Chief executive's review

"We made good progress this year, characterised by strong financial performance, effective capital allocation and positive impact as we continued to deliver on our growth strategy."

Over the past few years we've been on an exciting journey, pursuing growth with focus and intensity. It's a journey that is taking us deeper into the lives of hundreds of millions of people around the world. Today, our companies and associates play an important role in the lives of the customers and communities we serve, finding ever-better ways to inform and entertain, learn, communicate, enable buying and selling, provide access to payment and financial services, and even eat. And as this year shows, it is a journey that is delivering lasting rewards for all our stakeholders.

Rapidly transforming

Our transformation to a fully online group continues. Just 10 years ago publishing and media accounted for 89% of our revenue. Today, 79% of our revenue comes from internet and ecommerce businesses. In the next few years, this will approach 100% with the continued growth of our online businesses, new investments in technology companies, and the completion of the digital transformation of our video-entertainment and media businesses.

It's a transformation that my team has been determined to achieve.

Optimising the portfolio

The initial focus in recent years was on optimising the portfolio. There were many assets with outstanding potential, like OLX. To take them to the next level, we needed to bring them together in defined segments with world-class leadership. There were also several underperforming assets we quickly addressed.

Accelerating growth

The second wave was focused on accelerating the growth in our ecommerce businesses by prioritising those with the most promise, and ensuring disciplined operational execution. We also consolidated several businesses, and our transactions with Schibsted and MakeMyTrip are good examples. Consistent with our strategy to find and realise value for our shareholders, we reallocated significant capital from assets we believed were at their peak to fund promising new growth areas. Allegro is a good example.

Crystallising potential

We have now entered the third phase, focusing on crystallising the potential of our core assets. So far, the group has relied heavily on the video-entertainment business for cash. In this phase, we should see reduced dependency on video entertainment for cash as the ecommerce business grows to profitability. We will concentrate on scaling core segments, including classifieds, online food delivery and payments. And we will continue to plant seeds for longer-term growth by selectively investing in new opportunities.

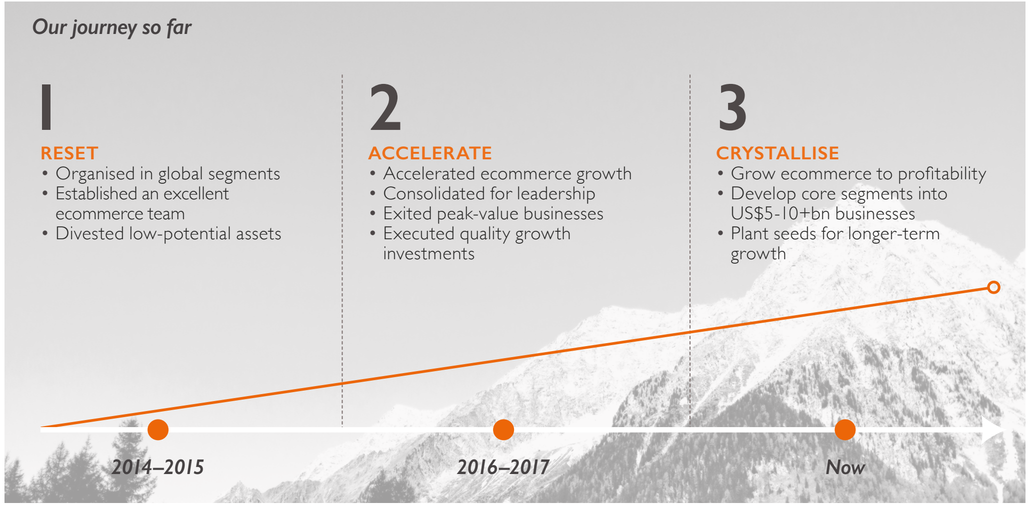
We recognise that the discount between our market capitalisation and the sum-of-the-parts valuation of our businesses is a source of frustration for investors. We believe that crystallising potential together with structural actions that address the drivers of the discount will resolve this over time.

Performing strongly

So how has this journey played out in the year to 31 March 2018? We have concentrated on giving you a full answer through this integrated annual report, but I'd also like to summarise some of the key highlights.

Growing revenues and profitability

We delivered robust growth, recording consolidated year-on-year revenue growth of 9%. Group revenue, measured on an economic-interest basis, was US$20.1bn, up 38% on last year (or 39% in local currency and adjusted for acquisitions and disposals). Ecommerce and Tencent were key drivers of this growth. On the same basis, group trading profit rose 47% to US$3.4bn (or 52% in local currency and adjusted for acquisitions and disposals). Ecommerce – particularly the classifieds, payments and travel businesses – improved profitability. Tencent's strong performance contributed to the trading profit acceleration. Core headline earnings, the board's measure of operating performance, was up 72% on last year at US$2.5bn.



Key events through the year

2017

May

MakeMyTrip, India's leading online travel company, successfully raised US$330m in equity financing.

PayU invested US$99m in German fintech company, Kreditech. PayU and Kreditech agreed on a global partnership to increase access to credit services in high-growth markets.

We led a US$80m funding round through a US$61m investment in India-based food-ordering and delivery platform, Swiggy, providing funds for growth and reinforcing our commitment to help the business become a leader in food ordering and delivery across India.

We invested US$473m in Delivery Hero, the leading global online food-ordering and delivery marketplace.

US$473m

Aug

Annual general meeting. *Following the annual general meeting we reached out to investors who had expressed an interest in remuneration issues and have considered and implemented some key suggestions. The Phil Weber award, the group's highest accolade for performance, went to Serge de Reus and Glen Marques. The Order of Tafelberg, awarded to an outstanding business partner, went to Ferguson Films, which has produced some of video-entertainment's flagship channel, Mzansi Magic's content.*

Building on an earlier investment in 2015, we invested a further US$74m in Takealot, South Africa's leading ecommerce company, to pursue further scale and continued growth.

US$74m

Oct

We led a US$115m investment round in Remitly, by investing US$100m to accelerate global expansion in financial services.

US$100m

Chief executive's review *continued*

Internet
Internet revenues grew 50% (51%) to US$15.9bn, fuelled by ecommerce and Tencent's strong results. Trading profit for the internet segment rose 50% (56%) to US$3.1bn.

Focus on ecommerce
In the ecommerce business, revenue growth accelerated to 36% versus 27% last year, with meaningful reductions in trading losses. Notably, the classifieds business (excluding letgo) became profitable and free cash flow (FCF) positive during the year and contributed to group trading profit. The payments business reduced trading losses on its existing footprint while continuing to scale. We strengthened our position in online food delivery services by investing a combined US$1.4bn in Delivery Hero and Swiggy.

Focus on Tencent
To reinforce the balance sheet and pursue growth opportunities in, among others, the classifieds, online food delivery and payments businesses, we reduced our interest in Tencent, through a sale, from 33.17% to 31.17% in March 2018, generating net proceeds of US$9.8bn.

Naspers has not previously sold any Tencent shares since it invested in 2001. We consider Tencent to be one of the very best growth enterprises in any industry in the world, managed by an exceptionally able team. Naspers will not sell further Tencent shares for at least the next three years, in line with our long-term belief in Tencent's business.

Video entertainment
Our video-entertainment business contributed steady revenue and trading profit growth, with trading losses in the sub-Saharan African business stabilising despite further currency weakness in Nigeria and Angola. The business added 1 013 371 direct-to-home (DTH) subscribers and 520 979 digital terrestrial television (DTT) subscribers to bring the total base across Africa to over 13m households at 31 March 2018.

Media
Media24 (all figures excluding Novus) produced stable results, with revenue flat year on year at US$374m, against a backdrop of declining revenues from traditional media streams.

Managing our assets
Across all our segments, throughout our different businesses, we are rigorously managing our assets and capital allocation for growth and financial returns. As you can see from the year's events outlined below, our active management ranges from reinforcing and expanding our existing core businesses to increasing our holdings in key partners, from raising funds for reinvestment to encouraging and recognising innovation.

Post the year-end, we announced the sale of our entire interest in Flipkart, India's largest ecommerce marketplace for US$2.2bn, representing an internal rate of return (IRR) of some 32%. India is one of the most exciting markets in the world and we are proud to back Indian entrepreneurs whom we believe have what it takes to build outstanding and long-lasting businesses. Our decision to dispose of our interest in Flipkart is consistent with our strategy to realise returns from businesses we help to build. We invest in businesses where we can influence and contribute to growth.

Our activities vary but the core of what we do is find and back local entrepreneurs around the world and help them scale their businesses. We prioritise businesses with platform potential in high-growth markets; those that can become a frequent customer destination. These tend to address the fundamental needs of people – changing their lives for the better.

Looking ahead
Looking ahead, we will use our strong balance sheet to accelerate the growth of our classifieds, online food-delivery and payments businesses globally and to pursue additional growth opportunities that we aim to identify early. We will continue to scale our ecommerce and sub-Saharan African video-entertainment businesses and drive them closer to profitability. And we will also continue to focus on innovation, particularly in the areas of machine learning, and on navigating macroeconomic headwinds and managing costs in mature businesses.

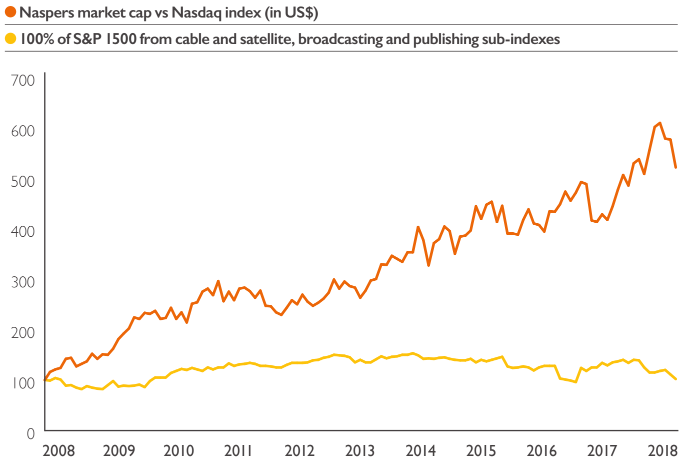
We made good progress this year and I look forward to working with our teams around the world in the year ahead to continue on our path of growth.

Bob van Dijk
Chief executive

22 June 2018

Our journey so far

NASPERS'S RELATIVE MARKET PERFORMANCE, MARCH 2008 – MARCH 2018
INDEX 31 MARCH 2008 = 100



Note
Share of S&P 500 market cap from S&P composite 1500 for publishing, broadcasting and cable and satellite sub-industries. Source: FactSet

INVESTMENT IN DELIVERY HERO AND SWIGGY

US$ 1.4bn

TOTAL VIDEO-ENTERTAINMENT SUBSCRIBERS ACROSS AFRICA (HOUSEHOLDS)

>13m

"From helping a farmer in Kenya buy a life-changing secondhand bicycle to helping people send money home to relatives wherever they are in the world, Naspers answers local needs on a global scale."

Dec 2017

Together with Innova Capital, we invested a further US$82m in Movile. The investment will be used to expand Movile's presence in food delivery.

We held an Investor Day in New York, giving investors the opportunity to understand progress made in our ecommerce businesses, and hear our group chief executive and chief financial officer (CFO) discuss our strategy, returns on invested capital, and financials.

Jan 2018

Our audit and risk committees and the board considered the work done by MultiChoice South Africa following the concerns that were raised in the media concerning lobbying and MultiChoice South Africa's relationship with ANN7.

The committees and the board were satisfied that the process MultiChoice had followed had been rigorous and that the conclusions MultiChoice reached were reasonable and justifiable.

Feb

We led another US$100m funding round by investing a further US$60m in Swiggy, India's leading online food-ordering and delivery platform.

The capital provides for further growth and improving the consumer experience on Swiggy's platform through investment in technology, new service offerings, logistics and restaurant services.

US$60m

Mar

We reduced our stake in Tencent, from 33.17% to 31.17% – raising US$9.8bn, which will be used to reinforce our balance sheet and fuel further growth.

During March 2018, following the receipt of regulatory approval, the group acquired Rocket Internet SE's interest in Delivery Hero for US$778m.

Following the acquisition, the group holds a 23% effective interest (22% fully diluted) in Delivery Hero.

US$9.8bn