



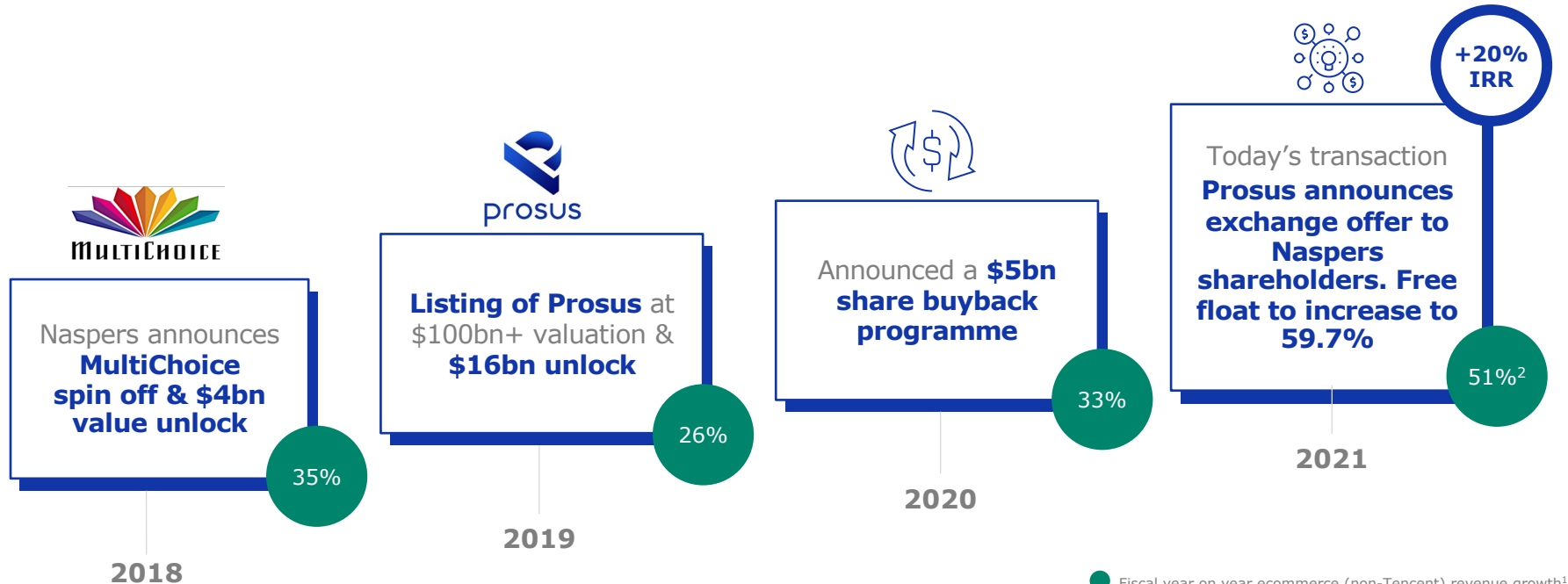
***Prosus announces exchange offer to increase  
economic free float to 59.7%***

**12 May 2021**

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# Transaction represents the next step in our value creation journey

Significant value creation and crystallisation through consistent:  
1) Operational execution 2) Investment at high rates of return 3) Smart structural steps

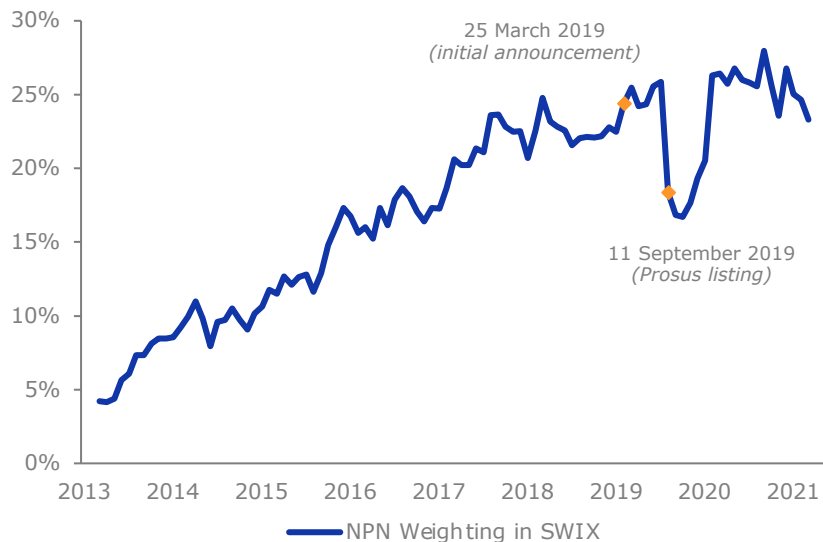


<sup>1</sup> Reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Percentages represent year-on-year growth in local currency, excluding M&A

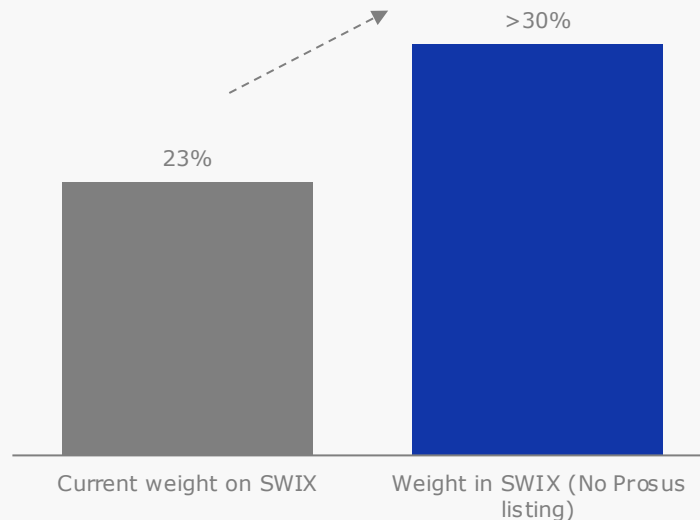
<sup>2</sup> September 2020 interim results

# The listing of Prosus in September 2019 set the stage ...

**Prosus listing immediately reduced Naspers's SWIX weighting and unlocked \$16bn worth of value**



**In the absence of the Prosus listing, Naspers SWIX weighting would have increased above 30%**

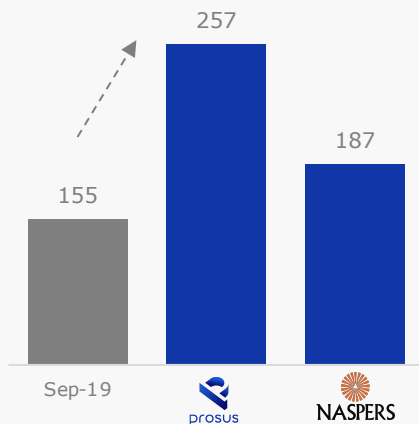


... however, after initial success further action is needed

**Naspers has outperformed the SWIX since the listing of Prosus, lifting its SWIX weighting to previous levels and necessitating a long-term solution**

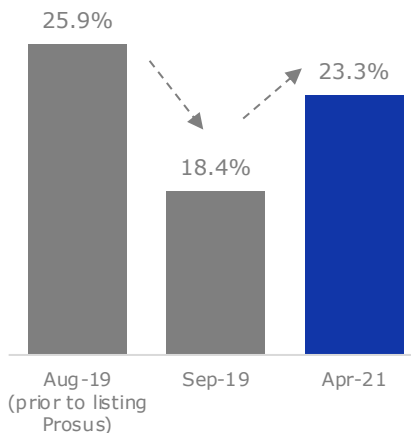
### Net Asset Value (\$bn)

Our NAV has grown by c. 66% since the listing of Prosus...



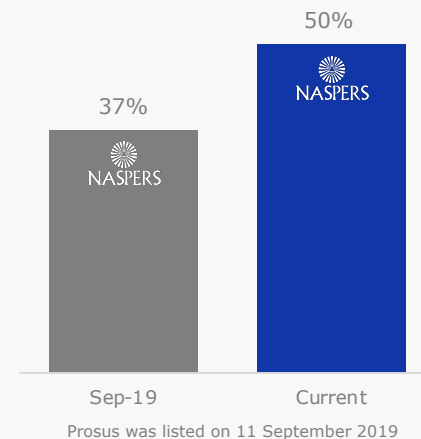
### Naspers Weight in the SWIX

...but given Naspers's outsized growth versus other SA listed stocks, Naspers is once again at a similar size on the SWIX as before the listing...



### Discount to NAV

and commensurately the discount has widened



Source: Bloomberg, Eikon as of 11-May-2021. SOTP estimated market valuations are calculated using a combination of: (i) prevailing share prices for stakes in listed assets and (ii) valuation estimates derived from the average of sell-side analysts currently covering Prosus for stakes in unlisted assets

## The Path To Value Creation

1

Improve Prosus's liquidity, trading dynamics and international appeal

2

Reduce Naspers's overweight position on the SWIX

3

Take an action which preserves future operational, strategic & financial flexibility

4

Create a long-term solution and value for all shareholders

## Proposed Transaction

- **Prosus to increase its interest in Naspers to 49.5%** by acquiring 45.4% of the issued Naspers N share capital through a voluntary offer to be settled with newly issued Prosus shares
- **Naspers weighting on the SWIX expected to reduce from 23% to ~15%**
- **Prosus free float effective economic interest more than doubles to 59.7%** solidifying its position as a **consumer European internet bellwether**
- **Tax efficient, valuable structure and tax grouping status maintained**
- **Immediate and ongoing value unlock**
- **Up to \$5bn in share repurchases to ensure success of transaction** and offset any potential flowback
- Stable structure created: **Naspers will not sell shares of Prosus and will agree to a 12 month lockup post implementation in the cross holding agreement**

... and creates value at the time of the transaction and in the future

## Naspers Shareholders



- **Value accretion** from exchange of holdings in higher discount stock to lower discount stock with enhanced liquidity and capital markets profile
- Further value uplift at Naspers from **NAV accretion** at Prosus level
- Naspers **size on JSE rebalanced** for the long term
- Naspers remains **the largest South African company** on the JSE by market capitalisation

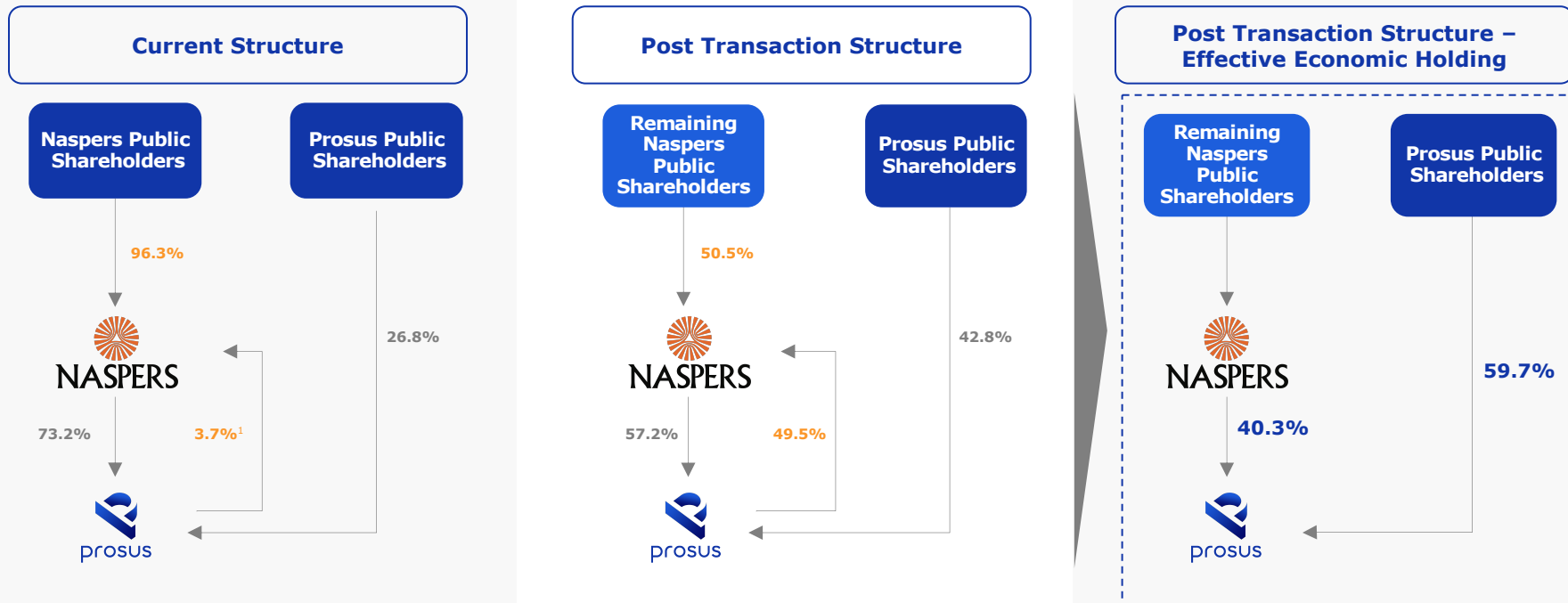
## Prosus Shareholders



- **Doubling of free float to 59.7%** – free float now entitled to the majority of the economics
- Share in **immediate value creation** and increased **exposure to future value creation**
- Cements Prosus's capital market profile as **Europe's largest consumer internet company**
- **Significantly increased index weighting** and associated passive fund inflows
- **Increased trading liquidity**

# Transaction rebalances Naspers and doubles Prosus free float ...

**Prosus is offering to acquire 45.4% of Naspers to own 49.5% of Naspers**  
**Prosus free float effective economic interest increases to 59.7% due to its 49.5% interest in Naspers**



<sup>1</sup> 3.7% estimated interest in Naspers held by Prosus once US\$3.63bn buyback is completed

... with a shift in effective economic interest creating a longer-term solution

**Transaction more than doubles effective economic interest of Prosus free float meaning that for Naspers's SWIX weighting to return to current levels the underlying business would have to double once again**

**Prosus Free Float Effective Economic Interest  
More than Doubles**

**Prosus NAV  
100%**



**Prosus Free Float  
59.7%**



**Naspers Free Float  
40.3%**

**Stable long-term structure**

**c.\$45bn**

Reduction in Naspers market cap as a result of transaction

**c.\$90bn**

Increase in Naspers NAV required for Naspers to reach pre-transaction market cap and SWIX weighting

**c.\$225bn**

Increase in underlying Prosus NAV required for Naspers to reach pre-transaction market cap and SWIX weighting

*Direct entitlement as part of dividend*

Naspers would need to add \$45bn market cap to reach current pre-transaction level. At c.50% NAV discount, this represents c.\$90bn NAV required at Naspers level. Assuming Naspers c.40% effective stake in Prosus, c.\$225bn additional NAV required in the underlying Prosus business



# Exchange ratio represents an equitable division of value creation

Exchange ratio derived from the principle of sharing value created on the day of transaction according to the current percentage ownership of Prosus's underlying NAV

Value in complex currently

  
prosus  
27.4%

  
NASPERS

72.6%

Proportionate split by current ownership percentage yields and exchange ratio of 2.27 Prosus shares for every 1 share of Naspers

**Prosus**



Source of value creation:

- Buying lower valued Naspers shares with higher valued Prosus shares
- NAV accretion



**Choose to accept offer**



- Opportunity to exchange holding underlying investment into lower discount Prosus line
- Value uplift accomplished by this transaction
- Voluntary



**Choose not to accept**



- Benefiting from value creation at Prosus



Share in immediate value creation from transaction

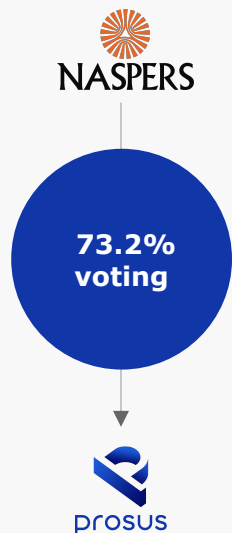
27.4%

72.6%

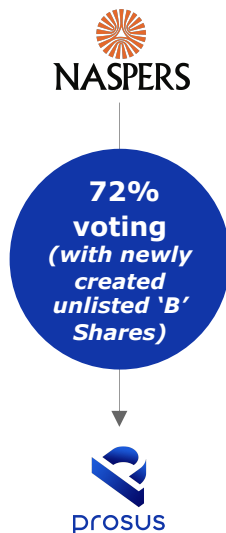
# Transaction maintains existing control and tax grouping status

**Maintaining Naspers control at current levels and not changing the group's tax status was critical to securing the necessary approvals and provides significant future benefits**

## Current Structure



## Post Transaction Structure



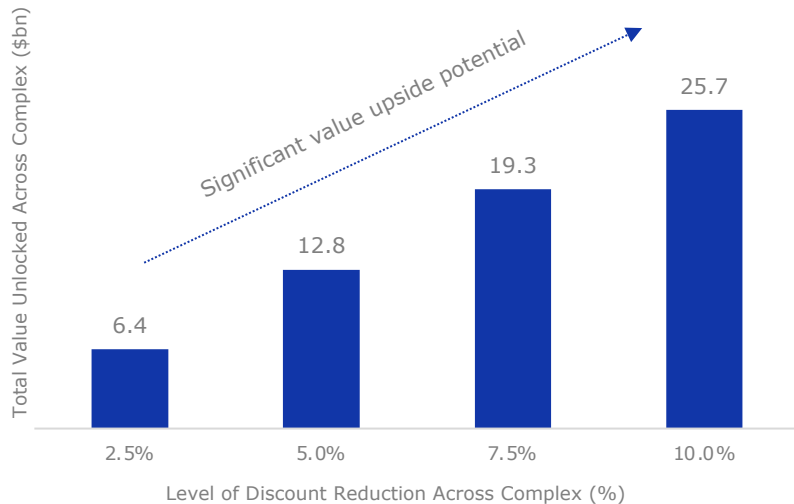
## Overview

- Naspers to subscribe for newly issued Prosus B shares enabling the group to maintain its valuable structure and tax grouping status
- **Key Terms for B Shares**
  - Negligible economic rights - entitled to 1 millionth of the dividends or distributions from Prosus apportioned to the Prosus N shareholders
  - Each B share confers 1 vote, the same as a Prosus N share
  - B shares effectively only capable of being held by Naspers

# Transaction unlocks substantial value with significantly more upside

**Every 5% improvement  
in the discount to NAV, represents c\$13bn**

A further reduction in the discount to NAV represents a material opportunity for further value enhancement for Naspers and Prosus shareholders



**The Group remains committed  
to reducing the discount**

- **Positive impacts** of this transaction
- **Strong operating results**
- Making further **improvements to disclosure**
- Investing well and maintaining **strong IRRs**
- **Improved ESG scores**
- **Value crystallisation** when appropriate

# Transaction underpinned by a cross-holding arrangement



## Distributions originating from Prosus

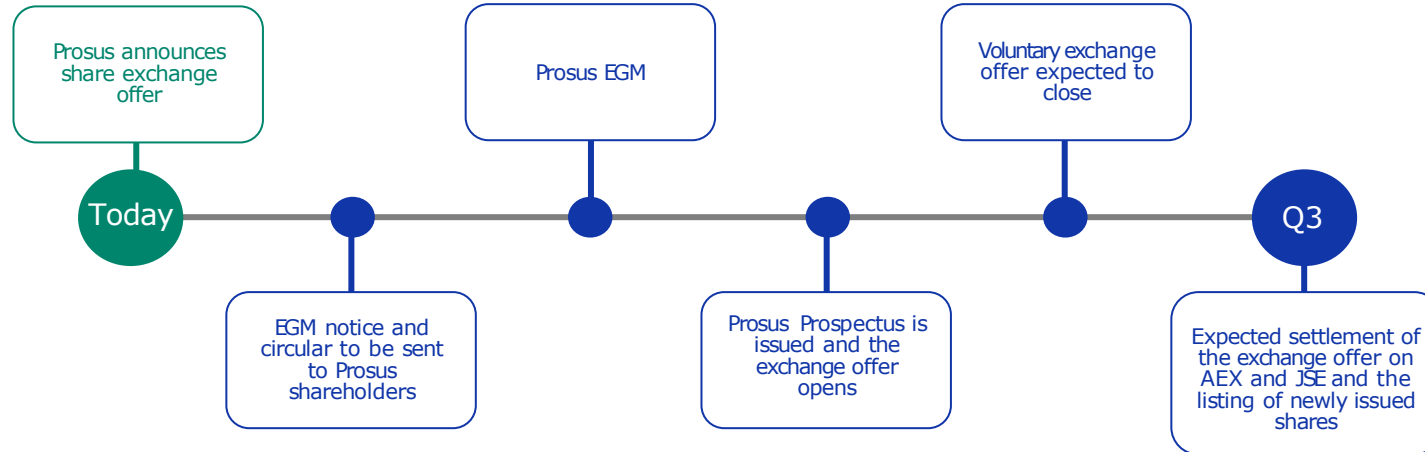
- Prosus and Naspers enter into an arrangement. **Prosus alters Articles of Association governing distributions from Prosus.**
- Requires that **both sets of free float shareholders receive their terminal economic interest.** All distributions will be at **59.7% for the Prosus free float and 40.3% for Naspers.** Naspers automatically onward distributes to its shareholders and no flow back to Prosus.
- **Arrangement provides certainty** to shareholders on economic interest derived on any cash and asset distributions by Prosus.



## Distributions originating from Naspers

- Assets owned at Naspers level can be **retained to reinvest**, used to **cover operating costs** or **distributed to shareholders.**
- Distribution by Naspers originating from sources other than Prosus will be distributed **50.5% to the Naspers free float and 49.5% to Prosus.**

## Transaction is expected to be implemented in Q3 of 2021



# Prosus and Naspers remain committed to South Africa ...

## Operations



- Naspers **remains the largest South African company** on the JSE
- Naspers is the **largest investor in SA** technology and has a 100+ year heritage in SA
- Contributed **R10.2bn in direct and indirect tax** in FY20
- **20,320 jobs** enabled by Naspers
- Naspers **actively invests in SA** and has been an active operator and investor of internet assets in South Africa

## Commitments

**R4.6bn**

Investment  
Commitment

- **R1.9bn already invested** in the development of existing SA technology businesses as part of its initial R3.2bn commitment
- Launched **R1.4bn early-stage tech investment vehicle**, Naspers Foundry in 2019. Foundry:
  - Provides funding and support **to talented and ambitious tech entrepreneurs**
  - Focused on growing South Africa's tech ecosystem

## Responsible Citizen



- **Committed R1.5bn in emergency aid** to the SA government's response to the Covid-19 crisis:
  - **Contributed R500m to the Solidarity Fund**
  - Procured and distributed **R1bn worth of personal protective equipment** to frontline workers
  - **Committed R6.9m** to the Nelson Mandela Foundation's Each One Feed One programme



# South Africa should benefit meaningfully from the transaction

- 1 Naspers remains the largest South African JSE listed company. The transaction is also expected to result in an increase in the Prosus secondary listing JSE free-float.
- 2 The transaction is expected to attract additional international investor demand into Prosus and Naspers on the JSE overtime.
- 3 South African investors own approximately 44% of the Naspers shareholder register and will be the largest group to benefit from the proposed transaction.
- 4 The Naspers and Prosus listings on the JSE provide South African investors with the ability to diversify their portfolios geographically and across numerous industries as well as to gain access to the technology sector and some of the world's fastest growing internet companies.
- 5 The transaction is expected to generate incremental tax for SARS.

## Our Sustainability Journey



SDGs



## Our progress and commitments

Environmental	Social	Governance
<p><b>Launched our decarbonisation journey</b></p> <ul style="list-style-type: none"> <li>Committed to being <b>carbon neutral</b> on Scope 1 and 2 emissions at a group level by the <b>end of FY22</b></li> <li><b>Measure and report scope 1 &amp; 2 emissions</b> for our segments and produce carbon neutrality roadmap for majority owned businesses by the <b>end of FY23</b></li> </ul>	<p><b>D&amp;I And social impact programmes across the group</b></p> <ul style="list-style-type: none"> <li><b>Commitment to D&amp;I:</b> Gender and broader diversity</li> <li>Investments in <b>tech start-ups</b> that enable financial, digital inclusion &amp; access to education</li> <li>Broad <b>CSR initiatives</b> to enable livelihoods, promote tech for good</li> </ul>	<p><b>Comply with local standards and best practice</b></p> <ul style="list-style-type: none"> <li>Naspers Sustainability score improved by <b>&gt;100%</b></li> <li>Completed <b>materiality</b> assessment -11 material issues identified</li> <li>Aligning to the <b>Task Force on Climate-related Financial Disclosures</b> framework</li> </ul>



# The result of the transaction

- 1 Significantly improves Prosus's liquidity and more than doubles its free float to 59.7%
- 2 Unlocks substantial value at time of transaction and in the future
- 3 Establishment of a stable structure optimised for future value creation
- 4 Directly addresses a key discount driver by reducing Naspers's position on the JSE, while maintaining the company's status as South Africa's most valuable company
- 5 Current structure and tax grouping status is maintained

# prosUS

## **Appendix**

## Proposed transaction

1

Prosus to acquire Naspers shares through a voluntary offer, to be settled with newly issued Prosus shares

2

Prosus free float effective economic interest increases to 59.7% due to its 49.5% interest in Naspers

3

Naspers to subscribe of newly issued Prosus B shares to maintain control of Prosus at current levels

4

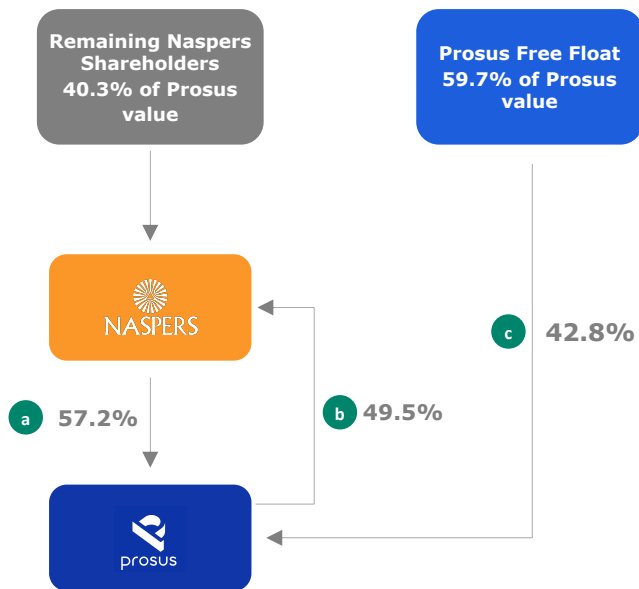
Up to \$5bn share buyback committed to ensure a smooth transaction

## Impact on the group

- Prosus free float effective economic interest more than doubles
- Naspers weighting on the SWIX expected to reduce from 23% to ~15%
- Tax efficient transaction
- Valuable structure and tax grouping status maintained
- Distribution agreement between Prosus and Naspers to provide certainty
- Straightforward regulatory process

# Economic interest formula

## Post Transaction Shareholding Structure



## Prosus free float economic interest governed by clear formula

**Prosus Free-Float Effective Economic Interest in distributions declared on Prosus Ordinary Shares N calculated as follows<sup>1</sup>:**

$$\frac{c}{(1 - (a \times b))} = 59.7\%$$

- a** the % aggregate distribution rights of the Prosus N shares held by Naspers
- b** the % aggregate distribution rights of the Naspers N shares held by Prosus
- c** the % aggregate distribution rights of the Prosus N shares held by the Prosus free-float shareholders

<sup>1</sup> a, b and c determined in accordance with the underlying rights in the Prosus Articles of Association or Naspers Memorandum of Incorporation as applicable i.e. prior to the adjustments made to give effect to the Cross-Holding Arrangement

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