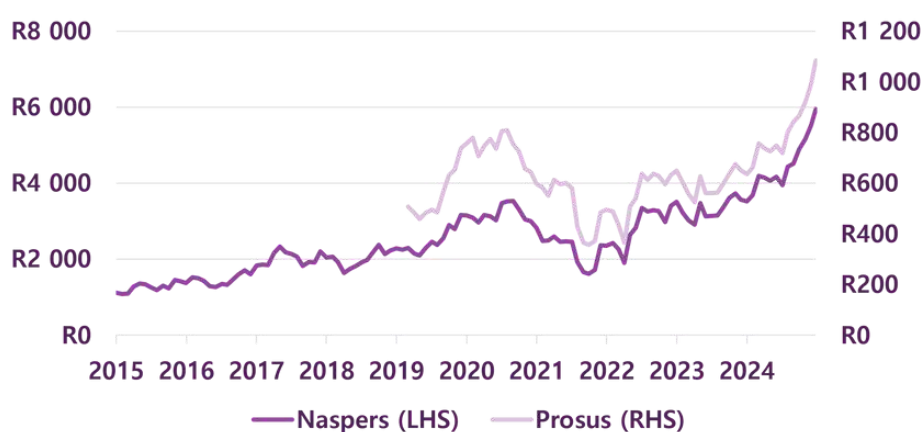
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Naspers and its subsidiary Prosus are collectively the largest counters on the JSE, making up 12.3% of the JSE Capped SWIX. Together they provide South African investors a liquid avenue to own a stake in Chinese multinational conglomerate Tencent, one of the world's most innovative technology platforms, while simultaneously offering exposure to a growing portfolio of now profitable e-commerce assets in Latin America, India and Europe.

Both Prosus and Naspers are trading at meaningful discounts to their respective net asset values (NAV). As of 22 July 2025, Prosus trades at a 28% discount and Naspers at a 36% discount, based on published NAV per share and prevailing market prices. At current price levels, investors in Prosus are effectively acquiring one rand of underlying NAV for approximately seventy cents [Figure 1].

Figure 1: Naspers and Prosus price over time

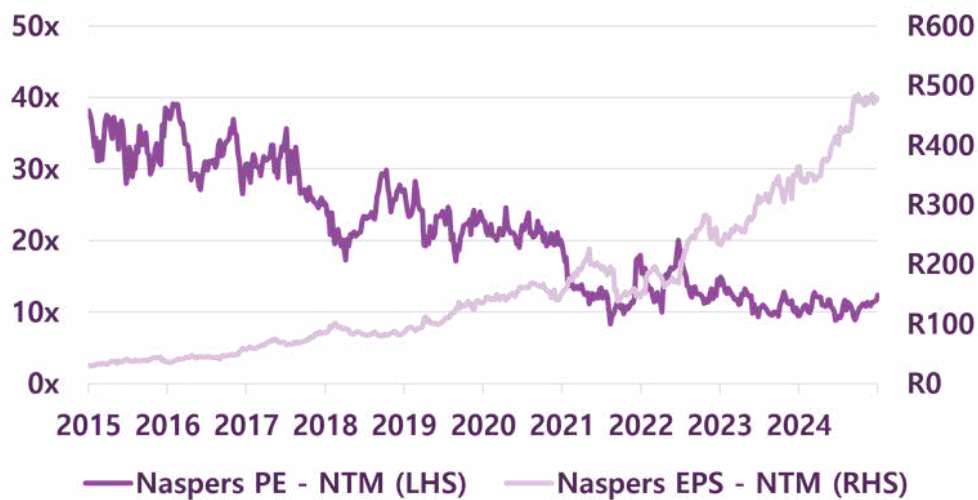


Source: FactSet

Over the past five years, share price growth at Prosus and Naspers has been driven more by fundamentals rather than higher multiples as was evident during the period 2015-2019.

This can be seen by the relatively moderate price-to-earnings (P/E) ratio of 12.4x in the chart below, and the the rising earnings per share (EPS) over time [Figure 2].

Figure 2: Naspers NTM P/E and EPS over time



Source: FactSet

A governance reset is underway

We believe much of the historical discount can be traced to capital allocation missteps under prior leadership. Over the past three years the Board has acted: it curtailed aggressive deal-making, reset executive incentives, and replaced both the chief executive and chief financial officer. The new group chief executive (appointed in May 2024), Fabricio Bloisi, built iFood into one of Latin America's most successful tech businesses. As a proven operator, he has already injected new energy and is driving a cultural shift to one of innovation, accountability and profitable growth across the e-commerce portfolio.

Tencent – the engine in the portfolio

Roughly 80% of Naspers' and Prosus' value flows from their holding in Tencent. The Chinese platform is positioned for mid-teens growth in NAV through double-digit earnings growth and a growing stream of capital returns. Importantly, this outlook assumes no re-rating of Tencent, which trades on a 15x earnings multiple. This is before taking into account its investment portfolio, despite dominant positions in gaming, social media, payments and cloud services.

Chinese policy risks remain present, yet the environment has become more constructive. Beijing is targeting real GDP growth of about 5% while employing supportive monetary and fiscal policy to shore up consumer confidence. Recent regulatory signals encourage technology platforms to invest and to embed artificial intelligence deeper into the economy – a tailwind for Tencent.

E-commerce is turning the profitability corner

Bloisi's mantra of profitable growth is already visible. E-commerce revenue grew 21% in the financial year ended March 2025, to \$6.2 billion, outperforming the 10% revenue growth of the peer group [Figure 3].

Adjusted EBIT swung from break-even to \$443 million [Figure 4]. Management aims to double revenue to \$12 billion by 2028 and to more than treble operating profit. With valuations no longer compressing, incremental earnings should translate more directly into NAV growth.

Figure 3: Revenue growth relative to peers

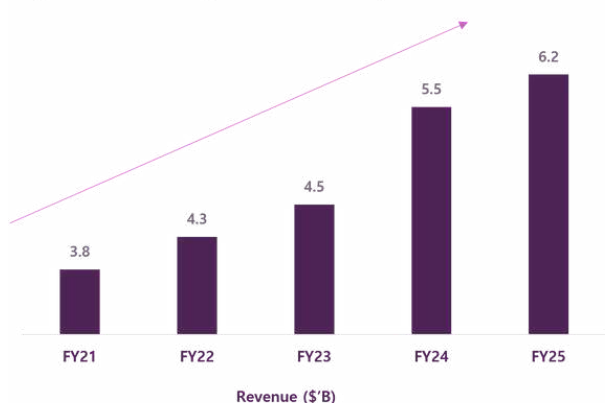
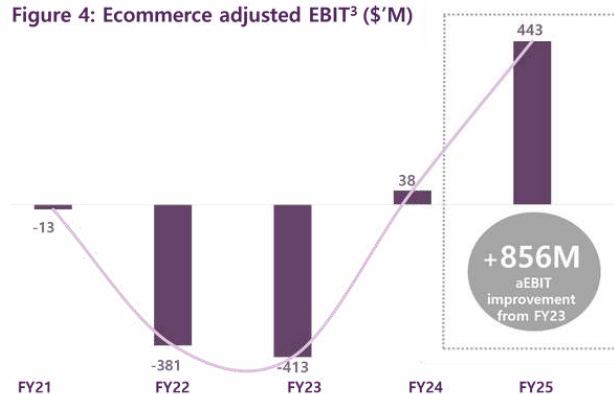


Figure 4: Ecommerce adjusted EBIT³ (\$'M)



1. Peer group includes listed companies across the Food Delivery, Classifieds, Payments & Fintech, Etail and Edtech Industries.
 2. Prosus Ecommerce revenue growth in local currency excluding M&A, on consolidated basis.
 3. In April 2024, the Group centralised operational corporate functions which resulted in costs previously recognised in Ecommerce now being incorporated within the Group's corporate segment.
- No retrospective adjustments have been made.
Source: Prosus Capital Markets Day, June 2025

Buy-backs quietly compound value

Both Prosus and Naspers are engaged in ongoing share repurchases, funded by gradually reducing the stake in Tencent. Repurchases are executed at current discounts to NAV of roughly 28% at Prosus and 36% at Naspers. That simple arbitrage lifts NAV per share by about 3% per year for each company. This puts shareholders in a win-win position. If the discount remains at current levels, they accrue 3% NAV per share value creation per annum. If the discount narrows to a point where repurchases are less attractive, shareholders benefit from the narrowing of the discount.

Risks worth watching

- **Capital allocation discipline** – Recent travel and food-delivery acquisitions look more disciplined on valuation and are already profitable. However, investors will want to see evidence of these investments contributing toward management's revenue and profitability targets in the years ahead.
- **Execution at the e-commerce assets** – The pivot to profitable growth must hold.
- **China's macro cycle and regulatory stance** – Both can move sentiment on Tencent quickly. Currently both are trending more favourably.
- **Currency** – A weaker rand flatters reported returns, a stronger one does the opposite.

The bottom line

Naspers and Prosus offer a rare mix: a proven growth engine in Tencent, an improving e-commerce portfolio; and a self-help mechanism through buybacks that steadily lifts per-share value. The governance reset reduces one of the largest historical concerns, and new leadership has aligned incentives with shareholder outcomes. Investors need not rely on the discount closing as patient investors are already being paid through compounding NAV per share growth. However, if the improving fundamentals of the portfolio do result in the discount closing, investors will benefit even more. That is why, even after a period of strong share-price performance, the two companies still deserve a place in the portfolio of long-term investors seeking global technology exposure through the JSE.